NEWS RELEASE

Badger Daylighting Ltd. Announces Strong First Quarter 2019 Results

5/13/2019

CALGARY, Alberta, May 13, 2019 (GLOBE NEWSWIRE) -- Badger Daylighting Ltd. (the “Company” or “Badger”) (TSX:BAD) announced today financial and operating results for the three months ended March 31, 2019.

Badger’s first quarter 2019 financial and operational results delivered strong growth in revenues, Adjusted EBITDA and margins.

First Quarter Highlights

- Badger generated record first quarter 2019 Adjusted EBITDA of $33.3 million, up 36% from the prior year comparative quarter on record first quarter revenues of $146.6 million which were up 22% from the prior year comparative quarter.
- Revenue per truck per month (“RPT”) for the first quarter was $30,832 up 8%, due to improved asset utilization and modest improvements in hydrovac rates.
- Gross profit margin for the first quarter of 29.0% was 350 basis points or 14% higher than the prior year comparative quarter with Adjusted EBITDA margin of 22.7%, 240 basis points or 12% higher.
- Badger prospectively adopted IFRS 16 – Leases effective January 1, 2019. See “IFRS 16 – Leases” for details.
- Net profit for the first quarter of $6.0 million compared to $8.1 million in the prior year comparative quarter.
- During the first quarter, pursuant to its NCIB, Badger purchased and cancelled 633,454 common shares at a weighted average price per share of $33.50.
- Badger intends to proceed with an updated NCIB program to purchase and cancel up to 2,000,000 common shares upon on the expiration of its existing NCIB program on May 14, 2019.

“Throughout the first quarter of 2019, Badger remained focused on growing its customer base, implementing strategic pricing initiatives and driving operational efficiencies to manage direct operating costs, all of which contributed to a solid 36% increase in Adjusted EBITDA and a 22% increase in revenues, while simultaneously increasing gross profit margin by 350 basis points to 29.0% for the quarter. The increase in Adjusted EBITDA, revenues, gross profit margin, and RPT realized by Badger in the first quarter was impressive in light of the difficult operating conditions in a number of our markets as a result of harsh winter weather conditions. Our record first quarter results are a testament to the benefits of Badger’s operational internal business improvement initiatives and the importance of Badger’s extensive branch network,” said Paul Vanderberg, President and Chief Executive Officer.

“Badger continues to realize strong growth across the majority of our end use and geographic markets, as customers continue to adopt hydrovac excavation as a method of non-destructive and safe excavation. We continue to expect ongoing customer adoption and growth opportunities as the macro-economic environment, particularly in the U.S., is anticipated to be supportive of ongoing infrastructure and construction activities for the remainder of 2019. Given Badger’s strong growth opportunities, particularly in our U.S. operations, we continue to invest in all aspects of our business to facilitate long-term sustainable growth as these investments will ultimately drive further revenue, margin and operational improvements in future years,” Mr. Vanderberg added.

Financial Highlights

($ thousands, except revenue per truck per month (“RPT”), per share and share information)	Three months ended March 31, 2019	2018(2)(4)
Revenue:		
Hydrovac service revenue	141,214	115,004
Other revenue	5,400	5,567
Total revenue	146,614	120,571
RPT - Consolidated (mixed currency)(1)	30,832	28,608
RPT- U.S. (U.S. dollars)(1)	31,614	29,130
RPT- Canada (Canadian dollars)(1)	28,910	27,511
Adjusted EBITDA(1)	33,274	24,443
Adjusted EBITDA per share, basic and diluted(1)(3)	$0.91	$0.66
Adjusted EBITDA margin(1)	22.7%	20.3%
Profit before income tax	8,370	11,082
Net profit	6,031	8,074
Net profit per share, basic and diluted(3)	$0.16	$0.22
Cash flow from operating activities before working capital adjustments	32,632	24,679
Cash flow from operating activities before working capital adjustments per share, basic and diluted(3)	$0.89	$0.67
Dividends paid	4,885	4,229
Weighted average common shares outstanding(3)(5)	36,592,791	37,100,681

(1) See “Non-IFRS Financial Measures” and “Key Financial Metrics and Other Operational Metrics” for additional detail on the definition and calculation of Adjusted EBITDA, Adjusted EBITDA margin, and RPT.

(2) Certain of the comparative period revenue groupings and RPT comparatives have been reclassified to conform to the current period presentation and calculation. Refer to the Company's 2018 annual MD&A for additional details.

(3) Per share, basic and diluted measures calculated by dividing the respective financial measure with the weighted average common shares outstanding for the respective period.

(4) IFRS 16 – Leases has been adopted on a prospective basis therefore prior year comparatives have not been restated. See "IFRS 16 – Leases" in this press release and "Changes in Accounting Policies" in the Company's first quarter 2019 MD&A for additional details.

(5) See "Share Capital" in the Company's first quarter 2019 MD&A for additional details.

Comparable IFRS Financial Information (1)

($ thousands, except per share information)	Three months ended March 31,	
	2019	2018
Cash flow from operating activities	36,189	32,318
Cash flow from operating activities per share, basic and diluted(2)	$0.99	$0.87

(1) Cash flow from operating activities is provided as a comparable measure to cash flow from operating activities before working capital adjustments.

(2) Per share, basic and diluted measures calculated by dividing the respective financial measure with the weighted average common shares outstanding for the respective period.

First Quarter Financial and Operational Overview

Adjusted EBITDA for the first quarter of 2019 was $33.3 million, an increase of 36% compared to $24.4 million in the prior year comparative quarter with a corresponding Adjusted EBITDA margin of 22.7% compared to 20.3% in the prior year quarter. Improvements in Adjusted EBITDA and Adjusted EBITDA margin were driven by revenue growth, higher hydrovac utilization and improved labour efficiency.

Badger realized record first quarter revenues for the first quarter of 2019 of $146.6 million, 22% higher compared to $120.6 million for the comparative period quarter. Record revenues were driven by revenue growth in the U.S. of 24% with revenue of US$83.5 million in the first quarter of 2019, while revenue in Canada of $35.6 million was consistent with the prior year comparative quarter. Average hydrovac rates for the first quarter were consistent to modestly higher across the majority of the U.S. and Canadian markets compared to the prior year comparative quarter. Revenue growth, particularly in the U.S. operations, was attributable to increased demand for hydrovac services from both new and existing customers, due in part to the continued growth in the adoption of hydrovac

technology. Badger's investment in sales and marketing continues to contribute to the ongoing growth in revenue, particularly within the U.S. operations, where the opportunity for further market penetration in both new and existing markets exists as a result of hydrovac being an underutilized component of the excavation value-chain in many regions of the U.S.

RPT for the first quarter was $30,832 or 8% higher compared to $28,608 for the 2018 comparative quarter. Badger successfully increased RPT during the first quarter of 2019 while at the same time adding a net 20 hydrovacs to its fleet. The improvement in RPT was driven by a combination of revenue growth and improved fleet utilization. Badger's operational scale and its importance in driving fleet utilization was evident in Badger's first quarter revenues and RPT, with improvements in both financial measures being driven, in part, as a result of Badger's operating scale.

During the first quarter of 2019, 20 net hydrovacs were placed into service consisting of 37 new and 17 retired units. The timing of new hydrovac builds in the first quarter was impacted by the changeover to chassis with automatic transmissions, which was completed in late January 2019. As detailed in the "2019 Financial Outlook" Badger continues to forecast its 2019 hydrovac build rate to be between 190 and 220 units. Badger had 1,241 hydrovacs in operation at March 31, 2019, compared to 1,221 as at December 31, 2018, and 1,154 as at March 31, 2018.

Badger continues to actively manage direct operating costs, in particular, direct labour, resulting in an improvement in Badger's gross profit margin to 29.0% in the first quarter of 2019 compared to 25.5% in the prior year comparative quarter. Direct operating costs as a percentage of revenue for the first quarter were 71.0% compared to 74.5% in the prior year quarter. Gross profit margins benefited from improved labour efficiency, reduced operating costs due to the adoption of IFRS 16 (as detailed below), modestly higher average hydrovac rates due to regional sales mix and the ongoing implementation of strategic pricing initiatives, the impacts of which more than offset higher bad debts. Badger continues to focus on ensuring services rates are reflective of the total value proposition Badger's services provide and local market conditions. The improvement in gross profit margin is a testament to the focus of Badger's operations team on managing direct operating costs and pricing initiatives.

As initially announced in the second quarter of 2018, Badger has initiated a process to upgrade and standardize its legacy information technology systems into a single enterprise resource planning ("ERP") system, (the "Common Business Platform"). During the first quarter, activities related to the Common Business Platform were primarily focused on business process redesign and the related configuration and integration into the ERP platform. The Common Business Platform is currently on budget and on time.

Net profit for the first quarter of 2019 was $6.0 million or $0.16 per share compared to $8.1 million or $0.22 per share in the prior year comparative quarter. Net profit for first quarter of 2019 was positively impacted by the same

items as Adjusted EBITDA, offset by higher share-based compensation and depreciation expenses.

IFRS 16 - Leases

Effective January 1, 2019, Badger adopted IFRS 16 - Leases on a prospective basis. The impact on the 2019 first quarter results was a reduction in direct operating costs of $1.1 million with a corresponding improvement to gross profit margin. Offsetting the reduction in direct operating costs was an increase in depreciation expense of $1.1 million and an increase in finance cost of $0.1 million. In addition, upon the initial adoption of IFRS 16, Badger recognized a right-of-use asset of $14.8 million, a lease liability of $14.8 million and recorded an adjustment to opening retained earnings of $0.3 million.

See Badger's first quarter 2019 MD&A for additional details on financial results, including the adoption of IFRS 16.

Driving Long-term Shareholder Returns: Normal Course Issuer Bid

During the first quarter of 2019, pursuant to Badger's NCIB, Badger purchased and cancelled 633,454 common shares at a weighted average price per share of $33.50. Cumulatively, Badger has purchased and cancelled 1,262,068 common shares at a weighted average price per share of $32.72 under its existing NCIB program.

On May 13, 2019, the Board of Directors approved the Company to pursue an updated NCIB program for the purchase and cancellation of up to 2,000,000 common shares upon the expiration of the existing NCIB program on May 14, 2019. The updated NCIB program is subject to normal course regulatory approvals by the Toronto Stock Exchange.

Badger continues to maintain a strong balance sheet. As at March 31, 2019, total debt less cash and cash equivalents was $85.1 million, with a corresponding total debt less cash and cash equivalents to Compliance EBITDA ratio of 0.6X.

2019 Financial Outlook

Based on existing and forecasted activity levels, Badger anticipates that its 2019 Adjusted EBITDA will be in the range of $170 to $190 million with a hydrovac build of between 190 to 220 units and retirements of 40 to 60 units, consistent with the 2019 financial outlook provided with the Company's 2018 fourth quarter and annual disclosure documents.

Continued growth in Badger's end use markets and geographic areas has resulted in an increase in revenue and improved fleet utilization as evidenced by improved financial results and a higher realized RPT in the first quarter of 2019 and throughout 2018. Badger anticipates continued growth in revenues in 2019 with a gross profit margin for 2019 to be similar to modestly higher than in 2018. RPT for 2019 is anticipated to be modestly lower than in 2018, particularly in the U.S. operations, as $22.5 million in emergency response work completed during the third and

fourth quarter of 2018 resulted in a one-time increase to Badger's 2018 RPT. Emergency response work related to large scale natural disasters is not possible to predict and may not recur in 2019.

Badger's 2019 financial outlook assumes that Badger will continue to realize ongoing growth in the use of hydrovac for non-destructive excavation as a result of continued customer adoption, particularly in its U.S. markets. Badger expects to see improvements in revenue as a result of the scale of its extensive branch network combined with the ongoing benefits of sales and marketing related activities. The overall macro-economic environment in the U.S. is anticipated to be supportive of ongoing infrastructure and construction activity levels for the remainder of 2019, with a softer overall macro-economic environment anticipated in Canada, particularly in Western Canada. Oil and gas activity levels are anticipated to be consistent with 2018 levels within Badger's U.S. operations but weaker in Canada in 2019 compared to 2018. Badger continues to see organic growth opportunities in the majority of its markets, although the ability to capture these opportunities may be partially limited by the availability of trained operators as the market for labour, particularly in certain oil and gas focused regions, continues to be challenging.

Badger remains focused on generating profitable long-term sustainable growth to drive total shareholder returns. In that light, during fiscal 2017, 2018 and the first quarter of 2019, substantial progress has been made towards meeting the strategic milestones that were established in late 2016. Significant progress has been made in meeting the objectives to: (i) double the U.S. business from fiscal 2016 levels over a period of 3 to 5 years; (ii) grow Adjusted EBITDA by a minimum of 15% per year; (iii) target Adjusted EBITDA margins of 28% to 29%; and (iv) drive fleet utilization and revenue per truck per month above $30,000. Badger remains focused on business improvement activities to drive further margin improvements over the next several years.

2019 First Quarter Conference Call

A conference call and webcast for investors, analysts, brokers and media representatives to discuss the 2019 first quarter results is scheduled for 9:00 a.m. MT on Tuesday, May 14, 2019. Internet users can listen to the call live, or as an archived call, on Badger's website at **www.badgerinc.com** under the "Events, Webcasts & Presentation" section. To participate in the call, dial: 1-844-740-2014 and enter Passcode 5946759. A playback of the call will be available until 11:59 p.m. MT on Tuesday, May 28, 2019. To access the playback, dial 1-855-859-2056 and enter passcode 5946759.

Annual General Meeting

Badger will be holding its Annual General Meeting of shareholders on May 14, 2019 at 1:30 p.m. MT at the office of Norton Rose Fulbright Canada LLP: Suite 3700, 400 3rd Avenue SW, Calgary, Alberta T2P 4H2. A copy of the presentation to be reviewed at the Annual General Meeting will be available on Badger's website at **www.badgerinc.com** under the "Events, Webcasts & Presentation" section.

2019 First Quarter Disclosure Documents

Badger's 2019 first quarter Management's Discussion and Analysis and unaudited interim condensed consolidated financial statements for the three months ended March 31, 2019, along with all previous public filings of Badger Daylighting Ltd. may be found on SEDAR at **www.SEDAR.com**.

Non-IFRS Financial Measures

This press release contains references to certain financial measures, including some that do not have any standardized meaning prescribed by IFRS and that may not be comparable to similar measures presented by other companies or entities. These financial measures are identified and defined below. See Badger's first quarter 2019 MD&A for detailed reconciliations of Non-IFRS financial measures.

"Adjusted EBITDA" is earnings before interest, taxes, depreciation and amortization, share-based compensation, gains and losses on sale of property, plant and equipment, and gains and losses on foreign exchange. Adjusted EBITDA is a measure of the Company's operating profitability and is therefore useful to management and investors as it provides improved continuity with respect to the comparison of operating results over time. Adjusted EBITDA provides an indication of the results generated by the Company's principal business activities prior to how these activities are financed, the results are taxed in various jurisdictions, and assets are amortized. In addition, Adjusted EBITDA excludes gains and losses on sale of property, plant and equipment as these gains and losses are considered incidental and secondary to the principal business activities, it excludes gains and losses on foreign exchange as such gains and losses can vary significantly based on factors beyond the Company's control and it excludes share-based compensation as these expenses can vary significantly with changes in the price of the Company's common shares.

"Adjusted EBITDA margin" is Adjusted EBITDA as defined above, expressed as a percentage of revenues.

"Compliance EBITDA" is earnings before interest, taxes depreciation, amortization, calculated on a 12-month trailing basis, and is used by Badger to calculate compliance with its debt covenants and other credit information.

Key Financial Metrics and Other Operational Metrics

"Revenue per truck per month" (RPT) is a measure of hydrovac fleet utilization. It is calculated using hydrovac and hydrovac related revenue only. RPT is calculated on both a consolidated basis and for each geographic segment by dividing hydrovac and hydrovac related revenue for each segment, in the respective local currency, by the average number of hydrovacs in the segment during the period.

See "Key Financial Metrics and Other Operational Metrics" in the Company's first quarter 2019 MD&A for additional details on RPT.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION AND STATEMENTS

Certain statements and information contained in this press release and other continuous disclosure documents of the Company referenced herein, including statements related to the Company's outlook, capital expenditures, projected growth, view and outlook toward margins, cash dividends, customer demand and pricing, future market opportunities, the timing, benefits and costs associated with the Common Business Platform project, and statements, and information that contain words such as "could", "should", "can", "anticipate", "expect", "believe", "will", "may" and similar expressions relating to matters that are not historical facts, constitute "forward-looking information" within the meaning of applicable Canadian securities legislation. These statements and information involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements and information. The Company believes the expectations reflected in such forward-looking statements and information are reasonable, but no assurance can be given that these expectations will prove to be correct. Such forward-looking statements and information included in this press release should not be unduly relied upon. These forward-looking statements and information speak only as of the date of this press release.

In particular, forward looking information and statements in this press release include, but are not limited to the following:

- Badger anticipates continued overall growth in its business, particularly in its U.S. markets;
- Badger anticipates that the overall macro-economic environment in the U.S. is anticipated to be supportive of ongoing infrastructure and construction activity levels for the remainder of 2019, with a softer overall macro-economic environment anticipated in Canada, particularly in Western Canada;
- Badger anticipates that oil and gas activity levels for 2019 will be consistent with 2018 levels within its U.S. operations but weaker in Canada in 2019 compared to 2018;
- Badger continues to see customer demand as a result of increased usage of hydrovac for non-destructive excavation;
- Badger expects to see improvements in revenue as a result of investments in developing its branch network and business development function;
- The benefits, if any, that Badger's operational scale creates related to financial and operating performance;
- Badger anticipates that its Adjusted EBITDA for 2019 will be in the range of $170 to $190 million;
- Badger anticipates that the number of new hydrovac builds for 2019 will be approximately 190 to 220 units and that hydrovac retirements for 2019 will be in the range of 40 to 60 units;
- Badger anticipates that gross profit margin for 2019 will be similar to modestly higher than in 2018 and that RPT will be modestly lower in 2019 than 2018;
- The timing, benefits and costs associated with Badger's Common Business Platform project; and
- The ability and benefits of Badger to purchase and subsequently cancel up to 2,000,000 of its common shares under its existing NCIB and its intention to pursue a new NCIB to purchase and subsequently cancel up to

2,000,000 common shares.

The forward-looking information and statements made in this press release rely on certain expected economic conditions and overall demand for Badger's services and are based on certain assumptions. The assumptions used to generate this forward-looking information and statements are, among other things, that:

- There will be customer demand for hydrovac services from infrastructure, construction, and oil and gas activity in North America;
- Badger will maintain relationships with current customers and develop successful relationships with new customers;
- Badger will collect customer payments in a timely manner;
- Badger will be able to compete effectively for the demand for its services;
- There will not be significant changes in profit margins due to pricing changes driven by market conditions, competition, regulatory factors or other unforeseen factors;
- The overall market for Badger's services will not be adversely affected by weather, natural disasters, global events, legislation changes, technological advances, economic disruption or other factors beyond Badger's control;
- Badger will execute its growth strategy including attracting and retaining key personnel;
- Badger will obtain all labour, parts and supplies necessary to complete the planned hydrovac build at the costs expected; and
- Badger will be able to complete and implement the Common Business Platform project within the expected time frame and in accordance with the expected budget.

Risk factors and other uncertainties that could cause actual results to differ materially from those anticipated in such forward-looking statements include, but are not limited to: political and economic conditions; industry competition; price fluctuations for oil and natural gas and related products and services; Badger's ability to attract and retain key personnel; Badger's ability to complete and implement the Common Business Platform project, the availability of future debt and equity financing; changes in laws or regulations, including taxation and environmental regulations; extreme or unsettled weather patterns; and fluctuations in foreign exchange or interest rates.

Any future orientated financial information and financial outlook information (collectively, "FOFI") contained in this press release, as such terms are defined by applicable securities laws, is provided for the purpose of providing information about management's current expectations and plans relating to the future and is subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraphs. Management believes that the FOFI has been prepared on a reasonable basis, reflecting best estimates and judgments; however, actual results of the Company's operations and financial outcomes may vary from the amounts set forth herein. FOFI

contained in this press release was made as of the date of this press release and the Company does not undertake any obligation to publicly update or revise any FOFI contained in this press release, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws. Readers are cautioned that any FOFI contained herein should not be used for purposes other than those for which it has been disclosed herein.

Readers are cautioned that the foregoing factors are not exhaustive. Additional information on these and other factors that could affect the Company's operations and financial results is included in reports on file with securities regulatory authorities in Canada and may be accessed through the SEDAR website (**www.sedar.com**) or at the Company's website. The forward-looking statements and information contained in this press release are expressly qualified by this cautionary statement. The Company does not undertake any obligation to publicly update or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

About Badger Daylighting Ltd.

Badger Daylighting Ltd. (TSX:BAD) is North America's largest provider of non-destructive excavating services. Badger traditionally works for contractors and facility owners in a broad range of infrastructure industries. The Company's key technology is the Badger hydrovac, which is used primarily for safe digging in congested grounds and challenging conditions. The Badger hydrovac uses a pressurized water stream to liquefy the soil cover, which is then removed with a powerful vacuum system and deposited into a storage tank. Badger manufactures its truck-mounted hydrovac units.

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