



Crown Capital Partners Announces Q2 2019 Financial Results

CALGARY, August 8, 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 second quarter of 2019. Crown’s complete financial statements and management’s discussion and analysis for the three and six months ended June 30, 2019 are available on SEDAR at www.sedar.com.

Q2 2019 Financial & Operating Highlights

- Total revenue increased to \$11.0 million, compared with \$9.0 million in Q2 2018. The year-over-year change is due mainly to a \$4.4 million net change in unrealized gains in fair value of investments that includes an expected recovery of \$4.0 million on the investment in Solo Liquor Holdings Limited (“Solo”).
- Interest revenue was \$5.7 million, compared with \$6.3 million in Q2 2018, due primarily to a lower average level of interest-yielding investments held by Crown Capital Partner Funding, LP (“Crown Partners Fund”).
- Fees and other income were \$0.8 million (Q2 2018 - \$1.6 million).
- Net income, net of non-controlling interests, improved to \$2.3 million (Q2 2018 – \$2.0 million), or \$0.23 per common share (basic) (Q1 2018 – \$0.21 per share).
- Adjusted Funds from Operations¹ of \$1.9 million, compared with \$3.6 million in Q2 2018.
- Total assets of \$265.7 million at quarter-end, compared with \$275.9 million at December 31, 2018.
- On May 31, 2019 paid a quarterly dividend of \$0.15 per common share.
- Crown Partners Fund completed a \$25 million, 60-month term loan with Rokstad Holdings Corporation of which \$15.5 million had been advanced as at June 30, 2019 and the remainder has been subsequently advanced.
- Subsequent to quarter end, Crown acquired WireIE Holdings International Inc., providing a new avenue for revenue growth and diversification for Crown. Crown had previously provided an income streaming facility to WireIE in July 2018 to support the company’s expansion.
- Subsequent to quarter end, Crown Partners Fund received early repayment by Canadian Helicopters Limited of an \$8 million special situations loan in addition to interest, fees and other payments.

“Over the second quarter, we were pleased to have made meaningful progress on several fronts, including recovering a portion of the Solo investment and making significant progress toward recovering funds that were provided for in the first quarter in connection with the power fund” said Chris Johnson, President and CEO of Crown. “In addition, we put new capital to work and built our deal pipelines in each of the special situations and power fund portfolios.”

Mr. Johnson added: “Our outlook for the remainder of fiscal 2019 remains positive, and we are focused on originating new special situations transactions and onboarding new partners and approving new projects in the power fund. Over more than 18 years, Crown has established core capabilities in sourcing and structuring transactions that create strong risk-adjusted recurring cash flows. We are now applying these to the power infrastructure market and, with the acquisition of WireIE, have a platform to target a long-term opportunity for financing and supplying carrier-grade data networks to underserved communities.”

Q2 2019 Financial Results Summary

Selected Quarterly Information (\$ in 000s, except per share and number of shares)	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Revenue:				
Interest revenue	\$ 5,714	\$ 6,274	\$ 13,677	\$ 11,837
Fees and other income	806	1,636	2,382	1,835
Performance fee distributions	-	-	-	-
Net realized gain on sale of investments	-	222	930	222
Net change in unrealized gains in fair value of investments	4,436	902	(10,003)	444
Total Revenue	\$ 10,956	\$ 9,034	\$ 6,986	\$ 14,338
Total comprehensive income, net of non-controlling interests	\$ 2,254	\$ 1,970	\$ (1,735)	\$ 2,871
Weighted average shares outstanding - basic	9,598,620	9,467,790	9,605,959	9,482,208
Total comprehensive income per share - basic	\$ 0.23	\$ 0.21	\$ (0.18)	\$ 0.30
Weighted average shares outstanding - diluted	9,708,012	9,839,266	9,714,513	9,845,443
Total comprehensive income per share - diluted	\$ 0.23	\$ 0.20	\$ (0.18)	\$ 0.29
Adjusted Funds from Operations ¹	\$ 1,855	\$ 3,616	\$ 2,481	\$ 6,132
Adjusted Funds from Operations per share - basic ¹	\$ 0.19	\$ 0.38	\$ 0.26	\$ 0.65
Investments	\$ 219,799	\$ 242,954	\$ 219,799	\$ 242,954
Total assets	\$ 265,709	\$ 277,115	\$ 265,709	\$ 277,115
Total equity	\$ 99,987	\$ 104,314	\$ 99,987	\$ 104,314
Cash dividends declared per common share	\$ 0.15	\$ 0.15	\$ 0.30	\$ 0.30
Common Shares outstanding at June 30,	9,589,962	9,461,372	9,589,962	9,461,372
Total equity per share - basic	\$ 10.43	\$ 11.03	\$ 10.43	\$ 11.03

Reconciliation of Earnings before Income Taxes to Adjusted Funds from Operations (\$ in 000s)	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Earnings (loss) before income taxes	\$ 7,329	\$ 6,486	\$ (799)	\$ 9,937
Add: financing costs	758	344	1,624	479
Add: non-cash share-based compensation	72	420	98	878
Deduct: net income attributable to non-controlling interests	(4,237)	(3,680)	(1,592)	(5,713)
Adjusted EBIT ¹	3,922	3,570	(669)	5,581
Add: finance fees attributable to shareholders received on investments carried at amortized cost but not included in fees and other income	-	560	463	1,012
Deduct: unrealized investment (gains)/losses attributable to shareholders	(1,728)	(383)	3,542	(216)
Deduct: amortization component of interest revenue attributable to shareholders on loans carried at amortized cost	(339)	(131)	(855)	(245)
Adjusted Funds from Operations ¹	\$ 1,855	\$ 3,616	\$ 2,481	\$ 6,132

- 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 Q2 2019 financial results at 8:30 a.m. EDT on August 8, 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 87867312. The audio webcast can be accessed at www.crowncapital.ca under Investor Relations or <https://bit.ly/2JyD9bN>. 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.

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