Tervita Corporation Announces Second Quarter 2018 Results for Tervita and Newalta

Revenue Growth, Continued Cost Savings and Increased Growth Capital Highlight the Quarter

Calgary, AB, August 9, 2018 - Tervita Corporation ("Tervita", the "Company") (TSX: TEV) announced today the results for Tervita and Newalta Corporation ("Newalta") on a standalone basis, for the three and six months ended June 30, 2018. As the closing of the amalgamation of Tervita and Newalta occurred following the end of Q2 2018, the entities have reported standalone financial results. Tervita's first consolidated financial results will be for Q3 2018 which will be released in November following Q3 2018.

Tervita has provided high level pro forma results to assist shareholders. All financial figures are in millions of Canadian dollars unless otherwise noted.

Message from the President & CEO

"We are extremely excited about the recently completed merger with Newalta and the opportunities it will provide for investors, customers and employees" said John Cooper, President and CEO. "Our combined second quarter pro forma financial results show significant strength in some business segments and stability in others. This demonstrates that the size and scope of the new company will lead to lower volatility and risk for investors while still providing the potential for double-digit growth backed by a strong, self-funded balance sheet. Moreover, we are now able to provide even more solutions for our customers, helping them to lower their costs through safe, efficient and environmentally responsible solutions."

Highlights for Tervita (Pro forma)

- On July 19, 2018, Tervita and Newalta completed the Plan of Arrangement (the "Arrangement") culminating in the amalgamation of the two companies into one publicly-traded company, Tervita Corporation, representing a significant transformative transaction that strategically positions the merged business for future growth. The amalgamated company began trading as Tervita Corporation on July 24, 2018 on the Toronto Stock Exchange ("TSX") under the trading symbol "TEV" (common shares) and "TEV.WT" (Warrants).
- The merged Tervita now has among the largest network of oil field waste treatment and disposal facilities in Canada providing substantial and broad exposure to all of the current major oil and gas plays in Western Canada. The addition of onsite and drill site businesses is expected to significantly enhance its customer offering across its facility network.

- The pro forma results demonstrate the combined strengths of the new company. Increased size and scope is expected to lessen some of the cyclical volatility for the company as a whole and risk for investors, while keeping the combined upside growth potential.
- On a pro forma basis, Tervita's consolidated second quarter revenue and net loss for the six months ended June 30, 2018 would be approximately $1.1 billion and $14 million, respectively. Adjusted EBITDA year-to-date was $93 million (excluding all expected synergies).
- Combined general and administrative ("G&A") costs on a pro forma basis for the six months ended June 30, 2018 are $34 million, representing approximately 9% of revenue excluding energy marketing.
- Expansion and growth capital for the two companies was approximately $32 million in the first half of 2018, up significantly from 2017.
- Tervita is proactively executing initiatives to generate $40 to $45 million in annualized synergies. To date, Tervita has taken steps expected to generate $7 million of synergies in 2018 ($12 million annualized). We continue to expect $40 to $45 million in annualized synergies at a one-time cost of $15 to $20 million by August 2020.
- This transaction significantly enhances Tervita's ability to generate discretionary free cash flow sufficient to fully fund the organic capital growth plans of the combined company and manage leverage back to pre-transaction levels within two years.

Pro Forma Statement of Profit (Loss)[(1)]

	Six Months Ended June 30, 2018			
	Tervita	Newalta	Pro Forma Adjustments	Pro Forma Consolidated
Revenue (excluding energy marketing)	**240**	120	-	360
Energy marketing revenue	**690**	-	-	690
Revenue	**930**	120	-	1,050
Operating expenses				
Direct operating expenses (excluding energy martketing)	**(150)**	(84)	-	(234)
Energy marketing direct operating expenses	**(690)**	-	-	(690)
General and administrative	**(21)**	(13)	-	(34)
Depreciation and amortization	**(32)**	(30)	-	(62)
Operating profit (loss)	**37**	(7)	-	30
Finance costs[(2)]	**(27)**	(15)	1	(41)
Other income (expense)[(3)]	**(6)**	(5)	9	(2)
Profit (loss) before tax	**4**	(27)	10	(13)

(1) *Presents an unaudited pro forma statement of comprehensive profit or loss for the six months ended June 30, 2018 as if the Arrangement had been completed at January 1, 2018. Refer to Tervita's and Newalta's Q2 2018 unaudited Financial Statements for further information.*

(2) *The adjustment to finance costs represents the difference between the finance costs related to the Escrow Notes and the finance costs related to the Newalta secured and unsecured debt settled through the Arrangement.*

(3) *Other income (expense) is adjusted for the elimination of expenses related to the Arrangement incurred by Tervita and Newalta.*

Pro Forma Statement Adjusted EBITDA(1)

	Six Months Ended June 30 2018
Net profit (loss)	(14)
Add back:	
Severance costs	1
Depreciation and amortization	62
Finance costs	41
Other expense (income)	2
Income taxes expense (recovery)	1
Adjusted EBITDA	93
Adjusted EBITDA margin	*26%*

(1) *Adjusted EBITDA and Adjusted EBITDA margin are Non-GAAP measures. Please refer to Tervita's unaudited Q2 2018 Financial Statements and the section "Non-GAAP Measures of the Management's Discussion and Analysis" and Newalta's unaudited Q2 2018 Financial Statements and the section "Reconciliation of Non-GAAP Measures" of the Management's Discussion and Analysis for the definition and reconciliation of such Non-GAAP measures.*

Synergy Updates

- We expect $40 to $45 million of annualized synergies to be achieved by August 2020 at an anticipated one-time cost of $15 to $20 million.
- Execution of the integration plan began immediately after the completion of the Arrangement. In the three weeks following the completion of the Arrangement, Tervita has proactively taken actions that are expected to generate approximately $7 million of synergies in 2018 ($12 million annualized).
- Through the remainder of 2018, Tervita expects to execute a number of significant cost saving initiatives including the consolidation of corporate offices into one location, the closure of overlapping field offices and certain underutilized Energy Services facilities, the utilization of complementary infrastructure and service lines offered by the combined company, and the integration of energy marketing activities.
- A detailed review of the combined capital growth opportunities has begun, as management identifies and prioritizes Tervita's strategic projects. We have a significant backlog of high return organic greenfield and brownfield capital projects which we intend to pursue, as we continue our focus on providing enhanced customer value. We plan to communicate full capital plans with the release of our Q3 2018 results. Tervita will continue to deploy capital to expand current facilities and build new ones in areas of high current industry activity to service continuing increases in customer demand.

Outlook

- Tervita anticipates a significant increase in Adjusted EBITDA and Discretionary Free Cash Flow for the remainder of the year with the contributions from the newly acquired facilities, onsite businesses and realized synergies.
- Divisional EBITDA for Energy Services are expected to increase substantially in the second half of 2018 compared to 2017 due to the addition of Newalta's disposal facilities, the Drill site and Onsite businesses and the implementation of cost saving measures and synergies.
- Industry expectations are for continued higher Western Canadian netbacks resulting in marginally higher levels of industry activity for the remainder of 2018. We continue to expect a higher intake of waste volumes in Energy Services for the second half of the year.
- We forecast revenues from our Industrial Services segment, which is seasonal in nature, to continue to improve for the second half of the year, particularly for project-related services as we move into the busy season for environmental remediation and reclamation project work and continued growth from our metals recycling business.
- Maintenance capital spending has been increased to $40-$45 million from $36-$41 million to incorporate Newalta's planned capital spending. 2018 maintenance spending is higher than our expected average run rate due to repair work being conducted at one of Tervita's landfills.
- The Board has approved growth and expansion capital projects of $135 million with 50% - 70% expected to be spent in 2018 and the remainder in 2019. This includes the ongoing expansion of our cavern facilities, expansion at four of our landfills, expansion of two of our treating, recovery and disposal facilities ("TRDs") in the Montney play and two water disposal projects also focused on the Montney play. These projects are focused on our customers' growing needs, and reflect our capacity to serve their new development. We anticipate these projects will all be completed by mid-2019 and are intended to support the continued growth in our customer service offerings and financial performance.
- The evaluation of the combined businesses expansion and growth opportunities for 2019 and beyond is underway. Tervita's pipeline of organic capital projects is intended to drive low double-digit growth in Adjusted EBITDA over the next two to three years, excluding Newalta synergies and assuming, among other things, similar to slightly improved WCSB market activity.
- We expect our capital program to be funded from cash flows generated by the combined business with any excess cash currently targeted to manage net debt and reduce leverage.

Key Q2 2018 Highlights – Tervita (Standalone)

- Q2 2018 revenue of $540 million rose $167 million (45%) over the prior year reflecting strong energy marketing volumes, increased WTI prices and higher project activity in our Industrial Services division.
- Year-to-date revenue of $930 million increased by $108 million over prior year driven by higher WTI prices with relatively consistent oil volumes marketed.

- Earnings continue to strengthen, net income for the second quarter was $nil, an increase of $12 million compared to 2017.
- Year-to-date net profit improved by $17 million over the prior year to $3 million primarily due to a decrease in corporate expenses and depreciation partially offset by lower Divisional EBITDA from both the Energy Services' and Industrial Services divisions.
- Q2 2018 Adjusted EBITDA of $33 million for the second quarter of 2018 remained in line with the same period last year. Spring break up did not have as big an impact on the quarter as initially expected with results in line with the previous year's strong Q2 results.
- Year-to-date Adjusted EBITDA of $70 million decreased 5% from the prior year.
- Energy Services Q2, 2018 Divisional EBITDA was in line with the prior year at $35 million. Higher margins reflecting continued focus on cost discipline were offset by marginally lower industry activity levels and related waste volumes across our facility network.
- Industrial Services Q2, 2018 Divisional EBITDA was $9 million, 13% ahead of 2017 reflecting the expected increase in project related work as well as continued growth in the metals recycling business.
- Q2 2018 G&A costs were $10 million, excluding $1 million of enterprise-wide planning resource system ("ERP") integration costs, in line with prior year, driven by our continued focus on corporate overhead cost discipline.
- G&A expenses for the year-to-date declined 32% over prior year to $21 million, reflecting our dedicated focus to cost discipline and customer focused spending.
- Tervita spent $30 million on capital projects in the first six months of 2018, an $11 million increase over 2017. Virtually all of the increased spending was directed towards expansion and customer growth activities focused in the higher activity areas in our Energy Services Division.

Tervita (Standalone) Financial Results [1]

	Three Months Ended June 30			Six Months Ended June 30		
	2018	2017	*% Change*	**2018**	2017	*% Change*
Revenue (net of energy marketing revenue and direct costs)	**540**	373	*45%*	**930**	822	*13%*
General and adminstrative expenses	**(11)**	(12)	*-8%*	**(21)**	(31)	*-32%*
Net profit (loss)	**-**	(12)	*-100%*	**3**	(14)	*-121%*
- per share ($), basic and diluted	**-**	(0.11)	*-100%*	**0.03**	(0.13)	*-123%*
Adjusted EBITDA [2]	**33**	33	*0%*	**70**	74	*-5%*
Energy Services Divisional EBITDA [2]	**35**	35	*0%*	**79**	82	*-4%*
Industrial Services Divisional EBITDA [2]	**9**	8	*13%*	**11**	15	*-27%*
Maintenance capital expenditures	**5**	5	*n/m*	**9**	7	*n/m*
Growth and expansion capital expenditures	**10**	5	*n/m*	**21**	12	*n/m*
Shares outstanding. June 30, 2018	**104,626**	104,626	*0%*	**104,626**	104,626	*0%*
Weighted average shares outstanding, June 30, 2018	**104,626**	104,626	*0%*	**104,626**	104,626	*0%*

(1) *Refer to Tervita's Q2 2018 Management's Discussion and Analysis and unaudited Condensed Consolidated Financial Statements for further information.*

(2) *These financial measures are Non-GAAP measures and are, therefore, unlikely to be comparable to similar measures presented by other issuers. These Non-GAAP financial measures are defined and reconciled in Tervita's Q2 2018 MD&A.*

(3) *As at August 9, 2018 Tervita had 117,557,112 common shares outstanding and 2,702,649 million Warrants.*

Key Q2 2018 Highlights – Newalta (Standalone)

- Q2 2018 revenue of $58 million in Q2 2018 remained flat to prior year as increased commodity prices were offset by lower mining contributions in Heavy Oil Onsite.
- Year-to-date revenue of $119.9 million remained flat to prior year as higher facility volumes and commodity prices were largely offset by decreased mining contributions in Heavy Oil Onsite.
- Adjusted EBITDA for the quarter was $11.0 million, a 15% increase compared to prior year driven by contributions from both Heavy Oil and Oilfield Facilities as well as G&A savings of $1.2 million, partially offset by decreased contributions from Heavy Oil Onsite and Drilling Services.
- Year-to-date Adjusted EBITDA improved by 18% over prior year to $23.7 million, primarily driven by Heavy Oil Facilities and G&A savings.
- Net loss for the quarter of $16.1 million remained flat to prior year as G&A savings and reduced depreciation and amortization were offset by increased stock-based compensation.
- Year-to-date net loss of $26.5 million improved by 13% over prior year primarily driven by the $2.4 million reversal of impairment of certain Heavy Oil assets, G&A savings of $1.9 million and increased contributions from the Oilfield division, partially offset by increased restructuring and other expenses.
- G&A costs decreased by 17% and 13% over prior year to $5.7 and $12.5 million, respectively for the three and six months ended June 30, 2018. The year-over-year improvement was primarily driven by reductions in headcount.

- Newalta spent $15 million on capital over the first six months of 2018, $10 million more than was spent in 2017 during the same period. The increased spending was directed toward growth projects including the development of greenfield facilities in areas of high industry activity and adding new deep-water disposal wells to meet continuing growth in customer demand for these services.

Newalta (Standalone) Financial Results[1]

	Three Months Ended June 30			Six Months Ended June 30		
	2018	2017	%	**2018**	2017	%
Revenue	**58**	58	*0%*	**120**	119	*1%*
General and adminstrative expenses	**(6)**	(7)	*-17%*	**(13)**	(14)	*-13%*
Net profit (loss)	**(16)**	(16)	*0%*	**(27)**	(31)	*-13%*
- per share ($), basic and diluted	**(0.18)**	(0.18)	*0%*	**(0.30)**	(0.35)	*-14%*
Adjusted EBITDA [2]	**11**	10	*15%*	**24**	20	*18%*
Maintenance capital expenditures	**2**	2	*n/m*	**4**	3	*n/m*
Growth and expansion capital expenditures	**4**	1	*n/m*	**11**	2	*n/m*
Shares outstanding - June 30, 2018 [3]	**88,148**	88,148	*0%*	**88,148**	88,148	*0%*
Weighted average shares outstanding, June 30, 2018	**88,148**	88,148	*0%*	**88,148**	88,148	*0%*

(1) *Refer to Newalta's Q2 2018 Management's Discussion and Analysis and unaudited Condensed Consolidated Financial Statements for further information.*

(2) *These financial measures are Non-GAAP measures and are, therefore, unlikely to be comparable to similar measures presented by other issuers. These Non-GAAP financial measures are defined and reconciled in Newalta's Q2 2018 MD&A.*

(3) *After giving effect to the Arrangment, pursuant to which each former shareholder of Newalta received 0.1467 of one common share of Tervita Corporation for each Newalta common share held and 0.03066 of on Warrant, Tervita Corporation has 117,557,112 common shares outstanding and 2,702,649 million Warrants.*

Management's Discussion and Analysis and Financial Statements

The Q2 2018 MD&A and Interim Financial Statements, which contain additional notes and disclosures, for each standalone entity are available on SEDAR under Tervita Corporation at www.SEDAR.com or on our website at www.tervita.com on the Investor Relations page.

Second Quarter 2018 Conference Call

Tervita will host a conference call on Friday August 10, 2018 at 11:00 a.m. MT to discuss details related to the second quarter. To participate in the conference call, 647-427-7450 or toll free 1-888-231-8191. To access the simultaneous webcast, please visit www.tervita.com/. For those unable to listen to the live call, a taped broadcast will be available at www.tervita.com and, until midnight on Friday, August 17, 2018 by dialing 855-859-2056 and using the pass code 2745799.

About Tervita

Tervita has close to 40 years of operational experience in Canada as a leading environmental solutions provider. Our integrated earth, water, waste and resource solutions deliver safe and efficient results through all phases of a project by minimizing impact, maximizing returns.™ Our dedicated employees are trusted sustainability partners to oil and gas, construction, mining, government and communities. Safety is our highest priority: it influences our actions and shapes our culture. For more information visit Tervita.com.

Advisories

Forward-Looking Information

This news release contains certain statements that may be "forward-looking statements" or "forward-looking information" within the meaning of applicable securities laws. Forward looking statements are statements that are not historical facts and are often, but not always, identified using words or phrases such as "expects", "plans", "anticipates", "intends", "estimates", "estimated", "projects", "potential" and similar expressions, or stating that certain actions, events or conditions "will", "would", "may", "might", "could" or "should" occur or be achieved or other similar terminology. In particular, but without limiting the foregoing, this news release contains forward-looking statements or information pertaining to, the anticipated benefits of the Arrangement involving Tervita and Newalta, certain combined and pro forma financial information relating to Tervita and Newalta, our plans and objectives for future operations, anticipated operational and financial performance (including anticipated benefits from synergies and cost reductions), the nature of our operations since completion of the Arrangement, our growth strategy and our ability to take advantage of future growth opportunities, our cash flow, liquidity and financial position, our expectations regarding our maintenance capital spending, growth and expansion capital projects and sources of funding for our capital program, our expectations regarding higher oil and gas industry activity, our expectations regarding favourable seasonal conditions in respect of our Industrial Services segment, our expectations that oil and gas producers will continue to outsource waste by-product treatment and disposal and that it is difficult for third parties to replicate the expensive footprint of our facilities. By their nature, forward-looking statements and information involve known and unknown opportunities, costs, risks and uncertainties that may cause actual results; to differ materially from those anticipated. Risks and uncertainties that may affect actual results include, without limitation, our ability to realize the expected benefits of the Arrangement, decreases in exploration, drilling and production activity levels in the markets where we offer our services, customers may decide to no longer outsource their waste management and other environmental service activities, risks related to non-compliance with environmental laws or delays resulting from such non-compliance, legislative and regulatory initiatives that impact our business, competition, fluctuations in commodity prices and exchange rates and volatility in global financial conditions. With respect to the forward-looking statements and information contained in this news release, Tervita has made assumptions regarding, among other things: our ability to integrate our business with that of Newalta, the realization of the anticipated benefits and other synergies and cost savings of the Arrangement, the stability of the industries in which we operate, the creditworthiness of our customers, commodity prices, no material changes in the legislative and operating framework our business, our ability to access capital, our ability to successfully market our business in the areas in which we operate, conditions of the oil and gas industry in our current and proposed market, general economic, business and market conditions, our future debt levels and the impact of increasing competition. Although Tervita believes the expectations expressed in such forward-looking statements and information are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in forward looking statements. Forward-looking statements and information are based on the beliefs, estimates and opinions of Tervita's management on the date the statements are made. Except as required by law, Tervita undertakes no obligation to update these forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change.

The forward-looking statements and information included in this news release are expressly qualified in their entirety by this cautionary statement. Tervita cautions that the foregoing list of assumptions, risks and uncertainties is not exhaustive. The forward-looking statements and information contained in this news release are made as of the date hereof, and Tervita does not undertake any obligation to update publicly or to revise any of the included forward-looking statements or information, whether as a result of new information, change in management's estimates or opinions, future circumstances or events or otherwise, except as expressly required by applicable securities law.

Any financial outlook in this document, as defined by applicable securities legislation has been approved by management of Tervita. Such financial outlook is provided with the purpose of providing information about management's current expectation and management's plans relating to the future. Readers are cautioned that reliance on such information may not be appropriate for other purposes.

Non-GAAP Financial Measures

Certain financial measures in this news release are not prescribed by Internal Financial Reporting Standards ("IFRS") and therefore are considered non-GAAP measures. All non-GAAP measures presented herein do not have any standardized meaning and therefore are unlikely to be comparable to similar measures presented by other companies. Therefore, these non-GAAP measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. All non-GAAP measures are included because management uses the information to analyze operating performance and results, and therefore may be considered useful information by investors. Any non-GAAP measure presented herein has been identified and the applicable definition and reconciliation of such non-GAAP measure can be found in each of Tervita and Newalta's Q2 2018 MD&A.

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