



## GEMINI REPORTS SECOND QUARTER 2017 RESULTS

CALGARY – August 18, 2017 – Gemini Corporation (GKX-TSXV) (“Gemini” or the “Company”), an integrated project solutions company focused on energy and industrial facilities, today reported its financial results for the three and six months ended June 30, 2017. All financial figures are expressed in Canadian dollars.

“After a challenging start to the year, in the second quarter we won \$15 million in new business and increased our revenue backlog to \$33 million. That said, the business environment in Western Canada continues to be fiercely competitive which is having an ongoing impact on gross profit margin”, said Pete Sametz, Gemini’s President and CEO.

“In response to market conditions, our team embarked on a disciplined cost containment program in 2016 that allowed us to decrease general and administrative expenses by 61% or \$3.3 million year-over-year. This will help us compete on new projects and also allowed us to contain and decrease our losses on a year-over-year basis in the face of lower revenue and gross profit. We have also bolstered our financial capacity with a two-year committed senior secured revolving credit facility of up to \$14 million with an additional \$4 million accordion.”

## FINANCIAL HIGHLIGHTS

\$'000's	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
Revenue	<b>13,582</b>	29,242	<b>20,300</b>	60,063
Gross profit	<b>297</b>	2,942	<b>31</b>	5,220
Net loss	<b>(2,212)</b>	(2,972)	<b>(5,110)</b>	(4,426)
Net loss per share - basic and diluted	<b>(0.03)</b>	(0.04)	<b>(0.07)</b>	(0.06)
Adjusted EBITDA <sup>(1)</sup>	<b>(1,505)</b>	(779)	<b>(4,100)</b>	(1,620)

\$'000's	June 30, 2017	December 31, 2016
Working capital <sup>(1)</sup>	<b>\$7,927</b>	\$8,334
Working capital ratio <sup>(1)</sup>	<b>1.7:1</b>	1.8:1
Total assets	<b>22,964</b>	23,089
Tangible net worth <sup>(1)</sup>	<b>1,404</b>	6,565
Total liabilities to equity ratio	<b>7.5:1</b>	2.0:1

<sup>(1)</sup> Non-IFRS financial measure

## SECOND QUARTER 2017 HIGHLIGHTS

- The Company announced \$15 million in new business in the second quarter from four major clients;
- The Company had a revenue backlog of \$33 million as at June 30, 2017. The Company has visibility into additional projects and will be aggressively pursuing these opportunities;
- Revenue was \$13.6 million for the three months ended June 30, 2017, an increase over the past two quarters but still down significantly from historical revenue volumes. Revenue volume has shown steady increases during each month this quarter and this trend is expected to continue throughout the third quarter;

- Administrative expenses for the quarter declined 61% or \$3.3 million to \$2.1 million compared with the same period in 2016 due to the disciplined cost cutting measures and restructuring efforts that commenced in 2016 and continued into 2017;
- During the quarter, the Company bolstered its financial capacity by signing a two-year committed senior secured revolving credit facility of up to \$14 million plus an accordion feature for an additional \$4 million as needed; and
- The Company completed a corporate amalgamation effective April 1, 2017, simplifying back office processes and allowing for further cost savings and operating efficiencies.

## **OUTLOOK**

As we mentioned last quarter, 2017 is recovering slower than anticipated due to low energy prices and a lack of major infrastructure projects in western Canada. As a result, the competitive environment is one where lowest cost is the primary consideration when awarding new work. The Company expects revenue for 2017 to be substantially less than 2016, notwithstanding an increase in activity in the second half of 2017.

While the economic environment for Gemini remains highly competitive, the Company continues to have confidence in the team's ability to secure new work and maintain the excellent execution standards and client satisfaction that was achieved in 2016. Gemini is fortunate to have solid, trusted relationships with a group of active, growth oriented clients that we value highly.

The Company and industry adjusted to the reduced activity levels in 2016 and now Gemini is working to grow cash flow, add qualified tradespeople, maintain project quality and expand capability, while competing for new business in a competitive marketplace. The cost cutting and restructuring efforts that commenced in 2016 have resulted in significant administrative cost savings which have not only allowed Gemini to mitigate its losses, but will also allow the Company to bid aggressively on new projects.

Requests for proposals and bidding activity remains high and the Company enjoyed good success in the second quarter in securing a reasonable level of new business. During the second quarter, the Company secured new projects from four major clients resulting in backlog as at June 30, 2017 of \$33 million.

The excess fabrication capacity in the Alberta market is still resulting in unacceptably low gross profit margins and we do not see this changing in the foreseeable future. Higher revenue volumes will be needed to offset the reduction in gross profit margin. The Company will continue to balance the desire for work volume with a cautious risk management approach that seeks to avoid exposing the Company to financial loss by bidding unprofitable or excessively risky projects. Gemini continues to focus on business development, rigorous estimating and controls, operational excellence and execution processes to find innovative ways to bring value to clients and secure new backlog.

Gemini's fabrication shop in Ponoka has shown a steady increase in volume month over month and we expect this to continue into the third quarter based on our secured backlog. The Fort St John office is seeing seasonal increases in work volumes and is expected to remain steady into the fourth quarter. Construction and maintenance activity levels in the Fort Saskatchewan, AB region remain challenging. This will be a priority for the Company in the third quarter as we concentrate business development and recruitment efforts in this key market.

The Company has been successful in upgrading capabilities by recruiting senior level professionals as needed to join our team of dedicated Gemini personnel. As we have been experiencing over the past

several months, our accessibility to the local workforce has allowed us to bring on new personnel on a steady and consistent basis as new project awards are secured.

We are committed to investing in innovative and sustainable construction practices to deliver value and efficiency to our clients and drive greater profitability for Gemini.

## **MD&A AND FINANCIAL STATEMENTS**

The 2017 Q2 Management's Discussion and Analysis, and the Consolidated Financial Statements provide a detailed explanation of Gemini's operating results for the three and six months ended June 30, 2017. Gemini's 2017 second quarter will be filed on SEDAR at <http://www.sedar.com> by August 18, 2017.

## **FORWARD-LOOKING STATEMENTS AND NON-IFRS FINANCIAL MEASURES**

This news release may contain forward looking information that represents Gemini's expectations, estimates or beliefs concerning, among other things, the timing of any recovery in oil and gas prices, the recovery of the markets for the Company's products and services, future operating results and various components thereof, or Gemini's future economic performance. All statements other than the statements of historical fact may be forward-looking statements. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expects" and similar expressions. The estimates and beliefs contained in such forward-looking statements are based on management's assumptions relating to Gemini's performance and competition within the sectors in which it competes, the continuation of the current regulatory and tax regimes in the jurisdictions in which Gemini operates, and necessarily involve known and unknown risks and uncertainties, including risks and assumptions relating to client service demand, field service costs, labour rates and other factors that may cause actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted or suggested. Gemini does not undertake to update any forward-looking information in this document whether as to new information, future events or otherwise.

This news release refers to certain Non-IFRS financial measures that are not determined in accordance with International Financial Reporting Standards ("IFRS"). The measures used are "backlog", "working capital", "working capital ratio" and "adjusted EBITDA". These measures are used by our management to assist in making operating decisions and assessing performance. While we calculate these measures consistently from period to period, they likely will not be directly comparable to similar measures used by other companies because they do not have standardized meanings prescribed by IFRS. See the "Non-IFRS Measures" section of the June 30, 2017 MD&A. Investors are encouraged to evaluate each adjustment and the reasons Gemini considers it appropriate for supplemental analysis. Investors are cautioned, however, that these measures should not be construed as an alternative to net earnings determined in accordance with IFRS as an indication of Gemini's performance. The forward-looking statements contained in this news release are expressly qualified by this cautionary statement.

## **ABOUT GEMINI**

Gemini operates as an integrated project solutions company focused on energy and industrial facilities. Gemini offers services on either a stand-alone basis or in a combination, integrated to provide our clients with a single point of accountability. The Company is celebrating its 35th anniversary in 2017.

Through an all-in commitment from every individual in the Company, Gemini is determined to change the client perspective of how project services should be delivered. The Company is uniquely qualified to provide a full spectrum of modular and integrated project solutions, leveraging a philosophy and approach that directly aligns with its clients' business objectives.

The Company is capable of servicing its clients through the full life cycle of their assets; from asset acquisition, environmental and regulatory support, engineering, fabrication, construction, maintenance, turnarounds, de-commissioning, reclamation and remediation. Gemini provides full project management to integrate any or all of these services. The Company's principal target markets are oil and gas, heavy oil, oil sands, midstream and pipeline facilities, hydrocarbon processing, power and other industrials.

The Company operates in western Canada and is headquartered in Calgary with offices in Ponoka, Fort Saskatchewan and Fort St. John.

Shares of Gemini trade on the TSX Venture Exchange under the symbol "GKX". For more information about the Company and its services, go to [www.geminiCorp.ca](http://www.geminiCorp.ca).

**FOR FURTHER INFORMATION**

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