



News Release

Investors, analysts and other interested parties can access Acadian Timber Corp.'s 2020 First Quarter Results conference call via webcast on Thursday, May 7, 2020 at 9:00AM 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 3729087) at approximately 8:50AM ET. For those unable to participate, a taped rebroadcast will be available until midnight ET, June 6, 2020. To access this rebroadcast, please dial 1-855-859-2056 or 1-404-537-3406 (Conference ID 3729087).

ACADIAN TIMBER CORP. REPORTS FIRST QUARTER RESULTS

All figures in Canadian dollars unless otherwise noted

Vancouver, BRITISH COLUMBIA – May 6, 2020 – Acadian Timber Corp. (“Acadian” or the “Company”) (TSX:ADN) today reported financial and operating results¹ for the three months ended March 28, 2020 (the “first quarter”).

"Acadian's operations benefited from favourable winter operating conditions and good demand and pricing for most of our products during the quarter" commented Erika Reilly, Interim Chief Executive Officer. "While no company is immune to issues in today's market environment, Acadian is relatively well positioned with a strong balance sheet, well diversified customer base and experienced team."

In response to COVID-19, Acadian's top priority has been the well-being of its people. Health and safety protocols have been updated on a regular basis based on guidance from regional health authorities. Employees have adapted well to performing office work from home and there has been limited disruption to field work as this work is conducted outdoors and in a manner that, for the most part, naturally allows for 'social distancing'.

The initial market disruption caused by COVID-19 took place as Acadian entered its seasonally slow period. Harvest operations for the winter season wrapped up at the end of March and since then Acadian has been assessing market conditions while planning and preparing for operations startup, which typically occurs in late May through early June.

Acadian is staying close to its customers to gauge product demand and will respond accordingly. The forest products industry in the regions in which Acadian operates has been deemed essential and commercial trucks continue to be permitted to cross borders. The Company's largest customers that produce pulp for specialty paper or tissue products are showing resilience and continue to operate, while a few small sawmill

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 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 and Free Cash Flow.

customers have taken temporary COVID-19 related downtime. Acadian expects to have a clear understanding as to the demand for its products as operations resume and it will be prepared to make the necessary adjustments to respond to market conditions.

During the quarter, Acadian declared dividends to its shareholders of \$0.29 per share, representing a Payout Ratio¹ of 74% which is in line with expectations given the seasonality of our operations. Acadian's liquidity position as of March 28, 2020 was \$22.4 million, including funds available under Acadian's revolving facility. Subsequent to the end of the period, the Company put in place an additional \$2.0 million revolving facility in order to increase cash management flexibility.

Review of Operations

Operating and Financial Highlights

<i>(CAD thousands, except per share information)</i>	<i>Three Months Ended</i>	
	March 28, 2020	March 30, 2019
Sales volume (000s m ³)	374.9	384.2
Sales	\$ 31,408	\$ 30,938
Operating earnings	8,263	8,746
Net income (loss)	(3,711)	6,182
Adjusted EBITDA	8,329	8,857
Adjusted EBITDA margin	27%	29%
Free Cash Flow	6,565	6,490
Dividends declared	4,839	4,840
Payout Ratio	74%	75%
Per share – basic and diluted		
Net income (loss)	\$ (0.22)	\$ 0.37
Free Cash Flow	0.39	0.39
Dividends declared	0.29	0.29

During the first quarter, Acadian generated sales of \$31.4 million compared with sales of \$30.9 million during the prior year period. The year-over-year change reflects a 2% decrease in the sales volume of logs, excluding biomass, more than offset by a 1% increase in the weighted average selling price, excluding biomass, and increased timber services activity.

Operating costs and expenses were \$23.1 million during the first quarter, compared to \$22.2 million during the prior year period. Lower operating costs associated with lower harvest volumes were offset by increased variable operating costs per m³ in Maine, due in part to longer haul distances, and by expenses related to increased timber services activity.

Adjusted EBITDA and Adjusted EBITDA margin for the first quarter were \$8.3 million and 27%, respectively, compared to \$8.9 million and 29%, respectively, during the prior year period with the decrease primarily due to lower margins from the operations in Maine.

The net loss for the first quarter totaled \$3.7 million, or \$0.22 per share, compared to net income of \$6.2 million, or \$0.37 per share in the same period of 2019. Operating earnings decreased \$0.5 million compared to the prior year period for the reasons discussed above and the Canadian dollar weakened compared to the U.S. dollar during the quarter resulting in a non-cash unrealized foreign exchange loss on long term debt of \$8.2 million compared to a gain of \$2.0 million 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 28, 2020				Three Months Ended March 30, 2019			
	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	116.5	113.4	45%	\$ 6,632	140.7	138.9	52%	\$ 8,332
Hardwood	103.8	96.0	38%	7,765	103.7	85.3	32%	6,590
Biomass	44.8	44.8	17%	1,493	43.4	43.4	16%	1,499
	265.1	254.2	100%	15,890	287.8	267.6	100%	16,421
Timber services and other sales				5,807				5,028
Sales				\$ 21,697				\$ 21,449
Adjusted EBITDA				\$ 5,878				\$ 5,762
Adjusted EBITDA margin				27%				27%

Sales for New Brunswick Timberlands during the first quarter totaled \$21.7 million compared to \$21.4 million during the prior year period. The weighted average selling price, excluding biomass, during the first quarter was \$68.75 per m³, or 3% higher than the prior year period price of \$66.56 per m³ reflecting a sales mix more heavily weighted to hardwood which attracts higher average prices than softwood. Softwood sales volumes were down due to a greater focus on timber services activity. Revenues from timber services and other sales increased 15% during the quarter.

Adjusted EBITDA was \$5.9 million during the first quarter of 2020, almost unchanged from \$5.8 million in the prior year period and the Adjusted EBITDA margin for the quarter of 27% was consistent with the prior year period.

During the first quarter of 2020, our New Brunswick operations experienced one recordable safety incident among employees and three recordable incidents among contractors.

Maine Timberlands

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

	Three Months Ended March 28, 2020				Three Months Ended March 30, 2019			
	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	92.0	92.2	76%	\$ 7,255	87.2	86.3	74%	\$ 7,036
Hardwood	30.4	28.4	24%	2,335	30.0	26.9	23%	2,281
Biomass	0.1	0.1	0%	2	3.4	3.4	3%	5
	122.5	120.7	100%	9,592	120.6	116.6	100%	9,322
Other sales				119				167
Sales				\$ 9,711				\$ 9,489
Adjusted EBITDA				\$ 3,050				\$ 3,343
Adjusted EBITDA margin				31%				35%

Sales for the first quarter totaled \$9.7 million for Maine Timberlands compared to \$9.5 million during the same period last year. The sales volume, excluding biomass, increased 7% year-over-year reflecting improved contractor capacity and good operating conditions, however the weighted average selling price, excluding biomass, fell 3% compared to the prior year period.

Adjusted EBITDA for the quarter was \$3.0 million, compared to \$3.3 million during the prior year period and the adjusted EBITDA margin fell to 31% from 35% in the prior year period, due to lower per m³ operating margins.

During the first quarter of 2020, there were no recordable safety incidents at our Maine Timberlands among employees and one recordable safety incident among the contractors.

Market Outlook

The following contains forward-looking information about Acadian Timber Corp.'s market outlook for the remainder of fiscal 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 market outlook for the remainder of 2020 is highly uncertain as it is dependent on several non-economic factors, including COVID-19 related containment measures across North America.

In the near-term, Acadian is assessing market conditions and working closely with its customers to gauge demand for its products while it plans and prepares for second quarter operations startup which typically occurs in late May through early June.

Acadian's largest customers continue to operate with several experiencing steady demand for their products, such as specialty paper and tissue products, through this downturn. This demand supports upstream activities such as chipping and the value of sawmill residuals. Having said this, the outlook for North American lumber consumption in 2020, the end use market for softwood sawtimber, has been negatively impacted by the pandemic.

Acadian is prepared to adjust operations as market conditions evolve through the remainder of the year and will seek to manage risk while preserving the ability to increase activities as market conditions return to 'normal'.

Quarterly Dividend

Acadian is pleased to announce a dividend of \$0.29 per share, payable on July 15, 2020 to shareholders of record on June 30, 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:

Adam Sheparski
Chief Financial Officer
Tel: 506-737-2345
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; disease outbreak; 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 27, 2020 and the Management Information Circular dated March 27, 2020, 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.
Interim Condensed Consolidated Statements of Net Income (Loss)
(unaudited)

	Three Months Ended	
<i>(CAD thousands, except per share data)</i>	March 28, 2020	March 30, 2019
Sales	\$ 31,408	\$ 30,938
Operating costs and expenses		
Cost of sales	20,861	19,921
Selling, administration and other	2,217	2,199
Reforestation	1	—
Depreciation and amortization	66	72
	23,145	22,192
Operating earnings	8,263	8,746
Interest expense, net	(1,291)	(1,009)
Other items		
Fair value adjustments and other	(1,019)	(1,842)
Unrealized exchange gain (loss) on long-term debt	(8,210)	2,034
Gain on sale of timberlands	—	39
Earnings (loss) before income tax recovery	(2,257)	7,968
Current income tax expense	(902)	(1,700)
Deferred income tax expense	(552)	(86)
Net income (loss)	\$ (3,711)	\$ 6,182
Net income (loss) per share – basic and diluted	\$ (0.22)	\$ 0.37

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

<i>(CAD thousands)</i>	Three Months Ended	
	March 28, 2020	March 30, 2019
Net income (loss)	\$ (3,711)	\$ 6,182
Other comprehensive income (loss)		
Item that may be reclassified subsequently to net income:		
Unrealized foreign currency translation gain (loss)	11,624	(3,102)
Comprehensive income	\$ 7,913	\$ 3,080

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

<i>As at</i> <i>(CAD thousands)</i>	March 28, 2020	December 31, 2019
Assets		
Current assets		
Cash	\$ 12,029	\$ 7,601
Accounts receivable and other assets	12,041	11,602
Current taxes receivable	1,343	2,245
Inventory	2,693	1,545
	28,106	22,993
Timber	387,000	377,992
Land, roads and other fixed assets	94,895	91,584
Intangible asset	6,140	6,140
Total assets	\$ 516,141	\$ 498,709
Liabilities and shareholders' equity		
Current liabilities		
Short-term debt	\$ 1,195	\$ 7,793
Accounts payable and accrued liabilities	8,996	9,190
Dividends payable to shareholders	4,839	4,839
Current portion of long-term debt	—	93,084
	15,030	114,906
Long-term debt	111,050	—
Deferred income tax liability	100,286	97,102
Shareholders' equity	289,775	286,701
Total liabilities and shareholders' equity	\$ 516,141	\$ 498,709

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

<i>(CAD thousands)</i>	Three Months Ended	
	March 28, 2020	March 30, 2019
Cash provided by (used for):		
Operating activities		
Net income (loss)	\$ (3,711)	\$ 6,182
Adjustments to net income (loss):		
Deferred income tax expense	552	86
Depreciation and amortization	66	72
Fair value adjustments and other	1,019	1,842
Unrealized exchange (gain) / loss on long term debt	8,210	(2,034)
Gain on sale of timberlands	—	(39)
Accretion of long-term debt	400	316
Net change in non-cash working capital balances and other	196	(1,390)
	6,732	5,035
Financing activities		
Repayment of operating loans	(7,013)	—
Issuance of long-term debt	19,795	—
Repayment of long-term debt	(9,729)	—
Deferred financing costs	(510)	—
Dividends paid to shareholders	(4,839)	(4,714)
Purchase of common shares from NCIB	—	(37)
	(2,296)	(4,751)
Investing activities		
Additions to timber, land, roads and other fixed assets	(8)	—
Proceeds from sale of timberlands	—	40
	(8)	40
Increase in cash during the period	4,428	324
Cash beginning of period	7,601	22,320
Cash end of period	\$ 12,029	\$ 22,644

Reconciliations to Adjusted EBITDA and Free Cash Flow

<i>(CAD thousands)</i>	Three Months Ended	
	March 28, 2020	March 30, 2019
Net income (loss)	\$ (3,711)	\$ 6,182
Add (deduct):		
Interest expense, net	1,291	1,009
Current income tax expense	902	1,700
Deferred income tax expense	552	86
Depreciation and amortization	66	72
FV adjustments and other	1,019	1,842
Unrealized exchange loss (gain) on long-term debt	8,210	(2,034)
Adjusted EBITDA	\$ 8,329	\$ 8,857
Add (deduct):		
Interest paid on debt, net	(854)	(668)
Additions to timber, land, roads and other fixed assets	(8)	—
Gain on sale of timberlands	—	(39)
Proceeds on sale of timberlands	—	40
Current income tax expense	(902)	(1,700)
Free Cash Flow	\$ 6,565	\$ 6,490
Dividends declared	\$ 4,839	\$ 4,840
Payout Ratio	74%	75%