

Input Capital Corp. Announces FY2019 Q1 Results

REGINA, Feb. 27, 2019 /CNW/ - Input Capital Corp. ("Input", "Company", "we", "our") (TSX Venture: INP) (US: INPCF) has released its first quarter results for the 2019 fiscal year. All figures are presented in Canadian dollars.

"Mortgage streams continue to be the primary area of growth at Input Capital, and every mortgage stream also has a marketing stream attached to it," said President & CEO Doug Emsley. "At \$5.0 million, deployment in Q1 is approximately double what it was during the same quarter last year.

"We continue to search for appropriate scalable sources of capital to fund mortgages in order to truly unlock the scalable potential for our unique hybrid mortgage and grain business. Appropriate mortgage capital unlocks scale and efficiencies for Input Capital to grow into a significant player in the agriculture industry. We have a robust pipeline of mortgage applications at various stages of development and review. So far in Q2, we have deployed over \$2.8 million into new mortgage and marketing streams."

FY2019 Q1 HIGHLIGHTS

- Adjusted crop revenue¹ of \$24.389 million on the delivery of 49,727 canola equivalent metric tonnes¹ ("MT" or "tonnes") at an average price of \$490.45 per MT;
- Adjusted net income¹ of \$1.449 million, or \$0.02 per share. This is down from \$0.03 per share over the same three month period last year, primarily as a result of weather-related harvest timing issues;
- Recorded capital deployment of \$5.003 million into streaming contracts, adding 9 new producers to the portfolio bringing total producers to 397. On a trailing twelve month basis, capital deployment is up by 26% over the previous comparable period;
- On December 12, 2018, the Company announced the ninth consecutive dividend of \$0.01 per share, or \$0.04 annualized
- On December 14, 2018, the Company announced the renewal of its normal course issuer bid to buy back up to 6,500,856 of its Class A common shares, representing approximately 10% of Input's public float. During the quarter, the Company bought back 709,000 shares at an average price of \$0.79 per share;
- Finished the quarter with:
 - Cash and cash equivalents of \$20.025 million;
 - Total crop interests and other financial assets of \$34.426 million;
 - Loans and mortgages receivable of \$58.237 million;
 - Multi-year active streaming contracts with 397 farm operators, up from 326 a year ago;
 - Total shareholders' equity of \$99.220 million;
 - \$1.578 million drawn on its long-standing revolving credit facility; and
 - Long-term debt of \$16.166 million.

¹ Non-IFRS financial measures with no standardized meaning under IFRS. For further information and a detailed reconciliation, refer to "Non-IFRS Measures" beginning on page 16 of the MD&A.

KEY PERFORMANCE INDICATORS FOR THE COMPARABLE PERIODS ARE SUMMARIZED

BELOW:

	Quarter ended Dec 31		Twelve months ended Dec 31	
<i>CAD millions, unless otherwise noted</i>	2018	2017	2018	2017
Revenue				
Crop	24.058	25.434	35.387	43.791
Interest	1.183	0.253	3.322	0.889
Rental	0.013	0.094	0.212	0.217
Total revenue	25.254	25.781	38.921	44.897
Adjusted crop revenue	24.389	27.859	37.866	56.529
Adjusted total revenue	25.584	28.206	41.400	57.635
Corporate admin expense	1.827	1.860	6.607	7.255
Adjusted net income	1.449	2.228	3.300	7.643
Adjusted net income per share (basic)	\$0.02	\$0.03	\$0.04	\$0.09
Adjusted EBITDA	5.871	11.305	9.144	25.021
Adjusted EBITDA per share (basic)	\$0.07	\$0.14	\$0.11	\$0.30
Ending canola reserves (MT)	291,000	392,000	291,000	392,000
Total capital deployed in period	5.003	2.425	35.682	28.385
Active streaming clients	397	326	398	326

REVENUE

For the quarter ended December 31, 2018, we generated adjusted crop revenue of \$24.389 million on adjusted crop volume of 49,727 MT.

Adjusted crop revenue for the quarter represents a 14% decrease in quarterly volume over the comparable quarter one year ago, when we sold 57,807 MT of canola equivalent for adjusted crop revenue of \$27.859 million. Crop margin for the quarter was \$1.986 million, compared to \$3.487 million in the same quarter last year. This is a result of some capital streams being restructured, or converted, into mortgage streams, decreasing the annual crop volume delivered, as well as to weather-related delivery delays discussed above. Crop payments increased by \$2.546 million due to the increase in marketing streams.

During the period, the Company generated interest margin of \$1.009 million compared to \$0.253 million in the comparable quarter one year ago. The introduction of the mortgage streams in January 2018 has fueled the growth in interest margin.

CAPITAL DEPLOYMENT AND STREAMING CONTRACT PORTFOLIO

Quarter Ended December 31, 2018

For the quarter ended December 31, 2018, Input recorded capital deployment of \$5.003 million into streams, compared to \$2.425 million in the same period last year.

During the quarter, Input added nine producers; eight in Saskatchewan, and one in Alberta. The remaining contracts were renewals, and expansions of contracts with existing producers. During the comparable quarter ended December 31, 2017, Input added 25 new producers to its portfolio.

As of December 31, 2018, Input's active streaming portfolio consisted of 397 geographically diversified producers. The Company has streams with 292 producers in Saskatchewan, 97 in Alberta, and 8 in Manitoba. The Company is pleased with its continued growth across Alberta and Saskatchewan over the last year and expects to continue diversifying its asset base across the Prairies throughout the rest of FY2019 as it continues to add new streams to its portfolio.

The change in active streaming contracts by region on a quarterly and annual basis is demonstrated in the table below:

Active Streaming Contracts	December 31, 2018	September 30, 2018	Quarterly Growth	December 31, 2017	Year Over Year Growth
Manitoba	8	8	-	9	(1)
Saskatchewan	292	284	8	242	50
Alberta	97	96	1	75	22
Total	397	388	9	326	71

BALANCE SHEET

KEY BALANCE SHEET ITEMS ARE SUMMARIZED BELOW:

Statements of Financial Position <i>CAD millions, unless otherwise noted</i>	As at Dec 31, 2018	As at Dec 31, 2017
Cash	20.025	30.343
Crop interests and other financial assets	34.426	58.823
Loans and mortgages receivable	58.237	12.255
Total assets	122.755	120.154
Total liabilities	23.536	13.094
Total shareholders' equity	99.220	107.060
Working capital	28.970	38.605
Revolving credit facility	1.578	1.508
Long-term debt	16.166	-

OUTLOOK

Due to harvest uncertainties resulting from a month of unseasonal bad weather, canola prices remained strong until the 2018 harvest outlook improved in mid-to-late October 2018. Once the weather and harvest progress improved, canola prices declined, helping to illustrate the value proposition offered by our marketing stream program: Input averaged \$490.45 per tonne on sales during the quarter at a time when the spot price ranged from \$440 to \$465 per tonne in Saskatchewan and Alberta. This price difference demonstrates the value in Input's approach to crop marketing and will be helpful to the expansion of our marketing stream program going forward.

The launch of mortgage streams has gone very well, and there is good ongoing potential demand for this product. We believe that mortgage streams represent the most material opportunity for the expansion of our business over the years ahead. That is why we are focussing the bulk of our efforts around the expansion of the mortgage stream business. Every mortgage stream also has a marketing stream bundled with it, so growth in mortgage streams also contributes to growth in marketing streams. We are in an ongoing search for appropriate scalable sources of capital to fund mortgages, and we hope to have progress to report on these efforts in the future.

From a financial reporting perspective, mortgages offer the prospect of slightly less seasonality in deployment numbers, and almost no seasonality in financial results, helping to smooth our quarter-to-quarter results significantly as our book of mortgage streams grows.

We are off to a good start on deployment efforts since the start of the new fiscal year on October 1. We deployed over \$5.0 million into new mortgage and marketing streams during Q1, more than doubling deployment during the previous Q1, and we have deployed over \$2.8 million in Q2 to date. Our pipeline of prospective deals continues to be robust, and until we access the scalable capital described above, we are being highly selective and entering into contracts only with the best counterparties.

WEBCAST AND CONFERENCE CALL DETAILS

A conference call will be held on Thursday, February 28, 2019 starting at 9:30 am Saskatchewan time (10:30 am Eastern time) to further discuss the FY2019 first quarter results. To participate in the conference call use the following dial-in number:

Participant Dial in #: (888) 231-8191 (North America Toll Free)

Participant Dial in #: (647) 427-7450 (International)

Webcast URL:

<https://event.on24.com/wcc/r/1935270/55E18B3F64BB82D9EF32025F7EC9AE67>

It is recommended that participants dial in five minutes prior to the commencement of the conference call. Soon after the completion of the call, the webcast will be available for download on the Input Capital website.

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ABOUT INPUT

Input is an agriculture commodity streaming company with a focus on canola, the largest and most profitable crop in Canadian agriculture. The Company has developed several flexible and competitive forms of financing which help western Canadian canola farmers solve working capital, mortgage finance and canola marketing challenges and improve the financial position of their farms. Under a streaming contract, Input provides capital in exchange for a stream of canola via multi-year fixed-volume canola purchase contracts. To a farmer, Input is like a virtual grain company, buying canola and providing financial solutions. To canola buyers, Input is like a large virtual farm which produces and sells canola over a large geographically diverse footprint, but does not own the land, or equipment or operate the farm. In production terms, Input is the largest canola farm in the world.

Input plans to continue to grow and diversify its low-cost canola production profile by entering into streaming contracts with canola farmers across western Canada. Input is focused on farmers with quality production profiles, excellent upside yield potential, and strong management teams.

Forward Looking Statements

This release includes forward-looking statements regarding Input and its business. Such statements are based on the current expectations and views of future events of Input's management. In some cases the forward-looking statements can be identified by words or phrases such as "may", "will", "expect", "plan", "anticipate", "intend", "potential", "estimate", "believe" or the negative of these terms, or other similar expressions intended to identify forward-looking statements. The forward-looking events and circumstances discussed in this release may not occur and could differ materially as a result of known and unknown risk factors and uncertainties affecting Input, including risks regarding the agricultural industry, economic factors and the equity markets generally and many other factors beyond the control of Input. No forward-looking statement can be guaranteed. Forward-looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statement or information. Accordingly, readers should not place undue reliance on any forward-looking statements or information. Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made and Input undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Non-IFRS Measures

Input measures key performance metrics established by management as being key indicators of the Company's strength, using certain non-IFRS performance measures, including:

- Adjusted Crop Revenue, Adjusted Crop Volume and Adjusted Crop Margin;
- Adjusted Total Revenue;
- Adjusted Net Income, Adjusted Net Income per share, Adjusted EBITDA and Adjusted EBITDA per share.

The Company uses these non-IFRS measures for its own internal purposes. These non-IFRS measures do not have any standardized meaning prescribed by IFRS, and these measures may be calculated differently by other companies. The presentation of these non-IFRS measures is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The Company provides these non-IFRS measures to enable investors and analysts to understand the underlying operating and financial performance of the Company in the same way as it is frequently evaluated by Management. Management will periodically assess these non-IFRS measures and the components thereof to ensure their continued use is beneficial to the evaluation of the underlying operating and financial performance of the Company, and to confirm that these measures remain useful for comparison purposes to other royalty/streaming companies. For more detailed information, please refer to Input's Management Discussion and Analysis available on the Company's website at investor.inputcapital.com and on SEDAR at www.sedar.com.

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