



*Technologies Limited*



# Q2 F2021 Earnings Call

April 29, 2021

# 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

# Q2 F2021 Operations Overview



## Key Highlights in the Quarter – Automotive Solutions

- Overall industry vehicle production down 5% in North America and 1% Europe compared to prior year quarter
  - Volumes were negatively impacted by the global microchip shortage, and the February 2021 Texas storm, and COVID-19 related issues.
  - US light vehicle SAAR currently running at 17.7M units indicating strong consumer demand.
- Excluding the impact of foreign exchange rate fluctuations segment sales were down 1% versus prior year quarter due to:
  - Favorable mix of vehicles sold, including high content on several refreshed models;
  - Launch of new programs;
  - Restocking of inventory channels, although at lower levels than Q1 F2021.

# Q2 F2021 Operations Overview



## Key Highlights in the Quarter – Automotive Solutions

- Segment PTP of \$9.4M in Q2 F21 compared to \$9.4M in the prior year quarter due to:
  - Cost actions and general efficiency improvements;
  - Favorable product mix shift;
  - Partially offset by higher input costs, expedited costs, overtime and shutdowns due to the February Texas storm.
- Quarterly segment EBITDA Margin of 15.9% compared to 15.1% in the prior year quarter.
- Supply chain risk remains across the industry, but we continue to take steps to actively mitigate:
  - Inventory build up to act as a buffer, where possible;
  - All plants continue to refine measures to operate safely.
- Annual Mexico union labour negotiations completed in January 2021 consistent with our expectations.

# Q2 F2021 Operations Overview



## Key Highlights in the Quarter – Automotive Solutions

- Combined North America and Europe industry vehicle production expected to be up in H2 from prior year levels:
  - Lapping weak volumes the prior year when automotive OEM shut downs occurred due to COVID response measures;
  - Vaccination roll-out continues across North American and Europe;
  - Lower dealer inventory levels, record high used vehicle pricing, reducing new car incentives, etc indicate strong underlying fundamentals for new vehicle demand;
  - The global microchip manufacturing ramps up from previous lows.
- Quoting activity remains encouraging:
  - We are seeing and quoting on ample opportunities across all vehicles, including EV's, hybrid's and ICE's.

# Q2 F2021 Operations Overview



## Key Highlights in the Quarter – Casting & Extrusion

- Excluding the impact of foreign exchange fluctuations Casting & Extrusion segment sales increased 11% from prior year quarter due to:
  - Strong demand for extrusion dies across North and South America in virtually all sectors;
  - Continued strength in Castool's die-cast consumable tooling products;
    - Electric vehicle and lightweighting driving higher demand;
  - Orders for extrusion capital goods increased in the 2<sup>nd</sup> quarter;
  - We believe we gained market share.
- These factors were partially offset by delivery delays in the Large Mould Group;
  - Sales in the Large Mould Group will pick up in H2.

# Q2 F2021 Operations Overview



## Key Highlights in the Quarter – Casting & Extrusion

- Segment PTP improved to \$7.4M and EBITDA margin was 22% in Q2F21 due to:
  - Various efficiency improvements across the segment;
  - Favorable mix, including increased demand for higher value-add products;
  - More balanced production demand across the group's various plants.
- Overall backlog continued to build through the quarter; bidding activity remains solid:
  - 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 increasing the size and complexity of tooling generally are contributing to market share gains and greater efficiency across the segment.
- COVID-19 safety measures continue to be followed across the group.





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**Matthew Posno**  
Chief Financial Officer

# Q2 F2021 Financial Overview



## Consolidated Results Versus Prior Year Period

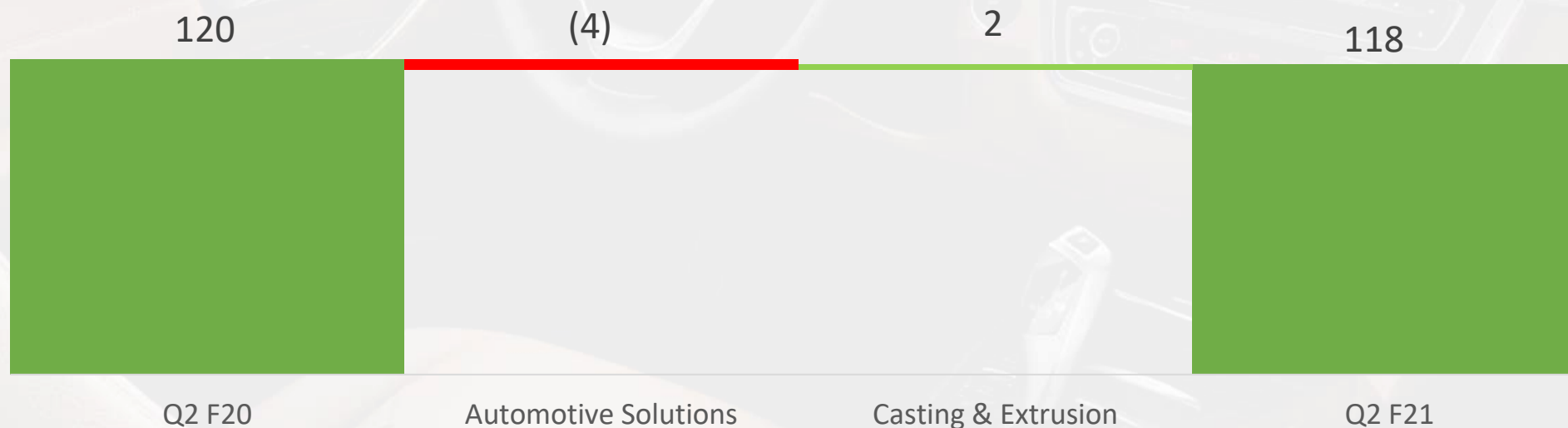
- Revenue of \$118.4M; excluding foreign exchange fluctuations revenue up 4% compared to prior year quarter.
- EBITDA of \$20.3 up \$2.7M or 15%:
  - Higher gross margin percentage year over year (25% vs 24%), due to improvement in Casting and Extrusion;
  - Reduced selling and general admin expenses (7% vs 8%);
  - Partially offset by increased other expenses (+\$1M yr/ yr), mainly due to adverse fx movements and incentive expenses.
- Casting and Extrusion segment revenues up 11% (excluding FX) and EBITDA up 5%.
- Automotive Solutions segment revenues down 1% (excluding FX) and EBITDA up 1%.
- EPS of \$0.30 versus \$0.24.
- Free cash flow of \$6.8M in the quarter.
- No activity under NCIB during the quarter.
- Balance sheet in a \$28.4M net cash position as at March 31 2021.

# Q2 F2021 Financial Overview



## Consolidated Revenue Reconciliation

C\$ Millions

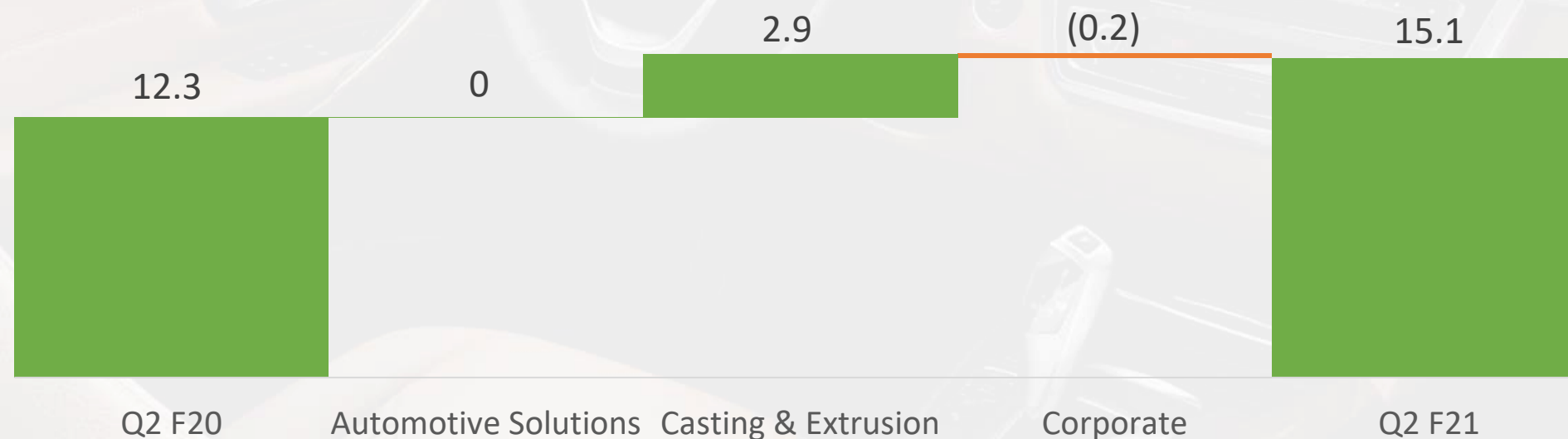


# Q2 F2021 Financial Overview



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

C\$ Millions

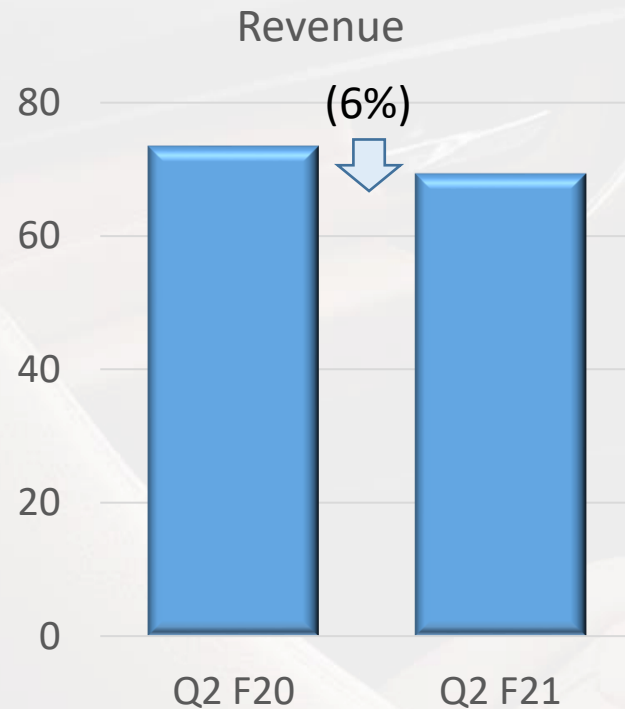


# Automotive Solutions Segment

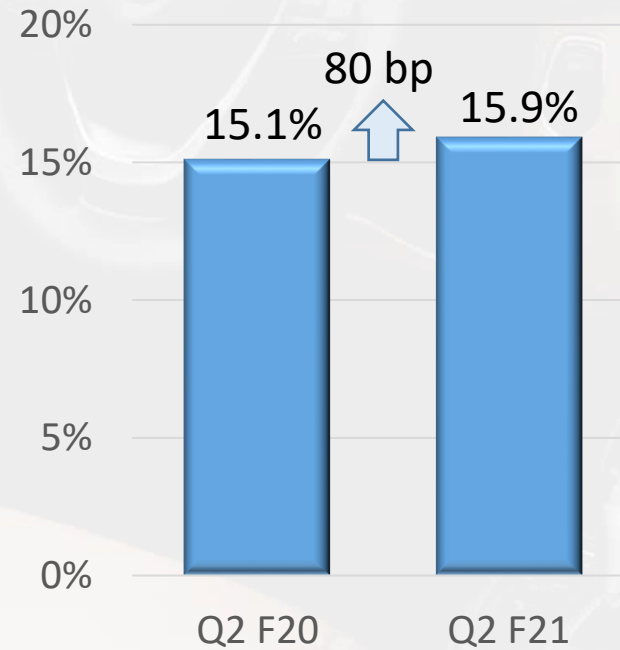


Segment EBITDA strength consistent with prior periods.

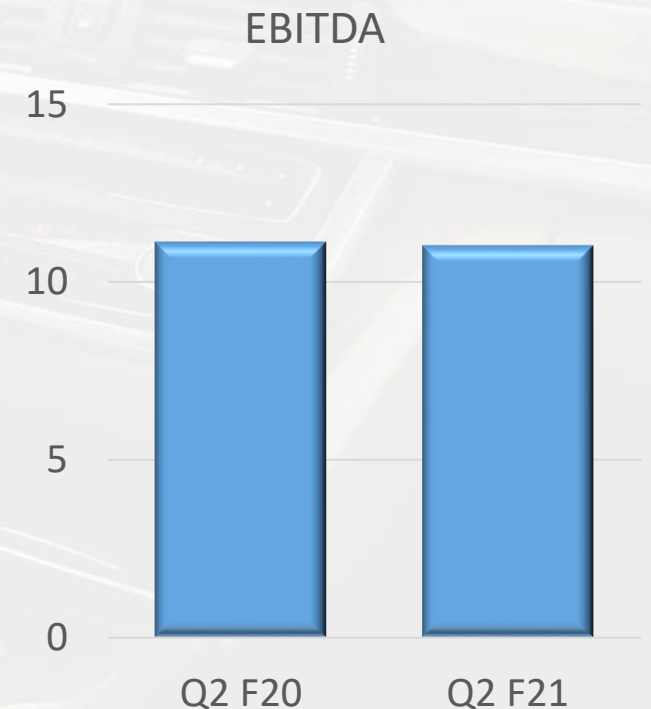
C\$ Millions



Segment EBITDA Margin



C\$ Millions



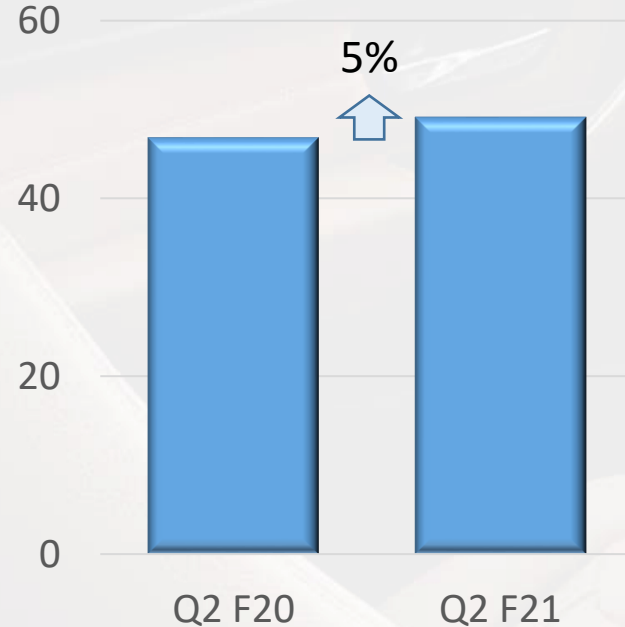
# Casting & Extrusion Segment



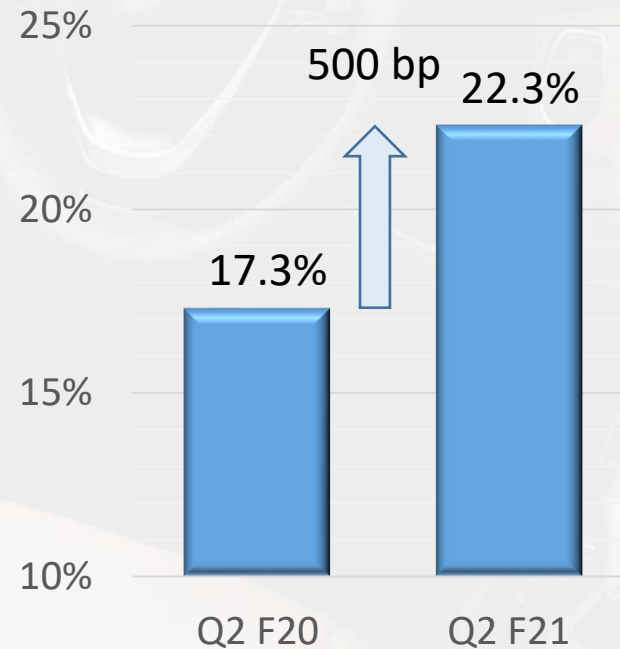
## Segment EBITDA up on margin enhancement

C\$ Millions

Revenue

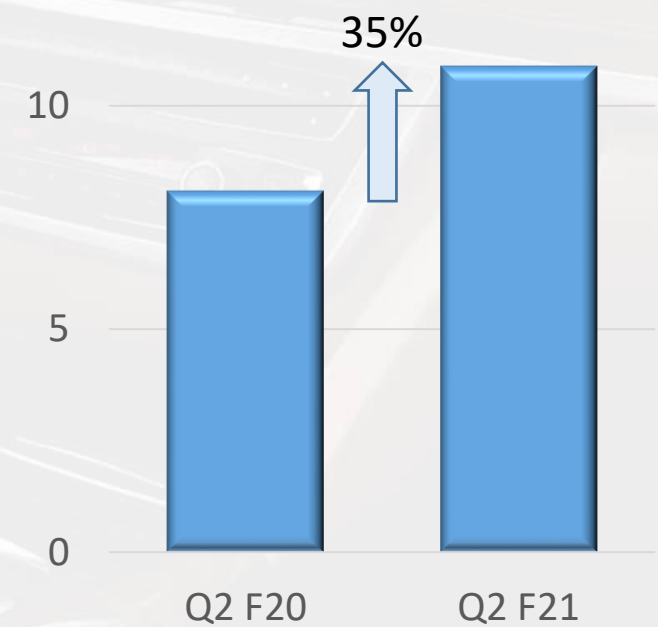


Segment EBITDA Margin



C\$ Millions

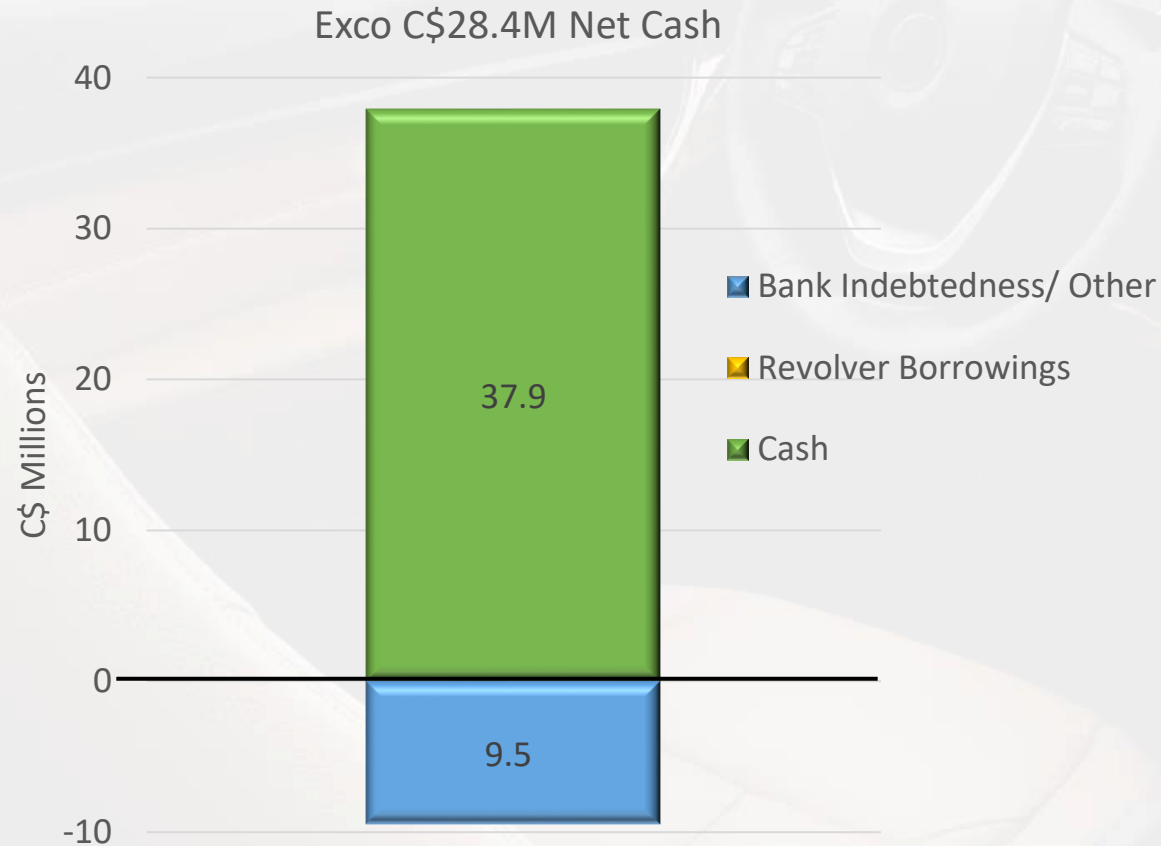
Segment EBITDA



# Financial Leverage & Liquidity



## Balance Sheet in a \$28M Net Cash Position



- LTM EBITDA of C\$60M
- C\$50M committed revolver matures February 2023; \$40.5M available
- Balance sheet cash of \$37.9M
- Significant cushion to bank facility covenants

# Questions







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Shaping a  
**Sustainable** Future