# Black Diamond Group Reports Fourth Quarter 2016 Adjusted EBITDA of $11.7 Million

**Calgary, Alberta, March 13, 2017** - 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 ("2016" or the "Year") ended December 31, 2016. All financial figures are expressed in Canadian dollars.

In the Quarter, Black Diamond continued to generate positive cash flows which allowed the Company to further reduce its debt. The Quarter benefited from the $17.5 million sale and related service contract which was announced on December 16, 2016. The completion of this contract demonstrates the mutually beneficial arrangements that the Company continues to reach with its key customers. Favourable arrangements such as this one also lead to securing future work for Black Diamond. For 2016, the Company generated Adjusted EBITDA of $42.2 million and finished the year with $48.5 million less debt than at the beginning of the year. While commodity prices showed improvement in the second half of 2016, the severity of the trough experienced in the first half of the year continued to impact Black Diamond's operations that directly service energy end markets through to the end of the year. This weakness in the base run rate of the business is expected to continue into the first half of 2017. This longer than anticipated lag between pricing recovery and increased field level activity impacting Black Diamond's operations resulted in the Company recording a $49.9 million non-cash impairment charge, which contributed to the 2016 net loss of $64.2 million.

In response to the operating environment throughout 2016, the Company continued to manage and preserve its balance sheet through a disciplined approach to capital expenditures, dividend reductions and the implementation of the Dividend Reinvestment Plan. In addition, the Company improved operating efficiencies, reduced administrative expenses by 15% and reduced working capital. This proactive management resulted in a decrease in net debt of $48.8 million to $104.9 million in the year.

In 2016, Black Diamond pursued a diversification strategy centered on increasing revenue driven by non-energy related end markets, which was focused on the BOXX Modular division through organic capital deployment and tuck-in acquisitions. During the year, the Company added 336 units to the BOXX Modular fleet, an increase of 9% (excluding fleet sales) and was able to maintain a relatively consistent level of utilization in its North American fleet despite unfavourable utilization in Northern Alberta. Subsequent to the Quarter, Black Diamond acquired the Britco space rentals business from WesternOne Inc. adding another 1,896 units to the BOXX Modular fleet. The Britco business carried a normalized trailing $6.5 million of Adjusted EBITDA which includes approximately $0.5 million of synergies. Black Diamond will continue to invest in this business unit to diversify and grow the Company.

In March 2017, the Company reached an agreement to amend its credit facilities with its Lenders. These amendments will result in resizing the credit limits to be consistent with the expected borrowing needs of the Company and will create the desired flexibility to operate and grow the business in the current market environment. The Company is confident in its ability to manage the business through the current low activity levels and be able to grow into the recovery through 2017 and into 2018. Management anticipates increased business activity in the second half of 2017 resulting from energy industry announcements made in late 2016 regarding increased capital spending. Black Diamond remains confident in the ability of its long-lived fleet of assets to generate significant future revenue and returns for the business as the recovery in the market continues.

## Fourth Quarter 2016 Financial Highlights:

| | Three months ended December 31, | | | Twelve months ended December 31, | | |
|---|---|---|---|---|---|---|
| (in thousands, except as noted) | 2016 | 2015 | Change | 2016 | 2015 | Change |
| | $ | $ | % | $ | $ | % |
| **Revenue** | | | | | | |
| Camps & Lodging | 17,393 | 28,869 | (40)% | 80,686 | 179,990 | (55)% |
| BOXX Modular | 13,710 | 14,863 | (8)% | 47,928 | 62,223 | (23)% |
| Energy Services | 3,551 | 6,312 | (44)% | 15,424 | 30,329 | (49)% |
| International | 2,694 | 1,407 | 91% | 6,659 | 7,304 | (9)% |
| Corporate and Other | 531 | 536 | (1)% | 1,896 | 2,340 | (19)% |
| **Total Revenue** | **37,879** | **51,987** | **(27)%** | **152,593** | **282,186** | **(46)%** |
| **Total Adjusted EBITDA** | 11,721 | 15,893 | (26)% | 42,238 | 89,005 | (53)% |
| **Profit (loss)** | (45,243) | (7,752) | 484% | (64,150) | 8,400 | (864)% |
| **Earnings (loss) per share - Basic** | (0.98) | (0.19) | 416% | (1.49) | 0.20 | (845)% |
| **- Diluted** | (0.98) | (0.19) | 416% | (1.49) | 0.20 | (845)% |
| **Capital expenditures** | 5,791 | 1,456 | 298% | 15,179 | 49,557 | (69)% |
| **Business acquisitions** | 4,160 | — | n/a | 5,481 | — | n/a |
| **Dividends declared** | 3,486 | 7,398 | (53)% | 15,194 | 36,986 | (59)% |
| **Per share ($)** | 0.08 | 0.18 | (56)% | 0.35 | 0.90 | (61)% |
| **Payout Ratio** | 28% | 43% | | 34% | 43% | |

## HIGHLIGHTS

- Subsequent to the year, Black Diamond completed the acquisition of the modular workspace rental fleet and related assets, including the Britco brand, from Britco LP, a wholly-owned subsidiary of WesternOne Inc. (the "Transaction") for a cash consideration of approximately $41.0 million. The Transaction includes all of Britco's 1,896 rental fleet assets, working capital in the amount of $1.2 million, nearly 1,000 existing customer contracts, nine strategic First Nations partnerships and the transfer of all key personnel.

- Concurrent with closing of the Transaction, Black Diamond has entered into an agreement to sell 7.7 million common shares ("Shares") on a bought deal basis at a price of $3.75 per Share to a syndicate of underwriters (the "Underwriters"), co-led by Raymond James Ltd. and Peters & Co. Limited for gross proceeds of approximately $29.0 million (the "Offering"). Black Diamond has granted the Underwriters an over-allotment option to purchase up to an additional 0.8 million shares which, if exercised, would increase the gross offering size to approximately $31.9 million. The Offering is expected to close on or about March 27, 2017.

- Subsequent to the year, on March 6, 2017, Black Diamond entered into an Offer to Purchase and Agreement for Sale whereby the Company agreed to sell certain non-core real estate properties for cash consideration of $11.4 million. The transaction is expected to close on or before March 30, 2017. Black Diamond simultaneously entered into an agreement to lease these assets from the purchaser.

- Net Debt was $104.9 million, down 31.8% or $48.8 million from $153.7 million as at December 31, 2015 due to continued positive operating cash flows, a net $25.6 million equity raise in July 2016, significant collection of accounts receivable, a lower dividend and lower capital spending. Subsequent to the year, Black Diamond agreed to terms with its lenders to enhance its credit arrangements which were announced on March 6, 2017. These enhancements are intended to provide the borrowing capacity and flexibility to support further growth primarily in the BOXX Modular business unit. These amendments pertain to Black Diamond's credit facility, due in April 2019, and its senior secured notes, with maturities in July 2019 and July 2022.

- Black Diamond secured a contract for the sale and installation of a new 328 bed camp south of Fort McMurray for total proceeds to Camps & Lodging of $17.5 million. At the same time, this customer terminated, and paid out a contract for an existing camp that was due to expire in Q3 2017. In the first half of 2017, Black Diamond will install the new camp using assets from fleet and demobilize the existing camp. There was $2.6 million Adjusted EBITDA recognized in the Quarter and cash proceeds of $15.0 million, which were used to reduce debt. The Company also expects to continue to work with this client on future lodging services for the new camp.

- In the Quarter, BOXX Modular acquired MPA Systems, LLC ("MPA") for a cash purchase price of $4.2 million (USD $3.1 million). MPA specializes in leasing and selling high-security modular buildings and providing disaster recovery facility programs across the continental United States. BOXX Modular also announced a new branch in Eastern Canada in the Quarter and additionally, subsequent to the Quarter, the acquisition of 116 modular units from Travelite Trailers Inc. ("Travelite") for $1.0 million. This fleet of space rental assets was purchased in early 2017 and will be managed by the new Ottawa branch.

## Capital Plan

The Board approved an adjustment to the previously announced $20.0 million capital spending plan for 2017. As a result of this adjustment, the revised gross capital spending plan will be $12 million. This includes maintenance capital which is estimated to be $1.5 million for the year. This does not include any proceeds of the normal course fleet sales that are projected to be $5 million. This plan will primarily support growth capital requirements for the BOXX Modular space rentals business outside of Alberta, which benefits from broad exposure to multiple industry segments. The 2017 capital plan will generally be non-speculative and support our overarching strategy to diversify our platform.

Capital expenditures for 2016 were $15.2 million and capital commitments were $3.1 million as at December 31, 2016, compared with capital expenditures of $49.6 million and capital commitments of $2.7 million as at December 31, 2015. The capital spending and capital commitments continue to be primarily for growth capital related to expanding the BOXX Modular fleet in the United States and Canada. Capital expenditures for the Quarter were $5.8 million, including $1.8 million of non-cash additions, and excluding the $4.2 million MPA acquisition, compared with $1.5 million for the Comparative Quarter.

## Financial Review

- Revenue for the Quarter was $37.9 million, down 27% or $14.1 million from the Comparative Quarter primarily due to the impact that low commodity prices had in all operating business units, primarily in Western Canada, offset slightly by non-rental revenue in Camps & Lodging related to contract terminations.

- Non-cash charges of $49.9 million were recognized in the Quarter comprised of a $29.5 million write-down of assets in Energy Services and a $20.4 million write-down of assets in International, contributing to a net loss of $45.2 million. There was $5.3 million of non-cash charges in the Comparative Quarter for impairment related to Energy Services and the investment in Northern Frontier Corp, contributing to the net loss of $7.8 million for the Comparative Quarter.

- Adjusted EBITDA for the Quarter was $11.7 million, down 26% or $4.2 million from the Comparative Quarter due to a decrease in rental and lodging revenue, partially offset by higher non-rental revenue for the reasons noted above.

- Consolidated contracted future revenue decreased 53% to $38.6 million at December 31, 2016 compared with $81.8 million at December 31, 2015 due to fewer long-term contracts being signed in the current environment. Of this, $26.6 million in contracted future revenue is expected to be recognized in 2017. Contracted future revenue does not include month-to-month arrangements for lodging services or asset rentals, and does not include contracted non-rental revenue.

- Days sales outstanding ("DSO") was reduced by 26% to 52 days at the end of the Quarter compared with 70 days for the Comparative Quarter. The reduction in the DSO is a result of collaborative collection efforts with many of our customers.

## Total Year and Fourth Quarter Dividend and Payout Ratio

The Payout Ratio (see "Non-GAAP Financial Measures") for the Quarter decreased to 28% from 43% in the Comparative Quarter as a result of lower distributable cash flow partially offset by a decrease in the monthly dividend.

## Additional Information

A copy of the Company's audited consolidated financial statements for the years ended December 31, 2016 and 2015 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.

## Conference Call

As a result of the Offering, the Company will not host a Q4 2016 results conference call.

## Reader Advisory

***Forward-Looking Statements***

Certain information in this news release contains forward-looking statements including the amount of funds that will be expended on the 2017 capital plan, how such capital will be expended, Adjusted EBITDA guidance, Management's assessment of Black Diamond's future operations and what may have an impact on them, financial performance, business prospects and opportunities, changing operating environment including increased activity levels, the timing, entitlement and amount of the Company's future dividend payments, amendments to Black Diamond's debt instruments; the use of proceeds, closing and over-allotment of the Company's recently announced bought deal offering, economic life of the Company's assets, and realization of the anticipated benefits of acquisitions. With respect to the forward-looking statements contained in this news release, Black Diamond has made assumptions, regarding among other things: future commodity prices, that Black Diamond will continue to conduct its operations in a manner consistent with past operations, that counterparties 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 assurance that such expectations or assumptions will prove to be correct. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond Black Diamond's control including, without limitation, the impact of general economic conditions, industry conditions, fluctuation of commodity prices, fluctuation of exchange rates, environmental risks, industry competition, availability of qualified personnel and management, stock market volatility and timely and cost effective access to sufficient capital from internal and external sources. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements. Readers are cautioned that the forgoing list of factors is not 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 and other reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com) and at Black Diamond's website (www.blackdiamondgroup.com). 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 publicly or to revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

***Non-GAAP Measures***

In this news release, the following terms have been referenced: Adjusted EBITDA, Net Debt, DSO and Payout Ratio. 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 periods ended December 31, 2016 filed on SEDAR.

## About Black Diamond

Black Diamond rents and sells portable workforce accommodation and space rental solutions to business customers in Canada, the United States and Australia. In addition to providing turnkey lodging and other support services related to remote workforce accommodation and space rentals, we also provide specialized field rentals to the oil and gas industries of Canada and the United States. From twenty locations, we serve multiple sectors including oil and gas, mining, power, construction, engineering, military, government and education.

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