



### ESI Announces 2019 First Quarter Earnings

**Calgary, Canada – May 7, 2019** - ESI Energy Services Inc. (CSE: OPI) (“ESI” or the “Company”) announces its 2019 first quarter financial results.

Robert Dunstan, ESI’s President and CEO, announced higher levels of revenue, lower levels of EBITDA, funds flow from operations as well as decreased working capital and lower long-term debt, for the first three months of 2019 compared with the same period in 2018.

#### Highlights

A 71 percent increase in small padding machine activity levels in the United States, was primarily responsible for the increase in revenue. This increase was slightly off-set by lower activity levels from large padding machine rentals. EBITDA and funds flow from operations during the first quarter of 2019 were down slightly due to higher levels of operating and maintenance expenses during the quarter.

Revenue for the three-month period ended March 31, 2019 increased by 19 percent to \$1,890,000 compared to \$1,582,000 during the same period in 2018. Virtually all of this revenue was generated by padding machine rentals in the United States. Activity levels for large padding machines were down by 12 percent during the period while small padding machine and oilfield service activity levels increased 71 and 50 percent, respectively.

Over 78 percent of the revenue generated during the first quarter of 2019 came from padding machines. Activity levels for large padding machines were down from 17 padding months during the first quarter of 2018 to 15 padding months during the first quarter of 2019, a decrease of 12 percent. Activity levels for small padders were up by 71 percent to 12 padding months during the first quarter of 2019, compared with 7 padding months during the same period in 2018.

Gross margin for the three months ended March 31, 2019 was increased by 37 percent. This increase was primarily due to a 19 percent increase in revenue during the period, most of which was due to an increase in small padding machine rental revenue in the United States.

The Company generated a net loss in the amount of \$1,495,000 during the first quarter of 2019 compared with a net loss of \$1,348,000 during the first quarter of 2018, an increase of \$ 147,000. The net loss increase was primarily due to foreign exchange loss in the amount of \$133,000 in the first quarter of 2019 compared with a foreign exchange gain of \$148,000 during the first quarter of 2018.

Funds flow from operations was a deficit of \$519,000 during the first quarter of 2019, compared to \$426,000 for the corresponding quarter in 2018.

Working capital decreased by \$1,551,000 to \$12,050,000 as at March 31, 2019 compared to \$13,601,000 as at December 31, 2018. The decrease in working capital was primarily due to a \$2,646,000 decrease in accounts receivable during the first quarter of 2019 compared with the same period in 2018.

Long-term debt decreased by \$46,000 to \$2,026,000 as at March 31, 2019 compared to \$2,072,000 as at December 31, 2018.

#### 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, together with its operating subsidiaries, ESI Pipeline Services, Inc. (“ESIPI”) 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**

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