

# Q4 Earnings Presentation

February 2021



West Fraser





**General:** This presentation contains “forward-looking information” and “forward-looking statements” within the meaning of Canadian provincial securities laws and “forward-looking statements” within the meaning of the *U.S. Securities Act of 1933*, the *U.S. Securities Exchange Act of 1934*, and the “safe harbor” provisions of the *United States Private Securities Litigation Reform Act of 1995*. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, include statements which reflect management’s expectations regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of West Fraser and its subsidiaries, including Norbord, as well as the outlook for North American and international economies for the current fiscal year and subsequent periods, and include words such as “expects,” “anticipates,” “plans,” “believes,” “estimates,” “seeks,” “intends,” “targets,” “projects,” “forecasts” or negative versions thereof and other similar expressions, or future or conditional verbs such as “may,” “will,” “should,” “would” and “could.”

Forward-looking statements are included under the headings:

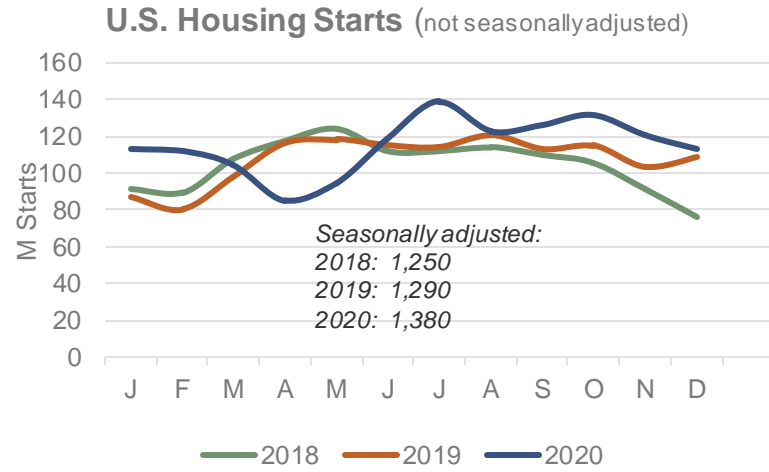
- “Supply Conditions”;
- “2021 Outlook”;
- “Summary”;
- “Analysts Estimates”;
- “US Housing Starts Estimates”.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predictions, forecasts, and other forward-looking statements will not occur. Factors that could cause actual results to differ materially from those contemplated or implied by forward-looking statements include, but are not limited to: (1) the impact of the COVID-19 pandemic on our operations and on customer demand, supply and distribution and other factors; (2) assumptions in connection with the economic and financial conditions in the U.S., Canada, Europe and globally and consequential demand for our products; (3) risks inherent in our product concentration and cyclicity; (4) effects of competition and product pricing pressures; (5) risks inherent to customer dependence; (6) effects of variations in the price and availability of manufacturing inputs, including continued access to fibre resources at competitive prices and the impact of third-party certification standards; (7) availability of transportation services, including truck and rail services, and port facilities; (8) various events that could disrupt operations, including natural, man-made or catastrophic events and ongoing relations with employees; (9) impact of changes to, or non-compliance with, environmental or other regulations; (10) government restrictions, standards or regulations intended to reduce greenhouse gas emissions; (11) impact of weather and climate change on our operations or the operations or demand of our suppliers and customers; (12) impact of any product liability claims in excess of insurance coverage; (13) risks inherent to a capital intensive industry; (14) impact of future outcomes of tax exposures; (15) potential future changes in tax laws, including tax rates; (16) effects of currency exposures and exchange rate fluctuations; (17) future operating costs; (18) availability of financing, bank lines, securitization programs and/or other means of liquidity; (19) impact of future cross border trade rulings or agreements; (20) implementation of important strategic initiatives and identification, completion and integration of acquisitions; (21) ability to implement new or upgraded information technology infrastructure; (22) impact of information technology service disruptions or failures; (23) changes in government policy and regulation; and (24) integration of the Norbord business.

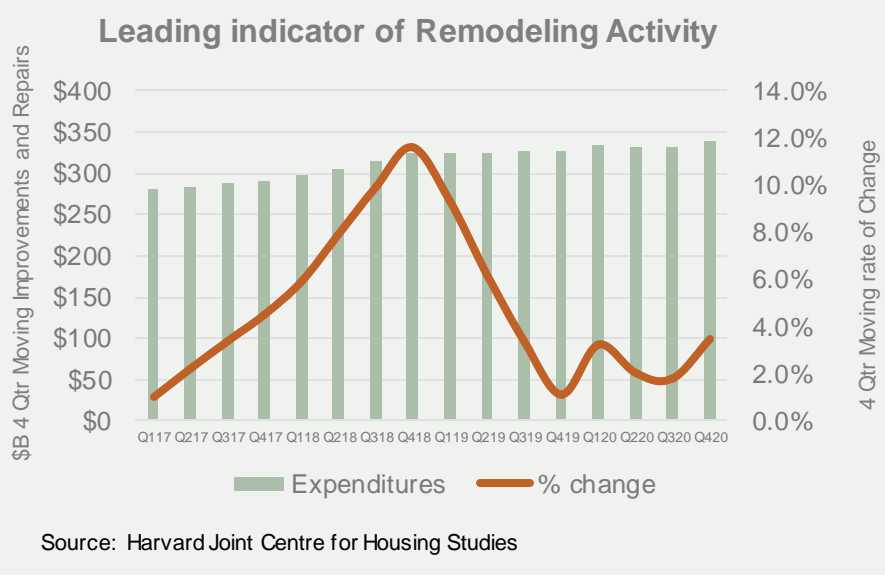
In addition, actual outcomes and results of these statements will depend on a number of factors, including those matters described under “Risks and Uncertainties” in our 2020 Management’s Discussion & Analysis (“MD&A”), and may differ materially from those anticipated or projected. This list of important factors affecting forward-looking statements is not exhaustive, and reference should be made to the other factors discussed in public filings with securities regulatory authorities. Accordingly, readers should exercise caution in relying upon forward-looking statements, and we undertake no obligation to update or revise any forward-looking statements publicly, whether written or oral, to reflect subsequent events or circumstances except as required by applicable securities laws.



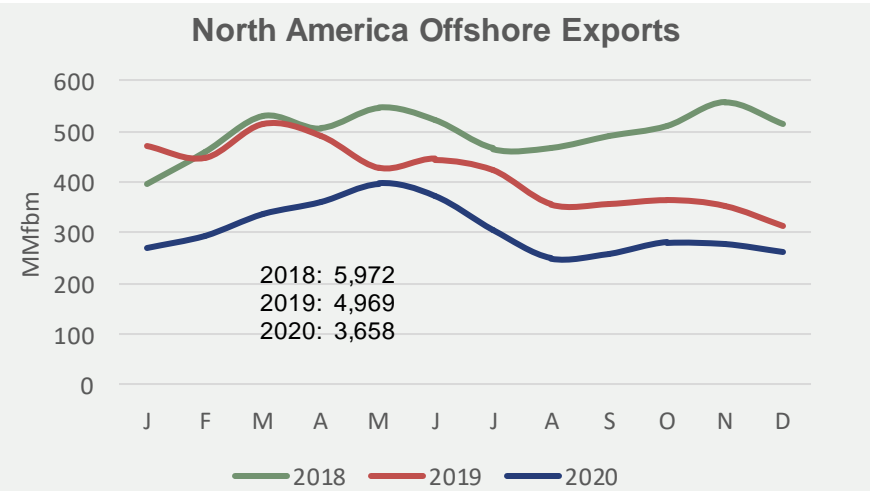
# Demand Conditions



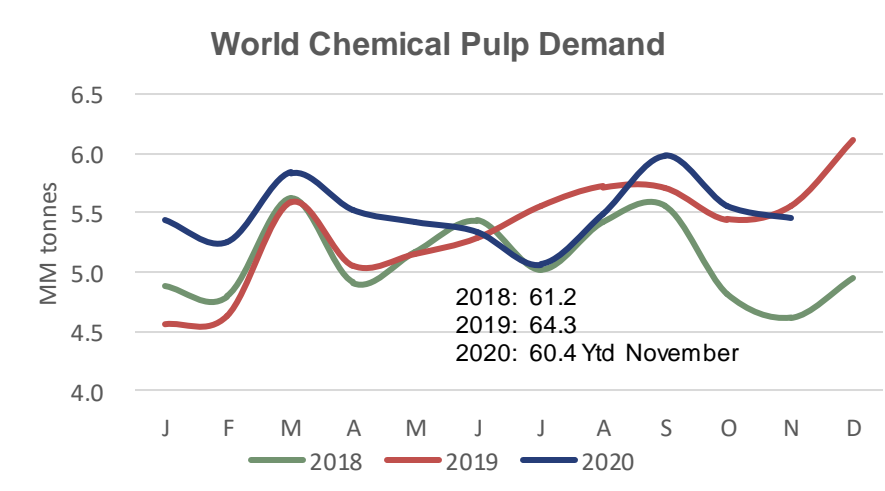
Source: US Census Bureau



Source: Harvard Joint Centre for Housing Studies



Source: Statistics Canada, US Census, FEA



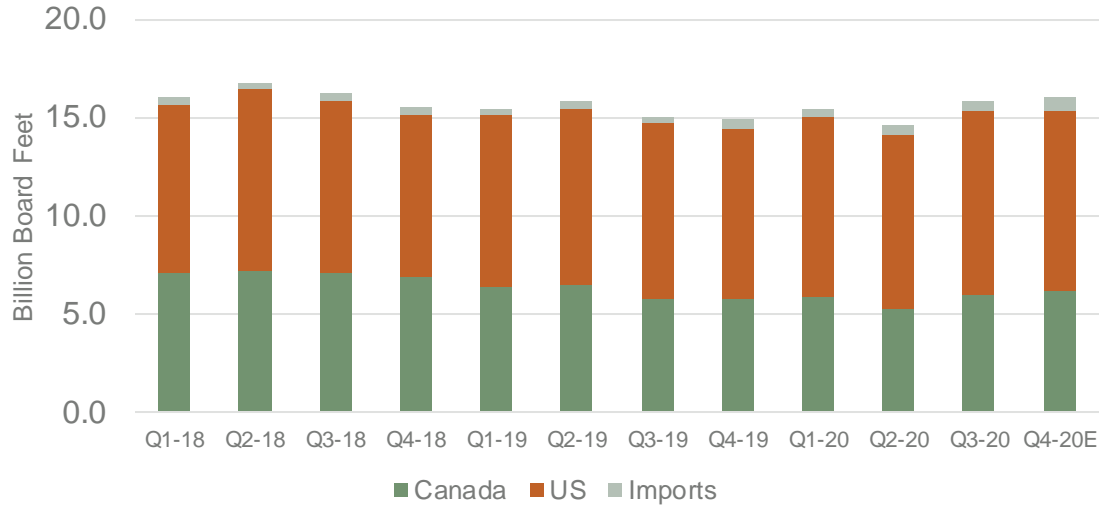
Source: PPPC

Market fundamentals strong for wood products

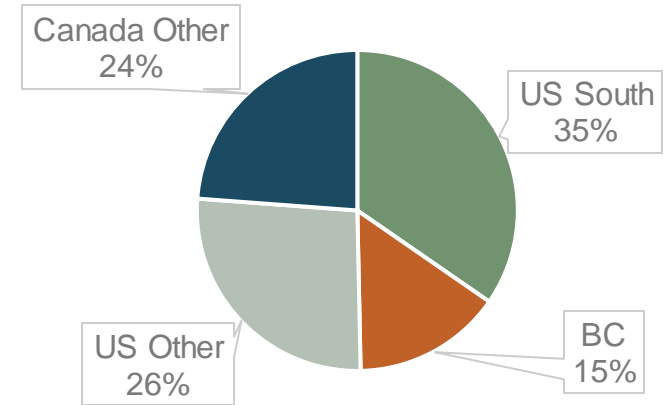


# Supply Conditions

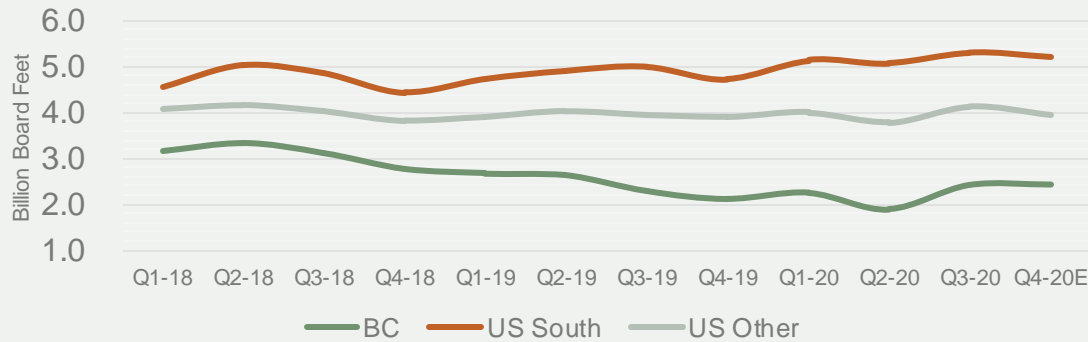
### Total North America Lumber Supply (Production)



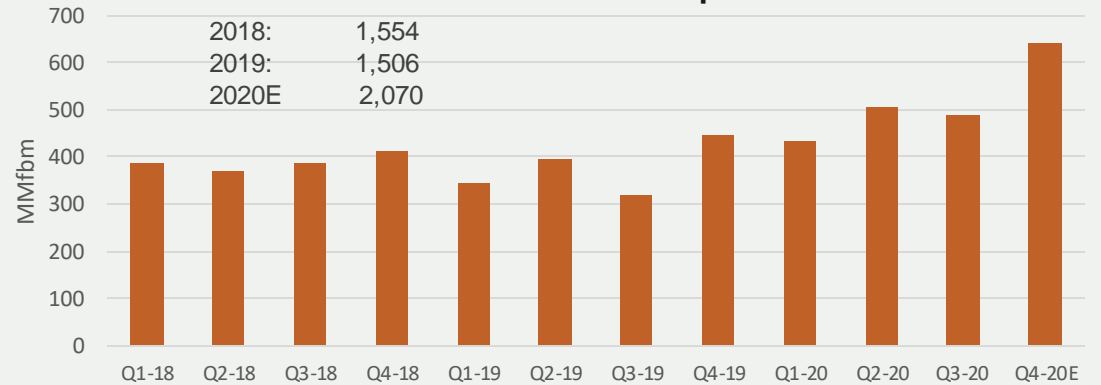
### North America Lumber Supply (Production) 2020E



### North America Lumber Supply (Production)



### North America Offshore Imports



Source: FEA, management estimate

Source: Statistics Canada, US Census, FEA

**Regional supply rebalancing, limited supply growth**



## Consolidated Financial Results

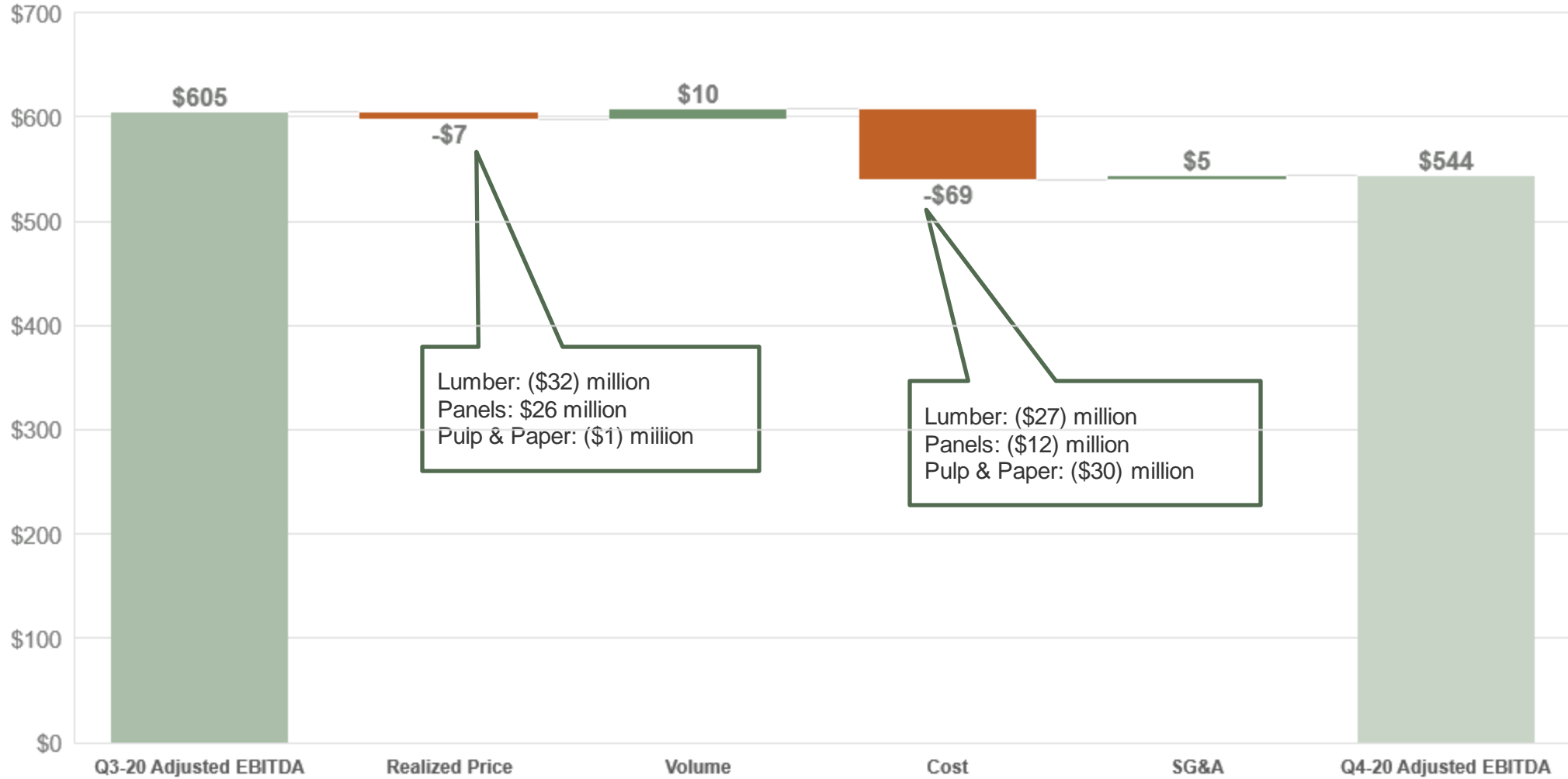
CAD\$ Millions Adjusted EBITDA	Q4-20	Q3-20
Lumber	\$ 508	\$ 552
Panels	62	51
Pulp & Paper	(26)	5
Corporate/Other	-	(3)
<b>Total</b>	<b>\$ 544</b>	<b>\$ 605</b>
Adjusted EBITDA margin	32.3%	35.8%

CAD\$ Millions	Q4-20	Q3-20
Sales	\$ 1,689	\$ 1,690
Costs and Expenses	1,174	1,203
Operating earnings	515	487
Finance Expense, net	3	(11)
Other	(17)	(11)
<b>Earnings before Tax</b>	<b>\$ 501</b>	<b>\$ 465</b>
Tax provision	(135)	(115)
<b>Earnings</b>	<b>\$ 366</b>	<b>\$ 350</b>

\* Adjusted EBITDA is defined as operating earnings plus amortization, equity-based compensation, and export duties.

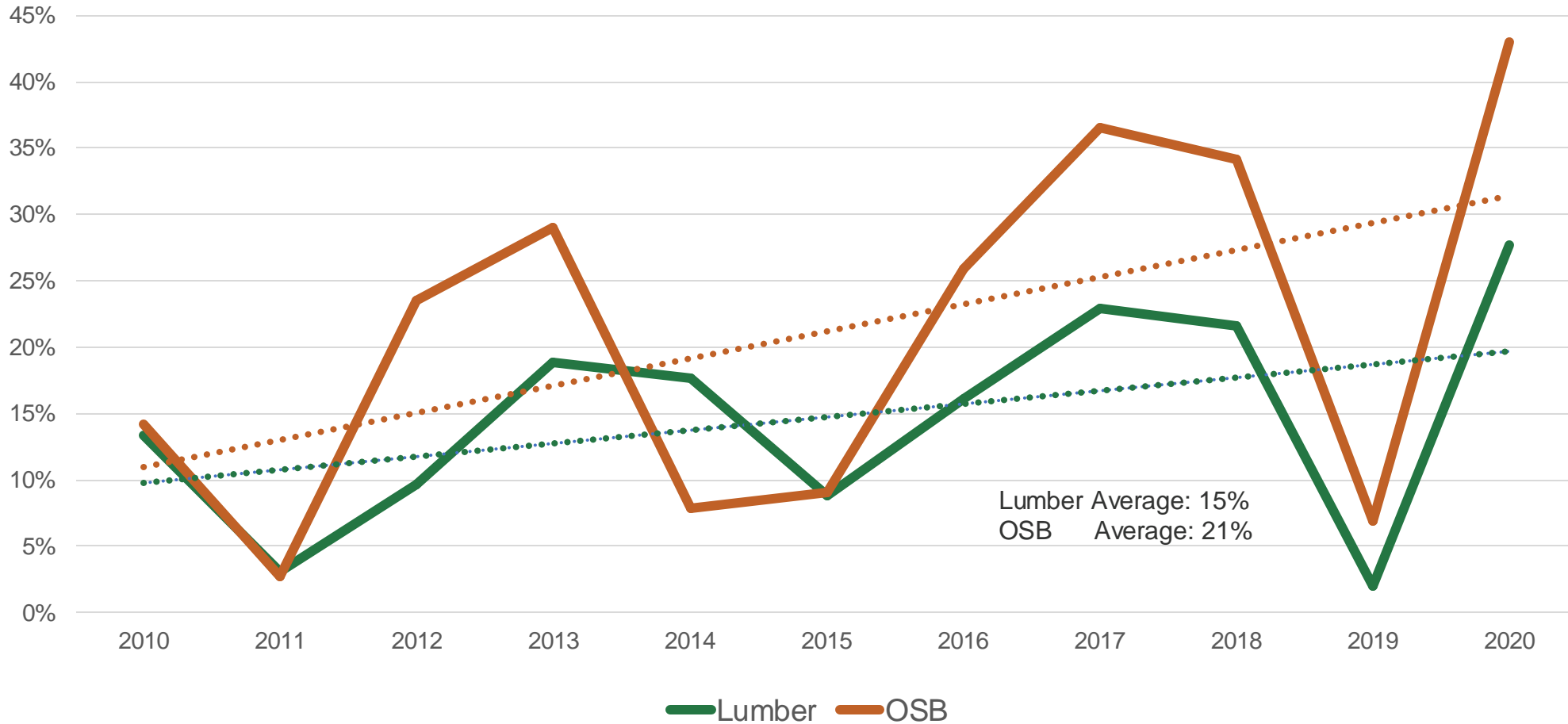


# Q4 Consolidated Adjusted EBITDA Reconciliation





# West Fraser North America Lumber and OSB EBITDA Margin



Note: Lumber EBITDA is after duties; OSB data represents Norbord's historic margins

**Improving demand, capital and operational execution**



## Q4-20 versus Q3-20

<i>\$ millions unless otherwise indicated</i>	<b>Q4 2020</b>	<b>Q3 2020</b>	<b>Change</b>	
Lumber Production (MMfbm)	1,502	1,531	(29)	Less operating days, some COVID and weather-related downtime
Lumber Shipments (MMfbm)	1,551	1,507	44	Higher SPF shipments due to improved rail service
Pulp & Paper Shipments (Mtonnes)	308	327	(19)	Lower pulp shipments from production lost due to maintenance downtime
Adjusted EBITDA	\$544	\$605	(\$61)	Reduced lumber sales price and higher western log costs, pulp maintenance costs
Cash flow from operations	\$365	\$613	\$(248)	Lower earnings, seasonal use of working capital
Capital Expenditure	\$62	\$60	\$2	Continuing to execute on strategic capital, Dudley on track for Q2-21 startup
Net Debt	\$71	\$376	\$(305)	Net debt down from prior quarter, significant financial flexibility and wide margin of safety
Net Debt to Capital	2%	12%		
Cumulative duties on deposit (US\$)	\$530	\$495	\$35	Significant duties on deposit, rate change in November

**Major initiatives on track and delivering results**





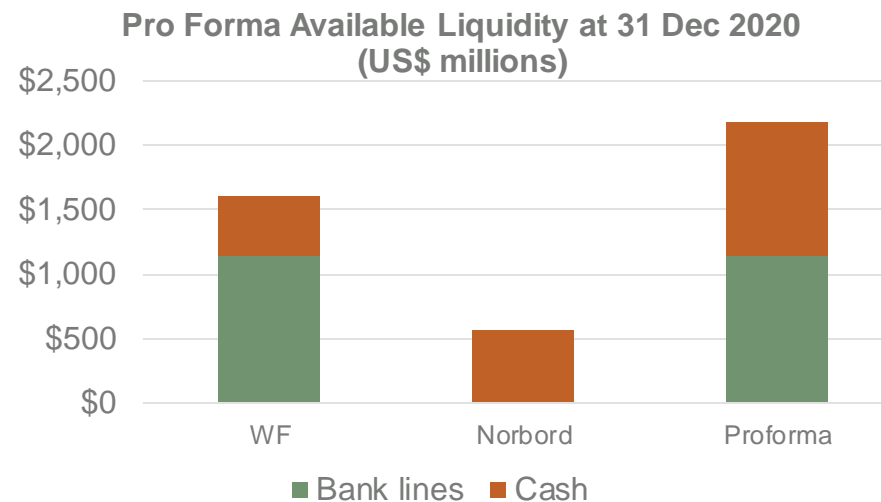
# Pro Forma Capitalization

(US\$mm)	West Fraser	Norbord	PF New West Fraser <sup>(1)</sup>
Market Cap <sup>(2)</sup>	\$4,411 <sup>(1)</sup>	\$3,488 <sup>(1)</sup>	\$7,916 <sup>(1,2)</sup>
Long-term Debt	\$500	\$665	\$1,165
Cash & Equivalents	\$461	\$568	\$1,029
Net Debt (Cash)	\$39	\$97	\$136
LTM Adj. EBITDA	\$1,089	\$866	\$1,955
Total Debt / LTM Adj. EBITDA	0.5x	0.8x	0.6x
Total Debt / Pro Forma Book Capital	18.8%	38.0%	17.4%

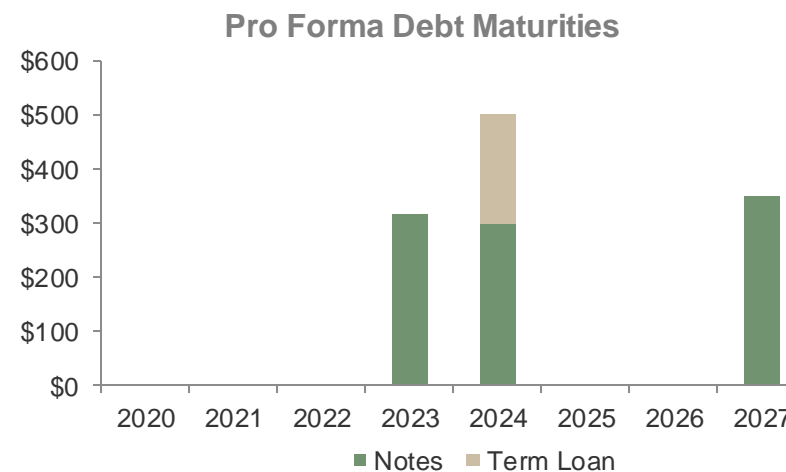
(1) Based on closing share price as of 31 December 2020

(2) Based on 0.675 exchange ratio

Cash consists of cash and short-term investments less cheques issued in excess of funds on deposit.



As of December 31, 2020, after giving effect to changes to credit facilities at closing.



## Significant Financial Flexibility



\$CAD unless indicated otherwise	2021	2020	Changes
SPF Production (MMfbm)	3,300	3,157	Recapture from temporary curtailments, additional productivity
SYP Production (MMfbm)	3,000	2,801	Gain from capital program, executing on investments
NBSK Production (M tonnes)	515	462	Continued focus on reliability
BCTMP Production (M tonnes)	685	662	Stable operations
Capital Expenditure	\$550	\$241	Execute on strategic projects, including US\$185 M for OSB capital
BC Fibre Costs	↑		Stumpage increase due to elevated sales prices
Alberta Fibre Costs	↑		Closely tied to lumber and OSB prices
US Fibre Costs	▬		Adequate timber supply

**Productivity and Reliability key focus, moderate capital program**



## 2020 Recap

- ✓ Manageable operational impact due to COVID-19
- ✓ Results buoyed by strong lumber and panel pricing
- ✓ Cost improvement from capital execution and operational excellence
- ✓ Duty rate lowered in November
- ✓ Liquidity improved and leverage reduced
- ✓ Completed acquisition of Norbord Feb 1, 2021, enhancing diversity and scale

## Looking Forward

- ✓ Fundamentals for wood product demand continue to remain favorable
- ✓ Successful integration of Norbord
- ✓ Continued focus on operational excellence
- ✓ Continue to operationalize the benefits of strategic capital
- ✓ Complete Dudley project and ramp up Chambord
- ✓ Enhance ESG disclosure

*Transformation into leading global wood products company with integration of Norbord*

# APPENDIX



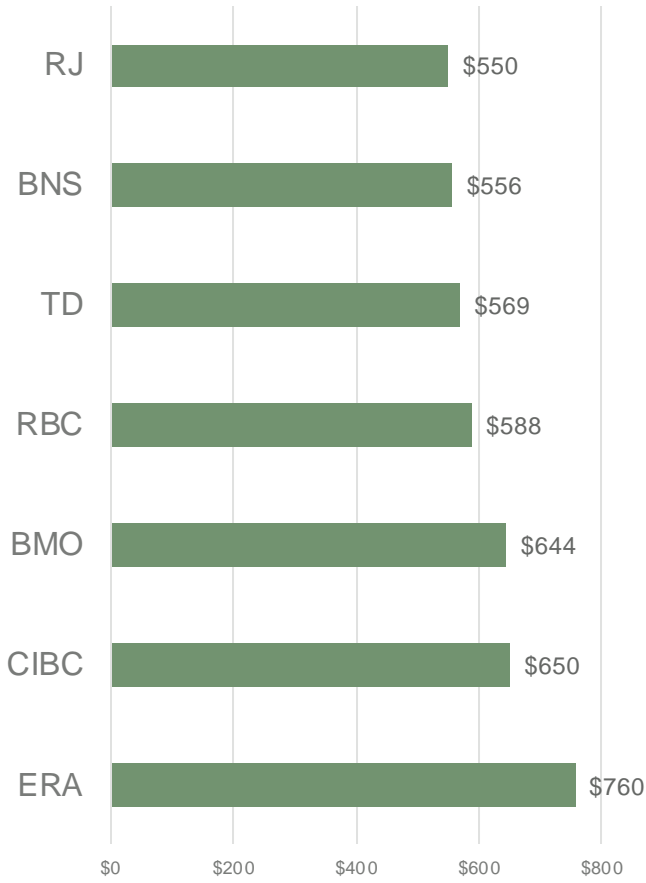
West Fraser



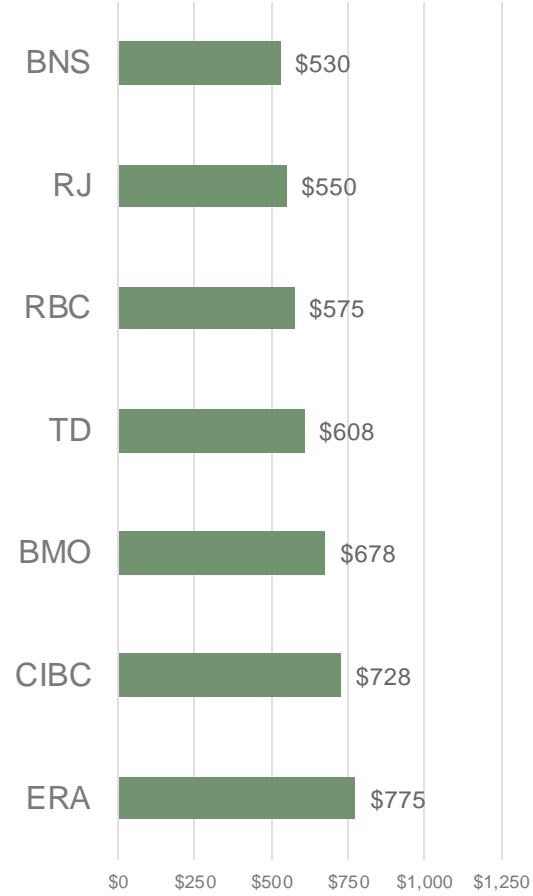


# Analyst Estimates (SPF & SYP US\$/Mfbm, OSB US\$/Msf (7/16" basis), China NBSK US/tonne)

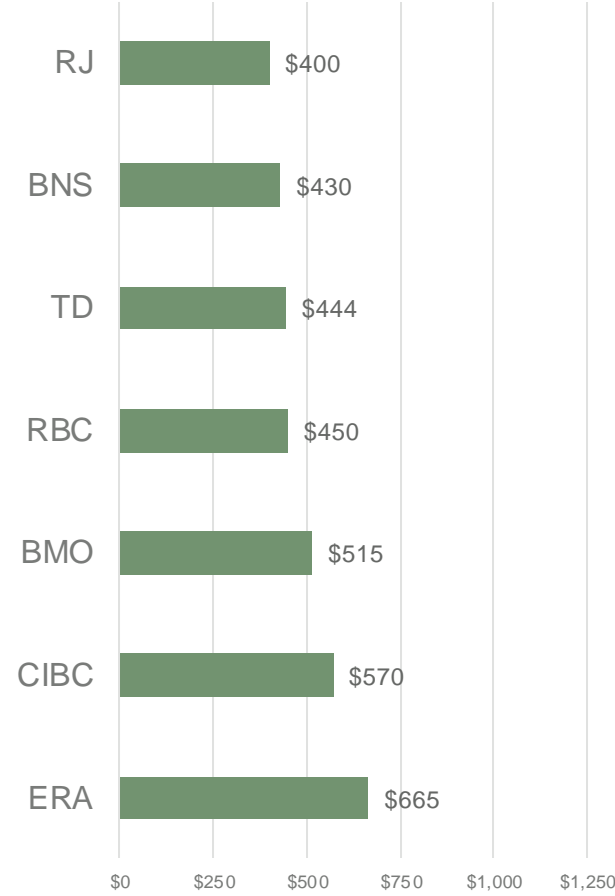
### 2021 SPF 2x4



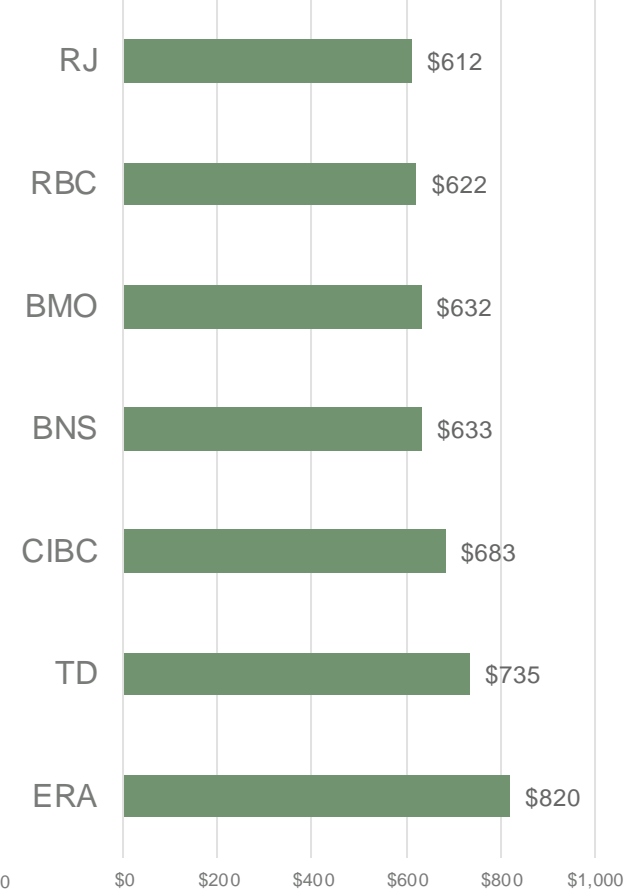
### 2021 SYPW 2x4



### 2021 OSB NC 7/16"



### 2021 China NBSK

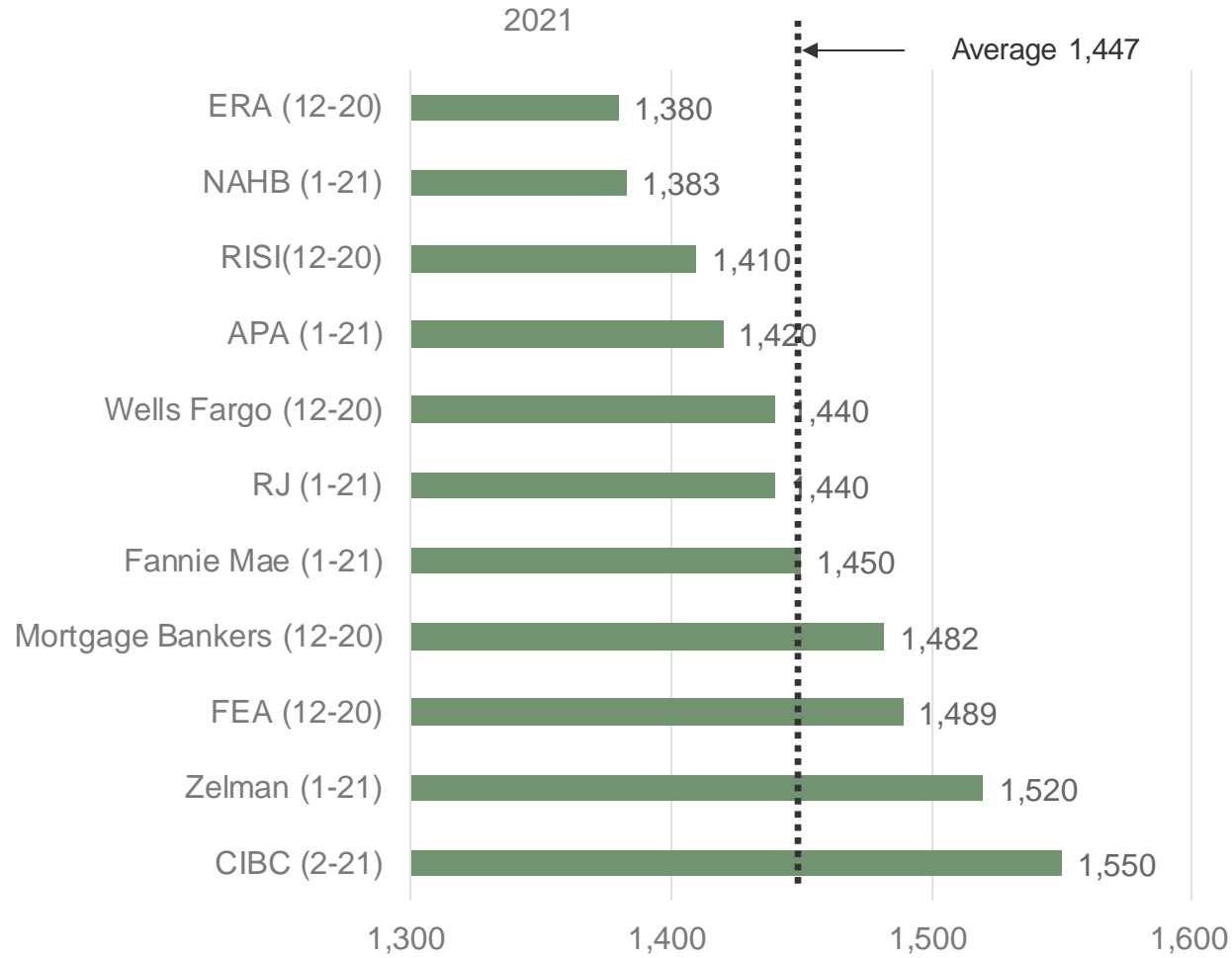


\*US NBSK forecasts are multiplied by .51 to get a comparable China list price (BMO, RBC, Scotia)





# US Housing Start Estimates (Thousands)



Note: 2020 US Housing Starts was 1,380



# Analyst Coverage

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**Currency:** In this presentation, all amounts are in Canadian dollars, unless otherwise indicated.

**Terminology:** References in this presentation to “MMfbm” or “mmfbm” mean million board feet, “SPF” means spruce-pine-fir and “SYP” means southern yellow pine. For any other technical terms used in this presentation, please see the Glossary of Industry Terms found in our most recent Annual Report.

