



News Release

TSX – TCW
April 6, 2020

Trican Well Service Ltd. Provides a Business Update in Response to Current Market Uncertainty

Calgary, Alberta - April 6, 2020 - Trican Well Service Ltd. (“**Trican**” or the “**Company**”) (TSX: **TCW**) is providing a business update. We have reduced capital and operating expenditures. We are reducing the Company’s 2020 full-year outlook. We are also providing an update on first quarter results, including our current financial position and describing the potential effect of the current market uncertainty on non-cash accounting items.

As concerns around COVID-19 have progressed, our employee health and safety has been a prime concern. We implemented numerous measures in mid-March to protect both our field and office employees while ensuring business continuity. COVID-19, combined with OPEC crude oil production increases, will have a significant effect on our business results. However, having aggressively deleveraged since 2015, we are well positioned to withstand the impact this commodity price cycle will have on activity levels.

Trican’s strong financial position has been achieved through maintaining cost and capital discipline while providing exceptional service to our long-standing clients. Therefore, our strategy remains unchanged despite this downturn. We will continue to provide safe, high-quality and efficient service to our clients while aggressively managing our costs. Trican will adjust available operating capacity, targeting positive operating cash flow, regardless of the level of demand for our services. This disciplined strategy will allow us to maintain a strong balance sheet during these uncertain times and be positioned well coming out of this downturn.

The sharp decline in activity has been particularly hard on our people and we are doing all we can to retain the significant operational experience in our company within the realities of a significant decline in demand for our services. The Federal Government of Canada announced a new wage subsidy program recently, and we will assess how this program can be utilized to reduce the impact of this downturn on our staffing levels going forward.

The following key cost and discretionary spending plan adjustments were implemented in late March:

- Reduction of personnel costs including overhead (fixed operating overhead and administrative) by approximately 50% (consisting of salary reductions, layoffs and job sharing).
- Reduction of staffed equipment levels by approximately 50%.
- Reduction of capital expenditures to only necessary sustaining expenditures reflective of reduced levels of activity.
- 20% reduction to Executive and Board of Directors’ cash compensation.
- Reduction in discretionary costs in all categories.

While these cost reductions have been significant, we will continue to look at all aspects of our business for further business optimization and cost reduction opportunities in these uncertain market times.

Update to 2020 Full Year Outlook

The impact of COVID-19 and OPEC crude oil production increases (collectively “**Market Events**”) has caused an oversupply of crude oil. This has resulted in a significant decline in crude oil prices and, therefore, significant uncertainty for our customers’ activity plans. Our customers have already reduced capital expenditure plans and we anticipate they will continue to adjust their programs downward if oil prices remain weak. Despite weak oil prices, AECO natural gas prices have shown some resiliency as a result of enhancements to certain natural gas transmission lines and supply agreements combined with reduced natural gas storage levels. Although the

relative stability in natural gas prices is cushioning some of the oil related activity drop, we are anticipating that industry activity will drop by approximately 50% in the second half of the year. Consequently, we have reduced our hydraulic fracturing crew count by half to four active crews (Q1 2020: eight) and will adjust our cement and coiled tubing business by similar levels. We will continue to monitor our clients' plans going forward and will adjust our active and staffed fleet to any future changes.

We are committed to right sizing our fleet and adjusting costs to market conditions, managing our capital spending, and maintaining a healthy balance sheet that will position the Company well in the future. Given already depressed pricing levels for our services, Trican will be unable to grant further price reductions. Therefore, we expect to park additional equipment fleets rather than operate at negative operating cash flow levels.

Q1 2020 Business Update

The following provides an update on certain items in relation to Trican's first quarter 2020 results and financial position and is not intended to provide a complete summary of our first quarter 2020 financial results. Our complete first quarter results are not yet finalized and are anticipated to be released before markets open on May 14, 2020. The following *Q1 Business Update* should be read in conjunction with Management's Discussion and Analysis ("**Annual MD&A**") and the audited annual consolidated financial statements and related notes of Trican for the year-ended December 31, 2019 ("**Annual Financial Statements**"). These documents are available on SEDAR at www.sedar.com.

Activity and Revenue

Q1 2020 largely aligned with our expectations, although the Market Events described above did cause some job cancellations in late March. Our eight Fracturing crews, 22 Cementing units and nine Coiled Tubing spreads were essentially fully booked through January, February and the first half of March. This level of activity should result in revenue from continuing operations for Q1 in the range of \$190 million to \$194 million before considering potential adjustments resulting from changes to our allowance for doubtful accounts estimates ("**AFDA**") (see *AFDA* section described below). Excluding the effect of AFDA adjustments, and anticipated severance costs (see *Cost Reduction* section below), Trican had anticipated adjusted EBITDA margins from continuing operations of 12% to 13% in Q1 2020, an improvement from 9% in Q4 2019 and 11% in Q1 2019.

Cost Reduction Efforts

Trican has always adjusted its active equipment complement and supporting infrastructure to reflect changing market conditions and the recent Market Events are no exception. As previously described, Trican has reduced its anticipated active equipment to currently anticipated activity levels. In addition to adjusting our equipment complement, we have already made the corresponding adjustments to our infrastructure and support costs. We expect Q1 severance costs of approximately \$4 million.

AFDA

The speed and severity of recent Market Events required Trican to evaluate the Company's expected credit losses in relation to first quarter operations. While the Company has historically not experienced significant credit losses, nor has the Company identified any specific first quarter 2020 bad debt expenses as of the date of this News Release, the Company expects to increase the AFDA provision given these uncertain market conditions by approximately \$5 million (representing approximately 3% of Q1 revenues).

Financial Position

Trican estimates the following related to its financial position at March 31, 2020:

- Cash balances exceeding \$23 million (December 31, 2019: \$ 7 million);
- Positive working capital, excluding cash and assets / liabilities Held for Sale, of more than \$100 million (December 31, 2019: \$97 million); and
- Loans and borrowings of \$48 million (December 31, 2019: \$46 million).

Trican's current financial position will be further strengthened by a typical seasonal second quarter cash inflow

from working capital. Furthermore, we believe our financial position provides a competitive advantage that ensures our equipment maintenance and customer service remain at industry-leading levels.

Expected Impairment

International Financial Reporting Standards require companies to perform an assessment of the carrying value of cash generating units containing non-financial assets when there are significant indicators of potential impairment. Trican believes that recent Market Events are an indicator that an impairment assessment be undertaken. Given the precipitous decline in industry activity and our revised projections for 2020, an impairment charge during Q1 2020 is likely. The magnitude of the charge will not be known until further work is done in conjunction with the preparation of our Q1 results, but the amount is not expected to affect the value of the Company's tangible assets.

Discretionary Expenditures

Capital Expenditures and Divestitures

As we described in our Annual MD&A, we previously anticipated similar levels of capital spending in 2020 relative to 2019. With the decline in activity, our capital expenditures will be adjusted downward to reflect lower overall activity and are expected to represent less than 4% of annual 2020 revenues. Our current financial position affords the Company the flexibility to ensure critical maintenance capital expenditures to sustain our equipment so we can provide exceptional customer service.

The recent Market Events may limit our ability to monetize surplus and / or obsolete assets, including those assets classified as Held for Sale as at December 31, 2019. We will continue to look for opportunities to sell redundant property and equipment, but our financial position will allow us to wait for the market conditions which will provide the best value to our shareholders.

Normal Course Issuer Bid ("NCIB")

We are not currently repurchasing shares available under the Company's NCIB program. We may restart purchases at the Board's discretion. As at March 31, 2020, Trican had 266,731,435 common shares outstanding.

Summary

As highlighted above, this year will be extremely challenging for our industry and Trican. Our strategy remains unchanged despite this downturn. We will continue to provide safe, high-quality and efficient service to our clients while aggressively managing our costs. Trican will adjust available operating capacity, targeting positive operating cash flow, regardless of the level of demand for our services. This disciplined strategy will allow us to maintain a strong balance sheet during these uncertain times and be positioned well coming out of this downturn.

ABOUT TRICAN

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.

NON-GAAP MEASURES

Certain terms in this News Release, including adjusted EBITDA and adjusted EBITDA margin, do not have any standardized meaning as prescribed by IFRS and, therefore, are considered non-GAAP measures and may not be comparable to similar measures presented by other issuers. Readers should review our Annual MD&A for a complete description of these terms.

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 and expectations on timing of completion thereof, Trican's capital expenditure plans, business plans and equipment utilization levels;
- pricing reductions will result in Trican parking additional equipment;
- expectation that we will be able to generate positive operating cash flow;
- we will be able to maintain a strong balance sheet through this downturn;
- the anticipated impact of pipeline improvements on AECO prices;
- expectation that we are appropriately staffed for current and future industry activity levels;
- expectations regarding the Company's cost structure, cost savings and optimization levels;
- expectations regarding the Company's equipment utilization levels and demand for our services in 2020;
- expectations regarding our future financial position;
- expectations regarding the Company's first quarter 2020 financial results, revenue, working capital levels, debt levels, adjusted EBITDA margins;
- expectations regarding severance charges, credit risk, anticipated AFDA and other contingent liabilities;
- expectations regarding the potential outcome of impairment charge not affecting tangible assets;
- expectations regarding Trican's capital spending to be less than 4% of 2020 revenue levels;
- anticipated ability of the Company to meet foreseeable funding requirements and wait for better market conditions to divest assets; and
- expectations regarding the NCIB program.

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 AIF dated March 30, 2020:

- volatility in market prices for oil and natural gas;
- changes by OPEC with respect to production volumes of oil;
- impact of COVID-19 on the Company's business, operations and personnel;
- liabilities inherent in oil and natural gas operations;
- competition from other suppliers of oil and gas services;
- 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 the 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) the following: 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; 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 AIF, is available under Trican's profile on SEDAR at www.sedar.com.

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