

## PERIOD HIGHLIGHTS

THIRD QUARTER FISCAL 2020 (in millions of \$, except per share data)	QUARTERS ENDED DECEMBER 31		NINE MONTHS ENDED DECEMBER 31	
	2019	2018	2019	2018
Sales	157.3	144.5	446.2	326.0
Operating income	13.5	11.9	34.4	22.1
Adjusted operating income <sup>1</sup>	13.5	14.0	35.0	25.4
Adjusted EBITDA <sup>1</sup>	24.6	22.9	67.6	48.3
Net income	8.7	7.4	21.5	14.2
per share – diluted (\$)	0.24	0.20	0.60	0.39
Adjusted net income <sup>1</sup>	8.7	9.4	22.0	17.6
per share (\$) <sup>1</sup>	0.24	0.26	0.61	0.48

<sup>1</sup> This is a non-IFRS measure. Please refer to the “Non-IFRS Measures” section of the MD&A

- In the third quarter, consolidated sales grew 8.8% to \$157.3 million, up from \$144.5 million last year, including a 1.4% organic growth and a contribution of \$10.8 million by the Corporation’s recent acquisitions.
  - Commercial sales grew 11.8% in the third quarter from \$65.5 million to \$73.2 million, while defence sales were up 6.3%, from \$79.0 million to \$84.1 million.
- Strong performances by Beaver and CESA, offset by the temporarily dilutive effect of the margin of more recently acquired businesses, led to relatively stable gross profit as a percentage of sales for the third quarter as compared to the corresponding period last year.
- Operating income increased to \$13.5 million, or 8.6% of sales, up from \$11.9 million, or 8.2% of sales last year. Adjusted EBITDA, which excludes non-recurring items, stood at \$24.6 million, or 15.6% of sales, compared with \$22.9 million, or 15.8% of sales, a year ago. Foreign exchange fluctuations had an unfavorable net impact of \$1.1 million year-over-year, or 0.7% of sales.
- Net income increased from \$7.4 million to \$8.7 million during the quarter (or decreased from \$9.4 million to \$8.7 million, excluding non-recurring items net of taxes) compared to the same period last fiscal year, mainly as a result of the factors described above.
- EPS grew from \$0.20 last year to \$0.24 as last year’s EPS included non-recurring acquisition costs of \$2.0 million net of taxes or \$0.06 per share. Adjusted EPS decreased from \$0.26 last year to \$0.24 mainly due to the foreign exchange fluctuations representing \$0.02 per share.
- The Corporation’s funded backlog<sup>2</sup> increased to \$839 million as at December 31, 2019, compared to \$769 million as at September 30, 2019, mainly due to increased demand for defence products under long-term contracts.
- Cash flows related to operating activities reached \$9.7 million in the third quarter, down from \$12.7 million last year. For the third quarter, the variation in cash flows related to operating activities are mainly explained by an increase in inventories in preparation for upcoming growth, even though cash flow from operations increased.
- As at December 31, 2019, net debt stood at \$256.8 million, up from \$243.0 million as at April 1, 2019<sup>3</sup>. The increase in long-term debt during the nine-month period is mainly due to the Alta acquisition, partially offset by a US\$12 million (\$15.9 million) repayment made over the course of the second quarter.

## A WORD FROM THE PRESIDENT

I am pleased with our Q3 results and by the continued growth of our commercial and defence sales, especially on the heels of what had been a particularly strong third quarter last year. Accordingly, we have reviewed our sales guidance for Fiscal 2020 upwards, which we now expect to reach \$600-610 million as a reflection of stronger than expected growth.

We are committed to continue to deliver on all our programs, especially as several of them will be reaching important development milestones over the course of the next twelve months, including the very promising Boeing 777X program that successfully completed its first flight on January 25, 2020. Our short-term focus is to execute on our backlog.

Martin Brassard  
President & Chief Executive Officer  
February 6, 2020

<sup>2</sup> Represents firm orders.

<sup>3</sup> Pro forma net debt as at April 1, 2019, reflects the impact of the adoption of IFRS 16 – Leases. See the Corporation’s financial statements for further details.

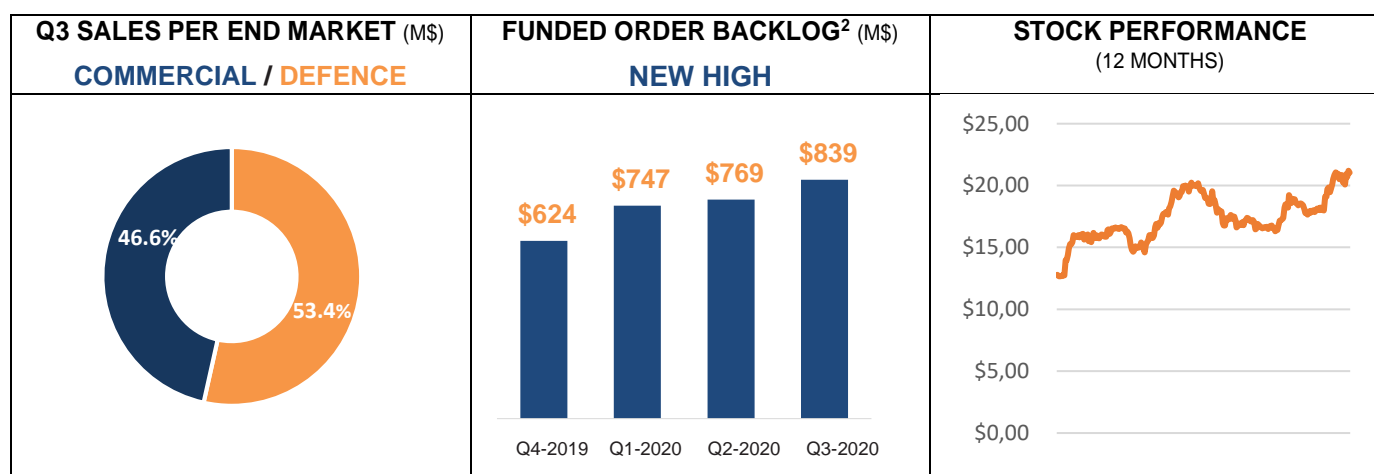
## UPDATED GUIDANCE

Management increased its Fiscal 2020 sales guidance to reflect stronger than expected growth. It expects sales to reach between \$600 million and \$610 million in Fiscal 2020 and between \$650 million to \$680 million in Fiscal 2022.

## FIVE-YEAR FINANCIAL SUMMARY

(in millions of CAD \$, except per share data)	Trailing 12 months	Fiscal 2019	Fiscal 2018	Fiscal 2017	Fiscal 2016
Sales	604.1	483.9	386.6	406.5	406.8
Operating income	49.5	37.2	23.4	35.6	37.8
Adjusted EBITDA <sup>1</sup>	93.5	74.2	56.9	61.4	64.1
Net income	33.4	26.2	13.7	31.8	26.6
per share –diluted (\$)	0.94	0.73	0.38	0.88	0.74
Adjusted net income <sup>1</sup>	34.8	30.4	24.2	26.4	27.7
per share (\$) <sup>1</sup>	0.97	0.84	0.67	0.73	0.77

<sup>1</sup> This is a non-IFRS measure. Please refer to the “Non-IFRS Measures” section of the MD&A



<sup>2</sup> Represents firm orders.

### ANALYST COVERAGE

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

### INVESTOR RELATIONS

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### STOCK INFORMATION

Stock exchange & symbol ..... TSX: HRX  
 Price as at January 30, 2020 ..... \$20.30  
 High/Low (52 weeks) ..... \$21.64 / \$12.58  
 Number of shares outstanding ..... 36,362,210 (January 30, 2020)  
 Market capitalization ..... \$738.2 million



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 comp any 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.