



WesternOne Inc. Reports 2014 Q4 and Full Year Results

VANCOUVER, BC (March 5, 2015) WesternOne Inc. (“**WesternOne**”) (Toronto Stock Exchange: WEQ, WEQ.DB, and WEQ.DB.C) today announced the release of its financial results for the year ended December 31, 2014.

The results, consisting of WesternOne’s audited financial statements for the year ended December 31, 2014 and Management’s Discussion and Analysis (“**MD&A**”) dated March 4, 2015, are available on SEDAR (www.sedar.com).

2014 Q4 financial highlights and recent events are as follows:

- WesternOne recorded Q4 consolidated revenue of \$88.2 million, gross profit of \$18.5 million and adjusted EBITDA⁽¹⁾ of \$7.4 million. Annual consolidated revenue, gross profit and adjusted EBITDA were \$373.9 million, \$81.6 million and \$41.6 million respectively.
- During the fourth quarter, WesternOne recorded an adjustment to reduce project gross profit by \$7.1 million in relation to the on-site construction portion of phase one of the Manitoba Hydro Keeyask workforce accommodations project (the “**Manitoba Hydro Project**”). This adjustment related to on-site general construction and infrastructure work undertaken by Britco specifically for phase one of the Manitoba Hydro Project, which is substantially complete as of the date of this news release. It is management’s intention to not pursue such on-site general construction and infrastructure work in the future. In order to provide a more representative view of the Company’s financial performance, this adjustment (the “**Adjustment**”) has been excluded, where noted, in the discussion below.
- Excluding the Adjustment, WesternOne’s normalized gross profit and adjusted EBITDA for Q4 was \$25.6 million and \$14.5 million, respectively; an increase of 43.2% and 38.6% from \$17.9 million and \$10.5 million, respectively, in Q4 of 2013.
- WIS, WesternOne’s infrastructure services division, recorded Q4 revenue of \$28.0 million and adjusted EBITDA of \$8.5 million, representing year-over-year growth of 18.3% and 13.1%, respectively. The growth was driven by: (i) contribution from the acquisition of the flameless heater business in late September 2014; (ii) increased dollar contribution from fuel sales due to higher margins; and (iii) deployment of a larger fleet of aerial equipment. The increase was partially offset by lower construction heater rentals due to an unseasonably mild weather in the fourth quarter in Alberta and higher operating costs for new branch startups and support functions including safety, IT and finance.
- Britco, WesternOne’s modular construction and modular space rental division, recorded Q4 revenue of \$60.2 million, a marginal increase of 0.5% from Q4 of 2013. Revenue growth was recorded from: (i) modular construction as a result of increased production output and efficiency due to large runs of work camp units; and (ii) modular space rentals as a result of

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a larger modular space rental fleet. The revenue growth, however, was offset by a decline in the volume of on-site construction work, which typically generates a lower margin than modular construction and modular space rentals. Q4 adjusted EBITDA was \$0.2 million, compared to \$3.9 million in 2013. Excluding the Adjustment, Q4 normalized adjusted EBITDA was \$7.3 million, an 87.8% increase from Q4 of 2013. The increase was primarily due to: (i) enhanced modular manufacturing margins from the increased production output and efficiency; (ii) higher contribution from the modular space rental division; (iii) and incremental earnings from the additional 20% equity interest of the Britco USA operations which was acquired in late September 2014. The increase was partially offset by the lower volume of on-site construction work compared to Q4 of 2013 and higher operating costs relating to shared services and project management functions to support project execution.

- Corporate overhead for Q4 for adjusted EBITDA purposes was \$0.3 million higher than Q4 of 2013, relating to office overhead, headcount, regulatory compliance expenses and professional fees such as legal and consultants.
- Q4 net income from continuing operations attributable to shareholders was \$12.5 million (\$0.33 per share), compared to net loss of \$0.4 million (\$0.01 per share) in 2013. Included in the Q4 2014 amount was a non-cash income of \$19.6 million, relating to the revaluation of the liability component of the convertible debentures in accordance with IFRS.
- Q4 cash flow from operations was \$9.1 million, compared to a cash outflow of \$21.3 million in 2013. Annual 2014 cash flow from operations was \$47.9 million, up from \$3.7 million in 2013. The improvement reflected the more effective working capital management in respect of large work camp projects.
- Q4 consolidated payout percentage⁽²⁾ was 35.3%, or 61.5% for the year.
- On March 3, 2015, WesternOne entered into an amendment deed in connection with the senior credit facility agreement with its senior lender (the “**Bank**”). Pursuant to the amendment, among other things, assuming that the contractual requirements of the capital and acquisition loans are met and the demand feature is not exercised by the Bank, the date on which the capital and acquisition loans shall be fully repayable has been extended from July 31, 2016 to July 31, 2018.

“We are pleased with the solid operating performance in the fourth quarter, contributed by the larger rental fleet, and the newly acquired flameless heater business for WIS, and improved operating margins for Britco. We believe these factors have led to strong operating cash flow for 2014 and will better position us as we move forward in 2015,” said Mr. Peter Blake, Chief Executive Officer. “For 2015, our goals are preservation of cash from sustainable operations, cost management, and orderly servicing and repayment of debt. We strive to achieve these goals through executing on a prudent and conservative capital strategy, including redeploying existing capital to opportunities that deliver higher returns.”

“We will also continue to assess WesternOne’s operating performance and its business environment, and implement appropriate capital allocation, financial and operational strategies as we navigate the current business environment,” continued Mr. Blake.

Summary Financial Overview (\$ millions except per share amounts)	Three months ended December 31,		Year ended December 31,	
	2014	2013	2014	2013
Revenue	\$ 88.2	\$ 83.6	\$ 373.9	\$ 292.4
Gross Profit	18.5	17.9	81.6	78.1
Adjusted EBITDA ^{(1) (2)}	7.4	10.5	41.6	50.1
Normalized Adjusted EBITDA ^{(1) (2)}	14.5	10.5	48.7	50.1
Net Income (Loss) from Continuing Operations ⁽²⁾	12.5	(0.4)	18.2	9.8
Net Income (Loss) from Discontinued Operations ⁽²⁾	0.9	(18.2)	(29.1)	(23.8)
Net Income (Loss)	13.4	(18.6)	(10.9)	(14.0)
Earnings (Loss) per Share from Continuing Operations ⁽²⁾				
- Basic	0.33	(0.01)	0.55	0.41
- Fully Diluted	0.33	(0.01)	0.55	0.40
Earnings (Loss) per Share ⁽²⁾				
- Basic and Fully Diluted	0.35	(0.74)	(0.33)	(0.59)
Distributable Cash Generated ⁽¹⁾	4.9	7.4	22.6	32.6
Cash Dividends Declared	1.7	3.9	13.9	14.6
Distributable Cash per Share ⁽³⁾	0.1284	0.3087	0.6802	1.3632
Payout Percentage ⁽⁴⁾	35.3%	52.9%	61.5%	44.7%

Notes:

- (1) "Adjusted EBITDA", "Normalized Adjusted EBITDA", and "Distributable Cash" are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS. "Adjusted EBITDA" refers to net income (loss) before interest, income taxes, depreciation, amortization, gain/loss on financial derivatives relating to changes in the fair market value of the fixed interest rate swap, business acquisition and trust conversion costs, debenture issuance costs, gain/loss on debentures relating to changes in their fair values, share based compensation, foreign exchange gains/losses, and write-down of capital assets, intangible assets and goodwill. "Normalized Adjusted EBITDA" refers to Adjusted EBITDA excluding the Adjustment. "Distributable Cash" refers to cash available for paying dividend to the shareholders by WesternOne. For a full description of Adjusted EBITDA, Normalized Adjusted EBITDA and Distributable Cash refer to "Non-IFRS Measures" in the MD&A dated March 4, 2015.
- (2) Represents amount attributable to shareholders.
- (3) Calculated based on basic weighted average number of shares.
- (4) Amounts calculated using distributable cash and dividends declared for the related period, not on per share amounts. Calculated as cash portion of dividends declared divided by distributable cash generated.

Conference Call

Peter Blake, CEO, Carlos Yam, CFO and Geoff Shorten, President & COO of WIS, and Mike Ridley, President of Britco will host a conference call at 9:00am (Eastern time) or 6:00am (Pacific time), on Thursday March 5, 2015, to review the financial results and corporate developments for the three months and year ended December 31, 2014.

To participate in this conference call, please dial one of the following numbers approximately 10 minutes prior to the commencement of the call, and ask to join the WesternOne conference call.

Dial in numbers: Toll Free 1-888-390-0546
International or Local Toronto 1-416-764-8688

Conference Call Replay

If you cannot participate on March 5, 2015, a replay of the conference call will be available by dialing one of the following replay numbers. You will be able to dial in and listen to the conference two hours after the meeting end time, and the replay will be available until March 12, 2015. Please enter the Replay ID number 356382 followed by the # key.

Replay Dial-In: Toll Free 1-888-390-0541
International or Local Toronto 1-416-764-8677

Forward-looking Information

Certain statements in this press release may constitute “forward-looking” information that involves known and unknown risks, uncertainties and other factors, and it may cause actual results, performance or achievements or industry results, to be materially different from any future results, performance or achievements or industry results expressed or implied by such forward-looking information. Forward-looking information is identified by the use of terms and phrases such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “predict”, “project”, “will”, “would”, and similar terms and phrases, including references to assumptions. Such information includes, without limitation, statements with respect to: management’s intention to not pursue on-site general construction and infrastructure work in the future; the date of repayment of the capital and acquisition loans; management’s goals of preserving cash flow from sustainable operations, cost management, and orderly servicing and repayment of debt through a prudent and conservative capital strategy, including redeploying existing capital to opportunities that deliver higher returns; and management’s intention to continue to assess WesternOne’s operating performance and its business environment, and implement appropriate capital allocation, financial and operational strategies. Actual events or results may differ materially.

Forward-looking information contained in this press release is based on certain key expectations and assumptions made by WesternOne, including, without limitation: the outlook of WesternOne’s business and the economy in Western Canada and the US, the supply and demand for WesternOne’s products and services and management’s assessment of future plans and operations. Although the forward-looking information contained in this press release is based upon what WesternOne’s management believes to be reasonable assumptions, WesternOne cannot assure investors that actual results will be consistent with such information. Forward-looking information reflects current expectations of management regarding future events and operating performance as of the date of this press release. Such information involves significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking information, and a description of these

factors can be found under “Risk Factors” in WesternOne’s Annual Information Form dated March 28, 2014 and Management’s Discussion and Analysis dated March 4, 2015, which are available on SEDAR (www.sedar.com).

The forward-looking information contained herein is expressly qualified in its entirety by this cautionary statement. Forward-looking information reflects management’s current beliefs and is based on information currently available to WesternOne. The forward-looking information is made as of the date of this press release and WesternOne assumes no obligation to update or revise such information to reflect new events or circumstances, except as may be required by applicable law.

About WesternOne

WesternOne seeks to acquire and grow businesses in the construction and infrastructure services sectors in order to generate value for its shareholders.

Additional Information

Additional information relating to WesternOne and other public filings, is available on SEDAR at www.sedar.com or on WesternOne’s website at www.weq.ca.

For more information about this press release, please contact:

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Trading Symbols

Toronto Stock Exchange: WEQ, WEQ.DB, and WEQ.DB.C

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