

# INVESTOR PRESENTATION

February 2021



Western Forest Products Inc.  
DEFINING A HIGHER STANDARD™

TSX:WEF





# Forward Looking Statements and Non-GAAP Financial Measures



All financial references are expressed in C\$ unless otherwise noted.

This presentation contains statements and estimates that may constitute forward-looking statements under the applicable securities laws. Readers are cautioned against placing undue reliance on forward-looking statements. All statements herein, other than statements of historical fact, may be forward-looking statements and can be identified by the use of words such as “will”, “estimate”, “commit”, “anticipate”, “expect”, “should”, “may”, “pursue”, “explore” and similar references to future periods.

Forward-looking statements in this presentation include, but are not limited to, statements relating to our current intent, belief or expectation with respect to: domestic and international market conditions, demands and growth; economic conditions; our acquisition, growth, marketing, product, wholesale, operational and capital allocation plans and strategies including, but not limited to, our dividend plan and share repurchase plan; our expected operating results; our competitive position and expectations regarding future competition; fibre availability and regulatory developments; the impact of the COVID-19 pandemic; the anticipated closing of the transaction with Huumii Ventures Limited Partnership and the sale of additional incremental ownership interest in TFL 44 LP in the future.

Although such statements reflect management’s current reasonable beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions, there can be no assurance that forward-looking statements are accurate, and actual results and performance may materially vary. Many factors could cause our actual results or performance to be materially different including: economic and financial conditions, demand for forest products, competition and selling prices, international trade disputes, changes in foreign currency exchange rates, labour disputes and disruptions, natural disasters, relations with First Nations groups, the availability of fibre and allowable annual cut, developments and changes in laws and regulations affecting the Company or the forestry industry, changes in the price of key materials for our products, changes in opportunities, existence of a public health crisis (including future developments in the COVID-19 pandemic) and other factors discussed in the Company’s annual MD&A, which is available on our website at [www.westernforest.com](http://www.westernforest.com). The foregoing list is not exhaustive, as other factors could adversely affect our actual results and performance. Forward-looking statements are based only on information currently available to us and refer only as of the date hereof. Except as required by law, we undertake no obligation to update forward-looking statements.

During the course of this presentation, certain non-GAAP financial information will be presented. Definitions and reconciliation of terms can be found in the Company’s annual and quarterly MD&A for Western Forest Products Inc. (the “Company”).



# Western At A Glance

A Sustainable, Specialty Wood Products Company



# Western At a Glance



**Sustainable**

Products and  
Practices



**\$1+ Billion**

In Historical Annual  
Revenue Achieved



**\$150+ Million**

In Historical Annual  
EBITDA Achieved



**39%**

Of Historical Sales to  
International Markets



**\$625 Million**

Market Capitalization  
and Listed on the TSX



**Strong**

Environmental, Social,  
& Governance (“ESG”)  
Practices and Policies



**1+ Billion**

Board Feet of Annual  
Lumber Capacity  
at 8 Sawmills



**Four**

Remanufacturing  
Facilities and One  
Distribution Centre



**6 Million m<sup>3</sup>**

Of Allowable Annual  
Cut From Our B.C.  
Timberlands



**2,100+**

Employees

A Global Leader In Specialty Lumber Products

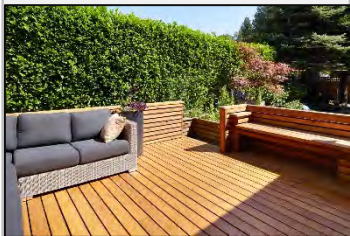


# Western's Lumber Products Are Used In Multiple Sustainable End Uses Around The World



## Outdoor Living

Outdoor Structures,  
Decking, Fencing



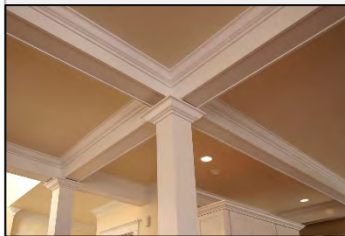
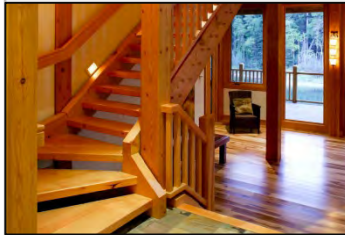
## Home Components

Timbers, Siding,  
Paneling, Trim  
& Soffits, Japanese  
Housing, Framing



## Millwork

Door, Window, Stair  
Components, Moulding,  
Furniture, Decorative



## Non-Residential

Architectural Fixtures,  
Lamstock, Timbers



## Industrial

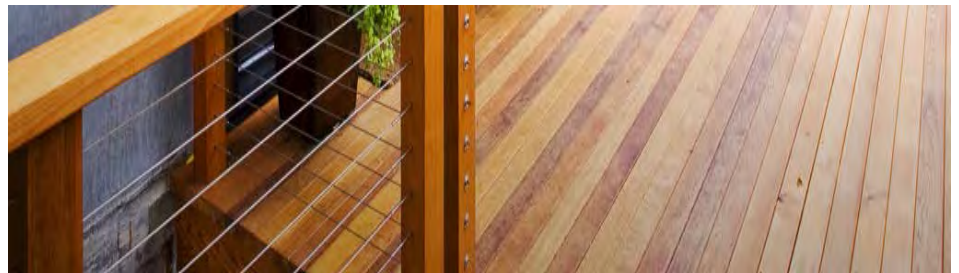
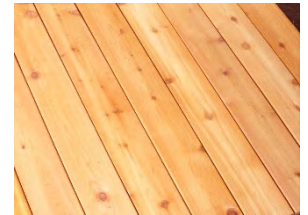
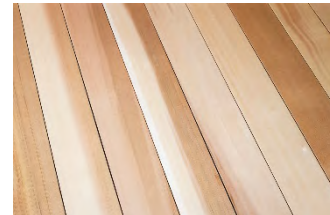
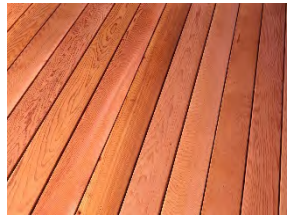
Cross & Transmission  
Arms, Mat Stock, Bridges,  
Docks & Railway Ties,  
Packaging & Crating



Western's Products Come From The World's Most Sustainable Building Material



# Wood Is Sustainable, Durable and Naturally Beautiful



# Wood Is The World's Most Sustainable Building Material



Wood is the only major building material that is renewable



Wood is recyclable and biodegradable and comes from sustainably managed forests



Wood products play an important role in mitigating climate change



Wood products helps reduce greenhouse gases and has the lowest impact of all building materials on air and water quality

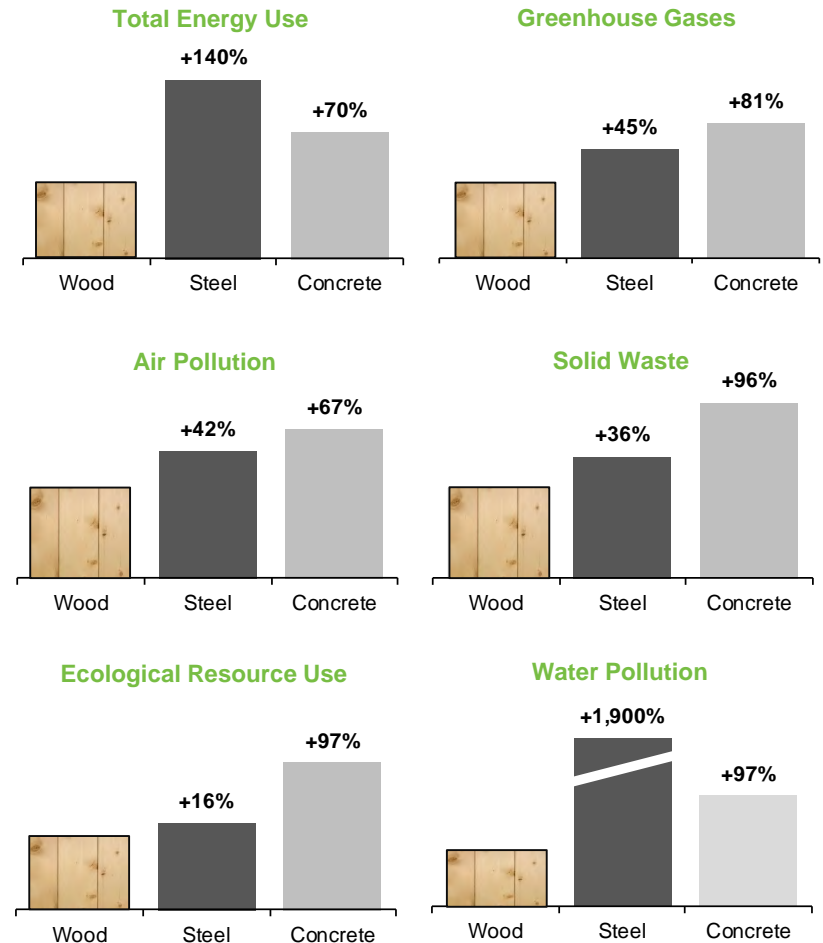


Wood products require less energy to produce than concrete and steel



Wood products result in less solid waste than concrete and steel

## Sustainability of Wood vs. Steel vs. Concrete<sup>(1)</sup>



(1) Source: ATHENA™ Sustainable Materials Institute life-cycle research via the Western Red Cedar Lumber Association

Wood Products Outperform Steel And Concrete From A Sustainability Perspective



# Mass Timber Buildings Further Support The Growth Of Wood As A Sustainable Building Product



- Increase use of wood in buildings
  - Potential for 4 to 7 billion board feet in incremental lumber demand<sup>(1)</sup> by 2035
- Building code changes supporting the growth of wood use
- Climate change benefits

Maximizing wood use in both residential and commercial construction could remove an estimated

**21 Million**  
Tons of CO<sub>2</sub> Annually

=

**4.4 Million**  
Cars Taken Off  
The Road Annually<sup>(2)</sup>



- Links to additional industry resources and information

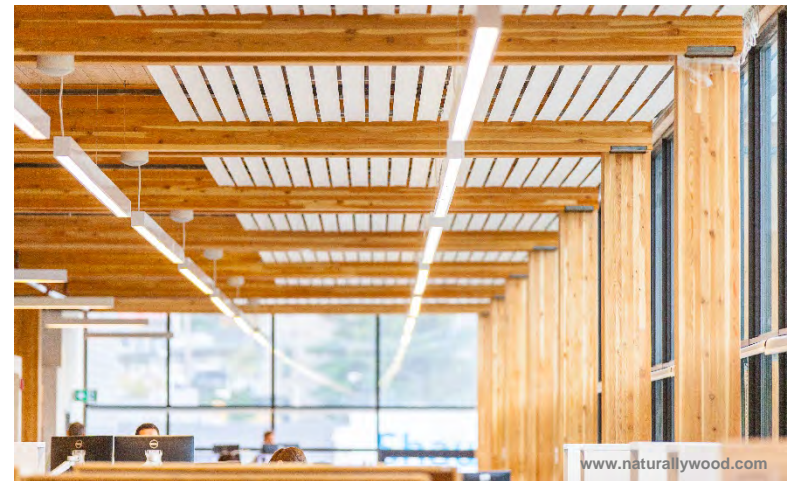
**THINK  
WOOD®**

**SLB®**  
SOFTWOOD  
LUMBER BOARD



**WoodWorks™**  
WOOD PRODUCTS COUNCIL

naturally:wood®

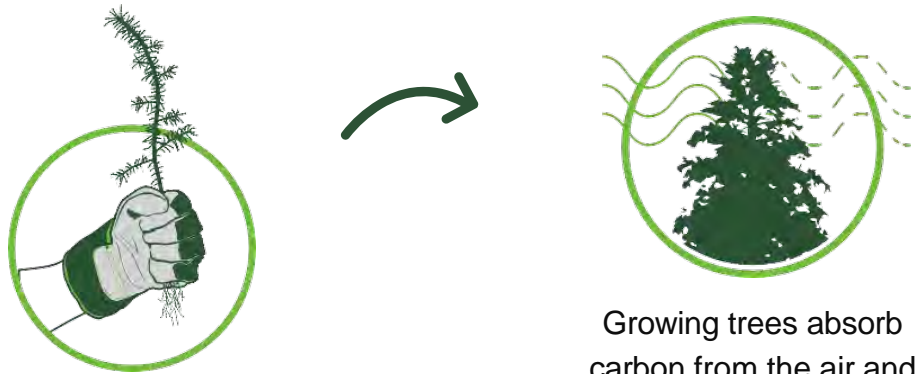


(1) RBC research  
(2) Source: Think Wood

A Sustainable Opportunity To Grow The Demand For Wood Products



# Wood Products Play An Important Role in Mitigating Climate Change



New trees are planted and the cycle of carbon removal continues



Growing trees absorb carbon from the air and release oxygen



When trees are harvested, the carbon remains stored in wood products



As trees mature the rate of carbon removal decreases



# Western's Commitment To ESG



## Environment Stewardship

Sustainable Forestry Practices,  
Sustainable Products, Climate  
Change, Biodiversity



## Social Responsibility

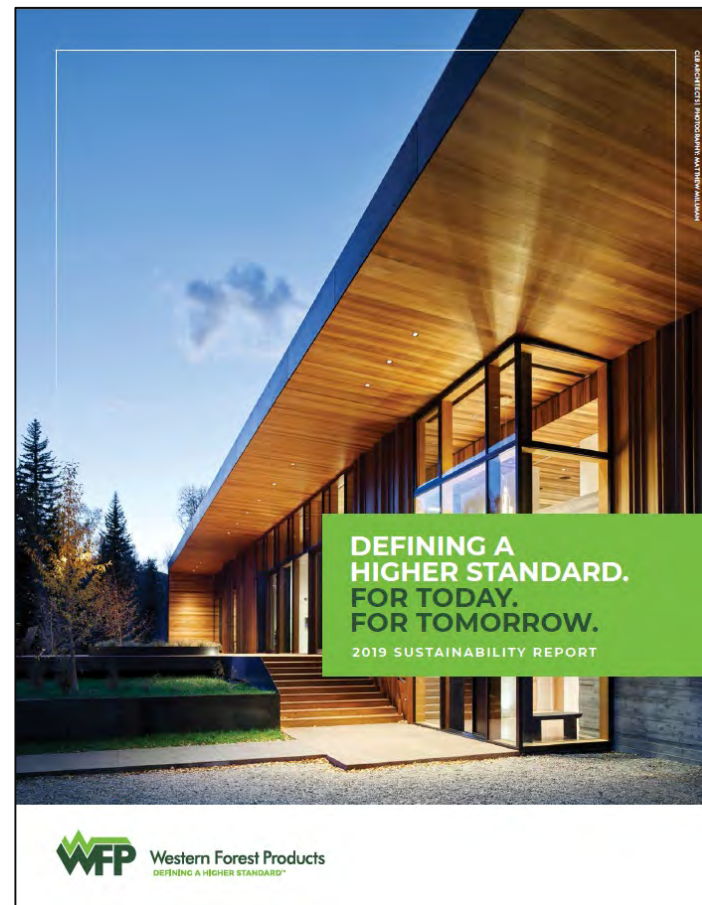
Health & Safety, People &  
Culture, Diversity, Stakeholder  
& Community Engagement



## Corporate Governance

Best Practices, Board  
Composition and Diversity,  
Executive Compensation,  
Ethics, Integrity

## 2019 Sustainability Report



Report Link: [2019 Sustainability Report](#)

Western Is Committed To Defining A Higher Standard® On ESG



# Western's ESG Highlights




## Environmental Stewardship



**100%**  
of our managed  
tenures are  
certified by



**20+ Million**  
seedlings planted  
over the last 3 Years 



Over **1,500** wildlife  
habitats protected

Consider climate change  
in our forest planning



Over **275,000** hectares protected for  
wildlife and biodiversity features

**Maximize** utilization of  
harvested logs to limit waste



Manage **biodiversity** and  
other environmental values  
to maintain forest health



Reforest  
**every** hectare  
we harvest  
No deforestation

## Social Responsibility



Goal of a  
**zero-incident**  
workplace



**38%**

Women executive &  
corporate officers

Promote **diversity**  
at all levels



Ongoing  
**stakeholder**  
**engagement**



Advancing mutually beneficial relationships and  
**reconciliation** with First Nations

## Corporate Governance



**Top**  
governance  
score from ISS



**38%**

Women board  
directors

**88%**  
Independent  
board members



Comprehensive  
policies and  
ethical  
standards



# ESG – Environmental Stewardship



## Sustainability

- 100% of our managed tenures are certified
- Sustainably manage and harvest the entire forest profile over generations
- Reforest every hectare we harvest
- Only forestry company in British Columbia to operate a seed orchard and tree nursery
- Planted over 20 million seedlings over the last 3 years
- Limit wood waste in our operations



## Climate Change

- Forests play a key role in the global carbon balance and sequestering carbon
- Consider climate change in our forest planning
- Manage fertilization to improve soil nutrient to increase carbon sequestration in coastal forests
- Implement energy reduction / efficiency initiatives in our sawmills
- In 2019 we replaced a significant portion of our forklift fleet with new fuel-efficient models, reducing annual fuel consumption by 15%



## Biodiversity

- Manage biodiversity and other environmental values to maintain forest health
- Standards in place that protect both species and habitat
- First forestry company in British Columbia to issue a policy on "Big Trees"
- Manage for water quality and quantity, community watersheds and streams / riparian areas



Western Is Committed To The Strongest Environmental Practices



# ESG – Social Responsibility



## Health & Safety

- Our goal is a zero-incident workplace
- Annual safety training for all employees and contractors
- ISNetworld certification process for contractors
- Comprehensive hands-on, job-specific training
- Independent audits and inspections
- Environmental, Health and Safety Board committee
- Comprehensive Health and Safety Management System



## People & Culture

- Provide equal opportunity and promote diversity at all levels
- Total rewards approach to compensation to attract, retain and motivate employees
- Support freedom of association and collective bargaining
- Invest in our people through annual training and education
- Women represent 38% of our executive and corporate officers (industry average of 23%)
- Indigenous employment is an important component for the diversity of our workforce



## First Nations & Community

- Committed to advancing mutually beneficial relationships and reconciliation with First Nations
- Positive working relationships with First Nations through information sharing, timber harvesting, silviculture, planning and other mutually beneficial arrangements
- Engage with a broad range of stakeholders
- Stakeholders have provided feedback to our ESG progress and reporting
- Focus on supporting initiatives that promote culture, recreation, education and sustainability



Western Is Committed To Our People, Communities And Stakeholders

# Reconciliation With First Nations: Western and Huu-ay-aht First Nations, A Success Story



## Building a Mutually Beneficial Relationship with Huu-ay-aht First Nations

2017

- Established a relationship
  - Sale and purchase of three properties
  - Long-term lease back of a dry land sort in Sarita Bay, B.C.
  - Market log harvesting agreement for 200,000 m<sup>3</sup>
- Employment and training agreement to increase the number of Huu-ay-aht citizens participating in the forest sector



2018

- Signed a Reconciliation Protocol Agreement
- Continued to explore potential alternative ownership structures in Huu-ay-aht's traditional territories



2019

- Completion of Huu-ay-aht's purchase of a 7% ownership interest in a newly formed limited partnership (TFL 44 LP), consisting of certain assets in Western's Port Alberni Forest Operations, including Tree Farm Licence 44

2020

- Announced Huu-ay-aht's purchase of an incremental ownership interest in TFL 44 LP from Western



Developing Mutually Beneficial Relationships  
To Advance Reconciliation With First Nations



# ESG – Corporate Governance



## Best Practices

- Top governance score from ISS
- Independent Board Chair
- Annual elections
- Annual director assessments
- Annual say-on-pay voting
- Majority voting for director election
- Whistleblower hotline
- Comprehensive and transparent disclosure
- Shareholder engagement
- Diversity and inclusion policy



## Board Composition

- 88% of directors are independent
- 38% of directors are women (industry average is 20%)
- 25% of committees chaired by women
- Two new women directors in 2019
- Average director tenure of <7 years
- History of 100% director attendance
- Equity ownership requirements
- Diversity a consideration in director selection

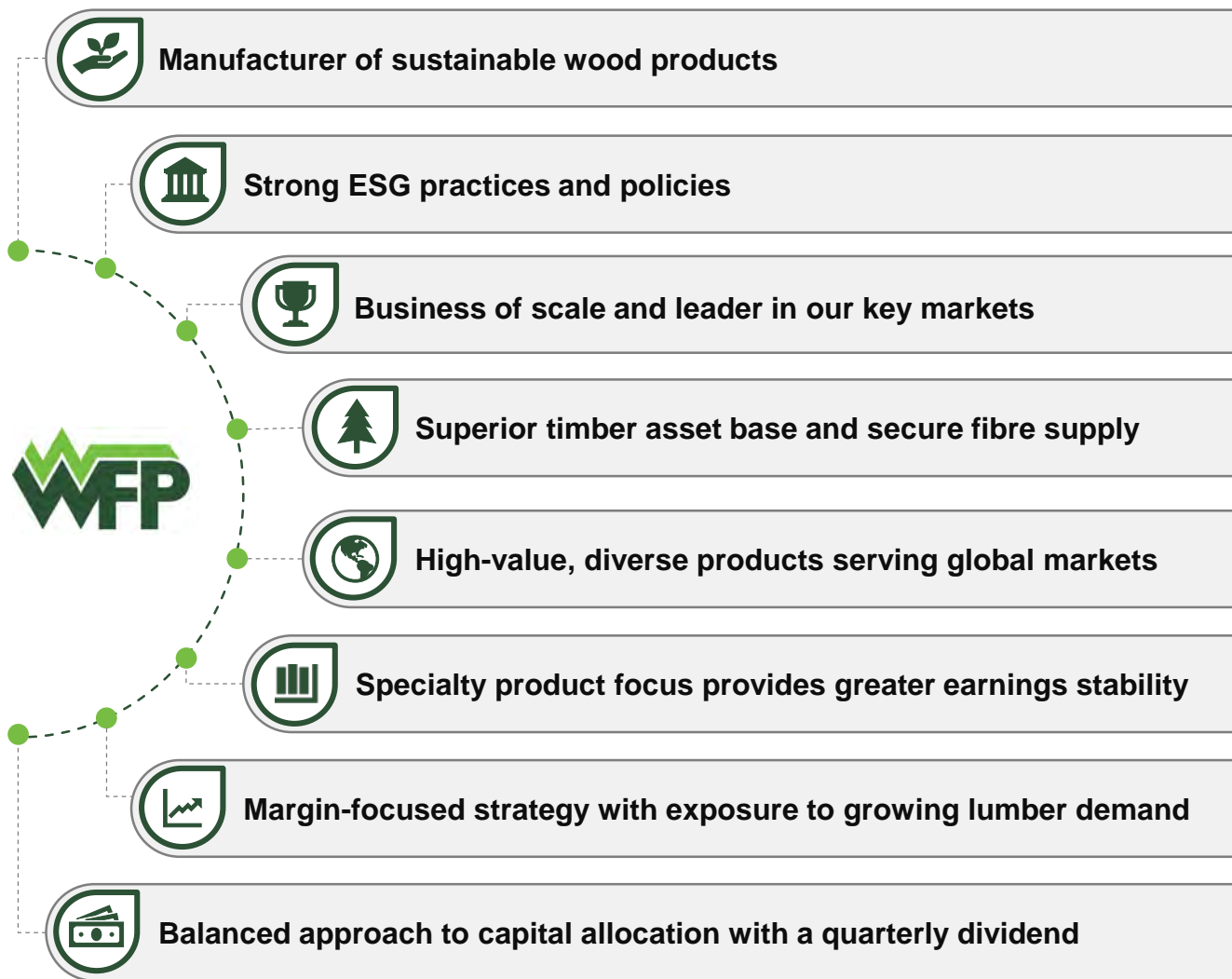


## Executive Compensation

- Competitive pay to attract and retain talent
- Target compensation at levels near the median of our peer group
- 67% of CEO compensation is performance based
- Annual goal setting aligned with long-term strategy, ESG and shareholder value
- Clawback and hedging policies
- Performance based awards linked to various shareholder value metrics
- Minimum ownership requirements for CEO and top executives

Western Is Committed To The Strongest Corporate Governance Practices

# Why Own Western



Western Is The Premier Wood Products Company To Own



# Company Snapshot

Sustainably Growing and Creating Long-term Shareholder Value



# Who We Are: Our Mission, Vision and Values



## Our Vision:

**To provide the most sustainable building materials on the planet**



## Our Mission:

We safely produce high margin, targeted specialty building materials for our selected global customers in a value for service relationship



## Our Values:

Our values guide us in Defining a Higher Standard® in what we do:

- We are committed to personal safety, sustainable management and environmental stewardship
- We behave with integrity, passion and transparency
- We seek mutually beneficial relationships
- We are dedicated to a culture of accountability and continuous improvement



Defining a Higher Standard®

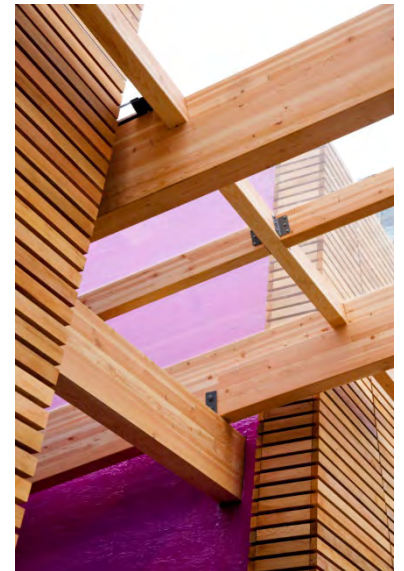


# What We Do:

## Margin-Focused, Specialty Lumber Company



- Leading cedar lumber, timbers and Japan square manufacturer in North America
- Offer a range of appearance, structural and industrial wood products
- Our products are used in various outdoor living, home components, millwork, non-residential and industrial applications
- Diverse species mix, offering cedar, hemlock, balsam and Douglas fir products
- Global customer base



Western Is A Leading Global Supplier Of Specialty Wood Products

# Where Do We Do It: Serve Global Markets From Coastal B.C. and Washington



See Appendix for detailed listing of sawmills and remanufacturing facilities

Strategically Located Manufacturing Locations With Secure Fibre Supply



# How We Have Performed: Financial Snapshot



**\$1+ Billion**

In Historical Annual  
Revenue Achieved



**\$150+ Million**

In Historical Annual  
EBITDA Achieved



**12%**

Net Debt / Book Cap at  
the end of Q4/20



**\$178 Million**

Available Liquidity  
at the end of Q4/20

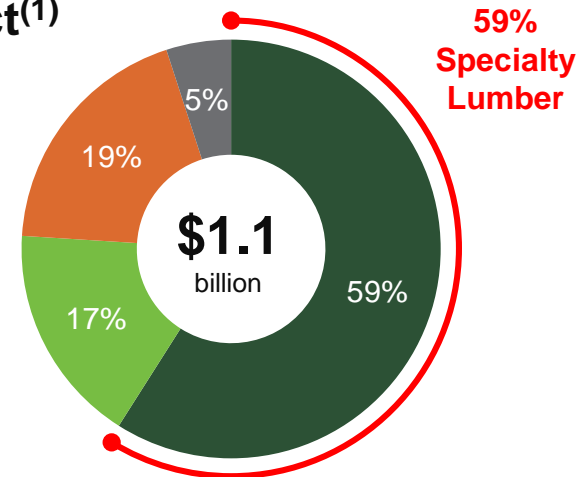


**\$625 Million**

Market Capitalization<sup>(2)</sup>

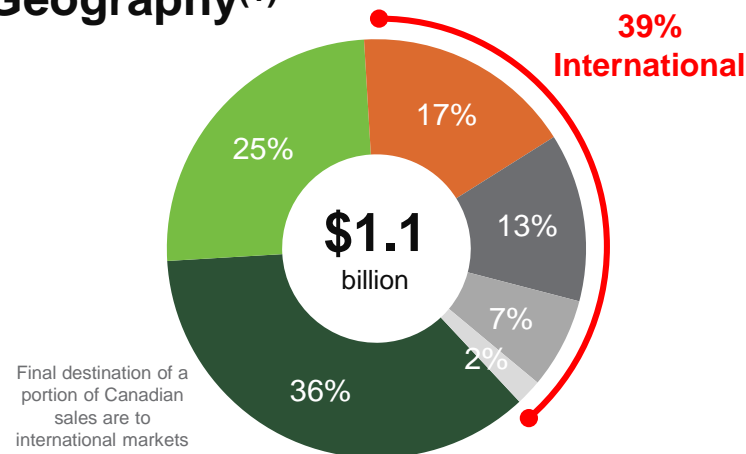
## Annual Sales by Product<sup>(1)</sup>

- Specialty Lumber
- Commodity Lumber
- Logs
- By-products



## Annual Sales by Geography<sup>(1)</sup>

- Canada
- United States
- China
- Japan
- Other
- Europe



(1) Annual average from 2015 to 2020, including strike impacted 2019 and 2020

(2) Based on closing share price of \$1.67 on February 25, 2021

**Strong Financial Performance And Well Capitalized Balance Sheet**

# What Are Our Priorities:

## Sustainably Execute On Our Long-term Priorities



### Explore Opportunities

- Pursue margin-focused business opportunities
- Grow our wholesale lumber and branded products business
- Specialty products acquisitions



### Grow the Base

- Optimize operations to improve margins
- Targeted, high-margin products of scale to selected customers
- Non-capital margin improvement and growth initiatives



### Strengthen the Foundation

- Strategic capital investments
- Invest in our people and systems
- Mutually beneficial relationships with First Nations

Focus On Growing Long-term Shareholder Value



# Company Updates

Sustainably Executing On Our Strategic Priorities



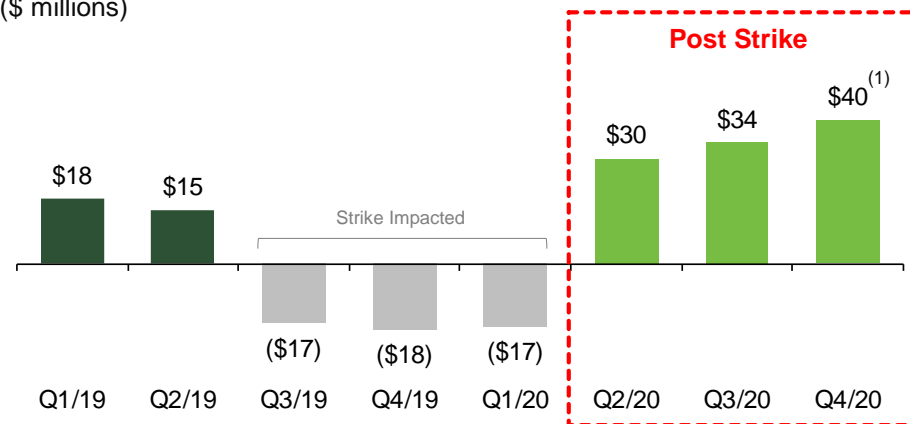
# Re-Establishing Our Business Post The USW Strike, Despite COVID-19 Uncertainty



- Robust COVID-19 health and safety protocols in place
- Re-established earnings capabilities of the business
  - Three quarters of strong results post the USW strike, despite COVID-19
  - Post strike average quarterly EBITDA above pre-strike levels
- Significant reduction in debt
  - Net debt to book capitalization of 12% at end of Q4/20

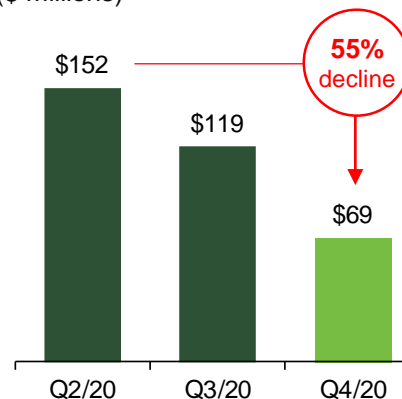
## Quarterly EBITDA – Last 8 Quarters

(\$ millions)



## Net Debt – Last 3 Quarters

(\$ millions)



## Quarterly EBITDA

(\$ millions)



(1) Excludes duty recovery of \$31.6 million in Q4/20

(2) Quarterly average of Q2 to Q4 EBITDA from 2015 to 2019 (pre-strike)

(3) Quarterly average of Q2/20, Q3/20 and Q4/20 EBITDA

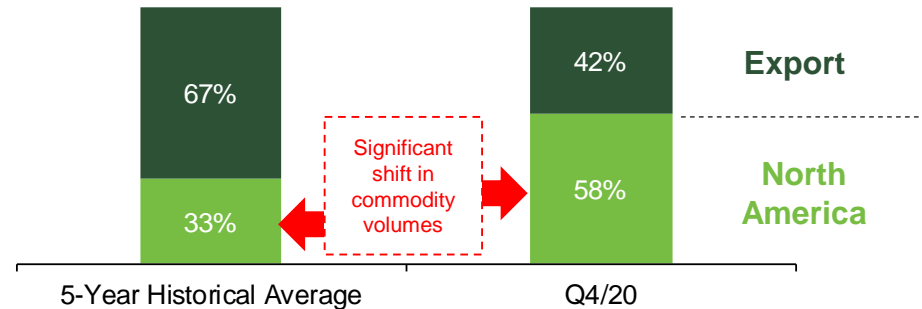
Success In Re-Establishing Our Business Post The Strike

# Leveraging Our Flexible Operating Platform To Capitalize On Changing Lumber Markets

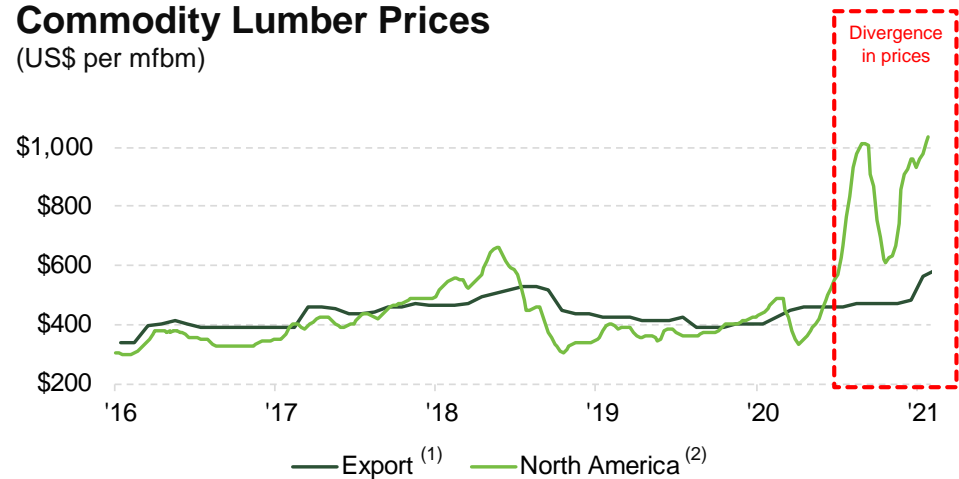


- Utilize our flexible operating platform
- Allows for redirection between products and markets
  - During Q3/20, redirected lumber production to focus on North American markets (vs. export)
  - Capitalize on the dramatic increase in North American lumber prices
- Flexibility to adjust production based on market demand and prices

**Commodity Lumber Shipments**  
(% of Total Commodity Lumber Shipments)



**Commodity Lumber Prices**  
(US\$ per mfbm)



(1) Hemlock Lumber 2x4 (40x90) Metric RG Utility, c.i.f. destination Shanghai  
(2) Coast KD Hem-Fir #2 & Btr 2x4, net f.o.b. mill

Flexible Operating Platform Gives Western The Opportunity To Redirect Volume Between Different Markets, Leading To Greater Earnings Stability

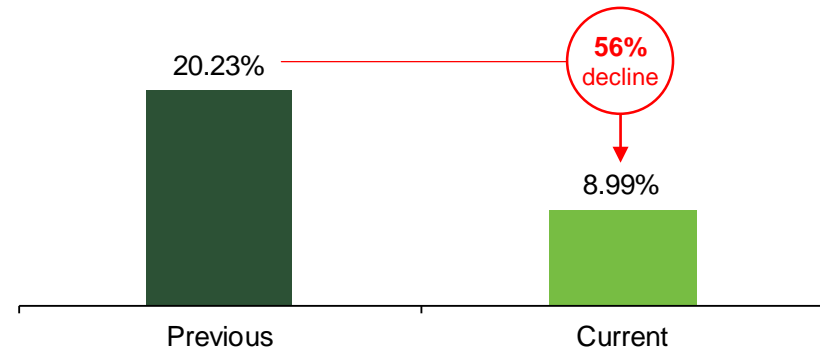


# Reduction In Softwood Lumber Duties Will Benefit Specialty Lumber Manufacturers

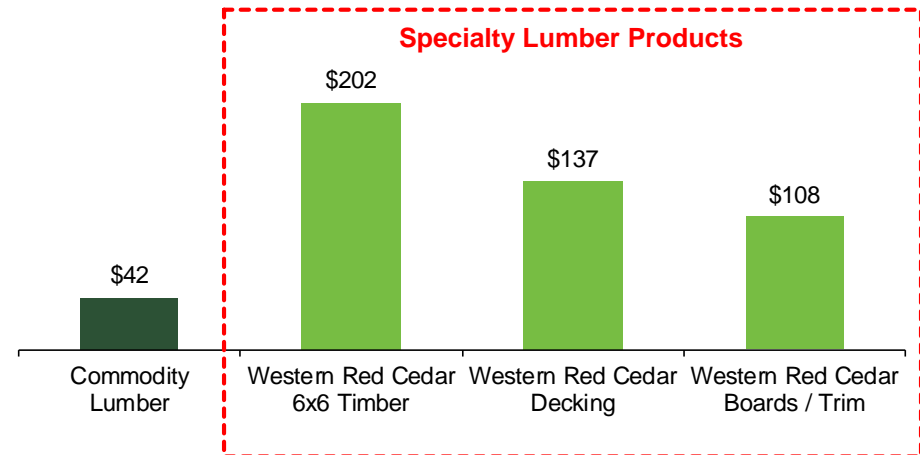


- Effective December 2020
- 56% reduction in Western's total duty deposit rate
- Duties on deposit of \$124 million (US\$95 million)<sup>(1)</sup>
  - Equates to 20% of Western's market capitalization<sup>(2)</sup>
  - Only \$37 million included on Western's balance sheet<sup>(1)</sup>
- Average duties savings per board foot greater on specialty lumber vs. commodity lumber

## U.S. Countervailing & Anti-Dumping Duty Rates (All Others Duty Rate %)



## Illustrative Duties Savings of Revised Duty Rates<sup>(3)</sup> (US\$ per mfbm)



(1) As of December 31, 2020

(2) Based on market capitalization as of February 25, 2021

(3) Based on Random Lengths average benchmark prices since 2017

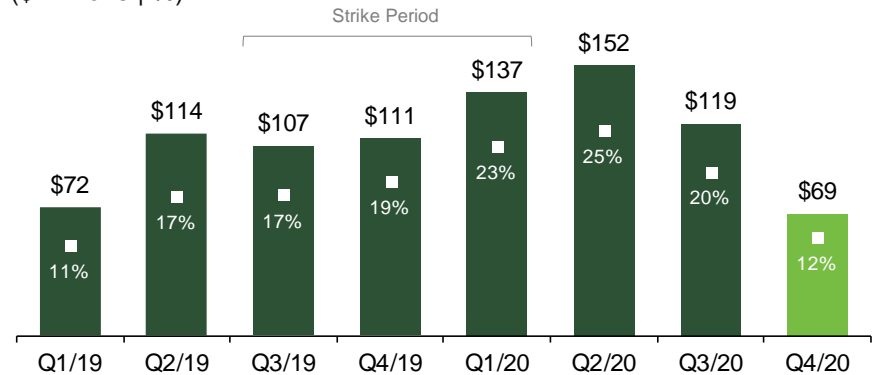
Western Will Benefit From The Reduction In Softwood Lumber Duties

# Balance Sheet Is Well Capitalized, Providing Western With Significant Financial Flexibility

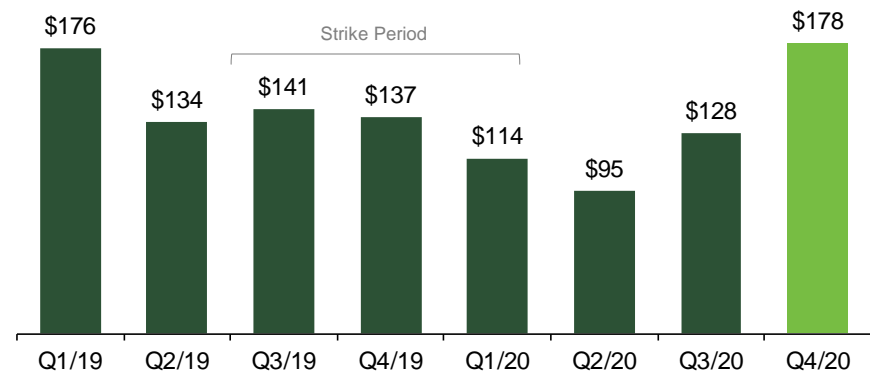


- Success in reducing leverage to below pre-strike levels
  - Net debt and net debt to book capitalization declining
- \$250 million credit facility
  - Matures August 2022
  - Available liquidity of \$178 million at the end of Q4/20
- Additional liquidity available from asset sales

**Net Debt | Net Debt / Net Book Capitalization**  
(\$ millions | %)



**Available Liquidity**  
(\$ millions)



Significant Financial Flexibility Available To Pursue Strategic Initiatives

# Capital Allocation: Reinstatement Of A Quarterly Dividend And Maintaining Financial Flexibility



- Announced reinstatement of a quarterly dividend of \$0.01 per share in February 2021
  - Implied annual dividend of \$0.04 per share; implied yield of 2.4%<sup>(1)</sup>
- Maintain financial flexibility for strategic capex and growth opportunities
  - Projects and jurisdictions that create the opportunity to grow long-term shareholder value
  - Need to achieve desired internal return hurdles
- May complement the dividend with share repurchases to return additional capital to shareholders
  - Renewed our NCIB in August 2020, allowing for repurchase of up to 18.8 million shares
- Approximately \$30 to \$40 million per year in annual maintenance of business and road capex

<sup>(1)</sup> Based on closing share price of \$1.67 on February 25, 2021

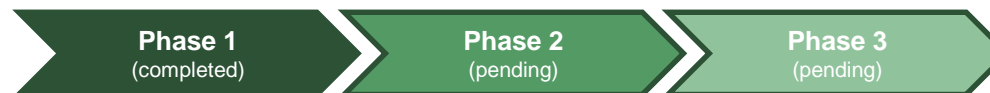
Remain Committed To A Balanced Approach To Capital Allocation



# Strengthen the Foundation: Strategic Partnerships With Huu-ay-aht First Nations In TFL 44



- Sale of Western's ownership interest in TFL 44 LP to HVLP<sup>(1)</sup> to occur in phases
  - TFL 44 LP consists of certain Western assets and liabilities in its Port Alberni Forest Operation, including Tree Farm Licence ("TFL") 44
  - Long-term log agreement to continue to supply Western's coastal manufacturing operations
  - Western may sell to other area First Nations up to a further 26% ownership interest in TFL 44 LP at the end of Phase 3
  - Closing of each phase is subject to various customary closing conditions



	Phase 1 (completed)	Phase 2 (pending)	Phase 3 (pending)
<b>Purchase Price</b>	\$7.3 million	\$22.4 million	\$12.8 million
<b>HVLP<sup>(1)</sup> Incremental Ownership Interest</b>	+ 7%	+ 28%	+ 16%
<b>TFL 44 LP Ownership Interest At Closing</b>	93% HVLP <sup>(1)</sup> : 7%	65% HVLP <sup>(1)</sup> : 35%	49% HVLP <sup>(1)</sup> : 51%
<b>Closing Date</b>	March 2019	Anticipated in Q2/21	Anticipated in Q1/23



(1) Huumiis Ventures Limited Partnership ("HVLP"), a limited partnership beneficially owned by Huu-ay-aht First Nations

# Growing The Business: Sales and Marketing Initiatives and Growth



## Wholesale Lumber Growth

- Form strategic agreements with global suppliers to offer an expanded product line that delivers greater value to our customers
- New products will originate in the U.S., Asia, Europe and Canada
- Leverage our Arlington centralized warehousing and distribution centre to effectively service our selected U.S. customers
- Japanese Cedar fencing opportunity launched in Q3/20



## Strategic Marketing Initiatives

- Increase our access to North American Home Centre and Pro-Dealer sales channels
  - Estimate that 40% of cedar is consumed in the Home Centre segment
- Greater access to the growing repair and remodelling lumber segment
- Working with our customers and investing in marketing to drive demand
- Courses targeted at educating architects on utilizing our sustainable products
- New product branding

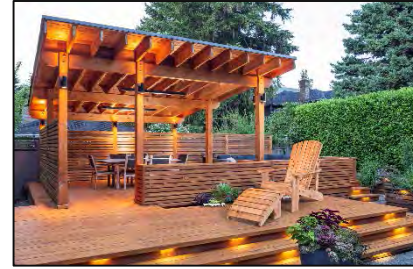


Opportunities To Grow Our Business

# Growing the Business: New Cedar Branding Initiatives To Drive Growth



- An exclusive Home Centre brand covering all products
- Targeting end-users and contractors



- Appearance grade residential products (decking, siding, outdoor living)
- Targeting end-users through the distribution and pro-dealer channels



- 4x6 and larger products marketed to residential and industrial markets
- Targeting industrial and distribution customers



Growth Opportunity For Targeted Specialty Products For Our Customers



# Growing The Business: Strategic Acquisitions To Geographically Diversify and Grow the Business



## ■ Arlington Distribution and Processing Centre (2018 / 2019<sup>1</sup>)

Arlington, Washington

### Overview

- 18-acre distribution and processing facility
- 170,000 square feet covered storage
- Rail spur on site serviced by BNSF
- Remanufacturing (Kilns, Planer)

### Strategic Rationale

- Centralized warehousing and distribution near the high value U.S. west coast corridor
- Increase production of targeted specialty products and expanded finishing capacity



## ■ Columbia Vista (2019)

Vancouver, Washington

### Overview

- Sawmill
- Remanufacturing (Kilns, Planer)

### Strategic Rationale

- Increases production of Douglas fir specialty products for Japanese and U.S. markets
- Complements our B.C. hemlock business into Japan



Western Forest Products  
B.C. Operations

(1) Acquired in 2018; site improvements completed in Q2/18; equipment upgrades completed in Q1/19

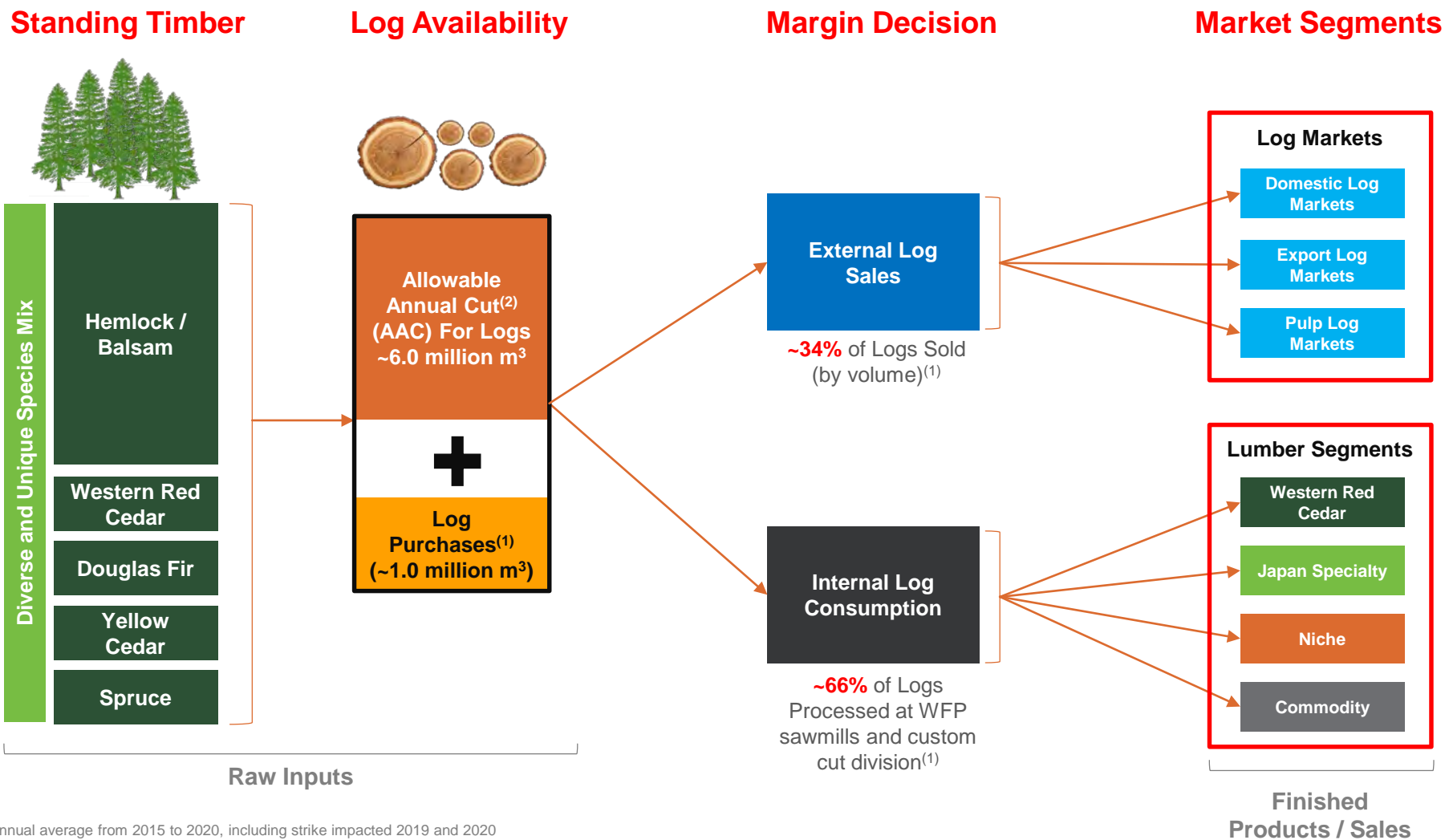
Growing Our Operations In The U.S. Pacific Northwest

# Company Overview

Sustainable Product Lifecycle, From Forest To Customer



# Margin Strategy / Fibre and Processing Flow Chart



(1) Annual average from 2015 to 2020, including strike impacted 2019 and 2020

(2) As of December 31, 2020

Timber Resource Is Directed To Highest Margin Opportunity

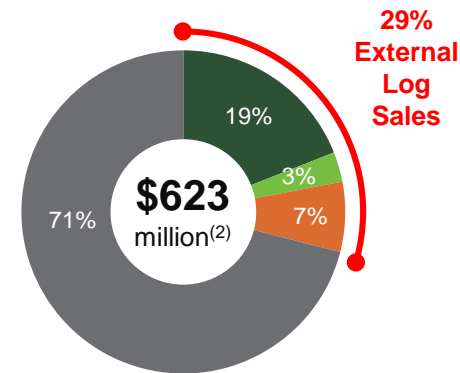


# Log Markets Determine Margin Decision

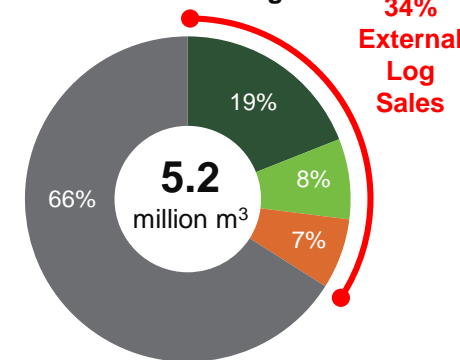
External Log Sales

Log End Market	Description	Primary Target Geographies
<b>WFP Sawmills</b>	<ul style="list-style-type: none"> <li>Western's sawlogs consumed by internal manufacturing operations</li> <li>Internal log supply supplemented by open market purchases to maximize margin</li> </ul>	
<b>Domestic</b>	<ul style="list-style-type: none"> <li>Includes sawlogs, peelers (for engineered wood applications) and shingle logs sold through contractual commitments and open market transactions</li> </ul>	
<b>Pulp Logs</b>	<ul style="list-style-type: none"> <li>Volumes committed under long-term fibre supply agreements</li> <li>Commitments met through internal log supply, supply contracts and open market pulp log purchases</li> </ul>	
<b>Export</b>	<ul style="list-style-type: none"> <li>Represents log sorts produced in excess of internal mill requirements</li> <li>Historically commanded premium prices due to strong demand</li> <li>Transportation optimization</li> </ul>	

**Logs by Value**  
Historical Average<sup>(1)</sup>



**Logs by Volume**  
Historical Average<sup>(1)</sup>



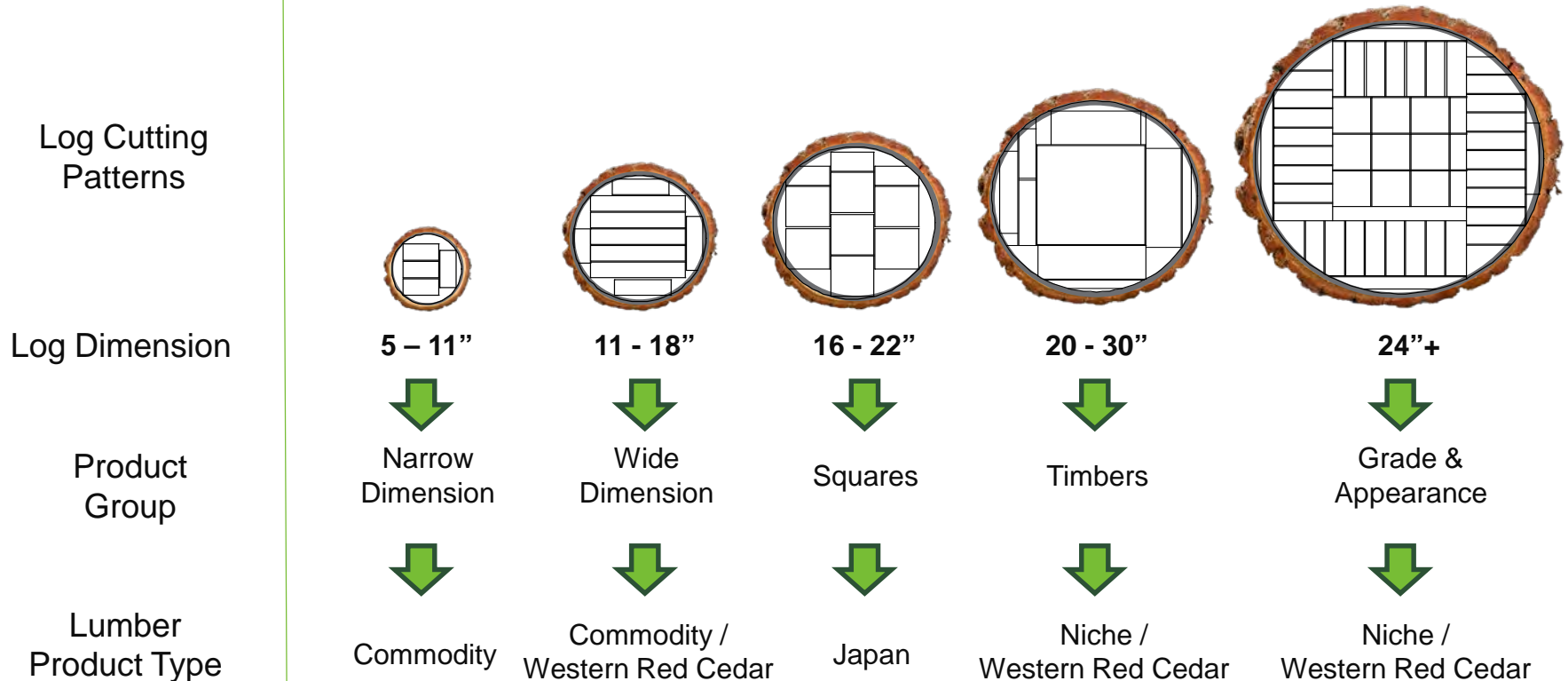
(1) Annual average from 2015 to 2020; based on total external log sales and internal log consumption, including purchased logs. Internal transfer values based on Vancouver Log Market prices  
 (2) Net of freight and fee in lieu

Directing Log Volume To The Highest Margin Opportunity

# Manufacturing and Sales



**Log diameter and margin determines lumber products manufactured**



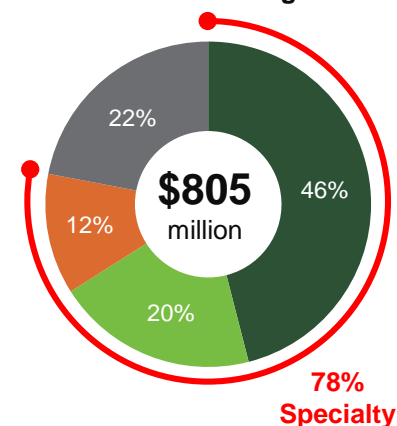
Flexible Manufacturing Platform Presents Unique Opportunity To Create Margin

# Diversified Lumber Product Offering

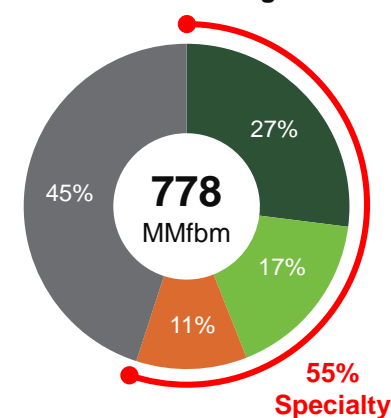
Specialty Products

Lumber Products	Description	Primary Target Geographies
<b>Western Red Cedar</b>	<ul style="list-style-type: none"> <li>Consumer-orientated products</li> <li>Premier softwood for external applications</li> <li>Naturally durable</li> </ul>	 Global
<b>Japan Specialty</b>	<ul style="list-style-type: none"> <li>Specialized products for specific end uses</li> <li>Requires unique and rigorous quality standards</li> </ul>	
<b>Niche</b>	<ul style="list-style-type: none"> <li>Specialty products and markets</li> <li>Focused on appearance grades, value-add products</li> </ul>	 Asia Europe
<b>Commodity</b>	<ul style="list-style-type: none"> <li>Traditional dimension lumber and developing grades</li> </ul>	

Lumber by Value  
Historical Average<sup>(1)</sup>



Lumber by Volume  
Historical Average<sup>(1)</sup>



(1) Annual average from 2015 to 2020

Allows Western To Profitably Service Multiple Markets Throughout The Cycle

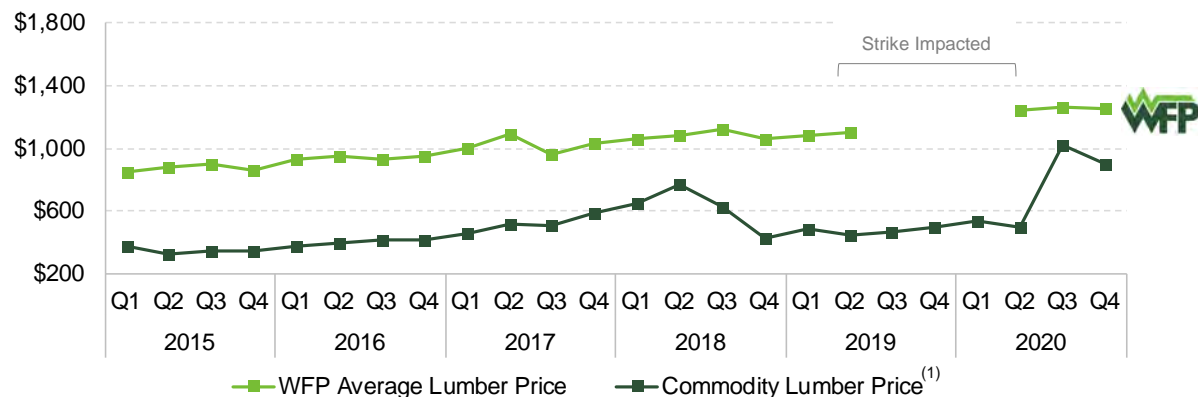


# Specialty Product Focus

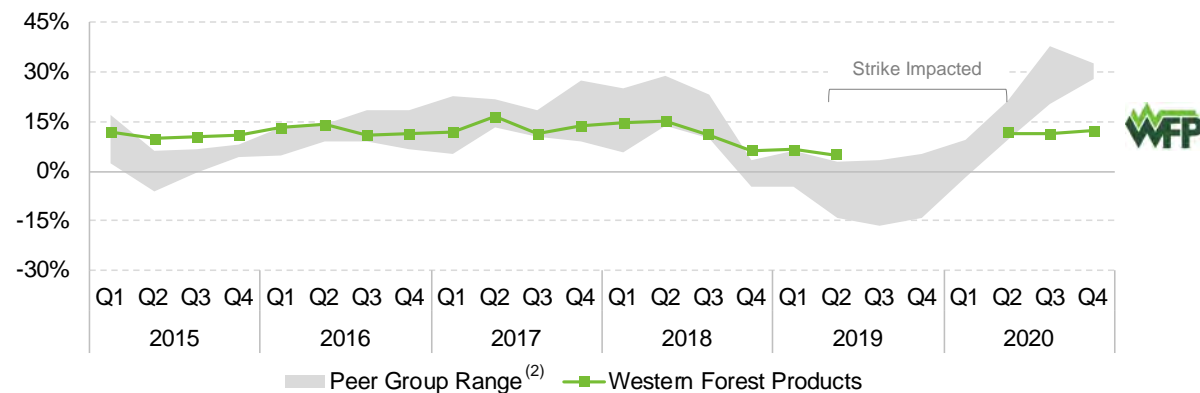


- Approximately 78% of lumber revenue is generated from non-commodity products
- Significant price premium to commodity lumber
- More stable margins through the cycle vs. commodity peers
- Product / market diversity and global exposure provide opportunities to maximize margin

**WFP Average Lumber Price vs. Commodity Lumber Price**  
(C\$ per mfbm)



**Quarterly Lumber EBITDA Margin Comparison**



(1) KD Western SPF 2x4, #2&Btr; converted from US\$ to C\$

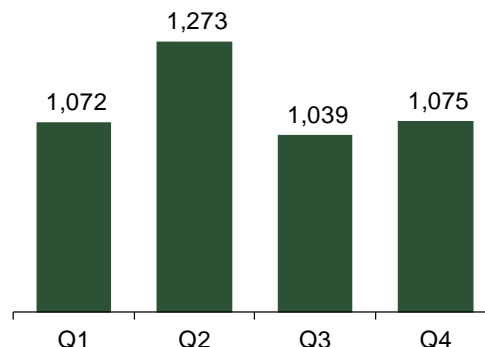
(2) High and low EBITDA margin range of West Fraser, Canfor and Conifex lumber segments and consolidated results of Interfor

Specialty Products Focus Creates Greater Earnings Stability Over The Long-term

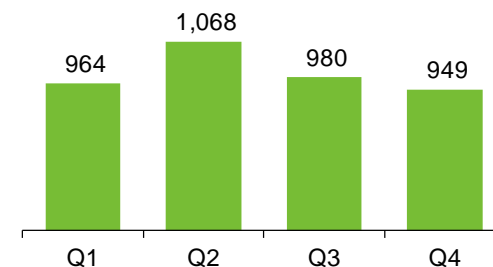
# Seasonality Of The Business

- Weather (snow pack, heat) and daylight can impact harvest volumes and costs
- Inventory levels can fluctuate through the year, impacting working capital
- Seasonal market demand can impact lumber production
- Typically higher lumber sales volumes in Q2 and Q3 when North American construction activity is at its peak

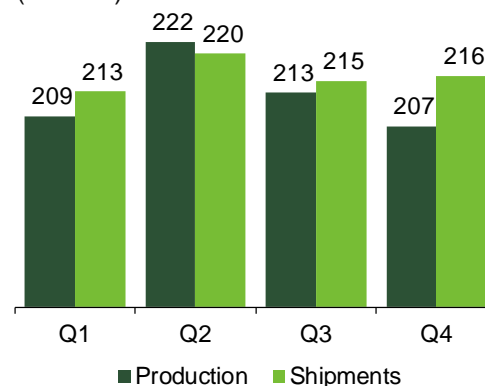
**Harvest Volume<sup>(1)</sup>**  
(000 m<sup>3</sup>)



**Closing Log Inventory<sup>(1)</sup>**  
(000 m<sup>3</sup>)



**Lumber Production & Shipments<sup>(1)</sup>**  
(MMfbm)



**Increase (Decrease) in Working Capital<sup>(1)</sup>**  
(\$ millions)

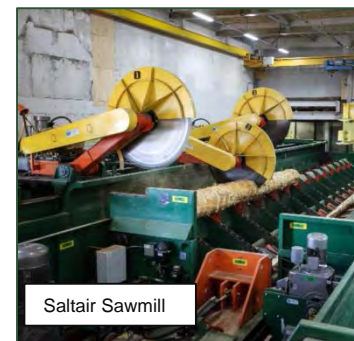
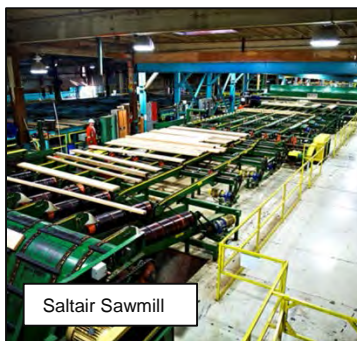
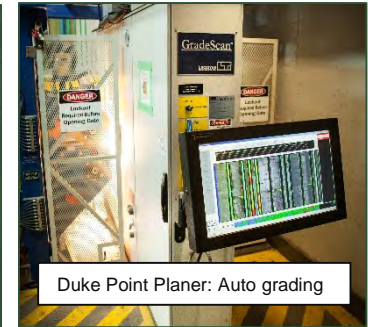
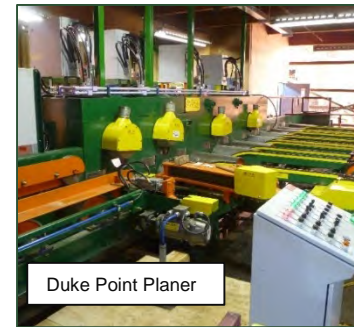
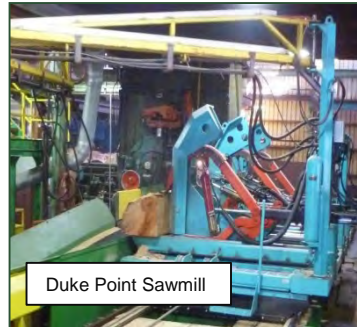


(1) Average of 2015 to 2020 excluding strike impacted Q3/19, Q4/19 and Q1/20

# Strategic Capital Investments



- Initiatives focused on:
  - Reducing costs
  - Increasing efficiency
  - Increasing production of targeted products
  - Growing volumes
- Applying proven technology in coastal operations



Capital Projects Expected To Generate A Return In Excess Of 20%



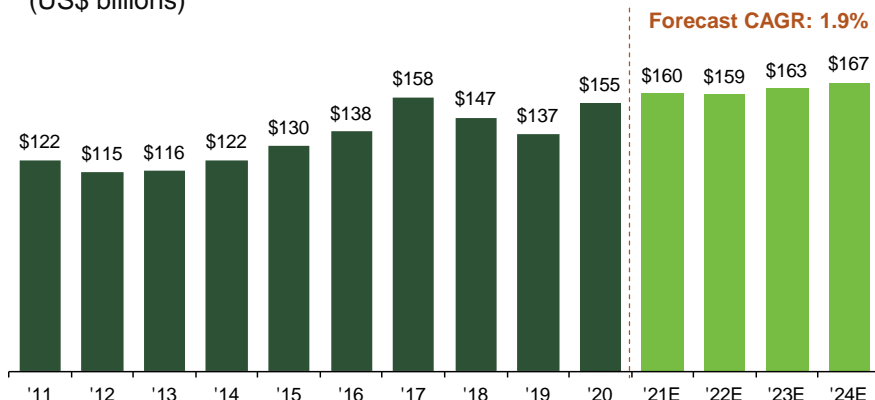
# Appendix

## Supplemental Materials

# Repair and Remodelling Statistics

## U.S. Repair & Remodelling Expenditures

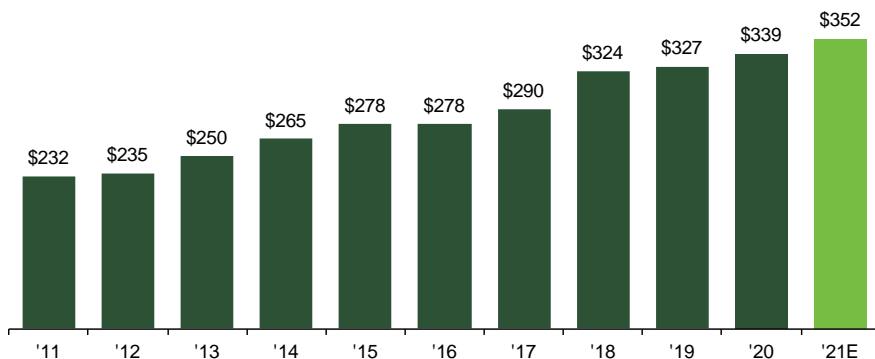
(US\$ billions)



Source: Forest Economic Advisors (February 2021)

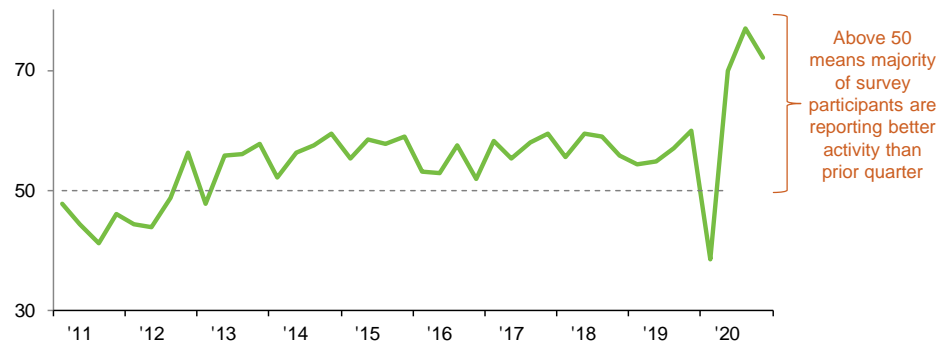
## Leading Indicator of Remodelling Activity

(US\$ billions)



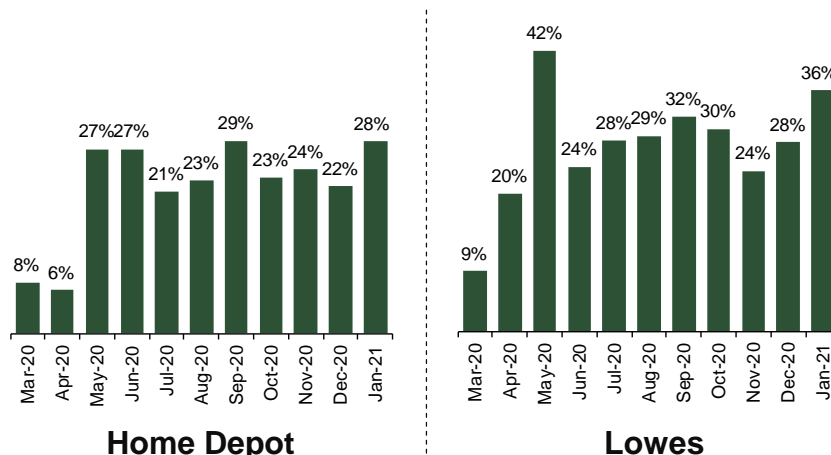
Source: Joint Center For Housing Studies of Harvard University; Home Improvement and Repair Activity – trailing 12 months; the Leading Indicator of Remodelling Activity (LIRA) provides a short-term outlook of U.S. national home improvement and repair spending to owner-occupied homes

## Remodelling Market Index



Source: National Association of Homebuilders; Future Market Indicators; based on a quarterly survey of NAHB remodeler members that provides insight on current market conditions as well as future indicators for the remodeling market

## Home Centres – Same Store Sales Growth

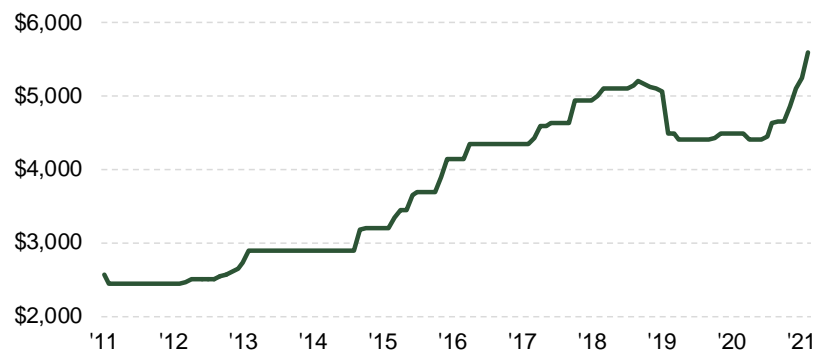


Source: Company reports; trailing 12 months, monthly values

# Western Red Cedar – Illustrative Price Trends

## WRC High Value Clears

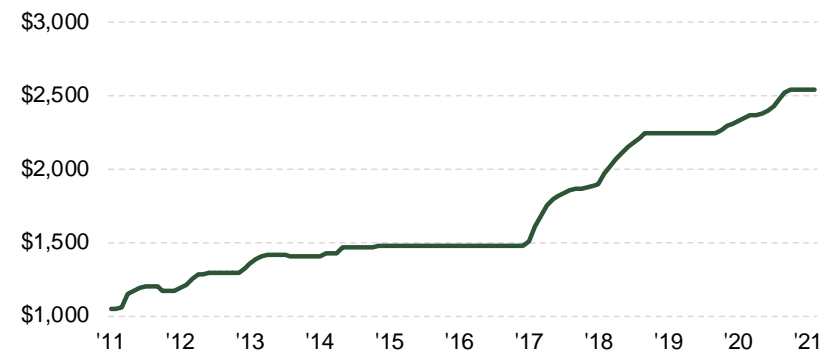
(C\$ per mfbm)



Source: Random Lengths: Green WRC #2 Clear & Btr 4x6W RL, c.i.f. dest. N Euro

## WRC Timbers

(US\$ per mfbm)



Source: Random Lengths: Green WRC #2 & Btr AG 6x6 RL, net f.o.b. Mill

## WRC Decking

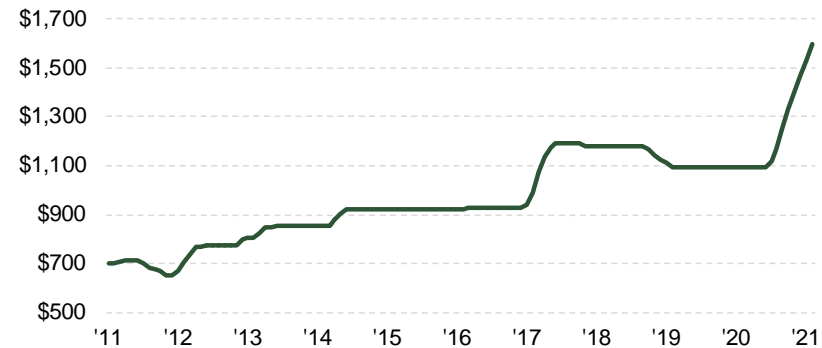
(US\$ per mfbm)



Source: Random Lengths: Green WRC Deck Knotty 2x6 RL S4S, net f.o.b. Mill

## WRC Boards and Trim

(US\$ per mfbm)

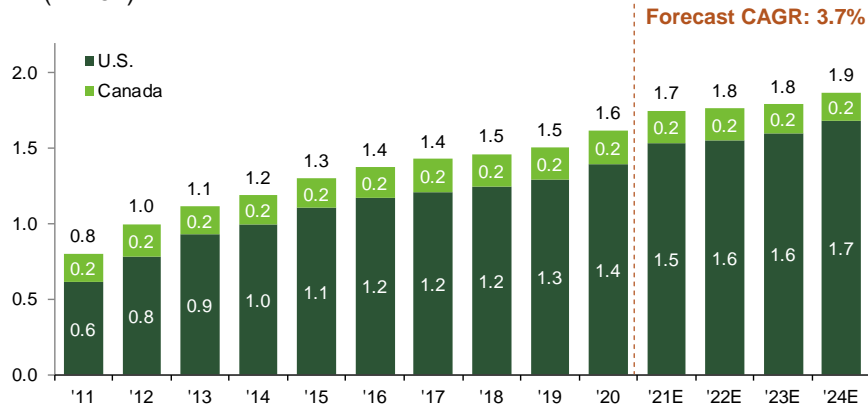


Source: Random Lengths: Coast Green WRC Std&Btr NH 3/4x4 RL S1S2E H&M, net f.o.b. Mill

# North America Statistics

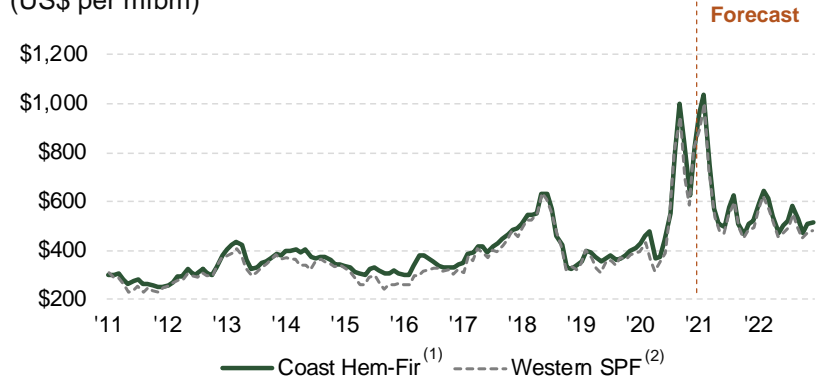


## North American Housing Starts (million)



Source: Forest Economic Advisors (February 2021)

## North American Commodity Lumber Prices (US\$ per mfbm)

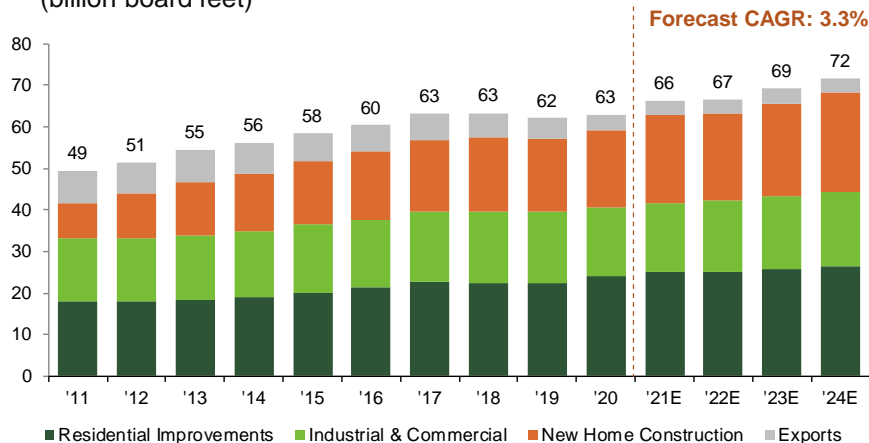


Source: Random Lengths; Forest Economic Advisors

(1) Coast KD Hem-Fir #2 & Btr 2x4, net f.o.b. mill

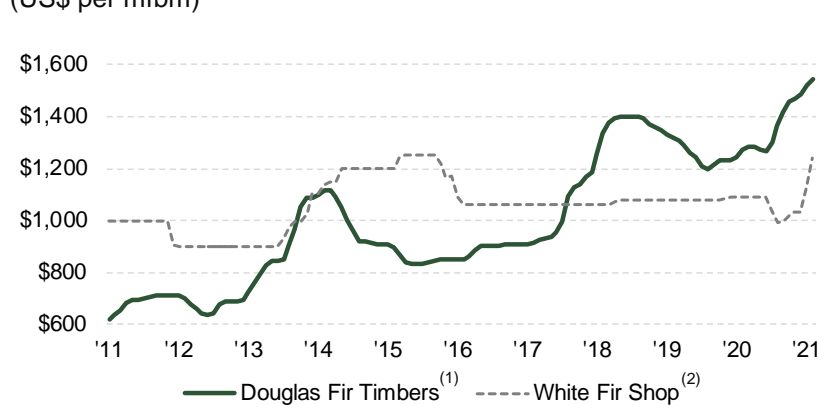
(2) KD W S-P-F #2&Btr 2x4 random mill prices

## North American Lumber Demand (billion board feet)



Source: Forest Economic Advisors (February 2021)

## North American Niche Lumber Prices (US\$ per mfbm)



Source: Random Lengths

(1) Green Douglas Fir (Portland) #1&Btr 100% FOHC 6x6 Rough

(2) KD White Fir Shop Moulding&Btr C&Btr 5/4 S2S

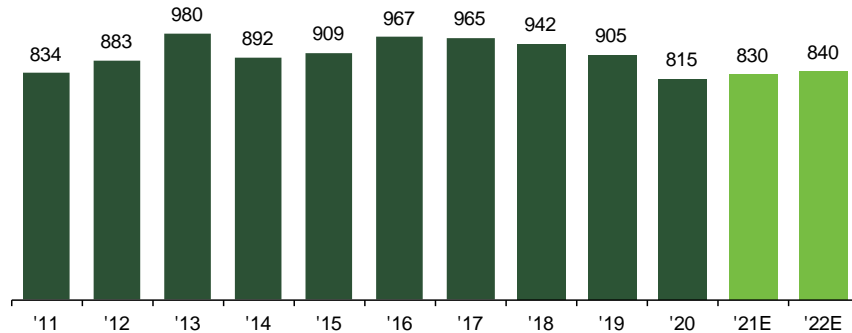


# Japan Statistics



## Japan Housing Starts

(000s)



Source: Japan Ministry of Land, Infrastructure, Transport and Tourism; Bloomberg

## Douglas Fir Lumber Prices to Japan

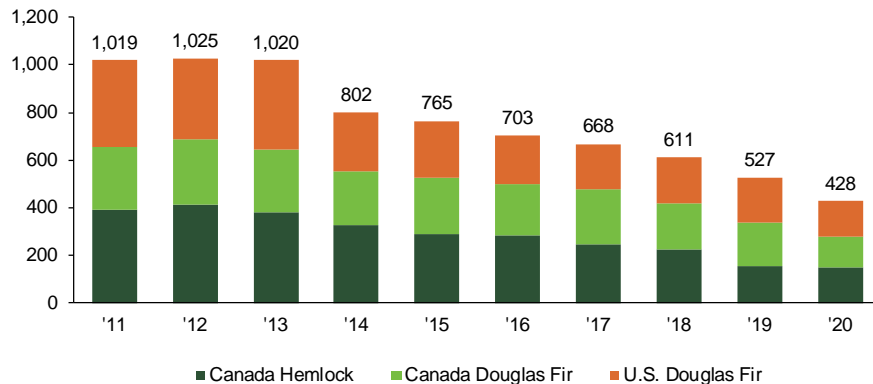
(US\$ per mfbm)



Source: Random Lengths: Green Douglas Fir Baby Squares Merch 4-1/8x4-1/8 RL S4S, c.&f. dest. Japan

## North America Lumber Imports

(000 m<sup>3</sup>)



Source: Japan Lumber Importers' Association

## Hemlock Lumber Prices to Japan

(US\$ per mfbm)

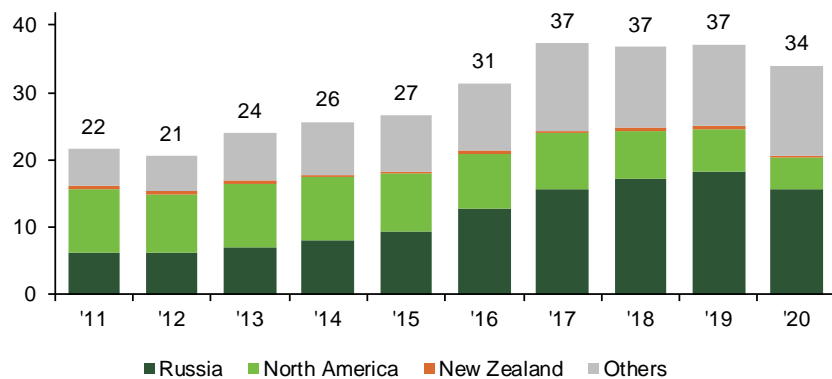


Source: Random Lengths: Green Hem Baby Squares Merch 4-1/8x4-1/8 13' S4S, c.&f. dest. Japan

# China Log and Lumber Statistics

## China Lumber Imports

(million m<sup>3</sup>)



Source: Forest Economic Advisors (February 2021)

## China Commodity Lumber Price

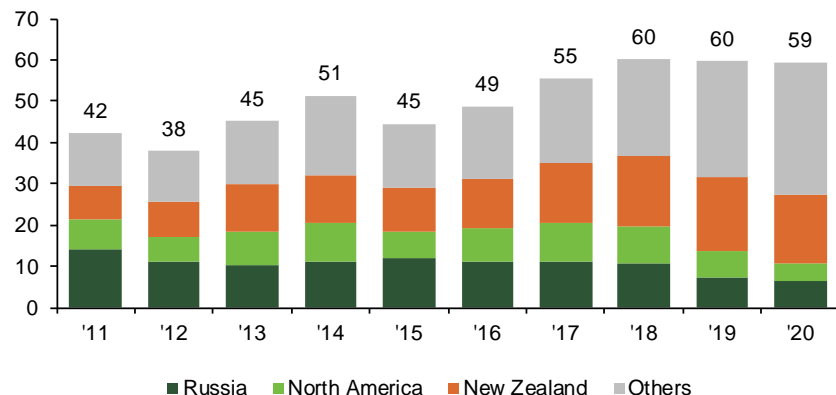
(US\$ per mfbm)



Source: Forest Economic Advisors – China Bulletin; Hemlock Lumber 2x4 (40x90) Metric RG Utility, c.i.f. destination Shanghai

## China Log Imports

(million m<sup>3</sup>)



Source: Forest Economic Advisors (February 2021)

## China Export Log Price From North America

(US\$ per m<sup>3</sup>)

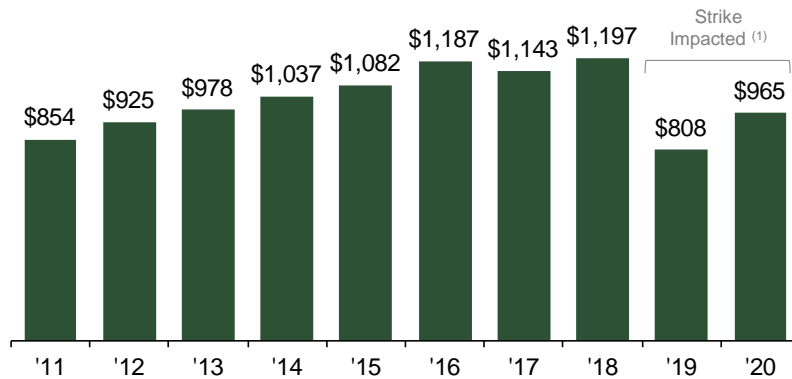


Source: Forest Economic Advisors – China Bulletin; Hemlock, <30 cm diameter, 8 - 12 meters, cif. delivered Lanshan, Rizhao port, including VAT and fees

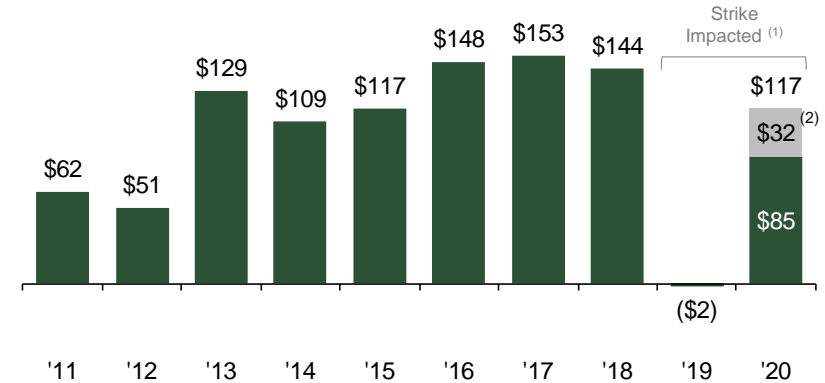
# Western Forest Products: Historical Financial Snapshot – Annual



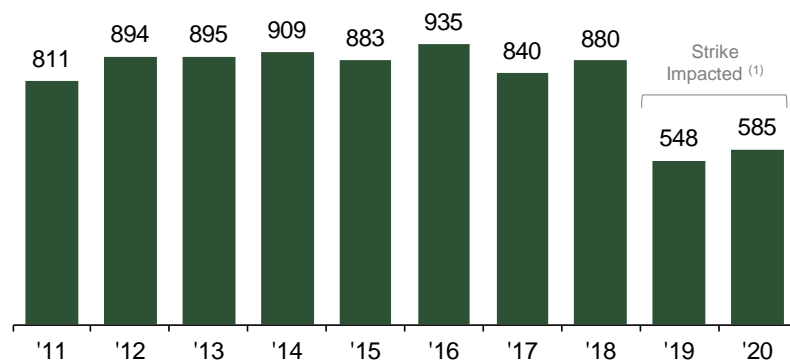
Revenue (\$ millions)



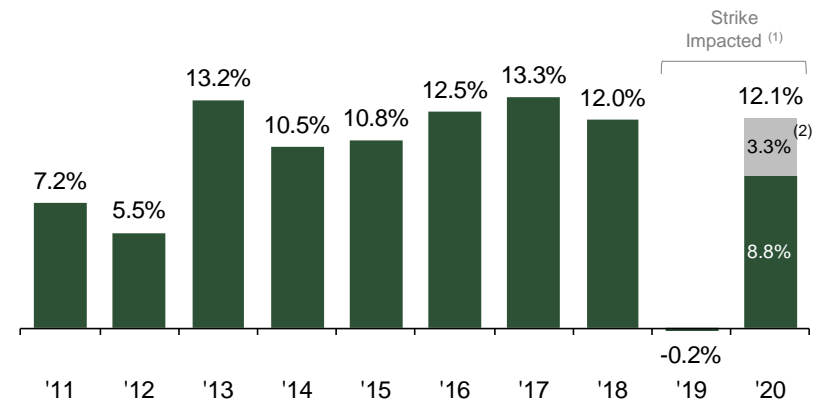
Adjusted EBITDA (\$ millions)



Lumber Shipments (MMfbm)



Adjusted EBITDA Margin %



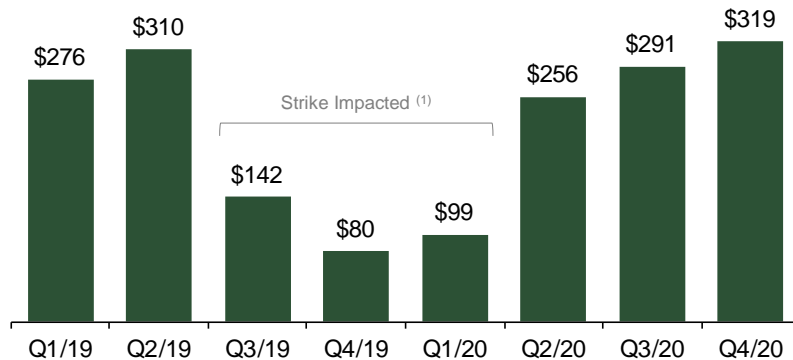
(1) All of Western's timberlands and most of our B.C. based manufacturing divisions were impacted by a strike by the United Steelworkers Local 1-1937 ("USW"), which commenced on July 1, 2019. On February 15, 2020, the USW members ratified a new 5-year collective agreement, which is effective as of June 15, 2019 and expires on June 14, 2024, ending the strike

(2) Impact of non-cash duty recovery related to the finalization of softwood duty rates for 2017 and 2018

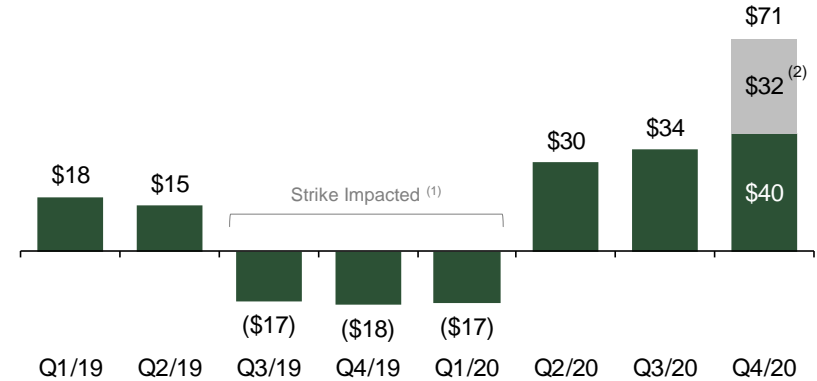
# Western Forest Products: Historical Financial Snapshot – Last 8 Quarters



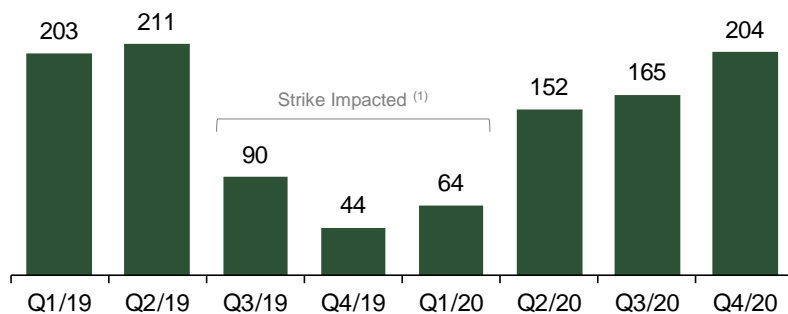
Revenue (\$ millions)



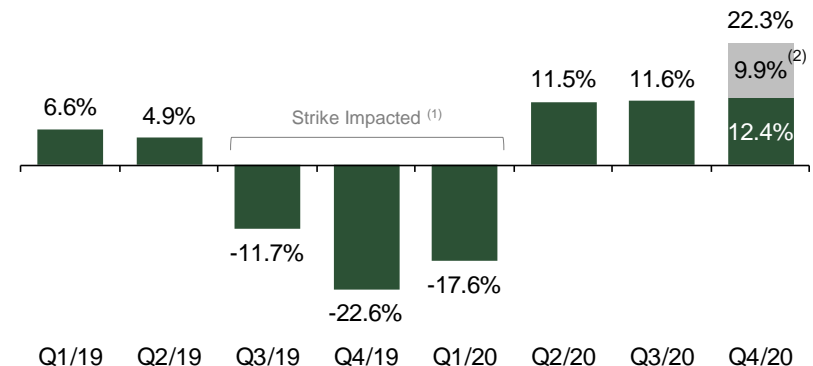
Adjusted EBITDA (\$ millions)



Lumber Shipments (MMfbm)



Adjusted EBITDA Margin %



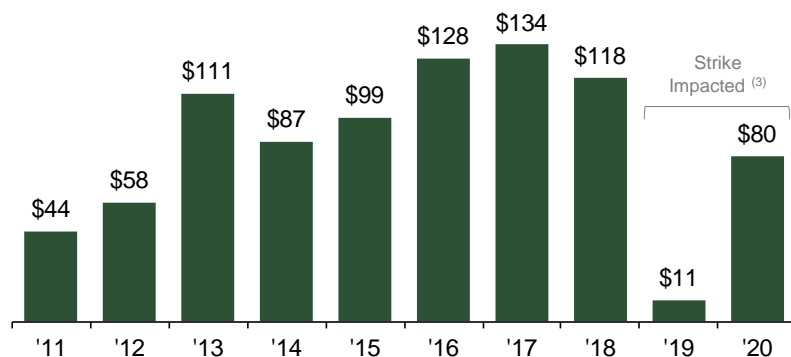
- (1) All of Western's timberlands and most of our B.C. based manufacturing divisions were impacted by a strike by the United Steelworkers Local 1-1937 ("USW"), which commenced on July 1, 2019. On February 15, 2020, the USW members ratified a new 5-year collective agreement, which is effective as of June 15, 2019 and expires on June 14, 2024, ending the strike
- (2) Impact of non-cash duty recovery related to the finalization of softwood duty rates for 2017 and 2018



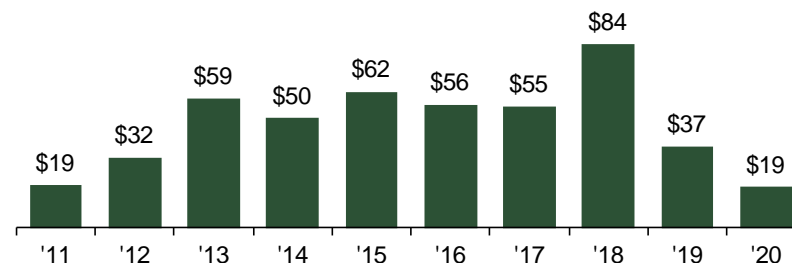
# Western Forest Products: Historical Cash Flow, Capital Allocation and Debt



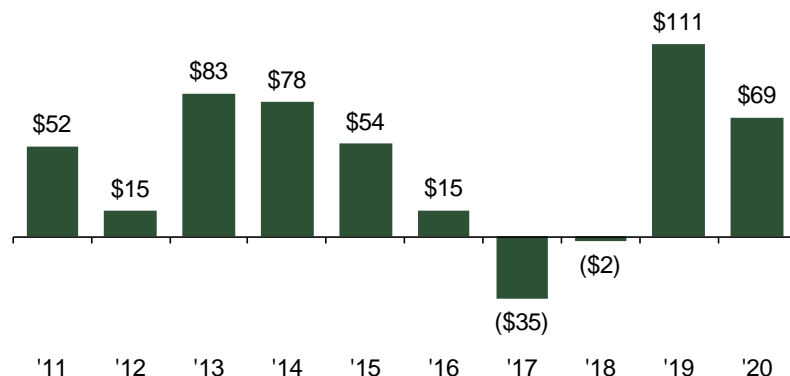
**Cash Flow from Operations<sup>1</sup> (\$ millions)**



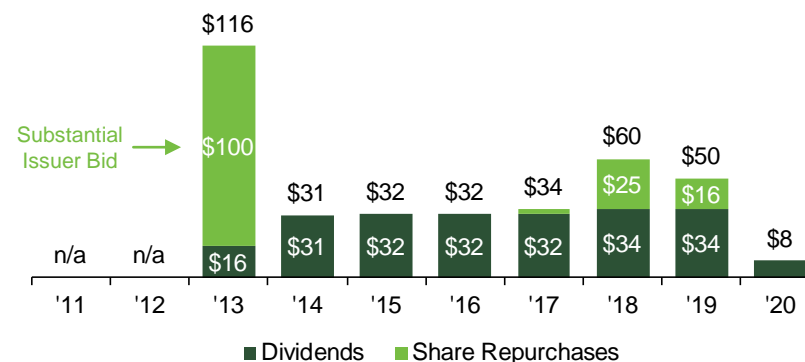
**Capex<sup>2</sup> (\$ millions)**



**Net Debt / (Cash) (\$ millions)**



**Dividends<sup>4</sup> & Share Repurchases (\$ millions)**



(1) After changes in non-cash working capital

(2) Additions to property, plant and equipment; excludes acquisition capex

(3) All of Western's timberlands and most of our B.C. based manufacturing divisions were impacted by a strike by the United Steelworkers Local 1-1937 ("USW"), which commenced on July 1, 2019. On February 15, 2020, the USW members ratified a new 5-year collective agreement, which is effective as of June 15, 2019 and expires on June 14, 2024, ending the strike

(4) The dividend was suspended in May 2020; on February 18, 2021, the company announced the reinstatement of a \$0.01 per share quarterly dividend in February 2021

# Western Forest Products: Historical Share Price Performance and Price to Book



## Historical Share Price Relative to EBITDA

(\$ per share | \$ millions)



## Price to Book Ratio



(1) All of Western's timberlands and most of our B.C. based manufacturing divisions were impacted by a strike by the United Steelworkers Local 1-1937 ("USW"), which commenced on July 1, 2019. On February 15, 2020, the USW members ratified a new 5-year collective agreement, which is effective as of June 15, 2019 and expires on June 14, 2024, ending the strike

(2) Impact of non-cash duty recovery related to the finalization of softwood duty rates for 2017 and 2018

(3) Based on closing share price of \$1.67 on February 25, 2021

# Western Forest Products: Sawmills and Remanufacturing Facilities



## Sawmills

Sawmill	Location	Log Diameter Focus	Capacity <sup>(1)</sup>	Production		2018 Production Mix <sup>(4)</sup>			
				2020 <sup>(2)</sup>	2018 <sup>(4)</sup>	WRC <sup>(3)</sup>	Hemlock	Douglas Fir	Yellow Cedar
Ladysmith	Ladysmith, BC	Small	90	19	67	--	100%	--	--
Cowichan Bay	Duncan, BC	Medium	215	82	177	13%	87%	--	--
Saltair	Ladysmith, BC	Medium	240	155	214	22%	61%	17%	--
Alberni Pacific	Port Alberni, BC	Medium to Large	175	52	106	--	100%	--	--
Duke Point	Nanaimo, BC	Medium to Large	130	78	127	3%	91%	6%	--
Chemainus	Chemainus, BC	Medium to Large	130	58	99	100%	--	--	--
Somass <sup>(5)</sup>	Port Alberni, BC	Medium to Large	90	--	--	--	--	--	--
Columbia Vista	Vancouver, WA	Medium to Large	80	59	n/a <sup>(6)</sup>	--	--	100%	--
Custom Cut	Multiple	Varies	n/a	73	74	27%	--	30%	43%
<b>Sawmill Total</b>			<b>1,150</b>	<b>576</b>	<b>864</b>	<b>22%</b>	<b>66%</b>	<b>8%</b>	<b>4%</b>

## Remanufacturing and Distribution

Canada	United States
Value Added Division – Chemainus, BC	Arlington Distribution and Processing Centre – Arlington, WA
Duke Point Planer – Nanaimo, BC	Columbia Vista Sawmill, Planer and Kilns – Vancouver, WA

(1) Based on two shifts and 250 operating days, except Chemainus and Duke Point at three shifts

(2) All of Western's timberlands and most of our B.C. based manufacturing divisions were impacted by a strike by the United Steelworkers Local 1-1937 ("USW"), which commenced on July 1, 2019. On February 15, 2020, the USW members ratified a new 5-year collective agreement, which is effective as of June 15, 2019 and expires on June 14, 2024, ending the strike

(3) Western red cedar











(4) 2018 data shown due to the strike impacting 2019 and 2020; data for 2019 and 2020 is available in our 2019 and 2020 Annual Information Forms

(5) Somass was indefinitely curtailed in July 2017 due to a lack of log supply to operate the mill efficiently

(6) Acquired February 1, 2019

# Analyst Coverage



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