NEWS RELEASE

FP Newspapers Inc. reports first quarter 2019 results

Winnipeg, May 28, 2019 – FP Newspapers Inc. ("FPI") announces financial results for the quarter ended March 31, 2019. FPI owns securities entitling it to 49% of the distributable cash of FP Canadian Newspapers Limited Partnership ("FPLP").

First quarter operating results of FPI

FPI reported income of $0.1 million for the three months ended March 31, 2019, compared to a net loss of $0.1 million for the same period last year.

First quarter operating results of FPLP

FPLP's revenue for the three months ended March 31, 2019 was $15.5 million, a decrease of $0.6 million or 3.6% from the same three months in the prior year. FPLP's print advertising revenues for the three months ended March 31, 2019 were $8.0 million, a $0.8 million or 9.0% decrease compared to the same period last year. FPLP's largest advertising revenue category, display advertising including colour, was $4.3 million, a decrease of $0.3 million or 6.4% from the same period in the prior year, primarily due to decreased spending in the local and national automotive and retail categories, partially offset by an increase in the telecommunications category. Classified advertising revenues for the first quarter decreased by $0.2 million or 12.8% compared to the same period last year, primarily due to lower spending in the obituary, employment and real estate categories. Flyer distribution revenues decreased by $0.2 million or 8.8% compared to the first quarter in 2018, primarily due to a decrease in flyer volumes delivered.

Circulation revenue increased by $0.1 million or 2.4% compared to the same quarter last year, primarily due to an increase in print subscription prices and increased digital subscription revenue. Digital advertising revenues were $0.6 million, an increase of $0.1 million or 27.0% compared to the first quarter of 2018, primarily due to increased digital design services revenues and revenues from web ads and mobile ads.

Operating expenses for the three months ended March 31, 2019 were $15.0 million, a decrease of $0.9 million or 5.6% compared to the same quarter last year. Employee compensation costs for the first quarter decreased by $0.4 million or 5.0% from the same period in the prior year, primarily due to a reduction in the number of employees across most of our business units. Newsprint expense for FPLP's own publications for the first quarter decreased by $0.1 million or 3.2% compared to the same period in the prior year, primarily due to lower printing volumes, partly offset by higher newsprint prices. Delivery expenses for the three months ended March 31, 2019 decreased by $0.3 million or 10.2%, primarily due to a lower number of circulation subscriptions delivered and initiatives implemented to improve delivery route efficiency. Other expenses for the three months ended March 31, 2019 decreased by $0.1 million, primarily due to the expiration of a major sponsorship agreement.

EBITDA(1) for the three months ended March 31, 2019 was $1.2 million compared to $0.9 million for the same period last year, an increase of 32.0%. EBITDA(1) margin for the three months ended March 31, 2019 was 7.6%, compared to 5.5% in the same period last year. The changes in EBITDA(1) were due to the factors described above.

Finance costs for the three months ended March 31, 2019 decreased slightly, primarily due to the lower level of debt outstanding.

FPLP's net income was $0.2 million for the three months ended March 31, 2019, compared to net loss of $0.1 million for the same period last year.

Outlook

We expect the long term trend of lower print advertising revenues to continue. To date in the second quarter we have seen print advertising revenues at slightly better year-over-year levels than we experienced in the first quarter.

In May management and the union representing the unionized employees of the Winnipeg Free Press and Canstar Community News and the unionized delivery agents of the Winnipeg Free Press completed the negotiation of the collective bargaining agreements that were scheduled to end on June 30 2019. A ratification vote for the two year agreement that will run to June 30, 2021 is scheduled for June 1, 2019. The negotiated extension terms would see wage rates unchanged from existing levels and cooperation between the union and management at exploring the option of transferring the defined benefit pension plan to a multi-employer plan with fixed maximum company contributions going forward. The contingent wage reduction language that was negotiated in the 2017 renewal remains in place. Under this agreement, if free cash (as defined in the agreement) falls below $0.8 million for a rolling 12 month period an 8% wage reduction would apply for the majority of employees, with newer employees hired on a reduced compensation grid subject to a 4% wage reduction.

We continue to wait for further details with respect to the federal government support for journalism programs previously announced in the 2019 budget. Bob Cox provided expert testimony at budget committee hearings in May and we're hopeful that the industry will get further clarification on the support programs in the coming months.

On April 29 the owners of the Westman Journal in Brandon announced its closure. The publication which began as an independent weekly free publication in 2002 was purchased by Glacier Media in 2004.

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 April 17, 2019, 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 62% 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 7,600 copies. Canstar Community News publishes weekly with an average circulation of approximately 200,000 copies. The businesses employ approximately 370 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 March 31, 2019 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 Income (Loss) and Comprehensive Income (Loss)

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

	Three Months Ended March 31,	
	2019	**2018**
Equity interest from FP Canadian Newspapers Limited Partnership Class A limited partner units	$ 120	$ (54)
Administration expenses	(36)	(38)
Other income	1	1
Net income (loss) before income taxes	85	(91)
Current income tax (expense)	(33)	(3)
Deferred income tax recovery	2	10
Net income (loss) for the period	**$ 54**	**$ (84)**
Items that will not be reclassified to net income:		
Equity interest of other comprehensive income (loss) from FP Canadian Newspapers Limited Partnership	385	(56)
Deferred income tax (expense) recovery	(103)	15
Comprehensive income (loss) for the period	**$ 336**	**$ (125)**
Weighted average number of Common Shares outstanding	6,902,592	6,902,592
Net income (loss) per share	$ 0.008	$ (0.012)

FP Canadian Newspapers Limited Partnership

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

(unaudited, in thousands of Canadian dollars)

	Three Months Ended March 31,	
	2019	**2018**
Revenue		
Print Advertising	$ 8,017	$ 8,811
Circulation	5,884	5,746
Commercial Printing	839	866
Digital	602	474
Promotion and services	151	173
TOTAL REVENUE	15,493	16,070
Operating expenses		
Employee compensation	7,261	7,639
Newsprint and other paper	1,315	1,388
Delivery	2,720	3,030
Other	3,026	3,121
Depreciation and amortization	721	748
Restructuring charge	-	5
OPERATING INCOME	450	139
Interest income	16	21
Finance costs	(222)	(270)
NET INCOME (LOSS) FOR THE PERIOD	$ 244	$ (110)
Items that will not be reclassified subsequently to net earnings (loss):		
Remeasurements for defined benefit pension plan	786	(114)
COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	**$ 1,030**	**$ (224)**