



Tornado Global Hydrovacs Reports Third Quarter 2020 Results

CALGARY, November 16, 2020 – 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, 2020. 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	
	2020	2019	2020	2019
Revenue	\$ 10,125	\$ 16,237	\$ 31,130	\$ 46,892
Cost of sales	8,493	13,300	26,536	39,552
Gross Profit	1,632	2,937	4,594	7,340
Selling and general administrative expenses	832	1,686	2,882	4,475
Depreciation and amortization	461	418	1,308	1,261
Net finance expense and other	95	67	167	164
Change in derivative financial instruments	-	62	1	-
Gain on impairment reversal	(174)	-	(174)	-
Stock-based compensation	-	21	-	61
Income before tax	418	683	410	1,379
Income tax expense	69	183	42	496
Net income	\$ 349	\$ 500	\$ 368	\$ 883
Net income per share - basic and diluted	\$ nil	\$ nil	\$ nil	\$ 0.01
EBITDAS (1)	\$ 800	\$ 1,251	\$ 1,712	\$ 2,865
EBIT (1)	\$ 513	\$ 833	\$ 578	\$ 1,604
Total assets	\$ 28,747	\$ 28,125	\$ 28,747	\$ 28,125
Shareholders Equity	\$ 15,805	\$ 17,846	\$ 15,805	\$ 17,846

¹ Earnings (loss) before interest, tax, depreciation, amortization, impairment write-downs and reversals 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 Company’s performance and management from a financial and operational perspective.

Third Quarter 2020 Overview

- The North American Operations continued to be negatively affected by COVID-19 during the quarter. This is discussed in more detail in the “Outlook” section of this MD&A.
- Revenue of \$10,125, decreased 37.6% compared to \$16,237 in Q3/2019 reflecting the negative impact of COVID-19.
- Gross profit of \$1,632, decreased by \$1,305 compared to \$2,937 in the same period of 2019 due to decreased revenue from the North American Operations, offset by eligible Canada Emergency Wage Subsidy (the “wage

subsidy”).

- EBITDAS of \$800, decreased by \$451 compared to \$1,251 in Q3/2019, due to decreased revenues and gross profit in North America, offset by the wage subsidy of \$674.
- Net income of \$349, decreased by \$151 compared to net income of \$500 in Q3/2019. This was due to the factors discussed above, offset by a decrease in income tax expense related to the North American Operations of \$114 and a gain on impairment reversal related to the China Operations of \$174.

Segmented information (in CAD \$000's)

Three months ended September 30, 2020	North America		China	Corporate		Total		
Revenue	\$	9,951	\$	174	\$	-	\$	10,125
Cost of sales		8,319		174		-		8,493
Selling and general administrative		655		97		80		832
EBITDAS	\$	977	\$	(97)	\$	(80)	\$	800

Three months ended September 30, 2019	North America		China	Corporate		Total		
Revenue	\$	16,237	\$	-	\$	-	\$	16,237
Cost of sales		13,300		-		-		13,300
Selling and general administrative		1,232		321		133		1,686
EBITDAS	\$	1,705	\$	(321)	\$	(133)	\$	1,251

Nine months ended September 30, 2020	North America		China	Corporate		Total		
Revenue	\$	30,956	\$	174	\$	-	\$	31,130
Cost of sales		26,362		174		-		26,536
Selling and general administrative		2,199		335		348		2,882
EBITDAS	\$	2,395	\$	(335)	\$	(348)	\$	1,712

Nine months ended September 30, 2019	North America		China	Corporate		Total		
Revenue	\$	46,892	\$	-	\$	-	\$	46,892
Cost of sales		39,552		-		-		39,552
Selling and general administrative		3,263		720		492		4,475
EBITDAS	\$	4,077	\$	(720)	\$	(492)	\$	2,865

Outlook

The Company continues to evaluate its business operations in the context of COVID-19, with a focus on health and safety of its employees, current company operations, business continuity and managing liquidity. As permitted by current government regulations, the Company continues to operate its manufacturing facilities with strict cleaning protocols and social distancing measures in place. In April 2020, the Company reduced truck production and put in place an aggressive program to conserve cash. The Company was outsourcing approximately 1/3 of its production before the pandemic and this has been discontinued entirely. This outsourced production is expected to be performed in the Company's new Red Deer facility once it is fully operational. Production at the Company's manufacturing facility in Stettler, Alberta was reduced by approximately 60% for Q3 of 2020 and is expected to continue to be reduced for Q4 2020. As at September 30th, 2020, approximately 20% of the

Company's employees were laid off. In addition, significant salary reductions were put in place with respect to head office employees from mid-March to mid-August.

These measures are intended to allow the Company to conserve cash and maintain its workforce through a period of lower production. The cost savings generated by the temporary layoffs and salary reductions are intended to protect the Company's balance sheet and to allow the Company to quickly ramp-up production once the pandemic has passed. The service and parts team are expected to remain unaffected so they can continue to assist customers.

As a result of the (i) spread of COVID-19 in all relevant jurisdictions to the Company's supply chain and customer base; (ii) impact of government measures imposed to help manage the spread of the virus; (iii) actions undertaken by the Company to ensure the well-being and safety of its employees; and (iv) uncertainty over the duration of business disruptions as a result of COVID-19, management expects that the Company's consolidated financial results in the remainder of fiscal year 2020, including its financial performance and liquidity, may be negatively impacted.

Management recognizes that while it continues to respond to and navigate the impacts of COVID-19 on the Company's business, the situation continues to evolve. At this point, the Company has access to debt and other forms of government support available to businesses impacted by the pandemic. As the Company's production and revenue increase, the Company will add staff as needed. As a result of an increase in production and a corresponding increase in revenue, the Company's access to government support currently available will be reduced or eliminated.

COVID-19 may also further impact customer demand. Notwithstanding the current impact of COVID-19, management believes the underlying fundamentals of the Company's business remain strong and once the pandemic has passed expects the Company's production and sales of hydrovac trucks in North America to recover and return to and eventually exceed the level achieved in 2019 over the long term for the following reasons:

- Increased spending on infrastructure by both the Canadian and the US governments is anticipated post COVID-19 to support the market demand of hydrovac trucks in North America.
- The Company introduced a newly designed hydrovac truck in 2019 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 Canada and the US.
- Benefits from the exclusive sales agreement with a US strategic partner who has an integrated network of 23 locations across North America that the Company entered into in 2019.
- Manufacturing and production efficiencies from the manufacturing facility in Red Deer, Alberta, Canada, once it becomes fully operational.
- With the recent expansion of parts and services business into the Company's Red Deer facility, management anticipates this trend to continue.
- Cost savings from the Company's strategic supply chain from China for certain hydrovac truck parts.
- 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's China Operations are currently not affected by COVID-19 and absent any negative impact from general trade relations between North America and China, management does not believe that the Company will have any challenges ramping up its supply chain in the future, as sales activity picks up.

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 and oil and gas 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. In China, the Company's subsidiary is used principally to source certain parts for the Company's North American operations.

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

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Advisory

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 "anticipates", "should", "may", "expected", "expects", "believes" 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 Tornado 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 those with respect to: (i) the Company's outlook for the remainder of 2020; (ii) the expectation that prior outsourced production will be performed in the Company's new Red Deer facility once it is fully operational; (iii) the expectation that production at the Company's manufacturing facility in Stettler, Alberta will be reduced for Q4 of 2020; (iv) the expected impact of COVID-19 on the Company's financial results and liquidity in 2020; (v) cost saving measures intended to allow the Company to conserve cash maintain its workforce through a period of lower production and quickly ramp-up production once the COVID-19 pandemic has passed; (vi) the expectation that the Company will have access to debt and other forms of government support available to businesses impacted by the pandemic; (vii) management's belief that the underlying fundamentals of the Company's business will remain strong over the long term; (viii) the expectation that long term production and sales of hydrovac trucks in North America will recover and eventually exceed the levels achieved in 2019; (ix) the anticipated increased spending on infrastructure by both the Canadian and the US governments post COVID-19 to support the market demand of hydrovac trucks in North America; (x) the anticipated benefits from the exclusive sales agreement with a US strategic partner; (xi) the anticipated manufacturing and production efficiencies from the manufacturing facility in Red Deer, Alberta, Canada, once it becomes fully operational; (xii) cost savings from the Company's strategic supply chain from China for certain hydrovac truck parts; (xiii) the expectation that the weak Canadian dollar will continue to positively impact profit margins; (xiv) management's anticipation that with the recent expansion of parts and services business into the Company's Red Deer facility, this trend to continue; and (xv) management's belief that the Company will not have any challenges ramping up its supply chain in the future, as sales activity picks up. 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. Actual results could differ materially from those anticipated in these forward-looking statements as a result of prevailing economic conditions, and other factors, many of which are beyond the control of Tornado. Although Tornado 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. The forward-looking statements contained in this news release represent Tornado's expectations as of the date hereof and are subject to change after such date. Tornado 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.

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