Logan International Reports Third Quarter 2015 Financial Results

(All reported figures are in US dollars unless otherwise noted)

Calgary, Alberta November 13, 2015 – Logan International Inc. (TSX: LII) ("Logan" or the "Company") today reported the results for its third quarter and year-to-date period ended September 30, 2015.

Recent highlights include:

- Reported positive third quarter EBITDA despite revenue decline of more than 50%.
- Reduced outstanding borrowings by $3.2 million during the third quarter.
- Successfully negotiated the waiver of bank covenant breaches in the third quarter and initiated negotiations to amend the credit agreement to ensure adequate liquidity through 2016.
- Closed four underperforming operating locations.

Logan recorded revenue of $20.6 million in this year's third quarter and $46.7 million in the prior year's third quarter. For the three month period ended September 30, 2015, Logan lost $10.6 million, $0.32 per diluted share, as compared to earnings of $4.1 million, $0.12 per diluted share in the prior year quarter. The Company recorded an impairment loss, net of tax, of $7.2 million, $0.22 per diluted share in this year's third quarter. Excluding the effects of the impairment loss, the Company would have reported a net loss of $3.4 million, $0.10 per diluted share. Modified EBITDA declined in this year's third quarter to $0.7 million from $11.5 million in last year's third quarter. Management utilizes Modified EBITDA to evaluate its operating results because this measurement eliminates the revenue and cost effects of significant non-cash and non-recurring items.

For the quarter ended September 30, 2015, the downhole tool segment, which includes Logan Oil Tools, Logan Completion Systems, Kline Oilfield Equipment, Logan SuperAbrasives and Scope Production Developments, recorded revenue of $19.1 million as compared to $42.7 million for the quarter ended September 30, 2014. For the current year quarter, this segment generated EBITDA of $1.6 million as compared to $11.3 million for last year's third quarter. For the third quarter of 2015, the rental tool segment, which includes Xtend Energy Services and Logan Jar, recorded revenue of $1.5 million and EBITDA of $0.4 million as compared to revenue of $4.1 million and EBITDA of $1.4 million in the prior year's third quarter.

Logan recorded revenue of $69.5 million in the nine month period ended September 30, 2015 and $132.9 million in the nine month period ended September 30, 2014. For the current year-to-date period, Logan lost $13.9 million, $0.41 per diluted share, as compared to earnings of $9.7 million, $0.29 per diluted share, in the prior year period. The Company recorded an impairment loss, net of tax, of $7.2 million, $0.21 per diluted share in this year's third quarter. Excluding the effects of the impairment loss, the Company would have reported a net loss of $6.7 million, $0.20 per diluted share. Modified EBITDA for the current year-to-date period decreased to $5.6 million from $29.5 million in the prior year-to-date period.

The downhole tool segment recorded revenue of $64.7 million and EBITDA of $9.5 million in the nine month period ended September 30, 2015. This segment recorded revenue of $122.9 million and EBITDA of $31.2 million in the corresponding period in 2014. The rental tool segment recorded revenue of $4.8 million and EBITDA of $1.0 million in the current year-to-date period as compared to revenue of $10.1 million and EBITDA of $2.4 million in the prior year-to-date period.

David MacNeill, President and Chief Executive Officer, commented, “The weakness in the industry fundamentals that we have reported on in the prior quarters continued into the third quarter, and based on recent order flow, we do not expect significant improvement until well into 2016. In the third quarter, each of our business units was severely impacted by the 20% drop in average oil prices from the second quarter. The decrease in the oil price negatively affected our customers spending, which in turn, impacted our financial results. Our financial reports confirm the difficulties we encountered. Logan Oil Tools quarterly sales were down by over 50% on a year over year basis and by almost 15% as compared to the second quarter. Logan Completion Systems results were even more affected by the decrease in wells drilled and completed; its third quarter revenues declined by more than 70% as compared to last year’s third quarter. Our tool rental business was similarly affected as quarterly revenue declined by 63%. The decline in revenue caused weakness in our gross profit margin. Current year margins compressed to 25% from 38%, due largely to our inability to fully absorb fixed costs. However; despite the significant decline in revenue, we reported positive EBITDA on a consolidated basis and we reduced borrowings by $3.2 million. We accomplished this by reducing administrative expenses by $2.4 million, as compared to last year and by $1.0 million, as compared to last quarter.”

Mr. MacNeill added, “Our expectation for the remainder of 2015 and well into 2016 is more of the same. Order flow in all of our businesses has stepped back since the recent retreat in the price of oil in summer. Our attention will first be focused on a continual assessment of our personnel levels so that we remain lean in staff and in field/operating personnel. We will also explore potential dispositions of non-core assets. Finally, we anticipate finalizing the amendment to the bank credit agreement, which we believe will ensure adequate liquidity through the maturity of the facility in December 2016.”

About Logan

Logan provides specialized downhole tools and services to oilfield service providers, drilling contractors and exploration and production operators. It is organized into three classifications:

- Manufacturing and sales of fishing and intervention tools, including retrieving, stroking and remedial tools and power swivels used in well workover, intervention, drilling and completion activities (Logan Oil Tools, Inc.); and high-performance poly-crystalline diamond compact cutters and bearings (Logan SuperAbrasives, Inc.)
- Manufacturing and sales of completion products and services including packers and bridge plugs (Kline Oilfield Equipment, Inc.); proprietary multi-zonal completion technology and conventional completion products and services (Logan Completion Systems Inc.); and patented products and services used to optimize production in sand-laden, heavy-oil wells (Scope Production Developments);
- Rental of specialty drilling and workover tools including drilling, fishing and coiled tubing stroking tools and the Xciter vibration tools (Xtend Energy Services, Inc. and Logan Jar LLC).

Common shares of Logan are traded on the Toronto Stock Exchange (TSX) under the ticker symbol “LII”.

Selected Consolidated Financial Information

(in thousands of US dollars, except per share data)

	Three month periods ended September 30, 2015	Three month periods ended September 30, 2014	Nine month periods ended September 30, 2015	Nine month periods ended September 30, 2014
Revenue	$ 20,561	$ 46,707	$ 69,497	$ 132,919
Net earnings (loss) for the period	(10,627)	4,074	(13,866)	9,734
Earnings (loss) per share:				
Basic	$ (0.32)	$ 0.12	$ (0.41)	$ 0.29
Diluted	$ (0.32)	$ 0.12	$ (0.41)	$ 0.29
EBITDA (1)	$ 156	$ 11,001	$ 4,263	$ 28,080
Modified EBITDA (1)	$ 732	$ 11,473	$ 5,567	$ 29,484

	September 30, 2015	December 31, 2014
Working Capital	$ 44,209	$ 97,807
Total Assets	$ 245,299	$ 271,763
Debt (2)	$ 52,067	$ 49,327
Shareholders' Equity	$ 170,498	$ 188,591

(1) This MD&A presents: (a) EBITDA as earnings before net finance cost, income tax expense (benefit), impairment loss and depreciation and amortization ("EBITDA"), and (b) Modified EBITDA as EBITDA before acquisition accounting adjustments, transaction fees, share-based compensation and severance costs ("Modified EBITDA"). Neither of these measurements should be considered an alternative to, or more meaningful than, "net earnings (loss) for the period" or "cash flow from operating activities" as determined in accordance with IFRS as an indicator of the Company's financial performance. EBITDA and Modified EBITDA do not have standardized definitions as prescribed by IFRS; therefore, the Company's presentation of these measurements may not conform to similar presentations by other companies. Management calculates EBITDA and Modified EBITDA each period and evaluates the Company's operating performance based on these measurements. Management believes that Modified EBITDA, which eliminates significant non-cash or non-recurring items of revenue or cost, more accurately presents the results of the Company's ongoing operations and its ability to generate the cash required to fund or finance future growth, acquisitions and capital investments. A reconciliation of EBITDA and Modified EBITDA with net earnings (loss) for each period follows.

	Three month periods ended September 30,				Nine month periods ended September 30,			
	2015		2014		2015		2014	
Net earnings (loss) for the period	$	(10,627)	$	4,074	$	(13,866)	$	9,734
Addbacks:								
Depreciation and amortization		3,083		3,503		9,178		10,201
Impairment loss		8,882		-		8,882		-
Finance cost, net		1,702		1,442		3,664		3,087
Income tax expense (benefit)		(2,884)		1,982		(3,595)		5,058
EBITDA		156		11,001		4,263		28,080
Adjustments:								
Acquisition accounting adjustments		-		-		-		188
Transaction fees		17		82		146		137
Severance costs		361		237		543		401
Share-based compensation expense		198		153		615		678
Modified EBITDA	$	732	$	11,473	$	5,567	$	29,484

EBITDA and Modified EBITDA are provided as measures of the Company's operating performance without regard to financing decisions, share-based compensation payments, age and cost of equipment used and income tax impacts, all of which are factors not controlled at the operating management level. The acquisition accounting adjustments reverse the effect of the increase or step-up in cost basis of inventories and subsequently sold fixed assets acquired in business combinations. Transaction fees include professional and other fees incurred in connection with the Company's proposed business combinations, as well the Company's completed strategic review. Share-based compensation expense relates to amounts recognized from the granting of stock appreciation rights, stock options and restricted share units.

(2) Includes bank and other borrowed debt and capital leases.

Reconciliation of EBITDA by Segment

	Three months ended September 30, 2015			Three months ended September 30, 2014		
	Downhole Tool	Rental Tool	Corporate	Downhole Tool	Rental Tool	Corporate
Revenue	$ 19,075	$ 1,486	$ -	$ 42,650	$ 4,057	$ -
Earnings (loss) from operations	$ (9,017)	$ (909)	$ (1,883)	$ 9,170	$ 69	$ (1,741)
Loss on impairment	8,882	-	-	-	-	-
Depreciation and amortization	1,720	1,332	31	2,104	1,362	37
EBITDA	$ 1,585	$ 423	$ (1,852)	$ 11,274	$ 1,431	$ (1,704)

	Nine months ended September 30, 2015			Nine months ended September 30, 2014		
	Downhole Tool	Rental Tool	Corporate	Downhole Tool	Rental Tool	Corporate
Revenue	$ 64,729	$ 4,768	$ -	$122,852	$ 10,067	$ -
Earnings (loss) from operations	$ (4,619)	$ (2,846)	$ (6,332)	$ 24,593	$ (1,006)	$ (5,708)
Loss on impairment	8,882	-	-	-	-	-
Depreciation and amortization	5,246	3,834	98	6,647	3,419	135
EBITDA	$ 9,509	$ 988	$ (6,234)	$ 31,240	$ 2,413	$ (5,573)

Forward-Looking Statements

When used in this press release, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "propose", "expect", "potential", "continue", and similar expressions, are intended to identify forward-looking statements. These statements relate to future events or future performance of Logan. This press release contains forward-looking statements with respect to the Company’s ability to successfully amend the credit agreement and expectations regarding adequate liquidity through to December 2016, future economic conditions and operating results, continued assessment of personnel levels and exploration of the potential disposition of assets. These statements involve known and unknown risks, uncertainties, and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Such statements reflect Logan’s current views with respect to certain events, including the Company’s ability to successfully amend the credit agreement, future economic recovery and fourth quarter operating results, and are subject to certain risks, uncertainties and assumptions. Although Logan believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because we can give no assurance that they will prove to be correct. Many factors could cause Logan’s actual results, performance, or achievements to materially differ from those described in this press release. Readers are referred to Logan’s Annual Information Form filed on www.sedar.com, which identifies significant risk factors that could cause actual results to differ from those contained in the forward-looking statements. Should one or more risks or uncertainties materialize or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this press release. The forward-looking statements contained in this press release are expressly qualified in their entirety by this cautionary statement. These statements speak only as of the date of this press release. Logan does not intend and does not assume any obligation to update these forward-looking statements to reflect new information, subsequent events or otherwise, except as required by law. This press release shall not constitute an offer to sell or the solicitation of an offer to buy the securities described herein in any jurisdiction.

For more information about Logan International Inc., please visit our website at www.loganinternationalinc.com.

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