

Exco Technologies Limited - Results for First Quarter Ended December 31, 2014

- Sales up 88% in the quarter
- Earnings up 43% in the quarter
- \$24.9 million cash on hand
- \$3.3 million cash, net of bank indebtedness
- EBITDA up 53% to \$16.9 million in the quarter

TORONTO, Jan. 28, 2015 /CNW/ - **Exco Technologies Limited (TSX:XTC)** today announced results for its first quarter ended December 31, 2014. In addition, the Company announced a 20% increase in its quarterly dividend to \$0.06 per common share which will be paid on March 27, 2015 to shareholders of record on March 13, 2015. The dividend is an "eligible dividend" in accordance with the Income Tax Act of Canada.

	Three Months ended December 31	
<i>(in \$ millions except per share amounts)</i>		
	2014	2013
Sales	\$119,897	\$63,945
Net income	\$9,638	\$6,740
Basic earnings per share	\$0.23	\$0.17
Diluted earnings per share	\$0.23	\$0.16
Common shares outstanding	42,176,770	40,762,821

Consolidated sales for the first quarter ended December 31, 2014 were \$119.9 million compared to \$63.9 million in the same quarter last year – an increase of \$56.0 million or 88%. The inclusion in the quarter of Automotive Leather Group (Pty) Company ('ALC') which was acquired by Exco on March 1, 2014 is primarily responsible for the significantly higher sales in the quarter. However, our existing businesses also grew by 22% in the current quarter.

The Automotive Solutions segment reported significantly higher sales of \$72.5 million in the first quarter – an increase of \$47.5 million or 190% over last year. This dramatic increase reflects the inclusion of ALC in the quarter. Excluding the impact of ALC, the other businesses in this segment also experienced strong growth in the quarter of 36% over last year. Polytech and Neocon sales in North America continued at elevated levels - sustained by strong vehicle unit sales as well as new product launches for refreshed, redesigned or entirely new vehicle models. Polydesign's European sales also increased substantially over the prior year as the smooth launch of new programs continued at a strong pace.

The Casting and Extrusion segment reported sales of \$47.4 million for the first quarter – an increase of \$8.4 million or 22% over last year. All businesses in the segment contributed to this sales increase.

Consolidated net income for the first quarter was \$9.6 million or diluted earnings of \$0.23 per share compared to consolidated net income of \$6.7 million or diluted earnings of \$0.16 per share in the same quarter last year – an increase of 43%.

Consolidated EBITDA for the first quarter is \$16.9 million compared to \$11.0 million in the same quarter last year – an increase of 53%. EBITDA is a non-IFRS measure. Exco calculates EBITDA as earnings before interest, taxes, depreciation and amortization. Management believes EBITDA is a useful measure that facilitates period-to-period operating comparisons and we believe some investors and analysts use it as well. This measure, as calculated by Exco, does not have any standardized meaning prescribed by IFRS and is not necessarily comparable to similar measure presented by other issuers.

The Automotive Solutions segment reported higher pretax profit of \$7.8 million in the first quarter – an increase of \$3.4 million or 76% over last year. In both Europe and North America, stronger sales provided increased earnings. Earnings at ALC in the current quarter continued to be impacted by disruption from relocation of production from South Africa to Lesotho and BMW's December shut down in Europe.

The Casting and Extrusion segment also reported higher pretax profit of \$7.4 million in the first quarter – an increase of \$1.6 million or 26% over last year. This improvement took place in spite of start-up costs at our greenfield facilities - Extrusion Brazil and Castool Thailand. Start-up costs at Castool Thailand are receding and in the quarter it experienced positive cash flow. At Extrusion Brazil we expect these costs to also recede, although at a more gradual pace over the rest of the year. Strong sales at the large mould business and Castool provided better overhead absorption.

Operating cash flow before net change in non-cash working capital was strong at \$12.7 million in the first quarter compared to \$9.2 million last year. Higher investment in non-cash working capital amounted to \$14.6 million in the first quarter compared to \$3.9 million last year due mainly to higher sales in the current quarter.

The Company remains net bank debt free despite payment of \$17.3 million to buy ALC, \$3.6 million capital expenditures and \$14.6 million investments in non-cash working capital to support our growing business. The net cash position at the close of the first quarter was \$3.3 million.

The outlook for Exco over the rest of the year continues to remain strong. The economic recovery in North America – both in the automotive sector and the greater economy – appears to be intact and should continue at a steady pace. The European automotive market seems to be improving, although at an anemic pace. Unit sales of light vehicles should continue to benefit from low borrowing costs and significantly improved mileage of new vehicles should also drive stronger demand. The announcement by most OEMs in both North America and Europe of aggressive plans to refresh/redesign and/or launch entire new models over the next several years should drive strong long-term demand as well. This will directly benefit our automotive component businesses which should continue to experience strong sales and earnings driven by efficient overhead absorption, as well as, indirectly benefit our large mould businesses and Castool which sell moulds and consumable components/tooling to OEMs and their tiers.

Our North American extrusion tooling businesses are experiencing growing sales and our tool shops in Colombia and Texas are capturing market share in their regional markets. Extrusion Brazil and Castool Thailand should also improve as sales continue to ramp up. All these factors, taken together, should sustain growing sales momentum.

(For further information and prior year comparison please refer to the Company's First Quarter Condensed Financial Statements in the Investor Relations section posted at www.excocorp.com. Alternatively, please refer to www.sedar.com)

Exco Technologies Limited is a global supplier of innovative technologies servicing the die-cast, extrusion and automotive industries. Through our 18 strategic locations in 10 countries, we employ 5,081 people and service a diverse and broad customer base.

To access the live audio webcast, please log on to www.excocorp.com or directly to the web cast at <http://event.on24.com/r.htm?e=921284&s=1&k=1AED3FC525F557C36A5BA220063AB983> a few minutes before the event. Questions can be submitted via the Q&A box on the webcast console or by dialling (647) 427-7450 for local (Toronto) calls or toll free at (888) 231-8191. Microsoft Media Player is required for access to the webcast. For those unable to listen on January 28, 2015, an archived version will be available on the Exco website.

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.

Readers are cautioned not to place undue reliance on forward-looking statements found mainly in the Outlook section but also elsewhere throughout this document. These forward-looking statements are based on our plans, intentions or expectations which are based on, among other things, 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, 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, weakening raw material prices, continuing economic recovery, currency fluctuations which may in fact not occur and the rate at which our new operations in Brazil and Thailand achieve 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. For a more extensive discussion of Exco's risks and uncertainties see the 'Risks and Uncertainties' section in this Annual Report, our Annual Information Form ("AIF") and other reports and securities filings made by the Company. This information is available at www.sedar.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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