



Western Forest Products Inc.

Management's Discussion and Analysis
of Financial Conditions and Results of Operations

Period ended June 30, 2016

Management's Discussion & Analysis

The following Management's Discussion and Analysis ("MD&A") reports and comments on the financial condition and results of operations of Western Forest Products Inc. (the "Company", "Western", "us", "we", or "our"), on a consolidated basis, for the three and six months ended June 30, 2016 to help security holders and other readers understand our Company and the key factors underlying our financial results. This discussion and analysis should be read in conjunction with our unaudited condensed consolidated interim financial statements and the notes thereto for the three and six months ended June 30, 2016, and our audited annual consolidated financial statements and management's discussion and analysis for the year ended December 31, 2015 (the "2015 Annual Report"), all of which can be found on SEDAR at www.sedar.com.

The Company has prepared the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2016 in accordance with IAS 34, *Interim Financial Reporting*, and these do not include all of the information required for full annual financial statements. Amounts discussed herein are based on our unaudited condensed interim consolidated financial statements and are presented in millions of Canadian dollars unless otherwise noted. Certain prior period comparative figures have been reclassified to conform to the current period's presentation.

Reference is made in this MD&A to adjusted EBITDA¹ and adjusted EBITDA margin². Adjusted EBITDA is defined as operating income prior to operating restructuring items and other income (expenses), 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 as a proportion of revenue. Western uses adjusted EBITDA and adjusted EBITDA margin as benchmark measurements of our own operating results and as benchmarks relative to our competitors. We consider adjusted EBITDA to be a meaningful supplement to operating income as a performance measure primarily because amortization expense, impairment adjustments and changes in the fair value of biological assets are non-cash costs, and vary widely from company to company in a manner that we consider largely independent of the underlying cost efficiency of their operating facilities. Further, the inclusion of operating restructuring items which are unpredictable in nature and timing may make comparisons of our operating results between periods more difficult. We also believe adjusted EBITDA and adjusted EBITDA margin are commonly used by securities analysts, investors and other interested parties to evaluate our financial performance.

Adjusted EBITDA does not represent cash generated from operations as defined by International Financial Reporting Standards ("IFRS") and it is not necessarily indicative of cash available to fund cash needs. Furthermore, adjusted EBITDA does not reflect the impact of a number of items that affect our net income. Adjusted EBITDA and adjusted EBITDA margin are not measures of financial performance under IFRS, and should not be considered as alternatives to measures of performance under IFRS. Moreover, because all companies do not calculate adjusted EBITDA in the same manner, adjusted EBITDA and adjusted EBITDA margin 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 Appendix A to this report.

Also in this MD&A, management uses key performance indicators such as net debt, net debt to capitalization and current assets to current liabilities. Net debt is defined as long-term debt less cash and cash equivalents. Net debt to capitalization is a ratio defined as net debt divided by capitalization, with capitalization being the sum of net debt and shareholder's 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 in prior periods.

This MD&A contains statements which constitute forward-looking statements and forward-looking information within the meaning of applicable securities laws. Those statements and information appear in a number of places in this document and include statements and information regarding our current intent, belief or expectations primarily with respect to market and general economic conditions, future costs, expenditures, available harvest levels and our future operating performance, objectives and strategies. Such statements and information may be indicated by words such as "estimate", "expect", "anticipate", "plan", "intend", "believe", "should", "may" and similar words and phrases. Readers are cautioned that it would be unreasonable to rely on any such forward-looking statements and information as creating any legal rights, and that the statements and information are not guarantees and may involve known and unknown risks and uncertainties, and that actual results and objectives and strategies may differ or change from those expressed or implied in the forward-looking statements or information as a result of various factors. Such risks and uncertainties include, among others: general economic conditions, competition and selling prices, changes in foreign currency exchange rates, labour disruptions, natural disasters, relations with First Nations groups, changes in laws, regulations or public policy, misjudgements in the course of preparing forward-looking statements or information, changes in opportunities and other factors referenced under the "Risk Factors" section in our MD&A in the 2015 Annual Report. All written and oral forward-looking statements or information attributable to us or persons acting on our behalf are expressly qualified in their entirety by the foregoing cautionary statements. Except as required by law, Western does not expect to update forward-looking statements or information as conditions change.

Unless otherwise noted, the information in this discussion and analysis is updated to August 3, 2016.

¹ Earnings Before Interest, Tax, Depreciation and Amortization

² Adjusted EBITDA as a proportion of Revenue

Summary of Selected Quarterly Results ⁽¹⁾

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
<i>(millions of dollars except per share amount)</i>				
Revenue	\$ 301.8	\$ 289.2	\$ 571.6	\$ 537.8
Adjusted EBITDA	43.0	29.2	78.7	58.8
Adjusted EBITDA margin	14.2%	10.1%	13.8%	10.9%
Operating income prior to restructuring items and other income	33.7	21.0	60.0	41.1
Net income from continuing operations	23.8	19.1	41.1	37.6
Net income for the period	23.8	19.1	41.1	46.7
Basic and diluted earnings per share (in dollars)	\$ 0.06	\$ 0.05	\$ 0.10	\$ 0.12
Basic and diluted earnings per share (in dollars) - discontinued operations	\$ -	\$ -	\$ -	\$ 0.02

⁽¹⁾ Included in Appendix A is a table of selected results for the last eight quarters.

Overview

Western achieved second quarter adjusted EBITDA of \$43.0 million in 2016, a 47% improvement over the same quarter last year. Improved specialty log and lumber pricing, a strengthening commodity lumber market and a 3% increase in lumber sales volumes helped deliver these improved results.

Second quarter revenue was \$301.8 million, a 4% increase from the same period of 2015. Increased demand for specialty log and lumber products and an improved sales mix combined with a stronger commodity lumber market to deliver higher average log pricing and record quarterly average lumber pricing. Lumber price realizations in the second quarter of 2016 benefitted from a 5% decline in the Canadian dollar ("CAD"), compared to the US dollar ("USD") in the previous year. Second quarter log revenue declined by 10% due to lower sales volumes.

Lumber production was 232 million board feet, a 2% decrease as compared to the same period of 2015, due to a lower opening log inventory in the second quarter of 2016 which restricted production volume from third party facilities. In contrast, lumber production from our sawmills increased by 5% supported by the ongoing implementation of strategic capital. Lumber production costs increased primarily due to a greater volume of secondary processing and incremental specialty lumber production, as we targeted higher-margin lumber products.

Second quarter log production of 1.3 million cubic metres was 6% lower than the same period of 2015, due to the impact of a contractor rate dispute. Average log harvest costs increased by 8% in comparison to the second quarter of 2015, driven by an increase in higher-cost helicopter logging, and increased stumpage costs. We successfully increased sawlog purchase volumes by 52% to maintain supply to our sawmills and to position log inventory ahead of the second half of 2016, when timber harvesting can be curtailed by dry summer weather.

Operating income prior to restructuring items and other income increased 60% to \$33.7 million in the second quarter of 2016, compared to \$21.0 million in the same period of 2015. Second quarter net income was \$23.8 million (\$0.06 per diluted share) in 2016 compared to \$19.1 million (\$0.05 per diluted share) in 2015. Improved operating income was partly offset by deferred income tax expense. In the comparative period, deferred income tax expense was offset by the recognition of additional deferred income tax assets.

Strong operating results in the second quarter of 2016 allowed us to continue our ongoing strategic capital investments while at the same time returning capital to our shareholders. On June 17, 2016, we returned \$7.9 million, or \$0.02 per common share, to shareholders through our quarterly dividend program. Greater log purchase volumes and higher overall log inventories held at June 30, 2016 drove growth in working capital, which increased net debt to \$64.1 million from \$47.9 million at March 31, 2016.

Operating Results

(millions of dollars)

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Revenue				
Lumber	\$ 221.0	\$ 200.0	\$ 427.2	\$ 371.8
Logs	64.2	71.0	110.5	132.2
By-products	16.6	18.2	33.9	33.8
Total revenue	301.8	289.2	571.6	537.8
Adjusted EBITDA	43.0	29.2	78.7	58.8
Adjusted EBITDA margin	14.2%	10.1%	13.8%	10.9%

Second quarter 2016

In the second quarter of 2016 we generated adjusted EBITDA of \$43.0 million, an increase of 47% from adjusted EBITDA of \$29.2 million in the same quarter last year. We achieved these results by improving our specialty log sales mix and increasing lumber shipments to capitalize on rising prices for our log and lumber products. These results and a continued focus on the production of high-margin specialty lumber products drove second quarter adjusted EBITDA margin to 14.2% in 2016 from 10.1% in the same period of 2015.

Second quarter lumber revenue increased 10% to \$221.0 million as compared to the same quarter of 2015. This was achieved through rising price realizations and a 3% increase in lumber shipments to 234 million board feet. Strong specialty and commodity lumber markets and a relatively weaker CAD combined to deliver a record quarterly average realized lumber price of \$944 per thousand board feet. Higher overall shipment volumes were achieved through increases of 6% and 5% in Commodity and Niche lumber sales, respectively, as compared the same period last year.

Log revenue was \$64.2 million in the second quarter of 2016, a decrease of \$6.8 million from the same period in 2015. An improved log sales mix and escalating pricing for selected specialty domestic log grades offset some of the impact of lower log shipments. Export log pricing benefited from improved demand and a comparatively weaker CAD compared to a year ago. Improved domestic and export log markets allowed us to deliver a 32% increase in average log pricing as compared to the second quarter of 2015 despite continued weakness in the pulp log market.

In the second quarter of 2016, a lower opening log inventory led to reduced log availability and a 30% decline in log sales volumes as compared to the same period last year. Opening log inventory was negatively impacted by a delayed first quarter log harvest. In contrast, a record first quarter timberlands harvest in 2015 provided significantly greater opening log inventory which supported higher sales volumes.

By-products revenue was \$16.6 million in the second quarter of 2016, as compared to \$18.2 million in the same period in 2015. By-products revenue declined due to a 4% decrease in realized chip pricing and the timing of shipments of sawdust and hog fuel.

Second quarter lumber production of 232 million board feet represents a 2% decline from the same period of 2015, due primarily to a lower opening log inventory in the second quarter of 2016. Lumber production from our sawmills increased by 5% while we reduced the volume of production undertaken at third party facilities. A greater volume of secondary processing as a result of targeting production of higher-value finished products drove increased average lumber conversion costs as compared to the second quarter of 2015.

Timberlands harvest volume for the second quarter was 1.3 million cubic metres, down 6% from the second quarter of 2015. Harvest volumes were negatively impacted by an ongoing contractor dispute for which an interim agreement was reached subsequent to quarter-end. Average log harvest costs increased 8% driven by a doubling of higher cost helicopter logging volumes, and increased stumpage due to rising log prices.

We increased sawlog purchase volumes by 52% as compared to the second quarter of 2015 to support additional production of high-margin specialty lumber products, and to grow our log inventory in advance of third quarter when timber harvesting can be impacted by weather related curtailments. Our well positioned log inventory will allow us to capitalize on any improvements in our product markets as we enter the second half of 2016.

Second quarter freight costs were \$23.6 million in 2016, an increase of 2% compared to the same period of 2015. Increased freight costs were the result of a weaker CAD on USD-denominated freight, offset by a greater portion of lumber shipments to North America and lower export log sales volume.

Selling and administration expenses in the second quarter of 2016 increased to \$8.4 million from \$7.0 million in the same period of 2015. Included in this increase were higher consulting costs and performance-based compensation. Incremental consulting expenses were incurred to facilitate information technology improvements, and address certain legal and professional service requirements. In addition the Company incurred costs associated with moving its corporate offices to reduce future period office expenses.

Net income for the second quarter of 2016 was \$23.8 million, an increase from \$19.1 million for the same period of 2015. An increase in operating income of 60% was partly offset by increased tax expense. Deferred income tax expense of \$7.8 million was incurred in the second quarter of 2016 as compared to an expense of \$0.1 million in the same period of 2015. In past quarters, the recognition of additional deferred income tax assets offset the deferred tax expense resulting in unusually low deferred tax expense.

The funded position of our defined benefit and other retirement benefit plans is estimated at the end of each quarter. A decrease in the discount rate used to calculate plan liabilities in the second quarter of 2016, partially offset by improved plan asset performance, resulted in a net after-tax actuarial loss of \$3.5 million included in other comprehensive income.

Year to date, June 30, 2016

Adjusted EBITDA for the first six months of 2016 was \$78.7 million, a 34% improvement over the same period in 2015. Adjusted EBITDA margin improved to 13.8% as compared to 10.9% in the first half of 2015. Rising log and lumber pricing, a 7% increase in lumber sales volumes and a weaker average CAD to USD exchange rate period-over-period were primary drivers in these strong first half results.

Lumber revenue grew by 15% to \$427.2 million in the first half of 2016 as compared to the same period last year. Improved pricing for our specialty and commodity lumber products, maintaining a sales mix heavy to specialty products and the benefits of a weaker CAD relative to USD have led to strong lumber revenue performance year-to-date.

First half log revenue decreased by 16% in 2016 to \$110.5 million due to log availability as opening log inventory was lower than in the comparative period and we prioritized internal sawmill log consumption over external consumption and sales. A decline in external sales volumes of 34% was partly offset by significant increases in realized pricing for specialty domestic and export logs. Pulp log price realizations declined as the pulp market continues to be impacted by high pulp log inventories on the coast of BC. By-product sales remained flat period-over-period.

Lumber production in the first half of 2016 was 453 million board feet, up from 445 million board feet in 2015, despite a lower opening log inventory in 2016. Improved production from our Duke Point sawmill helped to offset downtime for strategic capital projects. Conversion costs have increased due to higher secondary processing volumes, and a heavier specialty production mix.

Total timberlands harvest volume was 2.3 million cubic metres in the first half of 2016, compared to 2.9 million cubic metres in the same period last year. We supplemented harvest by increasing sawlog purchases by 26% as compared to the first half of 2015. First half harvest was delayed in part by a more normal winter in our timberlands in the first quarter of 2016 and also as a result of a contractor dispute. An 8% increase in average log costs in the first half of 2016, was primarily driven by a greater proportion of higher-cost helicopter logging and a stumpage rate increase which became effective March 1, 2016.

Selling and administration expenses in the first half of 2016 increased to \$16.2 million from \$12.8 million in the same period of 2015. Included in this increase were higher consulting costs, including those expenses identified above, and performance-based and other compensation. In addition, movement in the Company's common share price as well as greater outstanding share unit balances resulted in a relative increase of \$1.1 million in mark-to-market and share-based compensation expenses over those periods.

Finance Costs

Second quarter finance costs were \$1.1 million in 2016, \$0.2 million lower than the same quarter of last year as a result of lower interest expense. The Company negotiated lower interest rates as part of amendments to its debt agreements in November 2015, and average outstanding debt in the second quarter was reduced from \$73.8 million in 2015 to \$59.0 million in 2016.

Income Taxes

During the second quarter of 2016, the Company recognized deferred income tax expense of \$7.8 million on net income arising from continuing operations. An offsetting deferred income tax recovery of \$1.2 million, from actuarial gains on the Company's defined benefit plans, was recognized through other comprehensive income.

Financial Position and Liquidity

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
<i>(millions of dollars except where noted)</i>				
Cash provided by operating activities, excluding non-cash working capital	\$ 40.0	\$ 26.1	\$ 72.7	\$ 54.9
Cash provided by operating activities	9.7	20.6	37.8	28.8
Cash used in investing activities	(17.5)	(15.6)	(31.3)	(25.7)
Cash provided by (used in) financing activities	4.8	(6.1)	(8.5)	(20.9)
Cash used in capital logging roads	(3.5)	(3.7)	(5.7)	(6.2)
Cash used to acquire property, plant and equipment	(14.1)	(11.9)	(25.7)	(19.5)
			June 30, 2016	December 31, 2015
Total liquidity ⁽¹⁾			\$ 169.3	\$ 177.9
Net debt ⁽²⁾			64.1	53.8
Financial ratios:				
Current assets to current liabilities			2.14	2.30
Net debt to capitalization ⁽³⁾			0.12	0.11

⁽¹⁾ Total liquidity comprises cash and cash equivalents, and available credit under the Company's revolving credit facility and revolving term loan.

⁽²⁾ Net debt is defined as the sum of long-term debt, current portion of long-term debt, revolving credit facility, less cash and cash equivalents.

⁽³⁾ Capitalization comprises net debt and shareholders equity.

Cash provided by operating activities, excluding non-cash working capital, in the second quarter increased to \$40.0 million compared to \$26.1 million provided in the same period last year, with the increase primarily attributable to improved adjusted EBITDA generated from operations.

Cash provided by operating activities in the second quarter of 2016 amounted to \$9.7 million compared to \$20.6 million in the same quarter of 2015. We significantly increased sawlog purchases to strategically position our log inventory for typical weather-related third quarter operations curtailments. Our log inventory strategy led to higher working capital and a reduction in cash provided by operating activities.

Investing activities used cash of \$17.5 million in the second quarter of 2016, compared to \$15.6 million invested in the same quarter of 2015. We invested \$5.6 million in strategic capital in the second quarter of 2016 as compared to \$4.6 million in the same period of 2015. The strategic capital program is discussed in more detail in the "Strategy and Outlook" section.

In the second quarter of 2016, financing activities generated cash of \$4.8 million compared to \$6.1 million used in the same quarter of 2015. To facilitate ongoing capital initiatives and a 34% increase in log inventory volumes in the quarter, we supplemented our continued strong operating cash flows by drawing \$13.2 million from our revolving term loan facility. We also returned \$7.9 million, or \$0.02 per common share, to shareholders on June 17, 2016 via a quarterly dividend payment.

At June 30, 2016, we had total liquidity of \$169.3 million, compared to \$177.9 million at the end of 2015. Liquidity is comprised of cash and cash equivalents of \$7.4 million, availability under the secured revolving credit facility of \$110.9 million, and \$51.0 million available under the revolving term loan facility. We believe that we have sufficient liquidity to meet our obligations in 2016.

Strategy and Outlook

In the second quarter we continued to implement our strategy of optimizing our operations and investing in our mills to improve margins and grow our business through increased production.

Key operational priorities in support of our strategy include:

- 1) Implementing strategic capital to position our mills as the most competitive in the region;
- 2) Improving productivity and further improving margins through increased capital utilization; and,
- 3) Utilizing our competitive advantage to access additional log volume on the open market to increase lumber production.

Market Outlook

We continue to be encouraged by the increasing level of demand for our log and lumber products.

In the United States, improved housing starts and continued strength in the Repair and Renovation market have supported higher consumption of wood products and improved pricing. In China, lumber inventories are in balance which is supporting pricing; and, while the Japanese market remains competitive, we see opportunity over the medium term to capture a greater share of North American imports into that market.

Commodity lumber markets performed as expected in the second quarter of 2016 as Benchmark 2x4 KD Western SPF prices closed the quarter 5% higher than in the same period last year and 15% higher than at December 31, 2015. We expect third quarter demand to continue to improve which should support increased commodity lumber consumption and pricing.

Our Western Red Cedar and Niche lumber products continue to benefit from the strength in the repair and renovation market. We expect the pricing environment to remain positive through the third quarter of 2016 as seasonal demand supports consumption.

We anticipate export and domestic sawlog markets to continue to perform well in the third quarter of 2016. Strong demand for specialty lumber products will support the domestic sawlog market through the third quarter. In Asian log markets, we believe balanced market conditions will lead to improved export log shipments and pricing over the second half of 2016 despite the usual seasonal slowdown. Pulp log prices are expected to remain depressed due to a combination of high log inventories and lower consumption levels from coastal BC pulp mills.

The twelve-month standstill period of the Softwood Lumber Agreement, which precludes trade action by the United States, continues through October 11, 2016. Discussions regarding a replacement of the Softwood Lumber Agreement continue between Canadian and American government representatives. We are supportive of these efforts, but uncertainty remains regarding a solution. If there is no new agreement prior to the expiry of the standstill, there could be US government trade action against Canadian softwood lumber imports. We intend to maintain our strong balance sheet and diversified product and geographic mix as we await the outcome of the trade discussion.

Strategic Capital Program Update

We continue to implement a strategic capital program that is designed to position Western as the only company on the coast of BC capable of sustainably consuming the complete profile of the coastal forest and competitively manufacturing a diverse product mix.

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

We have announced plans for \$97.7 million of our \$125.0 million strategic capital program. Through the end of the second quarter of 2016, we have implemented and capitalized \$86.5 million under that program. Strategic capital invested in the second quarter of 2016 was \$5.6 million.

In the second quarter of 2016, we advanced the Duke Point sawmill and planer modernization project, timberlands LiDAR mapping initiative, and information technology upgrades. These projects will continue through the end of 2016.

New standards and interpretations not yet adopted

A number of new and amended IFRS standards are not yet effective for the year ended December 31, 2016 and have not been applied in preparing these consolidated financial statements. The following pronouncements are considered by the Company to be the most significant of several pronouncements that may affect future financial statements:

- IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15")

IFRS 15 is effective for years commencing on or after January 1, 2018, and will replace IAS 18, *Revenue*, IAS 11, *Construction Contracts*, and a number of revenue related interpretations. IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers, except insurance contracts, financial instruments, and lease contracts, which fall in the scope of other IFRS. The Company intends to adopt IFRS 15 in its consolidated financial statements for the year commencing January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

- IFRS 16, *Leases* ("IFRS 16")

IFRS 16 is effective for years commencing on or after January 1, 2019, and will replace IAS 17, *Leases* ("IAS 17"). IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value, while lessor accounting remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained. The Company intends to adopt IFRS 16 in its consolidated financial statements for the year commencing January 1, 2019. The extent of the impact of adoption of the standard has not yet been determined.

Risks and Uncertainties

The business of the Company is subject to a number of risks and uncertainties, including those described in the 2015 Annual Report which can be found on SEDAR at www.sedar.com. Any of the risks and uncertainties described in the above-noted document could have a material adverse effect on our operations and financial condition and cash flows and, accordingly, should be carefully considered in evaluating Western's business.

Evaluation of Disclosure Controls and Procedures

There have been no changes in the Company's internal controls over financial reporting ("ICFR") during the three months ended June 30, 2016, that have materially affected or are reasonably likely to materially affect, its ICFR.

Outstanding Share Data

As of August 3, 2016, there were 395,447,663 Common Shares issued and outstanding.

Western has reserved 20,000,000 Common Shares for issuance upon the exercise of options granted under the Company's incentive stock option plan. During the six months ended June 30, 2016, 215,000 previously granted options were exercised, 1,330,918 options were granted, and 39,000 options were forfeited. As of August 3, 2016, 11,235,585 options were outstanding under the Company's incentive stock option plan.

Management's Discussion and Analysis – Appendix A

Summary of Selected Results for the Last Eight Quarters ⁽¹⁾

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

	2016		2015				2014	
	2 nd	1 st	4 th	3 rd	2 nd	1 st	4 th	3 rd
Average Exchange Rate – USD to CAD	1.288	1.372	1.335	1.309	1.229	1.241	1.136	1.089
Revenue								
Lumber	221.0	206.2	194.4	203.8	200.0	171.8	166.8	180.4
Logs	64.2	46.3	53.6	57.3	71.0	61.2	51.2	66.0
By-products	16.6	17.3	17.6	17.4	18.2	15.6	14.6	15.7
Total revenue	301.8	269.8	265.6	278.5	289.2	248.6	232.6	262.1
Lumber								
Production – millions of board feet	232	221	234	212	236	209	202	231
Shipments – millions of board feet	234	225	226	227	228	202	216	220
Price – per thousand board feet	944	916	862	899	879	849	772	820
Logs								
Net Production - thousands of cubic metres ⁽²⁾	1,321	1,027	1,081	1,180	1,402	1,472	1,281	1,009
Saw log purchases – thousands of cubic metres	497	268	299	209	327	280	279	374
Shipments – thousands of cubic metres	521	438	540	610	749	700	571	707
Price – per cubic metre ⁽³⁾	112	100	95	89	90	83	90	86
Selling and administration	8.4	7.8	7.8	5.5	7.0	5.8	6.0	7.4
Adjusted EBITDA	43.0	35.7	29.6	28.7	29.2	29.6	14.8	20.0
Amortization	(8.8)	(7.5)	(8.2)	(7.3)	(7.6)	(7.8)	(6.7)	(7.0)
Changes in fair value of biological assets	(0.4)	(1.9)	(0.9)	-	(0.6)	(1.7)	0.5	(0.4)
Reversal of impairment	-	-	-	-	-	-	2.9	-
Operating restructuring items	(0.8)	(0.7)	(0.7)	(2.9)	(0.4)	(0.3)	(1.2)	(8.3)
Finance costs	(1.1)	(1.1)	(1.1)	(1.3)	(1.3)	(1.3)	(1.2)	(1.4)
Other income (expenses)	(0.2)	(0.3)	(0.9)	(0.2)	(0.1)	0.1	0.6	-
Deferred income tax recovery (expense)	(7.8)	(6.8)	(7.9)	0.1	(0.1)	0.1	3.2	-
Current income tax recovery (expense)	-	(0.1)	-	-	-	(0.2)	-	(0.2)
Net income from continuing operations	23.8	17.3	9.9	17.1	19.1	18.5	12.9	2.7
Net income from discontinued operations	-	-	-	-	-	9.1	-	-
Net income	23.8	17.3	9.9	17.1	19.1	27.6	12.9	2.7
Adjusted EBITDA margin	14.2%	13.2%	11.1%	10.3%	10.1%	11.9%	6.4%	7.6%
Earnings per share:								
Net income, basic	0.06	0.04	0.03	0.04	0.05	0.07	0.03	0.01
Net income, diluted	0.06	0.04	0.02	0.04	0.05	0.07	0.03	0.01

⁽¹⁾ Figures in this table may not equal or sum to figures presented elsewhere due to rounding.

⁽²⁾ Net Production is sorted log production, net of residuals and waste

⁽³⁾ The log revenue used to determine average price per cubic metre has been reduced by the associated shipping costs arranged in the respective periods to enable comparability of unit prices.

In a normal operating year there is seasonality to the Company's operations with higher lumber sales in the second and third quarters when construction activity, particularly in the US, has historically tended to be higher. Logging activity may also vary depending on weather conditions such as rain, snow and ice in the winter and the threat of forest fires in the summer.

Certain categories of transactions are presented separately above due to their unpredictable timing and to allow for greater comparability of our operating results between periods. The third quarter of 2015 included a \$2.9 million restructuring charge primarily related to the consolidation of the Company's Central Island timberlands operations. In the first quarter of 2015, the Company recognized \$9.1 million of net income from discontinued operations relating to its former Squamish pulp mill site that was sold on February 6, 2015. The fourth quarter of 2014 included an impairment reversal of \$2.9 million that had been taken on the Company's timber licenses (intangible assets). The third quarter of 2014 included an \$8.1 million restructuring provision related to the consolidation of its Nanaimo sawmill operations.