Canadian Equipment Rentals Corp. Announces 2016 Third Quarter Results and Fourth Amending Credit Agreement

CALGARY, ALBERTA – November 24, 2016: Canadian Equipment Rentals Corp. (the "Company") (TSX VENTURE: CFL) today announced its financial and operating results for the three and nine months ended September 30, 2016. The Company also announces that it has entered into a Fourth Amending Agreement with its lenders which expires on December 15, 2016.

Austin Fraser, Canadian Equipment Rentals Corp., President, stated that "the third quarter of 2016 was challenging for the Company as the combination of intense competition, a challenging price environment and unseasonably wet weather delaying projects, all negatively impacted revenues and earnings and resulted in a third quarter covenant breach with our senior lenders. The recently announced sale of our Waste Management division, which is expected to close on December 1, 2016, is a material step forward in our commitment to reduce our balance sheet leverage. We are currently executing on our commitment to our lenders to sell down underutilized equipment. The Company is seeing strong demand for our oilfield rental equipment going into the winter drilling season which is in turn improving pricing and is a positive sign for our energy service division."

HIGHLIGHTS

Amounts in the following tables are presented in thousands of dollars, except for per share amounts and percentages.

	Three months ended Sept 30		Nine months ended Sept 30	
(in $ 000s)	2016	2015	2016	2015
Revenue	4,198	6,492	13,105	26,968
Adjusted EBITDA [1,2]	461	2,991	1,888	9,951
Adjusted EBIT [1,2]	(9,176)	238	(16,101)	1,435
Net loss from continuing operations	(9,583)	(13,026)	(18,372)	(13,522)
Net (loss) income per share				
Basic	(0.23)	(0.35)	(0.46)	(0.37)
Diluted	(0.23)	(0.35)	(0.46)	(0.37)
Dividends declared	–	727	5,808	4,353

[1] Adjusted for severances and business acquisition costs, [2] See Financial Measures Reconciliations below

OUTLOOK

The continued uncertain and challenging economic environment resulting from the decline and instability of commodity prices currently shows no signs of significantly improving. This environment has caused the Company's customers to reduce their 2016 capital expenditure programs and delay investment decisions which has directly impacted the utilization and day rates of equipment in the Company's Energy Services and General Rentals segments. In response management has reduced headcount, including many senior positions, reduced labor hours, consolidated operating facilities

and made reductions in discretionary spending to align the cost structure to the level of activity currently experienced.

The third quarter of 2016 has however seen improvements in equipment utilization when compared to the prior quarter, albeit at historically low rental rates. It is too early to assess if this increase in drilling activity is the start of a longer-term trend in increased demand. Currently management expects activity levels and pricing for Energy Services to remain low until such time that commodity prices stabilize at a level that results in increased producer spending.

The Company's operational performance, service quality and best-in-class equipment rental fleet are instrumental to maintain and grow its market share. The continued sales of under-utilized equipment has resulted in the Company having the newest fleet of oilfield accommodation and power generation units in the energy services industry. The Company continues to expand its market reach and customer base from beyond its traditional energy services and general commercial customers to new industry segments including industrial facilities and pipeline construction. The assets acquired in the Summit Star acquisition this quarter are experiencing full utilization and are the first steps to adding more diverse revenue streams.

Subsequent to the end of the third quarter the Company announced the signing of a share purchase agreement to sell the Waste Management segment. The transaction is expected to close on December 1, 2016. This transaction advances the Company's strategy of focusing on the core rentals divisions while concurrently reducing balance sheet leverage which in turn should provide more alternative financing options.

Due to the third quarter breach of the senior lending financial ratio covenants, the Company is currently working with its senior lenders under a new Fourth Amending Agreement which provides forbearance so as to allow the Company sufficient time to negotiate and arrange a longer term amending agreement. As the Company is currently expecting to generate positive cash flow through the next 18 months, management expects to be able to either obtain long term support from the current lenders or re-finance with alternative lenders. See Liquidity and Capital Resources section for further explanation.

SELECT FINANCIAL RESULTS

On February 2, 2016, the Company acquired all the outstanding common and preferred shares of Zedcor Oilfield Rentals Ltd., a private oilfield equipment rental company with operations in Western Canada. This transaction added premier equipment rental assets with an average age of approximately three years and expanded the Company's geographic footprint and customer base. The acquisition was financed through a combination of the issuance of $4.7 million common and preferred shares, the payout of $12.8 million in debt and the issuance of a subordinated vendor take-back note with a fair value of $3.7 million.

On May 6, 2016, the Company completed the acquisition of all the assets used in the business of Summit Star Energy Services Inc. ("Summit Star"). The Company issued 1,713,318 common shares for the assets of Summit Star, which when multiplied by the volume weighted average price of the common shares of the Company over the 30 preceding trading days resulted in a stated purchase price of $0.8 million. The market closing price of $0.40 per share on the acquisition date was used to value the 1,713,318 common shares, resulting in the recorded purchase price of $0.7 million.

Revenues for the quarter ended September 30, 2016 decreased by $2.7 million or 25% from $10.7 million to $8.0 million compared to the same quarter in 2015. Although commodity prices have slightly

improved recently, the low crude oil and natural gas price environment continues to have a negative impact on the oil and gas sector and demand for rental equipment. This lower demand and wet weather conditions in the current period has caused Energy Services revenue to decrease by $0.6 million year over year. Lower commercial and residential construction due to the continued economic downturn and increased competition reduced both utilization and equipment rental pricing for the General Rentals division causing revenue to decrease by $1.7 million. Waste Management revenue decreased by $0.4 million due to the completion of a short-term project during the quarter ended September 30, 2015.

Net loss for the quarter ended September 30, 2016 was $9.6 million, an improvement of $3.0 million or 24% from a loss of $12.6 million compared to the same period in 2015. Operating margin decreased by $2.3 million from the lower revenue, depreciation increased by $0.2 million and the Company incurred a loss of $6.4 million from divesting under-utilized assets. General and administrative expenses were $0.6 million higher from severance and additional organizational costs attributed to the Zedcor acquisition. The higher long-term debt balance and the note payable contributed to the $0.3 million higher finance costs compared to the prior year's quarter ended September 30, 2015. These are offset by the lower impairment of $10.0 million and the higher income tax recovery of $2.8 million in the current period.

Adjusted EBITDA for the quarter ended September 30, 2016 decreased by $2.6 million from $3.0 million in the same quarter in 2015 to $0.4 million in the current period. All operating segments had lower adjusted EBITDA's compared to the prior year's quarter ended September 30, 2015. Energy Services adjusted EBITDA decreased by $1.1 million, General Rentals decreased by $0.9 million, Waste Management decreased by $0.3 million and Corporate adjusted EBITDA decreased by $0.3 million.

For the quarter ended September 30, 2016, the Company's Debt to EBITDA and interest coverage ratios, as defined in the Third Amending Credit Agreement and discussed in the Liquidity and Capital Resources section, were 9.02 and 1.79, respectively which resulted in a default of its senior credit covenants. See further explanation in Liquidity and Capital Resources section below.

On November 17, 2016, the Company announced it signed a share purchase agreement to sell its Waste Management operating segment to a private Canadian waste management and recycling services company. A definitive agreement has been executed and the expected close date of the transaction is December 1, 2016. Net proceeds will be used to pay down senior debt.

SELECT OPERATING RESULTS

Energy Services Division

The prolonged low commodity price environment continues to negatively impact the oil and gas sector in Western Canada. Operators' capital spending reductions persist, causing project delays, low drilling activities and low utilization of the Energy Services segment rental equipment. The weak demand for equipment and high competition from other service providers with idle assets have led to aggressive pricing measures, decreasing operating margins year over year.

For the quarter ended September 30, 2016, Energy Services revenue of $2.4 million declined by $0.6 million compared to the similar period in 2015. Gross margin of negative $0.5 million decreased $0.4 million compared to the three months ended September 30, 2015. Depreciation expense increased $0.2 million compared to the same period in the prior year. The addition of the Zedcor and Summit Star equipment fleet added $0.8 million in depreciation, but the divestiture of equipment throughout the current fiscal year lowered depreciation by $0.6 million.

Energy Services identified certain under-utilized equipment during the quarter ended September 30, 2016 which were sold along with some of the Assets Held for Sale as identified in the quarter ended March 31, 2016. The surplus equipment that was not reclassified to Assets Held for Sale in the current quarter and had proceeds of $1.7 million, resulting in a net loss on disposal of $6.5 million.

General Rentals Division

Reduced equipment rental volume and lower rental pricing continue in the general rents space due to the continued economic downturn in Alberta and the saturation of idle equipment in Alberta. Given the decreased equipment utilization and rental rate conditions in the sector, General Rentals segment experienced lower revenue by $1.3 million when compared to the same quarter in 2015.

Gross margin decreased by $0.9 million from both the reduced revenue and restructuring costs incurred in the quarter of $0.2 million. However, General Rentals was able to maintain a positive gross margin percentage of 46%, excluding severance and depreciation, in the current period compared to 50% for the three months ended September 30, 2015. The General Rentals segment continues to closely monitor its cost structure and competitors' activities and take the necessary measures to preserve its margin and customer base.

Waste Management Division

For the period ended Q3 2016, the Waste Management segment is classified as a discontinued operation. Waste Management's revenue of $3.8 million decreased by $0.4 million compared to the same quarter in the prior year due to a one-time, short-term project that was completed in the quarter ended September 30, 2015.

Gross margin of $0.6 million in the current period decreased by $0.4 million from the three months ended September 30, 2015 due to the lower revenue and $0.1 million higher depreciation from additional equipment required for the long-term contracts awarded at the beginning of fiscal 2016.

On November 17, 2016, the Company announced its intention to sell its Waste Management operating segment and wholly owned subsidiary, MCL Waste Systems & Environmental Inc., to a private Canadian waste management and recycling services company. The transaction still requires approval by the regulatory authorities. The expected close date of the transaction is December 1, 2016.

SELECTED QUARTERLY FINANCIAL INFORMATION

(Unaudited – in $ 000s)	Sept 30 2016	June 30 2016	Mar 31 2016	Dec 31 2015	Sept 30 2015	June 30 2015	Mar 31 2015	Dec 31 2014
Revenue	4,198	3,232	5,675	5,934	6,492	5,846	14,630	17,273
Net income (loss) from continuing operations	(9,583)	(4,975)	(3,814)	(16,689)	(13,026)	(1,784)	1,287	2,007
Net income (loss) from discontinued operation	—	200	(288)	(491)	387	(182)	(45)	29
Adjusted EBITDA[1]	461	294	1,131	649	2,991	1,273	5,687	6,861
Adjusted EBITDA per share – basic[1] ($)	0.01	0.01	0.03	0.00	0.08	0.03	0.15	0.19
Net income (loss) per share from continuing operations								
Basic ($)	(0.23)	(0.12)	(0.11)	(0.46)	(0.36)	(0.05)	0.03	0.06
Diluted ($)	(0.23)	(0.12)	(0.11)	(0.46)	(0.36)	(0.05)	0.03	0.06
Net income (loss) per share from discontinued operation								
Basic ($)	(0.00)	0.00	(0.00)	(0.00)	0.00	(0.00)	(0.00)	0.00

Diluted ($)	(0.00)	0.00	(0.00)	(0.00)	0.00	(0.00)	(0.00)	0.00
Adjusted free cash flow [1]	(1,772)	2,637	3,382	970	(217)	4,833	3,420	3,406

LIQUIDITY AND CAPITAL RESOURCES

On April 28, 2016, the Company's Syndicated Bank Credit Facility was amended under the Third Amending Agreement to amend the Debt to EBITDA and Interest Coverage ratios as follows.

Third Amending Agreement	Mar 31 2016	June 30 2016	Sept 30 2016	Dec 31 2016	Mar 31 2017	Thereafter
Debt/EBITDA	5.75:1	5.50:1	5.50:1	4.00:1	3.50:1	3.00:1
Interest Coverage	3.25:1	3.25:1	2.50:1	2.75:1	3.25:1	3.50:1

For the quarter ended September 30, 2016, the Company is in breach of its financial leverage and interest coverage covenants included in the April 28, 2016 Third Amending Credit Agreement. The leverage covenant measures the Company's financial leverage (long term senior debt less cash) as a multiple of its EBITDA. Management forecasts the leverage covenant breaches will persist through the fourth quarter of 2016. The interest coverage covenant, which measures the Company's ability to service the debt, is forecasted to remain in breach through 2017.

A breach constitutes an event of default under the Agreement, which provides the lenders several alternatives including a waiver of the breach, an amendment to the Agreement to reset the covenant or a requirement to repay the borrowings.

On November 24, 2016, the Company signed a Fourth Amending Agreement in which the lender agrees to forbear from demanding repayment or enforcing its security under the Agreement. This will allow for the Company to provide the lender with a go forward plan that will show reduced debt, improved leverage ratios, and if needed, alternative financing solutions. Assuming the plan is acceptable to the lender, it is then expected that a longer amending agreement will be executed which will provide the Company time to execute on the plan. Based on the discussions to date, and the Company's current and forecasted financial condition, management expects to have an acceptable amendment in place during the first quarter of 2017. The Company is concurrently exploring alternative external financing in the event the lenders elect to call the loan upon expiry of the Fourth Amending Agreement.

Under the terms of the amending agreement the authorized amount of the revolving facility is reduced to $46.1 million at November 24, 2016, while the authorized amount of the revolving capex facility remains at $6.5 million. The authorized amount of both facilities will be reduced by amounts equal to the net proceeds realized from the disposition of assets, with reductions first to the capex facility and then to the operating facility. Interest payable on loans drawn under the Fourth Amending Agreement will be bank prime rate plus 600 bps.

Despite the foregoing, since the lenders have the right to, and may, after the expiration of the forbearance agreement, demand repayment, the current situation gives rise to a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

NON-IFRS MEASURES RECONCILIATION

The Company uses certain measures in this MD&A which do not have any standardized meaning as prescribed by International Financial Reporting Standards ("IFRS"). These measures which are derived from information reported in the consolidated statements of operations and comprehensive income may not be comparable to similar measures presented by other reporting issuers. These

measures have been described and presented in this MD&A in order to provide shareholders and potential investors with additional information regarding the Company.

Investors are cautioned that EBITDA, adjusted EBITDA and adjusted EBITDA per share, adjusted free cash flow and payout ratio are not acceptable alternatives to net income or net income per share, a measurement of liquidity, or comparable measures as determined in accordance with IFRS.

EBITDA and Adjusted EBITDA

EBITDA refers to net income before finance costs, income taxes, depreciation, amortization, and gains or losses on disposal of property and equipment. Adjusted EBITDA is calculated as EBITDA before costs associated with business acquisition costs and share based compensation. These measures do not have a standardized definition prescribed by IFRS and therefore may not be comparable to similar captioned terms presented by other issuers.

Management believes that EBITDA and Adjusted EBITDA are useful measures of performance as they eliminate non-recurring items and the impact of finance and tax structure variables that exist between entities. “Adjusted EBITDA per share – basic” refers to Adjusted EBITDA divided by the weighted average basic number of shares outstanding during the relevant periods.

A reconciliation of net income to Adjusted EBITDA is provided below:

	Three months ended Sept 30		Nine months ended >Sept 30	
(in $000s)	2016	2015	2016	2015
Net loss from continuing operations	(9,583)	(13,026)	(18,372)	(13,522)
Add:				
Finance costs	463	286	1,476	969
Depreciation	9,080	2,373	16,621	7,366
Amortization of intangibles	165	357	495	1,070
Impairment of property and equipment	2,466	—	7,875	—
Impairment of intangibles and goodwill	—	12,547	—	12,547
Purchase gain	—	—	(2,664)	—
Other gain	—	—	(766)	—
Income taxes (recovery)	(3,369)	(762)	(6,560)	(805)
EBITDA	(69)	2,896	69	9,585
Add:				
Stock based compensation	117	36	121	113
Severance costs	364	38	1,227	210
Business acquisition costs	49	21	471	45
Adjusted EBITDA	461	2,991	1,888	9,953

Adjusted EBIT

Adjusted EBIT refers to earnings before interest and finance charges, taxes, amortization, impairment of intangibles, purchase gain, other gain, severance costs and business acquisition costs.

A reconciliation of net income to Adjusted EBIT is provided below:

	Three months ended Sept 30		Nine months ended Sept 30	
(in $000s)	2016	2015	2016	2015
Net loss from continuing operations	(9,583)	(13,026)	(18,372)	(13,522)
Add:				
Finance costs	463	286	1,476	969
Amortization of intangibles	165	357	495	1,070
Impairment of property and equipment	2,466	—	7,875	—
Impairment of intangibles and goodwill	—	12,547	—	12,547
Purchase gain	—	—	(2,664)	—
Other Gain	—	—	(766)	—
Income Taxes (recovery)	(3,369)	(762)	(6,560)	(805)
Severance costs	364	38	1,227	210
Business acquisition costs	49	21	471	45
Discontinued operation	269	776	716	921
Adjusted EBIT	(9,176)	237	(16,102)	1,435

No Conference Call

No conference call will be held in conjunction with this release. Full details of the Company's financial results, in the form of the condensed consolidated interim financial statements and notes for the three and nine months ended September 30, 2016 and Management's Discussion and Analysis of the results are available on SEDAR at www.sedar.com and on the Company's website at www.cerfcorp.com.

About Canadian Equipment Rentals Corp.

Canadian Equipment Rentals Corp. is a Canadian public corporation with three operating divisions: Energy Services, General Rentals and Waste Management. The Energy Services division is engaged in the rental of surface rentals and accommodations to the Western Canadian Oil and Gas Industry. The General Rentals division is engaged in the rental of industrial and construction equipment. And the Waste Management division is engaged in waste facilities management and collections. The Company trades on the TSX Venture Exchange under the symbol "CFL".

FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this press release constitute forward-looking statements or forward-looking information, including management's assessment of expected activity levels continuing through 2016, and expected decrease in demand for rental equipment over the next year as well as forecasted economic measures for the Province of Alberta and oil and natural gas prices and the effect on drilling programs as a result of the decline in oil prices. Forward-looking statements or information may contain statements with the words "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", "budget", "should", "project", "would have realized', "may have been" or similar words suggesting future outcomes or expectations. Although the Company believes that the expectations implied in such forward-looking statements or information are reasonable, undue reliance should not be placed on these forward-looking statements because the Company can give no assurance that such statements will prove to be correct. Forward-looking statements or information are based on current expectations, estimates and projections that involve a number of assumptions about the future and uncertainties. These assumptions include that demand

for industrial rental equipment, will remain relatively constant or grow marginally through 2016, that the economic downturn caused by the low oil price environment will not affect the performance of the waste management segment, that the Company's proactive cost cutting measures currently being implemented will protect future margins and that the Company's diverse operations will protect against profound down swings in the economic environment. Although management believes these assumptions are reasonable, there can be no assurance that they will be proved to be correct, and actual results will differ materially from those anticipated. For this purpose, any statements herein that are not statements of historical fact may be deemed to be forward-looking statements. The forward-looking statements or information contained in this press release are made as of the date hereof and the Company assumes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new contrary information, future events or any other reason, unless it is required by any applicable securities laws. The forward-looking statements or information contained in this press release are expressly qualified by this cautionary statement.

For further information contact:

Austin Fraser
President
P: (403) 930-5433
E: afraser@cercorp.com

Ken Olson
Chief Financial Officer
P: (403) 930-5434
E: kolson@cercorp.com