

# TWC ENTERPRISES LIMITED

FOR IMMEDIATE RELEASE  
KING CITY, ONTARIO  
TSX: TWC

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## TWC ENTERPRISES LIMITED ANNOUNCES SECOND QUARTER 2018 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, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Net loss (continuing)	(624)	(342)	(3,076)	(274)
Net earnings (discontinued operations)	7,696	6,090	2,847	2,407
Net earnings (loss)	7,072	5,748	(229)	2,133
Basic and diluted loss per share (continuing)	(0.02)	(0.01)	(0.11)	(0.01)
Basic and diluted earnings per share (discontinued operations)	0.28	0.22	0.10	0.09
Basic and diluted earnings (loss) per share	0.26	0.21	(0.01)	0.08

### Operating Data

	Three months ended		Six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
<b>ClubLink</b>				
Canadian Full Privilege Golf Members			15,075	15,023
Championship rounds – Canada	366,000	358,000	368,000	361,000
18-hole equivalent championship golf courses – Canada			42.5	42.5
Championship rounds – U.S.	69,000	74,000	208,000	218,000
18-hole equivalent championship golf courses – U.S.			11.0	11.0
<b>White Pass and Yukon Route</b>				
Rail passengers	162,000	162,000	162,000	162,000
Port passengers from cruise ships	360,000	321,000	360,000	321,000
Cruise ship dockings	151	142	151	142

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

(thousands of Canadian dollars)	For the three months ended	
	June 30, 2018	June 30, 2017
Net operating income (loss) by segment		
Canadian golf club operations	\$ 7,979	\$ 7,737
US golf club operations (2018 - US loss \$210,000; 2017 - US loss \$124,000)	(280)	(169)
Corporate operations	(764)	(744)
Net operating income (Continuing) <sup>(1)</sup>	6,935	6,824
Rail and port operations (discontinued operations) (2018 - US \$9,084,000; 2017 - US \$9,451,000)	11,894	12,660
Net operating income <sup>(1)</sup>	\$ 18,829	\$ 19,484

(thousands of Canadian dollars)	For the six months ended	
	June 30, 2018	June 30, 2017
Net operating income (loss) by segment		
Canadian golf club operations	\$ 10,965	\$ 10,134
US golf club operations (2018 - US \$1,084,000; 2017 - US \$1,802,000)	1,357	2,379
Corporate operations	(1,532)	(1,489)
Net operating income (continuing) <sup>(1)</sup>	10,790	11,024
Rail and port operations (discontinued operations) (2018 - US \$6,475,000; 2017 - US \$6,850,000)	8,595	9,218
Net operating income <sup>(1)</sup>	\$ 19,385	\$ 20,242

The following is an analysis of net earnings:

(thousands of Canadian dollars)	For the three months ended	
	June 30, 2018	June 30, 2017
Operating revenue	\$ 48,203	\$ 47,815
Direct operating expenses <sup>(1)</sup>	41,268	40,991
Net operating income <sup>(1)</sup>	6,935	6,824
Amortization of membership fees	1,684	1,991
Depreciation and amortization	(4,038)	(4,168)
Land lease rent	(1,093)	(1,234)
Interest, net	(3,781)	(3,760)
Other income (expense)	(269)	175
Income taxes	(62)	(170)
Net earnings (continuing)	(624)	(342)
Net earnings (discontinued operations)	7,696	6,090
Net earnings	\$ 7,072	\$ 5,748

(thousands of Canadian dollars)	For the six months ended	
	June 30, 2018	June 30, 2017
Operating revenue	\$ 71,555	\$ 71,964
Direct operating expenses (1)	60,765	60,940
Net operating income (1)	10,790	11,024
Amortization of membership fees	3,338	3,909
Depreciation and amortization	(8,113)	(8,350)
Land lease rent	(2,195)	(2,476)
Interest, net	(7,508)	(7,532)
Real estate gain	282	2,104
Other income (expense)	(346)	(140)
Income taxes	676	1,187
Net earnings (continuing)	(3,076)	(274)
Net earnings (discontinued operations)	2,847	2,407
Net earnings	\$ (229)	\$ 2,133

(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 2018 Consolidated Operating Highlights

On June 6, 2018, TWC announced that it entered into a purchase and sale agreement to sell the White Pass & Yukon Route ("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 rail, port and merchandise operations of White Pass. This segment is being presented as discontinued operations in the financial statements.

Net loss from continuing operations increased slightly to \$624,000 for the three month period ended June 30, 2018 from \$342,000 in 2017. Basic and diluted loss from continuing operations per share was 2 cents per share for the three month period ended June 30, 2018, compared to 1 cent in 2017.

Net earnings from discontinued operations increased to \$7,696,000 for the three month period ended June 30, 2018 from \$6,090,000 in 2017. This increase was due to a lower effective tax rate for White Pass due to US tax reform in addition to a decrease of \$831,000 in amortization expense (depreciation of capital assets ceases at the time discontinued operations commences). Basic and diluted earnings from discontinued operations per share increased to 28 cents per share for the three month period ended June 30, 2018, compared to 22 cents in 2017.

Net earnings increased to \$7,072,000 for the three month period ended June 30, 2018 from \$5,748,000 in 2017. Basic and diluted earnings per share increased to 26 cents per share for the three month period ended June 30, 2018, compared to 21 cents in 2017.

The exchange rate used for translating US denominated earnings has changed to a quarterly average of 1.2912 for the three months ended June 30, 2018 from 1.3450 for the three month period ended June 30, 2017 due to the improving Canadian dollar over the one year period.

Operating revenue for continuing operations increased 0.8% to \$48,203,000 for the three month period ended June 30, 2018 from \$47,815,000 in 2017.

Direct operating expenses for continuing operations increased 0.7% to \$41,268,000 for the three month period ended June 30, 2018 from \$40,991,000 in 2017.

Net operating income for the Canadian golf club operations segment increased 3.1% to \$7,979,000 in 2018 from \$7,737,000 in 2017.

Net operating loss for US golf club operations segment increased to US\$210,000 in 2018 from US\$124,000 in 2017.

Net operating income for the rail and port operations decreased 3.9% to US\$9,084,000 from US\$9,451,000 in 2017 due to service interruptions in the second quarter which included five days that the line was out of service due to a rock fall. An insurance claim has been opened for this event.

Consolidated net operating income decreased 3.4% to \$18,829,000 for the three month period ended June 30, 2018 from \$19,484,000 in 2017.

Amortization of membership fees decreased 15.4% to \$1,684,000 from \$1,991,000 in 2017 due to the completion of the amortization period of revenue for members that joined in 2004. This was completed in 2017.

Interest, net for continuing operations increased 0.6% to \$3,781,000 for the three month period ended June 30, 2018 from \$3,760,000 in 2017.

### **Eligible Dividend**

Today, TWC Enterprises Limited announced an eligible cash dividend of 2 cents per common share to be paid on September 14, 2018 to shareholders of record as at August 31, 2018.

### **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.

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