NEWS RELEASE

WEST FRASER TIMBER CO. LTD.  
(“WFT”)

Wednesday, July 26, 2017

West Fraser Announces Major U.S. Acquisition

Vancouver, B.C. – West Fraser Timber Co. Ltd. today announced that it has entered into an agreement to acquire the operations of the Gilman Companies from the Howard Gilman Foundation and other shareholders for approximately US$430 million, subject to certain post-closing adjustments. The Gilman Companies are comprised of six sawmills and a finger-joint mill in Florida and Georgia as well as an administrative office in St. Marys, Georgia. The transaction, which is also subject to U.S. regulatory approvals and customary conditions, is anticipated to close in the third quarter of 2017.

The operations employ approximately 900 people and have a combined annual production capacity of 700 million board feet of lumber. All of the mills produce lumber from southern yellow pine. After considering estimated tax benefits, the purchase price represents approximately six times trailing 12 months EBITDA of the acquired operations. In the 12 months ended June 30, 2017 the Gilman Companies generated EBITDA of US$67 million on estimated sales of US$330 million.

The acquisition is an important step in West Fraser’s continuing expansion of its U.S. lumber operations. Upon completion of this transaction, West Fraser will have combined Canadian and U.S. lumber production capacity of 7.2 billion board feet. Canadian capacity of spruce/pine/fir (SPF) lumber will represent 57% of capacity and U.S. capacity of southern yellow pine (SYP) lumber will represent 43% of capacity.

“We look forward to welcoming our new employees to the West Fraser organization. The Gilman Companies’ strong management team combined with high margin operations fits well with our existing U.S. platform of mills,” said West Fraser’s President and CEO, Ted Seraphim. “This is a long-term strategic move that strengthens our core lumber business and gives us increased scale and geographic diversification. Growing our lumber business has been one of our key strategic goals,” said Mr. Seraphim. “This is a rare opportunity to acquire a U.S. lumber producer of a meaningful scale with high quality facilities and a culture similar to our own.”

Comments from The Howard Gilman Foundation

“We are delighted to announce this transaction” said Mary Farrell, President of The Howard Gilman Foundation. “West Fraser is a leader in the North American forest products industry, and through them, we have found a true partner for Gilman Building Products capable of providing strategic expertise and capital to grow and modernize the business. The Foundation...
has been a proud steward of the Company for nearly 20 years and believes that a combination with West Fraser will deliver long-term benefits to our loyal and long serving employees and the communities in which we operate.

On behalf of the Directors, we would like to extend our sincere appreciation to all of the Gilman employees who have worked so tirelessly to ensure the success of Gilman Building Products. This transaction will enable the continuation of the charitable mission of the Foundation and ensure Howard Gilman’s philanthropic legacy for many, many years to come.”

**Transaction Financing and Synergies**

West Fraser intends to finance the acquisition with cash on hand, available lines of credit and a new five-year $200 million credit facility to be made available in connection with the acquisition.

Annual synergies of approximately US$10 million are anticipated to be achieved within three years as a result of this transaction. The synergies are expected to be achieved through non-capital operational improvements and through implementation of best practices. The acquired mills also provide an attractive pipeline of high payback capital projects over the next three to five years.

**The Company**

West Fraser is a diversified wood products company producing lumber, LVL, MDF, plywood, pulp, newsprint, wood chips and energy with facilities in western Canada and the southern United States.

**Forward-Looking Statements**

This release contains historical information, descriptions of current circumstances and statements about potential future developments including statements regarding the anticipated timing and benefits of the transaction between the Company and the Howard Gilman Foundation and other shareholders, the availability of the new credit facility, and anticipated synergies and the manner of achieving such synergies. 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. Actual outcomes and results will depend on a number of factors that could affect the ability of the Company to execute its business plans, including those matters described in the 2016 annual Management’s Discussion & Analysis under “Risks and Uncertainties”, and may differ materially from those anticipated or projected. In addition, assumptions on which such forward-looking statements are based include the timely receipt of regulatory approvals and no adverse regulatory decisions, the timely and successful integration of the Company and the Gilman Companies and the accuracy and completeness of information provided to the Company in respect of the Gilman Companies. There can be no assurance that the proposed transaction will occur or that the anticipated strategic benefits and synergies will be realized in their entirety, in part or at all. 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.
Conference Call

West Fraser will host a conference call for the investment community on Thursday, July 27, 2017 at 9:00 a.m. Pacific time/12:00 p.m. Eastern time. Participants may access the call by dialing 1-888-390-0546 (toll-free North America). The call may also be accessed through West Fraser’s website at www.westfraser.com. Supporting presentation materials will be available on the Investors page of our Company’s website at www.westfraser.com.

West Fraser shares trade on the Toronto Stock Exchange under the symbol: “WFT”.

For more information:

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