

Xebec Reports 2016 Second Quarter Operating Results

MONTREAL (QC), August 29th, 2016 - Xebec Adsorption Inc. (TSXV: XBC) ("Xebec"), a provider of gas purification, generation, and filtration solutions for the natural gas, field gas, biogas, helium, hydrogen, nitrogen and oxygen markets, reported its 2016 second quarter operating results today.

- Revenues of \$2.1 million for the second quarter of 2016 compared to \$2.2 million for the same quarter in 2015, a 6.0% decrease compared to the same period in 2015.
- Net loss of \$1.0 million or \$0.02 per share for the three month period ending June 30, 2016 compared to a net loss of \$1.2 million \$0.03 per share for the same period in 2015.
- EBITDA for the second quarter improves to \$(0.8) million compared to \$(1.1) million in the second quarter of 2015 and (0.9) million in Q1. This can be attributed to higher realized gross margins from a shifting product mix.

Financial Highlights

(unaudited, in thousands of dollars, except per-share data)	Three months ended		
	<i>June 30, 2016</i>	<i>June 30, 2015</i>	<i>March 31, 2016</i>
Revenue	2,071	2,205	2,454
Gross Profit	532	241	360
Gross Profit as a % of revenues	25.6%	10.9%	14.7%
EBITDA*	(788)	(1,068)	(894)
Net earnings (loss)	(986)	(1,162)	(1,057)
Basic EPS	(\$0.02)	(\$0.03)	(\$0.03)
Diluted EPS	(\$0.02)	(\$0.03)	(\$0.03)
Weighted average # of shares	39,363,867	39,363,867	39,363,867

*EBITDA refers to earnings before interests, taxes, and amortization, a non-IFRS measure

Financial Results

Revenues

Xebec posted revenues of \$ 2.1 million for the second quarter of 2016, a 6.0% decrease compared to \$2.2 million in the second quarter of 2015. This decrease is due to lower revenues from China offset by increasing revenues in North America.

Order Backlog

As of August 29th 2016, total order backlog stood at \$5.7 million, compared to \$5.2 million as at August 31, 2015.

Gross Margin

Xebec's gross margin as a % of revenues for the second quarter of 2016 amounted to 25.6% or \$0.5 million compared to 10.9% (\$0.2 million), a 14.7% increase compared to the same period in 2015. This increase is due to higher absorption of fixed costs over a larger revenue base in North America.

EBITDA and Net loss

The EBITDA for the second quarter of 2016 amounted to \$(0.8) million compared to \$(1.1) million in the second quarter of 2015. This improvement is mainly explained by higher realized gross margins.

The net loss for the first quarter of 2016 totaled \$(1.0) million, or \$(0.02) per share, compared to a net loss of \$(1.1) million, or \$(0.03) per share for the same 2015 period.

Selling and administrative expenses increased slightly to \$1.4 million compared to \$1.3 million in the second quarter of 2015.

As at June 30, 2016, the Company had \$1.6 million of cash on hand and a working capital deficit of \$1.7 million.

2016 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 period ended June 30, 2016, 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 clean energy solutions to corporations and governments looking to reduce their carbon footprint. Xebec designs, engineers and manufactures innovative products that transform raw gases into marketable sources of clean energy. In business for 50 years, Xebec has more than 1,500 customers worldwide. Xebec is focused on broadening its presence in markets where demand for renewable energy through gas purification and generation, natural gas dehydration, and filtration is growing. Headquartered in Montreal (QC), Xebec is a global company with two manufacturing facilities in Montreal and Shanghai, as well as a sales office in Houston, Texas (USA), and a 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, please visit the Xebec website at www.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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