

Exco Technologies Limited - Results for First Quarter Ended December 31, 2016

- Sales up 17%; EBITDA up 11% versus prior year
- EPS of \$0.30 in the quarter excluding ALC S.A. closure costs ¹
- Quarterly dividend raised 14% to \$0.08 per common share
- Free cash flow of \$18 million during the quarter
- Balance sheet and liquidity remain very strong

TORONTO, Feb. 1, 2017 /CNW/ - **Exco Technologies Limited (TSX:XTC)** today announced results for its first fiscal quarter ended December 31, 2016. In addition, the Company announced a 14% increase in its quarterly dividend to \$0.08 per common share which will be paid on March 31, 2017 to shareholders of record on March 15, 2017. 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>		
	2016	2015
Sales	\$153.1	\$130.9
Net income for the period	\$11.5	\$11.8
Earnings per share		
Basic and Diluted – Reported	\$0.27	\$0.28
Adjusted to exclude ALC S.A. closure costs ¹	\$0.30	\$0.28
EBITDA ¹	\$23.3	\$21.0

Consolidated sales for the first quarter ended December 31, 2016 were \$153.1 million compared to \$130.9 million in the same quarter last year – an increase of \$22.2 million or 17%. The Automotive Solutions segment reported higher sales of \$108.1 million in the first quarter – an increase of \$30.4 million or 39% from the same quarter last year. The acquisition of AFX contributed \$28.5 million of this increase although sales were higher at most of the segment's other businesses with the exception of ALC which experienced lower sales due to the closure of its Lesotho operations and previously disclosed wind-down of the BMW 5 Series seat cover program. The Casting and Extrusion segment reported sales of \$45.0 million for the first quarter – a decrease of \$8.2 million or 15% from the same quarter last year. Most of the sales decline occurred in the Large Mould group arising from reduced demand for certain established programs, the timing of customer releases, and pricing pressures on certain new programs.

Consolidated net income for the quarter was \$11.5 million or basic and diluted earnings of \$0.27 per share compared to \$11.8 million or \$0.28 per share in the same quarter last year – a decrease in net income of 3%. Net income in the quarter was adversely affected by \$1.2 million (\$0.03 per share) of non-operating costs associated with the permanent closure of ALC's operations in Lesotho, of which \$0.7 million was non-cash. Net Income in the quarter was also reduced by \$0.02 per share compared to the prior year due to higher amortization expense associated with the AFX acquisition. The effective consolidated income tax rate was relatively stable at 30.9% in the current quarter compared to 31.0% in the same quarter last year. Net income adjusted for the impact of the non-operating costs was \$12.7 million, or \$0.30 per share.

The Automotive Solutions segment reported significantly higher pretax profit of \$14.6 million in the first quarter – an increase of \$5.6 million or 61% over the same quarter last year. Contribution from AFX was the largest factor in this increase although Polytech, Neocon and Polydesign also contributed strongly to the increase as each of these businesses experienced margin expansion in addition to solid top line growth. ALC group operating results improved year over year with the closure of both the South Africa and Lesotho operations.

The Casting and Extrusion segment reported lower pretax profit of \$5.0 million in the first quarter – a decrease of \$5.0 million or 50% from the same quarter last year. Most of this reduction occurred in the Large Mould group which had significantly lower absorption rates and was negatively impacted by unfavorable product mix.

Consolidated EBITDA for the first quarter increased 11% to \$23.3 million compared to \$21.0 million last year.

Cash provided by operating activities increased to \$21.9 million in the quarter compared to \$17.3 million last year driven by higher cash earnings and improved working capital management. These funds were ample to fund \$3.2 million of capital expenditures and \$0.4 million of net interest expense resulting in free cash flow of \$18.3 million before \$3.0 million of dividend payments. Exco ended the quarter with net debt of \$28.9 million compared to \$44.6 million as at September 30, 2016 – a reduction of 35%. Exco's net debt to trailing twelve month EBITDA now stands at 0.3x while its increased quarterly dividend amount of \$0.08 per share represents 30% of its net income both during the quarter and on an annualized basis over the last year.

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

Quarterly Conference Call - February 1, 2017 at 4:30 p.m. (Toronto time):

The conference call can be accessed by dialling (647) 427-7450 for local (Toronto) calls or toll free at (888) 231-8191. To access the live audio webcast, please log on to www.excocorp.com or <http://event.on24.com/r.htm?e=1343365&s=1&k=F7EFF0DC764533CC8F39BE86E94A1218> a few minutes before the event. Real Player is required for access. For those unable to participate on February 1, 2017, an archived version will be available on the Exco website.

About Exco Technologies Limited:

Exco Technologies Limited is a global supplier of innovative technologies servicing the die-cast, extrusion and automotive industries. Through our 16 strategic locations in 8 countries, we employ 6,351 people and service a diverse and broad customer base.

Notice To Reader: Forward Looking Statements

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.

This press release may contain forward-looking information and forward-looking statements within the meaning of applicable securities laws. We use words such as "anticipate", "plan", "may", "will", "should", "expect", "believe", "estimate" and similar expressions to identify forward-looking information and statements especially with respect to 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 throughout this document and are also cautioned that the foregoing list of important factors is not exhaustive. 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, raw material prices, economic conditions, currency fluctuations, trade restrictions, our ability to close or

otherwise dispose of unprofitable operations in a timely manner, our ability to integrate acquisitions and the rate at which our operations in Brazil, Texas and Thailand achieve sustained 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. 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 2016 Annual Report, our 2016 Annual Information Form ("AIF") and other reports and securities filings made by the Company. This information is available at www.sedar.com.

¹ Non-IFRS Measures: In this News Release, reference is made to EBITDA, which is not a measure of financial performance under International Financial Reporting Standards ("IFRS"). Exco calculates EBITDA as earnings before other income/ expense, interest, taxes, depreciation and amortization. EBITDA is used by management, from time to time, to facilitate period-to-period operating comparisons and we believe some investors and analysts use them as well. This measure, as calculated by Exco, may not be comparable to similarly titled measures used by other companies. Further, reference is made herein to certain adjustments to EPS. Such adjustments relate to the exclusion of ALC S.A. closure costs.

SOURCE Exco Technologies Limited

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