

Crown Capital Partners Announces Q1 2019 Financial Results

CALGARY, May 7, 2019 – Crown Capital Partners Inc. (“Crown” or the “Corporation”) (TSX: CRWN), a capital partner to entrepreneurs and growth businesses, today announced its financial results for the first quarter ended March 31, 2019. Crown’s complete financial statements and management’s discussion and analysis for the three-month period ended March 31, 2019 are available on SEDAR at www.sedar.com.

Q1 2019 Financial & Operating Highlights

- Interest revenue increased by 43% over the comparable period to \$8.0 million due primarily to expansion of the investment portfolio.
- Fees and other income increased to \$1.6 million (Q1 2018 - \$0.2 million) including fees earned in relation to the early repayment of two special situations loans.
- Total revenue declined to \$(4.0) million compared with \$5.3 million in Q1 2018 due to the inclusion in Q1 2019 revenue of a \$(13.5) million net loss on investments, which is comprised primarily of a \$(15.6) million unrealized loss recognized on the investment in Solo Liquor Holdings Limited (“Solo Liquor”).
- Net income (loss), net of non-controlling interests, of \$(4.0) million (Q1 2018 - \$0.9 million), or \$(0.41) per common share (basic) (Q1 2018 - \$0.09).
- A provision for bad debts of \$3.0 million was recognized in relation to an amount owing from an operating partner affiliated with Crown Capital Power Limited Partnership.
- Adjusted Funds from Operations¹ of \$0.6 million, compared with \$2.2 million in Q1 2018.
- Total assets of \$263.6 million at quarter-end, compared with \$275.9 million at December 31, 2018.
- On March 1, 2019 paid a quarterly dividend of \$0.15 per common share.
- Completed an upsizing of \$43 million for Crown Capital Power Limited Partnership (“Crown Power Fund”), increasing the total capital to approximately \$58 million.
- Crown Capital Partner Funding, LP (“Crown Partners Fund”) announced an agreement to provide an additional \$5 million to portfolio company Triple Five Intercontinental Group, increasing the size of this loan to \$20 million.
- Crown Partners Fund received early repayment of two special situations loans totaling \$45 million: Baylin Technologies (\$30 million) and Bill Gosling Outsourcing (\$15 million).
- Finalized a new \$25 million senior secured revolving credit facility for Crown Partners Fund and extended the maturity of Crown’s existing \$35 million senior secured revolving corporate credit facility, to May 31, 2021.
- Subsequent to quarter end, Crown Partners Fund announced a \$25 million, 60-month term loan commitment to Rokstad Holdings Corporation of which \$15 million has been advanced to-date.

“Our first quarter results showed strong growth in interest revenue and fee income; however, these revenue gains were offset by an impairment on our investment in Solo Liquor,” said Chris Johnson, President and CEO of Crown. “The situation with Solo Liquor is disappointing, as it has been over five years since our last impairment on an investment. We are working diligently to recover funds in relation to this investment, but at this time the extent of potential recovery remains uncertain. We’ve accumulated investment gains in Crown Partners Fund and, following this impairment, these will remain at reasonable levels. Additionally, we continue to hold positions in multiple outstanding companies that are expected to create additional investment gains as they are realized.”

Mr. Johnson added: “We continued to advance the Crown Power Fund in the quarter, highlighted by the upsizing of the fund and adding projects and operating partners. While we are in the early stages of building this investment vehicle, it’s more and more apparent there is a significant need in Ontario, and we are seeing the same dynamics in other regions of Canada and the United States. We plan to expand our base of operating partners in these regions, further increasing the addressable market for the fund. As we work with a number of newly established operating partners, there is a higher risk of unanticipated outcomes, and to this end we have recorded a provision of \$3 million for potentially unrecoverable funds advanced to an operating partner in relation to projects, which we are working to recover.”

Q1 2019 Financial Results Summary

Selected Quarterly Information	Three Months Ended	
	March 31,	
(\$ in 000s, except per share and number of shares)	2019	2018
Revenue:		
Interest revenue	\$ 7,963	\$ 5,563
Fees and other income	1,576	199
Performance fee distributions	-	-
Net realized gain on sale of investments	930	-
Net change in unrealized gains in fair value of investments	(14,439)	(458)
Total Revenue	\$ (3,970)	\$ 5,304
Total comprehensive income (loss), net of non-controlling interests	\$ (3,988)	\$ 900
Weighted average shares outstanding - basic	9,613,379	9,496,786
Total comprehensive income per share - basic	\$ (0.41)	\$ 0.09
Weighted average shares outstanding - diluted	9,729,605	9,858,898
Total comprehensive income per share - diluted	\$ (0.41)	\$ 0.09
Adjusted Funds from Operations ¹	\$ 627	\$ 2,181
Adjusted Funds from Operations per share - basic ¹	\$ 0.07	\$ 0.23
Investments	\$ 194,417	\$ 208,289
Total assets	\$ 263,607	\$ 225,159
Total equity	\$ 99,301	\$ 103,166
Cash dividends declared per common share	\$ 0.15	\$ 0.15
Common Shares outstanding at March 31,	9,610,827	9,484,167
Total equity per share - basic	\$ 10.33	\$ 10.88

Reconciliation of Earnings before Income Taxes to Adjusted Funds from Operations (\$ in 000s)	Three Months Ended March 31,	
	2019	2018
Earnings (loss) before income taxes	\$ (8,127)	\$ 3,450
Add: financing costs	866	135
Add: non-cash share-based compensation	26	458
Add/deduct: net (income) loss attributable to non-controlling interests	2,645	(2,033)
Adjusted EBIT ¹	(4,590)	2,010
Add: finance fees and other income attributable to shareholders received on investments carried at amortized cost but not included in fee and other income	463	452
Deduct: unrealized investment (gains)/losses attributable to shareholders	5,269	(167)
Deduct: amortization component of interest revenue attributable to shareholders on loans carried at amortized cost	(515)	(114)
Adjusted Funds from Operations ¹	\$ 627	\$ 2,181

- Adjusted EBIT and Adjusted Funds from Operations are not measures of financial performance (nor do they have standardized meanings) under IFRS. In evaluating these measures, investors should consider that the methodology applied in calculating these measures might differ among companies and analysts. The Corporation has provided a reconciliation of earnings before income taxes to Adjusted EBIT and Adjusted Funds from Operations in this news release. The Corporation believes these are useful supplemental measures that may assist investors in assessing the financial performance and the cash anticipated to be generated by Crown's business. Adjusted EBIT and Adjusted Funds from Operations should not be considered as the sole measures of Crown's performance and should not be considered in isolation from, or as a substitute for, analysis of the Corporation's financial statements.

Conference Call & Webcast

Crown will host a conference call to discuss its Q1 2019 financial results at 2:00 p.m. EDT on May 7, 2019. The call will be hosted by Chris Johnson, President & CEO, and Michael Overvelde, CFO. To participate in the call, dial (416) 764-8688 or (888) 390-0546 using the conference ID 42237111. The audio webcast can be accessed at www.crowncapital.ca under Investor Relations or <https://bit.ly/2vhntms>. Listeners should access the webcast or call 10-15 minutes before the start time to ensure they are connected.

About Crown Capital Partners (TSX:CRWN)

Founded in 2000, Crown is a leading specialty finance company that provides growth capital to a diversified group of successful mid-market companies that are seeking alternatives to banks and private equity funds. Crown provides customized solutions in the form of loans, royalties, and other structures with minimal or no ownership dilution. In addition to deploying capital as a principal investor, Crown develops, manages and co-invests in alternative investment funds, including Crown Partners Fund and Crown Capital Power Fund.

FORWARD-LOOKING STATEMENTS

This news release contains certain "forward looking statements" and certain "forward looking information" as defined under applicable Canadian and U.S. securities laws. Forward-looking statements can generally be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "continue", "plans" or similar terminology. Forward-looking statements in this news release include, but are not limited to, statements, management's beliefs, expectations or intentions regarding the alternative financial market and the general economy, transaction pipeline, Crown's business plans and strategy, including anticipated capital deployments and the timing thereof, and Crown's future cash flow and shareholder value. Forward-looking statements are based on forecasts of future results, estimates of amounts not yet determinable and assumptions that while believed by management to be reasonable, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Forward-looking statements are subject to various risks and uncertainties concerning the specific factors identified in the Crown's periodic filings with Canadian securities regulators.

See Crown's most recent annual information form for a detailed discussion of the risk factors affecting Crown. In addition, Crown's dividend policy will be reviewed from time to time in the context of the Corporation's earnings, financial requirements for its operations, and other relevant factors and the declaration of a dividend will always be at the discretion of the board of directors of the Corporation. Crown undertakes no obligation to update forward-looking information except as required by applicable law. Such forward-looking information represents management's best judgment based on information currently available. No forward-looking statement can be guaranteed and actual future results may vary materially. Accordingly, readers are advised not to place undue reliance on forward-looking statements or information.

For further information, please contact:

Craig Armitage
Investor Relations
craig.armitage@crowncapital.ca
(416) 347-8954