Horizon North Logistics Inc. Announces Results for the Quarter Ended December 31, 2018

Calgary, Alberta, Canada, March 12, 2018 – 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, 2018 and 2017.

Fourth Quarter Highlights

- Q4 2018 financial results were the strongest since Q1 2017 driven primarily by improved Modular Solutions performance;
- The Modular Solutions business improved significantly in 2018 achieving positive EBITDAS and increasing by $25.1 million compared to 2017. Backlog exiting the year was $88.8 million compared to $43.9 million in 2017 with the funnel of high-quality, high probability opportunities also increasing, closing 2018 approximately $290.0 million compared to $148.0 million exiting 2017; and
- The Industrial Services business announced several camp service contracts:
  - a hospitality services contract south of Fort McMurray, Alberta through its Aboriginal partnership with Chipewyan Prairie Dene First Nations;
  - a contract extension in the Grande Prairie, Alberta area; and
  - a 150-bed facility for an LPG project located in Prince Rupert, British Columbia.

Fourth Quarter Financial Summary

	Three months ended December 31			Twelve months ended December 31		
(000’s except per share amounts)	2018	2017	% Change	2018	2017	% Change
Revenue	$ 118,045	$ 82,664	43	$ 394,245	$ 324,082	22
EBITDAS(1)	13,654	6,786	101	36,683	30,045	22
EBITDAS as a % of revenue	12%	8%		9%	9%	
Operating earnings (loss)	2,240	(4,074)	(155)	(7,296)	(5,935)	23
Operating earnings (loss) as a % of revenue	2%	(5%)		(2%)	(2%)	
Total income (loss)	1,413	(3,885)	(136)	(8,196)	(7,843)	5
Total comprehensive income (loss)	1,413	(3,892)	(136)	(8,196)	(7,846)	4
Earnings (loss) per share						
Basic	$ 0.01	$ (0.03)		$ (0.05)	$ (0.05)	
Diluted	$ 0.01	$ (0.03)		$ (0.05)	$ (0.05)	
Total assets	$ 472,410	$ 479,750	(2)	$ 472,410	$ 479,750	(2)
Total loans and borrowings	31,666	74,604	(58)	31,666	74,604	(58)
Fund Flow	17,294	6,868	152	39,685	55,308	(28)
Net Capital spending (proceeds)	5,130	1,645	212	21,866	(23,830)	(192)
Total debt to EBITDAS(1)	0.86:1.00	2.48:1.00		0.86:1.00	2.48:1.00	
Debt to total capitalization ratio(1)	0.09:1.00	0.19:1.00		0.09:1.00	0.19:1.00	
Dividends declared	$ 3,285	$ 2,894		$ 12,762	$ 11,573	
Dividends declared per share	$ 0.02	$ 0.02		$ 0.08	$ 0.08	

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

Quarterly Operational Overview

Results for the three months ended December 31, 2018 ("Q4 2018") improved across all financial measures, compared to the three months ended December 31, 2017 ("Q4 2017"). The revenue increase compared to 2017 was driven by the Modular Solutions and Camp & Catering segments, partially offset by the Rentals & Logistics segment.

Industrial Services

Revenues from Industrial Services for Q4 2018 increased compared to Q4 2017 mainly due to higher camp installation activity in the northeast region of British Columbia and stronger access mat rentals. This was offset by softer mat sales and lower related installation and transportation services. Camp rental and catering activity levels increased compared to Q4 2017 with utilization of 54% or up 4% and revenue per bed rental day at $107, an increase of 39%, due to camp installation activity with no associated bed rental days. Catering only activity remained consistent compared to Q4 2017 with stronger revenue per catering only day, higher by 9%, as a result of different contract mix. Rentals & Logistics revenues decreased compared to Q4 2017 primarily due to a decrease in equipment sales and a reduction in related installation and transportation services. These were somewhat offset by increased demand and stronger pricing for mat rental activity along the northern British Columbia and Alberta border.

Modular Solutions

Modular Solutions revenues for Q4 2018 were significantly higher than Q4 2017 as a result of increased capacity to execute the growing backlog of projects. Compared to Q4 2017, capacity increased significantly as a result of ramping up direct headcount at the Kamloops, British Columbia plant and the acquisition of the Aldergrove, British Columbia facility. In addition, the acquisition of the Rocky View County, Alberta facility in November 2018 allowed for a further ramp up of production exiting 2018. The increase of throughput capacity facilitated the execution of higher volumes of backlog and generated much stronger revenues. The volume of government sponsored affordable housing projects in Q4 2018 was considerably higher compared to Q4 2017.

Other Financial Measures

Horizon North's Q4 2018 EBITDAS increased by $6.9 million or 101% compared to Q4 2017. As a percentage of revenue, EBITDAS were 12% compared to 8% in Q4 2017. The increase in EBITDAS was primarily driven by significantly improved operating results in the Modular Solutions segment compared to Q4 2017.

Horizon North continued to maintain a strong focus on managing its Statement of Financial Position through minimizing working capital and closely managing the capital program. Total loans and borrowings were $31.7 million at December 31, 2018 compared to $74.6 million at December 31, 2017. The decrease was mainly due to completion of the bought deal equity financing in Q2 2018 with net proceeds of $47.5 million used to reduce debt and improve EBITDAS. As a result of the decreased debt and stronger EBITDAS, the total Debt to EBITDAS ratio was 0.84:1.00 at December 31, 2018 compared to 2.48:1.00 at December 31, 2017.

Outlook

In 2019, Horizon North will continue to diversify both its portfolio of offerings and customer base through a focus on its two operating divisions: Industrial Services and Modular Solutions.

Industrial Services

In 2019, Horizon North will continue to leverage its reputation as a leading provider of turn-key camp, hospitality, access and maintenance solutions with focus on the following four key areas:

- Oil Sands – Horizon North expects to leverage its operational footprint and history, along with two prominent relationships with Aboriginal communities north and south of Fort McMurray, to pursue full turn-key opportunities as well as catering and hospitality opportunities in customer-owned facilities;
- Montney/Duvernay – Horizon North is the largest provider of open camp services in this area and is a market leader in providing catering and hospitality services in customer-owned facilities. Horizon North will continue to leverage existing assets and relationships while looking to develop additional areas of opportunity to support ongoing activity in this area;
- Northern Canada – Horizon North has a long history and expertise in providing hospitality, management and maintenance services across Canada's northern regions. In 2019, Horizon North will continue to focus on developing and expanding its capabilities and footprint across Canada's highly variable and remote northern regions; and

- West Coast – Horizon North initiated the first phase of development on its 57-acre parcel of land located at the entrance to Kitimat, British Columbia in late 2018. In 2019, Horizon North expects to open the first phase of its world-class Crossroads open lodge with 260 beds ready in the spring and plans to expand to a potential 1,000 beds as activity in the region grows.

Modular Solutions

For 2019, Horizon North's focus is to continue to grow its backlog of modular construction projects and drive economies of scale in our facilities and project execution capabilities. Horizon North will continue to focus on hotel development, multi-family residential development and social, student and senior infrastructure development. Horizon North completed two acquisitions in 2018 to provide additional capacity in western Canada and is actively investigating opportunities to expand its geographic footprint to service other areas of Canada with strong demand profiles for our unique construction model.

Statement of Financial Position

The strength of the Statement of Financial Position remains a key priority and Horizon North took several steps in 2018 to significantly reduce its overall debt and leverage position. This strong position will allow Horizon North to undertake an expanded capital program in 2019 with a budget of $50.4 million focused on its Crossroads open lodge project in Kitimat, BC, refreshing and providing the ability for moderate growth of its matting rental fleet and supporting the expanding Modular Solutions business.

Dividend Payment

Horizon North announced today that its Board of Directors has declared a dividend for the first quarter of 2019 at $0.02 per share. The dividend is payable to shareholders of record at the close of business on March 31, 2019 to be paid on April 15, 2019. The Board of Directors regularly monitors the strength of the Statement of Financial Position, cash from operations and capital requirements to ensure the overall sustainability of Horizon North is not compromised. The dividends will be eligible dividends for Canadian tax purposes.

Additional Information

A copy of the Corporation's Condensed Consolidated Interim Financial Statements for the three and twelve months ended December 31, 2018 and 2017 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.

Non-GAAP measures

Certain measures in this press release 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 interest, taxes, depreciation, amortization, impairment, 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 earnings measure as it provides an indication of the Corporation's operating performance 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.

Caution Regarding Forward-Looking Statements and Information

Certain statements contained in this press release constitute forward-looking statements or information ("forward-looking statements"). 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 "Highlights" the statements that:

- "The Modular Solutions business improved significantly in 2018 achieving positive EBITDAS and increasing by $25.1 million compared to 2017. Backlog exiting the year was $88.8 million compared to $43.9 million in 2017 with the funnel of high-quality, high probability opportunities also increasing, closing 2018 approximately $290.0 million compared to $148.0 million exiting 2017."

Under the heading "Outlook" the statement that:

"In 2019, Horizon North will continue to diversify both its portfolio of offerings and customer base through a focus on its two operating divisions: Industrial Services and Modular Solutions.

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Under the heading "Dividend Payment" regarding the payment of a dividend to shareholders of record at the close of business on March 31, 2019 to be paid on April 15, 2019.

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;
- the impacts of a positive FID from LNG Canada with respect to the Kitimat LNG project;
- capital investment in the Canadian oil and gas sector;
- dividend payments;
- anticipated activity levels for 2019;
- operational results and capital spending;
- anticipated backlog in the Modular Solutions business;
- trade and other receivables;
- future operating costs and Corporation's access to capital;
- the effects of regulation by governmental agencies;
- the competitive environment in 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 are based are reasonable, undue reliance should not be placed on the forward-looking statements because Horizon North cannot give any assurance that they will prove to be correct. Since forward-looking statements 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 press release 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 press release 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.

About Horizon North

Horizon North is a publicly listed corporation (TSX: HNL.TO) providing a full range of industrial, commercial, and residential products and services. Our Industrial Services division supplies workforce accommodations, camp management services, access solutions, maintenance and utilities. Our Modular Solutions division integrates modern design concepts and technology with state of the art, off-site manufacturing processes; producing high quality building solutions for commercial and residential offerings including offices, hotels, and retail buildings, as well as distinctive single detached dwellings and multi-family residential structures. As a result of our diverse product and service offerings, Horizon North is uniquely positioned to meet the needs of our customers in numerous sectors, anywhere in Canada.

HORIZON NORTH

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, 900, 240 - 4th Street S.W., Calgary, Alberta T2P 4H4; Telephone (403) 517 - 4654, Fax (403) 517 - 4678; website: www.horizonnorth.ca