



NEWS RELEASE

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FOR IMMEDIATE RELEASE

GOODFELLOW REPORTS ITS RESULTS FOR THE THIRD QUARTER ENDED AUGUST 31, 2019

Delson, Quebec, October 4, 2019 — Goodfellow Inc. (TSX: GDL) announced today its financial results for the third quarter ended August 31, 2019. The Company reported a net income of \$2.5 million or \$0.29 per share compared to a net income of \$2.0 million or \$0.23 per share a year ago.

Consolidated sales for the three months ended August 31, 2019 were \$130.6 million compared to \$132.5 million last year. Sales in Canada alone increased 3% compared to the same period a year ago. On the operating side, selling, administrative and general expenses decreased overall by \$1.2 million.

For the nine months ended August 31, 2019, the Company reported a net income of \$2.8 million or \$0.33 per share compared to a net income of \$2.4 million or \$0.28 per share a year ago. Consolidated sales for the nine months ended August 31, 2019 were \$342.5 million compared to \$362.5 million last year. Sales in Canada decreased 4% compared to the same period a year ago. On the operating side, selling, administrative and general expenses decreased overall by \$3.1 million.

“The encouraging results of the third quarter were negatively impacted particularly in the GTA & Southwestern Ontario. European political upheaval as well as the US/China trade war played havoc on the Company’s core hardwood export business. Goodfellow believes in its diversified offering to move forward successfully”.

Goodfellow Inc. is a distributor of lumber products, building materials and floor coverings. Goodfellow shares trade on the Toronto Stock Exchange under the symbol GDL.

GOODFELLOW INC.**Consolidated Statements of Comprehensive Income****For the three and nine months ended August 31, 2019 and 2018***(in thousands of dollars, except per share amounts)***Unaudited**

| | For the three months ended | | For the nine months ended | |
|--|-----------------------------------|-----------|----------------------------------|-----------|
| | August 31 | August 31 | August 31 | August 31 |
| | 2019 | 2018 | 2019 | 2018 |
| | \$ | \$ | \$ | \$ |
| Sales | 130,594 | 132,455 | 342,460 | 362,465 |
| Expenses | | | | |
| Cost of goods sold | 106,840 | 108,072 | 278,088 | 295,438 |
| Selling, administrative and general expenses | 19,426 | 20,650 | 58,053 | 61,153 |
| Loss (gain) on disposal of property, plant and equipment | - | (41) | 7 | (2) |
| Net financial costs | 895 | 1,004 | 2,449 | 2,577 |
| | 127,161 | 129,685 | 338,597 | 359,166 |
| Earnings before income taxes | 3,433 | 2,770 | 3,863 | 3,299 |
| Income taxes | 961 | 777 | 1,086 | 925 |
| Total comprehensive income | 2,472 | 1,993 | 2,777 | 2,374 |
| Net earnings per share - Basic | 0.29 | 0.23 | 0.33 | 0.28 |
| Net earnings per share - Diluted | 0.29 | 0.23 | 0.32 | 0.28 |

GOODFELLOW INC.
Consolidated Statements of Financial Position
(in thousands of dollars)
Unaudited

| | As at August 31 2019 \$ | As at November 30 2018 \$ | As at August 31 2018 \$ |
|---|----------------------------------|------------------------------------|----------------------------------|
| Assets | | | |
| Current Assets | | | |
| Cash | 1,546 | 2,578 | 2,229 |
| Trade and other receivables | 65,216 | 50,008 | 65,154 |
| Inventories | 99,761 | 92,544 | 104,106 |
| Prepaid expenses | 2,552 | 3,143 | 4,151 |
| Total Current Assets | 169,075 | 148,273 | 175,640 |
| Non-Current Assets | | | |
| Property, plant and equipment | 32,754 | 34,356 | 34,834 |
| Intangible assets | 3,990 | 4,444 | 4,588 |
| Defined benefit plan asset | 2,700 | 2,704 | 2,396 |
| Investment in a joint venture | 25 | 25 | 25 |
| Other assets | 849 | 916 | 849 |
| Total Non-Current Assets | 40,318 | 42,445 | 42,692 |
| Total Assets | 209,393 | 190,718 | 218,332 |
| Liabilities | | | |
| Current liabilities | | | |
| Bank indebtedness | 56,579 | 42,835 | 68,205 |
| Trade and other payables | 32,216 | 29,192 | 31,708 |
| Income taxes payable | 667 | 409 | 461 |
| Provision | 316 | 336 | 1,019 |
| Current portion of long-term debt | 15 | 14 | 45 |
| Total Current Liabilities | 89,793 | 72,786 | 101,438 |
| Non-Current Liabilities | | | |
| Provision | 1,319 | 1,317 | 484 |
| Long-term debt | 32 | 43 | 46 |
| Deferred income taxes | 3,652 | 3,652 | 3,582 |
| Defined benefit plan obligation | 159 | 57 | 974 |
| Total Non-Current Liabilities | 5,162 | 5,069 | 5,086 |
| Total Liabilities | 94,955 | 77,855 | 106,524 |
| Shareholders' Equity | | | |
| Share capital | 9,152 | 9,152 | 9,152 |
| Retained earnings | 105,286 | 103,711 | 102,656 |
| | 114,438 | 112,863 | 111,808 |
| Total Liabilities and Shareholders' Equity | 209,393 | 190,718 | 218,332 |

GOODFELLOW INC.
Consolidated Statements of Cash Flows
For the three and nine months ended August 31, 2019 and 2018
(in thousands of dollars)
Unaudited

| | For the three months ended | | For the nine months ended | |
|--|----------------------------|-------------------|---------------------------|-------------------|
| | August 31 2019 | August 31 2018 | August 31 2019 | August 31 2018 |
| | \$ | \$ | \$ | \$ |
| Operating Activities | | | | |
| Net earnings | 2,472 | 1,993 | 2,777 | 2,374 |
| Adjustments for: | | | | |
| Depreciation | 869 | 932 | 2,592 | 2,746 |
| Accretion expense on provision | 3 | 12 | 10 | 38 |
| (Decrease) increase in provision | (28) | 55 | (28) | 80 |
| Income taxes | 961 | 777 | 1,086 | 925 |
| Loss (gain) on disposal of property, plant and equipment | - | (41) | 7 | (2) |
| Interest expense | 603 | 737 | 1,708 | 1,866 |
| Funding in deficit of pension plan expense | 35 | 48 | 106 | 69 |
| Other assets | - | - | 67 | 33 |
| | 4,915 | 4,513 | 8,325 | 8,129 |
| Changes in non-cash working capital items | 6,126 | 10,863 | (19,079) | (21,668) |
| Interest paid | (580) | (663) | (1,791) | (2,005) |
| Income taxes (paid) recovered | (152) | 1,296 | (828) | 1,125 |
| | 5,394 | 11,496 | (21,698) | (22,548) |
| Net Cash Flows from Operating Activities | 10,309 | 16,009 | (13,373) | (14,419) |
| Financing Activities | | | | |
| Net (decrease) increase in bank loans | (3,000) | 2,000 | (1,000) | (2,000) |
| Net (decrease) increase in banker's acceptances | (12,000) | (16,000) | 13,000 | 14,000 |
| Reimbursement of long-term debt | (4) | (35) | (10) | (103) |
| Dividend Paid | - | - | (851) | - |
| | (15,004) | (14,035) | 11,139 | 11,897 |
| Investing Activities | | | | |
| Acquisition of property, plant and equipment | (263) | (345) | (488) | (896) |
| Increase in intangible assets | (17) | (64) | (62) | (176) |
| Proceeds on disposal of property, plant and equipment | - | (3) | 8 | 45 |
| Dividends from the joint venture | - | 260 | - | 260 |
| | (280) | (152) | (542) | (767) |
| Net cash (outflow) inflow | (4,975) | 1,822 | (2,776) | (3,289) |
| Cash position, beginning of period | 2,942 | (4,798) | 743 | 313 |
| Cash position, end of period | (2,033) | (2,976) | (2,033) | (2,976) |
| Cash position is comprised of: | | | | |
| Cash | 1,546 | 2,229 | 1,546 | 2,229 |
| Bank overdraft | (3,579) | (5,205) | (3,579) | (5,205) |
| | (2,033) | (2,976) | (2,033) | (2,976) |

GOODFELLOW INC.**Consolidated Statements of Change in Shareholders' Equity****For the nine months ended August 31, 2019 and 2018***(in thousands of dollars)***Unaudited**

| | Share Capital | Retained Earnings | Total |
|--|--------------------------|------------------------------|----------------|
| | \$ | \$ | \$ |
| Balance as at November 30, 2017 (Audited) | 9,152 | 100,282 | 109,434 |
| Net income | - | 2,374 | 2,374 |
| Total comprehensive income | - | 2,374 | 2,374 |
| Balance as at August 31, 2018 | 9,152 | 102,656 | 111,808 |
| Balance as at November 30, 2018 (Audited) | 9,152 | 103,711 | 112,863 |
| Net earnings | - | 2,777 | 2,777 |
| Total comprehensive income | - | 2,777 | 2,777 |
| <i>Transactions within equity</i> | | | |
| Dividend | - | (851) | (851) |
| Modification of share-based payment | - | (351) | (351) |
| Balance as at August 31, 2019 | 9,152 | 105,286 | 114,438 |