



May 13, 2014

McCoy Corporation Announces First Quarter 2014 Results

Edmonton, Alberta - **McCoy Corporation** ("McCoy Global" or "the Corporation") (TSX:MCB; OTCQX:MCCRF), a supplier of innovative products and services for the global energy industry, today announced its operational and financial results for the three months ended March 31, 2014.

"McCoy Global reported near-record backlog levels in the first quarter 2014, driven by an increase in highly technical orders and strong demand for all product lines," said Jim Rakievich, President and CEO of McCoy Global. "These indicators, in combination with the organic growth opportunities presented by our international expansion strategy and "we" product line, indicate a positive outlook for McCoy in 2014 and onward."

Operational Highlights

Since January 1, 2014, McCoy Global:

- Reported revenue of \$27.2 million, compared to \$27.3 million in 2013
- Reported net earnings of \$2.5 million, compared to \$2.1 million in 2013; earnings from continuing operations were \$1.2 million, compared to \$1.6 million in 2013
- Reported adjusted EBITDA¹ of \$4.2 million, a 16% increase compared to 2013
- Absorbed \$0.8 million in one-time severance charges, with an after-tax impact of \$0.02 on earnings from continuing operations per common share
- Reported a backlog² from continuing operations of \$44.5 million for the three months ended March 31, 2014, a 16% increase from December 31, 2013
- Reported a book-to-bill ratio³ from continuing operations of 1.1 for the three months ended March 31, 2014, compared to 0.9 for the three months ended December 31, 2013
- Continued developing operations at its first two international technical sales and service centers in Aberdeen, Scotland and Singapore, and began the process of establishing a physical presence in the Middle East
- Introduced two new innovative products at the recent Offshore Technology Conference, in Houston, Texas; the weBUCK12™, an electric bucking unit, and the weHOLD750-24™, a casing handling tool system with flush mount spider, conventional spider and elevator configurations
- Continued to refine and optimize McCoy Global's new Enterprise Resource Planning (ERP) system
- Rectified engineering challenges encountered in the fourth quarter of 2013, resulting in improved performance

Quarterly Financial Highlights

Revenue for the three months ended March 31, 2014 was \$27.2 million, a \$0.1 million decrease from the comparative quarter in 2013.

Gross profit percentage for the three months ended March 31, 2014 was 42%, a 6% increase from the comparative quarter in 2013. Profitability was positively impacted by higher sales of technical products, the weakening Canadian dollar and realizing certain operational efficiencies.

Net earnings for the quarter was \$2.3 million (\$0.09 per basic share), compared to \$2.1 million (\$0.08 per basic share) in the first quarter of 2013.

Adjusted EBITDA¹ for the three months ended March 31, 2014 was \$4.2 million, a 16% increase from the comparative quarter in 2013. Adjusted EBITDA was positively impacted by realizing a higher gross profit percentage as well as a reduction in headcount and other efficiency initiatives. Adjusted EBITDA was negatively impacted by certain one-time charges and higher overhead expenses. One-time charges include \$0.8 million in severance expense in the first quarter of 2014. Overhead expenses were impacted by foreign exchange as a significant portion of overhead expenses are denominated in United States dollars. In addition, the Corporation began to amortize ERP expenses that were previously capitalized and trade names that were previously classified as indefinite life intangibles resulting in additional

amortization expense. Aberdeen and Singapore operations also continued to impact overhead expenses as the Corporation develops these operations.

As at March 31, 2014, McCoy had working capital of \$46.6 million, including \$10.5 million in cash and cash equivalents.

Selected Quarterly Information

(\$000 except per share amounts and percentages)	<u>Q1 2014</u>	<u>Q1 2013</u>	<u>% Change</u>
Revenue	27,220	27,284	-
Gross profit	11,362	9,690	17
Gross profit as % of revenue	42%	36%	6
Earnings from continuing operations	1,195	1,579	(24)
Earnings from discontinued operations (net of tax)	1,326	482	175
Net earnings	2,521	2,061	22
Net earnings per common share – basic	0.09	0.08	13
Net earnings per common share – diluted	0.09	0.08	13
Adjusted EBITDA ¹	4,179	3,606	16
Adjusted EBITDA ¹ per common share – basic	0.15	0.13	15
Adjusted EBITDA ¹ per common share – diluted	0.15	0.13	15
Total assets	126,450	116,261	9
Non-current liabilities	1,991	11,079	(82)
Total liabilities	37,275	37,168	-

¹ EBITDA is an additional GAAP measure presented under IFRS defined as “net earnings from continuing operations, before finance charges (net), income tax expense, depreciation, and amortization.” Adjusted EBITDA is a non-GAAP measure defined as “net earnings from continuing operations before finance charges (net), income tax expense, depreciation, amortization, impairment losses, net changes in fair value related to derivative financial instruments and share-based compensation”. Adjusted EBITDA is not considered an alternative to net earnings in measuring McCoy Global’s performance. Adjusted EBITDA does not have a standardized meaning and is therefore not likely to be comparable to similar measures used by other issuers. However, McCoy Global calculates adjusted EBITDA consistently from period to period. Adjusted EBITDA should not be used as an exclusive measure of cash flow since it does not account for the impact of working capital changes, capital expenditures, debt changes and other sources and uses of cash, which are disclosed in the consolidated statement of cash flows.

² The Corporation defines backlog as work that has a high certainty of being performed and is measured on the basis of a firm customer commitment, such as the receipt of a purchase order. Customers may default on or cancel such commitments, but many are secured by a deposit and/or require reimbursement by the customer upon default or cancellation. Backlog reflects likely future revenues; however, cancellations or reductions may occur and there can be no assurance that backlog amounts will ultimately be realized as revenue, or that the Corporation will earn a profit on backlog work. Expected delivery dates for orders recorded in backlog usually span from one to six months, and thus may not translate into revenue in the consecutive quarter.

³ The book-to-bill ratio is a measure of the amount of net sales orders received to revenues recognized and billed in a set period of time. The ratio is an indicator of customer demand and sales order processing times. A ratio of above “1.0” indicates more net sales orders were received than orders shipped and billed. The book-to-bill ratio is not a GAAP measure and therefore the definition and calculation of the ratio will vary among other issuers reporting the book-to-bill ratio. McCoy Global calculates the book-to-bill ratio as net sales orders taken in the reporting period divided by the revenues reported for the same reporting period.

Conference Call Information

McCoy Global will host a conference call and webcast at 9:00 a.m. Mountain Time (11:00 a.m. Eastern Time) on May 13, 2014. Management participants will include: Jim Rakievich, President & CEO; Jacob Coonan, CFO; Kenny Watt, Senior Vice President, McCoy Global; and Peter Watson, General Counsel and Corporate Secretary.

Participants calling from Canada or the United States should call toll-free at: 1-888-231-8191. Callers from other locations may call in at: 1-647-427-7450. A live audio webcast of the conference call will be available at the following link: <http://www.newswire.ca/en/webcast/detail/1346259/1488481>.

The conference call will be archived for replay until Tuesday, May 20, 2014 at midnight. To access the archived conference call, dial 1-855-859-2056 or 1-416-849-0833 and enter the replay passcode 40569857. The transcript of the conference call will be archived on the conference calls page of McCoy's website.

About McCoy

McCoy provides innovative products and services to the global energy industry. McCoy Global operates internationally through direct sales and distributors with its operations based out of Western Canada, the U.S. Gulf Coast, Europe and Asia-Pacific. McCoy Global's corporate office is located in Edmonton, Alberta, Canada with offices in Alberta, Louisiana, Texas, Aberdeen, Singapore and Luxembourg.

Forward-Looking Information

This News Release contains 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. More particularly and without limitation, this News Release contains forward-looking statements and information concerning McCoy Global's future financial performance. The forward-looking statements and information are based on certain key expectations and assumptions made by McCoy Global, including expectations and assumptions concerning fluctuations in the level of oil and gas industry capital expenditures, McCoy Global's ability to integrate acquired businesses and complete strategic acquisitions of additional businesses and other factors that affect demand for McCoy Global's products. Although McCoy Global believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information because McCoy Global can give no assurance that they will prove to be correct. By its nature, such forward-looking information is subject to various risks and uncertainties, which could cause McCoy Global's actual results and experience to differ materially from the anticipated results or expectations expressed. These risks and uncertainties, include, but are not limited to, fluctuations in oil and gas prices, fluctuations in the level of oil and gas industry capital expenditures and other factors that affect demand for McCoy Global's products, industry competition, the need to effectively integrate acquired businesses, uncertainties as to McCoy Global's ability to implement its business strategy effectively in Canada and the United States, labour, equipment and material costs, access to capital markets, interest and McCoy Global's ability to attract and retain key personnel. Additional information on these and other factors is available in continuous disclosure materials filed by McCoy Global with Canadian securities regulators. Readers are cautioned not to place undue reliance on this forward-looking information, 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 Global 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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