PRESS RELEASE
FOR IMMEDIATE RELEASE

HÉROUX-DEVTEK REPORTS STRONG FIRST QUARTER RESULTS

Financial Highlights

- Sales increased to $143.4 million up from $85.8 million a year ago
- Operating income grew to $10.4 million, up from $4.9 million a year ago
- Adjusted EBITDA[1] reached $21.5 million, up from $12.2 million a year ago

Operational and Commercial Highlights

- Highest funded backlog ever, reaching $747 million, up from $624 million as at March 31, 2019
- New contract with Boeing to supply the complete landing gear system for the MQ-25 program
- Expanded the F-18 agreement with Boeing to include the Advanced F-15 program
- Acquired Alta Precision Inc., and increased guidance accordingly

Longueuil, August 9, 2019 - Héroux-Devtek Inc. (TSX: HRX) ("Héroux-Devtek" or the "Corporation"), the world's third-largest landing gear manufacturer, reported strong financial results today for the first quarter ended June 30, 2019. Unless otherwise indicated, all amounts are in Canadian dollars.

"Our first quarter results remained strong on all fronts due to the contribution of our recent acquisitions and the 15.2% growth of our legacy products, which was driven by the production ramp-up of the Boeing 777/777X and Lockheed Martin F-35 programs as well as higher aftermarket sales to the defence market. I want to emphasize the outstanding work done by all our employees, without whom we would not have achieved such great results," said Martin Brassard, President and CEO of Héroux-Devtek.

"I am proud to announce that our firm order backlog reached the highest level in the history of the Company. It grew by almost 20% over the last three months, mainly in our defense sector in North America, due to the introduction of new programs and increased demand for our products. Following the recent acquisition of Alta Precision, we are increasing both our fiscal 2020 and long-term sales guidance. While this transaction temporarily increased our debt, we believe in the strengths it adds to our commercial program portfolio and growth prospects" concluded Mr. Brassard.

FINANCIAL HIGHLIGHTS (in thousands of dollars, except per share data)	**Quarters ended June 30** **2019**	**2018**
Sales	**143,427**	85,770
Operating income	**10,371**	4,857
Adjusted operating income[1]	**10,986**	5,217
Adjusted EBITDA[1]	**21,509**	12,244
Net income	**6,443**	3,552
Per share – diluted ($)	**0.18**	0.10
Adjusted net income[1]	**6,959**	3,786
Per share ($)	**0.19**	0.10

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

FIRST QUARTER RESULTS

Consolidated sales grew 67.2% to $143.4 million, up from $85.8 million in the same period last year. $44.6 million of this increase was driven by the CESA and Beaver acquisitions while the growth of Héroux-Devtek legacy sales contributed 15.2% or $13.1 million.

Commercial sales grew 47.4% to $67.4 million, up from $45.8 million in the same period last year. The strong increase was driven by the CESA and Beaver acquisitions and growing legacy sales from the ramp-up of the Boeing 777/777x programs.

Defence sales grew 89.9% to $76.0 million, up from $40.0 million in the same period last year. This strong increase was driven by the CESA and Beaver acquisitions, growing Héroux-Devtek legacy sales mainly from the ramp-up of the F-35 program and higher aftermarket sales.

Gross profit increased to $24.2 million, or 16.9% of sales, up from $13.1 million, or 15.2% of sales last year. The increase is attributable to the impact of the Beaver and CESA acquisitions and positive foreign exchange rate fluctuations, partially offset by higher manufacturing costs at our Longueuil facility.

Operating income increased to $10.4 million, or 7.2% of sales, up from $4.9 million, or 5.7% of sales last year. This quarter's operating income included $0.6 million of non-recurring items, up from $0.4 million of non-recurring items in the same period last year. These non-recurring items are mainly acquisition-related costs. Adjusted EBITDA, which excludes these non-recurring items, stood at $21.5 million, or 15.0% of sales, compared with $12.2 million, or 14.3% of sales, one year ago.

Net income for the first quarter of fiscal 2020 stood at $6.4 million, or $0.18 per diluted share, up from $3.6 million, or $0.10 per diluted share, in the corresponding period of last fiscal year. Excluding non-recurring items net of taxes, adjusted net income reached $7.0 million, or $0.19 per share, up from $3.8 million, or $0.10 per share last year.

As at June 30, 2019, Héroux-Devtek's funded (firm orders) backlog stood at $747 million, an increase of 19.7% from $624 million as at March 31, 2019 mainly on the strength of organic growth and the contribution of Alta.

LIQUIDITY AND FINANCIAL POSITION

Cash flows related to operating activities amounted to $3.7 million in the first quarter of fiscal 2020, down from $8.5 million in the same period last fiscal year. This variation mainly reflects a negative net change in non-cash working capital items due to an increase in inventory in anticipation of production ramp-up. As a result, free cash flow decreased to a usage of $1.6 million, down from a positive free cash flow of $6.4 million in the same period last year.

As at June 30, 2019, net debt stood at $269.6 million, up from $228.1 million at March 31, 2019, mainly due to the recognition of $27.0 million of additional lease liabilities as debt following the adoption of IFRS 16 as well as higher utilization of the credit facilities to finance the acquisition of Alta Precision.

SUBSEQUENT EVENTS

On July 18, 2019, the Company announced that the unionized employees at its Longueuil, Québec, facility voted in favour of the early renewal of a three-year collective agreement, which now extends through April 30, 2023. The renewal relates to approximately 210 employees who are members of Unifor, Local Section 1956. This agreement ensures a period of stability during which all time and resources can be dedicated to delivering our record backlog and meet customer expectations.

GUIDANCE

Management increased both its fiscal 2020 and long-term sales guidance to reflect the expected contribution of Alta Precision. Management expects sales to reach between $580 million and $600 million in fiscal 2020 and between $650 million to $680 million in fiscal 2022.

Please see “Forward-Looking Statements” below and the Guidance section in the Corporation’s MD&A for the quarter ended June 30, 2019, for further details regarding the material assumptions underlying the foregoing guidance.

CONFERENCE CALL

Héroux-Devtek Inc. will hold a conference call to discuss these results on Friday, August 9, 2019 at 11:30 AM Eastern Time. Interested parties can join the call by dialling 1-888-231-8191 (North America) or 1-647-427-7450 (overseas). The conference call can also be accessed via live webcast at Héroux-Devtek’s website, www.herouxdevtek.com/investor-relations/events.

An accompanying presentation will also be available on Héroux-Devtek’s website, www.herouxdevtek.com/investor-relations/events.

If you are unable to call-in at this time, you may access a tape recording of the meeting by calling toll-free 1-855-859-2056 and entering the passcode 7260609 on your phone. Local dial-in numbers for Toronto: 416-849-0833 and Montreal: 514-807-9274. This recording will be available from Friday, August 9, 2019 as of 2:30 PM until 11:59 PM on Friday, August 16, 2019.

ANNUAL MEETING OF SHAREHOLDERS

Héroux-Devtek will hold its Annual Meeting of Shareholders today, Friday, August 9, 2019 at 10:00 a.m. local time in the Fortifications Ballroom of the Westin Hotel located at 270 Saint-Antoine Street West, Montreal, Quebec.

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 fiscal year ended March 31, 2019 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.

PROFILE

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 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 Canada, the United States, the United Kingdom and Spain.

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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

First quarter ended June 30, 2019

TABLE OF CONTENTS

DISCLOSURE OF NON-REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTERS ENDED JUNE 30, 2019 AND 2018.

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 June 30, 2019 and 2018 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.

August 8, 2019.

CONSOLIDATED BALANCE SHEETS

(In thousands of Canadian dollars) (Unaudited)

As at	Notes	June 30, 2019	March 31, 2019
ASSETS			
Current assets			
Cash and cash equivalents		$ 36,965	$ 35,128
Accounts receivable		102,259	115,431
Income tax receivable		2,480	2,393
Inventories		206,128	184,035
Derivative financial instruments	11	1,217	783
Other current assets		30,246	26,697
		379,295	364,467
Property, plant and equipment, net	3	254,979	227,954
Finite-life intangible assets, net	6	68,349	69,377
Derivative financial instruments	11	5,710	5,816
Deferred income tax assets		15,528	14,575
Goodwill	4	184,359	185,637
Other long-term assets		7,313	6,914
Total assets	4	$ 915,533	$ 874,740
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		$ 115,210	$ 117,990
Provisions		27,615	27,820
Customer advances and progress billings		23,905	21,919
Income tax payable		2,172	1,911
Derivative financial instruments	11	594	2,134
Current portion of long-term debt	3, 12	17,427	15,066
		186,923	186,840
Long-term debt	3, 12	286,061	245,240
Provisions		16,852	16,789
Derivative financial instruments	11	581	1,317
Deferred income tax liabilities		7,397	7,479
Other liabilities		15,010	12,977
		512,824	470,642
Shareholders' equity			
Issued capital	13	79,676	79,676
Contributed surplus		4,926	4,707
Accumulated other comprehensive income	14	4,198	10,502
Retained earnings		312,440	307,101
Total equity attributable to the equity holders of the parent		401,240	401,986
Non-controlling interests		1,469	2,112
		402,709	404,098
Total liabilities and shareholder's equity		$ 915,533	$ 874,740

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)

		Three months ended June 30,	
	Notes	2019	2018
Sales	**5**	$ 143,427	$ 85,770
Cost of sales	**6, 7**	119,202	72,704
Gross profit		24,225	13,066
Selling and administrative expenses	**6, 7**	13,239	7,849
Non-recurring items	**8**	615	360
Operating income		10,371	4,857
Net financial expenses	**9**	2,636	1,000
Income before income tax expense		7,735	3,857
Income tax expense		1,292	305
Net income		$ 6,443	$ 3,552
Attributable to:			
Equity holders of the parent		6,542	3,552
Non-controlling interests		(99)	—
		$ 6,443	$ 3,552
Earnings per share – basic and diluted	**10**	$ 0.18	$ 0.10

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(In thousands of Canadian dollars) (Unaudited)

	Notes	Three months ended June 30, 2019	2018
	14		
Other comprehensive loss:			
Items that may be reclassified to net income			
Losses arising from conversion of the financial statements of foreign operations		$ (9,303)	$ (3,385)
Cash flow hedges:			
Net gains (losses) on valuation of derivative financial instruments		1,990	(1,920)
Net losses (gains) on derivative financial instruments transferred to net income		411	(153)
Deferred income taxes		(607)	553
		1,794	(1,520)
Gains (losses) on hedge of net investments in foreign operations		1,276	(1,151)
Deferred income taxes		(71)	117
		1,205	(1,034)
Items that are never reclassified to net income			
Defined benefit pension plans:			
Gains (losses) from remeasurement		(1,654)	1,366
Deferred income taxes		451	(365)
		(1,203)	1,001
Other comprehensive loss		$ (7,507)	$ (4,938)
Comprehensive loss			
Net income		$ 6,443	$ 3,552
Other comprehensive loss		(7,507)	(4,938)
Comprehensive loss		$ (1,064)	$ (1,386)
Attributable to:			
Equity holders of the parent		$ (965)	$ (1,386)
Non-controlling interests		(99)	—
		$ (1,064)	$ (1,386)

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	Equity attributable to the equity holders of the parent	Non-Controlling interests	Shareholders' equity
Balance as at March 31, 2019		**$ 79,676**	**$ 4,707**	**$ 10,502**	**$ 307,101**	**$ 401,986**	**$ 2,112**	**$ 404,098**
Stock-based compensation expense	**13**	—	219	—	—	219	—	219
Purchase of minority interests in Tekalia	**4**	—	—	—	—	—	(544)	(544)
Net income		—	—	—	6,542	6,542	(99)	6,443
Other comprehensive loss	**14**	—	—	(6,304)	(1,203)	(7,507)	—	(7,507)
Balance as at June 30, 2019		**$ 79,676**	**$ 4,926**	**$ 4,198**	**$ 312,440**	**$ 401,240**	**$ 1,469**	**$ 402,709**

	Notes	Issued capital	Contributed surplus	Accumulated other comprehensive income	Retained earnings	Shareholders' equity
Balance as at March 31, 2018		**$ 78,105**	**$ 4,227**	**$ 14,217**	**$ 282,485**	**$ 379,034**
Common shares:	**13**					
Issued under the stock option plan		396	(206)	—	—	190
Issued under the stock purchase and ownership incentive plan		151	—	—	—	151
Stock-based compensation expense	**13**	—	201	—	—	201
Net income		—	—	—	3,552	3,552
Other comprehensive income (loss)	**14**	—	—	(5,939)	1,001	(4,938)
Balance as at June 30, 2018		**$ 78,652**	**$ 4,222**	**$ 8,278**	**$ 287,038**	**$ 378,190**

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)

		Three months ended June 30,	
	Notes	2019	2018
Cash and cash equivalents provided by (used for):			
Operating activities			
Net income		$ 6,443	$ 3,552
Items not requiring an outlay of cash:			
Amortization expense	**7**	10,523	7,027
Deferred income taxes		(945)	(565)
Gains on sale of property, plant and equipment		(221)	—
Net non-cash financial expenses	**9**	934	675
Stock-based compensation expense	**13**	219	201
Cash flows from operations		16,953	10,890
Net change in non-cash items	**15**	(13,258)	(2,440)
Cash flows related to operating activities		3,695	8,450
Investing activities			
Cash payment for business acquisitions	**4**	(17,149)	—
Net additions to property, plant and equipment		(3,864)	(2,073)
Net increase in finite-life intangible assets		(1,419)	(423)
Proceeds on disposal of property, plant and equipment		4,025	—
Cash flows related to investing activities		(18,407)	(2,496)
Financing activities			
Proceeds from long-term debt	**4**	22,920	—
Repayment of long-term debt		(5,630)	(1,273)
Increase in deferred financing costs		(344)	—
Issuance of common shares	**13**	—	341
Cash flows related to financing activities		16,946	(932)
Effect of changes in exchange rates on cash and cash equivalents		(397)	769
Change in cash and cash equivalents during the periods		1,837	5,791
Cash and cash equivalents at beginning of periods		35,128	93,209
Cash and cash equivalents at end of periods		$ 36,965	$ 99,000
Interest and income taxes reflected in operating activities:			
Interest paid		$ 1,736	$ 719
Interest received		$ 34	$ 394
Income taxes paid		$ 2,023	$ 2,666

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month periods ended June 30, 2019 and 2018
(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 600, West 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 and electromechanical actuators, custom ball screws and fracture-critical components.

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 June 30, 2019 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, 2019.

These interim condensed consolidated financial statements were approved for issue by the Board of Directors of the Corporation on August 8, 2019.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES

The notes presented in the interim condensed consolidated financial statements for the quarter ended June 30, 2019 include only significant changes occurring during the three-month period following the last fiscal year ended March 31, 2019.

New Accounting Standards

The Company adopted the following new accounting standard effective April 1, 2019.

IFRS 16, Leases
IFRS 16, which replaces IAS 17, represents a major revision of the way in which companies account for leases. It sets out the principles that both parties to a contract, i.e. the customer ("lessee") and the supplier ("lessor"), apply to provide relevant information about leases in a manner that faithfully represents those transactions. To meet this objective, a lessee is required to recognize assets and liabilities arising from a lease following a single model where previously leases were classified as either finance leases or operating leases. Most leases are recognized on the Corporation's consolidated balance sheet. Certain exemptions apply for short-term leases and leases of low-value assets.

The adoption of the IFRS had an impact on the balance sheet and statement of income as operating leases have been capitalized, corresponding lease liabilities have been recognized, rent expense has been replaced by the amortization expense of the right to use the related assets and the interest accretion expense from the liability recorded.

In addition, the principal payments of lease liabilities are now presented as financing activities in the consolidated statements of cash flows, whereas under the previous standard these payments were presented as operating activities prior to April 1, 2019.

Right-of-Use Assets

Right-of-use assets are measured at cost. The cost is based on the initial amount of the lease liability plus initial direct costs incurred and estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located adjusted for any lease payments made at or before the commencement date, less any lease incentives received, if any.

The cost of right-of-use assets are periodically reduced by depreciation expenses and impairment losses, if any, and adjusted for certain remeasurement of the lease liability. Right-of-use assets are amortized to the lesser of the useful life or the lease term using the straight-line method as this reflects the expected pattern of consumption of the future economic benefits. The lease term includes the renewal option only if it is reasonably certain to exercise that option. Lease terms range from 1 to 20 years for buildings and 1 to 6 years for machinery, equipment and tooling.

Lease Liabilities

At the commencement date of the lease, the Corporation recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments mainly include fixed payments less any lease incentives receivable and the exercise price of a purchase option reasonably certain to be exercised. Variable lease payments that do not depend on an index or a rate are recognized as an expense in the period during which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Corporation uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect accretion of interest and reduced for lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment of whether the underlying asset will be purchased.

Significant judgment in determining the lease term of contracts with renewal options

The Corporation determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. After the commencement date, the Corporation reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Corporation has applied this standard using the modified retrospective approach (without restating comparative figures) for the fiscal year beginning April 1, 2019. Certain leases were not brought on balance sheet as they are covered by practical expedients. The Corporation has elected to apply the following practical expedients:

- Account for leases for which the remaining lease term ends within 12 months of the effective date as short-term leases; and
- Recognize short-term leases and low value leases on a straight-line basis as part of operating expenses in the consolidated statements of income.

The adoption of IFRS 16 had the following impacts on the consolidated statement of income:

Increase (decrease)		**Three-months ended June 30, 2019**
Cost of sales, Selling and administrative expenses		
Depreciation and amortization	$	681
Other (rent expense)		(722)
Operating income		41
Financial expenses		226
Deferred income tax expense		(46)
Net income and comprehensive income	$	(139)

Increase (decrease)		As of April 1, 2019
Property, plant and equipment, net	$	14,892
Long-term debt [(1)]		14,892

[(1)] The current portion of long-term debt impact correspond to $2,520 as at April 1, 2019

The following table presents the reconciliation between the operating leases commitments as of March 31, 2019 and the additional lease liabilities as of April 1, 2019:

Operating lease commitments as at March 31, 2019	$	16,823
Discounting operating leases as at April 1, 2019 [(1)]		(1,068)
Commitments relating to the change in the lease term assumptions and inclusion of non-lease components		1,002
Leases committed but not yet commenced as at April 1, 2019		(1,865)
Additional lease liabilities as at April 1, 2019	$	14,892
Pre-existing capital leases as at April 1, 2019		20,411
Total lease liabilities as at April 1, 2019	$	35,303

[(1)] At the date of adoption of IFRS 16, the weighted average incremental borrowing rate was 4.2%

The following tables reconciles the right-of-use assets for the Company as of June 30, 2019:

	Building and leasehold improvements	Machinery, equipment and tooling [(1)]	Other	Total
Cost:				
At April 1, 2019	$ 12,969	$ 41,368	$ 1,271	$ 55,608
Additions	6,138	—	48	6,186
Business acquisition	6,844	—	—	6,844
Effect of changes in exchange rates	(273)	(8)	(1)	(282)
As at June 30, 2019	25,678	41,360	1,318	68,356
Accumulated amortization:				
At April 1, 2019	$ —	$ (10,006)	$ —	$ (10,006)
Amortization expense	(495)	(1,496)	(136)	(2,127)
Effect of changes in exchange rates	5	1	1	7
As at June 30, 2019	(490)	(11,501)	(135)	(12,126)
Net book value as at June 30, 2019	$ 25,188	$ 29,859	$ 1,183	$ 56,230

[(1)] Includes the pre-existing assets under capital leases (net book value of $30,710 as at April 1, 2019)

The following table presents the lease liabilities for the Company as of June 30, 2019:

		Lease liabilities
Balance at April 1, 2019	$	35,303
Additions		6,186
Business acquisition		6,844
Lease payments		(2,043)
Interest expense on lease liabilities		359
Effect of changes in exchange rates		(839)
Balance as at June 30, 2019	$	45,810

NOTE 4. BUSINESS ACQUISITIONS

Acquisition of Alta

On June 7, 2019, the Corporation completed the acquisition of all of the shares of Alta Précision Inc. ("Alta"), for $18,552, including a $500 balance of sale and the assumption of Alta's net outstanding debt amounting to $903. Located in Montreal, Canada, Alta is a manufacturer of high-precision landing gear components. This acquisition expands the Corporation's portfolio of commercial products by providing both access to new programs and additional content on existing platforms. The acquisition was financed with the Corporations available credit facilities and was treated as a business combination.

Alta was a minority shareholder of Tekalia. As a result of the acquisition, the Corporation increased its participation in Tekalia to 67% from 60% as at March 31, 2019.

In connection with this acquisition, the Corporation incurred acquisition-related costs that are presented in note 8.

Purchase Price

The preliminary purchase price allocation that reflects the fair value of the assets acquired and liabilities assumed during Fiscal 2020 with any excess allocated to goodwill were determined using the acquisition method as follows:

		Alta
Cash payment	$	17,149
Long-term debt assumed [1]		903
Balance of purchase price payable		500
Total purchase price	**$**	**18,552**

[1] Excludes lease liabilities

Purchase Price Allocation

		Alta
Accounts receivable	$	1,451
Inventories		11,374
Other current assets		439
		13,264
Property, plant and equipment, including right-of-use assets		18,040
Other long-term assets		264
Investment in Tekalia		544
Total identifiable assets	**$**	**32,112**
Accounts payable and accrued liabilities		6,866
Customer advances and progress billings		2,872
Provisions		906
Long-term debt [1]		6,844
Total identifiable liabilities	**$**	**17,488**
Net identifiable assets and liabilities		**14,624**
Goodwill and other intangible assets		3,928
Total purchase price	**$**	**18,552**

[1] Corresponds to lease liabilities

The purchase price allocation of Alta is preliminary due to the limited time between the date of acquisition and the approval date of the consolidated financial statements by the Corporation's Board of Directors. Management is in the process of gathering all the information necessary to finalize it. Accordingly, the final purchase price allocations could result in changes to the fair value of assets acquired and liabilities assumed.

NOTE 5. REVENUE FROM CONTRACTS WITH CUSTOMERS

The disaggregation of the Corporation's revenue from contracts with customers was as follows :

	Three months ended June 30,	
	2019	2018
Geographic markets		
Canada	$ 13,762	$ 8,481
United States of America	74,103	53,123
United Kingdom	16,318	9,428
Spain	11,188	—
Rest of Europe	14,297	7,685
Other countries	13,759	7,053
	$ 143,427	$ 85,770
Sectors		
Commercial	67,441	45,761
Defence[1]	75,986	40,009
	$ 143,427	$ 85,770

[1] *Includes defence sales to civil customers and governments.*

NOTE 6. GOVERNMENT ASSISTANCE

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

	Three months ended June 30,	
	2019	2018
Finite-life intangible assets	$ 219	$ 70
Cost of sales and, selling and administrative expenses	853	341

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

NOTE 7. COST OF SALES, SELLING AND ADMINISTRATIVE EXPENSES

The main components of these expenses were as follows:

	Three months ended June 30,	
	2019	2018
Raw materials and purchased parts	$ 49,889	$ 26,954
Employee costs	49,000	31,195
Amortization of property, plant and equipment and finite-life intangible assets (1)	10,523	7,027
Others	23,029	15,377
	$ 132,441	$ 80,553

1) Includes $1,842 in amortization of customer relationships ($897 in fiscal 2019)

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 June 30, 2019, the foreign exchange loss amounted to $558 compared to a gain of $452 during the three-month period ended June 30, 2018.

NOTE 8. NON-RECURRING ITEMS

Non-recurring items comprise the following:

	Three months ended June 30,	
	2019	2018
Non-recurring items in operating income		
Acquisition-related costs	$ 615	$ 360
	$ 615	$ 360
Non-recurring items in financial expenses		
Net gains on certain derivative financial instruments	—	(126)
	$ —	$ (126)

Acquisition-related costs
These costs mainly pertain to professional fees and expenses related to the acquisition of Alta this fiscal year and the acquisitions of CESA and Beaver in the last fiscal year.

Net gains on certain derivative financial instruments
These gains relate to derivative financial instruments acquired in order to mitigate foreign currency and interest rate risks arising from the purchase price and financing related to the acquisition of CESA last year.

NOTE 9. NET FINANCIAL EXPENSES

Net financial expenses comprise the following:

	Three months ended June 30,	
	2019	2018
Interest accretion on governmental authorities loans	$ 480	$ 589
Interest on net defined benefit obligations	59	42
Amortization of deferred financing costs (note 12)	259	55
Other interest accretion expense and discount rate adjustments	136	(11)
Net non-cash financial expenses	934	675
Interest expense	1,736	719
Interest income on cash and cash equivalents	(34)	(394)
	$ 2,636	$ 1,000

NOTE 10. EARNINGS PER SHARE

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

	Three months ended June 30,	
	2019	2018
Weighted-average number of common shares outstanding	36,362,210	36,240,440
Dilutive effect of stock options	259,548	198,396
Weighted-average number of common diluted shares outstanding	36,621,758	36,438,836
Options excluded from diluted earnings per share calculation(1)	—	201,000

(1) *Excluded due to anti-dilutive impact*

NOTE 11. DERIVATIVE FINANCIAL INSTRUMENTS

Forward foreign exchange contracts

As at June 30, 2019, the Corporation had forward foreign exchange contracts outstanding for a notional amount of $213,169 ($228,374 at March 31, 2019) denominated in USD, EUR and GBP. This amount includes contracts with nominal value of US$146,175 (US$146,885 at March 31, 2019) convertible into Canadian dollars at an average rate of 1.3081 (1.3060 at March 31, 2019). These contracts mature at various dates between July 2019 and March 2023, with the majority maturing this fiscal year and the next.

Cross-currency interest rate swaps

As at June 30, 2019, the Corporation had entered into the following cross-currency interest rate swap agreements in order to mitigate foreign exchange and interest rate risks:

	Notional	EURO equivalent	Interest rate	Inception	Maturity
US$	29,370	€ 25,000	1.86 %	October 2017	May 2022
C$	50,000	€ 34,110	3.40 %	October 2017	September 2025
US$	17,523	€ 15,000	Euribor 1 month + 1.74%	September 2018	May 2022
US$	17,100	€ 15,000	Euribor 1 month + 1.76%	November 2018	March 2020
C$	10,000	€ 6,658	2.68 %	June 2019	September 2025

Equity swap agreement

As at June 30, 2019, the Corporation had entered into an equity swap agreement fixing 245,000 common shares of the Corporation (245,000 at March 31, 2019) at a price of $12.68 ($12.68 at March 31, 2019). This agreement is a derivative that is not part of a designated hedging relationship and matures in June 2020.

NOTE 12. LONG-TERM DEBT

As at		June 30, 2019		March 31, 2019
Senior Secured Syndicated Revolving Credit Facility (“Revolving Facility“)	$	104,697	$	94,877
Governmental authorities loans		90,990		89,701
Unsecured Subordinated Term Loan Facility ("Term Loan")		60,000		50,000
Lease liabilities (note 3)		45,810		20,411
Balance of sale - Acquisitions (note 4)		5,080		4,677
Secured loans - Tekalia		—		3,592
Deferred financing costs, net		(3,089)		(2,952)
		303,488		260,306
Less: current portion		17,427		15,066
Long-term debt	$	286,061	$	245,240

Revolving Facility

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

As at	June 30, 2019	March 31, 2019
Limit, in Canadian, US$, Euro or British Pound equivalent	$ 250,000	$ 250,000
US$ Drawings		
Amount	US$ 80,000	US$ 71,000
Rate	Libor + 1.8%	Libor + 2.0%
Effective interest rate	4.1%	4.5%

Term Loan

An additional tranche of $10,000 was drawn on June 11, 2019, in relation with the acquisition of Alta (note 4), bearing interest at 4.73% and is repayable at maturity on September 30, 2025.

Lease liabilities

Lease liabilities bear fixed interest rates between 2.4% and 7.0% as at June 30, 2019 (2.4% and 5.0% as at March 31, 2019), maturing from July 2019 to May 2039. Refer to Note 3 for the impact of the adoption of IFRS 16.

NOTE 13. ISSUED CAPITAL

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

	Three months ended June 30, 2019		
	Number		**Issued capital**
Opening balance	36,362,210	$	79,676
Closing balance	36,362,210	$	79,676

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 mainly vest over a period of four years. The options are exercisable over a period not exceeding seven years after the grant date.

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

	2019		2018	
	Number of stock options	Weighted-average exercise price	Number of stock options	Weighted-average exercise price
Opening balance	1,167,095	$ 13.23	1,105,295	$ 12.09
Granted	341,500	16.03	201,000	16.22
Exercised	—	—	(61,700)	3.08
Closing balance	1,508,595	$ 13.87	1,244,595	$ 13.20
Stock-based compensation expense		$ 219		$ 201

The number of common shares reserved for issuance represents 2,808,257 of which 2,762,507 shares had not been issued yet at June 30, 2019 (2,762,507 as at March 31, 2019).

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

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

	Three months ended June 30,	
	2019	2018
DSUs		
In number of DSUs		
Opening balance	166,334	136,170
Closing balance of DSUs outstanding	166,334	136,170
DSU expense for the periods	$ 628	$ 83
Fair value of vested outstanding DSUs, end of periods	$ 3,162	$ 2,046

	Three months ended June 30,	
	2019	2018
PSUs		
In number of PSUs		
Opening balance	212,450	187,948
Issued	119,300	75,350
Cancelled/Forfeited	—	(600)
Closing balance of PSUs outstanding	331,750	262,698
PSU expense for the periods	$ 1,010	$ 262
Fair value of vested outstanding PSUs, end of periods	$ 2,860	$ 1,104

NOTE 14. 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 March 31, 2019	$ 19,266	$ (1,772)	$ (6,992)	$ 10,502
Other comprehensive income (loss)	(9,303)	1,794	1,205	(6,304)
Balance as at June 30, 2019	$ 9,963	$ 22	$ (5,787)	$ 4,198

	Exchange differences on translation of foreign operations	Cash flow hedges	Hedge of net investments in foreign operations	Total
Balance as at March 31, 2018	$ 20,116	$ 24	$ (5,923)	$ 14,217
Other comprehensive income (loss)	(3,385)	(1,520)	(1,034)	(5,939)
Balance as at June 30, 2018	$ 16,731	$ (1,496)	$ (6,957)	$ 8,278

NOTE 15. NET CHANGE IN NON-CASH ITEMS

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

	Three months ended June 30,	
	2019	2018
Accounts receivable	$ 14,623	$ 18,728
Income tax receivable	(87)	(431)
Inventories	(10,719)	(3,640)
Other current and long-term assets	(3,245)	(1,132)
Accounts payable and accrued liabilities and other liabilities	(9,038)	(10,612)
Provisions	(1,048)	(2,972)
Customer advances and progress billings	(577)	(29)
Income tax payable	(243)	(1,411)
Effect of changes in exchange rates[1]	(2,924)	(941)
	$ (13,258)	$ (2,440)

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