



858 Beatty Street  
Suite 501  
Vancouver, B.C.  
Canada V6B 1C1  
Telephone: (604) 895-2700  
Fax: (604) 681-6061

## NEWS RELEASE

### WEST FRASER TIMBER CO. LTD.

Tuesday, April 28, 2020

#### West Fraser Announces First Quarter 2020 Results

Vancouver, B.C. - West Fraser Timber Co. Ltd. ("West Fraser" or the "Company") (TSX: WFT) today reported results for the first quarter of 2020.

#### First Quarter Highlights

- Sales of \$1.195 billion, up 6% on prior quarter.
- Adjusted EBITDA of \$127 million, \$47 million higher than prior quarter.
- Improved prices, favourable foreign exchange rate movements, and lower fibre costs resulted in improved Adjusted EBITDA for the quarter.
- Quarter-end liquidity of \$294 million and net debt to capital ratio at 33%.
- On April 9, 2020, secured an additional two-year \$150 million committed revolving credit facility.
- Progress on Dudley, Georgia sawmill on track.

#### Results Compared to Previous Periods

(\$ millions except earnings per share ("EPS"))

	Q1-20	Q4-19	Q1-19
Sales	1,195	1,129	1,241
Adjusted EBITDA <sup>1</sup>	127	80	110
Operating earnings	13	(31)	10
Earnings	12	(42)	(5)
Basic EPS (\$)	0.18	(0.61)	(0.07)
Adjusted Earnings <sup>1</sup>	28	(11)	22
Adjusted basic EPS (\$) <sup>1</sup>	0.42	(0.16)	0.32

1. In this news release, reference is made to Adjusted EBITDA, Adjusted earnings and Adjusted basic EPS (collectively "these measures"). We believe that, in addition to earnings, these measures are useful performance indicators. None of these measures is a generally accepted earnings measure under International Financial Reporting Standards ("IFRS") and none has a standardized meaning prescribed by IFRS. Investors are cautioned that these measures should not be considered as an alternative to earnings, EPS or cash flow, as determined in accordance with IFRS. As there is no standardized method of calculating any of these measures, our method of calculating each of them may differ from the methods used by other entities and, accordingly, our use of any of these measures may not be directly comparable to similarly titled measures used by other entities. Reconciliations of our Non-IFRS measures to our earnings statement are shown in the various tables of our quarterly Management's Discussion & Analysis.

#### COVID-19

The impact of the novel Coronavirus ("COVID-19") pandemic has been swift, requiring unprecedented actions to control the spread of the virus and has resulted in governments and businesses worldwide enacting emergency measures and restrictions to combat the spread of COVID-19. These measures and restrictions, which include the implementation of travel bans, mandated or voluntary business closures, and self-imposed and mandatory quarantine periods, isolation orders and social distancing have caused material disruptions to businesses globally resulting in an economic slowdown and have led to disruptions to our workforce and operating facilities, customers, production, sales and operations, and supply chain. Governments and central banks have reacted with

significant monetary and fiscal interventions and other measures designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak are unknown at this time, as is the effectiveness of governments and central banks measures to stabilize the economy and limit the spread of COVID-19. At this time, it is not possible to reliably estimate the length and severity of these developments and the impact on our operations, the markets for our products, and our financial results and condition.

As a result of the far-reaching impact of COVID-19, we have made a number of adjustments to our operating schedules late in the first quarter of 2020. The impact of these adjustments on our first quarter production was a reduction of approximately 50 MMfbm for lumber and 10 MMsf for plywood. The "Outlook" section below includes commentary on potential future operating schedules.

Ray Ferris, President and CEO of West Fraser stated, "The safety, health, and well-being of our employees and the communities in which we operate remain our primary focus. Our goal is to operate safely and to mitigate potential exposure. As such, we have implemented physical distancing strategies, increased cleaning and disinfection at our sites, provided protective equipment as required, executed remote working policies, and eliminated all non-essential travel."

### **Operational results**

Our lumber segment generated operating earnings of \$19 million (Q4-19 - \$23 million loss) and Adjusted EBITDA of \$106 million (Q4-19 - \$69 million). The improvement was due primarily to higher product pricing for specific grades of SPF lumber, favourable foreign exchange movements, and lower log costs. Lower SPF shipment volumes, due principally to permanent capacity reductions in the prior year, partially offset improved product pricing. Pricing changes resulted in a \$45 million increase in Adjusted EBITDA compared to the previous quarter. The current quarter included temporary curtailments of SPF and SYP production of 50 MMfbm compared to the 63 MMfbm of SPF temporarily curtailed in the previous quarter.

Our panels segment generated operating earnings in the quarter of \$4 million (Q4-19 - \$8 million) and Adjusted EBITDA of \$8 million (Q4-19 - \$13 million). Panel segment results declined as lower plywood and LVL shipment volumes offset higher plywood pricing. The current quarter included temporary plywood curtailments of 10 MMsf as plywood sales in Canada were among the first of our commodities affected by the impact of COVID-19.

Our pulp & paper segment generated operating earnings of \$nil (Q4-19 - \$12 million loss) and an Adjusted EBITDA of \$11 million (Q4-19 - \$1 million loss). The improvement was due primarily to improved pulp pricing, favourable foreign exchange rate movements, lower chip costs, and positive inventory valuation adjustments resulting from improved pulp prices, partially offset by lower pulp shipment volumes. The price variance resulted in a \$6 million increase in Adjusted EBITDA compared to the previous quarter.

### **Subsequent Event**

On April 24, the U.S. Department of Commerce announced a tolling of all Administrative Review deadlines by up to 50 days. As a result, it is now anticipated that the final determination for the first Administrative Review will not be issued until the end of September 2020, and the start of the Administrative Review for the second Period of Investigation will be delayed.

### **Outlook**

We expect production to continue to be negatively affected over the coming months due to the COVID-19 pandemic's impact on the supply chain and market demand. As previously announced, we have been operating below capacity in SPF, SYP and plywood. We also announced four weeks of downtime at our Cariboo Pulp joint operation starting April 20, 2020, that will reduce our share of production by 15,000 tonnes. We expect that production schedules will be variable for the foreseeable future and will continue to adjust operations as

necessary. At this point, it is not possible to predict when all operations will return to normal schedules or whether production schedules will be further changed. At this time, we are withdrawing the production outlook for 2020 provided in our 2019 annual MD&A and are not able to provide any further guidance.

We continue to review our operations and financial position and develop plans for the potential long-term impacts of the COVID-19 pandemic, including reviewing our capital expenditure plans and managing our working capital. Ray Ferris, President and CEO of West Fraser stated, "Our well capitalized balance sheet along with our low-cost manufacturing operations and product and geographic diversification, provide us with a strong platform to manage through the impacts of the COVID-19 pandemic."

### **Risks and Uncertainties**

As of the date of this news release, given the ongoing and dynamic nature of the COVID-19 outbreak, it is difficult to predict the severity of the impact on our business, and the full extent of the effects of COVID-19 are unknown. The extent of such impact will depend on future developments, which are highly uncertain, including new information, which may emerge concerning the spread and severity of the coronavirus and actions taken to address its impact, among others. It is difficult to predict how this virus may affect our business in the future, including the effect it may have (positive or negative; long or short term) on the demand and price for our products. It is possible that COVID-19 could have a material adverse effect on our business, financial condition, liquidity, and operating results.

Our first quarter 2020 Management Discussion & Analysis has additional information regarding COVID-19 risks and uncertainties.

### **Management's Discussion & Analysis**

The Company's first quarter 2020 management's discussion & analysis is available on the Company's website: [www.westfraser.com](http://www.westfraser.com) and on the System for Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com) under the Company's profile.

### **The Company**

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

### **Forward-Looking Statements**

This news release contains historical information, descriptions of current circumstances and statements about potential future developments. 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 headings "Coronavirus (regarding its duration and impact, government measures and operating schedule adjustments)," "Outlook (regarding future production, schedule adjustments and downtime and our ability to manage the impacts of COVID-19)," and "Risks and Uncertainties (regarding the impact of COVID-19)." 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 2019 annual MD&A under "Risks and Uncertainties" and in our first quarter 2020 MD&A under the heading "Risks and Uncertainties", and may differ materially from those anticipated or projected. 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. All dollar amounts in this news release are expressed in Canadian dollars.

### **Conference Call**

Investors are invited to listen to the quarterly conference call on Wednesday, April 29, 2020, at 8:30 a.m. Pacific Time (11:30 a.m. Eastern Time) by dialing 1-888-390-0605 (toll-free North America). The call and an earnings presentation may also be accessed through West Fraser's website at [www.westfraser.com](http://www.westfraser.com).



**West Fraser Timber Co. Ltd.**

Condensed Consolidated Balance Sheets

(in millions of Canadian dollars, except where indicated - unaudited)

	<b>March 31</b>	December 31
	<b>2020</b>	2019
<b>Assets</b>		
<b>Current assets</b>		
Cash and short-term investments	\$ 94	\$ 16
Receivables	325	258
Income taxes receivable	125	135
Inventories (note 5)	943	729
Prepaid expenses	14	9
	<b>1,501</b>	1,147
<b>Property, plant and equipment</b>	<b>2,233</b>	2,140
<b>Timber licences</b>	<b>488</b>	493
<b>Goodwill and other intangibles</b>	<b>811</b>	772
<b>Export duty deposits</b> (note 14)	<b>96</b>	80
<b>Other assets</b>	<b>25</b>	26
<b>Deferred income tax assets</b>	<b>11</b>	10
	<b>\$ 5,165</b>	\$ 4,668
<b>Liabilities</b>		
<b>Current liabilities</b>		
Cheques issued in excess of funds on deposit	\$ -	\$ 16
Operating loans (note 6)	682	374
Payables and accrued liabilities	436	396
Current portion of long-term debt (note 6)	10	10
Current portion of reforestation and decommissioning obligations	44	41
	<b>1,172</b>	837
<b>Long-term debt</b> (note 6)	<b>710</b>	650
<b>Other liabilities</b> (note 7)	<b>381</b>	454
<b>Deferred income tax liabilities</b>	<b>273</b>	253
	<b>2,536</b>	2,194
<b>Shareholders' Equity</b>		
Share capital	484	483
Accumulated other comprehensive earnings	198	132
Retained earnings	1,947	1,859
	<b>2,629</b>	2,474
	<b>\$ 5,165</b>	\$ 4,668

Number of Common shares and Class B Common shares outstanding at April 28, 2020 was 68,669,618.



**West Fraser Timber Co. Ltd.**

Condensed Consolidated Statements of Changes in Shareholders' Equity  
(in millions of Canadian dollars, except where indicated - unaudited)

	January 1 to March 31	
	2020	2019
<b>Share capital</b>		
Balance - beginning of period	\$ 483	\$ 491
Issuance of Common shares	1	1
Repurchase of Common shares	-	(5)
Balance - end of period	\$ 484	\$ 487
<b>Accumulated other comprehensive earnings</b>		
Balance - beginning of period	\$ 132	\$ 170
Translation gain (loss) on foreign operations	66	(17)
Balance - end of period	\$ 198	\$ 153
<b>Retained earnings</b>		
Balance - beginning of period	\$ 1,859	\$ 2,235
Actuarial gain (loss) on post-retirement benefits	90	(36)
Repurchase of Common shares	-	(45)
Earnings for the period	12	(5)
Dividends	(14)	(14)
Balance - end of period	\$ 1,947	\$ 2,135
<b>Shareholders' Equity</b>	<b>\$ 2,629</b>	<b>\$ 2,775</b>



**West Fraser Timber Co. Ltd.**

Condensed Consolidated Statements of Earnings and Comprehensive Earnings  
(in millions of Canadian dollars, except where indicated - unaudited)

	January 1 to March 31	
	2020	2019
<b>Sales</b>	\$ 1,195	\$ 1,241
<b>Costs and expenses</b>		
Cost of products sold	846	903
Freight and other distribution costs	168	170
Export duties (note 14)	35	32
Amortization	70	65
Selling, general and administration	54	58
Equity-based compensation	9	3
	<b>1,182</b>	<b>1,231</b>
<b>Operating earnings</b>	<b>13</b>	<b>10</b>
Finance expense	(16)	(11)
Other (note 10)	12	(5)
<b>Earnings before tax</b>	<b>9</b>	<b>(6)</b>
Tax recovery (note 11)	3	1
<b>Earnings</b>	<b>\$ 12</b>	<b>\$ (5)</b>
<b>Earnings per share (dollars) (note 12)</b>		
Basic	\$ 0.18	\$ (0.07)
Diluted	\$ (0.11)	\$ (0.12)
<b>Comprehensive earnings</b>		
Earnings	\$ 12	\$ (5)
<b>Other comprehensive earnings</b>		
Translation gain (loss) on foreign operations	66	(17)
Actuarial gain (loss) on post-retirement benefits	90	(36)
<b>Comprehensive earnings</b>	<b>\$ 168</b>	<b>\$ (58)</b>



**West Fraser Timber Co. Ltd.**

Condensed Consolidated Statements of Cash Flows

(in millions of Canadian dollars, except where indicated - unaudited)

<b>Cash provided by (used in)</b>	January 1 to March 31	
	<b>2020</b>	<b>2019</b>
<b>Operating activities</b>		
Earnings	\$ 12	\$ (5)
Adjustments		
Amortization	70	65
Finance expense	16	11
Exchange loss (gain) on long-term financing	(6)	1
Exchange loss (gain) on export duty deposits	(7)	2
Export duty deposits	(8)	(5)
Post-retirement expense	25	21
Contributions to post-retirement benefit plans	(13)	(17)
Tax recovery	(3)	(1)
Income taxes paid	(1)	(77)
Reforestation and decommissioning obligations	24	17
Other	5	2
Changes in non-cash working capital		
Receivables	(65)	(49)
Inventories	(195)	(180)
Prepaid expenses	(4)	(4)
Payables and accrued liabilities	28	(9)
	<b>(122)</b>	<b>(228)</b>
<b>Financing activities</b>		
Proceeds from operating loans	308	266
Finance expense paid	(9)	(5)
Repurchase of Common shares	-	(50)
Dividends	(14)	(14)
Other	(1)	-
	<b>284</b>	<b>197</b>
<b>Investing activities</b>		
Additions to capital assets	(59)	(108)
Proceeds from disposal of capital assets	6	-
	<b>(53)</b>	<b>(108)</b>
<b>Change in cash</b>	<b>109</b>	<b>(139)</b>
<b>Foreign exchange effect on cash</b>	<b>(15)</b>	<b>(4)</b>
<b>Cash - beginning of period</b>	<b>-</b>	<b>147</b>
<b>Cash - end of period</b>	<b>\$ 94</b>	<b>\$ 4</b>
<b>Cash consists of</b>		
Cash and short-term investments	\$ 94	\$ 34
Cheques issued in excess of funds on deposit	-	(30)
	<b>\$ 94</b>	<b>\$ 4</b>



**West Fraser Timber Co. Ltd.**

Notes to Condensed Consolidated Interim Financial Statements

*(figures are in millions of dollars, except where indicated - unaudited)*

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**1. Nature of operations**

West Fraser Timber Co. Ltd. (“West Fraser”, “we”, “us” or “our”) 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. Our executive office is located at 858 Beatty Street, Suite 501, Vancouver, British Columbia. West Fraser was formed by articles of amalgamation under the *Business Corporations Act* (British Columbia) and is registered in British Columbia, Canada. Our Common shares are listed for trading on the Toronto Stock Exchange under the symbol WFT.

**2. Basis of presentation and statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board and use the same accounting policies and methods of their application as the December 31, 2019 annual audited consolidated financial statements. These condensed consolidated interim financial statements should be read in conjunction with our 2019 annual audited consolidated financial statements.

**3. Use of estimates and judgments and Coronavirus (COVID-19)**

The preparation of financial statements requires management to use accounting estimates and to make judgments and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates and underlying assumptions are based on historical experience and other factors, including expectations of future events that are considered to be reasonable under the circumstances.

The COVID-19 pandemic has led to the closure of non-essential businesses worldwide, has depressed the markets for our products, and interrupted supply chains. It is difficult to estimate the nature, timing, and extent of the business and economic impact on our supply chain, market pricing, customer demand, distribution networks and consequently, our financial and operating performance. This uncertainty could materially affect our operations and financial condition. The uncertainty could also materially affect estimates, including valuation of inventories, allowance for expected credit losses, fair value measurements, the valuation of long-lived assets, and cash flow projections used for impairment testing. Actual results may materially differ from these estimates.

**4. Seasonality of operations**

Our operating results are subject to seasonal fluctuations that impact quarter-to-quarter operating results. Log availability has a direct impact on our operations. We build up log inventory in Canada during the winter to sustain our lumber and plywood production during the second quarter when logging is curtailed due to wet and inaccessible land conditions. Extreme weather conditions, wildfires in Western Canada, and hurricanes in the U.S. South may periodically affect operations, including logging, manufacturing, and transportation. Consequently, interim operating results may not proportionately reflect operating results for a full year.

5. **Inventories**

Inventories at March 31, 2020, were subject to a valuation reserve of \$23 million (December 31, 2019 - \$39 million; March 31, 2019 - \$30 million) to reflect net realizable value being lower than cost.

	<b>March 31, 2020</b>	December 31, 2019
Manufactured products	\$ 381	\$ 341
Logs and other raw materials	391	226
Processing materials and supplies	171	162
	<b>\$ 943</b>	<b>\$ 729</b>

6. **Operating loans and long-term debt**

**Operating loans**

Our revolving lines of credit consist of a \$850 million committed revolving credit facility which matures August 25, 2024, a \$35 million (US\$25 million) demand line of credit dedicated to our U.S. operations and an \$8 million demand line of credit dedicated to our jointly-owned newsprint operation. On April 9, 2020, we obtained an additional \$150 million revolving credit facility that matures on April 9, 2022. The new credit facility is available for general corporate purposes and is on substantially similar terms to the existing \$850 million credit facility. On March 31, 2020, \$685 million was drawn under our revolving credit facility. Deferred financing costs of \$3 million related to these facilities were deducted against the operating loans for balance sheet presentation.

Interest on the facilities is payable at floating rates based on Prime, Base Rate Advances, Bankers' Acceptances or LIBOR Advances at our option plus an applicable margin.

In addition, we have credit facilities totalling \$131 million dedicated to letters of credit, of which US\$15 million is dedicated to our U.S. operations. On March 31, 2020, our letter of credit facilities supported \$61 million of open letters of credit.

All debt is unsecured except the \$8 million joint operation demand line of credit, which is secured by that joint operation's current assets.

**Long-term debt**

	<b>March 31, 2020</b>	December 31, 2019
US\$300 million senior notes due October 2024; interest at 4.35%	\$ 426	\$ 390
US\$200 million term loan due August 2024; floating interest rate	284	260
US\$8 million note payable due October 2020; interest at 2%	10	10
Notes payable	3	3
	<b>723</b>	663
Less: deferred financing costs	(3)	(3)
Less: current portion related to the US\$8 million note payable due October 2020	(10)	(10)
	<b>\$ 710</b>	<b>\$ 650</b>

The fair value of the long-term debt at March 31, 2020 was \$762 million (December 31, 2019 - \$677 million) based on rates available to us at the balance sheet date for long-term debt with similar terms and remaining maturities.

On March 9, 2020, we extended the duration of our interest rate swap from August 2022 to August 2024 resulting in a change to the fixed interest rate on the swap from 2.47% to 1.78% through August of 2024. We continue to receive a floating interest rate equal to 3-month LIBOR over the duration. The result is a fixed interest rate of 2.47% for the period of May 28, 2019 to February 25, 2020 and 1.78% for the period of February 25, 2020 to August 25, 2024. The agreement is accounted for as a derivative and the gain or loss related to changes in the fair value is included in other income. A \$5 million loss was recorded during the quarter.

On April 15, 2020, we entered into additional interest rate swaps for a total notional amount of US\$100 million. Under the agreements, we pay a combined fixed interest rate of 0.51% and receive a floating interest rate equal to 3-month LIBOR.

**7. Other liabilities**

	<b>March 31, 2020</b>	December 31, 2019
Post-retirement (note 8)	\$ 212	\$ 314
Long-term portion of reforestation	95	74
Long-term portion of decommissioning	35	31
Other	39	35
	<b>\$ 381</b>	<b>\$ 454</b>

**8. Post-retirement benefits**

We maintain defined benefit and defined contribution pension plans covering a majority of our employees. The defined benefit plans generally do not require employee contributions and provide a guaranteed level of pension payable for life based either on length of service or on earnings and length of service, and in most cases do not increase after the commencement of retirement. We also provide group life insurance, medical and extended health benefits to certain employee groups.

The status of the defined benefit pension plans and other retirement benefit plans, in aggregate, is as follows:

	<b>March 31, 2020</b>	December 31, 2019
Projected benefit obligations	\$ (1,499)	\$ (1,693)
Fair value of plan assets	1,292	1,385
	<b>\$ (207)</b>	<b>\$ (308)</b>
<b>Represented by</b>		
Post-retirement assets	\$ 5	\$ 6
Post-retirement liabilities	(212)	(314)
	<b>\$ (207)</b>	<b>\$ (308)</b>

The significant actuarial assumptions used to determine our balance sheet date post-retirement assets and liabilities are as follows:

	<b>March 31, 2020</b>	December 31, 2019
Discount rate	<b>4.00%</b>	3.00%
Future compensation rate increase	<b>3.50%</b>	3.50%

For the three months ended March 31, 2020, we recognized in other comprehensive earnings a before tax gain of \$121 million to reflect the changes in the valuation of the post-retirement benefit plans. The gain reflects the increase in the discount rate used to calculate plan liabilities from the beginning of the year, partially offset by a negative return on plan assets. The discount rate is based on the market yields from high-quality corporate bonds, and these rates increased during the quarter as the credit risk premium on corporate bonds has increased.

The actuarial gain on post-retirement benefits, included in other comprehensive earnings, is as follows:

	January 1 to March 31	
	2020	2019
Actuarial gain (loss)	\$ 121	\$ (49)
Tax recovery (provision)	(31)	13
	\$ 90	\$ (36)

**9. Share Capital**

We are authorized under our Normal Course Issuer Bid (“NCIB”), which expires on September 19, 2020, to purchase up to 3,318,823 of our Common shares. Under this bid, there were no Common shares repurchased for cancellation. During the first quarter of 2019, we repurchased 718,500 Common shares under our previous NCIB, which expired on September 18, 2019, at an average price of \$70.75 per share for a cost of approximately \$50 million.

**10. Other**

	January 1 to March 31	
	2020	2019
Exchange gain (loss) on working capital	\$ 6	\$ (3)
Exchange gain (loss) on intercompany financing <sup>1</sup>	66	(15)
Exchange gain (loss) on long-term debt	(60)	14
Exchange gain (loss) on export duty deposits receivable	7	(2)
Other	(7)	1
	\$ 12	\$ (5)

1. Relates to US\$550 million of financing provided to our U.S. operations. IAS 21 requires that the exchange gain or loss be recognized through earnings as the financing is not considered part of our permanent investment in our U.S. subsidiaries. The balance sheet amounts and related financing expense are eliminated in these consolidated financial statements.

**11. Tax provision**

The tax provision differs from the amount that would have resulted from applying the British Columbia statutory income tax rate to earnings before tax as follows:

	January 1 to March 31	
	2020	2019
Income tax expense at statutory rate of 27%	\$ (2)	\$ 2
Non-taxable amounts	6	(1)
Other	(1)	-
Tax recovery	\$ 3	\$ 1

**12. Earnings per share**

Basic earnings per share is calculated based on earnings available to Common shareholders, as set out below, using the weighted average number of Common shares and Class B Common shares outstanding.

Diluted earnings per share is calculated based on earnings available to Common shareholders adjusted to remove the actual share option expense (recovery) charged to earnings and after deducting a notional charge for share option expense assuming the use of the equity-settled method, as set out below. The diluted weighted average number of shares is calculated using the treasury stock method. When earnings available to Common

shareholders for diluted earnings per share are greater than earnings available to Common shareholders for basic earnings per share, the calculation is anti-dilutive, and diluted earnings per share are deemed to be the same as basic earnings per share.

	January 1 to March 31	
	2020	2019
<b>Earnings</b>		
Basic	\$ 12	\$ (5)
Share option recovery	(18)	-
Equity-settled share option adjustment	(2)	(3)
Diluted	\$ (8)	\$ (8)
<b>Weighted average number of shares (thousands)</b>		
Basic	68,665	69,432
Share options	132	398
Diluted	68,797	69,830
<b>Earnings per share (dollars)</b>		
Basic	\$ 0.18	\$ (0.07)
Diluted	\$ (0.11)	\$ (0.12)

13. **Segmented information**

The table below provides a reconciliation of our non-IFRS measure Adjusted EBITDA. This measurement is used by management to evaluate the operating and financial performance of our operating segments, generate future operating plans, and make strategic decisions, including those relating to operating earnings.

	Lumber	Panels	Pulp & Paper	Corporate & Other	Total
<b>January 1, 2020 to March 31, 2020</b>					
Sales					
To external customers	\$ 836	\$ 138	\$ 221	\$ -	\$ 1,195
To other segments	28	2	-	(30)	-
	\$ 864	\$ 140	\$ 221	\$ (30)	\$ 1,195
Cost of products sold	(609)	(110)	(157)	30	(846)
Freight and other distribution costs	(110)	(15)	(43)	-	(168)
Selling, general and administration	(39)	(7)	(10)	2	(54)
Adjusted EBITDA	\$ 106	\$ 8	\$ 11	\$ 2	\$ 127
Export duties	(35)	-	-	-	(35)
Equity-based compensation	-	-	-	(9)	(9)
Amortization	(52)	(4)	(11)	(3)	(70)
Operating earnings	\$ 19	\$ 4	\$ -	\$ (10)	\$ 13
Finance expense	(13)	(1)	(2)	-	(16)
Other	16	-	4	(8)	12
Earnings before tax	\$ 22	\$ 3	\$ 2	\$ (18)	\$ 9

**January 1, 2019 to March 31, 2019**

Sales					
To external customers	\$ 821	\$ 152	\$ 268	\$ -	\$ 1,241
To other segments	36	3	-	(39)	-
	\$ 857	\$ 155	\$ 268	\$ (39)	\$ 1,241
Cost of products sold	(621)	(117)	(204)	39	(903)
Freight and other distribution costs	(111)	(15)	(44)	-	(170)
Selling, general and administration	(41)	(8)	(9)	-	(58)
Adjusted EBITDA	\$ 84	\$ 15	\$ 11	\$ -	\$ 110
Export duties	(32)	-	-	-	(32)
Equity-based compensation	-	-	-	(3)	(3)
Amortization	(50)	(4)	(10)	(1)	(65)
Operating earnings	\$ 2	\$ 11	\$ 1	\$ (4)	\$ 10
Finance expense	(7)	(1)	(3)	-	(11)
Other	(3)	-	-	(2)	(5)
Earnings before tax	\$ (8)	\$ 10	\$ (2)	\$ (6)	\$ (6)

The geographic distribution of external sales is as follows<sup>1</sup>:

	January 1 to March 31	
	2020	2019
Canada	\$ 237	\$ 261
United States	750	701
China	140	169
Other Asia	59	98
Other	9	12
	\$ 1,195	\$ 1,241

1. Sales distribution is based on the location of product delivery.

**14. Countervailing (“CVD”) and antidumping (“ADD”) duty dispute**

On November 25, 2016, a coalition of U.S. lumber producers petitioned the U.S. Department of Commerce (“USDOC”) and the U.S. International Trade Commission (“USITC”) to investigate alleged subsidies to Canadian softwood lumber producers and levy countervailing and antidumping duties against Canadian softwood lumber imports. We were chosen by the USDOC as a “mandatory respondent” to both the countervailing and antidumping investigations and, as a result, have received unique company-specific rates.

*Developments in CVD and ADD rates*

On April 24, 2017, the USDOC issued its preliminary determination in the CVD investigation, and on June 26, 2017, the USDOC issued its preliminary determination in the ADD investigation. On December 4, 2017, the duty rates were revised. On February 3, 2020, the USDOC reassessed these rates based on its first Administrative Review (“AR”) as noted in the tables below.

The CVD and ADD rates apply retroactively for each Period of Investigation (“POI”). We record CVD as export duty expense at the cash deposit rate until an AR finalizes a new applicable rate for each POI. We record ADD as export duty expense by estimating the rate to be applied for each POI by using our actual results and the same calculation methodology as the USDOC and adjust when an AR finalizes a new applicable rate for each POI. The difference between the cash deposits and export duty expense is recorded on our balance sheet as export duty deposits receivable.

On February 3, 2020, the USDOC released the preliminary results from AR1 as shown in the table below. On April 24, 2020, the USDOC announced a tolling of all Administrative Review deadlines by up to 50 days. As a result, it is now anticipated that the final determination for AR1 will not be issued until September 2020. The duty rates are subject to an appeal process, and we will record an adjustment once the rates are finalized. If the AR1 rates were to be confirmed, it would result in a U.S. dollar adjustment of \$93 million for the POI covered by AR1. This would be in addition to the Canadian \$96 million receivable balance already recorded on our balance sheet at March 31, 2020. In the event that these rates are finalized, our combined cash deposit rate would be revised to 9.08%.

On January 1, 2020, we entered AR3 for POI January 1 to December 31, 2020. For the three months ended March 31, 2020, we expensed ADD at the West Fraser Estimated Rate of 0.77% and CVD at the Cash Deposit Rate of 17.99%. The ADD Cash Deposit Rate remained at 5.57% for the quarter.

Effective dates for CVD	Cash Deposit Rate	Revised Rate <sup>2</sup> (Dec. 4, 2017)	AR1 Preliminary Rate <sup>3</sup> (Feb. 3, 2020)
<b>AR1 POI</b>			
April 28, 2017 - August 24, 2017 <sup>1</sup>	24.12%	17.99%	7.07%
August 25, 2017 - December 27, 2017 <sup>1</sup>	-	-	-
December 28, 2017 - December 31, 2017	17.99%	17.99%	7.07%
January 1, 2018 - December 31, 2018	17.99%	17.99%	7.51%
<b>AR2 POI</b>			
January 1, 2019 - December 31, 2019	17.99%	17.99%	n/a <sup>4</sup>
<b>AR3 POI</b>			
January 1, 2020 - March 31, 2020	17.99%	17.99%	n/a <sup>5</sup>

1. On April 24, 2017, the USDOC issued its preliminary rate in the CVD investigation. The requirement that we make cash deposits for CVD was suspended on August 24, 2017 until the Revised Rate was published by the USITC.
2. On December 4, 2017, the USDOC Revised our CVD Rate effective December 28, 2017.
3. On February 3, 2020, the USDOC issued its Preliminary CVD Rate for the AR1 POI.
4. The CVD rate for the AR2 POI will be adjusted when AR2 is complete and the USDOC finalizes the rate, which is not expected until 2021.
5. The CVD rate for the AR3 POI will be adjusted when AR3 is complete and the USDOC finalizes the rate, which is not expected until 2022.

Effective dates for ADD	Cash Deposit Rate	Revised Rate <sup>2</sup> (Dec. 4, 2017)	AR1 Preliminary Rate <sup>3</sup> (Feb. 3, 2020)	West Fraser Estimated Rate
<b>AR1 POI</b>				
June 30, 2017 - December 3, 2017 <sup>1</sup>	6.76%	5.57%	1.57%	1.46% <sup>6</sup>
December 4, 2017 - December 31, 2017	5.57%	5.57%	1.57%	1.46% <sup>6</sup>
January 1, 2018 - December 31, 2018	5.57%	5.57%	1.57%	1.46%
<b>AR2 POI</b>				
January 1, 2019 - December 31, 2019	5.57%	5.57%	n/a <sup>4</sup>	4.65%
<b>AR3 POI</b>				
January 1, 2020 - March 31, 2020	5.57%	5.57%	n/a <sup>5</sup>	0.77%

1. On June 26, 2017, the USDOC issued its preliminary rate in the ADD investigation effective June 30, 2017.
2. On December 4, 2017, the USDOC Revised our ADD Rate effective December 4, 2017.
3. On February 3, 2020, the USDOC issued its Preliminary ADD Rate for the AR1 POI.
4. The ADD rate for the AR2 POI will be adjusted when AR2 is complete and the USDOC finalizes the rate, which is not expected until 2021.
5. The ADD rate for the AR3 POI will be adjusted when AR3 is complete and the USDOC finalizes the rate, which is not expected until 2022.
6. In fiscal 2017, our Estimated ADD was recorded at a rate of 0.9%. AR1 covers both the 2017 and 2018 periods. In 2018 we recorded ADD such that the cumulative rate for the periods covered by AR1 would be 1.46%.

*Duty expense and cash deposits*

Export duties incurred in the period	January 1 to March 31	
	2020	2019
Countervailing duties	\$ 32	\$ 28
Antidumping duties	11	9
<b>Total</b>	<b>\$ 43</b>	<b>\$ 37</b>

Recognized in the financial statements as	January 1 to March 31	
	2020	2019
Export duties recognized as expense in consolidated statements of earnings	\$ 35	\$ 32
Export duties recognized as export duty deposits receivable in consolidated balance sheets	8	5
<b>Total</b>	<b>\$ 43</b>	<b>\$ 37</b>

We have recorded long-term duty deposits receivable related to CVD for the excess of deposits made at the Cash Deposit Rate of 24.12% compared to the December 4, 2017, Revised Rate of 17.99%, and to ADD for the difference between the 5.57% Cash Deposit Rate and our West Fraser Estimated Rate. The details are as follows:

Export duty deposits receivable	January 1 to March 31	January 1 to December 31
	2020	2019
Beginning balance	\$ 80	\$ 75
Export duties recognized as long-term duty deposits receivable in consolidated balance sheets	8	5
Interest recognized on the long-term duty deposits receivable	1	4
Exchange on the long-term duty deposits	7	(4)
<b>Ending balance</b>	<b>\$ 96</b>	<b>\$ 80</b>



As at March 31, 2020, export duties paid and payable on deposit with the USDOC are US\$301 million for CVD and US\$106 million for ADD for a total of US\$407 million.

#### AR2 and AR3

AR2 covers the POI from January 1, 2019 through December 31, 2019. On April 24, 2020, the USDOC announced a tolling of all Administrative Review deadlines by up to 50 days, and it is now anticipated that AR2 will be delayed. AR3 covers the POI from January 1, 2020 through December 31, 2020 and is expected to commence in 2021. The results of AR2 are not expected to be finalized until 2021 and AR3 until 2022. Notwithstanding the deposit rates assigned under the investigations, our final liability for the assessment of CVD and ADD will not be determined until each annual administrative review process is complete and related appeal processes are concluded.

#### *Appeals*

We, together with other Canadian forest product companies and the Canadian federal and provincial governments (the “Canadian Interests”), categorically deny the allegations by the coalition of U.S. lumber producers and disagree with the countervailing and antidumping determinations by the USDOC and the USITC. The Canadian Interests continue to aggressively defend the Canadian industry in this trade dispute, and have appealed the decisions to North America Free Trade Agreement panels and the World Trade Organization.

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#### **For more information:**

Chris Virostek, Vice-President, Finance and Chief Financial Officer  
(604) 895-2700  
[www.westfraser.com](http://www.westfraser.com)