

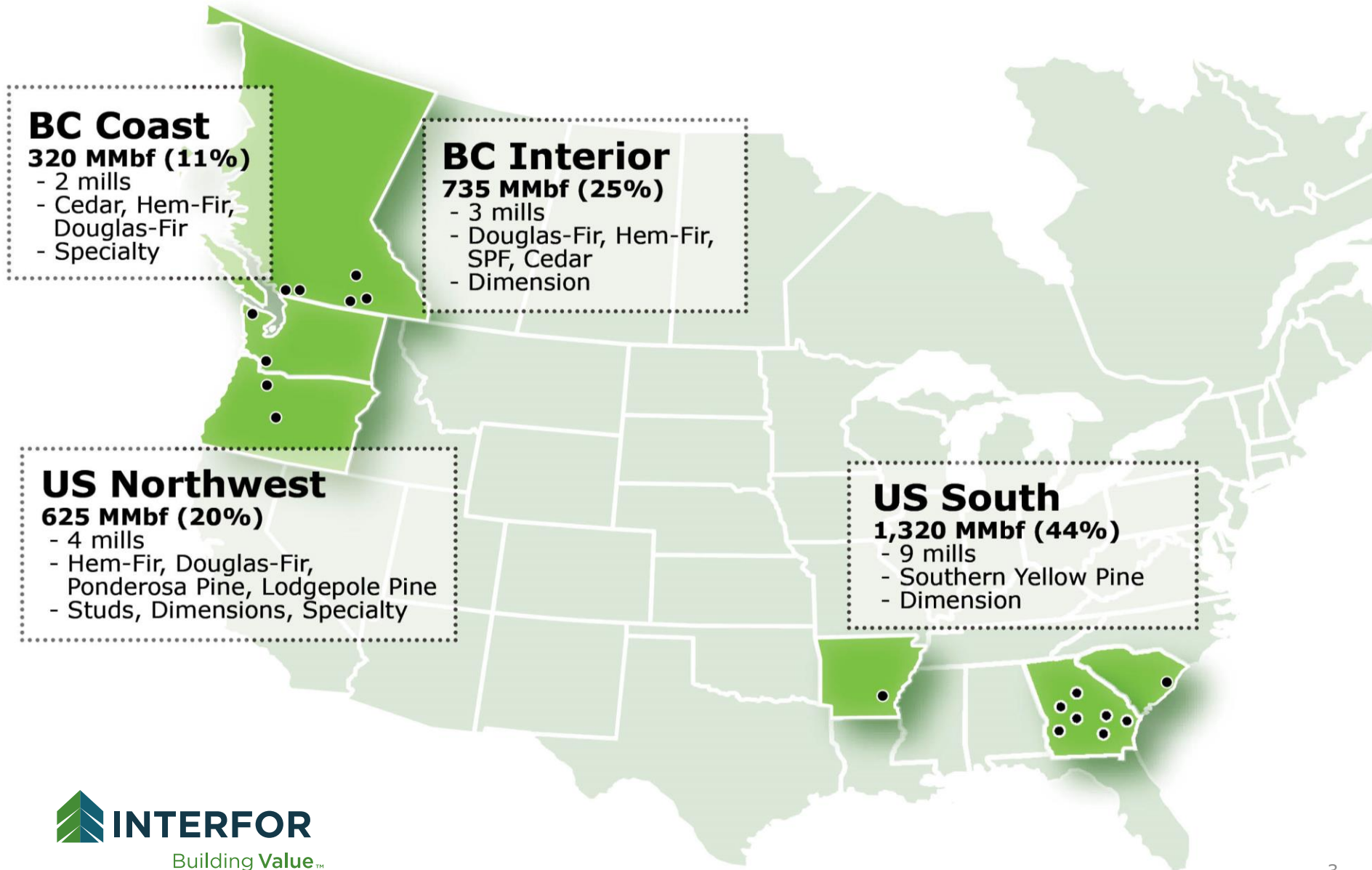


COMPANY UPDATE NOVEMBER 2016

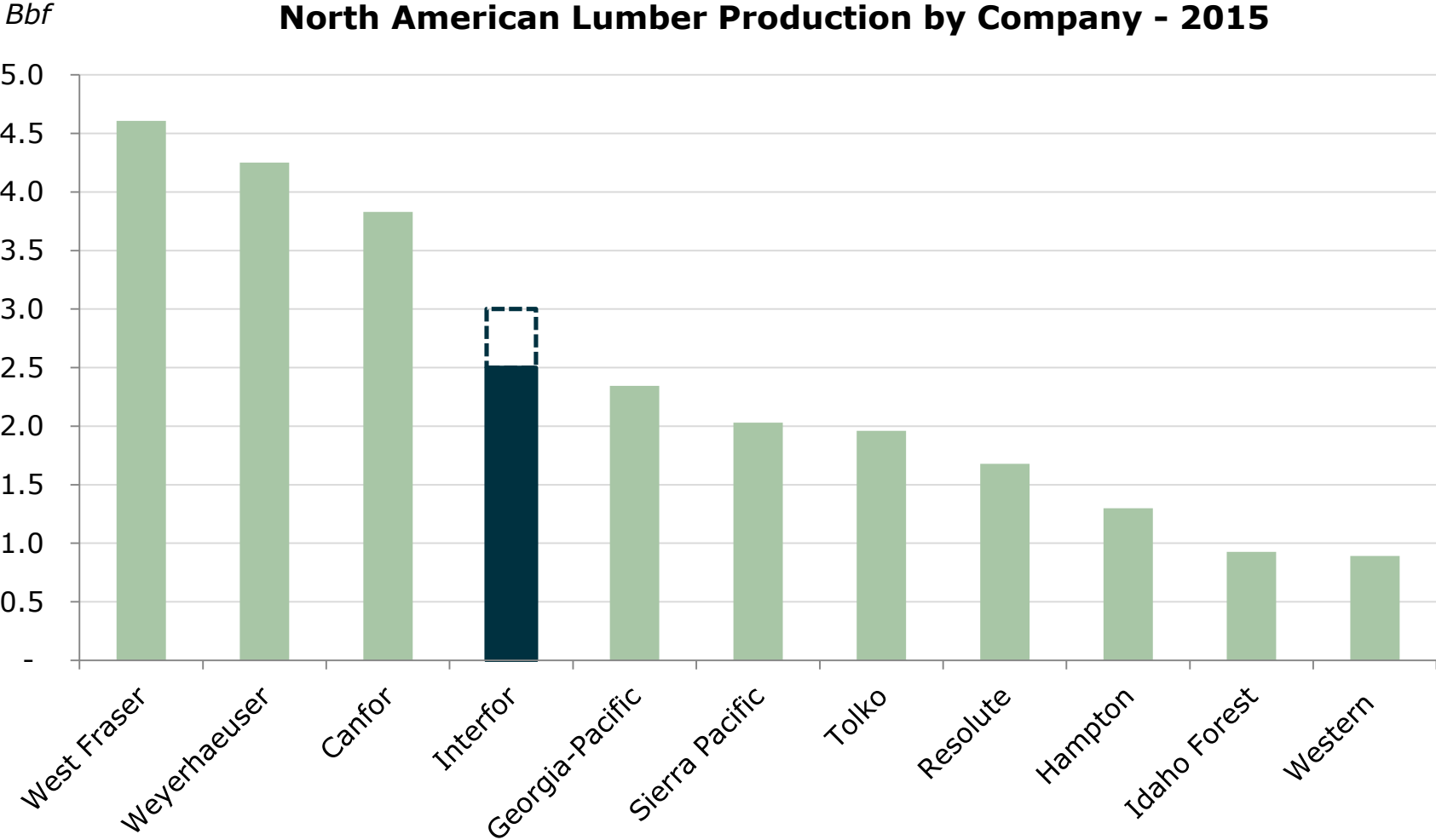
FORWARD-LOOKING INFORMATION

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



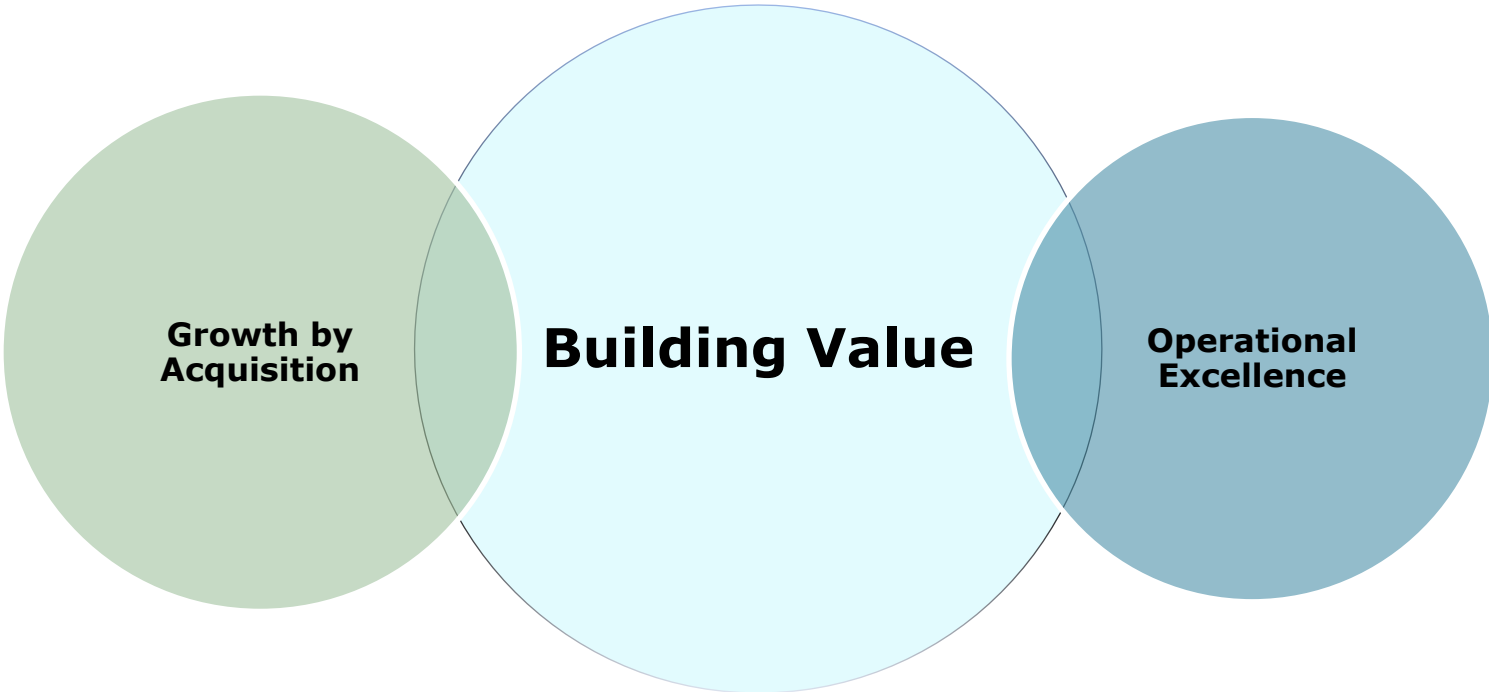
4th LARGEST LUMBER PRODUCER



Source - Wood Markets Monthly March 2016

 - Capacity

INTERFOR STRATEGIC PLAN

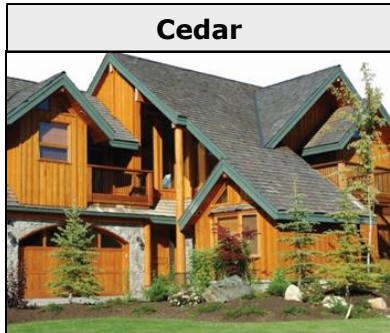
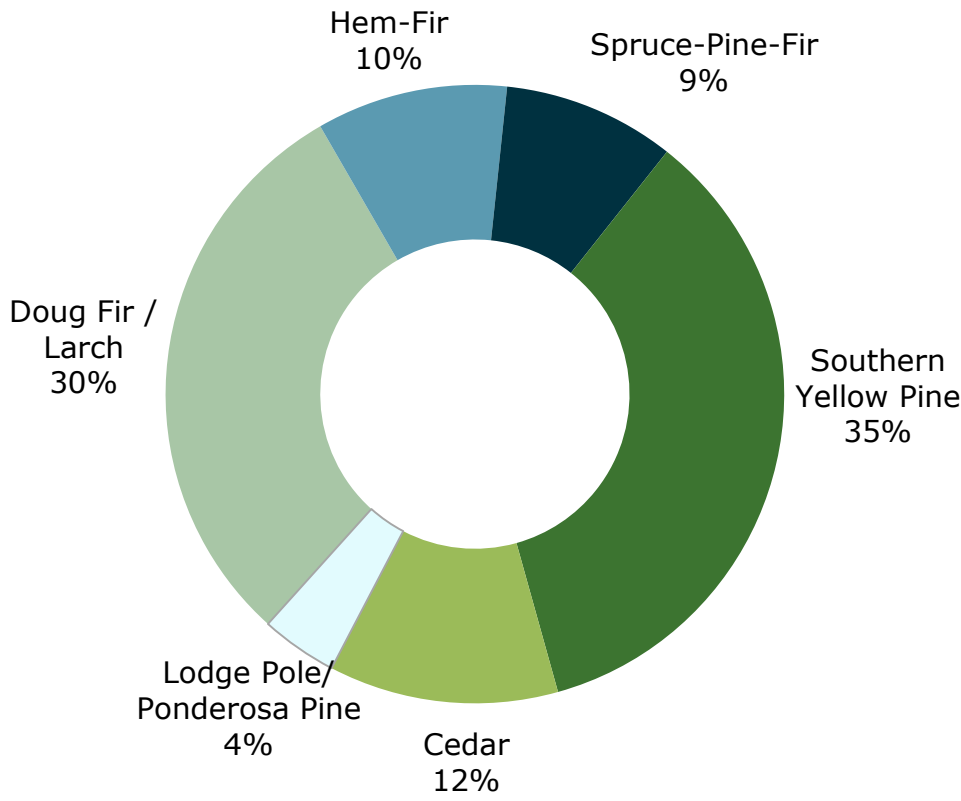




LUMBER MARKETS

INTERFOR'S DIVERSE LUMBER MIX

Lumber Sales By Species ¹

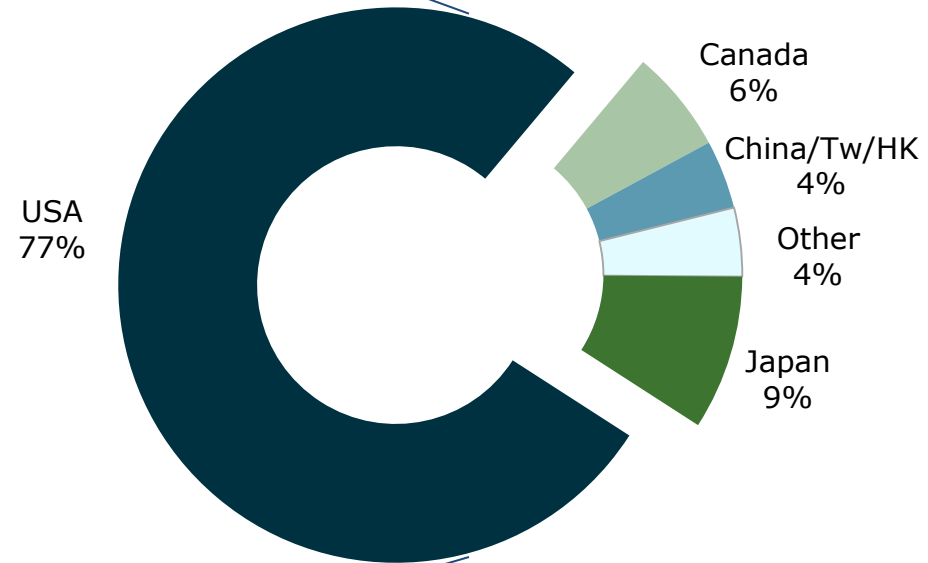


(1) By value for YTD Q3-2016

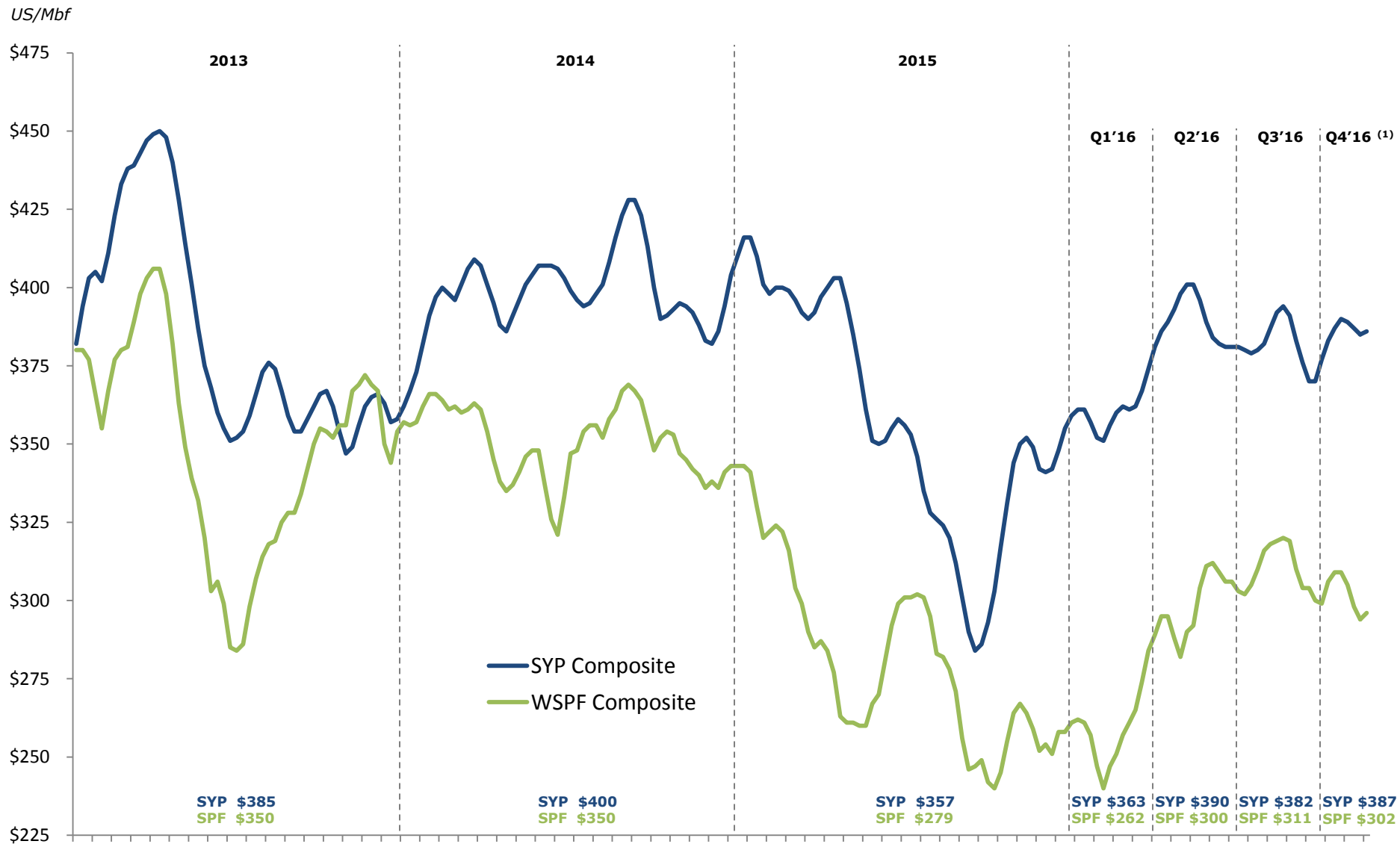
NORTH AMERICAN DRIVEN BUSINESS



Lumber Sales By Market ¹



BENCHMARK LUMBER PRICE TRENDS



Source: Random Lengths

(1) Q4-2016 includes prices up to November 11, 2016.

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%	+7%	+7%
US Housing Starts - Single Family (mm)	0.6	0.7	0.8	0.9
<i>Change</i>		+10%	+13%	+7%
NA Lumber Consumption (Bft)	48.7	51.1	53.5	56.3
<i>Change</i>		+5%	+5%	+5%
NA Offshore Exports (Bft)	7.6	6.9	6.7	6.5
<i>Change</i>		-9%	-3%	-4%
NA Offshore Imports (Bft)	0.6	0.7	1.1	1.3
<i>Change</i>		+20%	+57%	+19%

(1) Source: Forest Economic Advisors (FEA) forecast published October 13, 2016



OPERATIONS OVERVIEW

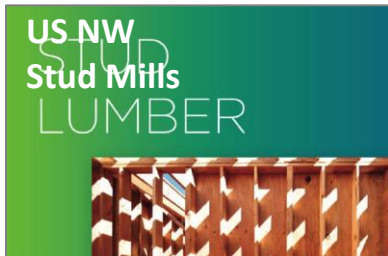
BUSINESS COMPARISONS



- 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
- Margins are more variable than other regions



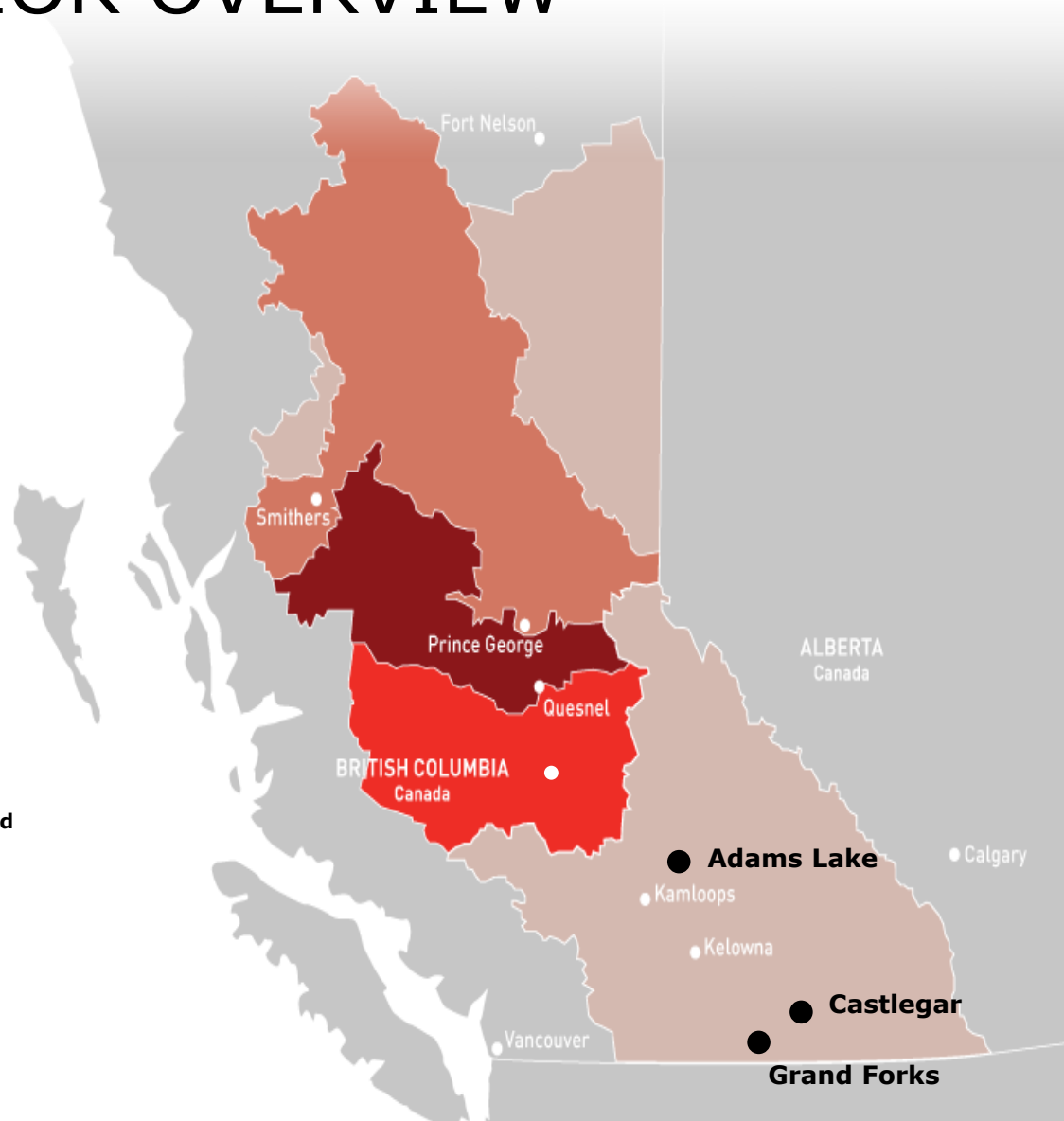
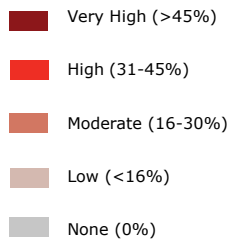
- 3 specialty mills in BC Coast and Oregon
- High value products (eg. cedar, Japanese squares and pine boards)
- More stable prices



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



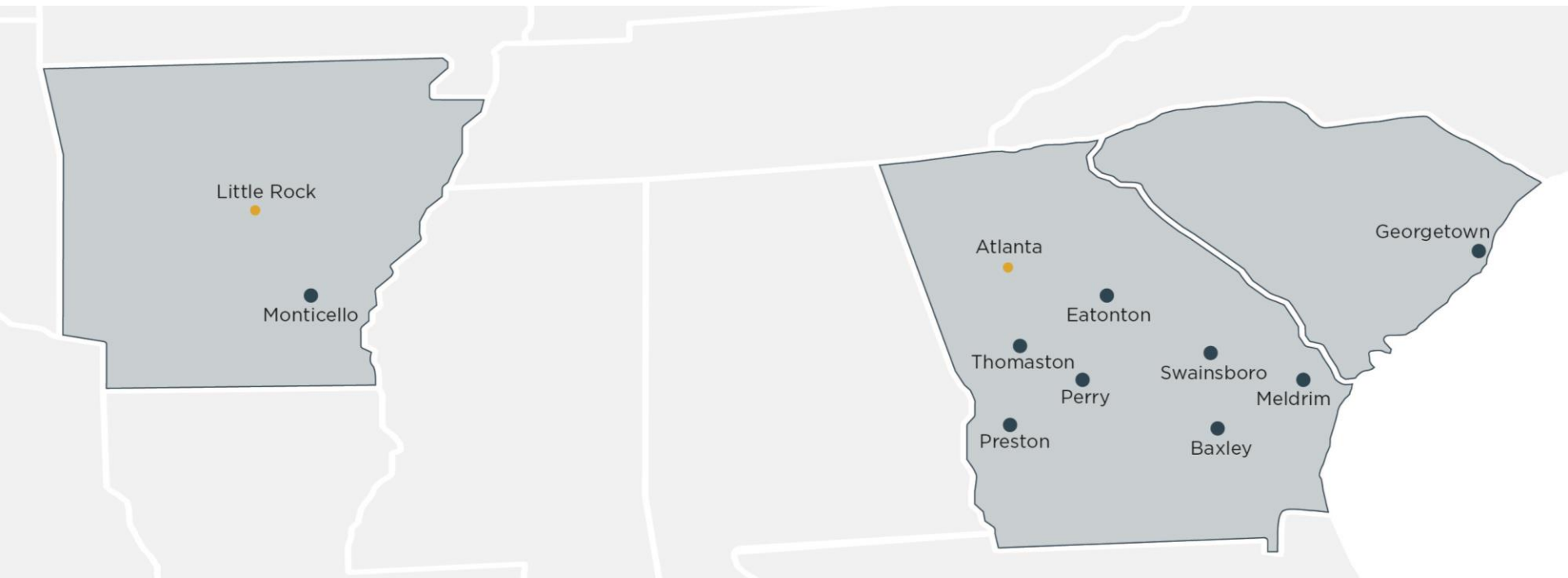
- 3 MODERN MILLS IN GOOD FIBER BASKETS
 - RE-INVESTMENTS ARE COMPLETE
- SIGNIFICANTLY REPOSITIONED THE ASSETS
 - STRONG CASH FLOW AND ROI
- **TOP DECILE/QUARTILE EBITDA MARGINS FOR THE BC INTERIOR**



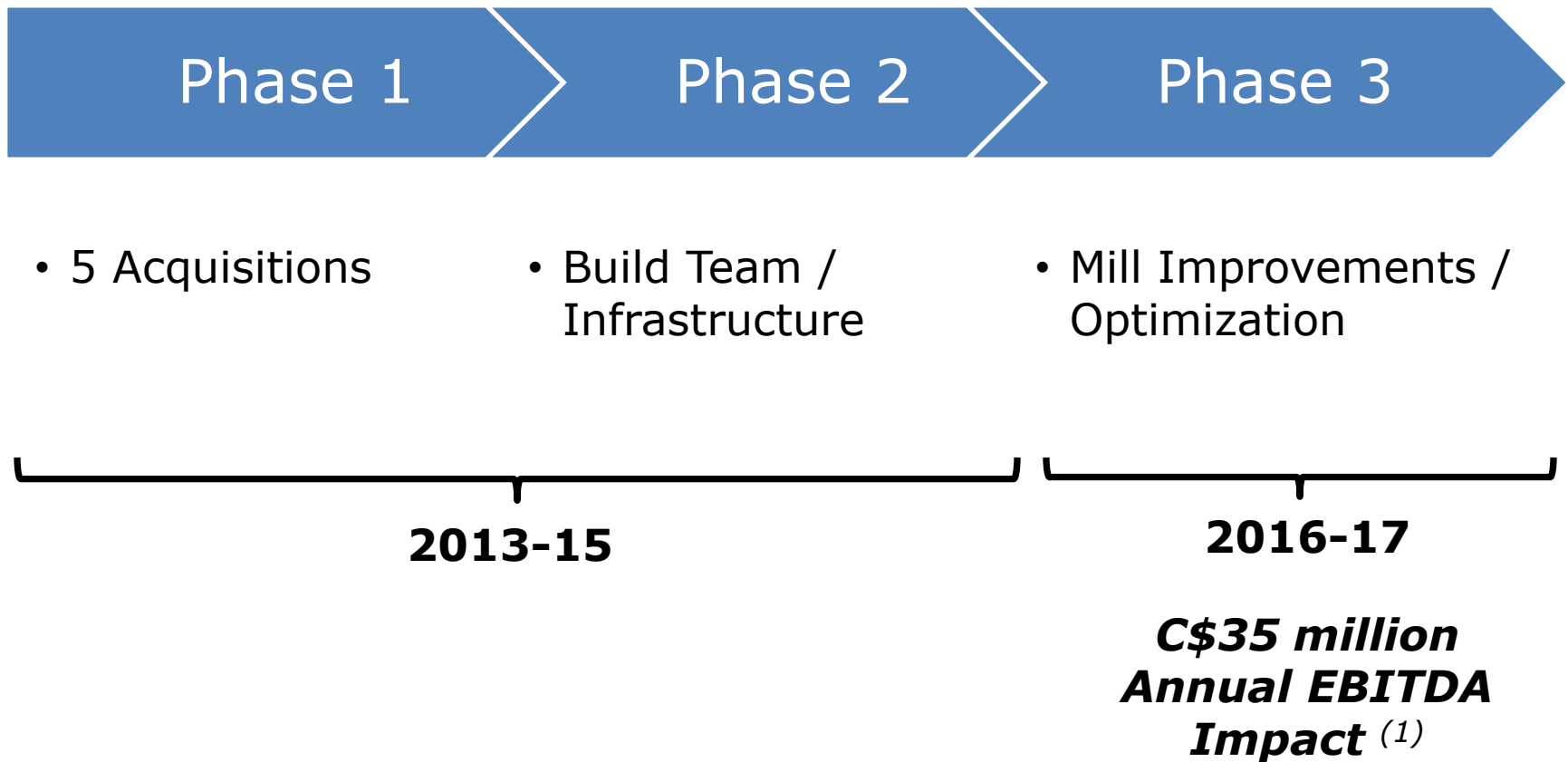
US SOUTH DIMENSION MILLS

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



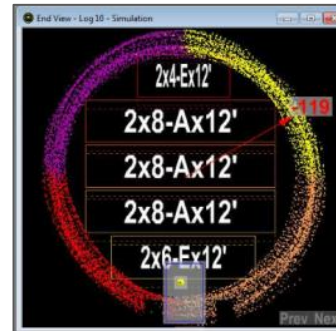
MILL IMPROVEMENTS/OPTIMIZATION

Mill Reliability/Performance



Product Mix Optimization

BEFORE



AFTER



Modest Capex

**Preston
Kilns**



**Swainsboro
Autograting**



**Baxley
Optimization Upgrade**

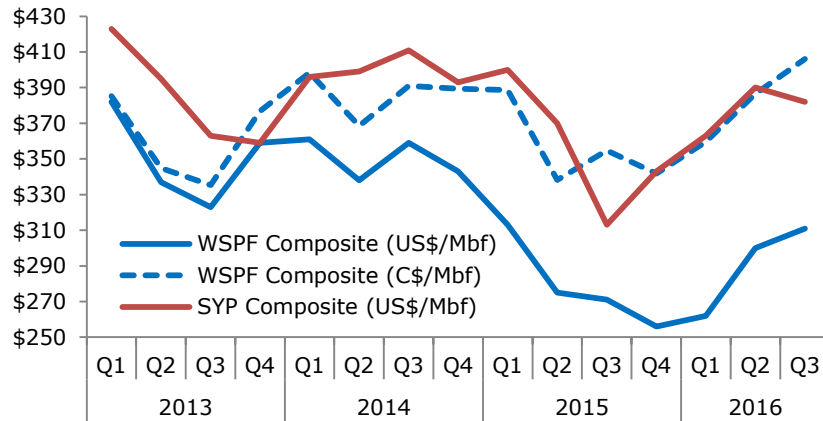




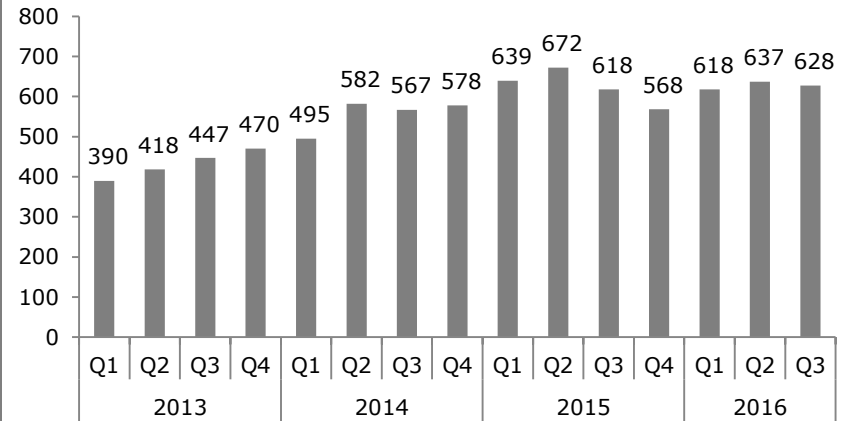
FINANCIAL REVIEW

HISTORICAL FINANCIAL RESULTS

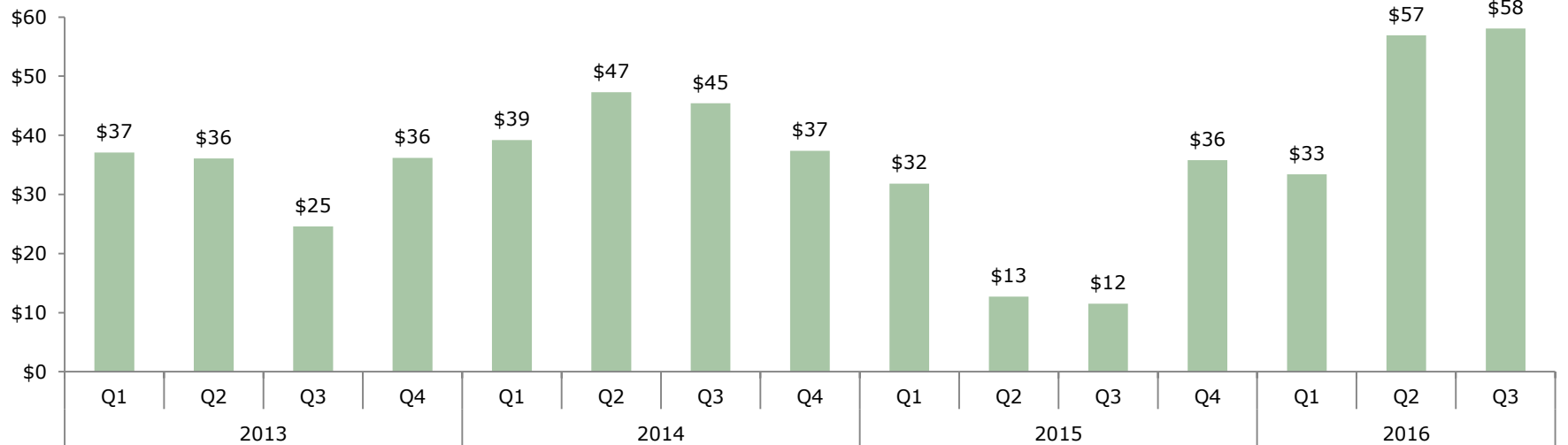
Benchmark Lumber Prices (\$/Mbf)



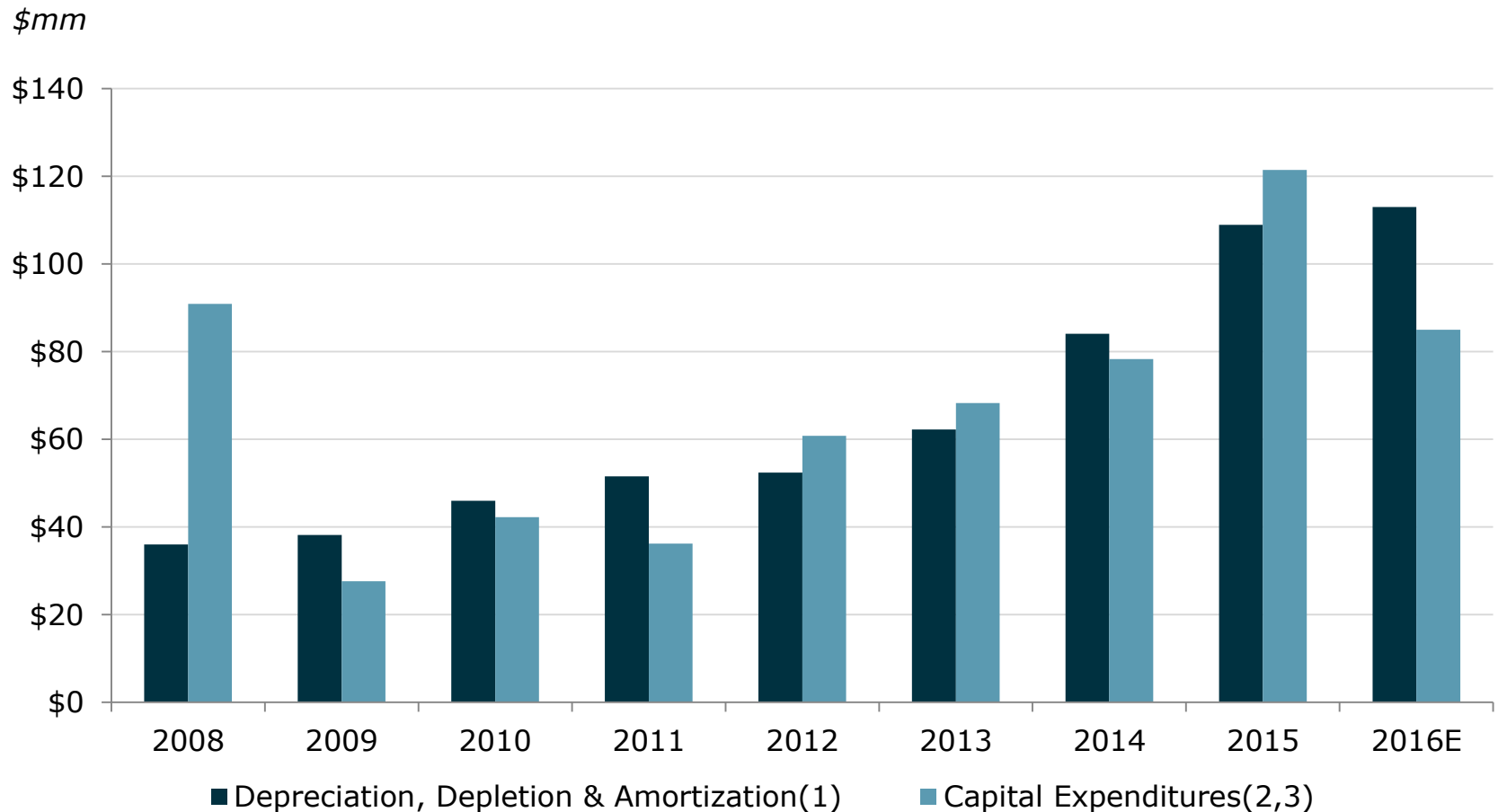
Interfor Production Volumes (Mmbf)



Interfor Adjusted EBITDA (C\$mm)



CAPITAL SPENDING PROFILE



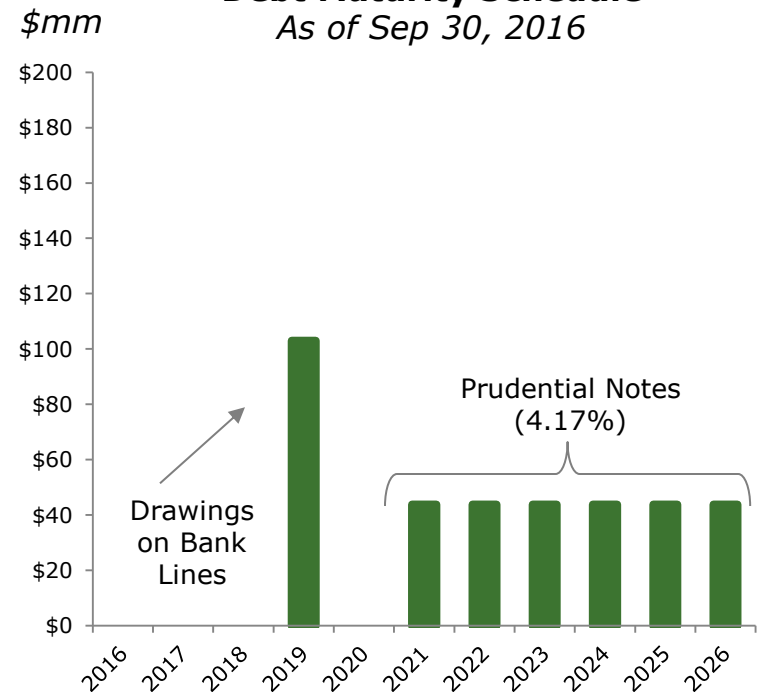
CAPITAL STRUCTURE

- Weighted average interest rate < 4%.
- Substantial tax loss carry-forwards – approx. \$110 mm in Canada and US\$170 mm in the US.
- No significant employee future benefit obligations.

Capital Structure
As of Sep 30, 2016

Net Debt (C\$mm)	\$347
Book Equity (C\$mm)	\$745
Invested Capital (C\$mm)	\$1,092
Net Debt / Invested Capital	32%
Net Debt/LTM EBITDA	1.9x
EBITDA/Interest Expense (LTM)	10.3x

Debt Maturity Schedule
As of Sep 30, 2016



NET DEBT PROFILE

