



Trican Reports Annual Results for 2017

CALGARY, Alberta, Feb. 21, 2018 -- Trican Well Service Ltd. (TSX:TCW) ("Trican" or the "Company") is pleased to announce its annual results for 2017. The following news release should be read in conjunction with Management's Discussion and Analysis, the audited annual consolidated financial statements and related notes of Trican for the year-ended December 31, 2017, as well as the Annual Information Form for the year ended December 31, 2016. All of the above documents are available on SEDAR at www.sedar.com.

Highlights

2017 Significant Events

Trican emerged from the multi-year downturn reporting substantially improved financial results and year end exit net debt of only \$94.1 million (2016: \$201.3 million). Some of the key events from 2017 are as follows:

- The Company reported adjusted operating income¹ for the year of \$183.3 million, a substantial improvement over the adjusted operating loss of \$37.4M in 2016. This dramatic change was driven by a stronger operating environment and a cost structure that was improved through the downturn.
- Trican entered into an agreement in March 2017 to acquire Canyon Services Group Inc. ("Canyon") in an all share transaction that was valued at \$627 million. The transaction created Canada's largest pressure pumping company, and provides a platform for continued growth and enhanced ability to meet more complex customer requirements. The integration of the two companies has proceeded as expected, and the combined company realized \$31 million of annualized synergies¹ achieved through reduced costs, improved buying power, and more efficient operations.
- In January 2017, Trican sold its shares in National Oilwell Varco ("NOV") and monetized a portion of its ownership in Keane Holdings ("Investments in Keane") for net proceeds of approximately USD \$20.7 million and USD \$28.4 million, respectively. The proceeds of these sales were used to further pay down Trican's outstanding long-term debt. The partial monetization of Investments in Keane was a result of Keane's Initial Public Offering ("Keane IPO") on January 20, 2017.
- The Company announced a Normal Course Issuer Bid ("NCIB") in September 2017, believing that the investment of excess cash flow into common shares is preferable at this time to the investments into additional equipment. The Company purchased 8,325,989 common shares during 2017 at a weighted average price per share of \$4.30. An additional 3,570,900 million shares have been purchased subsequent to December 31, 2017 at a weighted average price per share of \$4.20).

Trican's CEO Dale Dusterhoft stated "Trican acquired Canyon in March of 2017 creating Canada's largest pressure pumping company. The new combined company had a significant turnaround year generating \$183.3 million adjusted operating income¹ compared to an adjusted operating loss of \$37.4 million in 2016 and exiting 2017 with only \$94.1 million of net debt. Trican is now positioned to provide the scale and platform for additional growth and enhanced ability to meet the complex needs of our customers."

2017 Compared with 2016

- Consolidated revenue from continuing operations for 2017 was \$929.9 million, an increase of 186% compared to 2016.
- Adjusted operating income¹ for the year was \$183.3 million, compared to an adjusted operating loss of \$37.4 million in 2016.
- The acquisition of Canyon, coupled with an increase in activity and fracturing intensity led to significant growth in the volume of proppant pumped this year, increasing 219% when compared to 2016.
- A net debt¹ balance at December 31, 2017 of \$94.1 million, a reduction of \$107.9 million when compared to the prior year.

2017 annual results varied significantly from 2016 primarily as a result of the acquisition of Canyon, and improved commodity prices. This created strong demand for our services, and the Company was able to pump 1,488,000 tonnes of proppant in 2017, which was 219% higher than the 466,000 tonnes pumped in 2016, and contributed to our ability to obtain increased prices for fracturing services.

Fourth Quarter 2017 Compared with Fourth Quarter 2016

- Consolidated revenue from continuing operations for Q4 2017 was \$280.5 million, an increase of 144% compared to Q4 2016.
- Adjusted operating income¹ for the quarter was \$47.0 million, compared to \$1.1 million in Q4 2016, which is net of \$5 million for tax reassessments and expenses for stainless steel fluid ends.
- The acquisition of Canyon, coupled with an increase in activity and fracturing intensity led to significant growth in the volume of proppant pumped this quarter, increasing 119% when compared to Q4 2016.

- In 2017, approximately 83% of Trican's revenue came from customers focused on oil or liquids rich gas plays, whereas 17% came from customers focused on dry gas plays. In 2016, dry gas wells comprised 50.3%; liquids rich gas plays were 26.8%; and oil was 22.9% of our revenue.

Fourth quarter results improved dramatically from the same period in 2016. Some of the key factors positively affecting the fourth quarter 2017 results include higher activity levels, as evidenced by proppant pumped, the acquisition of Canyon, and significantly improved prices.

Continuing Operations – Financial Review

	Three months ended			Year-ended		
(\$ millions, except per share amounts; job count; proppant ¹ (thousands); and HHP ¹ (thousands); unaudited)	December 31, 2017	December 31, 2016	September 30, 2017	December 31, 2017	December 31, 2016	December 31, 2015
Revenue	\$280.5	\$114.8	\$362.8	\$929.9	\$325.2	\$649.7
Gross profit / (loss)	30.7	(10.1)	83.7	131.9	(83.5)	(26.7)
Operating income / (loss) ¹	44.2	(7.4)	92.1	155.0	(69.8)	16.0
Adjusted operating income / (loss) ¹	47.0	1.1	98.0	183.3	(37.4)	34.9
Net income / (loss)	17.2	56.9	46.9	20.1	(40.7)	(62.8)
Per share – basic	\$0.05	\$0.29	\$0.14	\$0.07	(\$0.24)	(\$0.42)
Per share – diluted	\$0.05	\$0.29	\$0.13	\$0.07	(\$0.24)	(\$0.42)
Job count ¹	2,909	2,780	3,200	11,930	9,071	11,977
Proppant pumped (tonnes) ¹	397,000	181,000	563,000	1,488,000	466,000	599,000
Canadian Segment Hydraulic Pumping Capacity	680	431	680	680	431	285
Active crewed HHP ¹	455	194	425	455	194	N/A
Active, maintenance/not crewed HHP ¹	114	50	140	114	50	N/A
Parked HHP ¹	111	187	115	111	187	153

(\$ millions, except per share amounts)	As at December 31, 2017	As at December 31, 2016	As at December 31, 2015
Cash and cash equivalents	\$12.7	\$20.3	\$49.1
Working capital ¹	\$148.8	\$103.6	\$254.3
Total loans and borrowings	\$103.8	\$221.6	\$569.6
Total assets	\$1,506.2	\$915.4	\$1,349
Dividend (per share)	\$-	\$-	\$0.15

¹ Certain financial measures in this news release – namely operating income/(loss) adjusted operating income/(loss) and adjusted administrative expenses are not prescribed by IFRS. These financial measures are reconciled to IFRS measures in the *Non-GAAP Disclosures* section of this news release. Other non-standard measures are also described in the *Non-GAAP Disclosures*.

Fourth Quarter 2017 Sequential Overview

Strong customer demand for services continued from Q3 2017 into the first half of Q4 2017, resulting in high utilization across our primary service lines. However, utilization in the second half of the quarter was affected by a number of customers finalizing their 2017 production targets and/or their capital programs sooner than initially anticipated. This resulted in our customers temporarily stopping their programs on short notice which did not give us an opportunity to backfill this work. Our customers re-commenced their work programs with us in January. The slow-down in customer activity resulted in a temporary oversupply of equipment in the industry, as a result, spot market pricing became competitive in the latter part of the quarter and Trican did not lower our prices for this short-term slow-down. Total proppant pumped declined 30% sequentially from Q3 2017 to 397,000 tonnes, with the steepest decline coming during the second half of the quarter. The sequential decline in revenue was less than the percentage decline in proppant pumped, as the customer mix shifted away from customers that provided their own proppant.

Operating income¹ from continuing operations was \$44.2 million, and adjusted operating income¹ was \$47.0 million for the quarter. The sequential decrease in revenue caused a larger percentage decline in both operating income and adjusted operating income due to our fixed operating costs, sales, general and administrative expenses ("SG&A") and maintenance costs not declining at the same rate as the revenue decline. Trican utilized the Q4 slowdown in activity to reduce our maintenance backlog and prepare our fleet for the high utilization anticipated in Q1 2018. The increase in available equipment will allow us to cycle equipment more effectively, reducing future maintenance costs. Additionally, fourth quarter 2017 adjusted operating income¹ was negatively affected by the recognition of \$3 million for prior period PST reassessments, \$0.7

million vehicle registration costs associated with the Canyon acquisition and \$2 million related to the determination that stainless steel fluid ends would no longer be capitalized, but rather expensed to operating income. The higher duty cycles and the continued trend towards 24-hour pad style work programs results in stainless steel fluid ends reaching their maximum lifespan within a 12 month period (see *Outlook* for a further discussion regarding changes to our capital expenditure plans).

2018 Outlook

Our outlook remains positive for 2018. Weak AECO natural gas prices will reduce demand from certain of our customers, however, we are seeing increased demand from other customers who are weighted to oil and natural gas liquids pricing. We expect customer spending will shift further away from dry gas plays to oil and liquids rich plays, and will continue the trend of higher service intensity per well. Higher sand loadings are expected to continue, leading to a continued shift in customer capital expenditure allocation to fracturing services.

We continue working closely with our customers to gain efficiencies. We have made significant investments into personnel, technology and infrastructure that increase returns to Trican and also reduce the overall cost to our customer by reducing product costs and service times. Industry demand and our strong customer service has resulted in our equipment being fully booked through Q1 2018, with second quarter bookings remaining stronger than a typical spring break-up¹. The Company's customer commitments remain strong through to the second half of the year. We recognize demand in the second half will be dependent on commodity prices. However, approximately one-half of the Company's fleets are firmly committed to customer work programs with soft commitments on the balance of the fleet. We anticipate these soft commitments will be firmed up during the second quarter.

We have received strong customer interest in adding additional fracturing capacity to our active fleet. We have 111,000 HHP parked, which only requires nominal capital to re-activate. The most significant barrier to activating additional crews remains the scarcity of qualified labour. We plan to add one additional fracturing crew to our active fleet in the first half of this year and will make decisions to add additional crews if customer commitments can be secured at the leading edge of our pricing to provide Trican with rates of return in excess of our cost of capital.

In 2017 we have returned pricing to profitable levels, and anticipate that pricing will remain stable through 2018. We have negotiated agreements with our customers to increase pricing in the event of cost inflation for certain input costs. Wage rate market adjustments affecting our compensation costs are not included in the cost inflation formulas. Wage rate adjustments are anticipated to cost Trican approximately \$15 million on an annualized basis.

The integration of Canyon continues to proceed as expected. Significant progress has been made in harmonizing the foundational systems that underpin our financial and operational processes. This progress has enabled us to more deeply leverage the synergies and cost advantages that come from our size and scale across Canada.

Capital Expenditures

The Company's first half 2018 capital expenditure program is now projected to be \$33 million, lower than the previously announced capital program as a result of stainless steel fluid ends now being expensed. We believe expensing, rather than capitalizing fluid ends will result in a decrease to our annual full year capital expenditure program by \$25 million to \$30 million. The Company continues to see an increase to maintenance capital expenditures as the intensity of hydraulic fracturing increases; however, we believe that current pricing levels reflect this anticipated increase in fracturing intensity.

Primary Objectives

The Company's short term objectives remain essentially unchanged from the prior quarter:

- Personnel retention and recruitment: increasing our headcount, and/or reducing our turnover, to lower personnel costs and provide flexibility to reactivate idled equipment to service excess customer demand.
- Managing cost inflation: minimizing the effects that increasing pressure pumping activity will have on the Company's ongoing cost of operating.
- Optimization of our capital structure: debt repayment, credit renegotiation and share repurchases under our NCIB program.
- Driving efficiency: using our scale to further optimize our field operations to improve our clients and our economic returns.
- Adding equipment back into the market if economic returns remain at current levels.

Our strong financial position will allow us to pursue our primary long-term objective of seeking out attractive investment activities that will add both long-term value on a per share basis and diversify our reliance on activity tied directly to drilling and completion activity.

Continuing Operations – Comparative annual Income Statements

(\$ thousands, except tonnes, unaudited)

December 31,	% of	December 31,	% of	Year-Over Year	%
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Year- ended	2017 Revenue		2016 Revenue		Change	Change
Revenue	929,912	100%	325,179	100%	604,733	186%
Expenses						
Materials and operating ¹	700,202	75%	341,275	105%	358,927	105%
General and administrative ¹	74,699	8%	53,664	17%	21,035	39%
Operating income / (loss) ¹	155,011	17%	(69,760)	(21%)	224,771	322%
Finance costs	14,806	2%	26,016	8%	(11,210)	(43%)
Depreciation and amortization	101,997	11%	70,440	22%	31,557	45%
Foreign exchange loss	4,915	-%	3,058	-%	1,857	61%
(Gain) on investments in Keane	(21,406)	(2%)	-	-%	(21,406)	100%
Asset impairment	6,523	1%	5,135	2%	1,388	27%
Finance and other income	(6,766)	(1%)	(70,455)	(22%)	63,689	(90%)
Income / (loss) before income taxes	54,942	6%	(103,954)	(32%)	158,896	(153%)
Income tax expense / (recovery)	34,825	4%	(63,225)	(17%)	98,050	(162%)
Net income / (loss) – Continuing Operations	20,117	2%	(40,729)	(13%)	56,356	(138%)
Adjusted operating income / (loss) ¹	183,314	20%	(37,369)	(11%)	220,683	(591%)
Gross profit / (loss) ¹	131,942	14%	(83,533)	(26%)	215,475	(258%)
Job count	11,930		9,071		2,859	32%
Revenue per job ¹	87,609		35,448		52,161	147%
Proppant pumped (tonnes)	1,488,000		466,000		1,022,000	219%

¹ Certain financial measures in this news release – namely operating income/(loss) adjusted operating income/(loss) and adjusted administrative expenses are not prescribed by IFRS. These financial measures are reconciled to IFRS measures in the *Non-GAAP Disclosures* section of this news release. Other non-standard measures are also described in the *Non-GAAP Disclosures*.

Non-GAAP Disclosure

Certain terms in this press release, including operating income / (loss), adjusted operating income / (loss) and adjusted administrative expenses do not have any standardized meaning as prescribed by IFRS and, therefore, are considered non-GAAP measures.

Consolidated Gross Income (Loss) to Adjusted Consolidated Operating Income (Loss)

Operating income / (loss) and adjusted operating income / (loss) have been reconciled to gross profit / (loss), being the most directly comparable measures calculated in accordance with IFRS.

Adjusted operating income provides investors with an indication of operating income before equity-settled share-based compensation, amortization of debt costs, severance costs and excludes items that are significant but not reflective of our ongoing operations for the period. It provides investors with an indication of comparable operating income / (loss) between periods and provides an indication of measures used for debt covenant calculations.

(\$ thousands; unaudited)	Three months ended			Year-ended	
	December 31, 2017	December 31, 2016	September 30, 2017	December 31, 2017	December 31, 2016
Consolidated gross (loss) / profit (IFRS financial measure)	30,743	(10,064)	83,724	131,942	(83,533)
Deduct:					
Administrative expenses	(18,245)	(13,606)	(24,733)	(78,928)	(56,667)
Add:					
Depreciation & amortization	371	1,881	457	4,229	8,631
Depreciation expense – cost of sales	31,332	14,400	32,700	97,768	61,809
Consolidated operating (loss) / income	44,201	(7,389)	92,148	155,011	(69,760)
Add:					
Transaction costs	347	-	971	9,917	-
Amortization of debt issuance costs	677	653	653	2,635	3,776
Equity-settled share-based compensation	1,365	676	1,280	5,027	2,809
Keane indemnity claim	-	-	-	2,158	-
Severance costs	400	1,636	2,993	8,566	20,149
Inventory write-down	-	5,535	-	-	5,535

Professional fees related to restructuring	-	-	-	-	122
Adjusted consolidated operating income / (loss)	46,990	1,111	98,045	183,314	(37,369)

Other Non-Standard Financial Terms

In addition to the above non-GAAP financial measures, this Press Release makes reference to the following non-standard financial terms. These terms may differ from similar measures used by other companies.

Adjusted operating income %

Adjusted operating % is determined by dividing adjusted consolidated operating income by revenue from continuing operations.

Net debt

Net debt is calculated as the total of loans and borrowings less cash and cash equivalents.

Synergies

Synergies represent the Company's estimate of ongoing savings that can be achieved as a result of the Canyon Transaction. Synergies are generally measured on annual basis, but may be broken into specific periods of time. Prospective cost efficiencies are anticipated to be measured as business efficiencies and will no longer be measured as synergies.

Transaction costs

Transaction costs and/or Trican acquisition costs are costs incurred to assist in evaluating and completing the acquisition of Canyon, including legal, advisory and accounting related fees.

Revenue per job

Calculation is determined based on total revenue from continuing operations divided by total job count. This calculation may fluctuate based on both pricing, sales mix and method with which the customer requests its invoices.

Working capital

Working capital is calculated as current assets minus current liabilities, excluding cash and loans and borrowings.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this document constitute forward-looking information and statements (collectively "forward-looking statements"). These statements relate to future events or our future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "achieve", "estimate", "expect", "intend", "plan", "planned", and other similar terms and phrases. 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. We believe the expectations reflected in these forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this document should not be unduly relied upon. These statements speak only as of the date of this document.

In particular, this document contains forward-looking statements pertaining to, but not limited to, the following:

- anticipated industry activity levels in jurisdictions where the Company operates, as well as expectations regarding our customers' work programs, business plans and equipment utilization levels;
- expectations regarding increased proppant usage and sand loading levels;
- anticipated adjustments to our active equipment fleet, and related adjustments to cost structure;
- expectations regarding the Company's cost structure;
- expectations regarding future maintenance costs;
- expectations regarding fluid ends reaching their maximum lifespan within a 12 month period;
- anticipated pricing and customer allocation for fracturing services;
- expectations regarding the Company's equipment utilization levels and demand for our services for the balance of 2017 and into 2018;
- expectations regarding capital spending for 2018;
- expectations regarding increases to capital expenditures due to increased fracture intensity;
- expectations regarding the Company's financial results, working capital levels, liquidity and profits;
- expectations regarding the quantity of proppant pumped per well;
- expectations regarding pricing of the Company's services;
- expectations regarding the integration of Canyon and the anticipated benefits and synergies of the Canyon transaction and savings as a result thereof;
- expectations regarding the timing, value and realized cash flow from the Investments in Keane;
- anticipated ability of the Company to meet foreseeable funding requirements; and

- expectations surrounding weather and seasonal slowdowns.

Our actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and in the “Risk Factors” section of our Annual Information Form dated March 29, 2017:

- volatility in market prices for oil and natural gas;
- liabilities inherent in oil and natural gas operations;
- competition from other suppliers of oil and gas services;
- competition for skilled personnel;
- changes in income tax laws or changes in other laws and incentive programs relating to the oil and gas industry; and
- changes in political, business, military and economic conditions in key regions of the world.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Forward-looking statements are based on a number of factors and assumptions which have been used to develop such statements and information but which may prove to be incorrect. Although management of Trican believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because Trican can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this document, assumptions have been made regarding, among other things: crude oil and natural gas prices; the impact of increasing competition; the general stability of the economic and political environment; the timely receipt of any required regulatory approvals; synergies from the Canyon acquisition, the Company's ability to continue its operations for the foreseeable future and to realize its assets and discharge its liabilities and commitments in the normal course of business; industry activity levels; Trican's policies with respect to acquisitions; the ability of Trican to obtain qualified staff, equipment and services in a timely and cost efficient manner; the ability to operate our business in a safe, efficient and effective manner; the ability of Trican to obtain capital resources and adequate sources of liquidity; the performance and characteristics of various business segments; the regulatory framework; the timing and effect of pipeline, storage and facility construction and expansion; and future commodity, currency, exchange and interest rates.

The forward-looking statements contained in this document are expressly qualified by this cautionary statement. We do not undertake any obligation to publicly update or revise any forward-looking statements except as required by applicable law.

Additional information regarding Trican including Trican's most recent Annual Information Form is available under Trican's profile on SEDAR (www.sedar.com).

CONFERENCE CALL AND WEBCAST DETAILS

The Company will host a conference call on Thursday, February 22, 2018 at 10:00 a.m. MT (12:00 p.m. ET) to discuss the Company's results for the 2017 Fourth Quarter and Year-End.

To listen to the webcast of the conference call, please enter <https://edge.media-server.com/m6/p/7h43fhoe> in your web browser or visit the Investors section of our website at www.tricanwellservice.com/investors and click on “Reports”.

To participate in the Q&A session, please call the conference call operator at 1-844-358-9180 (North America) or 478-219-0187 (outside North America) 15 minutes prior to the call's start time and ask for the “Trican Well Service Ltd. Fourth Quarter and Year-End 2017 Conference Call”.

The conference call will be archived on Trican's website at www.tricanwellservice.com/investors

Headquartered in Calgary, Alberta, Trican provides a comprehensive array of specialized products, equipment and services that are used during the exploration and development of oil and gas reserves.

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