

# Investor Presentation

May 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:

- “Strategic Capital Program”;
- “Demand Conditions for Wood Building Products”;
- “Summary”;
- “North American OSB Operating Capacity”;
- “Analyst Estimates”; and
- “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) assumptions in connection with the economic and financial conditions in the U.S., Canada, Europe and globally and consequential demand for our products; (2) risks inherent in our product concentration and cyclicity; (3) effects of competition and product pricing pressures; (4) 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; (5) availability of transportation services, including truck and rail services, and port facilities; (6) various events that could disrupt operations, including natural, man-made or catastrophic events and ongoing relations with employees; (7) risks inherent to customer dependence; (8) impact of future cross border trade rulings or agreements; (9) implementation of important strategic initiatives and identification, completion and integration of acquisitions; (10) impact of changes to, or non-compliance with, environmental or other regulations; (11) the impact of the COVID-19 pandemic on our operations and on customer demand, supply and distribution and other factors; (12) government restrictions, standards or regulations intended to reduce greenhouse gas emissions; (13) changes in government policy and regulation; (14) impact of weather and climate change on our operations or the operations or demand of our suppliers and customers; (15) ability to implement new or upgraded information technology infrastructure; (16) impact of information technology service disruptions or failures; (17) impact of any product liability claims in excess of insurance coverage; (18) risks inherent to a capital intensive industry; (19) impact of future outcomes of tax exposures; (20) potential future changes in tax laws, including tax rates; (21) effects of currency exposures and exchange rate fluctuations; (22) future operating costs; (23) availability of financing, bank lines, securitization programs and/or other means of liquidity; (24) integration of the Norbord business; and (25) 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 under “Risks and Uncertainties” in our 2020 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.



# Q1 2021 Earnings Summary



**West Fraser**



## Consolidated Financial Results

US\$ Millions Adjusted EBITDA	Q1-21	Q4-20
Lumber	\$ 646	\$ 425
NA EWP**	353	48
EU EWP**	11	N/A
Pulp & Paper	11	(20)
Corporate/Other	(13)	-
<b>Total</b>	<b>\$ 1,008</b>	<b>\$ 453</b>
Adjusted EBITDA margin	43%	35%

US\$ Millions	Q1-21	Q4-20
Sales	\$ 2,343	\$ 1,294
Costs and Expenses**	1,464	899
Operating earnings	879	395
Finance Expense, net	(13)	3
Other	4	(13)
<b>Earnings before Tax</b>	<b>\$ 870</b>	<b>\$ 385</b>
Tax provision	(205)	(103)
<b>Earnings</b>	<b>\$ 665</b>	<b>\$ 282</b>

\* Adjusted EBITDA is calculated as Earnings before tax plus Other, Finance Expense, net amortization and equity-based compensation.

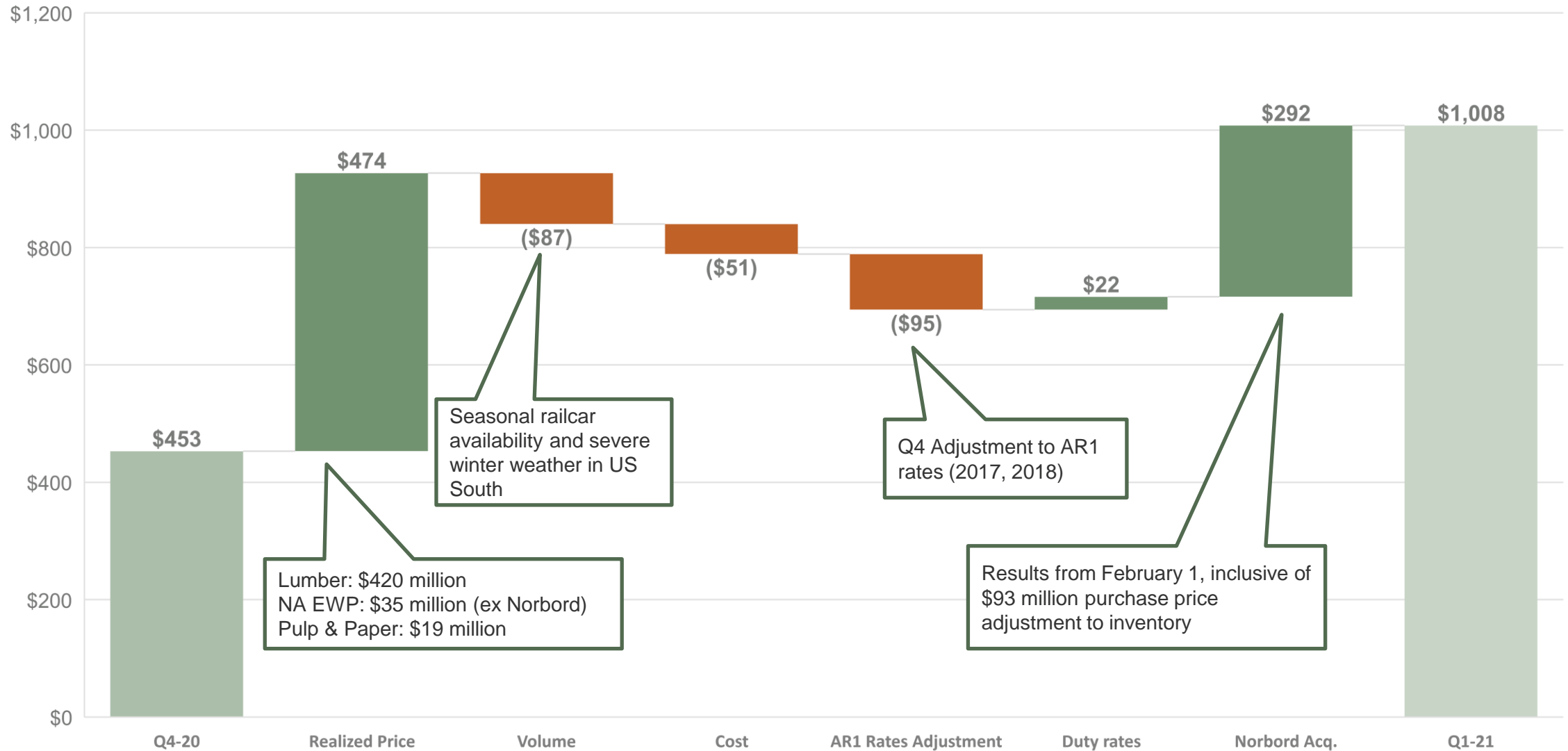
\*\* Costs and Expenses includes purchase price accounting impact of \$93 million expense for the one-time inventory adjustment recorded as \$86 million in NA EWP and \$7 million in EU EWP. The impact is not eliminated from the calculation of Adjusted EBITDA.

Note: Consolidated financial results include those of Norbord from February 1, 2021, the date of the completion of the acquisition of Norbord, and so do not include Norbord for 2020 comparatives and January 2021.



## Q1 Consolidated Adjusted EBITDA Reconciliation

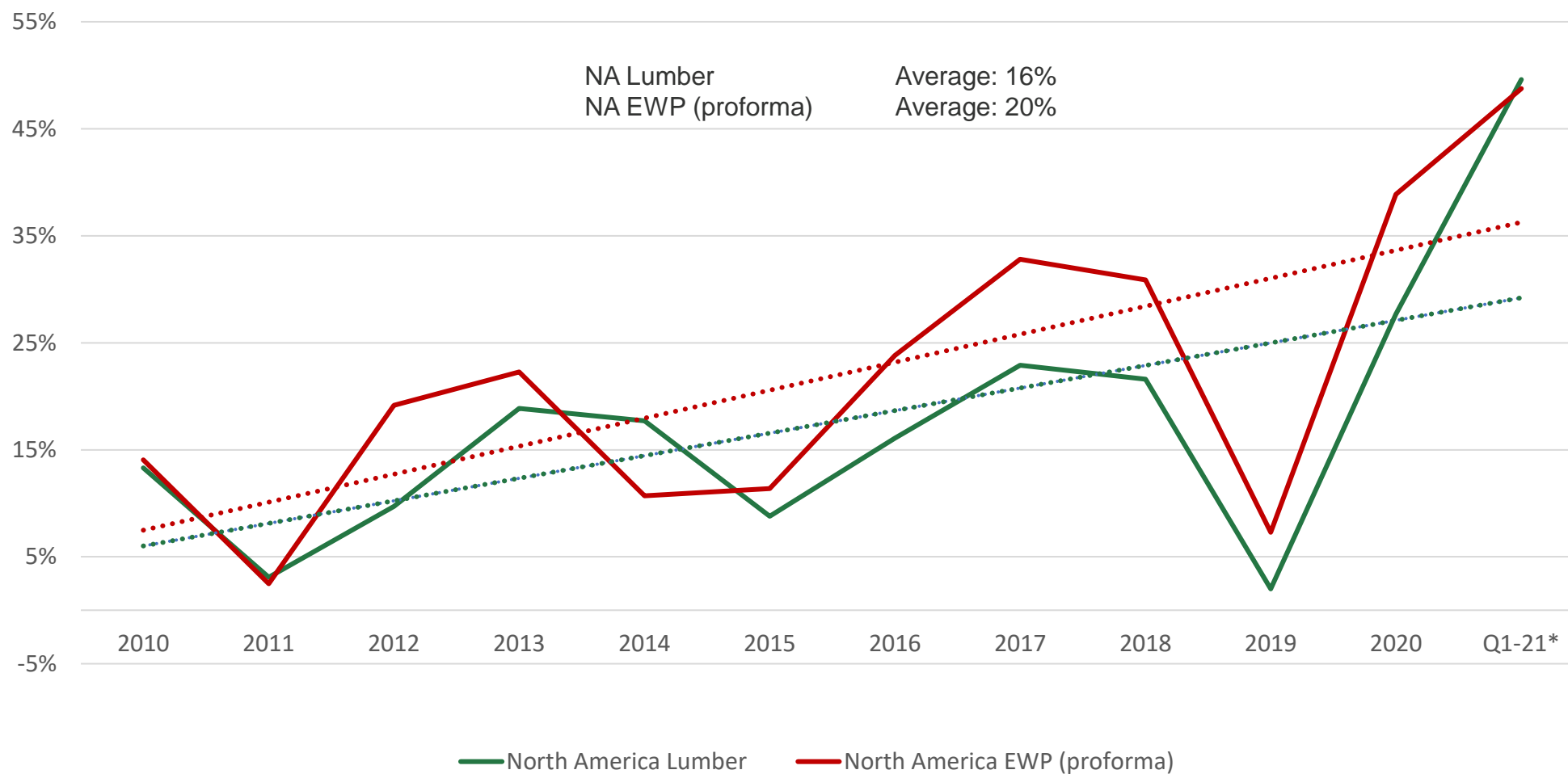
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## West Fraser North America Lumber and EWP EBITDA Margin

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Note: Lumber EBITDA is after duties; North America EWP includes Norbord historic North American OSB results.

\* Cost of products sold for EWP was increased and Adjusted EBITDA decreased by a one-time charge of \$86 million related to inventory purchase price accounting, which lowered EBITDA margin ~850 bps

*Improving demand, capital and operational execution supporting margin gains*





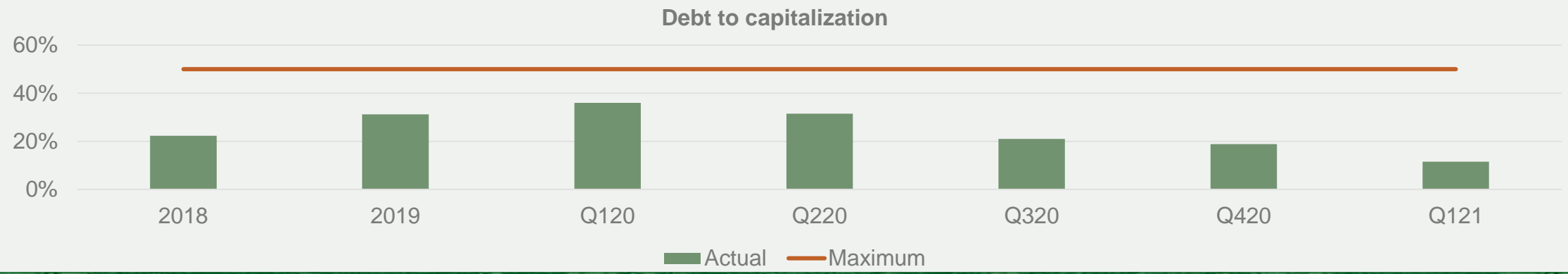
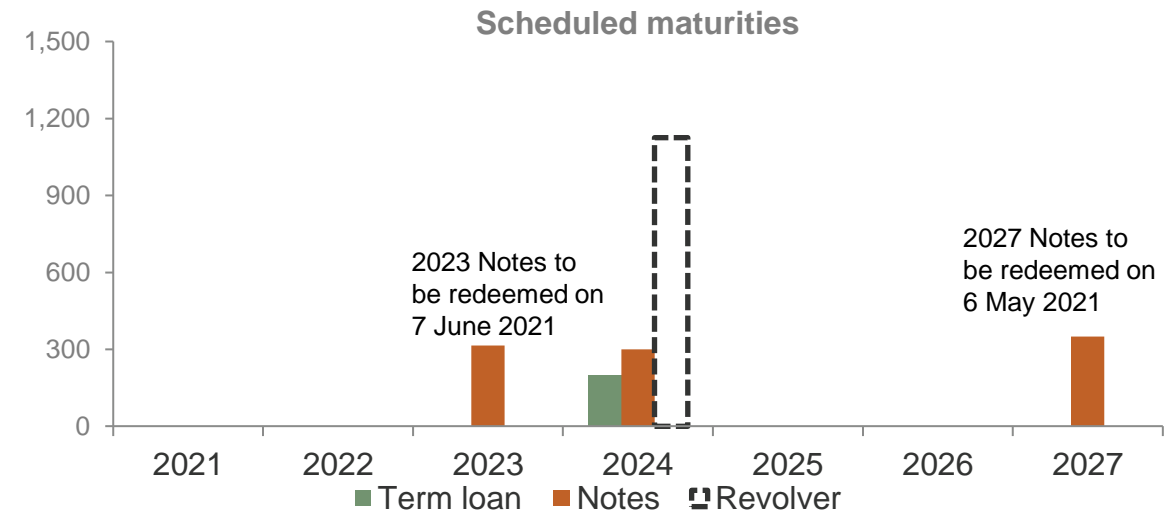
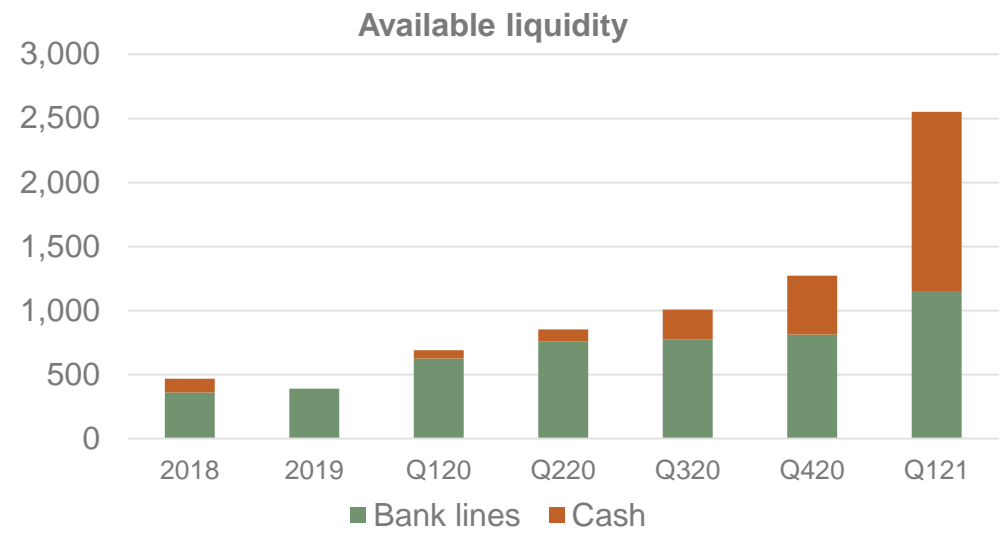
## Q1-21 versus Q4-20

<i>US\$ millions unless otherwise indicated</i>	<b>Q1 2021</b>	<b>Q4 2020</b>	<b>Change</b>	
Lumber Shipments (MMfbm)	1,389	1,551	(162)	Negatively impacted by seasonal railcar shortages in Canada and a period of extreme winter conditions in the U.S. South
NA OSB Shipments (MMsf 3/8")	1,010	n/a		Inclusion of Norbord results as of February 1
Adjusted EBITDA	\$1,008	\$453	\$555	Product pricing on all segments and the inclusion of Norbord in the results as of February 1
Cash flow from operations	\$462	\$276	\$186	Higher earnings offset by seasonal use of working capital, carryover tax payments from 2020
Capital Expenditure	\$62	\$45	\$17	Continuing to execute on strategic capital, Dudley mill on track for Q2 2021 startup; 2021 capital expenditures to be back-end loaded
Net Debt	(\$164)	\$54	\$(218)	Net debt down from prior quarter, significant financial flexibility and wide margin of safety
Net Debt to Capital	(3%)	2%		
Cumulative duties on deposit	\$562	\$530	\$32	Duty deposit accumulation slows with lower rates in effect

***Major initiatives on track and delivering results***



# Liquidity (\$millions)



**Available liquidity improved materially to \$2.5 billion**

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





## Strategic Capital Program

- Investment program to support safety, cost improvements and strategic growth initiatives
- Work on approximately \$180 million of identified projects to begin H2 2021 and continue through 2023

	Lumber	NA EWP
Project Costs	~\$150M	~\$30M
Payback	3-4 years	3-4 years
Volume/Productivity	↑	↑
Variable Costs	↓	↓
Fixed Costs	↓	↓
2021 Total Capex Budget	~\$450M	

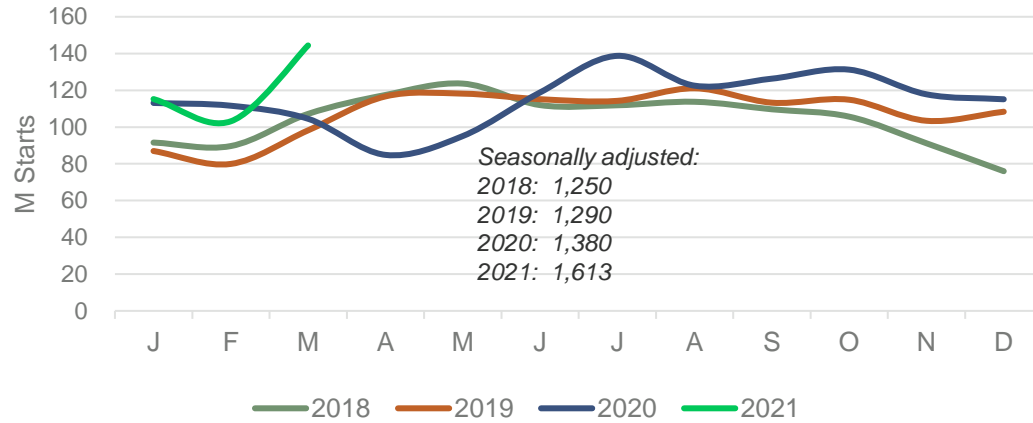




# Demand Conditions for Wood Building Products

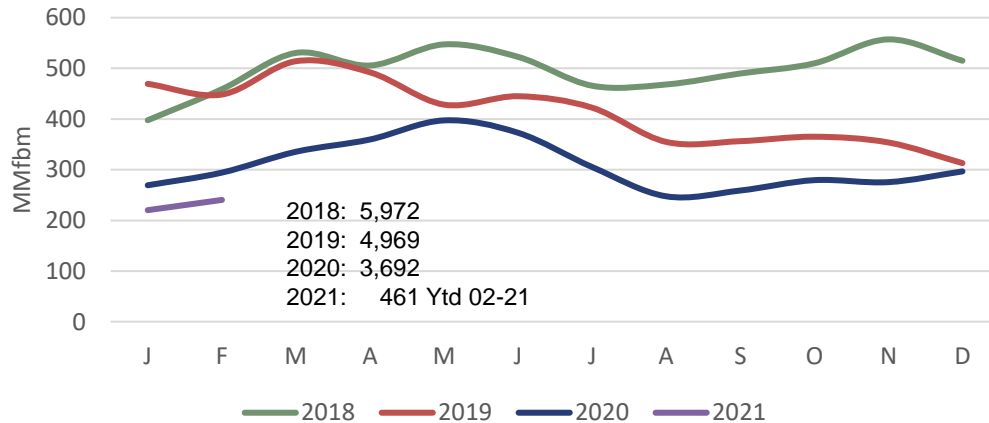
10

U.S. Housing Starts (not seasonally adjusted)



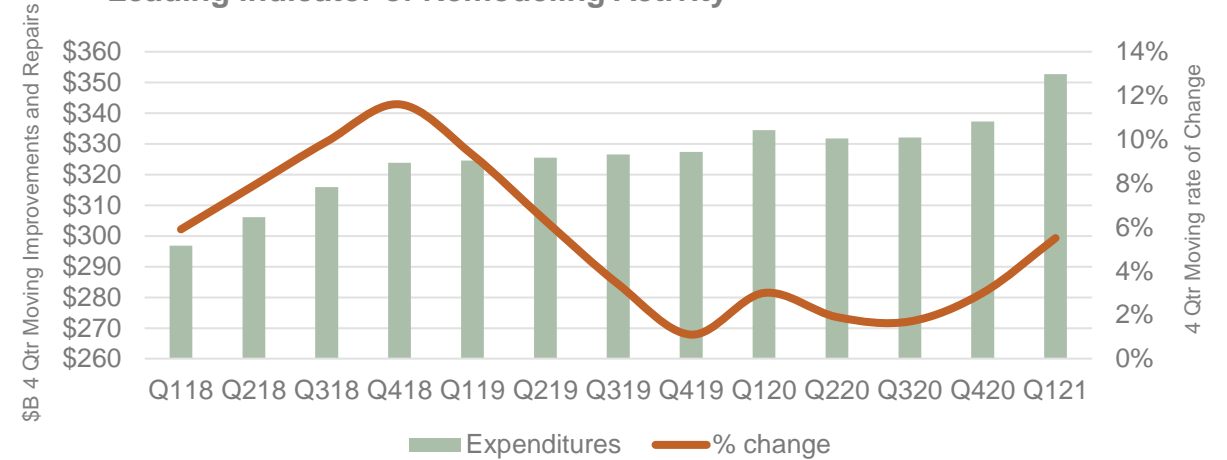
Source: US Census Bureau

North America Lumber Offshore Exports



Source: Statistics Canada, US Census, FEA

Leading indicator of Remodeling Activity



Source: Harvard Joint Centre for Housing Studies

- Housing starts at highest level since 2006 spurring demand for lumber, OSB, plywood, LVL and MDF
- Demand for lumber for repair and renovation projects continues to grow, supported by an aging housing stock
- Some exports being re-directed to serve North American markets

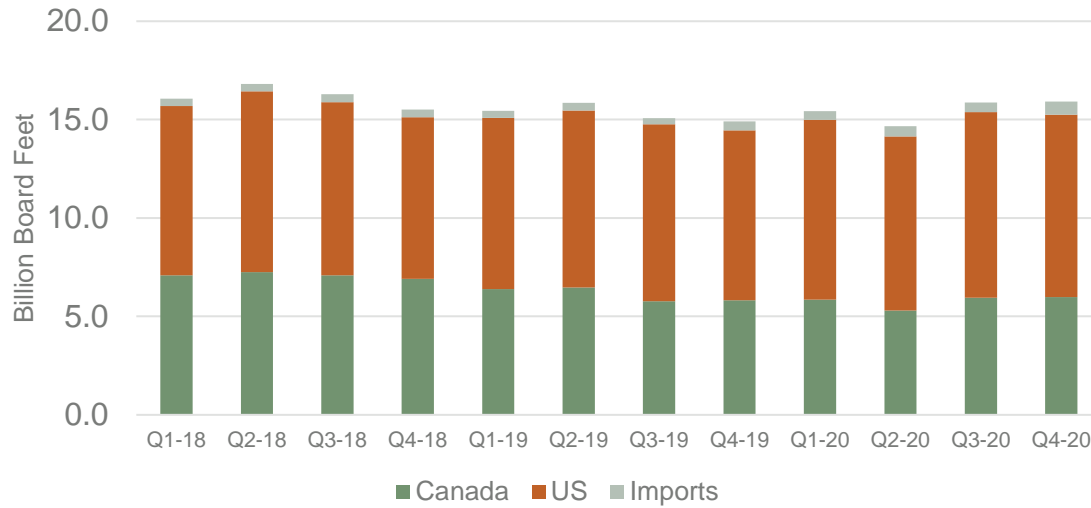
**Strong market fundamentals for wood products**



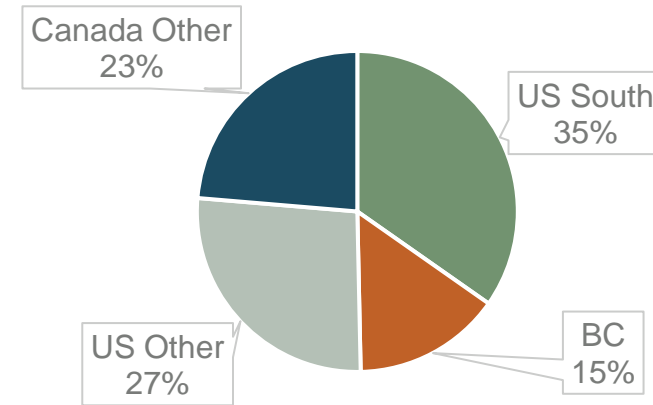
# Lumber Supply Conditions

11

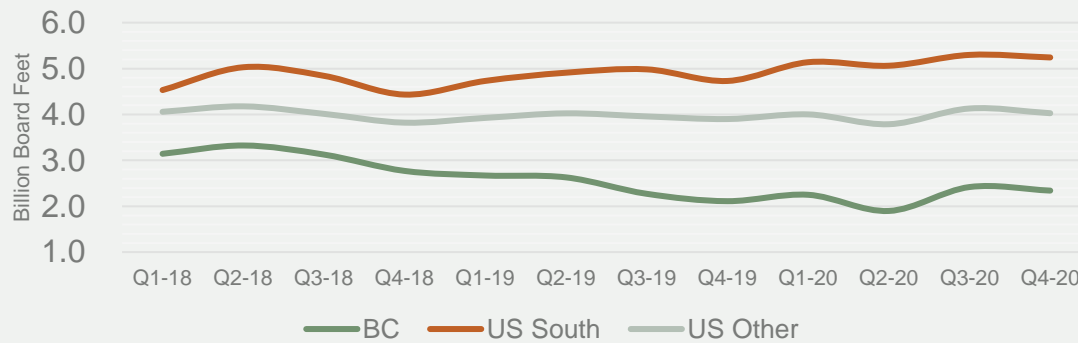
### Total North America Lumber Supply (Production)



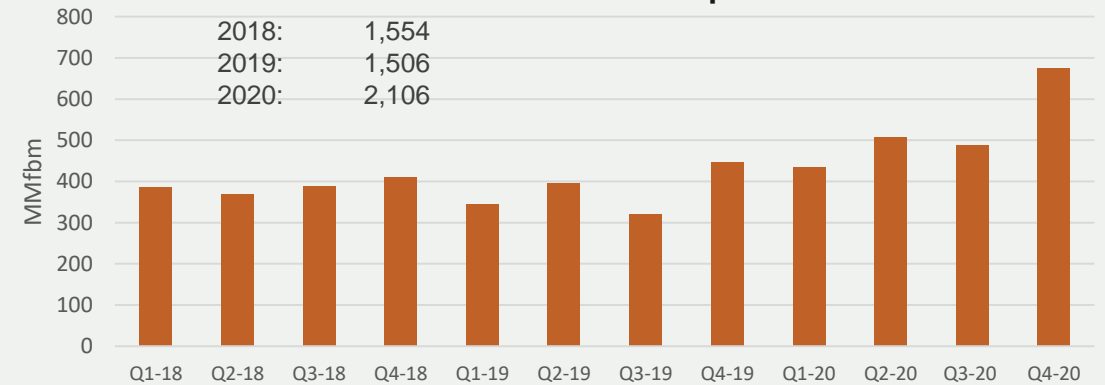
### North America Lumber Supply (Production) 2020



### North America Lumber Supply (Production)



### North America Offshore Imports



Source: FEA

Source: Statistics Canada, US Census, FEA

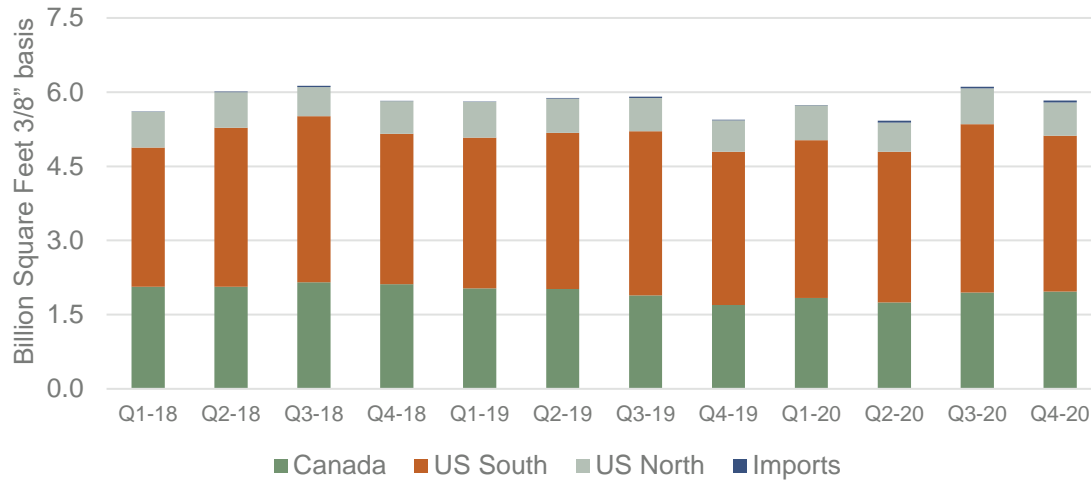
*Regional supply rebalancing due to log constraints, making it difficult to add capacity*



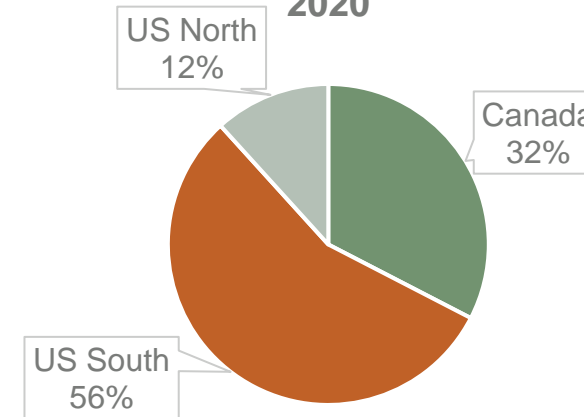


# OSB Supply Conditions

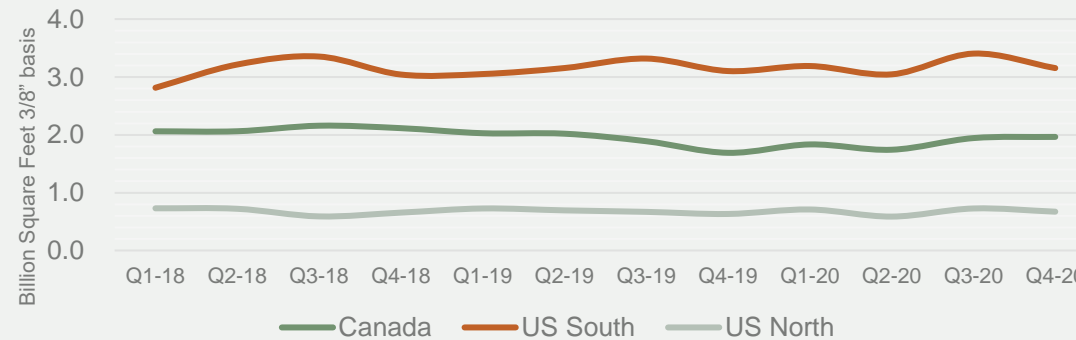
Total North America OSB Supply (Production)



North America OSB Supply (Production) 2020



North America OSB Supply (Production)



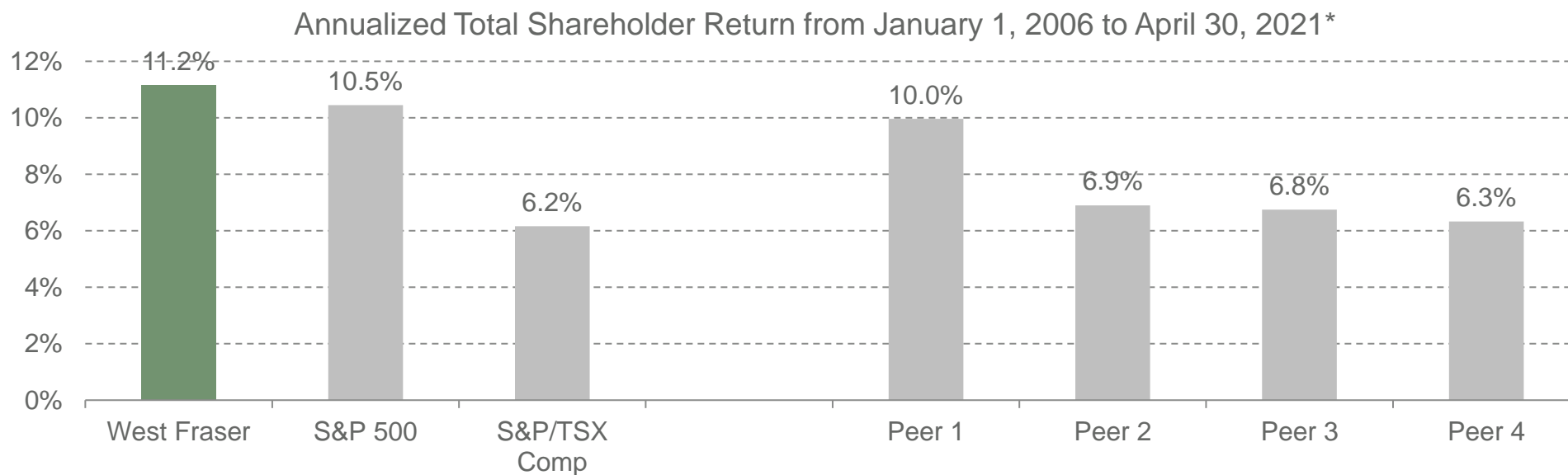
Source: FEA

**Wood supply shortage led to permanent closure of 100 Mile House mill; Chambord, Quebec mill has re-started while two other peer mills remain curtailed**



## Total Shareholder and Capital Returns

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Capital Allocation from January 1, 2018 to March 31, 2021\*\*

**> \$830M**

Capital invested

**> \$130M**

Dividends paid out

**> \$680M**

To repurchase shares

Note: Total Shareholder Return comprises share price appreciation plus reinvested dividends; all returns in USD

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

\*\* Capital allocation is for West Fraser only and does not include Norbord's capital expenditures of \$468 million prior to the February 1, 2021 acquisition by West Fraser for the period highlighted

**Strong track record of value creation and balanced approach to capital allocation**

\* Excluding OSB siding capacity

Source: Bloomberg



### Q1 2021 Recap

- ✓ Manageable operational impact due to COVID-19
- ✓ Results buoyed by strong lumber and EWP demand
- ✓ Liquidity grows significantly, actions underway to repay debt
- ✓ Completed acquisition of Norbord Feb 1, 2021, enhancing diversity and scale
- ✓ Moving ahead with additional strategic capital

### Looking Forward

- ✓ Fundamentals for wood product demand remain favorable
- ✓ Successful integration of Norbord
- ✓ Continued focus on operational excellence
- ✓ Continue to operationalize the benefits of strategic capital
- ✓ Ramp up Dudley, Chambord and Inverness Phase 2
- ✓ Enhance ESG disclosure

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



# West Fraser Overview



**West Fraser**



**West Fraser delivers climate-smart wood and building solutions to the world**

		West Fraser	Norbord	Combined
<b>Carbon Stored in Products</b>	Carbon stored in wood products (2019: in tCO <sub>2</sub> e)	9.4 million	5.8 million	15.2 million
<b>GHG Emissions</b>	Scope 1 and 2 GHG emissions (2019, thousands of tCO <sub>2</sub> e)	1,494.0	662.4	2,156.4
<b>GHG Reductions</b>	Scope 1 and 2 reductions, year-over-year (2019 v. 2018, tCO <sub>2</sub> e)	-12.8%	-7.0%	-10.9%
<b>Energy</b>	% Renewable energy	75%	77%	75%
<b>Responsible Fibre</b>	Certified fibre supply chain	100%	100%	100%
<b>Material Efficiency</b>	% of log utilized	99%	99%	99%
<b>Safety</b>	Aligned target	Eliminate serious (high consequence) incidents and injuries		

***73.9 million seedlings planted in 2020***



- West Fraser's diverse wood products portfolio recently expanded with the addition of a leading global oriented strand board (OSB) producer
- Created the destination provider for a wider range of home and building construction needs
- Increased financial resilience for volatile markets from scale and diversity of products, geography and end markets
- Sustainability at the core of the business with deep commitments to ESG progress
- Scope and scale that unlock further opportunities for growth

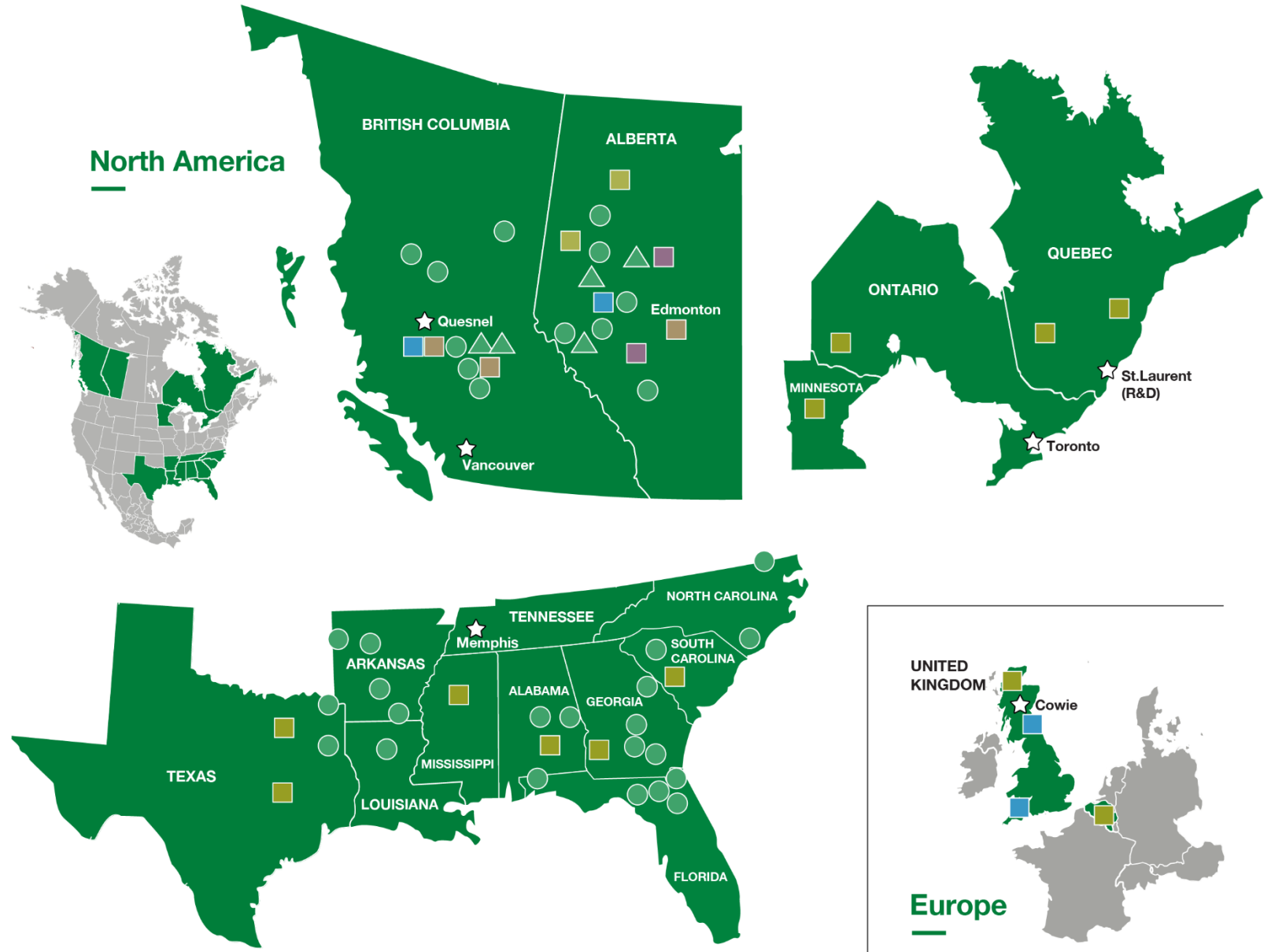






# Operating Footprint on Two Continents

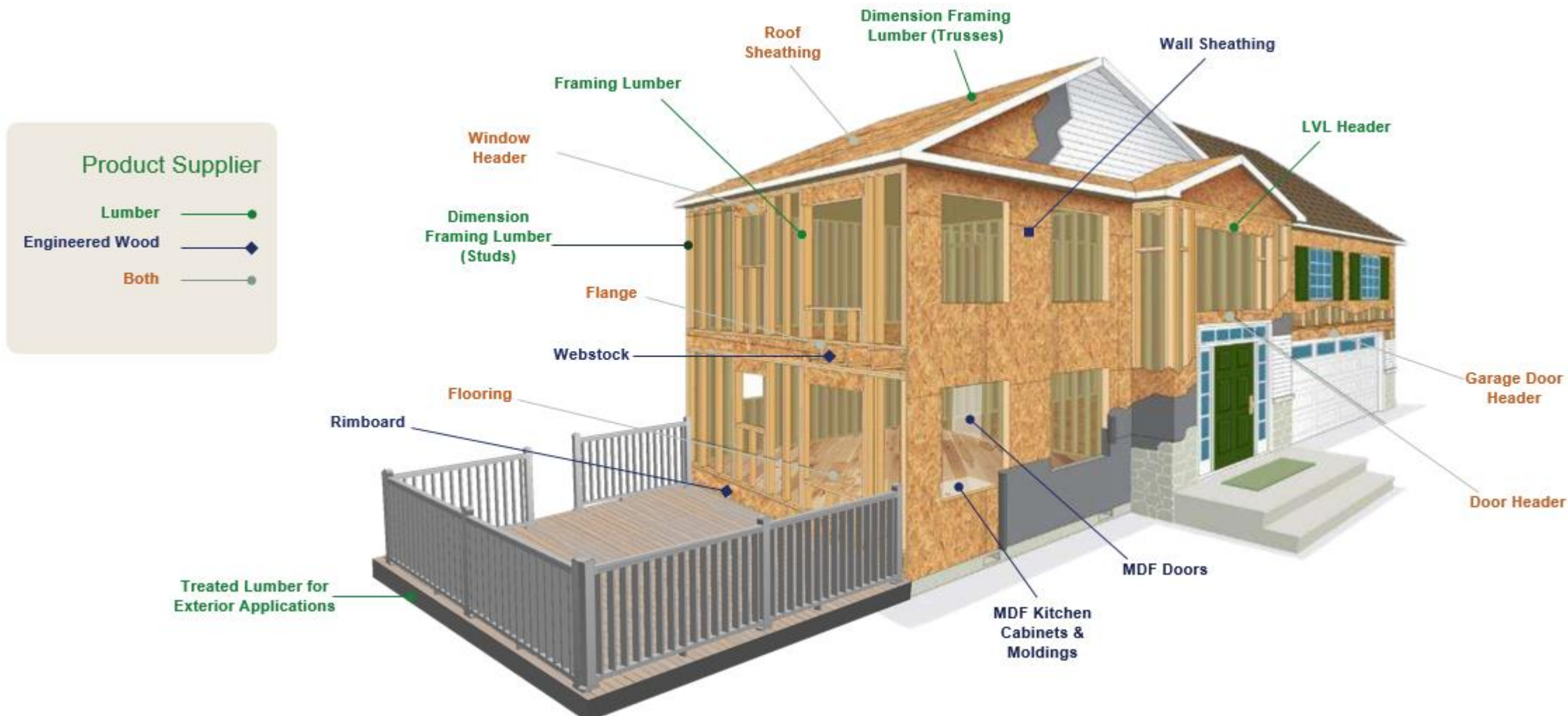
- ☆ CORPORATE OFFICES
- LUMBER
- ▲ PULP & NEWSPRINT
- ENGINEERED WOOD
  - PLYWOOD
  - MDF, PARTICLEBOARD & FURNITURE
  - VENEER & LVL
  - OSB





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

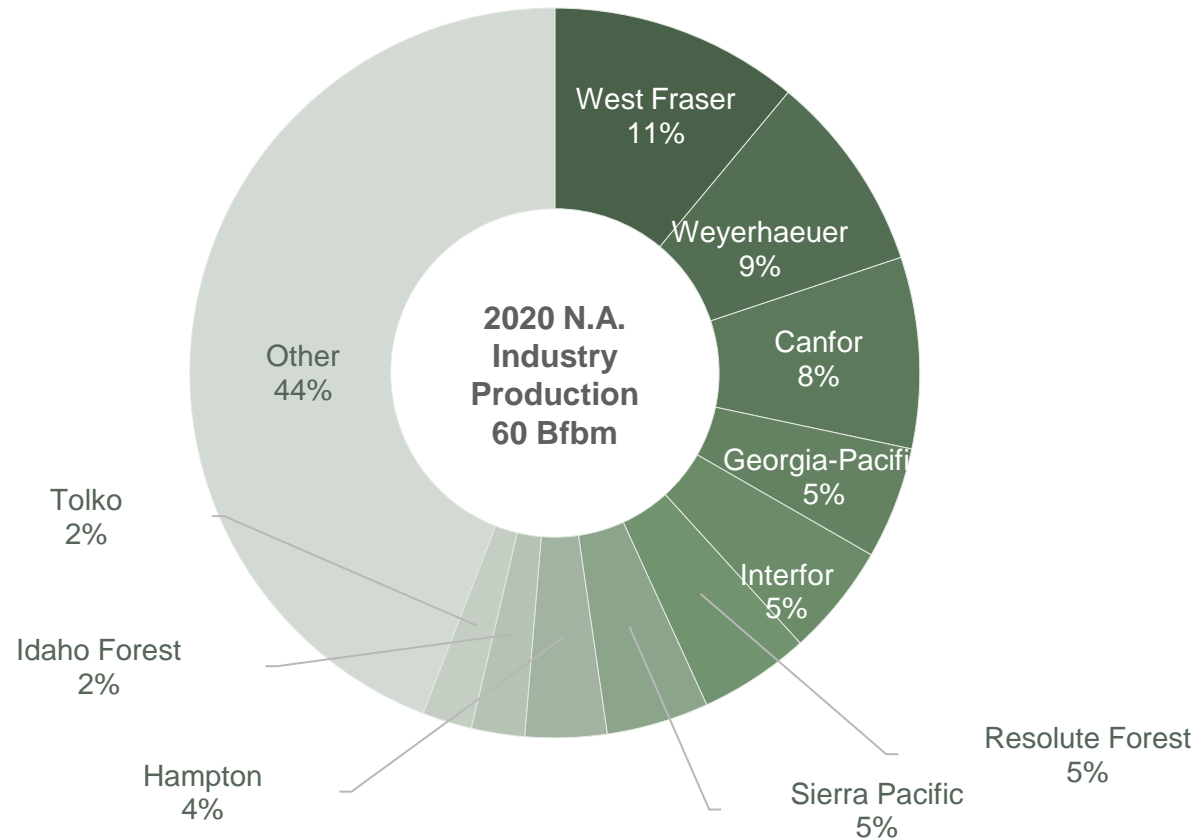
19



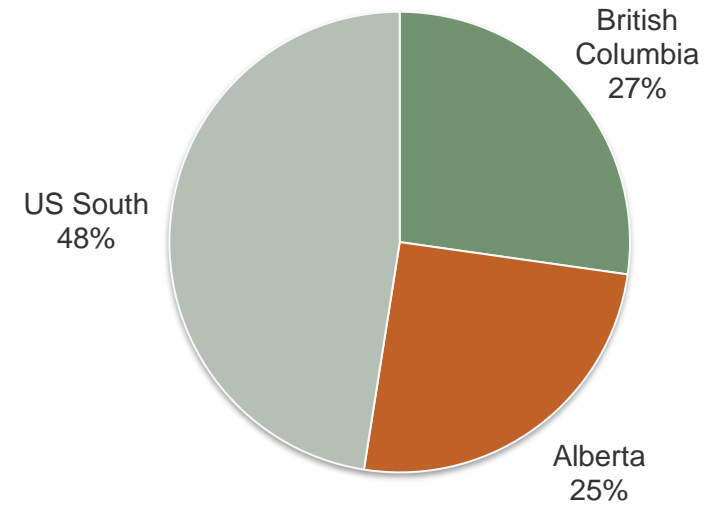


## West Fraser is North America's Largest Lumber Producer

20



### West Fraser 2020 Capacity 6.7 Billion feet



***Lumber capacity concentrated in low-cost timber regions***



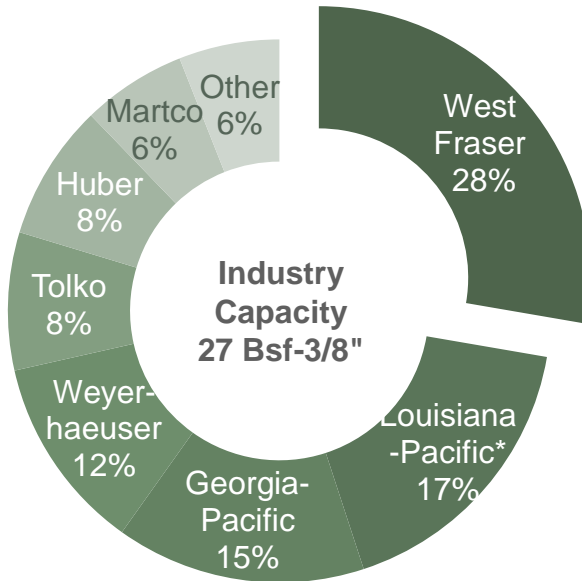


## West Fraser is a Leading OSB Producer

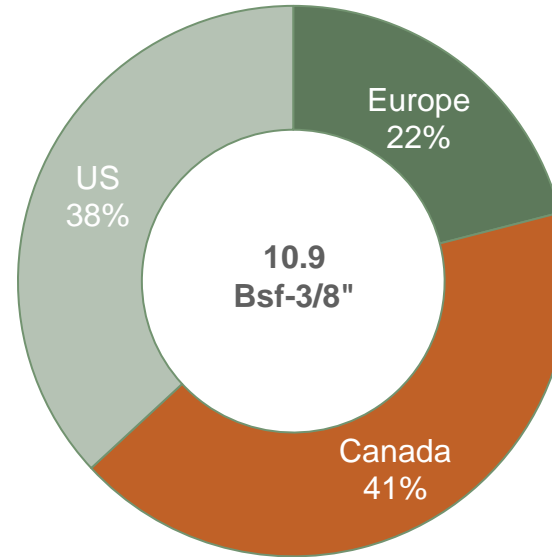
21

### West Fraser Panel Capacity by Region

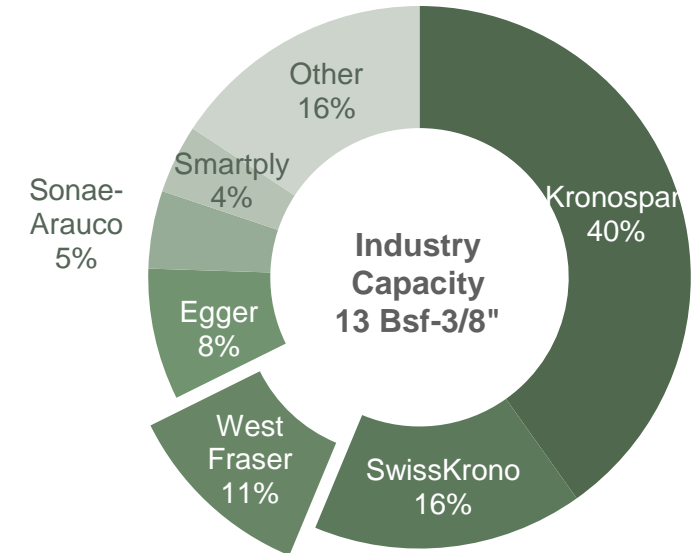
#### North American OSB Industry



\* Excluding OSB siding capacity.



#### European OSB Industry



\* Excluding OSB siding capacity.

***Significant production capacity close to demand markets in US South***

Source: Company documents and other public filings – stated capacities as at December 31, 2020.

# Market Overview



**West Fraser**



### Lumber

- Aggregate North American production growth constrained by log availability in multiple regions, particularly BC
- U.S. South is the region with most potential for production growth over the long term although there are current constraints on contractor and equipment availability
- A moderate and extended recovery in housing starts since the global financial crisis has made economics of investing in additional lumber capacity challenging
- Notwithstanding these challenges, West Fraser has completed its Opelika, Alabama expansion in 2020 and is further expanding production capacity at its Dudley, Georgia mill

### OSB

- It is a lengthy process to construct and ramp production of a greenfield OSB mill, with an estimated three to five years to get to “first panel” followed by an 18-24 month ramp to full production
- Capital requirements are significant for a large-scale greenfield OSB mill, so a moderate and extended recovery in housing starts since the global financial crisis has made economics of investing in additional OSB capacity challenging
- In 2020, to address increased customer demand, West Fraser announced the restart of its OSB mill in Chambord, Quebec

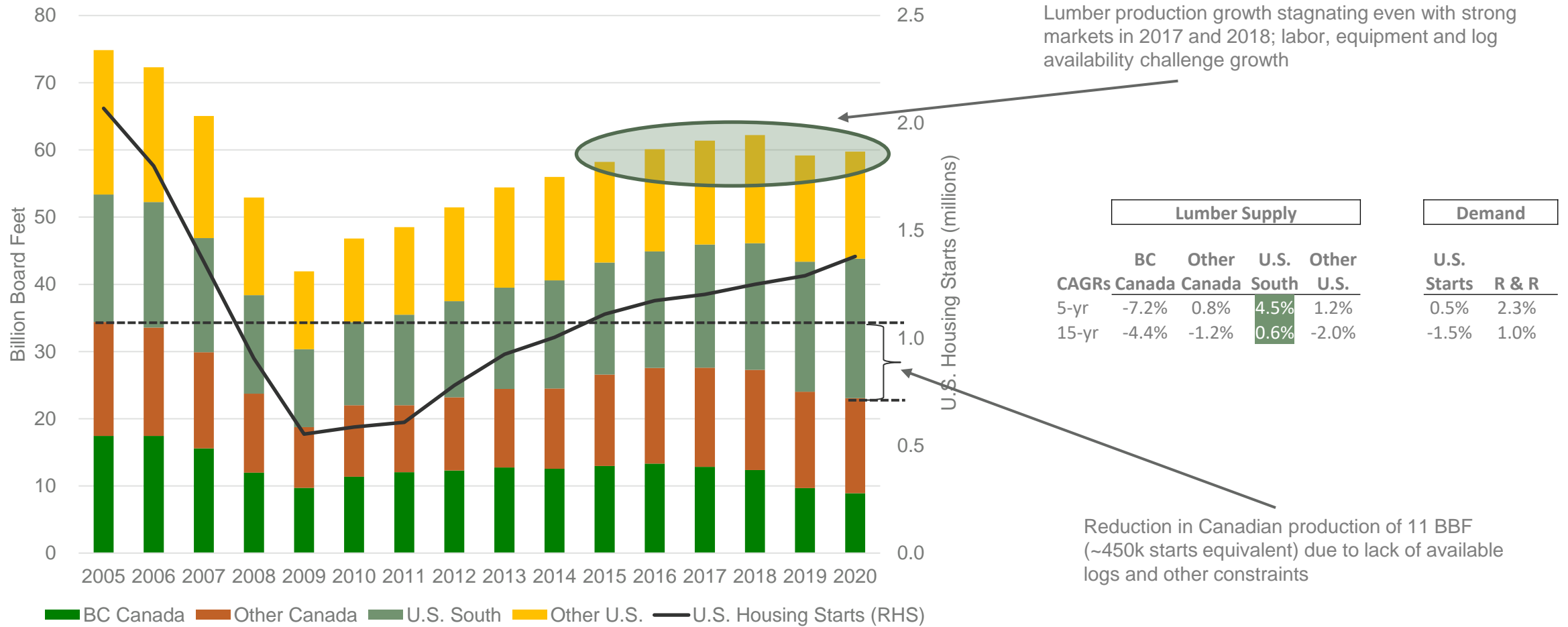






# This is not 2005 – Today's North American Lumber Supply

24

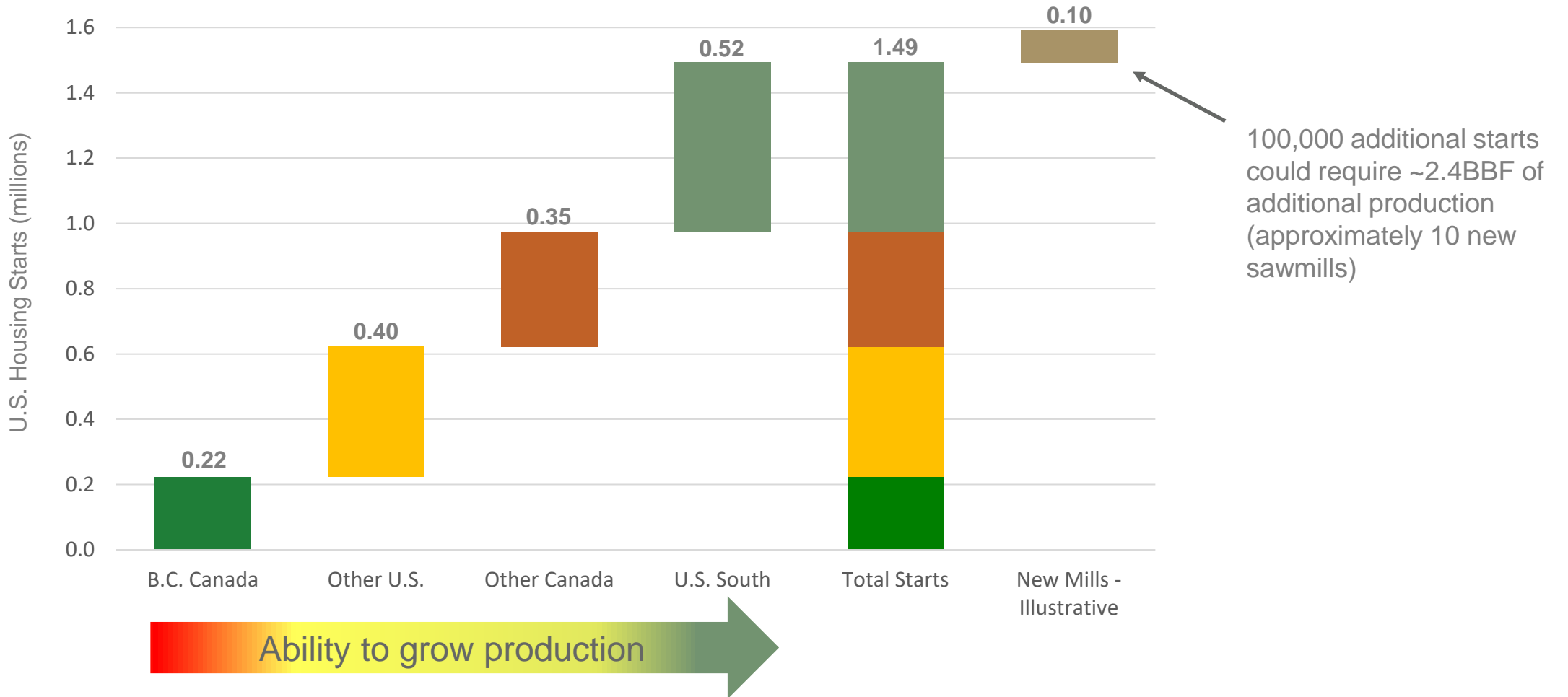


*U.S. South growing while other major producing regions in long term secular decline*



## North American Lumber Production in 2020 Housing Starts Equivalence\*

25



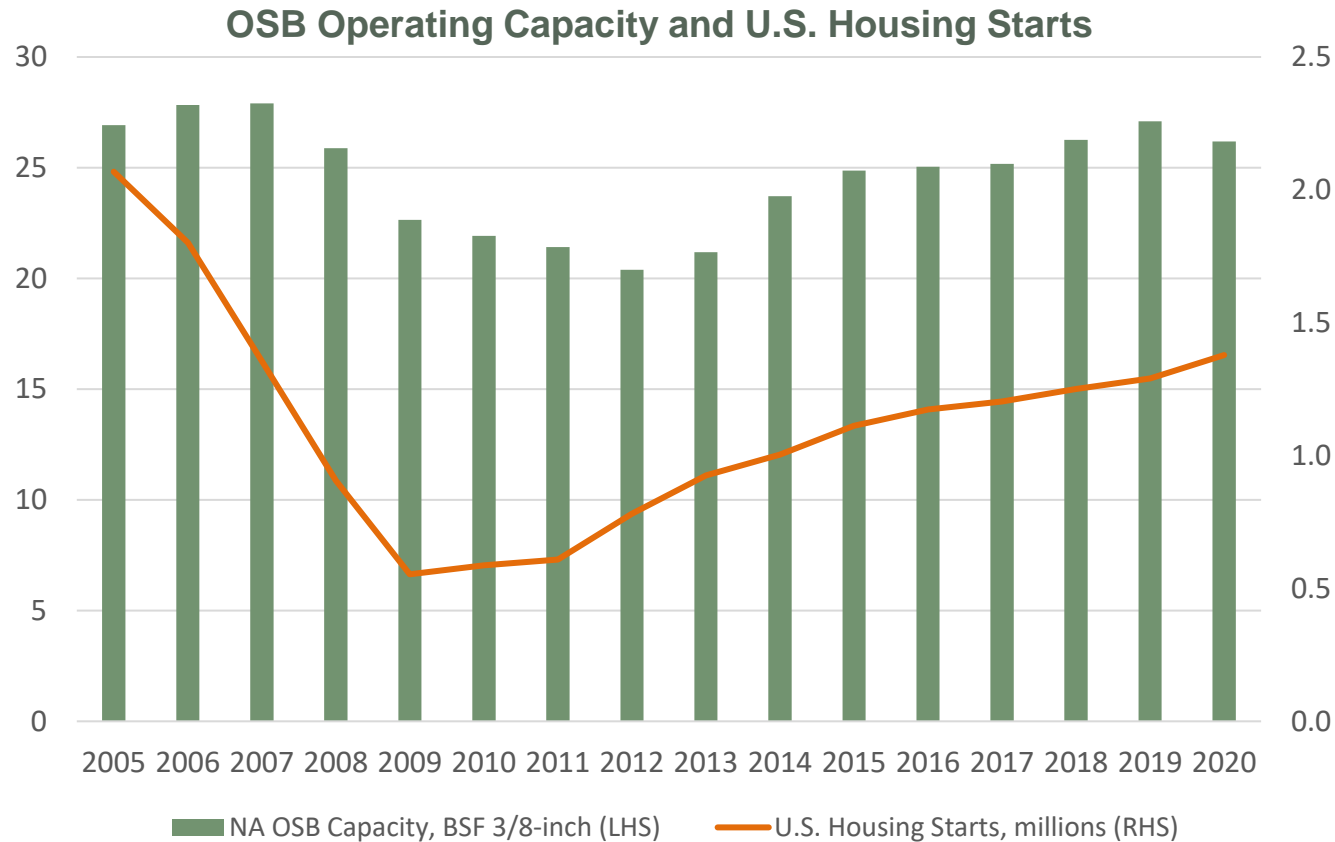
\*Note: assumes 50% of incremental production is of grades suitable for new home construction with 70%/30% single family (SF)/multi-family (MF) mix and 15,000/5,000 fbm of lumber consumed per SF/MF house

**North American lumber production is currently sized for ~1.5 million U.S. housing starts**



## North American OSB Operating Capacity\*

26



- Some industry capacity curtailed in late 2019 has re-started while some remains idled; one mill was permanently closed in 2020
- West Fraser re-started its OSB mill in Chambord, Quebec in March 2021
- The Chambord mill is ramping towards its stated annual OSB capacity of 550MMSF (3/8" basis), which is expected to take 18-24 months
- Debottlenecking and other strategic projects are expected to add incremental production to select mills within West Fraser's OSB mill portfolio

\*Operating capacity above reflects the nameplate capacity of mills that are in operation and not curtailed or idled.

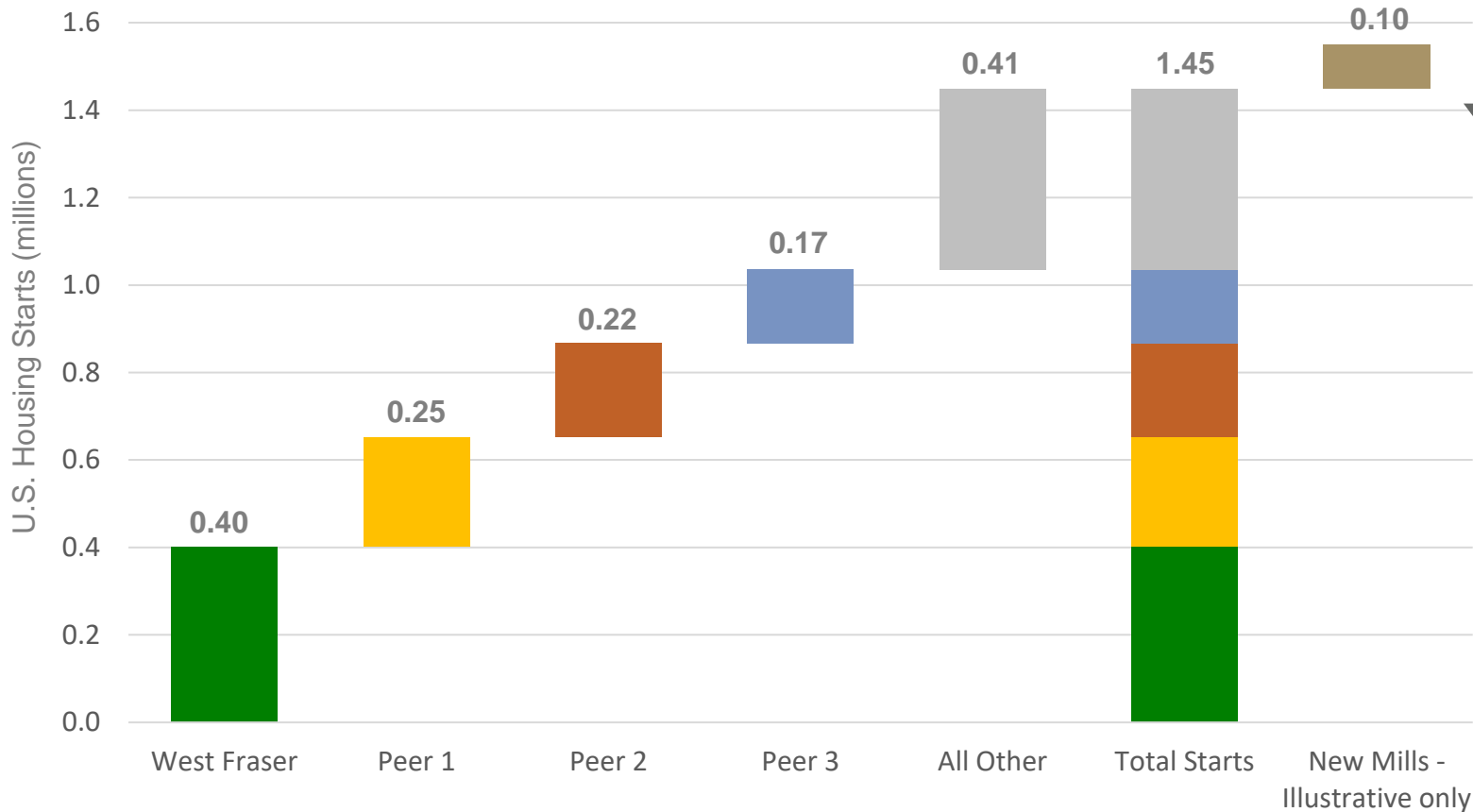
***All West Fraser Mills Operating in 2021***





## North American OSB Capacity in 2020 Housing Starts Equivalence\*

27



100,000 additional starts could require 0.92 Bsf (3/8-inch) of additional OSB capacity, which is the approximate capacity of one large-scale greenfield OSB mill

\*Note: Analysis includes full capacities from Chambord, Quebec mill and two currently idled peer mills

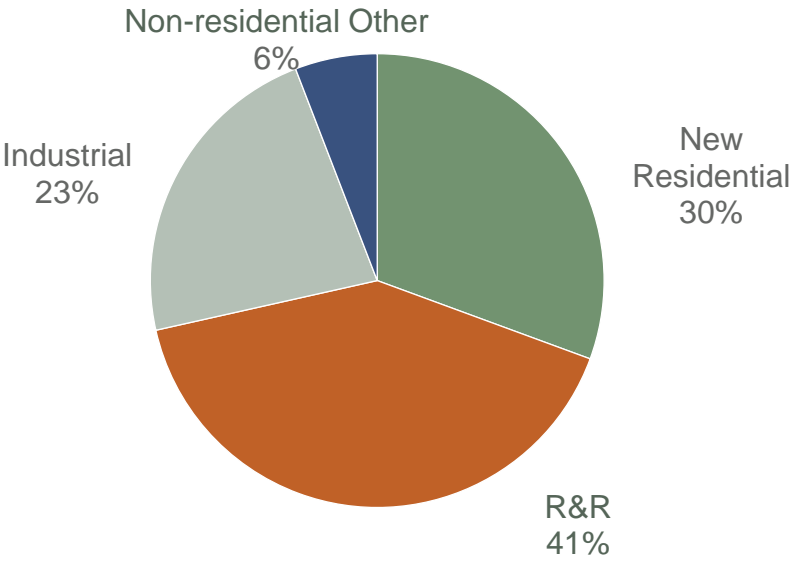
Assumes 50% of N.A. OSB production is for new home construction with 70%/30% single family (SF)/multi-family (MF) mix, 11,000/3,667 sf (3/8") of OSB consumed per SF/MF house and 96% operating rates; 100% of greenfield production assumed to be allocated to new home construction;

**North American OSB capacity is currently sized for ~1.5 million U.S. housing starts**

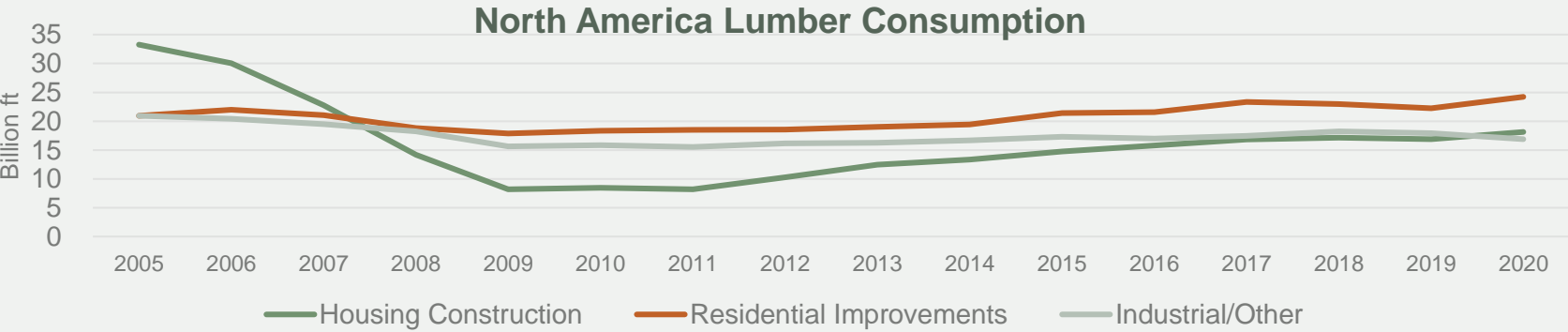
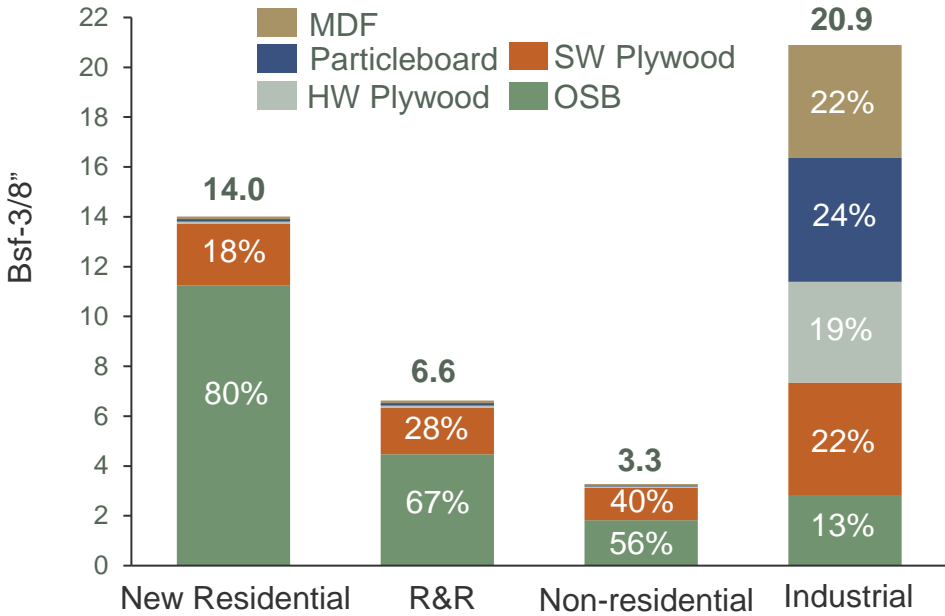


# North America Wood Products End-Use Driven by Demand in New Residential and Lower-Volatility R&R Markets

North America Lumber End Use 2020



Domestically Produced Panel Consumption 2019



Source: FEA, APA – The Engineered Wood Association, Composite Panel Association (CPA), International Tropical Timber Organization (ITTO), US Foreign Agricultural Service (US FAS), US Forest Products Annual Market Review and Prospects (USDA FS), US International Trade Commission (US ITCC)



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**TSX and NYSE: WFG**

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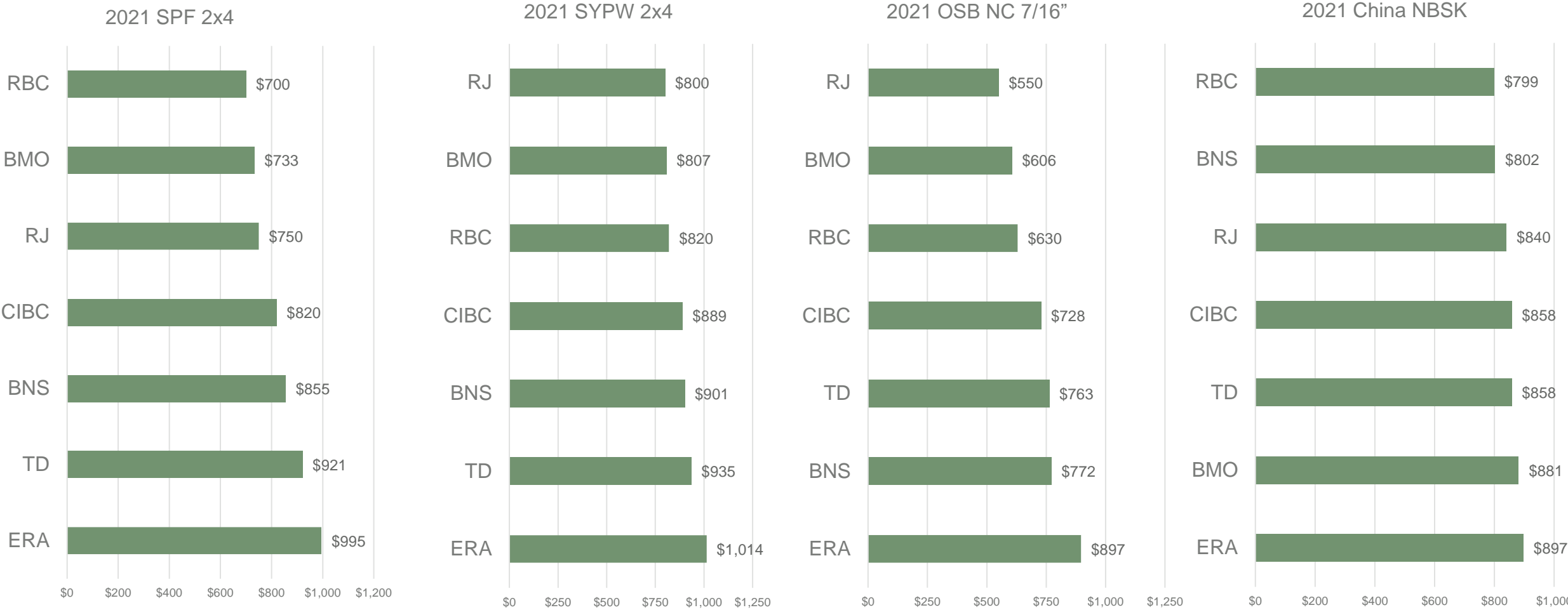
The image shows a vast, dense field of green, needle-like plants, likely a species of juniper or cedar. The plants are growing in a uniform, dense pattern, filling the entire frame. The color is a deep, vibrant green. The word "Appendix" is overlaid in white, bold, sans-serif font, centered horizontally and slightly above the vertical center.

# Appendix





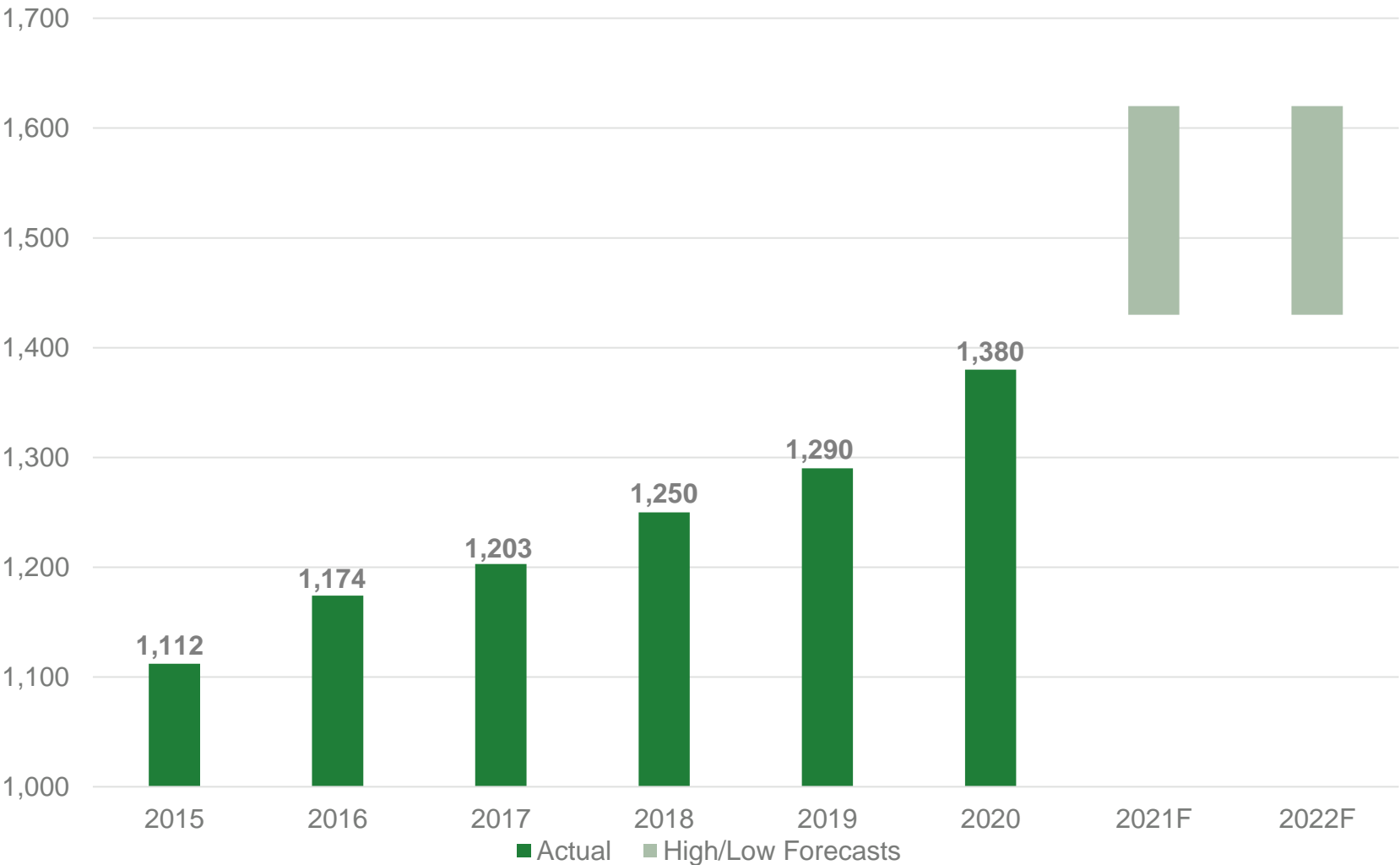
# Analyst Estimates (SPF & SYP US\$/Mfbm, OSB US\$/Msf (7/16" basis), China NBSK US/tonne)



\*US NBSK forecasts are multiplied by..60 to get a comparable China list price (BMO, RBC, Scotia)



# US Housing Start Estimates (Thousands)



*Industry analysts expect strong growth in U.S. housing starts to continue*

Source: U.S. Census Bureau, industry analysts





# Analyst Coverage

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Scotia Capital	Benoit Laprade	(514) 287-3627   benoit.laprade@scotiabank.com
TD Securities	Sean Steuart	(416) 308-3399   sean.steuart@tdsecurities.com





Full 2019 ESG Report  
SASB, GRI & TCFD disclosures  
[westfraser.com/ESG-Report](http://westfraser.com/ESG-Report)

ESG Report Highlights  
<http://bit.ly/WF-ESG-2019>

*Attractive ESG attributes, significantly upgraded reporting*



**Non-IFRS Measures:** This presentation makes reference to certain non-IFRS measures, such as Adjusted EBITDA and net debt to capital ratio. Non-IFRS measures do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by others. For further information regarding the use of non-IFRS measures please refer to the “Non-IFRS Measures” section in the MD&A.

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

**Terminology:** References in this presentation to “MMfbm” or “mmfbm” mean million board feet, “Bfbm” mean billion board feet, “Bsf-3/8” mean billion square feet on a 3/8-inch basis, “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.