

August 9, 2018

McCoy Global Inc. Announces Second 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 June 30, 2018.

Quarterly Highlights

- Fifth consecutive quarter of increasing customer orders
- Fourth consecutive quarter of increasing backlog
- Completion of restructuring efforts to consolidate operational facilities to deliver significant operational efficiencies
- Improved visibility into the remainder of 2018 and into 2019

“Positive industry sentiment and steady customer activity contributed to \$12.7 million in orders received during the second quarter, a 60% increase over the same period in 2017.” said Jim Rakievich, President and CEO of McCoy Global. “With customers beginning to deploy capital for large equipment orders, including off-shore markets, we are pleased to be entering the second half of 2018 with \$12.7 million in secured backlog. Further, we remain actively engaged with our customers in negotiations on supplying equipment on a number of projects in both the Eastern and Western Hemisphere over the second half of 2018 and into 2019.”

“During the second quarter, McCoy successfully commercialized the 10” 40K power tong which was designed for the US land market, where tubular make-up requirements have increased. This technologically advanced product provides customers with superior performance and safety features while reducing weight and footprint of the equipment on the rig. Our R&D team continues to ensure that McCoy remains the technology leader in tubular make-up as customer orders are already exceeding expectations.”

“Given our growing backlog balance and positive customer sentiment, the second half of 2018 should result in increased revenues and margins for McCoy,” continued Jim Rakievich. “McCoy has remained focused on preserving its balance sheet and protecting shareholders from dilutive capital raises during this extended downcycle, which has positioned McCoy to take advantage of a market upturn to the benefit of all stakeholders of McCoy.”

Operational Summary

Since April 1, 2018, McCoy Global reported:

- Revenue of \$10.4 million, compared to \$9.2 million in Q2 2017
- Net loss of \$3.0 million, compared to net loss of \$3.1 million in Q2 2017. Included in the \$3.0 million net loss is a one-time depreciation charge that increased depreciation by \$1.0 million. In addition, the \$3.0 million net loss includes a \$0.5 million recovery from inventory provision adjustments, whereas the second quarter of 2017 includes a \$0.6 million expense from inventory provision adjustments
- Adjusted EBITDA¹ of (\$0.8) million, compared to (\$0.9) million in Q2 2017
- Backlog² of \$12.7 million and customer orders of \$12.7 million, compared to \$7.7 million and \$8.8 million, respectively, in Q2 2017
- Book-to-bill ratio³ of 1.23, compared to 0.96 for the three months ended June 30, 2017

- The first customer deliveries of McCoy's new 10" 40K hydraulic power tong, which was developed in collaboration with its customers. The product has thus far been a success in the market, with customer orders exceeding expectations

Other Developments

- On May 10, 2018, at the Corporation's Annual General and Special Meeting, the Corporation received approval to move from the Toronto Stock Exchange (TSX) to the TSX Venture Exchange. Upon further consideration, McCoy Global will remain on the TSX rather than voluntarily transferring to the TSX Venture Exchange
- On July 16, 2018, McCoy Global was pleased to announce that Ms. Lindsay McGill has been appointed Vice President & Chief Financial Officer, effective September 4, 2018

Quarterly Financial Summary

Revenue for the three months ended June 30, 2018 was \$10.4 million, an increase of \$1.2 million, or 13% from the second quarter of 2017, as overall industry fundamentals continued to follow a positive trend. Most of the revenue increase is attributable to aftermarket revenue, however second quarter 2018 backlog of \$12.7 million contains an increase in capital equipment orders, which will be realized in upcoming quarters.

Gross profit for the three months ended June 30, 2018 increased 11 percentage points from the second quarter of 2017. The increase includes a \$0.5 million recovery from inventory provision adjustments, compared to a \$0.6 million expense in the second quarter of 2017, and a one-time depreciation charge resulting from a change in accounting estimates used to depreciate rental equipment, which increased depreciation in the quarter by \$1.0 million.

G&A expense for the three months ended June 30, 2018 was \$2.3 million, compared to \$2.5 million in the second quarter of 2017. As a percentage of revenue, G&A expense decreased by 5%. As a percentage of revenue, G&A continues to decline as a result of efforts to identify efficiencies and simplify the organization.

Net loss for the three months ended June 30, 2018 was \$3.0 million (\$0.11 loss per basic share), compared to net loss of \$3.1 million (\$0.11 loss per basic share) in the second quarter of 2017.

Adjusted EBITDA¹ for the three months ended June 30, 2018 was (\$0.8) million compared to (\$0.9) million for the second quarter of 2017.

As at June 30, 2018, the Corporation had \$12.6 million in cash and cash equivalents. In the second quarter of 2018, McCoy borrowed \$4.0 million USD, which will provide additional liquidity to continue to evaluate strategic growth opportunities and respond to revenue opportunities.

Selected Quarterly Information

(\$000 except per share amounts and percentages)	<u>Q2 2018</u>	<u>Q2 2017</u>	<u>% Change</u>
Total revenue	10,391	9,214	13
Gross profit	1,823	1,648	11
as a percentage of revenue	18	18	-
Net loss	(2,954)	(3,097)	(5)
per common share – basic	(0.11)	(0.11)	-
per common share – diluted	(0.11)	(0.11)	-
Adjusted EBITDA ¹	(772)	(919)	16
per common share – basic	(0.03)	(0.03)	-
per common share – diluted	(0.03)	(0.03)	-
Total assets	53,893	68,255	(21)
Total liabilities	15,664	16,422	(5)
Total non-current liabilities	4,625	3,428	35

¹ 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; 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 (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. 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 News 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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