



Technologies Limited



Q3 F2018 Results

August 2, 2018



Technologies Limited



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Darren Kirk
Chief Operating Officer

Q3 F2018 Operations Overview



Key Highlights in the Quarter – Automotive Solutions

North America (Polytech, Neocon, AFX) compared to Q3 F17

- Lower overall N.A. industry vehicle production – down 5%
 - Passenger cars down 16%; trucks (including SUV/ CUV) up 1% (30% cars/ 70% trucks)
 - Segment revenue exposure roughly 45%/ 55% between car/ truck
- Revenue down 15%; EBITDA margin lower by 170 basis points
- Several key programs won during quarter; new product initiatives and bidding activity remain good
- NAFTA risks and tariff threats continue to be monitored; no meaningful impact at this time

Q3 F2018 Operations Overview



Key Highlights in the Quarter – Automotive Solutions

Europe (ALC and Polydesign) compared to Q3 F17

- Revenues and EBITDA up sharply as results of ALC improved to breakeven & Polydesign remained firm
- Change in strategy for ALC - will shrink rather than grow business due to very unfavorable labour conditions
 - Reduced unemployment and market wage inflation have led to higher turnover and absenteeism
- ALC underlying operating losses have increased due to elevated OT and expedited freight costs
- Q3 F18 losses fully absorbed by temporary price increase from primary customer
- Audi program has ended, other programs being resourced, or moved fully or partially to Polydesign
- Objective is to have a smaller, more manageable operation with access to a higher quality labour pool
- Continuing discussions with primary customer to obtain permanent price increase
- Will not support operations with ongoing losses

Q3 F2018 Operations Overview



Key Highlights in the Quarter – Automotive Solutions

Europe (ALC and Polydesign) compared to Q3 F17 (cont'd)

- Polydesign revenue growth of 20%
 - Profitability up and margin improved despite ramp up costs
- Market in Europe remains firm with significant above-market growth opportunity available to Polydesign
 - Record new business awards YTD of €13.4M
 - Significant takeover business from suppliers in Eastern Europe facing similar labour issues as ALC
 - Labour conditions in Morocco remain attractive

Q3 F2018 Operations Overview



Key Highlights in the Quarter – Casting & Extrusion

Monitoring NAFTA risks and tariff threats to segment, however considered manageable at this time

Large Mould Group

- Higher revenues driven by ramp up of recent contract awards
- Group profitability down very slightly year over year
- Margin down on input cost inflation, FX headwinds, program mix and ramp up costs
- Remain focused on wringing out efficiencies of new manufacturing cell
 - Progress continues, albeit at slower than expected pace; significant opportunity remains
 - Similar equipment now operational at all three of group's locations (Newmarket, Toledo, Queretaro)
- Pricing conditions are improving; focusing on higher margin programs
- New order, quoting activity and backlog remain very strong

Q3 F2018 Operations Overview



Key Highlights in the Quarter – Casting & Extrusion

Extrusion Group

- Results remain firm year over year on the back of strong market conditions and operating improvements
- 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
- Have broken ground on new plant in Mexico

Castool Group

- Group sales and profitability up sharply during the quarter
- Results benefiting from selective price increases, continuing rebound in capital equipment sales, seasoning of operations in Thailand and well positioned product portfolio



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Drew Knight
Chief Financial Officer

Q3 F2018 Financial Overview



Consolidated Results Versus Prior Year Period

- Revenue of \$152.8M, up \$6.8M or 5%
 - Automotive Solutions up \$0.8M, Casting & Extrusion up \$7.4M (before FX)
 - FX movements subtracted \$1.4M
- EBITDA of \$20.1M; down \$0.5M or 3%
 - Modest reduction in Automotive Solutions offset by growth in Casting & Extrusion and lower corporate expenses (before FX)
 - FX movements reduced EBITDA by \$0.8M
- Both segments recorded top and bottom line improvement for third consecutive sequential quarter

Q3 F2018 Financial Overview



Consolidated Results Versus Prior Year Period

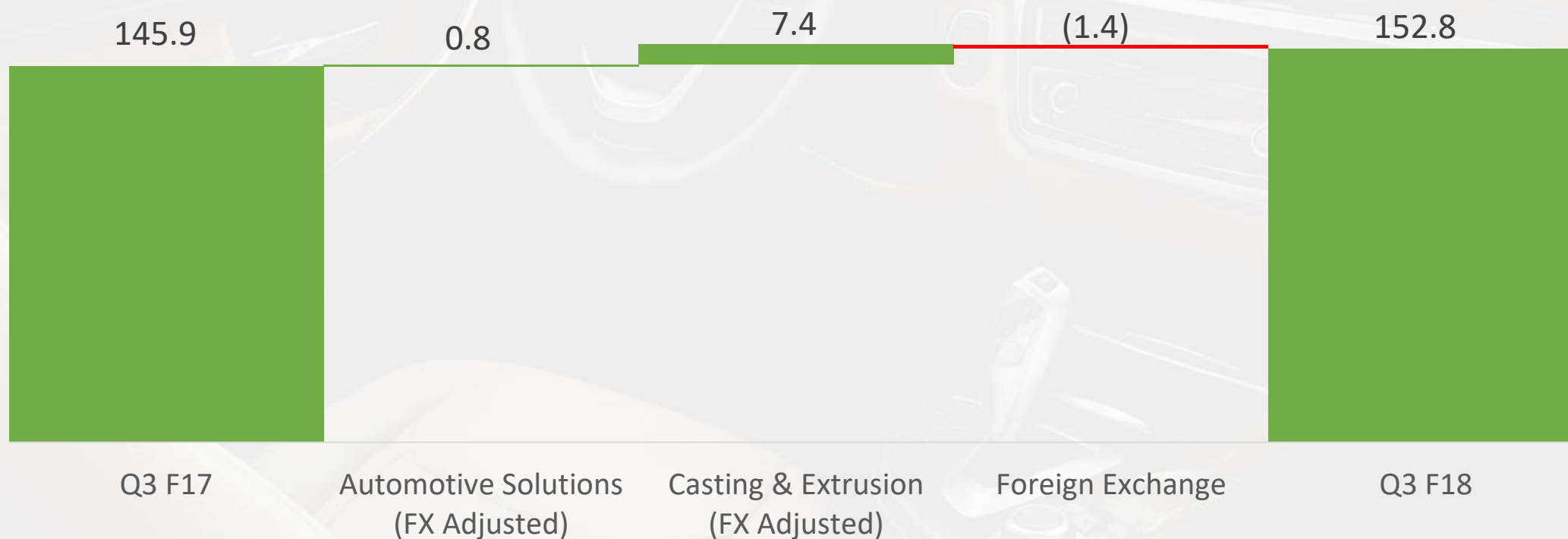
- EPS of \$0.27 per share versus \$0.26 per share prior year quarter
- Tax rate 23% – favorable impact of lower US tax rate and profit shift towards lower tax rate jurisdictions
- Free cash flow of \$18.6 million in the quarter
- Strong cash flow has strengthened balance sheet to a net cash position

Q3 F2018 Financial Overview



Consolidated Revenue Reconciliation

C\$ Millions

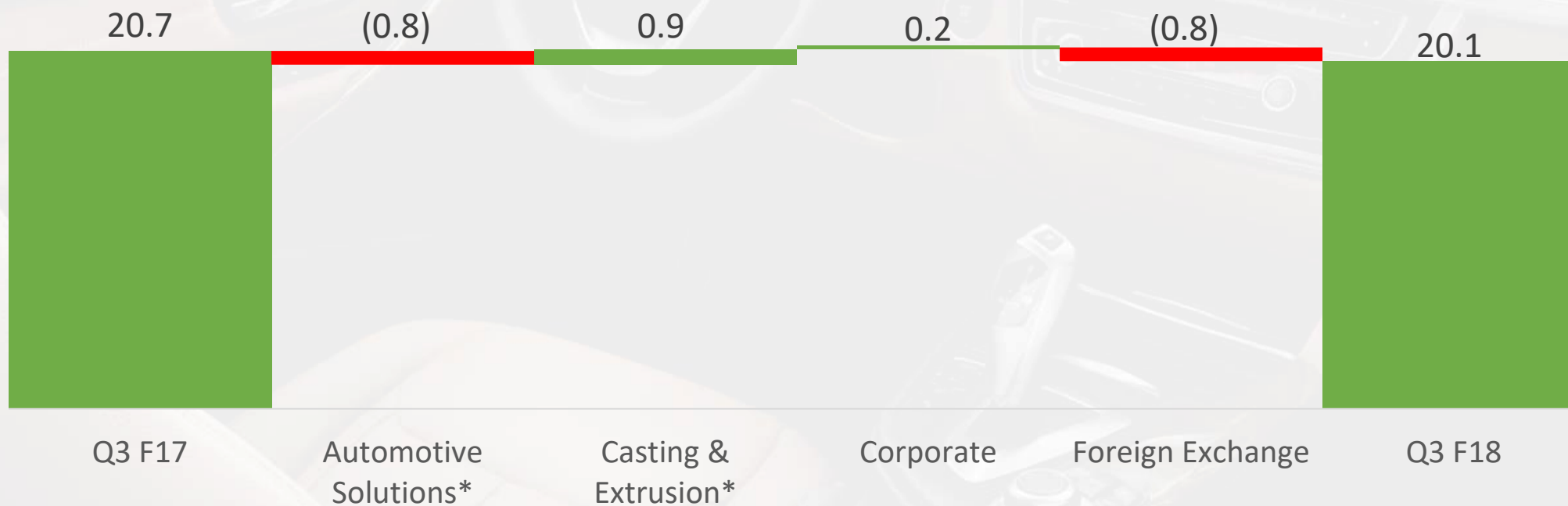


Q3 F2018 Financial Overview



Consolidated EBITDA Reconciliation

C\$ Millions

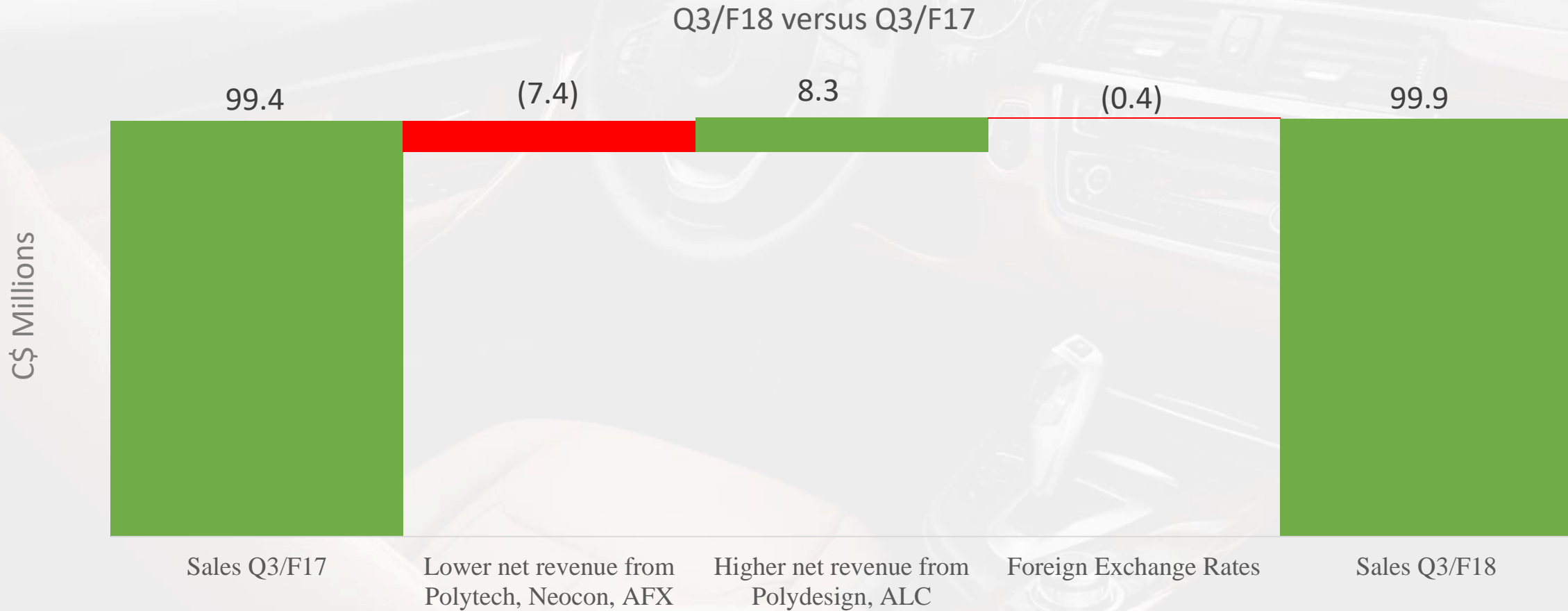


* FX Adjusted

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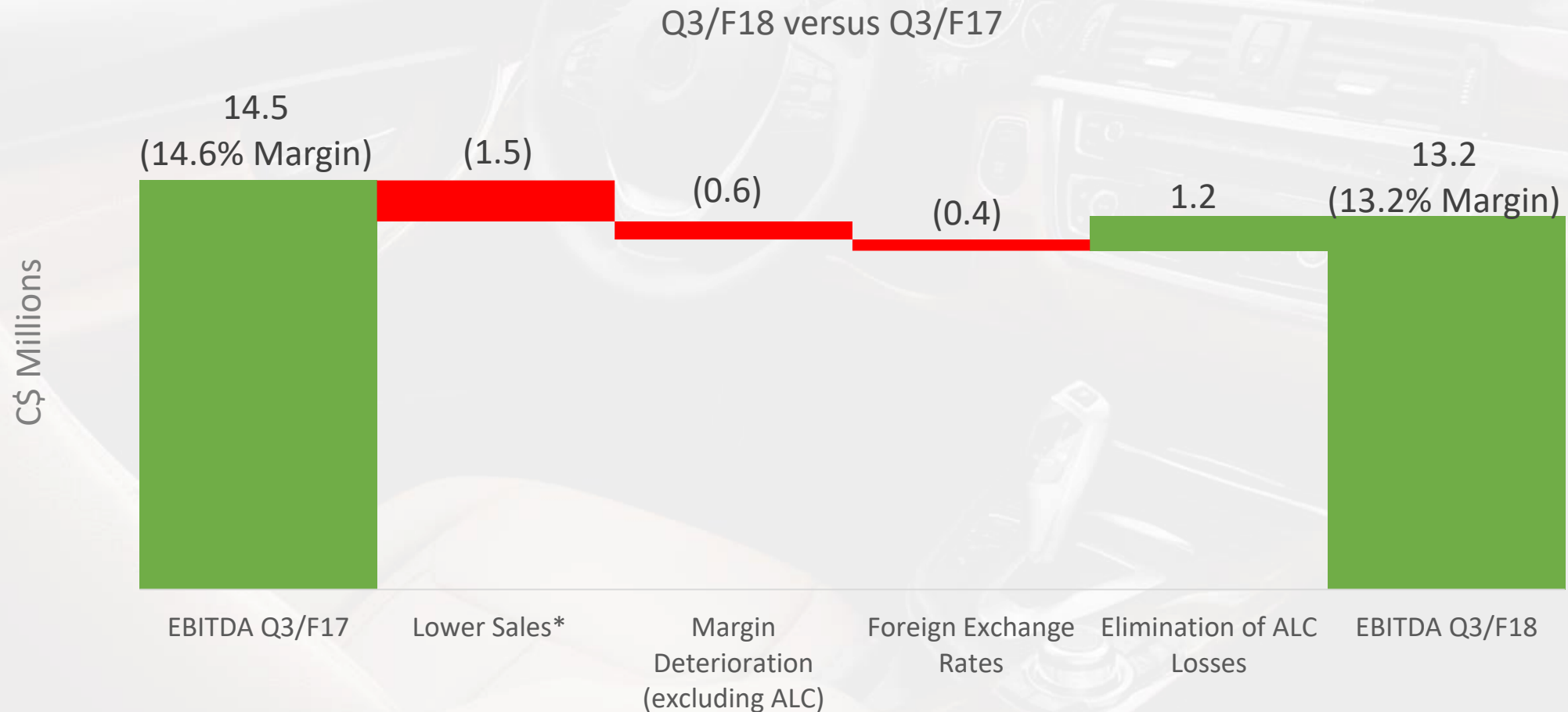
Automotive Solutions Segment - Revenues



Q3 F2018 Financial Overview



Automotive Solutions Segment - EBITDA

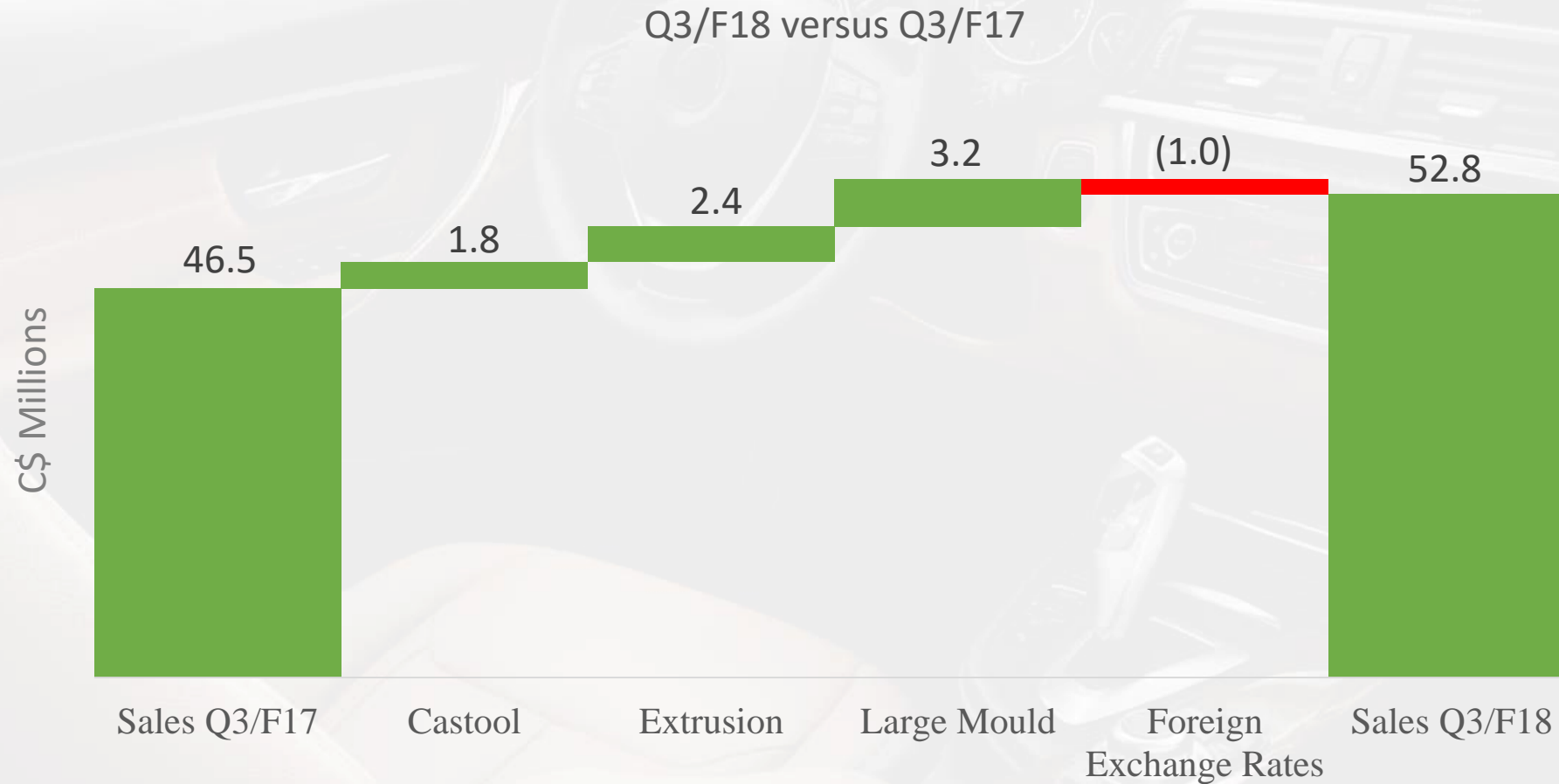


*EBITDA for each business changed by same percentage as sales from prior year quarter (excluding ALC)

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Casting and Extrusion Segment - Revenues



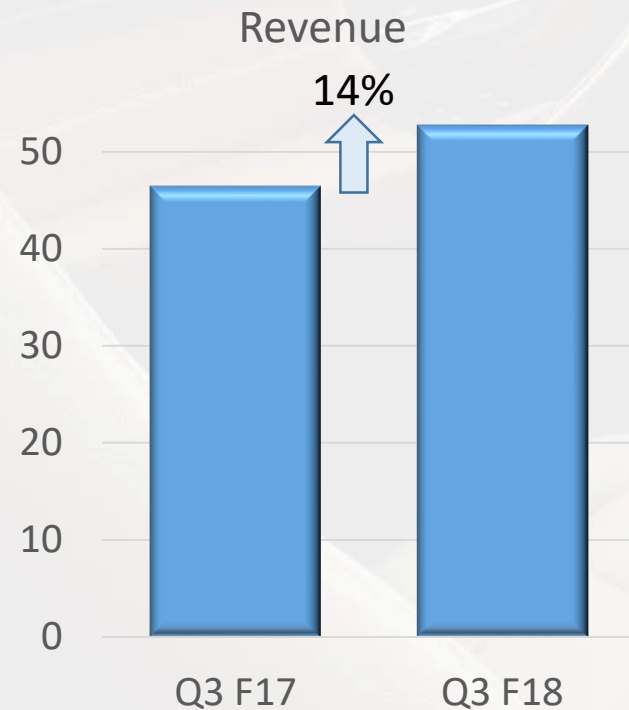
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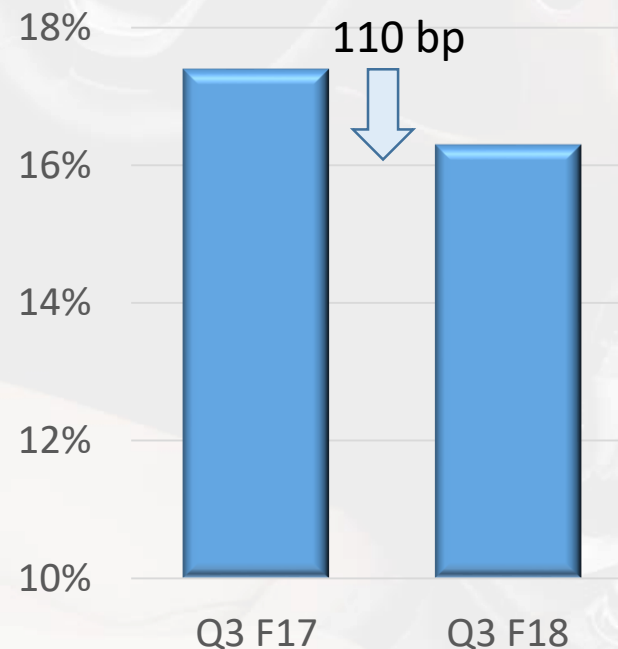
Decent EBITDA growth despite higher input costs and adverse FX movements

Casting and Extrusion Segment

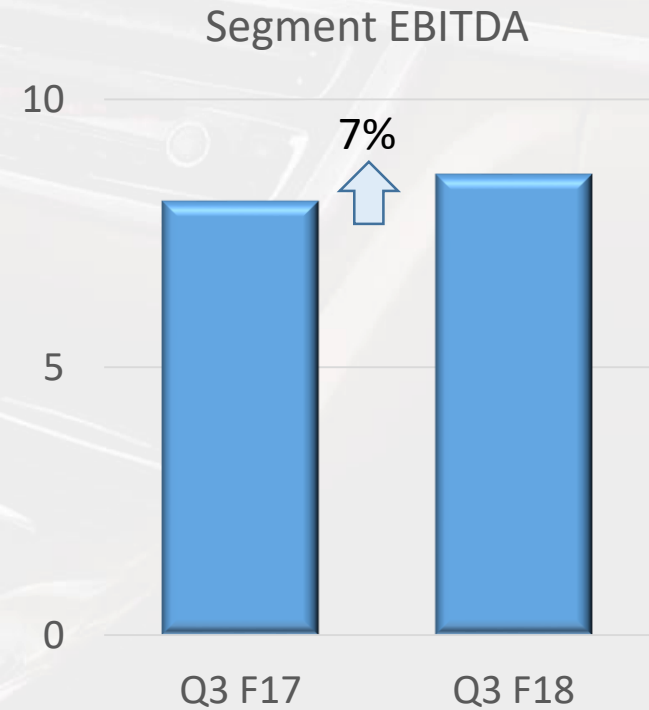
C\$ Millions



Segment EBITDA Margin



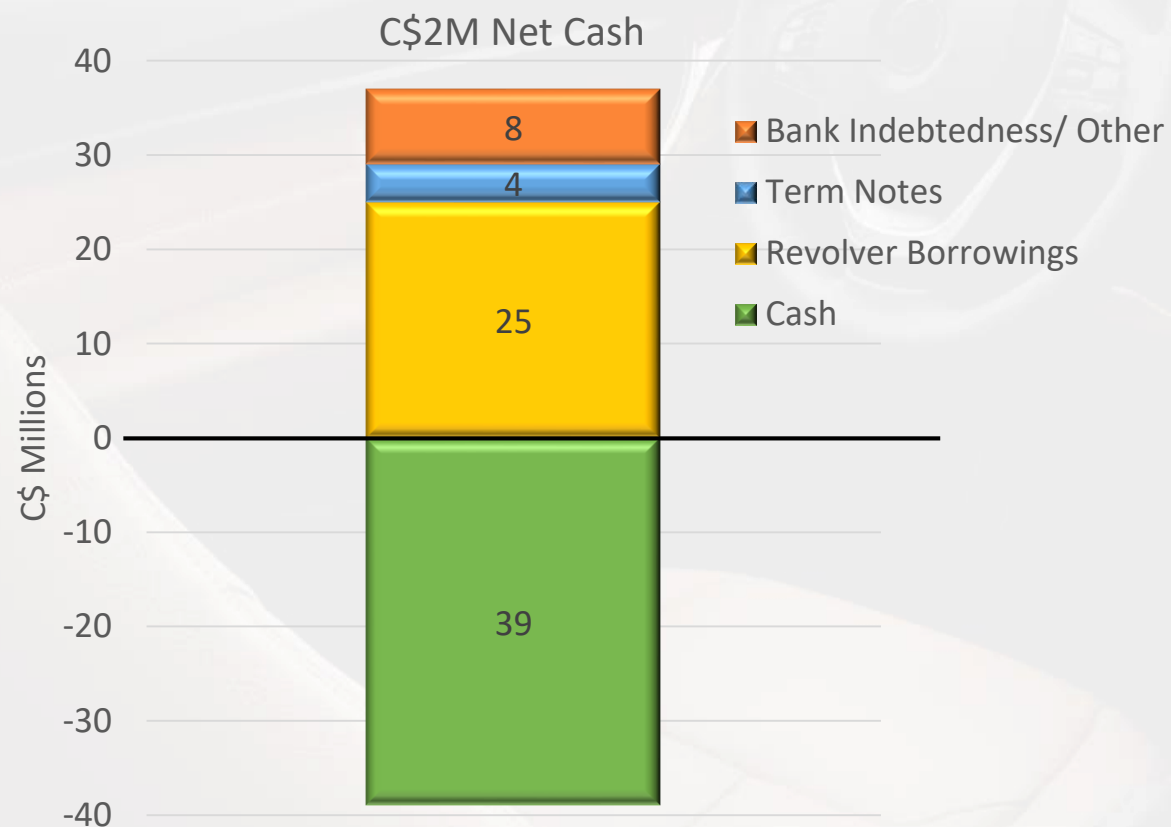
C\$ Millions



Financial Leverage and Liquidity



Balance Sheet in Net Cash Position with Strong Liquidity



- LTM Q3 F2018 EBITDA of C\$72M
- C\$50M committed revolver matures February 2021; \$25M available
- Balance sheet cash of \$39M
- Consistently positive free cash flow

¹ Last twelve months ended June 30th, 2018

Questions





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