

# TWC ENTERPRISES LIMITED

FOR IMMEDIATE RELEASE  
KING CITY, ONTARIO  
TSX: TWC

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## TWC ENTERPRISES LIMITED ANNOUNCES THIRD QUARTER 2020 RESULTS AND ELIGIBLE CASH DIVIDEND

### Consolidated Financial Highlights (unaudited)

(in thousands of dollars except per share amounts)	Three months ended		Nine months ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Net earnings (loss)	22,427	7,322	(7,388)	45
Basic and diluted earnings (loss) per share	0.87	0.27	(0.28)	0.00

### Operating Data

	Three months ended		Nine months ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Canadian Full Privilege Golf Members			14,515	14,755
Championship rounds – Canada	689,000	607,000	991,000	954,000
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.	43,000	43,000	191,000	254,000
18-hole equivalent championship golf courses – U.S.			8.0	11.0

The following is a breakdown of net operating income (loss) by segment:

(thousands of Canadian dollars)	For the three months ended	
	September 30, 2020	September 30, 2019
Net operating income (loss) by segment		
Canadian golf club operations	\$ 32,193	\$ 17,346
US golf club operations (2020 - US loss \$336,000; 2019 - US loss \$930,000)	(445)	(1,231)
Corporate operations	(758)	(939)
Net operating income <sup>(1)</sup>	\$ 30,990	\$ 15,176

(thousands of Canadian dollars)	For the nine months ended	
	September 30, 2020	September 30, 2019
Net operating income (loss) by segment		
Canadian golf club operations	\$ 35,140	\$ 25,668
US golf club operations (2020 - US \$207,000; 2019 - US \$828,000)	263	1,106
Corporate operations	(2,260)	(2,673)
Net operating income <sup>(1)</sup>	\$ 33,143	\$ 24,101

The following is an analysis of net earnings (loss):

(thousands of Canadian dollars)	For the three months ended	
	September 30, 2020	September 30, 2019
Operating revenue	\$ 55,293	\$ 65,260
Direct operating expenses <sup>(1)</sup>	24,303	50,084
Net operating income <sup>(1)</sup>	30,990	15,176
Amortization of membership fees	1,307	1,480
Depreciation and amortization	(4,718)	(4,993)
Interest, net and investment income	(1,046)	(1,317)
Other items	3,119	357
Income taxes	(7,225)	(3,381)
Net earnings	\$ 22,427	\$ 7,322

(thousands of Canadian dollars)	For the nine months ended	
	September 30, 2020	September 30, 2019
Operating revenue	\$ 97,059	\$ 134,496
Direct operating expenses <sup>(1)</sup>	63,916	110,395
Net operating income <sup>(1)</sup>	33,143	24,101
Amortization of membership fees	3,552	4,033
Depreciation and amortization	(14,561)	(15,177)
Interest, net and investment income	(2,848)	(4,126)
Other items	(24,744)	(7,594)
Income taxes	(1,930)	(1,192)
Net earnings (loss)	\$ (7,388)	\$ 45

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

### Third Quarter 2020 Consolidated Operating Highlights

The outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to contain the spread of the virus which have led to prolonged voluntary or mandatory building closures, business closures, government restrictions on travel and gatherings, quarantines, self-isolation and physical distancing. As a result, the Company closed all golf clubs in mid-March in order to adhere to these 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.

As required by IFRS, ClubLink recognizes its annual dues revenue on a straight-line basis throughout the year based on when its properties are open, and services are provided. As a result of COVID-19, annual dues revenue was not recognized during the Spring course closures. Canadian annual dues revenue increased 14.6% to \$14,254,000 for the three-month period ended September 30, 2020 from \$12,440,000 in 2019 due to this methodology. This methodology shifts annual dues revenue from the second quarter to third and fourth quarters.

Due to overwhelming demand for golf amongst the Company's members and customers, golf revenue increased 39.0% to \$19,609,000 for the three-month period ended September 30, 2020 from \$14,108,000 in 2019 for the Canadian golf operations.

Consolidated operating revenue decreased 15.3% to \$55,293,000 for the three-month period ended September 30, 2020 from \$65,260,000 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 51.5% to \$24,303,000 for the three-month period ended September 30, 2020 from \$50,084,000 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. Labour and employee benefits for the Canadian golf operations have decreased 73.3% to \$6,370,000 for the three months ended September 30, 2020 from \$23,846,000 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 \$32,193,000 for the three-month period ended September 30, 2020 from income of \$17,346,000 in 2019 despite the impact of COVID-19 on streams of revenue relating to group business.

Interest, net and investment income decreased 20.6% to an expense of \$1,046,000 for the three-month period ended September 30, 2020 from \$1,317,000 in 2019 due to a decrease in borrowings,

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

<b>(thousands of Canadian dollars)</b>	For the three months ended	
	<b>September 30, 2020</b>	September 30, 2019
Foreign exchange gain (loss)	\$ (1,556)	\$ 1,027
Gain on property, plant and equipment	891	167
Unrealized gain on investment in Automotive Properties REIT	3,909	-
Unrealized loss on common shares in Carnival plc	-	(943)
Equity income from investments in joint ventures	43	-
Insurance proceeds	-	394
Other	(168)	(288)
<b>Other items</b>	<b>\$ 3,119</b>	<b>\$ 357</b>

The exchange rate used for translating US denominated assets has changed from 1.3628 at June 30, 2020 to 1.3339 at September 30, 2020. This has resulted in a foreign exchange loss of \$1,556,000 for the three-month period ended September 30, 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 totaled \$1,684,000 and ClubLink recorded a gain of \$839,000 on the sale.

Net earnings is \$22,427,000 for the three-month period ended September 30, 2020 from \$7,322,000 in 2019 due to the reduction in direct operating expenses. Basic and diluted earnings per share increased to 87 cents per share in 2020, compared to 27 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 Dividend

Today, TWC Enterprises Limited announced an eligible cash dividend of 2 cents per common share to be paid on December 15, 2020 to shareholders of record as at November 30, 2020.

## 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 40 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)