



Technologies Limited



Tradition of Excellence

Q3 F2023 Earnings Call

August 3, 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

Q3 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 – Commercial production is planned for the first quarter of fiscal 2024

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

Q3 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
 - Traditional OEMs and tier foundries are increasingly announcing plans to adopt “giga-presses”
- Large Mould seeing very strong demand with near record backlog levels
- Additive operations achieved record quarterly sales and order intake in Q3
- Demand for Castool’s consumable die-cast tooling improving with higher vehicle production volumes and market share gains
- Extrusion consumable tooling demand has softened 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, though volumes have softened
- Margin improvement is expected through: increased scale, elimination of start-up costs associated with strategic investments, efficiency gains and pricing action

Q3 F2023 Operations Overview



Key Highlights in the Quarter – Automotive Solutions

- Overall industry vehicle production estimated up 15% in N.A and up 14% 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 +9% in C23 versus C22
 - NA yr/ yr production expected to be +8% in Exco's Q4F23; Europe +6% in Q4F23
 - SAAR (sales) holding around 15.5M units in US; Europe stable at around 12M units
- Segment revenue up \$22M/ 33% year over year
 - Outperformed market conditions due to favorable vehicle mix and continuation of new program launches
- EBITDA margin improved to 13% from 10% prior year due to: better overhead absorption, favorable mix, efficiency improvements, offset by continued pressure on wages, higher materials costs and unfavorable FX movements
 - Launch costs during the quarter are expected to subside going forward



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Matthew Posno
Chief Financial Officer

Financial Review

Q3 F2023 Financial Overview



Consolidated Results Versus Prior Year Period

- Revenue of \$164.5M; up 27% compared to \$129.2M last year
 - Revenue was up 17% excluding Halex and FX movements
- EBITDA of \$18.6M; up 27% from \$14.6M last year
 - Strong improvement from Auto Solutions group as vehicle volumes recovered and newer programs continued to ramp up
 - Very strong Improvement in Large Mould group as sales increased and margins improved
 - Gains from Castool, including Castool Morocco
 - Price increases, where possible; all partially offset by:
 - Reduced demand for Extrusion products given softening macro conditions
 - Widespread inflationary pressures and ongoing operational and logistics challenges remain but were much less pronounced than recent quarters
 - Start-up losses at Castool Mexico
 - Increased Corporate expenses due to FX losses and higher incentive compensation expense

Q3 F2023 Financial Overview



Consolidated Results Versus Prior Year Period

- Casting and Extrusion segment revenues up 21% and EBITDA up 7%
- Automotive Solutions segment revenues up 34% and EBITDA up 65%
- EPS of \$0.16 versus \$0.14, reconciled to prior year:

Q3	F23 (\$000's)	EPS	F22 (\$000's)	EPS
EBITDA	18,567	0.48	14,594	0.37
Depreciation/ Amort	(8,192)	(0.21)	(6,513)	(0.17)
Interest	(1,947)	(0.05)	(755)	(0.02)
Taxes	(2,165)	(0.06)	(1,763)	(0.05)
Net Income	6,263	0.16	5,563	0.14

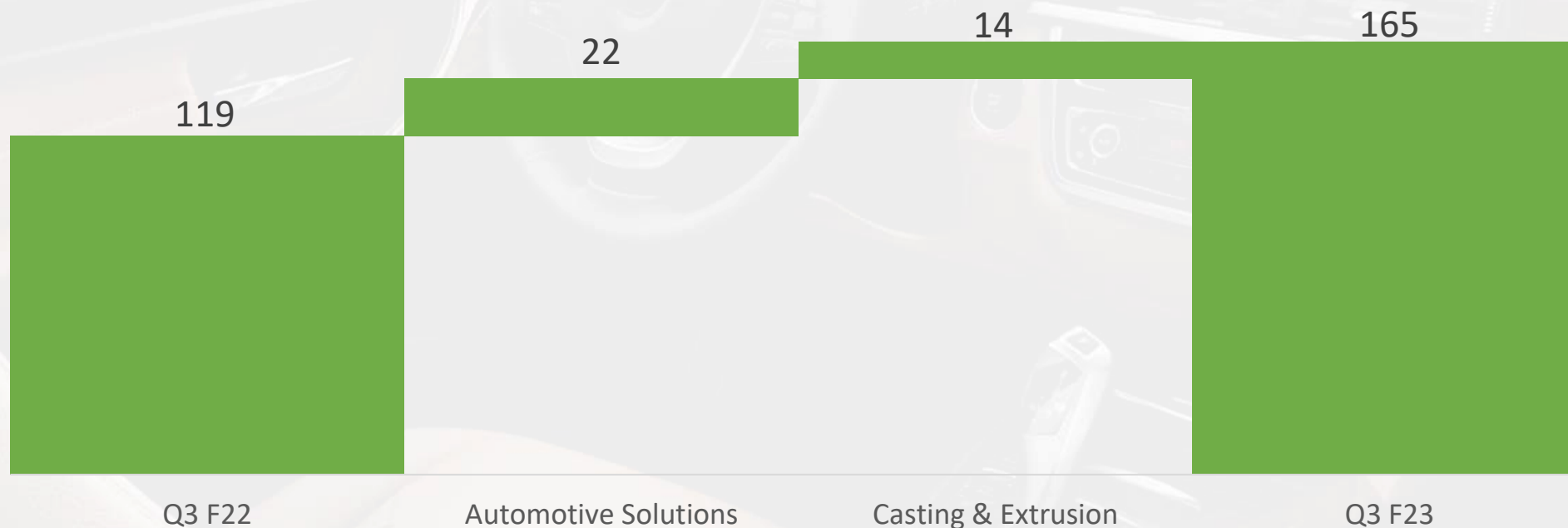
- Free cash flow of \$16.9M in the quarter (after \$7.3M of working capital source and \$4.9M of maintenance capex)
- Balance sheet net debt reduced to \$96.7 and net leverage was 1.4x

Q3 F2023 Financial Overview



Consolidated Revenue Reconciliation

C\$ Millions

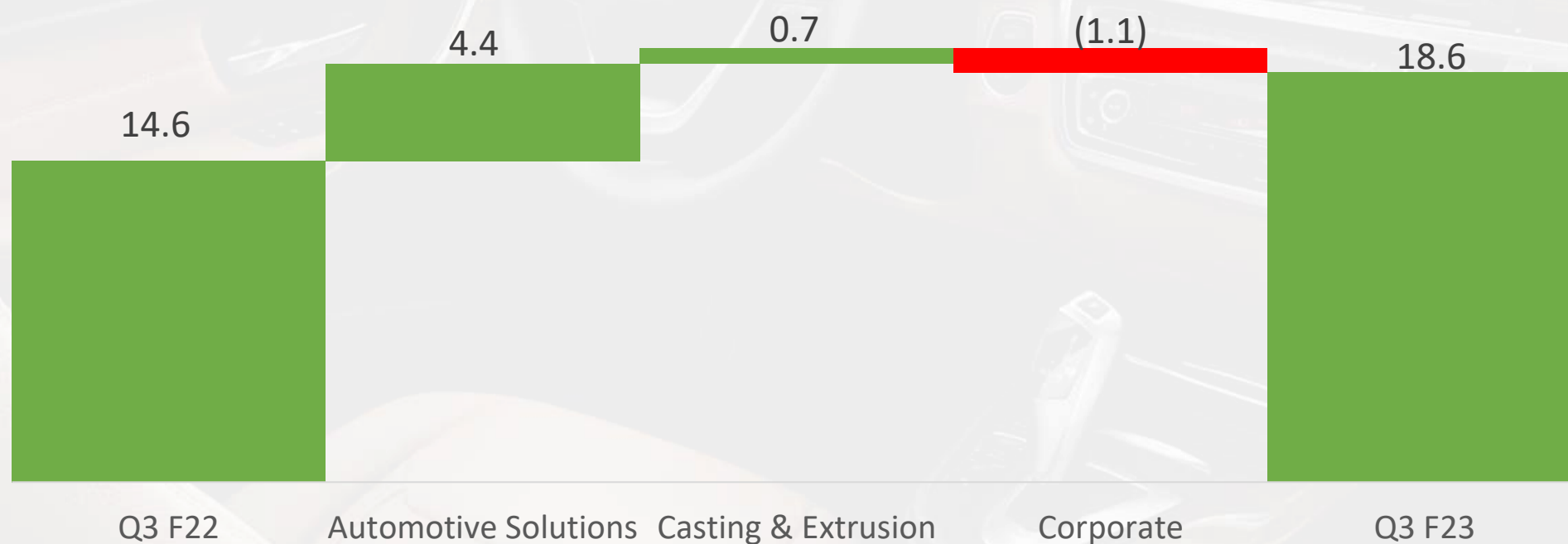


Q3 F2023 Financial Overview



Consolidated EBITDA Reconciliation

C\$ Millions

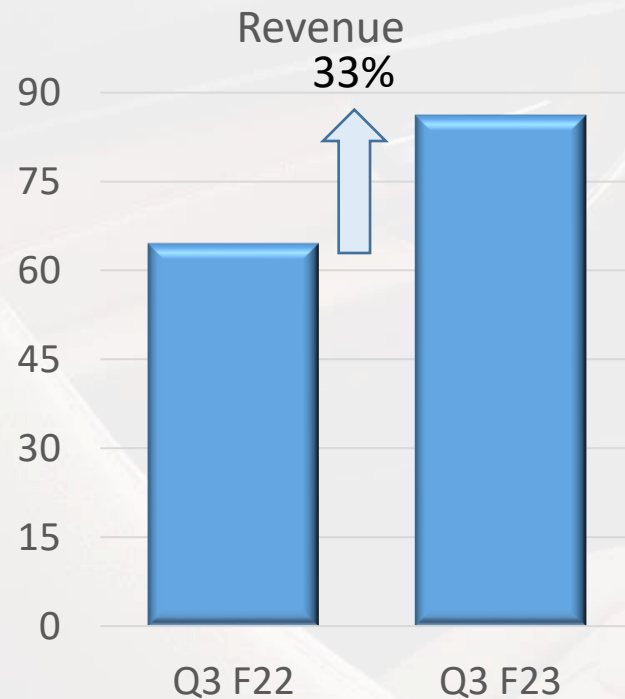


Automotive Solutions Segment

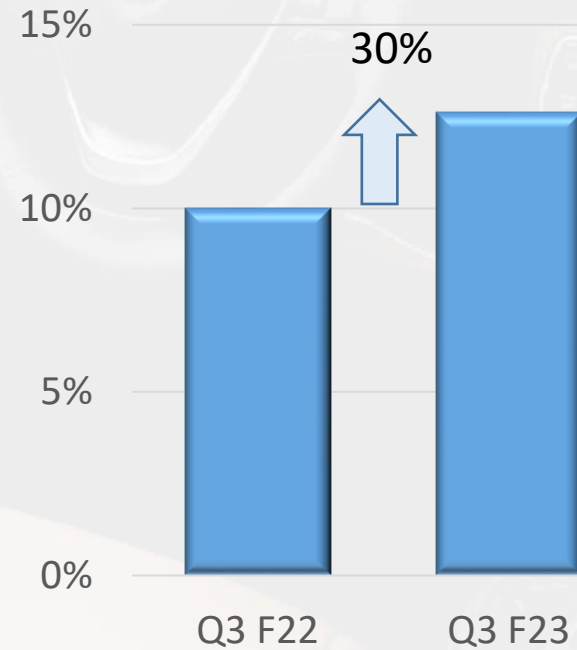


Segment Results increased with higher and more consistent production volumes

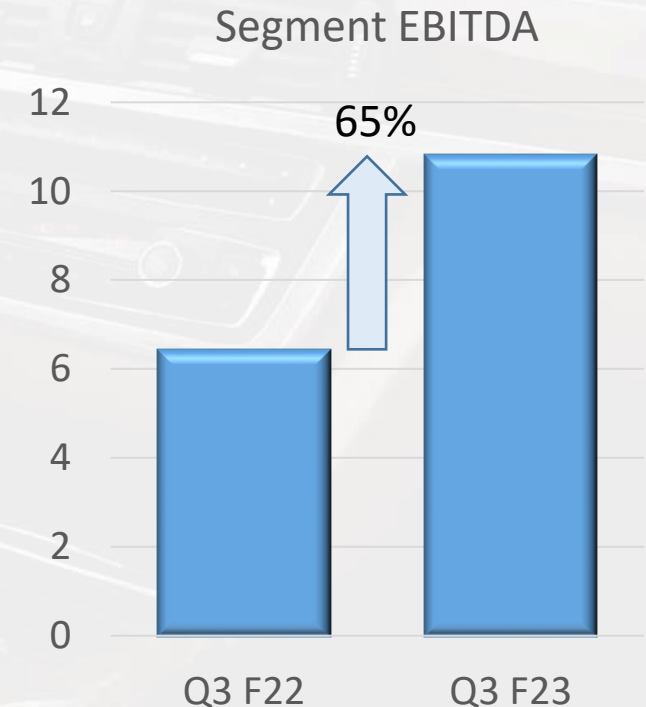
C\$ Millions



Segment EBITDA Margin



C\$ Millions

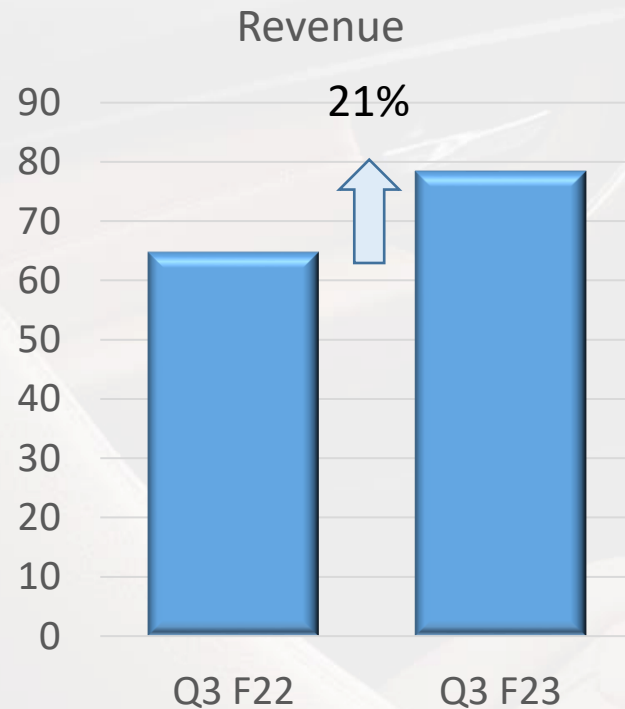


Casting & Extrusion Segment

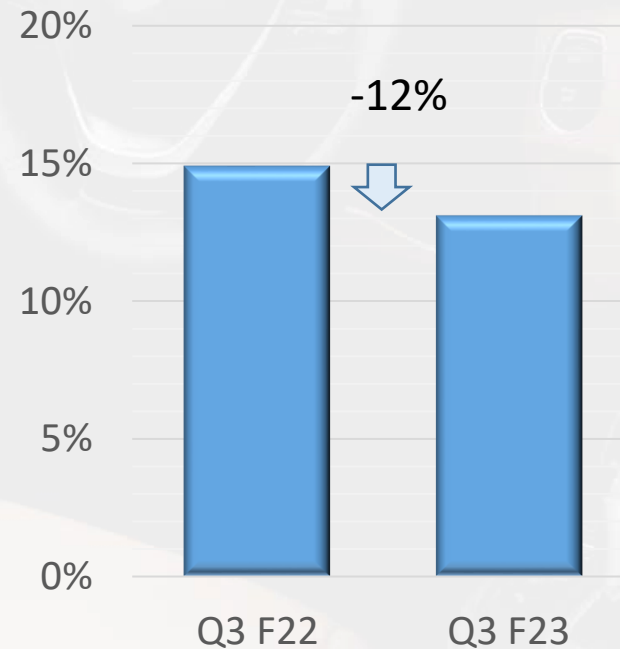


Margins Expected to Improve as Newer Operations Season

C\$ Millions

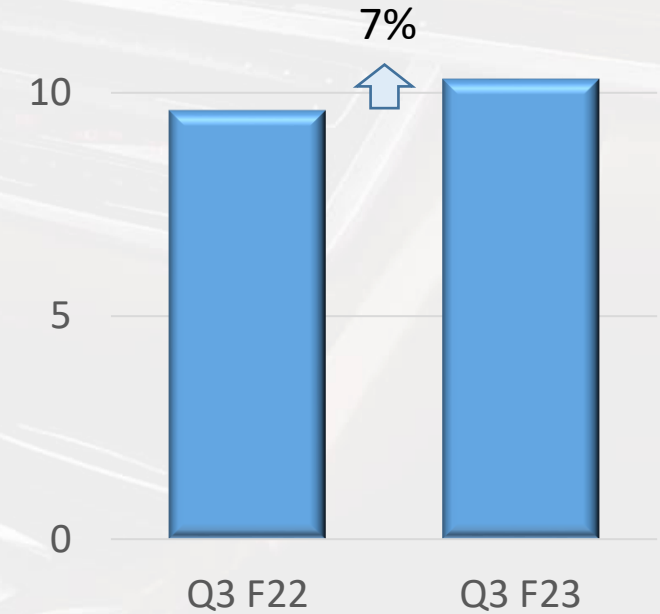


Segment EBITDA Margin



C\$ Millions

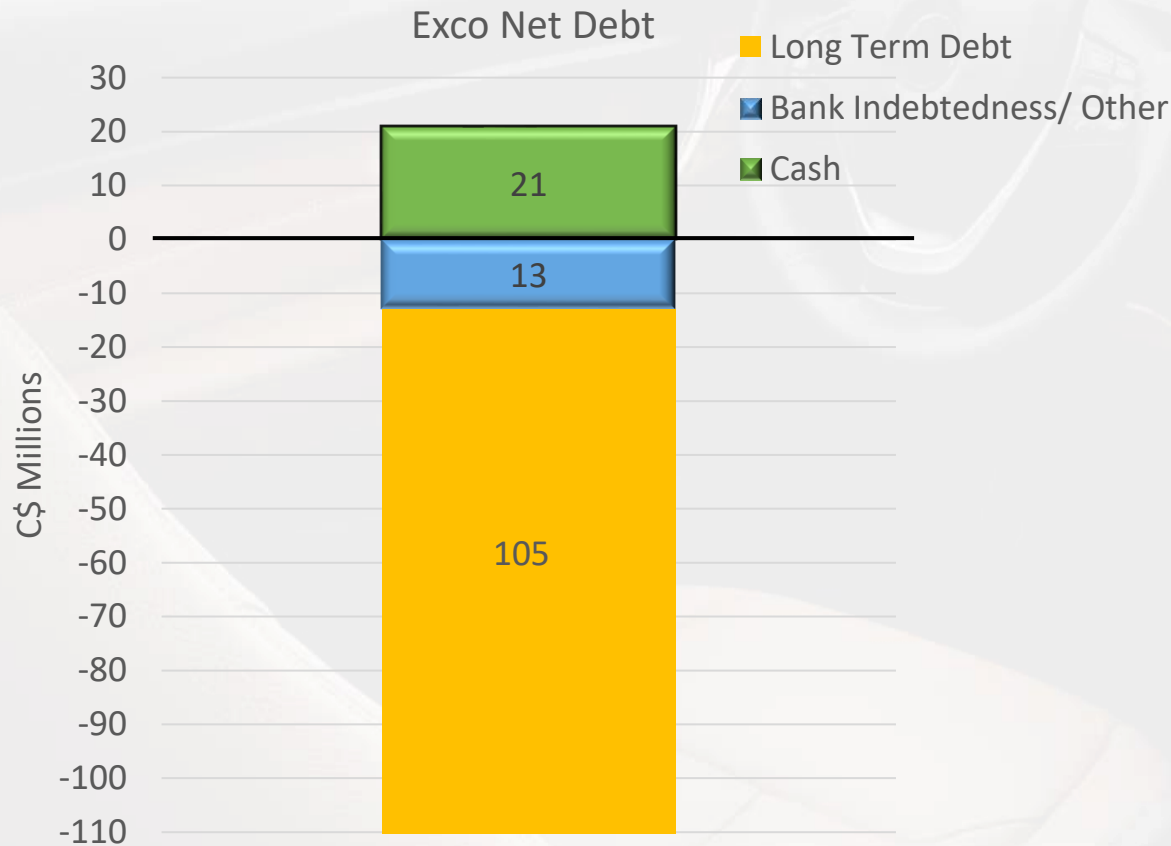
Segment EBITDA



Financial Leverage & Liquidity



Net leverage of 1.4x as at June 30, 2023



- LTM EBITDA of C\$68M
- C\$150M committed revolver matures February 2025
- Balance sheet net debt of \$97M
- C\$53M of Liquidity
- Significant cushion to bank facility covenants

Questions





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