



November 6, 2019  
*For Immediate Release*

## *News Release*

### ***Circa Reports Sales and Operating results for the Third Quarter Ended September 30, 2019 and Declares a Special Cash Dividend***

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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 third quarter ended September 30, 2019 and declares a special cash dividend of \$0.06 per share on its common shares. In addition, the Board will consider the adoption of a fixed quarterly dividend policy in the first quarter of 2020.

#### Summary of third quarter operating results:

- Q3 2019 consolidated sales of \$7.5 million, representing a 9% decrease over the Q3 2018 sales of \$8.3 million
- Profit for the period from continuing operations for Q3 2019 of \$157,000, or \$0.02 per share compared to profit from continuing operations of \$290,000, or \$0.03 per share for Q3 2018
- EBITDA of \$686,000 for Q3 2019 compared to EBITDA of \$909,000 for Q3 2018 (see below for explanation and calculation of EBITDA)
- EBITDAaL of \$432,000 for Q3 2019 compared to EBITDAaL of \$673,000 for Q3 2018 (see below for explanation and calculation of EBITDAaL)

#### Summary of year-to date operating results:

- Consolidated sales of \$23.5 million for the nine months ended September 30, 2019, an increase of 2% compared to sales of \$23.1 million for the nine months ended September 30, 2018
- Profit for the period from operations for the nine months ended September 30, 2019 of \$662,000, being \$0.07 per share compared to profit for the period from operations of \$1,069,000, or \$0.11 per share for the same period in 2018
- EBITDA of \$2.4 million for the nine months ended September 30, 2019 compared to EBITDA of \$2.8 million for the nine months ended September 30, 2018
- EBITDAaL of \$1.7 million for the nine months ended September 30, 2019 compared to EBITDAaL of \$2.1 million for the nine months ended September 30, 2018

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 EBITDA. 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) Nine months 30 Sep 2019 \$000's	(unaudited) Nine months 30 Sep 2018 \$000's	(unaudited) Three months 30 Sep 2019 \$000's	(unaudited) Three months 30 Sep 2018 \$000's
Profit for the period from operations	662	1,069	157	290
Income taxes	353	389	52	193
Interest	139	124	52	35
Depreciation and amortization	1,224	1,227	425	391
<b>EBITDA</b>	<b>2,378</b>	<b>2,809</b>	<b>686</b>	<b>909</b>
Cash lease payments	(714)	(705)	(254)	(236)
<b>EBITDAaL</b>	<b>1,664</b>	<b>2,104</b>	<b>432</b>	<b>673</b>

Consolidated sales for the third quarter of 2019 were \$7.5 million -- a \$0.8 million or 9% decrease over the same three month period in 2018. The decrease in sales was due to the lack of project-related sales in the Telecom segment and partially offset by a small increase in Metals segment sales. Third quarter Telecom segment sales were lower in all product lines compared to the same period in the prior year. Sales of the legacy surge protection products decreased as there was a large U.S. military order in the previous year. Sales of cable and connectivity products were down due to the decline of orders from a few customers who moved to local competitors and overseas suppliers. The Guardian product line sales were also lower as there were no large project sales and certain projects were delayed to Q4 2019 and early 2020. Partially offsetting these declines was an increase in Circa Metals segment sales, which were up \$58,000 as both custom metal and Hydrel sales improved in Q3 2019 compared to the same period in the prior year.

As a result of the lower third quarter sales compared the previous year, the Company posted after-tax profit of \$157,000 in the third quarter of 2019 compared to \$290,000 in the third quarter of the 2018. The Company also had lower margins on sales due to higher labour costs and lower efficiency from the restructuring of the Telecom operations and planned reductions in inventory.

The Company recorded lower selling, general and administrative expenses from lower corporate, administrative and professional costs. This was partially offset by higher selling commissions and other sales costs related to broadening the Company's markets. These additional costs are expected to result in greater quoting and new opportunities and lead to higher sales.

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

"We are pleased to declare a special dividend, the seventh dividend since 2012, and the Board's intention to consider a fixed dividend policy effective with the first quarter of 2020. With the consolidation of our Telecom operation and major capital investments in the Metals segment completed, the Company is confident of its ability to sustain profitable operations to support a regular return to our shareholders. We will continue to bring new products to market, expand our international presence and improve operational effectiveness, along with an eye toward complementary acquisitions in our pursuit to grow Circa."

**CIRCA ENTERPRISES INC.**  
**Condensed Consolidated Statement of Comprehensive Income**

*Unaudited*

\$000's	<b>Nine months ended 30 Sep 2019</b>	Nine months ended 30 Sep 2018 (Note 3)	<b>Three months ended 30 Sep 2019</b>	Three months ended 30 Sep 2018 (Note 3)
<b>Sales</b>	<b>23,484</b>	23,117	<b>7,544</b>	8,259
Freight	<b>521</b>	584	<b>174</b>	216
<b>Net sales</b>	<b>22,963</b>	22,533	<b>7,370</b>	8,043
Cost of sales	<b>16,272</b>	15,616	<b>5,335</b>	5,640
<b>Gross profit</b>	<b>6,691</b>	6,917	<b>2,035</b>	2,403
Selling, general and administrative expenses	<b>5,532</b>	5,346	<b>1,769</b>	1,905
<b>Operating profit</b>	<b>1,159</b>	1,571	<b>266</b>	498
Other (loss) income	<b>(5)</b>	11	<b>(5)</b>	20
Finance costs	<b>(139)</b>	(124)	<b>(52)</b>	(35)
<b>Profit before tax</b>	<b>1,015</b>	1,458	<b>209</b>	483
Income tax expense	<b>353</b>	389	<b>52</b>	193
<b>Profit for the period from operations attributable to shareholders of the Company</b>	<b>662</b>	1,069	<b>157</b>	290
<b>Other comprehensive (loss) income</b>				
Exchange differences on translating foreign operations, net of tax	<b>(71)</b>	81	<b>32</b>	(47)
<b>Total comprehensive income for the period attributable to shareholders of the Company</b>	<b>591</b>	1,150	<b>189</b>	243
<b>Earnings per share (in \$'s)</b>				
Basic	<b>0.07</b>	0.11	<b>0.02</b>	0.03
Diluted	<b>0.06</b>	0.10	<b>0.02</b>	0.03

## DECLARATION OF SPECIAL DIVIDEND

The Company announced today that its Board of Directors has declared a special cash dividend of \$0.06 per share on its common shares payable January 8, 2020 to shareholders of record at the close of business December 20, 2018. The Dividend is deemed to be an eligible dividend for purposes of the Income Tax Act (Canada).

Circa Enterprises Inc. is a public company with operations in Alberta and Ontario. 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](http://www.sedar.com).

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