

INVESTOR PRESENTATION

HÉROUX DEVTEK 



November 2020

FORWARD-LOOKING STATEMENTS

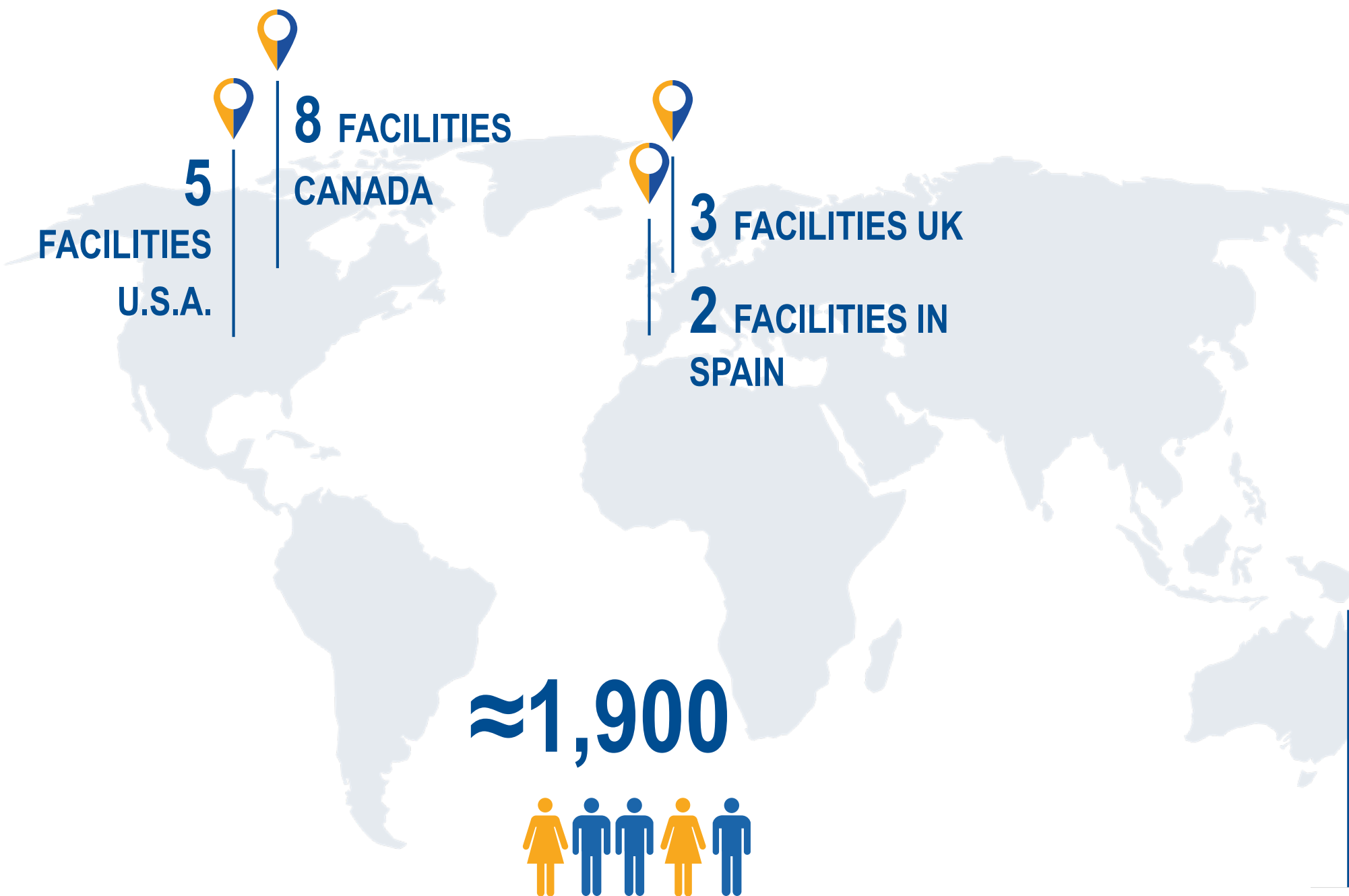
This presentation contains forward-looking statements which are mainly about, but may not be limited to, Héroux-Devtek's future financial performance, expectations, objectives or possible events. The predictive nature of such statements makes them subject to risks, uncertainties and other important factors 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 including the impact of COVID-19; 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.

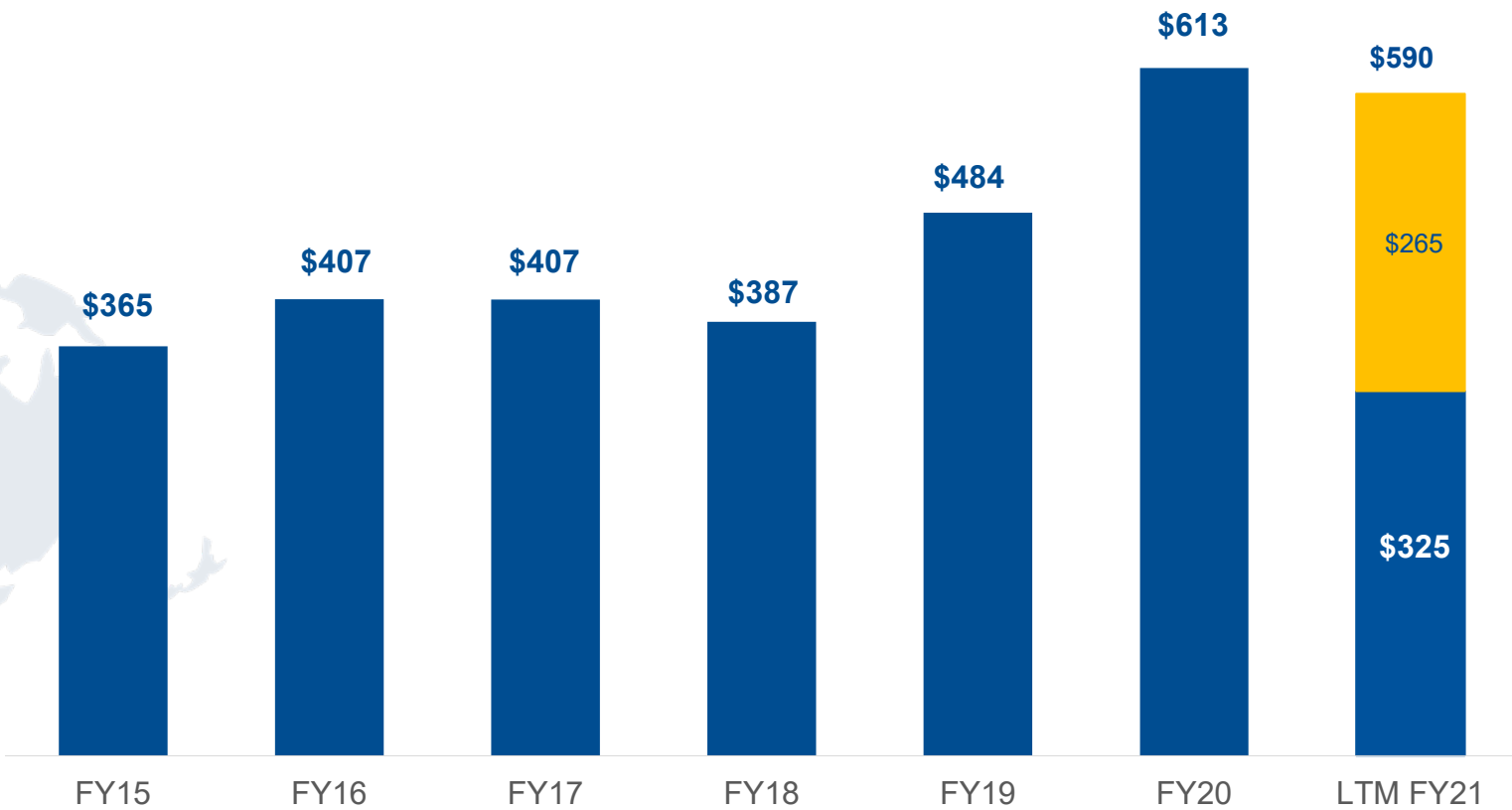
Héroux-Devtek provides such forward-looking statements for the purpose of assisting the reader in understanding the Corporation's financial performance and prospects and to present management's assessment of future plans and operations. The reader is cautioned that such statements may not be appropriate 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.

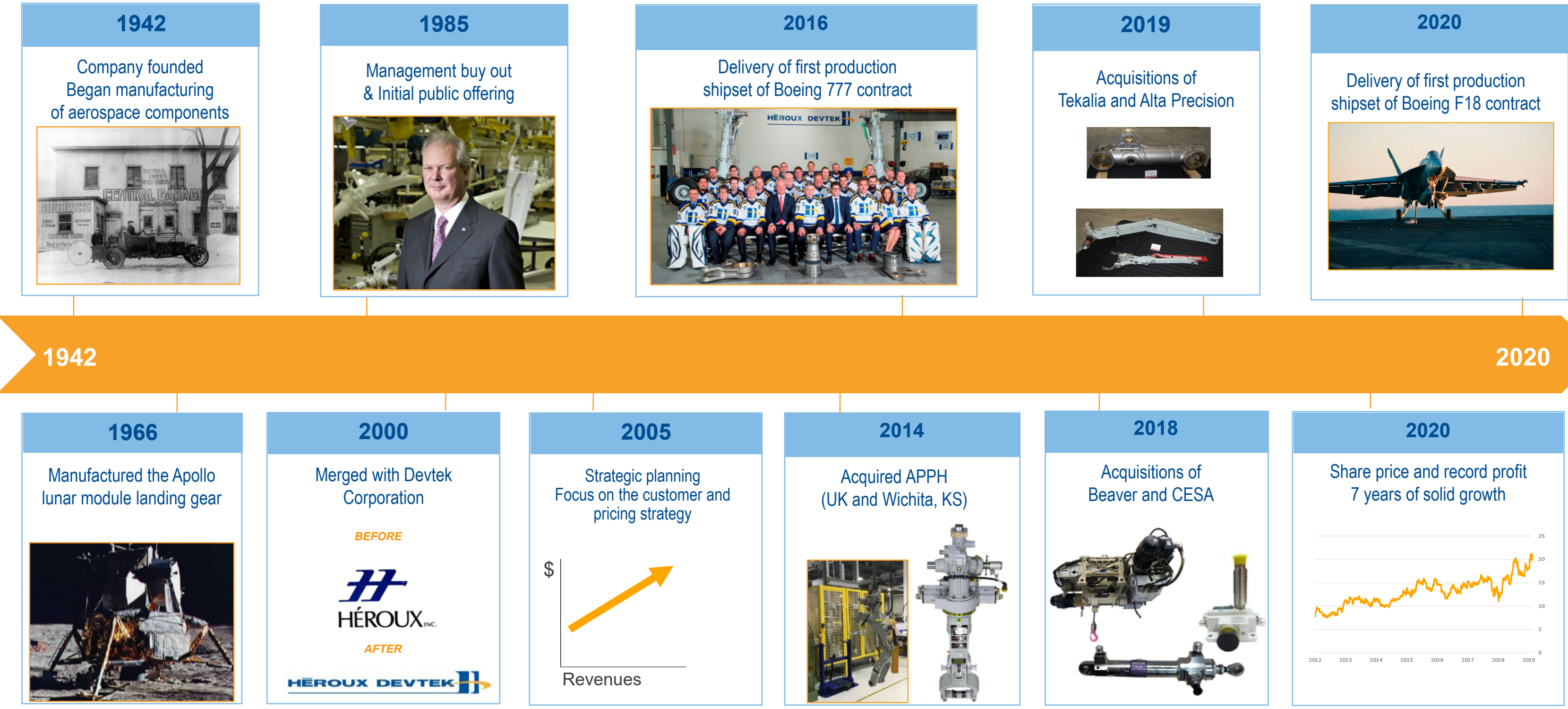
ABOUT HÉROUX-DEVTEK



AEROSPACE COMPANY
WORLD'S 3RD LARGEST
LANDING GEAR MANUFACTURER



HISTORY



WE ARE DELIVERING ON OUR PROMISES

WHAT WE SAID

- **Focus on key revenue drivers** to weather the storm
- We took swift actions to remain **competitive** and **profitable**
- Protect our liquidity and continue to generate **positive free cash flow**
- Seize new business **opportunities** and maximize **cross-selling** potential



WHAT WE DELIVERED

- Defence sales + 7.5% year to date; Overall decrease 8.1%
- Adjusted EBITDA of 14.9% year to date, in line with last year
- YTD cash flow from operating activities of \$30.9 million vs \$16.2 million last year.
- Multi-year contract signed between CESA and Boeing

FY21 RESULTS – Q2



✈ Sales decrease of 5.8%

- Civil down 27.5% due to a 44% decrease in twin-aisle deliveries
- Defence up 11.6%

✈ Operating income down from 7.2% to 5.2% of sales

- Reflects \$2.7M (2.0% of sales) of restructuring charges

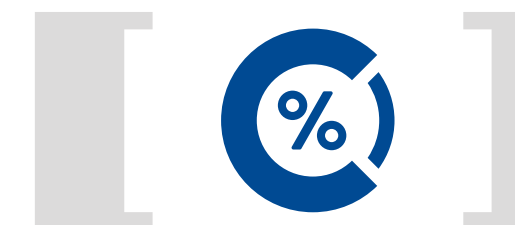
✈ Adjusted EBITDA⁽¹⁾ up from 14.8% to 15.5% of sales

- Favorable sales mix
- Lower costs

⁽¹⁾ Non-IFRS financial measure. Please refer to the “Non-IFRS financial measures” section at the end of this document for further details

| (\$M except per share data) | Three months ended September 30, | | Variance |
|------------------------------------|----------------------------------|-------|-----------|
| | 2020 | 2019 | % |
| Sales | 137.1 | 145.5 | (5.8) |
| Gross profit % | 15.4% | 15.3% | 10 bps |
| Operating income | 7.1 | 10.5 | (32.4) |
| Operating income (%) | 5.2% | 7.2% | (200 bps) |
| Adjusted EBITDA ⁽¹⁾ | 21.2 | 21.5 | (1.4) |
| Adjusted EBITDA ⁽¹⁾ % | 15.5% | 14.8% | 70 bps |
| Net income | 3.8 | 6.3 | (39.7) |
| Adjusted net income ⁽¹⁾ | 6.1 | 6.3 | (3.2) |
| EPS | 0.11 | 0.18 | (38.9) |
| Adjusted EPS ⁽¹⁾ | 0.17 | 0.18 | (5.6) |

FY21 RESULTS - YTD



✈ Sales decrease of 8.1%

- Civil down 26.7% due to a 44% decrease in twin-aisle deliveries
- Defence up 7.5%

✈ Operating income down from 7.2% to 3.2% of sales

- Reflects \$8.7M (3.3% of sales) of restructuring charges

✈ Adjusted EBITDA⁽¹⁾ stable at 14.9% of sales

- Favorable sales mix
- Lower volume impact
- Cost reduction

⁽¹⁾ Non-IFRS financial measure. Please refer to the “Non-IFRS financial measures” section at the end of this document for further details

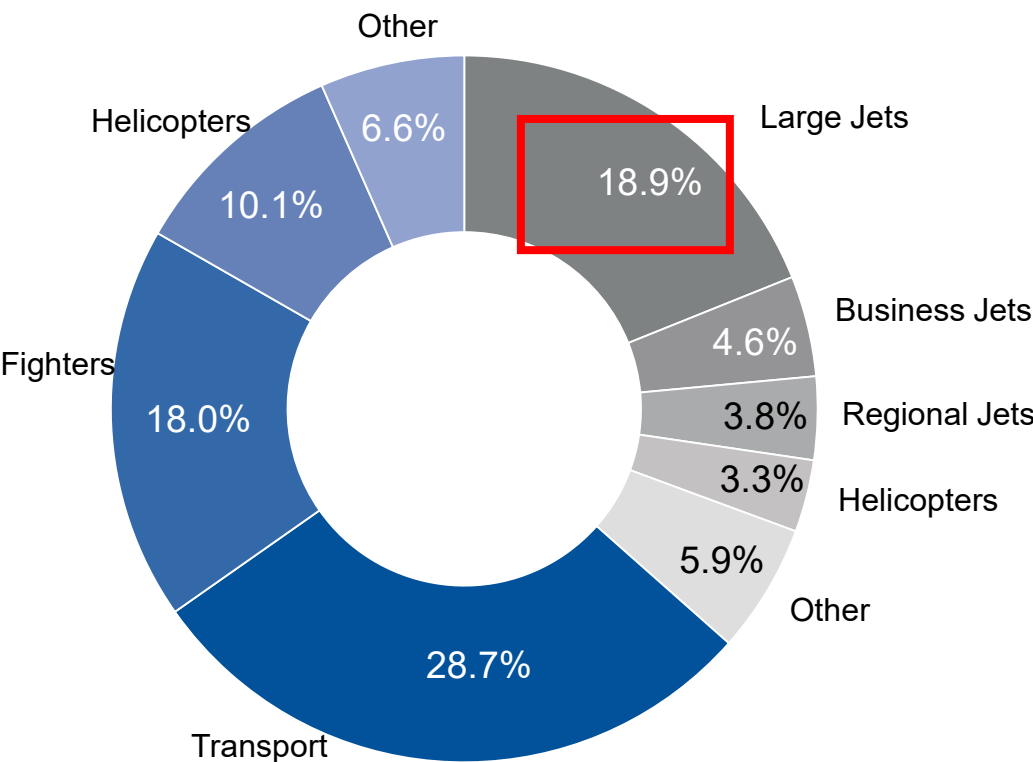
| (\$M except per share data) | Six months ended September 30, | | Variance |
|------------------------------------|--------------------------------|-------|----------|
| | 2020 | 2019 | % |
| Sales | 265.4 | 288.9 | (8.1) |
| Gross profit % | 15.7% | 16.1% | -40 bps |
| Operating income | 8.5 | 20.9 | (59.3) |
| Operating income (%) | 3.2% | 7.2% | -400 bps |
| Adjusted EBITDA ⁽¹⁾ | 39.6 | 43.0 | (7.9) |
| Adjusted EBITDA ⁽¹⁾ % | 14.9% | 14.9% | - |
| Net income | 2.5 | 12.7 | (80.3) |
| Adjusted net income ⁽¹⁾ | 9.5 | 13.3 | (28.6) |
| EPS | 0.07 | 0.36 | (80.6) |
| Adjusted EPS ⁽¹⁾ | 0.26 | 0.37 | (29.7) |



DIVERSIFIED AND BALANCED REVENUE MIX

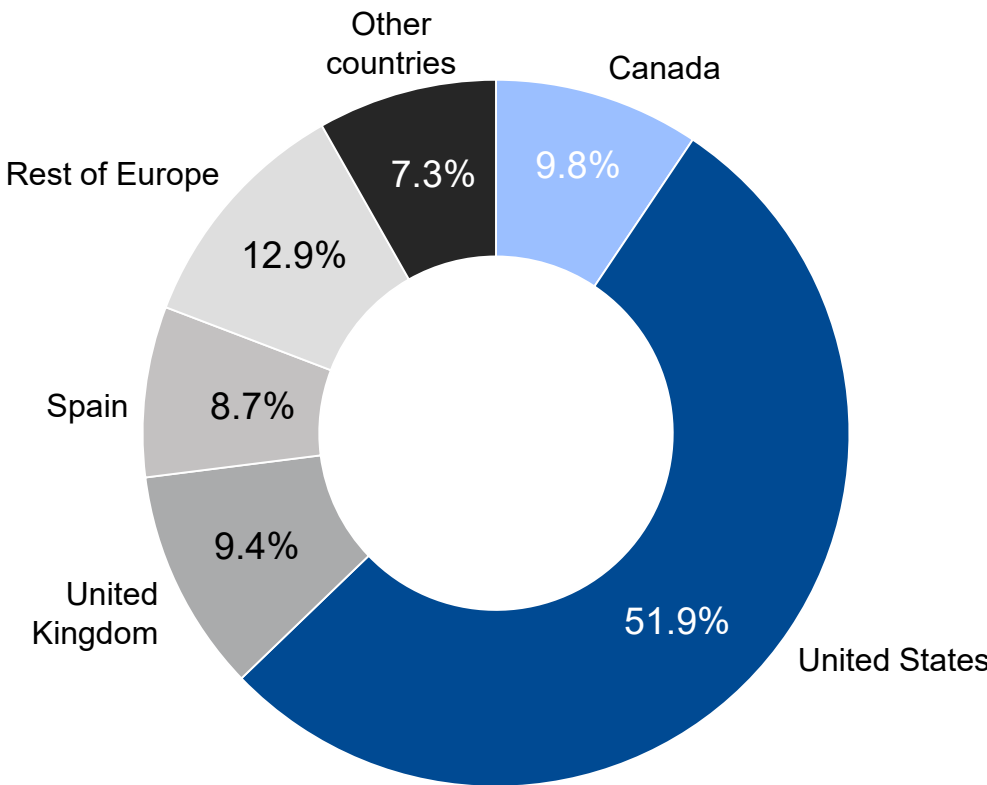
DEFENCE / CIVIL

63.4% DEFENCE / **36.6% CIVIL**
Vs 53.7% in FY20 *Vs 46.3% in FY20*



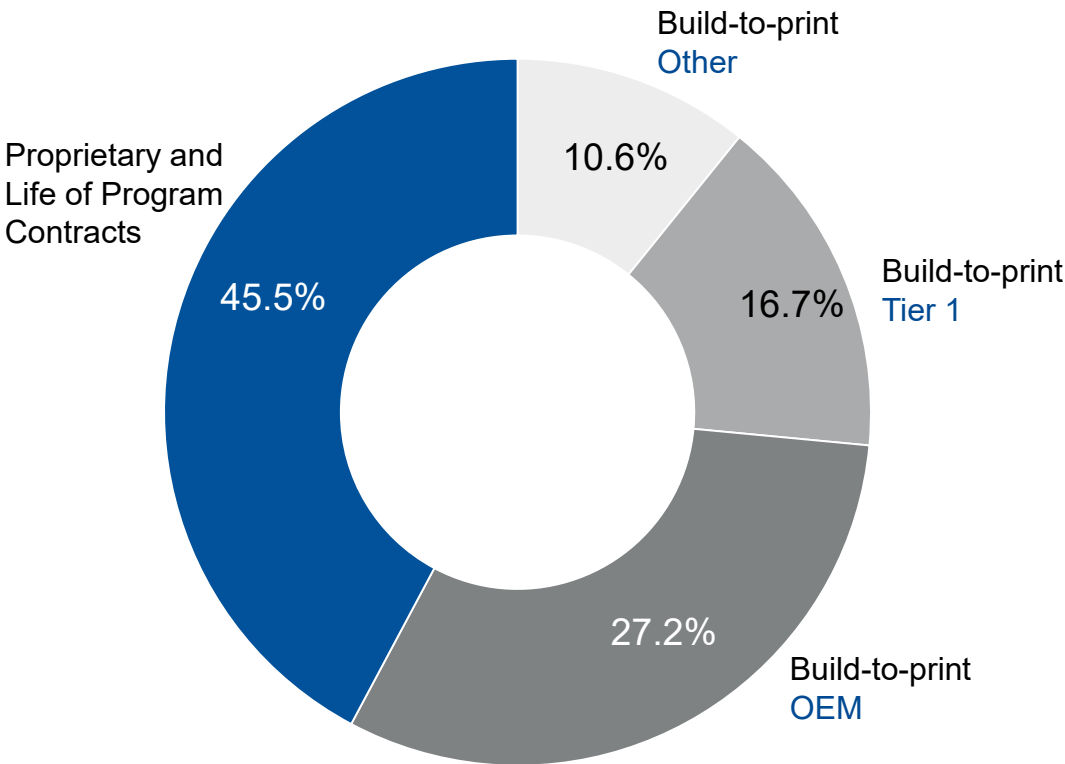
FY20 Large jets = 27.4%
FY21 Large jets = 18.9%
44% decrease in twin-aisle

BY END CUSTOMER LOCATION



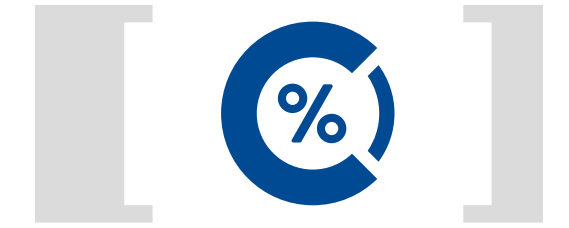
Geographically diversified

PROPRIETARY / BUILD-TO-PRINT LONG TERM AGREEMENT

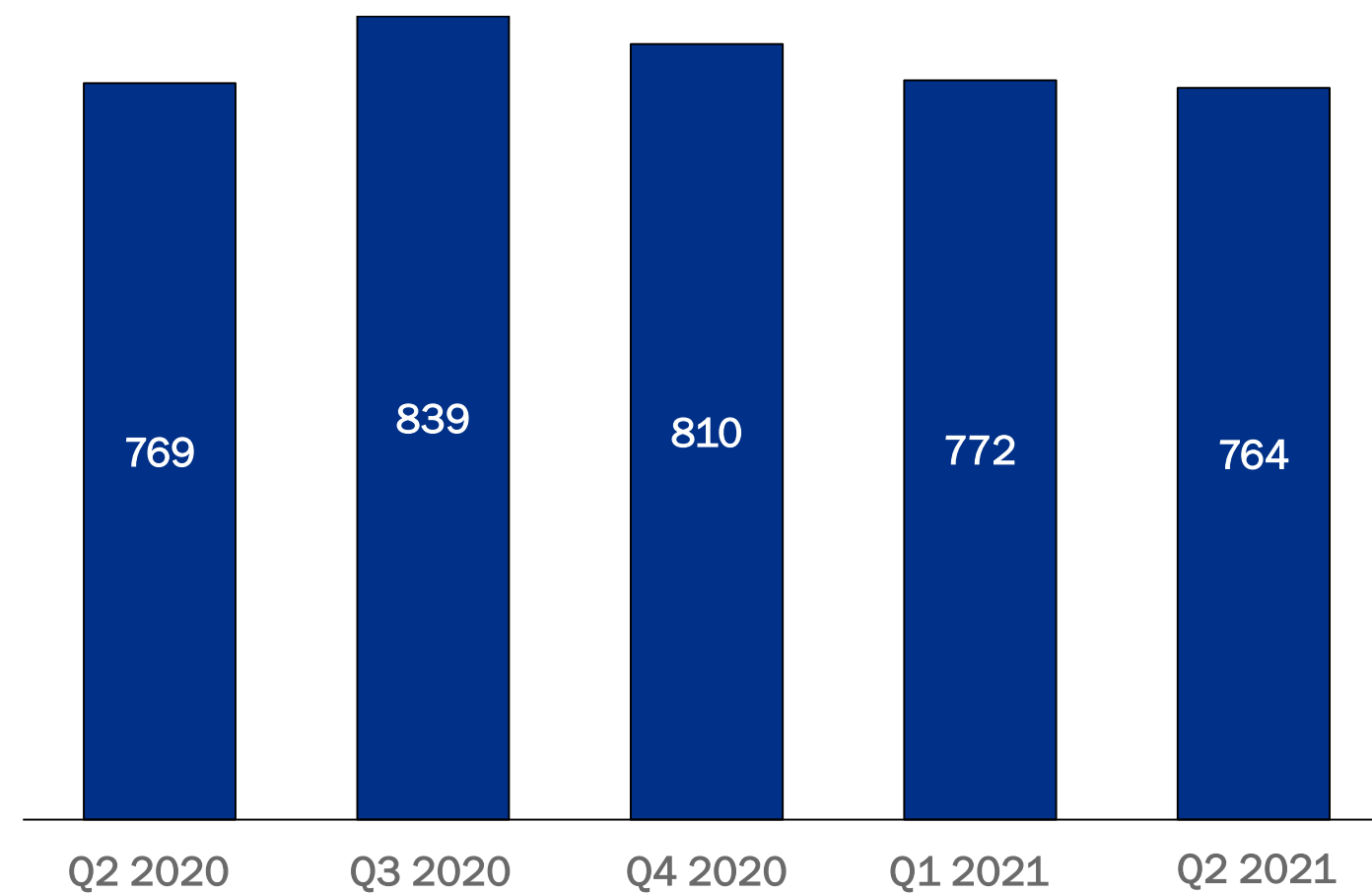


FY20 IP = 42.2% vs FY21 45.5%
Growing Proprietary %

SOLID FIRM ORDER BOOK



FIRM ORDER BOOK (IN \$ MILLIONS)



- >2/3 of order book comes from the defence market
- Defence orders offset decrease in commercial demand
- Order book diversified by sector, geography, customer and program

RAMPING UP NEW PLATFORMS



**BOEING F/A-18 E/F
SUPER HORNET AND
EA-18G GROWLER**
1st delivery Q2-FY21



SIKORSKY CH-53K*
New Platform
Entering LRIP phase



**BOEING MQ-25
UNMANNED AERIAL
REFUELING
PROGRAM**
New Platform
Development phase



SAAB GRIPEN E*
New Platform
Entering LRIP phase

* Proprietary programs

CONSISTENT CASH FLOW GENERATION

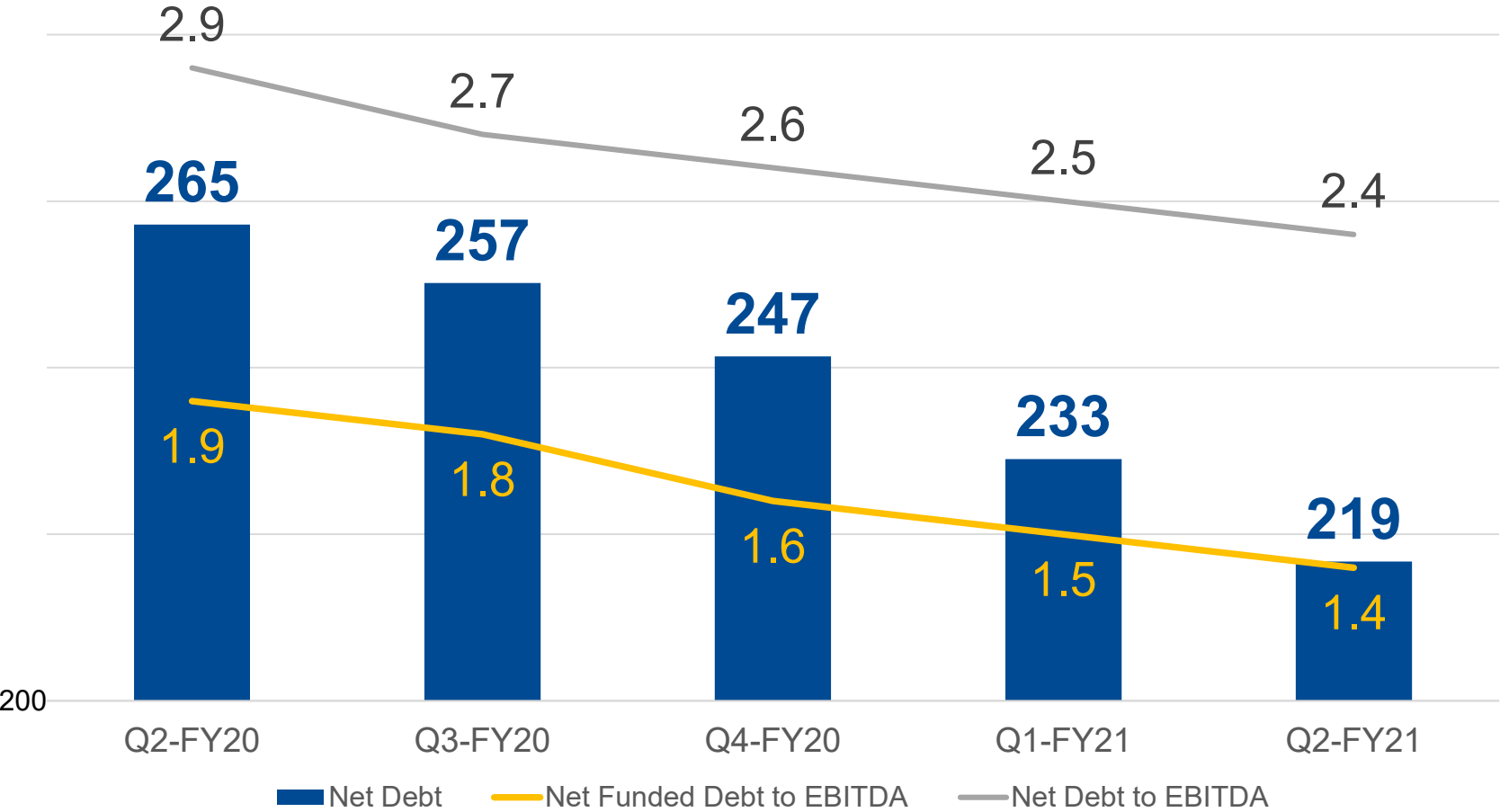
| <i>In \$ millions</i> | Fiscal Year | | | |
|--|-------------|----------|----------|----------|
| | 2018 | 2019 | 2020 | H1 2021 |
| Sales | \$ 386.6 | \$ 483.9 | \$ 613.0 | \$ 265.4 |
| Cash flows related to operating activities | 56.1 | 70.0 | 52.6 | 30.9 |
| Free cash flow | 50.8 | 58.6 | 30.3 | 23.6 |
| <i>As a % of sales</i> | 13.1% | 12.1% | 4.9% | 8.9% |
| Free cash flow yield | 10.6% | 10.5% | 6.3% | 13.2% |

\$ 163 M of Free cash flow generated over the last 42 months

⁽¹⁾ Non-IFRS financial measure. Please refer to the “Non-IFRS financial measures” section at the end of this document for further details.

STEADY DE-LEVERAGING

\$46M DEBT REDUCTION



DEBT MATURITY PROFILE



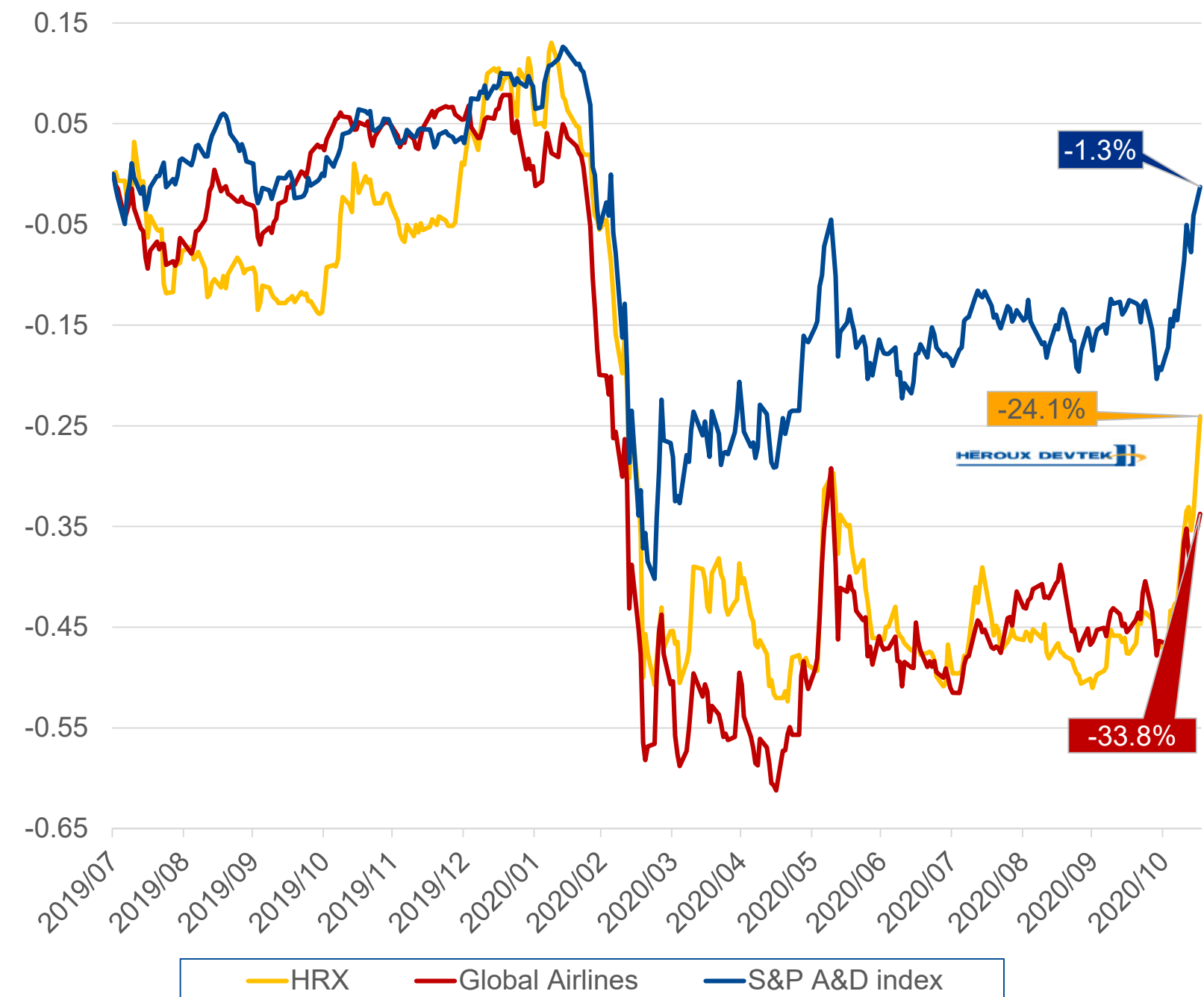
Available Liquidity of ≈\$230M

SHARE PRICE PERFORMANCE

| | Share price | Share price vs 52-week high | EV/EBITDA (TTM) | Net debt / TTM Ebitda | FCF Yield |
|--------------------------------|--------------|-----------------------------|-----------------|-----------------------|-------------|
| Civil OEMs | | | | | |
| Boeing | 264.58 | -46.8% | 87.7 | 1.4 | -15.8% |
| Airbus | 139.45 | -31.3% | 20.4 | 0.1 | -14.0% |
| Textron | 59.82 | -12.5% | 13.2 | 1.7 | 4.1% |
| Average* | | -30.2% | 16.8 | 1.1 | -8.6% |
| Defence OEMs | | | | | |
| General Dynamics | 199.91 | -20.7% | 11.1 | 2.1 | 6.0% |
| L3Harris | 261.44 | -15.0% | 15.8 | - | 6.4% |
| Lockheed Martin | 492.98 | -16.1% | 11.6 | 1.3 | 6.4% |
| Northrop Grumman | 408.80 | -19.6% | 12.0 | 2.5 | 6.9% |
| Average | | -17.9% | 12.6 | 1.5 | 6.4% |
| Component manufacturers | | | | | |
| Ducommun | 54.92 | -28.1% | 9.4 | 2.9 | 4.6% |
| Flir Systems | 49.97 | -36.6% | 13.4 | 0.4 | 5.7% |
| Heico | 177.07 | -1.0% | 35.9 | 0.9 | 2.0% |
| Moog | 102.26 | -19.8% | 10.6 | 4.4 | 5.1% |
| Circor International | 45.58 | -25.6% | 12.2 | 4.9 | -1.9% |
| Parker-Hannifin | 350.19 | -0.7% | 17.3 | 2.5 | 5.5% |
| Spirit Aerosystems | 42.31 | -65.4% | - | 0.9 | -26.7% |
| Raytheon | 89.75 | -27.7% | 15.3 | 2.9 | 2.3% |
| TransDigm | 750.28 | -16.1% | 21.8 | 7.3 | 2.3% |
| Triumph | 14.48 | -62.8% | 8.5 | 4.1 | -47.1% |
| Safran | 186.32 | -16.0% | 12.6 | 0.8 | 2.3% |
| AAR | 34.85 | -49.7% | 11.6 | 1.1 | 3.4% |
| Woodward | 142.75 | -15.3% | 16.3 | 2.3 | 3.8% |
| Hexcel | 64.81 | -39.3% | 16.0 | 1.7 | 3.5% |
| Average* | | -28.9% | 14.4 | 2.6 | 3.2% |
| Héroux-Devtek Inc. | 14.44 | -33.3% | 8.8 | 2.4 | 9.3% |

*Figures in *italic* are excluded as outliers

Total Return – Jul 2019 – Nov 16, 2020



OUR FUTURE

- 1 Solid financial position
- 2 Diversified profile
- 3 Strong defence backlog
- 4 Ready to seize opportunities
- 5 Experienced management team and talented employees



NON-IFRS FINANCIAL 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.

- **EBITDA** - Earnings before financial expenses, income tax expense and amortization expense.
- **Adjusted EBITDA** - EBITDA as defined above excluding non-recurring items.
- **Adjusted Operating income** – Operating income 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 intangible assets.

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



HÉROUXDEVTEK.COM