

Newfoundland Capital Corporation Limited



Stingray to Acquire Newfoundland Capital Corporation Limited

Dartmouth, N.S. – May 2, 2018, Newfoundland Capital Corporation Limited (the “Company” or “NCC”) today announced that it has signed a definitive agreement with Stingray Digital Group Inc. (“Stingray”) under which Stingray will acquire all the issued and outstanding shares of the Company. Stingray (TSX: RAY.A, RAY.B) is the world-leading provider of multiplatform music and video services, and digital experiences for pay TV operators, commercial establishments, OTT providers, mobile operators, consumers, and more.

Stingray will acquire all Class A Subordinate Voting Shares and Class B Common Shares of NCC (TSX: NCC.A, NCC.B) for \$14.75 per share payable by a combination of cash and Stingray shares, representing a premium of approximately 16% based on NCC’s volume-weighted average closing share price on the TSX for the last 20 trading days (the “Transaction”). The Transaction is valued at approximately \$506 million (the “Purchase Price”), including the assumption of net debt of approximately \$112 million as at December 31, 2017.

“Today marks the start of an exciting chapter for NCC,” said **Rob Steele, Chairman, President and Chief Executive Officer of NCC**. “By joining forces with Stingray, we are of the view that the synergies will allow our business to move towards even greater success. Together, we have begun to build a solid foundation for Canada’s next great media group. We expect that our combined company will stand out in today’s fiercely competitive market for its world-class talent and complementary service offering. On behalf of NCC’s management and Board of Directors, I am thrilled NCC is joining the Stingray family.”

“This transaction with NCC comes after months of careful review” said **Eric Boyko, President, Co-founder, and Chief Executive Officer of Stingray**. “It represents a considerable milestone for Stingray — positioning us as a major player in the Canadian media landscape — and is a valuable opportunity for our stakeholders. We have found in NCC an established and trusted partner with a proven track record of delivering results in niche markets across the country. I am excited to expand Stingray’s operations into radio broadcasting and bring on board some of Canada’s most popular on-air talent and an experienced sales force, which will help us grow our revenue streams. I look forward to welcoming the NCC team to the Stingray family and collaborating with the current management in place.”

Transaction Details

For each NCC share, shareholders will receive between \$13.17 and \$13.28 in cash with the balance of the price to be paid in Stingray subordinate voting shares (or Stingray variable subordinate voting shares, as applicable). This will result in between 0.15371 and 0.14294 in Stingray shares for each share of NCC owned, based on the total number of NCC shares outstanding at closing. They will also be entitled to receive regular semi-annual dividends in the amount of \$0.25 per share that would be expected to be declared by NCC until closing of the Transaction.

The Transaction will be effected through a plan of arrangement and will be subject to the approval of 66 2/3% of the votes cast by NCC shareholders, voting together as a single class, at a special meeting of NCC shareholders expected to be held in July 2018 (the “Special Meeting”). In addition to NCC shareholder approval, the Transaction is subject to customary closing conditions, including court, Canadian Radio-television and Telecommunications Commission (CRTC) and other regulatory approvals.

The Board of Directors of NCC, having received a unanimous recommendation from a special committee comprised solely of independent directors (the “Special Committee”), has unanimously approved the

Transaction and recommends that NCC shareholders vote in favour of the Transaction. The financial advisor to the Special Committee, Blair Franklin Capital Partners, has provided an opinion to the Board of Directors and the Special Committee to the effect that the consideration to be received by NCC shareholders is fair, from a financial point of view, to such shareholders.

Members of the Steele Family, representing approximately 87% of the outstanding shares and approximately 93% of the voting rights of NCC, have entered into irrevocable support and voting agreements in favour of the Transaction, and a 5 year standstill and voting trust agreement with the Boyko Group for the shares received as consideration in the Transaction. In addition, directors and senior officers of NCC that beneficially own NCC Shares have also entered into support and voting agreements pursuant to which, subject to certain terms and conditions, they have agreed to vote all their NCC Shares in favour of the Transaction at the Special Meeting.

The agreement between Stingray and NCC provides for a non-solicitation covenant on the part of NCC, subject to customary "fiduciary out" provisions, and a right in favour of Stingray to match any superior proposal. If Stingray does not exercise its right to match, Stingray would receive a termination fee of \$12 million should NCC support any superior proposal. A reverse break fee of up to \$12 million would also be payable by Stingray to NCC under certain circumstances.

Upon closing, Rob Steele will step down as Chairman, President and Chief Executive Officer of NCC and Mr. Ian S. Lurie, Chief Operating Officer of NCC, will assume leadership responsibilities for Stingray's newly formed radio division.

Financial and Legal Advisors

Marckenz Group Capital Partners and Scotiabank are acting as financial advisors for NCC. Stewart McKelvey are acting as legal counsel. Blair Franklin Capital Partners are acting as financial advisors to the Special Committee of NCC. National Bank Financial Inc. is acting as financial advisor to Stingray on the Transaction. Legal advice is being provided to Stingray by Davies Ward Phillips & Vineberg LLP. Legal advice is being provided to the Underwriters by Fasken Martineau Dumoulin LLP.

Further information regarding the Transaction will be contained in a management proxy circular that NCC will prepare, file and mail to NCC shareholders in advance of the Special Meeting. Copies of the Agreement and management proxy circular will be available on SEDAR at www.sedar.com.

Closing of the Transaction is expected to occur by the end of 2018.

About Newfoundland Capital Corporation Limited

Newfoundland Capital Corporation Limited (TSX: NCC.A, NCC.B) owns and operates Newcap Radio which is one of Canada's leading radio broadcasters with 101 broadcast licences (72 radio stations and 29 repeating signals) across Canada. The Company reaches millions of listeners each week through a variety of formats and is a recognized industry leader in radio programming, sales and networking. For more information: www.ncc.ca

About Stingray

Stingray (TSX: RAY.A, RAY.B) is the world-leading provider of multiplatform music and video services, and digital experiences for pay TV operators, commercial establishments, OTT providers, mobile operators, consumers, and more. Its services include audio television channels, premium television channels, 4K UHD television channels, karaoke products, digital signage, in-store music, and music apps. Stingray reaches 400 million subscribers (or users) in 156 countries and its mobile apps have been downloaded over 90 million times. Stingray is headquartered in Montreal and currently has close to 400 employees worldwide. For more information: www.stingray.com

This news release may contain "forward-looking information" within the meaning of applicable Canadian securities legislation. Such forward-looking information includes information with respect to

the Company's goals, beliefs, plans, expectations, anticipations, estimates and intentions. Forward-looking information is identified by the use of terms and phrases such as "may", "would", "should", "could", "expect", "intend", "estimate", "anticipate", "plan", "foresee", "believe", and "continue", or the negative of these terms and similar terminology, including references to assumptions. Please note, however, that not all forward-looking information contains these terms and phrases. Forward-looking information in this document includes timing and completion of the Transaction which is conditional upon regulatory approval and several other conditions. Forward-looking information is based upon a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond the Company's control. These risks and uncertainties could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. Additional risks and uncertainties include, but are not limited to, the risk factors identified in the Company's Annual Information Form (AIF) dated March 8, 2018, which is available on SEDAR at www.sedar.com. Consequently, all of the forward-looking information contained herein is qualified by the foregoing cautionary statements, and there can be no guarantee that the results or developments that the Company anticipates will be realized or, even if substantially realized, that they will have the expected consequences or effects on NCC's business, financial condition or results of operation. Unless otherwise noted or the context otherwise indicates, the forward-looking information contained herein is provided as of the date hereof, and the Company does not undertake to update or amend such forward-looking information whether as a result of new information, future events or otherwise, except as may be required by applicable law.

For further information:

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