



# Q1 FY 2020 RESULTS CONFERENCE CALL

For the three-month period ended June 30, 2019  
Friday, August 9, 2019

# FORWARD-LOOKING STATEMENTS

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This presentation contains forward-looking statements which are mainly about, but may not be limited to, Héroux-Devtek's future financial performance, expectations, objectives or possible events. The predictive nature of such statements makes them subject to risks, uncertainties and other important factors that could cause the actual performance or events to differ materially from those expressed in or implied by such statements.

Such factors include, but are not limited to: the impact of worldwide general economic conditions; industry conditions including changes in laws and regulations; increased competition; the lack of availability of qualified personnel or management; availability of commodities and fluctuations in commodity prices; financial and operational performance of suppliers and customers; foreign exchange or interest rate fluctuations; and the impact of accounting policies issued by international standard setters. For further details, please see the Risk Management section of the Corporation's MD&A. Readers are cautioned that the foregoing list of factors that may affect future growth, results and performance is not exhaustive, and undue reliance should not be placed on forward-looking statements.

Héroux-Devtek provides such forward-looking statements 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. The reader is cautioned that such statements may not be appropriate for other purposes.

Although management believes in the expectations conveyed by the forward-looking statements and although they are based on information available to it on the date such statements were made, there can be no assurance that such expectations will prove to be correct. All subsequent forward-looking statements, whether written or orally attributable to the Corporation or persons acting on its behalf, are expressly qualified in their entirety by these cautionary statements. Unless otherwise required by applicable securities laws, the Corporation expressly disclaims any intention, and assumes no obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

# FY20 Q1 FINANCIAL HIGHLIGHTS

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✈️ Solid results on all fronts.

REVENUES

**\$143.4 M**  
**+ 67.2%**

ADJUSTED  
EBITDA\*

**\$21.5 M**  
**15.0%**

OPERATING  
INCOME

**\$10.4 M**  
**7.2%**

CASH FLOW  
OPERATING  
ACTIVITIES

**\$3.7 M**

\*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 "Non-IFRS measures"

# Q1-20 COMMERCIAL AND OPERATIONAL HIGHLIGHTS

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## ✈ Growing backlog from the Defence sector and acquisition of Alta Precision.

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✈ Funded **backlog** stands at \$747 million, up 19.7% from \$624 million at March 31, 2019, from introduction of new programs and increased demand.

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✈ April: awarded a contract to supply the complete landing gear system for Boeing's **MQ-25**

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✈ May: expanded the scope of the F-18 supply agreement with Boeing to include the **Advanced F-15**

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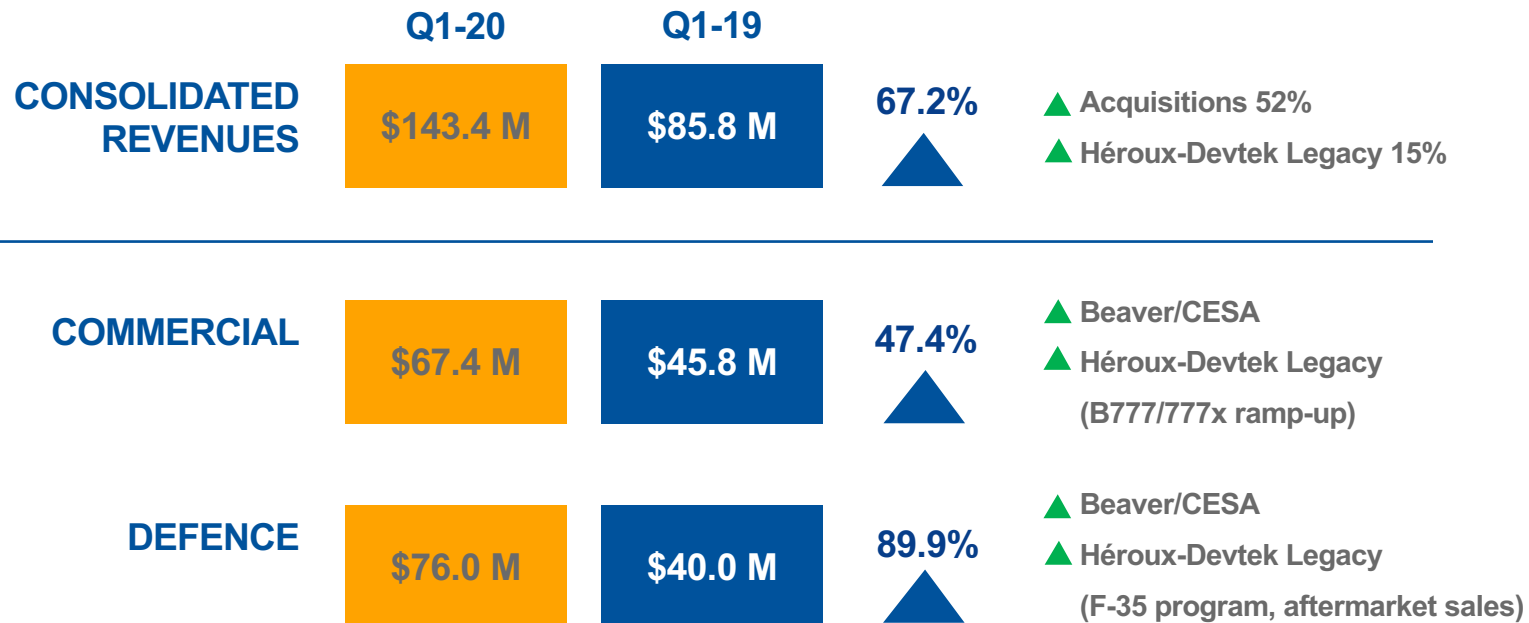
✈ June: acquisition of **Alta Precision** which brings access to new programs and additional content on existing ones.

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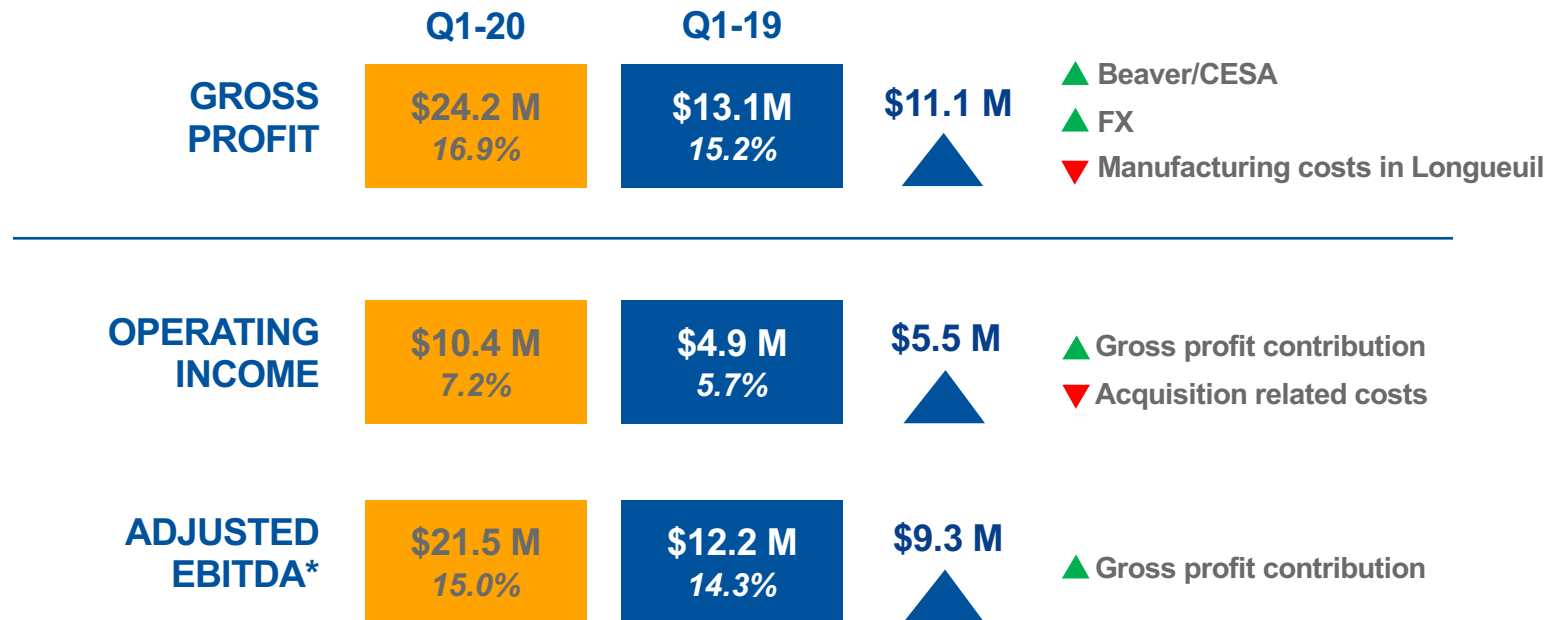
✈ Recent acquisitions performing well:

- CESA bidding opportunities and generating synergies
  - Beaver delivering consistently strong results and increased backlog
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# Q1-20 GROWING REVENUES



# Q1-20 HIGHER ADJUSTED EBITDA



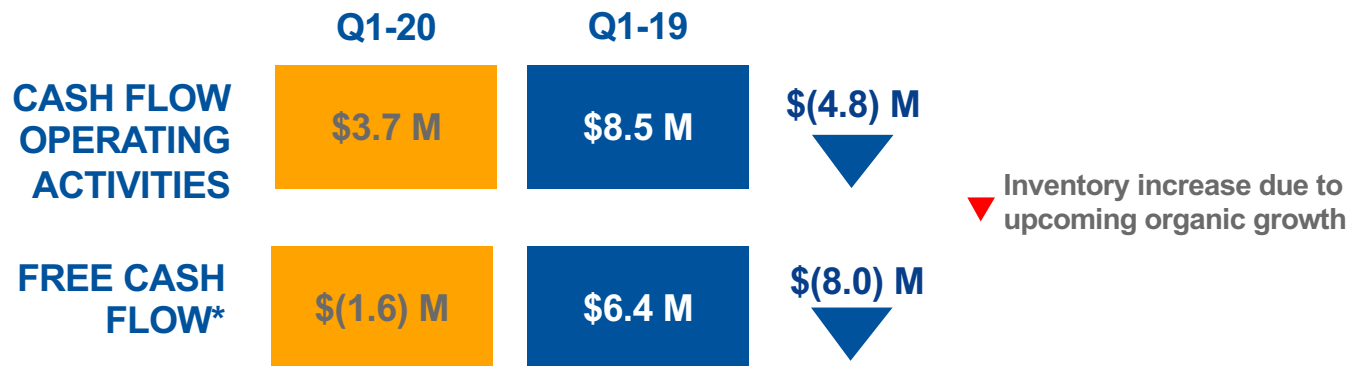
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# Q1-20 HIGHER ADJUSTED NET INCOME

	Q1-20	Q1-19	
NET INCOME	\$6.4 M	\$3.6 M	\$2.8 M ▲
EPS	\$0.18	\$0.10	\$0.08 ▲
ADJUSTED NET INCOME*	\$7.0 M	\$3.8 M	\$3.2 M ▲
ADJUSTED EPS*	\$0.19	\$0.10	\$0.09 ▲

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# Q1-20 CASH FLOW GENERATION



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## Q1-20 HEALTHY FINANCIAL POSITION

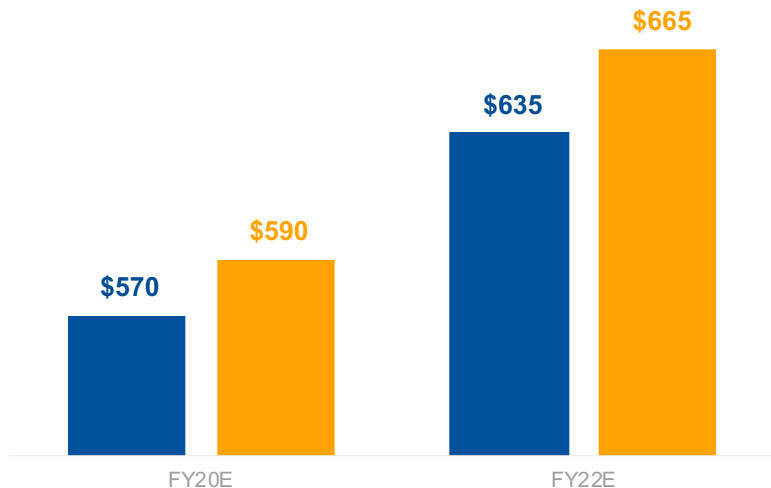
	Q1-20	Q4-19		
<b>LONG-TERM DEBT</b>	<b>\$306.6 M</b>	<b>\$263.3 M</b>	<b>\$43.3 M</b>	▲ Lease liabilities of \$27 million recognized from adoption of IFRS 16 ▲ Acquisition of Alta Precision
<b>CASH</b>	<b>\$37.0 M</b>	<b>\$35.1 M</b>	<b>\$1.9 M</b>	

	Q1-20	Q4-19		
<b>NET DEBT POSITION</b>	<b>\$269.6 M</b>	<b>\$228.1M</b>	<b>\$41.5 M</b>	▲ Lease liabilities of \$27 million recognized from adoption of IFRS 16 ▲ Acquisition of Alta Precision

# UPWARD REVISION TO GUIDANCE IN Q1-20

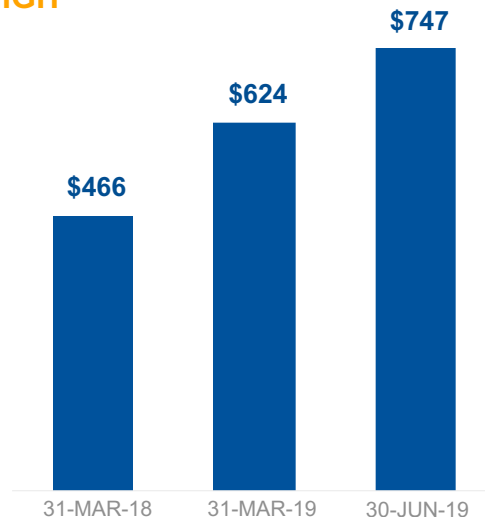
✈ From recent performance, strong industry fundamentals and acquisition of Alta Precision.

## SALES GUIDANCE AT MARCH 31, 2019 UPDATED SALES GUIDANCE AT JUNE 30, 2019



FIGURES ARE MIDDLE RANGE GUIDANCE

## FIRM ORDER BACKLOG NEW HIGH



# NON-IFRS MEASURES

The information included in this presentation contains certain financial measures\* that are not prescribed by International Financial Reporting Standards (“IFRS”) and are not likely to be comparable to similar measures presented by other issuers.

MEASURE	DEFINITION
EBITDA	Earnings before financial expenses, income tax expense and amortization expense.
Adjusted EBITDA	EBITDA as defined above excluding non-recurring items.
Adjusted net income	Net income excluding non-recurring items net of taxes.
Adjusted earnings per share	Diluted earnings per share calculated on the basis of adjusted net income.
Free cash flow	Cash flows related to operating activities, less additions to property, plant and equipment and net increase in finite-life assets.

\* Refer to the Corporation’s MD&A for further details.