

TWC ENTERPRISES LIMITED

FOR IMMEDIATE RELEASE
KING CITY, ONTARIO
TSX: TWC

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TWC ENTERPRISES LIMITED ANNOUNCES SECOND QUARTER 2019 RESULTS AND ELIGIBLE CASH DIVIDEND

Consolidated Financial Highlights (unaudited)

(in thousands of dollars except per share amounts)	Three months ended		Six months ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Net loss (continuing)	(3,291)	(624)	(7,277)	(3,076)
Net earnings (discontinued operations)	-	7,696	-	2,847
Net earnings (loss)	(3,291)	7,072	(7,277)	(229)
Basic and diluted loss per share (continuing)	(0.12)	(0.02)	(0.27)	(0.11)
Basic and diluted earnings per share (discontinued operations)	-	0.28	-	0.10
Basic and diluted earnings (loss) per share	(0.12)	0.26	(0.27)	(0.01)

Operating Data

	Three months ended		Six months ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
ClubLink				
Canadian Full Privilege Golf Members			14,316	15,075
Championship rounds – Canada	346,000	366,000	347,000	368,000
18-hole equivalent championship golf courses – Canada			41.5	42.5
18-hole equivalent managed championship golf courses – Canada			1	-
Championship rounds – U.S.	75,000	69,000	211,000	208,000
18-hole equivalent championship golf courses – U.S.			11.0	11.0

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

(thousands of Canadian dollars)	For the three months ended	
	June 30, 2019	June 30, 2018
Net operating income (loss) by segment		
Canadian golf club operations	\$ 6,324	\$ 7,979
US golf club operations (2019 - US loss \$74,000; 2018 - US loss \$210,000)	(98)	(280)
Corporate operations	(878)	(764)
Net operating income (continuing) ⁽¹⁾	5,348	6,935
Rail and port operations (discontinued operations) (2019 - nil; 2018 - US \$9,084,000)	-	11,894
Net operating income ⁽¹⁾	\$ 5,348	\$ 18,829

(thousands of Canadian dollars)	For the six months ended	
	June 30, 2019	June 30, 2018
Net operating income (loss) by segment		
Canadian golf club operations	\$ 8,322	\$ 10,965
US golf club operations (2019 - US \$1,758,000; 2018 - US \$1,084,000)	2,337	1,357
Corporate operations	(1,734)	(1,532)
Net operating income (continuing) ⁽¹⁾	8,925	10,790
Rail and port operations (discontinued operations) (2019 - nil; 2018 - US \$6,475,000)	-	8,595
Net operating income ⁽¹⁾	\$ 8,925	\$ 19,385

The following is an analysis of net earnings:

(thousands of Canadian dollars)	For the three months ended	
	June 30, 2019	June 30, 2018
Operating revenue	\$ 46,202	\$ 48,203
Direct operating expenses ⁽¹⁾	40,854	41,268
Net operating income ⁽¹⁾	5,348	6,935
Amortization of membership fees	1,306	1,684
Depreciation and amortization	(5,085)	(4,038)
Land lease rent	-	(1,093)
Interest, net and investment income	(1,435)	(3,781)
Other items	(3,686)	(269)
Income taxes	261	(62)
Net loss (continuing)	(3,291)	(624)
Net earnings (discontinued operations)	-	7,696
Net earnings (loss)	\$ (3,291)	\$ 7,072

(thousands of Canadian dollars)	For the six months ended	
	June 30, 2019	June 30, 2018
Operating revenue	\$ 69,236	\$ 71,555
Direct operating expenses ⁽¹⁾	60,311	60,765
Net operating income ⁽¹⁾	8,925	10,790
Amortization of membership fees	2,553	3,338
Depreciation and amortization	(10,184)	(8,113)
Land lease rent	-	(2,195)
Interest, net and investment income	(2,809)	(7,508)
Other items	(7,951)	(64)
Income taxes	2,189	676
Net loss (continuing)	(7,277)	(3,076)
Net earnings (discontinued operations)	-	2,847
Net loss	\$ (7,277)	\$ (229)

(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.

Second Quarter 2019 Consolidated Operating Highlights

On June 6, 2018, TWC announced that it entered into a purchase and sale agreement to sell the White Pass rail and port operations to a joint venture for proceeds of US\$290,000,000. Closing on July 31, 2018, the transaction represented a sale of the complete operations of White Pass. Consequently, this segment is being presented as discontinued operations in the financial statements.

On December 14, 2018, the Company sold Club de Golf Le Fontainebleau to the shareholders of Club de Golf Rosemère for net proceeds of \$8,589,000. ClubLink retains a management fee arrangement of Fontainebleau. This sale has resulted in a decrease of 458 members and a decrease in net operating income for the Canadian golf operations segment year over year.

As of January 1, 2019, the Company adopted IFRS 16, Leases. As part of this guidance, land lease rent for operating leases will no longer be expensed directly. Instead, these leases are set up on the balance sheet and right-of-use depreciation expense and interest expense is reflected instead.

Consolidated operating revenue decreased 4.2% to \$46,202,000 for the three month period ended June 30, 2019 from \$48,203,000 in 2018 due to poor, wet weather in Ontario and Quebec which impacted the Canadian golf results for the second quarter.

Direct operating expenses decreased 1.0% to \$40,854,000 for the three month period ended June 30, 2019 from \$41,268,000 in 2018.

Net operating income decreased 22.9% to \$5,348,000 for the three month period ended June 30, 2019 from \$6,935,000 in 2018 due to the decline in operating revenue.

Amortization of membership fees decreased 22.4% to \$1,306,000 from \$1,684,000 in 2018.

Interest, net and investment income decreased 62.0% to an expense of \$1,435,000 for the three month period ended June 30, 2019 from \$3,781,000 in 2018 due to interest income earned on funds from the sale of White Pass and a decrease in borrowings.

Other items have changed to a loss of \$3,686,000 for the three month period ended June 30, 2019 from \$269,000 in 2018 due to an unrealized loss recorded on the market value of the Company's investment in Carnival plc in the amount of \$2,766,000.

Net loss changed to \$3,291,000 for the three month period ended June 30, 2019 from earnings of \$7,072,000 in 2018 due to the disposition of White Pass. Basic and diluted loss per share changed to 12 cents per share in 2019, compared to basic and diluted earnings per share of 26 cents in 2018.

Eligible Dividend

Today, TWC Enterprises Limited announced an eligible cash dividend of 2 cents per common share to be paid on September 13, 2019 to shareholders of record as at August 30, 2019.

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 53.5 18-hole equivalent championship and 3.5 18-hole equivalent academy courses (including one managed property) at 41 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 and on the Company website at www.twcenterprises.ca