



Technologies Limited



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**Q2 F2018
Results**



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Darren Kirk
Chief Operating Officer

Q2 F2018 Operations Overview



Key Highlights in the Quarter – Automotive Solutions

North America (Polytech, Neocon, AFX) compared to Q2 F17

- Lower overall N.A. industry vehicle production – down 4%
 - Passenger cars down 20%; trucks (including SUV/ CUV) up 4% (33% cars/ 65% trucks)
- Revenue down 15%, Pre-tax profit margin lower by 310 basis points
 - Decline exacerbated by greater exposure to cars than industry, pipeline fill in Q2F17 that didn't repeat in Q2F18, and adverse foreign exchange rate movements
 - Revenue up 6% and pre-tax profit margin up 110 basis points sequentially
- Weaker USD reduced segment revenues by C\$2.3 million and EBITDA by C\$0.7 million
- New product initiatives and bidding activity remain good
- N.A. vehicle production expected to be up 1% in C18 vs C17 per IHS (C17 was down 4% vs C16)

Q2 F2018 Operations Overview



Key Highlights in the Quarter – Automotive Solutions

Europe (ALC and Polydesign) compared to Q2 F17

- Revenues up by 5%; pre-tax profitability relatively stable
- Polydesign growth slowed but margin expanded as expenses normalized after robust F17
 - Gains absorbed increased losses at ALC
- Continue to focus on diversifying ALC
 - E6.5 million in programs launches (annualized) through 2018; robust quoting activity
 - Expect resolution on direction of Audi seat cover program within next quarter
 - Mini production volumes generally stable
- Stronger Euro inflated top line by C\$4.0 million, but limited impact on profitability given ALC losses
- Western Europe vehicle production growth remains firm in low single digits through 2018

Q2 F2018 Operations Overview



Key Highlights in the Quarter – Casting & Extrusion

Large Mould Group

- Higher revenues driven by ramp up of recent contract awards
- Margin down on input cost inflation, FX headwinds, program mix and timing of ramp up
- Group profitability stable year over year but second quarter of sequential improvement
- Remain focused on wringing out efficiencies of new manufacturing cell
 - Similar equipment now operational at all three of group's locations (Newmarket, Toledo, Queretaro)
- New order, quoting activity and backlog remain very strong

Q2 F2018 Operations Overview



Key Highlights in the Quarter – Casting & Extrusion

Extrusion Group

- Results remain firm year over year
 - Brazilian operations continue to improve; now essentially cash flow breakeven
- Plant harmonization initiative continues to take shape
 - Lower cost structure, improved product flow and enhanced quality leading to market share gains and modest pricing power
 - Plenty of opportunity left to realize further gains

Castool Group

- Group sales benefiting from rebound in capital equipment sales
- Focused on a number of initiatives to counter rising raw material costs



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Drew Knight
Chief Financial Officer

Q2 F2018 Financial Overview



Consolidated Results Versus Prior Year Period

- Revenue of \$148.4M, down \$5.4M or 4%
 - Automotive Solutions down \$9.6M, Casting & Extrusion up \$3.7M
 - FX added \$0.5M
- EBITDA of \$19.0M; down \$4.4M or 19%
 - Mainly due to lower sales and margin erosion in Automotive Solutions segment, including \$0.8 million of increased losses at ALC.
 - FX reduced EBITDA by \$1.1M
- Both segments recorded top and bottom line improvement for second consecutive sequential quarter

Q2 F2018 Financial Overview



Consolidated Results Versus Prior Year Period

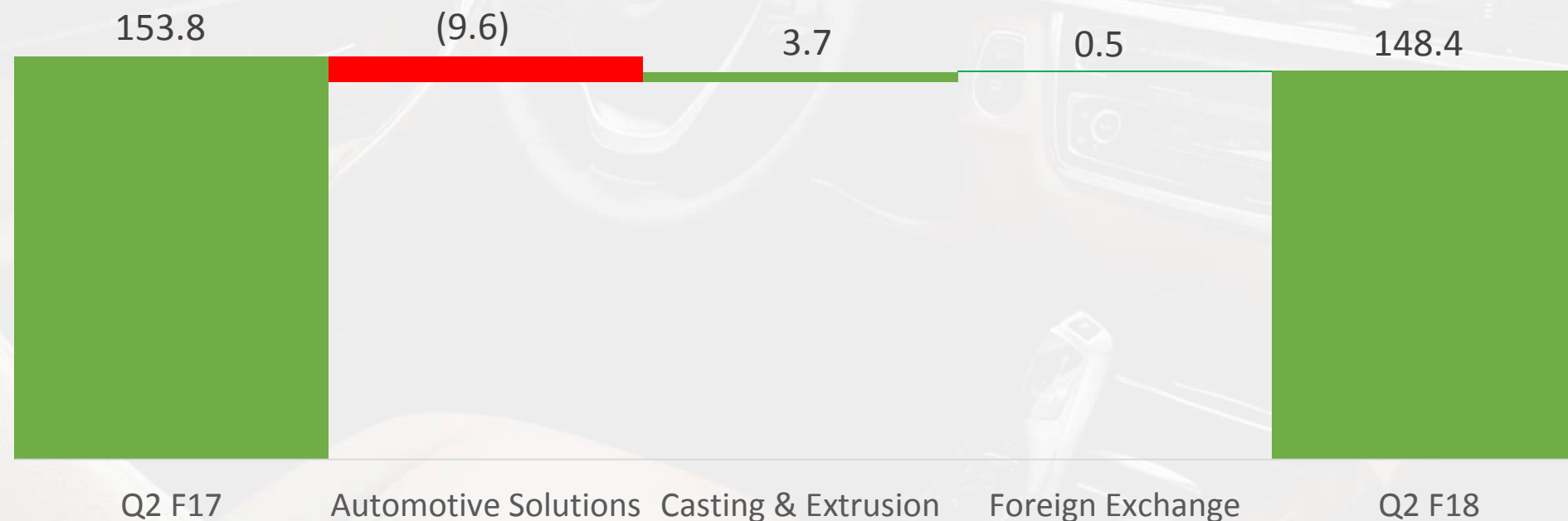
- EPS of \$0.25 per share versus \$0.30 per share prior year quarter
 - EPS includes \$0.05 ALC losses in Q2F18 vs \$0.02 losses in Q2F17
- Free cash flow of \$2.9 million in the quarter; lighter than usual due to working capital investments
- Tax rate 23% – favorable impact of lower US tax rate and profit shift towards lower tax rate jurisdictions
- Net debt/ EBITDA of 0.2x; strong liquidity

Q2 F2018 Financial Overview



Consolidated Revenue Reconciliation

C\$ Millions

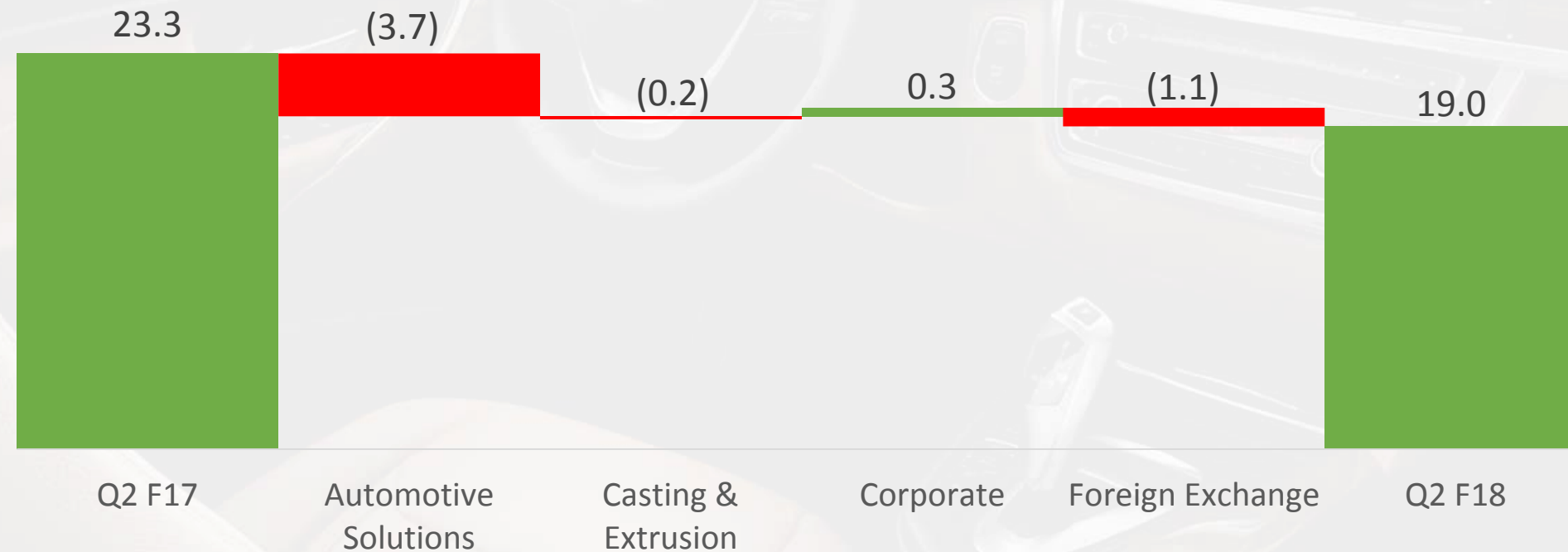


Q2 F2018 Financial Overview



Consolidated EBITDA Reconciliation

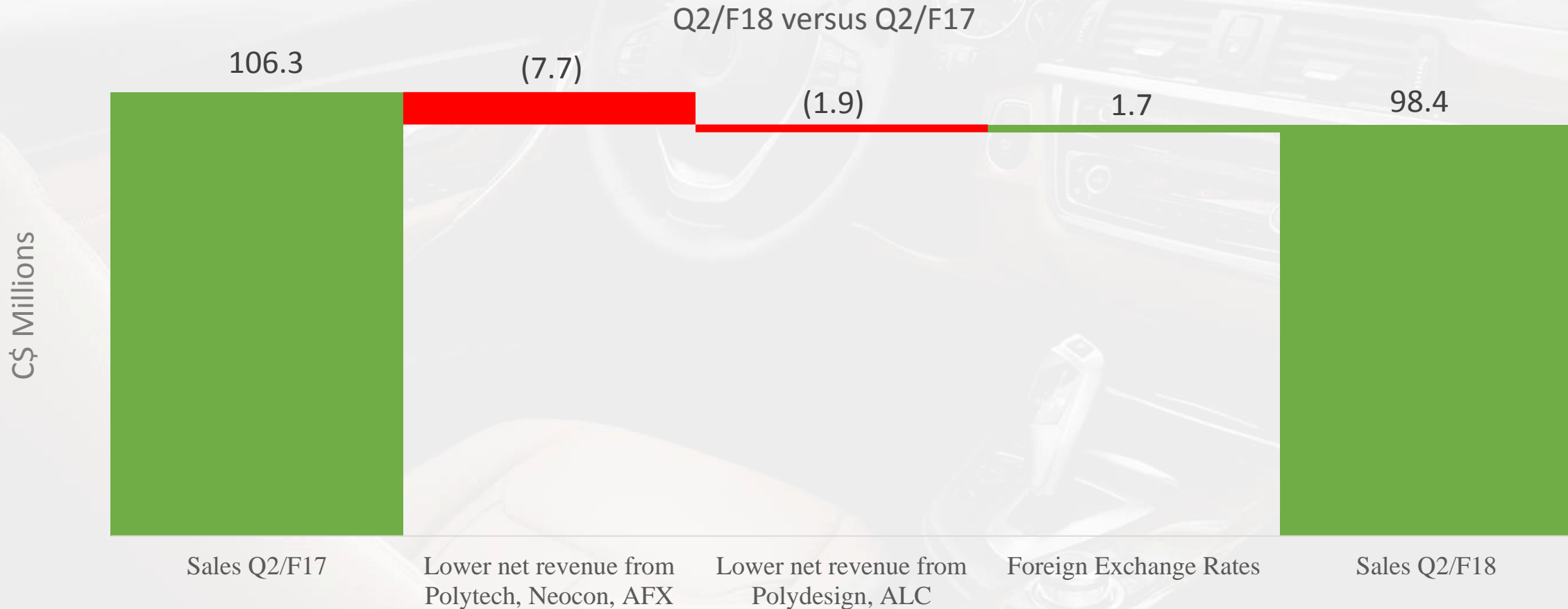
C\$ Millions



Q2 F2018 Financial Overview



Automotive Solutions Segment - Revenues

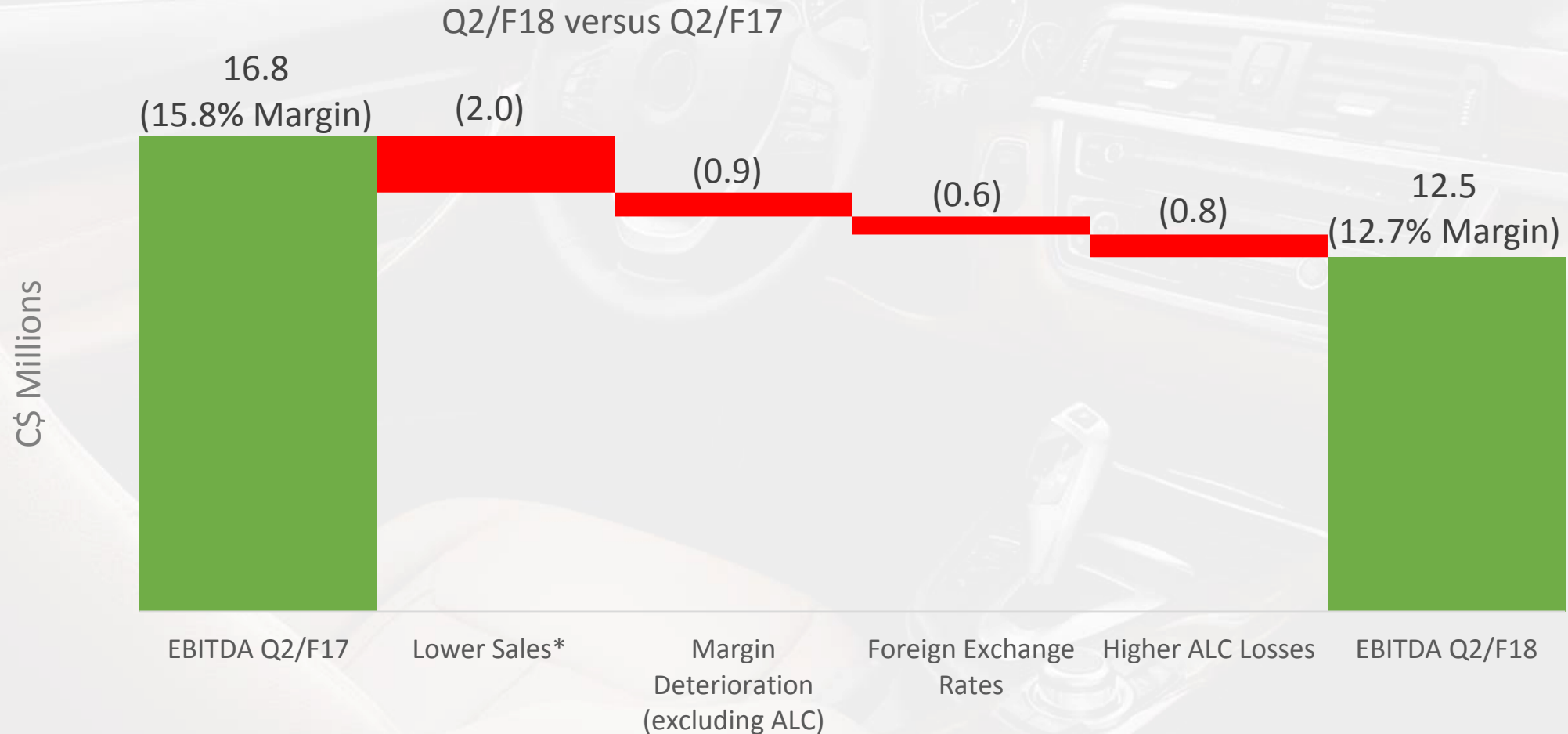


*Revenue for each NA business changed by same percentage as weighted exposure to overall car/ truck production changes

Q2 F2018 Financial Overview



Automotive Solutions Segment - EBITDA

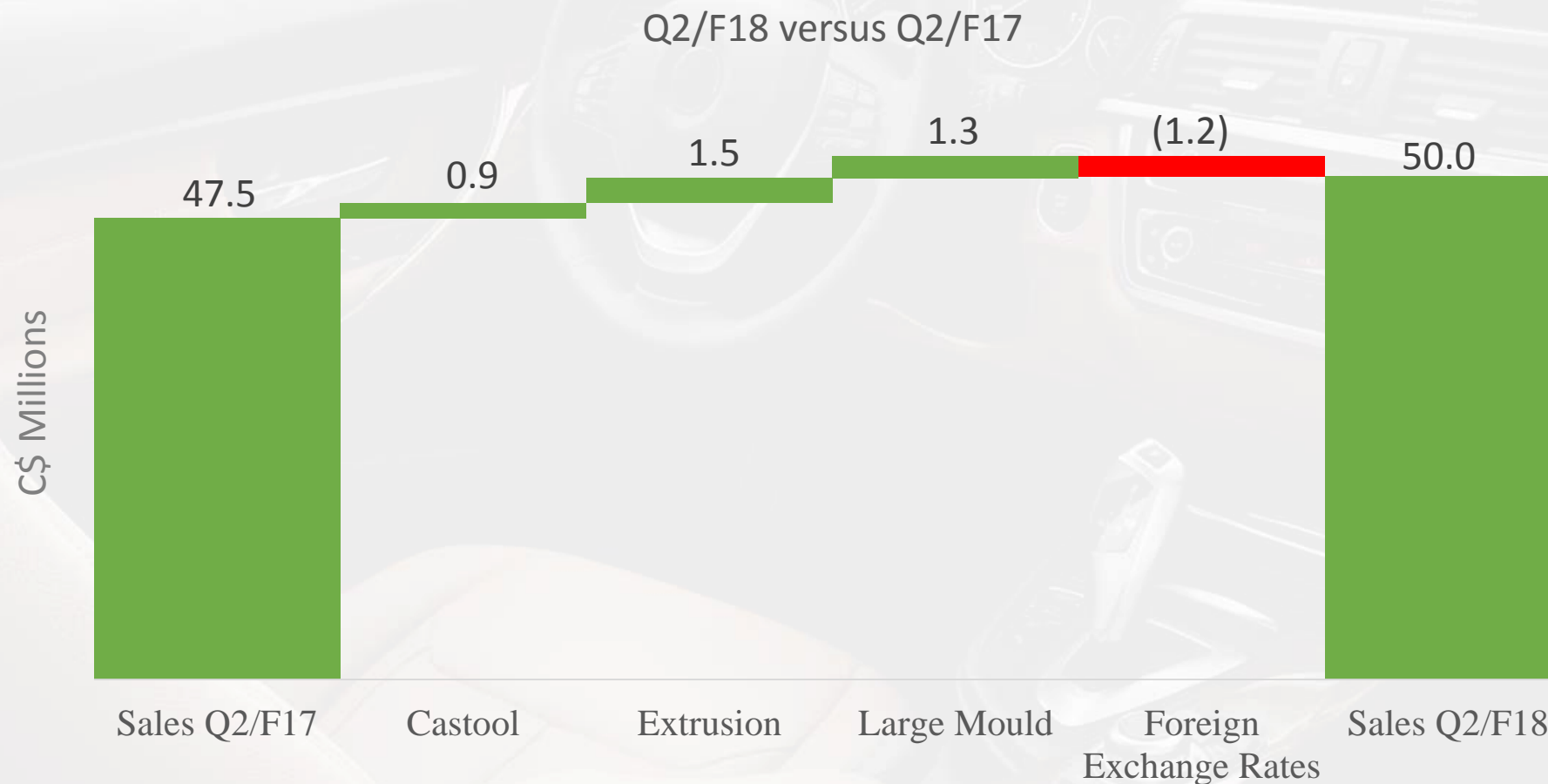


*EBITDA for each business changed by same percentage as sales from prior year quarter

Q2 F2018 Financial Overview



Casting and Extrusion Segment - Revenues



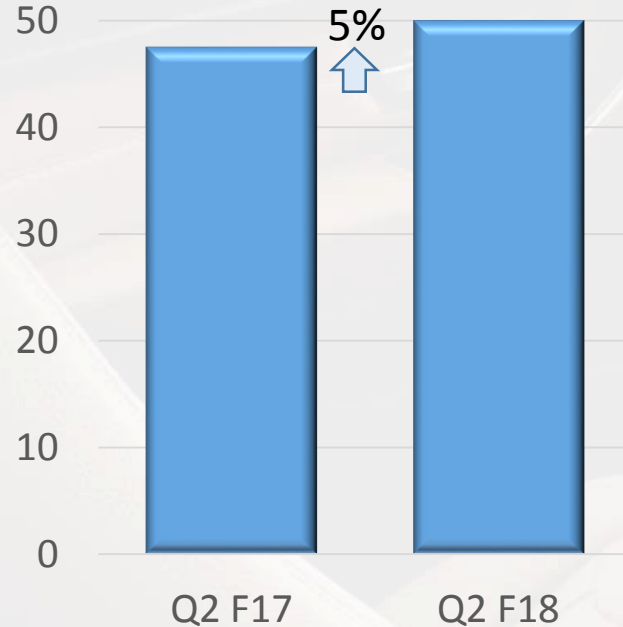
Q2 F2018 Financial Overview



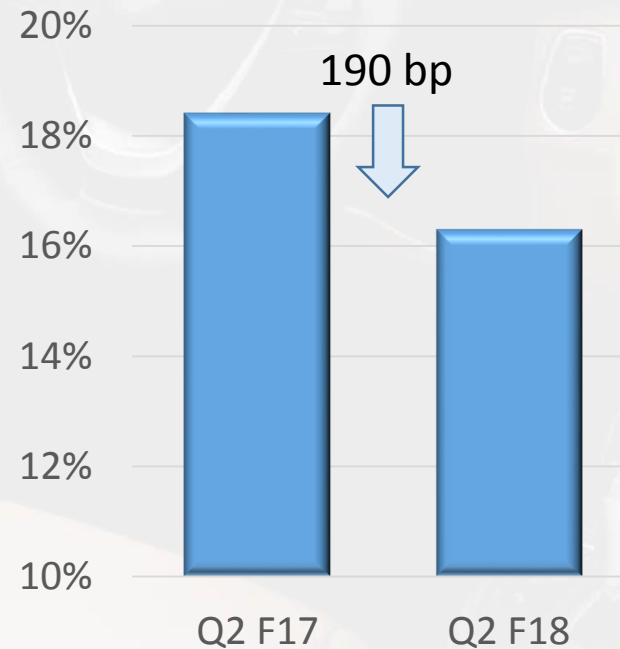
Input cost inflation and FX headwinds weigh on C&E segment margin

C\$ Millions

Revenue

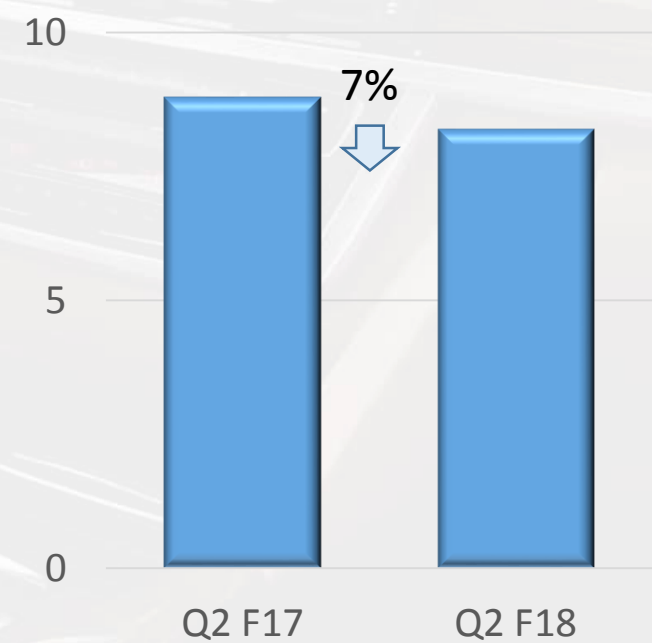


Segment EBITDA Margin



C\$ Millions

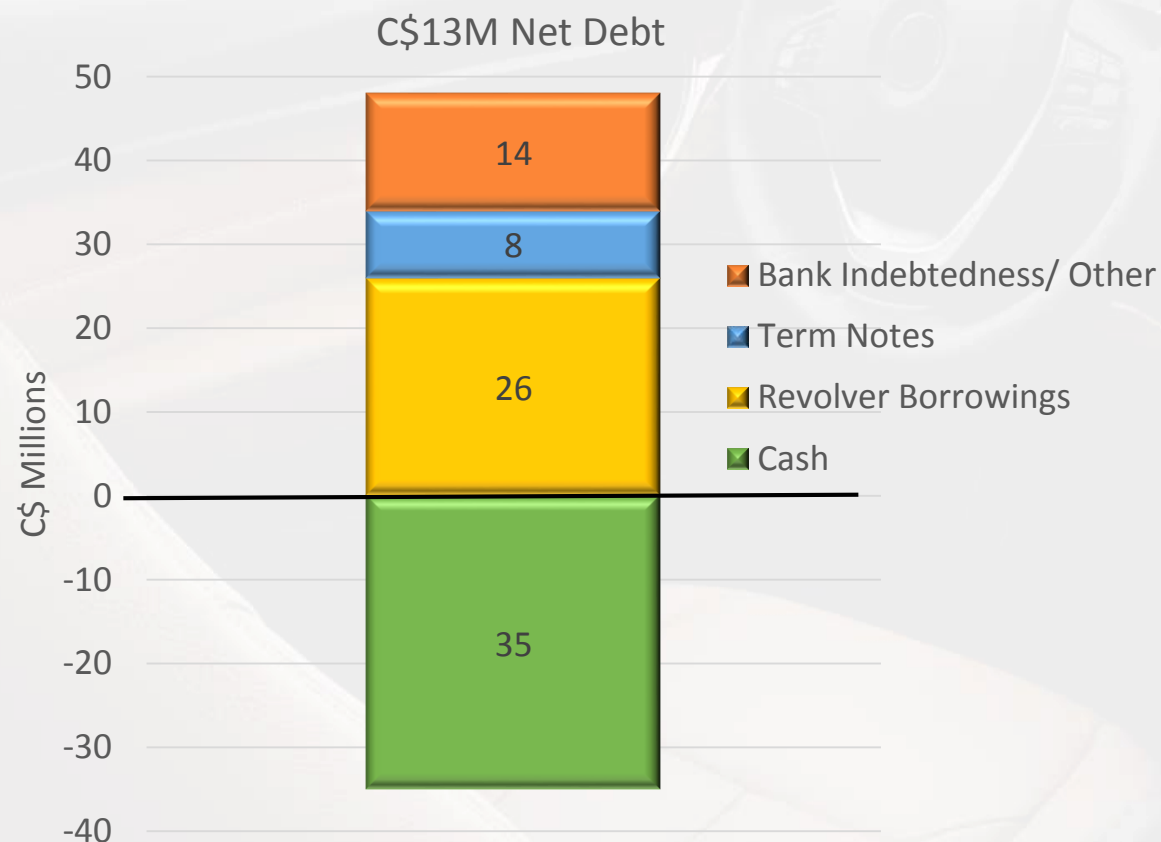
Segment EBITDA



Financial Leverage and Liquidity



Net Debt/ LTM Q2 F18 EBITDA¹ of 0.2x



- LTM Q2 F2018 EBITDA of C\$73M
- C\$50M committed revolver matures February 2021; \$24M available
- Balance sheet cash of \$35M
- Consistently positive free cash flow

¹ Last twelve months ended March 31st, 2018

Questions





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