ClearStream Announces Fourth Quarter and

Annual 2019 Financial Results

Calgary, Alberta (March 4, 2020) – ClearStream Energy Services Inc. ("ClearStream" or the "Company") (TSX: CSM) today announced its results for the three and twelve months ended December 31, 2019. All amounts are in Canadian dollars and expressed in thousands of dollars unless otherwise noted.

"EBITDAS" and "Adjusted EBITDAS" are not standard measures under IFRS. Please refer to the advisory regarding "Non-Standard measures" at the end of this release for a description of these items and limitations of their use.

2019 HIGHLIGHTS

2019 was a defining year for ClearStream with a significant step change in our overall size and growth trajectory. As outlined in our strategic roadmap established in 2018, ClearStream completed the acquisition of (i) certain assets of the production services division of AECOM Production Services Ltd. (the "AECOM PSD Business") and (ii) all of the shares of Universal Weld Overlays Inc. ("UWO") at the end of June 2019. These acquisitions support our vision to be recognized as the most trusted provider of industrial and asset integrity services to improve our customers' facilities and operations in a safe, efficient and cost effective manner. The acquisitions are complementary to our existing business with limited or no overlap in terms of clients, geographies and service lines, and offer significant cross-selling opportunities. ClearStream can now provide a full service offering to address our customers' maintenance and asset integrity requirements. We are proud to offer and serve our clients with a suite of 38 services that encompass the full asset lifecycle.

Overall demand for our services in conjunction with market share gains obtained throughout 2019, led ClearStream to achieving a 72% improvement of revenue compared to the low revenue level in 2016 following the oil and gas downturn. In 2019, revenues totalled $464.3 million, representing an increase of $85.9 million or 23% over 2018, and Adjusted EBITDAS totalled $26.3 million, representing an increase of $18.6 million or 240% over 2018 (which did not include any impact from the adoption of IFRS 16 (Leases)). In the fourth quarter of 2019, ClearStream announced contract renewals and project awards representing over $250 million of new backlog. This is the 4th year in a row with a 100% contract renewal rate.

The competitive landscape over the last 12 months remained high as market conditions continued to be uncertain due to the current geo-political macro environment, take away capacity concerns as well as the political and regulatory environment in Western Canada. With continued consolidation of oil and gas exploration and production companies and extensive regional coverage provided by its 13 district offices, ClearStream is well-positioned to effectively compete against both larger competitors that focus on industrial and infrastructure capital expenditures and smaller regional players that lack the depth of service offerings in multiple geographies.

Through our strong health, safety and environment ("HSE") management system, ClearStream demonstrated its commitment to maintain a safe and respectful work environment for our employees and clients. Thanks to active participation by all our employees, front line supervision and leadership teams, ClearStream ended the year with a Total Recordable Injury Frequency of 0.42. This has been achieved in spite of an increase in working hours from 2018, and by aligning the employees who joined us through the acquisitions with our HSE standards and expectations.

In 2019, we also announced various organizational changes, transfers, and promotions within our business to better support the entire organization and allow our employees to experience personal development and mobility. In addition, we have also accelerated our focus on internal business process improvements and automation in order to improve employee/customer experience, gain operational efficiency, reduce costs, accelerate cash conversion, and prepare for future growth.

We saw the immediate benefits of the acquisitions of the AECOM PSD Business and UWO in our third and fourth quarter 2019 results. The acquisitions, in combination with organic growth in our core business, should allow ClearStream to operate with increased profitability and cash flow generation going forward.

Overall, ClearStream is well-positioned to deliver value and growth, with improving results, significant cross-selling opportunities, strong customer relationships, recurring and stable revenues tied to our customers' operational expenditures, and an experienced Senior Leadership Team.

OVERVIEW OF FINANCIAL RESULTS

($ millions, except per share amounts)	**Three months ended December 31,**		**Twelve months ended December 31,**	
	2019	**2018**	**2019**	**2018**
Revenue	137.1	77.8	464.3	378.3
Gross profit	15.2	6.2	51.6	27.1
Selling, general & administrative expenses	(10.2)	(6.6)	(27.4)	(21.4)
Adjusted EBITDAS	5.4	1.2	26.3	7.7
Loss from continuing operations	(10.4)	(3.6)	(6.7)	(30.1)
Loss per share from continuing operations, basic and diluted	(0.09)	(0.03)	(0.06)	(0.27)

2019 RESULTS COMMENTARY

Revenues for the year ended December 31, 2019 were $464,252 compared to $378,332 in 2018, an increase of 22.7% from 2018. This increase in 2019, in comparison to 2018, is largely driven by the acquisition on June 28, 2019 of the AECOM PSD Business and UWO. In addition, the 2019 revenue increase over 2018 is being driven by strong organic growth in the pre-existing Maintenance and Construction Services segment.

Gross profit for the year ended December 31, 2019 was $51,574 compared to $27,097 in 2018. Gross profit margins were 11.1% in 2019 compared to 7.2% in 2018. The increase in gross profit margin in 2019, in comparison to 2018, is related to the acquisition of the AECOM PSD Business and UWO, the organic growth realized in the Maintenance and Construction Services segment and overall better absorption of indirect costs, as well as the adoption of IFRS 16 (Leases), which impacted the reclassification of lease expenses compared to 2018.

Selling, general and administrative (“SG&A”) expenses for the year ended December 31, 2019 were $27,418, in comparison to $21,359 for the same period in 2018. As a percentage of revenue, SG&A costs were 5.9% in 2019 compared to 5.6% in 2018. SG&A expenses as a percentage of revenue were impacted by the additional corporate support necessary to properly manage the newly acquired AECOM PSD Business and UWO as well as a significant decrease in the ClearWater division's large plant turnaround revenue in 2019 as compared to 2018. Also impacting SG&A expenses was the adoption of IFRS 16 (Leases), and costs incurred in the Company's growth initiatives and other expenses to support business process improvements designed to increase operational effectiveness and lower operating costs going forward.

Non-cash items that impacted the 2019 results were depreciation and amortization. For the year ended December 31, 2019, depreciation and amortization expense was $14,890 compared to $6,319 for the same period in 2018. An increase in depreciation and amortization expense was largely due to the implementation of IFRS 16 and the increase in asset values as a result of the acquisition of the AECOM PSD Business.

For the year ended December 31, 2019, interest expenses were $19,989 compared to $12,537 in 2018. Interest expense increased by $7,452, of which $2,555 related to the impact of IFRS 16 and the remainder related to an increase in the amount outstanding under the term loan facilities due to advances made in the fourth quarter of 2018 and the second and third quarters of 2019.

Restructuring costs of $8,361 were recorded during the year ended December 31, 2019, in comparison to $165 in 2018. These non-recurring restructuring costs are related to the acquisitions of the AECOM PSD Business and UWO, which closed on June 28, 2019, as well as additional severance and growth initiatives.

Loss from continuing operations for the year ended December 31, 2019 was $6,652, in comparison to loss of $30,072 in 2018. Nothwithstanding the significant improvement in gross profit, the income variance is also largely driven by the bargain purchase gain and deferred income tax recovery recognized through the acquisition of the AECOM PSD Business, which closed on June 28, 2019, as well as the impairment of intangible assets and goodwill recorded in 2018.

The gain from discontinued operations was $1,940 for the year ended December 31, 2019, compared to a loss of $1,495 for the same period in 2018. The gain in 2019 includes the Company's share of an income tax reassessment won by Brompton resulting in a recovery of $3,250, offset by expenses that the Company continues to incur relating to the sale of businesses that it owned prior to March 2018. These expenses consist largely of legal, insurance, and consulting costs relating to the Quantum Murray earn-out and legal proceedings that existed prior to the sale of the business.

For the year ended December 31, 2019, Adjusted EBITDAS was $26,282 compared to $7,714 for the same period in 2018. As a percentage of revenue, Adjusted EBITDAS was 5.7% in 2019 compared to 2.0% in 2018. Adjusted EBITDA as a percentage of revenue increased due largely to the impact of increased activity from the acquisitions of the AECOM PSD Business and UWO combined with organic growth in the pre-existing Maintenance and Construction Services segment.

FOURTH QUARTER RESULTS COMMENTARY

Revenues for the three months ended December 31, 2019 were $137,066 compared to $77,840 for the same period in 2018, an increase of 76.1% on a year-over-year basis. This increase for the three months ended December 31, 2019 in comparison to the same period in 2018, is largely driven by the acquisitions of the AECOM PSD Business and UWO on June 28, 2019. In addition, the increase in 2019 revenue over 2018 is being driven by strong organic growth in the pre-existing Maintenance and Construction Services segment.

Gross profit for the three months ended December 31, 2019 was $15,158 compared to $6,169 for the same period in 2018. Gross margins were 11.1% for the three months ended December 31, 2019 compared to 7.9% in the fourth quarter of 2018. The increase in gross margins in the three months ended December 31, 2019 was due to the acquisitions of the AECOM PSD Business and UWO, the organic growth realized in the Maintenance and Construction Services segment, as well as the adoption of IFRS 16, which impacted the reclassification of lease expenses compared to 2018.

SG&A expenses for the three months ended December 31, 2019 were $10,202 compared to $6,561 for the same period in 2018. SG&A expenses, as a percentage of revenue, were 7.4% compared to 8.4% for the same period in 2018 due to significantly higher revenue in the three months ended December 31, 2019 as well as IFRS 16 impacts in 2019, which impacted the reclassification of lease expenses compared to 2018.

Adjusted EBITDAS

($ millions)	Three months ended December 31,		Twelve months ended December 31,	
	2019	2018	2019	2018
Maintenance and Construction Services	10.2	4.3	30.9	15.7
Wear, Fabrication and Environmental	4.8	1.8	18.4	10.2
Adjusted EBITDAS from operations	14.9	6.1	49.3	25.9
Corporate	(9.6)	(4.9)	(23.0)	(18.2)
Adjusted EBITDAS	**5.4**	**1.2**	**26.3**	**7.7**

Segment Review

MAINTENANCE AND CONSTRUCTION SERVICES

($ millions)	Twelve months ended December 31,	
	2019	2018
Revenue	403.3	318.9
Gross profit	31.7	15.8
Selling, general & administrative expenses	(1.3)	(1.1)
Adjusted EBITDAS	30.9	15.7
Income (loss) from continuing operations	20.9	(7.1)

REVENUES

Revenues for the Maintenance and Construction Services segment were $403,348 for the year ended December 31, 2019 compared to $318,873 for the same period in 2018, which reflects an increase of 26.5%. This increase was due to the acquisition of the AECOM PSD Business on June 28, 2019 as well as organic growth in the pre-existing Maintenance and Construction Services segment.

GROSS PROFIT

Gross profit was $31,714 for the year ended December 31, 2019, compared to $15,799 for the same period in 2018. Gross profit margins were 7.9% in 2019 compared to 5.0% in 2018. The gross profit increase was due to organic growth, increased activity from the acquisition of the AECOM PSD Business, better absorption of indirect costs and the adoption of IFRS 16 on January 1, 2019, which decreased direct rent expense and increased gross profit by $4,212.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

SG&A expenses for the Maintenance and Construction segment were $1,349 for the year ended December 31, 2019 compared to $1,093 for the same period in 2018. SG&A expenses increased partially due to additional costs to support the revenue increase and the acquisition of the AECOM PSD Business.

WEAR, FABRICATION AND ENVIRONMENTAL SERVICES

($ millions)	Twelve months ended December 31, 2019	2018
Revenue	64.8	61.3
Gross profit	19.9	11.3
Selling, general & administrative expenses	(1.4)	(1.1)
Adjusted EBITDAS	18.4	10.2
Income (loss) from continuing operations	10.5	9.0

REVENUES

Revenues for this segment for the year ended December 31, 2019 were $64,797, compared to $61,335 for the same period in 2018. The increase in revenue for the period was partially due to an overall increase in Wear Technology demand, including the additional capacity from the acquisitions of AFX Materials and Fabrication Ltd. ("AFX") in the third quarter of 2018 and UWO in the second quarter of 2019. This increase offset the decrease in revenues in the Fabrication business following the closure of some unprofitable facilities in 2019.

GROSS PROFIT

Gross profit was $19,859 for the year ended December 31, 2019, compared to $11,298 for the same period in 2018. The gross profit increase was due to the closure of some unprofitable fabrication facilities, the UWO acquisiton, and operational efficiencies in our Wear business. A further increase was due to the adoption of IFRS 16 on January 1, 2019, which decreased direct rent expense and increased gross profit by $2,862 for the year ended December 31, 2019.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

SG&A expenses for the Wear, Fabrication, and Environmental segment were $1,424 for the year ended December 31, 2019 compared to $1,137 for the same period in 2018. SG&A expenses increased due to the acquisitions of AFX in the third quarter of 2018 and UWO in the second quarter of 2019, and additional resources required to support the increased activity in the Wear, Fabrication and Environmental segment.

CORPORATE

($ millions)	Twelve months ended December 31, 2019	Twelve months ended December 31, 2018
Selling, general & administrative expenses	(24.6)	(19.1)

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

SG&A expenses were $24,645 for the year ended December 31, 2019 compared to $19,129 for the same period in 2018. The increase for the year ended December 31, 2019 was partially due to additional resources required to support the increased activity from organic growth recognized in the period as well as the preparation for the acquisitions of the AECOM PSD Business and UWO. Also impacting SG&A expenses were transition costs, including professional fees incurred in the Company's growth initiatives and other expenses to support business process improvements designed to increase operational effectiveness and lower operating costs going forward.

LIQUIDITY AND CAPITAL RESOURCES

($ millions)	For the year ended December 31, 2019	For the year ended December 31, 2018
Cash used in by operating activities	(20.2)	(12.2)
Cash (used in) provided by investing activities	(58.0)	1.7
Cash provided by financing activities	74.4	16.6
Consolidated cash as of December 31,	7.1	10.8

OPERATING ACTIVITIES

Cash used in continuing operations represents EBITDAS less impairment, restructuring, plus changes in non-cash working capital. The cash provided by or used in discontinued operations includes the settlement of some of the legacy claims in 2019 and other expenses paid in 2019 relating to businesses that were sold prior to March 2018.

ClearStream expects to meet its short-term contractual obligations through cash flow from operations, which includes collection of accounts receivable, and available credit facilities.

INVESTING ACTIVITIES

Cash used in investing activities related to the acquisitions of the AECOM PSD Business and UWO completed in the second quarter of 2019, which are expected to complement existing service lines and further broaden potential market opportunities.

FINANCING ACTIVITIES

Cash provided by financing activities in the fourth quarter 2019 includes proceeds from term loans and other secured borrowings net of repayments made during the period.

ABL Facility

The Company established an asset-based lending facility (the "ABL Facility") pursuant to the terms of the Third Amended and Restated Credit Agreement (as amended), which comprised of a revolving credit facility providing for maximum borrowings of up to $50,000 (the "Revolving Facility") and a term loan facility providing for maximum borrowings of up to $40,500 (the "Term Loan Facility") received from Canso Investment Counsel Ltd, in its capacity as portfolio manager for and on behalf of certain accounts that it manages ("Canso").

As at December 31, 2019, $27,825 was drawn on the Revolving Facility and $40,500 was drawn on the Term Loan Facility. The Term Loan Facility is required to be used for specific purposes and cannot be redrawn once repaid.

On March 3, 2020, the Company received confirmation from the lenders under the ABL Facility that they have agreed to extend the maturity date of the facility to March 23, 2021. The Company and the lenders under the ABL Facility are preparing an amending agreement to effect the extension of the maturity date and certain other amendments, including replacing the monthly minimum EBITDA covenant with a quarterly fixed charge coverage ratio covenant. The amendments will not reduce the maximum borrowings available under the Revolving Facility.

Other Secured Borrowings

On June 26, 2019, the Company received $19,000 from two secured loans with the Business Development Bank of Canada ("BDC") as a partial source of funds for the acquisition of the AECOM PSD Business.

The loans are secured by a first security interest on the equipment acquired through the acquisition of the AECOM PSD Business and a security interest in all other present and future property, subject to the priorities granted to existing lenders under the ABL Facility, senior secured debentures and other existing commitments.

OUTLOOK

Overall market conditions continue to be uncertain in light of continuing weakness in commodity prices, lack of infrastructure build up to bring product to markets and the recent outbreak of the Coronavirus. Therefore, upstream, midstream and downstream companies are likely to maintain spending discipline for capital projects and focus instead on operational efficiencies and asset integrity. The cash flows generated by such companies will be further impacted by reductions in commodity prices due to the impact of the Coronavirus on global economic growth.

In 2020, ClearStream will benefit from the full year impact of the acquisitions of the AECOM PSD Business and UWO, which were completed on June 28, 2019. These acquisitions are expected to drive year-over-year growth in revenues, profitability and cash flow. However, the next few quarters will likely be challenging as we navigate the current market environment.

Over the next few years, we expect that demand for maintenance and turnaround services will increase as many customers have deferred and may continue to defer maintenance and turnaround spending which is required to improve asset reliability and uptime. Furthermore, as digital transformation is shaping the industry, we are adopting more digital solutions to gain efficiencies in our service delivery, but also to provide our customers with innovative and reliable solutions for their maintenance and asset integrity requirements. With additional overlay manufacturing and fabrication capacity acquired in late 2018, a doubling of our wire manufacturing capacity established in late 2019, a strong focus on productivity improvement and lead times throughout the year, and the addition of corrosion resistant applications through UWO in mid-2019, our Wear Technology Overlay division is well positioned to offer significant value to our clients from a full life cycle cost perspective. We also continue to see growth opportunities in our Environmental Division as abandonment and reclamation remain an important issue for regulatory authorities and oil and gas companies.

Additional Information

Our audited consolidated financial statements for the year ended December 31, 2019 and the related Management's Discussion and Analysis of the operating and financial results can be accessed on our website at www.clearstreamenergy.ca and will be available shortly through SEDAR at www.sedar.com.

About ClearStream Energy Services Inc.

WIth a legacy of excellence and experience stretching back more than 50 years, ClearStream provides solutions for the Energy and Industrial markets including: Oil & Gas, Petrochemical, Mining, Power, Agriculture, Forestry, Infrastructure and Water Treatment. With offices strategically located across Canada and over 4,000 employees, we provide maintenance, construction and environmental services that keep our clients moving forward. For more information about ClearStream, please visit www.clearstreamenergy.ca or contact:

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Advisory regarding Forward-Looking Information

Certain information included in this Press Release may constitute "forward-looking information" within the meaning of Canadian securities laws. In some cases, forward-looking information can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue" or the negative of these terms or other similar expressions concerning matters that are not historical facts. Specifically, this Press Release contains forward-looking information relating to: our business plans, strategies and objectives; that profitability and cash flow generation will increase in going forward; the funding of foreseeable business operating and recurring cash needs; the funding of our short-term contractual obligations with cash flow from operations; that the acquisition of the AECOM PSD Business and UWO will complement existing service lines and further broaden potential market opportunities; the extension and amendment of our asset-based lending facility; our assessment of overall market conditions; that the acquisitions of the AECOM PSD Business and UWO will drive year-over-year growth in revenues, profitability and cash flow; the demand for maintenance and turnaround services; and expectations for our maintenance and turnaround, wear technology overlay and environmental services divisions.

Forward-looking information involves significant risks and uncertainties. A number of factors could cause actual events or results to differ materially from the events and results discussed in the forward-looking information including, but not limited to, risks related to the integration of acquired businesses, conditions of capital markets, economic conditions, commodity prices, dependence on key personnel, interest rates, regulatory change, ability to meet working capital requirements and capital expenditure needs, factors relating to the weather and availability of labour. These factors should not be considered exhaustive. Risks and uncertainties about ClearStream's business are more fully discussed in ClearStream's disclosure materials, including its annual information form and management's discussion and analysis of the operating and financial results, filed with the securities regulatory authorities in Canada and available at www.sedar.com. In formulating forward-looking information herein, management has assumed that business and economic conditions affecting ClearStream will continue substantially in the ordinary course, including, without limitation, with respect to general levels of economic activity, regulations, taxes and interest rates. Although the forward-looking information is based on what management of ClearStream consider to be reasonable assumptions based on information currently available to it, there can be no assurance that actual events or results will be consistent with this forward-looking information, and management's assumptions may prove to be incorrect.

This forward-looking information is made as of the date of this Press Release, and ClearStream does not assume any obligation to update or revise it to reflect new events or circumstances except as required by law. Undue reliance should not be placed on forward-looking information. Forward-looking information is provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that such information may not be appropriate for other purposes.

Non-standard measures

The terms ''EBITDAS'' and "Adjusted EBITDAS" (collectively, the ''Non-standard measures'') are financial measures used in this Press Release that are not standard measures under IFRS. ClearStream's method of calculating Non-standard measures may differ from the methods used by other issuers. Therefore, ClearStream's Non-standard measures, as presented may not be comparable to similar measures presented by other issuers.

EBITDAS refers to net earnings determined in accordance with IFRS, before depreciation and amortization, interest expense, income tax expense (recovery), share-based compensation and other long-term incentive plans. EBITDAS is used by management and the directors of ClearStream as well as many investors to determine the ability of an issuer to generate cash from operations. Management also uses EBITDAS to monitor the performance of ClearStream's reportable segments and believes that in addition to net income or loss and cash provided by operating activities, EBITDAS is a useful supplemental measure from which to determine ClearStream's ability to generate cash available for debt service, working capital, capital expenditures and income taxes. ClearStream has provided a reconciliation of income (loss) from continuing operations to EBITDAS in its management's discussion and analysis of the operating and financial results for the year ended December 31, 2019 (the "MD&A").

Adjusted EBITDAS refers to EBITDAS excluding the gain on sale of assets held for sale, impairment of goodwill and intangible assets, restructuring costs, gain on sale of property plant and equipment, recovery of contingent consideration liability, other loss, one time incurred expenses, impairment of right-of-use assets, bargain purchase gain and gain on remeasurement of right-of-use assets. Adjusted EBITDAS is used by ClearStream and management believes it is a useful supplemental measure from which to determine ClearStream's ability to generate cash available for debt service, working capital, capital expenditures, and income taxes. Adjusted EBITDAS is a measure that management believes facilitates the comparability of the results of historical periods and the analysis of its operating financial performance which may be useful to investors. ClearStream has provided a reconciliation of income (loss) from continuing operations to Adjusted EBITDAS in the MD&A.

Investors are cautioned that the Non-standard measures are not alternatives to measures under IFRS and should not, on their own, be construed as an indicator of performance or cash flows, a measure of liquidity or as a measure of actual return on the shares. These Non-standard measures should only be used with reference to ClearStream's Interim Financial Statements and Annual Financial Statements available on SEDAR at www.sedar.com or on ClearStream's website at www.clearstreamenergy.ca.