



## PRESS RELEASE

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FOR IMMEDIATE RELEASE

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# HÉROUX-DEVTEK ANNOUNCES AGREEMENT TO ACQUIRE BEAVER AEROSPACE AND DEFENSE U.S. MANUFACTURER OF BALL SCREWS AND ACTUATION SYSTEMS

- Adds complementary expertise and product offering to existing portfolio
- Facilitates U.S. market penetration in aerospace ball screws and actuation systems
- Synergies expected from sales and operations

**Longueuil, Quebec, February 27, 2018** - Héroux-Devtek Inc. (TSX: HRX) (“Héroux-Devtek” or the “Corporation”), a leading international manufacturer of aerospace products, is pleased to announce an agreement to acquire the shares of Beaver Aerospace & Defense Inc. and its wholly-owned subsidiary PowerTHRU Inc. (“Beaver”), from Phillips Service Industries Inc., for a purchase price of approximately US\$23.5 million, including a US\$2.5 million balance of sale payable over two years following closing. The transaction is expected to close in the next 90 days, subject to customary closing adjustments and certain regulatory approvals. The transaction will be financed through the Corporation’s existing revolving credit facility. Given the strong cash generation of Héroux-Devtek year-to-date, the financial leverage ratios (as of March 31<sup>st</sup> 2018) presented with the CESA acquisition on October 2<sup>nd</sup> 2017, would not increase as a result of the closing of the transaction. Beaver generates annual revenues of approximately US\$30 million, of which about two thirds are derived from the defense sector.

“This acquisition will allow us to broaden our existing aerospace product offering into ball screws and actuation systems and will enlarge our footprint in North America, while being complementary with Héroux-Devtek and CESA’s businesses. In addition, we plan to leverage Beaver’s relationships with industry leading OEMs and suppliers in the ball screws and actuation business in order to facilitate our penetration of this market particularly in the U.S. We will also benefit from cross-selling opportunities and operational efficiencies. Beaver has committed management and employees and we are looking forward to having them join us”, commented Héroux-Devtek President & CEO, Gilles Labbé.

Founded in 1952, Beaver is a vertically integrated manufacturer with a growing portfolio of company-designed products. It designs and manufactures custom ball screws from a variety of materials based on customer and application requirements as well as designs, manufactures, assembles and tests electromechanical actuators. Beaver operates three facilities totalling 82,200 square feet in Livonia, Michigan and employs approximately 100 people.

On October 2<sup>nd</sup> 2017, Héroux-Devtek announced an agreement to acquire Compañía Española de Sistemas Aeronauticos, S.A. (“CESA”), a subsidiary of Airbus SE (PA: AIR), headquartered in Madrid, Spain. The closing is expected to occur around the Corporation’s 2018 fiscal year end, subject to certain approvals, including the authorization of the Spanish Council of Ministers and the prior acquisition by Airbus of the stake of its minority partner in CESA.

National Bank Financial Markets acted as exclusive financial advisor to Héroux-Devtek.

### **CONFERENCE CALL AND PRESENTATION**

**Tuesday, February 27, 2018 at 10:30 AM, Eastern time**

**Dial-in number:**

**647-788-4922 (Toronto and overseas participants)**

**1-877-223-4471 (all other North American calls)**

**A presentation is also available at [www.herouxdevtek.com](http://www.herouxdevtek.com)**

Please dial-in 15 minutes before the conference call begins. If you are unable to call-in at this time, you may access a recording of the meeting by calling 1-800-585-8367 and entering the passcode 9374428 on your phone. This recording will be available on Tuesday, February 27, 2018 as of 1:30 PM until 11:59 PM on Tuesday, March 6, 2018. Interested parties may also listen live at [www.herouxdevtek.com](http://www.herouxdevtek.com). A copy of the investor presentation will also be available on the Corporation’s website at [www.herouxdevtek.com](http://www.herouxdevtek.com).

### **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 December 31<sup>st</sup>, 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.

### **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.