INVESTOR

PRESENTATION

February 2023





Financial Information: The financial information related to West Fraser contained in this Presentation is derived from our 2022 Annual Financial Statements, which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") and is discussed in our Managements' Discussion and Analysis ("**MD&A**") for the year ended December 31, 2022 (our "2022 Annual MD&A"). This Presentation uses various Non-GAAP and other specified financial measures, including "Adjusted EBITDA", "Adjusted EBITDA margin", "net debt to capital", and "expected capital expenditures". Additional information relating to the use of these Non-GAAP and other specified financial measures, including required reconciliations, is set out in the section of our 2022 Annual MD&A entitled "Non-GAAP and Other Specified Financial Measures". Our 2022 Annual MD&A is available on the Company's website at www.westfraser.com, on SEDAR at www.sedar.com and on the EDGAR section of the SEC website at www.sec.gov/edgar.shtml.

Forward Looking Statements: This Presentation includes statements and information that constitutes "forward-looking information" within the meaning of Canadian securities laws and "forward-looking statements" within the meaning of United States securities laws (collectively, "forward-looking statements"). Forward-looking statements that are forward-looking or predictive in nature and are dependent upon or refer to future events or conditions. These forward-looking statements generally 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, as well as the outlook for North American and international economies for the current fiscal year and subsequent periods, Forward-looking statements are included in the following slides in this Presentation:

•	2023 Outlook	•	Summary	•	Reasons to Invest in West Fraser	•	West Fraser Lumber Capacity Shifting to Lower-risk, Lower-cost Regions
•	Improving Mix of Lumber Products	•	Lower-variability Specialty OSB Business	•	Realizing Growth and Geographic Expansion in Europe	•	U.S. Housing Start Estimates
•	U.S. Leading Indicator of Remodeling Activity	•	Mass Timber	•	Lumber and OSB Supply Overview	•	North American OSB Operating Capacity
•	West Fraser's Growth Strategy	•	Acquisition Update – Allendale OSB Mill	•	Brownfield Modernization – Henderson, Texas	•	2021 ESG Highlights
•	2021 GHG Emissions & SBTi Targets	•	Analyst Estimates	•	Modeling EBITDA	•	Estimated Variable Production Costs for North American Lumber Industry
•	Estimated Variable Production Costs for North American OSB Industry						

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) assumptions in connection with the economic and financial conditions in the U.S., Canada, Europe and globally and consequential demand for our products, including the impact of the conflict in the Ukraine; (2) continued increases in interest rates and inflation could impact housing affordability and repair and remodeling demand, which could reduce demand for our products; (3) global supply chain issues may result in increases to our costs and may contribute to a reduction in near-term demand for our products; (4) risks inherent in our product concentration and cyclicality; (5) effects of competition for logs and fibre resources and product pricing pressures, including continued access to log supply and fibre resources at competitive prices and the impact of third-party certification standards; (6) effects of variations in the price and availability of manufacturing inputs, including energy, employee wages, resin and other input costs, and the impact of inflationary pressures on the costs of these manufacturing costs, including increases in stumpage fees and log costs; (7) availability and costs of transportation services, including truck and rail services, and port facilities, and impacts on transportation services of wildfires and severe weather events, and the impacts of increased energy prices on costs of transportation services; (8) transportation constraints may negatively impact our ability to meet projected shipment volumes; (9) the timing of our planned capital investments may be delayed, the ultimate costs of these investments may be increased as a result of inflation and the projected rates of return may not be achieved; (10) various events that could disrupt operations, including natural, man-made or catastrophic events, including wildfires and any state of emergency and/or evacuation orders and ongoing relations with employees; (11) risks inherent to customer dependence; (12) impact of future cross border trade rulings or agreements; (13) implementation of important strategic initiatives and identification, completion and integration of acquisitions; (14) impact of changes to, or non-compliance with, environmental or other regulations; (15) the impact of the COVID-19 pandemic on our operations and on customer demand, supply and distribution and other factors; (16) government restrictions, standards or regulations intended to reduce greenhouse gas emissions and our inability to achieve our SBTi commitment for the reduction of greenhouse gases as planned; (17) changes in government policy and regulation and the impact of these actions on our timber supply and continued governmental approvals and authorizations to access timber supply; (18) impact of weather and climate change on our operations or the operations or demand of our suppliers and customers; (19) ability to implement new or upgraded information technology infrastructure; (20) impact of information technology service disruptions or failures; (21) impact of any product liability claims in excess of insurance coverage; (22) risks inherent to a capital intensive industry; (23) impact of future outcomes of tax exposures; (24) potential future changes in tax laws, including tax rates; (25) risks associated with investigations, claims and legal and tax proceedings to which West Fraser is party in the ordinary course of business; (26) effects of currency exposures and exchange rate fluctuations; (27) future operating costs; (28) availability of financing, bank lines, securitization programs and/or other means of liquidity; (29) continued integration of the Norbord business; (30) continued access to timber supply in the traditional territories of Indigenous Nations; (31) our ability to continue to maintain effective internal control over financial reporting; (32) the risks described in our 2022 Annual MD&A; and (33) other risks detailed from time-to-time in our annual information forms, annual reports, MD&A, quarterly reports and material change reports filed with and furnished to securities regulators.

In addition, actual outcomes and results of these statements will depend on a number of factors, including those matters described above, 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 2 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.

Q42022 Earnings Summary

Consolidated Financial Results

US\$ Millions Adjusted EBITDA*	Q4-22	Q3-22	US\$ Millions (except EPS)	Q4-22	Q3-22
Lumber	\$ (77)	\$ 160	Sales	\$ 1,615	\$ 2,088
EWP - North America	109	215	Costs and expenses	(1,745)	(1,807)
Pulp & Paper	15	29	Operating earnings (loss)	(130)	281
		24	Finance income (expense)	3	3
	50	24	Other	2	12
Corporate/Other	(6)	(2)	Earnings (loss) before Tax	\$ (125)	\$ 296
Total	\$ 70	\$ 426	Tax recovery (provision)	31	(80)
Adjusted EDITDA margin**	40/	200/	Earnings (loss)	\$ (94)	\$ 216
Aujusted EBITDA margin	4%	20%	Diluted EPS	\$(1.13)	\$2.50

* Adjusted EBITDA and adjusted EBITDA by segment are non-GAAP financial measures. See the "Non-GAAP and Other Specified Financial Measures" section of our 2022 MD&A for more information on these measures, including reconciliations to the most directly comparable IFRS measures.

** Adjusted EBITDA margin is a non-GAAP ratio calculated as adjusted EBITDA divided by sales and may not be comparable to similar financial measures disclosed by other issuers. We believe this ratio provides useful information to investors as an indicator of the Company's operating performance. See slide 57 for more information on this measure.

Q4 Consolidated Adjusted EBITDA Reconciliation





US\$ millions unless otherwise indicated	Q4 2022	Q3 2022	Change	Comments
Lumber Shipments (MMfbm)	1,295	1,478	(183)	Shipments lower (SPF down 18% and SYP down 7%) owing to weakening demand and reduced production volumes to manage inventory levels.
NA OSB Shipments (MMsf 3/8")	1,409	1,600	(191)	Shipments 12% lower owing to weakening demand and reduced production volumes to manage inventory levels.
EU OSB Shipments (MMsf 3/8")	201	202	(1)	Demand in Europe stabilized after weakening the prior quarter.
Adjusted EBITDA	\$70	\$426	\$(356)	Lower demand and prices across key products, coupled with higher manufacturing costs, have more than offset moderating raw material cost inflation.
Cash flow from operations	\$147	\$433	\$(286)	Reduced earnings.
Capital Expenditure	\$149	\$147	+\$2	Continuing to execute on strategic capital.
Net Debt/(Cash)*	(\$625)	(\$789)	+\$164	Lower cash flow from operations more than offset by reduction in share buyback
Net Debt to Total Capital*	(9%)	(11%)	+2%	activity; significant financial flexibility maintained.
Cumulative duties on deposit	\$784	\$772	+\$12	Export duty deposits continue to accumulate.

Maintaining strong financial flexibility in face of cyclically challenging quarter

* Net debt/(cash) is calculated as total debt less cash and cash equivalents. Net debt to total capital is a non-GAAP capital management measure calculated by dividing net debt by total capital, expressed as a percentage.



US\$ unless indicated otherwise		2023	2022	Commentary	
SPF Shipments (MMfbm)		2,600 – 2,800	2,705	Expecting less detrimental impact from transportation challenges, offset by BC sawmill curtailments announced in H2-2022.	
SYP Shipments (MMfbm)		2,900 - 3,100	3,036	Gain from capital program and execute on investments, offset by indefinite curtailment of Perry, Florida mill.	
N.A. OSB Shipments (MMsf 3/8")		5,900 - 6,200	6,006	Expecting less detrimental impact from transportation challenges.	
Europe OSB Shipments (MMsf 3/8")		1,000 – 1,200	977	Expecting moderate recovery and stabilization of demand.	
Capital Expenditures* (M)		\$500 - \$600	\$477	Execute on current strategic projects, including some carry-over of 2022 spending plans and ~\$100M investment at Henderson sawmill.	
	Fiber	<u>م</u>	1	Canada stumpage rates expected to be lower y/y in H1-2023; near-	
Conto	Transportation	$ \Longleftrightarrow $	1	term log costs are expected to moderate in U.S. south.	
COSIS	Labour	X	1	Expecting moderation of costs near-term in logistics, resins,	
	Resin	<u>با</u>	1	chemicals and energy, while labour constraints to persist.	

Increase in capital spending plan to support productivity, reliability and growth

* Capital Expenditures is a supplemental financial measure that represents our best estimate of the amount of cash outflows relating to additions to capital assets for the year based on our current outlook. 7



Q4 2022 Recap

- Slowing demand for our wood building products led to reduced production and shipments
- Maintained strength in liquidity despite cyclical headwinds
- Continuing to move ahead with additional strategic capital
- ✓ Repurchased 1.56 million WFG shares for \$117 million
- ✓ Declared \$0.30 per share quarterly dividend

Looking Forward

- ✓ Facing near-term demand softness though longerterm fundamentals for wood product demand remain favourable
- Ongoing focus on operational excellence and operationalizing the benefits of strategic capital
- Continue investing activities at Allendale, South Carolina OSB mill and brownfield modernization of Henderson, Texas mill
- Ramp production of Unbleached Kraft Pulp ("UKP") at Hinton Pulp mill
- ✓ Continue to enhance ESG disclosure

Continue transformation into leading global wood products company in face of near-term macro headwinds

Why Investors Should Own West Fraser Shares



One of the world's largest producers of sustainable wood-based building products



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Resilience from Product and Geographic Diversity

Product & Geographic Diversification – Capacity

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Lumber 34 locations	North Ar 19 locatio	merica EWP	Pulp & Pa 5 locations	aper S	UK and Eu 4 locations	rope EWP
SPF 3.1 Bfbm	OSB:	7,360 MMsf 3/8"	NBSK:	170 Mtonnes	OSB	1,515 MMsf 3/8"
SYP 3.6 Bfbm	Plywood:	770 MMsf 3/8"	UKP:	250 Mtonnes	Particleboard	565 MMsf 3/8"
Total 6.7 Bfbm	MDF:	250 MMsf 3/4"	BCTMP:	690 Mtonnes	MDF	380 MMsf 3/8"
	LVL:	3.0 MMcf	Newsprint:	135 Mtonnes		



Portfolio diversified across products and regions

Note: Metrics as at December 31, 2022; EWP = Engineered Wood Products; North America EWP metrics exclude currently idled Allendale OSB mill

More Relevant, Efficient and Valuable to Principal Homebuilder, Building Construction, and Pro-Dealer Customer Segments



Operating Footprint on Two Continents



Diverse Industry End-Use Demand with Majority Driven by New Residential and Lower-Volatility R&R Markets









West Fraser Lumber Capacity Shifting to Lower-risk, Lower-cost Regions

- US South growth to ~54% of capacity (from ~11% in 2004); lower-cost region, not subject to US trade risk
- Exposure to higher-cost B.C. fiber reduced, now ~22% of capacity (from ~77% in 2004)







Proforma Historical Combined Adj EBITDA (US\$ millions)

Segment Adj EBITDA Mix (US\$ millions, excl. Corporate)



Source: U.S. Census Bureau, West Fraser, Norbord filings



Substantial Adjusted EBITDA generation through the cycle with demonstrated differences in cyclicality across the segments

Improving Mix of Lumber Products



U.S. South is Increasing Mix of 2x4s...

...and Improving Mix of Higher Grade 2x4s



Source: West Fraser analysis.



U.S. South expansion strategy focused on higher value lumber products

- West Fraser pursued a U.S. south expansion strategy given expectations of medium- to long-term fiber supply constraints in B.C.
- B.C was historically a heavy producer of 2x4s, suggesting industry 2x4 shortages under a U.S. housing recovery scenario
- Acquisitions in the U.S. Gilman (2017) and Angelina (2021) increase value through a greater mix of 2x4s and higher mix of premium grades
- Additional growth in higher value products achieved through investments in planer modernizations, automatic grading machines, and upgraded continuous drying kiln technologies

SYP 2x4 #2&Btr Price Premiums per Mfbm



Lower-variability Specialty OSB Business



North American OSB Shipments (3/8") Mix % & Billion Square Feet (BSF)

- Specialty OSB products include those sold to export and industrial markets such as upholstered furniture, transportation applications and ijoist manufacturing
- Shift to greater Specialty OSB business, which generally has less variable pricing, helps provide more stable margins through the cycle
- Commodity and Value Added Products tend to exhibit greater demand variability, are tied primarily to housing and repair & remodel markets







While 2022 mix shifted to meet stronger year-over-year demand for commodity products, longer-term strategy remains growth of lower-variability Specialty OSB business

Regionally Diversified West Fraser Revenue Mix*

- Expanding exposure to growth markets tied to U.S. housing and repair and remodeling
- Addition of Norbord has also expanded UK/Europe exposure to be nearly 10% of revenue



2012: USD \$3.0B**

2022: USD \$9.7B



* Revenue distribution is based on location of product delivery.

** Revenue converted to USD from CAD using 1.001 average USD per CAD FX rate.

Realizing Growth and Geographic Diversification in Europe

- Europe EWP is driven by panel demand in the UK and Europe, which is de-linked from North American markets, tending to generate more stable financial results
- Strong macro-headwinds in Europe led to weaker demand for wood panel products in 2022, moderating financial results from record levels in 2021
- Over time, shipment growth is expected as Inverness Phase 2 and the Genk mill reach full production, supported by further substitution of OSB for imported plywood



Source: European Panel Federation and West Fraser estimates



OSB substitution of imported plywood remains a meaningful EU growth opportunity



Serving Markets with Attractive Fundamentals

U.S. Housing Start Estimates (Thousands)



Source: U.S. Census Bureau, industry analysts

Industry analysts expect pullback in 2023 U.S. housing starts before recovery in 2024

U.S. Leading Indicator of Remodeling (R&R) Activity



Source: Joint Center for Housing Studies of Harvard University. Accessed January 2023.

The rate of housing repair and remodeling demand growth is forecast to slow but remain positive in 2023, with total spend expected to remain elevated

Comparing U.S. Lumber Consumption in Residential Improvement Across Periods with Similar Total Housing Starts*

U.S. Lumber Consumption – Residential Improvement (billion board feet)



Source: FEA; U.S. Census Bureau



Residential Improvements have become a more significant relative driver of U.S. Lumber consumption, accounting for more than 40% of total 2022 industry demand

Comparing U.S. OSB Consumption in Residential Improvement & Industrial Segments Across Periods with Similar Total Housing Starts*





Source: FEA; U.S. Census Bureau



Residential Improvement and Industrial have become more significant drivers of U.S. OSB consumption, combining for more than one-third of total 2022 industry demand

Mass Timber – Another Driver of Sustainable Wood Product Demand

U.S. consumption demand from mass timber is projected to be between 0.7 – 2.1 Billion Board Feet (Bfbm) by 2035, representing the equivalent demand of up to ~175k additional new housing starts*



Source: FEA. West Fraser analysis.

Mass timber expected to provide longer-term demand driver

Lumber and OSB Supply Overview

Lumber

- Aggregate North American production growth constrained by log availability, particularly in B.C.; it is an <u>estimated two- to three-year</u> process to construct a greenfield lumber mill, followed by a <u>12-18 month ramp</u> to full production
- U.S. South is region with most potential for production growth, though contractor and equipment availability is constrained
- Economics of investing in additional capacity were challenged by a moderate and extended recovery in housing starts since global financial crisis
- Notwithstanding these challenges, West Fraser has expanded production capacity at its Dudley, Georgia mill, ramped production at its recently acquired Angelina, Texas mill and has begun a mill modernization at its Henderson, Texas site

OSB

- It is an <u>estimated three- to five-year</u> process to construct a greenfield OSB mill, followed by an <u>18-24 month ramp</u> to full production
- Capital requirements are significant for a largescale greenfield OSB mill, making economics of investing in additional capacity challenging
- In early 2021, to address increased customer demand, West Fraser restarted its OSB mill in Chambord, Quebec
- In late 2021, West Fraser acquired the idled OSB mill near Allendale, South Carolina and is undertaking capital investment to ready the mill for an eventual restart



Illustrative Ecosystem of U.S. South Lumber Mill

By building a new sawmill adjacent to an existing mill we are able to utilize existing infrastructure and skilled labour, enabling a faster ramp-up while reducing financial, operational and execution risks

Approximate resources for 250 MMfbm U.S. south mill:

- 130-140 employees
- 1MM tons of logs
- 40k logging truck loads
- 400-500k tons of residuals
- 16-20k residual truck loads
- 25-30k finished goods truck loads





Serving a Broad Distribution Network and Customer Base

West Fraser serves thousands of delivery points and customers across North America; the majority of product shipments use rail to transport Canadian SPF and OSB to U.S. markets and trucks to transport SYP and OSB from mills in the U.S. south.

West Fraser Logistics (shipments, approximate)

- Canadian mill origination
 - 75/25 rail/truck split
 - Typical delivery to U.S. is 2-4 weeks, 2,000+ kilometers
- U.S. mill origination
 - 10/90 rail/truck split
 - Typical delivery is 2-3 days, < 400 miles
- Annual rail cars: 40-60k+
- Annual trucks: 300-400k+

Lumber & NA EWP Revenue Mix – Top 25 Customers (2022)



Illustrative Transportation Routes



This is not 2005 – Today's North American Lumber Supply



Source: FEA, West Fraser estimates

Canadian available lumber supply ~11.4 Bfbm lower than in 2005

North American Lumber Production (2022) in Housing Starts Equivalent*



Source: FEA, NAHB, West Fraser estimates

North American lumber production able to meet demand for ~1.5 million U.S. housing starts

* Note: Assumes 50% of incremental production is of grades suitable for new home construction with 70%/30% single family (SF)/multi-family (MF) mix and 15,000/5,000 fbm of lumber consumed per SF/MF house.

North American OSB Operating Capacity*



OSB Operating Capacity and U.S. Housing Starts

- One OSB mill was permanently closed in 2020 while a press fire at one mill in spring 2022 is expected to keep that mill out of commission until circa late 2023
- West Fraser re-started its OSB mill in Chambord, Quebec in March 2021
- West Fraser acquired the idled Allendale, South Carolina mill in late 2021 and expects to invest in the mill for an eventual restart; the mill has estimated stated annual OSB capacity of 760MMSF (3/8" basis)
- Debottlenecking and other strategic projects are expected to add incremental production to select mills within West Fraser's OSB mill portfolio

Source: FEA, West Fraser analysis.



North American OSB Capacity (2022) in Housing Starts Equivalent*



Source: FEA, NAHB, West Fraser analysis.

North American OSB capacity able to meet demand for ~1.4 million U.S. housing starts

* Note: Analysis includes full capacities from West Fraser's Chambord, Quebec mill and the currently idled Allendale, South Carolina mill. Assumes 50% of N.A. OSB production is for new home construction with 70%/30% single family (SF)/multi-family (MF) mix, 11,000/3,667 sf (3/8") of OSB consumed per SF/MF house and 96% operating rates; 100% of greenfield production assumed to be allocated to new home construction.

Disciplined and Balanced Allocator of Capital

Capital Allocation Priorities

- Replace end-of-life assets
- Maintain low-cost position
- Strategically enhance product mix, productivity and capacity



- Repurchase shares when they trade at a discount to estimated intrinsic value
- Pay a stable, sustainable dividend

- Maintain investment-grade rating
- Maintain cash buffer to aid the pursuit of opportunistic M&A and larger-scale strategic growth initiatives



Capital Allocation Lookback

- Multi year history of cash flow generation is strong
- Significant investments in maintaining, expanding and improving the business at ~35% of cash generated
- Excess capital returned to shareholders of ~50% of cash flow, heavily weighted to buybacks, influenced by two SIBs













Source: FactSet

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Active share repurchases, improved trading liquidity since February 2021 NYSE listing

* Cumulative investment in repurchases is calculated as the sum of all historical cash outflows for share repurchases.

Lookback on West Fraser's Capital Reinvested



Source: Bloomberg, West Fraser analysis.



Favorable ROCE trend and results

* Note: ROCE = GAAP EBIT / Average (Total Assets – Current Liabilities).





Strong balance sheet and liquidity continue to support financial flexibility

* Available liquidity is a non-GAAP capital management measure calculated as the sum of cash and short-term investments and funds available under committed and uncommitted bank credit facilities. Note: Cash consists of cash and short-term investments less cheques issued in excess of funds on deposit.

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Stable

Stable

Stable



Scope, Scale and Expertise to Unlock Growth

West Fraser's Growth Strategy

- Our **objective** is to be the premier wood • building products company in North America, resulting in long-term value creation.
- Our **strategy** to achieve this objective is to develop and maintain a highly disciplined organization relentlessly focused on continuous improvement in safety and productivity across all our operations.
- We will continually invest in our people and our business to achieve best-in-class productivity and returns that enable continued growth.



WEST FRASER'S

VALUES & BELIEFS

West Fraser makes renewable wood products for the world



Our business strategy is simple:

• Prudent balance sheet

Our goals are to develop and maintain:

- **Excellence** in performance and people
- Leadership in our field
- Challenge & satisfaction
- Responsibility in communities in which we work

Acquisition Update – Allendale OSB Mill

Overview

 Rebuild of mill front-end is ongoing; supply chain challenges largely resolved but mill readiness date for an eventual re-start is delayed

Progress

- Overall, pleased with progress of preparation for start-up
- Continue to hire to meet targeted staffing needs

Takeaways

- Inflationary pressures have increased original project costs approx. 10%
- Mill expected to be ready by end Q2-23 for potential re-start; up to 3-year ramp up curve anticipated
- Overall OSB platform expected to be better, lower cost with mill operating



West Fraser Allendale OSB Mill – located in Fairfax, South Carolina, U.S.A.



Brownfield Modernization – Henderson, Texas

Project Overview

- ~\$255M investment with latest technology to reduce unit costs, improve product flexibility and working conditions
- Increases capacity ~2x to ~275 MMfbm; construction has begun with ramp-up start expected Q2-24

Financial Highlights

• Projected 12% after-tax IRR, nearly fourfold increase in EBITDA at mid-cycle

Operational Highlights

- Close proximity to large fiber basket and large and growing end-markets
- Solar panel farm incorporated into the mill to reduce emissions
- Climate controlled with increased automation to improve safety and reduce physical effort
- New Texas jobs: 11 Direct; 75 Indirect





Lower-risk brownfield modernization will improve working conditions, position the replacement mill to be a low-cost leader that is profitable throughout the cycle



Positioned to Benefit from Strong ESG Fundamentals

Building with Wood Offers Significant Environmental Benefits

Carbon Emissions and Carbon Storage Capacities of 1 tonne (t) of Cement, Steel, and Timber Building Materials



Carbon emissions from production (t) theoretical max. Carbon storage in usage (t) theoretical max.

Source: Churkina, G., Organschi, A., Reyer, C.P.O. et al. Buildings as a global carbon sink. *Nat Sustain* 3, 269–276 (2020). https://doi.org/10.1038/s41893-019-0462-4. West Fraser analysis.

In Addition to Sequestering Carbon, Wood Product Manufacturing Has a Lighter Carbon Footprint

- West Fraser is positioned to benefit from strong ESG fundamentals, including the role forest products play in storing carbon
- We strive to make sustainability more than just a statement – it is a central principle upon which our people operate
- The world needs sustainable, renewable building materials that sequester carbon in the fight against climate change
- Forest products are more important than ever as a truly natural solution and preferred choice for building in a low-carbon economy





2021 Sustainability Report

Available at: westfraser.com/sustainability/sustainabilityreport





Our Sustainability Report tells the story of a pivotal year of growth for West Fraser.





As a company founded over 65 years ago, we understand the importance, and necessity, of doing the right thing for the environment, our communities, and our employees while sustainably and profitably growing our business





ENVIRONMENT

<1% of our managed forest area harvested annually

15.79 million tonnes of carbon dioxide equivalent (CO2e) stored in 2021 production of harvested wood products

> 100% of fibre is responsibly sourced

Set **science-based targets** to achieve material GHG reductions by 2030

renewable energy used

2 billion

trees planted milestone

reached in 2021

Recognized with Sustainable Forestry Initiative® Leadership in Conservation Award

SOCIAL

23% of employees self-identify as an underrepresented race or ethnicity



Reached a record low

GOVERNANCE

Increase in female Board of Directors representation from 20% (2020) to 42% (2021)





Development of our Diversity, Equity & Inclusion Policy Defined our Indigenous Peoples' Policy



Invested in corporate sustainability oversight

Enhanced Whistleblower Policy

0-



35% reduction in lost-time incidents from 2020

Completion of safety perception survey

\$3.3 million

allocated through our community investment program Committed to <u>Progressive</u> Aboriginal Relations (PAR) Certification



Ratings Provider	2021 ESG Rating	2022 ESG Rating	Performance	Trend
	Climate Change: D Forests: F Water Security: F	Climate Change: B- Forests: B- Water Security: C	Good	Improving
ecovadis	Not applicable	49/100 Bronze metal (top 50% of assessed companies)	Good	
ISS ESG ⊳	C-	С	Average	Improving
MSCI 🌐	Α	AA (on a scale of AAACCC)	Good	Improving
S&P Global	36/100	37/100 (Score date: November 18, 2022)	Average	Stable

Sources: Bloomberg; West Fraser analysis.



ESG ratings trending positively





2021 GHG Emissions & SBTi Targets*



* Refer to the Company's 2021 Sustainability Report available at <u>www.westfraser.com</u> and the limited assurance report of PwC on the Scope 1, 2 and 3 emissions for the year ended December 31, 2021 included in the 2021 Sustainability Report.



Attractive Record of Creating Shareholder Value

Performance vs. Peers and Relevant Indices



Annualized Total Shareholder Return (US\$, dividends reinvested)



0 0 0 0 0 0

Attractive shareholder returns outperforming peers

* January 1, 2006 starting date selected as it approximates the peak of the last housing cycle in new construction.

** S&P Global Timber & Forestry Index (basket of 25 of the largest publicly-traded companies engaged in ownership, management or the supply chain of forests and timberlands, including makers of forest products, paper and paper packaging).



West Fraser is North America's Largest Lumber Producer

Source: FEA, Public filings

West Fraser lumber capacity concentrated in low-cost timber regions

West Fraser is the World's Largest OSB Producer

West Fraser OSB Capacity by Region

Source: Company documents, other public filings and West Fraser estimates – capacities as at December 31, 2022, include estimated capacities of currently idled West Fraser Allendale mill and Tolko High Prairie mill.

* Excluding OSB siding capacity.

West Fraser North America Lumber and EWP Adjusted EBITDA Margin¹

Note: Lumber adjusted EBITDA is after duties; North America EWP includes Norbord historic North American OSB results. * 2021 cost of products sold for EWP was increased and Adjusted EBITDA decreased by an \$86 million one-time charge related to inventory purchase price accounting, lowering 2021 adjusted EBITDA margin ~190 bps

Improving demand, capital and operational execution supporting upward margin trend

¹ Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by sales. See the "Non-GAAP and Other Specified Financial Measures" section of our MD&A for more information on Adjusted EBITDA, including a reconciliation to the most directly comparable IFRS measure. We believe that disclosing this measure assists readers in measuring performance relative to other entities that operate in similar industries and understanding the ongoing cash generating potential of our business. EBITDA margin and Adjusted EBITDA are not standardized financial measures under IFRS and may not be comparable to similar financial measures disclosed by other issuers.

Lumber Supply Conditions

North America Lumber Supply (Production)

North America Lumber Supply (Production) – 2022

Source: FEA

North America Offshore Lumber Imports

Supply growth largely limited to US south where fiber is abundant

Wood supply shortage led to permanent closure of one B.C. mill in 2020; two other mills re-started in 2021 (Quebec and B.C.) while two are currently idle (South Carolina and Alberta)

> North America OSB Supply (Production) – 2022

Source: FEA

Demand Conditions for Wood Building Products

Source: U.S. Census Bureau

Source: FEA, Statistics Canada, U.S. Census Bureau

- Rising interest rates slowed housing demand through H2-2022; housing starts now similar to pre-pandemic levels
- Continued positive repair and renovation demand growth, supported by an aging housing stock
- Relatively modest lumber shipments being directed outside of North American markets given strong domestic demand

Longer term market demand fundamentals remain attractive for wood products

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Analyst Estimates – 2023 (SPF & SYP US\$/Mfbm; OSB US\$/Msf)

Source: Analyst reports as of February 2, 2023

Estimated Earnings Sensitivity to Key Variables

(based on annual shipment volumes - \$ millions)

Factor	Variation	Change in pre-tax earnings ¹
Lumber price	\$10 (per Mfbm)	59
NA OSB price	\$10 (per Msf)	51
Europe OSB price	£10 (per Msf)	9
U.S. / CAD \$ exchange rate ²	\$0.01 (per \$ CAD)	18

Notes:

1. Each sensitivity has been calculated on the basis that all other variables remain constant and is based on changes in our realized sales prices.

2. Represents the impact on USD equivalent of net CAD revenues and expenses for the initial \$0.01 change. Additional changes are substantially, but not exactly, linear.

Source: West Fraser

Estimated Variable Production Costs for North American Lumber Industry

Source: FEA, West Fraser analysis.

Lumber Manufacturing Costs (2020-2022)

Source: FEA, West Fraser analysis.

Note: 1) Canadian costs converted to USD using 1.3013 to 1 CAD/USD exchange rate.

2) Misc. = all misc. costs associated with maintaining a mill. For example: maintenance costs, supplies to operate the mill, and any other costs incurred when the mill is operational.

Estimated Variable Production Costs for North American OSB Industry

Source: FEA, West Fraser analysis.

OSB Manufacturing Costs (2020-2022)

Source: FEA, West Fraser analysis.

Note: 1) Canadian costs converted to USD using 1.3013 to 1 CAD/USD exchange rate.

2) Misc. = all misc. costs associated with maintaining a mill. For example: maintenance costs, supplies to operate the mill, and any other costs incurred when the mill is operational.

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