

Jewett-Cameron Announces 2nd Quarter Financial Results

NORTH PLAINS, Ore., April 16, 2018 — Jewett-Cameron Trading Company Ltd. (NASDAQ: JCTCF) today reported financial results for the second quarter and six month periods of fiscal 2018 ended February 28, 2018.

Sales for the second quarter of fiscal 2018 totaled \$13.3 million compared to sales of \$9.5 million for the second quarter of fiscal 2017. Income from operations was \$720,244 compared to income of \$548,234 for the quarter ended February 28, 2017. Net income was \$508,298, or \$0.23 per share, compared to net income of \$309,013, or \$0.14 per share, in the year-ago quarter.

For the six months ended February 28, 2018, sales totaled \$22.8 million compared to sales of \$19.9 million for the six months ended February 28, 2017, and income from operations was \$1,290,546 compared to \$1,340,739. Net income was \$830,731, or \$0.37 per share, compared to net income of \$794,933, or \$0.35 per share, in the first six months of fiscal 2017. Sales and income in the current six month period ended February 28, 2018 were negatively affected by the recall of a “Black Friday” item produced for a single customer during the first quarter of the fiscal year.

“Our higher sales during the current period were due to increased sales of specialty lumber and the addition of several new customers,” said CEO Charlie Hopewell. “We are continuing our efforts to add customers through our domestic sales and distribution channels and through new channels internationally.”

As of February 28, 2018, the Company’s cash position was approximately \$2.8 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, 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 (Jewett-Cameron Companies), operate out of facilities located in North Plains, Oregon. Those businesses consist 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)

	February 28, 2018	August 31, 2017
ASSETS		
Current assets		
Cash	\$ 2,790,723	\$ 5,912,250
Accounts receivable, net of allowance of \$Nil (August 31, 2017 - \$1,725)	6,064,903	3,565,055
Inventory, net of allowance of \$139,704 (August 31, 2017 - \$156,713)	9,289,193	8,807,545
Prepaid expenses	883,204	595,776
Prepaid income taxes	469,577	-
Total current assets	19,497,600	18,880,626
Property, plant and equipment, net	3,139,156	3,222,572
Intangible assets, net	3,862	77,837
Total assets	\$ 22,640,618	\$ 22,181,035
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 782,869	\$ 638,128
Accrued liabilities	1,265,612	1,807,192
Total current liabilities	2,048,481	2,445,320
Deferred tax liability	37,035	11,344
Total liabilities	2,085,516	2,456,664
Stockholders' equity		
Capital stock		
Authorized 21,567,564 common shares, without par value 10,000,000 preferred shares, without par value		
Issued 2,234,494 common shares (August 31, 2017 - 2,234,494)	1,054,316	1,054,316
Additional paid-in capital	600,804	600,804
Retained earnings	18,899,982	18,069,251
Total stockholders' equity	20,555,102	19,724,371
Total liabilities and stockholders' equity	\$ 22,640,618	\$ 22,181,035

JEWETT-CAMERON TRADING COMPANY LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Expressed in U.S. Dollars)

(Prepared by Management)
(Unaudited)

	Three Month Periods ended February 28,		Six Month Periods ended February 28,	
	2018	2017	2018	2017
SALES	\$ 13,341,338	\$ 9,499,286	\$ 22,755,308	\$ 19,921,089
COST OF SALES	10,705,532	7,370,224	17,932,754	15,397,585
GROSS PROFIT	2,635,806	2,129,062	4,822,554	4,523,504
OPERATING EXPENSES				
Selling, general and administrative expenses	616,074	453,668	1,061,951	1,004,717
Depreciation and amortization	122,745	69,368	195,410	138,007
Wages and employee benefits	1,176,743	1,057,792	2,274,647	2,040,041
	1,915,562	1,580,828	3,532,008	3,182,765
Income from operations	720,244	548,234	1,290,546	1,340,739
OTHER ITEMS				
(Loss) gain on sale of property, plant and equipment	530	(393)	(27,022)	(393)
Interest and other income	5,793	2,000	8,483	3,820
	6,323	1,607	(18,539)	3,427
Income before income taxes	726,567	549,841	1,272,007	1,344,166
Income tax expense	(218,269)	(240,828)	(441,276)	(549,233)
Net income	\$ 508,298	\$ 309,013	\$ 830,731	\$ 794,933
Basic earnings per common share	\$ 0.23	\$ 0.14	\$ 0.37	\$ 0.35
Diluted earnings per common share	\$ 0.23	\$ 0.14	\$ 0.37	\$ 0.35
Weighted average number of common shares outstanding:				
Basic	2,234,494	2,286,294	2,234,494	2,286,294
Diluted	2,234,494	2,286,294	2,234,494	2,286,294

JEWETT-CAMERON TRADING COMPANY LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in U.S. Dollars)
(Prepared by Management)
(Unaudited)

	Six Month Period ended February 28,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 830,731	\$ 794,933
Items not involving an outlay of cash:		
Depreciation and amortization	195,410	138,007
Loss on sale of property, plant and equipment	27,022	393
Deferred income taxes	25,691	4,540
Changes in non-cash working capital items:		

(Increase) in accounts receivable	(2,499,848)	(1,205,537)
(Increase) in inventory	(481,648)	(817,226)
(Increase) decrease in prepaid expenses	(287,428)	25,202
(Increase) in prepaid income taxes	(469,577)	(148,891)
(Decrease) in accounts payable and accrued liabilities	(396,839)	(961,277)
Net cash used in operating activities	(3,056,486)	(2,169,856)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(66,041)	(335,014)
Proceeds from sale of property, plant and equipment	1,000	3,480
Net cash used in investing activities	(65,041)	(331,534)
Net decrease in cash	(3,121,527)	(2,501,390)
Cash, beginning of period	5,912,250	4,519,922
Cash, end of period	\$ 2,790,723	\$ 2,018,532

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