

August 4, 2010

## **McCOY REPORTS Q2 2010 RESULTS WITH 30 PERCENT INCREASE IN YEAR-OVER-YEAR REVENUES AND \$1.1 MILLION OF NET EARNINGS**

Edmonton – **McCoy Corporation** (“McCoy” or “the Company”) (TSX:MCB) today announced results for the three months ended June 30, 2010. The second quarter results include gains in revenues and net earnings relating to McCoy’s global sales strategy combined with increased oil and gas sector activity. The Company’s complete interim financial statements and Management’s Discussion and Analysis have been filed with regulators and are available on McCoy’s website at [www.mccoyglobal.com](http://www.mccoyglobal.com) and at [www.sedar.com](http://www.sedar.com).

Highlights of McCoy’s second quarter of 2010 include the following:

- Reported revenue of \$30.4 million, an increase of 30 percent compared to revenues of \$23.3 million for Q2 2009.
- Reported net earnings of \$1.1 million compared to a loss of \$1.5 million in Q2 2009.
- Continued to improve balance sheet strength with \$5.8 million of cash on hand and net debt of only \$1.1 million at the end of the quarter.
- Showed positive results in Energy Products & Services (“EP&S”) segment revenues relating to McCoy’s continued focus on global expansion, with continued emphasis on building out McCoy’s drilling and completions equipment line.
- Demonstrated a turnaround in revenues for McCoy’s Mobile Solutions segment due to increased demand for custom chassis used in multi-stage well fracturing.

A summary of McCoy’s quarterly financial results is shown in the following table:

(\$000 except per share amounts)	Q2 2010	Q1 2010	Q2 2009
Total revenue	30,369	24,747	23,309
Net earnings (loss)	1,115	178	(1,479)
Net earnings (loss) per share – basic and diluted (\$/share)	0.04	0.01	(0.06)
EBITDAS <sup>(1)</sup>	2,969	1,575	(514)
EBITDAS <sup>(1)</sup> per share – basic and diluted (\$/share)	0.11	0.06	(0.02)
Cash flow from (used in) operating activities	2,226	(407)	1,993
Cash flow from (used in) operating activities per share – basic and diluted (\$/share)	0.08	(0.02)	0.07
Cash flow from (used in) operating activities before non-cash working capital items	2,347	1,420	(733)
Cash on hand at period end	5,752	4,002	3,752
Net debt <sup>(1)</sup> at period end	1,095	3,035	5,336
Share outstanding – basic, at period end (000)	26,476	26,476	26,476

- (1) EBITDAS and net debt are non-GAAP measurements. EBITDAS is defined as “earnings before extraordinary and other non-recurring items, interest, taxes, depreciation and amortization and stock-based compensation.” EBITDAS is not considered an alternative to net earnings in measuring McCoy’s performance. Net debt is defined as “the sum of current portion of long-term debt, current portion of obligations under capital lease, long-term debt and obligations under capital lease less cash on hand.” EBITDAS and net debt do not have a standardized meaning and is therefore not likely to be comparable with similar measures used by other issuers. However, McCoy calculates EBITDAS and net debt consistently from period to period.

Revenue of \$30.4 million and earnings of \$1.1 million for the second quarter represent a continued upward trend in McCoy’s recovery. Although the Company is still using caution in regards to long-term growth plans, there is a sense of guarded optimism as McCoy enters the second half of the year.

“McCoy’s order backlog has continued to increase; however, McCoy is continuing to view the recovery cautiously to ensure the revitalization is sustained,” stated Jim Rakievich, McCoy’s President and CEO. “Our team is busy creating value for shareholders. This goal is at the top-of-mind as we continue to achieve highly efficient operations and increased global sales, while also examining potential deals and rewarding our most productive employees.”

McCoy’s balance sheet strength has been a key to the Company’s ability to maintain a proactive approach to business opportunities over the past year, positioning the Company for future growth. This financial strength continues. As at the end of the second quarter McCoy had approximately \$5.8 million of cash on hand with net debt of only \$1.1 million. This compares to net debt of \$3.0 million three months earlier, and \$5.3 million one year prior.

### Sales by Operating Segment

(\$000 except percentages)	EP&S	Mobile Solutions	Inter-Segment Eliminations	Total
Q2 2010 sales	21,053	13,501	(4,185)	30,369
Q2 2009 sales	16,276	9,838	(2,805)	23,309
Three months percentage increase – 2010 vs 2009	29%	37%		30%
Six months 2010 sales	37,570	23,985	(6,439)	55,116
Six months 2009 sales	39,293	19,266	(4,273)	54,286
Six months percentage (decrease) increase – 2010 vs 2009	(4%)	24%		2%

Revenue for the EP&S segment increased due to increased spending in global drilling equipment and down-hole tool markets in the comparative quarters. Signs of recovery in the markets continue as revenues for EP&S have increased by \$4.5 million, or 27 percent, from the first quarter of 2010. International drilling activity was a bright light in 2009 and early 2010 as international sales remained strong in certain countries due to the recovering price of oil. This is evidenced by the maintenance of sales outside of North America in the second quarter of 2010 of \$8.1 million (27% of total revenues) compared to \$7.3 million (31% of total revenues) of sales outside of North America in the same period of 2009.

The Mobile Solutions segment experienced an increase in revenue of \$3.7 million, from the second quarter of 2009, to \$13.5 million for the second quarter of 2010. The increase was primarily due to the continued recovery in conventional oil and gas activity in the Western Canadian Sedimentary Basin (WCSB), from which the majority of revenue for the Mobile Solutions segment is derived.

McCoy Trailers has been successful in generating revenue above forecast for the quarter and has improved gross margins through efficiencies gained during 2009.

### **Outlook**

As the number of rigs working internationally and in North America increase, McCoy expects demand for capital equipment will improve which will be positive for both the EP&S and Mobile Solutions segments. While rig counts have increased substantially over the last three quarters they remain well below 2008 peak levels, however, McCoy is seeing order activity increase. Capital goods orders for drilling & completions equipment typically lag the immediate increase in drilling rig activity. EP&S is experiencing a backlog build up and anticipates the revenue pipeline for drilling and completions equipment to continue to recover. The volatility in North American natural gas prices in the first half of 2010 is creating uncertainty as to North American natural gas drilling levels in the second half of 2010. If drilling activity levels drop, the improving demand for capital equipment could be derailed.

McCoy is taking a conservative view on near-term capital equipment spending by regional customers for the remainder of the year although WCSB activity has been steadily increasing with a focus on unconventional resource plays that require specialized fracturing equipment. The custom drilling, well stimulation and servicing trailer market has continued to build strength both domestically and internationally. Domestic players looking to increase fracturing horsepower have placed multiple unit orders for chassis. McCoy Trailers has developed and delivered several models of well stimulation chassis for the shale gas plays in Australia and continues to build market presence in this region. McCoy is already the market leader in the custom chassis market in Western Canada.

After showing a strong first half of the year, McCoy continues to view 2010 as a bridge year allowing the Company to get back on track, build strength and position the Company to move forward with its long-term growth strategy. McCoy is pleased to show positive results for our shareholders as we move global energy forward.

### **Conference Call**

McCoy will host a conference call and webcast at 9:00 a.m. Mountain Time (11:00 a.m. Eastern Time) on August 4, 2010. Management participants will be:

- Jim Rakievich, President and CEO;
- Milica Stolic, Chief Financial Officer & Corporate Secretary; and
- DeAnn McNally, Manager Corporate Affairs

Participants calling from Canada or the United States should call toll-free: 1-866-253-4938. Callers from other locations may access the call at: 1-416-849-6209. Those who prefer to join by webcast, can do so at the following link: [http://www.snwebcastcenter.com/event/?event\\_id=1014](http://www.snwebcastcenter.com/event/?event_id=1014).

The call will also be available for replay via telephone for seven days after the conference call by calling 1-866-245-6755 or 1-416-915-1035. The replay passcode number is 158903. The transcript of the conference call will be archived on the investor page of McCoy's website.

## **About McCoy**

McCoy provides innovative products and services to the global energy industry. McCoy's two segments, Energy Products & Services and Mobile Solutions, operate internationally through direct sales and distributors with its operations based out of the Western Canadian Sedimentary Basin and the US Gulf Coast. McCoy's corporate office is located in Edmonton, Alberta, Canada with offices in Alberta, British Columbia, Louisiana, and Texas.

## **Forward-Looking Information**

*This news release and the website referenced therein may contain forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. By its nature, such forward-looking information is subject to various risks and uncertainties, which could cause McCoy's actual results and experience to differ materially from the anticipated results or expectations expressed. Readers are cautioned not to place undue reliance on forward-looking information that may be contained herein, which is given as of the date it is expressed in this news release or otherwise, and to not use future-oriented information or financial outlooks for anything other than their intended purpose. McCoy undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.*

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