

Clairvest Reports Fiscal 2019 Fourth Quarter and Year-End Results

TORONTO, June 26, 2019 -- Clairvest Group Inc. (TSX: CVG) today reported results for the fourth quarter and year ended March 31, 2019 and material events which occurred subsequent to year-end. *(All figures are in Canadian dollars unless otherwise stated)*

Highlights

- March 31, 2019 book value was \$778.7 million or \$51.44 per share compared with \$751.5 million or \$49.65 per share as at December 31, 2018 and \$44.01 per share as at March 31, 2018, an increase of \$7.87 per share or 17.9% inclusive of the \$0.4401 dividends paid over the last twelve months
- Net income for the quarter and for the year ended March 31, 2019 was \$27.2 million or \$1.80 per share and \$119.2 million or \$7.87 per share, respectively
- Clairvest and Clairvest Equity Partners IV (“CEP IV”) completed the sale of their interest in Rivers Casino in March 2019
- Subsequent to year-end, Clairvest completed fundraising of Clairvest Equity Partners VI (“CEP VI”) which closed at US\$850 million
- Subsequent to year-end, Clairvest and Clairvest Equity Partners III (“CEP III”) entered a memorandum of understanding to merge Chilean Gaming Holdings with a strategic partner
- Subsequent to year-end, Clairvest and CEP IV sold its residual interest in Impero Waste Services, LLC
- Subsequent to year-end, Accel Entertainment Inc. announced it has entered into a business combination transaction, the outcome of which is currently unknown
- Subsequent to year-end, Clairvest declared an annual dividend of \$1.5 million, or \$0.10 per share, and a special dividend of \$6.3 million, or \$0.4144 per share, both payable on July 25, 2019

Clairvest’s book value was \$778.7 million or \$51.44 per share as at March 31, 2019, compared with \$751.5 million or \$49.65 per share as at December 31, 2018 and \$667.3 million or \$44.01 per share as at March 31 2018. The increase in book value per share for the quarter was attributable to net income for the quarter of \$27.2 million, or \$1.80 per share. For the year ended March 31, 2019, net income was \$119.2 million or \$7.87 per share. During the year, 26,500 shares were purchased and cancelled under the Company’s normal course issuer bid for a total purchase price of \$1.2 million, or at an average price of \$45.31 per share.

In March 2019, Clairvest and CEP IV completed the sale of their interest in Rivers Casino, based in Des Plaines, Illinois. At closing, Clairvest and CEP IV realized cash proceeds of US\$135 million on the sale and when combined with the cash proceeds received from prior dividend recapitalizations during the hold period, represents 8.4 times invested capital over the 9-year investment horizon, and an IRR of 46%. On the sale transaction, Clairvest’s portion of the proceeds received was US\$36 million (C\$47 million).

As at March 31, Clairvest had approximately \$886.5 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 Partners (the “CEP Funds”). In April 2019, Clairvest completed fundraising of CEP VI, the successor fund to Clairvest Equity Partners V (“CEP V”). CEP VI closed at US\$850 million, the fund’s hard cap, and was materially oversubscribed. Clairvest’s commitment to the fund is US\$230 million alongside US\$620 million from third party investors. As with Clairvest’s previous funds, Clairvest will be the single largest investor in CEP VI. The successful fundraising of CEP VI brings a substantial amount of incremental capital available for Clairvest to continue its private equity investment program for the next several years.

In May 2019, Clairvest and CEP III announced they have entered into a memorandum of understanding to merge Chilean Gaming Holdings with Sun Dreams S.A, a Las Condes, Chile-based operator of casino properties. The merger is subject to several key conditions, including completion of due diligence and entering into definitive documentation. Chilean Gaming Holdings is the remaining investment in CEP III.

Also in May 2019, Clairvest and CEP IV sold its residual interest in Impero Waste Services, LLC (“Impero Waste”), formerly Winters Bros. Waste Systems of Connecticut, LLC (“WBCT”), for cash proceeds of US\$8.6 million. Clairvest and CEP IV originally invested in WBCT in 2013. Including the partial realization of WBCT in October 2017, Clairvest and CEP IV generated 1.4 times invested capital, or an IRR of 8%, on this investment. Clairvest’s portion of the sale proceeds on Impero Waste was US\$2.3 million (C\$3.0 million).

“Clairvest completed fiscal 2019 on a very strong note with an outstanding exit from Rivers Casino at a multiple of 8.4 times invested capital, which followed three other realizations or partial realizations during the year, and the successful closing of CEP VI at the hard cap of US\$850 million, which was materially oversubscribed”, said Ken Rotman, CEO of Clairvest. “We are excited to launch CEP VI in fiscal 2020, our biggest investment program in the history of our company. Over the past 32 years, we have demonstrated a successful investment track record of making private equity investments in Canadian, U.S. and international based middle-market companies, backing entrepreneurs, and we look forward to continue this growth trajectory with CEP VI.”

Subsequent to year-end, Accel Entertainment Inc. announced it has entered into a business combination transaction with TPG Pace Holdings Corp. Clairvest, through CEP V Co-Investment Limited Partnership, and Clairvest Equity Partners V, in aggregate are a large minority shareholder of Accel Entertainment Inc. and have not consented to the proposed transaction,

the outcome of which is currently unknown.

Subsequent to year-end, Clairvest declared an annual ordinary dividend of \$0.10 per share and a special dividend of \$0.4144 per share, such that in aggregate, the dividends represent 1% of the March 31, 2019 book value. Both dividends will be payable on July 25, 2019 to common shareholders of record as of July 5, 2019 and are eligible dividends for Canadian income tax purposes.

Summary of Financial Results – Unaudited

Financial Results ⁽¹⁾	Quarter ended March 31		Year ended March 31	
	2019	2018	2019	2018
(\$000's, except per share amounts)	\$	\$	\$	\$
Net investment gain (loss)	(14,491)	(7,136)	(123,152)	107,740
Net carried interest – realized and unrealized	17,720	7,230	47,691	46,469
Distributions, interest income, dividends and fees	50,455	26,751	279,668	53,980
Total expenses, excluding income taxes	23,076	11,291	66,329	71,495
Net income and comprehensive income	27,182	18,626	119,242	123,778
Basic and fully diluted net income per share	1.80	1.23	7.87	8.15

Financial Position	March 31 2019	March 31, 2018
(\$000's, except share information and per share amounts)	\$	\$
Total assets ⁽¹⁾	911,253	834,889
Total cash, cash equivalents and temporary investments and restricted cash ⁽¹⁾	452,325	147,924
Unrealized carried interest from the CEP Funds ⁽²⁾	56,484	127,900
Corporate investments, at fair value ⁽¹⁾	366,279	515,172
Total liabilities ⁽¹⁾	132,561	167,568
Management participation ⁽¹⁾	42,599	91,267
Book value ⁽²⁾	778,692	667,321
Common shares outstanding	15,136,495	15,162,995
Book value per share ⁽²⁾	51.44	44.01

⁽¹⁾ 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.

⁽²⁾ 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 2019 financial statements and MD&A are available on the SEDAR website at www.sedar.com and the Clairvest website at 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.

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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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