

Accord Announces Record Funds Employed, Net Earnings, Revenue and Book Value per Share

Fourth Quarter and 2018 Earnings up 71% and 72%, respectively.

TORONTO, Feb. 27, 2019 /CNW/ - Accord Financial Corp. (TSX – ACD) today released its financial results for the fourth quarter and year ended December 31, 2018. The financial figures presented in this release are reported in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards.

<u>SUMMARY OF FINANCIAL RESULTS</u>				
	Three Months Ended Dec. 31		Year Ended Dec. 31	
	2018	2017	2018	2017
Average funds employed (millions)	\$ 317	\$ 226	\$ 271	\$ 181
Revenue (000's)	12,951	9,935	46,927	31,409
Net earnings attributable to shareholders (000's)	4,161	2,433	10,356	6,010
Adjusted net earnings (000's) (note)	3,883	2,903	10,840	7,005
Earnings per common share (basic and diluted)	0.50	0.29	1.24	0.72
Adjusted earnings per common share (basic and diluted)	0.46	0.35	1.30	0.84
Book value per share (December 31)			\$ 10.66	\$ 9.20

The Company reported record year-over-year growth in funds employed, revenue and net earnings. "We just closed the books on our strongest year since founding in 1978. Total funds employed, revenue and net earnings marked all-time highs." said President and CEO Simon Hitzig adding "These results cap off a five-year careful transformation from our roots as a factoring company into a broad-based commercial finance company, led by the most dynamic team in North America.

Revenue rose by 49% to \$46,927,000 this year compared to \$31,409,000 last year as a result of higher funds employed.

Net earnings attributable to shareholders ("shareholders' net earnings") in 2018 was a record \$10,356,000 compared with \$6,010,000 in 2017 mainly as a result of higher revenue. Earnings per common share ("EPS") was a record \$1.24, 72% higher than last year. Adjusted net earnings was also a record \$10,840,000 in 2018 compared to \$7,005,000 in 2017. Adjusted EPS rose to a record to \$1.30, 55% higher than the previous year. Book value per share was a record \$10.66 at year-end.

Revenue rose by 30% to a record \$12,951,000 in the fourth quarter of 2018 compared to \$9,935,000 last year.

Shareholders' net earnings for the fourth quarter of 2018 increased by 71% to \$4,161,000 compared to \$2,433,000 in 2017. Net earnings rose mainly as a result of a higher revenue, lower provision for losses and a recovery of business acquisition expenses. EPS increased by 72% to 50 cents compared to 29 cents last year. Adjusted net earnings was \$3,883,000 compared to the \$2,903,000 earned in the fourth quarter of 2017. Adjusted EPS rose 31% to 46 cents compared to the 35 cents earned in last year's fourth quarter.

Commenting on 2018's results Mr. Hitzig, stated: "This was our first full calendar year with contribution from both BondIt Media Capital and CapX Partners, which joined the Accord family in the second half of 2017. We couldn't be happier with the strategic fit and financial performance of both businesses, now key drivers of growth. Our three other lending units also delivered outstanding

growth. To finance Accord's growth, during the year, our syndicate of banks delivered strong support via a larger credit facility, while a new group of investors embraced our story and took up our convertible debenture offering, giving us addition capital to grow the portfolio."

About Accord Financial Corp.

Accord Financial Corp., founded in 1978, is one of North America's leading independent finance companies. Serving clients throughout the United States and Canada, Accord's flexible finance programs cover the full spectrum of asset-based lending, from factoring and inventory finance, to equipment leasing and trade finance, to film and media finance. For 41 years, Accord has helped businesses manage their cash flows and maximize financial opportunities – keeping business liquid.

Note: Non-IFRS measures

The Company's financial statements have been prepared in accordance with IFRS. The Company uses a number of other financial measures to monitor its performance and believes that these measures may be useful to investors in evaluating the Company's operating performance and financial position. These measures may not have standardized meanings or computations as prescribed by IFRS that would ensure consistency between companies using these measures and are, therefore, considered to be non-IFRS measures. The non-IFRS measures presented in this press release are as follows:

1) Adjusted net earnings and adjusted EPS. The Company derives these measures from amounts presented in its IFRS prepared financial statements. Adjusted net earnings comprise shareholders' net earnings before stock-based compensation, business acquisition expenses (transaction and integration costs and amortization of intangible assets) and restructuring expenses. Adjusted EPS (basic and diluted) is adjusted net earnings divided by the weighted average number of common shares outstanding (basic and diluted) in the period. Management believes adjusted net earnings is a more appropriate measure of operating performance as it excludes items which do not relate to ongoing operating activities. The following table provides a reconciliation of the Company's net earnings to adjusted net earnings:

	Three Months Ended Dec. 31		Year Ended Dec. 31	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	\$'000	\$'000	\$'000	\$'000
Shareholders' net earnings:	4,161	2,433	10,356	6,010
Adjustments, net of tax:				
Stock-based compensation	64	45	233	188
Business acquisition expenses	(342)	413	251	685
Restructuring expenses	-	12	-	122
Adjusted net earnings	<u>3,883</u>	<u>2,903</u>	<u>10,840</u>	<u>7,005</u>

2) Book value per share – book value is shareholders' equity and is the same as the net asset value (calculated as total assets minus total liabilities) of the Company less non-controlling interests. Book value per share is the book value divided by the number of common shares outstanding as of a particular date.

3) Funds employed are the Company's finance receivables and loans, an IFRS measure. Average funds employed are the average finance receivables and loans calculated over a particular period.

SOURCE Accord Financial Corp.

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