



News Release

Investors, analysts and other interested parties can access Acadian Timber Corp.'s 2019 Fourth Quarter Results conference call via webcast on Thursday, February 13, 2020 at 1:00PM ET at www.acadiantimber.com or via teleconference at 1-866-795-3013 toll free in North America (Canada and the USA), or for overseas calls, please dial 1-409-937-8907 (Conference ID 3079535) at approximately 12:50PM ET. For those unable to participate, a taped rebroadcast will be available until midnight ET, March 14, 2020. To access this rebroadcast, please dial 1-855-859-2056 or 1-404-537-3406 (Conference ID 3079535).

ACADIAN TIMBER CORP. REPORTS YEAR-END RESULTS

All figures in Canadian dollars unless otherwise noted

Vancouver, BRITISH COLUMBIA – February 12, 2020 – Acadian Timber Corp. (“Acadian” or the “Company”) (TSX:ADN) today reported financial and operating results¹ for the year ended December 31, 2019.

“Acadian delivered another year of solid operating and financial performance. Weighted average prices and harvesting costs remained stable year-over-year and operating results benefited from lower year-end harvested log inventories and decreased administrative costs,” commented Erika Reilly, Interim Chief Executive Officer of Acadian.

The Company's Adjusted EBITDA¹ totaled \$23.6 million in 2019, compared to \$22.1 million during 2018, and the Adjusted EBITDA¹ margin climbed to 24% from 22% in 2018. Key factors contributing to the year-over-year improvement in Adjusted EBITDA¹ include lower management and performance fees due to the termination of the management agreement with Brookfield Timberlands Management LP announced in the third quarter of this year and the benefit of reduced year-end inventory levels compared to the prior year as the inventory management program with one of Acadian's customers that was in place during the fourth quarter of 2018 was not in place this year.

Acadian declared dividends to its shareholders of \$1.16 per share during the year, representing a Payout Ratio¹ of 103% which is above our long-term target, but in line with expectations given the 3% increase in our quarterly dividend per share announced in February 2019. We anticipate that over the long term we will revert to a Payout Ratio consistent with our target level.

¹ This news release makes reference to Adjusted EBITDA, Adjusted EBITDA margin, Free Cash Flow and Payout Ratio which are key performance measures in evaluating Acadian's operations and are important in enhancing investors' understanding of Acadian's operating performance. Adjusted EBITDA and Adjusted EBITDA margin are used to evaluate operational performance. Free Cash Flow is used to evaluate Acadian's ability to generate sustainable cash flows from its operations while the Payout Ratio is used to evaluate Acadian's ability to fund its distribution using Free Cash Flow. Acadian's management defines Adjusted EBITDA as earnings before interest, taxes, fair value adjustments, recovery of or impairment of land and roads, realized gain/loss on sale of other fixed assets, unrealized exchange gain/loss on debt, depreciation, amortization and the management agreement termination fee and Adjusted EBITDA margin as Adjusted EBITDA as a percentage of its total revenue. Free Cash Flow is defined as Adjusted EBITDA less interest paid, current income tax expense, and capital expenditures plus net proceeds from the sale of fixed assets (selling price less gains or losses included in Adjusted EBITDA). Payout Ratio is defined as dividends declared divided by Free Cash Flow. As these performance measures do not have standardized meanings prescribed by International Financial Reporting Standards (“IFRS”), they may not be comparable to similar measures presented by other companies. As a result, we have provided in this news release reconciliations of net income, as determined in accordance with IFRS, to Adjusted EBITDA and Free Cash Flow.

During the fourth quarter, Acadian signed a term sheet with MetLife Investment Management, LLC to refinance its credit facilities under essentially the same terms as the existing facilities, but with slightly more favourable interest rates and with maturity dates ranging from 5 to 10 years from the date of closing. Acadian expects to complete this refinancing during the first quarter of 2020.

Review of Operations

Financial and Operating Highlights

	Three Months Ended		Year Ended	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
<i>(CAD thousands, except per share information)</i>				
Sales volume (000s m ³)	339.4	323.7	1,251.1	1,307.0
Sales	\$ 25,835	\$ 24,167	\$ 100,048	\$ 99,848
Net income	16,228	16,441	17,325	26,264
Adjusted EBITDA	6,586	4,631	23,604	22,142
Adjusted EBITDA margin	25%	19%	24%	22%
Free Cash Flow	5,296	3,525	18,722	17,771
Dividends declared	4,839	4,715	19,358	18,769
Payout Ratio	91%	134%	103%	106%
Per share – basic and diluted				
Net income	\$ 0.97	\$ 0.98	\$ 1.04	\$ 1.57
Free Cash Flow	0.32	0.20	1.12	1.06
Dividends declared	0.29	0.2825	1.16	1.1225

Acadian generated sales of \$100.0 million in 2019, almost unchanged from \$99.8 million in the prior year. The Company benefited from a 3% increase in sales volume, excluding biomass, due to improved demand for softwood pulpwood, but this was partially offset by lower biomass sales and a modest decrease in timber services activity. Acadian's weighted average selling price, excluding biomass, was almost unchanged year-over-year with softwood sawlog and pulpwood price improvements of 2% and 13%, respectively, offset by a greater proportion of relatively lower valued softwood pulpwood in the mix of products sold.

Operating costs of \$77.8 million in 2019 were down 1% from \$78.8 million in the prior year due to lower harvest volumes and administrative costs.

Acadian generated Adjusted EBITDA of \$23.6 million during 2019, compared to \$22.1 million in the prior year, while the Adjusted EBITDA margin for 2019 increased to 24% from 22% in 2018.

The net income for the year ended December 31, 2019 totaled \$17.3 million, or \$1.04 per share, compared to net income of \$26.3 million, or \$1.57 per share, in 2018. The variance from the prior year is primarily due to fees related to the termination of the management agreement with Brookfield Timberlands Management LP that was announced in the third quarter of this year which, after income tax, reduced net income by \$12.8 million or \$0.77 per share. This was partially offset by an operating earnings improvement of \$1.2 million for the reasons discussed above and lower income tax expense of \$2.8 million, after adjusting for the effect of the termination fee. The effect of an unrealized foreign exchange gain on the revaluation of U.S. dollar-denominated long-term debt of \$4.7 million, compared to an unrealized loss in the prior year of \$7.5 million, was almost entirely offset by a smaller fair value revaluation of timber assets compared to the prior year.

Segment Performance

New Brunswick Timberlands

The table below summarizes operating and financial results for New Brunswick Timberlands.

	Three Months Ended December 31, 2019				Three Months Ended December 31, 2018			
	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000s)	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000s)
Softwood	104.3	108.5	43%	\$ 6,207	110.7	94.2	37%	\$ 5,242
Hardwood	109.3	97.1	39%	7,325	103.1	102.4	41%	7,881
Biomass	44.6	44.6	18%	1,352	56.4	56.4	22%	1,743
	258.2	250.2	100%	14,884	270.2	253.0	100%	14,866
Timber services and other sales				3,921				3,741
Sales				\$ 18,805				\$ 18,607
Adjusted EBITDA				\$ 5,211				\$ 4,057
Adjusted EBITDA margin				28%				22%

	Year Ended December 31, 2019				Year Ended December 31, 2018			
	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000s)	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000s)
Softwood	395.7	411.8	44%	\$ 24,024	416.0	403.3	41%	\$ 22,474
Hardwood	373.6	371.1	40%	28,174	369.3	364.1	37%	27,977
Biomass	143.6	143.6	16%	4,906	218.7	218.7	22%	6,545
	912.9	926.5	100%	57,104	1,004.0	986.1	100%	56,996
Timber services and other sales				17,068				17,768
Sales				\$ 74,172				\$ 74,764
Adjusted EBITDA				\$ 18,599				\$ 16,569
Adjusted EBITDA margin				25%				22%

Year ended December 31, 2019:

Sales for New Brunswick Timberlands totaled \$74.2 million compared to \$74.8 million in 2018. The sales volume, excluding biomass, increased 2% over the prior year primarily due to lower inventory levels at the end of 2019 and improved demand for softwood pulpwood. The biomass sales volume fell 34% as a customer who utilized biomass to generate electricity ceased operations during the year and a portion of the harvesting during the year was changed to a system that is more cost-effective but generates less biomass material. The weighted average selling price, excluding biomass, was 1% higher than in the prior year as prices improved for softwood sawlogs and pulpwood, but the product mix was more heavily weighted to softwood pulpwood. Revenues from timber services and other sales fell 4% due to lower operating activity than in the prior year.

Operating costs for the year were \$56.2 million, compared to \$58.5 million during 2018, due to lower harvest volumes. Variable harvest costs per m³, excluding biomass, were unchanged year-over-year.

Adjusted EBITDA for the year ended December 31, 2019 was \$18.6 million, compared to \$16.6 million during 2018, and the Adjusted EBITDA margin for the year increased to 25% from 22% in the prior year, reflecting the benefit of lower management and performance fees due to the termination of the management agreement and reduced year-end inventory levels compared to the prior year as the inventory management program with one of the operation's customers that was in place during the fourth quarter of 2018 was not in place this year.

For the year ended December 31, 2019, New Brunswick Timberlands experienced no recordable safety incidents among employees and three among contractors.

Maine Timberlands

The table below summarizes operating and financial results for Maine Timberlands.

	Three Months Ended December 31, 2019				Three Months Ended December 31, 2018			
	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000s)	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000s)
Softwood	71.1	71.0	80%	\$ 5,325	46.4	46.0	65%	\$ 3,571
Hardwood	17.9	18.2	20%	1,532	19.9	22.3	32%	1,831
Biomass	—	—	—%	—	2.4	2.4	3%	4
	89.0	89.2	100%	6,857	68.7	70.7	100%	5,406
Other sales				173				154
Sales				\$ 7,030				\$ 5,560
Adjusted EBITDA				\$ 2,119				\$ 892
Adjusted EBITDA margin				30%				16%

	Year Ended December 31, 2019				Year Ended December 31, 2018			
	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000s)	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000s)
Softwood	234.2	234.3	72%	\$ 17,796	213.4	213.1	66%	\$ 17,274
Hardwood	86.6	86.5	27%	7,426	88.0	89.4	28%	7,100
Biomass	3.8	3.8	1%	12	18.4	18.4	6%	29
	324.6	324.6	100%	25,234	319.8	320.9	100%	24,403
Other sales				642				681
Sales				\$ 25,876				\$ 25,084
Adjusted EBITDA				\$ 6,713				\$ 6,839
Adjusted EBITDA margin				26%				27%

Year ended December 31, 2019:

Sales for the year ended December 31, 2019 totaled \$25.9 million for Maine Timberlands, compared to \$25.1 million during the prior year. The sales volume, excluding biomass, increased 6% year-over-year reflecting improved demand for softwood pulpwood, however this heavier weighting to pulpwood contributed to the weighted average selling price, excluding biomass, falling 2%.

The weighted average selling price, excluding biomass, in U.S. dollar terms, decreased 5% year-over-year as the benefit of improved prices for softwood and hardwood pulpwood was more than offset by a decrease in softwood sawlog prices due to pricing pressure resulting from weakness in lumber prices in North America and a greater percentage of softwood pulpwood in the mix of products sold.

Operating costs for the year were \$19.9 million compared to \$19.0 million during 2018 reflecting the increase in softwood harvest volumes. As well, variable harvest costs per m³, excluding biomass, increased 2% compared with the prior year due to modest increases in harvesting and hauling contractor rates.

Adjusted EBITDA for the year ended December 31, 2019 was \$6.7 million, almost unchanged from \$6.8 million during the prior year, with the benefit of increased sales volumes offset by lower per m³ margins. Adjusted EBITDA margin slipped to 26% from 27% in the prior year period.

For the year ended December 31, 2019, Maine Timberlands experienced no recordable safety incidents among employees and contractors.

Market Outlook

The following contains forward-looking information about Acadian Timber Corp.'s market outlook for the remainder of 2020. Reference should be made to the section entitled "Cautionary Statement Regarding Forward-Looking Information and Statements" section of this news release. For a description of material factors that could cause actual results to differ materially from the forward-looking statements in the following, please see the Risk Factors section of our management's discussion and analysis of Acadian's most recent Annual Report and Annual Information Form available on our website at www.acadiantimber.com or filed with SEDAR at www.sedar.com.

The outlook for Acadian's key products, softwood sawlogs and hardwood pulpwood, is for demand and pricing to remain stable in the near term.

The softwood lumber market, the end use market for our softwood sawlogs, is expected to benefit from slightly stronger U.S. housing starts in 2020, while the U.S. repair and remodeling sector is expected to hold flat at its 2019 level, according to Fastmarkets RISI. The consensus forecast is for 1.31 million U.S. housing starts in 2020 compared to 1.29 million total starts in 2019, with growth driven by the single-family sector. A low supply of existing homes, low mortgage rates and a strong labour market support the improved outlook for U.S. home building. However, supply side factors, including increased wood supply from Central Europe and reduced North American exports to China, as well as builders' focus on smaller, more affordable homes (which contain less wood), may mute some of the benefits of this more positive U.S. housing outlook.

Demand and pricing for our hardwood pulpwood is expected to remain stable, with our largest hardwood pulpwood customers operating at full capacity. We expect hardwood pulpwood supply coming from other major landowners in the region to decrease as they reduce their harvest levels, which should tighten the regional market for this product over time.

The outlook for Acadian's other products is mixed.

Acadian's hardwood sawlog sales in the U.S. are coming under pressure as an indirect result of Chinese duties on U.S. exports. However, hardwood sawlog sales to Acadian's Canadian customers remain stable as they are focused on species such as hard maple and yellow birch and on industrial lumber products, including railway ties, pallets, and flooring, that have not been as impacted by the U.S.-China trade war.

Demand for softwood pulpwood from our New Brunswick timberlands remains steady, however markets for softwood pulpwood in Maine have recently weakened with high regional softwood pulpwood inventories due to the slower than anticipated startup of a pulp mill in the region. Once this mill reaches full operating capacity, demand for this product is expected to improve.

Finally, while the biomass markets in Maine remain weak without any significant changes in sight, the New Brunswick biomass market continues to be supported by steady demand at attractive prices. We have been successful in developing relationships with new customers to replace volume to customers that have reduced or closed their operations, which is improving the outlook for 2020.

Management Team Changes

Acadian announced today that Mr. Adam Sheparsi has been appointed Chief Financial Officer of Acadian effective February 13, 2020. Mr. Sheparsi is a Chartered Professional Accountant who most recently worked with one of Canada's largest grocery retailers. Adam brings a wealth of experience in public company reporting, treasury, and taxation and has participated in several large M&A transactions during his career.

Brian Banfill, who was appointed Interim Chief Financial Officer in September 2019, will remain with the company for an interim period to ensure a smooth transition of his responsibilities. "Acadian would like to thank Brian for his efforts as the company transitions to an internally managed organization," said Ms. Reilly.

Acadian also announced today that after nearly 35 years of loyal service, Mr. Luc Ouellet, Senior Vice President of Operations, has retired. Normand Haché, Senior Vice President of Marketing and Operations, who has over 35 years of experience in the timberland sector and more than 14 years with Acadian, will assume Mr. Ouellet's responsibilities. "We thank Luc for his valuable contributions to Acadian since its inception," commented Ms. Reilly. "Mr. Hache and Acadian's senior management team have a wealth of experience and are well positioned to lead Acadian's continued success."

Quarterly Dividend

Acadian is pleased to announce a dividend of \$0.29 per share, payable on April 15, 2020 to shareholders of record on March 31, 2020.

* * * * *

Acadian Timber Corp. is a leading supplier of primary forest products in Eastern Canada and the Northeastern U.S. With a total of approximately 2.4 million acres of land under management, Acadian is one of the largest timberland operators in New Brunswick and Maine.

Acadian owns and manages approximately 1.1 million acres of freehold timberlands in New Brunswick and Maine, and provides timber services relating to approximately 1.3 million acres of Crown licensed timberlands in New Brunswick. Acadian's products include softwood and hardwood sawlogs, pulpwood and biomass by-products, sold to approximately 85 regional customers.

Acadian's business strategy is to maximize cash flows from its existing timberland assets while growing its business by acquiring assets on a value basis and utilizing its operations-oriented approach to drive improved performance.

Acadian's shares are listed for trading on the Toronto Stock Exchange under the symbol ADN.

For further information, please visit our website at www.acadiantimber.com or contact:
Brian Banfill
Interim Chief Financial Officer
Tel: 604-669-3141
Email: ir@acadiantimber.com

* * * * *

Cautionary Statement Regarding Forward-Looking Information and Statements

This News Release contains forward-looking information and statements within the meaning of applicable Canadian securities laws that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Acadian Timber Corp. and its subsidiaries (collectively, "Acadian"), or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this News Release, such forward-looking statements may contain such words as "may," "will," "intend," "should," "suggest," "expect," "believe," "outlook," "forecast," "predict," "remain," "anticipate," "estimate," "potential," "continue," "plan," "could," "might," "project," "targeting" or the negative of these terms or other similar terminology. Forward-looking information in this News Release includes, without limitation, statements made in the section entitled "Market Outlook" and other statements regarding management's beliefs, intentions, results, performance, goals, achievements, future events, plans and objectives, business strategy, growth strategy and prospects, access to capital, liquidity and trading volumes, dividends, taxes, capital expenditures, projected costs, market trends and similar statements concerning anticipated future events, results, achievements, circumstances, performance or expectations that are not historical facts. These statements, which reflect management's current expectations regarding future events and operating performance, are based on information currently available to management and speak only as of the date of this News Release. All forward-looking statements in this News Release are qualified by these cautionary statements. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, should not be unduly relied upon, and will not necessarily be accurate indications of whether or not such results will be achieved. Factors that could cause actual results to differ materially from the results discussed in the forward-looking statements include, but are not limited to: general economic and market conditions; changes in U.S. housing starts; product demand; concentration of customers; commodity pricing; interest rate and foreign currency fluctuations; seasonality; weather and natural conditions; regulatory, trade or environmental policy changes; changes in Canadian or U.S. income tax law; economic situation of key customers; Acadian's ability to source and secure potential investment opportunities; the availability of potential acquisitions that suit Acadian's growth profile; and other risks and factors discussed under the heading "Risk Factors" in each of the Annual Information Form dated March 28, 2019 and the Management Information Circular dated March 28, 2019, and other filings of Acadian made with securities regulatory authorities, which are available on SEDAR at www.sedar.com. Forward-looking information is based on various material factors or assumptions, which are based on information currently available to Acadian. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information may include, but are not limited to: forecasts in the housing market; anticipated financial performance; anticipated market conditions; business prospects; the economic situation of key customers; strategies; regulatory developments; exchange rates; the sufficiency of budgeted capital expenditures in carrying out planned activities; the availability and cost of labour and services; and the ability to obtain financing on acceptable terms. Readers are cautioned that the preceding list of material factors or assumptions is not exhaustive. Although the forward-looking statements contained in this News Release are based upon what management believes are reasonable assumptions, Acadian cannot assure readers that actual results will be consistent with these forward-looking statements. The forward-looking statements in this News Release are made as of the date of this News Release, and should not be relied upon as representing Acadian's views as of any date subsequent to the date of this News Release. Acadian assumes no obligation to update or revise these forward-looking statements to reflect new information, events, circumstances or otherwise, except as may be required by applicable law.

Acadian Timber Corp.
Consolidated Statements of Net Income
(unaudited)

	Three Months Ended		Year Ended	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
<i>(CAD thousands, except per share data)</i>				
Sales	\$ 25,835	\$ 24,167	\$ 100,048	\$ 99,848
Operating costs and expenses				
Cost of sales	17,360	16,802	67,260	68,164
Selling, administration and other	2,079	2,629	9,491	9,741
Reforestation	29	142	778	595
Depreciation and amortization	71	73	286	303
	19,539	19,646	77,815	78,803
Operating earnings	6,296	4,521	22,233	21,045
Interest expense, net	(1,141)	(1,004)	(4,130)	(3,901)
Other items				
Fair value adjustments and other	14,494	26,206	15,903	28,294
Unrealized exchange gain / (loss) on long-term debt	1,826	(5,118)	4,733	(7,489)
Management agreement termination fee	—	—	(18,000)	—
Gain on sale of timberlands	192	56	1,056	906
Gain / (loss) on disposal of other fixed assets	27	(19)	29	(112)
Earnings before income taxes	21,694	24,642	21,824	38,743
Current income tax expense	(446)	(490)	(111)	(2,334)
Deferred income tax expense	(5,020)	(7,711)	(4,388)	(10,145)
Net income	\$ 16,228	\$ 16,441	\$ 17,325	\$ 26,264
Net income per share – basic and diluted	\$ 0.97	\$ 0.98	\$ 1.04	\$ 1.57

Acadian Timber Corp.
Consolidated Statements of Comprehensive Income
(unaudited)

	Three Months Ended		Year Ended	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
<i>(CAD thousands)</i>				
Net income	\$ 16,228	\$ 16,441	\$ 17,325	\$ 26,264
Other comprehensive (loss) / income				
Items that may be reclassified subsequently to net income				
Deferred income tax (expense) / recovery	(2,191)	1,459	(2,184)	1,459
Gain / (loss) on revaluation of land and roads	7,614	(5,064)	7,591	(5,064)
Unrealized foreign currency translation (loss) / gain	(2,601)	7,781	(7,048)	11,007
Comprehensive income	\$ 19,050	\$ 20,617	\$ 15,684	\$ 33,666

Acadian Timber Corp.
Consolidated Balance Sheets
(unaudited)

<i>As at</i> <i>(CAD thousands)</i>	December 31, 2019	December 31, 2018
Assets		
Current assets		
Cash	\$ 7,601	\$ 22,320
Accounts receivable and other assets	11,602	7,230
Current taxes receivable	2,245	—
Inventory	1,545	2,756
	22,993	32,306
Timber	377,992	367,901
Land, roads and other fixed assets	91,584	86,103
Intangible asset	6,140	6,140
Total assets	\$ 498,709	\$ 492,450
Liabilities and shareholders' equity		
Current liabilities		
Short-term debt	\$ 7,793	\$ —
Accounts payable and accrued liabilities	9,190	7,963
Current taxes payable	—	647
Dividends payable to shareholders	4,839	4,714
Current portion of long-term debt	93,084	—
	114,906	13,324
Long-term debt	—	96,595
Deferred income tax liabilities	97,102	92,119
Shareholders' equity	286,701	290,412
Total liabilities and shareholders' equity	\$ 498,709	\$ 492,450

Acadian Timber Corp.
Consolidated Statements of Cash Flows
(unaudited)

	Three Months Ended		Year Ended	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
<i>(CAD thousands)</i>				
Cash provided by / (used for):				
Operating activities				
Net income	\$ 16,228	\$ 16,441	\$ 17,325	\$ 26,264
Adjustments to net income:				
Deferred income tax expense	5,020	7,711	4,388	10,145
Depreciation and amortization	71	73	286	303
Fair value adjustments and other	(14,494)	(26,206)	(15,903)	(28,294)
Unrealized exchange (gain) / loss on long term debt	(1,826)	5,118	(4,733)	7,489
Gain on sale of timberlands	(192)	(56)	(1,056)	(906)
(Gain) / loss on disposal of other fixed assets	(27)	19	(29)	112
Accretion of gain from refinancing long-term debt	274	273	1,135	1,046
Net change in non-cash working capital balances and other	(3,439)	2,604	(5,553)	44
	1,615	5,977	(4,140)	16,203
Financing activities				
(Repayment of) / proceeds from operating loans	(2,137)	—	7,793	—
Deferred financing costs	(175)	—	(175)	—
Dividends paid to shareholders	(4,839)	(4,728)	(19,233)	(18,656)
Common shares repurchased under NCIB	—	(636)	(37)	(636)
	(7,151)	(5,364)	(11,652)	(19,292)
Investing activities				
Additions to timber, land, roads and other fixed assets	—	(34)	(86)	(224)
Proceeds from sale of timberlands	210	117	1,130	1,083
Proceeds from sale of other fixed assets	27	25	29	599
	237	108	1,073	1,458
(Decrease) / increase in cash during the period	(5,299)	721	(14,719)	(1,631)
Cash, beginning of period	12,900	21,599	22,320	23,951
Cash, end of period	\$ 7,601	\$ 22,320	\$ 7,601	\$ 22,320

Reconciliations to Adjusted EBITDA and Free Cash Flow

<i>(CAD thousands)</i>	Three Months Ended		Year Ended	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
Net income	\$ 16,228	\$ 16,441	\$ 17,325	\$ 26,264
Add / (deduct):				
Interest expense, net	1,141	1,004	4,130	3,901
Current income tax expense	446	490	111	2,334
Deferred income tax expense	5,020	7,711	4,388	10,145
Depreciation and amortization	71	73	286	303
Fair value adjustments and other	(14,494)	(26,206)	(15,903)	(28,294)
Management agreement termination fee	—	—	18,000	—
Unrealized exchange (gain) / loss on long-term debt	(1,826)	5,118	(4,733)	7,489
Adjusted EBITDA	\$ 6,586	\$ 4,631	\$ 23,604	\$ 22,142
Add / (deduct):				
Interest paid on debt, net	(785)	(687)	(2,834)	(2,701)
Additions to timber, land, roads and other fixed assets	—	(34)	(86)	(224)
Gain on sale of timberlands	(192)	(56)	(1,056)	(906)
(Gain) / loss on disposal of other fixed assets	(27)	19	(29)	112
Proceeds on sale of timberlands	210	117	1,130	1,083
Proceeds on sale of other fixed assets	27	25	29	599
Current income tax expense	(446)	(490)	(111)	(2,334)
Current tax effect of termination fee	(77)	—	(1,925)	—
Free Cash Flow	\$ 5,296	\$ 3,525	\$ 18,722	\$ 17,771
Dividends declared	\$ 4,839	\$ 4,715	\$ 19,358	\$ 18,769
Payout ratio	91%	134%	103%	106%