



Cordy Oilfield Services Inc. Reports Fourth Quarter and 2015 Annual Results

CALGARY, CANADA – April 14, 2016

CORDY OILFIELD SERVICES INC. (the “Corporation” or “Cordy”) (CKK: TSX-V) released today its fourth quarter and 2015 annual results.

(\$ millions)	Three months ended December 31			Twelve months ended December 31		
	2015	2014	(\$ Change)	2015	2014	(\$ Change)
Revenue						
Environmental Services	2.3	5.0	(2.7)	16.1	22.7	(6.6)
Heavy Construction	0.5	12.2	(11.7)	4.6	52.5	(47.9)
Corporate	0.1	-	0.1	0.1	-	0.1
	2.9	17.2	(14.3)	20.8	75.2	(54.4)
Direct operating expenses						
Environmental Services	2.2	5.3	(3.1)	14.8	21.5	(6.7)
Heavy Construction	0.6	13.1	(12.5)	5.3	52.1	(46.8)
Corporate	1.0	-	1.0	1.1	-	1.1
	3.8	18.4	(14.6)	21.2	73.6	(52.4)
General and administrative expenses						
Environmental Services	0.2	0.3	(0.1)	1.1	1.5	(0.4)
Heavy Construction	0.1	0.9	(0.8)	0.3	2.6	(2.3)
Corporate	0.4	0.4	-	2.4	3.4	(1.0)
	0.7	1.6	(0.9)	3.8	7.5	(3.7)
EBITDAS						
Environmental Services	(0.1)	(0.5)	0.4	0.2	(0.3)	0.5
Heavy Construction	(0.1)	(1.8)	1.7	(1.0)	(2.2)	1.2
Corporate	(1.4)	(0.5)	(0.9)	(3.4)	(3.4)	-
	(1.6)	(2.8)	1.2	(4.2)	(5.9)	1.7
Other income	(0.1)	-	(0.1)	(0.2)	-	(0.2)
Depreciation	0.8	1.1	(0.3)	2.0	4.2	(2.2)
Financing expense	0.6	0.5	0.1	2.1	1.9	0.2
Loss (gain) on disposal	(0.2)	5.0	(5.2)	(0.9)	5.0	(5.9)
Impairments	-	6.1	(6.1)	-	6.1	(6.1)
Share-based payments	-	-	-	(0.3)	0.1	(0.4)
Loss before tax	(2.7)	(15.5)	12.8	(6.9)	(23.2)	16.3
Income tax expense	(0.1)	-	(0.1)	0.1	2.8	(2.7)
Net loss from continuing operations	(2.6)	(15.5)	12.9	(7.0)	(26.0)	19.0

YEAR ENDED DECEMBER 31, 2015

In 2015, Cordy's consolidated revenues decreased by \$54.4 million, from the comparative period in 2014. The steep and rapid decline in commodity prices negatively impacted industry cash flows, reducing capital investment and drilling activity in western Canada. Cordy took the following steps to reduce costs and to prepare for a period of lower activity:



- The shutdown of all operations in the Heavy Construction segment except for the Pipeline and Facilities division based in Sundre, Alberta. The shutdown of operations resulted in the sale \$10.4 million of equipment, for the year ended December 31, 2015 this has resulted in a decline of revenue in the Heavy Construction segment of \$47.9 million, from the comparative period in 2014.
- Cordy sold the Manufacturing and Supply segment and has treated this as discontinued operations. As a result, Cordy has exited the manufacturing and supply business and now carries on business in two segments, Environmental Services and Heavy Construction. Prior to the sale, inventory held in Manufacturing was transferred to the Corporate division of Cordy.
- In Q3 Cordy renegotiated the terms of its operating lease resulting in a change of classification from operating to finance leases and helping to relieve cash flow pressure for the short term.
- In Q4 Cordy finalized the consolidation of almost all equipment debt to a single lender, this has resulted in a reduced interest rate and more favourable payment terms. Equipment loans with Nations were replaced with Finance leases with the same vendor as existing finance leases.
- 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.
- In 2015, Cordy incurred additional expenses related to the restructuring included in both direct operating and general and administrative expenses. These expenses include severances, consulting, legal fees, bringing equipment to market and other shut down costs.

The Environmental Services segment saw a year over year decline in revenue of \$6.6 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 earn a positive and higher EBIDTA, 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

Cordy's results for 2015 represent a year in which our company, and the Canadian oil and gas sector, underwent unprecedented changes. The collapse in commodity prices resulted in a significant drop in capital spending and increased pricing pressures by our customers; the impact was clearly evident in Cordy's Q4 and annual results. In order to combat the decline, Cordy commenced a significant overhaul of its business with the goal being two fold; consolidate balance sheet debt at a lower interest rate and reduce its significant exposure to drilling activity. Starting early in 2015, Cordy took aggressive steps to pay down high interest debt and exit businesses that relied heavily on commodity exploration. These steps included:

- the complete divesture, through share sale, of Cordy Manufacturing Inc.;
- significant layoffs, sale of assets, and closure of locations in Cordy Construction Inc.; and
- leadership change, staff layoffs and significant cost cutting in Cordy Environmental Inc.

Our quick action in 2015 ensured Cordy's survival into 2016, where the timing of recovery in western Canada remains uncertain. The decline in activity Cordy experienced through 2015 is expected to continue into the first half of 2016, as commodity prices continue to be challenged. Beyond the first half of 2016, a recovery in activity remains uncertain as commodity prices remain depressed. Our oil and gas customers continue to cut budgets and preserve cash on the balance sheet, which will continue to impact the demand for oilfield services.

In an effort to mitigate the continued industry pressures outlined above, 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. Furthermore, management continues to aggressively pursue cost reduction, while strengthening the organization and its team, so we are in a strong position when the industry recovers.



For general and investor relations information, please contact:

David Mullen

Chairman & Chief Executive Officer

david.mullen@cordy.ca

Tel: 403-262-7667

Fax: 403-237-6278

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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