

**WEST FRASER TIMBER CO. LTD.**  
**Q4 2025 EARNINGS CONFERENCE CALL**  
**FEBRUARY 12, 2026 - 10:00 AM ET**  
**CORRECTED TRANSCRIPT**

**OPERATOR**

Good morning, ladies and gentlemen, and welcome to the West Fraser Q4 2025 Results Conference Call. At this time, all lines are in listen-only mode. Following the presentation, we will conduct a question-and-answer session. [Operator Instructions] This call is being recorded on February 12, 2026.

During this conference call, West Fraser's representatives will be making certain statements about West Fraser's future financial and operational performance, business outlook, and capital plans. These statements may constitute forward-looking information or forward-looking statements within the meaning of Canadian and United States securities laws. Such statements involve certain risks, uncertainties, and assumptions, which may cause West Fraser's actual or future results and performance to be materially different from those expressed or implied in these statements. Additional information about these risk factors and assumptions is included both in the accompanying webcast presentation and in our 2025 Annual MD&A and Annual Information Form as updated in our quarterly MD&A, which can be accessed on West Fraser's website, or SEDAR+ for Canadian investors and EDGAR for United States investors.

I would now like to turn the conference over to Mr. Sean McLaren, President and CEO. Thank you. Please go ahead.

**SEAN P. MCLAREN, PRESIDENT AND CHIEF EXECUTIVE OFFICER**

Thank you, Ina. Good morning, everyone, and thank you for joining our fourth quarter 2025 earnings call. I am Sean McLaren, President and CEO of West Fraser. And joining me on the call today are Chris Virostek, Executive Vice President and CFO; Matt Tobin, Senior Vice President of Sales and Marketing; and other members of our leadership team.

On the earnings call this morning, I will begin with a brief overview of West Fraser's Q4 and fiscal 2025 financial results and then pass the call to Chris for additional comments before I share some thoughts on our outlook and offer concluding remarks.

West Fraser generated negative \$79 million of Adjusted EBITDA in the fourth quarter of 2025, an improvement from the negative \$144 million reported in the prior quarter, which had included a \$67 million out-of-period duty expense relating to the calendar 2023 duty year. Results remained soft across our business in Q4, as broader housing and repair and remodeling markets continued to face affordability pressures.

For full-year 2025, we generated \$56 million of Adjusted EBITDA, down from the \$673 million reported in 2024. The Lumber segment had a challenging 2025, with the protracted downcycle in Lumber among the toughest we've experienced in many years. During the year, we made meaningful progress high-grading our mill portfolio, which included a number of closures or curtailments of higher cost assets, but more importantly, the completion of the ramp-up of our Allendale OSB mill in South Carolina and the completion and commissioning of our new Henderson lumber mill in Texas. In terms of our balance sheet, we had more than \$1.2 billion of available liquidity at year-end, which offers us the financial flexibility and strength to support a consistent capital allocation strategy through the cycle.

With that high-level overview, I'll now turn the call to Chris for additional detail and comments.

## **CHRIS VIROSTEK, CHIEF FINANCIAL OFFICER & EXECUTIVE VICE PRESIDENT, FINANCE**

Thank you, Sean. And a reminder that we report in U.S. dollars and all my references are to U.S. dollar amounts unless otherwise indicated. The Lumber segment posted Adjusted EBITDA of negative \$57 million in the fourth quarter, compared to negative \$123 million in the third quarter. The Q4 result is actually quite comparable with the prior quarter if one excludes the \$67 million export duty expense reported in the third quarter, which had related to the 2023 calendar year. While not included in our Adjusted EBITDA, we reported \$473 million of non-cash restructuring and impairment charges in the Lumber segment in the fourth quarter. This was related to a goodwill impairment of our U.S. Lumber business, as well as the closure of two of our sawmills.

The North American EWP segment reported negative \$24 million of Adjusted EBITDA in the fourth quarter compared to negative \$15 million in the third quarter. Not included in this EBITDA, you will also have seen that we reported a \$239 million non-cash restructuring and impairment charge in this segment in the fourth quarter, which was related to the indefinite curtailment of our OSB mill in High Level, Alberta.

The Pulp & Paper segment recorded negative \$1 million of Adjusted EBITDA in the fourth quarter, compared to negative \$6 million in the third quarter. Sequential improvement in this segment was largely owing to the major maintenance shutdown at the mill in the third quarter. In our Europe segment, Adjusted EBITDA was \$4 million in the fourth quarter versus \$1 million in the third quarter, as that business experienced a moderately improved business environment. I

n terms of our overall Q4 results, the sequential EBITDA improvement was supported by reduced SPF log costs, lower Southern Yellow Pine manufacturing costs, and lower OSB labor costs, as well as the absence of the \$67 million out-of-period duty expense that we reported last quarter, partially offset by lower Lumber and North American OSB prices.

Our Lumber business continued to benefit from the portfolio optimization actions we have taken in recent years. In some instances, we have been able to replace output from now closed mills with production from our more modern, larger-scale, and lower-cost mills, helping to enhance the overall cost structure of the operation. For instance, in the U.S. South, our Q4 2025 Southern Yellow Pine shipments were 6% lower quarter-over-quarter, while SYP unit manufacturing costs were also lower.

Cash flow from operations was negative \$172 million in the fourth quarter, with net debt at \$131 million, compared to a net cash position of \$212 million reported last quarter. This change in our net debt is attributed to a normal seasonal build in working capital, \$139 million of capital expenditures, and \$32 million of cash deployed towards share buybacks and dividends.

With respect to our operational outlook for 2026, we have reiterated previously released guidance for the year, as shown on slide 8, and as detailed further in our earnings release. Note that if and as the U.S. administration's tariffs and other policies evolve, we will evaluate the impact of the tariffs on our operations and determine revisions to our 2026 forecasts as appropriate.

With that financial overview, I will pass the call back to Sean.

## **SEAN P. MCLAREN, PRESIDENT AND CHIEF EXECUTIVE OFFICER**

Thank you, Chris. Before I shift to concluding remarks, I'd like to make a few comments on our liquidity. As you can see on slide 9, we had a healthy balance sheet and total liquidity exceeding \$1.2 billion as we exited 2025. While our liquidity has trended lower over the last few years during this extended downcycle, our financial position remains strong, providing us with sufficient flexibility to navigate further economic challenges should they unfold. I think it's also important to reflect upon the history of attractive returns West Fraser has generated for our shareholders, as you can see in the figure at the bottom of slide 10. Our shareholders have been rewarded for their patience as we have continued to execute our plans to grow the business, optimize our portfolio through dispositions and/or closures of highly variable or uneconomic assets, and return surplus capital through dividends and buybacks. With the total

annualized return approaching 9% since the beginning of 2006, which includes share price appreciation and reinvested dividends, we remain proud of what the West Fraser team has been able to accomplish.

I'll now shift to our general outlook and add some concluding remarks. There's no avoiding the fact that we faced difficult end markets in 2025, but we manage our business for the long run. We have not been resting, waiting for a market recovery. We've been actively investing in, and improving, the business, and because of that, we remain optimistic about West Fraser's future. For our Lumber assets in the U.S. South, we continue to refine and optimize our operations by removing costs and looking for additional margin opportunities. We are also ramping up our modernized Henderson mill, which we believe is positioned to be one of the best mills in our fleet once it achieves full operating rates. In Canada, the supply and demand for SPF products continues to show relative advantages compared to SYP, as the U.S. South absorbs the new capacity introduced in the region in recent years.

We continue to execute on our portfolio optimization strategy, which includes the reduction of higher cost capacity across our Lumber platform. Since 2022, we have removed over 1.1 billion board feet of capacity through mill closures and permanent shift reductions, representing a 16% decrease in the company's Lumber operating capacity. We've also reduced the number of shifts or hours of operations at various Lumber mills across our platform as a means to manage costs. At the same time, we have invested nearly \$1 billion of capital into our Lumber business over the last four years, modernizing assets, adding flexibility to our production platform, removing costs, implementing margin expansion projects, and making our mills safer for our employees.

Specifically with the startup of Henderson, we are nearing completion of the major U.S. Lumber investment we have made over the past number of years, with our focus increasingly turned towards operationalizing the capital we have invested in the region. Taking such a proactive approach to portfolio management has further strengthened our cost position and competitiveness. In our North American EWP business, we have largely completed the ramp-up of our Allendale OSB mill, while more recently, we announced the planned indefinite curtailment of our High Level OSB mill this spring, which will remove 860 million square feet of currently uneconomic capacity in an effort to balance our production with customer demand.

In conclusion, while we rise to meet the needs of our customers every day, we are also dealing with limited macro visibility. In response, we have been actively managing our portfolio to be low-cost and diverse by both geography and product to mitigate uncertainties. We remain optimistic about our longer-term prospects and will continue to focus on operational excellence, creating a leading wood-building products company that is resilient and sustainable through the cycle. And we will do all this while maintaining the type of financial strength that gives us the flexibility to be able to take advantage of growth opportunities as they arise.

Thank you. And with that, I'll turn the call back to the operator for questions.

## OPERATOR

Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. [Operator Instructions] Thank you. And your first question comes from the line of Ben Isaacson from Scotiabank. Please go ahead.

**<Q – Ben Isaacson >**: Thank you and good morning, everyone. Just two questions from me. The first question, can you give a little bit of qualitative color as to how balanced or imbalanced margins were between SPF and SYP in Q4? And how does that look right now?

**<A – Sean P. McLaren >**: Good morning, Ben. We don't specifically call out our different segments. Saying that, as we saw through the quarter, you've watched the spread start to close between the pricing, between the products. So, I think that's reflective that things are kind of moving as customers adjust their needs and demand patterns, depending on the end uses of the products. Saying that, as we look to this year on both sides of the border, both products, we're actively looking to reduce costs, as you saw, with both 100 Mile and Augusta in Q4. And we believe both those businesses are positioned to operate through the bottom of the cycle here.

**<Q – Ben Isaacson >:** Great. Thanks. And then, I think you mentioned lower log costs for SPF, lower manufacturing for SYP and lower labor for OSB. Among those three, how much of that is sustainable going forward versus a one-off for Q4?

**<A – Sean P. McLaren >:** Ben, I'd say, we've been very active across all three segments on not only adjusting capacity on uneconomic assets, but modernizing assets through investment, as well as reducing costs through flexible operating schedules. And I think the trends you are seeing in our cost structure are really the result of the work we've done over the last several years to lower cost.

**<Q – Ben Isaacson >:** Great. Thanks so much. Appreciate it.

## OPERATOR

Thank you. And your next question comes from the line of Ketan Mamtora from BMO Capital Markets. Please go ahead.

**<Q – Ketan Mamtora >:** Good morning, Sean and Chris. Thanks for taking my question. Maybe to start with, Sean, can you talk about sort of the M&A opportunities that you are seeing right now, given how depressed Lumber prices have been for the last couple of years? Would that be an area of interest at this point, which certainly looks like the bottom of the cycle. And related to that, any interest in growing outside of North America in Lumber?

**<A – Sean P. McLaren >:** Yeah. Good morning, Ketan. I'll make a couple comments here. And Chris, please add anything I miss. And I think we've maybe talked about this a few times over the quarters. For us, it's really about how do we make the company stronger at the bottom of the cycle and the current conditions we're in. So, asset quality is very important. And over the last number of years, we've actioned a few things, but not very many. And every one of those things has been designed to make us stronger at the bottom. We have a balance sheet to be able to react to anything of quality that presents itself. Typically, the stronger assets are going to wait for a better time to be available. So, those would be the only comments that I would say on M&A. Chris, anything to add there?

**<A – Chris Virostek >:** No, that's a great summary. Thanks, Sean.

**<A – Sean P. McLaren >:** Yeah. And then, in terms of outside of North America, of course, even though the macro environment in Europe continues to be slow, we are pleased with our team, pleased with our assets over in Europe, and they're performing well at the bottom of the market. We continue to work with them to look at how we make our European business stronger. And I think I would just leave it there. There would be nothing in front of us today that we would talk about. It'd be the same conditions we would look at in North America: makes us stronger at the bottom of the cycle, and it's a good return and our team is ready to take it on. We've got the flexibility to be able to consider it.

**<Q – Ketan Mamtora >:** Understood. No, that's helpful. And then just one more from me. How should we think about ramp-up of the Henderson mill in the context of demand environment, which is quite muted?

**<A – Sean P. McLaren >:** Yeah. And I think so, it's very early days in Henderson. The mill began commissioning at the end of Q4, so we're in the early stages of start-up. And as a reminder, it replaces an existing mill, so that volume had been in the market, and we expect through this year to be ramping up to replace that volume. And I think we will continue to look at our customer needs as we move beyond that. And this just gives us another low-cost asset to be able to adjust our full platform with.

**<Q – Ketan Mamtora >:** Got it. That's very helpful. I'll turn it over. Good luck.

**<A – Sean P. McLaren >:** Thanks, Ketan.

## OPERATOR

Thank you. And your next question comes from the line of Sean Steuart from TD Cowen. Please go ahead.

**<Q – Sean Steuart >:** Thanks. Good morning, everyone. Question for Sean or for Matt. We've seen a good lift in North American Lumber and OSB prices the past couple of months. Interested in your perspective on how much of that you would attribute to seasonal activity picking up in advance of the spring building season versus maybe the initial stages of the cyclical recovery as supply is rationalized in the market?

**<A – Sean P. McLaren >:** Maybe, Matt, I'll hand that one over to you.

**<A – Matthew Tobin >:** Sure. I think, what we've seen – what we hear from our customers – is just a little bit more difficult to get what they're looking for at the time they're looking for it. And so, just as I think supply shrinks and demand stays relatively steady over the last couple of quarters, just a little bit harder for our customers to get the product they're looking for when they're looking for it. And it's had an impact on pricing. And as far as spring, I would say, probably a little early to say today. As I said, we usually see a bump in buying in the spring. But as you know, spring is usually defined by that warmer weather. And so, just coming out of a couple of weeks of freeze in the U.S., I'd say, we're still a little early to see there. And once the weather turns, we'll have a better idea of what spring looks like.

**<Q – Sean Steuart >:** And Matt, any perspective on the relative strength we've seen for U.S. South pricing of late versus Canada?

**<A – Matthew Tobin >:** Like I say, I think, from what we hear from our customers, it's a little harder for them to find the product they need when they need it. I think, a lot of curtailment that Sean's talked about that we and the industry has taken that makes it a little harder to find the product. And so, just reflecting on the pricing based on that available supply.

**<Q – Sean Steuart >:** Okay. Thanks for that. Chris, I wanted to follow up on the prior question around M&A. And I appreciate you guys aren't – you don't want to tip your hand too much in terms of scale of what you'd be looking at or specific areas or products. But I know the priority here is sort of sustaining a balance sheet that's flexible. Can you give us any perspective on how thoughts are evolving around minimum liquidity thresholds or maximum leverage targets that the company might be comfortable with as acquisition opportunities are considered in the initial stages of an upturn?

**<A – Chris Virostek >:** Yeah. Thanks, Sean. I think there's a lot of latent financial flexibility in the business. On the leverage side, I think anything that we would consider on leverage would – we'd have to see a very clear path to getting leverage metrics and interest burden to a level that's very manageable through the cycle. So, I wouldn't say that we would rule out putting leverage on to do something, but there'd have to be a pretty clear path through that to a deleveraging quickly afterwards through value creation and that really translates to quality assets, right.

As Sean said, things that make us better generate cash flow, there's a synergy opportunity. And if we incur some leverage to do something, a path to quickly pay that down to metrics that are very durable through the cycle for us and maintain that flexibility for us. So, it's not off the table, but has to be a very clear path.

**<Q – Sean Steuart >:** Yeah. Okay. Understood. And then, I guess just following on that, when you talk about anticipation of more opportunities on acquisitions coming to the table in the initial stages of an upturn, is that you need to see that initial upturn to get comfortable that there will be a deleveraging path or is it in anticipation of more potential sellers looking to take advantage of a better valuation environment in the initial stages of an upturn? I'm just trying to sort of square...

**<A – Sean P. McLaren >:** Yeah.

**<Q – Sean Steuart >:** ...that up and how you think about the timing.

<A – Sean P. McLaren >: Yeah. Good morning, Sean. Maybe I'll jump in on that one. Again, you never know what might be available when – I think our comments around quality, every one of our assets gets pressure-tested at the bottom of the market. So, we have an opportunity to see what the level of quality is of an asset. And it's hard to say when those assets become available, whether it's in the early stages of recovery or whatever is happening. I think that is the criteria for us. So, it's not – I think we have a balance sheet that, regardless of timing, we'll be able to consider and look at it and just hard for us to predict when those opportunities may present themselves. I would say, we – for us, we are focused on operationalizing what we've invested inside West Fraser and ready if something presents itself that makes us stronger.

<Q – Sean Steuart >: Got it. Okay. Thanks for that, Sean. That's all I have.

<A – Sean P. McLaren >: Thanks, Sean.

## OPERATOR

Thank you. [Operator Instructions] And your next question comes from the line of Hamir Patel from CIBC Capital Markets. Please go ahead.

<Q – Hamir Patel >: Hey, good morning. Sean, there's been a lot of discussion around potential housing measures the Trump administration may implement to boost affordability. What do you think would be the most meaningful initiatives that they could bring about, and how soon could that translate into real-world incremental Lumber demand?

<A – Sean P. McLaren >: Well, first off, Hamir, we would like all of them. So, it's hard to pick and choose which ones would be the best. But we are pleased to hear – see the attention, the administration is paying to housing affordability and the different ideas that are being talked about and the different measures that are being taken. Anything that allows homebuyers to be able to get into a single-family or multifamily home and improves demand. And that is good for our industry and obviously, good for West Fraser. So, hard to predict how quickly what will happen, when it will happen, how long it will take effect. I would say from our perspective, we're just pleased it's being talked about quite a bit with the administration on both sides of the border, frankly.

<Q – Hamir Patel >: Fair enough. And Sean, it sounded like from your outlook, a bit more cautious on the demand outlook for the year ahead for OSB versus Lumber. Could you speak to maybe what drives the difference there and maybe what you're hearing from your customers for growth on the R&R side?

<A – Sean P. McLaren >: Yeah. I mean – maybe before I answer that, I might just ask Matt to maybe make a few comments on the R&R side.

<Q – Matthew Tobin >: Sure. I'd say, kind of mixed from our customers. I mean, some projecting low growth, others flat. So, I'd say we're seeing a mix of sentiment on the year. But no consensus on a shift from what we've seen recently in the R&R markets.

<A – Sean P. McLaren >: And in terms of our outlook, Hamir, again, I think we would always take a cautious view because we really don't know and we are going to manage our business to be competitive at the bottom of the market. And if it lasts, we're going to continue to look to remove cost and make ourselves more competitive. And I really think that's been our focus the last three years and will continue to be our focus.

<Q – Hamir Patel >: Fair enough. Thanks. That's all I had.

<A – Sean P. McLaren >: Thanks, Hamir.

## OPERATOR

Thank you. That ends our question-and-answer session. I will now hand the call back to Sean McLaren for any closing remarks.



**SEAN P. MCLAREN, PRESIDENT AND CHIEF EXECUTIVE OFFICER**

Thank you, Ina. As always, Chris and I are available to respond to further questions, as is Robert Winslow, our Director of Investor Relations and Corporate Development. Thank you for your participation today. Stay well and we look forward to reporting on our progress next quarter.

**OPERATOR**

This concludes today's call. Thank you for participating. You may all disconnect.