



## Tornado Global Hydrovacs Reports First Quarter 2018 Results

**CALGARY, May 22, 2018** – Tornado Global Hydrovacs Ltd. (“Tornado” or the “Company”) (TGH: TSX-V) today reported its unaudited condensed consolidated financial results for the Three Months ended March 31, 2018. The unaudited condensed consolidated financial statements and MD&A have been filed on SEDAR and can be reviewed at [www.sedar.com](http://www.sedar.com).

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

	Three Months ended March 31	
	2018	2017
Revenue	\$4,831	\$5,989
Cost of sales	3,943	5,092
Gross Profit	888	897
Selling and general administrative expenses	1,244	973
Depreciation and amortization	256	256
Stock-based compensation	68	-
Net finance income and other	(1)	(10)
Loss before tax	(679)	(322)
Income tax recovery	44	-
Net loss	(\$635)	(\$322)
Net loss per share - basic and diluted	\$ -	\$(0.01)
EBITDAS (1)	(\$356)	(\$76)
EBIT (1)	(\$684)	(\$332)
Total assets	\$23,049	\$19,014
Shareholders Equity	\$17,573	\$13,037

### Three months ended March 31, 2018

- Revenue of \$4,831 decreased 19.3% compared to \$5,989 in Q1/2017. The decrease in revenue was due to a delay in completion and delivery of hydrovac trucks during the quarter. Three completed trucks held in inventory as at March 31, 2018 were delivered and sold in early Q2 2018.
- Despite the decreased revenue, Gross Profit of \$888 was comparable to \$897 in the same period of 2017 due to production efficiencies at the company’s Stettler plant.
- Selling and general and administrative expenses of \$1,244 increased by \$271 compared to \$973 in the same period of 2017. The increase is principally due to increased employee costs of the North America operation and increased overhead costs of the China operation and corporate.
- EBITDAS (1) of negative \$356, comprising North America (\$96), China (negative \$287) and Corporate (negative \$165),

decreased by \$280 compared to negative \$76 in Q1/2017, due to increased selling and general and administrative expenses. For the North America segment, EDITDAS during the quarter of \$96 decreased significantly compared to Q4 2017, due to decreased activity levels. For China, negative EDITDA during the quarter was (\$287) and is expected to stay at this level until there is an increase in the scope of operations.

- Net loss of \$635 increased by \$313 compared to a loss of \$322 in Q1/2017. This is due to the factors discussed above, together with stock-based compensation expense of \$68.

<sup>1</sup> Earnings (loss) before interest, tax, depreciation, 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.

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

Three Months ended March 31, 2018	North America	China	Corporate	Total
Revenue	\$4,831	\$ -	\$ -	\$4,831
Cost of sales	3,943	-	-	3,943
Selling and general administrative	792	287	165	1,244
EBITDAS	\$96	(\$287)	(\$165)	(\$356)

Three Months ended March 31, 2017	North America	China	Corporate	Total
Revenue	\$5,989	\$ -	\$ -	\$5,989
Cost of sales	5,092	-	-	5,092
Selling and general administrative	560	223	190	973
EBITDAS	\$337	(\$223)	(\$190)	(\$76)

### Outlook

The market demand in North America from the municipal sectors in both Canada and United States is expected to stay strong during 2018. The Company is also benefiting from increased demand because of the significant design improvements of its hydrovac trucks. The Company continues to develop its relationship with its US partner and expects revenue growth in the 2<sup>nd</sup> half of 2018. As a result, the Company expects strong financial performance in North America.

In China, the Company continues to execute its business plan to capitalize on this significant market opportunity. By the end of Q2 2018, the Company expects to have four unique products for demonstration and potential future revenue. As a result of these factors management believes the Company's medium and long-term outlook is positive in China.

### 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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