



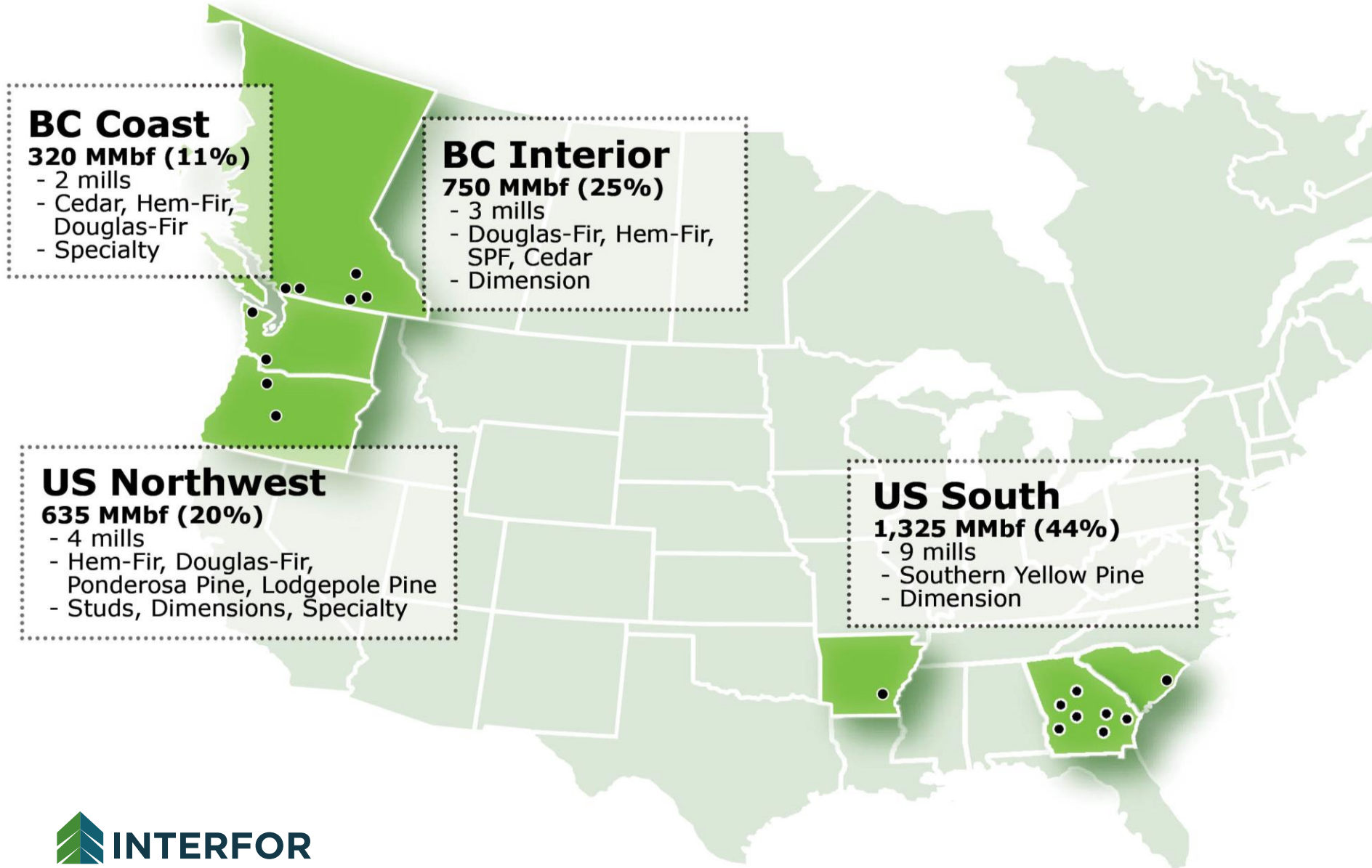
COMPANY UPDATE

JANUARY 2018

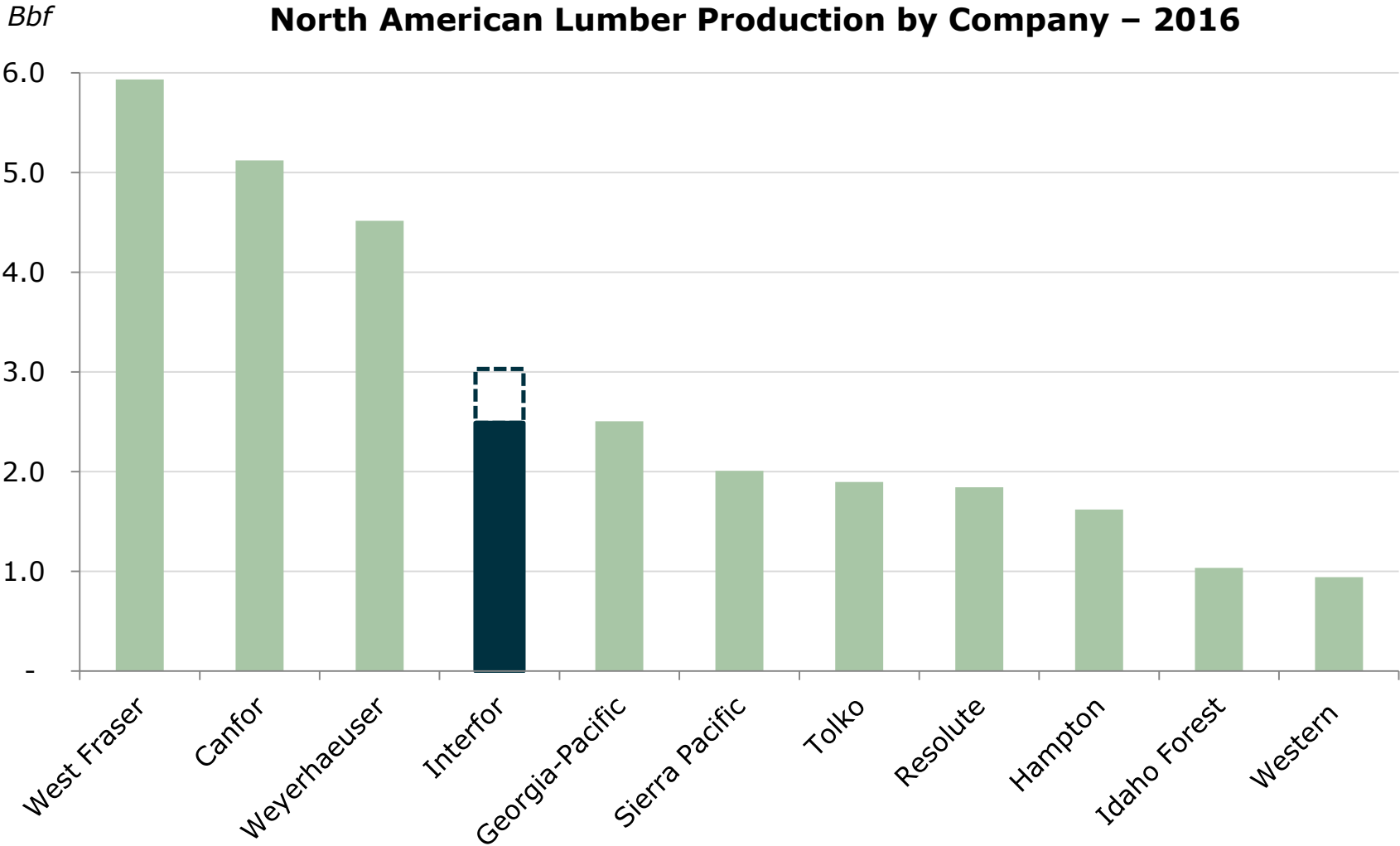
FORWARD-LOOKING INFORMATION

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



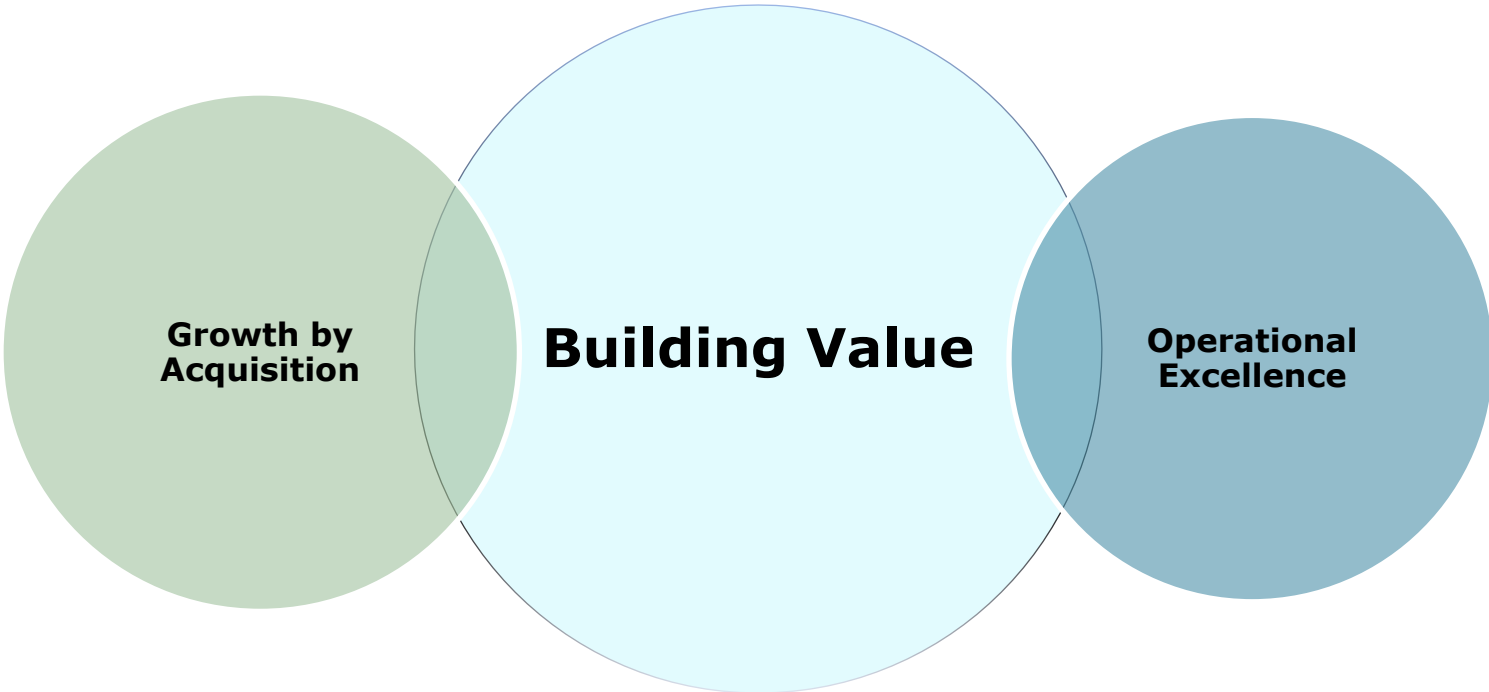
4th LARGEST LUMBER PRODUCER



- Capacity

Source: Wood Markets Monthly March 2017

INTERFOR STRATEGIC PLAN



SUMMARY

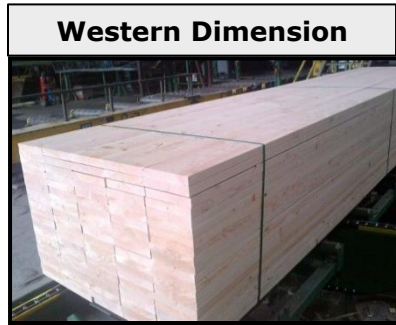
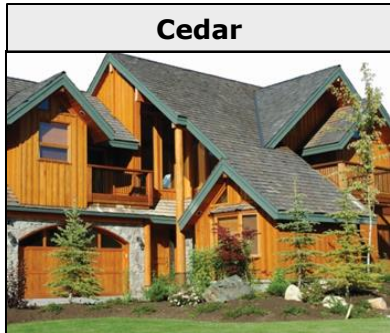
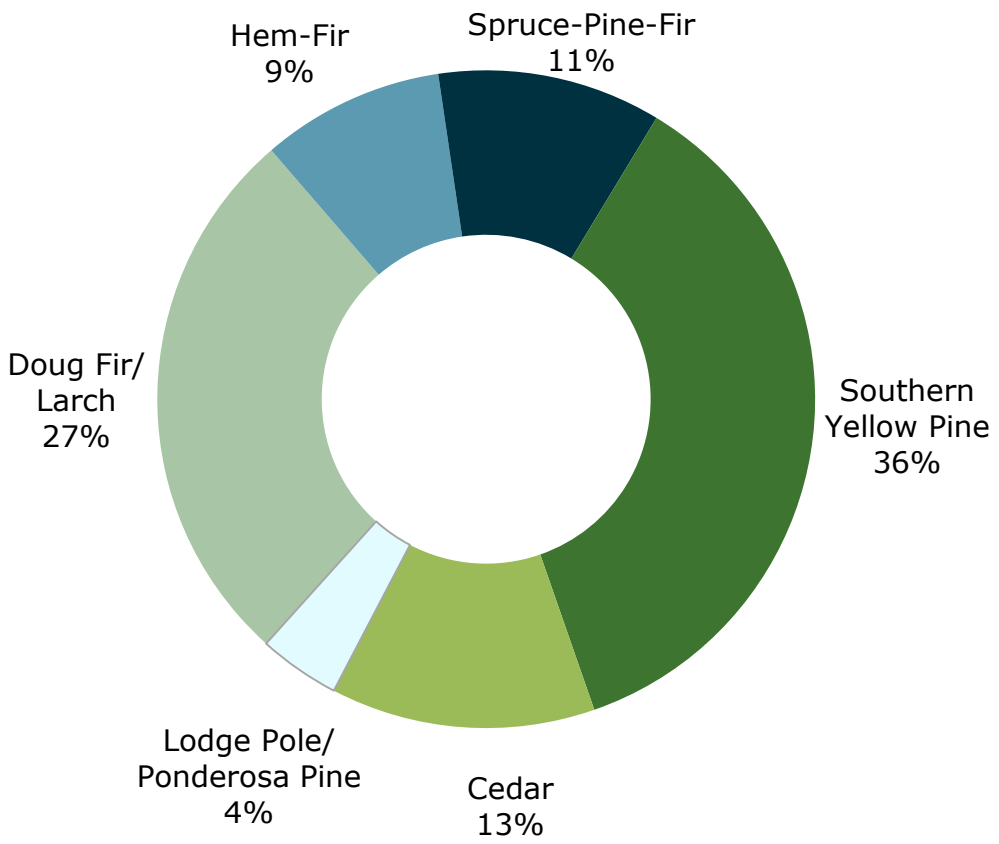
- Solid 2017 results to date:
 - LTM EBITDA of \$250 mm
 - Strong free cash flow
 - Leverage reduced to 18% ND/IC
- Multi-year strategic capital plan underway:
 - +/- \$150 mm/year capex; \$100 mm is high return discretionary
 - Near term: Two US South projects totaling US\$65 million
 - Increase production by 150 million board feet per year
 - Completion in Q4-2018 and Q1-2019
 - Medium-term: Advancing other large scale capital projects
 - Greenfield sawmill in the US South
 - Decision in early 2018



LUMBER MARKETS

INTERFOR'S DIVERSE LUMBER MIX

Lumber Sales By Species ¹

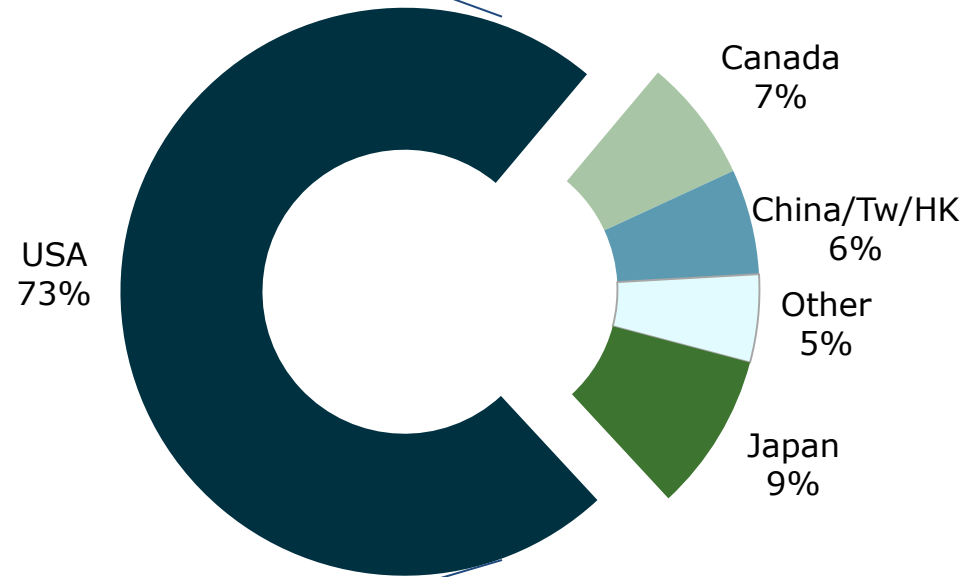


(1) By value for YTD Q3-2017

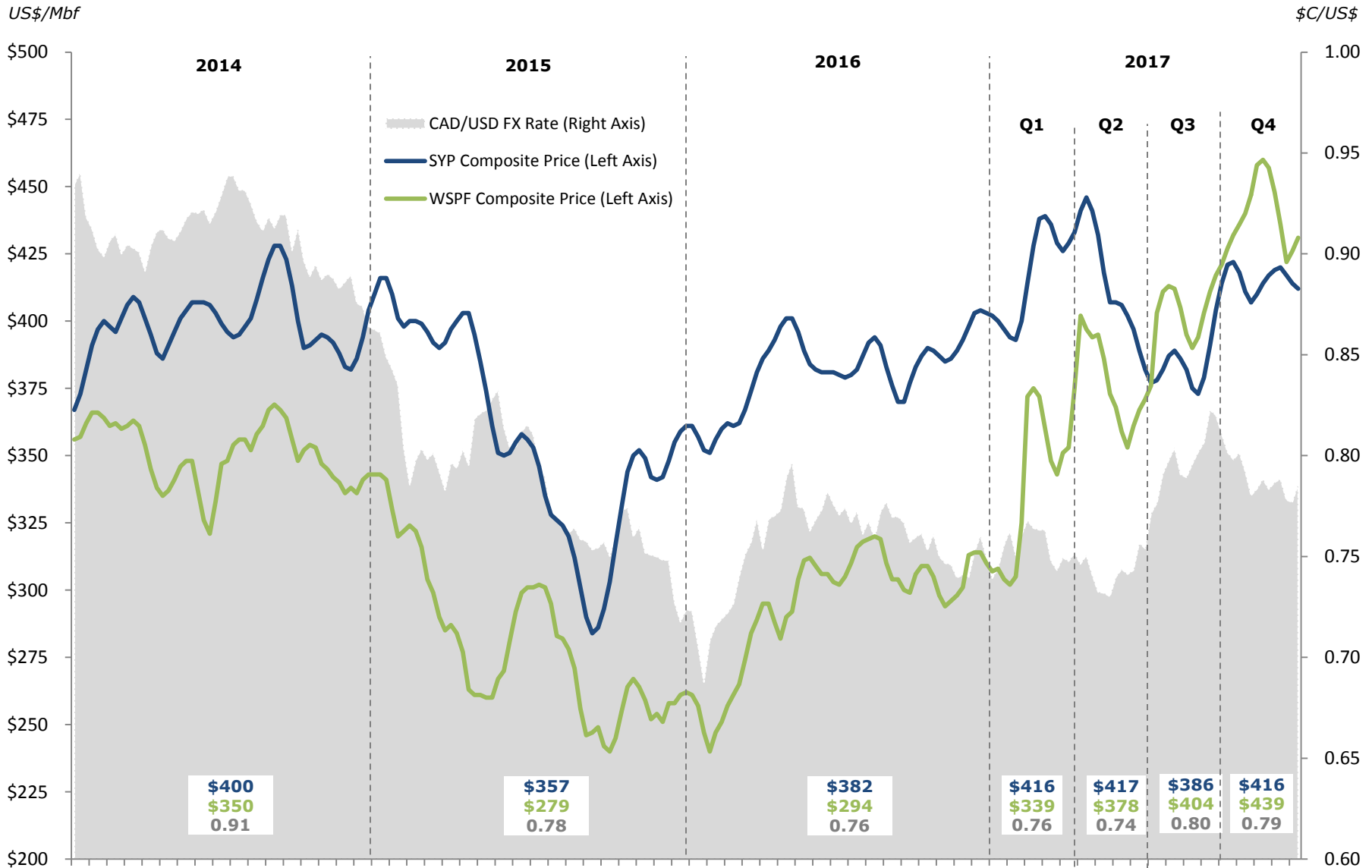
NORTH AMERICAN DRIVEN BUSINESS



Lumber Sales By Market ¹



BENCHMARK LUMBER PRICE & FX TRENDS



Source: Random Lengths & Bank of Canada

KEY MARKET DRIVERS

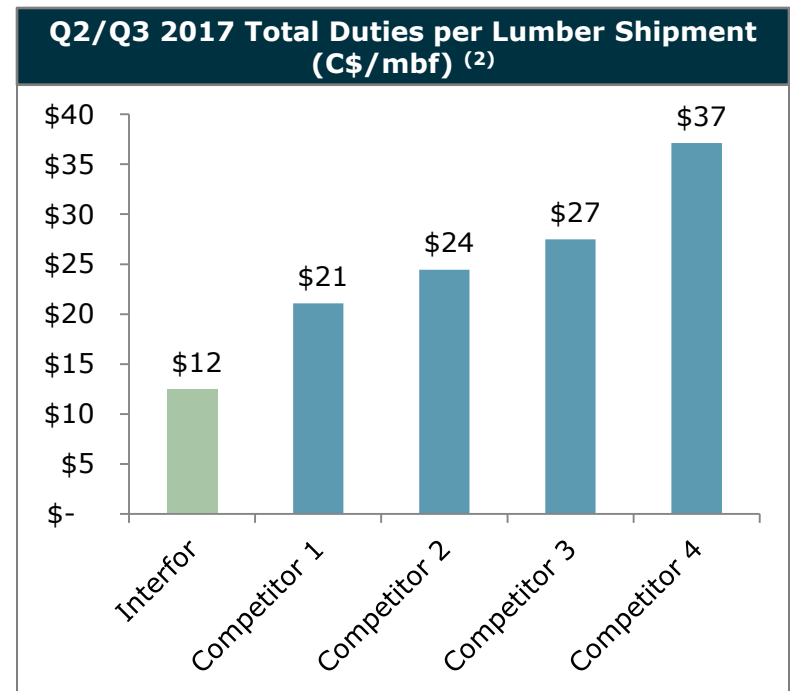
	2016 ⁽¹⁾	2017E ⁽¹⁾	2018E ⁽¹⁾	2019E ⁽¹⁾
US Housing Starts - Total (mm)	1.18	1.21	1.31	1.39
<i>Change</i>		+3%	+8%	+6%
US Housing Starts - Single Family (mm)	0.78	0.85	0.93	1.01
<i>Change</i>		+9%	+9%	+9%
NA Lumber Consumption (Bft)	54.4	57.7	59.9	62.5
<i>Change</i>		+6%	+4%	+4%
NA Offshore Exports (Bft)	6.3	6.3	6.5	6.6
<i>Change</i>		0%	+3%	+1%
NA Offshore Imports (Bft)	1.0	1.4	1.3	1.5
<i>Change</i>		+38%	-3%	+11%

(1) Source: Forest Economic Advisors (FEA) forecast published December 24, 2017.

US/CANADA SOFTWOOD LUMBER DISPUTE

- Interfor's Canadian operations' shipments to the U.S. represented 16% of company-wide lumber shipments year-to-date 2017.
- Approximately 66% of Interfor's year-to-date 2017 lumber production was US-based.

U.S. Countervailing (CV) & Anti-Dumping (AD) Softwood Lumber Duties ⁽¹⁾			
Company	CV	AD	Total
West Fraser	17.99%	5.57%	23.56%
Canfor	13.24%	7.28%	20.52%
Tolko	14.85%	7.22%	22.07%
Resolute	14.70%	3.20%	17.90%
JD Irving	3.34%	6.04%	9.38%
All Others (Applicable to Interfor)	14.19%	6.04%	20.23%





OPERATIONS OVERVIEW

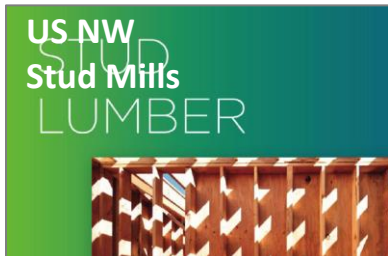
BUSINESS COMPARISONS



- 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



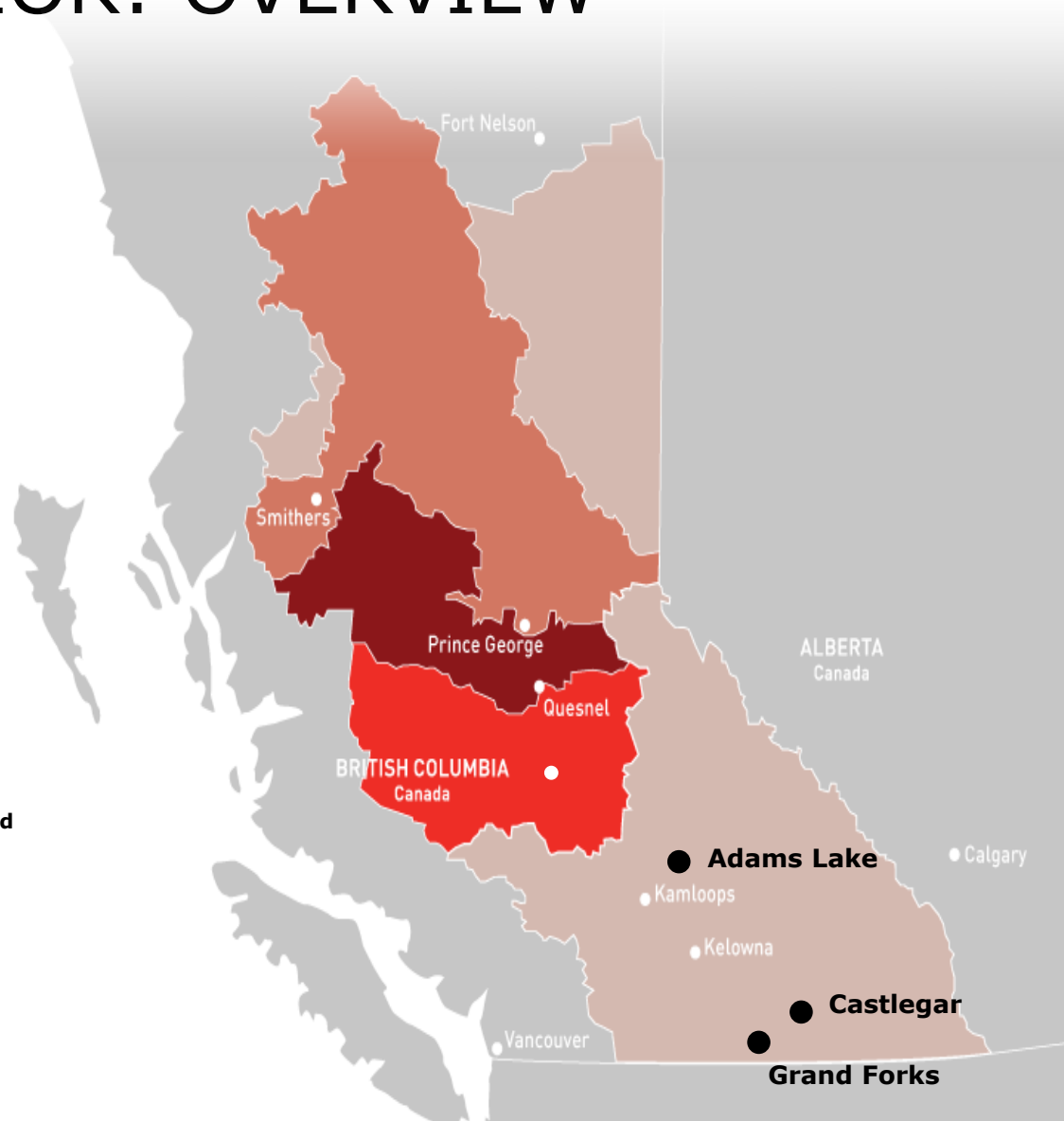
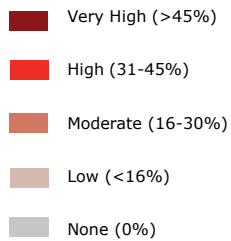
- 3 specialty mills in BC Coast and Oregon
- High value products (eg. cedar, Japanese squares and pine boards)



BC INTERIOR DIMENSION MILLS

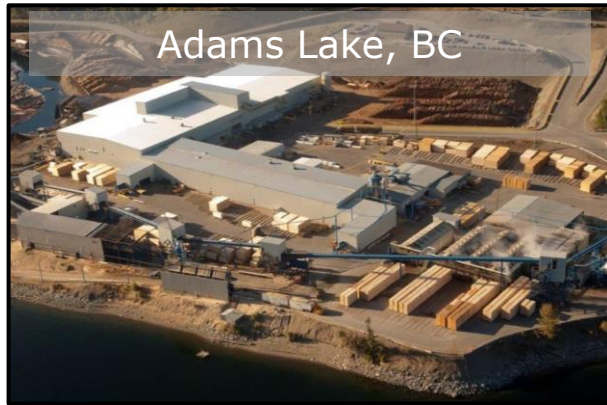
BC INTERIOR: OVERVIEW

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



BC INTERIOR: CASE STUDY

2008-09



2012



2015



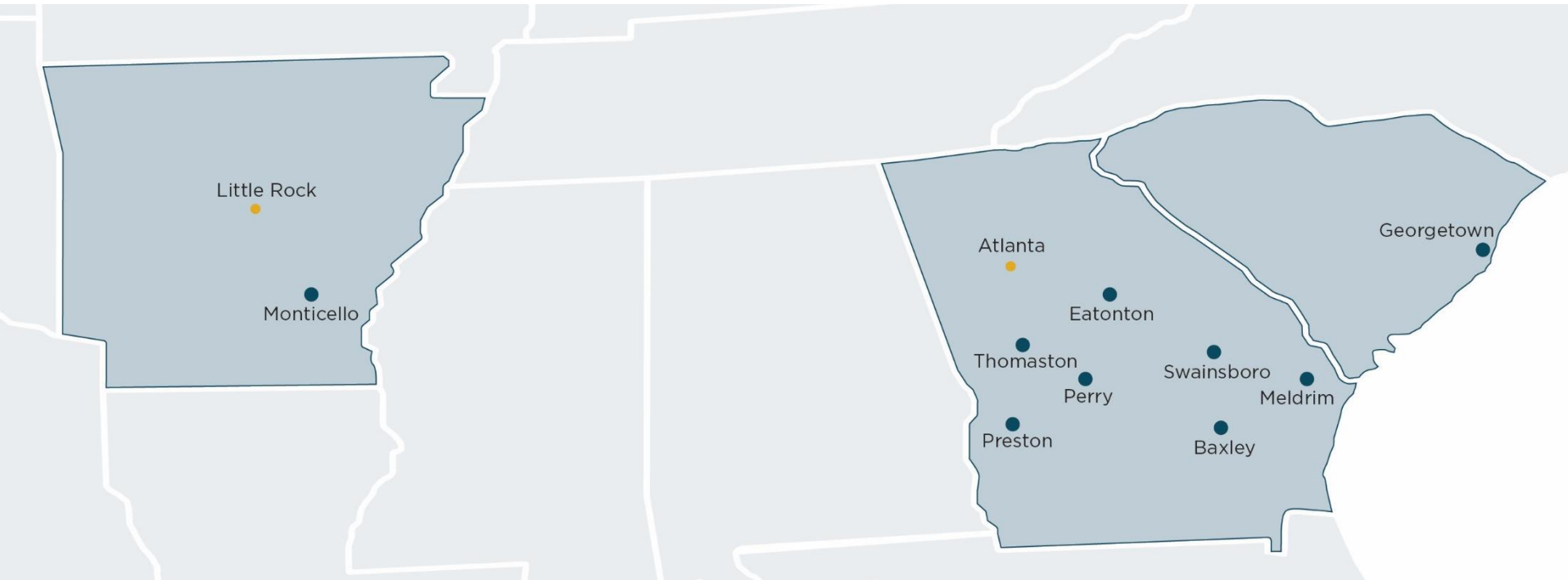
- 3 MILLS IN GOOD FIBER BASKETS
- SIGNIFICANTLY REPOSITIONED THE ASSETS
 - RE-INVESTMENTS ARE COMPLETE
 - STRONG CASH FLOW AND ROI
- **TOP DECILE/QUARTILE EBITDA MARGINS FOR THE BC INTERIOR**



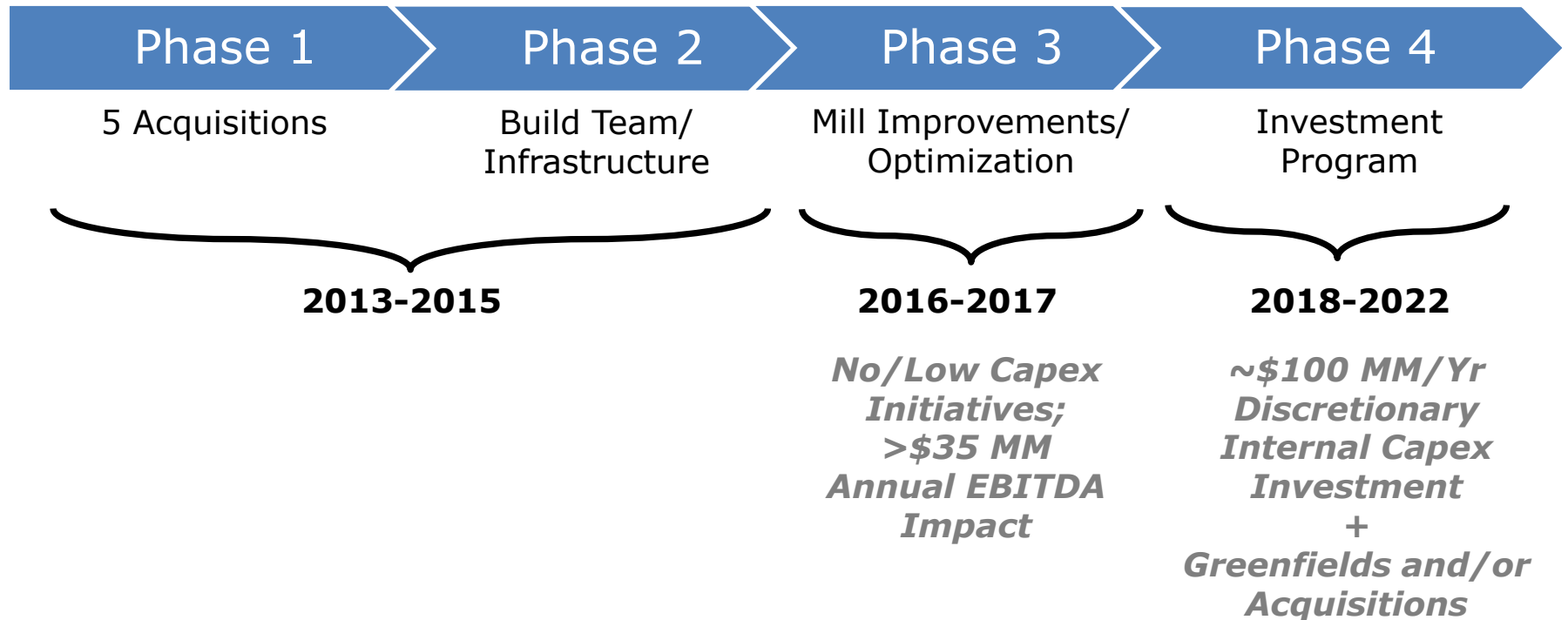
US SOUTH DIMENSION MILLS

US SOUTH: OVERVIEW

- 1.3 Billion feet of lumber capacity across 3 States
- Largest lumber producer in Georgia
- 44% of Interfor's capacity is in the South

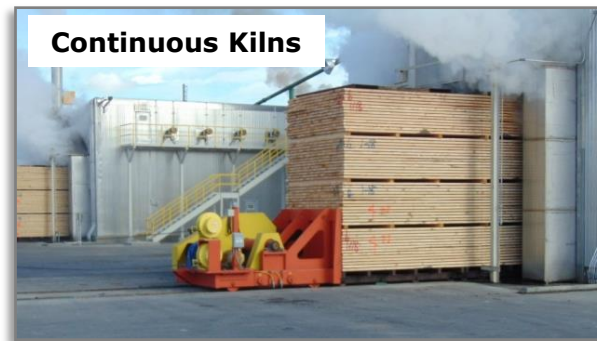


US SOUTH: MULTIPLE PHASES



US SOUTH: INVESTMENT PROGRAM

- ~\$100 MM/Yr discretionary capex investment program over 5 years:
 - Machine center upgrades, debottlenecking and optimization projects for existing assets
 - Average payback of 4 years
 - Expected to be funded from operating cash flow; ample debt capacity if necessary
 - Two initial projects formally announced for 2018/19 totaling US\$65 MM (Meldrim, GA and Monticello, AR); completion in Q4-2018 and Q1-2019
- Additional investment opportunities in greenfields or acquisitions

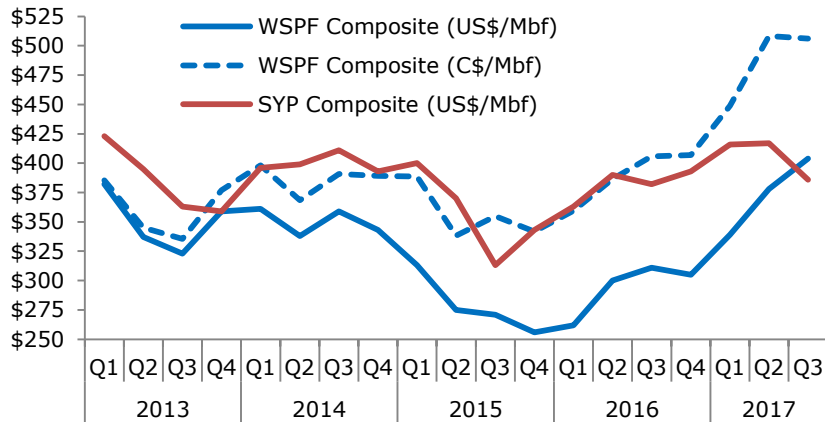




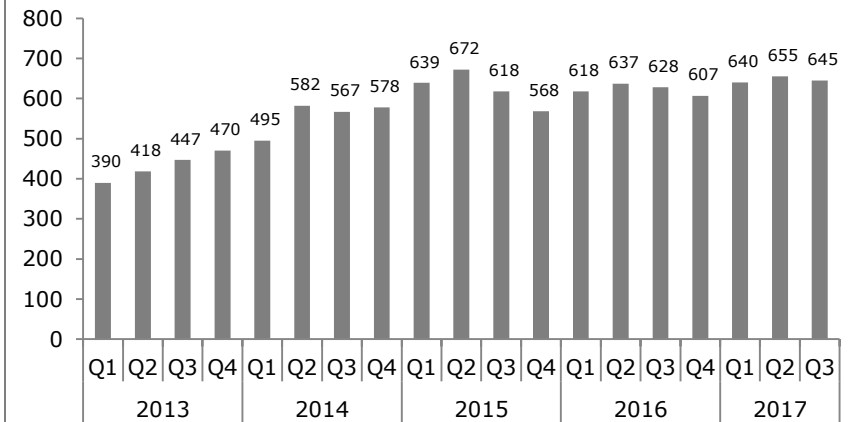
FINANCIAL REVIEW

HISTORICAL FINANCIAL RESULTS

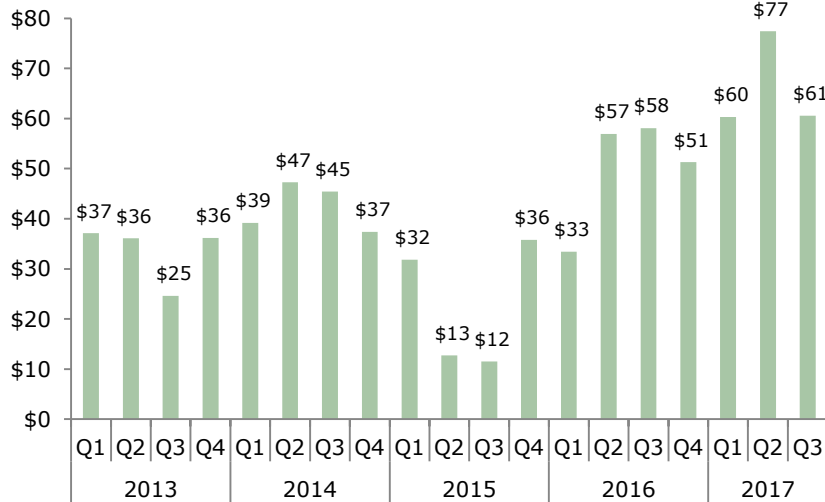
Benchmark Lumber Prices (\$/Mbf)



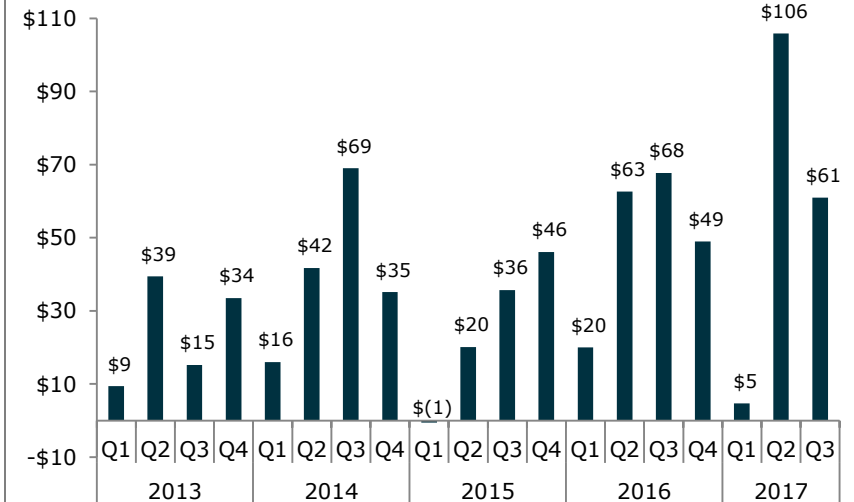
Production Volumes (Mmbf)



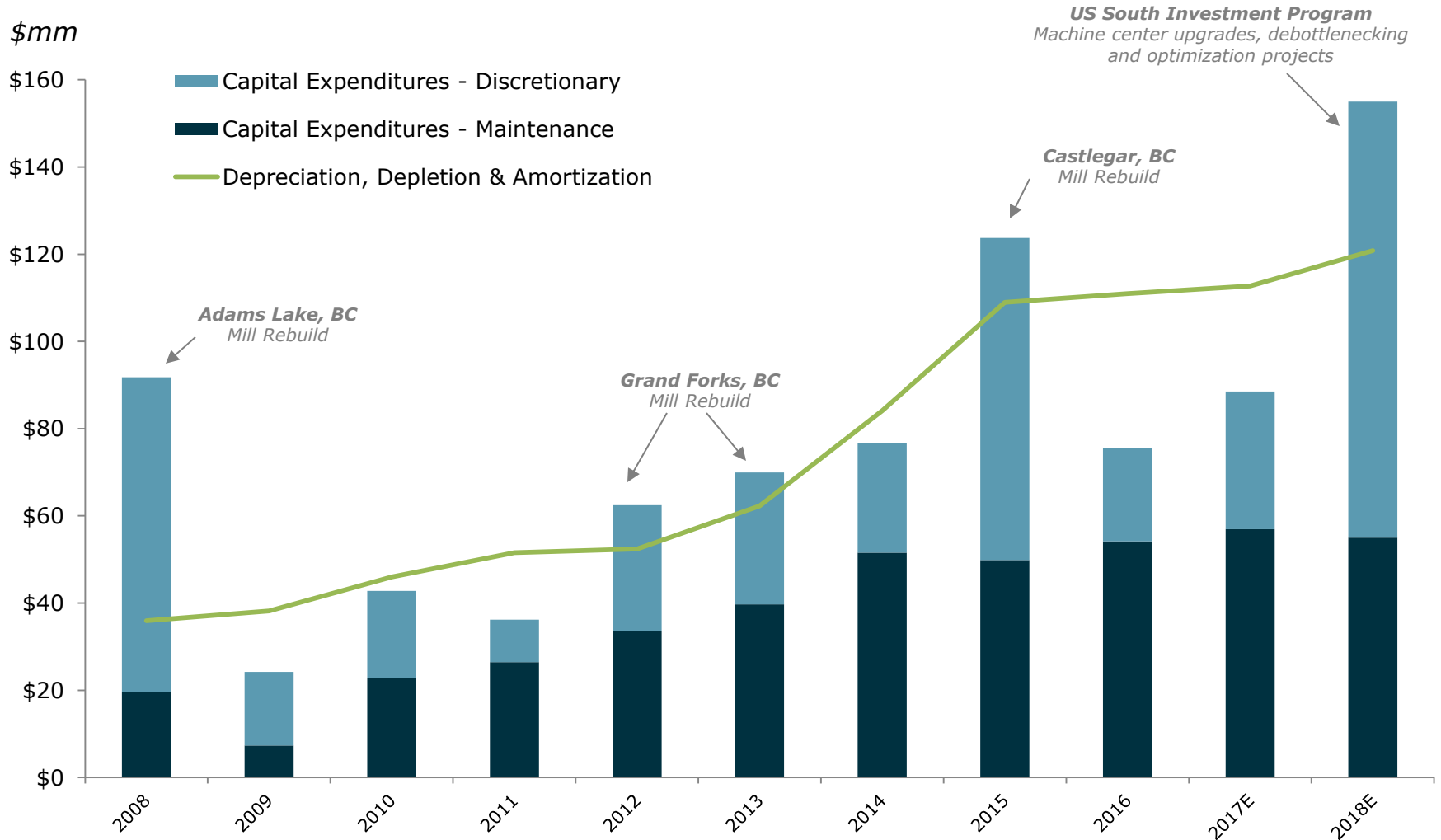
Adjusted EBITDA (C\$m)



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



CAPITAL SPENDING PROFILE



FREE CASH FLOW CONSIDERATIONS

	<u>C\$mm</u>	
LTM Adjusted EBITDA (as of 9/30/17)	\$250	<ul style="list-style-type: none"> • Significant additional margin uplift opportunities in the US South.
Less:		
Annualized Cash Interest Expense	\$(14)	<ul style="list-style-type: none"> • Average interest rate ~ 4%.
2017E Maintenance Capex (Maint. \$55m; Disc. \$30 mm)	\$(55)	<ul style="list-style-type: none"> • 2017E total capex outlook of C\$85mm; maintenance capex includes logging roads.
Cash Taxes	\$(1)	<ul style="list-style-type: none"> • Substantial tax loss carry-forwards. \$95 mm in Canada and US\$145 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	\$180	
Free Cash Flow/Share	\$2.57	

CAPITAL STRUCTURE

Capital Structure <i>As of September 30, 2017</i>	
Cash (C\$mm)	\$(72)
Debt (C\$mm)	\$250
Net Debt (C\$mm)	\$178
Book Equity (C\$mm)	\$818
Invested Capital (C\$mm)	\$996
Net Debt / Invested Capital	18%
Net Debt/LTM EBITDA	0.7x
EBITDA/Interest Expense (LTM)	16.7x

