



August 8, 2019
For Immediate Release

News Release

Circa Reports Sales and Operating results for the Second Quarter Ended June 30, 2019

Calgary, AB – Circa Enterprises Inc. (CTO-TSXV) (the "Company" or "Circa"), a manufacturer of equipment for the telecommunication, electrical utility, and construction industries, reports results of operations for the second quarter ended June 30, 2019.

Summary of second quarter operating results:

- Q2 2019 consolidated sales of \$9.1 million, representing a 21% increase over the Q2 2018 sales of \$7.6 million
- Profit for the period from continuing operations for Q2 2019 of \$386,000, or \$0.04 per share compared to profit from continuing operations of \$449,000, or \$0.05 per share for Q2 2018
- EBITDA of \$1,072,000 for Q2 2019 compared to EBITDA of \$990,000 for Q2 2018 (see below for explanation and calculation of EBITDA)
- EBITDAaL of \$848,000 for Q2 2019 compared to EBITDAaL of \$755,000 for Q2 2018 (see below for explanation and calculation of EBITDAaL)

Summary of year-to date operating results:

- Consolidated sales of \$15.9 million for the six months ended June 30, 2019, an increase of 7% compared to sales of \$14.9 million for the six months ended June 30, 2018
- Profit for the period from operations for the six months ended June 30, 2019 of \$505,000, being \$0.05 per share compared to profit for the period from operations of \$779,000, or \$0.08 per share for the same period in 2018
- EBITDA of \$1.7 million for the six months ended June 30, 2019 compared to EBITDA of \$1.9 million for the six months ended June 30, 2018 (see below for explanation and calculation of EBITDA)
- EBITDAaL of \$1.2 million for the six months ended June 30, 2019 compared to EBITDAaL of \$1.4 million for the six months ended June 30, 2018 (see below for explanation and calculation of EBITDAaL)

EBITDA is earnings before interest, taxes, depreciation and amortization. EBITDAaL modifies EBITDA to deduct current period cash rent related to lease obligations and is comparative to pre-IFRS 16 calculations of EBIDTA. EBITDA and EBITDAaL are a non-IFRS financial measures and do not have any standardized meaning prescribed by International Financial Reporting Standards and, therefore, may not be comparable to similar measures presented by other issuers. Management believes that EBITDA and EBITDAaL are useful supplemental measures, which provides an indication of the results generated by Circa's primary business activities prior to consideration of how those activities are financed, amortized or taxed. Readers are cautioned, however, that EBITDA and EBITDAaL should not be construed as an alternative to comprehensive income determined in accordance with IFRS as an indicator of the Company's financial performance. EBITDA and EBITDAaL are calculated by the Company as follows:

	(unaudited) Six months 30 June 2019	(unaudited) Six months 30 June 2018	(unaudited) Three months 30 June 2019	(unaudited) Three months 30 June 2018
	\$000's	\$000's	\$000's	\$000's
Profit for the period from operations	505	779	386	449
Income taxes	301	196	223	107
Interest	87	89	53	44
Depreciation and amortization	799	836	410	390
EBITDA	1,692	1,900	1,072	990
Cash lease payments	(460)	(469)	(224)	(235)
EBITDAaL	1,232	1,431	848	755

Consolidated sales for the second quarter of 2019 were \$9.1 million -- a \$1.6 million or 21% increase over the same three month period in 2018. Sales in the Telecom segment increased \$1.7 million as the Company shipped two large Guardian line systems and had strong sales of its legacy surge protection line. This was partially offset by lower demand for the Company's cable and connectivity products. Sales in the Circa Metals segment were off slightly or \$171,000 due to lower Hydrel sales due to weaker Western Canada sales as a result of increased competition and less construction activity.

As a result of the stronger second quarter sales compared the previous year, the Company posted stronger pre-tax profit of \$609,000 in the second quarter of 2019 compared to pre-tax profit of \$556,000 in the second quarter of the 2018. After tax earnings were lower, however, due to prior-year tax adjustments on assessment which was posted in the quarter. The Company raised prices in the first quarter of 2019 to offset the decline in margins from tariffs in 2018. The price increases were largely accepted by customers, which boosted margins to previous levels and should allow the Company to maintain profitability through the second half of the year.

The Company incurred higher selling, general and administrative expenses as a result of increased sales personnel and distribution reps as well as greater engineering resources. These expanded internal and external resources are expected to generate higher sales through expanded markets and being able to better respond to customer quotations, product enhancements and growing demands.

Grant Reeves, Circa's President and Chief Executive Officer, stated:

"It was a good quarter for Circa with solid financial performance and the completion of several key milestones. Our team successfully executed on the consolidation of our Telecom facilities and completed the installation of a modern punch press at Metals. We also shipped several Guardian projects this quarter that had been previously delayed. There are several new products coming to market in the near future and we have been actively expanding our sales channels into new regions to support revenue growth. Overall the Company is well positioned for sustained growth going forward"

CIRCA ENTERPRISES INC.
Condensed Consolidated Statement of Comprehensive Income

Unaudited

\$000's	Six months ended 30 June 2019	Six months ended 30 June 2018 <small>(restated - IFRS 16)</small>	Three months ended 30 June 2019	Three months ended 30 June 2018 <small>(restated - IFRS 16)</small>
Sales	15,940	14,858	9,111	7,560
Freight	347	368	186	182
Net sales	15,593	14,490	8,925	7,378
Cost of sales	10,937	9,976	6,322	5,079
Gross profit	4,656	4,514	2,603	2,299
Selling, general and administrative expenses	3,763	3,441	1,934	1,689
Operating profit	893	1,073	669	610
Other income (loss)	-	(9)	(7)	(10)
Finance costs	(87)	(89)	(53)	(44)
Profit before tax	806	975	609	556
Income tax expense	301	196	223	107
Profit for the period from operations attributable to shareholders of the Company	505	779	386	449
Other comprehensive (loss) income				
Exchange differences on translating foreign operations, net of tax	(103)	128	(18)	56
Total comprehensive income for the period attributable to shareholders of the Company	402	907	368	505
Earnings per share (in \$'s)				
Basic	0.05	0.08	0.04	0.05
Diluted	0.05	0.07	0.04	0.04

Circa Enterprises Inc. is a public company with operations in Alberta, Ontario and Florida. The outstanding common shares of Circa Enterprises Inc. are listed and trade on the TSX Venture Exchange under the trading symbol CTO. Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

The Company's quarterly financial statements and related management's discussion and analysis have been filed with certain securities regulatory authorities in Canada and may be accessed electronically through the SEDAR website at www.sedar.com.

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