

Investors, analysts and other interested parties can access Acadian Timber Corp.'s 2019 Second Quarter Results via conference call or webcast on Wednesday, July 31, 2019 at 1:00PM 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 12:50PM ET. For those unable to participate, a taped rebroadcast will be available until 4pm (Eastern Time) August 30, 2019. To access this rebroadcast, please dial 1-855-859-2056 or 1-404-537-3406, Conference ID 3945614.

## ACADIAN TIMBER CORP. REPORTS SECOND QUARTER RESULTS

*All figures in Canadian dollars unless otherwise noted*

**Vancouver, BRITISH COLUMBIA – July 30, 2019** – Acadian Timber Corp. (“Acadian” or the “Company”) (TSX:ADN) today reported financial and operating results<sup>1</sup> for the three months ended June 29, 2019 (the “second quarter”).

“A combination of favorable spring operating conditions and continued stability in key markets supported the anticipated drawdown in log inventories accumulated during the unseasonably cold first quarter”, said Mark Bishop, Chief Executive Officer of Acadian. “Acadian expects to continue to benefit from well-balanced regional softwood sawtimber and hardwood pulpwood markets for the remainder of the year”.

Acadian generated Adjusted EBITDA<sup>1</sup> of \$3.0 million during the second quarter, up from \$2.6 million in the prior year period. Acadian benefited from strong demand, reflecting favourable Northeast regional log markets dynamics and operating conditions during the second quarter. As a result, year-over-year log sales volumes increased 5% while ancillary revenues improved 73%, primarily related to timing of timber services. In addition, Acadian benefited from stronger higher and better use land sales.

For the six-month period ended June 29, 2019, the Board of Directors declared dividends of \$0.58 per share or \$9.7 million, compared to \$0.5575 per share or \$9.3 million during the same period of 2018, reflecting the 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 105%, which is above our long-term annual target of 95% but in line with expectations given the seasonality of our operations and the aforementioned dividend increases. We anticipate that over the long-term we will revert to a Payout Ratio consistent with our target level and, in the near-term, Acadian's strong cash position supports a Payout Ratio in excess of our target.

<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 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 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>		<i>Six Months Ended</i>	
	<b>June 29, 2019</b>	June 30, 2018	<b>June 29, 2019</b>	June 30, 2018
Sales volume (000s m <sup>3</sup> )	<b>214.0</b>	231.6	<b>598.2</b>	651.3
Sales	<b>\$ 17,918</b>	\$ 16,099	<b>\$ 48,856</b>	\$ 49,047
Net income	<b>5,784</b>	1,888	<b>11,966</b>	3,874
Adjusted EBITDA	<b>3,038</b>	2,582	<b>11,895</b>	11,452
Adjusted EBITDA margin	<b>17%</b>	16%	<b>24%</b>	23%
Free Cash Flow	<b>2,750</b>	1,997	<b>9,240</b>	9,255
Dividends declared	<b>4,839</b>	4,727	<b>9,679</b>	9,328
Payout ratio	<b>176%</b>	237%	<b>105%</b>	101%
Per share – basic and diluted				
Net income	<b>\$ 0.35</b>	\$ 0.11	<b>\$ 0.72</b>	\$ 0.23
Free Cash Flow	<b>0.16</b>	0.12	<b>0.55</b>	0.55
Dividends declared	<b>0.29</b>	0.2825	<b>0.58</b>	0.5575

During the second quarter, Acadian generated sales of \$17.9 million, compared to \$16.1 million in the prior year period. Acadian benefited from strong seasonal demand and favourable operating conditions resulting in a 5% increase in log sales volumes and a 73% increase in ancillary revenues year-over-year, primarily related to timing of timber services. The weighted average log selling price was in line with the prior year period as our products continued to benefit from favourable market dynamics.

Costs were \$15.3 million during the second quarter, compared to \$13.7 million during the prior year period, reflecting higher log sales volumes and timing of timber services. Variable log harvest costs per m<sup>3</sup> increased 4% compared to the prior year period as a result of higher log processing costs.

Adjusted EBITDA was \$3.0 million during the second quarter compared to \$2.6 million in the prior year period while the Adjusted EBITDA margin for the quarter was 17%, compared to 16% in the prior year period. These improvements reflect higher log sales volumes and ancillary revenues as well as stronger higher and better use land sales which were partially offset by the impact of higher relative operating costs.

Acadian typically experiences low levels of operating, marketing and selling activity during the second quarter of each year owing to the spring thaw period that causes much of the infrastructure to be temporarily inoperable. As a result, year to year variations in sales volumes and operating costs are less meaningful.

Second quarter net income of \$5.8 million, or \$0.35 per share, was \$3.9 million higher than the prior year period total of \$1.9 million, or \$0.11 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 second quarter, compared to an unrealized loss in the prior year period.

During the first half of 2019, Acadian's sales of \$48.9 million were largely in line with the prior year period. Acadian benefited from strong seasonal demand resulting in a 2% increase in the weighted average log selling price, however operations were impacted by adverse weather conditions during the winter harvest season resulting in a 3% decrease in log sales volumes. Costs of \$37.4 million were \$0.4 million lower than the prior year period primarily due to lower log sales volumes. As a result, Adjusted EBITDA improved to \$11.9 million from \$11.5 million during the first half of 2018 while the Adjusted EBITDA margin improved to 24% from 23%. For the six months ended June 29, 2019, net income was \$12.0 million, or \$0.72 per share, which represents an increase of \$8.1 million over the same period of 2018 primarily due to the impact of foreign exchange revaluation of U.S. dollar denominated long-term debt.

## Segment Performance

### *New Brunswick Timberlands*

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

	Three Months Ended June 29, 2019				Three Months Ended June 30, 2018			
	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Sales Mix	Results (\$000s)	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Sales Mix	Results (\$000s)
Softwood	47.0	61.7	36%	\$ 3,621	47.2	53.3	29%	\$ 2,930
Hardwood	51.5	77.6	46%	6,071	68.2	81.9	44%	6,467
Biomass	30.7	30.7	18%	1,237	51.1	51.1	27%	1,503
	129.2	170.0	100%	10,929	166.5	186.3	100%	10,900
Timber services and other sales				3,520				2,017
Sales				\$ 14,449				\$ 12,917
Adjusted EBITDA				\$ 2,837				\$ 2,160
Adjusted EBITDA margin				20%				17%

	Six Months Ended June 29, 2019				Six Months Ended June 30, 2018			
	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Sales Mix	Results (\$000s)	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Sales Mix	Results (\$000s)
Softwood	187.7	200.6	46%	\$ 11,953	205.8	210.7	44%	\$ 11,815
Hardwood	155.2	162.9	37%	12,661	161.2	164.9	34%	13,033
Biomass	74.1	74.1	17%	2,736	104.0	104.0	22%	2,954
	417.0	437.6	100%	27,350	471.0	479.6	100%	27,802
Timber services and other sales				8,548				8,235
Sales				\$ 35,898				\$ 36,037
Adjusted EBITDA				\$ 8,599				\$ 8,017
Adjusted EBITDA margin				24%				22%

Sales for our New Brunswick Timberlands were \$14.4 million compared to \$12.9 million during the prior year period. Seasonal demand remained strong and operating conditions were favourable resulting in a 3% increase in log sales volumes and a 75% increase in ancillary revenues, primarily related to timing of timber services which were impacted by adverse weather conditions during the first quarter. The weighted average log selling price during the quarter was \$69.54 per m<sup>3</sup>, largely in line with the prior year period as market dynamics remained favourable.

Adjusted EBITDA was \$2.8 million during the second quarter of 2019, compared to \$2.2 million in the prior year period, due to higher log sales volumes and ancillary revenues as well as the benefit of stronger higher and better use land sales. These benefits were partially offset by a 6% increase in variable log harvest costs per m<sup>3</sup> as log processing costs were impacted by weather conditions. As a result, the Adjusted EBITDA margin for the quarter increased to 20% from 17% in the prior year period.

During the first half of 2019, New Brunswick's sales of \$35.9 million were largely in line with the prior year period. New Brunswick benefited from strong seasonal demand resulting in a 2% increase in the weighted average log selling price, however operations were impacted by adverse weather conditions during the winter harvest season resulting in a 3% decrease in log sales volumes. In addition, New Brunswick benefited from higher and better use land sales. As a result, Adjusted EBITDA improved to \$8.6 million from \$8.0 million during the first half of 2018 while the Adjusted EBITDA margin of 24% improved from 22%.

There were no recordable safety incidents amongst employees or contractors during the second quarter of 2019.

### Maine Timberlands

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

	Three Months Ended June 29, 2019				Three Months Ended June 30, 2018			
	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Sales Mix	Results (\$000s)	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Sales Mix	Results (\$000s)
Softwood	26.9	28.0	64%	\$ 1,884	25.4	25.3	56%	\$ 1,914
Hardwood	12.6	15.9	36%	1,449	9.5	13.2	29%	1,156
Biomass	0.1	0.1	—%	3	6.8	6.8	15%	11
	<b>39.6</b>	<b>44.0</b>	<b>100%</b>	<b>3,336</b>	<b>41.7</b>	<b>45.3</b>	<b>100%</b>	<b>3,081</b>
Other sales				133				101
Sales				\$ 3,469				\$ 3,182
Adjusted EBITDA				\$ 540				\$ 569
Adjusted EBITDA margin				16%				18%

	Six Months Ended June 29, 2019				Six Months Ended June 30, 2018			
	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Sales Mix	Results (\$000s)	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Sales Mix	Results (\$000s)
Softwood	114.1	114.3	71%	\$ 8,920	117.0	116.5	67%	\$ 9,235
Hardwood	42.6	42.8	27%	3,730	43.4	43.9	26%	3,410
Biomass	3.5	3.5	2%	8	11.3	11.3	7%	18
	<b>160.2</b>	<b>160.6</b>	<b>100%</b>	<b>12,658</b>	<b>171.7</b>	<b>171.7</b>	<b>100%</b>	<b>12,663</b>
Other sales				300				347
Sales				\$ 12,958				\$13,010
Adjusted EBITDA				\$ 3,883				\$ 4,033
Adjusted EBITDA margin				30%				31%

Sales totaled \$3.5 million for Maine Timberlands compared to \$3.2 million for the same period last year. Seasonal demand remained strong and operating conditions were favourable as log sales volumes increased 14%, the benefits of which were partially offset by a 5% decrease in the weighted average log selling price. The weighted average log selling price reflects favourable market dynamics for most products, offset by lower softwood sawlog pricing and changes in the sales mix.

Adjusted EBITDA for the quarter was \$0.5 million compared to \$0.6 million during the prior year period due to lower weighted average log sales prices. The Adjusted EBITDA margin was 16% during the quarter compared to 18% in the prior year period.

During the first half of 2019, Maine Timberland's sales of \$13.0 million were largely in line with the prior year period. Maine Timberland's benefited from strong seasonal demand resulting in a 2% increase in the weighted average log selling price largely due to the benefit of foreign exchange, however operations were impacted by adverse weather conditions during the winter harvest season resulting in a 2% decrease in log sales volumes. As a result, Adjusted EBITDA was \$3.9 million compared to \$4.0 million during the first half of 2018 while the Adjusted EBITDA margin of 30% declined marginally.

There were no recordable safety incidents amongst employees and one lost time incident amongst contractors during the second 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 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](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. Well-balanced regional supply demand fundamentals for both Acadian's softwood and hardwood resource segments, combined with deep and diversified end use markets continue to provide support for stable log pricing across our key markets.

A combination of supply-side constraints including tight construction labour markets and restrictive building regulations, an unseasonably cold and wet first half construction season, and affordability challenges have all weighed on housing start activity during the first half of 2019. However, recent solid wage growth performance and the prospect for a near term rate reduction coupled with favorable underlying demographics supporting household formation growth continue to suggest that modest positive momentum should return in housing construction over the medium term. Recent consensus forecasts now anticipate a modest year-over-year contraction of U.S. housing starts for 2019 of about 1%, followed by a 2-3% increase for 2020. After a slight anticipated decline for 2019, North American lumber consumption is expected to post modest year-over-year growth, supporting a 3-5% increase in sawtimber demand through 2020.

Average Q2 2019 quarterly benchmark Eastern Spruce-Pine-Fir and Southern Yellow Pine lumber prices declined 5% and 7%, respectively, from the prior quarter as lower than expected demand resulted in an inventory build during the quarter. With a return to more normal summer weather patterns, forecasters expect improved demand growth combined with capacity curtailments in Western Canada and the U.S. Pacific Northwest to support a modest recovery in lumber pricing through the fall building season. There was no notable progress in bi-lateral U.S. Canadian lumber trade discussions during the quarter and we continue to expect current duty levels will apply through 2020. We anticipate uncertainty surrounding the trade file will continue to drive higher than normal volatility in lumber prices. As Acadian's regional Northeast sawmill customers continue to run at normal operating rates, we foresee stable sawtimber demand during the second half of 2019 and into 2020.

Acadian's hardwood sawtimber and pulpwood markets remain well balanced with a continued stable outlook for the remainder of the year. Softwood pulpwood markets, Acadian's smallest product segment by volume and margin, continue to gradually improve supported, in part, by the expected restart of a pulp mill during H2 2019 in Maine. While the biomass market in Maine remains weak, the New Brunswick biomass market continues to be supported by steady export demand at attractive prices.

## Quarterly Dividend

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

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***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 85 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		Six Months Ended	
	June 29, 2019	June 30, 2018	June 29, 2019	June 30, 2018
<i>(CAD thousands, except per share data)</i>				
Sales	<b>\$ 17,918</b>	\$ 16,099	<b>\$ 48,856</b>	\$ 49,047
Operating costs and expenses				
Cost of sales	<b>12,575</b>	11,174	<b>32,496</b>	32,668
Selling, administration and other	<b>2,424</b>	2,214	<b>4,623</b>	4,720
Reforestation	<b>374</b>	415	<b>374</b>	422
Depreciation and amortization	<b>72</b>	77	<b>144</b>	161
	<b>15,445</b>	13,880	<b>37,637</b>	37,971
Operating earnings	<b>2,473</b>	2,219	<b>11,219</b>	11,076
Interest expense, net	<b>(970)</b>	(1,003)	<b>(1,979)</b>	(1,961)
Other items				
Fair value adjustments and other	<b>3,112</b>	3,391	<b>1,270</b>	1,266
Unrealized exchange gain / (loss) on long-term debt	<b>1,903</b>	(1,651)	<b>3,937</b>	(3,939)
Gain on sale of timberlands	<b>492</b>	286	<b>531</b>	463
Gain / (loss) on disposal of other fixed assets	<b>1</b>	—	<b>1</b>	(248)
Earnings before income taxes	<b>7,011</b>	3,242	<b>14,979</b>	6,657
Current income tax recovery / (expense)	<b>368</b>	96	<b>(1,332)</b>	(1,269)
Deferred income tax expense	<b>(1,595)</b>	(1,450)	<b>(1,681)</b>	(1,514)
Net income	<b>\$ 5,784</b>	\$ 1,888	<b>\$ 11,966</b>	\$ 3,874
Net income per share – basic and diluted	<b>\$ 0.35</b>	\$ 0.11	<b>\$ 0.72</b>	\$ 0.23



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

	Three Months Ended		Six Months Ended	
	June 29, 2019	June 30, 2018	June 29, 2019	June 30, 2018
<i>(CAD thousands)</i>				
Net income	\$ 5,784	\$ 1,888	\$ 11,966	\$ 3,874
Other comprehensive income / (loss)				
Items that may be reclassified subsequently to net income:				
Unrealized foreign currency translation (loss) / gain	(2,845)	2,088	(5,947)	5,454
Loss on revaluation of land	(14)	—	(14)	—
Deferred income tax recovery	4	246	4	—
Comprehensive income	\$ 2,929	\$ 4,222	\$ 6,009	\$ 9,328

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

<i>As at</i> <i>(CAD thousands)</i>	<b>June 29, 2019</b>	December 31, 2018
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 20,881	\$ 22,320
Accounts receivable and other assets	7,025	7,230
Inventory	1,119	2,756
	<b>29,025</b>	32,306
Timber	<b>364,608</b>	367,901
Land, roads and other fixed assets	<b>84,400</b>	86,103
Intangible asset	<b>6,140</b>	6,140
Total assets	<b>\$ 484,173</b>	\$ 492,450
<b>Liabilities and shareholders' equity</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 5,088	\$ 7,963
Current tax liabilities	1,637	647
Dividends payable to shareholders	4,839	4,714
	<b>11,564</b>	13,324
Long-term debt	<b>93,421</b>	96,595
Deferred income tax liability	<b>92,483</b>	92,119
Shareholders' equity	<b>286,705</b>	290,412
Total liabilities and shareholders' equity	<b>\$ 484,173</b>	\$ 492,450

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

	Three Months Ended		Six Months Ended	
<i>(CAD thousands)</i>	<b>June 29, 2019</b>	June 30, 2018	<b>June 29, 2019</b>	June 30, 2018
<b>Cash and cash equivalents provided by / (used for):</b>				
<b>Operating activities</b>				
Net income	\$ 5,784	\$ 1,888	\$ 11,966	\$ 3,874
Adjustments to net income:				
Deferred income tax expense	1,595	1,450	1,681	1,514
Depreciation and amortization	72	77	144	161
Fair value adjustments and other	(3,112)	(3,391)	(1,270)	(1,266)
Unrealized exchange loss / (gain) on long term debt	(1,903)	1,651	(3,937)	3,939
Gain on sale of timberlands	(492)	(286)	(531)	(463)
(Gain) / loss on disposal of other fixed assets	(1)	—	(1)	248
Accretion of long-term debt	269	259	585	507
Net change in non-cash working capital balances and other	355	3,268	(1,035)	(1,050)
	<b>2,567</b>	4,916	<b>7,602</b>	7,464
<b>Financing activities</b>				
Dividends paid to shareholders	(4,840)	(4,601)	(9,554)	(9,202)
Common shares repurchased under NCIB	—	—	(37)	—
	<b>(4,840)</b>	(4,601)	<b>(9,591)</b>	(9,202)
<b>Investing activities</b>				
Additions to timber, land, roads and other fixed assets	(18)	(26)	(18)	(31)
Proceeds from sale of timberlands	527	305	567	497
Proceeds from sale of other fixed assets	1	8	1	187
	<b>510</b>	287	<b>550</b>	653
Increase / (decrease) in cash and cash equivalents during the period	(1,763)	602	(1,439)	(1,085)
Cash and cash equivalents, beginning of period	22,644	22,264	22,320	23,951
<b>Cash and cash equivalents, end of period</b>	<b>\$ 20,881</b>	\$ 22,866	<b>\$ 20,881</b>	\$ 22,866

## Reconciliations to Adjusted EBITDA and Free Cash Flow

<i>(CAD thousands)</i>	Three Months Ended		Six Months Ended	
	June 29, 2019	June 30, 2018	June 29, 2019	June 30, 2018
Net income	\$ 5,784	\$ 1,888	\$ 11,966	\$ 3,874
Add / (deduct):				
Interest expense, net	970	1,003	1,979	1,961
Current income tax (recovery) / expense	(368)	(96)	1,332	1,269
Deferred income tax expense	1,595	1,450	1,681	1,514
Depreciation and amortization	72	77	144	161
Fair value adjustments and other	(3,112)	(3,391)	(1,270)	(1,266)
Unrealized exchange (gain) / loss on long-term debt	(1,903)	1,651	(3,937)	3,939
Adjusted EBITDA	\$ 3,038	\$ 2,582	\$ 11,895	\$ 11,452
Add / (deduct):				
Interest paid on debt, net	(673)	(682)	(1,341)	(1,366)
Additions to timber, land, roads and other fixed assets	(18)	(26)	(18)	(31)
Gain on sale of timberlands	(492)	(286)	(531)	(463)
(Gain) / loss on disposal of other fixed assets	(1)	—	(1)	248
Proceeds on sale of timberlands	527	305	567	497
Proceeds on sale of other fixed assets	1	8	1	187
Current income tax recovery / (expense)	368	96	(1,332)	(1,269)
Free Cash Flow	\$ 2,750	\$ 1,997	\$ 9,240	\$ 9,255
Dividends declared	\$ 4,839	\$ 4,727	\$ 9,679	\$ 9,328
Payout ratio	176%	237%	105%	101%