

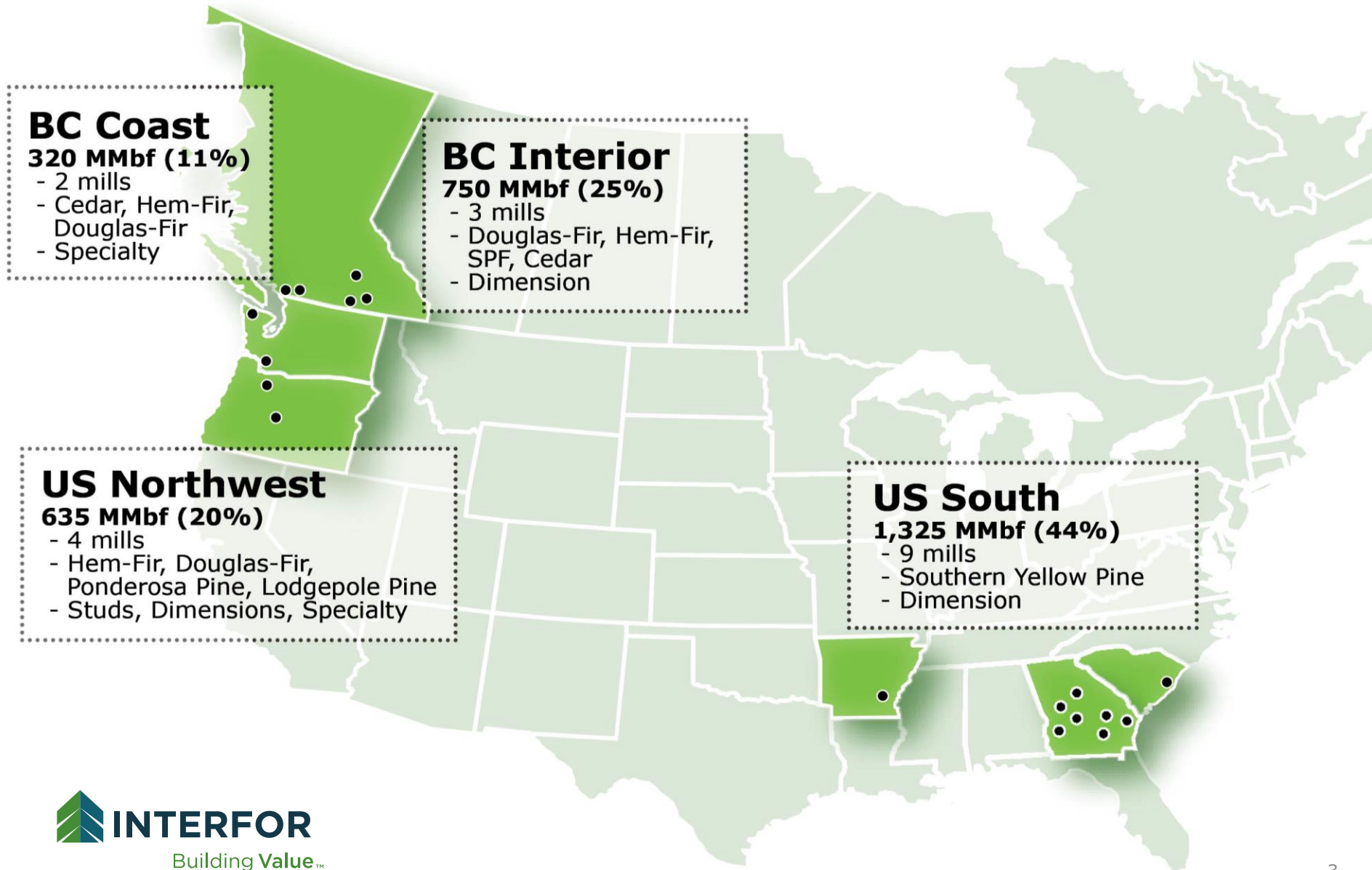


COMPANY UPDATE MAY 2017

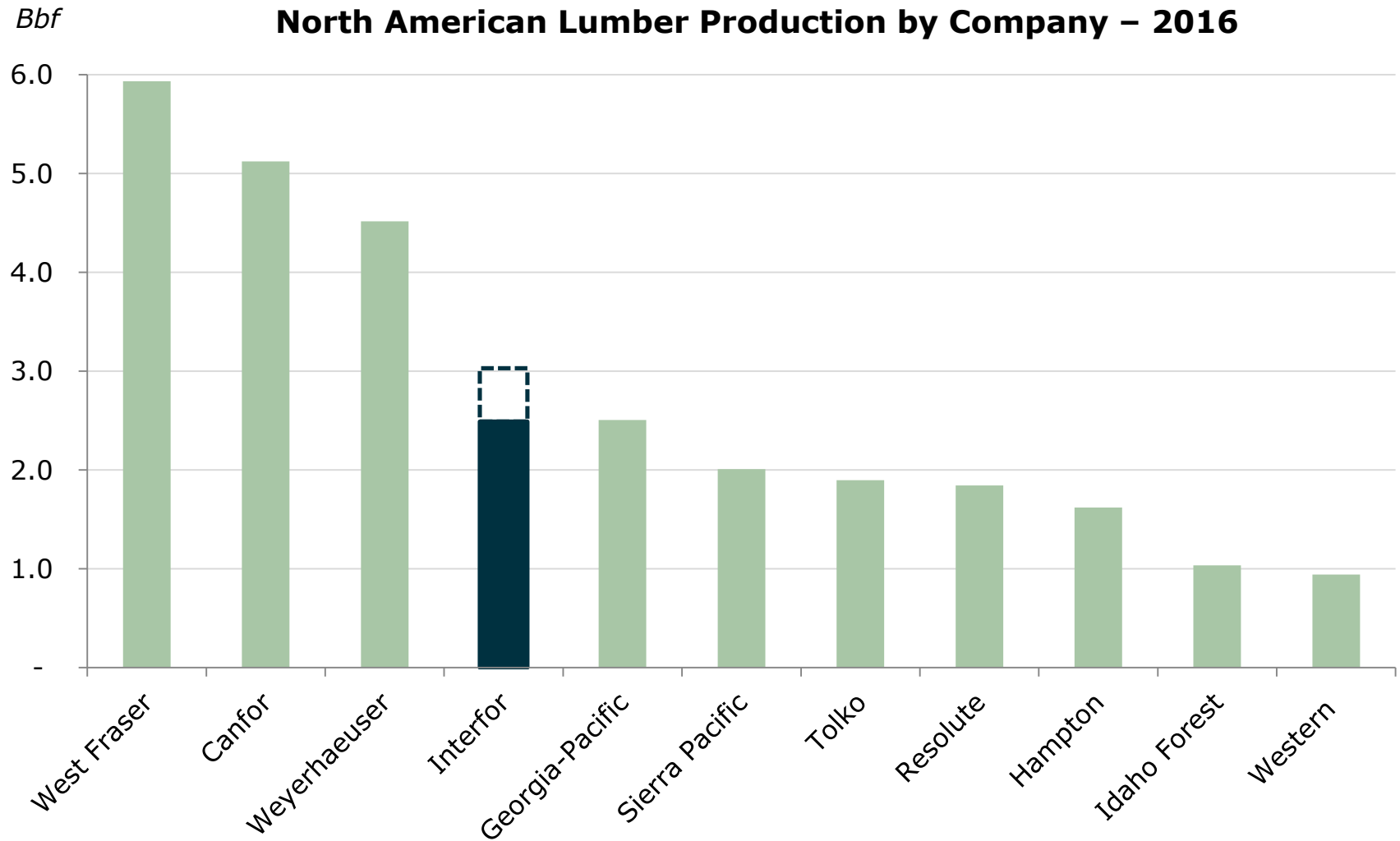
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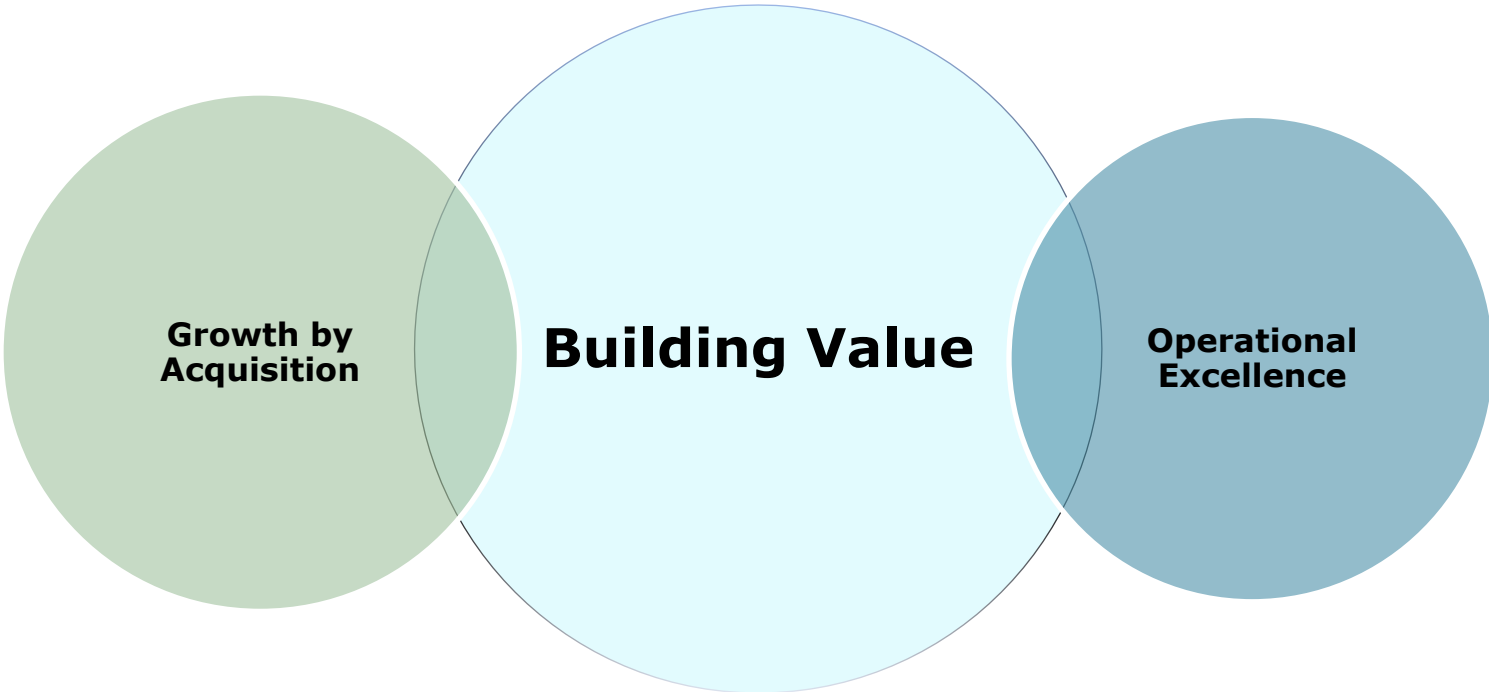
INTERFOR'S FOUR REGIONS



4th LARGEST LUMBER PRODUCER



INTERFOR STRATEGIC PLAN

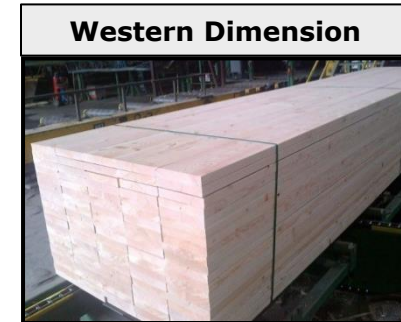
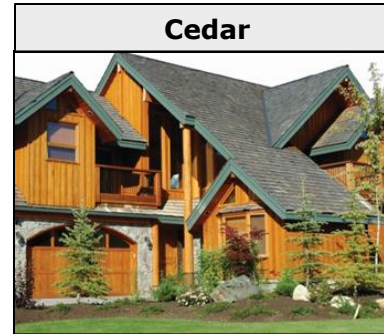
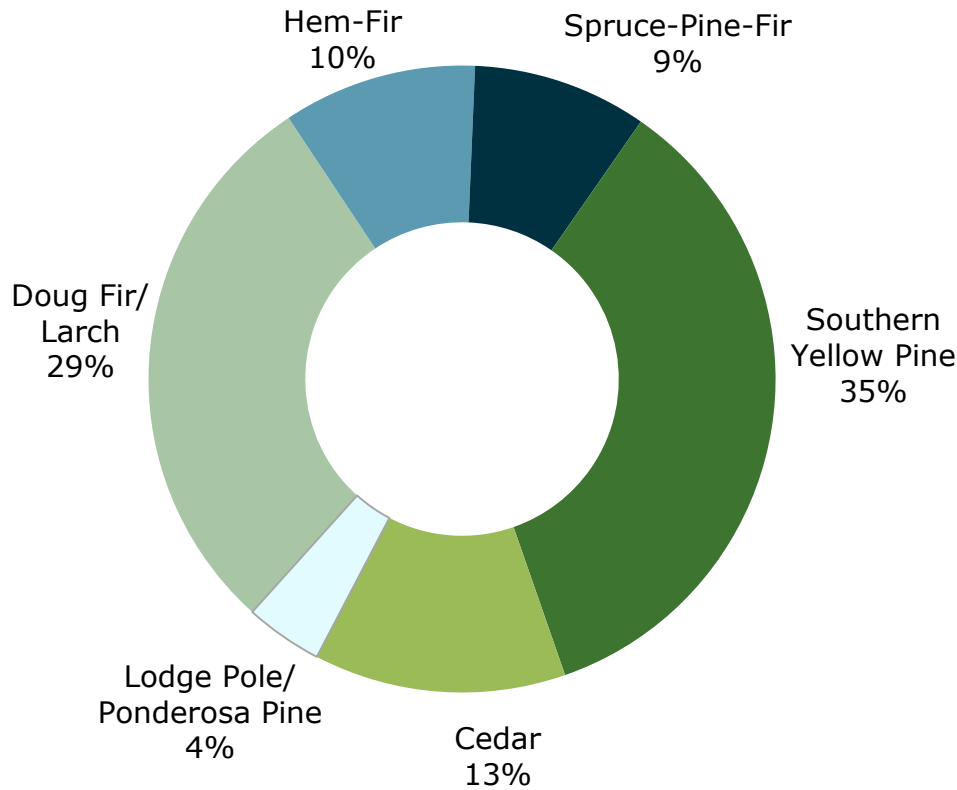




LUMBER MARKETS

INTERFOR'S DIVERSE LUMBER MIX

Lumber Sales By Species ¹

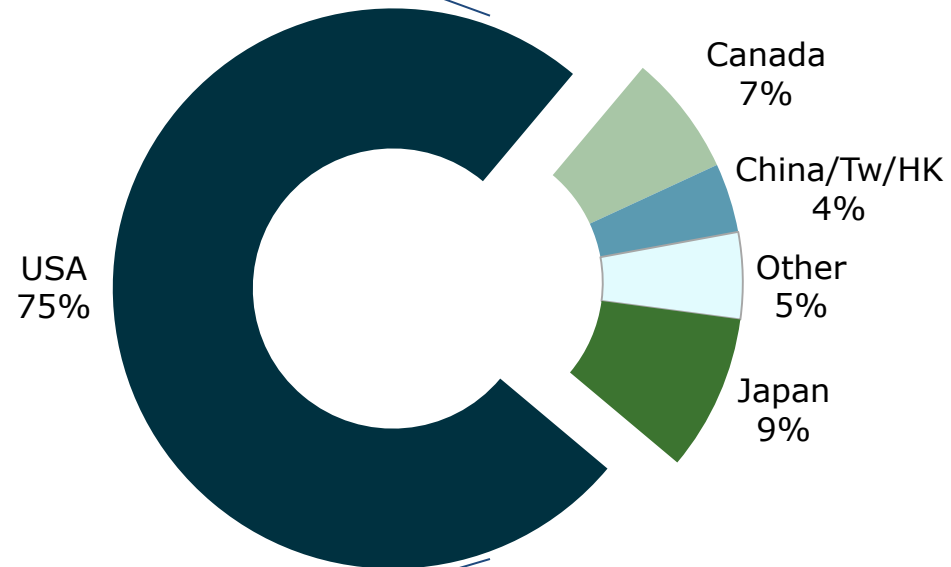


(1) By value for FY2016

NORTH AMERICAN DRIVEN BUSINESS



Lumber Sales By Market ¹



BENCHMARK LUMBER PRICE TRENDS



KEY MARKET DRIVERS

	2016 ⁽¹⁾	2017E ⁽¹⁾	2018E ⁽¹⁾
US Housing Starts - Total (mm)	1.18	1.28	1.38
<i>Change</i>		+9%	+7%
US Housing Starts - Single Family (mm)	0.78	0.86	0.94
<i>Change</i>		+10%	+9%
NA Lumber Consumption (Bft)	54.2	56.6	58.9
<i>Change</i>		+4%	+4%
NA Offshore Exports (Bft)	6.5	6.3	6.1
<i>Change</i>		-4%	-3%
NA Offshore Imports (Bft)	0.9	1.1	1.2
<i>Change</i>		+29%	+9%

(1) Source: Forest Economic Advisors (FEA) forecast published May 2, 2017.



OPERATIONS OVERVIEW

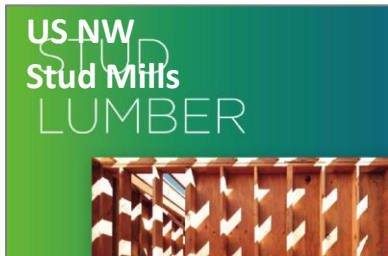
BUSINESS COMPARISONS



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



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



- 3 stud mills in Washington State and Oregon
- Efficient/modern operations
- Margins are more variable than other regions



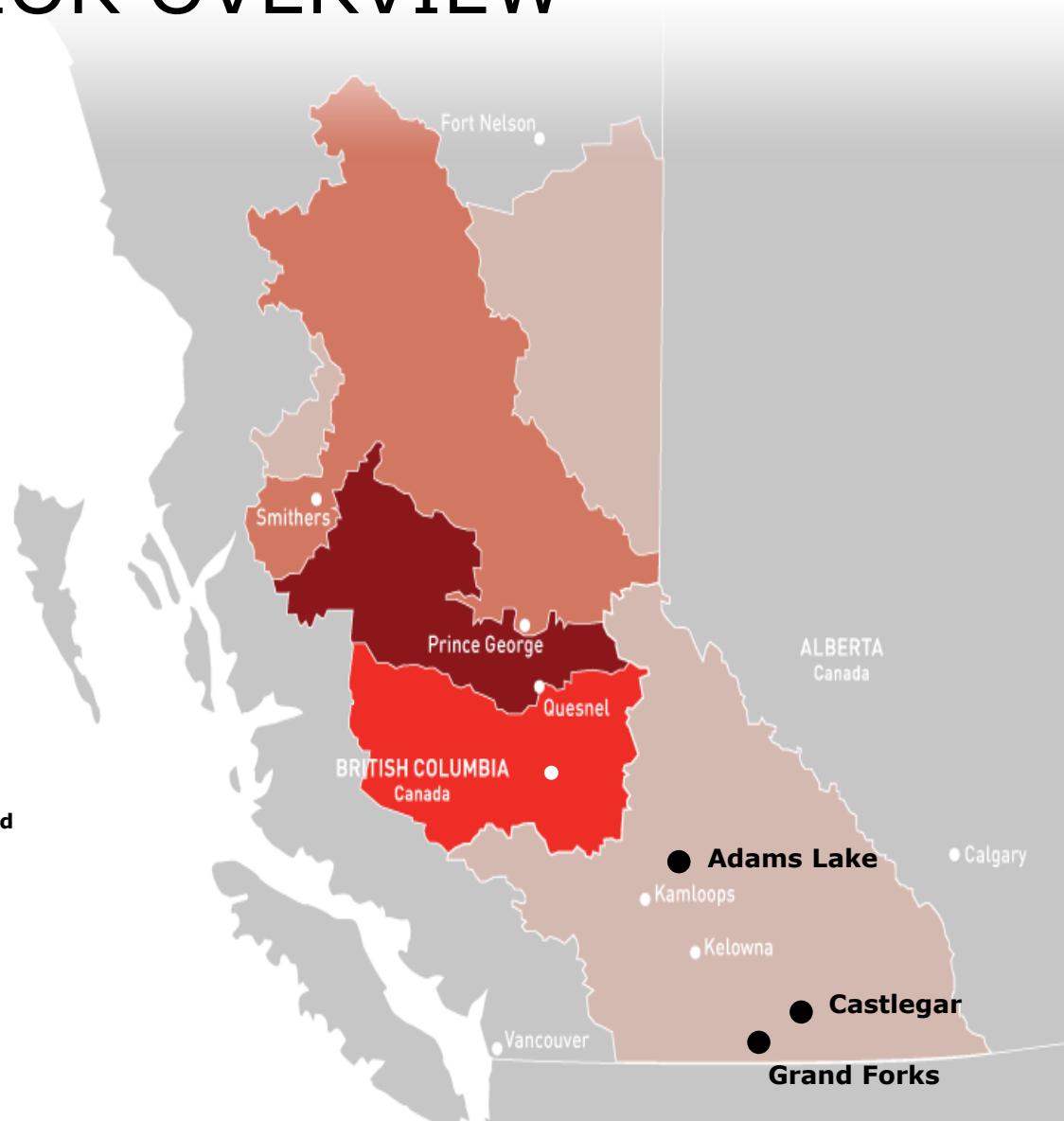
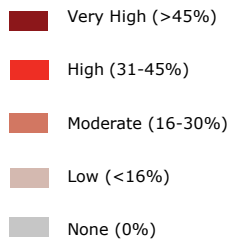
- 3 specialty mills in BC Coast and Oregon
- High value products (eg. cedar, Japanese squares and pine boards)
- More stable prices



BC INTERIOR DIMENSION MILLS

BC INTERIOR OVERVIEW

Mountain Pine Beetle Cumulative Percentage of Merchantable Forest Volume Killed Since 1999



BC INTERIOR MODERNIZATION

2008-09

Adams Lake, BC



2012

Grand Forks, BC



2015

Castlegar, BC



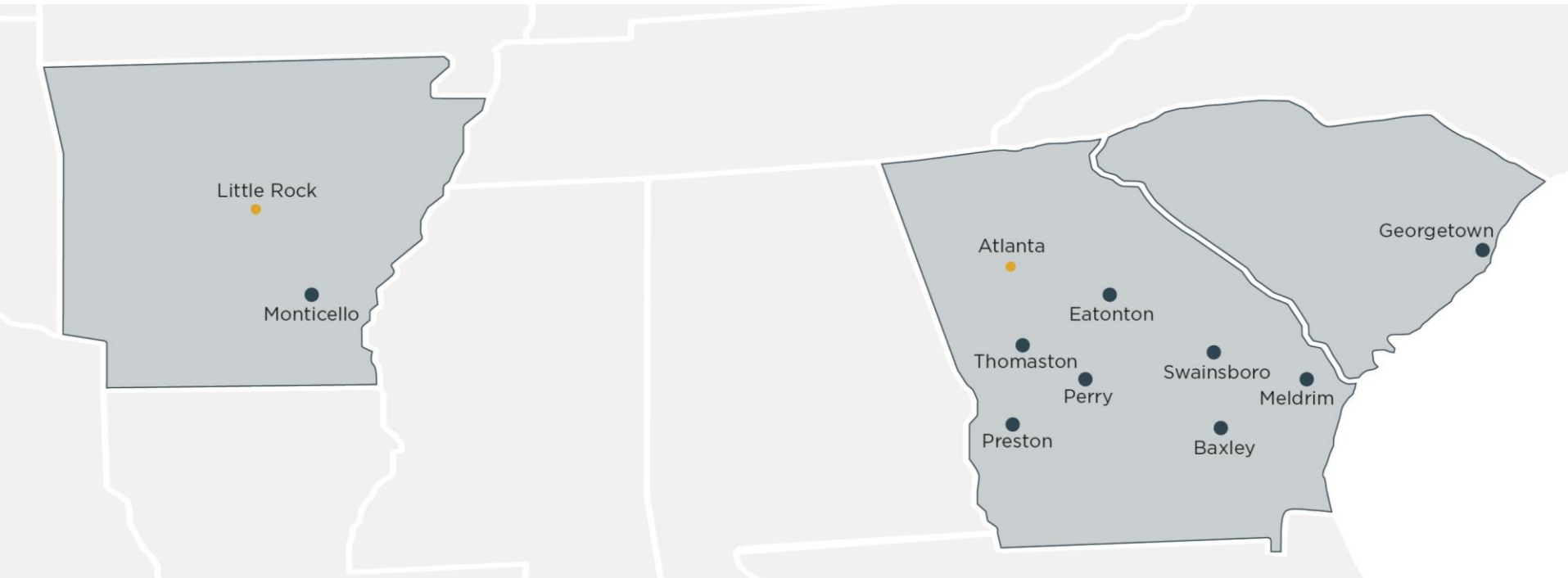
- 3 MODERN MILLS IN GOOD FIBER BASKETS
 - RE-INVESTMENTS ARE COMPLETE
 - SIGNIFICANTLY REPOSITIONED THE ASSETS
 - STRONG CASH FLOW AND ROI
- **TOP DECILE/QUARTILE EBITDA MARGINS FOR THE BC INTERIOR**



US SOUTH DIMENSION MILLS

US SOUTH OVERVIEW

- 1.3 Billion feet of lumber capacity across 3 States
- Largest lumber producer in Georgia
- 44% of Interfor's capacity is in the South



US SOUTH: STARTED UP IN 2013



- 5 Acquisitions

- Build Team / Infrastructure

- Mill Improvements / Optimization

2013-15

2016-17

***C\$35 million
Annual EBITDA Impact ⁽¹⁾***

45% Captured By Q1-17

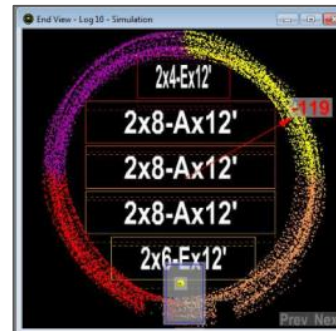
MILL IMPROVEMENTS/OPTIMIZATION

Mill Reliability/Performance

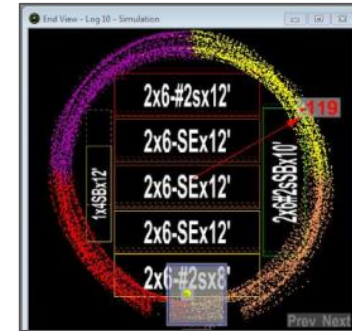


Product Mix Optimization

BEFORE



AFTER



Modest Capex

Kilns



Autograding



Optimization

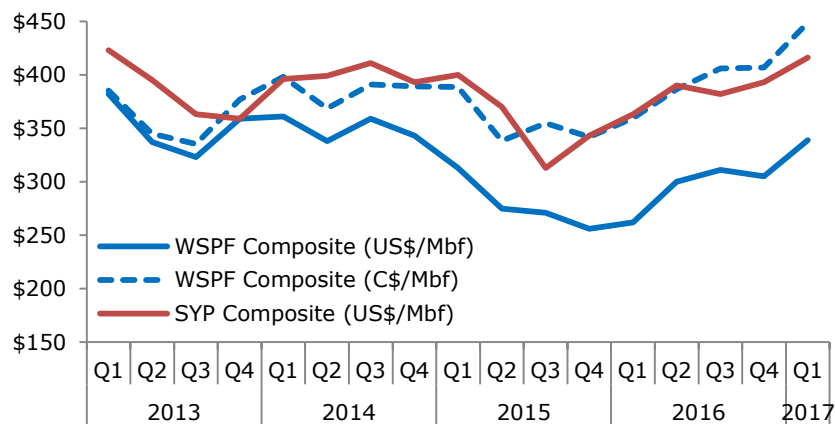




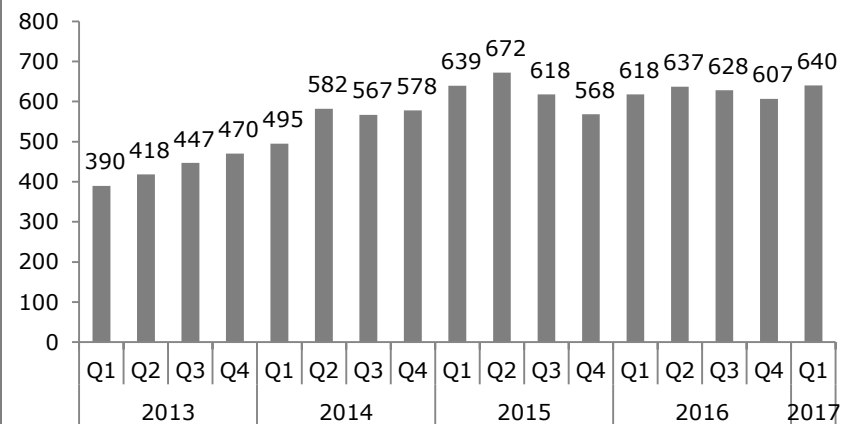
FINANCIAL REVIEW

HISTORICAL FINANCIAL RESULTS

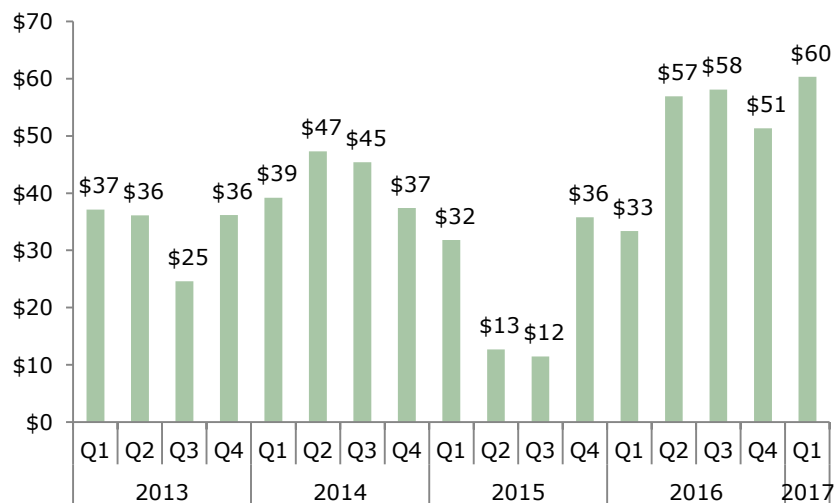
Benchmark Lumber Prices (\$/Mbf)



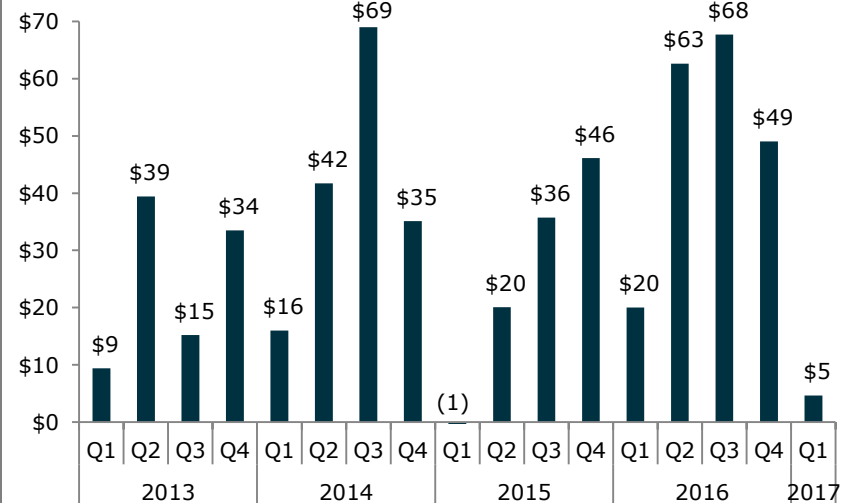
Production Volumes (Mmbf)



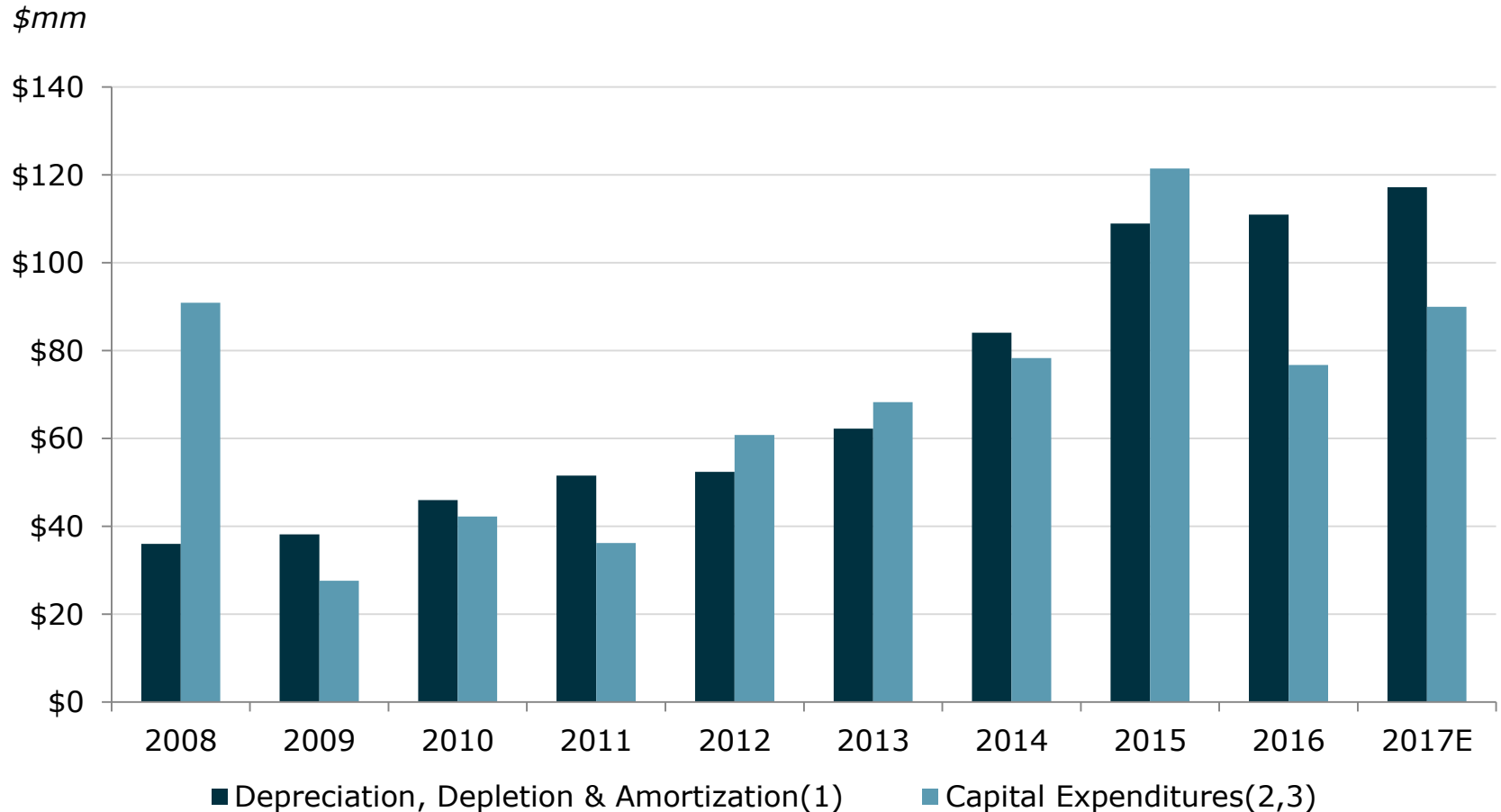
Adjusted EBITDA (C\$m)



Cash From Operations After W/C Changes (C\$m)



CAPITAL SPENDING PROFILE



FREE CASH FLOW CONSIDERATIONS

	<u>C\$mm</u>	
LTM Adjusted EBITDA (as of 3/31/17)	\$227	<ul style="list-style-type: none"> • Significant additional production volume and margin uplift opportunities in the US South.
Less:		
Annualized Cash Interest Expense	\$(14)	<ul style="list-style-type: none"> • Weighted average interest rate < 4%.
2017E Maintenance Capex (Maint. \$55m; Disc. \$35mm)	\$(55)	<ul style="list-style-type: none"> • 2017E total capex outlook of C\$90mm; maintenance capex includes logging roads.
Cash Taxes	\$(1)	<ul style="list-style-type: none"> • Substantial tax loss carry-forwards; \$92 mm in Canada and US\$178 mm in the US.
Other	\$TBD	<ul style="list-style-type: none"> • No significant employee future benefit obligations. • LTIP dependent on stock price.
Free Cash Flow	\$157	
Free Cash Flow/Share	\$2.24	

CAPITAL STRUCTURE

Capital Structure As of Mar 31, 2017	
Net Debt (C\$mm)	\$307
Book Equity (C\$mm)	\$805
Invested Capital (C\$mm)	\$1,112
Net Debt / Invested Capital	28%
Net Debt/LTM EBITDA	1.4x
EBITDA/Interest Expense (LTM)	13.0x

