

# TWC ENTERPRISES LIMITED

FOR IMMEDIATE RELEASE  
KING CITY, ONTARIO  
TSX: TWC

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## TWC ENTERPRISES LIMITED ANNOUNCES 2016 YEAR END RESULTS AND ELIGIBLE CASH DIVIDEND

### Consolidated Financial Highlights (unaudited)

(in thousands of dollars except per share amounts)	Three months ended		Year ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Net earnings (loss)	(1,457)	(10,772)	16,558	4,259
Basic and diluted earnings (loss) per share	(0.05)	(0.39)	0.61	0.16

### Operating Data

	Three months ended		Year ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
<b>ClubLink</b>				
Canadian Full Privilege Golf Members			15,077	15,015
Championship rounds – Canada	125,000	142,000	1,063,000	1,040,000
18-hole equivalent championship golf courses – Canada	42.5	42.5	42.5	42.5
Championship rounds – U.S.	93,000	97,000	373,000	395,000
18-hole equivalent championship golf courses – U.S.	11.0	12.0	11.0	12.0
<b>White Pass and Yukon Route</b>				
Rail passengers	-	-	408,000	402,000
Port passengers from cruise ships	-	-	816,000	816,000
Cruise ship dockings	-	-	363	378

The following is a breakdown of net operating income by segment.

<b>(thousands of Canadian dollars)</b>	<b>2016</b>		<b>2015</b>	
Net operating income by segment				
Canadian golf club operations	\$	<b>31,763</b>	\$	31,361
US golf club operations (2016 - US \$1,330,000; 2015 - US \$1,477,000)		<b>1,864</b>		1,841
Rail and port operations (2016 - US \$21,829,000; 2015 - US \$21,318,000)		<b>28,155</b>		27,281
Corporate operations		<b>(2,886)</b>		(2,810)
<b>Net operating income <sup>(1)</sup></b>	<b>\$</b>	<b>58,896</b>	<b>\$</b>	<b>57,673</b>

The following is an analysis of net earnings:

<b>(thousands of Canadian dollars)</b>	<b>2016</b>		<b>2015</b>	
OPERATING REVENUE	\$	<b>217,835</b>	\$	216,147
DIRECT OPERATING EXPENSES <sup>(1)</sup>		<b>158,972</b>		158,474
<b>NET OPERATING INCOME <sup>(1)</sup></b>		<b>58,863</b>		<b>57,673</b>
Amortization of membership fees		<b>11,210</b>		11,162
Depreciation and amortization		<b>(26,414)</b>		(26,387)
Land lease rent		<b>(5,303)</b>		(5,489)
Interest, net		<b>(18,151)</b>		(19,362)
Impairment charge		-		(5,381)
Unrealized foreign exchange loss		-		(3,188)
Other expenses		<b>(795)</b>		(1,688)
Income taxes		<b>(2,852)</b>		(3,081)
<b>NET EARNINGS</b>	<b>\$</b>	<b>16,558</b>	<b>\$</b>	<b>4,259</b>

Direct operating expenses are calculated as follows:

<b>(thousands of Canadian dollars)</b>	<b>2016</b>		<b>2015</b>	
Cost of sales	\$	<b>23,778</b>	\$	23,131
Labour and employee benefits		<b>82,056</b>		81,888
Utilities		<b>9,464</b>		9,621
Selling, general and administrative expenses		<b>6,536</b>		6,533
Property taxes		<b>4,898</b>		4,916
Repairs and maintenance		<b>4,780</b>		4,853
Insurance		<b>4,569</b>		4,666
Fertilizers and pest control products		<b>2,901</b>		3,430
Fuel and oil		<b>2,174</b>		2,686
Other operating expenses		<b>17,816</b>		16,750
<b>DIRECT OPERATING EXPENSES <sup>(1)</sup></b>	<b>\$</b>	<b>158,972</b>	<b>\$</b>	<b>158,474</b>

(1) Please see Non-IFRS Measures on page following

## Non-IFRS Measures

TWC uses non-IFRS measures as a benchmark measurement of our own operating results and as a benchmark relative to our competitors. We consider these non-IFRS measures to be a meaningful supplement to net earnings. We also believe these non-IFRS measures are commonly used by securities analysts, investors and other interested parties to evaluate our financial performance. These measures, which included direct operating expenses and net operating income do not have standardized meaning under IFRS. While these non-IFRS measures have been disclosed herein to permit a more complete comparative analysis of the Company's operating performance and debt servicing ability relative to other companies, readers are cautioned that these non-IFRS measures as reported by TWC may not be comparable in all instances to non-IFRS measures as reported by other companies.

The glossary of financial terms is as follows:

**Direct operating expenses** = expenses that are directly attributable to company's business units and are used by management in the assessment of their performance. These exclude expenses which are attributable to major corporate decisions such as impairment.

**Net operating income** = operating revenue – direct operating expenses

Net operating income is an important metric used by management in evaluating the Company's operating performance as it represents the revenue and expense items that can be directly attributable to the specific business unit's ongoing operations. It is not a measure of financial performance under IFRS and should not be considered as an alternative to measures of performance under IFRS. The most directly comparable measure specified under IFRS is net earnings.

## 2016 Consolidated Highlights

Consolidated net earnings increased to \$16,558,000 in 2016 from \$4,259,000 in 2015. Consolidated net earnings in 2015 were subject to an impairment charge of property, plant and equipment and intangibles in the amount of \$5,381,000, and a foreign exchange translation loss recorded on the USD mortgage facility in the amount of \$3,188,000. In 2016, this translation gain or loss is now being reflected in accumulated other comprehensive income.

The exchange rate used for translating US denominated earnings has changed 3.7% to a yearly average of 1.3256 in 2016 from 1.2788 in 2015 due to the declining Canadian dollar.

Net operating income for the Canadian golf club operations segment increased 1.3% to \$31,763,000 in 2016 from \$31,361,000 in 2015, primarily due to higher guest and green fee revenue associated with an increase of 2.2% in championship golf rounds.

Net operating income for the US golf club operations segment decreased to US\$1,330,000 in 2016 from US\$1,477,000 in 2015 primarily due to a decrease of 5.6% in championship golf rounds. The foreign exchange rate served as a deterrent to Canadian golfers visiting Florida in the 2016 winter season, and was further impacted by the poor weather in that market.

Net operating income for the rail and port operations increased 2.4% to US\$21,829,000 from US\$21,318,000 in 2015 due to an increase of approximately 6,000 rail passengers.

Interest, net decreased 6.3% to \$18,151,000 in 2016 from \$19,362,000 in 2015 primarily due to a lower debt level in 2016.

The overall effective tax rate for 2016 was 14.7% as compared to 42.0% in 2015 due to a change in mix of earnings.

Basic and diluted earnings per share increased to 61 cents per share in 2016, compared to 16 cents per share in 2015.

## Eligible Cash Dividend

Today, TWC Enterprises Limited announced an eligible cash dividend of 2 cents per common share to be paid on March 15, 2017 to shareholders of record as at March 31, 2017.

## **Corporate Development**

On January 25, 2017, ClubLink sold the property that was formerly known as Grandview Resort in Huntsville, Ontario for proceeds of \$5,600,000. This property has been closed since February 2012.

## **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 53.5 18-hole equivalent championship and 3.5 18-hole equivalent academy courses at 41 locations in Ontario, Quebec and Florida.

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

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*Management's discussion and analysis, financial statements and other disclosure information relating to the Company is available through SEDAR and at [www.sedar.com](http://www.sedar.com) and on the Company website at [www.twcenterprises.ca](http://www.twcenterprises.ca)*