



Crown Capital Partners Announces Financial Results for Q3 2018

Results highlighted by 49% year-over-year increase in interest revenue

CALGARY, November 7, 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 third quarter ended September 30, 2018. Crown’s complete financial statements and management’s discussion and analysis for the three- and nine-month periods ended September 30, 2018 are available on SEDAR at www.sedar.com.

Q3 2018 Financial & Operating Highlights

- Total revenue of \$7.9 million (2017 – \$5.6 million), including interest revenue of \$7.2 million (2017 – \$4.8 million), fees and other income of \$0.2 million (2017 – \$0.1 million), and a net gain on investments of \$0.5 million (2017 – net gain of \$0.6 million).
- A 62% year-over-year increase in net income, net of non-controlling interests, of \$1.8 million (2017 – \$1.1 million), or \$0.19 per common share (basic) (2017 – \$0.12).
- Adjusted Funds from Operations¹ of \$3.1 million, compared with \$1.6 million in Q3 2017.
- Total assets of \$288.2 million at quarter end, up from \$229.1 million at December 31, 2017.
- Total equity per common share (basic) of \$10.79 at September 30, 2018 compared with \$10.98 at December 31, 2017.
- On August 31, 2018, paid a quarterly dividend of \$0.15 per common share.
- Crown Capital Partner Funding, LP (“Crown Partners Fund”) completed a \$15 million term loan to Triple Five Intercontinental Group Ltd. and exited Q3 2018 with a record level of contributed capital at \$221.8 million compared with \$167.4 million as at September 30, 2017.
- Completed a \$75 million upsizing of Crown Partners Fund. Concurrently, the investment period was extended to the end of 2019 and the maximum size of the fund was increased to \$500 million, from \$300 million previously.
- Transition restricted share units issued in connection with the initial public offering of the Corporation in July 2015 vested on July 9, 2018, contributing to a 1.7% increase in common shares outstanding as at September 30, 2018 compared with June 30, 2018 and, in turn, to a (2.2)% decrease in book value per share over the same period.

“Crown has had a highly active and productive year to date, deploying \$105 million in six transactions, which lifted our fee-generating assets to [our highest levels ever] at quarter end and drove a 49% year-over-year increase in interest revenue,” said Chris Johnson, President and CEO of Crown. “In addition to the \$75 million upsizing of Crown Partners Fund, we made important changes that provide additional flexibility to expand this fund up to \$500 million and capitalize on demand from mid-market companies for our customized financing solutions.”

Mr. Johnson added: “Our core focus at Crown is creating strong risk-adjusted recurring cash flows through private credit and structured equity capital pools. With Crown Capital Power Limited Partnership, which we launched in the second quarter, we have a tremendous opportunity to build a portfolio of long-term contracts with profitable, well-established businesses that will deliver attractive utility-like income. In the third quarter,

we made significant progress with the growth initiatives for this fund, including important steps towards developing the capital structures and third-party investor base to participate alongside our initial principal investment.”

Q3 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 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 September 30,		Nine Months Ended September 30,	
	2018	2017 ²	2018	2017 ²
Revenue:				
Interest revenue	\$ 7,170	\$ 4,816	\$ 19,007	\$ 14,824
Fees and other income	208	141	2,043	3,747
Performance fee distributions	-	-	-	1,044
Net realized gain on sale of investments	-	(1,086)	222	2,200
Net change in unrealized gains in fair value of investments	542	1,731	986	(1,742)
Total Revenue	\$ 7,920	\$ 5,602	\$ 22,258	\$ 20,073
Total comprehensive income, net of non-controlling interests	\$ 1,808	\$ 1,113	\$ 4,679	\$ 4,624
Weighted average shares outstanding - basic	9,597,456	9,538,188	9,521,046	9,526,442
Total comprehensive income per share - basic	\$ 0.19	\$ 0.12	\$ 0.49	\$ 0.49
Weighted average shares outstanding - diluted	9,734,031	9,848,924	9,652,456	9,822,092
Total comprehensive income per share - diluted	\$ 0.19	\$ 0.11	\$ 0.48	\$ 0.47
Adjusted Funds from Operations ¹	\$ 3,140	\$ 1,580	\$ 9,271	\$ 9,345
Investments	\$ 264,923	\$ 194,742	\$ 264,923	\$ 194,742
Total assets	\$ 288,176	\$ 216,284	\$ 288,176	\$ 216,284
Total equity	\$ 103,896	\$ 103,492	\$ 103,896	\$ 103,492
Common Shares outstanding at September 30,	9,624,855	9,540,575	9,624,855	9,540,575
Total equity per share - basic	\$ 10.79	\$ 10.85	\$ 10.79	\$ 10.85

Reconciliation of Earnings before Income Taxes to Adjusted Funds from Operations (\$ in 000s)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017 ²	2018	2017 ²
Earnings before income taxes	\$ 5,597	\$ 4,094	\$ 15,534	\$ 13,880
Add: financing costs	768	134	1,247	422
Add: non-cash share-based compensation	(104)	252	774	996
Deduct: net income attributable to non-controlling interests	(3,176)	(2,494)	(8,889)	(7,244)
Adjusted EBIT ¹	3,085	1,986	8,666	8,054
Add: finance fees attributable to shareholders earned on investments carried at amortized cost but not included in fee income	506	-	1,517	-
Deduct: unrealized investment (gains)/losses attributable to shareholders	(280)	(406)	(496)	1,291
Deduct: amortization component of interest revenue attributable to shareholders on loans carried at amortized cost	(171)	-	(416)	-
Adjusted Funds from Operations ¹	\$ 3,140	\$ 1,580	\$ 9,271	\$ 9,345

- 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.

2. 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.

Conference Call & Webcast

Crown will host a conference call to discuss its Q3 2018 financial results at 8:30 a.m. EDT on November 7, 2018. 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 88328702. The audio webcast can be accessed at www.crowncapital.ca under Investor Relations or <https://bit.ly/2yqe7ql>. 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 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