Essential Energy Services Announces Fourth Quarter and Year End Financial Results

CALGARY, Alberta, March 07, 2018 (GLOBE NEWSWIRE) -- Essential Energy Services Ltd. (TSX:ESN) ("Essential" or the "Company") announces fourth quarter and year end results.

SELECTED INFORMATION

(in thousands of dollars, except percentages, per share amounts and hours)	Three months ended December 31, **2017**	2016	Years ended December 31, **2017**	2016	2015
Revenue	**$ 43,262**	$ 33,043	**$ 175,908**	$ 97,527	$ 147,664
Gross margin	**4,522**	4,148	**31,924**	7,787	27,600
Gross margin %	**10%**	13%	**18%**	8%	19%
EBITDAS[(1)] from continuing operations[(i)]	**1,153**	(4,161)	**18,609**	(9,169)	14,696
Net loss from continuing operations[(i)(ii)]	**(3,843)**	(9,832)	**(3,024)**	(62,622)	(19,034)
Per share – basic and diluted	**(0.03)**	(0.07)	**(0.02)**	(0.48)	(0.15)
Net loss[(i)(ii)]	**(3,843)**	(25,411)	**(3,354)**	(90,629)	(22,485)
Per share – basic and diluted	**(0.03)**	(0.18)	**(0.02)**	(0.70)	(0.18)
Operating hours					
Coil tubing rigs	**11,215**	11,119	**48,425**	32,306	51,739
Pumpers	**14,581**	12,341	**60,857**	37,022	54,763

(in thousands of dollars, except fleet data)	As at December 31, **2017**	2016	2015
Total assets[(iii)]	**$ 219,448**	$ 209,270	$ 317,224
Long-term debt	**17,975**	11,250	25,543
Equipment fleet[(iv)]			
Coil tubing rigs	**30**	31	31
Pumpers	**26**	32	30

(i) The fourth quarter and year ended December 31, 2016 includes onerous lease contract expense of $4.8 million.
(ii) The year ended December 31, 2016 includes an impairment loss of $51.2 million, of which $5.4 million was recognized in the fourth quarter 2016. The year ended December 31, 2015 includes an impairment loss of $11.1 million.
(iii) Total assets as at December 31, 2015 include the service rig business which was sold in December 2016.
(iv) Fleet data represents the number of units at the end of the period.

[1] Refer to "Non-IFRS Measures" section for further information.

INDUSTRY OVERVIEW

Canadian oilfield service activity improved in 2017 from the lows reached in 2016 as higher oil prices supported exploration and production ("E&P") companies' increased spending. In 2017, oil averaged approximately U.S. $52 per barrel (West Texas Intermediate ("WTI")) compared to approximately U.S. $43 per barrel (WTI) in 2016. Canadian natural gas prices, which reached 10 year lows in the first half of 2016, continued to be very volatile in 2017 due to pipeline outages and surplus supply. Well completions, a key indicator of industry activity in the western Canadian Sedimentary Basin ("WCSB") increased 87% for the year, compared to the prior year.

HIGHLIGHTS

Fourth Quarter 2017

Revenue was $43.3 million, a 31% increase from the fourth quarter 2016, as both Essential Coil Well Service ("ECWS") and Tryton experienced stronger customer demand and ECWS benefitted from price increases implemented in the first quarter 2017. EBITDAS[(1)] increased $5.3 million compared to the fourth quarter 2016 due to higher revenue, partially offset by additional costs incurred in ECWS. Fourth quarter 2016 included an onerous lease contract expense and severance costs, which were not factors in the same period of 2017.

Highlights:

- ECWS revenue increased $4.4 million compared to the fourth quarter 2016. Higher revenue in the quarter was more than offset by costs associated with re-activating equipment, recruiting and training crews and unanticipated equipment repairs. Costs were incurred to recruit and train a larger workforce and ready equipment in anticipation of higher first quarter 2018 demand.
- Tryton revenue increased $5.6 million compared to the fourth quarter 2016 and generated a 20% gross margin. All service lines improved, with especially strong demand for conventional tools used to maintain producing wells and for abandonment work.
- On November 3, 2017, the Federal Court of Canada rendered a decision in Essential's favour with regard to a patent infringement litigation commenced by Packers Plus Energy Services Inc., ruling that the patent being asserted by them was not valid and that Essential did not infringe the patent (the "Decision"). Management was very pleased with the Decision which exonerates Essential of any wrongdoing regarding this litigation.

Year 2017

Revenue was $175.9 million, an 80% increase from 2016, due to stronger customer demand for both ECWS and Tryton and price increases for ECWS realized in the first quarter 2017. EBITDAS(1) was $18.6 million compared to negative $9.2 million in 2016, which included a one-time onerous lease contract expense and severance costs.

Highlights:

- ECWS operating hours increased 58% from the prior year. Customer demand, particularly in the Montney region of the WCSB, was focused on the completion of long-reach horizontal wells. ECWS revenue per hour increased due to higher prices realized in the first quarter 2017, which helped offset rising operating costs, including labour and maintenance costs, throughout the year.
- Tryton revenue increased in all service lines compared to the prior year, with particularly strong demand for the Multi-Stage Fracturing System® ("MSFS®") as key customers expanded their horizontal well completion programs. Revenue per job was higher for MSFS® tools as customers increased the number of stages per horizontal well.
- Essential's capital expenditures were $20.2 million, comprised of $11.4 million of growth capital and $8.8 million of maintenance capital. A substantial portion of the growth capital was targeted at equipment to service long-reach horizontal wells, including fabrication of two quintuplex fluid pumpers expected to be delivered in the second quarter 2018, pumping support equipment and the cost to recertify and upgrade the Generation III coil tubing rigs and pumping equipment acquired in 2016.

Essential was financially well positioned at December 31, 2017 with debt outstanding of $18.0 million, an increase of $6.7 million from December 31, 2016. The increase was due to capital expenditures and increased working capital, primarily accounts receivable and inventory, as activity improved. Funded debt(1) to bank EBITDA(1) was 0.96x at the end of 2017. On March 7, 2018, Essential had $26.3 million of debt outstanding.

RESULTS OF OPERATIONS

SEGMENT RESULTS – *ESSENTIAL COIL WELL SERVICE*

(in thousands of dollars, except percentages, hours and fleet data)	Three months ended December 31, 2017	2016	Years ended December 31, 2017	2016
Revenue	**$ 22,002**	$ 17,564	**$ 93,896**	$ 53,638
Operating expenses	**21,072**	16,107	**79,314**	49,976
Gross margin	**$ 930**	$ 1,457	**$ 14,582**	$ 3,662
Gross margin %	**4%**	8%	**16%**	7%
Operating hours				
Coil tubing rigs	**11,215**	11,119	**48,425**	32,306
Pumpers	**14,581**	12,341	**60,857**	37,022
Equipment fleet(i)				
Coil tubing rigs(iii)	**30**	31	**30**	31
Fluid pumpers(ii)	**18**	21	**18**	21
Nitrogen pumpers(iii)	**8**	11	**8**	11

(i) Fleet data represents the number of units at the end of the period.
(ii) Essential retired three single fluid pumpers in 2017, one in the second quarter and two in the third quarter.
(iii) During the fourth quarter 2017, Essential retired one Generation I coil tubing rig and three nitrogen pumpers.

ECWS revenue for the fourth quarter 2017 was $22.0 million, a 25% increase compared to the fourth quarter 2016, but considerably less than management's expectations. Fourth quarter 2017 activity slowed as the quarter progressed as customers completed their 2017 capital programs. Long-reach horizontal well completions in the Montney region of the WCSB provided a market for the Generation III coil tubing rig and pumper packages. ECWS also saw increased demand for nitrogen pumpers. Compared to the same prior year period, lower revenue from the Generation II coil tubing rigs, single and twin fluid pumpers was offset by higher revenue from the Generation III coil tubing rigs and quintuplex fluid pumpers, as customer well specifications were at times beyond the capabilities of Generation II coil tubing rigs and twin fluid pumpers.

Pricing remained stable following price increases in the first quarter 2017, as there was sufficient equipment available to meet industry demand. Compared to the same prior year period, revenue per hour for ECWS was higher in the fourth quarter 2017.

Fourth quarter 2017 gross margin as a percentage of revenue was 4%, compared to 8% for the same prior year period. Higher revenue in the quarter was more than offset by costs associated with re-activating equipment, recruiting and training crews and unanticipated equipment repairs. At the end of the third quarter 2017, decisions were made to continue to recruit and train crews and to re-activate more equipment in preparation for an anticipated busy first quarter 2018. Training initiatives included using an extra employee on crews. Although highly effective for training, this significantly increased labour, travel and other related expenses. The activity slow-down in the fourth quarter, combined with higher incremental costs from larger crew sizes and maintaining non-chargeable personnel, disrupted financial performance and eroded margin. In addition, unanticipated equipment repairs due to component failures resulted in down-time, inefficient crew management and non-chargeable travel time, also eroding margin.

ECWS revenue in 2017 was $93.9 million, a 75% increase compared to the prior year due to higher industry activity and price increases realized in the first quarter 2017. ECWS activity increased 58% from the prior year, with the Generation III coil tubing rigs and pumpers experiencing significant year-over-year improvement in operating hours. Customer demand was focused on the completion of long-reach horizontal wells. Gross margin as a percentage of revenue in 2017 was 16%, a significant improvement over the prior year due to increased revenue and fixed costs representing a smaller portion of revenue.

SEGMENT RESULTS - *TRYTON*

	Three months ended December 31,		Years ended December 31,	
(in thousands of dollars, except percentages)	**2017**	2016	**2017**	2016
Revenue	**$ 21,260**	$ 15,655	**$ 82,012**	$ 44,383
Operating expenses	**17,074**	12,731	**62,555**	37,905
Gross margin	**$ 4,186**	$ 2,924	**$ 19,457**	$ 6,478
Gross margin %	**20%**	19%	**24%**	15%
Tryton revenue – % of revenue				
Tryton MSFS®	**44%**	53%	**49%**	43%
Conventional Tools & Rentals	**56%**	47%	**51%**	57%

Tryton fourth quarter 2017 revenue was $21.3 million, a 36% increase from the fourth quarter 2016. Both Canadian and U.S. operations benefitted from higher activity and a broader customer base. Canadian downhole tools revenue increased due to higher demand for conventional tools used in maintenance of producing wells and abandonment work, as well as higher MSFS® activity. Tryton U.S. revenue continued its quarter-over-quarter improvement, particularly in Texas, with stronger customer demand as activity continued to improve.

Tryton gross margin as a percentage of revenue was 20% for the three months ended December 31, 2017, similar to 19% realized in the same prior year period.

2017 Tryton revenue increased 85% compared to the prior year as a result of higher activity, particularly MSFS® tool revenue which improved 113%. This improvement was due to increased activity and revenue per job, as customers completing long-reach horizontal wells increased the number of stages per well. 2017 gross margin was 24% of revenue, a significant year-over-year improvement due to Tryton's variable cost structure and the absorption of fixed costs by higher revenue.

EQUIPMENT EXPENDITURES

	Three months ended December 31,		Years ended December 31,	
(in thousands of dollars)	**2017**	2016	**2017**	2016
Essential Coil Well Service	**$ 4,448**	$ 353	**$ 15,880**	$ 7,788
Tryton	**1,808**	1,393	**3,991**	2,769
Corporate	**34**	37	**348**	70
Total equipment expenditures	**6,290**	1,783	**20,219**	10,627
Less proceeds on disposal of property and equipment	**(891)**	(1,550)	**(2,660)**	(3,569)
Net equipment expenditures[1]	**$ 5,399**	$ 233	**$ 17,559**	$ 7,058

Essential classifies its equipment expenditures as growth capital[1] and maintenance capital[1]:

	Three months ended December 31,		Years ended December 31,	
(in thousands of dollars)	**2017**	2016	**2017**	2016
Growth capital[1]	**$ 4,521**	$ 1,386	**$ 11,382**	$ 7,761
Maintenance capital[1]	**1,769**	397	**8,837**	2,866
Total equipment expenditures	**$ 6,290**	$ 1,783	**$ 20,219**	$ 10,627

2017 growth capital spending related to the fabrication of two new quintuplex fluid pumpers expected to be delivered in the second quarter 2018, pumping support equipment, costs to recertify and upgrade the coil tubing rigs and pumping equipment acquired in 2016 and rental drill pipe. The fluid pumpers support Essential's deep coil tubing fleet working on long-reach horizontal wells where greater pumping capacity is required due to the depths and pressures of these wells.

Essential's 2018 capital budget is $13 million, comprised of $5 million of growth capital and $8 million of maintenance capital. Growth capital consists of costs to retrofit one Generation IV coil tubing rig, the addition of one nitrogen pumper, coil support equipment and $1.5 million of carryover capital to complete the two quintuplex fluid pumpers started in 2017.

OUTLOOK

Analyst and industry associations are generally forecasting industry activity and E&P spending in the WCSB in 2018 will be similar to 2017. Canadian oil and natural gas prices are generally forecast to continue to trade significantly below their U.S. benchmarks due to oversupply and export capacity constraints in the WCSB.

Until oil and natural gas market access is addressed, Canadian oil and natural gas activity is anticipated to remain constrained due to the inability to access world markets and achieve higher commodity pricing. These issues likely will not be resolved in the near term and are hindered by political and regulatory uncertainty in Canada, delaying resolution to allow projects to proceed. This is not helpful or constructive to the Canadian oilfield service outlook.

ECWS believes it has sufficient trained crews and activated equipment to meet anticipated customer demand through the first quarter 2018. To date, first quarter 2018 activity has been consistent with the same period in 2017 and on its peak day ECWS had 15 coil tubing rigs and 12 fluid pumpers working. Competitive pricing pressure remains a factor and prices are consistent with fourth quarter 2017. Demand for Generation III coil tubing rigs and quintuplex fluid pumpers is strong as customers complete longer reach horizontal wells, particularly in the Montney and Duvernay region of the WCSB.

Tryton continues to experience strong demand for its conventional and MSFS® tools, including demand for its new composite bridge plug and re-designed cemented-in Viking sleeve system. These tools, introduced in 2017, have been well received by customers looking for new tools and techniques to efficiently and cost-effectively complete longer reach horizontal wells and increase stage count per well. During the first quarter 2018, Tryton used its composite bridge plug, in conjunction with its MSFS® Ball & Seat tools, to complete two 90-stage MSFS® jobs in the Montney region and used its Viking sleeve system to complete a 53-stage job in a single tool run in the Cardium region. These tools demonstrate Tryton's ongoing commitment to develop innovative products and solutions to meet the needs of their customers.

The timing of spring breakup and operational performance in the month of March may impact activity in the first quarter in comparison to 2017, when favourable weather conditions extended industry activity to the end of March. Activity in the second half of 2018 will depend on E&P spending, and is difficult to forecast at this time.

Essential's 2018 capital budget is $13 million, comprised of $5 million of growth capital and $8 million of maintenance capital. Growth capital is targeted to address customer requirements for longer reach horizontal wells retrofitting one Generation IV coil tubing rig, adding a nitrogen pumper and completing two quintuplex fluid pumpers.

With long-term debt at March 7, 2018 of $26.3 million, Essential believes it is financially well-positioned to meet its working capital and capital spending requirements. The increase in debt from December 31, 2017 reflects increased accounts receivables for services provided in the first quarter 2018.

The Management's Discussion and Analysis ("MD&A") and Financial Statements for the year ended December 31, 2017 are available on Essential's website at www.essentialenergy.ca and on SEDAR at www.sedar.com.

(1)Non-IFRS Measures

Throughout this news release, certain terms that are not specifically defined in International Financial Reporting Standards ("IFRS") are used to analyze Essential's operations. In addition to the primary measures of net income (loss) and net income (loss) per share in accordance with IFRS, Essential believes that certain measures not recognized under IFRS assist both Essential and the reader in assessing performance and understanding Essential's results. Each of these measures provides the reader with additional insight into Essential's ability to fund principal debt repayments and capital programs. As a result, the method of calculation may not be comparable with other companies. These measures should not be considered alternatives to net income (loss) and net income (loss) per share as calculated in accordance with IFRS. See the December 31, 2017 MD&A for a reconciliation of Bank EBITDA, EBITDAS from continuing operations and EBITDA from continuing operations, to the IFRS measure, net income (loss) from continuing operations.

Bank EBITDA – Bank EBITDA is generally defined in Essential's Credit Facility as EBITDAS from continuing operations, including the equity cure, excluding onerous lease contract expense and severance costs ("Permitted Adjustments").

EBITDAS (Earnings before finance costs, income taxes, depreciation, amortization, transaction costs, losses or gains on disposal of equipment, write-down of assets, impairment loss, foreign exchange gains or losses, and share-based compensation, which includes both equity-settled and cash-settled transactions) – These adjustments are relevant as they provide another measure which is considered an indicator of Essential's results from its principal business activities.

Funded debt – Funded debt is generally defined in Essential's Credit Facility as long-term debt, including current portion of long-term debt plus deferred financing costs and bank indebtedness, net of cash.

Growth capital – Growth capital is capital spending which is intended to result in incremental revenue. Growth capital is considered to be a key measure as it represents the total expenditures on equipment expected to add incremental revenue to Essential.

Maintenance capital – Equipment additions that are incurred in order to refurbish, replace or extend the life of previously acquired equipment. Such additions do not provide incremental revenue.

Net equipment expenditures – This measure is equipment expenditures less proceeds on the disposal of equipment. Essential uses net equipment expenditures to describe net cash outflows related to the financing of Essential's capital program.

ESSENTIAL ENERGY SERVICES LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at December 31,	
(in thousands of dollars)	**2017**	2016
Assets		
Current		

Cash	**$**	**46**	$	143
Trade and other accounts receivable		**35,919**		29,300
Inventories		**35,683**		27,077
Income taxes receivable		**1,129**		8,119
Prepayments and deposits		**2,106**		1,774
		74,883		66,413
Non-current				
Property and equipment		**139,734**		137,039
Intangible assets		**1,387**		2,132
Goodwill		**3,444**		3,686
		144,565		142,857
Total assets	**$**	**219,448**	$	209,270
Liabilities				
Current				
Trade and other accounts payable	**$**	**22,504**	$	19,312
Share-based compensation		**1,498**		689
Current portion of onerous lease contract		**710**		612
		24,712		20,613
Non-current				
Long-term onerous lease contract		**3,432**		4,142
Share-based compensation		**4,397**		2,179
Long-term debt		**17,975**		11,250
Deferred tax liabilities		**8,129**		7,519
		33,933		25,090
Total liabilities		**58,645**		45,703
Equity				
Share capital		**272,732**		272,732
Deficit		**(117,956)**		(114,602)
Other reserves		**6,027**		5,437
Total equity		**160,803**		163,567
Total liabilities and equity	**$**	**219,448**	$	209,270

ESSENTIAL ENERGY SERVICES LTD.
CONSOLIDATED STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS

	For the years ended December 31,			
(in thousands of dollars, except per share amounts)		**2017**		2016
Revenue	**$**	**175,908**	$	97,527
Operating expenses		**143,984**		89,740
Gross margin		**31,924**		7,787
General and administrative expenses		**13,315**		12,202
Onerous lease contract expense		**-**		4,754
Depreciation and amortization		**15,774**		17,110
Share-based compensation		**4,201**		2,758
Impairment loss		**-**		51,241
Other expenses		**708**		2,510
Operating loss from continuing operations		**(2,074)**		(82,788)
Finance costs		**1,233**		1,263
Loss before income taxes from continuing operations		**(3,307)**		(84,051)
Current income tax recovery		**(960)**		(6,780)
Deferred income tax expense (recovery)		**677**		(14,649)
Income tax recovery		**(283)**		(21,429)
Net loss from continuing operations		**(3,024)**		(62,622)
Loss from discontinued operations, net of tax		**(330)**		(15,012)
Loss on sale of discontinued operations, net of tax		**-**		(12,995)
Net loss from discontinued operations		**(330)**		(28,007)

Net loss	**(3,354)**	(90,629)
Unrealized foreign exchange gain (loss) from continuing operations	**133**	(40)
Unrealized foreign exchange loss from discontinued operations	**-**	(39)
Other comprehensive income (loss)	**133**	(79)
Comprehensive loss	**$ (3,221)**	$ (90,708)
Net loss per share from continuing operations		
Basic and diluted	**$ (0.02)**	$ (0.48)
Net loss per share		
Basic and diluted	**$ (0.02)**	$ (0.70)
Comprehensive loss per share		
Basic and diluted	**$ (0.02)**	$ (0.70)

ESSENTIAL ENERGY SERVICES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the years ended December 31,	
(in thousands of dollars)	**2017**	2016
Operating activities:		
Net loss from continuing operations	**$ (3,024)**	$ (62,622)
Non-cash adjustments to reconcile net loss for the period to operating cash flow:		
Onerous lease contract expense	**-**	4,754
Depreciation and amortization	**15,774**	17,110
Deferred income tax expense (recovery)	**677**	(14,649)
Share-based compensation	**457**	340
Provision for impairment of trade accounts receivable	**450**	682
Finance costs	**1,208**	1,263
Impairment loss	**-**	51,241
(Gain) loss on disposal and write-down of assets	**(176)**	2,151
Operating cash flow before changes in non-cash operating working capital	**15,366**	270
Changes in non-cash operating working capital:		
Trade and other accounts receivable before provision	**(7,714)**	(3,531)
Inventories	**(8,672)**	(118)
Income taxes receivable	**5,845**	(3,256)
Prepayments and deposits	**(339)**	443
Trade and other accounts payable	**3,589**	4,230
Onerous lease contract	**(621)**	-
Share-based compensation	**3,027**	1,930
Net cash provided by (used in) operating activities from continuing operations	**10,481**	(32)
Investing activities:		
Purchase of property, equipment and intangible assets	**(20,219)**	(10,627)
Non-cash investing working capital in trade and other accounts payable	**1,568**	(772)
Proceeds on disposal of equipment	**2,660**	3,569
Net cash used in investing activities from continuing operations	**(15,991)**	(7,830)
Financing activities:		
Increase (decrease) in long-term debt	**6,650**	(14,293)
Issuance of shares	**-**	9,575
Dividends paid	**-**	(756)
Net finance costs paid	**(1,124)**	(1,263)
Net cash provided by (used in) financing activities from continuing operations	**5,526**	(6,737)
Foreign exchange gain (loss) on cash held in a foreign currency	**10**	(28)
Net increase (decrease) in cash	**26**	(14,627)
Net (decrease) increase in cash, discontinued operations	**(123)**	13,728
Cash, beginning of period	**143**	1,042
Cash, end of period	**$ 46**	$ 143
Supplemental cash flow information		
Cash taxes received	**$ (8,006)**	$ (3,668)
Cash interest and standby fees paid	**$ 1,099**	$ 1,065

FORWARD-LOOKING STATEMENTS AND INFORMATION

This news release contains “forward-looking statements” and “forward-looking information” (collectively referred to herein as “forward-looking statements”) within the meaning of applicable securities legislation. Such forward-looking statements include, without limitation, forecasts, estimates, expectations and objectives for future operations that are subject to a number of material factors, assumptions, risks and uncertainties, many of which are beyond the control of the Company.

Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words “expects”, “plans”, “anticipates”, “believes”, “intends”, “estimates”, “continues”, “projects”, “forecasts”, “potential”, “budget” and similar expressions, or are events or conditions that “will”, “would”, “may”, “could” or “should” occur or be achieved. This news release contains forward-looking statements, pertaining to, among other things, the following: the Decision exonerates Essential of any wronging regarding the litigation; the impact of Essential’s financial resources or liquidity on its future operating, investing and financing activities; the Company’s capital budget, including certain growth and maintenance capital expenditures and in-service timing; E&P industry activity and market conditions; export capacity constraints in the WCSB; sufficiency of Essential’s personnel and equipment; demand for Essential’s equipment and services; Tryton’s development of products and solutions for customer needs; and the Company’s outlook and financial position.

Although the Company believes that the material factors, expectations and assumptions expressed in such forward-looking statements are reasonable based on information available to it on the date such statements are made, undue reliance should not be placed on the forward-looking statements because the Company can give no assurances that such statements and information will prove to be correct and such statements are not guarantees of future performance. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties.

Actual performance and results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to: known and unknown risks, including those set forth in the Company’s Annual Information Form (a copy of which can be found under Essential’s profile on SEDAR at www.sedar.com); the risks associated with the oilfield services sector (e.g. demand, pricing and terms for oilfield services; current and expected oil and natural gas prices; exploration and development costs and delays; reserves discovery and decline rates; pipeline and transportation capacity; weather, health, safety and environmental risks); integration of acquisitions, competition, and uncertainties resulting from potential delays or changes in plans with respect to acquisitions, development projects or capital expenditures and changes in legislation, including but not limited to tax laws, royalties, incentive programs and environmental regulations; stock market volatility and the inability to access sufficient capital from external and internal sources; the ability of the Company’s subsidiaries to enforce legal rights in foreign jurisdictions; general economic, market or business conditions; global economic events; changes to Essential’s financial position and cash flow; the availability of qualified personnel, management or other key inputs; currency exchange fluctuations; changes in political and security stability; risks and uncertainty related to distribution and pipeline constraints; and other unforeseen conditions which could impact the use of services supplied by the Company. Accordingly, readers should not place undue importance or reliance on the forward-looking statements. Readers are cautioned that the foregoing list of factors is not exhaustive.

Statements, including forward-looking statements, contained in this news release are made as of the date they are given and the Company disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. The forward-looking statements contained in this news release are expressly qualified by this cautionary statement.

Additional information on these and other factors that could affect the Company’s operations and financial results are included in reports on file with applicable securities regulatory authorities and may be accessed under Essential’s profile on SEDAR at www.sedar.com.

2017 FOURTH QUARTER AND YEAR END FINANCIAL RESULTS CONFERENCE CALL AND WEBCAST

Essential has scheduled a conference call and webcast at 10:00 am MT (12:00 pm ET) on March 8, 2018.

The conference call dial in numbers are 416-340-2217 or 800-806-5484, passcode 9781971.

An archived recording of the conference call will be available approximately one hour after completion of the call until March 22, 2018 by dialing 905-694-9451 or 800-408-3053, passcode 4643753.

A live webcast of the conference call will be accessible on Essential’s website at www.essentialenergy.ca by selecting “Investors” and “Events and Presentations”. Shortly after the live webcast, an archived version will be available for approximately 30 days.

ABOUT ESSENTIAL

Essential provides oilfield services to oil and natural gas producers, primarily in western Canada. Essential offers completion, production and abandonment services to a diverse customer base. Services are offered with coil tubing, fluid and nitrogen pumping and the sale and rental of downhole tools and equipment. Essential offers the largest coil tubing fleet in Canada. Further information can be found at www.essentialenergy.ca.

® MSFS is a registered trademark of Essential Energy Services Ltd.

The TSX has neither approved nor disapproved the contents of this news release.

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Attachment Preview:

No attachments are included for this language.