

May 1, 2013

## **McCOY CORPORATION ANNOUNCES FIRST QUARTER 2013 RESULTS**

Edmonton, Alberta - **McCoy Corporation** ("McCoy" or "the Corporation") (TSX:MCB), a supplier of innovative products and services for the global energy industry, today announced its operational and financial results for the three months ended March 31, 2013.

"During the first quarter of 2013, we realized the first commercial sale of the second product in our "we" product line and implemented our global sales and service model, both of which are key components of our growth strategy," said Jim Rakievich, President and CEO of McCoy. "We completed final field testing and sold our first weTORQ85, an iron roughneck with excellent range of motion and ease of maintenance. Additionally, McCoy Corporation established a company in Aberdeen as our first overseas technical service and sales location, and we plan to commence operations in Q2 2013."

### **Operational Highlights**

#### **Since January 1, 2013, McCoy:**

- Reported revenue of \$42.0 million and an 18% increase in Energy Products and Services (EP&S) segment revenue for the first quarter of 2013 compared to the same period in 2012
- Reported net earnings of \$2.1 million for the first quarter of 2013, or \$0.08 per share, consistent with the same period in 2012
- Reported adjusted EBITDA (previously referred to as "EBITDAS")<sup>(1)</sup> of \$4.7 million in the first quarter of 2013, a 2.5% increase compared to the same period in 2012
- Reported a backlog<sup>(2)</sup> and book-to-bill ratio<sup>(3)</sup> of \$47.2 million and 0.74, respectively, as at and for the three months ended March 31, 2013
- Realized the first commercial sale of its iron roughneck (weTORQ85) after successfully completing final field testing
- Progressed the development of other products in its "we" product line, including an electric bucking unit (weBUCK), a hydraulic catwalk (weMOVE35), a casing running tool (weRUN350) and a casing handling tool system with flush mount spider, conventional spider and elevator configurations (weHOLD)
- Established its first international company in Aberdeen, McCoy Global UK Ltd., with operations planned to commence in the second quarter 2013
- Initiated the increase of dies and inserts manufacturing capacity at its facility in Louisiana
- Relocated its Houston service center to a larger facility in anticipation of growth in demand for technical services
- Expanded the Mobile Solutions dealer network in the United States to four dealers

### **Quarterly Financial Highlights**

Revenue for the three months ended March 31, 2013 was \$42.0 million, a decrease of \$3.5 million from the comparative quarter in 2012. Strong backlog and increased manufacturing capacity contributed to EP&S revenue growth, offset by declines in the Mobile Solutions segment.

Gross profit for the three months ended March 31, 2013 was \$11.9 million, an increase of \$0.9 million from the comparative quarter in 2012. Increased gross profit is a result of increased revenue in the EP&S segment offset by a decline in revenue in the Mobile Solutions segment.

Net earnings for the quarter were \$2.1 million, consistent with the comparative quarter at \$0.08 per share.

Adjusted EBITDA<sup>(1)</sup> for the three months ended March 31, 2013 was \$4.7 million, an increase of \$0.1 million from the comparative quarter in 2012. The increase in adjusted EBITDA is attributable to a decline in adjusted EBITDA in the EP&S and Mobile Solutions segments, off-set by reduced costs in Corporate due to foreign exchange gains and losses.

As at March 31, 2013, McCoy had working capital of \$50.0 million, including \$16.4 million in cash and cash equivalents.

McCoy continues to make strategic investments in people and infrastructure to support its long-term growth. Investments resulting in higher general and administrative expense are moderating. As many of the investments driving higher general and administration expense were made throughout 2012, the full impact of these investments on general and administration expense will be fully realized in 2013. Once McCoy's growth strategy begins to generate returns, general and administration expense is anticipated to stabilize and, as a percentage of revenue, decline to more historic levels.

### Selected Quarterly Information

(\$000 except per share amounts and percentages)	<u>2013</u>	<u>2012</u>	<u>% Change</u>
Revenue	42,030	45,533	(8)
Gross profit	11,911	11,042	8
Energy Products and Services	10,257	8,583	20
Mobile Solutions	1,654	2,459	(33)
Gross profit as % of revenue	28%	24%	4
Energy Products and Services	33%	33%	0
Mobile Solutions	15%	13%	2
Net earnings	2,061	2,154	(4)
Net earnings per common share – basic	0.08	0.08	0
Net earnings per common share – diluted	0.08	0.08	0
Adjusted EBITDA <sup>1</sup>	4,684	4,571	2
Adjusted EBITDA <sup>1</sup> per common share – basic	0.18	0.17	6
Adjusted EBITDA <sup>1</sup> per common share – diluted	0.17	0.17	0
Total assets	116,261	111,556	4
Non-current liabilities	11,079	9,414	18
Total liabilities	37,168	40,397	(8)

<sup>1</sup>Adjusted EBITDA is as an additional GAAP measure presented under IFRS defined as "earnings from continuing operations before impairment losses, interest, taxes, depreciation, amortization and share-based compensation". For comparative purposes, the Corporation notes that in previous financial disclosures 'adjusted EBITDA' was referred to as 'EBITDAS'. Adjusted EBITDA is not considered an alternative to net earnings in measuring McCoy'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. However, McCoy calculates adjusted EBITDA consistently from period to period.

<sup>2</sup> Backlog is a measure of the amount of customer orders the Corporation has outstanding and is therefore an indicator of a base level of future revenue potential. Backlog is not a GAAP measure and as a result, the definition and determination of backlog will vary among other issuers reporting a backlog figure. The Corporation defines backlog as work that has a high certainty of being performed 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 most are 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 work.

<sup>3</sup> 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. A ratio of above "1.0" indicates more net sales orders were received than orders shipped and billed. 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 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.

## **Conference Call Information**

McCoy will host a conference call and webcast at 9:00 a.m. Mountain Time (11:00 a.m. Eastern Time) on May 1, 2013. Management participants will include: Jim Rakievich, President & CEO; Jacob Coonan, Interim CFO; James Nowotny, Senior Vice President Drilling and Completions; and Peter Watson, Vice President, Legal and Corporate Secretary.

Participants calling from Canada or the United States should call toll-free at: 1-888-231-8191. Callers from other locations may call in at: 1-647-427-7450. A live audio webcast of the conference call will be available at the following link: <http://www.newswire.ca/en/webcast/detail/1147921/1253059>.

The conference call will be archived for replay until Wednesday, May 8, 2013 at midnight. To access the archived conference call, dial 1-855-859-2056 or 1-416-849-0833 and enter the replay passcode 46609655. The transcript of the conference call will be archived on the conference calls page of McCoy's website.

## **About McCoy**

McCoy provides innovative products and services to the global energy industry. McCoy's two segments, Energy Products & Services and Mobile Solutions, operate internationally through direct sales and distributors with its operations based out of Western Canada and the U.S. Gulf Coast. McCoy's corporate office is located in Edmonton, Alberta, Canada with offices in Alberta, British Columbia, Louisiana, and Texas.

## **Forward-Looking Information**

*This News Release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. More particularly and without limitation, this News Release contains forward-looking statements and information concerning McCoy's future financial performance. The forward-looking statements and information are based on certain key expectations and assumptions made by McCoy, including expectations and assumptions concerning fluctuations in the level of oil and gas industry capital expenditures, McCoy's ability to integrate acquired businesses and complete strategic acquisitions of additional businesses and other factors that affect demand for McCoy's products. Although McCoy believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information because McCoy can give no assurance that they will prove to be correct. By its nature, such forward-looking information is subject to various risks and uncertainties, which could cause McCoy's actual results and experience to differ materially from the anticipated results or expectations expressed. These risks and uncertainties, include, but are not limited to, fluctuations in oil and gas prices, fluctuations in the level of oil and gas industry capital expenditures and other factors that affect demand for McCoy's products, industry competition, the need to effectively integrate*

*acquired businesses, uncertainties as to McCoy's ability to implement its business strategy effectively in Canada and the United States, labour, equipment and material costs, access to capital markets, interest and McCoy's ability to attract and retain key personnel. Additional information on these and other factors is available in continuous disclosure materials filed by McCoy with Canadian securities regulators. Readers are cautioned not to place undue reliance on this forward-looking information, which is given as of the date it is expressed in this News Release or otherwise, and to not use future-oriented information or financial outlooks for anything other than their intended purpose. McCoy undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.*

For further information, please contact:

Mr. Jim Rakievich  
McCoy Corporation  
President and Chief Executive Officer

Phone: (780) 453-8451  
E-mail: [info@mccoyglobal.com](mailto:info@mccoyglobal.com)  
Website: [www.mccoyglobal.com](http://www.mccoyglobal.com)