



Tornado Global Hydrovacs Reports Third Quarter 2018 Results

CALGARY, November 7, 2018 – Tornado Global Hydrovacs Ltd. (“Tornado” or the “Company”) (TGH: TSX-V) today reported its unaudited condensed consolidated interim financial results for the Three and Nine Month periods ended September 30, 2018. The unaudited condensed consolidated interim 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 September 30		Nine Months ended September 30	
	2018	2017	2018	2017
Revenue	\$ 11,400	\$ 7,619	\$ 26,444	\$ 20,341
Cost of sales	9,281	6,397	21,901	17,348
Gross Profit	2,119	1,222	4,543	2,993
Selling and general administrative expenses	1,572	1,148	4,045	3,302
Depreciation and amortization	287	240	838	718
Loss on disposal of fixed assets	-	-	4	-
Stock-based compensation	69	-	205	-
Change in fair value of derivative financial instruments	(86)	(110)	13	(149)
Net finance income and other	3	16	(1)	53
Gain on shares issued for debt	-	(151)	-	(151)
Income (Loss) before tax	274	79	(561)	(780)
Income tax expense	(212)	-	(232)	-
Net income (loss)	\$ 62	\$ 79	\$ (793)	\$ (780)
Net loss per share - basic and diluted	\$ 0.00	\$ 0.00	\$ (0.01)	\$ (0.01)
EBITDAS (1)	\$ 547	\$ 74	\$ 498	\$ (309)
EBIT (1)	\$ 191	\$ (166)	\$ (549)	\$ (1,027)
Total assets	\$ 22,460	\$ 21,765	\$ 22,460	\$ 21,765
Shareholders Equity	\$ 17,308	\$ 17,811	\$ 17,308	\$ 17,811

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.

Three months ended September 30, 2018 and Recent Developments

- Revenue of \$11,400 increased 49.6% compared to \$7,619 in Q3/2017. The increase in revenue was due to the improvement in the hydrovac market equipment purchase demand from the municipal sector in both Canada and United States.
- Gross Profit of \$2,119 increased by \$897 compared to \$1,222 in the same period of 2017 due to increased revenue and production efficiencies, including labour utilization, at the Company’s Stettler plant.

- EBITDAS of \$547, comprising North America (positive \$1,030), China (negative \$334) and Corporate (negative \$149), increased by \$473 compared to \$74 in Q3/2017, due to increased revenues and gross profit in North America. For the North America segment, EDITDAS during the quarter of \$1,030 continued the improvement experienced in Q2/18 and increased significantly compared to Q1/2018.
- Net income of \$62 decreased by \$17 compared to net income of \$79 in Q3/2017. This is due to the factors discussed above, offset by stock-based compensation expense of \$69, income tax expense of \$212 and change in fair value of derivative financial instruments of \$24. In 2017 a one-time gain of \$151 was recorded on shares issued for debt in Q3/2017.
- During the quarter an additional four custom designed skid-mounted hydrovac units were delivered to China for potential sale. Together with two demonstration units shipped in Q2, Tornado now has six skid-mounted units in China at the end of September.
- In October 2018, the Company's wholly-owned subsidiary Tornado Global Hydrovacs (Beijing) Ltd. ("Tornado China") entered into a five year strategic partnership agreement with Anhui Jianghuai Yangtian Automobile Co., Ltd. to manufacture the Company's line-up of hydrovac trucks, which have been customized to satisfy all the Chinese regulatory requirements, for sale and operation in China. In addition, Tornado China executed a strategic partnership agreement with Daqing Haotian Xinda Technology Ltd. for an initial term of one year to assist Tornado China with developing a client base in the excavation market in Heilongjiang Province of China.
- In October 2018, the first shipment of hydrovac truck parts sourced by Tornado China was sent to Canada for the Company's production of hydrovac trucks in Stettler, Canada.

Segmented information (in CAD \$000's)

Three Months ended September 30, 2018	North America		China		Corporate		Total
Revenue	\$	11,400	\$	-	\$	-	\$ 11,400
Cost of sales		9,281		-		-	9,281
Selling and general administrative		1,089		334		149	1,572
EBITDAS	\$	1,030		(\$334)		(\$149)	\$547

Nine Months ended September 30, 2018	North America		China		Corporate		Total
Revenue	\$	26,444	\$	-	\$	-	\$ 26,444
Cost of sales		21,901		-		-	21,901
Selling and general administrative		2,585		954		506	4,045
EBITDAS	\$	1,958		(\$954)		(\$506)	\$498

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 in Q4 2018 and into 2019. 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 4th quarter of 2018. As a result, the Company expects strong financial performance in North America.

In China, the Company continues to execute its business plan. By the end of Q3 2018, the Company had four unique types of hydrovac products for demonstration and potential future revenue. Additional sales staff have been recruited and marketing demonstrations are scheduled for the remaining of the year.

In October 2018, as previously discussed, the Company entered into a five year strategic manufacturing partnership agreement and also executed a strategic marketing and sales partnership agreement for an initial term of one year to assist the Company with developing a client base in the excavation market in Heilongjiang Province of China.

As noted above, the Company has commenced sourcing parts from its Chinese supply chain at a lower cost back to Canada to improve the profitability and competitiveness of its North American manufactured hydrovac trucks.

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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