



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.
 (“WFT”)**

Thursday, February 19, 2015

West Fraser Announces Fourth Quarter Results

Vancouver, B.C. – **West Fraser Timber Co. Ltd.** today reported earnings of \$43 million or \$0.51 per share on sales of \$964 million in the fourth quarter of 2014 and earnings of \$259 million or \$3.06 per share, on sales of \$3,856 million for 2014. Earnings per share figures for prior periods have been adjusted to reflect a stock dividend paid January 13, 2014. The stock dividend had the same effect as a two-for-one share subdivision.

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” of our 2014 Management’s Discussion & Analysis.

These results compare with previous periods as follows:

| (\$ millions except earnings per share (“EPS”)) | 2014 | | | 2013 | |
|---|------|-------|-------|------|-------|
| | Q4 | Q3 | YTD | Q4 | YTD |
| Sales | 964 | 1,030 | 3,856 | 833 | 3,474 |
| Adjusted EBITDA ¹ | 157 | 167 | 621 | 112 | 583 |
| Operating earnings | 83 | 111 | 406 | 30 | 345 |
| Earnings | 43 | 70 | 259 | 118 | 349 |
| Basic EPS (\$) | 0.51 | 0.83 | 3.06 | 1.37 | 4.07 |
| Adjusted Earnings ¹ | 84 | 94 | 327 | 50 | 328 |
| Adjusted basic EPS (\$) ¹ | 1.00 | 1.12 | 3.86 | 0.58 | 3.82 |

1. In this News Release, reference is made to Adjusted EBITDA, Adjusted earnings and Adjusted earnings per share (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” in Management’s Discussion and Analysis of our 2014 results for details of these adjustments.

Operational Results

In the quarter our lumber operations generated operating earnings of \$90 million (Q3 - \$101 million) and Adjusted EBITDA of \$121 million (Q3 - \$131 million). The benefit provided by a weaker Canadian dollar was offset by the effect of reduced shipments. Lumber markets remained relatively positive in the quarter despite declines in the U.S.-dollar prices for some

lumber grades and dimensions. Shipments were adversely affected by some ongoing capital projects and fewer operating days.

The panel segment, which includes plywood, LVL and MDF, generated operating earnings in the quarter of \$22 million (Q3 - \$25 million) and Adjusted EBITDA of \$25 million (Q3 - \$29 million), mostly reflecting reduced plywood prices in the quarter due to a seasonal slowdown in the Canadian building industry.

Pulp and paper operations generated operating earnings in the quarter of \$3 million (Q3 – a loss of \$2 million) and Adjusted EBITDA of \$12 million (Q3 - \$9 million). Although Canadian dollar equivalent NBSK prices improved, our NBSK production continued to be adversely affected by operational difficulties at our Hinton pulp mill following an extended maintenance shutdown in the previous quarter. Production at the mill improved by the end of the quarter.

Outlook

“We are guardedly optimistic about 2015 as we see continued recovery of the U.S. housing market and we are seeing the results of some of our capital investment program. Although we have completed a majority of our capital investments, with over \$400 million invested in 2014, we still have more to go.” said Ted Seraphim, President and CEO. “Also in 2014, we acquired three sawmills, which, in combination with some major capital investments, has increased our lumber capacity by 400 million board feet this year.”

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

The Company’s consolidated financial statements for the year ended December 31, 2014 and related MD&A is available on the Company’s website: www.westfraser.com and on the System for Electronic Document Analysis and Retrieval at 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 2, 2015 to shareholders of record on March 20, 2015.

The Company

West Fraser is an integrated wood products company producing lumber, wood chips, LVL, MDF, plywood, pulp and newsprint. The Company has operations 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 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 2014 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 20, 2015 at 8:30 a.m. Pacific Time (11:30 a.m. Eastern Time) by dialing 1-800-769-8320 (toll- free North America). The call may also be accessed through West Fraser's website at www.westfraser.com.



West Fraser Timber Co. Ltd.

Condensed Consolidated Balance Sheets

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

| | December 31 2014 | December 31 2013 |
|---|---------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and short-term investments | \$ 21 | \$ 162 |
| Receivables | 288 | 279 |
| Inventories | 586 | 519 |
| Prepaid expenses | 12 | 11 |
| | 907 | 971 |
| Property, plant and equipment | 1,469 | 1,144 |
| Timber licences | 530 | 489 |
| Goodwill and other intangibles | 350 | 321 |
| Other assets | 79 | 83 |
| Deferred income tax assets | 62 | 96 |
| | \$ 3,397 | \$ 3,104 |
| Liabilities | | |
| Current liabilities | | |
| Cheques issued in excess of funds on deposit | \$ 36 | \$ - |
| Operating loans | 103 | - |
| Payables and accrued liabilities | 411 | 385 |
| Income taxes payable | 26 | 30 |
| Reforestation and decommissioning obligations | 40 | 39 |
| Current portion of long-term debt | - | 319 |
| | 616 | 773 |
| Long-term debt | 354 | 9 |
| Other liabilities | 244 | 197 |
| Deferred income tax liabilities | 154 | 178 |
| | 1,368 | 1,157 |
| Shareholders' Equity | | |
| Share capital | 587 | 602 |
| Accumulated other comprehensive earnings | 55 | 10 |
| Retained earnings | 1,387 | 1,335 |
| | 2,029 | 1,947 |
| | \$ 3,397 | \$ 3,104 |

Number of Common shares and Class B Common shares outstanding at February 19, 2015 was 83,527,690.



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 | |
|--|--------------------------|-----------------|--------------------------|-----------------|
| | 2014 | 2013 | 2014 | 2013 |
| Share capital | | | | |
| Balance - beginning of period | \$ 589 | \$ 602 | \$ 602 | \$ 602 |
| Issuance of Common shares | - | - | - | 1 |
| Common share repurchases | (2) | - | (15) | (1) |
| Balance - end of period | \$ 587 | \$ 602 | \$ 587 | \$ 602 |
| Accumulated other comprehensive earnings | | | | |
| Balance - beginning of period | \$ 36 | \$ - | \$ 10 | \$ (9) |
| Translation gain on foreign operations | 19 | 10 | 45 | 19 |
| Balance - end of period | \$ 55 | \$ 10 | \$ 55 | \$ 10 |
| Retained earnings | | | | |
| Balance - beginning of period | \$ 1,404 | \$ 1,166 | \$ 1,335 | \$ 899 |
| Actuarial gain (loss) on post-retirement benefits (net of tax) | (38) | 57 | (87) | 113 |
| Common share repurchases | (16) | - | (96) | (2) |
| Earnings for the period | 43 | 118 | 259 | 349 |
| Dividends | (6) | (6) | (24) | (24) |
| Balance - end of period | \$ 1,387 | \$ 1,335 | \$ 1,387 | \$ 1,335 |
| Shareholders' Equity | \$ 2,029 | \$ 1,947 | \$ 2,029 | \$ 1,947 |



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 | |
|--|--------------------------|---------------|--------------------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| Sales | \$ 964 | \$ 833 | \$ 3,856 | \$ 3,474 |
| Costs and expenses | | | | |
| Cost of products sold | 631 | 560 | 2,538 | 2,260 |
| Freight and other distribution costs | 137 | 122 | 548 | 491 |
| Export taxes | - | 3 | - | 9 |
| Amortization | 43 | 43 | 170 | 160 |
| Selling, general and administration | 39 | 36 | 149 | 131 |
| Equity-based compensation | 31 | 15 | 45 | 54 |
| Restructuring charges | - | 24 | - | 24 |
| | 881 | 803 | 3,450 | 3,129 |
| Operating earnings | 83 | 30 | 406 | 345 |
| Finance expense | (6) | (8) | (26) | (29) |
| Exchange loss on long-term debt | (12) | (10) | (29) | (21) |
| Other income | 5 | 18 | 24 | 22 |
| Earnings before tax | 70 | 30 | 375 | 317 |
| Tax recovery (provision) (note 3) | (27) | 88 | (116) | 32 |
| Earnings | \$ 43 | \$ 118 | \$ 259 | \$ 349 |
| Earnings per share (dollars) (note 4) | | | | |
| Basic and diluted | \$ 0.51 | \$ 1.37 | \$ 3.06 | \$ 4.07 |
| Comprehensive earnings | | | | |
| Earnings | \$ 43 | \$ 118 | \$ 259 | \$ 349 |
| Other comprehensive earnings | | | | |
| Translation gain on foreign operations | 19 | 10 | 45 | 19 |
| Actuarial gain (loss) on post-retirement benefits ¹ | (38) | 57 | (87) | 113 |
| Comprehensive earnings | \$ 24 | \$ 185 | \$ 217 | \$ 481 |

1. Net of tax recovery of \$14 million for the three months ended December 31, 2014 (three months ended December 31, 2013 - \$16 million provision) and \$31 million tax recovery for the year-ended December 31, 2014 (year-ended December 31, 2013 - \$34 million provision).



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 | |
|--|--------------------------|---------------|--------------------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| Operating activities | | | | |
| Earnings | \$ 43 | \$ 118 | \$ 259 | \$ 349 |
| Adjustments | | | | |
| Amortization | 43 | 43 | 170 | 160 |
| Finance expense | 6 | 8 | 26 | 29 |
| Exchange loss on long-term debt | 12 | 10 | 29 | 21 |
| Tax provision (recovery) | 27 | (88) | 116 | (32) |
| Income taxes paid | (14) | (10) | (68) | (36) |
| Post-retirement expense | 13 | 11 | 54 | 54 |
| Contributions to post-retirement benefit plans | (27) | (38) | (69) | (106) |
| Other | (2) | 7 | (27) | (7) |
| Changes in non-cash working capital | | | | |
| Receivables | 25 | 14 | 3 | (15) |
| Inventories | (60) | (49) | (28) | (55) |
| Prepaid expenses | 7 | 5 | - | - |
| Payables and accrued liabilities | (32) | 2 | 10 | 57 |
| Cash flows from operating activities | 41 | 33 | 475 | 419 |
| Financing activities | | | | |
| Repayment of long-term debt | (339) | - | (339) | - |
| Proceeds from long-term debt | 339 | - | 339 | 8 |
| Proceeds from operating loans | 61 | - | 106 | - |
| Financing fees paid | (4) | - | (4) | - |
| Finance expense paid | (10) | (8) | (22) | (18) |
| Dividends | (6) | (6) | (24) | (24) |
| Common share repurchases | (18) | - | (111) | (3) |
| Other | 1 | (1) | - | (2) |
| Cash flows from financing activities | 24 | (15) | (55) | (39) |
| Investing activities | | | | |
| Acquisitions | (5) | - | (208) | - |
| Additions to capital assets | (89) | (119) | (410) | (338) |
| Government assistance | 4 | 10 | 17 | 11 |
| Other | - | (2) | (9) | 1 |
| Cash flows from investing activities | (90) | (111) | (610) | (326) |
| Change in cash | (25) | (93) | (190) | 54 |
| Foreign exchange effect on cash | 3 | 3 | 13 | 6 |
| Cash - beginning of period | 7 | 252 | 162 | 102 |
| Cash - end of period | \$ (15) | \$ 162 | \$ (15) | \$ 162 |
| Cash consists of | | | | |
| Cash and short-term investments | | | \$ 21 | \$ 162 |
| Cheques issued in excess of funds on deposit | | | (36) | - |
| | | | \$ (15) | \$ 162 |

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 an integrated wood products company producing lumber, wood chips, LVL, MDF, plywood, pulp and newsprint 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 (“IASB”) and using the same accounting policies and methods of their application as the December 31, 2014 annual financial statements. These condensed consolidated interim financial statements should be read in conjunction with our 2014 annual financial statements.

3. Tax recovery (provision)

The tax recovery (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 | |
|--|--------------------------|--------------|--------------------------|--------------|
| | 2014 | 2013 | 2014 | 2013 |
| Income tax expense at statutory rate of 26% (2013 - 25.75%) | \$ (19) | \$ (8) | \$ (98) | \$ (82) |
| Non-taxable amounts | (7) | (4) | (11) | (12) |
| Rate differentials between jurisdictions and on specified activities | (2) | - | (8) | (10) |
| Recognized tax assets | - | 101 | - | 140 |
| Increase in statutory tax rate | - | - | - | (2) |
| Other | 1 | (1) | 1 | (2) |
| Tax recovery (provision) | \$ (27) | \$ 88 | \$ (116) | \$ 32 |

4. 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 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 | |
|--|--------------------------|---------|--------------------------|---------|
| | 2014 | 2013 | 2014 | 2013 |
| Earnings | | | | |
| Basic | \$ 43 | \$ 118 | \$ 259 | \$ 349 |
| Share option expense | 27 | 13 | 36 | 44 |
| Equity settled share option adjustment | (1) | (1) | (3) | (3) |
| Diluted | \$ 69 | \$ 130 | \$ 292 | \$ 390 |
| Weighted average number of shares (thousands) | | | | |
| Basic | 83,687 | 85,670 | 84,742 | 85,712 |
| Share options | 1,406 | 1,382 | 1,430 | 1,628 |
| Diluted | 85,093 | 87,052 | 86,172 | 87,340 |
| Earnings per share (dollars) | | | | |
| Basic and diluted | \$ 0.51 | \$ 1.37 | \$ 3.06 | \$ 4.07 |

5. **Segmented information**

| | Lumber | Panels | Pulp & paper | Corporate & other | Total |
|---|---------------|---------------|-----------------|----------------------|--------------|
| October 1, 2014 to December 31, 2014 | | | | | |
| Sales | | | | | |
| To external customers | \$ 640 | \$ 132 | \$ 192 | \$ - | \$ 964 |
| To other segments | 23 | 2 | - | - | |
| | <u>\$ 663</u> | <u>\$ 134</u> | <u>\$ 192</u> | <u>\$ -</u> | |
| Operating earnings before the following: | \$ 121 | \$ 25 | \$ 12 | \$ (32) | \$ 126 |
| Amortization | (31) | (3) | (9) | - | (43) |
| Operating earnings | 90 | 22 | 3 | (32) | 83 |
| Finance expense | (4) | (1) | (1) | - | (6) |
| Exchange loss on long-term debt | - | - | - | (12) | (12) |
| Other income | 4 | - | 1 | - | 5 |
| Earnings before tax | <u>\$ 90</u> | <u>\$ 21</u> | <u>\$ 3</u> | <u>\$ (44)</u> | <u>\$ 70</u> |
| October 1, 2013 to December 31, 2013 | | | | | |
| Sales | | | | | |
| To external customers | \$ 522 | \$ 108 | \$ 203 | \$ - | \$ 833 |
| To other segments | 19 | 2 | - | - | |
| | <u>\$ 541</u> | <u>\$ 110</u> | <u>\$ 203</u> | <u>\$ -</u> | |
| Operating earnings before the following: | \$ 83 | \$ 6 | \$ 24 | \$ (16) | \$ 97 |
| Amortization | (27) | (4) | (11) | (1) | (43) |
| Restructuring charges | (24) | - | - | - | (24) |
| Operating earnings | 32 | 2 | 13 | (17) | 30 |
| Finance expense | (4) | (2) | (2) | - | (8) |
| Exchange loss on long-term debt | - | - | - | (10) | (10) |
| Other income | 12 | 1 | 4 | 1 | 18 |
| Earnings before tax | <u>\$ 40</u> | <u>\$ 1</u> | <u>\$ 15</u> | <u>\$ (26)</u> | <u>\$ 30</u> |

| | Lumber | Panels | Pulp & paper | Corporate & other | Total |
|---|----------|--------|--------------|-------------------|----------|
| 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 the following: | \$ 465 | \$ 78 | \$ 83 | \$ (50) | \$ 576 |
| Amortization | (114) | (14) | (41) | (1) | (170) |
| Operating earnings | 351 | 64 | 42 | (51) | 406 |
| Finance expense | (16) | (3) | (7) | - | (26) |
| Exchange loss on long-term debt | - | - | - | (29) | (29) |
| Other income | 15 | 1 | 8 | - | 24 |
| Earnings before tax | \$ 350 | \$ 62 | \$ 43 | \$ (80) | \$ 375 |

January 1, 2013 to December 31, 2013

| | | | | | |
|--|----------|--------|--------|---------|----------|
| Sales | | | | | |
| To external customers | \$ 2,234 | \$ 460 | \$ 780 | \$ - | \$ 3,474 |
| To other segments | 81 | 7 | - | - | - |
| | \$ 2,315 | \$ 467 | \$ 780 | \$ - | |
| Operating earnings before the following: | \$ 437 | \$ 43 | \$ 103 | \$ (54) | \$ 529 |
| Amortization | (99) | (15) | (45) | (1) | (160) |
| Restructuring charges | (24) | - | - | - | (24) |
| Operating earnings | 314 | 28 | 58 | (55) | 345 |
| Finance expense | (15) | (5) | (9) | - | (29) |
| Exchange loss on long-term debt | - | - | - | (21) | (21) |
| Other income (expense) | 16 | 1 | 8 | (3) | 22 |
| Earnings before tax | \$ 315 | \$ 24 | \$ 57 | \$ (79) | \$ 317 |

The geographic distribution of external sales is as follows¹:

| | October 1 to December 31 | | January 1 to December 31 | |
|---------------|--------------------------|--------|--------------------------|----------|
| | 2014 | 2013 | 2014 | 2013 |
| Canada | \$ 210 | \$ 184 | \$ 1,110 | \$ 821 |
| United States | 521 | 436 | 1,781 | 1,761 |
| China | 147 | 131 | 598 | 537 |
| Other Asia | 66 | 59 | 274 | 263 |
| Other | 20 | 23 | 93 | 92 |
| | \$ 964 | \$ 833 | \$ 3,856 | \$ 3,474 |

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:

Larry Hughes, Vice-President, Finance and Chief Financial Officer
Rodger Hutchinson, Vice-President, Corporate Controller and Investor Relations
(604) 895-2700
www.westfraser.com