



**Exco Technologies Limited**  
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**NEWS RELEASE**

**EXCO RESULTS FOR SECOND QUARTER  
 ENDED MARCH 31, 2020**

- **Sales of \$120.2 million compared to \$123.5 million**
- **EPS of \$0.24 compared to \$0.21 prior year; a 14% improvement**
- **Adjusted EBITDA growth of 8% to \$17.6 million**
- **Free cash flow of \$12.5 million or \$0.31 per share in the quarter**
- **Maintained quarterly dividend of \$0.095 per common share**
- **Enhanced COVID-19 operational safety measures implemented**
- **Balance sheet strengthens to \$11.9 million net cash position**

**Toronto, April 29, 2020 - Exco Technologies Limited (TSX-XTC)** today announced results for its second quarter of fiscal 2020 ended March 31, 2020. In addition, Exco announced a quarterly dividend of \$0.095 per common share which will be paid on June 30, 2020 to shareholders of record on June 16, 2020. The dividend is an “eligible dividend” in accordance with the Income Tax Act of Canada.

<i>(in \$ thousands except per share amounts)</i>	Three Months Ended March 31		Six Months Ended March 31	
	2020	2019	2020	2019
Sales	<b>\$120,244</b>	\$123,465	<b>\$240,667</b>	\$265,589
Net income for the period	<b>\$9,495</b>	\$8,564	<b>\$17,553</b>	\$12,382
Earnings per share:				
Basic and Diluted – Reported	<b>\$0.24</b>	\$0.21	<b>\$0.44</b>	\$0.30
Basic and Diluted – Adjusted	<b>\$0.24</b>	\$0.22	<b>\$0.44</b>	\$0.45
Adjusted EBITDA <sup>1</sup>	<b>\$17,642</b>	\$16,304	<b>\$33,024</b>	\$34,884

“Exco performed very well despite an extremely difficult backdrop”, said Darren Kirk, Exco’s President and CEO, adding that, “I want to thank all of our employees for working safely, enabling us to meet the continuing needs of our customers throughout these challenging times”.

In response to the unprecedented global COVID-19 crises, Exco is taking the necessary actions to protect the health and safety of our employees, meet the ongoing needs of our customers, minimize the adverse impact on our finances, while making the necessary investments to further strengthen our various businesses for the recovery when it eventually takes hold.

Consolidated sales for the second quarter ended March 31, 2020 were \$120.2 million compared to \$123.5 million in the same quarter last year – a decrease of \$3.3 million, or 3%. Foreign exchange rate fluctuations contributed \$2.5 million to sales during the quarter.

The Automotive Solutions segment reported sales of \$73.4 million in the second quarter – effectively unchanged from the prior year quarter. Excluding foreign exchange rate movements, segment revenues were lower by \$1.5 million, or 2% during the quarter. This compares favorably to combined overall industry vehicle production volumes in North America and Europe, which were lower by roughly 16% during the quarter. Segment sales were supported by a number of program launches for both new and existing products, particularly at Polydesign and AFX. Sales were softer year over year at both Neocon and Polytech, however both these entities outperformed the market due to the strength of their product portfolios and aided – in part – by accessory product sales, which do not always sync with OEM production schedules. Automotive production throughout April 2020 is virtually at a standstill in Exco’s key markets as a result of the global COVID-19 response measures. Looking forward several OEM’s are currently planning to restart production of facilities in Europe and North America beginning in early May 2020, however there remains considerable uncertainty around the exact timing and how fast these facilities will ramp-up volume. Exco remains focused on ensuring it is able to meet demand once production recommences, while complying with stay-at-home orders in the regions where it operates.

The Casting and Extrusion segment reported sales of \$46.8 million for the second quarter – a decrease of \$3.4 million, or 7%, from the same period last year. Segment sales held up better during the quarter than general economic conditions would otherwise suggest given the long cycle and/or essential nature of much of the segment’s products, which feed into many critical industries. Within the group, sales were relatively stable in the Large Mould group for the quarter. The programs of this group tend to be relatively long cycle and have continued to advance despite the vehicle production stoppage through April 2020 at virtually all OEM’s ultimately served by the group. In addition, quoting activity remains decent with discussions ongoing with both current and new potential customers, holding promise for an improvement in future results. Extrusion group sales were lower during the quarter as sales from the new Extrusion facility in Mexico (which commenced commercial production April 1, 2019) were more than offset by lower sales elsewhere in North America due to softer overall market conditions. At Castool, the group’s revenues were also modestly lower as market conditions softened for both consumable and capital equipment goods in the quarter, particularly within the extrusion industry. Within the segment, steel price surcharges and steel tariffs continued to reduce during the quarter. As Exco generally aims to pass such amounts on to its customers, they positively impact on revenues when higher, but have the opposite impact when lower.

Consolidated net income for the second quarter was \$9.5 million or basic and diluted earnings of \$0.24 per share compared to \$8.6 million or \$0.21 per share in the same quarter last year – an increase in net income of 11%. Year-to-date, consolidated net income was \$17.6 million or \$0.44 per basic share compared to \$12.4 million or \$0.30 per basic share last year – an increase in net income of 42%. Excluding a net expense of \$0.3 million and \$6.4 million in the prior year periods related to the deconsolidation of ALC, Adjusted Net Income was higher by 7% in the quarter and lower by 7% year-to-date. The consolidated effective income tax rate for the current quarter was 22% compared to 23% the prior year period.

The Automotive Solutions segment reported pretax profit of \$9.4 million in the second quarter – an increase of \$0.3 million or 3% over the same quarter last year. For the quarter, segment profitability was enhanced by improved overhead absorption at Polydesign and AFX, reduced bonus payments to production workers in Mexico, as well as greater operating efficiencies and favorable foreign exchange rate movements across the segment in general. The benefit of these factors outweighed an

increase in accounts receivable and other provisions during the quarter to address likely near-term stresses associated with the current global downturn. 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 \$4.5 million of pretax profit in the second quarter – a decrease of \$0.1 million or 2% from the same quarter last year. Profitability reduction occurred within the Extrusion group for the quarter due to adverse overhead absorption given the decline in extrusion die volumes. Separately, profitability at the Large Mould group was higher during the quarter as progress with various efficiency initiatives continued to move ahead. Castool's profitability was up during the quarter despite the sales decline due to a reduction in steel prices and favorable foreign exchange rate movements.

Consolidated Adjusted EBITDA for the second quarter totaled \$17.6 million compared to \$16.3 million in the same quarter last year – an increase of \$1.3 million, or 8%. Year-to-date, consolidated adjusted EBITDA totaled \$33.0 million compared to \$34.9 million last year – a decrease of \$1.9 million, or 5%. For the quarter, Adjusted EBITDA as a percentage of sales increased to 14.7% in the current period compared to 13.2% the prior year driven by an improvement in segment margins in both the Automotive Solutions and Casting & Extrusion segments, as well as a reduction in Corporate cash expenses.

Operating cash flow before net change in non-cash working capital totaled \$15.0 million in the second quarter. After changes in working capital requirements, net cash provided by operating activities amounted to \$18.6 million. This cash flow, together with cash on hand was more than sufficient to fund \$0.2 million of interest expense, \$5.9 million of capital expenditures, \$3.8 million of common dividend payments and \$3.3 million of share repurchases.

As at March 31, 2020, Exco's consolidated balance sheet was in a \$11.9 million net cash position. Principal sources of liquidity include generated Free Cash Flow, \$35.7 million of balance sheet cash and \$27.0 million of unused availability under its \$50 million committed credit facility, which matures February 2023. Pursuant to the terms of the credit facility, Exco is required to maintain compliance with certain financial covenants, which the Company was in compliance with as at March 31, 2020. In response to the developments resulting from the COVID-19 pandemic, the Company has stress tested its financial and liquidity position and expects to remain Free Cash Flow positive through the second half of fiscal 2020 while remaining in compliance with its financial covenants.

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

<sup>1</sup> 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 – April 30, 2020 at 10:00 a.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/3hyh53ft> 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 8765498.

For those unable to participate on April 30, 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, liquidity 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, the current uncertain global economic impact of the COVID-19 pandemic or similar outbreak of epidemic, pandemic, or contagious diseases that may emerge in the human population, which may have a material effect on how we and our customers operate our businesses and the duration and extent to which this will impact our future operating results, 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).