



BUILDING VALUE
IN EVERYTHING WE DO,
EVERY DAY

INVESTOR UPDATE
January 2014



FORWARD-LOOKING STATEMENTS

Information contained herein constitutes forward-looking statements. Forward-looking statements, which include all statements that are not historical facts, are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated in or suggested by the forward-looking statements. See additional risks described in the Company's MD&A under "Risks and Uncertainties" in the Company's 2012 Annual Report, which is incorporated by reference. All forward-looking statements made are qualified by these cautionary statements.

Participants should not place undue reliance on the forward-looking statements, which reflect Management's plans, estimates, projections and views only as of the date hereof. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

OUR CORE VALUES

We will conduct ourselves with honesty and integrity.

We will respect, value and engage our employees.

We embrace world-leading safety and environmental standards.

We are strategic, fact-based and proactive.

We strive for excellence in everything we do.

We are responsible for our own success.



OUR PROMISE

We build value for:

EMPLOYEES by providing a career where they can contribute, grow and prosper.

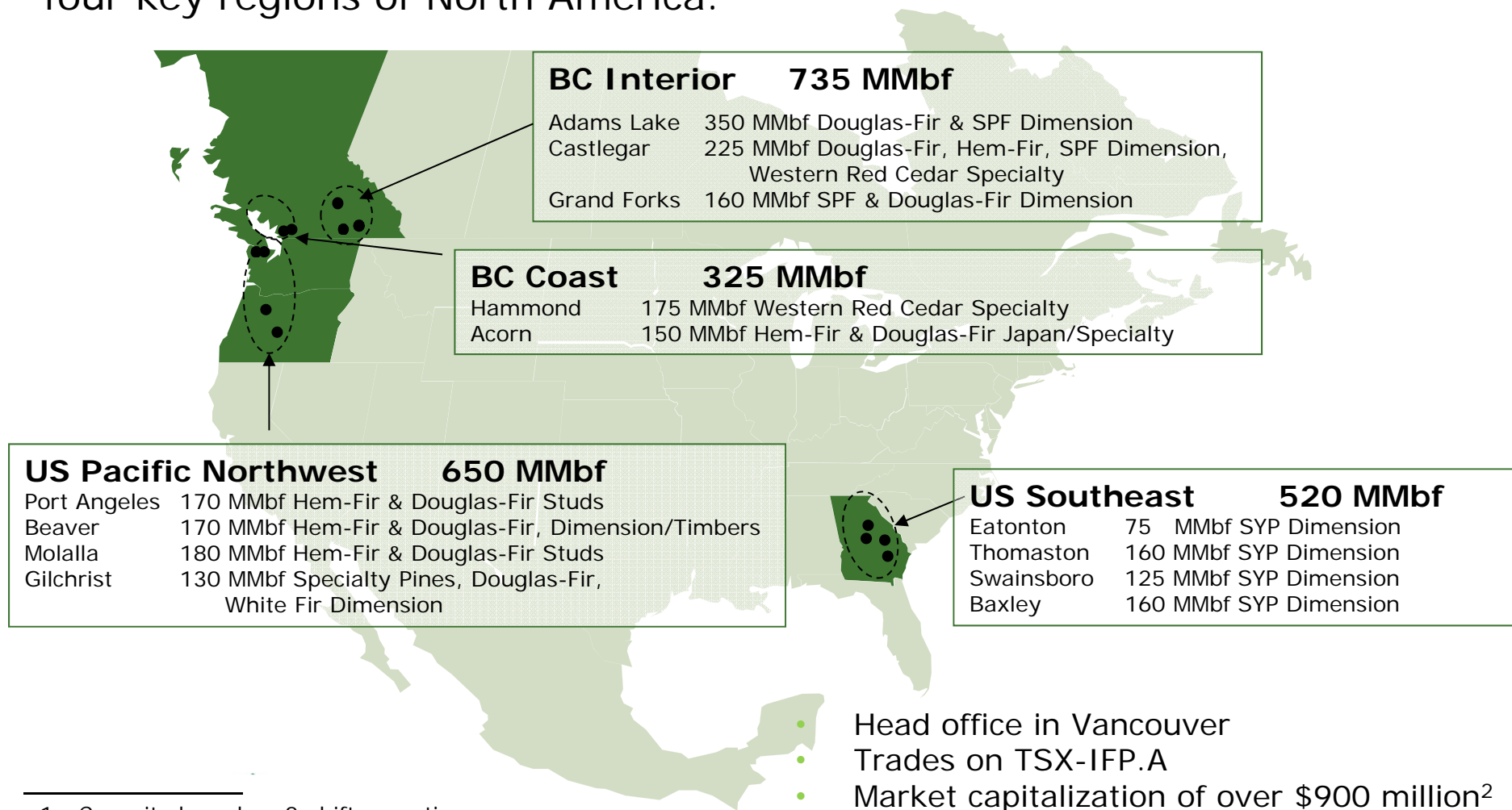
CUSTOMERS by delivering quality products “on spec, on time, every time”.

SHAREHOLDERS by providing attractive returns on their investment.

COMMUNITIES by supporting a healthy economy and environment.

FOUR OPERATING REGIONS

Interfor is a pure play lumber company with operations in the four key regions of North America.



1. Capacity based on 2-shift operation
 2. As of January 16, 2014

INTERFOR'S STRATEGIC PLAN

Growth by Acquisition

- Lumber focus
- Portfolio strategy
- Conservative capital structure
- Accretion

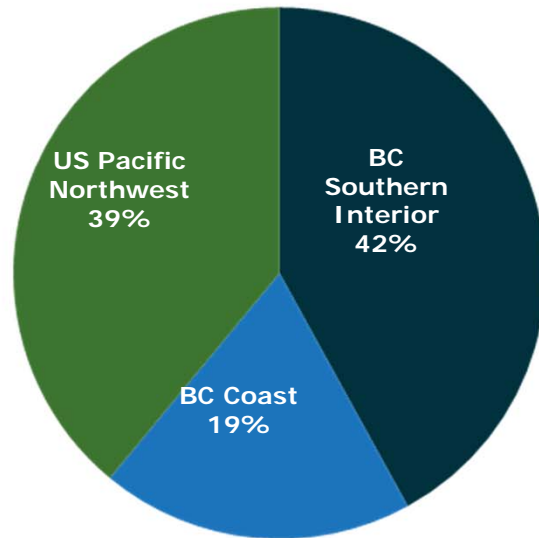
Operational Excellence

- Integration; log to customers
- Fact-based business optimization
- Preferred customer strategy
- Active reinvestment
- Branding/high performance culture

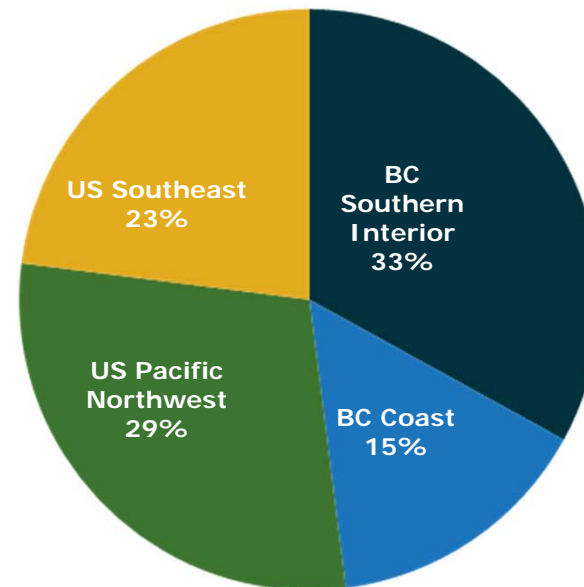
INTERFOR'S GROWING PROFILE

The groundwork for Interfor's strategic direction was established in 2011, with the goal of doubling the size of the company within five years.

2011



2013



Capacity (Bbf):

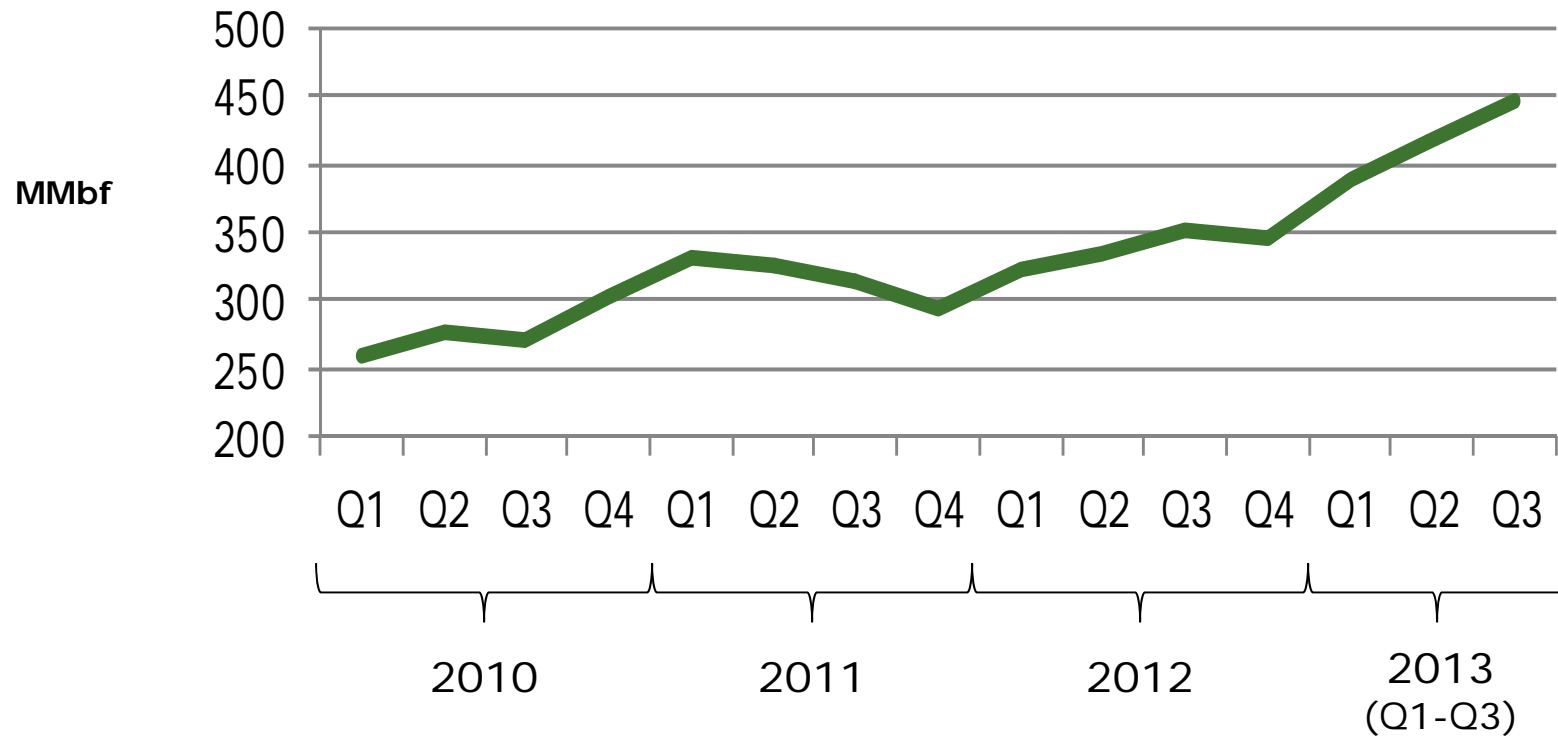
1.6

2.2

RECENT GROWTH

Interfor's lumber production has increased substantially since early 2010.

Quarterly Lumber Production 2010 - 2013



HISTORY OF SUCCESSFULLY COMPLETING ACQUISITIONS

Over the past number of years, Interfor has completed nine acquisitions totaling over \$500 million.

Year	Business Acquired	Assets
2001	Primex	2 sawmills 2 reman facilities
2004	Crown Pacific	3 sawmills
2005	Floragon	1 sawmill
2008	Pope and Talbot	2 sawmills
2008	Portac	1 sawmill
2010	Weyerhaeuser BC interior	275,000 m ³ of tenure
2013	Rayonier sawmills	3 sawmills
2013	Springer Creek	174,000 m ³ of tenure
2013	Keadle	1 sawmill

STATE OF THE ART OPERATIONS

Interfor has invested over \$300 million in various strategic capital projects over the past several years, with additional projects now underway.

Adams Lake, BC



Grand Forks, BC



Port Angeles, Washington



Gilchrist, Oregon



Swainsboro, Georgia

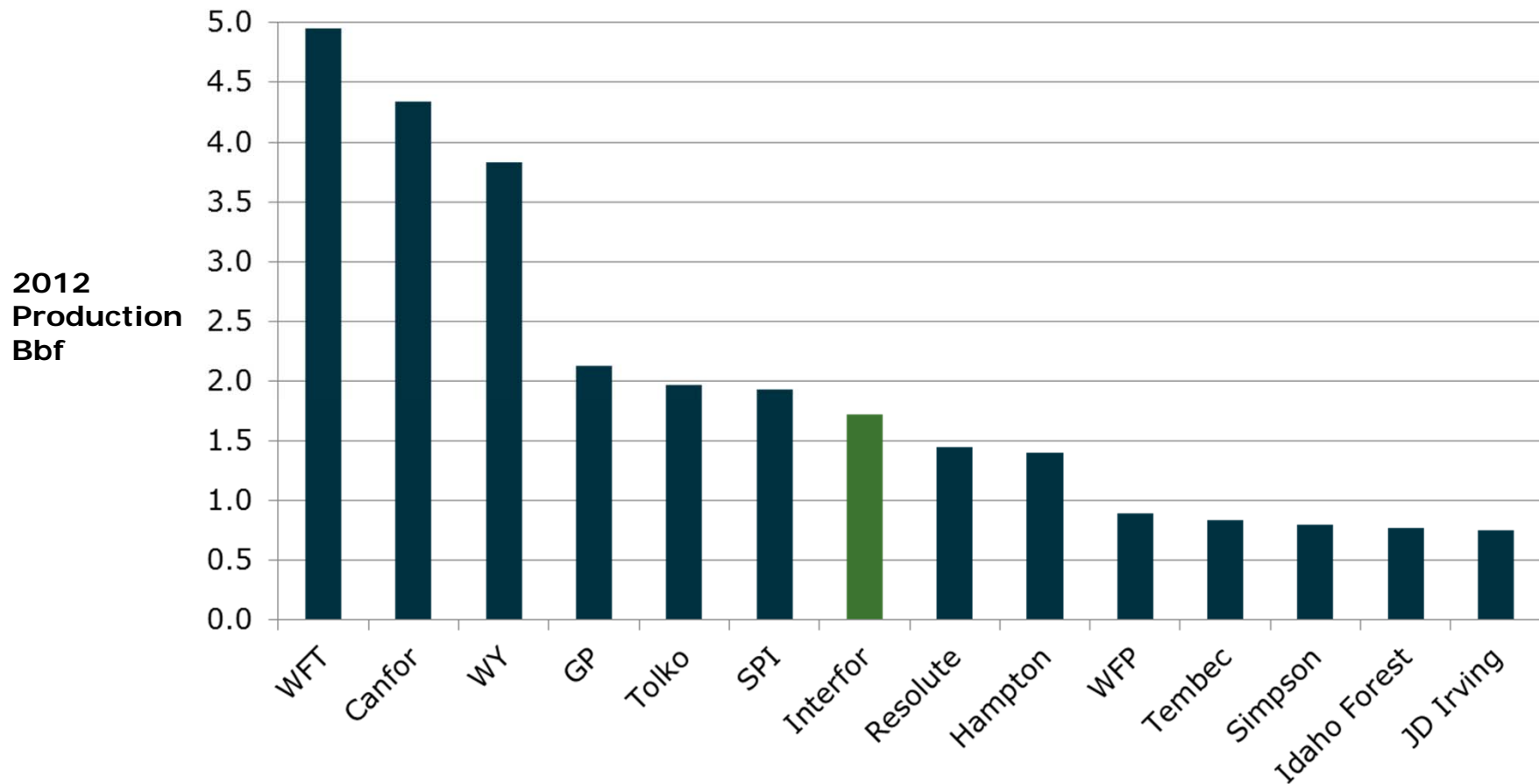


Baxley, Georgia



MOVING UP THE TIERS

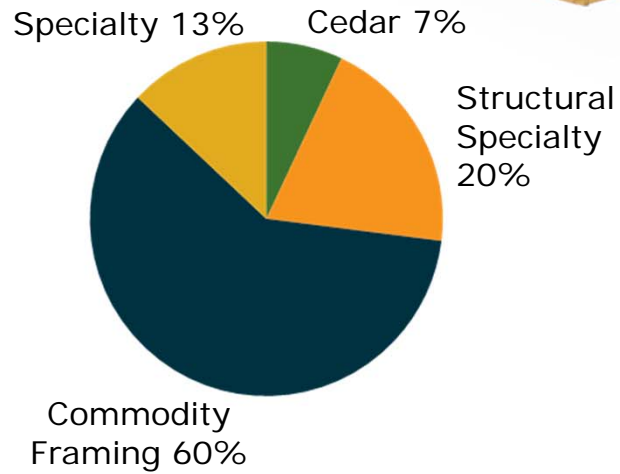
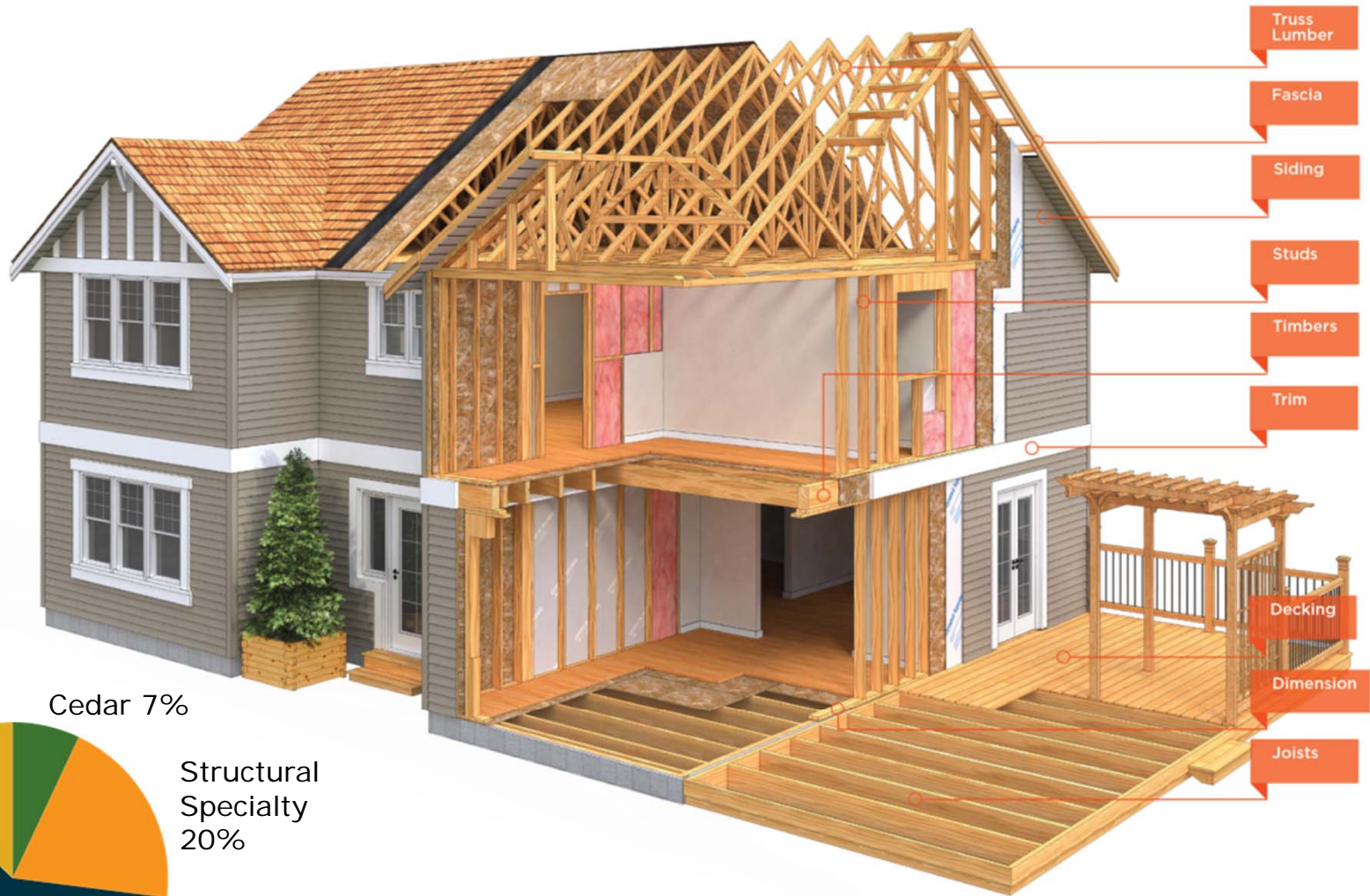
Interfor has moved into the second tier of North American Lumber Producers, with production approaching 2 Bbf.



Source: Wood Markets monthly – March 2013

Note: Interfor includes the total 2012 production of the acquired US Southeast mills; GP includes Temple Inland

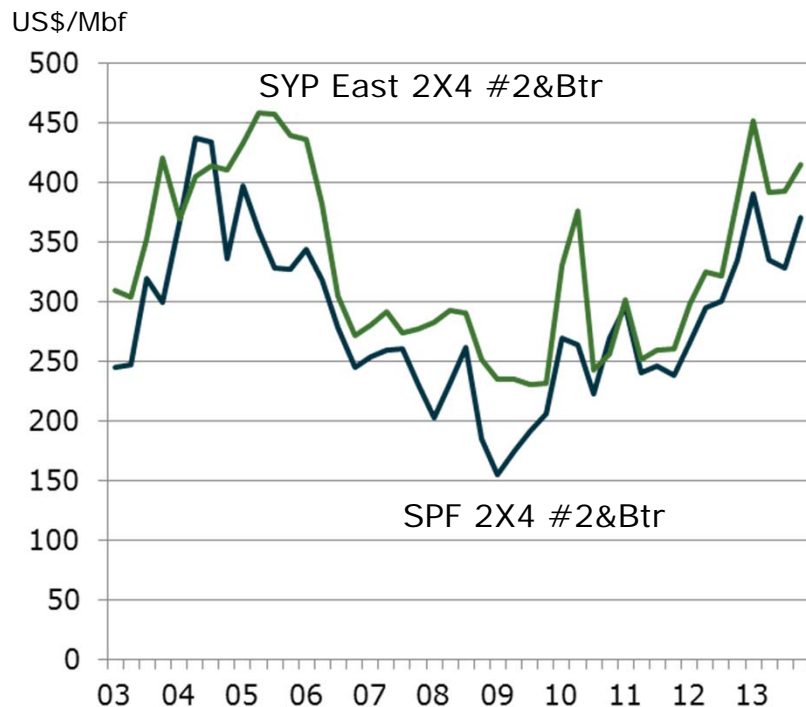
THE BROADEST PRODUCT LINE



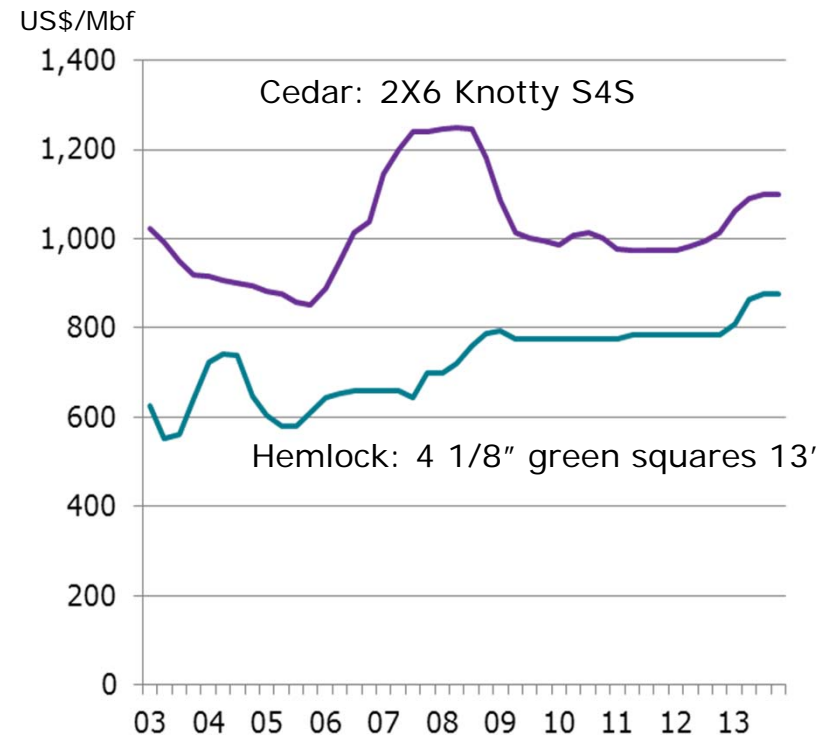
PRODUCT DIVERSIFICATION RATIONALE

Interfor's product diversification strategy is unique in that the volatility of the commodity lumber grades (left chart) is moderated by lower volatility in specialty lumber prices (right chart), and thereby smooths the cycle.

**SPF/SYP Benchmark Prices
Q1'03 – Q4'13**



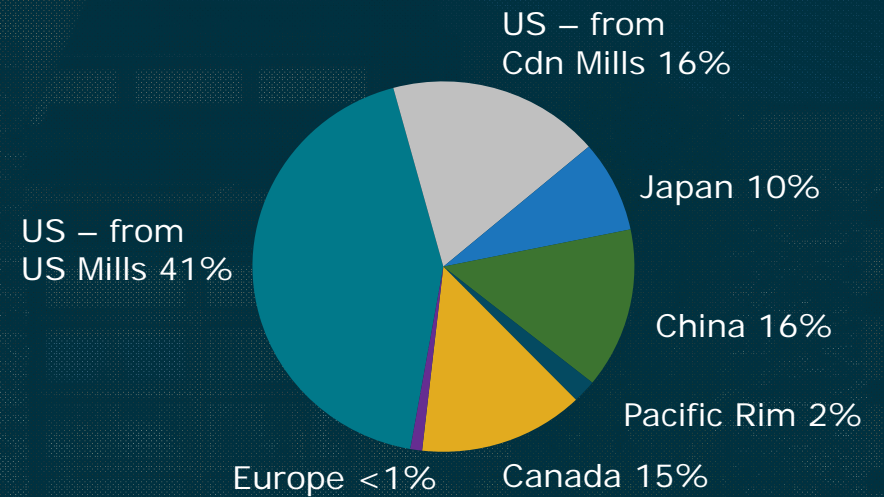
**Cedar/Hemlock Benchmark
Prices Q1'03 – Q4'13**



OUR PRODUCTS ARE SOLD IN OVER 30 COUNTRIES



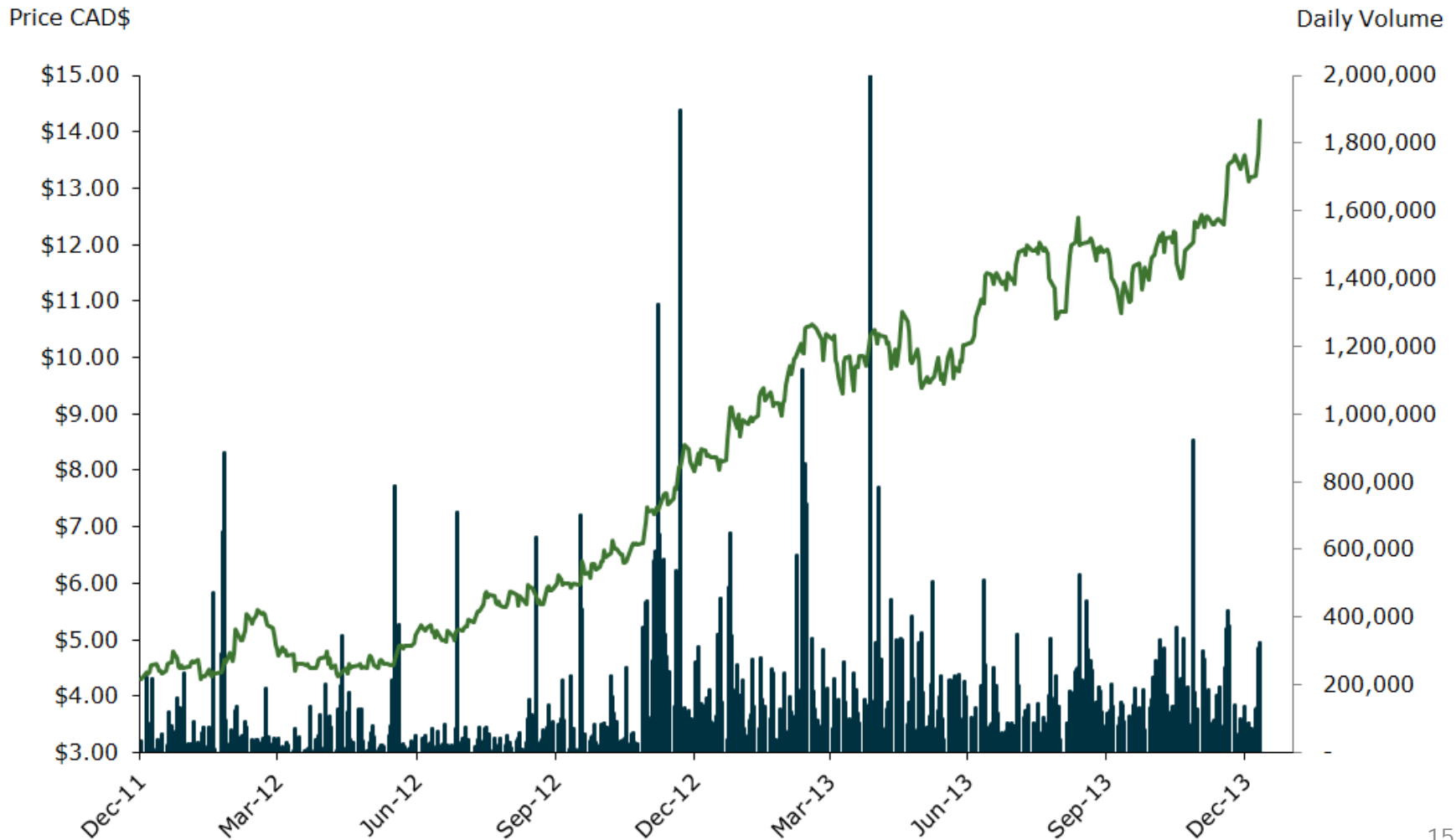
2013 Shipments By End Market



INTERFOR SHARE PRICE PERFORMANCE

Interfor's share price has tripled over the past two years.

- One of the best performing stocks on the Toronto stock exchange.



STRONG SUPPORT FROM THE INVESTMENT COMMUNITY

All of the research analysts that follow Interfor rate it as a Buy:

Firm	Recommendation	Price Target
Raymond James	Strong Buy	\$19.00
RBC	Outperform	\$16.00
BNS	Sector Outperform	\$16.50
TD	Action List Buy	\$17.00
CIBC	Sector Outperform	\$17.50
BMO	Outperform	\$17.50
Salman Partners	Buy	\$17.00
National Bank	Outperform	\$14.50

Recommendations and target prices as of January 9, 2014

STRONG CAPITAL STRUCTURE WITH SIGNIFICANT LIQUIDITY FOR GROWTH

In the 3rd quarter, Interfor completed an \$86 million equity offering that further strengthened the balance sheet.

C\$ millions	Sep '13
	Unaudited
Net debt	\$150
Book Equity	\$499
Invested capital	\$649
Net debt / invested capital	23%

LOW COST DEBT STRUCTURE

The company's consolidated capital structure is very strong:

- Secured debt structure with limited covenants.
- Average interest rate of 3.1%.
- Dry powder of \$182 million.

\$ millions (at Sept 30 '13)	Cdn Bank Lines	US Operating Line	Prudential Senior Secured Notes	Total ¹ .
Maturity	Feb '17	Apr '15	June '23	
Interest rate	2.5%	2.1%	4.3%	
Available credit	C\$265	US\$20	US\$50	C\$337
Drawings & letters of credit				C\$168
Unused credit				C\$169
Cash				C\$13
Unused credit plus cash				C\$182

¹. US\$ figures converted into C\$ at Sep 30, 2013 exchange rate of \$1.0303

SUMMARY INCOME STATEMENT

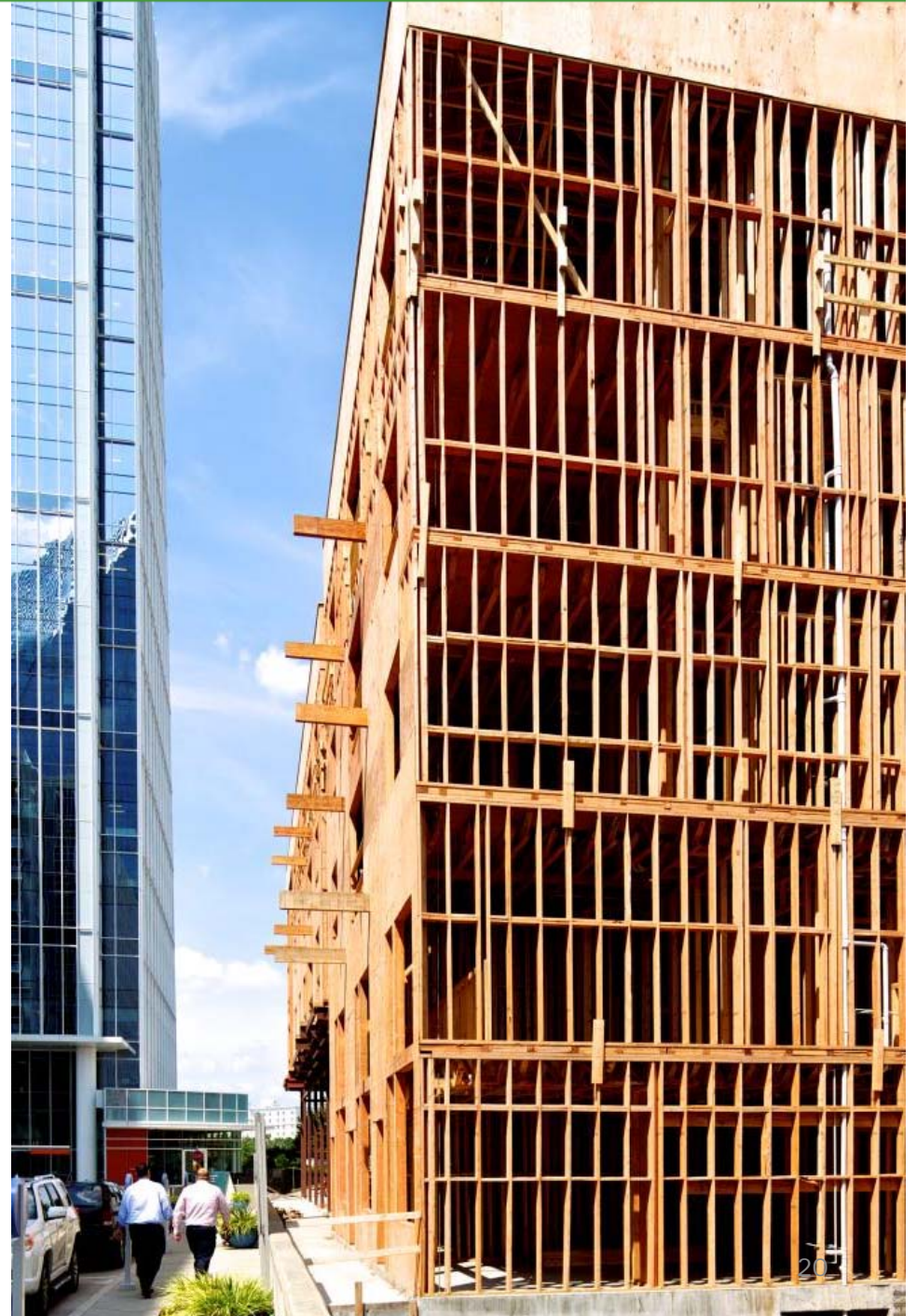
The company's most recent twelve months' results recorded sales of >\$1 billion.

C\$ millions	LTM Sept 30, 2013	Q3 YTD 2013	2012
Sales	\$1,012.3	\$789.9	\$849.2
Adjusted EBITDA ¹ .	117.1	97.8	60.5
Adjusted EBITDA Margin	11.6%	12.4%	7.1%

¹. Excluding other income and Long Term Incentive Compensation expense

KEY TAKEAWAYS

- Interfor has grown significantly over the last several years with additional opportunities being pursued.
- Significant strategic capital investments over past several years.
- Balanced geographic base and product offering.
- Conservative balance sheet with additional financial capacity for future growth.
- Strong track record of performance.



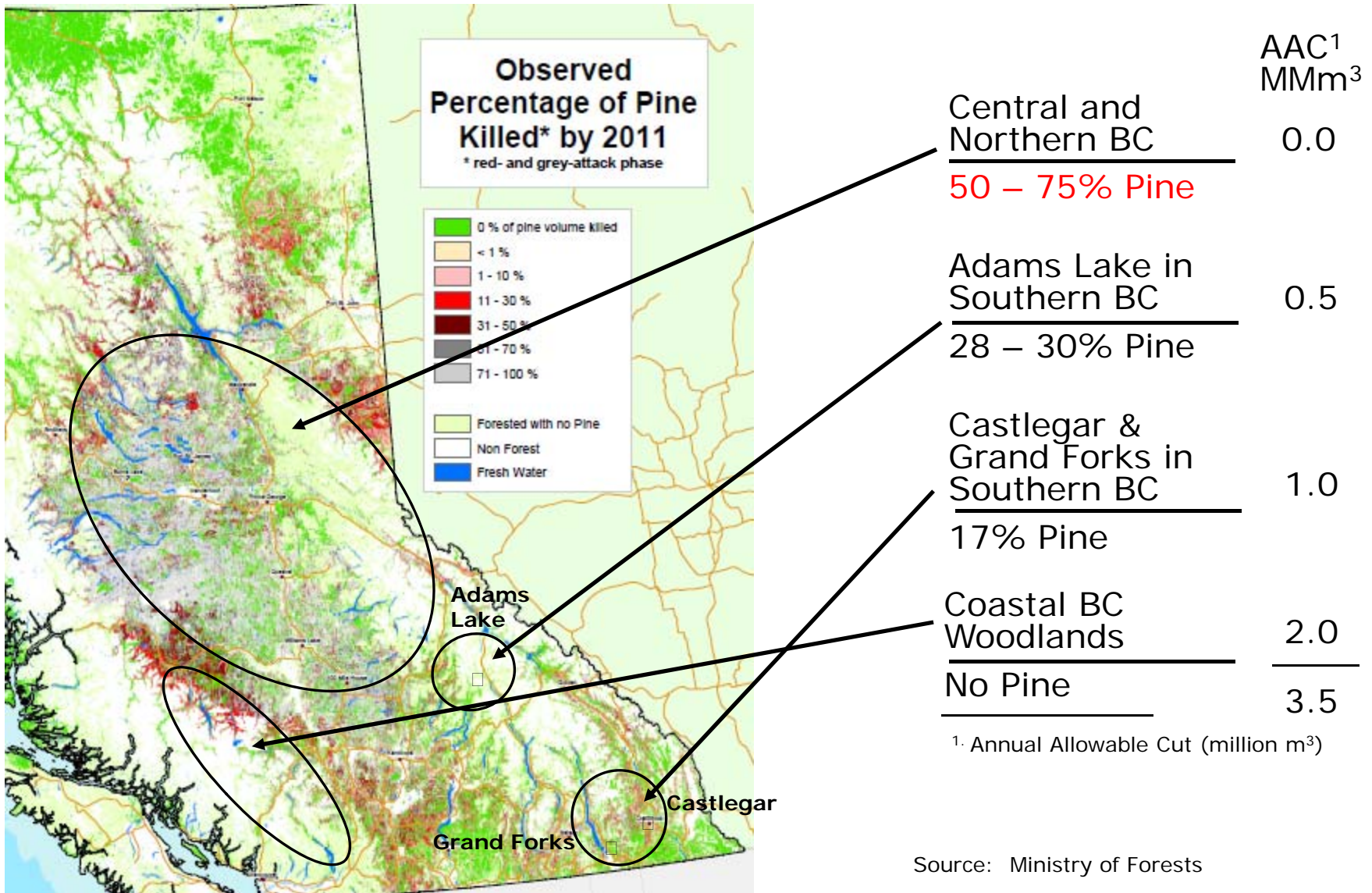
APPENDIX

- Impact of Mountain Pine Beetle in BC
- China: Wood Frame Construction Markets
- NA Lumber Market

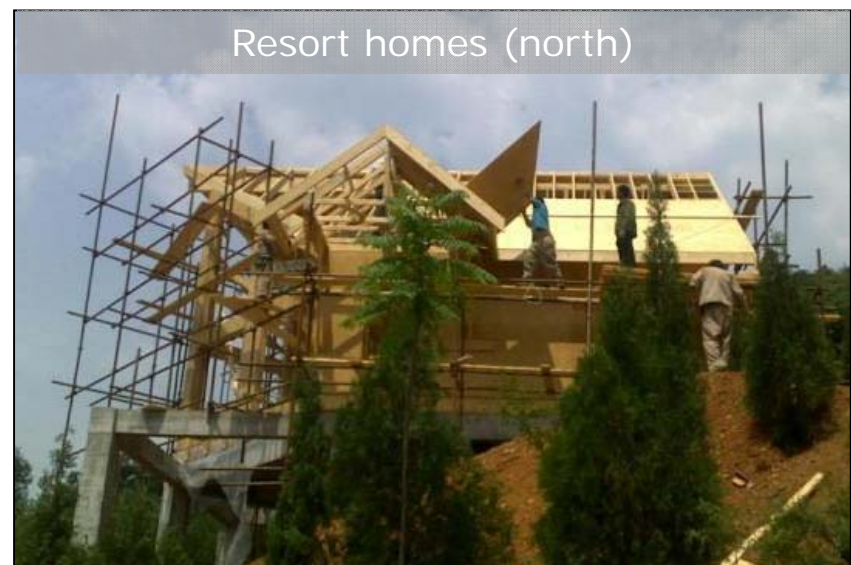


MOUNTAIN PINE BEETLE (MPB) – AREA AFFECTED

Interfor's southern BC Interior wood baskets are less exposed to the MPB than BC's central and northern interior regions; the Coast is not exposed.



CHINA MARKETS – WOOD FRAME CONSTRUCTION



CHINA MARKETS – SECTORS UNDER DEVELOPMENT

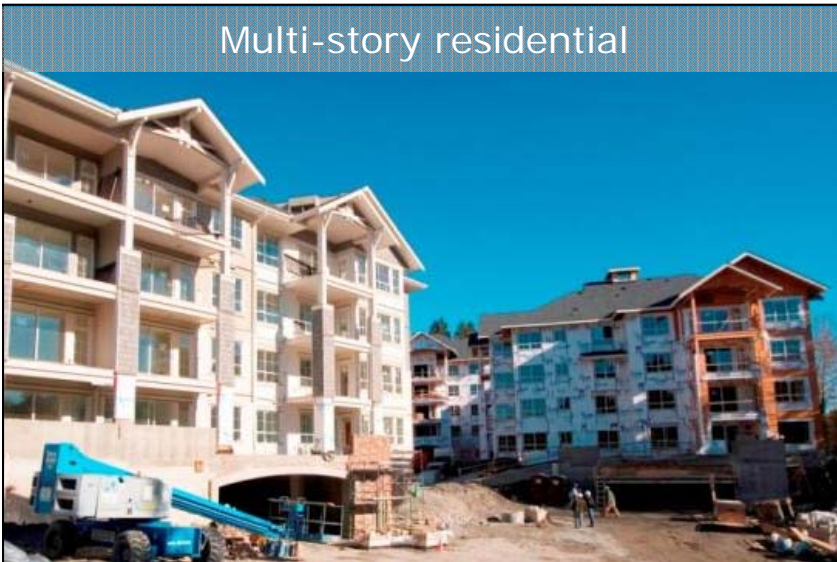
Public buildings



Apartment infill walls / partition walls



Multi-story residential



Mixed-use hybrid



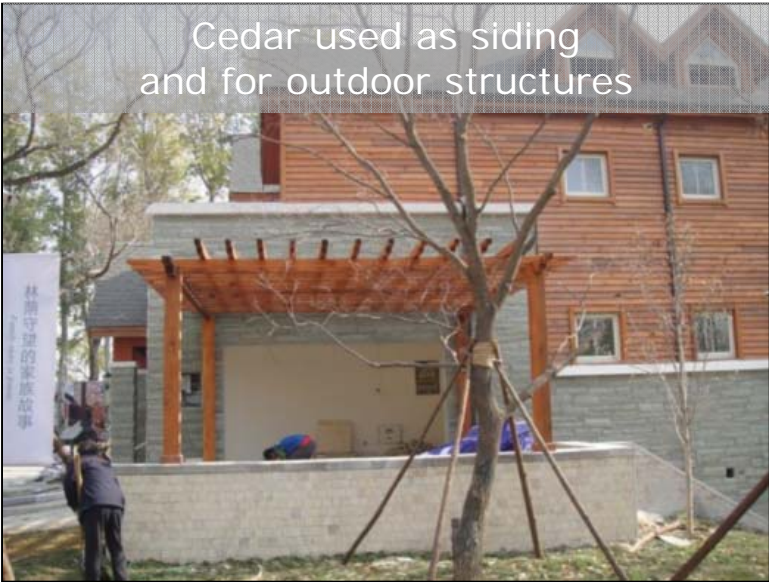
CHINA MARKETS – USE OF BC WOOD



House framed with SPF lumber



SPF used for furniture frames



Cedar used as siding and for outdoor structures



Cedar used as siding and for outdoor structures

NORTH AMERICA LUMBER SUPPLY / DEMAND

Billion Board Feet ¹	2005	2012	2013
Consumption: US	64.1	37.4	39.5
Canada	11.4	8.4	8.6
Net Export	0.2	7.0	8.1
Total Production	75.7	52.8	56.2
Capacity: US	44.4	39.7	40.0
Canada	37.6	31.0	31.4
Total Capacity	82.0	70.7	71.4
Operating Rate	92%	74%	79%
Average SPF Price (US\$/Mbf)	\$353	\$299	\$349

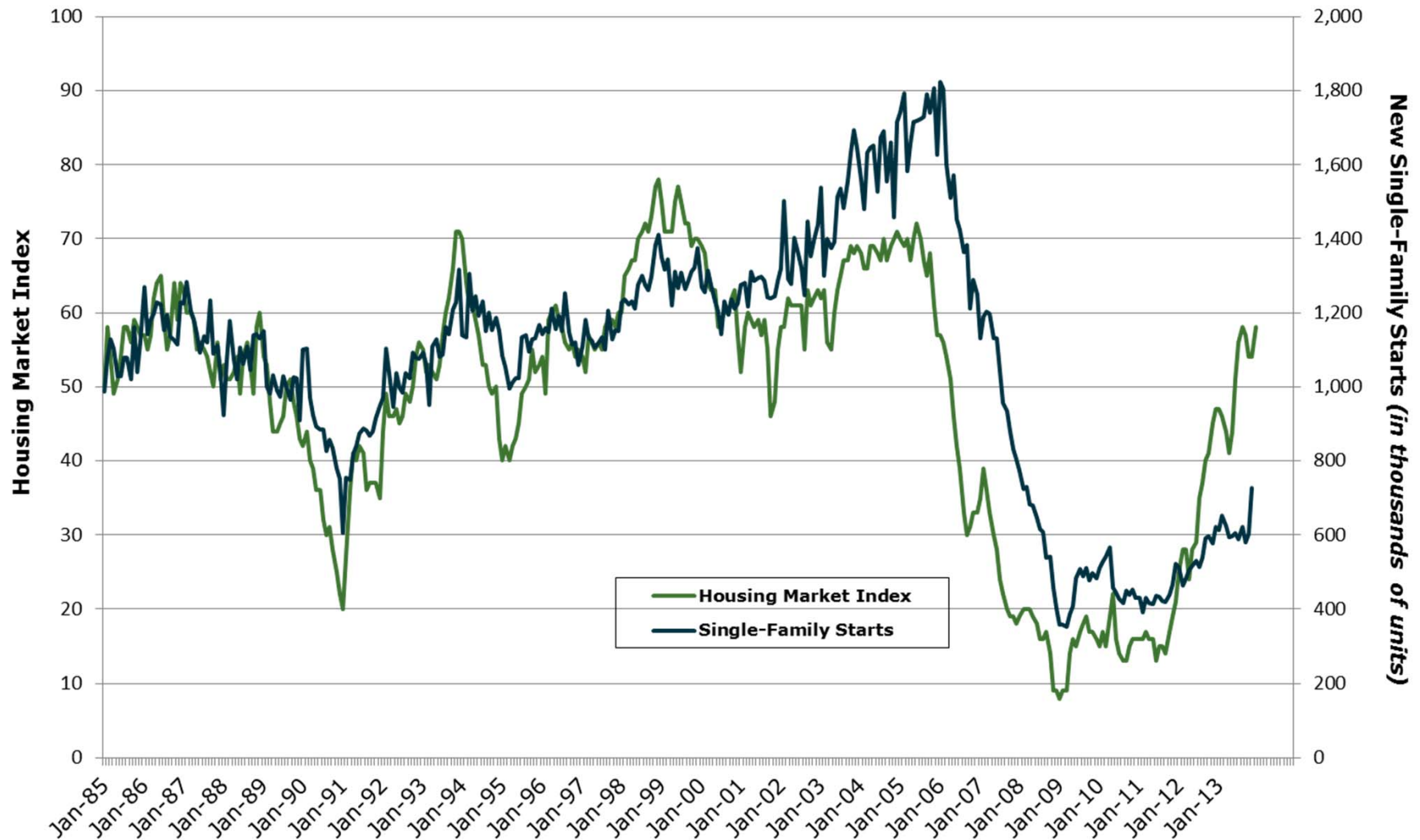
¹ FEA 2010 and Q4 2013 Lumber Report Appendix Tables

US LUMBER CONSUMPTION BY END USE

Billion Board Feet ¹	2005	2012	2013E
New Home Construction	31.8	8.9	11.0
Residential Improvements	17.2	15.3	15.2
Industrial Production	13.9	11.6	11.8
Nonresidential Construction	1.2	1.6	1.5
Total US Lumber Consumption	64.1	37.4	39.5

¹: FEA 2010 and Q4 2013 Lumber Forecast Report appendix tables

US HOMEBUILDER OUTLOOK VS SINGLE FAMILY UNITS



Sources: NAHB / Wells Fargo Housing Market Index to December '13;
US Census Bureau to November '13

THANK YOU

