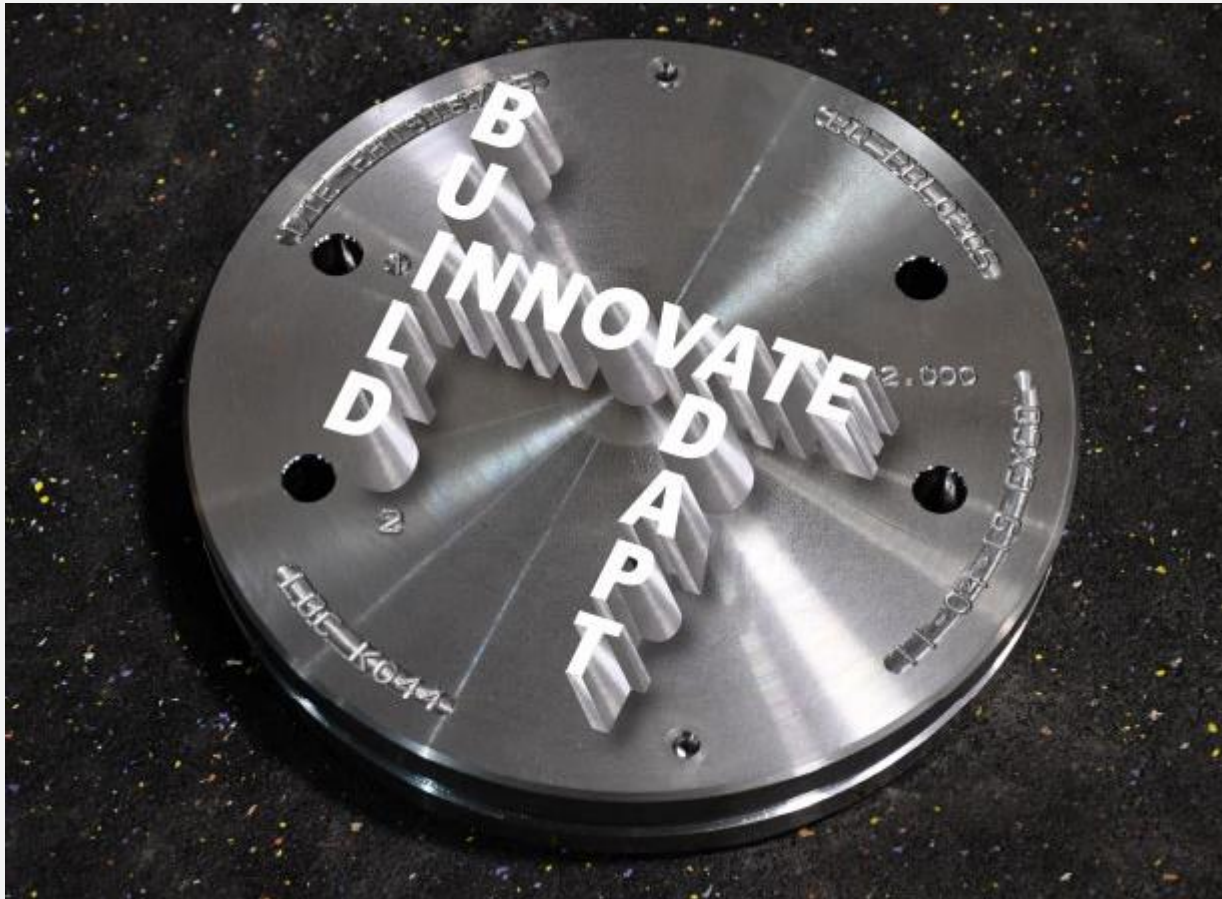




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# Q4 F2020 Earnings Call

December 3, 2020

# Cautionary Statement



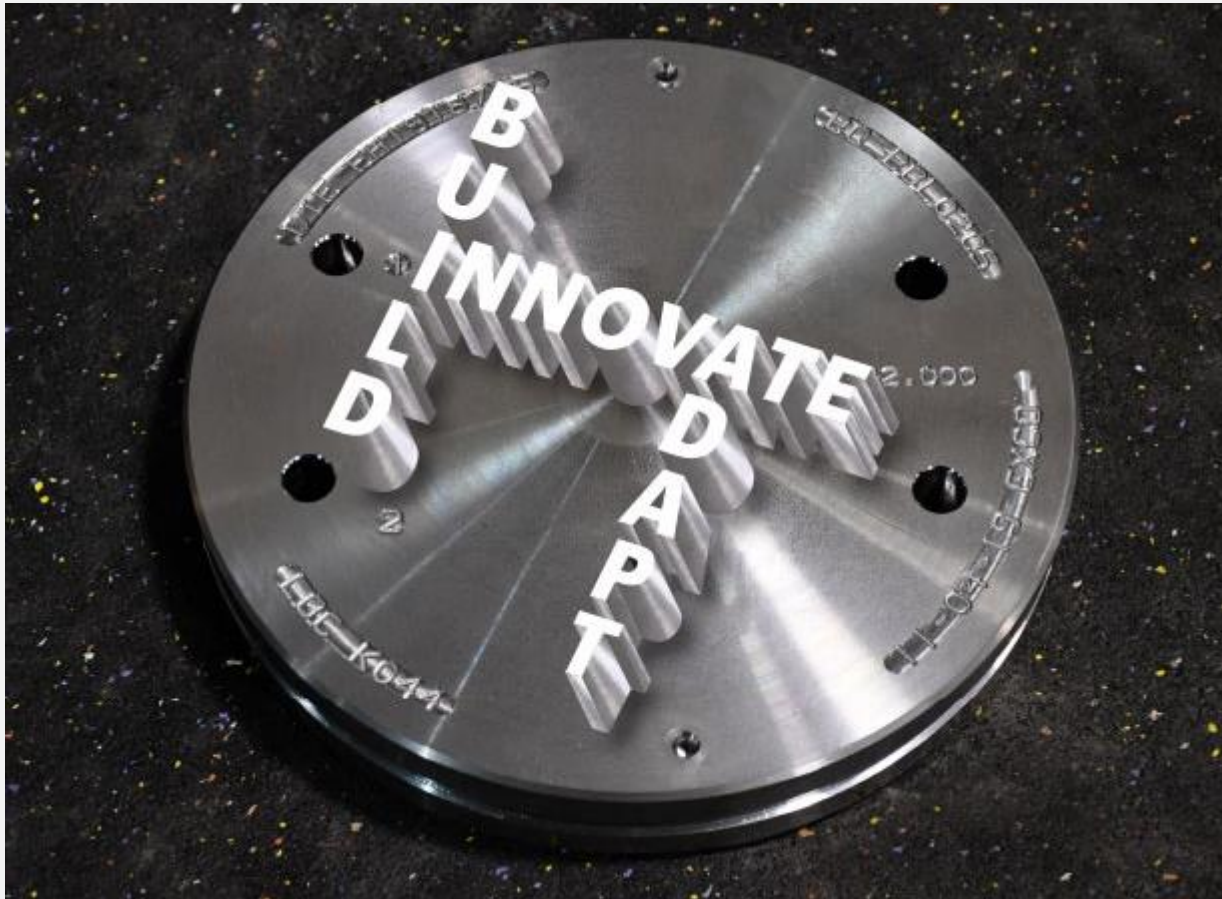
Information in this presentation relating to projected growth and financial performance of the Company's business units, contribution of our greenfield business units, margin performance and operating efficiencies are forward-looking statements.

Readers are cautioned not to place undue reliance on forward-looking statements made during this presentation referring to growth and financial performance of the Company's business units, margin, operating improvement, capital expenditures and acquisitions because these plans, intentions or expectations 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 affect 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, the number of extrusion dies required in North America and South America, the rate of economic growth in North America and Europe and emerging markets, investment by OEMs in drivetrain and structural part architecture and other initiatives intended to reduce fuel consumption and/or the weight of automobiles, raw material prices, general economic conditions, capital expenditures and currency fluctuations. 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. For a more extensive discussion of Exco's risks and uncertainties see the 'Risks and Uncertainties' section in the 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) and [www.excocorp.com](http://www.excocorp.com).

While Exco believes that the expectations expressed by such forward-looking statements are reasonable, we cannot assure that they will be correct. In evaluating forward-looking information and statements, readers should carefully consider the various factors which could cause actual results or events to differ materially from those indicated in the forward-looking information and statements. Readers are cautioned that the foregoing list of important factors is not exhaustive. Furthermore, 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.



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**Darren Kirk**  
Chief Executive Officer

# Q4 F2020 Operations Overview



## Key Highlights in the Quarter – Automotive Solutions

- Overall industry vehicle production essentially flat in North America and down 7% in Europe compared to prior year quarter
  - Very strong rebound from Q3F20, as anticipated
  - US light vehicle SAAR is running at around 16M units, which is essentially in-line with pre-pandemic levels
- Segment sales in the quarter were 12% lower than prior year quarter due to:
  - Lower vehicle production volumes
  - Delay in certain new customer programs arising from industry-wide COVID-19 disruptions
  - Destocking of inventory channels, particularly for accessory products



# Q4 F2020 Operations Overview



## Key Highlights in the Quarter – Automotive Solutions

- Segment PTP improved to \$7.3M in Q4 F20 compared to \$5.0M the prior year quarter due to:
  - Cost actions and general efficiency improvements
  - Favorable product mix shift
  - Use of government wage support programs
  - Comparison to higher labour costs, significant program launch inefficiencies and GM-related strike costs in the prior year quarter
- Quarterly segment EBITDA Margin of 14.7% among the highest achieved in past few years
- Supply chain risk remains across the industry, but we continue to take steps to actively mitigate
  - Inventory build up to act as a buffer
  - Group plants continue to refine measures to operate safely

# Q4 F2020 Operations Overview



## Key Highlights in the Quarter – Automotive Solutions

- Combined North America and Europe industry vehicle production expected to be down only slightly from prior year levels in Exco's Q1 F21
  - Lower dealer inventory levels, record high used vehicle pricing, reducing new car incentives, etc indicate strong underlying fundamentals for new vehicle demand
- Segment sales are expected to benefit in Fiscal 2021, beginning in Q1 from:
  - Increased sales of accessory products as inventories are replenished and buffer-stock is added
  - New program launches
  - Normalization of full year vehicle production volumes towards recent historical norms
    - Mainly in Q3F21 versus prior year when OEM production stoppages occurred for much of the quarter
- Quoting activity remains very encouraging. We are seeing and seizing upon ample opportunities across all vehicles, including EV's, hybrid's and ICE's

# Q4 F2020 Operations Overview



## Key Highlights in the Quarter – Casting & Extrusion

- Casting & Extrusion segment sales down 25% from prior year quarter due to:
  - Softer general economic conditions arising from the impact of COVID-19
  - Delayed impact from OEM production stoppages on Large Mould group, which continued to work on new programs in Q3F20, but experienced reduced activity for die rebuilds in the current quarter
    - Also lumpiness of Large Mould revenue recognition
  - Extrusion end market is estimated to have contracted by 10% - 12%
  - Lower steel surcharges and tariff pass-throughs
- These factors were partially offset by
  - Increased demand for consumable die-cast tooling within the Castool group
  - Increased volume activity from new Extrusion group facility in Mexico

# Q4 F2020 Operations Overview



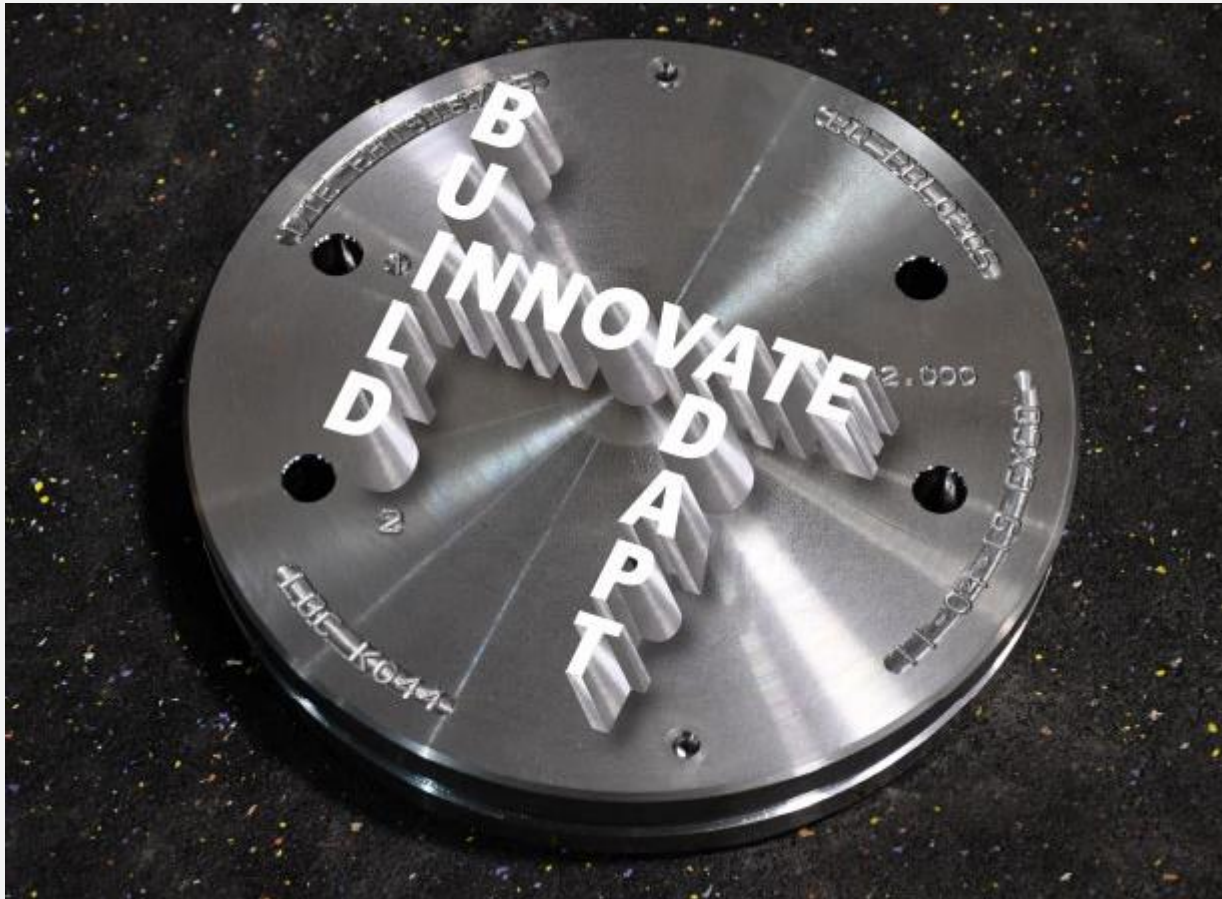
## Key Highlights in the Quarter – Casting & Extrusion

- Segment PTP improved slightly to \$4.2M in Q4F20 despite the revenue decline due to:
  - Favorable mix, including increased demand for higher value-add products
  - Various efficiency improvements across the segment
  - Lower steel prices
  - Use of government wage support programs
- Overall backlog and bidding activity remain decent and outlook for growth in F21 is very promising
  - Demand within the extrusion end market is expected to continue improving
  - Growth from new customers, particularly within the Large Mould and Castool groups
    - Especially for non-powertrain automotive tooling components
  - Our multi-plant footprint, harmonized manufacturing methods as well as the increasing size and complexity of tooling generally are contributing to market share gains across the segment
- COVID-19 safety measures continue to be followed/ enhanced across the group





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**Matthew Posno**  
Chief Financial Officer

# Q4 F2020 Financial Overview



## Consolidated Results Versus Prior Year Period

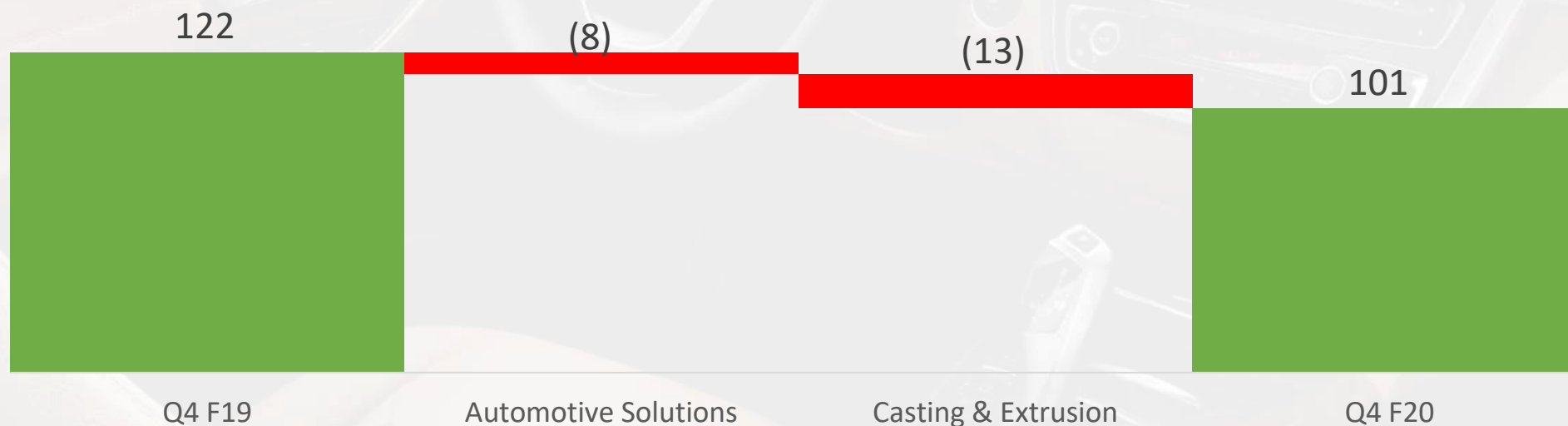
- Revenue of \$100.7M; down \$21.1M or 17% due mainly to COVID-related impact on demand
- EBITDA of \$15.8M; up 2.6M or 19%,
  - Slightly higher gross margin percentage year over year (22% in F20 vs 20% in F19), due mainly to improvement in Auto Solutions
  - Reduced selling and general admin expenses (7% in F20 vs 9% in F19)
  - Increased bad debt provisions and unfavorable FX swings mostly offset by wage subsidies and lower severance costs
- Casting and Extrusion segment revenues down by 25% but EBITDA up 11%
- Automotive Solutions segment revenues down 12% but EBITDA up 71%
- EPS of \$0.27 versus \$0.17
  - Results include \$2.3M (\$0.06 EPS) of tax reversal related to ALC
- Free cash flow of \$10M in the quarter (\$42M or \$1.04/ share for the year)
- Repurchased 481,600 shares for \$3.2M
- Balance sheet in a \$27M net cash position as at Sept 30 2020

# Q4 F2020 Financial Overview



## Consolidated Revenue Reconciliation

C\$ Millions

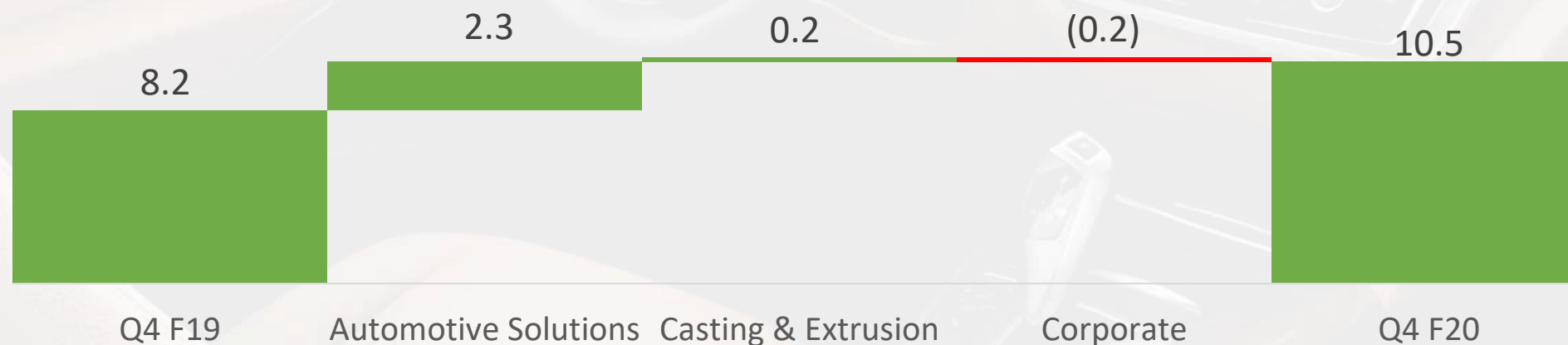


# Q4 F2020 Financial Overview



## Consolidated PTP Reconciliation (Before Interest and Other Expense)

C\$ Millions





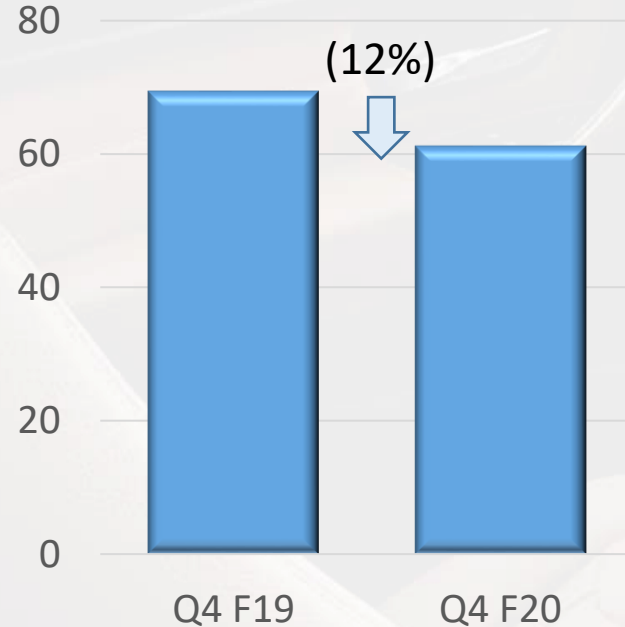
# Automotive Solutions Segment



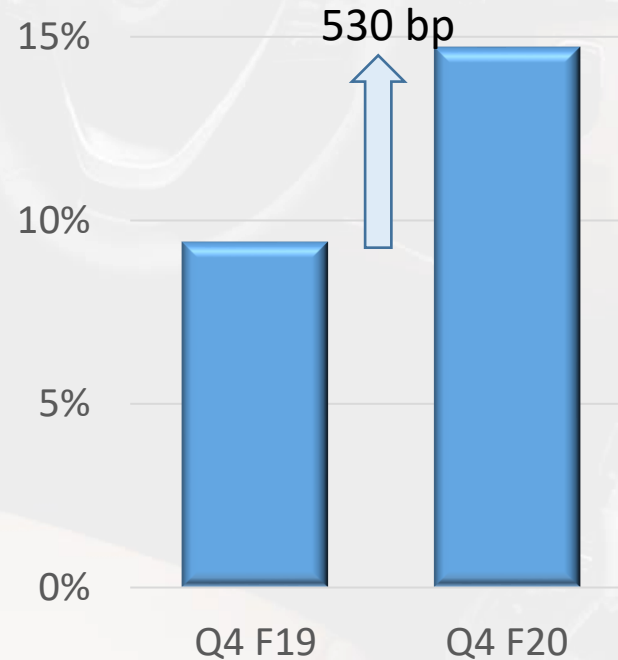
Segment EBITDA up almost 40% on strong margin expansion

C\$ Millions

Revenue

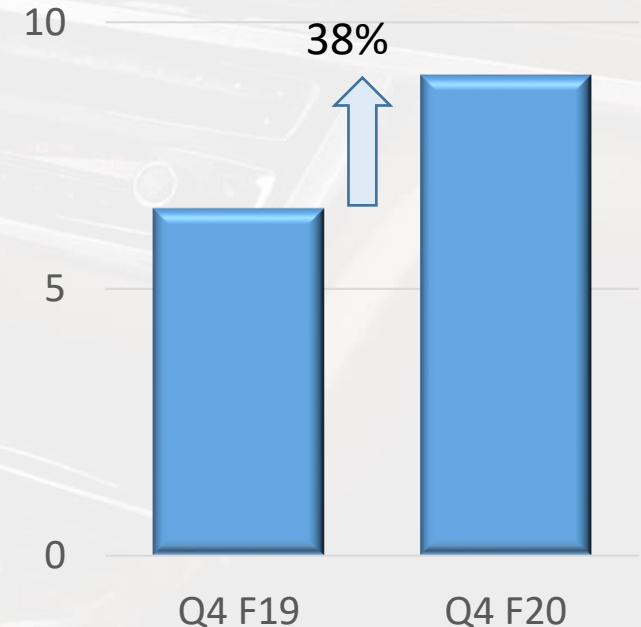


Segment EBITDA Margin



C\$ Millions

EBITDA



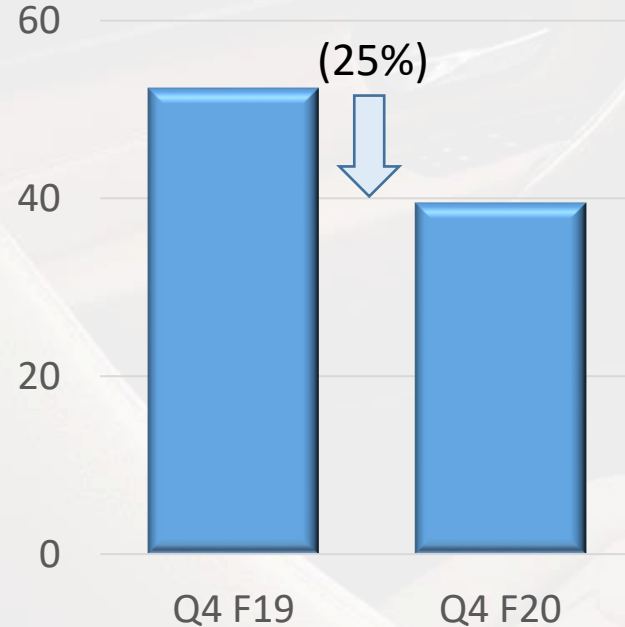
# Casting & Extrusion Segment



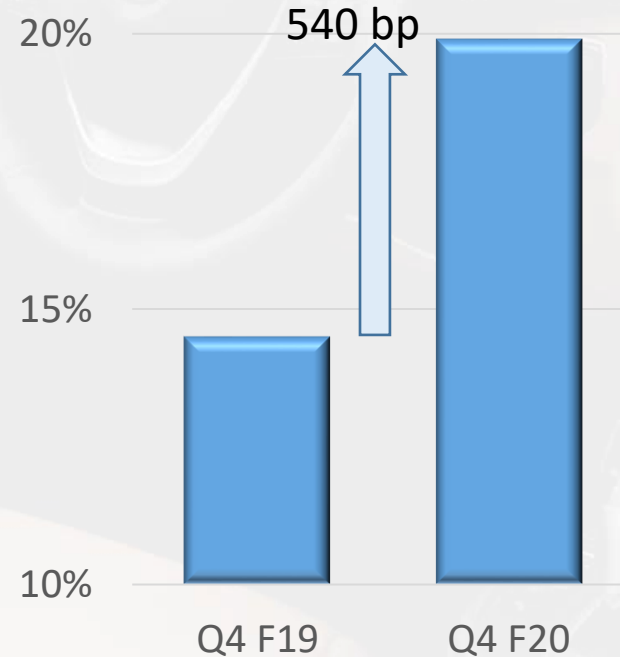
## Segment EBITDA up on margin enhancement

C\$ Millions

Revenue

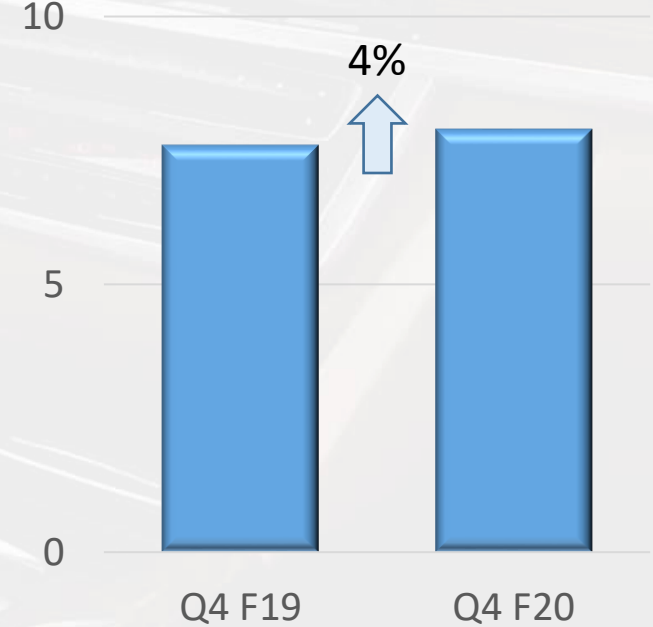


Segment EBITDA Margin



C\$ Millions

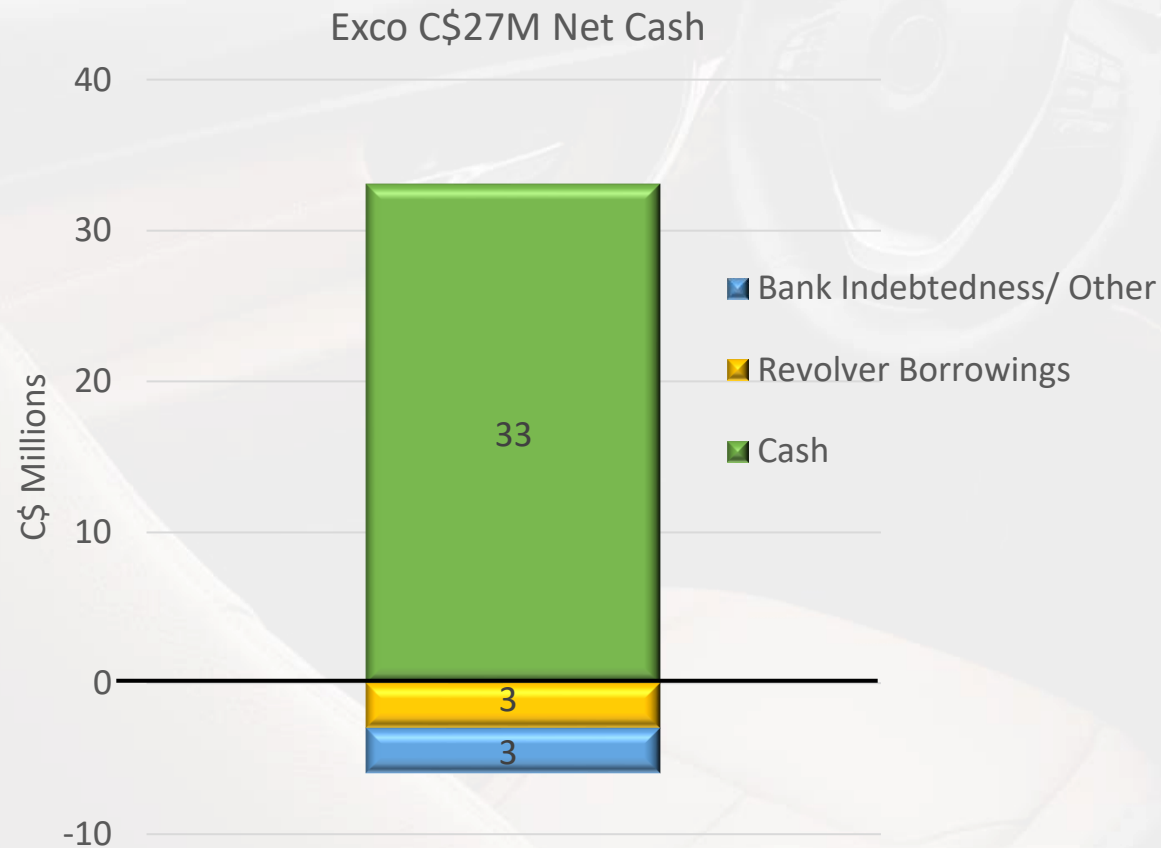
Segment EBITDA



# Financial Leverage & Liquidity



## Balance Sheet in a \$27M Net Cash Position



- F2020 EBITDA of C\$53M
- C\$50M committed revolver matures February 2023; \$44M available
- Balance sheet cash of \$33M
- Significant cushion to bank facility covenants

# Questions







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