



## **Canlan Reports Q3 Revenue Growth, Continuation of Quarterly Dividend, and Completion of Fort Wayne Property Sale**

Burnaby, B.C., November 14, 2019 – Canlan Ice Sports Corp. (the “Corporation”) (TSX: ICE) today reported its financial results for the third quarter ended September 30, 2019.

### **Same Store Analysis**

On March 19, 2019, Canlan completed the purchase of an ice rink facility in West Dundee, Illinois, a prominent Chicago suburb. The facility, now called Canlan Ice Sports West Dundee, commenced operations as a Canlan facility in March 2019. On May 5, 2019, the Company’s recreation facility located in Brossard, Quebec was closed and marketed for sale. This news release will refer to “same store” results, which excludes the results of these two facilities.

### **Overview of Q3 2019**

- Same store revenue of \$17.9 million increased by \$0.6 million or 3.7% compared to 2018;
- The Company’s roof remediation plan to preserve the longevity of our assets continued as scheduled. The \$1.1 million invested in 2019, combined with the costs incurred in 2018 serve to protect the life of our building envelopes. During Q3, investments in roof remediation increased by \$0.6 million compared to prior year, a major factor that contributed to the decrease in EBITDA in 2019;
- On August 20, 2019, the Company completed the sale of an ice-rink facility in Fort Wayne, Indiana, for proceeds of US\$6.0 million and a gain of US\$0.8 million; and
- Post-acquisition capital projects of approximately \$2.1 million to upgrade equipment, locker rooms, and offices were substantially completed at Canlan Ice Sports West Dundee and the facility was ready to begin the fall/winter hockey season under the Canlan banner in September 2019.

### Three Months and Nine Months Ended September 30, 2019 Results

<i>(in thousands)</i>	For the 3 months ended September 30		For the 9 months ended September 30	
	2019	2018	2019	2018
Revenue	<b>\$18,600</b>	\$18,272	<b>\$64,384</b>	\$62,839
Operating expense before facility lease	<b>16,734</b>	15,544	<b>51,506</b>	48,464
Facility lease	-	290	-	1,048
	<b>1,866</b>	2,438	<b>12,878</b>	13,327
G&A expense	<b>1,183</b>	1,332	<b>4,134</b>	4,190
EBITDA <sup>1</sup>	<b>\$683</b>	\$1,106	<b>\$8,744</b>	\$9,137
EBITDA per share	<b>\$0.05</b>	\$0.08	<b>\$0.66</b>	\$0.69
Depreciation	<b>1,942</b>	1,703	<b>5,966</b>	5,153
Interest	<b>683</b>	526	<b>1,943</b>	1,544
Loss (gain) on held for trading financial liabilities	<b>(26)</b>	(228)	<b>680</b>	(361)
Loss (gain) on foreign exchange	<b>(12)</b>	18	<b>30</b>	(27)
Gain on sale of assets	<b>(1,201)</b>	(1)	<b>(1,601)</b>	(5)
Income tax expense (recovery)	<b>(456)</b>	(188)	<b>68</b>	614
Net earnings (loss)	<b>(\$247)</b>	(\$724)	<b>\$1,658</b>	\$2,219
Net earnings (loss) per share	<b>(\$0.02)</b>	(\$0.05)	<b>\$0.12</b>	\$0.17

#### Key Balance Sheet Figures *(in thousands)*:

	September 30, 2019	December 31, 2018
<b>Assets</b>		
Cash and cash equivalents	<b>\$14,681</b>	\$19,845
Property plant and equipment	<b>105,201</b>	99,582
Assets held-for-sale	<b>6,405</b>	596
Loan receivable	<b>2,577</b>	-
Other assets	<b>10,704</b>	8,912
Total assets	<b>\$139,568</b>	\$128,935
<b>Liabilities and Equity</b>		
Interest bearing debt	<b>\$66,622</b>	\$52,525
Accounts payable and accrued liabilities	<b>10,106</b>	12,567
Deferred revenue	<b>11,715</b>	12,881
Other liabilities	<b>2,447</b>	1,138
Total liabilities	<b>90,890</b>	79,111
Share capital and contributed surplus	<b>63,652</b>	63,652
Foreign currency translation reserve	<b>2,988</b>	3,775
Deficit	<b>(17,962)</b>	(17,603)
Total shareholders' equity	<b>48,678</b>	49,824
Total liabilities and equity	<b>\$139,568</b>	\$128,935

<sup>1</sup> 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.

### **Third Quarter Results**

*(three months ended September 30, 2019 compared with three months ended September 30, 2018)*

- Revenue of \$18.6 million increased by \$0.3 million or 1.8%; same store revenue of \$17.9 million increased by \$0.6 million or 3.7% compared to 2018. Contributing to sales growth were Canlan's in-house events division (CCT), adult hockey league registrations, and third-party surface rentals;
- Facility expenses of \$16.7 million increased by \$0.9 million or 5.7%; same store facility expenses increased by \$1.3 million or 8.8% from prior year as roof maintenance and customer service expenses were higher than 2018;
- EBITDA of \$0.7 million decreased by \$0.4 million or 38% compared to prior year. Due to increased roof remediation costs of \$0.6 million, same store EBITDA of \$0.8 million decreased by \$0.5 million after excluding the effects of presentation changes related to adoption of IFRS 16 - *Leases*;
- A gain of \$1.2 million on the sale of assets has been recorded in the statement of earnings and comprehensive income for the three months ended September 30, 2019. This gain arose from the sale of a parcel of excess land located in Alberta, Canada, and a recreation facility located in Fort Wayne, Indiana; and
- After recording depreciation of \$2.0 million and an income tax recovery of \$0.5 million, net loss for the quarter was \$0.2 million or \$0.02 per share compared to a net loss of \$0.7 million or \$0.05 per share a year ago.

### **Nine Months Ended September 30, 2019 Results**

*(nine months ended September 30, 2019 compared with nine months ended September 30, 2018)*

- Total revenue of \$64.4 million increased by \$1.5 million or 2.5% compared to 2018; same store revenue of \$61.2 million increased by \$1.6 million or 2.8%;
- Same store revenue growth resulted mainly from increased registrations in summer adult hockey leagues, the youth soccer league at Lake Barrington, and strong participation in new events organized by CCT. Also, sponsorship revenue grew from focused efforts to renew and add sponsor campaigns;
- Total direct operating expense of \$51.5 million increased by \$2.0 million or 4.0% from a year ago. Excluding the effects of the adoption of IFRS 16 - *Leases*, same store facility expenses increased by \$2.7 million or 5.9%;
- During the first three quarters of 2019, the Company incurred \$1.1 million compared to \$0.2 million last year to continue roof remediation projects that began in 2018. The roof remediation program will continue through the remainder of this fiscal year. Added costs to market product lines and service higher customer volumes was also a contributor to the increase of facility expenses;
- EBITDA of \$8.7 million decreased by \$0.4 million or 4.3% primarily due to increased roof maintenance expenses. After excluding the effects of presentation changes related to adoption of IFRS 16 - *Leases*, same store EBITDA decreased by \$0.9 million or 9.7% compared to prior year;
- A gain of \$1.6 million on the sale of assets has also been recorded for the nine months ended September 30, 2019. This gain arose from the sale of three parcels of excess land located in Ontario and Alberta, Canada, and Texas, USA, and a recreation facility located in Fort Wayne, Indiana, and
- After recording depreciation of \$6.0 million and income tax expense of \$0.1 million, net earnings was \$1.7 million or \$0.12 per share compared to \$2.2 million or \$0.17 per share a year ago.

"Q3's same store revenue growth of 3.7% was the result of a lot of hard work by our teams across all facilities and divisions to not only market Canlan's leagues and programs, but also to execute and deliver exceptional service to the customers that played in our facilities," said Joey St-Aubin, Canlan's President and CEO. "In addition to core operations, we also made significant strides in our asset optimization program by completing the sale of Canlan Ice Sports Fort Wayne in August 2019, as we

had previously reported. This sale, along with divestitures of some excess vacant land completed earlier in the year have generated good cash flow that can be invested in planned capital projects and/or future expansion, similar to Canlan Ice Sports West Dundee that was purchased in March 2019.”

“Although year-to-date operating earnings have decreased slightly due to ongoing roof projects, we are pleased with the progress of these projects to date.,” added Ivan Wu, Canlan’s CFO. “In addition, we continue to invest in new refrigeration equipment and other components of building operations that enable us to maintain downward pressure on energy consumption and costs.”

## **Dividend Policy**

Canlan’s Board of Directors has approved the continuation of the Corporation’s quarterly dividend policy. As such, the Board of Directors declared eligible dividends totaling \$0.0275 per common share that will next be paid on January 16, 2020 to shareholders of record at the close of business December 30, 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.

## **Filings**

Canlan’s financial statements and Management’s Discussion & Analysis for the period ended September 30, 2019 will be available via SEDAR on or before November 14, 2019 and through the Company’s website, [www.icesports.com](http://www.icesports.com).

## **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 20 facilities in Canada and the United States with 53 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](http://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.*

### **For more information:**

Canlan Ice Sports Corp.  
Ivan Wu  
CFO  
604 736 9152