West Fraser Timber Co. Ltd. (WFG)

Updated February 14th, 2026, by Yiannis Zourmpanos

Key Metrics

Current Price:	$74	**5 Year Annual Expected Total Return:**	6.6%	**Market Cap:**	$5.75 B
Fair Value Price:	$81	**5 Year Growth Estimate:**	3.0%	**Ex-Dividend Date:**	03/13/26
% Fair Value:	91%	**5 Year Valuation Multiple Estimate:**	1.9%	**Dividend Payment Date:**	04/02/26
Dividend Yield:	1.7%	**5 Year Price Target**	$94	**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 February 12th, 2025, West Fraser Timber announced Q4 2025 results, reporting GAAP EPS of -$9.63, which missed the market's estimates by $7.19, and revenues of $1.17 billion, which were down 17.0% year-over-year.

West Fraser Timber reported fourth quarter 2025 sales of $1.165 billion and a loss of $751 million. Results included $712 million in restructuring and impairment charges, reflecting decisive portfolio actions in a tough operating climate. Adjusted EBITDA was -$79 million. By segment, Lumber generated adjusted EBITDA of -$57 million excluding $473 million of charges, NA Engineered Wood Products posted -$24 million excluding $239 million of charges, Pulp & Paper was near break-even at -$1 million, and Europe Engineered Wood Products delivered $4 million.

For the full year, sales were $5.462 billion with a net loss of $937 million. Adjusted EBITDA totaled $56 million, representing 1% of sales. Lumber posted -$100 million of Adjusted EBITDA, including $67 million in export duty expense tied to AR6, while NA EWP contributed $153 million and Europe EWP added $5 million. The Company repurchased 1.64 million shares for $124 million in 2025 and paid $101 million in dividends. Despite softer demand, elevated duties and tariffs, and housing affordability pressures, West Fraser advanced key capital projects, strengthened operational flexibility, and reiterated its balanced capital allocation strategy aimed at long-term resilience and shareholder value.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$3.02	$6.10	$7.80	($2.34)	$9.50	$27.03	$20.86	($2.01)	($0.07)	($12.08)	***($1.11)***	***$9.44***
DPS	$0.21	$0.26	$0.45	$0.61	$0.63	$0.76	$1.15	$1.20	$1.26	$1.28	***$1.28***	***$1.63***
Shares[1]	78.2	78.0	69.8	68.7	68.7	105.9	94.1	83.2	81.1	79.2	***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 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

[1] In millions.

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earnings power estimate for 2026 stands at $8.14, but we anticipate slower growth through 2031. Lastly, we expect that the DPS will have a CAGR of 5.0% through 2031. This is below the company's 10- and five-year CAGR of 22.2% and 11.0%, respectively.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	11.1	8.2	8.1	-19.3	4.4	2.8	4.0	-38.3	-1226.7	-1226.7	***9.1***	***10.0***
Avg. Yld.	0.6%	0.5%	0.7%	1.4%	1.5%	1.0%	1.4%	1.6%	1.5%	1.5%	***1.7%***	***1.7%***

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 2031, 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 $94.

Safety, Quality, Competitive Advantage, & Recession Resiliency

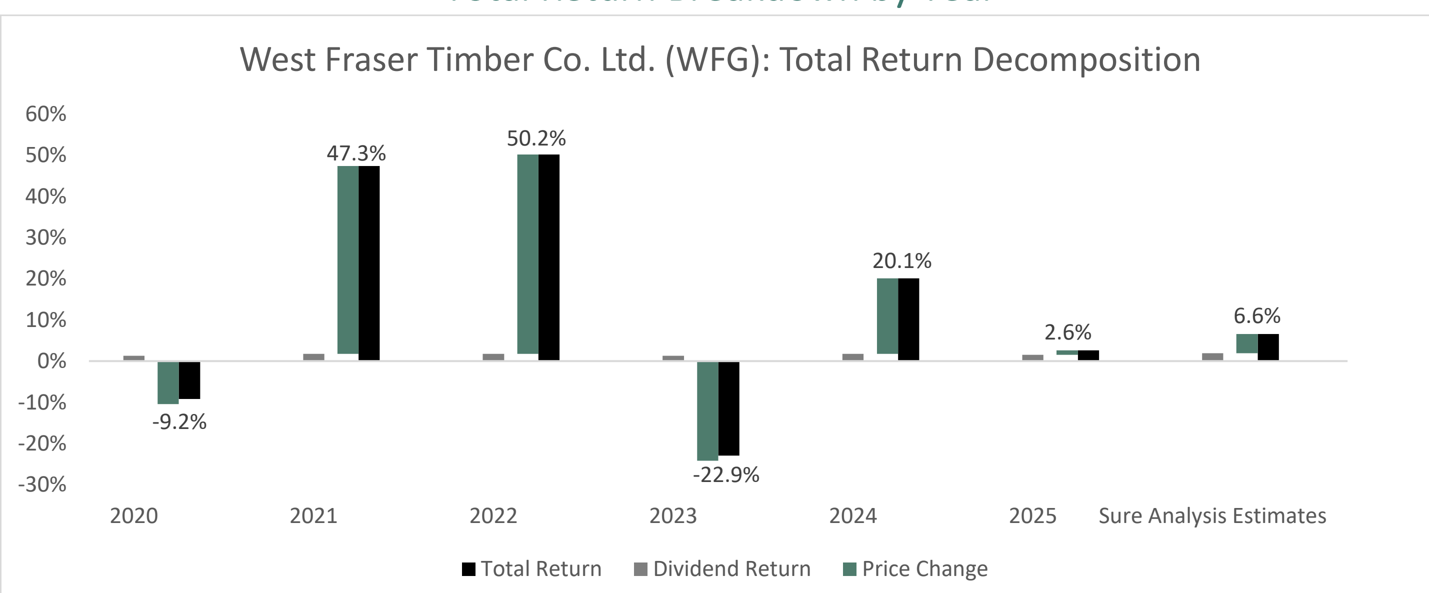
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	7%	4%	6%	-26%	7%	3%	6%	-60%	-1800%	-11%	***16%***	***17%***

WFG maintains a strong balance sheet and liquidity profile, enabling the company to execute a balanced capital allocation strategy. During Q4 2025, West Fraser maintained a liquidity position of $202 million in cash and short-term investments, compared to $641 million at the end of 2024 following the repayment of its $300 million senior notes earlier in the year. 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 Q4, the Company repurchased 108,079 shares for $7 million, underscoring its ongoing commitment to disciplined capital allocation and enhancing long-term shareholder value.

Final Thoughts & Recommendation

We rate shares of West Fraser as a hold, premised upon the 6.6% annualized total returns for the medium-term, derived from our EPS growth estimates of 3.0%, the dividend yield of 1.7% 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.