Mullen Group Ltd.

NEWS RELEASE

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Mullen Group Ltd.
Reports Second Quarter Financial Results

(Okotoks, Alberta July 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 June 30, 2019, with comparisons to the same period last year. Full details of our results may be found within our Second Quarter Interim Report, which is available on SEDAR at www.sedar.com or on our website at www.mullen-group.com.

"Our team continues to find new and creative ways to find operational efficiencies. They have developed a plan to reduce or eliminate redundancies and streamline processes, objectives that can only be achieved through innovation, technology and working alongside customers. From my perspective this is particularly encouraging given the state of the two sectors of the economy we serve, which I describe as extremely competitive. The reality is that there are times when markets simply do not grow. But we do not sit by idly and wait for better days. We adjust our priorities, focus on costs, find those elusive productivity improvements and search for strategic acquisitions to generate growth," commented Mr. Murray K. Mullen, Chairman and Chief Executive Officer.

"The Trucking/Logistics segment had another strong quarter despite the headwinds associated with the slow growth Canadian economy along with a quarter of very soft demand for truckload services. From my vantage point it appears that consumer spending remains strong, which drives our less-than-truckload and final mile delivery business. In contrast capital investment, in areas such as infrastructure and major projects, remains hampered by regulatory delays and a lack of investor conviction. This directly impacts our truckload and specialized business. In western Canada the oil and natural gas industry continues to struggle with a combination of low commodity pricing and a lack of access to new markets. This situation is clearly forcing nearly every producer to curtail capital investment including drilling programs. It is under this scenario that only a well thought-out acquisition strategy can minimize the negative impacts of the industry slowdown. This is precisely what we did last year and why our Oilfield Services segment results improved year over year. All in all a very good quarter for our organization.

"For the balance of the year all indicators point to a continuation of the current trends although recent announcements regarding Canadian LNG project sanctioning are clearly positive. In addition, with the recent successful closing of the convertible unsecured subordinated debentures we have the capital and ample liquidity to pursue acquisitions," added Mr. Mullen.

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

HIGHLIGHTS

(unaudited) *($ millions)*	Three month periods ended June 30		
	2019	**2018**	**Change**
	$	$	%
Revenue			
Trucking/Logistics	**219.6**	219.4	0.1
Oilfield Services	**99.8**	76.7	30.1
Corporate and intersegment eliminations	**(0.4)**	(0.4)	-
Total Revenue	**319.0**	**295.7**	**7.9**
Operating income before depreciation and amortization [(1)]			
Trucking/Logistics	**36.2**	33.4	8.4
Oilfield Services	**16.9**	11.9	42.0
Corporate	**(1.7)**	(1.0)	-
Total Operating income before depreciation and amortization [(1)]	**51.4**	**44.3**	**16.0**

[(1)] Refer to notes section of Summary

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 June 30, 2019, are as follows:

→ generated consolidated revenue of $319.0 million, an increase of $23.3 million, or 7.9 percent, as compared to $295.7 million in 2018 due to:

- acquisitions which accounted for $28.4 million of incremental revenue, consisting of $2.6 million in the Trucking/Logistics ("**T/L**") segment and $25.8 million in the Oilfield Services ("**OFS**") segment
- a decline in revenue resulting from a reduction in freight volumes in the T/L segment and a significant decline in drilling activity in the OFS segment being somewhat offset by greater demand for pipeline hauling and stringing services

→ earned consolidated operating income before depreciation and amortization ("**OIBDA**") of $51.4 million, an increase of $7.1 million as compared to $44.3 million in 2018 due to:

- an increase of $2.8 million or 8.4 percent in the T/L segment
- an increase of $5.0 million or 42.0 percent in the OFS segment
- a $0.7 million increase in Corporate costs, which was mainly due to a $0.3 million negative variance in foreign exchange and higher salaries

__**Second Quarter Financial Results**__

Revenue increased by $23.3 million, or 7.9 percent, to $319.0 million and is summarized as follows:

- T/L segment grew by $0.2 million, or 0.1 percent, to $219.6 million - incremental revenue from acquisitions was $2.6 million while fuel surcharge revenue declined by $0.2 million. Revenue from less-than-truckload improved by $0.4 million due to slight revenue gains at Gardewine Group Limited Partnership. Revenue from truckload services increased by $0.2 million due to the $2.6 million of incremental revenue generated by acquisitions being offset by a reduction in demand for truckload services.
- OFS segment increased by $23.1 million, or 30.1 percent - growth resulted from $25.8 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 12.7 percent decline in drilling activity, resulting in revenue declines by those Business Units providing drilling related services.

OIBDA increased by $7.1 million, or 16.0 percent, to $51.4 million and is summarized as follows:

- T/L segment grew by $2.8 million, or 8.4 percent, to $36.2 million - the adoption of IFRS 16 - Leases accounted for $2.5 million of this increase while acquisitions accounted for $0.3 million of incremental growth. As a percentage of revenue, operating margin increased to 16.5 percent due to the adoption of IFRS 16 - Leases. Our operating margin without the impact of IFRS 16 - Leases was 15.3 percent, a slight increase as compared to 2018.
- OFS segment up by $5.0 million, or 42.0 percent, to $16.9 million - transportation of fluids and servicing of wells Business Units increased by $5.1 million led by the acquisition of the business and assets of AECOM's Canadian Industrial Services Division ("**AECOM ISD**") while specialized services Business Units improved by $1.0 million due to greater demand for large diameter pipeline hauling and stringing services. These increases were partially offset by those Business Units tied to drilling related activity. Operating margin increased to 16.9 percent from 15.5 percent in 2018 due to enhanced profitability resulting from the synergies and integration efforts on the AECOM ISD acquisition and from higher margins generated by those Business Units providing specialized services.

Net income increased by $17.8 million to $31.7 million, or $0.30 per Common Share due to:

- A $9.4 million decrease in income tax expense, an $8.7 million positive variance in net foreign exchange and a $7.1 million increase in OIBDA.
- The above was partially offset by a $2.8 million increase in depreciation of right-of-use assets, a $1.9 million increase in loss on sale of property, plant and equipment, a $0.8 million increase in depreciation of property, plant and equipment and a $0.8 million increase in amortization of intangible assets.

A summary of Mullen Group's results for the three and six month periods ended June 30, 2019, and 2018 are as follows:

SUMMARY

(unaudited) **(*$ millions, except per share amounts*)**	**Three month periods ended June 30**			**Six month periods ended June 30**		
	2019	**2018**	**Change**	**2019**	**2018**	**Change**
	$	$	%	$	$	%
Revenue	**319.0**	295.7	7.9	**638.6**	587.8	8.6
Operating income before depreciation and amortization(1)	**51.4**	44.3	16.0	**95.4**	82.2	16.1
Net foreign exchange (gain) loss	**(6.8)**	1.9	(457.9)	**(7.9)**	8.1	(197.5)
Decrease (increase) in fair value of investments	**0.1**	(0.4)	(125.0)	**-**	1.1	(100.0)
Net income	**31.7**	13.9	128.1	**43.3**	15.4	181.2
Net Income - adjusted(2)	**15.5**	15.3	1.3	**26.1**	24.6	6.1
Earnings per share(3)	**0.30**	0.13	130.8	**0.41**	0.15	173.3
Earnings per share - adjusted(2)	**0.15**	0.15	-	**0.25**	0.24	4.2
Net cash from operating activities	**45.7**	35.9	27.3	**69.9**	57.7	21.1
Net cash from operating activities per share(3)	**0.44**	0.35	25.7	**0.67**	0.56	19.6
Cash dividends declared per Common Share	**0.15**	0.15	-	**0.30**	0.30	-

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 June 30, 2019, along with some of the key changes that occurred during the second quarter of 2019:

- Increased the amount available on our Bank Credit Facility to $150.0 million (no amounts were drawn as at June 30, 2019).
- Exited the second quarter with working capital of $248.2 million, which included $84.8 million of cash and cash equivalents by virtue of raising $125.0 million of convertible unsecured subordinated debentures (net proceeds of $119.8 million).
- Total net debt ($477.5 million) to operating cash flow ($205.2 million) of 2.33:1 as defined per our Private Placement Debt agreement.
- Total net debt decreased by $41.6 million to $477.5 million (March 31, 2019 - $519.1 million) due to repaying the $35.3 million outstanding on the Bank Credit Facility and from the $6.3 million foreign exchange gain on our U.S. $229.0 million debt.
- The value of our cross-currency swaps increased by $0.5 million to $37.4 million (March 31, 2019 - $36.9 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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