

## HÉROUX-DEVTEK REPORTS THIRD QUARTER RESULTS

### Highlights

- Sales increased to \$163.5 million, up 16.1% from \$140.9 million a year ago
- Operating income increased to \$15.6 million, compared to \$5.1 million a year ago
- Adjusted EBITDA<sup>1</sup> increased to \$24.5 million or 15.0% of sales, compared to \$14.1 million, or 10.0% of sales a year ago
- Earnings per share and adjusted earnings per share<sup>1</sup> increased to \$0.27 compared to \$0.05 last year
- Cash flows related to operating activities increased to \$11.0 million compared to \$5.2 million last year

**Longueuil, Québec, February 7, 2024** – Héroux-Devtek Inc. (TSX: HRX) (“Héroux-Devtek” or the “Corporation”), a leading international manufacturer of aerospace products and the world’s third-largest landing gear manufacturer, today reported its financial results for the third quarter ended December 31, 2023. Unless otherwise indicated, all amounts are in Canadian dollars.

“We are proud to announce strong third quarter results reflecting progress in implementing our strategic initiatives. Our focus on stabilizing our production system is beginning to pay off and the effects of our pricing initiatives in response to inflationary pressures are accelerating. These factors drove solid recovery in both throughput and profitability this quarter, returning them to historical levels in a supply chain environment that remains challenging,” said Martin Brassard, President and CEO of Héroux-Devtek.

“Looking ahead, the bright outlook of the aerospace market, the business opportunities and the momentum of our strategic initiatives over the next few years allow us to foresee a continued upward trend in sales volume and profitability beyond the sales and margins we have generated in the past. As we navigate the path forward, we appreciate the continued support of our clients, employees, and partners,” added Martin Brassard.

FINANCIAL HIGHLIGHTS (in thousands, except per share data)	Three months ended December 31,		Nine months ended December 31,	
	2023	2022	2023	2022
Sales	\$ 163,518	\$ 140,875	\$ 445,714	\$ 387,644
Operating income	15,554	5,111	32,151	16,319
Adjusted EBITDA <sup>1</sup>	24,537	14,129	59,115	41,771
Net income	8,980	1,773	17,578	7,537
Adjusted net income <sup>1</sup>	8,980	1,773	17,578	6,318
Cash flows related to operating activities	10,968	5,237	(16,810)	25,542
Free cash flow (usage) <sup>1</sup>	199	1,793	(41,768)	7,022
<i>In dollars per share</i>				
EPS – basic and diluted	\$ 0.27	\$ 0.05	\$ 0.52	\$ 0.22
Adjusted EPS <sup>1</sup>	0.27	0.05	0.52	0.18

<sup>1</sup> This is a non-IFRS measure. Please refer to the “Non-IFRS Financial Measures” section at the end of this press release.

### **THIRD QUARTER RESULTS**

Consolidated sales increased 16.1% to \$163.5 million, from \$140.9 million in the same period last year, resulting from the actions taken to stabilize the Corporation's production system to better deliver in the challenges of the current environment.

Civil sales were up 41.4% to \$63.8 million, mainly driven by increased deliveries for the Boeing 777 and Embraer Praetor programs. Defence sales were up 4.1% to \$99.7 million mainly due to higher aftermarket business for legacy programs as well as higher deliveries for the Sikorsky CH-53K and Lockheed Martin F-35 programs, partly offset by delayed deliveries for the Boeing F-18 program.

Gross profit increased to \$29.1 million from \$19.9 million, or 17.8% of sales from 14.1% last year. This is mainly due to positive impact of higher volume and pricing initiatives partly offset by the effects of inflation on costs.

Operating income increased to \$15.6 million or 9.5% of sales from \$5.1 million or 3.6% of sales last year, mainly reflecting higher volume and margin combined with a 1% year over year positive foreign exchange impact. Adjusted EBITDA<sup>1</sup>, for the same reasons, rose 73.7% to \$24.5 million, or 15.0% of sales, from \$14.1 million or 10.0% of sales last year.

Net income for the third quarter of fiscal 2024 increased to \$9.0 million, or \$0.27 per diluted share, compared to \$1.8 million or \$0.05 per diluted share in the corresponding quarter last year.

### **NINE-MONTH RESULTS**

Consolidated sales increased 15.0% to \$445.7 million, from \$387.6 million in the corresponding period last year, reflecting growth in both civil and defence market segments as well as the 3.7% positive impact of foreign exchange.

Civil sales were up 37.6% to \$167.5 million, mainly driven by increased deliveries for the Boeing 777 and Embraer Praetor programs. Defence sales were up 4.6% at \$278.2 million, mainly due to higher aftermarket business for legacy programs as well as higher deliveries for the Sikorsky CH-53K and Lockheed Martin F-35 programs. These positive elements were partly offset by delayed deliveries for the Boeing F-18 program.

Gross profit increased to \$71.7 million from \$50.8 million last year, or to 16.1% from 13.1% as a percentage of sales. This is mainly due to positive impact of higher volume and pricing initiative and was partly offset by the effects of inflation on costs.

Operating income increased to \$32.2 million from \$16.3 million last year, reflecting higher volume and margin partly offset by higher employee-related costs. Adjusted EBITDA<sup>1</sup>, for the same reasons, rose 41.5% to \$59.1 million, or 13.3% of sales, from \$41.8 million or 10.8% last year.

Net income for the nine-month period stood at \$17.6 million, or \$0.52 per diluted share, up from \$7.5 million, or \$0.22 per diluted share, or up from \$6.3 million or \$0.18 on an adjusted basis in the corresponding period last year.

### **LIQUIDITY AND FINANCIAL POSITION**

Cash flows related to operating activities reached \$11.0 million in the third quarter compared to \$5.2 million during the corresponding period last year representing an increase of \$5.7 million that reflects the impact of higher throughput. For the nine-month period, cash flows related to operating activities represented a usage of \$16.8 million, compared to \$25.5 million generated during the corresponding period last year, mainly resulting from investments in inventory to stabilize the production system and sustain upcoming sales growth.

As at December 31, 2023, net debt stood at \$217.9 million, an increase as compared to \$165.0 million as at March 31, 2023, mainly as a result of the cash flow usage described above. The improved profitability over the nine-month period partially offset the effects of increasing net debt on the net debt to adjusted EBITDA<sup>1</sup> ratio, which increased to 2.8x from 2.7x at March 31, 2023.

### **CONFERENCE CALL**

Héroux-Devtek Inc. will hold a conference call to discuss these results on , Wednesday, February 7, 2024, at 8:30 AM Eastern Time. Interested parties can join the call by dialing 1-888-390-0549 (North America) or 1-416-764-8682 (overseas). The conference call and accompanying presentation can also be accessed via live webcast at Héroux-Devtek's website, <https://investors.herouxdevtek.com/events-webcasts> or at <https://app.webinar.net/ZkYxMqAMrXE>.

If you are unable to call in at this time, you may access a tape-recording of the meeting by calling toll-free 1-888-390-0541 and entering the passcode 917459 on your phone. Local dial-in number is 1-416-764-8677. This recording will be available from Wednesday, February 7, 2024, as of 11:30 AM, until 23:59 PM on Wednesday, February 14, 2024.

## **FORWARD-LOOKING STATEMENTS**

Except for historical information provided herein, this press release contains information and statements of a forward-looking nature concerning the future performance of the Corporation, including sales volume and profitability. These statements are provided 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, and the reader is cautioned that such statements may not be appropriate for other purposes.

Forward-looking statements are based on assumptions and on management's best possible evaluation of future events and are subject to risks, uncertainties and other important factors that could cause the Corporation's actual performance to differ materially from expected results expressed in or implied by such statements. Such factors include, but are not limited to customers, supply chain, the aerospace industry and the economy in general; the impact of other worldwide geopolitical and 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 under Additional Information in 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.

As a result, readers are advised that actual results may differ materially from expected results. 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.

## **NON-IFRS FINANCIAL MEASURES**

Earnings before interest, taxes, depreciation and amortization ("EBITDA"), adjusted EBITDA, adjusted net income, adjusted earnings per share and free cash flow are financial measures not prescribed by International Financial Reporting Standards ("IFRS") and are not likely to be comparable to similar measures presented by other issuers. Management considers these to be useful information to assist investors in evaluating the Corporation's profitability, liquidity and ability to generate funds to finance its operations. Refer to Non-IFRS Financial Measures section under Operating Results in the Corporation's MD&A for definitions of these measures and reconciliations to the most comparable IFRS measures.

## **ABOUT HÉROUX-DEVTEK**

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 company worldwide, supplying both the defence and commercial sectors. Approximately 94% of the Corporation's sales are outside of Canada, including about 57% 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.

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