

REMARKS
to
2014 ANNUAL GENERAL MEETING
by
Duncan K. Davies
President & CEO
INTERNATIONAL FOREST PRODUCTS LIMITED
May 6, 2014

Good afternoon,

Thank you Lawrence.

I would like to welcome you here today and thank you for taking the time to attend this important event and to learn more about our Company.

I'm excited about the progress we've made in recent years and look forward to bringing you up-to-date here today.

But before I do that, I'm going to provide you with a quick review of our results in 2013.

Financial Results

In simple terms, 2013 was the best year for Interfor since 2006.

Lumber production was up 28% for the year to 1.7 billion board feet and sales increased 19% to 1.8 billion board feet.

Product prices – measured by the Random Lengths Composite Index – were up 19% year-over-year.

The combination of increased production and sales volumes along with higher prices had a positive impact on Interfor's results for the year.

For the first time in the Company's history, sales revenue exceeded \$1 billion, coming in slightly above \$1.1 billion for the year, compared with \$849 million in 2012.

Net earnings were \$42.2 million or \$0.73 per share in 2013, compared with a loss of \$9.5 million or \$0.17 per share in 2012; EBITDA, reported before share-based compensation expenses and one-time items, was up 55% to \$134 million.

Strategic Positioning

Interfor has invested actively in recent years to enhance the Company's strategic position and to improve profitability. And, I'm pleased to report that those investments are delivering outstanding returns.

The Adams Lake sawmill, which was rebuilt during the 2007-2009 period, ran exceptionally well last year, as it has for the last 5 years, and once again, delivered excellent results.

And, the Grand Forks sawmill, which was rebuilt in 2012, hit full stride in early 2013 and delivered impressive results during the year.

During 2013, Interfor invested for the first time in the US Southeast with the acquisition of three sawmills in Georgia from Rayonier in March and another mill from Keadle Lumber in July.

These acquisitions have established a foothold for Interfor in an attractive market we have been looking to enter for many years.

We said at the time of the Rayonier acquisition that it was our goal to grow our platform in the Southeast. We were able to that with the purchase of Keadle and again earlier this year with the acquisition of Tolleson Lumber and its mills in Perry and Preston, Georgia.

The combination of Rayonier, Keadle and Tolleson has added almost 900 million board feet of capacity to our portfolio, making Interfor the largest lumber producer in the state of Georgia and one of the top 5 producers in North America.

Significantly, the US Southeast is now Interfor's largest operating region accounting for more than 35% of our annual capacity.

We were active on the acquisition front in Canada last year as well, acquiring two timber tenures in the Southern Interior to support our operations at Castlegar.

Financing & Balance Sheet

Balance sheet management has been a hallmark of our business philosophy for many years and 2013 was no exception.

In February, we reached agreement with the members of our banking syndicate to increase and extend our credit facilities to the end of 2017.

And in June, we issued US\$50 million in 10 year fixed rate notes at 4.33%, further de-risking our credit facilities.

And, in August, we took advantage of a strong equity market by agreeing to a bought deal equity issue with a group of Canadian underwriters.

That transaction, which closed in September, resulted in the issuance of 7.2 million Class A shares at a price of \$12 per share... and net proceeds of \$82.4 million.

The combination of these financings and the cash flow generated by the Company over the course of the year, left Interfor with a net debt position of

\$141 million at year end, or the equivalent of 21.5% of invested capital, and put us in a strong position to pursue our agenda for further growth.

And, most significantly, our share price performed well over the course of the year, closing at \$13.44 per share, up 41% for the year.

Q1, 2014

Turning now to the first quarter of 2014, I am pleased to say that Interfor performed well in spite of difficult weather conditions that impacted building activity and shipping performance throughout the quarter.

And, if the disruptions in truck and rail transportation weren't enough, the container strike at the Port of Vancouver created even more challenges in moving product to market.

In total, we estimate that more than 70 million board feet of production was trapped in inventory at quarter end.

In spite of the obvious impact of this undershipment, Interfor delivered net earnings of \$27.5 million or \$0.43 per share in the quarter with EBITDA of \$39.2 million.

In fairness, I must tell you that the results in the quarter were partially impacted by a \$16.6 million recovery of deferred tax allowances triggered by the accounting for the Tolleson acquisition and negatively impacted by \$6.9 million in share-based compensation expenses.

Net debt – which reflects the cash outlay associated with the Tolleson purchase as well as \$30 million of unshipped inventory – totaled \$270 million at quarter-end, the equivalent of 30.7% of invested capital.

Share price closed at \$16.46 up 22% in the first Quarter, and raising our market cap above \$1 billion for the first time in our history.

Outlook

Looking forward, we believe that housing activity in the US will begin to pick up as the weather returns to seasonal norms.

Similarly, we expect the key offshore markets to remain active as the year progresses, with some possible moderation in Japan as that country adjusts to an increase in its consumption tax.

The biggest issue in both North America and offshore is the ability of those markets to digest the backlog of inventories trapped during the first quarter.

Early indications are that it will take some time for those inventories to move into the marketplace and we are optimistic they will be absorbed without a material impact on product prices.

As a Company, our focus is centered on integrating the Tolleson operations and driving forward with our Operational Excellence agenda in both the Southeast and in our other operations.

We also continue to look for opportunities to grow our business in a manner that builds value for our shareholders and others.

Closing

In closing, I would like to thank everyone attending here today. In particular, I would like to thank our shareholders for their support of the resolutions to simplify our share structure and to adopt the name Interfor Corporation.

I would also like to thank our directors for their support during the last year and to welcome Paul Herbert and Jeane Hull to the Board.

Paul and Jeane have extensive experience in their respective industries and I am confident they will make valuable contributions to our Company in the years ahead.

Finally, I would like to thank our shareholders for their on-going support of our Company.

It is our goal to build a Company that makes us all proud.

I believe we are on track to deliver on that goal.

I would now like to turn the meeting back to Lawrence for questions.

Thank you.