



Source: Exco Technologies Ltd.

November 29, 2017 16:55 ET

Exco Technologies Announces Results for Fourth Quarter and Year Ended September 30, 2017

- Sales of \$131.4 million for the quarter and \$584.2 for the year
- EPS of \$0.18 in the quarter compared to \$0.25 prior year
- Adjusted EPS of \$1.03 for the year; unchanged from prior year
- Record free cash flow of \$49.0 million for the year
- Balance sheet and liquidity remain very strong

TORONTO, Nov. 29, 2017 (GLOBE NEWSWIRE) -- **Exco Technologies Limited** (TSX:XTC) today announced results for its fourth quarter and year ended September 30, 2017. In addition, the Company announced the quarterly dividend of \$0.08 per common share which will be paid on December 28, 2017 to shareholders of record on December 13, 2017. The dividend is an "eligible dividend" in accordance with the Income Tax Act of Canada.

	Three Months ended September 30		Twelve Months ended September 30	
	<i>(in \$ millions except per share amounts)</i>			
	2017	2016	2017	2016
Sales	\$131.4	\$163.0	\$584.2	\$589.0
Net income for the period	\$7.5	\$10.5	\$42.5	\$47.6
Diluted earnings per share from net income				
Reported	\$0.18	\$0.25	\$1.00	\$1.11
Adjusted to exclude certain one-time items ¹	\$0.18	\$0.25	\$1.03	\$1.03
Total assets	\$431.2	\$452.9	\$431.2	\$452.9
Cash dividend paid per share	\$0.08	\$0.07	\$0.31	\$0.27
EBITDA ¹	\$15.8	\$22.2	\$83.2	\$83.4

"Exco experienced a challenging quarter in both of its business segments," said Brian Robbins, CEO of Exco, noting that lower vehicle production volumes in North America, adverse foreign exchange rate movements, higher accruals for inventory obsolescence in its Automotive Solutions segment, and increasingly competitive market conditions were key factors in the results. "While our financial results this quarter are clearly disappointing, we do not believe they are indicative of our future potential," added Robbins.

"On a brighter note we expect the groundwork laid in fiscal 2017 from our various efficiency initiatives and sales efforts will pave the way for an improvement to our financial results in fiscal 2018. As well, Exco's financial position remains very strong as we ended the quarter with net debt of just \$10.9 million," added Robbins.

In the fourth quarter, consolidated sales were \$131.4 million – a decrease of \$31.6 million or 19% from the prior year. Over the quarter the average USD/CAD exchange rate was 5% lower (\$1.25 versus \$1.31 last year) reducing sales by \$4.0 million. The average EUR/ CAD exchange rate was nominally higher

(\$1.48 versus \$1.46 last year) increasing sales by \$0.3 million compared to the fourth quarter of fiscal 2016.

The Automotive Solutions segment experienced a 26% decrease in sales, or \$30.6 million, to \$87.1 million from \$117.7 million in the fourth quarter of 2016. The decline was mainly due to the closure of ALC's operations in South Africa in late fiscal 2016 and Lesotho in early fiscal 2017 coupled with the wind-down of the BMW 5-Series seat cover program by February 2017 which was only partially compensated by the launch of new programs. AFX also contributed to the lower sales driven by reduced vehicle production volumes of passenger cars in North America. As well, Polytech and Neocon recorded modestly lower combined sales year over year arising mainly from reduced production volumes of light trucks (including SUVs and CUV's) where each of these businesses have meaningful exposure. These factors were compounded by the timing of program launches at the segment's various businesses and, management believes, destocking within inventory channels which can occur at the front end of vehicle production declines. Partially offsetting these factors were higher sales at Polydesign due mainly to ongoing program launches. The lower average value of the US dollar compared to the Canadian dollar reduced segment sales by \$2.5 million in the current quarter. The higher value of the Euro compared to the Canadian dollar increased segment sales by \$0.3 million in the current quarter.

The Casting and Extrusion segment recorded sales of \$44.3 million compared to \$45.3 million last year – a decrease of \$1 million or 2%. This was driven mostly by lower sales from the Castool group arising from reduced demand for capital equipment as well as increased pricing pressure for certain consumable components, particularly in North America. Large mould segment sales were also modestly lower compared to the prior year quarter however sales were higher in the Extrusion group driven by increases from each of that business units five operating plants. The lower average value of the US dollar compared to the Canadian dollar reduced segment sales by \$1.5 million in the current quarter. Fluctuations between the Canadian dollar and Euro did not meaningfully impact segment sales in the quarter.

The Company's fourth quarter consolidated net income decreased to \$7.5 million or earnings of \$0.18 per share compared to \$10.5 million or earnings of \$0.25 per share in the same quarter last year – an EPS decrease of 28%. The effective income tax rate was 27.4% in the current quarter compared to 35.0% in the same quarter last year. The effective tax rate in the current period was improved by the proportion of earnings generated in lower tax rate jurisdictions. Also, last years tax expense included withholding taxes of \$0.9 million (\$0.02 per share).

Fourth quarter pretax earnings in the Automotive Solutions segment totalled \$8.9 million, a decrease of \$5.5 million or 38% over the same quarter last year. This deterioration was driven primarily by the lower sales volumes compounded by margin weakness caused by reduced absorption of factory overhead expenses, and unfavorable product mix shifts. These trends were particularly evident at AFX and to a lesser extent at Polytech and Neocon during the quarter. As well, ALC losses increased compared to the prior year driven by weaker than expected volumes from the Audi A5 seat cover program, inventory write-down charges and the non-recurring nature of a \$0.6 million asset disposal gain recognized in the prior year quarter. Polydesign recorded both strong top line growth and margin expansion during the quarter compared to the same quarter last year which partially offset the foregoing factors.

Fourth quarter pretax earnings in the Casting and Extrusion segment fell by \$1.1 million or 29% over the same quarter last year to \$2.8 million. The earnings decrease was mainly due to lower sales, unfavorable product mix shifts and reduced absorption of fixed costs in both the Castool and large mould businesses, partially offset by stronger results in the Extrusion group. Casting and Extrusion depreciation and amortization expenses totalled \$3.3 million in both the fourth quarter of 2017 and 2016.

The Corporate segment in the fourth quarter recorded expenses of \$0.9 million compared to \$1.6 million last year with the lower amount mainly due to reduced incentive compensation expense. As a result of the foregoing, EBITDA in the quarter decreased to \$15.8 million (12.0% of sales) compared to \$22.2 million (13.6% of sales) last year. For the full year, consolidated EBITDA totalled \$83.2 million compared to \$83.4 million last year.

Cash provided by operating activities increased to \$66.4 million for the year compared to \$65.5 million last year as modestly lower net income was offset by improved working capital management. These funds were ample to fund \$16.0 million of net capital expenditures, \$1.3 million of net interest expense

and \$13.2 million of dividends for the year. Exco used the remaining amount of cash generated to repurchase its common shares (\$1.5 million) and reduce its net debt position to \$10.9 million at year-end.

For further information and prior year comparison please refer to the Company's Fourth Quarter Condensed Financial Statements in the Investor Relations section posted at www.excocorp.com. Alternatively, please refer to www.sedar.com.

1 Non-IFRS Measures: In this News Release, reference may be made to EBITDA, EBITDA Margin, adjusted EPS and free cash flow which are not measures of financial performance under International Financial Reporting Standards ("IFRS"). Exco calculates EBITDA as earnings before other income/expense, interest, taxes, depreciation and amortization and EBITDA Margin as EBITDA divided by sales. Exco calculates adjusted EPS as earnings before other income/expense and free cash flow as cash provided by operating activities less interest paid less investment in fixed assets net of proceeds of disposal. EBITDA, EBITDA Margin, adjusted EPS and free cash flow are used by management, from time to time, to facilitate period-to-period operating comparisons and we believe some investors and analysts use these measures as well when evaluating Exco's financial performance. These measures, as calculated by Exco, do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other issuers.

Quarterly Conference Call:

To access the live audio webcast, please log on to www.excocorp.com or <https://edge.media-server.com/m6/p/6sxtbwug> a few minutes before the event. Real Player is required for access. For those unable to participate on November 30, 2017, an archived version will be available on the Exco website.

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About Exco Technologies Limited:

Exco Technologies Limited is a global supplier of innovative technologies servicing the die-cast, extrusion and automotive industries. Through our 17 strategic locations in 8 countries, we employ 6,609 people and service a diverse and broad customer base.

Notice To Reader: Forward Looking Statements

Information in this document relating to projected growth and financial performance of the Company's business units, contribution of our start-up business units, contribution of awarded programs yet to be launched, margin performance, financial performance of acquisitions and operating efficiencies are forward-looking statements.

This press release may contain forward-looking information and forward-looking statements within the meaning of applicable securities laws. We use words such as "anticipate", "plan", "may", "will", "should", "expect", "believe", "estimate" and similar expressions to identify forward-looking information and statements especially with respect to growth and financial performance of the Company's business units, contribution of our start-up business units, contribution of awarded programs yet to be launched, margin performance, financial performance of acquisitions and operating efficiencies are forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements throughout this document and are also cautioned that the foregoing list of important factors is not exhaustive. These forward-looking statements are based on our plans, intentions or expectations which are based on, among other things, assumptions about the number of automobiles produced in North America and Europe, production mix between passenger cars and trucks, the number of extrusion dies required in North America and South America, the rate of economic growth in North America, Europe and emerging market countries, investment by OEMs in drivetrain architecture and other initiatives intended to reduce fuel consumption and/or the weight of automobiles, raw material prices, economic conditions, currency fluctuations, trade restrictions, our ability to close or otherwise dispose of unprofitable operations in a timely manner, our ability to integrate acquisitions and the rate at which our operations in Brazil achieve sustained profitability. These forward-looking statements include known and unknown risks, uncertainties, assumptions and other factors which may cause actual results or achievements to be materially different from those expressed or implied. The Company will update its disclosure upon publication of each fiscal

quarter's financial results and otherwise disclaims any obligations to update publicly or otherwise revise any such factors or any of the forward-looking information or statements contained herein to reflect subsequent information, events or developments, changes in risk factors or otherwise. For a more extensive discussion of Exco's risks and uncertainties see the 'Risks and Uncertainties' section in our 2017 Annual Report, our 2017 Annual Information Form ("AIF") and other reports and securities filings made by the Company. This information is available at www.sedar.com or www.excocorp.com.