Distinct Infrastructure Group Reports Record 2017 Second Quarter Revenue and EBITDA

TSXV:DUG │OTCQX:DSTFF

TORONTO, Aug. 28, 2017 /CNW/ - Distinct Infrastructure Group Inc. ("Distinct" or the "Company") today released its financial results for the three ("Q2 2017") and six months ("H1 2017") ended June 30, 2017. For Q2 2017, the Company reported record second quarter revenues of $20.3 million and EBITDA of $2.4 million, an increase of 31% and 39% respectively as compared to the three months ended June 30, 2016 ("Q2 2016"). Adjusted Net Income for Q2 2017 was $1.1 MM as compared to Adjusted Net Income of $0.0 MM in Q2 2016, an increase of $1.1 MM. The Company's growth trajectory continues with strong demand for incremental services from blue-chip utility clients.

"Distinct management remains focused on growth, operational performance and safety" said Alex Agius, Co-Chief Executive Officer of the Company. "Our results during the first half of 2017 set a strong base for the remainder of the year as we remain focused on operational efficiencies and working capital management."

Further commenting on the Q2 2017 results, Joe Lanni, Co-Chief Executive Officer of the Company stated: "With an exceptional team of employees and equipment in place we were able to deliver strong results for our shareholders. We remain committed to exploring all opportunities for managed growth, including both organic and M&A alternatives".

Other highlights for H1 2017:

- Revenue growth continues in H1 2017 with a 38% increase over H1 2016. The Company's exceptional top line results continue as our clients are seeking incremental utilities construction services in our key markets. Distinct strives to be a full-service contractor of choice for our clients.
- Adjusted EBITDA of $4.0 million in H1 2017 as compared to $2.8 million in H1 2016, a 44% increase. Adjusted EBITDA margin was 10.9% in H1 2017 compared to 10.5% in H1 2016, an increase of 0.4% year over year.
- Adjusted Net Income during H1 2017 was $0.9 MM as compared to ($0.3) MM during H1 2016, an increase of $1.2 MM.
- Demand for work from the Company's biggest customers continues to trend towards large projects with a longer duration. The Company has invested in working capital, as seen in our accounts receivable and work in progress balances at the end of Q2 2017. Distinct continues to work with our clients, through various initiatives, to improve cash conversion cycles.
- On May 26, 2017, the Company refinanced its existing senior debt with RBC. Management expects to reduce annual net interest expense significantly, which will directly benefit earnings per share and cash flows going forward. Funding from the debt transaction was used for existing debt refinancing, along with an amount for future working capital needs and general corporate purposes.
- The Company's build out of a robust management structure across all areas of the business continues. Investment in the training of staff continues with a focus on safety, implementation of systems and processes.

Consolidated Financial Highlights

	For the three months ended		For the six months ended	
	June 30, 2017	**June 30, 2016**	**June 30, 2017**	**June 30, 2016**
Revenue	**20,250,043**	**15,514,275**	**36,292,386**	**26,273,730**
Expenses				
Direct costs	14,814,317	11,042,213	26,533,114	18,710,891
Selling, general and administrative	3,069,097	2,863,319	5,830,453	4,924,635
Depreciation	657,019	731,985	1,315,445	1,264,264
Total expenses	**18,540,433**	**14,637,517**	**33,679,012**	**24,899,790**
Earnings from operations	**1,709,610**	**876,758**	**2,613,374**	**1,373,940**
Other expenses				
Finance expense	630,107	866,014	1,639,464	1,633,921
One-time finance expense	1,933,309	-	1,933,309	-
	2,563,416	866,014	3,572,773	1,633,921
Income before taxes	**(853,806)**	**10,744**	**(959,399)**	**(259,981)**
Income taxes	-	-	69,813	-
Net and comprehensive income	**(853,806)**	**10,744**	**(1,029,212)**	**(259,981)**
Earnings per share:				
Basic and diluted	**(0.02)**	**(0.00)**	**(0.03)**	**(0.01)**
EBITDA	2,366,629	1,608,743	3,928,820	2,638,204
Adjusted EBITDA	**2,379,911**	**1,709,269**	**3,972,011**	**2,760,142**
Adjusted Net Income	**1,079,503**	**10,744**	**904,097**	**(259,981)**
Adjusted EPS (basic and diluted)	**0.03**	**0.00**	**0.03**	**(0.01)**

Note: EBITDA, Adjusted EBITDA, Adjusted Net Income, Adjusted EPS are non-GAAP/IFRS figures. "EBITDA" represents net income plus income tax, finance expense and depreciation. "Adjusted EBITDA" represents EBITDA plus share-based compensation and one-time costs. "Adjusted Net Income" represents net income plus one-time finance expenses. "Adjusted EPS" represents Adjusted Net Income divided by the average number of common shares outstanding for each period and Adjusted Net Income divided by the weighted average number of diluted common shares outstanding.

Non-GAAP financial measures do not have standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other companies. Specific items may only be relevant in certain periods. For reconciliation of non-GAAP financial measures please refer to the

Company's Management Discussion and Analysis for the period ended June 30, 2017.

The financial statements, notes to the financial statements and Management's Discussion and Analysis for the three and six month periods ended June 30, 2017 are available on SEDAR at www.sedar.com as well as DIG's investor relations website at www.diginc.ca.

About Distinct Infrastructure Group:

Distinct Infrastructure Group Inc. is a turnkey solutions firm providing design, engineering, construction and maintenance services to telecommunication firms, utilities and government bodies. Distinct's full service suite of offerings includes underground construction, aerial construction, inventory management, and technical services including fibre to the building and home. The Company's head offices are located in Toronto, Ontario, with additional offices in Edmonton, Alberta.

Forward Looking Statements

This news release contains "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "anticipated", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Inspiration is subject to significant risks and uncertainties which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward looking statements contained in this release. Inspiration cannot assure investors that actual results will be consistent with these forward looking statements and Inspiration assumes no obligation to update or revise the forward looking statements contained in this release to reflect actual events or new circumstances.

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CNW 09:00e 28-AUG-17