

Crown Capital Partners Announces Financial Results for Q1 2018

CALGARY, May 8, 2018 – Crown Capital Partners Inc. (“Crown” or the “Corporation”) (TSX: CRWN), which provides growth capital to successful mid-market companies, today announced its financial results for the first quarter ended March 31, 2018. Crown’s complete financial statements and management’s discussion and analysis for the three-month period ended March 31, 2018 are available on SEDAR at www.sedar.com.

Q1 2018 Financial & Operating Highlights

- Total revenue of \$5.3 million (2017 - \$6.8 million), including interest revenue of \$5.6 million (2017 - \$4.4 million) and fees and other income of \$0.2 million (2017 - \$0.5 million), offset by a net change in unrealized gains in fair value of investments of \$(0.5) million (2017 - \$1.8 million).
- Net income, net of non-controlling interests, of \$0.9 million (2017 - \$1.7 million), or \$0.09 per common share (basic) (2017 - \$0.18).
- Adjusted EBIT² of \$2.0 million, compared with \$3.0 million in 2017.
- Total equity per common share (basic) of \$10.88 at March 31, 2018, compared with \$10.75 at March 31, 2017.
- Total assets of \$225.2 million at March 31, 2018, up from \$199.0 million at March 31, 2017.
- On March 2, 2018, paid a quarterly dividend of \$0.15 per common share, an increase of 15% compared with the previous quarterly dividend of \$0.13 per share.
- Crown Capital Fund IV, LP (“Crown IV LP”) and two syndicate partners provided a \$33 million (Crown IV LP interest - \$30 million), 60-month term loan to Baylin Technologies.
- On March 28, 2018, Crown announced that it had received from DBRS Limited (“DBRS”) its first rating by any rating agency. DBRS has assigned Crown a Long-Term Issuer Rating of BB (low) with a stable trend.
- Subsequent to quarter end, Crown IV LP completed a \$12 million, 60-month term loan to DATA Communications Management Corp. (TSX:DCM).

“Our first quarter financial results were highlighted by the 27% increase in interest revenue, reflecting our success in building the investment portfolio over the past year,” said Chris Johnson, President and CEO of Crown. “This growing revenue base, combined with our positive outlook, enabled us to increase our quarterly dividend by an additional 15% – our third increase since the beginning of 2017. We have deployed \$42 million to date this year in two high-quality companies and expect to finalize multiple transactions in the near term, which will drive increased revenue, cash flow and return on equity in 2018. Our transaction pipeline remains robust across multiple industries, highlighting the underlying demand in the middle market for intelligent, non-dilutive capital alternatives.”

Q1 F2018 Financial Results Summary

On January 1, 2018, the Corporation adopted IFRS 9 “Financial Instruments” (“IFRS 9”) resulting in fundamental changes to the accounting for financial assets. As a result, some of the Corporation’s debt investments are now carried at amortized cost, with other debt investments and all equity investments carried at fair value through profit or loss (“FVTPL”). Previously, all investments had been carried at FVTPL. The impact of the adoption of IFRS 9 on the carrying value of investments and retained earnings as at January 1, 2018 was a reduction of \$2.1 million and \$0.9 million, respectively. Financing fees earned in relation to debt investments carried at amortized cost (e.g., the Baylin loan) are now deferred and amortized over the term of related loans as part of the effective interest rate and are no longer recognized immediately in revenues. Comparative amounts for 2017 and prior periods were not restated for the impact of IFRS 9.

Selected Quarterly Information (\$ in 000s, except per share and number of shares)	Three Months Ended March 31,	
	2018	2017 ¹
Revenue:		
Interest revenue	\$ 5,563	\$ 4,385
Fees and other income	199	526
Net realized gain on sale of investments	-	553
Net change in unrealized gains in fair value of investments	(458)	1,292
Total Revenue	\$ 5,304	\$ 6,756
Total comprehensive income, net of non-controlling interests	\$ 900	\$ 1,744
Weighted average shares outstanding - basic	9,496,786	9,521,354
Total comprehensive income per share - basic	\$ 0.09	\$ 0.18
Weighted average shares outstanding - diluted	9,858,898	9,839,188
Total comprehensive income per share - diluted	\$ 0.09	\$ 0.18
Adjusted EBIT ²	\$ 2,010	\$ 2,990
Investments	\$ 208,289	\$ 172,180
Total assets	\$ 225,159	\$ 198,964
Total equity	\$ 103,166	\$ 102,412
Common Shares outstanding at March 31	9,484,167	9,523,590
Total equity per share - basic	\$ 10.88	\$ 10.75

Reconciliation of Earnings before Income Taxes to Adjusted EBIT (\$ in 000s)	Three Months Ended March 31,	
	2018	2017 ¹
Earnings before income taxes	\$ 3,450	\$ 5,051
Add: financing costs	135	147
Add: non-cash share-based compensation	458	342
Deduct: net income attributable to non-controlling interests	(2,033)	(2,550)
Adjusted EBIT ²	\$ 2,010	\$ 2,990

- IFRS 9 was adopted on January 1, 2018 on a retrospective basis without restatement of prior periods. Accordingly, 2017 and prior periods are not presented on a comparable basis.

- Adjusted EBIT is not a measure of financial performance (nor does it have a standardized meaning) under IFRS. In evaluating this measure, investors should consider that the methodology applied in calculating this measure may differ among companies and analysts. Adjusted EBIT is calculated by Crown as earnings before non-cash share-based compensation, finance costs and income taxes less net income and comprehensive income attributable to non-controlling interests. The Corporation has provided a reconciliation of earnings before income taxes to Adjusted EBIT in this news release. The Corporation believes Adjusted EBIT is a useful supplemental measure that may assist investors in assessing the financial performance and the cash anticipated to be generated by Crown's business. Adjusted EBIT should not be considered as the sole measure 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 2018 financial results at 2:00 p.m. ET on May 8, 2018. The call will be hosted by Chris Johnson, President & CEO, and Michael Overvelde, CFO. To participate in the call, dial 647-427-7450 or 1-888-231-8191 using the conference ID 2177818. The audio webcast can be accessed at www.crowncapital.ca under Investor Relations or <https://bit.ly/2qZrqcZ>. Listeners should access the webcast or call 10-15 minutes before the start time to ensure they are connected.

ABOUT CROWN

Crown (TSX: CRWN) is a specialty finance company focused on providing capital to successful Canadian and select U.S. companies. Crown also manages capital pools, including some in which Crown has a direct ownership interest. Crown originates, structures and provides tailored special situation and long-term financing solutions to a diversified group of private and public mid-market companies in the form of loans, royalties and other structures with minimal or no ownership dilution.

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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