

# INVESTOR PRESENTATION

May 2022



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 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”, “could”, “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, production and capital allocation plans and strategies including, but not limited to, our dividend plan and share repurchase plan; our sustainability-linked credit facility; our expected operating results and future earnings stability; our competitive position and expectations regarding future competition; the impact of mass timber developments on climate change and wood products demand; the Company's ability to navigate logistics constraints; the Company's net positive climate impact; fibre availability; legal and regulatory developments including, but not limited to, the softwood lumber duties administrative review; the Company's ability to diversify and grow its business through its strategic acquisitions; the impact of the COVID-19 pandemic; 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 and interest rates, labour disputes and disruptions, natural disasters, changing 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 business opportunities, existence of a public health crisis (including future developments in the COVID-19 pandemic) and other factors discussed in the Company's Management's Discussion & Analysis for the three months and year ended December 31, 2021 (the “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 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



**\$1.5 Billion**

In Last Twelve  
Months Revenue



**\$305 Million**

In Last Twelve  
Months EBITDA



**37%**

Of Historical Sales to  
International Markets



**\$615 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 7 Sawmills



**Four**

Remanufacturing  
Facilities and One  
Distribution Centre



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

Of Allowable Annual  
Cut From Our B.C.  
Timberlands

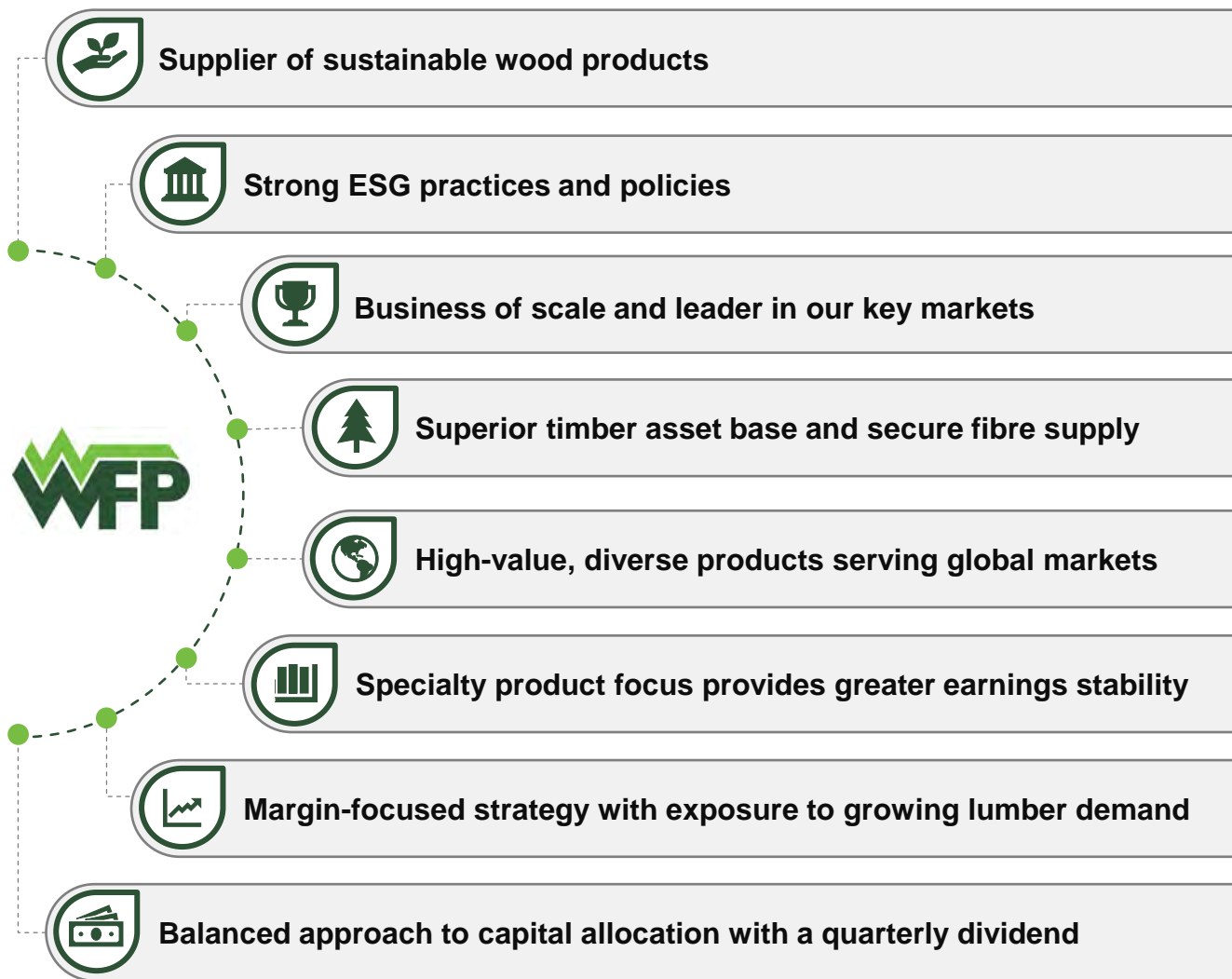


**2,000+**

Employees

A Global Leader In Specialty Lumber Products

# Why Own Western



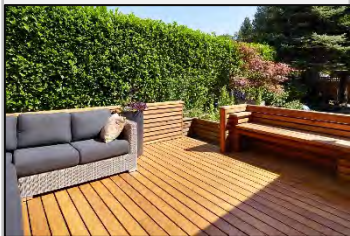
Western Is The Premier Wood Products Company To Own

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



## Outdoor Living

Decking, Timbers, Fencing Products, Outdoor Structures



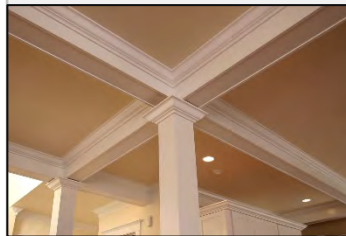
## Exterior Appearance

Siding, Trim & Fascia, Soffits, Door & Window Products



## Interior Living

Interior Paneling, Interior Mouldings, Architectural Millwork, Stair Components



## Structural

Timbers, Framing, Japanese Housing, Engineered Products



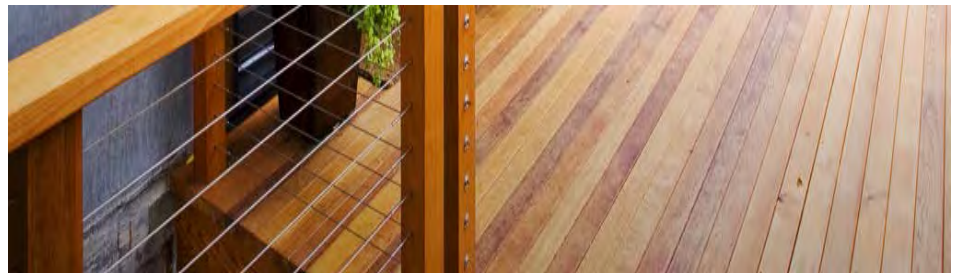
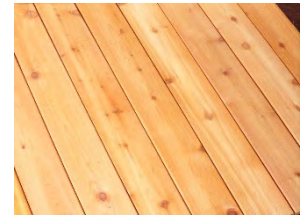
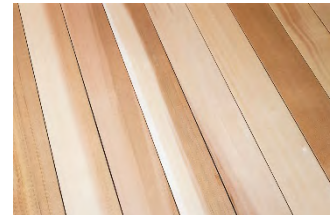
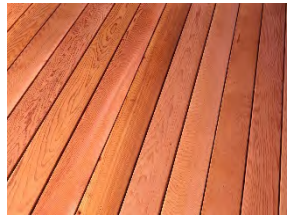
## Industrial

Lamstock, Packaging & Crating, Cross Arms, Mat Stock, Bridges, Docks & Rail Ties



Western's Products Come From A Sustainable Building Material

# Wood Is Sustainable, Durable And Naturally Beautiful



# Wood Is A 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 help reduce greenhouse gases and have the lowest impact of all building materials on air and water quality



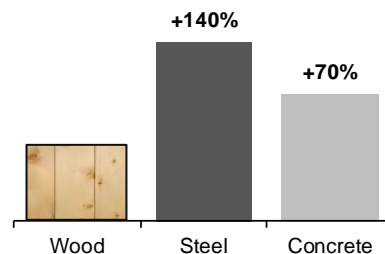
Wood products require less energy to produce than concrete and steel



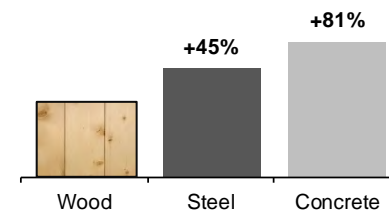
Wood products result in less solid waste than concrete and steel

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

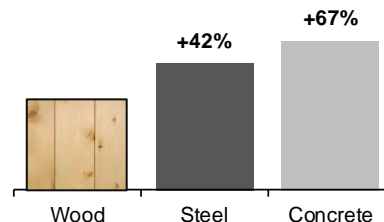
### Total Energy Use



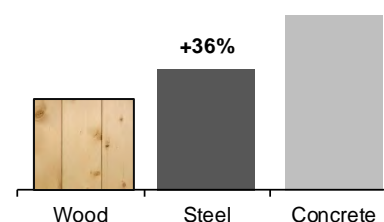
### Greenhouse Gases



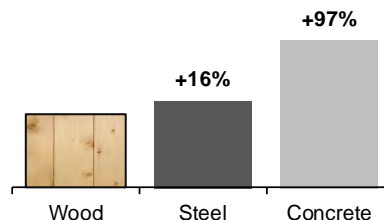
### Air Pollution



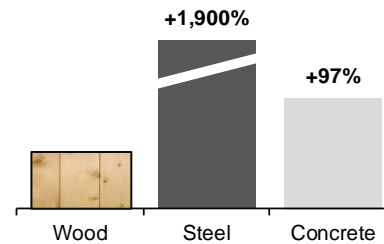
### Solid Waste



### Ecological Resource Use



### Water Pollution



(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

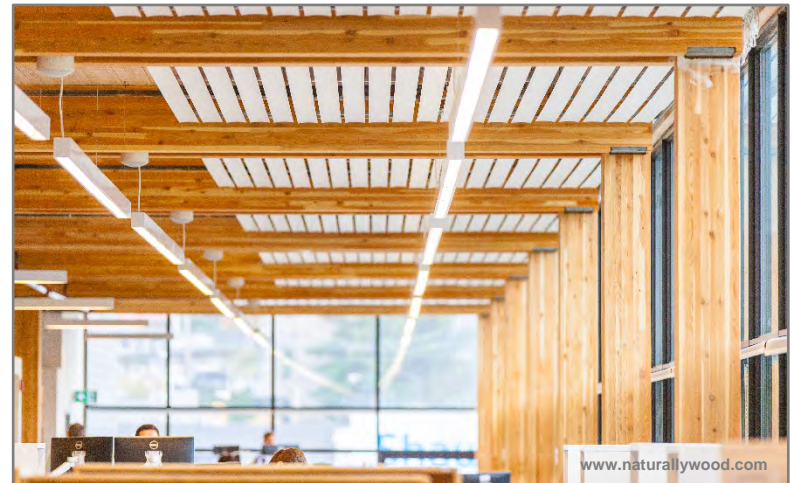


Increased use of wood in buildings will drive climate change benefits and increase lumber demand

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



**21 Million** = **4.4 Million**  
Tons of CO<sub>2</sub> Annually      Cars Taken Off The Road Annually<sup>(1)</sup>



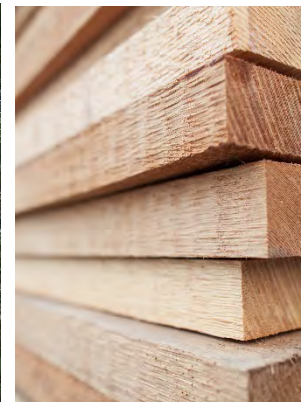
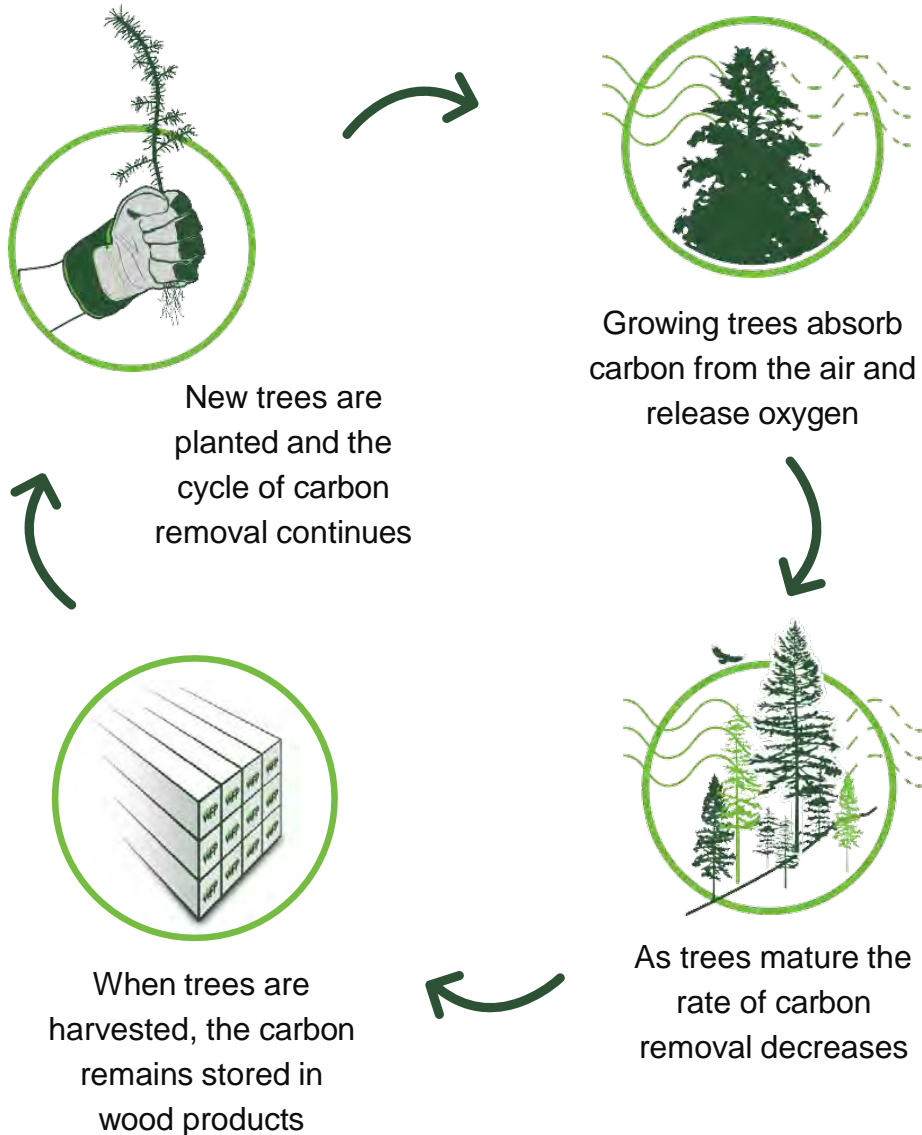
## Links To External Resources



(1) Source: Think Wood

A Sustainable Opportunity To Grow The Demand For Wood Products

# Wood Products Play An Important Role in Mitigating Climate Change



# Western's Commitment To ESG



## Environment Stewardship

Sustainable Forestry Practices,  
Sustainable Products, Climate  
Change, Biodiversity



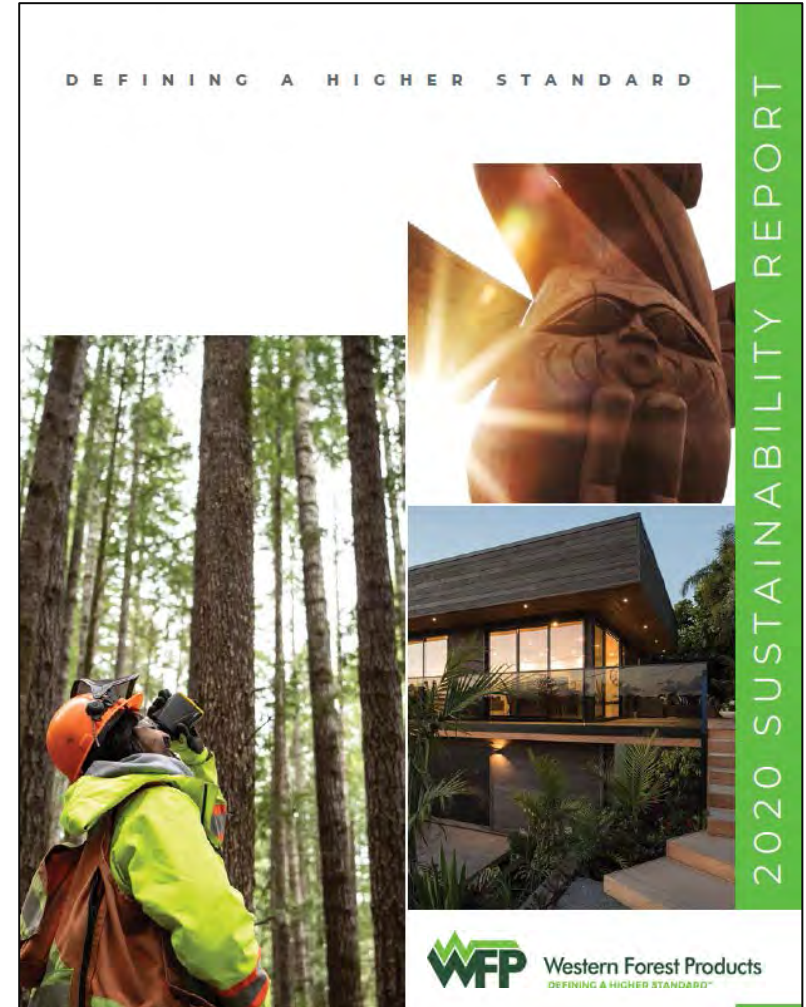
## Social Responsibility

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



## Corporate Governance

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



Western Is Committed To Defining A Higher Standard® On ESG

# Western's ESG Highlights



**14.2 MILLION  
TONNES OF CO2  
EQUIVALENT**

was removed from the atmosphere through Western's activities during 2018 and 2019. This is the equivalent of taking 1.54 million cars off the road per year

**100%**

of our managed tenures are third party certified

**23%**

**REDUCTION** in our Company Medical Incident Rate compared to 2019

**4X**

**INCREASE IN  
NEAR-MISS  
REPORTING  
SINCE 2017**

Increase in near-miss reporting helps proactively identify hazards before they become incidents – helping keep our employees safe

**27%**  
increase in  
BIG TREES  
we have  
conserved  
since 2019

Within our tenures  
**747,959  
Hectares (or 44%)  
are conserved**  
– the equivalent of –  
**1.4 million football fields**

**\$796  
million**

In employee wages and benefits paid since 2017 – supporting our people and communities

**29**

Active agreements with  
**FIRST NATIONS**  
or First Nations  
associations

**100%**

Identified wildlife features retained including bear dens and birds nests

**70%**

OF OLD GROWTH  
FORESTS WITHIN  
WESTERN'S TENURES  
**ARE CONSERVED**

**38%**

Percentage of  
**WOMEN**  
board directors  
and  
executive officers

**50**

Number of supported  
**recreational sites**  
on the BC Coast

**\$1.6 million**

In community  
investments since 2017

# 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 on the B.C. Coast to operate a seed orchard and tree nursery
- More than 3 trees planted for every 1 tree harvested in 2020
- Limit wood waste in our operations; utilize 100% of logs at our mills



## Climate Change

- 14.2 million tonnes of CO<sub>2</sub> equivalent removed from the atmosphere during 2018 and 2019 from Western's activities, including the sustainable management of forests
- 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



## 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

# Western's Net Positive Climate Impact

## Total Carbon Storage

- The “**balance sheet**” perspective
- Measures the carbon stored in Western's managed forests
- Includes carbon stored in the form of live trees, dead trees, branches, leaves, roots, and soil

## Annual Carbon Balance

- The “**income statement**” perspective
- Measures Western's annual carbon balance, calculated as the annual carbon sequestered by our forests and wood products, less carbon emitted in our operations

**1.4 billion**  
tonnes of CO<sub>2</sub> equivalent

Is stored in the forests managed by Western – the equivalent of the CO<sub>2</sub> emissions from the energy use of 168 million homes for one year

**14.2 million**  
tonnes of CO<sub>2</sub> equivalent

Was removed from the atmosphere through Western's activities, during 2018 and 2019 – the equivalent of taking 1.54 million cars off the road per year

Western's Activities, Including The Sustainable Management Of Forests In Our Care, Play An Important Role In Mitigating Climate Change

# Social Responsibility



## Health & Safety

- Our goal is a zero-incident workplace
- Annual safety training for all employees and contractors
- ISNetworld certification process for contractors
- Robust COVID-19 protocols in place
- 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 33% of our executive officers
- 22% of executive officers self identify as being from a visible minority
- 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% beneficial 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

2021

- Completion of Huu-ay-aht's purchase of an incremental 28% beneficial ownership interest in TFL 44 LP from Western for \$22.4 million
- TFL 44 LP name change to Tsawak-qin Forestry Limited Partnership (effective January 2022)



Developing Mutually Beneficial Relationships  
To Advance Reconciliation With First Nations

## Further Advancing Indigenous Relationships

- Investing time and resources in fostering positive working relationships with Indigenous groups
  - Information sharing
  - Joint sustainable forest management planning
  - Timber harvesting
  - Reforestation practices
  - Restoration initiatives
  - Other mutually beneficial interests
- Creating jobs, training opportunities and supporting communities

### Selected Milestones in 2021<sup>(1)</sup>



huu ay aht  
ANCIENT SPIRIT, MODERN MINE

TFL 44 LP and  
Integrated Resource  
Management Plan



Integrated Resource  
Management Plan



**'NAMGIS**  
FIRST NATION

Forest Landscape  
Plan Pilot



**Tla'amin Nation**  
4a7amen Nation

Integrated Resource  
Management Plan



Land Agreement  
(with Quatsino First Nation)



Sale of Ownership  
Interests in Forest  
Licences

<sup>(1)</sup> See Western's 2021 Annual Report for additional details

# Community Involvement And Support



   
COMMUNITY UNITY TRAIL  
Zeballos ----- Tahsis



## Forestry company donates nearly three acres of land for Tahsis & Zeballos' community trail project

Western Forest Products' five parcels of land will serve as an access point to the Community Unity Trail

## Friendship Garden at Cedar Elementary in Campbell River, B.C.

It's so uplifting to see how we can make an impact in our community.

**SEHLEEAH SCHEVERS**

Western Forest Products employee and Cedar Elementary mom



## Contributions To Support Communities

### Western announces \$50,000 donation for wildfire relief and readiness efforts

Support to help impacted communities with long term recovery and preparedness for future events

**Provide access to a number of public recreation sites located in our working forests via our extensive network of maintained resource roads**

**OPEN**

Spencer Cove  
Nimpkish Lake  
Kinman Creek  
Lwr Klaklakama  
Upr Klaklakama  
Anutz Lake  
Atluck Lake  
San Josef  
Woss Lake



**For more company and community news, visit us on**



# Corporate Governance



## Best Practices

- 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
- 25% of committees chaired by women
- Five new directors since 2019
- Average director tenure of 4.1 years
- Average director age of 62 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's target 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

## Sustainability-Linked Credit Facility

**Western was the 1<sup>st</sup> North American public paper and forest products company to transition to a sustainability-linked credit facility**

- Increase or decrease borrowing costs by up to five basis points based on the outcome of sustainability-linked goals
- Pricing grid and covenant package consistent with prior credit facility
- Credit facility maturity date extended to July 2025
- Retain accordion feature to increase the aggregate amount available to \$350 million, subject to lender approval



**\$250 million**

**Sustainability-Linked Credit Facility**

**Borrowing Costs Linked To Three Sustainability-Linked Goals**



**Health & Safety**



**Workforce Diversity**



**First Nations Relationships**

**Maturity: July 2025**

**Further Demonstrates Western's Leadership And Accountability To Continuous Improvement And Advancement Of Our Sustainability And ESG Initiatives**

# Company Snapshot

Sustainably Growing and Creating Long-term Shareholder Value



# Who We Are: Our Mission, Vision And Values



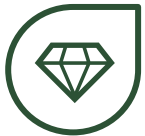
## Our Vision:

**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



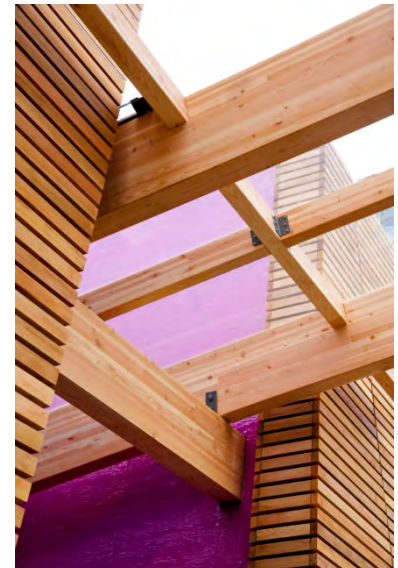
Defining a Higher Standard®

# 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, interior living, exterior appearance, structural 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



**\$1.5 Billion**

In Last Twelve  
Month Revenue



**\$305 Million**

In Last Twelve  
Month EBITDA



**\$75 Million**

Net Cash on the Balance  
Sheet at the end of Q1/22



**\$310 Million**

Available Liquidity  
at the end of Q1/22

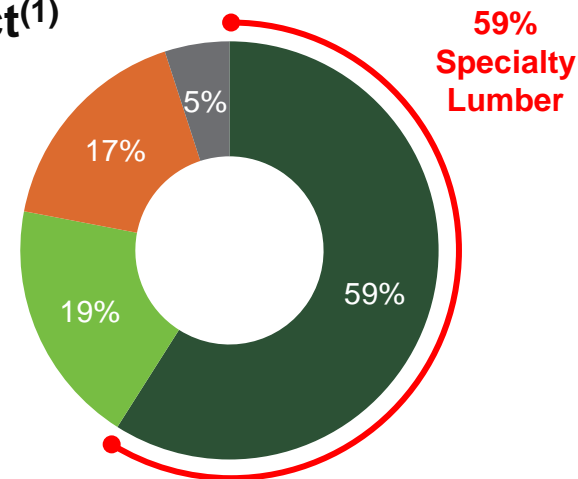


**\$615 Million**

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

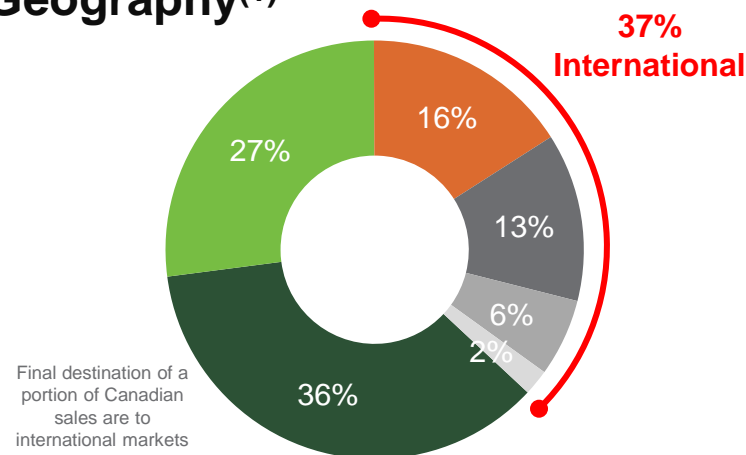
## Annual Sales by Product<sup>(1)</sup>

- 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 2021, including strike impacted 2019 and 2020

(2) Based on closing share price of \$1.88 on May 27, 2022

**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



# First Quarter 2022 Results

## Highlights

- Record first quarter Adjusted EBITDA
- Record average realized lumber price
- Announced 25% increase to the quarterly dividend
- Completed 10% NCIB, returning \$60.7 million to shareholders

*"We achieved record results and growth in lumber shipment volumes from the fourth quarter despite global logistics challenges. Looking ahead, we will continue to leverage our flexible operating platform, directing production to the highest margin alternative as we navigate ongoing logistics constraints. With our strong balance sheet, and the expectation for continued strong results, we remain committed to our balanced approach to capital allocation, investing in both external and internal opportunities, while returning excess capital to shareholders."*

**Don Demens, President & CEO**



**Revenue**

**\$359.6**  
Million



**Adjusted EBITDA**

**\$65.4**  
Million



**Adjusted EBITDA %**

**18%**



**Lumber Shipments**

**186**  
Million Board Feet



**Net Cash**  
(End of Q1/22)

**\$74.9**  
Million

Delivering Record First Quarter Results

# 2021 Was A Record Year And We Made Significant Progress Advancing Our Strategic Priorities



## Financial Performance

- Record adjusted EBITDA of \$302.1 million
- Return on capital employed: 45%
- Total shareholder return: 68.3%



## Health and Safety

- No workplace COVID-19 outbreaks
- Severity rate ahead of target goal
- Multiple operations with Medical Incident Rates of zero



## Balanced Capital Allocation

- Reinitiated a quarterly dividend
- Returned \$111 million to shareholders via dividends and share repurchases
- \$10 million in strategic capital projects underway



## Advancing ESG Commitment

- Confirmed net positive climate impact
- Sustainability Linked Credit Facility (1<sup>st</sup> North American public forestry company)
- Panelist in a global ESG conference



## Repositioned Balance Sheet

- Net cash: \$130 million at end of Q4/21
- Liquidity: \$371 million at end of Q4/21
- \$52 million in non-core asset sale proceeds
- \$250 million credit facility extended to July 2025



## Social Responsibility

- Advanced Indigenous relationships
- Employee engagement survey and flexible work arrangement model implemented
- Increased community donations
- COVID-related safety bonuses for non-executive employees

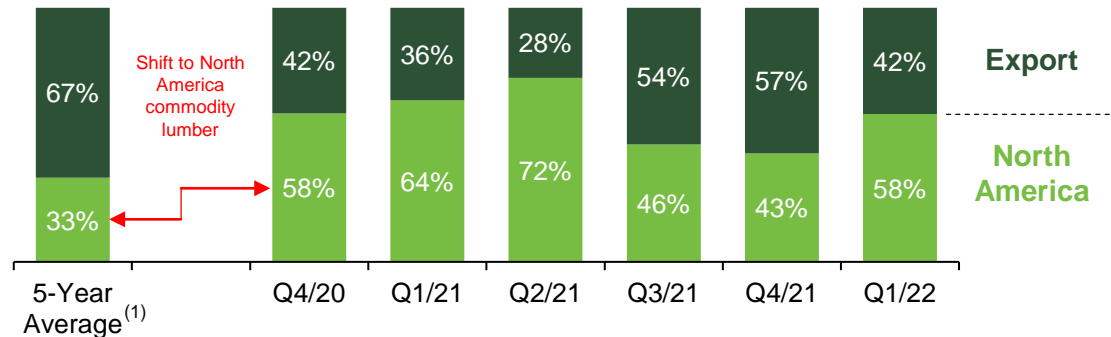
Balance Sheet Well Positioned To Support Our Strategic Growth Priorities

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

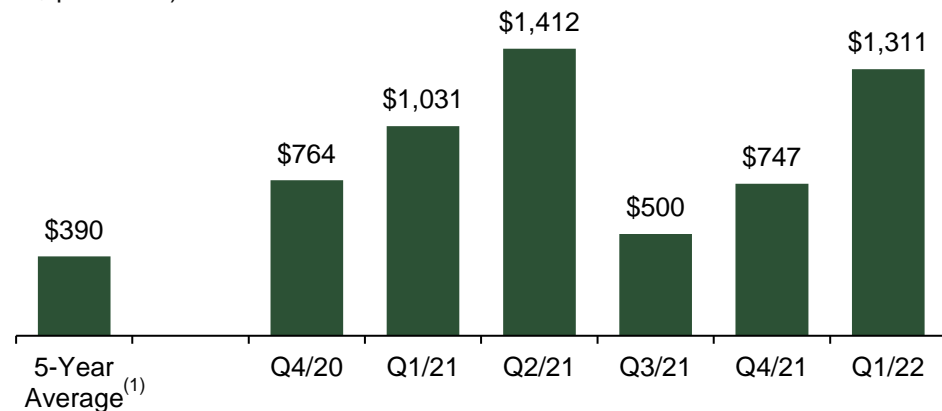


- Direct production to the highest margin opportunity
- Flexibility to adjust production based on market demand and prices
- Success in redirecting lumber production to capitalize on incremental margin

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



**North America Commodity Lumber Price<sup>(2)</sup>**  
(US\$ per mfbm)



(1) 5-year average from 2015 to 2019  
(2) Coast KD Hem-Fir #2 & Btr 2x4, net f.o.b. mill

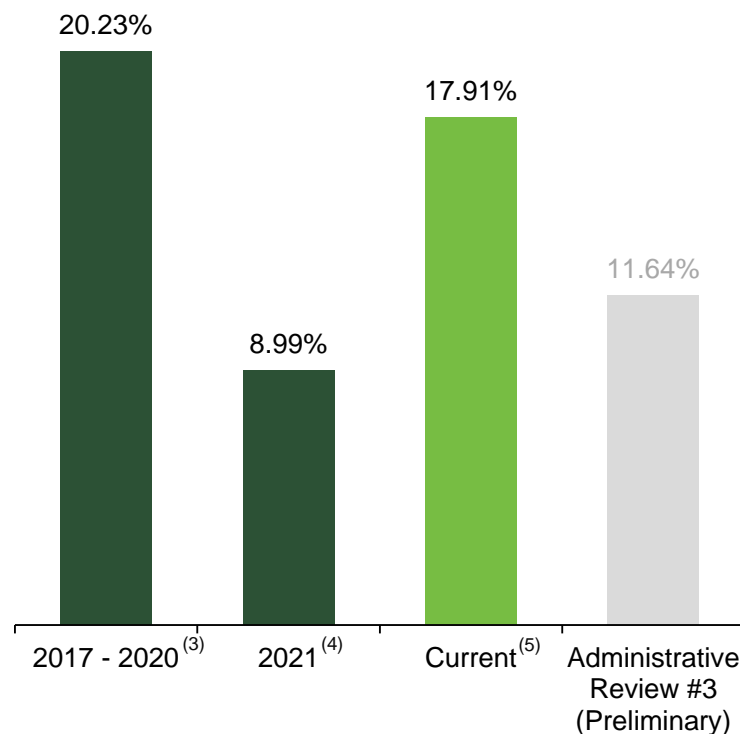
Flexible Operating Platform Gives Western The Opportunity To Redirect Volume Between Different Markets To Maximize Margin

# Softwood Lumber Duties Update

- Duties on deposit of US\$127.7 million (C\$159.8 million)<sup>(1)</sup>
  - Equates to 26% of Western's market capitalization<sup>(2)</sup>
  - C\$40.1 million included as a long-term receivable on Western's balance sheet<sup>(1)</sup>
- Current combined duties rate of 17.91%
- Preliminary determination of 3<sup>rd</sup> administrative review released
  - All Others rate of 11.64%
  - Anticipate final determination to be release in August 2022
  - Will become the new cash deposit rate once finalized

## Combined Softwood Lumber Duties Rate

(All Others Duty Rate %)



(1) As of March 31, 2021

(2) Based on market capitalization as of May 27, 2022

(3) Up to November 30, 2020

(4) December 1, 2020 to November 30, 2021

(5) December 1, 2021 onward

Softwood Lumber Duties Anticipated To Decline In The Second Half Of 2022

## Balanced Approach To Capital Allocation






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- ☑ Payment of a regular quarterly dividend (\$0.0125 per share)
  - Increase quarterly dividend 25% in May 2022
- ☑ Disciplined annual capital expenditures
  - Approximately \$30 to \$40 million per year in annual maintenance of business and road capex
- ☑ Maintain financial flexibility for strategic capex and growth opportunities
  - Internal and external opportunities
  - Projects and jurisdictions that create the opportunity to grow long-term shareholder value
  - Need to achieve desired internal return hurdles
- ☑ Complement the dividend with share repurchases
  - Renewed 10% NCIB in August 2021
  - Completed 10% NCIB in January 2022 (29.7 million shares | \$60.7 million)

Over The Last Twelve Months We Have Returned \$116 Million  
To Shareholders Via Dividends And Share Repurchases

# Capital Allocation: Returning Capital To Shareholders While Growing And Investing In The Business



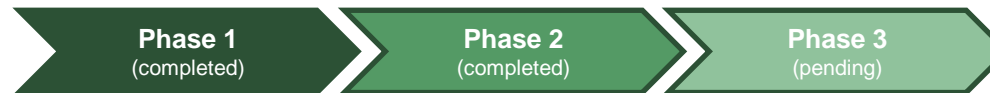
	Returning Capital To Shareholders	Investing In Our Business
Core Allocation	 Regular Quarterly Dividend	 Disciplined Annual Capital Expenditures
Opportunistic Allocation	 Share Repurchases	 Internal Strategic Capital Investments  Value-Enhancing Strategic Acquisitions
	<b>\$485 Million</b> Returned to Shareholders Since 2013	<b>\$509 Million</b> Invested in Our Business Since 2013

Balance Returning Capital To Shareholders While Investing In Our Business

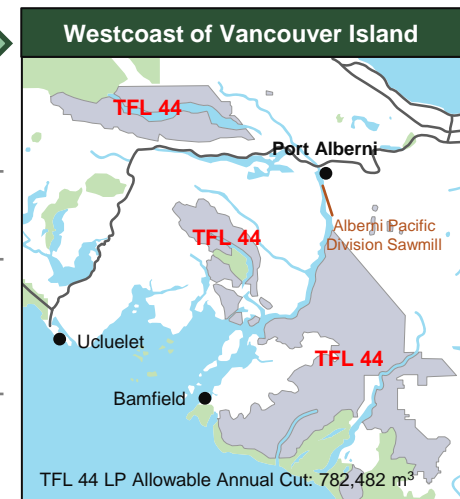
# Strategic Partnership With The Huu-ay-aht First Nations In TFL 44



- Sale of Western's ownership interest in TFL 44 LP to HVLP<sup>(1)</sup> to occur in phases
  - TFL 44 LP<sup>(2)</sup> 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<sup>(2)</sup> at the end of Phase 3
  - Closing of each phase is subject to various customary closing conditions



	Phase 1 (completed)	Phase 2 (completed)	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>	Completed March 2019	Completed May 2021	Anticipated in Q1/23



(1) Huu-ay-aht First Nations Limited Partnership ("HVLP"), a limited partnership beneficially owned by Huu-ay-aht First Nations  
 (2) TFL 44 LP has been renamed to Tsawak-qin Forestry Limited Partnership

# 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



## 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

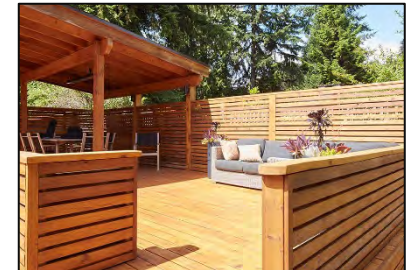
# Growing the Business: New Branding Initiatives To Drive Growth



- 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

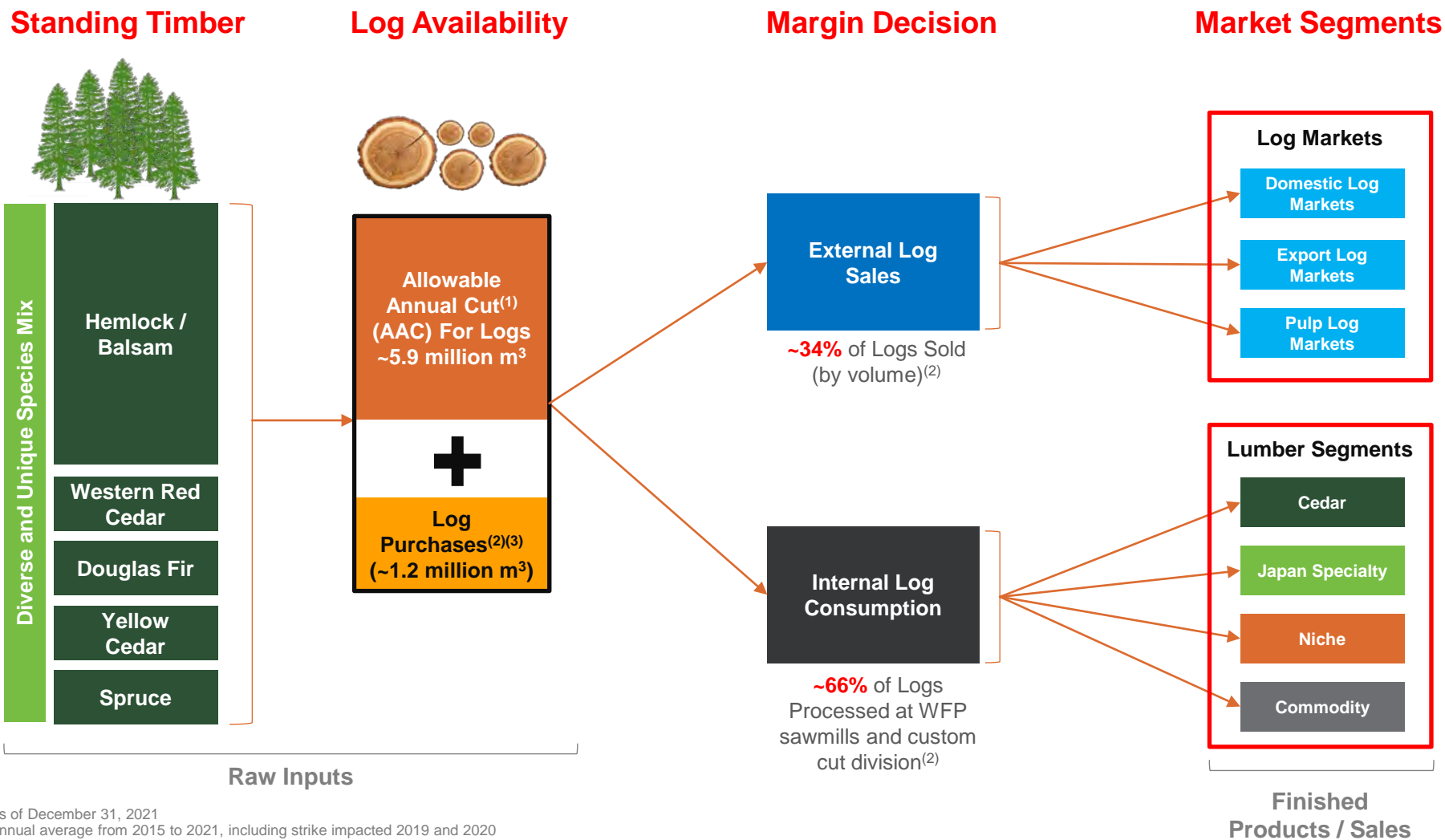
Growing Our Operations In The U.S. Pacific Northwest

# Company Overview

Sustainable Product Lifecycle, From Forest To Customer



# Margin Strategy / Fibre And Processing Flow Chart



(1) As of December 31, 2021

(2) Annual average from 2015 to 2021, including strike impacted 2019 and 2020

(3) B.C. log purchases

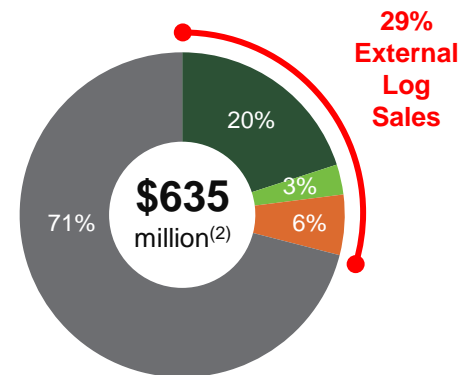
Timber Resource Is Directed To Highest Margin Opportunity

# Log Markets Determine Margin Decision

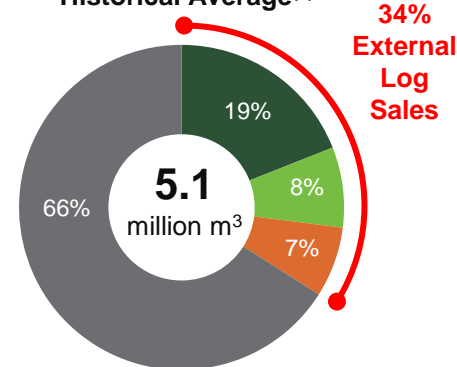
External Log Sales

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>Transportation optimization</li> </ul>	

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



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



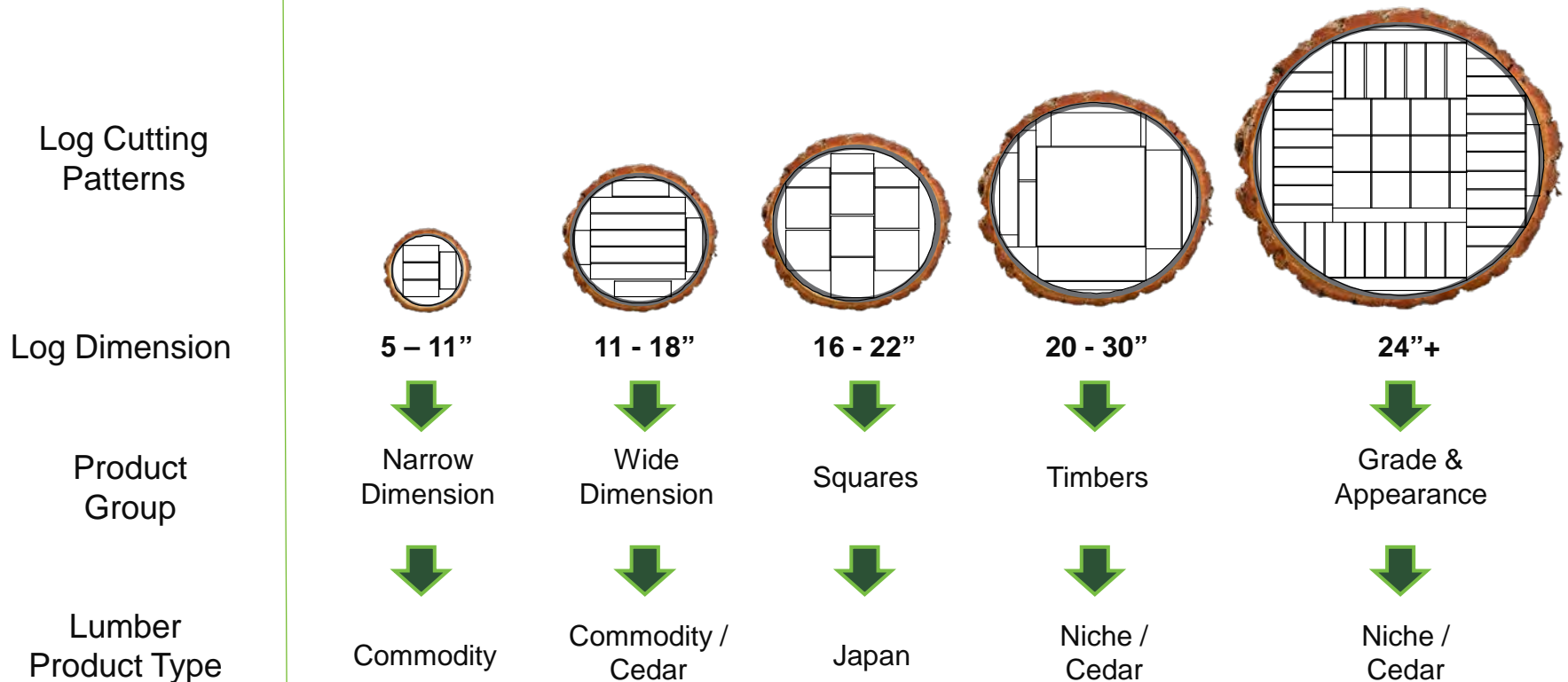
(1) Annual average from 2015 to 2021; based on total external log sales and internal log consumption, including purchased logs. Internal transfer values based on Vancouver Log Market prices  
 (2) Net of freight and fee in lieu

Directing Log Volume To The Highest Margin Opportunity

# Manufacturing And Sales



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



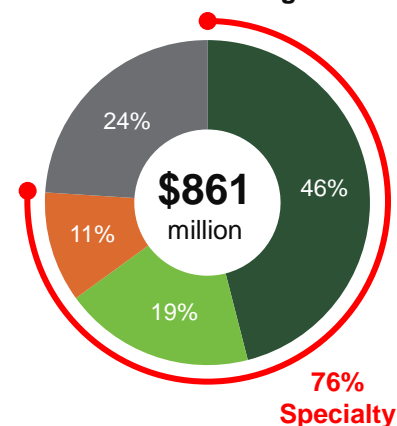
Flexible Manufacturing Platform Presents Unique Opportunity To Create Margin

# Diversified Lumber Product Offering

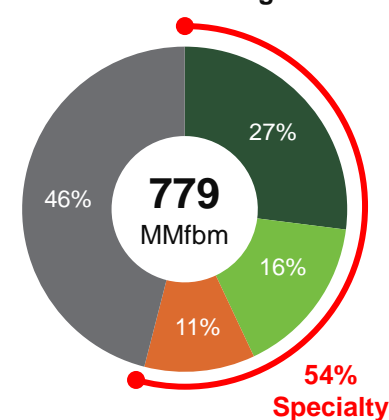
Specialty Products

Lumber Products	Description	Primary Target Geographies
<b>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 2021

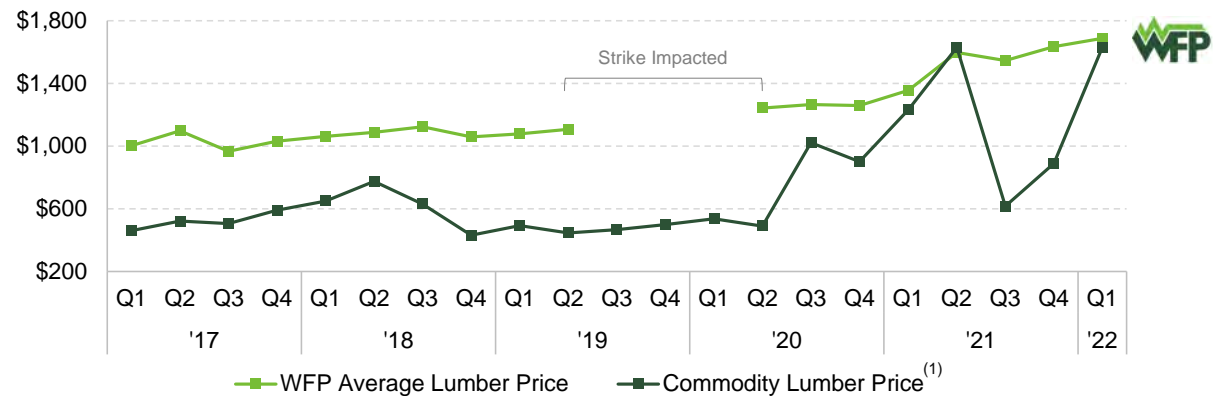
Allows Western To Profitably Service Multiple Markets Throughout The Cycle

# Specialty Product Focus

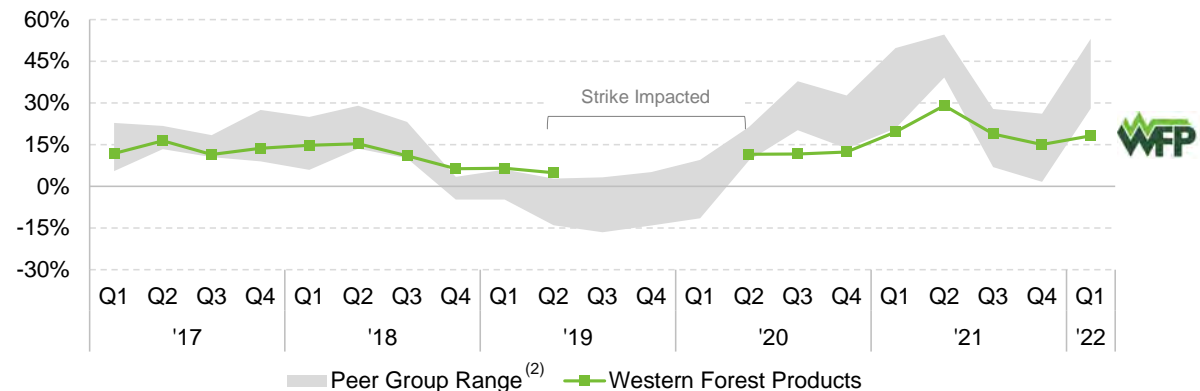


- Approximately 76% of lumber revenue is generated from non-commodity products
- Typically a significant price premium to commodity lumber
- More stable margins through the cycle vs. commodity peers
- Product / market diversity and global exposure provide opportunities to maximize margin

**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\$

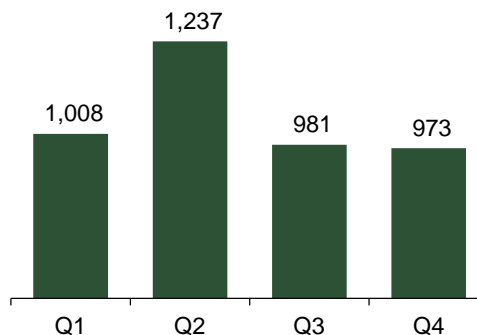
(2) High and low EBITDA margin range of West Fraser and Canfor lumber segments and consolidated results of Interfor and Conifex

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

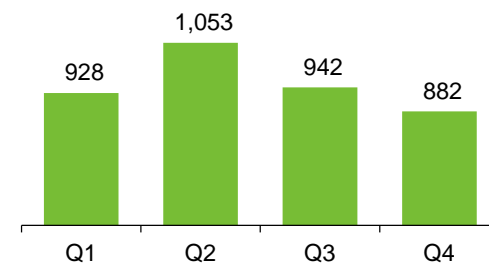
# Seasonality Of The Business

- 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

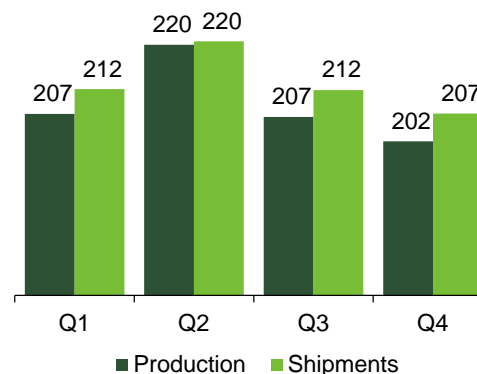
**Harvest Volume<sup>(1)</sup>**  
(000 m<sup>3</sup>)



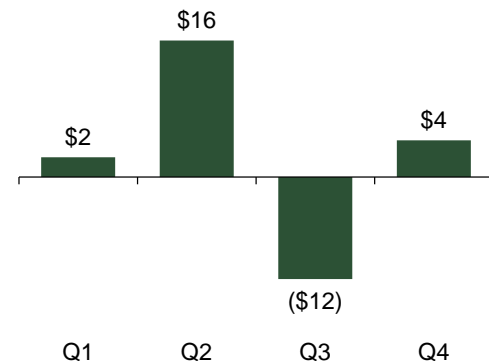
**Closing Log Inventory<sup>(1)</sup>**  
(000 m<sup>3</sup>)



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



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



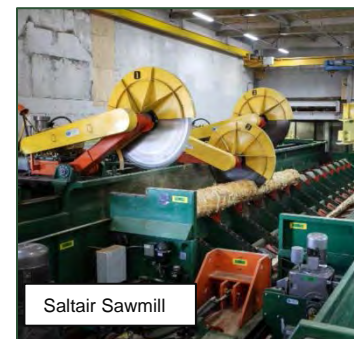
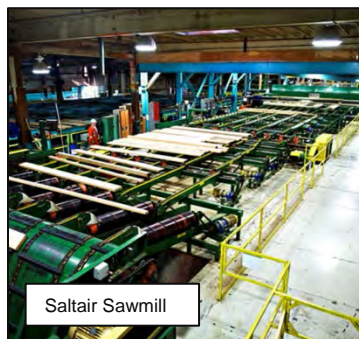
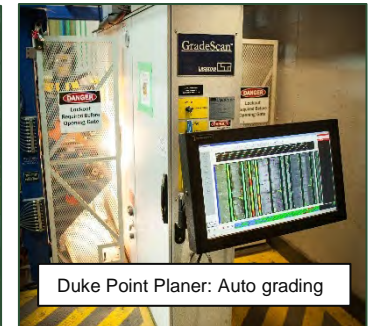
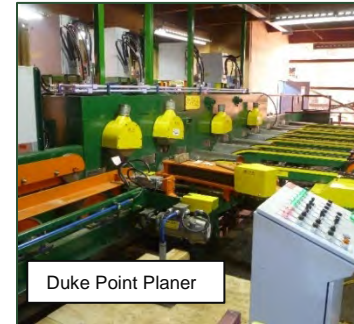
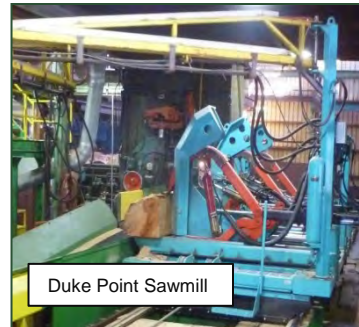
(1) Average of 2015 to 2021 excluding strike impacted Q3/19, Q4/19 and Q1/20

Seasonal Influences Impact Operations, Sales And Working Capital

# 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%

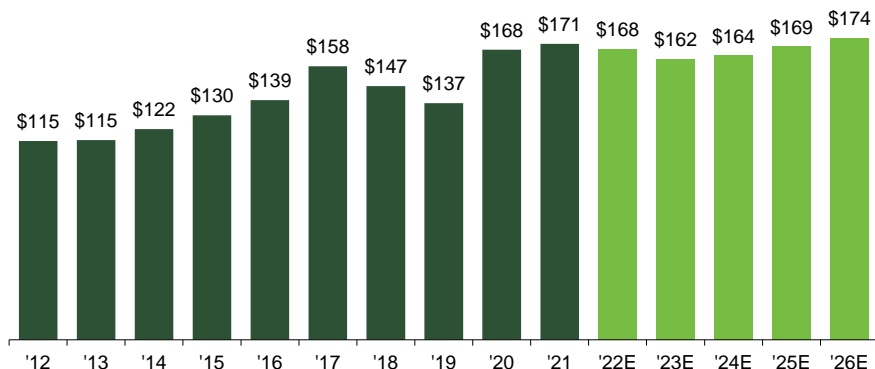
# Appendix

## Supplemental Materials



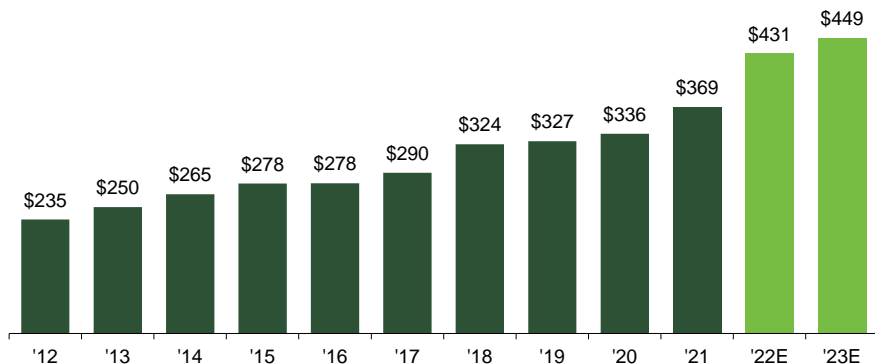
# Repair And Remodelling Statistics

## U.S. Repair & Remodelling Expenditures (US\$ billions)



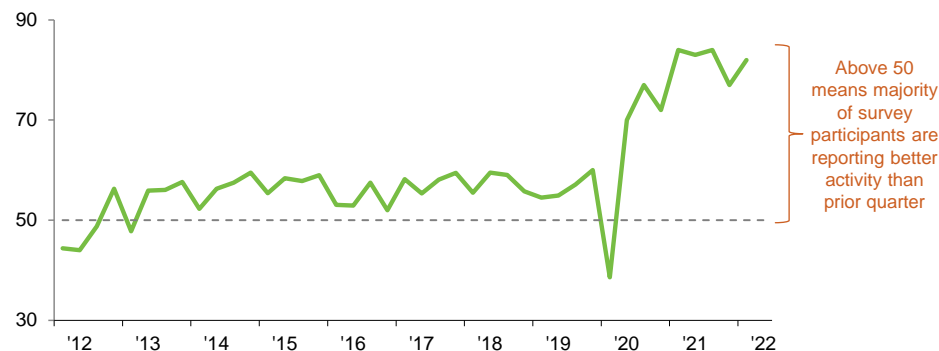
Source: Forest Economic Advisors (May 2022)

## Leading Indicator of Remodelling Activity (US\$ billions)



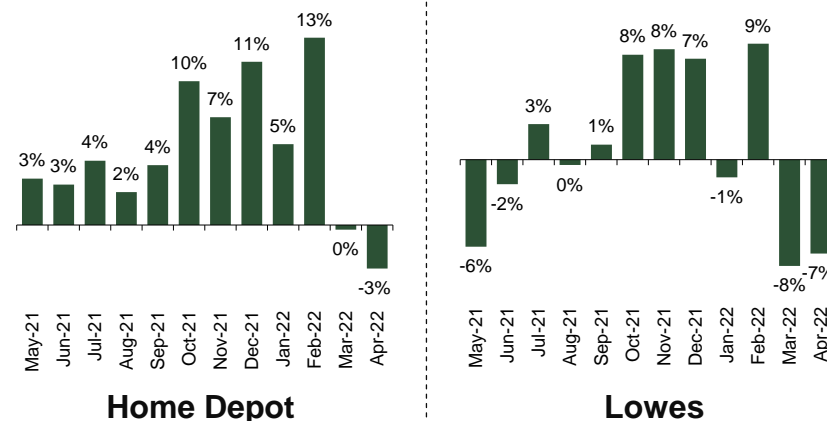
Source: Joint Center For Housing Studies of Harvard University; Home Improvement and Repair Activity – trailing 12 months; the Leading Indicator of Remodelling Activity (LIRA) provides a short-term outlook of U.S. national home improvement and repair spending to owner-occupied homes

## 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



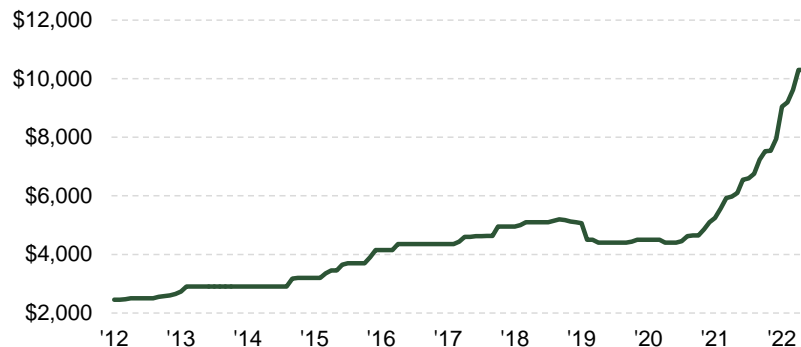
Source: Company reports; monthly values

# Western Red Cedar (“WRC”) – 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

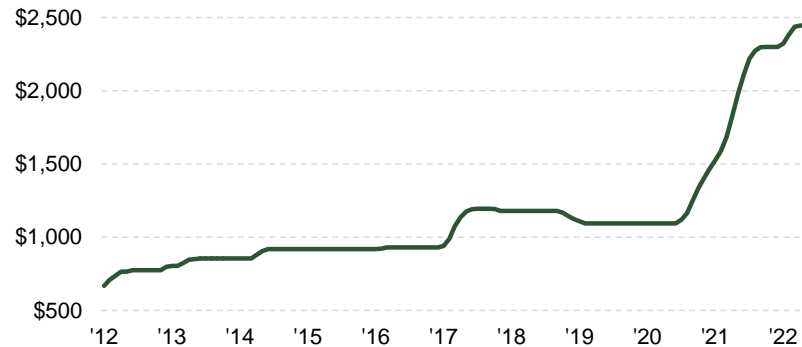
(US\$ per mfbm)



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

## WRC Boards and Trim

(US\$ per mfbm)

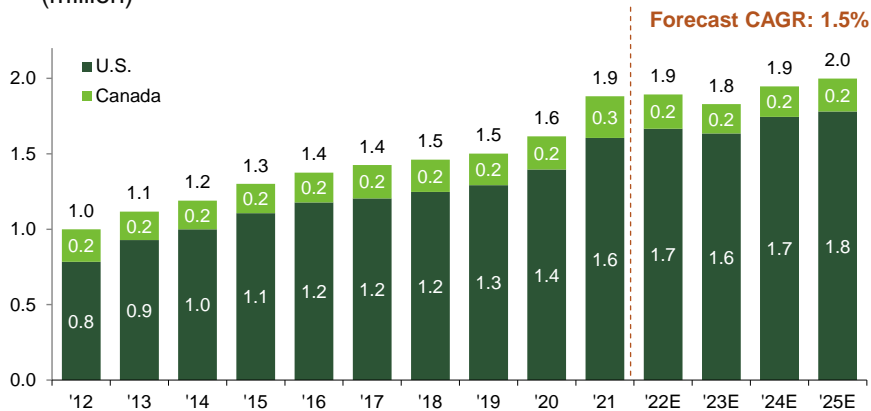


Source: Random Lengths: Coast Green WRC Std&Btr NH 3/4x4 RL S1S2E H&M, net f.o.b. Mill

# North America Statistics: Supply / Demand

## North American Housing Starts

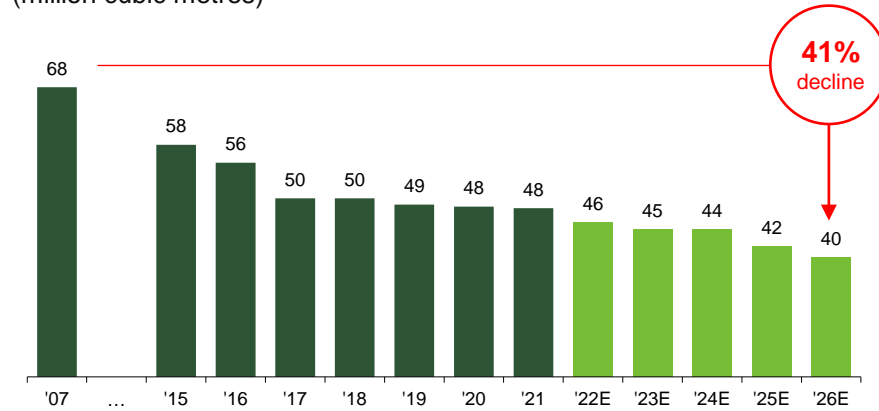
(million)



Source: Forest Economic Advisors (May 2022)

## B.C. Interior Allowable Annual Cut

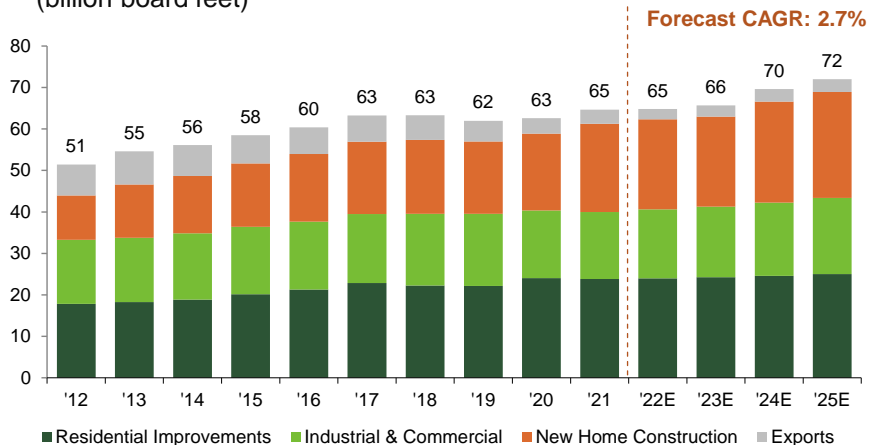
(million cubic metres)



Source: Forest Economic Advisors (May 2022)

## North American Lumber Demand

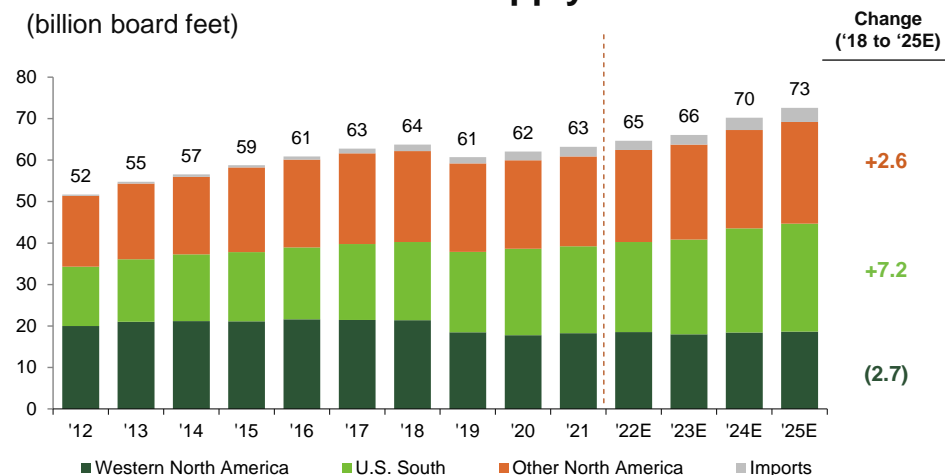
(billion board feet)



Source: Forest Economic Advisors (May 2022)

## North American Lumber Supply

(billion board feet)

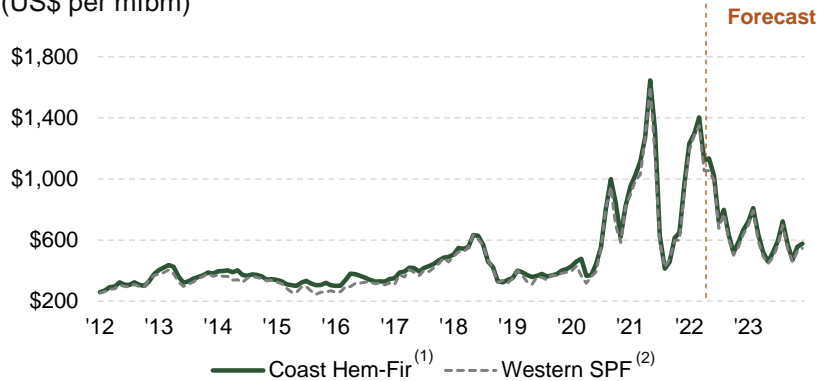


Source: Forest Economic Advisors (May 2022)

# North American Statistics: Lumber Prices

## North American Commodity Lumber Prices

(US\$ per mfbm)



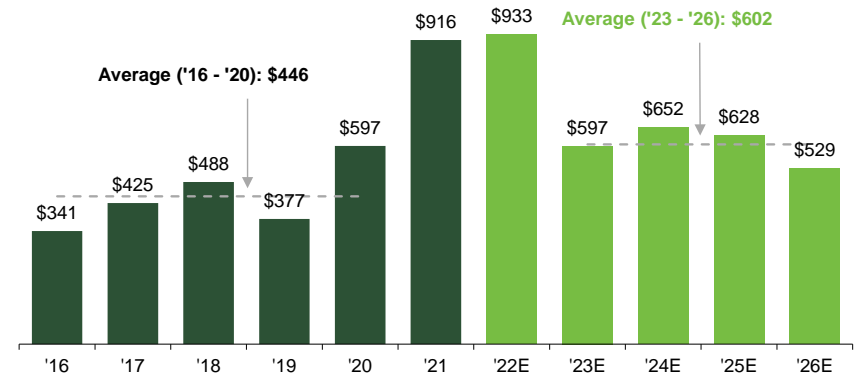
Source: Random Lengths; Forest Economic Advisors

(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

## Hem-Fir, Coast Commodity Lumber Price

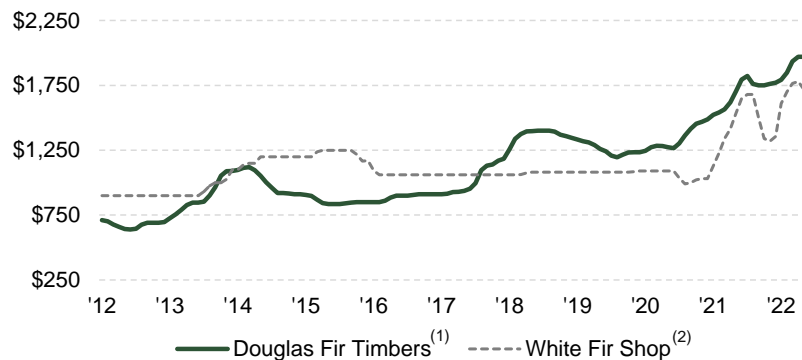
(US\$ per mfbm)



Source: Forest Economic Advisors (May 2022); KD #2 & Btr 2x4, net f.o.b. mill

## North American Niche Lumber Prices

(US\$ per mfbm)



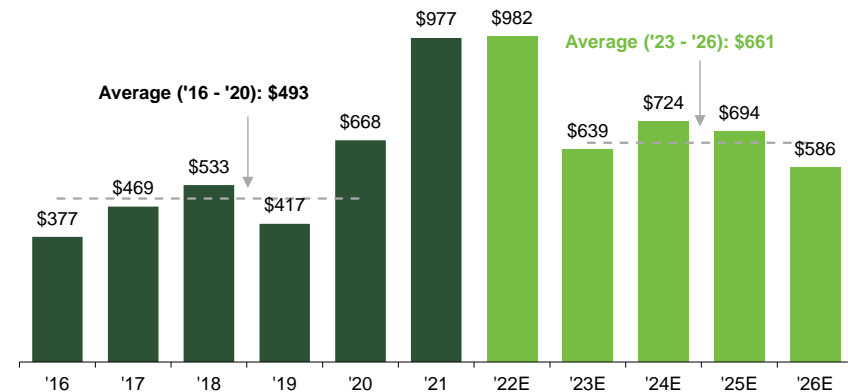
Source: Random Lengths

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

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

## Douglas Fir, Commodity Lumber Price

(US\$ per mfbm)



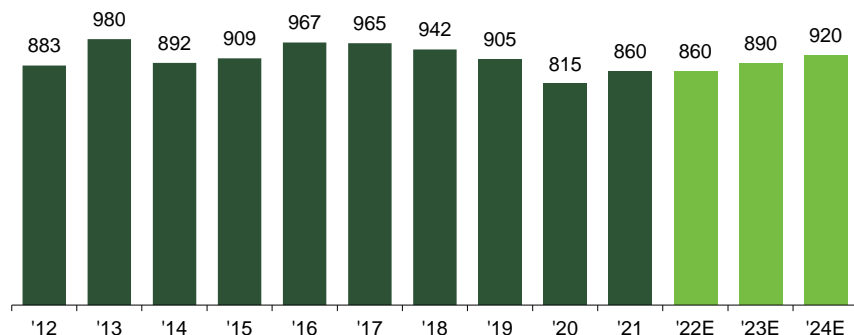
Source: Forest Economic Advisors (May 2022); KD #2 & Btr 2x4, net f.o.b. mill

# Japan Statistics



## Japan Housing Starts

(000s)



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

## Douglas Fir Lumber Prices to Japan

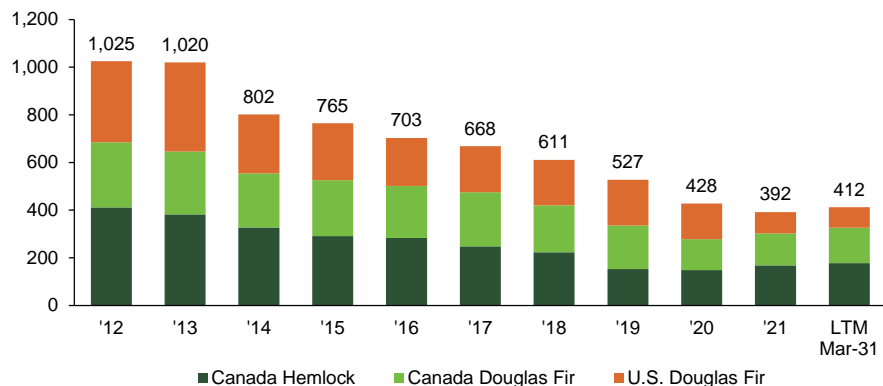
(US\$ per mfbm)



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)

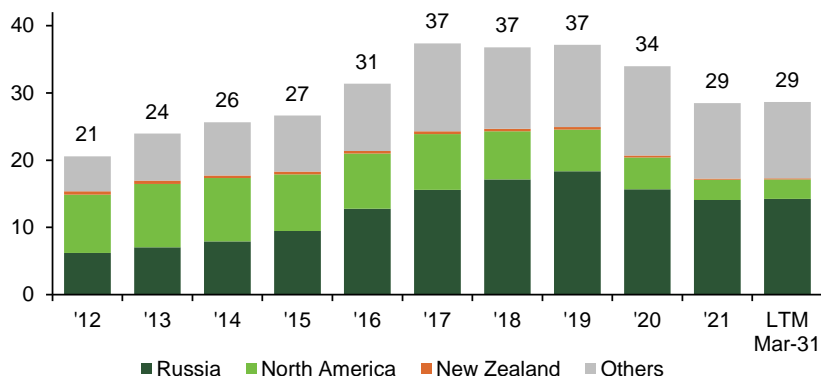


Source: Random Lengths: Green Hem Baby Squares Merch 4-1/8x4-1/8 13' S4S, c.&f. dest. Japan

# China Log And Lumber Statistics

## China Lumber Imports

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



Source: Forest Economic Advisors (May 2022)

## China Commodity Lumber Price

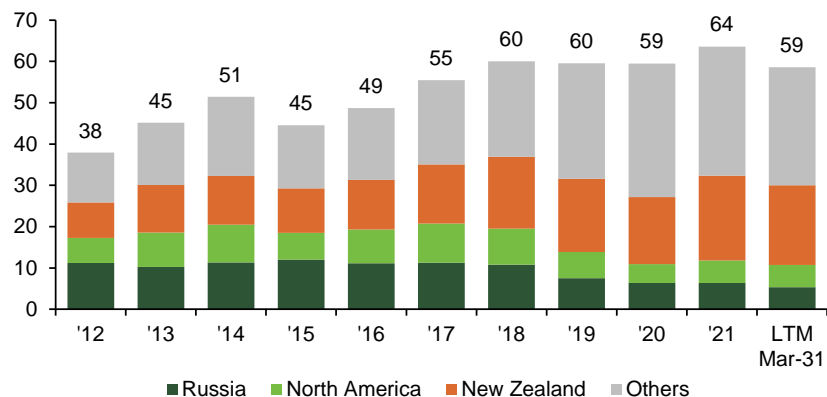
(US\$ per mfbm)



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

## China Log Imports

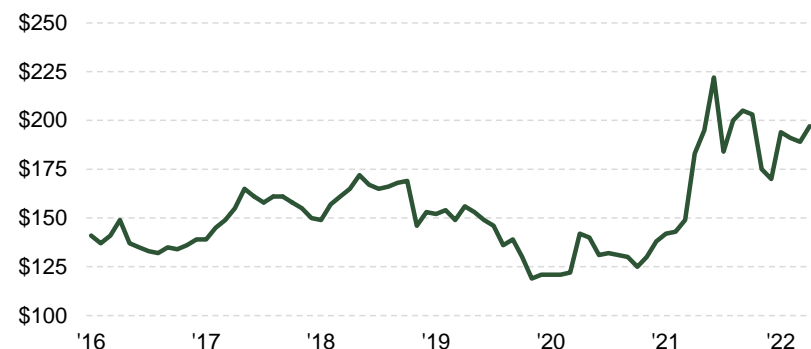
(million m<sup>3</sup>)



Source: Forest Economic Advisors (May 2022)

## China Export Log Price From North America

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

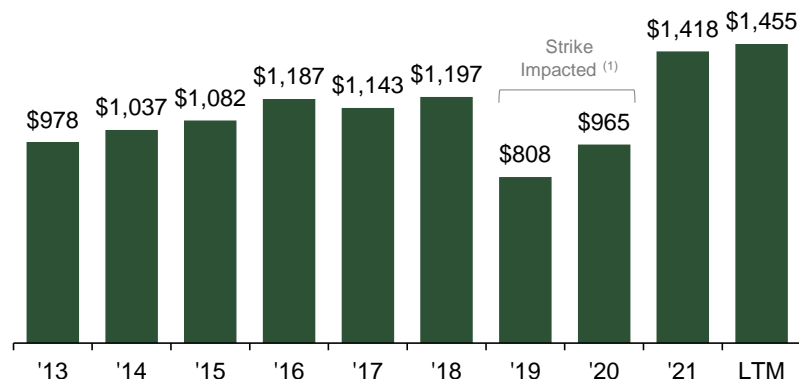


Source: Forest Economic Advisors – China Bulletin; Hemlock, <30 cm diameter, 8 - 12 meters, cif. delivered Lanshan, Rizhao port, including VAT and fees

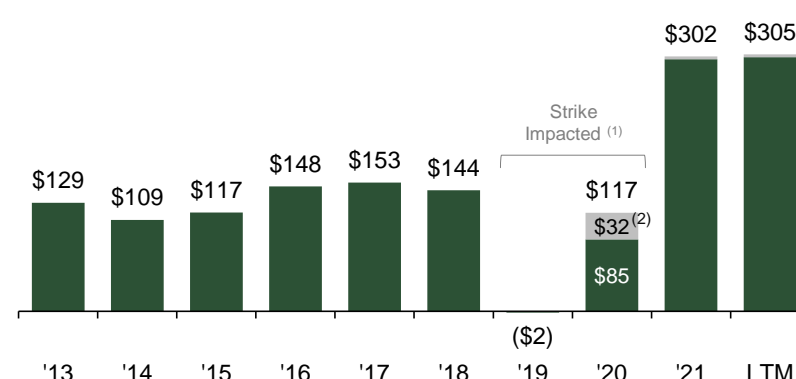
# Western Forest Products: Historical Financial Snapshot – Annual



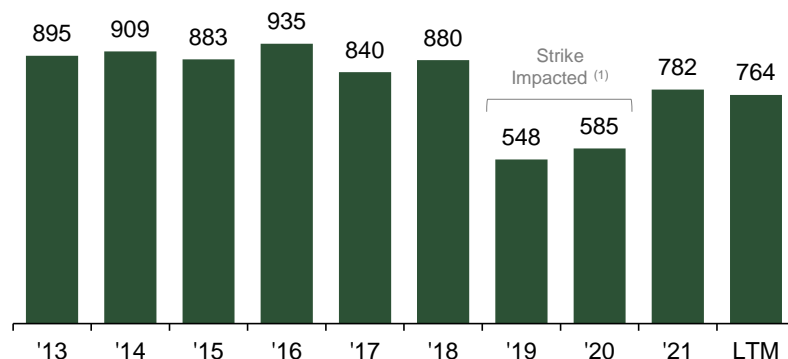
Revenue (\$ millions)



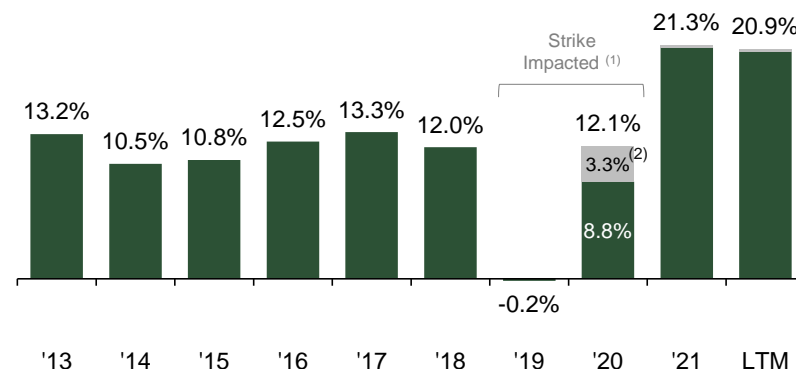
Adjusted EBITDA (\$ millions)



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

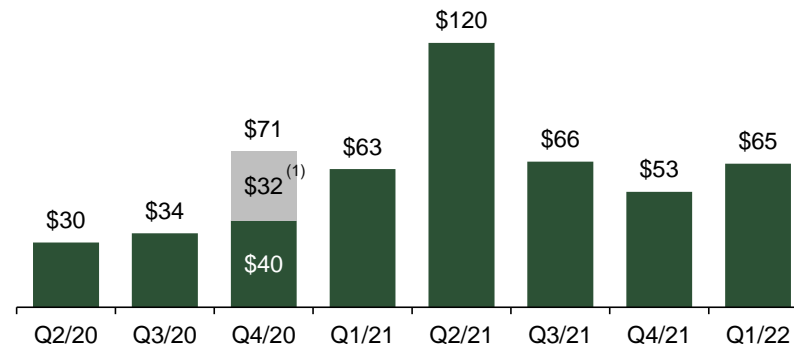
# Western Forest Products: Historical Financial Snapshot – Last 8 Quarters



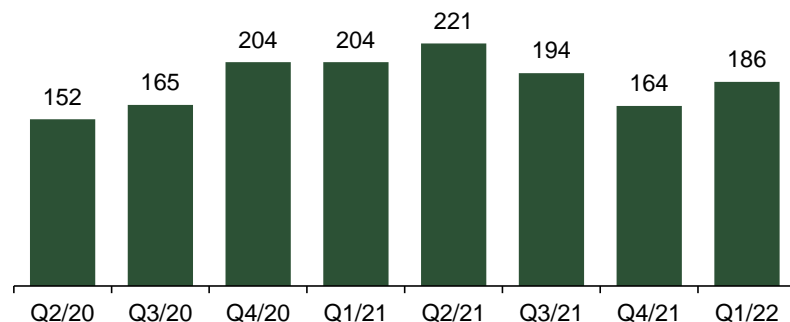
Revenue (\$ millions)



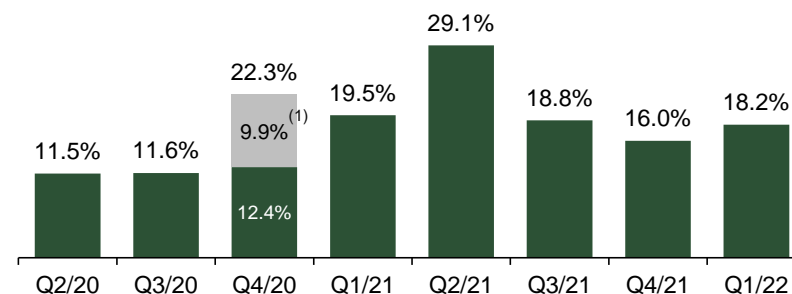
Adjusted EBITDA (\$ millions)



Lumber Shipments (MMfbm)



Adjusted EBITDA Margin %

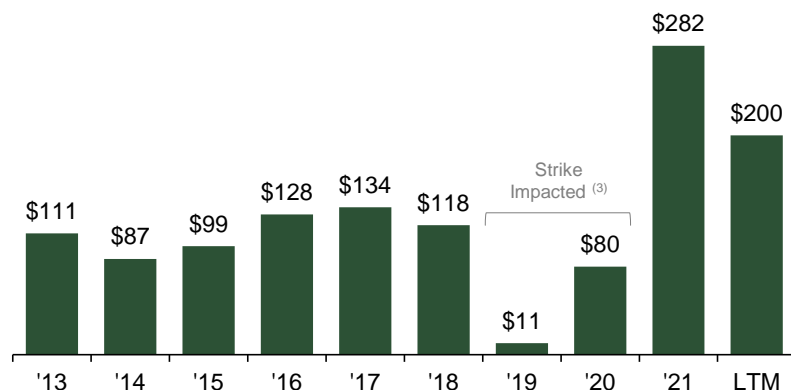


(1) Impact of non-cash duty recovery related to the finalization of softwood duty rates for 2017 and 2018

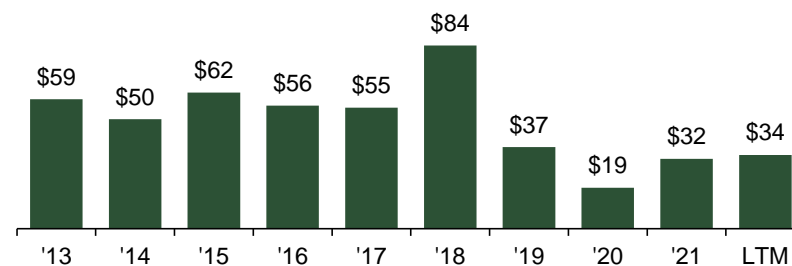
# Western Forest Products: Historical Cash Flow, Capital Allocation And Debt



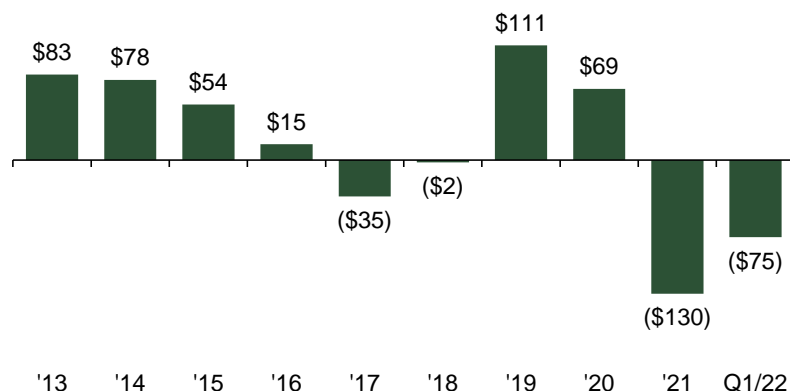
**Cash Flow from Operations<sup>(1)</sup> (\$ millions)**



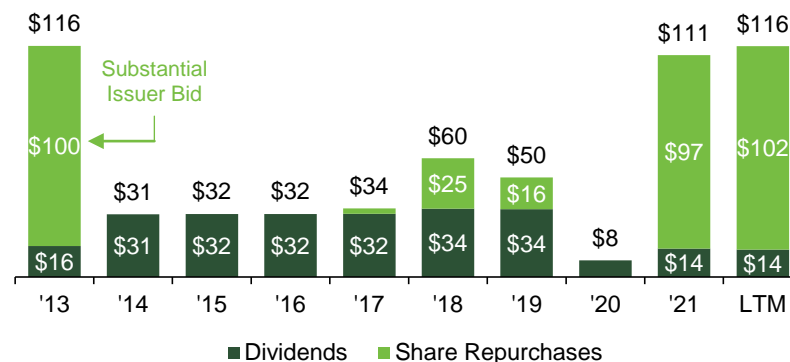
**Capex<sup>(2)</sup> (\$ millions)**



**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

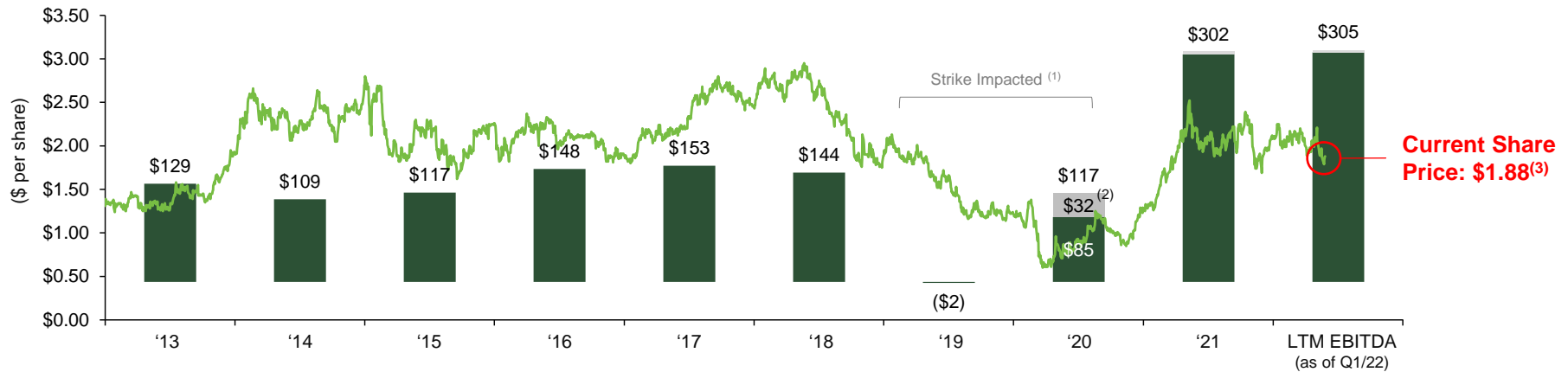
(4) The dividend was suspended in May 2020; on February 18, 2021, the company announced the reinstatement of a \$0.01 per share quarterly dividend in February 2021; on May 5, 2022, the company increased its quarterly dividend 25% to \$0.0125 per share

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

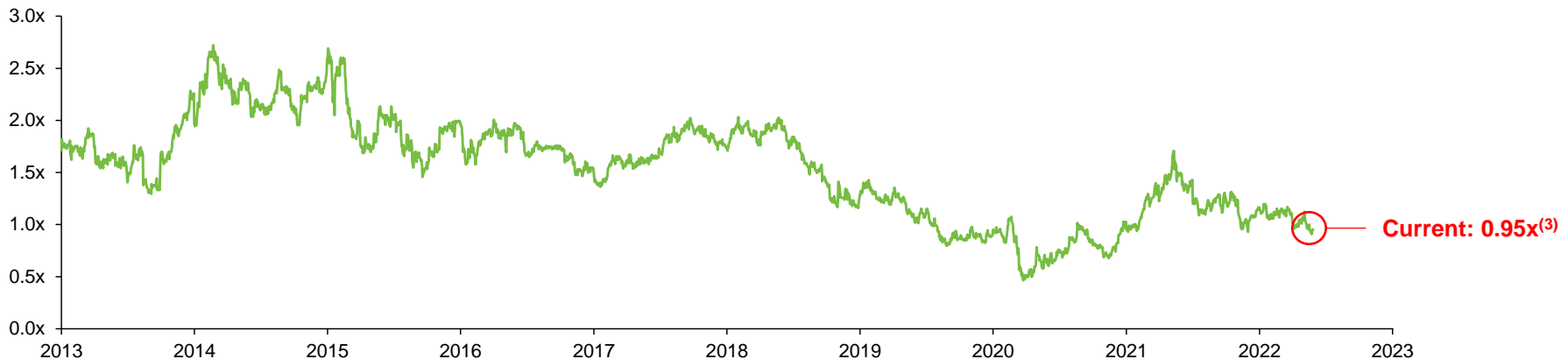


## Historical Share Price Relative to EBITDA

(\$ 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 \$1.88 on May 27, 2022

# Western Forest Products: Sawmills And Remanufacturing Facilities



## Sawmills

Sawmill	Location	Log Diameter Focus	Capacity <sup>(1)</sup>	Production		2021 Production Mix			
				2021	2020 <sup>(2)</sup>	WRC <sup>(3)</sup>	Hemlock	Douglas Fir	Yellow Cedar
Ladysmith	Ladysmith, BC	Small	90	88	19	--	100%	--	--
Cowichan Bay	Duncan, BC	Medium	215	131	82	47%	45%	8%	--
Saltair	Ladysmith, BC	Medium	240	209	155	--	82%	18%	--
Alberni Pacific	Port Alberni, BC	Medium to Large	175	51	52	--	91%	9%	--
Duke Point	Nanaimo, BC	Medium to Large	130	96	78	3%	97%	--	--
Chemainus	Chemainus, BC	Medium to Large	130	67	58	100%	--	--	--
Columbia Vista	Vancouver, WA	Medium to Large	80	57	59	--	--	100%	--
Custom Cut	Multiple	Varies	n/a	61	73	15%	3%	36%	46%
<b>Sawmill Total</b>			<b>1,060</b>	<b>760</b>	<b>576</b>	<b>22%</b>	<b>66%</b>	<b>8%</b>	<b>4%</b>

## Remanufacturing and Distribution

### Canada

Value Added Division – Chemainus, BC

Duke Point Planer – Nanaimo, BC

### United States

Arlington Distribution and Processing Centre – Arlington, WA

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

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