



Investor presentation February 2024

HEROUXDEVTEK.COM

HEROUX DEVTEK 

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; 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.

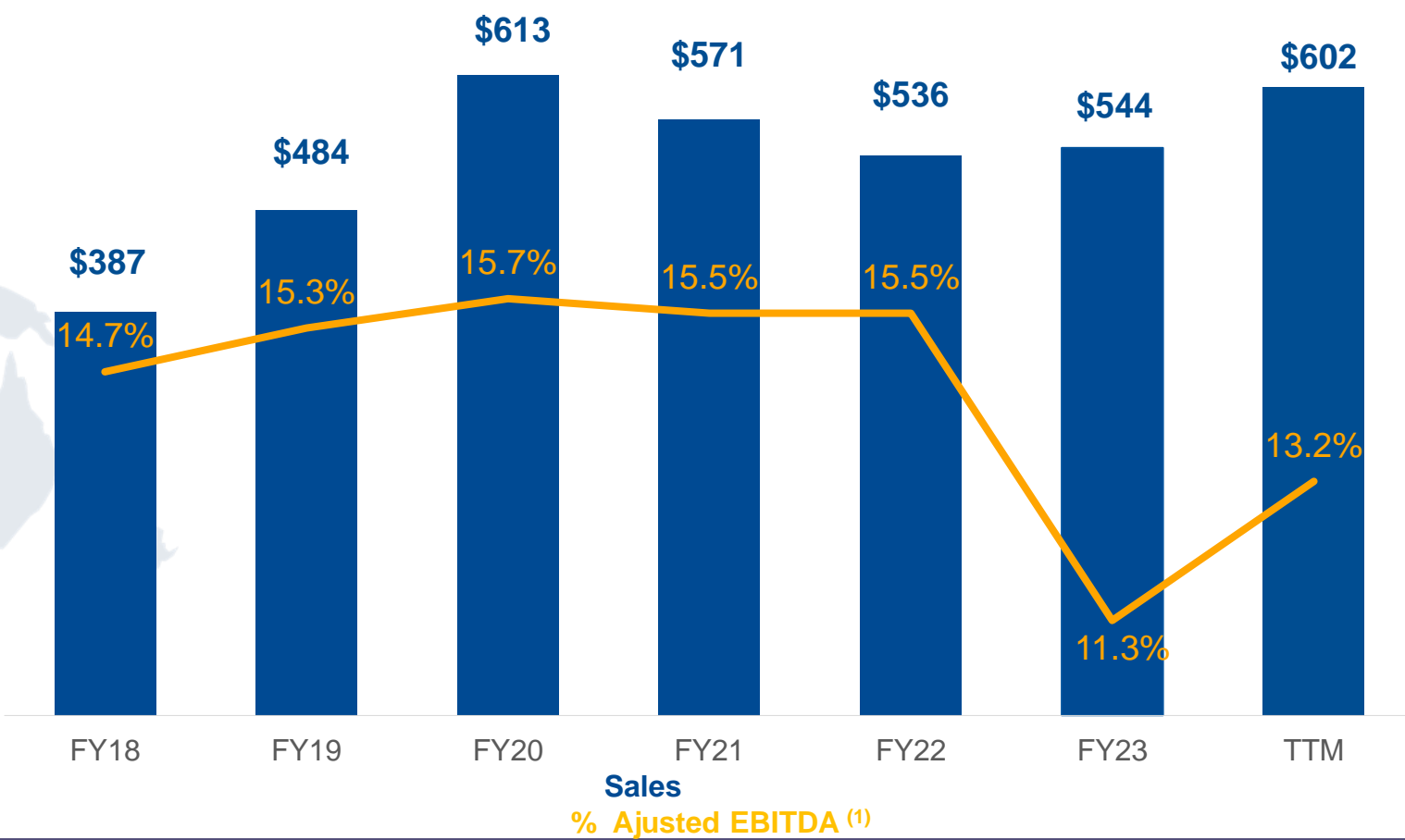
Héroux-Devtek provides such forward-looking statements for the purpose of assisting the reader in understanding the Corporation's financial performance and prospects and to present management's assessment of future plans and operations. The reader is cautioned that such statements may not be appropriate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



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

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

FY24 RESULTS – Q3



(\$M except per share data)	Q3 FY2024	Q3 FY2023
Sales	163.5	140.9
Gross profit %	17.8%	14.1%
Operating income	15.6	5.1
Operating income (%)	9.5%	3.6%
Adjusted EBITDA ⁽¹⁾	24.5	14.1
Adjusted EBITDA ⁽¹⁾ (%)	15.0%	10.0%
Net income	9.0	1.8
Adjusted EPS ⁽¹⁾	0.27	0.05

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

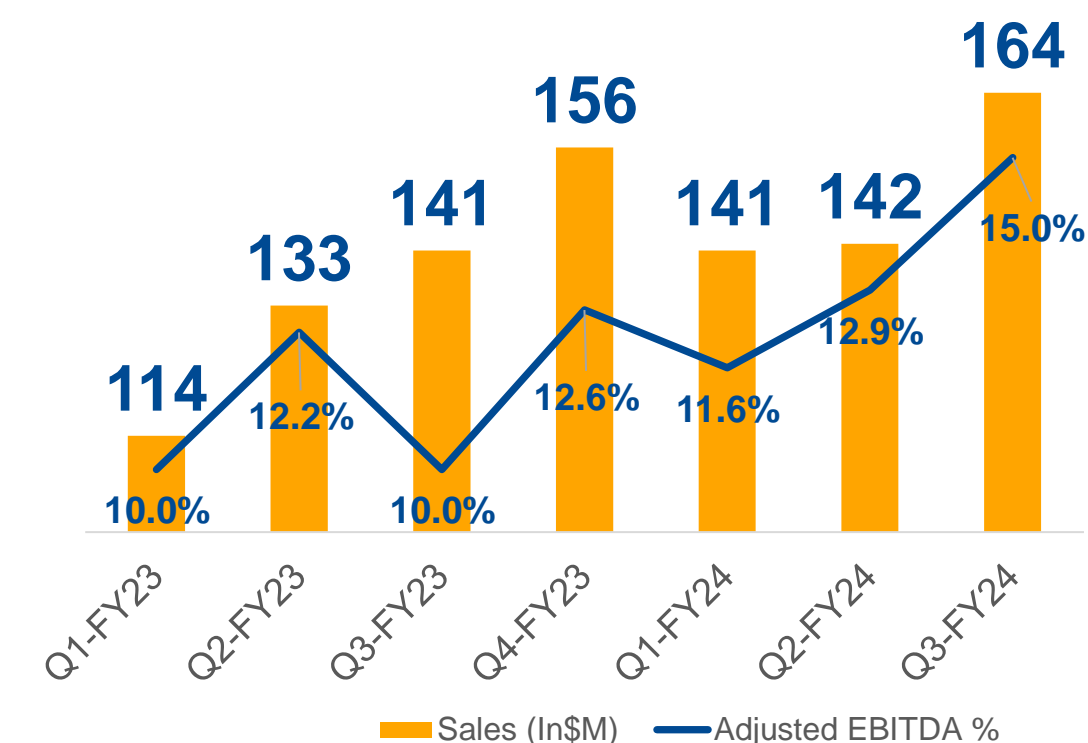
	vs Q3 FY2023	vs Q2 FY2024
Comparative EBITDA	10.0 %	12.9 %
Volume and pricing	7.4 %	4.0%
Inflation on Supplies/Utilities/Freight	(2.8)%	(1.7)%
Product mix	(0.6)%	0.4%
FX	1.0%	(0.6)%
EBITDA –Q3 FY24	15.0 %	15.0 %

- Sales increased by 16% bringing TTM over \$600M
- Adjusted EBITDA increased by \$10M or 74%

TRAILING TWELVE MONTHS AS OF DECEMBER 31ST, 2023



(\$M except per share data)	Q4	Q1	Q2	Q3	TTM	Fiscal 2023
	FY23	FY24	FY24	FY24	Q3-FY24	
Sales	156.0	140.7	141.5	163.5	601.7	543.6
Gross profit %	14.6%	14.3%	15.9%	17.8%	15.7%	13.5%
Operating income	9.9	7.5	9.1	15.6	42.1	26.2
Operating income (%)	6.3%	5.3%	6.4%	9.5%	7.0%	4.8%
Adjusted EBITDA ⁽¹⁾	19.6	16.4	18.2	24.5	78.7	61.4
Adjusted EBITDA ⁽¹⁾ (%)	12.6%	11.6%	12.9%	15.0%	13.1%	11.3%



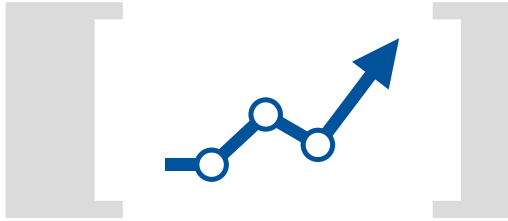
Margin recovering

**Strong beginning of the fiscal year
Bringing trailing twelve months sales to ≈\$600 millions**

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

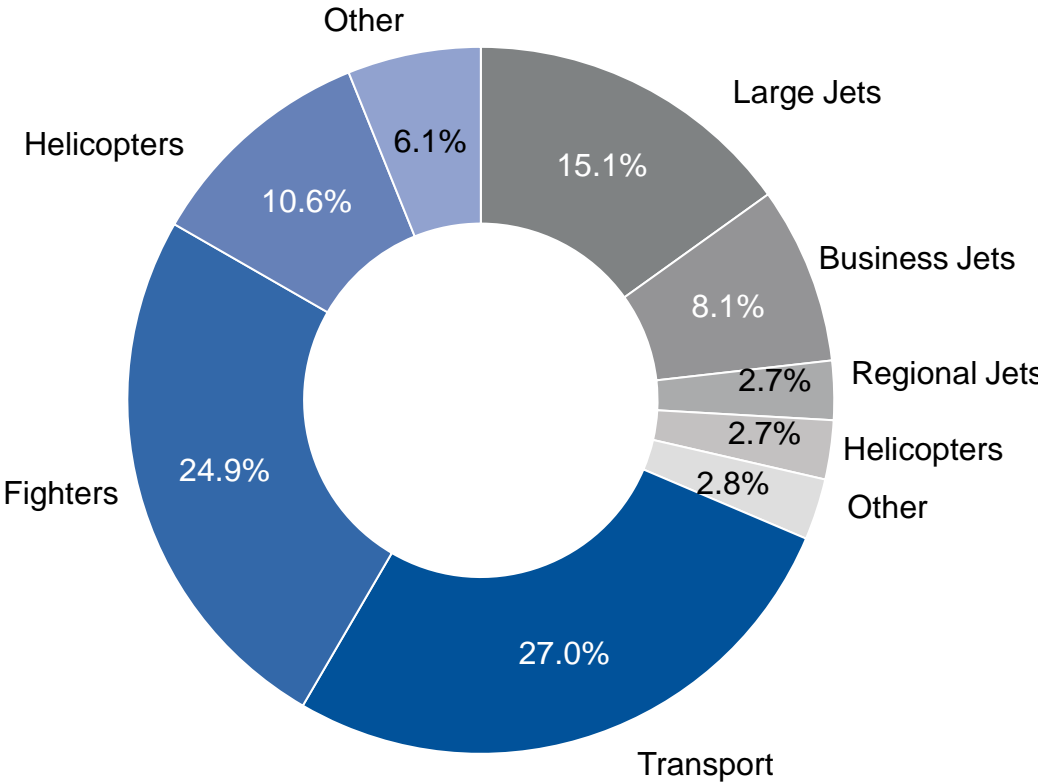
DIVERSIFIED AND BALANCED REVENUE MIX

YEAR ENDED MARCH 2023



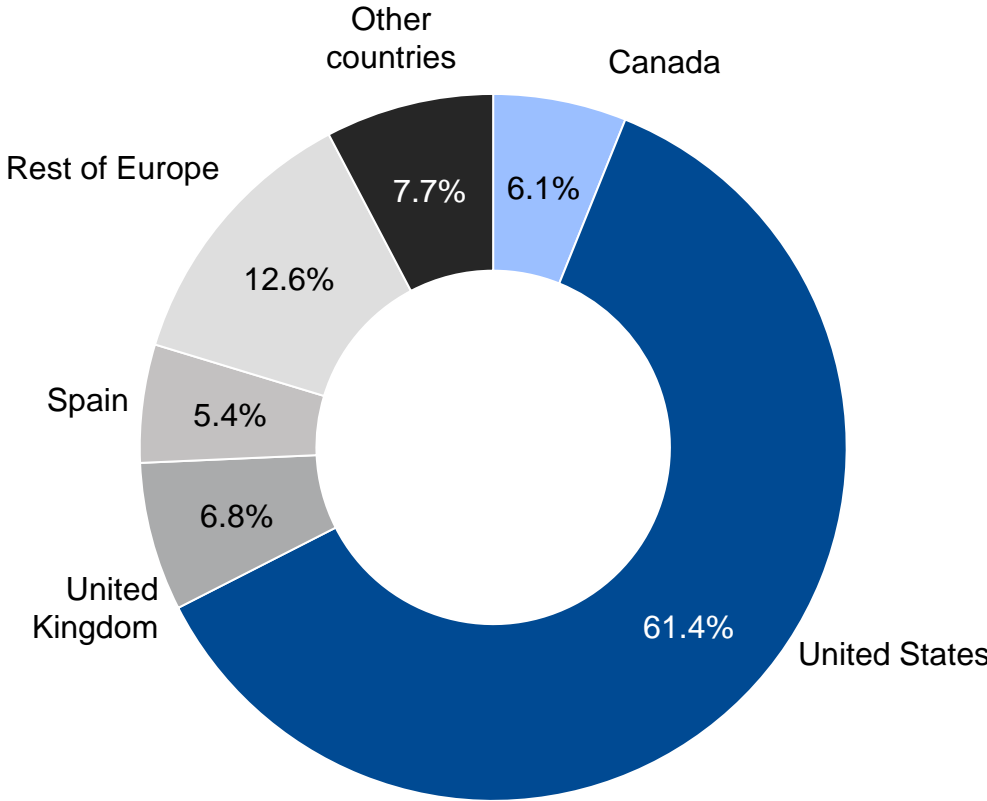
DEFENCE / CIVIL

69% DEFENCE / **31% CIVIL**
Vs 54% in FY20 / *Vs 46% in FY20*



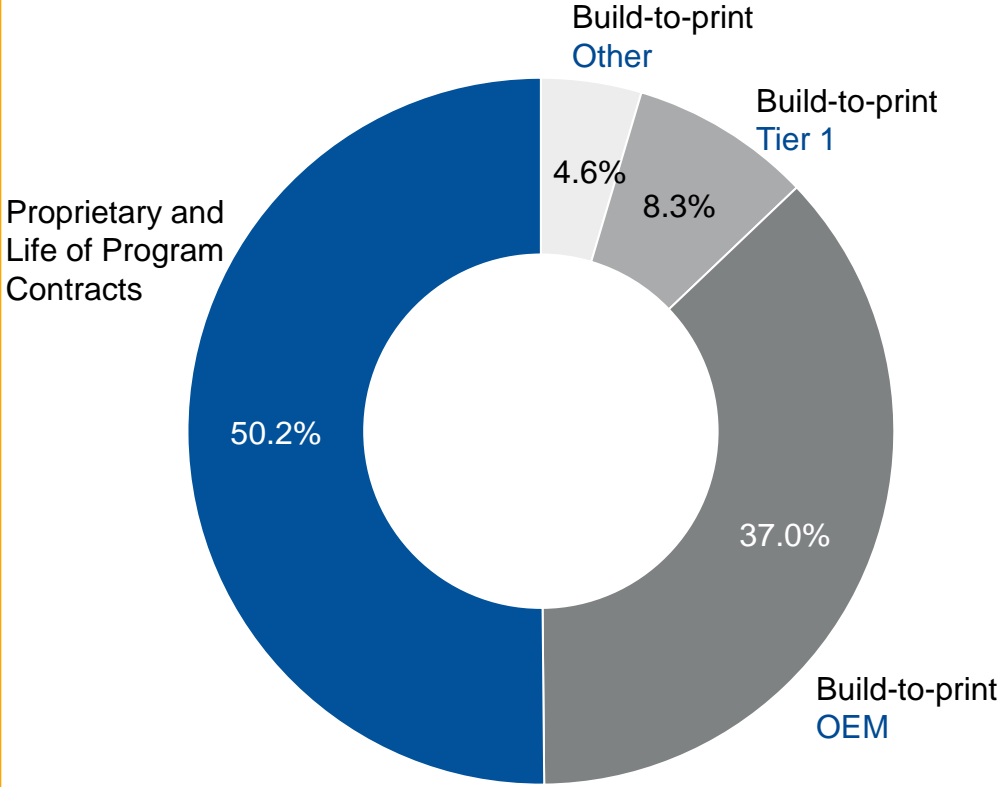
FY20 Large jets = 27.4% (\$168M)
FY23 Large jets = 15.1% (\$82M)

BY END CUSTOMER LOCATION



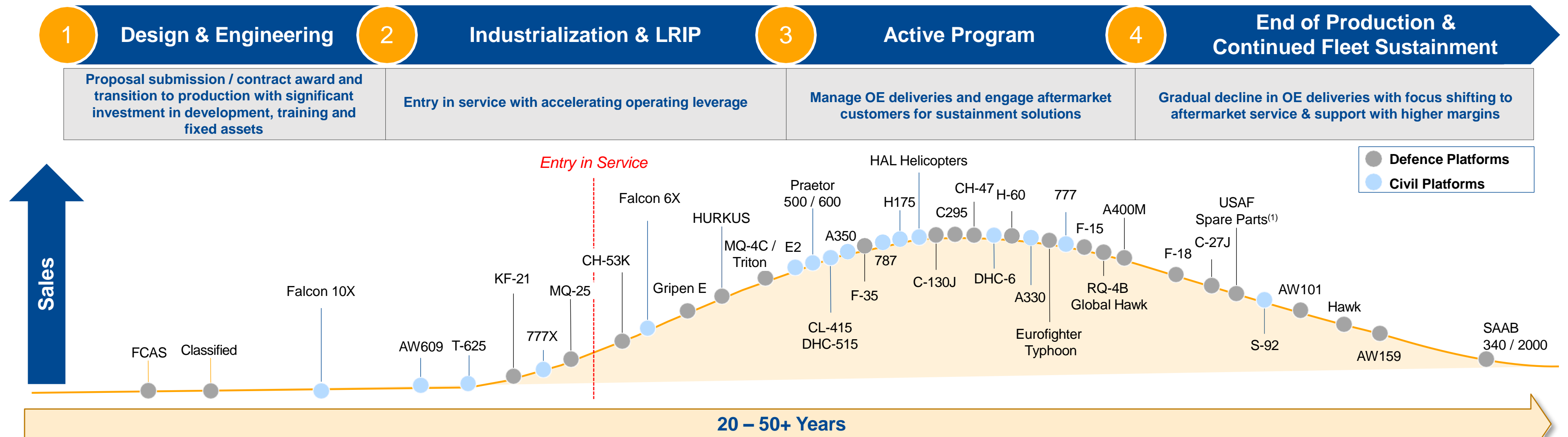
Geographically diversified

PROPRIETARY / BUILD-TO-PRINT LONG TERM AGREEMENT



Strong proprietary content

HÉROUX'S PROGRAMS SPAN THE ENTIRE AIRCRAFT LIFECYCLE



Emerging Programs							
Civil				Defence			
Large	Regional	Business	HELO	Fighter	Transport	HELO	UAV
777X	n.a.	Falcon 10X Falcon 6X	AW609 T-625	KF-21 Gripen E HURKUS FCAS	n.a.	CH-53K	MQ-25 MQ-4C / Triton

Established Programs							
Civil				Defence			
Large	Regional	Business	HELO	Fighter	Transport	HELO	UAV
A350 787 A330 777	E2 DHC-6 Saab 340 Saab 2000 CL-415 / DHC-515	Praetor 500 / 600	H175 S-92	F-35 Eurofighter Typhoon F-15 F-18 Hawk	C-130J C295 A400M C-27J USAF Spare Parts ⁽¹⁾	HAL Helicopters CH-47 H-60 AW159 AW101	RQ-4B / Global Hawk

Demonstrated Capabilities of Winning Contracts and Supporting Programs Across the Lifecycle of Both Civil & Defence Aircraft

1. Includes B-52, B-1B, C-5, KC-135R

OUR REPUTATION

1 Management Integrity

2 Acquisition Integration

3 Customer Relationships

4 Financial Discipline



FISCAL 2023/2024 ENVIRONMENT

Positives

Commercial air traffic recovery
(OE, Aftermarket, International)

Global defence demand

Next generation defence
program launches

Monitoring

Macroeconomic environment

Geopolitical landscape

Labour availability

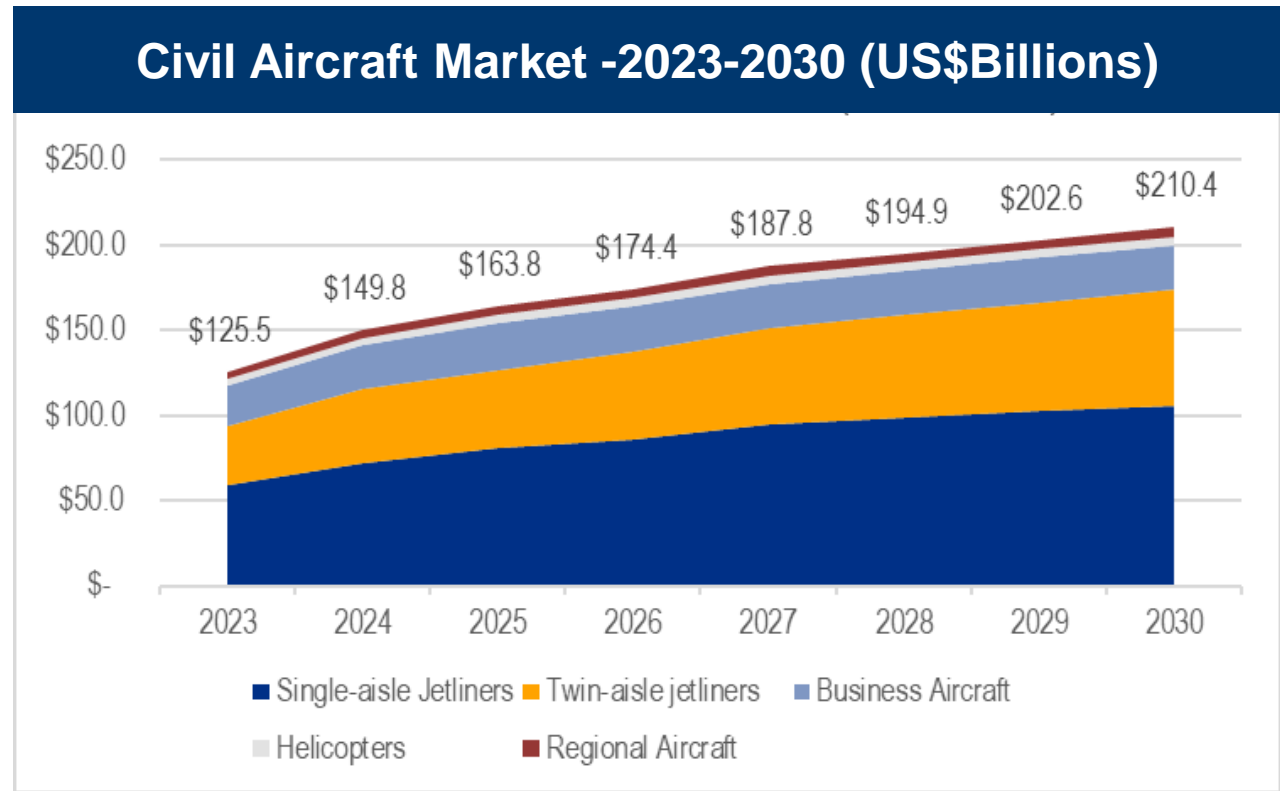
Challenges

Supply chain disruptions

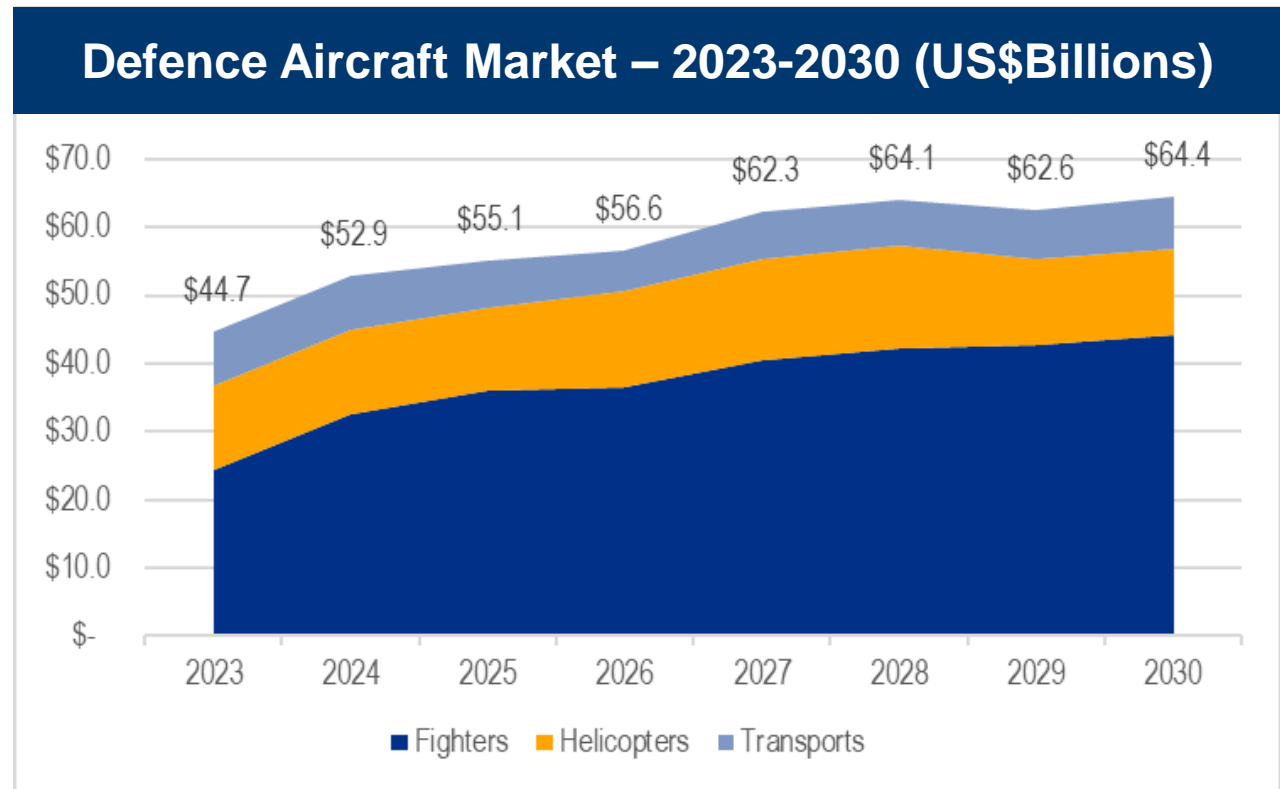
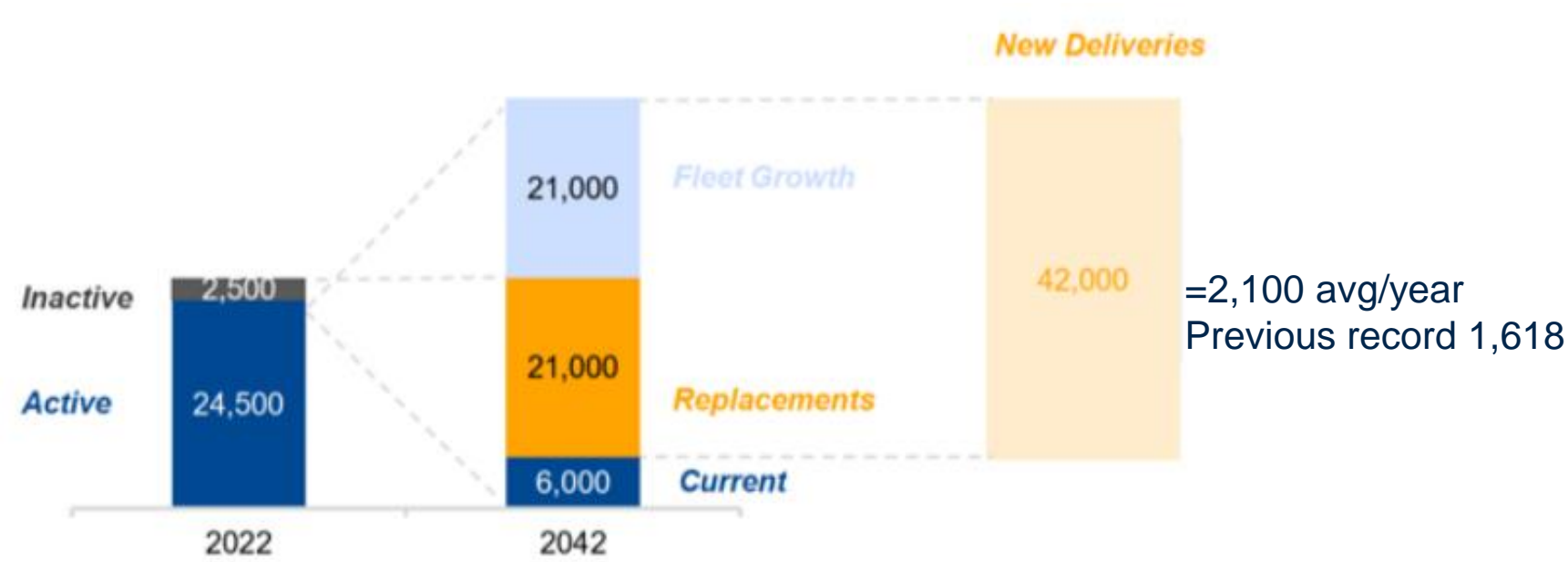
Raw materials / Lead times

Inflation

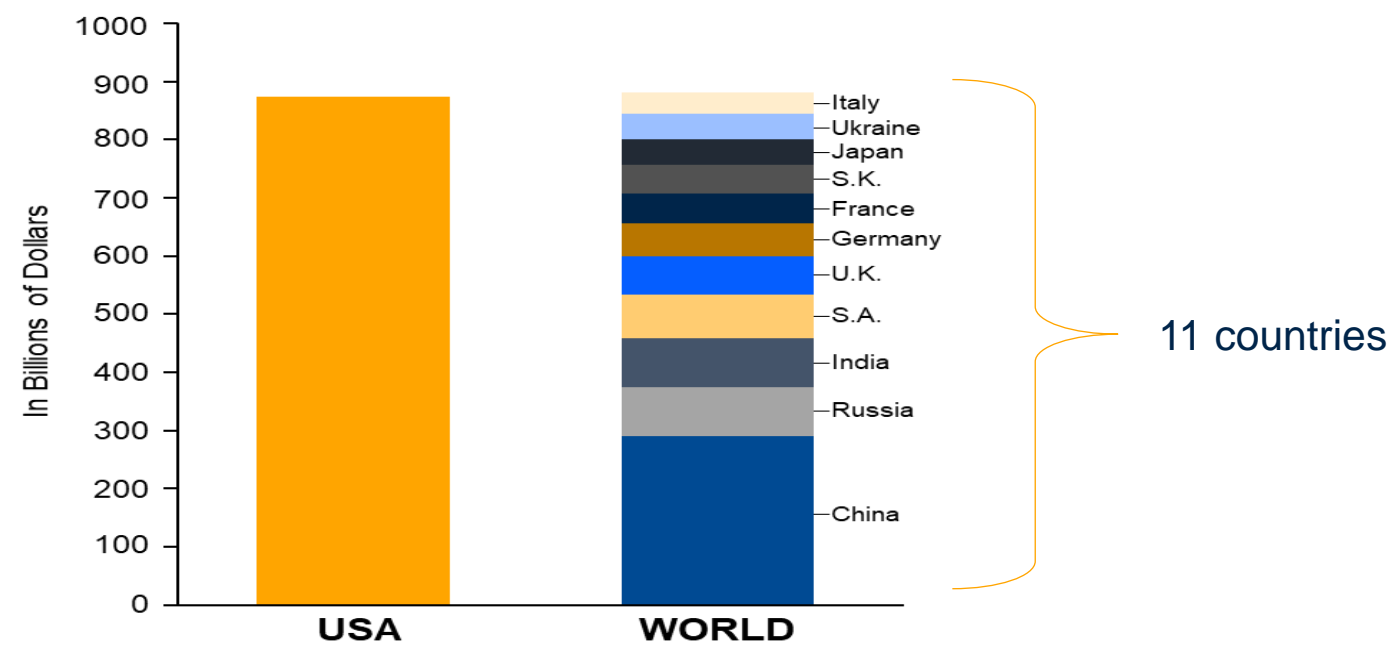
MARKET OVERVIEW



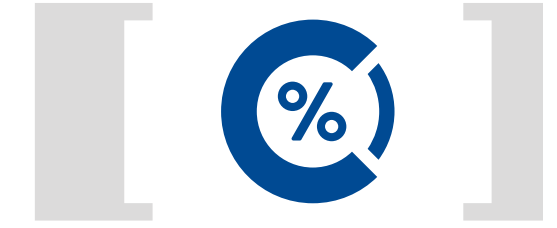
Global Aircraft Fleet



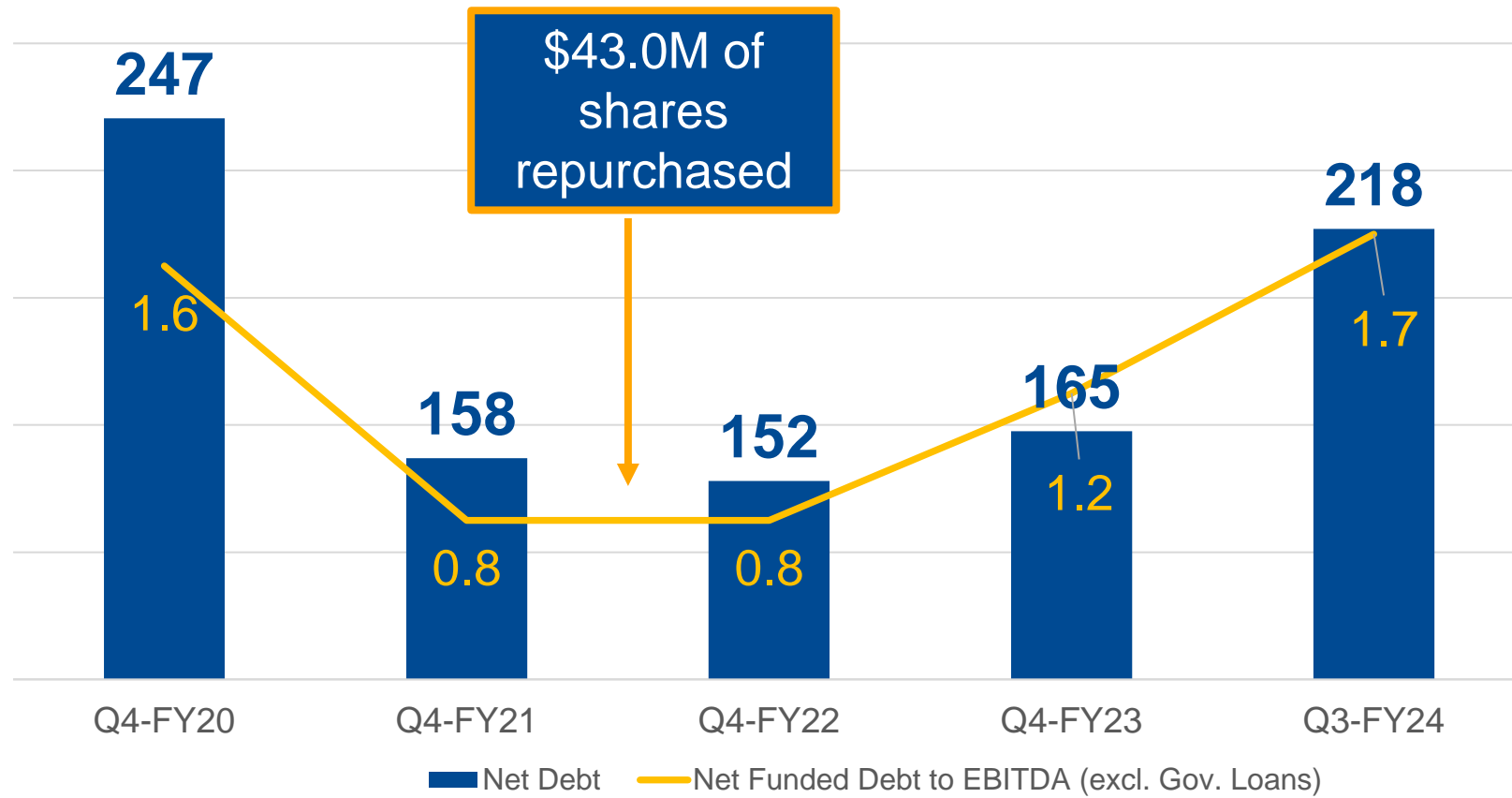
Annual Defense Spending



NET DEBT POSITION

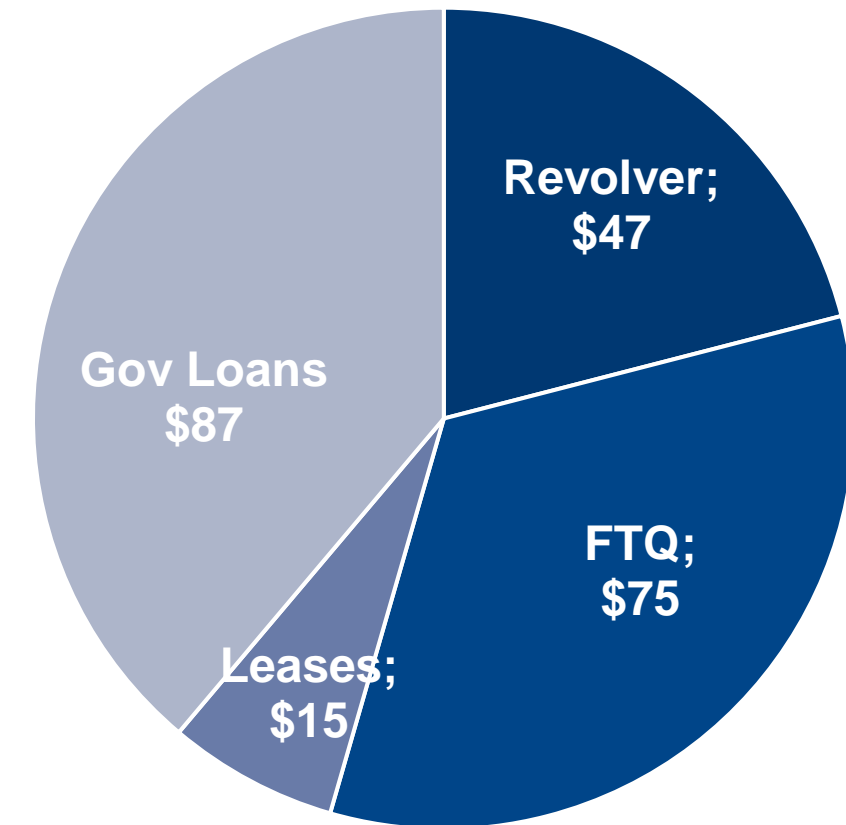


Investment in inventory to stabilize production system and sustain upcoming sales growth



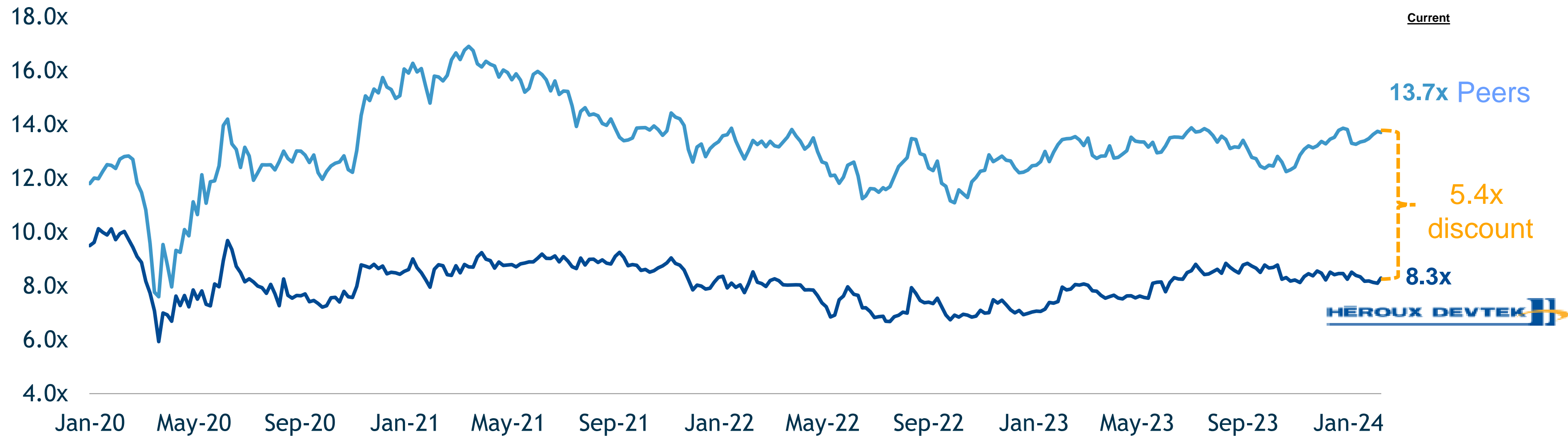
DEBT STRUCTURE

\$223 Million of Long-term Debt
(\$131M Net funded debt)



Covenant at 4.0x for Net funded debt to EBITDA ratio

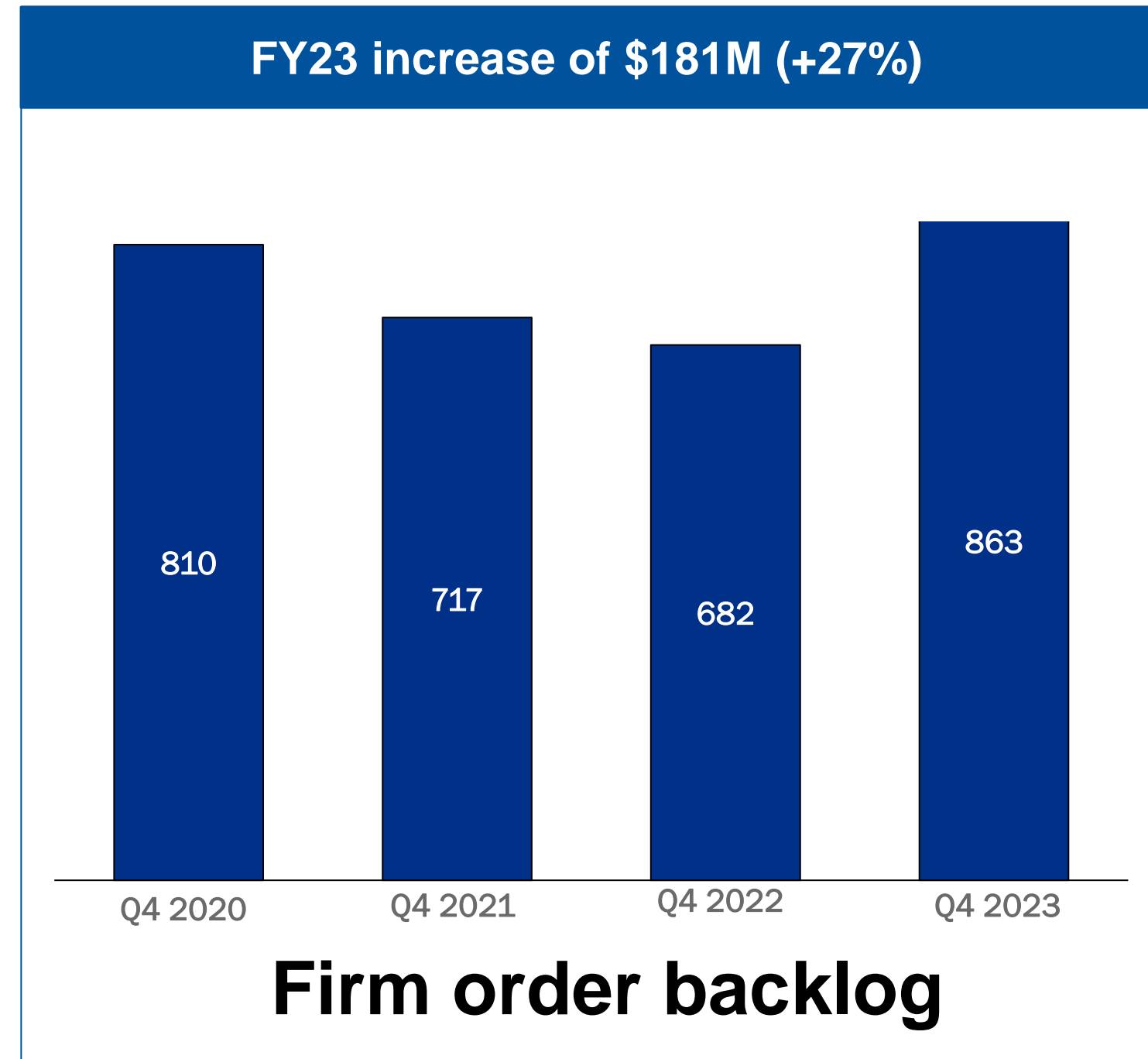
ENTERPRISE VALUE / ROLLING EBITDA



Attractive Valuation vs Peers

CONCLUSION

- 1 Growing profitability
- 2 Record backlog
- 3 Booming aerospace market



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



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PUBLIC COMPANY COMPARABLE ANALYSIS

Company	Share Price Performance		Market Capitalization	Enterprise Value	EV / EBITDA	
	Price	% of 52wk High			FY'24E	FY'25E
A&D Suppliers - Main Peers						
RTX	\$91.04	87%	\$121,964	\$160,910	12.3x	12.2x
Safran	€175.42	99%	\$82,936	\$81,680	17.1x	14.4x
Parker-Hannifin	\$515.51	100%	\$67,529	\$79,040	16.5x	15.6x
TransDigm Group	\$1,128.57	98%	\$62,756	\$80,686	22.0x	19.4x
HEICO	\$186.64	98%	\$26,221	\$28,954	31.6x	28.6x
Melrose Industries	£5.95	99%	\$9,983	\$10,684	16.1x	12.4x
Curtiss-Wright	\$226.45	99%	\$8,708	\$9,615	15.6x	14.6x
Woodward	\$137.68	92%	\$8,587	\$9,161	17.4x	15.3x
Crane	\$126.88	99%	\$7,360	\$7,281	19.2x	16.8x
Hexcel	\$71.50	90%	\$6,100	\$6,570	17.5x	15.3x
Moog	\$143.26	97%	\$4,632	\$5,499	12.4x	10.7x
Spirit AeroSystems	\$28.27	74%	\$3,034	\$6,298	nmf	8.7x
ESCO Technologies	\$103.84	88%	\$2,679	\$2,759	14.4x	13.2x
AAR	\$61.35	83%	\$2,257	\$3,194	11.5x	9.7x
Triumph	\$15.01	87%	\$1,176	\$1,966	12.2x	9.7x
Ducommun	\$49.58	85%	\$736	\$982	9.0x	8.0x
Magellan	C\$7.86	83%	\$334	\$357	6.0x	4.6x
Average		92%			15.7x	13.5x
Héroux-Devtek	C\$17.25	98%	C\$593	C\$795	9.5x	8.1x

WELL-DIVERSIFIED CIVIL

Large commercial



Regional Jet



Business Jet

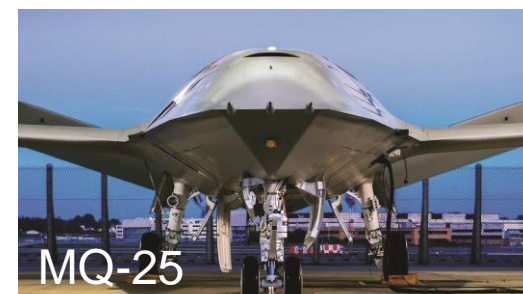


Helicopter

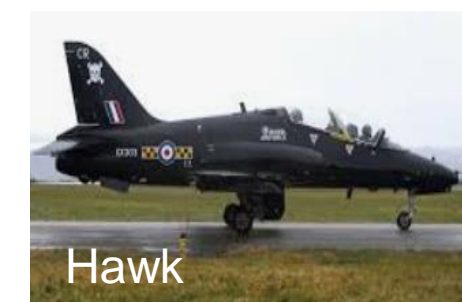


WELL-DIVERSIFIED DEFENCE

Transport/ Unmanned



Fighter/Trainer



Helicopter

