



## News Release

Investors, analysts and other interested parties can access Acadian Timber Corp.'s 2019 First Quarter Results via conference call or webcast on Thursday May 9, 2019 at 9:00AM ET, please dial 1-866-795-3013 toll free in North America (Canada and the USA), or for overseas calls, please dial 1-409-937-8907 at approximately 8:50AM ET. For those unable to participate, a taped rebroadcast will be available until midnight June 8, 2019. To access this rebroadcast, please dial 1-800-585-8367 or 1-416-621-4642 Conference ID #7074107.

### ACADIAN TIMBER CORP. REPORTS FIRST QUARTER RESULTS

*All figures in Canadian dollars unless otherwise noted*

**Vancouver, BRITISH COLUMBIA – May 8, 2019** – Acadian Timber Corp. (“Acadian” or the “Company”) (TSX:ADN) today reported financial and operating results<sup>1</sup> for the three months ended March 30, 2019 (the “first quarter”).

“Operating rates for Acadian’s primary sawmill and pulp and paper customers remained strong through the first quarter of the year” said Mark Bishop, Chief Executive Officer of Acadian. Mr. Bishop further noted that “while our operations during the quarter were negatively impacted by unseasonably cold weather which interrupted harvesting and transportation activities, log demand remains firm and we anticipate meeting our target harvest and sales volumes for the full year.”

Acadian generated Adjusted EBITDA<sup>1</sup> of \$8.9 million for the first quarter, in-line with the prior year period. Acadian continues to benefit from strong demand, reflecting the favourable dynamics of the Northeast regional log markets. Operations were, however, impacted by adverse weather conditions throughout the first quarter. As a result, Acadian’s log sales volumes decreased 7%, which was offset by the benefit of an increase in the weighted average log selling price of 4% compared to the prior year period.

For the three-month period ended March 30, 2019, the Board of Directors has declared dividends of \$0.29 per share or \$4.8 million, compared to \$4.6 million during the same period of 2018, reflecting dividend increases announced in May 2018 and February 2019 amounting to a combined 5% increase in our quarterly dividend per share. This represents a Payout Ratio<sup>1</sup> of 75%, which is below our long-term annual target of 95% but in-line with expectations given the seasonality of our operations.

<sup>1</sup> 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 our operations while 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 roads and other fixed assets, unrealized exchange gain/loss on debt, depreciation and amortization 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, Adjusted EBITDA margin and Free Cash Flow.

## Review of Operations

### Financial and Operating Highlights

| <i>(CAD thousands, except per share information)</i> | <i>Three Months Ended</i> |                |
|--|---------------------------|----------------|
|  | <b>March 30, 2019</b>     | March 31, 2018 |
| Sales volume (000s m <sup>3</sup> )                  | <b>384.2</b>              | 419.7          |
| Sales  | <b>\$ 30,938</b>          | \$ 32,948      |
| Net income   | <b>6,182</b>              | 1,986          |
| Adjusted EBITDA                                      | <b>8,857</b>              | \$ 8,870       |
| Adjusted EBITDA margin                               | <b>29%</b>                | 27%            |
| Free Cash Flow                                       | <b>6,490</b>              | \$ 7,258       |
| Dividends declared                                   | <b>4,840</b>              | 4,601          |
| Payout Ratio   | <b>75%</b>                | 63%            |
| Per share – basic and diluted                        |                           |                |
| Net income   | <b>\$ 0.37</b>            | \$ 0.12        |
| Free Cash Flow                                       | <b>0.39</b>               | 0.43           |
| Dividends declared                                   | <b>0.29</b>               | 0.275          |

During the first quarter, Acadian generated sales of \$30.9 million, compared to \$32.9 million in the prior year period. Acadian benefited from strong seasonal demand, however operations were impacted by adverse weather conditions during the quarter resulting in a 7% decrease in log sales volumes and a 20% decrease in ancillary revenues, primarily related to timber services. These impacts were partially offset by a 4% increase in the weighted average log selling price as our products benefited from favourable market dynamics.

Costs were \$22.1 million during the first quarter, compared to \$24.0 million during the prior year period reflecting lower log sales volumes and administrative cost savings. Variable log harvest costs were in-line with the prior year period.

Adjusted EBITDA of \$8.9 million during the first quarter was in-line with the prior year period. The Adjusted EBITDA margin for the quarter was 29%, higher than 27% in the prior year period due to improved log selling prices and lower relative operating costs, partially offset by the impact of lower log sales volumes.

Net income of \$6.2 million, or \$0.37 per share, was \$4.2 million higher than the prior year period of \$2.0 million, or \$0.12 per share. The variance from the prior year period is primarily due to an unrealized foreign exchange revaluation gain on U.S. dollar denominated long-term debt during the first quarter, compared to an unrealized revaluation loss in the prior year period.

## Segment Performance

### *New Brunswick Timberlands*

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

|                                    | Three Months Ended March 30, 2019 |                                 |              |                     | Three Months Ended March 31, 2018 |                                 |              |                     |
|------------------------------------|-----------------------------------|---------------------------------|--------------|---------------------|-----------------------------------|---------------------------------|--------------|---------------------|
|                                    | Harvest<br>(000s m <sup>3</sup> ) | Sales<br>(000s m <sup>3</sup> ) | Sales<br>Mix | Results<br>(\$000s) | Harvest<br>(000s m <sup>3</sup> ) | Sales<br>(000s m <sup>3</sup> ) | Sales<br>Mix | Results<br>(\$000s) |
| Softwood                           | 140.7                             | 138.9                           | 52%          | \$ 8,332            | 158.6                             | 157.4                           | 54%          | \$ 8,885            |
| Hardwood                           | 103.7                             | 85.3                            | 32%          | 6,590               | 93.0                              | 83.0                            | 28%          | 6,566               |
| Biomass                            | 43.4                              | 43.4                            | 16%          | 1,499               | 52.9                              | 52.9                            | 18%          | 1,451               |
|                                    | <b>287.8</b>                      | <b>267.6</b>                    | <b>100%</b>  | <b>16,421</b>       | <b>304.5</b>                      | <b>293.3</b>                    | <b>100%</b>  | <b>16,902</b>       |
| Timber services and<br>other sales |                                   |                                 |              | <b>5,028</b>        |                                   |                                 |              | 6,218               |
| Sales                              |                                   |                                 |              | <b>\$ 21,449</b>    |                                   |                                 |              | \$ 23,120           |
| Adjusted EBITDA                    |                                   |                                 |              | <b>\$ 5,762</b>     |                                   |                                 |              | \$ 5,857            |
| Adjusted EBITDA margin             |                                   |                                 |              | <b>27%</b>          |                                   |                                 |              | 25%                 |

Sales for our New Brunswick Timberlands were \$21.4 million compared to \$23.1 million during the prior year period. While seasonal demand remained strong, operations were impacted by adverse weather conditions which resulted in a 7% decrease in log sales volumes. The weighted average log selling price during the quarter increased 4% compared to the prior year period reflecting strong pricing for softwood sawlogs which was partially offset by changes in the sales mix.

Adjusted EBITDA was \$5.8 million during the first quarter of 2019, compared to \$5.9 million in the prior year period, as the benefit of higher weighted average log selling prices per m<sup>3</sup> was more than offset by lower log sales volumes. Adjusted EBITDA margin for the quarter increased to 27% from 25% in the prior year period, benefiting from lower variable harvest costs per m<sup>3</sup>.

There were no recordable safety incidents amongst employees and two lost time incidents amongst contractors during the first quarter of 2019. Both individuals have since returned to work.

### *Maine Timberlands*

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

|                        | Three Months Ended March 30, 2019 |                                 |              |                     | Three Months Ended March 31, 2018 |                                 |              |                     |
|------------------------|-----------------------------------|---------------------------------|--------------|---------------------|-----------------------------------|---------------------------------|--------------|---------------------|
|                        | Harvest<br>(000s m <sup>3</sup> ) | Sales<br>(000s m <sup>3</sup> ) | Sales<br>Mix | Results<br>(\$000s) | Harvest<br>(000s m <sup>3</sup> ) | Sales<br>(000s m <sup>3</sup> ) | Sales<br>Mix | Results<br>(\$000s) |
| Softwood               | 87.2                              | 86.3                            | 74%          | \$ 7,036            | 91.6                              | 91.2                            | 72%          | \$ 7,321            |
| Hardwood               | 30.0                              | 26.9                            | 23%          | 2,281               | 33.9                              | 30.7                            | 24%          | 2,254               |
| Biomass                | 3.4                               | 3.4                             | 3%           | 5                   | 4.5                               | 4.5                             | 4%           | 7                   |
|                        | <b>120.6</b>                      | <b>116.6</b>                    | <b>100%</b>  | <b>9,322</b>        | <b>130.0</b>                      | <b>126.4</b>                    | <b>100%</b>  | <b>9,582</b>        |
| Other sales            |                                   |                                 |              | <b>167</b>          |                                   |                                 |              | 246                 |
| Sales                  |                                   |                                 |              | <b>\$ 9,489</b>     |                                   |                                 |              | \$ 9,828            |
| Adjusted EBITDA        |                                   |                                 |              | <b>\$ 3,343</b>     |                                   |                                 |              | \$ 3,464            |
| Adjusted EBITDA margin |                                   |                                 |              | <b>35%</b>          |                                   |                                 |              | 35%                 |

Sales totaled \$9.5 million for Maine Timberlands compared to \$9.8 million for the same period last year. While market dynamics remained strong, adverse weather conditions impacted operations resulting in a 7% decrease in log sales volumes. The weighted average log selling price increased 5% compared to the prior year period benefiting from strong product pricing and foreign exchange which was partially offset by changes in the sales mix.

Adjusted EBITDA for the quarter was \$3.3 million compared to \$3.5 million during the prior year period due to lower log sales volumes. The Adjusted EBITDA margin of 35% was in-line with the prior year period.

There were no recordable safety incidents amongst employees and one lost time incident amongst contractors during the first quarter of 2019. The individual returned to work during the quarter.

## **Market Outlook**

*The following contains forward-looking information about Acadian Timber Corp.'s market outlook for the remainder of fiscal 2019. Reference should be made to the the section entitled "Cautionary Statement Regarding Forward-looking 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](http://www.acadiantimber.com) or filed with SEDAR at [www.sedar.com](http://www.sedar.com).*

Acadian's key markets include softwood sawtimber, hardwood sawtimber and hardwood pulpwood. Northeast North American softwood dimension sawmills represent over one third of Acadian's end-use market and are the primary market for our softwood sawtimber. Our mixed softwood and hardwood resource, combined with diversified end use markets, underpin Acadian's 'best in class' long-term performance. Well-balanced regional supply demand fundamentals continue to support attractive stable log pricing across all key markets.

The U.S. economy has continued to perform well through early 2019 and forecasters expect continued steady performance supported by job growth and wage increases. However, first quarter new home construction activity was below expectations due to several factors including increased mortgage rates, the U.S. federal government shutdown, uncertainty regarding Chinese economic outlook and possible fallout from U.S. Trade policy decisions and, importantly, the impact of severe winter weather in much of North America and heavy rainfall in the U.S. South.

While the U.S. home building sector has had some recent headwinds, factors including favourable demographics for growth in household formation, low home inventories, and moderating rates suggest upward momentum in housing construction should resume in the near term. Recent consensus forecasts anticipate average year-over-year growth in U.S. housing starts for 2019 and 2020 of about 2% and 3%, respectively. Forecasters continue to expect the proportion of single family starts, the largest lumber consuming segment of U.S. housing starts, to improve modestly through 2019 and 2020. Additionally, home repair and remodeling are also projected to grow modestly over the next two years. North American sawtimber consumption is therefore expected to post modest year-over-year growth.

Average Q1 2019 quarterly benchmark Eastern Spruce-Pine-Fir lumber prices increased 8% while Southern Yellow Pine lumber prices declined 4%, compared to the prior quarter. While we anticipate continued volatility in lumber prices in the near term dictated by the pace of regional inventory drawdown and spring building conditions, forecasters expect steady demand growth combined with capacity and log supply constraints in Western Canada to support a robust recovery in lumber pricing in mid-2019, albeit below the levels achieved in 2018. By extension, we anticipate continued stable softwood sawtimber pricing in Acadian's regional markets.

Acadian's hardwood sawtimber and pulpwood markets remain well balanced with a continued positive outlook for the foreseeable future. Softwood pulpwood markets, Acadian's smallest product segment by volume and margin, have improved modestly and the expected pulp mill restart during H2 2019 in Maine is expected to be a catalyst for further recovery in demand and pricing. While the biomass market in Maine remains weak, the New Brunswick biomass market continues to be supported by steady export demand at attractive prices.

## Management Team Changes

Acadian announced today that Ms. Mabel Wong will be leaving the position of Chief Financial Officer effective May 9, 2019 to take on new responsibilities within Brookfield Asset Management. Ms. Wong has been a member of the senior management of Acadian since her initial appointment as Chief Financial Officer in 2017. “The entire management team would like to thank Ms. Wong for her hard work, dedication and significant contributions to Acadian and wish her the best in her endeavors going forward” commented Mr. Bishop. Effective May 9, 2019, Mr. Matthew Gross will replace Ms. Wong as Acadian's Vice-President and Chief Financial Officer. Mr. Gross has been a key member of Brookfield's team for the past six years and has held a number of senior finance roles within the organization. Mr. Gross is a Certified Public Accountant and worked at one of the big four accounting firms prior to joining Brookfield.

## Quarterly Dividend

Acadian is pleased to announce a dividend of \$0.29 per share, payable on July 15, 2019 to shareholders of record on June 30, 2019.

\* \* \* \* \*

*Acadian Timber Corp. is a leading supplier of primary forest products in Eastern Canada and the Northeastern U.S. With a total of 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 90 regional customers.*

*Acadian's business strategy is to maximize cash flows from its existing timberland assets while growing our business by acquiring assets on a value basis and utilizing our 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](http://www.acadiantimber.com) or contact:

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## **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 income tax law; economic situation of key customers; Brookfield'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](http://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.**  
**Interim Condensed Consolidated Statements of Net Income**  
**(unaudited)**

|   | Three Months Ended    |                |
|---|-----------------------|----------------|
| <i>(CAD thousands, except per share data)</i>       | <b>March 30, 2019</b> | March 31, 2018 |
| Sales   | <b>\$ 30,938</b>      | \$ 32,948      |
| Operating costs and expenses                        |                       |                |
| Cost of sales                                       | <b>19,921</b>         | 21,494         |
| Selling, administration and other                   | <b>2,199</b>          | 2,506          |
| Reforestation                                       | <b>—</b>              | 7              |
| Depreciation and amortization                       | <b>72</b>             | 84             |
|   | <b>22,192</b>         | 24,091         |
| Operating earnings                                  | <b>8,746</b>          | 8,857          |
| Interest expense, net                               | <b>(1,009)</b>        | (958)          |
| Other items   |                       |                |
| Fair value adjustments and other                    | <b>(1,842)</b>        | (2,125)        |
| Unrealized exchange gain / (loss) on long-term debt | <b>2,034</b>          | (2,288)        |
| Gain on sale of timberlands                         | <b>39</b>             | 177            |
| Loss on disposal of roads and other fixed assets    | <b>—</b>              | (248)          |
| Earnings before income taxes                        | <b>7,968</b>          | 3,415          |
| Current income tax expense                          | <b>(1,700)</b>        | (1,365)        |
| Deferred income tax expense                         | <b>(86)</b>           | (64)           |
| Net income  | <b>\$ 6,182</b>       | \$ 1,986       |
| Net income per share – basic and diluted            | <b>\$ 0.37</b>        | \$ 0.12        |

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

| <i>(CAD thousands)</i>                                     | Three Months Ended    |                |
|--|-----------------------|----------------|
|  | <b>March 30, 2019</b> | March 31, 2018 |
| Net income   | <b>\$ 6,182</b>       | \$ 1,986       |
| Other comprehensive income / (loss)                        |                       |                |
| Items that may be reclassified subsequently to net income: |                       |                |
| Unrealized foreign currency translation (loss) / gain      | <b>(3,102)</b>        | 3,366          |
| Deferred income tax recovery                               | <b>—</b>              | (246)          |
| Comprehensive income                                       | <b>\$ 3,080</b>       | \$ 5,106       |

**Acadian Timber Corp.**  
**Interim Condensed Consolidated Balance Sheets**  
**(unaudited)**

| <i>As at</i><br><i>(CAD thousands)</i>      | <b>March 30, 2019</b> | December 31, 2018 |
|---|-----------------------|-------------------|
| <b>Assets</b>                               |                       |                   |
| Current assets                              |                       |                   |
| Cash and cash equivalents                   | \$ 22,644             | \$ 22,320         |
| Accounts receivable and other assets        | 10,273                | 7,230             |
| Inventory                                   | 4,062                 | 2,756             |
|   | <b>36,979</b>         | 32,306            |
| Timber                                      | <b>362,530</b>        | 367,901           |
| Land, roads and other fixed assets          | <b>85,210</b>         | 86,103            |
| Intangible asset                            | <b>6,140</b>          | 6,140             |
|   | <b>\$ 490,859</b>     | \$ 492,450        |
| <b>Liabilities and shareholders' equity</b> |                       |                   |
| Current liabilities                         |                       |                   |
| Accounts payable and accrued liabilities    | \$ 8,004              | \$ 7,963          |
| Current tax liabilities                     | 2,990                 | 647               |
| Dividends payable to shareholders           | 4,840                 | 4,714             |
|   | <b>15,834</b>         | 13,324            |
| Long-term debt                              | <b>94,905</b>         | 96,595            |
| Deferred income tax liability               | <b>91,505</b>         | 92,119            |
| Shareholders' equity                        | <b>288,615</b>        | 290,412           |
|   | <b>\$ 490,859</b>     | \$ 492,450        |

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

|  | Three Months Ended    |                  |
|--|-----------------------|------------------|
| <i>(CAD thousands)</i>   | <b>March 30, 2019</b> | March 31, 2018   |
| <hr/>  |                       |                  |
| Cash and cash equivalents provided by / (used for):                  |                       |                  |
| <hr/>  |                       |                  |
| <b>Operating activities</b>  |                       |                  |
| Net income   | \$ 6,182              | \$ 1,986         |
| Adjustments to net income:   |                       |                  |
| Deferred income tax expense  | 86                    | 64               |
| Depreciation and amortization  | 72                    | 84               |
| Fair value adjustments and other                                     | 1,842                 | 2,125            |
| Unrealized exchange (gain) / loss on long term debt                  | (2,034)               | 2,288            |
| Gain on sale of timberlands  | (39)                  | (177)            |
| Loss on disposal of roads and other fixed assets                     | —                     | 248              |
| Accretion of long-term debt  | 316                   | 247              |
| Net change in non-cash working capital balances and other            | (1,390)               | (4,317)          |
|  | <hr/>                 | <hr/>            |
|  | <b>5,035</b>          | 2,548            |
| <hr/>  |                       |                  |
| <b>Financing activities</b>  |                       |                  |
| Dividends paid to shareholders                                       | (4,714)               | (4,601)          |
| Common shares repurchased under NCIB                                 | (37)                  | —                |
|  | <hr/>                 | <hr/>            |
|  | <b>(4,751)</b>        | (4,601)          |
| <hr/>  |                       |                  |
| <b>Investing activities</b>  |                       |                  |
| Additions to timber, land, roads and other fixed assets              | —                     | (5)              |
| Proceeds from sale of timberlands                                    | 40                    | 192              |
| Proceeds from sale of roads and other fixed assets                   | —                     | 179              |
|  | <hr/>                 | <hr/>            |
|  | <b>40</b>             | 366              |
| Increase / (decrease) in cash and cash equivalents during the period | 324                   | (1,687)          |
| Cash and cash equivalents, beginning of period                       | 22,320                | 23,951           |
|  | <hr/>                 | <hr/>            |
| <b>Cash and cash equivalents, end of period</b>                      | <b>\$ 22,644</b>      | <b>\$ 22,264</b> |

## Reconciliations to Adjusted EBITDA and Free Cash Flow

| <i>(CAD thousands)</i>                                  | Three Months Ended |                |
|---|--------------------|----------------|
|   | March 30, 2019     | March 31, 2018 |
| Net income  | \$ 6,182           | \$ 1,986       |
| Add / (deduct):   |                    |                |
| Interest expense, net                                   | 1,009              | 958            |
| Current income tax expense                              | 1,700              | 1,365          |
| Deferred income tax expense                             | 86                 | 64             |
| Depreciation and amortization                           | 72                 | 84             |
| Fair value adjustments and other                        | 1,842              | 2,125          |
| Unrealized exchange (gain) / loss on long-term debt     | (2,034)            | 2,288          |
| Adjusted EBITDA   | \$ 8,857           | \$ 8,870       |
| Add / (deduct):   |                    |                |
| Interest paid on debt, net                              | (668)              | (684)          |
| Additions to timber, land, roads and other fixed assets | —                  | (5)            |
| Gain on sale of timberlands                             | (39)               | (177)          |
| Loss on disposal of roads and other fixed assets        | —                  | 248            |
| Proceeds on sale of timberlands                         | 40                 | 192            |
| Proceeds on sale of roads and other fixed assets        | —                  | 179            |
| Current income tax expense                              | (1,700)            | (1,365)        |
| Free Cash Flow  | \$ 6,490           | \$ 7,258       |
| Dividends declared                                      | \$ 4,840           | \$ 4,601       |
| Payout Ratio  | 75%                | 63%            |