



## Cordy Oilfield Services Inc. Reports First Quarter 2016 Results

CALGARY, CANADA – May 18, 2016

CORDY OILFIELD SERVICES INC. (the “Corporation” or “Cordy”) (CKK: TSX-V) released today its first quarter 2016 results.

(\$ millions)	Three months ended March 31,		
	2016	2015	(\$ Change)
<b>Revenue</b>			
Environmental Services	2.6	7.4	(4.8)
Heavy Construction	0.1	2.6	(2.5)
	2.7	10.0	(7.3)
<b>Direct operating expenses</b>			
Environmental Services	2.0	6.2	(4.2)
Heavy Construction	0.3	2.8	(2.5)
	2.3	9.0	(6.7)
<b>General and administrative expenses</b>			
Environmental Services	(0.1)	0.3	(0.4)
Heavy Construction	(0.1)	0.3	(0.4)
Corporate	0.4	0.8	(0.4)
	0.2	1.4	(1.2)
<b>EBITDAS<sup>(1)</sup></b>			
Environmental Services	0.7	0.9	(0.2)
Heavy Construction	(0.1)	(0.5)	0.4
Corporate	(0.4)	(0.8)	0.4
	0.2	(0.4)	0.6
Depreciation	0.7	0.5	0.2
Finance costs	0.4	0.7	(0.3)
Gain on disposal	-	(0.8)	0.8
Loss before tax	(0.9)	(0.8)	(0.1)
Income tax expense	-	-	-
Net loss from continuing operations	(0.9)	(0.8)	(0.1)

### FIRST QUARTER ENDED MARCH 31, 2016

For the three month period ended March 31, 2016, Cordy's consolidated revenues decreased by \$7.3 million, from the comparative period in 2015. This significant drop is partially attributable to Cordy's initiatives in response to the economic conditions in western Canada resulting from suffering commodity prices. The shutdown of all operations in the Heavy Construction segment except for the Pipeline and Facilities division based in Sundre, Alberta has resulted in decreased revenues of \$2.5 million for the three months ended March 31, 2016. Despite the large drop in revenue, Cordy's consolidated EBITDA increased \$0.6 million compared to the prior year.

Cordy managed to improve EBITDAS, despite a significant decline in revenue through multiple cost cutting measures implemented company wide. These include:

- The cutting of salaries and wages, reduction in full time personnel and reduction in personnel benefits.



- Reduction in any discretionary spending.
- Negotiation with suppliers.

The Environmental Services segment saw a decline in revenue for the three month period ended March 31, 2016, of \$4.8 million, from the comparative period in 2015. The volatility of commodity prices has resulted in reduced capital expenditures of Cordy Environmental's oilfield customers, which in turn has resulted in a pressure on rates and overall reduced demand for services. Despite the significant reduction of revenue, the segment produced only \$0.2 million lower EBITDAS compared to the comparative period in 2015. This can be attributable to the restructuring of Cordy, significant cost reductions implemented Company wide and the capitalization of leases that were previously classified as operating leases.

## **CORPORATE RESTRUCTURING AND OUTLOOK**

Our results for the first quarter were weaker than our expectations due to oilfield activity being at low levels not seen for years. This, accompanied with pricing pressures has significantly impacted our results. Our operations and profitability are closely tied to the seasonal activity patterns of western Canada's oil and natural gas exploration and development industry. The first quarter has typically been the strongest quarter for Cordy, a period when capital spending by the oil and gas industry is at its highest. This year, however, the entire oil and gas sector of the economy is struggling due to the collapse of crude and natural gas prices. Canadian activity has decreased industry wide as the rig count in the first quarter was approximately 45% below 2015 levels.

Cordy continues to right size the business to remain competitive under these new market realities. Starting early last year Cordy took aggressive steps to pay down high interest debt, and reduce reliance on business that relied on commodity exploration. Cordy continues to refocus its business to gain greater market share in municipal and industrial services (including production and plant maintenance), remediation and abandonment support, and pipeline infrastructure support. Competition will remain high for the remainder of 2016, as recovery in activity remains uncertain and commodity prices remain depressed.

In an effort to continue as a going concern, Cordy will use cash flow from operating activities, as well as the proceeds on disposition of equipment, inventory and other assets, to finance working capital requirements, debt repayments, lease payments and capital expenditures. Cordy has worked with all lenders and established new lending agreements with more favourable terms, relieving cash flow pressures. Cordy will also continue to evaluate potential mergers and or business combinations. Cordy cannot give assurances of mergers or combinations being consummated, the Corporation has had initial discussion with several companies. Suitable candidates include companies with synergistic operations, stable or increasing revenues, sustainable cash flows and access to capital.



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## READER ADVISORY

This News Release contains certain statements that constitute forward-looking statements. These statements relate to future events or the Corporation's future performance. All statements, other than statements of historical fact, that address activities, events or developments that the Corporation or a third party expects or anticipates will or may occur in the future, are forward-looking statements. These include the Corporation's future growth, results of operations, performance and business prospects and opportunities; prevailing economic conditions; commodity prices; sourcing, pricing and availability of raw materials, components and parts, equipment, suppliers, facilities and skilled personnel; dependence on major customers; uncertainties in weather and temperature affecting the duration of the service periods and the activities that can be completed; regional competition; and other factors, many of which are beyond the Corporation's control. These other factors include future prices of oil and natural gas and oil and natural gas industry activity, including the effect of changes in commodity prices on oil and natural gas exploration and development activity, the ability to complete strategic acquisitions and realize the anticipated benefits of any acquisitions that are completed, the Corporation's outlook regarding the competitive environment it operates in, and the assumptions underlying any of the foregoing. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors, many of which are beyond the Corporation's control, including those discussed under "Risks and Uncertainties" and elsewhere in this News Release, that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this News Release should not be unduly relied upon. These statements speak only as of the date of this News Release. The Corporation does not intend, and does not assume any obligation, to update these forward-looking statements, whether as a result of new information, future events or otherwise, except as required under applicable securities laws. The forward-looking statements contained in this News Release are expressly qualified by this cautionary statement.

Cordy uses the measures Earnings Before Interest, Taxes, Depreciation, Amortization and Impairment and Share Based Compensation (EBITDAS) in this news release. This measure does not have any standardized meaning prescribed by International Financial Reporting Standards (IFRS). It is, therefore, considered to be non-IFRS term and may not be comparable to similar measures presented by other entities. Management of Cordy uses these non-IFRS measures to improve its ability to compare financial results among reporting periods and to enhance its understanding of operating performance, liquidity and ability to generate funds to finance operations. This non-IFRS measure is also provided to readers as additional information on Cordy's operating performance, liquidity and ability to generate funds to finance operations. EBITDAS is an approximate measure of the Cordy's pre-tax operating cash flow and is generally used to better measure performance and evaluate trends of individual assets. EBITDAS comprises earnings before deducting interest and other financial charges, income taxes, depreciation and amortization, net income attributable to non-controlling interests and preferred share dividend