

Exco Technologies Limited - Results for Second Quarter Ended March 31, 2017

- Record quarterly sales and EBITDA
- Sales up 15% and EBITDA up 39% versus prior year
- EPS up 43% to \$0.30 compared to \$0.21
- Balance sheet and liquidity remain very strong
- Quarterly dividend of \$0.08 per share payable June 30, 2017

TORONTO, April 26, 2017 /CNW/ - **Exco Technologies Limited (TSX-XTC)** today announced results for its second quarter ended March 31, 2017. In addition, the Company announced the quarterly dividend of \$0.08 per common share which will be paid on June 30, 2017 to shareholders of record on June 15, 2017. The dividend is an "eligible dividend" in accordance with the Income Tax Act of Canada.

	Three Months ended March 31		Six Months ended March 31	
	(in \$ thousands except per share amounts)			
	2017	2016	2017	2016
Sales	\$153,783	\$133,383	\$306,880	\$264,284
Net income for the period	\$12,602	\$8,989	\$24,065	\$20,817
Earnings per share from net income				
Basic	\$0.30	\$0.21	\$0.57	\$0.49
Diluted	\$0.30	\$0.21	\$0.56	\$0.49
EBITDA ¹	\$23,446	\$16,899	\$46,788	\$37,909

"Both of Exco's reporting segments demonstrated stronger results in the second quarter allowing our revenue and EBITDA to reach record levels", said Brian Robbins, Exco's President and CEO. "Business trends remain encouraging and our prospects for continued robust performance in the second half of the year appear promising".

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 last year – an increase of \$42.6 million or 16%.

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, segment sales were \$214.4 million – an increase of \$50.5 million or 31% over last year. AFX, which was acquired on April 4, 2016, contributed most of the sales growth during the quarter and year-to-date periods however sales were also 18% higher at Polytech, Polydesign and Neocon on a combined basis during the quarter and 17% higher on the same basis year-to-date. Sales were lower at ALC by 37% during the quarter and 25% year-to-date driven primarily 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. 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.

Consolidated net income for the 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 in the first quarter related to the closure of ALC's operations in South Africa and Lesotho.

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%. AFX drove most of the increase however the segments' other operations also contributed strongly, aided by the elimination of operating losses at ACL's operations in South Africa and Lesotho. ALC's Bulgarian operations were negatively impacted in the current quarter and year-to-date periods by the repositioning of business to accommodate new and outgoing key programs.

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.

With respect to Exco's 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.

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%.

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. 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. 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 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.

Free cash flow for the quarter and year-to-date periods totaled \$7.5 million and \$25.9 million, which was ample to fund the company's common dividend (\$3.4 million in the quarter and \$6.4 million year-to-date) with most of the balance directed towards debt reduction.

The Company's financial position and liquidity remain very strong. 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 \$65.0 million of unused availability under its \$100.0 million committed credit facility, which matures February 2019.

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

Quarterly Conference Call:

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=1400330&s=1&k=CBCC5A84706ADF07A9490BFD50D06FEB> a few minutes before the event. Real Player is required for access. For those unable to

participate on April 27, 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 17 strategic locations in 8 countries, we employ 6,594 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.

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