



Enerflex Provides Capital Expenditure, Dividend, and Operational Update

Mar 17, 2020

CALGARY, Alberta, March 17, 2020 (GLOBE NEWSWIRE) -- Enerflex Ltd. (TSX:EFX) ("Enerflex" or "the Company" or "we" or "our") announces capital expenditure, dividend, and operational updates in light of current market conditions and commodity price volatility.

"The uncertainty caused by the COVID-19 pandemic and recent market volatility has significantly changed our growth plans for the year. As stewards of capital, the current environment requires that we take a more defensive position to maintain balance sheet strength and liquidity by thinking critically and carefully about the capital program, dividend, and operational cost reductions," stated Marc Rossiter, President and Chief Executive Officer.

Capital Expenditures and Dividend

Enerflex is a global company that serves a global customer base. The extent to which the COVID-19 pandemic and recent changes in oil and gas supply and demand will impact the regional markets within which we operate is presently unknown, however the associated uncertainty affecting our primary customer base requires that we modify our original 2020 capital expenditure plans.

Enerflex previously disclosed 2020 growth capital expenditure plans similar to those of 2019, which would have equated to approximately \$210 million. The Company will now proceed only with those growth capital expenditures connected to existing contractual obligations, representing approximately \$90 million. This includes obligations for the USA Contract Compression Fleet and for five- and ten-year Build, Own, Operate, and Maintain contracts in the Rest of World (ROW) segment. In aggregate, this represents a 57% reduction in growth capital expenditures from our original 2020 plan. This capital plan is front loaded in the first half of 2020 and provides Enerflex with flexibility in the second half of 2020 to allocate capital in a manner that prioritizes balance sheet strength.

Enerflex will also proceed with 2020 maintenance capital spending required to keep its global fleet of over 670,000 HP operating at the high levels of reliability, safety, and environmental standards that Enerflex customers have come to expect. Maintenance capital expenditures are estimated to be \$15 million for 2020.

Commensurate with taking a defensive approach to capital allocation, after payment of the April dividend, Enerflex's Board of Directors intends to reduce future quarterly dividends by 83% to \$0.02/share. The quarterly dividend of \$0.110/share declared on February 20, 2020 will be paid as planned on April 2, 2020. This measure is consistent with Enerflex's long-term strategy of maintaining a strong balance sheet and delivering a sustainable dividend to shareholders. Enerflex's Board will continue to evaluate dividend payments on a quarterly basis, based on the availability of cash flow and anticipated market conditions. In the short term, maintaining balance sheet strength and a strong cash position are overarching priorities for the Company.

Operational Update

Since the beginning of the year, Enerflex has implemented measures to align costs with reduced revenue expectations. It has now come into focus that the North American regions will be significantly impacted by a reduction in producer capital expenditure programs. While the ROW segment is oriented towards long term operational contracts with less downside risk, we may see a slowdown in demand for new projects. As such, Enerflex is employing proactive cost reduction measures that are appropriate to each region's range of revenue outcomes.

In response to the COVID-19 pandemic and following the advice of health authorities in the 17 countries within which we operate, Enerflex has implemented the adoption of social distancing practices and the elimination of materially all travel not related to critical field operations. Our employees' ability to work from home or safely at a construction site, gas plant, or manufacturing shop is of the utmost importance. Senior management meets daily to ensure the highest possible levels of service are provided to our clients while maintaining the health of our employees and the societies within which they live. We are continuing to monitor the situation closely and will follow the advice of governmental agencies as the situation evolves to protect the interests of our stakeholders.

We expect that the combined effect of these actions will provide the support needed for Enerflex to continue serving the needs of its customers in these uncertain times and beyond.

About Enerflex

Enerflex Ltd. is a single source supplier of natural gas compression, oil and gas processing, refrigeration systems, and electric power generation equipment – plus related engineering and mechanical service expertise. The Company's broad in-house resources provide the capability to engineer, design, manufacture, construct, commission, operate, and service hydrocarbon handling systems. Enerflex's expertise encompasses field production facilities, compression and natural gas processing plants, gas lift compression, refrigeration systems, and electric power equipment servicing the natural gas production industry.

Headquartered in Calgary, Canada, Enerflex has approximately 2,500 employees worldwide. Enerflex, its subsidiaries, interests in associates and joint-ventures operate in Canada, the United States, Argentina, Bolivia, Brazil, Colombia, Mexico, the United Kingdom, the United Arab Emirates, Oman, Bahrain, Kuwait, Australia, New Zealand, Indonesia, Malaysia, and Thailand. Enerflex's shares trade on the Toronto Stock Exchange under the symbol "EFX". For more information about Enerflex, go to www.enerflex.com.

Advisory Regarding Forward-Looking Information

This press release contains forward-looking information within the meaning of applicable Canadian securities laws. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "plan", "contemplate", "continue", "estimate", "expect", "intend", "propose", "might", "may", "will", "shall", "project", "should", "could", "would", "believe", "predict", "forecast", "pursue", "potential", "objective" and "capable" and similar expressions are intended to identify forward-looking information. In particular, this press release includes (without limitation) forward-looking information pertaining to: the Company's 2020 growth and maintenance capital expenditure plans; the Company's intentions regarding future dividends; as well as anticipated market conditions and impacts on the Company's operations. This forward-looking information is based on assumptions, estimates and analysis made in the light of the Company's experience and its perception of trends, current conditions and expected developments, as well as other factors that are believed by the Company to be reasonable and relevant in the circumstances. Forward-looking information involves known and unknown risks and uncertainties and other factors, which are difficult to predict, including but not limited to disruptions to business operations resulting from the COVID-19 pandemic and the responses of government and the public to the pandemic, and changes in economic conditions that restrict Enerflex's cash flow and impact its ability to declare and pay dividends. For an augmented discussion of the risk factors and uncertainties that affect or may affect Enerflex, the reader is directed to the section entitled "Risk Factors"

in Enerflex's most recently filed Annual Information Form, as well as Enerflex's other publicly filed disclosure documents, available on www.sedar.com. While the Company believes that there is a reasonable basis for the forward-looking information and statements included in this press release, as a result of such known and unknown risks, uncertainties and other factors, actual results, performance, or achievements could differ materially from those expressed in, or implied by, these statements, and readers are cautioned not to unduly rely on forward-looking information. The forward-looking information contained herein is expressly qualified in its entirety by the above cautionary statement. The forward-looking information included in this press release is made as of the date hereof and, other than as required by law, the Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

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