



Technologies Limited



Tradition of Excellence

Q2 F2023 Earnings Call

April 28, 2023

Cautionary Statement



This presentation contains forward-looking information and forward-looking statements within the meaning of applicable securities laws. We use words such as "anticipate", "may", "will", "should", "expect", "believe", "estimate", "5-year target" and similar expressions to identify forward-looking information and statements especially with respect to growth, outlook 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, operating efficiencies, improvements in, expansion of and/or guidance or outlook as to future revenue, sales, production sales, margin, earnings, earnings per share, including the outlook for 2026, are forward-looking statements. 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. These forward-looking statements are based on our plans, intentions or expectations which are based on, among other things, the current improving global economic recovery from the COVID-19 pandemic and containment of any future 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, supply disruptions, economic conditions, inflation, currency fluctuations, trade restrictions, our ability to integrate acquisitions, our ability to continue increasing market share, or launch of new programs and the rate at which our current and future greenfield operations in Mexico and Morocco achieve sustained profitability. 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. 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



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Darren Kirk
Chief Executive Officer

Operations Review

Q2 F2023 Operations Overview



Key Highlights in the Quarter – Strategic Growth Initiatives

Castool

- Morocco greenfield facility – Ramping up slowly but showing good traction
- Heat treatment operations – All equipment installed and operational
- Mexico greenfield facility – Initial production is planned for the third quarter of fiscal 2023

Large Mould

- Equipment Additions – All equipment operational to capture growth in the very large die-cast market segment

Extrusion

- Heat Treatment – All equipment operational: Mexico (new), Texas (expanded) and Markham (replacement)
- Halex – Integration into the Extrusion group and realizing synergies from the sharing of best practices ongoing

Automotive Solutions

- Building Additions – Final major pieces of new equipment became operational in the second quarter of fiscal 2023

Q2 F2023 Operations Overview



Key Highlights in the Quarter – Casting and Extrusion

- Solid demand for large and complex tooling and related solutions
 - Accelerating adoption of EVs and broader environmental sustainability movements key drivers
- Large Mould seeing very strong demand with record quarterly order intake and backlog levels
- Demand for Castool's consumable die-cast tooling improving with higher vehicle production volumes coupled with market share gains
- Extrusion consumable tooling demand has softened modestly along with weakening global macro economic conditions
 - Orders/ backlog for capital equipment related to the extrusion end market remain firm
- Improving conditions in Europe as energy costs recede, labour markets have more slack and demand remains firm
- EBITDA margin improved to 14% from 13% prior year despite one-time cyber costs
 - Further upside is expected through: increased scale, elimination of start-up costs associated with strategic investments, efficiency gains and pricing action

Q2 F2023 Operations Overview



Key Highlights in the Quarter – Automotive Solutions

- Overall industry vehicle production estimated up 10% in N.A and up 15% in Europe vs prior year quarter
 - Production remains constrained by chip shortage and general supply chain issues
 - Shortages expected to continue easing however effects likely to drag on well into C23
 - IHS expects NA and Europe industry vehicle production to grow +6% in C23 versus C22
 - NA yr/ yr production expected to be +10% in Exco Q3F23; Europe +8% in Q3F23
 - US SAAR (sales) holding around 15M units; Europe stable at around 12M units
- Segment revenue up \$15M/ 22% year over year
 - Outperformed market conditions due to favorable vehicle mix; continuation of new program launches and FX movements
- EBITDA margin improved to 13% from 11% prior year due to: better overhead absorption, favorable mix, efficiency improvements, offset by continued pressure on wages, materials and transportation costs
 - Significant launch costs during the quarter are expected to subside going forward



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Matthew Posno

Chief Financial Officer

Financial Review

Q2 F2023 Financial Overview



Consolidated Results Versus Prior Year Period

- Revenue of \$155.5M; up \$36.2M or 30% compared to \$119.3M last year
 - Revenue was up 18% excluding Halex and FX movements
- EBITDA of \$17.8M; up 42% from \$12.5M last year
 - Strong improvement from Auto Solutions group as vehicle volumes recovered and newer programs continued to ramp
 - Contributions from Halex more than offset slowing demand for extrusion tooling in North America
 - Improvements in Large Mould and Castool groups from higher volumes, efficiency gains and select pricing action
 - Price increases, where possible
 - Above improvements were partially offset by:
 - One-time Cyber Incident costs of \$1.6M
 - Inflationary pressures and ongoing operational and logistics challenges (less pronounced than recent quarters)
 - Start-up costs at new Castool greenfield facilities (Morocco, Mexico and Newmarket Heat treatment)
 - Launch costs for significant new programs in the Auto Solutions segment

Q2 F2023 Financial Overview



Consolidated Results Versus Prior Year Period

- Casting and Extrusion segment revenues up 42% and EBITDA up 46% (EBITDA Margin improved to 14% from 13%)
 - Segment revenues up by 12% organically
 - Margins remain suppressed by start-up costs from significant investment activity
- Automotive Solutions segment revenues up 22% and EBITDA up 35% (Margin increased to 13% from 11%)
- EPS of \$0.16 versus \$0.13, reconciled to prior year:

Q1	F23 (\$000's)	EPS	F22 (\$000's)	EPS
EBITDA ex cyber costs	19,441	0.50	12,538	0.32
Cyber Costs	(1,600)	(0.04)	--	--
EBITDA	17,841	0.46	12,538	0.32
Depreciation/ Amort	(7,807)	(0.20)	(5,710)	(0.15)
Interest	(2,038)	(0.05)	(193)	(0.00)
Taxes	(1,708)	(0.04)	(1,537)	(0.04)
Net Income	6,288	0.16	5,098	0.13

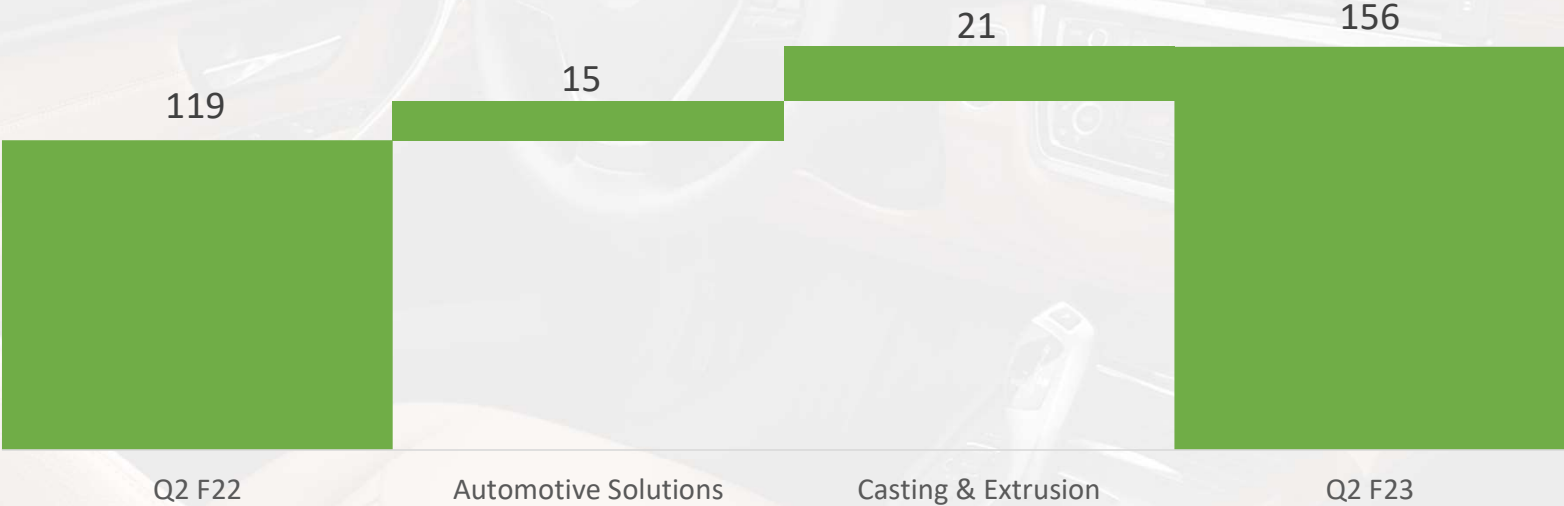
- Free cash flow of \$1.1 in the quarter (after \$10.1M of working capital use and \$2.9M of maintenance capex)

Q2 F2023 Financial Overview



Consolidated Revenue Reconciliation

C\$ Millions

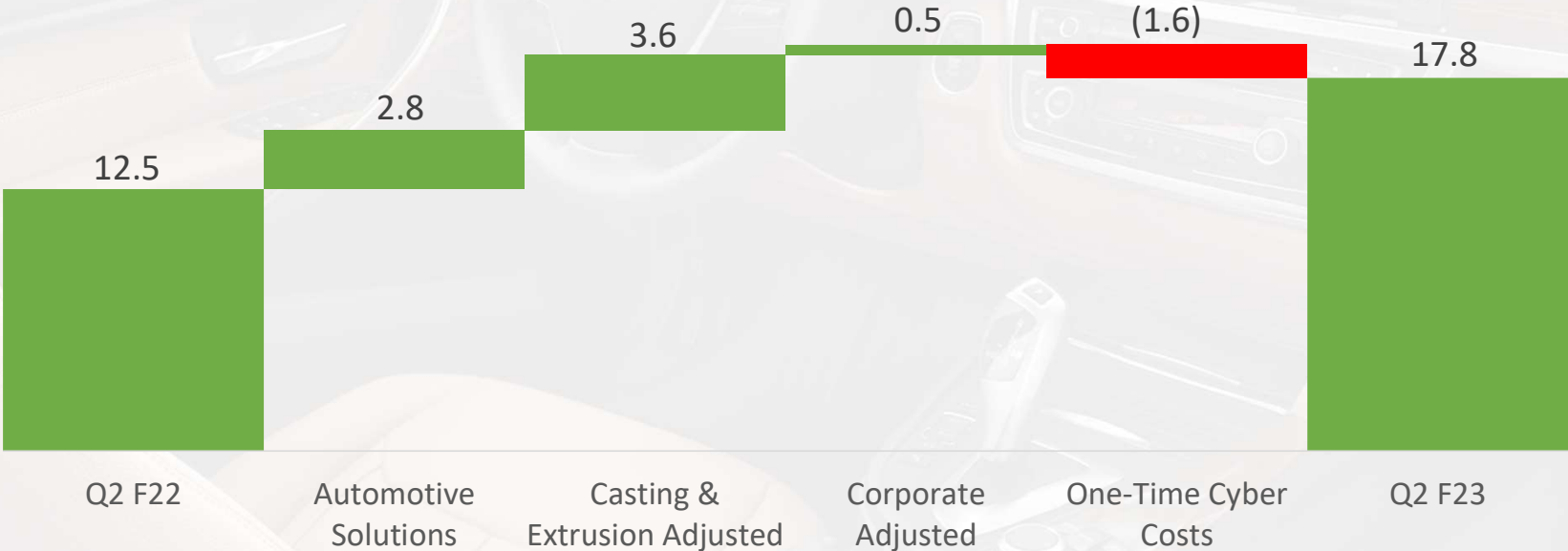


Q2 F2023 Financial Overview



Consolidated EBITDA Reconciliation

C\$ Millions



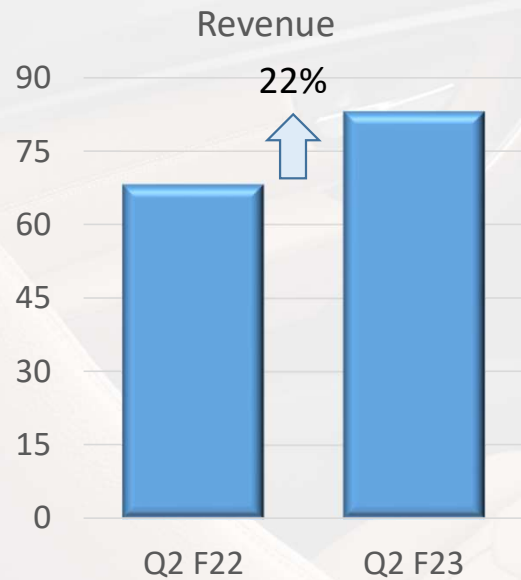
Corporate and C&E segments adjusted to exclude \$1M and \$0.6M of one-time cyber incident costs, respectively

Automotive Solutions Segment

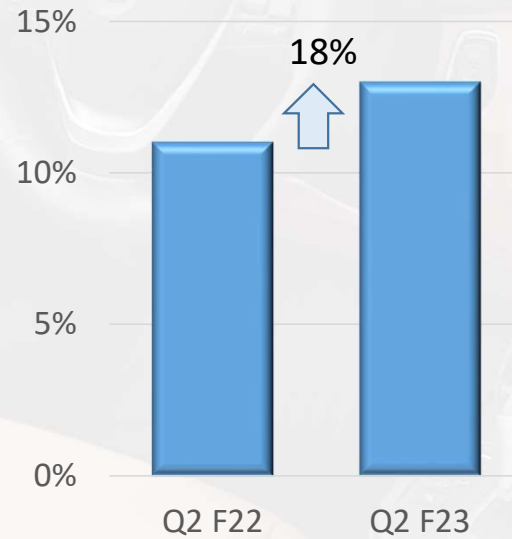


Segment Results increased with higher and more consistent production volumes

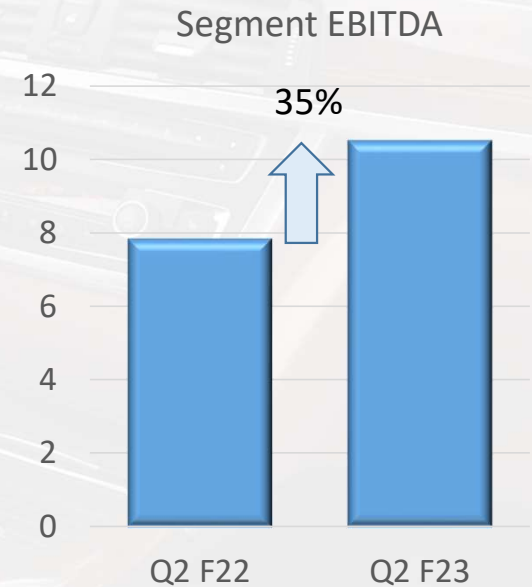
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Segment EBITDA Margin



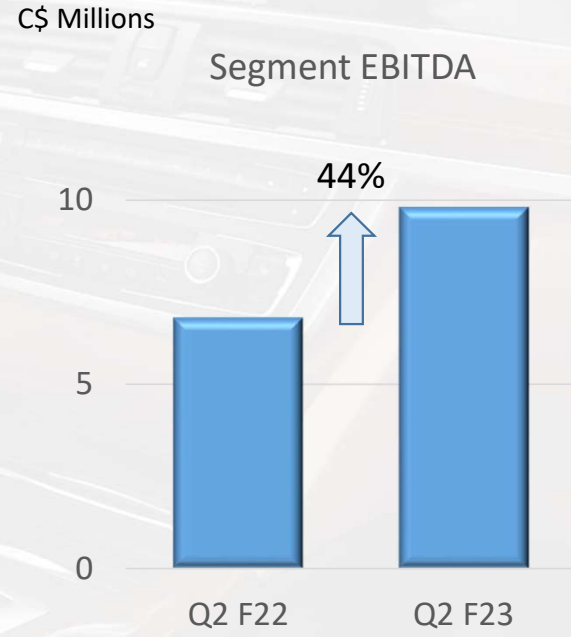
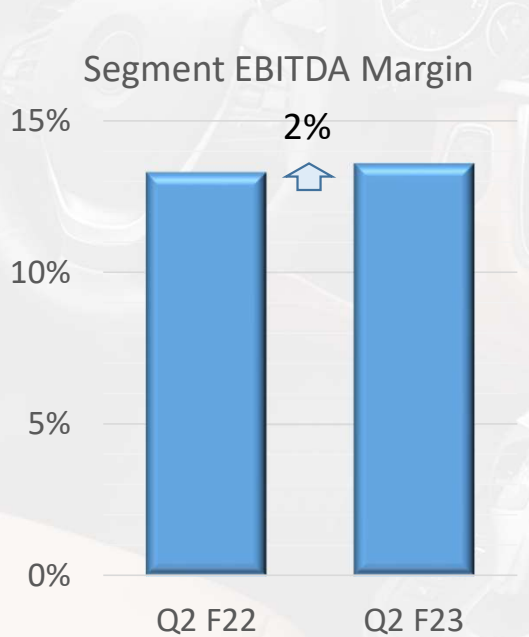
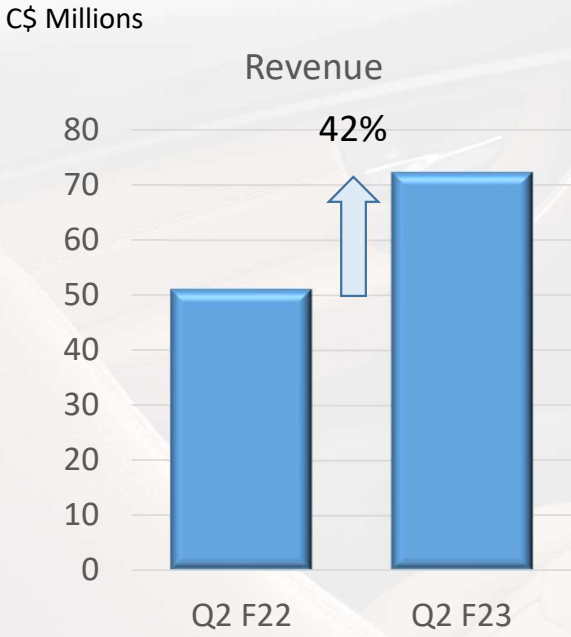
C\$ Millions



Casting & Extrusion Segment



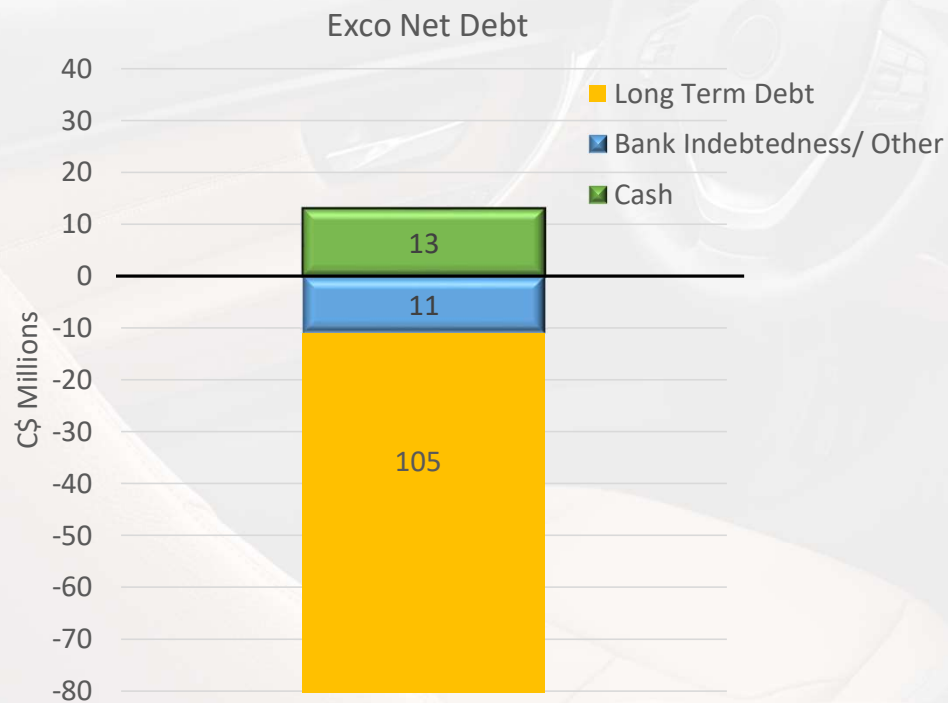
Further Margin Gains Expected as Newer Operations Season



Financial Leverage & Liquidity



Net leverage of 1.6x as at March 31, 2023



- LTM EBITDA of C\$64M
- C\$150M committed revolver matures February 2025
- Balance sheet net debt of \$103M
- C\$48M of Liquidity
- Significant cushion to bank facility covenants

Questions





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