



FOR IMMEDIATE RELEASE

**MOSAIC CAPITAL CORPORATION**  
**Reports Q3 2018 Financial Results**

Calgary, Alberta – November 13, 2018. Mosaic Capital Corporation ("Mosaic" or the "Company") (TSX–V Symbols: **M** and **M.DB**) has released its unaudited condensed interim consolidated financial results for the three and nine months ended September 30, 2018. The Company's financial statements and management's discussion and analysis ("MD&A") can be accessed under Mosaic's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.mosaiccapitalcorp.com](http://www.mosaiccapitalcorp.com).

**Selected Financial Highlights**

<i>(in \$000s, except as noted)</i>	Three months ended September 30,			Nine months ended September 30,		
	2018	2017	% Change	2018	2017	% Change
Revenue	\$ 121,407	\$ 95,656	27%	\$ 280,496	\$ 223,491	26%
Adjusted EBITDA <sup>(1)</sup>	\$ 13,444	\$ 12,220	10%	\$ 21,368	\$ 22,832	-6%
<i>per share</i>	\$ 1.27	\$ 1.16	10%	\$ 2.02	\$ 2.26	-11%
<i>as a % of revenue</i>	11.07%	12.77%	-13%	7.62%	10.22%	-25%
Net income	\$ 8,154	\$ 8,014	2%	\$ 13,516	\$ 16,626	-19%
Net income attributable to equity holders	\$ 2,430	\$ 3,987	-39%	\$ 6,127	\$ 6,580	-7%
<i>per share</i>	\$ 0.23	\$ 0.38	-40%	\$ 0.58	\$ 0.65	-11%
Free Cash Flow <sup>(1)</sup>	\$ 7,051	\$ 5,987	18%	\$ 6,956	\$ 9,853	-29%
<i>per share</i>	\$ 0.66	\$ 0.57	17%	\$ 0.66	\$ 0.97	-33%
Preferred securities distributions declared <sup>(2)</sup>	\$ 1,512	\$ 1,512	-	\$ 4,487	\$ 5,493	-18%
Common share dividends declared	\$ 1,115	\$ 1,115	-	\$ 3,343	\$ 3,318	1%
<i>per share</i>	\$ 0.11	\$ 0.11	-	\$ 0.32	\$ 0.32	-
TTM Preferred Distribution Payout Ratio <sup>(1)</sup>				73%	80%	-9%
TTM Combined Payout Ratio <sup>(1)</sup>				128%	118%	8%
Weighted avg. common shares outstanding	10,608,058	10,566,262	-	10,596,095	10,107,829	1%

**Note:**

(1) Adjusted EBITDA, Free Cash Flow, Trailing twelve-month ("TTM") Preferred Distribution Payout Ratio and TTM Combined Payout Ratio are not a recognized measure under IFRS. Refer to "Non-GAAP Measures".

For the three-month period ended and as at September 30, 2018, Mosaic:

- increased revenue by 27% over the same period in 2017 to a record quarterly level of \$121.4 million. This achievement was driven by the acquisition of Circle 5 in late 2017 as well as improved operating conditions and market share gains for portfolio companies in the Infrastructure segment;
- generated Adjusted EBITDA of \$13.4 million, an increase of 10% over the prior year period. This gain was supported by the acquisition of Circle 5, improved profitability levels in certain portfolio companies and a reduction in corporate overhead expenses;
- provided dividends of \$1.1 million to our shareholders; and
- maintained a healthy balance sheet with \$10.9 million in cash, \$73.5 million in working capital and Total Debt to EBITDA leverage of 1.91.

## Segmented Financial Performance

<i>(in \$000s, except as noted)</i>	Three months ended September 30,			Nine months ended September 30,		
	2018	2017	% Change	2018	2017	% Change
Revenue:						
Infrastructure	\$ 88,541	\$ 64,047	38%	\$ 193,636	\$ 147,242	32%
Diversified	28,263	26,796	5%	77,320	65,959	17%
Energy	4,487	4,690	-4%	9,254	9,876	-6%
Real Estate	116	123	-6%	286	414	-31%
Corporate	-	-		-	-	
<b>Total revenue</b>	<b>121,407</b>	<b>95,656</b>	<b>27%</b>	<b>280,496</b>	<b>223,491</b>	<b>26%</b>
Adjusted EBITDA <sup>(1)</sup>						
Infrastructure	8,557	8,420	2%	14,136	14,253	-1%
Diversified	5,082	4,083	24%	10,960	12,092	-9%
Energy	985	1,210	-19%	662	2,044	-68%
Real Estate	(33)	(38)	13%	(124)	(244)	49%
Corporate	(1,147)	(1,455)	21%	(4,266)	(5,313)	20%
<b>Total adjusted EBITDA</b>	<b>\$ 13,444</b>	<b>\$ 12,220</b>	<b>10%</b>	<b>\$ 21,368</b>	<b>\$ 22,832</b>	<b>-6%</b>
<i>as a % of revenue</i>	<b>11.07%</b>	<b>12.77%</b>		<b>7.62%</b>	<b>10.22%</b>	

### Note:

(1) Adjusted EBITDA is not a recognized measure under IFRS. Refer to "Non-GAAP Measures".

## Outlook

Mosaic's third quarter 2018 results demonstrate solid year-over-year performance gains that delivered record quarterly achievements in both revenue and Adjusted EBITDA generation. With support from our most recent acquisition of Circle 5, as well as market share gains and improved operating performance for a number of underlying portfolio companies, management is pleased to deliver third quarter results that more closely resemble the company's cash flow capability. Apart from our Energy segment, which continues to experience challenges related to wide commodity price differentials in Canada and intense competition levels in the U.S. market, Mosaic posted solid segmented Adjusted EBITDA improvements including a continued reduction in corporate overhead costs.

As we enter the final months of 2018, we see the continued prospect of delivering year-over-year EBITDA growth in the fourth quarter given the scale and scope of work currently underway at our portfolio companies. While we have yet to finalize our 2019 budgeting process, we believe we have the appropriate strategies in place to drive further improvements that should position Mosaic to deliver continued growth in 2019.

Mark Gardhouse, President and CEO commented "We are pleased with Mosaic's third quarter results that illustrate the benefits of our strategy to assemble a diversified portfolio of private companies as well as our operational focus that assists these companies to optimize earnings and manage through their underlying business cycles. As we finalize the annual strategic planning process for each of our portfolio companies, we are focusing on near term operational improvements at certain companies while building out the appropriate strategies to secure longer-term growth opportunities at others. With a positive outlook, we remain committed to the current dividend policy which we believe will be well supported by improving profitability levels and free cash flow generation."

Mosaic's growth strategy is centered on the acquisition of controlling equity interests in new portfolio companies with a specific focus on growing Free Cash Flow per share while maintaining a strong balance sheet. Supplementing this, Mosaic's management team adds value with operational and strategic focus by actively engaging with its portfolio companies to build long-term value.

Mosaic's pipeline of high quality acquisition opportunities remains robust and the Company will continue to pursue its strategy to grow through acquisitions with a focus on building an increasingly diversified portfolio of private, mid-market companies that offer strong Free Cash Flow while maintaining a healthy balance sheet.

## Conference Call

Management will hold a conference call to discuss Q3 2018 results on Wednesday November 14th, 2018 at 10:00 AM ET. All interested parties are invited to join the conference call by dialing 1-855-353-9183 from within Canada or the U.S. or 403-532-5601 from Calgary or internationally, then entering the participant Code 63121#. A recording of the conference call will be made available on Mosaic's website at [www.mosaiccapitalcorp.com](http://www.mosaiccapitalcorp.com).

## ABOUT MOSAIC CAPITAL CORPORATION

Mosaic is a Canadian investment company that owns a portfolio of established businesses which span a diverse range of industries and geographies. Mosaic's strategy is to create long-term value for its shareholders through accretive acquisitions, long-term portfolio ownership, sustained cash flows and organic portfolio growth. Mosaic achieves its objectives by maintaining financial discipline, acquiring businesses at attractive valuations, performing extensive acquisition due diligence, utilizing optimal transaction structuring and working closely with subsidiary businesses after acquisition.

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## Reader Advisory

### *Non-GAAP Measures*

*Selected financial information for the three and six-month periods ended June 30, 2018 are set out above and includes the following measures that are not recognized under International Financial Reporting Standards ("IFRS") and are non-generally accepted accounting principles ("Non-GAAP") measures: Adjusted EBITDA, Free Cash Flow, Preferred Distribution Payout Ratio and Combined Payout Ratio. This information should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2018 and 2017 and Mosaic's MD&A for the period ended September 30, 2018 available under Mosaic's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Further information regarding these Non-GAAP measures is contained in Mosaic's MD&A.*

### *Forward-Looking Statements*

*This news release contains forward-looking information and statements within the meaning of applicable Canadian securities laws (herein referred to as "**forward-looking statements**") that involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. All information and statements in this press release which are not statements of historical fact may be forward-looking statements. The words "believe", "expect", "intend", "estimate", "anticipate", "project", "scheduled", and similar expressions, as well as future or conditional verbs such as "will", "should", "would", and "could" often identify forward-looking statements. Forward-looking statements included in this news release include, but are not limited to:*

- *the overall business strategy and objectives of Mosaic;*
- *the Company's expectation to grow and diversify cash flow;*
- *the Company's expectation to improve profitability, cash flow and secure long-term growth opportunities; and*
- *the Company's expectation to maintain its current dividend policy.*

*Such statements or information, if any, are only predictions and reflect the current beliefs of management with respect to future events and are based on information currently available to management. Actual results and events may differ materially from those contemplated by these forward-looking statements due to these statements being subject to a number of risks and uncertainties. Undue reliance should not be placed on these forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are based will occur.*

*By their nature forward-looking statements involve assumptions and known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other things contemplated by the forward-looking statements will not occur. A number of factors could cause actual results to differ materially from the results stated in the forward-looking statements, including, but not limited to, risks related to: general economic and business conditions; the failure to realize the anticipated benefits of Mosaic's recent and future acquisitions; adverse fluctuations in commodity prices; competition for, among other things, capital, equipment and skilled personnel; the inability to generate sufficient cash flow from operations to meet current and future obligations; the inability to obtain required debt and/or equity capital on suitable terms; competition for acquisition targets; adverse weather conditions; seasonality and fluctuations in results; and limited diversification of Mosaic's subsidiaries. Should any of the risks or uncertainties facing Mosaic and its subsidiaries materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance, activities or achievements could vary materially from those expressed or implied by any forward-looking statements contained in this news release.*

*Although Mosaic believes that the expectations represented by any forward-looking-statements contained herein are reasonable based on the information available to them on the date of this news release, management cannot assure investors that actual results, performance or achievements will be consistent with these forward-looking statements. Any forward-looking statements herein contained are made as of the date of this press release and Mosaic does not assume any obligation to update or revise them to reflect new information, events or circumstances, except as required by law.*

***Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.***