

XPEL Reports Record Third Quarter Revenue Growth of 64.3% to \$29.3 Million and EPS of \$0.08

San Antonio, TX – November 14, 2018 – XPEL, Inc. (TSXV: DAP.U), a leading supplier of automotive paint protection and window films, announced results for the third quarter and nine months ended September 30, 2018.

Third Quarter Highlights:

- Revenues increased 64.3% to \$29.3 million compared to third quarter 2017
- Gross margin improved to 30.1% compared to 23.8% in third quarter 2017
- Earnings per share of \$0.08 compared to \$0.02 per share in third quarter 2017

Revenues for the quarter grew 64.3% to \$29.3 million. Gross profit as a percentage of sales was 30.1% as compared to 23.8% in the prior year quarter. Selling, general and administrative expenses increased to \$5.9 million compared to \$3.6 million in the prior year quarter but were flat as a percentage of sales at 19.9%. Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) increased \$2.2 million to \$3.4 million compared to \$1.2 million in the prior year quarter. Net income was \$2.2 million or \$0.08 per basic and diluted share, compared to net income of \$0.4 million or \$0.02 per basic and diluted share in the prior year quarter.

Mr. Ryan Pape, President and Chief Executive Officer of XPEL, commented, “We continue to see strong demand for our products and services which is driving strong revenue growth in all of our regions. I am particularly pleased with our gross margin performance for the quarter as we continue to make headway on our gross margin enhancement initiatives.

“2018 has been a tremendous year for XPEL to date, with our nine-month revenue of \$83.4 million surpassing 2017 full year revenue of \$67.7 million. We are excited to see the XPEL brand gain increasing marketplace recognition, directly related to our growing reputation for state-of-the-art products and our commitment to exceptional service. As we move through the balance of 2018, we remain focused on enhancing our leadership position, growing our customer base both domestically and internationally and capturing additional market share,” Mr. Pape concluded.

For the Quarter Ended September 30, 2018:

Revenues. Revenues increased approximately \$11.5 million to \$29.3 million, or 64.3% over the prior year period.

Gross Margin. Gross margin increased to 30.1% from 23.8%, primarily attributable to price increases across certain product lines, production efficiencies related to margin enhancement initiatives put in place in the third and fourth quarters of 2017, and reductions in warranty costs.

Expenses. Selling, general and administrative expenses increased \$2.3 million or 63.8% versus the prior year period but were flat as a percentage of sales at 19.9%. The increase was due mainly to increases in personnel, occupancy, sales and marketing, and information technology related costs to support the ongoing growth of the business.

EBITDA. EBITDA increased \$2.2 million to \$3.4 million versus the prior year quarter.

Net income. Net income for the quarter increased to \$2.2 million versus net income \$0.4 million in the prior year quarter.

For the Nine Months Ended September 30, 2018:

Revenues. Revenues increased approximately \$35.8 million or 75.4% to \$83.4 million as compared to \$47.5 million in the prior year period.

Gross Margin. Gross margin was 29.9% versus 25.7% in the same period of 2017. The increase is related to operational improvements as described above.

Expenses. Selling, general and administrative expenses increased \$5.7 million or 55.3% versus the prior year period but decreased as a percentage of sales to 19.1% of sales from 21.6% of sales in the prior year. This increase was due mainly to increases in personnel, occupancy, sales and marketing and information technology related costs to support the ongoing growth of the business.

EBITDA. EBITDA increased \$7.0 million to \$10.2 million versus \$3.2 million in the prior year period.

Net income. Net income for the first nine months increased to \$6.7 million versus net income of \$1.1 million in the prior year period.

Conference Call Information

The Company will host a conference call to discuss the third quarter results today, November 14, 2018, at 11:00 a.m. Eastern Time.

To access the live webcast, please visit the XPEL, Inc. website at www.xpel.com/investor.

To participate in the call by phone, dial (877) 407-8033 approximately five minutes prior to the scheduled start time. International callers please dial (201) 689-8033.

A replay of the teleconference will be available until December 14, 2018 and may be accessed by dialing (877) 481-4010. International callers may dial (919) 882-2331. Callers should use conference ID: 40527.

About XPEL, Inc.

XPEL leads the industry in designing, manufacturing and distributing high-performance automotive paint and headlamp protection film technologies. Using XPEL's proprietary software and materials, our professional design team develops products that deliver the ultimate in vehicle protection, meeting the demands of a broad range of makes and models. With more than 70,000 vehicle-specific applications and a global network of trained installers, XPEL is dedicated to exceeding customer expectations in providing high-quality products, customer service and technical support. XPEL, Inc. (TSXV: DAP.U) is publicly traded on the TSXV Exchange. Visit www.xpel.com for more information.

Safe harbor statement

This release includes forward-looking statements regarding XPEL, Inc. and its business, which may include, but is not limited to, anticipated use of proceeds from capital transactions, expansion into new markets, and execution of the company's growth strategy. Often, but not always, forward-looking statements can be identified by the use of words such as "plans," "is expected," "expects," "scheduled," "intends," "contemplates," "anticipates," "believes," "proposes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may," "could," "would," "might" or "will" be taken, occur or be achieved. Such statements are based on the current expectations of the management of XPEL. The forward-looking events and circumstances discussed in this release may not occur by certain specified dates or at all and could differ materially as a result of known and unknown risk factors and uncertainties affecting the company, performance and acceptance of the company's products, economic factors, competition, the equity markets generally and many other factors beyond the control of XPEL. Although XPEL has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. No forward-looking statement can be guaranteed. Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made and XPEL undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

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.

For more information, contact:

Investor Relations:
John Nesbett/Jennifer Belodeau
IMS Investor Relations
Phone: (203) 972-9200
Email: jnesbett@institutionalms.com

XPEL, Inc.
Consolidated Statements of Income and Comprehensive Income
(Expressed in United States Dollars)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenue	\$ 29,293,451	\$ 17,833,249	\$ 83,357,157	\$ 47,512,208
Expenses				
Direct costs	20,466,877	13,584,452	58,439,890	35,313,313
Selling, general and administrative	5,827,243	3,558,498	15,928,299	10,258,441
Income from operations	2,999,331	690,299	8,988,968	1,940,454
Interest expense	43,513	86,701	151,294	194,755
(Loss) Gain on sale of property, plant and equipment	944	-	36,930	(7,251)
Foreign exchange loss (gain)	85,551	(55,764)	108,675	(71,509)
	130,008	30,937	296,899	115,995
Net income before income taxes	2,869,323	659,362	8,692,069	1,824,459
Deferred income tax recovery	125,215	(46,402)	19,031	(182,207)
Current income tax expense	563,657	260,929	1,982,142	876,574
	688,872	214,527	2,001,173	694,367
Net income	\$ 2,180,451	\$ 444,835	\$ 6,690,896	\$ 1,130,092
Items that may be reclassified to profit or loss:				
Cumulative differences on translation foreign operations	157,740	1,030,178	157,319	461,389
Total comprehensive income (loss)	\$ 2,338,191	\$ 1,475,013	\$ 6,848,215	\$ 1,591,481
Net income attributable to:				
Shareholders of the Company	\$ 2,164,738	459,990	6,685,697	1,161,773
Non-controlling interest	15,713	(15,155)	5,199	(31,681)
Net income	\$ 2,180,451	\$ 444,835	\$ 6,690,896	\$ 1,130,092
Total comprehensive (loss) income attributable to:				
Shareholders of the Company	\$ 2,322,478	\$ 1,490,168	\$ 6,843,016	\$ 1,623,162
Non-controlling interest	15,713	(15,155)	5,199	(31,681)
Total comprehensive income	\$ 2,338,191	\$ 1,475,013	\$ 6,848,215	\$ 1,591,481
Earnings per share attributable to owners of the parent				
Basic and diluted	\$ 0.079	\$ 0.016	\$ 0.242	\$ 0.042
Weighted average number of common shares				
Basic and diluted	27,612,597	27,612,597	27,612,597	27,229,720

XPEL, Inc.
Consolidated Balance Sheet
(Expressed in United States Dollars)
(Unaudited)

	September 30, 2018	December 31, 2017
Assets		
Current		
Cash and cash equivalents	\$ 3,446,570	\$ 3,498,904
Accounts receivable	7,071,315	5,569,212
Inventory	12,614,556	10,151,594
Prepaid expenses and other current assets	1,223,206	689,890
Total current assets	<u>24,355,647</u>	<u>19,909,600</u>
Property, plant and equipment	2,589,076	2,153,233
Intangible assets	4,090,722	4,114,374
Deferred tax asset	283,968	378,014
Goodwill	2,913,760	2,490,105
Total assets	<u>\$ 34,233,173</u>	<u>\$ 29,045,326</u>
Liabilities		
Current		
Revolving line of credit	-	2,000,000
Accounts payable and accrued liabilities	10,494,377	9,519,649
Income tax payable	680,815	1,126,865
Current portion of bank loan payable	-	440,126
Current portion of notes payable – acquisitions	835,690	624,308
Total current liabilities	<u>12,010,882</u>	<u>13,710,948</u>
Deferred tax liability	471,652	463,140
Notes payable – acquisitions	1,049,679	1,018,493
Total liabilities	<u>13,532,213</u>	<u>15,192,581</u>
Equity		
Capital stock	9,210,646	9,210,646
Contributed surplus	2,165,130	2,165,130
Accumulated other comprehensive loss	(826,962)	(984,281)
Retained Earnings	10,255,127	3,569,430
	<u>20,803,941</u>	<u>13,960,925</u>
Non-controlling interest	(102,981)	(108,180)
Total liabilities and equity	<u>\$ 34,233,173</u>	<u>\$ 29,045,326</u>

Non-IFRS Measures

In addition to disclosing results in accordance with IFRS as issued by IASB, the Company also provides supplementary non-IFRS measures as a method of evaluating the Company's performance.

Management uses EBITDA as a measure of company-wide performance. EBITDA is defined as earnings before interest, taxes, depreciation, and amortization. Management believes EBITDA is a useful measure to allow period-to-period comparison of the Company's operating performance. EBITDA does not have a standardized meaning under IFRS and is not necessarily comparable to measures presented by other Companies. EBITDA excludes components that are significant in understanding and assessing our results of operations and cash flows. EBITDA does not represent funds available for Management's discretionary use and is not intended to represent cash flow from operations. EBITDA should not be considered a substitute for Net Income prepared in accordance with IFRS as issued by the IASB.

EBITDA Reconciliation

	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Net (loss) income	2,180,451	444,835	6,690,896	1,130,092
Interest	43,514	86,701	151,294	194,755
Taxes	688,873	214,527	2,001,173	694,367
Depreciation	200,512	186,955	539,379	523,701
Amortization	285,941	240,866	846,391	706,999
EBITDA	3,399,291	1,173,884	10,229,133	3,249,914