

# ACADIAN TIMBER CORP.

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ANNUAL MEETING OF SHAREHOLDERS



ACADIANTIMBER



May 8, 2018



**Phil Brown\***



**Reid Carter**



**Malcolm Cecil-Cockwell\***



**Bruce Robertson\***



**Saul Shulman\***



**Ben Vaughan**

\* Independent Directors





Please note that during the course of our presentation and in responding to questions about our financial and operating performance, we may make forward-looking statements. These statements are subject to known and unknown risks and future results may differ materially. For further information on our risk factors, I encourage you to review Acadian's Annual Report and Annual Information Form which are posted on our website.



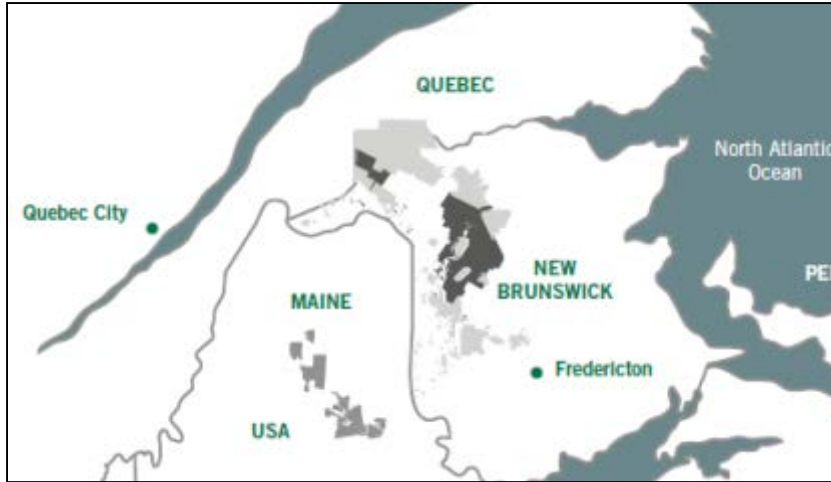


- Acadian Today
- Performance in 2017
- Outlook for 2018
- Q&A





## Acadian Overview



Forest Areas	Acres	Hectares
■ Maine Timberlands	300,000	121,000
■ New Brunswick Timberlands	761,000	308,000
■ NB Crown Lands Under Management	1,326,000	537,000
<b>Area Under Management</b>	<b>2,387,000</b>	<b>966,000</b>

- Leading supplier of primary forest products in Eastern Canada and Northeastern U.S.
  - Own 1.1 million acres of private timberlands
- Acadian’s business:
  - Forest Management
  - Harvesting
  - Sales and Marketing
- Timberlands under active management for over 100 years
  - Infrastructure in place
- Majority of cash flows distributed to shareholders
- SFI certified®





## 2017 Performance



- Continued solid safety performance; Maine Timberlands employees extended record of accident-free years to seventeen
- Successful maintenance of Sustainable Forestry Initiative<sup>®</sup> (SFI)
- Strong investment performance since inception with annualized 12-year total return of ~13%
- Disciplined focus on maximizing shareholder value







- Sales product mix relatively unchanged year-over-year with a slight shift to higher paper sales and lower pulp sales
- Softwood sawlogs and hardwood pulpwood markets remained steady and accounted for 42% and 39% of net sales, respectively
- Hardwood sawlogs contributed 12% to net sales, with softwood pulpwood and biomass representing 7%, combined

## ACADIAN'S PRODUCT MIX BY END USE\*



**SOLID WOOD**  
53%

- Softwood Dimension Lumber 39%
- Softwood Specialty Products 3%
- Hardwood Lumber 9%
- Hardwood Specialty Products 2%

**PAPER**  
26%

- Tissue 22%
- Groundwood 4%

**PULP**  
9%

**ENGINEERED WOOD PRODUCTS**  
7%

**FUEL**  
5%

\*Percentage of log sales by value for the year ended December 31, 2017





*(millions)*

Year Ended December 31

**2017**

2016

Net Sales

**\$ 77.8**

\$ 77.2

Adjusted EBITDA

**\$ 23.3**

\$ 22.5

Adjusted EBITDA Margin

**30%**

29%





	Year Ended December 31	
	2017	2016
Free Cash Flow per Share	<b>\$ 1.16</b>	\$ 1.16
Dividends Declared per Share	<b>\$ 1.10</b>	\$ 1.00
Payout Ratio	<b>94%</b>	86%





- Year-over-year financial performance reflects:
  - Favourable winter harvest conditions and strong softwood sawtimber demand resulting in log harvest volumes up 17%
  - Weighted average log prices in-line with prior year period
  - Stronger export markets for biomass products in New Brunswick
  - Less higher and better land sales in Maine

<i>(millions)</i>	Three Months Ended	
	<b>March 31, 2018</b>	<b>March 25, 2017</b>
Net Sales	<b>\$ 32.9</b>	\$ 28.0
Adjusted EBITDA	<b>\$ 8.9</b>	\$ 8.0
Free Cash Flow per Share	<b>\$ 0.43</b>	\$ 0.44
Payout Ratio	<b>63%</b>	62%





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## 2018 Outlook



- Underlying fundamental driver of pent-up household formation remains highly compelling. Economic forecasters continue to call for steady growth in housing starts, with year-over-year improvements averaging over 7% in 2018
- Industry forecasters predict North American sawtimber demand will grow at over 4% per year over the next few years to support expanding domestic construction needs
- Anticipate strong support in end use markets for softwood sawtimber pricing through 2019, but uncertainty exists surrounding unresolved softwood lumber dispute
- Hardwood sawtimber markets are expected to remain at healthy current levels throughout the remainder of the year
- HW PW markets remain historically strong, but high consumer inventories are expected to impact log pricing through mid-year
- Export markets for NB biomass products are expected to continue to improve through the second half of the year





- Primary Goal: Maximize value for shareholders
  - Optimize harvest mix in accordance with market opportunities
  - Focus on reducing costs through more integrated operations
  - Actively work to improve timber margins
  - Seek value oriented diversification and growth opportunities
  - Steadily improve free cash flow from operations and continue to provide attractive and sustainable distributions to shareholders





# Q&A





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