August 14, 2019

McCOY GLOBAL ANNOUNCES SECOND QUARTER 2019 RESULTS

Edmonton, Alberta – **McCoy Global Inc.** ("McCoy", "McCoy Global" or "the Corporation") (TSX:MCB) today announced its operational and financial results for the three months ended June 30, 2019.

Quarterly Highlights

- For the three months ended June 30, 2019, McCoy Global generated $2.2 million of operating cashflows through improved working capital efficiency, in line with strategic objectives
- As at June 30, 2019, McCoy reported backlog of $15.4 million which will positively position McCoy for the remainder of 2019

"We continue to be disciplined in managing our business and in progressing forward with developing new technology solutions to better serve our customers. Though we are reporting a 23% sequential decrease in revenue due to postponed shipments arising from delays in collecting customer payments, we generated $2.2 million of operating cashflows and reported a nominal Adjusted EBITDA loss for the quarter," said Jim Rakievich, President and CEO of McCoy Global.

"We continue advancing our Digital Technology Roadmap initiative as planned, and recently partnered with a leading global technology developer on this endeavor. The investments we are making illustrate our strong focus on delivering data driven, customer-focused solutions to generate value added technologies of the future.

"Order intake increased by 68% sequentially to $17.0 million for the second quarter with backlog of $15.4 million, which will positively position McCoy for the remainder of 2019. The gradual recovery in international and offshore market highlights an area of opportunity for us while we drive further profitability and cashflows through supply chain and operational efficiencies."

Operational Summary

For the three months ended June 30, 2019, McCoy Global reported:

- Revenue of $11.5 million, compared to revenue of $10.4 million in the second quarter of 2018. Revenue was impacted in the quarter by $1.8 million of orders not shipped due to delays in collecting payment from certain customers without credit terms.
- Cash generated from operating activities for the period ending June 30, 2019 was $2.2 million compared to cash used in operating activities of $4.5 million
- Net loss of $1.6 million, compared to net loss of $3.0 million in the second quarter of 2018
- Adjusted EBITDA[1] loss of $0.1 million, compared to Adjusted EBITDA[1] loss of $0.8 million in the second quarter of 2018

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- Customer orders of $17.0 million, compared to $10.1 million for the three months ended March 31, 2019. The 68% increase in orders positions McCoy for stronger second half results in 2019.
- Backlog[2] of $15.4 million, an increase of 56% compared to $9.9 million for the three months ended March 31, 2019
- Book-to-bill ratio[3] of 1.48, compared to 0.68 for the three months ended March 31, 2019
- A continued focus on developing new technology and during the three months ended June 30, 2019 the Corporation invested $0.8 million in its "Digital Technology Roadmap" for a total investment of $1.3 million in the first half of the year. McCoy has partnered with a global leading technology developer in this strategic endeavor. The initiative is a priority for McCoy as the industry trends toward data acquisition and automation solutions for customers.
- The introduction and delivery of the next generation of the McCoy Torque Turn ("MTT") monitoring and control software product. Along with recently acquired ATEX certification for hazardous environments, the MTT has many improved functions and features that are already receiving positive customer response.
- The purchase and cancellation of 57,800 common shares under McCoy's current normal course issuer bid ("NCIB") which continues until June 4, 2020. The NCIB was renewed on May 31, 2019.

Financial Summary

Revenue for the three months ended June 30, 2019 was $11.5 million, an increase of $1.1 million, or 10% from the second quarter of 2018. Revenue was impacted by $1.8 million of completed orders that did not ship due to delays in collecting payment from certain Eastern Hemisphere customers for whom credit terms were not extended.

Gross profit for the three months ended June 30, 2019 was $2.9 million, an increase of $1.0 million, or 56% from the second quarter of 2018. Gross profit percentage for the three months ended June 30, 2019 increased 7 percentage points compared to the second quarter of 2018. The gross profit improvements are a result of increased production throughput, cost reductions realized from restructuring initiatives implemented in the prior years and a continued focus on supply chain efficiencies.

General and administration expense ("G&A") for the three months ended June 30, 2019 was consistent with the comparative period at $2.4 million. As a percentage of revenue, G&A decreased slightly by one percentage point as the Corporation continues to exhibit ongoing cost discipline.

Sales and marketing expense ("Sales & Marketing") for the three months ended June 30, 2019 was $0.6 million, a 7% decrease compared to the second quarter of 2018. Sales & Marketing has decreased from past quarters due to previously announced restructuring initiatives and has remained consistent over recent quarters.

Research and development expenditures ("R&D") for the three months ended June 30, 2019 were $1.6 million, compared to $1.0 million in the second quarter of 2018. R&D increased year over year primarily due to strategic spending on the Corporation's Digital Technology Roadmap initiative. McCoy has recently partnered with a global leading technology developer to deliver on this strategic endeavor. Doing so is a key priority for McCoy as the industry continues to focus on data-driven solutions that increase efficiency. McCoy expects to launch its first commercial products under the initiative before the end of 2019.

Net loss for the three months ended June 30, 2019 was $1.1 million or $0.04 loss per basic share, compared to net loss of $3.0 million or $0.11 loss per basic share in the second quarter of 2018.

Adjusted EBITDA[1] loss for the three months ended June 30, 2019 was nominal at $0.1 million, compared to a $0.8 million loss for the second quarter of 2018.

Net loss and Adjusted EBITDA[1] for the three months ended June 30, 2019 were impacted by the adoption of IFRS 16, effective January 1, 2019, which replaced operating expenses with depreciation of right-of-use-assets and financing charges on lease liabilities. For the three months ended June 30, 2019, the adoption of IFRS 16 resulted in a $0.2 million increase in Adjusted EBITDA[1].

As at June 30, 2019, the Corporation had $9.7 million in cash and cash equivalents, of which $0.5 million was restricted per the conditions of its credit facility.

Cash generated from operating activities for the three months ended June 30, 2019, was $2.2 million, which was driven by increased working capital efficiency.

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Selected Quarterly Information

($000 except per share amounts and percentages)	Q2 2019	Q2 2018	% Change
Total revenue	11,455	10,391	10
Gross profit	2,851	1,823	56
as a percentage of revenue	25	18	39
Net earnings (loss)	(1,066)	(2,954)	(64)
per common share – basic	(0.04)	(0.11)	(64)
per common share – diluted	(0.04)	(0.11)	(64)
Adjusted EBITDA[1]	(61)	(772)	92
per common share – basic	-	(0.03)	(100)
per common share – diluted	-	(0.03)	(100)
Total assets	57,682	59,780	(4)
Total liabilities	20,322	19,668	3
Total non-current liabilities	5,514	6,348	(13)

[1] EBITDA is a non-GAAP measure defined as net earnings (loss), before depreciation of property, plant and equipment; amortization of intangible assets; income tax expense (recovery); and finance charges, net. Adjusted EBITDA is a non-GAAP measure defined as net (loss) earnings, before: depreciation of property, plant and equipment; amortization of intangible assets; income tax expense (recovery); finance charges, net; provisions for excess and obsolete inventory; other (gains) losses, net; restructuring charges; share-based compensation; and impairment losses. The Corporation reports on EBITDA and Adjusted EBITDA because they are key measures used by management to evaluate performance. The Corporation believes Adjusted EBITDA assists investors in assessing McCoy Global's current operating performance on a consistent basis without regard to non-cash, unusual (i.e. infrequent and not considered part of ongoing operations), or non-recurring items that can vary significantly depending on accounting methods or non-operating factors. Adjusted EBITDA is not considered an alternative to net (loss) 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.

[2] McCoy Global defines backlog as orders that have a high certainty of being delivered 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 may be 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 once fulfilled. Expected delivery dates for orders recorded in backlog historically spanned from one to six months.

[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. 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.

About McCoy Global Inc.

McCoy Global provides equipment and technologies designed to support wellbore integrity and assist with collecting critical data for the global energy industry. The Corporation operates internationally through direct sales and distributors with operations in Canada, the United States of America and the United Arab Emirates. McCoy's corporate headquarters are located in Edmonton, Alberta, Canada. The Corporation's shares are listed on the Toronto Stock Exchanges and trade under the symbol "MCB".

Forward-Looking Information

This News Release contains forward looking statements and forward looking information (collectively referred to herein as "forward looking statements") within the meaning of applicable Canadian securities laws. All statements other than statements of present or historical fact are forward looking statements. Forward looking information is often, but not always, identified by the use of words such as "could", "should", "can", "anticipate", "expect", "objective", "ongoing", "believe", "will", "may", "projected", "plan", "sustain", "continues", "strategy", "potential", "projects", "grow", "take advantage", "estimate", "well positioned" or similar words suggesting future outcomes. This New Release contains forward looking statements respecting the business opportunities for the Corporation that are based on the views of management of the Corporation and current and anticipated market conditions; and the perceived benefits of the growth strategy and operating strategy of the Corporation are based upon the financial and operating attributes of the Corporation as at the date hereof, as well as the anticipated operating and financial results. Forward looking statements regarding the Corporation are based on certain key expectations and assumptions of the Corporation concerning anticipated financial performance, business prospects, strategies, the sufficiency of budgeted capital expenditures in carrying out planned activities, the availability and cost of labour and services and the ability to obtain financing on acceptable terms, which are subject to change based on market conditions and potential timing delays. Although management of the Corporation consider these assumptions to be reasonable based on information currently available to them, they may prove to be incorrect. By their very nature, forward looking statements involve inherent risks and uncertainties (both general and specific) and risks that forward looking statements will not be achieved. Undue reliance should not be placed on forward looking statements, as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in the forward looking statements, including inability to meet current and future obligations; inability to complete or effectively integrate strategic acquisitions; inability to implement the Corporation's business strategy effectively; access to capital markets; fluctuations in oil and gas prices; fluctuations in capital expenditures of the Corporation's target market; competition for, among other things, labour, capital, materials and customers; interest and currency exchange rates; technological developments; global political and economic conditions; global natural disasters or disease; and inability to attract and retain key personnel. Readers are cautioned that the foregoing list is not exhaustive. The reader is further cautioned that the preparation of financial statements in accordance with IFRS requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. These judgments and estimates may change, having either a negative or positive effect on net earnings as further information becomes available, and as the economic environment changes. The information contained in this News Release identifies additional factors that could affect the operating results and performance of the Corporation. We urge you to carefully consider those factors. The forward looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward looking statements included in this News Release are made as of the date of this New Release and the Corporation does not undertake and is not obligated to publicly update such forward looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.

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