NEWS RELEASE

FP Newspapers Inc. reports first quarter 2018 results

Winnipeg, May 17, 2018 – FP Newspapers Inc. (“FPI”) announces financial results for the quarter ended March 31, 2018. 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 a net loss of $0.1 million for the three months ended March 31, 2018, compared to net earnings of $0.2 million for the same period last year.

First quarter operating results of FPLP

FPLP’s revenue for the three months ended March 31, 2018 was $16.1 million, a decrease of $2.1 million or 11.8% from the same three months in the prior year. FPLP’s print advertising revenues for the three months ended March 31, 2018 were $8.8 million, a $1.5 million or 14.7% decrease compared to the same period last year. FPLP’s largest advertising revenue category, display advertising including colour, was $4.6 million, a decrease of $1.2 million or 20.7% from the same period in the prior year, primarily due to decreased spending in the local and national automotive, financial, travel and telecommunications categories. Classified advertising revenues for the first quarter increased by less than $0.1 million or 2.6% compared to the same period last year, primarily due to higher spending in the obituary category, partly offset by reduced spending in the employment category. Flyer distribution revenues decreased by $0.4 million or 11.9% compared to the first quarter in 2017, primarily due to a decrease in flyer volumes delivered.

Operating expenses for the three months ended March 31, 2018 were $15.9 million, a decrease of $1.4 million or 7.9% compared to the same quarter last year. Employee compensation costs for the first quarter decreased by $0.4 million or 4.7% 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 6.0% 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, 2018 decreased by $0.2 million or 6.8%, 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, 2018 decreased by $0.4 million, primarily due to a declining use of production supplies as a result of fewer printed pages and fewer printed copies.

EBITDA(1) for the three months ended March 31, 2018 was $0.9 million compared to $1.7 million for the same period last year, a decrease of 47.9%. EBITDA(1) margin for the three months ended March 31, 2018 was 5.5%, compared to 9.4% in the same period last year.

FPLP’s net loss was $0.1 million for the three months ended March 31, 2018, compared to net income of $0.6 million for the same period last year.

Outlook

We expect the long term trend of lower advertising revenues will continue. Early into the second quarter advertising revenue declines aren’t quite as steep as was experienced in the first quarter. Professional hockey playoff runs for both the Winnipeg Jets and the Manitoba Moose have created a buzz throughout the province and could provide some stimulus for advertising revenue improvements. In efforts to partially offset expected future advertising revenue declines a circulation rate increase was implemented in the second quarter for home delivered customers of the Winnipeg Free Press and Brandon Sun.

The preliminary actuarial results for our defined benefit pension plan were received and on a solvency funding basis the plan has improved from 83.3% at December 31, 2016 to 88.0% at December 31, 2017. Overall 2018 pension funding requirements in 2018 will be $0.5 million lower than the prior year. Funding for current service costs will be lower by $0.2 million due to lower employee levels and special payments for prior years funding deficiencies will be $0.3 million lower as a result of the improvement in the solvency funding levels. The Province of Manitoba continues to review pension funding regulations and has indicated they expect to release new funding regulations later this year. If the new regulations are consistent with the recommendation for reforms issued by the government in January, special payments for solvency funding would only be required if the plan's solvency ratio was below a threshold level of 85%. Total solvency deficiency special payments in 2018, under the current regulations, will be approximately $1.0 million.

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. If revenue trends experienced during the first quarter continue and offsetting expense reduction initiatives are not sufficient, the salary reduction could be triggered at the start of a future quarter in 2018. The estimated annualized savings in expenses if these reductions are required to be implemented is $1.9 million. During the second quarter of 2018 management will be negotiating the Winnipeg carrier collective agreement, which expires on June 30, 2018 and the Brandon Sun employee agreement, which expires on December 31, 2018.

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 March 31, 2018 on FPI's website www fpnewspapers.com or on SEDAR at www.sedar.com.

For further information please contact:

Daniel Koshowski, CFO
FP Newspapers Inc.
Phone (204) 771-1897

FP Newspapers Inc.

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

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

	Three Months Ended March 31, 2018	2017
Equity interest (loss) from FP Canadian Newspapers Limited Partnership Class A limited partner units	$ (54)	$ 305
Administration expenses	(38)	(30)
Other income	1	-
Net (loss) income before income taxes	(91)	275
Current income tax (expense)	(3)	(16)
Deferred income tax recovery (expense)	10	(73)
Net (loss) earnings for the period	**$ (84)**	**$ 186**
Items that will not be reclassified to net income:		
Equity interest of other comprehensive (loss) income from FP Canadian Newspapers Limited Partnership	(56)	10
Deferred income tax recovery (expense)	15	(2)
Comprehensive (loss) income for the period	**$ (125)**	**$ 194**
Weighted average number of Common Shares outstanding	6,902,592	6,902,592
Net (loss) earnings per share – basic and diluted	$ (0.012)	$ 0.027

FP Canadian Newspapers Limited Partnership

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

(unaudited, in thousands of Canadian dollars)

	Three Months Ended March 31,	
	2018	**2017**
Revenue		
Print Advertising	$ 8,811	$ 10,332
Circulation	5,746	5,982
Commercial Printing	866	1,134
Digital	474	572
Promotion and services	173	198
TOTAL REVENUE	16,070	18,218
Operating expenses		
Employee compensation	7,639	8,016
Newsprint and other paper	1,388	1,538
Delivery	3,030	3,252
Other	3,121	3,520
Depreciation and amortization	748	791
Restructuring charge	5	188
OPERATING INCOME	139	913
Interest income	21	21
Finance costs	(270)	(313)
NET EARNINGS (LOSS) FOR THE PERIOD	$ (110)	$ 621
Items that will not be reclassified subsequently to net earnings:		
Remeasurements for defined benefit pension plan	(114)	20
COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	**$ (224)**	**$ 641**