Source: *Exco Technologies Ltd.*

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Exco Results for Third Quarter Ended June 30, 2020

- **Sales of $71.0 million and EPS of ($0.02)**
- **Adjusted EBITDA of $4.7 million and Free cash flow of $16.2 million**
- **Maintained quarterly dividend of $0.095 per common share**
- **Balance sheet strengthens to $23.7 million net cash position**
- **Enhanced COVID-19 operational safety measures continue**

TORONTO, July 29, 2020 (GLOBE NEWSWIRE) -- Exco Technologies Limited (TSX-XTC) today announced results for its third quarter of fiscal 2020 ended June 30, 2020. In addition, Exco announced a quarterly dividend of $0.095 per common share which will be paid on September 30, 2020 to shareholders of record on September 16, 2020. 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)				
	2020	2019	**2020**	2019
Sales	**$70,962**	$119,944	**$311,629**	$385,533
Net income (loss) for the period	**($848)**	$7,477	**$16,705**	$19,859
Earnings (loss) per share:				
Basic and Diluted – Reported	**($0.02)**	$0.18	**$0.42**	$0.48
Basic and Diluted – Adjusted	**($0.02)**	$0.18	**$0.42**	$0.64
Adjusted EBITDA[1]	**$4,680**	$14,483	**$37,704**	$49,367

“Exco’s diversity of operations, strong market positions of our various businesses and commitment from our dedicated employees to work safely enabled us to outperform the industry through very difficult conditions this quarter”, said Darren Kirk, Exco’s President and CEO. “We continued to generate very strong free cash flow and have furthered bolstered our net cash position, which positions us well for the recovery”, added Kirk.

In response to the global COVID-19 pandemic, Exco continues to take 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 as it takes hold.

Consolidated sales for the third quarter ended June 30, 2020 were $71.0 million compared to $119.9 million in the same quarter last year – a decrease of $49.0 million, or 41%. Year-to-date sales were $311.6 million compared to $385.5 million the prior year – a decrease of $73.9 million or 19%.

The Automotive Solutions segment reported sales of $28.2 million in the third quarter – a decrease of $42.9 million, or 60% compared to last year. Reductions in sales during the quarter were primarily driven by the virtual standstill of automotive production levels in Exco's key markets as a result of COVID-19 response measures through much of April and May 2020. Economic activity picked up as the quarter progressed, with June segment sales showing a marked improvement over May, although at a level still well below the prior year. Year-to-date results were additionally affected by $19.8 million of revenues generated by ALC in the first quarter of fiscal 2019 before that entity was deconsolidated from Exco's results. Excluding foreign exchange rate movements and the impact of ALC on Exco's results in Q1 F19, segment revenues were lower by $43.6 million, or 61% during the quarter and $44.8 million, or 21% year-to-date. This compares favorably to combined overall industry vehicle production volumes in North America and Europe, which were lower by roughly 68% during the quarter and 30% year-to-date. The segment's outperformance compared to the industry during the quarter was primarily attributable to the sale of accessory product sales to OEM's in North America, which are more closely aligned to vehicle sales levels than production volumes. To that end, US light vehicle sales levels held up significantly better than overall production levels during the quarter, falling by approximately 33% year over year. Segment sales outperformance compared to the industry in both the quarter and year-to-date periods were also helped by a number of program launches for both new and existing products that commenced earlier in the fiscal year. Looking forward, combined OEM production levels in Europe and North America are expected to normalize at around 90% of prior year levels through the remaining two calendar quarters of 2020. However there remains significant uncertainty around these expectations due to the unknown impact of COVID-19. In the interim, Exco remains focused on its product development, sales and marketing efforts to gain market share, and ensuring it is able meet future demand, while complying with any stay-at-home orders in the regions where it operates.

The Casting and Extrusion segment reported sales of $42.8 million for the third quarter – a decrease of $6.1 million, or 13%, 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 higher in the Large Mould group for the quarter. The programs of this group tend to be relatively long cycle and continued to advance despite the vehicle production stoppage at all OEM's ultimately served by the group through much of April and May 2020. In addition, quoting activity remains decent with discussions ongoing with both current and new potential customers, holding promise for future demand. Extrusion group sales were lower during the quarter due to much softer overall market conditions, including in the building and construction sector, which is the largest driver of demand for extrusion tooling. Exco however believes it outperformed the industry, helped by the benefits of our multi-plant footprint and harmonized manufacturing methods at our various locations. Year-to-date group sales were affected by modestly softer industry conditions that existed prior to the emergence of COVID-19 but tempered by sales from our new Extrusion facility in Mexico, which commenced commercial production April 1, 2019. At Castool, the group's revenues were lower as market conditions softened for both consumable and capital equipment goods in the quarter. This was evident in both the extrusion – and particularly die-cast – end markets. However, with the start-up of automotive OEM production in the months of May and June, trends within the group improved in the latter half of the quarter. Also 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 loss for the third quarter was $0.8 million or basic and diluted loss of $0.02 per share compared to an income of $7.5 million or $0.18 earnings per share in the same quarter last year. Year-to-date, consolidated net income was $16.7 million or $0.42 per basic share compared to $19.9 million or $0.48 per basic share last year – a decrease in net income of 16%. Excluding a net expense of $6.4 million in the prior year-to-date period related to the deconsolidation of ALC, Adjusted Net Income was lower by 36%. The consolidated effective income tax rate for the current quarter was 10% compared to 20% the prior year period with the difference primarily attributable to the impact of operating losses in certain jurisdictions partially offset by gains elsewhere. Year-to-date, the consolidated effective income tax rate was 21% compared to 29% last year. The income tax rate in the prior year-to-date period was unfavorably impacted by the non-deductibility of Other Expense related to the writedown of ALC in the amount of $6.4 million and $2.1 million of operating losses at ALC. Excluding these items, the effective income tax rate for the prior year-to-date period was 22%.

The Automotive Solutions segment reported pretax losses of $3.8 million in the third quarter compared to pretax profits of $7.9 million in the same quarter last year. Year-to-date, the segment reported pretax profit of $13.7 million – a decrease of $13.2 million or 49% compared to the prior year period. For the quarter, segment profitability was negatively impacted by lost absorption of overheads and other fixed costs arising from sharply lower sales together with the continuance of labor costs for certain production workers in Mexico where there is limited ability to temporarily lay-off employees onto government support programs. Management took significant action during the quarter to minimize the negative impact on its results, including implementing work share arrangements, restraining expenses, temporarily laying off workers where possible and availing itself of certain government support programs. In addition to the above, year-to-date results were hampered by the impact of the strike at General Motors, unfavorable product mix shifts in the first quarter of fiscal 2020 and an increase in accounts receivable and other provisions in the second quarter of fiscal 2020. Year-to-date profitability however benefited from reduced bonus payments to production workers in Mexico as well as the elimination of ALC's operations, which contributed operating losses of $2.1 million in the first quarter of fiscal 2019. 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. Pricing for new programs however embed management's expectations for higher future costs.

The Casting and Extrusion segment reported $4.9 million of pretax profit in the third quarter – an increase of $1.1 million or 28% from the same quarter last year. Year-to-date, the segment reported pretax profit of $13.8 million – a decrease of $0.2 million, or effectively unchanged compared to the prior year period. Higher profitability during the quarter was supported by continued progress with various efficiency initiatives, a favorable mix shift towards higher margin programs in the Large Mould group, lower steel prices and receipt of R&D credits. As well, Management undertook significant action to minimize the negative impact of lower sales volumes during the quarter, including implementing work-share arrangements, restraining expenditures generally and availing government support programs, where possible.

Operating cash flow before net change in non-cash working capital totaled $5.0 million in the third quarter while lower working capital requirements due to reduced sales levels provided an additional $15.6 million of cash. Consequently, net cash provided by operating activities amounted to $20.6 million in the quarter. This cash flow was more than sufficient to fund $0.2 million of interest expense, $4.3 million of net capital expenditures and $3.8 million of common dividend payments.

As at June 30, 2020, Exco's consolidated balance sheet was in a $23.7 million net cash position compared to $8.7 million as at September 30, 2019. Principal sources of liquidity include generated Free Cash Flow, $47.4 million of balance sheet cash and $27.0 million of unused availability under its $50 million committed credit facility, which matures February 2023. Subsequent to quarter end, the Company repaid $20 million of its credit facility from its cash on hand. 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 June 30, 2020.

For further information and prior year comparison please refer to the Company's Third Quarter Financial Statements in the Investor Relations section posted at www.excocorp.com. Alternatively, please refer to 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 – July 30, 2020 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/mmc/p/e3s8amz8 a few minutes before the event. The conference call can be accessed by dialing toll free at (855) 859-2056 or internationally at (703) 736-7448. The conference ID is 9182891.

For those unable to participate on July 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 5,000 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 or www.excocorp.com.