

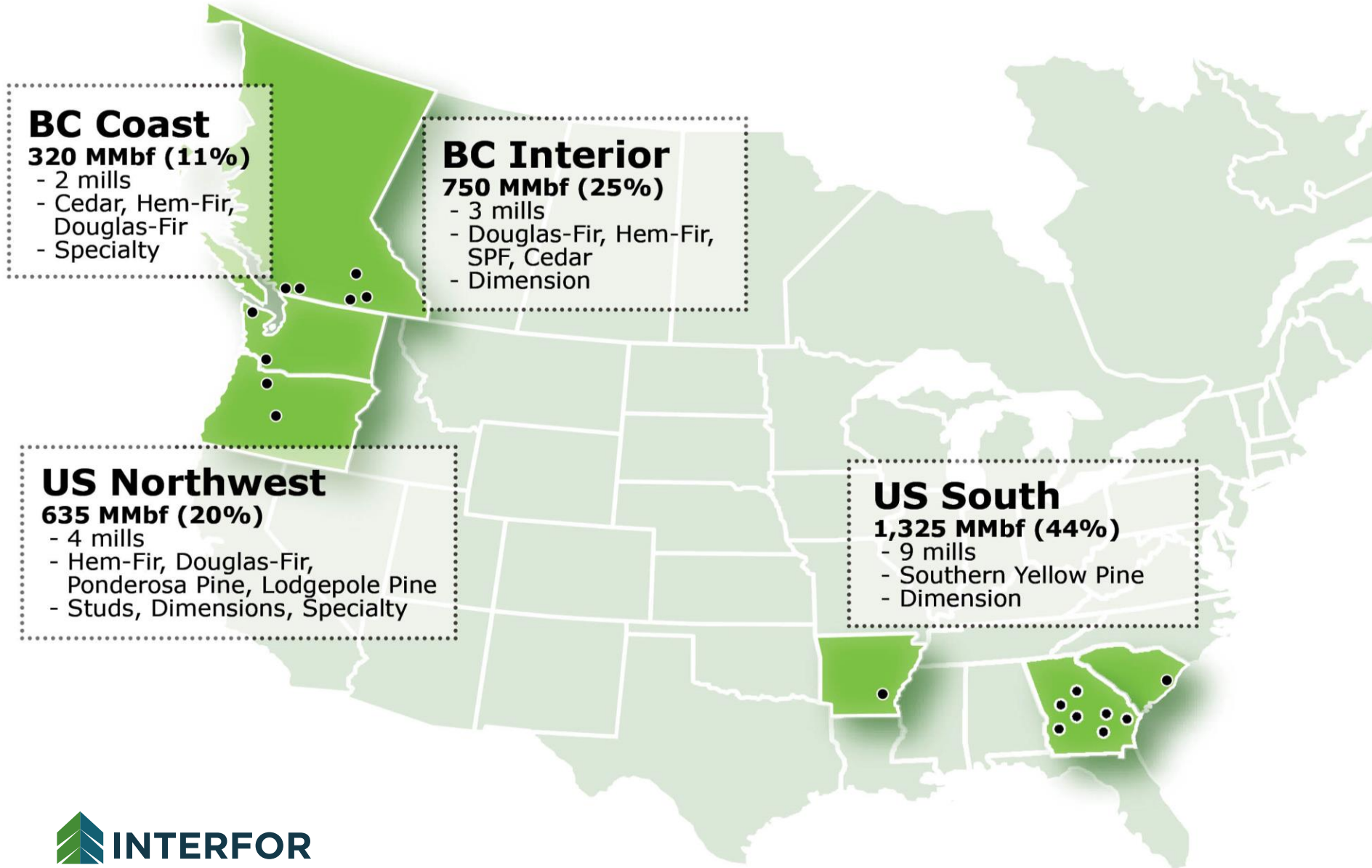


COMPANY UPDATE SEPTEMBER 2017

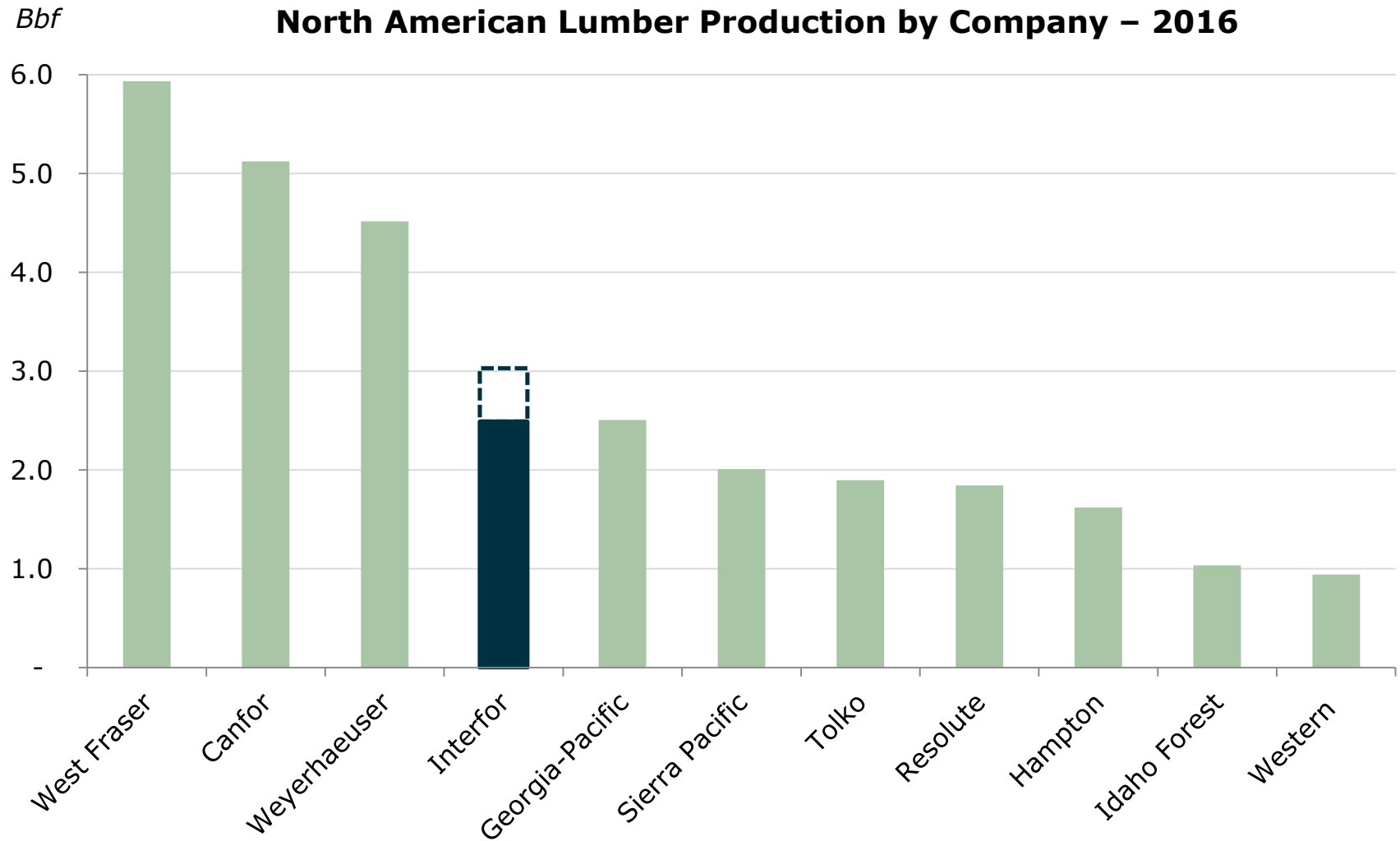
FORWARD-LOOKING INFORMATION

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.

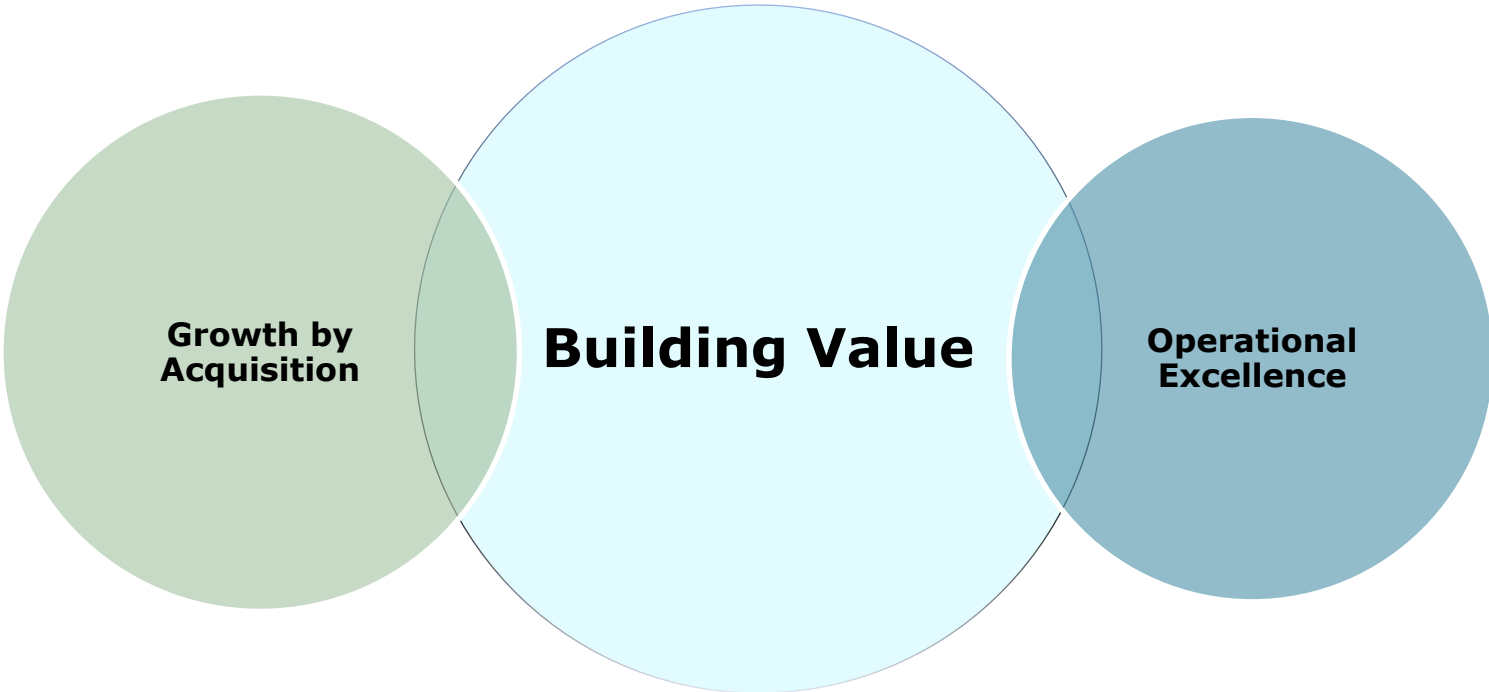
INTERFOR'S FOUR REGIONS



4th LARGEST LUMBER PRODUCER



INTERFOR STRATEGIC PLAN



SUMMARY

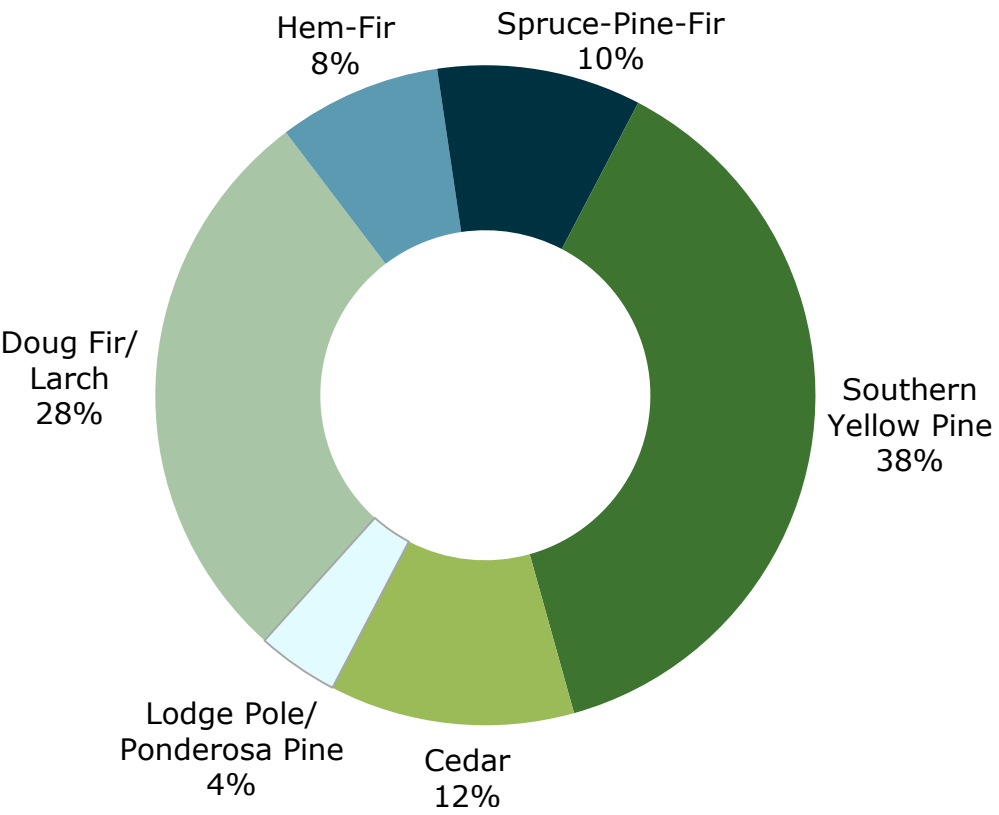
- Q2-2017 results were the best in Interfor's history
 - Sales >\$500 mm
 - EBITDA of \$77 mm
 - Strong free cash flow
- Delivered on commitments made in late 2015/early 2016
 - Castlegar rebuild project
 - >\$35 mm in margin improvements from the South
 - Leverage reduced to 21% ND/IC
- Interfor is positioned for its next phase
 - Capital and non-capital initiatives across the South portfolio
 - External growth that meets risk adjusted return criteria



LUMBER MARKETS

INTERFOR'S DIVERSE LUMBER MIX

Lumber Sales By Species ¹

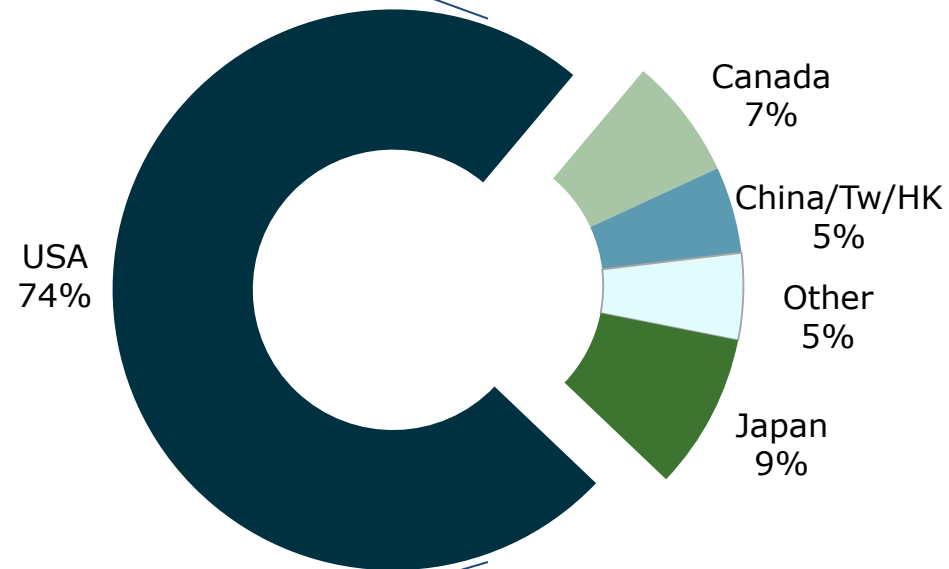


(1) By value for YTD Q2-2017

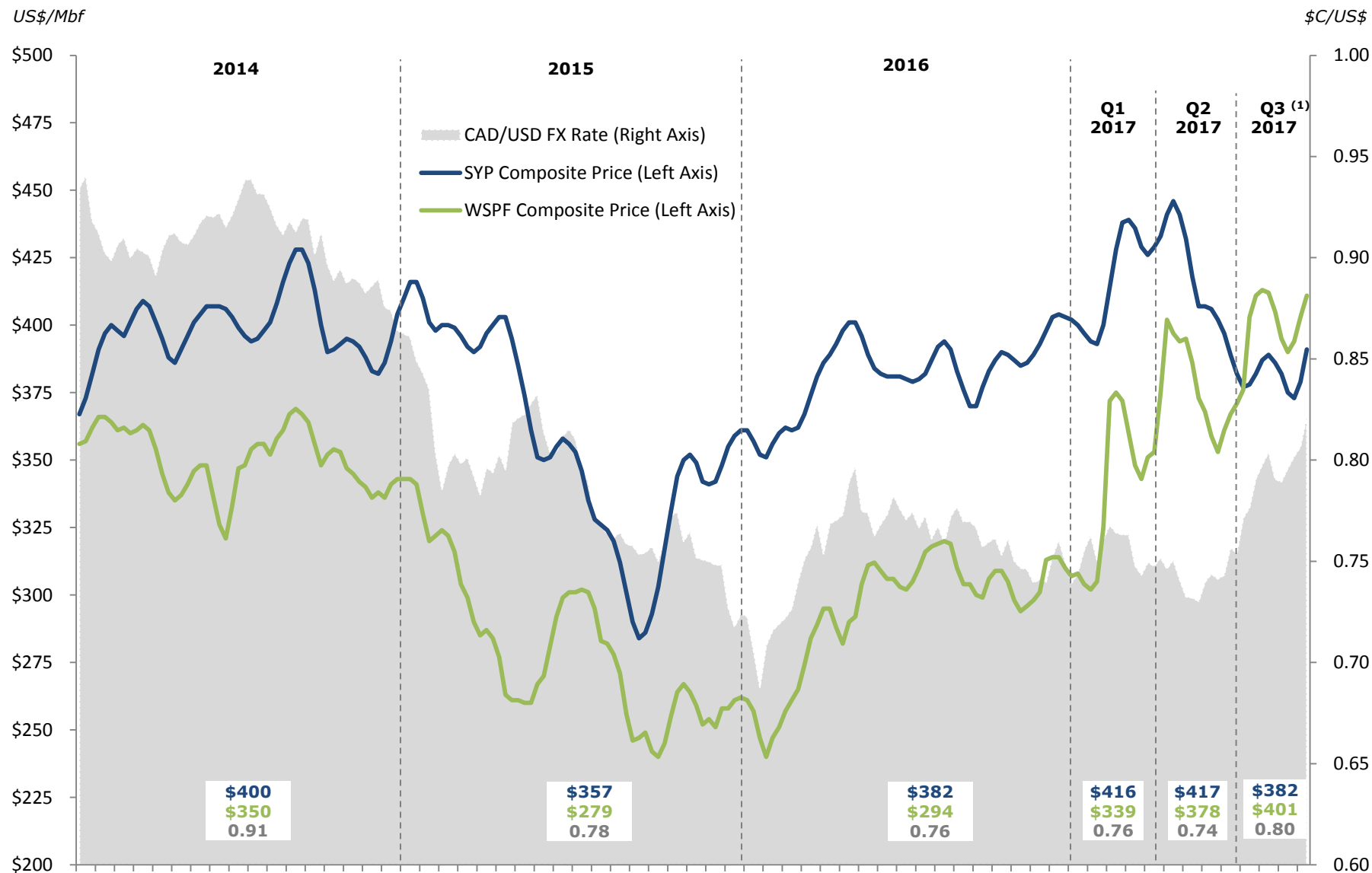
NORTH AMERICAN DRIVEN BUSINESS



Lumber Sales By Market ¹



BENCHMARK LUMBER PRICE & FX TRENDS



KEY MARKET DRIVERS

	2016 ⁽¹⁾	2017E ⁽¹⁾	2018E ⁽¹⁾
US Housing Starts - Total (mm)	1.18	1.22	1.34
<i>Change</i>		+4%	+10%
US Housing Starts - Single Family (mm)	0.78	0.85	0.92
<i>Change</i>		+8%	+9%
NA Lumber Consumption (Bft)	55.3	57.2	59.2
<i>Change</i>		+3%	+4%
NA Offshore Exports (Bft)	6.3	6.3	6.2
<i>Change</i>		-1%	-1%
NA Offshore Imports (Bft)	1.0	1.3	1.3
<i>Change</i>		+38%	-3%

(1) Source: Forest Economic Advisors (FEA) forecast published August 28, 2017.



OPERATIONS OVERVIEW

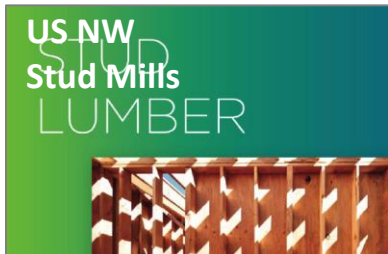
BUSINESS COMPARISONS



- 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



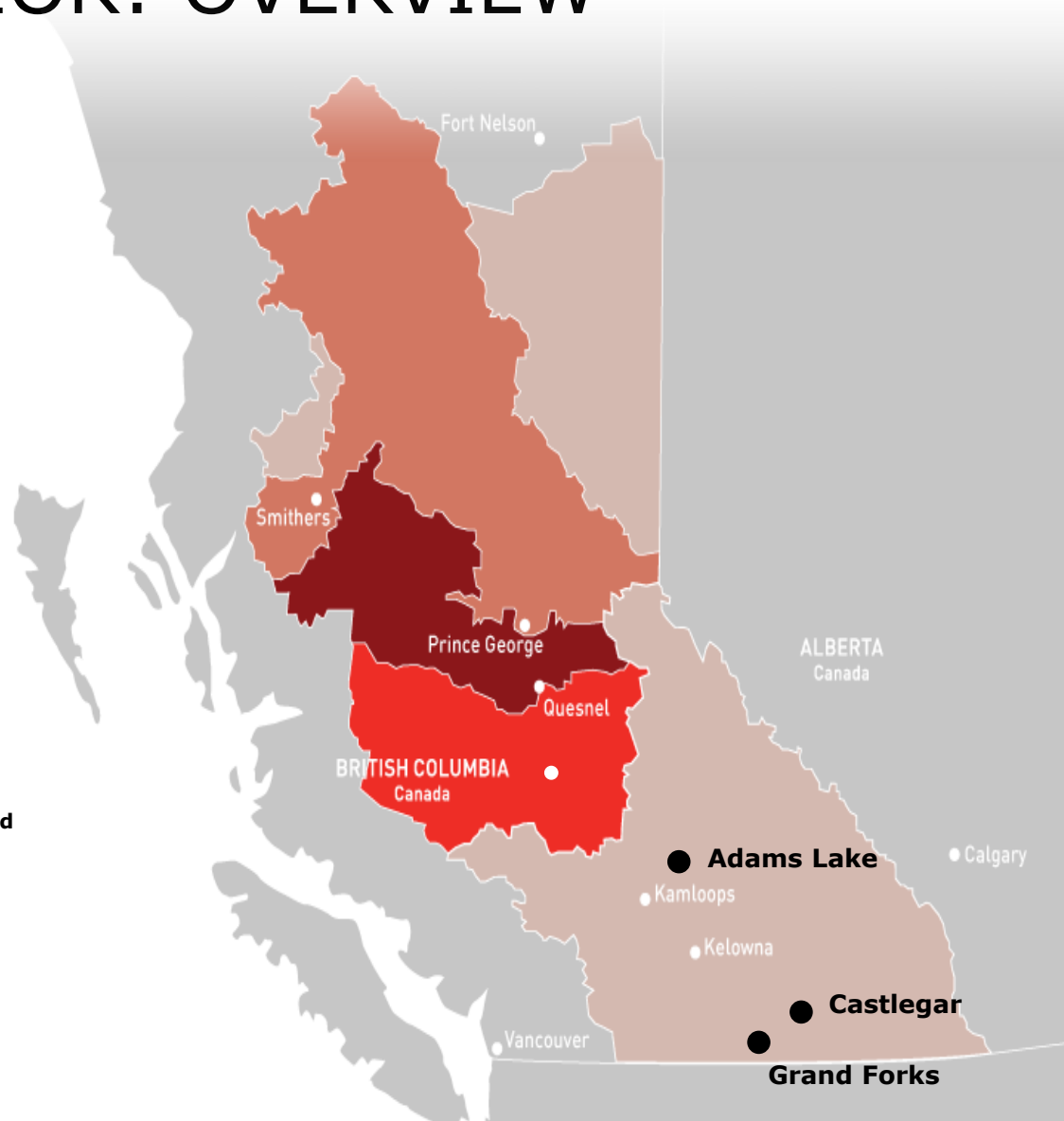
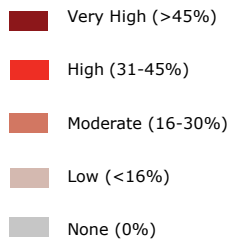
- 3 specialty mills in BC Coast and Oregon
- High value products (eg. cedar, Japanese squares and pine boards)



BC INTERIOR DIMENSION MILLS

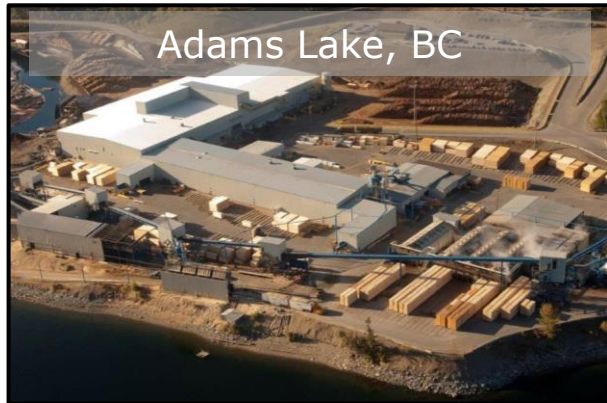
BC INTERIOR: OVERVIEW

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



BC INTERIOR: CASE STUDY

2008-09



2012



2015



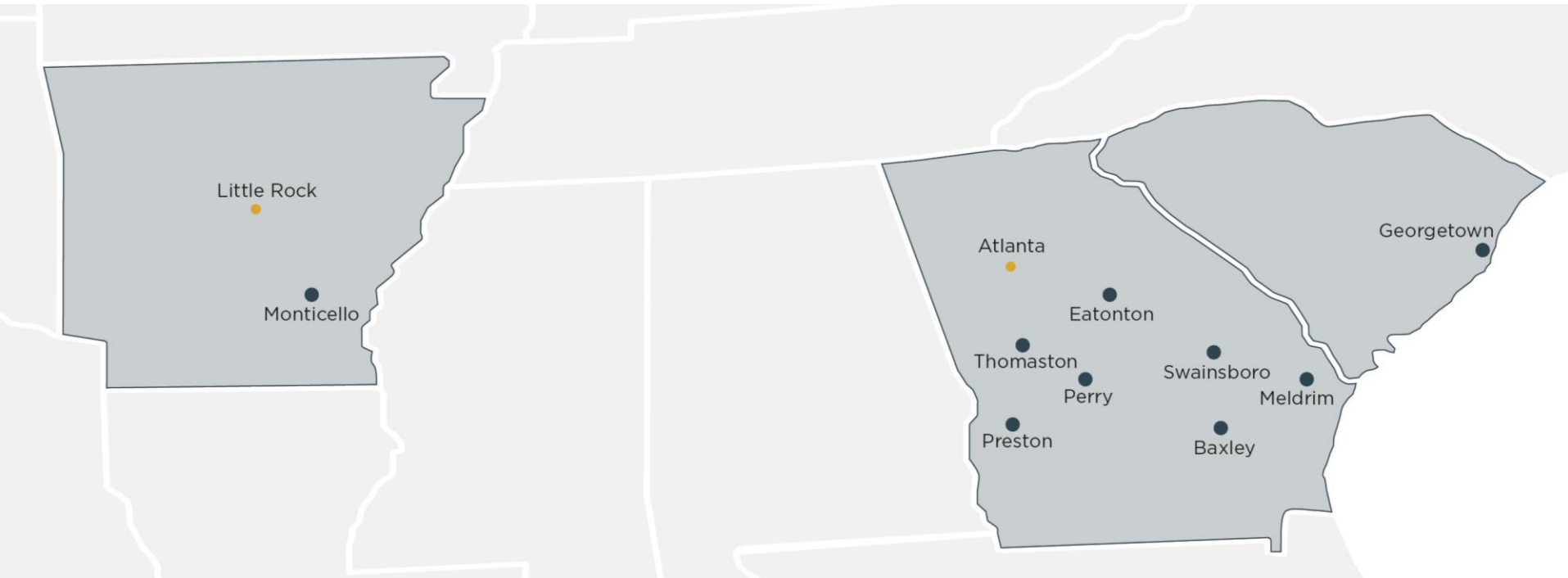
- 3 MILLS IN GOOD FIBER BASKETS
- SIGNIFICANTLY REPOSITIONED THE ASSETS
 - RE-INVESTMENTS ARE COMPLETE
 - STRONG CASH FLOW AND ROI
- **TOP DECILE/QUARTILE EBITDA MARGINS FOR THE BC INTERIOR**



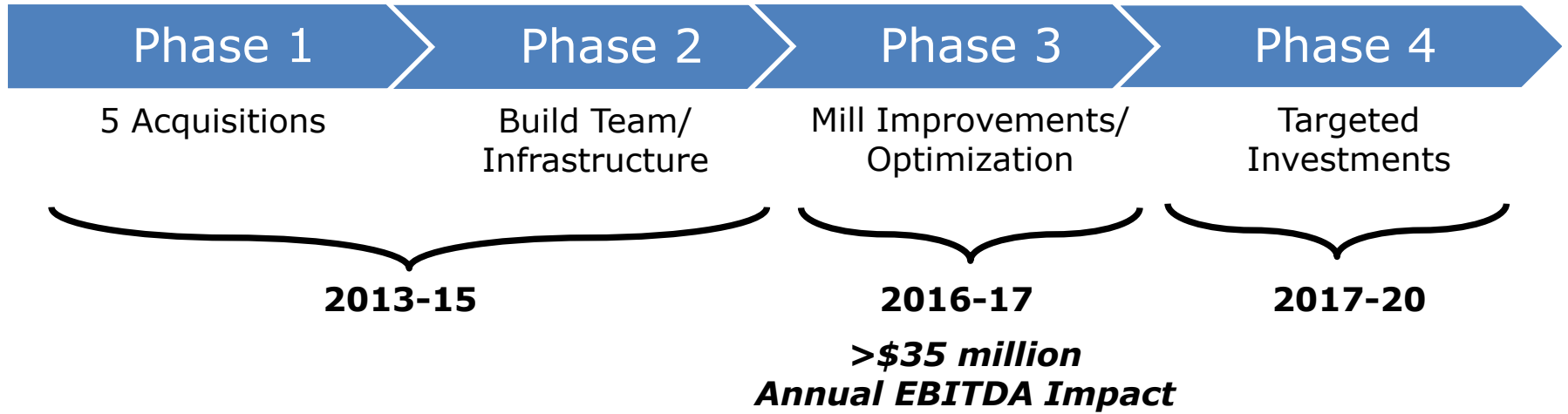
US SOUTH DIMENSION MILLS

US SOUTH: OVERVIEW

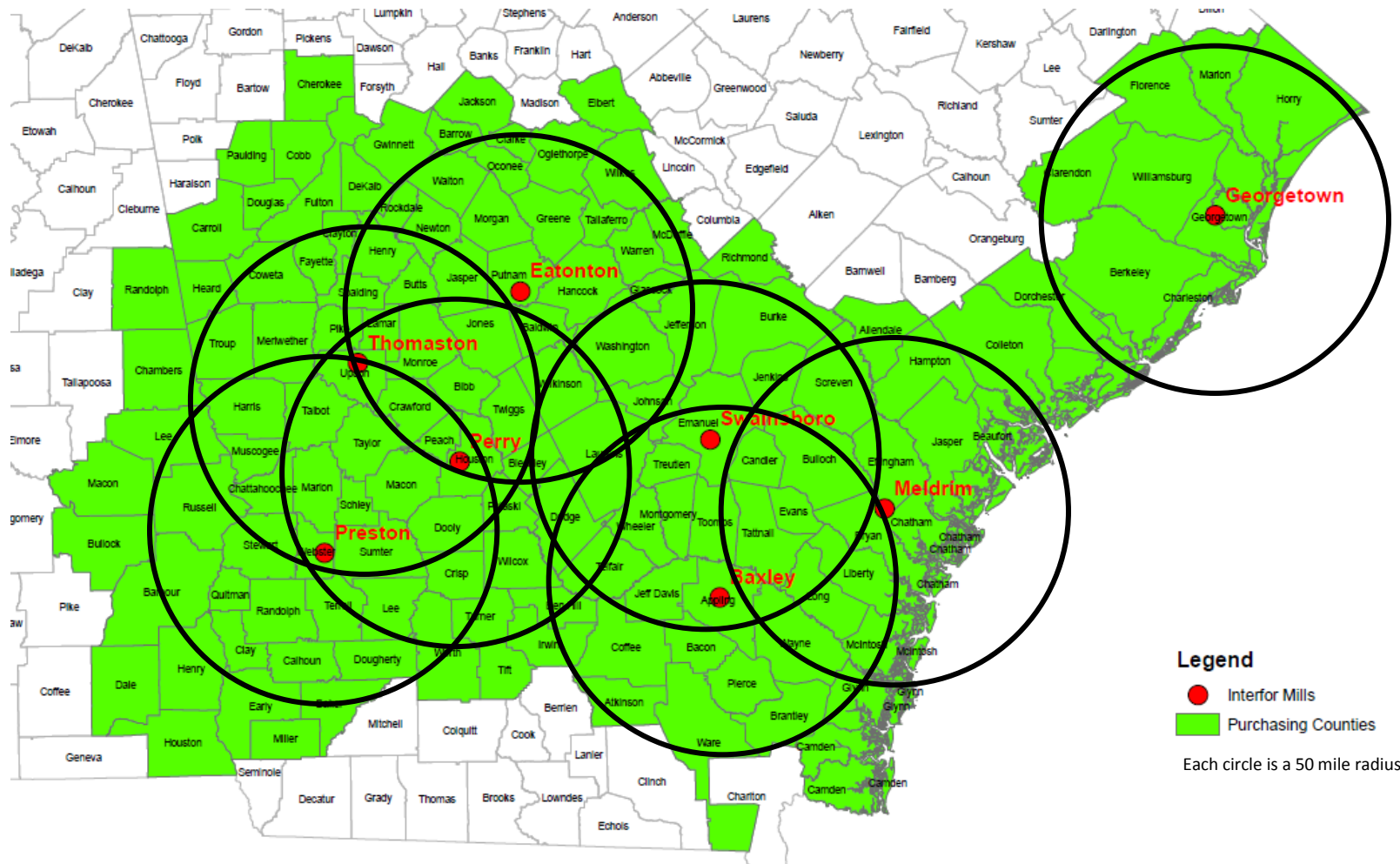
- 1.3 Billion feet of lumber capacity across 3 States
- Largest lumber producer in Georgia
- 44% of Interfor's capacity is in the South



US SOUTH: MULTIPLE PHASES



US SOUTH: RIGHT LOG TO RIGHT MILL

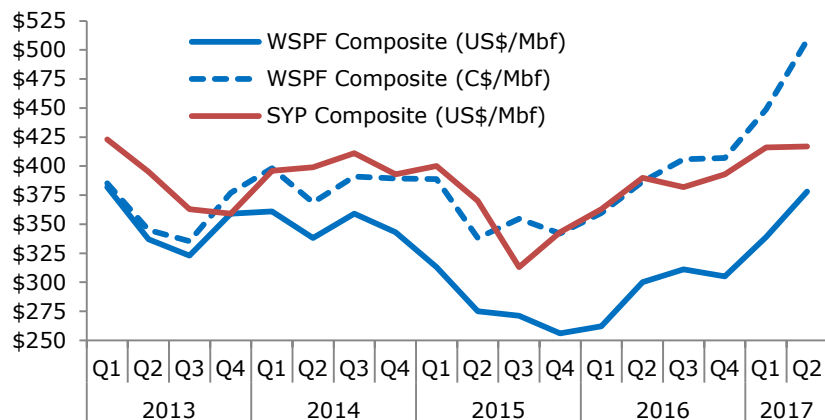




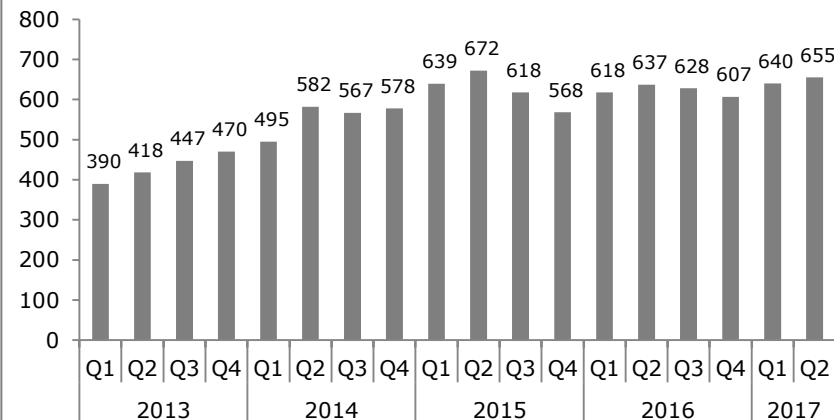
FINANCIAL REVIEW

HISTORICAL FINANCIAL RESULTS

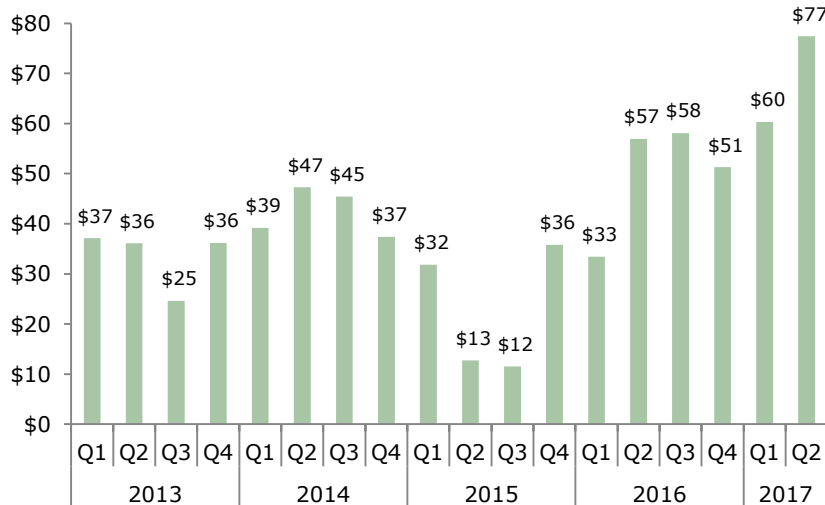
Benchmark Lumber Prices (\$/Mbf)



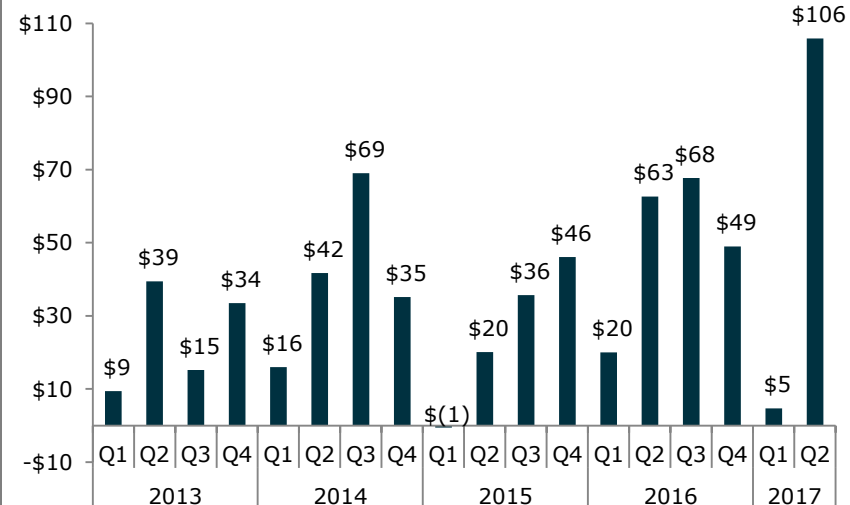
Production Volumes (Mmbf)



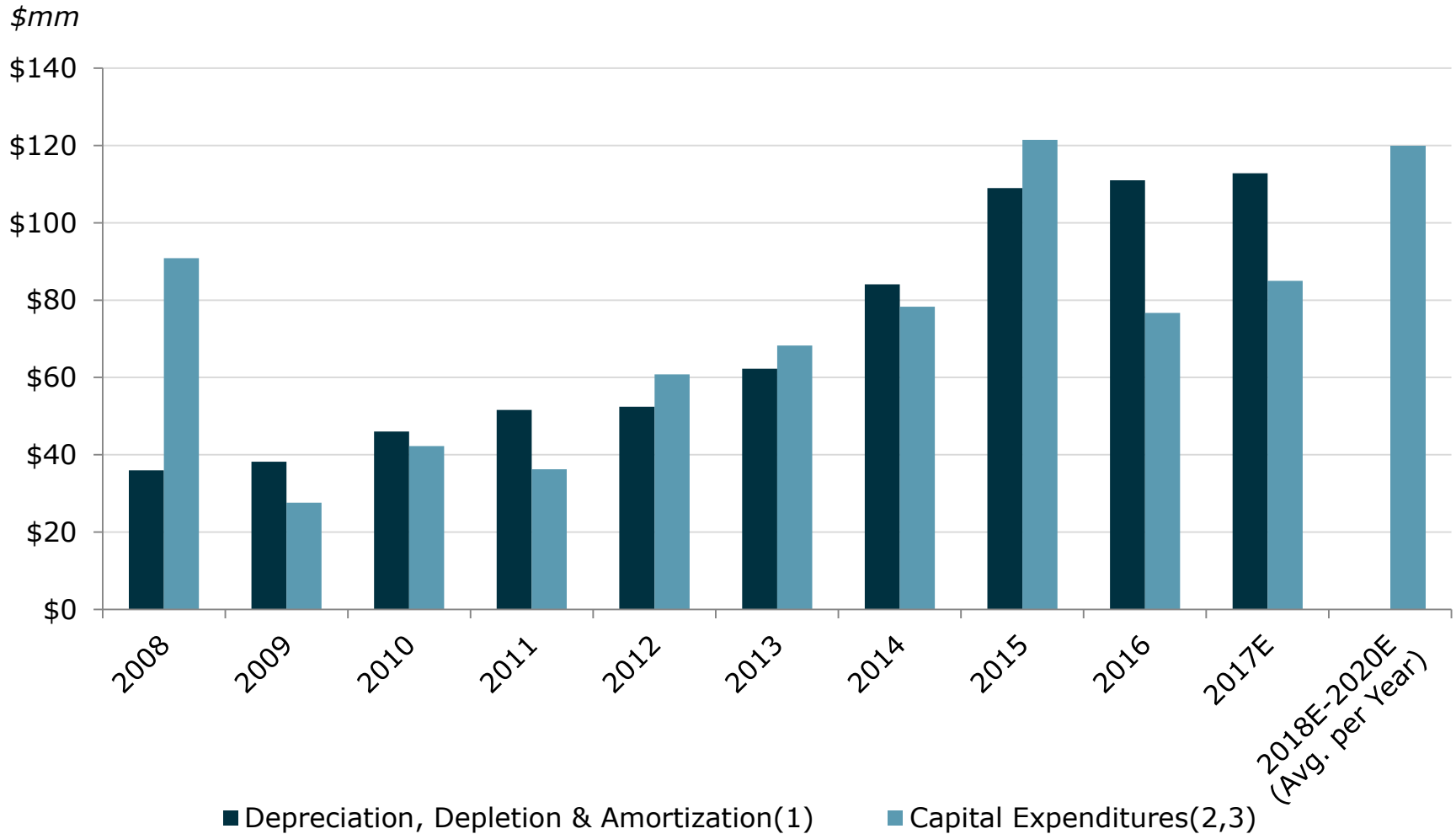
Adjusted EBITDA (C\$m)



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



CAPITAL SPENDING PROFILE



FREE CASH FLOW CONSIDERATIONS

	<u>C\$mm</u>	
LTM Adjusted EBITDA (as of 6/30/17)	\$247	<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. \$107 mm in Canada and US\$155 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	\$177	
Free Cash Flow/Share	\$2.53	

CAPITAL STRUCTURE

Capital Structure <i>As of June 30, 2017</i>	
Cash (C\$mm)	\$(41)
Debt (C\$mm)	\$259
Net Debt (C\$mm)	\$218
Book Equity (C\$mm)	\$816
Invested Capital (C\$mm)	\$1,034
Net Debt / Invested Capital	21%
Net Debt/LTM EBITDA	0.9x
EBITDA/Interest Expense (LTM)	15.4x

