



Tornado Global Hydrovacs Reports Second Quarter 2018 Results

CALGARY, August 23, 2018 – Tornado Global Hydrovacs Ltd. (“Tornado” or the “Company”) (TGH: TSX-V) today reported its unaudited condensed consolidated financial results for the Three and Six Month periods ended June 30, 2018. The unaudited condensed consolidated financial statements and MD&A have been filed on SEDAR and can be reviewed under the Company’s profile at 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	
	2018	2017	2018	2017
Revenue	\$ 10,213	\$ 6,733	\$ 15,044	\$ 12,722
Cost of sales	8,677	5,842	12,620	10,951
Gross Profit	1,536	891	2,424	1,771
Selling and general administrative expenses	1,229	1,181	2,473	2,154
Depreciation and amortization	295	239	551	478
Loss on disposal of fixed assets	-	-	4	-
Stock-based compensation	68	-	136	-
Change in fair value of derivative financial instruments	95	(12)	99	(39)
Net finance income and other	5	20	(4)	37
Loss before tax	(156)	(537)	(835)	(859)
Income tax expense	(64)	-	(20)	-
Net loss	\$ (220)	\$ (537)	\$ (855)	\$ (859)
Net loss per share - basic and diluted	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.01)
EBITDAS (1)	\$ 307	\$ (291)	\$ (49)	\$ (384)
EBIT (1)	\$ (56)	\$ (530)	\$ (740)	\$ (862)
Total assets	\$ 22,415	\$ 19,358	\$ 22,415	\$ 19,358
Shareholders Equity	\$ 17,320	\$ 12,474	\$ 17,320	\$ 12,474

Three months ended June 30, 2018

- Revenue of \$10,213 increased 51.7% compared to \$6,733 in Q2/2017. The increase in revenue was 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.
- Gross Profit of \$1,536 increased by \$645 compared to \$891 in the same period of 2017 due to increased revenue and production efficiencies, including labour utilization, at the Company’s Stettler plant.
- EBITDAS of positive \$307, comprising North America (positive \$832), China (negative \$333) and Corporate (negative \$192), increased by \$598 compared to negative \$291 in Q2/2017, due to increased revenues and gross profit in North America. For the North America segment, EBITDAS during the quarter of \$832 increased significantly compared to Q1 2018, due to increased activity levels. For China, negative EBITDAS during the quarter was \$333.

- Net loss of \$220 decreased by \$317 compared to a loss of \$537 in Q2/2017. This is due to the factors discussed above, offset by stock-based compensation expense of \$68, income tax expense of \$64 and change in fair value of derivative financial instruments of \$95.
- During the quarter two custom designed skid-mounted hydrovac units were delivered to China for demonstration purposes, with an additional four units shipped at the end of June.

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.

Segmented information (in CAD \$000's)

Three Months ended June 30, 2018	North America		China		Corporate		Total
Revenue	\$	10,213	\$	-	\$	-	\$ 10,213
Cost of sales		8,677		-		-	8,677
Selling and general administrative		704		333		192	1,229
EBITDAS	\$	832		(\$333)		(\$192)	\$307

Six Months ended June 30, 2018	North America		China		Corporate		Total
Revenue	\$	15,044	\$	-	\$	-	\$ 15,044
Cost of sales		12,620		-		-	12,620
Selling and general administrative		1,496		620		357	2,473
EBITDAS	\$	928	\$	(620)	\$	(357)	\$ (49)

Outlook

The market demand for hydrovac trucks 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 sales and distribution relationship with its US strategic partner, Custom Truck One Source ("Custom Truck"). With Custom Truck's integrated network of 23 locations across North America, the Company expects revenue growth in the 2nd 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 had four unique hydrovac products for demonstration and potential future revenue. Additional sales staff have been recruited and marketing demonstrations were held in August. 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 or contact:

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Advisory

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