

Jewett-Cameron Announces 3rd Quarter Financial Results

North Plains, Oregon, July 11, 2018 – Jewett-Cameron Trading Company Ltd. (NASDAQ: JCTCF) today reported financial results for the third quarter and nine month periods of fiscal 2018 ended May 31, 2018.

Sales for the third quarter of fiscal 2018 totaled \$19.9 million compared to sales of \$16.7 million for the third quarter of fiscal 2017. Income from operations was \$2,008,845 compared to \$2,023,238 for the third quarter ended May 31, 2017. Net income after other items and income taxes for the current quarter was \$1,389,209, or \$0.31 per share, compared to \$1,206,135, or \$0.26 per share, in the year-ago quarter.

For the nine months ended May 31, 2018, Jewett-Cameron reported sales of \$42.7 million compared to sales of \$36.6 million for the nine months ended May 31, 2017. Net income was \$2,219,940, or \$0.50 per share, compared to net income of \$2,001,068, or \$0.44 per share, in the first nine months of fiscal 2017.

All share and per share numbers have been adjusted for the 2-for-1 stock split effective May 29, 2018.

“Higher sales of specialty lumber contributed to our sales increase in the current period, although those products have lower sales margins” said CEO Charlie Hopewell. “We are continuing our efforts to add new customers. At a recent trade show in Europe, our products were well received by European retailers.”

As of May 31, 2018, the Company’s cash position was approximately \$6.25 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. On June 6, 2018, the Company announced the Board of Directors approved a share repurchase plan to purchase for cancellation up to 250,000 common shares under Rule 10b5-1 of the U.S. Securities Exchange Act of 1934. Subsequent to the end of the 3rd quarter, the Company has repurchased for cancellation 12,200 common shares at an average price of \$7.99 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, 2018	August 31, 2017
ASSETS		
Current assets		
Cash	\$ 6,251,001	\$ 5,912,250
Accounts receivable, net of allowance of \$Nil (August 31, 2017 - \$1,725)	7,092,526	3,565,055
Inventory, net of allowance of \$117,906 (August 31, 2017 - \$156,713)	7,713,010	8,807,545
Prepaid expenses	775,919	595,776
Prepaid income taxes	114,413	-
Total current assets	21,946,869	18,880,626
Property, plant and equipment, net	3,101,128	3,222,572
Intangible assets, net	3,726	77,837
Total assets	\$ 25,051,723	\$ 22,181,035
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 1,219,344	\$ 638,128
Accrued liabilities	1,835,289	1,807,192
Total current liabilities	3,054,633	2,445,320
Deferred tax liability	52,779	11,344
Total liabilities	3,107,412	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		
4,468,988 common shares (August 31, 2017 – 4,468,988)	1,054,316	1,054,316
Additional paid-in capital	600,804	600,804
Retained earnings	20,289,191	18,069,251
Total stockholders' equity	21,944,311	19,724,371
Total liabilities and stockholders' equity	\$ 25,051,723	\$ 22,181,035

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,	
	2018	2017	2018	2017
SALES	\$ 19,934,709	\$ 16,718,234	\$ 42,690,017	\$ 36,639,323
COST OF SALES	15,944,995	12,906,533	33,877,749	28,304,118
GROSS PROFIT	3,989,714	3,811,701	8,812,268	8,335,205
OPERATING EXPENSES				
Selling, general and administrative expenses	596,830	466,014	1,658,781	1,470,731
Depreciation and amortization	71,560	84,693	266,970	222,700
Wages and employee benefits	1,312,479	1,237,756	3,587,126	3,277,797
	(1,980,869)	(1,788,463)	(5,512,877)	(4,971,228)
Income from operations	2,008,845	2,023,238	3,299,391	3,363,977
OTHER ITEMS				
Loss on sale of property, plant and equipment	-	-	(27,022)	(393)
Interest and other income	8,156	2,400	16,639	6,220
	8,156	2,400	(10,383)	5,827
Income before income taxes	2,017,001	2,025,638	3,289,008	3,369,804
Income tax expense	(627,792)	(819,503)	(1,069,068)	(1,368,736)
Net income	\$ 1,389,209	\$ 1,206,135	\$ 2,219,940	\$ 2,001,068
Basic earnings per common share	\$ 0.31	\$ 0.26	\$ 0.50	\$ 0.44
Diluted earnings per common share	\$ 0.31	\$ 0.26	\$ 0.50	\$ 0.44
Weighted average number of common shares outstanding:				
Basic	4,468,988	4,572,588	4,468,988	4,572,588
Diluted	4,468,988	4,572,588	4,468,988	4,572,588

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,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 2,219,940	\$ 2,001,068
Items not involving an outlay of cash:		
Depreciation and amortization	266,970	222,700
Loss on sale of property, plant and equipment	27,022	393
Deferred income tax expense	41,435	2,162
Changes in non-cash working capital items:		
(Increase) in accounts receivable	(3,527,471)	(2,190,337)
Decrease in inventory	1,094,535	15,354
(Increase) decrease in prepaid expenses	(180,143)	60,093
(Increase) decrease in prepaid income taxes	(114,413)	596
Increase in accounts payable and accrued liabilities	609,313	287,928
Increase in income taxes payable	-	317,074
Net cash provided by operating activities	437,188	717,031
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(99,437)	(368,365)
Proceeds from sale of property, plant and equipment	1,000	3,480
Net cash used in investing activities	(98,437)	(364,885)
Net increase in cash	338,751	352,146
Cash, beginning of period	5,912,250	4,519,922
Cash, end of period	\$ 6,251,001	\$ 4,872,068

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Source: Jewett-Cameron Trading Company Ltd.