



Xebec Announces Second Quarter 2018 Operating Results

-Revenue up 62%, \$68 million in Order Backlog, EBITDA of \$0.7 million, Net Profit of \$0.3 million-

MONTREAL (QC), August 7, 2018 - Xebec Adsorption Inc. (TSXV: XBC) ("Xebec"), a global provider of clean energy solutions announced today its 2018 second quarter and six month financial results.

- Significant increase of 665% in order backlog to \$68.1 million as of August 6, 2018, as compared to \$8.9 million on August 25, 2017. This includes a firm order commitment of \$51 million to be delivered over three years. This indicates significant anticipated revenue growth for both 2018 and 2019.
- Revenues of \$6.6 million in the second quarter of 2018 compared to \$4.0 million for the same period in 2017, a 62% increase.
- Revenues of \$9.8 million for the six-month period ending June 30, 2018 compared to \$7.4 million for the same period in 2017, a 33% increase.
- EBITDA at \$0.7 million in the second quarter 2018 and 2017.
- Net profit of \$0.3 million or \$0.01/share in the second quarter of 2018, same as for the corresponding period in 2017.
- Working capital of \$1.4 million for a current ratio of 1.2:1 compared with a working capital of \$1.8 million and a 1.3:1 ratio in December 31, 2017.

Financial Highlights:

<i>(In millions of dollars)</i>	Three months ended		% of Change	Six months ended		% of Change
	2018 (unaudited)	June 30, 2017 (unaudited)		2018 (unaudited)	June 30, 2017 (unaudited)	
Revenues	6.6	4.0	62 %	9.8	7.4	33 %
Gross profit	2.1	1.6	28 %	2.9	3.0	(6)%
Gross profit as a percentage of revenues	31.6%	39.9%		29.2%	41.5%	
EBITDA*	0.69	0.66		(0.33)	1.32	
Net income (loss)	0.3	0.4		(1.1)	0.9	
Net income (loss) per share - basic (\$/share)	0.01	0.01		(0.02)	0.02	
Weighted average number of shares	42,562,769	40,504,367		42,562,769	40,504,367	
As at:				June 30, 2018	December 31, 2017	
Total assets				10.5	8.3	
Total Liabilities				15.3	12.7	
Equity				(4.8)	(4.4)	
As at:				August 6, 2018	August 25, 2017	
Back log				68.1	8.9	

* EBITDA is a non-IFRS financial measure and the Company defines it as earnings from operations excluding financial charges, taxes, foreign exchange loss (gain) and amortization.

Financial Results

- **Revenues** of \$ 6.6 million for the second quarter of 2018 compared to \$4.0 million for the same period in 2017, a 62% increase. For the six-month period ended June 30, 2018, total revenues amounted to \$9.8 million compared to \$7.4 million for the corresponding period, an increase of \$2.4 million.
- **Gross profit** of \$2.1 million or 31.6% of revenues for the second quarter of 2018 compared to \$1.6 million for the same quarter in 2017, a 28% increase compared to the same period in 2017. For the six-month period ended June 30, 2018, gross profit of \$2.9 million or 29.2% compared to \$3.1 million for the same period in 2017, a 6% decrease compared to the same period in 2017.
- **Net profit** of \$0.3 million or \$0.01 per share for the three month period ending June 30, 2018 compared to a net profit of \$0.4 million or \$0.01 per share for the same period in 2017, a slight deterioration of \$0.1 million. For the six-month period ended June 30, 2018, net loss of \$1.1 million or \$(0.02) per share compared to a net profit of \$0.9 million or \$0.02 per share for the same period in 2017, a deterioration of \$2.0 million.
- **Positive EBITDA** of \$0.7 million for the three month period ending June 30, 2018, same as the corresponding period in 2017. For the six-month period ended June 30, 2018, negative EBITDA of \$0.33 million compared to a positive EBITDA of \$1.3 million for the same period in 2017.
- **Backlog** increased by \$59.2 million, from \$8.9 million in August 25, 2017 to \$68.1 million in August 6, 2018.
- **Selling and administrative expenses** increased by \$0.5 million in the second quarter of 2018 compared to the same quarter of 2017. For the six-month period ended June 30, 2018, expenses increased by \$1.0 million compared to the same period of 2017. Intensive efforts and investments were made to support the anticipated rapid growth of the Company.

As of June 30, 2018, the Company had \$0.6 million of cash on hand and its positive working capital was reduced from \$1.8 million at December 31, 2017 to \$1.2 million at June 30, 2018.

Current Market Conditions and Guidance for 2018

Despite continued working capital issues in Q2/18, the company was able to grow revenues by 62% compared to the same period in 2017. Management resolved the working capital issues early in Q3/18 through credit facilities with EDC and anticipates that, going forward, revenue generation will significantly increase. Conditions in Xebec's target markets remain favorable, allowing us to maintain our plan for increases in total revenue in 2018. Despite a weak start to the year, we expect revenue growth for 2018 of 50% to 70%, leading to revenues in the range of \$22.0 to \$25.0 million. Earnings per share (EPS) are expected in the range of \$0.02 to 0.05.

Clean Technology – Hydrogen and Renewables

Our Cleantech segment continues to perform well, both on the hydrogen and the biogas upgrading side. We have made significant progress on order bookings both in North America and China. We have booked two new biogas orders in North America, and four hydrogen purification orders from different clients in different countries during Q2/18. With an order backlog of over \$68 million Xebec is emerging as the worldwide leader in biogas upgrading technology. We continue to penetrate our target markets, and these activities could lead to significant order flow over the next few quarters. We expect the Cleantech segment to grow 80% to 100% in 2018, generating revenues of \$16 million to \$18 million.

Industrial Compressed Air and Gas Treatment

Xebec's growth and acquisition strategy in the Industrial Products segment will lead to both organic and inorganic revenue growth in 2018. The first acquisition is targeted to close in Q3 or Q4/18. Xebec expects to grow this segment by 25% to 35% compared to last year. While gross margins have been somewhat eroded over the

last 6 months, Xebec has put steps in place to bring the gross margin back to more normal levels. We expect revenues of \$6.0 million to \$7.5 million, and gross margins to move back into the high 40% range.

2018 Second Quarter Financial Statements and Management's Discussion and Analysis

The complete financial statements, notes to financial statements and Management's Discussion and Analysis for the three-month and six-month periods ended June 30, 2018, are available on the Company's Website at www.xebecinc.com or on the SEDAR Website at www.sedar.com.

About Xebec Adsorption Inc.

Xebec Adsorption Inc. is a global provider of gas generation, purification and filtration solutions for the industrial, energy and renewables marketplace. Its customers range from small to multi-national corporations and governments looking to reduce their carbon footprints. Headquartered in Montreal (QC), Xebec designs, engineers and manufactures innovative and transformative products, and has more than 1,500 customers worldwide. With two manufacturing facilities in Montreal and Shanghai, as well as a sales and distribution network in North America, Europe, and Asia, Xebec trades on the TSX Venture Exchange under the symbol XBC. For additional information on the company, its products and services, visit Xebec at xebecinc.com.

Caution Concerning Forward-Looking Statements

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release. Certain statements in this press release may constitute "forward-looking" statements within the meaning of applicable securities laws. This forward looking information includes, but is not limited to, the expectations and/or claims of management of Xebec with respect to information regarding the business, operations and financial condition of Xebec. Forward-looking information contained in this press release involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Xebec or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. This list is not exhaustive of the factors that may affect forward-looking information contained in this press release. When used in this press release, such statements use such words as "anticipate", "believe", "plan", "estimate", "expect", "intend", "may", "will" and other similar terminology. These statements reflect current expectations regarding future events and operating performance and speak only as of the date of this presentation. Forward-looking statements involve significant risks and uncertainties, and should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements.

SOURCE: Xebec Adsorption Inc. For more information:

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