

TWC ENTERPRISES LIMITED

FOR IMMEDIATE RELEASE
KING CITY, ONTARIO
TSX: TWC

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TWC ENTERPRISES LIMITED ANNOUNCES THIRD QUARTER 2014 RESULTS AND ELIGIBLE STOCK DIVIDEND

Consolidated Financial Highlights

(in thousands of dollars except per share amounts)	Three months ended		Nine months ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Operating revenue	87,695	87,861	171,137	169,579
Net operating income ¹	33,321	34,028	49,440	51,074
Net membership fee income ¹	2,766	3,813	8,239	10,761
Earnings before other items and income taxes ¹	36,087	37,841	57,679	61,835
Net earnings	14,440	17,331	11,568	16,935
Basic and diluted earnings per share	\$0.55	\$0.66	\$0.44	\$0.65
Cash flow from operations ¹	28,679	29,965	32,465	37,635
Basic and diluted cash flow from operations per share ¹	\$1.10	\$1.15	\$1.24	\$1.44
Weighted average shares outstanding (000's)	26,105	26,092	26,105	26,085

Operating Data

	Three months ended		Nine months ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
ClubLink One Membership More Golf				
Championship rounds – Canada	521,000	520,000	846,000	857,000
18-hole equivalent championship golf courses – Canada	43.5	41.5	43.5	41.5
Championship rounds – U.S.	58,000	57,000	279,000	265,000
18-hole equivalent championship golf courses – U.S.	12.0	11.0	12.0	11.0
White Pass and Yukon Route				
Rail passengers	256,000	252,000	402,000	395,000
Port passengers from cruise ships	523,000	521,000	820,000	822,000
Cruise ship dockings	249	241	396	388

Third Quarter 2014 Consolidated Operating Highlights

Consolidated operating revenue decreased 0.2% to \$87,695,000 for the three month period ended September 30, 2014 from \$87,861,000 in 2013, primarily due to a decline in Canadian golf club operating revenue from fewer Canadian full privilege golf members which was partially offset by the acquisitions of TPC Eagle Trace which was announced on December 31, 2013, and Hidden Lake Golf Club which was announced on February 7, 2014.

Consolidated cost of sales and operating expenses increased 1.0% to \$54,374,000 for the three month period ended September 30, 2014 from \$53,833,000 in 2013, primarily due to the acquisitions of TPC Eagle Trace and Hidden Lake.

Net operating income for the Canadian golf club operations segment decreased 11.4% to \$15,989,000 in 2014 from \$18,055,000 in 2013 due to the decline in operating revenue from fewer full privilege Canadian golf members and hosting the RBC Canadian Open at Glen Abbey in 2013.

Net operating loss for US golf club operations segment increased to US \$826,000 in 2014 from US \$419,000 in 2013 primarily due to poor weather and the absorption of certain head office costs from Canada and completion of staffing the new Florida corporate office.

Net operating income for the rail, tourism and port operations segment increased to US \$17,257,000 from US \$16,446,000 in 2013 primarily due to a 5.1% improvement in cruise line capture rate in 2014 compared to 2013 (41.0% vs 39.0%).

Net membership fee income decreased 27.5% to \$2,766,000 for the three month period ended September 30, 2014 from \$3,813,000 in 2013 primarily due to the completion of amortization of membership fee revenue for the 1994 to 2001 Canadian member group in 2013.

Earnings before other items and income taxes decreased 4.6% to \$36,087,000 for the three month period ended September 30, 2014 from \$37,841,000 in 2013 primarily due to the decline in operating revenue from fewer Canadian full privilege golf members and the decline in net membership fee income.

Interest, net increased slightly to \$5,080,000 for the three month period ended September 30, 2014 from \$5,064,000 in 2013 primarily due to a lower cost of borrowing in 2014 (5.53% compared to 5.86%) offset by higher debt from the Hidden Lake and TPC Eagle Trace acquisitions and an increase in the foreign currency translation rate.

Other expense (income), net changed to an expense of \$1,396,000 for the three month period ended September 30, 2014 from income of \$357,000 in 2013 due to an increase in the unrealized foreign exchange expense in the amount of \$1,118,000 in addition to \$467,000 in costs relating to the White Pass derailment insurance claim.

Net earnings decreased to \$14,440,000 for the three month period ended September 30, 2014 from \$17,331,000 in 2013 primarily due to the decline in net membership fee income and lower net operating income from both the Canadian and US golf segments.

Change in Accounting Policy and Comparability

The Company has retrospectively adopted IFRIC 21, Levies (“IFRIC 21”), in its interim condensed consolidated financial statements. IFRIC 21 clarifies the obligating event for the recording of levies. This is applicable for TWC with respect to property taxes. Previously, TWC accounted for all property taxes on a pro-rata basis throughout the year. Under IFRIC 21, estimated property taxes for the entire year at each of TWC’s real estate properties located in the United States are expensed on January 1 of each year. No change was required for TWC’s Canadian properties.

The retrospective application of IFRIC 21 resulted in the Company recording: an increase in its property tax expense and accounts payable balances of \$238,000 for the nine months ended September 30, 2013 and a decrease in deferred tax expense and a reduction in deferred tax liability in the amount of \$94,000 for the same period. The incremental loss of \$144,000 will reverse in the fourth quarter, resulting in no change to the Company’s previously reported annual earnings.

The completion of amortization of membership fee revenue for the 1994 to 2001 Canadian member group in 2013 has resulted in a significant decline in earnings, but has minimal cash flow impact.

Other expense includes certain one-time and non-cash items which are not comparable between years.

The impact of these items are as follows:

(thousands of dollars - except per share amounts)	For the three months ended		For the nine months ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Net earnings as originally reported	\$ 14,440	\$ 17,090	\$ 11,568	\$ 17,079
Retroactive adjustment - IFRIC 21 - Property taxes	-	388	-	(238)
Retroactive adjustment - Income taxes on above adjustment	-	(147)	-	94
Net earnings as currently reported	14,440	17,331	11,568	16,935
Members that joined from 1994 to 2001				
Amortization of membership fees	(151)	(1,093)	(468)	(3,178)
Membership fees collected	151	196	468	531
Differential	-	(897)	-	(2,647)
Other expense	1,396	(357)	2,319	(246)
Income tax provision on above adjustments	(352)	316	(642)	926
Pro Forma net earnings	\$ 15,484	\$ 16,393	\$ 13,245	\$ 14,968
Earnings per share as originally reported	\$ 0.55	\$ 0.65	\$ 0.44	\$ 0.65
Retroactive adjustment - IFRIC 21 - Property taxes, net of tax	-	0.01	-	-
Earnings per share as currently reported	0.55	0.66	0.44	0.65
Less: impact of amortization of membership fees	-	(0.03)	-	(0.10)
Add: impact of other expense	0.05	(0.01)	0.09	(0.01)
Add: impact of income tax provision on above adjustments	(0.01)	0.01	(0.02)	0.03
Pro Forma earnings per share	\$ 0.59	\$ 0.63	\$ 0.51	\$ 0.57

Eligible Stock Dividend

Today, TWC Enterprises Limited (“TWC”) announced an eligible stock dividend of 7.5 cents per share to be distributed on December 15, 2014 to shareholders of record as at November 28, 2014.

The number of TWC common shares to be distributed on December 15, 2014 will be the number of TWC common shares held by each shareholder on November 28, 2014 times 7.5 cents divided by the average closing market price of TWC shares traded between November 17, 2014 and December 12, 2014. Fractional shares will be paid in cash at the average closing market price of TWC shares.

Normal Course Issuer Bid

The Company has been approved by the Toronto Stock Exchange for a normal course issuer bid to purchase up to 1,305,000 of its common shares which will expire on September 19, 2015. As at November 6, 2014 the Company has not purchased any common shares under this bid. As at November 6, 2014 ClubLink has 26,105,674 common shares outstanding.

Corporate Profile

TWC is engaged in golf club operations under the trademark, “ClubLink One Membership More Golf.” TWC is Canada’s largest owner and operator of golf clubs with 55.5 18-hole equivalent championship and six 18-hole equivalent academy courses at 45 locations in Ontario, Quebec and Florida.

TWC is also engaged in rail, tourism and port operations based in Skagway, Alaska, which operate under the trade name “White Pass & Yukon Route.” The railway stretches approximately 177 kilometres (110 miles) from Skagway, Alaska, to Whitehorse, Yukon. Presently, approximately 110 kilometres (67.5 miles) of the railway is in active service from Skagway, Alaska, to Carcross, Yukon. In addition, White Pass operates three docks, primarily for cruise ships.

(1) Net operating income, net membership fee income, earnings before other items and income taxes, cash flow (deficiency) from operations and basic and diluted cash flow (deficiency) from operations per share are not recognized performance measures under International Financial Reporting Standards (“IFRS”). Earnings before other items and income taxes is defined as earnings before taxes, interest, depreciation, amortization, and other items. Management believes that in addition to net earnings, these measures are useful supplemental information to provide investors with an indication of the Company’s performance. Investors should be cautioned, however, that these measures should not be construed as an alternative to net earnings determined in accordance with IFRS as an indicator of the Company’s performance. TWC’s method of calculating these measures is consistent from year to year, but may be different than those used by other companies (See “Management’s Discussion and Analysis of Financial Condition and Results of Operations”).

Management’s discussion and analysis, financial statements and other disclosure information relating to the Company is available through SEDAR and at www.sedar.com and on the Company website at www.clublinkenterprises.ca.

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