

COMPANY UPDATE

MAY 2020

FORWARD-LOOKING INFORMATION & NON-GAAP MEASURES

Forward-Looking Information:

This presentation contains forward-looking information about Interfor Corporation (the “Company”), including its 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, 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”, and in Interfor’s first quarter 2020 Management’s Discussion & Analysis under the heading “Effects of COVID-19 and Interfor’s Response” which are 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 trade 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; information systems security; and the existence of a public health crisis. 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.

Non-GAAP Measures:

This presentation makes reference to certain non-GAAP measures, such as EBITDA, Adjusted EBITDA and Net debt to invested capital, 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. Definitions and reconciliations of terms can be found in Interfor’s annual and quarterly Management’s Discussion & Analysis which are available on www.interfor.com and under Interfor’s profile on www.sedar.com.

Currency:

All financial references in this presentation are expressed in Canadian dollars, unless otherwise noted.

HIGHLIGHTS: OVERVIEW

LIQUIDITY & CAPITAL STRUCTURE:

- Strong balance sheet @ 3/31/2020:
 - 27% Net Debt/Invested Capital
 - Available liquidity of \$431 MM, including \$104 MM of cash on hand
 - No significant debt maturities until 2024

BC INTERIOR TENURE ACQUISITION:

- Acquisition of long-term cutting rights from Canfor completed in Q1-2020

BC COAST RECONFIGURATION:

- Permanent closure of Hammond cedar mill and reorganization of BC Coast logging operations in Q3/Q4-2019

COVID-19 INITIATIVES:

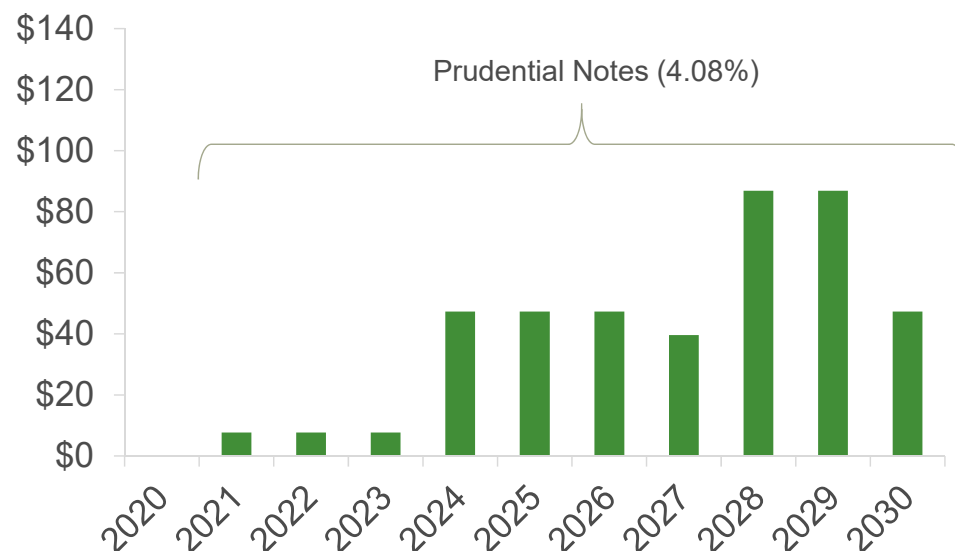
- Proactively implemented measures to protect employee health & safety
- Adjusted operating rates to balance market demand, supply and inventory levels
- Reduced capex spending plans:
 - Reduction of approximately \$140 MM between 2020 and 2021
 - Significant flexibility to modify the rate of spending as market conditions evolve
- Bolstered liquidity through issuance of US\$100 MM of long-term notes (maturities between 2028-2030, interest rate of 3.30%)
- Limited or deferred non-essential operating expenses

HIGHLIGHTS: CAPITAL STRUCTURE

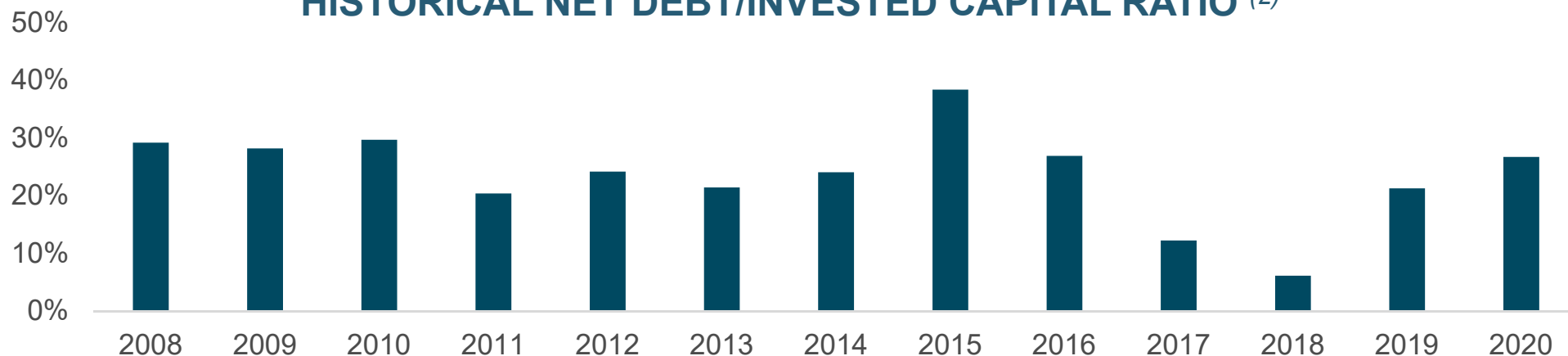
CAPITAL STRUCTURE AS OF MAR 31, 2020

Cash (\$MM)	\$104
Debt (\$MM)	\$426
Net Debt (\$MM)	\$322
Book Equity (\$MM)	\$883
Invested Capital (\$MM)	\$1,205
NET DEBT/INVESTED CAPITAL (%)	27%
Total Liquidity (\$MM) ⁽¹⁾	\$431
Net Debt/LTM Adj. EBITDA	3.8x
Adj. EBITDA/Interest Expense (LTM)	7.0x

DEBT MATURITY SCHEDULE AS OF MAR 31, 2020 (C\$MM)



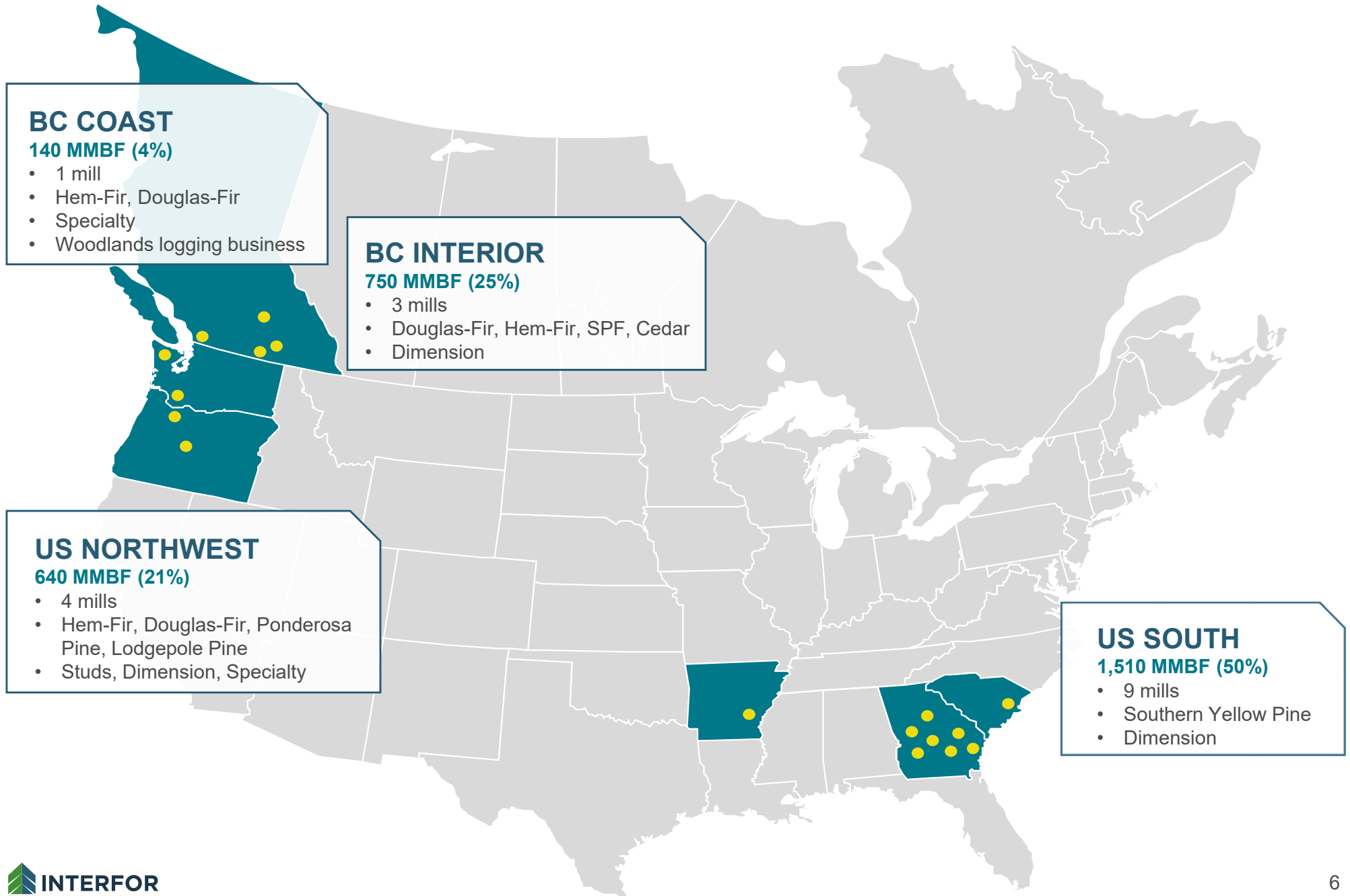
HISTORICAL NET DEBT/INVESTED CAPITAL RATIO ⁽²⁾





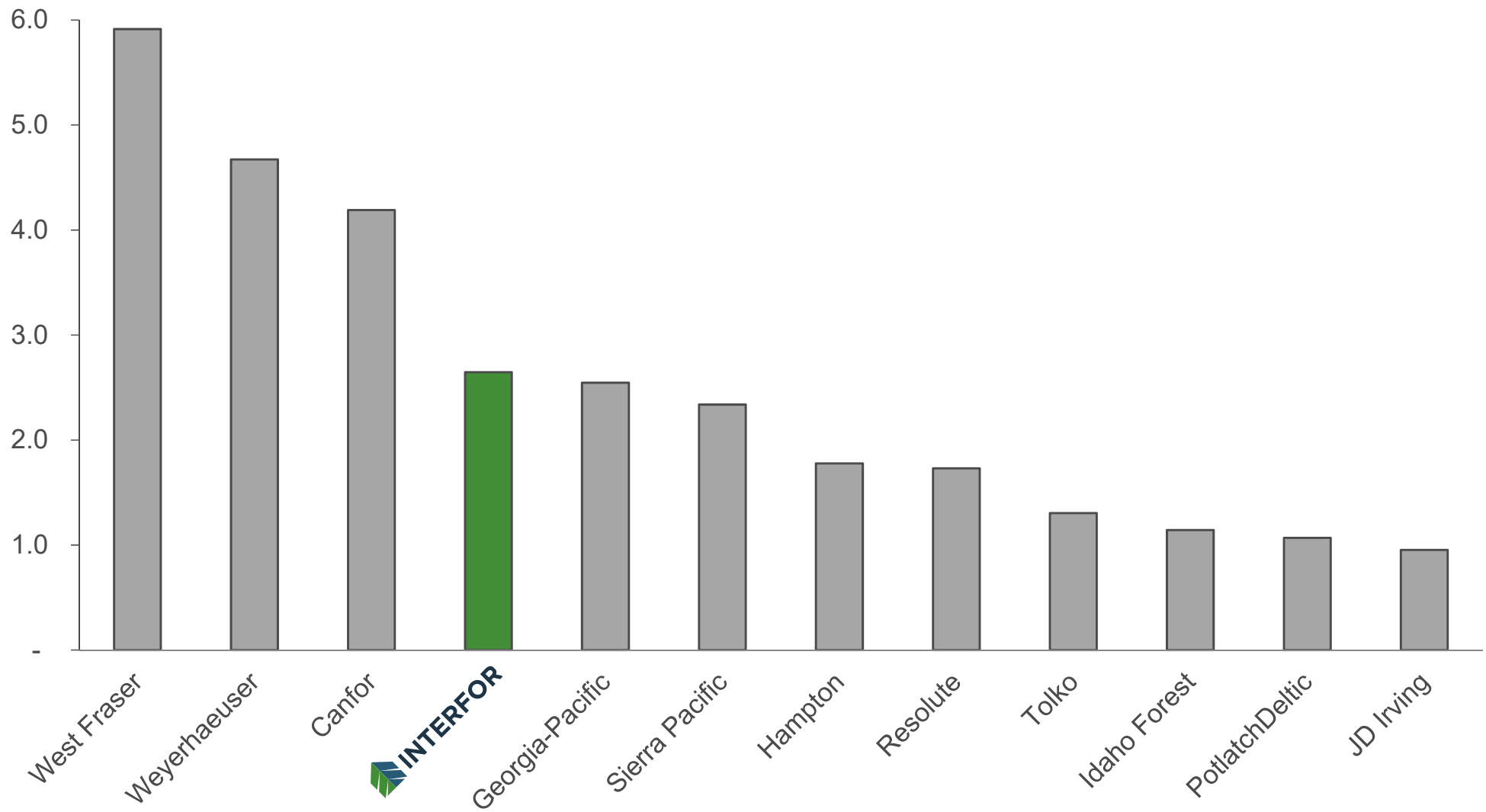
COMPANY OVERVIEW

OPERATING REGIONS



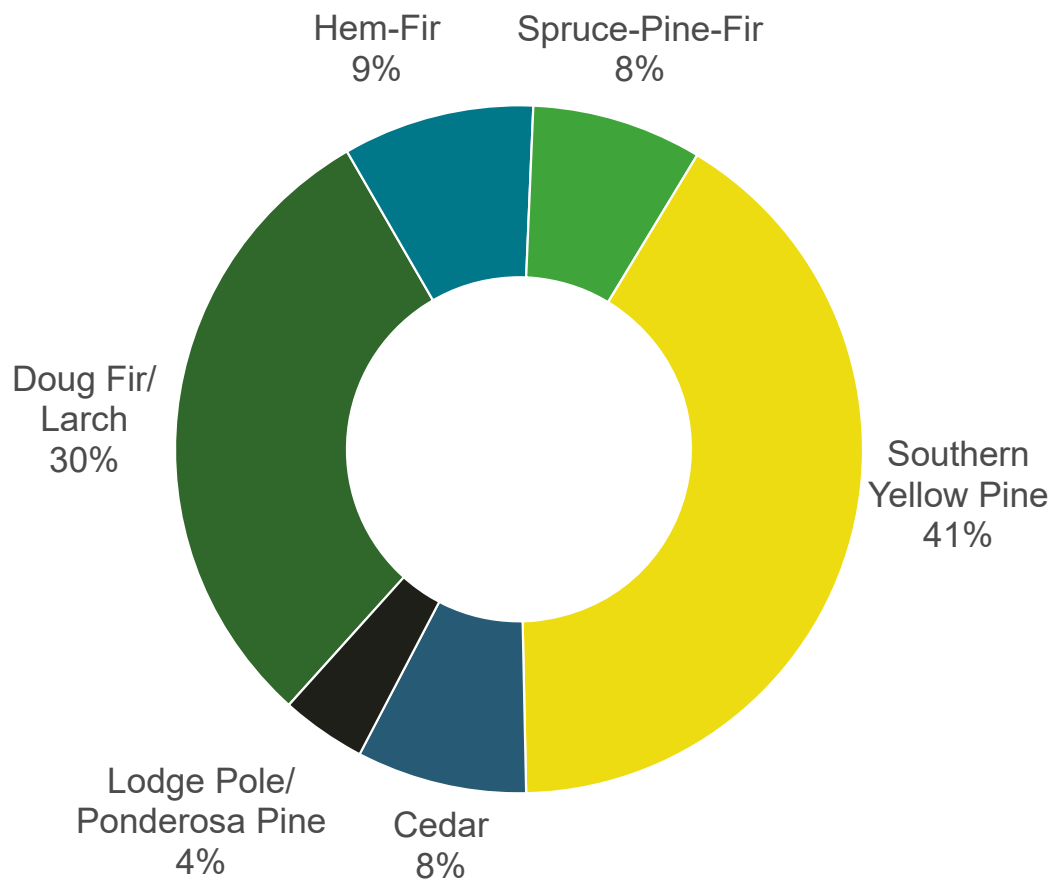
INDUSTRY LANDSCAPE

NORTH AMERICAN LUMBER PRODUCTION BY COMPANY - 2019

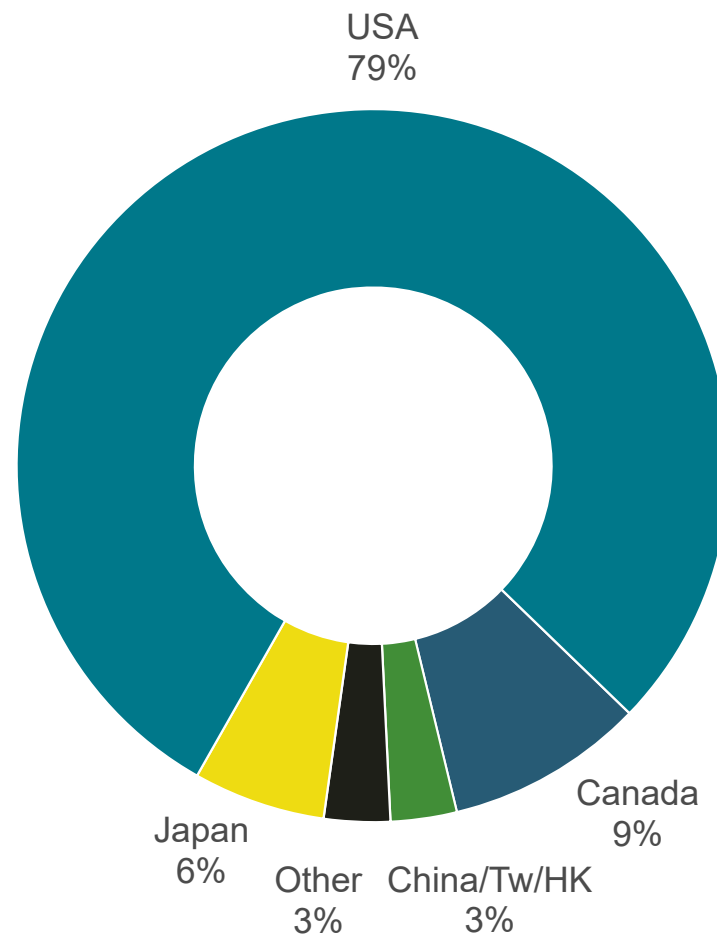


KEY PRODUCTS & MARKETS

LUMBER SALES BY SPECIES (1)



LUMBER SALES BY MARKET (1)

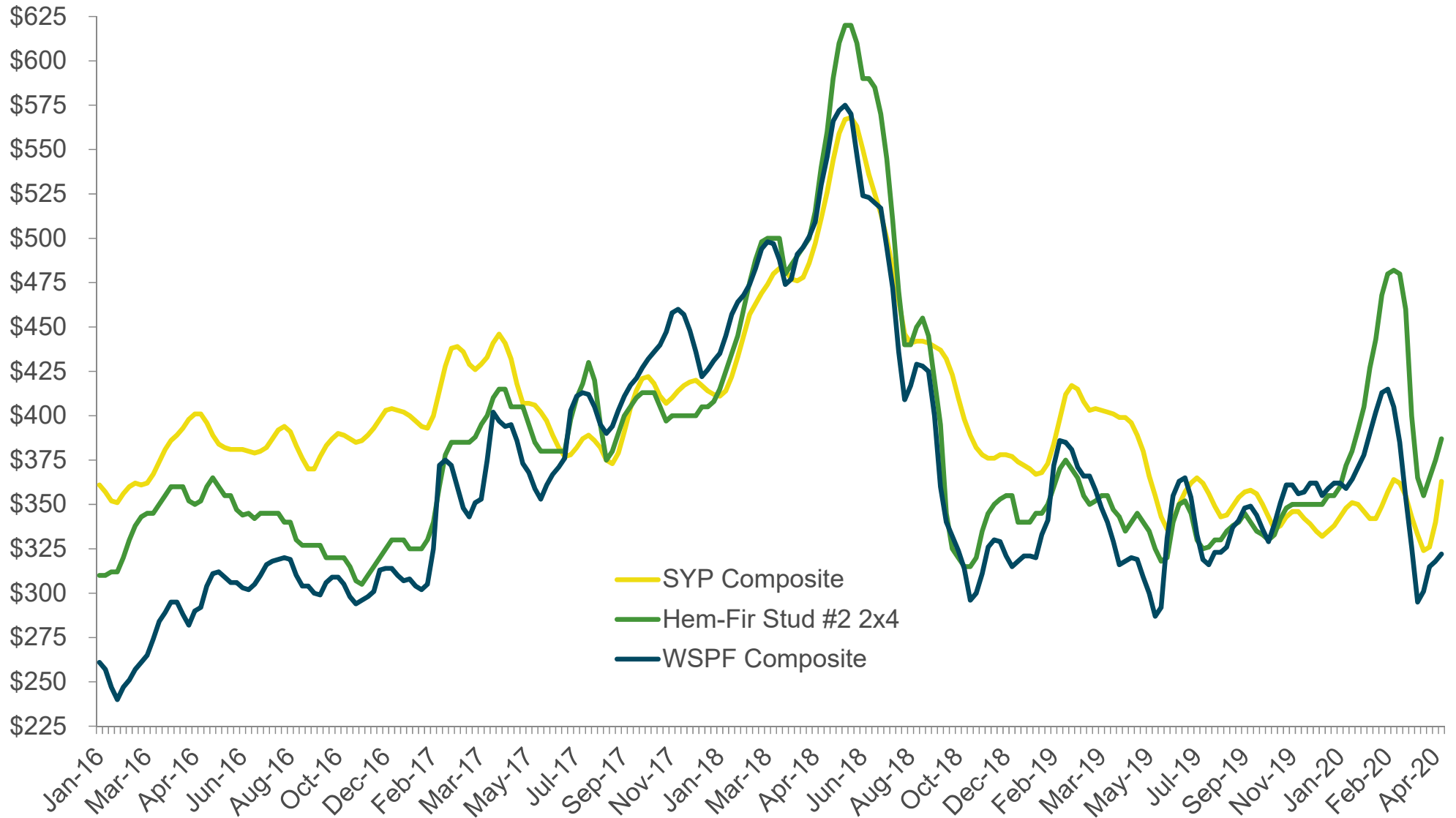




LUMBER MARKETS

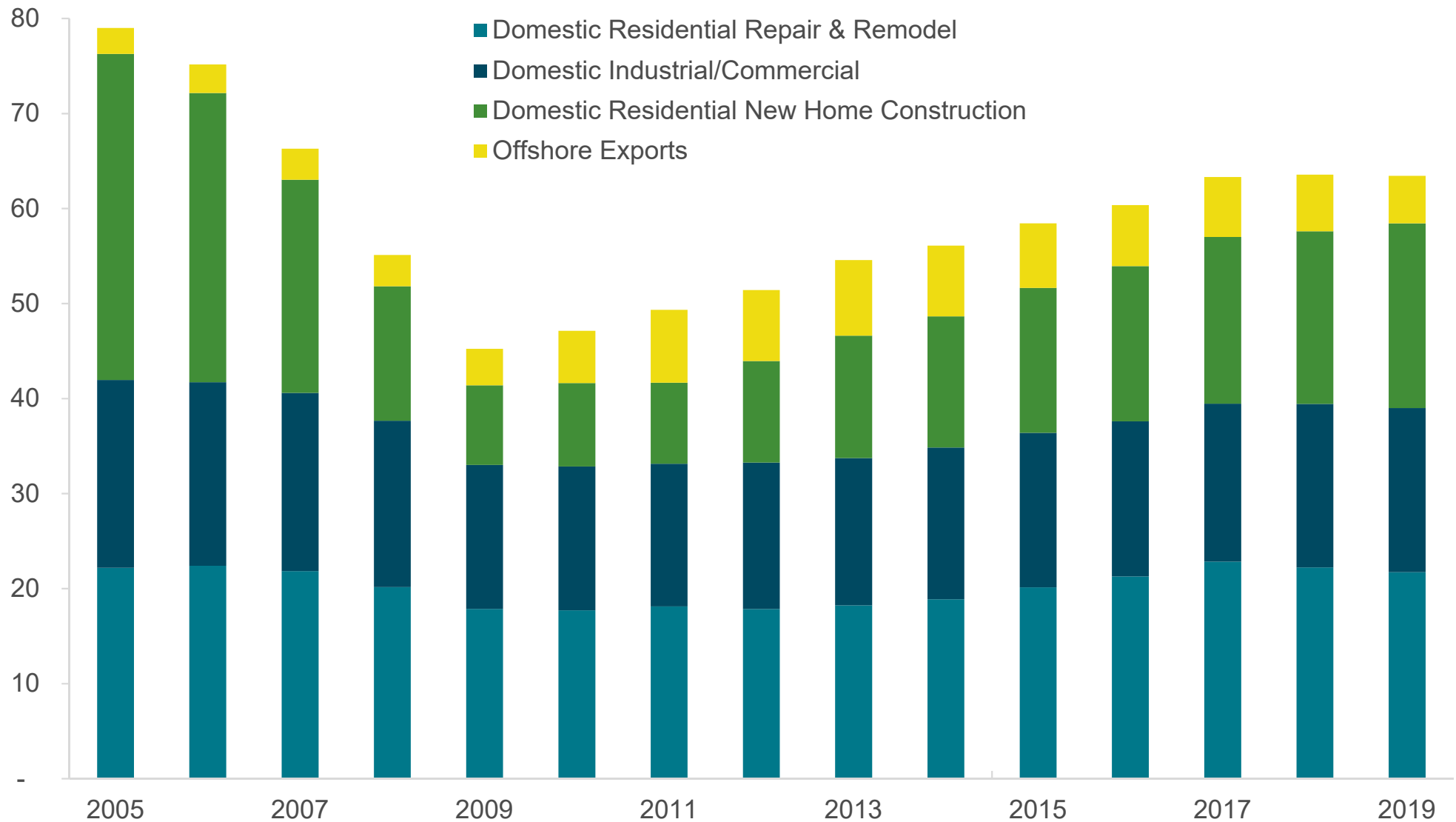
LUMBER PRICES

2016-2020
NORTH AMERICAN BENCHMARK LUMBER PRICES (US\$/MBF)



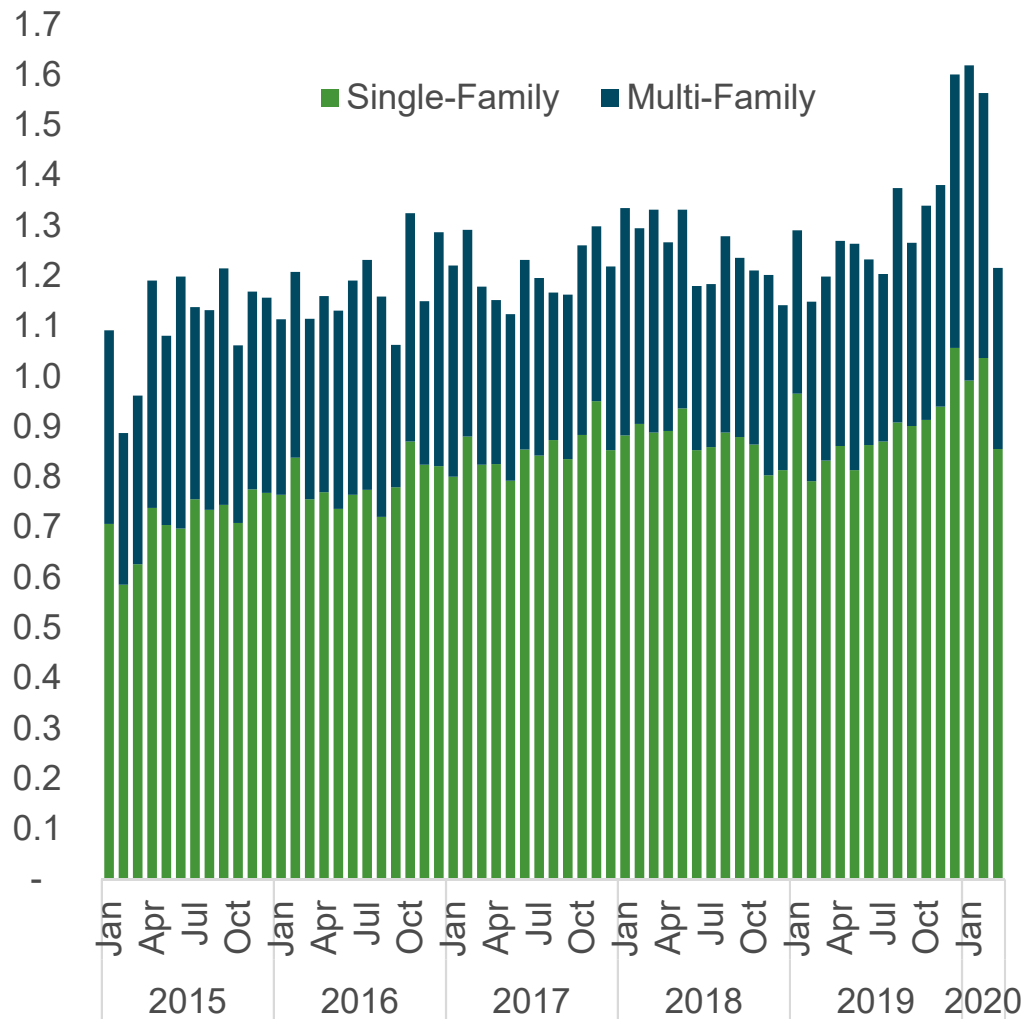
LUMBER DEMAND

NORTH AMERICAN LUMBER DEMAND BY END-USE (BBF)

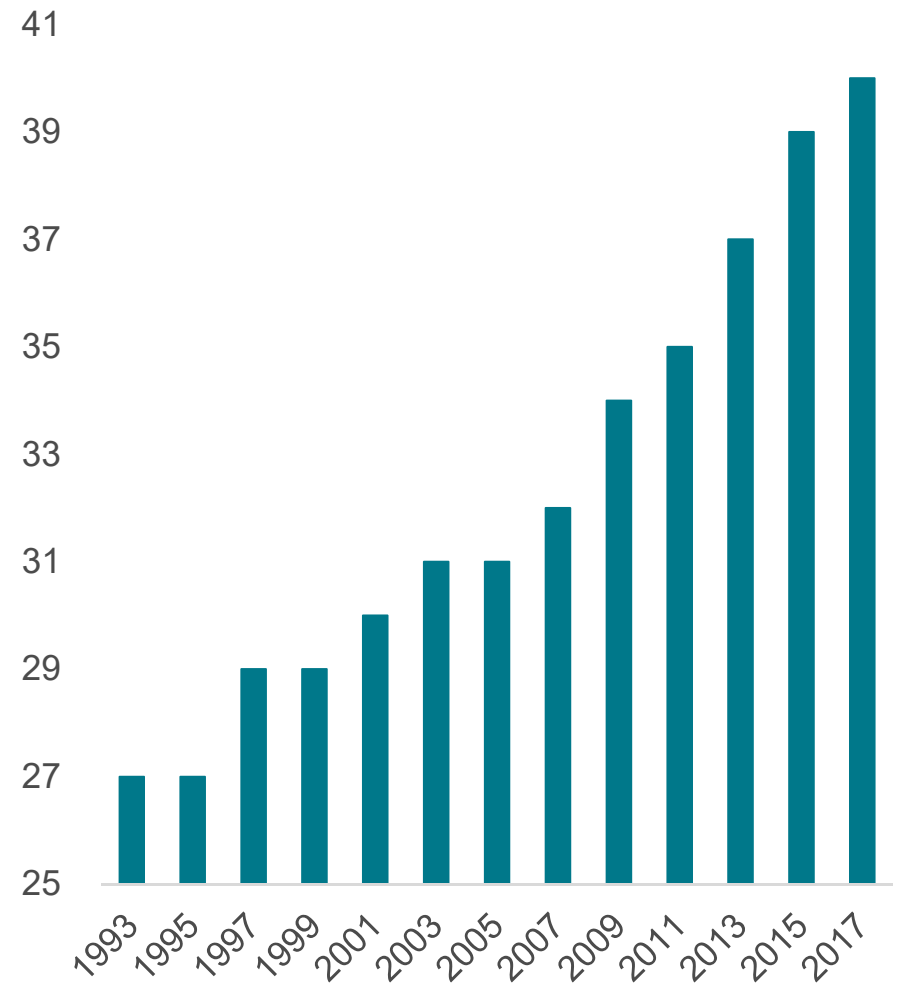


LUMBER DEMAND: KEY DRIVERS

US HOUSING STARTS
(MILLIONS SEASONALLY ADJUSTED)



AGE OF US HOUSING STOCK
(MEDIAN AGE IN YEARS)



LUMBER SUPPLY

NORTH AMERICAN LUMBER PRODUCTION BY REGION (BBF)

<u>Region</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Y/Y Variance</u>	
				<u>'18 vs. '17</u>	<u>'19 vs. '18</u>
South	18.3	18.8	19.3	3%	3%
West	13.9	14.4	14.3	4%	-1%
Other	1.6	1.6	1.7	3%	1%
<u>USA</u>	<u>33.8</u>	<u>34.9</u>	<u>35.3</u>	<u>3%</u>	<u>1%</u>
BC	13.0	12.4	9.8	-4%	-20%
Rest of Canada	15.4	14.9	14.6	-3%	-2%
<u>Canada</u>	<u>28.3</u>	<u>27.3</u>	<u>24.4</u>	<u>-4%</u>	<u>-10%</u>
<u>North America</u>	<u>62.1</u>	<u>62.2</u>	<u>59.8</u>	<u>0%</u>	<u>-4%</u>
Offshore Imports	1.2	1.5	1.5	29%	-1%

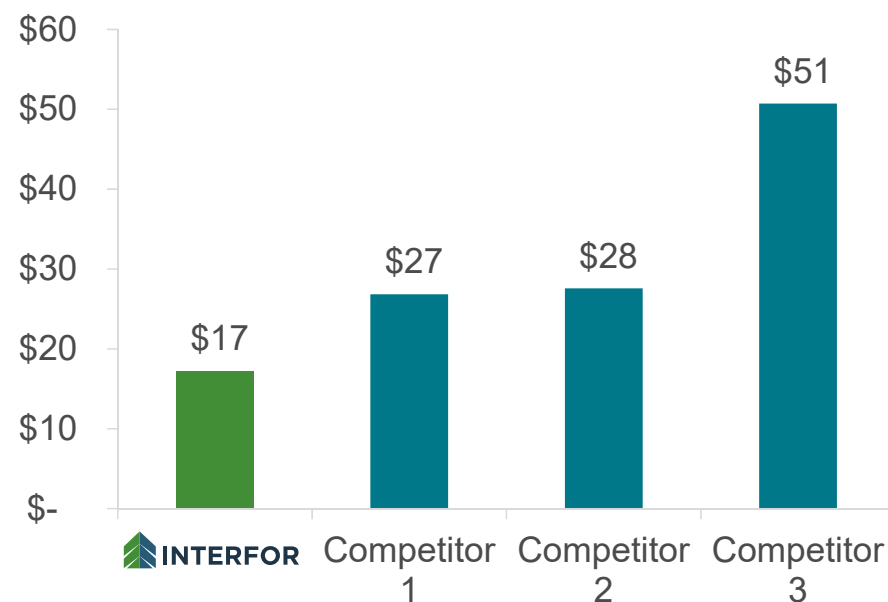
SOFTWOOD LUMBER DISPUTE

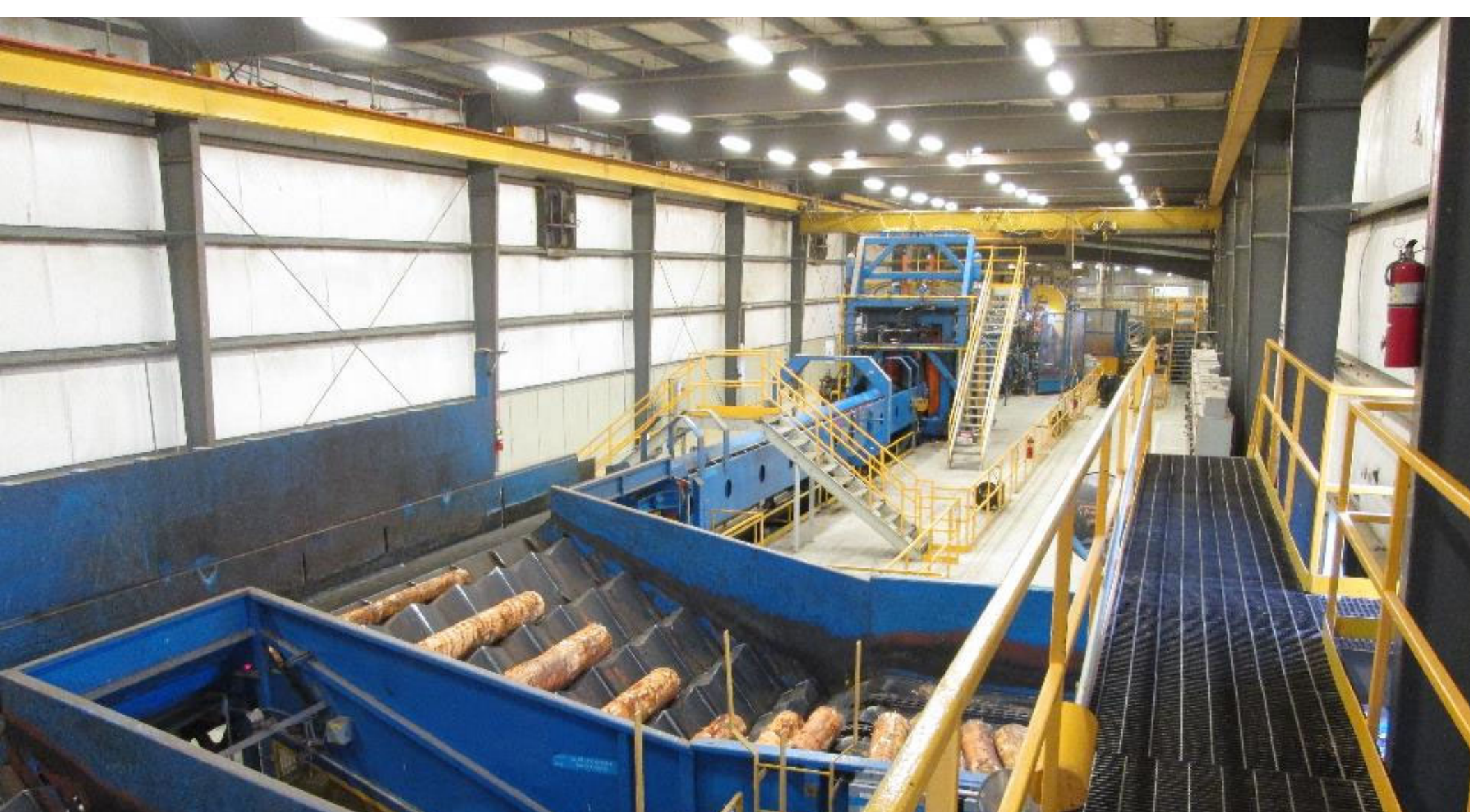
- Interfor's Canadian operations' shipments to the U.S. represent approx. 14% of company-wide lumber shipments.
- Approx. 70% of Interfor's lumber production is US-based.
- Significant differences in accounting treatment for duties between publicly traded companies; limits reported EBITDA comparability.
- As of March 31, 2020 Interfor had US\$102 MM of duties on deposit, virtually all of which are off-balance sheet.

U.S. COUNTERVAILING & ANTI-DUMPING CASH DEPOSIT RATES

<u>COMPANY</u>	<u>2017-20</u> ⁽¹⁾	<u>2020-21</u> ⁽²⁾
West Fraser	23.56%	9.08%
Canfor	20.52%	4.63%
Tolko	22.07%	8.21%
Resolute	17.90%	15.84%
JD Irving	9.38%	4.32%
All Others (Includes Interfor)	20.23%	8.21%

2019 DUTIES PAID PER SHIPMENT (C\$/MBF) ⁽³⁾





OPERATIONS OVERVIEW

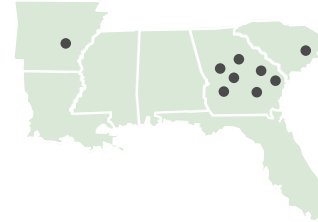
BUSINESS COMPARISONS

BC INTERIOR DIMENSION MILLS



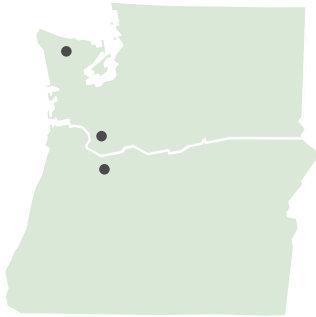
- 3 dimension mills in BC southern interior
- Modern/low cost operations
- Good fiber supply/limited exposure to pine beetle

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



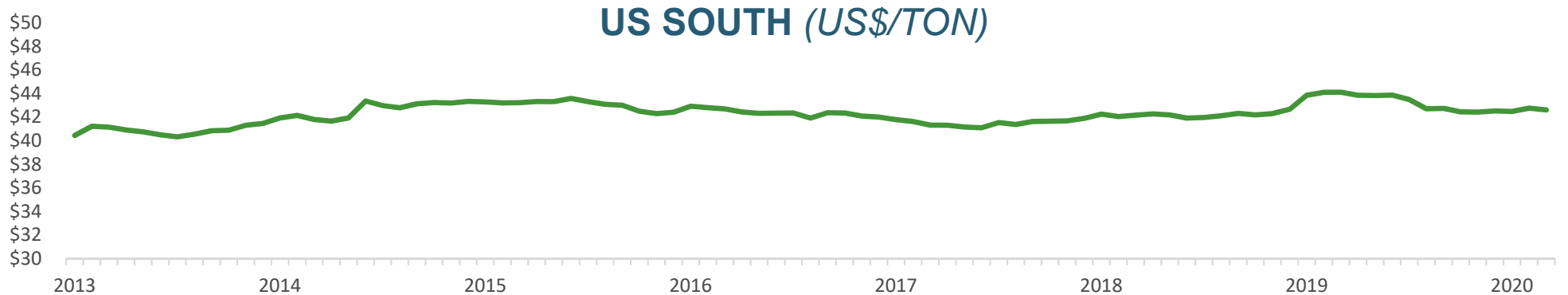
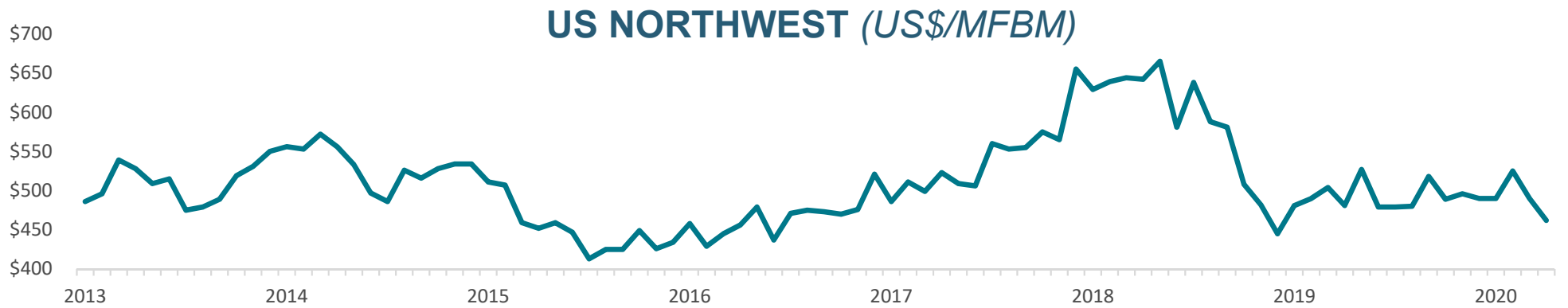
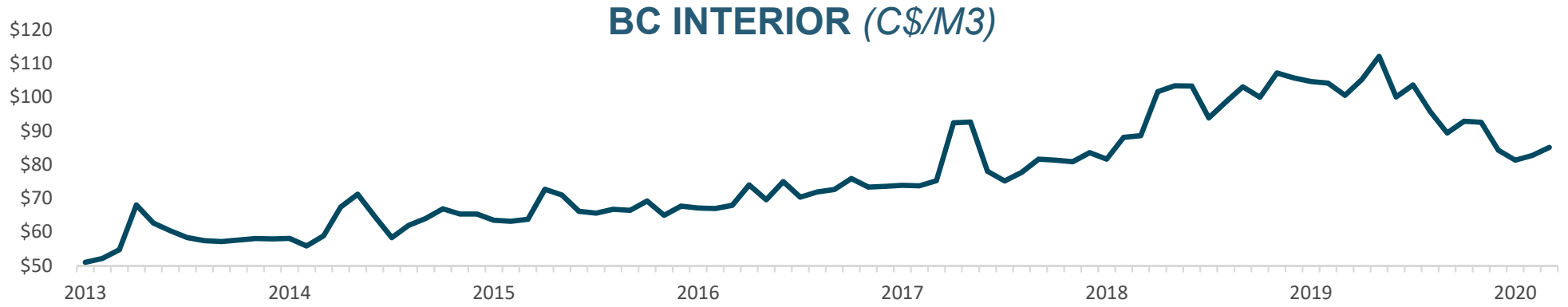
- 2 specialty mills in BC Coast and Oregon
- High value products
- Japanese squares and pine boards

BC COAST WOODLANDS LOGGING



- Log harvesting and sales
- Reorganized in 2019 after Hammond closure
- Increased focus on value realization rather than operational integration

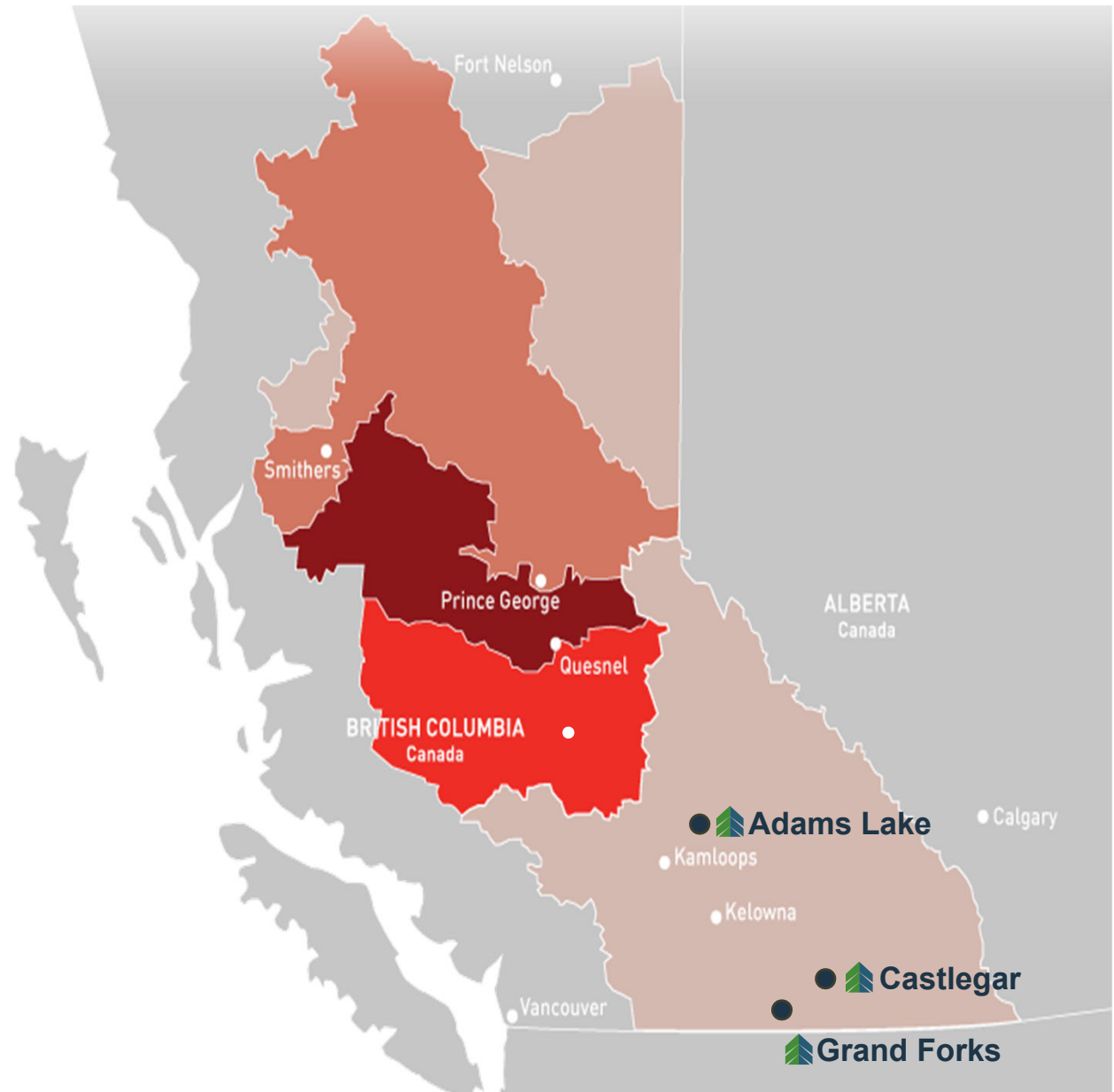
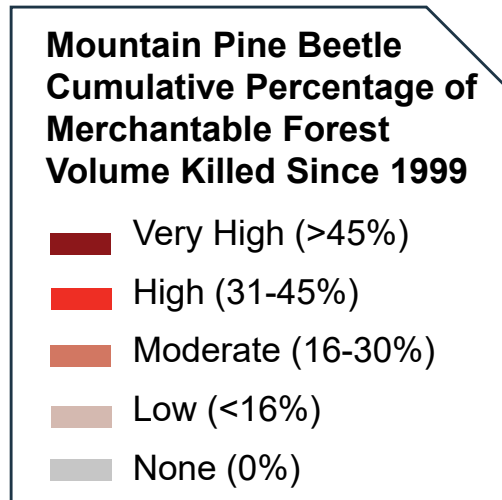
REGIONAL LOG COST TRENDS





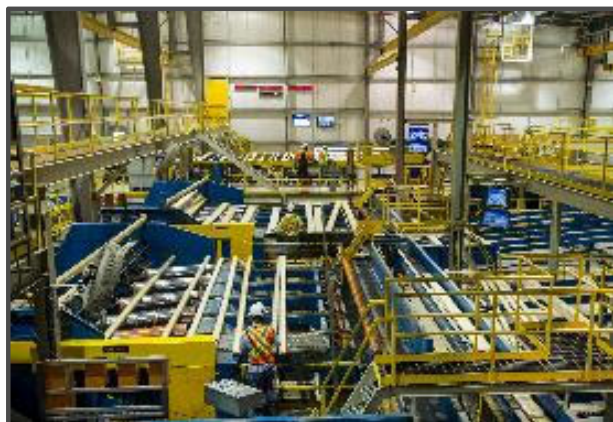
BC INTERIOR DIMENSION MILLS

BC INTERIOR: INTERFOR OVERVIEW



BC INTERIOR: INTERFOR CASE STUDY

**ADAMS LAKE
MILL REBUILD 2008-09**



**GRAND FORKS
MILL REBUILD 2012**



**CASTLEGAR
MILL REBUILD 2015**



Significantly repositioned the assets

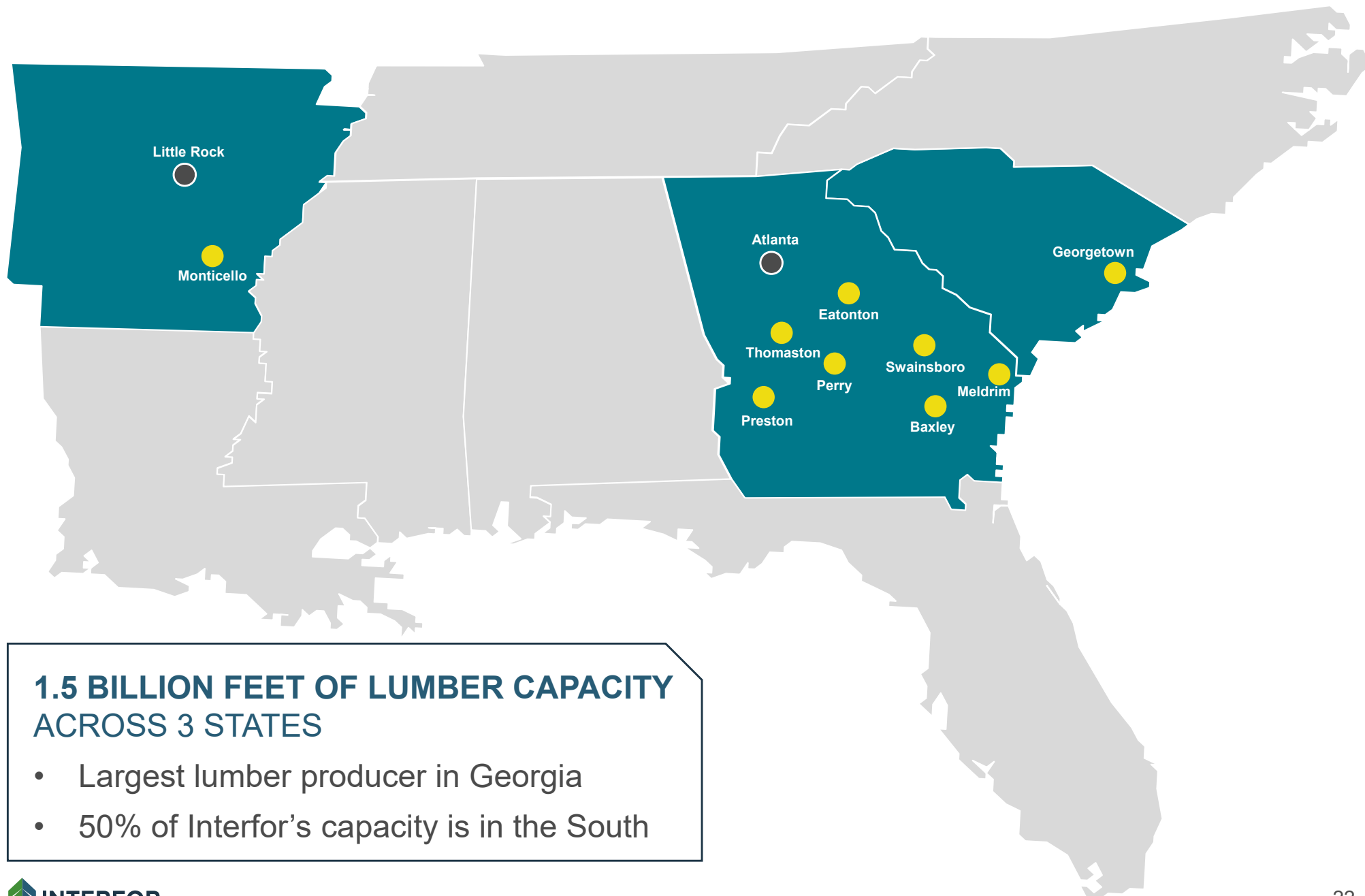
STRONG RETURN ON INVESTMENT

TOP DECILE/QUARTILE EBITDA MARGINS FOR THE BC INTERIOR



US SOUTH DIMENSION MILLS

US SOUTH: OVERVIEW



**1.5 BILLION FEET OF LUMBER CAPACITY
ACROSS 3 STATES**

- Largest lumber producer in Georgia
- 50% of Interfor's capacity is in the South

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\$70 MM:

- Meldrim, GA and Monticello, AR
- Completed in 2019.

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

- Eatonton, GA and Georgetown, SC completion between 2020 and 2022;
- Thomaston, GA postponed in light of COVID-19;
- Significant flexibility to modify the rate of spending as market conditions evolve.



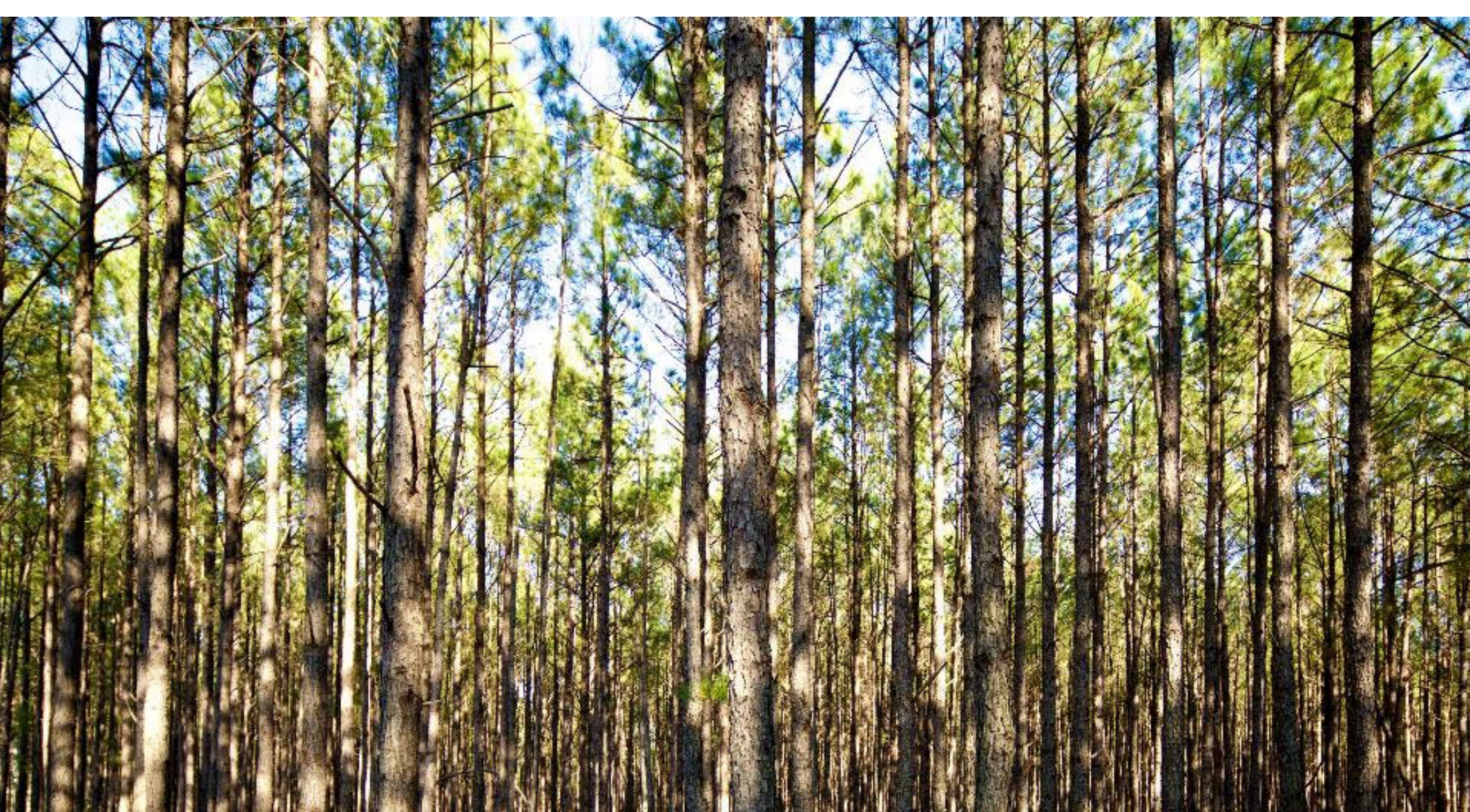
Canter Lines



Continuous Kilns



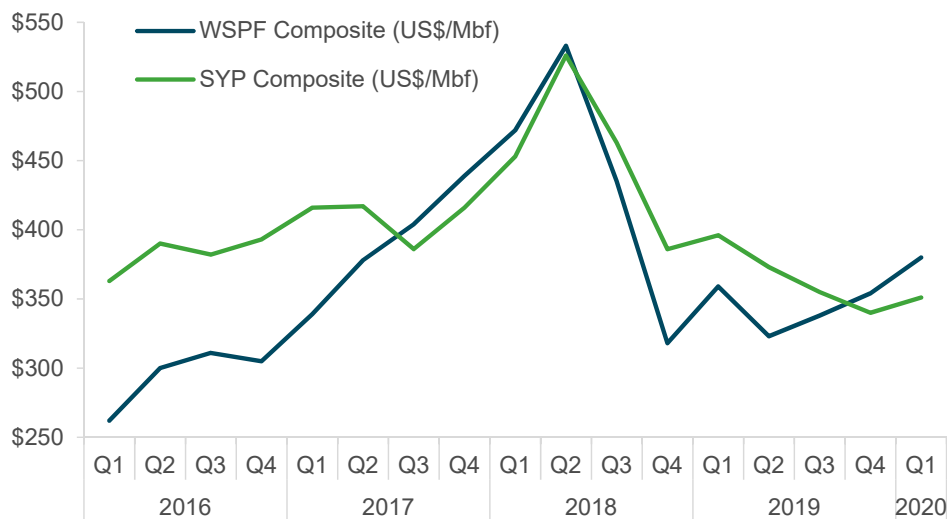
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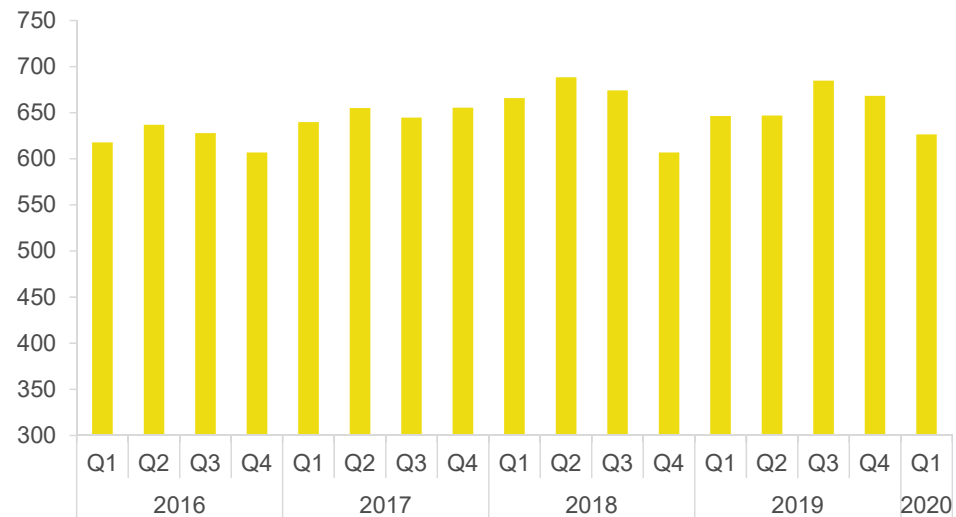
FINANCIAL REVIEW

HISTORICAL RESULTS SNAPSHOT

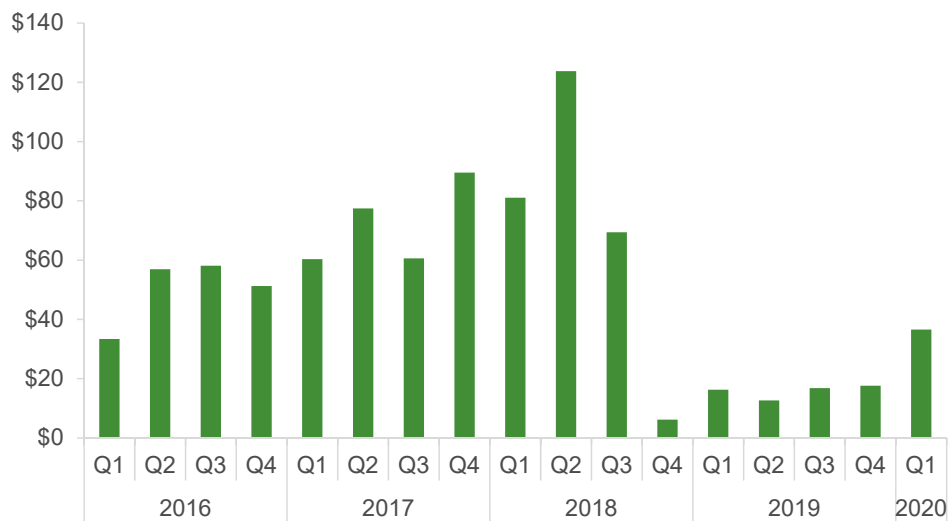
BENCHMARK LUMBER PRICES (US\$/MBF)



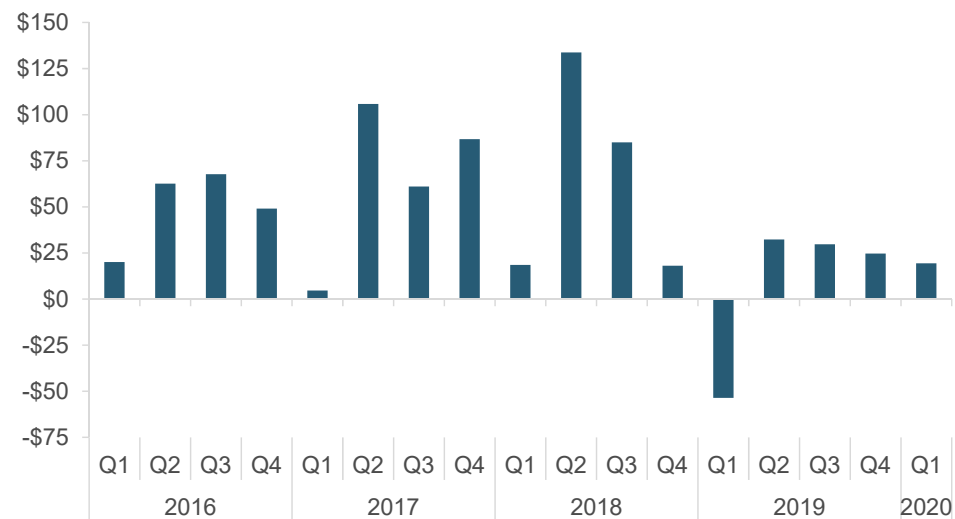
PRODUCTION VOLUMES (MMBF)



ADJUSTED EBITDA (C\$MM)

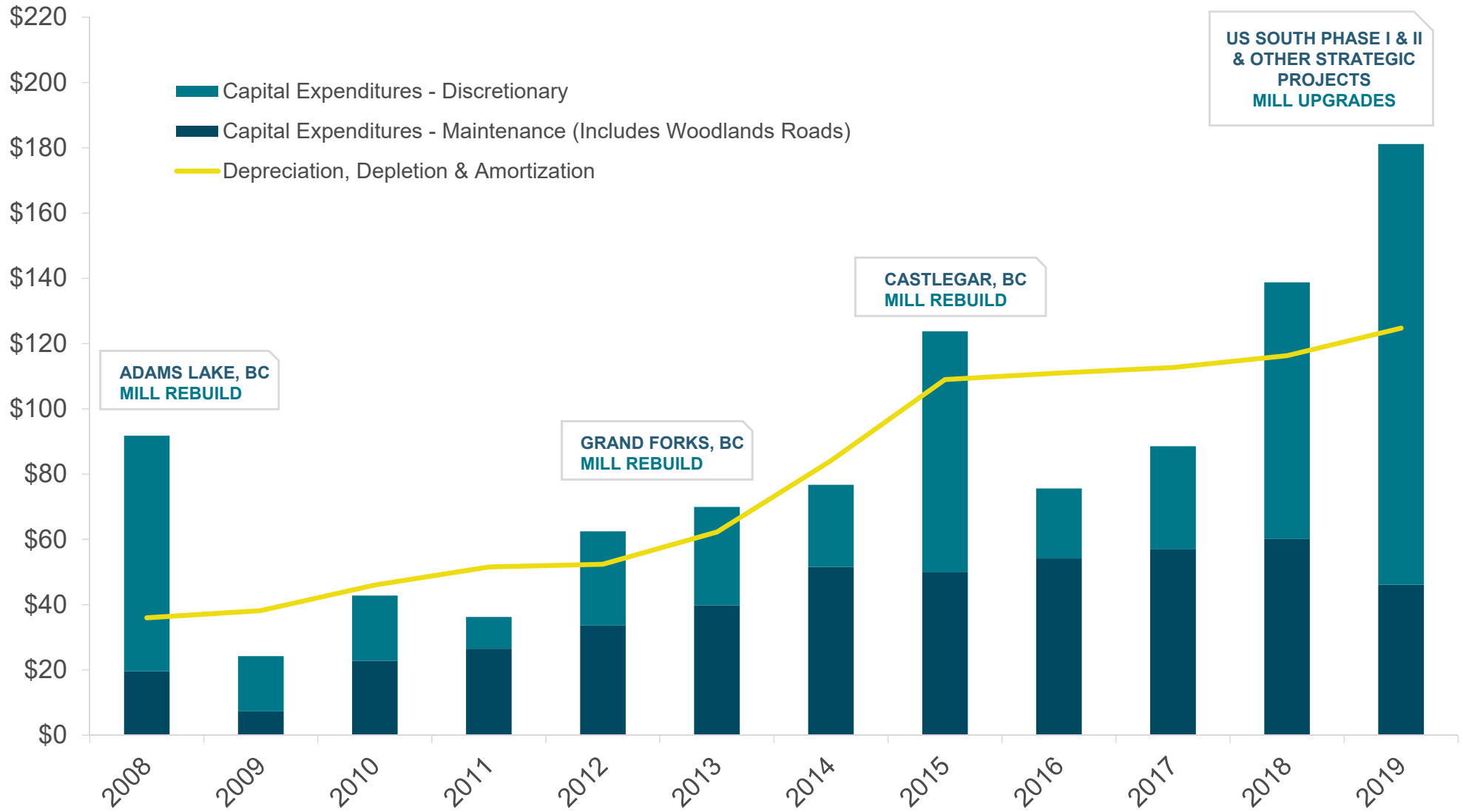


CASH FROM OPS INCL. W/C (C\$MM)



CAPITAL SPENDING PROFILE

ANNUAL CAPITAL EXPENDITURES (C\$MM)





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