

Jewett-Cameron Announces Fiscal 2018 Financial Results

NORTH PLAINS, Ore., Nov. 15, 2018 — Jewett-Cameron Trading Company Ltd. (NASDAQ: JCTCF) today reported financial results for its fourth quarter and fiscal year ended August 31, 2018.

For the fiscal year ended August 31, 2018, Jewett-Cameron reported sales of \$53.9 million and net income of \$2,920,639, or \$0.66 per share, compared to sales of \$47.7 million and net income of \$2,726,657, or \$0.60 per share, for fiscal 2017.

Sales for the fourth quarter of fiscal 2018 totaled \$11.2 million compared to sales of \$11.1 in the prior year's fourth quarter. Net income was \$700,699, or \$0.16 per share, compared to net income of \$725,589, or \$0.16 per share, in the fourth quarter of fiscal 2017.

“While we are pleased with our increased revenue, our margins were curtailed due to market competitive pressures and higher cost of materials. The recall we initiated in November hurt our bottom line in the first and second quarters,” said CEO Charlie Hopewell. “Uncertainty over the announcement of new tariffs to be imposed on certain imports into the US started to impact our business during the fourth quarter. The initial implementation of the higher tariffs on certain of our products in late September has reduced our margins and current demand for those products as we enter fiscal 2019. We are currently working with both our suppliers and customers to mitigate these additional costs as best we can while continuing to deliver high quality products on time to our customers.”

As of August 31, 2018, the Company's cash position was \$6.1 million, and currently there is no borrowing against its \$3.0 million line of credit. During fiscal 2018, the Company repurchased for cancellation a total of 154,329 common shares at a cost of \$1,271,599, which represents an average price of \$8.24 per share. Subsequent to the fiscal year-end, the Company repurchased an additional 95,671 common shares at a cost of \$893,376, which is an average share price of \$9.34 per share. The current share repurchase plan was completed on October 24, 2018. The Board of Directors will consider implementing new share repurchase plans in the future as an effective use of the Company's cash position.

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 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. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Expressed in U.S. Dollars)

AS OF AUGUST 31

	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	\$ 6,097,463	\$ 5,912,250
Accounts receivable, net of allowance of \$Nil (August 31, 2017 - \$1,725)	4,152,492	3,565,055
Inventory, net of allowance of \$75,336 (August 31, 2017 - \$156,713)	9,803,197	8,807,545
Note receivable	4,000	-
Prepaid expenses	347,251	595,776
Prepaid income taxes	114,310	-
Total current assets	20,518,713	18,880,626
Property, plant and equipment, net	3,105,260	3,222,572
Intangible assets, net	3,590	77,837
Total assets	\$ 23,627,563	\$ 22,181,035
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 377,092	\$ 638,128
Accrued liabilities	1,795,207	1,807,192
Total current liabilities	2,172,299	2,445,320
Deferred tax liability	81,853	11,344
Total liabilities	2,254,152	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		
4,314,659 common shares (August 31, 2017 - 4,468,988)	1,017,908	1,054,316
Additional paid-in capital	600,804	600,804

Retained earnings	19,754,699	18,069,251
Total stockholders' equity	21,373,411	19,724,371
Total liabilities and stockholders' equity	\$ 23,627,563	\$ 22,181,035

JEWETT-CAMERON TRADING COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(Expressed in U.S. Dollars)

YEARS ENDED AUGUST 31

	2018	2017
SALES	\$ 53,923,152	\$ 47,701,056
COST OF SALES	42,325,338	36,621,773
GROSS PROFIT	11,597,814	11,079,283
OPERATING EXPENSES		
Selling, general and administrative	2,103,899	2,016,776
Depreciation and amortization	274,065	275,214
Wages and employee benefits	4,943,431	4,349,542
	7,321,395	6,641,532
Income from operations	4,276,419	4,437,751
OTHER ITEMS		
(Loss) on sale of property, plant and equipment	(27,022)	(394)
Interest and other income	30,026	27,894
	3,004	27,500
Income before income taxes	4,279,423	4,465,251
Income taxes		
Current	1,288,275	1,758,603
Deferred (recovery)	70,509	(20,009)
Net income for the year	\$ 2,920,639	\$ 2,726,657
Basic earnings per common share	\$ 0.66	\$ 0.60
Diluted earnings per common share	\$ 0.66	\$ 0.60
Weighted average number of common shares outstanding:		
Basic	4,430,940	4,545,044
Diluted	4,430,940	4,545,044

JEWETT-CAMERON TRADING COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in U.S. Dollars)

YEARS ENDED AUGUST 31

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	\$ 2,920,639	\$ 2,726,657
Items not affecting cash:		
Depreciation and amortization	274,065	275,214
Loss on sale of property, plant and equipment	27,022	394
Deferred income taxes	70,509	(20,009)
Changes in non-cash working capital items:		
(Increase) in accounts receivable	(587,437)	(222,851)
(Increase) in note receivable	(4,000)	-
(Increase) in inventory	(995,652)	(738,528)
Decrease in prepaid expenses	248,525	237,119
(Increase) decrease in prepaid income taxes	(114,310)	596
(Decrease) increase in accounts payable and accrued liabilities	(273,021)	131,556
Net cash provided by operating activities	1,566,340	2,390,148

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds on sale of property, plant and equipment	1,000	3,480
Purchase of property, plant and equipment	(110,528)	(474,359)
Net cash used in investing activities	(109,528)	(470,879)

CASH FLOWS FROM FINANCING ACTIVITIES

Redemption of common stock	(1,271,599)	(526,941)
Net cash used in financing activities	(1,271,599)	(526,941)

Net increase in cash 185,213 1,392,328

Cash, beginning of year 5,912,250 4,519,922

Cash, end of year \$ 6,097,463 \$ 5,912,250

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