



## Spratt Announces 2018 Annual Results

TORONTO, Feb. 28, 2019 -- Spratt Inc. (TSX: SII) ("Spratt" or the "Company") today announced its financial results for the year ended December 31, 2018.

### Financial Overview (12 months results)

- Assets Under Management ("AUM") were \$10.6 billion as at December 31, 2018, compared to \$7.3 billion as at December 31, 2017.
- Investable capital stood at \$202 million as at December 31, 2018, compared to \$293 million as at December 31, 2017, reflecting a decrease of \$91 (31%) million, due primarily to the purchase of Central Fund of Canada assets in January of this year.
- Total net revenues (net of commission expenses, trailer fees and sub-advisor fees, carried interest and performance fee payouts) were \$96.7 million, reflecting a decrease of \$25.1 million (21%) from the year ended December 31, 2017. Last year's net revenues contained \$33.8 million of proceeds from the sale of our non-core diversified assets.
- Total expenses (excluding commission expenses, trailer fees and sub-advisor fees, carried interest and performance fee payouts) were \$64 million, reflecting a decrease of \$14.5 million (18%) from the year ended December 31, 2017.
- Net income was \$31.4 million (\$0.13 per share), reflecting a decrease of \$6.2 million (16%) from the year ended December 31, 2017. Last year's net income contained the proceeds from the sale of our non-core diversified assets.
- Adjusted Base EBITDA was \$40.5 million (\$0.16 per share), an increase of \$0.3 million (1%) from the year ended December 31, 2017. Taking into account last year's sale of non-core diversified assets and loan loss provision reversal, adjusted base EBITDA increased by \$13.7 million (51%) from the year ended December 31, 2017.

"Our AUM increased to \$10.6 billion during the fourth quarter of 2018, due largely to the strong performance of gold and silver, which served their traditional purpose of providing protection during the general market declines," said Peter Grosskopf, CEO of Spratt. "We believe precious metals and related equities are now poised for a multi-year uptrend, as it becomes evident that central bank tightening cycles have reached their conclusion."

"We continue to invest in our business to position Spratt for long-term growth," added Mr. Grosskopf. "Recently, we strengthened our management team with the appointment of Whitney George as President of Spratt and deepened our mining and portfolio management expertise with the addition of Dr. Neil Adshead at Spratt US. In 2019 we are focused on rebuilding our managed equities business, deploying capital in our Private Lending LPs and expanding our Exchange Listed Products platform."

### Assets Under Management (12 months results)

In millions \$	AUM Dec. 31, 2017	Net Sales & Capital Calls	Market Value Change	Distributions, Acquisitions & Divestitures	AUM Dec. 31, 2018
<b>Exchange Listed Products</b>					
- Physical Trusts	4,200	(883) <sup>(1)</sup>	273	4,337	7,927
- ETFs	434	(131)	(66)	—	237
	4,634	(1,014)	207	4,337	8,164
<b>Alternative Asset Management</b>					
- In-house	405	(10)	(49)	(51)	295
- Sub-advised	710	(92)	(113)	—	505
	1,115	(102)	(162)	(51)	800
<b>Private Resource Investments</b>					
- Managed Companies	706	—	(2)	(98)	606
- Private Resource Lending LPs	252	320	47	(121) <sup>(2)</sup>	498
- Fixed Term LPs	308	—	(65)	—	243
- Separately Managed Accounts	308	—	(41)	—	267
	1,574	320	(61)	(219)	1,614
<b>Total</b>	<b>7,323</b>	<b>(796)</b>	<b>(16)</b>	<b>4,067</b>	<b>10,578</b>

(1) Total CFCL units acquired on January 16, 2018 were 252 million. For the 12 months ended December 31, 2018, 37 million units (\$616 million or 15%) were redeemed.

(2) Distributions of principal receipts to clients of our lending LPs

## Dividends

On February 27, 2019, a dividend of \$0.03 per common share was declared for the quarter ended December 31, 2018.

## Conference Call and Webcast

A conference call and webcast will be held today, February 28, 2019 at 10:00 am ET to discuss the Company's financial results. To participate in the call, please dial (855) 458-4215 ten minutes prior to the scheduled start of the call and provide conference ID5685692. A taped replay of the conference call will be available until Thursday, March 7, 2019 by calling (855) 859-2056, reference number 5685692. The conference call will be webcast live at [www.sprott.com](http://www.sprott.com) and <https://edge.media-server.com/m6/p/n6u8cxcx>

## \*Non-IFRS Financial Measures

This press release includes financial terms (including AUM, investable capital, net revenues, expenses, adjusted base EBITDA and net sales) that the Company utilizes to assess the financial performance of its business that are not measures recognized under International Financial Reporting Standards ("IFRS"). These non-IFRS measures should not be considered alternatives to performance measures determined in accordance with IFRS and may not be comparable to similar measures presented by other issuers. For additional information regarding the Company's use of non-IFRS measures, including the calculation of these measures, please refer to the "Non-IFRS Financial Measures" section of the Company's Management's Discussion and Analysis and its financial statements available on the Company's website at [www.sprottinc.com](http://www.sprottinc.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

A reconciliation from net income to adjusted base EBITDA is shown below:

(in thousands \$)	12 months ended	
	Dec. 31, 2018	Dec. 31, 2017
<b>Net income for the periods</b>	31,379	37,532
Adjustments:		
Interest expense	419	201
Provision for income taxes	1,278	5,774
Depreciation and amortization	2,199	6,427
<b>EBITDA</b>	35,275	49,934
Other adjustments:		
Losses on proprietary investments	5,782	5,189
(Gains) losses on foreign exchange	(2,310)	7,412
Non-cash stock-based compensation	5,199	1,662
Net proceeds from Sale Transaction	(4,200)	(31,691)
Unamortized placement fees	(1,093)	5,057
Other expenses	2,746	4,788
<b>Adjusted EBITDA</b>	41,399	42,351
Other adjustments:		
Carried interest and performance fees	(1,802)	(4,676)
Carried interest and performance fee related expenses	915	2,489
<b>Adjusted base EBITDA</b>	40,512	40,164

## Forward Looking Statements

Certain statements in this press release contain forward-looking information (collectively referred to herein as the "Forward-Looking Statements") within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify Forward-Looking Statements. In particular, but without limiting the foregoing, this press release contains Forward-Looking Statements pertaining to: (i) the outlook for precious metals and our belief that they are poised for a multi-year uptrend, as it becomes evident that the Fed's tightening cycle is now reaching its conclusion; (ii) continued investment in our business to position Sprott for continued profitable growth; (iii) our focus in 2019 on rebuilding our managed equities business and increasing the scale of our Private Lending and Exchange Listed Products platforms; and (iv) the declaration, payment and designation of dividends.

Although the Company believes that the Forward-Looking Statements are reasonable, they are not guarantees of future results, performance or achievements. A number of factors or assumptions have been used to develop the Forward-Looking Statements, including: (i) the impact of increasing competition in each business in which the Company operates will not be material; (ii) quality management will be available; (iii) the effects of regulation and tax laws of governmental agencies will be consistent with the current environment; and (iv) those assumptions disclosed under the heading "Significant Accounting Judgments, Estimates and Changes in Accounting Policies" in the Company's MD&A for the period ended December 31,

2018. Actual results, performance or achievements could vary materially from those expressed or implied by the Forward-Looking Statements should assumptions underlying the Forward-Looking Statements prove incorrect or should one or more risks or other factors materialize, including: (i) difficult market conditions; (ii) poor investment performance; (iii) failure to continue to retain and attract quality staff; (iv) employee errors or misconduct resulting in regulatory sanctions or reputational harm; (v) performance fee fluctuations; (vi) a business segment or another counterparty failing to pay its financial obligation; (vii) failure of the Company to meet its demand for cash or fund obligations as they come due; (viii) changes in the investment management industry; (ix) failure to implement effective information security policies, procedures and capabilities; (x) lack of investment opportunities; (xi) risks related to regulatory compliance; (xii) failure to manage risks appropriately; (xiii) failure to deal appropriately with conflicts of interest; (xiv) competitive pressures; (xv) corporate growth which may be difficult to sustain and may place significant demands on existing administrative, operational and financial resources; (xvi) failure to comply with privacy laws; (xvii) failure to successfully implement succession planning; (xviii) foreign exchange risk relating to the relative value of the U.S. dollar; (xix) litigation risk; (xx) failure to develop effective business resiliency plans; (xxi) failure to obtain or maintain sufficient insurance coverage on favourable economic terms; (xxii) historical financial information being not necessarily indicative of future performance; (xxiii) the market price of common shares of the Company may fluctuate widely and rapidly; (xxiv) risks relating to the Company's investment products; (xxv) risks relating to the Company's proprietary investments; (xxvi) risks relating to the Company's lending business; (xxvii) risks relating to the Company's merchant bank and advisory business; (xxviii) those risks described under the heading "Risk Factors" in the Company's annual information form dated February 27, 2019; and (xxix) those risks described under the headings "Managing Risk: Financial" and "Managing Risk: Non-Financial" in the Company's MD&A for the period ended December 31, 2018. In addition, the payment of dividends is not guaranteed and the amount and timing of any dividends payable by the Company will be at the discretion of the Board of Directors of the Company and will be established on the basis of the Company's earnings, the satisfaction of solvency tests imposed by applicable corporate law for the declaration and payment of dividends, and other relevant factors. The Forward-Looking Statements speak only as of the date hereof, unless otherwise specifically noted, and the Company does not assume any obligation to publicly update any Forward-Looking Statements, whether as a result of new information, future events or otherwise, except as may be expressly required by applicable Canadian securities laws.

### **About Sprott**

Sprott is an alternative asset manager and a global leader in precious metal and real asset investments. Through its subsidiaries in Canada, the US and Asia, the Corporation is dedicated to providing investors with best-in-class investment strategies that include Exchange Listed Products, Alternative Asset Management and Private Resource Investments. The Corporation also operates Merchant Banking and Brokerage businesses in both Canada and the US. Sprott is based in Toronto with offices in New York, Carlsbad and Vancouver and its common shares are listed on the Toronto Stock Exchange under the symbol (TSX:SII). For more information, please visit [www.sprott.com](http://www.sprott.com).

### **Investor contact information:**

Glen Williams  
Managing Director  
Investor Relations and Corporate Communications  
(416) 943-4394  
[gwilliams@sprott.com](mailto:gwilliams@sprott.com)

**Source:** Sprott Inc.