



Western Forest Products Inc.
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FOR IMMEDIATE RELEASE

TSX: WEF

Western Announces Third Quarter 2019 Results

November 6, 2019 – Vancouver, British Columbia – Western Forest Products Inc. (TSX: WEF) (“Western” or the “Company”) reported negative adjusted EBITDA of \$16.6 million in the third quarter of 2019. Results were impacted by ongoing strike action by the United Steelworkers Local 1-1937 (“USW”) and weaker markets. The Company continued to service customers and partly mitigated losses arising from labour disruptions at all of its timberlands and the majority of its British Columbia (“BC”) based manufacturing operations by selling available inventory, deferring certain expenditures, and from profitable United States (“US”) based operations.

Third Quarter Summary

- Reduced net debt by \$7.2 million, which improved liquidity to \$141.3 million
- Shipped 90 million feet of lumber to our customers despite the USW strike
- Achieved 80% of third quarter 2018 log sales volumes despite not harvesting in Company timberlands
- Returned \$8.4 million to shareholders via regular, quarterly dividend
- Completed \$1.9 million of share repurchases, cancelling 1.2 million common shares

Western’s negative adjusted EBITDA of \$16.6 million in the third quarter of 2019 compared to adjusted EBITDA of \$32.3 million in the third quarter of 2018, and \$15.1 million reported in the second quarter of 2019. Operating loss prior to restructuring and other income was \$24.2 million in the third quarter of 2019, compared to operating income prior to restructuring and other income of \$23.4 million in third quarter of 2018, and \$1.4 million reported in the second quarter of 2019.

Net loss of \$18.7 million (\$0.05 net loss per diluted share) was reported for the third quarter of 2019, as compared to net income of \$15.1 million (\$0.04 net income per diluted share) for the third quarter of 2018 and net loss of \$0.7 million (\$nil per diluted share) in the second quarter of 2019.

<i>(millions of dollars except per share amounts and where otherwise noted)</i>	Q3 2019	Q3 2018	Q2 2019	YTD 2019	YTD 2018
Total revenue	\$ 141.6	\$ 292.5	\$ 310.3	\$ 727.6	\$ 911.9
Export tax	5.5	11.5	9.7	24.4	32.9
Stumpage	-	10.9	14.2	26.4	38.9
Adjusted EBITDA	(16.6)	32.3	15.1	16.6	125.5
Adjusted EBITDA margin	-11.7%	11.0%	4.9%	2.3%	13.8%
Operating income prior to restructuring items and other income (expense)	\$ (24.2)	\$ 23.4	\$ 1.4	\$ (17.1)	\$ 95.7
Net income (loss)	(18.7)	15.1	(0.7)	(17.5)	63.9
Basic and diluted earnings per share (in dollars)	(0.05)	0.04	-	(0.05)	0.16
Net debt (cash) - end of period	107.0	(42.8)	114.1		
Total liquidity - end of period	141.3	291.8	133.9		

“In the third quarter, we focused on delivering targeted products to our selected customers and limiting the impacts of the USW strike on our financial position,” said Don Demens, President and Chief Executive Officer. “Looking ahead, we are committed to resolving the current labour dispute in a manner that supports our customers and employees, while ensuring that Western remains globally competitive.”

The Company generated revenue of \$141.6 million in the third quarter of 2019, as compared to \$292.5 million in the third quarter of 2018, and \$310.3 million in the second quarter of 2019. The Company partially mitigated the impacts of the strike by selling unencumbered lumber and log inventories during the third quarter of 2019.

Summary of Third Quarter 2019 Results

Third quarter results were significantly impacted by ongoing strike action (the “Strike”) by the USW and weak markets. All of our timberlands and most of our BC based manufacturing divisions did not operate in the third quarter of 2019 due to the Strike. We took steps to mitigate the Strike’s impact on our customers, business and cash flows by actively selling unencumbered inventories, drawing down working capital, and deferring certain expenditures.

Adjusted EBITDA for the third quarter of 2019 was negative \$16.6 million, as compared to positive EBITDA of \$32.3 million from the same period last year. Operating loss prior to restructuring and other items was \$24.2 million, as compared to operating income of \$23.4 million in the same period last year.

Our near-term focus remains on managing our balance sheet, cash flow and working capital, and reaching a reasonable collective agreement that creates certainty for our employees while maintaining Western’s globally competitive position.

Sales

Lumber revenue of \$109.7 million was 53.9% lower than the same period last year. Lumber shipment volumes of 90 million board feet were 57.5% lower than the same period last year due to the Strike, as most of our manufacturing operations were shutdown in the third quarter of 2019. We sold the majority of our unencumbered inventory, processed certain unencumbered logs at custom cut facilities, and grew our wholesale lumber program to service our customers and help mitigate the impact of the Strike. Our U.S.-based Columbia Vista division continues to perform in line with our expectations and has been a positive addition to our business and product mix.

Despite difficult market conditions, our average realized lumber pricing increased 8.5% due to an improved specialty product mix and a weaker Canadian dollar (“CAD”) to United States dollar (“USD”). Specialty lumber represented 64.4% of third quarter shipments compared to 50.0% in the same period last year, as we increased wholesale lumber and custom cut volumes to meet customer needs.

Log revenue was \$27.4 million in 2019, a decrease of 18.5% from the same period last year. To mitigate the impact of the Strike on our business, we accelerated unencumbered log inventory sales in the quarter to help manage cash flow and reduce working capital levels.

By-product revenue was \$4.5 million, including \$1.2 million from our Columbia Vista operation. By-product revenue decreased by 78.3% as compared to the same period last year as most of our BC coastal operations were shut down due to the Strike.

Operations

To support our selected customers during the Strike, we redirected available inventory to active divisions and operated on a sub-optimal basis resulting in higher transportation and operating costs.

Leading up to the Strike, we drew down inventory at USW-certified operations to avoid restricted access to inventory and to supply our remanufacturing and custom cut operations; however, as certain inventory was encumbered by the Strike and degraded over the third quarter of 2019, we expensed an additional \$1.7 million provision against this restricted inventory.

We incurred \$19.2 million of expenses arising from curtailed operations and related operating inefficiencies as a result the Strike, including \$1.2 million of third quarter benefit costs paid on behalf of the USW for its striking members. After the USW’s refusal to commit to reimbursing these expenses, we made the difficult decision to discontinue paying benefit premiums on the USW’s behalf in the third month of the Strike.

Lumber production of 48 million board feet was 78.3% lower than the same period last year. Incremental production from our US-based Columbia Vista division, which was acquired on February 1, 2019, was more than offset by the curtailment of our BC operations due to the Strike. We maintained production from third party custom cut facilities in the quarter to help mitigate the impact of the Strike.

Log production from our BC coastal operations was nominal at 21,000 cubic metres, compared to last year's third quarter production of 815,000 cubic metres. The limited log production volume in the quarter was from joint ventures and limited partnerships, as all our USW certified timberlands operations were shut down for the third quarter of 2019 due to the Strike.

BC coastal saw log purchases were 84,000 cubic metres, a 57.4% decrease from the same period last year. Saw log purchases resulted from pre-existing purchase commitments and volumes generated from our joint venture arrangements.

Freight expense decreased by \$12.3 million from the same period last year due to lower shipment volumes.

Third quarter adjusted EBITDA and operating income included \$5.5 million of countervailing duty ("CVD") and anti-dumping duty ("AD"), as compared to \$11.5 million in the same period last year. Duty expense declined as a result of reduced US-destined lumber shipment volumes.

Selling and Administration Expense

Third quarter selling and administration expense was \$6.0 million in 2019 as compared to \$6.5 million in the same period last year. During the quarter we took steps to reduce and manage expenses in order to help mitigate the negative impact of the Strike.

Finance Costs

Finance costs were \$1.9 million, compared to \$0.9 million in the same period last year. This was primarily due to a higher average outstanding debt balance in 2019, compared to no outstanding debt in 2018. As at September 30, 2019, the Company had drawn \$112.8 million on its credit facility.

As a result of adopting IFRS 16, *Leases* on January 1, 2019, we recognized \$0.6 million of finance costs on lease payments. In comparative periods, leasing finance costs were recognized in operating income.

Net Income (Loss)

Net loss for the third quarter of 2019 was \$18.7 million, as compared to net income of \$15.1 million for the same period last year. Net income was lower due to the Strike and weaker markets.

Summary of Year to Date 2019 Results

Adjusted EBITDA for the first nine months of 2019 was \$16.6 million, as compared to \$125.5 million from the same period last year. Operating loss prior to restructuring and other items was \$17.1 million, compared to operating income of \$95.7 million during the same period last year.

Sales

Lumber revenue was \$562.2 million, which was 22.1% lower than the same period last year, due to the Strike and more challenging market conditions compared to last year. Despite the decline in market pricing our average lumber price realizations increased, benefitting from a higher specialty product mix and a weaker CAD to USD. Specialty lumber represented 56.5% of year-to-date shipments, compared to 50.0% in the same period last year. Weak markets restricted the growth of our wholesale lumber program, as curtailed market production limited lumber volumes available for resale.

Log revenue was \$131.9 million in the first nine months of 2019, an increase of 6.5% from the same period last year. Log revenue benefited from the resumption of our export log sales program in the second quarter of 2019, but was partially offset by the impact of the Strike in the third quarter of 2019.

By-products revenue decreased to \$33.5 million in the first nine months of 2019, from \$66.1 million in the same period last year due to lower production as a result of the Strike and sawmill curtailments, declining BC coastal chip prices and reduced chip purchase-and-resale volume.

Operations

Lumber production of 457 million board feet was 31.1% lower than the same period last year. Market-related sawmill curtailments and the Strike led to lower production, which more than offset the inclusion of results from our U.S.-based Columbia Vista division.

Log production for the first nine months of 2019 was 2,193,000 cubic metres, 31.3% lower than the same period last year, primarily due to the Strike in the third quarter of 2019.

BC coastal saw log purchases were 530,000 cubic metres, a 30.1% decrease from the same period last year, as we managed log purchases to available capacity to support customer needs.

Freight expense decreased by \$7.2 million as compared to same period last year, despite the resumption of our export log program in the second quarter of 2019, direct lumber shipments to China and the inclusion of Columbia Vista.

Adjusted EBITDA and operating income included \$24.4 million of CVD and AD expense, as compared to \$32.9 million in the same period of 2018. Duty expense declined as a result of reduced US-destined lumber shipment volumes due to the Strike.

Selling and Administration Expense

Selling and administration expense for the first nine months of 2019 was \$23.1 million, as compared to \$24.4 million in the same period last year. We took steps to reduce and manage expenses in order to help mitigate the negative impact of the Strike.

Finance Costs

Finance costs were \$5.6 million, compared to \$2.0 million in the first nine months of 2018, primarily due to comparatively higher average outstanding debt in 2019.

As a result of adopting IFRS 16, Leases on January 1, 2019, we recognized \$2.3 million of finance costs on lease payments in the first nine months of 2019. In comparative periods, leasing finance costs were recognized in operating income.

Net Income (Loss)

Net loss for the first nine months of 2019 was \$17.5 million, as compared to net income of \$63.9 million for the same period last year. Net income for the period was lower due to the Strike which impacted the entire third quarter of 2019.

Columbia Vista Asset Acquisition

On February 1, 2019, we completed the asset acquisition of Vancouver, Washington based Columbia Vista Corporation and related entities. This acquisition is consistent with our strategy of pursuing margin-focused business opportunities that complement our position in selected markets. Bringing Western and Columbia Vista together provides us the opportunity to expand our Douglas fir specialty product offerings, particularly in Japan, which will support our BC-based Hemlock programs. The combination of Columbia Vista and Western makes us more meaningful to our selected customers and creates a stronger company for all our employees.

Sale of Ownership Interest in Port Alberni Forest Operations

On March 29, 2019, we completed the sale of a 7% interest in our newly formed TFL 44 Limited Partnership (“TFL 44 LP”) to the Huumis Ventures Limited Partnership (a limited partnership beneficially owned by the Huu-ay-aht First Nations)(“HVLP”) for gross proceeds of \$7.3 million. As part of the agreement, HVLP may acquire an additional interest in the TFL 44 LP, which may include a majority interest, subject to further negotiations. The parties have extended the deadline of the negotiations. TFL 44 LP’s assets consist of TFL 44 and certain other associated assets and liabilities of our Port Alberni Forest Operation. We will continue to source fibre from TFL 44 LP to support our BC manufacturing facilities.

Income Taxes

Lower operating earnings led to an income tax recovery of \$7.0 million being recognized in the third quarter of 2019, as compared to income tax expense of \$5.7 million in the same quarter of last year, and an income tax recovery of \$6.7 million for the nine months ended September 30, 2019 compared to an expense of \$24.4 million in the same period of last year.

In May 2018, the Company received correspondence from the Canada Revenue Agency (“CRA”) regarding certain restructuring transactions, occurring in 2004 and from 2007 to 2011, and the general anti-avoidance rule (“GAAR”). In May 2019, we received further correspondence from the CRA indicating the completion of their extensive audit. The CRA concluded that the matter would not be referred to their GAAR Committee and no further action was warranted, which is consistent with the Company’s position that the CRA’s earlier position was without merit.

Labour Relations Update

Western has been in negotiations with the USW since April 2019 for a new collective agreement to replace our prior agreement, which expired mid-June 2019. We applied to the BC Labour Relations Board (“Labour Relations Board”) on June 25, 2019 for the appointment of a mediator to assist in negotiations, but to date the Labour Relations Board has not made an appointment. The USW served seventy-two hours’ notice of strike action on the Company and some of its contractors on June 28, 2019.

On July 1, 2019, the USW, the union representing approximately 1,500 of our hourly employees and 1,500 employees working for our timberland contractors in BC, commenced a strike. The Strike is ongoing for all of our USW certified manufacturing and timberlands operations. The Strike is also indirectly impacting certain non-USW certified manufacturing operations, including our Ladysmith sawmill (due to insufficient log supply) and our Value-Added remanufacturing facility (due to a lack of lumber supply). Our US based Arlington and Columbia Vista divisions continue to operate, although our Arlington facility is operating on a reduced basis due to a lack of lumber supply caused by the Strike.

Upon receiving strike notice from the USW, we commenced our work stoppage contingency plan with a goal to protect our balance sheet while mitigating the impact of the Strike on our Company, customers and business partners.

On September 4, 2019, we announced the expectation to begin mediation between the Company and USW with an independent mediator on September 13, 2019. The independent mediator was agreed to by both the Company and the USW but was not appointed by the Labour Relations Board. On September 13, 2019, the USW withdrew from mediation with the Company and independent mediators after several hours of talks. The mediators informed the Company that the USW had left and would not be returning for talks scheduled for September 14, 2019. On October 17, 2019, we announced that the Company and USW were set to resume talks with the mediators. However, on October 31, 2019, we announced that no further mediation dates had been scheduled and we requested that the USW join us in binding arbitration in order to resolve the dispute.

We are committed to reaching a reasonable collective agreement that creates certainty for our employees, while maintaining our globally competitive position. We are seeking a collective agreement that is similar to those achieved in the northern and southern interior of BC, where the United Steelworkers and the Council on Northern Interior Forest Employment Relations and Interior Forest Labour Relations Association, respectively, have ratified new collective agreements. The actions taken by the USW come at a time when

BC forestry companies are curtailing production and shutting down mills due to high log costs and poor market conditions.

The Strike is expected to have a negative impact on our fourth quarter results compared to the same period last year, but we are unable to determine the magnitude of that impact at this time.

Recent Developments - BC Government Forest Policies

In 2018, the BC Provincial Government (the “Province”) introduced a Coastal Revitalization Initiative and further policy initiatives that will affect the BC forest sector regulatory framework.

On April 1, 2019, the Province announced the creation of fibre recovery zones, which are intended to increase the supply of residual fibre from primary harvesting for secondary users.

Western estimates that approximately 70% of our timberland operations will be impacted with the creation of fibre recovery zones. The impacts to our business include the potential for higher costs and lower log harvest volumes. We expect the impacts will start to be realized in late 2019. The Province has been clear that they do not want to see unintended consequences from the policy implementation. We continue to collaboratively engage with the Province and other stakeholders to ensure that the desired outcome of the policy, less fibre waste and more fibre for domestic manufacturing and pulp production, is met without the unintended consequences of higher costs and less harvest volume for timberland operators.

On April 11, 2019, the Province announced Bill 22, *Forest Amendment Act, 2019*, which came into force on May 30, 2019. The amendments to the *Forest Act* will require tenure holders to receive approval from the Minister before disposing or transferring a tenure agreement to a third party. These amendments will enable the Minister to refuse to approve, or place conditions on the approval of, a disposition or transfer if it is deemed not to be in the public interest or detrimental to competition in the buying or selling of timber or residuals.

On May 16, 2019 Bill 21, *Forest and Range Practices Amendment Act, 2019*, designed to increase opportunities for public input, improve information sharing on forest planning, strengthen the Minister’s ability to manage forest activity, expand the definition of wildlife to help protect at-risk species and improve and streamline range-use planning was put into force.

On July 10, 2019, the Province announced the application of a targeted fee-in-lieu of manufacturing for exported logs harvested from BC Timber Sales, as a step towards ensuring that more logs are processed in BC.

The impact these policy initiatives may have on our operations cannot be determined at this time.

Sawmill and Remanufacturing Curtailments

The lumber industry in BC is facing the most challenging operating conditions in over a decade, including declining lumber and chip prices and high log costs which are negatively impacting the economics of our operations.

Due to market conditions, our Cowichan Bay sawmill was temporarily curtailed for a two-week period beginning March 25, 2019, and our Alberni Pacific sawmill was temporarily curtailed for a four-week period beginning March 18, 2019. Our Ladysmith sawmill was temporary curtailed for a two-week period beginning May 6, 2019, due to constrained log supply.

On June 6, 2019, we announced temporary production curtailments at three of our sawmills to align production volumes to customer demand. We curtailed our Duke Point sawmill for two weeks and our Saltair sawmill for one week in June. We reduced operating levels at our Chemainus sawmill from 120 hours per week to 80 hours per week.

On July 24, 2019, we announced an additional temporary curtailment at our Ladysmith sawmill due to illegal strike action taken by the USW, which impeded log supply to the mill. Subsequent to this announcement, the Labour Relations Board confirmed their earlier ruling that the USW tactics were illegal and ordered the USW to refrain from impeding log delivery to the mill. The Ladysmith sawmill continued to operate until it was curtailed on August 23, 2019, due to limited log supply.

On September 6, 2019, our BC Value-Added remanufacturing facility was curtailed in response to limited lumber supply as a result of the Strike.

Due to limited lumber volumes from our suppliers our Arlington remanufacturing facility in Washington State operated sporadically in the third quarter of 2019.

Strategy and Outlook

Western's long-term business objective is to create superior value for shareholders by building a margin-focused log and lumber business of scale to compete successfully in global softwood markets. We believe this will be achieved by maximizing the sustainable utilization of our forest tenures, operating safe, efficient, low-cost manufacturing facilities and augmenting our sales of targeted high-value specialty products for selected global customers with a lumber wholesale program. We seek to manage our business with a focus on operating cash flow and maximizing value through the production and sales cycle. We routinely evaluate our performance using the measure of Return on Capital Employed.

Sales & Marketing Strategy Update

We continue to progress with the execution of our sales and marketing strategy that focuses on the production and sale of targeted, high-margin products of scale to selected customers. We supplement our key product offerings with purchased lumber to deliver the suite of products our customers require. Our Columbia Vista division continues to perform in line with our expectations and has been a positive addition to our business and product mix. In the third quarter of 2019 we continued to develop and evaluate growth opportunities for our wholesale lumber business.

Market Outlook

Our long-term view of market fundamentals remains unchanged. In North America, rising lumber consumption will be driven by increased new home construction, a robust repair and renovation sector and growth of mass timber building technologies. In China, a government commitment to housing and economic stimulus should support demand for lumber. Growing demand and reduced supply due to North American sawmill curtailments is expected to benefit the industry long-term.

Despite positive long-term growth drivers, lumber markets have remained challenged in 2019 as North American weather events and skilled labour constraints have stalled US new home construction and muted growth in repair and renovation spending. In response to weak demand, temporary and permanent production curtailments have been announced. The supply impacts of these announcements have not been fully realized but are expected to improve lumber pricing in future quarters.

Recent BC Coastal cedar manufacturing closures should benefit our WRC product pricing going forward.

In Japan, we expect demand to remain flat for our Douglas fir products, however increased competition from European engineered wood products may pressure pricing. We expect market share erosion and weaker pricing for BC coastal Hemlock lumber in Japan, due to the supply shortages as a result of the Strike and increased competition from Japanese Government subsidized domestic species.

We anticipate demand for appearance Niche products to moderate due to the trade friction between the US and China. In contrast, we expect demand in North America to remain steady for timbers and industrial products.

Commodity lumber markets in North America are likely to remain volatile until supply and demand come into balance. As excess lumber inventory in China is reduced, we anticipate pricing will improve.

We expect domestic saw log prices to continue to weaken in response to lumber markets. Price declines may be somewhat mitigated by lower log supply, as recent government initiatives that have increased harvest costs are expected to challenge harvest economics. Looking ahead, lower domestic and export log prices may lead to lower BC coastal log stumpage rates.

In the US Pacific Northwest, we expect our Columbia Vista division to continue to benefit from lower Douglas fir saw log prices which have responded to the weaker lumber markets.

Near-term BC coastal chip pricing has stabilized but remains depressed due to NBSK pulp pricing.

Strategic Capital Program Update

We continue to evaluate opportunities to invest strategic capital in our business that are designed to position Western as the only company capable of sustainably consuming the complete profile of the coastal forest and competitively manufacturing a diverse product mix for global markets.

Our strategic capital program is focused on the installation of technology that will deliver top quartile performance and improve our ability to manufacture targeted products that yield the best margin. In addition to investments in our manufacturing assets, we also allocate capital to strategic, high-return projects involving our information systems, timberlands assets, and forest inventories.

Secondary processing at our Arlington facility continued in the third quarter of 2019; however, the expected ramp up of production at the facility has been partially impacted by the Strike and a lack of wholesale lumber supply due to market conditions.

Given the current uncertainty created by the ongoing labour dispute, unfavourable investment conditions in BC and our near-term focus on managing cash flow, we have scaled back our strategic capital investment. Until there is greater visibility with respect to the current labour dispute, the Company has halted all material non-committed strategic capital investment in BC.

Softwood Lumber Dispute and US Market Update

Western's results for the third quarter of 2019 include \$5.5 million of export duty expense, comprised of CVD and AD expense. At September 30, 2019, Western had \$87.2 million of cash on deposit with the US Department of Treasury in respect of these softwood lumber duties.

The US application of duties continues a long-standing pattern of US protectionist action against Canadian lumber producers. We disagree with the inclusion of specialty lumber products, particularly WRC and Yellow Cedar products in this commodity lumber focused dispute. As duties paid are determined on the value of lumber exported, and as our shipments to the US market are predominantly high-value, appearance grade lumber, we are disproportionately impacted by these duties. As a result, in May 2018, we filed a Chapter 19 North American Free Trade Agreement ("NAFTA") separate-like-product challenge, which was subsequently presented to a NAFTA hearing panel in May 2019. Unfortunately, in September 2019 the NAFTA panel chose not to remand our separate-like product challenge back to the US International Trade Commission ("USITC"). The lack of remand effectively ends our ability to challenge the USITC's finding that WRC and Yellow Cedar products are not a distinct product group, or interchangeable in their use, from commodity lumber.

On September 4, 2019, the NAFTA panel remanded the Canadian government's injury case back to the USITC. The USITC has 90 days to respond to the NAFTA panel's comments, however, we do not expect the USITC to back away from their finding of injury and therefore expect the remand process to be ongoing.

On April 9, 2019, a World Trade Organization ("WTO") panel ruled on certain matters relating to the application of softwood lumber AD, concluding that the US violated international trade rules in the way it calculated AD duties. Included in the ruling, the WTO panel allowed the US to use "zeroing" in its calculation of AD, which Canada appealed in June 2019. The practice of zeroing had previously been disallowed by the WTO with regard to softwood lumber. The final determination of AD is subject to additional appeals from both the US and Canada.

Including wholesale lumber shipments, our sales to the US market represents less than 25% of Western's total revenue in 2018. Our distribution and processing centre in Arlington, Washington and our Columbia Vista division in Vancouver, Washington are expected to partially mitigate the damaging effects of duties on our products destined for the US market. We intend to leverage our flexible operating platform to continue to partially mitigate any challenges that arise from this trade dispute.

Forward Looking Statements and Information

This press release contains statements 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”, “project”, “expect”, “anticipate”, “plan”, “intend”, “believe”, “seek”, “should”, “may”, “likely”, “pursue” and similar references to future periods. Forward-looking statements in this press release include, but are not limited to, statements relating to: our current intent, belief or expectations with respect to: market and general economic conditions, the USW labour dispute and the impact of the dispute, accounting standards, the regulatory framework, future costs, available harvest levels and our future operating performance, objectives, capital expenditures and strategies. Although such statements reflect management’s current reasonable beliefs, expectations and assumptions as to, amongst other things, the future supply and demand of forest products, global and regional economic activity, and the consistency of the regulatory framework within which the Company currently operates, there can be no assurance that forward-looking statements are accurate, and actual results or performance may materially vary. Many factors could cause our actual results or performance to be materially different including: general economic conditions, international demand for lumber, competition and selling prices, international trade disputes, changes in foreign currency exchange rates, labour disputes and disruptions, natural disasters, relations with First Nations groups, changes in laws, the availability of annual allowable cut, changes in regulations or public policy affecting the forest industry, changes in opportunities and other factors referenced under the “Risks and Uncertainties” section of our MD&A in our 2018 Annual Report dated February 12, 2019. 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.

Reference is made in this press release to adjusted EBITDA which is defined as operating income prior to operating restructuring items and other income, plus amortization of property, plant, equipment, and intangible assets, impairment adjustments, and changes in fair value of biological assets. Adjusted EBITDA margin is EBITDA presented as a proportion of revenue. Western uses adjusted EBITDA and adjusted EBITDA margin as benchmark measurements of our own operating results and as benchmarks relative to our competitors. We consider adjusted EBITDA to be a meaningful supplement to operating income as a performance measure primarily because amortization expense, impairment adjustments and changes in the fair value of biological assets are non-cash costs, and vary widely from company to company in a manner that we consider largely independent of the underlying cost efficiency of their operating facilities. Further, the inclusion of operating restructuring items which are unpredictable in nature and timing may make comparisons of our operating results between periods more difficult. We also believe adjusted EBITDA and adjusted EBITDA margin are commonly used by securities analysts, investors and other interested parties to evaluate our financial performance.

Adjusted EBITDA does not represent cash generated from operations as defined by International Financial Reporting Standards (“IFRS”) and it is not necessarily indicative of cash available to fund cash needs. Furthermore, adjusted EBITDA does not reflect the impact of a number of items that affect our net income. Adjusted EBITDA and adjusted EBITDA margin are not measures of financial performance under IFRS, and should not be considered as alternatives to measure performance under IFRS. Moreover, because all companies do not calculate adjusted EBITDA and adjusted EBITDA margin in the same manner, these measures as calculated by Western may differ from similar measures as calculated by other companies. A reconciliation between the Company’s net income as reported in accordance with IFRS and adjusted EBITDA is included in the Company’s Management’s Discussion & Analysis for the year ended December 31, 2018, which is available under the Company’s profile on SEDAR at www.sedar.com.

Also in this press release management uses key performance indicators such as net debt, net debt to capitalization and current assets to current liabilities. Net debt is defined as long-term debt less cash and cash equivalents. Net debt to capitalization is a ratio defined as net debt divided by capitalization, with capitalization being the sum of net debt and equity. Current assets to current liabilities is defined as total current assets divided by total current liabilities. These key performance indicators are non-GAAP financial measures that do not have a standardized meaning and may not be comparable to similar measures used by other issuers. They are not recognized by IFRS, however, they are meaningful in that they indicate the Company’s ability to meet their obligations on an ongoing basis, and indicate whether the Company is more or less leveraged than the prior year.

Western is an integrated forest products company building a margin-focused log and lumber business to compete successfully in global softwood markets. With operations and employees located primarily on the coast of British Columbia and Washington State, Western is a premier supplier of high-value, specialty forest products to worldwide markets. Western has a lumber capacity in excess of 1.1 billion board feet from eight sawmills and four remanufacturing facilities. The Company sources timber from its private lands, long-term licenses, First Nations arrangements, and market purchases. Western supplements its production through a wholesale program providing customers with a comprehensive range of specialty products.

TELECONFERENCE CALL NOTIFICATION:

Thursday, November 7, 2019 at 9:00 a.m. PST (12:00 p.m. EST)

On Thursday, November 7, 2019, Western Forest Products Inc. will host a teleconference call at 9:00 a.m. PST (12:00 p.m. EST). To participate in the teleconference please dial 416-340-2217 or 1-800-898-3989 (passcode: 3656539#). This call will be taped, available one hour after the teleconference, and on replay until November 17, 2019 at 8:59 p.m. PST (11:59 p.m. EST). To hear a complete replay, please call 905-694-9451 / 1-800-408-3053 (passcode: 1512690#).

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