

# Clairvest Reports Fiscal 2018 Fourth Quarter and Year-End Results

TORONTO, June 27, 2018 -- Clairvest Group Inc. (TSX:CVG) today reported results for the fourth quarter and year ended March 31, 2018 and material events which occurred subsequent to year-end. *(All figures are in Canadian dollars unless otherwise stated)*

## Highlights

- March 31, 2018 book value was \$667.3 million or \$44.01 per share compared with \$648.7 million or \$42.78 per share as at December 31, 2017 and \$36.21 per share as at March 31, 2017, an increase of \$7.80 per share and 21.5% over the last twelve months
- Net income for the quarter and for the year ended March 31, 2018 was \$18.6 million or \$1.23 per share and \$123.8 million or \$8.15 per share, respectively
- Sale of Wellington Financial to CIBC completed
- Proposed sale of Centaur Gaming continues to be pending regulatory approval
- Subsequent to year-end, Clairvest, CEP V and Great Canadian Gaming Corporation completed the acquisition of gaming assets in the West Greater Toronto Area
- Subsequent to year-end, Clairvest and CEP IV completed the sale of their interest in MAG Aerospace
- Subsequent to year-end, Clairvest declared an annual dividend of \$1.5 million, or \$0.10 per share, and a special dividend of \$5.1 million, or \$0.3401 per share, both payable on July 25, 2018

Clairvest's book value was \$667.3 million or \$44.01 per share as at March 31, 2018, compared with \$648.7 million or \$42.78 per share as at December 31, 2017 and \$550.2 million or \$36.21 per share as at March 31, 2017. The increase in book value per share for the quarter was attributable to net income for the quarter of \$18.6 million, or \$1.23 per share. For the year ended March 31, 2018, net income was \$123.8 million or \$8.15 per share. 31,100 shares were purchased during the year under various Normal Course Issuer Bids at an average price of \$37.27 per share.

At March 31, 2018, Clairvest had approximately \$641 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").

In November 2017, Clairvest and Clairvest Equity Partners IV ("CEP IV") announced the proposed sale of Centaur Gaming. The proposed transaction is subject to regulatory approvals and is anticipated to close during the second quarter of fiscal 2019. As at March 31, 2018, Clairvest's carrying value in Centaur Gaming reflected a discount to the transaction price to adjust for the uncertainty to closing. Should the transaction close on anticipated terms, the sale of Centaur Gaming is expected to increase Clairvest's book value by approximately \$1.35 per share.

In December 2017, the Ontario Lottery and Gaming Corporation ("OLG") announced that Ontario Gaming West GTA Limited Partnership ("OWGTALP"), a partnership formed by Clairvest and Great Canadian Gaming Corporation ("Great Canadian"), had been selected as the successful proponent to operate four gaming facilities in the West Greater Toronto Area (the "West GTA Bundle"). In May 2018, Clairvest and Clairvest Equity Partners V ("CEP V") invested \$29.2 million for a 45% ownership interest in OWGTALP which acquired all the gaming assets in the West GTA Bundle and entered into leases for each of the four facilities for the exclusive right to operate these assets for a minimum period of 20 years. Clairvest and CEP V also invested \$0.6 million for a 2% ownership interest in Ontario Gaming GTA Limited Partnership ("OGTALP") which operates three gaming facilities in the Greater Toronto Area. Clairvest's portion of the investment in OWGTALP and OGTALP was \$8.8 million and \$0.2 million respectively.

In January 2018, CIBC acquired the loan assets of Wellington Financial Fund V L.P. ("WF Fund V") and certain assets of the general partner of WF Fund V. As a result of the sale, Clairvest received a full repayment of \$17.3 million on its investment in WF Fund V plus \$24 million in CIBC common shares which are restricted for sale for 36 months subject to certain conditions. As at March 31, 2018, Clairvest's carrying value in the CIBC common shares reflected a discount to the trading price to adjust for the sale restriction. Clairvest continues to participate in its pro-rata share of any profits realized from warrants previously granted to various Wellington Financial funds and is eligible for additional payments subject to certain conditions.

In June 2018, Clairvest and CEP IV completed the sale of their interest in MAG Aerospace ("MAG"), which delivers full-spectrum ISR Services and other specialty aviation to federal, international, civilian and commercial customers around the world. At closing, Clairvest and CEP IV realized cash proceeds of approximately US\$110 million on the sale of the equity interest which represents 8.25 times invested capital over the more than 5-year investment period. The promissory notes from MAG Aerospace Canada were also repaid in full in conjunction with the closing. Total proceeds at closing for Clairvest were \$39 million. The sale of MAG will increase Clairvest's book value by approximately \$1.10 per share.

"Fiscal 2018 was a record year for Clairvest as we were active in crystallizing our success in assisting our partners to build their enterprises into strategically important assets," said Ken Rotman, CEO of Clairvest. "The sale of MAG is another example that partnering with proven leaders and providing them with patient capital and assistance to execute a well-defined growth strategy will result in superior returns."

Subsequent to year-end, Clairvest declared an annual ordinary dividend of \$0.10 per share and a special dividend of \$0.3401 per share, such that in aggregate, the dividends represent 1% of the March 31, 2018 book value. Both dividends will be payable on July 25, 2018 to common shareholders of record as of July 6, 2018 and are eligible dividends for Canadian income tax purposes.

## Summary of Financial Results – Unaudited

Financial Results <sup>(1)</sup>	Quarter ended March 31		Year ended March 31	
	2018	2017	2018	2017
(\$000's, except per share amounts)	\$	\$	\$	\$
Net investment gains (losses)	(7,136)	17,128	107,740	72,946
Net carried interest income – realized and unrealized changes	7,230	10,444	46,469	35,617
Distributions, interest income, dividends and fees	26,751	5,789	53,980	22,907
Total expenses, excluding income taxes	11,291	14,447	71,495	51,870
Net income and comprehensive income	18,626	17,268	123,778	70,126
Basic and fully diluted net income per share	1.23	1.14	8.15	4.61

Financial Position	March 31, 2018	March 31, 2017
(\$000's, except share information and per share amounts)	\$	\$
Total assets <sup>(1)</sup>	834,889	671,951
Total cash, cash equivalents and temporary investments and restricted cash <sup>(1)</sup>	147,924	122,169
Unrealized carried interest from the CEP Funds <sup>(1)</sup>	127,900	98,322
Corporate investments, at fair value <sup>(1)</sup>	515,172	410,102
Total liabilities <sup>(1)</sup>	167,568	121,747
Management participation <sup>(1)</sup>	91,267	67,050
Book value <sup>(2)</sup>	667,321	550,204
Common shares outstanding	15,162,995	15,194,095
Book value per share <sup>(2)</sup>	44.01	36.21

<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 annual fiscal 2018 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 management firm 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.*

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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.*