



# GREAT CANADIAN GAMING CORPORATION

## **GREAT CANADIAN GAMING ANNOUNCES FIRST QUARTER 2018 RESULTS**

### **62% INCREASE IN REVENUE. 64% INCREASE IN SHAREHOLDERS' NET EARNINGS.**

**May 9, 2018 – Coquitlam, BC** – Great Canadian Gaming Corporation [TSX:GC] (“Great Canadian,” or “the Company”) today announced its financial results for the three month period ended March 31, 2018 (the “first quarter”).

#### **FIRST QUARTER 2018 HIGHLIGHTS**

- On January 23, 2018, the Ontario Gaming GTA Limited Partnership (“OGGTA”), a partnership managed and operated by the Company, successfully completed the acquisition of certain gaming assets in the Greater Toronto Area (the “GTA Gaming Bundle”) for a purchase price of \$158.0 million. OGGTA, which the Company holds a 49% interest, entered into a 5-year credit agreement providing the partnership with credit facilities in the aggregate capacity of up to \$1.05 billion, which comprise a \$200 million revolving facility and an \$850 million capital expenditure facility.
- On May 1, 2018, the Ontario Gaming West GTA Limited Partnership (“OGWGLP”), a partnership in which the Company holds a 55% interest, successfully completed the acquisition of certain gaming assets in the West Greater Toronto Area (the “West GTA Gaming Bundle”) for a purchase price at close of \$134.8 million, including working capital and applicable sales taxes arising from the transaction. OGWGLP arranged a 5-year \$285.0 million revolving credit facility for the acquisition of the assets, operations and development of the gaming facilities in the West GTA Gaming Bundle.
- Revenues of \$230.5 million in the first quarter, an increase of 62%, when compared to the same period in the prior year.
- Adjusted EBITDA<sup>(1)</sup> was \$88.9 million for the first quarter, an increase of 84%, when compared to the same period in the prior year.
- Shareholders’ net earnings of \$29.2 million or \$0.48 per common share in the first quarter, an increase of 64% and 66%, respectively, when compared to the same period in the prior year.

“I am pleased with our first quarter’s performance, which reflects the full results of the GTA Gaming Bundle’s first 68 days of operations under the management of Great Canadian,” stated Rod Baker, the Company’s President and Chief Executive Officer. “Also, with the recent acquisition of the West GTA Gaming Bundle, the Company now operates 10 casinos and two racetracks in Ontario. These acquisitions mark a significant milestone for the Company. After many years of hard work, we have completed our pursuit in Ontario’s gaming modernization plan which represents a significant opportunity, and can now focus on the growth of these gaming bundles.”

Revenues and Adjusted EBITDA increased in the first quarter, when compared to the same period in the prior year, due to the contributions from the GTA Gaming Bundle since the acquisition on January 23, 2018, as well as increased revenues in the BC and Atlantic regions, and improved Adjusted EBITDA in the Atlantic region.

Shareholders’ net earnings for the first quarter increased, when compared to the same period in the prior year, as a result of increased Adjusted EBITDA, partially offset by increases in amortization, business acquisition, restructuring and other, and income taxes primarily from the acquisition of the GTA Gaming Bundle.

“We are excited to bring transformational developments to the gaming facilities in the GTA Gaming Bundle,” continued Mr. Baker. “Our plans for Casino Woodbine will redevelop the site into an international destination casino resort, fully integrated with the existing racing operations, offering hotels, state-of-the-art theatre, a performance venue for live entertainment, extensive dining and retail options, as well as expanded gaming. Equally as ambitious, we intend to develop a world-class casino resort in Pickering, Ontario, located at the Durham Live entertainment district. The property will feature expanded gaming, hotel, retail, restaurants, and a multi-purpose entertainment venue. At Great Blue Heron Casino, plans are underway to expand the gaming floor and add premier non-gaming amenities including hotel, dining, and multi-purpose entertainment venue. Our investments in these gaming facilities will create vibrant tourist destinations in the GTA for both local and international guests, bringing new jobs and opportunities for economic growth in these communities.”

“The acquisition of the West GTA Gaming Bundle, which included OLG Casino Brantford, OLG Slots at Mohawk Racetrack, OLG Slots at Flamboro Downs, and OLG Slots at Grand River Raceway, also represents a significant opportunity to grow our business. Effective May 1, 2018, OGWGLP repositioned the gaming facilities to the Company’s Elements Casino brand, and has commenced plans to renovate and expand gaming and non-gaming amenities, modernizing each of the properties to broaden guest experiences. In other Ontario developments, construction of the new Shorelines Casino Peterborough is progressing well and is expected to be completed in the second half of 2018. The new casino will include 500 slot machines, 22 table games, a buffet restaurant and an a-la-carte menu restaurant, and will replace Shorelines Slots at Kawartha Downs.”

“In addition to developing our Ontario properties, Great Canadian is committed to improving the gaming and non-gaming amenities at its other properties. On February 1, 2018, River Rock unveiled a refreshed casino floor; our guests can now enjoy more gaming options and new food and beverage offerings. The former View Royal Casino, now rebranded as Elements Casino Victoria, hosted a Grand Opening Celebration to reveal its expanded gaming and non-gaming amenities on May 5, 2018. We are excited about the completed renovations at River Rock and Elements Casino Victoria, and will look toward other developments at our properties to enhance guest experiences and pursue revenue growth opportunities.”

“Great Canadian remains in a strong financial position. As at March 31, 2018, the Company had a strong financial position with a cash balance of \$391.7 million, available capacity of \$306.8 million on its undrawn senior secured revolving credit facility, and available capacity of \$858.3 million on the revolving and capital expenditures credit facilities of OGGTA, both net of outstanding letters of credit. Subsequent to the first quarter of 2018, OGWGLP entered into a credit agreement for a revolving credit facility of up to \$285.0 million, of which approximately 65% of the acquisition costs were drawn against the facility. The comprehensive development plans for the GTA and West GTA Gaming Bundles will be supported by their respective credit agreements entered into by OGGTA and OGWGLP, allowing the Company to maintain its financial strength and retain its flexibility to reinvest in our existing properties and also to explore other options to grow our business,” concluded Mr. Baker.

Great Canadian will host a conference call for investors and analysts tomorrow, May 10, 2018, at 8:00 AM Pacific Time in order to review the financial results for the quarter ended March 31, 2018. To participate in the conference call, please dial 416-764-8609, 778-383-7417, or toll free at 1-888-390-0605. Questions will be reserved for institutional investors and analysts. Interested parties may also access the call via the Investor Relations section of the Company’s website, [www.gcgaming.com/financials](http://www.gcgaming.com/financials). Investors using the website should allow 15 minutes for the registration and installation of any necessary software. A replay of the call will also be available at [www.gcgaming.com/financials](http://www.gcgaming.com/financials).

#### **ABOUT GREAT CANADIAN GAMING CORPORATION**

Founded in 1982, Great Canadian Gaming Corporation is a BC based company that operates 28 gaming, entertainment and hospitality facilities in British Columbia, Ontario, New Brunswick, Nova Scotia, and Washington State. Fundamental to the company’s culture is its commitment to social responsibility. “PROUD of our people, our business, our community” is Great Canadian’s brand that unifies the company’s community, volunteering and social responsibility efforts. Under the PROUD program, Great Canadian annually invests over \$2.5 million in our communities, and in 2017, over 1,900 charitable organizations were supported by Great Canadian. In each Canadian gaming jurisdiction, a significant portion of gross gaming revenue from gaming facilities is retained by our crown partners on behalf of their provincial government for the purpose of supporting programs like healthcare, education and social services.

Please refer to the Condensed Interim Consolidated Financial Statements and Management’s Discussion and Analysis (“MD&A”) at [www.gcgaming.com](http://www.gcgaming.com) (available on May 9, 2018) or [www.sedar.com](http://www.sedar.com) (available on May 10, 2018) for detailed financial information and analysis.

**The financial results on the following page are unaudited and prepared by management. Expressed in millions of Canadian dollars, except for per share information.**

# GREAT CANADIAN GAMING CORPORATION

## Financial Highlights

(Unaudited - Expressed in millions of Canadian dollars, except for per share information)

	Three months ended March 31,		
	2018	2017	% Chg
<b>Revenues</b>	<b>\$ 230.5</b>	<b>\$ 142.7</b>	<b>62%</b>
Human resources	74.5	52.6	42%
Property, marketing and administration	67.7	42.5	59%
Share of profit of equity investment <sup>(2)</sup>	(0.6)	(0.6)	0%
	<b>141.6</b>	<b>94.5</b>	<b>50%</b>
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>\$ 88.9</b>	<b>\$ 48.2</b>	<b>84%</b>
Adjusted EBITDA as a % of Revenues	<b>38.6%</b>	<b>33.8%</b>	
<b>Less:</b>			
Amortization	16.5	14.6	
Share-based compensation	2.2	1.1	
Impairment reversal of long-lived assets	-	(0.9)	
Interest and financing costs, net	8.9	8.5	
Business acquisition, restructuring and other <sup>(2)</sup>	5.5	(0.2)	
Foreign exchange (gain) loss and other	(0.6)	0.1	
Income taxes	11.1	7.1	
<b>Net earnings</b>	<b>\$ 45.3</b>	<b>\$ 17.9</b>	<b>153%</b>
<b>Net earnings attributable to:</b>			
Shareholders of the company	\$ 29.2	\$ 17.8	
Non-controlling interests	16.1	0.1	
	<b>\$ 45.3</b>	<b>\$ 17.9</b>	<b>153%</b>
Shareholders' net earnings per common share			
Basic	\$ 0.48	\$ 0.29	
Diluted	\$ 0.46	\$ 0.29	
Weighted average number of common shares (in thousands)			
Basic	60,969	61,323	
Diluted	62,817	62,417	
	<b>March 31,</b>	<b>December 31,</b>	
	<b>2018</b>	<b>2017</b>	<b>% Chg</b>
Cash and cash equivalents	\$ 391.7	\$ 322.3	22%
Total assets	\$ 1,398.3	\$ 1,171.4	19%
Long-term debt	\$ 607.9	\$ 482.6	26%

(1) Adjusted EBITDA is a non-IFRS measure as described in the disclaimer section of this press release.

(2) In calculating Adjusted EBITDA, "share of profit of equity investment" does not include the loss of \$0.6 relating to the Company's share of OGWGLP's transition costs incurred for the West GTA Gaming Bundle. The loss of \$0.6 has been classified under "business acquisition, restructuring and other" instead.

## DISCLAIMER

This press release contains certain “forward-looking information” or statements within the meaning of applicable securities legislation. Forward-looking information is based on the Company’s current expectations, estimates, projections and assumptions that were made by the Company in light of historical trends and other factors. Forward-looking statements are frequently but not always identified by words such as “expects”, “anticipates”, “believes”, “intends”, “estimates”, “potential”, “targeted”, “planned”, “possible” or similar expressions or statements that events, conditions or results “will”, “may”, “could” or “should” occur or be achieved. All information or statements, other than statements of historical fact, are forward-looking information, including statements that address expectations, estimates or projections about the future, the Company’s strategy for growth and objectives, expected future expenditures, costs, operating and financial results, expected impact of future commitments, the future ability of the Company to operate the Georgian Downs facility beyond the terms of the signed Ontario Lease Agreement and Ontario Racing Agreements, the impact of conditions imposed on certain VIP players in British Columbia, the impact of unionization activities and labour organization, the Company’s position on its claim against the British Columbia Lottery Corporation (“BCLC”) with respect to the collection of marketing contributions, the Company’s beliefs about the outcome of its notices of objection and subsequent appeals challenging the Canada Revenue Agency’s reassessments and its tax position on its facility development commission prevailing, the terms and expected benefits of the normal course issuer bid, the Company’s expected share of BC horse racing industry revenue in future years, and expectations and implications of changes in legislation and government policies, volatile gaming holds, the effects of competition in the market and potential difficulties in employee retention and recruitment. Such forward-looking information is not a guarantee of future performance and may involve a number of risks and uncertainties.

Although forward-looking information is based on information and assumptions that the Company believes are current, reasonable and complete, they are subject to unknown risks, uncertainties, and a number of factors that could cause actual results to vary materially from those expressed or implied by such forward-looking information. Such factors may include, but are not limited to: terms of existing operational services agreements with lottery corporations; terms of new operational services agreements with lottery corporations; changes to gaming laws that may impact the operational services agreements; pending, proposed or unanticipated regulatory or policy changes (including those related to anti-money laundering legislation or policy that may impact VIP play), volatile gaming holds, the effects of competition in the market; the development of properties in Ontario and transitioning of operations to the Company and affiliates; the Company’s ability to obtain and renew required business licenses, leases, and operational services agreements; unanticipated fines, sanctions and suspensions imposed on the Company by its regulators; impact of global liquidity and credit availability; actual and possible reassessments of the Company’s prior tax filings by tax authorities; the results of the Company’s notices of objection and subsequent appeals challenging reassessments received by the Canada Revenue Agency; the Company’s tax position on its facility development commission prevailing; the results of the Company’s litigation with BCLC; adverse tourism trends and further decreases in levels of travel, leisure and consumer spending; competition from established competitors and new entrants in the gaming business; dependence on key personnel; the timing and results of collective bargaining negotiations and potential labour disruption; adverse changes in the Company’s labour relations; the Company’s ability to manage its capital projects and its expanding operations in jurisdictions where it operates; the risk that systems, procedures and controls may not be adequate to meet regulatory requirements or to support current and expanding operations; potential undisclosed liabilities and capital expenditures associated with acquisitions; negative connotations linked to the gaming industry; the risk associated with partnership relationship; First Nations rights with respect to some land on which the Company conducts operations; future or current legal proceedings; construction disruptions; financial covenants associated with credit facilities and long-term debt; credit, liquidity and market risks associated with our financial instruments; interest and exchange rate fluctuations; demand for new products and services; fluctuations in operating results; economic uncertainty and financial market volatility; technology dependence; and privacy breaches or data theft. The Company cautions that this list of factors is not exhaustive. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. These factors and other risks and uncertainties are discussed in the Company’s continuous disclosure documents filed with the Canadian securities regulatory authorities from time to time, including in the “Risk Factors” section of the Company’s Annual Information Form for fiscal 2017, and as identified in the Company’s disclosure record on SEDAR at [www.sedar.com](http://www.sedar.com).

The forward-looking information in documents incorporated by reference speaks only as of the date of those documents. The Company believes that the expectations reflected in forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct. Readers are cautioned not to place undue reliance on the forward-looking information. The Company undertakes no obligation to revise forward-looking information to reflect subsequent events or circumstances except as required by law. The forward-looking information contained herein is made as of the date hereof, is subject to change after such date, and is expressly qualified in its entirety by cautionary statements in this press release.

The Company has included non-International Financial Reporting Standards (“non-IFRS”) measures in this press release. Adjusted EBITDA, as defined by the Company, means earnings before interest and financing costs (net of interest income), income taxes, depreciation and amortization, share-based compensation, impairment reversal of long-lived assets, business acquisition, restructuring and other, and foreign exchange (gain) loss and other. Adjusted EBITDA is derived from the consolidated statements of earnings and other comprehensive income, and can be computed as revenues plus share of profit of operating equity investees less human resources expenses, and property, marketing and administration expenses. The Company believes Adjusted EBITDA is a useful measure because it provides information to management about the operating and financial performance of the Company and its ability to generate operating cash flow to fund future working capital needs, service outstanding debt, and fund future capital expenditures. Adjusted EBITDA is also used by investors and analysts for the purpose of valuing the Company. Items of note may vary from time to time and in this press release include pre-opening costs, restructuring severance costs, impairment reversal of long-lived assets, facility development commission revenues previously deferred at Casino Nanaimo, other and the related income taxes thereon.

Readers are cautioned that these non-IFRS definitions are not recognized measures under International Financial Reporting Standards (“IFRS”), do not have standardized meanings prescribed by IFRS, and should not be construed to be alternatives to net earnings determined in accordance with IFRS or as indicators of performance or liquidity or cash flows. The Company’s method of calculating these measures may differ from methods used by other entities and accordingly our measures may not be comparable to similarly titled measures used by other entities or in other jurisdictions. The Company uses these measures because it believes they provide useful information to both management and investors with respect to the operating and financial performance of the Company.

ON BEHALF OF

**GREAT CANADIAN GAMING CORPORATION**

“Original Signed By Rod N. Baker”

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Rod N. Baker  
President and Chief Executive Officer

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