NEWS RELEASE

FP Newspapers Inc. reports third quarter 2018 results

Winnipeg, November 29, 2018 – FP Newspapers Inc. ("FPI") announces financial results for the quarter ended September 30, 2018. FPI owns securities entitling it to 49% of the distributable cash of FP Canadian Newspapers Limited Partnership ("FPLP").

Third quarter operating results of FPI

FPI reported net earnings of less than $0.1 million for the three months ended September 30, 2018 and September 30, 2017. The small decrease in net earnings is primarily due to a decrease in the equity share of the net earnings of FPLP.

Third quarter operating results of FPLP

FPLP's revenue for the three months ended September 30, 2018 was $15.9 million, a decrease of $1.0 million or 5.7% from the same three months in the prior year. FPLP's print advertising revenues for the three months ended September 30, 2018 were $8.3 million, a $0.7 million or 7.8% decrease compared to the same period last year. FPLP's largest advertising revenue category, display advertising including colour, was $4.2 million, a decrease of $0.4 million or 9.0% from the same period in the prior year, primarily due to decreased spending in the local and national automotive and government categories. Classified advertising revenues for the third quarter decreased 2.5% compared to the same period last year, primarily due to lower spending in the real estate and employment categories, partly offset by increased spending in the obituary category. Flyer distribution revenues decreased by $0.2 million or 8.6% compared to the third quarter in 2017, primarily due to a decrease in flyer volumes.

Circulation revenues for the three months ended September 30, 2018 were slightly higher than the third quarter of 2017, with increased revenue from higher print subscription rates and new digital subscription revenues from the Winnipeg Free Press website, partially offset by lower unit sales. Commercial services revenue decreased by $0.2 million primarily due to the loss of the Metro printing contract, as well as both fewer page counts printed for recurring customers.

Operating expenses for the three months ended September 30, 2018 were $15.5 million, a decrease of $0.8 million or 4.7% compared to the same quarter last year. Employee compensation costs for the third quarter decreased by $0.4 million or 4.8% from the same period in the prior year, primarily due to voluntary resignations and retirements not replaced. Newsprint expense for FPLP's own publications remained at relatively the same level compared to the prior year. Newsprint expense for commercial use decreased by $0.1 million, due primarily to lower volumes from the loss of the Metro contract. Delivery expenses for the three months ended September 30, 2018 decreased by $0.3 million or 7.9%, primarily due to the cost savings related to the initiatives implemented to improve delivery route efficiency in addition to fewer printed copies being delivered.

EBITDA[1] for the three and nine months ended September 30, 2018 was $1.1 million and $3.8 million compared to $1.4 million and $5.8 million for the same periods last year, a decrease of 19.5% and 33.7%, respectively. EBITDA[1] margin for the three and nine months ended September 30, 2018 was 6.9% and 7.8%, compared to 8.1% and 10.7% in the same periods last year. The changes in EBITDA[1] were due to the revenue and operating expense paragraphs above.

FPLP's net earnings were $0.1 million for the three months ended September 30, 2018 and the net loss was $5.4 million for the nine months ended September 30, 2018, compared to net earnings of $0.3 million and $2.6 million for the same periods last year. Excluding the $6.4 million impairment charge relating to goodwill and intangible assets recorded in the second quarter of 2018, FPLP's net earnings were $0.1 million and $0.9 million for the three and nine months ended September 30, 2018.

Outlook

As mentioned above, the third quarter revenue declines were not as severe as we experienced in the first two quarters and this improvement has continued so far into the fourth quarter.

On December 10, 2018 unionized Brandon Sun employees will vote on the extension of the existing collective agreement from December 31, 2018 to December 31, 2019.

During Winnipeg Free Press collective bargaining sessions held in 2017 it was agreed that an eight percent salary reduction (four percent for employees hired after June 30, 2013) would be triggered if free cash, as defined during the negotiations and calculated quarterly on a trailing twelve month basis, falls below a threshold level of $0.8 million. The free cash calculation for the twelve months ending September 30, 2018 was $0.7 million.

On November 21 the federal government in its fiscal economic update committed to an estimated $595 million over the next five years in subsidies to Canadian Media. The announcement broadly outlined three specific areas of assistance. The government is proposing a non-refundable 15 percent tax credit for subscriptions to Canadian digital news media designed as a temporary measure to help legacy media's transition to digital offerings. News organizations would also be eligible for a refundable tax credit to support labour costs associated with producing original news content covering both non and for profit companies. The third measure would allow newsrooms to receive charitable donations and issue tax receipts which would apply to non-profit journalism organizations that produce a variety of news and information of interest to Canadians. While it is not possible to estimate the potential size or timing of benefits FPLP could receive under these new programs, the announcement is a significant development and is an important recognition of the value of journalism in communities across Canada.

Additional Information

Additional information including financial statements and management's discussion and analysis can be found on the Company's website at www.fpnewspapers.com or on SEDAR at www.sedar.com.

Caution Regarding Forward-looking Statements

Certain statements in this news release may constitute forward-looking statements within the meaning of applicable securities laws. All statements other than statements of historical fact are forward-looking statements. These statements include but are not limited to statements regarding management's intent, belief or current expectations with respect to market and general economic conditions, future costs and operating performance. Generally, but not always, forward-looking statements will be indicated by words such as "may", "will", "intend", "anticipate", "expect", "believe", "plan", "is budgeting for" or similar terminology.

Forward-looking statements are subject to known and unknown risks and uncertainties that may cause the actual results, performance or achievements of FPI or FPLP, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited to, the current general economic uncertainty, FPLP's ability to effectively manage growth and maintain its profitability, FPLP's ability to operate in a highly competitive industry, FPLP's ability to compete with other forms of media, FPLP's ability to attract advertisers, FPLP's reliance upon key personnel, FPLP's relatively high fixed costs, FPLP's dependence upon particular advertising customer segments, indebtedness incurred in making acquisitions, the availability of financing for capital improvements, the availability of an extension on refinancing of FPLP's term loan facilities, costs related to capital expenditures, cyclical and seasonal variations in FPLP's revenues, the risk of acts of terrorism, the cost of newsprint, the potential for labour disruptions, the risk of equipment failure, and the effect of Canadian tax laws. Additional information about these and other factors is discussed in our Annual Management Discussion and Analysis dated March 8, 2018 which is available at www.sedar.com.

In addition, although the forward-looking statements contained in this news release are based upon assumptions that management of FPI and FPLP believe to be reasonable, such assumptions may prove to be incorrect.

Forward-looking statements speak only as of the date hereof and, except as required by law, FPI and FPLP assume no obligation to update or revise them to reflect new events or circumstances. Because forward-looking statements are inherently uncertain, readers should not place undue reliance on them.

About FPI

FPI owns securities entitling it to 49% of the distributable cash of FP Canadian Newspapers Limited Partnership ("FPLP"). FPLP owns the Winnipeg Free Press, the Brandon Sun, and their related businesses, as well as the Canstar Community News division, the publisher of six community newspapers in the Winnipeg region, The Carillon in Steinbach with its related commercial printing operations and the Carberry News Express weekly publication. The Winnipeg Free Press publishes six days a week for delivery to subscribers and single copy sales, and publishes a single copy edition on Sundays. Vividata, a third party research firm, which measures newspaper readership across Canadian markets, estimates that weekly 78% of all Winnipeg adults read the print or digital edition of the Winnipeg Free Press. The Brandon Sun publishes six days a week, serving the region with an average circulation of approximately 10,050 copies. Canstar Community News publishes weekly with an average circulation of approximately 200,000 copies. The businesses employ approximately 410 full-time equivalent people in Winnipeg, Brandon, Steinbach and Carberry, Manitoba. Further information can be found at www.fpnewspapers.com and in disclosure documents filed by FP Newspapers Inc. with the securities regulatory authorities, available at www.sedar.com.

Non-IFRS financial measures

(1) EBITDA

FPLP believes that in addition to net earnings as reported on FPLP's interim condensed consolidated statements of earnings, EBITDA is a useful supplemental measure as it is a measure used by many of FPLP's Unitholders, creditors and analysts as a proxy for the amount of cash generated by FPLP's operating activities and is not a recognized measure of financial performance under IFRS. Investors are cautioned that EBITDA should not be construed as an alternative to net earnings determined in accordance with IFRS as an indicator of FPLP`s performance. FPLP's method of calculating EBITDA may differ from that used by other issuers and, accordingly, EBITDA as calculated by FPLP may not be comparable to similar measures used by other issuers. FPLP's method of calculating EBITDA is detailed in the Management's Discussion and Analysis for the quarter ended September 30, 2018 on FPI's website www.fpnewspapers.com or on SEDAR at www.sedar.com.

For further information please contact:

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FP Newspapers Inc.

Condensed Statements of Earnings (Loss) and Comprehensive (Loss)

(unaudited, in thousands of Canadian dollars except per share amounts)

	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Equity interest from FP Canadian Newspapers Limited Partnership Class A limited partner units	$ 64	$ 149	$ 444	$ 1,256
Write-down of investment in FP Canadian Newspapers Limited Partnership Class A limited partner units	-	-	(3,112)	-
Administration expenses	(30)	(39)	(114)	(104)
Other income	1	1	3	1
Net earnings (loss) before income taxes	35	111	(2,779)	1,153
Current income tax (expense) recovery	(3)	28	(92)	(147)
Deferred income tax (expense) recovery	(10)	(68)	346	(183)
Net earnings (loss) for the period	**$ 22**	**$ 71**	**$ (2,525)**	**$ 823**
Items that will not be reclassified to net earnings:				
Equity interest of other comprehensive earnings (loss) from FP Canadian Newspaper Limited Partnership	384	356	758	(705)
Deferred income tax (expense) recovery	(104)	(96)	(205)	191
Comprehensive earnings (loss) for the period	**$ 302**	**$ 331**	**$ (1,972)**	**$ 309**
Weighted average number of Common Shares outstanding	3,902,592	3,902,592	3,902,592	3,902,592
Net earnings (loss) per share – basic and diluted	$ 0.003	$ 0.010	$ (0.366)	$ 0.119

FP Canadian Newspapers Limited Partnership

Condensed Consolidated Statements of Income (Loss) and Statements of Comprehensive Income (Loss)

(unaudited, in thousands of Canadian dollars)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	**2017**	**2018**	**2017**
Revenue				
Print advertising	$ 8,318	$ 9,017	$ 26,829	$ 30,174
Circulation	6,208	6,166	18,178	18,372
Commercial printing	789	1,029	2,421	3,199
Digital	487	529	1,519	1,629
Promotion and services	123	152	423	532
TOTAL REVENUE	15,925	16,893	43,370	53,906
Operating expenses				
Employee compensation	7,329	7,695	22,588	23,502
Newsprint and other paper	1,398	1,449	4,309	4,555
Delivery of newspapers	2,970	3,226	9,205	9,796
Other	3,050	3,119	9,328	9,980
Depreciation and amortization	710	774	2,173	2,353
Restructuring charge	82	42	111	301
Operating income before impairment	386	588	1,656	3,419
Impairment of goodwill and intangible assets	-	-	(6,350)	-
OPERATING INCOME (LOSS)	386	588	(4,694)	3,419
Other income	27	26	73	67
Finance costs	(281)	(309)	(822)	(923)
NET INCOME (LOSS) FOR THE PERIOD	$ 132	$ 35	$ (5,443)	$ 2,563
Items that will not be reclassified to net earnings:				
Remeasurements for defined benefit pension plan	783	727	1,546	(1,439)
COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$ 915	$ 1,032	$ (3,897)	$ 1,124