Mullen Group Ltd.

NEWS RELEASE

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Mullen Group Ltd.
Reports First Quarter Financial Results including Record Trucking/Logistics Segment Results

(Okotoks, Alberta April 24, 2019) (TSX:MTL) Mullen Group Ltd. ("**Mullen Group**", "**We**", "**Our**" and/or the "**Corporation**"), one of Canada's largest suppliers of trucking and logistics services as well as specialized transportation services to the oil and natural gas industry in Canada, today reported its financial and operating results for the period ended March 31, 2019, with comparisons to the same period last year. Full details of our results may be found within our First Quarter Interim Report, which is available on SEDAR at www.sedar.com or on our website at www.mullen-group.com.

"Acquisitions continue to be the most rational way of attaining revenue growth during this period of stagnant economic activity in Canada, particularly in western Canada where the oil and natural gas industry is burdened by a lack of takeaway capacity and new opportunities. Over the course of the last few quarters we completed a series of transactions expanding our service network along with adding new customers in both operating segments. These investments drove our revenue growth in the quarter and more importantly will serve our Corporation well for many years I believe," commented Mr. Murray K. Mullen, Chairman and Chief Executive Officer.

"During the quarter we evaluated a number of targets, however we did not complete any new acquisitions preferring to focus on integrating and streamlining the recently acquired companies into our network. These efforts helped our bottom line which I am most pleased with given the dramatic declines in drilling activity in western Canada and the increasingly competitive marketplace. And while I am satisfied with our first quarter operating performance, I know we still have work to do over the course of the next few quarters before we can be totally confident with the integration process," added Mr. Mullen.

Key financial highlights for the first quarter of 2019 with comparison to 2018 are as follows:

HIGHLIGHTS

(unaudited) *($ millions)*	**Three month periods ended March 31** **2019**	**2018**	**Change**
	$	$	%
Revenue			
Trucking/Logistics	**215.2**	207.5	3.7
Oilfield Services	**105.0**	84.6	24.1
Corporate and intersegment eliminations	**(0.6)**	-	-
Total Revenue	**319.6**	**292.1**	**9.4**
Operating income before depreciation and amortization (1)			
Trucking/Logistics	**30.1** (2)	25.8	16.7
Oilfield Services	**16.1** (2)	12.5	28.8
Corporate	**(2.2)**	(0.4)	-
Total Operating income before depreciation and amortization (1)	**44.0**	**37.9**	**16.1**

(1) Refer to notes section of Summary
(2) OIBDA increased by approximately $3.1 million ($2.5 million in the Trucking/Logistics segment and $0.6 million in the Oilfield Services segment) in the current quarter due to the adoption of IFRS 16 - Leases effective January 1, 2019. As is permitted with this new standard, comparative information has not been restated. For more information, refer to Note 3 of the Interim Financial Statements.

Mullen Group operates a diversified business model combined with a highly adaptable and variable cost structure. The financial results for the three month period ended March 31, 2019, are as follows:

- → generated consolidated revenue of $319.6 million, an increase of $27.5 million, or 9.4 percent, as compared to $292.1 million in 2018 due to:
  - record first quarter revenue in the Trucking/Logistics ("**T/L**") segment, a $7.7 million increase to $215.2 million
  - an increase of $20.4 million or 24.1 percent in the Oilfield Services ("**OFS**") segment
- → earned consolidated operating income before depreciation and amortization ("**OIBDA**") of $44.0 million, an increase of $6.1 million as compared to $37.9 million in 2018 due to:
  - record first quarter OIBDA of $30.1 million in the T/L segment
  - an increase of $3.6 million or 28.8 percent in the OFS segment
  - a $1.8 million increase in Corporate costs mainly due to lower real property income and higher salaries

First Quarter Financial Results

Revenue increased by $27.5 million, or 9.4 percent, to $319.6 million and is summarized as follows:

- T/L segment grew by $7.7 million, or 3.7 percent, to $215.2 million - a record compared to any previous first quarter period. Incremental revenue from acquisitions was $4.1 million while revenue from truckload and less than-truckload ("**LTL**") Business Units increased modestly. Revenue growth from LTL services was mainly due to revenue gains at Gardewine Group Limited Partnership. Growth in truckload services mainly resulted from increased demand related to certain one-time projects.
- OFS segment increased by $20.4 million, or 24.1 percent - growth resulted from $19.4 million of incremental revenue from acquisitions and from greater demand for large diameter pipeline hauling and stringing services. These increases were partially offset by a 19.7 percent decline in drilling activity, resulting in revenue declines by those Business Units providing drilling related services.

OIBDA increased by $6.1 million, or 16.1 percent, to $44.0 million and is summarized as follows:

- T/L segment grew by $4.3 million, or 16.7 percent, to $30.1 million - a record compared to any previous first quarter period. The adoption of IFRS 16 - Leases accounted for $2.5 million of this increase while acquisitions accounted for $0.6 million of incremental growth. As a percentage of revenue, operating margin increased to 14.0 percent due to the adoption of IFRS 16 - Leases and from higher margins being generated on certain project work that more than offset the rise in inflationary costs.
- OFS segment up by $3.6 million to $16.1 million - specialized services Business Units increased by $4.3 million mainly due to greater demand for large diameter pipeline hauling and stringing and dewatering services while production services Business Units improved by $2.6 million led by the acquisition of the business and assets of AECOM's Canadian Industrial Services Division ("**AECOM ISD**"). These increases were partially offset by those Business Units tied to drilling related activity. Operating margin increased to 15.3 percent from 14.8 percent in 2018 and was mainly due to a greater proportion of higher margins generated by those Business Units providing specialized services and from the synergies and integration efforts on the AECOM ISD acquisition. These improvements were somewhat offset by lower margins generated by those Business Units tied to drilling related activity.

Net income increased by $10.1 million to $11.6 million, or $0.11 per Common Share due to:

- A $7.3 million positive variance in net foreign exchange, a $6.1 million increase in OIBDA, a $1.6 million positive variance in the fair value of investments and a $0.5 million decrease in finance costs.
- The above was partially offset by a $2.8 million increase in depreciation of right-of-use assets, a $1.0 million increase in depreciation of property, plant and equipment, a $0.9 million increase in amortization of intangible assets and a $0.6 million increase in income tax expense.

A summary of Mullen Group's results for the three month periods ended March 31, 2019 and 2018 are as follows:

SUMMARY

(unaudited) *($ millions, except per share amounts)*	Three month periods ended March 31		
	2019	**2018**	**Change**
	$	$	%
Revenue	**319.6**	292.1	9.4
Operating income before depreciation and amortization(1)	**44.0**	37.9	16.1
Net foreign exchange (gain) loss	**(1.1)**	6.2	(117.7)
(Increase) decrease in fair value of investments	**(0.1)**	1.5	(106.7)
Net income	**11.6**	1.5	673.3
Net income - adjusted(2)	**10.6**	9.3	14.0
Earnings per share(3)	**0.11**	0.01	1,000.0
Earnings per share - adjusted(2)	**0.10**	0.09	11.1
Net cash from operating activities	**24.2**	21.8	11.0
Net cash from operating activities per share(3)	**0.23**	0.21	9.5
Cash dividends declared per Common Share	**0.15**	0.15	-

Notes:

*(1) Operating income before depreciation and amortization ("**OIBDA**") is defined as net income before depreciation of right-of-use assets and of property, plant and equipment, amortization of intangible assets, finance costs, net foreign exchange gains and losses, other (income) expense and income taxes.*

(2) Net income - adjusted and earnings per share - adjusted are calculated by adjusting net income and basic earnings per share by the amount of any net foreign exchange gains and losses and the change in fair value of investments.

(3) Earnings per share and net cash from operating activities per share are calculated based on the weighted average number of Common Shares outstanding for the period.

*Non-GAAP Terms - Mullen Group reports on certain financial performance measures that are described and presented in order to provide shareholders and potential investors with additional measures to evaluate Mullen Group's ability to fund its operations and information regarding its liquidity. In addition, these measures are used by management in its evaluation of performance. These financial performance measures ("**Non-GAAP Terms**") are not recognized financial terms under Canadian generally accepted accounting principles ("**Canadian GAAP**"). For publicly accountable enterprises, such as Mullen Group, Canadian GAAP is governed by principles based on IFRS and interpretations of IFRIC. Management believes these Non-GAAP Terms are useful supplemental measures. These Non-GAAP Terms do not have standardized meanings and may not be comparable to similar measures presented by other entities. Specifically, operating margin, net income - adjusted and earnings per share - adjusted are not recognized terms under IFRS and do not have standardized meanings prescribed by IFRS. Management believes these measures are useful supplemental measures. Investors should be cautioned that these indicators should not replace net income and earnings per share as an indicator of performance.*

Financial Position

The following summarizes our financial position as at March 31, 2019, along with some of the key changes that occurred during the first quarter of 2019:

- Adopted IFRS 16 - Leases which added $36.8 million in right-of-use assets, $3.3 million of net investment in finance leases (i.e. subleases on real property) and $40.8 million of lease liabilities (including the current portion).
- Exited the first quarter with working capital of $124.9 million, which included $35.3 million of borrowings on our Bank Credit Facility and $9.4 million of current portion of lease liabilities.
- Total net debt ($519.1 million) to operating cash flow ($198.5 million) of 2.62:1 as defined per our Private Placement Debt agreement.
- Total net debt increased by $45.0 million to $519.1 million (December 31, 2018 - $474.1 million) and was mainly due to the $40.8 million of lease liabilities from adopting IFRS 16 - Leases, the $5.3 million increase in the Bank Credit Facility and the $5.3 million loss on our cross-currency swaps. These factors were somewhat offset by the $6.4 million foreign exchange gain on our U.S. $229.0 million debt.
- The value of our cross-currency swaps decreased by $5.3 million to $36.9 million (December 31, 2018 - $42.2 million), which swaps the principal portion of our U.S. $229.0 million debt to a Canadian currency equivalent of $254.1 million.

About Mullen Group Ltd.

Mullen Group is a company that owns a network of independently operated businesses. The Corporation is recognized as one of the leading suppliers of trucking and logistics services in Canada and provides a wide range of specialized transportation and related services to the oil and natural gas industry in western Canada - two sectors of the economy in which Mullen Group has strong business relationships and industry leadership. The corporate office provides the capital and financial expertise, legal support, technology and systems support, shared services and strategic planning to its independent businesses.

*Mullen Group is a publicly traded corporation listed on the Toronto Stock Exchange under the symbol "**MTL**". Additional information is available on our website at www.mullen-group.com or on SEDAR at www.sedar.com.*

Contact Information

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