November 7, 2019

McCOY GLOBAL ANNOUNCES THIRD QUARTER 2019 RESULTS

McCoy reports $1.2 million of net earnings, advances strategic technology initiative and closes the previously announced acquisition of DrawWorks

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, 2019.

Quarterly Highlights

- Strong operational performance resulted in net earnings of $1.2 million
- Significant progress was achieved on the Corporation's Digital Technology Roadmap by completing the first phase of this strategy with the development of two new products: Virtual Threadrep™ and Calcert™
- McCoy acquired DrawWorks LP ("DrawWorks") on October 2, 2019 to further accelerate its strategic plans

"We made significant progress in executing on McCoy's digital technology strategy and developing new products to better serve our customers in the third quarter. We further strengthened our market position during the period by acquiring DrawWorks, a company that designs, tests and sells tubular running technologies and has developed a modular, mechanically operated casing running tool. The acquisition enables us to deliver enhanced solutions to our customers around the globe by integrating our data-driven technology platform with DrawWorks' equipment offerings," said Jim Rakievich, President and CEO of McCoy Global.

"We also continue to be disciplined in how we manage our business activities simultaneously to these advancements. McCoy increased revenue, gross profit, net earnings and Adjusted EBITDA[1] year over year in the third quarter. Although we are entering the year's fourth quarter with a solid backlog[2] of work, we are also experiencing challenging market conditions, particularly in the US land market. Offsetting these challenges is the gradual recovery we are experiencing in international and offshore markets which, coupled with McCoy's engineering capabilities and technology offerings, provides an area of opportunity for us."

In summary, our near-term agenda will be:

- continued capital discipline and overhead cost reduction;
- development of the technology advancements that will define our future;
- commercialization of recently developed products, following completion of field trials; and
- continued focus on supporting our customers.

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Operational Summary

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

- Revenue of $15.2 million, compared with revenue of $13.9 million in the third quarter of 2018. Revenue was impacted in the quarter by modest strengthening of industry fundamentals since the second quarter of 2018, primarily driven by ongoing recovery in international and offshore markets. Third quarter revenues were also impacted by $1.8 million of revenue carryover from the second quarter of 2019.
- Net earnings of $1.2 million, compared with net earnings of $0.2 million in the third quarter of 2018
- Adjusted EBITDA[1] of $2.2 million compared with Adjusted EBITDA[1] of $0.7 million in the third quarter of 2018
- Customer orders of $9.4 million, compared with $17.0 million for the three months ended June 30, 2019
- Backlog[2] of $9.8 million, compared to $15.4 million for the three months ended June 30, 2019. McCoy assumed a further $2.0 million of order backlog in connection with the DrawWorks acquisition that closed on October 2, 2019.
- Book-to-bill ratio[3] of 0.62, compared to 1.48 for the three months ended June 30, 2019
- A continued focus on developing new technology as the Corporation invested $0.6 million in its Digital Technology Roadmap during the third quarter for a total investment of $1.9 million in the first nine months of 2019. The initiative is a priority for McCoy as the industry trends toward data acquisition and automation solutions for customers. Additionally, on October 2, 2019, McCoy completed the acquisition of DrawWorks, which further advances the technology initiative and enables the Corporation to deliver enhanced solutions to its global customer base.

Financial Summary

Revenue for the three months ended September 30, 2019 was $15.2 million, an increase of $1.3 million, or 10% compared with the third quarter of 2018. Revenue was impacted by modest strengthening of industry fundamentals since the second quarter of 2018, primarily driven by international and offshore growth. This increase in customer activity also shifted product mix from aftermarket consumables and replacement parts to capital equipment as customers have begun to replace existing end-of-life equipment. Third quarter revenues were also impacted by $1.8 million of revenue carryover from the second quarter of 2019.

Gross profit for the three months ended September 30, 2019 was $5.0 million, an increase of $1.2 million, or 31% compared with the third quarter of 2018. Gross profit percentage for the three months ended September 30, 2019 increased six percentage points compared with the third quarter of 2018. The gross profit improvements are a result of increased production throughput and a continued focus on cost reductions realized through operational efficiencies.

General and administration expense ("G&A") for the three months ended September 30, 2019 was $2.0 million, an increase of $0.1 million, or 10%, compared with the third quarter of 2018. As a percentage of revenue, G&A was consistent with the comparative quarter at 13%, which reflects the Corporation's ongoing focus on monitoring its overhead spend and continued cost discipline.

Sales and marketing expense (“Sales & Marketing”) for the three months ended September 30, 2019 was $0.5 million, a 13% decrease compared with the third quarter of 2018. Sales & Marketing has decreased from previous quarters due to restructuring initiatives and has remained consistent over recent quarters.

Research and development (“R&D”) expense for the three months ended September 30, 2019 was consistent with the comparative period at approximately $0.8 million. Capitalized development expenditures for the three months ended September 30, 2019 were $0.6 million which reflects focused spending on the Corporation’s Digital Technology Roadmap initiative. McCoy has completed the first phase of the technology initiative with the launch of two digital products: Virtual Threadrep™ and Calcert™. Virtual Threadrep™ is a remote support service that enables real-time connection makeup evaluation support for Tubular Running Service customers. Calcert™ is an applied calibration machine learning technology for Tubular Make Up equipment servicing requirements. In addition to these products, the Corporation developed the cloud-based platform and digital infrastructure that will further enable future digital product offerings and enhancements.

Net earnings for the three months ended September 30, 2019 were $1.2 million or $0.04 per basic share, compared with net earnings of $0.2 million or $0.01 per basic share in the third quarter of 2018.

Adjusted EBITDA[1] for the three months ended September 30, 2019 was $2.2 million, compared with $0.7 million for the third quarter of 2018.

Net earnings and Adjusted EBITDA[1] for the three months ended September 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 finance charges on lease liabilities. For the three months ended September 30, 2019, the adoption of IFRS 16 resulted in a $0.3 million increase in Adjusted EBITDA[1].

As at September 30, 2019, the Corporation had $12.1 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 September 30, 2019, was $0.3 million, which was driven by positive EBITDA[1] offset by increases in trade receivable balances due to the timing of customer shipments.

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Selected Quarterly Information

($000 except per share amounts and percentages)	Q3 2019	Q3 2018	% Change
Total revenue	15,222	13,899	10
Gross profit	4,964	3,775	31
as a percentage of revenue	33	27	6
Net earnings (loss)	1,238	183	577
per common share – basic	0.04	0.01	300
per common share – diluted	0.04	0.01	300
Adjusted EBITDA[1]	2,213	687	222
per common share – basic	0.08	0.02	300
per common share – diluted	0.08	0.02	300
Total assets	61,139	54,948	11
Total liabilities	21,894	17,234	27
Total non-current liabilities	7,999	4,104	95

[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 earnings (loss), before: depreciation of property, plant and equipment; amortization of intangible assets; income tax expense (recovery); finance charges, net; provisions for (recovery of) excess and obsolete inventory; other (gains) losses, net; restructuring charges; share-based compensation; and impairment charges. 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.

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[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 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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