

November 8, 2018

McCoy Global Inc. Announces Return to Profitability and Third Quarter 2018 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 September 30, 2018.

Quarterly Highlights

- Return to profitability and adjusted EBITDA in the quarter
- 32% increase in revenue for the quarter compared with the third quarter of 2017
- McCoy booked \$17.2 million in orders during the quarter representing a 35% sequential increase over the second quarter of 2018 and fifth consecutive quarter of increased bookings
- Fourth consecutive quarter of increasing backlog, positioning McCoy to capitalize on improving markets for the remainder of 2018 and into 2019
- Continued progress on developing technologies that leverage the Corporation’s depth of continuous innovation, engineering, and in-the-field expertise
- Steadfast commitment to protecting shareholders from dilution and preserving the Corporation’s balance sheet

“Stronger industry fundamentals, paired with the results of our restructuring initiatives and operational efficiency gains have returned us to positive earnings and adjusted EBITDA in the quarter,” said Jim Rakievich, President and CEO of McCoy Global.

“Customers are releasing capital for larger orders of equipment, in the U.S. and international markets, and we are pleased to be exiting the third quarter with backlog of \$15.7 million. This positions McCoy Global to participate in these improving market conditions for the final quarter of this year and into 2019.

“We move forward with diligent focus on improving margins through advancements in supply chain and operational efficiencies. Our progress towards developing smart, data-driven solutions to improve rig safety, productivity and support automation for customers via data acquisition and analytics will drive our longer-term vision of automation and predictive equipment maintenance capabilities.”

Operational Summary

Since July 1, 2018, McCoy reported:

- Revenue of \$13.9 million, compared with \$10.6 million in Q3 2017
- Net earnings of \$0.2 million, compared with a net loss of \$3.4 million in Q3 2017. Adjusted EBITDA of \$0.7 million, compared with (\$1.5) million in Q3 2017
- Backlog of \$15.7 million and customer orders of \$17.2 million, compared to \$6.8 million and \$10.3 million, respectively, in Q3 2017
- Book-to-bill ratio of 1.24, compared with 0.97 for Q3 2017
- Strong commercial success of McCoy’s 10” 40K hydraulic power tong, developed in collaboration with customers. This product was released into the market in the second quarter of 2018 and quickly became the top-selling capital product of Q3 2018

Quarterly Financial Summary

Revenue for the three months ended September 30, 2018 was \$13.9 million, an increase of \$3.3 million from the third quarter of 2017, as overall industry fundamentals continued to strengthen in 2018. Order intake again increased for the fifth sequential quarter, with the Corporation reporting backlog of \$15.7 million, positioning McCoy for solid revenue and margin performance into 2019.

Gross profit for the three months ended September 30, 2018 increased 18 percentage points from the third quarter of 2017. Increased revenue was the primary driver behind higher gross profit. Operational efficiencies and cost reductions attributed to restructuring initiatives implemented in 2017 also contributed to the increase during the quarter, however were offset to some extent by a shift in product mix.

General and administrative expense for the three months ended September 30, 2018 was \$1.9 million, compared with \$2.3 million in the third quarter of 2017. As a percentage of revenue, G&A expense decreased by 9 percentage points and is expected to continue its decline as a result of operational efficiencies coupled with revenue growth.

Sales and marketing expense also declined to \$0.6 million for the three months ended September 30, 2018, compared with \$1.0 million in the third quarter 2017 resulting from the consolidation of the sales force in key operating regions. Even with this consolidation, McCoy Global has remained steadfast in its customer-centric approach built around responsiveness and technical expertise.

Research and development expenditures (“R&D expenditures”) for the three months ended September 30, 2018 was \$0.7 million compared to \$0.9 million in the third quarter of 2017. R&D expenditures declined as a result of the timing of product development costs being incurred.

Net earnings for the three months ended September 30, 2018 was \$0.2 million or \$0.01 earning per basic share, compared with a net loss of \$3.4 million (\$0.12 loss per basic share) in the same quarter in 2017. Adjusted EBITDA for the three months ended September 30, 2018 was \$0.7 million compared with (\$1.5) million for the same quarter in 2017.

As at September 30, 2018, the Corporation had \$12.3 million in cash and cash equivalents.

Selected Quarterly Information

(\$000 except per share amounts and percentages)	<u>Q3 2018</u>	<u>Q3 2017</u>	<u>% Change</u>
Total revenue	13,899	10,563	32
Gross profit	3,775	907	316
as a percentage of revenue	27	9	200
Net earnings (loss)	183	(3,390)	(105)
per common share – basic and diluted	0.01	(0.12)	(108)
Adjusted EBITDA ¹	687	(1,494)	(146)
per common share – basic and diluted	0.02	(0.05)	(140)
Total assets	54,948	62,228	(12)
Total liabilities	17,234	15,085	14
Total non-current liabilities	4,104	2,134	92

¹ Adjusted 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); finance charges, net; restructuring charges; other losses (gains), net; provisions for excess and obsolete inventory; share-based compensation; and impairment charges. The Corporation reports on EBITDA and adjusted EBITDA because they are important 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 earnings (loss) 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. 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 statements of cash flows.

² The Corporation 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. In certain instances, the order is secured by a deposit and/or requires 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 are generally within six months.

³ The book-to-bill ratio is a measure of the amount of net sales orders received to revenues recognized. 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

McCoy 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.

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.***

For further information, please contact:

Mr. Jim Rakievich
McCoy Global Inc.
President and CEO

Phone: 1.780.453.8451
E-mail: info@mccoyglobal.com
Website: www.mccoyglobal.com