Exchange Income Corporation Reports Financial Results for Q3 2014
- 71% payout ratio and increase in dividend -

WINNIPEG, Manitoba – November 12, 2014 – Exchange Income Corporation (TSX:EIF) (the "Company" or "Exchange"), a diversified, acquisition-oriented company focused on opportunities in the aviation and manufacturing sectors, reported its financial results for the three and nine month periods ended September 30, 2014. All amounts are in Canadian currency. As a result of the announcement of the sale of WesTower US, the Company's results are presented with Discontinued Operations, which include the operational results of WesTower US and the allocation of certain costs incurred by the Company to support WesTower US. Both the current and comparative period results have been presented in a consistent manner.[1] The Company's results for Q3 are reflective of continuing operations without WesTower US.

Q3 2014 Highlights from Continuing Operations

- Consolidated revenue was $143.5 million, up 7%
- Consolidated EBITDA was $27.9 million, up 17%.
- Basic per share Free Cash Flow less maintenance capital expenditures was $0.59, up 26%.
- Dividend payout ratio improved to 71%[2] from 89%.
- Net earnings from continuing operations was $5.2 million, down 3%.
- Regional One's EBITDA increased 136% and Calm Air's EBITDA increased 45%.
- Signed a strategic alliance agreement with Sakku Investments Corporation aimed at growing aviation services and infrastructure in the Kivalliq Region.

Highlights Subsequent to Quarter End

- Increased the monthly dividend by $0.005 per share (or $0.06 per share annually) to $0.145 per share (or $1.74 per share annually) which is a 4% increase and will become effective for the November 2014 declared dividend paid in mid-December.
- Announced the acquisition of Provincial Aerospace Ltd ("Provincial"), subject to certain regulatory approvals with a purchase price of approximately $246 million, making it the largest acquisition in the history of the Company. A complimentary fit within our broader aviation portfolio, Provincial provides us with geographic diversity within Canada and internationally, a strong management team and further diversification with the addition of a strong aerospace sector.
- Completed the sale of WesTower US for approximately US$200 million. The transaction restores economic balance and diversification by eliminating a disproportionate component of our revenue being generated by one large customer and generated a meaningful profit after a short period of ownership.
- Regional One signed a fleet purchase agreement with Lufthansa CityLine for 12 Bombardier CRJ700 aircraft over a period of up to 15 months. Regional One will use the fleet for sale and lease opportunities for aircraft, engines and components with regional carriers around the world.

"Our Q3 results from our continuing operations provide clear validation of our decision to sell WesTower US and restore more balance to our operations," said Mike Pyle, CEO of Exchange Income Corporation. "It repatriates a very significant amount of working capital enabling the Company to repay all of its outstanding credit facility. In addition, it delivers a completely debt free company and solid financial footing to enable it to pursue its pipeline of organic growth and external acquisition opportunities, such as the recently announced Provincial transaction. We delivered Free Cash Flow less maintenance capital

[1] On October 20, 2014 Exchange announced the sale of WesTower US.
[2] Based on the Company's Free Cash Flow less maintenance capital expenditures on a basic per share basis.

expenditures of $0.59 per share and a dividend payout ratio of 71%, the lowest ratio in the past two years. Our model works."

Mr. Pyle added, "With the addition of Provincial's already diverse operations and significant cash flow, our ability to grow and produce higher sustainable dividend payments to our shareholders is greatly enhanced. We are pleased to announce that our November declared dividend will be increasing by $0.005 per share, an increase of 4% to $0.145 per share per month (or $1.74 per share annually)."

"We were offered the opportunity to sell the WesTower US business at a price that not only gave us an excellent return on our investment, but it also freed up capital for other opportunities that will generate higher EBITDA and Free Cash Flow returns such as in the Provincial acquisition and our continuing investments in Regional One," said Ms. Carmele Peter, President of Exchange Income Corporation. "Regional One, for example, has generated a return on average invested capital of approximately 19% since acquisition. Those types of opportunities are more beneficial to Exchange and our shareholders."

Selected Financial Highlights from Continuing Operations
(All amounts in thousands except % and share data)

- from continuing operations	Q3 2014	Q3 2013	Change	FY2014 YTD	FY2013 YTD	Change
Revenue	$143,499	$134,474	7%	$403,777	$367,682	+10%
EBITDA[3]	$27,872	$23,872	+17%	$68,127	$57,458	+19%
Net Earnings	$5,172	$5,314	-3%	$6,104	$7,261	-16%
Earnings per Share[4] (fully diluted)	$0.23	$0.25	-8%	$0.27	$0.34	-21%
Free Cash Flow per basic share	$1.03	$0.93	+11%	$2.48	$2.19	+13%
Free Cash Flow less Maintenance Capex per basic share	$0.59	$0.47	26%	$1.06	$0.97	+9%
Dividends declared	$9,349	$9,068	+3%	$27,762	$26,797	+4%

Review of Financial Results from Continuing Operations – Three Months
Consolidated revenue for Q3 2014 was $143.5 million, up 7% from 2013. The increase is mainly a result of the improvement at Regional One that comes as a result of its portfolio of available assets growing and continued improvement at Calm Air as a result of the Company's previous investments in their infrastructure and fleet rationalization plan.

Effective with Q3 2014 results, the Company has reverted to reporting its financial performance through two operating segments: Aviation and Manufacturing. The change was driven by the sale of WesTower US. WesTower Canada operations and results have been included in the Manufacturing segment.

On a segmented basis, the Aviation segment generated revenue in Q3 2014 of $90.5 million, up 9% from 2013. The growth was largely due to the strong performance by Regional One, which increased revenues by 86%. Calm Air also contributed strong revenue growth, increasing 17% from 2013 as a result of investments in its infrastructure and a fleet restructuring initiative over the past several quarters. Offsetting these factors was a decrease as a result of reduced demand for fire suppression and fire evacuation services stemming from an extremely wet, cold summer. As well, the Company's decision in the previous quarter to cancel a number of Bearskin's unprofitable routes reduced revenues. In Q3 2014, the Aviation segment generated 63.1% of the consolidated revenue from continuing operations compared to 61.6% in 2013.

[3] EBITDA is defined as earnings before interest, income taxes, depreciation, amortization, other non-cash items such as gains or losses recognized on the fair value of contingent consideration items, asset impairment and restructuring costs, and any unusual non-operating one-time items such as acquisition costs. EBITDA is not a defined performance measure under International Financial Reporting Standards (IFRS) but it is used by Management to assess the performance of the Company and its segments.

[4] The Company had 22.4 million common shares outstanding at September 30, 2014, up from 21.6 million at September 30, 2013. The growth is due to an increase in the conversion of debentures, shares issued under the dividend reinvestment plan, and the issuance of shares in support of financing acquisition activities and other.

The Manufacturing segment generated revenue of $53.0 million in Q3 2014, up 3% from 2013. The growth was attributable to increased volumes in the Alberta Operations retail business and custom manufactured products. Overlanders also experienced higher volumes increasing revenues by 11% in the current period. In Q3 2014, the Manufacturing segment generated 36.9% of the consolidated revenue from continuing operations compared to 38.4% in 2013.

Consolidated EBITDA for Q3 2014 was $27.9 million, up 17% from 2013. Consistent with the change in revenues for the Q3 2014 period, the growth in EBITDA was driven largely by the performances of Regional One and Calm Air. On a combined basis the EBITDA of these two entities increased by $6.0 million, which are increases of 136% and 45%, respectively. Growth was also attributable to WesTower Canada's performance, which grew its EBITDA by 8%.

On a segmented basis, the Aviation segment generated EBITDA of $23.7 million in Q3 2014, up 26% from 2013. Strong contributions by Regional One and Calm Air were offset by factors already described, namely the performance of Custom and Perimeter that was most significantly impacted by the lack of fire suppression and fire evacuation work. The restructuring of Bearskin in the previous quarter, which although resulting in reduced revenue from the cancellation of unprofitable routes, improved EBITDA in Q3 2014 by $0.7 million. The Aviation segment's EBITDA margins for Q3 2014 were 26.2% compared to 22.7% in 2013.

The Manufacturing segment generated EBITDA of $7.0 million in Q3 2014 The modest decline is largely due to soft market conditions for Stainless Fabrication's field services offset by improvements at WesTower's Canadian operations. EBITDA margins for the Manufacturing segment in Q3 2014 were 13.2% as compared to 13.8% in 2013.

Exchange reported net earnings from continuing operations for Q3 2014 of $5.2 million or $0.23 per basic share. This compares to $5.3 million or $0.25 per basic share in Q3 2013. The additional EBITDA generated by the continuing operations was offset by several items, including higher convertible debenture interest costs and a higher effective tax rate.

Subsequent to the end of the third quarter, Exchange announced the sale of WesTower US for approximately US$200 million. The Company received the purchase price in cash and used it to eliminate all of the Company's outstanding debt in its credit facility. The Company anticipates a gain on sale of WesTower US in the range of $0.55 to $0.65 per share, which will be finalized with the settlement of the transaction's customary purchase price adjustments. The Company expects to have the purchase price adjustments settled in the first half of 2015. The gain on disposal will include not only the gain on sale of WesTower US but also the financial consequences of the repayment of the Company's outstanding balance in its credit facility, which is expected to increase the net gain. Given the timing of the sale, WesTower US performance is treated from an accounting perspective as results from Discontinued Operations. In Q3 2014, WesTower US generated revenue of $117.7 million and EBITDA of $2.2 million. These compare to revenue of $132.9 million and an EBITDA loss of $8.3 million for Q3 2013.

Review of Financial Results from Continuing Operations – Nine Months

On a year-to-date (YTD) basis, the Company's consolidated revenue for FY2014 was $403.8 million, up 10% from FY2013. Consolidated EBITDA for FY2014 YTD was $68.1 million, up 19% for FY2013. Net earnings from continuing operations for FY2014 YTD were $6.1 million, down 16% from FY2013. Year-to-date performance for 2014 includes an additional three months of operations from Regional One as it was acquired part way through the comparative period and year-to-date performance was also significantly impacted by adverse weather conditions that affected each of the Company's segments, particularly the Aviation segment companies.

With the operations of WesTower US presented as Discontinued Operations, all of the WesTower US net assets are classified as assets and liabilities held for sale within working capital. The reclassification of certain long-term assets and liabilities into current balances results in an additional $25.3 million of working capital. With the closing of the transaction to sell WesTower US in the fourth quarter, this is a temporary presentation and the year-end working capital will not include any WesTower US operating balances. The net working capital of WesTower US included is $194.4 million as at September 30, 2014.

As at September 30, 2014, the Company's continuing operations had a net cash position of $7.0 million (December 31, 2013 of $23.2 million). The Company's working capital as at September 30, 2014 increased by $25.8 million, excluding the WesTower reclass noted above, from the 2013 year-end. There are a number of factors impacting the change, including the seasonality of the businesses as the third quarter is traditionally the busiest quarter for the operations of the Company and the weakening of the Canadian dollar on the Company's US based subsidiaries. Excluding the WesTower US items from working capital, this represents a current ratio of 2.31 to 1 for the Company as at September 30, 2014.

Selected Key Performance Indicators from Continuing Operations
(All amounts in thousands except % and share data)

- from continuing operations	Q3 2014	Q3 2013	Change	FY2014 YTD	FY2013 YTD	Change
Free Cash Flow[5]	$22,819	$20,038	+14%	$54,500	$46,542	+17%
Free Cash Flow per basic share	$1.03	$0.93	+11%	$2.48	$2.19	+13%
Total Maintenance Capex[6]	$9,676	$9,909	-2%	$31,099	$25,992	+20%
Free Cash Flow less Maintenance Capex[7]	$13,143	$10,129	+30%	$23,401	$20,550	+14%
Free Cash Flow less Maintenance Capex per basic share	$0.59	$0.47	+26%	$1.06	$0.97	+9%

The basic per share payout ratio for the third quarter is 71% for Free Cash Flow less maintenance capital expenditures, which is an impressive improvement from 89% in the comparative period. The improvement is reflective of the growth capital invested in previous periods, in particular at Regional One and Calm Air.

The Company's Board of Directors regularly examines the dividends paid to shareholders. The Company's announcement earlier today of its pending acquisition of Provincial highlighted that the attractive purchase price is expected to be immediately and significantly accretive to earnings and Free Cash Flow, while materially reducing our dividend payout ratio. In consideration of the Company's third quarter financial results and its substantial reduction and improvement in its dividend payout ratio, even before the significant improvement in its Free Cash Flow to be achieved upon closing of the Provincial acquisition, the Board of Directors is confident that the Company's pro-forma dividend payout ratio is at the low end of its historical range. Accordingly, the Board of Directors have approved an increase in the dividend rate per share from $0.14 per month to $0.145 per month, a 4% increase. The new dividend rate will commence with the November dividend declared and will be paid to shareholders mid-December.

The key performance indicators above represent the continuing operations of the Company. The results of the Discontinued Operations are separate from these amounts and comparative period information has been adjusted to reflect a consistent presentation change. The Company allocated interest expense to Discontinued Operations representing the portion of interest expense related to the Company's senior credit facility that was repaid as a result of the transaction. During the three and nine months ended September 30, 2014, the Company allocated cash interest expense of $1.4 million and $4.3 million, respectively (2013 - $0.9 million and $2.3 million, respectively). The results of the Company aside from the Discontinued Operations are reflective of the operations of the Company on a go forward basis without WesTower US.

[5] Free Cash Flow is a financial metric used by Management to assess the Company's performance and assess its ability to sustain its dividend policy. Free cash Flow for the period is equal to the cash flow from operating activities as defined by IFRS, adjusted for changes in non-cash working capital and any unusual non-operating one-time items. It is not a recognized measure under IFRS.

[6] Maintenance Capex is not an IFRS measure. Capital expenditures are characterized as either maintenance or growth capital expenditures. Maintenance capital expenditures are those required to maintain the operations of the Company at its current level and includes principal payments made on finance leases.

[7] Free Cash Flow less Maintenance Capex is not an IFRS measure.

Outlook

"We have been extremely active over the past several months, adding new members to the management team, signing a strategic agreement with Sakku in the Kivalliq region, entering into a fleet purchase agreement with Lufthansa Cityline, divesting WesTower US, and acquiring Provincial," added Mr. Pyle. "These developments demonstrate how resilient we are as a company, and how committed we are to strengthening our ability to distribute regular dividends to our shareholders through diversified operations."

"The third quarter results and dividend payout ratio support the ability for our existing current operations to meet the current dividend levels," added Mr. Pyle. "With the pending acquisition of Provincial, and its very accretive nature, we are capable and pleased to increase our dividend for the 9th time in our history."

Mr. Pyle also said, "In the short term, we see strong organic growth opportunities for both of our segments. In the Aviation segment, Regional One is experiencing strong demand from its customer base for a breadth of products and services, and there are significant opportunities to expand our operations in the far north. In the Manufacturing segment, WesTower Canada sees strong sales opportunities stemming from the high demand for wireless services due to the growing number of mobile devices. "

"Over the longer term, we remain committed to growth via acquisitions. The Provincial transaction brings a pipeline of significant growth opportunities in its aerospace component. With a commitment to a strong balance sheet and access to deployable capital under our credit facility, we are well positioned to take advantage of both organic growth opportunities and acquisition opportunities that meet our disciplined model."

The Company's complete financial statements and management's discussion and analysis for the three and nine months ended September 30, 2014 can be found at www.ExchangeIncomeCorp.ca or at www.sedar.com.

Conference Call Notice

Exchange Income Corporation will hold a conference call on November 13, at 10:00 a.m. ET with key members of senior management to discuss 2014 third quarter financial results.

All interested parties can join the conference call by dialing 1-888-231-8191 or 647-427-7450. Please dial in 15 minutes prior to the call to secure a line. The conference call will be archived for replay until Thursday, November 20, 2014 at midnight. To access the archived conference call, please dial 1-855-859-2056 or 416-849-0833 and enter the reservation code 21257086.

A live audio webcast of the Q3 conference call will be available at www.ExchangeIncomeCorp.ca and www.newswire.ca. Please connect at least 15 minutes prior to the conference call to ensure adequate time for any software download that may be required to join the webcast. An archived replay of the webcast will be available for 365 days.

About Exchange Income Corporation

Exchange Income Corporation is a diversified acquisition-oriented company, focused in two sectors: aviation services and equipment, and metal manufacturing. The Company uses a disciplined acquisition strategy to identify already profitable, well-established companies that have strong management teams, generate steady cash flow, operate in niche markets and have opportunities for organic growth.

The Company currently operates two segments: Aviation and Manufacturing. The Aviation segment consists of the operations by Perimeter Aviation, Keewatin Air, Calm Air International, Bearskin Lake Air Service, Custom Helicopters and Regional One. The Manufacturing segment consists of the operations by Jasper Tank, Overlanders Manufacturing, Water Blast Manufacturing, Stainless Fabrication and WesTower Communications in Canada. For more information on the Company, please visit www.ExchangeIncomeCorp.ca. Additional information relating to the Company, including all public filings, is available on SEDAR (www.sedar.com).

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For further information, please contact:

Mike Pyle	Joe Racanelli
CEO	Investor Relations
Exchange Income Corporation	TMX Equicom
(204) 982-1850	(416) 815-0700 Ext. 243
MPyle@eig.ca	JRacanelli@tmexequicom.com