FOR IMMEDIATE RELEASE **TSX: WEF**

Western Announces Second Quarter 2020 Results

August 6, 2020 – Vancouver, British Columbia – Western Forest Products Inc. (TSX: WEF) ("Western" or the "Company") reported adjusted EBITDA of $29.5 million in the second quarter of 2020. Despite the negative financial impacts and significant uncertainty arising from the novel Coronavirus pandemic ("COVID-19"), Western maintained employment and operating levels, and continued to service customers.

Net income of $8.5 million ($0.02 net income per diluted share) was reported for the second quarter of 2020, as compared to net loss of $0.7 million ($nil per diluted share) for the second quarter of 2019 and net loss of $21.0 million ($0.06 net loss per diluted share) in the first quarter of 2020.

Second Quarter Highlights:

- Delivered improved second quarter adjusted EBITDA of $29.5 million
- Rebuilt log inventory that had been depleted by a strike
- Restarted operations at the Cowichan Bay sawmill
- Closed with $95.1 million of available liquidity, exceeding ongoing operating capital requirements

Western's second quarter adjusted EBITDA was $29.5 million, including export tax expense of $7.6 million, as compared to adjusted EBITDA of $15.1 million in the second quarter of 2019, and negative adjusted EBITDA of $17.4 million reported in the first quarter of 2020. Operating income prior to restructuring and other items was $14.6 million, compared to $1.4 million in second quarter of 2019, and $28.4 million loss reported in the first quarter of 2020. Second quarter adjusted EBITDA in 2020 included $10.7 million of federal government grants accessed through the Canadian Emergency Wage program.

(millions of dollars except per share amounts and where otherwise noted)	**Q2 2020**	**Q2 2019**	**Q1 2020**	**YTD 2020**	**YTD 2019**
Revenue	$ 256.3	$ 310.3	$ 99.1	$ 355.4	$ 586.0
Export tax expense	7.6	9.7	4.0	11.6	18.9
Adjusted EBITDA	29.5	15.1	(17.4)	12.0	33.2
Adjusted EBITDA margin	12%	5%	-18%	3%	6%
Operating income prior to restructuring items and other income (expense)	$ 14.6	$ 1.4	$ (28.4)	$ (13.8)	$ 7.1
Net income (loss)	8.5	(0.7)	(21.0)	(12.5)	1.2
Basic and diluted earnings (loss) per share (in dollars)	0.02	-	(0.06)	(0.03)	-
Net debt, end of period	152.1	114.1	137.0		
Liquidity, end of period	95.1	133.9	113.5		

"We successfully re-established our business after the lengthy strike and despite considerable uncertainty caused by COVID-19," said Don Demens, President and Chief Executive Officer. "Looking forward, our focus remains on the health and safety of our employees, contractors, and communities, managing our balance sheet and servicing our customers."

Summary of Second Quarter 2020 Results

Adjusted EBITDA for the second quarter of 2020 was $29.5 million, as compared to $15.1 million from the same period last year. Despite the negative financial impacts and significant uncertainty arising from COVID-19, we maintained employment and operating levels supported by the Canadian Emergency Wage Subsidy ("CEWS") program. We capitalized on improved lumber and log markets in June 2020 to overcome operating losses realized early in the second quarter. Operating income prior to restructuring and other items was $14.6 million, as compared to $1.4 million in the same period last year.

In the second quarter, we focused on re-establishing our business after the lengthy United Steelworkers Local 1-1937 ("USW") strike (the "Strike") that ended in the first quarter of 2020. We re-engaged with employees, contractors and customers, overcoming the residual impacts of the Strike to deliver improved operating performance and financial results through the second quarter of 2020.

We continue to strictly enforce enhanced health and safety protocols and regularly re-evaluate market conditions arising from COVID-19. Our near-term focus remains on ensuring the health and safety of our employees, managing our balance sheet, and servicing our customers.

Sales

Lumber and log sales were impacted by market uncertainty and delayed shipments arising from COVID-19. Lumber revenue in the second quarter was $188.8 million, a decrease of 19% from the same period last year. Lumber shipment volumes of 152 million board feet were 28% lower than the same period last year. Lumber demand dropped significantly late in the first quarter and into the second quarter of 2020 as a result of global market uncertainty arising from COVID-19 and related government emergency measures. Demand gradually recovered through the quarter with shipments accelerating in June 2020. We grew wholesale lumber shipments as compared to the same period last year, and our United States ("US") based Columbia Vista division continued to perform in line with our expectations.

Our average realized lumber price increased 12% from the same period last year, despite significant uncertainty in key export markets from COVID-19. An improved price realization was the result of a higher specialty product mix and a weaker Canadian dollar ("CAD") to US dollar ("USD"). Specialty lumber represented 64% of shipments compared to 57% in the second quarter of last year. The average CAD-USD foreign exchange rate in the second quarter of 2020 was 3% lower than in the same period last year.

Log revenue was $60.5 million in the second quarter of 2020, a decrease of 4% from the same period last year. We capitalized on an improved log market late in the second quarter to deliver increased shipments as compared to the same period last year, however average price realizations declined due to a weaker sales mix. Log sales mix was negatively impacted by inventory degradation that occurred during the Strike in certain British Columbia ("BC") operations.

By-product revenue was $7.0 million, a decrease of 48% as compared to the same period last year due to lower chip sales volumes and lower realized pricing. Reduced chip production and purchases led to a reduction in by-products shipments, while pricing was negatively impacted by the NBSK pulp market.

Operations

Despite significant uncertainty arising from COVID-19, we continued production through the second quarter. We maintained operating levels in order to support and maintain employment levels, rebuild inventories, and service our customers. By late May 2020, we had rebuilt log decks and lumber inventory that were depleted from the Strike.

Lumber production of 143 million board feet was 31% lower than the same period last year. We operated fewer shifts, and production efficiency was impacted by consuming certain aged log inventory that had degraded during the Strike. On May 4, 2020, we restarted production at our Cowichan Bay sawmill, which had remained curtailed after the end of the Strike due to limited log supply.

We produced 1,224,000 cubic meters of logs from our BC coastal operations in the second quarter of 2020, a decrease of 2% from same quarter of last year. Our log production increased through the second quarter of 2020, overcoming modified operating procedures implemented to mitigate COVID-19 risks and capitalizing on favourable coastal operating conditions. Logging costs were lower as compared to the same period last year as our production included logs that had been staged prior to the Strike. We also reduced helicopter logging volumes and limited road expenditures.

BC coastal saw log purchases were 236,000 cubic metres, consistent with the same period last year. Saw log purchases were limited due to reduced BC coastal harvest activity.

Freight expense decreased by $6.3 million from the same period last year due to lower shipment volumes.

Second quarter adjusted EBITDA and operating income included $7.6 million of countervailing duty ("CVD") and anti-dumping duty ("AD"), as compared to $9.7 million in the same period last year. Duty expense decreased as a result of lower US-destined lumber shipment volumes.

Due to the negative financial impacts COVID-19 had on our business, we applied for the Canadian government's CEWS program. CEWS prevented temporary operating curtailments, employee layoffs, and offset the cost of enhanced health and safety protocols. We continued to operate despite uncertainty arising from COVID-19 to maintain employment levels, support contractors and communities, rebuild inventory and continue to service our customers. In the second quarter of 2020, we recognized CEWS of $9.3 million as an offset to cost of goods sold, and $1.4 million as an offset to selling and administration expense.

Selling and Administration Expense

Despite uncertainty arising from COVID-19, we maintained staffing levels to support our business and communities, and to continue to service our customers.

Second quarter selling and administration expense was $8.1 million in 2020 as compared to $8.3 million in the same period of last year. Savings generated by cost containment measures were offset by expenses arising from COVID-19, including health and safety spending and incremental IT costs associated with remote work requirements. Mark-to-market expense on long-term compensation liabilities increased by $1.3 million, as compared to the same period last year. This was offset by the recognition of CEWS.

Finance Costs

Finance costs were $2.2 million in the second quarter of 2020, consistent with the same period last year. Interest expense resulted from increased average debt levels and lease obligations in the quarter offset by a reduction in discount rates applied to other financial liabilities.

Income Taxes

Higher operating earnings, including CEWS, led to income tax expense of $3.5 million for the second quarter of 2020, as compared to income tax recovery of $0.5 million in the same quarter of last year.

Net Income (Loss)

Net income for the second quarter of 2020 was $8.5 million, as compared to net loss of $0.7 million for the same period last year. Our results improved from the comparative period but were significantly impacted by market uncertainty and increased costs resulting from COVID-19.

Summary of Year to Date 2020 Results

Financial and operating results were significantly impacted by COVID-19, the Strike, and the gradual restart of Strike-curtailed BC operations in the first half of 2020.

On February 15, 2020, USW members voted in support of a 5-year agreement to replace the collective agreement that expired on June 14, 2019, resulting in the end of the Strike. Following the Strike, we performed the necessary safety and maintenance procedures before commencing a gradual restart of certain Strike-curtailed BC operations. Upon restart, our manufacturing productivity was impacted by the consumption of lower quality log inventory that had degraded during the Strike.

In late March 2020, as a result of COVID-19, we curtailed certain operations for one week to implement enhanced health and safety protocols and to re-evaluate market conditions. After implementing enhanced health and safety protocols and re-evaluating operating conditions, we resumed all operations, except at our Ladysmith, Cowichan Bay and Somass sawmills. On May 4, 2020, we resumed operation of our Cowichan Bay sawmill. Our US-based Columbia Vista division operations were unaffected by the Strike and took no COVID-19 related downtime.

Adjusted EBITDA for the first six months of 2020 was $12.0 million, as compared to $33.2 million from the same period last year. Operating loss prior to restructuring items and other income was $13.8 million, as compared to an operating income prior to restructuring items and other income of $7.1 million in the same period last year.

Sales

Lumber revenue was $272.0 million, 40% lower than the same period last year due to the Strike and COVID-19. Demand fell as a result of global uncertainty caused by COVID-19 and related government emergency measures, and many customers suspended order activity in late March 2020 through mid-May 2020. We took this time to rebuild inventory depleted by the Strike, which allowed us to increase shipments as lumber markets gradually recovered through the period. Despite challenging market conditions, average lumber price realizations increased as we improved our specialty product mix and benefitted from a weaker CAD to USD. Specialty lumber represented 67% of year to date shipments compared to 55% in the same period last year.

Log revenue was $73.4 million in the first half of 2020, a decrease of 30% from the same period last year due to limited log production during the Strike. Average price realizations declined due to a weaker log sales mix caused by Strike-related log degradation, and the impact of COVID-19 on global markets.

By-products revenue decreased to $10.0 million in the first half of 2020, from $29.0 million in the same period last year due to lower by-product production during the Strike, reduced chip purchase-and-resale volume, and temporary coastal pulp operating curtailments.

Operations

Lumber production in the first half of 2020 was 204 million board feet, 50% lower than the same period last year. Lumber production was negatively impacted by the Strike and initial impacts of COVID-19. We partly mitigated the impact of the Strike by continuing to process logs at custom cut facilities and through our wholesale lumber strategy. Second quarter production volumes were impacted in 2020 due to processing log inventory that had degraded during the Strike. By continuing to run our timberlands operations despite significant uncertainty arising from COVID-19 we rebuilt log inventories, which supported the resumption of operations at our Cowichan Bay sawmill on May 4, 2020.

Log production for the first half of 2020 was 1,391,000 cubic metres. Logging operations were curtailed for most of the first quarter of 2020 due to the Strike and actions taken to mitigate COVID-19 health and safety risks. We limited the production decline to 36% as compared to the first half of 2019 by expediting the recovery of logs that had been staged prior to the Strike. We also reduced our per unit BC coastal harvest costs by reducing helicopter harvest volumes and limiting road expenditures.

BC coastal saw log purchases were 377,000 cubic metres, a 16% decrease from the same period last year. Saw log purchases were limited due to reduced BC coastal harvest activity in the first half of 2020.

Freight expense for the first half of 2020 was $26.4 million, a reduction of 47% as compared to same period last year as a result of lower shipments of logs and lumber.

Adjusted EBITDA and operating income included $11.6 million of CVD and AD expense, as compared to $18.9 million in the same period of 2019. Duty expense declined as a result of reduced US-destined lumber shipments.

Due to the negative financial impact COVID-19 had on our business we applied for CEWS. Western's eligibility for CEWS prevented temporary operating curtailments, employee layoffs and offset the costs of enhanced health and safety protocols. We continued to operate despite uncertainty arising from COVID-19 to maintain employment levels, support contractors and communities, rebuild inventory and continue to service our customers. In the first half of 2020, we recognized CEWS of $9.3 million as an offset to cost of goods sold, and $1.4 million as an offset to selling and administration expense.

Selling and Administration Expense

Despite uncertainty arising from COVID-19, we maintained staffing levels to support our business and communities, and to continue to service our customers.

Selling and administration expense for the first half of 2020 was $14.5 million as compared to $17.1 million in the same period last year. Savings generated by cost containment measures were partly offset by expenses arising from COVID-19, including health and safety spending and incremental IT costs associated with remote work requirements. Mark-to-market expense on long-term compensation liabilities was offset by the recognition of CEWS.

Finance Costs

Finance costs were $4.4 million, compared to $3.8 million in the first half of 2020. Higher interest expense resulted from increased average debt levels and rates, somewhat offset by declines in discount rates applied to other financial liabilities.

Income Taxes

Lower operating earnings in the first half of 2020 led to an income tax recovery of $4.9 million, as compared to income tax expense of $0.3 million in the same period last year.

Net Loss

Net loss for the first half of 2020 was $12.5 million, as compared to net income of $1.2 million for the same period last year. Net income was impacted by lower shipments as a result of COVID-19 and the Strike.

Sale of Ownership Interests in Limited Partnerships

On March 16, 2020, Western announced it had reached an agreement whereby Huumiis Ventures Limited Partnership ("HVLP"), a limited partnership beneficially owned by the Huu-ay-aht First Nations, will acquire a majority ownership interest in TFL 44 Limited Partnership ("TFL 44 LP") and an ownership interest in a newly formed limited partnership that will own the Alberni Pacific Division Sawmill ("APD Sawmill") for total consideration of $36.2 million (the "Transaction").

TFL 44 LP holds certain assets in Port Alberni, British Columbia, including Tree Farm Licence 44 and other associated assets and liabilities. HVLP will acquire an incremental 44% ownership interest in TFL 44 LP from Western for $35.2 million. On completion of the Transaction, HVLP will own 51% of TFL 44 LP and Western will own 49% of TFL 44 LP. Western may sell other area First Nations, including HVLP, a further incremental ownership interest of up to 26% in TFL 44 LP, under certain conditions. Western and TFL 44 LP will enter into a long-term fibre agreement to continue to supply Western's British Columbia coastal manufacturing operations, which have undergone significant capital investment over the past several years.

Western will transfer its APD Sawmill into a limited partnership ("APD LP") along with certain other assets and liabilities. HVLP will acquire a 7% ownership interest in APD LP from Western for $1.0 million, and subject to further negotiations, HVLP will have an option to purchase an incremental ownership interest in APD LP, which may include a majority interest.

The completion of the Transaction is subject to satisfaction of customary closing conditions, financing, and certain third-party consents, including approval by the BC Provincial Government. The Transaction is anticipated to close later in the second half of 2020 as COVID-19 restrictions have delayed the administration of certain closing conditions.

COVID-19

Western is committed to the health and safety of our employees, contractors and the communities where we operate. To help mitigate the spread of COVID-19, we have implemented strict health and safety protocols across our business that are based on guidance from health officials and experts, and in compliance with regulatory orders and standards.

Health and safety protocols currently being enforced include travel restrictions; self-isolation instructions for those who have travelled, are ill, exhibiting symptoms of COVID-19 or have come in direct contact with someone with COVID-19; implementing physical distancing measures; restricting site access to essential personnel and activities; increasing cleaning and sanitization in workplaces; and where possible, providing those who can work from home the ability to exercise that option. We continue to monitor and review the latest guidance from health officials and experts to ensure our protocols meet the current required standards.

In response to the impacts of the COVID-19 pandemic, the Company also curtailed its BC manufacturing facilities for up to a one-week period effective March 23, 2020. After implementing enhanced health and safety protocols and re-evaluating operating conditions, we resumed all operations, except at our Ladysmith, Cowichan Bay and Somass sawmills. By continuing to operate timberlands operations through the uncertainty arising from COVID-19 in the second quarter of 2020, we rebuilt sufficient log inventory to resume manufacturing operations at our Cowichan Bay sawmill on May 4, 2020 and at our Ladysmith sawmill on August 4, 2020.

State of Emergency declarations and other restrictions relating to travel, business operations and isolation have been made by governing bodies in the regions that Western operates and sells its products. Western's business activities have been designated an essential service in Canada and the US, and we will continue to monitor and adjust our operations as required to ensure the health and safety of our employees, contractors and the communities where we operate and to address changes in customer demand. In addition, governments in Canada and the US have announced various financial relief programs for businesses. In the second quarter of 2020, we recognized $10.7 million in CEWS as a reduction to cost of goods sold and selling and administrative expense. We continue to evaluate Western's eligibility for relief programs as they are announced, to help mitigate the financial impacts of COVID-19.

With the potential negative impacts to the global economy from COVID-19 and with dynamic global economic conditions, in the near-term we remain focused on maintaining financial flexibility, protecting the health and safety of our employees and contractors, and servicing our customers.

Operations Update

On August 4, 2020, we restarted production at our Ladysmith sawmill, which had remained curtailed after the end of the Strike due to limited log supply. We rebuilt sufficient log inventory to support this restart by continuing log harvest production through the uncertainty arising from COVID-19. The ongoing operation of our Ladysmith sawmill is dependent on log supply and continued strong commodity market conditions.

Our Somass sawmill remains indefinitely curtailed as a result of a fibre supply deficit arising from years of tenure takebacks and government land use decisions, and rising costs associated with the US Softwood Lumber dispute. As of August 6, 2020, our other manufacturing and timberlands operations are actively operating.

BC Government Forest Policies Update

During 2019, the BC Provincial Government (the "Province") introduced various policy initiatives that will impact the BC forest sector regulatory framework as part of their Coastal Revitalization Initiative.

On January 21, 2020, the Province announced changes to the Manufactured Forest Products Regulation ("Regulation") effective July 1, 2020. The amendments to the Regulation would require lumber that is made from Western Red Cedar ("WRC") or cypress (Yellow Cedar) to be fully manufactured in BC to be eligible for export from Canada. Fully manufactured is defined as lumber that will not be kiln-dried, planed or re-sawn at a facility outside of BC. The Province is working with industry stakeholders to develop exemptions to meet its stated objective and has formed a working group of industry representatives to help develop the exemption process. We continue to collaboratively engage with the Province to ensure that the desired outcome is met without unintended consequences to our global customers. The impact that the amendments to this Regulation may have on our operations cannot be determined at this time.

On June 11, 2020, the Province announced the deferral of the implementation of the changes to the Regulation to September 30, 2020. The Province also updated the requirement to fully manufacture WRC and Yellow Cedar to only apply to the BC Coast.

Timber Tenure Reduction

Approximately 89% of Western's 5,956,000 cubic metre sustainable allowable annual cut ("AAC") is in the form of Tree Farm Licenses ("TFL"). TFLs are granted for 25-year terms and are replaced by the Province every five to ten years with a new TFL with a 25-year term.

In the second half of 2020, we expect that the Province's Chief Forester to issue a final determination on the AAC in TFL 19, which is approximately 729,000 cubic metres. We expect that determination may reduce the AAC of TFL 19 by up to 18% or approximately 130,000 cubic meters. Provincial legislation requires the Chief Forester to routinely review sustainable harvesting levels of individual tenures at least every 10 years and to issue a determination which may result in an increase or decrease to AAC. The AAC determination reflects tree growth, ecology, regional and local economic and social interests, water and other environmental considerations that define how forests can be managed.

More information on our tenure rights and sustainable harvest practices can be found in the Company's Annual Information Form, which can be found SEDAR at www.sedar.com, and Western's 2019 Sustainability Report, which can be found at www.westernforest.com.

Strategy and Outlook

Western's long-term business objective is to create superior value for shareholders by building a margin-focused specialty 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 make 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.

Marketing and vendor purchase agreements reached in the first quarter of 2020 with certain customers are expected to increase our lumber sales into North American Home Centre and Pro-Dealer sales channels. In the second quarter of 2020, we launched new product branding and increased our presence in these sales channels to capitalize on the growing repair and remodel segment. We are encouraged by the early success of this strategy and expect to see more fulsome benefits of these marketing initiatives as we move forward.

In the second quarter of 2020, we increased shipments of products to our customers through our Arlington distribution centre. We increased capacity utilization and added new modes of transportation at Arlington to meet selected US customer requirements.

Our Columbia Vista division continues to perform in line with our expectations and has been a positive addition to our business and product mix. We continue to develop and evaluate growth opportunities for our wholesale lumber business.

Market Outlook

Lumber markets have rebounded from a first quarter standstill resulting from COVID-19. Lumber demand, particularly in North America, has exceeded supply and benchmark commodity prices have risen to near-record levels in the third quarter. We anticipate prices to remain strong until the supply-demand imbalance is resolved.

With the onset of COVID-19, government actions to limit the spread of the virus, including stay at home orders and lockdowns, created significant demand disruptions in many of our key markets. In response to the COVID 19 uncertainty and government actions some customers were unable to accept contract deliveries, which reduced demand and led producers to curtail operations.

As governments began to ease COVID-19 restrictions, wood products consumption and demand improved. In North America, there was insufficient lumber supply to satisfy rising demand. The resulting supply-demand imbalance led to greater market volatility and significant price increases, particularly for commodity lumber. Demand in our key export markets has not matched the sharp rebound in North American markets. We have responded by re-directing a component of our lumber production to North American product lines in an effort to capitalize on the improved demand and price environment.

Demand and pricing for our Western Red Cedar products in North America improved through the second quarter led by the Home Centre segment. We expect WRC demand in North America to remain strong in the third quarter of 2020, which is traditionally a slower period for WRC products. In our key export markets demand has improved and we expect pricing to rebound. Demand and price realizations may be impacted in North America by revised CVD and AD rates and, in export markets, by Regulation changes by the Province.

In Japan, lumber demand has weakened due to declining housing starts and COVID-19 related challenges. As demand has fallen market pricing has become more competitive. North American lumber is competing for market share with Spruce-beetle impacted, lower priced European supply and government-subsidized, local Japanese products. In response to the weaker demand for our products we may redirect certain Japan-destined volume to the North American market.

Demand for Niche lumber products targeted to the treating segment in North America has remained strong, while demand for timbers consumed in the industrial segment has slowed. In the third quarter, we expect price improvements in the treated segment and for our Niche appearance products.

COVID-19 related operating curtailments in Europe and New Zealand impacted log supply to China in the first half of this year. We expect European and New Zealand log supply to return to pre-pandemic levels leading to a more competitive price environment. In the domestic log market, we expect moderate price improvements supported by increased demand from local manufacturers.

Coastal pulp and paper operations have been negatively impacted by reduced demand for their products due to COVID-19. In turn, pulp and paper mill operating curtailments have led to reduced demand and a weaker price environment for coastal pulp logs. We expect pricing for pulp logs to remain under pressure until demand for pulp and paper improves and the mills return to full production.

As we look forward, the potential resurgence in COVID-19 cases around the globe may lead to the reintroduction of government actions that could impact lumber demand and pricing. We plan to utilize our flexible operating platform to adjust to market conditions and will continue to align our production volumes to match market demand.

Softwood Lumber Dispute and US Market Update

The US application of duties on Canadian lumber imports 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.

Western expensed $7.6 million of export duties in the second quarter of 2020, comprised of CVD and AD at a combined rate of 20.23% on all lumber it sold into the US. On February 3, 2020, the US Department of Commerce (“DoC”) issued preliminary revised rates in the CVD and AD first administrative review of shipments for the years ended December 31, 2017 and 2018. The combined preliminary revised rates were 8.37% for 2017 and 8.21% for 2018. The DoC may revise these rates between preliminary and final determination. On July 22, 2020, the DoC again announced an administrative review extension that is expected to delay the final rate determination until late November 2020. Cash deposits continue at the current rate of 20.23% until the final determinations are published, at which time the 2018 rate will apply to US-destined lumber sales.

The tolling of all administrative reviews on July 22, 2020, also extended the DoC’s second administrative review for fiscal year 2019. Western was not selected as a mandatory respondent in the second administrative review and will therefore be subject to the “all others” rate once preliminary review findings are finalized.

At June 30, 2020, Western had USD $77.5 million (CAD $105.2 million) of cash on deposit with the US Department of Treasury in respect of these softwood lumber duties.

Including wholesale lumber shipments, our sales to the US market represented approximately 27% of our total revenue in 2019. 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.

Non-GAAP Measures

Reference is made in this press release to the following non-GAAP measures: Adjusted EBITDA, Adjusted EBITDA margin, and Net debt to capitalization are used as benchmark measurements of our operating results and as benchmarks relative to our competitors. These non-GAAP measures are commonly used by securities analysts, investors and other interested parties to evaluate our financial performance. These non-GAAP measures do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other issuers. The following table provides a reconciliation of these non-GAAP measures to figures as reported in our audited annual consolidated financial statements:

(millions of Canadian dollars except where otherwise noted)	**Q2 2020**	**Q2 2019**	**Q1 2020**	**YTD 2020**	**YTD 2019**
Adjusted EBITDA					
Net income (loss)	$ 8.5	$ (0.7)	$ (21.0)	$ (12.5)	$ 1.2
Add:					
Amortization	14.2	12.5	11.0	25.2	23.8
Changes in fair value of biological assets, net	0.6	1.3	-	0.6	2.3
Operating restructuring items	0.6	0.5	0.4	1.0	1.1
Other (income) expense (1)	(0.2)	(0.1)	(1.6)	(1.8)	0.8
Finance costs	2.2	2.2	2.2	4.4	3.7
Current income tax expense (recovery)	-	(0.8)	(0.1)	(0.1)	-
Deferred income tax expense (recovery)	3.5	0.3	(8.3)	(4.8)	0.3
Adjusted EBITDA	$ 29.5	$ 15.1	$ (17.4)	$ 12.0	$ 33.2
Adjusted EBITDA margin					
Total revenue	$ 256.3	$ 310.3	$ 99.1	$ 355.4	$ 586.0
Adjusted EBITDA	29.5	15.1	(17.4)	12.0	33.2
Adjusted EBITDA margin	12%	5%	-18%	3%	6%
Net debt to capitalization					
Net debt					
Total debt, net of deferred financing costs	$ 154.2	$ 119.4	$ 139.2		
Cash and cash equivalents	(2.1)	(5.3)	(2.2)		
Net debt	$ 152.1	$ 114.1	$ 137.0		
Capitalization					
Net debt	$ 152.1	$ 114.1	$ 137.0		
Add: Equity	461.4	546.7	459.6		
Capitalization	$ 613.5	$ 660.8	$ 596.6		
Net debt to capitalization	25%	17%	23%		

Figures in the table above may not equal or sum to figures presented elsewhere due to rounding.

(1) Other (income) expense, net of changes in fair market value less costs to sell of biological assets.

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", "expect", "anticipate", "plan", "intend", "believe", "seek", "should", "may", "likely", "continue" 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: domestic and international market conditions, demands and growth; economic conditions; our growth, marketing, product, wholesale, operational and capital allocation plans and strategies, including but not limited to, payment of a dividend; fibre availability and regulatory developments; the impact of the Coronavirus pandemic; the timing or anticipated closing of the Transaction; and the selling of additional incremental ownership interest in TFL 44 LP and APD LP in the future. 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 and performance may materially vary. Many factors could cause our actual results or performance to be materially different including: economic and financial conditions, international 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, development and changes in laws and regulations affecting the forest industry, changes in the price of key materials for our products, changes in opportunities, future developments in the Coronavirus pandemic and other factors referenced under the "Risks and Uncertainties" section of our MD&A in our 2019 Annual Report dated February 11, 2020. 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 this press release.

Also in this press release management may use 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:

Friday, August 7, 2020 at 9:00 a.m. PDT (12:00 p.m. EDT)

On Friday, August 7, 2020, Western Forest Products Inc. will host a teleconference call at 9:00 a.m. PDT (12:00 p.m. EDT). To participate in the teleconference please dial 416-406-0743 or 1-800-806-5484 (passcode: 2271487#). This call will be taped, available one hour after the teleconference, and on replay until September 7, 2020 at 8:59 p.m. PDT (11:59 p.m. EDT). To hear a complete replay, please call 905-694-9451 / 1-800-408-3053 (passcode: 2602812#).

For further information, please contact:
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