HÉROUX DEVTEK

Q3 2019

INVESTOR FACT SHEET

THIRD QUARTER ENDED DECEMBER 31, 2018

TSX : HRX

PERIOD HIGHLIGHTS

THIRD QUARTER RESULTS / FISCAL YEAR 2019	Quarters ended Dec. 31		Nine months ended Dec. 31	
(in millions of $, except per share data)	**2018**	**2017**	**2018**	**2017**
Sales	**144.5**	97.0	**326.0**	273.5
Operating income	**11.9**	6.6	**22.1**	16.7
Adjusted operating income[1]	**14.0**	7.2	**25.4**	18.2
Adjusted EBITDA[1]	**22.9**	13.6	**48.3**	37.5
Net income	**7.4**	0.6	**14.2**	7.8
per share – diluted ($)	**0.20**	0.02	**0.39**	0.22
Adjusted net income[1]	**9.4**	5.7	**17.6**	13.8
per share ($)[1]	**0.26**	0.16	**0.48**	0.38

[1] This is a non-IFRS financial measure which does not have a standardized meaning prescribed by IFRS and may therefore not be comparable to similar measures presented by other issuers. Refer to the Corporation's MD&A for further details.

- Consolidated sales increased 49.0% to $144.5 million, compared with $97.0 million last year, driven by CESA and Beaver which together have contributed $39.6 million, as well as 8% organic growth. This reflects higher sales in both defence and commercial aerospace markets and a net positive impact on third-quarter sales of $1.6 million, resulting from year-over-year fluctuations in the value of the Canadian currency versus foreign currencies.
  - Commercial sales increased 25.7% to $65.5 million, compared with $52.1 million last year. This was mainly driven by Beaver and CESA's sales, increased deliveries to Boeing for the 777 and 777X programs, as well as higher business jet sales, mostly related to the ramp-up of deliveries for the Embraer 450/500 program and higher sales of spares.
  - Defence sales increased 76.0% to $79.0 million, from $44.9 million. This was essentially due to Beaver and CESA's sales, higher spares requirements from the U.S. Government and higher manufacturing sales to certain civil customers. These factors were partially offset by the ramp-down of repair and overhaul ("R&O") activities for the United States Air Force following completion of the contract.
- Operating income increased to $11.9 million, or 8.2% of sales, compared with $6.6 million, or 6.8% of sales, last year, reflecting mainly the Beaver and CESA contributions.
- Adjusted EBITDA was $22.9 million, or 15.8% of sales, compared with $13.6 million, or 14.0% of sales, a year ago.
- Net income was $7.4 million, or $0.20 per diluted share, compared with $0.6 million, or $0.02 per diluted share, a year ago.
- As at December 31, 2018, cash and cash equivalents stood at $28.6 million. Total long-term debt was $285.9 million, including the current portion, but excluding net deferred financing costs. As a result, the net debt position was $257.3 million at the end of the third quarter, up from $38.8 million as at March 31, 2018.

A WORD FROM THE PRESIDENT

We are very pleased with our third quarter financial and operational performance. The results from Beaver and CESA exceeded our expectations and all our major business units performed well, contributing 8% organic revenue growth. Operating income also improved significantly due to this higher throughput, which led to better absorption of manufacturing costs. We reached a significant milestone by receiving customer approval for the final surface treatment process for the Boeing 777/777X contract; this will enable us to realize our full margin potential.

We are entering the last quarter of fiscal 2019 with a strong pipeline of potential business and a solid backlog. We are continuing to dedicate significant resources to ensure the successful integration of Beaver and CESA, both of which are advancing well. We are clearly embarking on our next expansion phase and we remain dedicated to improving shareholder value by focusing on creating cross-selling opportunities, extracting operational leverage, maintaining strong cash flows and reimbursing debt.

Gilles Labbé
President & CEO
February 7, 2019

GUIDANCE REITERATED

For fiscal 2019 management reiterates its annual guidance provided on October 1, 2018 with the closing of the CESA acquisition. For fiscal 2019 sales are expected to be between $460 to $470 million. Capital expenditures are expected to be approximately $20 million. Long-term sales for fiscal 2022 are expected to be in the range of $620 to $650 million.

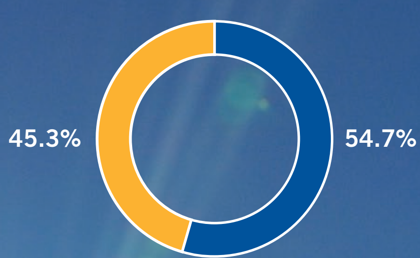
FIVE-YEAR FINANCIAL SUMMARY

(in millions of Cdn $, except per share data)	Trailing 12 months	Fiscal 2018	Fiscal 2017	Fiscal 2016	Fiscal 2015
Sales	**439.0**	386.6	406.5	406.8	364.9
Operating income	**28.7**	23.4	35.6	37.8	6.6
Adjusted EBITDA[1]	**67.7**	56.9	61.4	64.1	47.8
Net income	**20.1**	13.7	31.8	26.6	3.2
per share –diluted ($)	**0.55**	0.38	0.88	0.74	0.09
Adjusted net income[1]	**28.0**	24.2	26.4	27.7	19.4
per share ($)[1]	**0.77**	0.67	0.73	0.77	0.55

[1] This is a non-IFRS financial measure which does not have a standardized meaning prescribed by IFRS and may therefore not be comparable to similar measures presented by other issuers. Refer to the Corporation's MD&A for further details.

Q3 SALES BY MARKET

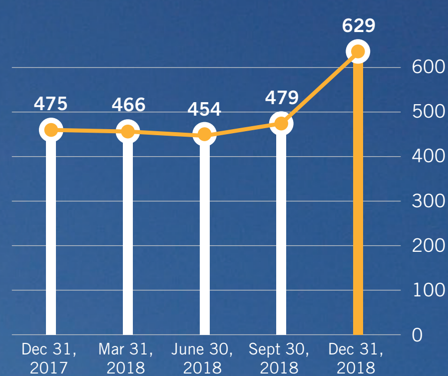
($ mln)



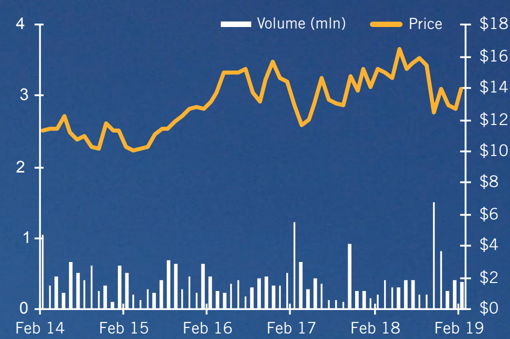
	($M)	% ch.
Commercial Aerospace	$65.5	+ 25.7%
Defence Aerospace	$79.0	+ 76.0%

FUNDED BACKLOG

($ mln)



STOCK PERFORMANCE



ANALYST COVERAGE

Ben Cherniavsky .... Raymond James
Cameron Doerksen .... National Bank Financial
Tim James .... TD Newcrest
Mona Nazir .... Laurentian Bank Securities
Benoit Poirier .... Desjardins Securities
Turan Quettawala .... Scotia Capital
Derek Spronck .... RBC Capital Markets

INVESTOR RELATIONS

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STOCK INFORMATION

Stock exchange & symbol .... TSX: HRX

Price as at February 6, 2019 .... $12.73
High/Low .... $16.66 / $11.06
(52 weeks ended February 6, 2019)

Number of shares outstanding 36,344,960
(February 6, 2019)

Market capitalization...................... $462.7 million

HÉROUX DEVTEK

www.herouxdevtek.com

Héroux-Devtek Inc. (TSX: HRX) is an international company specializing in the design, development, manufacture, repair and overhaul of aircraft landing gear, hydraulic and electromechanical flight control actuators, custom ball screws and fracture-critical components for the Aerospace market. The Corporation is the third largest landing gear company worldwide, supplying both the commercial and defence sectors. Approximately 90% of the Corporation's sales are outside of Canada, including about 50% 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; Livonia, Michigan; Runcorn, Nottingham and Bolton, United Kingdom; and Madrid and Seville, Spain.