



IMMEDIATE RELEASE

CALIAN REPORTS SECOND QUARTER RESULTS

(All amounts in this release are in Canadian Dollars)

Ottawa, May 14, 2019 - Calian Group Ltd. (TSX:CGY) today released unaudited results for the second quarter ended March 31, 2019.

Second quarter 2019 highlights:

- Revenue at \$83.4 million, representing Calian's third consecutive quarter of record revenue
- EBITDA⁽¹⁾ of \$6.6 million
- 70th consecutive profitable quarter
- New contract signings of \$82 million
- Dividend of \$0.28/share

The Company reported revenues for the quarter of \$83.4 million, representing a 7.8% increase from the \$77.4 million reported in the same quarter of the previous year. For the six-month period ended March 31, 2019 the Company reported revenues of \$163.3 million, a 6.4% increase compared to revenues of \$153.5 million in the prior year.

EBITDA⁽¹⁾ for the second quarter was \$6.6 million or \$0.84 per share basic and diluted, which increased when compared with the \$6.1 million or \$0.79 per share basic and \$0.78 per share diluted in the same quarter of the previous year. On a year-to-date basis, EBITDA⁽¹⁾ was \$12.3 million or \$1.57 per share basic and \$1.56 per share diluted, a decrease compared to the \$12.6 million or \$1.64 basic and \$1.62 diluted in the prior year.

Net profit for the second quarter was \$3.9 million or \$0.50 per share basic and \$0.49 per share diluted, consistent with the \$3.9 million or \$0.51 per share basic and diluted in the same quarter of the previous year. On a year-to-date basis, net profit was \$7.2 million or \$0.93 per share basic and \$0.92 per share diluted, a decrease of 11.1% compared to net profit of \$8.1 million or \$1.05 per share basic and \$1.04 per share diluted in the prior year.

"Our profitable growth agenda has continued this quarter, having now set revenue records for three consecutive quarters," stated Patrick Houston, CFO. "Our BTS division has continued its strong performance with revenue growth of 14% compared to Q2 of the previous year, while our Systems Engineering Division has continued to build capacity to deliver on its backlog of programs in the coming quarters. We also increased EBITDA by 15% compared to the previous quarter, which included non-recurring costs of \$0.6 million related to our acquisition of SatService on April 1, 2019. On a year to date basis, EBITDA is slightly down due to increased operating expenses from recent acquisitions and additional investments."

"The strength of our diversity was evident this quarter as our BTS division continued its revenue and EBITDA growth, led by our Health group," stated Kevin Ford, CEO. "Our customer retention focus was evident again this quarter with multiple new contracts and extensions with existing customers in our training, IT and satellite services totaling \$82 million," added Ford. "We are also very excited about our recent announcements related to Calian's Systems Engineering Division (SED), namely our acquisition of Germany-based SatService, Calian's first international acquisition, as well as release of a new line of advanced medium and large aperture radio frequency (RF) antennas with cutting-edge performance for the most demanding satellite system applications."

(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.

“We see SatService, as another growth avenue for Calian SED as SatService brings a talented team with new products and customers. This acquisition supports the customer diversification and service line evolution pillars of our growth strategy by bringing new innovations and products in our satellite communications business while increasing our capacity for growth in new customers located in the European region.”

“Our new carbon fiber antennas are the direct result of targeted R&D investments at Calian SED. They represent a significant achievement in the service line evolution pillar of our growth strategy, and I am looking forward to helping our global customers improve their satellite communications with this advanced technology. With the manufacture of these composite antenna systems right here in Canada at Calian SED’s Saskatoon manufacturing facility, I see this as a true demonstration of Canadian innovation and Calian’s innovation agenda,” stated Ford.

“At 70 consecutive profitable quarters, strong cash flows, a continued focus on our innovation agenda and a 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 \$2.05 to \$2.35 per share.

About Calian

Calian employs over 3,200 people with offices and projects that span Canada and global 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 and Europe.

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DISCLAIMER

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 March 31, 2019 and September 30, 2018
(Canadian dollars in thousands, except per share data)

	NOTES	March 31, 2019	September 30, 2018 <i>Restated</i> <i>(Note 2)</i>
ASSETS			
CURRENT ASSETS			
Cash		\$ 27,787	\$ 21,842
Accounts receivable		64,594	69,096
Work in process		19,397	17,377
Inventory	6	4,474	1,498
Prepaid expenses		4,906	3,879
Derivative assets	14	284	1,021
Total current assets		<u>121,442</u>	<u>114,713</u>
NON-CURRENT ASSETS			
Capitalized research and development		2,470	1,449
Equipment		10,802	9,795
Application software		992	788
Investment and loan receivable		452	435
Acquired intangible assets	16	13,289	6,702
Goodwill	16	25,981	18,236
Total non-current assets		<u>53,986</u>	<u>37,405</u>
TOTAL ASSETS		<u>\$ 175,428</u>	<u>\$ 152,118</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Line of Credit	8	\$ 17,000	\$ -
Accounts payable and accrued liabilities		32,163	33,841
Contingent earn-out	16	4,341	2,440
Provisions	7	1,678	1,932
Unearned contract revenue		8,034	10,042
Derivative liabilities	14	140	525
Total current liabilities		<u>63,356</u>	<u>48,780</u>
NON-CURRENT LIABILITIES			
Contingent earn-out	16	3,483	800
Deferred tax liabilities		3,972	2,488
Total non-current liabilities		<u>7,455</u>	<u>3,288</u>
TOTAL LIABILITIES		<u>70,811</u>	<u>52,068</u>
SHAREHOLDERS' EQUITY			
Issued capital	9	31,405	28,647
Contributed surplus		1,237	1,065
Retained earnings		73,277	70,521
Accumulated other comprehensive loss		(1,302)	(183)
TOTAL SHAREHOLDERS' EQUITY		<u>104,617</u>	<u>100,050</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>\$ 175,428</u>	<u>\$ 152,118</u>
Number of common shares issued and outstanding		<u>7,878,838</u>	<u>7,764,762</u>

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