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**NEWS RELEASE**

**WEST FRASER TIMBER CO. LTD.  
 (“WFT”)**

**Thursday, February 11, 2016**

**West Fraser Announces Fourth Quarter Results**

Vancouver, B.C. – **West Fraser** reported a loss \$15 million or \$(0.18) basic earnings per share on sales of \$1,013 million in the fourth quarter of 2015 and earnings of \$104 million or \$1.25 basic earnings per share on sales of \$4,100 million for 2015. These results compare with previous periods as shown in the table below.

Adjusted EBITDA, Adjusted earnings and Adjusted basic EPS as described in this News Release reflect the adjustments described in the tables referred to in the section titled “Non-IFRS Measures” on page 22 of our 2015 Management’s Discussion & Analysis.

(\$millions except earnings per share (“EPS”))	2015			2014	
	Q4	Q3	YTD	Q4	YTD
Sales	1,013	1,044	4,100	964	3,856
Adjusted EBITDA <sup>1</sup>	90	82	417	157	621
Operating earnings	18	88	249	83	406
Earnings	(15)	56	104	43	259
Basic EPS (\$)	(0.18)	0.67	1.25	0.51	3.06
Adjusted earnings <sup>1</sup>	30	36	176	84	327
Adjusted basic EPS (\$) <sup>1</sup>	0.38	0.42	2.12	1.00	3.86

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 none of these measures should 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. Refer to the tables in the section titled “Non-IFRS Measures” on page 22 of our 2015 Management’s Discussion & Analysis for details of these adjustments.

**Operational Results**

In the quarter our lumber operations generated operating earnings of \$17 million (Q3-15 – operating loss of \$9 million) and Adjusted EBITDA of \$55 million (Q3-15 - \$26 million). An increase in U.S. SYP and low-grade SPF lumber prices and a slightly weaker Canadian dollar were major factors in the improvement on a quarter to quarter basis. The benefit of increased shipments from our Canadian mills was offset by a decrease in production and shipments from our U.S. sawmills.

Our panels segment, which includes plywood, LVL and MDF, generated operating earnings in the quarter of \$16 million (Q3-15 - \$26 million) and Adjusted EBITDA of \$19 million (Q3-15 - \$29 million). Plywood and MDF markets experienced a seasonal decline and prices decreased accordingly.

Our pulp & paper segment generated operating earnings of \$8 million (Q3-15 – \$14 million) and Adjusted EBITDA of \$17 million (Q3-15 - \$25 million). Production and shipments from our pulp mills were similar to the previous quarter but key prices declined. Newsprint shipments improved but prices continued their secular decline.

## **Outlook**

“We weathered a sharp deterioration in lumber prices in 2015 which was the result of a number of external factors such as a delayed building season due to poor weather in the first quarter of 2015 and a significant slowdown in demand from China during the third quarter. We expect U.S. housing to continue to improve in 2016 and currently are experiencing strong demand for lumber from our customers in China. We are continuing to focus on those factors that are within our control: all the elements of operational excellence. On that front, I am encouraged that we are improving many aspects of our performance and that throughout our Company our people are focused on taking advantage of all the opportunities that are presented to us” said Ted Seraphim, our President and CEO.

We are also announcing that on April 19, 2016 Hank Ketcham will relinquish the title of Executive Chairman and will become our non-executive Chairman of the Board. This step completes the transition of our senior executive position to Ted Seraphim, our President and Chief Executive Officer. Hank Ketcham has been the senior member of our executive team since his appointment as President and Chief Executive Officer in 1985. Ted Seraphim commented: “I know that Hank will continue to play a key role at West Fraser and I look forward to receiving his counsel and advice in the future.”

## **Annual Financial Statements and Management’s Discussion & Analysis (“MD&A”)**

The Company’s consolidated financial statements for the year ended December 31, 2015 and related MD&A 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.

## **Dividend Declared**

The Board of Directors of the Company has declared a dividend of \$0.07 per share on the Common shares and the Class B Common shares in the capital of the Company, payable on April 4, 2016 to shareholders of record on March 21, 2016.

Dividends are designated to be eligible dividends pursuant to subsection 89(14) of the *Income Tax Act* (Canada) and any applicable provincial legislation pertaining to eligible dividends.

## **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 Report contains historical information, descriptions of current circumstances and statements about potential future developments. The latter, which are forward-looking statements and are included under the heading “Outlook”, 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 2015 annual Management’s Discussion & Analysis under “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.

## **Conference Call**

Investors are invited to listen to the quarterly conference call on Friday, February 12, 2016 at 8:30 a.m. Pacific Time (11:30 a.m. Eastern Time) by dialing 1-866-225-0198 (toll- free North America). The call 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)

	December 31 2015	December 31 2014
<b>Assets</b>		
<b>Current assets</b>		
Cash and short-term investments	\$ 13	\$ 21
Receivables	298	288
Income taxes receivable	11	-
Inventories (note 3)	631	586
Prepaid expenses	18	12
	971	907
<b>Property, plant and equipment</b>	<b>1,609</b>	<b>1,469</b>
<b>Timber licences</b>	<b>570</b>	<b>530</b>
<b>Goodwill and other intangibles</b>	<b>369</b>	<b>350</b>
<b>Other assets</b>	<b>36</b>	<b>79</b>
<b>Deferred income tax assets</b>	<b>80</b>	<b>62</b>
	\$ 3,635	\$ 3,397
<b>Liabilities</b>		
<b>Current liabilities</b>		
Cheques issued in excess of funds on deposit	\$ 29	\$ 36
Operating loans	178	103
Payables and accrued liabilities	351	411
Income taxes payable	-	26
Reforestation and decommissioning obligations	48	40
	606	616
<b>Long-term debt</b>	<b>423</b>	<b>354</b>
<b>Other liabilities</b>	<b>269</b>	<b>244</b>
<b>Deferred income tax liabilities</b>	<b>190</b>	<b>154</b>
	1,488	1,368
<b>Shareholders' Equity</b>		
Share capital	579	587
Accumulated other comprehensive earnings	164	55
Retained earnings	1,404	1,387
	2,147	2,029
	\$ 3,635	\$ 3,397

Number of Common shares and Class B Common shares outstanding at February 11, 2016 was 82,457,433.



**West Fraser Timber Co. Ltd.**

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

	October 1 to December 31		January 1 to December 31	
	2015	2014	2015	2014
<b>Share capital</b>				
Balance - beginning of period	\$ 579	\$ 589	\$ 587	\$ 602
Common share repurchases	-	(2)	(8)	(15)
Balance - end of period	\$ 579	\$ 587	\$ 579	\$ 587
<b>Accumulated other comprehensive earnings</b>				
Balance - beginning of period	\$ 139	\$ 36	\$ 55	\$ 10
Translation gain on foreign operations	25	19	109	45
Balance - end of period	\$ 164	\$ 55	\$ 164	\$ 55
<b>Retained earnings</b>				
Balance - beginning of period	\$ 1,406	\$ 1,404	\$ 1,387	\$ 1,335
Actuarial gain (loss) on post-retirement benefits	19	(38)	(12)	(87)
Common share repurchases	-	(16)	(52)	(96)
Earnings for the period	(15)	43	104	259
Dividends	(6)	(6)	(23)	(24)
Balance - end of period	\$ 1,404	\$ 1,387	\$ 1,404	\$ 1,387
<b>Shareholders' Equity</b>	<b>\$ 2,147</b>	<b>\$ 2,029</b>	<b>\$ 2,147</b>	<b>\$ 2,029</b>



**West Fraser Timber Co. Ltd.**

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

	October 1 to December 31		January 1 to December 31	
	2015	2014	2015	2014
<b>Sales</b>	\$ 1,013	\$ 964	\$ 4,100	\$ 3,856
<b>Costs and expenses</b>				
Cost of products sold	712	631	2,874	2,538
Freight and other distribution costs	160	137	627	548
Export taxes	3	-	29	-
Amortization	50	43	191	170
Selling, general and administration	48	39	153	149
Equity-based compensation	22	31	(23)	45
	995	881	3,851	3,450
<b>Operating earnings</b>	18	83	249	406
Finance expense	(6)	(6)	(29)	(26)
Other (note 4)	(16)	(7)	(64)	(5)
<b>Earnings before tax</b>	(4)	70	156	375
Tax provision (note 5)	(11)	(27)	(52)	(116)
<b>Earnings</b>	\$ (15)	\$ 43	\$ 104	\$ 259
<b>Earnings per share (dollars) (note 6)</b>				
Basic	\$ (0.18)	\$ 0.51	\$ 1.25	\$ 3.06
Diluted	\$ (0.18)	\$ 0.51	\$ 0.89	\$ 3.06
<b>Comprehensive earnings</b>				
Earnings	\$ (15)	\$ 43	\$ 104	\$ 259
<b>Other comprehensive earnings</b>				
Translation gain on foreign operations	25	19	109	45
Actuarial gain (loss) on post-retirement benefits <sup>1</sup>	19	(38)	(12)	(87)
<b>Comprehensive earnings</b>	\$ 29	\$ 24	\$ 201	\$ 217

1. Net of tax provision of \$7 million for the three months ended December 31, 2015 (three months ended December 31, 2014 - \$14 million recovery) and \$5 million tax recovery for the year ended December 31, 2015 (year ended December 31, 2014 - \$31 million recovery).



**West Fraser Timber Co. Ltd.**

Condensed Consolidated Statements of Cash Flows

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

	October 1 to December 31		January 1 to December 31	
	2015	2014	2015	2014
<b>Operating activities</b>				
Earnings	\$ (15)	\$ 43	\$ 104	\$ 259
Adjustments				
Amortization	50	43	191	170
Finance expense	6	6	29	26
Exchange loss on long-term debt	15	12	67	29
Fair value adjustment to power agreements	3	2	32	2
Tax provision	11	27	52	116
Income taxes paid	(5)	(14)	(67)	(68)
Post-retirement expense	20	13	71	54
Contributions to post-retirement benefit plans	(34)	(27)	(78)	(69)
Other	(7)	(4)	(21)	(29)
Changes in non-cash working capital				
Receivables	20	25	1	3
Inventories	(68)	(60)	(16)	(28)
Prepaid expenses	2	7	(4)	-
Payables and accrued liabilities	(26)	(32)	(60)	10
<b>Cash flows from operating activities</b>	<b>(28)</b>	<b>41</b>	<b>301</b>	<b>475</b>
<b>Financing activities</b>				
Repayment of long-term debt	-	(339)	-	(339)
Proceeds from long-term debt	-	339	-	339
Proceeds from operating loans	137	61	68	106
Finance expense paid	(10)	(10)	(22)	(22)
Dividends	(6)	(6)	(23)	(24)
Common share repurchases	-	(18)	(60)	(111)
Other	-	(3)	(1)	(4)
<b>Cash flows from financing activities</b>	<b>121</b>	<b>24</b>	<b>(38)</b>	<b>(55)</b>
<b>Investing activities</b>				
Acquisitions	(76)	(5)	(76)	(208)
Additions to capital assets	(51)	(89)	(220)	(410)
Government assistance	4	4	4	17
Other	(1)	-	4	(9)
<b>Cash flows from investing activities</b>	<b>(124)</b>	<b>(90)</b>	<b>(288)</b>	<b>(610)</b>
<b>Change in cash</b>	<b>(31)</b>	<b>(25)</b>	<b>(25)</b>	<b>(190)</b>
<b>Foreign exchange effect on cash</b>	<b>12</b>	<b>3</b>	<b>24</b>	<b>13</b>
<b>Cash - beginning of period</b>	<b>3</b>	<b>7</b>	<b>(15)</b>	<b>162</b>
<b>Cash - end of period</b>	<b>\$ (16)</b>	<b>\$ (15)</b>	<b>\$ (16)</b>	<b>\$ (15)</b>
<b>Cash consists of</b>				
Cash and short-term investments			\$ 13	\$ 21
Cheques issued in excess of funds on deposit			(29)	(36)
			<b>\$ (16)</b>	<b>\$ (15)</b>

**West Fraser Timber Co. Ltd.**

Notes to Condensed Consolidated Interim Financial Statements

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

**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**

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 - *Interim Financial Reporting* and using the same accounting policies and methods of their application as the December 31, 2015 annual audited consolidated financial statements and their accompanying notes (“Financial Statements”). These condensed consolidated interim financial statements should be read in conjunction with our 2015 Financial Statements.

**3. Inventories**

Inventories at December 31, 2015 were written down by \$21 million (September 30, 2015 - \$37 million; December 31, 2014 - \$5 million) to reflect net realizable value being lower than cost.

**4. Other**

	October 1 to December 31		January 1 to December 31	
	2015	2014	2015	2014
Foreign exchange gain on working capital	\$ 9	\$ 5	\$ 28	\$ 13
Foreign exchange gain on intercompany financing	1	2	9	5
Foreign exchange loss on long-term debt	(15)	(12)	(67)	(29)
Writedown of investment	(7)	-	(7)	-
Fair value adjustment to power agreements	(3)	(2)	(32)	(2)
Gain on asset sales	1	1	2	3
Other	(2)	(1)	3	5
	\$ (16)	\$ (7)	\$ (64)	\$ (5)



## 5. Tax provision

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

	October 1 to December 31		January 1 to December 31	
	2015	2014	2015	2014
Income tax expense at statutory rate of 26%	\$ 2	\$ (19)	\$ (40)	\$ (98)
Non-taxable amounts	(8)	(7)	(1)	(11)
Rate differentials between jurisdictions and on specified activities	1	(2)	5	(8)
Unrecognized capital losses	(6)	-	(9)	-
Increase in Alberta statutory tax rate	-	-	(7)	-
Other	-	1	-	1
<b>Tax provision</b>	<b>\$ (11)</b>	<b>\$ (27)</b>	<b>\$ (52)</b>	<b>\$ (116)</b>

## 6. 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 (recovery) expense 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.

	October 1 to December 31		January 1 to December 31	
	2015	2014	2015	2014
<b>Earnings</b>				
Basic	\$ (15)	\$ 43	\$ 104	\$ 259
Share option (recovery) expense	20	27	(26)	36
Equity settled share option adjustment	-	(1)	(3)	(3)
Diluted	\$ 5	\$ 69	\$ 75	\$ 292
<b>Weighted average number of shares (thousands)</b>				
Basic	82,455	83,687	83,104	84,742
Share options	1,074	1,406	1,295	1,430
Diluted	83,529	85,093	84,399	86,172
<b>Earnings per share (dollars)</b>				
Basic	\$ (0.18)	\$ 0.51	\$ 1.25	\$ 3.06
Diluted	\$ (0.18)	\$ 0.51	\$ 0.89	\$ 3.06

7. **Segmented information**

	Lumber	Panels	Pulp & paper	Corporate & other	Total
<b>October 1, 2015 to December 31, 2015</b>					
Sales					
To external customers	\$ 656	\$ 137	\$ 220	\$ -	\$ 1,013
To other segments	28	2	-	-	
	\$ 684	\$ 139	\$ 220	\$ -	
Operating earnings before amortization	\$ 55	\$ 19	\$ 17	\$ (23)	\$ 68
Amortization	(38)	(3)	(9)	-	(50)
Operating earnings	17	16	8	(23)	18
Finance expense	(4)	-	(2)	-	(6)
Other	(4)	(1)	2	(13)	(16)
Earnings before tax	\$ 9	\$ 15	\$ 8	\$ (36)	\$ (4)
<b>October 1, 2014 to December 31, 2014</b>					
Sales					
To external customers	\$ 640	\$ 132	\$ 192	\$ -	\$ 964
To other segments	23	2	-	-	
	\$ 663	\$ 134	\$ 192	\$ -	
Operating earnings before amortization	\$ 121	\$ 25	\$ 12	\$ (32)	\$ 126
Amortization	(31)	(3)	(9)	-	(43)
Operating earnings	90	22	3	(32)	83
Finance expense	(4)	(1)	(1)	-	(6)
Other	4	-	1	(12)	(7)
Earnings before tax	\$ 90	\$ 21	\$ 3	\$ (44)	\$ 70

	Lumber	Panels	Pulp & paper	Corporate & other	Total
<b>January 1, 2015 to December 31, 2015</b>					
Sales					
To external customers	\$ 2,654	\$ 546	\$ 900	\$ -	\$ 4,100
To other segments	110	8	-	-	-
	\$ 2,764	\$ 554	\$ 900	\$ -	
Operating earnings before amortization	\$ 243	\$ 95	\$ 80	\$ 22	\$ 440
Amortization	(138)	(13)	(39)	(1)	(191)
Operating earnings	105	82	41	21	249
Finance expense	(18)	(3)	(8)	-	(29)
Other	9	(3)	(5)	(65)	(64)
Earnings before tax	\$ 96	\$ 76	\$ 28	\$ (44)	\$ 156

**January 1, 2014 to December 31, 2014**

Sales					
To external customers	\$ 2,526	\$ 518	\$ 812	\$ -	\$ 3,856
To other segments	96	8	-	-	-
	\$ 2,622	\$ 526	\$ 812	\$ -	
Operating earnings before amortization	\$ 465	\$ 78	\$ 83	\$ (50)	\$ 576
Amortization	(114)	(14)	(41)	(1)	(170)
Operating earnings	351	64	42	(51)	406
Finance expense	(16)	(3)	(7)	-	(26)
Other	15	1	8	(29)	(5)
Earnings before tax	\$ 350	\$ 62	\$ 43	\$ (80)	\$ 375

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

	October 1 to December 31		January 1 to December 31	
	2015	2014	2015	2014
Canada	\$ 229	\$ 210	\$ 898	\$ 894
United States	577	521	2,249	1,997
China	110	147	580	598
Other Asia	75	66	299	274
Other	22	20	74	93
	\$ 1,013	\$ 964	\$ 4,100	\$ 3,856

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

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

**For more information:**

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