**PRESS RELEASE** **May 10, 2018**
**FOR IMMEDIATE DISTRIBUTION**

# CES ENERGY SOLUTIONS CORP. REPORTS RECORD REVENUE FOR THE FIRST QUARTER ENDED MARCH 31, 2018 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 months ended March 31, 2018. Further, CES announced today that it will pay a cash dividend of $0.0025 per common share on June 15, 2018 to the shareholders of record at the close of business on May 31, 2018.

Revenue for the three months ended March 31, 2018 ("Q1 2018") of $300.3 million is the highest revenue quarter in the Company's history exceeding the previous record quarter which was Q4 2017 with $278.8 million.

The record revenue and the other financial results reported herein for Q1 2018 are reflective of the improvement in commodity prices that has led to a rebound in activity in the oil and gas industry. While trough pricing levels continue to persist in CES' business lines, the increase in industry activity and the continued growth of CES' market share in certain business lines has allowed CES to sell higher volumes of its products across its rationalized cost structure. Consequently, the financial results of CES in Q1 2018 have generally improved in comparison to the results achieved in Q1 2017.

As noted above, CES generated record revenue in Q1 2018 of $300.3 million, compared to $252.4 million for Q1 2017, an increase of $47.9 million or 19%. EBITDAC for Q1 2018 was $41.4 million as compared to $36.1 million for Q1 2017, representing an increase of $5.3 million or 15%. Year-over-year, the Company's operating results benefited from increased activity levels due to the improved commodity price environment. As detailed below, in Q1 2018 all facets of the business in the US and Canada have made positive contributions to revenue and EBITDAC.

Revenue generated in the US for Q1 2018 was $179.5 million compared to $141.7 million for Q1 2017, an increase of $37.8 million or 27%. This year over year increase is reflective of the improved market conditions in Q1 2018 with significant activity improvement in the drilling fluids business, and increased US Treatment Points, particularly in the Permian Basin. Offsetting these gains for Q1 2018 was the negative impact of the devaluation of the US Dollar ("USD") versus the Canadian Dollar in the current quarter on translation of the Company's US source revenues, compared to Q1 2017.

Revenue generated in Canada for Q1 2018 was $120.9 million compared to $110.7 million for Q1 2017, an increase of $10.2 million or 9%. PureChem contributed the majority of this gain as it continued to increase market share in Canada in the production chemicals business. Canadian Treatment Points for Q1 2018 have increased 21% from the comparative period. CES' drilling fluids business in Canada faced challenges in Q1 2018, due to an early Spring break-up and decreased activity in the Deep Basin driven by lower gas prices. Despite these challenges, with the addition of HDD pipeline crossing revenue, revenues for CES' drilling fluids business in Canada remained relatively flat when compared to Q1 2017.

In Q1 2018, CES recorded Cash Gross Margin of $79.9 million or 27% of revenue, compared to Cash Gross Margin of $69.3 million or 27% of revenue generated in Q1 2017. CES continues to benefit from operating leverage in our consumable chemicals business model, and the positive effects of the cost reduction initiatives taken in 2016. These gains were offset by cost inflation incurred in Q1 2018, which outpaced the Company's ability to pass through its input costs to its customers for its products and services. As a result, Cash Gross Margin as a percentage of revenue in Q1 2018 remained flat from Q1 2017, and is slightly down sequentially from Q4 2017.

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 March 31, 2018, CES had a net draw of $116.3 million (December 31, 2017 – $109.3). The maximum available draw on the Senior Facility at March 31, 2018 was $165.0 million, comprised of a Canadian facility of $125.0 million and a US facility of USD$40.0 million. As at the date hereof, the Company has a net draw of approximately $115.0 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 June 15, 2018 to the shareholders of record at the close of business on May 31, 2018.

## CES Q1 Results Conference Call Details

With respect to the first quarter results, CES will host a conference call / webcast at 10:00 am MT (12:00 am ET) on Friday, May 11, 2018.

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

## Outlook

CES is very optimistic about its prospects for the rest of 2018 and beyond. CES' record Q1 2018 revenue result reflects its effective execution in a dynamic environment and CES' strategy has positioned it to take advantage of the opportunities ahead.

CES believes that over time it can continue to grow its share of the oilfield consumable chemical markets in which it competes. CES also sees the consumable chemical market increasing its share of the oilfield spend as operators continue to: drill longer reach laterals and drill them faster; expand and optimize the utilization of pad drilling and cube development techniques; increase the intensity and size of their fracs; and then bring on to production high volume multi-well pads. 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 people and execution to increase market share. The downturn 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, $H_2S$ 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 $H_2S$.

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"), 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 March 31, **2018** | 2017 |
|---|---|---|
| Revenue | **300,318** | 252,352 |
| Gross margin | **70,605** | 59,785 |
| Cash Gross Margin [(1)] | **79,942** | 69,278 |
| Income before taxes | **16,092** | 7,604 |
| *per share – basic* | ***0.06*** | *0.03* |
| *per share - diluted* | ***0.06*** | *0.03* |
| Net income | **13,250** | 7,778 |
| *per share – basic* | ***0.05*** | *0.03* |
| *per share - diluted* | ***0.05*** | *0.03* |
| EBITDAC [(1)] | **41,390** | 36,107 |
| *per share – basic* | ***0.15*** | *0.14* |
| *per share - diluted* | ***0.15*** | *0.13* |
| Funds Flow From Operations [(1)] | **34,084** | 27,523 |
| *per share – basic* | ***0.13*** | *0.10* |
| *per share - diluted* | ***0.12*** | *0.10* |
| Dividends declared | **2,010** | 1,983 |
| *per share* | ***0.0075*** | *0.0075* |

| **Shares Outstanding** | Three Months Ended March 31, **2018** | 2017 |
|---|---|---|
| End of period | **268,424,065** | 264,825,562 |
| Weighted average | | |
| - basic | **268,178,300** | 264,169,358 |
| - diluted | **274,569,434** | 272,554,790 |

| ***Financial Position ($000's)*** | As at **March 31, 2018** | December 31, 2017 |
|---|---|---|
| Net working capital | **368,996** | 350,475 |
| Total assets | **1,184,941** | 1,140,667 |
| Long-term financial liabilities [(2)] | **422,205** | 414,384 |
| Net Debt [(1)] | **53,209** | 63,909 |
| Shareholders' equity | **630,402** | 593,198 |

***Notes:***

*[1]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 months ended March 31, 2018.*

*[2] 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 May 10, 2018.*

CES has filed its Q1 2018 unaudited condensed consolidated financial statements and notes thereto as at and for the three months ended March 31, 2018, 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 and CES' website at www.cesenergysolutions.com.

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