

# TWC ENTERPRISES LIMITED

FOR IMMEDIATE RELEASE  
KING CITY, ONTARIO  
TSX: TWC

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## TWC ENTERPRISES LIMITED ANNOUNCES 2020 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, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Net earnings	8,359	4,859	971	4,904
Basic and diluted earnings per share	0.33	0.18	0.04	0.18

### Operating Data

	Three months ended		Year ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
<b>ClubLink</b>				
Canadian Full Privilege Golf Members			14,705	14,193
Championship rounds – Canada	232,000	115,000	1,223,000	1,069,000
18-hole equivalent championship golf courses – Canada			39.5	41.5
18-hole equivalent managed championship golf courses – Canada			1.0	1.0
Championship rounds – U.S.	58,000	77,000	249,000	331,000
18-hole equivalent championship golf courses – U.S.			8.0	11.0

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

<b>(thousands of Canadian dollars)</b>	<b>Year Ended December 31, 2020</b>	<b>Year Ended December 31, 2019</b>
Net operating income (loss) by segment		
Canadian golf club operations	\$ 46,213	\$ 31,267
US golf club operations (2020 - US \$449,000; 2019 - US \$695,000)	567	931
Corporate operations	(2,869)	(3,212)
Net operating income <sup>(1)</sup>	\$ 43,911	\$ 28,986

The following is an analysis of net earnings:

<b>(thousands of Canadian dollars)</b>	<b>Year Ended December 31, 2020</b>	<b>Year Ended December 31, 2019</b>
Operating revenue	\$ 127,216	\$ 163,641
Direct operating expenses <sup>(1)</sup>	83,305	134,655
Net operating income <sup>(1)</sup>	43,911	28,986
Amortization of membership fees	4,585	5,146
Depreciation and amortization	(19,249)	(20,119)
Interest, net and investment income	(3,609)	(4,923)
Other items	(21,458)	(1,644)
Impairment expense	-	(352)
Income taxes	(3,209)	(2,190)
Net earnings	\$ 971	\$ 4,904

Direct operating expenses are calculated as follows:

<b>(thousands of Canadian dollars)</b>	<b>Year Ended December 31, 2020</b>	<b>Year Ended December 31, 2019</b>
Cost of sales	\$ 11,236	\$ 22,414
Labour and employee benefits	39,358	70,475
Utilities	7,049	8,118
Selling, general and administrative expenses	3,906	5,454
Property taxes	3,401	3,450
Repairs and maintenance	3,184	4,241
Insurance	2,970	2,724
Fertilizers and pest control products	1,911	2,378
Fuel and oil	908	1,357
Other operating expenses	9,382	14,044
Direct Operating Expenses <sup>(1)</sup>	\$ 83,305	\$ 134,655

<sup>(1)</sup> Please see Non-IFRS Measures on page following

## 2020 Consolidated Highlights

As a result of the COVID-19 pandemic, the Company closed all golf clubs in mid-March in order to adhere to government restrictions that involve social gatherings and ensure the health and wellbeing of members and staff alike. This has and will continue to impact revenue streams such as corporate events, banquets, weddings and food and beverage. As government closure orders were lifted, Ontario courses were re-opened on May 16th, 2020 and Quebec courses were re-opened on May 20th, 2020, but social distancing requirements continue to prohibit certain revenue streams such as corporate events, banquets, weddings, meetings and other large gatherings. All Florida courses were re-opened by May 2nd. The Company will continue to adhere to guidance provided by governments and regulatory authorities.

Due to overwhelming demand for golf amongst the Company's members and customers, golf revenue increased 36.7% to \$33,241,000 in 2020 from \$24,312,000 in 2019 for the Canadian golf operations.

Consolidated operating revenue decreased 22.3% to \$127,216,000 in 2020 from \$163,641,000 in 2019 due to the decline in revenue from the impact of COVID-19. This decline is due to streams of revenue that have been lost due to regulations surrounding COVID-19. Group business has been minimal, including corporate events, weddings, banquets or resort stays, as social distancing measures remain in place.

Direct operating expenses decreased 38.1% to \$83,305,000 in 2020 from \$134,655,000 in 2019 due to the fact that certain revenue streams were reduced which all had costs associated with them. Certain cost saving measures have been enacted in order to help offset the revenue declines. Expenses also significantly declined during the spring of 2020 when the Company was not allowed to operate. Labour and employee benefits for the Canadian golf operations have decreased 48.4% to \$30,340,000 in 2020 from \$58,944,000 in 2019 as a result of these changes and the recording of the Canada Emergency Wage Subsidy.

Net operating income for the Canadian golf club operations segment increased to \$46,213,000 in 2020 from income of \$31,267,000 in 2019 despite the impact of COVID-19 on streams of revenue relating to group business.

Interest, net and investment income decreased 26.7% to an expense of \$3,609,000 in 2020 from \$4,923,000 in 2019 due to a decrease in borrowings and an increase in investment income from the Company's investment in Automotive Properties REIT.

Other items consist of the following income (loss) items:

<b>(thousands of Canadian dollars)</b>	<b>2020</b>	<b>2019</b>
Gain on sale of property, plant and equipment	\$ 1,416	\$ 525
Insurance proceeds	-	2,141
Foreign exchange gain (loss)	1,256	(6,944)
Unrealized gain (loss) on investment in marketable securities	(7,311)	2,426
Loss on sale of common shares in Carnival plc	(16,240)	-
Equity income from investments in joint ventures	115	1,135
Other	(694)	(927)
Other items	\$ (21,458)	\$ (1,644)

The exchange rate used for translating US denominated assets has changed from 1.2988 at December 31, 2019 to 1.2732 at December 31, 2020. This has resulted in a foreign exchange gain of \$1,256,000 in 2020 on the translation of the Company's US denominated financial instruments.

On July 13, 2020, ClubLink sold Club de Golf Val des Lacs for proceeds of \$1,750,000, including a vendor take-back mortgage of \$300,000. Net proceeds totalled \$1,680,000 and ClubLink recorded a gain of \$835,000 on the sale.

Net earnings decreased to \$971,000 in 2020 from \$4,904,000 in 2019 due to the loss on the sale of Carnival shares. Basic and diluted earnings per share decreased to 4 cents per share in 2020, compared to 18 cents in 2019.

## 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.

## Eligible Cash Dividend

Today, TWC Enterprises Limited announced an eligible cash dividend of 2 cents per common share to be paid on March 31, 2021 to shareholders of record as at March 15, 2021.

## Corporate Profile

TWC is engaged in golf club operations under the trademark, "ClubLink One Membership More Golf." TWC is Canada's largest owner, operator and manager of golf clubs with 48.5 18-hole equivalent championship and 3.5 18-hole equivalent academy courses (including one managed property) at 37 locations in Ontario, Quebec and Florida.

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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)*