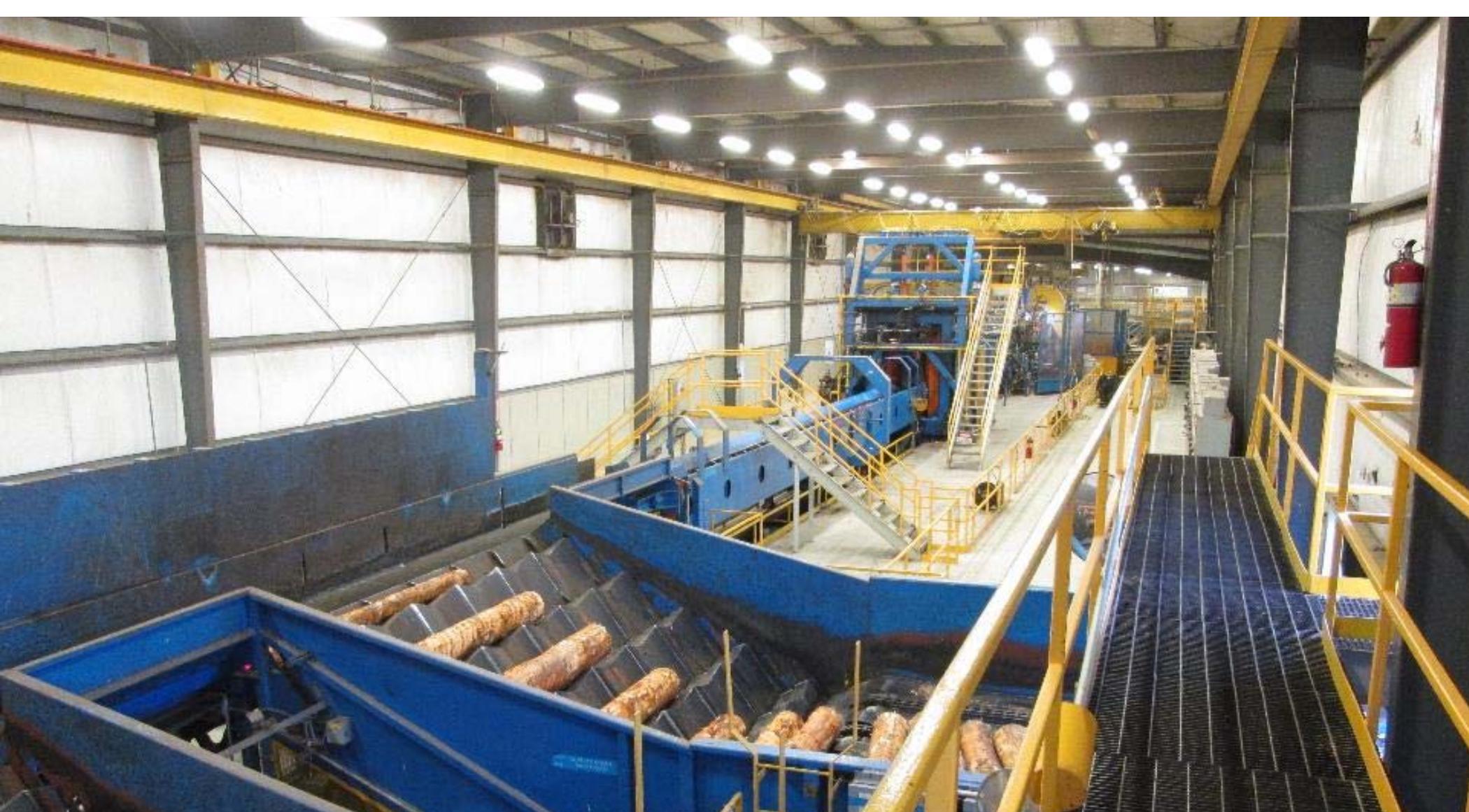


US SOUTH ANALYST TOUR

SEPTEMBER 25, 2018

FORWARD-LOOKING INFORMATION

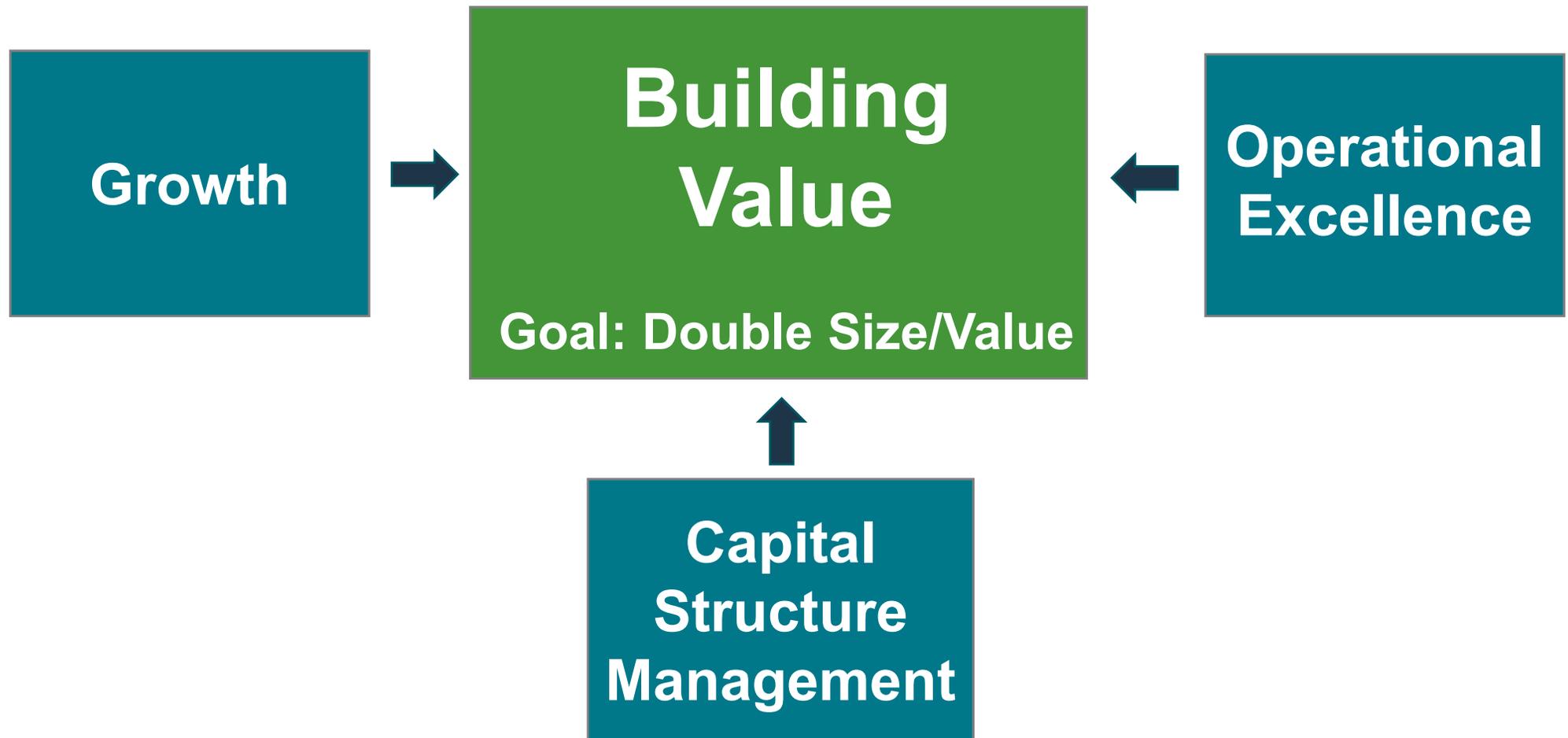
This presentation contains forward-looking information about the Company's business outlook, objectives, plans, strategic priorities and other information that is not historical fact. A statement contains forward-looking information when the Company uses what it knows and expects today, to make a statement about the future. Statements containing forward-looking information may include words such as: will, could, should, believe, expect, anticipate, intend, forecast, annualized, projection, target, outlook, opportunity, risk or strategy. Readers are cautioned that actual results may vary from the forward-looking information in this presentation, and undue reliance should not be placed on such forward-looking information. Risk factors that could cause actual results to differ materially from the forward-looking information in this presentation, are described in Interfor's annual Management's Discussion & Analysis under the heading "Risks and Uncertainties", which is available on www.interfor.com and under Interfor's profile on www.sedar.com. Material factors and assumptions used to develop the forward-looking information in this presentation, include volatility in the selling prices for lumber, logs and wood chips; the Company's ability to compete on a global basis; the availability and cost of log supply; natural or man-made disasters; currency exchange rates; changes in government regulations; the availability of the Company's allowable annual cut ("AAC"); claims by and treaty settlements with Indigenous peoples; the Company's ability to export its products; the softwood lumber dispute between Canada and the U.S.; stumpage fees payable to the Province of British Columbia ("B.C."); environmental impacts of the Company's operations; labour disruptions; and cyber-security measures. Unless otherwise indicated, the forward-looking information in this presentation is based on the Company's expectations at the date of this presentation. Interfor undertakes no obligation to update such forward-looking information, except as required by law.



OVERVIEW & STRATEGIC CONTEXT

DUNCAN DAVIES

INTERFOR'S STRATEGY



INTERFOR'S ROADMAP

US NORTHWEST



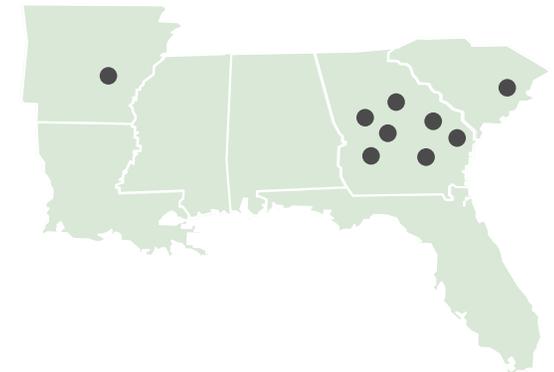
2004 - 2015

BC INTERIOR



2007 - 2015

US SOUTH



2013 - 2022

Timely Acquisitions:

- Crown Pacific (2004), Floragon (2005), Portac (2008), Simpson (2015)

- Pope & Talbot (2007)

- Rayonier (2013), Keadle (2014), Tolleson (2014), Simpson (2015), Price (2015)

Restructuring & Operating Best-Practices:

- Marysville, Beaver, Tacoma closed
- Gilchrist transformed to specialty

- Castlegar and Grand Forks workforce restructured

- Established Interfor standards
- Small capital projects

Strategic Capital Investments:

- Molalla (2006); Port Angeles (2007)

- Adams Lake (2009), Grand Forks (2012), Castlegar (2015)

- Phase I and Phase II Underway (2018-2021); US\$305 MM

INTERFOR: BUILDING VALUE

	<u>2001</u>	<u>2012</u>	<u>LTM June 30'18</u>
Lumber Production (MMbf)	666	1,351	2,654
Revenues (C\$MM)	\$704	\$849	\$2,170
Adj. EBITDA (C\$MM)	\$45	\$60	\$355
Enterprise Value (C\$MM) ⁽¹⁾	\$254	\$566	\$1,803

INTERFOR: BUILDING VALUE

- Significant growth/repositioning over the past 17/18 years
- Well defined runway of internal opportunities and a plan to capture them
- Well established operational/capital teams, with substantial expertise, experience and company-wide resources to draw upon
- Continuing to explore external opportunities (greenfields and tuck-ins)

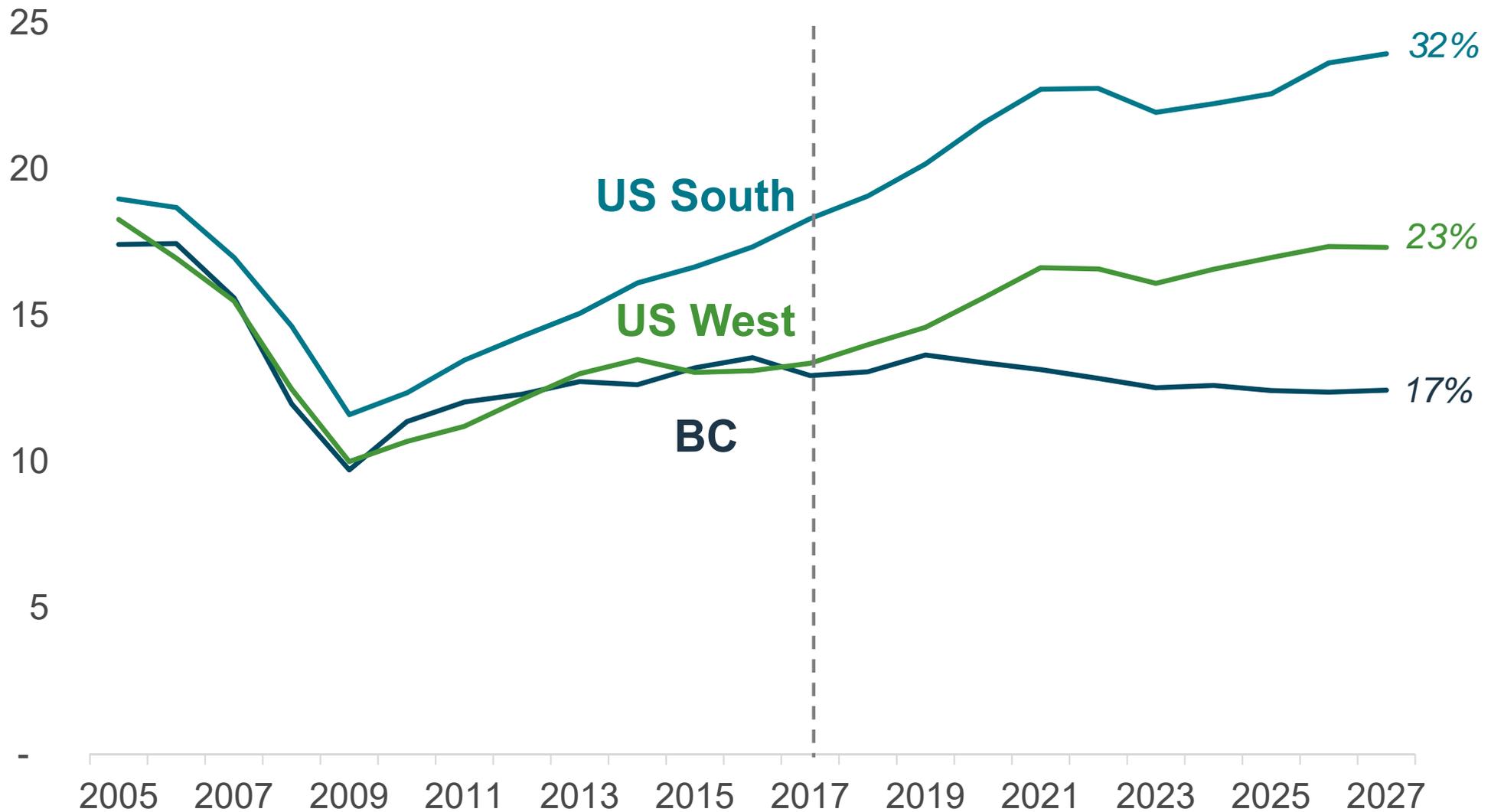


INDUSTRY TRENDS

MARTY JURAVSKY

NORTH AMERICAN INDUSTRY CONTEXT

REGIONAL NORTH AMERICAN LUMBER PRODUCTION (BBF) & MARKET SHARE (%)



NORTH AMERICAN SUPPLY & DEMAND

NORTH AMERICAN LUMBER DEMAND & SUPPLY CHANGES: 2017 – 2021

BBF LUMBER

North American Domestic Demand:

+ 11.4

- Continued growth in all end-use markets (R&R, industrial and new home construction)

Plus: Decline in BC Production:

+ 1.0

- Reductions in fibre supply

Less: Potential Offshore Imports:

- 1.0

- Dependent on market pricing

SUPPLY SHORTFALL:

+ 11.4

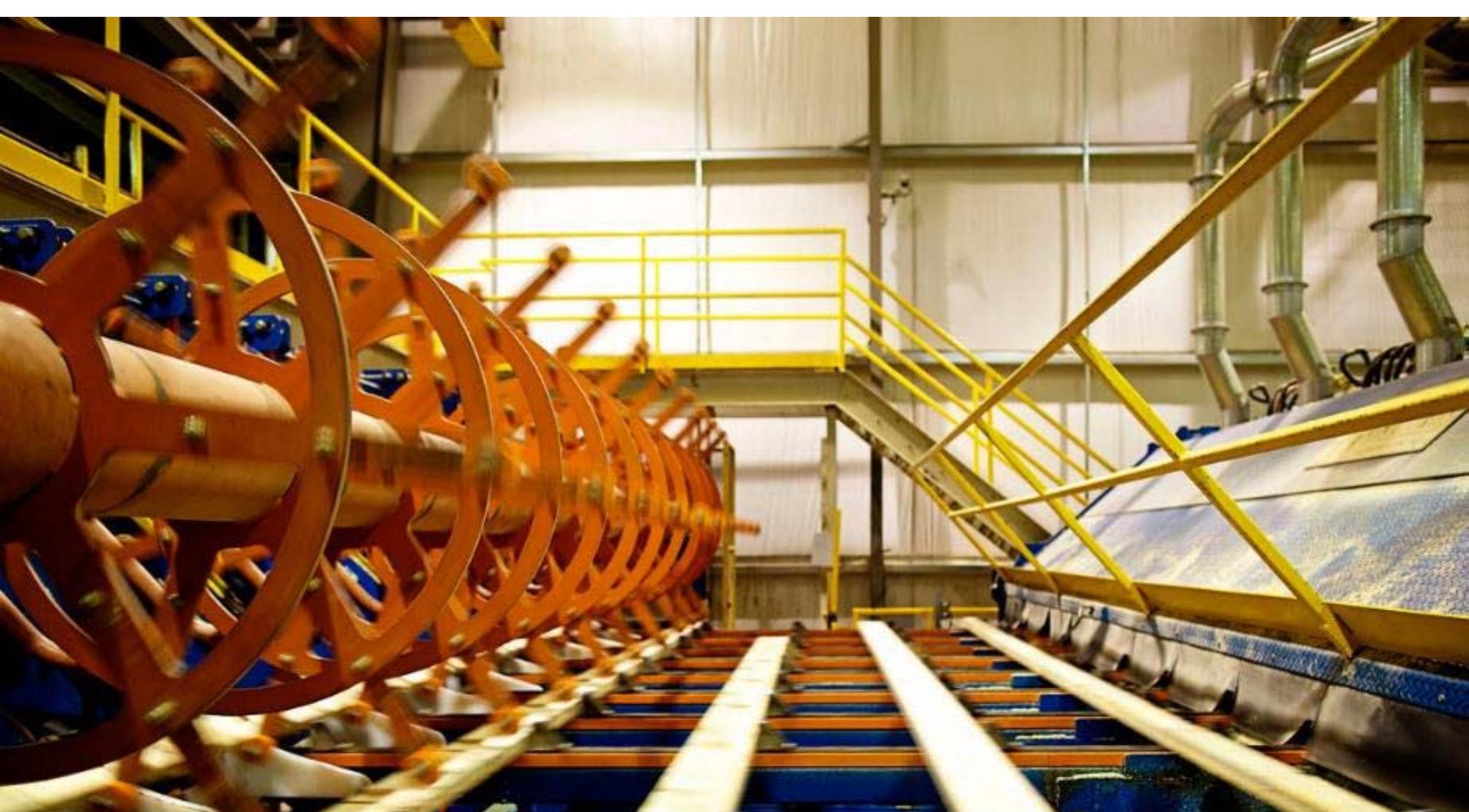
Less: Announced Capacity Additions:

- 4.1

- Major debottlenecking, brownfields and greenfields

REMAINING SUPPLY SHORTFALL:

+ 7.3



US SOUTH STRATEGIC PRIORITIES

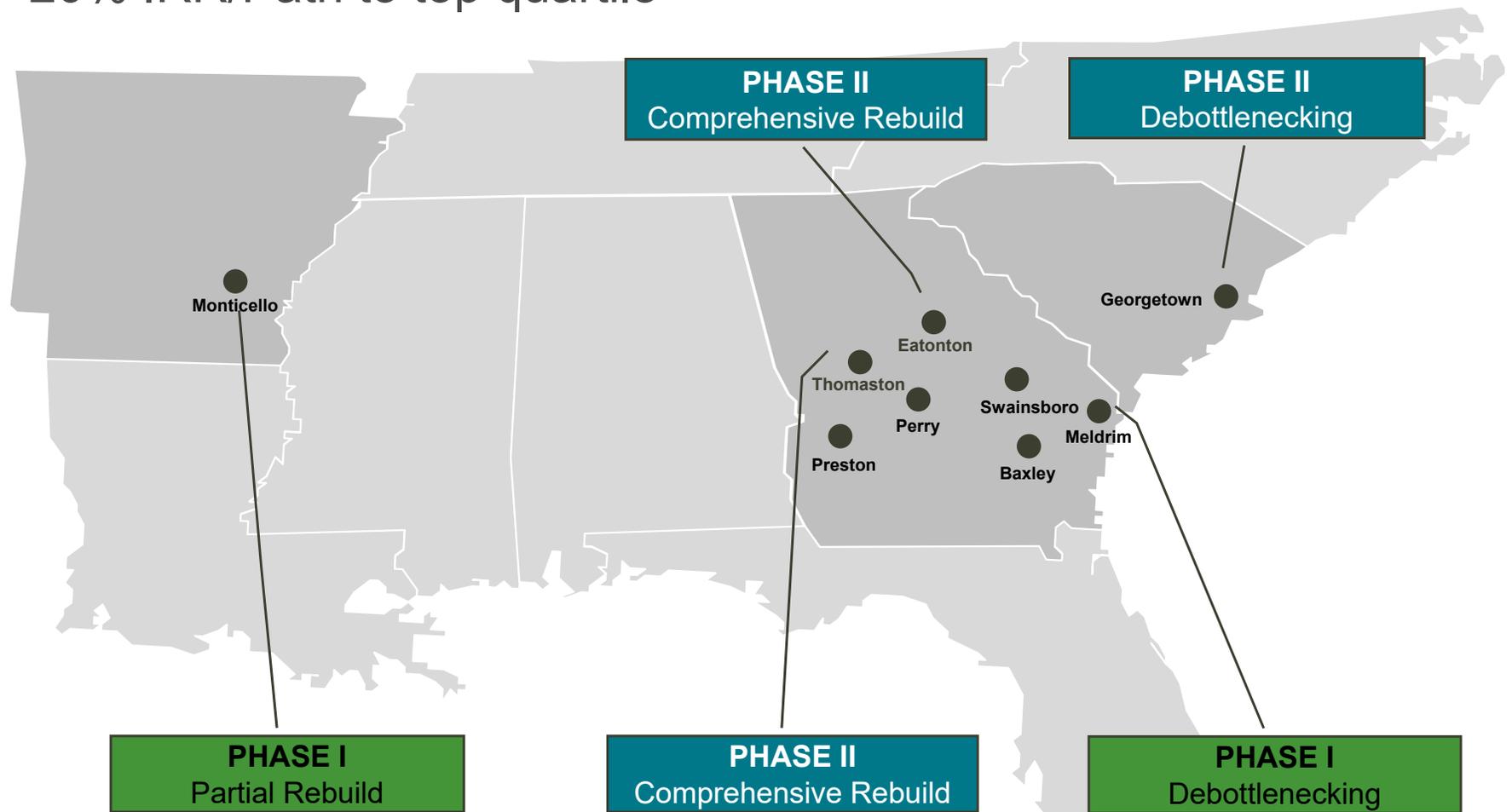
MARTY JURAVSKY

TS-28

Sorter
Drive

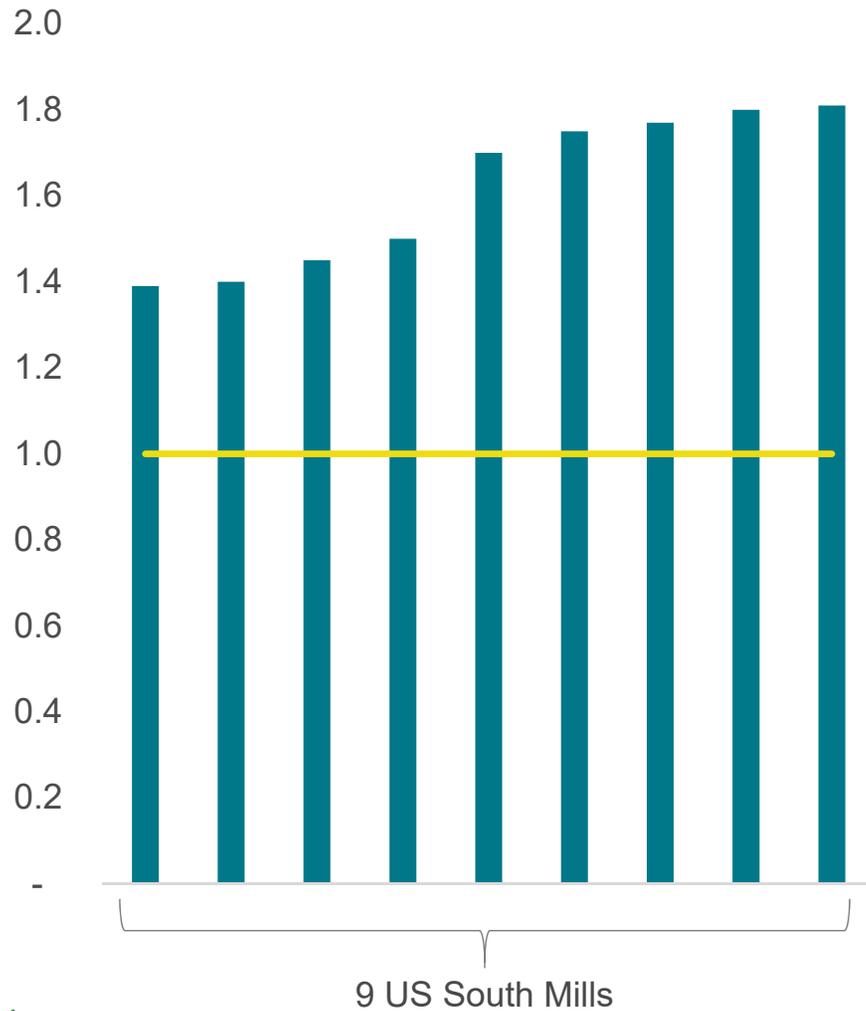
INTERNAL CAPEX: OVERVIEW

- US\$305 MM investment
 - Volume uplift - 425 Mmbf
 - Product mix/quality, lumber recovery, conversion costs
 - >20% IRR/Path to top quartile

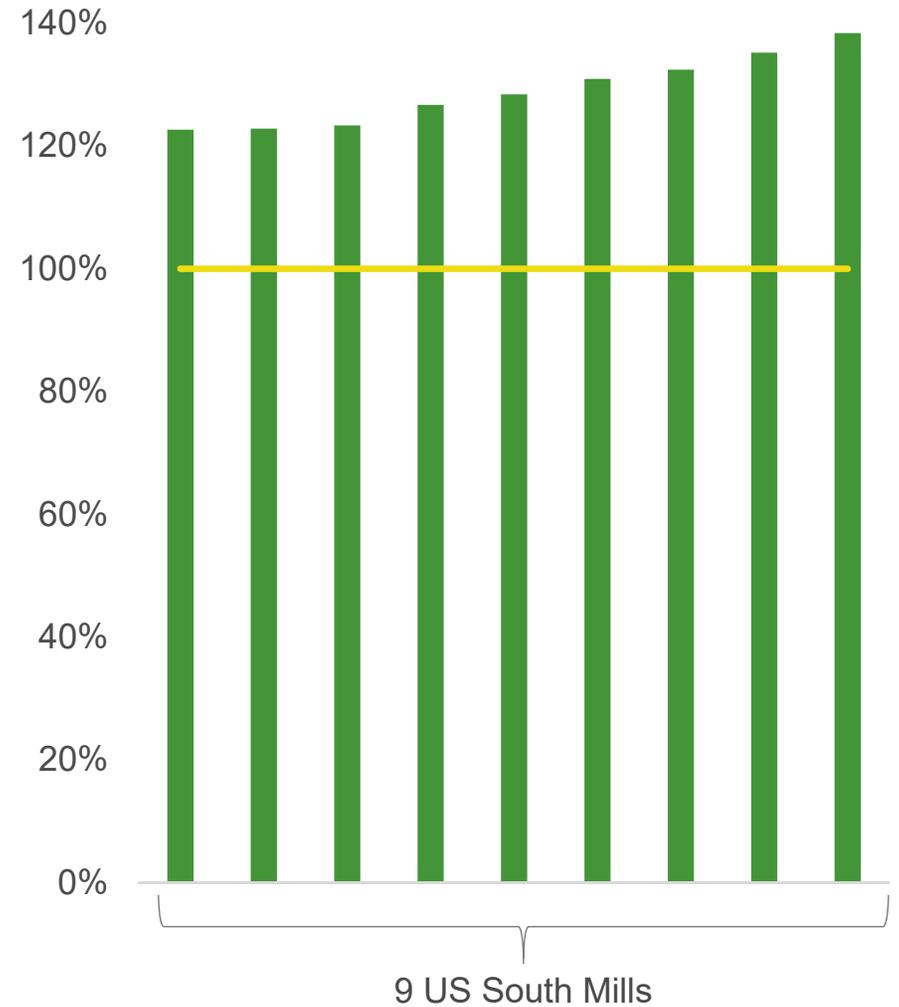


INTERNAL CAPEX: FIBER SUPPLY

INTERFOR US SOUTH MILLS
CURRENT TIMBER
GROWTH-TO-DRAIN RATIOS

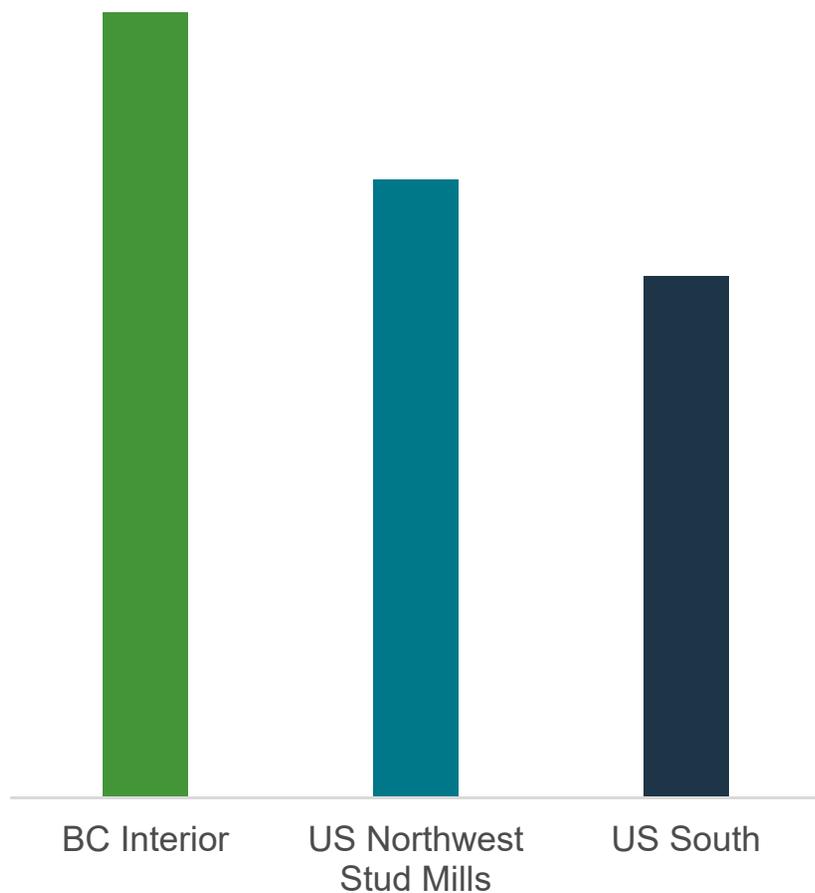


INTERFOR US SOUTH MILLS
CURRENT TIMBER INVENTORY
AS A % OF 2008 INVENTORY

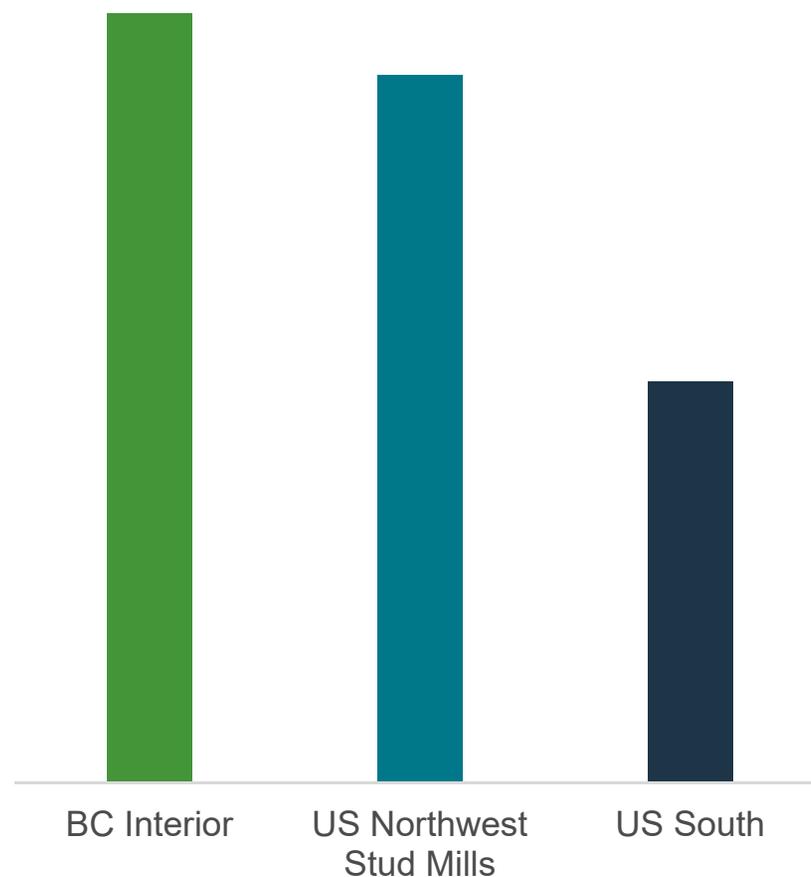


INTERNAL CAPEX: LABOR COSTS

INTERFOR MILLS
LABOUR COSTS PER MANHOUR – 1H 2018
(C\$/HOUR)

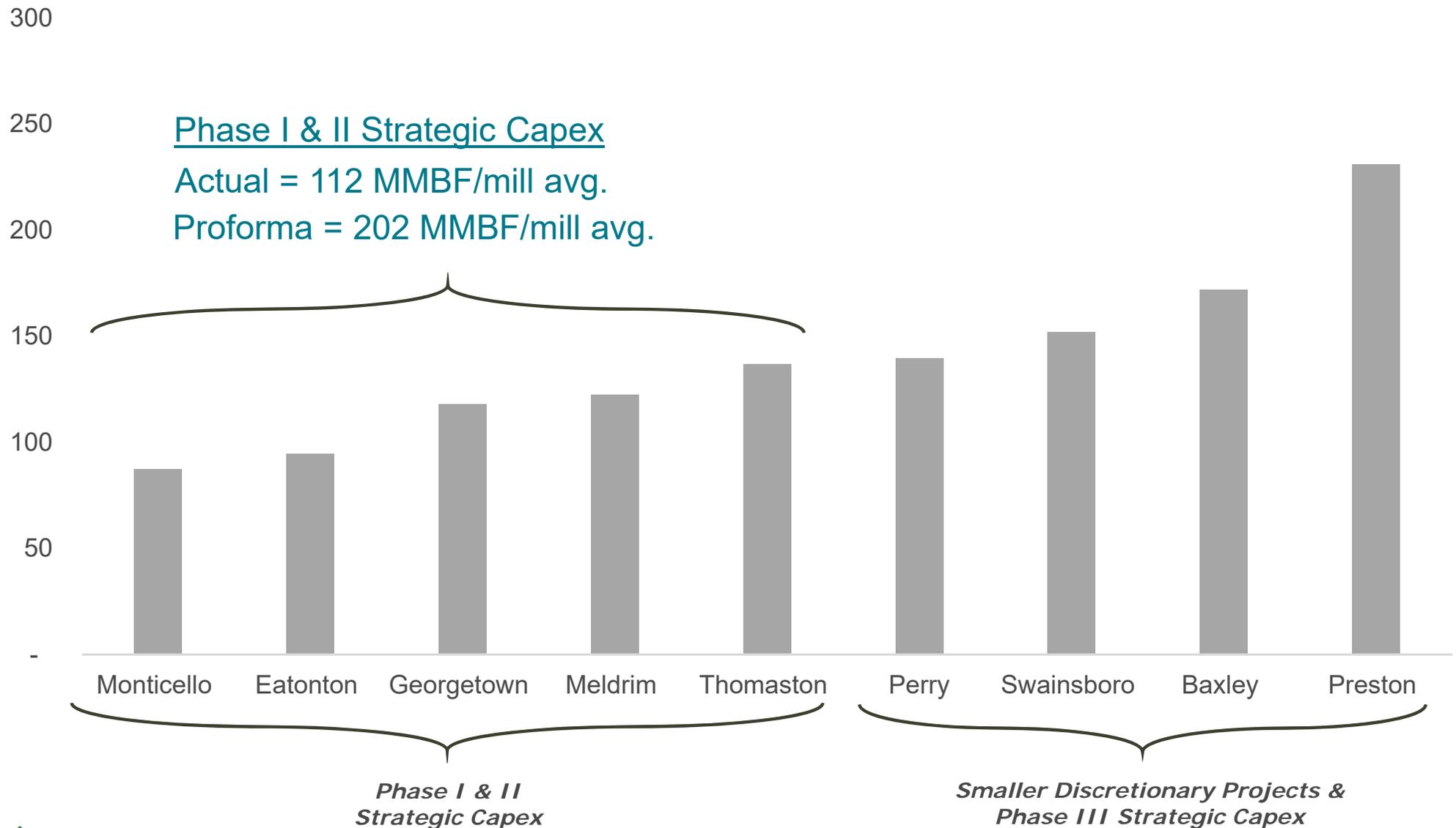


INTERFOR MILLS
PRODUCTION PER MANHOUR – 1H 2018
(MBF/MANHOUR)



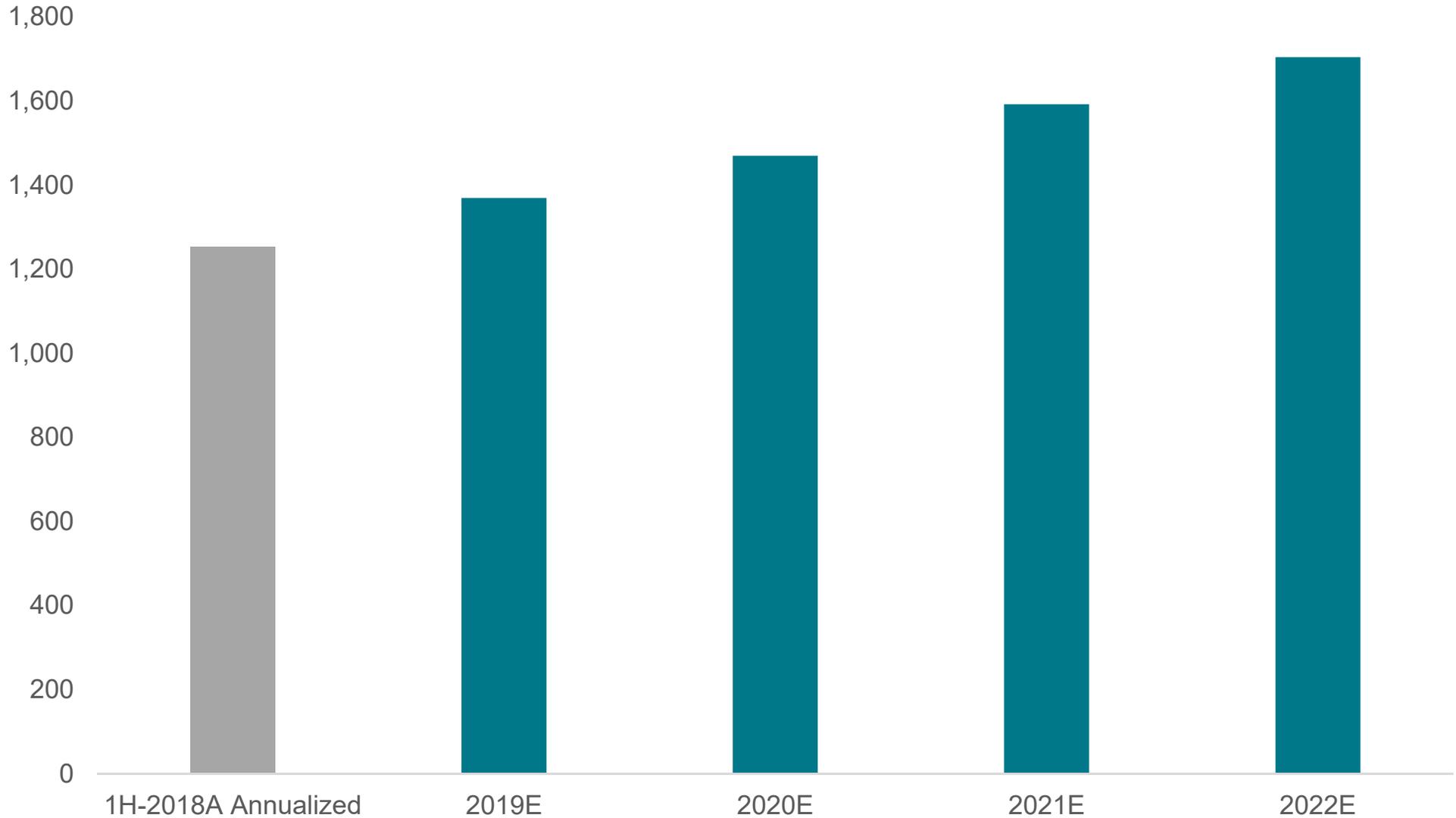
INTERNAL CAPEX: PRIORITIES

ANNUALIZED PRODUCTION VOLUME (MMBF) – 1H 2018



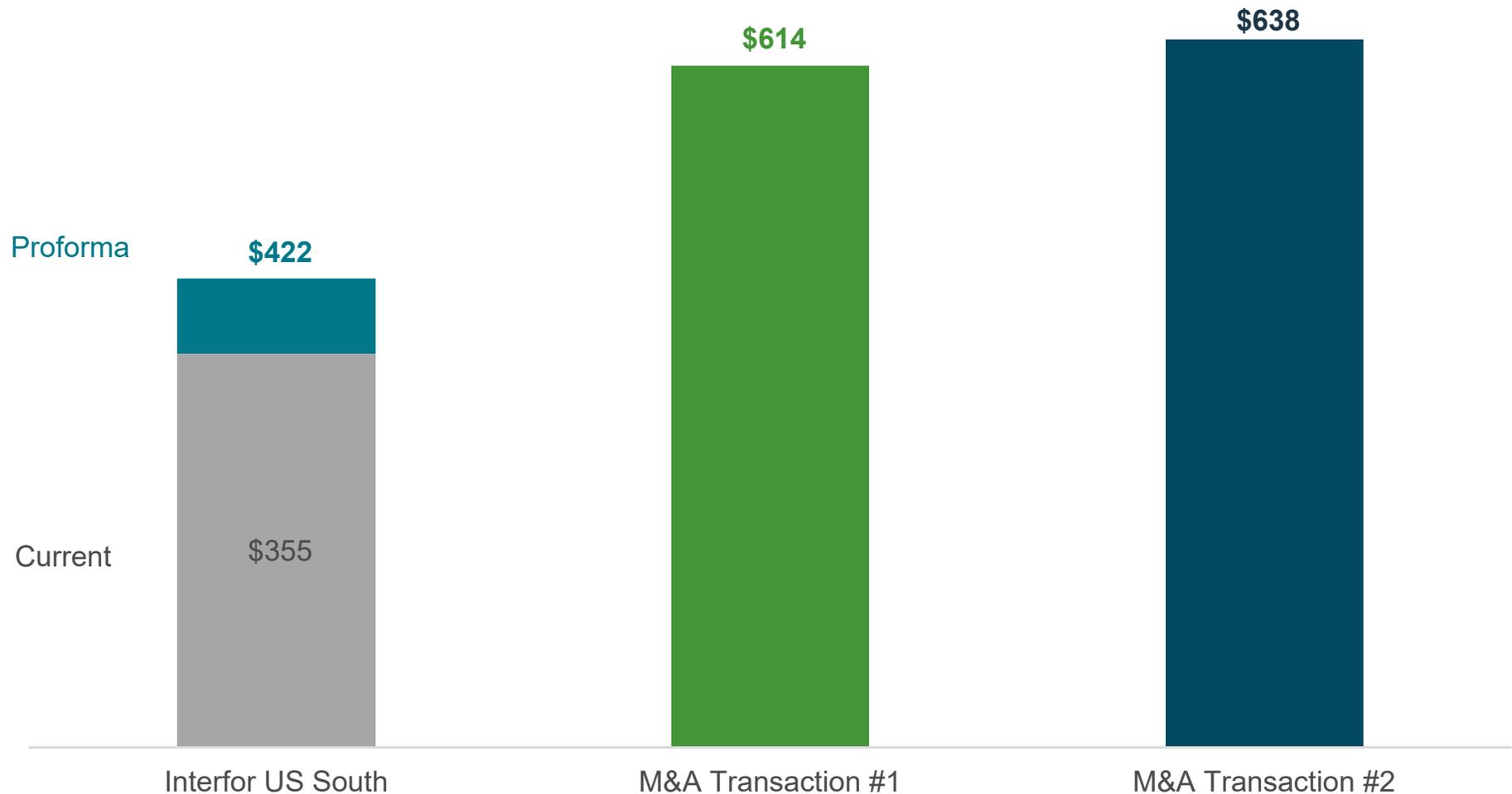
INTERNAL CAPEX: TOTAL PRODUCTION

INTERFOR US SOUTH TOTAL PRODUCTION VOLUME (MMBF)



INTERNAL CAPEX: CAPITAL EFFICIENCY

INVESTED CAPITAL (TOTAL ASSETS INCL. W/C) / MBF OF PRODUCTION (US\$/MBF)



GREENFIELDS: KEY CRITERIA

Labor



Timber



Equipment



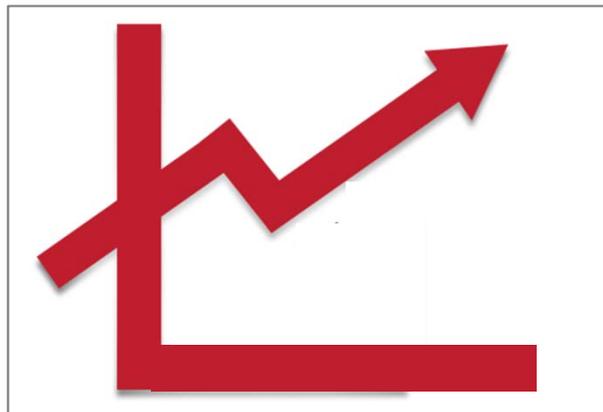
Logistics



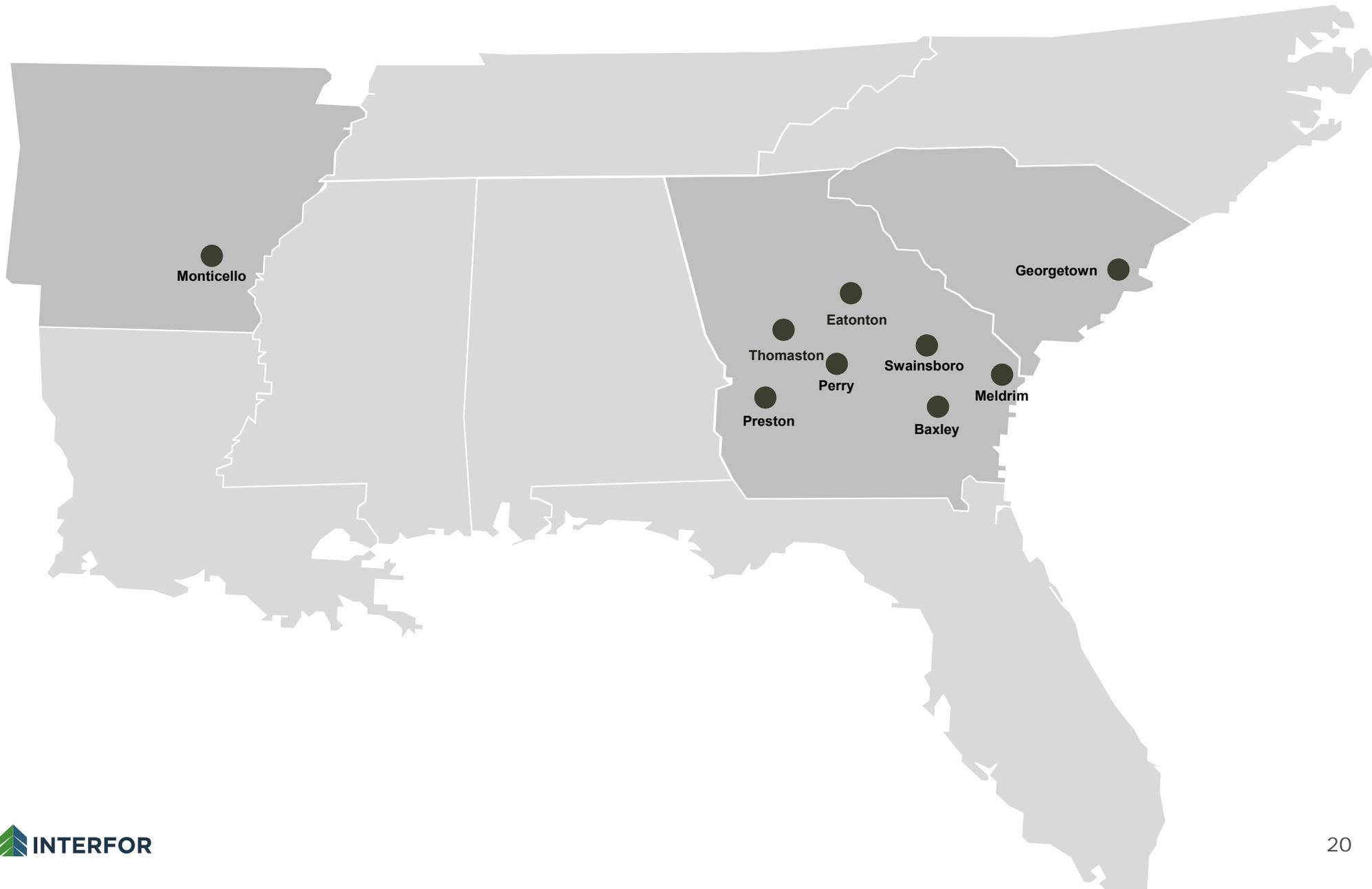
Residuals



Risk Adj. Returns



GREENFIELDS: GEOGRAPHIC FIT





US SOUTH OPERATIONS

BRUCE LUXMOORE

US SOUTH OPERATIONS: OVERVIEW

- **2015-2018 Goal:**
 - Establish a strong business foundation prior to large scale investments
- **Culture and Standards:**
 - Integrate the Interfor culture
 - Establish common approaches to maintenance, log and lumber quality, safety, etc.
 - Alignment between log supply, manufacturing and sales & logistics
- **Management Team/People:**
 - Reorganized senior responsibilities
 - Stabilized the General Manager and Mill Manager team
 - Substantial relocations from other Interfor operations
 - Established the infrastructure required to manage the growth

US SOUTH OPERATIONS: INITIATIVES



OP-Ex Team:

- Internal team with expertise in reliability, maintenance and controls.
- Deployed across multiple mills. Focused on no/low capex projects to improve mill flow, reliability and productivity.



QC-Ex Team:

- 20 month project.
- Mill-by-mill QC knowledge share and skills development across all 9 mills.



Peer Groups:

- 3 company-wide groups focused on: (i) log quality; (ii) maintenance; and (iii) quality control.



One South:

- Initiatives that address high-impact opportunities, including: (i) log supply-manufacturing-sales optimization; (ii) smart spending; (iii) kiln/boiler performance; and (iv) shipping excellence.

US SOUTH OPERATIONS: RESULTS

- Substantial gains achieved through no/low capex initiatives.

	Interfor US South KPI Improvement % (Q2 2018 vs. Q1 2016)
Productivity <i>(Mbf/Hour)</i>	+ 9%
Lumber Recovery <i>(Tons/Mbf)</i>	+ 7%
Product Quality <i>(% #2&Btr)</i>	+ 7%



CAPITAL PROJECTS – THE INTERFOR WAY

IAN FILLINGER

TRACK RECORD OF RESULTS

- History of delivering large, complex projects
 - On-time
 - On-budget
 - Ahead of expectations
- Significant in-house experience and expertise
 - Continuity of key operational/capital team members
 - Ability to leverage resources and knowledge across Interfor's platform
- Preferred relationships with top tier equipment vendors and engineering firms
- Emphasis on detailed upfront design, pre-project planning and engineering

PROVEN CAPEX TEAM

Internal:

- 16 member in-house dedicated capital group.
- Significant industry, vendor and Interfor project experience.



External:

- Secured a number of future delivery slots for key machine centers with top tier vendors.



CAPITAL PROJECT EXPERIENCE



2006: Molalla, OR
Log yard upgrade, two new kilns and new planer complex
US\$15 MM



2012: Grand Forks, BC
New primary breakdown line and automated lumber grading system
C\$30 MM



2007: Port Angeles, WA
New primary breakdown line, new log merchandizing system and planer
US\$30 MM



2015: Castlegar, BC
New primary breakdown line, converting a 3-line operation to a 2-line operation
C\$50 MM



2009: Adams Lake, BC
New greenfield sawmill complex
C\$100 MM

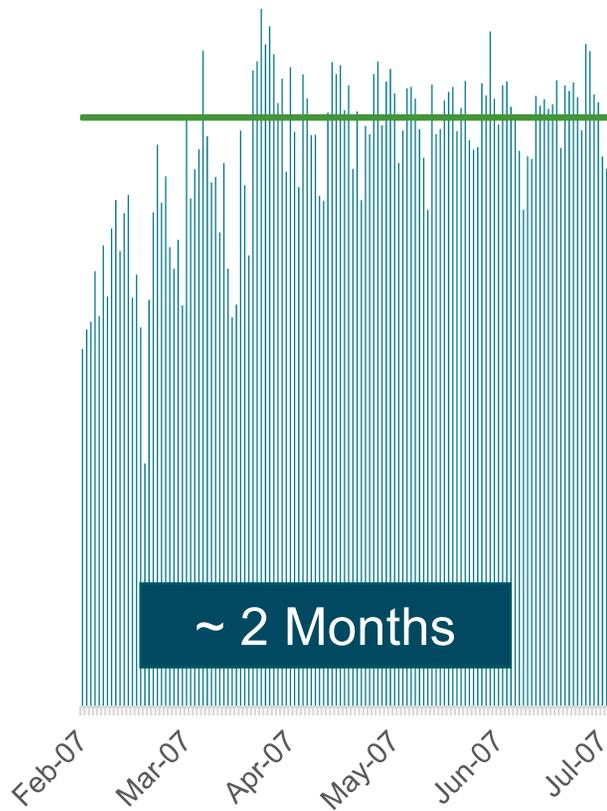


2017: Preston, GA
Conversion of three batch kilns to new DPK's, other debottlenecking projects and autograder
US\$25 MM

PROVEN START-UP TRACK RECORD

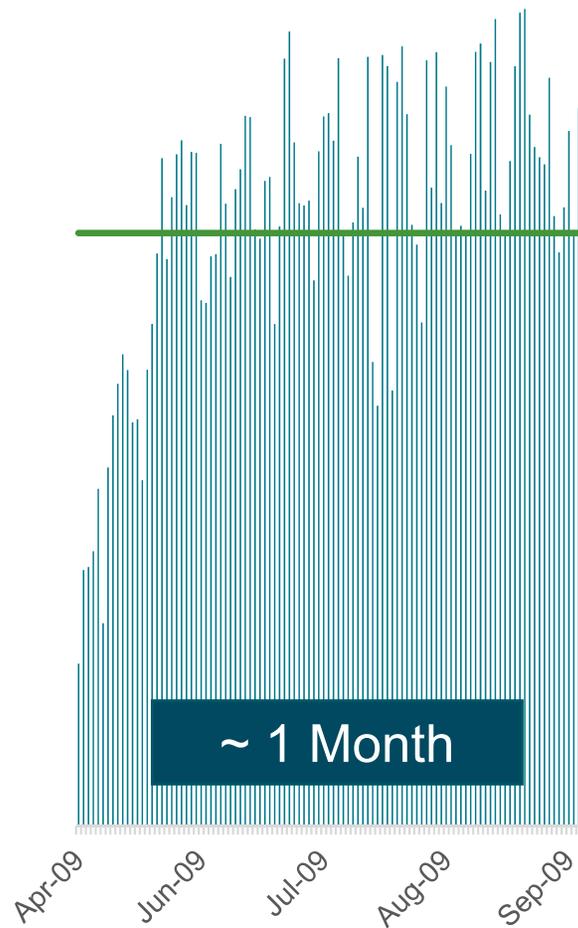
PORT ANGELES - 2007

Actual (Mbf/Hour)
Proforma Target (Mbf/Hour)



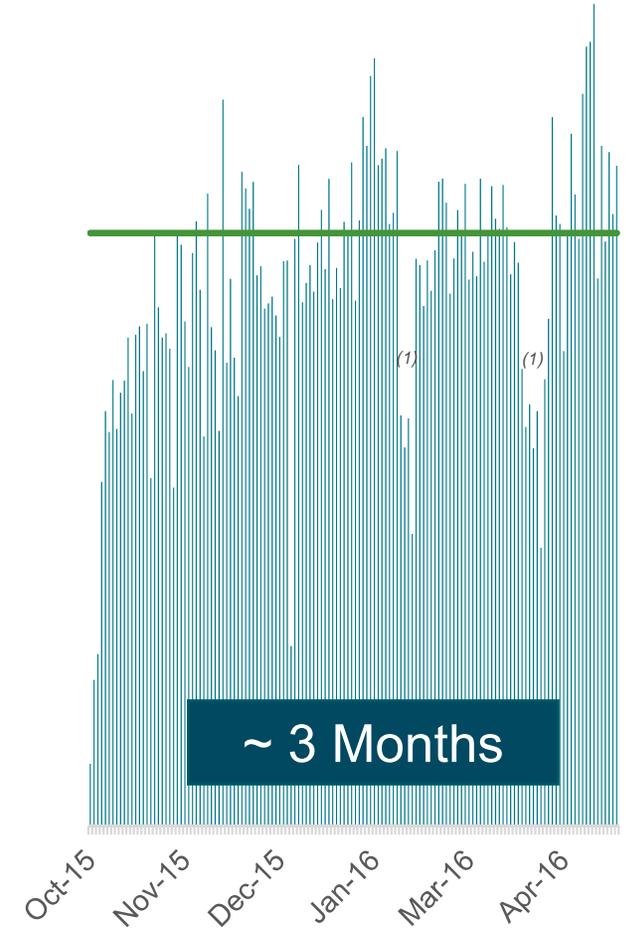
ADAMS LAKE - 2009

Actual (Mbf/Hour)
Proforma Target (Mbf/Hour)



CASTLEGAR - 2015

Actual (Mbf/Hour)
Proforma Target (Mbf/Hour)



PHASE I: STATUS UPDATE

- On-track for completion in Q1-2019



Monticello – US\$46 mm:

- July – Planer stacker
- August – Sawmill trimmer upgrades
- September – Autograder
- October – Sawmill edger
- November – Planer infeed
- December – Merchandizer
- October – Kiln conversion
- January / February – Canterline



Meldrim – US\$16.5 mm:

- July – Infrastructure upgrades
- September– Begin kiln construction
- January – Begin kiln production
- March – Autograder



PHASE II: THOMASTON CURRENT SITUATION

Inefficient Site Set-Up



Log Flow Issues



Flow Issues/Manual Intervention



Planer Building - Low Ceiling



Old Planer/Manual Grading



PHASE II: EATONTON CURRENT SITUATION

Small Log – 13" Max



Sling Bins – Limited Capacity



Offline Stacker



No Optimized Bucking



PHASE II: GEORGETOWN CURRENT SITUATION

Flow Issues Throughout



Sling Bins – Limited Capacity



Sawmill Manual Stick Placing



Old Planer/Manual Grading



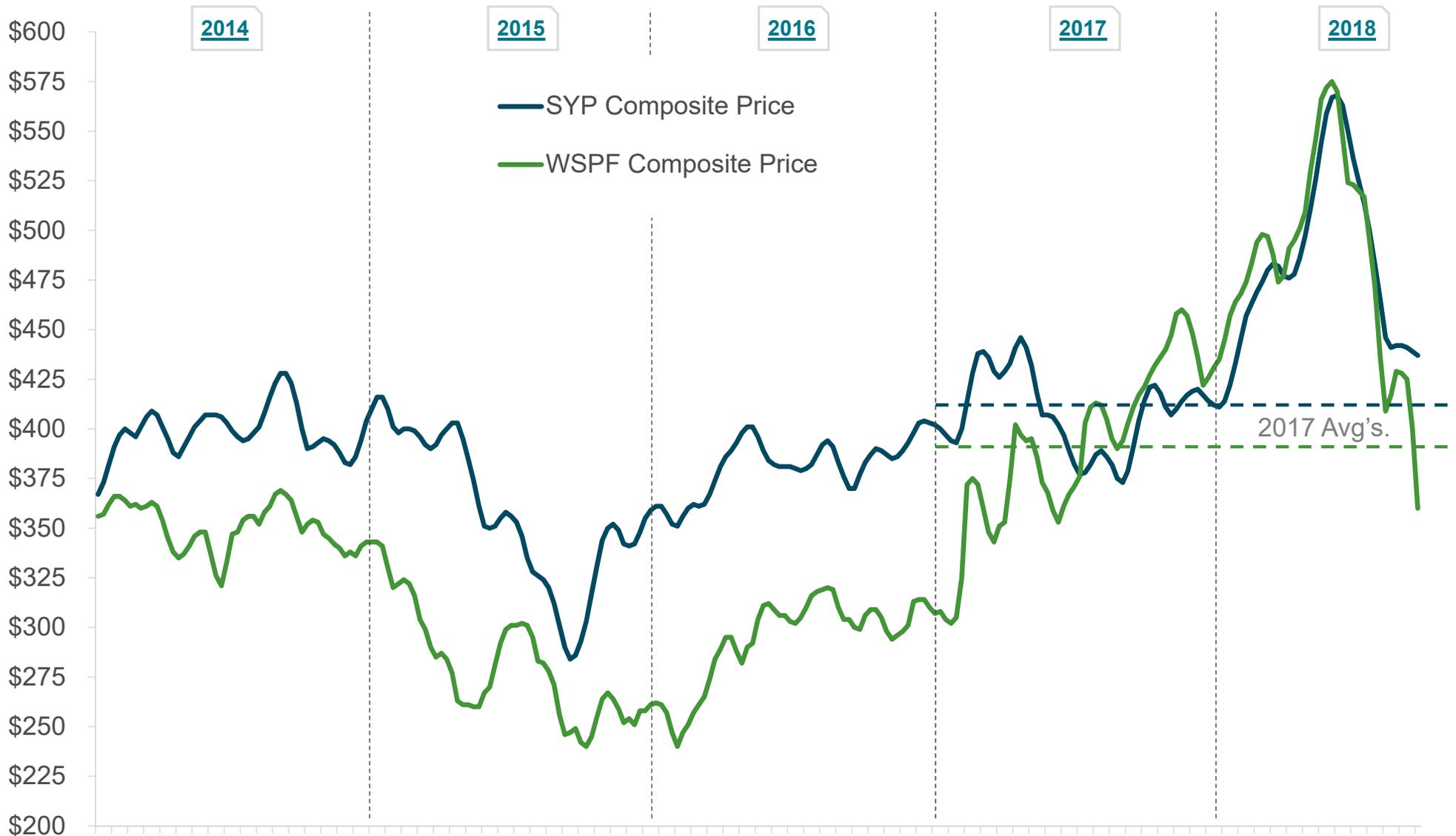


SALES & MARKETING

BART BENDER

RECENT MARKET DYNAMICS

BENCHMARK LUMBER PRICES (US\$/MBF)



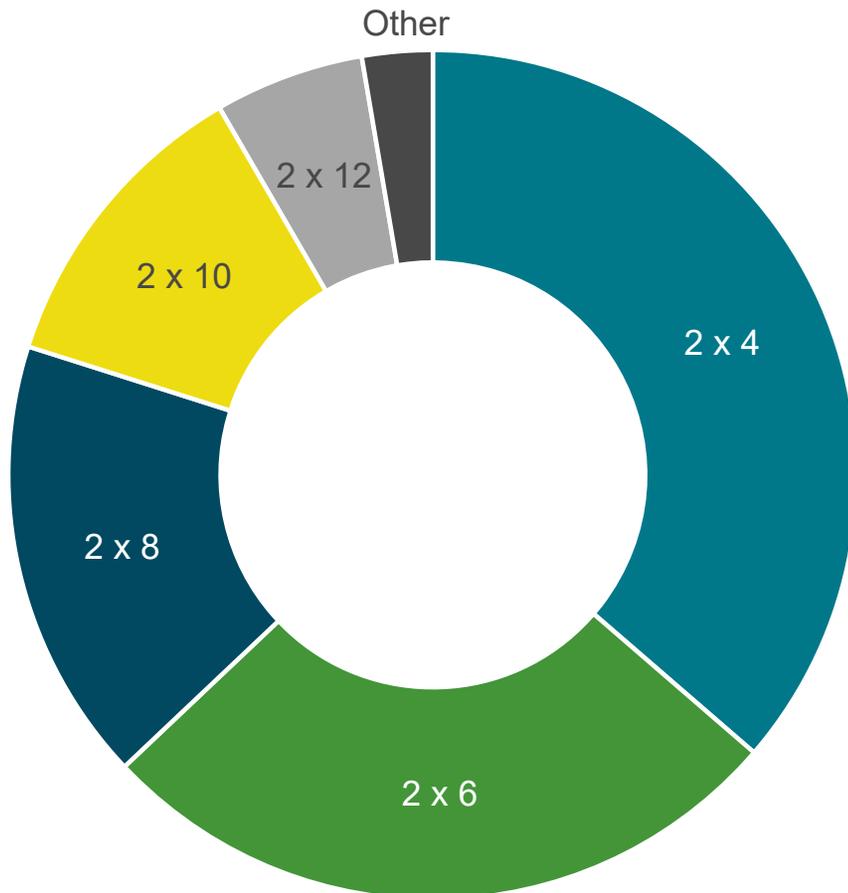
SALES & MARKETING OVERVIEW

- **Vancouver, BC:**
 - 40 staff serving the BC Interior, US Northwest, Specialty & Export
 - Consolidation of Bellingham, WA office in 2017
- **Peachtree City, GA:**
 - 17 staff serving the US South
 - Consolidation of five companies'/nine mills' sales processes into one
- **Seamless integration between trading floors:**
 - Effective service of national accounts, multi-species offerings and access to non-traditional markets (e.g. SYP into Asia & Canada)
- **Dedicated logistics group:**
 - 23 people, embedded within Sales & Marketing
 - Preferred relationships with key vendors

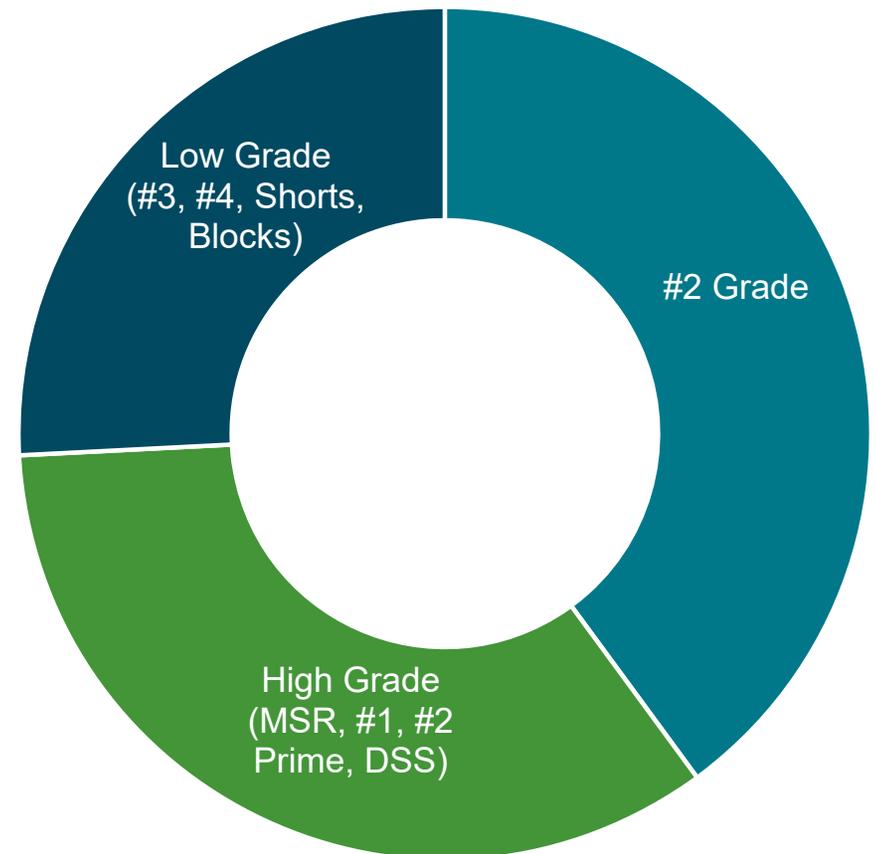


US SOUTH PRODUCTS

INTERFOR 2017 SYP SHIPMENTS BY SIZE

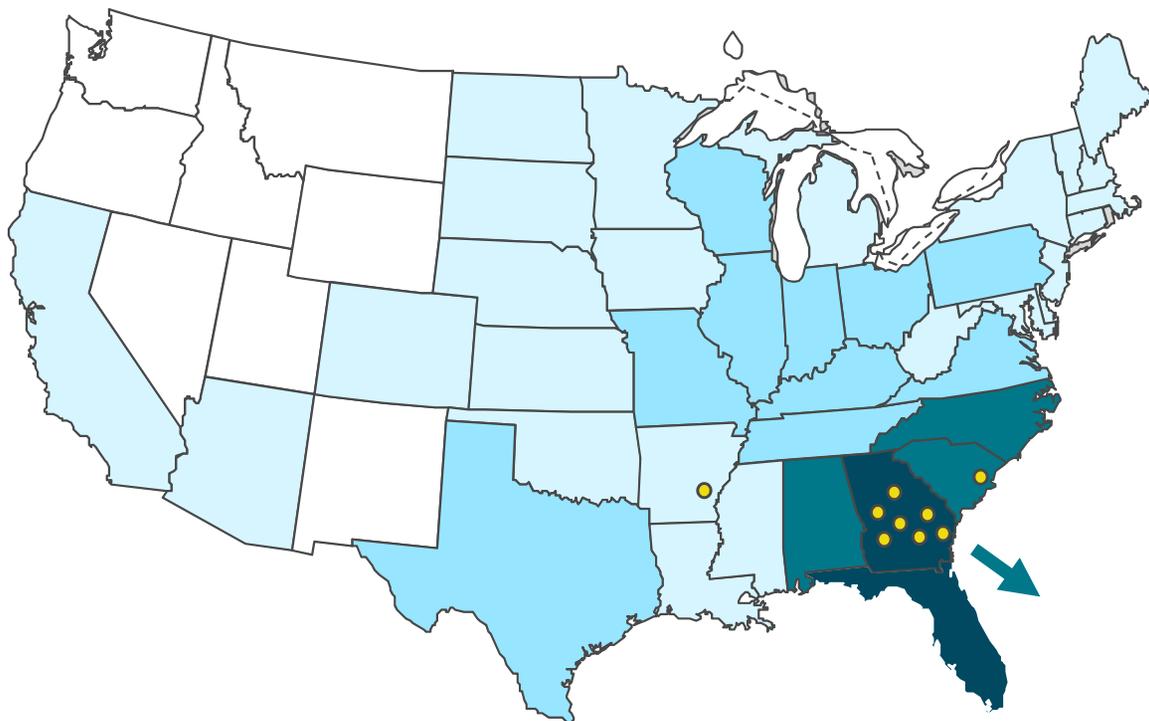


INTERFOR 2017 SYP SHIPMENTS BY GRADE

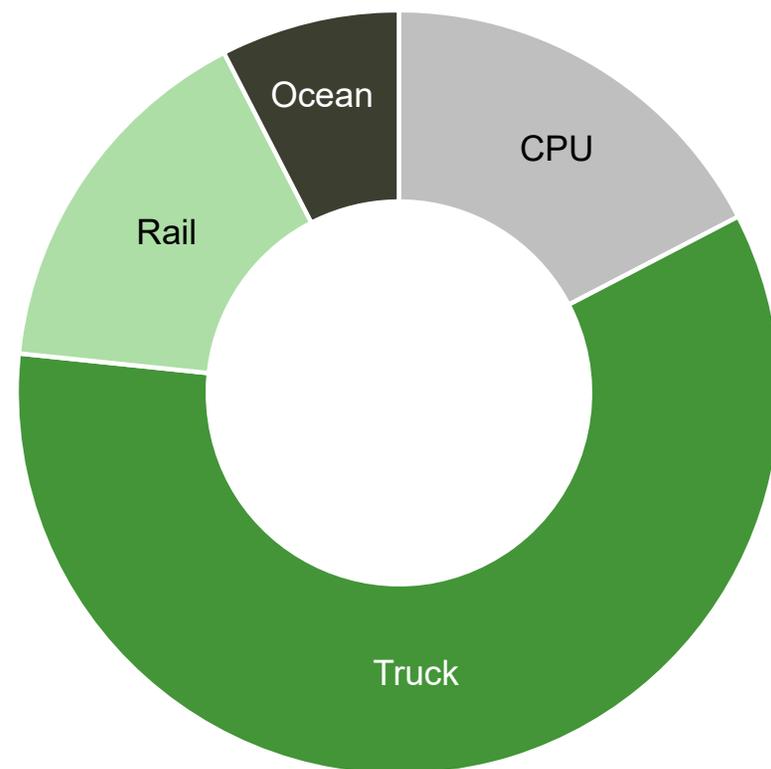


US SOUTH MARKETS & LOGISTICS

INTERFOR 2017 SYP SHIPMENTS BY DESTINATION

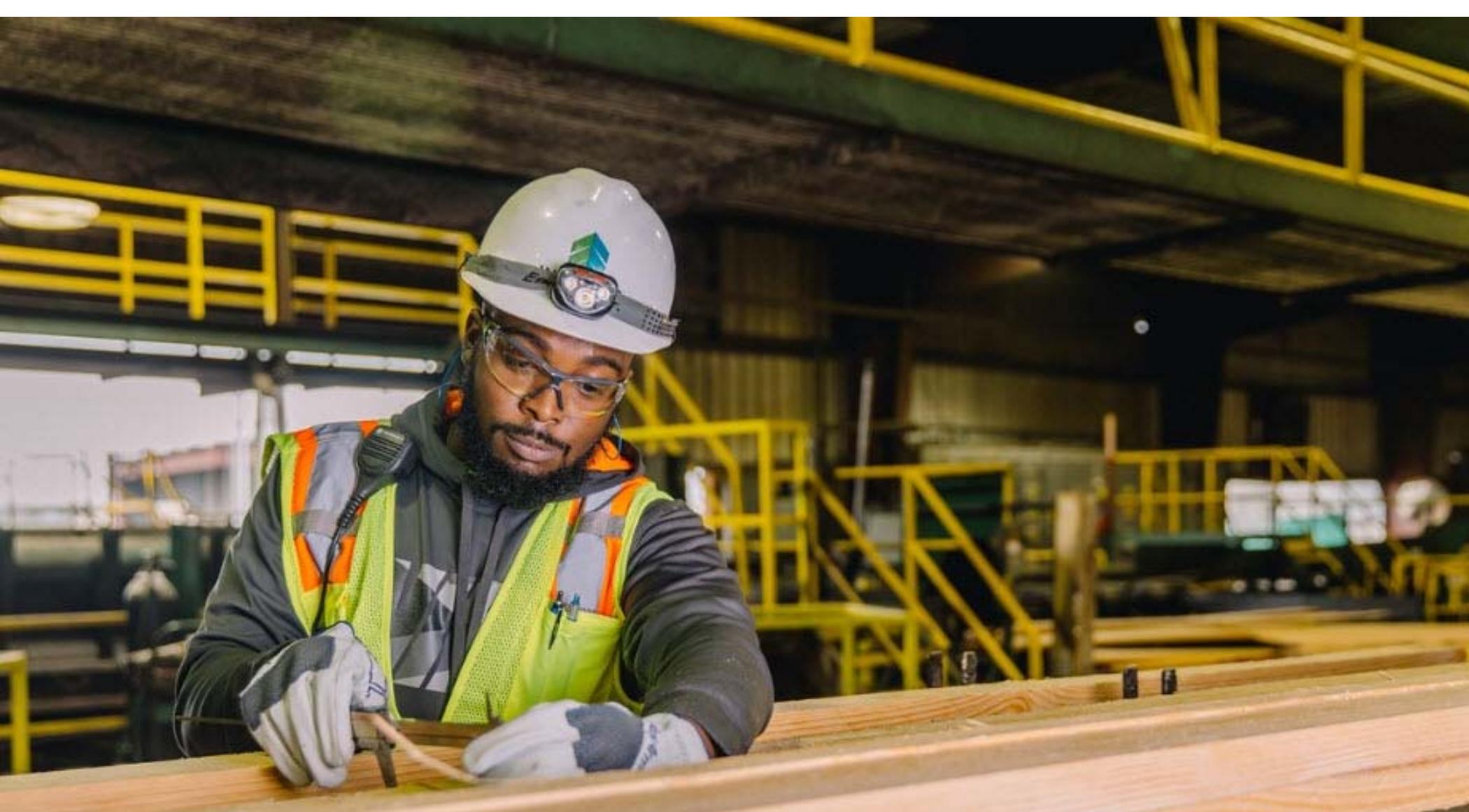


INTERFOR 2017 SYP SHIPMENTS BY MODE



US SOUTH GROWTH

- **Volume growth the equivalent of almost 1 new mill/year so far; more coming**
 - 2016: 1,043 MMbf
 - 2017: 1,156 MMbf
 - 2018 H1 Annualized: 1,254 MMbf
 - Proforma Phase I/II Strategic Capex: >1,700 MMbf
- **Implementation:**
 - Sales Team – Add and develop personnel
 - Logistics – Maximize flexibility
 - Customers – Continue to build program business/new customers/new markets



HUMAN RESOURCES

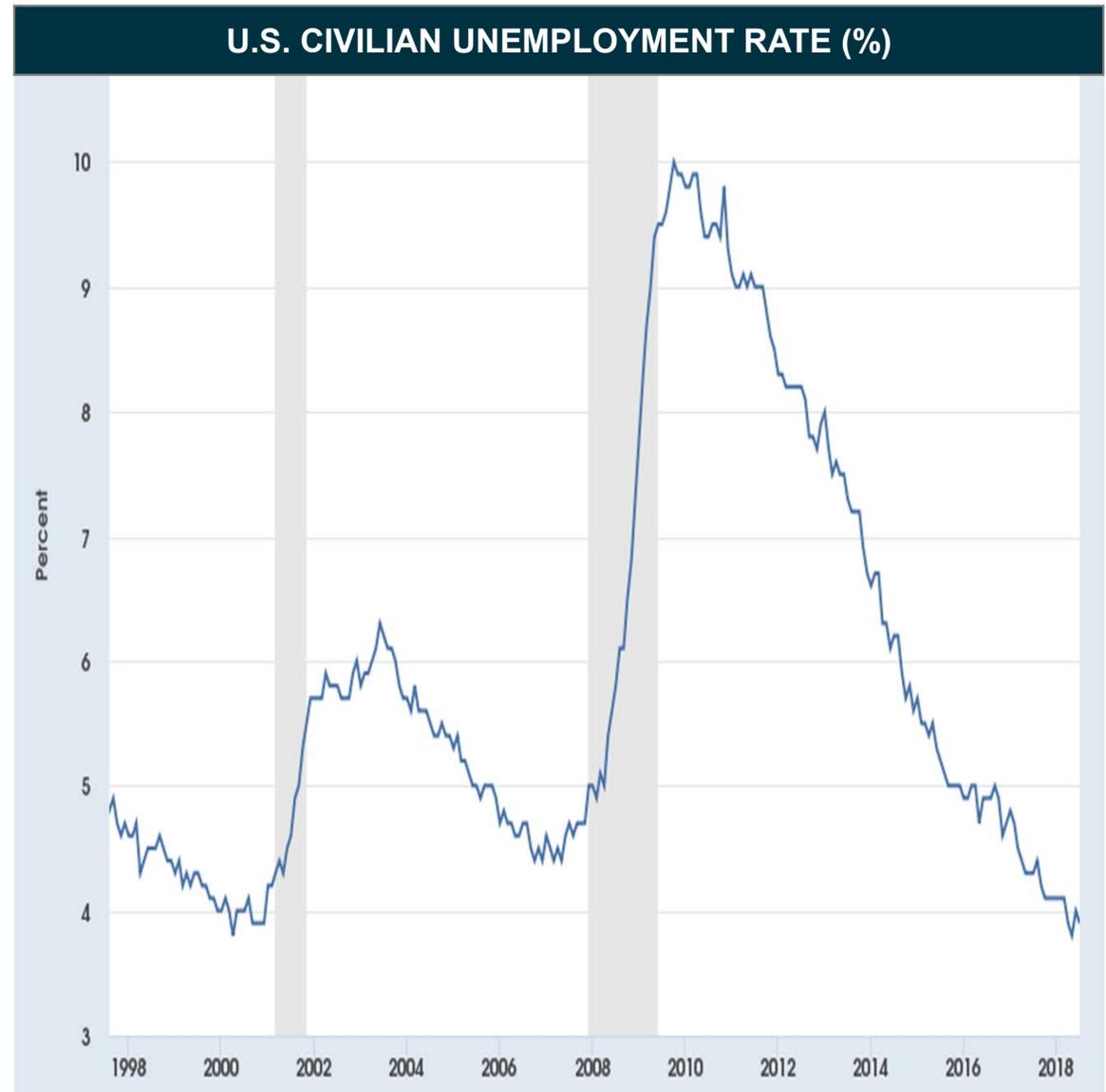
MARK STOCK

TALENT DEVELOPMENT AT ALL LEVELS



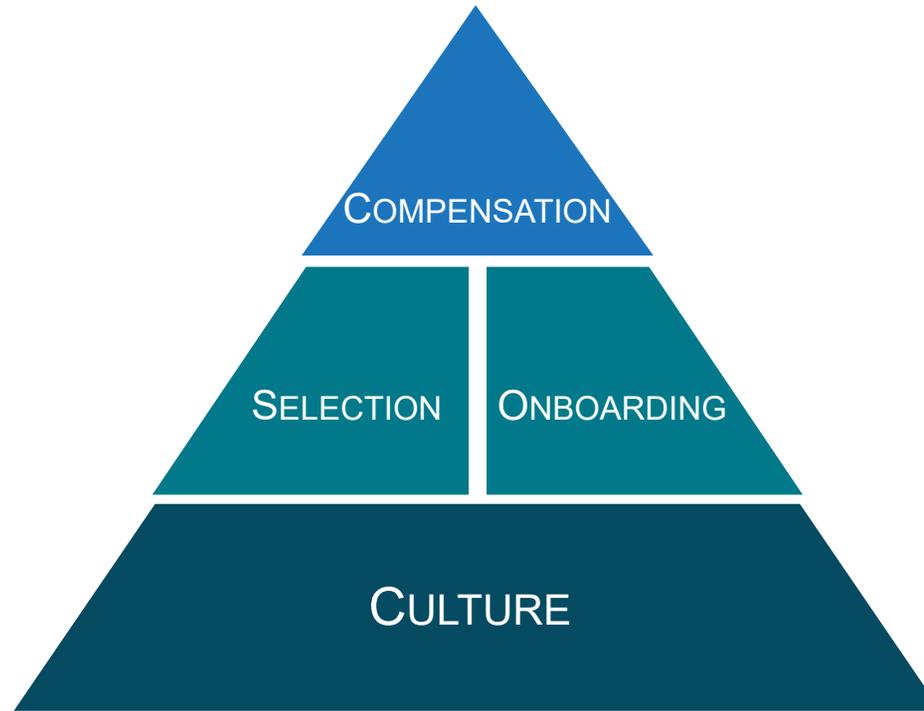
HOURLY RETENTION: CHALLENGES

- The US labor market is near full employment.
- Insufficient skilled labor and/or skill development programs.
- Implications:
 - Relatively high employee turnover in the US South – typically 25-35%.
 - Vacancies in key positions.
 - Wage rate inflation.



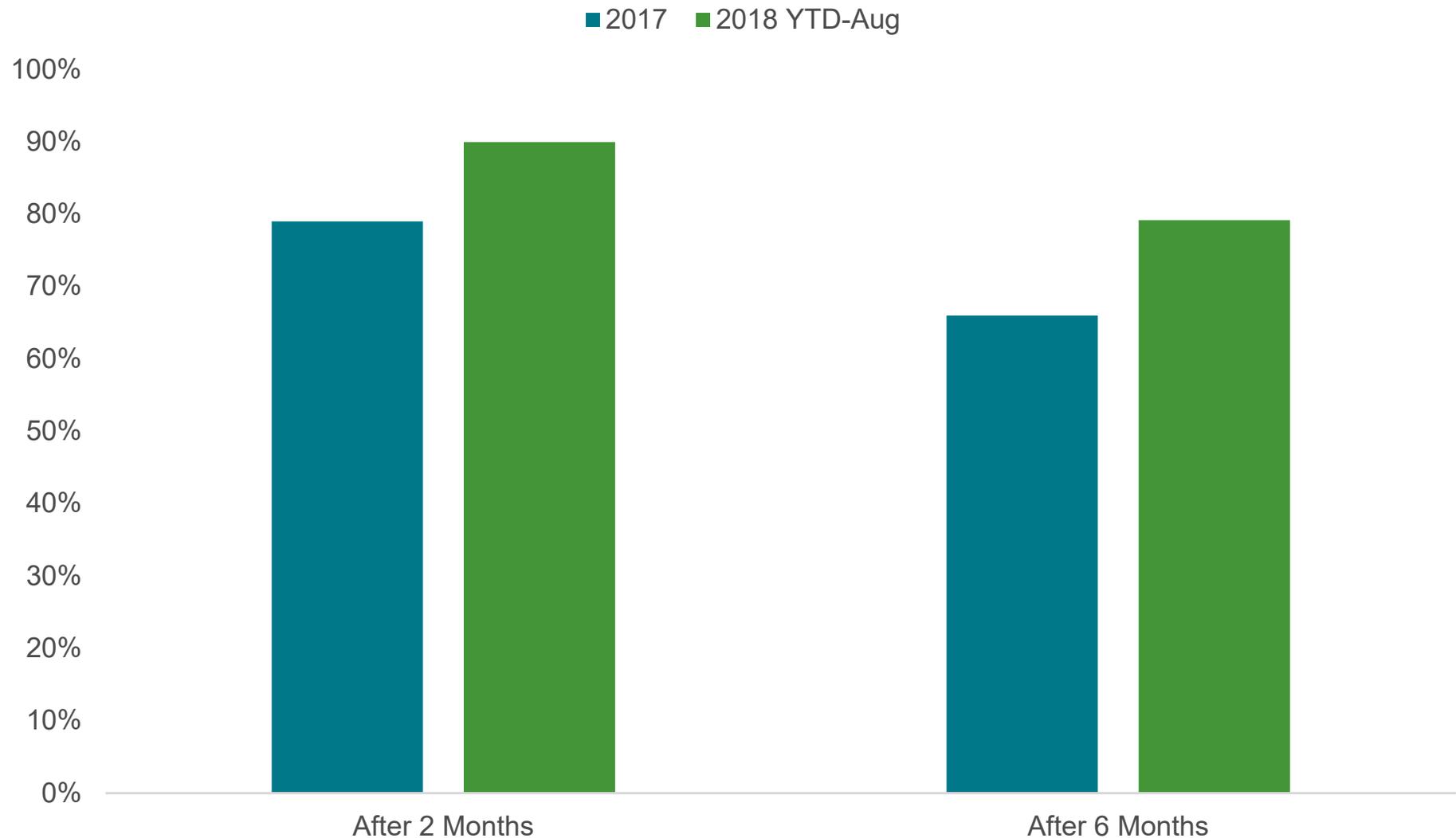
Source: US Bureau of Labor Statistics

HOURLY RETENTION: APPROACH



HOURLY RETENTION: EARLY RESULTS

INTERFOR US SOUTH HOURLY NEW HIRE RETENTION RATES



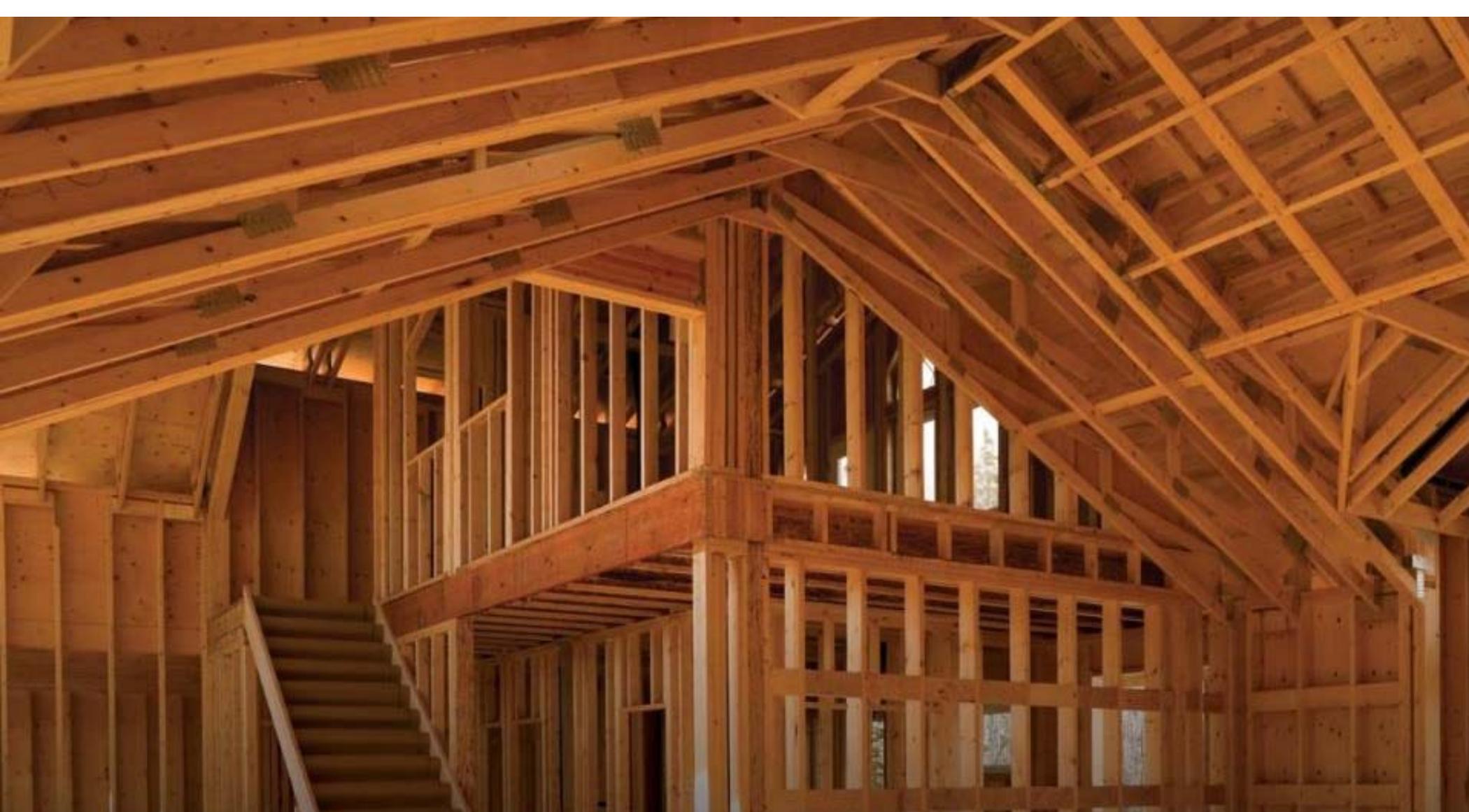
APPRENTICESHIP PROGRAM

- Millwright Apprenticeship Program kicked-off in May 2017
 - 20+ employees in the South in initial cohort
 - Additional 10-12 employees every 6 months starting in 2019
- Fine tuning content and delivery methods



SUPERVISORY PROGRAMS

	BCIT Technical Skills 	LEAD X Soft Skills 
WHAT	<ul style="list-style-type: none"> Associate Certificate from a recognized educational institution 	<ul style="list-style-type: none"> Training modules for front-line leaders
FOCUS	<ul style="list-style-type: none"> Technical side of wood manufacturing 	<ul style="list-style-type: none"> Provides tools to be better people leaders
WHO ATTENDS	<ul style="list-style-type: none"> Application-based enrollment - must meet criteria and be successful during interview Ops front-line leaders & other depts 	<ul style="list-style-type: none"> All Superintendents, Supervisors and managers
DELIVERY	<ul style="list-style-type: none"> Online training of 5 courses Two 4-day in-person workshops 	<ul style="list-style-type: none"> Back-to-Basics: 4 onsite training sessions Modules: Three 2-day workshops
HOW LONG	<ul style="list-style-type: none"> 12 months 	<ul style="list-style-type: none"> Back-to-Basics: 4-5 months Modules: 12 – 18 months

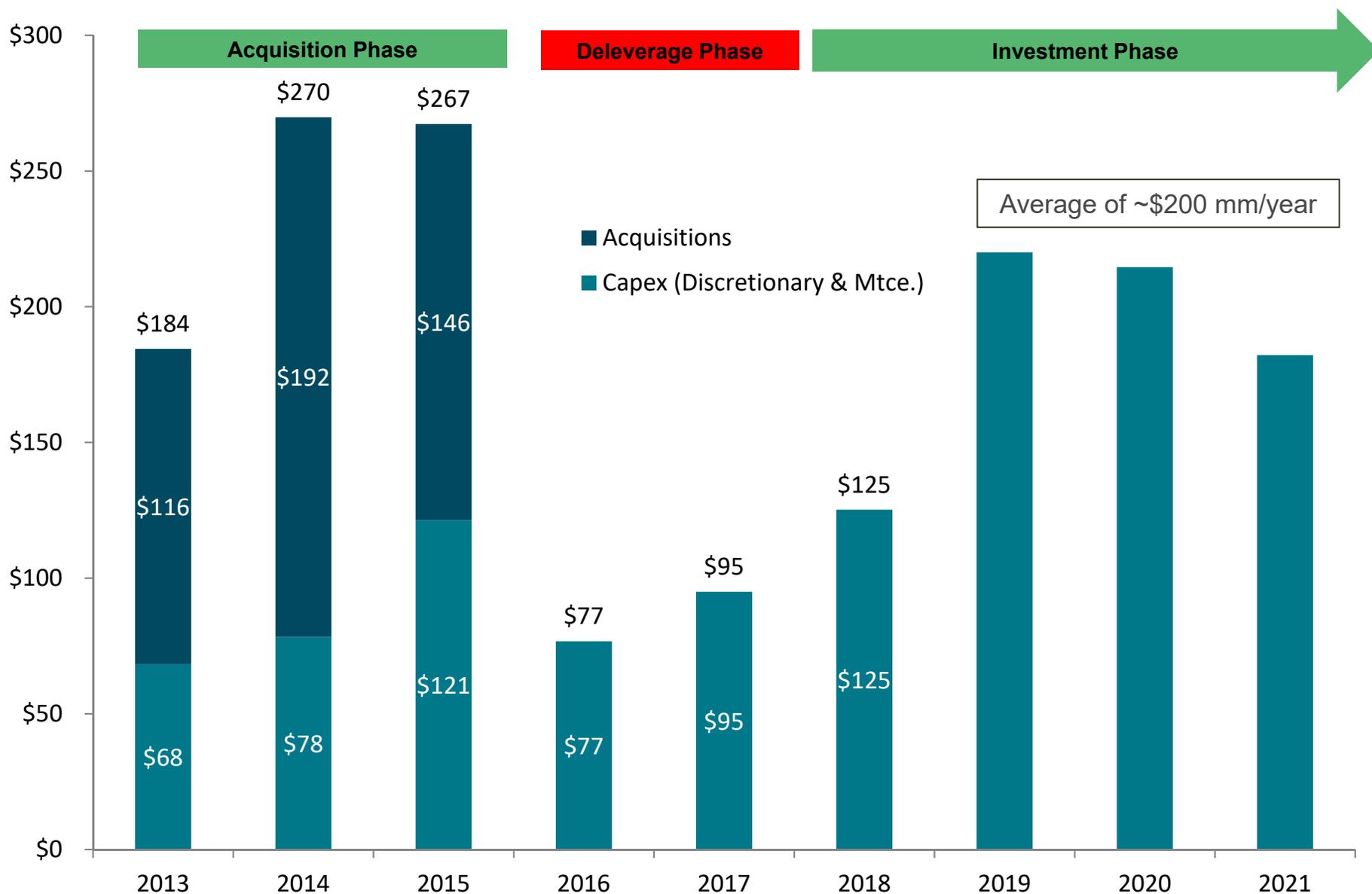


FINANCING & CAPITAL ALLOCATION

MIKE MACKAY

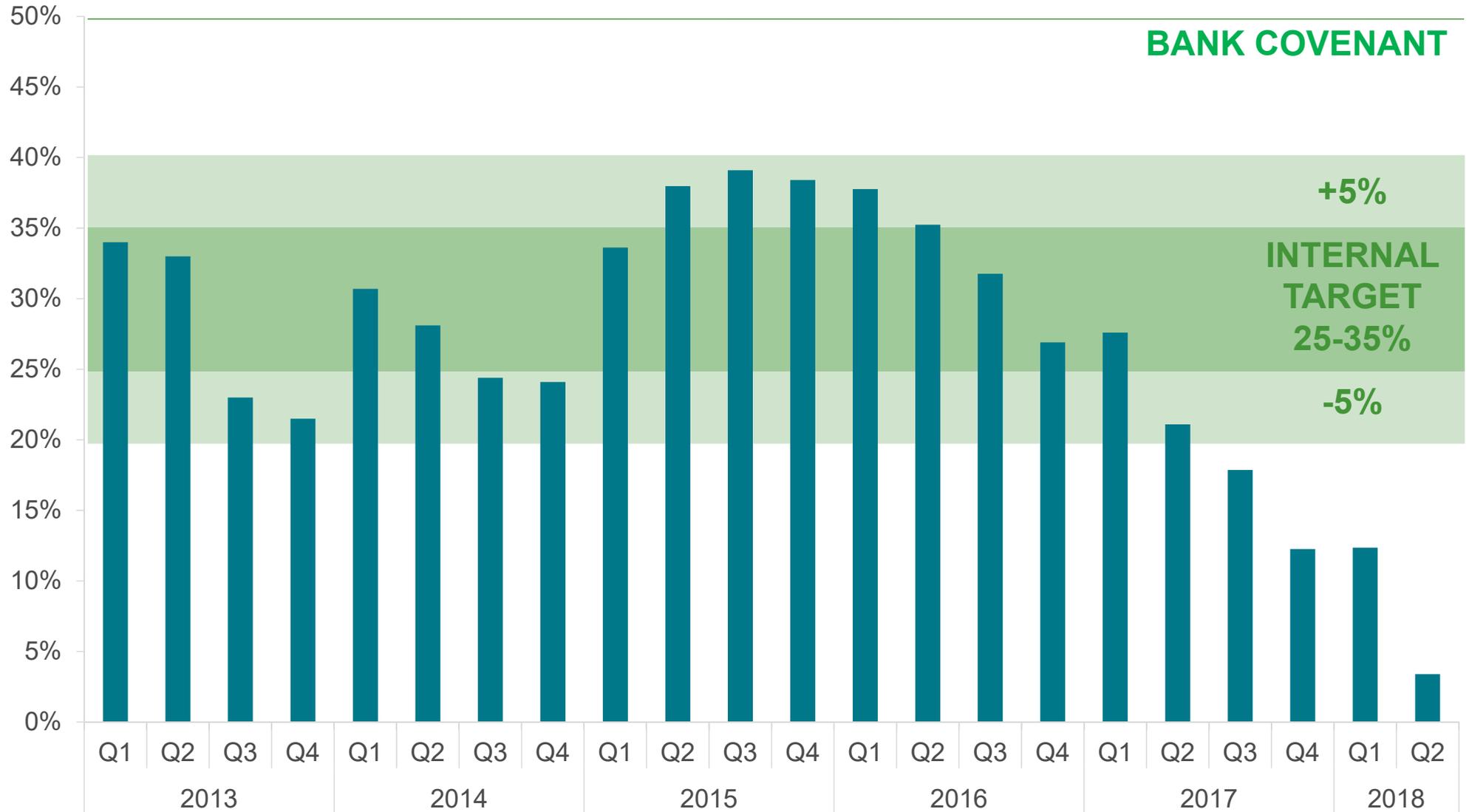
CAPITAL INVESTMENT OUTLOOK

INVESTMENTS BY YEAR (C\$MM)



CAPITAL STRUCTURE

NET DEBT/INVESTED CAPITAL



CAPITAL STRUCTURE

CAPITAL RESOURCES AS OF JUNE 30'18 (C\$MM)

Cash **\$229**

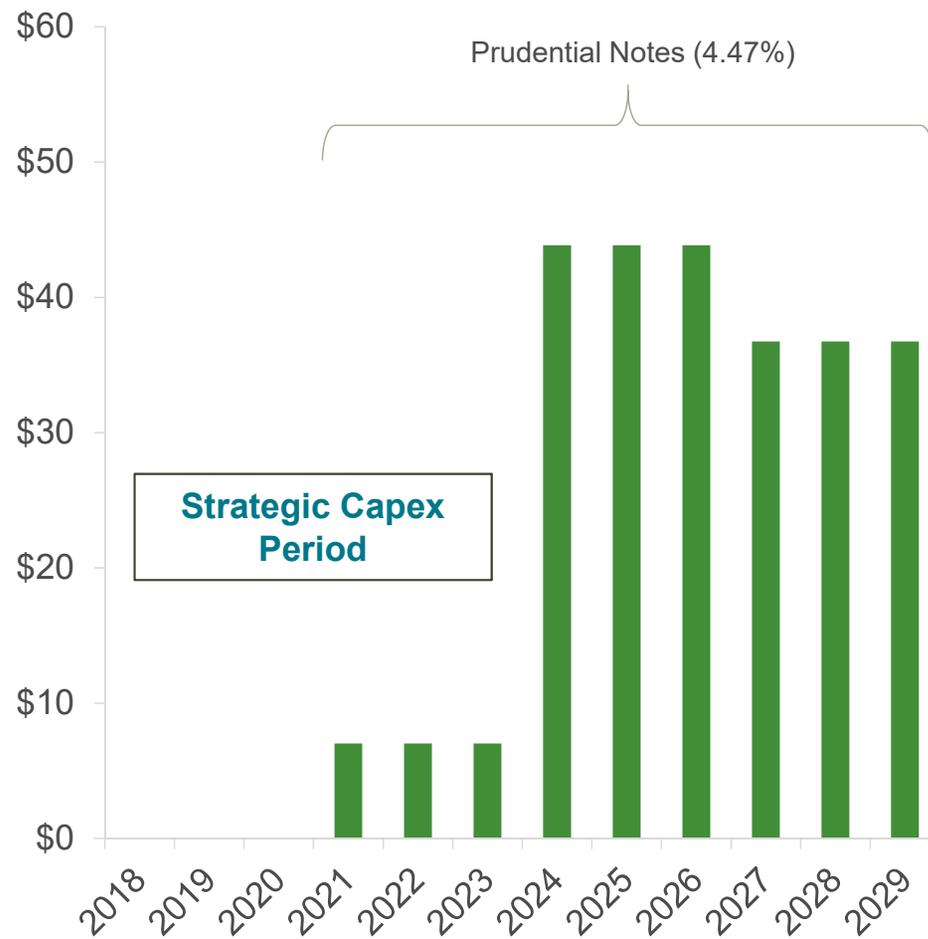
Available Bank Lines **\$314**

Total Available Liquidity **\$543**

**AVAILABLE LIQUIDITY
@ 35% ND/IC**

\$491

DEBT MATURITY SCHEDULE AS OF JUNE 30'18 (C\$MM) ⁽¹⁾



FREE CASH FLOW

C\$MM

Adjusted EBITDA:
(LTM Through Q2-2018)

\$355

- Expected incremental benefits from strategic capex
- Full expensing of duties

Less:

Cash Interest Expense, net:

\$(8)

- Average debt interest rate ~ 4.5%
- Significant cash on hand ~ 2.0%

Maintenance Capex:

\$(60-70)

- Maintenance includes logging roads

Cash Taxes:

\$(5)

- Tax loss carry-forwards; C\$24MM in Canada and US\$50MM in the US

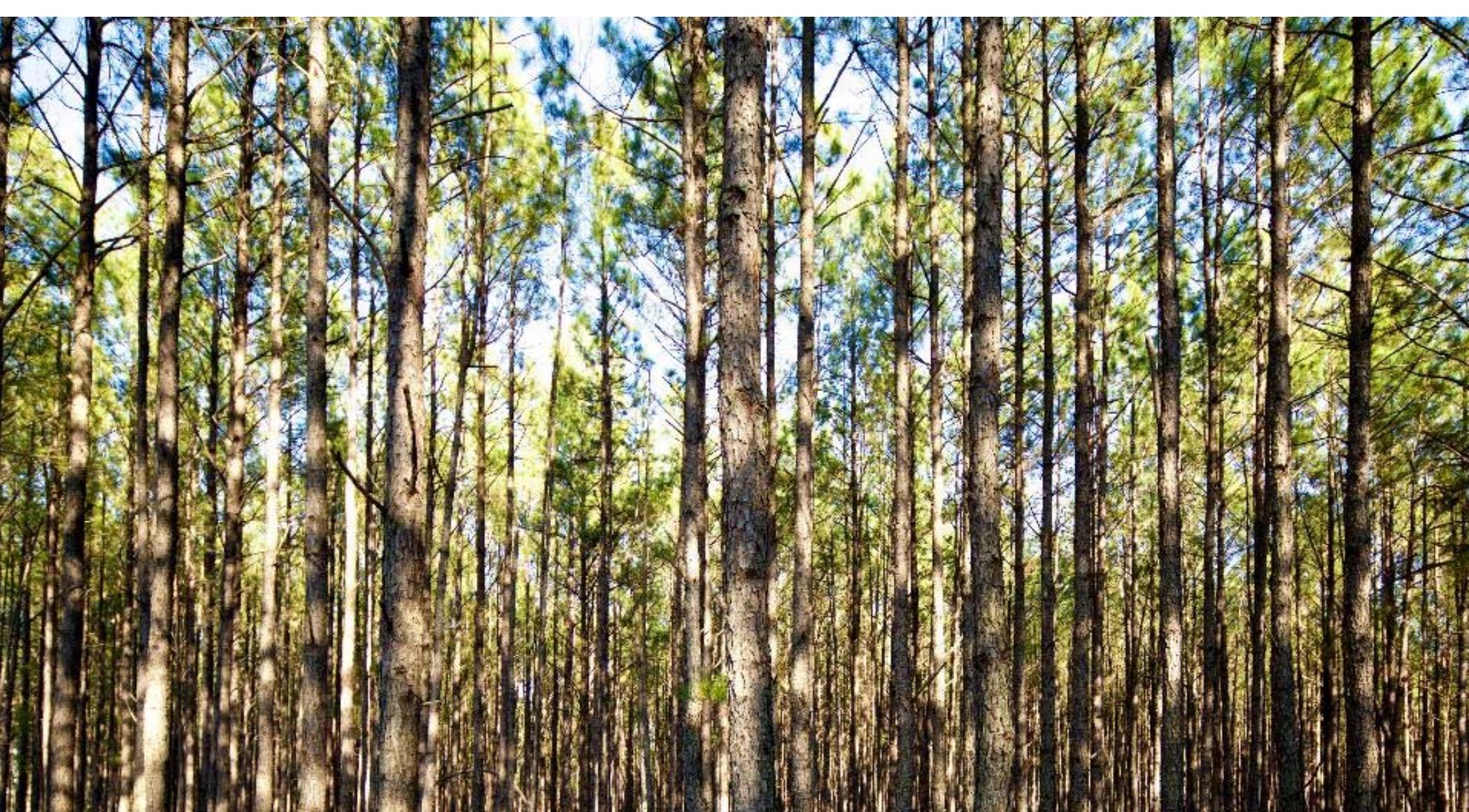
Other:

TBD

- No significant employee future benefit obligations; Incentive payouts dependent on stock price

FREE CASH FLOW:

\$277



CLOSING REMARKS

DUNCAN DAVIES

KEY MESSAGES

- **Interfor is well positioned**
 - Significant headway in recent years, especially in the South
 - Strong balance sheet and cash flow
- **Now moving into the capex phase of our US South strategy**
 - Capture the opportunities that are available
 - US\$305 MM of capex projects announced thus far
 - Generate strong returns and add significant value
 - Minimum return hurdle of 20% IRR implies a minimum ~US\$60 MM of incremental EBITDA per year
- **Proven ability to execute**
 - Well established and experienced operational/capital teams
 - Long track record of delivering on promises
- **Considering other external growth opportunities**
 - Greenfields and/or tuck-in acquisitions are also being considered



EATONTON MILL OVERVIEW

MARTY JURAVSKY / IAN FILLINGER

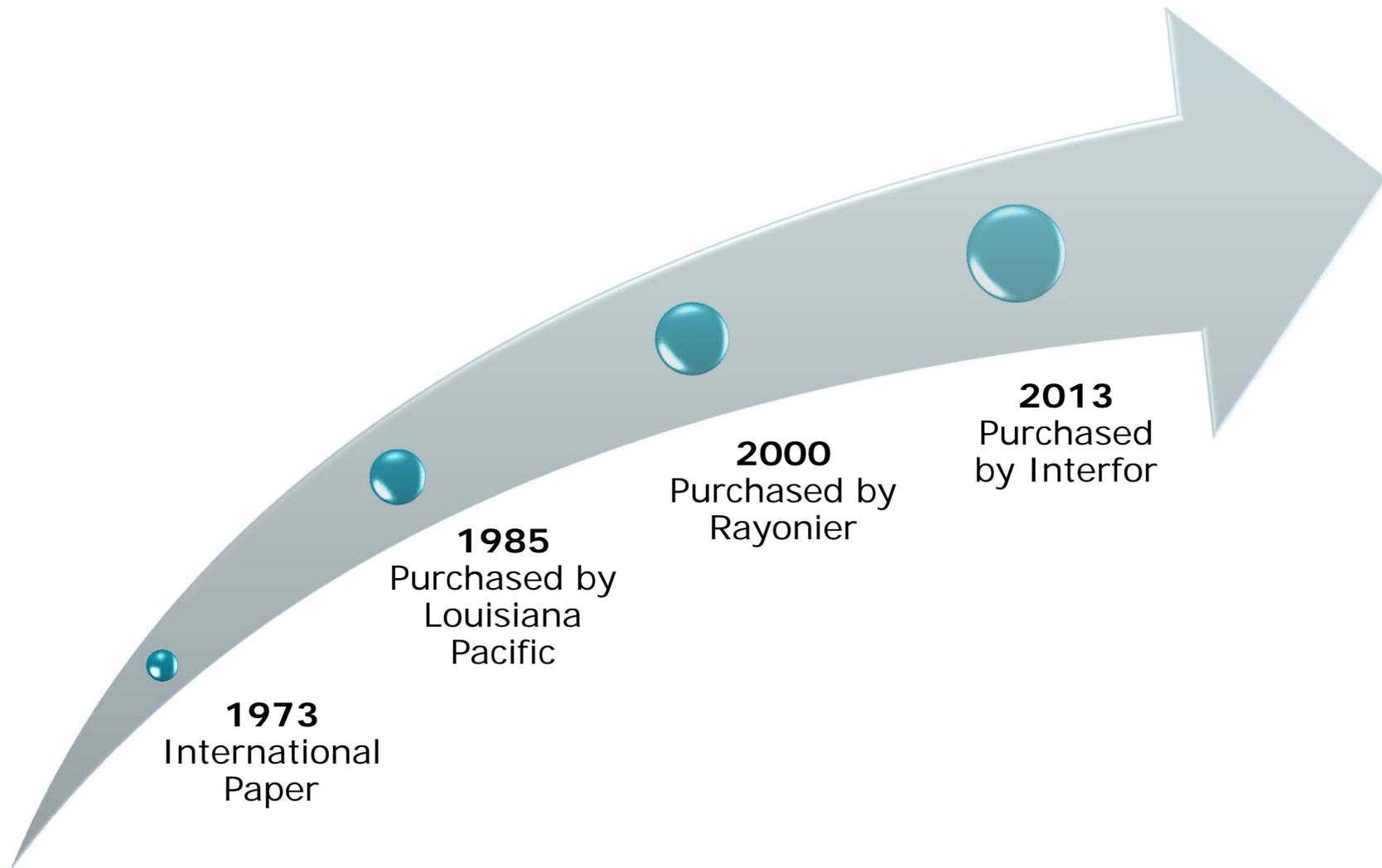


SAVE-THE-DATE
2021

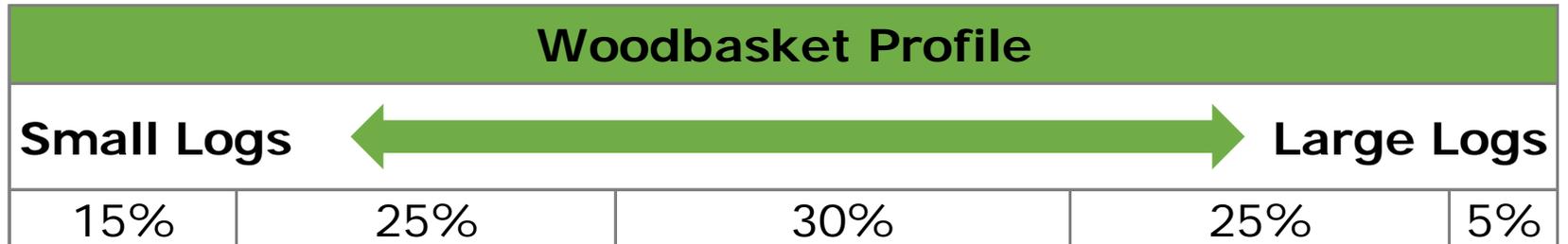
Interfor invites you to join us for the
Eatonton Mill
Grand Opening



EATONTON: HISTORY



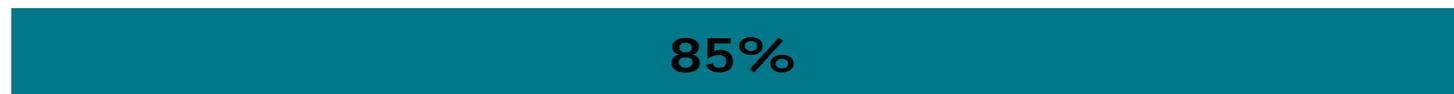
EATONTON: FIBER SUPPLY



Current



Proforma



EATONTON: CURRENT VS. FUTURE

	Annual Capacity (MMbf)	
	Current	Future
Sawmill	96	220
Planer	103	220
Kilns	107	220

- Max log size increased from 13” to 18”
- Improved lumber recovery
- Conventional sawmill layout with stacker attached to the mill
- Full autograding and value-added products produced from the planer
- Equipment similar to Grand Forks and Adams Lake

EATONTON: PROJECT APPROACH

- **Design Methodology**
 - Offline build, where possible
 - Minimize operational and production downtime
 - Utilize existing infrastructure
- **Implementation Strategy – Combination Of:**
 - Phased approach
 - Immediate impact projects first
 - Back-to-front build

EATONTON: PRIMARY BREAKDOWN

Current



Future



EATONTON: SORTER

Current



Future



EATONTON: PLANER/GRADING

Current



Future





QUESTIONS?
