- 22 sawmills located across North America
- 4 pulp mills including 1 paper mill
- Fibre base supports our customer focused strategy
- Well located mills in regions minimally impacted by mountain pine beetle
Global Demand For All Lumber Grades

Offshore Markets
- J-Grade
  - Japan
  - China
- Square Edge
  - Korea
  - Japan
  - China
- #2 &Better
  - China
- #3 & Economy
  - China
  - India
  - Middle East
  - Other Emerging Markets

North America
- Square Edge
  - US
  - Canada
- MSR
  - US
  - Canada
- #2 &Better
  - US
  - Canada
- #3 & Economy
  - US
  - Canada

% Offshore Shipments
0 50% 100%

% North American Shipments
0 50% 100%
SPF Global Market Diversification

2007 Sales Volumes
4.5 Billion fbm

- North America, 89%
- Japan, 6%
- China, 2%
- Other, 3%

2013 Projected Sales Volumes
4.1 Billion fbm

- North America, 66%
- Japan, 7%
- China, 24%
- Other, 3%

Emerging markets

North America, 89%
Other, 3%
China, 2%
Japan, 6%

North America, 66%
Other, 3%
China, 24%
Japan, 7%
China
China - A Major Consumer of SPF Lumber

- China has grown from obscurity into BC lumber producers’ largest offshore market
- Huge demand for affordable housing
  - More than 200 million people moved from rural to urban areas in last decade
- Expanded wood use to include higher grade lumber
- China has an acute domestic fibre shortage

Source: www.naturallywood.com

Source: COFI, Canfor
China Imports - Logs & Lumber (HW & SW)

2013 Share by Countries

Russia (30%)
Canada (32%)
Thailand (7%)
USA (11%)

Lumber Imports by Country ~ 8.6 Bfbm

Source: International Wood Markets Group

Log Imports ~ 42 Million m³

Russia (24%)
Canada (6%)
New Zealand (24%)
USA (11%)
Russian Log Trade Flow into China

- Siberian District
- Far East District
- Vladivostock, Nakhodka & Plastun Ports
- Rizhao Port
- Taicang Port
- Yantian Port

Flow Diagram:
- Railway
- Ocean Freighters
Manzhouli, China
Japan
Japan - Third Largest Market for BC

- Canfor has had a strong relationship with Japan for more than 40 years
- Mature, high value market and a strong cultural ties to wood construction
- Widespread recognition of environmental, health, seismic benefits of using wood
- 2x4 market continues to be the backbone of our market
- Hybrid market inroads (in post and beam segment), including commercial and public buildings

2x4 imported from B.C. transformed into panels for Japanese houses

Source: BC Government (www.flickr.com/photos/bcgovphotos/)
BC Shipments to the U.S. and China

BC Monthly Shipments to the US

Source: DFAIT, COFI, Random Lengths Publications

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<td>BC Exports to US</td>
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<td>251</td>
<td>292</td>
<td>291</td>
<td>275</td>
<td>271</td>
<td>240</td>
<td>238</td>
<td>222</td>
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<td>272</td>
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<td>286</td>
<td>262</td>
<td>280</td>
<td>217</td>
<td>218</td>
<td>311</td>
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<td>BC Exports to China</td>
<td>398</td>
<td>410</td>
<td>431</td>
<td>415</td>
<td>481</td>
<td>573</td>
<td>502</td>
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Lumber Prices (US$/Mbfm)

Source: DFAIT, COFI, Random Lengths Publications
The United States
2013 Estimate - Canadian Exports to U.S. is 10.5 Bfbm with A Record 6 Bfbm to Offshore

BC Exports 6.1 B

US Exports 1.5 B

Source: COFI & WWPA
2017 - Canadian Exports to U.S. will be 11.5 Bfbm and 4.5 Bfbm to Offshore

Source: Canfor
W-SPF 2x4 #2 RL – (US$/Mfbm)

Source: Random Lengths Publications
Questions