

Black Diamond Group Reports Fourth Quarter 2019 Results

Calgary, Alberta, March 5, 2020 - Black Diamond Group Limited ("Black Diamond", the "Company" or "we"), (TSX:BDI), a leading provider of workforce accommodation and space rental solutions, today announced its operating and financial results for the three months (the "Quarter") and twelve months ("2019" or the "YTD") ended December 31, 2019 compared with the three and twelve months ended December 31, 2018 (the "Prior YTD"). All financial figures are expressed in Canadian dollars.

- For the sixth consecutive quarter, consolidated rental revenue grew sequentially and increased to \$17.6 million, up 29% from the Comparative Quarter.
- Modular Space Solutions ("MSS") Adjusted EBITDA increased by 29% to \$6.7 million from the Comparative Quarter.
- As of December 31, 2019, the MSS fleet grew by 338 units to 6,151 units, up 6% from December 31, 2018.
- Workforce Solutions ("WFS") Adjusted EBITDA increased by 46% to \$7.0 million from the Comparative Quarter.
- During the Quarter, Black Diamond closed a new \$200 million four-year secured asset-based credit facility ("ABL Facility") with a borrowing base of \$179.6 million at December 31, 2019, providing the Company \$76.4 million in available liquidity.

In the fourth quarter of 2019, Black Diamond reported revenue of \$47.3 million, up 4% from the Comparative Quarter. Revenue generated from outside of the western Canadian energy sector was approximately 65% in the Quarter and 68% in the YTD. Adjusted EBITDA increased 62% to \$10.7 million in the Quarter. After normalizing for a \$1.3 million positive impact from the adoption of IFRS 16, Adjusted EBITDA increased by 42% in the Quarter.

Key Highlights from the Fourth Quarter of 2019

In the MSS business unit, Adjusted EBITDA of \$6.7 million was 29% higher than the Comparative Quarter. The increased Adjusted EBITDA is attributed to the increase in rental revenue, higher margins on non-rental revenue and a positive impact of \$0.7 million from IFRS 16. For the 2019 YTD, Adjusted EBITDA of \$24.9 million was up 35% from the Prior YTD.

Adjusted EBITDA in the WFS business unit was \$7.0 million, 46% higher than the Comparative Quarter. The increase in Adjusted EBITDA is attributed to an increase in rental revenue combined with a \$0.6 million positive impact from IFRS 16. For the 2019 YTD, Adjusted EBITDA of \$25.7 million was up 15% from the Prior YTD.

At the end of the Quarter, Net Debt increased to \$98.1 million, compared to \$93.8 million at September 30, 2019. Black Diamond spent \$7.8 million on capital expenditures for the Quarter, down from \$8.4 million in the Comparative Quarter. The vast majority of capital expenditures for the Quarter were financed from internally generated cash flow. The increase in Net Debt was attributed mostly to one-time costs of roughly \$3.2 million related to early extinguishment of debt and ABL Facility set-up costs.

Capital expenditures for YTD were \$33.5 million compared with capital expenditures of \$17.4 million in the Prior YTD.

Subsequent to the quarter, the Company announced the acquisition of Spectrum Building Systems, Inc. and Spectrum Leasing, LLC (combined "Spectrum"), based in Gainesville, Georgia. Spectrum's asset base includes 202 high-quality modular buildings backed by a high performing team with deep expertise and relationships in the region. Following the Spectrum acquisition, Black Diamond now has over 400 units in the area and expects to see continued growth in the U.S. Southeast as a result of ongoing economic development in the region.

Black Diamond announced the TSX approval of a Normal Course Issuer Bid ("NCIB"). Over a 12-month period commencing on January 15, 2020, the Company may, in normal course, purchase up to 4,180,249 Common Shares (10% of the public float of Common Shares).

Outlook

The Company continues to execute on its long-term strategy of growing its diversified MSS business, while also unlocking the operating leverage within the WFS business unit by diversifying through different geographies and customers. As such, management's outlook for 2020 is positive as the Company expects ongoing capital investment in MSS to drive steady growth throughout our North American platform. After investing approximately \$21 million of gross capital into the MSS business in 2019, the Company has earmarked a further investment of \$25 million (gross), excluding the Spectrum acquisition, in 2020 as the MSS business unit continues to generate consistent and reliable returns. Over time, the Company expects returns to see further improvement driven by ongoing penetration of additional, capital-light value-added products and services (VAPS) and through economies of scale.

Within the WFS business unit, approximately \$8 million of capital is expected to be invested across the platform to support continued growth of the Australian business, LodgeLink development costs, and other selective projects within the division. Management expects 2020 to yield an improvement in our large camps rental business. This improvement is expected to be driven by contracts in place (such as the previously announced Sukunka River Lodge, which was recently increased from \$45 million to approximately \$47 million) as well as ongoing improvement through the Company's recent efforts to diversify towards different sectors, customers, and geographies. The Company has secured a number of projects in eastern Canada and continues to work on further camp opportunities outside of western Canada. While the Lodging segment is still somewhat challenged in the near-term, the Company expects activity levels to recover as certain infrastructure and other development projects pick up in western Canada.

LodgeLink, Black Diamond's digital marketplace platform for workforce travel and accommodation, provided continued growth in gross booking revenue and continues to gain traction in the U.S. market. During the Quarter, gross booking revenue of \$5.4 million was up 15% compared to the Comparative Quarter. The platform continues to expand, and as of March 5, 2020, LodgeLink currently has over 1,200 properties listed with approximately 130,000 rooms available. In the U.S., LodgeLink now has over 550 properties listed.

Black Diamond has made progress in 2019 towards achieving its long range strategic objectives. We continued the organic growth of our MSS business and set the foundations to be able to accelerate this growth in the coming years. Our WFS business has benefited from improving utilization and geographic diversification and we believe prospects are reasonably strong for continued improvement. Management believes the Company is well positioned to benefit from continued growth in our core asset businesses while also actively building out LodgeLink, which the Company views as a disruptive technology platform for workforce travel and accommodations with significant growth potential.

Capital Plan

The Company's net capital expenditures for the Quarter were \$3.9 million compared with net capital expenditures of \$2.2 million in the Comparative Quarter. The Company's net capital expenditures for the YTD were \$20.7 million compared with net capital expenditures of negative \$4.3 million in the Prior YTD.

The Company's 2019 gross capital plan of \$35 million was targeted to support our overarching strategy of diversifying the Company's asset base and cash flows.

Capital expenditures for the Quarter were \$7.8 million and capital commitments were \$10.7 million as at December 31, 2019. This is compared with capital expenditures of \$8.4 million in the Comparative Quarter and capital commitments of \$10.9 million as at December 31, 2018. Capital expenditures for the Quarter included maintenance capital of \$2.9 million, compared to \$0.2 million in the Comparative Quarter. Capital expenditures for the YTD were \$33.5 million compared with capital expenditures of \$17.4 million in the Prior YTD.

Black Diamond markets its fleet of assets to customers primarily on a rental basis. However, occasionally the customer has preference for ownership when they have a longer-term need for the asset. In these circumstances, Black Diamond sells assets out of its fleet in the ordinary course of servicing its customers. This is a profitable business line for the Company and also helps the Company replenish its fleet with newer assets to maintain a relatively newer average age of the fleet. Proceeds from used fleet asset sales in the Quarter were \$3.9 million compared with \$6.2 million in the Comparative Quarter. Proceeds from used fleet asset sales in the YTD were \$12.8 million compared with \$21.7 million in the Prior YTD.

Financial Highlights

(in millions, except as noted)	Three months ended December 31,			Twelve months ended December 31,		
	2019 \$	2018 \$	Change	2019 \$	2018 \$	Change
Revenue						
Modular Space Solutions	21.4	22.5	(5)%	86.7	73.1	19%
Workforce Solutions	25.9	22.9	13%	99.2	92.8	7%
Total Revenue	47.3	45.4	4%	185.9	165.9	12%
Adjusted EBITDA	10.7	6.6	62%	39.3	29.3	34%
Funds from Operations	11.4	10.0	14%	45.3	42.7	6%
Per share (\$)	0.21	0.18	17%	0.82	0.78	5%
Loss	(2.5)	(3.8)	(34)%	(7.5)	(11.4)	(34)%
Loss per share - Basic and diluted (\$)	(0.05)	(0.07)	(29)%	(0.14)	(0.21)	(33)%
Capital expenditures	7.8	8.4	(7)%	33.5	17.4	93%
Property & equipment (NBV)	327.5	339.9	(4)%	327.5	339.9	(4)%
Total assets	422.6	403.3	5%	422.6	403.3	5%
Long-term debt	102.4	90.1	14%	102.4	90.1	14%

Additional Information

A copy of the Company's audited consolidated financial statements for the years ended December 31, 2019 and 2018 and related management's discussion and analysis have been filed with the Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com) and www.blackdiamondgroup.com.

About Black Diamond Group

Black Diamond is a specialty rentals and industrial services Company with two operating business units - Modular Space Solutions (MSS) and Workforce Solutions (WFS). We operate in Canada, the United States, and Australia.

MSS through its principal brands, BOXX Modular, Britco, and MPA, owns a large rental fleet of modular buildings of various types and sizes. Its network of local branches rent, sell, service, and provide ancillary products and services to a diverse customer base in the construction, industrial, education, financial, and government sectors.

WFS through its principal brands, Black Diamond Camps and Black Diamond Energy Services, owns a large rental fleet of modular accommodation assets of all types and sizes and a fleet of liquid and solid containment assets. Its regional operating terminals rent, sell, service, and provide ancillary products and services including turn-key operated camps to a wide array of customers in the resource, infrastructure, construction, disaster recovery, and education sectors. The WFS business unit also includes the Company's wholly owned subsidiary, LodgeLink, which operates a digital marketplace for business-to-business crew accommodation, travel, and logistics in North America.

Learn more at www.blackdiamondgroup.com.

For investor inquiries please contact Jason Zhang at 403-206-4739 or investor@blackdiamondgroup.com.

Reader Advisory

Forward-Looking Statements

Certain information set forth in this news release contains forward-looking statements including, but not limited to, the amount of funds that will be expended on the 2020 capital plan, how such capital will be expended, expectations for asset sales, expectations for net capital investment after asset sales, management's assessment of Black Diamond's future operations and what may have an impact on them, financial performance, business prospects and opportunities, level of economic development and growth in certain operating regions, changing operating environment including increased activity levels, amount of revenue anticipated to be derived from current contracts, anticipated debt levels, economic life of the Company's assets, future growth and profitability of the Company and realization of the anticipated benefits of acquisitions and sales. With respect to the forward-looking statements in this news release, Black Diamond has made assumptions regarding, among other things: future commodity prices, that Black Diamond will continue to raise sufficient capital to fund its business plans in a manner consistent with past operations, that counter-parties to contracts will perform the contracts as written and that there will be no unforeseen material delays in contracted projects. Although Black Diamond believes that the expectations reflected in the forward-looking statements contained in this news release, and the assumptions on which such forward-looking statements are made, are reasonable, there can be no assurances that such expectations or assumptions will prove to be correct. Readers are cautioned that assumptions used in the preparation of such statements may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties and other factors, many of which are beyond the control of Black Diamond. These risks include, but are not limited to: the impact of general economic conditions, industry conditions, fluctuation of commodity prices, the Company's ability to attract new customers, failure of counterparties to perform on contracts, industry competition, availability of qualified personnel and management, timely and cost effective access to sufficient capital from internal and external sources, political conditions, dependence on suppliers and stock market volatility. The risks outlined above should not be construed as exhaustive. Additional information on these and other factors that could affect Black Diamond's operations and financial results are included in Black Diamond's annual information form for the year ended December 31, 2019 and other reports on file with the Canadian Securities Regulatory Authorities which can be accessed on SEDAR. Readers are cautioned not to place undue reliance on these forward-looking statements. Furthermore, the forward-looking statements contained in this news release are made as at the date of this news release and Black Diamond does not undertake any obligation to update or revise any of the forward-looking statements, except as may be required by applicable securities laws.

Non-GAAP Measures

In this news release, the following terms have been referenced: Adjusted EBITDA, Funds from Operations and Net Debt. Readers are cautioned that these measures are not defined under International Financial Reporting Standards ("IFRS"). Readers are cautioned that these non-GAAP measures are not alternatives to measures under IFRS and should not, on their own, be construed as an indicator of the Company's performance or cash flows, a measure of liquidity or as a measure of actual return on the common shares of the Company. These Non-GAAP measures should only be used in conjunction with the consolidated financial statements of the Company. A reconciliation between these measures and measures defined under IFRS is included in management's discussion and analysis for the three and twelve month period ended December 31, 2019 filed on SEDAR.