



**West Fraser**

# **Investor Presentation**

**March 2011**

# Forward-Looking Statements and EBITDA

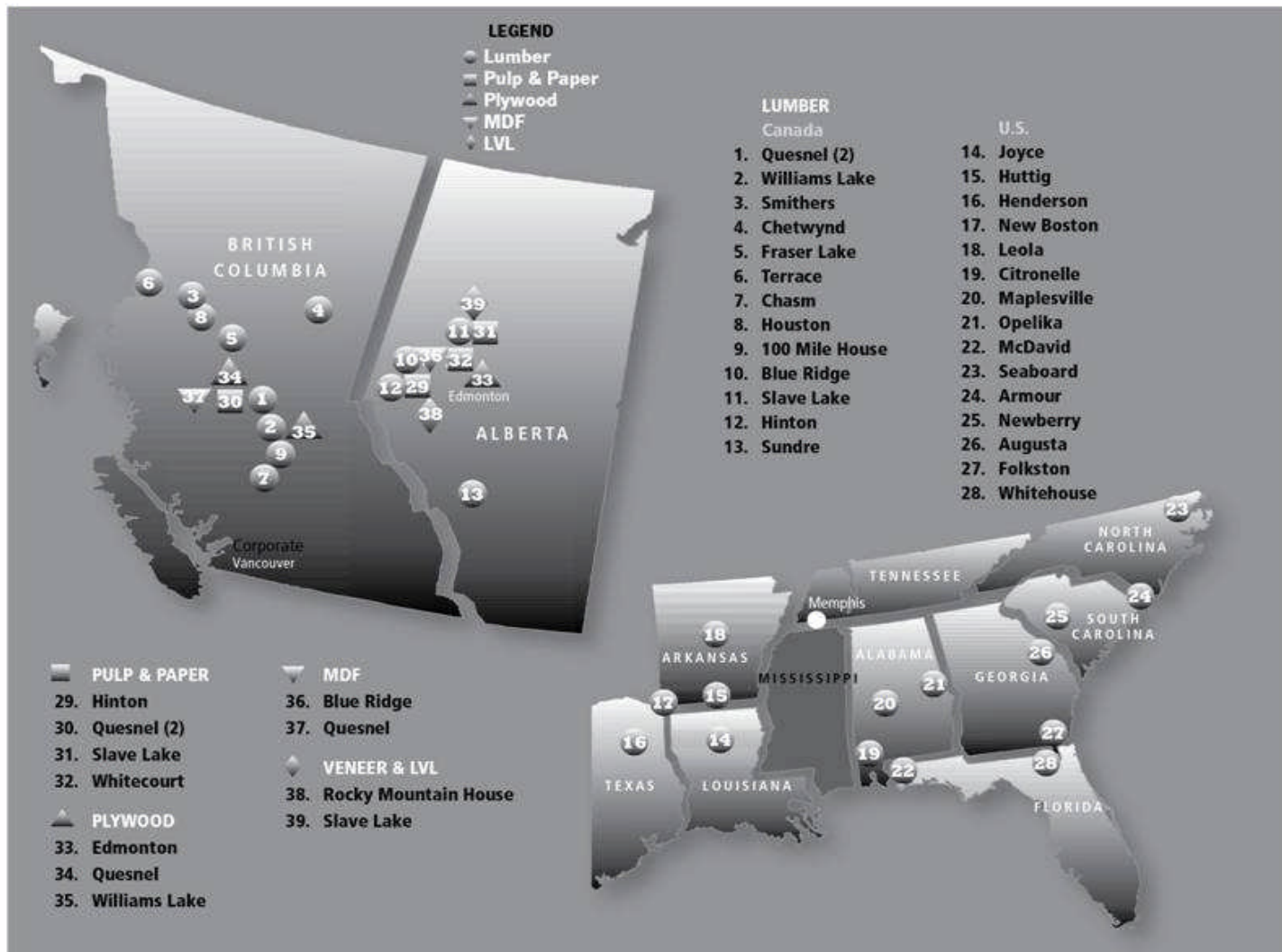
This presentation and comments associated with it contain forward-looking statements including statements relating to U.S. housing recovery, the potential for constrained lumber supply, pent up U.S. housing demand, projected SPF shipments to China, projected B.C. Interior lumber production, Alberta and U.S. South log supply, U.S. South demographics, pulp & paper outlook and significant potential strength of lumber markets. These statements are subject to the cautionary statement which introduces the Company's 2010 Management's Discussion & Analysis which can be accessed on the Company website [www.westfraser.com](http://www.westfraser.com).

In this presentation reference is made to EBITDA (operating earnings plus amortization and asset impairments). We believe that EBITDA is a useful performance indicator and measure of cash available prior to debt service, capital expenditures and income taxes. EBITDA is not a generally accepted earnings measure under Canadian generally accepted accounting principles ("GAAP") and does not have a standardized meaning prescribed by Canadian GAAP. Investors are cautioned that EBITDA should not be considered as an alternative to earnings or cash flow, as determined in accordance with Canadian GAAP. As there is no standardized method of calculating EBITDA, the Company's method of calculating EBITDA may differ from the methods used by other entities and, accordingly, the Company's use of that term may not be directly comparable to similarly titled measures used by other entities.



# West Fraser

## Geographic Diversification



# West Fraser

## Canadian Integration – Product Diversification



### Lumber

- 28 Mills

**SPF 3.5 billion feet**  
**SYP 2.0 billion feet**  
**Total 5.5 billion feet**

**Largest lumber producer in the World**

### Panels

- 6 Mills

**Plywood: 830 million square feet (3/8")**  
**MDF: 300 million square feet (3/4")**  
**LVL: 3.2 million cubic feet**

**Largest plywood producer in Canada**

### Pulp & Paper

- 5 Mills

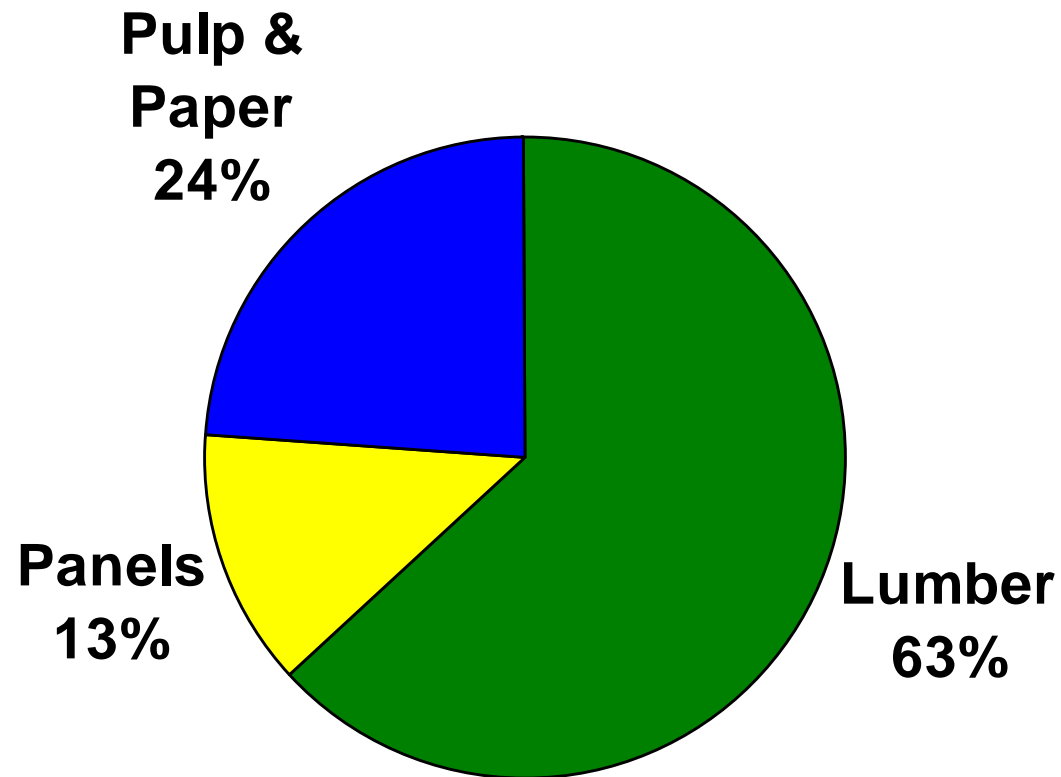
**NBSK: 530 thousand tonnes**  
**BCTMP: 620 thousand tonnes**  
**Newsprint: 130 thousand tonnes**

**Third largest pulp producer in Canada**



# West Fraser

## Trend Sales Mix



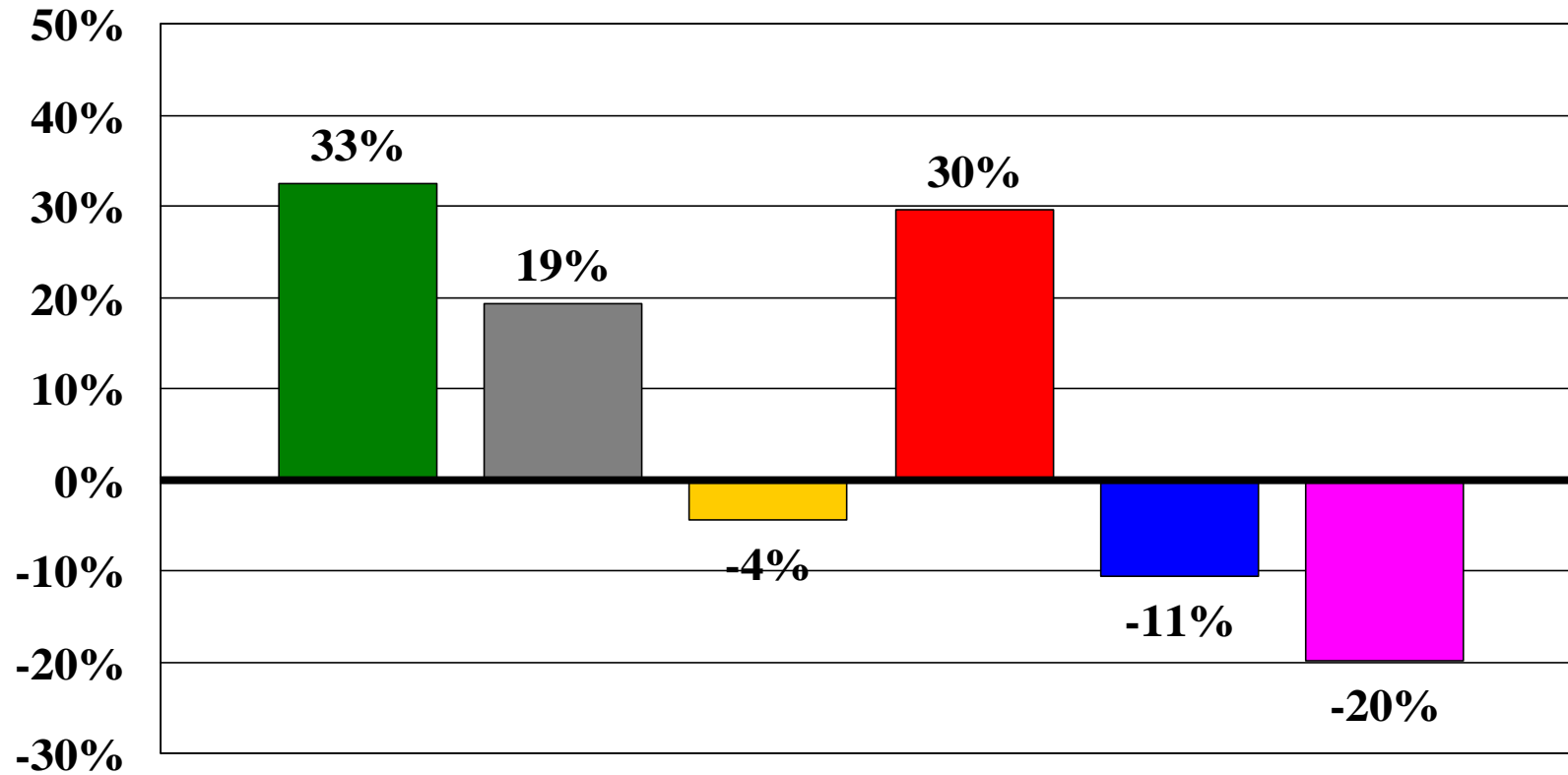
**West Fraser is an integrated forest products company primarily focused on solid wood products**



# West Fraser

## Total Shareholder Return (Cdn\$)

(June 2006 – February 28, 2011)



■ West Fraser ■ S&P/TSX ■ Dow ■ Competitor A ■ Competitor B ■ Competitor C

# West Fraser

## Financial Performance - \$ million

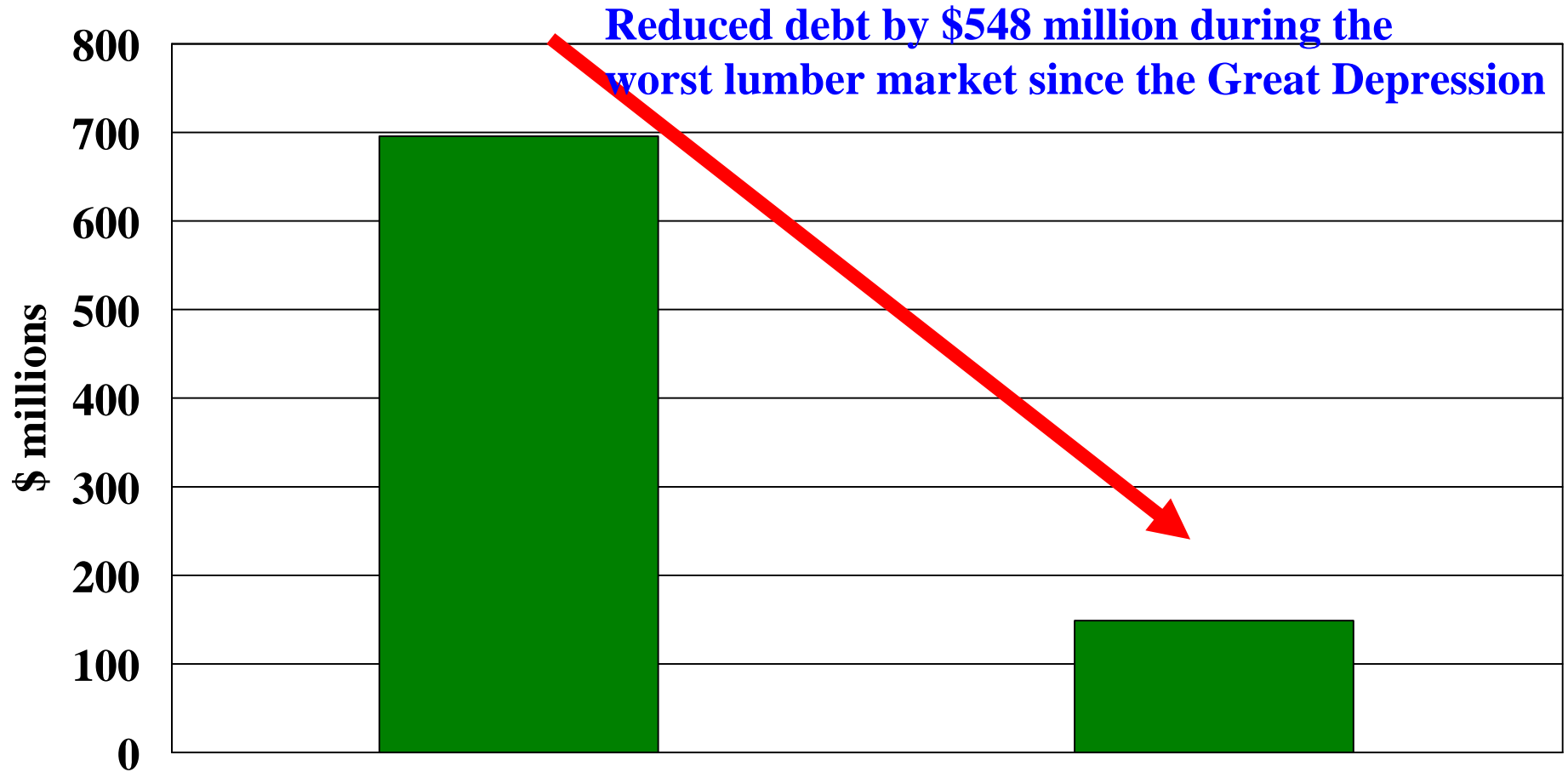
	2010	2009	2008	Total
<b>EBITDA</b>	<b>438</b>	<b>80</b>	<b>128</b>	<b>646</b>
<b>Net Earnings</b>	<b>166</b>	<b>(341) *</b>	<b>(137)</b>	<b>(312)</b>
<b>Cash from Operations</b>	<b>370</b>	<b>96</b>	<b>179</b>	<b>645</b>
<b>Capital Expenditures</b>	<b>56</b>	<b>18</b>	<b>47</b>	<b>121</b>
<b>Dividends</b>	<b>8</b>	<b>10</b>	<b>24</b>	<b>42</b>
<b>Debt reduction</b>				<b>548</b>

\* Includes \$260 million of asset impairment, restructuring, and a tax valuation allowance



# West Fraser

## Strong Balance Sheet



2007  
25% Debt to Capital

2010  
8% Debt to Capital



# West Fraser

## Canadian Integration – Product Diversification



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# **West Fraser – Lumber Opportunity**

Inevitable U.S. housing recovery

Potential for longer-term constrained supply

West Fraser geographic diversification and low-cost, highly-efficient operations

# West Fraser – Lumber Overview

## 2010 Production

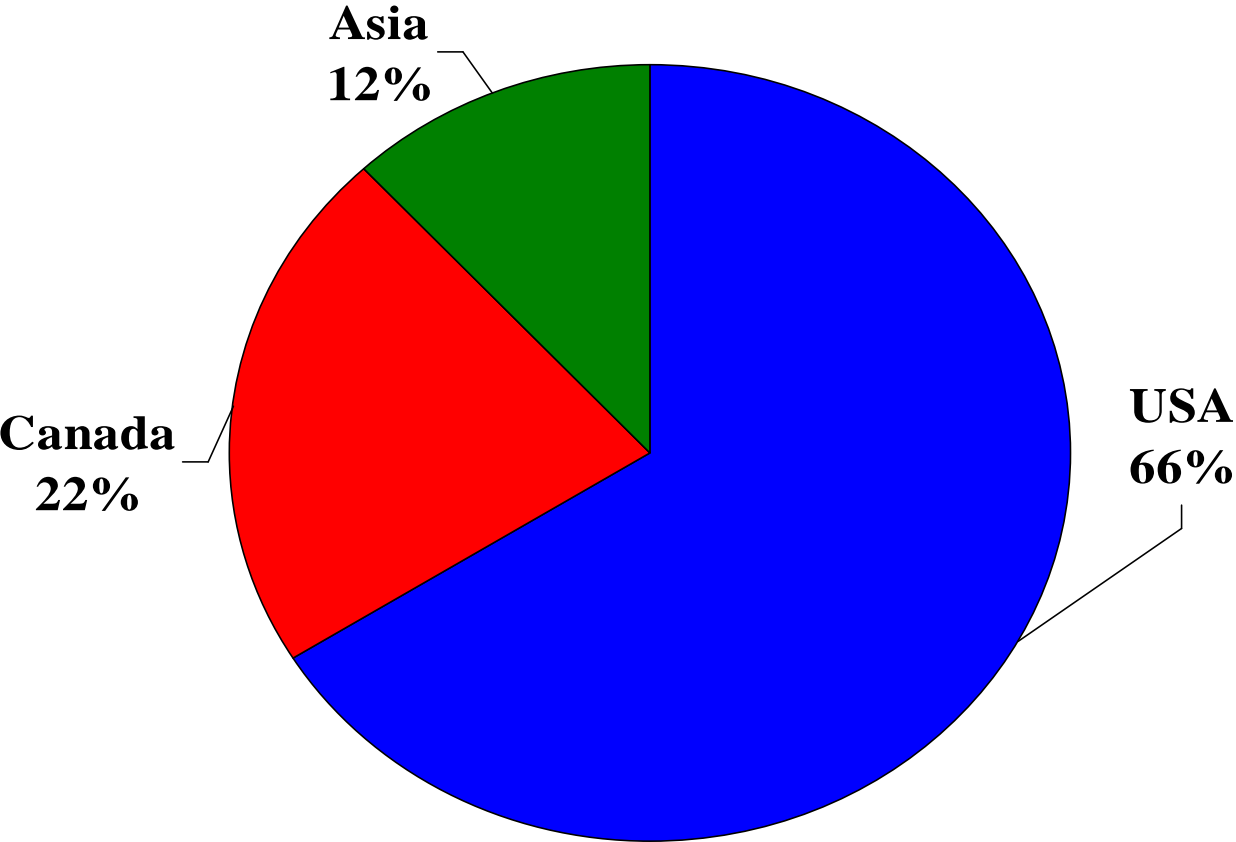


**World's Largest Lumber Producer**



# West Fraser – Lumber Overview

## Lumber Sales Mix - 2010

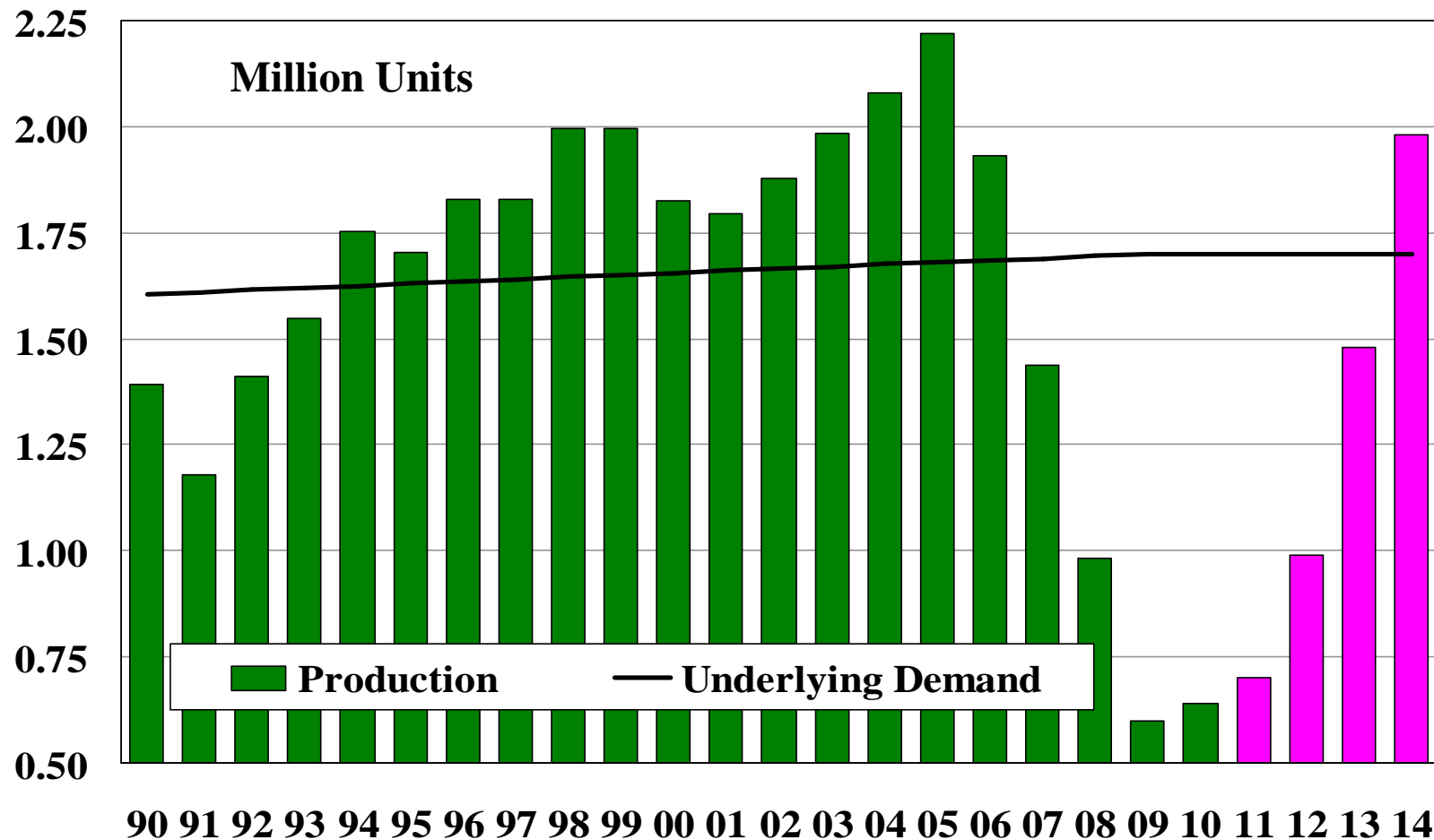


**Significant Exposure to U.S. Housing**



# West Fraser Lumber Opportunity

## Pent Up Housing Demand (conventional + mobile)



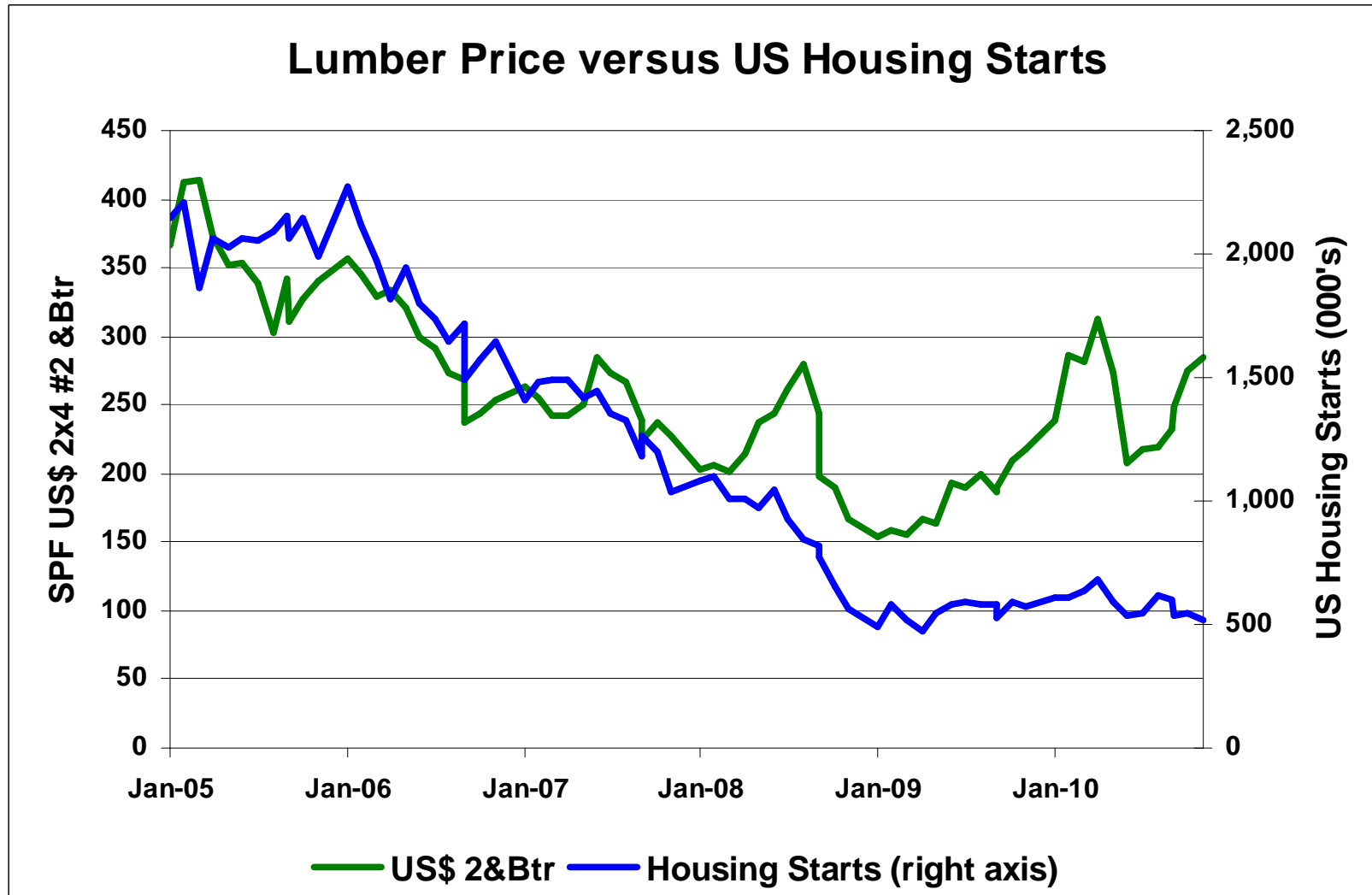
Significant pent up demand bodes well for long-term recovery.

Source: FEA



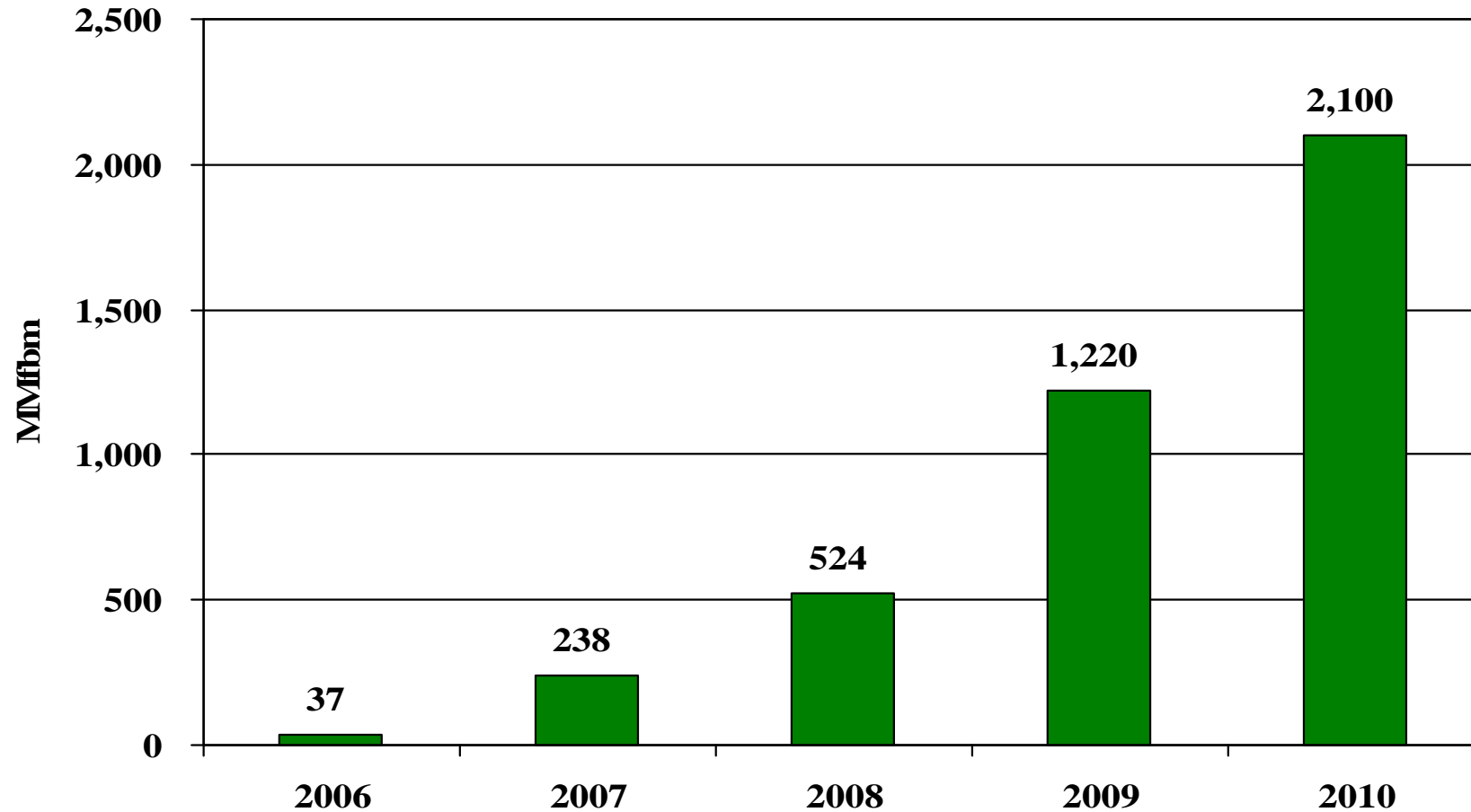
West Fraser

# West Fraser Lumber Opportunity



# West Fraser Lumber Opportunity

## SPF Shipments from Canada to China



Source: China Wood Imports & Exports Data

**China has become a major consumer of Canadian softwood lumber**



**West Fraser**

# **West Fraser – Lumber Opportunity**

## **Potential For Constrained Supply**

- Russian log export tariffs
- Eastern Canadian harvest reductions
- Boreal Accord
- Mountain Pine Beetle

# West Fraser – Lumber Opportunity

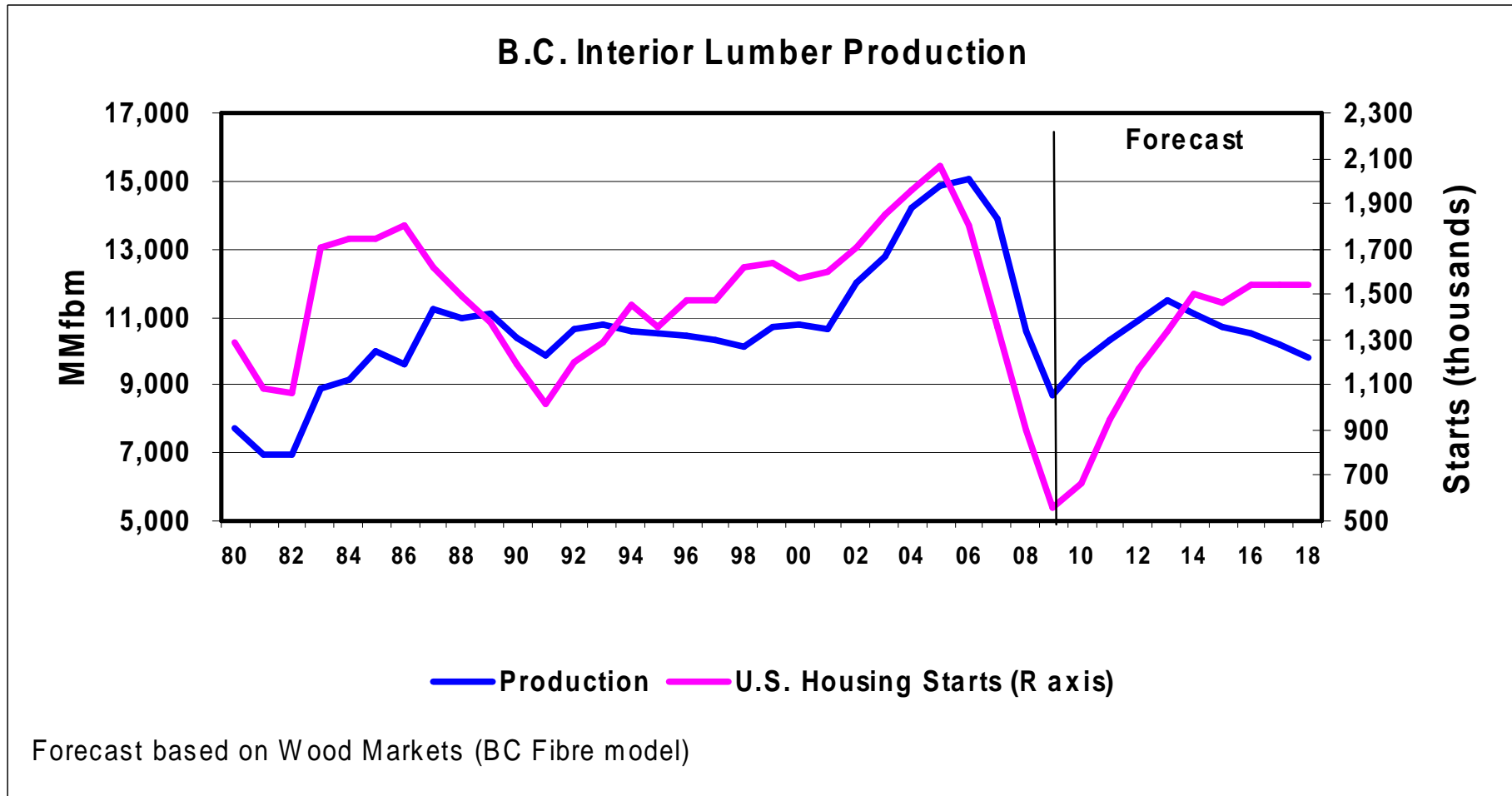
## Mountain Pine Beetle



**Approximately 1 Billion m<sup>3</sup> Dead or Dying**

# West Fraser – Lumber Opportunity

## B.C. Interior Lumber Production

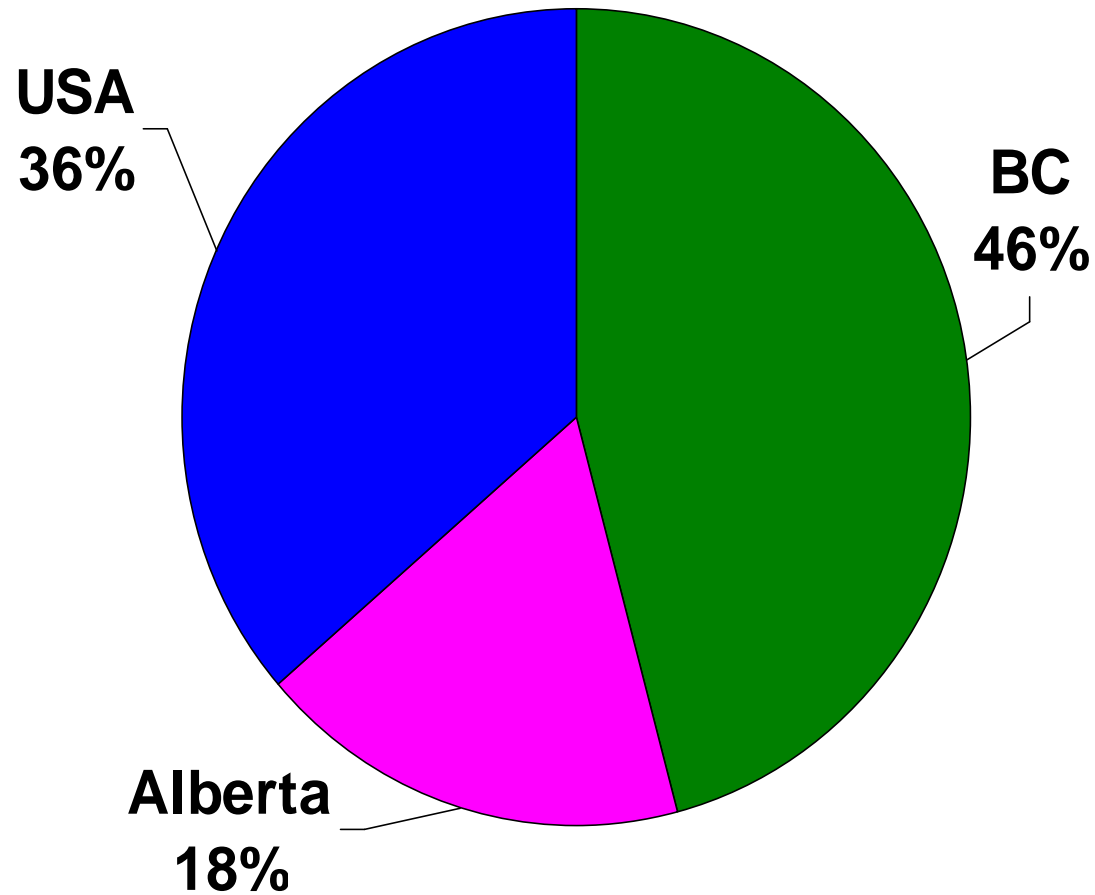


**Post Beetle production back to 1980's and 90's levels.**



# West Fraser – Lumber Opportunity

## Lumber Capacity Location



**Geographic diversification in lumber**

# West Fraser – Lumber Opportunity

## Alberta – Key Advantages

- Competitive cost structure
- Expanding log supply
- Less impact from mountain pine beetle than B.C.
- West Fraser currently operates 30% of Alberta's lumber capacity

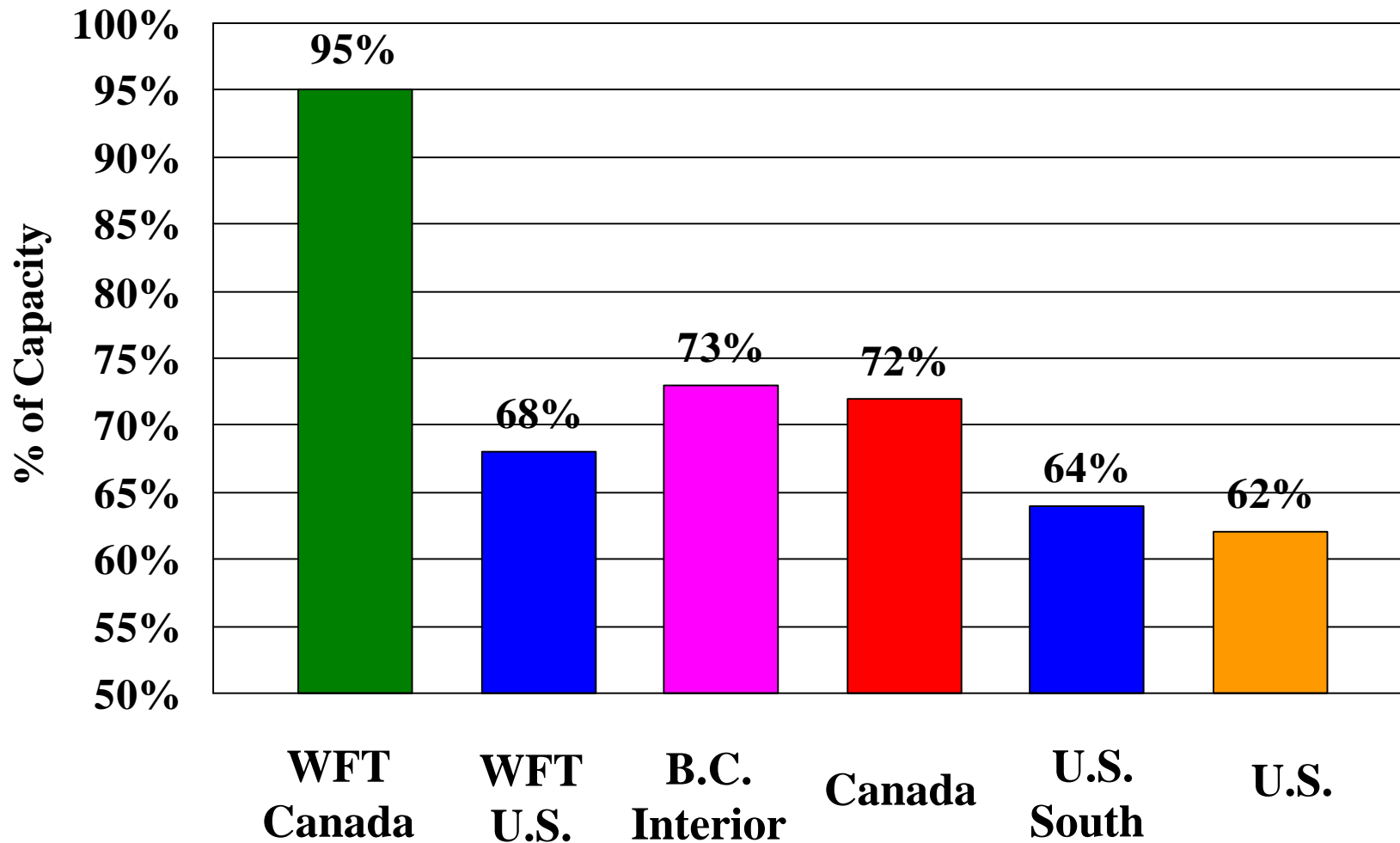
# West Fraser – Lumber Opportunity

## U.S. South – Key Advantages

- Proximity to market
- Demographics support long-term housing growth
- Expanding log supply
- Currency and trade (softwood lumber duties) hedge

# West Fraser – Lumber Opportunity

## Lumber Operating Rate 2010



Low-cost structure allows for higher operating rates in down market



# West Fraser

## Canadian Integration – Product Diversification



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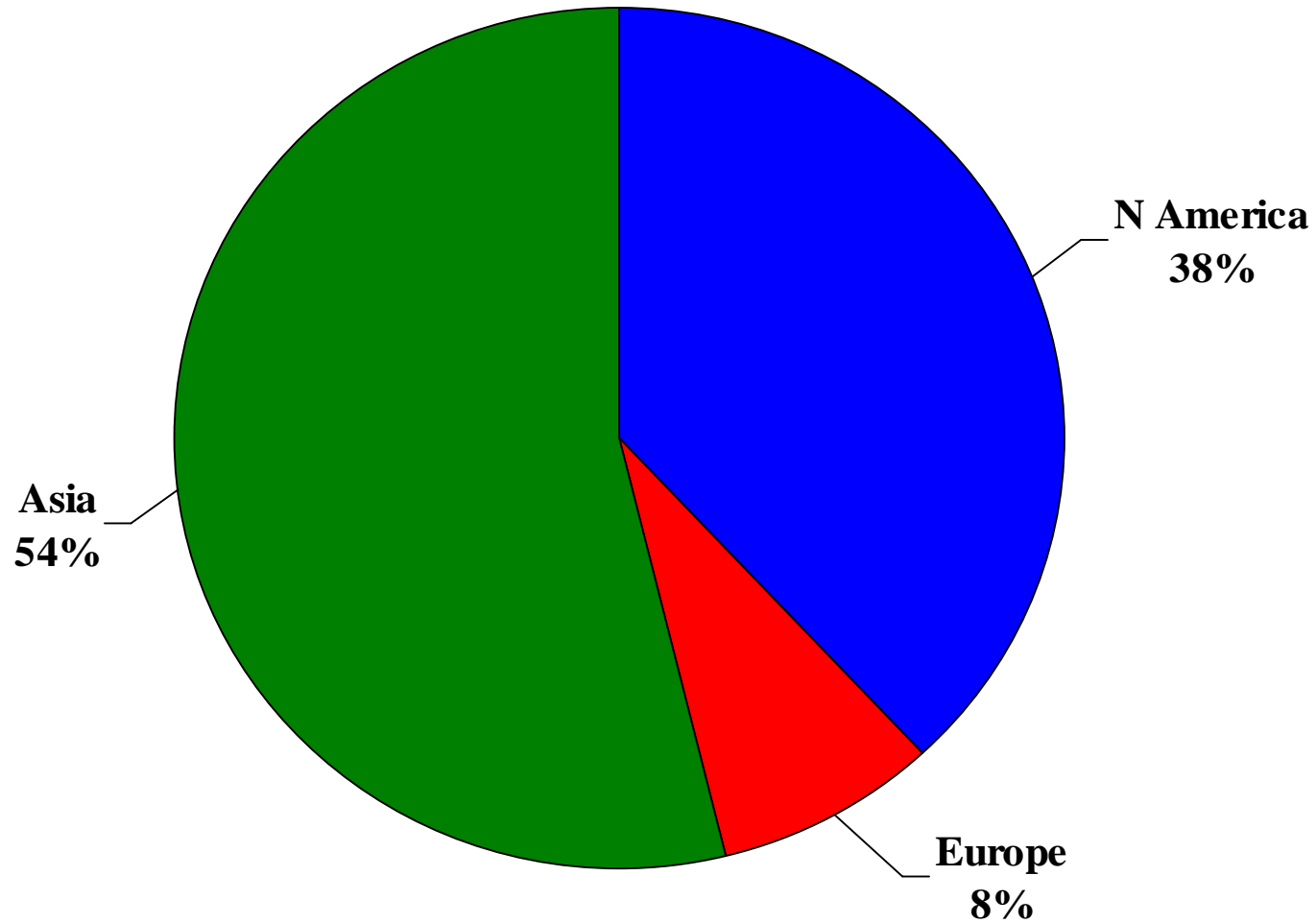
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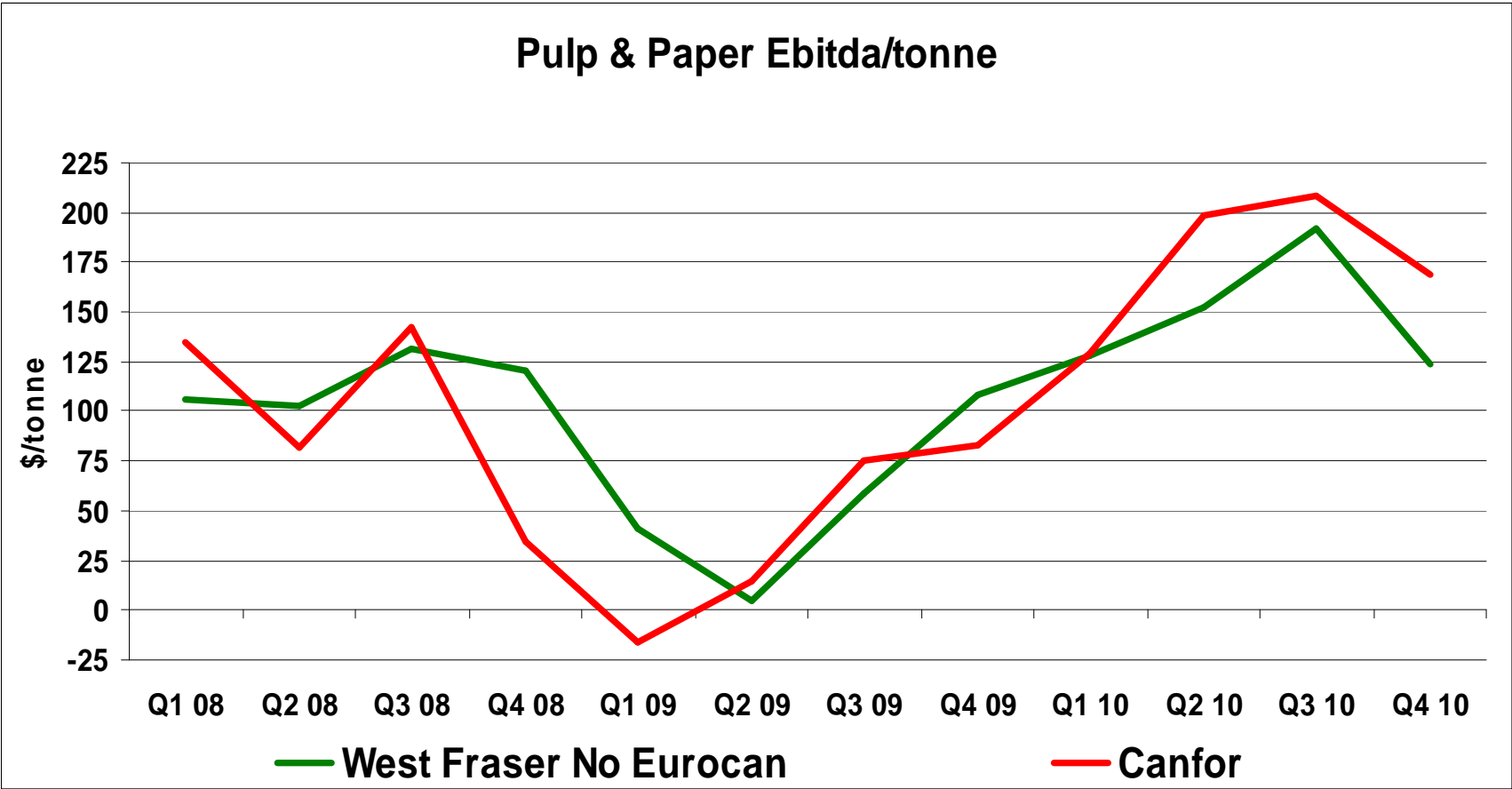
# Pulp & Paper

## Pulp & Paper Sales Mix - 2010



# Pulp & Paper

## Competitive Business



West Fraser's pulp business is competitive with Canfor's pulp business



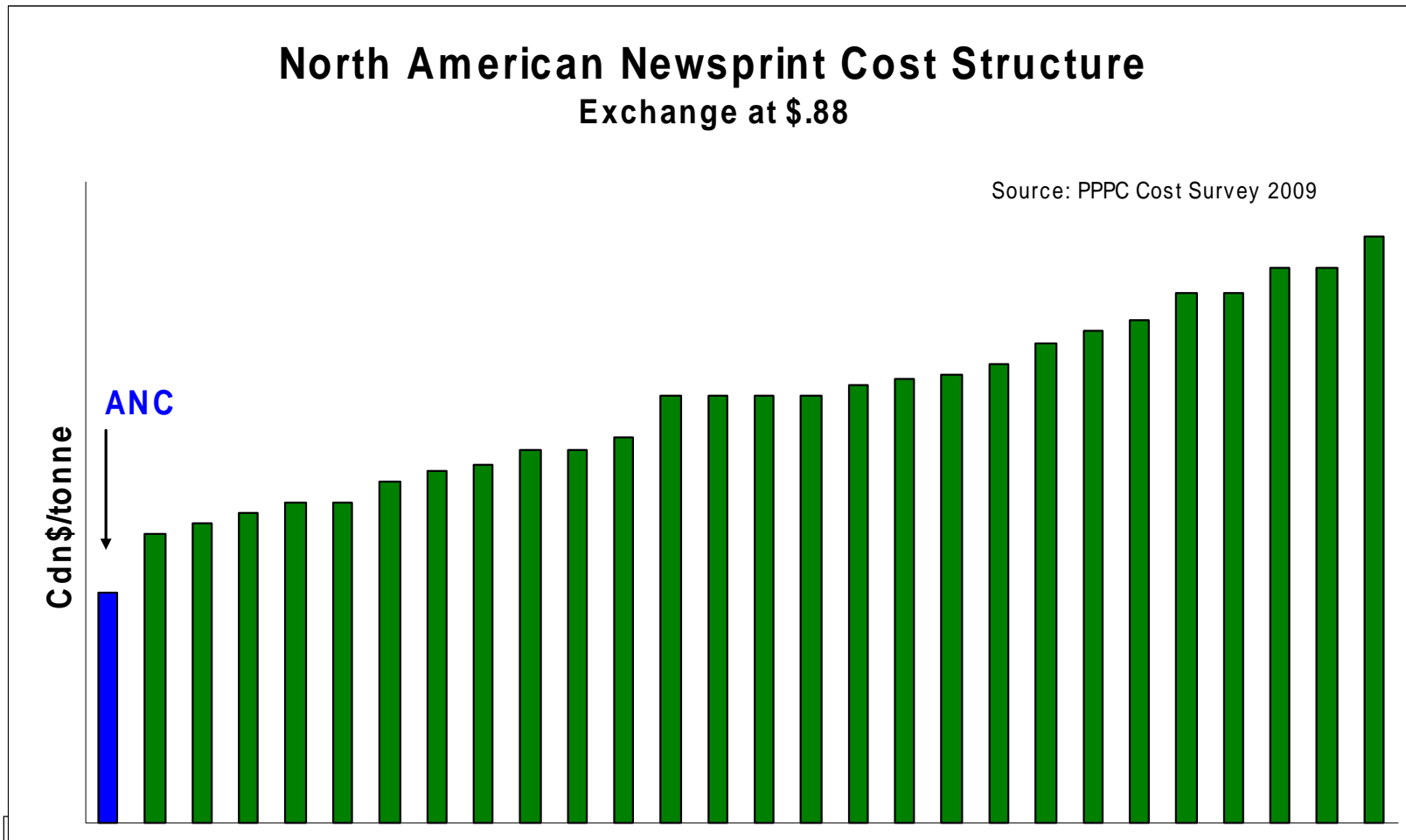
# West Fraser – Pulp & Paper

## Favourable Outlook

- China demand to support pricing
- West Fraser operations have shown marked improvement
- \$88 million reimbursement for capital improvements
- Bioenergy integration
- BCTMP niche business

# West Fraser – Pulp & Paper

## Newsprint



Alberta Newsprint is the lowest cost newsprint producer in North America and a positive contributor to the profitability of our pulp and paper business



# West Fraser

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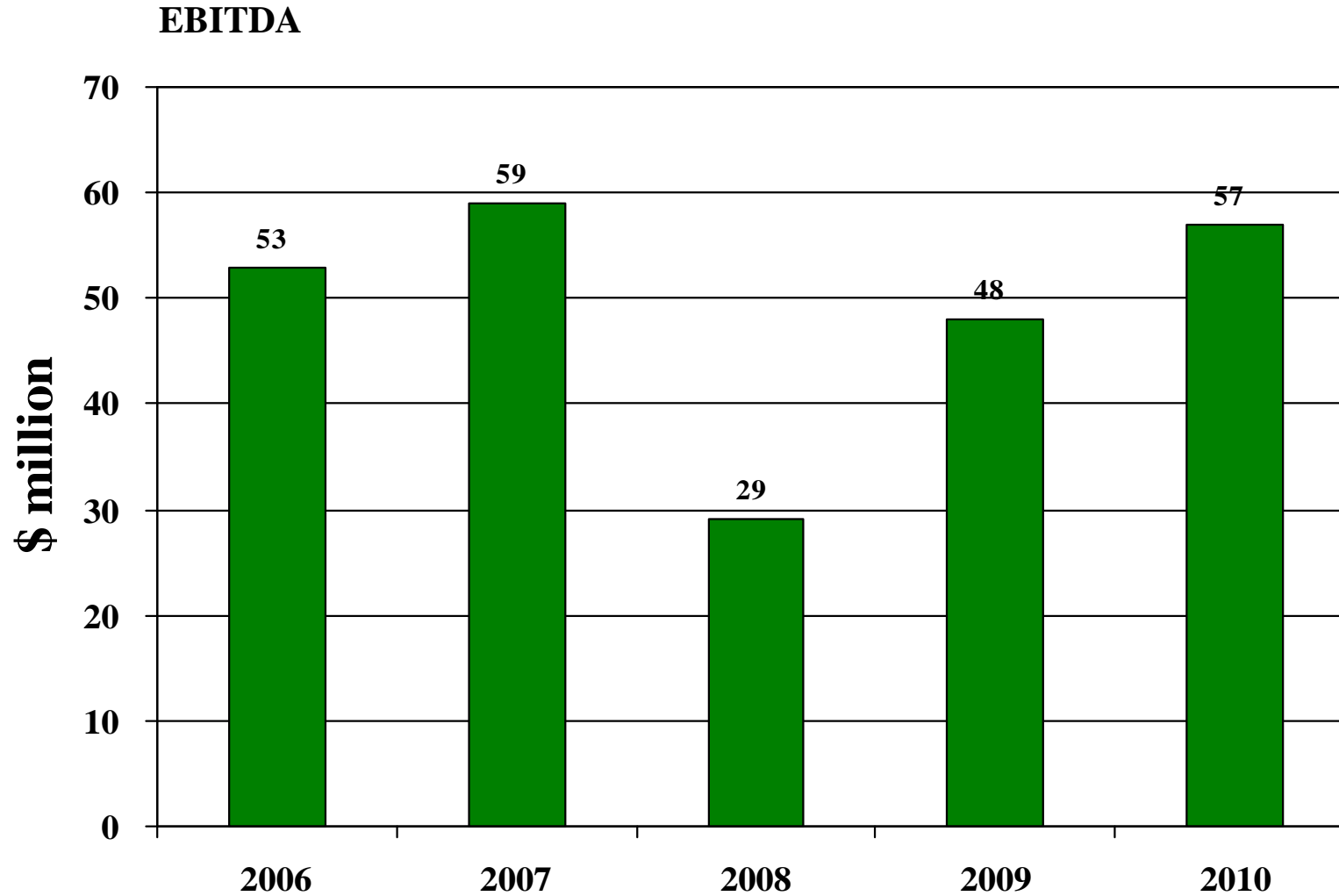
1.2 million tonnes

Third largest pulp  
producer in Canada



# West Fraser - Panels

## Panel Segment A Consistent Contributor



Plywood sold in Canada while MDF and LVL are predominantly used in North American new home construction



# **West Fraser – Environmental**

## **Wood Products – The Environmental Choice**

- Sustainable
- Renewable
- Recyclable
- Energy Efficient
- Carbon Storage

**Greater public acceptance of products and industry**



# Why Invest in West Fraser?

- Significant potential upside for lumber and other wood building products
- Sector continues to be plagued by bad news which depresses share values, creating buying opportunities
- Solid pulp & paper business
- Low-cost, highly efficient operations

# Why Invest in West Fraser?

- Proven ability to generate strong cash flow even in worst markets
- Consistent, straightforward business plan
- Loyal, long-term employee and management base
- Conservative financial management coupled with proven ability to grow strategically

# “WFT” – Toronto Stock Exchange [www.westfraser.com](http://www.westfraser.com)

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