

Jewett-Cameron Announces 3rd Quarter Financial Results

North Plains, Oregon, July 15, 2019 – Jewett-Cameron Trading Company Ltd. (NASDAQ: JCTCF) today reported financial results for the third quarter and nine month periods of fiscal 2019 ended May 31, 2019.

Sales for the third quarter of fiscal 2019 totaled approximately \$16.7 million compared to sales of \$19.9 million for the third quarter of fiscal 2018. Income from operations was \$1,506,638 compared to \$2,008,845 for the third quarter ended May 31, 2018. Net income after other items and income taxes for the current quarter was \$1,098,210, or \$0.27 per share, compared to \$1,389,209, or \$0.31 per share, in the year-ago quarter.

For the nine months ended May 31, 2019, Jewett-Cameron reported sales of \$33.6 million compared to sales of \$42.7 million for the nine months ended May 31, 2018. Net income was \$1,567,534, or \$0.36 per share, compared to net income of \$2,219,940, or \$0.50 per share, in the first nine months of fiscal 2018.

“The rebound in sales during the third quarter from the slow start to the year is certainly encouraging, especially considering the sustained negative effects of poor weather and the higher China tariffs” said CEO Charlie Hopewell. “We are continuing our drive to develop additional revenue, including the introduction of several new products and the establishment of our new Chief Revenue Officer position.”

As of May 31, 2019, the Company’s cash position was approximately \$3.4 million, and there was no borrowing against its \$3.0 million line of credit. The Company has historically utilized its cash position by implementing share repurchase programs as an effective method of enhancing shareholder value. Since the start of a new repurchase plan on February 18, 2019, the Company has repurchased a total of 239,892 common shares at a cost of \$2,076,609, or \$8.66 per share.

About Jewett-Cameron Trading Company Ltd.

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 specialty metal products and wholesale distribution of wood products to home centers and other retailers located primarily in the United States. Greenwood Products is a processor and distributor of industrial wood and other specialty building products principally to customers in the marine and transportation industries in the United States. MSI-PRO is an importer and distributor of pneumatic air tools, industrial clamps, and the Avenger Products line of sawblades and other products. Jewett-Cameron Seed Company is a processor and distributor of agricultural seeds. JC USA provides professional and administrative services, including accounting and credit services, to its subsidiary companies.

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)

	May 31, 2019	August 31, 2018
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,437,995	\$ 6,097,463
Accounts receivable, net of allowance of \$Nil (August 31, 2018 - \$Nil)	7,125,024	4,152,492
Inventory, net of allowance of \$67,276 (August 31, 2018 - \$75,336)	8,629,973	9,803,197
Note receivable	1,597	4,000
Prepaid expenses	325,983	347,251
Prepaid income taxes	180,285	114,310
Total current assets	19,700,857	20,518,713
Property, plant and equipment, net	2,751,058	3,105,260
Intangible assets, net	3,183	3,590
Total assets	\$ 22,455,098	\$ 23,627,563
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 643,340	\$ 377,092
Accrued liabilities	1,446,811	1,795,207
Total current liabilities	2,090,151	2,172,299
Deferred tax liability	85,850	81,853
Total liabilities	2,176,001	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		
4,015,396 common shares (August 31, 2018 – 4,314,659)	947,310	1,017,908
Additional paid-in capital	600,804	600,804
Retained earnings	18,730,983	19,754,699
Total stockholders' equity	20,279,097	21,373,411
Total liabilities and stockholders' equity	\$ 22,455,098	\$ 23,627,563

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

	Three Month Period Ended May 31,		Nine Month Period Ended May 31,	
	2019	2018	2019	2018
SALES	\$ 16,692,241	\$ 19,934,709	\$ 33,615,516	\$ 42,690,017
COST OF SALES	13,054,487	15,944,995	25,907,388	33,877,749
GROSS PROFIT	3,637,754	3,989,714	7,708,128	8,812,268
OPERATING EXPENSES				
Selling, general and administrative expenses	759,708	596,830	1,721,743	1,658,781
Depreciation and amortization	47,141	71,560	143,413	266,970
Wages and employee benefits	1,324,267	1,312,479	3,799,700	3,587,126
	(2,131,116)	(1,980,869)	(5,664,856)	(5,512,877)
Income from operations	1,506,638	2,008,845	2,043,272	3,299,391
OTHER ITEMS				
Gain (loss) on sale of property, plant and equipment	-	-	105,366	(27,022)
Interest and other income	7,033	8,156	33,368	16,639
	7,033	8,156	138,734	(10,383)
Income before income taxes	1,513,671	2,017,001	2,182,006	3,289,008
Income tax expense	(415,461)	(627,792)	(614,472)	(1,069,068)
Net income	\$ 1,098,210	\$ 1,389,209	\$ 1,567,534	\$ 2,219,940
Basic earnings per common share	\$ 0.27	\$ 0.31	\$ 0.36	\$ 0.50
Diluted earnings per common share	\$ 0.27	\$ 0.31	\$ 0.36	\$ 0.50
Weighted average number of common shares outstanding:				
Basic	4,022,587	4,468,988	4,318,128	4,468,988
Diluted	4,022,587	4,468,988	4,318,128	4,468,988

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

	Nine Month Period Ended May 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 1,567,534	\$ 2,219,940
Items not involving an outlay of cash:		
Depreciation and amortization	143,413	266,970
(Gain) loss on sale of property, plant and equipment	(105,366)	27,022
Deferred income tax expense	3,997	41,435
Changes in non-cash working capital items:		
(Increase) in accounts receivable	(2,972,532)	(3,527,471)
Decrease in inventory	1,173,224	1,094,535
Decrease (increase) in prepaid expenses	21,268	(180,143)
(Increase) in prepaid income taxes	(65,975)	(114,413)
(Decrease) increase in accounts payable and accrued liabilities	(82,148)	609,313
Net cash (used in) provided by operating activities	(316,585)	437,188
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(8,112)	(99,437)
Proceeds from sale of property, plant and equipment	327,077	1,000
Net cash provided by (used in) investing activities	318,965	(98,437)
CASH FLOWS FROM FINANCING ACTIVITIES		
Redemption of common stock	(2,661,848)	-
Net (decrease) increase in cash	(2,659,468)	338,751
Cash, beginning of period	6,097,463	5,912,250
Cash, end of period	\$ 3,437,995	\$ 6,251,001

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Source: Jewett-Cameron Trading Company Ltd.