



**West Fraser**

# **First Quarter 2010 Results**

**April 23, 2010**



# Forward-Looking Statements



**This presentation contains historical information, descriptions of current circumstances and statements about potential future developments and anticipated financial results. The latter, which are forward-looking statements, are presented to provide reasonable guidance to the reader but their accuracy depends on a number of assumptions and is subject to various risks and uncertainties. Forward-looking statements are included under the heading “Lumber” relating to expected lumber production, “Eurocan” relating to asset disposals and business closure cost, “Outlook” including descriptions of expected lumber production, lower SLA duties, descriptions of pulp markets and proposed capital projects. Actual outcomes and results of these statements will depend on a number of factors including operational reliability, unanticipated Eurocan closure costs, weather and other circumstances beyond the Company’s control.**

**Accordingly, readers should exercise caution in relying upon forward-looking statements and the Company undertakes no obligation to publicly revise them to reflect subsequent events or circumstances except as required by applicable securities laws.**

# Q1 2010 Results



## Q1 2010 Highlights

**Lumber**

**Panels**

**Pulp & Paper**

**Eurocan**

**Summary Financial Results**

**Summary Debt Position**

**Outlook**



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# Q1 2010 Highlights



(Canadian \$ millions)

## Earnings

From continuing operations

After discontinued operations

EBITDA

EBITDA Margin

	<u>Q1/10</u>	<u>Q4/09</u>	<u>Q1/09</u>
From continuing operations	<u>34</u>	<u>8</u>	<u>(80)</u>
After discontinued operations	<u>19</u>	<u>(20)</u>	<u>(83)</u>
EBITDA	<u>103</u>	<u>56</u>	<u>(25)</u>
EBITDA Margin	<u>15%</u>	<u>10%</u>	<u>n/a</u>

**All segments contributed to earnings in the quarter**

# Lumber



(Canadian \$ millions)

**EBITDA**

**EBITDA Margin**

<b>Q1/10</b>	<b>Q4/09</b>	<b>Q1/09</b>
<b>66</b>	<b>11</b>	<b>(47)</b>
<b>16%</b>	<b>3%</b>	<b>n/a</b>

**Lumber prices up**

**SPF 2X4 benchmark price - US\$269 (Q4 - US\$205)**

**SYP 2X4 #2 West price - US\$322 (Q4 - US\$246)**

**Shipments strong in Q1**

**Operating rate improved - Production at 1,101 mmfbm (Q4 – 1,026 mmfbm)**

**Canadian mills at near full production**

**U.S. mills affected by weather related log supply issues**

**Lumber production costs significantly lower – both Canada and U.S.**

**Break-up log inventories in Canadian mills expected to allow full production through spring break-up**

# Panels



(Canadian \$ millions)

**EBITDA**

**EBITDA Margin**

<u>Q1/10</u>	<u>Q4/09</u>	<u>Q1/09</u>
<u>11</u>	<u>17</u>	<u>7</u>
<u>11%</u>	<u>18%</u>	<u>7%</u>

## Plywood

**Prices increased to Cdn\$332 (Q4 - Cdn\$322)**

**Plywood production increased over Q4 levels**

## MDF

**Prices down to US\$473 (Q4 - US\$481)**

**Production and shipments increased over Q4 levels**

# Pulp & Paper



(Canadian \$ millions)

**EBITDA**

**EBITDA Margin**

<u>Q1/10</u>	<u>Q4/09</u>	<u>Q1/09</u>
<u>39</u>	<u>31</u>	<u>10</u>
<u>19%</u>	<u>17%</u>	<u>7%</u>

**NBSK pulp prices up to US\$880 (Q4 - US\$820)**

**BCTMP showed similar increases**

**Pulp production 280,000 tonnes (Q4 - 291,000 tonnes)**

**BCTMP production 156,000 tonnes (Q4 - 158,000 tonnes)**

**NBSK production 124,000 tonnes (Q4 - 133,000 tonnes)**

**Shipments strong in Q1**

**274,000 tonnes (Q4 - 248,000 tonnes)**

**Pulp production costs lower**

# Eurocan



(Canadian \$ millions)

**Loss from discontinued operations**

<u>Q1/10</u>	<u>Q4/09</u>	<u>Q1/09</u>
<u>(15)</u>	<u>(28)</u>	<u>(3)</u>

**Eurocan mill closed January 2010**

**Product sales from inventory expected to continue through Q2**

**Process for asset disposal expected to continue through 2010**

**Business closure costs not expected to exceed \$65 million - below the previous estimate of \$70 million**

# Summary Quarterly Financial Results



## Revenue and Earnings (from continuing operations)

(Canadian \$ millions)

	<u>Q1/10</u>	<u>Q4/09</u>	<u>Q1/09</u>
<b>Sales</b>	<u>688</u>	<u>570</u>	<u>558</u>
<b>Operating earnings (loss)</b>	53	(2)	(90)
<b>Amortization</b>	<u>50</u>	<u>58</u>	<u>65</u>
<b>EBITDA</b>	<u>103</u>	<u>56</u>	<u>(25)</u>

# Summary Quarterly Financial Results



## Cash Flows (from continuing operations)

(Canadian \$ millions)

	<u>Q1/10</u>	<u>Q4/09</u>	<u>Q1/09</u>
Cash from Operations	89	22	(3)
Working Capital Changes	(8)	(67)	(12)
Capital Spending	(28)	(7)	(6)
Dividends	(1)	(1)	(6)
Other	(5)	3	1
Change in cash, excluding debt	<u>47</u>	<u>(50)</u>	<u>(26)</u>

# Summary Quarterly Financial Results



## Balance Sheet

(Canadian \$ millions)

	Q1/10	End of Q4/09	Q1/09
<b>Working Capital, excluding net debt</b>	<b>392</b>	<b>398</b>	<b>547</b>
<b>Property Plant &amp; Equipment</b>	<b>1,599</b>	<b>1,624</b>	<b>1,989</b>
<b>Other Assets</b>	<b>481</b>	<b>485</b>	<b>530</b>
<b>Other Liabilities</b>	<b>394</b>	<b>384</b>	<b>425</b>
<b>Total Debt, net</b>	<b>452</b>	<b>505</b>	<b>684</b>
<b>Shareholders' Equity</b>	<b>1,627</b>	<b>1,618</b>	<b>1,957</b>
 <b>Net Debt to Total Capitalization Ratio</b>	 <b>22%</b>	 <b>24%</b>	 <b>26%</b>

# Summary Debt Position



(Canadian \$ millions)

	<b>Q1/10</b>	<b>Q4/09</b>	<b>Q1/09</b>
<b>Cash, net of cheques issued</b>	<b>15</b>	<b>10</b>	<b>2</b>
<b>Operating Debt</b>	<b>131</b>	<b>79</b>	<b>53</b>
<b>Long Term Debt</b>	<b>306</b>	<b>416</b>	<b>629</b>
<b>Total Debt, net</b>	<b>452</b>	<b>505</b>	<b>684</b>

<b>Debt Ratings</b>	<b>Rating</b>	<b>Outlook</b>
<b>Dominion Bond Rating Service</b>	<b>BB(high)</b>	<b>Negative</b>
<b>Moody's</b>	<b>Ba1</b>	<b>Negative</b>
<b>Standard &amp; Poor's</b>	<b>BB</b>	<b>Negative</b>



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# Q2 - 2010 Outlook



## Lumber

**Spring break-up inventories in place in Canada**

**Canadian sawmills are planned to run full through break-up**

**U.S. lumber production expected to increase as weather related log supply issues abate**

**Lower SLA duties**

## Pulp

**Pulp mill maintenance at three mills expected to reduce production by 35,000 tonnes in Q2**

**Markets currently remain tight**

## Capex

**High payback capital projects**

**Green Transformation projects**