



# Building Value

May 2005

# Forward-Looking Statements

Information contained herein constitutes forward-looking statements. Forward-looking statements, which include all statements that are not historical facts, are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated in or suggested by the forward-looking statements, see additional risks described in the Company's MD&A under "Risks and Uncertainties" in the Company's Annual Report, which is incorporated by reference. All forward-looking statements made are qualified by these cautionary statements.

Participants should not place undue reliance on the forward-looking statements, which reflect Management's plans, estimates, projections and views only as of the date hereof. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

# Business Objectives

***Build one of the world's pre-eminent lumber and building products companies***

- ✓ Focus on the lumber and building products industry
- ✓ Balance the operating platform through geographic and product diversification
- ✓ Continually enhance competitive positioning through cost reduction and margin improvement initiatives
- ✓ Pursue value enhancing growth initiatives with disciplined investment criteria
- ✓ Maintain a strong capital structure

***Provide superior returns for shareholders***

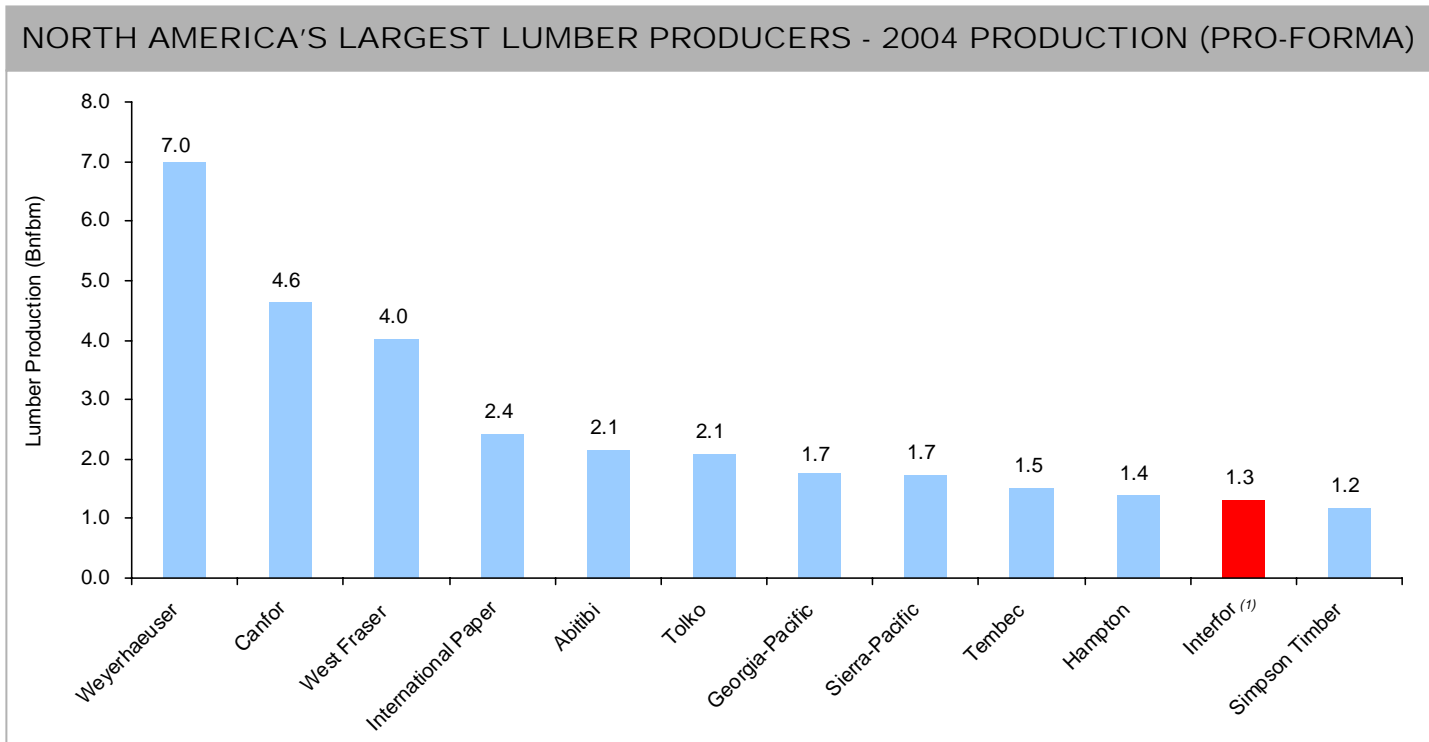


# Interfor's Transformation

	GROWTH INITIATIVES		VALUE REALIZATION INITIATIVES	
	INITIATIVE	AMOUNT (\$MM)	INITIATIVE	AMOUNT (\$MM)
2004	▪ Crown Pacific acquisition	\$99	▪ Sale of three former mill sites	\$32
	▪ Rebuild and expansion at Queensboro	\$11		
	▪ High return capex projects	\$7		
2005	▪ Floragon acquisition	\$71	▪ Settlement of timber takeback	\$22
	▪ Rebuild and expansion at Queensboro	\$14	▪ Sale of Seaboard's interest in Western Stevedoring	\$28
	▪ High return capex projects	\$57	▪ Monetization of surplus real estate and non-core assets	\$29
<b>TOTAL</b>		<b>\$259</b>		<b>\$111</b>

# Growth

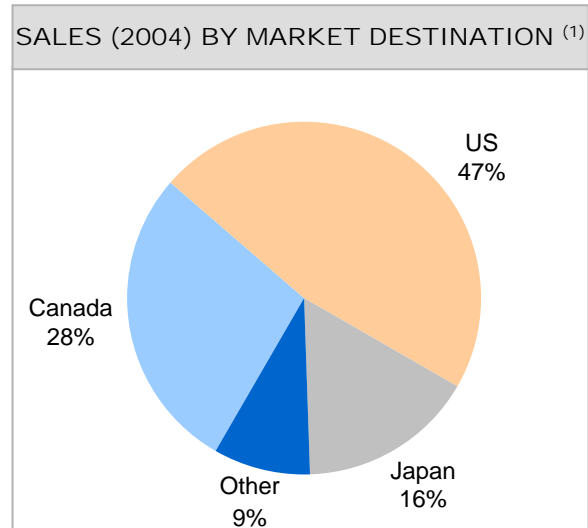
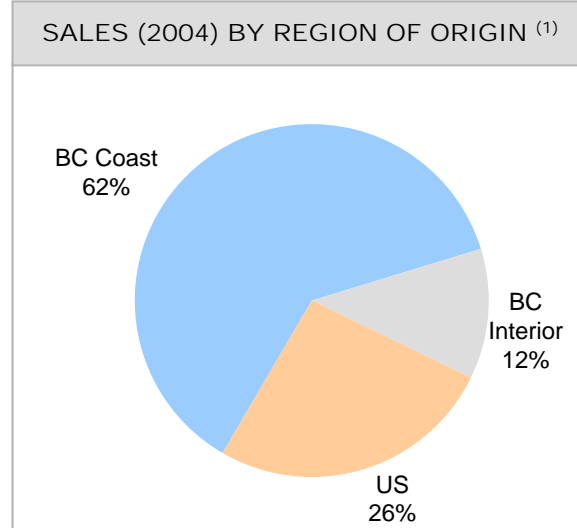
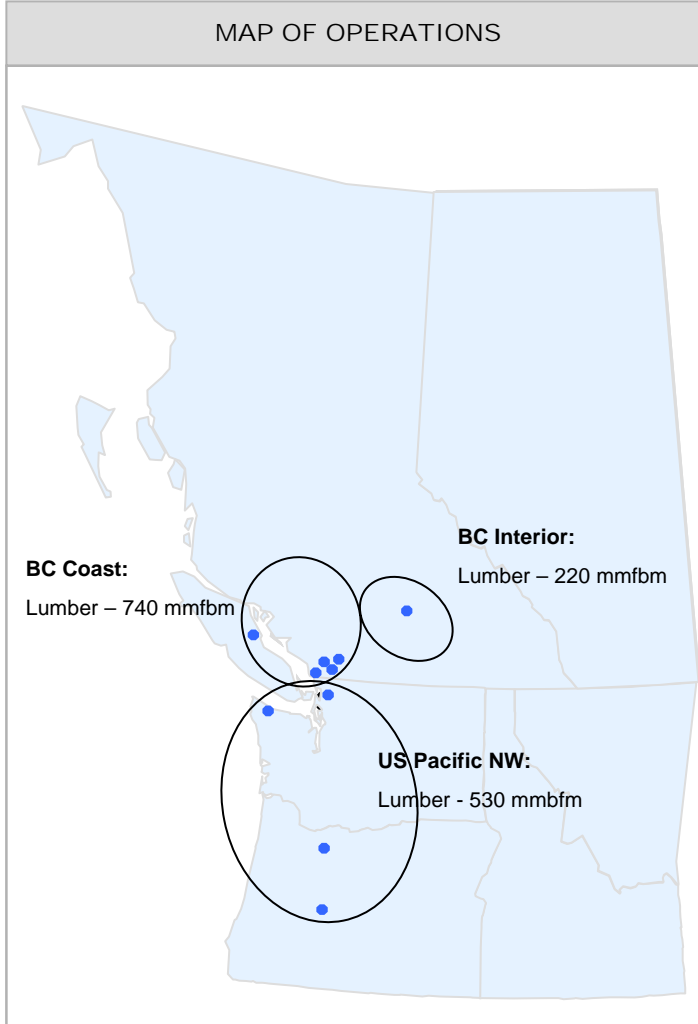
- With the Floragon acquisition, Interfor will become the 11th largest lumber producer in North America (13th in the world).



Source: World market monthly – April 2005.

<sup>(1)</sup> IFP PF Floragon acquisition.

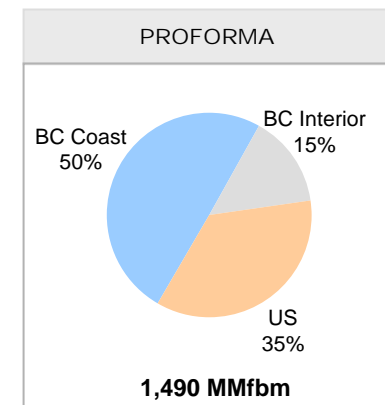
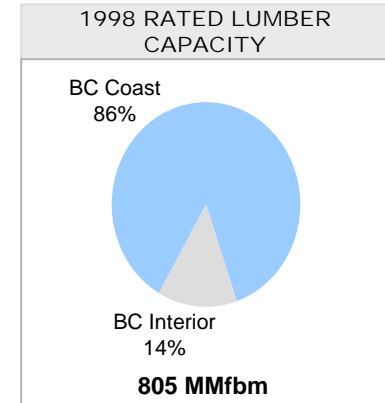
# Regional Diversification



<sup>(1)</sup> Including Crown Pacific and Floragon proforma for full year.

# Broadened and Balanced Mill System

REGION / MILL	RATED CAPACITY (MMfbm)		
	1998	CURRENT	PROFORMA
<b>Coast:</b>			
Acorn	-	180	180
Field	-	140	140
Queensboro (formerly 3W)	155	110	180
MacKenzie	35	60	60
Hammond	150	180	180
Fraser	175	-	-
Squamish	100	-	-
Flavelle	80	-	-
	695	670	740
<b>Interior:</b>			
Adams Lake	110	220	220
	110	220	220
<b>US PNW:</b>			
Gilchrist	-	165	165
Marysville	-	25	25
Port Angeles	-	120	120
Floragon	-	-	220
	-	310	530
<b>Total Lumber Capacity</b>	<b>805</b>	<b>1,200</b>	<b>1,490</b>

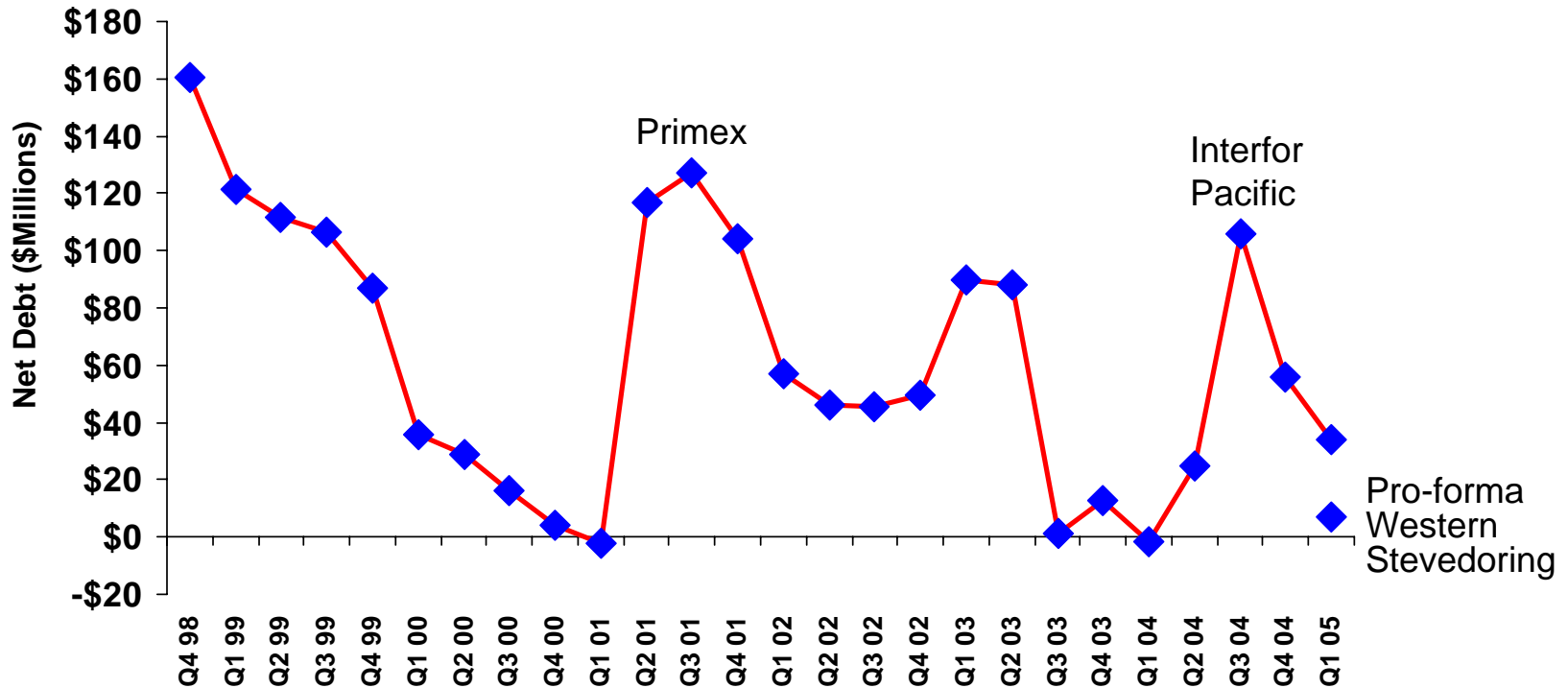


***Improved facilities, increased capacity and more balanced production base***



# Strong Capital Structure

- Net Debt at March 31, 2005 was \$35 million or 8.3% of invested capital.
- Pro-forma the Western Stevedoring sale, Interfor's net debt is \$7 million or 1.8% of invested capital.



***Cash flow and balance sheet provide basis for capital program and other strategic initiatives***

# Additional Sources of Cash

- Interfor expects to generate up to \$29 million of cash between May and December 2005 from sale of surplus properties and other non-core assets

	C\$MM's
Surplus Property sales	\$15
Additional compensation	\$3
BW Creative (net of put)	\$9
Recovery of severance (BCFRT)	\$2
<b>Total after tax cash</b>	<b>\$29</b>

- In addition, Interfor has total deposits of US\$72.9 million (C\$88.5 million) of softwood lumber duties to March 31, 2005.



# Business Reinvestment Plan

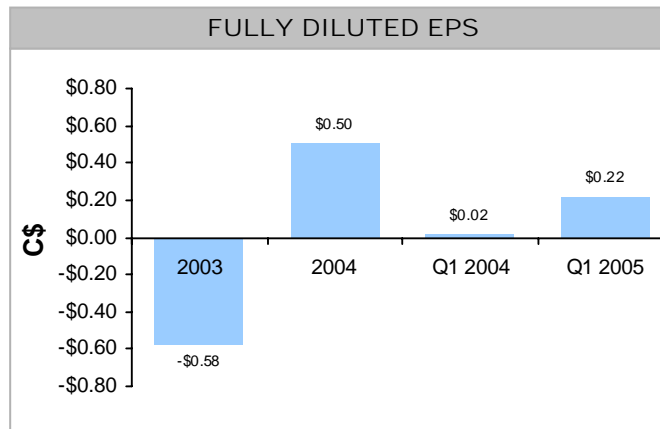
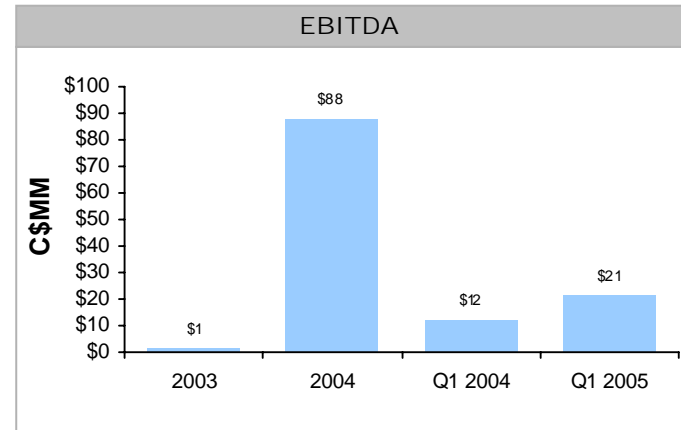
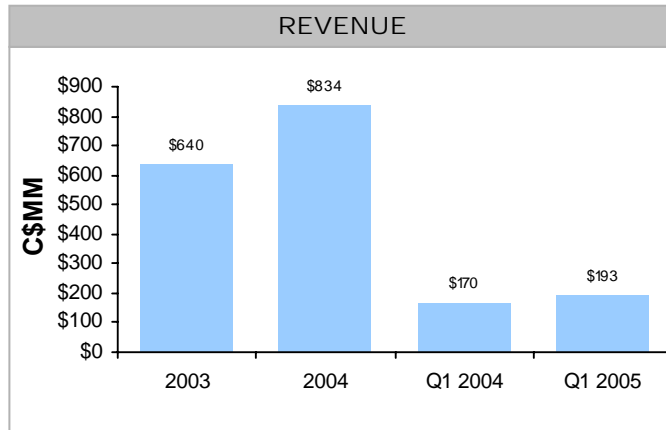
- Interfor's discretionary capex program is designed to ensure core operations incorporate proven state-of-the-art technology, and achieve top quartile performance.
- Cash from Western Stevedoring sale will be used to accelerate project timing.

C\$MM's	2005 DISCRETIONARY CAPEX PROGRAM			Spent in Q1
	Original	Additional	Total	
Coast	\$19.5	\$0.3	\$19.8	\$11.6
Interior	\$0.9	-	\$0.9	-
U.S.	\$25.3	\$24.7	\$50.0	\$3.5
<b>Total</b>	<b>\$45.7</b>	<b>\$25.0</b>	<b>\$70.7</b>	<b>\$15.1</b>

- The 2005 discretionary capex program is focused on Queensboro, Port Angeles, Gilchrist and Floragon
- All high return capex projects have < 2 year pretax payback

# Financial Performance

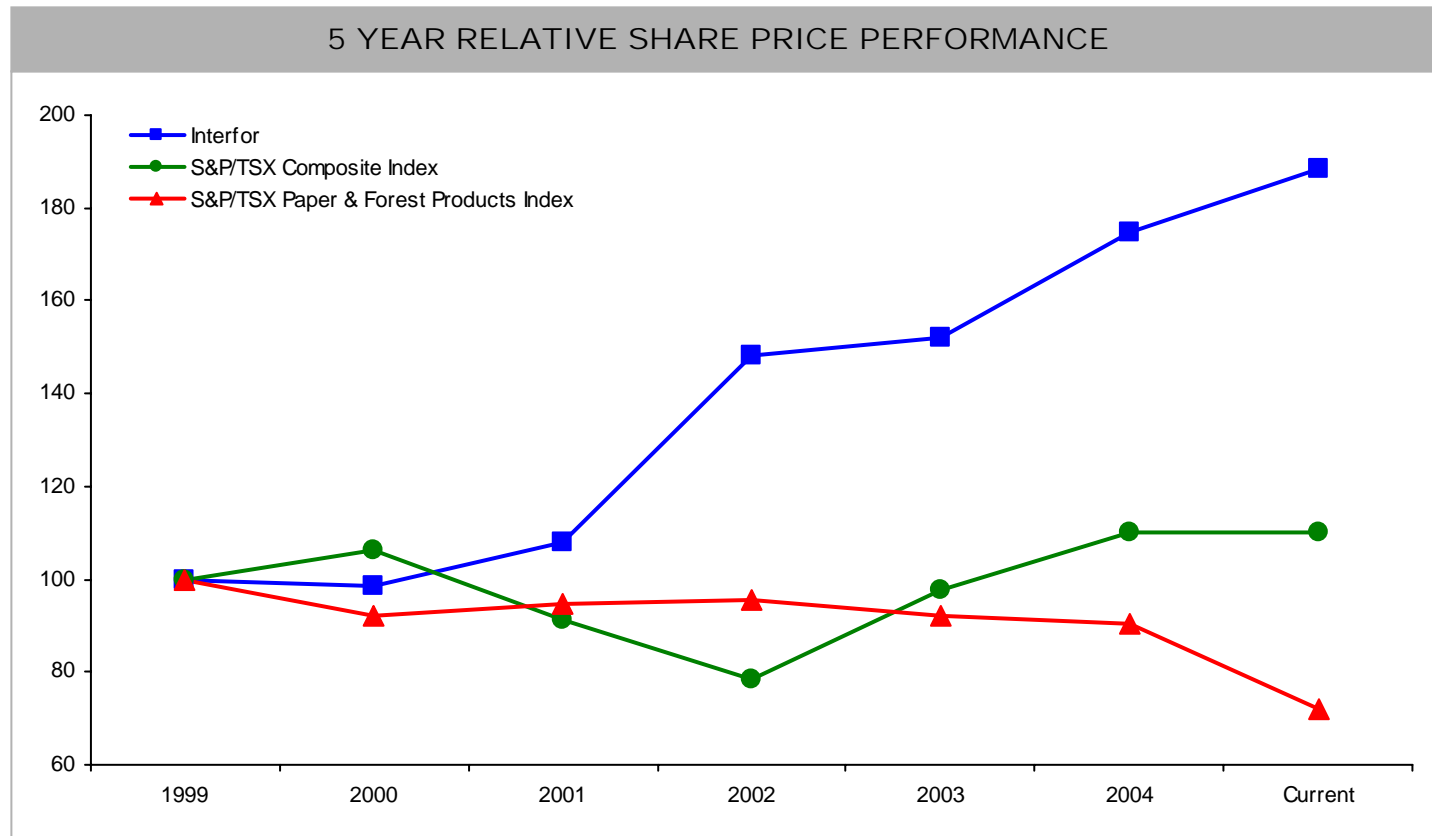
- Results have improved as the growth and value realization initiatives have been implemented
- US Operations have made a significant contribution to Interfor's performance





# Strong Share Price Performance

- Interfor's share price has significantly outperformed the TSX and the TSX Paper and Forest Products Index over the last 5 years.



Source: Bloomberg as at April 28, 2005.

# Comparable Company Analysis

- The current market value does not reflect current performance, strong balance sheet or benefits of capex program.

	SHARE PRICE <sup>(1)</sup>	MKT CAP (C\$MM)	TEV (C\$MM)	TEV / EBITDA			PRICE / BOOK	DEBT / TOTAL CAP
				LTM	2005E	2006E		
Canfor	\$15.39	\$2,208.1	\$2,453.0	3.1x	4.5x	5.2x	1.1x	11.1%
Norbord <sup>(2)</sup>	\$10.94	\$1,634.2	\$1,941.8	2.4x	4.3x	8.2x	2.2x	29.1%
West Fraser	\$44.79	\$1,914.6	\$2,762.3	3.8x	4.4x	5.4x	1.1x	31.6%
Western Forest Products <sup>(3)</sup>	\$7.00	\$179.4	\$503.1	7.8x	NA	NA	0.7x	56.4%
<b>Average</b>		<b>\$1,484.1</b>	<b>\$1,915.0</b>	<b>4.3x</b>	<b>4.4x</b>	<b>6.3x</b>	<b>1.3x</b>	<b>32.1%</b>
<b>Interfor</b>	<b>\$7.45</b>	<b>\$362.5</b>	<b>\$397.1</b>	<b>2.9x</b>	<b>4.0x</b>	<b>3.9x</b>	<b>0.9x</b>	<b>8.3%</b>

***Interfor trades at a discount to its peer group***

Source: Company Financials, Bloomberg Financial Services, and I/B/E/S Earnings Estimates

Note: All companies are proforma their respective acquisitions or divestitures for 2004.

<sup>(1)</sup> Prices as of April 28, 2005

<sup>(2)</sup> Norbord's financials converted to C\$

<sup>(3)</sup> Figures Annualized from Jan. 1, 2004

# Next Steps

- Interfor will complete initiatives to improve competitive positioning and earnings potential by:
  - Completing the Floragon acquisition
  - Ensuring Queensboro (3W) production achieves proforma levels
  - Resolving the future of Field / Saltair
  - Completing high return capital projects
  - Restructuring the Coastal Woodlands and Whitewood marketing organizations
  - Completing the reorganization (sale) of BW Creative
- In addition, the Company continues to pursue opportunities for growth consistent with its stated Business Objectives.

# Business Objectives

***Build one of the world's pre-eminent lumber and building products companies***

- ✓ Focus on the lumber and building products industry
- ✓ Balance the operating platform through geographic and product diversification
- ✓ Continually enhance competitive positioning through cost reduction and margin improvement initiatives
- ✓ Pursue value enhancing growth initiatives with disciplined investment criteria
- ✓ Maintain a strong capital structure

***Provide superior returns for shareholders***