

CRITICAL CONTROL ANNOUNCES 2015 YEAR END FINANCIAL RESULTS

CALGARY, ALBERTA, March 24, 2016 – Critical Control Energy Services Corp. (TSX: CCZ) today reported its financial results for the year ended December 31, 2015.

“Despite gale force industry headwinds, we delivered on our key strategic objectives of organic growth in our Software segment and the expansion of our geographic footprint in the US,” said Alykhan Mamdani, President and CEO of Critical Control. “The measures we have already taken in 2015 and early 2016 to integrate the acquisition which formed the basis of our geographic expansion, our corporate restructuring and the integration of our software delivery capability between Canada and the US will serve to improve margins, reduce general and administrative expenses and contribute improved profitability in the second half of 2016.”

Revenue

- Revenue increased by 12.8% to \$39.9 million for 2015 compared to \$35.4 million 2014 driven primarily from an acquisition in April 2015 to grow the Corporation’s measurement services business in the United States (the “Measurement Services Acquisition”).
- Low commodity prices materially impacted non-recurring revenue, which includes the implementation of the Corporation’s software, the sale of equipment, fabrication of measurement equipment and certain field services which are not recurring which fell 18.5% in 2015 to \$11.1 million. However, this was more than offset with a 32.5% increase in the Corporation’s recurring revenue to \$28.8 million in 2015.
- The Corporation’s Software segment delivered 8.8% growth in 2015 reaching \$19.2 million. \$17.7 million of this was recurring revenue in 2015 compared to recurring revenue of \$16.3 million in 2014. Despite declines from a large number of shut-in wells affecting recurring revenue, growth was driven from continued penetration of the Corporation’s products in Canada and the United States, as well as certain customers acquired with the Measurement Services Acquisition.
- The Corporation’s Services business, based primarily in the United States, grew to \$20.7 million in 2015, an increase of 16.9%. Non-recurring revenue in the Corporation’s Services business fell to \$9.6 million, a reduction of 21.9%. This decline was more than offset with a 105.4% growth in the Corporation’s recurring revenue from its Services business which reached \$11.1 million in 2015. This growth was derived primarily from the Measurement Services Acquisition.

Gross margin

- Gross margin held steady in Software at 51.9% as efficiencies offset pricing pressures from the industry downturn. Overall, gross margin declined from 38.5% to 36.2% due to reduced margin in the Services business which declined from 25.1% in 2014 to 21.7% in 2015. This decline was due to the Corporation’s Measurement Services Acquisition in the second quarter of 2015, which required restructuring and integration.

Earnings and net earnings

- The Corporation’s \$5.6 million loss before income tax for 2015 (compared to \$0.6 million in 2014) is a result of increased general and administrative expenses from the Measurement Services Acquisition, certain one-time charges of \$4.2 million for acquisition related charges, provisions for onerous leases, termination benefits due to restructuring, and accruals for inventory obsolescence and doubtful accounts.

Outlook and Guidance

In light of the rapid decline in the price of oil since late 2014 and the resulting reduced oil and gas exploration in 2015, Critical Control has modified its short-term strategy with a view to reduce risk, increase focus and position the

Corporation to capitalize on the eventual rebound in oil prices. While management is confident of an eventual rebound in investment in oil and gas, the timing of the rebound remains uncertain.

Management expects capital expenditures by oil and gas companies in 2016 to be very low. The Corporation's focus will be to increase penetration of its core software solutions (ProChart, NetFlow, and ProTrend) into the Canadian and US markets, and the continued penetration of its emerging ProMonitor modules in Canada.

During 2016, the Corporation will continue the business process reengineering commenced in 2015 to integrate its US and Canadian business and fully integrate the operations acquired with the Measurement Services Acquisition to better optimize its operations to improve margins in its Services business and reduce overall general and administrative expenses to improve profitability.

During 2015, the Corporation divested its non-energy business and expanded geographically in the United States through an acquisition of assets that required operational optimization. The divestiture required a reorganization of the Corporation and the acquisition required both integration and reengineering in order to sustain profitable growth. The reorganization, integration, and reengineering, to integrate US and Canadian operations impacted profitability in terms of gross margin, general and administrative expenses, and one-time restructuring charges.

Given the changes executed by management in 2015 and early 2016, management believes the Corporation will return to profitability in the second half of 2016 under a structure capable of sustainable growth and profitability. This expectation is based on the current state of the industry and the continued success the Corporation has had in maintaining and growing its revenue base. Commodity prices are unpredictable and a material change will affect management's expectations for profitability.

Forward Looking Statements

Management has made representations with respect to improved profitability in the second half of 2016 due to the measures taken by the Corporation to improve margins and reduce general and administrative expenses. This is a forward looking statement based on measures taken by management and certain measures expected to be implemented in the first half of 2016. The expectation of management is based upon the Corporation's revenue which may be materially affected by prevailing industry conditions and is outside the control of management. Additionally, measures which are planned and not implemented are subject to change based on prevailing conditions and risks not yet identified. Accordingly, the outcome of 2016 could differ materially from management's representations.

About Critical Control

Critical Control provides solutions for the collection, control and analysis of measurement and operational data related to oil and gas wells across North America. We provide services to capture the data, cloud based software to visualize and manage it and the business intelligence to make quicker and more informed operational decisions.

For further information

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