



PRESS RELEASE

May 12, 2016

Red Deer, Alberta, May 12, 2016 – Gamehost Inc. (TSX: GH)

## **GAMEHOST ANNOUNCES FIRST QUARTER 2016 FINANCIAL RESULTS**

### **To Our Shareholders**

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Management and Directors of Gamehost Inc. (the "Company") present results for the three months ended March 31, 2016 (the "Quarter").

#### **Just the Facts**

Total operating revenues for the Quarter were down \$1.7 million or 8.6% to \$18.1 million compared to \$19.8 million in the same quarter of 2015. Earnings before interest, taxes, depreciation and amortization ("EBITDA") that is attributable to shareholders of the Company ("EBITDA to Shareholders") was down \$1.0 million or 12.3% to \$7.1 million compared to \$8.1 million in the same quarter of 2015. EBITDA to Shareholders margin declined 1.6 percentage points in the Quarter to 41.3% from 42.9% in year over year comparison.

#### **No Surprises**

Year over year revenue comparisons report declines for all revenue streams and geographical locations. Rooming revenue and then Food & Beverage have been hardest hit. Generally, revenue performance deteriorates as you move north in the province. Year over year for the Quarter, Calgary is down 5.0%, Grande Prairie is down 4.4% and Fort McMurray is down 18%. Though reported comparative results look bleak, they are on track with our 2016 internal assumptions prepared in mid-2015.

#### **Dividend Policy**

In the Company's good old income trust days we paid no tax and issued regular monthly distributions to unitholders of \$0.0733 per trust unit. In 2010, the year of conversion to a corporation (1 trust unit for 1 share), the Company acquired an additional 51% interest in Deerfoot Inn & Casino and issued \$55.0 million in convertible debenture debt. Since those events in 2010, the Company has paid \$18.9 million to repurchase 29% of the 5.1 million shares issued on debenture conversions and a further \$0.8 million to payout the remaining non-converted debentures at their maturity date. Over this same period an additional \$4.2 million has been invested in facility capital maintenance and \$32.6 million has been paid in corporate tax. The Company has maintained a dividend of \$0.0733 per share over the duration of this period while steadily reducing debt/EBITDA from 2.5 : 1 to 1.0 : 1. Management and the Company's board of directors were agreed in subsidizing the dividend, when necessary, by drawing on revolving credit lines for short term periods of turbulence in the economy. The decision to do so has always been fluid and based on the strength of our balance sheet and forward internal operating assumptions prepared in mid-2015. While actual results compared to internal operating assumptions are tracking quite closely, the forward economic landscape is not coming into focus as quickly as we had hoped.

After thoughtful consideration, the Corporation's Board of Directors have determined that a reduction in the Corporation's monthly dividend is prudent. Going forward, the Corporation expects to maintain a more conservative payout ratio. Accordingly, the Board approved a 21.6% reduction to the current annualized dividend rate of \$0.8796 (CDN\$) per common share. The going forward annualized rate of \$0.6900 (CDN\$) per common share will be effective beginning June 2016. The reduction to the dividend will preserve the strength of the Company's balance sheet and provide greater financial flexibility to pursue accretive growth opportunities including acting on a Normal Course Issuer Bid, if and when, share prices do not reflect their underlying value.

## Fort Mac!

Our heartfelt thoughts go out to all of our staff, patrons and friends in the Fort McMurray community. A tragic event that will pass in time. Now we witness the true grit of the people of Fort McMurray and the generosity and compassion of all Albertan's. The period ahead will require a massive rebuilding effort, but we have no doubt the 'Mac' will be back.

## Condensed Interim Consolidated Statements of Comprehensive Income

*In Canadian dollars (millions except  
per share figures)*

	<i>(unaudited)</i>	
	three months ended March 31	
	2016	2015
Operating revenue	\$ 18.1	\$ 19.8
Cost of sales		
Other	(10.0)	(10.5)
Depreciation	(0.5)	(0.5)
	(10.5)	(11.0)
<b>Gross profit</b>	7.6	8.8
Administrative expenses		
Other	(0.7)	(0.9)
Depreciation	(0.4)	(0.4)
	(1.1)	(1.3)
<b>Profit from operating activities</b>	6.5	7.5
Net finance costs	(0.3)	(0.4)
<b>Profit before income taxes</b>	6.2	7.1
Income tax expense	(1.6)	(1.7)
<b>Profit</b>	4.6	5.4
<b>Profit attributable to:</b>		
Shareholders	4.3	5.1
Non-controlling interest	0.3	0.3
	4.6	5.4
<b>Earnings per share</b>		
Basic	\$ 0.17	\$ 0.22
Fully diluted	\$ 0.17	\$ 0.21

**Weighted average number of common shares outstanding**

Basic	24.7	23.6
Fully diluted	24.7	24.7

<b>EBITDA to Shareholders</b>	\$ 7.1	\$ 8.1
<b>EBITDA to Shareholders %</b>	41.3%	42.9%

This press release may contain certain "forward-looking information" or statements within the meaning of applicable securities legislation and may contain words such as "anticipates", "believes", "could", "expects", "indicates", "plans", "withstand", "further" or other similar expressions that suggest future outcomes or events. Forward-looking information is based on the Company's current expectations, estimates, projections and assumptions that were made by the Company in light of its historical trends and other factors. All information or statements, other than statements of historical fact, are forward-looking information including any statements that address expectations related to future economic outcomes or the Company's dividend. Forward-looking statements reflect reasonable assumptions made on the basis of management's current beliefs with information known by management at the time of writing. Many factors could cause actual results to differ from the results discussed in forward-looking statements. Actual results may not be consistent with these forward-looking statements.

Gamehost is a corporation established under the laws of the Province of Alberta. The Company's operations are all located in the Province of Alberta, Canada. Operations of the Company include the Boomtown Casino in Ft. McMurray, the Great Northern Casino, Service Plus Inns & Suites hotel and a strip mall all located in Grande Prairie. The Company also holds a 91% ownership position in Deerfoot Inn & Casino Inc. in Calgary.

These interim consolidated financial results include the accounts of Gamehost Inc. and its subsidiaries; however, they do not include all disclosures normally provided in annual consolidated financial statements and should be read in conjunction with the 2015 annual consolidated financial statements. Further, while the financial figures included in this interim results announcement have been computed in accordance with IFRS applicable to annual periods, this announcement does not contain sufficient information to constitute an interim financial report. The company will file an interim financial report for the interim period ended March 31, 2016. This report will be filed in its entirety, along with historical financial reports on the Company's website at [www.gamehost.ca](http://www.gamehost.ca) and on SEDAR at [www.sedar.com](http://www.sedar.com) along with the Company's other continuous disclosure documents, when they are available.

Gamehost common shares trade on the Toronto Stock Exchange (TSX) under the symbol GH.

For more information, contact:

Craig M. Thomas or,

Darcy J. Will

P (877) 703-4545

F (403) 340-0683

E [info@gamehost.ca](mailto:info@gamehost.ca)