



ESI Announces 2020 Fourth Quarter and Full Year Results

Calgary, Canada – April 5, 2021 - ESI Energy Services Inc. (CSE: OPI) (“ESI” or the “Company”) announces its 2020 fourth quarter and full year financial results.

Robert Dunstan, ESI’s President and CEO, announces higher levels of revenue, net loss, EBITDA, funds flow from operations and long-term debt as well as lower working capital, for the twelve – month period ended December 31, 2020 compared with the same period in 2019.

Highlights

Q4 2020 Highlights

Revenue for the three-month period ended December 31, 2020 increased by 45 percent to \$3,332,000 compared to \$2,295,000 during the same period in 2019. Most of this revenue was generated by padding machine rentals, which was primarily generated in the United States. Activity levels for padding machines in Canada continued to improve during the fourth quarter of 2020.

Approximately 63 percent of the revenue generated during the three-month period ended December 31, 2020 came from padding machine rentals, 44 percent of which was from large padders and 56 percent from small padders. Activity levels for large padding machines remained unchanged at 17 padding months during the fourth quarters of 2020 and 2019. The increase in the activity level of OPP-300 machines in the fourth quarter of 2020 compared to the same period in 2019 was offset by a decrease in activity levels for OPP-200 machines. Activity levels for small padders were up by 117 percent to 39 padding months during the fourth quarter of 2020, compared with 18 padding months during the same period in 2019. Virtually all the revenue from small padding machines was generated from renewables (wind and solar) construction. Approximately 10 percent of large padding machine revenue was from renewables. OPP-200 padding machines are used for both pipeline and renewables construction, whereas OPP-300 machines are used almost exclusively for large diameter mainline pipeline construction.

Gross margin for the three-month period ended December 31, 2020 increased by 78 percent to \$1,913,000 compared to \$1,075,000 for the same period in 2019. This increase was primarily due to higher rental revenue from small padding machines and screening buckets in 2020 compared to 2019.

The Company generated a net loss of \$554,000 during the fourth quarter of 2020 compared with a net loss of \$1,018,000 reported during the same period in 2019, a decrease in the net loss of 46 percent. The net loss decrease was primarily due to a 98 percent increase in rental revenue from small padding machines and 122 percent increase in rental revenue from screening buckets.

EBITDA during the fourth quarter of 2020 was \$919,000 compared to \$536,000 during the same period in 2019, an increase of 71 percent or \$383,000, primarily due to higher revenue.

Funds flow from operations was \$752,000 during the fourth quarter of 2020, an increase of 50 percent compared to \$503,000 during the same period in 2019. The increase was primarily due to higher rental revenue from small padding machines and screening buckets during the fourth quarter of 2020 as discussed above.

2020 YTD Highlights

Revenue for the twelve-month period ended December 31, 2020 increased by 29 percent to \$14,296,000 compared with \$11,069,000 during the same period in 2019. Substantially all of the revenue was generated from padding rental revenue in the United States. Activity levels for padding machines in Canada started to pick up during the second half of 2020.

Approximately 69 percent of the revenue generated during the year ended December 31, 2020 came from padding machine rentals, 52 percent of which was from the large machines and 48 percent from the small machines. Activity levels for large padding machines were down from 97 padding months in 2019 to 78 padding months during the same period in 2020, a decrease of 20 percent. Activity levels for small padders were up by 123 percent to 158 padding months in 2020, compared to 71 padding months during the same period in 2019.

Gross margin for the twelve-month period ended December 31, 2020 increased by 50 percent to \$7,555,000 from \$5,039,000 during the same period in 2019. The increase was primarily due to higher rental revenue in 2020 from small padding machines and screening buckets compared with 2019. Rental revenue from small padding machines and buckets increased in 2020 compared to 2019 by \$2,553,000 and \$1,209,000, respectively.

Net loss for the twelve-month period ended December 31, 2020 was \$11,100,000 compared with the net loss of \$1,719,000 during the same period in 2019. Net loss adjusted for the impairment charge on intangible assets for the twelve-month period ended December 31, 2020 was \$343,000.

Funds flow from operations was \$3,766,000 for the year ended December 31, 2020, an increase of 113 percent compared to \$1,772,000 during the same period in 2019. The increase in funds flow was primarily due to higher rental revenue from small padding machines and screening buckets in 2020.

Working capital decreased by \$2,812,000 to \$9,922,000 at December 31, 2020 compared to \$12,734,000 at December 31, 2019. The decrease was primarily attributable to a cash outflow for a special dividend paid out to shareholders in December 2020 amounting to \$5,683,000 which was offset by additional cash inflows from two new mortgages funded during the same period.

Long-term debt and lease obligations increased by \$5,085,000 to \$6,931,000 at December 31, 2020 compared to \$1,846,000 at December 31, 2019. The increase was primarily due to first mortgages which were taken out on two real estate properties located in Phoenix, Arizona, USA and in Leduc, AB, Canada.

About ESI

ESI is a publicly traded company listed on the Canadian Securities Exchange under the stock symbol "OPI". ESI is a pipeline and renewables equipment rental and sales company with principal operations in Leduc, Alberta and Phoenix, Arizona. The Company, together with its operating subsidiaries, ESI Pipeline Services, Inc. ("ESIP") and ESI Energy Services (Australia) Pty Ltd., supplies (rents and sells) backfill separation machines ("Padding Machines") to mainline pipeline contractors, renewables and utility construction contractors, as well as oilfield pipeline and construction contractors.

Forward-Looking Statements

Certain statements contained in this news release constitute forward-looking information. These statements relate to future events or future performance. The use of the word "will", and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on the Company's current beliefs or assumptions as to the outcome and timing of such future events. Actual future results may differ materially. Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information. Those assumptions and factors are based on information currently available to the Company. The forward-looking information contained in this release is made as of the date hereof and the Company is not obligated to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. Due to the risks, uncertainties and assumptions inherent in forward-looking information, investors should not place undue reliance on forward-looking information. The foregoing statements expressly qualify any forward-looking information contained herein.

Further Information

Robert Dunstan
President and Chief Executive Officer
Phone: (403) 205 7188
Email: robert.dunstan@ozzies.com