



## Interfor Corporation

Vancouver, B.C.

November 7, 2019

***Interfor Reports Q3'19 Results***  
***EBITDA<sup>1</sup> of \$17 million on Sales of \$486 million***  
***Net Debt to Invested Capital<sup>1</sup> of 19%; Liquidity of \$381 million***  
***Reconfiguration of B.C. Coastal Business is Underway***

**INTERFOR CORPORATION** ("Interfor" or the "Company") (TSX: IFP) recorded a net loss in Q3'19 of \$35.6 million, or \$0.53 per share, compared to a net loss of \$11.2 million, or \$0.17 per share in Q2'19 and net earnings of \$28.2 million, or \$0.40 per share in Q3'18.

Adjusted net loss in Q3'19 was \$11.8 million compared to an Adjusted net loss of \$16.2 million in Q2'19 and Adjusted net earnings of \$28.3 million in Q3'18.

Adjusted EBITDA was \$16.8 million on sales of \$486.5 million in Q3'19 versus \$12.6 million on sales of \$481.3 million in Q2'19.

Included in the Company's results for Q3'19 are \$23.2 million (after-tax) for capital asset write-downs and restructuring costs, or \$31.8 million on a pre-tax basis. This includes \$14.0 million of non-cash impairments for capital asset write-downs on buildings, equipment and other assets related to the permanent closure of Interfor's Hammond sawmill and \$17.8 million of accruals for the settlement of various human resource matters related to the reconfiguration of the Company's B.C. Coastal business and succession arrangements related to the announced retirement of Interfor's CEO.

Other notable items in the quarter included:

- Mixed Lumber Price Movements
  - Movements in key benchmark prices were mixed quarter-over-quarter with the SYP Composite dropping by US\$18 to US\$355 per mfbm while the Western SPF Composite benchmark rose by US\$15 to US\$338 per mfbm and the KD H-F Stud 2x4 9' benchmark remained relatively flat at US\$337 per mfbm. Interfor's average lumber selling price fell \$20 from Q2'19 to \$583 per mfbm.
- Production Increased; Balanced with Shipments
  - Total lumber production was 685 million board feet, up 38 million board feet from the prior quarter. Production in the U.S. South region increased to 348 million board feet from 320 million board feet in the preceding quarter as the Monticello and Meldrim sawmills ramped up production after completion of the Phase I capital projects at these locations. The B.C. and U.S. Northwest regions accounted for 205 million board feet and 131 million board feet, respectively, compared to 187 million board feet and 140 million board feet in Q2'19. Production in Q2'19 was affected by the curtailments taken in the B.C. Interior in response to weak lumber prices and continuing high log costs.
  - Total lumber shipments were 692 million board feet, including agency and wholesale volumes, or 18 million board feet higher than Q2'19.
  - Lumber inventories at September 30, 2019 were 215 million board feet, up 4 million board feet quarter-over-quarter.

<sup>1</sup> Refer to Adjusted EBITDA and Net debt to invested capital in the Non-GAAP Measures section

- Continued Strong Financial Position
  - Net debt ended the quarter at \$212.7 million, or 19.4% of invested capital, resulting in available liquidity of \$380.9 million.
  - Interfor generated \$2.3 million of cash flow from operations before changes in working capital, or \$0.03 per share. Total cash generated from operations was \$29.7 million, primarily the result of reduced log inventories in B.C.
  - Capital spending was \$35.7 million in Q3'19, including \$25.5 million on high-return discretionary projects, primarily in the U.S. South and the remainder related to maintenance capital and woodlands projects.
- Softwood Lumber Duties
  - Interfor expensed \$12.1 million of duties in the quarter, representing the full amount of countervailing ("CV") and anti-dumping ("AD") duties incurred on its Canadian shipments of softwood lumber into the U.S. at a combined rate of 20.23%.
  - Cumulative duties of US\$85.8 million have been paid by Interfor since the inception of the current trade dispute and are held in trust by the U.S. Except for US\$3.3 million in respect of overpayments arising from duty rate adjustments, Interfor has recorded the duty deposits as an expense.

### **Reconfiguration of B.C. Coastal Business**

On September 3, 2019, Interfor announced a plan to reconfigure its B.C. Coastal business, including the permanent closure of its Hammond sawmill, located in Maple Ridge, B.C., and the reorganization of its forestry and woodlands operations.

This plan is expected to result in the repatriation of working capital tied up at Hammond, the monetization of related real estate and improved results in the years ahead. In addition, the Company's B.C. Coastal forestry and woodlands operations will be reorganized to focus on value realization rather than operational integration with Hammond.

The closure is expected to be completed in the fourth quarter, after the mill's remaining log and lumber inventories are processed and shipped.

### **Strategic Capital Plan Update**

Interfor's previously announced Phase I strategic capital projects at the Meldrim, Georgia and Monticello, Arkansas sawmills were substantially completed at the end of the prior quarter and are now in the ramp-up phase. Total project costs are expected to be US\$70.9 million. As of September 30, 2019, US\$69.9 million has been capitalized.

The Phase II projects at the Thomaston and Eatonton sawmills in Georgia and the Georgetown sawmill in South Carolina, with a budget of US\$240 million, are on track for completion in various stages over the period of 2019 to 2022. As of September 30, 2019, US\$43.9 million has been capitalized and the projects remain on budget.

### **Acquisition of B.C. Interior Cutting Rights from Canfor**

On June 3, 2019, Interfor entered into a purchase agreement with Canadian Forest Products Ltd. to acquire two replaceable timber licences with annual cutting rights of approximately 349,000 cubic metres, an interest in a non-replaceable forest licence and other related forestry assets in the Adams Lake area of the B.C. Interior and assume certain liabilities for total cash compensation of \$60 million.

The transaction remains subject to various consents, including that by the Government of B.C. and is currently targeted to close in the fourth quarter, 2019 as consultation with stakeholders continues.

## Senior Leadership Transition

On August 26, 2019, Interfor announced that long-time President & CEO Duncan Davies will step down on December 31, 2019 and Ian Fillinger, currently the Company's Senior Vice President & COO, has been appointed President & CEO effective January 1, 2020. Mr. Fillinger will also serve on the Company's Board of Directors following this date.

Mr. Davies will also step down from his role as a director of the Company and has agreed to remain with the Company in an advisory capacity through the end of 2020.

## Financial and Operating Highlights<sup>1</sup>

Unit	For the 3 months ended			For the 9 months ended		
	Sept. 30 2019	Sept. 30 2018	Jun. 30 2019	Sept. 30 2019	Sept. 30 2018	
		(restated) <sup>2</sup>			(restated) <sup>2</sup>	
<b>Financial Highlights<sup>3</sup></b>						
Total sales	\$MM	486.5	570.5	481.3	1,419.0	1,718.0
Lumber	\$MM	403.5	480.3	406.9	1,190.9	1,453.2
Logs, residual products and other	\$MM	83.0	90.2	74.4	228.1	264.8
Operating earnings (loss)	\$MM	(44.8)	41.8	(18.2)	(79.8)	174.8
Net earnings (loss)	\$MM	(35.6)	28.2	(11.2)	(62.1)	124.6
Net earnings (loss) per share, basic	\$/share	(0.53)	0.40	(0.17)	(0.92)	1.78
Adjusted net earnings (loss) <sup>4</sup>	\$MM	(11.8)	28.3	(16.2)	(40.7)	133.7
Adjusted net earnings (loss) per share, basic <sup>4</sup>	\$/share	(0.17)	0.40	(0.24)	(0.60)	1.91
Operating cash flow per share (before working capital changes) <sup>4</sup>	\$/share	0.03	1.04	0.15	0.43	3.96
Adjusted EBITDA <sup>4</sup>	\$MM	16.8	72.5	12.6	45.8	282.7
Adjusted EBITDA margin <sup>4</sup>	%	3.5%	12.7%	2.6%	3.2%	16.5%
Total assets	\$MM	1,421.0	1,575.7	1,459.8	1,421.0	1,575.7
Total debt	\$MM	264.9	258.9	261.7	264.9	258.9
Net debt	\$MM	212.7	3.8	198.2	212.7	3.8
Net debt to invested capital <sup>4</sup>	%	19.4%	0.4%	17.9%	19.4%	0.4%
Annualized return on invested capital <sup>4</sup>	%	6.1%	29.1%	4.6%	5.7%	38.6%
<b>Operating Highlights</b>						
Lumber production	million fbm	685	674	647	1,978	2,029
Total lumber sales	million fbm	692	685	674	1,987	2,033
Lumber sales - Interfor produced	million fbm	681	675	664	1,955	1,999
Lumber sales - wholesale and commission	million fbm	11	10	10	32	34
Lumber - average selling price <sup>5</sup>	\$/thousand fbm	583	701	603	599	715
Average USD/CAD exchange rate <sup>6</sup>	1 USD in CAD	1.3204	1.3070	1.3377	1.3292	1.2876
Closing USD/CAD exchange rate <sup>6</sup>	1 USD in CAD	1.3243	1.2945	1.3087	1.3243	1.2945

### Notes:

- Figures in this table may not equal or sum to figures presented elsewhere due to rounding.
- Financial information has been restated for implementation of IFRS 16, *Leases*.
- Financial information presented for interim periods in this release is prepared in accordance with IFRS and is unaudited.
- Refer to the Non-GAAP Measures section of this release for definitions and reconciliations of these measures to figures reported in the Company's consolidated financial statements.
- Gross sales before duties.
- Based on Bank of Canada foreign exchange rates.

## Liquidity

### Balance Sheet

Interfor's net debt at September 30, 2019 was \$212.7 million, or 19.4% of invested capital, for an increase of \$208.9 million from the level at September 30, 2018 and an increase of \$148.8 million from December 31, 2018.

YTD'19 net debt was positively impacted by a stronger Canadian Dollar against the U.S. Dollar as all debt held was denominated in U.S. Dollars; this was partially offset by the Company's U.S. Dollar cash balances.

Thousands of Dollars	For the 3 months ended		For the 9 months ended	
	2019	Sept. 30, 2018	2019	Sept. 30, 2018
<b>Net debt</b>				
Net debt, period opening	\$198,209	\$34,415	\$63,825	\$119,300
Net drawing on credit facilities	-	112	755	111
Impact on U.S. Dollar denominated debt from (strengthening) weakening CAD	3,120	(4,572)	(8,735)	7,889
Decrease (increase) in cash and cash equivalents	11,747	61,248	110,665	(31,254)
Decrease (increase) in marketable securities	-	(91,011)	41,766	(91,011)
Impact on U.S. Dollar denominated cash and cash equivalents and marketable securities from strengthening (weakening) CAD	(402)	3,608	4,398	(1,235)
Net debt, period ending, CAD	\$212,674	\$3,800	\$212,674	\$3,800

On March 28, 2019, the Company completed a modernization of its credit facilities. The new facility replaced the U.S. Operating Line, Canadian Operating Line, and Revolving Term Line with one consolidated facility. The new facility increased credit availability to \$350 million and matures in March 2024.

As at September 30, 2019, the Company had net working capital of \$216.2 million and available liquidity of \$380.9 million, including cash and borrowing capacity on its term line facility.

These resources, in addition to cash generated from operations, will be used to support working capital requirements, debt servicing commitments and capital expenditures. We believe that Interfor will have enough liquidity to fund operating and capital requirements for the foreseeable future.

### **Capital Resources**

The following table summarizes Interfor's credit facilities and availability as of September 30, 2019:

Thousands of Canadian Dollars	Revolving Term Line	Senior Secured Notes	Total
Available line of credit	\$350,000	\$264,860	\$614,860
Maximum borrowing available	\$350,000	\$264,860	\$614,860
Less:			
Drawings	-	264,860	264,860
Outstanding letters of credit included in line utilization	21,246	-	21,246
Unused portion of facility	\$328,754	\$-	328,754
Add:			
Cash and cash equivalents			52,186
Available liquidity at September 30, 2019			\$380,940

As of September 30, 2019, the Company had commitments for capital expenditures totaling \$104.9 million for both maintenance and discretionary capital projects.

### **Non-GAAP Measures**

This release makes reference to the following non-GAAP measures: Adjusted net earnings (loss), Adjusted net earnings (loss) per share, EBITDA, Adjusted EBITDA, Net debt to invested capital and Operating cash flow per share (before working capital changes) which are used by the Company and certain investors to evaluate operating performance and financial position. These non-GAAP measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers.

The following table provides a reconciliation of these non-GAAP measures to figures as reported in the Company's audited consolidated financial statements (unaudited for interim periods) prepared in accordance with IFRS:

Thousands of Canadian Dollars except number of shares and per share amounts	For the 3 months ended			For the 9 months ended	
	Sept. 30 2019	Sept. 30 2018	Jun. 30 2019	Sept. 30 2019	Sept. 30 2018
		(restated) <sup>1</sup>			(restated) <sup>1</sup>
<b>Adjusted Net Earnings (Loss)</b>					
Net earnings (loss)	\$(35,648)	\$28,173	\$(11,159)	\$(62,109)	\$124,570
Add:					
Capital asset write-downs and restructuring costs	31,814	5,848	87	33,566	10,753
Other foreign exchange loss (gain)	(216)	1,847	321	(235)	(144)
Long term incentive compensation expense (recovery)	1,049	(7,503)	(851)	2,181	1,351
Other (income) expense	100	(192)	(6,487)	(6,223)	66
Post closure wind-down costs and losses	-	-	-	-	4
Income tax effect of above adjustments	(8,867)	149	1,866	(7,876)	(2,926)
Adjusted net earnings (loss)	\$(11,768)	\$28,322	\$(16,223)	\$(40,696)	\$133,674
Weighted average number of shares - basic ('000)	67,253	69,908	67,252	67,284	69,993
Adjusted net earnings (loss) per share	\$(0.17)	\$0.40	\$(0.24)	\$(0.60)	\$1.91
<b>Adjusted EBITDA</b>					
Net earnings (loss)	\$(35,648)	\$28,173	\$(11,159)	\$(62,109)	\$124,570
Add:					
Depreciation of plant and equipment	20,595	20,022	19,410	59,727	60,824
Depletion and amortization of timber, roads and other	8,142	12,301	12,201	30,080	34,919
Capital asset write-downs and restructuring costs	31,814	5,848	87	33,566	10,753
Finance costs	3,784	2,980	3,324	11,284	9,694
Other foreign exchange loss (gain)	(216)	1,847	321	(235)	(144)
Income tax expense (recovery)	(12,804)	9,028	(4,196)	(22,508)	40,645
EBITDA	15,667	80,199	19,988	49,805	281,261
Add:					
Long term incentive compensation expense (recovery)	1,049	(7,503)	(851)	2,181	1,351
Other (income) expense	100	(192)	(6,487)	(6,223)	66
Post closure wind-down costs and losses	-	-	-	-	4
Adjusted EBITDA	\$16,816	\$72,504	\$12,650	\$45,763	\$282,682
Sales	\$486,494	\$570,486	\$481,345	\$1,419,002	\$1,718,023
<b>Adjusted EBITDA margin</b>	3.5%	12.7%	2.6%	3.2%	16.5%
<b>Net debt to invested capital</b>					
Net debt					
Total debt	\$264,860	\$258,900	\$261,740	\$264,860	\$258,900
Cash and cash equivalents	(52,186)	(165,553)	(63,531)	(52,186)	(165,553)
Marketable Securities	-	(89,547)	-	-	(89,547)
Total net debt	\$212,674	\$3,800	\$198,209	\$212,674	\$3,800
Invested capital					
Net debt	\$212,674	\$3,800	\$198,209	\$212,674	\$3,800
Shareholders' equity	880,854	980,389	911,409	880,854	980,389
Total invested capital	\$1,093,528	\$984,189	\$1,109,618	\$1,093,528	\$984,189
Net debt to invested capital <sup>2</sup>	19.4%	0.4%	17.9%	19.4%	0.4%
<b>Operating cash flow per share (before working capital changes)</b>					
Cash provided by operating activities	\$29,658	\$86,719	\$32,302	\$3,610	\$244,516
Cash used in (generated from) operating working capital	(27,336)	(13,926)	(22,443)	25,656	32,710
Operating cash flow (before working capital changes)	\$2,322	\$72,793	\$9,859	\$29,266	\$277,226
Weighted average number of shares - basic ('000)	67,253	69,908	67,252	67,284	69,993
Operating cash flow per share (before working capital changes)	\$0.03	\$1.04	\$0.15	\$0.43	\$3.96
<b>Annualized return on invested capital</b>					
Adjusted EBITDA	\$16,816	\$72,504	\$12,650	\$45,763	\$282,682
Invested capital, beginning of period	\$1,109,618	\$1,006,696	\$1,106,255	\$1,032,591	\$968,852
Invested capital, end of period	1,093,528	984,189	1,109,618	1,093,528	984,189
Average invested capital	\$1,101,573	\$995,443	\$1,107,937	\$1,063,060	\$976,521
Adjusted EBITDA divided by average invested capital	1.5%	7.3%	1.1%	4.3%	28.9%
Annualization factor	4.0	4.0	4.0	1.3	1.3
Annualized return on invested capital	6.1%	29.1%	4.6%	5.7%	38.6%

Notes:

- Financial information has been restated for implementation of IFRS 16, *Leases*.
- Net debt to invested capital as of the period end.



**CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)**  
**For the three and nine months ended September 30, 2019 and 2018 (unaudited)**

(thousands of Canadian Dollars except earnings per share)	Three Months Sept. 30, 2019	Three Months Sept. 30, 2018 (restated) <sup>1</sup>	Nine Months Sept. 30, 2019	Nine Months Sept. 30, 2018 (restated) <sup>1</sup>
<b>Sales</b>	\$486,494	\$570,486	\$1,419,002	\$1,718,023
<b>Costs and expenses:</b>				
Production	448,214	469,482	1,309,440	1,351,554
Selling and administration	9,383	12,580	29,756	40,115
Long term incentive compensation expense (recovery)	1,049	(7,503)	2,181	1,351
U.S. countervailing and anti-dumping duty deposits	12,081	15,920	34,043	43,676
Depreciation of plant and equipment	20,595	20,022	59,727	60,824
Depletion and amortization of timber, roads and other	8,142	12,301	30,080	34,919
	499,464	522,802	1,465,227	1,532,439
<b>Operating earnings (loss) before restructuring costs</b>	<b>(12,970)</b>	<b>47,684</b>	<b>(46,225)</b>	<b>185,584</b>
Capital asset write-downs and restructuring costs	31,814	5,848	33,566	10,753
<b>Operating earnings (loss)</b>	<b>(44,784)</b>	<b>41,836</b>	<b>(79,791)</b>	<b>174,831</b>
Finance costs	(3,784)	(2,980)	(11,284)	(9,694)
Other foreign exchange gain (loss)	216	(1,847)	235	144
Other income (expense)	(100)	192	6,223	(66)
	(3,668)	(4,635)	(4,826)	(9,616)
<b>Earnings (loss) before income taxes</b>	<b>(48,452)</b>	<b>37,201</b>	<b>(84,617)</b>	<b>165,215</b>
Income tax expense (recovery):				
Current	416	663	809	3,000
Deferred	(13,220)	8,365	(23,317)	37,645
	(12,804)	9,028	(22,508)	40,645
<b>Net earnings (loss)</b>	<b>\$(35,648)</b>	<b>\$28,173</b>	<b>\$(62,109)</b>	<b>\$124,570</b>
<b>Net earnings (loss) per share, basic and diluted</b>	<b>\$(0.53)</b>	<b>\$0.40</b>	<b>\$(0.92)</b>	<b>\$1.78</b>

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
**For the three and nine months ended September 30, 2019 and 2018 (unaudited)**

(thousands of Canadian Dollars)	Three Months Sept. 30, 2019	Three Months Sept. 30, 2018 (restated) <sup>1</sup>	Nine Months Sept. 30, 2019	Nine Months Sept. 30, 2018 (restated) <sup>1</sup>
<b>Net earnings (loss)</b>	<b>\$(35,648)</b>	<b>\$28,173</b>	<b>\$(62,109)</b>	<b>\$124,570</b>
<b>Other comprehensive income (loss):</b>				
<b>Items that will not be recycled to Net earnings (loss):</b>				
Defined benefit plan actuarial gain (loss), net of tax	(1,151)	957	(1,018)	2,846
<b>Items that are or may be recycled to Net earnings (loss):</b>				
Foreign currency translation differences for foreign operations, net of tax	6,020	(9,284)	(17,581)	14,670
<b>Total other comprehensive income (loss), net of tax</b>	<b>4,869</b>	<b>(8,327)</b>	<b>(18,599)</b>	<b>17,516</b>
<b>Comprehensive income (loss)</b>	<b>\$(30,779)</b>	<b>\$19,846</b>	<b>\$(80,708)</b>	<b>\$142,086</b>

Notes:

1 Financial information has been restated for implementation of IFRS 16, *Leases*.



**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the three and nine months ended September 30, 2019 and 2018 (unaudited)**

(thousands of Canadian Dollars)

	Three Months Sept. 30, 2019	Three Months Sept. 30, 2018 (restated) <sup>1</sup>	Nine Months Sept. 30, 2019	Nine Months Sept. 30, 2018 (restated) <sup>1</sup>
<b>Cash provided by (used in):</b>				
<b>Operating activities:</b>				
<b>Net earnings (loss)</b>	\$(35,648)	\$28,173	\$(62,109)	\$124,570
<b>Items not involving cash:</b>				
Depreciation of plant and equipment	20,595	20,022	59,727	60,824
Depletion and amortization of timber, roads and other	8,142	12,301	30,080	34,919
Income tax expense (recovery)	(12,804)	9,028	(22,508)	40,645
Finance costs	3,784	2,980	11,284	9,694
Other assets	202	241	523	(176)
Reforestation liability	(1,834)	(2,111)	(2,577)	(684)
Provisions and other liabilities	6,210	(3,672)	5,206	(3,992)
Stock options	224	212	541	558
Write-down of plant, equipment and intangibles	14,583	5,823	16,394	10,687
Unrealized foreign exchange loss (gain)	(150)	(12)	10	115
Other expense (income)	(982)	(192)	(7,305)	66
	<b>2,322</b>	<b>72,793</b>	<b>29,266</b>	<b>277,226</b>
<b>Cash generated from (used in) operating working capital:</b>				
Trade accounts receivable and other	(4,741)	20,766	(25,189)	(3,204)
Inventories	37,647	951	28,082	(30,975)
Prepayments	(1,340)	(602)	(7,082)	(3,260)
Trade accounts payable and provisions	(3,933)	(5,235)	(20,595)	8,005
Income taxes paid	(297)	(1,954)	(872)	(3,276)
	<b>29,658</b>	<b>86,719</b>	<b>3,610</b>	<b>244,516</b>
<b>Investing activities:</b>				
Additions to property, plant and equipment	(31,951)	(28,968)	(126,781)	(56,133)
Additions to roads and bridges	(3,767)	(9,473)	(17,272)	(23,641)
Additions to timber licences and other intangible assets	(5)	(40)	(77)	(90)
Proceeds on disposal of property, plant and equipment and other	309	324	8,449	509
Net proceeds from (additions to) marketable securities, deposits and other assets	370	(93,354)	47,130	(106,933)
	<b>(35,044)</b>	<b>(131,511)</b>	<b>(88,551)</b>	<b>(186,288)</b>
<b>Financing activities:</b>				
Issuance of share capital, net of expenses	-	-	80	143
Share repurchases	-	(11,950)	(7,825)	(11,950)
Interest payments	(3,431)	(2,048)	(8,848)	(7,880)
Lease liability payments	(2,927)	(2,503)	(8,692)	(7,328)
Debt refinancing costs	(3)	(67)	(1,194)	(70)
Change in operating line components of long term debt	-	-	5	(1)
Additions to long term debt	-	155,909	197,925	155,909
Repayments of long term debt	-	(155,797)	(197,175)	(155,797)
	<b>(6,361)</b>	<b>(16,456)</b>	<b>(25,724)</b>	<b>(26,974)</b>
<b>Foreign exchange gain (loss) on cash and cash equivalents held in a foreign currency</b>	<b>402</b>	<b>(2,144)</b>	<b>(3,301)</b>	<b>2,699</b>
<b>Increase (decrease) in cash</b>	<b>(11,345)</b>	<b>(63,392)</b>	<b>(113,966)</b>	<b>33,953</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>63,531</b>	<b>228,945</b>	<b>166,152</b>	<b>131,600</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$52,186</b>	<b>\$165,553</b>	<b>\$52,186</b>	<b>\$165,553</b>

Notes:

1 Financial information has been restated for implementation of IFRS 16, *Leases*.



**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**September 30, 2019, December 31, 2018 and January 1, 2018 (unaudited)**

(thousands of Canadian Dollars)

	Sept. 30, 2019	Dec. 31, 2018 (restated) <sup>1</sup>	Jan. 1, 2018 (restated) <sup>1</sup>
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$52,186	\$166,152	\$131,600
Marketable securities	-	42,863	-
Trade accounts receivable and other	113,685	90,384	112,470
Income taxes receivable	2,869	3,008	1,289
Inventories	177,216	209,178	165,156
Prepayments	23,349	16,833	12,186
	<b>369,305</b>	<b>528,418</b>	<b>422,701</b>
<b>Employee future benefits</b>	<b>110</b>	<b>303</b>	<b>502</b>
<b>Deposits and other assets</b>	<b>10,617</b>	<b>16,842</b>	<b>6,404</b>
<b>Right of use assets</b>	<b>31,996</b>	<b>37,778</b>	<b>38,600</b>
<b>Property, plant and equipment</b>	<b>755,130</b>	<b>723,773</b>	<b>669,165</b>
<b>Roads and bridges</b>	<b>29,629</b>	<b>29,829</b>	<b>24,092</b>
<b>Timber licences</b>	<b>61,234</b>	<b>64,153</b>	<b>66,589</b>
<b>Other intangible assets</b>	<b>3,803</b>	<b>5,288</b>	<b>14,170</b>
<b>Goodwill</b>	<b>154,537</b>	<b>158,799</b>	<b>147,081</b>
<b>Deferred income taxes</b>	<b>4,635</b>	<b>133</b>	<b>253</b>
	<b>\$1,420,996</b>	<b>\$1,565,316</b>	<b>\$1,389,557</b>
<b>Liabilities and Shareholders' Equity</b>			
<b>Current liabilities:</b>			
Trade accounts payable and provisions	\$128,400	\$154,869	\$152,355
Reforestation liability	14,430	13,947	12,873
Lease liabilities	10,026	10,158	8,019
Income taxes payable	238	356	224
	<b>153,094</b>	<b>179,330</b>	<b>173,471</b>
<b>Reforestation liability</b>	<b>26,021</b>	<b>28,235</b>	<b>27,535</b>
<b>Lease liabilities</b>	<b>27,063</b>	<b>33,954</b>	<b>36,165</b>
<b>Long term debt</b>	<b>264,860</b>	<b>272,840</b>	<b>250,900</b>
<b>Employee future benefits</b>	<b>13,133</b>	<b>8,687</b>	<b>8,249</b>
<b>Provisions and other liabilities</b>	<b>19,644</b>	<b>16,421</b>	<b>25,808</b>
<b>Deferred income taxes</b>	<b>36,327</b>	<b>57,083</b>	<b>17,877</b>
<b>Equity:</b>			
Share capital	533,563	537,534	555,388
Contributed surplus	4,357	3,851	8,582
Translation reserve	66,812	84,393	40,733
Retained earnings	276,122	342,988	244,849
	<b>880,854</b>	<b>968,766</b>	<b>849,552</b>
	<b>\$1,420,996</b>	<b>\$1,565,316</b>	<b>\$1,389,557</b>

Notes:

1 Financial information has been restated for implementation of IFRS 16, *Leases*.

Approved on behalf of the Board:

"L. Sauder"  
Director

"Thomas V. Milroy"  
Director

## **FORWARD-LOOKING STATEMENTS**

This release 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. Generally, statements containing forward-looking information can be identified by the use of words such as: believe, expect, intend, forecast, plan, target, budget, outlook, opportunity, risk, strategy or variations or comparable language, or statements that certain actions, events or results may, could, would, should, might, or will occur or not occur. Readers are cautioned that actual results may vary from the forward-looking information in this release, 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 release are described in Interfor's annual Management's Discussion & Analysis under the heading "Risks and Uncertainties", which is available on [www.interfor.com](http://www.interfor.com) and under Interfor's profile on [www.sedar.com](http://www.sedar.com). Material factors and assumptions used to develop the forward-looking information in this release include assumptions regarding 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; the effects of 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; environmental impacts of the Company's operations; labour disruptions; and the efficacy of information systems security. Unless otherwise indicated, the forward-looking information in this release is based on the Company's expectations at the date of this release. Interfor undertakes no obligation to update such forward-looking information, except as required by law.

## **ABOUT INTERFOR**

Interfor is a growth-oriented lumber company with operations in Canada and the United States. The Company has annual production capacity of approximately 3.1 billion board feet and offers one of the most diverse lines of lumber products to customers around the world. For more information about Interfor, visit our website at [www.interfor.com](http://www.interfor.com).

The Company's unaudited consolidated financial statements and Management's Discussion and Analysis for Q3'19 are available at [www.sedar.com](http://www.sedar.com) and [www.interfor.com](http://www.interfor.com).

There will be a conference call on Friday, November 8, 2019 at 8:00 a.m. (Pacific Time) hosted by **INTERFOR CORPORATION** for the purpose of reviewing the Company's release of its third quarter 2019 financial results.

The dial-in number is **1-833-297-9919**. The conference call will also be recorded for those unable to join in for the live discussion and will be available until December 9, 2019. The number to call is **1-855-859-2056, Passcode 3995419**.

For further information:

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(604) 689-6873