

# ANNUAL MEETING OF SHAREHOLDERS 2022





## OPENING OF THE MEETING

### **Gilles Labbé**

Executive Chairman of the board

Non-independent board member since 1985

# Formal agenda



- 1 Opening of the meeting
- 2 Executive Chairman & Secretary of the meeting
- 3 Report of the Scrutineers
- 4 Notice of Meeting
- 5 Minutes of the Annual Meeting of Shareholders held on August 10, 2021
- 6 Receipt of the March 31, 2022 Consolidated Financial Statements
- 7 Election of Directors
- 8 Appointment of the auditors and remuneration
- 9 Management's Presentation
- 10 Q&A
- 11 Closing of the meeting

# BOARD OF DIRECTORS



**Gilles Labbé**  
Executive Chairman of the board  
Non-independent Director  
since 1985



**Nathalie Bourque**  
Corporate Director and Consultant  
Independent Director since 2015  
Member of the Audit Committee



**Martin Brassard**  
President and Chief Executive Officer  
Non-independent Director since 2019



**Didier Evrard**  
Corporate Director and Consultant  
Independent Director since 2021  
Member of the Audit Committee



**Louis Morin**  
President, Busrel Inc.  
Independent Director since 2008  
Chair of the Audit Committee



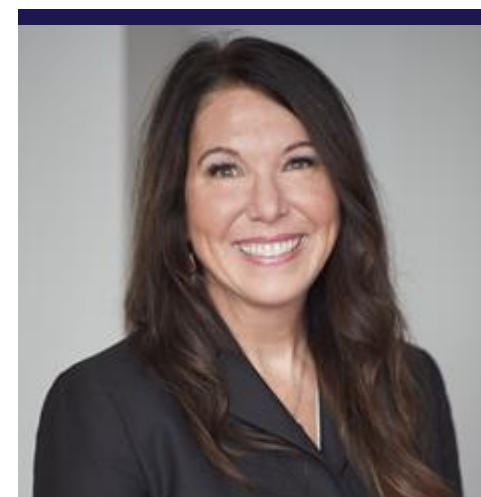
**James J. Morris**  
Corporate Director and Consultant  
Independent director since 2013  
Chair of the Human resources  
and Corporate Governance Committee



**Brian A. Robbins**  
Executive Chairman, Exco Technologies  
Limited  
Independent Director since 2000  
Member of the Human Resources and  
Corporate Governance Committee



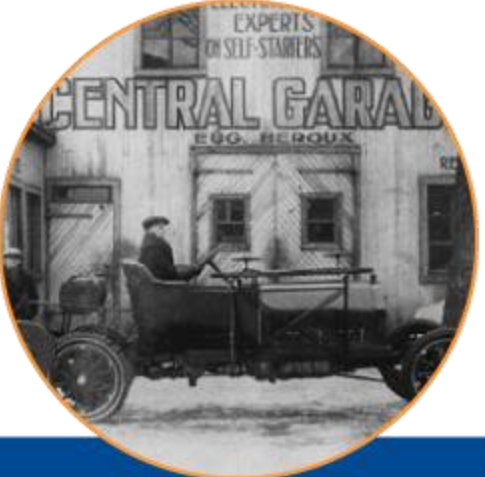
**Annie Thabet**  
Partner, Celtis Capital Inc.  
Independent Director since 2021  
Member of the Human Resources and  
Corporate Governance Committee



**Beverly Wyse**  
Corporate Director and Consultant  
Lead Director, Independent Director  
since 2019  
Member of the Audit Committee

# 80<sup>TH</sup> ANNIVERSARY - SATISFYING CUSTOMERS SINCE 1942

Héroux Machine Parts Limited, specializing in machine tooling of aircraft components, is founded in Longueuil, Québec.



1942

Management buyout and Héroux Inc. becomes a publicly traded company.



1985-1986

Signing of a long-term contract with The Boeing Company to supply complete landing gear systems for the Boeing 777 and 777X programs.



2013

Agreement to acquire Beaver and CESA.



2018



Héroux Inc. manufactures landing gear for the Apollo Lunar Module.

1966



Héroux Inc. acquires Devtek Corporation to enhance its landing gear capabilities in the commercial sector and changes its name to Héroux-Devtek Inc.

2000



Acquisition of APPH, an integrated provider of landing gear and hydraulic systems and assemblies for original equipment manufacturer and aftermarket applications.

2014



The world's third-largest landing gear manufacturer, satisfying customers for 80 years and counting.

2022



# MANAGEMENT PRESENTATION

# 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 effect of the ongoing COVID-19 pandemic on Héroux-Devtek's operations, customers, supply chain, the aerospace industry and the economy in general; the impact of other worldwide general economic conditions; the war in Ukraine, 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. 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.

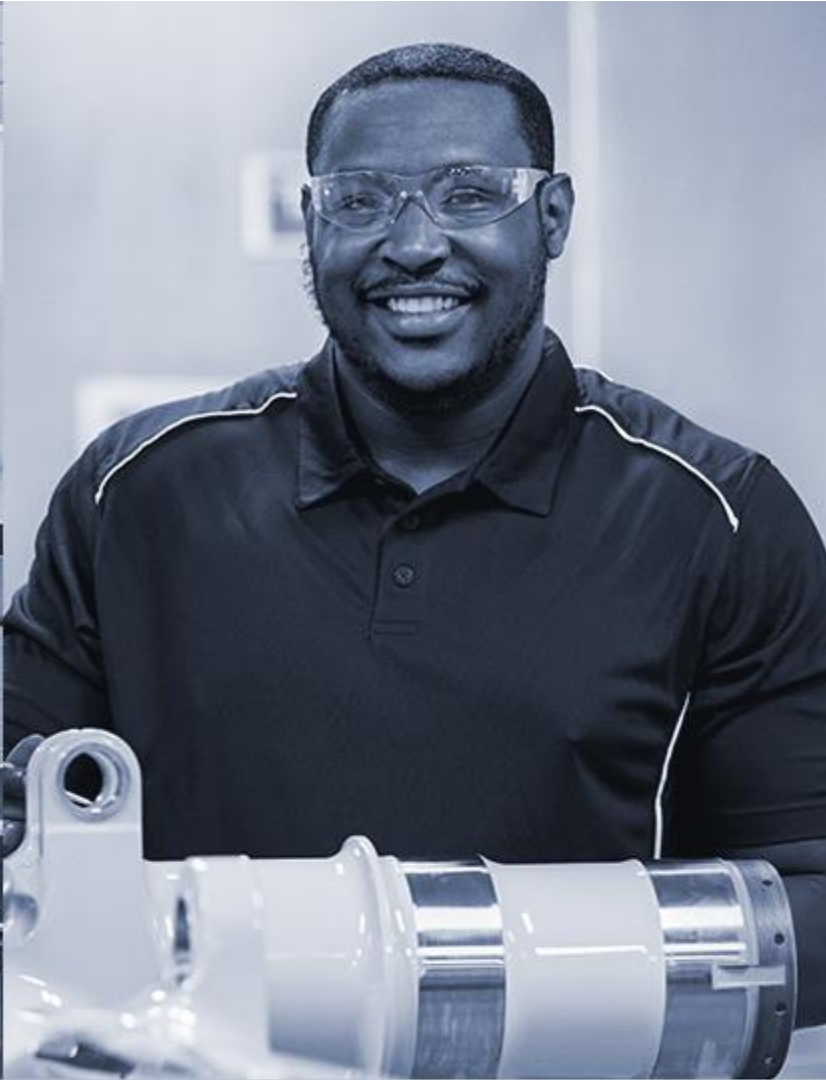
Although management believes in the expectations conveyed by the forward-looking statements and although they are based on information available to it on the date such statements were made, there can be no assurance that such expectations will prove to be correct. All subsequent forward-looking statements, 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.



*We are thankful of our 1,800 employees throughout Europe and North America, as it is through their sustained effort that Héroux-Devtek is in a better financial position today. This demonstrates our expertise and ever-growing reliability.*







# FISCAL 2022 HIGHLIGHTS

# LOOKING BACK AT FISCAL 2022



1

**Reinforced our reputation** despite continued impact of COVID- 19

2

**Customer-Centric approach** building foundation for growth

3

**Major new customer agreements**

4

**Improved profit margins**

# MAJOR CONTRACT ANNOUNCEMENTS FISCAL 2022



**Life-cycle contract for Falcon 10X landing gears**



**Contract award for development of landing gears for next generation aircraft**



**6-year extension of contract to manufacture 777/777x landing gears**



**MARTIN  
BRASSARD**  
PRESIDENT AND CEO

*I am very proud of Héroux-Devtek's performance in the last fiscal year.*

*This performance is the direct result of our hard work, discipline and the combined efforts of our employees across the world.*

Sales at  
**\$536.1M**

Gross profit  
increased from  
**16.6% to  
17.0%**

**18.8%** year-  
over-year  
**increase**  
in adjusted EPS

**Solid  
Balance sheet**



# FISCAL 2022 FINANCIAL RESULTS

# FISCAL 2022 FINANCIAL RESULTS



## Consolidated sales



6.1%

**\$536.1 M**

2021

\$570.7 M

**3.8%**

of negative financial exchange  
fluctuations

## Defence sales



2.4%

**\$386.7 M**

2021

\$377.5 M

**72.1%**

of total revenue

## Civil sales



22.7%

**\$149.4 M**

2021

\$193.2 M

**60%**

decrease in twin-aisle programs  
over two years

# FISCAL 2022 FINANCIAL RESULTS



## Operating income



## Adjusted EBITDA\*



## Earnings Per Share - Diluted



## Adjusted EPS\*



\*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" slide on page 24 for further details.



# Q1 FISCAL 2023 FINANCIAL RESULTS



# Q1-FY23 FINANCIAL HIGHLIGHTS



Consolidated sales

9.6%

**\$114.1 M**

Q1-FY22  
\$126.2 M

Defence sales

11.1%

**\$78.7 M**

Q1-FY22  
\$88.5 M

Civil sales

6.0%

**\$35.4 M**

Q1-FY22  
\$37.6 M

Lower throughput as a result of challenging production environment

# Q1-FY23 FINANCIAL HIGHLIGHTS



## Gross profit

**Q1-FY23**

**\$12.5 M**

**Q1-FY22**

**\$21.6 M**

## Adjusted EBITDA\*

**Q1-FY23**

**\$11.4 M**  
10.0%

**Q1-FY22**

**\$20.0 M**  
15.9%

## Operating Income

**Q1-FY23**

**\$2.6 M**

**Q1-FY22**

**\$10.8 M**

## Earnings Per Share – Basic and Diluted

**Q1-FY23**

**\$0.03**

**Q1-FY22**

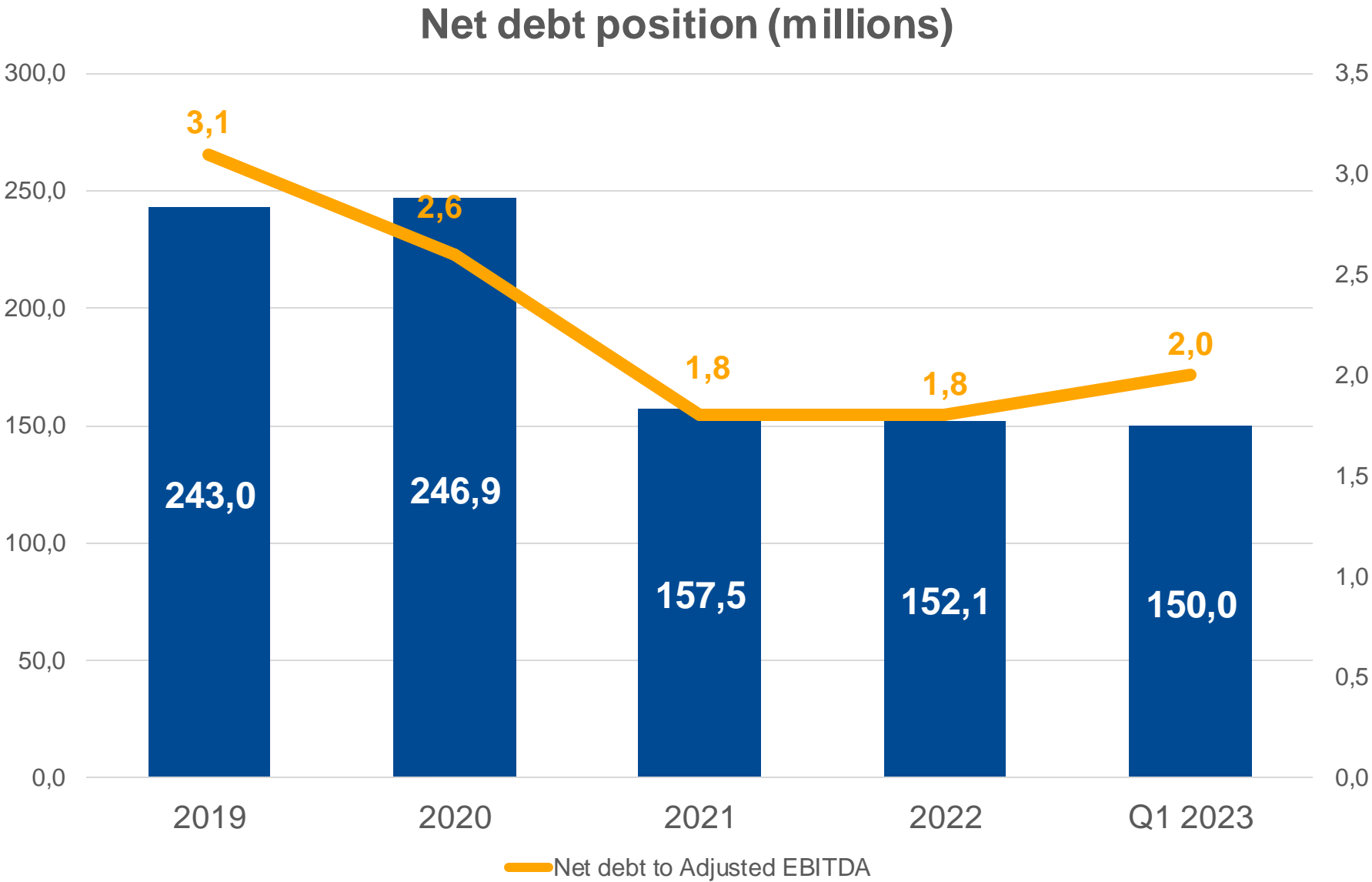
**\$0.19**

\*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" slide on page 24 for further details.

# FINANCIAL POSITION

Last four years:

- Reduced **net debt** to **\$150.0 million**
- Net debt to adjusted EBITDA\* ratio down from **3.1x** to **2.0x**



\*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" slide on page 24 for further details.

# FINANCIAL POSITION




Generate value for our shareholders

For F2022 HRX repurchased and canceled for 2,412,279 of common shares for **\$43.0 million**

**May 2022**,  
TSX renewed  
Normal Course  
Issuer Bid (NCIB)

Héroux-Devtek can purchase for cancellation a **maximum of 1,896,079** common shares



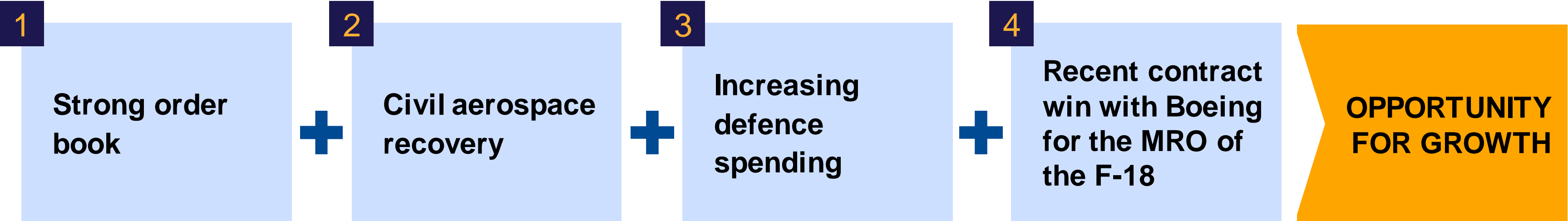
**[  ]**  
**PRODUCTION  
ENVIRONMENT  
AND OUTLOOK**

# FISCAL 2023 ENVIRONMENT

## CHALLENGES



## GROWTH DRIVERS



# OUR FUTURE

1 Solid financial position

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2 Flexible and resilient

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3 Focus on execution

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4 Ready to seize opportunities



# 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.

## **Adjusted EBITDA**

Operating Income excluding amortization expense and 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





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