

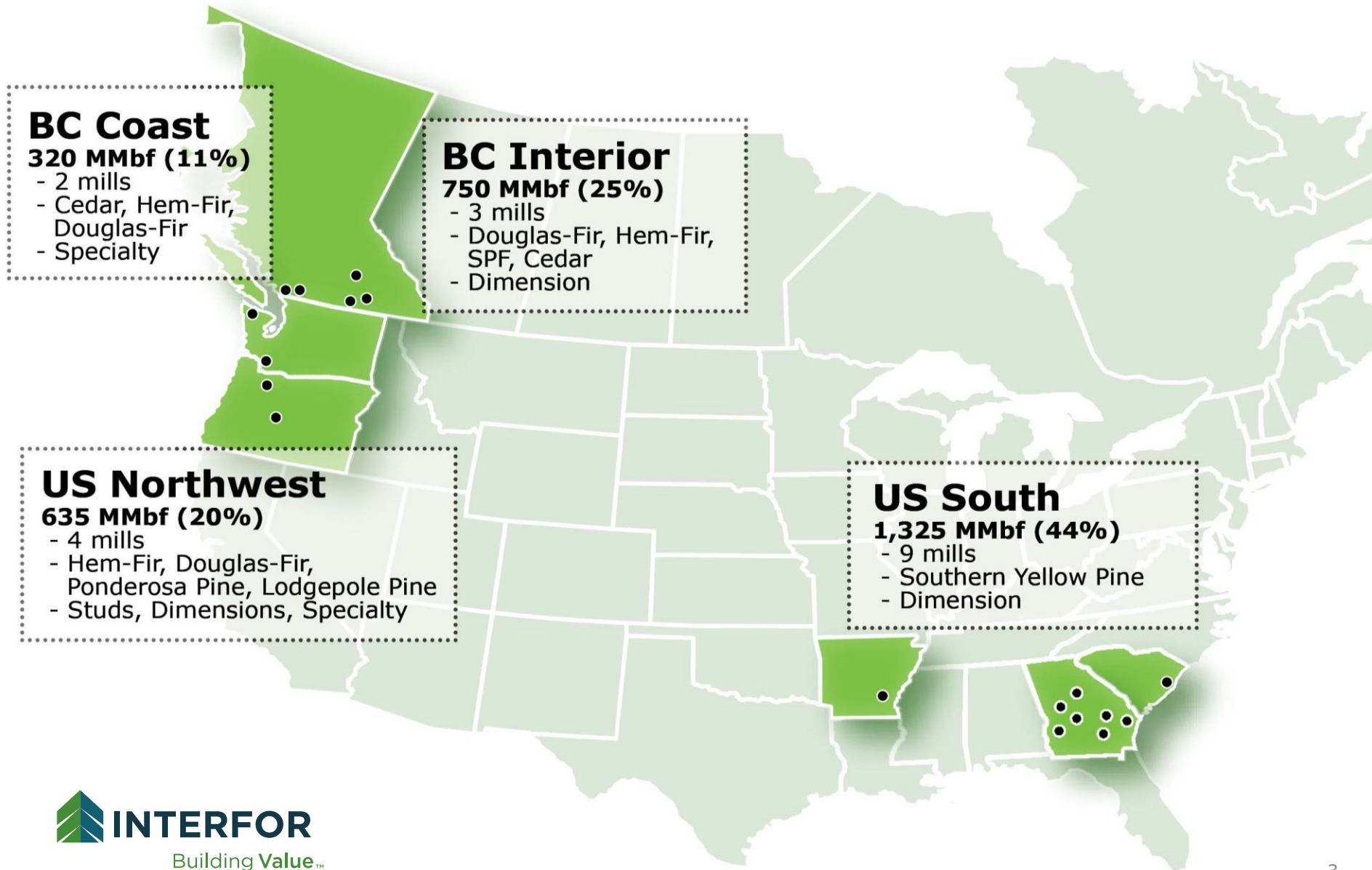


COMPANY UPDATE APRIL 2017

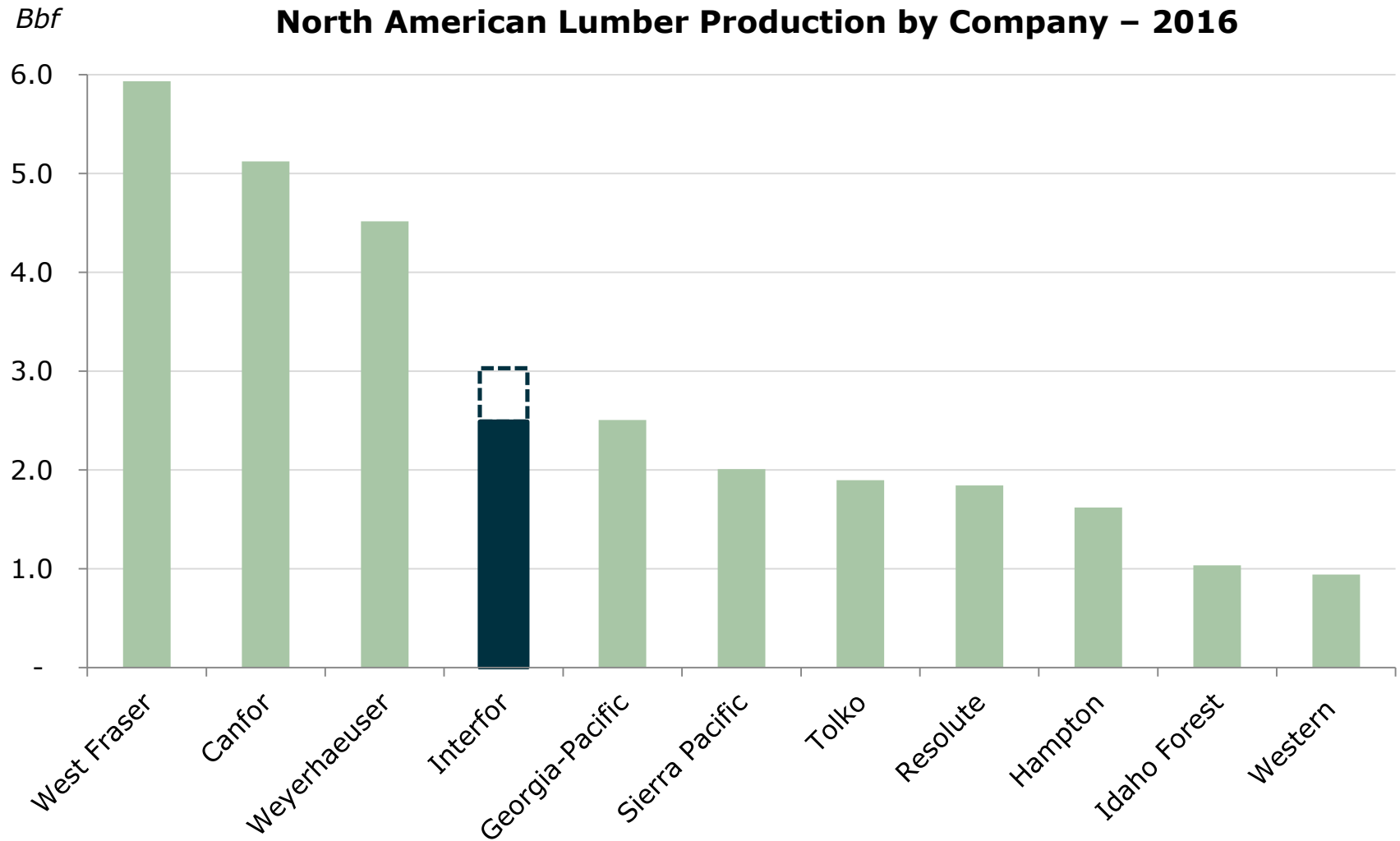
FORWARD-LOOKING INFORMATION

This presentation contains information and statements that are forward-looking in nature, including, but not limited to, statements containing the words “will”, “is expected”, “forecast”, “annualized”, “target” and similar expressions. Such statements involve known and unknown risks and uncertainties that may cause Interfor’s actual results to be materially different from those expressed or implied by those forward-looking statements. Such risks and uncertainties include, among others: price volatility; competition; availability and cost of log supply; natural or man-made disasters; foreign currency exchange fluctuations; changes in government regulation; export and other trade barriers; environmental and community matters; labour disruptions; and other factors referenced herein and in Interfor’s current Annual Report and Management’s Discussion & Analysis, both available on www.sedar.com. The forward-looking information and statements contained in this presentation are based on Interfor’s current expectations and beliefs. Readers are cautioned not to place undue reliance on forward-looking information or statements. Interfor undertakes no obligation to update such forward-looking information or statements, except where required by law.

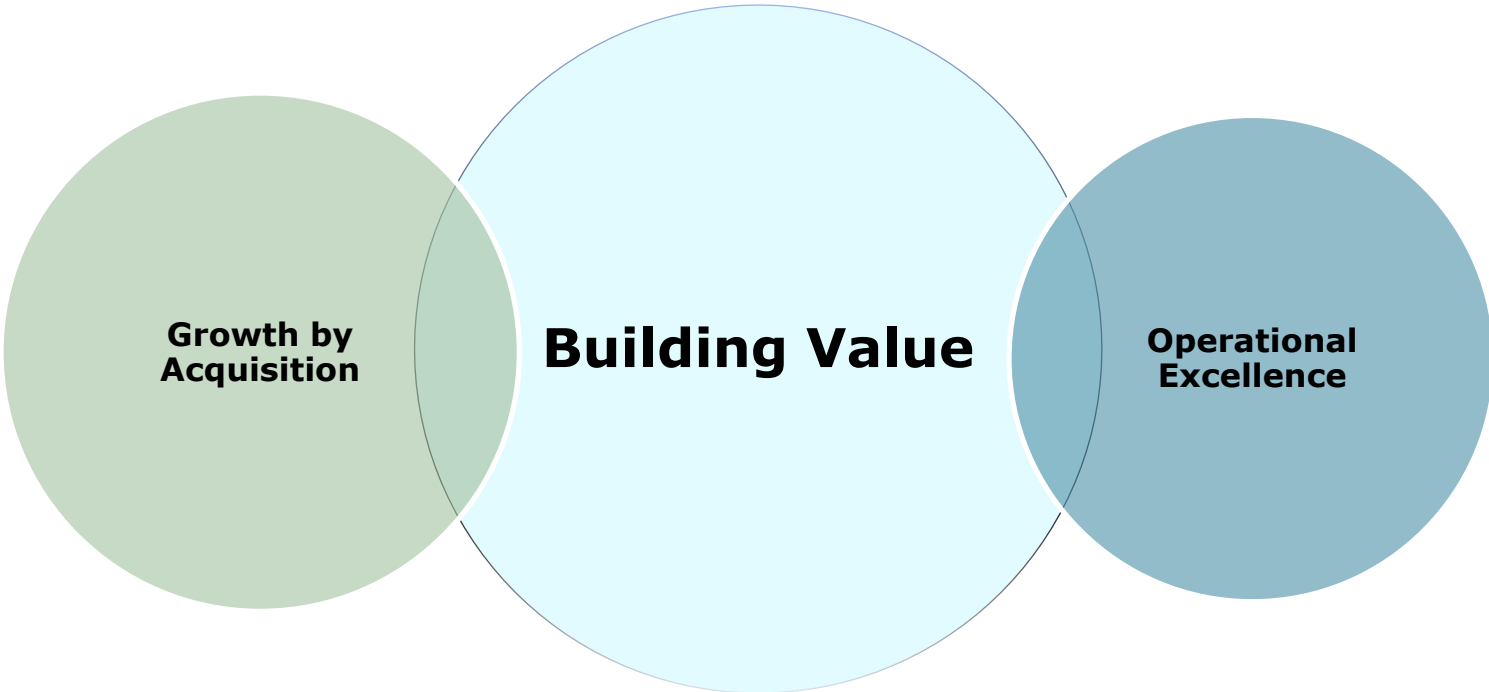
INTERFOR'S FOUR REGIONS



4th LARGEST LUMBER PRODUCER



INTERFOR STRATEGIC PLAN

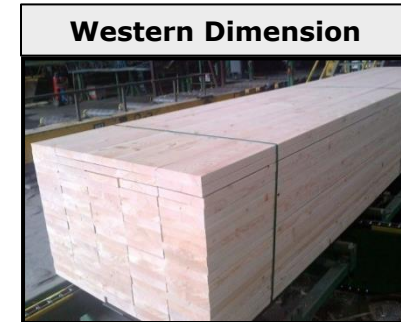
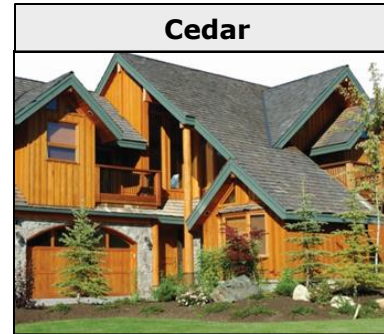
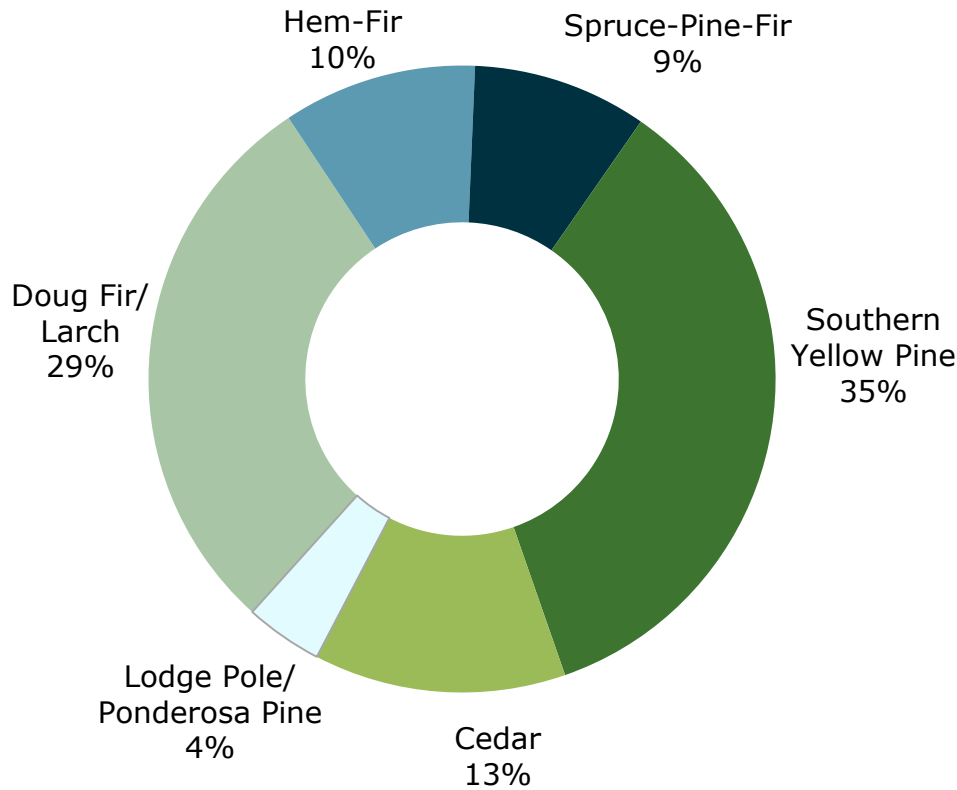




LUMBER MARKETS

INTERFOR'S DIVERSE LUMBER MIX

Lumber Sales By Species ¹

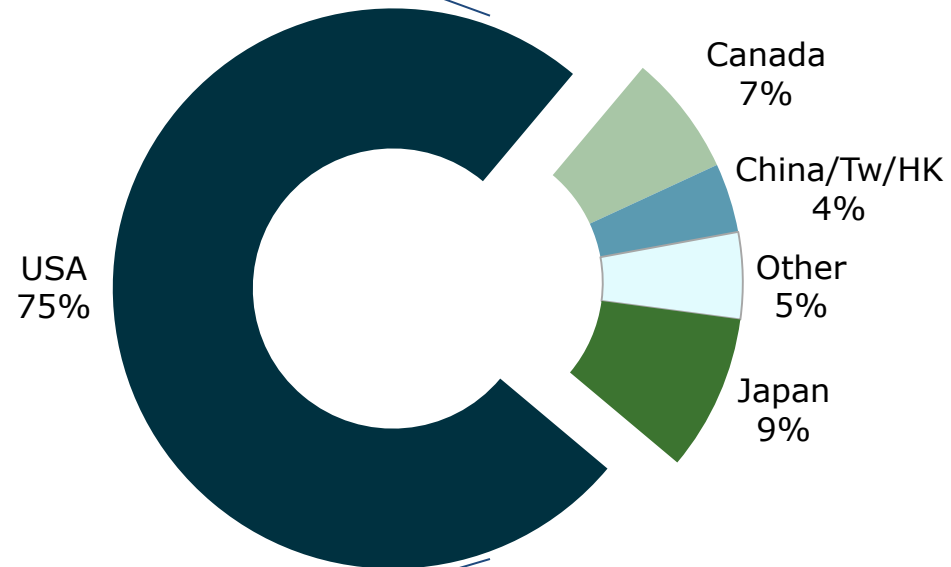


(1) By value for FY2016

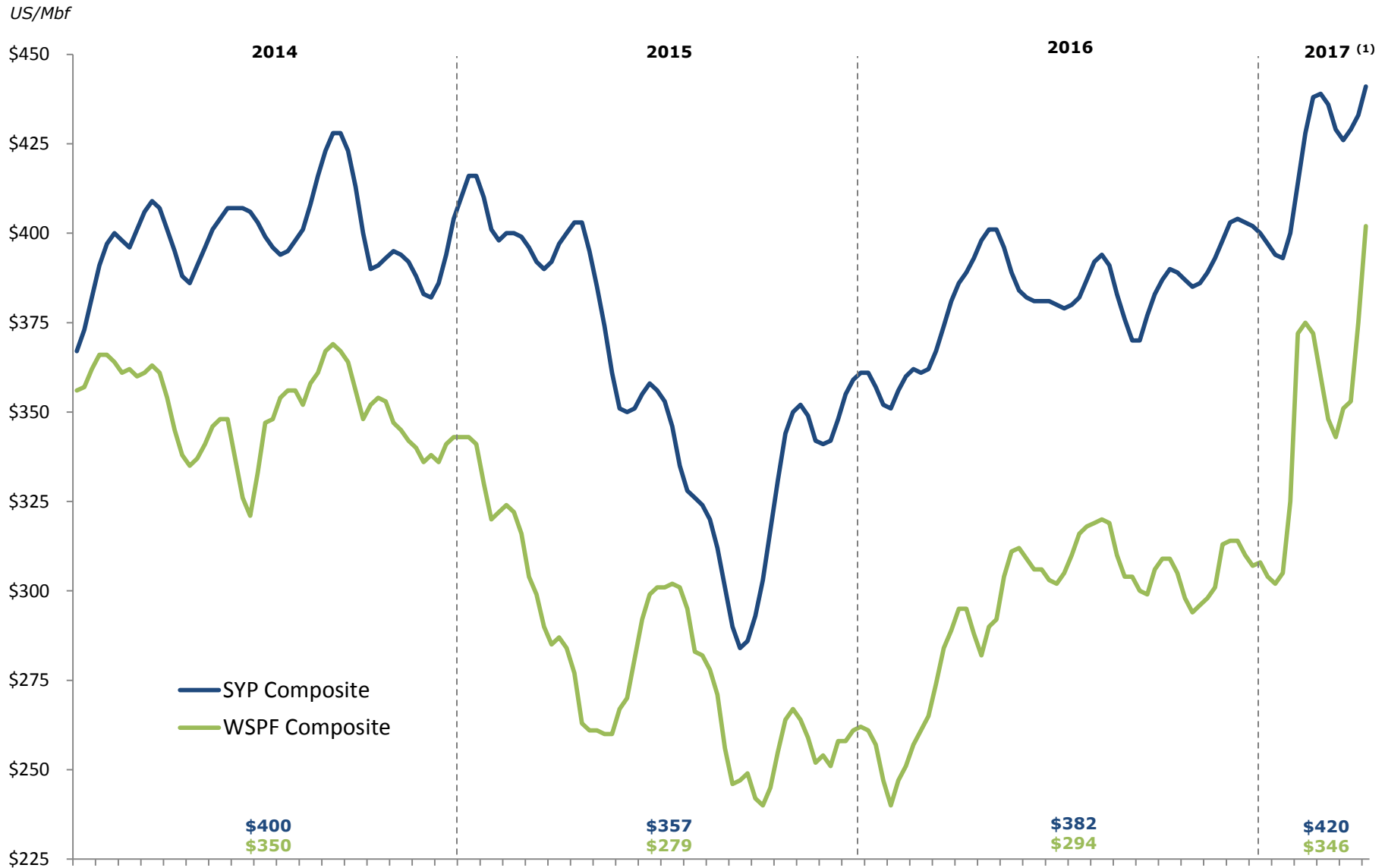
NORTH AMERICAN DRIVEN BUSINESS



Lumber Sales By Market ¹



BENCHMARK LUMBER PRICE TRENDS



KEY MARKET DRIVERS

	2014 ⁽¹⁾	2015 ⁽¹⁾	2016E ⁽¹⁾	2017E ⁽¹⁾
US Housing Starts - Total (mm)	1.0	1.1	1.2	1.3
<i>Change</i>		+11%	+6%	+9%
US Housing Starts - Single Family (mm)	0.6	0.7	0.8	0.9
<i>Change</i>		+10%	+10%	+9%
NA Lumber Consumption (Bft)	49.0	51.9	54.2	56.3
<i>Change</i>		+6%	+4%	+4%
NA Offshore Exports (Bft)	7.6	6.9	6.4	6.3
<i>Change</i>		-9%	-8%	-2%
NA Offshore Imports (Bft)	0.6	0.7	0.9	1.1
<i>Change</i>		+20%	+26%	+25%

(1) Source: Forest Economic Advisors (FEA) forecast published March 1, 2017.



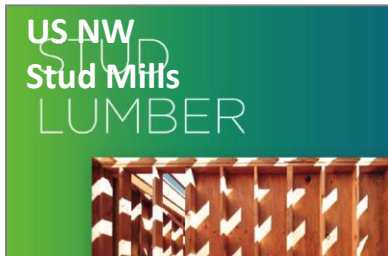
BUSINESS COMPARISONS



- 3 dimension mills in BC southern interior
- Modern/low cost operations
- Good fiber supply/limited exposure to pine beetle



- 9 dimension mills in Georgia, S. Carolina and Arkansas
- Low cost wood baskets
- Strong geographic fit/significant operational upside



- 3 stud mills in Washington State and Oregon
- Efficient/modern operations
- Margins are more variable than other regions



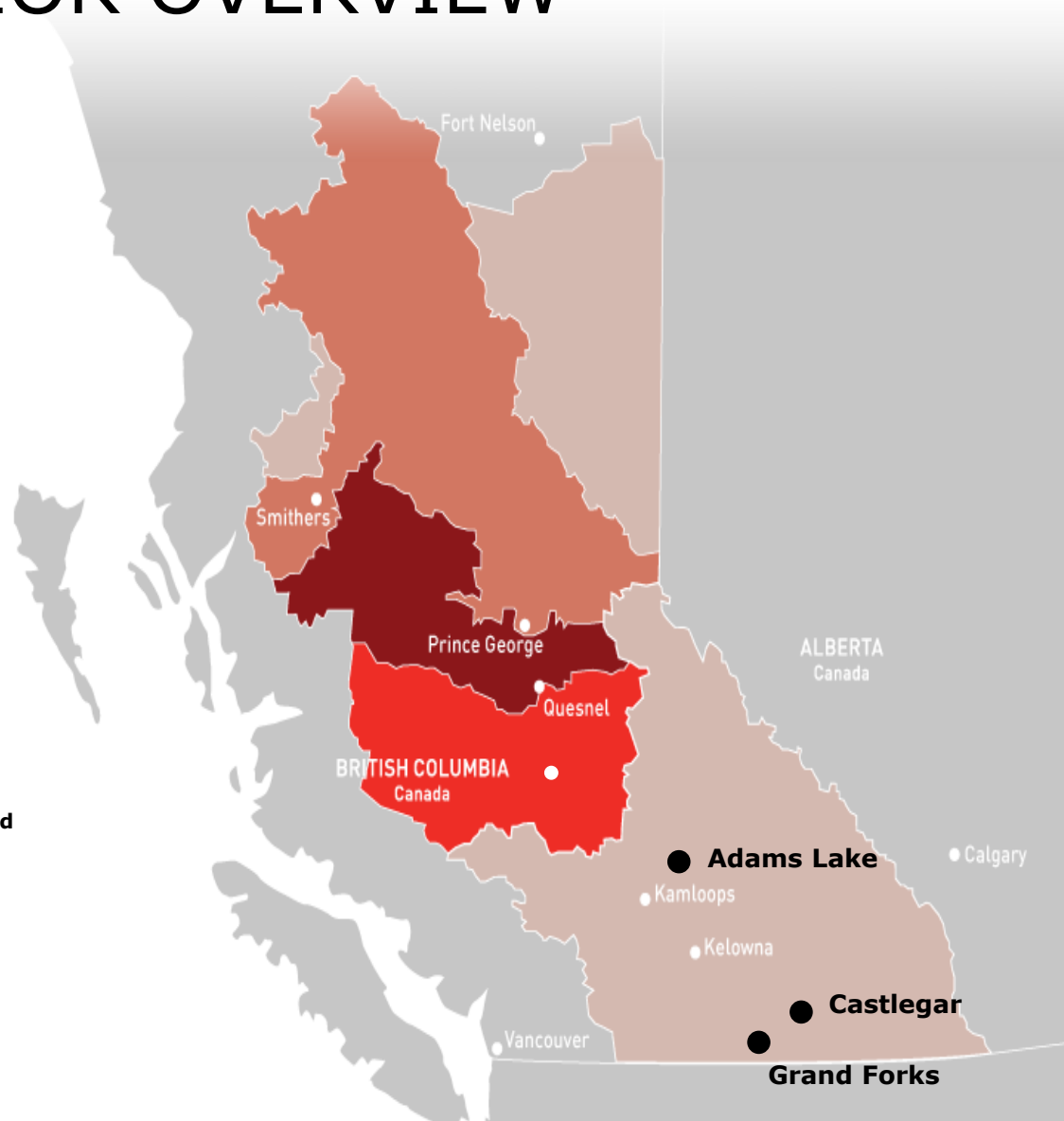
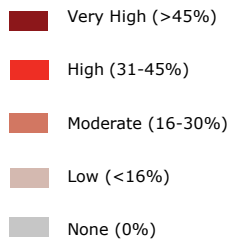
- 3 specialty mills in BC Coast and Oregon
- High value products (eg. cedar, Japanese squares and pine boards)
- More stable prices



BC INTERIOR DIMENSION MILLS

BC INTERIOR OVERVIEW

Mountain Pine Beetle Cumulative Percentage of Merchantable Forest Volume Killed Since 1999



BC INTERIOR MODERNIZATION

2008-09

Adams Lake, BC



2012

Grand Forks, BC



2015

Castlegar, BC



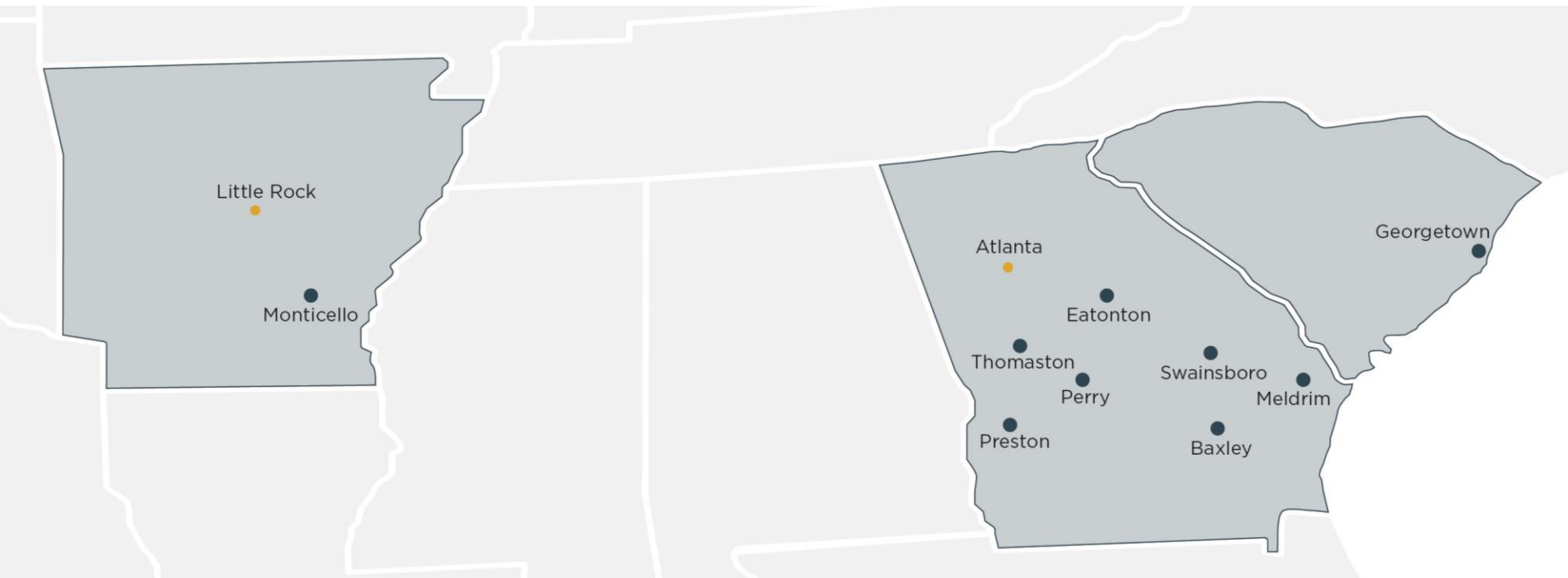
- 3 MODERN MILLS IN GOOD FIBER BASKETS
 - RE-INVESTMENTS ARE COMPLETE
- SIGNIFICANTLY REPOSITIONED THE ASSETS
 - STRONG CASH FLOW AND ROI
- **TOP DECILE/QUARTILE EBITDA MARGINS FOR THE BC INTERIOR**



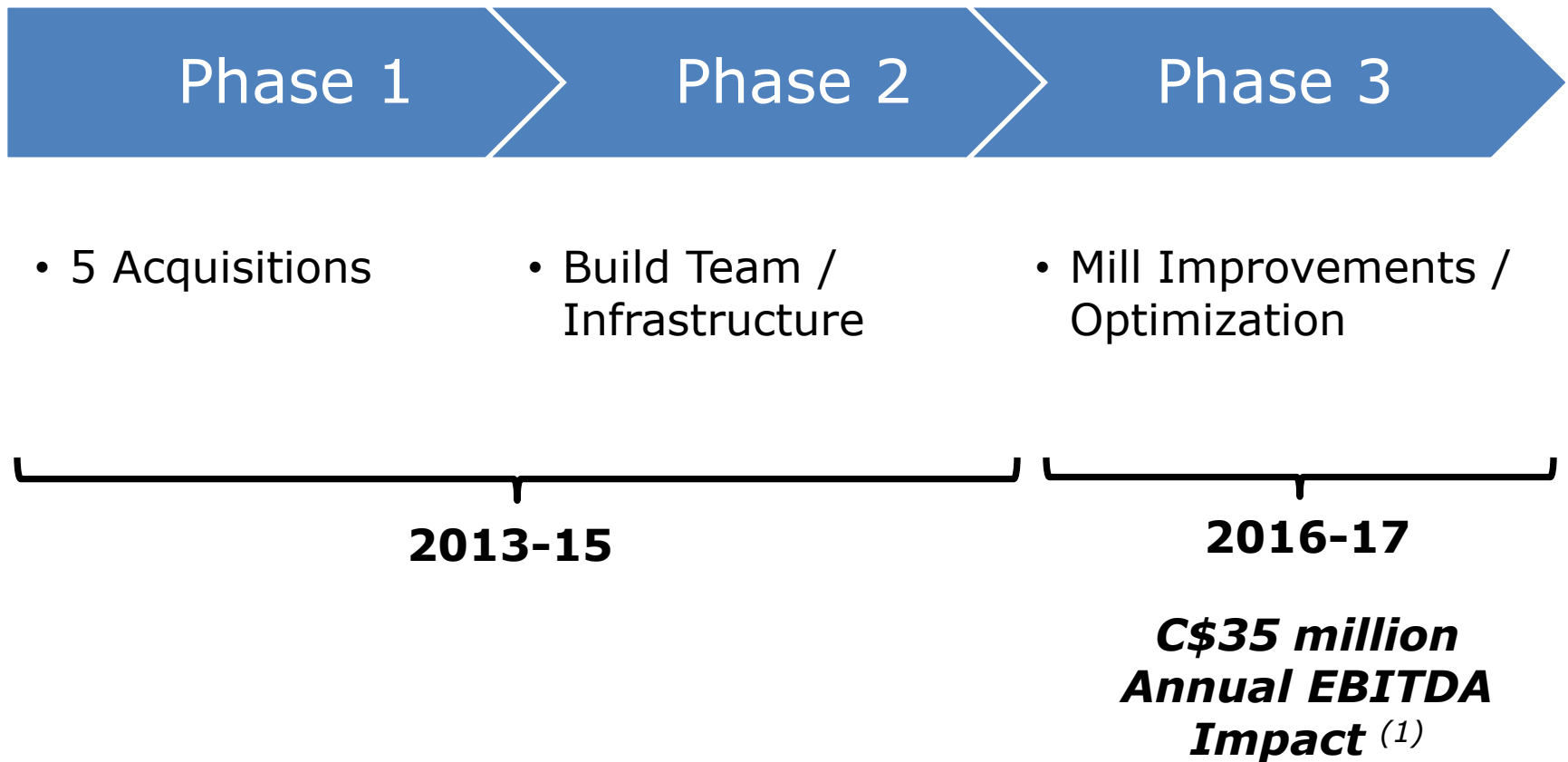
US SOUTH DIMENSION MILLS

US SOUTH OVERVIEW

- Invested over US\$400 million since March 2013
 - 5 acquisitions
- 9 mills
- 1.3 Billion feet of lumber capacity across 3 States
 - Largest lumber producer in Georgia
 - 44% of Interfor's capacity is in the South



US SOUTH: STARTED UP IN 2013



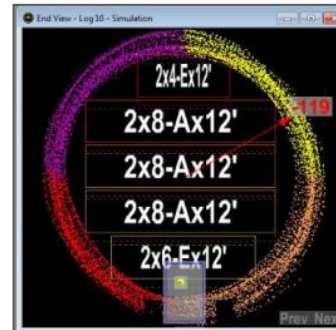
MILL IMPROVEMENTS/OPTIMIZATION

Mill Reliability/Performance

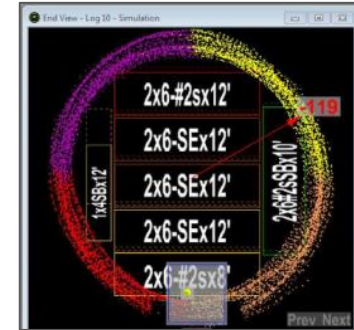


Product Mix Optimization

BEFORE



AFTER



Modest Capex

Kilns



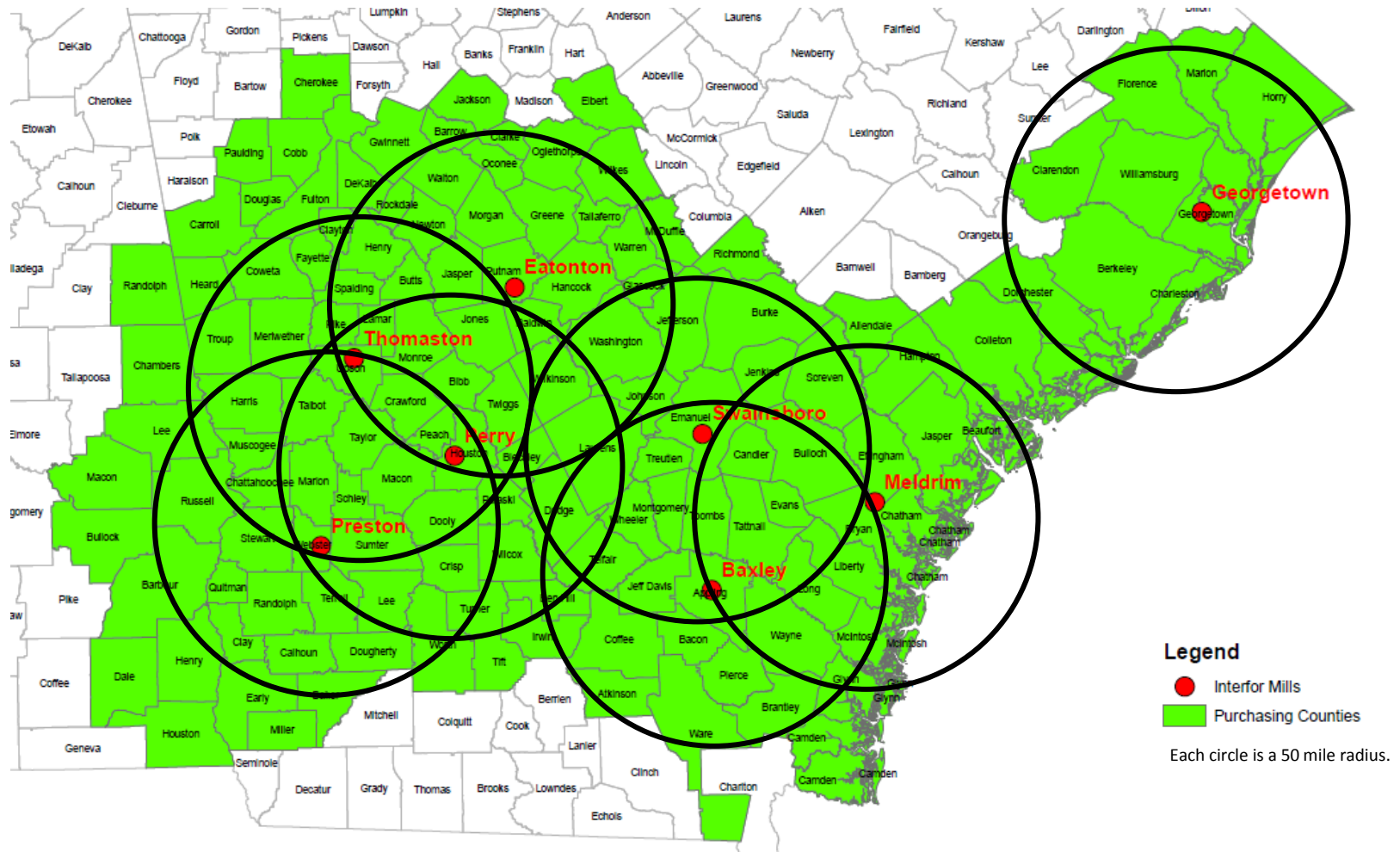
Autograding



Optimization



LOGISTICS – RIGHT LOG TO RIGHT MILL

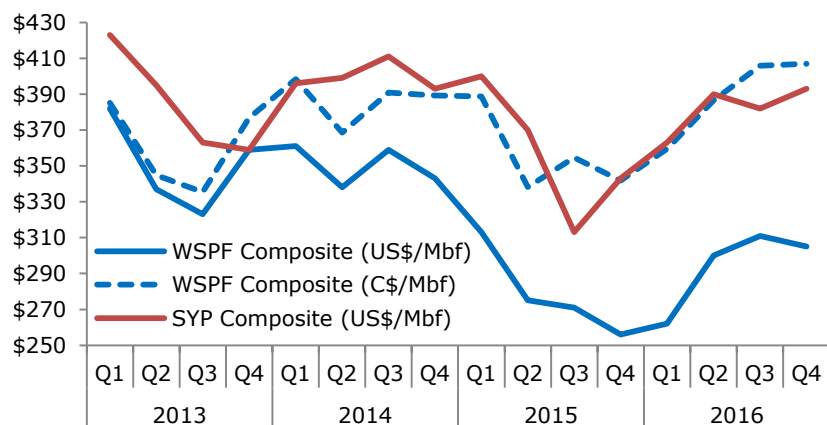




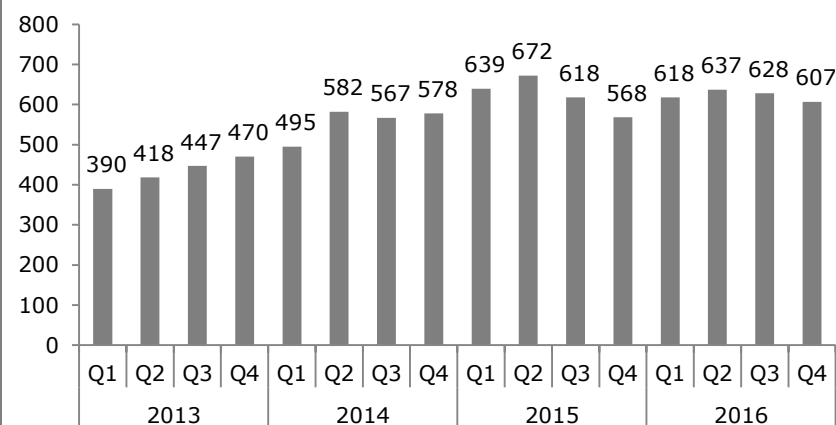
FINANCIAL REVIEW

HISTORICAL FINANCIAL RESULTS

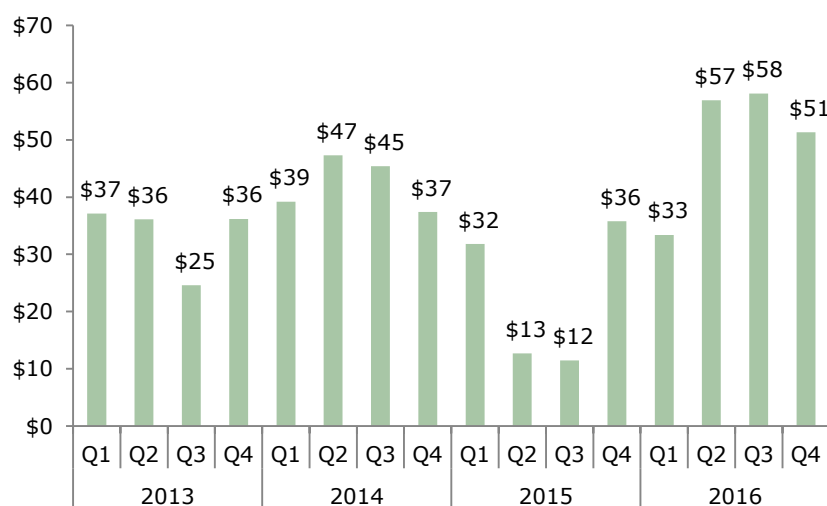
Benchmark Lumber Prices (\$/Mbf)



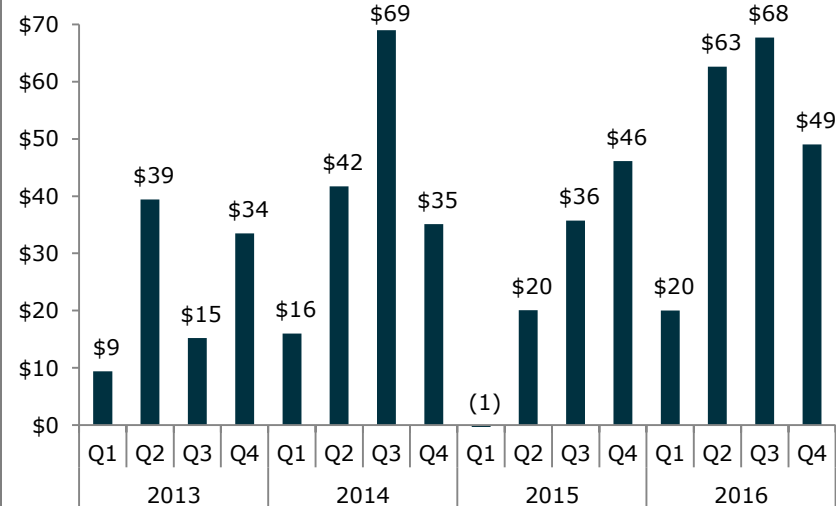
Production Volumes (Mmbf)



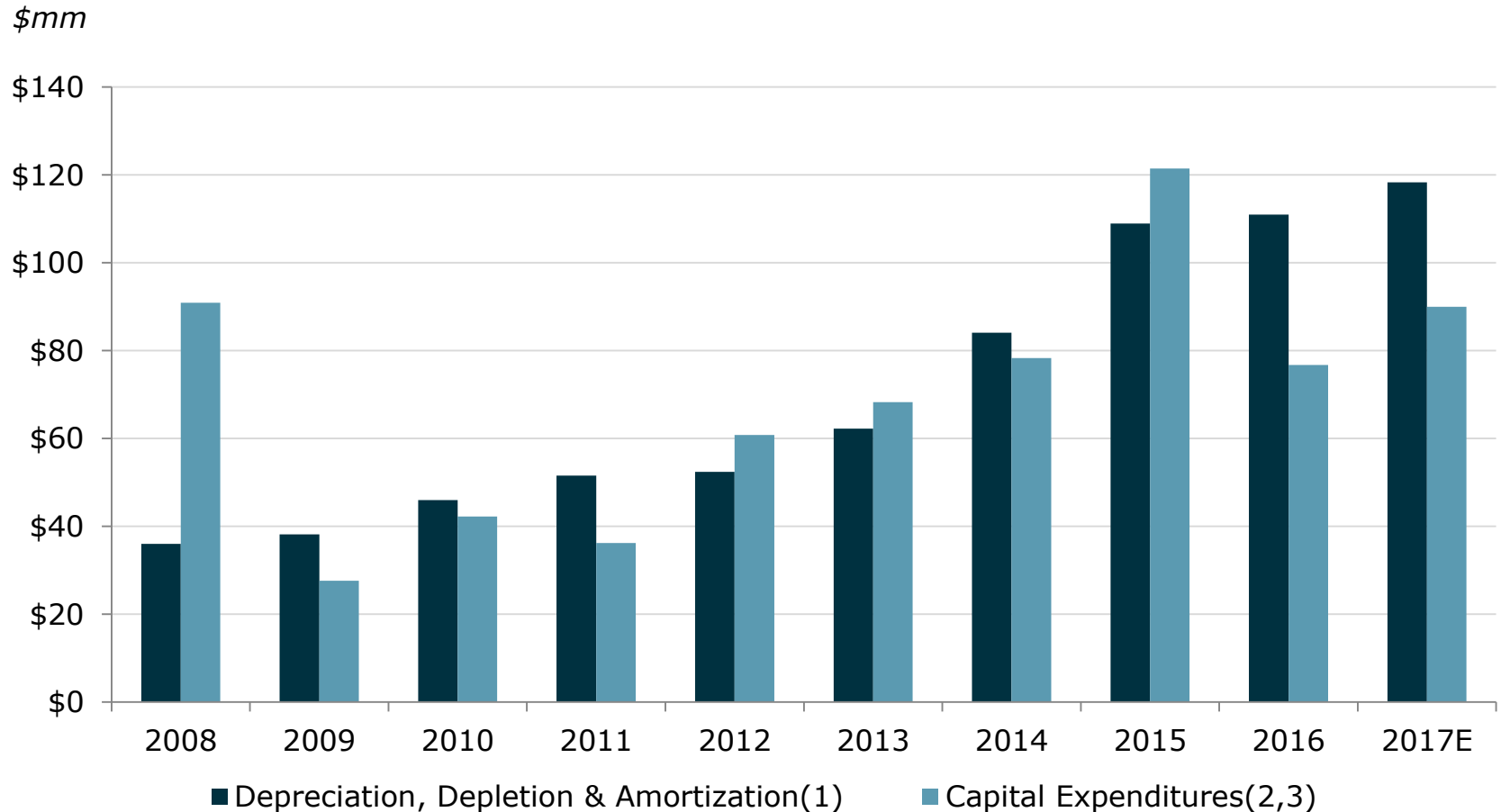
Adjusted EBITDA (C\$m)



Cash From Operations After W/C Changes (C\$m)



CAPITAL SPENDING PROFILE



FREE CASH FLOW CONSIDERATIONS

	<u>C\$mm</u>	
2016A Adjusted EBITDA	\$200	<ul style="list-style-type: none"> • Significant additional production volume and margin uplift opportunities in the US South.
Less:		
Annualized Cash Interest Expense	\$(12)	<ul style="list-style-type: none"> • Weighted average interest rate < 4%.
2017E Maintenance Capex (Maint. \$55m; Disc. \$35mm)	\$(55)	<ul style="list-style-type: none"> • 2017E total capex outlook of C\$90mm; maintenance capex includes logging roads.
Cash Taxes	\$(1)	<ul style="list-style-type: none"> • Substantial tax loss carry-forwards; \$101 mm in Canada and US\$175 mm in the US.
Other	\$TBD	<ul style="list-style-type: none"> • No significant employee future benefit obligations. • LTIP dependent on stock price.
Free Cash Flow	\$132	
Free Cash Flow/Share	\$1.89	

CAPITAL STRUCTURE

Capital Structure As of Dec 31, 2016	
Net Debt (C\$mm)	\$290
Book Equity (C\$mm)	\$787
Invested Capital (C\$mm)	\$1,077
Net Debt / Invested Capital	27%
Net Debt/LTM EBITDA	1.4x
EBITDA/Interest Expense (LTM)	10.7x

