Tuckamore Announces First Quarter 2016 Financial Results

Toronto – May 11, 2016 – Tuckamore Capital (TSX: TX and TX.DB.A) today announced its results for three months ended March 31, 2016.

First Quarter Results

($ millions, except per share amounts)	2016	2015
		Restated[1]
Revenue	68.6	92.0
Gross profit	5.3	11.7
Selling, general & administrative expenses	(4.9)	(5.6)
Net loss from continuing operations	(16.1)	(1.7)
EBITDA	(7.4)	6.2
Adjusted EBITDA	0.5	6.3
Loss per share from continuing operations, basic	(0.15)	(0.02)

[1] Adjusted for discontinued operations and reclassification of certain selling, general and administrative expenses of ClearStream to cost of revenues.

Revenue for the three-month period ended March 31, 2016 was $68.6 million, a decrease of 25.4% from $92.0 million in the first quarter of 2015. The decrease was largely driven by reduced pricing and a reduction in business volumes as a result of the impact of decreased oil prices on ClearStream's business. Gross profit decreased by 54.7% to $5.3 million for the period ended March 31, 2016 representing a gross profit margin of 7.7%. In the first quarter of 2015, Tuckamore reported gross profit of $11.7 million representing a gross profit margin of 12.7%. Margins at ClearStream in 2016 were lower than those for the same period in 2015, largely due to the impact of decreased oil prices on ClearStream's business.

Adjusted EBITDA decreased to $0.5 million versus $6.3 million for the same quarter in the prior year.

The net loss for the first quarter of 2016 was $16.1 million versus $1.7 million in the first quarter of 2015. Tuckamore's net loss for the first quarter of 2016 includes a $8.7 million non-cash impairment of ClearStream's goodwill.

PORTFOLIO REVIEW

As at March 31, 2016, Tuckamore's only remaining investment was its interest in ClearStream. Given the significant change in organizational structure, the Company considered and concluded that there was a change in its reportable segments. The reportable segments discussed below, represent the reportable segments that the chief operating decision makers consider when reviewing the performance of ClearStream and deciding where to allocate resources.

MAINTENANCE AND CONSTRUCTION SERVICES

The Maintenance and Construction services segment reported lower revenues, gross margin and EBITDA during the three months ended March 31, 2016, in comparison to the same period in the prior year. The decline was due to lower demand and pricing for all regions and services within the segment. Most of ClearStream's maintenance and construction customers operate in the oil and gas sector, which has been negatively impacted by low oil and gas prices. Further, an unforeseen disruption at a major client facility early in the current quarter negatively impacted results. Gross profit margins decreased as lower pricing and lower operating leverage on indirect fixed costs were partially offset by indirect costs cutting initiatives.

FABRICATION, WEAR AND TRANSPORTATION SERVICES

Fabrication demand is largely based on pipeline and infrastructure project activity. Low commodity prices have led to limited new project growth over the past several months, which led to a decline in Fabrication revenue during the first quarter of 2016. Pricing has also declined for the Fabrication division, which also contributed to the decline in first quarter revenue, gross profit and EBITDA.

Demand for ClearStream's Wear Technology services is driven largely by pipeline maintenance requirements for customers operating in the Alberta oilsands. Typically, demand for Wear Technology is resilient in a low commodity price environment as the maintenance requirements are driven by oilsands production rather than new projects. However, some clients have deferred maintenance requirements during the first quarter of 2016 in effort to lower costs, which led to a significant decline in business volumes for Wear Technology services. Pricing has also declined for the Wear Technology services, which also contributed to the decline in first quarter revenue, gross profit and EBITDA. The services provided by this division are an integral part of the maintenance programs of oilsands producers, therefore, the Company expects demand for this service to increase in the future.

The services provided by the transportation division are largely related to the transportation of drilling and completions material and equipment. As a result of weak drilling and completion activity, revenues, gross profit and EBITDA for this segment decreased in comparison to the same period in the prior year.

CORPORATE

Corporate selling, general and administrative expenses decreased primarily as a result of lower general legal and professional costs. Additional cost reductions are expected for the balance of 2016. Reduced facility costs and discretionary spending are also expected to result in lower SG&A costs. As part of management's strategic reorganization of the business, Tuckamore's head office functions will be transitioned to ClearStream during 2016. The transition of Tuckamore's head office function is expected to yield annualized cost savings of approximately $3.0 million.

SECOND QUARTER 2016 OUTLOOK

The outlook is management's current view for the second quarter of 2016 as compared to the first quarter of 2016.

ClearStream typically sees an increase in maintenance and turnaround activity during the second quarter and this is expected to hold true in 2016. Revenue and gross profit are therefore expected to increase in the second quarter compared to the first quarter of 2016 for both the Maintenance and Construction and Fabrication and Wear Technology segments. However, we expect financial results to be lower on a year-over-year basis for both segments. Low oil and gas prices are expected to continue to impact demand as our customers manage cash flow by deferring maintenance spending and major project and construction activity throughout 2016. Demand for the Transportation segment is expected to remain weak as low oil and gas prices are expected to keep drilling and completions activity at historically low levels.

Given the challenging operating environment, ClearStream will continue to focus on reducing the cost of doing business. Further cost cutting initiatives will be implemented resulting in declines in direct and indirect operating costs across all services and a decrease in corporate SG&A expenses.

In addition to optimizing its cost structure, ClearStream will continue to focus on maintaining existing contracts by providing safe and cost competitive services to existing customers. We believe there is an opportunity to increase market share as larger diversified competitors look at exiting the oil and gas sector, and smaller competitors struggle with the severity and length of the current downturn.

The forest wildfires in Fort McMurray area have impacted the entire Western Canadian oil and gas industry, including ClearStream. We are fortunate that all of our employees in the area are safe. In order to assist the residents of Fort McMurray, some of our major clients have announced reductions in production volumes until the workforce situation stabilizes. It is expected that these lower production volumes may result in reduced demand for oil and gas services which may impact results in the second quarter, and perhaps beyond.

About Tuckamore Capital Management Inc.

The primary business of Tuckamore is now that of ClearStream Energy Holdings LP and its direct and indirect subsidiaries ("ClearStream"). ClearStream is a fully integrated provider of upstream, midstream and downstream production services to the energy industry in Western Canada. For more information about Tuckamore, please visit http://tuckamore.ca. For more information about ClearStream, please visit www.ClearStreamEnergy.ca.

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Forward-looking information

This press release contains certain forward-looking information. Certain information included in this press release may constitute forward-looking information within the meaning of 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. Forward-looking information may relate to management's future outlook and anticipated events or results and may include statements or information regarding the future plans or prospects of Tuckamore or the Operating Partnerships and reflects management's expectations and assumptions regarding the growth, results of operations, performance and business prospects and opportunities of Tuckamore and the Operating Partnerships. Without limitation, information regarding the future operating results and economic performance of Tuckamore and the Operating Partnerships constitute forward-looking information. Such forward-looking information reflects management's current beliefs and is based on information currently available to management of Tuckamore and the Operating Partnerships. 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 risks related to investments, conditions of capital markets, economic conditions, dependence on key personnel, limited customer bases, interest rates, regulatory change, ability to meet working capital requirements and capital expenditures needs of the Operating Partners, factors relating to the weather and availability of labour. These factors should not be considered exhaustive. In addition, in evaluating this information, investors should specifically consider various factors, including the risks outlined under "Risk Factors," which may cause actual events or results to differ materially from any forward-looking statement. In formulating forward-looking information herein, management has assumed that business and economic conditions affecting Tuckamore and the Operating Partnerships 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 Tuckamore and the Operating Partnerships 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 Tuckamore 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. Tuckamore is providing the forward-looking financial information set out in this press release for the purpose of providing investors with some context for the "Second Quarter Outlook" presented. Readers are cautioned that this information may not be appropriate for any other purpose.

Non-standard measures

The terms ''EBITDA'' and "adjusted EBITDA" (collectively the ''Non-GAAP measures") are financial measures used in this press release that are not standard measures under International Financial Reporting Standards ("IFRS"). Tuckamore's method of calculating Non-GAAP measures may differ from the methods used by other issuers. Therefore, Tuckamore's Non-GAAP measures, as presented may not be comparable to similar measures presented by other issuers.

EBITDA refers to net earnings determined in accordance with IFRS, before depreciation and amortization, interest expense and income tax expense (recovery). EBITDA is used by management and the directors of Tuckamore (the "Directors") as well as many investors to determine the ability of an issuer to generate cash from operations. Management also uses EBITDA to monitor the performance of Tuckamore's reportable segments and believes that in addition to net income or loss and cash provided by operating activities, EBITDA is a useful supplemental measure from which to determine Tuckamore's ability to generate cash available for debt service, working capital, capital expenditures, income taxes and distributions. Tuckamore has provided a reconciliation of income to EBITDA in its Management's Discussion and Analysis.

Adjusted EBITDA refers to EBITDA excluding the interest, taxes, depreciation and amortization of long-term investments, write-down of goodwill, operating loss from long-term investments in assets held for sale and gain from disposal of assets held for sale. Tuckamore has used Adjusted EBITDA as the basis for the analysis of its past operating financial performance. Adjusted EBITDA is used by Tuckamore and management believes it is a useful supplemental measure from which to determine Tuckamore's ability to generate cash available for debt service, working capital, capital expenditures, and income taxes. Adjusted EBITDA 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.

Investors are cautioned that the Non-GAAP 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-GAAP Measures should only be used in conjunction with the financial statements included in the press release and Tuckamore's annual audited financial statements available on SEDAR at www.sedar.com or www.tuckamore.ca

TUCKAMORE CAPITAL MANAGEMENT INC.

Consolidated Interim Balance Sheets
(In thousands of Canadian dollars)
(unaudited)

As at		March 31, 2016		December 31, 2015
Assets				
Current Assets:				
Cash and cash equivalents	$	8,727	$	24,409
Cash and short-term investments held in trust		980		4,380
Accounts receivable		64,448		76,089
Inventories		3,124		3,114
Prepaid expenses		2,073		2,357
Other current assets		1,811		114
Current assets of discontinued operations and assets held for sale		-		54,310
Total current assets	$	81,163	$	164,773
Property, plant and equipment		29,744		30,873
Long-term investments		2,299		8,000
Goodwill		22,288		30,988
Intangible assets		18,029		18,904
Other assets		5,580		-
Total assets	$	159,103	$	253,538
Liabilities and shareholders' deficit				
Current liabilities:				
Accounts payable and accrued liabilities		31,949		32,132
Current portion of obligations under finance leases		4,534		4,685
Senior credit facility		-		58,482
Secured debentures		-		174,311
Current liabilities of discontinued operations and assets held for sale (note		-		42,637
Total current liabilities	$	36,483	$	312,247
Obligations under finance leases		5,790		6,347
Senior secured debenture		171,407		-
Convertible secured debenture		24,024		-
Shareholders' deficit		(78,601)		(65,056)
Total liabilities & shareholders' deficit	$	159,103	$	253,538

TUCKAMORE CAPITAL MANAGEMENT INC.

Consolidated Interim Statements of (Loss) Income and Comprehensive (Loss) Income
(In thousands of Canadian dollars, except per share amounts)
(unaudited)

		Three months ended March 31, 2016		Three months ended March 31, 2015 Restated[1]
Revenues	$	68,640	$	91,969
Cost of revenues		(63,324)		(80,236)
Gross profit		5,316		11,733
Selling, general and administrative expenses		(4,897)		(5,570)
Amortization of intangible assets		(901)		(1,410)
Depreciation		(1,548)		(1,990)
(Loss) income from long-term investments		(235)		63
Interest expense		(6,241)		(6,098)
Gain on sale from assets held for sale		1,114		-
Write-down of goodwill		(8,700)		-
Loss before income taxes	$	(16,092)	$	(3,272)
Income tax recovery - deferred		-		1,546
Loss from continuing operations	$	(16,092)	$	(1,726)
Loss from discontinued operations (net of income taxes)		(4,725)		(2,690)
Net loss and comprehensive loss	$	(20,817)	$	(4,416)
Loss per share				
Basic & Diluted:				
Continuing operations	$	(0.15)	$	(0.02)
Net loss	$	(0.19)	$	(0.04)

[1]Please refer to Note 12 – "Comparative Figures" in Tuckamore's March 31, 2016 consolidated financial statements for more information.

TUCKAMORE CAPITAL MANAGEMENT INC.
Consolidated Interim Statements of Cash Flows
(In thousands of Canadian dollars)
(unaudited)

		Three months ended March 31, 2016		Three months ended March 31, 2015 Restated[1]
Cash provided by (used in):				
Operating activities:				
Net loss for the period	$	(20,817)	$	(4,416)
Loss from discontinued operations (net of income tax)		4,725		2,690
Items not affecting cash:				
Amortization of intangible assets		901		1,410
Depreciation		1,548		1,990
Deferred income tax recovery		-		(1,546)
Income from long-term investments, net of cash received		235		641
Non-cash accretion expense		1,917		1,836
Amortization of deferred financing costs		-		104
Write down of goodwill		8,700		-
Gain on sale of assets held for sale		(1,114)		-
Changes in non-cash working capital		16,945		22,899
Advances to discontinued operations		(4,680)		(16,375)
Cash provided by (used in) discontinued operations		(237)		1,221
Total cash provided by (used in) operating activities	$	8,123	$	10,454
Investing activities:				
Purchase of property, plant and equipment		(493)		(560)
Proceeds on disposition of business		8,000		-
Net proceeds on disposal of property, plant and equipment		263		338
Purchase of software		(25)		-
Cash used in discontinued operations		-		(304)
Total cash provided by (used in) investing activities	$	7,745	$	(526)
Financing activities:				
Decrease in cash held in trust		3,400		-
Proceeds from the issuance of the senior secured debentures		176,228		-
Proceeds from the issuance of the convertible secured debentures		35,000		-
Repayment of senior credit facility		(58,735)		-
Repayment of the 8.00% secured debentures		(176,228)		-
Refinancing fees (ABL Facility, senior and convertible secured debentures)		(9,925)		-
Repayment of obligations under finance leases		(1,290)		(1,461)
Total cash used in financing activities	$	(31,550)	$	(1,461)
(Decrease) increase in cash		(15,682)		8,467
Cash, beginning of the period - continuing operations		24,172		23,669
Cash, beginning of the period - discontinued operations		237		(1,088)
Cash, end of period	$	8,727	$	31,048
Cash, end of period - continuing operations		8,727		31,219
Cash, end of period - discontinued operations		-		(171)
Supplemental cash flow information:				
Interest paid		4,212		736
Supplemental disclosure of non-cash financing and investing activities:				
Acquisition of property, plant and equipment through finance leases		161		258

[1]Please refer to Note 12 – “Comparative Figures” in Tuckamore’s March 31, 2016 consolidated financial statements for more information.