



**Western Forest Products Inc.**  
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FOR IMMEDIATE RELEASE

TSX: WEF

## Western Announces First Quarter 2021 Results

**May 5, 2021 – Vancouver, British Columbia** – Western Forest Products Inc. (TSX: WEF) (“Western” or the “Company”) reported adjusted EBITDA of \$62.9 million in the first quarter of 2021. Western capitalized on strong North American markets and overcame logistics constraints to deliver record realized lumber pricing.

Net income in the first quarter of 2021 was \$53.8 million (\$0.14 net income per diluted share), as compared to a net loss of \$21.0 million (\$0.06 net loss per diluted share) for the first quarter of 2020 and net income of \$34.4 million (\$0.09 net income per diluted share) in the fourth quarter of 2020.

### First Quarter Highlights:

- Record first quarter adjusted EBITDA of \$62.9 million and net income of \$53.8 million
- Leveraged flexible operating platform to accelerate commodity shipments into North America
- Achieved Company record quarterly average realized lumber price of \$1,356 per thousand board feet
- Signed an 8-year collective bargaining agreement with our unionized Ladysmith sawmill employees
- Sold non-core assets for cash proceeds of \$37.7 million
- Repaid \$69.7 million in debt, closing the period in a net cash position
- Returned \$6.1 million to shareholders via dividends and share repurchases
- Available liquidity of \$244.0 million to support growth and our balanced approach to capital allocation

Western’s first quarter adjusted EBITDA was \$62.9 million, as compared to negative adjusted EBITDA of \$17.4 million in the first quarter of 2020 and adjusted EBITDA of \$71.1 million reported in the fourth quarter of 2020. Fourth quarter financial results in 2020 benefited from a non-cash export tax recovery of \$31.6 million arising from the finalization of 2017 and 2018 export tax rates. Operating income prior to restructuring and other items was \$48.8 million, compared to a loss of \$28.4 million in the first quarter of 2020, and \$56.0 million of income reported in the fourth quarter of 2020.

*(millions of dollars except per share amounts and where otherwise noted)*

	<b>Q1 2021</b>	<b>Q1 2020</b>	<b>Q4 2020</b>
Revenue	\$ 322.5	\$ 99.1	\$ 318.9
Export tax expense	8.2	4.0	12.1
Export tax recovery	-	-	31.6
Adjusted EBITDA	62.9	(17.4)	71.1
Adjusted EBITDA margin	20%	(18%)	22%
Operating income (loss) prior to restructuring and other items	\$ 48.8	\$ (28.4)	\$ 56.0
Net income (loss)	53.8	(21.0)	34.4
Basic and diluted earnings (loss) per share (in dollars)	0.14	(0.06)	0.09
Net debt (cash), end of period	(0.6)	137.0	69.2
Liquidity, end of period	244.0	113.5	178.3

“We made significant strides in repositioning our business and increasing the production of value-added lumber products targeted to strong North American markets,” said Don Demens, President and Chief Executive Officer. “We expect robust market conditions will continue in the near and mid-term, supporting momentum in the execution of our business strategy and growing our business.”

## Summary of First Quarter 2021 Results

Adjusted EBITDA for the first quarter of 2021 was \$62.9 million, as compared to negative adjusted EBITDA of \$17.4 million in the same period last year. We delivered record first quarter adjusted EBITDA by redirecting production to a strong North American lumber market.

Operating income prior to restructuring and other items was \$48.8 million, as compared to an operating loss of \$28.4 million in the same period last year. Comparative results were significantly impacted by the United Steelworkers Local 1-1937 (“USW”) strike (the “Strike”), which curtailed the majority of our BC based operations through February 2020. In addition, we curtailed our BC manufacturing facilities for up to one-week in March 2020 in response to the impacts of the novel Coronavirus pandemic (“COVID-19”).

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, maintaining financial flexibility, and servicing our customers.

### *Sales*

Rising North American lumber demand, driven by increased levels of new home construction and a strong repair and renovation segment, combined with limited supply to deliver record lumber pricing in the first quarter of 2021. Lumber producers have struggled to respond to the strong market due to permanent production curtailments in the BC Interior as a result of the Mountain Pine Beetle and COVID-19 related labour constraints in other producing regions. To capitalize on market conditions and overcome container shipping constraints that reduced export market access, we further levered our flexible operating platform and increased production for the North American market.

Lumber revenue rose 8% from the fourth quarter last year, on the strength of higher prices for our products and increased North American shipments. We grew our total commodity volumes by 4% during the quarter as compared to the fourth quarter of 2020. Our North American commodity shipment volumes represented 64% of total commodity shipment volumes during the first quarter of 2021, well above our historical average. We successfully grew sales to selected customers in the specialty treating sector, increasing volumes by 12% from the fourth quarter of last year.

Our first quarter average realized lumber price was \$1,356 per thousand board feet, an increase of 8% from the fourth quarter of 2020, despite a weaker sales mix and a stronger Canadian to US dollar exchange rate. Wholesale shipments were flat due to limited market availability and supply chain challenges.

Log revenue was \$33.1 million in the first quarter of 2021, an increase of 157% from the same period last year and a 38% decline from the fourth quarter last year due to seasonality. We achieved a higher average realized log price as compared to the fourth quarter last year despite lower export market shipments. We directed export log inventory to our sawmills in support of increased commodity lumber production, to capitalize on the strong North American lumber market. Limited export log shipments originated primarily from commitments under First Nation partnership and joint venture arrangements.

By-product revenue was \$12.8 million, an increase of \$9.8 million as compared to the same period last year, and an increase of \$3.9 million from the fourth quarter of 2020. Chip price realizations benefitted from a sharp increase in NBSK pulp price in the period, and increased production led to higher by-product shipments.

Higher first quarter log and lumber pricing reduced inventory provisions by \$9.3 million as compared to the same period last year.

### *Operations*

We have continued to lever our flexible operating platform by redirecting production from export markets into the strong North American market.

First quarter lumber production of 199 million board feet was 226% higher than the Strike-impacted first quarter last year and was 11% higher than the fourth quarter of 2020. We achieved higher production through increased operating hours, improved production efficiency, and a shift to more domestic lumber production. Increased production of North American commodity lumber contributed to improved sawmill recovery but also increased our secondary processing requirements, consistent with the fourth quarter last year. Insufficient BC coastal kiln capacity limited incremental kiln-dried lumber production volumes.

We produced 688,000 cubic metres of logs from our coastal operations in British Columbia (“BC”) in the first quarter of 2021, as compared to 167,000 cubic metres in the Strike-curtailed first quarter last year and 901,000 cubic metres in the fourth quarter of 2020. Harvest volumes and costs declined due to typical seasonal operating conditions. We lowered harvest production costs in the first quarter of 2021 through improved alignment of road expenditures and harvest volumes. We increased private timber production by logging the Orca Quarry land prior to its disposition, which did not incur stumpage expense and reduced requirements for higher cost purchased logs.

BC coastal saw log purchases were 195,000 cubic metres, an increase of 38% from the same period last year and a decrease of 12% from the fourth quarter of 2020. BC coastal harvest activity has improved market log supply while strong North American product pricing has increased log market competition.

Freight expense increased by \$16.5 million from the same period last year. Freight expense grew as a result of higher shipment volumes and increased container costs. Global container supply disruptions caused a diversion of shipments to other markets and led to slightly higher ending inventory. We partly mitigated the impact of limited container availability and rising container costs by directing more shipments to North American markets and by using other modes of transportation.

### *Selling and Administration Expense*

First quarter selling and administration expense was \$14.3 million in 2021 as compared to \$6.4 million in the Strike-curtailed first quarter last year. Record financial results and rapid share price appreciation had a net incremental expense impact of \$7.0 million. We continue to incur higher health and safety and IT costs associated with COVID-19 protocols and remote work requirements.

Record financial performance and a stronger market outlook drove an incremental \$3.9 million in performance-based incentive compensation expense. An incentive compensation expense recovery in the first quarter of 2020 contributed to that period over period result.

The Company’s shares appreciated by 41% in the first quarter of 2021, resulting in an incremental \$3.1 million of mark-to-market expense on long-term compensation liabilities. First quarter mark-to-market expense was \$1.9 million in 2021, as compared to an expense recovery of \$1.2 million in 2020.

### *Other Income*

We recognized other income of \$16.7 million attributable primarily to gains from the sale of non-core assets. In the same period last year, we realized \$1.6 million of other income largely resulting from gains on the sale of obsolete operating equipment.

### *Finance Costs*

Finance costs were \$0.9 million as compared to \$2.2 million in the first quarter last year, due to a lower average outstanding debt balance. As at March 31, 2021, we had returned to a net cash position.

### *Income Taxes*

Record first quarter operating earnings led to income tax expense of \$10.3 million for the first quarter of 2021, as compared to an income tax recovery of \$8.4 million in the same period last year.

### *Net Income (Loss)*

Net income for the first quarter of 2021 was \$53.8 million, as compared to a net loss of \$21.0 million for the same period last year. Significantly improved net income resulted from strong operating performance, record pricing in North American markets and net proceeds from non-core asset sales. Results in the same period last year were negatively impacted by the Strike in the majority of our BC operations and the onset of COVID-19 late in the period.

## **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.

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.

## **Sale of Orca Quarry Non-Core Assets**

On March 14, 2021, Western completed the sale of certain non-core assets for \$36.0 million. The sale includes certain properties, and their underlying rights, related to the Orca Quarry located near Port McNeill, British Columbia. The Company used the proceeds from the sale to repay debt.

## **Sale of Ownership Interests in TFL 44 Limited Partnership**

On March 29, 2019, Western completed the sale of a 7% ownership interest in its newly formed TFL44 Limited Partnership ("TFL 44 LP") to Huumiis Ventures Limited Partnership ("HVLP"), a limited partnership beneficially owned by the Huu-ay-aht First Nations. Western received \$7.3 million in exchange for the 7% ownership interest in TFL 44 LP.

On March 16, 2020, Western announced it had reached an agreement whereby HVLP will acquire an incremental 44% equity interest in TFL 44 LP (the "TFL 44 Transaction") and a 7% equity interest in a newly formed limited partnership that will own the Alberni Pacific Division Sawmill (the "APD Transaction") for total consideration of \$36.2 million. COVID-19 restrictions and other impacts affected the ability for the parties to satisfy all closing conditions, necessitating the closing of the TFL 44 Transaction in two stages and delaying the closing of the APD Transaction.

On May 3, 2021, Western completed the sale of an incremental 28% equity interest in TFL 44 LP to HVLP for total consideration of \$22.4 million. The completion of this stage of the TFL 44 Transaction results in HVLP holding a combined equity interest of 35% in TFL44 LP.

The next stage of the TFL 44 Transaction, for the acquisition by HVLP of a further 16% equity interest in TFL 44 LP for total consideration of \$12.8 million, is anticipated to close in the first quarter of 2023, and is subject to satisfaction of customary closing conditions, financing and certain third-party consents, including approval by the BC Provincial Government and the Huu-ay-aht First Nations People's Assembly.

Western may sell to other area First Nations, including HVLP, a further incremental ownership interest of up to 26% in TFL 44 LP, under certain conditions. The Company and TFL 44 LP will also enter into a long-term fibre agreement to continue to supply the Company's BC coastal manufacturing operations, which have undergone significant capital investment over the past several years.

The APD Transaction is anticipated to close in the first quarter of 2023.

## Labour Relations Update

On February 3, 2021, members of the Public and Private Workers of Canada (“PPWC”) Local 8 representing unionized employees at our Ladysmith Sawmill ratified a new eight-year collective agreement effective from January 1, 2021 and expiring on December 31, 2028.

We previously announced on February 15, 2020 that USW members had voted in support of a new five-year collective agreement effective from June 15, 2019 and expiring on June 14, 2024.

## 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 BC Provincial Government (the “Province”) every five to ten years with a new TFL with a 25-year term.

In the first half of 2021, we expect 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 metres. 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 is available on SEDAR at [www.sedar.com](http://www.sedar.com), and Western’s Sustainability Report, which is available at [www.westernforest.com](http://www.westernforest.com).

## Regulatory Environment

During 2019 and 2020, the Province introduced various policy initiatives and regulatory changes that impact the BC forest sector regulatory framework as part of a Coastal Revitalization Initiative, including fibre recovery, lumber remanufacturing, old growth forest management and the exportation of logs. For additional details on these policy initiatives and regulatory changes please see the “*BC Government Forest Policies Update*” heading and “*Regulatory Risks*” under the heading “*Risks and Uncertainties*”, in our Management’s Discussion and Analysis for the year ended December 31, 2020.

Current provincial policy requires that forest management and operating plans take into account and not unreasonably infringe on Aboriginal rights and title, proven or unproven, and provide for First Nations consultation. First Nation opposition to a forest tenure or other operating authorization may delay the Province from granting the permit application. For additional details on these policy requirements and regulatory aspects in relation to First Nations see “*First Nations Land Claims*” and “*Regulatory Risks*” under the heading “*Risks and Uncertainties*”, in our Management’s Discussion and Analysis for the year ended December 31, 2020. The Company may manage risks associated with delays in the Province granting operating authorizations through fostering positive working relationships with the First Nations, with asserted traditional territories within which Western operates, through information sharing, timber harvesting, silviculture, planning and other mutually beneficial arrangements. The Company may partly mitigate the operating impacts of permit delays by increasing permitted harvest in other areas; by purchasing more logs on the open market or through BC Timber Sales; and by increasing harvest production from private timberlands.

## Dividend and Capital Allocation

We remain committed to a balanced approach to capital allocation. To return capital to shareholders, we reinstated a regular quarterly dividend in the first quarter of 2021 and may complement it with common share repurchases under our NCIB.

We will continue to evaluate opportunities to invest strategic and discretionary capital in jurisdictions that create the opportunity to grow long-term shareholder value. We expect to focus near-term internal strategic capital investments on projects that reduce manufacturing costs or address kiln drying and planer capacity constraints on the BC Coast. These potential investments will help support growth of our specific product line initiatives, as well as add value to our products. The Company will evaluate all capital allocation

decisions after considering our operating results, financial condition, cash requirements, financing agreement restrictions and other factors or financial metrics that may be deemed relevant.

### *Quarterly Dividend*

In the first quarter of 2021, the Company's Board of Directors reinstated a quarterly dividend of \$0.01 per common share. The quarterly dividend program is intended to return a portion of the Company's cash to shareholders, after taking into consideration liquidity and ongoing capital needs. The Company's Board of Directors will continue to review our dividend on a quarterly basis.

### *Normal Course Issuer Bid*

On August 7, 2020, the Company renewed its NCIB permitting the purchase and cancellation of up to 18,759,858 of the Company's common shares or approximately 5% of the common shares issued and outstanding as of August 6, 2020. The Company also entered into an automatic share purchase plan with its designated broker to facilitate purchases of its common shares under the NCIB at times when the Company would ordinarily not be permitted to purchase its common shares due to regulatory restrictions or self-imposed blackout periods.

During the first three months of 2021, we repurchased 1,295,000 common shares for \$2.3 million at an average price of \$1.79 per common share. No common shares were repurchased in the same period of last year.

As at May 5, 2021, we have purchased 3,832,448 common shares for \$7.5 million at an average price of \$1.96 per common share under the current NCIB. We are permitted to purchase up to an additional 14,927,410 under the renewed NCIB, which expires on August 10, 2021.

## **Strategy and Outlook**

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

For more detail on our strategic initiatives and actions, refer to "*Strategy and Outlook*" in our Management's Discussion and Analysis for the year ended December 31, 2020.

### *Sales & Marketing Strategy Update*

To capitalize on a strong North American market, we have redirected lumber production from relatively weak export markets. We have targeted sales to selected customers in the North American treating sector where our product mix could provide the most value. In the near-term we anticipate North American pricing to remain above trend levels and will look to solidify our presence in the specialty treated lumber sector.

We continue to progress with the execution of our sales and marketing strategy, which 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.

We continue to develop and evaluate growth opportunities for our wholesale lumber business, including the Japanese Cedar products program and ongoing Yellow Cedar product development. In our US operations, our Columbia Vista division has been a positive addition to our business and product mix.

### *Market Outlook*

Demand for forest products globally continues to outpace supply driving higher pricing for all of our product segments. Lumber markets in North America are being supported by strong fundamentals including low mortgage rates, a housing deficit stemming from years of underbuilding, and the influence of work-from-home arrangements on the repair and renovation segment. At the same time supply has been reduced

due to the impact of permanent production curtailments resulting from Mountain Pine Beetle in the BC Interior, and COVID-19 related manufacturing labour constraints. Markets are likely to be further impacted near-term by higher seasonal demand associated with the spring building season, while lumber imports into North American may continue to be limited by global container shipping challenges. Long-term we expect growth in mass timber building technologies, the need for carbon neutral products and improved recognition of lumber as the most sustainable building product on the planet will grow demand and benefit the forest sector.

Demand and pricing for our Western Red Cedar (“WRC”) and Niche products has improved across all product categories on the strength of a robust residential repair and renovation market. WRC trim, decking and fencing are in high demand, while Douglas Fir and Hemlock timbers and appearance grade products have led pricing improvements in our Niche segment. We expect seasonally strong demand and constrained supply to drive incremental price improvements in the near term.

In Japan, difficult winter operating conditions and the impacts of COVID-19 have challenged domestic production while container shipping constraints have reduced the supply of imported lumber. Reduced supply has left Japan lumber inventory levels at record lows. As a result of the lack of supply, pricing has started to rise, and we anticipate pricing to improve further as we move into the third quarter. We are closely monitoring rising COVID-19 cases in Japan which could temporarily impact demand.

We expect domestic saw log prices to increase in response to improved lumber markets, and greater competition from improved export markets. The Northern Bleached Softwood Kraft pulp price benchmark has increased in the last few months and, if sustained, we would expect to achieve improved prices for pulp logs and sawmill residual chips.

We expect the impacts of COVID-19 to continue to challenge lumber supply in the near term which should lead to increased pricing volatility. While at the same time we are hopeful that ongoing safety protocols and vaccine roll-outs may positively influence 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*

The US application of duties continues a long-standing pattern of US protectionist action against Canadian lumber producers. We disagree with the inclusion of specialty lumber products, particularly WRC and Yellow Cedar products in this commodity lumber focused dispute. As duties paid are determined on the value of lumber exported, and as our shipments to the US market consists of significant volumes of high-value, appearance grade lumber, we are disproportionately impacted by these duties. For a comprehensive history of the softwood lumber trade dispute and related North American Free Trade Agreement (“NAFTA”) challenge proceedings, please see “*Risks and Uncertainties*” in our Management’s Discussion and Analysis for the year ended December 31, 2020.

Western expensed \$8.2 million of export duties on its lumber shipments into the US in the first quarter of 2021, as compared to \$4.0 million in the same period last year. Despite lower duty rates, increased US destined lumber shipments and higher price realizations increased export duty expense.

In the fourth quarter of 2020, Western recognized an export tax recovery of \$31.6 million arising from the Department of Commerce’s (“DoC”) final determination on assessed rates for 2017 and 2018. Export duty tax was comprised of countervailing duty and anti-dumping duty at a combined rate of 20.23% on all lumber Western sold into the US until November 30, 2020 and a combined rate of 8.99% effective December 1, 2020. This new combined rate is effective until the issuance of final revised rates determined through DoC’s second administrative review, expected in late 2021, for which Western has not been selected as a mandatory respondent.

At March 31, 2021, Western had \$127.1 million (USD \$101.2 million) of cash on deposit with the US Department of Treasury in respect of these softwood lumber duties, of which \$36.3 million (USD \$28.9 million) is recognized in the Company’s balance sheet arising from rate determinations in 2017 and 2020.

Including wholesale lumber shipments, our sales to the US market represent approximately 42% of our total revenue in the first quarter of 2021, as compared to 36% in the same period last year and 32% in fiscal 2020. 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 MD&A 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:

	Q1 2021	Q1 2020	Q4 2020
<i>(millions of Canadian dollars except where otherwise noted)</i>			
<b>Adjusted EBITDA</b>			
Net income (loss)	\$ 53.8	\$ (21.0)	\$ 34.4
Add:			
Amortization	12.9	11.0	14.3
Changes in fair value of biological assets, net	1.2	-	1.2
Operating restructuring items	0.5	0.4	0.6
Other (income) expense <sup>(1)</sup>	(16.7)	(1.6)	6.2
Finance costs (income)	0.9	2.2	(0.5)
Current income tax expense (recovery)	8.8	(0.1)	-
Deferred income tax expense (recovery)	1.5	(8.3)	15.1
Adjusted EBITDA	\$ 62.9	\$ (17.4)	\$ 71.1
<b>Adjusted EBITDA margin</b>			
Total revenue	\$ 322.5	\$ 99.1	\$ 318.9
Adjusted EBITDA	62.9	(17.4)	71.1
Adjusted EBITDA margin	20%	-18%	22%
<b>Net debt to capitalization</b>			
Net debt			
Total debt	\$ 2.5	\$ 139.2	\$ 71.9
Bank indebtedness	-	-	0.2
Cash and cash equivalents	(3.1)	(2.2)	(2.9)
Net debt (cash)	\$ (0.6)	\$ 137.0	\$ 69.2
Capitalization			
Net debt (cash)	\$ (0.6)	\$ 137.0	\$ 69.2
Add: Equity	552.6	459.6	504.5
Capitalization	\$ 552.0	\$ 596.6	\$ 573.7
Net debt to capitalization	-	23%	12%

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 cost to sell of biological assets and gain on disposal of 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”, “forecast”, “intend”, “believe”, “seek”, “could”, “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 COVID-19; and 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, the ability to obtain operational permits, development and changes in laws and regulations affecting the forest industry including as related to old growth timber management and the Manufactured Forest Products Regulation, changes in the price of key materials for our products, changes in opportunities, future developments in the COVID-19 pandemic and other factors referenced under the “Risks and Uncertainties” section of our MD&A in our 2020 Annual Report dated February 18, 2021. 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 (exp, plus amortization of property, plant, and equipment, and intangible assets, impairment adjustments, and changes in fair value of biological assets. Adjusted EBITDA margin is adjusted 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 IFRS and it is not necessarily indicative of cash available to fund cash needs. Furthermore, adjusted EBITDA does not reflect the impact of certain 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 measures of 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 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:**

**Thursday, May 6, 2021 at 12:00 p.m. PDT (3:00 p.m. EDT)**

To participate in the teleconference please dial 416-340-2217 or 1-800-952-5114 (passcode: 5505843#). This call will be taped, available one hour after the teleconference, and on replay until June 6, 2021 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: 3108400#).

For further information, please contact:  
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