March 6, 2020

McCOY GLOBAL ANNOUNCES FOURTH QUARTER AND YEAR END 2019 RESULTS

McCoy Global reports:

- **Strengthened financial performance accompanied by positive earnings for 2019, including $6.9 million of annual cashflow generated from operating activities;**
- **Advancing its digital technology strategy with the introduction of new product offerings; and**
- **Successful purchase and integration of a strategic acquisition.**

Edmonton, Alberta – **McCoy Global Inc.** ("McCoy," "McCoy Global" or "the Corporation") (TSX:MCB) today announced its operational and financial results for the three months and year ended December 31, 2019.

"We made excellent progress in advancing McCoy's digital technology strategy by introducing two new products and successfully integrating a strategic acquisition in the fourth quarter. Although revenue for the fourth quarter declined both sequentially and in comparison to the prior period, our dedicated management efforts resulted in positive net earnings and Adjusted EBITDA[1]. Disciplined execution in increasing working capital efficiency was also evident, driving $4.2 million of cashflow from operating activities for the fourth quarter of 2019," said Jim Rakievich, President and CEO of McCoy Global.

"The continued gradual recovery of international and offshore markets drove $14.5 million in order intake for the fourth quarter of 2019, with strong order intake and quoting activity continuing into early 2020. This will support revenues for the first half of 2020. However, the U.S. land market continues to prove challenging and recent global developments illustrate the volatile nature of commodity prices and the uncertain market environment that lies ahead. We continue to remain focused on driving profitability despite this uncertainty, and accordingly we initiated further cost reductions to our business late in the fourth quarter, which we expect will positively impact financial results in 2020.

"The increased emphasis on capital discipline from our customers is driving the need for increased efficiency through innovative technologies and we remain committed to developing data driven solutions through our 'Digital Technology Roadmap' initiative. In 2019, we introduced the first two new products under this initiative, Virtual Threadrep™ and Calcert™, to deliver reliable data resulting in more efficient decisions during the operational well construction process. These technologies are quickly gaining traction with our customers. We are committing additional funds in 2020 to complete the next phase of our 'Digital Technology Roadmap'."

Quarterly Operational Summary

Since October 1, 2019, McCoy Global reported:

- Significantly advancing its technology strategy, or "Digital Technology Roadmap", by introducing the first two products under the initiative;
- Completing another critical component of its technology strategy with the acquisition and successful integration of DrawWorks LP;
- Revenue of $11.9 million, compared to $13.5 million in Q4 2018;
- Net earnings of $0.1 million, compared to $0.9 million in Q4 2018;

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- Adjusted EBITDA[1] of $1.5 million, compared to $0.8 million in Q4 2018;
- Backlog[2] of $12.2 million at December 31, 2019, an increase of $2.4 million, or 24%, from September 30, 2019;
- Book-to-bill ratio[3] of 1.23 for the three months ended December 31, 2019, compared to 0.90 for the three months ended December 31, 2018;
- A cash balance of $8.9 million at December 31, 2019; and with $4.2 million of cash flow generated from operating activities; and
- McCoy announced the appointment of Mr. William "John" Walker to its Board of Directors. As McCoy Global continues to advance its Digital Technology Roadmap, Mr. Walker's addition to the Board of Directors will strengthen McCoy's depth of industry knowledge and customer-centric focus.

Quarterly Financial Summary

Revenue for the three months ended December 31, 2019 was $11.9 million, a decrease of $1.7 million from the fourth quarter of 2018 resulting from the decline in order intake experienced in the third quarter as a result of challenged North American activity levels and the timing of international orders received.

Gross profit as a percentage of revenue for the three months ended December 31, 2019 was 33%, an increase of 2 percentage points from the fourth quarter of 2018. This improvement was the result of a favourable product mix alongside continued focus on supply chain efficiencies.

General and administration (G&A) expense for the three months ended December 31, 2019 was $2.2 million, a slight increase of $0.2 million compared to the fourth quarter of 2018. Late in the fourth quarter of 2019, the Corporation initiated further cost reduction actions that will be reflected in the results of future periods. The Corporation continues to monitor its overhead spend and expects future G&A expenditures to continue to decline as a percentage of revenue as the Corporation's current overhead cost structure can be leveraged for revenue growth.

Sales & Marketing expense for the three months ended December 31, 2019 decreased by $0.2 million or 25% from the fourth quarter of 2018 due to restructuring initiatives that took place in the third quarter of 2019. Sales & Marketing expense is expected to remain consistent on a go-forward basis.

Research and Development (R&D) expenditures for the three months ended December 31, 2019 were $1.3 million, an increase of $0.5 million from the fourth quarter of 2018. During the quarter, the Corporation continued to focus on developing new technology to address customer challenges. McCoy successfully completed the first phase of its technology strategy with the introduction of two new digital products. In addition to these products, McCoy has developed the cloud-based platform and digital infrastructure to further enable future digital product offerings and enhancements.

Net earnings for the three months ended December 31, 2019 were $0.1 million ($nil earnings per basic share), compared to net earnings of $0.9 million ($0.03 earnings per basic share) in the fourth quarter of 2018.

Adjusted EBITDA[1] for the three months ended December 31, 2019 was $1.5 million compared to $0.8 million for the fourth quarter of 2018.

As at December 31, 2019 the Corporation had $8.9 million in cash and cash equivalents, of which $0.5 million was restricted per the conditions of the Corporation's credit facility.

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Selected Quarterly Information

($000 except per share amounts and percentages)	Q4 2019	Q4 2018	% Change
Total revenue	11,875	13,543	(12)
Gross profit	3,943	4,192	(6)
as a percentage of revenue	33%	31%	6
Net earnings (loss)	61	931	(93)
per common share – basic	-	0.03	(100)
per common share – diluted	-	0.03	(100)
Adjusted EBITDA[1]	1,487	776	92
per common share – basic	0.05	0.03	67
per common share – diluted	0.05	0.03	67
Total assets	59,630	59,742	-
Total liabilities	21,780	19,335	13
Total non-current liabilities	7,879	3,955	99

Summary of Quarterly Results

($000 except per share amounts)

	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Revenue	11,875	15,222	11,455	14,840	13,543	13,899	10,391	11,243
Impairment and restructuring charges	-	-	-	-	65	15	1,028	798
Net earnings (loss)	61	1,238	(1,590)	524	931	183	(2,954)	(1,951)
Basic and diluted earnings (loss) per share	-	0.04	(0.06)	0.02	0.03	0.01	(0.11)	(0.07)
EBITDA	1,176	2,144	(828)	1,289	1,513	911	(1,054)	(1,392)
Adjusted EBITDA	1,487	2,213	(61)	713	776	687	(772)	(482)

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Annual Operational Summary

Since January 1, 2019, McCoy Global reported:

- A 9% increase in revenue to $53.4 million, compared to $49.1 million in 2018;
- Gross profit of $16.3 million, compared to $12.7 million in 2018;
- Net earnings of $0.2 million, a significant increase from a net loss of $3.8 million in 2018;
- Adjusted EBITDA[1] of $4.4 million, a significant increase from $0.2 million in 2018;
- $6.9 million of cash flow generated from operating activities, compared to $5.0 million of cashflow used in operating activities in 2018;
- McCoy remained committed to its investment in data driven technology and invested $1.9 million to develop a cloud-based platform and digital infrastructure to enable digital product offerings and enhancements, while also completing two new products, Virtual Threadrep™ and Calcert™; and
- McCoy successfully completed the acquisition of DrawWorks LP on October 2, 2019 to further accelerate its strategic plans.

Annual Financial Summary

Revenue for the year ended December 31, 2019 was $53.4 million, an increase of $4.3 million, or 9%. Revenues were impacted by declining drilling activity levels in the U.S. land market throughout 2019, which was more than offset by the increase in order intake from international and offshore markets as they continued a gradual recovery.

Gross profit percentage for the year ended December 31, 2019 was 31%, an increase of 5 percentage points from 2018. The increase is a result of increased production through-put and cost reductions realized due to a continued focus on supply chain efficiencies.

G&A expense for the year ended December 31, 2019 increased by $0.5 million, or 6%, from 2018. As a percentage of revenue, G&A expense remained flat at 17% year over year. Late in the fourth quarter of 2019, the Corporation initiated further cost reductions that will be reflected in the results of future periods. McCoy continued to monitor its overhead spend and expects future G&A expense to further decline as a percent of revenue as the Corporation's current overhead cost structure can be leveraged for revenue growth.

Sales & Marketing expense for the year ended December 31, 2019 decreased by $0.5 million, or 17%, from 2018. The reduction is a result of effective restructuring initiatives.

R&D expenditures for the year ended December 31, 2019 were $5.6 million, an increase of $2.4 million from the comparative period. McCoy has continued to focus on developing new technology to address customer challenges. In 2019, the Corporation completed the first phase of its Digital Technology Roadmap and introduced two new digital products. McCoy also developed the cloud-based platform and digital infrastructure to support future digital product offerings and enhancements.

Net earnings for the year were $0.2 million ($0.01 earnings per basic share), compared to net loss of $3.8 million ($0.14 loss per basic share) in 2018.

Adjusted EBITDA[1] for the year ended December 31, 2019 was $4.3 million, compared to $0.2 million in 2018.

Selected Annual Information

($000 except per share amounts and percentages)	2019	2018	% Change
Total revenue	53,392	49,076	9
Gross profit	16,328	12,686	29
as a percentage of revenue	31%	26%	19
Net earnings (loss)	233	(3,791)	(106)
per common share – basic	0.01	(0.14)	(107)
per common share – diluted	0.01	(0.14)	(107)
Adjusted EBITDA[1]	4,352	205	2,023
per common share – basic	0.16	0.01	1,500
per common share – diluted	0.16	0.01	1,500

[1] EBITDA is calculated under IFRS and is reported as an additional subtotal in the Corporation's consolidated statements of cash flows. EBITDA is 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. For comparative purposes, in previous financial disclosures 'adjusted EBITDA' was defined as "net earnings (loss) before finance charges, net, income tax expense (recovery), depreciation, amortization, impairment losses, restructuring charges, non-cash changes in fair value related to derivative financial instruments and share-based compensation."

[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. Under current market conditions, many customers have shifted their purchasing towards just-in-time buying.

[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 Exchange 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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