



ESI Announces 2018 First Quarter Earnings

Calgary, Canada – May 04, 2018 - ESI Energy Services Inc. (CSE: OPI) (“ESI” or the “Company”) announces its 2018 first quarter financial results.

Robert Dunstan, ESI’s President and CEO, announces lower levels of revenue, EBITDA, funds flow from operations and decreased working capital for the first three months of 2018 compared with the same period in 2017.

Highlights

Revenue for the three month period ended March 31, 2018 decreased by 29 percent to \$1,582,000 compared to \$2,225,000 during the same period in 2017. Virtually all of this revenue was generated in the United States. Activity levels for padding machines and oilfield services in Canada remained very slow. This was primarily due to regulatory and environmental impediments to pipeline construction in Canada.

Over 82 percent of the revenue generated during the first quarter of 2018 came from padding machines. Activity levels for large padding machines were down from 19 padding months during the first quarter of 2017 to 17 padding months during the first quarter of 2018, a decrease of 11 percent. Activity levels for small padders were down by 70 percent to 7 padding months during the first quarter of 2018, compared with 23 padding months during the same period in 2017. Our newest small padding machine, the micro-padder, which was introduced during the first quarter of 2017, is starting to gain traction. To date, we have added 3 micro-padding machines to our rental fleet. Activity levels for micro-padders consisted of 2 padder months during the first quarter of 2018. We have also added a line of screening buckets to our product offering which we believe will generate some additional opportunities for the Company going forward.

Gross margin for the three months ended March 31, 2018 was down by 68 percent. This decrease was primarily due to the 29 percent decrease in revenue during the period, most of which was due to a decrease in small padding revenue in the United States as well minimal large padding activity in Canada compared with the same period in 2017.

The Company generated a net loss of \$1,348,000 during the first quarter of 2018 compared with net loss of \$1,052,000 during the first quarter of 2017. The increase in net loss during the first quarter of 2018 was primarily due to the 29 percent decrease in revenue during the period.

Funds flow from operations was a deficit of \$426,000 during the first quarter of 2018 compared with \$313,000 during the same period in 2017, a decrease of 236 percent.

Working capital decreased by \$2,658,000 to \$9,423,000 at March 31, 2018 compared with \$12,081,000 at December 31, 2017. The decrease in working capital was primarily due to an increase in net capital expenditures of \$2,228,000 during the first quarter of 2018 compared with the same period in 2017.

Long-term debt decreased by \$46,000 to \$2,302,000 at March 31, 2018 compared with \$2,348,000 at December 31, 2017.

First quarter revenues and earnings during 2018 declined as result of a seasonal decline in mainline pipeline construction activities as well as a significant decline in small padder activity levels. Lower large padding machine activity levels in the United States during the first quarter of 2018 were in line with expectations. We are expecting to see an increase in mainline pipeline construction activity in the United States starting in May, while the prospects for mainline pipeline construction activity levels in Canada remain uncertain. Activity levels for mini-padders and micro-padders are showing signs of recovery. We are also exploring sales opportunities in foreign markets for our mini-padding and micro-padding machines.

About ESI

ESI is a publically traded company listed on the Canadian Securities Exchange under the stock symbol "OPI". ESI is a pipeline equipment rental and sales company with principal operations in Leduc, Alberta and Phoenix, Arizona. The Company, through its operating subsidiaries, ESI Energy Services Inc. ("ESI") and Ozzie's Pipeline Padder, Inc. ("OPI"), supplies (rentals and sales) backfill separation machines ("Padding Machines") to mainline pipeline contractors and utility 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

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