



Cordy Oilfield Services Inc. Reports Fourth Quarter and 2016 Annual Results

CALGARY, CANADA – April 18, 2017

CORDY OILFIELD SERVICES INC. (the "Corporation" or "Cordy") (CKK: TSX-V) released today its fourth quarter and 2016 annual results.

(\$ 000's)	Three months ended December 31			Twelve months ended December 31		
	2016	2015	(\$ Change)	2016	2015	(\$ Change)
Revenue						
Environmental Services	2,590	2,302	288	9,399	16,076	(6,677)
Heavy Construction	49	603	(554)	354	4,623	(4,269)
Corporate	1	74	(73)	22	78	(56)
	<u>2,640</u>	<u>2,979</u>	<u>(339)</u>	<u>9,775</u>	<u>20,777</u>	<u>(11,002)</u>
Direct operating expenses						
Environmental Services	2,022	2,182	(160)	6,937	14,831	(7,894)
Heavy Construction	(126)	562	(688)	286	5,286	(5,000)
Corporate	17	1,055	(1,038)	5	1,058	(1,053)
	<u>1,913</u>	<u>3,799</u>	<u>(1,886)</u>	<u>7,228</u>	<u>21,175</u>	<u>(13,947)</u>
General and administrative expenses						
Environmental Services	260	186	74	525	1,077	(552)
Heavy Construction	54	30	24	78	278	(200)
Corporate	369	437	(68)	1,318	2,458	(1,140)
	<u>683</u>	<u>653</u>	<u>30</u>	<u>1,921</u>	<u>3,813</u>	<u>(1,892)</u>
Operating earnings (loss)						
Environmental Services	308	(66)	374	1,937	168	1,769
Heavy Construction	121	11	110	(10)	(941)	931
Corporate	(385)	(1,418)	1,033	(1,301)	(3,438)	2,137
	<u>44</u>	<u>(1,473)</u>	<u>1,517</u>	<u>626</u>	<u>(4,211)</u>	<u>4,837</u>
Other income	-	-	-	-	(173)	173
Depreciation	662	768	(106)	2,693	1,976	717
Financing expense	385	642	(257)	1,398	2,065	(667)
Impairments	37	-	37	37	-	37
Gain (loss) on disposal	(6)	(192)	186	52	(855)	907
Share-based recovery	(18)	-	(18)	(34)	(257)	223
Loss before tax	<u>(1,016)</u>	<u>(2,691)</u>	<u>1,712</u>	<u>(3,520)</u>	<u>(6,967)</u>	<u>3,484</u>
Income tax expense	-	(60)	60	-	25	(25)
Net loss from continuing operations	<u>(1,016)</u>	<u>(2,631)</u>	<u>1,615</u>	<u>(3,520)</u>	<u>(6,992)</u>	<u>3,472</u>

YEAR ENDED DECEMBER 31, 2016

In 2016, Cordy's consolidated revenues decreased by \$11.0 million, from the same period in 2015, despite decreased revenues Cordy saw increased operating earnings of \$4.8 million compared to prior period. The steep and rapid decline in commodity prices negatively impacted industry cash flows, reducing capital investment and drilling activity in western Canada. The significant year over year decrease in revenue can be attributed to Cordy's proactive step in selling off and shutting down business units that would be hit the hardest in the economic downturn and focused on its historically higher performing businesses. In 2016 Cordy took the following steps to improve margins and focus on its core business.



- Cordy finalized the consolidation of all equipment debt to a single lender; this has resulted in a reduced interest rate and more favourable payment terms. Subsequent to year end Cordy has negotiated an increased monthly payment of \$0.2 million for a decreased interest rate of 6%.
- The consolidation of the Heavy Construction to a single location in Calgary. The consolidation of operations has reduced redundant rental and facility costs, as well as decreasing general operating costs.
- Cordy has reduced operating and overhead costs, this has been achieved through staff reductions, pay cuts, and multiple cost cutting measures implemented by management. Cordy will continue to monitor and reduce costs to remain competitive.

The Environmental Services segment saw a year over year decline in revenue of \$6.7 million resulting from the volatility in the commodity market. This volatility has produced a twofold effect on the segment; overall volume has decreased along with a decrease in rates. Despite the reduction in revenue, the segment was able to increase operating earnings by \$1.8 million, as compared to prior year. This indicates that the segment has been agile in its response to market conditions and management continues to evaluate costs, equipment mix and new markets for Environmental's services.

CORPORATE RESTRUCTURING AND OUTLOOK

Until very recently, optimism for the oil and gas industry was decisively negative. The slow recovery of oil prices, coupled with pipeline infrastructure project approvals have allowed positivity to slowly creep back into the oil and gas sector. The partial recovery, brings with it optimism that the demand for Cordy's oilfield services will continue to increase.

2016 marked the completion of Cordy's restructuring initiatives; Cordy has positioned itself to take full advantage of an eventual recovery. Key highlights related to this include:

- Announcement of new executive management team.
- Completion of rights offering, \$1.3 million of funds raised.
- Completion of private placement, \$1.0 million of funds raised.
- Consolidation of the Construction and Environmental divisions to a single location.
- Subsequent to the end of 2016 Cordy was able to renegotiate lending terms with our major equipment financier. These terms include an increased payment of \$0.1 million monthly, for a reduced interest rate to 6%.

Cordy is well positioned going into 2017, equipped with a newer fleet of vehicles and opportunity for new market share as competitors were unable to survive the prolonged downturn. Cordy continues to cut costs, push sales and position itself to be a major player in these new market realities. Although revenue continues to be impacted, margins continue to improve as management's strategy, centred around a focus on cost discipline and right sizing the business, is coming to fruition. Cordy's focus for 2017 will include reducing idle equipment through aggressive sale strategy and seeking an acquisition of a synergistic company. Cordy will continue to exploit the Environmental Services segment's diversity in the municipal and industrial services sector, while continuing to serve and look for opportunities in the oil and gas sector.



For general and investor relations information, please contact:

Darrick Evong

Chief Executive Officer

Darrick.Evong@cordy.ca

Tel: 403-262-7667

Fax: 403-237-6278

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