Source: *Exco Technologies Ltd.*

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Exco Technologies Limited Announces Results for Third Quarter Ended June 30, 2018

- **Sales of $152.8 million and EBITDA of $20.1 million**
- **EPS of $0.27 in the quarter versus $0.26 prior year period**
- **Continued sequential improvement in quarterly results**
- **Free cash flow[i] of $18.6 million eliminates net debt position**
- **Quarterly dividend of $0.085 declared**

TORONTO, Aug. 01, 2018 (GLOBE NEWSWIRE) -- **Exco Technologies Limited** (TSX:XTC) today announced results for its third fiscal quarter ended June 30, 2018. In addition, the Company announced a quarterly dividend of $0.085 per common share which will be paid on September 28, 2018 to shareholders of record on September 19, 2018. The dividend is an "eligible dividend" in accordance with the Income Tax Act of Canada.

	Three Months ended June 30		Nine Months ended June 30	
	(in $ thousands except per share amounts)			
	2018	2017	**2018**	2017
Sales	**$152,755**	$145,909	**$436,016**	$452,789
Net income for the period	**$11,211**	$10,933	**$30,683**	$34,998
Earnings per share from net income				
Basic	**$0.27**	$0.26	**$0.73**	$0.82
Diluted	**$0.27**	$0.26	**$0.72**	$0.82
EBITDA [i]	**$20,113**	$20,650	**$56,458**	$67,391

"Exco generated solid results this quarter," said Brian Robbins, President and CEO of Exco. "We are pleased to return to year over year earnings growth and expect this momentum to persist through the final quarter of our fiscal year," added Robbins.

Consolidated sales for the third quarter ended June 30, 2018 were $152.8 million compared to $145.9 million in the same quarter last year – an increase of $6.8 million or 5%. Year-to-date sales were $436.0 million compared to $452.8 million – a decrease of $16.8 million or 4%. Exchange rates reduced revenues by $1.4 million over the quarter and $3.1 million year-to-date, reflecting the net impact of a lower US dollar and higher Euro relative to the Canadian dollar.

Consolidated net income for the third quarter was $11.2 million or basic earnings of $0.27 per share compared to $10.9 million or $0.26 per share in the same quarter last year – an increase in net income of 3%. Year-to-date, consolidated net income was $30.7 million or $0.73 per basic share compared to $35.0 million or $0.82 per basic share last year – a decrease in net income of 12%. The effective consolidated income tax rate was 23% in the current quarter compared to 28% in the same quarter last year with the improvement due to a reduction to the corporate income tax rate in the US and shift in profitability towards lower tax-rate jurisdictions.

During the quarter, management continued to direct significant efforts towards improving the operating and financial performance of ALC's operations in Bulgaria where falling unemployment rates, rising wages and fixed-price program pricing have hurt results. After a comprehensive review, management has determined the best course of action at ALC at this time is to shrink rather than grow its operations. In this regard, some programs at ALC have already been wound down while others are being fully or partially shifted to Polydesign in Morocco. These efforts – together with benefits from ongoing customer pricing discussions – are expected to provide ALC with much improved prospects for a return to sustained profitability. More generally, management remains focused on exiting or repricing business with inadequate profitability in both of its business segments. While this initiative may dampen future sales, it is expected to have a positive impact on profitability and margins.

The Automotive Solutions segment reported sales of $99.9 million in the third quarter – an increase of $0.5 million or essentially flat compared to the same quarter last year although foreign exchange movements decreased segment sales by $0.4 million in the quarter. Sales were lower at the Company's North American based operations by 15% during the quarter due to modestly lower overall vehicle production volumes including an ongoing weakness in demand for passenger cars, a focus on higher margin business, the timing of product launches, adverse foreign currency movements, and isolated pricing pressures. Reduced demand for certain accessory products continued to negatively affect sales modestly during the quarter although the pipeline for new order activity for both new and existing products remains robust. Sales were higher at the segment's European operations (ALC and Polydesign) by 24% during the quarter due to a temporary pricing adjustment received on a key program, favorable foreign exchange rate movements and net new program launches - predominately at Polydesign where quoting activity for new business remains extremely strong.

The Casting and Extrusion segment reported sales of $52.8 million for the third quarter – an increase of $6.4 million or 14% from the same quarter last year despite $1.0 million of adverse foreign exchange rate movements. Within the segment, sales were higher in each of the Extrusion, Large Mould and Castool groups. Factors behind these increases include higher volumes in the Large Mould group as activity has picked up following recent program awards, market share gains associated with the continued seasoning of Extrusion group greenfield plants and enhanced quality initiatives, a rebound in capital equipment sales at the Castool group, selective price increases and generally firm overall market conditions. These factors were partially offset by adverse foreign exchange rate movements as well as continuing pockets of competitive pressures. New order activity remained relatively robust throughout the quarter across most of the segment's businesses.

The Automotive Solutions segment reported pretax profit of $11.4 million in the third quarter – a decrease of $1.2 million or 10% compared to the same quarter last year. In North America, pretax profits were lower due to lost contribution from lower sales as well as a net reduction in segment margins. Pre-tax profit margins were lower at Polytech, Neocon and AFX by 180 basis points on a combined basis during the quarter arising from reduced overhead absorption, unfavorable product mix variance, adverse foreign exchange rate movements as well as isolated competitive pricing pressures and isolated raw material cost inflation. The combined pressure from these factors continued to recede from the prior sequential quarters through the implementation of various initiatives. In Europe, temporary pricing improvements helped ALC essentially achieve breakeven profitability compared to a loss of $1.3 million ($0.03 per share) the prior year period and a loss of $2.0 million ($0.05 per share) in the second quarter of fiscal 2018. Profitability and margins also improved at Polydesign which benefited from stronger revenues and reduced operational disruption following a period of exceptional sales growth through most of fiscal 2017.

The Casting and Extrusion segment reported pretax profit of $5.2 million in the third quarter – an increase of $0.4 million or 8% from the same quarter last year. Most of the profitability improvement during the quarter was driven by the Castool group, which benefited from selective price increases, efficiency initiatives and a favorable product mix shift. Profitability within the Extrusion group was stable year over year notwithstanding higher revenue due to ongoing operational investments to harmonize manufacturing processes among the group's various plants in support of further efficiency improvement. As well, raw material cost inflation has become increasingly pronounced in recent months. While a good portion of these higher costs (including recently introduced steel tariffs in the US) are being passed on through effective price increases within the Extrusion group, the net effect is a modest drag on profitability and pretax profit margin. The Large Mould group realized mostly stable profitability year over year despite higher revenues associated with the ramp up of activity related to recent program awards. Efficiency benefits from its prior capex project at the group's plant in Newmarket, Ontario continue to be harnessed and similar equipment is now operational at the group's two other plants. Management notes that margin compression has occurred within the Large Mold group due to higher input costs and unfavorable product mix associated with customer timing requirements.

Operating cash flow before net change in non-cash working capital totaled $16.9 million in the current quarter while proceeds from working capital reductions provided an additional $6.3 million of cash. The resulting $23.2 million in cash provided by operating activities funded $4.4 million in net capital investments and $0.2 million in net interest payments, producing free cash flow of $18.6 million in the quarter. Included in the net capital investments is $0.5 million related to the construction of a new extrusion die manufacturing facility in Mexico which is expected to be operational in early calendar 2019. Additional uses of cash included funding the company's quarterly dividend payment ($3.6 million), opportunistic repurchase of share capital ($1.1 million) and a reduction of debt ($10.8 million). As a result of the strong free cash flow during the quarter, Exco's balance sheet improved to a net cash position of $1.5 million as at June 30, 2018, with $38.7 million of cash exceeding $37.2 million of debt.

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

Quarterly Conference Call – August 2, 2018 at 10:00 a.m. (Toronto time):

To access the live audio webcast, please log on to www.excocorp.com, or https://edge.media-server.com/m6/p/gtzjx66o a few minutes before the event. The conference call can be accessed by dialing toll free at (866) 572-8261 or internationally at (703) 736-7448. The conference ID is 6875219. Questions can be submitted via the Q&A box on the webcast console or via the conference call.

For those unable to participate on August 2, 2018, 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 6,755 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 contains forward-looking information and forward-looking statements within the meaning of applicable securities laws. We use words such as "may", "will", "should", "expect", "believe", "estimates" 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, 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 and tariffs, 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 and Bulgaria 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.*

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i Non-IFRS Measures: *In this News Release, reference is made to EBITDA 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. Exco calculates free cash flow as cash provided by operating activities less interest paid less investment in fixed assets net of proceeds of disposal. Some of these terms 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.*