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News Release

March 10, 2016

TOTAL ENERGY SERVICES INC. ANNOUNCES 2015 RESULTS

Total Energy Services Inc. (“Total Energy” or the “Company”) announces its consolidated financial results for the three months and the year ending December 31, 2015.

Financial Highlights

(\$000's except per share data)

	Three Months Ended December 31 (unaudited)			Year Ended December 31 (audited)		
	2015	2014	% Change	2015	2014	% Change
Revenue	\$ 52,082	\$ 121,109	(57%)	\$ 283,193	\$ 428,149	(34%)
Operating Earnings ⁽¹⁾	(381)	21,954	(102%)	19,805	70,220	(72%)
EBITDA ⁽¹⁾	6,581	29,338	(78%)	52,869	105,533	(50%)
Cashflow ^{(1) (5)}	5,865	30,279	(81%)	20,102	108,357	(81%)
Net Income	(3,019)	13,309	(123%)	8,655	53,305	(84%)
Per Share Data (Diluted) ⁽²⁾						
EBITDA ⁽¹⁾	\$ 0.21	\$ 0.85	(75%)	\$ 1.71	\$ 3.04	(44%)
Cashflow ^{(1) (5)}	0.19	0.88	(78%)	0.65	3.12	(79%)
Net Earnings	(0.10)	0.42	(124%)	0.28	1.66	(83%)

	Dec. 31 2015 (audited)	Dec. 31 2014 (audited)	% Change
Financial Position			
Total Assets	\$532,379	\$ 595,906	(11)%
Long-Term Debt, Convertible Debentures and Obligations Under Finance Leases (excluding current portion)	49,185	69,468	(29)%
Working Capital ⁽³⁾	90,314	82,332	10%
Net Debt ⁽⁴⁾	nil	nil	-
Shareholders' Equity	383,335	382,063	-
Shares Outstanding (000's)			
Basic	30,997	31,005	-
Diluted ⁽²⁾	30,997	34,114	(9)%

Notes 1 through 5 please refer to the Notes to the Financial Highlights set forth at the end of this release.

Total Energy's results for the three months and the year ended December 31, 2015 reflect continued deterioration of the North American energy service industry. Low natural gas prices combined with further declines in crude oil prices resulted in substantial reductions to oil and gas producers' capital expenditure budgets. Included in Total Energy's results for the three months ended December 31, 2015 is an unrealized pre-tax loss of \$2.7 million (\$0.09 per share diluted) on the Company's holding of marketable securities. For the 12 months ended December 31, 2015, the unrealized pre-tax loss on such marketable securities was \$5.1 million, or \$0.16 per share diluted. Excluding this unrealized loss but including non-recurring restructuring and severance costs, the net loss for the fourth quarter of 2015 was \$0.7 million (\$0.02 per share diluted) and for the twelve months ended December 31, 2015 net income was \$13.0 million (\$0.42 per share diluted).

Total Energy's Contract Drilling Services division achieved 15% utilization during the fourth quarter of 2015, recording 241 operating days (spud to release) with a fleet of 18 rigs, compared to 755 operating days, or 49% utilization, during the fourth quarter of 2014 with a fleet of 17 rigs. Revenue per operating day decreased 24% for the fourth quarter of 2015 relative to the prior year comparable period due to reduced pricing.

The Rentals and Transportation Services division achieved a utilization rate on major rental equipment of 17% during the fourth quarter of 2015 as compared to 44% during the fourth quarter of 2014. Divisional revenue per utilized rental piece decreased 17% for the fourth quarter of 2015 compared to the same period in 2014 due to lower pricing that was offset somewhat by equipment mix. This division exited the fourth quarter of 2015 with approximately 10,000 pieces of rental equipment and 119 heavy trucks as compared to 10,000 rental pieces and 109 heavy trucks at December 31, 2014.

Revenue in the Compression and Process Services division decreased 47% to \$36.5 million for the three months ended December 31, 2015 compared to \$68.6 million for the same period in 2014. This division exited the fourth quarter of 2015 with a \$48.9 million backlog of fabrication sales orders as compared to \$108.0 million at December 31, 2014 and \$51.1 million at September 30, 2015. Included in the December 31, 2015 backlog is an \$8.1 million order purported to be cancelled without payment of the prescribed cancellation fee. Legal action has been taken to enforce such contract and no revenue has or will be recorded in respect of such order until resolution. At December 31, 2015, approximately 15,800 horsepower of compression equipment was on rent compared to 45,000 horsepower on rent at December 31, 2014 and 18,900 at September 30, 2015. The gas compression rental fleet operated at an average utilization rate of 42% for the fourth quarter of 2015 as compared to 89% during the fourth quarter of 2014 and 55% in the third quarter of 2015.

Cashflow was \$5.9 million for the three months ended December 31, 2015, as compared to \$30.3 million for the comparable period in 2014. The decrease in cashflow was due to lower operating earnings and the payment of \$1.3 million of income taxes during the fourth quarter of 2015 as compared to nominal income tax payments being made during the fourth quarter of 2014. The increase in tax payments was due in part to the timing of taxation of the Company's limited partnerships which has resulted in \$12.7 million of taxes being paid in 2015 that relate to 2014 taxable income. Also included in income taxes paid during 2015 is \$7.1 million that was required to be remitted following the previously announced income tax reassessment relating to the Company's conversion from an income trust to a corporate structure in 2009.

During the fourth quarter, Total Energy declared a quarterly dividend of \$0.06 per share to shareholders of record on December 31, 2015. This dividend was paid on January 29, 2016. For Canadian income tax purposes, all dividends paid by Total Energy on its common shares are designated as "eligible dividends" unless otherwise indicated. During the fourth quarter of 2015, no shares were purchased under the Company's normal course issuer bid.

OUTLOOK

The deterioration of North American energy service industry activity levels experienced during the fourth quarter of 2015 has continued into 2016. In this challenging environment, price competition has been fierce and Total Energy has and continues to take measures to lower its operating cost structure so as to remain competitive without compromising the safety and quality of its service and equipment. However, Total Energy has declined, and will continue to decline, unprofitable business opportunities in order to preserve its asset base. As part of this strategy, Total Energy has determined not to cannibalize its equipment fleet simply to defer repair and maintenance expenditures. While this discipline has resulted in lower equipment utilization in the short term, it is expected to benefit Total Energy when industry activity levels recover as the Company's equipment fleet will be in a good state of repair and ready to resume normal operations in short order with relatively minimal startup expense.

Risks relating to the financial solvency of business counterparties have also increased materially in this difficult environment and Total Energy has declined to do business where the credit risk of potential customers and suppliers is determined to be unacceptable. Again, while this discipline has resulted in lower equipment utilization, it is expected to minimize bad debt expense

and the cost and reputational damage associated with failed business partners.

Total Energy has taken significant steps to right size its operations to reflect current activity levels. As part of its rationalization efforts, the Company has seen its workforce decrease by approximately 40% during 2015. Total Energy's Compression and Process Services division has also consolidated its fabrication operations into Company-owned facilities, thereby reducing fabrication capacity by approximately 20% until such time as additional capacity is required. Consistent with past practice, the Company does not segregate "non-recurring" costs associated with adjustments to its operating capacity as it considers such adjustments part of managing through the business cycle.

Despite the challenging environment, Total Energy continues to invest in the growth of its business and the maintenance of its equipment. Of the previously announced \$12.1 million capital budget for 2016, \$3.0 million relates to maintenance with the remaining \$9.1 million targeted towards growth. Included in growth capital is \$3.9 million for the acquisition of the operating assets of an oilfield equipment rental company based in the United States that was completed effective January 1, 2016.

Total Energy's financial condition remains very strong, with \$90.3 million of positive working capital (including \$14.6 million, or \$0.47 per share, of cash and marketable securities) and no net debt as at December 31, 2015. Total Energy's bank credit facilities require that the Company maintain a debt (less cash) to equity ratio below 2.5 to 1.0 and a current ratio of at least 1.3 to 1.0. As at December 31, 2015, the Company's debt to equity ratio was 0.12 to 1.0 and the current ratio was 3.74 to 1.0. Total Energy's \$65 million operating facility is currently undrawn and the Company will look to use its financial capacity and flexibility to continue to build sustainable shareholder value.

While the current industry downturn is as challenging as any experienced by Total Energy since commencing operations in 1997, the Company's strong financial position, modern and well maintained fleet of equipment, established market presence and experienced and stable management team allow the Company to conduct its business in a disciplined and sustainable manner.

CONFERENCE CALL

At 2:30 p.m. MST today, Total Energy will conduct a conference call and webcast to discuss its year end financial results. Daniel Halyk, President & Chief Executive Officer, will host the conference call. The call is open to Shareholders and all other interested persons. A live webcast of the conference call will be accessible on Total's website at www.totalenergy.ca by selecting "Webcasts". Persons wishing to join the conference call live may do so by calling (800) 355-4959 or (416) 340-2216. Those who are unable to listen to the call live may listen to a recording of it on Total Energy's website. A recording of the conference call will also be available until March 17, 2016 by dialing (800) 408-3053 (passcode 7119515).

ANNUAL MEETING OF SHAREHOLDERS

Shareholders and other interested persons are invited to attend the annual meeting of Shareholders which will commence at 10:00 a.m. (Calgary time) on Thursday, May 19, 2016 at the Calgary Petroleum Club, 319 – 5th Avenue S.W., Calgary, Alberta.

SELECTED FINANCIAL INFORMATION

Selected financial information relating to the three months and year ended December 31, 2015 and 2014 is attached to this news release. This information should be read in conjunction with the consolidated financial statements of Total Energy and the attached notes to the consolidated financial statements and management's discussion and analysis to be issued in due course and reproduced in the Company's 2015 annual report.

Consolidated Statements of Financial Position

(in thousands of Canadian dollars)

	December 31, 2015 (audited)	December 31, 2014 (audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,875	\$ 7,745
Accounts receivable	48,091	98,920
Inventory	59,066	54,348
Income taxes receivable	2,733	-
Other assets	5,768	-
Prepaid expenses and deposits	4,101	5,576
	128,634	166,589
Property, plant and equipment	392,622	419,991
Income taxes receivable	7,070	-
Other assets	-	5,273
Goodwill	4,053	4,053
	\$ 532,379	\$ 595,906
Liabilities & Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 22,002	\$ 59,837
Deferred revenue	10,556	7,430
Dividends payable	1,860	1,860
Income taxes payable	-	12,754
Current portion of obligations under finance leases	2,023	2,376
Current portion of long-term debt	1,879	-
	38,320	84,257
Long-term debt	46,900	-
Obligations under finance leases	2,285	3,107
Convertible debentures	-	66,361
Deferred tax liability	61,539	60,118
Shareholders' equity:		
Share capital	88,875	88,899
Contributed surplus	8,255	6,880
Equity portion of convertible debenture	-	4,601
Retained earnings	286,205	281,683
	383,335	382,063
Commitments and contingencies		
	\$ 532,379	\$ 595,906

Consolidated Statements of Comprehensive Income

(in thousands of Canadian dollars except per share amounts)

	Three months ended December 31		Year ended December 31	
	2015 (unaudited)	2014 (unaudited)	2015 (audited)	2014 (audited)
Revenue	\$ 52,082	\$ 121,109	\$ 283,193	\$ 428,149
Cost of services	39,323	83,006	206,550	294,479
Selling, general and administration	5,893	8,069	27,975	32,036
Share-based compensation	515	333	1,375	1,857
Depreciation	6,732	7,747	27,488	29,557
Results from operating activities	(381)	21,954	19,805	70,220
Gain on sale of property, plant and equipment	230	(363)	5,576	5,756
Finance income	260	409	897	914
Finance costs	(3,547)	(3,765)	(9,728)	(6,505)
Net income before income taxes	(3,438)	18,235	16,550	70,385
Current income tax expense	(2,420)	4,982	6,906	9,041
Deferred income tax expense	2,001	(56)	989	8,039
Total income tax expense	(419)	4,926	7,895	17,080
Net income and total comprehensive income for the year	(3,019)	\$13,309	\$ 8,655	\$ 53,305
Earnings per share				
Basic earnings per share	\$(0.10)	\$0.43	\$0.28	\$1.71
Diluted earnings per share	\$(0.10)	\$0.42	\$0.28	\$1.66

Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)

	Three months ended December 31		Year ended December 31	
	2015	2014	2015	2014
	(unaudited)	(unaudited)	(audited)	(audited)
Cash provided by (used in):				
Operations:				
Net income for the year	\$ (3,019)	\$ 13,309	\$ 8,655	\$ 53,305
Add (deduct) items not affecting cash:				
Depreciation	6,732	7,747	27,488	29,557
Share-based compensation	515	333	1,375	1,857
(Gain) loss on disposal of property, plant and equipment	(230)	363	(5,576)	(5,756)
Finance income	-	(73)	-	(306)
Finance costs	3,547	3,765	9,728	6,505
Current income tax expense	(2,420)	4,982	6,906	9,041
Deferred income tax expense (recovery)	2,001	(56)	989	8,039
Income taxes recovered (paid)	(1,261)	(91)	(29,463)	6,115
	5,865	30,279	20,102	108,357
Changes in non-cash working capital items:				
Accounts receivable	2,913	(1,120)	50,829	(20,790)
Inventory	1,532	(9,428)	(4,718)	(15,490)
Prepaid expenses and deposits	(304)	1,878	1,475	270
Accounts payable and accrued liabilities	(3,749)	3,191	(29,737)	10,874
Deferred revenue	288	(2,208)	3,126	(1,280)
	6,545	22,592	41,077	81,941
Investments:				
Purchase of property, plant and equipment	(5,448)	(35,039)	(22,079)	(91,239)
Acquisition of business	-	-	(1,231)	-
Proceeds on sale of other assets	273	377	411	1,399
Purchase of other assets	(10)	-	(6,127)	(2,879)
Proceeds on disposal of property, plant and equipment	440	485	31,413	31,994
Changes in non-cash working capital items	1,571	5,192	(7,327)	4,004
	(3,174)	(28,985)	(4,940)	(56,721)
Financing:				
Advances under long-term debt	-	-	50,000	-
Repayment of long-term debt	(461)	-	(1,221)	-
Repayment of convertible debentures	-	-	(69,000)	-
Repayment of obligations under finance leases	(694)	(698)	(3,056)	(3,135)
Payment of dividends	(1,860)	(1,871)	(7,440)	(7,185)
Issuance of common shares	-	-	-	5,791
Repurchase of common shares	-	(2,835)	(108)	(11,941)
Interest paid	(875)	(208)	(4,182)	(4,215)
	(3,890)	(5,612)	(35,007)	(20,685)
Change in cash and cash equivalents	(519)	(12,005)	1,130	4,535
Cash and cash equivalents, beginning of year	9,394	19,750	7,745	3,210
Cash and cash equivalents, end of year	\$ 8,875	\$ 7,745	\$ 8,875	\$ 7,745

SEGMENTED INFORMATION

The Company operates in three main industry segments, which are substantially in one geographic segment. These segments are Contract Drilling Services, which includes the contracting of drilling equipment and the provision of labour required to operate the equipment, Rentals and Transportation Services, which includes the rental and transportation of equipment used in drilling, completion and production operations and Compression and Process Services, which includes the fabrication, sale, rental and servicing of natural gas compression and process equipment.

As at and for the three months ended December 31, 2015 (unaudited)

	Contract Drilling Services	Rentals and Transportation Services	Compression and Process Services	Other ⁽¹⁾	Total
Revenue	\$ 3,954	\$ 11,673	\$ 36,455	\$ -	\$ 52,082
Cost of services	2,347	7,867	29,109	-	39,323
Selling, general and administration	577	2,825	2,024	467	5,893
Share-based compensation	-	-	-	515	515
Depreciation	743	4,057	1,915	17	6,732
Results from operating activities	287	(3,076)	3,407	(999)	(381)
Gain on sale of property, plant and equipment	-	233	(3)	-	230
Finance income	-	-	-	260	260
Finance costs	(94)	(192)	(110)	(3,151)	(3,547)
Net income (loss) before income taxes	193	(3,035)	3,294	(3,890)	(3,438)
Goodwill	-	2,514	1,539	-	4,053
Total assets	115,300	230,662	170,860	15,557	532,379
Total liabilities	20,058	43,877	33,845	51,264	149,044
Capital expenditures	\$ 965	\$ 2,704	\$ 1,679	\$ 100	\$ 5,448

As at and for the three months ended December 31, 2014 (unaudited)

	Contract Drilling Services	Rentals and Transportation Services	Compression and Process Services	Other ⁽¹⁾	Total
Revenue	\$ 16,234	\$ 36,285	\$ 68,590	\$ -	\$ 121,109
Cost of services	9,476	19,802	53,728	-	83,006
Selling, general and administration	871	3,818	2,548	832	8,069
Share-based compensation	-	-	-	333	333
Depreciation	1,580	4,048	2,109	10	7,747
Results from operating activities	4,307	8,617	10,205	(1,175)	21,954
Gain/(loss) on sale of property, plant and equipment	(341)	(24)	-	2	(363)
Finance income	-	-	-	409	409
Finance costs	(206)	(541)	(261)	(2,757)	(3,765)
Net income before income taxes	3,760	8,052	9,944	(3,521)	18,235
Goodwill	-	2,514	1,539	-	4,053
Total assets	125,992	261,089	199,903	8,922	595,906
Total liabilities	22,936	57,823	49,135	83,949	213,843
Capital expenditures	\$ 9,408	\$ 6,756	\$ 18,760	\$ 115	\$ 35,039

As at and for the year ended December 31, 2015 (audited)

	Contract Drilling Services	Rentals and Transportation Services	Compression And Process Services	Other ⁽¹⁾	Total
Revenue	\$ 15,907	\$ 70,958	\$ 196,328	\$ -	\$ 283,193
Cost of services	9,480	39,518	157,552	-	206,550
Selling, general and administration	2,108	13,206	8,804	3,857	27,975
Share-based compensation	-	-	-	1,375	1,375
Depreciation	2,669	16,490	8,263	66	27,488
Results from operating activities	1,650	1,744	21,709	(5,298)	19,805
Gain on sale of property, plant and equipment	39	556	4,967	14	5,576
Finance income	-	-	-	897	897
Finance costs	(566)	(1,197)	(762)	(7,203)	(9,728)
Net income before income taxes	1,123	1,103	25,914	(11,590)	16,550
Goodwill	-	2,514	1,539	-	4,053
Total assets	115,300	230,662	170,860	15,557	532,379
Total liabilities	20,058	43,877	33,845	51,264	149,044
Capital expenditures ⁽²⁾	\$ 1,625	\$ 15,483	\$ 6,077	\$ 125	\$ 23,310

As at and for the year ended December 31, 2014 (audited)

	Contract Drilling Services	Rentals and Transportation Services	Compression and Process Services	Other ⁽¹⁾	Total
Revenue	\$ 62,358	\$ 124,840	\$ 240,951	\$ -	\$ 428,149
Cost of services	38,766	65,449	190,264	-	294,479
Selling, general and administration	3,502	14,178	9,969	4,387	32,036
Share-based compensation	-	-	-	1,857	1,857
Depreciation	5,863	15,672	7,998	24	29,557
Results from operating activities	14,227	29,541	32,720	(6,268)	70,220
Gain on sale of property, plant and equipment	(319)	173	5,827	75	5,756
Finance income	-	-	-	914	914
Finance costs	(819)	(2,119)	(1,039)	(2,528)	(6,505)
Net income before income taxes	13,089	27,595	37,508	(7,807)	70,385
Goodwill	-	2,514	1,539	-	4,053
Total assets	125,992	261,089	199,903	8,922	595,906
Total liabilities	22,936	57,823	49,135	83,949	213,843
Capital expenditures	\$ 27,691	\$ 22,772	\$ 40,636	\$ 140	\$ 91,239

⁽¹⁾ Other includes the Company's corporate activities, accretion of convertible debentures and obligations pursuant to long-term credit facilities.

⁽²⁾ Includes January 1, 2015 acquisition of a business described in note 5 to 2015 audited Financial Statements.

Total Energy Services Inc. is a growth oriented energy services corporation involved in contract drilling services, rentals and transportation services and the fabrication, sale, rental and servicing of natural gas compression and process equipment. The common shares of Total Energy are listed and trade on the TSX under the symbol TOT.

For further information, please contact Daniel Halyk, President & Chief Executive Officer at (403) 216-3921 or Yuliya Gorbach, Vice-President Finance and Chief Financial Officer at (403) 216-3920 or by e-mail at: investorrelations@totalenergy.ca or visit our website at www.totalenergy.ca

Notes to Financial Highlights

- (1) Operating earnings means results from operating activities and is equal to net income before income taxes minus gain on sale of property, plant and equipment minus finance income plus finance costs. EBITDA means earnings before interest, taxes, depreciation and amortization and is equal to net income before income taxes plus finance costs plus depreciation minus finance income. Cashflow means cash provided by operations before changes in non-cash working capital items. Operating earnings, EBITDA and cashflow are not recognized measures under IFRS. Management believes that in addition to net income, operating earnings, EBITDA and cashflow are useful supplemental measures as they provide an indication of the results generated by the Company's primary business activities prior to consideration of how those activities are financed, amortized or how the results are taxed in various jurisdictions as well as the cash generated by the Company's primary business activities without consideration of the timing of the monetization of non-cash working capital items. Readers should be cautioned, however, that operating earnings, EBITDA and cashflow should not be construed as an alternative to net income determined in accordance with IFRS as an indicator of Total Energy's performance. Total Energy's method of calculating operating earnings, EBITDA and cashflow may differ from other organizations and, accordingly, operating earnings, EBITDA and cashflow may not be comparable to measures used by other organizations.
- (2) Per share data (diluted) and the number of common shares outstanding on a diluted basis includes the impact of the conversion of \$69 million principal amount of convertible debentures issued in 2011 prior to the redemption of such debentures on May 19, 2015.
- (3) Working capital equals current assets minus current liabilities.
- (4) Net Debt equals long-term debt plus obligations under finance leases plus convertible debentures plus current liabilities minus current assets.
- (5) Cashflow for the year ended December 31, 2015 is net of \$12.7 million of income taxes paid during the period that relates to 2014 taxable income as a result of the Company not having been required to make income tax installment payments during 2014 and \$7.1 million of taxes remitted (being one half of the federal reassessment) upon reassessment by the CRA of the Company on August 30, 2015 in respect of its conversion from an income trust to a corporation in 2009.

Certain statements contained in this press release, including statements which may contain words such as "could", "should", "expect", "believe", "will" and similar expressions and statements relating to matters that are not historical facts are forward-looking statements. Such forward-looking statements involve known and unknown risks and uncertainties which may cause the actual results, performances or achievements of Total Energy to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Such factors include fluctuations in the market for oil and natural gas and related products and services, political and economic conditions, the demand for products and services provided by Total Energy, Total Energy's ability to attract and retain key personnel and other factors. Reference should be made to Total Energy's most recently filed Annual Information Form and other public disclosures (available at www.sedar.com) for a discussion of such risks and uncertainties.

The Toronto Stock Exchange has neither approved nor disapproved of the information contained herein.