



Interfor Corporation

Burnaby, B.C.

May 27, 2021

Interfor Continues to Grow with Acquisition of Four US Sawmills from Georgia-Pacific

INTERFOR CORPORATION (“Interfor” or the “Company”) (TSX: IFP) announced today that it has reached an agreement with Georgia-Pacific Wood Products LLC and GP Wood Products LLC (collectively “Georgia-Pacific”) to acquire four of its sawmill operations located in Bay Springs, MS, Fayette, AL, DeQuincy, LA and Philomath, OR (collectively the “Sawmill Operations”). The total purchase price of US\$375 MM, which includes working capital, will be funded entirely from cash on hand.

The Sawmill Operations are highly complementary to Interfor’s existing platforms in the US South and the US Northwest, and the acquisition will support accelerated growth and enhance the Company’s position to benefit from robust market conditions. The acquisition will be immediately accretive to Interfor’s earnings and is expected to provide attractive returns in both the near-term and over the long-term.

“This acquisition enhances Interfor’s growth-focused strategy as a pure-play lumber producer, and provides significant economies of scale given the complementary geographic fit with our existing US operations” said Ian Fillinger, President and Chief Executive Officer. “We’re excited to acquire these high-quality assets as part of our balanced approach to capital allocation to drive shareholder value.”

The Sawmill Operations have a combined annual lumber production capacity of 720 million board feet. The Bay Springs, Fayette and Philomath sawmills are currently operating on a full-shifting basis. The DeQuincy sawmill, which was idled in May 2020 during the COVID-19 pandemic, has an annual capacity of 200 million board feet. Interfor is currently evaluating its strategy and options for the site, including re-start plans.

On a pro-forma basis, Interfor’s total annual lumber production capacity will increase to 3.9 billion board feet, of which 3.0 billion board feet or 77% will be US-based and not subject to softwood lumber duties. Interfor’s US South production capacity will grow by 500 million board feet, or 29%, to 2.2 billion, while production capacity in the US Northwest will grow by 220 million, or 40%, to 770 million board feet. Following the transaction, 57% of Interfor’s production capacity will be in the US South, 20% will be in the US Northwest and the remaining 23% will be in British Columbia.

The Sawmill Operations, excluding the DeQuincy sawmill, generated US\$53 million of EBITDA¹ in the first quarter of 2021, reflecting an EBITDA¹ margin of US\$508 or \$643 per thousand board feet. This compares favorably with Interfor’s EBITDA margin of \$589 per thousand board feet for the same period.

Following the completion of this transaction Interfor will continue to have significant financial flexibility to consider additional value-creating capital deployment options. As of April 30, 2021 Interfor was in a net cash position of approximately \$380 million. Proforma this acquisition and the special dividend announced on May 12, 2021, Interfor’s Net Debt to Invested Capital ratio as of April 30, 2021 would increase to 13%. Similarly, proforma liquidity as of April 30, 2021 would be approximately \$500 million, before consideration of significant additional borrowing capacity available under existing credit limits and continued strong near-term operating cash flows.

The completion of the acquisition is subject to customary conditions and regulatory approvals for a

¹ Reflects mill level EBITDA as prepared in accordance with Georgia-Pacific’s financial practices.

transaction of this kind and is expected to close in the third quarter of 2021.

FORWARD-LOOKING STATEMENTS

This release 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 in this release, include but are not limited to, statements regarding production capacity, facility restart plans and ramp-up timelines, pro-forma capacity, expected earnings and returns, pro-forma debt ratios, liquidity, borrowing capacity, regulatory approvals and the expected closing date, and other relevant factors. Readers are cautioned that actual results may vary from the forward-looking information in this release, 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 release 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 report 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 crises (such as the current COVID-19 pandemic). Unless otherwise indicated, the forward-looking statements in this release are based on the Company's expectations at the date of this release. Interfor undertakes no obligation to update such forward-looking information or statements, except as required by law. The Company's independent auditor, KPMG LLP, has not audited, reviewed or performed any procedures with respect to the interim financial results and other data included in this release, and accordingly does not express an opinion or any other form of assurance with respect thereto.

ABOUT INTERFOR

Interfor is a growth-oriented forest products company with operations in Canada and the United States. The Company has annual production capacity of approximately 3.2 billion board feet and offers a diverse line of lumber products to customers around the world. For more information about Interfor, visit our website at www.interfor.com.

Investor contact and further information:

Rick Pozzebon, Senior Vice President & Chief Financial Officer
(604) 689-6804

Mike Mackay, Vice President of Corporate Development & Strategy
(604) 689-6846