

Bri-Chem Announces 2017 Fourth Quarter and Year End Financial Results

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Edmonton, Canada, March 28, 2018 – Bri-Chem Corp. ("Bri-Chem" or "Company") (TSX: BRY), a leading North American wholesale distributor and manufacturer of oil and gas drilling fluids is pleased to announce its 2017 fourth quarter and year-end financial results.

In \$'000s (except per share amounts)	For the three months ended				For the twelve months ended			
	December 31,		Change		December 31		Change	
	2017	2016	\$	%	2017	2016	\$	%
Revenue	\$ 27,917	\$ 22,098	\$ 5,819	26%	\$ 116,210	\$ 62,091	\$ 54,119	87%
Operating income (loss)	975	873	102	12%	5,202	(2,201)	7,403	336%
EBITDA⁽¹⁾	1,772	1,244	528	42%	6,879	(995)	7,874	791%
EBITDA as a percentage of revenue	6%	6%	-	7%	6%	(2%)	-	12%
Net Earnings (loss)	690	(2,570)	3,260	127%	1,708	(6,793)	8,501	125%
Per Share Data (Diluted)								
EBITDA	\$ 0.07	\$ 0.05	\$ 0.02	41%	\$ 0.29	\$ (0.04)	\$ 0.33	783%
Net Earnings (Loss)	\$ 0.03	\$ (0.11)	\$ 0.14	127%	\$ 0.07	\$ (0.29)	\$ 0.36	125%
Shares Outstanding								
Basic	23,632,981	23,632,981			23,632,981	23,632,981		
Diluted	23,932,981	23,632,981			23,932,981	23,632,981		
Financial Position								
Total Assets	\$ 81,232	\$ 65,578	\$ 15,654	24%				
Working Capital	24,336	13,793	10,543	76%				
Long-term debt	8,994	246	8,748	3556%				
Shareholders Equity	28,756	28,273	483	2%				

Q4 HIGHLIGHTS

Key Q4 & YTD 2017 highlights include:

- Bri-Chem generated consolidated revenues of \$27.9 million, an increase of 26% from the fourth quarter in 2016, resulting primarily from higher business activity levels throughout North America, while revenues increased by 87% year over year to \$116.2 million;
- Fourth quarter revenue increased by 48% in the USA fluids distribution division, while the Canadian fluids distribution division sales were up 103% year over year along with 33% and 16% year over year increases in Canadian and US blending and packaging divisions;
- Operating income was \$1.0 million and \$5.2 million for the three and twelve months ended December 31, 2017 compared to \$0.9 million and negative \$2.2 million in the same comparable periods, representing a 12% and 336% increase;
- EBITDA was \$1.8 million and \$6.9 million respectively for the three and twelve months ended December 31, 2017 versus \$1.2 million and negative \$1.0 million in the comparable periods in 2016. The increases of 42% and 791% are as a result of significantly improved drilling activity throughout our North America business segments in 2017;
- Bri-Chem reported net earnings of \$0.7 million or \$0.03 diluted earnings per share for the fourth quarter of 2017 compared to a net loss of \$2.6 million or \$0.11 diluted loss per share in 2016, while

year to date, the Company reported net earnings of \$1.7 million or \$0.07 earnings per share compared to a net loss of \$6.8 million or \$0.29 loss per share for the same period in 2016;

- Working capital as at December 31, 2017, was \$24.3 million compared to \$13.8 million at December 31, 2016. The Company's current ratio (defined as current assets divided by current liabilities) was 1.56 to 1 compared to 1.37 to 1 at December 31, 2016; and
- The Company announced on November 7, 2017 that it has reached an agreement with the Canadian Imperial Bank of Commerce ("CIBC") to increase its Asset Based Lending Facility ("ABL Facility") from \$25 million to \$35 million and extend the term of the ABL facility for a period of three years to October 2020. In addition, the Company has also refinanced its current subordinate debt loan with a new five year \$10 million term loan with GreyPoint Capital Inc.

Summary for the three and twelve months ended December 31, 2017:

Bri-Chem's results for the year ended December 31, 2017 reflect improving North American industry activity levels from the historic lows experienced during 2016. Canada and United States experienced significant increases in well activity which resulted in stronger sales in Canada and the USA throughout 2017. Canada had an average of 200 active rigs operating during the fourth quarter of 2017, an increase of 16% over the prior year quarter, while the active USA rig count increased 57% over the same period with 921 average active rigs operating in Q4 2017. In light of improved industry conditions, Bri-Chem successfully increased its activity levels in Canada and the US while maintaining its disciplined approach to costs, and as a result, experienced improved revenue in 2017 as compared to 2016. Bri-Chem's three and twelve month ended December 31, 2017 consolidated revenues from its North American oil and gas drilling fluids distribution, blending and packaging businesses were \$27.9 million and \$116.2 million compared to \$22.1 million and \$62.1 million in the same prior periods in 2016.

Bri-Chem's Canadian drilling fluids distribution division generated sales of \$10.3 million and \$45.4 million for the three and twelve months ended December 31, 2017, compared to sales of \$9.6 million and \$22.4 million over the comparable periods in 2016. Q4 2017 and year to date sales were strengthened by the continued increase in drilling activity throughout the year which increased demand for drilling fluid products. The number of wells drilled in Western Canada for the three-month period ended December 31, 2017 was 2,153 representing an increase of 45% over the comparable quarter in 2016. The number of wells drilled for 2017 were 7,364 compared to 4,019 for 2016, an increase of 83%. Bri-Chem's United States drilling fluids distribution division generated sales of \$12.7 million and \$51.4 million for the three and twelve-month periods ended December 31, 2017, compared to revenues of \$8.6 million and \$24.7 million in the comparable periods of 2016, representing increases of 48% and 108% respectively.

Bri-Chem's Canadian drilling fluids blending, and packaging division generated sales of \$3.6 million for the three months ended December 31, 2017 and \$14.9 million for fiscal 2017 compared to the prior year sales of \$3.4 million and \$11.2 million respectively, representing a 5% increase quarter over quarter and a 33% year over year increase. This increase is directly related to higher customer demand for blending services as a result of the increase in drilling activity throughout 2017. Bri-Chem's USA fluids blending and packaging division, generated sales of \$1.3 million and \$4.5 million for the three and twelve months ended December 31, 2017, compared to \$0.5 million and \$3.9 million for the comparable periods in 2016.

Operating income in Q4 2017 was \$1.0 million compared with operating income of \$0.9 million in the fourth quarter of 2016. EBITDA was \$1.8 million for the three months ended December 31, 2017 compared to \$1.2 million in the same comparable prior year period. Fiscal 2017 EBITDA was \$6.9 million or 6% of sales compared to negative EBITDA of \$1.0 million or negative 2% for the same period of 2016. The Company had net earnings of \$0.7 million for the quarter ended December 31, 2017 compared to net loss of \$2.6 million in the same prior year period. For the year ended December 31, 2017, the Company had net earnings of \$1.7 million compared to a net loss of \$6.8 million from the comparable prior year period.

OUTLOOK

During 2017, oil and gas drilling activity levels in Northern American increased and recovered from their lows in 2016, which led to increased demand for drilling fluid products. We expect activity levels to remain at or near current levels in the USA for Q1 fiscal 2018, however, we remain cautious about drilling activity levels in Canada for 2018 as the Canadian oil and gas industry remains challenging and there are many obstacles affecting further recovery of this market. PSAC has forecasted 7,587 wells to be drilled in Western Canada for 2018, representing a 7% increase over 2017. The USA drilling market has stabilized and we feel that drilling activity levels will remain consistent in 2018. In light of this industry outlook, the Corporation's strategy will be to leverage its expertise and seek to find operational and warehouse efficiencies while looking to expand in higher margin opportunities.

About Bri-Chem

Bri-Chem has established itself, through a combination of strategic acquisitions and organic growth, as the North American industry leader for wholesale distribution and blending of oilfield drilling, completion, stimulation and production chemical fluids. We sell, blend, package and distribute a full range of drilling fluid products from 30 strategically located warehouses throughout Canada and the United States. Additional information about Bri-Chem is available at www.sedar.com or at Bri-Chem's website at www.brichem.com.

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