

Jewett-Cameron Announces 1st Quarter Financial Results

North Plains, Oregon, January 14, 2019 – Jewett-Cameron Trading Company Ltd. (NASDAQ: JCTCF) today reported financial results for the first quarter of fiscal 2019 ended November 30, 2018.

Sales for the first quarter of fiscal 2019 totaled \$9.1 million compared to sales of \$9.4 million for the first quarter of fiscal 2018. Net income was \$349,694, or \$0.08 per share, compared to net income of \$323,433, or \$0.07 per share, in the year-ago quarter.

“The implementation of higher tariffs on our products manufactured in China had a negative effect on our sales during the current quarter” said CEO Charlie Hopewell. “However, our efforts to mitigate these higher costs including some price increases, combined with a favorable product mix, did result in higher margins during the quarter. We also added new customers and will continue to work to expand our client base both domestically and internationally.”

As of November 30, 2018, the Company’s cash position was approximately \$5.4 million, and there was no borrowing against its \$3.0 million line of credit. During the quarter, 95,671 common shares were repurchased at a cost of \$893,376, which is an average share price of \$9.34 per share. These purchases completed the 250,000 share repurchase plan originally announced in June 2018. The Company has historically utilized its cash position by implementing share repurchase programs as an effective method of enhancing shareholder value, and the Board of Directors will consider implementing new share repurchase plans in the future.

Jewett-Cameron Trading Company is a holding company that, through its subsidiaries, operates out of facilities located in North Plains, Oregon. Jewett-Cameron Company’s business consists of the manufacturing and distribution of patented and patent pending specialty metal products, wholesale distribution of wood products, seed processing and sales, and sales of industrial tools and clamps. The Company’s brands include Lucky Dog, Animal House and AKC licensed products in the expanding pet market; fencing products under the Adjust-A-Gates, Fit-Right, Perimeter Patrol, and INFINITY Euro fence systems brands; Early Start, Spring Gardner, and Weatherguard for greenhouses; and TrueShade for patio umbrellas, furniture covers and canopies. Additional information about the Company and its products can be found the Company’s website at www.jewettcameron.com.

Forward-looking Statements

The information in this release contains certain forward-looking statements that anticipate future trends and events. These statements are based on certain assumptions that may prove to be erroneous and are subject to certain risks, including but not limited to, the uncertainties of the Company’s new product introductions, the risks of increased competition and technological change in the Company’s industry, and other factors detailed in the Company’s SEC filings. Accordingly, actual results may differ, possibly materially, from predictions contained herein.

JEWETT-CAMERON TRADING COMPANY LTD.
CONSOLIDATED BALANCE SHEETS
(Expressed in U.S. Dollars)
(Prepared by Management)
(Unaudited)

	November 30, 2018	August 31, 2018
ASSETS		
Current assets		
Cash and cash equivalents	\$ 5,427,820	\$ 6,097,463
Accounts receivable, net of allowance of \$Nil (August 31, 2018 - \$Nil)	3,734,550	4,152,492
Inventory, net of allowance of \$75,336 (August 31, 2018 - \$75,336)	10,925,010	9,803,197
Note receivable	2,097	4,000
Prepaid expenses	504,612	347,251
Prepaid income taxes	-	114,310
Total current assets	20,594,089	20,518,713
Property, plant and equipment, net	3,054,525	3,105,260
Intangible assets, net	3,455	3,590
Total assets	\$ 23,652,069	\$ 23,627,563
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 1,478,454	\$ 377,092
Accrued liabilities	1,229,877	1,795,207
Income taxes payable	27,330	-
Total current liabilities	2,735,661	2,172,299
Deferred tax liability (note 6)	86,679	81,853
Total liabilities	2,822,340	2,254,152
Stockholders' equity		
Capital stock		
Authorized		
21,567,564 common shares, without par value		
10,000,000 preferred shares, without par value		
Issued		
4,218,988 common shares (August 31, 2018 – 4,314,659)	995,337	1,017,908
Additional paid-in capital	600,804	600,804
Retained earnings	19,233,588	19,754,699
Total stockholders' equity	20,829,729	21,373,411
Total liabilities and stockholders' equity	\$ 23,652,069	\$ 23,627,563

JEWETT-CAMERON TRADING COMPANY LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Expressed in U.S. Dollars)
(Prepared by Management)
(Unaudited)

	Three Months Ended	
	November 30,	
	2018	2017
SALES	\$ 9,066,100	\$ 9,413,970
COST OF SALES	6,757,014	7,227,222
GROSS PROFIT	2,309,086	2,186,748
OPERATING EXPENSES		
Selling, general and administrative expenses	556,148	445,877
Depreciation and amortization	50,870	72,665
Wages and employee benefits	1,223,059	1,097,904
	1,830,077	1,616,446
Income from operations	479,009	570,302
OTHER ITEMS		
Loss on sale of property, plant and equipment	-	(27,552)
Interest and other income	17,151	2,690
	17,151	(24,862)
Income before income taxes	496,160	545,440
Income tax expense	(146,466)	(223,007)
Net income	\$ 349,694	\$ 322,433
Basic earnings per common share	\$ 0.08	\$ 0.07
Diluted earnings per common share	\$ 0.08	\$ 0.07
Weighted average number of common shares outstanding:		
Basic	4,256,361	4,468,988
Diluted	4,256,361	4,468,988

JEWETT-CAMERON TRADING COMPANY LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in U.S. Dollars)
(Prepared by Management)
(Unaudited)

	Three Months Ended	
	November 30,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 349,694	\$ 322,433
Items not involving an outlay of cash:		
Depreciation and amortization	50,870	72,665
Loss on sale of property, plant and equipment	-	27,552
Deferred income taxes	4,826	(21,565)
Changes in non-cash working capital items:		
Decrease (increase) in accounts receivable	417,942	201,514
(Increase) decrease in inventory	(1,121,813)	(312,590)
Decrease in note receivable	1,903	-
(Increase) in prepaid expenses	(157,361)	(444,782)
Increase (decrease) in accounts payable and accrued liabilities	536,032	(135,512)
Decrease in prepaid income taxes	114,310	-
Increase in income taxes payable	27,330	-
Net cash provided by (used by) operating activities	223,733	(290,285)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	(61,899)
Net cash used in investing activities	-	(61,899)
CASH FLOWS FROM FINANCING ACTIVITIES		
Redemption of common stock	(893,376)	-
Net cash used in financing activities	(893,376)	-
Net decrease in cash	(669,643)	(352,184)
Cash, beginning of period	6,097,463	5,912,250
Cash, end of period	\$ 5,427,820	\$ 5,560,066

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Source: Jewett-Cameron Trading Company Ltd.