Logan International Reports First Quarter 2016 Financial Results

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

Calgary, Alberta May 16, 2016 – Logan International Inc. (TSX: LII) ("Logan" or the "Company") today reported the results of its first quarter ended March 31, 2016. Logan recorded revenue from continuing operations of $10.7 million in this year's first quarter and $25.4 million in last year's first quarter. For the three month period ended March 31, 2016, Logan reported a net loss from continuing operations of $3.9 million, $(0.12) per share, as compared to a loss of $0.1 million, $(0.00) per share in the prior year period. Modified EBITDA declined in this year's first quarter to a loss of $2.3 million from earnings of $3.8 million in last year's first quarter. Management believes that Modified EBITDA, which eliminates the revenue and cost effects of significant noncash and nonrecurring items, more accurately presents the results of ongoing operations.

Recent highlights include:

- Despite an EBITDA loss from continuing operations of $2.3 million, we limited draws on the credit facility to $750 thousand due to cost reduction initiatives and robust working capital management.
- In April, we implemented additional cost reduction initiatives to better match our costs with revenues.
- We continue to pursue sales of non-core assets and expect to close on at least one transaction in the third quarter.

For the quarter ended March 31, 2016, the downhole tool segment, which includes Logan Oil Tools, Inc. ("Logan Oil Tools"), Logan Kline Tools ("Kline"), Logan SuperAbrasives ("SuperAbrasives") and Scope Production Developments ("Scope"), recorded revenue of $9.7 million as compared to $23.2 million for the quarter ended March 31, 2015. For the quarter ended March 31, 2016, this segment generated an EBITDA loss of $1.0 million as compared to EBITDA of $5.3 million for the quarter ended March 31, 2015. For the first quarter of 2016, the rental tool segment, which includes Xtend Energy Services ("Xtend") and Logan Jar LLC ("Logan Jar"), recorded revenue of $1.0 million and breakeven EBITDA as compared to revenue of $2.2 million and EBITDA of $0.7 million in last year's first quarter.

The Company has presented the results of Logan Completion Systems Inc.'s ("Logan Completion Systems") operations as discontinued operations in all periods. Logan reported a net loss from discontinued operations of $0.1 million, $(0.00) per diluted share, for the quarter ended March 31, 2016, as compared to a net loss from discontinued operations of $1.2 million, $(0.04) per diluted share in the last year's first quarter.

David MacNeill, President and Chief Executive Officer, remarked, "As we expected, our first quarter operations continued to weaken as exploration and development companies slashed 2016 capital expenditures and operating expense budgets. All of our operations were affected by the weakness. As an example, Logan Oil Tools, which is our strongest business, reported a decline in sales of almost 60% from the prior year's first quarter and, for the first time, a negative EBITDA as customers tightened all of their purchases. During the downturn, we have continually monitored our costs and have initiated several rounds of cost reductions, mostly by way of layoffs, mandatory furloughs for all employees and restrictions on discretionary expenses. Due to aggressive cost reductions and forceful working capital management, we were able to limit additional borrowings to $750 thousand. During the quarter, we breached a financial covenant in our credit agreement. The lenders have granted a temporary waiver of the breach (the “Waiver”). In addition to waiving the covenant breach, the Waiver limits additional borrowings to $750,000 during the waiver period and expires on June 12, 2016. During the waiver period, we will develop and present to the lenders a proposal to repay or refinance the outstanding borrowings prior to the maturity of the credit agreement in December 2016.

Mr. MacNeill continued, “While we are encouraged by the recent uptick in energy prices, we have not yet seen a corresponding increase in order flow, especially in our businesses that are more correlated to drilling and completion activities. Furthermore, we do not expect a meaningful improvement in industry conditions through the end of the year because of the scarcity of investment capital available to E&P companies. As a result, we will remain committed to maintaining at least a break even cash flow in order to minimize additional bank borrowings. Finally, we will pursue the disposition of any non-core assets.

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); and high-performance poly-crystalline diamond compact cutters and bearings (Logan SuperAbrasives)
- Manufacturing and sales of completion products and services including packers and bridge plugs (Kline); proprietary multi-zonal completion technology and conventional completion products and services (Logan Completion Systems) and patented products and services used to optimize production in sand-laden, heavy-oil wells (Scope);
- Rental of specialty drilling and workover tools including drilling, fishing and coiled tubing stroking tools and the Xciter vibration tools (Xtend and Logan Jar).

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

Forward-Looking Statements

This press release contains forward-looking statements. These statements relate to future events or future performance of Logan. 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 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. The forward-looking statements set forth in this press release include statements regarding the potential sale of non-core assets and the timing associated therewith, proposals relating to the repayment or refinancing of the Company’s credit facility, future economic conditions within the oil and gas industry and the Company’s intentions in addressing the impact thereof on its business. Such statements 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 for the year ended December 31, 2015 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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Selected Consolidated Financial Information

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

	Three month periods ended March 31, 2016	Three month periods ended March 31, 2015
Revenue	$ 10,661	$ 25,363
Net loss from continuing operations for the period	(3,910)	(88)
Loss per share from continuing operations:		
Basic	$ (0.12)	$ (0.00)
Diluted	$ (0.12)	$ (0.00)
EBITDA (1)	$ (2,557)	$ 3,497
Modified EBITDA (1)	$ (2,311)	$ 3,835

	March 31, 2016	December 31, 2015
Working Capital	$ 40,412	$ 43,037
Total Assets	$ 217,633	$ 221,265
Loans and Borrowings (2)	$ 52,792	$ 51,195
Shareholders' Equity	$ 147,209	$ 150,644

(1) This press release presents: (a) EBITDA as loss from continuing operations before net finance cost, income taxes, 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 loss from continuing operations for the period" or "cash flow from operating activities from continuing operations" 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 future operations. A reconciliation of EBITDA and Modified EBITDA with net earnings for each period follows.

	Three month periods ended March 31,	
	2016	2015
Net loss from continuing operations for the period	$ (3,910)	$ (88)
Addbacks:		
Depreciation and amortization	2,505	2,538
Finance cost, net	576	1,003
Income tax expense (benefit)	(1,728)	44
EBITDA	(2,557)	3,497
Adjustments:		
Transaction fees	-	5
Severance Costs	17	178
Share-based compensation payments	229	155
Modified EBITDA	$ (2,311)	$ 3,835

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 business acquisitions. 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 March 31, 2016			Three months ended March 31, 2015		
	Downhole Tool	Rental Tool	Corporate	Downhole Tool	Rental Tool	Corporate
Revenue	$ 9,711	$ 950	$ -	$ 23,169	$ 2,194	$ -
Operating earnings (loss)	$ (2,348)	$ (1,167)	$ (1,547)	$ 3,970	$ (547)	$ (2,464)
Depreciation and amortization	1,327	1,165	13	1,308	1,220	10
EBITDA	$ (1,021)	$ (2)	$ (1,534)	$ 5,278	$ 673	$ (2,454)