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UNITED STATES SECURITIES LAW.

CALGARY, Alberta, Aug. 01, 2017 (GLOBE NEWSWIRE) -- [Alaris Royalty Corp.](#) ("Alaris" or the "Corporation") (TSX:AD) is announcing today that Sequel Youth and Family Services, LLC ("Sequel") has entered into a merger agreement (the "Merger Agreement") with a third party, pursuant to which Sequel will redeem all of Alaris's units (the "Alaris Units") in Sequel for a price of approximately US\$96 million (approximately CAD\$121 million based on the current exchange rate) (the "Sequel Redemption"). The Sequel Redemption is expected to close by the end of September 2017, but is subject to certain customary conditions, including, without limitation receipt of regulatory approval and all applicable permits and licenses. The completion of the Sequel Redemption would result in a total return of approximately US\$71 million (CAD\$103 million), or 97% (133% in CAD) and an internal rate of return ("IRR") of approximately 23% (29% CAD). The Sequel Redemption would reduce Alaris's outstanding debt to nil and provides approximately CAD\$10.0 million of excess cash. Until the Sequel Redemption closes, Alaris will continue to collect its monthly distribution of US\$1.06 million.

"Sequel has been a fantastic partner for Alaris over the past several years. Alaris has created another incredible outcome for the entrepreneur by buying out the original private equity sponsor, financing accretive acquisitions as well as buying out minority shareholders during our partnership. By limiting our annual growth and also our exit participation, we have allowed the entrepreneur to enjoy an unprecedented financial result. At the same time, Alaris shareholders received exactly what we targeted, a very steady revenue stream and market leading returns. Our internal rate of return on Sequel will come in at 23% per annum, not including foreign exchange gains. Including foreign exchange, our IRR on this partnership increases to 29%. These results are at the very high end of private equity return expectations, particularly in the currently overheated competitive environment and are consistent with our 13 year track record of returns on partnership exits. While losing a large revenue stream is not our goal, the premium we receive allows us to redeploy the capital very profitably and without requiring equity or debt financing for our next transactions. We are pleased to say that we expect the Sequel revenue to be replaced accretively with new partnerships that are currently in process and exclusive to Alaris. We do not expect any reduction in our revenue expectations for the year but will have a stronger balance sheet with the excess cash that will remain from the Sequel proceeds," said Steve King, President and Chief Executive Officer, Alaris.

The following are key metrics of Alaris's investment in Sequel assuming the Sequel Redemption materializes:

(\$ millions as of Sept 30, 2017)

Contributions:	US dollar	Canadian dollar
First Tranche	\$ 66.0	\$ 69.3
Second Tranche	\$ 7.5	\$ 8.2
Total Contributions	\$ 73.5	\$ 77.5

Returns to Alaris:

Total Distributions Received	\$ 48.3	\$ 59.8
Sequel Redemption Proceeds	\$ 96.4	\$ 121.0
Less: Total Contributions	(\$ 73.5)	(\$ 77.5)
Total Return	\$ 71.2	\$ 103.3
% total return	97 %	133 %
Gain on invested capital	\$ 22.9	\$ 43.5
Internal Rate of Return (IRR):	23 %	29 %

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

Annualized Payout Ratio refers to Alaris's total annualized dividend per share expected to be paid over the next twelve months divided by the estimated net cash from operating activities per share Alaris expects to generate over the same twelve-month period (after giving effect to the impact of all information disclosed as of the date of this report).

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 timing and amount of the Sequel Redemption; the return and IRR to the Corporation on the Sequel Redemption; the redeployment of the proceeds from the Sequel Redemption (including the impact and timing thereof); and the Corporation's outstanding debt and excess cash following the 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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