Tervita Corporation Announces Third Quarter 2018 Results

Revenue Growth and Strong Margins Highlight the Quarter and Year to Date

Calgary, AB, November 14, 2018 - Tervita Corporation ("Tervita" or the "Company") (TSX: TEV) announced today the results for the three and nine months ended September 30, 2018. All financial figures are in millions of Canadian dollars unless otherwise noted.

Message from the President and CEO

"In Q3 2018, our combined operations delivered strong performance with Adjusted EBITDA increasing 69% year-over-year to $71 million, with an Adjusted EBITDA margin of 35%. These results reflect our recent merger with Newalta and contributions from our growth and expansion investments in key regions," said John Cooper, President and CEO. "The integration is progressing well and synergies are on track with the combination of the two companies delivering exactly the kind of incremental benefits we had envisioned. We expect annualized run rate synergies of $20 to $22 million by the end of 2018, and to deliver $40 to $45 million of annualized synergies by August 2020."

"This is a period of significant development for our business and we intend to make the most of our expanded infrastructure and services while also driving continuous improvement across all operations," continued Cooper. "Although the overall industry outlook is somewhat tempered due to current challenges facing the Canadian oil and gas sector, our expanded network is well positioned to provide our customers with opportunities to obtain the best available price for their products. We expect to finish the year with continued positive momentum. With a strong balance sheet underpinned by more stable production-related revenue, we remain well positioned to deliver double-digit growth and to capitalize on emerging market catalysts as they arise."

Q3 2018 Highlights

- 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.
- Q3 2018 Adjusted EBITDA was up 69% year-over-year to $71 million, primarily due to higher Energy Services Divisional EBITDA related to increased terminalled and marketed oil volumes, increased volumes to landfills, contributions from the Newalta acquisition and positive contributions from 2017 growth spending in Energy Services facilities and Industrial Services metals yards.
- The acquisition of Newalta contributed $17 million of additional Adjusted EBITDA including $4 million of Adjusted EBITDA synergies. We anticipate 2018 earned synergies of $8 to $10 million representing an annualized run rate of $20 to $22 million

by the end of 2018. One-time costs incurred by the end of 2018 are estimated to be $9 to $10 million. We continue to expect to realize $40 to $45 million in annualized synergies at a one-time cost of $15 to $20 million.

- YTD 2018 Adjusted EBITDA increased 22% year over year to $141 million, primarily due to the Newalta acquisition and higher throughput of marketed oil volumes in Energy Services.
- Q3 2018 revenue increased by $347 million (118%) over Q3 2017 primarily driven by higher West Texas Intermediate ("WTI") prices on increased marketed and terminalled oil volumes. In addition, the Newalta acquisition contributed $53 million. YTD 2018 revenue increased by $455 million (41%) over YTD 2017 due to the same reasons as Q3 2018.
- Tervita recognized a $2 million net loss for Q3 2018, consistent with the net loss in Q3 2017, as the improvement in Adjusted EBITDA and lower depreciation expense were offset by transaction costs related to the Arrangement as well as higher interest expense associated with new debt.
- YTD net profit improved by $17 million over 2017 YTD to $1 million primarily due to the improvement in Adjusted EBITDA and a decrease in corporate expenses and depreciation, partially offset by transaction costs and interest expense. In addition, the YTD 2017 net loss included the recognition of a $12 million onerous contract provision for head office space and $6 million of legal provisions.
- General and Administrative ("G&A") costs YTD 2018 improved from 11% to 8% of revenue (excluding energy marketing) compared to YTD 2017, reflecting our continued focus on overhead cost discipline. Excluding severance and $3 million from acquired Newalta operations, G&A YTD 2018 decreased by $2 million over YTD 2017.
- Tervita spent $48 million on capital projects in the YTD 2018, a $12 million increase over YTD 2017. Virtually all the increased spending was directed towards expansion and customer growth activities focused in the higher activity areas of Energy Services.

Operational Highlights

- Tervita's acquisition of Newalta positively impacted our Q3 2018 and combined YTD 2018 Divisional EBITDA with a contribution of $20 million.
- Q3 2018 and YTD 2018 Divisional EBITDA were also positively impacted by our growth in terminalled and marketed oil volumes in the Montney play and throughout our expansive network due to pricing inefficiencies created by a shortage of egress pipeline capacity in the Western Canadian Sedimentary Basin ("WCSB").
- Energy Services Q3 2018 Divisional EBITDA increased $32 million, 74% ahead of Q3 2017 to $75 million, with $19 million from the Newalta acquisition. The remaining increase was due to the increased volumes at our Treatment Recovery and Disposal ("TRD") facilities and higher soil remediation volumes at landfills, including volumes sourced from environmental services related-projects from Industrial Services.
- Industrial Services Q3 2018 Divisional EBITDA was $10 million, $1 million ahead of Q3 2017 primarily due to acquired Newalta operations.

Financial Highlights [1]

	Three Months Ended September 30				Nine Months Ended September 30			
	2018	2017	Increase (Decrease)	*% Change*	2018	2017	Increase (Decrease)	*% Change*
Energy Services revenue								
Facilities revenue	**117**	73	44	*60%*	**260**	218	42	*19%*
Onsite revenue	**20**	-	20	*100%*	**20**	-	20	*100%*
Energy marketing revenue	**439**	161	278	*173%*	**1,129**	744	385	*52%*
	576	234	342	*146%*	**1,409**	962	447	*46%*
Industrial Services revenue	**69**	64	5	*8%*	**168**	162	6	*4%*
Intersegment eliminations	**(3)**	(3)	-	*0%*	**(5)**	(7)	2	*-29%*
Revenue	**642**	295	347	*118%*	**1,572**	1,117	455	*41%*
Revenue excluding energy marketing	**203**	134	69	*51%*	**443**	373	70	*19%*
General and administrative expenses	**(14)**	(10)	4	*40%*	**(35)**	(41)	(6)	*-15%*
Profit (loss) from continuing operations	**(2)**	(2)	-	*0%*	**1**	(17)	18	*106%*
- per share ($), basic and diluted	**(0.02)**	(0.02)	-	*0%*	**0.01**	(0.16)	0.17	*106%*
Net profit (loss)	**(2)**	(2)	-	*0%*	**1**	(16)	17	*106%*
- per share ($), basic and diluted	**(0.02)**	(0.02)	-	*0%*	**0.01**	(0.15)	0.16	*107%*
Adjusted EBITDA [1]	**71**	42	29	*69%*	**141**	116	25	*22%*
- per share ($), basic and diluted	**0.62**	0.40	0.22	*55%*	**1.30**	1.11	0.19	*17%*
Adjusted EBITDA margin [1]	**35%**	31%	4%		**32%**	31%	1%	
Energy Services Divisional EBITDA [1]	**75**	43	32	*74%*	**154**	125	29	*23%*
Industrial Services Divisional EBITDA [1]	**10**	9	1	*11%*	**21**	24	(3)	*-13%*
Divisional EBITDA [1]	**85**	52	33	*63%*	**175**	149	26	*17%*
Capital expenditures	**19**	17	2	*12%*	**48**	36	12	*33%*
Discretionary free cash flow [1]	**49**	30	19	*63%*	**82**	64	18	*28%*
Adjusted Working Capital [1]	**88**	71	17	*24%*	**88**	71	17	*24%*
Total assets	**1,859**	1,257	602	*48%*	**1,859**	1,257	602	*48%*
Total non-current financial liabilities	**1,196**	744	452	*61%*	**1,196**	744	452	*61%*
Shares as at September 30 (000's of shares) [2]								
Shares outstanding	**117,557**	104,626	12,931	*12%*	**117,557**	104,626	12,931	*12%*
Weighted average shares outstanding	**114,887**	104,626	10,261	*10%*	**108,084**	104,626	3,458	*3%*

(1) *Refer to Tervita's Q3 2018 Management's Discussion and Analysis and unaudited Condensed Consolidated Financial Statements for further information. 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 Q3 2018 MD&A.*

(2) *As at November 14, 2018 Tervita had 117,557,112 common shares and 2,702,649 common share purchase warrants issued and outstanding.*

Outlook

- The evaluation of the combined businesses' expansion and growth opportunities over the next several years is underway and progressing well. In this current environment, we continue to see customer demand and opportunities for an attractive pipeline of organic growth capital projects. Assuming stable levels of market activity consistent with 2018, and in addition to Newalta transaction synergies, the pipeline of organic capital projects (including tuck-in acquisitions) continues to support double-digit growth in Adjusted EBITDA over the next two to three years.

- Tervita's Energy Services revenues are significantly underpinned by ongoing oil and gas production in Western Canada. While egress challenges exist, Western Canadian oil and gas production is expected to increase over 300 thousand barrels of oil equivalent per day ("boepd") in 2018 and a further 200 thousand boepd in 2019 according to forecasts by the Canadian Association of Petroleum Producers and National Energy Board. This is expected to provide stability to Tervita's ongoing revenues.

- We believe above average Canadian price differentials will persist in 2019. This supports Tervita's ability to attract and optimize crude oil volumes throughout our expansive network of facilities and continue to assist our customers to maximize the price they receive for their products in a challenging environment.

- Drilling activity in Western Canada can be a significant driver of changes in Tervita's Energy Services revenues. Approximately 5.6 million metres were drilled in Q3 2018, 5% higher than Q3 2017. We expect the remainder of 2018 and 2019 drilling activity to remain relatively flat with YTD 2018 activity, as producers drill to maintain existing production volumes.

- We anticipate revenues from our Industrial Services segment for project-related services, which are seasonal in nature, will decrease in Q4 2018 compared to Q3 2018. Although environmental project opportunities increased in 2018, the average revenue available on those projects has softened compared to prior years, particularly in Alberta, and we do not anticipate this will change for the rest of this year and into 2019.

- We anticipate $8 - $10 million of realized synergies in 2018 with $20 - $22 million of annualized run rate synergies by the end of 2018. We continue to see $40 - $45 million in annualized synergies to Adjusted EBITDA with estimated one-time costs of $15 - $20 million. We estimate the synergies will take approximately 18 - 24 months from July 2018 to achieve.

- We have reduced expected 2018 maintenance capital spending to $25 - $30 million from the previously disclosed $40 - $45 million. The reduction is due mainly to below budget and ahead of schedule execution of our summer projects, principally related to landfills. Additionally, our enterprise-wide planning resource system ("ERP") project was completed under budget. The remaining reduction is a result of deferring certain non-critical maintenance at recently added Newalta facilities. We continue to expect maintenance capital in the $40 million range for 2019. Tervita is focused on maintenance capital spending sufficient to provide the high quality, consistent level of service our customers have come to expect, and at the same time ensuring the capital discipline to deliver stable and significant Discretionary Free Cash Flow to the business appropriate to fully fund our pipeline of growth and expansion projects and continue to reduce balance sheet leverage.

- The majority of planned 2018 spending towards brownfield growth and expansion projects has proceeded on budget and as scheduled. This includes new disposal wells, the expansion of four of our landfills, and the engineering and preparation work for several smaller opportunities to grow Energy Services, including energy marketing, capacity in the Alberta Montney and Duvernay and in the British Columbia Montney. The 2018 landfill expansion program was completed on schedule and under budget.

Expansion projects at two of our TRD facilities in the Alberta Montney were delayed as part of the post-close evaluation of expansion and growth opportunities. These two projects are now underway. Most of the remaining spend is anticipated to be complete by the second half of 2019 and supports the continued growth in our customer service offerings and financial performance.

- After adjusting for the above noted changes, we anticipate total 2018 capital spending, including maintenance, growth and expansion, to be approximately $75 - $85 million.

Management's Discussion and Analysis and Financial Statements

The Q3 2018 MD&A and Interim Financial Statements, which contain additional notes and disclosures, are available on SEDAR under Tervita Corporation at www.SEDAR.com or on our website at www.tervita.com on the Investor Relations page.

Third Quarter 2018 Conference Call

Tervita will host a conference call on Thursday November 15, 2018 at 11:00 a.m. MT to discuss details related to the third quarter. To participate in the conference call, dial 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 Thursday November 22, 2018 by dialing 855-859-2056 and using the pass code 1691305.

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. Tervita trades on the Toronto Stock Exchange ("TSX") under the trading symbol TEV. 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", "believes", "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 expected continued benefits of the Arrangement involving Tervita and Newalta, our plans and objectives for future operations, anticipated operational and financial performance (including expected 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 condensate-directed activity, our expectations regarding higher oil and gas industry activity, our expectations regarding pipeline capacity constraints and their effect on our operations, our expectations regarding unfavourable 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 Tervita's Q3 2018 MD&A.

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