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PRESS RELEASE
FOR IMMEDIATE RELEASE

HÉROUX-DEVTEK REPORTS FISCAL 2018 SECOND QUARTER RESULTS

- **Sales of $89.7 million, versus $91.6 million in the previous year**
- **Operating income of $4.6 million and net income of $3.2 million, or $0.09 per share**
- **Adjusted EBITDA[1] of $12.0 million and adjusted net income[1] of $4.1 million, or $0.11 per share**
- **Cash flows related to operating activities of $15.7 million, up from $6.2 million last year**
- **Significant increase in free cash flow[1] to $13.3 million, versus $1.0 million last year**
- **Backlog of $498 million as at September 30, 2017, up from $451 million three months ago**

Longueuil, Québec, November 6, 2017 — Héroux-Devtek Inc. (TSX: HRX), ("Héroux-Devtek" or the "Corporation"), a leading international manufacturer of aerospace products, today reported its results for the second quarter of fiscal 2018 ended September 30, 2017. Unless otherwise indicated, all amounts are in Canadian dollars.

"Héroux-Devtek generated a solid free cash flow in the second quarter, which further strengthened its financial position. The backlog increased significantly and has risen by nearly $100 million since the beginning of the fiscal year. Subsequent to the end of the quarter, we received customer certification in regards to an additional surface treatment process at our Strongsville, Ohio facility, as part of our long-term contract for the Boeing 777 and 777X aircraft. This will allow us to perform more value-added activities internally and reduce our costs," said Gilles Labbé, President and CEO of Héroux-Devtek.

"Looking ahead, the second half of our fiscal year has usually been stronger and this year should be no exception. As well, we are looking forward to closing the acquisition of Compañia Española de Sistemas Aeronauticos, S.A. ("CESA"), announced on October 2, near the end of our current fiscal year. This highly-strategic transaction will allow us to continue building a sustainable future for Héroux-Devtek by expanding our reach in Europe, broadening our proprietary product and service offering, as well as gaining important content on several key programs and access to new customers, including a direct relationship with Airbus," added Mr. Labbé.

FINANCIAL HIGHLIGHTS	**Quarters ended Sept. 30,**		**Six months ended Sept. 30,**	
(in thousands of dollars, except per share data)	**2017**	**2016**	**2017**	**2016**
Sales	**89,677**	91,571	**176,534**	187,161
Operating income	**4,644**	11,584	**10,052**	19,180
Adjusted EBITDA[1]	**12,032**	14,095	**23,972**	28,416
Net income	**3,163**	9,519	**7,190**	14,698
Per share – diluted ($)	**0.09**	0.26	**0.20**	0.41
Adjusted net income[1]	**4,057**	5,677	**8,084**	11,261
Per share ($)	**0.11**	0.16	**0.22**	0.31

[1] This is a non-IFRS measure. Please refer to the "Non-IFRS Measures" section at the end of this press release.

SECOND QUARTER RESULTS

Consolidated sales reached $89.7 million, compared with $91.6 million in the second quarter of fiscal 2017. This 2.1% decrease reflects lower sales in the commercial aerospace market and a net negative impact on second-quarter sales of $1.0 million resulting from year-over-year fluctuations in the value of the Canadian currency versus foreign currencies. These factors were partially offset by an increase in sales in the defence aerospace market.

Commercial sales decreased 13.4% to $42.2 million, versus $48.7 million last year. This year-over-year decline is mainly attributable to the scheduled ending of a Tier-2 contract, lower customer requirements for certain business jet and regional jet programs, as well as unfavourable currency fluctuations. These factors were partially offset by the ramp-up of deliveries to Boeing for the 777 program.

Defence sales increased 10.8%, from $42.9 million to $47.5 million. This variation is essentially due to increased sales to civil customers resulting from higher spare parts requirements and the catch-up of certain manufacturing deliveries, as well as higher repair and overhaul ("R&O") sales to the U.S. Air Force. These factors were partially offset by lower R&O sales to European customers and unfavourable currency fluctuations.

Gross profit was $13.6 million, or 15.1% of sales, versus $16.0 million, or 17.5% of sales, last year. The decline mainly reflects a higher under-absorption of manufacturing costs due to excess capacity and processing and finishing costs related to the Boeing 777 program. These processing and finishing costs are expected to normalize upon completion of the customer qualification and approval of Héroux-Devtek's surface treatment processes. This factor was partially offset by favourable year-over-year currency fluctuations equivalent to 0.3% of sales.

Operating income amounted to $4.6 million, or 5.2% of sales, compared with $11.6 million, or 12.7% of sales, last year. This year's operating income included acquisition-related costs of $0.9 million in connection with the agreement to acquire CESA, while last year's operating income included a $5.2 million gain on settlement of litigation, partially offset by legal fees of $1.5 million. In addition, year-over-year fluctuations in the value of the Canadian currency versus foreign currencies had a negative impact of $1.1 million on operating income in the second quarter of fiscal 2018. Adjusted EBITDA, which excludes non-recurring items, was $12.0 million, or 13.4% of sales, compared with $14.1 million, or 15.4% of sales, a year ago.

Net income for the second quarter of fiscal 2018 was $3.2 million, or $0.09 per diluted share, compared with $9.5 million, or $0.26 per diluted share, a year ago. Excluding non-recurring items net of taxes, adjusted net income reached $4.1 million, or $0.11 per share, versus $5.7 million, or $0.16 per share, last year.

As at September 30, 2017, Héroux-Devtek's funded (firm orders) backlog stood at $498 million, versus $451 million three months earlier. This increase mainly reflects the confirmation of additional orders as part of the Boeing 777 and 777X contract.

SIX-MONTH RESULTS

For the first six months of fiscal 2018, consolidated sales reached $176.5 million, versus $187.2 million in the first six months of fiscal 2017. Year-over-year fluctuations in the value of the Canadian currency versus foreign currencies increased sales by $0.4 million. Commercial sales reached $85.5 million versus $99.3 million a year ago, while defence sales totalled $91.0 million compared with $87.9 million last year.

Gross profit for the first half of fiscal 2018 amounted to $26.5 million, equivalent to 15.0% of sales, compared with $32.1 million, or 17.2% of sales, in the first half of fiscal 2017. Operating income was $10.1 million, or 5.7% of sales, versus $19.2 million, or 10.2% of sales, a year ago. Year-over-year fluctuations in the value of the Canadian currency versus foreign currencies decreased operating income by $1.1 million. Adjusted EBITDA reached $24.0 million, or 13.6% of sales, versus $28.4 million, or 15.2% of sales, a year earlier.

Net income was $7.2 million, or $0.20 per diluted share, in the first six months of fiscal 2018, compared with $14.7 million, or $0.41 per diluted share, in the first six months of fiscal 2017. Adjusted net income stood at $8.1 million, or $0.22 per share, versus $11.3 million, or $0.31 per share, last year.

SOLID CASH FLOWS AND HEALTHY FINANCIAL POSITION

Cash flows related to operating activities amounted to $15.7 million in the second quarter of fiscal 2018, versus $6.2 million in the second quarter of fiscal 2017. This improvement mainly reflects a net favourable variation in non-cash working capital items. As a result, Héroux-Devtek generated a solid free cash flow of $13.3 million in the second quarter of fiscal 2018, up significantly from $1.0 million last year. For the first half of fiscal 2018, cash flows related to operating activities were $18.3 million, compared with $11.5 million a year earlier, while free cash flow amounted to $13.7 million, versus $0.5 million last year.

Given this free cash flow generation, Héroux-Devtek's financial position remained healthy as at September 30, 2017, with cash and cash equivalents of $52.8 million, while total long-term debt was $130.7 million, including the current portion, but excluding net deferred financing costs. Long-term debt includes $52.4 million drawn against the Corporation's authorized Credit Facility of $200.0 million. As a result, the net debt position was $77.9 million at the end of the second quarter, down from $91.8 million three months earlier. The net-debt-to equity ratio was 0.21:1 as at September 30, 2017, versus 0.25:1 three months earlier.

CONFERENCE CALL

Héroux-Devtek Inc. will hold a conference call to discuss these results on Monday, November 6, 2017 at 8:30 AM Eastern Time. Interested parties can join the call by dialling 1-877-223-4471 (North America) or 1-647-788-4922 (overseas). The conference call can also be accessed via live webcast at Héroux-Devtek's website, www.herouxdevtek.com/investor-relations/events or www.gowebcasting.com/9006.

If you are unable to call in at this time, you may access a tape recording of the meeting by calling 1-800-585-8367 and entering the passcode 1602325 on your phone. This tape recording will be available on Monday, November 6, 2017 as of 11:30 AM Eastern Time until 11:59 PM Eastern Time on Monday, November 13, 2017.

PROFILE

Héroux-Devtek Inc. (TSX: HRX) is an international company specializing in the design, development, manufacture and repair and overhaul of landing gear and actuation systems and components for the Aerospace market. The Corporation is the third largest landing gear company worldwide, supplying both the commercial and defence sectors of the Aerospace market with new landing gear systems and components, as well as aftermarket products and services. The Corporation also manufactures hydraulic systems, fluid filtration systems and electronic enclosures. Approximately 90% of the Corporation's sales are outside Canada, including about 65% in the United States. The Corporation's head office is located in Longueuil, Québec with facilities in the Greater Montreal area (Longueuil, Laval and St-Hubert); Kitchener, Cambridge and Toronto, Ontario; Springfield and Strongsville, Ohio; Wichita, Kansas; Everett, Washington; and Runcorn, Nottingham and Bolton, United Kingdom.

FORWARD-LOOKING STATEMENTS

Except for historical information provided herein, this press release contains information and statements of a forward-looking nature concerning the future performance of the Corporation. Forward looking statements are based on assumptions and uncertainties as well as on management's best possible evaluation of future events. Such factors may include, without excluding other considerations, fluctuations in quarterly results, evolution in customer demand for the Corporation's products and services, the impact of price pressures exerted by competitors, and general market trends or economic changes. As a result, readers are advised that actual results may differ from expected results. Please see the Guidance section in the Corporation's MD&A for the quarter ended September 30, 2017, for further details regarding the material assumptions underlying the forecasts and guidance. Such forecasts and guidance are provided for the purpose of assisting the reader in understanding the Corporation's financial performance and prospects and to present management's assessment of future plans and operations, and the reader is cautioned that such statements may not be appropriate for other purposes.

NON-IFRS MEASURES

Earnings before interest, taxes, depreciation and amortization ("EBITDA"), adjusted EBITDA, adjusted net income, adjusted earnings per share and free cash flow are financial measures not prescribed by International Financial Reporting Standards ("IFRS") and are not likely to be comparable to similar measures presented by other issuers. Management considers these to be useful information to assist investors in evaluating the Corporation's profitability, liquidity and ability to generate funds to finance its operations. Refer to Non-IFRS financial measures under Operating Results in the Corporation's MD&A for definitions of these measures and reconciliations to the most comparable IFRS measures.

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Note to readers: Complete unaudited interim condensed consolidated financial statements and Management's Discussion & Analysis are available on Héroux-Devtek's website at www.herouxdevtek.com.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Second quarter ended September 30, 2017

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DISCLOSURE OF NON-REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTERS ENDED SEPTEMBER 30, 2017 AND 2016.

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if the external auditors have not performed a review of the financial statements, the financial statements must be accompanied by a notice indicating that they have not been reviewed by the external auditors.

The accompanying unaudited interim condensed consolidated financial statements of the Corporation for the quarters ended September 30, 2017 and 2016 have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting,* and are the responsibility of the Corporation's management.

The Corporation's external auditors, Ernst & Young LLP, have not performed a review of these interim condensed consolidated financial statements in accordance with the standards established by Chartered Professional Accountants Canada for a review of financial statements by the external auditors of an entity.

November 3, 2017.

CONSOLIDATED BALANCE SHEETS

(In thousands of Canadian dollars) (Unaudited)

As at	Notes	September 30, 2017	March 31, 2017
Assets			
Current assets			
Cash and cash equivalents		**$ 52,812**	$ 42,456
Accounts receivable		**60,289**	71,135
Income tax receivable		**1,619**	1,228
Inventories		**145,518**	143,866
Derivative financial instruments	8	**7,244**	3,509
Other current assets	9	**9,725**	10,473
		277,207	272,667
Property, plant and equipment, net	3	**180,633**	192,847
Finite-life intangible assets, net	3	**39,683**	45,467
Derivative financial instruments	8	**3,676**	292
Deferred income tax assets		**10,507**	9,964
Goodwill		**85,635**	86,049
Total assets		**$ 597,341**	$ 607,286
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		**$ 54,780**	$ 63,391
Accounts payable - other and other liabilities		**1,216**	2,556
Provisions		**17,205**	20,170
Customer advances		**5,904**	6,442
Progress billings		**3,171**	1,924
Income tax payable		**1,042**	1,106
Derivative financial instruments	8	**275**	2,055
Current portion of long-term debt	10	**7,301**	6,792
		90,894	104,436
Long-term debt	10	**122,397**	127,347
Provisions		**6,197**	6,398
Derivative financial instruments	8	**31**	508
Deferred income tax liabilities		**5,812**	5,942
Other liabilities		**8,618**	6,787
		233,949	251,418
Shareholders' equity			
Issued capital	11	**77,510**	77,217
Contributed surplus		**3,960**	3,735
Accumulated other comprehensive income	12	**7,304**	6,298
Retained earnings		**274,618**	268,618
		363,392	355,868
Total liabilities and shareholders' equity		**$ 597,341**	$ 607,286

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

(In thousands of Canadian dollars, except per share data) (Unaudited)

		Quarters ended September 30,		Six months ended September 30,	
	Notes	**2017**	2016	**2017**	2016
Sales		**$ 89,677**	$ 91,571	**$ 176,534**	$ 187,161
Cost of sales	**3, 4**	**76,118**	75,530	**150,055**	155,015
Gross profit		**13,559**	16,041	**26,479**	32,146
Selling and administrative expenses	**3, 4**	**7,969**	8,168	**15,481**	16,272
Non-recurring items	**6**	**946**	(3,711)	**946**	(3,306)
Operating income		**4,644**	11,584	**10,052**	19,180
Financial expenses	**5**	**1,225**	1,501	**2,531**	3,107
Income before income tax expense		**3,419**	10,083	**7,521**	16,073
Income tax expense		**256**	564	**331**	1,375
Net income		**$ 3,163**	$ 9,519	**$ 7,190**	$ 14,698
Earnings per share – basic and diluted	**7**	**$ 0.09**	$ 0.26	**$ 0.20**	$ 0.41

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands of Canadian dollars) (Unaudited)

		Quarters ended September 30,		Six months ended September 30,	
	Notes	**2017**	2016	**2017**	2016
	12				
Other comprehensive income (loss):					
Items that may be reclassified to net income					
Gains (losses) arising from conversion of the financial statements of foreign operations		**$ (6,197)**	$ 612	**$ (8,394)**	$ (10,498)
Cash flow hedges:					
Net gains (losses) on valuation of derivative financial instruments		**5,133**	(2,625)	**9,419**	(1,284)
Net losses (gains) on derivative financial instruments transferred to net income		**(897)**	841	**(808)**	1,000
Deferred income taxes		**(1,131)**	478	**(2,301)**	83
		3,105	(1,306)	**6,310**	(201)
Gains (losses) on hedge of net investments in foreign operations		**2,087**	(840)	**3,439**	(546)
Deferred income taxes		**(212)**	86	**(349)**	56
		1,875	(754)	**3,090**	(490)
Items that are never reclassified to net income					
Defined benefit pension plans:					
Gains (losses) from remeasurement		**147**	(1,860)	**(1,628)**	(2,293)
Deferred income taxes		**(39)**	497	**438**	613
		108	(1,363)	**(1,190)**	(1,680)
Other comprehensive loss		**$ (1,109)**	$ (2,811)	**$ (184)**	$ (12,869)
Comprehensive income					
Net income		**$ 3,163**	$ 9,519	**$ 7,190**	$ 14,698
Other comprehensive loss		**(1,109)**	(2,811)	**(184)**	(12,869)
Comprehensive income		**$ 2,054**	$ 6,708	**$ 7,006**	$ 1,829

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(In thousands of Canadian dollars) (Unaudited)

	Notes		Issued capital		Contributed surplus		Accumulated other comprehensive income		Retained earnings		Shareholders' equity
Balance as at March 31, 2017		$	77,217	$	3,735	$	6,298	$	268,618	$	355,868
Common shares:	11										
Issued under the stock purchase and ownership incentive plan			293		—		—		—		293
Stock-based compensation expense	11		—		225		—		—		225
Net income			—		—		—		7,190		7,190
Other comprehensive income (loss)	12		—		—		1,006		(1,190)		(184)
Balance as at September 30, 2017		$	77,510	$	3,960	$	7,304	$	274,618	$	363,392

	Notes		Issued capital		Contributed surplus		Accumulated other comprehensive income		Retained earnings		Shareholders' equity
Balance as at March 31, 2016		$	75,916	$	3,283	$	18,788	$	233,127	$	331,114
Common shares:	11										
Issued under the stock option plan			540		(190)		—		—		350
Issued under the stock purchase and ownership incentive plan			286		—		—		—		286
Stock-based compensation expense	11		—		348		—		—		348
Net income			—		—		—		14,698		14,698
Other comprehensive loss	12		—		—		(11,189)		(1,680)		(12,869)
Balance as at September 30, 2016		$	76,742	$	3,441	$	7,599	$	246,145	$	333,927

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands of Canadian dollars) (Unaudited)

		Quarters ended September 30,		Six months ended September 30,	
	Notes	**2017**	2016	**2017**	2016
Cash and cash equivalents provided by (used for):					
Operating activities					
Net income		**$ 3,163**	$ 9,519	**$ 7,190**	$ 14,698
Items not requiring an outlay of cash:					
Amortization expense	4	**6,442**	6,222	**12,974**	12,542
Deferred income taxes		**(2,004)**	(697)	**(2,763)**	(1,574)
Losses on sale of property, plant and equipment		**—**	8	**2**	8
Non-cash financial expenses	5	**594**	833	**1,273**	1,759
Stock-based compensation expense	11	**93**	170	**225**	348
Cash flows from operations		**8,288**	16,055	**18,901**	27,781
Net change in non-cash items	13	**7,412**	(9,807)	**(633)**	(16,298)
Cash flows related to operating activities		**15,700**	6,248	**18,268**	11,483
Investing activities					
Net additions to property, plant and equipment		**(1,863)**	(4,548)	**(4,529)**	(11,196)
Increase in finite-life intangible assets		**(815)**	(1,027)	**(1,602)**	(1,283)
Proceeds on disposal of property, plant and equipment		**—**	—	**30**	—
Cash flows related to investing activities		**(2,678)**	(5,575)	**(6,101)**	(12,479)
Financing activities					
Increase in long-term debt		**1,269**	10,390	**1,269**	11,695
Repayment of long-term debt		**(1,139)**	(3,385)	**(2,245)**	(14,524)
Issuance of common shares	11	**149**	388	**293**	636
Cash flows related to financing activities		**279**	7,393	**(683)**	(2,193)
Effect of changes in exchange rates on cash and cash equivalents		**(771)**	95	**(1,128)**	(252)
Change in cash and cash equivalents during the periods		**12,530**	8,161	**10,356**	(3,441)
Cash and cash equivalents at beginning of periods		**40,282**	7,666	**42,456**	19,268
Cash and cash equivalents at end of periods		**$ 52,812**	$ 15,827	**$ 52,812**	$ 15,827
Interest and income taxes reflected in operating activities:					
Interest paid		**$ 679**	$ 675	**$ 1,421**	$ 1,355
Interest received		**$ 48**	$ 6	**$ 163**	$ 7
Income taxes paid		**$ 1,758**	$ 1,296	**$ 3,462**	$ 2,911

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the quarters and six-month periods ended September 30, 2017 and 2016

(In thousands of Canadian dollars, except per share data) (Unaudited)

NOTE 1. NATURE OF ACTIVITIES AND CORPORATE INFORMATION

Héroux-Devtek Inc. is incorporated under the laws of Québec. Its head office is domiciled at Complexe St-Charles, 1111 St-Charles Street West, suite 658, East Tower, Longueuil (Québec), Canada. Héroux-Devtek Inc. and its subsidiaries (the "Corporation") specialize in the design, development, manufacture, repair and overhaul of aircraft landing gear, hydraulic flight control actuators and fracture-critical components. It also includes the manufacture of electronic enclosures, heat exchangers and cabinets for airborne radar, electro-optic systems and aircraft controls through its Magtron operations as well as fluid filters products through its Bolton operations.

The Corporation only operates in one reporting segment, which is the Aerospace segment.

The Corporation's common shares are traded on the Toronto Stock Exchange under the symbol "HRX".

NOTE 2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the quarter ended September 30, 2017 were prepared in accordance with IAS 34, *Interim Financial Reporting,* therefore certain information and disclosures have been omitted or condensed. The same accounting policies and methods of computation were followed in the preparation of these interim condensed consolidated financial statements as were followed in the preparation of the most recent annual audited consolidated financial statements. Accordingly, these interim condensed consolidated financial statements should be read together with the annual audited consolidated financial statements and notes thereto included in the Corporation's Annual Report for the fiscal year ended March 31, 2017.

These interim condensed consolidated financial statements were approved for issue by the Board of Directors of the Corporation on November 3, 2017.

NOTE 3. GOVERNMENT ASSISTANCE

Government assistance deducted from the cost of the related assets or recognized as a reduction of expenses, was as follows:

	Quarters ended September 30,		Six months ended September 30,	
	2017	2016	**2017**	2016
Finite-life intangible assets	**$ 77**	$ 57	**$ 226**	$ 96
Property, plant and equipment	**138**	254	**267**	481
Cost of sales and, selling and administrative expenses	**402**	1,217	**1,335**	2,220

The government assistance includes mainly research and development tax credits, other credits and grants.

NOTE 4. COST OF SALES, SELLING AND ADMINISTRATIVE EXPENSES

The main components of these expenses were as follows:

	Quarters ended September 30,		Six months ended September 30,	
	2017	2016	**2017**	2016
Raw materials and purchased parts	**$ 34,176**	$ 29,843	**$ 61,391**	$ 58,971
Employee costs	**29,131**	32,814	**61,188**	68,625
Amortization of property, plant and equipment and finite-life intangible assets	**6,442**	6,222	**12,974**	12,542
Others	**14,338**	14,819	**29,983**	31,149
	$ 84,087	$ 83,698	**$ 165,536**	$ 171,287

Foreign exchange gains or losses resulting from the conversion of net monetary items denominated in foreign currencies are included in the Corporation's selling and administrative expenses. During the quarter ended September 30, 2017, the foreign exchange loss amounted to $737 (gain of $497 in 2016), compared to a loss of $998 for the six-month period ended September 30, 2017 (gain of $1,215 in 2016) .

NOTE 5. FINANCIAL EXPENSES

Financial expenses comprise the following:

	Quarters ended September 30,		Six months ended September 30,	
	2017	2016	**2017**	2016
Interest accretion on governmental authorities loans	**$ 563**	$ 647	**$ 1,118**	$ 1,311
Interest on net defined benefit obligations	**34**	81	**69**	162
Amortization of deferred financing costs (note 10)	**56**	80	**127**	159
Other interest accretion expense and discount rate adjustments	**(59)**	25	**(41)**	127
Non-cash financial expenses	**594**	833	**1,273**	1,759
Interest expense	**679**	674	**1,421**	1,355
Interest income on cash and cash equivalents	**(48)**	(6)	**(163)**	(7)
	$ 1,225	$ 1,501	**$ 2,531**	$ 3,107

NOTE 6. NON-RECURRING ITEMS

Non-recurring items comprise the following:

	Quarters ended September 30,		Six months ended September 30,	
	2017	2016	**2017**	2016
Non-recurring items in operating income				
Acquisition-related costs	**$ 946**	$ —	**$ 946**	$ —
Gain on settlement of litigation	**—**	(5,247)	**—**	(5,247)
Legal fees	**—**	1,536	**—**	1,941
	$ 946	(3,711)	**$ 946**	$ (3,306)

Acquisition-related costs
During the quarter and six-month periods ended September 30, 2017, the Corporation's incurred $946 in acquisition-related costs. These costs mainly pertain to professional fees and expenses in connection with the agreement to acquire Compañia Española de Sistemas Aeronauticos S.A. ("CESA") (see note 15).

Gain on settlement of a litigation, legal and other professional fees
In January 2016, the Corporation filed an arbitration claim related to representations and warranties made to it in the context of a completed business acquisition. During the second quarter ended September 30, 2016, the Corporation reached an agreement outside of arbitration with the counterparty resulting in a favourable $US 4,000 ($5,247) settlement.

Non-recurring legal and other professional fees incurred during the quarter and six-month periods ended September 30, 2016 totaled $1,536 and $1,941, respectively.

NOTE 7. EARNINGS PER SHARE

The following table sets forth the elements used to compute basic and diluted earnings per share:

	Quarters ended September 30,		Six months ended September 30,	
	2017	2016	**2017**	2016
Weighted-average number of common shares outstanding	**36,141,820**	36,064,377	**36,135,848**	36,041,642
Effect of dilutive stock options of the Corporation	**180,000**	233,075	**190,324**	246,431
Weighted-average number of common diluted shares outstanding	**36,321,820**	36,297,452	**36,326,172**	36,288,073
Options excluded from diluted earnings per share calculation[1]	**113,000**	113,000	**113,000**	113,000

[1] *Excluded due to anti-dilutive impact*

NOTE 8. DERIVATIVE FINANCIAL INSTRUMENTS

Forward foreign exchange contracts
The Corporation had the following forward foreign exchange contracts outstanding:

As at	**September 30, 2017**		March 31, 2017	
Notional amount outstanding	**US$**	**121,750**	US$	152,350
Average exchange rate		**1.3218**		1.3178

As at September 30, 2017, these contracts mature at various dates between October 2017 and March 2021, with the majority maturing this fiscal year and the next.

Interest rate swap agreements
As at September 30, 2017 the Corporation had entered into the following interest rate swap agreements to fix the interest rate on certain loans:

Notional		Fixed rate	Inception	Maturity
US$	5,000	1.65%	March 2014	December 2018
US$	10,000	2.38%	December 2015	December 2018

The interest-rate swap rates mentioned above exclude the additional bank relevant margin (see Note 10). The cash flows related to the interest-rate swaps are expected to occur in the same periods as they are expected to affect net income.

Agreement to acquire CESA
The agreement to acquire CESA (see Note 15) exposes the Corporation to new foreign currency and interest rate risks related to the purchase price and financing. An increase in value of the Euro compared to the Canadian dollar would increase the anticipated transaction price, and an increase in interest rates underlying expected debt would increase related financial expenses.

In order to mitigate these risks, following the announcement of the transaction, the Corporation acquired €85,000 (approximately $123,800) of foreign exchange collars which mature in April 2018 and limit the Corporation's exposure to fluctuations outside of the exchange rates of 1.4560 and 1.5200, as well as approximately $86,400 of cross-currency interest rate swaps in order to fix interest rates.

Equity swap agreement
On June 22, 2015, the Corporation entered into an equity swap agreement fixing 150,000 common shares of the Corporation at a price of $11.45. This agreement is a derivative that is not part of a designated hedging relationship and matures in June 2018.

NOTE 9. OTHER CURRENT ASSETS

As at		September 30, 2017		March 31, 2017
Investment and other tax credits receivable	$	3,267	$	4,479
Sales tax receivable		1,343		1,028
Prepaid expenses		2,915		3,917
Others		2,200		1,049
	$	9,725	$	10,473

NOTE 10. LONG-TERM DEBT

As at		September 30, 2017		March 31, 2017
Senior Secured Syndicated Revolving Credit Facility (“Credit Facility“)	$	52,416	$	55,856
Governmental authorities loans		50,662		49,133
Obligations under finance leases		27,654		29,787
Deferred financing costs, net		(1,034)		(637)
		129,698		134,139
Less: current portion		7,301		6,792
Long-term debt	$	122,397	$	127,347

Credit Facility
The relevant terms and drawings on the Credit Facility are as follows:

As at		September 30, 2017		March 31, 2017
Limit, in Canadian, US$, Euro or British Pound equivalent	$	200,000	$	200,000
US$ Drawings				
Amount	US$	42,000	US$	42,000
Rate		Libor + 1.1%		Libor +1.4%
Effective rate		2.4%		2.4%

In May 2017, the Corporation reached an agreement with its syndicate of banks to extend the term of the Credit Facility through May 2022. The authorized amount remains $200,000 and most other key terms remain unchanged, though the amount of the accordion feature, which is subject to lenders approval, has increased from $75,000 to $100,000. Financing costs totaling $524 were deferred and will be amortized over the term of the loan using the effective interest rate method.

Finance leases
Obligations under finance leases bear fixed interest rates between 2.4% and 3.7% as at September 30, 2017 (same as at March 31, 2017), maturing from July 2019 to December 2023, with amortization periods of seven years, secured by the related property, plant and equipment, net of interest of $2,331 ($2,766 as at March 31, 2017).

NOTE 11. ISSUED CAPITAL

Variations in common shares issued and fully paid were as follows:

	Quarter Ended September 30, 2017			Six months ended September 30, 2017		
	Number		Issued capital	Number		Issued capital
Balance at beginning of periods	36,134,945	$	77,361	36,122,050	$	77,217
Issued for cash under the stock purchase and ownership incentive plan	12,210		149	25,105		293
Balance at end of periods	36,147,155	$	77,510	36,147,155	$	77,510

A. Stock option plan

The Corporation grants stock options at a subscription price representing the average closing price of the Corporation's common shares on the Toronto Stock Exchange for the five trading days preceding the grant date. Options granted under the plan vest over a period of four years, with the exception of certain key management employees for which the vesting period is one to three years following the grant date. The options are exercisable over a period not greater than seven years after the grant date.

For the quarters ended September 30, variances in stock options outstanding and related compensation expense were as follows:

	2017			2016		
	Number of stock options		**Weighted-average exercise price**	Number of stock options		Weighted-average exercise price
Balance at beginning of periods	**914,295**	**$**	**10.88**	961,045	$	10.76
Granted	**—**		**—**	4,000		14.97
Exercised	**—**		**—**	(21,750)		11.28
Balance at end of periods	**914,295**	**$**	**10.88**	943,295	$	10.77
Stock-based compensation expense		**$**	**93**		$	170

For the six-month periods ended September 30, variances in stock options outstanding and related compensation expense were as follows:

	2017			2016		
	Number of stock options		**Weighted-average exercise price**	Number of stock options		Weighted-average exercise price
Balance at beginning of periods	**914,295**	**$**	**10.88**	879,545	$	10.02
Granted	**—**		**—**	113,000		15.01
Exercised	**—**		**—**	(49,250)		7.10
Balance at end of periods	**914,295**	**$**	**10.88**	943,295	$	10.77
Stock-based compensation expense		**$**	**225**		$	348

As at September 30, 2017 and March 31, 2017, 2,808,257 common shares are reserved for issuance of stock options, of which 1,563,231 remained to be issued.

B. Stock purchase and ownership incentive plan

	Quarters ended September 30,		Six months ended September 30,	
	2017	2016	**2017**	2016
In number of common shares				
Issued under the stock purchase and ownership incentive plan	**12,210**	10,750	**25,105**	21,880
Attributed to participating employees	**4,762**	4,333	**9,829**	7,974
Expense related to common shares attributed	**$ 64**	$ 64	**$ 129**	$ 116

As at September 30, 2017, 340,000 shares were reserved for issuance under the stock purchase and ownership incentive plan, of which 81,533 remained to be issued, compared to 106,638 as at March 31, 2017.

C. Deferred Share Unit ("DSU") and Performance Share Unit ("PSU") plans

Movements in outstanding DSUs and PSUs and related expenses were as follows:

	Quarters ended September 30,		Six months ended September 30,	
	2017	2016	**2017**	2016
DSUs				
In number of DSUs				
Opening balance	**135,815**	124,333	**135,815**	124,333
Issued	**—**	33,740	**—**	33,740
Settled	**—**	(22,258)	**—**	(22,258)
Closing balance of DSUs outstanding	**135,815**	135,815	**135,815**	135,815
DSU expense for the period	**$ 107**	$ 111	**$ 509**	$ 371
Fair value of vested outstanding DSUs, end of period	**$ 1,762**	$ 1,615	**$ 1,762**	$ 1,615

	Quarters ended September 30,		Six months ended September 30,	
	2017	2016	**2017**	2016
PSUs				
In number of PSUs				
Opening balance	**114,434**	209,892	**114,434**	151,392
Issued	**—**	—	**—**	58,500
Cancelled/Forfeited	**—**	(401)	**—**	(401)
Closing balance of PSUs outstanding	**114,434**	209,491	**114,434**	209,491
PSU expense for the period	**$ (57)**	$ (72)	**$ (294)**	$ 182
Fair value of vested outstanding PSUs, end of period	**$ 709**	$ 2,019	**$ 709**	$ 2,019

NOTE 12. ACCUMULATED OTHER COMPREHENSIVE INCOME

Changes in accumulated other comprehensive income were as follows:

		Exchange differences on conversion of foreign operations		Cash flow hedges		Hedge of net investments in foreign operations		Total
Balance as at June 30, 2017	$	12,059	$	2,684	$	(6,222)	$	8,521
Other comprehensive income (loss)		(6,197)		3,105		1,875		(1,217)
Balance as at September 30, 2017	$	5,862	$	5,789	$	(4,347)	$	7,304
Balance as at March 31, 2017	$	14,256	$	(521)	$	(7,437)	$	6,298
Other comprehensive income (loss)		(8,394)		6,310		3,090		1,006
Balance as at September 30, 2017	$	5,862	$	5,789	$	(4,347)	$	7,304

		Exchange differences on conversion of foreign operations		Cash flow hedges		Hedge of net investments in foreign operations		Total
Balance as at June 30, 2016	$	14,581	$	462	$	(5,996)	$	9,047
Other comprehensive income (loss)		612		(1,306)		(754)		(1,448)
Balance as at September 30, 2016	$	15,193	$	(844)	$	(6,750)	$	7,599
Balance as at March 31, 2016	$	25,691	$	(643)	$	(6,260)	$	18,788
Other comprehensive income (loss)		(10,498)		(201)		(490)		(11,189)
Balance as at September 30, 2016	$	15,193	$	(844)	$	(6,750)	$	7,599

NOTE 13. NET CHANGE IN NON-CASH ITEMS

The net change in non-cash items were detailed as follows:

	Quarters ended September 30,				Six months ended September 30,			
		2017		2016		**2017**		2016
Accounts receivable	**$**	**2,043**	$	(2,767)	**$**	**10,846**	$	13,226
Income tax receivable		**148**		(305)		**(391)**		360
Inventories		**5,945**		(3,503)		**(1,652)**		(10,733)
Other current assets		**2,700**		(6,292)		**20**		(9,541)
Accounts payable and accrued liabilities, accounts payable – other and other liabilities		**(1,724)**		(2,087)		**(4,373)**		(7,699)
Provisions		**(978)**		(1,667)		**(3,125)**		(2,060)
Progress billings		**845**		1,315		**1,169**		(537)
Customer advances		**(166)**		5,094		**(537)**		3,493
Income tax payable		**343**		204		**(65)**		(470)
Effect of changes in exchange rates[1]		**(1,744)**		201		**(2,525)**		(2,337)
	$	**7,412**	$	(9,807)	**$**	**(633)**	$	(16,298)

(1) *Reflects the total impact of changes in exchange rates during the period on non-cash items listed above for the Corporation's foreign subsidiaries.*

NOTE 14. GEOGRAPHIC INFORMATION

The geographic segmentation of assets was as follows:

As at	September 30, 2017				March 31, 2017			
	Canada	**U.S.**	**U.K.**	**Total**	Canada	U.S.	U.K.	Total
Property, plant and equipment, net	**$ 99,125**	**$ 70,301**	**$ 11,207**	**$ 180,633**	$ 104,201	$ 77,111	$ 11,535	$ 192,847
Finite-life intangible assets, net	**24,350**	**2,644**	**12,689**	**39,683**	28,536	3,010	13,921	45,467
Goodwill	**13,838**	**9,379**	**62,418**	**85,635**	13,838	9,995	62,216	86,049

Geographic sales based on customers' locations were detailed as follows:

	Quarters ended September 30,		Six months ended September 30,	
	2017	2016	**2017**	2016
Canada	**$ 9,210**	$ 20,327	**$ 18,079**	$ 39,738
United States of America	**53,342**	49,092	**110,108**	100,677
United Kingdom	**9,579**	10,335	**19,405**	20,404
Other countries	**17,546**	11,817	**28,942**	26,342
	$ 89,677	$ 91,571	**$ 176,534**	$ 187,161

NOTE 15. SUBSEQUENT EVENT

On October 2, 2017, the Corporation announced an agreement to acquire Compañia Española de Sistemas Aeronauticos S.A. (“CESA”), a subsidiary of Airbus SE (the “Transaction”), for €140,000 ($205,000).

Headquartered in Madrid, Spain, CESA is a leading European provider of fluid mechanical and electromechanical systems for the aerospace industry with annual sales of approximately €94,000 ($136,000). Its main product lines include landing gear, actuation and hydraulic systems.

The acquisition will be financed through:

- A $50,000, seven-year unsecured subordinated term loan provided by the *Fonds de solidarité FTQ*;
- The assumption of debt amounting to approximately $42,000;
- An increase of the Corporation’s existing credit facility to $250,000; and,
- The Corporation's available cash balance.

Closing of the Transaction is expected to occur before the end of the Corporation's 2018 fiscal year and is subject to certain approvals, including authorization by the Spanish Council of Ministers and the prior acquisition by Airbus of the stake of its minority partner in CESA.