

CRITICAL CONTROL ANNOUNCES 2017 YEAR END FINANCIAL RESULTS

CALGARY, ALBERTA, March 26, 2018 – Critical Control Energy Services Corp. (TSX: CCZ) today reported its financial results for the year ended December 31, 2017.

“Our 2017 results delivered strategic growth of our cloud based software as we penetrated the US market,” said Alykhan Mamdani, CEO of Critical Control. “This growth, combined with the focus on our software, improvement of our margins and reduction of our operating costs resulted in strong growth to our EBITDA.”

Revenue

- Strong cloud based software revenue in the Corporation’s Software segment together with growth driven from the continued penetration of the Corporation’s software in both Canada and the United States offset declines from shut in wells and the cost saving measures implemented by the industry. As a result, Software revenue fell by only 2.4% to \$16.5 million in 2017 from \$16.9 million in 2016.
- Industry factors and the subsequent competitive environment continue to impact the Corporation’s revenue from its Field Services business, which generated US\$9.7 million in 2017, a 13.3% decrease from the previous year.

Gross margin

- Management’s measures to reengineer the Corporation’s business to exit the downturn in a more competitive position resulted in gross margin increasing from 40.0% in 2016 to 44.8% in 2017.
- Gross margin in Software improved from 55.7% to 62.8% despite a strong competitive environment and continued pressures to provide price breaks during the downturn.
- Management continues to focus on streamlining the Field Services operations and leveraging its software to improve the efficiency of measurement services.

Earnings and net earnings

- The Corporation has a loss of \$3.3 million in 2017 (2016: \$2.0 million). The difference relates primarily to an unrealized foreign exchange loss of \$1.3 million compared to a \$0.2 million loss in 2016.
- Adjusted EBITDA increased 38.8% in 2017 from \$1.9 million in 2016 to \$2.6 million. The increase is attributed to reduced administrative expenditure and improvements to gross margin.

Outlook and Guidance

The volatility in the price of oil and gas through 2017 has continued to impede investment in the industry. While the strengthening price of oil in early 2018 has created cautious optimism in the Corporation’s US client base, the lack of access to export markets in Canada continues to negatively impact investment in the Corporation’s largest revenue base.

As the industry struggled over the past three years, oil and gas service providers have become increasingly competitive materially driving down costs to the producer, which have materially impacted the Corporation’s revenue base. While the impact to the Corporation’s measurement services and software based services was felt the most, the value provided by the Corporation’s cloud based software generated modest growth, driven primarily through penetration of the Corporation’s software into the US market.

The Corporation’s strategy for 2018 and onwards is to leverage its Field Services customers in the US to adopt the Corporation’s software. The Corporation is rebuilding its Field Services business to differentiate an increasingly



commoditized offering with cost savings based on adoption of software. Management is confident that this endeavour will yield growth in the Corporation's strategic cloud based software revenue, but the effort is expected to materially impact the Corporation's measurement services revenue in early 2018 as the Corporation implements customers onto its cloud based software. Management's expectation of growth is based upon continued penetration of the Corporation's software by its US customers and may be impacted as the industry continues investment in automation attracting the entry of new competitive products to the Corporation's software.

The Corporation has continued its investment in enhancing its existing software portfolio and adding new software products to reduce energy producer's cost and risk. Management intends on continuing this investment through 2018.

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

Alykhan Mamdani
President & CEO
Tel (403) 705-7500