

FAILURE TO COMPLY WITH THIS RESTRICTION MAY CONSTITUTE A VIOLATION OF UNITED STATES SECURITIES LAW.

CALGARY, Alberta, Aug. 31, 2017 (GLOBE NEWSWIRE) -- [Alaris Royalty Corp.](#) ("Alaris" or the "Corporation") (TSX:AD) is pleased to announce that it has contributed US\$85.0 million (CAD \$107.1 million) (the "SBI Contribution") to a new partner, Sales Benchmark Index, LLC (the "SBI" or the "Company") in exchange for US\$11.1 million (CAD \$13.9 million) of distributions (the "SBI Distributions") in the first 12 months following closing of the SBI Contribution. The SBI Distribution adds approximately \$0.38 and \$0.20 per share to Alaris's annualized revenues and net cash from operating activities, respectively.

"Alaris is extremely pleased to have closed the single largest capital contribution in our firm's 13 year history. SBI has exhibited world class financial results for many years so it was gratifying to have been chosen as the successful bidder to Partner with this management team. Despite the very competitive environment, we continue to be the preferred option for management teams that want to gain or retain full control of their business, experience the majority of the future growth and have a true long-term partnership. Our first year cash returns of 13% are slightly lower than on previous smaller transactions but we balanced that with larger participation in growth by expanding our distribution reset collar to 8% per year from our typical 5 or 6%. Given SBI's track record of growth, we believe that the higher growth participation will allow us to more than make up for the lower opening returns over time. In replacing the Sequel partnership with SBI, we have also de-risked our portfolio by adding a Partner with a higher earnings coverage ratio than what Sequel had and also adding a Partner that does not have any debt on their balance sheet at closing. We look forward to furthering our already very close relationship with this wonderful management team," said Steve King, President and Chief Executive Officer, Alaris.

"The SBI team found the Alaris partnership to be an ideal match. When weighing our options, the Alaris model was the perfect fit because it allows entrepreneurs to retain operating control and the majority of the equity in their business. Alaris behaved like a true partner from day 1 and the cultural alignment made it a very easy decision as we get ready for our next wave of growth," said Matt Sharrers, CEO, Sales Benchmark Index.

The SBI Contribution closed on August 31, 2017 and is made up of US\$75.0 million of permanent units (the "Permanent Units") as well as US\$10.0 million of redeemable units (the "Redeemable Units"). The Redeemable Units can be redeemed at par at any time up to the third anniversary following the closing of the SBI Contribution at SBI's discretion. After the third anniversary the Redeemable Units will have the same repurchase metrics as the Permanent Units. The SBI Distribution will be reset for the first time on January 1, 2019 based on the percentage change in gross revenue from 2018 vs 2017 and will have a collar of plus or minus 8%. The estimated earnings coverage ratio (the "ECR") on the SBI Distribution is approximately 1.5x based on the debt free proforma capital structure following the closing of the SBI Contribution.

Alaris funded the SBI Contribution with funds drawn on its revolving credit facility (the "Facility"). As previously disclosed, Alaris expects to receive a cumulative total of approximately US\$96 million from Sequel in the near future following the repurchase of Alaris's units in Sequel (the "Sequel Units"). Alaris expects the Sequel Repurchase to take place in the coming days. Following the Sequel Repurchase and SBI Contribution the Facility will have approximately \$105 million drawn, leaving approximately \$95 million available to invest in new and existing Partners.

Founded in 2006, SBI is a US based management consulting firm specializing in sales and marketing that is dedicated to helping their clients deliver their revenue growth number. SBI uses the benchmarking method to help clients accelerate their rate of revenue growth. Benchmarking allows SBI clients to leap frog their competitors by getting access to emerging best practices from the top sales and marketing leaders. SBI believes it is different from other management consulting firms for 3 reasons: (i) Agilitrust – The SBI delivery methodology involves getting to a working prototype very quickly and then rapidly iterating from this to a finished solution. SBI offers a much faster cycle time from problem identification to problem resolution; (ii) Staffing Process - SBI staffs projects with senior-level executives and former heads of sales and marketing who have real-world experience, which results in practical solutions that actually get implemented; and (iii) Compensation Practices - 30% to 50% of every SBI employee's compensation package is tied to a bonus that is entirely based on client feedback and overall impact, which naturally fosters client intimacy.

ABOUT THE CORPORATION:

Alaris provides alternative financing to private company partners (the "Partners") in exchange for distributions with the principal objective of generating stable and predictable cash flows for dividend payments to its shareholders. Distributions from the Partners are adjusted each year based on the percentage change of a "top line" financial performance measure such as gross margin and same-store sales and rank in priority to the owners' common equity position.

NON-IFRS MEASURES:

EBITDA refers to net earnings (loss) determined in accordance with IFRS, before depreciation and amortization, net of gain or

loss on disposal of capital assets, interest expense and income tax expense. EBITDA is used by management and many investors to determine the ability of an issuer to generate cash from operations. Management believes EBITDA is a useful supplemental measure from which to determine the Corporation's ability to generate cash available for debt service, working capital, capital expenditures, income taxes and dividends. The Corporation has provided a reconciliation of net income to EBITDA in this news release.

Normalized EBITDA refers to EBITDA excluding items that are non-recurring in nature, such as gains associated with the reduction of our financial interest in one partner or an impairment loss in another with which the Corporation has transacted as well as the impacts of non-cash foreign exchange gains and losses. Management deems non-recurring charges to be unusual and/or infrequent charges that the Corporation incurs outside of its common day-to-day operations.

Earnings Coverage Ratio refers to normalized EBITDA of a Partner divided by such Partner's sum of debt servicing (interest and principal), unfunded maintenance capital expenditures and distributions to Alaris.

FORWARD LOOKING STATEMENTS:

This news release contains forward-looking statements as defined under applicable securities laws. Statements other than statements of historical fact contained in this news release may be forward-looking statements under applicable securities legislation, including, without limitation, management's expectations, intentions and beliefs concerning: the return on the SBI Contribution; the SBI ECR; the increase in annualized revenues and net cash from operating activities per share following the SBI Contribution; SBI's growth and impact of the larger collar on future distribution resets; the timing and amount of the Sequel Redemption; and the Corporation's outstanding debt following the SBI Contribution and potential Sequel Redemption. Many of these statements can be identified by looking for words such as "believe", "expects", "will", "intends", "projects", "anticipates", "estimates", "continues" or similar words or the negative thereof. To the extent any forward-looking statements herein constitute a financial outlook they were approved by management as of the date hereof and have been included to provide an understanding with respect to Alaris' financial performance and are subject to the same risks and assumptions disclosed herein. There can be no assurance that the plans, intentions or expectations upon which these forward looking statements are based will occur.

By their nature, forward-looking statements require Alaris to make assumptions and are subject to inherent risks and uncertainties. Assumptions about the performance of the Canadian and U.S. economies over the next 24 months and how that will affect Alaris' business and that of its Partners are material factors considered by Alaris management when setting the outlook for Alaris. Key assumptions include, but are not limited to, assumptions that the Canadian and U.S. economies will grow moderately over the next 12 months, that interest rates will not rise in a material way over the next 12 to 24 months, that Alaris will be able to achieve resolutions with respect to issues with SMi, Agility, Kimco and SCR on terms materially in line with management's expectations, that Alaris will achieve the benefits of any concessions or relief measures provided to any Partners, that the Partners will continue to make distributions to Alaris as and when required and in line with management's expectations, that the businesses of the Partners will continue to grow, what the Corporation expects to experience regarding resets to its annual royalties and distributions from its Partners upon the reset dates for each Partner, and that Alaris will have the ability to raise required equity and/or debt financing on acceptable terms. Management of Alaris has also assumed that capital markets will remain stable and that the Canadian dollar will remain in a range of approximately plus or minus 10% relative to the U.S. dollar over the next twelve months. In determining expectations for economic growth, management of Alaris primarily considers historical economic data provided by the Canadian and U.S. governments and their agencies.

There can be no assurance that the assumptions, plans, intentions or expectations upon which these forward looking statements are based will occur. Forward looking statements are subject to risks, uncertainties and assumptions and should not be read as guarantees or assurances of future performance. The actual results of the Corporation and the Partners could materially differ from those anticipated in the forward looking statements contained herein as a result of certain risk factors, including, but not limited to, the following: the dependence of Alaris on the Partners; reliance on key personnel; general economic conditions; failure to complete or realize the anticipated benefit of Alaris' financing arrangements with the Partners; a failure of the Corporation or any Partners to obtain required regulatory approvals on a timely basis or at all; changes in legislation and regulations and the interpretations thereof; risks relating to the Partners and their businesses, including, without limitation, a material change in the operations of a Partner or the industries they operate in; inability to close additional Partner contributions in a timely fashion, or at all; a change in the ability of the Partners to continue to pay Alaris' preferred distributions; a change in the unaudited information provided to the Corporation; a failure to achieve resolutions for outstanding issues with Partners on terms materially in line with management's expectations; and a failure to realize the benefits of any concessions or relief measures provided by Alaris to any Partner or to successfully execute an exit strategy for a Partner where desired. Additional risks that may cause actual results to vary from those indicated are discussed under the heading "Risk Factors" and "Forward Looking Statements" in the Corporation's Management Discussion and Analysis for the year ended December 31, 2016, which is filed under the Corporation's profile at www.sedar.com and on its website at www.alarisroyalty.com. Accordingly, readers are cautioned not to place undue reliance on any forward-looking information contained in this news release. Statements containing forward looking information reflect management's current beliefs and assumptions based on information in its possession on the date of this news release. Although management believes that the expectations represented in such forward looking statements are reasonable, there can be no assurance that such expectations will prove to be correct.

Accordingly, readers are cautioned not to place undue reliance on any forward-looking information contained in this news

release as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements. Statements containing forward-looking information reflect management's current beliefs and assumptions based on information in its possession on the date of this news release. Although management believes that the assumptions reflected in the forward-looking statements contained herein are reasonable, there can be no assurance that such expectations will prove to be correct.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this news release are made as of the date of this news release and Alaris does not undertake or assume any obligation to update or revise such statements to reflect new events or circumstances except as expressly required by applicable securities legislation.

Neither the TSX nor its Regulation Services Provider (as that term is defined in the policies of the TSX) accepts responsibility for the adequacy or accuracy of this release.

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