West Fraser Timber Co. Ltd. (WFG)

Updated July 28th, 2026, by Yiannis Zourmpanos

Key Metrics

Current Price:	$68	**5 Year Annual Expected Total Return:**	8.5%	**Market Cap:**	$7.32 B
Fair Value Price:	$82	**5 Year Growth Estimate:**	3.0%	**Ex-Dividend Date:**	09/25/26[1]
% Fair Value:	83%	**5 Year Valuation Multiple Estimate:**	3.8%	**Dividend Payment Date:**	10/14/26[2]
Dividend Yield:	1.9%	**5 Year Price Target**	$95	**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 April 29th, 2026, West Fraser Timber announced its first-quarter 2026 results, reporting GAAP EPS of -$2.40, which missed market estimates by $1.95, and revenue of $1.33 billion, which were up approximately 14.5% quarter-over-quarter.

The company posted a net loss of $188 million, while adjusted EBITDA was negative $66 million, reflecting a $114 million charge related to prior-period duty adjustments within the lumber segment. Excluding this non-cash charge, management noted that all core operating segments—Lumber, North America Engineered Wood Products (EWP) and Europe EWP—generated positive adjusted EBITDA during the quarter. The North America EWP and Europe EWP businesses contributed adjusted EBITDA of $11 million and $10 million, respectively.

Management highlighted continued operational resilience despite challenging market conditions. The Blue Ridge lumber mill returned to normal operating rates following a January fire, with no recordable injuries, while the wind-down of the High Level, Alberta OSB mill has been completed as part of efforts to better align production with demand. Looking ahead, West Fraser cautioned that elevated mortgage rates and ongoing housing affordability challenges could weigh on wood products demand through the remainder of 2026. The company ended the quarter with $81 million in cash and short-term investments after investing $94 million in capital projects and drawing $203 million under its revolving credit facility, while maintaining its quarterly dividend and refraining from share repurchases.

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)	***-$3.47***	***$9.50***
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[3]	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

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[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.

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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 2026 stands at $8.19, 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	***8.3***	***10.0***
Avg. Yld.	0.6%	0.5%	0.7%	1.4%	1.5%	1.0%	1.4%	1.6%	1.5%	1.5%	***1.9%***	***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 $95.

Safety, Quality, Competitive Advantage, & Recession Resiliency

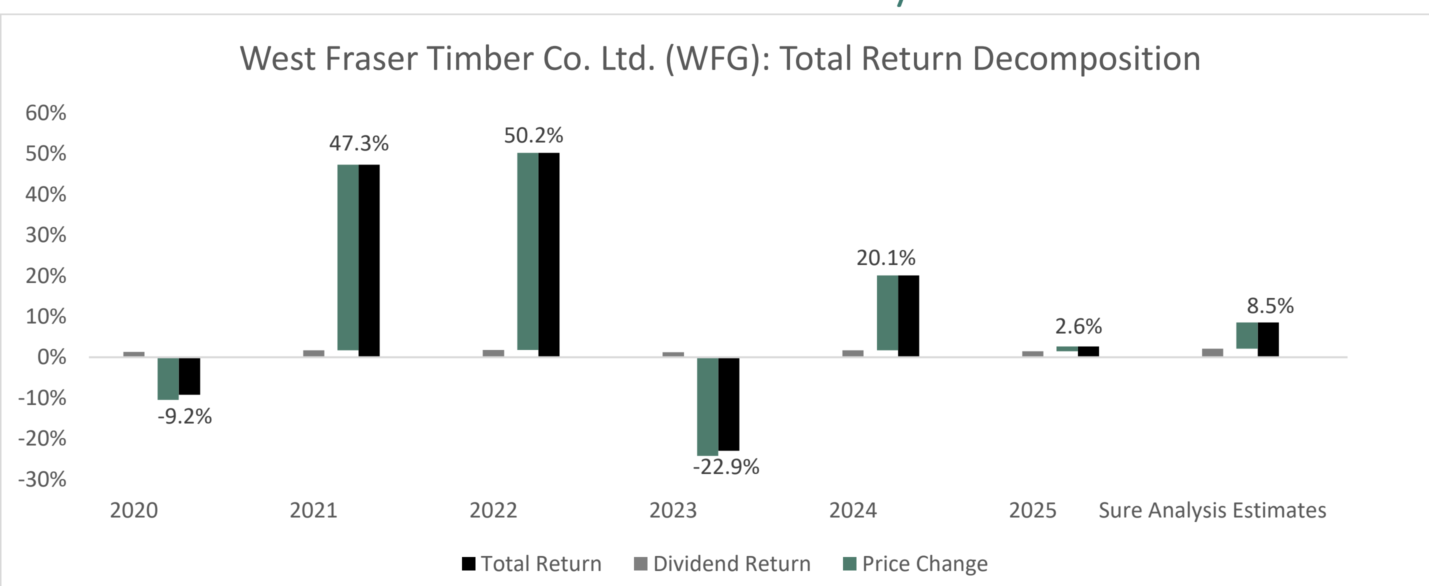
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	7%	4%	6%	-26%	7%	3%	6%	-60%	-1800%	-11%	***16%***	***17%***

WFG maintains a strong balance sheet and liquidity profile, enabling the company to execute a balanced capital allocation strategy. To support liquidity, West Fraser also drew $203 million under its revolving credit facility, while maintaining its quarterly dividend and refraining from share repurchases.

Final Thoughts & Recommendation

We rate shares of West Fraser as a hold, premised upon the 8.5% annualized total returns for the medium-term, derived from our EPS growth estimates of 3.0%, the dividend yield of 1.9% 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	2017	2018	2019	2020	2021	2022	2022	2023	2024	2025
Revenue	4,083	4,492	3,734	4,373	10,518	9,701	9,701	6,454	6,174	5,462
Gross Profit	1,598	1,836	938	1,814	5,873	4,559	4,559	1,769	1,841	(32)
Gross Margin	39.2%	40.9%	25.1%	41.5%	55.8%	47.0%	47.0%	27.4%	29.8%	(0.6%)
SG&A Exp.	701	712	712	723	1,198	1,333	1,333	1,226	1,111	266
D&A Exp.	167	189	198	203	584	589	589	540	550	544
Operating Profit	692	787	(96)	831	3,945	2,619	2,619	(6)	109	(475)
Op. Margin	16.9%	17.5%	-2.6%	19.0%	37.5%	27	27	0.0%	1.8%	(8.6%)
Net Profit	474	595	(115)	588	2,947	1,975	1,975	(167)	(5)	(937)
Net Margin	11.6%	13.2%	-3.1%	13.4%	28.0%	20.4%	20.4%	(2.6%)	0%	(17.2%)
Free Cash Flow	450	396	(226)	788	2,917	1,730	1,730	48	174	(312)
Income Tax	199	192	(53)	202	951	618	618	(61)	43	(234)

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	2,678	3,592	3,518	3,594	4,178	10,433	9,973	9,415	8,760	7,620
Cash & Equivalents				10	434	847	1,162	900	641	202
Acc. Receivable	182	235	197	159	244	441	286	250	239	186
Inventories	432	533	581	561	578	1,061	1,032	851	844	828
Goodwill & Int.	686	1,005	940	974	963	2,808	2,709	2,684	2,539	2,061
Total Liabilities	1,011	1,424	1,391	1,689	1,700	2,777	2,354	2,192	1,806	1,770
Accounts Payable	157	194	191	160	198	411	359	417	401	398
Long-Term Debt	307	506	553	795	507	499	499	499	200	333
Total Equity	1,667	2,168	2,126	1,905	2,478	7,656	7,619	7,223	6,954	5,849
LTD/E Ratio	0.18	0.23	0.26	0.42	0.20	0.07	0.07	0.07	0.03	0.06

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	9.2%	15.1%	16.7%	-3.2%	15.1%	40.3%	19.4%	(1.7%)	(0.06%)	(11.4%)
Return on Equity	15.1%	24.7%	27.7%	-5.7%	26.8%	58.2%	25.9%	(2.3%)	(0.07%)	(14.6%)
ROIC	12.3%	20.4%	22.2%	-4.3%	20.7%	52.9%	24.3%	(2.1%)	(0.07%)	(14.0%)
Shares Out.	78.2	78.0	69.8	68.7	68.7	105.9	94.2	83.2	81.1	79
Revenue/Share	40.83	51.71	59.81	53.97	63.50	96.00	103.01	77.57	76.11	69.16
FCF/Share	3.82	5.70	5.27	(3.26)	11.44	26.62	18.37	0.58	2.15	(3.95)

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