



REKO INTERNATIONAL GROUP INC.

*Second Quarter Report
Six Months Ended
January 31, 2018*

REKO INTERNATIONAL GROUP INC.

469 Silver Creek Industrial Drive
Lakeshore, Ontario
N8N 4W2

SUBSIDIARIES/DIVISIONS:

Canada:

- Concorde Precision Machining Inc.
- Reko Manufacturing Group Inc.

United States:

- Reko International Sales Inc.
- Reko International Holdings Inc.

Reko announces its 26th consecutive profitable quarter

(Windsor, Ontario – March 1, 2018) - Reko International Group Inc. (TSX-V: REKO) today announced results for its second quarter ended January 31, 2018.

Financial Highlights:

	Three Months		Six Months	
	(unaudited)		(unaudited)	
	Fiscal 2018	Fiscal 2017	Fiscal 2018	Fiscal 2017
Sales	\$11,529	\$11,213	\$20,290	\$21,573
Net income	420	789	675	1,425
EPS basic	0.07	0.12	0.11	0.22
Working capital			13,982	19,104
Shareholders' equity			43,802	42,037
Shareholders' Equity per Share			6.80	6.52

Consolidated sales for the quarter ended January 31, 2018, were \$11.5 million, compared to \$11.2 million in the prior year, an increase of \$0.3 million or 2.8%. The increase in sales was related to increases in demand in both the automotive and capital equipment markets.

Gross profit for the quarter ended January 31, 2018, was \$1.5 million, or 13.4% of sales, compared to a gross profit of \$2.0 million, or 18.0% of sales in the prior year. The decrease in gross profit was reflective of a change in product mix, with certain projects worked on during the quarter experiencing lower margins than in prior quarters.

Selling and administrative expenses for the quarter ended January 31, 2018 were \$1.1 million, or 9.8% of sales, compared to \$1.0 million, or 8.5% of sales in the prior year. The increase in SG&A largely relates to one-time consulting fees pertaining to the upcoming expansion.

Net income for the quarter ended January 31, 2018 was \$0.4 million or \$0.07 per share, compared to net income of \$0.8 million, or \$0.12 per share in the prior year.

Subsequent to the end of the quarter, the mortgage payable of \$3,211 at a rate of 6% which matured in February 2018 was repaid in full and a commitment received for a new mortgage facility in the amount of \$3,500 with a rate of 3.95% and a five year term. This change will result in reduced payments of approximately \$490 annually.

“Reko’s second quarter results showed an improvement in profitability from the prior quarter,” stated Diane Reko, chief executive officer. “New orders during the quarter improved by 32% compared to the prior quarter. Investments in new equipment, along with the completion of our new building will position us to take advantage of additional opportunities and improve performance. Reko has spent almost \$5.5M on these capital initiatives year to date and is renewing long term debt at attractive rates to assist us with the upcoming expansion of our manufacturing footprint and technical capabilities.”

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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About Reko International Group Inc.

Reko International Group Inc. (TSX-V:REKO) is a diversified, technology-driven manufacturing organization located in Southwestern Ontario, just minutes from the U.S. border. Areas of expertise include robotic factory automation solutions, the precision machining of large critical parts, and plastic injection and low compression acoustic tooling. Reko's family-oriented culture embraces past experience, fosters innovation, and always ensures the highest standard of quality. Reko believes in strengthening communities by advancing manufacturing. For more information, visit, or contact Marilyn Crowley, Chief Financial Officer at (519) 727-3287.

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