

Canlan Achieved Its Sixth Consecutive Year of Record Revenue and EBITDA in 2018 and Continues Dividend

Burnaby, British Columbia--(Newsfile Corp. - March 22, 2019) - [Canlan Ice Sports Corp.](#) (TSX: ICE) (the "Corporation") today reported its financial results for the fourth quarter and year ended December 31, 2018. The Corporation also announced the continuation of its dividend for Q1 2019.

Highlights of 2018

- Revenue of \$87.6 million increased \$2.2 million or 2.6% compared to 2017;
- Operating margin increased to 23.3% from 21.9% a year ago;
- EBITDA of \$14.7 million rose \$1.9 million or 14.7% compared to 2017; and
- Cash flow from operations increased by \$1.6 million or 14.9% compared to 2017.

Fourth Quarter and Annual Results

<i>(in thousands)</i>	For the 3 months ended December 31			For the year ended December 31	
	2018	2017		2018	2017
Revenue	\$ 24,799	\$ 24,278	\$	\$ 87,638	\$ 85,411
Operating expenses:					
Salaries, wages and benefits	8,317	8,457		32,769	32,874
Selling and customer service	2,796	2,432		11,303	11,320
Utilities	1,666	1,797		6,889	7,604
Cost of goods sold	1,637	1,597		5,697	5,735
Repairs and maintenance	2,089	1,210		5,730	4,576
Property tax	852	861		3,433	3,404
Facility lease	332	348		1,380	1,188
Total operating expenses	17,689	16,702		67,201	66,701
	7,110	7,576		20,437	18,710
G&A expense	1,577	2,074		5,767	5,919
EBITDA ¹	\$ 5,533	\$ 5,502	\$	\$ 14,670	\$ 12,791
EBITDA per share	\$ 0.41	\$ 0.41	\$	\$ 1.10	\$ 0.96
Depreciation	1,776	1,706		6,929	6,951
Interest	490	511		2,029	2,110
Loss (gain) on interest rate swap	570	(85)		209	(1,027)
Loss (gain) on foreign exchange	(64)	(3)		(91)	24
Income taxes	497	939		1,111	1,176
Net earnings	\$ 2,264	\$ 2,434	\$	\$ 4,483	\$ 3,557
Net earnings per share	\$ 0.17	\$ 0.18	\$	\$ 0.34	\$ 0.27

¹ Earnings before interest, taxes, depreciation and amortization (EBITDA) is often used as a measure of financial performance. However, EBITDA is not a term that has specific meaning in accordance with IFRS, and may be calculated differently by other companies. Canlan reconciles EBITDA to its net earnings.

Key Balance Sheet Figures *(in thousands)*:

As at December 31:

	2018	2017
Assets		
Cash and cash equivalents	\$ 19,845	\$ 18,629
Property plant and equipment	99,582	98,596
Investment properties	-	550
Assets held-for-sale	596	-
Other assets	8,912	7,945
Total assets	\$ 128,935	\$ 125,720
Liabilities and Equity		
Interest bearing debt	\$ 52,525	\$ 56,020
Accounts payable and accrued liabilities	12,567	10,105
Deferred revenue	12,881	13,209
Other liabilities	1,138	1,188
Total liabilities	79,111	80,522
Share capital and contributed surplus	63,652	63,652
Foreign currency translation reserve	3,775	2,365
Deficit	(17,603)	(20,819)
Total shareholders' equity	49,824	45,198
Total liabilities and equity	\$ 128,935	\$ 125,720

Fourth Quarter Results

(three months ended December 31, 2018 compared with three months ended December 31, 2017)

- Q4 revenue of \$24.8 million increased by \$0.5 million or 2.1% due to higher contract-rental revenue, growth in youth and adult soccer leagues, pricing of adult hockey leagues and incremental food & beverage revenue;
- Operating costs of \$17.7 million, increased by \$1.0 million or 5.9% mainly due to higher repairs and maintenance expenses incurred during Q4 2018 compared to prior year; and
- EBITDA was \$5.5 million consistent with 2017.

2018 Year End Results

(year ended December 31, 2018 compared with year ended December 31, 2017)

- Revenue of \$87.6 million increased by \$2.2 million or 2.6% compared to 2017;
- Main drivers of increase were pricing and growth in youth soccer leagues, hockey tournament registrations, and contract ice/field rentals;
- Total facility operating costs of \$67.2 million in 2018 increased moderately by \$0.5 million or 0.7% compared to 2017;
- Increases in repairs and maintenance expenses were partially offset by reduced utility expenses. In addition, staffing levels were optimized to gain efficiencies that resulted in flat labour costs on a year-over-year basis;
- The relatively low increase in operating costs yielded a higher operating margin of 23% compared to 22% a year ago;
- Corporate G&A expenses of \$5.8 million decreased by \$0.2 million or 2.6% compared to 2017 mainly due to decreased labour costs and professional fees;
- After G&A, EBITDA of \$14.7 million, increased by \$1.9 million or 14.7% compared to 2017; and
- After recording a total of \$10.2 million related to finance costs, depreciation, foreign exchange, and income tax expense, net earnings for the year was \$4.5 million or \$0.34 per share compared to \$3.6 million or \$0.27 per share a year ago.

"Our success in 2018 resulted from a tremendous amount of hard work in all areas of our business," said Canlan's CEO, Joey St-Aubin. "The team executed a labour optimization plan, continued our energy reduction program, continued to rollout new menu offerings in our restaurants, and achieved improvements in our tournament operations with a newly formed Sport Tourism division. We asked a lot from our team; the results demonstrate that the team delivered, and I want to thank and congratulate the Canlan crew for a great 2018 year."

"Increased operating earnings also contributed to stronger cash flow from operations," added Canlan's CFO, Ivan Wu. "This enables us to continue making improvements to our infrastructure, maintain our building envelopes, and target strategic opportunities for investment to expand our portfolio."

Dividend Policy

Canlan's Board of Directors has approved the continuation of the Corporation's quarterly dividend policy and declared eligible dividends totaling \$0.025 per common share that will next be paid on April 16, 2019 to shareholders of record at the close of business March 29, 2019. Canlan's Board of Directors reviews the Corporation's dividend policy on a quarterly basis. Canlan's dividend is designated as an "eligible" dividend under the Income Tax Act (Canada) and any corresponding provincial legislation. Under this legislation, individuals resident in Canada may be entitled to enhanced dividend tax credits, which reduce income tax otherwise payable.

"For 2019, we are very excited about the Leafs Ice Centre acquisition that was just recently announced. In addition, we want to continue moving the needle on cost efficiencies to improve margins and cash flow company-wide. This enables us to put emphasis on R&D and innovation, and to create new revenue streams that help position us to take advantage of investment opportunities," said Mr. St-Aubin.

Canlan's financial statements and Management's Discussion & Analysis for the year ended December 31, 2018 will be available via SEDAR on or before March 29, 2019.

About Canlan

Canlan Ice Sports Corp. is the North American leader in the development, operations and ownership of multi-purpose recreation and entertainment facilities. We are the largest private sector owner and operator of recreation facilities in North America and currently own, lease and/or manage 21 facilities in Canada and the United States with 60 ice surfaces, as well as five indoor soccer fields, and 15 sport, volleyball, and basketball courts. To learn more about Canlan please visit www.icesports.com.

Canlan Ice Sports Corp. is listed on the Toronto Stock Exchange under the symbol "ICE."

Caution concerning forward-looking statements

Certain statements in this News Release may constitute "forward looking" statements which involve known and unknown

risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. When used in this News Release, such statements may use such words as "may", "will", "expect", "believe", "plan" and other similar terminology. These statements reflect management's current expectations regarding future events and operating performance and speak only as of the date of this News Release. These forward-looking statements involve a number of risks and uncertainties. Some of the factors that could cause actual results to differ materially from those expressed in or underlying such forward-looking statements are the effects of, as well as changes in: international, national and local business and economic conditions; political or economic instability in the Corporation's markets; competition; legislation and governmental regulation; and accounting policies and practices. The foregoing list of factors is not exhaustive.

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