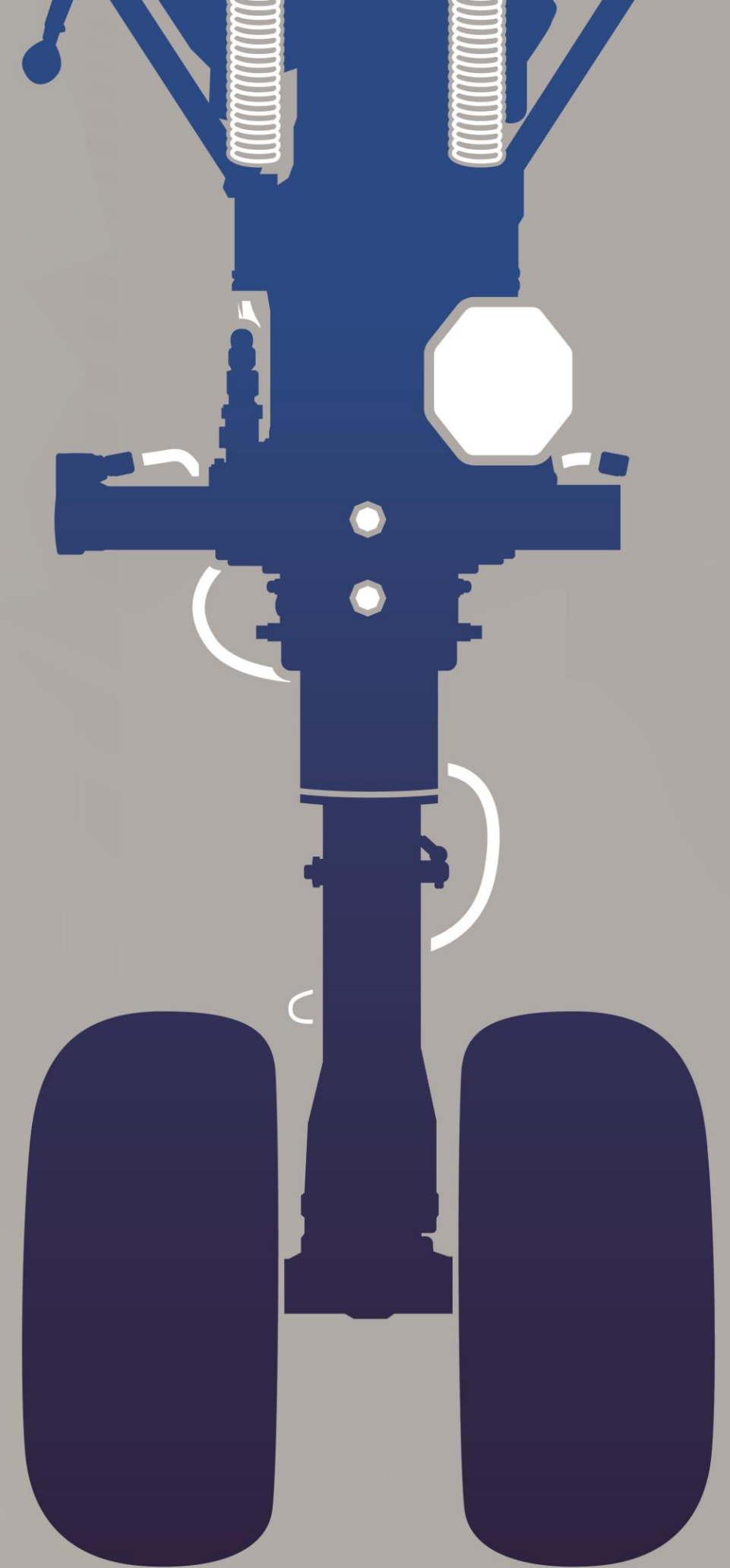


# ANNUAL MEETING OF SHAREHOLDERS 2021

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## OPENING OF THE MEETING

### **Gilles Labbé**

Executive Chairman of the board

Non-independent board member since 1985

# FORMAL AGENDA

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- 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 7, 2020
- 
- 6 Receipt of the Consolidated Financial Statements for the year ended March 31, 2021
- 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 board member  
since 1985



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



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



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



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



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



**Brian A. Robbins**  
Executive Chairman, Exco Technologies  
Limited  
Independent board member since 2000  
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



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





# MANAGEMENT PRESENTATION

# 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 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 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.

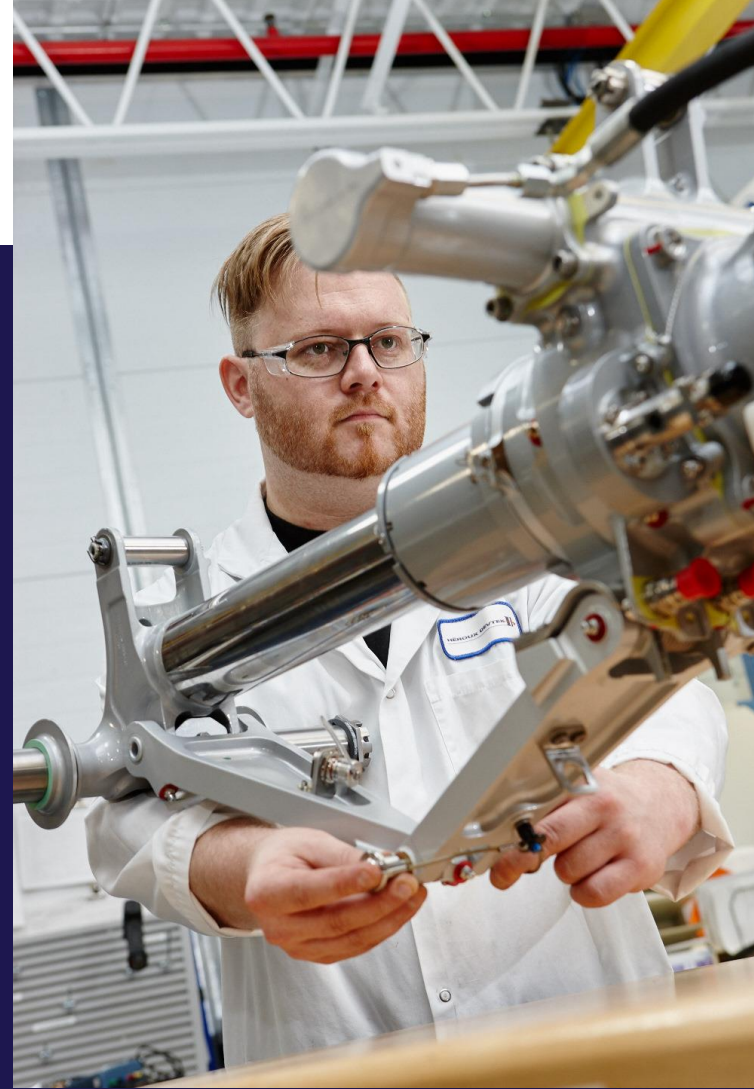




*Throughout the pandemic, we have remained vigilant, proactive, and resilient. This rational approach has enabled us to protect our liquidity and finish the year with an improved financial position.*

**- MARTIN BRASSARD  
PRESIDENT AND CEO**





*We take pride in our 1,800 highly dedicated employees across our North American and European facilities who work hard to showcase our world-class expertise in the design, development, manufacture and support of landing gear and actuation systems*





# FISCAL 2021 HIGHLIGHTS



# LOOKING BACK AT FISCAL 2021



Early roll-out of effective health and safety measures



Delivered high-quality products on time



Took actions swiftly to maintain profitability

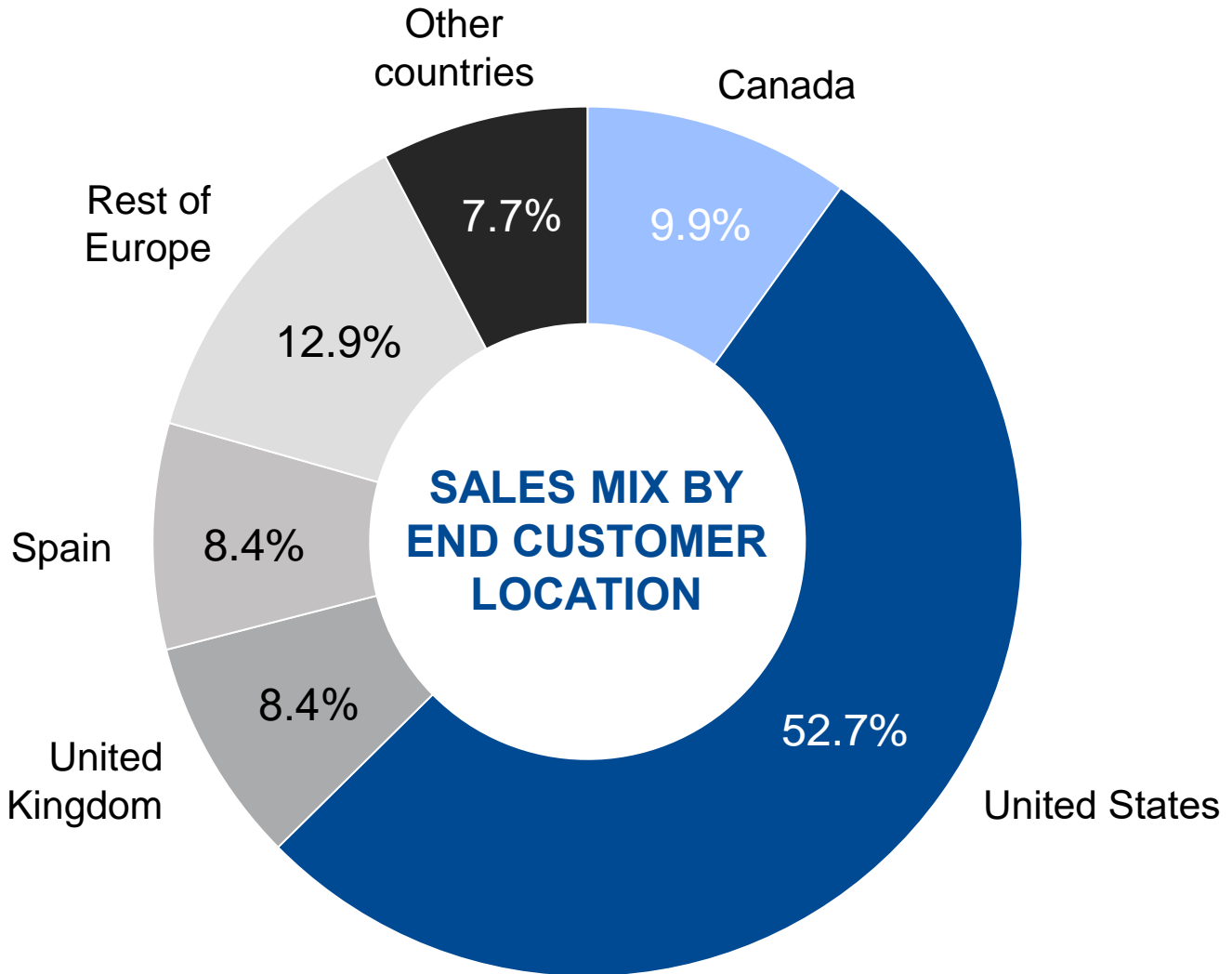
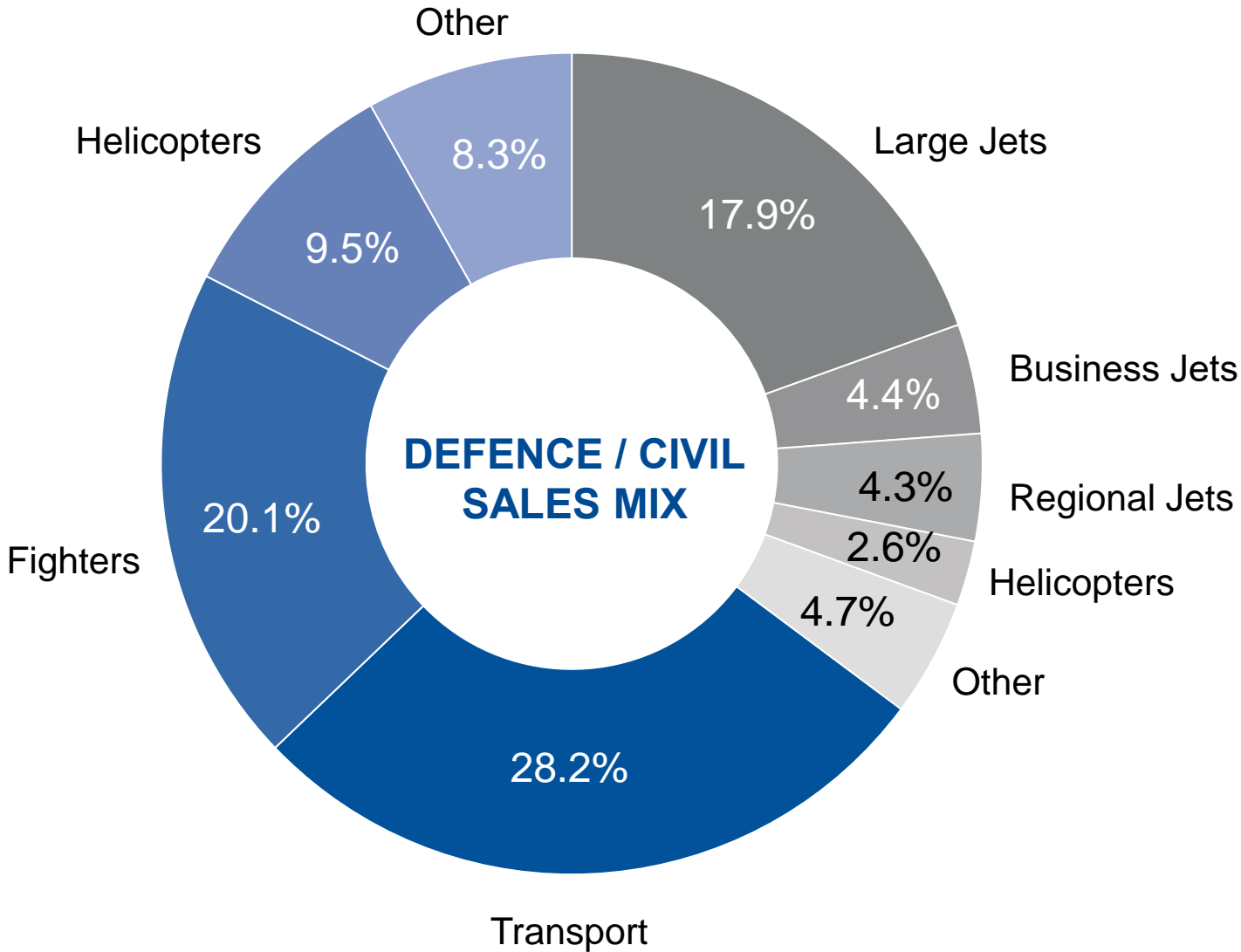


Protected liquidity and improved financial position



# DIVERSIFICATION LEADS TO RESILIENCE

66.1% DEFENCE 33.9% Civil





# RESTRUCTURING INITIATIVES



Adjusted our  
production capacity  
to market demand



Minimized impact  
of the pandemic  
on our results





# NORMAL COURSE ISSUER BID UPDATE



Generate value for our shareholders

Acquisition ambitions remain unchanged

May 2021,  
TSX approved  
Normal Course  
Issuer Bid (NCIB)

Héroux-Devtek  
can purchase for  
cancellation a maximum  
of 2,412,279  
common shares

August 9: 672,827  
shares purchased and  
cancelled for \$11.9 M  
representing 28% of  
allowable buybacks



# FISCAL 2021 FINANCIAL RESULTS



# FISCAL 2021 FINANCIAL RESULTS



## Consolidated sales



6.9%

**\$570.7 M**

2020

**\$613.0 M**

## Defence sales



14.6%

**\$377.5 M**

2020

**\$329.3 M**

## Civil sales



31.9%

**\$193.2 M**

2020

**\$283.7 M**

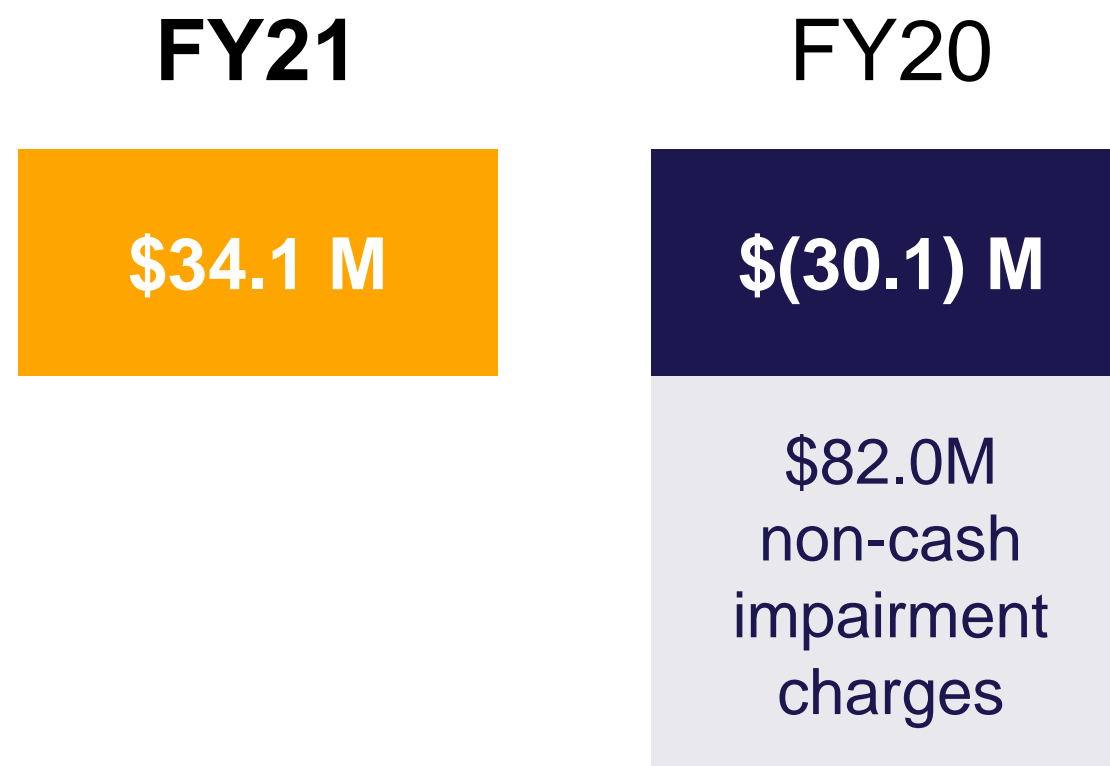
**45%**

decrease in deliveries for twin-aisle large commercial programs caused by the pandemic

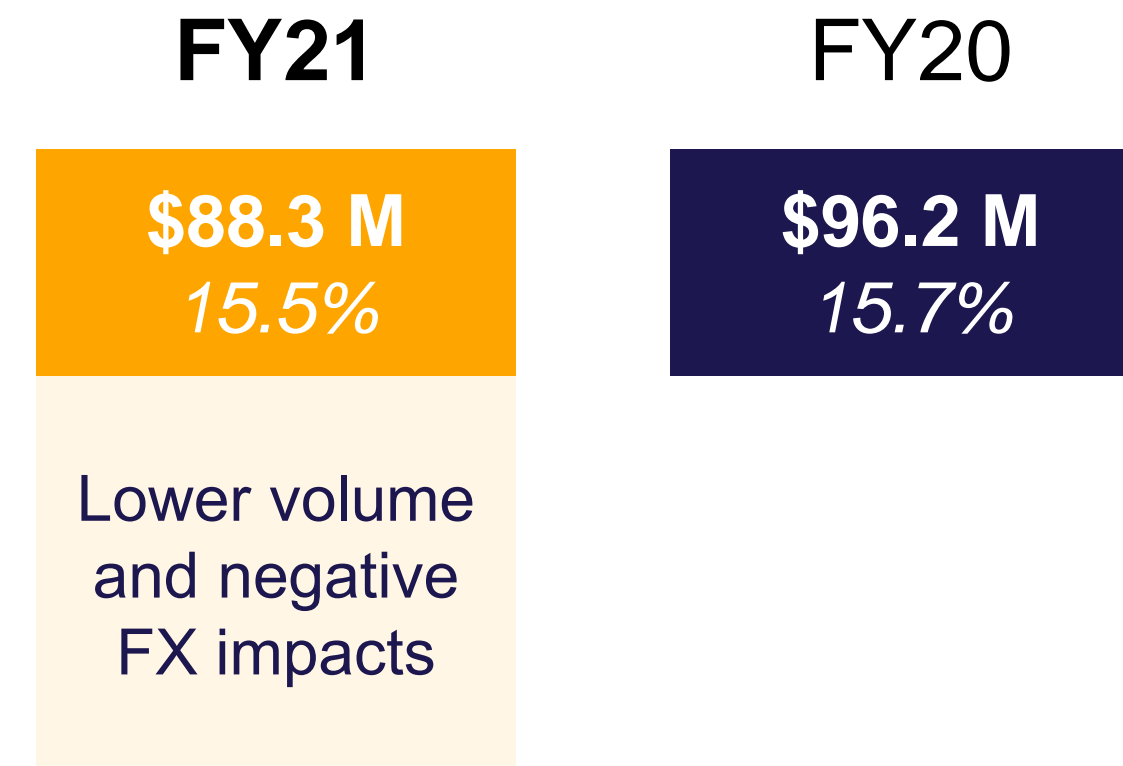
# FISCAL 2021 FINANCIAL RESULTS



## Operating income (loss)



## Adjusted EBITDA\*



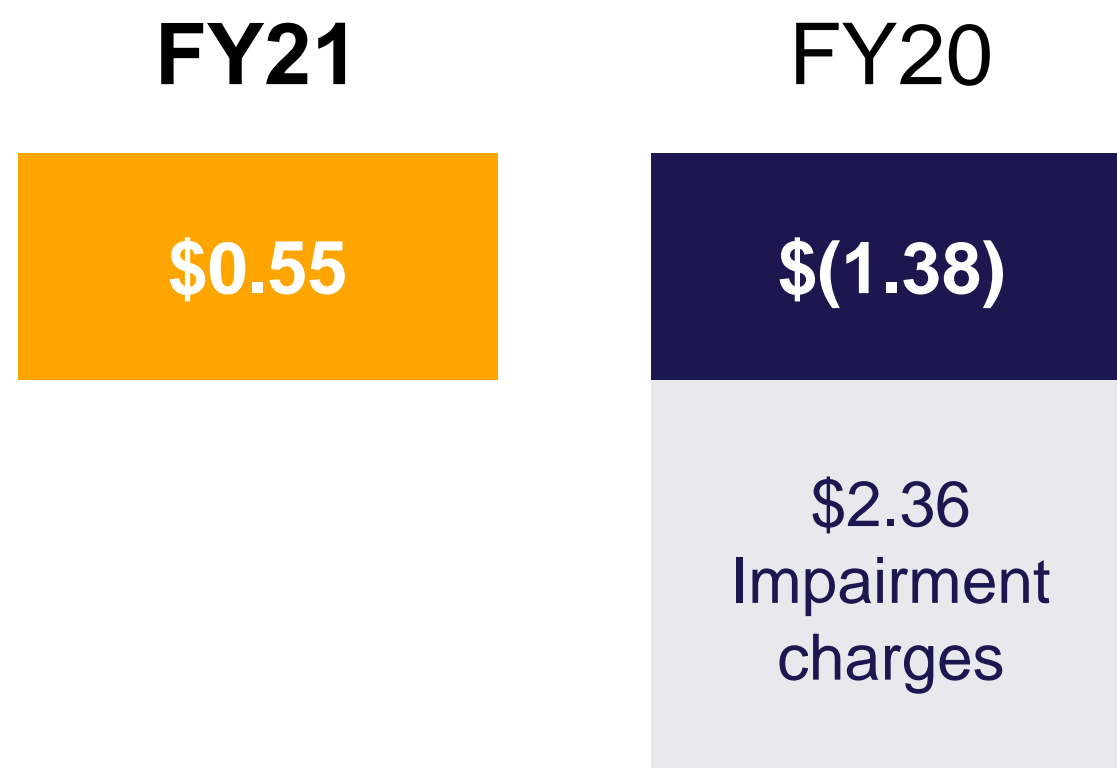
\*This is a non-IFRS financial measure which does not have a standardized meaning prescribed by IFRS and may therefore not be comparable to similar measures presented by other issuers Refer to the "Non-IFRS measures" slide on page 22 for further details.



# FISCAL 2021 FINANCIAL RESULTS



## Earnings Per Share



## 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 22 for further details.



# Q1 FISCAL 2022 FINANCIAL RESULTS



# Q1-FY22 FINANCIAL HIGHLIGHTS



## Consolidated sales

1.7%

+5.7% \*

**\$126.2 M**

Q1-FY21  
\$128.3 M

## Defence sales

13.0%

+21.5% \*

**\$88.5 M**

Q1-FY21  
\$78.4 M

**70.2%**  
of consolidated  
revenues,  
up from 61.1%  
in Q1-FY21

## Civil sales

24.6%

-19.0% \*

**\$37.6 M**

Q1-FY21  
\$49.9 M

Negative FX for  
\$9.5 M (7.4%)

\*Excluding foreign exchange rates

# Q1-FY22 FINANCIAL HIGHLIGHTS



## Operating income

**Q1-FY22**

**\$10.8 M**  
8.6%

**Q1-FY21**

**\$1.4 M**  
1.1%

\$6.0 M of  
restructuring  
charges

## Adjusted EBITDA\*

**Q1-FY22**

**\$20.0 M**  
15.9%

Positive effect  
of restructuring  
initiatives on  
cost structure

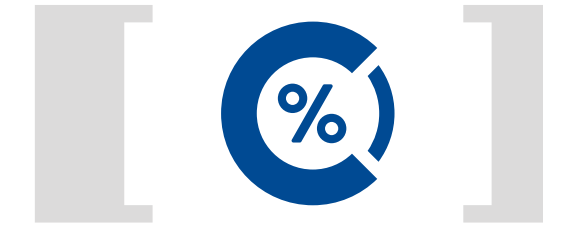
**Q1-FY21**

**\$18.4 M**  
14.3%

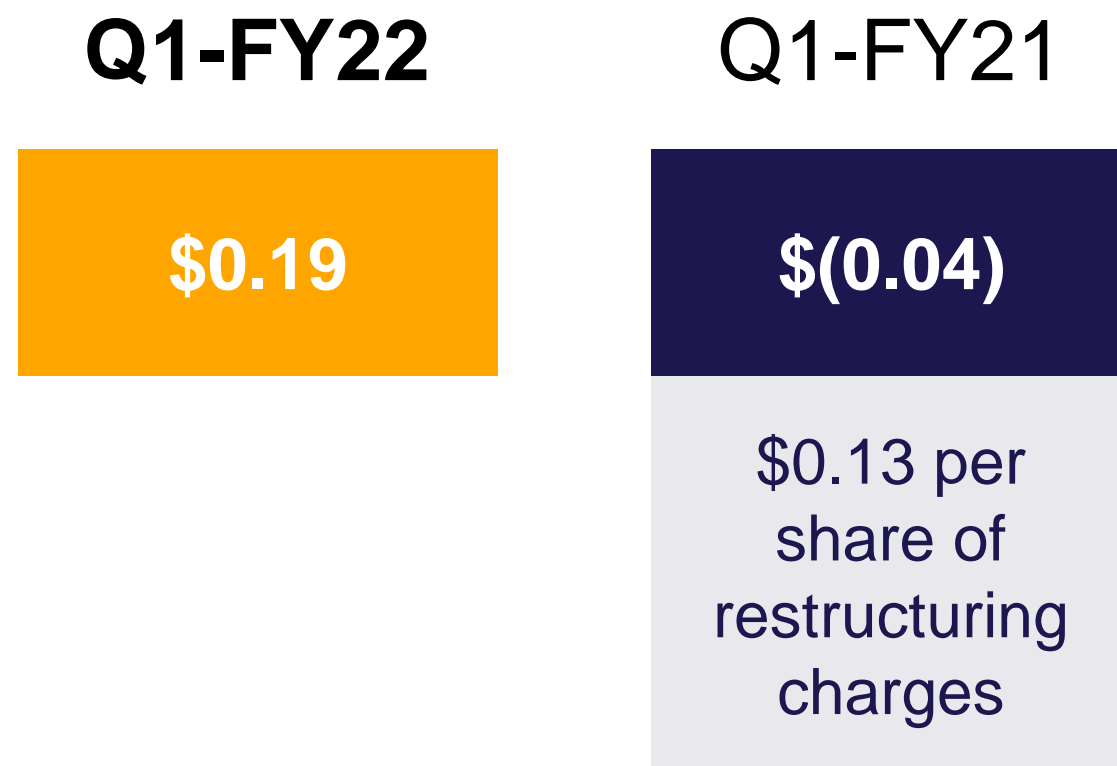
\*This is a non-IFRS financial measure which does not have a standardized meaning prescribed by IFRS and may therefore not be comparable to similar measures presented by other issuers Refer to the "Non-IFRS measures" slide on page 26 for further details.



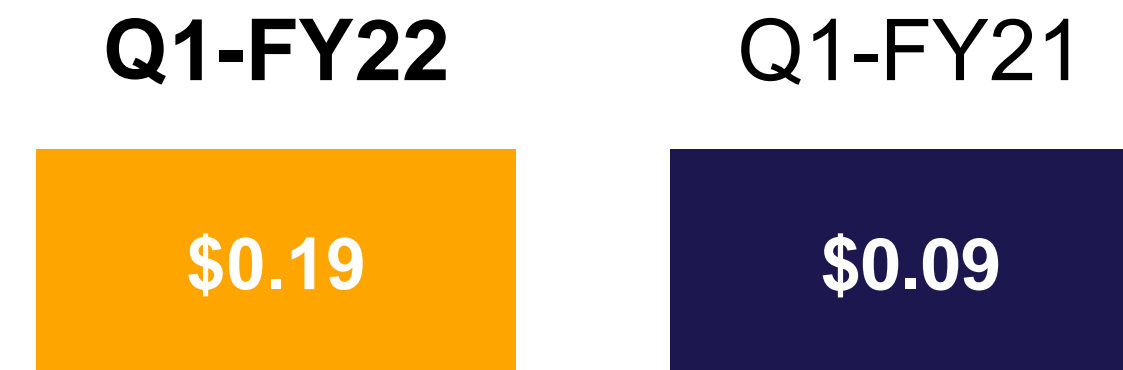
# Q1-FY22 FINANCIAL HIGHLIGHTS



## Earnings Per Share

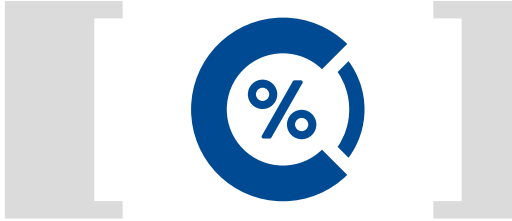


## Adjusted EPS\*



\*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 26 for further details.

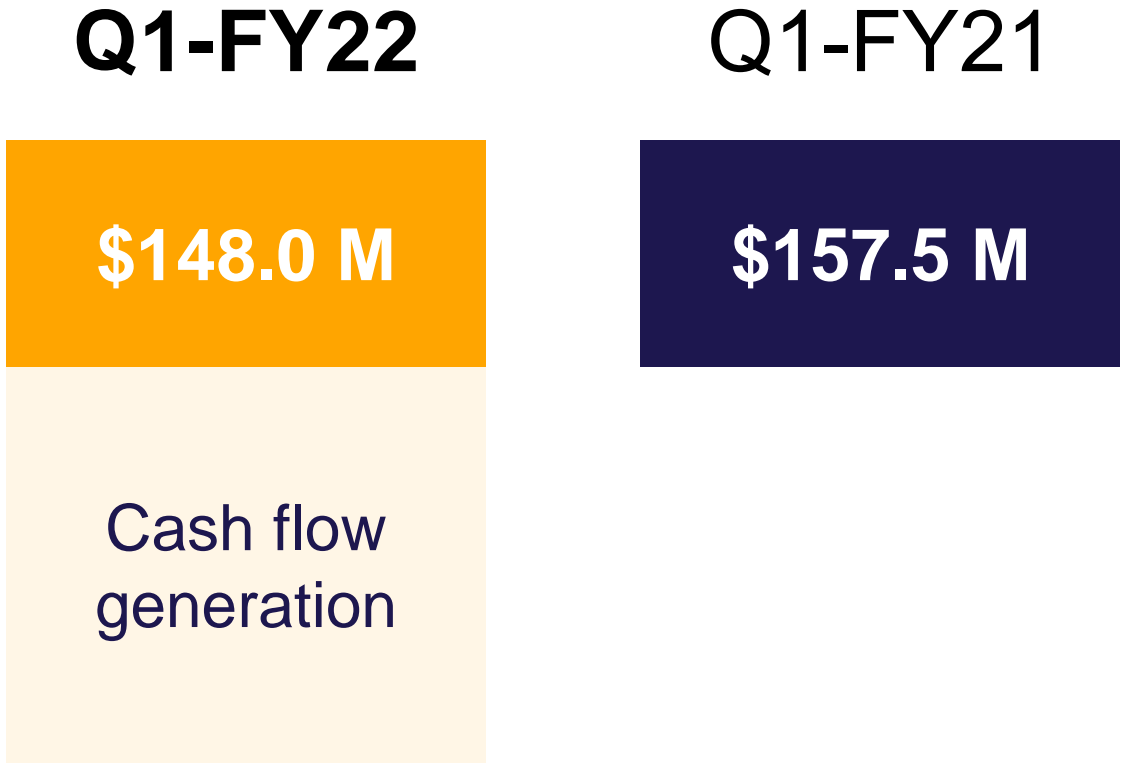
# FINANCIAL POSITION



## Cash flows related to operating activities



## Net Debt

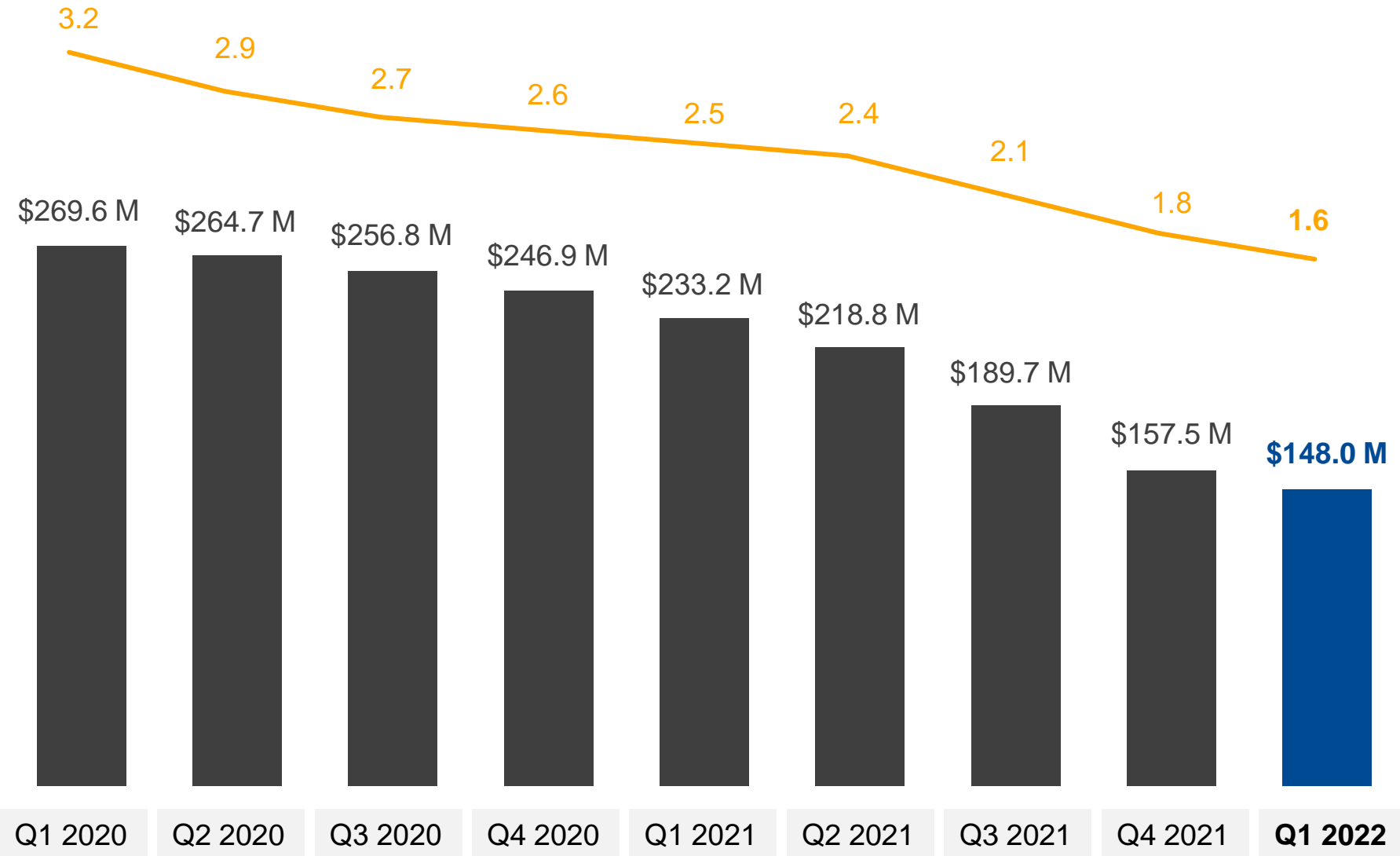




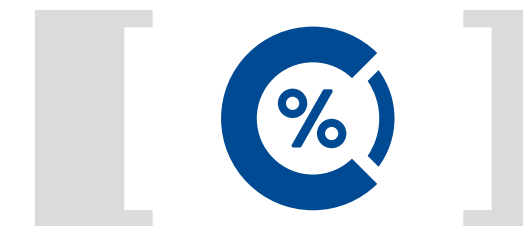
# LIQUIDITY POSITION

Last two years:

- Reduced **net debt** by **\$122 million**
- Net debt ratio down from **3.2x** to **1.6x**



# CREDIT FACILITIES AND AVAILABLE LIQUIDITY



Revolving Facility  
extended to  
**June 2026**

Term Loan Facility  
extended to  
**September 2028**

Accordion feature from  
**\$100 to \$200 million**  
to Revolving Facility

**\$281.6 M**  
available liquidity **+** **\$200.0 M**  
accordion feature **≈** **\$500.0 M**  
ready to deploy



# OUR FUTURE: STAY CLIENT FOCUSED

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Deliver **ON TIME, ALL THE TIME**



Selected by Boeing to join « **Premier Bidder Program** »



Opportunity for CESA for actuators for **5 programs**

# OUR FUTURE: STAY CLIENT FOCUSED

## Opportunity in civil



Dassault  
**Falcon 10X**

## Opportunities in defence



SAAB  
**Gripen E**



Lockheed Martin  
**CH-53K**



Boeing  
**F-18**



# OUR FUTURE

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1

Continue delivering quality products on time

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2

Great opportunities in civil and defence

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3

Flexible lean cost structure

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4

Strong cash flow

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# NON-IFRS FINANCIAL MEASURES

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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.

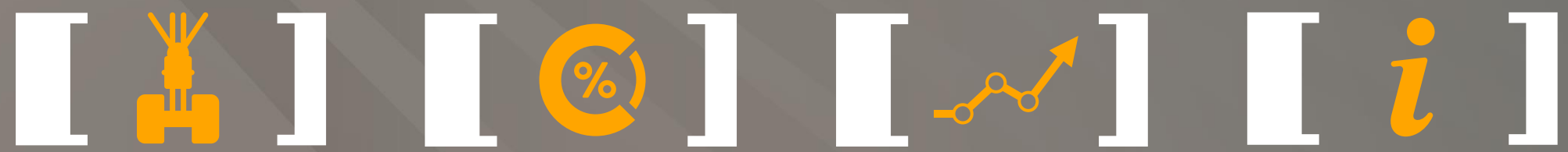
## **Adjusted earnings per share**

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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# ANNUAL MEETING OF SHAREHOLDERS 2021

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