

BluMetric Announces Third Quarter Fiscal 2016 Results

OTTAWA, Aug. 29, 2016 /CNW Telbec/ - BluMetric Environmental Inc. (TSXV: BLM), an Ottawa-based cleantech company, announces the following unaudited results for its third quarter, ended June 30, 2016.

Revenues in the quarter were \$8.4 million with net income of \$371,000, or \$0.01 per share fully diluted. Gross margins were slightly lower in the quarter versus the same quarter in the prior year. Adjusted EBITDA margins improved to 9.3% from 7.2%.

"Our Professional Services group continues to grow revenues and reduce costs, as does our Military group, both of which benefitted our Company this quarter, which saw a weaker Engineered Solutions group performance," said Roger Woeller, CEO of BluMetric. "Our business pipeline is expanding in our identified strategic growth areas, which include the North, mining, food and beverage, and infrastructure replacement/development."

Financial Highlights

- **Net income:** \$371,000 in Q3 of fiscal year 2016 compared to \$322,000 in the same quarter of the prior year, a 15% increase.
- **Revenues:** \$8.4 million for the quarter ended June 30, 2016 compared to \$8.7 million for the same quarter of fiscal 2015. The decrease is mainly due to a decrease in Engineered Solutions group sales and was partially offset by growth in Professional Services and a strong performance from our Military group.
- **Gross margins:** 22% in Q3 of fiscal year 2016 compared to 23% in Q3 of fiscal year 2015. The slightly lower margin is attributed primarily to the lower performance of the Engineered Solutions group.
- **Sales, general, and administrative (SG&A) costs:** decreased to \$1.3 million in Q3 of fiscal year 2016 compared to \$1.5 million in Q3 of fiscal year 2015. Significant contributors to the decrease include reduced bad debt expense and salary costs, offset by higher occupancy costs. In the last 12 months, two properties have been sold by the Company and rent is now being paid in those locations.
- **EBITDA:** (see Note 1 definition below) rose to \$698,000 for the three months ended June 30, 2016 compared to \$661,000 in the same period in the prior year, a 6% increase.
- BluMetric remains in violation of one of its debt covenants under its current banking arrangement. The forbearance agreement that the Company was previously operating under expired on July 31, 2016. On May 30, 2016, the Company signed a commitment letter with a new bank, which is subject to customary conditions, including the negotiation of definitive agreements and other conditions as set forth in the letter. The Company expects that these agreements will be signed and the replacement operating credit facility will be available by approximately mid-September 2016.
- On August 24, 2016, the Company signed a letter of offer with another institution which will provide financing intended for growth as well as to repay the existing convertible debentures. The letter of offer is subject to conditions, including the negotiation of definitive agreements and other conditions as set forth in the letter. The Company expects that these agreements will be signed and the additional financing will be available by approximately mid-September 2016.

Operational Highlights of the Quarter

- Awarded two new mining-sector projects in Northern Ontario with combined revenues of almost \$3.0 million over the next year, demonstrating both stable performance in a sector under pressure and an evolution of our service offerings from advanced site assessment to the design and ultimately implementation of solutions.
- Expanded work on several long-term projects on the Commercial Systems side, including work on reverse-osmosis desalination installations and water purification units, as well as installation, commissioning, and supply of spare parts for all eight wastewater treatment plants and four of six oil-water separators in Panama, Central America.
- Continued implementation of improved project management processes in all groups.
- Significant proposal activity on projects in the Canadian North, Central America, and the US, specifically in the mining, food and beverage, and infrastructure sectors.
- Successfully completed pilot tests of new and developing products and processes in the agriculture, development/infrastructure, and food and beverage sectors.

Outlook

Trends are encouraging as we move through our final quarter of fiscal 2016. BluMetric will continue to build on its business base and revenues with new solutions in high-margin areas.

Financial Summary

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Nine Months Ended June 30, 2016	Nine Months Ended June 30, 2015
	(\$000)	(\$000)	(\$000)	(\$000)
Revenue	8,378	8,675	24,235	24,236
Gross profit	1,871	2,011	5,260	5,320
Gross margin %	22%	23%	22%	22%
SG&A expenses	1,269	1,510	3,874	4,086
EBITDA ¹	698	661	1,742	1,837
Adjusted EBITDA ²	780	628	1,557	1,662
Net income	371	322	675	682
Income per share –basic	0.01	0.01	0.02	0.03
Income per share –diluted	0.01	0.01	0.02	0.03

Note 1: EBITDA is a non-IFRS measure and is calculated as net income before interest expense, income taxes, depreciation and amortization

Note 2: Adjusted EBITDA is a non-IFRS measure and is calculated as EBITDA, gain or loss on foreign exchange, stock based compensation, gain or loss on sale of property plant and equipment, unrealized gains on investments held for sale, and impairment of goodwill.

The full results are available at www.sedar.com.

About BluMetric Environmental Inc.

BluMetric Environmental Inc. is a publicly traded cleantech company with a portfolio of industry-leading products, processes, and services in the environment sciences and engineering sectors. We take pride in our strong record of providing sustainable solutions to the world's environmental challenges. Headquartered in Ottawa, Ontario, BluMetric's award-winning team of industry experts serves clients in Canada, the United States, and Central America.

Forward-Looking Statements

Some of the statements in this press release, including those relating to the Company's quarterly and annual results, future products, opportunities and cost initiatives, strategies and other statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates", or similar expressions, are forward-looking statements within the meaning of securities laws. Forward-looking statements include, without limitation, the information concerning possible or assumed future results of operations of the Company. These statements are not historical facts but instead represent only the Company's expectations, estimates, and projections regarding future events. The Company does not undertake any obligation to update or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this

presentation or to reflect the occurrence of unanticipated events, except as required by law.

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