NEWS RELEASE

FP Newspapers Inc. reports third quarter 2019 results

Winnipeg, November 21, 2019 – FP Newspapers Inc. ("FPI") announces financial results for the quarter ended September 30, 2019. 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 $0.1 million for the three months ended September 30, 2019 and less than $0.1 million for the same period in 2018. The small increase in net earnings is primarily due to a increase 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, 2019 was $15.1 million, a decrease of $0.8 million or 5.0% from the same three months in the prior year. FPLP's print advertising revenues for the three months ended September 30, 2019 were $7.6 million, a $0.8 million or 9.1% decrease compared to the same period last year. FPLP's largest advertising revenue category, display advertising including colour, was $3.7 million, a decrease of $0.5 million or 11.8% from the same period in the prior year, primarily due to decreased spending in the local and national automotive, national retail, government and arts and entertainment categories. Classified advertising revenues for the third quarter decreased by $0.1 million or 5.8% compared to the same period last year, primarily due to lower spending in the real estate and employment categories, partly offset by higher revenues in the obituary category. Flyer distribution revenues decreased by $0.2 million or 6.7% compared to the third quarter in 2018, primarily due to a decrease in flyer volumes, partially offset by slightly higher rates.

Circulation revenues for the three months ended September 30, 2019 were unchanged from the third quarter of 2018, primarily due to an increase in print subscription prices and increased digital subscription revenue, offset by decreases in print unit sales. Digital advertising revenues and commercial services revenue remained at relatively the same level as the same three months of 2018.

Operating expenses for the three months ended September 30, 2019 were $14.6 million, a decrease of $0.9 million or 6.1% compared to the same quarter last year. Employee compensation costs for the third quarter decreased by $0.3 million or 4.7% from the same period in the prior year, primarily due to a $0.3 million tax credit for the third quarter from the federal government's previously announced support for Canadian journalism as well as staff reductions from voluntary resignations and retirements. Newsprint expense for FPLP's own publications for the third quarter decreased by $0.2 million or 16.4% compared to the same period in the prior year, primarily due to lower printing volumes and a decrease in newsprint prices in July 2019. Newsprint for commercial use increased by 10.5% due to higher prices of specialized paper, partially offset by lower volumes. Delivery expenses for the three months ended September 30, 2019 decreased by $0.2 million or 8.3%, primarily due to the cost savings related to the initiatives implemented to improve delivery route efficiency. Other expenses decreased by $0.1 million or 4.1%.

EBITDA(1) for the three and nine months ended September 30, 2019 was $1.2 million and $5.0 million compared to $1.1 million and $3.8 million for the same periods last year, an increase of 13.1% and 31.8%, respectively. EBITDA(1) margin for the three and nine months ended September 30, 2019 was 15.5% and 11.7%, compared to 6.9% and 7.8% in the same periods last year. The changes in EBITDA(1) were due to the revenue and operating expense paragraphs above.

FPLP's net income was $0.4 million and $2.3 million for the three and nine months ended September 30, 2019, compared to net income of $0.1 million and a net loss of $5.4 million for the same periods last year. Excluding the $6.4 million impairment charge relating to goodwill and intangible assets in the second quarter of 2018, FPLP's net income was $0.1 million and $0.9 million for the three and nine months ended September 30, 2018.

Outlook

Advertising revenues in the third quarter were slightly lower than levels experienced during the first half of the year. So far into the fourth quarter advertising revenues are declining at a faster level than we experienced in the first nine months of the year. The major contributing factor for the decrease is lower print display advertising from a few large national customers.

In the third quarter, FPLP entered into a Memorandum of Agreement to merge its defined benefit pension plan with the Colleges of Applied Arts and Technology ("CAAT") Pension Plan. The defined benefit active, retired and former members of the plan will vote on the proposed merger with the voting period closing on December 29, 2019. If members vote in favour of merging with the CAAT plan it will be effective January 1, 2020. The CAAT plan is an Ontario registered jointly sponsored pension plan with in excess of $10.8 billion of total assets. The CAAT plan has determined, based on its valuation methodology, the assets of the FPLP plan would exceed the obligations being assumed by approximately $1.1 million. The final transfer of assets to the CAAT plan and any related amendments to effect this arrangement is subject to formal approval by the Ontario and Manitoba provincial pension regulators. Once regulatory approval is received the total assets in the FPLP plan would be transferred to the CAAT plan and the excess would be used to subsidize both the employees and employer future contributions. The excess assets will be shared in the same ratio as the total contributions to the FPLP plan have been shared since inception of the plan in 2001, which have been 70% employer and 30% employees. Going forward under the CAAT plan funding formula the employer and employees will each contribute 5% of pensionable earnings after the temporary subsidy from the excess assets is used. The employer contributions to the FPLP plan for 2019 are expected to be $1.1 million (7.01% of pensionable earnings) for current service and $1.4 million for past service funding. The past service funding under the existing FPLP plan would be eliminated entirely under the CAAT plan.

FPLP is continuing to work on completing a debt renewal agreement and will issue a news release with the relevant details once it is finalized.

As a result of continued small operating losses the decision was made to close the Carberry News Express with the final edition scheduled for December 23.

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 64% 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, and Steinbach 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, 2019 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 Income (Loss) and Comprehensive Income (Loss)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	**2018**	**2019**	**2018**
Equity interest from FP Canadian Newspapers Limited Partnership Class A limited partner units	$ 176	$ 64	$ 1,146	$ 444
Write-down of investment in FP Canadian Newspapers Limited Partnership Class A limited partner units	-	-	-	(3,112)
Administration expenses	(46)	(30)	(120)	(114)
Other income	1	1	4	3
Net income (loss) before income taxes	131	35	1,030	(2,779)
Current income tax recovery (expense)	(6)	(3)	(180)	(92)
Deferred income tax (expense) recovery	(58)	(10)	(93)	346
Net income (loss) for the year	**$ 67**	**$ 22**	**$ 757**	**$ (2,525)**
Items that will not be reclassified to net income (loss):				
Equity interest of other comprehensive income (loss) from FP Canadian Newspapers Limited Partnership	4	384	(962)	758
Deferred income tax (expense) recovery	(1)	(104)	260	(205)
Comprehensive income (loss) for the year	**$ 70**	**$ 302**	**$ 55**	**$ (1,972)**
Weighted average number of Common Shares outstanding	6,902,592	6,902,592	6,902,592	6,902,592
Net income (loss) per share – basic and diluted	$ 0.010	$ 0.003	$ 0.110	$ (0.366)

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, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Revenue				
Print advertising	$ 7,559	$ 8,318	$ 24,654	$ 26,829
Circulation	6,215	6,208	18,341	18,178
Commercial printing	763	789	2,514	2,421
Digital advertising	465	487	1,693	1,519
Promotion and services	127	123	391	423
TOTAL REVENUE	15,129	15,925	47,593	49,370
Employee compensation	6,986	7,329	21,036	22,588
Newsprint and other paper	1,216	1,398	3,941	4,309
Delivery	2,723	2,970	8,297	9,205
Other	2,924	3,050	9,194	9,328
Depreciation and amortization	708	710	2,144	2,173
Restructuring charge	40	82	80	111
Operating income before impairment	532	386	2,901	1,656
Impairment of goodwill and intangible assets	-	-	-	(6,350)
OPERATING INCOME (LOSS)	532	386	2,901	(4,694)
Other income	12	27	40	73
Finance costs	(184)	(281)	(602)	(822)
NET INCOME (LOSS) FOR THE PERIOD	$ 360	$ 132	$ 2,339	$ (5,443)
Items that will not be reclassified to net earnings:				
Remeasurements for defined benefit pension plan	9	783	(1,964)	1,546
COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	**$ 369**	**$ 915**	**$ 375**	**$ (3,897)**