



CHESSWOOD ANNOUNCES RESULTS FOR Q3 2018
Operating Income of \$9.4 million in the Quarter
Portfolio Exceeds \$850 Million with More Than 32,000 Finance Contracts

TORONTO, November 12, 2018 – Chesswood Group Limited (“Chesswood” or “the Company”) (TSX: CHW), a North American commercial equipment finance provider for small and medium-sized businesses, today reported its record third quarter results for the periods ended September 30, 2018.

“Our third quarter operating income of \$9.4 million helped deliver strong quarterly net income of \$6.1 million, up significantly from \$3.2 million in the third quarter of 2017” said Barry Shafran, Chesswood’s President and CEO. “Our results this quarter were helped by a small recovery in our allowance for doubtful accounts, stemming from improved delinquency, while in the third quarter of last year we added \$2.4 million to our allowance” added Shafran. For the nine months ended September 30, the Company generated \$17.6 million of net income, an increase of 51% or \$6.0 million compared to net income of \$11.6 million in the same period last year.

Chesswood’s gross finance receivables grew to a record \$854 million in the quarter driven by excellent quarterly originations of \$98.6 million, a 21% increase from \$81.1 million in the third quarter of last year.

Financial Highlights (in CDN \$000's, except EPS)	For the Three Mths Ended		For the Nine Mths Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Operating Income⁽¹⁾	\$9,415	\$6,718	\$25,800	\$24,057
Net Income	\$6,092	\$3,188	\$17,608	\$11,633
Adjusted EBITDA⁽¹⁾	\$9,224	\$9,088	\$26,733	\$25,369
Earnings Per Share - basic	\$0.34	\$0.18	\$0.98	\$0.65

(1) - See "Non-GAAP Measures" below.

“We continue to see the benefits of our long-term growth in strong earnings, while this quarter was also helped by the seasonally lower delinquencies we usually experience at this time of year” added Shafran. The Company generally experiences higher delinquencies and provision for credit losses in the final quarter of the year due primarily to reduced collection time in December.

Between the adoption of IFRS 9 in 2018, the repayment of the Company’s convertible debenture in early January 2018, and the changing foreign exchange rates compared to last year, there are a number of meaningful adjustments required in order to compare Chesswood’s third quarter and nine month operating income this year with the same periods in 2017. These adjustments are provided for in the chart below.

Financial Highlights

(in CDN \$000's, except fx rate)

	For the Three Mths Ended		For the Nine Mths Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Average FX Rate	1.3070	1.2528	1.2876	1.3074
Operating income^(a)	\$9,415	\$6,718	\$25,800	\$24,057
IFRS 9 impact ^(b)	(278)	-	919	-
Impact of exchange rate difference	(416)	-	519	-
Interest expense on conv deb ^(c)	-	(328)	-	(978)
Normalized operating income	\$8,721	\$6,390	\$27,238	\$23,079

(a) See "Non-GAAP Measures", below

(b) The provision for credit losses for the three and nine months ended September 30, 2018 was calculated in accordance with IFRS 9. Prior period comparatives were prepared in accordance with IAS 39, and have not been restated. The Company's provision for credit losses would have been \$919,000 lower in the nine months ended September 30, 2018 if the same accounting guidelines, used in the prior year, had been used in 2018.

(c) Prior to redemption in January 2018, convertible debenture interest expense was not part of operating income whereas the interest expense on the funds used to repay the debenture (from the corporate credit facility) is deducted as an expense in calculating operating income in 2018.

Non-GAAP Measures

Operating Income is not a recognized measure under International Financial Reporting Standards and does not have a standard meaning. Accordingly, this measure may not be comparable to similar measures presented by other issuers. Please refer to the Company's Management Discussion and Analysis in Chesswood's 2017 Annual Report and 2018 Third Quarter Report for additional information concerning these measures and a reconciliation of these measures to the Company's consolidated net income.

About Chesswood

Through two wholly-owned subsidiaries in the U.S. and Canada, Chesswood Group Limited is North America's only publicly-traded commercial equipment finance company focused on small and medium-sized businesses. Our Colorado-based Pawnee Leasing Corporation, founded in 1982, finances a highly diversified portfolio of commercial equipment leases and loans through established relationships with over 600 independent brokers in U.S. In Canada, Blue Chip Leasing Corporation has been originating and servicing commercial equipment leases and loans since 1996, and today operates through a nationwide network of more than 50 independent brokers. Based in Toronto, Canada, Chesswood's shares trade on the Toronto Stock Exchange under the symbol CHW.

Learn more at www.chesswoodgroup.com, www.PawneeLeasing.com and www.BlueChipLeasing.com.

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