



Western Forest Products Inc.
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Western Forest Products Inc.

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

Period ended September 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 nine months ended September 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 nine months ended September 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 nine months ended September 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 November 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 September 30, | | Nine months ended September 30, | |
|---|-------------------------------------|----------|------------------------------------|----------|
| | 2016 | 2015 | 2016 | 2015 |
| <i>(millions of dollars except per share amount)</i> | | | | |
| Revenue | \$ 322.7 | \$ 278.5 | \$ 894.3 | \$ 816.3 |
| Adjusted EBITDA | 35.7 | 28.7 | 114.4 | 87.5 |
| Adjusted EBITDA margin | 11.1% | 10.3% | 12.8% | 10.7% |
| Operating income prior to restructuring items and other income | 26.2 | 21.4 | 86.2 | 62.5 |
| Net income from continuing operations | 16.8 | 17.1 | 57.9 | 54.7 |
| Net income for the period | 16.8 | 17.1 | 57.9 | 63.8 |
| Basic and diluted earnings per share (in dollars) | \$ 0.04 | \$ 0.04 | \$ 0.15 | \$ 0.14 |
| 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 third quarter adjusted EBITDA of \$35.7 million in 2016, a 24% improvement over the same quarter last year. A significant increase in lumber and export log sales volumes, combined with improved pricing and a strengthening commodity lumber market delivered a Company-record third quarter adjusted EBITDA.

Third quarter revenue was \$322.7 million, a 16% improvement from the same period of 2015. Growing demand and strong pricing for our products, in particular for commodity lumber, delivered Company-record third quarter revenue.

Lumber production was 248 million board feet, a 17% increase from the same period of 2015 supported in part by our 98% increase in log purchases. Sawmill operating performance improved as we began to realize the benefits of recent strategic capital investments. In addition, operating hours increased as a result of comparatively less operating downtime for capital project implementations.

Third quarter log production of 1.2 million cubic metres was consistent with the same period of 2015. Average log harvest costs were stable quarter-over-quarter, as a 33% reduction in higher-cost helicopter logging volume largely offset increased stumpage costs related to specialty log harvesting. The success of our First Nations joint ventures and limited partnerships contributed to doubling our sawlog purchase volumes, as compared to the same period last year, and supported strong mill log supply through the period.

Operating income prior to restructuring items and other income increased 22% to \$26.2 million in the third quarter of 2016, compared to \$21.4 million in the same period of 2015. Third quarter net income was \$16.8 million (\$0.04 per diluted share) in 2016 compared to \$17.1 million (\$0.04 per diluted share) in 2015. Improved operating income was partly offset by deferred income tax expense.

Strong operating cash flows in the third quarter of 2016 were used to repay the Company's revolving credit facility, fund strategic and maintenance capital, and return capital to shareholders. On September 16, 2016, we returned \$7.9 million, or \$0.02 per common share, to shareholders through our quarterly dividend program. Our liquidity position at September 30, 2016 improved to \$193.7 million, compared to \$177.9 million at the end of 2015. In the three months ended September 30, 2016, net debt was reduced by 38% to \$39.8 million.

Subsequent to quarter-end, on October 21, 2016, we received compensation of \$14.1 million, inclusive of \$0.1 million post-judgement interest, from the Province of British Columbia ("BC"). Compensation received represents the value at the time of the tenure extinguishment in April 2011. These funds were received in settlement for the partial tenure extinguishment from the Maa'nulth First Nations Final Agreement Act (the "Treaty"). The creation of Treaty Settlement Lands, and associated protected area tied to the Treaty resulted in the permanent harvesting rights reduction of 104,000 cubic metres in Tree Farm Licence 44. The settlement proceeds will be included in the Company's other income in the fourth quarter ending December 31, 2016, and were used to reduce our drawings on the revolving term loan facility upon receipt.

Operating Results

| (millions of dollars) | Three months ended | | Nine months ended | |
|------------------------|--------------------|--------------|-------------------|--------------|
| | September 30, | | September 30, | |
| | 2016 | 2015 | 2016 | 2015 |
| Revenue | | | | |
| Lumber | \$ 235.6 | \$ 203.8 | \$ 662.8 | \$ 575.6 |
| Logs | 70.0 | 57.3 | 180.5 | 189.5 |
| By-products | 17.1 | 17.4 | 51.0 | 51.2 |
| Total revenue | <u>322.7</u> | <u>278.5</u> | <u>894.3</u> | <u>816.3</u> |
| Adjusted EBITDA | 35.7 | 28.7 | 114.4 | 87.5 |
| Adjusted EBITDA margin | 11.1% | 10.3% | 12.8% | 10.7% |

Third quarter 2016

In the third quarter of 2016 we generated adjusted EBITDA of \$35.7 million, an increase of 24% from adjusted EBITDA of \$28.7 million in the same quarter last year. We achieved these results by increasing log and lumber shipments and improving the operating performance of our sawmills.

Third quarter lumber revenue increased 16% to \$235.6 million, as compared to the same quarter of 2015. Over that same period, we increased lumber shipments by 13% to 257 million board feet and achieved higher price realizations. Strong specialty and improved commodity lumber markets delivered a quarterly average realized lumber price of \$917 per thousand board feet. Higher overall shipment volumes were achieved through increases of 15%, 31% and 16% in Western Red Cedar ("WRC"), Niche and Commodity lumber sales, respectively, as compared to the same period last year.

Third quarter log revenue was \$70.0 million in 2016, a 22% increase from the same period in 2015. Market log demand drove a 7% increase in sawlog sales volumes and a 14% increase in average realized sawlog pricing. These factors more than offset lower average realized pulp log pricing, which remains depressed due to reduced coastal pulp demand.

By-product revenue was \$17.1 million in the third quarter of 2016, a 2% decrease as compared the same period in 2015. By-product revenue declined as the impact of higher sales volumes was more than offset by reduced pricing.

Third quarter lumber production was 248 million board feet, a 17% improvement over the same period of 2015. The benefits of recent strategic capital investments drove increased operating performance from the Company's seven primary sawmills and delivered our highest quarterly production volume since 2007, when the production mix from operating eight primary sawmills included a higher component of commodity lumber. In addition, overall operating hours increased as a result of comparatively less operating downtime for capital project implementations. A strong opening log inventory and successful sawlog purchase program contributed to increased specialty lumber production as well as an overall production increase from our primary sawmills and third party facilities.

Timberlands production volume in the third quarter was 1.2 million cubic metres, consistent with the third quarter of 2015. Harvest volume decreased from the second quarter of 2016 in line with the historical seasonal third quarter decline in production. The partial resolution to a contractor rate dispute in July 2016 in our TFL 44 located near Port Alberni provided minimal harvest volume to the third quarter. Average log harvest costs were flat as a 33% reduction in higher-cost helicopter logging volumes largely offset increased stumpage costs related to specialty log harvesting.

Third quarter freight costs were \$25.5 million in 2016, an increase of 11% compared to the same period of 2015. Increased freight costs were due to increased log and lumber shipments.

Selling and administration expense in the third quarter of 2016 increased to \$7.3 million from \$5.5 million in the same period of 2015. An increase in the value of the Company's common share price, period-over-period, and more outstanding share units resulted in a relative increase of \$0.8 million in mark-to-market and share-based compensation expenses. The comparative period included an expense recovery of \$0.4 million as a result of option forfeitures. Also reflected in the increased selling and administration expense are incremental information technology and other administrative expenses of \$0.4 million, incurred partly as a result of ongoing system and process improvement initiatives.

Net income for the third quarter of 2016 was \$16.8 million, consistent with the same period of 2015. An increase in operating income of 32% was partly offset by increased tax expense. Deferred income tax expense of \$6.1 million was incurred in the third quarter of 2016 as compared to a recovery of \$0.1 million in the same period of 2015. In past quarters, the recognition of additional deferred income tax assets largely offset the recognition of 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 third quarter of 2016, partially offset by improved plan asset performance, resulted in a net after-tax actuarial loss of \$0.6 million included in other comprehensive income.

Year to date, September 30, 2016

Adjusted EBITDA for the first nine months of 2016 was \$114.4 million, a 31% improvement over the same period in 2015. Adjusted EBITDA margin improved to 12.8% as compared to 10.7% in the same period in 2015. Improved log and lumber pricing, a 9% increase in lumber sales volumes and an improved domestic log sales mix were the primary drivers for an increased adjusted EBITDA. Our results have also benefitted from a Canadian dollar ("CAD") to US dollar ("USD") exchange rate that was on average 5% weaker as compared to the same period last year.

Lumber revenue grew by 15% to \$662.8 million in the first nine months of 2016 as compared to the same period last year. Maintaining our specialty sales mix as we grew sales volumes, realizing improved pricing for our specialty and commodity lumber products, and the benefits of a weaker CAD relative to USD have led to strong lumber revenue performance year-to-date.

Log revenue for the first three quarters of 2016 decreased by 5% to \$180.5 million, as significant increases in average realized pricing partially offset a 22% decline in external sales volumes as a result of lower harvest volumes. 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 three quarters of 2016 was 701 million board feet, up from 657 million board feet in 2015. Increased lumber production was supported by a 45% increase in sawlog purchases. Recent completed strategic capital investments have driven improved production from our Duke Point, Saltair, and Ladysmith sawmills year-to-date. Conversion costs have increased due to higher secondary processing volumes associated with increased specialty production.

Total timberlands production volume was 3.5 million cubic metres in the first three quarters of 2016, compared to 4.1 million cubic metres in the same period last year. Reduced production volume as compared to the same period last year is largely the result of a contractor rate dispute, for which a partial interim resolution was reached early in the third quarter of 2016. In addition, a more normal winter in our timberlands in the first quarter of 2016 partially delayed first half harvest. An increase in average log costs of 6% in the first three quarters of 2016 reflects comparatively less timberlands production volume, a greater proportion of higher-cost helicopter logging and a coastal stumpage rate increase which became effective March 1, 2016. We supplemented harvest by increasing sawlog purchases by 45% as compared to the first three quarters of 2015.

Selling and administration expenses in the first three quarters of 2016 increased to \$23.5 million from \$18.3 million in the same period of 2015. Movement in the Company's common share price as well as greater outstanding share unit balances resulted in a relative increase of \$1.6 million in mark-to-market and share-based compensation expenses over those periods. Included in the increased selling and administration expense are those expenses identified above and higher performance-based compensation as a result of improved financial performance. Incremental consulting expenses were incurred to facilitate information technology improvements, and address certain legal and professional service requirements.

Finance Costs

Third quarter finance costs were \$1.2 million in 2016, \$0.1 million lower than the same quarter of last year as a reduction in average outstanding debt was offset by increased utilization of the revolving credit facility in 2016. Average outstanding debt in the third quarter was reduced from \$72.8 million in 2015 to \$59.0 million in 2016.

Income Taxes

During the third quarter of 2016, the Company recognized current income tax of \$0.1 million and deferred income tax expense of \$6.1 million on net income arising from continuing operations. An offsetting deferred income tax recovery of \$0.2 million, related to actuarial losses on the Company's defined benefit plans, was recognized through other comprehensive income.

Financial Position and Liquidity

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|-------------------------------------|---------|------------------------------------|----------------------|
| | 2016 | 2015 | 2016 | 2015 |
| <i>(millions of dollars except where noted)</i> | | | | |
| Cash provided by operating activities, excluding non-cash working capital | \$ 33.2 | \$ 25.0 | \$ 105.9 | \$ 79.9 |
| Cash provided by operating activities | 42.2 | 38.4 | 80.0 | 67.2 |
| Cash used in investing activities | (9.2) | (17.2) | (40.5) | (42.9) |
| Cash used in financing activities | (21.8) | (11.2) | (30.3) | (32.1) |
| Cash used in capital logging roads | (4.1) | (4.1) | (9.8) | (10.3) |
| Cash used to acquire property, plant and equipment | (5.3) | (13.1) | (31.0) | (32.6) |
| | | | September 30, 2016 | December 31, 2015 |
| Total liquidity ⁽¹⁾ | | | \$ 193.7 | \$ 177.9 |
| Net debt ⁽²⁾ | | | 39.8 | 53.8 |
| Financial ratios: | | | | |
| Current assets to current liabilities | | | 2.48 | 2.30 |
| Net debt to capitalization ⁽³⁾ | | | 0.08 | 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, increased to \$33.2 million in the third quarter of 2016 as compared to \$25.0 million provided in the same period last year. The increase was primarily attributable to higher log and lumber shipments and increased average realized pricing.

Third quarter cash provided by operating activities was \$42.2 million in 2016, compared to \$38.4 million in the same quarter of 2015. Increased lumber production and higher lumber and log shipments reduced inventory working capital requirements over the period. Strong operating results supported by our second and third quarter log inventory strategy delivered a working capital reduction and an increase in cash provided by operating activities.

Investing activities used cash of \$9.2 million in the third quarter of 2016, compared to \$17.2 million in the same quarter of 2015. The decrease was primarily due to the completion of certain strategic capital projects that were ongoing in the comparative period. We invested \$1.6 million in strategic capital in the third quarter of 2016 as we focused on achieving planned benefits of recent investments, as compared to \$9.1 million in the same period of 2015. The strategic capital program is discussed in more detail in the "Strategy and Outlook" section.

In the third quarter of 2016, financing activities used cash of \$21.8 million compared to \$11.2 million used in the same quarter of 2015. Strong operating cash flows in the third quarter facilitated the repayment of our revolving credit facility that had been drawn in the second quarter to facilitate strategic capital initiatives and our log inventory strategy. We also returned \$7.9 million, or \$0.02 per common share, to shareholders on September 16, 2016 via a quarterly dividend payment.

At September 30, 2016, we had total liquidity of \$193.7 million, compared to \$177.9 million at the end of 2015. We believe that we have sufficient liquidity to meet our obligations in 2016.

Strategy and Outlook

In the third 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

The gradual improvement in United States (“US”) new home construction and strength of the repair and renovation segment continue to drive increased demand for our log and lumber products. Competing demand from China, particularly for our Commodity products, has contributed to stable pricing, while the Japanese market remains competitive.

Commodity lumber markets performed as expected in the third quarter of 2016 as Benchmark 2x4 KD Western SPF prices closed the quarter 19.7% higher than in the same period last year, and 3.5% higher than in the second quarter of 2016. We expect demand trends to continue which should support increased commodity consumption and pricing.

Demand and pricing for WRC and Niche lumber has historically declined in the fourth quarter as distributors reduce inventories ahead of the winter season. Consistent with the fourth quarter last year, we expect seasonally reduced demand for WRC and Niche lumber to be partially offset by continued strength in the repair and renovation market.

The Japanese lumber market remains competitive. We see additional opportunity over the medium term to capture a greater share of North American imports into that market as US producers continue to repatriate volumes to their domestic market.

We anticipate export and domestic sawlog markets will remain strong in the fourth quarter of 2016. Strong demand and limited availability will support the domestic sawlog market. Balanced inventory levels in the Asian log markets are expected to support modest export log price increases through the balance of 2016. 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 precluded trade action by the United States, expired October 11, 2016. Discussions regarding a replacement of the Softwood Lumber Agreement continue between Canadian and US government representatives. We are supportive of these efforts but uncertainty remains regarding a solution, creating market volatility. With no new agreement in place, there could be US government trade action against Canadian softwood lumber imports at any time. We intend to maintain our strong balance sheet and diversified product and geographic mix as we await the outcome of the trade discussions.

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 for global markets.

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 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 third quarter of 2016, we have implemented and capitalized \$88.1 million under that program. Strategic capital invested in the third quarter of 2016 was \$1.6 million.

In the third quarter of 2016, we completed the latest phase of the Duke Point sawmill modernization and we completed 80% of the data collection phase of the timberlands standing inventory mapping initiative. The Duke Point planer modernization is ongoing, early results of the timberlands LiDAR mapping initiative are being evaluated, and we continue to progress through our 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 unaudited condensed interim 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 16, *Leases*

Please refer to Note 3 of our unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2016 for further information on these standards.

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.

Internal Controls and Procedures

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

Outstanding Share Data

As of November 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 nine months ended September 30, 2016, 215,000 previously granted options were exercised, 1,330,918 options were granted, and 39,000 options were forfeited. As of November 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⁾

| | 2016 | | | 2015 | | | | 2014 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 3 rd | 2 nd | 1 st | 4 th | 3 rd | 2 nd | 1 st | 4 th |
| <i>(millions of dollars except per share amounts and where noted)</i> | | | | | | | | |
| Average Exchange Rate – USD to CAD | 1.305 | 1.288 | 1.372 | 1.335 | 1.309 | 1.229 | 1.241 | 1.136 |
| Revenue | | | | | | | | |
| Lumber | 235.6 | 221.0 | 206.2 | 194.4 | 203.8 | 200.0 | 171.8 | 166.8 |
| Logs | 70.0 | 64.2 | 46.3 | 53.6 | 57.3 | 71.0 | 61.2 | 51.2 |
| By-products | 17.1 | 16.6 | 17.3 | 17.6 | 17.4 | 18.2 | 15.6 | 14.6 |
| Total revenue | 322.7 | 301.8 | 269.8 | 265.6 | 278.5 | 289.2 | 248.6 | 232.6 |
| Lumber | | | | | | | | |
| Production – millions of board feet | 248 | 232 | 221 | 234 | 212 | 236 | 209 | 202 |
| Shipments – millions of board feet | 257 | 234 | 225 | 226 | 227 | 228 | 202 | 216 |
| Price – per thousand board feet | 917 | 944 | 916 | 862 | 899 | 879 | 849 | 772 |
| Logs | | | | | | | | |
| Net Production - thousands of cubic metres ⁽²⁾ | 1,153 | 1,321 | 1,027 | 1,081 | 1,180 | 1,402 | 1,472 | 1,281 |
| Saw log purchases – thousands of cubic metres | 415 | 497 | 268 | 299 | 209 | 327 | 280 | 279 |
| Shipments – thousands of cubic metres | 651 | 521 | 438 | 540 | 610 | 749 | 700 | 571 |
| Price – per cubic metre ⁽³⁾ | 100 | 112 | 100 | 95 | 89 | 90 | 83 | 90 |
| Selling and administration | 7.3 | 8.4 | 7.8 | 7.8 | 5.5 | 7.0 | 5.8 | 6.0 |
| Adjusted EBITDA | 35.7 | 43.0 | 35.7 | 29.6 | 28.7 | 29.2 | 29.6 | 14.8 |
| Amortization | (8.8) | (8.8) | (7.5) | (8.2) | (7.3) | (7.6) | (7.8) | (6.7) |
| Changes in fair value of biological assets | (0.7) | (0.4) | (1.9) | (0.9) | - | (0.6) | (1.7) | 0.5 |
| Reversal of impairment | - | - | - | - | - | - | - | 2.9 |
| Operating restructuring items | (0.6) | (0.8) | (0.7) | (0.7) | (2.9) | (0.4) | (0.3) | (1.2) |
| Finance costs | (1.2) | (1.1) | (1.1) | (1.1) | (1.3) | (1.3) | (1.3) | (1.2) |
| Other income (expenses) | (1.4) | (0.2) | (0.3) | (0.9) | (0.2) | (0.1) | 0.1 | 0.6 |
| Deferred income tax recovery (expense) | (6.1) | (7.8) | (6.8) | (7.9) | 0.1 | (0.1) | 0.1 | 3.2 |
| Current income tax recovery (expense) | (0.1) | - | (0.1) | - | - | - | (0.2) | - |
| Net income from continuing operations | 16.8 | 23.8 | 17.3 | 9.9 | 17.1 | 19.1 | 18.5 | 12.9 |
| Net income from discontinued operations | - | - | - | - | - | - | 9.1 | - |
| Net income | 16.8 | 23.8 | 17.3 | 9.9 | 17.1 | 19.1 | 27.6 | 12.9 |
| Adjusted EBITDA margin | 11.1% | 14.2% | 13.2% | 11.1% | 10.3% | 10.1% | 11.9% | 6.4% |
| Earnings per share: | | | | | | | | |
| Net income, basic | 0.04 | 0.06 | 0.04 | 0.03 | 0.04 | 0.05 | 0.07 | 0.03 |
| Net income, diluted | 0.04 | 0.06 | 0.04 | 0.02 | 0.04 | 0.05 | 0.07 | 0.03 |

⁽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).