



**PRESS RELEASE  
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**March 1, 2018**

**CES ENERGY SOLUTIONS CORP. REPORTS RECORD REVENUE FOR THE FOURTH QUARTER AND YEAR ENDED DECEMBER 31, 2017 AND DECLARES CASH DIVIDEND**

**CES Energy Solutions Corp.** ("CES" or the "Company") (**TSX: CEU**) (**OTC – Nasdaq Intl: CESDF**) is pleased to report on its financial and operating results for the three and twelve months ended December 31, 2017. Further, CES announced today that it will pay a cash dividend of \$0.0025 per common share on April 13, 2018 to the shareholders of record at the close of business on March 29, 2018.

By generating annual revenue of over \$1.0 billion for the first time, full year 2017 was a record revenue year for CES as the \$1,029.6 million in 2017 exceeded the previous record total in 2014 of \$972.7 million. In addition, revenue for the three months ended December 31, 2017 ("Q4 2017") of \$278.8 million was the highest revenue quarter in the Company's history slightly exceeding the previous record quarter which was Q4 2014 with \$278.7 million.

The financial results reported herein for Q4 2017 and the year ended December 31, 2017 ("FY 2017") are reflective of the improvement in commodity prices that has led to a rebound in activity in the oil and gas industry. Trough pricing levels continue to persist in CES' business lines, but the increase in industry activity and the continued growth of CES' market share in its various business lines has allowed CES to sell higher volumes of its products across its rationalized cost structure. As a result, the financial results of CES in Q4 2017 and year-to-date are consistently improved in comparison to the results achieved in Q4 2016 and the year ended December 31, 2016 ("FY 2016").

As noted above, CES generated record revenue in Q4 2017 of \$278.8 million, compared to \$187.7 million for Q4 2016, an increase of \$91.1 million or 49%. FY 2017 was also a revenue record for the Company, with year-to-date revenue totalling \$1,029.6 million as compared to \$567.7 million for the year ended December 31, 2016, representing an increase of \$461.9 million or 81%. EBITDAC for Q4 2017 was \$41.4 million as compared to \$23.1 million for Q4 2016, representing an increase of \$18.3 million. Year-to-date, EBITDAC totalled \$151.9 million as compared to \$45.6 million for the year ended December 31, 2016, representing an increase of \$106.3 million or 233%. Year-over-year, the Company's operating results benefited from increased activity levels due to the improved commodity price environment. Furthermore, 2017 includes a full run-rate of results attributable to both the Permian based Catalyst Acquisition, completed in August 2016, and the StimWrx acquisition in Canada, completed in Q1 2017, where in 2016 there were only five months of results attributable to Catalyst and none attributable to StimWrx. As detailed below, in Q4 2017 and year-to-date, all facets of the business in the US and Canada have made positive contributions to revenue and EBITDAC.

Revenue generated in the US for Q4 2017 was \$178.4 million compared to \$120.9 million for Q4 2016, an increase of \$57.5 million or 48%. Year-to-date, revenue totaled \$652.0 million, compared to \$371.8 million for the year ended December 31, 2016, representing an increase of \$280.2 million or 75% on a year-over-year basis. This year over year increase is as a result of the improved market conditions in 2017 with significant activity improvement in the drilling fluids business, and increased US Treatment Points, particularly in the Permian Basin as a result of the Catalyst Acquisition, for which there were only five months of associated revenues or Treatment Points in 2016.

Offsetting these gains for both comparative periods was the negative impact of the devaluation of the US Dollar versus the Canadian Dollar in the current year on translation of the Company's US source revenues.

Revenue generated in Canada for Q4 2017 was \$100.4 million compared to \$66.8 million for Q4 2016, an increase of \$33.6 million or 50%. Year-to-date, revenue totaled \$377.7 million, compared to \$195.9 million for the year ended December 31, 2016, representing an increase of \$181.8 million or 93% on a year-over-year basis. PureChem continued to gain market share in Canada in the production chemicals business as Canadian Treatment Points for Q4 2017 and year-to-date 2017 have increased 28% and 34%, respectively, from the comparative periods. Furthermore, the drilling fluids business increased its Operating Days by 12% and 67% over Q4 2016 and FY 2016, respectively, in line with the increase in industry rig counts for those periods. The increase in revenues in Canada for the year ended December 31, 2017, was a result of improved market conditions and the expansion of our business in an environment experiencing increased activity levels and customer spending, along with the contribution by StimWrx, which was acquired January 1, 2017, for which there were no associated revenues in the comparable periods.

In Q4 2017, CES recorded Cash Gross Margin of \$78.1 million or 28% of revenue, compared to Cash Gross Margin of \$49.1 million or 26% of revenue generated in the same period last year. Year-to-date, CES recorded Cash Gross Margin of \$286.6 million or 28% of revenue, compared to Cash Gross Margin of \$146.0 million or 26% of revenue generated in the same period last year. Although activity levels have improved from 2016, the Company continues to sell its products and services at trough pricing levels. CES has been able to pass through many of its input cost increases but has yet to realize any meaningful price increases for its products. The improvement in Cash Gross Margin as a percentage of revenue year-to-date in 2017 is evidence of the operating leverage in our consumable chemicals business model, and is as a result of the positive effects of the cost reduction initiatives taken in 2016, combined with increased activity levels as CES has come off its fixed cost base.

In Q4 2017, CES successfully reached an agreement with the Canada Revenue Agency ("CRA") on a long standing disagreement regarding CRA's proposed reassessment relating to the tax consequences of the conversion from a partnership to a corporation, which CES undertook on January 1, 2010 ("the Conversion"). The Company had previously accrued \$7.0 million in current tax expense relating to this proposed reassessment, which was reversed in the third quarter of 2017. The settlement agreement reached with the CRA will not give rise to any cash tax outlay by CES for the current year or any prior taxation years with respect to the Conversion, and the net result is that CES was able to fully realize the tax benefits of the operating losses that were acquired as part of the Conversion.

CES' balance sheet is well positioned to capitalize on the improving oilfield activity. In October 2017, CES successfully re-financed and reduced its coupon on its \$300.0 million Senior Notes by issuing new 6.375% Senior Notes which have an extended maturity into October 2024. With respect to its Senior Facility, as at December 31, 2017, CES had a net draw of \$109.3 million (December 31, 2016 – net draw of nil). This increased draw is primarily a result of the increased activity levels in 2017 requiring CES to build working capital, and cash costs of \$20.0 million associated with the Senior Notes refinancing. CES continues to have ample available liquidity with a maximum available draw on its Senior Facility of \$165.0 million, comprised of a Canadian facility of \$125.0 million and a US facility of USD\$40.0 million, and an untapped accordion in the amount of \$100.0 million. As at the date hereof, the Company has a net draw of approximately \$110.0 million on its Senior Facility.

In 2018, it is expected that EBITDAC will materially exceed the sum of cash expenditures on interest, taxes, capital expenditures, and dividends. CES also announced today that it will pay a cash dividend of \$0.0025 per common share on April 13, 2018 to the shareholders of record at the close of business on March 29, 2018.

## **CES Q4 Results Conference Call Details**

With respect to the fourth quarter results, CES will host a conference call / webcast at 9:00 am MT (11:00 am ET) on Friday, March 2, 2018.

*North American toll-free: 1-(800)-377-0758  
International / Toronto callers: (416)-340-2216  
Link to Webcast: <http://www.cesenergysolutions.com/>*

## Outlook

The past few years were extremely challenging as CES successfully navigated through the protracted industry downturn. Going forward, CES is optimistic about its prospects for 2018 and beyond. CES' strong 2017 financial results reflect its effective execution in a dynamic environment and CES' strategy has positioned it to take advantage of the opportunities ahead. As industry activity levels have rebounded, CES has also gained market share in all of its segments by demonstrating to customers the benefits of CES' technologies, service, and attention to problem solving. Although CES has yet to realize any meaningful price increases in the recovery, its strong financial performance is evidence of the operating leverage in its vertically integrated consumable chemicals business model.

CES believes that over time it can continue to grow its share of the oilfield consumable chemical markets in which it competes. After accounting for the additional challenges facing our Canadian customers, CES sees the US market and in particular the Permian Basin having the most near-term opportunities for growth. CES' strategy is to utilize its decentralized management model; its vertically integrated manufacturing model; its problem solving through science approach; its patented and proprietary technologies; and its superior execution to increase market share. The downturn has made many middlemen, or competitors who are simply resellers of other company's products, redundant. By being basic in the manufacture of the consumable chemicals it sells, CES continues to be price competitive and a technology leader. Recent competitor consolidations and business failures will provide further opportunities for CES in this recovery period. CES believes that its unique value proposition makes it the premier independent provider of technically advanced consumable chemical solutions to the North American oilfield.

CES will continue to assess M&A opportunities that will improve CES' competitive position and enhance profitability. Any acquisitions must meet CES' stringent financial and operational metrics. In its core businesses, CES will focus on growing market share, controlling costs, developing or acquiring new technologies, and making strategic investments as required to position the business to capitalize on the industry rebound and increasing intensity.

## Business of CES

CES is a leading provider of technically advanced consumable chemical solutions throughout the life-cycle of the oilfield. This includes total solutions at the drill-bit, at the point of completion and stimulation, at the wellhead and pump-jack, and finally through to the pipeline and midstream market. At the drill-bit, CES' designed drilling fluids encompass the functions of cleaning the hole, stabilizing the rock drilled, controlling subsurface pressures, enhancing drilling rates, and protecting potential production zones while conserving the environment in the surrounding surface and subsurface area. At the point of completion and stimulation, CES' designed chemicals form a critical component of fracturing solutions or other forms of remedial well stimulation techniques. The shift to horizontal drilling and multi-stage fracturing with long horizontal well completions has been responsible for significant growth in the drilling fluids and completion and stimulation chemicals markets. At the wellhead and pump-jack, CES' designed production and specialty chemicals provide down-hole solutions for production and gathering infrastructure to maximize production and reduce costs of equipment maintenance. Key solutions include corrosion inhibitors, demulsifiers, H<sub>2</sub>S scavengers, paraffin control products, surfactants, scale inhibitors, biocides and other specialty products. Further, specialty chemicals are used throughout the pipeline and midstream industry to aid in hydrocarbon movement and manage transportation and processing challenges including corrosion, wax build-up and H<sub>2</sub>S.

CES operates in the Western Canadian Sedimentary Basin ("WCSB") and in several basins throughout the United States ("US"), with an emphasis on servicing the ongoing major resource plays. In Canada, CES operates under the trade names Canadian Energy Services, PureChem Services ("PureChem"), StimWrx Energy Services Ltd. ("StimWrx"), Sialco Materials Ltd. ("Sialco"), and Clear Environmental Solutions ("Clear"). In the US, CES operates under the trade names AES Drilling Fluids ("AES"), AES Frac Fluids ("AES Frac"), Superior Weighting Products ("Superior Weighting"), JACAM Chemicals ("JACAM"), and Catalyst Oilfield Services ("Catalyst").

The Canadian Energy Services and AES brands are focused on the design and implementation of drilling fluids systems and completion solutions sold directly to oil and gas producers. The StimWrx brand provides near matrix stimulation and remediation of oil, gas, and injection wells in Western Canada. The Superior Weighting brand custom grinds minerals including barite, which is the weighting agent utilized in most drilling fluid systems. The JACAM, Catalyst, PureChem, and Sialco brands are vertically integrated manufacturers of advanced specialty

chemicals. In addition to being basic in the manufacture of oilfield chemicals, JACAM, Catalyst, and PureChem have expanding distribution channels into the oilfield.

Clear is a complimentary business division that supports the operations and augments the product offerings in the WCSB. Clear is CES' environmental division, providing environmental consulting, water management services, and drilling fluids waste disposal services primarily to oil and gas producers active in the WCSB.

CES continues to invest in research and development of new technologies and in the top-end scientific talent that can develop and refine these technologies. CES operates eight separate lab facilities across North America: one in Sterling, Kansas; two in Houston, Texas; two in Midland, Texas; and one in each of Carlyle, Saskatchewan; Delta, British Columbia; and Calgary, Alberta. In the US, CES' main chemical manufacturing and reacting facility is located in Sterling, Kansas with additional low-temperature reacting and chemical blending capabilities just outside of Midland, Texas and chemical blending capabilities in Sonora, Texas. In Canada, CES has a chemical manufacturing and reacting facility located in Delta, British Columbia with additional chemical blending capabilities located in Carlyle, Saskatchewan and Nisku, Alberta. CES also leverages third party partner relationships to drive innovation in the consumable fluids and chemicals business.

## Financial Highlights

(\$000's, except per share amounts)	Three Months Ended December 31,		Year Ended December 31,	
	2017	2016	2017	2016
Revenue	<b>278,831</b>	187,704	<b>1,029,640</b>	567,726
Gross margin	<b>67,606</b>	39,983	<b>249,801</b>	111,781
Cash Gross Margin <sup>(1)</sup>	<b>78,100</b>	49,120	<b>286,640</b>	145,990
Income (loss) before taxes	<b>227</b>	(3,604)	<b>26,052</b>	(59,056)
<i>per share – basic</i>	<b>0.00</b>	(0.01)	<b>0.10</b>	(0.24)
<i>per share - diluted</i>	<b>0.00</b>	(0.01)	<b>0.10</b>	(0.24)
Net income (loss)	<b>2,681</b>	(3,973)	<b>36,241</b>	(64,550)
<i>per share – basic</i>	<b>0.01</b>	(0.02)	<b>0.14</b>	(0.27)
<i>per share - diluted</i>	<b>0.01</b>	(0.02)	<b>0.13</b>	(0.27)
EBITDAC <sup>(1)</sup>	<b>41,366</b>	23,134	<b>151,863</b>	45,626
<i>per share – basic</i>	<b>0.15</b>	0.09	<b>0.57</b>	0.19
<i>per share - diluted</i>	<b>0.15</b>	0.09	<b>0.56</b>	0.19
Funds Flow From Operations <sup>(1)</sup>	<b>35,497</b>	16,973	<b>130,164</b>	20,522
<i>per share – basic</i>	<b>0.13</b>	0.06	<b>0.49</b>	0.08
<i>per share - diluted</i>	<b>0.13</b>	0.06	<b>0.48</b>	0.08
Dividends declared	<b>2,009</b>	1,965	<b>7,982</b>	10,736
<i>per share</i>	<b>0.0075</b>	0.0075	<b>0.0300</b>	0.0455

Shares Outstanding	Three Months Ended December 31,		Year Ended December 31,	
	2017	2016	2017	2016
End of period	<b>267,935,090</b>	262,300,999	<b>267,935,090</b>	262,300,999
Weighted average				
- basic	<b>267,591,866</b>	261,840,909	<b>265,865,387</b>	243,171,601
- diluted	<b>273,782,857</b>	261,840,909	<b>272,828,296</b>	243,171,601

Financial Position (\$000's)	As at	
	December 31, 2017	December 31, 2016
Net working capital	<b>350,475</b>	222,323
Total assets	<b>1,140,667</b>	978,959
Long-term financial liabilities <sup>(2)</sup>	<b>414,384</b>	306,267
Net Debt <sup>(1)</sup>	<b>63,909</b>	83,944
Shareholders' equity	<b>593,198</b>	568,837

### Notes:

<sup>1</sup>CES uses certain performance measures that are not recognizable under International Financial Reporting Standards ("IFRS"). These performance measures include net income (loss) before interest, taxes, depreciation and amortization, gains and losses on disposal of assets, goodwill impairment, unrealized foreign exchange gains and losses, unrealized derivative gains and losses, stock-based compensation and other gains and losses not considered reflective of underlying operations ("EBITDAC"), Cash Gross Margin, Funds Flow From Operations and Net Debt. Management believes that these measures provide supplemental financial information that is useful in the evaluation of CES' operations. Readers should be cautioned, however, that these measures should not be construed as alternatives to measures determined in accordance with IFRS as an indicator of CES' performance. CES' method of calculating these measures may differ from that of other organizations and, accordingly, these may not be comparable. Please refer to the Non-GAAP measures section of CES' MD&A for the three and twelve months ended December 31, 2017.

<sup>2</sup>Includes long-term portion of the deferred acquisition consideration, the Senior Facility, the Senior Notes, and finance lease obligations

## Cautionary Statement

*Except for the historical and present factual information contained herein, the matters set forth in this press release, may constitute forward-looking information or forward-looking statements (collectively referred to as “forward-looking information”) which involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of CES, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. When used in this press release, such information uses such words as “may”, “would”, “could”, “will”, “intend”, “expect”, “believe”, “plan”, “anticipate”, “estimate”, and other similar terminology. This information reflects CES’ current expectations regarding future events and operating performance and speaks only as of the date of the press release. Forward-looking information involves significant risks and uncertainties, should not be read as a guarantee of future performance or results, and will not necessarily be an accurate indication of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking information, including, but not limited to, the factors discussed below. The management of CES believes the material factors, expectations and assumptions reflected in the forward-looking information are reasonable but no assurance can be given that these factors, expectations and assumptions will prove to be correct. The forward-looking information contained in this document speaks only as of the date of the document, and CES assumes no obligation to publicly update or revise such information to reflect new events or circumstances, except as may be required pursuant to applicable securities laws or regulations. The material assumptions in making forward-looking statements include, but are not limited to, assumptions relating to demand levels and pricing for the oilfield consumable chemical offerings of the Company; fluctuations in the price and demand for oil and natural gas; anticipated activity levels of the Company’s significant customers; commodity pricing; general economic and financial market conditions; the successful integration of recent acquisitions; the Company’s ability to finance its operations; levels of drilling and other activity in the WCSB, the Permian and other US basins, the effects of seasonal and weather conditions on operations and facilities; changes in laws or regulations; currency exchange fluctuations; the ability of the Company to attract and retain skilled labour and qualified management; and other unforeseen conditions which could impact the Company’s business of supplying oilfield consumable chemistry to the Canadian and US markets and the Company’s ability to respond to such conditions.*

*In particular, this press release contains forward-looking information pertaining to the following: the certainty and predictability of future cash flows and earnings; the sufficiency of liquidity and capital resources to meet long-term payment obligations; potential M&A opportunities; CES’ ability to increase or maintain its market share, including expectations that PureChem and JACAM will increase market share in the oilfield consumable chemical market and Catalyst will increase market-share of production and specialty chemicals in the Permian Basin; optimism with respect to future prospects for CES; impact of CES’ vertically integrated business model on future financial performance; expectations regarding challenges in the Canadian market and near term opportunities in the US market; CES’ ability to leverage third party partner relationships to drive innovation in the consumable fluids and chemicals business; supply and demand for CES’ products and services, including expectations for growth in CES’ production and specialty chemical sales and expected growth in the consumable chemicals market; industry activity levels; commodity prices and related pricing pressure; development of new technologies; expectations regarding CES’ growth opportunities in Canada and the U.S.; the effect of acquisitions on the Company including the effect of the Catalyst and StimWrx Acquisitions; expectations regarding the performance or expansion of CES’ operations; expectations regarding the diversification of operations away from the drill-bit; expectations that competitor consolidation and business failures will provide future opportunities to CES; expectations regarding demand for CES’ services and technology; investments in research and development and technology advancements; access to debt and capital markets and cost of capital; CES’ ability to continue to comply with covenants in debt facilities; and competitive conditions.*

*CES’ actual results could differ materially from those anticipated in the forward-looking information as a result of the following factors: general economic conditions in Canada, the U.S., and internationally; geopolitical risk; fluctuations in demand for consumable fluids and chemical oilfield services, and any downturn in oilfield activity; a decline in activity in the WCSB, the Permian and other basins in which the Company operates; a decline in frac related chemical sales; a decline in operator usage of chemicals on wells; an increase in the number of customer well shut-ins; volatility in market prices for oil, natural gas, and natural gas liquids and the effect of this volatility on the demand for oilfield services generally; the declines in prices for oil, and pricing differentials between world pricing and pricing in North America; competition, and pricing pressures from customers in the current commodity environment; currency risk as a result of fluctuations in value of the U.S. dollar; liabilities and risks, including environmental liabilities and risks inherent in oil and natural gas operations; sourcing, pricing and availability of raw materials, consumables, component parts, equipment, suppliers, facilities, and skilled management, technical and field personnel; the collectability of accounts receivable, particularly in the current low oil and natural gas price environment; ability to integrate technological advances and match advances of competitors; ability to protect the Company’s proprietary technologies; availability of capital; uncertainties in weather and temperature affecting the duration of the oilfield service periods and the activities that can be completed; the ability to successfully integrate and achieve synergies from the Company’s acquisitions; changes in legislation and the regulatory environment, including uncertainties with respect to oil and gas royalty regimes, programs to reduce greenhouse gas and other emissions, carbon pricing schemes, and regulations restricting the use of hydraulic fracturing; pipeline capacity and other transportation infrastructure constraints; reassessment and audit risk and other tax filing matters; changes and proposed changes to U.S. policies including the potential for tax reform, and possible renegotiation of international trade agreements including NAFTA; divergence in climate change policies between Canada and the U.S.; potential changes to the crude by rail industry; changes to the fiscal regimes applicable to entities operating in the WCSB and the US; access to capital and the liquidity of debt markets; fluctuations in foreign exchange and interest rates, and the other factors considered under “Risk Factors” in CES’ Annual Information Form for the year ended December 31, 2017 and “Risks and Uncertainties” in CES’ MD&A dated March 1, 2018.*

CES has filed its Q4 2017 audited consolidated financial statements and notes thereto as at and for the three and twelve months ended December 31, 2017, and accompanying management discussion and analysis in accordance with National Instrument 51-102 - *Continuous Disclosure Obligations* adopted by the Canadian securities regulatory authorities. Additional information about CES will be available on CES’ SEDAR profile at [www.sedar.com](http://www.sedar.com) and CES’ website at [www.cesenergysolutions.com](http://www.cesenergysolutions.com).

For further information, please contact:

Tom Simons  
President and Chief Executive Officer  
*CES Energy Solutions Corp.*  
(403) 269-2800

Craig F. Nieboer, CA  
Chief Financial Officer  
*CES Energy Solutions Corp.*  
(403) 269-2800

Or by email at: [info@ceslp.ca](mailto:info@ceslp.ca)

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