

PyroGenesis Announces 2014 Q1 Results: YTD revenues plus backlog exceed 2013 fiscal revenues by 40%

MONTREAL, May 30, 2014 /CNW Telbec/ - **PyroGenesis Canada Inc.** (www.pyrogenesis.com) (TSXV: PYR), a TSX Venture 50® company, a world leader in the design, development, manufacturing and commercialization of advanced plasma processes, today announced its financial and operational results for the first quarter of fiscal 2014.

First Quarter Highlights

In 2014-Q1 and PyroGenesis:

- 2014-Q1 revenues of \$806,425 plus backlog of \$7,300,000, already exceed 2013 full year revenues by 40%;
- Maintain a strong gross margin of 40.1%;
- Continues to de-risk the Company by supplying plasma processes to an expanded client base which includes Oil and Gas and Mining and Metallurgical industries;
- Continues to increase business development unit and sale proposals to targeted markets.

PyroGenesis' recent entree into new high-margin market niches is translating into significant orders for its plasma processes and engineering services as evidenced by the level of new business activity. These results validate management's strategic decision to "de-risk" the Company by introducing its plasma processes into new high-margin markets. Combined with cost reduction / rationalization plans undertaken in 2012 management is confident that PyroGenesis is well positioned for future growth.

Financial Summary

Revenue

Revenues for 2014-Q1 were \$806,425 (\$1,141,143: 2013); this 29% decrease in revenues is due to certain customer-originated delays with respect to the commencement of the deployment of the European 10 TPD Plasma Waste to Energy system, the continuation of the second phase of Asian Plasma torch sale, and a postponement in activity relating to the reorder of a plasma waste destruction system to be installed on CVN-79, the next US Navy Ford-class air craft carrier.

As of this communication, the second phase of the Asian Torch project has commenced as has the work relating to CVN-79.

2014 revenues are projected to increase significantly based on a strong backlog (\$7.3MM) at the end of 2014-Q1 combined with the pipeline of future projects identified and under discussion.

Cost of Sales and Services

Cost of Sales and Services before amortization of intangible assets for 2014-Q1 was \$483,141, (\$630,583: 2013-Q1), a decrease of 23%. Starting in 2013, management implemented stringent and effective management methods with respect to project execution which resulted in more efficient use of labor. Direct materials procured and installed in the period decreased by 49% as compared to 2013-Q1. Above reduction to Cost of Sales and Services are in line with reductions of revenues in the quarter.

Building on the improvement in gross margins (before amortization of intangible assets) started in late 2012, 2014-Q1 posted a strong gross margin of 40.1% (44.7% :2013-Q1), which, once again, exceeded the Company's business plan for the period.

The strong level of gross margins in 2014-Q1 was achieved through controlled project management, tight control over technical resources employed on projects, and favorable pricing on equipment purchases.

Management is confident that with an increased focus on operations and project execution, PyroGenesis will continue to post above average gross margins on its projects notwithstanding the natural fluctuations that may occur from quarter to quarter.

Selling, General and Administrative Expenses

Selling, general and administrative expenses ("SG&A") for 2014-Q1 were \$946,918 (\$1,002,822: 2013-Q1), a 6% decrease.

2014-Q1 SG&A expenses reflect management's strategic decision to focus heightened investment in business development and proposals.

Net Loss

Loss from operations and total comprehensive loss for 2014-Q1 increased 22% to \$1,164,763 and \$1,164,728 respectively, as compared to a loss of operations and total comprehensive loss of \$954,139 reported during 2013-Q1.

The 22% increase in the comprehensive loss in 2014-Q1 versus the comparable 2013 period, is primarily due to a reduction in recognized revenues in the period due to the delays with the commencement and continuation of previously announced projects. The company continues to maintain strong control over its spending while increasing resources allocated to business development, proposals, investor relations and research and development.

EBITDA

EBITDA (earnings from operations before interest, taxes, depreciation and amortization) for 2014-Q1 was negative \$681,293, an increase of 48% over the negative EBITDA of \$461,322 reported during 2013-Q1.

Through a focused approach of increasing backlog and revenues, maintaining strong gross margins and controlled spending on SG&A, achieving break-even EBITDA is expected by year-end.

Liquidity

At March 31, 2014, PyroGenesis had cash on hand of \$52,253 and negative working capital of \$2,058,709 (negative \$1,373,763 at December 31, 2013).

Of note, the Company has no bank debt, nor any debt owing to unrelated parties.

On May 22, 2014, the Company announced that it had completed a brokered, and concurrent non-brokered, private placement of new equity units for gross proceeds to the Company of \$3,487,419. The net proceeds from the offerings will be used for general corporate purposes, working capital and development projects relating to recent business development efforts.

Additionally on May 22, 2014, the Company announced that it had entered into an agreement with its related party creditor, Phoenix Haute Technology Inc. ("Phoenix"), whereby the Company has requested and Phoenix has agreed to the Company issuing 7,500,000 common shares at a deemed price of \$0.80 in payment of \$6 million owing by the Company to Phoenix. The completion of this transaction is subject to the final approval of the TSX Venture Exchange.

Outlook

2014 is proving to be a tipping point year for PyroGenesis as the full effects of its strategic plan are being realized.

Revenues-to-date plus backlog already exceed last year's revenues by more than 40%, and given contracts under discussion Management expects to increase year over year revenues by more than 100% while maintaining strong gross margins.

This progress has been largely due to the Company's successful de-risking of itself in answer to the fiscal crisis confronting its largest client; the US military. Under the direction of the Board, the Company has successfully transitioned from being a company predominately supplying waste management plasma processes to the US military to one that is supplying plasma processes to not only the military but also to the Oil and Gas as well as the Mining and Metallurgical industries. In each case the Company has targeted high margin niche business with the potential for significant repeat orders. The recently announced success within the 3D printing industry wherein PyroGenesis has a proven, and commercially available, technology platform which can produce the most spherical Titanium powders highly sought after in 3D printing is just one of the many successes of this de-risking strategy.

The Company continues to implement measures to strengthen and focus its business development department, which includes, amongst other measures, hiring additional strategically focused professionals

The Company continues to de-risk its business model by starting to require recurring revenue features within sales agreements. Management has targeted 2016 as the year in which the Company will be profitable from recurring revenues alone.

In conclusion, Management is confident that the strategic plan adopted by the Board which has given effect to the realignment and de-risking of the Company's business, has proved a success and Management expects that this success will continue and be improved upon into the foreseeable future.

About PyroGenesis Canada Inc.

PyroGenesis Canada, a TSX Venture 50® company, is the world leader in the design, development, manufacturing and commercialization of advanced plasma processes. We provide engineering and manufacturing expertise, cutting-edge contract research, as well as turnkey process equipment packages to the defense, metallurgical, mining, advanced materials, oil & gas, and environmental industries. With a team of experienced PyroClass™ engineers, scientists and technicians working out of our Montreal office and our 3,800 m² production facility, PyroGenesis maintains its competitive advantage by remaining at the forefront of technology development and commercialization. Our core competencies allow PyroGenesis to lead the way in providing innovative plasma torches, plasma waste processes, high-temperature metallurgical processes, and engineering services to the global marketplace. Our operations are ISO 9001:2008 certified, and have been since 1997. PyroGenesis is a publicly-traded Canadian company on the TSX Venture Exchange (Ticker Symbol PYR.V). For more information, please visit www.pyrogenesis.com

This press release contains certain forward-looking statements, including, without limitation, statements containing the words "may", "plan", "will", "estimate", "continue", "anticipate", "intend", "expect", "in the process" and other similar expressions which constitute "forward-looking information" within the meaning of applicable securities laws. Forward-looking statements reflect the Company's current expectation and assumptions, and are subject to a number of risks and uncertainties that could cause actual results to differ materially from those anticipated. These forward-looking statements involve risks and uncertainties including, but not limited to, our expectations regarding the acceptance of our products by the market, our strategy to develop new products and enhance the capabilities of existing products, our strategy with respect to research and development, the impact of competitive products and pricing, new product development, and uncertainties related to the regulatory approval process. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks and uncertainties and other risks detailed from time-to-time in the Company's ongoing filings with the securities regulatory authorities, which filings can be found at www.sedar.com. Actual results, events, and performance may differ materially. Readers are cautioned not to place undue reliance on these forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements either as a result of new information, future events or otherwise, except as required by applicable securities laws.

Neither the 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.

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