



Exco Technologies Announces Results for Fourth Quarter and Year Ended September 30, 2020

- Sales of \$100.7 million for the quarter and \$412.3 million for the year
- EPS of \$0.27 for the quarter compared to \$0.17 last year
- EBITDA of \$15.8 million in the quarter compared to \$13.3 million last year
- Free Cash Flow of \$41.7 million or \$1.04 per share in Fiscal 2020
- Balance sheet in a \$26.7 million net cash position
- Enhanced COVID-19 operational safety measures continue

TORONTO, Dec. 02, 2020 -- **Exco Technologies Limited (TSX-XTC)** today announced results for its fourth quarter and year ended September 30, 2020. In addition, the Company announced the quarterly dividend of \$0.095 per common share which will be paid on December 31, 2020 to shareholders of record on December 17, 2020. The dividend is an “eligible dividend” in accordance with the Income Tax Act of Canada.

	Three Months ended September 30		Twelve Months ended September 30	
	<i>(in \$ millions except per share amounts)</i>			
	2020	2019	2020	2019
Sales	\$100.7	\$121.8	\$412.3	\$507.3
Net income for the period	\$10.7	\$6.8	\$27.4	\$26.6
Diluted earnings per share from net income				
Reported	\$0.27	\$0.17	\$0.69	\$0.65
Adjusted ¹	\$0.27	\$0.17	\$0.69	\$0.80
Cash dividend paid per share	\$0.095	\$0.09	\$0.375	\$0.355
EBITDA ¹	\$15.8	\$13.3	\$53.5	\$62.6

"Exco completed the final quarter of fiscal 2020 with strong results achieved through exceptional cost controls and the dedication of our employees to working safely in challenging conditions" said Darren Kirk, Exco's President and CEO. "We expect to build on this momentum in the year ahead with a number of new program launches providing outsized opportunity for growth", added Kirk.

Fourth quarter consolidated sales were \$100.7 million – a decrease of \$21.1 million or 17% from the prior year. The decline in sales reflects the global impact of COVID-19 on the Company's two segments. During the quarter, exchange rate movements increased sales by \$1.3 million.

The Automotive Solutions segment experienced a 12% decrease in sales, or a reduction of \$8.2 million, to \$61.2 million from \$69.4 million in the fourth quarter of 2019. The decrease was driven by lower vehicle production volumes, the delay in certain new customer programs ramping up due to COVID-19 related disruptions and timing of accessory sales, which do not always correlate well with OEM production volumes. In North America, overall vehicle production was relatively flat during the quarter compared to a year ago while European vehicle production was down about 7%. Looking forward, OEM vehicle production volumes appear likely to improve slightly near term while Exco will additionally benefit from several new program launches as well as destocked inventory levels of accessory products in customer channels. . Quoting activity remains encouraging and we see ample opportunity to maintain our longer term trend of increasing our content per vehicle across our portfolio of businesses.

The Casting and Extrusion segment recorded sales of \$39.5 million in the fourth quarter compared to \$52.4 million last year – a decrease of \$13.0 million or 25%. The sales decline was mainly driven by the deterioration of general economic conditions due to the impact of COVID-19, changes in product mix and delivery timing as well as lower steel costs generally. Within the segment, Extrusion group sales declined due to reduced market demand across most industry verticals for aluminum extrusions somewhat offset by stronger volumes contributed from the new Mexican operation. The Large Mould and Castool group sales were lower during the quarter due mostly to the timing of shipments and changes in product mix. More specifically, the Large Mould group recognizes sales based on a Complete Contract basis, contributing to fluctuations in sales from quarter to quarter given the relatively large size of their individual programs. As well, activity within the Large Mould group saw a delayed impact from the OEM production stoppages which occurred through much of the third quarter of fiscal 2020. The Large Mould group continued to work on certain programs during this time while reduced activity for die rebuilds associated with these lower volumes only occurred during the current quarter. Sales within the Castool Group were dampened by a slowdown in the extrusion end market but also due to a change in product mix which was weighted significantly more towards consumable tooling components relative to larger capital products such as die-ovens and extrusion containers, which have greater raw material requirements. Looking forward, quoting activity within all groups in this segment is strong, particularly within the Large Mould group which is seeing heightened interest from both new and existing customers arising from its leading industry position.

The Company's fourth quarter consolidated net income increased to \$10.7 million or earnings of \$0.27 per share compared to \$6.8 million or earnings of \$0.17 per share in the same quarter last year – an EPS increase of 59%. The effective income tax rate was negative 3% in the current quarter compared to 16% in the same quarter last year. The effective tax rate in the current period was improved by the reversal of \$2.3 million of deferred tax liabilities from resolved tax exposures and \$0.3 million of R&D tax credits net of certain foreign tax adjustments. Excluding these items, the effective tax rate was 22% in the current quarter.

Fourth quarter pre-tax earnings in the Automotive Solutions segment totalled \$7.3 million, an improvement of \$2.3 million or 46% over the same quarter last year. Despite lower sales, pre-tax profits increased in the quarter, benefiting from management's efforts to control costs, improved efficiencies and a shift in demand to higher margin programs. In addition, current period results benefited from the Canadian wage subsidy program while the prior year results were adversely impacted by higher labour costs at Polytech and AFX, significant inefficiencies associated with program launches higher severance costs and inefficiencies related to the General Motors strike. Management is optimistic that its overall cost structure will be sustained or improved upon in future quarters as cost containment efforts are continued while volumes are anticipated to strengthen.

Pre-tax earnings in the Casting and Extrusion segment improved by \$0.2 million or 5% over the same quarter last year to \$4.2 million. The earnings improvement was driven by increased contributions from the Extrusion and Castool groups and benefits from the Canadian Government wage subsidy program. Margins in the Extrusion group benefited from lower raw material prices, increased operational efficiencies and improved absorption in Mexico, partially offset by a write-down of a customer receivable of \$0.5 million. Although Castool's sales were lower than the prior year quarter, profits similarly benefited from lower raw material costs, cost containment efforts as well as strong demand for higher value-added products. The Large Mould group profitability was negatively affected by lower activity and the timing of shipments. This was partially offset by increased operational efficiencies generated from capital investments from prior years and gradual increases in sales for additive manufacturing components through the quarter. Management remains focused on reducing its overall cost structure and improving manufacturing efficiencies and expects such activities together with its sales efforts should lead to improved segment profitability over time.

The Corporate segment in the fourth quarter recorded expenses of \$1.1 million compared to \$0.9 million last year mainly due to foreign exchange losses in the current quarter compared to gains last year's quarter, partially offset by lower compensation, travel, and professional fees incurred in the current quarter. As a result of the forgoing, consolidated EBITDA in the quarter increased to \$15.8 million (15.7% of sales) compared to \$13.3 million (11% of sales) last year.

Exco generated cash from operating activities of \$15.5 million during the quarter and \$10.0 million of Free Cash Flow after \$5.4 million in net capital expenditures. This cash flow was more than sufficient to fund \$3.8 million of dividends and \$3.2 million in share repurchases. For the year, Exco generated Free Cash Flow of \$41.7 million and returned \$24.1 million to shareholders through combined dividend payments and share repurchases. Exco ended the year with \$26.6 million in net cash and \$76.6 million in available liquidity, including \$33.1 million of balance sheet cash, continuing its practice of maintaining a very strong balance sheet and liquidity position.

For further information and prior year comparison please refer to the Company's Fourth Quarter Condensed 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: December 3, 2020 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/waffpdbl> a few minutes before the event. Real Player is required for access. The conference call can be accessed by dialing toll free at (866) 572-8261 or internationally at (703) 736-7448. The conference ID is 1826929.

For those unable to participate on December 3, 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 4,800 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.