



## Tornado Global Hydrovacs Reports Second Quarter 2017 Results

**CALGARY, August 16, 2017** – Tornado Global Hydrovacs Ltd. (“Tornado” or the “Company”) (TGH: TSX-V) today reported its unaudited consolidated financial results for the Three and Six Months ended June 30, 2017. The unaudited 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 June 30		Six Months ended June 30	
	2017	2016	2017	2016
Revenue	6,733	5,764	12,722	9,146
Cost of sales	5,842	5,488	10,951	8,781
Gross Profit	891	276	1,771	365
Selling and general administrative expenses	1,181	561	2,154	1,085
Depreciation of property and equipment	116	69	232	138
Amortization of intangible assets	123	29	246	58
Finance income	(6)	-	(19)	-
Finance costs	26	4	56	9
Management fees	-	100	-	200
Change in fair value of derivative financial instruments	(12)	-	(39)	-
Loss before tax	(537)	(487)	(859)	(1,125)
Income tax recovery	-	132	-	303
Net loss	(537)	(355)	(859)	(822)
Net loss per share - basic and diluted	-		(0.01)	
EBITDA (1)	(291)	(285)	(384)	(720)
EBIT (1)	(530)	(383)	(862)	(916)
Total assets	19,358	19,698	19,358	19,698
Shareholders Equity	12,474	13,355	12,474	13,355

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

Three months ended June 30, 2017	North America	China	Total
Revenue	6,733	-	6,733
Cost of sales	5,842	-	5,842
Selling and administrative expenses	917	264	1,181
EBITDA	(27)	(264)	(291)
Six months ended June 30, 2017	North America	China	Total
Revenue	12,722	-	12,722
Cost of sales	10,951	-	10,951
Selling and administrative expenses	1,667	487	2,154
EBITDA	103	(487)	(384)

### Three months ended June 30, 2017

- Revenue of \$6,733 increased 12.5 % compared to \$5,989 in Q1/2017 and increased 16.8 % compared to \$5,764 in the comparable period in 2016. The increase in revenue was attributed 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.
- Despite the increased revenue, Gross Profit of \$891 was similar to \$880 in Q1/2017. This reduction in profitability reflects price competition as well the liquidation during the quarter of aged inventory at no margin. Gross Profit increased 222.9 % compared to \$276 in the comparable period in 2016.
- Negative EBITDA of (\$291), comprising North America (\$27) and China (\$264), increased 212.9% compared to (\$93) in Q1/2017, due principally to an increase in SG&A in North America as a result of increased legal, professional and directors' fees, and marketing and travel in the US. For China, Negative EBITDA during the quarter of (\$264) increased 18.4% compared to Q1, and is expected to stay at this level until there is an increase in the scope of operations.
- Negative EBITDA was similar to the comparable period in 2016, despite the increase in Gross Profit. This is due to expenses in 2017 relating to the China business, for which there were no costs in 2016, and increased SG&A in North America.
- The Net loss of \$537 increased 66.8% compared to \$322 in Q1/2017 and increased 51.3% compared to \$355 in the comparable period in 2016. This is due to the factors discussed above.

<sup>1</sup> Earnings (loss) before interest, tax, depreciation and amortization (EBITDA) and Earnings (loss) before interest and tax (EBIT) are not defined by IFRS. The definition of EBITDA 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, EBITDA 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.

In North America, the market demand from the municipal sector in both Canada and United States contributed to a financial performance improvement in the Company's North America segment. Management believes that the Company is positioned to improve its performance in North America throughout the rest of the year for the following reasons:

- The indications of increased spending in infrastructure from both the Canadian and US governments and increased spending as a result of pipeline approvals are expected to further increase the market demand of hydrovac trucks.
- The Company introduced a newly designed hydrovac truck this year with a lighter weight and more debris capacity. This newly designed truck has compelling advantages over hydrovac trucks currently offered in the market.
- Working on sourcing qualified materials and parts to further reduce production costs.
- The weaker Canadian dollar will continue to positively impact profit margins because more than half of the Company's hydrovac trucks are sold predominantly in US dollars while manufactured in Canada.

In China, the Company continues to develop this significant market. The Company is pursuing a two pronged strategy of manufacturing and selling its industry leading, patents pending, Hydrovac truck in North America and also leveraging its unique and proprietary Chinese Hydrovac truck design by deploying a sales and service strategy customized to the Chinese excavation and utilities markets. The Company has carefully studied the Chinese Hydrovac market opportunity and determined that its Hydrovac design and features are not present. The opening of the office in Beijing has confirmed that there is an untapped market opportunity in China, which is one of the largest excavation markets in the world. This office is staffed with local market experts in procurement and Chinese supply chain management, who are being trained and mentored by the Company's Hydrovac excavation experts. The Company has developed a business plan to introduce its Hydrovac truck to the Chinese excavation market and recruited the officers and directors and employees to help execute this plan. The business plan has been enhanced to provide for exporting selected commercial parts from its Chinese supply chain at a much lower cost back to Canada to improve the profitability and competitiveness of its North American manufactured hydrovac truck. The proposed Financing Arrangement will help strengthen the Company's capitalization to deploy the Hydrovac trucks in China as a highly specialized, excavation equipment provider

With the increasing demand in North America and expansion into China, management believes medium and long-term outlook is positive and improving. The Company will focus on marketing its newly designed trucks in North America and developing its business in China in the rest of 2017.

### **About Tornado Global Hydrovac 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 Hydrovac Ltd., visit [www.tornadotrucks.com](http://www.tornadotrucks.com) or contact:

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### **Advisory**

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