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<i>(in \$ thousands except per share amounts)</i>	Three Months Ended March 31		Six Months Ended March 31	
	2017	2016	2017	2016
Sales	\$153,783	\$133,383	\$306,880	\$264,284
Net income	\$12,602	\$8,989	\$24,065	\$20,817
Basic earnings per share	\$0.30	\$0.21	\$0.57	\$0.49
Diluted earnings per share	\$0.30	\$0.21	\$0.56	\$0.49
Weighted avg basic common shares o/s (000's)	42,594	42,497	42,592	42,479

The following management's interim discussion and analysis of operations and financial position are prepared as at April 26, 2017 and should be read in conjunction with the consolidated financial statements and Management's Discussion and Analysis ("MD&A") in the Company's 2016 Annual Report.

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 "Continuous Disclosure Obligations" ("NI 51-102") of the Canadian Securities Administrators. Additional information regarding Exco, including copies of its continuous disclosure materials such as its annual information form, is available on its website at www.excocorp.com or through the SEDAR website at www.sedar.com.

In this MD&A, 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 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. Further, reference is made to EBITDA Margin which is not a measure of financial performance under International Financial Reporting Standards ("IFRS"). Exco calculates EBITDA Margin as EBITDA divided by Sales.

MANAGEMENT DISCUSSION AND ANALYSIS

Consolidated sales for the second quarter ended March 31, 2017 were \$153.8 million compared to \$133.4 million in the same quarter last year – an increase of \$20.4 million or 15%. Year-to-date sales were \$306.9 million compared to \$264.3 million – an increase of \$42.6 million or 16%. Over the quarter the average USD/CAD exchange rate was 2% lower (\$1.32 versus \$1.35 last year) reducing revenue by \$1.5 million while the year-to-date average USD/CAD exchange rate was 1% lower (\$1.33 versus \$1.35 last year), also reducing sales by \$1.5 million. The average EUR/CAD exchange rate was 5% lower in the quarter (\$1.41 versus \$1.49 last year) and 3% lower year-to-date (\$1.42 versus \$1.47 last year) reducing sales by \$2.3 million and \$2.8 million in the respective periods.

The Automotive Solutions segment reported sales of \$106.3 million in the second quarter – an increase of \$20.0 million or 23% from the same quarter last year. Year-to-date, the segment reported sales of \$214.4 million – an increase of \$50.5 million or 31% over last year. Foreign exchange movements reduced segment sales by \$3.0 million in the quarter and \$3.5 million year-to-date. AFX, which was acquired on April 4, 2016, contributed \$27.3 million of sales in the quarter and \$55.8 million year-to-date. Sales were also higher at Polytech, Polydesign and Neocon on a combined basis both during the quarter and year-to-date periods, with year over year growth rates of 18% and 17% respectively. Sales were lower at ALC by 37% during the quarter and 25% year-to-date compared to the prior year periods driven by the permanent closure of the group's Lesotho operations at the end of November 2016, the timing of program turnover, and to a lesser extent, adverse currency movements.

The Casting and Extrusion segment reported sales of \$47.5 million for the second quarter – an increase of \$0.4 million or 1% from the same quarter last year. Year-to-date, the segment reported sales of \$92.4 million – a decrease of \$7.9 million or 8% compared to last year. Foreign exchange movements reduced segment sales by \$0.9 million in both the quarter and year-to-date periods. Within the segment, sales were down very modestly in the Large Mould group during the quarter compared to the prior year period, which was more than offset by higher sales from both the Extrusion and Castool groups. Lower year-to-date segment sales compared to the prior year period were primarily driven by the Large Mould group during the first quarter arising from reduced demand for certain established programs, the timing of customer releases and pricing pressures on certain new programs. Management believes the second quarter results demonstrate that these factors have largely been absorbed relative to prior year comparatives. Consequently, while it may still take some time for the Large Mould group to demonstrate a meaningful recovery, comparisons to prior periods will continue to ease.

Consolidated net income for the second quarter was \$12.6 million or basic and diluted earnings of \$0.30 per share compared to \$9.0 million or \$0.21 per share in the same quarter last year – an increase in net income of 40%. Year-to-date, consolidated net income was \$24.1 million or \$0.57 per basic share compared to \$20.8 million or \$0.49 per basic share last year – an increase in net income of 16%. Net income in the current year-to-date period was adversely impacted by \$1.2 million (\$0.03 per share) of non-operating costs related to the closure of ALC's operations in South Africa and Lesotho. The effective consolidated income tax rate was 29.2% in the current quarter compared to 29.7% in the same quarter last year. Year-to-date, the consolidated income tax rate was 30.0% compared to 30.5% the prior year period.

The Automotive Solutions segment reported pretax profit of \$15.0 million in the second quarter – an increase of \$3.9 million or 35% over the same quarter last year. Year-to-date, the segment reported pretax profit of \$29.6 million compared to \$20.2 million – an increase of \$9.5 million or 47%. The increase in the quarter and year-to-date periods was driven primarily from the inclusion of AFX's results after its acquisition on April 4, 2016. However, organic profit improvement at the segments' other operations also contributed strongly, aided by the elimination of operating losses at ACL's operations in South Africa and Lesotho. The financial results of ALC's Bulgarian operations were negatively impacted in the current quarter and year-to-date periods by the repositioning of business to accommodate the ramp up of the Audi seat cover and steering wheel wrapping programs and runout of the BMW 5 series seat cover program, which ended in February 2017. Closure costs associated with South Africa and Lesotho in the first quarter amounted to \$1.2 million (including a \$0.7 million non-cash asset write-down), which were recorded outside of the segment results.

The Casting and Extrusion segment reported pretax profit of \$5.4 million in the current quarter – an increase of \$0.2 million or 4% from the same quarter last year. Year-to-date, the segment reported pretax profit of \$10.4 million or 31% below the prior year. Most of the reduction in year-to-date segment profitability occurred in the Large Mould group during the first quarter due to significantly lower absorption rates, pricing pressures and unfavorable product mix. While these pressures persisted during the current quarter, the year over year impact was much less pronounced. Segment profitability during both the quarter and year-to-date compared to prior year periods were also influenced by modestly lower profitability at the Castool group and

stronger results from the Extrusion group. These results were achieved despite increased depreciation expense and ongoing front-end operational investments required to harmonize manufacturing processes at the Extrusion group's various plants.

With respect to our greenfield operations in Colombia, Texas, Brazil and Thailand, sales growth remained strong at each of these locations both during the quarter and year-to-date periods. As well, the collective profitability of these four operations turned positive for the first time during the current quarter with only the operations in Brazil remaining in a loss position.

Corporate segment expenses totaled \$2.2 million in the current quarter compared to \$3.3 million the prior year quarter, which included approximately \$1 million of transaction costs associated with the acquisition of AFX. Year-to-date, corporate segment expenses totaled \$3.6 million compared to \$5.1 million the prior year, due mainly to prior year transaction costs and a reduction in non-cash stock based compensation expense in the current year.

Consolidated EBITDA for the second quarter totaled \$23.4 million compared to \$16.9 million in the same quarter last year – an increase of 39%. Year-to-date, consolidated EBITDA totaled \$46.8 million compared to \$37.9 million – an increase of 23%. The consolidated EBITDA margin improved to 15.2% during the quarter from 12.7% the prior year period driven by EBITDA margin improvement at each of the company's two operating segments as well as a reduction in corporate expenses despite the higher sales. Year-to-date, the consolidated EBITDA margin improved to 15.2% compared to 14.3% the prior year period due to a higher EBITDA margin in the Automotive Solutions segment and lower corporate expenses as a percent of sales, partially countered by a lower EBITDA margin in the Casting and Extrusion segment.

Financial Resources, Liquidity and Capital Resources

Operating cash flow before net change in non-cash working capital increased to \$19.4 million in the current quarter and \$37.4 million year-to-date compared to \$12.7 million and \$29.3 million in the same periods last year. This increase was mostly driven by higher net income, higher depreciation and amortization expense associated with AFX, an increase in depreciation expense generally, an increase in the amount of deferred taxes, and, in the case of the year-to-date numbers, \$0.7 million of non-cash costs associated with the plant closure in Lesotho. Non-cash working capital consumed \$7.5 million of cash in the current quarter and \$3.6 million of cash year-to-date compared to a use of \$0.7 million and nil in the respective prior year periods. The difference is primarily attributable to the timing of accounts receivable collection, inventory movements, and trade payments. Consequently, net cash provided by operating activities amounted to \$11.9 million in the current quarter and \$33.8 million year-to-date compared to \$11.9 million and \$29.3 million the same periods last year.

Cash used in financing activities in the current quarter and year-to-date periods totaled \$15.6 million and \$24.3 million compared to a source of \$66.9 million and \$60.8 million of cash in the prior year periods respectively. The source of cash in the prior year period reflected the pre-funding of the AFX acquisition in the second quarter of fiscal 2016 whereas cash used in the current year periods was primarily due to debt repayment and to a lesser extent higher dividend and interest payments.

Cash used in investing activities totaled \$3.9 million and \$7.1 million in the second quarter and year-to-date periods compared to \$6.0 million and \$15.7 million in the same respective periods last year. The difference is due to lower spending on machinery and equipment, which is attributable to both timing differences and a modestly lower level of planned capital spending in fiscal 2017 relative to fiscal 2016. Year-to-date capital spending represents approximately 32% of the Company's planned annual expenditures in fiscal 2017.

The Company's financial position and liquidity remain very strong. The Company's conservative financial policies have served it well throughout the years and has allowed it to take advantage of acquisition opportunities and fund organic growth initiatives as circumstances permit.

Exco's net debt totaled \$27.3 million as at March 31, 2017, down from \$44.6 million at September 30, 2016 and approximately \$71.0 million when AFX was acquired on April 4, 2016. Exco's principal sources of liquidity include generated free cash flow, \$27.6 million of balance sheet cash, and \$65 million of unused availability under its \$100 million committed credit facility, which matures February 2019. Pursuant to the terms of the credit facility, Exco is required to maintain compliance with certain financial covenants. The Company was in compliance with these covenants as at March 31, 2017.

In addition to the obligations disclosed on the balance sheet, Exco also enters into operating lease arrangements from time to time. Exco owns 13 of its 17 manufacturing facilities and essentially all of its production equipment. Leased facilities include those of ALC in Bulgaria and AFX's operations in Mexico. The Company also leases a sales and support center in Troy, Michigan and Munich, Germany and a warehouse in Brownsville, Texas. The following table summarizes all short-term and long-term commitments Exco has entered.

	Total	March 31, 2017		
		< 1 year	1-3 years	4-5 years
Bank indebtedness	\$11,210	\$11,210	-	-
Long-term debts	43,624	4,219	39,312	93
Operating leases*	5,840	1,820	2,657	1,363
Purchase commitments	39,099	39,099	-	-
Capital expenditures	3,085	3,085	-	-
	102,858	59,433	41,969	1,456

** Exco leases facilities, automobiles, material handling vehicles and other miscellaneous office equipment. It is not Exco's policy to purchase these assets at the expiry of their terms but occasionally it may purchase the assets at the end of the lease terms when the purchase options are favourable. Exco does not expect any material liquidity or capital resource impacts from these possible purchases.*

Quarterly results

The following table sets out financial information for each of the eight quarters through to the first quarter ended March 31, 2017:

(\$ thousands except per share amounts)	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016 ¹
Sales	\$153,783	\$153,097	\$163,034	\$161,671
Net income	\$12,602	\$11,463	\$10,514	\$16,226
Earnings per share				
Basic	\$0.30	\$0.27	\$0.25	\$0.38
Diluted	\$0.30	\$0.27	\$0.25	\$0.38

¹ Exco's net income in the third quarter of fiscal 2016 was boosted by \$3.4 million (\$0.08 per share) from a litigation settlement

<i>(\$ thousands except per share amounts)</i>	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015
Sales	\$133,383	\$130,901	\$130,984	\$121,930
Net income	\$8,989	\$11,828	\$10,293	\$9,956
Earnings per share				
Basic	\$0.21	\$0.28	\$0.24	\$0.24
Diluted	\$0.21	\$0.28	\$0.24	\$0.23

Contributions from the acquisition of AFX boosted results beginning in the third quarter of 2016, however sales and net income have generally trended higher in the last eight quarters with some variability from seasonality and temporary or non-recurring events.

Exco typically experiences softer sales and profit in the first fiscal quarter, which coincides with our customers' plant shutdowns in North America during the Christmas season. Exco also experiences a slowdown in the fourth fiscal quarter as North American customers typically schedule summer plant shutdowns and Exco's European customers typically curtail releases during the month of August to accommodate vacations.

Controls and Procedures

A description of Exco's disclosure controls and internal controls over financial reporting

Based on the current Canadian Securities Administrators (the "CSA") rules under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, the Chief Executive Officer and Chief Financial Officer (or individuals performing similar functions as a chief executive officer or chief financial officer) are required to certify as at March 31, 2017 that they are responsible for establishing and maintaining disclosure controls and procedure and internal control over financial reporting.

No changes were made in the Corporation's internal control over financial reporting during the Corporation's most recent interim period, that have materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

Outstanding Share Capital

As at March 31, 2017 Exco had 42,599,491 common shares issued and outstanding and stock options outstanding to purchase up to 805,340 common shares at exercise prices ranging from \$3.55 to \$14.58.

This Management Discussion and Analysis contains 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.