



## Tornado Global Hydrovacs Reports 2017 Results

**CALGARY, April 19, 2018** – Tornado Global Hydrovacs Ltd. (“Tornado” or the “Company”) (TGH: TSX-V) today reported its audited consolidated financial results for the fiscal year ended December 31, 2017. The audited consolidated financial statements and MD&A have been filed on SEDAR and can be reviewed at [www.sedar.com](http://www.sedar.com) and on the Company’s web site [www.tornadotrucks.com](http://www.tornadotrucks.com).

### Financial and Operating Highlights (in CAD \$000’s except per share data)

	Three Months ended December 31		Year ended December 31	
	2017	2016	2017	2016
Revenue	\$ 9,440	\$ 4,975	\$ 29,781	\$ 17,049
Cost of sales	7,945	4,439	25,293	15,907
Gross Profit	1,495	536	4,488	1,142
Selling and general administrative expenses	1,516	1,064	4,818	3,230
Depreciation of property and equipment	145	111	476	362
Depreciation of inventory	4	32	22	54
Amortization of intangible assets	126	230	495	304
Stock-based compensation	213	-	213	-
Finance income	1	(44)	(24)	(44)
Finance costs	22	45	100	63
Change in fair value of derivative financial instruments	122	27	(27)	27
Gain on shares issued for debt	-	-	(151)	-
Management fees	-	-	-	200
Loss before tax	(654)	(929)	(1,434)	(3,054)
Income tax expense	(145)	-	(145)	303
Net loss	\$ (799)	\$ (929)	\$ (1,579)	\$ (2,751)
Net loss per share - basic and diluted	\$ (0.02)	\$ (0.02)	\$ (0.02)	\$ (0.05)
EBITDAS (1)	\$ (21)	\$ (528)	\$ (330)	\$ (2,088)
EBIT (1)	\$ (296)	\$ (901)	\$ (1,323)	\$ (2,808)
Total assets	\$ 22,062	\$ 19,539	\$ 22,062	\$ 19,539
Shareholders Equity	\$ 17,853	\$ 13,355	\$ 17,853	\$ 13,355

## Segmented information (in CAD \$000's)

Three months ended December 31, 2017	North America	China	Corporate	Total
Revenue	\$ 9,440	\$ -	\$ -	\$ 9,440
Cost of sales	7,945	-	-	7,945
Selling and administrative expenses	918	345	253	1,516
EBITDAS	577	(345)	(253)	(21)
Depreciation and amortization expense	149	1	124	274
Income (loss) before other items of income	\$ 428	\$ (346)	\$ (377)	\$ (295)

Year ended December 31, 2017	North America	China	Corporate	Total
Revenue	\$ 29,781	\$ -	\$ -	\$ 29,781
Cost of sales	25,293	-	-	25,293
Selling and administrative expenses	2,839	1,153	826	4,818
EBITDAS	1,649	(1,153)	(826)	(330)
Depreciation and amortization expense	495	3	494	993
Income (loss) before other items of income	\$ 1,154	\$ (1,156)	\$ (1,320)	\$ (1,323)

## Highlights for 2017

- On September 15, 2017, the Company completed three financing transactions. Under a Private Placement, the Company issued 27,777,778 Class "A" Common shares ("Common Shares") at a price of \$0.09 per Common Share for gross proceeds of \$2.5 million. Under a Unit Private Placement, the Company issued 3,100,000 units at a price of \$0.09 per Unit for aggregate gross proceeds of \$279. Under a Shares for Debt transaction, principal and accrued interest totaling \$2.7 million owed to the Company's former parent company, Empire Industries Ltd, was converted into 30,185,544 Common Shares at a price of \$0.09 per Common Share.
- On October 31, 2017 the Company closed a Rights Offering by issuing 6,172,354 Common Shares at a price of \$0.085 per share for gross proceeds of \$ 525. The Company issued to shareholders one right for each issued and outstanding Common Share. Each Right entitled the holder to subscribe for one Common Share. The intention of the Rights Offering was to permit shareholders to purchase additional Common Shares at a similar price to those issued in the September 15, 2017 transactions.
- Proceeds from these transactions have strengthened the Company's financial position and will be used to fund the Company's expansion in China and for general working capital purposes. As at December 31, 2017 the Company has cash on hand of \$5.6 million, no debt, and shareholders equity of \$17.9 million (\$0.141 per share).

## Year ended December 31, 2017

- Revenue of \$29,781 increased 74.7% compared to \$17,049 in 2016. The increase in revenue was due to the improvement in the hydrovac equipment demand since Q2 with increased interest coming out of the municipal sector in both Canada and United States.
- As a result of increased revenue and improved absorption of overhead, Gross Profit of \$4,888 increased by \$3,346 compared to \$1,142 in 2016.
- EBITDAS of negative \$330, improved by \$1,758 compared to negative \$2,088 in 2016. This improvement was largely due to increased revenues and gross profit in North America which was somewhat offset by increased SG&A in all three segments.

- EBITDAS of negative \$330, was made up of positive \$1,649 for North America, negative \$1,153 for China and negative \$826 for Corporate.
- The net loss of \$1,579 decreased by \$1,172 compared to a net loss of \$2,751 in 2016. This is due to the factors discussed above, together with a gain of \$151 on the conversion of debt through the issuance of shares. In addition, stock -based compensation expense of \$217 was recorded in Q4/2017.

<sup>1</sup> Earnings (loss) before interest, tax, depreciation and amortization and stock-based compensation (EBITDAS) and Earnings (loss) before interest and tax (EBIT) are not defined by IFRS. The definition of EBITDAS does not consider gains and losses on the disposal of assets, fair value changes in foreign currency forward contracts and non-cash components of stock-based compensation. While not an IFRS measure, EBITDAS is used by management, creditors, analysts, investors and other financial stakeholders to assess the Group's performance and management from a financial and operational perspective.

### **Three months ended December 31, 2017**

- Revenue of \$9,440 increased 89.7% compared to \$4,975 in 2016. The increase in revenue due to the recent improvement in the hydrovac market equipment purchase demand with increased interest coming out of the municipal sector in both Canada and United States.
- As a result of increased revenue, Gross Profit of \$1,495 increased 178.9% compared to \$536 in 2016.
- The EBITDAS of negative \$21 is an improvement of \$507 over the same period the year before of negative \$528.
- The EBITDAS of negative \$21 was made up of North America positive \$577 for North America, negative \$345 for China and negative \$253 for Corporate. For China, negative EBITDAS during the quarter of \$345 is expected to stay at this level until the sales revenue from China commences which is expected to occur in the second half of 2018.
- Net loss of \$799 decreased by \$130 compared to a net loss of \$929 in the comparable period in 2016. The stock-based compensation expense discussed above, is a non-cash item, and impacted the fourth quarter of 2017.

### **Outlook**

The market demand in North America from the municipal sectors in both Canada and United States has contributed to the improved financial performance. The Company is also benefiting from increased demand because of the significant design improvements of its hydrovac trucks. As a result, the Company expects continued strong improved financial performance in North America. In China, the Company continues to adjust its business plan to more effectively capitalize on this significant market opportunity.

As a result of these factors management believes the Company's medium and long-term outlook is positive.

### **About Tornado Global Hydrovacs Ltd.**

The Company designs and manufactures hydrovac trucks in Canada and sells hydrovac trucks for excavation service providers to the oil and gas industry and the municipal markets in Canada and the USA. Hydrovac trucks use high pressure water to pulverize soil and turn it into mud, and then vacuum up the resulting mud into its tank. Tornado currently operates in North America. The Company intends to expand its hydrovac business into China and has established a wholly owned operation in China with a head office in Beijing.

For more information about Tornado Global Hydrovacs Ltd., visit [www.tornadotrucks.com](http://www.tornadotrucks.com) or contact:

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## **Advisory**

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