

## For Immediate Release

### West Fraser Announces Second Quarter 2024 Results

**VANCOUVER, B.C.**, July 24, 2024 – West Fraser Timber Co. Ltd. ("West Fraser" or the "Company") (TSX and NYSE: WFG) reported today the second quarter results of 2024 ("Q2-24"). All dollar amounts in this news release are expressed in U.S. dollars unless noted otherwise.

#### Second Quarter Highlights

- Sales of \$1.705 billion and earnings of \$105 million, or \$1.20 per diluted share
- Adjusted EBITDA<sup>1</sup> of \$272 million, representing 16% of sales
- Lumber segment Adjusted EBITDA<sup>1</sup> of \$(51) million
- North America Engineered Wood Products ("NA EWP") segment Adjusted EBITDA<sup>1</sup> of \$308 million
- Pulp & Paper segment Adjusted EBITDA<sup>1</sup> of \$9 million
- Europe Engineered Wood Products ("Europe EWP") segment Adjusted EBITDA<sup>1</sup> of \$6 million
- Repurchased 935,568 shares for aggregate consideration of \$74 million
- Released 2023 Sustainability Report
- Announced increase in quarterly dividend to \$0.32 per share from \$0.30 per share

"Once again our North American OSB, plywood and other engineered wood products demonstrated strong results and the value of our product diversification strategy. Q2-24 benefited from relative strength in new home construction demand that carried over from the prior quarter. Conversely, we continued to experience demand softness in our North American lumber business, particularly for SYP lumber with its greater relative exposure to repair and remodelling applications," said Sean McLaren, West Fraser's President and CEO.

"Despite near-term demand uncertainty across some of our end-markets, the team at West Fraser will continue to work diligently, executing on our strategy of investing capital to modernize mills and lower costs, returning excess capital to shareholders when it is prudent to do so, and maintaining financial flexibility through a strong balance sheet. While it is difficult to see catalysts for a near-term demand recovery across our industry, we remain steadfast in our approach to navigating uncertainty. We continue to realize the financial benefits from the recent closures of some of our higher-cost lumber mills and will continue to focus on optimizing our portfolio of assets to lower costs and create a more resilient organization."

1. Adjusted EBITDA is a non-GAAP financial measure. Refer to the "Non-GAAP and Other Specified Financial Measures" section of this document for more information on this measure.

## Results Summary

Second quarter sales were \$1.705 billion, compared to \$1.627 billion in the first quarter of 2024. Second quarter earnings were \$105 million, or \$1.20 per diluted share, compared to \$35 million, or \$0.42 per diluted share in the first quarter of 2024. Second quarter Adjusted EBITDA was \$272 million compared to \$200 million in the first quarter of 2024.

## Liquidity and Capital Allocation

Cash and short-term investments increased to \$1,004 million at June 28, 2024 from \$900 million at December 31, 2023.

Capital expenditures in the second quarter were \$102 million.

We paid \$24 million of dividends in the second quarter, or \$0.30 per share, and announced an increase to our quarterly dividend for the dividend to be paid in the third quarter, raising it to \$0.32 per share.

On February 27, 2024, we renewed our normal course issuer bid ("2024 NCIB"), which allows us to acquire up to 3,971,380 Common shares for cancellation from March 1, 2024 until the expiry of the bid on February 28, 2025. From January 1, 2024 to July 23, 2024, 1,379,659 total shares have been repurchased under both the prior NCIB and the 2024 NCIB.

As of July 23, 2024, we have repurchased for cancellation 42,956,254 of the Company's shares since the closing of the acquisition of Norbord on February 1, 2021 through the completion of a substantial issuer bid ("SIB") in 2021, completion of a SIB in 2022 and normal course issuer bids, equalling 79% of the shares issued in respect of the Norbord Acquisition.

## Outlook

### Markets

Several key trends that have served as positive drivers in recent years are expected to continue to support medium and longer-term demand for new home construction in North America.

The most significant uses for our North American lumber, OSB and engineered wood panel products are residential construction, repair and remodelling and industrial applications. Over the medium term, improved housing affordability from stabilization of inflation and interest rates, a large cohort of the population entering the typical home buying stage, and an aging U.S. housing stock are expected to drive new home construction and repair and renovation spending that supports lumber, plywood and OSB demand. Over the longer term, growing market penetration of mass timber in industrial and commercial applications is also expected to become a more significant source of demand growth for wood building products in North America.

The seasonally adjusted annualized rate of U.S. housing starts was 1.35 million units in June 2024, with permits issued of 1.45 million units, according to the U.S. Census Bureau. While there are near-term uncertainties for new home construction, owing in large part to interest rates and the direction of changes to mortgage rates and the resulting impact on housing affordability, unemployment remains relatively low in the U.S. Although central bankers across North America have indicated that rates may be higher for longer, the latest rate hiking cycle appears to be over with U.S. Federal funds futures recently indicating prospects for approximately two rate cuts in the second half of 2024. However, demand for new home construction and our wood building products may decline in the near term should the broader economy and employment slow or the trend in interest rates negatively impact consumer sentiment and housing affordability.

In Europe and the U.K., we continue to experience slightly better demand for our OSB products in 2024 but relatively softer demand for MDF and particleboard panel products. We continue to expect demand for our European products will grow over the longer term as use of OSB as an alternative to plywood grows. Further, an aging housing stock supports long-term repair and renovation spending and additional demand for our wood building products. While inflation appears to have stabilized, near-term risks, including relatively high interest rates, ongoing geopolitical developments and the lagged impact of prior inflationary pressures may adversely impact future demand for our panel products in the U.K. and Europe. Despite these risks, we are confident that we will be able to navigate through the current environment and capitalize on the long-term growth opportunities ahead.

With the dispositions of one UKP mill and two BCTMP mills earlier this year, we expect the financial impact of the Pulp & Paper segment to be less significant and to contribute much less variability to our consolidated results going forward.

### *Operations*

Given the weaker than expected demand for SYP in the first half of 2024, we now anticipate that total lumber shipments this year will be moderately lower than 2023 levels. The acquisition of Spray Lake lumber mill and reliability and capital improvement gains across our lumber mill portfolio are now expected to be more than offset by capacity reductions from recently announced permanent closures and indefinite curtailments as well as shift reductions across select lumber mills. As such, while we are reiterating 2024 SPF shipments guidance of 2.6 to 2.8 billion board feet, we are reducing SYP shipments guidance to 2.5 to 2.7 billion board feet from our previous guidance of 2.7 to 2.9 billion board feet.

In our NA EWP segment, we continue to expect 2024 OSB shipments to be consistent with 2023 levels and reiterate shipments guidance of 6.3 to 6.6 billion square feet (3/8-inch basis) this year. Start-up of the Allendale mill continues to progress and we anticipate a ramp-up period for the mill of up to three years to meet targeted production levels. We expect our overall OSB platform to be better and lower cost with a modern Allendale facility operating, and as with all our wood products operations, demand is a key input in determining our operating schedules across our manufacturing footprint. Input costs for the NA EWP business are expected to be relatively stable through 2024. However, recent sawmill curtailments across the industry are creating chip shortages for pulp producers, which is increasing demand tension for pulp logs, the primary fibre source for OSB production.

In our Europe EWP segment, we continue to expect soft near-term demand for our panel products, with 2024 shipments of MDF, particleboard and OSB expected to be similar or slightly better than 2023 levels. For OSB, we reiterate shipments guidance in the range of 0.9 to 1.1 billion square feet (3/8-inch basis). Input costs for the Europe EWP business, including energy and resin costs, are expected to stabilize in 2024 but remain elevated.

On balance, we experienced relatively stable costs for inputs across our supply chain in Q2-24, including resins and chemicals, although labour availability and some capital equipment lead times remained challenging. We expect these trends to largely continue over the near term.

Based on our current outlook, assuming no deterioration from current market demand conditions during the year and no additional lengthening of lead times for projects underway or planned, we continue to anticipate that we will invest approximately \$450 million to \$550 million in 2024<sup>1</sup>.

### **Management Discussion & Analysis ("MD&A")**

Our Q2-24 MD&A and interim consolidated financial statements and accompanying notes are available on our website at [www.westfraser.com](http://www.westfraser.com) and the System for Electronic Document Analysis and Retrieval + ("SEDAR+") at [www.sedarplus.ca](http://www.sedarplus.ca) and the Electronic Data Gathering, Analysis and Retrieval System ("EDGAR") website at [www.sec.gov/edgar](http://www.sec.gov/edgar) under the Company's profile.

1. This is a supplementary financial measure. Refer to the "Non-GAAP and Other Specified Financial Measures" section of this document for more information on this measure.

## Sustainability Report

West Fraser's 2023 Sustainability Report is available on the Company's website at [www.westfraser.com](http://www.westfraser.com). This report summarizes our Environmental, Social, and Governance ("ESG") performance with a focus on our people, communities and role of our products in the carbon cycle. It is aligned with the Sustainable Accounting Standards Board ("SASB"), Global Reporting Initiative ("GRI"), the Task Force on Climate-Related Financial Disclosures ("TCFD") and CDP (formerly the Carbon Disclosure Project).

## Risks and Uncertainties

Risk and uncertainty disclosures are included in our 2023 Annual MD&A, as updated in the disclosures in our Q2-24 MD&A, as well as in our public filings with securities regulatory authorities. See also the discussion of "Forward-Looking Statements" below.

## Conference Call

West Fraser will hold an analyst conference call to discuss the Company's Q2-24 financial and operating results on Thursday, July 25, 2024, at 8:30 a.m. Pacific Time (11:30 a.m. Eastern Time). To participate in the call, please dial: 1-888-390-0605 (toll-free North America) or 416-764-8609 (toll) or connect on the webcast. The call and an earnings presentation may also be accessed through West Fraser's website at [www.westfraser.com](http://www.westfraser.com). Please let the operator know you wish to participate in the West Fraser conference call chaired by Mr. Sean McLaren, President and Chief Executive Officer.

Following management's discussion of the quarterly results, investors and the analyst community will be invited to ask questions. The call will be recorded for webcasting purposes and will be available on the West Fraser website at [www.westfraser.com](http://www.westfraser.com).

## About West Fraser

West Fraser is a diversified wood products company with more than 60 facilities in Canada, the United States, the United Kingdom, and Europe, which promotes sustainable forest practices in its operations. The Company produces lumber, engineered wood products (OSB, LVL, MDF, plywood, and particleboard), pulp, newsprint, wood chips, other residuals, and renewable energy. West Fraser's products are used in home construction, repair and remodelling, industrial applications, papers, tissue, and box materials. For more information about West Fraser, visit [www.westfraser.com](http://www.westfraser.com).

## Forward-Looking Statements

This news release includes statements and information that constitutes “forward-looking information” within the meaning of Canadian securities laws and “forward-looking statements” within the meaning of United States securities laws (collectively, “forward-looking statements”). Forward-looking statements include statements that are forward-looking or predictive in nature and are dependent upon or refer to future events or conditions. We use words such as “expects,” “anticipates,” “plans,” “believes,” “estimates,” “seeks,” “intends,” “targets,” “projects,” “forecasts,” or negative versions thereof and other similar expressions, or future or conditional verbs such as “may,” “will,” “should,” “would,” and “could,” to identify these forward-looking statements. These forward-looking statements generally include statements which reflect management’s expectations regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of West Fraser and its subsidiaries, as well as the outlook for North American and international economies for the current fiscal year and subsequent periods.

Forward-looking statements included in this news release include references to the following and their impact on our business:

- demand in North American and European markets for our products, including demand from new home construction, repairs and renovations and industrial and commercial applications;
- the impact of sustained elevated interest rates and inflationary pressures on mortgage rates and housing affordability;
- the anticipated growing market penetration of mass timber;
- the anticipated moderation of interest rates;
- the anticipated continuation of relatively stable costs across our supply chain over the near term and continued challenges on labour availability and capital equipment lead times;
- operational guidance, including projected shipments and projected capital expenditures; and
- the continuation of investments in our assets and the maintenance of our financial flexibility and our low-cost position as competitive advantages.

By their nature, these forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predictions, forecasts, and other forward-looking statements will not occur. Factors that could cause actual results to differ materially from those contemplated or implied by forward-looking statements include, but are not limited to:

- assumptions in connection with the economic and financial conditions in the U.S., Canada, U.K., Europe and globally and consequential demand for our products, including the impact of persistently weak market conditions on our ability to meet our current lumber shipment guidance, and variability of operating schedules and the impact of the conflicts in Ukraine and the Middle East;
- future increases in interest rates and inflation or continued sustained higher interest rates and rates of inflation could impact housing affordability and repair and remodelling demand, which could reduce demand for our products;
- global supply chain issues may result in increases to our costs and may contribute to a reduction in near-term demand for our products;
- continued governmental approvals and authorizations to access timber supply, and the impact of forest fires, infestations, environmental protection measures and actions taken by government respecting Indigenous rights, title and/or reconciliation efforts on these approvals and authorizations;
- risks inherent in our product concentration and cyclicity;
- effects of competition for logs, availability of fibre and fibre resources and product pricing pressures, including continued access to log supply and fibre resources at competitive prices and the impact of third-party certification standards; including reliance on fibre off-take agreements and third party consumers of wood chips;

- effects of variations in the price and availability of manufacturing inputs, including energy, employee wages, resin and other input costs, and the impact of inflationary pressures on the costs of these manufacturing costs, including increases in stumpage fees and log costs;
- availability and costs of transportation services, including truck and rail services, and port facilities, and impacts on transportation services of wildfires and severe weather events, and the impact of increased energy prices on the costs of transportation services;
- the recoverability of property, plant and equipment (\$3,806 million), goodwill and intangibles (\$2,278 million), both as at June 28, 2024, is based on numerous key assumptions which are inherently uncertain, including production volume, product pricing, raw material input cost, production cost, terminal multiple, and discount rate. Adverse changes in these assumptions could lead to a change in financial outlook which may result in carrying amounts exceeding their recoverable amounts and as a consequence an impairment, which could have a material non-cash adverse effect on our results of operations;
- transportation constraints may continue to negatively impact our ability to meet projected shipment volumes;
- the timing of our planned capital investments may be delayed, the ultimate costs of these investments may be increased as a result of inflation, and the projected rates of return may not be achieved;
- various events that could disrupt operations, including natural, man-made or catastrophic events including drought, wildfires, cyber security incidents, any state of emergency and/or evacuation orders issued by governments, and ongoing relations with employees;
- risks inherent to customer dependence;
- impact of future cross border trade rulings or agreements;
- implementation of important strategic initiatives and identification, completion and integration of acquisitions;
- impact of changes to, or non-compliance with, environmental or other regulations;
- the impact of the COVID-19 pandemic on our operations and on customer demand, supply and distribution and other factors;
- government restrictions, standards or regulations intended to reduce greenhouse gas emissions and our inability to achieve our SBTi commitment for the reduction of greenhouse gases as planned;
- the costs and timeline to achieve our greenhouse gas emissions objectives may be greater and take longer than anticipated;
- changes in government policy and regulation, including actions taken by the Government of British Columbia pursuant to recent amendments to forestry legislation and initiatives to defer logging of forests deemed “old growth” and the impact of these actions on our timber supply;
- impact of weather and climate change on our operations or the operations or demand of our suppliers and customers;
- ability to implement new or upgraded information technology infrastructure;
- impact of information technology service disruptions or failures;
- impact of any product liability claims in excess of insurance coverage;
- risks inherent to a capital intensive industry;
- impact of future outcomes of tax exposures;
- potential future changes in tax laws, including tax rates;
- risks associated with investigations, claims and legal, regulatory and tax proceedings covering matters which if resolved unfavourably may result in a loss to the Company;
- effects of currency exposures and exchange rate fluctuations;
- fair values of our electricity swaps may be volatile and sensitive to fluctuations in forward electricity prices and changes in government policy and regulation;
- future operating costs;
- availability of financing, bank lines, securitization programs and/or other means of liquidity;
- continued access to timber supply in the traditional territories of Indigenous Nations and our ability to work with Indigenous Nations in B.C. to secure continued fibre supply for our lumber mills through various commercial agreements and joint ventures;
- our ability to continue to maintain effective internal control over financial reporting;
- the risks and uncertainties described in the MD&A and the 2023 Annual MD&A; and

- other risks detailed from time to time in our annual information forms, annual reports, MD&A, quarterly reports and material change reports filed with and furnished to securities regulators.

In addition, actual outcomes and results of these statements will depend on a number of factors including those matters described under “Risks and Uncertainties” in our 2023 Annual MD&A and the Q2-24 MD&A and may differ materially from those anticipated or projected. This list of important factors affecting forward-looking statements is not exhaustive and reference should be made to the other factors discussed in public filings with securities regulatory authorities. Accordingly, readers should exercise caution in relying upon forward-looking statements and we undertake no obligation to publicly update or revise any forward-looking statements, whether written or oral, to reflect subsequent events or circumstances except as required by applicable securities laws.

### **Non-GAAP and Other Specified Financial Measures**

Throughout this news release, we make reference to (i) certain non-GAAP financial measures, including Adjusted EBITDA and Adjusted EBITDA by segment (our “Non-GAAP Financial Measures”), and (ii) certain supplementary financial measures, including our expected capital expenditures (our “Supplementary Financial Measures”). We believe that these Non-GAAP Financial Measures and Supplementary Financial Measures (collectively, our “Non-GAAP and other specified financial measures”) are useful performance indicators for investors with regard to operating and financial performance and our financial condition. These Non-GAAP and other specified financial measures are not generally accepted financial measures under IFRS Accounting Standards and do not have standardized meanings prescribed by IFRS Accounting Standards. Investors are cautioned that none of our Non-GAAP Financial Measures should be considered as an alternative to earnings or cash flow, as determined in accordance with IFRS Accounting Standards. As there is no standardized method of calculating any of these Non-GAAP and other specified financial measures, our method of calculating each of them may differ from the methods used by other entities and, accordingly, our use of any of these Non-GAAP and other specified financial measures may not be directly comparable to similarly titled measures used by other entities. Accordingly, these Non-GAAP and other specified financial measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS Accounting Standards. The reconciliation of the Non-GAAP measures used and presented by the Company to the most directly comparable measures under IFRS Accounting Standards is provided in the tables set forth below. Figures have been rounded to millions of dollars to reflect the accuracy of the underlying balances and as a result certain tables may not add due to rounding impacts.

### **Adjusted EBITDA and Adjusted EBITDA by segment**

Adjusted EBITDA is defined as earnings determined in accordance with IFRS Accounting Standards adding back the following line items from the consolidated statements of earnings and comprehensive earnings: finance income or expense, tax provision or recovery, amortization, equity-based compensation, restructuring and impairment charges, and other income or expense.

Adjusted EBITDA by segment is defined as operating earnings determined for each reportable segment in accordance with IFRS adding back the following line items from the consolidated statements of earnings and comprehensive earnings for that reportable segment: amortization, equity-based compensation, and restructuring and impairment charges.

EBITDA is commonly reported and widely used by investors and lending institutions as an indicator of a company’s operating performance, ability to incur and service debt, and as a valuation metric. We calculate Adjusted EBITDA and Adjusted EBITDA by segment to exclude items that do not reflect our ongoing operations and that should not, in our opinion, be considered in a long-term valuation metric or included in an assessment of our ability to service or incur debt.

We believe that disclosing these measures assists readers in measuring performance relative to other entities that operate in similar industries and understanding the ongoing cash generating potential of our business to provide

liquidity to fund working capital needs, service outstanding debt, fund future capital expenditures and investment opportunities, and pay dividends. Adjusted EBITDA is used as an additional measure to evaluate the operating and financial performance of our reportable segments.

The following tables reconcile Adjusted EBITDA to the most directly comparable IFRS measure, earnings.

### Quarterly Adjusted EBITDA

(\$ millions)

	Q2-24	Q1-24
Earnings	\$ 105	\$ 35
Finance income, net	(6)	(9)
Tax provision	34	15
Amortization	138	138
Equity-based compensation	(4)	4
Restructuring and impairment charges	5	10
Other expense (income)	(1)	7
Adjusted EBITDA	\$ 272	\$ 200

The following tables reconcile Adjusted EBITDA by segment to the most directly comparable IFRS measures for each of our reportable segments. We consider operating earnings to be the most directly comparable IFRS measure for Adjusted EBITDA by segment as operating earnings is the IFRS measure most used by the chief operating decision maker when evaluating segment operating performance.

### Quarterly Adjusted EBITDA by segment

(\$ millions)

Q2-24	Lumber	NA EWP	Pulp & Paper	Europe EWP	Corp & Other	Total
Operating earnings (loss)	\$ (100)	\$ 236	\$ —	\$ (6)	\$ 2	\$ 132
Amortization	49	71	4	12	3	138
Equity-based compensation	—	—	—	—	(4)	(4)
Restructuring and impairment charges (reversal)	(1)	1	5	—	—	5
Adjusted EBITDA by segment	\$ (51)	\$ 308	\$ 9	\$ 6	\$ 1	\$ 272

Q1-24	Lumber	NA EWP	Pulp & Paper	Europe EWP	Corp & Other	Total
Operating earnings (loss)	\$ (52)	\$ 117	\$ 3	\$ (14)	\$ (7)	\$ 48
Amortization	50	71	3	12	3	138
Equity-based compensation	—	—	—	—	4	4
Restructuring and impairment charges (reversal)	12	—	(2)	—	—	10
Adjusted EBITDA by segment	\$ 10	\$ 188	\$ 3	\$ (1)	\$ —	\$ 200

### ***Expected capital expenditures***

This measure represents our best estimate of the amount of cash outflows relating to additions to capital assets for 2024 based on our current outlook. This amount is comprised primarily of various improvement projects and maintenance-of-business expenditures, projects focused on optimization and automation of the manufacturing process, and projects to reduce greenhouse gas emissions. This measure assumes no deterioration in current market conditions during the year and that we are able to proceed with our plans on time and on budget. This estimate is subject to the risks and uncertainties identified in the Company's 2023 Annual MD&A and Q2-24 MD&A.

### **For More Information**

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