

NEWS RELEASE: Via
The Canadian Custom Disclosure Network
FOR IMMEDIATE RELEASE
April 19, 2017

Attention: Business/Financial Editors

HARDWOODS DISTRIBUTION INC.

TRADING SYMBOL: **Toronto Stock Exchange – HWD**

Hardwoods Announces Update Regarding US Trade Investigation Against Chinese Import Plywood

Langley, B.C., April 19, 2017/ CNW/ – Hardwoods Distribution Inc. (“Hardwoods” or the “Company”) today announced that the US Department of Commerce (“Commerce”) has issued its preliminary determination regarding countervailing duties against hardwood plywood manufactured in China and imported into the United States.

As previously announced by the Company, on November 18, 2016 a trade case was filed in the United States seeking the imposition of countervailing duties (“CVD”) and antidumping duties (“AD”) against Chinese hardwood plywood. The trade case was brought by a coalition of U.S. plywood manufacturers (the “Petitioners”), alleging that Chinese imports are subsidized by the Government of China and are sold in the United States at prices below cost. The Company estimates that approximately 11% of its total sales is product imported from China that would be subject to the trade case.

The preliminary stage of the CVD investigation conducted by Commerce concluded as follows:

- A preliminary duty rate of 9.89% will apply to most Chinese producers. All of the Chinese manufacturers that Hardwoods does business with are in this 9.89% preliminary CVD category.
- A further 63 producers in China were determined not to have cooperated to the best of their ability in the investigation, and Commerce assigned those producers a CVD rate of 111.09%. None of the Company’s suppliers are in this category.

- The preliminary CVD will come into force upon being formally published in the Federal Register, which is expected to occur in the next few days.

The Petitioners also requested that Commerce consider whether a significant increase in import products that are subject to this trade case occurred during the course of the preliminary investigation (referred to as “Critical Circumstances”). Commerce ruled affirmatively for Critical Circumstances, which gives rise to the application of retroactive duties on imports made 90 days prior to the date the preliminary CVD goes into effect. The Company estimates that duties of US\$0.8 million will be payable on deposit to U.S. Customs related to products that were imported in the retroactive duty period. Whether these retroactively applied duty deposits are later returned to the Company, or are affirmed and forfeited, is a decision that will be rendered at the end of the trade case process which is expected in late 2017. In the meantime these duties are expected to be passed on in the marketplace in the form of higher product pricing.

“As a distributor we sell a wide range of architectural building products to customers in North America, including hardwood plywood,” said Rob Brown, President and CEO of Hardwoods. “Within the hardwood plywood product category, we offer choice to our customers in the form of both domestic and imported hardwood plywood solutions that are available in the marketplace. We will monitor developments as the trade case works its way through the regulatory process and adjust our sourcing as needed. We are confident in our ability to successfully service the diverse product requirements of our customers, regardless of the final outcome of this trade case.”

The CVD rates announced by Commerce represent their preliminary CVD determinations only, and are subject to further investigation and revision. The final determination regarding CVD is expected to be issued by Commerce in November 2017.

Commerce is also conducting a separate investigation into antidumping duties and no AD duty determination has yet been made. Commerce is expected to announce their preliminary AD duty decision in June 2017, with their final AD duty decision announced in November 2017.

Once final CVD and AD determinations have been made by Commerce, the final phase of the case passes to a separate U.S. government agency, the International Trade Commission (“ITC”). The ITC rules on whether the domestic plywood industry has been or is threatened to be injured which determines if final CVD and AD duties are to be implemented. The ITC’s final decision regarding the trade case is expected to be rendered late in 2017.

About Hardwoods Distribution Inc.

Hardwoods is North America’s largest distributor of high-grade hardwood lumber, sheet goods, architectural millwork and non-structural architectural grade building products to the residential and commercial construction markets. The Company operates a North American network of 58 distribution centres, as well as one sawmill and kiln drying operation.

Forward-Looking Statements

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

This news release includes forward-looking statements. These involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are identified by the use of terms and phrases such as “anticipate”, “believe”, “estimate”, “expect”, “may”, “plan”, “will”, and similar terms and phrases, including references to assumptions. Such statements may involve, but are not limited to: The preliminary CVD will come into force upon being formally published in the Federal Register, which is expected to occur in the next few days; the Company estimates that duties of US\$0.8 million will be payable on deposit to U.S. Customs related to products that were imported in the retroactive duty period; whether retroactive duties are later returned to the Company, or are affirmed and forfeited, is a decision that will be rendered at the end of the trade case process which is expected in late 2017; duties are expected to be passed on in the marketplace in the form of higher product pricing; the final determination regarding CVD is expected to be issued by Commerce in November 2017; Commerce is expected to announce their preliminary AD duty decision in June 2017, with their

final AD duty decision announced in November 2017; and the ITC's final decision regarding the trade case is expected to be rendered late in 2017.

These forward-looking statements reflect current expectations of management regarding future events and operating performance as of the date of this news release. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to: national and local business conditions; political or economic instability in local markets; competition; consumer preferences; spending patterns and demographic trends; legislation or governmental regulation; acquisition and integration risks.

Although the forward-looking statements contained in this news release are based upon what management believes to be reasonable assumptions, management cannot assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements reflect management's current beliefs and are based on information currently available.

All forward-looking information in this news release is qualified in its entirety by this cautionary statement and, except as may be required by law, Hardwoods undertakes no obligation to revise or update any forward-looking information as a result of new information, future events or otherwise after the date hereof.

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