



NEWS RELEASE

IMMEDIATE RELEASE

CALIAN REPORTS FIRST QUARTER RESULTS

(All amounts in this release are in Canadian Dollars)

Ottawa, Ontario – February 6, 2019: Calian Group Ltd. ([TSX:CGY](https://www.tsx.com/CGY)) today released unaudited results for the first quarter ended December 31, 2018.

The Company reported revenues for the quarter of \$79.9 million, representing a 5% increase from the \$76.2 million reported in the same quarter of the previous year.

EBITDA⁽¹⁾ for the first quarter was \$5.7 million or \$0.73 per share basic and diluted, which decreased when compared with the \$6.5 million or \$0.84 per share basic diluted in the same quarter of the previous year.

Net profit for the first quarter was \$3.3 million or \$0.43 per share basic and diluted, which decreased when compared with the \$4.1 million or \$0.54 per share basic diluted in the same quarter of the previous year.

"Results for this first quarter are mixed. Our BTS division saw continued improvements in revenues and EBITDA from strong performance and demand in all its market segments. The SED division reported a slower quarter than the prior year driven by a few projects moving to the right and a slightly less favorable revenue mix in the quarter," stated Jacqueline Gauthier, CFO. "However, these results do not change our outlook for the year as we continue to expect strong performance from both divisions. We also expect contributions from our most recent acquisitions, Intragrain and Secure Tech to increase in the remaining quarters due to seasonality of their business with the first quarter activity typically minimal" continued Ms. Gauthier.

"Despite mixed results this quarter, we've achieved several positive metrics with our largest quarterly revenues in the company history as well as a 20% growth in the profitability with our BTS division. The SED division continues to be very busy in all its segments continuing to push its technology savvy to new heights", stated Kevin Ford, CEO.

"Calian is at a pivot point in the company's history, as we continue to invest in R&D and headcount to drive long term growth from the company. This quarter we invested another \$650K in new product development and continue to increase our delivery and go to market resources to ensure we have capacity required to support our growth."

"In support of our customer retention pillar, we were very happy to report this quarter the re-win of our Canadian Army Simulation Centre (CASC) contract with an initial value of \$93 million and with options factored in, an aggregate contract value for the full nine-year period of approximately \$170 million. With a duration of up to 9 years, this win has helped grow our contracted backlog to \$1.3 billion which is a very strong foundation to support our growth agenda" added Ford. "Factoring in CASC, our contract signings exceeded over \$200M in the quarter, again another strong sign that our sales efforts are working".

"At 69 consecutive profitable quarters, strong cash flows, a continued focus on our innovation agenda and our dedicated employee base, I am confident we will continue to make progress against all elements of our four-pillar strategic growth framework", stated Ford.

Traditional markets in which Calian operates are stable and management expects organic revenue and earnings growth in most or all of its service lines through the successful execution of our growth strategy. However, we must caution that revenues realized are ultimately dependent on the extent and timing of future contract awards as well as customer utilization of existing contracting vehicles. Based on currently available information and our assessment of the marketplace, we expect revenues for fiscal 2019 to be in the range of \$330 million to \$360 million, EBITDA per share in the range of \$3.60 to \$3.90 and net profit in the range of \$2.10 to \$2.40 per share.

(1) Caution regarding non-GAAP measures:

This press release is based on reported earnings in accordance with IFRS. Reference to generally accepted accounting principles (GAAP) means IFRS, unless indicated otherwise. This press release is also based on non-GAAP financial measures including EBITDA, adjusted net profit and adjusted net profit per share. These non-GAAP measures are mainly derived from the interim consolidated financial statements, but do not have a standardized meaning prescribed by IFRS; therefore, others using these terms may calculate them differently. Management believes that providing certain non-GAAP performance measures, in addition to IFRS measures, provides users of our financial reports with enhanced understanding of our results and related trends and increases transparency and clarity into the core results of our business. Refer to the MD&A for definitions of these metrics and reconciliations to the most comparable IFRS measures.

About Calian

Calian employs over 3,200 people with offices and projects that span Canada, U.S. and international markets. The company's capabilities are diverse with services delivered through two divisions. The Business and Technology Services (BTS) Division is headquartered in Ottawa and includes the provision of business and technology services and solutions to industry, public and government in the health, training, engineering and IT services domains. Calian's Systems Engineering Division (SED) located in Saskatoon provides the world's leading space technology companies with innovative solutions for testing, operating and managing their satellite networks. SED provides leading-edge communications products for terrestrial and satellite networks, as well as providing commercial (including agriculture) and defence customers with superior electronics engineering, manufacturing and test services for both private sector and military customers in North America.

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Certain information included in this press release is forward-looking and is subject to important risks and uncertainties. The results or events predicted in these statements may differ materially from actual results or events. Such statements are generally accompanied by words such as "intend", "anticipate", "believe", "estimate", "expect" or similar statements. Factors which could cause results or events to differ from current expectations include, among other things: the impact of price competition; the dependence on new product development; the impact of rapid technological and market change; the ability of Calian to integrate the operations and technologies of acquired businesses in an effective manner; general industry and market conditions and growth rates; international growth and global economic conditions, particularly in emerging markets and including interest rate and currency exchange rate fluctuations; and the impact of consolidations in the business services industry. Additional risks and uncertainties affecting Calian can be found in Management's Discussion and Analysis of Results of Operations and its Annual Information Form for the fiscal year ended September 30, 2018 on SEDAR at www.sedar.com. If any of these risks or uncertainties were to materialize, or if the factors and assumptions underlying the forward-looking information were to prove incorrect, actual results could vary materially from those that are expressed or implied by the forward-looking information contained herein and our current objectives or strategies may change. Calian disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. No assurance can be given that actual results, performance or achievement expressed in, or implied by, forward-looking statements within this disclosure will occur, or if they do, that any benefits may be derived from them.

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CALIAN GROUP LTD.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at December 31, 2018 and September 30, 2018
(Canadian dollars in thousands)

	NOTES	December 31, 2018	September 30, 2018 <i>Restated</i> <i>(Note 2)</i>
ASSETS			
CURRENT ASSETS			
Cash		\$ 20,377	\$ 21,842
Accounts receivable		65,615	69,096
Work in process		16,617	17,376
Inventory	6	3,758	1,498
Prepaid expenses		3,532	3,879
Derivative assets	13	151	1,021
Total current assets		<u>110,050</u>	<u>114,712</u>
NON-CURRENT ASSETS			
Capitalized research and development		1,941	1,449
Equipment		10,263	9,795
Application software		760	788
Investment and loan receivable		435	435
Acquired intangible assets	15	13,710	6,702
Goodwill	15	25,981	18,236
Total non-current assets		<u>53,090</u>	<u>37,405</u>
TOTAL ASSETS		<u>\$ 163,140</u>	<u>\$ 152,117</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Line of Credit	8	\$ 12,000	\$ -
Accounts payable and accrued liabilities		30,084	33,740
Contingent earn-out	15	4,259	2,440
Provisions	7	1,879	1,932
Unearned contract revenue		8,078	10,042
Derivative liabilities	13	230	525
Total current liabilities		<u>56,530</u>	<u>48,679</u>
NON-CURRENT LIABILITIES			
Contingent earn-out	15	3,402	800
Deferred tax liabilities		3,770	2,488
Total non-current liabilities		<u>7,172</u>	<u>3,288</u>
TOTAL LIABILITIES		<u>63,702</u>	<u>51,967</u>
SHAREHOLDERS' EQUITY			
Issued capital	9	28,888	28,647
Contributed surplus		1,013	1,065
Retained earnings		71,730	70,621
Accumulated other comprehensive loss		(2,193)	(183)
TOTAL SHAREHOLDERS' EQUITY		<u>99,438</u>	<u>100,150</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>\$ 163,140</u>	<u>\$ 152,117</u>

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.