

COMPANY UPDATE

NOVEMBER 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.

RECENT HIGHLIGHTS

FINANCIAL FLEXIBILITY:

- Strong balance sheet @ 9/30/2019:
 - 19% ND/IC; liquidity of \$381 MM
 - No significant debt maturities until 2024

BC INTERIOR TENURE ACQUISITION:

- Announced agreement to acquire tenure from Canfor (subject to BC Government approval)

BC COAST RECONFIGURATION:

- Permanent closure of Hammond cedar mill and reorganization of BC Coast logging operations

LEADERSHIP TRANSITION:

- Duncan Davies will step down with promotion of Ian Fillinger (currently Senior Vice President & COO)

MULTI-YEAR STRATEGIC CAPITAL PLAN:

• Discretionary internal projects:

PHASE I: Two US South projects totaling US\$70 MM

- Increase production by 150 MMbf/year
- Reduce conversion costs and increase grade outturns/product mix and lumber recovery
- Completed in Q2-2019; ramping-up

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 2019-2022

INTERFOR'S FOUR REGIONS

BC COAST

320 MMBF (10%)

- 2 mills (permanent closure of Hammond mill in Q4-2019)
- Cedar, Hem-Fir, Douglas-Fir
- Speciality

BC INTERIOR

750 MMBF (24%)

- 3 mills
- Douglas-Fir, Hem-Fir, SPF, Cedar
- Dimension

US NORTHWEST

640 MMBF (21%)

- 4 mills
- Hem-Fir, Douglas-Fir, Ponderosa Pine, Lodgepole Pine
- Studs, Dimension, Specialty

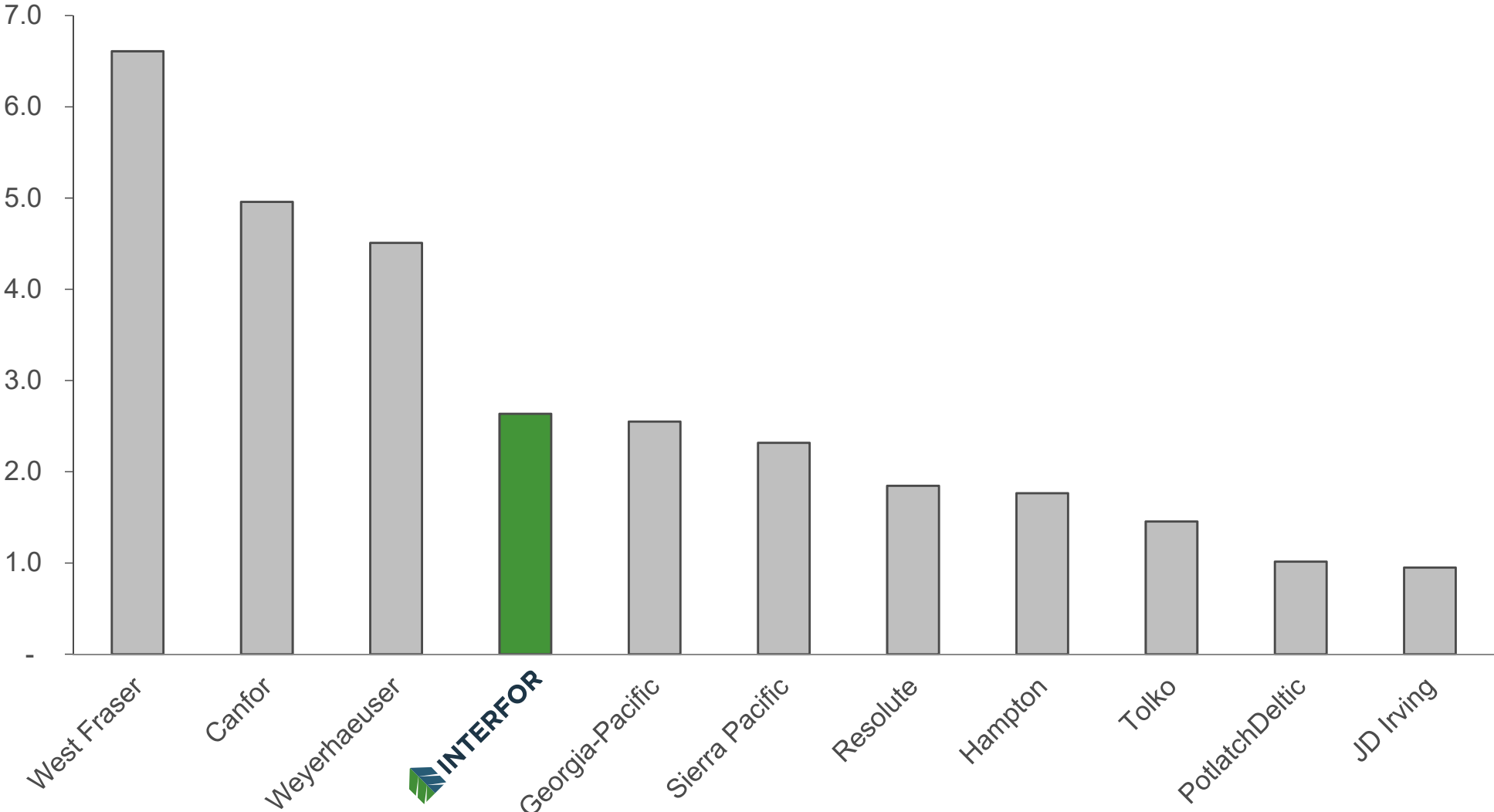
US SOUTH

1,400 MMBF (45%)

- 9 mills
- Southern Yellow Pine
- Dimension

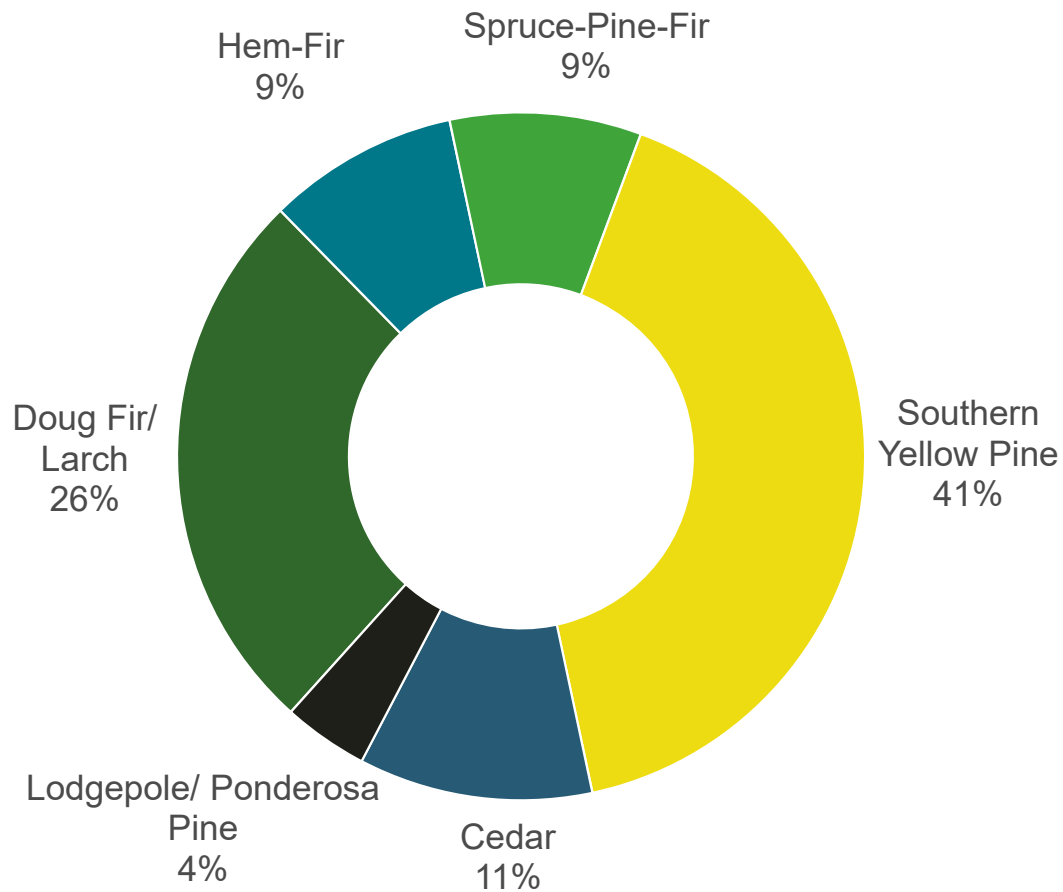
4TH LARGEST LUMBER PRODUCER

NORTH AMERICAN LUMBER PRODUCTION BY COMPANY - 2018

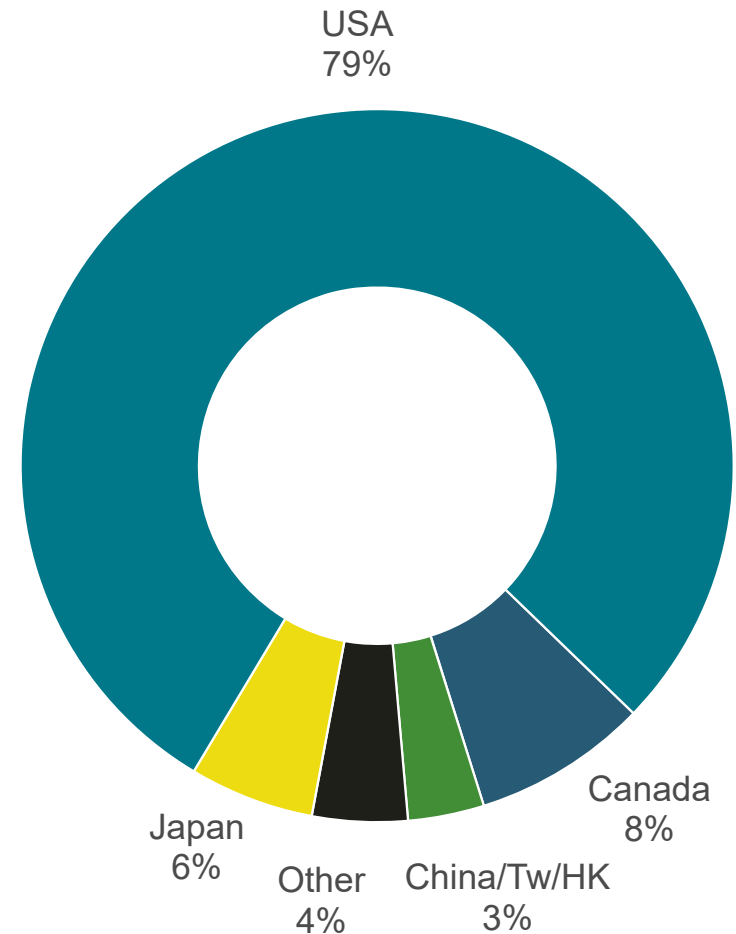


INTERFOR'S PRODUCTS & MARKETS

LUMBER SALES BY SPECIES (1)



LUMBER SALES BY MARKET (1)

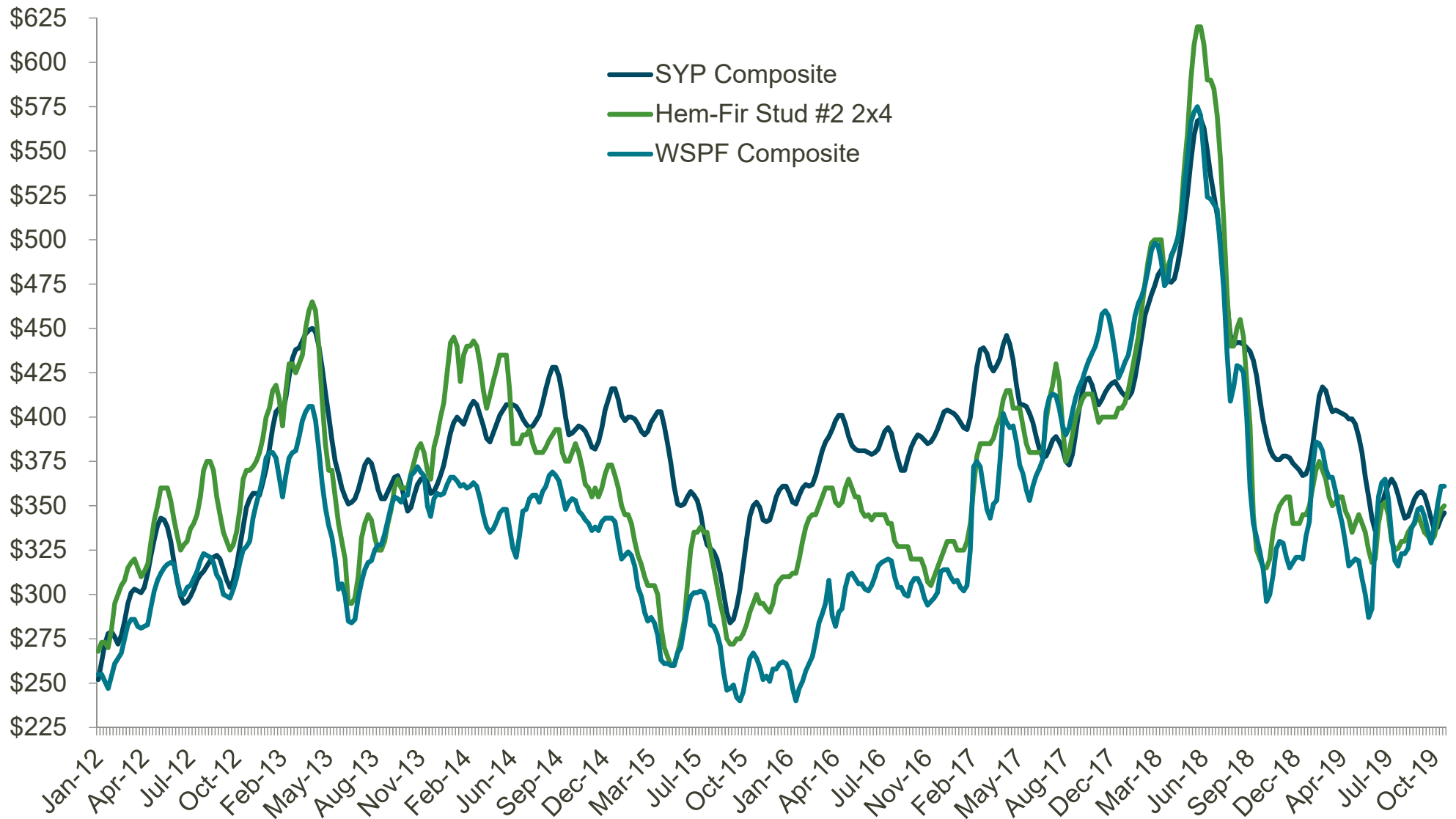




LUMBER MARKETS

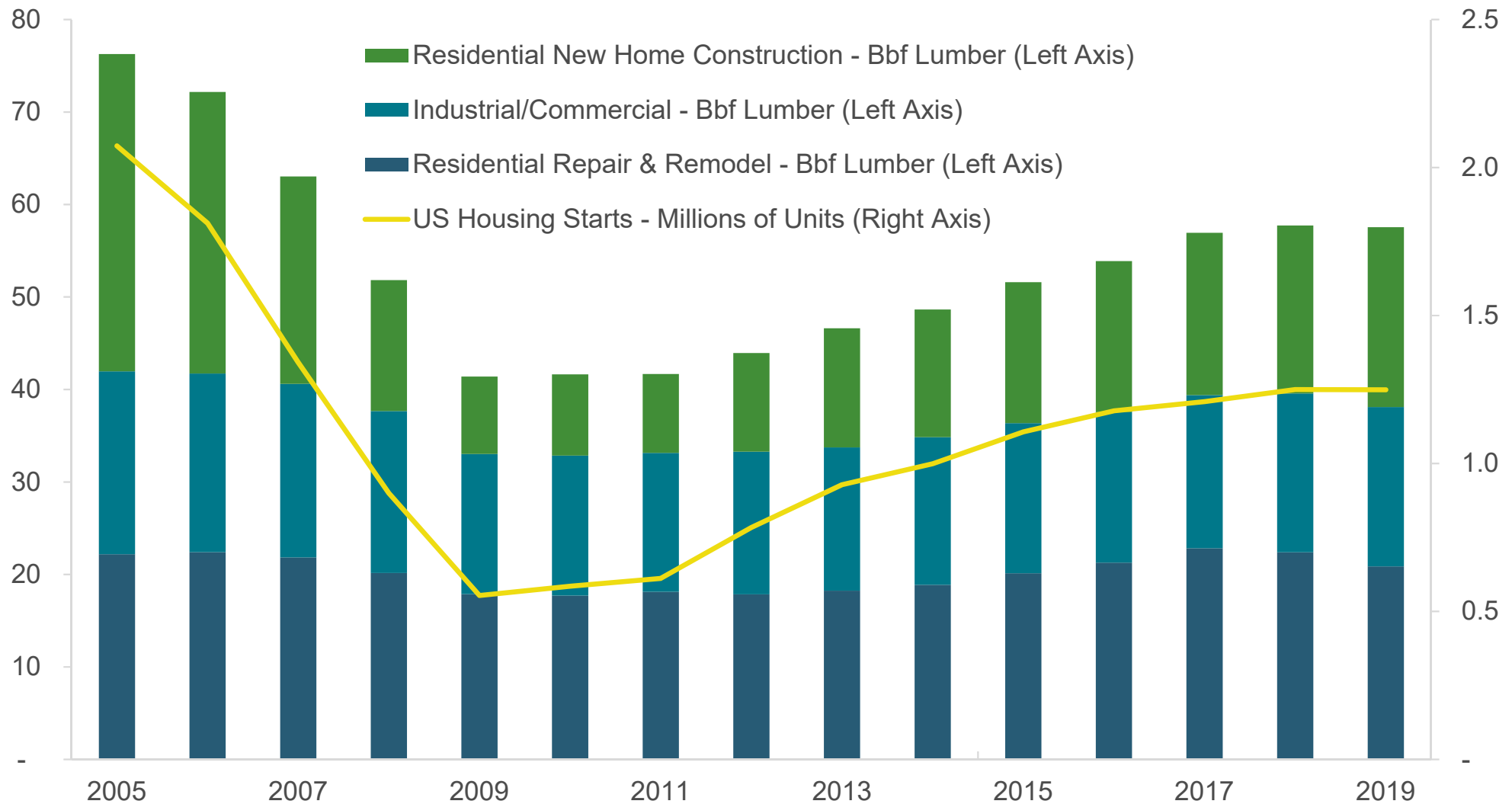
LUMBER PRICES

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



LUMBER DEMAND

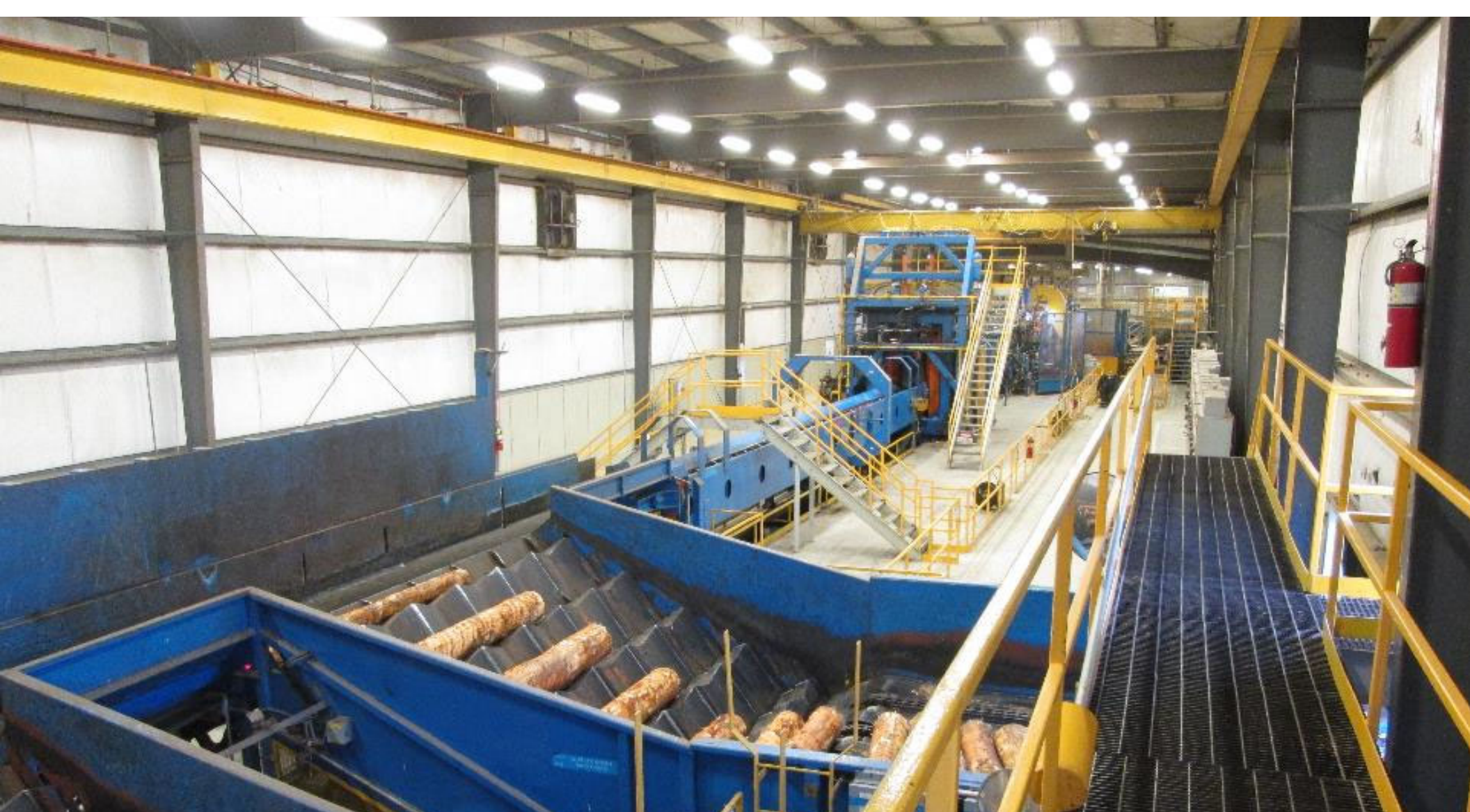
NORTH AMERICAN SOFTWOOD LUMBER DEMAND BY END-USE (BBF) & TOTAL US HOUSING STARTS (MILLIONS)



LUMBER SUPPLY

NORTH AMERICAN LUMBER PRODUCTION BY REGION (BBF)

<u>Region</u>	<u>YTD August</u>			<u>Y/Y Variance</u>	
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>'18 vs. '17</u>	<u>'19 vs. '18</u>
South	12.4	13.0	13.0	5%	0%
West	9.3	9.8	9.6	5%	-2%
Other	1.1	1.1	1.1	4%	-1%
<u>USA</u>	<u>22.8</u>	<u>23.9</u>	<u>23.7</u>	<u>5%</u>	<u>-1%</u>
BC	8.8	8.6	6.9	-2%	-20%
Rest of Canada	10.2	10.1	9.8	-2%	-3%
<u>Canada</u>	<u>19.0</u>	<u>18.7</u>	<u>16.7</u>	<u>-2%</u>	<u>-11%</u>
<u>North America</u>	<u>41.8</u>	<u>42.6</u>	<u>40.4</u>	<u>2%</u>	<u>-5%</u>



OPERATIONS OVERVIEW

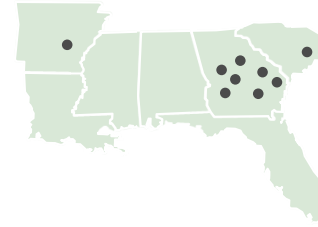
BUSINESS COMPARISONS

BC INTERIOR DIMENSION MILLS



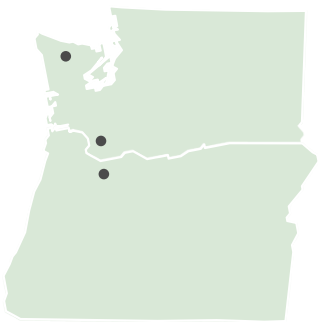
- 3 dimension mills in BC southern interior
- Modern/low cost operations
- Good fiber supply/limited exposure to pine beetle

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



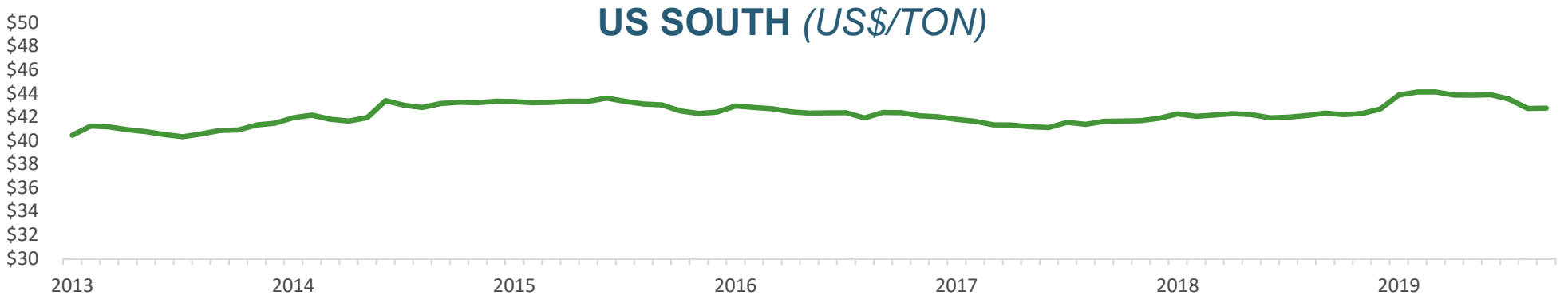
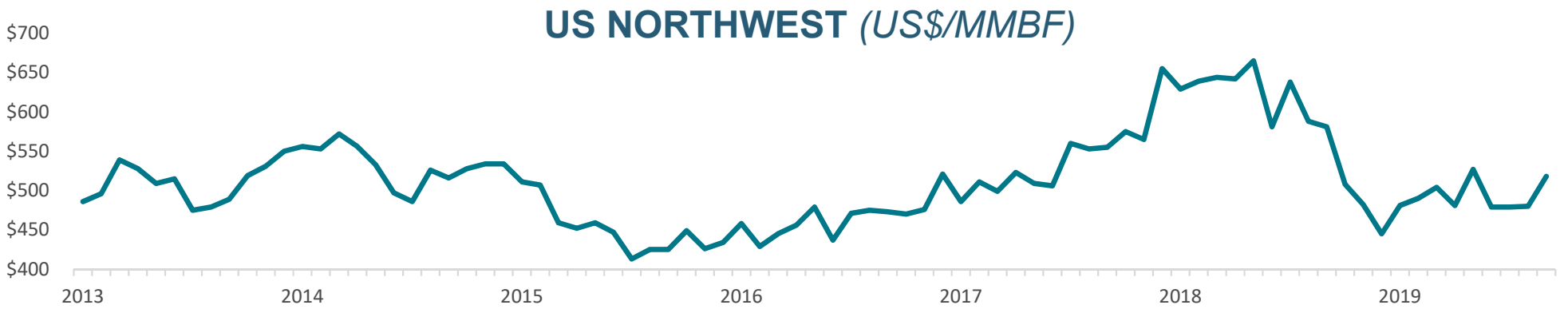
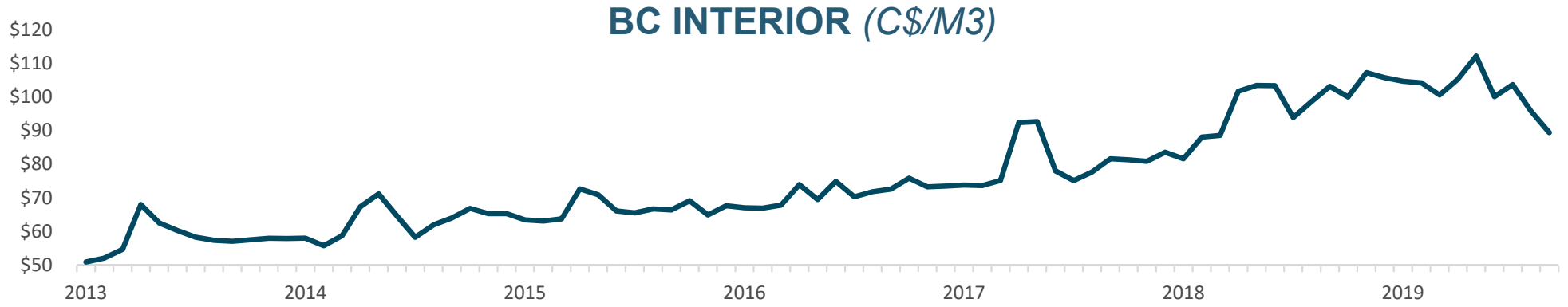
- 3 stud mills in Washington State and Oregon
- Efficient/modern operations

BC/NORTHWEST SPECIALTY MILLS



- 3 specialty mills in BC Coast and Oregon (permanent closure of Hammond, BC mill in Q4-2019)
- High value products
- Cedar, Japanese squares and pine boards

REGIONAL LOG COST TRENDS



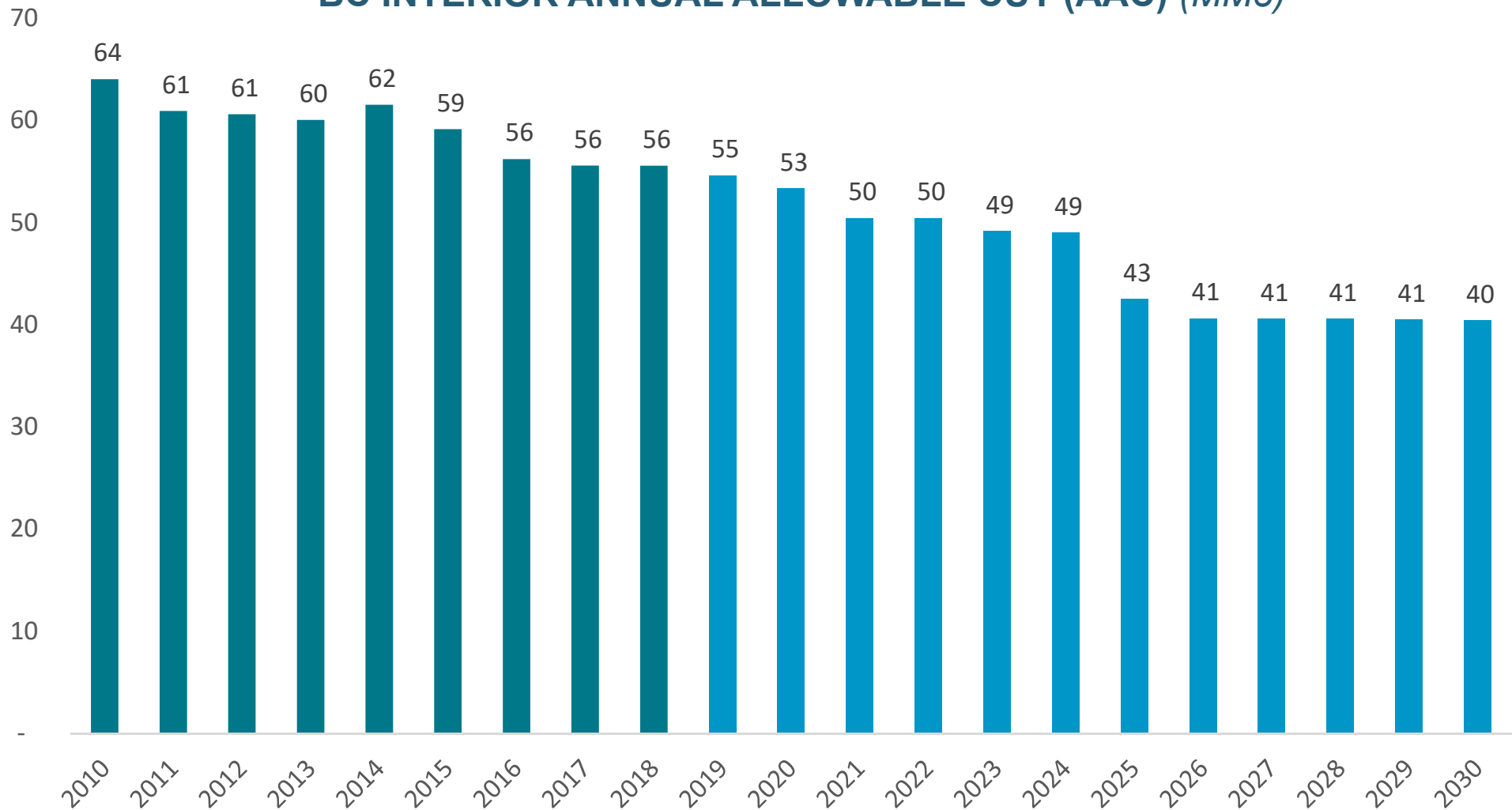


BC INTERIOR DIMENSION MILLS

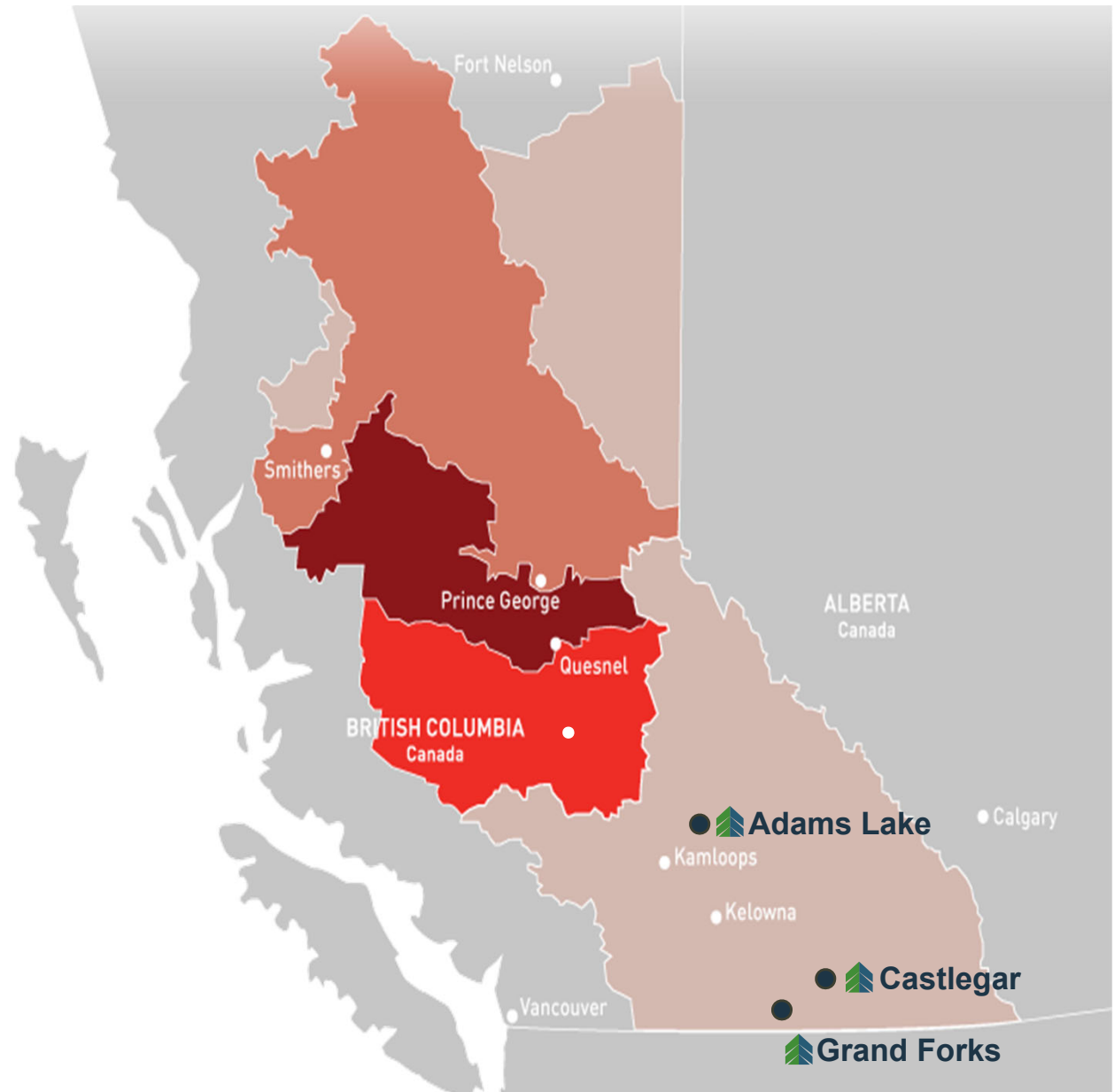
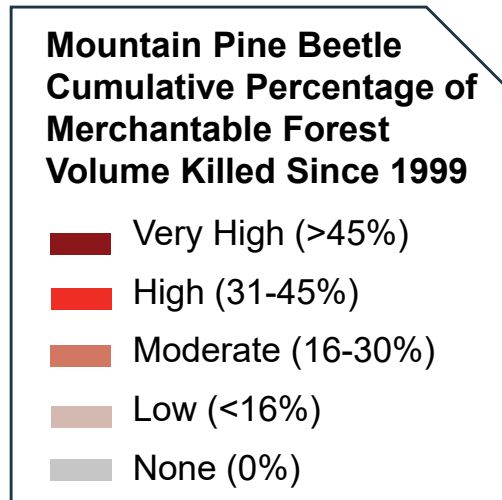
BC INTERIOR: REGIONAL FIBRE OUTLOOK

- Regional Annual Allowable Cut (AAC) reductions of approximately 25% between 2019 and 2025

BC INTERIOR ANNUAL ALLOWABLE CUT (AAC) (MM3)

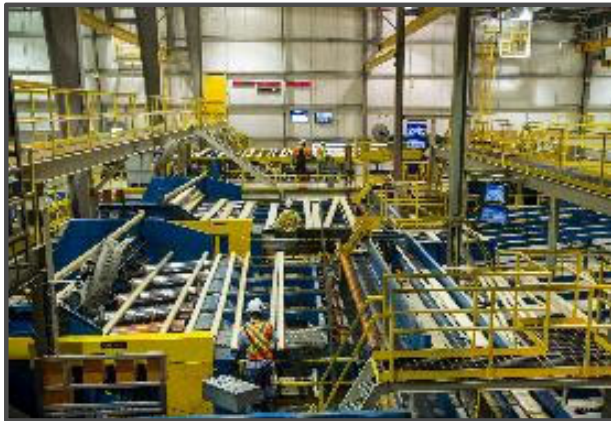


BC INTERIOR: INTERFOR OVERVIEW



BC INTERIOR: INTERFOR CASE STUDY

**ADAMS LAKE
2008-09**



**GRAND FORKS
2012**



**CASTLEGAR
2015**



Significantly repositioned the assets

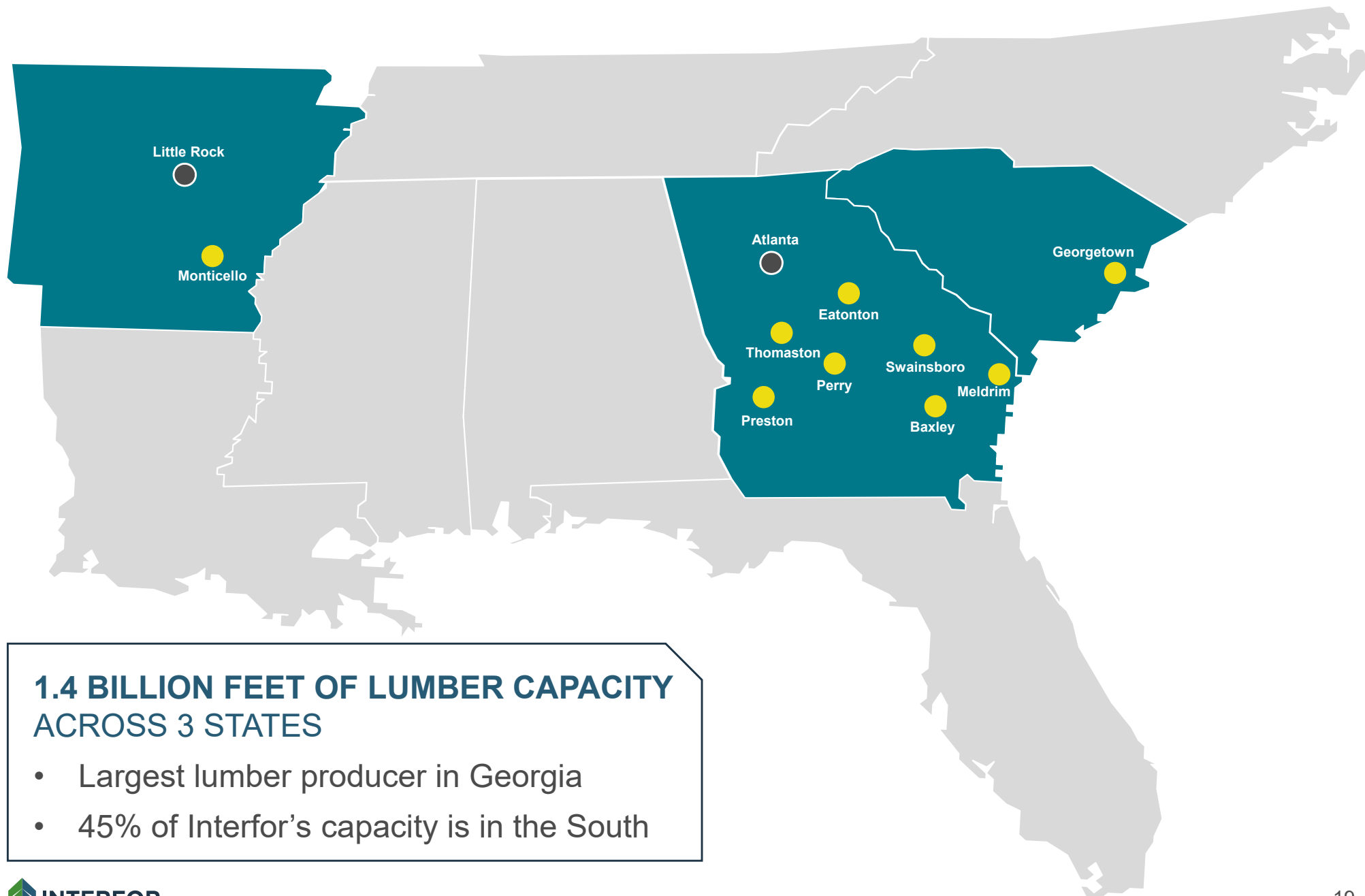
STRONG RETURN ON INVESTMENT

TOP DECILE/QUARTILE EBITDA MARGINS FOR THE BC INTERIOR



US SOUTH DIMENSION MILLS

US SOUTH: OVERVIEW



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

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

US SOUTH: INVESTMENT PROGRAM

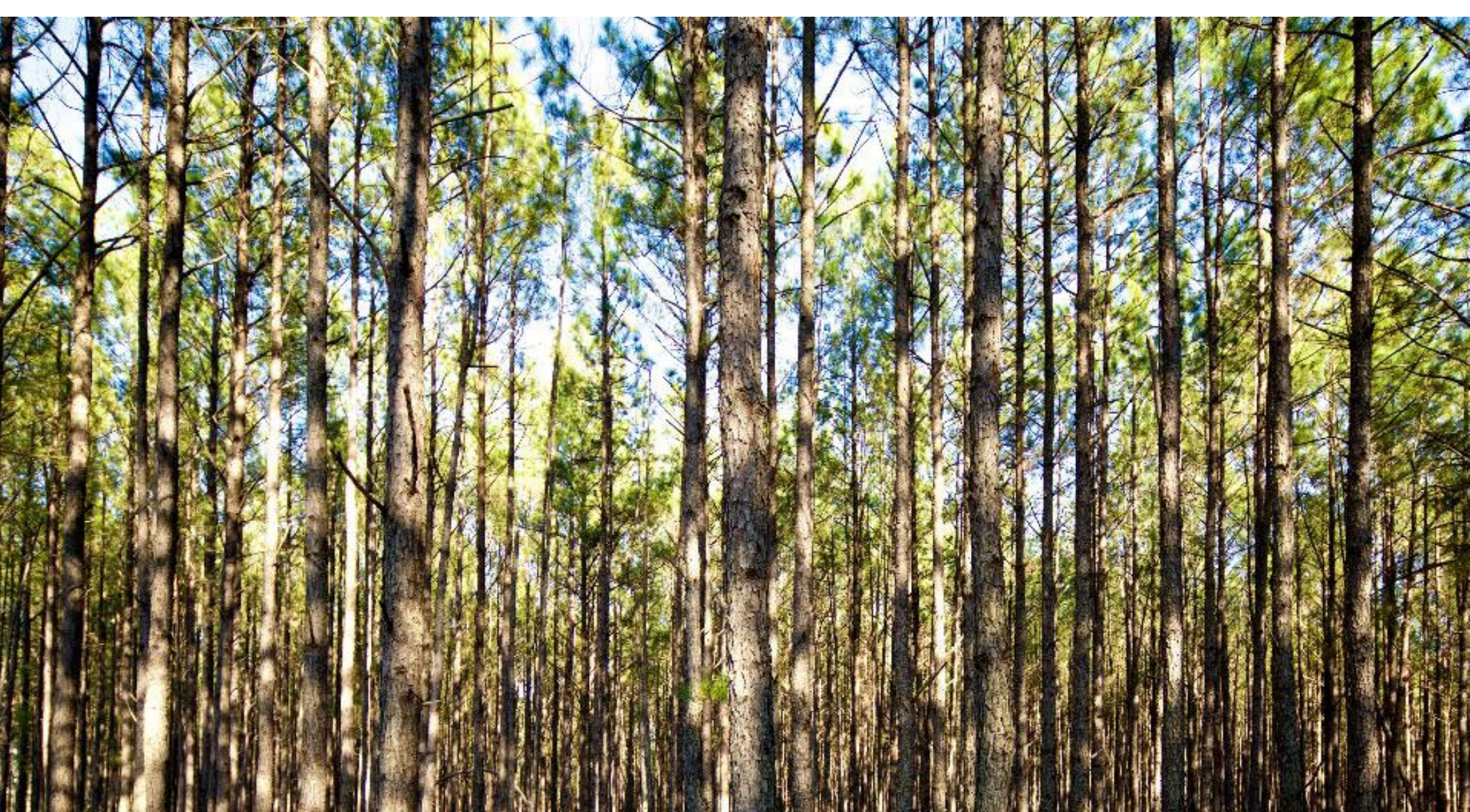
- **MULTI-YEAR DISCRETIONARY CAPEX INVESTMENT PROGRAM:**

- 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 Q2-2019; currently ramping-up

PHASE II: Three projects totaling US\$240 MM (Thomaston, GA; Eatonton, GA and Georgetown, SC); completion between 2019 and 2022

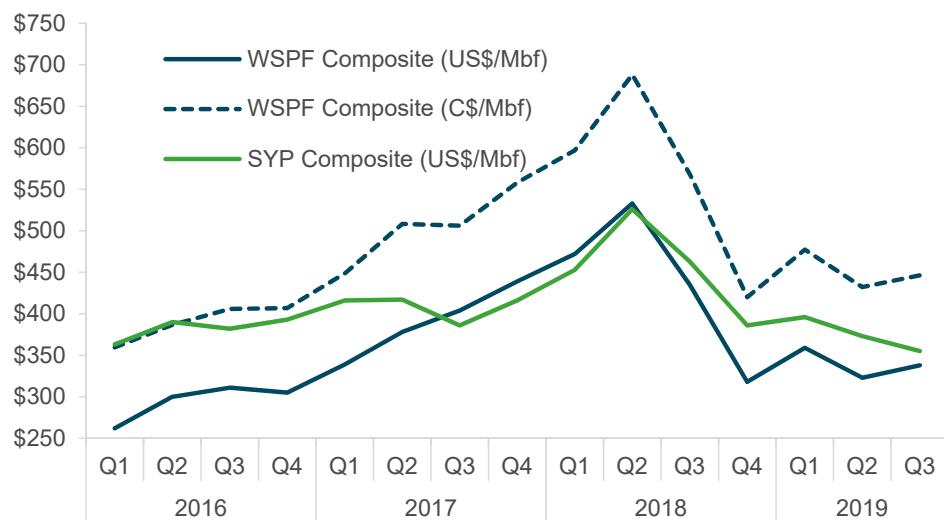




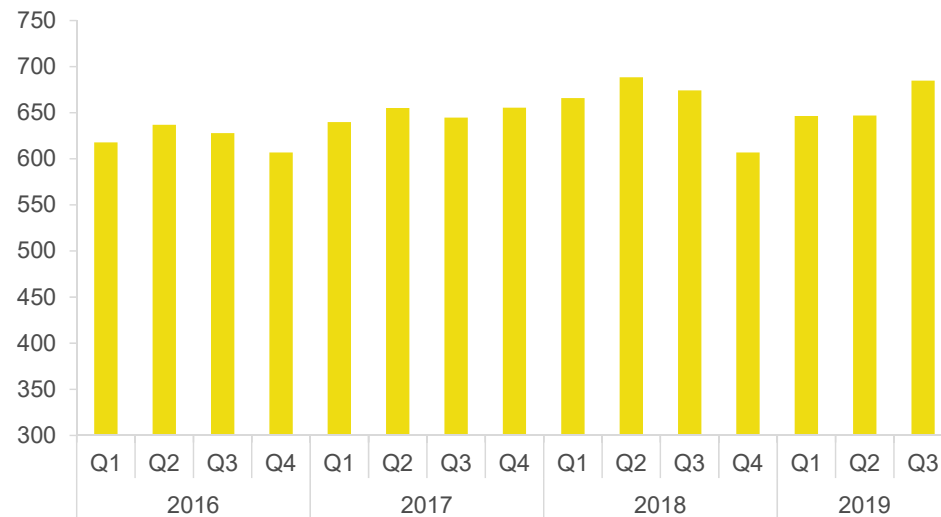
FINANCIAL REVIEW

HISTORICAL RESULTS SNAPSHOT

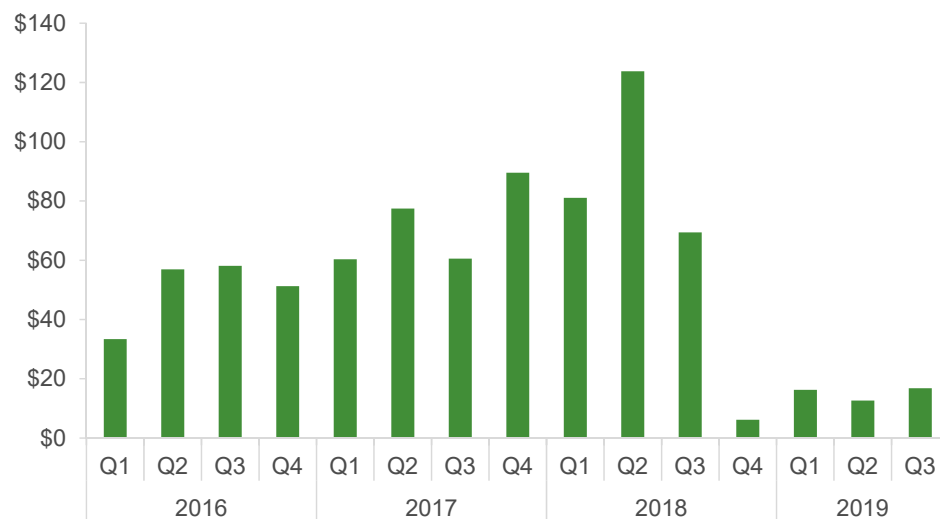
BENCHMARK LUMBER PRICES (\$/MBF)



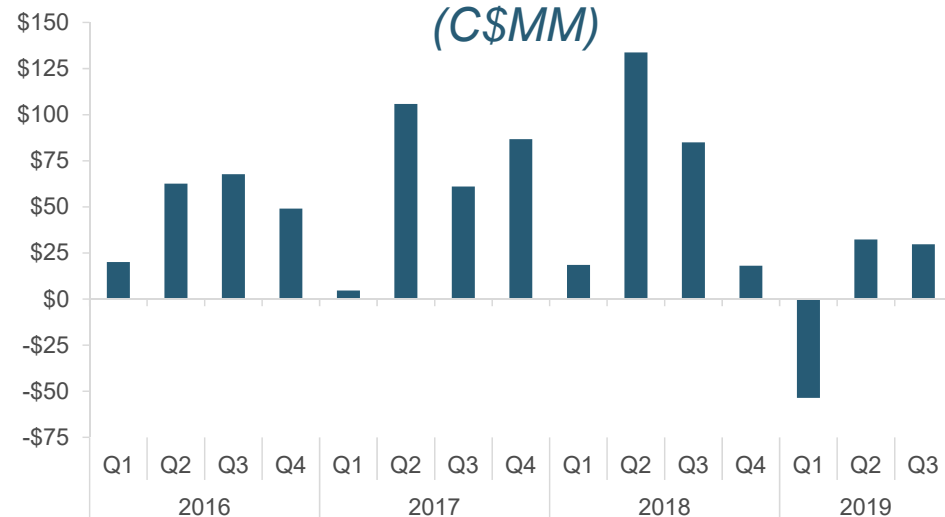
PRODUCTION VOLUMES (MMBF)



ADJUSTED EBITDA (C\$MM)

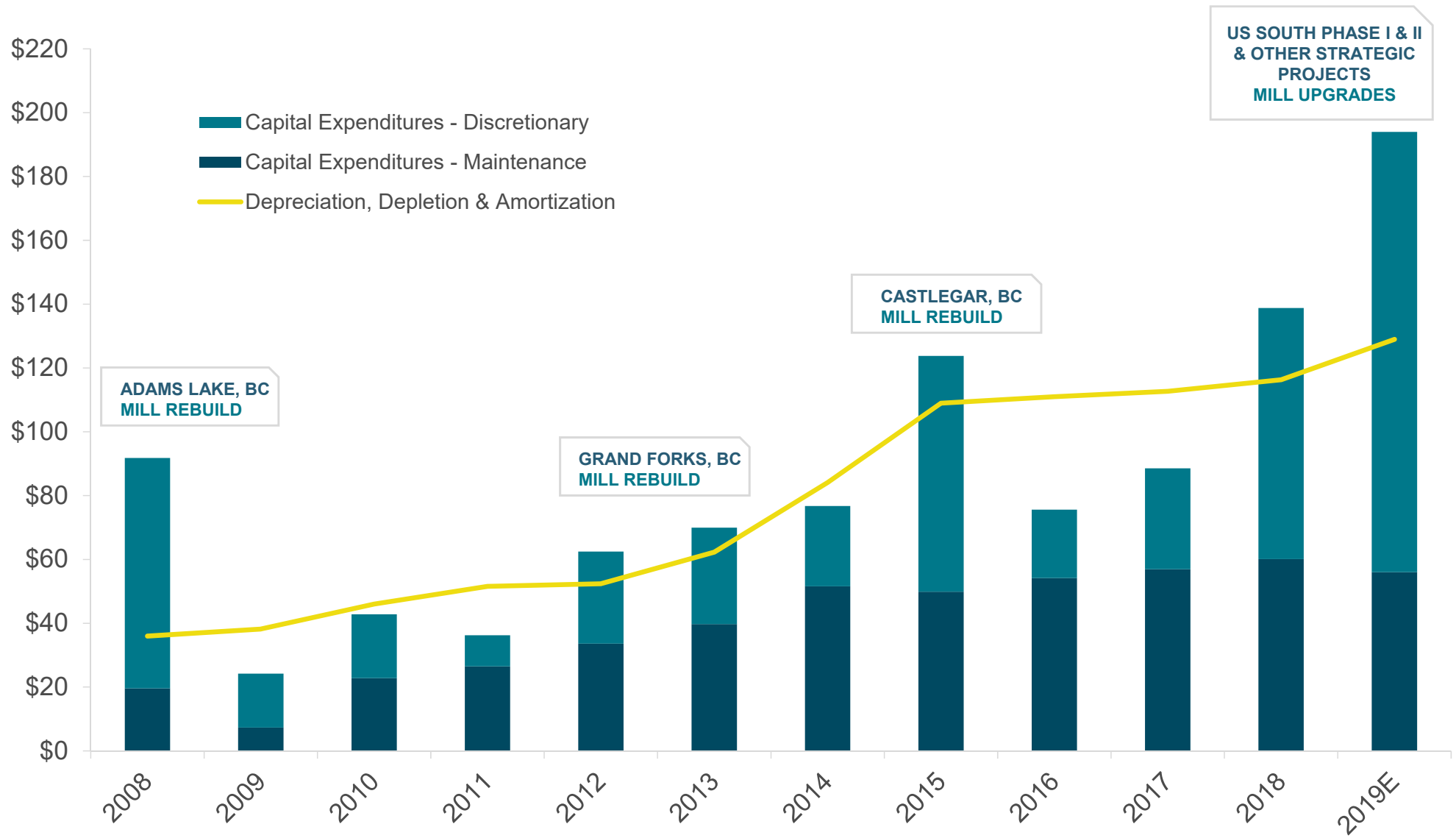


CASH FROM OPS INCL. W/C CHANGES (C\$MM)



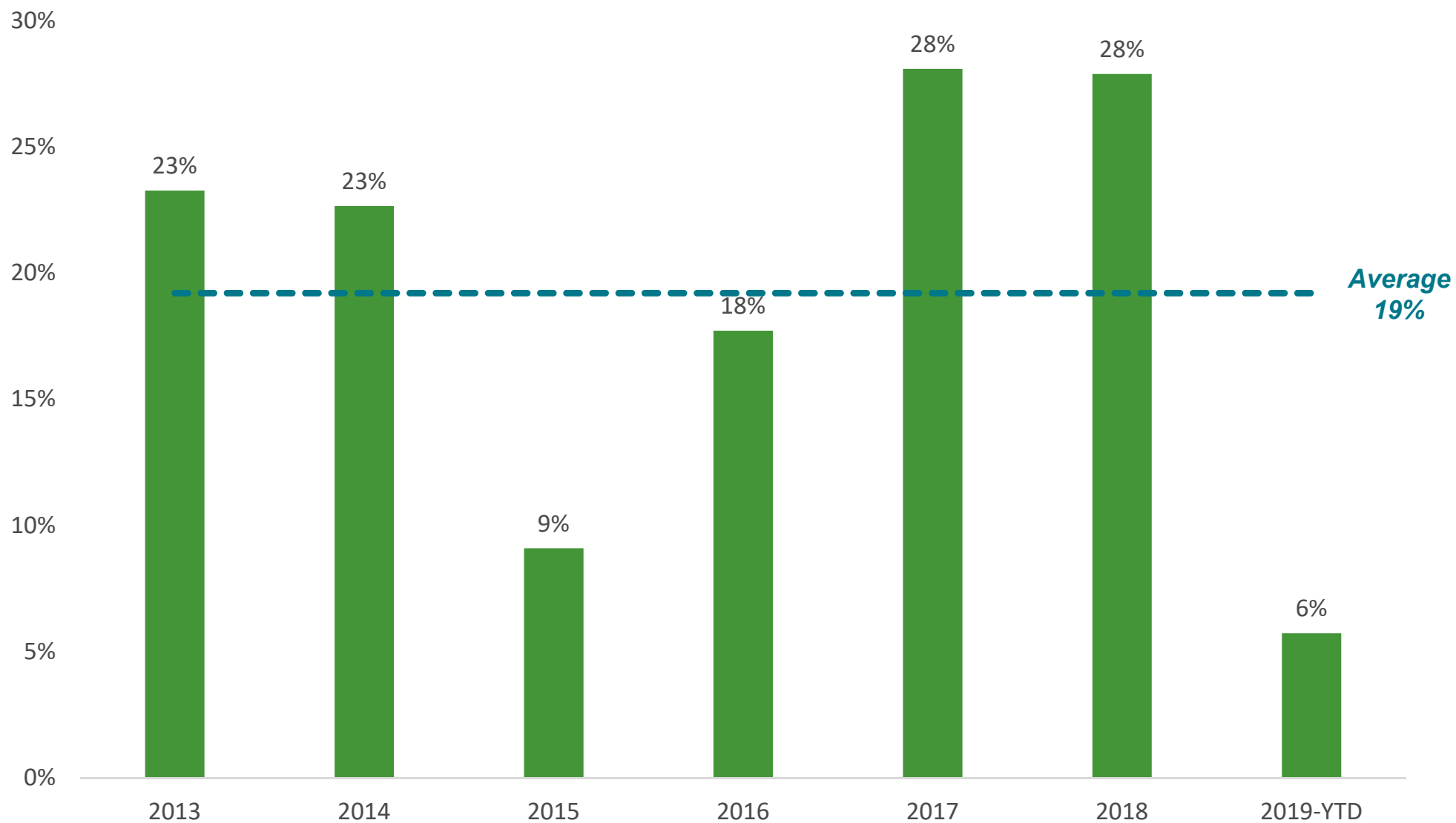
CAPITAL SPENDING PROFILE

ANNUAL CAPITAL EXPENDITURES (C\$MM)



RETURN ON INVESTED CAPITAL

ADJ. EBITDA RETURN ON INVESTED CAPITAL (%/YEAR)

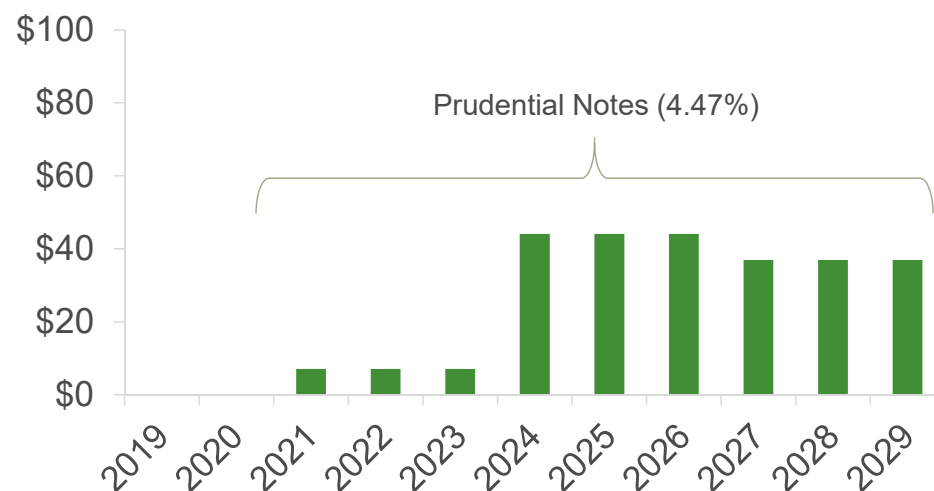


CAPITAL STRUCTURE

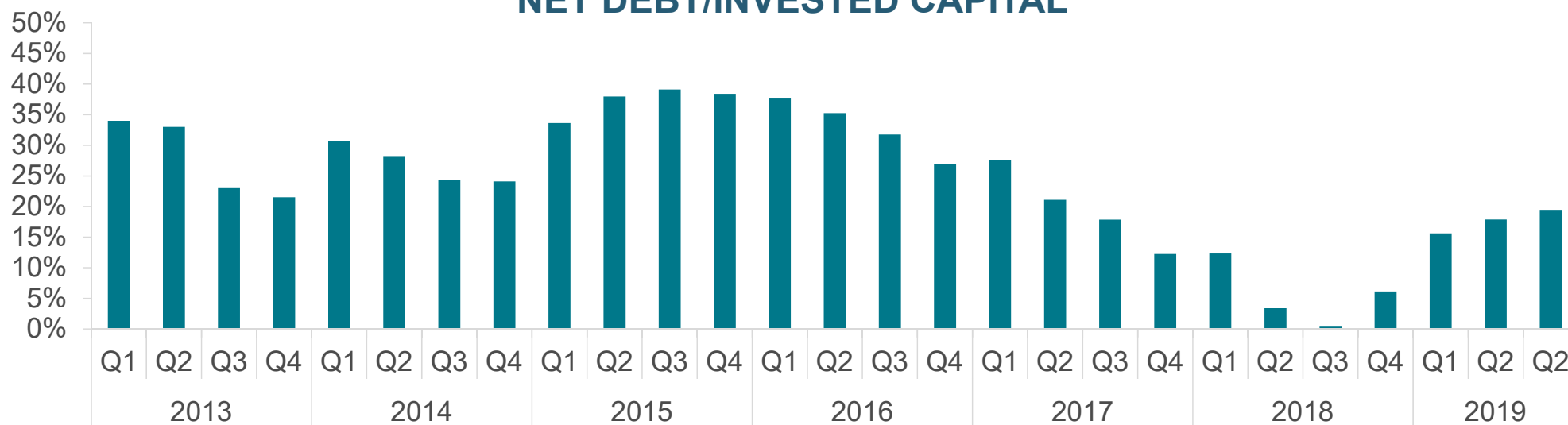
CAPITAL STRUCTURE AS OF SEP 30'19

Cash & Marketable Securities (\$MM)	\$(\$52)
Debt (\$MM)	\$265
Net Debt (\$MM)	\$213
Book Equity (\$MM)	\$881
Invested Capital (\$MM)	\$1,094
NET DEBT/INVESTED CAPITAL (\$MM)	19%
Net Debt/LTM EBITDA	4.1x
EBITDA/Interest Expense (LTM)	4.9x

DEBT MATURITY SCHEDULE AS OF SEP 30'19 (C\$MM)



NET DEBT/INVESTED CAPITAL





SUPPLEMENTARY INFORMATION

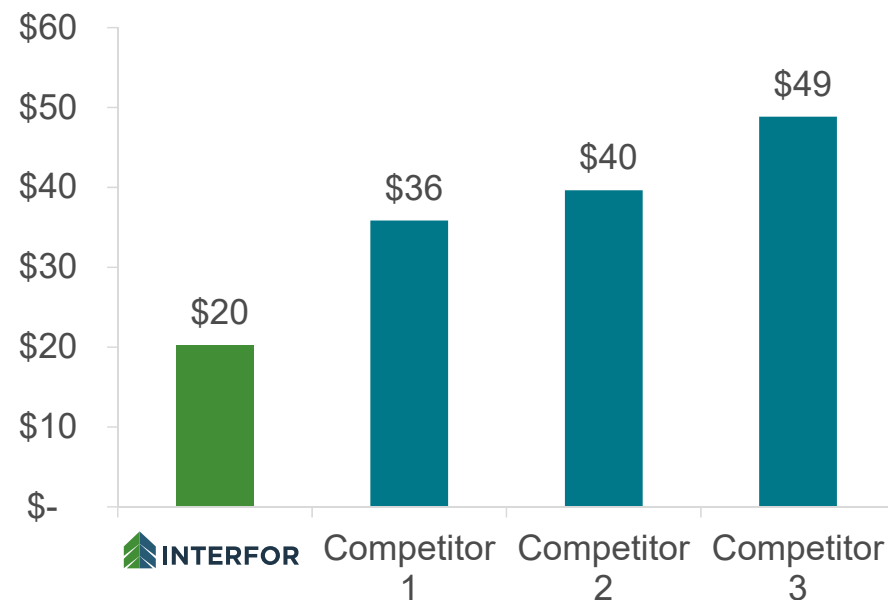
SOFTWOOD LUMBER DISPUTE

- 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.
- As of June 30, 2019 Interfor had US\$77 MM of duties on deposit, virtually all of which are off-balance sheet

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.

ANALYST COVERAGE

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