



Cordy Oilfield Services Inc. Reports Fourth Quarter and 2017 Annual Results

CALGARY, CANADA – April 12, 2018

CORDY OILFIELD SERVICES INC. (the “Corporation” or “Cordy”) (CKK: TSX-V) released today its fourth quarter and 2017 annual results.

(\$ 000's)	Three months ended December 31			Twelve months ended December 31		
	2017	2016	(\$ Change)	2017	2016	(\$ Change)
Revenue						
Environmental Services	2,580	2,590	(10)	10,659	9,399	1,260
Heavy Construction	155	49	106	471	354	117
Corporate	4	1	3	52	22	30
	<u>2,739</u>	<u>2,640</u>	<u>99</u>	<u>11,182</u>	<u>9,775</u>	<u>1,407</u>
Direct operating expenses						
Environmental Services	2,012	2,022	(10)	8,078	6,937	1,141
Heavy Construction	(1,010)	(126)	(884)	(1,028)	286	(1,314)
Corporate	1,148	17	1,131	1,161	5	1,156
	<u>2,150</u>	<u>1,913</u>	<u>237</u>	<u>8,211</u>	<u>7,228</u>	<u>983</u>
General and administrative expenses						
Environmental Services	(1)	260	(261)	394	525	(131)
Heavy Construction	(52)	54	(106)	(46)	78	(124)
Corporate	299	369	(70)	1,065	1,318	(253)
	<u>246</u>	<u>683</u>	<u>(437)</u>	<u>1,413</u>	<u>1,921</u>	<u>(508)</u>
Operating earnings (loss)						
Environmental Services	569	308	261	2,187	1,937	250
Heavy Construction	1,217	121	1,096	1,545	(10)	1,555
Corporate	(1,443)	(385)	(1,058)	(2,174)	(1,301)	(873)
	<u>343</u>	<u>44</u>	<u>299</u>	<u>1,558</u>	<u>626</u>	<u>932</u>
Depreciation	550	662	(112)	2,211	2,693	(482)
Financing expense	110	385	(275)	870	1,398	(528)
Impairments	-	37	(37)	-	37	(37)
Gain (loss) on disposal	(5)	(6)	1	(81)	52	(133)
Share-based recovery	-	(18)	18	(40)	(34)	(6)
Loss before tax	<u>(312)</u>	<u>(1,016)</u>	<u>704</u>	<u>(1,402)</u>	<u>(3,520)</u>	<u>2,118</u>
Income tax expense	-	-	-	-	-	-
Net loss	<u>(312)</u>	<u>(1,016)</u>	<u>704</u>	<u>(1,402)</u>	<u>(3,520)</u>	<u>2,118</u>

YEAR ENDED DECEMBER 31, 2017

In 2017, Cordy's consolidated revenues increased by \$1.4 million or 14 percent, from the same period in 2016. 2017 saw a recovery of crude oil prices, as they rose to the highest levels in years, Cordy saw increased demand for services as conventional investment increased. Increased commodity prices coupled with efforts on organic growth from within the organization have resulted in the year over year increase.

Cordy's operating earnings increased by \$0.9 million or 149 percent over 2016. Cordy completed its restructuring initiatives in September 2016; Cordy right sized the business and focused on earning margins in the new market realities facing service



companies. All costs, at all levels of business were scrutinized, the cost conscious culture that management implemented is continuing to benefit margins.

Cordy's net loss for 2017 improved by \$2.1 million or 60 percent as compared to 2016. Cordy's improving operating results, coupled with reduced interest rate on debt continue to improve earnings.

The following significant transactions occurred in the year:

- During the fourth quarter of 2017, the Corporation entered into two Amended Leases with its equipment lender which amend the terms of amounts payable under its existing finance leases. Part of the renegotiation included a reduced interest rate to 5 percent.
- Cordy has reduced operating and overhead costs, this has been achieved through staff reductions, pay cuts, consolidation of operations and multiple cost cutting measures implemented by management. Cordy will continue to monitor and reduce costs to remain competitive.
- Cordy increased efforts on organic sales growth in 2017 through the hiring of sales personnel, coupled with an organization wide sales effort at all levels of the business.
- Cordy completed the acquisition of Hornet Hydrovac at the end of 2017, this will continue to diversify Cordy's client base while strategically aligning the Corporation to further capitalize on municipal infrastructure projects.

CORPORATE OUTLOOK

Fresh off the appointment of a new executive team in late 2016, as well as a \$2.3 million equity injection, in which the new management team participated, 2017 marked Cordy's first year post organizational realignment. The oil and gas industry began to show signs of recovery, with oil prices rebounding in late 2017, to their highest levels since mid-2015. Evidence continues to suggest that the oil and gas industry is in the early stages of recovery; however, confidence in oilfield services remains shaky and investment uncertain.

The Company benefited, in 2017, from increased provincial and municipal infrastructure spending, as management continued to focus on its diversification strategy, specifically, general industrial and municipal support services. The acquisition of Hornet Hydrovac in December 2017, increased Cordy's market share in the municipal market and aligns with management's strategy to build a broader client base in non-oilfield related businesses.

In mid-2017, Cordy and its lender agreed on revised terms for its equipment finance leases (the "Revised leases") which included; flexible payments during periods of increased working capital requirements, a reduction in Cordy's interest rate from 8.5% to 4.95%, and support from its lender in the form of additional financing, when required, to support the Company's diversification strategy. The Revised Leases provide the foundation for the attainment of its business objectives for the foreseeable future.

Looking to 2018, management believes the Canadian Oil and Gas industry it serves will continue to experience a slow recovery amidst the absence of infrastructure, namely pipeline capacity. To make matters worse, relentless pipeline opposition continues to stifle new infrastructure, causing delays, cancellations and limiting growth in the industry. Despite the continued uncertainty in the oil and gas industry, management anticipates modest year over year growth. In addition, Cordy will continue to seek out acquisitions and consolidation opportunities that complement its diversification strategy and provide platforms for organic growth.



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