EXCO TECHNOLOGIES LIMITED
130 Spy Court, 2nd Floor,
Markham, ON, Canada L3R 5H6
T. 905.477.3065 F. 905.477.2449
www.excocorp.com

Unaudited Condensed Interim Report
to the shareholders
for the three months ended
December 31, 2017

CONTENTS

	Three Months ended December 31	
(in $ thousands except earnings per share amounts)		
	2017	2016
Sales	**$134,871**	$153,097
Net income	**$8,916**	$11,463
Basic earnings per share	**$0.21**	$0.27
Diluted earnings per share	**$0.21**	$0.27
Weighted Basic Common shares outstanding	**42,447**	42,584

The following management's interim discussion and analysis of operations and financial position are prepared as at January 31, 2018 and should be read in conjunction with the consolidated financial statements and Management's Discussion and Analysis ("MD&A") in the Company's 2017 Annual Report.

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 "Continuous Disclosure Obligations" ("NI 51-102") of the Canadian Securities Administrators. Additional information regarding Exco, including copies of its continuous disclosure materials such as its annual information form, is available on its website at www.excocorp.com or through the SEDAR website at www.sedar.com.

In this MD&A, reference may be made to EBITDA, EBITDA Margin, adjusted EPS, free cash flow and order backlog 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. Order backlog is the estimated unearned portion of revenues on customer contracts that are in process and have not been completed at the specified date. EBITDA, EBITDA Margin, adjusted EPS, free cash flow and order backlog 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Consolidated sales for the first quarter ended December 31, 2017 were $134.9 million compared to $153.1 million in the same quarter last year – a decrease of $18.2 million, or 12%. Over the quarter the average USD/CAD exchange rate was 4% lower from the prior year period ($1.28 versus $1.34), reducing revenue by $4.2 million. The average EUR/CAD exchange rate was higher in the quarter compared to last year ($1.51 versus $1.44), increasing sales by $2.0 million.

The Automotive Solutions segment reported sales of $88.3 million in the first quarter – a decrease of $19.9 million, or 18%, from the same quarter last year. Foreign exchange movements decreased segment sales by $0.7 million, reflecting the net effect of the lower USD/CAD exchange rate on our North American businesses and higher EUR/CAD exchange rate on our European businesses. Lower revenues were primarily driven by a reduction of $11.1 million, or 34%, at ALC due mainly to the permanent closure of the group's Lesotho operations and the wind down of the BMW 5 Series seat program. The volume and mix of mini seat covers was an added pressure, however this was offset by increased revenues from newer programs and favorable foreign exchange rate movements. Segment sales were also negatively impacted by lower vehicle production levels in North America, which management estimates reduced the combined revenues of Polytech, Neocon and AFX by approximately $5.7 million. The timing of program launches, isolated competitive pricing pressures and adverse foreign exchange rate movements also negatively impacted revenues of the segment's North American operations. Management believes recent negative vehicle production trends in North America reflect the re-implementation of seasonal production curtailments in the summer and December holiday periods by automotive OEMs as they adjust production to match modestly softer end market demand. With these trends now absorbed in the historical periods, Management does not expect further material year over year vehicle production declines in North America through calendar 2018. Partially offsetting these factors were higher revenues at Polydesign, which increased by 13% due to the continued launch of several new programs and favorable foreign exchange movements.

The Casting and Extrusion segment reported sales of $46.6 million for the first quarter – an increase of $1.7 million, or 4%, from the same quarter last year. Foreign exchange movements decreased segment sales by $1.5 million. Sales were up strongly in the Castool group as capital equipment sales levels improved and demand for consumable components in both the diecast and extrusion end markets were firmer, particularly in Asia and Europe, which contributed to a 61% rise in sales at Castool's Thailand operations. Sales levels were also higher at the Extrusion group despite adverse foreign exchange rate movements with growth recorded at four of the group's five operating plants, the exception being its operations in Colombia. The Large mould group recorded modestly lower sales during the quarter driven by customer timing requirements, softness in spare parts sales and adverse foreign exchange rate movements. New awards during the quarter within the Large mould group however totaled a very robust $18.5 million, boosting the group's order backlog to $31.3 million. As well, quoting activity for additional business remains solid, which management expects will have positive implications for sales in future quarters.

Consolidated net income for the first quarter was $8.9 million or basic and diluted earnings of $0.21 per share compared to $11.5 million or $0.27 per share in the same quarter last year – a decrease in net income of 22%. Net income in the comparative quarter was reduced by $1.2 million ($0.03 per share) related to charges associated with the closure of ALC's operations in Lesotho which were not tax effected. This contributed to a 31% tax rate in the prior year quarter compared to an effective consolidated income tax rate of 26% in the current year period. The current year period tax rate was also favorably impacted by the reduced corporate income tax rate in the US and a shift in profitability towards operations located in lower tax-rate jurisdictions.

The Automotive Solutions segment reported pretax profit of $9.5 million in the first quarter – a decrease of $5.2 million or 35% over the same quarter last year. In North America, pretax profits were lower due to reduced sales as well as a net reduction in segment margins. Pre-tax profit margins were lower at Polytech, Neocon and AFX by 420 basis points on a combined basis arising from reduced overhead absorption, unfavorable product mix variance, adverse foreign exchange rate movements as well as isolated competitive price pressures and isolated raw material cost inflation. These pressures are being offset with various initiatives, although there is some lag before the associated benefits accrue. In Europe, operating losses at ALC widened to $1.5 million ($0.03 per share) during the quarter from $0.6 million ($0.01 per share) the prior year period due to reduced overhead absorption and costs associated with repositioning the business to accommodate the launch of several new programs. As a result of these initiatives, management expects steady reduction in ALC's losses as the year progresses. Partially offsetting these factors were higher margins and overall profitability at Polydesign which benefited from higher revenues and reduced operational disruption following a period of exceptional sales growth through most of fiscal 2017. Closure costs associated with Lesotho in the prior year quarter amounted to $1.2 million (including a $0.7 million non-cash asset writedown), which were recorded outside of the segment results.

The Casting and Extrusion segment reported modestly lower pretax profit of $4.7 million in the first quarter – a decrease of $0.3 million or 7% from the same quarter last year. Most of this reduction occurred in the large mould group which had lower absorption rates and was negatively impacted by unfavorable product mix. Efficiencies from the large capex project at the group's plant in Newmarket, Ontario have started to be harnessed however relatively modest production volumes in the quarter precluded the associated benefit from being realized to a material degree. Management expects such benefit will increasingly accrue as volumes ramp up from recent contract awards, noting that profitability in the large mould group improved sequentially from Q4 fiscal 2017. The Castool group's profitability was modestly lower despite the higher sales due to a combination of adverse foreign exchange rate movements, competitive pricing pressures, raw material price increases and a mix shift towards lower margin products. Profitability at Castool's operations in Thailand however improved significantly from prior year levels when a loss was incurred, and the group is undertaking various initiatives aimed at reversing recent profit trends. Profit at the Extrusion group was notably stronger from prior year levels despite adverse foreign exchange rate movements as the group continues to benefit from improved manufacturing efficiencies, price increases and the continued seasoning of its greenfield operations in Texas and Brazil.

The Corporate segment expenses were $1.8 million in the first quarter compared to $1.4 million in the prior year quarter due mainly to $0.2 million of unfavorable foreign exchange rate movements and $0.1 million of incremental non-cash stock based compensation expense related to the Stock Option Plan and the Board of Directors Deferred Stock Unit Plan.

Consolidated EBITDA for the first quarter totaled $17.3 million compared to $23.3 million in the same quarter last year – a decrease of $6.0 million, or 26%. EBITDA as a percentage of sales decreased to 12.8% in the current period compared to 15.2% million the prior year. The EBITDA margin in the Casting and Extrusion segment declined to 16.8% from 18.4% last year while the EBITDA margin in the Automotive Solutions segment declined to 12.8% from 15.3% the year ago quarter. Corporate segment cash expenses increased to 1.3% of consolidated sales versus 1.0% last year.

Financial Resources, Liquidity and Capital Resources

Operating cash flow before net change in non-cash working capital totaled $15.1 million in the first quarter compared to $18.0 million in the same period last year with the decrease mainly driven by the lower net income. Current year results included a $0.7 million non-cash write-down associated with the disposal of equipment whereas the prior year results included a $0.7 million of non-cash costs associated with the plant closure in Lesotho. Non-cash working capital consumed $2.8 million of cash in the first quarter compared to a source of $4.0 million in the same quarter last year. The use of cash in the current quarter was mainly due to timing as trade payments and accrued liabilities reduced at a faster pace than accounts receivable and inventory levels. Consequently, net cash provided by operating activities amounted to $12.3 million in the current quarter compared to $21.9 million in the same quarter last year.

Cash used in financing activities in the current quarter was $5.3 million compared to $8.7 million of cash used in the same quarter last year. The reduced cash use was mainly due to the lower repayment of debt on a net basis compared to the prior year when operating cash flow was stronger. Modestly higher dividend payments and the repurchase of $0.5 million of share capital in the current year period explained most of the remaining difference.

Cash used in investing activities in the first quarter totaled $9.5 million compared to $3.1 million in the same quarter last year. The difference was due to higher capital spending in the current year quarter mainly reflecting the use of $5.1 million to purchase the building where AFX's operations are located. The timing of planned capital expenditures generally was also a factor.

The Company's financial position and liquidity remain strong. The Company's conservative financial policies have served it well throughout the years and has allowed it to take advantage of acquisition opportunities and fund organic growth initiatives as circumstances permit.

Exco's net debt totaled $12.1 million as at December 31, 2017, up from $10.9 million at September 30, 2017 and reduced from $28.9 million as at December 31, 2016. Exco's principal sources of liquidity include generated free cash flow, $33.6 million of balance sheet cash, and $20.2 million of unused availability under its $50 million committed credit facility, which matures February 2019. Pursuant to the terms of the credit facility, Exco is required to maintain compliance with certain financial covenants. The Company was in compliance with these covenants as at December 31, 2017.

In addition to the obligations disclosed on the balance sheet, Exco also enters into operating lease arrangements from time to time. Exco owns 14 of its 17 manufacturing facilities and essentially all of its production equipment. Leased facilities include those of ALC in Bulgaria. The Company also leases a sales and support centers in Troy, Michigan, Port Huron, Michigan and a warehouse in Brownsville, Texas. The following table summarizes all short-term and long-term commitments Exco has entered.

	December 31, 2017			
	Total	< 1 year	1-3 years	4-5 years
Bank indebtedness	10,573	10,573	-	-
Long-term debts	35,138	3,981	31,069	88
Finance leases	-	-	-	-
Operating leases*	3,528	1,422	1,963	143
Purchase commitments	42,658	42,658	-	-
Capital expenditures	3,424	3,424	-	-
	$95,321	$62,058	$33,032	$231

∗Exco leases facilities, automotive, material handling vehicles and other miscellaneous office equipment. It is not Exco's policy to purchase these assets at the expiry of their terms but occasionally it may purchase the assets at the end of the lease terms when the purchase options are favorable. Exco does not expect any material liquidity or capital resource impacts from these possible purchases.

Quarterly results

The following table sets out financial information for each of the eight quarters through to the first quarter ended December 31, 2017:

($ thousands except per share amounts)	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
Sales	$134,871	$131,416	$145,909	$153,783
Net income	$8,916	$7,521	$10,933	$12,602
Earnings per share				
Basic	$0.21	$0.18	$0.26	$0.30
Diluted	$0.21	$0.18	$0.26	$0.30

($ thousands except per share amounts)	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Sales	$153,097	$163,034	$161,671	$133,383
Net income	$11,463	$10,514	$16,226	$8,989
Earnings per share				
Basic	$0.27	$0.25	$0.38	$0.21
Diluted	$0.27	$0.25	$0.38	$0.21

North American OEMs typically invoke partial shutdown during periods of the December holiday season and summer months to manage vehicle production levels. European customers also typically curtail releases during the month of August and December to accommodate vacations. Contributions from the acquisition of AFX boosted results beginning in the third quarter of 2016. More recently, sales and net income have generally trended down due to the closure of certain of ALC's operations and more pronounced seasonal vehicle production factors in North America.

Controls and Procedures

A description of Exco's disclosure controls and internal controls over financial reporting

Based on the current Canadian Securities Administrators (the "CSA") rules under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, the Chief Executive Officer and Chief Financial Officer (or individuals performing similar functions as a chief executive officer or chief financial officer) are required to certify as at December 31, 2017 that they are responsible for establishing and maintaining disclosure controls and procedure and internal control over financial reporting.

No changes were made in the Corporation's internal control over financial reporting during the Corporation's most recent interim period, that have materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

Outstanding Share Capital

As at December 31, 2017 Exco had 42,444,892 common shares issued and outstanding and stock options outstanding to purchase up to 917,840 common shares at exercise prices ranging from $5.33 to $14.58.

This Management Discussion and Analysis 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, 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.

NOTICE TO READER

The attached unaudited condensed interim consolidated financial statements have been prepared by management of the Company. The condensed interim consolidated financial statements for the three month period ended December 31, 2017 and 2016 have not been reviewed by the auditors of the Company.

EXCO TECHNOLOGIES LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited)
$ (000)'s

	As at December 31, 2017	As at September 30, 2017
ASSETS		
Current		
Cash and cash equivalents	**$33,578**	$35,876
Accounts receivable	**92,490**	94,332
Unbilled revenue	**20,450**	20,207
Inventories	**56,697**	59,782
Prepaid expenses and deposits	**1,989**	2,532
Income taxes recoverable	**3,490**	3,646
Total current assets	**208,694**	216,375
Property, plant and equipment, net (note 4)	**116,356**	111,524
Intangible assets, net (note 5)	**39,006**	39,849
Goodwill (note 5)	**61,937**	62,091
Deferred tax assets	**1,355**	1,382
Total assets	**$427,348**	$431,221
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	**$10,573**	$15,717
Trade accounts payable	**44,796**	48,369
Accrued payroll liabilities	**7,633**	12,720
Other accrued liabilities	**8,205**	10,088
Derivative instruments	**2,524**	314
Provisions	**1,324**	1,339
Customer advance payments	**5,395**	3,223
Long-term debt - current portion (note 7)	**3,981**	3,959
Total current liabilities	**84,431**	95,729
Long-term debt - long-term portion (note 7)	**31,157**	27,134
Deferred tax liabilities	**6,505**	7,100
Total liabilities	**122,093**	129,963
Shareholders' equity		
Share capital (note 8)	**51,641**	51,707
Contributed surplus	**4,124**	3,998
Accumulated other comprehensive income	**3,124**	4,232
Retained earnings	**246,366**	241,321
Total shareholders' equity	**305,255**	301,258
Total liabilities and shareholders' equity	**$427,348**	$431,221

The accompanying notes are an integral part of these condensed unaudited interim consolidated financial statements.

EXCO TECHNOLOGIES LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (LO

(Unaudited)

$ (000)'s except for income per common share

	Three months ended December 31	
	2017	2016
Sales	**$134,871**	$153,097
Cost of sales	**106,536**	117,953
Selling, general and administrative expenses	**10,292**	11,748
Depreciation (note 4)	**3,726**	3,931
Amortization (note 5)	**1,229**	1,215
Loss on disposal of property, plant and equipment	**738**	54
Interest expense, net	**307**	373
Other expense (note 12)	**-**	1,223
	122,828	136,497
Income before income taxes	**12,043**	16,600
Provision for income taxes (note 11)	**3,127**	5,137
Net income for the period	**8,916**	11,463
Other comprehensive income		
Items that may be reclassified to profit or loss in subsequent periods:		
Net unrealized loss on derivatives designated as cash flow hedges (a)	**(1,629)**	(1,499)
Unrealized gain on foreign currency translation	**521**	2,661
	(1,108)	1,162
Comprehensive income	**$7,808**	$12,625
Income per common share		
Basic	**$0.21**	$0.27
Diluted	**$0.21**	$0.27
Weighted average number of common shares outstanding		
Basic	**42,447**	42,584
Diluted	**42,490**	42,674

(a) Net of income tax recoverable of $581 for the three- month period ended December 31,2017 (2016 - net of income tax recoverable of $522)

The accompanying notes are an integral part of these condensed unaudited interim consolidated financial statements.

EXCO TECHNOLOGIES LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)
$ (000)'s

				Accumulated other comprehensive income (loss)			
	Share capital	Contributed surplus	Retained earnings	Net unrealized loss on derivatives designated as cash flow hedges	Unrealized gain on foreign currency translation	Total accumulated other comprehensive income (loss)	Total shareholders' equity
Balance, October 1, 2017	$51,707	$3,998	$241,321	($233)	$4,465	$4,232	$301,258
Net income for the period	-	-	8,916	-	-	-	8,916
Dividend paid (note 3)	-	-	(3,396)	-	-	-	(3,396)
Stock option grants	-	126	-	-	-	-	126
Exercise of stock options	-	-	-	-	-	-	0
Repurchase of Share Capital (note 8)	(66)	-	(475)	-	-	-	(541)
Other comprehensive income (loss)	-	-	-	(1,629)	521	(1,108)	(1,108)
Balance, December 31, 2017	$51,641	$4,124	$246,366	($1,862)	$4,986	$3,124	$305,255

				Accumulated other comprehensive income (loss)			
	Share capital	Contributed surplus	Retained earnings	Net unrealized loss on derivatives designated as cash flow hedges	Unrealized gain on foreign currency translation	Total accumulated other comprehensive income	Total shareholders' equity
Balance, October 1, 2016	$51,366	$3,566	$213,283	($3,017)	$14,207	$11,190	$279,405
Net income for the period	-	-	11,463	-	-	-	11,463
Dividend paid (note 3)	-	-	(2,981)	-	-	-	(2,981)
Stock option grants	-	134	-	-	-	-	134
Exercise of stock options	105	(30)	-	-	-	-	75
Other comprehensive income (loss)	-	-	-	(1,499)	2,661	1,162	1,162
Balance, December 31, 2016	$51,471	$3,670	$221,765	($4,516)	$16,868	$12,352	$289,258

The accompanying notes are an integral part of these condensed unaudited interim consolidated financial statements.

EXCO TECHNOLOGIES LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
$ (000)'s

	Three months ended December 31	
	2017	2016
OPERATING ACTIVITIES:		
Net income for the period	**$8,916**	$11,463
Add non-operating and items not involving a current outlay of cash		
Depreciation (note 4)	**3,726**	3,931
Amortization (note 5)	**1,229**	1,215
Stock-based compensation expense	**171**	35
Deferred income taxes	**17**	169
Net interest expense	**307**	373
Non-cash costs of ALC plant closures (note 12)	-	707
Loss from liquidation of ALC capital assets (note 12)	-	23
Loss on disposal of property, plant and equipment	738	54
	15,104	17,970
Net change in non-cash working capital (note 10)	**(2,803)**	3,956
Cash provided by operating activities	**12,301**	21,926
FINANCING ACTIVITIES:		
Increase (decrease) in bank indebtedness	**(5,144)**	280
Financing from long-term debt	**4,045**	-
Repayment of long-term debt	**-**	(5,703)
Interest paid, net	**(307)**	(373)
Dividends paid	**(3,396)**	(2,981)
Repurchase of share capital	**(541)**	-
Issuance of share capital	**-**	75
Cash used in financing activities	**(5,343)**	(8,702)
INVESTING ACTIVITIES:		
Purchase of property, plant and equipment (note 4)	**(9,617)**	(2,897)
Purchase of intangible assets (note 5)	**(165)**	(308)
Proceeds from liquidation of ALC capital assets	**-**	31
Proceeds from disposal of property, plant and equipment	**280**	27
Cash used in investing activities	**(9,502)**	(3,147)
Effect of exchange rate changes on cash	**246**	249
Net increase (decrease) in cash during the period	**(2,298)**	10,326
Cash and cash equivalents, beginning of period	**35,876**	27,509
Cash and cash equivalents, end of period	**$33,578**	$37,835

The accompanying notes are an integral part of these condensed unaudited interim consolidated financial statements

1. CORPORATE INFORMATION

Exco Technologies Limited (the "Company") is a global designer, developer and manufacturer of dies, moulds, components and assemblies, and consumable equipment for the die-cast, extrusion and automotive industries. Through 17 strategic locations in 8 countries, the Company services a diverse and broad customer base. The Company is incorporated and domiciled in Canada. The registered office is located at 130 Spy Court, Markham, Ontario, Canada.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies are outlined below:

Basis of preparation

These unaudited condensed interim consolidated financial statements present the Company's financial results of operations and financial position as at and for the three-month period ended December 31, 2017 and have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB"). The accounting policies used in preparing these unaudited condensed interim financial statements are consistent with those used in preparation of the 2017 audited annual consolidated financial statements.

The Company's preparation of unaudited condensed interim financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the applying of the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements were the same as those that applied to the Company's consolidated financial statements as at and for the year ended September 30, 2017.

These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's 2017 audited annual consolidated financial statements, which are available at www.sedar.com and on the Corporation's website at www.excocorp.com. The unaudited condensed interim consolidated financial statements and accompanying notes for the three-month period ended December 31, 2017 were authorized for issue by the Board of Directors on January 31, 2018.

Basis of consolidation

The condensed interim consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company, its subsidiaries. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has all of the following: power over the investee; exposure or rights to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect its returns. The financial statements of the subsidiaries are included in the condensed interim consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated on consolidation.

The Company has an interest in a joint operation, whereby the joint operators have a contractual arrangement that establishes joint control over the economic activities of the individual entity. The Company recognized its share of the joint operation's assets, liabilities, revenues and expenses in the condensed interim consolidated financial statements.

Accounting standards issued but not yet applied

The following standards are not yet effective for the year ending September 30, 2018. The Company is in the process of reviewing the standards to determine the impact on its consolidated financial statements.

IFRS 9, *Financial Instruments* ("IFRS 9")
IFRS 9, as issued in 2014, introduces new requirements for the classification and measurement of financial instruments, a new expected loss impairment model that will require more timely recognition of expected credit losses and a substantially reformed model for hedge accounting, with enhanced disclosures about risk management activity. IFRS 9 also removes the volatility in profit or loss that was caused by changes in an entity's own credit risk for liabilities selected to be measured at fair value. This new standard also includes a new general hedge accounting standard which will align hedge accounting more closely with risk management. It does not fully change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however, it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. The Company is in the process of reviewing the standard to determine the impact on its consolidated financial statements. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, which will be October 1, 2018 for the Company. Earlier application is permitted and the Company does not plan to early adopt IFRS 9.

IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15")
In May 2014, the IASB issued IFRS 15 which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The Company has established a cross-functional team to implement the guidance related to the recognition of revenue from contracts with customers. The Company is in the process of evaluating its customer contracts and identifying contractual provisions that may result in a change in the timing, or the amount of revenue recognized in comparison with current guidance. In addition, the Company is assessing the enhanced disclosure requirements of the new guidance and the design of new controls and processes designed to comply with IFRS 15. The Company has not yet selected a transition method and will adopt the new revenue standard effective October 1, 2018.

IFRS 16, *Leases* ("IFRS 16")
In January 2016, the IASB issued IFRS 16 in which lessees will have a single accounting model for all leases, with certain exemptions and lessor accounting is substantially unchanged. The guidance would require lessees to recognize most leases on their balance sheets as lease liabilities with corresponding right-of-use assets. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, which will be October 1, 2019 for the Company using a modified retrospective approach with the option to elect certain practical expedients. The Company is currently evaluating the impact of IFRS 16 on its consolidated financial statements.

3. CASH DIVIDEND

During the three month period ended December 31, 2017, the Company paid quarterly cash dividends totaling $3,396 (2017 - $2,981). The quarterly dividend rate in the period was $0.08 per common share (2017 - $0.07).

$(000)'s except per share amounts

4. PROPERTY, PLANT AND EQUIPMENT

	Machinery and Equipment	Tools	Buildings	Land	Assets under Construction	Total
Cost						
Balance as at September 30, 2017	$192,549	$21,112	$67,564	$10,077	$3,655	$294,957
Additions						
Assets acquired	690	126	3,220	1,376	4,205	9,617
Reclassification	1,973	233	-	-	(2,206)	-
Less: disposals	(2,516)	(255)	-	-	-	(2,771)
Foreign exchange movement	154	7	34	(63)	7	139
Balance as at December 31, 2017	**$192,850**	**$21,223**	**$70,818**	**$11,390**	**$5,661**	**$301,942**

	Machinery and equipment	Tools	Buildings	Land	Assets under construction	Total
Accumulated depreciation and impairment losses						
Balance as at September 30, 2017	$134,550	$16,187	$32,696	$-	$-	$183,433
Depreciation for the period	2,559	469	698	-	-	3,726
Less: disposals	(1,534)	(219)	-	-	-	(1,753)
Reclassification	(21)	21	-	-	-	-
Foreign exchange movement	110	9	61	-	-	180
Balance as at December 31, 2017	**$135,664**	**$16,467**	**$33,455**	**$-**	**$-**	**$185,586**
Carrying amounts						
As at September 30, 2017	$57,999	$4,925	$34,868	$10,077	$3,655	$111,524
As at December 31, 2017	**$57,186**	**$4,756**	**$37,363**	**$11,390**	**$5,661**	**$116,356**

$(000)'s except per share amounts

5. INTANGIBLE ASSETS AND GOODWILL

	Computer Software and other	Acquisition Intangibles*	Assets under Development (Software)	Total intangible assets	Goodwill
Cost					
Balance as at September 30, 2017	$20,614	$44,713	$427	$65,754	$62,091
Additions					
Assets acquired	86	-	79	165	-
Reclassification	491	-	(491)	-	-
Less: disposals	(165)			(165)	-
Foreign exchange movement	(156)	232	2	78	(154)
Balance as at December 31, 2017	**$20,870**	**$44,945**	**$17**	**$65,832**	**$61,937**

	Computer Software and other	Acquisition Intangibles*	Assets under Development (software)	Total intangible assets	Goodwill
Accumulated amortization and impairment losses					
Balance as at September 30, 2017	$18,829	$7,076	-	$25,905	-
Amortization for the period	276	953	-	1,229	-
Less: disposals	(165)	-		(165)	
Foreign exchange movement	(155)	12	-	(143)	-
Balance as at December 31, 2017	**$18,785**	**$8,041**	**$-**	**$26,826**	**$-**
Carrying amounts					
As at September 30, 2017	$1,785	$37,637	$427	$39,849	$62,091
As at December 31, 2017	**$2,085**	**$36,904**	**$17**	**$39,006**	**$61,937**

*Acquisition intangibles are comprised primarily of customer relationships and trade names resulting from business acquisitions.

6. FINANCIAL INSTRUMENTS

Fair value represents point-in-time estimates that may change in subsequent reporting periods due to market conditions or other factors. Presented below is a comparison of the fair value of each financial instrument to its carrying value.

The fair value of cash and cash equivalents, bank indebtedness, trade and other receivables and trade and other payables approximates their carrying amounts due to the short-term maturities of these instruments. The estimated fair value of long-term debt approximates its carrying value since debt is subject to terms and conditions similar to those available to the Company for instruments with comparable terms, and the interest rates are market-based.

The fair value of derivative instruments that are not traded in an active market such as over-the-counter foreign exchange options and collars is determined using quoted forward exchange rates at the consolidated statement of financial position dates and are Level 2 instruments.

During the three month period ended December 31, 2017 there were no transfers between Level 1 and Level 2 fair value measurements.

$(000)'s except per share amounts

The carrying value and fair value of all financial instruments are as follows:

	December 31, 2017		September 30, 2017	
	Carrying Amount of Asset (Liability)	**Fair Value of Asset (Liability)**	Carrying Amount of Asset (Liability)	Fair Value of Asset (Liability)
Cash and cash equivalents	**$33,578**	**$33,578**	$35,876	$35,876
Accounts receivable	**92,490**	**92,490**	94,332	94,332
Trade accounts payable	**(44,796)**	**(44,796)**	(48,369)	(48,369)
Bank indebtedness	**(10,573)**	**(10,573)**	(15,717)	(15,717)
Customer advance payments	**(5,395)**	**(5,395)**	(3,223)	(3,223)
Accrued liabilities	**(15,838)**	**(15,838)**	(22,808)	(22,808)
Derivative instruments	**(2,524)**	**(2,524)**	(314)	(314)
Long-term debt	**($35,138)**	**($35,138)**	($31,093)	($31,093)

7. LONG-TERM DEBT

On February 18, 2016, the Company closed an agreement for a new $100,000 Committed Revolving Credit Facility with JP Morgan Chase Bank N.A. During 2017, the Company notified JP Morgan Chase Bank of its election to reduce the Committed Revolving Credit Facility to $50,000, of which $29,759 was used as at December 31, 2017. The facility has a 3 year term and is collateralized by a general security agreement covering all assets of the Company's Canadian and US subsidiaries with the exception of real property. There are no specific repayment terms prior to maturity.

On April 4, 2016, the Company entered into promissory Term Notes amounting to US$9,307 in conjunction with the acquisition of AFX Industries. The Term Notes bear interest at a rate equal to the Mid-term Applicable Federal Rate in the United States, compounded annually. The principal and interest is payable in three annual payments on the anniversary date of the AFX acquisition. The Term Notes are unsecured.

The components of long-term debt are as follows:

	December 31, 2017	September 30, 2017
Bank debt	**$27,000**	$23,000
Term notes	**7,786**	7,744
Promissory note	**352**	349
Subtotal	**35,138**	31,093
Less: current portion	**(3,981)**	(3,959)
Long-term debt, long-term portion	**$31,157**	$27,134

$(000)'s except per share amounts

8. SHARE CAPITAL

The Company received approval from the Toronto Stock Exchange for a normal course issuer bid for a 12-month period beginning February 16, 2017. The Company's Board of Directors authorized the purchase of up to 1,000,000 common shares representing approximately 2% of the Company's outstanding common shares. During the quarter, 54,500 common shares were repurchased (2017 – nil) for a total cost of $541. The cost to repurchase the common shares in the year exceeded their stated value by $475 which was charged against retained earnings.

9. SEGMENTED INFORMATION

Business segments

The Company operates in two business segments: Casting and Extrusion Technology ("Casting and Extrusion") and Automotive Solutions. The accounting policies followed in the operating segments are consistent with those outlined in note 2 to the consolidated financial statements.

The Casting and Extrusion segment designs and engineers tooling and other manufacturing equipment. Its operations are substantially for automotive and other industrial markets in North America.

The Automotive Solutions segment produces automotive interior components and assemblies primarily for seating, cargo storage and restraint for sale to automotive manufacturers and Tier 1 suppliers (suppliers to automakers).

The Company evaluates the performance of its operating segments primarily based on pre-tax income before interest and other income and (expense).

The Corporate segment involves administrative expenses that are not directly related to the business activities of the above two operating segments.

	Three Months Ended December 31, 2017			
	Casting and Extrusion	**Automotive Solutions**	**Corporate**	**Total**
Sales	**$48,450**	**$88,421**	**$-**	**$136,871**
Intercompany sales	**(1,837)**	**(163)**	**-**	**(2,000)**
Net sales	**46,613**	**88,258**	**-**	**134,871**
Depreciation	**2,915**	**799**	**12**	**3,726**
Amortization	**230**	**999**	**-**	**1,229**
Pre-tax income (loss) before interest and other expense	**4,666**	**9,459**	**(1,775)**	**12,350**
Net interest expense				**(307)**
Income before income taxes				**12,043**
Property, plant and equipment additions	**4,470**	**5,147**	**-**	**9,617**
Property, plant and equipment, net	**88,613**	**26,474**	**1,269**	**116,356**
Intangible asset additions	**109**	**56**	**-**	**165**
Intangible assets, net	**1,652**	**37,350**	**4**	**39,006**
Goodwill	**271**	**61,666**	**-**	**61,937**
Total assets	**187,405**	**235,905**	**4,038**	**427,348**
Total liabilities	**27,417**	**54,294**	**40,382**	**122,093**

$(000)'s except per share amounts

	Three Months Ended December 31, 2016			
	Casting and Extrusion	Automotive Solutions	Corporate	Total
Sales	$46,637	$108,519	$-	$155,156
Intercompany sales	(1,679)	(380)	-	(2,059)
Net sales	44,958	108,139	-	153,097
Depreciation	3,080	840	11	3,931
Amortization	186	1,029	-	1,215
Pre-tax income (loss) before interest and other expense	5,011	14,623	(1,438)	18,196
Other expense (note 12)	-	(1,223)	-	(1,223)
Net interest expense				(373)
Income before income taxes				16,600
Property, plant and equipment additions	2,208	669	20	2,897
Property, plant and equipment, net	92,688	20,294	1,288	114,270
Intangible asset additions	287	21	-	308
Intangible assets, net	1,835	43,833	6	45,674
Goodwill, net	287	64,731	-	65,018
Total assets	184,825	254,058	1,656	440,539
Total liabilities	23,768	60,260	67,253	151,281

10. NET CHANGE IN NON-CASH WORKING CAPITAL

	Three Months Ended December 31	
	2017	2016
Accounts receivable	**$2,166**	$16,185
Unbilled revenue	**(253)**	(2,525)
Inventories	**3,393**	7,160
Prepaid expenses and deposits	**548**	369
Trade accounts payable	**(3,878)**	(14,267)
Accrued payroll and taxes	**(5,132)**	(5,803)
Other accrued liabilities	**(1,971)**	(1,088)
Provisions	**(15)**	(152)
Customer advance payments	**2,171**	1,466
Income taxes payable	**168**	2,611
	($2,803)	$3,956

11. INCOME TAXES

The consolidated effective income tax rate for the three-month period ended December 31, 2017 was 26.0% (three-month period ended December 31, 2016 – 30.9%). The effective tax rate for the three-month period is favourably impacted by the reduction in the US federal income tax rate that will apply to annual earnings. In addition, the effective income tax rate is favourably impacted by the remeasurement of US deferred income tax liabilities, offset by the transition taxes accrued related to foreign earnings of certain of the Mexican subsidiaries which have not been repatriated to the United States. The comparative period was adversely impacted by the non-deductibility of post-production costs in the amount of $1,223 incurred in South Africa and Lesotho (note 12). Further, the effective tax rate in the current period was benefitted from improved proportion of earnings generated in lower tax jurisdictions.

The impacts of the Act on the consolidated tax provision of the Company for the three-month period were estimated using all reliable information that was available and could reasonably have been expected to have been obtained and taken into account. The Company will continue to monitor legislative developments and update its estimates as new information becomes available.

12. OTHER EXPENSE

On November 12, 2016 of the previous fiscal year, the Company ceased production in Lesotho and commenced the process of liquidating and winding-up the ALC legal entities in Lesotho and South Africa.

During the first quarter of the 2017 fiscal year, the Company incurred post-production non-operating expenses of $1,223 and included non-cash asset write-downs of $707 and a loss on disposal of capital assets of $23.

CORPORATE INFORMATION

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 6,671 people and service a diverse and broad customer base.

Telephone: 905-477-3065
Fax: 905-477-2449
Web: www.excocorp.com

TORONTO STOCK EXCHANGE LISTING

XTC

DIRECTORS

Laurie T.F. Bennett, Chairman
Edward H. Kernaghan
Nicole A. Kirk
Robert B. Magee
Philip B. Matthews
Colleen M. McMorrow
Brian A. Robbins, President and CEO

CORPORATE OFFICERS

Brian A. Robbins, PEng
President and CEO

Darren M. Kirk, CFA, MBA
Executive Vice President and COO

R. Drew Knight, CPA, CA
Vice President Finance, CFO and Secretary

Paul E. Riganelli, MA, MBA, LLB
Executive Vice President

TRANSFER AGENT

TSX Trust Company
301-100 Adelaide Street West
Toronto, Ontario
M5H 4H1

Shareholder Inquiries:
Telephone: 1-866-600-5869
Email: tmxeinvestorservices@tmx.com
Web: www.tsxtrust.com