Source: *Exco Technologies Ltd.*

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Exco Results for First Quarter Ended December 31, 2018

- **Sales of $142.1 million and EBITDA of $18.6 million**
- **Adjusted EPS of $0.24 compared to $0.21 prior year**
- **Quarterly dividend raised 6% to $0.09 per common share**
- **ALC Bulgaria operations closed; recorded $6.1 million provision**
- **Darren Kirk named CEO; Brian Robbins becomes Executive Chair**
- **Balance sheet and liquidity remain very strong**

TORONTO, Jan. 30, 2019 (GLOBE NEWSWIRE) -- **Exco Technologies Limited (TSX-XTC)** today announced results for its first quarter of fiscal 2019 ended December 31, 2018. In addition, the Company announced its Board of Directors has appointed Darren Kirk as President and Chief Executive Officer effective immediately, replacing Brian Robbins who has been named Executive Chair. Lastly, Exco announced a 6% increase in its quarterly dividend to $0.09 per common share which will be paid on March 29, 2019 to shareholders of record on March 15, 2019. The dividend is an “eligible dividend” in accordance with the Income Tax Act of Canada.

	Three Months ended December 31	
(in $ millions except per share amounts)		
	2018	2017
Sales	**$142.1**	$134.9
Net income for the period	**$3.8**	$8.9
Earnings per share		
Basic and Diluted – Reported	**$0.09**	$0.21
Adjusted to exclude other income/ expenses	**$0.24**	$0.21
Adjusted EBITDA [1]	**$18.6**	$17.3

[1] Non-IFRS Measures: *In this News Release, reference is made to adjusted EBITDA, adjusted EPS and pretax profit, which are not measures of financial performance under International Financial Reporting Standards (“IFRS”). Exco calculates adjusted EBITDA as earnings before other income/ expense, interest, taxes, depreciation and amortization. Exco calculates adjusted EPS as earnings before other income/expense and pretax profit as earnings before other income/expense, interest and taxes. Adjusted EBITDA, adjusted EPS and pretax profit are used by management, from time to time, to facilitate period-to-period operating comparisons and we believe some investors and analysts use them as well. This measure, as calculated by Exco, may not be comparable to similarly titled measures used by other companies.*

“ALC operating losses and $6.1 million charge marred what was otherwise a very solid quarter”, said Darren Kirk, Exco’s new President and CEO, adding that future results will benefit from the closure of ALC’s loss-making operations. Speaking to the management transition, Kirk added, “I am thoroughly excited to take on my new role and look forward to guiding Exco towards further profitable growth in the years ahead”.

Brian Robbins, Executive Chair stated, “My 47 plus years as Exco’s CEO has been an incredible journey. From a small tool shop in my father’s basement, Exco has grown to become a global player with many leading and diverse businesses. But it has come time for a new chapter. As I pass the leadership baton, I am extremely confident that Darren will build-upon the exceptional cultural fabric that has underpinned Exco’s remarkable success – and achieve even greater results in the years ahead”.

Consolidated sales for the first quarter ended December 31, 2018 were $142.1 million compared to $134.9 million in the same quarter last year – an increase of $7.2 million, or 5%. Over the quarter, movements in the USD and Euro exchange rates increased sales by $3.9 million.

The Automotive Solutions segment reported sales of $89.4 million in the first quarter – an increase of $1.1 million, or 1% from the same quarter last year. Excluding foreign exchange rate movements, revenues were modestly lower in North America despite relatively flat overall vehicle production volumes, primarily driven by a focus on higher margin activity. However, the timing of program launches and isolated competitive pricing pressures also impacted revenues. In Europe, segment revenues were mostly stable as the launch of several new programs at Polydesign offset lower revenues at ALC driven by the voluntary wind down of several smaller programs, which ALC began curtailing in the third quarter of fiscal 2018. The volume and mix of BMW Mini seat covers, ALC’s largest revenue source, were relatively stable year over year.

The Casting and Extrusion segment reported sales of $52.7 million for the first quarter – an increase of $6.1 million, or 13%, from the same quarter last year. Sales were up in each of the segment’s three main business groups, with the highest increase recorded in the Large Mould group, reflecting continued deliveries against its firm order backlog. Sales were also up sharply at the Castool group as capital equipment sales continued to improve and demand for consumable components in both the diecast and extrusion end markets were firmer, particularly in the United States and Europe. Sales levels were also higher at the Extrusion group driven by continuing strong overall industry fundamentals and aided by the pass-through of higher raw material costs and tariffs to customers. Market conditions and quoting activity remain uniformly strong across the segment, which should bode well for our future results.

Consolidated net income for the first quarter was $3.8 million or basic and diluted earnings of $0.09 per share compared to $8.9 million or $0.21 per share in the same quarter last year – a decrease in net income of 57%. The latest quarter results include $2.2 million ($0.05 per share) of operating losses at ALC and an additional $6.1 million ($0.15 per share) charge related to the voluntary liquidation of ALC (see below). Neither the operating losses nor the charge can be tax effected, which contributed to a 49% tax rate in the current quarter compared to an effective income tax rate of 26% in the prior year period. Excluding ALC, the effective income tax rate for the quarter would have been 23.2% compared to 23.3% in the prior year period. The current year period tax rate was also negatively impacted by a shift in profitability towards operations located in higher tax-rate jurisdictions but modestly benefited from the reduced corporate income tax rate in the US.

With regards to ALC, as Exco management indicated in the past, a permanent price increase from ALC’s primary customer was necessary to restore that entity to sustained profitability, failing which Exco would exit the business. Such price increases occurred on a temporary basis in the third and fourth quarter of fiscal 2018, however ALC’s primary customer declined to provide any similar support in the first quarter of fiscal 2019. ALC continued normal operations through December 31, 2018, incurring $2.2 million of operating losses in the quarter. However, in the absence of ongoing price support, it was apparent ALC would become illiquid in the very near term. Consequently, Exco recorded a $6.1 million provision in ALC at the end of the quarter and ALC subsequently filed a liquidation petition in Bulgaria on January 17, 2019. Exco expects to de-consolidate ALC from its financial statements during the second quarter of fiscal 2019 and does not expect ALC will have a further significant negative impact on its net income or equity position beyond December 31, 2018. The deconsolidation of ALC will eliminate approximately $23.1 million of total assets and $23.1 million of total liabilities from Exco’s balance sheet, including $4.2 million in net debt. ALC generated $19.8 million of revenue in the quarter with 1,439 employees.

The Automotive Solutions segment reported pretax profit of $9.8 million in the first quarter – an increase of $0.3 million or 4% over the same quarter last year. In North America, pretax profits were higher due to increase sales as well as a net improvement in segment margins. Pre-tax profit margins were higher at

Polytech, Neocon and AFX by 160 basis points on a combined basis arising from favorable foreign exchange rate movements, positive product mix variance, and cost containment initiatives. These factors more than offset isolated competitive price pressures and isolated raw material cost inflation. In Europe, operating losses at ALC widened to $2.2 million ($0.05 per share) during the quarter from $1.5 million ($0.03 per share) the prior year period due to increased operating costs and reduced overhead absorption. Partially offsetting ALC losses was increased overall profitability at Polydesign which benefited from higher revenues associated with new program launches. The $6.1 million provision related to ALC that is discussed above was recorded outside of the segment results.

The Casting and Extrusion segment reported $5.5 million of pretax profit in the first quarter – an increase of $0.9 million or 18% from the same quarter last year. Margins and overall profitability were higher at the Large Mould group which benefited from stronger overhead absorption rates, improved product mix and increased manufacturing efficiencies associated with prior capex investments, particularly at the group's plant in Newmarket, Ontario. Castool's margins and profitability also improved due to higher overhead absorption rates and selective price increases and ongoing efficiency initiatives. The Extrusion group recorded relatively stable profitability despite higher sales due to isolated manufacturing inefficiencies at one of its plants during the quarter. These inefficiencies however have begun to abate and management expects the Extrusion group will resume a trend of profit growth in the quarters ahead.

Consolidated adjusted EBITDA for the first quarter totaled $18.6 million compared to $17.3 million in the same quarter last year – an increase of $1.3 million, or 8%. Adjusted EBITDA as a percentage of sales increased to 13.1% in the current period compared to 12.8% million the prior year. The adjusted EBITDA margin in the Casting and Extrusion segment declined to 16.4% from 16.8% last year while the adjusted EBITDA margin in the Automotive Solutions segment remained stable at 12.8%. Corporate segment cash expenses decreased to 1.1% of consolidated sales versus 1.3% last year.

Operating cash flow before net change in non-cash working capital totaled $15.2 million in the first quarter. After changes in working capital requirements, net cash provided by operating activities amounted to $5.0 million. This cash flow, together with $6.7 million of net borrowings was more than sufficient to fund $0.3 million of interest expense, $8.6 million of capital expenditures, $3.5 million of common dividend payments and $3.9 million of share repurchases. Exco's consolidated net debt totaled $12.3 million as at December 31, 2018.

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

Quarterly Conference Call – January 30, 2019 at 4:30 p.m. (Toronto time):

To access the live audio webcast, please log on to www.excocorp.com, or https://edge.media-server.com/m6/p/qpti4r9y 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 1999558. Questions can be submitted via the Q&A box on the webcast console or via the conference call.

For those unable to participate on January 30, 2019, 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 15 strategic locations in 7 countries, we employ 5,350 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 including the availability and cost of labor, currency fluctuations, trade restrictions, our ability to turnaround, 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 Mexico 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 2018 Annual Report, our 2018 Annual Information Form ("AIF") and other reports and securities filings made by the Company. This information is available at www.sedar.com.