



FOR IMMEDIATE RELEASE

TSX: WEF

Western Announces Fourth Quarter and Fiscal 2024 Results

February 13, 2025 – Vancouver, British Columbia – Western Forest Products Inc. (TSX: WEF) (“Western” or the “Company”) announced today improved fourth quarter and fiscal 2024 results compared to the same period last year.

Adjusted EBITDA was \$14.4 million in the fourth quarter of 2024, as compared to negative \$1.2 million in the fourth quarter of 2023, and negative EBITDA of \$10.7 million in the third quarter of 2024. Adjusted EBITDA was \$8.9 million for fiscal 2024, as compared to negative \$29.9 million in fiscal 2023.

Net loss was \$1.2 million in the fourth quarter of 2024, as compared to a net loss of \$14.3 million in the fourth quarter of 2023, and a net loss of \$19.6 million in the third quarter of 2024.

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

	Q4 2024	Q4 2023	Q3 2024	Annual 2024	Annual 2023
Revenue	\$ 273.2	\$ 246.6	\$ 241.7	\$ 1,063.9	\$ 1,017.5
Adjusted EBITDA ⁽¹⁾	14.4	(1.2)	(10.7)	8.9	(29.9)
Adjusted EBITDA margin ⁽¹⁾	5%	(0%)	(4%)	1%	(3%)
Operating loss prior to restructuring and other items	\$ (0.4)	\$ (14.4)	\$ (24.4)	\$ (46.4)	\$ (83.4)
Net loss	(1.2)	(14.3)	(19.6)	(34.5)	(70.1)
Loss per share, diluted	(0.00)	(0.04)	(0.06)	(0.10)	(0.22)
Net debt ⁽¹⁾ , end of period	77.6	82.4	86.4		
Liquidity ⁽¹⁾ , end of period	144.6	147.8	137.3		
Net debt to capitalization ⁽¹⁾	12%	13%	13%		

(1) Refer to Adjusted EBITDA, Adjusted EBITDA margin, Liquidity and Net debt to capitalization in the Non-GAAP Financial Measures section.

Fourth Quarter 2024 Financial and Operational Summary

- Lumber production of 135 million board feet (versus 125 million board feet in Q4 2023).
- Lumber shipments of 146 million board feet (versus 136 million board feet in Q4 2023).
- Cedar lumber shipments of 36 million board feet (versus 30 million board feet in Q4 2023).
- Specialty lumber mix of 52% (versus 60% in Q4 2023).
- Average lumber selling price of \$1,467 per mfbm (versus \$1,313 per mfbm in Q4 2023), primarily due to improvements in lumber markets, an increased mix of Cedar and Industrial lumber sales and stronger USD to CAD average exchange rate.
- Average BC log sales price of \$121 per m³ (versus \$112 per m³ in Q4 2023), on stronger sales mix.

Annual 2024 Financial and Operational Summary

- Lumber production of 558 million board feet (versus 561 million board feet in 2023).
- Lumber shipments of 588 million board feet (versus 588 million board feet in 2023).
- Cedar lumber shipments of 138 million board feet (versus 131 million board feet in 2023).
- Specialty lumber mix of 54% (versus 51% in 2023).

- Average lumber selling price of \$1,390 per mfbm (versus \$1,329 per mfbm in 2023), primarily due to improvements in lumber markets, a stronger specialty sales mix and stronger USD to CAD average exchange rate.
- Average BC log sales price of \$129 per m³ (versus \$122 per m³ in 2023), on stronger sales mix.

Accelerating the Transition to Higher Value Products

- The new Saltair continuous kiln continues to perform well and since commissioning in April 2024 has operated at 99.2% of full capacity utilization and produced 42 million board feet of higher value kiln-dried lumber.
- Continue to advance pre-engineering and permitting related to two previously announced continuous dry kilns. Due to certain permitting delays, the kilns are now expected to be completed and commissioned in early 2026.
- At Duke Point, we commissioned new automated grading equipment, which is assisted by artificial intelligence, in September 2024, that has led to increased product and value recovery. In early January 2025, we commissioned a new slabber head to support increased production and improvements in chip recovery.

Balance Sheet and Cash Flow

- Near-term priority remains maintaining a strong balance sheet and financial flexibility.
- Ended the year with liquidity of \$144.6 million and a net debt to capitalization ratio of 12%.
- 2025 capital expenditure spending is anticipated to be between \$60 and \$65 million, which includes approximately \$30 million of planned spending on the two previously announced continuous dry kilns.
- Cumulative duties of US Dollar ("USD") \$184 million (CAD\$264 million), or approximately \$0.61 per share on an after-tax basis, held in trust by the US Department of Treasury as at December 31, 2024.

Other Items

- Hourly employees represented by the United Steelworkers Local 1-1937 ratified a new six-year collective bargaining agreement in January 2025.
- Completed the sale of certain fee simple land, biological assets and infrastructure on northern Vancouver Island to a Canadian affiliate of the Eastwood Climate Smart Forestry Fund I LP for \$69.2 million on February 10, 2025.
- Entered into an asset purchase agreement for the sale of our Alberni Pacific Division for approximately \$7.3 million. The sale is subject to certain customary closing conditions and is anticipated to close in the first quarter of 2025.
- Plan to have shareholders vote on a proposed share consolidation as part of our 2025 Annual General Meeting.

Advancing Our Strategic Priorities

"Despite challenging markets, we were successful in returning our business to positive EBITDA in 2024," said Steven Hofer, President and CEO of Western Forest Products. "Over the last year, we also demonstrated success in executing on our strategic priorities to support repositioning our business and balance sheet, providing for a strong foundation to continue to build on in 2025."

Some notable highlights since the beginning of 2024 include:

- Continued focus on safety, with several operations achieving zero recordable incidences in 2024. As part of our commitment to safety, we are implementing a safety performance component to our annual incentive plan for all salaried employees in 2025.
- Rolled out new Company vision and values to enhance our culture and support a mindset aligned with our values of building a better world, being entrepreneurial and leading by example.
- Continued to focus on improving the stratification of our specialty log sorts, such as pole and peeler logs, to support incremental margin within our timberland and fibre supply operations. We also

increased our log inventory turnover year-over-year, despite permitting challenges and delays in certain tenures.

- Improved our operational uptime in our manufacturing operations and continued to focus on log and lumber recovery, while also reducing our lumber inventory year-over-year.
- Grew key strategic customer accounts, while developing value-added products and programs targeted with the end-user in mind within our sales and marketing group. We continued to focus on the customer experience, including improving on time shipping performance and reducing customer claims. Supporting our customer initiatives was wholesale lumber shipment growth of 58% year over year.
- Completed and commissioned the first continuous dry kiln on the BC Coast at our Saltair sawmill in April 2024 to support advancing our transition to higher value products. We also commissioned new automated grading equipment and a new slabber head at our Duke Point facility to support increased product and value recovery and production. In 2025, in addition to our previously announced two new continuous kilns, we are exploring the opportunity in thermally modified hemlock.
- Negotiated a new, six-year collective agreement that covers hourly employees represented by United Steelworkers Local 1- 1937, which is one of the longest-term agreements in the history of the BC Coastal forest sector. The agreement was ratified in January 2025.
- Completed the sale of a 34% interest in our newly formed La-kwa sa muqw Forestry Limited Partnership to four Vancouver Island First Nations (Tlowitsis, We Wai Kai, Wei Wai Kum, and K'ómoks First Nations) for gross proceeds of \$35.9 million in March 2024.
- Advanced joint and collaborative planning of forestry activities with First Nations, building upon Western's well-established forestry practices and in support of greater long-term clarity for the stewardship and management of the land base. This included submitting BC's first draft Forest Landscape Plan in TFL 37 to the BC government in collaboration with the 'Namgis First Nation.
- Repositioned our balance sheet through the sale of non-core assets, including our private timberlands on northern Vancouver Island for \$69.2 million and the pending sale of our Alberni Pacific Division assets. In July 2024, we also extended the maturity of our \$250 million credit facility to July 2026.
- Focused on working capital reductions throughout the business, which included increasing our overall inventory turnover year-over-year, as well as continuing to find opportunities to reduce costs and overhead in the Company through margin improvement programs and reducing controllable spending.

Incremental US Tariff

On February 1, 2025, US President Donald Trump signed an executive order imposing a tariff of 25% (the "incremental US tariff") on imported goods from Canada to the US with an originally planned implementation date of February 4, 2025. On February 3, 2025, the implementation date was delayed to March 4, 2025. The incremental US tariff is in addition to the existing combined US Softwood Lumber countervailing duty ("CV") and anti-dumping duty ("AD") rates of 14.40% which the Company is currently subject to.

"The planned incremental US tariff is both punitive and unjustified," said Steven Hofer. "While they unfairly target and harm Canadian exporters like us, they will also hurt American consumers, particularly US home buyers and builders during a housing crisis, through higher lumber prices."

We have informed customers of our intention to pass on the incremental US tariff. The potential implementation and duration of the incremental US tariff is unknown and could have a material impact on our operating earnings and cash flows. We are also working with all levels of governments across Canada to advocate for programs and policies that will best enable the forestry sector to serve global markets and manage through these uncertain times.

Market Outlook

Demand and pricing for our North American Cedar product lines are expected to improve in the first quarter of 2025, with most of our business already booked with major distributors. The overall North American cedar market is expected to experience shortages in most products in the second quarter of 2025 which is expected to lead to further price increases.

In Japan, consumption is expected to remain moderate as housing starts and overall construction activities are low. Pricing continues to remain more challenged due to a weaker Japanese yen to USD exchange rate.

Demand for our Industrial lumber products have been strong and is expected to continue to gain momentum in the first quarter of 2025, with decreased supply across all species. For commodity lumber, North American demand and pricing in the first quarter of 2025 is anticipated to benefit from industry-wide curtailments experienced late in 2024. In China, despite a continued slowdown in housing and real estate, softwood lumber markets are performing above expectations. Inventories are low and prices have risen as a result. Going forward, volatility is expected as the incremental US tariff threat may impact exports to the US and result in lower demand for lumber.

Management Discussion & Analysis ("MD&A")

Readers are encouraged to read our 2024 Annual MD&A and audited annual consolidated financial statements and accompanying notes which are available on our website at www.westernforest.com and "SEDAR+" at www.sedarplus.ca.

Risks and Uncertainties

Risk and uncertainty disclosures are included in our 2024 Annual MD&A, as well as in our public filings with securities regulatory authorities. See also the discussion of "Forward-Looking Statements" below.

Non-GAAP Financial Measures

Reference is made in this press release to the following non-GAAP measures: Adjusted EBITDA, Adjusted EBITDA margin, Net debt to capitalization, and total Liquidity 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:

(millions of Canadian dollars except where otherwise noted)

	Q4 2024	Q4 2023	Q3 2024	Annual 2024	Annual 2023
Adjusted EBITDA					
Net loss	\$ (1.2)	\$ (14.3)	\$ (19.6)	\$ (34.5)	\$ (70.1)
Add:					
Amortization	14.2	13.3	13.6	54.6	53.7
Changes in fair value of biological assets	0.6	-	0.1	0.6	(0.2)
Operating restructuring items	2.1	0.9	1.9	5.5	7.5
Other (income) expense	(4.8)	2.5	0.7	(6.5)	1.2
Finance costs	1.8	1.8	1.2	6.7	3.0
Income tax expense (recovery)	1.7	(5.3)	(8.6)	(17.6)	(25.0)
Adjusted EBITDA	\$ 14.4	\$ (1.2)	\$ (10.7)	\$ 8.9	\$ (29.9)
Adjusted EBITDA margin					
Total revenue	\$ 273.2	\$ 246.6	\$ 241.7	\$ 1,063.9	\$ 1,017.5
Adjusted EBITDA	14.4	(1.2)	(10.7)	8.9	(29.9)
Adjusted EBITDA margin	5%	(0%)	(4%)	1%	(3%)
Net debt to capitalization					
	Dec. 31 2024	Dec. 31 2023	Sep. 30 2024		
Net debt					
Total debt	\$ 85.5	\$ 83.8	\$ 90.0		
Bank indebtedness	-	0.9	1.4		
Cash and cash equivalents	(7.9)	(2.3)	(5.0)		
	\$ 77.6	\$ 82.4	\$ 86.4		
Capitalization					
Net debt	\$ 77.6	\$ 82.4	\$ 86.4		
Total equity attributable to equity shareholders of the Company	558.2	565.0	555.4		
	\$ 635.8	\$ 647.4	\$ 641.8		
Net debt to capitalization	12%	13%	13%		
Total liquidity					
Cash and cash equivalents	\$ 7.9	\$ 2.3	\$ 5.0		
Available credit facility ⁽¹⁾	250.0	250.0	250.0		
Bank indebtedness	-	(0.9)	(1.4)		
Credit facility drawings	(86.0)	(84.0)	(90.5)		
Outstanding letters of credit	(27.3)	(19.6)	(25.8)		
	\$ 144.6	\$ 147.8	\$ 137.3		

Figures in the table above may not equal or sum to figures presented in the table and elsewhere due to rounding.

⁽¹⁾ Maximum borrowing amount, with advances in excess of \$215 million subject to a leverage metric.

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”, “commit”, “project”, “estimate”, “expect”, “anticipate”, “plan”, “forecast”, “intend”, “believe”, “seek”, “could”, “should”, “may”, “likely”, “continue”, “maintain”, “pursue”. “potential” 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; the capacity of the Company’s facilities and assets including its continuous dry kilns; the completion of the Company’s capital projects and the expected timing thereof; the completion of the sale of the APD facility and the Company’s balance sheet and financial flexibility. 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 including inflation, international demand for forest products, the Company’s ability to export its products, cost and availability of shipping carrier capacity, competition and selling prices, international trade disputes and sanctions, changes in foreign currency exchange rates, labour disputes and disruptions, natural disasters, the impact of climate change, relations with First Nations groups, First Nations’ claims and settlements, 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, changes in the price of key materials for our products, changes in opportunities, information systems security and other factors referenced under the “Risks and Uncertainties” section of our MD&A in our 2024 Annual Report dated February 13, 2025. 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 (expense) plus amortization of plant, 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 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.

Conference Call

Friday, February 14, 2025 at 9:00 a.m. PST (12:00 p.m. EST)

To participate in the teleconference please dial 416-340-2217 or 1-800-952-5114 (passcode: 7077288#). This call will be taped, available one hour after the teleconference, and on replay until March 14, 2025 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: 8349826#).

About Western Forest Products Inc.

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 of 780 million board feet from six sawmills, as well as operates four remanufacturing facilities and two glulam manufacturing 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.

For further information, please contact:

Glen Nontell
Chief Financial Officer
(604) 648-4500