

## Exco Results for Third Quarter Ended June 30, 2019

- Sales of \$119.9 million and Adjusted EBITDA of \$14.5 million
- EPS of \$0.18 and free cash flow of \$0.27 per share
- Quarterly dividend of \$0.09 per share declared; issuer bid and dividend returned a total of \$5.6 million to shareholders
- Mexican Extrusion tooling facility completes solid first quarter of operations
- Balance sheet and liquidity remain very strong

TORONTO, Aug. 01, 2019 -- **Exco Technologies Limited (TSX-XTC)** today announced results for its third quarter of fiscal 2019 ended June 30, 2019. In addition, the company announced a quarterly dividend of \$0.09 per common share which will be paid on September 27, 2019 to shareholders of record on September 11, 2019. The dividend is an “eligible dividend” in accordance with the Income Tax Act of Canada.

	Three Months Ended June 30		Nine Months Ended June 30	
<i>(in \$ thousands except per share amounts)</i>	2019	2018	2019	2018
Sales	<b>\$119,944</b>	\$152,755	<b>\$385,533</b>	\$436,016
Net income for the period	<b>\$7,477</b>	\$11,211	<b>\$19,859</b>	\$30,683
Earnings per share:				
Basic – Reported	<b>\$0.18</b>	\$0.27	<b>\$0.48</b>	\$0.73
Basic – Adjusted	<b>\$0.18</b>	\$0.27	<b>\$0.64</b>	\$0.73
Adjusted EBITDA <sup>i</sup>	<b>\$14,483</b>	\$20,113	<b>\$49,367</b>	\$56,458

Consolidated sales for the third quarter ended June 30, 2019 were \$119.9 million compared to \$152.8 million in the same quarter last year – a decrease of \$32.8 million, or 21%. Essentially the net sales decline during the quarter was driven by the elimination of ALC from Exco’s results, as previously disclosed.

The Automotive Solutions segment reported sales of \$71.0 million in the third quarter – a decrease of \$28.9 million, or 29% from the same quarter last year. Excluding the impact of ALC and foreign exchange rate movements, segment sales were up \$1.7 million (or 2%) in the quarter and \$2.2 million (or 1%) year-to-date. During the quarter, overall industry vehicle production volumes were modestly lower in North America and Europe. Segment sales were nonetheless supported by a number of program launches for both new and existing products, particularly at Polydesign and Neocon. More broadly, the group’s four businesses continue to focus their efforts on higher margin activity. Relatedly, the curtailment of uneconomic programs has modestly dampened sales, particularly at AFX. Despite generally softer vehicle industry production levels, management continues to see ample opportunity for future growth supported by robust quoting activity for new programs in both North America and Europe.

The Casting and Extrusion segment reported sales of \$48.9 million in the third quarter – a decrease of \$3.9 million, or 7%, from the same period last year. During the quarter, sales were lower at the Large Mould group due to the completion/wind-down of uneconomic programs and – to a much lesser extent – customer timing requirements. Quoting activity for new awards to absorb this unused capacity remains robust and management expects such awards to materialize in the next several quarters. At Castool, the group’s revenues were relatively flat in the quarter. Castool continues to experience solid demand for its capital equipment globally. However, demand for its consumable products has been more varied, with modestly softer market demand evident throughout the quarter, particularly in Asia. Extrusion group sales were essentially flat during the quarter as sales gains from the new Extrusion facility in Mexico were offset by softer market conditions for extrusion dies in the United States. Within the segment, US steel tariffs continued to reduce during the quarter as certain steel distributors began receiving an exemption of these tariffs during the second quarter of fiscal 2019. As Exco generally aims to pass such tariffs on to its customers, they positively impacted revenues when implemented, but are now having a dampening impact on revenues as they recede.

Consolidated net income for the third quarter was \$7.5 million or basic and diluted earnings of \$0.18 per share compared to \$11.2 million or \$0.27 per share in the same quarter last year – a decrease in net income of 33%. The consolidated effective income tax rate for the current quarter was 20% versus 23% the prior year due to the receipt of certain tax credits.

The Automotive Solutions segment reported pretax profit of \$7.9 million in the third quarter – a decrease of \$3.5 million or 30% over the same quarter last year. Current period results benefited from the elimination of ALC’s operations, which contributed losses of \$0.1 million in the third quarter of fiscal 2018. Segment pretax profits however were nonetheless adversely impacted by a number of factors in the current year periods. In particular, Polytech and AFX continue to absorb higher wages and bonus payments to production staff associated with the previously disclosed January 2019 wage settlement. The impact of the bonus payments totaled roughly \$1.5 million in the current quarter. Additional expenses of roughly \$1.5 million will continue in the fourth quarter of this year however management expects they will reduce significantly in 2020. As well, AFX and Polytech

experienced continuing costs associated with the labor disruption in January 2019 while severance costs associated with improving future efficiencies within the segment have also increased current period costs. Lastly, profitability and costs in the current quarter were adversely impacted by unfavorable product mix and front-end inefficiencies associated with several new product launches, particularly at Polydesign, AFX and Neocon. While such costs may continue into future quarters, management expects they will continue at lower levels than experienced in the current quarter and ultimately support higher segment profitability as the underlying programs mature.

The Casting and Extrusion segment reported \$3.9 million of pretax profit in the third quarter – a decrease of \$1.4 million or 26% from the same quarter last year. During the quarter, profitability within the Extrusion group was adversely impacted by reduced demand for extrusion dies within North America as well as operational support and start-up costs for the new Extrusion facility in Mexico which began commercial production on April 1, 2019. Nonetheless, despite the losses, management remains encouraged by the early results of its latest facility. As is the case with Exco's prior greenfield operations, these operations typically require several quarters after production commences to mature and reach sustained profitability. Separately, profitability at the Large Mould group was higher during the quarter despite the revenue reduction due mainly to the recent completion of uneconomic programs. As indicated, the group is pursuing several programs which are expected to be awarded in the next couple of quarters and management remains optimistic about the prospects for continued profitability improvement within the group. Castool's profitability was down modestly in the quarter due to higher delivery and selling costs associated with slower market conditions in Asia as well as a mix shift towards lower margin products. Generally, management remains focused on reducing its overall cost structure and improving manufacturing efficiencies and expects such activities together with its sales efforts should lead to improved segment profitability over time.

Consolidated adjusted EBITDA for the third quarter totaled \$14.5 million compared to \$20.1 million in the same quarter last year – a decrease of \$5.6 million, or 28%. Adjusted EBITDA as a percentage of sales increased to 13.3% in the current period compared to 13.2% the prior year.

The Corporate segment expenses were \$2.3 million in the third quarter compared to \$1.8 million in the prior year quarter. Year over year variances were mainly due to foreign exchange rate movements.

Operating cash flow before net change in non-cash working capital totaled \$13.0 million in the third quarter. After positive contributions from changes in non-cash working capital, net cash provided by operating activities amounted to \$15.6 million. This cash flow was more than sufficient to fund \$0.2 million of net interest expense, \$4.3 million of net capital expenditures, \$3.7 million of common dividend payments and \$1.9 million of share repurchases net of issuance. Exco used its surplus cash flow to reduce its net debt, which totaled \$4.2 million as at June 30, 2019.

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

**Quarterly Conference Call – August 2, 2019 at 10:00 a.m. (Toronto time):**

To access the live audio webcast, please log on to [www.excocorp.com](http://www.excocorp.com), or <https://edge.media-server.com/mmc/p/kao3gkg6> a few minutes before the event. The conference call can be accessed by dialing toll free at (866) 572-8261 or internationally at (703) 736-7448. The conference ID is 1729409.

For those unable to participate on August 2, 2019, an archived version will be available on the Exco website.

**Source:** Exco Technologies Limited (TSX-XTC)  
**Contact:** Darren Kirk, President and CEO  
**Telephone:** (905) 477-3065 Ext. 7233  
**Website:** <http://www.excocorp.com>

**About Exco Technologies Limited:**

*Exco Technologies Limited is a global supplier of innovative technologies servicing the die-cast, extrusion and automotive industries. Through our 15 strategic locations in 7 countries, we employ approximately 5,400 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 contains forward-looking information and forward-looking statements within the meaning of applicable securities laws. We use words such as "may", "will", "should", "expect", "believe", "estimates" 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 including the availability and cost of labor, currency fluctuations, trade restrictions, our ability to turnaround, 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 and Mexico 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 2018 Annual Report, our 2018 Annual Information Form ("AIF") and other reports and securities filings made by the Company. This information is available at [www.sedar.com](http://www.sedar.com).*

---

*i Non-IFRS Measures: In this News Release, reference is made to Adjusted EBITDA, Adjusted EBITDA Margin, adjusted EPS, adjusted net income, adjusted pretax profit and free cash flow which are not measures of financial performance under International Financial Reporting Standards ("IFRS"). Exco calculates Adjusted EBITDA as earnings before other income/expense, interest, taxes, depreciation and amortization and Adjusted EBITDA Margin as Adjusted EBITDA divided by sales. Exco calculates adjusted EPS as earnings before other income/expense divided by the weighted average number of shares. Adjusted net income is calculated as net income before other income/expense, and adjusted pretax profit as segmented earnings before other income/expense, interest and taxes. Free cash flow is calculated as cash provided by operating activities less interest paid less investment in fixed assets net of proceeds of disposal. Adjusted EBITDA, Adjusted EBITDA Margin, adjusted EPS, pretax profit and free cash flow are used by management, from time to time, to facilitate period-to-period operating comparisons and we believe some investors and analysts use these measures as well when evaluating Exco's financial performance. These measures, as calculated by Exco, do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other issuers. Refer to the table in the Management Discussion and Analysis for a reconciliation of these non-IFRS Measures.*