



TFSA Investors: 1 Stock That Could Double in Value

Description

Acadian Timber Corp ([TSX:ADN](#)) owns and manages [freehold timberlands](#) in New Brunswick and Maine and provides management services relating to timberlands in New Brunswick. Acadian is a leading supplier of primary forest products, including softwood and hardwood sawlogs, pulpwood and biomass by-products, sold to approximately 85 regional customers throughout Maine, New Brunswick and Quebec.

The company has a price-to-earnings ratio of 11.91, a price-to-book ratio of 0.97, dividend yield of 7.10% and market capitalization of \$272 million. Debt is very sparingly used at Acadian as evidenced by a debt to equity ratio of just 0.37. The company has excellent performance metrics with an operating margin of 22.07% and a return on equity of 8.27%.

Acadian's timberlands have been used for [timber production](#) for more than a century and continue to be managed for sustainable timber production. Annual harvesting has been consistent with long-term forest management plans. The company engages in forest management, harvesting, marketing and sales and sells fibre to regional consumers including lumber mills, pulp and paper mills and other buyers of primary forest products.

Access to long-term, sustainable, high quality timber resources is important to Acadian's customers. Acadian is very effective at harvesting timber in a cost effective and optimizing the product mix with effective marketing and merchandising. Additionally, Acadian provides forest management and harvesting services on a contract basis.

The operations of the Acadian Timberlands are conducted entirely in New Brunswick and Maine. The land base is operated by management teams located in Plaster Rock, New Brunswick and Millinocket, Maine. Total merchantable inventory amounts to 37.7 million cubic metre with an annual sustainable harvest volume of 1,042,000 cubic metre.

Several business strengths enables Acadian to maintain stable financial performance and remain a leading supplier of primary forest products. Timber resources is an attractive asset class since it can be managed on a sustainable basis to yield a predictable and stable volume of timber over an infinite

period of time. Due to the natural biological growth of timber stands, value can be accumulated and stored in the form of unharvested timber over time.

Timberlands provide fibre for diverse solid and manufactured wood applications, the demand for which is naturally linked to population and economic growth. These characteristics of timberlands provide for stable, long-term cash flows and value appreciation over time. Acadian has robust markets for all products and the company works with customers to develop markets.

Acadian owns 1.1 million acres of freehold timberlands and manages 1.3 million acres of land. Large scale operations provide Acadian with the benefit of offering a reliable supply of roundwood to several large regional industrial consumers. Acadian has developed a reputation as a reliable, high quality supplier of large volumes of sawlogs and pulpwood and as a high quality supplier of smaller volumes of niche products.

Acadian's large timberland scale allows it to spread costs over a large harvest volume and management area. Large scale operations also provide Acadian with a larger customer base and a broad range of regional market intelligence, which management believes increases the opportunity to get premium value for harvested roundwood.

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