

COMPANY UPDATE

NOVEMBER 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 quarterly Management’s Discussion & Analysis 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.

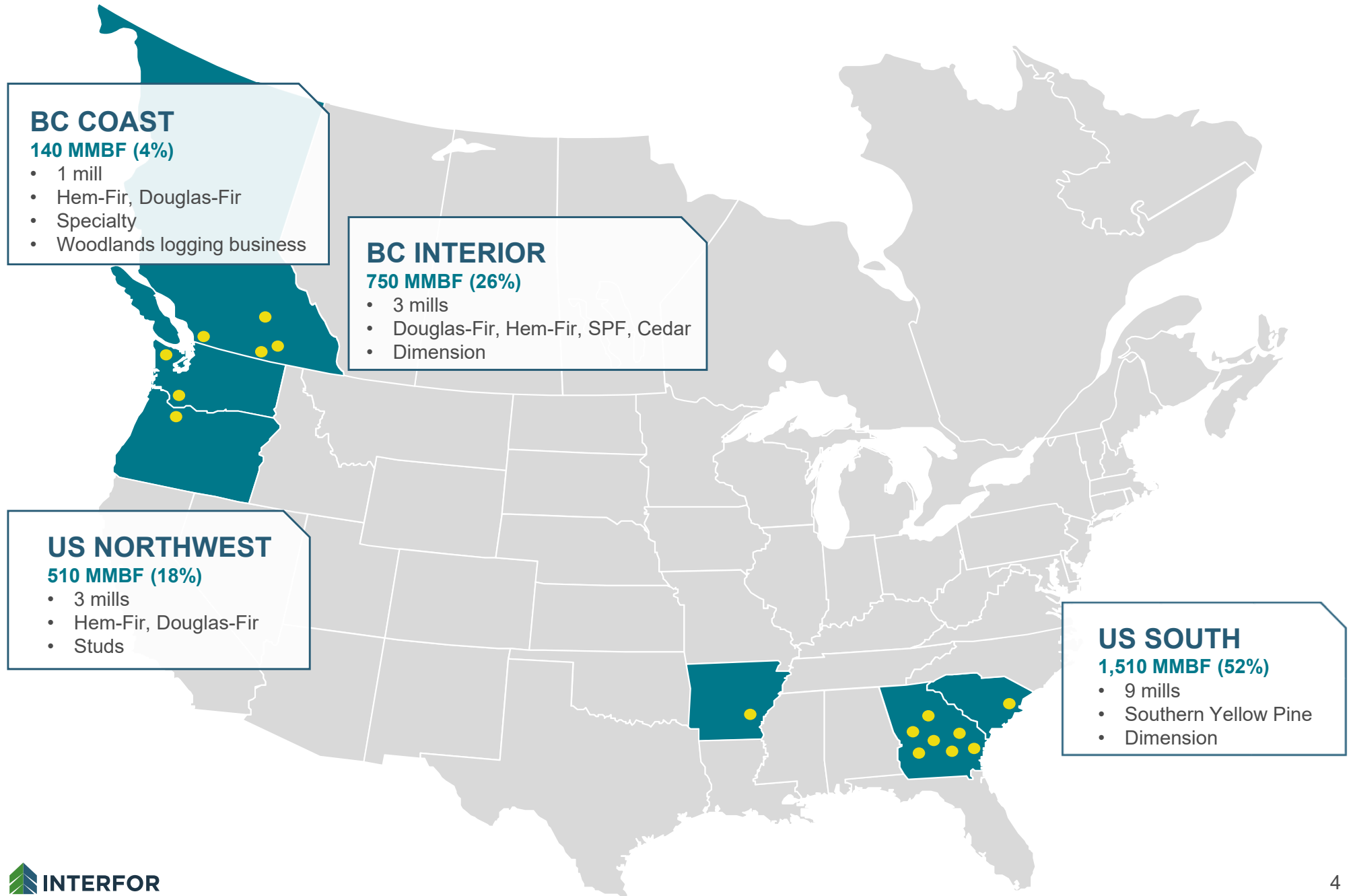
Currency:

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



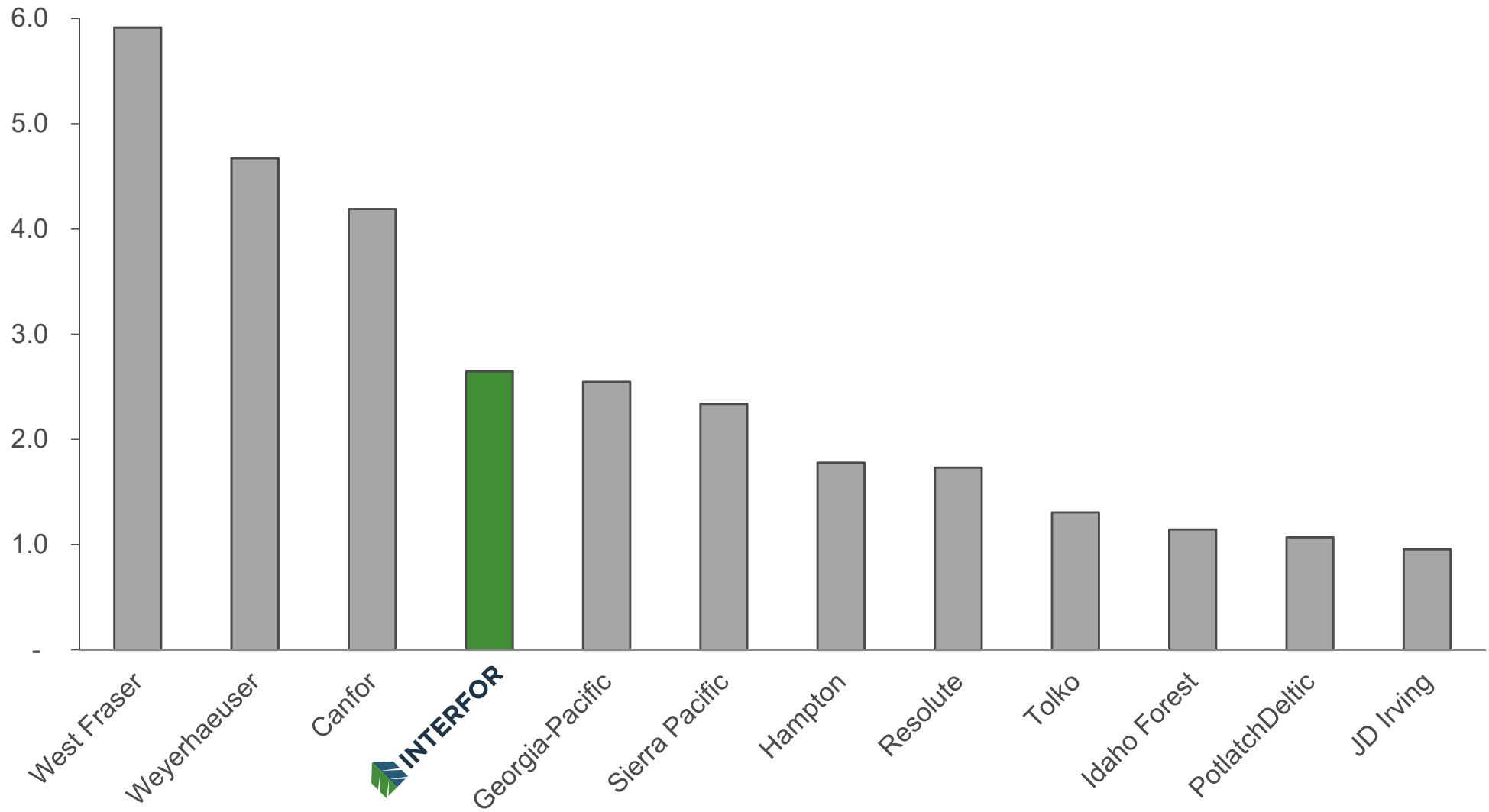
COMPANY OVERVIEW

OPERATING REGIONS



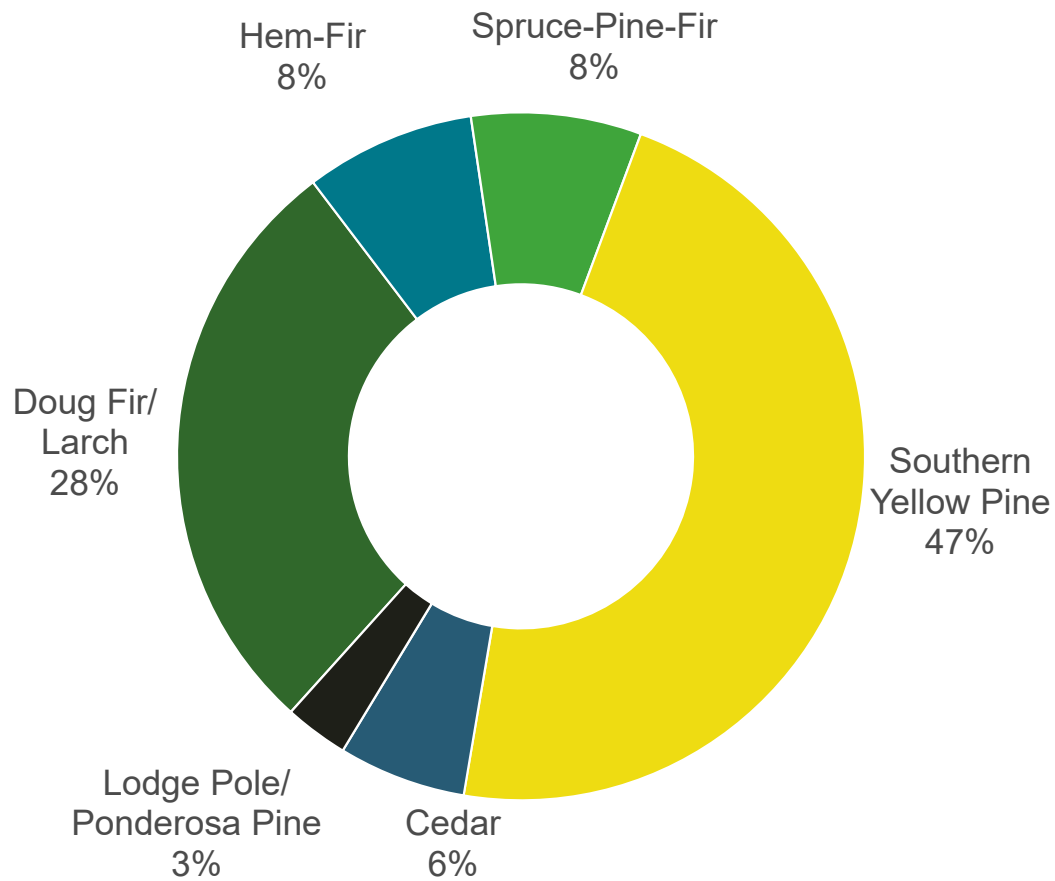
INDUSTRY LANDSCAPE

NORTH AMERICAN LUMBER PRODUCTION BY COMPANY – 2019 (BBF)

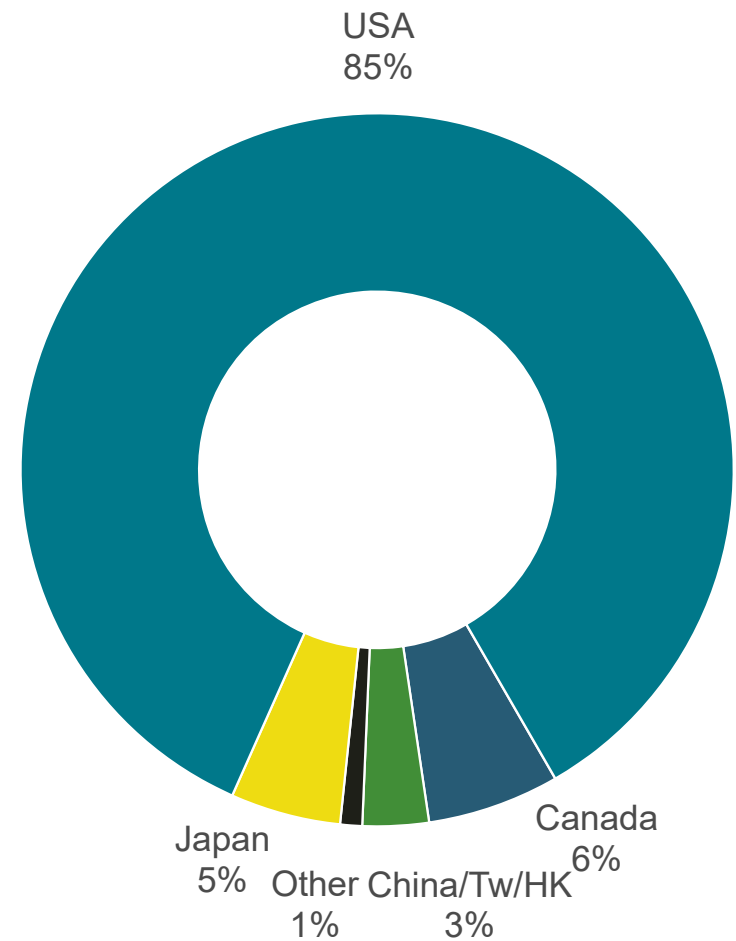


KEY PRODUCTS & MARKETS

LUMBER SALES BY SPECIES (1)



LUMBER SALES BY MARKET (1)

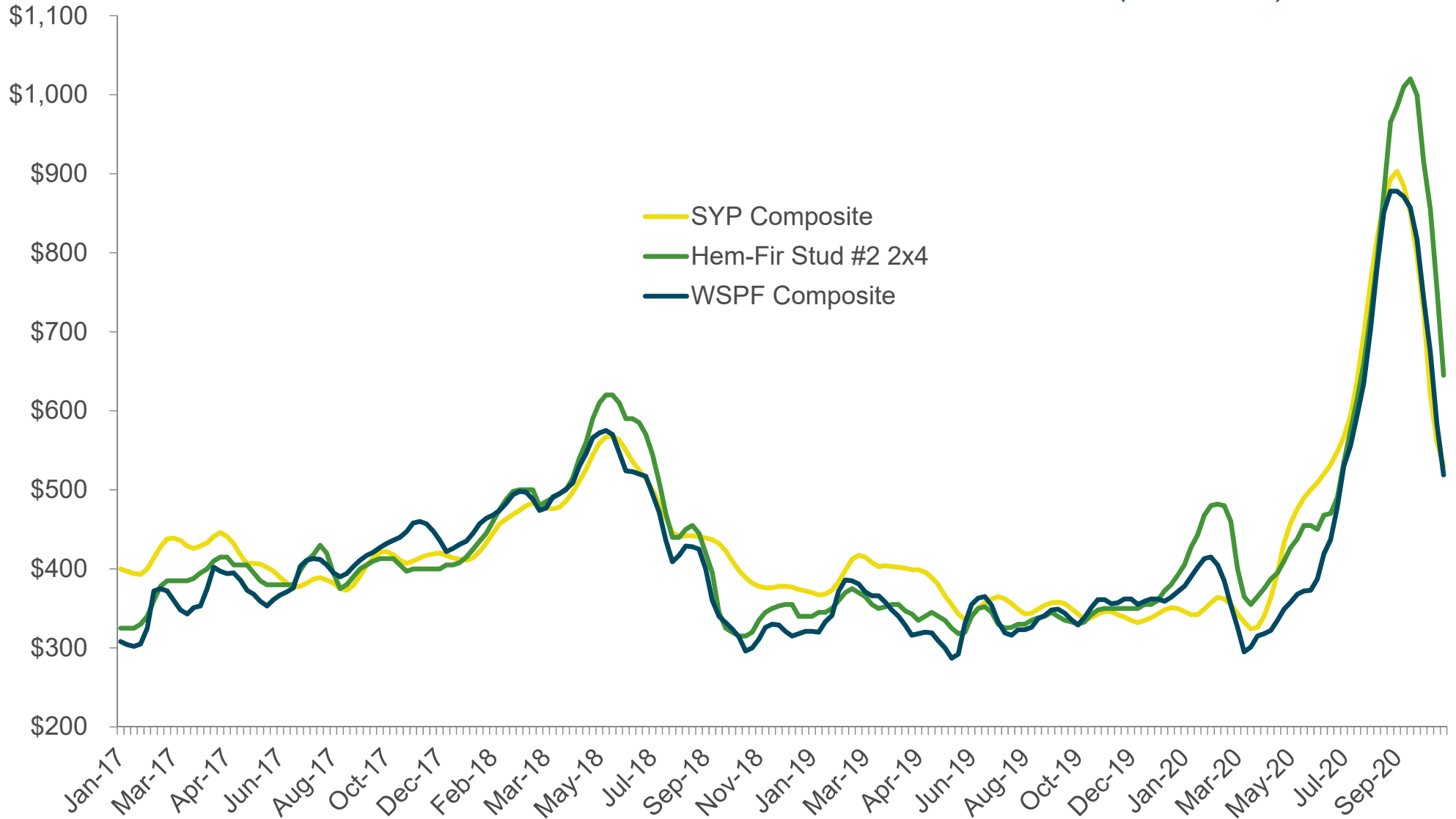




LUMBER MARKETS

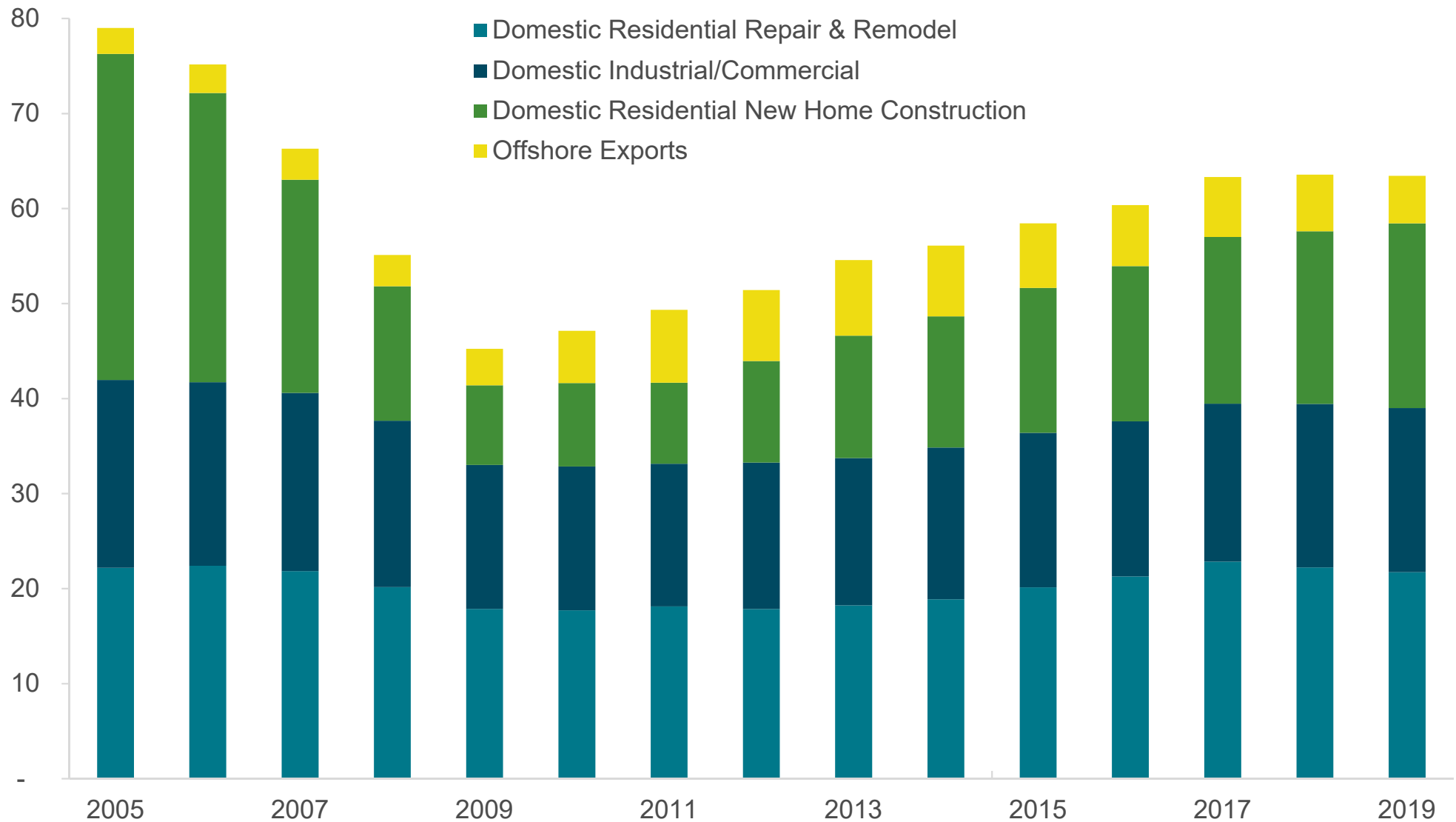
LUMBER PRICES

2017-2020
NORTH AMERICAN BENCHMARK LUMBER PRICES (US\$/MBF)



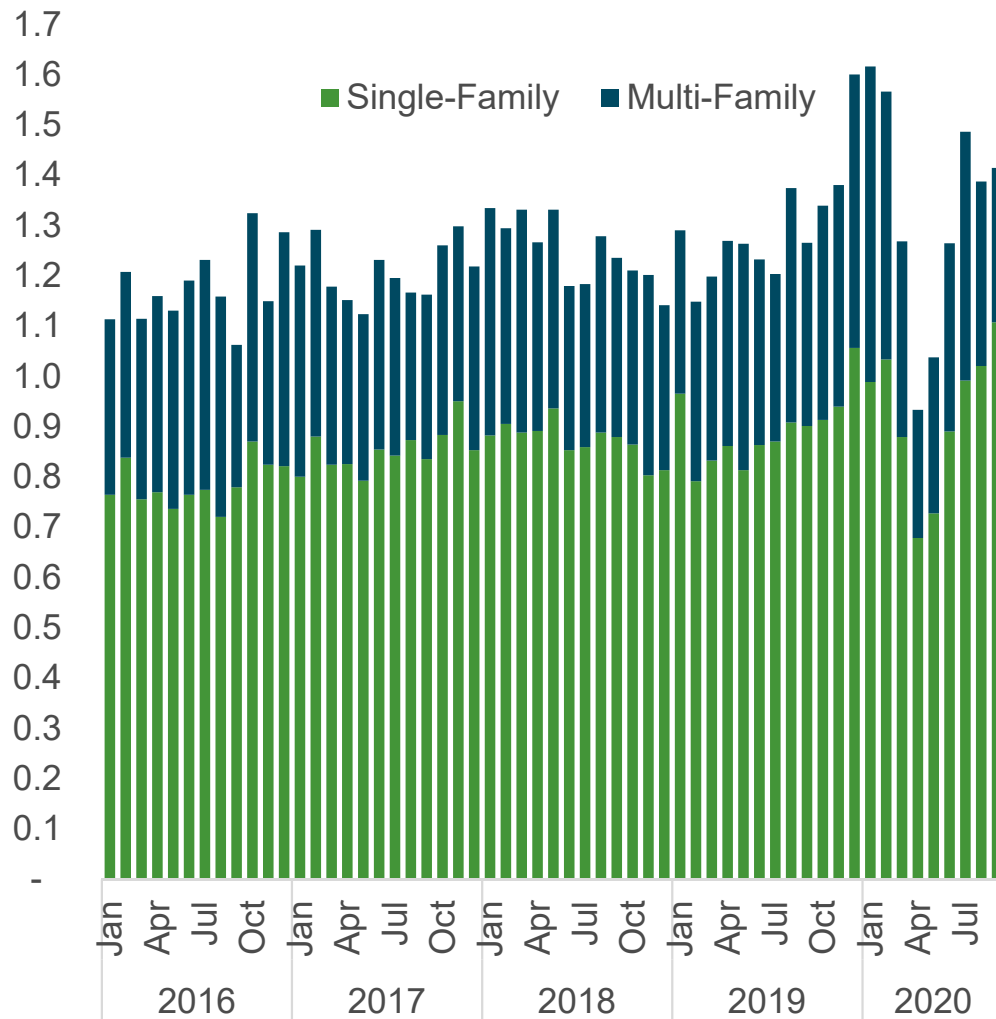
LUMBER DEMAND

NORTH AMERICAN LUMBER DEMAND BY END-USE (BBF)

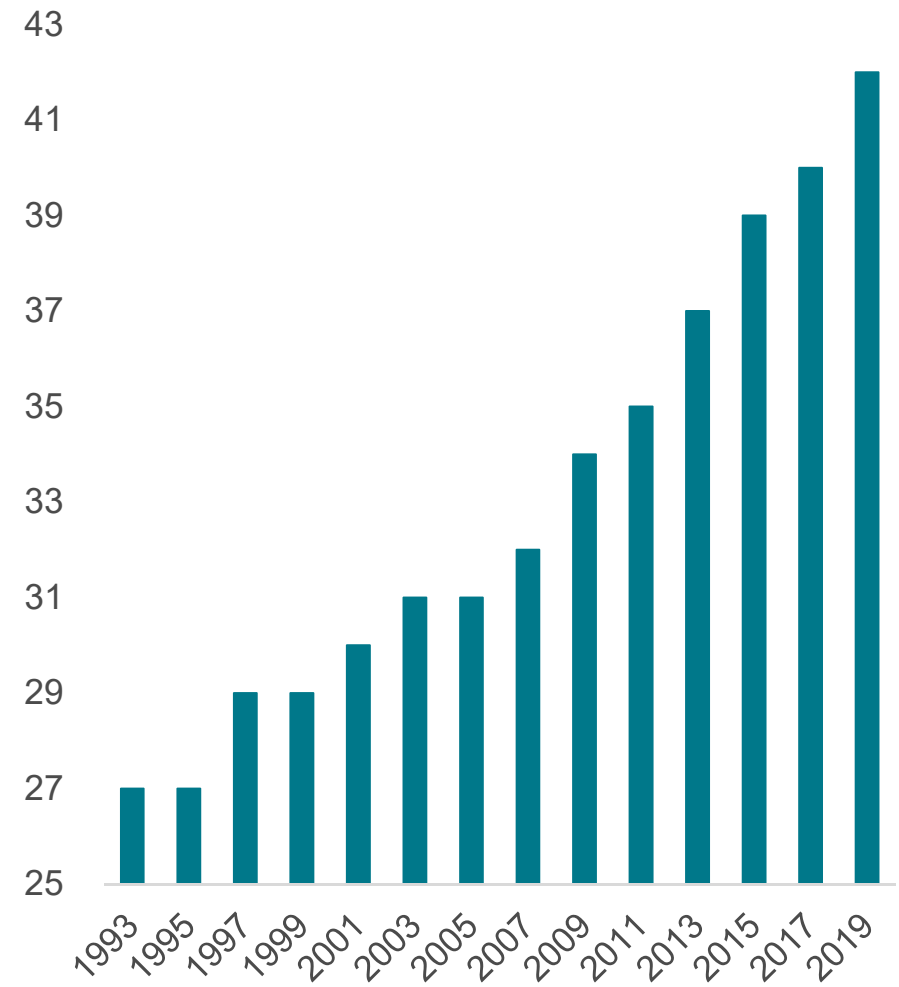


LUMBER DEMAND: KEY DRIVERS

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%

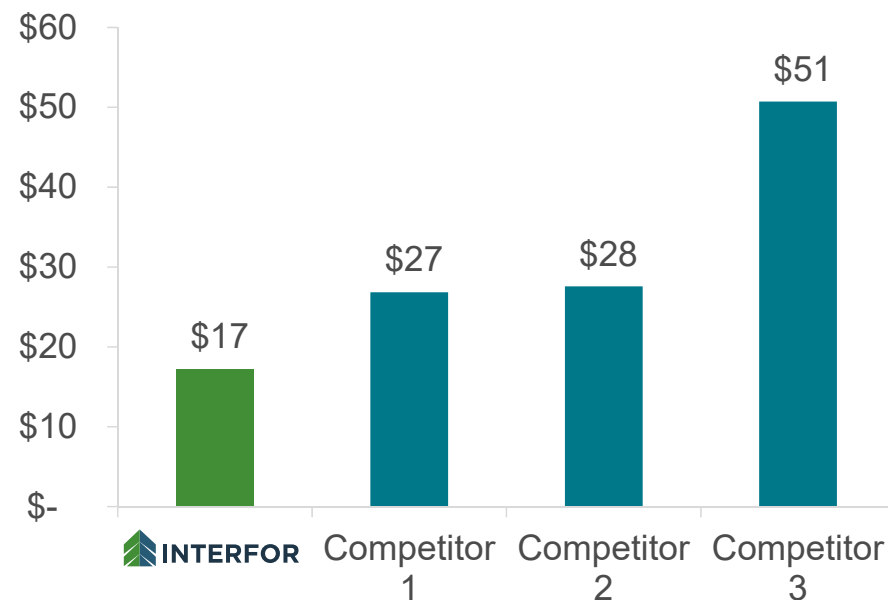
SOFTWOOD LUMBER DISPUTE

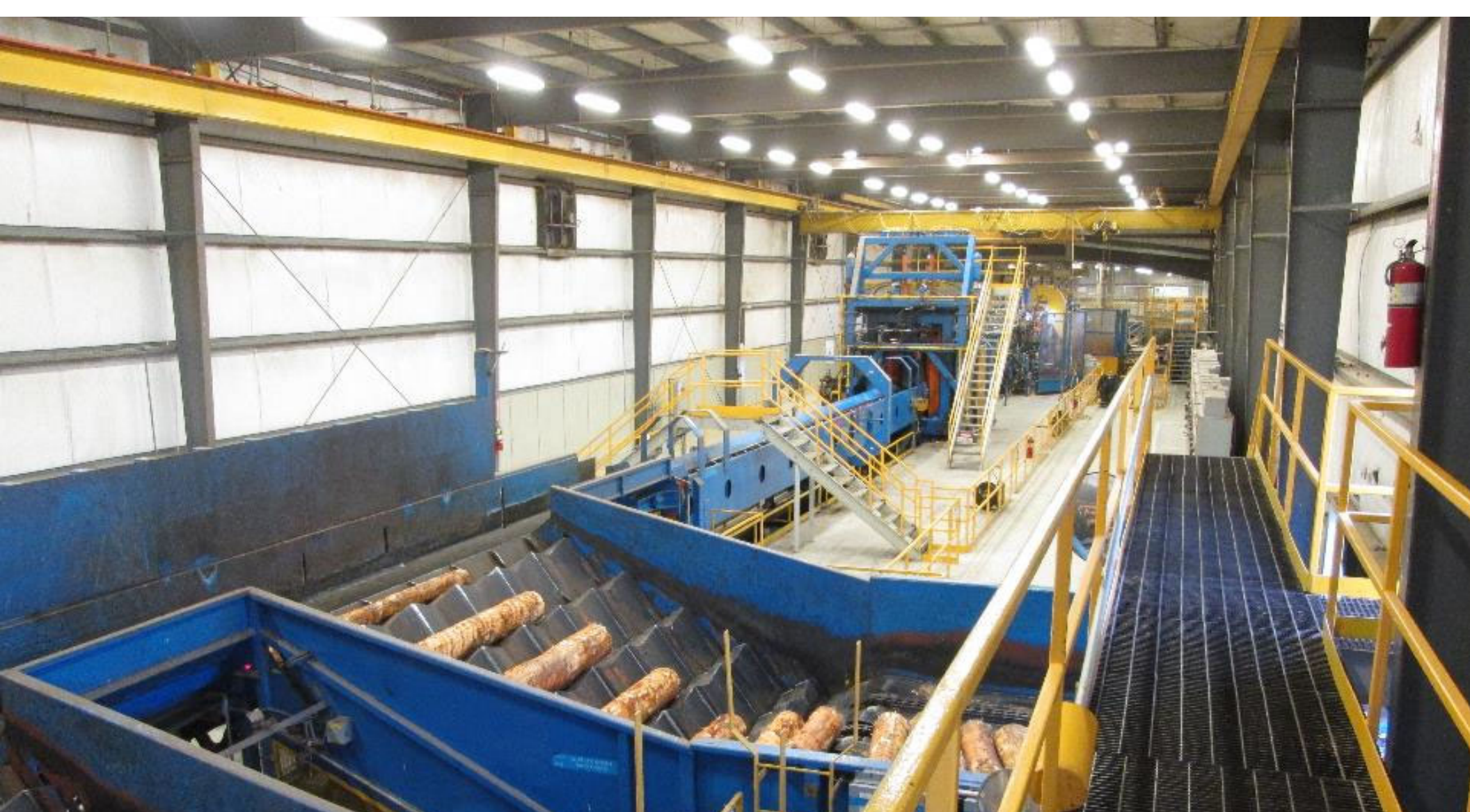
- Interfor's Canadian operations' shipments to the U.S. represent approx. 14% of company-wide lumber shipments.
- Approx. 70% of Interfor's lumber production is US-based.
- Significant differences in accounting treatment for duties between publicly traded companies; limits reported EBITDA comparability.
- As of September 30, 2020 Interfor had US\$121 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⁾





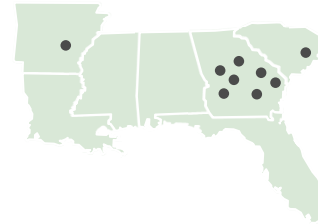
OPERATIONS OVERVIEW

BUSINESS COMPARISONS



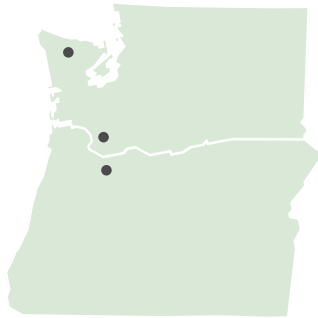
BC INTERIOR DIMENSION MILLS

- 3 dimension mills in 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 with future capex investment upside



US NORTHWEST STUD MILLS

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



BC COAST SPECIALTY MILL

- 1 specialty mill in Vancouver, BC
- High value products
- Japanese squares

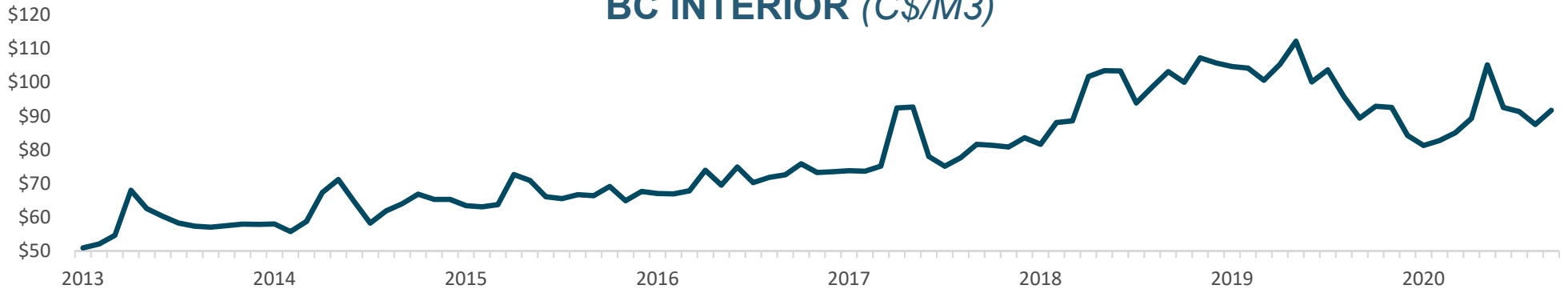


BC COAST WOODLANDS LOGGING

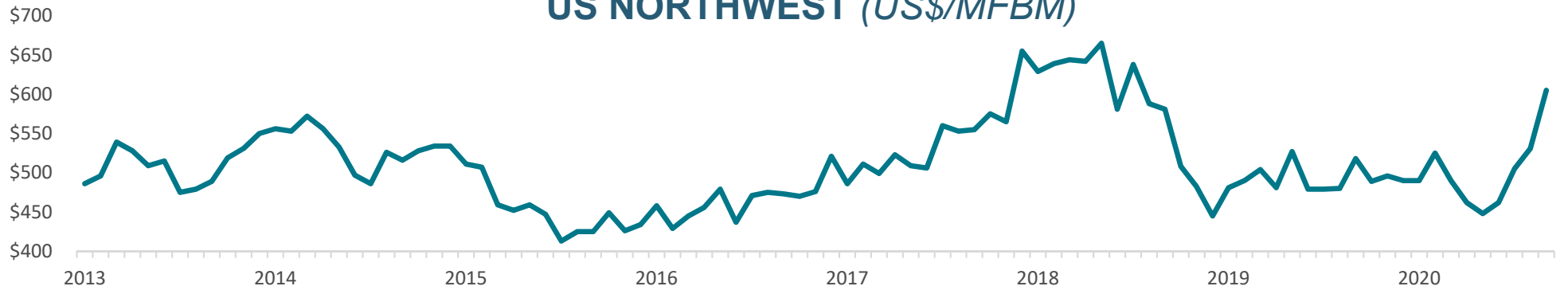
- Log harvesting and sales
- Reorganized in 2019 after Hammond closure
- Increased focus on value realization rather than operational integration

REGIONAL LOG COST TRENDS

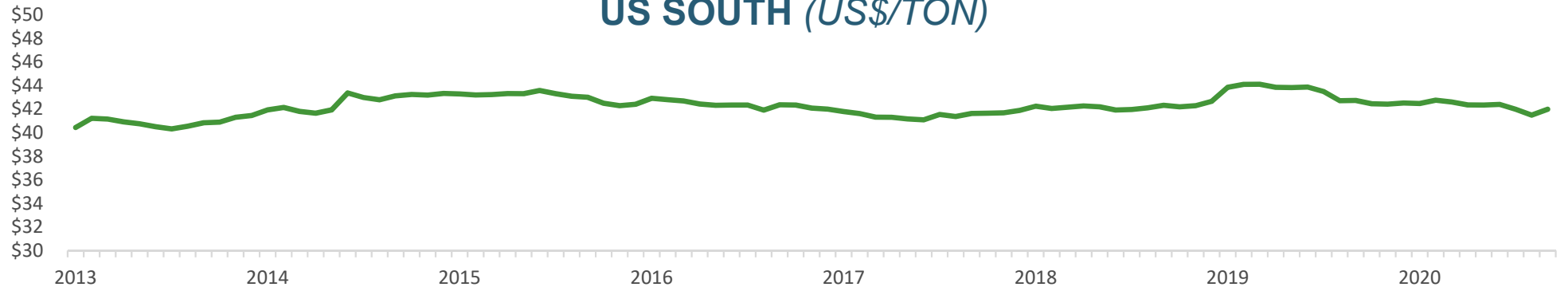
BC INTERIOR (C\$/M3)



US NORTHWEST (US\$/MFBM)



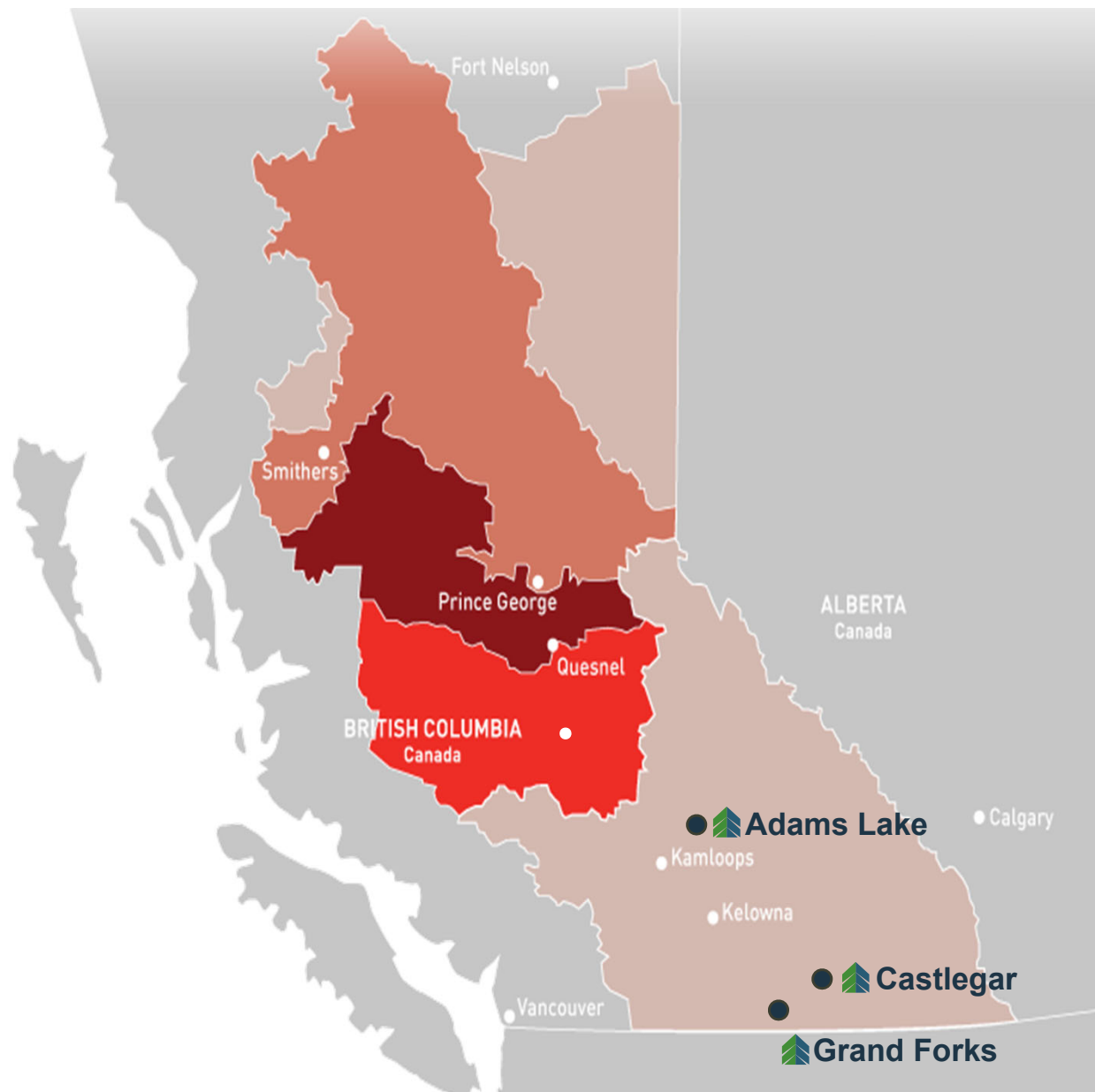
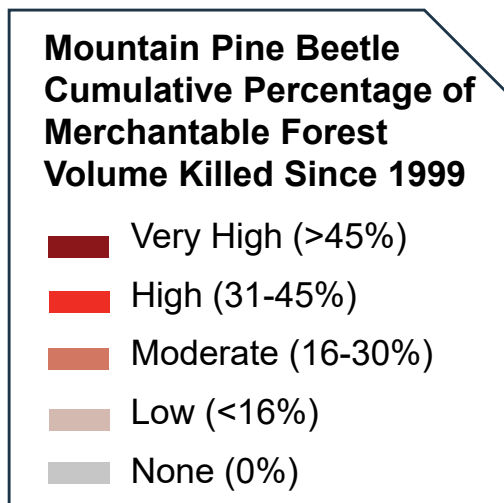
US SOUTH (US\$/TON)





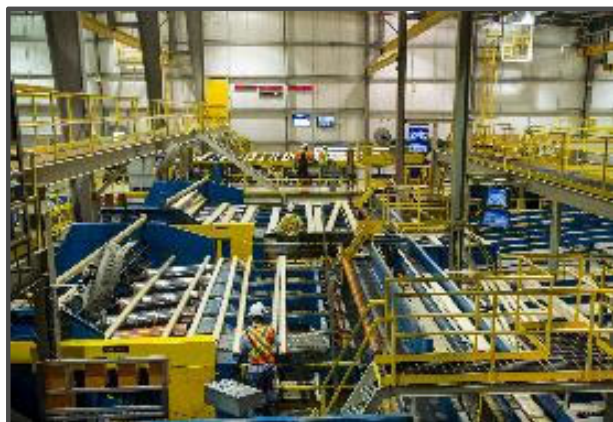
BC INTERIOR DIMENSION MILLS

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

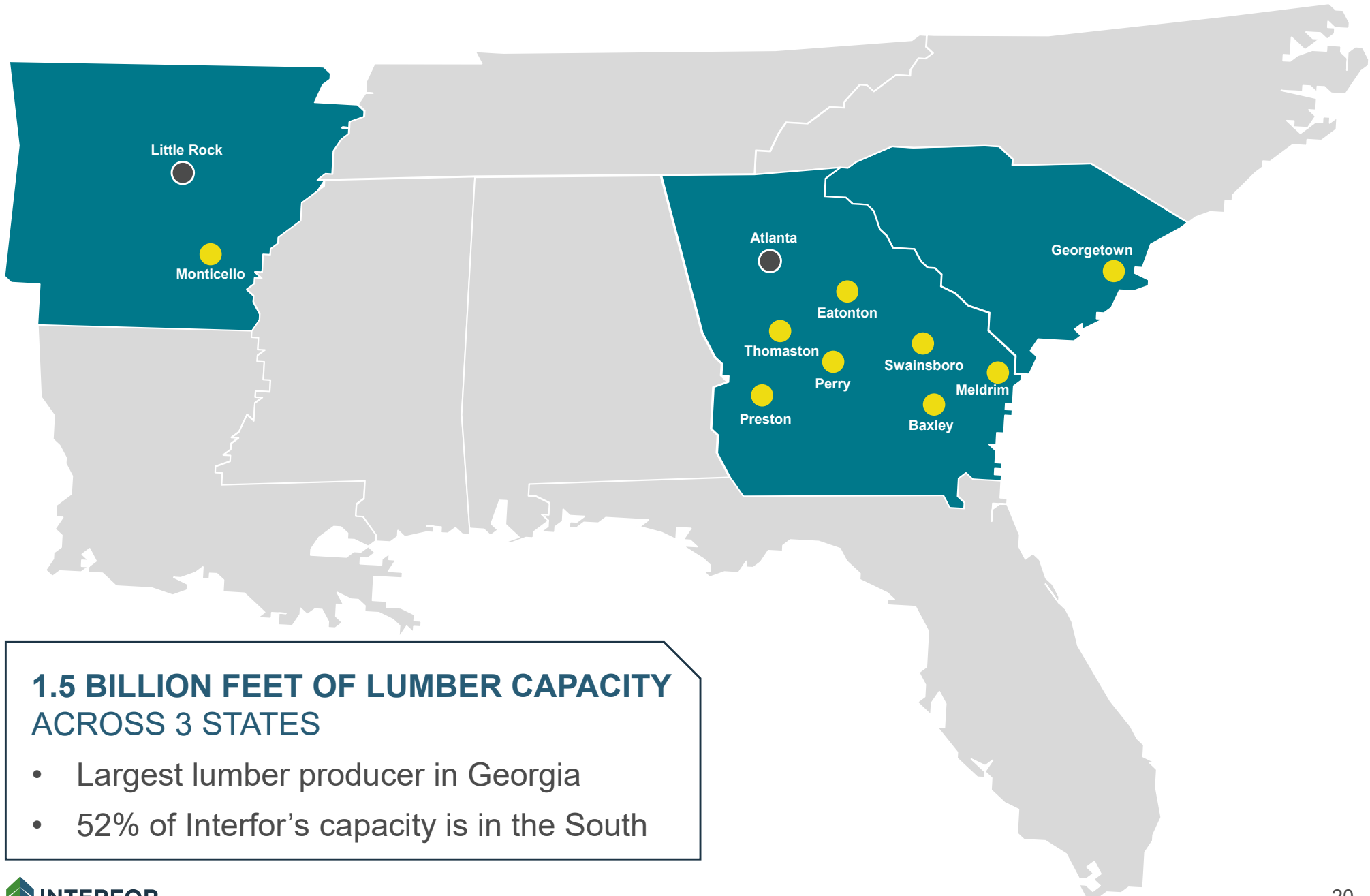
STRONG RETURN ON INVESTMENT

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
- 52% 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 originally totaling US\$240 MM:

- Georgetown, SC and Eatonton, GA completion between 2020 and 2022;
- Thomaston, GA under review; and
- Significant flexibility to modify the rate of spending as market conditions evolve.



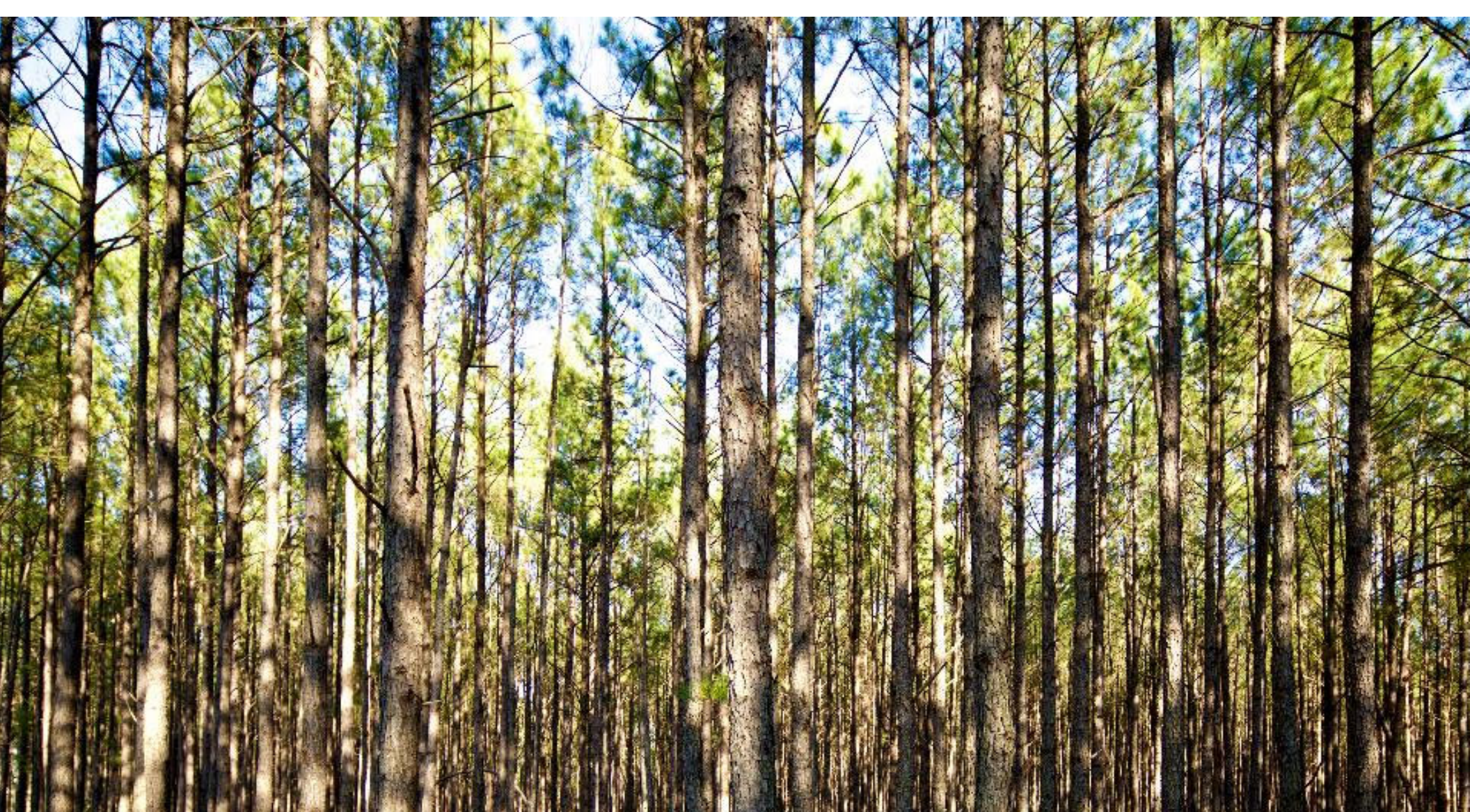
Canter Lines



Continuous Kilns



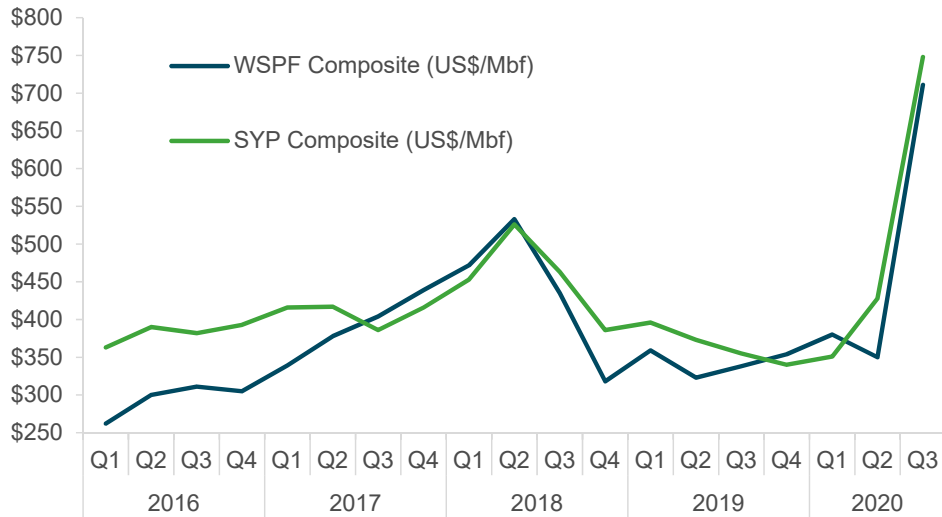
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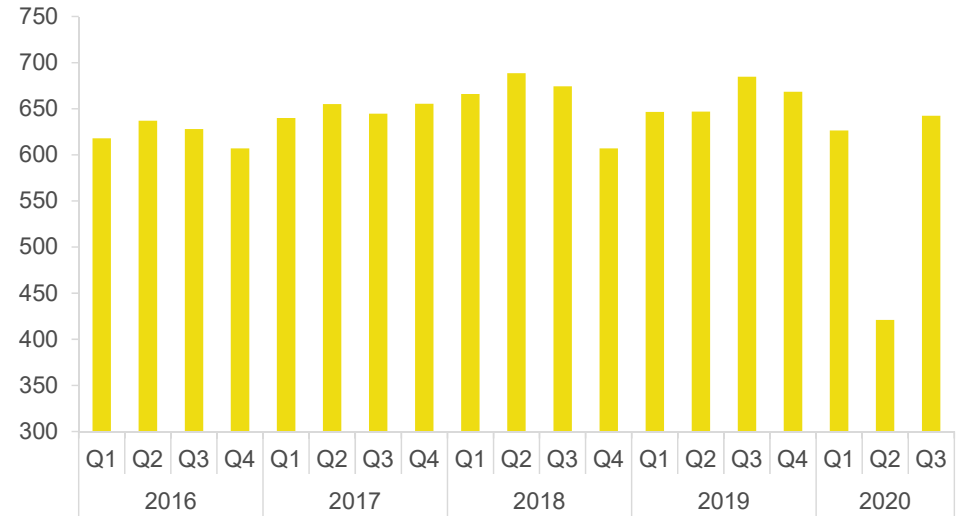
FINANCIAL REVIEW

HISTORICAL RESULTS SNAPSHOT

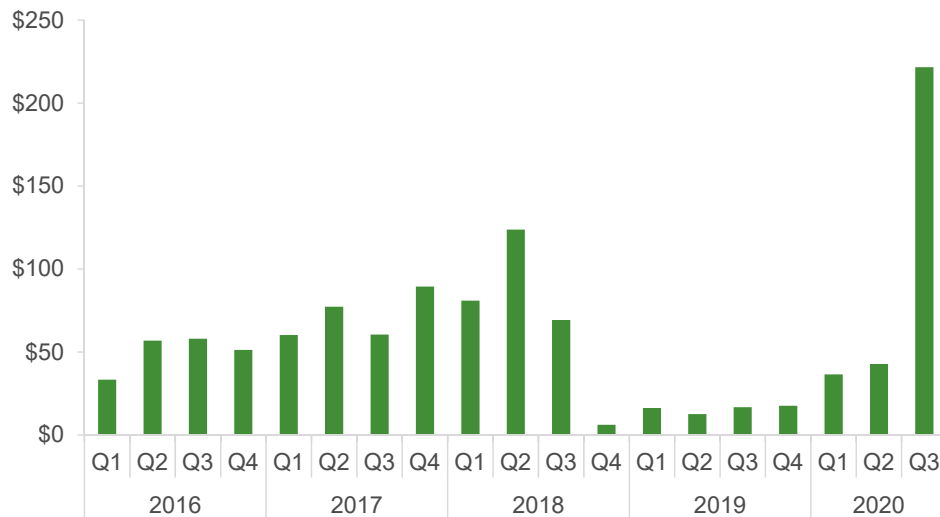
BENCHMARK LUMBER PRICES (US\$/MBF)



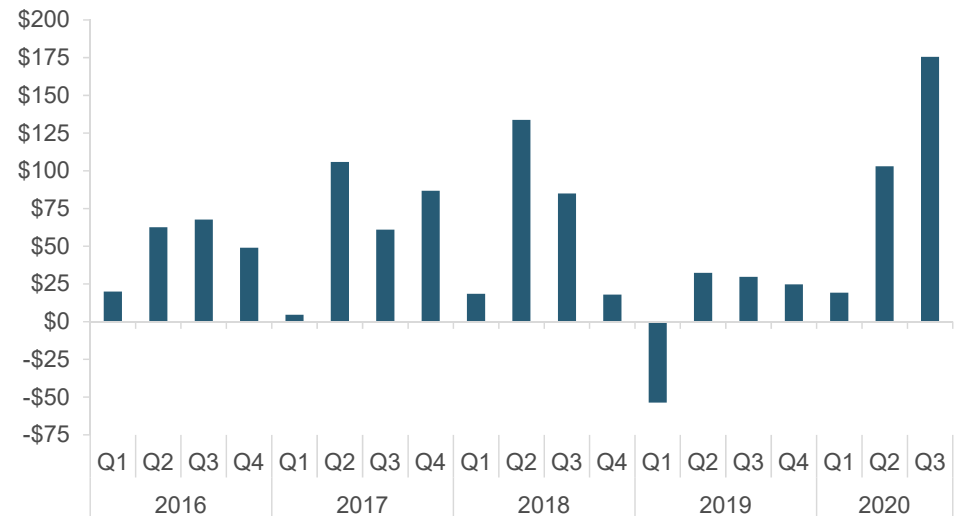
PRODUCTION VOLUMES (MMBF)



ADJUSTED EBITDA (C\$MM)

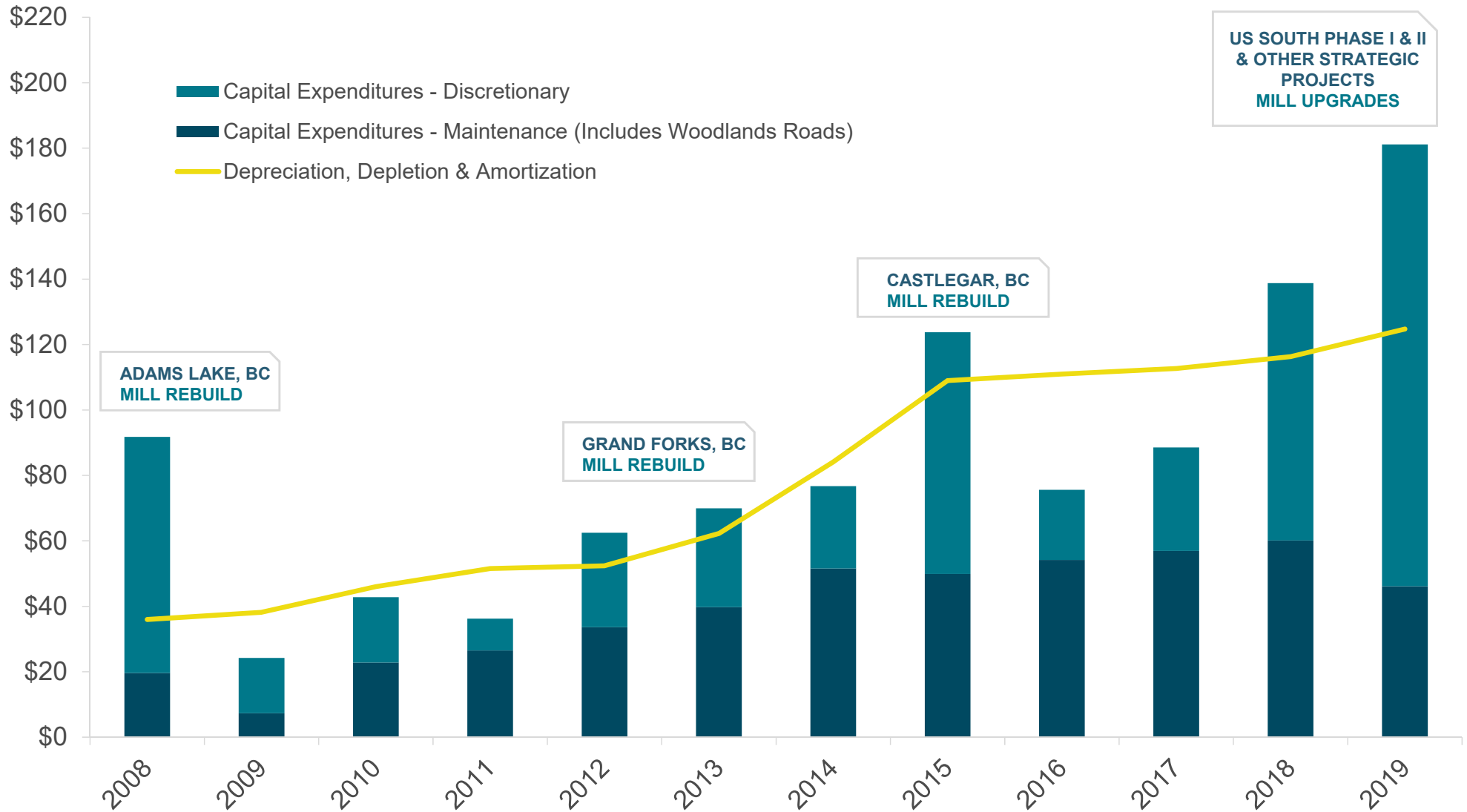


CASH FROM OPS INCL. W/C (C\$MM)



CAPITAL SPENDING PROFILE

ANNUAL CAPITAL EXPENDITURES (C\$MM)

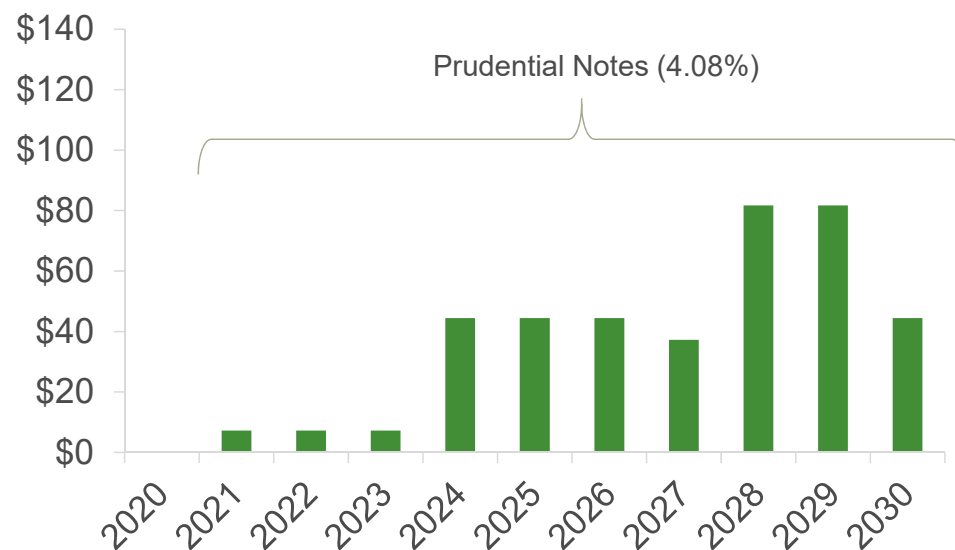


CAPITAL STRUCTURE

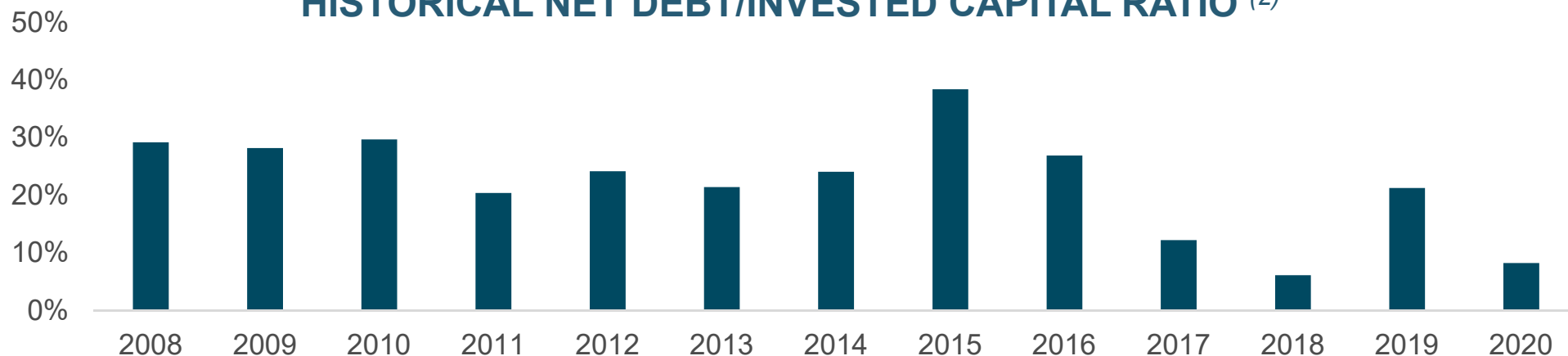
CAPITAL STRUCTURE AS OF SEP 30, 2020

Cash (\$MM)	\$311
Debt (\$MM)	\$400
Net Debt (\$MM)	\$89
Book Equity (\$MM)	\$983
Invested Capital (\$MM)	\$1,072
NET DEBT/INVESTED CAPITAL (%)	8%
Total Liquidity (\$MM) ⁽¹⁾	\$637
Net Debt/LTM Adj. EBITDA	0.3x
Adj. EBITDA/Interest Expense (LTM)	22.0x

DEBT MATURITY SCHEDULE AS OF SEP 30, 2020 (C\$MM)

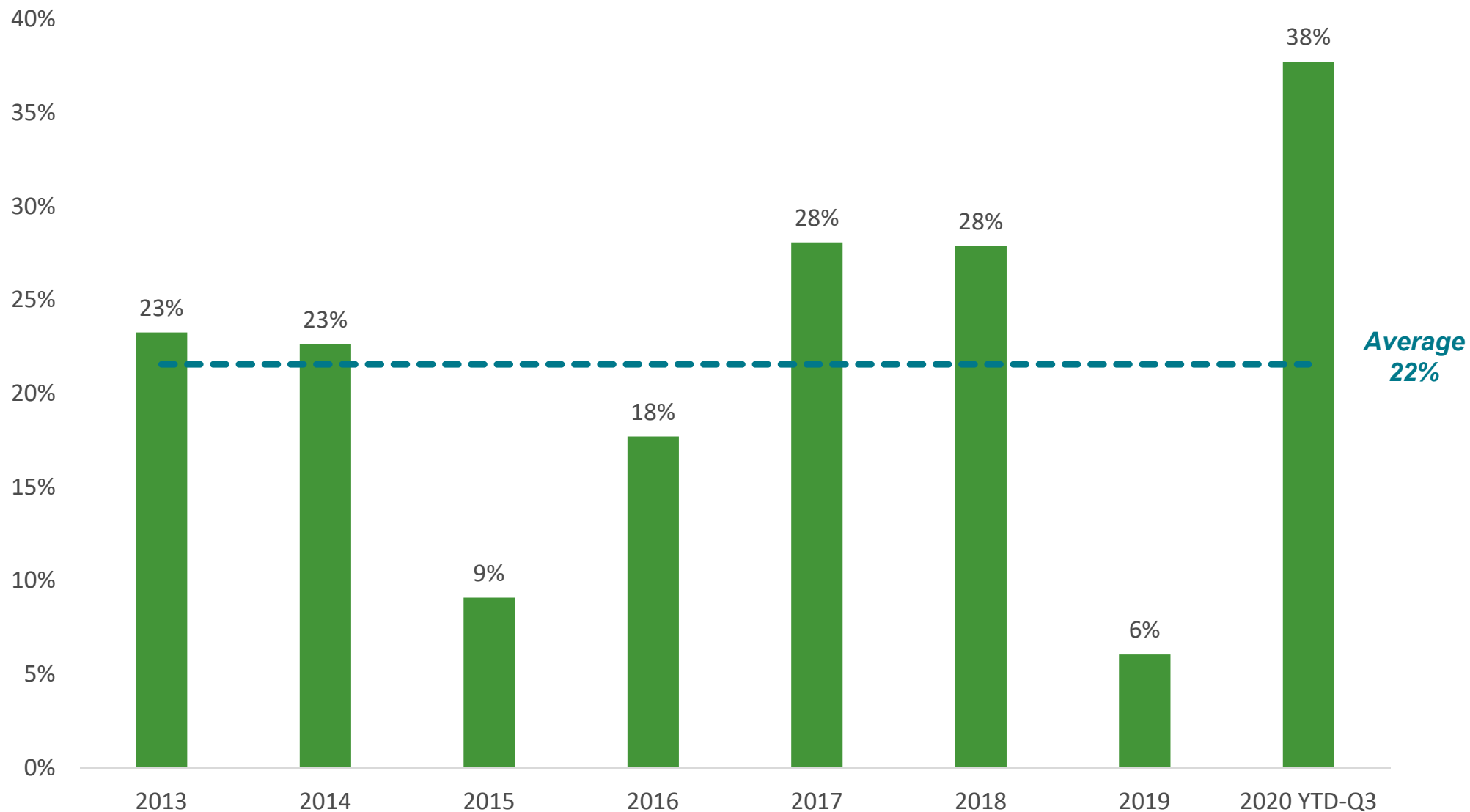


HISTORICAL NET DEBT/INVESTED CAPITAL RATIO ⁽²⁾



RETURN ON INVESTED CAPITAL

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





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