



Tornado Global Hydrovacs Reports Third Quarter 2019 Results

CALGARY, November 18, 2019 – Tornado Global Hydrovacs Ltd. (“Tornado” or the “Company”) (TGH: TSX-V) today reported its unaudited condensed consolidated financial results for the Three and Nine Month periods ended September 30, 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 September 30		Nine Months ended September 30	
	2019	2018	2019	2018
Revenue	\$ 16,237	\$ 11,400	\$ 46,892	\$ 26,444
Cost of sales	13,383	9,281	39,801	21,901
Gross Profit	2,854	2,119	7,091	4,543
Selling and general administrative expenses	1,686	1,572	4,475	4,045
Depreciation and amortization	335	287	1,012	838
Stock-based compensation	21	69	61	205
Change in derivative financial instruments	62	(86)	-	13
Net finance expense and other	67	3	164	3
Income (loss) before tax	683	274	1,379	(561)
Income tax expense	(183)	(212)	(496)	(232)
Net income (loss)	\$ 500	\$ 62	\$ 883	\$ (793)
Net gain (loss) per share - basic and diluted	\$ nil	\$ nil	\$ 0.01	\$ (0.01)
EBITDAS (1)	\$ 1,168	\$ 547	\$ 2,616	\$ 498
EBIT (1)	\$ 833	\$ 260	\$ 1,604	\$ (344)
Total assets	\$ 28,125	\$ 22,460	\$ 28,125	\$ 22,460
Shareholders Equity	\$ 17,846	\$ 17,308	\$ 17,846	\$ 17,308

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, 2019 and Recent Developments

- Revenue of \$16,237 increased by \$4,837 compared to \$11,400 in Q3/2018. The increase in revenue was due to the continued improvement in the hydrovac market equipment purchase demand from the municipal sector in both Canada and the United States (“US”).
- Gross profit of \$2,854 increased by \$735 compared to \$2,119 in the same period of 2018 due to the increased revenue. The overall margin however was negatively impacted by lower margins on outsourced production to third parties to meet growing demand, offset by cost savings recognized on parts sourced from China through the company’s China operations.
- EBITDAS of \$1,168, (comprising North America - \$1,622, China - negative \$321 and Corporate - negative \$133), increased by \$621 compared to \$547 in Q3/2018, due to increased revenues and gross profit in North America and

reduced compensation expense in China. For the North American Operations, EBITDAS during Q3/2019 continued the improvement experienced in Q2/2019.

- Net income of \$500 increased by \$438 compared to net income of \$62 in Q3/2018. This is due to the factors discussed above, offset by income tax expense of \$183.
- During Q3/2019 additional shipments of hydrovac truck parts, sourced by Tornado China, were sent to Canada for the production of hydrovac trucks.

Segmented information (in CAD \$000's)

Three months ended September 30, 2019	North America	China	Corporate	Total
Revenue	\$ 16,237	\$ -	\$ -	\$ 16,237
Cost of sales	13,383	-	-	13,383
Selling and general administrative	1,232	321	133	1,686
EBITDAS	\$ 1,622	\$ (321)	\$ (133)	\$ 1,168

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, 2019	North America	China	Corporate	Total
Revenue	\$ 46,892	\$ -	\$ -	\$ 46,892
Cost of sales	39,801	-	-	39,801
Selling and general administrative	3,263	720	492	4,475
EBITDAS	\$ 3,828	\$ (720)	\$ (492)	\$ 2,616

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 Company's production and sales of hydrovac trucks is expected to continue at or exceed the current level for the remainder of 2019 and into 2020 for the following reasons:
 - Continued spending on infrastructure by both the Canadian and the US governments is anticipated to support 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 and Canada.
 - In 2018, the Company entered into an exclusive sales agreement with a US strategic partner who has an integrated network of 23 locations across North America. The Company expects sales in the US to continue at or exceed the current level for the remainder of 2019 and into 2020.
 - In the fourth quarter of 2019, the Stettler facility's production capacity is expected to be fully used to produce hydrovac trucks for sale in North America. The Company is expected to also continue using sub-

contractors to produce additional trucks to meet the increase in demand.

- Through its presence in China, the Company has established a strategic supply chain from China for certain parts. This has had a positive impact by reducing the Company's production costs in North America and this benefit is expected to continue to positively impact the financial results for the remainder of 2019.
- 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 a significant number 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 a significantly reduced cost structure for its China Operations. 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 is being 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 continue to positively impact the Company's 2019 financial results.
- The Company is facing sales demand greater than its manufacturing capability. The Company is assessing strategic options available to address forecasted production constraints and inefficiencies.

About Tornado Global Hydrovacs Ltd.

The Company designs and manufactures hydrovac trucks in Canada and sells hydrovac trucks for excavation service providers to the municipal markets and oil and gas industry 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. In China, the Company's subsidiary is used principally to source certain parts to the Company's North America operations.

For more information about Tornado Global Hydrovacs Ltd., visit www.tornadotrucks.com or contact:

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Advisory

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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.