BADGER DAYLIGHTING LTD. ANNOUNCES STRONG FIRST QUARTER FINANCIAL AND OPERATIONAL RESULTS

Calgary, AB, May 10, 2018 - Badger Daylighting Ltd. (the "Company" or "Badger") (TSX:BAD) announced today financial and operating results for the three months ended March 31, 2018.

First Quarter 2018 Highlights

- Adjusted EBITDA was $24.4 million for the first quarter of 2018, a 23% increase over the prior year comparative quarter with revenue for the first quarter of $120.6 million, a 20% increase over the prior year comparative quarter.
- Net profit for the first quarter of 2018 was $8.1 million compared to net profit of $3.7 million in the prior year comparative quarter.
- Badger added 45 net incremental hydrovacs in the first quarter of 2018 and has updated the anticipated hydrovac build for 2018 to between 160 to 200 units, an increase from the previously announced range of 140 to 180 units, as Badger anticipates additional growth in the business throughout the remainder of 2018. Badger had 1,154 hydrovacs in operation at quarter end.
- The U.S federal corporate income tax rate reduction, combined with the updated bonus depreciation provisions, contributed to a $1.5 million reduction in Badger's first quarter total current income tax expense compared to the prior year comparative quarter.
- The Toronto Stock Exchange has accepted the notice filed by Badger to implement the previously announced normal course issuer bid for up to 2,000,000 common shares.

"Throughout the first quarter of 2018, Badger remained focused on continuing to improve operational efficiencies and managing direct operating costs, both of which contributed to an increase in gross profit margin to 25.5% for the quarter. The increase in gross profit margin, revenue and revenue per truck ("RPT") realized by Badger in the first quarter was impressive in light of the difficult operating conditions in a number of our northern markets, in particular the U.S. East coast, as a result of harsh winter weather conditions. During the first quarter, Badger successfully placed 45 net incremental hydrovacs into service, while RPT increased by 10%, to $27,300 compared to the prior year quarter. The strong operational and financial performance is due to a combination of ongoing improvements in customer demand, while at the same time optimizing Badger's fleet to drive further efficiencies," said Paul Vanderberg, President and Chief Executive Officer.

"With the completion of another strong quarter, combined with the significant progress realized in 2017, Badger continues to make substantial strides towards its strategic milestones. In particular, the 29% increase in revenue we saw in our U.S. business, was an excellent start to the year. We continue to invest in all aspects of our business in the short-term to facilitate long-term sustainable growth, these investments will ultimately drive revenue, margin and operational improvements over the next several years," continued Mr. Vanderberg.

"The overall operational and financial improvements Badger realized throughout the first quarter of 2018 and fiscal 2017 are a testament to the strength of Badger's unique business model. Additionally, the macro-economic environment in both the U.S. and Canada is anticipated to be supportive of ongoing infrastructure, construction and oil and gas activity levels for the remainder of 2018," Mr. Vanderberg added.

Financial Highlights

($ thousands, except revenue per truck per month, per share and share information)	**Three months ended March 31, 2018**	2017
Revenue:		
Hydrovac service revenue	**102,209**	85,228
Other service revenue	**18,238**	14,799
Truck placement revenue	**124**	120
Total revenue	**120,571**	100,147
Revenue per truck per month (1) - quarterly	**27,300**	24,896
Adjusted EBITDA (1)	**24,443**	19,856
Adjusted EBITDA margin (1)	**20.3%**	19.8%
Profit before tax	**11,082**	5,531
Net profit	**8,074**	3,698
Net profit per share, basic and diluted	**0.22**	0.10
Cash flow from operating activities before working capital adjustments	**24,679**	19,697
Cash flow from operating activities before working capital adjustments per share, basic and diluted	**0.67**	0.53
Dividends paid	**4,229**	3,673
Weighted average common shares outstanding	**37,100,681**	37,100,681

(1) See "Non-IFRS Financial Measures" and "Key Financial Metrics" for additional details on the definition of Adjusted EBITDA, Adjusted EBITDA margin and revenue per truck per month. See Badger's first quarter 2018 management's discussion and analysis ("MD&A") for detailed reconciliations of Non-IFRS financial measures.

Comparable IFRS Financial Information (1)

($ thousands, except per share information)	**Three months ended March 31, 2018**	2017
Cash flow from operating activities	**32,318**	17,750
Cash flow from operating activities per share, basic and diluted	**0.87**	0.48

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

Operational Overview

In the first quarter of 2018, Badger placed 45 net incremental hydrovacs into service, consisting of 55 new and 10 retired hydrovacs. Badger had 1,154 hydrovacs in operation at the end of the first quarter compared to 1,031 in the prior year comparative quarter and 1,109 as at December 31, 2017.

As a result of the seasonal slowdown in a number of Badger's northern markets, it is vital that Badger actively manage its labour and variable operating costs throughout the fourth and first quarters to ensure operating margins are maintained in markets where activity levels moderate in the normal course of operations during this period. The increase in Badger's gross profit margin to 25.5% in the first quarter of 2018 compared to 23.6% in the prior year comparative quarter, is a testament to the focus and discipline maintained by Badger's operations team throughout the first quarter.

Financial Overview

Adjusted EBITDA for the first quarter was $24.4 million compared to $19.9 million for the same period in 2017. Adjusted EBITDA margin for the quarter was 20.3% compared to 19.8% for the same period in 2017. Improvements in Adjusted EBITDA and Adjusted EBITDA margin were driven by revenue growth, higher hydrovac utilization and expense management. Direct costs as a percentage of revenue for the quarter were 74%, compared to 76% for the same period in 2017. The improvement in direct costs was driven largely by active management of variable labour and related costs. General and administrative ("G&A") expenses for the first quarter of 2018 were $6.4 million compared to $3.8 million in the prior year comparative quarter. As a percentage of revenue, G&A expenses were 5.3% in the first quarter of 2018 compared to 3.8% in the prior year comparative quarter. G&A expenses were higher as a result of ongoing investments in Badger's business to facilitate the ongoing and future growth of the business. Badger anticipates that G&A expenses will trend above 4% on an annualized basis for fiscal 2018, but below the current quarter rate of 5.3% as a result of the seasonality in Badger's business. Badger's long-term target for G&A expenses on an annualized basis remains at 4% of revenue.

Revenue for the quarter was $120.6 million, 20% higher compared to $100.1 million for the same period in 2017. Revenue growth in the U.S. was 29% to US$67.4 million, with revenue in Canada increasing 14% to $35.2 million. Revenue growth in both markets was due to an increase in overall activity levels and continued growth in the adoption of hydrovac technology. Badger's investment in business development continues to generate ongoing revenue growth, due in part to increased market penetration in both new and existing markets. Average hydrovac rates for the quarter were consistent to modestly higher across both the Canadian and U.S. markets compared to the same period in 2017.

Revenue and margins for the first quarter of 2018 were negatively impacted by the effects of harsh winter weather conditions experienced throughout many of our northern markets, in particular the U.S. East coast. The impact of harsh weather was offset by growth in other geographic markets, demonstrating the benefit of Badger's broad geographic footprint.

Revenue per truck per month ("RPT") was $27,300 in the quarter compared to $24,896 for the same period in 2017. The year-over-year quarterly improvement in RPT was driven by a combination of strong revenue growth and improved fleet utilization. Optimization of the hydrovac fleet is driven through Badger's broad network of local branches, allowing for the transfer of hydrovacs to locations with stronger activity levels.

Net profit for the first quarter was $8.1 million or $0.22 per share compared to $3.7 million or $0.10 per share for the same period in 2017. Net profit for the quarter was primarily impacted by the same items as Adjusted EBITDA.

Badger continues to maintain a strong balance sheet and currently has no amounts drawn on its bank facility, providing the flexibility to facilitate ongoing growth in the business. Badger's total debt less cash and cash equivalents was $45.8 million at quarter end, with a corresponding total debt less cash and cash equivalents to Compliance EBITDA ratio of 0.4X.

Adoption of IFRS 15

Effective January 1, 2018, Badger adopted IFRS 15 – *Revenue from Contracts with Customers*, which impacted the presentation of certain revenue items that were previously presented on a gross basis and certain revenue items that were previously presented on a net basis.

There is no change to Badger's Adjusted EBITDA, net profit, cash flow from operations or RPT as a result of the adoption of IFRS 15. The impact on historical revenues, gross profit and gross profit margin percentage is not material.

For a summary of the impact of the adoption of IFRS 15 on Badger's historical revenues, gross profit and gross profit margin for the four quarters and year ended 2017, see "Changes in Accounting Policies" in Badger's 2018 first quarter MD&A.

Outlook

Badger continues to see growth in the use of hydrovac for non-destructive excavation as a result of ongoing customer adoption, particularly in its U.S. markets. Badger expects to see improvements in revenue as a result of investments in developing its branch network and its business development function. The overall macro-economic environment in both the U.S. and Canada is anticipated to be supportive of ongoing infrastructure, construction and oil and gas activity levels for the remainder of 2018. In particular, after several years of reduced market opportunities, Badger is realizing renewed and welcome growth in its oil and gas markets.

Continued growth in Badger's end use markets and geographic areas throughout 2017 and the first quarter of 2018 has resulted in an increase in revenue and improved fleet utilization as evidenced by a higher realized RPT. Based on existing and forecasted activity levels, Badger anticipates that its total hydrovac build for fiscal 2018 will be approximately 160 to 200 units, higher than the previously provided range of 140 to 180 units as disclosed in Badger's 2017 annual MD&A. The anticipated retirement of hydrovacs for fiscal 2018 is unchanged from the previously provided disclosure of 60 to 80 units. Consistent with prior years, Badger actively manages both its build rate and retirements based on current and future customer demand, in addition to the ongoing assessment of the cost of repairing and maintaining a hydrovac versus retiring and replacing a unit.

Badger is focused on leveraging its core hydrovac business to generate profitable long-term growth and remains committed to achieving the following strategic milestones: (1) double our U.S. business from fiscal 2016 levels over a period of 3 to 5 years; (2) grow Adjusted EBITDA by a minimum of 15% per year; (3) target annualized Adjusted EBITDA margins of 28% to 29%; and (4) drive fleet utilization and revenue per truck per month above $30,000.

Normal Course Issuer Bid

As previously announced on March 27, 2018, the Board of Directors of Badger has approved Badger to pursue the implementation of a normal course issuer bid (“NCIB”), pursuant to which Badger would have an option to repurchase its common shares for cancellation. On May 10, 2018, the Toronto Stock Exchange (the “Exchange”) accepted the notice (the “Notice”) filed by the Company to implement the NCIB.

The Company believes that from time-to-time, the market price of its common shares may not fully reflect the underlying value of its business, and that purchases of common shares for cancellation under the NCIB may provide an opportunity to enhance long-term total shareholder returns.

In connection with the NCIB, the Company has entered into an automatic share purchase plan (“ASPP”) with a broker to facilitate repurchases of common shares at times when the Company ordinarily would not be active in the market due to insider trading rules and its own internal trading blackout periods. Purchases will be made by the broker based upon the parameters prescribed by the Exchange, applicable Canadian securities laws and the terms of the parties’ written agreement. The ASPP has been accepted by the Exchange and will be implemented effective as of May 15, 2018.

Under the NCIB, the Company may acquire up to 2,000,000 common shares during the period commencing on May 15, 2018 and ending on May 14, 2019 or such earlier date on which the Company completes its purchases of common shares under the NCIB, or terminates the NCIB at its option. As of May 10, 2018, there are 37,100,681 common shares outstanding, of which 26,571,086 common shares are considered to be in the public float as they are not held by directors, officers or principal shareholders of the Company. Accordingly, the maximum number of common shares that may be repurchased under the NCIB represents approximately 7.5% of the public float and approximately 5.4% of the common shares outstanding.

The aggregate number of common shares that the Company may purchase under the NCIB on any trading day is subject to a maximum daily purchase limit of 34,923 common shares (being 25% of the average daily trading volume for the six calendar months preceding the date of the acceptance of the Notice, which was equal to 139,692 common shares). Exceptions may be made to this daily purchase limit in accordance with the “block” purchase exemptions of the Exchange policy.

Any common shares purchased pursuant to the NCIB will be cancelled. Common shares will be purchased at the market price of the common shares at the time of purchase and will be purchased on behalf of the Company by its broker through the facilities of the Exchange and any alternate trading systems through which trades of the common shares may be effected under applicable securities laws.

Conference Call to Discuss 2018 First Quarter Earnings

A conference call and webcast for investors, analysts, brokers and media representatives to discuss the 2018 first quarter earnings is scheduled for 9:00 a.m. MT on Friday, May 11, 2018. Internet users can listen to the call live, or as an archived call, on Badger's website at www.badgerinc.com under the "Events and Presentations" section. To participate in the call, dial: 1-844-740-2014 and enter Passcode 9175185. A playback of the call will be available until 11:59 p.m. ET on Friday, May 25, 2018. To access the playback, dial: 1-855-859-2056 and enter passcode 9175185.

2018 First Quarter Disclosure Documents

Badger's 2018 first quarter MD&A and unaudited interim condensed consolidated financial statements for the period ended March 31, 2018, 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:

"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

"Revenue per truck per month" (RPT) is a measure of hydrovac fleet utilization. It is calculated using hydrovac revenue only. RPT is calculated by combining monthly Canadian and U.S. dollar hydrovac revenue for a respective period, without converting foreign currency revenues into a Canadian dollar equivalent, dividing the total mixed currency hydrovac revenue for the period by the cumulative number of hydrovacs at the end of each month, calculated cumulatively, for the same period.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION AND STATEMENTS

Certain statements and information contained in this press release 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, benefits, applicability and implications associated with changes to U.S. income tax legislation, 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 growth in its Canadian and U.S. markets and that the overall macro-economic environment in both Canada and the U.S. is anticipated to be supportive of this growth;
- 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;
- Badger anticipates that the number of new hydrovac builds for 2018 will be approximately 160 units to 200 units and that hydrovac retirements for 2018 will be in the range of 60 to 80 units;
- Badger anticipates that changes to U.S. income tax legislation will positively impact current income taxes;
- The implementation of a NCIB for up to 2,000,000 common shares, the related regulatory requirements, and the potential benefits of implementing the NCIB; and
- Badger's estimate of general and administrative expenses for 2018 and that the long-term target for general and administrative expenses remains at 4% of revenue on an annualized basis.

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;
- The recent changes to U.S. federal income tax legislation will be maintained; 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 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.

For further information:

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