



## Exco Results for First Quarter Ended December 31, 2019

- Sales of \$120.4 million and EBITDA of \$15.4 million
- EPS of \$0.20 compared to \$0.09 prior year
- Quarterly dividend raised 6% to \$0.095 per common share
- Balance sheet remains in a net cash position

TORONTO, Jan. 29, 2020 -- **Exco Technologies Limited (TSX-XTC)** today announced results for its first quarter of fiscal 2020 ended December 31, 2019. In addition, Exco announced a 6% increase in its quarterly dividend to \$0.095 per common share which will be paid on March 30, 2020 to shareholders of record on March 17, 2020. The dividend is an “eligible dividend” in accordance with the Income Tax Act of Canada.

	Three Months ended December 31	
	2019	2018
<i>(in \$ millions except per share amounts)</i>		
Sales	<b>\$120.4</b>	\$142.1
Net income for the period	<b>\$8.1</b>	\$3.8
Earnings per share		
Basic and Diluted – Reported	<b>\$0.20</b>	\$0.09
Adjusted to exclude other income/ expenses	<b>\$0.20</b>	\$0.24
Adjusted EBITDA	<b>\$15.4</b>	\$18.6

“Exco performed well in a challenging environment,” said Darren Kirk, Exco’s President and CEO, adding that, “we are pleased to increase our dividend payment, which signals our confidence in Exco’s ability to continue generating strong levels of free cash flow.”

Consolidated sales for the first quarter ended December 31, 2019 were \$120.4 million compared to \$142.1 million in the same quarter last year – a decrease of \$21.7 million, or 15%. Excluding the impact of the deconsolidation of ALC from Exco’s results in January 2019 and foreign exchange rate movements, revenues were essentially flat.

The Automotive Solutions segment reported sales of \$68.3 million in the first quarter – a decrease of \$21.1 million, or 24% from the same quarter last year. Of this decrease, \$19.8 million was due to the deconsolidation of ALC while foreign exchange rate movements were responsible for an additional \$1.5 million of the reduction. Excluding the impact of ALC and foreign exchange rate movements, segment sales were up \$0.2 million. This compares very favorably to overall industry vehicle production volumes in North America and Europe, which were lower by roughly 9% during the quarter. Segment sales were supported by a number of program launches for both new and existing products, particularly at Polydesign and AFX. Despite generally softer vehicle industry production levels, management continues to see ample opportunity for future growth. This view is supported by meaningful contract wins during the quarter as well as robust quoting activity for new potential programs across the segment’s various businesses.

The Casting and Extrusion segment reported sales of \$52.1 million in the quarter – a decrease of \$0.6 million, or 1%, from the same period last year. Excluding foreign exchange rate movements, segment sales were essentially unchanged during the quarter. Within the group, sales were relatively stable in the Large Mould group although quoting activity remains robust with discussions ongoing with both current and new potential customers. Extrusion group sales were modestly higher during the quarter as sales from the new Extrusion facility in Mexico were partially offset by lower sales elsewhere in North America due to softer overall market conditions. At Castool, the group’s revenues were modestly lower as market conditions softened for both consumable and capital equipment goods in the quarter, particularly within the extrusion industry. Within the segment, US steel tariffs continued to reduce during the quarter as certain steel distributors received exemptions of these tariffs during the second quarter of fiscal 2019. As Exco generally aims to pass such tariffs on to its customers, they positively impacted revenues when implemented, but are now having a dampening impact on revenues as they recede.

Consolidated net income for the first quarter was \$8.1 million or basic and diluted earnings of \$0.20 per share compared to \$3.8 million or \$0.09 per share in the same quarter last year – an increase in net income of 111%. Excluding a net expense of \$6.1 million (\$0.15 per share) related to the deconsolidation of ALC in the prior year period, Adjusted Net Income was lower by 19% year over year. The consolidated effective income tax rate for the current quarter was 18% compared to 49% the prior year period. The income tax rate in the current quarter was favorably impacted by the recognition of \$0.2 million of deferred tax assets and an increase in earnings in jurisdictions with lower tax rates. As well, the prior year period was unfavorably impacted by the non-deductibility of Other Expense related to the de-consolidation of ALC in the amount of \$6.1 million and \$2.1 million of operating losses at ALC. Excluding these items, the effective income tax rate for the prior year quarter was 23%.

The Automotive Solutions segment reported pretax profit of \$8.0 million in the quarter – a decrease of \$1.8 million or 18% over the same quarter last year. Current period results benefited from the elimination of ALC’s operations, which contributed

operating losses of \$2.1 million the prior year. Segment pretax profits however were nonetheless adversely impacted by higher labor costs, unfavorable product mix, adverse foreign exchange rate movements, the impact of the strike at General Motors and ongoing launch costs inefficiencies, particularly at Polydesign and AFX. To counter ongoing pricing pressures and rising input costs, management remains focused on improving the efficiency of its operations and reducing its overall cost structure. Pricing discipline also remains a focus, although there is typically limited, if any, ability to attain increased pricing for the duration of current programs, which typically range from three to five years. New programs however embed management's expectations for higher future costs.

The Casting and Extrusion segment reported \$4.3 million of pretax profit in the quarter – a decrease of \$1.2 million or 22% from the same quarter last year, with much of the variance driven by adverse foreign exchange rate movements. Profitability reduction occurred within the Extrusion group which was impacted by reduced market demand for extrusion dies within North America as well as start-up losses for the Extrusion facility in Mexico. Nonetheless, despite the losses, management remains very encouraged by the early results of its latest facility. As is the case with Exco's prior greenfield operations, these operations typically require several quarters after production commences to mature and reach sustained profitability. Separately, profitability at the Large Mould group was relatively stable during the quarter. Progress with various efficiency initiatives continues to move ahead however profitability was adversely impacted by reduced overhead absorption at one of the group's locations due to lower volumes associated with customer timing requirements. Castool's profitability was down modestly in the quarter due to higher delivery and selling costs as well as reduced overhead absorption and a mix shift towards lower margin products.

The Corporate segment expenses were \$2.4 million in the quarter compared to \$1.6 million in the prior year quarter. Year over year variances were mainly due to foreign exchange rate movements, which reduced expenses by \$0.5 million the prior year and added \$0.2 million to expenses the current year period.

Consolidated adjusted EBITDA for the first quarter totaled \$15.4 million compared to \$18.6 million in the same quarter last year – a decrease of 17%. Adjusted EBITDA as a percentage of sales decreased to 12.8% in the current quarter compared to 13.1% the prior year. The adjusted EBITDA margin in the Casting and Extrusion segment declined to 14.8% from 16.4% last year while the adjusted EBITDA margin in the Automotive Solutions segment increased to 14.5% compared to 12.9% last year.

Operating cash flow before net change in non-cash working capital totaled \$13.5 million in the first quarter. After changes in working capital requirements, net cash provided by operating activities amounted to \$9.8 million. This cash flow, together with cash on hand was used to fund \$0.2 million of interest expense, \$6.5 million of capital expenditures, \$3.6 million of common dividend payments and \$2.7 million of share repurchases. As at December 31, 2020, Exco's consolidated balance sheet was in a \$5.5 million net cash position.

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](http://www.excocorp.com). Alternatively, please refer to [www.sedar.com](http://www.sedar.com).

1 Non-IFRS Measures: *In this News Release, reference may be made to Adjusted EBITDA, Adjusted EBITDA Margin, adjusted EPS, adjusted net income, adjusted pretax profit and Free Cash Flow 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 and Adjusted EBITDA Margin as Adjusted EBITDA divided by sales. Exco calculates adjusted EPS as earnings before other income/expense divided by the weighted average number of shares. Adjusted net income is calculated as net income before other income/expense, and adjusted pretax profit as segmented earnings before other income/expense, interest and taxes. Free Cash Flow is calculated as cash provided by operating activities less interest paid less investment in fixed assets net of proceeds of disposal. Adjusted EBITDA, Adjusted EBITDA Margin, adjusted EPS, pretax profit 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. Refer to the table in the Management Discussion and Analysis for a reconciliation of these non-IFRS Measures.

**Quarterly Conference Call – January 29, 2020 at 4:30 p.m. (Toronto time):**

To access the live audio webcast, please log on to [www.excocorp.com](http://www.excocorp.com), or <https://edge.media-server.com/mmc/p/8pdaxvhn> 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 7885506. 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 29, 2020, 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 about 5,400 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 in response to rising climate risks, 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, 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 latest Annual Report, Annual Information Form ("AIF") and other reports and securities filings made by the Company. This information is available at [www.sedar.com](http://www.sedar.com) or [www.excocorp.com](http://www.excocorp.com).