



Tornado Global Hydrovacs Reports First Quarter 2019 Results

CALGARY, May 14, 2019 – 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, 2019. The unaudited condensed consolidated financial statements and MD&A have been filed on SEDAR and can be reviewed at www.sedar.com and on the Company’s web site www.tornadotrucks.com.

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

	Three Months ended March 31	
	2019	2018
Revenue	\$ 13,802	\$ 4,831
Cost of sales	11,844	3,943
Gross Profit	1,958	888
Selling and general administrative expenses	1,543	1,244
Depreciation and amortization	357	256
Loss on disposal of fixed assets	-	4
Stock-based compensation	20	68
Change in derivative financial instruments	(3)	4
Net finance income and other	50	(9)
Loss before tax	(9)	(679)
Income tax expense	(109)	44
Net loss	\$ (118)	\$ (635)
Net loss per share - basic and diluted	\$ nil	\$ nil
EBITDAS (1)	\$ 415	\$ (356)
EBIT (1)	\$ 58	\$ (616)
Total assets	\$ 25,207	\$ 23,049
Shareholders Equity	\$ 16,883	\$ 17,573

¹ 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.

1Q/2019 Overview

- Revenue of \$13,802 increased 185.7% compared to \$4,831 in Q1/2018. The increase in revenue was due to the improvement in the hydrovac market equipment purchase demand from the municipal sector in both Canada and the United States (“US”).
- Gross profit of \$1,958 increased by \$1,070 compared to \$888 in the same period of 2018 due to significantly

increased revenue from the Company's North American operations.

- In order to meet growing demand for Tornado trucks in 2019, the Company has increased its reliance on outsourcing certain elements of its production to third party manufacturers, which in turn negatively impacted overall gross margin in Q1/2019. The Company anticipates that as third party manufacturers improve their efficiencies and adapt to the Company's production requirements, its overall margins will stabilize and improve.
- EBITDAS of \$415, comprising North America - positive \$867, China - negative \$262 and Corporate - negative \$190, increased by \$771 compared to negative \$356 in Q1/2018, due to increased revenues and gross profit in North America and reduced compensation expense in China. For the North American Operations, EBITDAS during Q1/2019 continued the improvement experienced in Q3/2018 and Q2/2018 and increased significantly compared to Q1/2018.
- Net loss of \$118 decreased by \$517 compared to net loss of \$635 in Q1/2018. This is due to the factors discussed above, offset by income tax expense of \$109.
- During Q1/2019 additional shipments of hydrovac truck parts, sourced by Tornado China, were sent to Canada for the production of hydrovac trucks in Stettler, Canada.

Segmented information (in CAD \$000's)

Three Months ended March 31, 2019	North America	China	Corporate	Total
Revenue	\$ 13,802	\$ -	\$ -	\$ 13,802
Cost of sales	11,844	-	-	11,844
Selling and general administrative	1,091	262	190	1,543
EBITDAS	\$ 867	(\$262)	(\$190)	\$415

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)

Outlook

- The Company's production and sales of hydrovac trucks is expected to continue to increase in 2019 for the following reasons:
 - Increased spending on infrastructure by both the Canadian and the US governments is expected to further increase the market demand of hydrovac trucks in North America.
 - The Company introduced a newly designed hydrovac truck in 2018 which management believes has compelling advantages over hydrovac trucks currently offered in the market, including having a lighter weight and more debris capacity making it easier to comply with the road weight laws of the US' states and Canadian provinces.
 - In 2018, the Company entered into an exclusive sales agreement in April 2018 with Custom Truck One Source ("Custom Truck"). Custom Truck has an integrated network of 23 locations across North America. Based on the positive impact that the strategic relationship with Custom Truck had on the Company's sales in the latter part of 2018 and in Q1/2019, the Company expects sales in the US to continue at the same pace during the remainder of 2019.
 - In 2019 the Stettler facility's production capacity is expected to be used to produce more hydrovac trucks for sale in North America. During 2018, the Company's Stettler facility was used to design and produce 6 skid mounted units and one hydrovac sewer flusher unit for China's rental and demonstration fleet. This resulted in reduced truck production capacity for the Stettler facility in 2018.

- Through its presence in China, the Company has established a strategic supply chain from China for certain parts. This is expected to have a positive impact on reducing the Company's production costs in North America. This benefit is expected to impact the 2019 financial results.
- The Company's newly designed skid mounted unit was introduced to the North American market at trade shows in Toronto and Indianapolis in Q1/2019. The skid mounted units received positive feedback from prospective customers. The skid mounted units will be produced in China which management anticipates will allow the Company to offer competitively priced skid mounted units for both the North American and Chinese markets.
- The Company expects that the weak Canadian dollar will continue to positively impact profit margins because more than half of the Company's hydrovac trucks are sold in US dollars while manufactured in Canada.
- The Company has refocused its business in China resulting in significantly reduced cost structure for its China Operations. The Company remains committed to the China Operations and exploiting the growth opportunities there. With a fleet of 4 distinct types of hydrovac units in China, the Company will concentrate, over the short term, on developing its business in China through unit rentals and educating the Chinese market through live demonstrations, of the benefits of hydrovac truck capabilities. The Company's China office will also be used to negotiate and source certain high quality, low cost hydrovac truck parts for North American truck production. The Company anticipates that the steps it has taken to refocus its business opportunities in China and the resulting reduction in cost structure will positively impact the Company's 2019 financial results.

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 or contact:

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Advisory

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Certain statements contained in this news release constitute forward-looking statements. These statements relate to future events. All statements other than statements of historical fact are forward-looking statements. The use of the words "may", "expects", "expected", "expectations", "believes", "anticipates", "planned" and other words of a similar nature are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Although the Company believes these statements to be reasonable, 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. Such statements include statements with respect to: (i) the expected increase in the Company's production and sales of hydrovac trucks in North America in 2019 due to the expected increase in spending on infrastructure projects by the governments in Canada and the US, the expectation of the continued positive effect the agreement with Custom Truck has had on sales in the US and the expectation of increase production of hydrovac trucks at the Stettler facility; (ii) the anticipated production of the new skid mounted units in China will allow the Company to sell the same at competitive prices; (iii) the expectation that the weak Canadian dollar will positively impact profit margins; and (iv) the anticipated benefit of reduction of the costs with respect to the China Operations. Actual results could differ materially from those anticipated in these forward-looking statements as a result of prevailing economic conditions, receipt of requisite regulatory approvals, and other factors, many of which are beyond the control of the Company. The forward-looking statements contained in this news release represent the Company's expectations as of the date hereof, and are subject to change after such date. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as may be required by applicable securities regulations.