



FOR IMMEDIATE RELEASE

**MOSAIC CAPITAL CORPORATION**  
**Reports Record Annual 2019 Financial Results**

Calgary, Alberta – March 18, 2020. Mosaic Capital Corporation ("Mosaic" or the "Company") (TSX–V Symbols: **M** and **M.DB**) has released its audited financial results for the year ended December 31, 2019. 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<sup>(1)</sup>**

<i>(in \$000s, except as noted)</i>	Three months ended December 31,			Year ended December 31,		
	2019	2018	% Change	2019	2018	% Change
<b>CONTINUING OPERATIONS</b>		<i>(restated)</i>			<i>(restated)</i>	
Revenue	\$ 93,150	\$ 108,858	-14%	\$ 395,282	\$ 366,626	8%
Adjusted EBITDA <sup>(2)</sup>	\$ 8,121	\$ 9,781	-17%	\$ 36,668	\$ 34,864	5%
Net (loss) income and comprehensive (loss) income	\$ (11,548)	\$ 3,397	-440%	\$ (10,731)	\$ 17,378	-162%
Free Cash Flow <sup>(2)</sup>	\$ 2,311	\$ 3,944	-41%	\$ 13,670	\$ 11,537	18%
<b>DISCONTINUED OPERATIONS</b>						
Revenue	\$ 3,434	\$ 7,728	-56%	\$ 36,123	\$ 30,345	19%
Adjusted EBITDA <sup>(2)</sup>	\$ 392	\$ 297	32%	\$ 3,965	\$ 276	NA
Net income (loss) and comprehensive income (loss)	\$ 6,996	\$ 37	NA	\$ 9,432	\$ (1,000)	NA
Free Cash Flow <sup>(2)</sup>	\$ 91	\$ (58)	258%	\$ 2,045	\$ (838)	344%
<b>AGGREGATE</b>						
Revenue	\$ 96,584	\$ 116,586	-17%	\$ 431,405	\$ 396,971	9%
Adjusted EBITDA <sup>(2)</sup>	\$ 8,513	\$ 10,078	-16%	\$ 40,633	\$ 35,140	16%
<i>per share</i>	\$ 0.80	\$ 0.95	-16%	\$ 3.83	\$ 3.32	15%
<i>as a % of revenue</i>	8.81%	8.64%		9.42%	8.80%	
Net (loss) income and comprehensive (loss) income	\$ (4,552)	\$ 3,434	-233%	\$ (1,299)	\$ 16,378	-108%
Net (loss) income attributable to equity holders	\$ (3,374)	\$ 145	NA	\$ (8,344)	\$ 5,788	-244%
Free Cash Flow <sup>(2)</sup>	\$ 2,402	\$ 3,886	-38%	\$ 15,715	\$ 10,699	47%
<i>per share</i>	\$ 0.23	\$ 0.37	-38%	\$ 1.48	\$ 1.01	44%
Preferred securities distributions declared	\$ 1,512	\$ 1,512	-	\$ 6,000	\$ 6,000	-
Common share dividends declared	\$ 1,126	\$ 1,115	1%	\$ 4,495	\$ 4,458	1%
<i>per share</i>	\$ 0.105	\$ 0.105	-	\$ 0.420	\$ 0.420	-
TTM Preferred Distribution Payout Ratio <sup>(2)</sup>				38%	56%	-32%
TTM Combined Payout Ratio <sup>(2)</sup>				67%	98%	-32%
Weighted avg. common shares outstanding	10,621,420	10,608,058	-	10,617,082	10,599,111	-

**Note:**

- On November 1, 2019, Mosaic sold its ownership in Ambassador Mechanical LP ("Ambassador"). As a result, the financial impacts of Ambassador have been reclassified as discontinued operations. The table summarizes Mosaic's financial results from both continuing and discontinued operations and the aggregate thereof.
- Adjusted EBITDA, Free Cash Flow, Trailing twelve-month ("TTM") Preferred Distribution Payout Ratio and TTM Combined Payout Ratio are not recognized measures under IFRS. Refer to "Non-GAAP Measures".

**FOURTH QUARTER 2019 HIGHLIGHTS**

For the three-month period ended December 31, 2019, Mosaic:

- generated \$96.6 million in aggregate revenue which represents a solid performance that was second only to the record setting performance achieved in the same period in 2018;

- increased Adjusted EBITDA margins on an aggregate basis by 17 basis points over the same period last year, supported by strong project execution at certain portfolio companies and continued cost discipline with corporate overhead costs;
- generated aggregate Adjusted EBITDA of \$8.5 million, which represents the Company's second best fourth quarter performance;
- provided dividends of \$1.1 million to our shareholders; and
- divested Ambassador, receiving approximately \$15 million in consideration for its 75% interest in the company. This transaction resulted in Ambassador being a strong overall investment for Mosaic, highlighted by an internal rate of return of 20%, a multiple on invested cash flow of 2.5 times and the realization of a \$6.7 million gain on sale.

## FISCAL 2019 HIGHLIGHTS

For the year ended December 31, 2019, Mosaic:

- increased aggregate revenue by 9% over fiscal 2018, supported by improved operating conditions, the successful execution of organic growth initiatives and market share gains;
- reduced corporate overhead costs by 18% over last year;
- increased aggregate Adjusted EBITDA by 16% over the prior year to a record \$40.6 million, driven by revenue growth, improved portfolio-level profitability and reduced corporate overhead costs;
- provided dividends of \$4.5 million to shareholders;
- increased aggregate Free Cash Flow by 47% over 2018 to \$15.7 million;
- delivered a Combined Payout Ratio of 67% on an aggregate basis, which represents an improvement over the 98% posted in fiscal 2018; and
- maintained a healthy balance sheet with \$19.0 million in cash, \$56.9 million in working capital and Total Debt to Gross EBITDA leverage of 0.79.

## Segmented Financial Performance

<i>(in \$000s, except as noted)</i>	Three months ended December 31,			Year ended December 31,		
	2019	2018	% Change	2019	2018	% Change
		<i>(restated)</i>			<i>(restated)</i>	
Revenue:						
Infrastructure	\$ 53,489	\$ 75,409	-29%	\$ 254,249	\$ 246,427	3%
Diversified	35,138	27,737	27%	123,641	104,947	18%
Energy	4,523	5,601	-19%	17,381	14,855	17%
Real Estate	-	111	-100%	11	397	-97%
Discontinued operations	3,434	7,718	-56%	36,123	32,689	11%
Corporate	-	-		-	-	
Total revenue	96,487	116,586	-17%	431,405	399,315	8%
Adjusted EBITDA <sup>(1)</sup>						
Infrastructure	3,797	5,420	-30%	19,908	21,374	-7%
Diversified	4,341	4,266	2%	17,988	16,694	8%
Energy	964	1,385	-30%	3,326	2,397	39%
Real Estate	(23)	(48)	52%	(111)	(172)	35%
Discontinued operations	392	297	32%	3,965	276	NA
Corporate	(958)	(1,242)	23%	(4,443)	(5,429)	18%
Total adjusted EBITDA	\$ 8,513	\$ 10,078	-16%	\$ 40,633	\$ 35,140	16%
as a % of revenue	8.82%	8.64%		9.42%	8.80%	

### Note:

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

## **Outlook**

Mosaic's fourth quarter 2019 results represent solid operating and financial performance which contributed to year-over-year gains in all business segments and record annual levels of both revenue and Adjusted EBITDA on an aggregate basis. Mosaic achieved several milestones in fiscal 2019, including the delivery of record annual financial performance and a Combined Payout Ratio below 70%.

While the Company has yet to realize an impact on operations as a result of uncertainty related to COVID-19, management is actively monitoring the impact of the COVID-19 pandemic and the related economic impacts on the health of our portfolio companies and is currently adjusting to the situation on a daily basis.

Mark Gardhouse, President and CEO commented "We are pleased with Mosaic's fourth quarter results that capped a record year for the company. We would like to thank our operating partners at each of our underlying portfolio companies for their hard work and dedication to continuous improvement and growth. As we progress through the first quarter of 2020, we are focused on helping our underlying companies prepare for operational and economic uncertainties related to the COVID-19 pandemic. Reflecting on the diversification of our overall portfolio and the degree of adaptability within our underlying companies, we believe we are well prepared for the challenge."

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 2019 results on Thursday, March 19, 2020 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 twelve month periods ended December 31, 2019 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 audited consolidated financial statements for the years ended December 31, 2019 and 2018 and Mosaic's MD&A for the period ended December 31, 2019 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 news 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 of long-term growth, profitability and diversity of cash flow;
- the Company's ability to drive sustainable improvements at the portfolio company level;
- the Company's expectation of continued creation of long-term shareholder value;
- novel coronavirus (COVID-19) or other public health crises, epidemics, pandemics or outbreaks of new infectious diseases or viruses; and
- management's expectation that potential acquisitions will result in future benefits to the Company.

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.

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