

COMPANY UPDATE

MARCH 2019

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.

SUMMARY

STRONG 2018 RESULTS:

- Production of 2,635 MMbf
- Adj. EBITDA of \$280 MM
- Strong free cash flow
- Leverage reduced to 6% ND/IC as of 12/31/2018
- NCIB in place; initiated activity in Q3'18 onwards

MULTI-YEAR STRATEGIC CAPITAL PLAN UNDERWAY:

• **Discretionary internal projects:**

PHASE I: Two US South projects totaling US\$65 MM

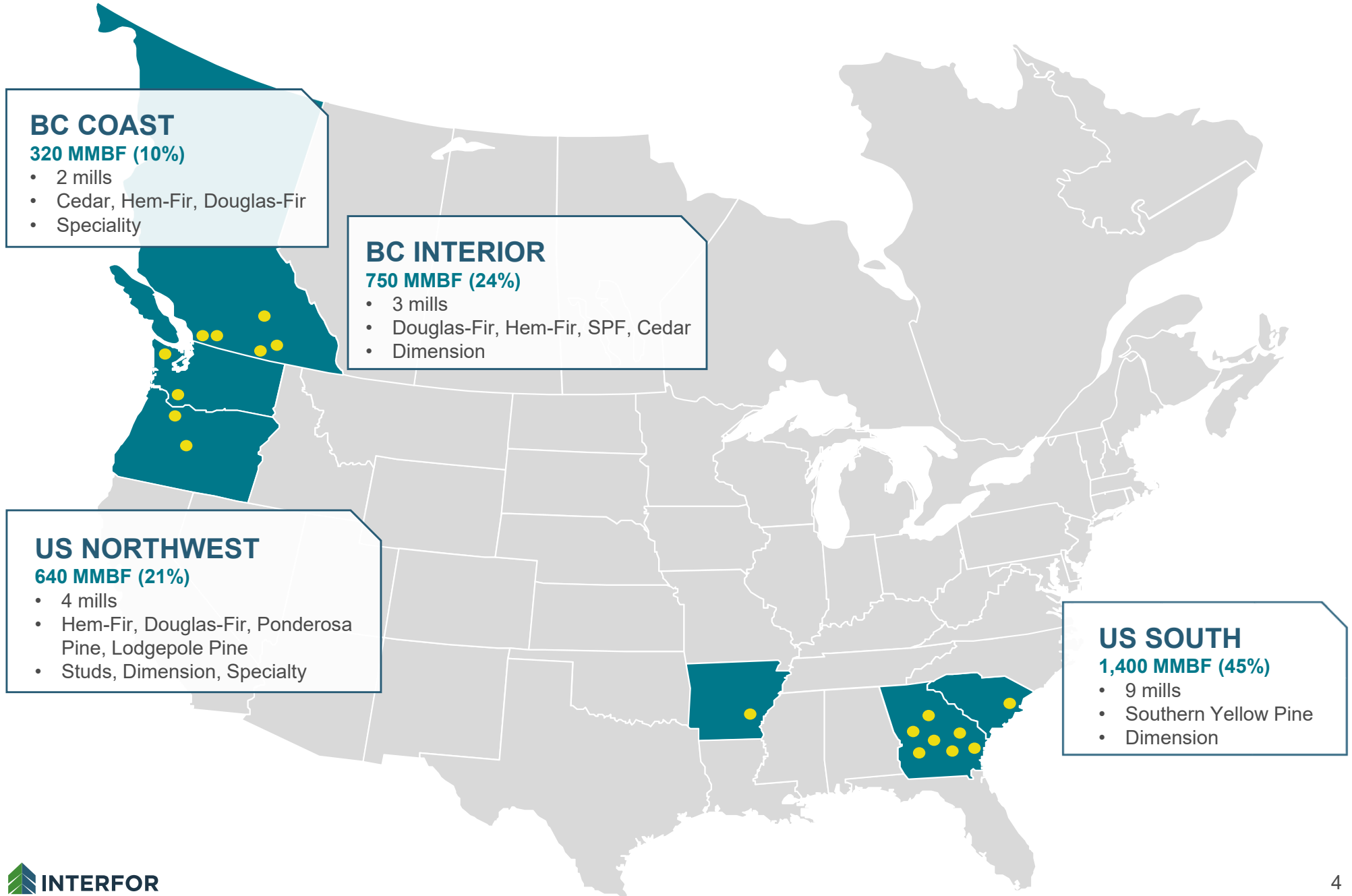
- Increase production by 150 MMbf/year
- Reduce conversion costs and increase grade outturns/product mix and lumber recovery
- Completion in 2019

PHASE II: Three US South projects totaling US\$240 MM

- Increase production by 275 MMbf/year
- Reduce conversion costs and increase grade outturns/product mix and lumber recovery
- Completion between 2019-2021

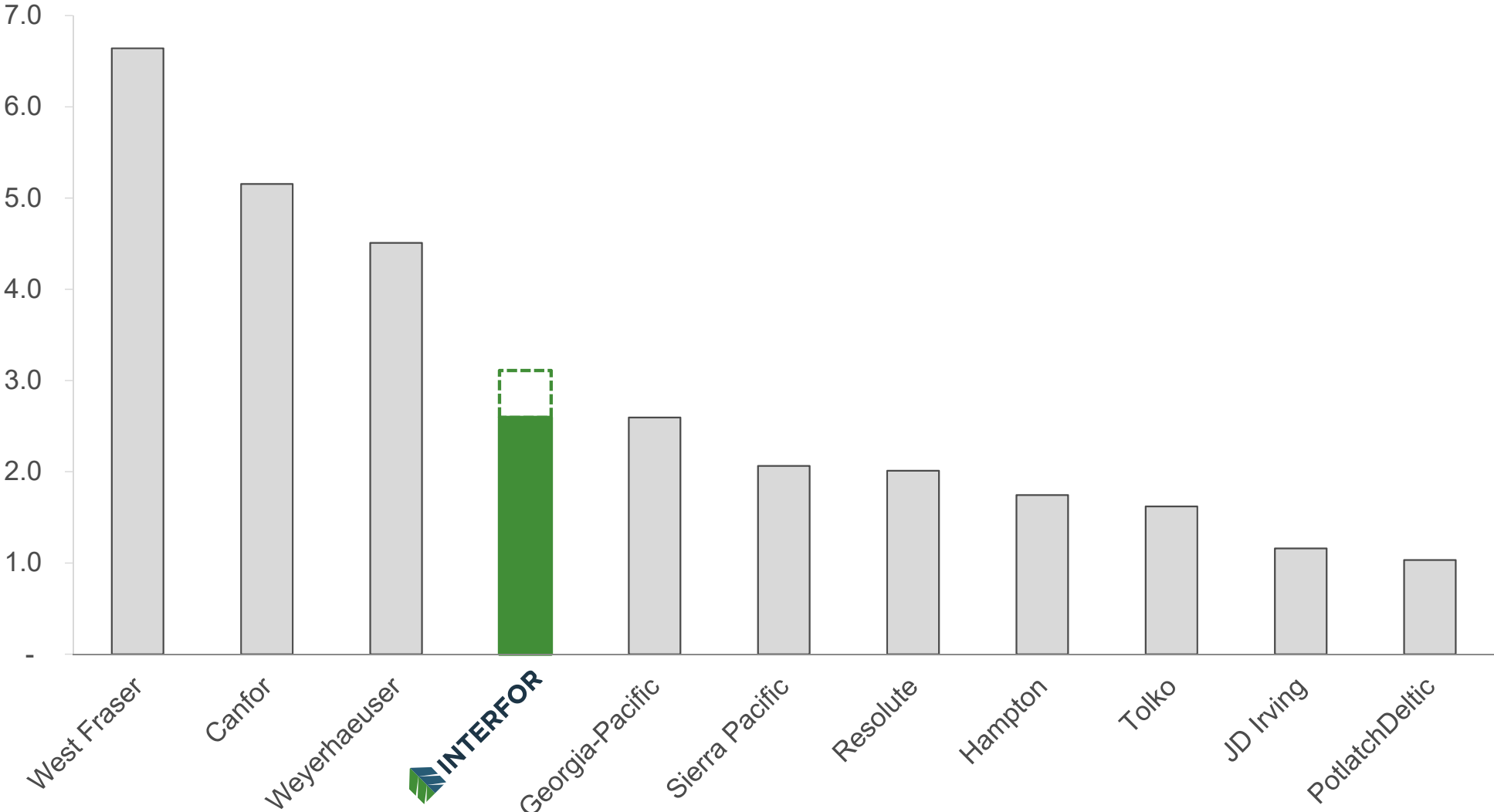
• **Additional potential opportunities**

INTERFOR'S FOUR REGIONS



4TH LARGEST LUMBER PRODUCER

NORTH AMERICAN LUMBER PRODUCTION BY COMPANY - 2017

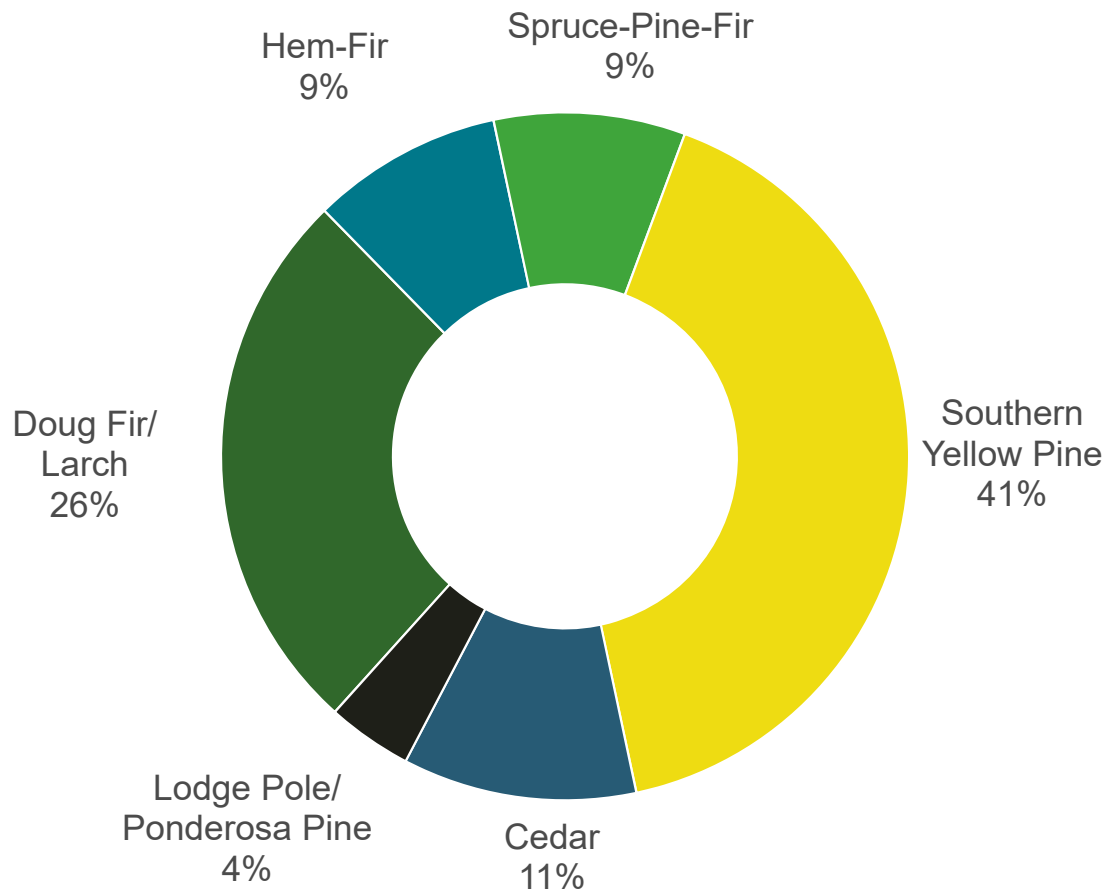


 - Capacity

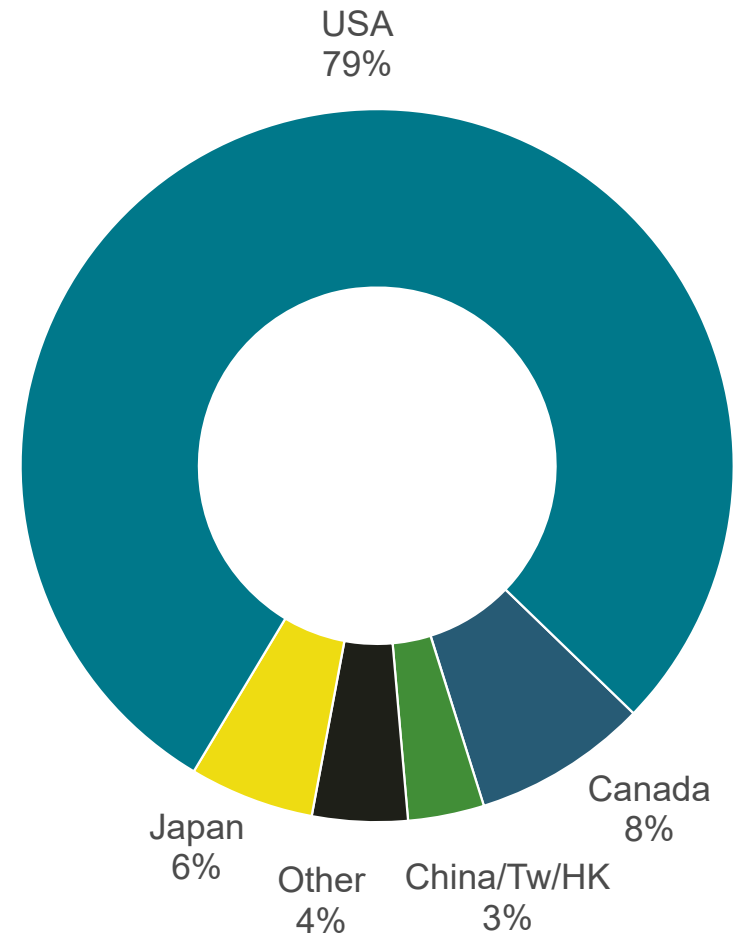
Source: Wood Markets Monthly March 2018

INTERFOR'S PRODUCTS & MARKETS

LUMBER SALES BY SPECIES (1)



LUMBER SALES BY MARKET (1)





LUMBER MARKETS

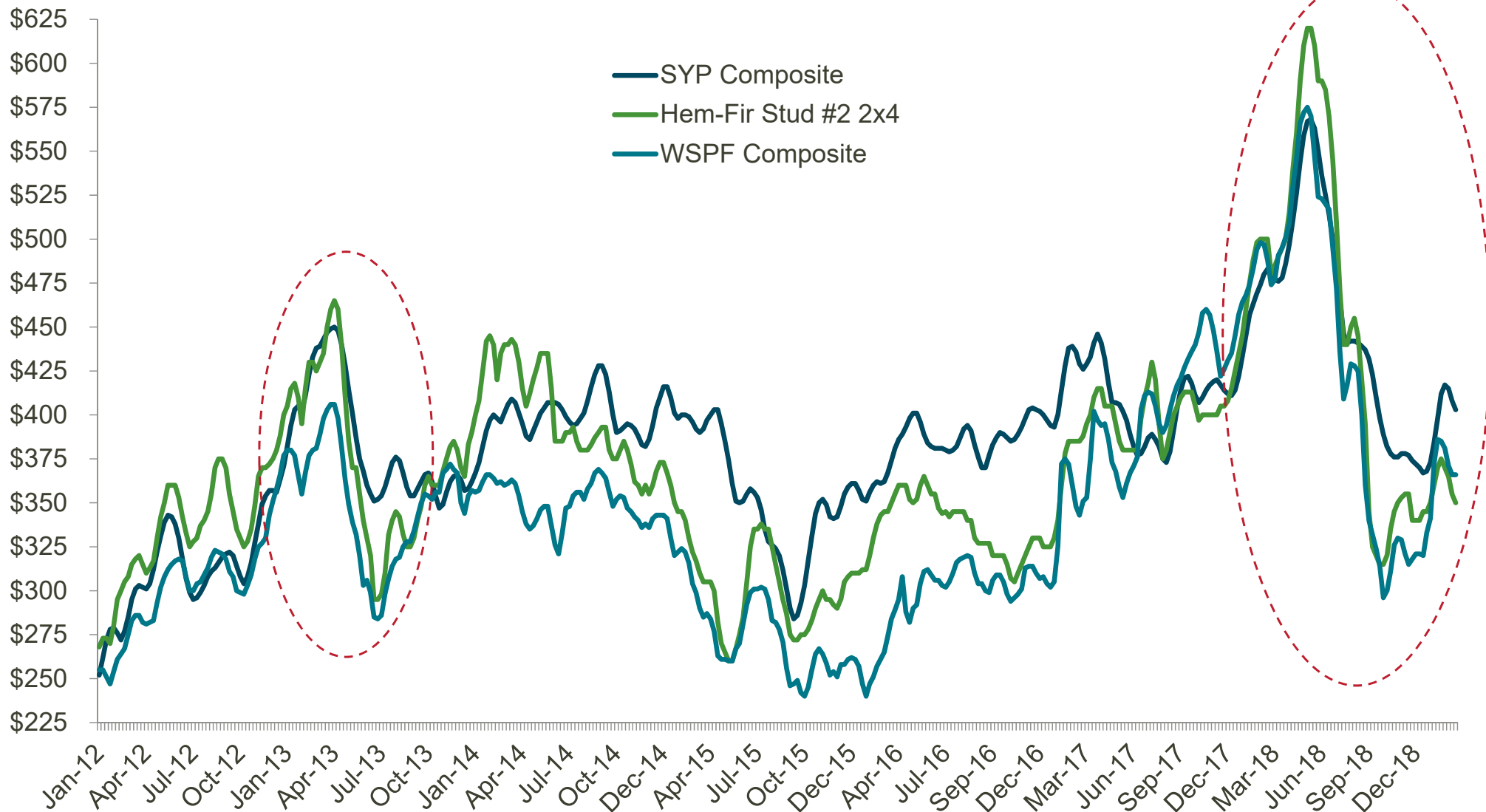
RECENT NORTH AMERICAN DEMAND/SUPPLY

2017 & 2018 NORTH AMERICAN LUMBER DEMAND & SUPPLY BALANCE

(BBF)	<u>2017</u>	<u>H1</u>	<u>H2</u>	<u>2018</u>
NA Consumption	57.8	28.9	31.5	60.4
Offshore Exports	6.3	3.0	3.0	6.0
NA Demand & Exports	64.1	31.9	34.4	66.4
NA Production	62.1	32.1	32.0	64.1
Offshore Imports	1.2	0.7	0.8	1.5
NA Supply & Imports	63.3	32.8	32.8	65.6
Inventory Build (Drawdown)	(0.8)	0.9	(1.7)	(0.7)

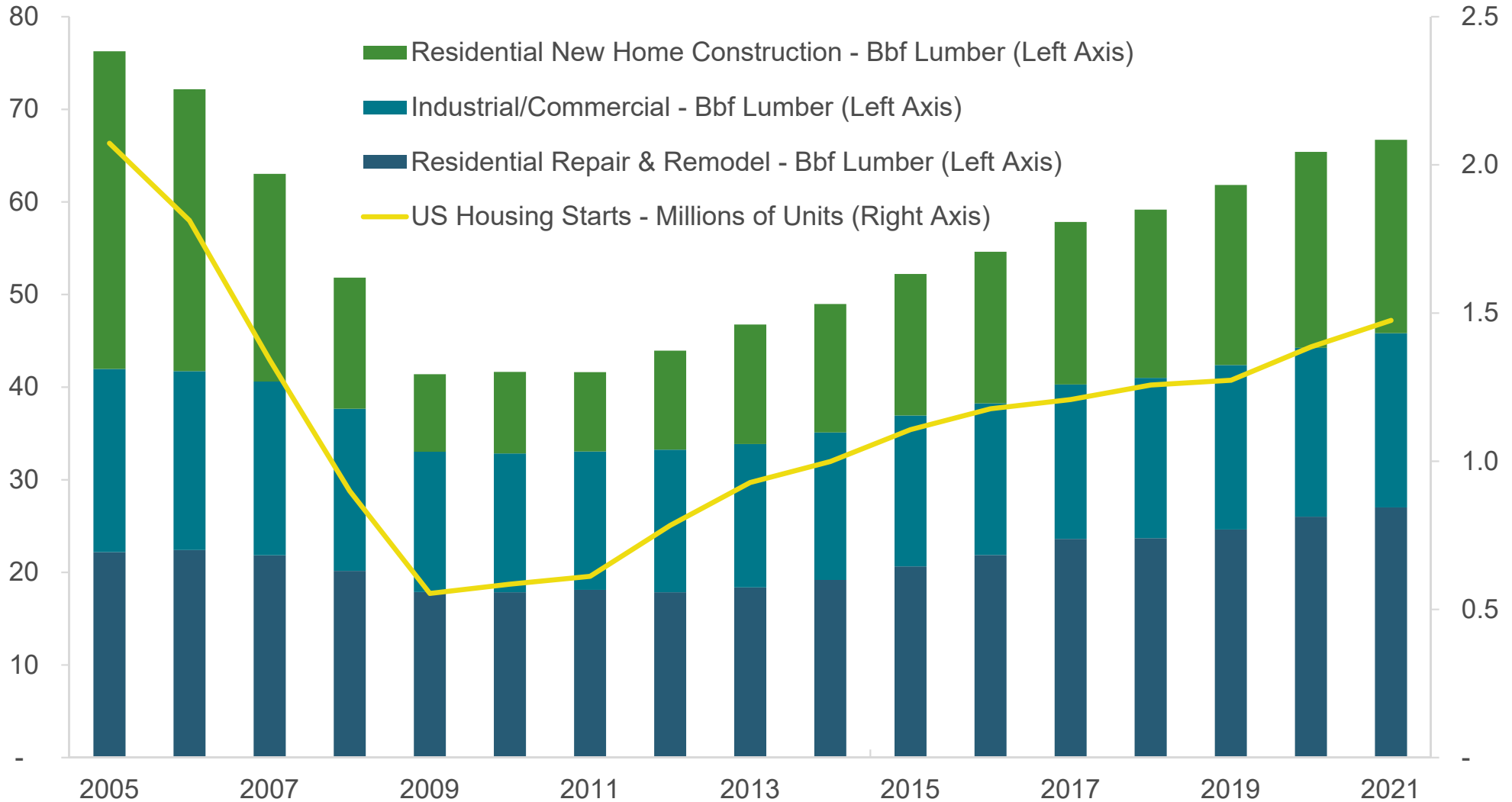
RECENT LUMBER PRICE CONTEXT

2012-2019
NORTH AMERICAN BENCHMARK LUMBER PRICES (US\$/MBF)



LUMBER END-USE DEMAND

NORTH AMERICAN SOFTWOOD LUMBER DEMAND BY END-USE (BBF) & TOTAL US HOUSING STARTS (MILLIONS)



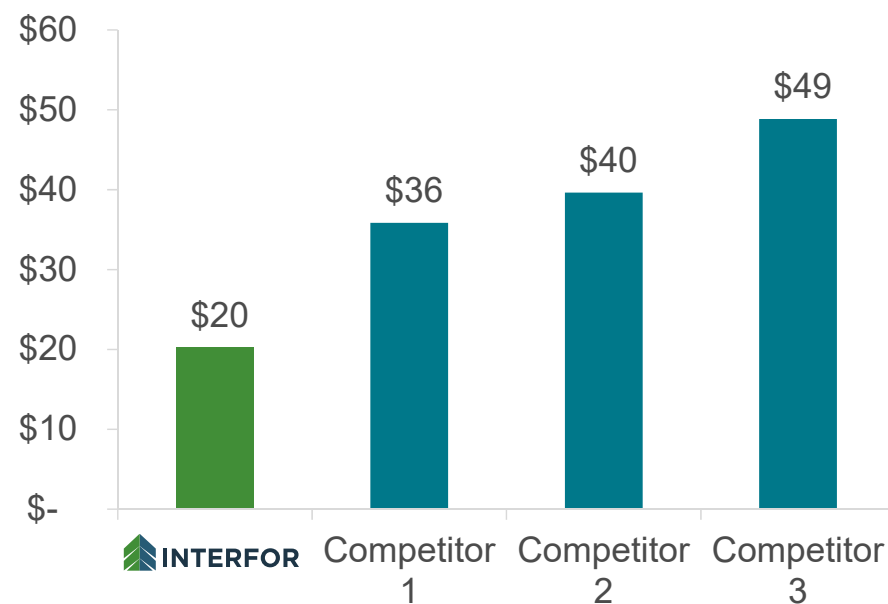
SOFTWOOD LUMBER DISPUTE

- Interfor's Canadian operations' shipments to the U.S. represented 15% of company-wide lumber shipments in 2018.
- 68% of Interfor's 2018 lumber production was US-based.
- Significant differences in accounting treatment for duties between publicly traded companies; limits reported EBITDA comparability.

U.S. COUNTERVAILING (CV) & ANTI-DUMPING (AD) DUTIES ⁽¹⁾

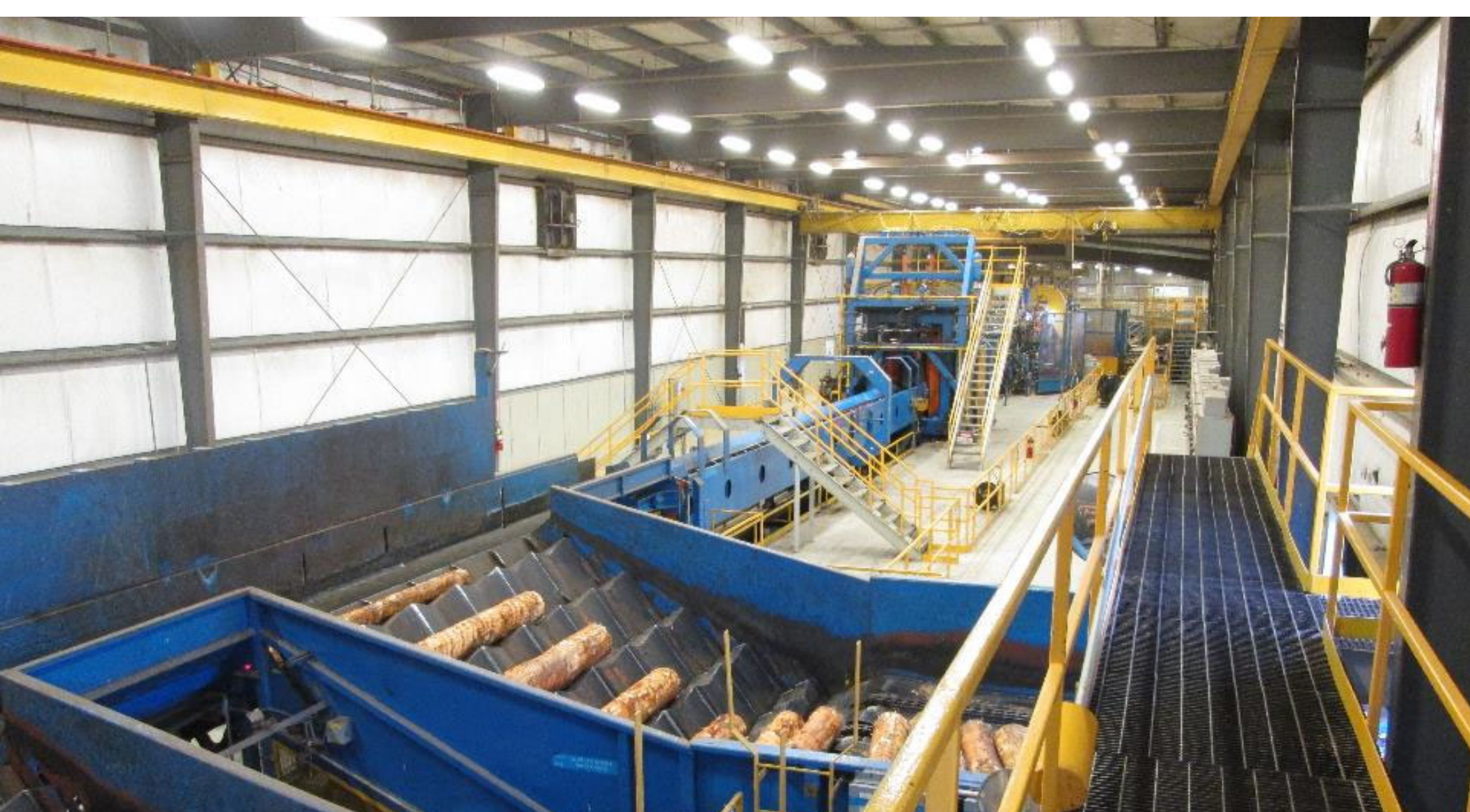
<u>COMPANY</u>	<u>CV</u>	<u>AD</u>	<u>TOTAL</u>
West Fraser	17.99%	5.57%	23.56%
Canfor	13.24%	7.28%	20.52%
Tolko	14.85%	7.22%	22.07%
Resolute	14.70%	3.20%	17.90%
JD Irving	3.34%	6.04%	9.38%
All Others (Includes Interfor)	14.19%	6.04%	20.23%

2018 DUTIES PAID PER SHIPMENT (C\$/MBF) ⁽²⁾



(1) Reflects final duty rates announced by the US Department of Commerce on December 28, 2017.

(2) Reflects total cash deposits PAID per shipment. Competitors include publicly traded western Canadian lumber companies.



OPERATIONS OVERVIEW

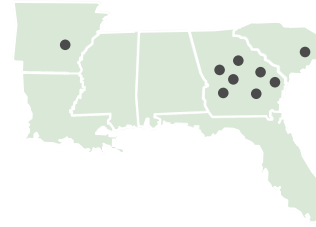


BUSINESS COMPARISONS



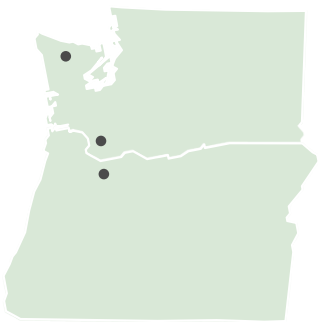
BC INTERIOR DIMENSION MILLS

- 3 dimension mills in BC southern interior
- Modern/low cost operations
- Good fiber supply/limited exposure to pine beetle



US SOUTH DIMENSION MILLS

- 9 dimension mills in Georgia, South Carolina and Arkansas
- Low cost wood baskets
- Strong geographic fit/significant operational upside



US NORTHWEST STUD MILLS

- 3 stud mills in Washington State and Oregon
- Efficient/modern operations



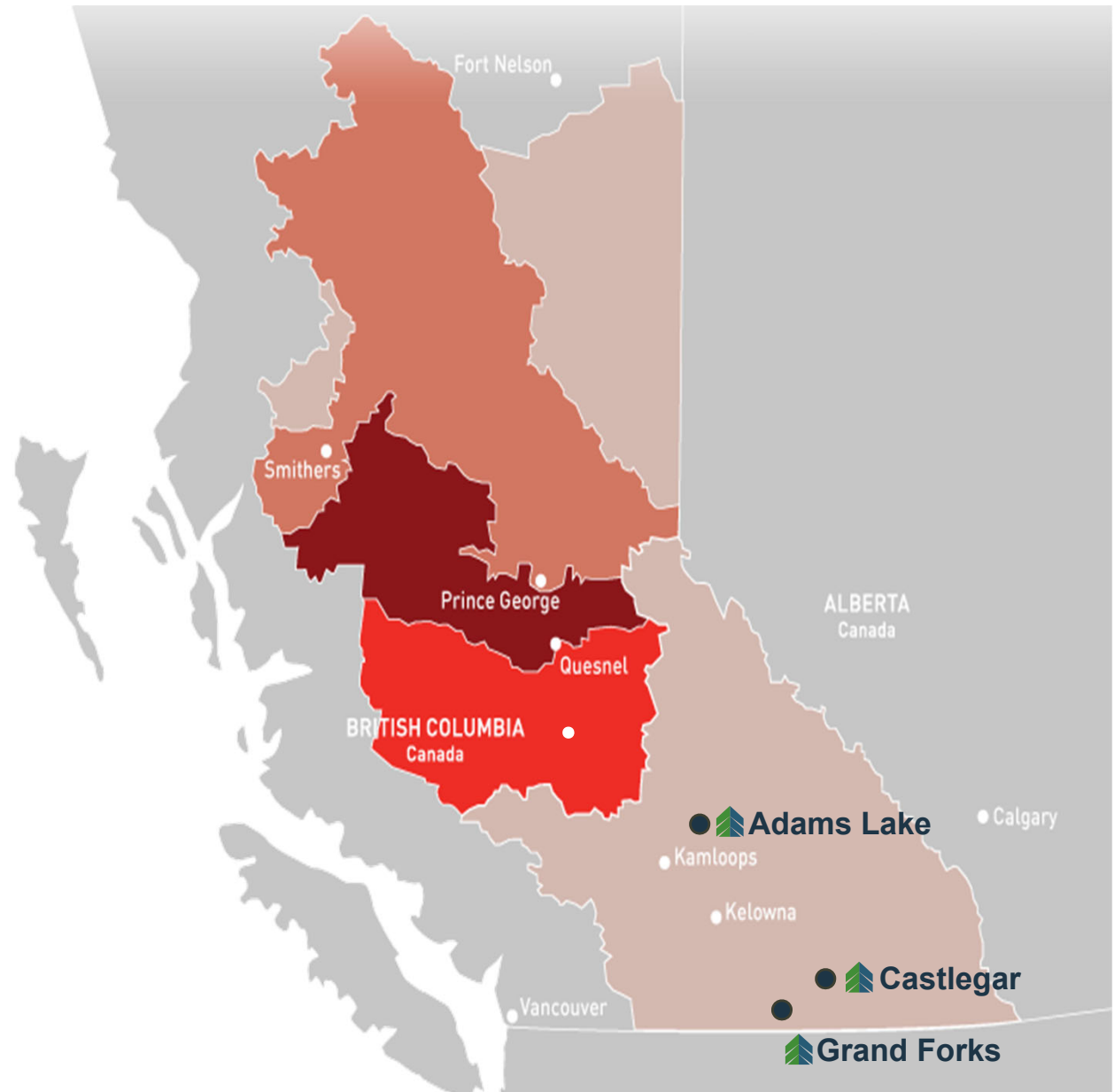
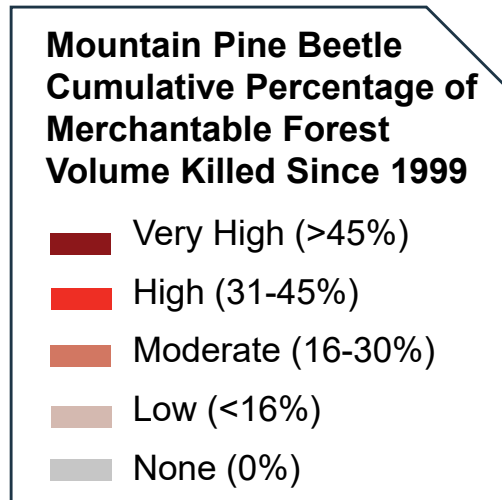
BC/NORTHWEST SPECIALTY MILLS

- 3 specialty mills in BC Coast and Oregon
- High value products
- Cedar, Japanese squares and pine boards



BC INTERIOR DIMENSION MILLS

BC INTERIOR: OVERVIEW



BC INTERIOR: CASE STUDY

ADAMS LAKE
2008-09



GRAND FORKS
2012



CASTLEGAR
2015



3 mills in good fibre baskets

Significantly repositioned the assets

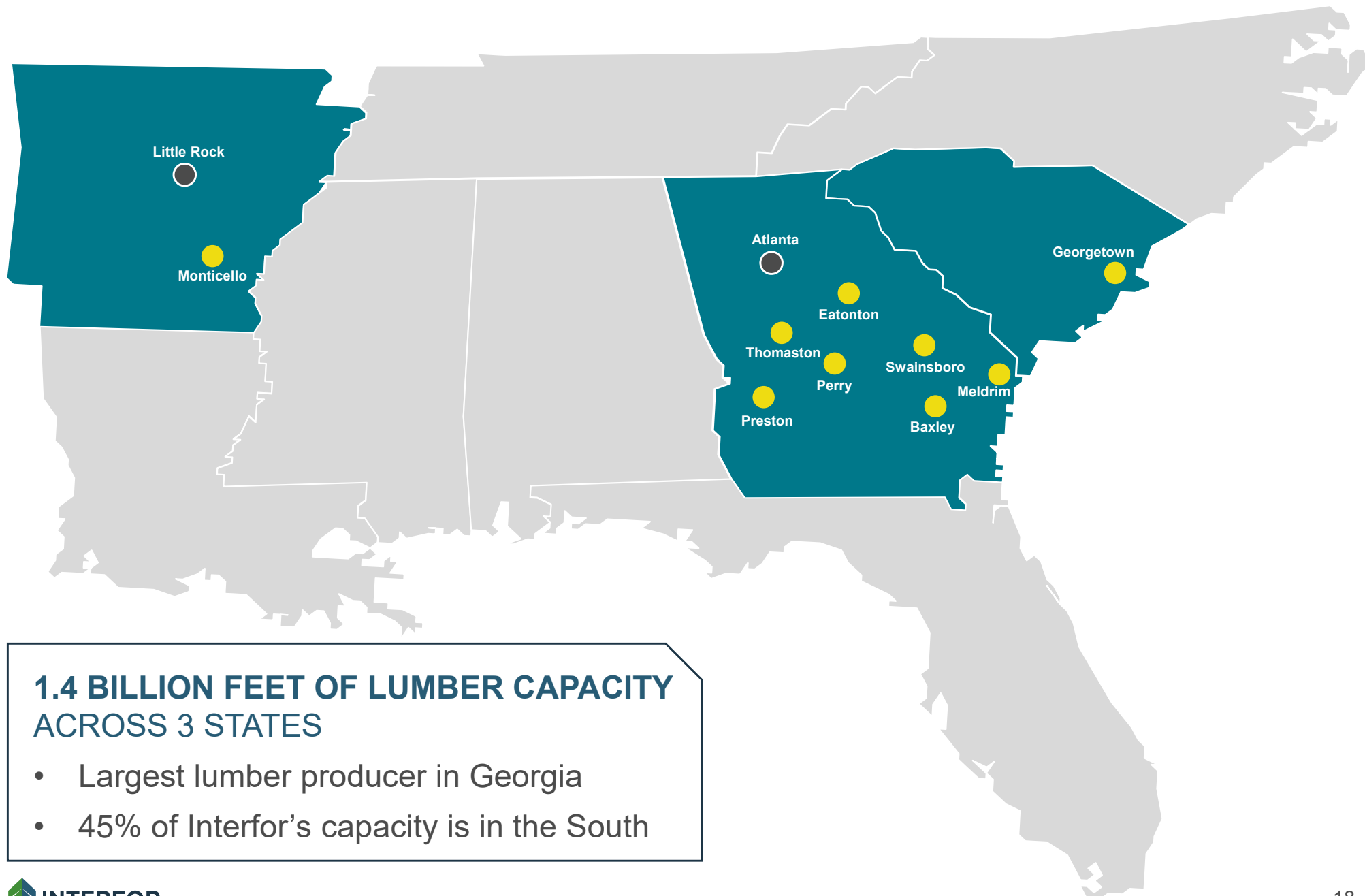
STRONG RETURN ON INVESTMENT

TOP DECILE/QUARTILE EBITDA MARGINS FOR THE BC INTERIOR



US SOUTH DIMENSION MILLS

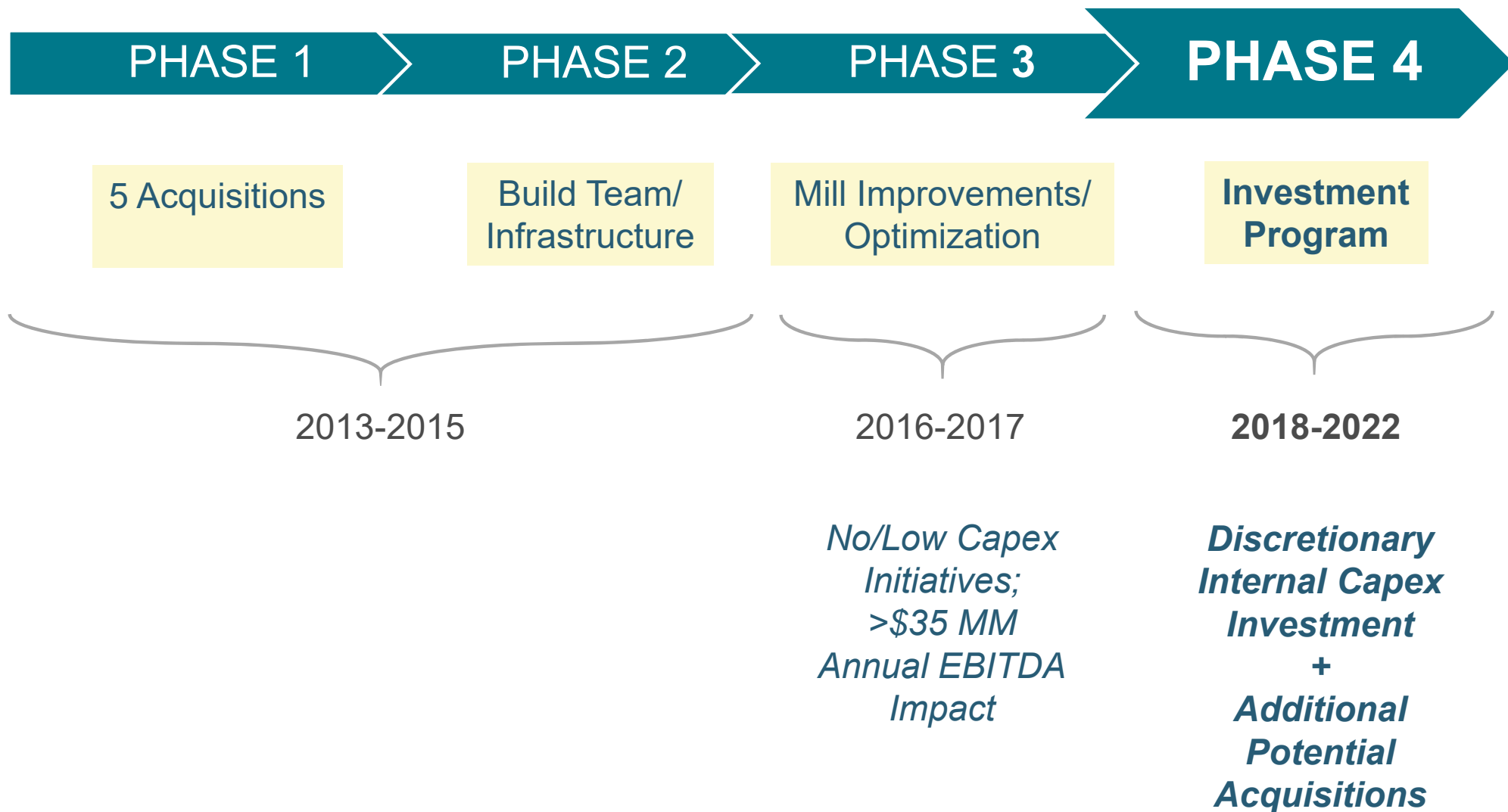
US SOUTH: OVERVIEW



1.4 BILLION FEET OF LUMBER CAPACITY ACROSS 3 STATES

- Largest lumber producer in Georgia
- 45% of Interfor's capacity is in the South

US SOUTH: MULTIPLE PHASES



US SOUTH: INVESTMENT PROGRAM

- **MULTI-YEAR DISCRETIONARY CAPEX INVESTMENT PROGRAM:**

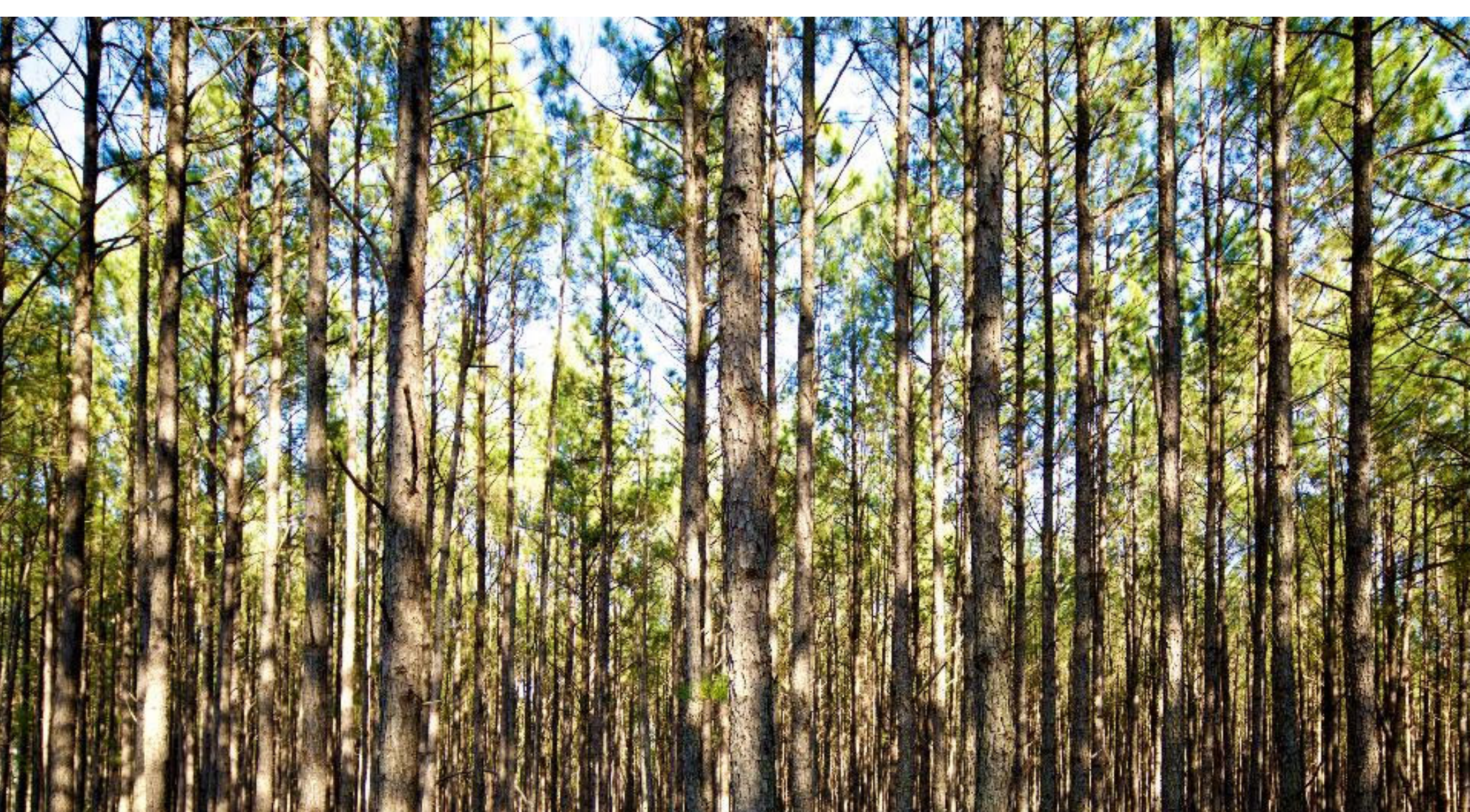
- Mill rebuilds, machine center upgrades, debottlenecking and optimization projects for existing assets

PHASE I: Two projects totaling US\$65 MM (Meldrim, GA and Monticello, AR); completion in 2019

PHASE II: Three projects totaling US\$240 MM (Thomaston, GA; Eatonton, GA and Georgetown, SC); completion between 2019 and 2021

- **POTENTIAL ADDITIONAL INVESTMENT OPPORTUNITIES THROUGH ACQUISITIONS**

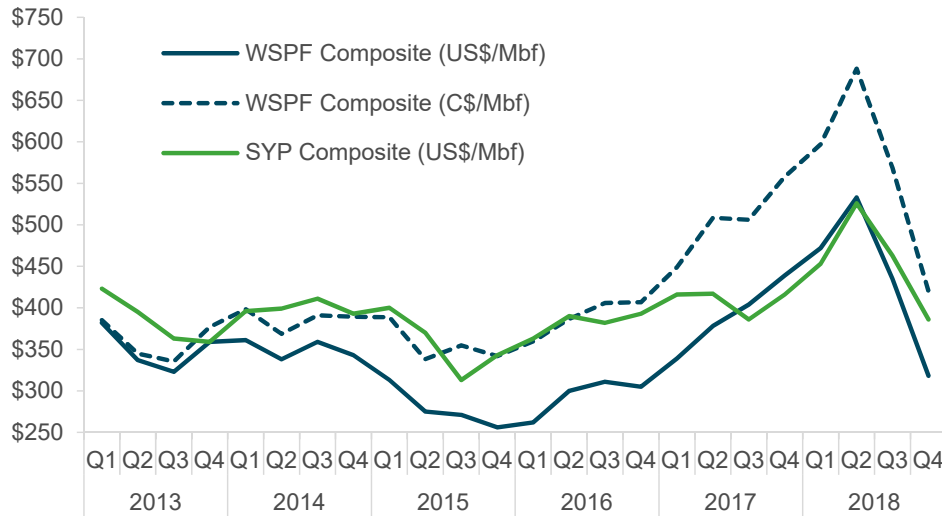




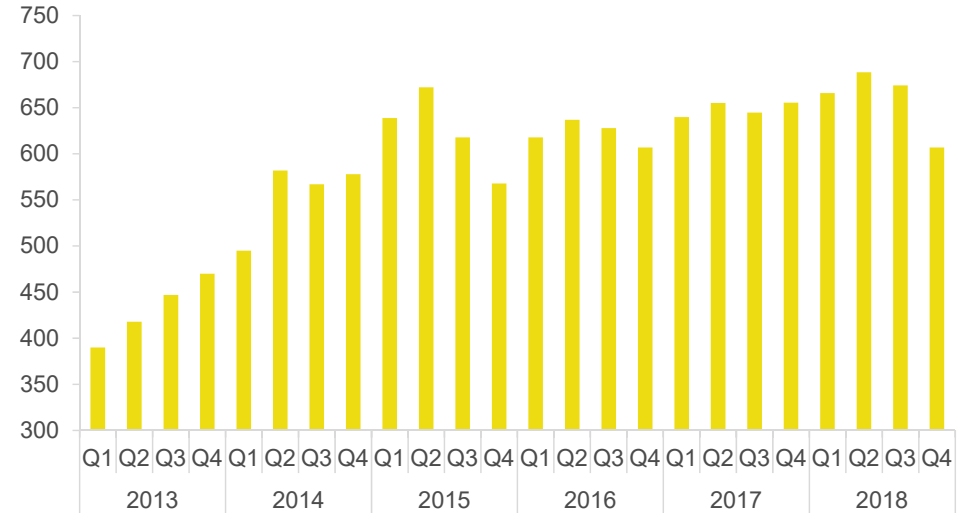
FINANCIAL REVIEW

HISTORICAL RESULTS SNAPSHOT

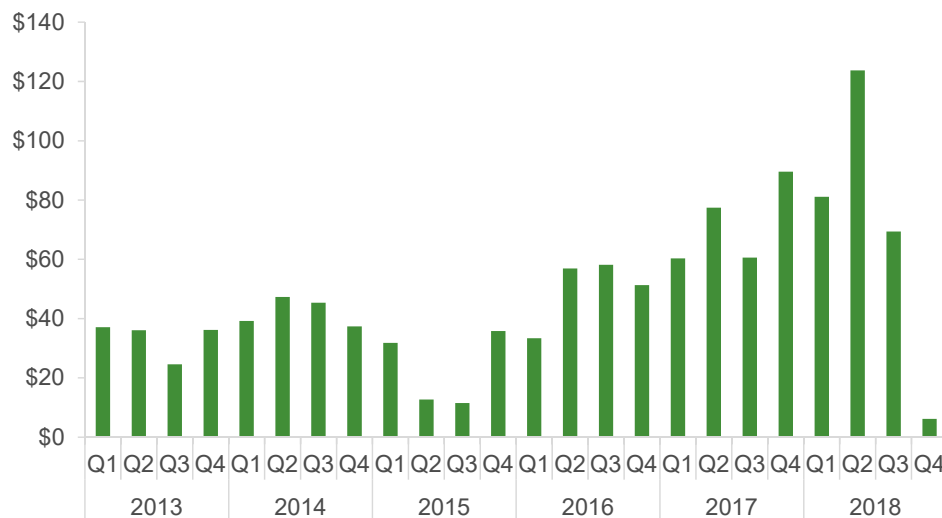
BENCHMARK LUMBER PRICES (\$/MBF)



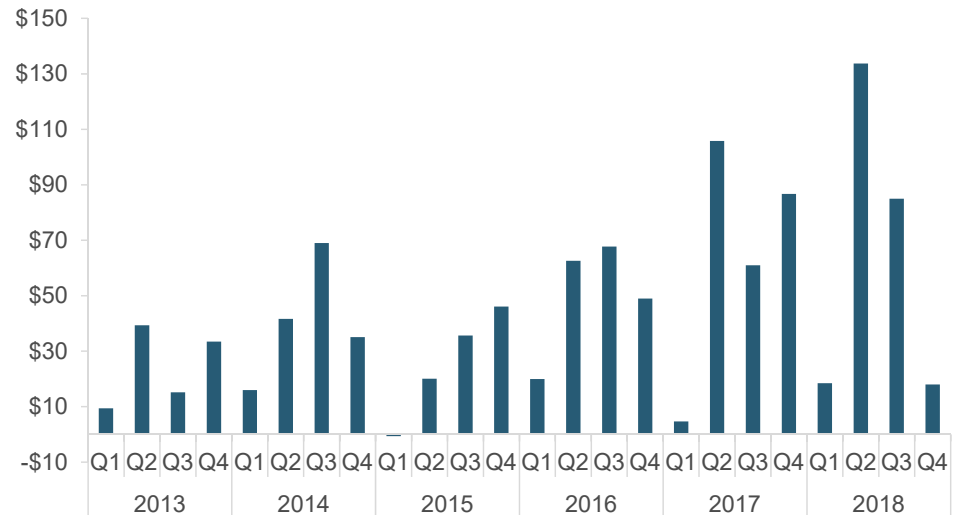
PRODUCTION VOLUMES (MMBF)



ADJUSTED EBITDA (C\$MM)

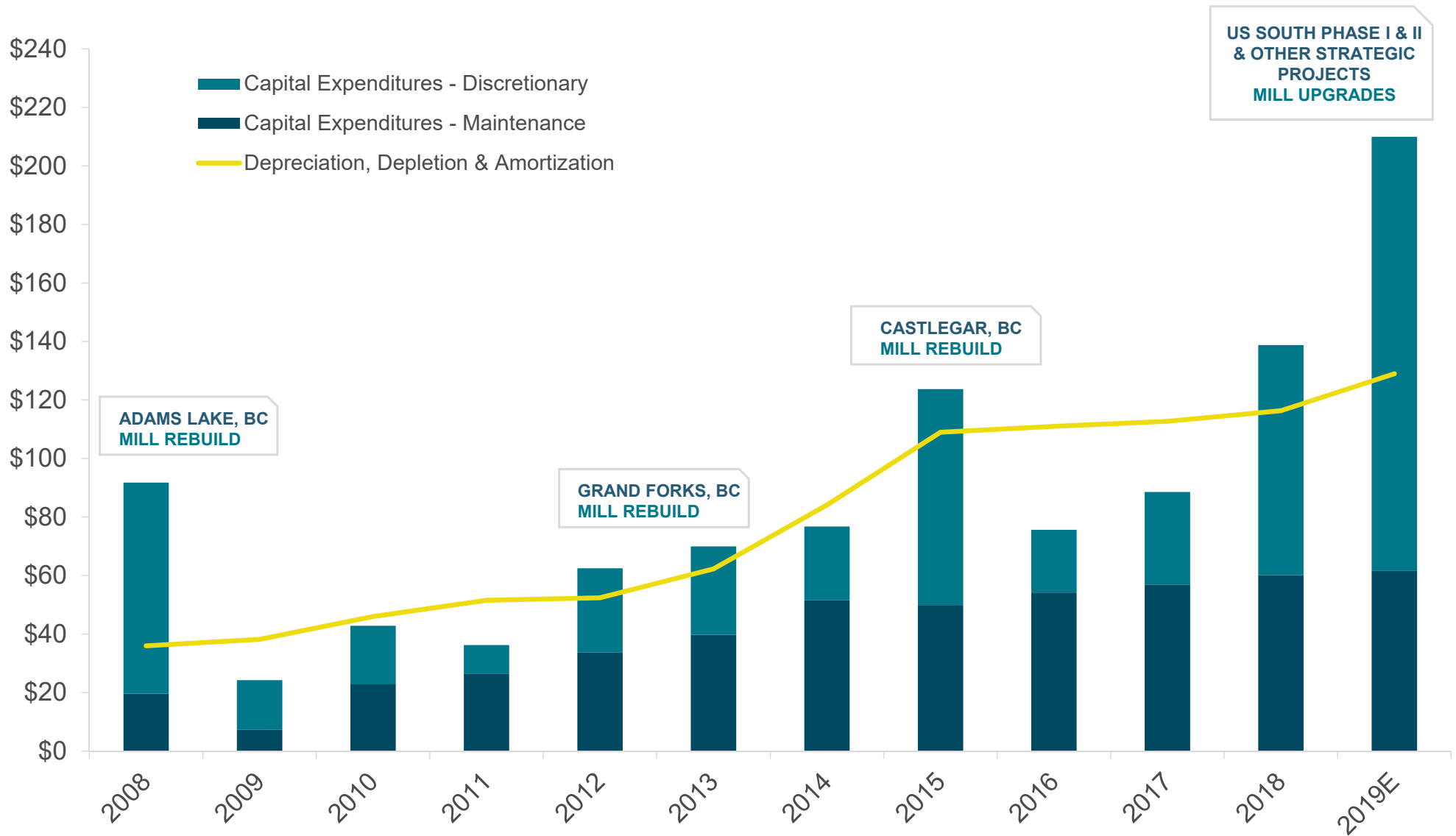


CASH FROM OPERATIONS (C\$MM)



CAPITAL SPENDING PROFILE

ANNUAL CAPITAL EXPENDITURES (C\$MM)



FREE CASH FLOW CONSIDERATIONS

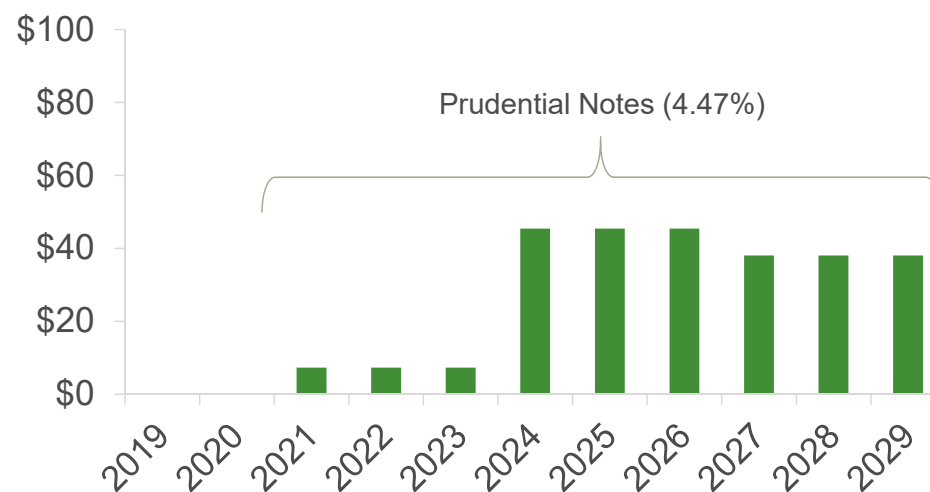
	C\$MM	
Adjusted EBITDA: <i>(LTM Through Dec-2018)</i>	\$280	<ul style="list-style-type: none">• Expected contribution from strategic capex• <u>Full</u> expensing of CV/AD duties
Less:		
Cash Interest Expense, net:	\$(8)	<ul style="list-style-type: none">• Average debt interest rate ~ 4.5%• Significant cash on hand
Maintenance Capex:	\$(60-70)	<ul style="list-style-type: none">• Maintenance includes logging roads
Cash Taxes:	\$(5)	<ul style="list-style-type: none">• Tax loss carry-forwards; C\$47 MM in Canada and US\$44 MM in the US• Accelerated write-downs on capex spend
Other:	TBD	<ul style="list-style-type: none">• No significant employee future benefit obligations; Incentive payouts dependent on stock price
FREE CASH FLOW:	\$202	
FREE CASH FLOW PER SHARE:	\$3.00	<ul style="list-style-type: none">• NCIB in place; initiated activity in Q3'18

CAPITAL STRUCTURE

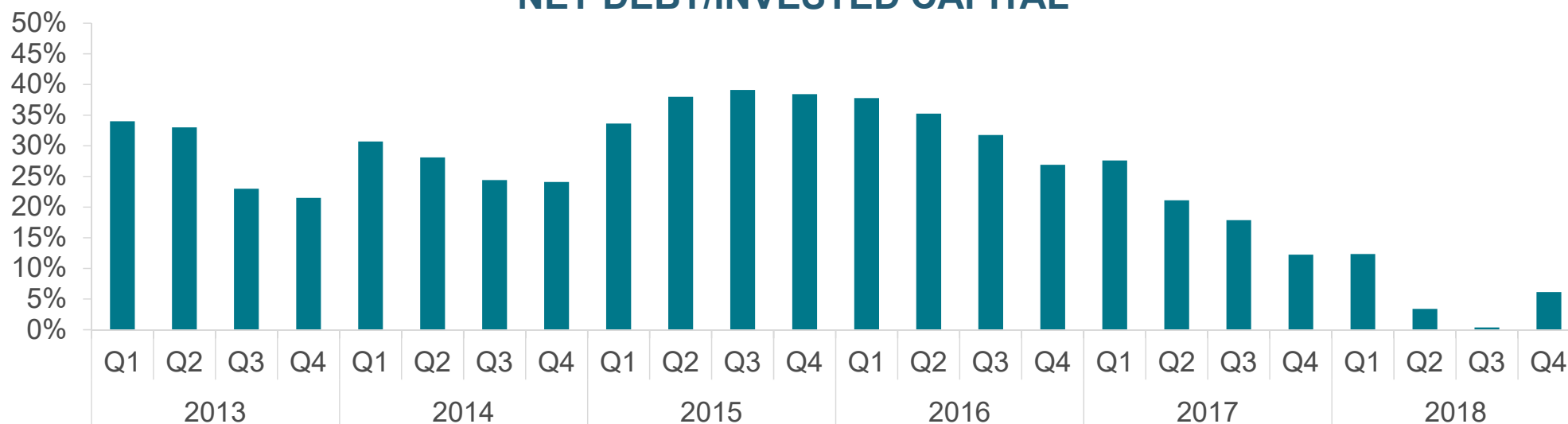
CAPITAL STRUCTURE AS OF DEC 31'18

Cash & Marketable Securities (\$MM)	\$ (209)
Debt (\$MM)	\$ 273
Net Debt (\$MM)	\$ 64
Book Equity (\$MM)	\$ 974
Invested Capital (\$MM)	\$ 1,038
NET DEBT/INVESTED CAPITAL (\$MM)	6%
Net Debt/LTM EBITDA	0.2x
EBITDA/Interest Expense (LTM)	28.6x

DEBT MATURITY SCHEDULE AS OF DEC 31'18 (C\$MM)



NET DEBT/INVESTED CAPITAL

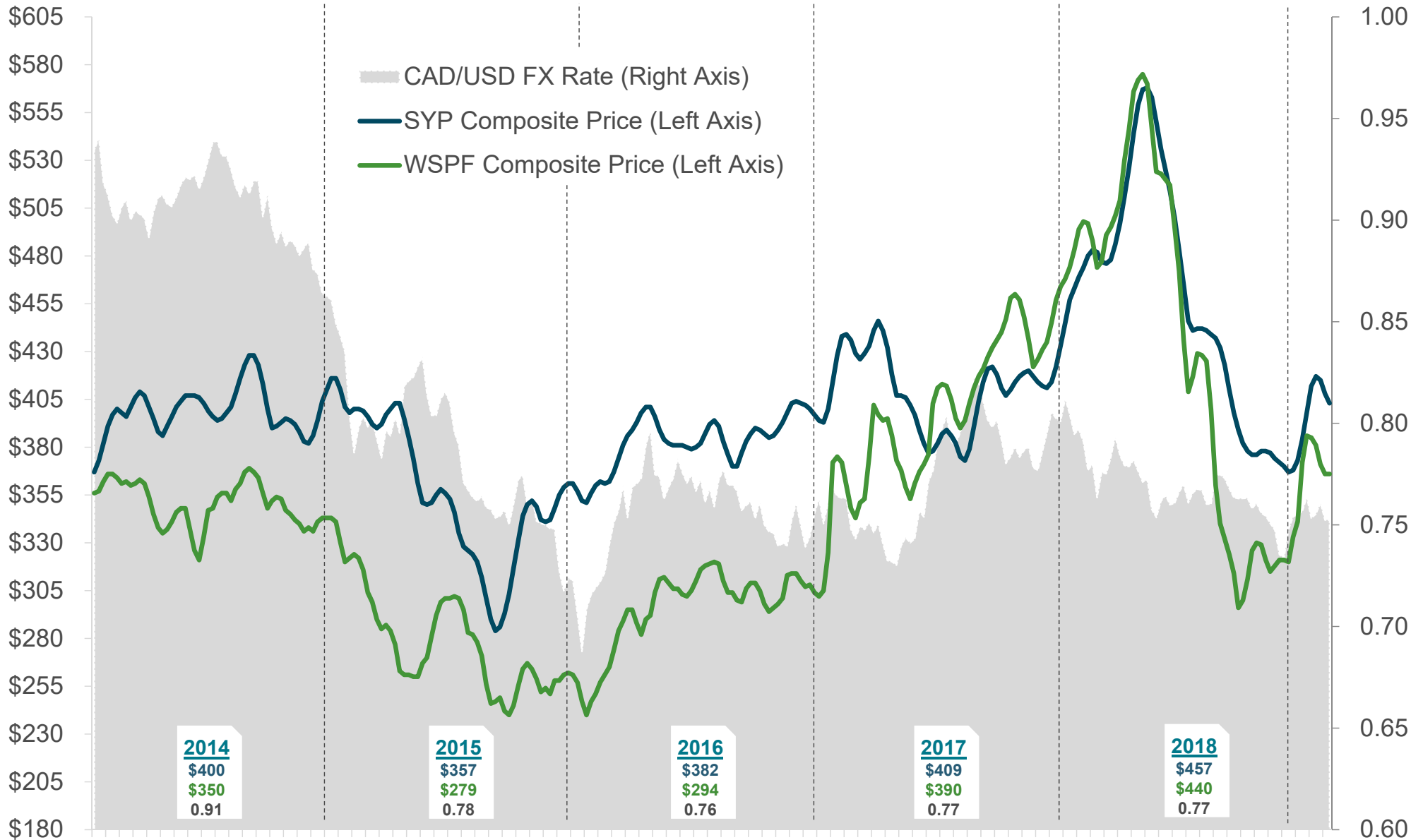




SUPPLEMENTARY INFORMATION

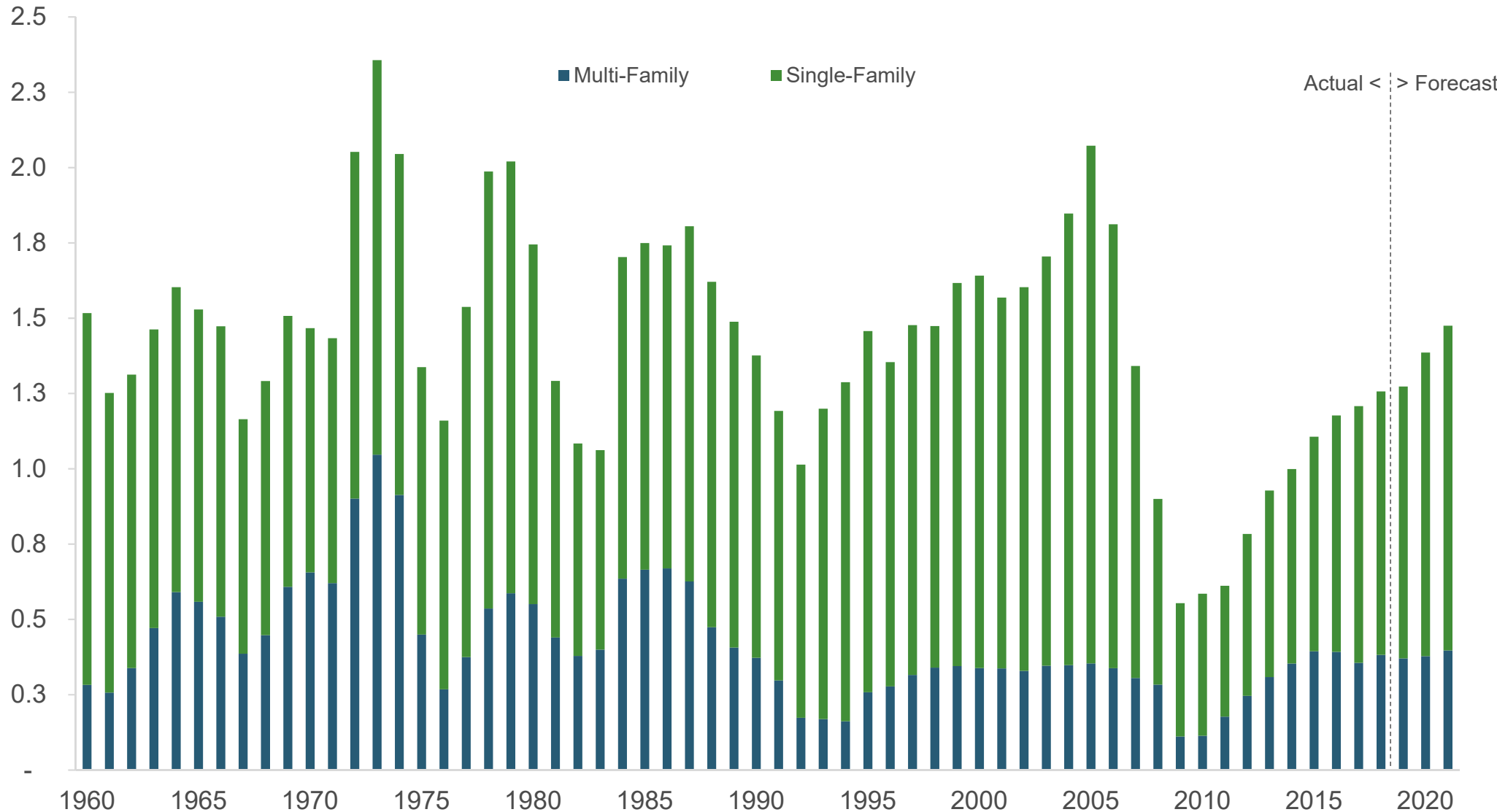
LUMBER PRICES & FX TRENDS

BENCHMARK LUMBER PRICES (US\$/MBF) & USD/CAD FX RATES (C\$/US\$)



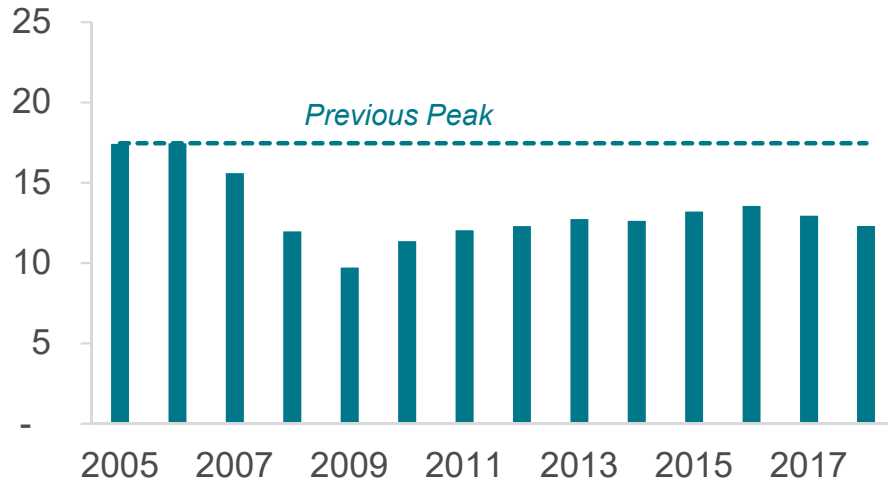
US HOUSING STARTS IN CONTEXT

ACTUAL & FORECAST US HOUSING STARTS (MILLIONS OF UNITS)

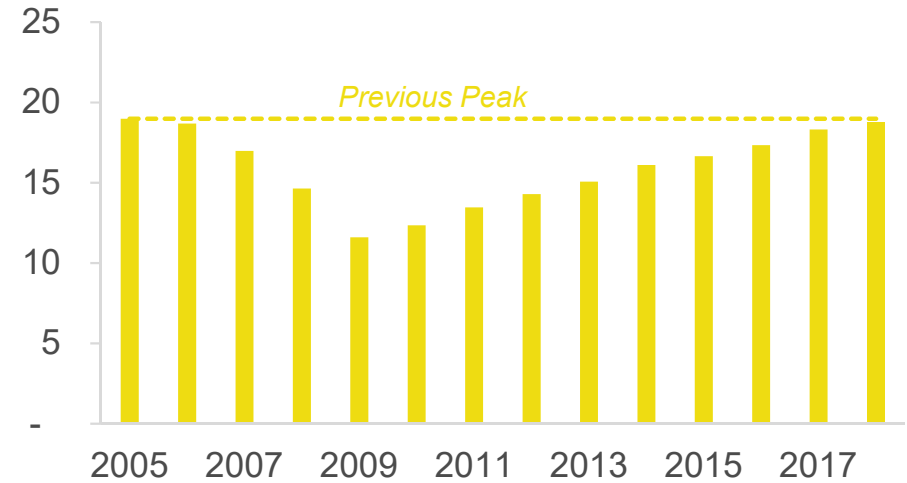


NORTH AMERICAN PRODUCTION

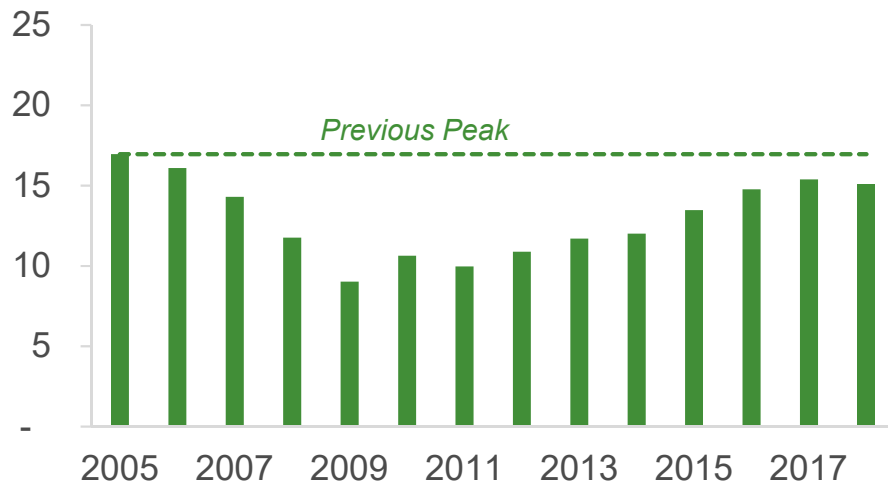
CANADA – BRITISH COLUMBIA (BBF)



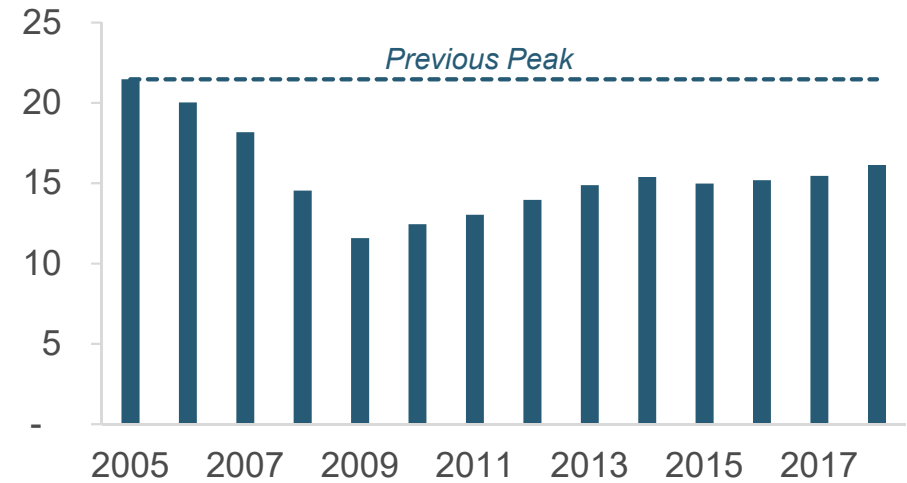
USA – SOUTH (BBF)



CANADA – ALL OTHER REGIONS (BBF)

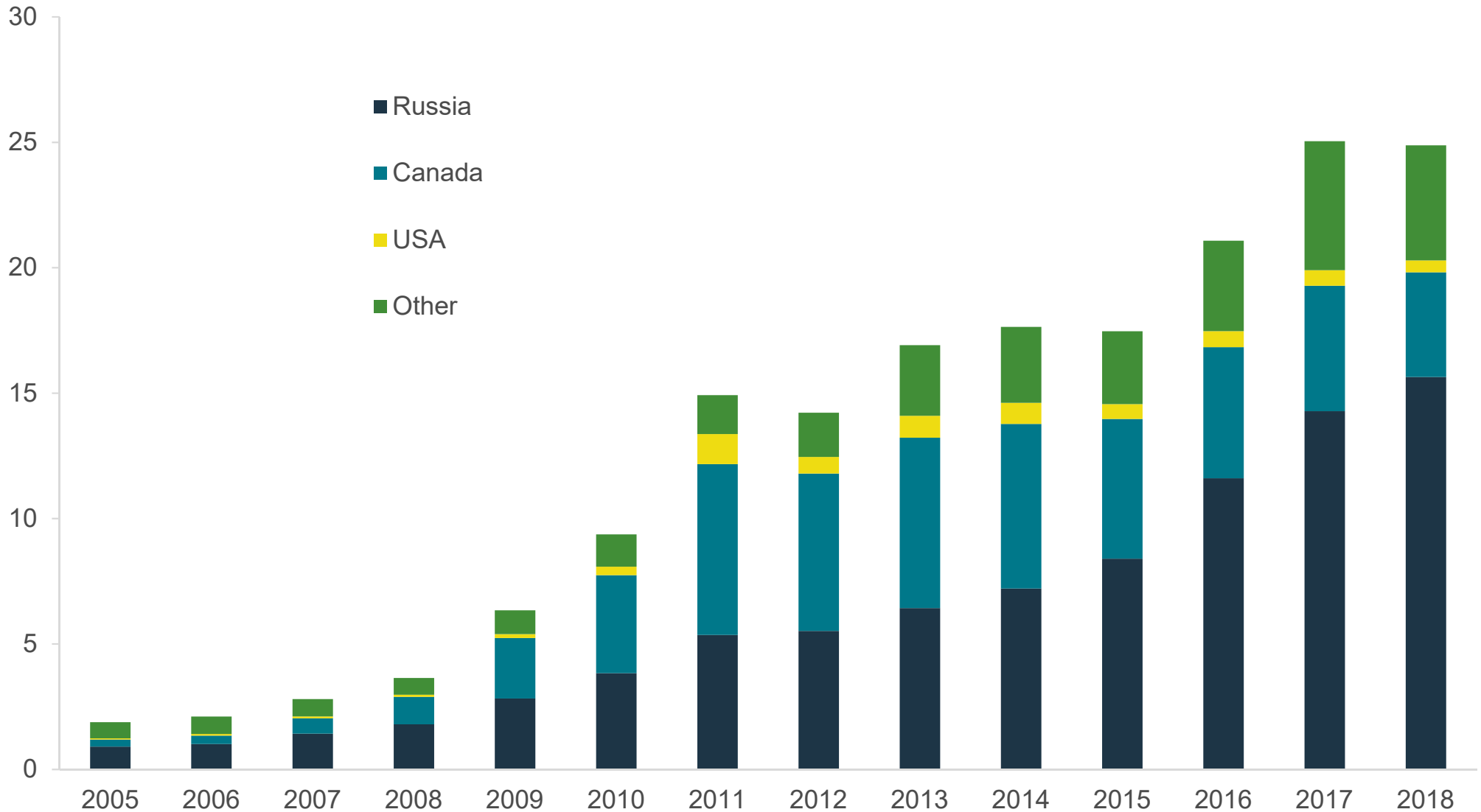


USA – ALL OTHER REGIONS (BBF)



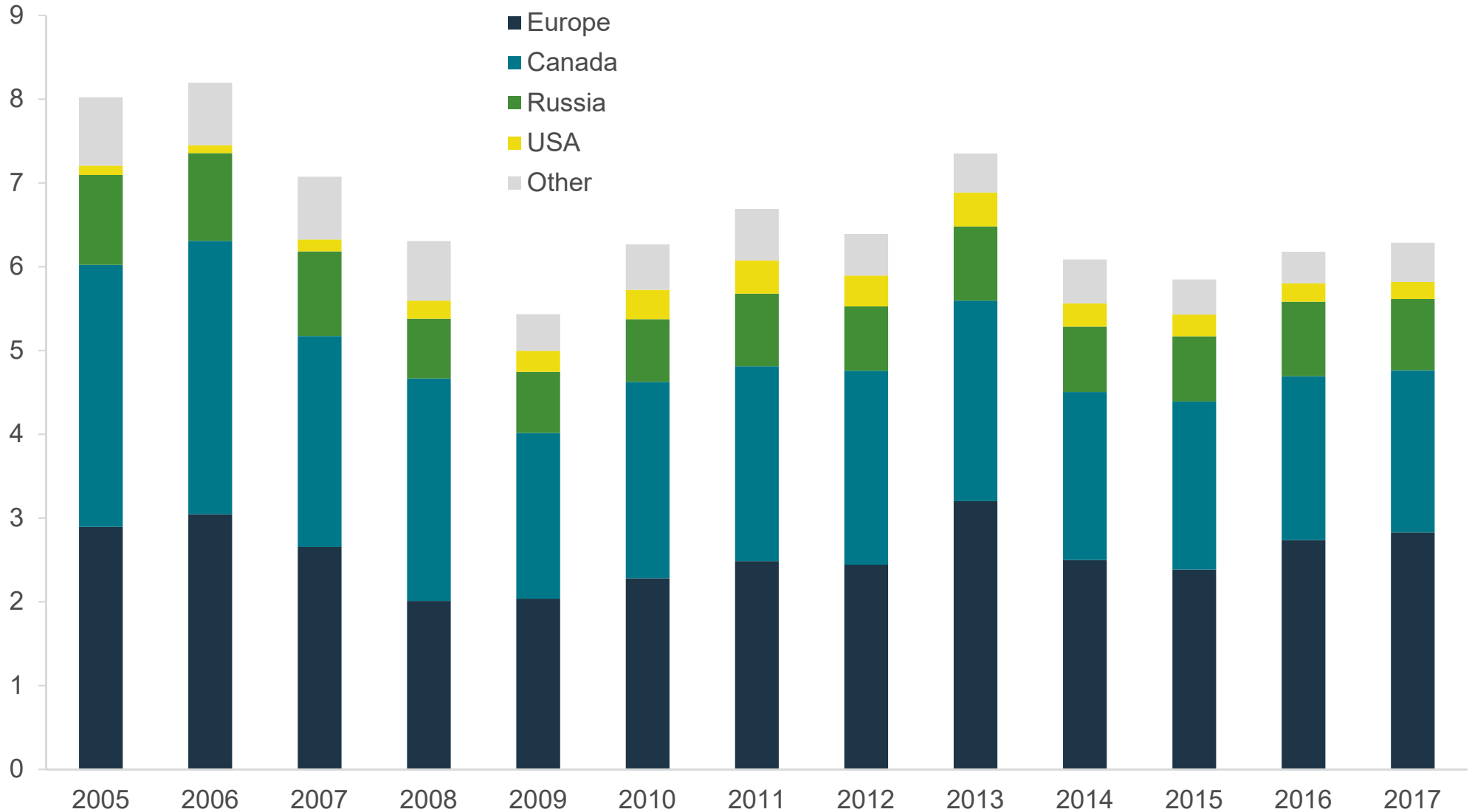
CHINA LUMBER DEMAND

CHINESE SOFTWOOD LUMBER IMPORTS BY COUNTRY (MILLIONS M3)



JAPAN LUMBER DEMAND

JAPANESE SOFTWOOD LUMBER IMPORTS BY COUNTRY (MILLIONS M3)



ANALYST COVERAGE

BMO CAPITAL MARKETS	Mark Wilde	(212) 883-5102	mark.wilde@bmo.com
CIBC CAPITAL MARKETS	Hamir Patel	(604) 331-3047	hamir.patel@cibc.com
EQUITY RESEARCH ASSOCIATES	Kevin Mason	(604) 886-5741	kmason@equityresearchassociates.com
RAYMOND JAMES	Daryl Swetlishoff	(604) 659-8246	daryl.swetlishoff@raymondjames.ca
RBC CAPITAL MARKETS	Paul Quinn	(604) 257-7048	paul.c.quinn@rbccm.com
SCOTIA CAPITAL	Benoit Laprade	(514) 287-3627	benoit.laprade@scotiabank.com
TD SECURITIES	Sean Steuart	(416) 308-3399	sean.steuart@tdsecurities.com

INVESTOR CONTACTS

MARTIN JURAVSKY

Senior Vice President & CFO

604-689-6873

martin.juravsky@interfor.com

MIKE MACKAY

Director, Corp. Development & Planning

604-689-6846

mike.mackay@interfor.com