

## Clairvest Reports Fiscal 2019 Second Quarter Results

TORONTO, Nov. 13, 2018 -- Clairvest Group Inc. (TSX: CVG) today reported results for the fiscal 2019 second quarter and six months ended September 30, 2018. *(All figures are in Canadian dollars unless otherwise stated)*

### Highlights

- September 30, 2018 book value was \$728.4 million or \$48.06 per share versus \$715.1 million or \$47.18 per share as at June 30, 2018, of which 62% is represented by cash and cash equivalents
- Net income for the quarter and for the six months ended September 30, 2018 was \$13.4 million or \$0.88 per share and \$68.0 million or \$4.48 per share, respectively
- Clairvest and Clairvest Equity Partners IV ("CEP IV") completed the sale of Centaur Gaming in July 2018
- Subsequent to quarter end, Clairvest and Clairvest Equity Partners V ("CEP V") invested US\$17.5 million in Meriplex Communications, Ltd. ("Meriplex")
- Subsequent to quarter end, Clairvest and CEP IV announced the proposed sale of their interest in Rivers Casino subject to regulatory approval

Clairvest's book value was \$728.4 million or \$48.06 per share as at September 30, 2018, compared with \$715.1 million or \$47.18 per share as at June 30, 2018. The increase in book value per share for the quarter was primarily attributable to net income for the quarter of \$13.4 million, or \$0.88 per share. For the six month ended September 30, 2018, net income was \$68.0 million or \$4.48 per share.

As at September 30, 2018, Clairvest had approximately \$882.8 million of capital available for future acquisitions through treasury funds, credit facilities, access to funds in its acquisition entities and uncalled committed capital in various Clairvest Equity Partnerships (the "CEP Funds").

As previously announced, Clairvest and CEP IV completed the sale of their interest in Centaur Gaming in July 2018. Clairvest and CEP IV received aggregate sale proceeds of US\$417 million and are entitled to deferred consideration of up to US\$21 million payable over the next three years. Clairvest's portion of the sale proceeds was US\$167 million (C\$219 million) and of the potential deferred consideration is up to US\$8.4 million against an investment of US\$26.5 million. As at September 30, 2018, the deferred consideration is carried at a discount reflecting credit risk and the time value of money.

In October 2018, Clairvest and CEP V completed a US\$17.5 million equity investment in Meriplex, a company based in Houston, Texas that designs, installs and manages complex networking solutions for businesses. Clairvest's portion of the investment was US\$5.3 million for an 18.1% ownership interest in Meriplex.

In November 2018, Clairvest and CEP IV announced the proposed sale of their interest in Rivers Casino, based in Des Plaines, Illinois. The proposed transaction is subject to regulatory approvals and is anticipated to close prior to the end of the first quarter of fiscal 2020. As at September 30, 2018, Clairvest's carrying value in Rivers Casino reflects a discount to the transaction price to reflect the uncertainty to closing. Should the transaction close on anticipated terms, the sale of Clairvest's interest in Rivers Casino is expected to increase Clairvest's book value by approximately \$0.50 per share from the September 30, 2018 book value per share of \$48.06.

"The second quarter was a particularly successful quarter for Clairvest with the completion of the blockbuster sale of Centaur Gaming and subsequent to quarter end, the agreement to sell our interest in the Rivers Casino for an outstanding result. With these two exits, Clairvest's realized and substantially realized track record has reached an impressive return profile of 3.6x times invested capital. This is a testament to the power of our domain focused strategy, our knowledge-based approach to investing and the expertise of our operating partners and our team. We continue to execute our domain focused approach in other industries and recently closed our third transaction in the IT services space with Meriplex", said Ken Rotman, CEO of Clairvest.

### Summary of Financial Results – Unaudited

Financial Results <sup>(1)</sup>	Quarter ended		Six months ended	
	2018	2017	2018	2017
(\$000's, except per share amounts)	\$	\$	\$	\$
Net investment gain (loss)	(193,317)	43,622	(132,919)	20,458
Net carried interest income – realized and unrealized changes	2,170	14,708	25,765	16,998
Distributions, interest income, dividends and fees	217,500	5,174	222,745	22,217
Total expenses, excluding income taxes	10,536	15,569	36,961	25,593
Net income and comprehensive income	13,373	42,609	68,028	31,049
Basic and fully diluted net income per share	0.88	2.80	4.48	2.04

<b>Financial Position</b>	<b>September 30 2018</b>	<b>March 31, 2018</b>
(\$000's, except share information and per share amounts)	<b>\$</b>	<b>\$</b>
Total assets <sup>(1)</sup>	<b>865,250</b>	834,889
Total cash, cash equivalents and temporary investments and restricted cash <sup>(1)</sup>	<b>406,236</b>	147,924
Unrealized carried interest from the CEP Funds <sup>(2)</sup>	<b>66,898</b>	127,900
Corporate investments, at fair value <sup>(1)</sup>	<b>349,350</b>	515,172
Total liabilities <sup>(1)</sup>	<b>136,839</b>	167,568
Management participation <sup>(1)</sup>	<b>47,436</b>	91,267
Book value <sup>(2)</sup>	<b>728,411</b>	667,321
Common shares outstanding	<b>15,156,895</b>	15,162,995
Book value per share <sup>(2)</sup>	<b>48.06</b>	44.01

<sup>(1)</sup> Under IFRS, the Company is required to fair value certain acquisition entities and wholly-owned holding entities and record them as corporate investments. The Company is also required to recognize as revenue that portion of the carried interest from the CEP Funds which are allocated to the principals and employees of Clairvest through various limited partnerships which are controlled by Clairvest. In addition, Clairvest is required to record a liability for any entitlements of limited partners of a partnership where the limited partners are not part of the consolidated group of the Company but where the partnership is required to be consolidated by the Company. Accordingly, that portion of the carried interest from the CEP Funds that is allocated to the limited partners of these partnerships ("MIP Partnerships") and the carried interest payable to MIP Partnerships by other partnerships which are consolidated by Clairvest (collectively, the "Management participation") are recorded as an expense and a liability of the Company.

<sup>(2)</sup> Book value is a Non-IFRS measure calculated as the value of total assets less the value of total liabilities. The term book value does not have any standardized meaning according to IFRS and therefore may not be comparable to similar measures presented by other companies. There is no comparable IFRS measure presented in Clairvest's consolidated financial statements and thus no applicable quantitative reconciliation for such non-IFRS financial measure. The Company has calculated book value consistently for many years and believes that book value can provide information useful to its shareholders in understanding its performance, and may assist in the evaluation of its business relative to that of its peers.

Clairvest's second quarter fiscal 2019 financial statements and MD&A are available on the SEDAR website at [www.sedar.com](http://www.sedar.com) and the Clairvest website at [www.clairvest.com](http://www.clairvest.com).

## **About Clairvest**

*Clairvest Group Inc. is a private equity investor which invests its own capital, and that of third parties through the Clairvest Equity Partners ("CEP") limited partnerships, in businesses that have the potential to generate superior returns. In addition to providing financing, Clairvest contributes strategic expertise and execution ability to support the growth and development of its investee partners. Clairvest realizes value through investment returns and the eventual disposition of its investments.*

## **Contact Information**

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## **Forward-looking Statements**

*This news release contains forward-looking statements with respect to Clairvest Group Inc., its subsidiaries, its CEP limited partnerships and their investments. These statements are based on current expectations and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Clairvest, its subsidiaries, its CEP limited partnerships and their investments to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include general and economic business conditions and regulatory risks. Clairvest is under no obligation to update any forward-looking statements contained herein should material facts change due to new information, future events or otherwise.*

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