West Fraser Timber Co. Ltd. (WFG)

Updated November 26th, 2025, by Yiannis Zourmpanos

Key Metrics

Current Price:	$61	**5 Year Annual Expected Total Return:**	16.8%	**Market Cap:**	$4.76 B
Fair Value Price:	$108	**5 Year Growth Estimate:**	3.0%	**Ex-Dividend Date:**	12/29/25[1]
% Fair Value:	57%	**5 Year Valuation Multiple Estimate:**	12.1%	**Dividend Payment Date:**	01/14/26[2]
Dividend Yield:	2.1%	**5 Year Price Target**	$125	**Years Of Dividend Growth:**	5
Dividend Risk Score:	C	**Sector:**	Materials	**Rating:**	Hold

Overview & Current Events

West Fraser Timber Co. Ltd. (WFG) is a diverse manufacturer of wood products with over 60 locations in Canada, the United States, the United Kingdom, and Europe. The company produces pulp, newspaper, wood chips, various residuals, lumber, engineered wood products (OSB, LVL, MDF, plywood, and particleboard), and renewable energy. WFG's products are used in industrial applications, papers, tissue, packaging materials, house building, maintenance, and renovation. The company's business is comprised of 34 lumber mills, 15 OSB facilities, six renewable energy facilities, five pulp and paper mills, three plywood facilities, three MDF facilities, two particleboard facilities, one LVL facility, one treated wood facility, and one veneer facility. WFG's business segments comprise of Lumber Segment, North America Engineered Wood Products, Pulp & Paper Segment, and Europe Engineered Wood Products Segment, with the primary business segments being Lumber Segment and North American Engineered Wood Products segment constituting 46.7% and 40.6% of annual revenues.

On October 22nd, 2025, West Fraser Timber announced Q3 2025 results, reporting GAAP EPS of $2.63, which missed the market's estimates by $1.37, and revenues of $1.31 billion, which were down 9.0% year-over-year.

West Fraser Timber didn't sugarcoat the challenges weighing on its latest quarter, reporting a Q3 loss of $204 million as softer demand and rising trade pressures continued to erode profitability. Revenue slipped to $1.307 billion from $1.532 billion in the prior quarter, while adjusted EBITDA fell to a negative $144 million. The lumber segment remained the biggest drag, posting a $123 million adjusted EBITDA loss that included $67 million in export duty expenses tied to the finalization of AR6. Other divisions didn't fare much better, with North American engineered wood and pulp and paper also landing in the red. Even so, the company bought back more than 553,000 shares for $40 million, signaling confidence in its long-term value despite near-term turbulence.

Leadership pointed to persistent supply-demand imbalances, elevated mortgage rates, and newly imposed Section 232 tariffs as the main culprits behind the downturn. Still, West Fraser stressed it's preserving liquidity, sitting on $546 million in cash and short-term investments and continuing disciplined capital allocation, including dividends and targeted capex. While market uncertainty may linger into early 2026, management maintains that stabilizing inflation, interest rate cuts and long-term housing fundamentals should eventually support demand for wood-based building products.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$0.90	$3.02	$6.10	$7.80	-$2.34	$9.50	$27.03	$20.86	-$2.01	-$0.07	***-$0.92***	***$12.50***
DPS	$0.20	$0.21	$0.26	$0.45	$0.61	$0.63	$0.76	$1.15	$1.20	$1.26	***$1.28***	***$1.63***
Shares[3]	82.5	78.2	78.0	69.8	68.7	68.7	105.9	94.1	83.2	81.1	***87.5***	***83.2***

The company anticipates continued strong performance in its North American Engineered Wood Products segment while managing lower lumber shipments due to market conditions, maintaining a focus on modernizing mills, and

[1] Estimated ex-dividend date.
[2] Estimated dividend payment date.
[3] In millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

optimizing assets to enhance long-term growth and resilience. WFG is a highly cyclical stock, and even though the company might be in the mid-term cycle, its earnings can bounce back to their previous levels from 2024 onwards. For estimating WFG's fair value for the next five years, we used the earnings power method since it is more representative of the company's value due to non-recurring events that negatively affected the company's earnings. Therefore, our earnings power estimate for 2025 stands at $10.79, but we anticipate slower growth through 2030. Lastly, we expect that the DPS will have a CAGR of 5.0% through 2030. This is below the company's 10- and five-year CAGR of 22.7% and 15.2%, respectively.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	51.5	11.1	8.2	8.1	-19.3	4.4	2.8	4.0	-38.3	-1226.7	***5.7***	***10.0***
Avg. Yld.	0.4%	0.6%	0.5%	0.7%	1.4%	1.5%	1.0%	1.4%	1.6%	1.5%	***2.1%***	***1.3%***

WFG is a cyclical business, so earnings are sensitive to macro-environment changes, which are expected to worsen for the company going forward. The current valuation is lower, although it reflects the earnings power potential of the company. For 2030, we have used a P/E ratio of 10.0, which we believe would be a fair reflection of the company's business, resulting in a five-year target price of $125.

Safety, Quality, Competitive Advantage, & Recession Resiliency

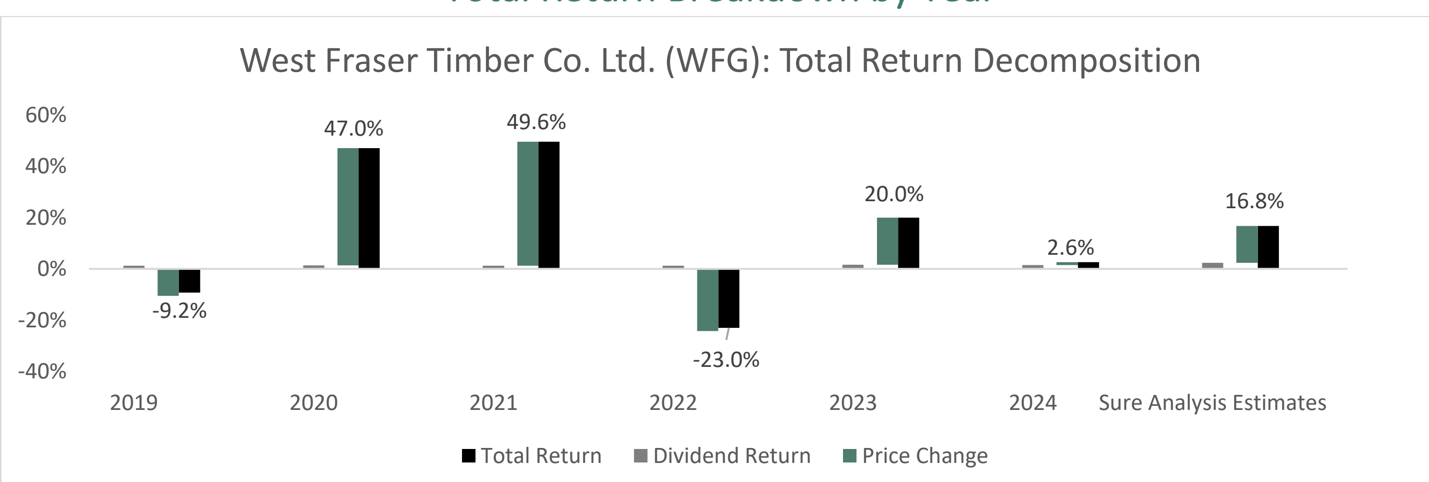
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	22%	7%	4%	6%	-26%	7%	3%	6%	-60%	-1800%	***12%***	***13%***

WFG maintains a strong balance sheet and liquidity profile, enabling the company to execute a balanced capital allocation strategy. During Q1 2025, West Fraser maintained a solid liquidity position with $390 million in cash and short-term investments, reflecting the seasonal log inventory build after ending Q4 2024 with $641 million following the repayment of its $300 million senior notes. The company invested $104 million in capital expenditures during Q1 2025, reinforcing its commitment to modernizing operations and positioning itself for long-term resilience. In Q3, West Fraser continued returning capital to investors, repurchasing 553,467 shares during the quarter for a total outlay of $40 million.

Final Thoughts & Recommendation

We rate shares of West Fraser as a hold, premised upon the 16.8% annualized total returns for the medium-term, derived from our EPS growth estimates of 3.0%, the dividend yield of 2.1%, and a valuation tailwind. We note that the stock is best suited for investors with a higher tolerance for risk.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2022	2023	2024
Revenue	3,311	4,083	4,492	3,734	4,373	10,518	9,701	9,701	6,454	6,174
Gross Profit	1,100	1,598	1,836	938	1,814	5,873	4,559	4,559	1,769	1,841
Gross Margin	33.2%	39.2%	40.9%	25.1%	41.5%	55.8%	47.0%	47.0%	27.4%	29.8%
SG&A Exp.	595	701	712	712	723	1,198	1,333	1,333	1,226	1,111
D&A Exp.	147	167	189	198	203	584	589	589	540	550
Operating Profit	359	692	787	(96)	831	3,945	2,619	2,619	(6)	109
Op. Margin	10.8%	16.9%	17.5%	-2.6%	19.0%	37.5%	27	27	0.0%	1.8%
Net Profit	243	474	595	(115)	588	2,947	1,975	1,975	(167)	(5)
Net Margin	7.3%	11.6%	13.2%	-3.1%	13.4%	28.0%	20.4%	20.4%	(2.6%)	0%
Free Cash Flow	310	450	396	(226)	788	2,917	1,730	1,730	48	174
Income Tax	88	199	192	(53)	202	951	618	618	(61)	43

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	2,619	2,678	3,592	3,518	3,594	4,178	10,433	9,973	9,415	8,760
Cash & Equivalents					10	434	847	1,162	900	641
Acc. Receivable	182	182	235	197	159	244	441	286	250	239
Inventories	455	432	533	581	561	578	1,061	1,032	851	844
Goodwill & Int.	677	686	1,005	940	974	963	2,808	2,709	2,684	2,539
Total Liabilities	1,072	1,011	1,424	1,391	1,689	1,700	2,777	2,354	2,192	1,806
Accounts Payable	136	157	194	191	160	198	411	359	417	401
Long-Term Debt	433	307	506	553	795	507	499	499	499	200
Total Equity	1,547	1,667	2,168	2,126	1,905	2,478	7,656	7,619	7,223	6,954
LTD/E Ratio	0.28	0.18	0.23	0.26	0.42	0.20	0.07	0.07	0.07	0.03

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	2.7%	9.2%	15.1%	16.7%	-3.2%	15.1%	40.3%	19.4%	(1.7%)	(0.06%)
Return on Equity	4.5%	15.1%	24.7%	27.7%	-5.7%	26.8%	58.2%	25.9%	(2.3%)	(0.07%)
ROIC	3.6%	12.3%	20.4%	22.2%	-4.3%	20.7%	52.9%	24.3%	(2.1%)	(0.07%)
Shares Out.	82.5	78.2	78.0	69.8	68.7	68.7	105.9	94.2	83.2	81.1
Revenue/Share	35.01	40.83	51.71	59.81	53.97	63.50	96.00	103.01	77.57	76.11
FCF/Share	0.69	3.82	5.70	5.27	(3.26)	11.44	26.62	18.37	0.58	2.15

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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