Interfor Corporation

Vancouver, B.C. August 08, 2019

Interfor Reports Q2'19 Results

EBITDA[1] of $13 million on Sales of $481 million

Net Debt to Invested Capital[1] of 18%; Liquidity of $392 million

INTERFOR CORPORATION ("Interfor" or the "Company") (TSX: IFP) Interfor recorded a net loss in Q2'19 of $11.2 million, or $0.17 per share, compared to a net loss of $15.3 million, or $0.23 per share in Q1'19 and net earnings of $63.7 million, or $0.91 per share in Q2'18. Adjusted net loss in Q2'19 was $16.2 million compared to an Adjusted net loss of $12.7 million in Q1'19 and Adjusted net earnings of $68.9 million in Q2'18.

Adjusted EBITDA was $12.6 million on sales of $481.3 million in Q2'19 versus $16.3 million on sales of $451.2 million in Q1'19.

Notable items in the quarter included:

- Lower Lumber Prices
  - The key benchmark prices decreased quarter-over-sequential-quarter with the SYP Composite, Western SPF Composite and KD H-F Stud 2x4 9' falling by US$23, US$36 and US$19 per mfbm, respectively. Interfor's average lumber selling price dropped $10 from Q1'19 to $603 per mfbm.
- Higher Shipments and Reduced Inventories
  - Total lumber production was 647 million board feet, consistent with the prior quarter. Production in the U.S. South increased slightly to 320 million board feet from 316 million board feet in the preceding quarter as capital project-related downtime at the Monticello sawmill was more than offset by higher operating rates at most mills in the region. The B.C. and U.S. Northwest regions accounted for 187 million board feet and 140 million board feet, respectively, compared to 195 million board feet and 135 million board feet in Q1'19. Production was influenced by the curtailments taken in the B.C. Interior in response to weak lumber prices and continuing high log costs.
  - Total lumber shipments were 674 million board feet, including agency and wholesale volumes, or 53 million board feet higher than Q1'19.
  - Lumber inventories at June 30, 2019 were 211 million board feet, down from 229 million board feet at March 31, 2019.
  - Interfor's operating costs were negatively impacted by an increase in its net realizable value provision for log and lumber inventories of $10.3 million in Q2'19.
- Continued Strong Financial Position
  - Net debt ended the quarter at $198.2 million, or 17.9% of invested capital, resulting in available liquidity of $392.5 million.
  - The Company generated $9.9 million of cash flow from operations before changes in working capital, or $0.15 per share.

[1] Refer to Adjusted EBITDA and Net debt to invested capital in the Non-GAAP Measures section

  - Capital investments of $64.6 million in Q2'19 included $51.4 million primarily on U.S. South focused high-return discretionary projects, with the remainder related to maintenance capital and woodlands projects.
  - On June 28, 2019, the Company received compensation of $7.7 million from the Government of B.C. as settlement for the 2017 cancellation of two timber licences on the B.C. Coast, which is excluded from Adjusted EBITDA.
- Softwood Lumber Duties
  - Interfor expensed $10.8 million of duties in the quarter, representing the full amount of countervailing ("CV") and anti-dumping ("AD") duties incurred on its Canadian shipments of softwood lumber into the U.S. at a combined rate of 20.23%.
  - Cumulative duties of US$76.5 million have been paid by Interfor since the inception of the current trade dispute and are held in trust by the U.S. Except for US$3.3 million in respect of overpayments arising from duty rate adjustments, Interfor has recorded the duty deposits as an expense.

Strategic Capital Plan Update

- Interfor continues to make progress on its previously announced Phase I and II strategic capital projects in the U.S. South.
- The Phase I projects at the Meldrim, Georgia and Monticello, Arkansas sawmills were completed before quarter-end and are now in the ramp-up phase. Total project costs are expected to be US$70.1 million versus the original budget of US$62.5 million. The spending overage was due to vendor delays, additional steel costs and labour issues with contractors. As of June 30, 2019, US$67.7 million has been capitalized.
- The Phase II projects at the Thomaston and Eatonton sawmills in Georgia and the Georgetown sawmill in South Carolina are on track for completion in various stages over the period of 2019 to 2022. As of June 30, 2019, US$32.0 million has been capitalized and the projects remain on budget.

Acquisition of B.C. Interior Cutting Rights from Canfor

On June 3, 2019, Interfor entered into a purchase agreement with Canadian Forest Products Ltd. to acquire two replaceable timber licences with annual cutting rights of approximately 349,000 cubic metres, an interest in a non-replaceable forest licence and other related forestry assets in the Adams Lake area of the B.C. Interior (the "Forestry Assets"), and assume certain liabilities relating to the Forestry Assets. The cash purchase price of $60 million will be financed from Interfor's available cash balance and/or borrowings under its existing bank credit facility.

The transaction is subject to various consents, including that by the Government of B.C. and is targeted to close in the third quarter, 2019.

By acquiring the Forestry Assets, Interfor will solidify its long-term log supply at its Adams Lake sawmill, supporting the continuation of a two-shift operating configuration at the mill in the face of declining allowable annual cuts in the region. The Forestry Assets are located adjacent to Adams Lake's woodlands operations, with log production flowing logically to the sawmill from a transportation and logistics standpoint.

Upon closing the transaction, Interfor will pursue a follow-on, high return investment opportunity by adding a new dry kiln to support additional value-added processing at the Adams Lake mill.

Interfor Appoints New Director

At its meeting today, the Interfor Board appointed Christopher Griffin of Chicago, Illinois as a director of the Company. Mr. Griffin, who is 57, is the President & CEO of USG Corporation, a global manufacturer of gypsum wallboard and other building products. Mr. Griffin's appointment increases the number of directors from ten to eleven and was made in line with the Company's Board succession plan.

Financial and Operating Highlights[1]

	Unit	For the 3 months ended Jun. 30 2019	Jun. 30 2018 (restated)[2]	Mar. 31 2019	For the 6 months ended Jun. 30 2019	Jun. 30 2018 (restated)[2]
Financial Highlights[3]						
Total sales	$MM	481.3	619.9	451.2	932.5	1,147.5
Lumber	$MM	406.9	527.0	380.5	787.4	972.9
Logs, residual products and other	$MM	74.4	92.9	70.7	145.1	174.6
Operating earnings (loss)	$MM	(18.2)	86.4	(16.8)	(35.0)	133.0
Net earnings (loss)	$MM	(11.2)	63.7	(15.3)	(26.5)	96.4
Net earnings (loss) per share, basic	$/share	(0.17)	0.91	(0.23)	(0.39)	1.38
Adjusted net earnings (loss)[4]	$MM	(16.2)	68.9	(12.7)	(28.9)	105.4
Adjusted net earnings (loss) per share, basic[4]	$/share	(0.24)	0.98	(0.19)	(0.43)	1.50
Operating cash flow per share (before working capital changes)[4]	$/share	0.15	1.80	0.25	0.40	2.92
Adjusted EBITDA[4]	$MM	12.6	126.7	16.3	28.9	210.2
Adjusted EBITDA margin[4]	%	2.6%	20.4%	3.6%	3.1%	18.3%
Total assets	$MM	1,459.8	1,573.3	1,491.5	1,459.8	1,573.3
Total debt	$MM	261.7	263.4	267.3	261.7	263.4
Net debt[4]	$MM	198.2	34.4	172.7	198.2	34.4
Net debt to invested capital[4]	%	17.9%	3.4%	15.6%	17.9%	3.4%
Annualized return on invested capital[4]	%	4.6%	49.9%	6.1%	5.4%	42.6%
Operating Highlights						
Lumber production	million fbm	647	688	646	1,293	1,354
Total lumber sales	million fbm	674	700	621	1,295	1,348
Lumber sales - Interfor produced	million fbm	664	689	610	1,274	1,324
Lumber sales - wholesale and commission	million fbm	10	11	11	21	24
Lumber - average selling price[5]	$/thousand fbm	603	753	613	608	722
Average USD/CAD exchange rate[6]	1 USD in CAD	1.3377	1.2911	1.3295	1.3336	1.2781
Closing USD/CAD exchange rate[6]	1 USD in CAD	1.3087	1.3168	1.3363	1.3087	1.3168

Notes:

1 Figures in this table may not equal or sum to figures presented elsewhere due to rounding.
2 Financial information has been restated for implementation of IFRS 16, *Leases.*
3 Financial information presented for interim periods in this release is prepared in accordance with IFRS and is unaudited.
4 Refer to the Non-GAAP Measures section of this release for definitions and reconciliations of these measures to figures reported in the Company's consolidated financial statements.
5 Gross sales before duties.
6 Based on Bank of Canada foreign exchange rates.

Liquidity

Balance Sheet

Interfor's net debt at June 30, 2019 was $198.2 million, or 17.9% of invested capital, representing an increase of $163.8 million from the level at June 30, 2018 and an increase of $134.4 million from December 31, 2018. These increases primarily reflect funding of capital projects, share repurchases and short term incentive compensation payments.

Net debt was negatively impacted by a weaker Canadian Dollar against the U.S. Dollar as all debt held was denominated in U.S. Dollars; this was partially hedged by the Company's U.S. Dollar cash balances.

Thousands of Dollars	For the 3 months ended Jun. 30, 2019	2018	For the 6 months ended Jun. 30, 2019	2018
Net debt				
Net debt, period opening	$172,746	$127,064	$63,825	$119,300
Net drawing (repayment) on credit facilities	-	-	750	(1)
Impact on U.S. Dollar denominated debt from (strengthening) weakening CAD	(5,520)	5,480	(11,850)	12,461
Decrease (increase) in cash and cash equivalents	30,028	(95,011)	98,918	(92,502)
Decrease in marketable securities	-	-	41,766	-
Impact on U.S. Dollar denominated cash and cash equivalents and marketable securities from strengthening (weakening) CAD	955	(3,118)	4,800	(4,843)
Net debt, period ending, CAD	$198,209	$34,415	$198,209	$34,415

On March 28, 2019, the Company completed a modernization of its credit facilities. The new facility replaced the U.S. Operating Line, Canadian Operating Line, and Revolving Term Line with one consolidated facility. The new facility increased credit availability to $350 million and matures in March 2024.

As at June 30, 2019, the Company had net working capital of $253.4 million and available liquidity of $392.5 million, including cash and borrowing capacity on its term line facility.

These resources, in addition to cash generated from operations, will be used to support working capital requirements, debt servicing commitments and capital expenditures. We believe that Interfor will have enough liquidity to fund operating and capital requirements for the foreseeable future.

Capital Resources

The following table summarizes Interfor's credit facilities and availability as of June 30, 2019:

Thousands of Canadian Dollars	Revolving Term Line	Senior Secured Notes	Total
Available line of credit	$350,000	$261,740	$611,740
Maximum borrowing available	$350,000	$261,740	$611,740
Less:			
Drawings	-	261,740	261,740
Outstanding letters of credit included in line utilization	21,053	-	21,053
Unused portion of facility	$328,947	$ -	328,947
Add:			
Cash and cash equivalents			63,531
Available liquidity at June 30, 2019			$392,478

As of June 30, 2019, the Company had commitments for capital expenditures totaling $119.1 million for both maintenance and discretionary capital projects.

Non-GAAP Measures

This release makes reference to the following non-GAAP measures: Adjusted net earnings (loss), Adjusted net earnings (loss) per share, EBITDA, Adjusted EBITDA, Net debt to invested capital and Operating cash flow per share (before working capital changes) 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.

The following table provides a reconciliation of these non-GAAP measures to figures as reported in the Company's audited consolidated financial statements (unaudited for interim periods) prepared in accordance with IFRS:

Thousands of Canadian Dollars except number of shares and per share amounts	For the 3 months ended Jun. 30 2019	For the 3 months ended Jun. 30 2018	For the 3 months ended Mar.31 2019	For the 6 months ended Jun. 30 2019	For the 6 months ended Jun. 30 2018
		(restated)[1]			(restated)[1]
Adjusted Net Earnings (Loss)					
Net earnings (loss)	$(11,159)	$63,732	$(15,302)	$(26,461)	$96,397
Add:					
Capital asset write-downs and restructuring costs	87	4,669	1,665	1,752	4,905
Other foreign exchange loss (gain)	321	(1,880)	(340)	(19)	(1,991)
Long term incentive compensation expense (recovery)	(851)	3,996	1,983	1,132	8,854
Other (income) expense	(6,487)	80	164	(6,323)	258
Post closure wind-down costs and losses	-	-	-	-	4
Income tax effect of above adjustments	1,866	(1,701)	(875)	991	(3,075)
Adjusted net earnings (loss)	$(16,223)	$68,896	$(12,705)	$(28,928)	$105,352
Weighted average number of shares - basic ('000)	*67,252*	*70,038*	*67,348*	*67,300*	*70,036*
Adjusted net earnings (loss) per share	$(0.24)	$0.98	$(0.19)	$(0.43)	$1.50
Adjusted EBITDA					
Net earnings (loss)	$(11,159)	$63,732	$(15,302)	$(26,461)	$96,397
Add:					
Depreciation of plant and equipment	19,410	20,781	19,722	39,132	40,802
Depletion and amortization of timber, roads and other	12,201	10,854	9,737	21,938	22,618
Capital asset write-downs and restructuring costs	87	4,669	1,665	1,752	4,905
Finance costs	3,324	3,303	4,176	7,500	6,714
Other foreign exchange loss (gain)	321	(1,880)	(340)	(19)	(1,991)
Income tax expense (recovery)	(4,196)	21,150	(5,508)	(9,704)	31,617
EBITDA	19,988	122,609	14,150	34,138	201,062
Add:					
Long term incentive compensation expense (recovery)	(851)	3,996	1,983	1,132	8,854
Other (income) expense	(6,487)	80	164	(6,323)	258
Post closure wind-down costs and losses	-	-	-	-	4
Adjusted EBITDA	$12,650	$126,685	$16,297	$28,947	$210,178
Sales	$481,345	$619,893	451,163	$932,508	$1,147,537
Adjusted EBITDA margin	2.6%	20.4%	3.6%	3.1%	18.3%
Net debt to invested capital					
Net debt					
Total debt	$261,740	$263,360	$267,260	$261,740	$263,360
Cash and cash equivalents	(63,531)	(228,945)	(94,514)	(63,531)	(228,945)
Total net debt	$198,209	$34,415	$172,746	$198,209	$34,415
Invested capital					
Net debt	$198,209	$34,415	$172,746	$198,209	$34,415
Shareholders' equity	911,409	972,281	933,509	911,409	972,281
Total invested capital	$1,109,618	$1,006,696	$1,106,255	$1,109,618	$1,006,696
Net debt to invested capital[2]	17.9%	3.4%	15.6%	17.9%	3.4%
Operating cash flow per share (before working capital changes)					
Cash (used in) provided by operating activities	$32,302	$136,724	$(58,350)	$(26,048)	$157,797
Cash used in (generated from) operating working capital	(22,443)	(10,414)	75,435	52,992	46,636
Operating cash flow (before working capital changes)	$9,859	$126,310	$17,085	$26,944	$204,433
Weighted average number of shares - basic ('000)	*67,252*	*70,038*	*67,348*	*67,300*	*70,036*
Operating cash flow per share (before working capital changes)	$0.15	$1.80	$0.25	$0.40	$2.92
Annualized return on invested capital					
Adjusted EBITDA	$12,650	$126,685	$16,297	$28,947	$210,178
Invested capital, beginning of period	$1,106,255	$1,023,279	$1,032,591	$1,032,591	$968,852
Invested capital, end of period	1,109,618	1,006,696	1,106,255	1,109,618	1,006,696
Average invested capital	$1,107,937	$1,014,988	$1,069,423	$1,071,105	$987,774
Adjusted EBITDA divided by average invested capital	1.1%	12.5%	1.5%	2.7%	21.3%
Annualization factor	4.0	4.0	4.0	2.0	2.0
Annualized return on invested capital	4.6%	49.9%	6.1%	5.4%	42.6%

Notes:

1 Financial information has been restated for implementation of IFRS 16, *Leases*.

2 Net debt to invested capital as of the period end.

INTERFOR

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)

For the three and six months ended June 30, 2019 and 2018 (unaudited)

(thousands of Canadian Dollars except earnings per share)	Three Months Jun. 30, 2019	Three Months Jun. 30, 2018 (restated)[1]	Six Months Jun. 30, 2019	Six Months Jun. 30, 2018 (restated)[1]
Sales	$481,345	$619,893	$932,508	$1,147,537
Costs and expenses:				
Production	448,043	464,675	861,226	882,072
Selling and administration	9,808	13,706	20,373	27,535
Long term incentive compensation expense (recovery)	(851)	3,996	1,132	8,854
U.S. countervailing and anti-dumping duty deposits	10,844	14,827	21,962	27,756
Depreciation of plant and equipment	19,410	20,781	39,132	40,802
Depletion and amortization of timber, roads and other	12,201	10,854	21,938	22,618
	499,455	528,839	965,763	1,009,637
Operating earnings (loss) before restructuring costs	(18,110)	91,054	(33,255)	137,900
Capital asset write-downs and restructuring costs	87	4,669	1,752	4,905
Operating earnings (loss)	(18,197)	86,385	(35,007)	132,995
Finance costs	(3,324)	(3,303)	(7,500)	(6,714)
Other foreign exchange gain (loss)	(321)	1,880	19	1,991
Other income (expense)	6,487	(80)	6,323	(258)
	2,842	(1,503)	(1,158)	(4,981)
Earnings (loss) before income taxes	(15,355)	84,882	(36,165)	128,014
Income tax expense (recovery):				
Current	233	1,567	393	2,337
Deferred	(4,429)	19,583	(10,097)	29,280
	(4,196)	21,150	(9,704)	31,617
Net earnings (loss)	$(11,159)	$63,732	$(26,461)	$96,397
Net earnings (loss) per share				
Basic	$(0.17)	$0.91	$(0.39)	$1.38
Diluted	$(0.17)	$0.91	$(0.39)	$1.37

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three and six months ended June 30, 2019 and 2018 (unaudited)

(thousands of Canadian Dollars)	Three Months Jun. 30, 2019	Three Months Jun. 30, 2018 (restated)[1]	Six Months Jun. 30, 2019	Six Months Jun. 30, 2018 (restated)[1]
Net earnings (loss)	$(11,159)	$63,732	$(26,461)	$96,397
Other comprehensive income (loss):				
Items that will not be recycled to Net earnings (loss):				
Defined benefit plan actuarial gain (loss), net of tax	(439)	1,004	133	1,889
Items that are or may be recycled to Net earnings (loss):				
Foreign currency translation differences for foreign operations, net of tax	(10,728)	11,121	(23,601)	23,954
Total other comprehensive income (loss), net of tax	(11,167)	12,125	(23,468)	25,843
Comprehensive income (loss)	$(22,326)	$75,857	$(49,929)	$122,240

Notes:

1 Financial information has been restated for implementation of IFRS 16, *Leases*.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three and six months ended June 30, 2019 and 2018 (unaudited)

(thousands of Canadian Dollars)	Three Months Jun. 30, 2019	Three Months Jun. 30, 2018	Six Months Jun. 30, 2019	Six Months Jun. 30, 2018
		(restated)[1]		(restated)[1]
Cash provided by (used in):				
Operating activities:				
Net earnings (loss)	$(11,159)	$63,732	$(26,461)	$96,397
Items not involving cash:				
Depreciation of plant and equipment	19,410	20,781	39,132	40,802
Depletion and amortization of timber, roads and other	12,201	10,854	21,938	22,618
Income tax expense (recovery)	(4,196)	21,150	(9,704)	31,617
Finance costs	3,324	3,303	7,500	6,714
Other assets	304	(122)	321	(417)
Reforestation liability	(3,250)	(862)	(743)	1,427
Provisions and other liabilities	(801)	2,496	(1,004)	(320)
Stock options	209	209	317	346
Write-down of plant, equipment and intangibles	88	4,645	1,811	4,864
Unrealized foreign exchange loss	216	44	160	127
Other expense (income)	(6,487)	80	(6,323)	258
	9,859	126,310	26,944	204,433
Cash generated from (used in) operating working capital:				
Trade accounts receivable and other	(5,873)	(13,222)	(20,448)	(23,970)
Inventories	17,605	2,111	(9,565)	(31,926)
Prepayments	(2,873)	1,597	(5,742)	(2,658)
Trade accounts payable and provisions	13,862	21,079	(16,662)	13,240
Income taxes paid	(278)	(1,151)	(575)	(1,322)
	32,302	136,724	(26,048)	157,797
Investing activities:				
Additions to property, plant and equipment	(58,904)	(15,126)	(94,830)	(27,165)
Additions to roads and bridges	(5,661)	(8,086)	(13,505)	(14,168)
Additions to timber licences and other intangible assets	(20)	(63)	(72)	(50)
Proceeds on disposal of property, plant and equipment and other	8,032	76	8,140	185
Net proceeds from (additions to) marketable securities, deposits and other assets	(11)	(13,077)	46,760	(13,579)
	(56,564)	(36,276)	(53,507)	(54,777)
Financing activities:				
Issuance of share capital, net of expenses	17	-	80	143
Share repurchases	-	-	(7,825)	-
Interest payments	(2,837)	(2,799)	(5,417)	(5,832)
Lease liability payments	(2,779)	(2,636)	(5,765)	(4,825)
Debt refinancing costs	(172)	(2)	(1,191)	(3)
Change in operating line components of long-term debt	5	-	5	(1)
Additions to long term debt	-	-	197,925	-
Repayments of long term debt	-	-	(197,175)	-
	(5,766)	(5,437)	(19,363)	(10,518)
Foreign exchange gain (loss) on cash and cash equivalents held in a foreign currency	(955)	3,118	(3,703)	4,843
Increase (decrease) in cash	(30,983)	98,129	(102,621)	97,345
Cash and cash equivalents, beginning of period	94,514	130,816	166,152	131,600
Cash and cash equivalents, end of period	$63,531	$228,945	$63,531	$228,945

Notes:
1 Financial information has been restated for implementation of IFRS 16, *Leases*.

INTERFOR

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2019, December 31, 2018 and January 1, 2018 (unaudited)
(thousands of Canadian Dollars)

	Jun. 30, 2019	Dec. 31, 2018 (restated)[1]	Jan. 1, 2018 (restated)[1]
Assets			
Current assets:			
Cash and cash equivalents	$63,531	$166,152	$131,600
Marketable securities	-	42,863	-
Trade accounts receivable and other	108,066	90,384	112,470
Income taxes receivable	3,013	3,008	1,289
Inventories	213,435	209,178	165,156
Prepayments	21,673	16,833	12,186
	409,718	528,418	422,701
Employee future benefits	820	303	502
Deposits and other assets	10,685	16,842	6,404
Right of use assets	36,760	37,778	38,600
Property, plant and equipment	752,194	723,773	669,165
Roads and bridges	30,154	29,829	24,092
Timber licences	61,851	64,153	66,589
Other intangible assets	4,047	5,288	14,170
Goodwill	152,870	158,799	147,081
Deferred income taxes	704	133	253
	$1,459,803	$1,565,316	$1,389,557
Liabilities and Shareholders' Equity			
Current liabilities:			
Trade accounts payable and provisions	$130,983	$154,869	$152,355
Reforestation liability	14,580	13,947	12,873
Lease liabilities	10,501	10,158	8,019
Income taxes payable	292	356	224
	156,356	179,330	173,471
Reforestation liability	27,755	28,235	27,535
Lease liabilities	32,268	33,954	36,165
Long term debt	261,740	272,840	250,900
Employee future benefits	8,988	8,687	8,249
Provisions and other liabilities	15,698	16,421	25,808
Deferred income taxes	45,589	57,083	17,877
Equity:			
Share capital	533,563	537,534	555,388
Contributed surplus	4,133	3,851	8,582
Translation reserve	60,792	84,393	40,733
Retained earnings	312,921	342,988	244,849
	911,409	968,766	849,552
	$1,459,803	$1,565,316	$1,389,557

Notes:
1 Financial information has been restated for implementation of IFRS 16, *Leases*.

Approved on behalf of the Board:

"*L. Sauder*"
Director

"*Thomas V. Milroy*"
Director

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. Generally, statements containing forward-looking information can be identified by the use of words such as: believe, expect, intend, forecast, plan, target, budget, outlook, opportunity, risk, strategy or variations or comparable language, or statements that certain actions, events or results may, could, would, should, might, or will occur or not occur. 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 release include assumptions regarding 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; the effects of 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; environmental impacts of the Company's operations; labour disruptions; and the efficacy of information systems security. Unless otherwise indicated, the forward-looking information in this release is based on the Company's expectations at the date of this release. Interfor undertakes no obligation to update such forward-looking information, except as required by law.

ABOUT INTERFOR

Interfor is a growth-oriented lumber company with operations in Canada and the United States. The Company has annual production capacity of approximately 3.1 billion board feet and offers one of the most diverse lines of lumber products to customers around the world. For more information about Interfor, visit our website at www.interfor.com.

The Company's unaudited consolidated financial statements and Management's Discussion and Analysis for Q2'19 are available at www.sedar.com and www.interfor.com.

There will be a conference call on Friday, August 9, 2019 at 8:00 a.m. (Pacific Time) hosted by **INTERFOR CORPORATION** for the purpose of reviewing the Company's release of its second quarter 2019 financial results.

The dial-in number is ***1-833-297-9919***. The conference call will also be recorded for those unable to join in for the live discussion and will be available until September 7, 2019. The number to call is ***1-855-859-2056, Passcode 7768927.***

For further information:
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