



PRESS RELEASE
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BADGER DAYLIGHTING LTD. ANNOUNCES 2017 THIRD QUARTER FINANCIAL AND OPERATING RESULTS

Calgary, AB, November 13, 2017 - Badger Daylighting Ltd. (the “Company” or “Badger”) is pleased to announce its results for the three and nine months ended September 30, 2017.

President’s Message

For the third quarter of 2017, Badger realized increases compared to the prior year comparative quarter in revenue of 24.8%, Adjusted EBITDA of 16.0%, and revenue per truck per month (“RPT”) of 21.6%, respectively. The improvement in these results were driven primarily by continuing demand growth for hydrovac services, particularly in Badger’s US operations.

“We are pleased with Badger’s 2017 third quarter results. Badger continues to see growing demand for its hydrovac services, particularly in US markets where our extensive branch network, high-quality service offering and focus on business development continues to drive improved results.” stated Paul Vanderberg, President and CEO.

“We continue to see significant potential market growth in the US, driven by repeat business from existing customers, accessing new markets and new potential uses for hydrovac. Badger has expanded its hydrovac fleet by a net of 57 incremental units so far in 2017, successfully integrating these units into our business.”

“Badger continues to successfully execute on its organic growth strategy. The framework for growth is built on: a proven business model and strong competitive position; a unique service offering to attractive end-use markets; and, executing on a focused hydrovac strategy. Badger will continue to focus on generating profitable long-term growth, supporting Badger’s previously communicated strategic milestones which are to: 1) double the US business from fiscal 2016 levels over the next 3 to 5 years; 2) grow Adjusted EBITDA by a minimum of 15% per year; 3) target Adjusted EBITDA margins of 28% to 29%; and, 4) drive fleet utilization and revenue per truck per month above \$30,000.” Mr. Vanderberg added.

All references to “dollars” and “\$” are to the currency of Canada unless otherwise indicated. This news release includes forward-looking statements and assumptions. See “Cautionary Statements Regarding Forward-Looking Information and Statements” for additional details.

Financial Highlights

(\$ thousands, except RPT, per share and share information)	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Revenue:				
Hydrovac service revenue	129,409	103,790	335,354	266,986
Other service revenue	11,641	9,375	30,456	26,095
Truck placement revenue	235	2	637	225
Total revenue	141,285	113,167	366,447	293,306
RPT – quarterly average ⁽¹⁾	34,125	28,062	-	-
Adjusted EBITDA ⁽¹⁾	38,881	33,517	90,842	76,330
Adjusted EBITDA Margin ⁽¹⁾	27.5%	29.6%	24.8%	26.0%
Profit before tax	24,745	18,022	51,927	32,927
Net profit	16,192	11,944	34,608	21,563
Profit per share	\$0.44	\$0.32	\$0.93	\$0.58
Cash flow from operating activities before working capital adjustments	37,951	33,327	89,319	75,944
Cash flow from operating activities before working capital adjustments per share	\$1.02	\$0.90	\$2.41	\$2.05
Dividends paid	4,044	3,673	11,390	10,574
Total shares outstanding (end of period)	37,100,681	37,100,681	37,100,681	37,100,681

⁽¹⁾ See “Non-IFRS Financial Measures” and “Key Financial Metrics” for additional detail on the definition and calculation of Adjusted EBITDA, Adjusted EBITDA Margin and Revenue per truck per month see the 2017 Third Quarter Management’s Discussion and Analysis (“MD&A”).

2017 Third Quarter Overview

2017 Third Quarter Financial and Operational Highlights

- Badger generated third quarter Adjusted EBITDA of \$38.9 million compared to \$33.5 million in the prior year. Improvements in Adjusted EBITDA were driven by revenue growth, higher hydrovac utilization and expense management.
 - Revenue in the third quarter of 2017 of \$141.3 million was \$28.1 million or 24.8% higher compared to \$113.2 million in the prior year comparative quarter.
 - In Canada, revenue was \$42.6 million in the third quarter of 2017, 11.4% higher than the prior year comparative quarter with revenue of \$38.3 million. In the US, revenue for the third quarter of 2017 was US\$77.9 million, 36.2% higher than the prior year comparative quarter with revenue of US\$57.2 million.

- Revenue growth compared to the prior year comparative quarter for both the Canadian and US markets was due to higher activity across Badger’s broad range of geographic and end use markets. Specifically, Badger saw improvements in infrastructure and construction related markets due to increased overall activity levels, continued growth in the adoption of hydrovac, and modest improvements in oil and gas markets. Higher revenues in the third quarter of 2017 compared to the prior year comparative quarter can also be attributed to seasonal construction activity. Badger’s investment in its business development function, a key differentiator for Badger compared to its competitors, continues to generate positive benefits, with Badger realizing ongoing revenue growth as a result of increased market penetration and usage of hydrovac as a method of non-destructive excavation in both new and existing markets.
 - Average rates for hydrovac and related services for the third quarter of 2017 compared to the prior year comparative quarter were consistent to modestly higher across both the Canadian and US markets.
- RPT was \$34,125 in the third quarter of 2017 compared to \$28,062 in the prior year quarter. The year-over-year quarterly improvement in RPT was driven by a combination of revenue growth and improved fleet utilization. Optimization of the fleet is driven through Badger’s broad network of local branches that allow the Company to transfer units to locations with stronger activity levels.
- Badger’s third quarter 2017 results were not materially impacted by hurricane Harvey or Irma as incremental revenue associated with hurricane activity was largely offset by operational down-time in hurricane impacted areas. Badger was able to quickly respond to customer emergency response requirements, due in part, to Badger’s extensive branch network, providing Badger with the ability to temporarily reallocate hydrovac into the hurricane impacted areas to assist our customers with their clean-up and reconstruction efforts. Badger does not anticipate a material impact to future period results as a result of the hurricanes.
- Adjusted EBITDA Margin for the third quarter of 2017 was 27.5% compared to 29.6% in the prior year quarter.
 - Adjusted EBITDA Margins continue to benefit from revenue growth, expense management initiatives and higher hydrovac utilization.
 - Adjusted EBITDA Margin in the third quarter of 2017 was impacted by higher general and administrative expenses as direct costs as a percentage of revenue were consistent with the prior year quarter.
- In the third quarter of 2017, Badger had 1,081 hydrovacs in operation compared to 1,056 during the second quarter of 2017. See “Outlook” and “Capital Resources” in the 2017 Third Quarter Management’s Discussion and Analysis (“MD&A”) for additional details.
- Net profit for the third quarter of 2017 was \$16.2 million or \$0.44 per share compared to \$11.9 million or \$0.32 per share in the prior year quarter. Net profit was primarily impacted by the same items which affected Adjusted EBITDA as discussed above.
- Badger’s total debt less cash and cash equivalents was \$61.2 million at September 30, 2017, with a corresponding debt less cash and cash equivalents to trailing-twelve month’s Adjusted EBITDA ratio of 0.5X. Badger continues to maintain a strong balance sheet, providing the flexibility to facilitate ongoing growth in the business.

Outlook

Badger anticipates that increased year-over-year activity realized in the second and third quarters will continue into the fourth quarter of 2017. The overall macro-economic environment in both Canada and the US is anticipated to be supportive of ongoing infrastructure, construction, and oil and gas activity levels for the remainder of 2017. In addition to increased levels of activity, Badger continues to see growth from 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 its business development function. Due to the nature of construction operations, Badger does anticipate a seasonal slow-down in its northern markets due to winter weather, the exact nature and timing of this impact is variable and dependent on regional specific weather.

Continued growth in Badger's end-use markets and geographies throughout the second and third quarters has resulted in improved fleet utilization as evidenced by higher realized RPT. Based on existing and anticipated activity levels, Badger anticipates that its total hydrovac build for fiscal 2017 will be approximately 155 units. The retirement of hydrovacs for fiscal 2017 is anticipated to be in the range of 70 to 75 units, higher than the range provided in the second quarter of 2017 of 50 to 55 units. The increase in the number of anticipated retired hydrovacs is a result of management's ongoing assessment of the cost of repairing and maintaining a hydrovac versus retiring and replacing a unit.

2017 Investor Day

Badger is holding an Investor Day on Thursday, November 16, 2017 at the King Edward Hotel in Toronto. An update on Badger's operations, short and long-term growth opportunities and financial position will be presented. Badger's executive and operational leadership teams will be in attendance. The formal presentation will commence at 9:00 a.m. ET, a light breakfast and lunch will be served. Attendance in person for this event is by invitation as space is limited. The presentation will be webcast, and available on Badger's website www.badgerinc.com. To request an invitation, please e-mail your contact information to rsvipinvestorday@badgerinc.com.

Conference Call for Third Quarter Results

A conference call and webcast for investors, analysts, brokers and media representatives to discuss the 2017 third quarter results is scheduled for 9:00 a.m. MT on Monday, November 13, 2017. Internet users can listen to the call live, or as an archived call, on Badger's website at: www.badgerinc.com under the Upcoming Events and Investor Presentation section. To participate in the call, dial: 1-844-740-2014 and enter Passcode 2253558. A replay of the call will be available for 14 days following the call and can be accessed by dialing 1-855-859-2056 and entering Passcode 2253558.

Badger's MD&A, unaudited interim consolidated financial statements for the period ended September 30, 2017 along with all previous public filings of Badger Daylighting Ltd. may be found on SEDAR at www.SEDAR.com.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION AND STATEMENTS

Certain statements and information contained in this news 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 pricing, future market opportunities 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 news release should not be unduly relied upon. These forward-looking statements and information speak only as of the date of this news release.

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

- Badger’s previously communicated strategic milestones which are to: 1) double the US business from fiscal 2016 levels over the next 3 to 5 years; 2) grow Adjusted EBITDA by a minimum of 15% per year; 3) target Adjusted EBITDA margins of 28% to 29%; and, 4) drive fleet utilization and revenue per truck per month above \$30,000.
- Badger anticipates that increased year-over-year activity realized in the second and third quarters will continue into the fourth quarter of 2017. The overall macro-economic environment in both Canada and the US is anticipated to be supportive of ongoing infrastructure, construction, and oil and gas activity levels for the remainder of 2017;
- In addition to increased levels of activity, Badger continues to see growth from 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; and
- Badger anticipates that the number of new hydrovac builds for 2017 will be approximately 155 units and that hydrovac retirements for 2017 will be in the range of 70 to 75 units.

The forward-looking information and statements made in this news 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:

- Badger has the ability to achieve its revenue, net profit and cash flow forecasts for 2017;
- There will be long-term 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 unforeseen factors;
- The overall market for its services will not be adversely affected by weather, natural disasters, global events, legislation changes, technological advances, economic disruption or other factors beyond Badgers control;
- Badger will execute its growth strategy including attracting and retaining key personnel; and
- Badger will obtain all labour, parts and supplies necessary to complete the planned hydrovac build at the costs expected.

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: price fluctuations for oil and natural gas and

related products and services; political and economic conditions; industry competition; Badger's ability to attract and retain key personnel; 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.

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 news 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.

Non-IFRS Financial Measures

This news 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:

“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 our 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 our control and it excludes share-based compensation as these expenses can vary significantly with changes in the price of our common shares.

Adjusted EBITDA is calculated as follows:

Adjusted EBITDA	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Net profit	16,192	11,944	34,608	21,563
Add:				
Depreciation of property, plant and equipment	11,240	10,648	33,515	32,457
Share-based compensation expense	797	3,454	381	4,593
(Gain) loss on sale of property, plant and equipment	94	(17)	55	2,375
Finance cost	1,692	1,317	4,269	3,943
Foreign exchange loss	313	93	695	35
Tax expense (recovery)	8,553	6,078	17,319	11,364
Adjusted EBITDA	38,881	33,517	90,842	76,330

Adjusted EBITDA is more directly calculated as follows:

Adjusted EBITDA	Three months ended		Nine months ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Revenue	141,285	113,167	366,447	293,306
Less:				
Direct costs	96,035	76,481	260,944	205,991
General and administrative expense	6,369	3,169	14,661	10,985
Adjusted EBITDA	38,881	33,517	90,842	76,330

“Adjusted EBITDA Margin” is Adjusted EBITDA as defined above, expressed as a percentage of revenues.

Key Financial Metrics

“Revenue per truck per month” (RPT) is a measure of hydrovac fleet utilization. It is a measure of hydrovac revenue only. The RPT is calculated by combining Canadian and US dollar hydrovac revenue, without converting foreign currency revenues into a Canadian dollar equivalent, dividing the total mixed currency hydrovac revenue for the period by the number of hydrovacs in service throughout the period, and further dividing by the number of months in the period.

About Badger

Badger 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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