



## **BADGER DAYLIGHTING LTD. PROVIDES AN OPERATIONAL AND FINANCIAL UPDATE RELATED TO COVID-19 AND UPCOMING EVENTS**

CALGARY, Alberta, April 1, 2020 -- Badger Daylighting Ltd. (“Badger” or the “Company”) today announces an operations and financial update related to the ongoing impact of COVID-19 on the North American economy.

In response to the COVID-19 pandemic and its potential impacts on the North American economies, the Company has implemented business actions to protect the health and safety of its employees, customers and communities in which we operate, and to minimize the disruption to its business. We are following the advice of governments and various health authorities in each jurisdiction that we operate in. We are also taking actions to support Badger’s profitability and maintain its strong financial position.

Badger provides services related to the construction, maintenance and repair of critical infrastructure across North America. We have been designated as an essential service provider across our operating jurisdictions. We recognize, however, that the effects of the COVID-19 pandemic and government or customer actions, although anticipated to be temporary, could materially disrupt Badger’s business operations in the short term.

Badger is taking a range of actions to manage costs and preserve shareholder capital. Effective April 2020, senior leadership salaries will be reduced by 20%, our Chief Executive Officer’s salary will be reduced by 40%, and the board of directors annual cash retainers will be reduced by 40%. In addition, we will be curtailing production of hydrovac trucks at our Red Deer, Alberta plant. Further cost reduction initiatives include the reduction of staffing levels and minimizing discretionary costs. We are implementing these measures to optimize free cash flow generation, which will support Badger’s strong balance sheet. We are undertaking these actions with a balanced approach, as we anticipate that the current uncertainty will lessen at some future point in time, and we want to ensure Badger is positioned to service customer demand that will exist longer term across our broad range of end use markets.

Badger maintains a strong financial position. As at March 31, 2020, we held over \$90 million in cash and have access to ample liquidity through our \$300 million credit facility, which is committed to September 30, 2024. We also have the option to increase our credit facility capacity by an additional \$150 million with our existing syndicate of Canadian banks. As at March 31, 2020, we estimate our Total Debt, net of all cash balances, to Compliance EBITDA, calculated on a trailing twelve month basis, will be less than 1.5:1.0, well within the covenant threshold of 4.0:1.0.<sup>1</sup> Given our strong liquidity position, we are maintaining our current dividend level.

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<sup>1</sup> See “Non-IFRS Financial Measures” for additional detail on the definition and calculation of Total Debt and Compliance EBITDA.

Due to continuing disruptions to the North American economies and heightened uncertainty caused by the spread of COVID-19 and volatility in commodity markets, the Company is withdrawing its 2020 financial outlook for Adjusted EBITDA and hydrovac builds. We continue to target doubling the revenue in our U.S. business and growing our Adjusted EBITDA<sup>2</sup> by a 15% compound annual growth rate over the next three to five years.

“We are actively monitoring the evolving COVID-19 situation and are taking actions to optimize our business operations in the short and the long term. Badger’s strong team, business model and operating scale will enable us to manage effectively through this uncertain environment. We are focused on retaining our strong financial position and prudently managing shareholder capital. We continue to service customers across our branch network and see excellent long term growth opportunities across our broad range of end use markets as the impact of the virus lessens,” said Paul Vanderberg, President and Chief Executive Officer.

### **2020 First Quarter Results and Conference Call and Annual General Meeting**

Badger expects to release its 2020 first quarter results on Thursday, May 7, 2020, after the close of market trading. A conference call and webcast for investors, analysts, brokers and media representatives to discuss the 2020 first quarter results is scheduled for 7:00 a.m. MT on Friday, May 8, 2020. Internet users can listen to the call live, or as an archived call, on Badger’s website at: [www.badgerinc.com](http://www.badgerinc.com) under Investor Relations: Events, Webcasts & Presentations. To participate in the call, dial: 1-844-740-2014 and enter passcode 2542907. A playback of the call will be available until Friday, May 22, 2020. To access the playback, dial: 1-855-859-2056 and enter passcode 2542907.

As of the date of this press release, the Company intends to hold its annual general meeting of shareholders in person on May 8, 2020 at Badger’s corporate head office located at ATCO Centre II, Suite 400, 919 - 11th Avenue S.W. Calgary, Alberta, however we are continuously monitoring the outbreak of COVID-19. In order to mitigate risks to the health and safety of shareholders, management, and community at large, the Company, with regret, but in accordance with current public health guidelines, discourages shareholders from physically attending the meeting and asks that all shareholders vote by proxy or voting instruction form prior to the meeting.

Shareholders will be able to listen to the meeting online by way of a conference call and webcast scheduled for 1:30 p.m. MT on Friday, May 8, 2020. A presentation will be posted to Badger’s website prior to the meeting and shareholders can listen to the call live at [www.badgerinc.com](http://www.badgerinc.com) under Investor Relations: Events, Webcasts & Presentations. To participate in the call, dial: 1-844-740-2014 and enter Passcode 9042149. Shareholders will be able to ask questions of management through the webcast at the conclusion of the meeting, but this is not a virtual meeting and as such shareholders cannot vote as part of the webcast.

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<sup>2</sup> See “Non-IFRS Financial Measures” for additional detail on the definition and calculation of Adjusted EBITDA.

## **About Badger Daylighting Ltd.**

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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.

## **Non-IFRS Financial Measures**

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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. See "Non-IFRS Financial Measures" in the Company's 2019 annual MD&A for detailed reconciliations of Non-IFRS financial measures.

"Total Debt" consists of long-term debt and lease liabilities, including the current portion thereof, and issued letters of credit, less certain cash on hand. Total Debt is used by the Company to calculate compliance with its debt covenants and other credit information.

"Compliance EBITDA" is earnings before interest, taxes depreciation and amortization, calculated on a 12-month trailing basis, and is used by the Company to calculate compliance with its debt covenants and other credit information.

"Adjusted EBITDA" is earnings before interest, taxes, depreciation, 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. Finally, it excludes share-based compensation as these expenses can vary significantly with changes in the price of the Company's common shares.

## **CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION AND STATEMENTS**

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Certain statements and information contained in this press release, including statements 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 speak only as of the date of this press release and should not be unduly relied upon.

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

- Expectations regarding the duration and effects of the COVID-19 pandemic and government and customer actions on the Company's business operations;
- The effects of the Company's cost reduction initiatives on free cash flow generation and the Company's financial position;
- Expectations regarding customer demand over the longer term and Badger's ability to service such customer demand;
- The Company's ability, through its team, business model, operating scale, and financial resources to successfully navigate the COVID-19 crisis;
- The Company's goal to double the revenue in its U.S. business and grow Adjusted EBITDA by 15% compound annual growth over the next three to five years;
- Estimated Total Debt, net of all cash balances, to Compliance EBITDA;
- Anticipated timing for release of 2020 first quarter results; and
- The date and format of our annual general meeting of shareholders.

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 including:

- The overall market for Badger's services will not be adversely affected in the long term by pandemics such as COVID-19, economic disruption, or other factors beyond Badger's control;
- There will be long-term sustained customer demand for hydrovac services from a broad range of end use markets in North America;
- Badger will maintain relationships with current customers and develop successful relationships with new customers;
- There will not be significant changes in profit margins due to pricing changes driven by market conditions, competition, regulatory factors or other unforeseen factors; and
- Badger will maintain its financial position and financial resources will continue to be available to Badger.

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: the magnitude and length of the global, national and regional economic and social disruption being caused as a result of the global COVID-19 pandemic; national, regional and local governmental laws, regulations and orders relating to the COVID-19 pandemic that may materially adversely impact the Company's ability to continue operations; additional, partial or complete closures of one, more or all of the Company's locations as a result of the COVID-19 pandemic; disruption to labour supply as a result of the COVID-19 pandemic; price fluctuations in commodity markets and related products and services; fluctuations in foreign exchange or interest rates; industry competition; and the availability of future debt and equity financing. Further information about these and other risks and uncertainties can be found in the disclosure documents filed with the securities regulatory authorities, available at [www.sedar.com](http://www.sedar.com).

The above risks relating to the impact of the COVID-19 pandemic may materially adversely impact the Company's business, operating performance and financial condition, including as a result of reduction to the Company's cash flow, liquidity and its ability to maintain compliance with covenants under its credit facility. The Company cautions that due to the dynamic, fluid and highly unpredictable nature of the COVID-19 pandemic and its impact on global and local economies and businesses, it is nearly impossible to predict the severity of the impact on the Company's business, operating performance and financial condition and any material adverse effects could be rapid, unexpected and may continue for an extended and unknown period of time. The extent of such impact will depend on future developments, which are unpredictable, including new information which may emerge concerning the spread and severity of COVID-19 and actions taken by governments and health organizations around the world to address its impact, among others. 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.

**For further information:**

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Paul Vanderberg, *President and CEO*

Darren Yaworsky, *Vice President Finance and CFO*

Jay Bachman, *Vice President, Financial Operations and Investor Relations*

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