

Horizon North Logistics Inc. Announces Results for the Quarter and Year Ended December 31, 2015 and Reduction of Quarterly Dividend

Calgary, Alberta, Canada, February 24, 2016 – TSX Symbol: HNL

Horizon North Logistics Inc. (“Horizon North” or the “Corporation”) reported its financial and operating results for the three and twelve months ended December 31, 2015 and 2014.

Fourth Quarter Highlights

- The balance sheet continued to be strong as a result of an ongoing focus to minimize working capital and manage capital spending. Debt levels and banking covenants continue to be well below maximum thresholds with \$57.5 million of debt and a Debt to TTM EBITDAS ratio of 0.92:1.00;
- The weak economic environment in Q4 2015 was mainly driven by continued low oil and natural gas prices which resulted in downward pressure on Horizon North’s pricing and lower demand for Horizon North’s products and services; and
- Q4 2015 EBITDAS were significantly lower compared to Q4 2014 and included \$3.0 million of additional cost related to a large camp installation project in the Fort McMurray oil sands area and an increase in the allowance for doubtful accounts.

Fourth Quarter Financial Summary

(000's except per share amounts)	Three months ended December 31			Twelve months ended December 31		
	2015	2014	% Change	2015	2014	% Change
Revenue	\$ 68,722	\$ 135,860	(49%)	\$ 369,889	\$ 476,060	(22%)
EBITDAS ⁽¹⁾	8,518	27,774	(69%)	62,460	92,866	(33%)
EBITDAS as a % of revenue	12%	20%		17%	20%	
Operating earnings	(6,940)	11,510	(160%)	4,778	37,502	(87%)
Operating earnings as a % of revenue	(10%)	8%		1%	8%	
Total (loss) profit	(4,986)	7,183	(169%)	(832)	23,646	(104%)
Total comprehensive (loss) income	(4,894)	7,329	(167%)	(775)	24,026	(103%)
Earnings per share						
Basic	\$ (0.04)	\$ 0.06	(167%)	\$ (0.01)	\$ 0.21	(105%)
Diluted	\$ (0.04)	\$ 0.06	(167%)	\$ (0.01)	\$ 0.21	(105%)
Total assets	\$ 469,504	\$ 539,978	(13%)	\$ 469,504	\$ 539,978	(13%)
Long-term loans and borrowings	57,527	146,370	(61%)	57,527	146,370	(61%)
Cash from operations	16,082	18,056	(11%)	99,995	57,571	74%
Capital spending						
Purchase of property, plant & equipment	13,207	17,540	(25%)	54,443	114,581	(52%)
Proceeds from disposals of property, plant & equipment	(2,348)	(1,967)	19%	(9,800)	(14,946)	(34%)
Net Capital spending	10,859	15,573	(30%)	44,643	99,635	(55%)
Senior debt to EBITDAS	0.92:1.00	1.63:1.00	(44%)	0.92:1.00	1.63:1.00	(44%)
Total debt to EBITDAS	0.92:1.00	1.66:1.00	(45%)	0.92:1.00	1.66:1.00	(45%)
Debt to total capitalization ratio ⁽¹⁾	0.15:1.00	0.35:1.00	(57%)	0.15:1.00	0.35:1.00	(57%)
Dividends declared	\$ 5,304	\$ 8,840	(40%)	\$ 33,641	\$ 35,307	(5%)
Dividends declared per share	\$ 0.04	\$ 0.08	(50%)	\$ 0.28	\$ 0.32	(13%)

(1) See Non-GAAP measures definitions within the press release for details.

Fourth Quarter Overview

Horizon North's results for the three months ended December 31, 2015 ("Q4 2015") were well below the same period of 2014 ("Q4 2014") in all financial measures; revenue, EBITDAS, operating earnings, total comprehensive income and earnings per share. The majority of the blame lies squarely on the worsening economic environment as a result of the precipitous drop in the price of oil compared to Q4 2014. The increased economic uncertainty in Q4 2015 drove customers to cancel seasonal projects, delay committed projects and cut costs by beginning their winter break early, reducing the working days in December by up to ten days. Horizon North's Camps & Catering segment saw the largest declines in revenues and EBITDAS as a result of the low demand for manufacturing combined with lower occupancy across most camps compared to Q4 2014. In addition to the decreased demand for Horizon North's products and services, EBITDAS was further impacted by increased costs associated with a major oil sands camp project in the Fort McMurray area and an increase to the allowance for doubtful accounts resulting from a review of outstanding accounts.

Consolidated revenues for Q4 2015 were \$68.7 million, a decrease of \$67.1 million or 49% compared to Q4 2014. Of the decrease, \$33.7 million was related to low activity levels in manufacturing operations compared to Q4 2014. The remainder was due to weaker pricing and lower activity levels across all the other operations compared to Q4 2014.

Manufacturing Sales revenues were \$6.4 million, a decrease of \$33.7 million or 84% compared to Q4 2014. The decrease in revenues was a result of a large oil sands camp project which was in full production in Q4 2014 and completed in mid-2015. As a result of decreased demand there were fewer projects with smaller scope in the plant compared to Q4 2014. Total direct hours were 79,359, a decrease of 195,335 hours or 71% compared to Q4 2014 with 39% of total direct hours allocated to external sales projects in Q4 2015 compared to 76% in Q4 2014.

Camp rental and catering revenues were \$50.2 million, a decrease of \$27.5 million or 35% compared to Q4 2014. The difficult economic environment drove customers to reduce their costs as much as possible by cancelling seasonal projects and extending their winter break resulting in up to ten fewer working days at many camps in December. Large camp utilization and RevPAAB was 56% and \$50 respectively compared to 69% and \$79 in Q4 2014, reflective of the reduced pricing and activity levels quarter over quarter.

Matting revenues were \$8.6 million, a decrease of \$5.9 million or 41% compared to Q4 2014 for the same reasons as the other operations. The lower activity levels and reduced pricing drove owned rental mat utilization of 44% and a revenue per mat rental day of \$1.35 compared to 59% and \$2.10 in the same period of 2014. The owned mat rental fleet closed the quarter at 28,714 mats, an increase of 5,389 mats compared to Q4 2014.

EBITDAS in Q4 2015 were \$8.5 million, a decrease of \$19.3 million or 69% and as a percentage of revenue, were 12% compared to 20% in Q4 2014. The decrease between the comparative quarters was mainly due to the decline in the economic environment which drove lower activity levels and decreased pricing. In addition to the economic factors, Horizon North experienced \$3.0 million of increased costs in Q4 2015 related to an extended installation schedule for a large oil sands camp project and an increase to the allowance for doubtful accounts. Normalizing for this cost EBITDAS as a percentage of revenue would have been 16% compared to 20% for Q4 2014. In Q4 2015, Horizon North continued to focus on cost reduction initiatives to improve operational efficiencies and reduce input costs from suppliers.

Total profit and earnings per share decreased in Q4 2015 compared to Q4 2014 as a result of the lower revenues and EBITDAS discussed. The poor economic conditions, resulting from the decline in oil and gas prices, impacted the current and future activity levels and were indicators of impairment. Horizon North completed the required impairment testing using a multi-year discounted cash flow approach to determine if an impairment existed. It was determined there was an impairment in the Camps & Catering cash generating unit which resulted in an impairment charge against goodwill of \$1.7 million.

Horizon North continued to focus on minimizing working capital and managing capital spending throughout the quarter. Debt levels and banking covenants continued to be at very manageable levels and were well within the required limits closing the quarter with debt of \$57.5 million and a Debt to Trailing Twelve Month (TTM) EBITDAS ratio of 0.92:1.00.

Dividend payment

Horizon North announced today that its Board of Directors has declared a dividend for the first quarter of 2016 at \$0.02 per share. The dividend is payable to shareholders of record at the close of business on March 31, 2016 to be paid on April 15, 2016. The Board of Directors regularly monitors the strength of the balance sheet, cash from operations and capital requirements to ensure the overall sustainability of Horizon North is not compromised. The dividends are eligible dividends for Canadian tax purposes.

Capital Spending

For the year ended December 31, 2015, capital spending was \$54.4 million compared to \$114.6 million in the same period of 2014 as a result of a focused and disciplined 2015 capital program. Capital in 2015 was mainly focused on replacement and expansion of the large camp and drill camp rental fleet and land improvements related the Kitimat property compared to the same period of 2014 which focused on the relocatable structures fleet.

Management evaluates and manages its capital spending plans taking into account proceeds from the sale of property, plant and equipment of \$9.8 million resulting in net capital spending for the year ended December 31, 2015 of \$44.6 million compared to \$99.6 million for the same period of 2014.

Horizon North does not currently have any material capital commitments associated with contracts to supply equipment or to purchase property, plant and equipment. Capital spending was funded primarily from cash from operations and the credit facility.

Outlook

Given the current uncertain and weak economic environment, as a result of depressed and volatile commodity prices, particularly oil, commenting on the 2016 outlook is a very difficult proposition. Horizon North anticipates the uncertainty and volatility seen in 2015 to persist through 2016 with continued weaker demand and depressed pricing for its products and services. It is anticipated that customers will continue to reduce capital programs and delay investment decisions as well as look at all opportunities to lower operating costs throughout 2016.

Ensuring a strong balance sheet will be a priority for 2016 and in light of the current economic environment the Horizon North Board of Directors has reduced the quarterly dividend to \$0.02 providing additional financial flexibility of \$10.6 million annually. Minimizing working capital and a reduced capital program will be a strong focus with capital spending limited to key initiatives, required maintenance and growth capital limited to contracted projects.

Horizon North will continue forward on the journey of transformational change that began in 2015. Horizon North will continue to realign and restructure the Corporation to focus on delivering a more fully integrated product and service offering model, diversify the business base and drive operational efficiency. Diversifying the business base will focus on expanding into the permanent modular and facilities management markets.

Horizon North will continue to develop and secure key land locations close to proposed LNG projects sites on the west coast of British Columbia. However, this will be done using a measured approach with the timing of capital spending aligned with projects as they emerge. Executing these strategies are key to weathering the downturn and positioning Horizon North for the recovery.

Additional Information

A copy of the Corporation's Consolidated Financial Statements for the three and twelve months ended December 31, 2015 and 2014 and related Management's Discussion and Analysis have been filed with the Canadian securities regulatory authorities and is available on SEDAR at www.sedar.com and www.horizonnorth.ca. Unless otherwise indicated, the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and the reporting currency is in Canadian dollars

Conference call

Horizon North will host a conference call and webcast to begin promptly at 9:00 a.m. MT (11:00 a.m. ET) on – February 25, 2016 to discuss Horizon North's fourth quarter results.

To access the conference call by telephone the conference call dial in number is 1-888-231-8191

A live webcast of the conference call will be accessible on Horizon North's website at www.horizonnorth.ca by selecting the webcast link on the home page.

An archived recording of the conference call will be available approximately two hours after completion of the call until March 10, 2016 by dialing 1-403-451-9481 or 1-855-859-2056 - Passcode: 45936902.

Caution Regarding Forward-Looking Information and Statements

Certain statements contained in the Management Discussion and Analysis constitute forward-looking statements or information. These statements relate to future events or future performance of Horizon North. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "should", "believe" and similar expressions are intended to identify forward-looking statements.

In particular, such forward-looking statements include, under the heading "Outlook" the statements that:

"Horizon North anticipates the uncertainty and volatility seen in 2015 to persist through 2016 with continued weaker demand and depressed pricing for its products and services. It is anticipated that customers will continue to reduce capital programs and delay investment decisions as well as look at all opportunities to lower operating costs throughout 2016.

As a priority, in light of the current economic environment Horizon North will continue to protect the strong balance sheet it currently has. Minimizing working capital and a reduced capital program will be a strong focus. Capital spending will be limited to key initiatives and required maintenance with growth capital limited to new contracted projects.

Horizon North will continue forward on the journey of transformational change that began in 2015. Horizon North will continue to realign and restructure the Corporation to focus on delivering a more fully integrated product and service offering model, diversify the business base and drive operational efficiency. Diversifying the business base will focus on expanding into the permanent modular and facilities management markets.

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Many factors could cause the performance or achievements of Horizon North to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. These include, but are not limited to general economic, market and business conditions.

The forward-looking statements and information are based on certain assumptions made by Horizon North which include, but are not limited to, assumptions relating to:

- industry activity for oil, natural gas and mineral exploration and development in the western Canadian provinces and northern territories;
- commodity prices;
- anticipated activity levels for 2016;
- future operating costs and Corporation's access to capital;
- the effects of regulation by governmental agencies;
- the competitive environment in the which the Corporation operates;
- the ability of the Corporation to attract and retain personnel;
- the development of LNG and commodity transportation infrastructure;
- the relationships between the Corporation and its customers; and
- general economic and financial conditions.

Although Horizon North believes that the expectations and assumptions on which the forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information because Horizon North cannot give any assurance that they will prove to be correct. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of known and unknown risks and uncertainties. Such risks and uncertainties include, but are not limited to, the following:

- volatility in the price and demand for oil, natural gas and minerals;
- fluctuations in the demand for the Corporation's services;
- availability of qualified personnel;
- changes in regulation by governmental agencies, including environmental regulation; and
- other factors listed under "Risks and Uncertainties" in this MD&A and other risk factors identified in the Corporation's annual information form.

Readers are cautioned that the foregoing list of risks and uncertainties is not exhaustive. Additional information on these and other risk factors that could affect Horizon North's operations and financial results are included in Horizon North's annual information form which may be accessed through the SEDAR website at www.sedar.com. In addition, the reader is cautioned that historical results are not indicative of future performance. The forward-looking statements and information contained in this MD&A are made as of the date hereof and Horizon North does not undertake any obligation to update publicly or revise any forward-looking statements and information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

Certain information set out herein may be considered as "financial outlook" within the meaning of applicable securities laws. The purpose of this financial outlook is to provide readers with disclosure regarding Horizon North's reasonable expectations as to the anticipated results of its proposed business activities for the periods indicated. Readers are cautioned that the financial outlook may not be appropriate for other purposes.

Non-GAAP measures

Certain measures in this MD&A do not have any standardized meaning as prescribed by generally accepted accounting principles ("GAAP") and, therefore, are considered non-GAAP measures. These measures are regularly reviewed by the Chief Operating Decision Maker and provide investors with an alternative method for assessing the Corporation's operating results in a manner that is focused on the performance of the Corporation's ongoing operations and to provide a more consistent basis for comparison between periods. These measures should not be construed as alternatives to total profit and total comprehensive income determined in accordance with GAAP as an indicator of the Corporation's performance. The method of calculating these measures may differ from other entities and accordingly, may not be comparable to measures used by other entities. The following non-GAAP measures are used to monitor the Corporation's performance:

EBITDAS: Earnings before finance costs, taxes, depreciation, amortization, gain/loss on disposal of property, plant and equipment and share based compensation ("EBITDAS"). Management believes that in addition to total profit and total comprehensive income, EBITDAS is a useful supplemental measure as it provides an indication of the Corporation's ability to generate cash flow in order to fund working capital, service debt, pay current income taxes and fund capital programs, and it is regularly provided to and reviewed by the Chief Operating Decision Maker.

Debt to total capitalization: Calculated as the ratio of debt to total capitalization. Debt is defined as the sum of current and long-term portions of loans and borrowings. Total capitalization is calculated as the sum of debt and shareholders' equity.

About Horizon North

Horizon North is a remote resource development service company that provides workforce accommodation solutions, camp management and catering services, and road and access matting solutions. Horizon North provides these services in support of oil sands development, oil and gas exploration, mining and infrastructure projects throughout Canada's western provinces and northern territories where local infrastructure does not meet project requirements.

Corporate Information

For further information, please contact Rod Graham, President and Chief Executive Officer or Scott Matson, Senior Vice President Finance and Chief Financial Officer, 1600, 505 – 3rd Street S.W., Calgary, Alberta T2P 3E6; Telephone (403) 517 - 4654, Fax (403) 517 - 4678; website: www.horizonnorth.ca