NEWS RELEASE

FP Newspapers Inc. reports fourth quarter 2018 results

Winnipeg, April 17, 2019 – FP Newspapers Inc. ("FPI") announces financial results for the quarter ended December 30, 2018. FPI owns securities entitling it to 49% of the distributable cash of FP Canadian Newspapers Limited Partnership ("FPLP").

Fourth quarter operating results of FPI

FPI reported net earnings of $0.6 million for the three months ended December 30, 2018, compared to net earnings of $0.4 million for the same period in 2017, excluding the $2.9 million non-cash write-down of the equity investment in FPLP in 2017.

Fourth quarter operating results of FPLP

FPLP's revenue for the three months ended December 31, 2018 was $17.7 million, a decrease of $0.4 million or 2.2% from the same three months in the prior year. Print advertising revenues for the three months ended December 31, 2018 were $9.9 million, a 4.2% decrease compared to the same quarter last year. FPLP's largest print advertising revenue category, display advertising including colour, was $5.4 million, a decrease of $0.4 million or 6.8% from the same period in the prior year, primarily due to decreased spending in the local and national automotive and retail categories. Classified advertising revenues for the fourth quarter decreased by $0.1 million or 4.8% compared to the same period last year, primarily due to a decrease in the real estate and employment categories, partially offset by an increase in obituary revenues. Flyer distribution revenues for the fourth quarter were slightly higher by 1.1% compared to the same period last year, primarily due to slightly higher average rates, partly offset by a small decrease in flyer volumes.

Circulation revenues for the fourth quarter increased by $0.2 million or 3.3%, from the same period last year, due to increased revenue from higher print subscription rates and new digital subscription revenues from the Winnipeg Free Press digital offerings, offsetting lower print unit sales. Commercial services revenues decreased by $0.2 million, primarily attributable to the loss of the Metro printing contract in November of 2017. Digital advertising revenues for the fourth quarter increased by $0.1 million or 15.8% compared to the same period last year, primarily due to an increase in on-line web ad revenues and mobile ad revenues.

Operating expenses for the three months ended December 31, 2018 were $15.9 million, a $0.7 million or 4.0% decrease from the same quarter last year. Employee compensation costs, excluding restructuring charges, for the fourth quarter decreased by $0.2 million or 2.3%, primarily the result of lower staff levels at all business units. Delivery costs decreased by $0.2 million or 6.6% primarily due to cost savings related to the initiatives implemented to improve delivery route efficiency in addition to fewer printed copies being delivered. Other expenses decreased by $0.2 million or 5.2%, primarily due to the expiration of a major sponsorship.

EBITDA[1], excluding the goodwill impairment charge, for the three months ended December 31, 2018 was $2.5 million, an increase of $0.2 million or 9.6% from the same period last year. EBITDA[1] margin, excluding the goodwill impairment charge, for the three months ending December 31, 2018 was 13.9%, compared to 12.4% in the same period last year.

FPLP's net earnings were $1.5 million for the three months ended December 31, 2018, compared to $1.2 million for the same period last year, excluding a $6.0 million goodwill impairment charge.

Twelve month operating results of FPI

Revenue for the year ended December 30, 2018 was $1.2 million compared to $1.9 million in 2017. The decrease was primarily the result of lower equity earnings from FPI's investment in FPLP. A non-cash write-down of $3.1 million was recorded in the twelve months ended December 31, 2018, based on FPI's determination that its 49% equity investment in FPLP was impaired, primarily due to continued declines in revenue and earnings experienced by FPLP. For similar reasons, in 2017 FPI recorded a non-cash write-down of $2.9 million in its equity investment in FPLP. The write-downs resulted in a net loss of $2.0 million for the year ended December 30, 2018 compared to a net loss of $1.7 million for the year ended December 30, 2017. Excluding the non-cash write-downs of the equity investment in FPLP, FPI reported net earnings of $1.1 million for the year ended December 30, 2018, compared to net earnings of $1.2 million for 2017. The decrease in net earnings is primarily due to a decrease in the equity share of the net earnings of FPLP, with details of this decline disclosed in the FPLP section of this report. For the year ended December 30, 2018, FPI recorded a current income tax expense of $0.2 million and a deferred income tax recovery of $0.3 million compared to a current income tax expense of $0.3 million and a deferred income tax expense of $0.2 million in 2017. Other comprehensive income for 2018 was $0.2 million compared to other comprehensive loss of $0.9 million in 2017. The change in other comprehensive income (loss) results from FPI's equity share of FPLP's recognition of remeasurements gains and losses related to its defined benefit pension plan.

Twelve month operating results of FPLP

FPLP's revenue for the twelve months ended December 31, 2018 was $67.0 million, a decrease of $4.9 million or 6.9% from the prior year. Print advertising revenues for the year ended December 31, 2018 were lower by $3.8 million or 9.3% compared to last year. FPLP's largest print advertising revenue category, display advertising including colour, was $19.4 million, a decrease of $3.0 million or 13.2% from the prior year, primarily due to decreased spending in the local and national automotive, travel and retail categories. Classified advertising revenues for the 2018 year decreased by $0.2 million or 2.5% compared to last year, primarily due to lower spending in the employment and real estate categories, partly offset by an increase in the obituary category. Flyer distribution revenues were $11.3 million, a decrease of $0.7 million or 5.6% from 2017, primarily due to a decrease in flyer volumes, partly offset by slightly higher rates.

Circulation revenues for the year ended December 31, 2018 remained at relatively the same level compared to 2017 as a result of continued decreases in unit sales offset by higher prices. Commercial services revenues decreased by $1.0 million, primarily attributable to the loss of the Metro printing contract at the end of November 2017. Digital advertising revenues for 2018 remained at relatively the same level compared to 2017. Other revenue decreased by $0.2 million or 21.2% compared to last year primarily as a result of lower prices for recycled newsprint.

Operating expenses for the year ended December 31, 2018 were $63.6 million, a $3.4 million or 5.1% decrease from last year. Employee compensation costs, excluding restructuring charges, for the year decreased by $1.1 million or 3.5%, primarily due to a reduction in the number of employees across all of our business units. Restructuring charges for the year ending December 31, 2018 were $0.1 million, $0.2 million lower than the prior year and represented voluntary and involuntary severance payments for employees. Newsprint expense for FPLP's own publications for the year remained at relatively the same level as 2017 with higher average prices offset by continued lower usage from fewer papers printed. Newsprint expense for commercial use decreased by $0.3 million, primarily due to the loss of the Metro printing contract at the end of November 2017. Delivery costs decreased by $0.8 million or 6.2% primarily due to cost savings related to the initiatives implemented to improve delivery route efficiency, together with savings from lower print circulation units delivered. Other expenses for the year decreased by $0.8 million or 6.2% compared to the prior year, primarily due to the replacement of third party services by internal resources and the expiration of a major sponsorship.

EBITDA(1), excluding goodwill impairment charges, for the year ended December 31, 2018 was $6.3 million compared to $8.0 million in 2017, a decrease of 21.6%. EBITDA(1) margin, excluding the goodwill impairment charge, for the twelve months ended December 31, 2018 was 9.4% compared to 11.1% in 2017.

As a result of continued declines in revenue and earnings, FPLP recorded an aggregate impairment charge relating to its goodwill and intangibles of $6.4 million during the year ended December 31, 2018. Excluding this impairment charge, FPLP's net earnings were $2.4 million for the year ended December 31, 2018, compared to net earnings of $3.8 million in the prior year, excluding the $6.0 million impairment charge relating to goodwill recorded in 2017.

Outlook

REVENUE

While Print advertising revenue declines continued in 2018, the 9.3% decline was an improvement from the declines of 14.2% and 13.7% experienced in 2017 and 2016 respectively. During 2018 we did experience a lower year over year decline in the third and fourth quarters of 5.9% compared to 12.5% in the first 6 months. Overall, print advertising revenues for the first three months of 2019 are showing an 8.5% decline versus the same period last year.

Print and digital circulation revenues, which account for approximately 36% of our overall revenues, are expected to be near 2018 levels as print subscription rate increases are expected to offset the long-term trend of slowly declining print circulation unit sales. We have seen continued increases in Winnipeg Free Press "all Access" digital subscribers who pay $16.99 per month for digital access to our Winnipeg platforms across both desktop and mobile sites and apps. As of February 2019 we have exceeded 9,000 "all access" digital subscribers, an increase of approximately 46% compared to the level at December 31, 2017. The number of print subscribers who have activated their free digital access stands at approximately 26,400 which has increased by about 8% from the December 2017 level. Digital advertising revenues declined slightly in 2018, but for the first two months of 2019 we are showing a 24% increase in this revenue category primarily resulting from improved revenue generating resources added during 2018. Commercial print revenues in 2018 were impacted by the loss of the Metro printing contract at the end of November in 2017 and for 2019 we're planning for this revenue category to be close to 2018 levels.

OPERATING EXPENSES

Employee compensation is our single biggest expense and in 2018 accounted for 49% of our total operating expenses before depreciation and amortization. The Winnipeg collective bargaining agreement ends on June 30, 2019 and the Brandon Sun contract expires on December 31, 2019. The Winnipeg contract includes a general wage reduction if free cash, as defined in the contract, falls below a specified level. At December 31, 2018 this wage reduction was not implemented and with slightly improved overall results during the first quarter of 2019 free cash remains slightly higher than the threshold level and wage reductions have not been implemented. For 2019, excluding the savings from a general wage reduction we are planning for compensation costs to be slightly lower due primarily through non replacement of retiring employees. If a general wage reduction is implemented the estimated quarterly savings is $0.4 million. The collective bargaining agreements covering the unionized employees and delivery carriers at the Winnipeg Free Press ends on June 30, 2019. Management and the union representatives have been meeting regularly to review operational matters since the contract was originally extended in 2017. Formal bargaining meetings to renew the agreement will take place during the second quarter. The collective bargaining agreement covering unionized employees of the Brandon Sun expires on December 31, 2019.

Delivery costs which account for approximately 20% of our operating expenses before depreciation and amortization are expected to decrease by approximately $0.7 million or just under 6% in 2019, primarily due to a continuation of a slow decline in printed circulation copies delivered and cost reductions from stream-lining, consolidation and elimination of delivery routes and depots as opportunities arise across all our businesses.

Newsprint prices, which increased twice in 2018, decreased by approximately 2% effective February 1, 2019. If no further price changes are implemented during the year the 2019 full year price will be approximately 4% higher than the average 2018 price. Reduced volumes are expected resulting primarily from continued declines in printed circulation units resulting in an estimated small full year decline in this expense category.

Continued efforts to reduce expenses are expected to result in a decrease of other expenses in the 3%-5% range. The non-renewal of a large sponsorship agreement which expired on June 30, 2018 together with reduced outside contracted printing costs are two of the major areas contributing to the expected overall decrease in this expense line.

CAPITAL INITIATIVES, FINANCE COSTS AND OTHER ITEMS

Maintenance capital spending for 2019 is being budgeted at $0.2 million, and primarily consists of computer hardware and software upgrades as required.

Finance costs are forecasted to be slightly lower in 2019 primarily resulting from lower principal balances on our term debt. Optional prepayments of principal on our loan agreement have left us with gross debt of $16.5 million at March 22, 2019 which is below the maximum $20 million level at January 31, 2020 as stipulated in the loan agreement. The maximum leverage ratio, as defined in the loan agreement, is 3.0x and the actual leverage ratio at December 31, 2018 was 2.49x.

The Pension Commission of Manitoba completed a review of the province's pension laws and in January 2018 issued a number of recommendations. One of the recommendations is to replace the current solvency funding rules with a regime that requires enhanced going concern funding. Solvency funding would only be required if the plan's solvency ratio is below a threshold level of 85% and solvency funding required only until the solvency ratio has increased to at least the threshold level. The commission reported that reducing solvency funding was seen as a priority since it is placing a significant burden on plan sponsors. As of the most recent plan valuation at December 31, 2017 our defined benefit pension plan had a solvency ratio of 88%. An updated valuation at December 31, 2018 is required to be completed and filed before the end of September 2019. If the solvency valuation remains over 85% and the pension commission's proposals are adopted into law effective with the 2018 valuation, FPLP would see a reduction in the required 2019 funding level of approximately $1.0 million compared to the 2018 actual funding level.

The March 19, 2019 federal budget introduced details on three new measures aimed at providing financial assistance to support Canadian journalism. The journalism tax credit is a 25 percent refundable tax credit on salaries paid to eligible newsroom employees. This tax credit is capped at $13,750 per eligible newsroom employee using an annual wage level of $55,000. This measure will apply to eligible salaries earned in respect of a period on or after January 1, 2019. While the 2019 budget still needs to be formally approved, it's estimated that the financial assistance FPLP would receive under this program at approximately $1.1 million. The second new measure introduced in the budget is a digital subscription tax credit which will allow individuals to claim up to $500 in costs paid for digital subscriptions for a tax credit of $75 annually. This measure will apply on amounts paid after 2019 and before 2025 and for FPLP would save a digital subscriber about two months of their annual digital subscription. The third measure announced in the budget is the adding of registered journalism organizations as qualified donees under the Income tax Act effective January 2020. Registered journalism organizations will be required to be corporations or trusts and to have purposes that exclusively relate to journalism. These organizations will not be permitted to distribute their profits, if any, or allow their income to be available for the personal benefit of certain individuals connected with the organization. Further details of this third measure will need to be released and studied in order for us to determine the potential financial assistance available to FPLP. The budget details an independent panel of experts would be coordinated to assist the Government in implementing the three measures, including recommending eligibility criteria.

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 and in the disclosure documents filed by FP Newspapers Inc. with the securities regulatory authorities available 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", "forecast", "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, 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.

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 performance and the amount of cash generated by FPLP's operating activities. EBITDA 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 other issuers and, accordingly, EBITDA may not be comparable to measures used by other issuers. FPLP's method of calculating EBITDA is detailed in the Management's Discussion and Analysis for the year ended December 31, 2018 on FPI's website www.fpnewspapers.com or on SEDAR at www.sedar.com.

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FP Newspapers Inc.

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

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

	Three Months Ended December 30,		Twelve Months Ended December 30,	
	2018	2017	2018	2017
Equity interest from FP Canadian Newspapers Limited Partnership Class A limited partner units	$ 739	$ 589	$ 1,183	$ 1,845
Write-down of investment in FP Canadian Newspapers Limited Partnership Class A limited partner units	-	(2,940)	(3,112)	(2,940)
Administration expenses	(46)	(19)	(160)	(123)
Other income	1	1	4	2
Net earnings (loss) before income taxes	694	(2,369)	(2,085)	(1,216)
Current income tax (expense)	(134)	(129)	(226)	(277)
Deferred income tax (expense) recovery	-	(25)	346	(207)
Net earnings for the period	**$ 560**	**$ (2,523)**	**$ (1,965)**	**$ (1,700)**
Items that will not be reclassified to net earnings:				
Equity interest of other comprehensive income (loss) from FP Canadian Newspapers Limited Partnership	(431)	(570)	326	(1,276)
Deferred income tax recovery (expense)	116	154	(89)	344
Comprehensive earnings (loss) for the period	**$ 245**	**$ (2,939)**	**$ (1,728)**	**$ (2,632)**
Weighted average number of Common Shares outstanding	6,902,592	6,902,592	6,902,592	6,902,592
Net income (loss) per share	$ 0.081	$ (0.366)	$ (0.285)	$ (0.246)

FP Canadian Newspapers Limited Partnership
Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(unaudited, in thousands of Canadian dollars)

	Three Months Ended December 31,		Twelve months Ended December 31,	
	2018	2017	2018	2017
Revenue				
Print advertising	$ 9,854	$ 10,286	$ 36,683	$ 40,460
Circulation	6,169	5,970	24,347	24,342
Commercial printing	858	1,062	3,279	4,261
Digital advertising	636	550	2,155	2,179
Promotion and services	134	175	557	707
TOTAL REVENUE	$ 17,651	$ 18,043	$ 67,021	$ 71,949
Employee compensation	7,346	7,518	29,934	31,020
Newsprint and other paper	1,539	1,557	5,848	6,112
Delivery	3,049	3,264	12,254	13,060
Other	3,233	3,410	12,561	13,390
Depreciation and amortization	708	764	2,881	3,117
Restructuring charge	28	53	139	354
OPERATING INCOME BEFORE IMPAIRMENT	1,748	1,477	3,404	4,896
Impairment of goodwill and intangible assets	-	(6,000)	(6,350)	(6,000)
OPERATING INCOME (LOSS)	1,748	(4,523)	(2,946)	(1,104)
Other income	29	29	102	96
Finance costs	(269)	(303)	(1,091)	(1,226)
NET INCOME (LOSS) FOR THE YEAR	**$ 1,508**	**$ (4,797)**	**$ (3,935)**	**$ (2,234)**
Items that will not be reclassified to net earnings:				
Remeasurements for defined benefit pension plan	(880)	(1,165)	666	(2,604)
COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	**$ 628**	**$ (5,962)**	**$ (3,269)**	**$ (4,838)**