



**REKO INTERNATIONAL GROUP INC.**

**Fourth Quarter Report  
And Year Ended  
July 31, 2017**

**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 reports year end profit**

(Windsor, Ontario – October 4, 2017) - Reko International Group Inc. (TSX-V: REKO) today announced results for its fourth quarter and year ended July 31, 2017.

Financial Highlights:

	Three Months (unaudited)		Twelve Months (unaudited)	
	Fiscal 2017	Fiscal 2016	Fiscal 2017	Fiscal 2016
Sales	\$9,695	\$13,882	\$42,967	\$50,599
Net income	560	4,107	2,545	7,601
EPS basic	0.09	0.64	0.40	1.18
Working capital			17,606	20,603
Shareholders' equity			43,115	41,896
Shareholders' Equity per Share			6.70	6.51

On July 4, 2016, Reko announced that the customer related to the long term supply agreement announced in 2014, had exercised its right to make an advance payment. This one time payment of \$3.9 million increased sales, gross profit and net income in Q4 2016 by this amount and net income by \$2.9 million. There was no comparable payment in fiscal 2017, and therefore variances must be viewed in the context of this difference.

Consolidated sales for the year ended July 31, 2017, were \$43.0 million, compared to \$50.6 million in the prior year, a decrease of \$7.6 million or 15.1%. The decrease in sales was related to the receipt of a one time payment in lieu of guaranteed volume under the long term agreement in the prior year, noted above, as well as a decrease in volumes in certain types of work in transportation and oil and gas sectors.

Gross profit for the year ended July 31, 2017, was \$7.5 million, or 17.4% of sales, compared to a gross profit of \$15.6 million, or 30.9% of sales in the prior year. The decrease relates to the payment received from the long term agreement as described in sales, as well the impact of a change in customer mix.

Selling and administrative expenses for the year ended July 31, 2017, were \$4.0 million, or 9.2% of sales, compared to \$4.6 million, or 9.1% of sales in the prior year. The decrease in SG&A is due to decreases in non-production wages & salaries due to reductions in variable pay, decreases in office expenses, and a decrease in premiums relating to our accounts receivable insurance.

Net income for the year ended July 31, 2017, was \$2.5 million or \$0.40 per share, compared to net income of \$7.6 million, or \$1.18 per share in the prior year.

“Volatility in our workload and in exchange rates heavily impacted our profitability this year,” stated Diane Reko, chief executive officer. “We look forward to the completion of our new facility in early 2018 and the opportunity to expand our offerings of innovative manufacturing solutions.”

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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## ***Fourth Quarter Report and Year Ended July 31, 2017***

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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.*