Cara Operations Unlimited

Recipe Unlimited reports Fiscal 2018 results and announces 5% dividend increase - Total System Sales grow to $3.4 billion, Operating EBITDA increases to $219.6 million

VAUGHAN, ON, March 6, 2019 /CNW/ - Recipe Unlimited Corporation (formerly Cara Operations) reported financial results today for the 13 and 52 weeks ending December 30, 2018.

"2018 was a successful year for Recipe as we continue to deliver strong and consecutive quarter-over-quarter growth in System Sales, Operating EBITDA and Free Cash Flows. After the acquisition of St-Hubert in 2016, we revised our long-term growth targets to include target ranges for System Sales of $2.9 to $3.7 billion and EBITDA of $203.0 to $296.0 million. In 2018, growth in our core business as well as the merger with The Keg helped us achieve total System Sales of $3.4 billion and Operating EBITDA of $219.6 million, putting us well within the range of our 2020-2022 long-term targets.

In 2018, we introduced our Four Pillar Strategy with a focus on Quality of Food, Quality of Service, Value for Experience and Ambience. I would like to thank all of our associates and franchisees for their commitment and efforts to help build programs and drive initiatives that will help us deliver and execute on our Four Pillar strategy in the years to come," commented Frank Hennessey, Chief Executive Officer.

"For 2018, the Company generated approximately $164 million of Free Cash Flow before growth capex, dividends, and share buy backs. On the strength of our Free Cash Flow, we are pleased to enhance our shareholder returns with a 5% increase in our dividend for the second consecutive year," added Mr. Hennessey.

Fourth Quarter and Year End Highlights:

- The Company generates significant Free Cash Flow which provides the Company the ability to fund growth and enhance shareholder returns. Free Cash Flow before growth capex, dividends, and NCIB for the 52 weeks ended December 30, 2018 was $164.1 million compared to $144.3 million for the 53 weeks ended December 31, 2017, an increase of $19.8 million or 13.7%. Free Cash Flow before growth capex, dividends, and NCIB per share on a diluted basis was $2.66 for the 52 weeks ended December 30, 2018 compared to $2.42 for 2017, an increase of $0.24 per share or 9.9%. During the 52 weeks ended December 30, 2018, the Company repaid $116.0 million in debt, more than the $104.0 million that the Company drew on its credit facilities to fund the merger with The Keg in February 2018. At the end of 2018, the Company's Debt to EBITDA ratio was 1.68x compared to the end of Q1 2018 at 2.2x, illustrating how quickly the Company's leverage can reduce from Free Cash Flow.

- On the strength of the Company's Free Cash Flow, the Board of Directors is increasing the dividend by 5% to $0.1121 per quarter per share on subordinate and multiple voting common shares.

- System Sales grew $130.5 million to $905.4 million for the 13 weeks ended December 30, 2018 compared to $774.9 million for the 14 weeks ended December 31, 2017, representing an increase of 16.8%. For the 52 weeks ended December 30, 2018, System Sales grew $635.8 million to $3,415.3 million compared to $2,779.5 million for the 53 weeks ended December 31, 2017, representing an increase of 22.9%. The sales impact from the additional week in 2017 was $48.2 million. The increase in System Sales is primarily related to same restaurant sales increases for the year, the additions of Pickle Barrel in December 2017 and The Keg in February 2018.

- Same Restaurant Sales ("SRS") Growth for the 13 weeks ended December 30, 2018 was a decrease of 0.2% and an increase of 1.3% for the 52 weeks ended December 30, 2018 compared to the same 13 and 52 weeks in 2017. Management continues to focus on long-term profitable SRS growth with both short and long term strategies to improve SRS with focus on 4 Pillars of Operational Excellence - Quality of Food, Quality of Service, Value for Experience, and Ambience.

- The Company achieved Operating EBITDA of $64.5 million for the quarter and $219.6 million for the 52 weeks ended December 30, 2018 compared to $58.5 million for the 14 weeks ended December 31, 2017 and $191.0 million for the 53 weeks ended December 31, 2017, an improvement of $6.0 million or 10.3% for the quarter, and an improvement of $28.6 million or 15.0% for the year. The estimated Operating EBITDA impact from the additional week in Q4 of 2017 was $3.5 million in Operating EBITDA, increasing the 2018 improvement over 2017 for the quarter to $9.5 million or 16.2% and on a 52 week basis to $32.1 million or 16.8%. The increases for the year have been driven by the same restaurant sales increases, improved contribution from the corporate and franchise segments, improved contribution from Original Joe's, and the addition of The Keg in February 2018.

- Operating EBITDA Margin on System Sales before The Keg royalty expense was 7.5% for the fourth quarter as compared to 7.6% in 2017. Operating EBITDA Margin on System Sales after The Keg royalty expense was 7.1% for the quarter. Operating EBITDA Margin on System Sales before The Keg royalty for the 52 weeks ended December 30, 2018 was 6.8% compared to 6.9% in 2017. Operating EBITDA Margin on System Sales after The Keg royalty for the year was 6.4% compared to 6.9% in 2017. While The Keg will add EBITDA dollars, because of higher net central overhead costs and the royalty payments to The Keg Royalties Income Fund in the medium term, The Keg merger will reduce Recipe's Operating EBITDA margin on System Sales below the target 7% to 8% range. In Q4, Operating EBITDA was within our target of 7% to 8%, showing improvement from Q2 and Q3. Management's focus will continue to be on improving the earnings efficiency of our assets and our increased sales base to grow Operating EBITDA as a percentage of System Sales back to within our 7% to 8% target range by 2020-2022.

- Contribution from retail and catering for the 13 and 52 weeks ended December 30, 2018 was $8.9 million and $19.5 million, compared to $6.6 million and $15.3 million for the 14 and 53 weeks ended December 31, 2017, an increase of $2.3 million or 34.8% for the quarter and $4.2 million or 27.5% for the year. The increases are primarily driven by sales increases from the Swiss Chalet branded products, increases in frozen pot pies from the addition of the new pie production line, and the additions of The Keg retail business in February 2018 and Pickle Barrel catering in December 2017.

- Earnings before change in fair value of certain financial instruments and income taxes was $23.3 million for the 13 weeks ended December 30, 2018 compared to $37.0 million for the 14 weeks ended December 31, 2017, a decrease of $13.7 million for the quarter or $11.1 million when excluding the additional week in Q4 of 2017. The change in the quarter and year to date, reflect an earnings increase of $1.1 million over 2017 from the addition of The Keg and improvements in the corporate, franchise, and retail and catering segments, before the $12.2 million impact of the $7.9 million increase in restructuring costs related to the expected cost to exit the Company's IT data center lease, and $4.3 million increase in non-cash impairments recorded in the quarter. The Q4 restructuring provisions should result in future earnings increases from reduced home office, and franchise bad debt and rent subsidy costs.

Earnings before changes in fair value of certain financial instruments and income taxes was $114.4 million for the 52 weeks ended December 30, 2018, compared to $116.6 million for the 53 weeks ended December 31, 2017, a decrease of $2.2 million or 1.9%. However, after excluding the $2.6 million earnings from the additional week in Q4 2017, 2018 earnings was $0.4 million higher than 2017. This reflects an earnings increase of $9.6 million over 2017 from the addition of The Keg and improvements in the corporate, franchise, and retail and catering segments, before the $9.2 million impact from the $7.9 million increase in restructuring costs related to the expected cost to exit the Company's IT data center lease, and $1.3 million increase in non-cash impairments recorded in the year.

- Adjusted Basic Earnings per Share ("EPS") for the 13 and 52 weeks ended December 30, 2018 was $0.56 and $2.00 compared to $0.62 and $1.96 for the 14 and 53 weeks ended December 31, 2017, a decrease of $0.06 per share for the quarter and an increase of $0.04 per share for the full year. Adjusted Diluted EPS for the 13 and 52 weeks ended December 30, 2018 was $0.54 and $1.93 compared to $0.59 and $1.88 for the 14 and 53 weeks ended December 31, 2017, a decrease of $0.05 per share for the quarter and an increase of $0.05 per share for the full year. The Q4 decreases were the result of the $7.9 million increase in restructuring costs and $4.3 million increase in non-cash impairments that offset the earnings increase of $1.1 million from The Keg and improvements in the corporate, franchise, and retail and catering segments.

- On December 11, 2018, the Company completed the 100% acquisition of Marigolds and Onions Ltd. for approximately $6.8 million, of which $4.0 million was settled by drawing on the Company's existing credit facility on the date of acquisition. The remaining balance of $2.8 million will be paid in December 2019 and December 2020 if certain targets and conditions are met. Marigolds and Onions Ltd. is an event catering company based in Ontario with annual sales of approximately $12.8 million.

- During the 13 and 52 weeks ended December 30, 2018, the Company purchased and cancelled 568,613 and 634,850 Subordinate Voting Shares for $14.5 million and $16.2 million, respectively under the Company's normal course issuer bid ("NCIB").

- On March 6, 2019, the Company's Board of Directors declared a dividend of $0.1121 per share of subordinate and multiple voting common stock, representing a 5% increase over the 2018 quarterly dividend rate, or approximately $6.9 million in aggregate. Payment of the dividend will be made on April 15, 2019 to shareholders of record at the close of business on March 29, 2019. With the Company's strong balance sheet and growing cash flows, management will continue to pursue strategic acquisitions and will explore alternatives to return more capital to its shareholders including continuation of its NCIB and increases to the Company's dividend rate.

($ millions unless otherwise stated)[1]	**13 weeks December 30, 2018**	**14 weeks December 31, 2017**	**52 weeks December 30, 2018**	**53 weeks December 31, 2017**
	(unaudited)	(unaudited)		
Total System Sales from continuing operations	$905.4	$774.9	$3,415.3	$2,779.5
Total System Sales Growth[2]	16.8%	20.9%	22.9%	36.1%
SRS Growth[3]	(0.2%)	2.5%	1.3%	0.7%
Number of restaurants (at period end)	1,382	1,272	1,382	1,272
Operating EBITDA before Keg royalty	$68.3	$58.5	$231.9	$191.0
Operating EBITDA Margin on Total System Sales before Keg royalty	7.5%	7.6%	6.8%	6.9%
Operating EBITDA	$64.5	$58.5	$219.6	$191.0
Operating EBITDA Margin on System Sales	7.1%	7.6%	6.4%	6.9%
Corporate restaurant sales	$205.0	$125.8	$765.1	$439.1
Number of corporate restaurants	208	169	208	169
Contribution from Corporate segment	$21.5	$12.3	$80.5	$42.5
Contribution as a % of corporate sales	10.7%	9.8%	10.7%	9.7%
Number of joint venture restaurants	46	54	46	54
Franchise restaurant sales	$615.3	$571.0	$2,362.4	$2,092.2
Number of franchised restaurants	1,128	1,049	1128	1049
Contribution from Franchise segment	$26.6	$24.1	$99.3	$84.4
Contribution as a % of Franchise sales	4.3%	4.2%	4.2%	4.0%
Contribution from retail and catering	$8.9	$6.6	$19.5	$15.3
Contribution from Central segment (excluding net royalty expense)	$11.3	$15.5	$32.6	$48.7
Contribution as a % of total System Sales	1.2%	2.0%	1.0%	1.8%
Total gross revenue	$328.2	$240.0	$1,191.9	$832.7
Operating EBITDA Margin	19.7%	24.4%	18.4%	22.9%
Earnings before income taxes	$15.4	$37.0	$104.6	$116.6
Net earnings	$9.0	$27.3	$73.8	$109.8
Adjusted Net Earnings	$34.9	$36.3	$123.2	$117.1
Net earnings from operations attributable to common shareholders of the Company	$9.0	$27.4	$73.8	$109.7
EPS attributable to common shareholders of the Company (in dollars)				
Basic EPS	$0.15	$0.47	$1.20	$1.84
Diluted EPS	$0.14	$0.45	$1.16	$1.77
Adjusted Basic EPS	$0.56	$0.62	$2.00	$1.96
Adjusted Diluted EPS	$0.54	$0.59	$1.93	$1.88

(1) See "Non-IFRS Measures" for definitions of System Sales, System Sales Growth, SRS Growth, Operating EBITDA, Adjusted Net Earnings, Adjusted Basic EPS and Adjusted Diluted EPS.
(2) East Side Mario restaurants in the United States are excluded from System Sales and number of restaurants.
(3) Results from New York Fries located outside of Canada, East Side Mario restaurants in the United States and Casey's restaurants are excluded from SRS Growth.

The Company's unaudited interim and audited year-end consolidated financial statements for the 13 and 52 weeks ended December 30, 2018 and Management's Discussion and Analysis are available under the Company's profile on SEDAR at www.sedar.com.

Outlook

Management is satisfied with 2018 results despite some Q4 SRS challenges. Management is pleased with the continued growth in all segments, Operating EBITDA and Operating EBITDA Margin. Total Systems Sales grew $635.8 million or 22.9% to $3,415.3 million, Operating EBITDA before the net royalty expense increased $40.9 million or 21.4% to $231.9 million with a contribution margin of 6.8% as a percentage of Total System Sales, and Adjusted Net Earnings increased $6.1 million or 5.2% to $123.2 million.

With the full year impact of The Keg merger, the Company's System Sales will be approximately $3.5 billion compared to the initial 2015 IPO target range for 2020-2022 of $2.5 billion to $3.0 billion, and the updated target range provided in 2016 after the St-Hubert acquisition of $2.9 billion to $3.7 billion. The Keg merger will add approximately $23.5 million of Operating EBITDA resulting in combined full year Operating EBITDA of approximately $220.0 million, also within Recipe's updated target EBITDA range of $203.0 million to $296.0 million (based on 7% to 8% of System Sales). However, while The Keg will add EBITDA dollars, because of net central overhead costs and royalty payments to The Keg Royalties Income Fund in the medium term, The Keg merger will reduce Recipe's Operating EBITDA margin on System Sales below the target 7% to 8% range. Management's focus will continue to be on improving the earnings efficiency of our assets and our increased sales base to grow Operating EBITDA as a percentage of System Sales back to within our 7% to 8% target range by 2020-2022.

Management provides the following comments regarding its strategies and initiatives:

- *Free Cash Flow* — The Company generates significant Free Cash Flow before growth capex, dividends, and NCIB which has increased to $164.1 million compared to $144.3 million in 2017, an increase of $19.8 million or 13.7%. During the 52 weeks ended December 30, 2018, the Company repaid $116.0 million in debt, more than the $104.0 million that the Company drew on its credit facilities to fund the merger with The Keg in February 2018. At the end of 2018, the Company's Debt to EBITDA ratio was 1.68x compared to the end of Q1 2018 at 2.2x, illustrating how quickly the Company's leverage can reduce from Free Cash Flow.

  Management and the Board of Directors will continue to evaluate alternatives for capital deployment including growth investments, strategic acquisitions and enhanced shareholder returns through dividends and share buybacks.

- *System Sales and SRS Growth* — Management is satisfied with total System Sales growth of 22.9% and with SRS of 1.3% for the full year. Management continues to focus on long-term profitable SRS growth with both short and long term strategies to improve SRS with a focus on 4 Pillars of Operational Excellence - Quality of Food, Quality of Service, Value for Experience, and Ambience. Sales growth initiatives under the 4 Pillar strategy include growing off-premise sales with third party Aggregators (i.e. UberEats, Skip the Dishes), optimizing and reducing menu size to improve quality and service operating standards, launching new and improved e-commerce applications including mobile applications and other digital platforms to reach our customers, and utilizing technology to provide brand specific digital-social media marketing and to drive operations, customer feedback and customer preference insights that will enable management to enhance Guest experiences and realize operational efficiencies. The Company is also launching renovation incentive programs to assist franchisees with the cost of major renovations that should generate significant SRS increases from enhanced guest experiences across all 4 Pillars of Operational Excellence.

  Management continues to review its portfolio of restaurants to maximize site potential and profitability to the Company. Management's focus will continue to be on the quality of sales from its portfolio of restaurants as we improve site selection, close weaker locations and renovate to improve guest experience. For restaurant locations that no longer fit the longer strategic plan of the Company, Management will take steps to exit these underperforming sites.

- *Total Operating EBITDA* — Before the impact from the net royalty to The Keg Royalties Income Fund, Total Operating EBITDA margin was 7.5% for the quarter and 6.8% for the year, as compared to 7.6% and 6.9% for the 14 and 53 weeks ended December 31, 2017. While The Keg will add EBITDA dollars, because of net central overhead costs and royalty payments to The Keg Royalties Income Fund in the medium term, The Keg merger will reduce Recipe's Operating EBITDA margin on System Sales below the target 7% to 8% range. Management's focus will continue to be on improving the earnings efficiency of our assets and our increased sales base to grow Operating EBITDA as a percentage of System Sales back to within our 7% to 8% target range by 2020-2022.

  The combined contributions from Corporate, Franchise, Retail and Catering, and Central segments for the 13 and 52 weeks ended December 30, 2018 after the impact of The Keg royalty resulted in Total Operating EBITDA margin of 7.1% and 6.4%, respectively, as compared to 7.6% and 6.9% for the 14 and 53 weeks ended December 31, 2017.

- *Corporate restaurant profitability* — Corporate restaurant profitability for the 13 and 52 weeks ended December 30, 2018 was 10.7% and 10.7%, respectively, compared to 9.8% and 9.7% in 2017. The improvement during the quarter was mostly from the addition of The Keg which operates within our target range. Management believes there is significant opportunity for improved contribution in the future from Original Joe's and Pickle Barrel as Management realizes operating synergies from lower food and beverage costs and better labour management tools. Contribution will also improve as renovated restaurants re-open at higher sales levels and from the sale of certain corporate restaurants in franchise banners.

  Management will continue to pursue the sale of certain corporate restaurants in its franchise banners to franchisees and will pursue the sale of its share in joint venture locations to the Company's joint venture partners to convert joint venture locations to franchise to improve the corporate-franchise portfolio mix. During the 52 weeks ended December 30, 2018, 12 corporate restaurants were franchised and 10 joint venture restaurants were franchised.

- *Franchise segment* — Franchise contribution as a percentage of franchise sales has improved to 4.3% and 4.2% for the 13 and 52 weeks ended December 30, 2018, compared to 4.2% and 4.0% in 2017. The increase is primarily related to the addition of The Keg which collects average royalties over 5%.

- *Retail and catering* — Contribution dollars from retail and catering was $8.9 million and $19.5 million for the 13 and 52 weeks ended December 30, 2018, respectively, compared to $6.6 million and $15.3 million for the 14 and 53 weeks ended December 31, 2017. A new pie production line was added in the third quarter which has increased production capacity and enabled the Company to meet the increased demand for its St-Hubert and Swiss Chalet frozen pie products with less reliance on higher cost third party producers. Since the acquisition of St-Hubert in 2017, the Company has successfully launched a number of products, including Swiss Chalet ribs and pot pies, across the country in grocery chains. The Company will be adding a new rib line in Q4 2019 to increase its rib production capacity to meet the increased demand. Management is also pursuing the launch of several more Recipe branded retail products to expand its retail presence in national grocery chains. The Company has also added catering sales and contribution as a significant opportunity for growth with the acquisitions of Pickle Barrel catering in December 2017, Rose Reisman catering in December 2017, and Marigolds and Onions in December 2018.

- *Central segment* — The addition of The Keg has added net central overhead costs, including the royalty payments to The Keg Royalties Income Fund, thus reducing central contribution as a percentage of System Sales. Management will work towards realizing synergy opportunities with the companies acquired as we continue to improve on our model for growing sales faster than head office expenses, and realizing earnings efficiency on higher system sales.

- *Restaurant Count* — In the 52 weeks ended December 30, 2018, excluding the acquisitions, the Company opened 61 new restaurant locations as compared to 56 in 2017. During 2018 the Company closed 56 restaurants (excluding Casey's closures) compared to 44 closures in 2017. Included in the closures were under-performing locations where the closure will benefit the overall system performance and the Company's profitability going forward. Closures also included locations that no longer fit the long term strategy of certain brands. Management will continue to review its portfolio of restaurants and will opportunistically close underperforming or non-strategic locations that will benefit the Company long term.

- *Growth and acquisitions* — The Company currently has a debt to EBITDA ratio of approximately 1.68x compared to 2.2x at the end of Q1 2018. At this debt level, and with strong cash flow from operations, the Company has the ability to consider more growth opportunities while continuing to reduce its debt, and by opportunistically repurchasing its subordinate voting shares for cancellation under the NCIB. During the 13 and 52 weeks ended December 30, 2018, the Company purchased and cancelled 568,613 and 634,850 Subordinate Voting Shares for $14.5 million and $16.2 million, respectively under the Company's NCIB program.

The foregoing description of Recipe's outlook is based on management's current strategies and its assessment of the outlook for the business and the Canadian Restaurant Industry as a whole, may be considered to be forward looking information for purposes of applicable Canadian securities legislation. Readers are cautioned that actual results may vary. See "Forward Looking Information" and "Risk & Uncertainties" in the Company's Management Discussion & Analysis for a description of the risks and uncertainties that impact the Company's business and that could cause actual results to vary.

Non-IFRS Measures

These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. The Company uses non IFRS measures including "System Sales", "SRS Growth", "EBITDA", "Operating EBITDA", "Operating EBITDA Margin", "Operating EBITDA Margin on System Sales", "Adjusted Net Earnings", "Adjusted Basic EPS", "Adjusted Diluted EPS", and "Free Cash Flow" to provide investors with supplemental measures of its operating performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. The Company also believes that securities analysts, investors and other interested parties frequently use non IFRS measures in the evaluation of issuers. The Company's management also uses non IFRS measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets, and to determine components of management compensation.

"System Sales" represents top line sales from restaurant guests at both corporate and franchise restaurants including take out and delivery customer orders. System Sales includes sales from both established restaurants as well as new restaurants. System sales also includes sales received from its food processing and distribution division. Management believes System Sales provides meaningful information to investors regarding the size of Recipe's restaurant network, the total market share of the Company's brands sold in restaurant and grocery and the overall financial performance of its brands and restaurant owner base, which ultimately impacts Recipe's consolidated financial performance.

"System Sales Growth" is a metric used in the restaurant industry to compare System Sales over a certain period of time, such as a fiscal quarter, for the current period against System Sales in the same period in the previous year.

"SRS Growth" is a metric used in the restaurant industry to compare sales earned in established locations over a certain period of time, such as a fiscal quarter, for the current period against sales in the same period in the previous year. SRS Growth helps explain what portion of sales growth can be attributed to growth in established locations and what portion can be attributed to the opening of net new restaurants. Recipe defines SRS Growth as the percentage increase or decrease in sales during a period of restaurants open for at least 24 complete fiscal months relative to the sales of those restaurants during the same period in the prior year. Recipe's SRS Growth results excludes Casey's restaurants as the Company is in the process of winding down its operations; and sales from international operations from 41 New York Fries and 3 US East Side Mario's.

"EBITDA" is defined as net earnings (loss) before: (i) net interest expense and other financing charges; (ii) income taxes; (iii) depreciation of property, plant and equipment; (iv) amortization of other assets and deferred gain.

"Operating EBITDA" is defined as net earnings (loss) before: (i) net interest expense and other financing charges; (ii) income taxes; (iii) depreciation of property, plant and equipment; (iv) amortization of other assets and deferred gain; (v) impairment of assets, net of reversals; (vi) losses on early buyout / cancellation of equipment rental contracts; (vii) restructuring and other; (viii) conversion fees; (ix) net (gain) / loss on disposal of property, plant and equipment; * stock based compensation and costs related to its restricted share units; (xi) changes in onerous contract provision;; (xii) expense impact from fair value inventory adjustment resulting from the St-Hubert purchase relating to inventory sold during the period; (xiii) acquisition related transaction costs; (xiv) change in fair value of non-controlling interest liability; (xv) change in fair value of Exchangeable Partnership units; (xvi) the Company's proportionate share of equity accounted investment in joint ventures; and (xvii) interest income from the Partnership units.

"Operating EBITDA Margin" is defined as Operating EBITDA divided by total gross revenue.

"Operating EBITDA Margin on System Sales" is defined as Operating EBITDA divided by System Sales.

"Free Cash Flow before capex, dividends and NCIB" is defined as Operating EBITDA less (i) cash interest paid; (ii) maintenance capex; and (iii) cash taxes paid.

"Free Cash Flow after capex, dividends and NCIB" is defined as Operating EBITDA less (i) cash interest paid; (ii) maintenance capex; (iii) cash taxes paid; (iv) growth capex; (v) dividends paid; (vi) shares repurchased under the NCIB; and (vii) proceeds from sale of assets.

"Adjusted Net Earnings" is defined as net earnings plus (i) deferred income tax expense (reversal); (ii) non-cash amortization of inventory fair value increases related to inventory sold during the period resulting from the St-Hubert purchase determined at acquisition date; (iii) change in fair value of non-controlling interest liability; (iv) change in fair value of Exchangeable Partnership units; (v) one-time transaction costs; (vi) non-cash impairment charges; and (vii) restructuring and other.

"Adjusted Basic EPS" is defined as Adjusted Net Earnings divided by the weighted average number of shares outstanding.

"Adjusted Diluted EPS" is defined as Adjusted Net Earnings divided by the weighted average number of shares outstanding plus the dilutive effect of stock options and RSUs.

Forward-Looking Information

Certain statements in this press release may constitute "forward-looking" statements within the meaning of applicable Canadian securities legislation which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company or the industry in which they operate, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. When used in this press release, such statements use words such as "may", "will", "expect", "believe", "plan" and other similar terminology. These statements reflect management's current expectations regarding future events and operating performance and speak only as of the date of this news release. These forward-looking statements involve a number of risks and uncertainties, including those related to: (a) the Company's ability to maintain profitability and manage its growth including SRS Growth, System Sales Growth, increases in net income, Operating EBITDA and Operating EBITDA Margin on System Sales, and Adjusted net earnings (b) competition in the industry in which the Company operates; (c) the general state of the economy; (d) integration of acquisitions by the Company; (e) risk of future legal proceedings against the Company. These risk factors and others are discussed in detail under the heading "Risk Factors" in the Company's Annual Information Form dated March 29, 2018. New risk factors may arise from time to time and it is not possible for management of the Company to predict all of those risk factors or the extent to which any factor or combination of factors may cause actual results, performance or achievements of the Company to be materially different from those contained in forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Although the forward-looking statements contained in this press release are based upon what management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this press release.

Related Communications

Frank Hennessey, Chief Executive Officer and Ken Grondin, Chief Financial Officer, will hold an investor conference call to discuss 2018 fourth quarter and year end results at 9:00 am Eastern Time on Thursday, March 7, 2019.

To access the call, please call (647) 427-7450 or 1-888-231-8191, five to ten minutes prior to the start time. The conference ID is 8469689. A telephone replay of the call will be available until midnight on March 28, 2019. To access the replay, please dial (416) 849-0833 or 1-855-859-2056 and enter passcode 8469689.

About Recipe

Founded in 1883, RECIPE Unlimited Corporation (formerly Cara Operations) is Canada's oldest and largest full-service restaurant company. The Company franchises and/or operates some of the most recognized brands in the country including Swiss Chalet, Harvey's, St-Hubert, The Keg, Milestones, Montana's, Kelsey's, East Side Mario's, New York Fries, Prime Pubs, Bier Markt, Landing, Original Joe's, State & Main, Elephant & Castle, The Burger's Priest, The Pickle Barrel and 1909 Taverne Moderne.

RECIPE's iconic brands have established the organization as a nationally recognized franchisor of choice. As at December 30, 2018, Recipe had 19 brands and 1,382 restaurants, 85% of which are operated by franchisees and joint venture partners. RECIPE's shares trade on the Toronto Stock Exchange under the ticker symbol RECP. More information about the Company is available at www.recipeunlimited.com.

SOURCE Recipe Unlimited Corp.

For further information: Investor Relations: Recipe Unlimited Corp., Ken Grondin, (905) 760-2244, Chief Financial Officer, Email: kgrondin@recipeunlimited.com or investorrelations@recipeunlimited.com

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