



## Cordy Oilfield Services Inc. Reports Second Quarter 2015 Results

CALGARY, CANADA – August 25, 2015

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

(\$ millions)	Three months ended June 30			Six months ended June 30		
	2015	2014	(\$ Change)	2015	2014	(\$ Change)
<b>Revenue</b>						
Environmental Services	2.6	4.2	(1.6)	10.0	13.3	(3.3)
Heavy Construction	0.6	7.8	(7.2)	3.1	24.8	(21.7)
Manufacturing and Supply	0.2	1.8	(1.6)	0.7	5.6	(4.9)
Corporate	-	-	-	-	-	-
	3.4	13.8	(10.4)	13.8	43.7	(29.9)
<b>Direct operating expenses</b>						
Environmental Services	3.2	4.2	(1.0)	9.2	11.8	(2.6)
Heavy Construction	0.8	9.1	(8.3)	3.7	24.7	(21.0)
Manufacturing and Supply	0.3	1.6	(1.3)	1.1	4.1	(3.0)
Corporate	-	-	-	-	-	-
	4.3	14.9	(10.6)	14.0	40.6	(26.6)
<b>General and administrative expenses</b>						
Environmental Services	0.3	0.5	(0.2)	0.5	0.8	(0.3)
Heavy Construction	(0.2)	(0.1)	(0.1)	0.1	0.7	(0.6)
Manufacturing and Supply	0.3	0.7	(0.4)	1.0	1.6	(0.6)
Corporate	0.6	0.9	(0.3)	1.5	2.3	(0.8)
	1.0	2.0	(1.0)	3.1	5.4	(2.3)
<b>EBITDAS<sup>(1)</sup></b>						
Environmental Services	(0.9)	(0.4)	(0.5)	0.2	0.7	(0.5)
Heavy Construction	-	(1.2)	1.2	(0.7)	(0.6)	(0.1)
Manufacturing and Supply	(0.3)	(0.6)	0.3	(1.3)	(0.1)	(1.2)
Corporate	(0.6)	(0.9)	0.3	(1.5)	(2.3)	0.8
	(1.8)	(3.1)	1.3	(3.3)	(2.3)	(1.0)
Depreciation	0.3	1.0	(0.7)	0.8	2.1	(1.3)
Finance costs	0.5	0.6	(0.1)	1.2	1.0	0.2
Loss (gain) on disposal	0.1	(0.2)	0.3	(0.7)	-	(0.7)
Share-based payments	(0.2)	-	(0.2)	(0.2)	0.1	(0.3)
Loss before tax	(2.6)	(4.5)	1.9	(4.4)	(5.5)	1.1
Income tax recovery	(0.1)	(1.1)	1.0	(0.1)	(1.4)	1.3
Net income (loss)	(2.5)	(3.4)	0.9	(4.3)	(4.1)	(0.2)

<sup>(1)</sup> EBITDAS is a non-IFRS term and is defined as earnings before interest, taxes, depreciation, amortization, impairment, and share-based payments.



## **SECOND QUARTER ENDED JUNE 30, 2015**

For the six month period ended June 30, 2015, Cordy's consolidated revenues decreased by \$29.9 million, from the comparative period in 2014. This significant drop is attributable to Cordy's initiatives in response to the cancellation of significant contracts and the decline in oil and gas activity in western Canada. These initiatives include:

- The shutdown of all operations in the Heavy Construction segment except for the Pipeline and Facilities division based in Sundre, Alberta. For the six month period ended June 30, 2015 this has resulted in a decline of revenue in the Heavy Construction segment of \$7.6 million, from the comparative period in 2014.
- Reduced operations in Cordy Manufacturing while alternatives were analysed. For the six month period ended June 30, 2015 this has resulted in a decline of revenue in the Manufacturing segment of \$4.9 million, from the comparative period in 2014.

The Corporation incurred expenses related to this 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 decline in revenue for the six month period ended June 30, 2015, of \$3.3 million, from the comparative period in 2014. 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 \$0.5 million lower EBITDAS than in the same period of the prior year. This can be attributable to significant cost reductions implemented Company wide.

Subsequent to June 30, 2015 Lyncorp agreed to extend the facility until June 2016, payments of \$0.3 million will be made 15 days after each quarter end and bears interest at 15 percent per annum. Cordy made a \$0.3 million payment in July 2015 against the principal balance.

On July 31, 2015, Cordy Manufacturing Inc. ("CMI"), wholly owned subsidiary of Cordy Oilfield Services, sold inventory having an aggregate book value of \$2.2 million to Cordy Oilfield Services for a purchase price of \$2.2 million. The purchase price was satisfied by the set-off of \$2.2 million of debt owed to Cordy Oilfield Services by CMI. Prior to this transaction, CMI was indebted to Cordy Oilfield Services in the total amount of \$8.8 million.

On August 10, 2015, Cordy Oilfield Services sold CMI, inclusive of its liabilities, to an arm's length purchaser in consideration of the purchase price of one dollar. As a result, Cordy has exited the manufacturing and supply business and now carries on business in two segments, Environmental Services and Heavy Construction.

## **CORPORATE RESTRUCTURING AND OUTLOOK**

Continuing volatility of commodity prices has resulted in a significantly reduced demand from customers and a more competitive environment. Cordy has continued to take steps to prepare for a prolonged decline in activity as a result of the weakened crude oil prices. Cordy successfully completed a number of initiatives with the objective of strengthening its balance sheet by reducing debt, shedding non-core assets and managing costs.

These initiatives have included:

- selling a significant portion of its property and equipment relating to the Heavy Construction segment and currently only actively operating its Pipeline and Facilities division based in Sundre, Alberta,
- selling underutilized equipment in the Environmental Services segment, while taking measures to improve utilization,
- sale of the Manufacturing and Supply segment, in the third quarter of 2015,
- implementing cost cutting measures across Cordy to mitigate losses, and
- extending financing agreements resulting in reduced monthly payments.

Cordy continues to rationalize the business and ensure it is responding to economic demands and uncertainties. This includes cutting all expense items including fleet size, headcount and discretionary spending as well as working capi-



tal to ensure the Corporation can satisfy customer requirements. Cordy expects our Construction and Environmental segments will face extremely competitive pressures, relative to last year, until commodity prices and demand improves. As Cordy continues to work towards right sizing our business, given the uncertainty of commodity prices, we have put additional focus on sales and service to non-oilfield customers. Furthermore, Cordy continues to explore creative and strategic alliances to deploy its equipment throughout western Canada.

#### **2015 ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Cordy will hold its annual general meeting of shareholders on Tuesday, November 10, 2015. The record date for the meeting will be October 5, 2015. Meeting materials will be mailed to shareholders in mid-October 2015.

Complete copies of Cordy's interim condensed consolidated financial statements for the period ended June 30, 2015 and the associated Management's Discussion and Analysis are available on our website [www.cordy.ca](http://www.cordy.ca) or on SEDAR at [www.sedar.com](http://www.sedar.com).

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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