

TWC Enterprises Limited Announces Third Quarter 2018 Results And Eligible Cash Dividend

KING CITY, Ontario, Nov. 05, 2018 -- TWC Enterprises Limited (TSX:TWC)

Consolidated Financial Highlights (unaudited)

(in thousands of dollars except per share amounts)	Three months ended		Nine months ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Net earnings (continuing)	8,846	6,936	5,770	6,662
Net earnings (discontinued operations)	211,587	12,530	214,434	14,937
Net earnings	220,433	19,466	220,204	21,599
Basic and diluted earnings per share (continuing)	0.32	0.25	0.21	0.24
Basic and diluted earnings per share (discontinued operations)	7.74	0.46	7.84	0.55
Basic and diluted earnings per share	8.06	0.71	8.05	0.79

Operating Data

	Three months ended		Nine months ended	
	September 30, 2018	September 30, 2018	September 30, 2018	September 30, 2017
ClubLink				
Canadian Full Privilege Golf Members			15,588	15,517
Championship rounds – Canada	558,000	574,000	926,000	935,000
18-hole equivalent championship golf courses – Canada			42.5	42.5
Championship rounds – U.S.	44,000	43,000	252,000	261,000
18-hole equivalent championship golf courses – U.S.			11.0	11.0
White Pass and Yukon Route (operations ceased on July 31, 2018)				
Rail passengers	117,000	267,000	279,000	429,000
Port passengers from cruise ships	230,000	525,000	590,000	846,000
Cruise ship dockings	94	228	245	370

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

(thousands of Canadian dollars)	For the three months ended	
	September 30, 2018	September 30, 2017
Net operating income (loss) by segment		
Canadian golf club operations	\$ 16,913	\$ 18,055
US golf club operations (2018 - US loss \$926,000; 2017 - US loss \$1,038,000)	(1,210)	(1,298)
Corporate operations	(940)	(776)
Net operating income (Continuing) ⁽¹⁾	14,763	15,981
Rail and port operations (discontinued operations) (2018 - US \$8,198,000; 2017 - US \$18,674,000)	10,765	23,486
Net operating income ⁽¹⁾	\$ 25,528	\$ 39,467

For the nine months ended

(thousands of Canadian dollars)	September 30, 2018	September 30, 2017
Net operating income (loss) by segment		
Canadian golf club operations	\$ 27,878	\$ 28,189
US golf club operations (2018 - US \$158,000; 2017 - US \$764,000)	147	1,081
Corporate operations	(2,472)	(2,265)
Net operating income (continuing) ⁽¹⁾	25,553	27,005
Rail and port operations (discontinued operations) (2018 - US \$14,673,000; 2017 - US \$25,524,000)	19,360	32,704
Net operating income ⁽¹⁾	\$ 44,913	\$ 59,709

The following is an analysis of net earnings:

(thousands of Canadian dollars)	For the three months ended	
	September 30, 2018	September 30, 2017
Operating revenue	\$ 65,351	\$ 63,818
Direct operating expenses ⁽¹⁾	50,588	47,837
Net operating income ⁽¹⁾	14,763	15,981
Amortization of membership fees	1,807	2,184
Depreciation and amortization	(4,040)	(4,121)
Land lease rent	(1,097)	(1,165)
Interest, net	(2,522)	(3,810)
Other items	3,169	(239)
Income taxes	(3,234)	(1,894)
Net earnings (continuing)	8,846	6,936
Net earnings (discontinued operations)	211,587	12,530
Net earnings	\$ 220,433	\$ 19,466

(thousands of Canadian dollars)	For the nine months ended	
	September 30, 2018	September 30, 2017
Operating revenue	\$ 136,906	\$ 135,782
Direct operating expenses ⁽¹⁾	111,353	108,777
Net operating income ⁽¹⁾	25,553	27,005
Amortization of membership fees	5,145	6,093
Depreciation and amortization	(12,153)	(12,471)

Land lease rent	(3,292)	(3,641)
Interest, net	(10,030)	(11,342)
Other items	3,105	1,725
Income taxes	(2,558)	(707)
Net earnings (continuing)	5,770	6,662
Net earnings (discontinued operations)	214,434	14,937
Net earnings	\$ 220,204	\$ 21,599

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.

Third 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 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.

Net earnings from continuing operations increased to \$8,846,000 for the three month period ended September 30, 2018 from \$6,936,000 in 2017 due to a positive change in other items in the amount of \$3,408,000 representing primarily insurance proceeds and a fair value increase in the Carnival shares received as part of the White Pass sale. Basic and diluted earnings from continuing operations per share was 32 cents per share for the three month period ended September 30, 2018, compared to 25 cents in 2017.

Net earnings from discontinued operations increased to \$211,587,000 for the three month period ended September 30, 2018 from \$12,530,000 in 2017. This increase was due to the gain on the sale of White Pass. Basic and diluted earnings from discontinued operations per share increased to \$7.74 per share for the three month period ended September 30, 2018, compared to 46 cents in 2017.

Net earnings increased to \$220,433,000 for the three month period ended September 30, 2018 from \$19,466,000 in 2017. Basic and diluted earnings per share increased to \$8.06 per share for the three month period ended September 30, 2018, compared to 71 cents in 2017.

The exchange rate used for translating US denominated earnings has changed to a quarterly average of 1.3069 for the three months ended September 30, 2018 from 1.2526 for the three month period ended September 30, 2017 due to the declining Canadian dollar over the one year period.

Consolidated operating revenue from continuing operations increased 2.4% to \$65,351,000 for the three month period ended September 30, 2018 from \$63,818,000 in 2017 due to a 3.3% increase in Canadian annual dues.

Direct operating expenses from continuing operations increased 5.8% to \$50,588,000 for the three month period ended September 30, 2018 from \$47,837,000 in 2017 due to a 7.4% increase in labour and employee benefits resulting from the

Ontario minimum wage increase in 2018.

Net operating income for the Canadian golf club operations segment decreased 6.3% to \$16,913,000 in 2018 from \$18,055,000 in 2017 due to less championship golf rounds for the quarter in addition to the increase in labour.

Net operating loss for US golf club operations segment decreased to US\$926,000 in 2018 from US\$1,038,000 in 2017.

Net operating income for the rail and port operations decreased 56.1% to US\$8,198,000 from US\$18,674,000 in 2017. On July 31, 2018, the Company divested the rail and port operations and consequently the amounts reflected for the three month period ended September 30, 2018 are one month of operations.

Amortization of membership fees decreased 17.3% to \$1,807,000 from \$2,184,000 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 and investment income for continuing operations decreased 33.8% to \$2,522,000 for the three month period ended September 30, 2018 from \$3,810,000 in 2017 due to less borrowings outstanding.

Eligible Dividend

Today, TWC Enterprises Limited announced an eligible cash dividend of 2 cents per common share to be paid on December 14, 2018 to shareholders of record as at November 30, 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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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