PRESS RELEASE
FOR IMMEDIATE RELEASE

HÉROUX-DEVTEK REPORTS SECOND QUARTER RESULTS

Highlights

- Sales increased to $173.2 million, up 22.4% from $141.5 million a year ago
- Operating income increased to $15.4 million, compared to $9.1 million last year
- Adjusted EBITDA[1] increased to $28.5 million or 16.5% of sales, compared to $18.2 million, or 12.9% of sales a year ago
- Diluted earnings per share and adjusted earnings per share[1] increased to $0.29 and $0.38 compared to $0.14 last year
- Cash flows related to operating activities stood at $4.3 million compared to a usage of $15.6 million a year ago
- During the quarter, Héroux-Devtek entered into a definitive agreement to be acquired by Platinum Equity

Longueuil, Québec, November 12, 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 second quarter ended September 30, 2024. Unless otherwise indicated, all amounts are in Canadian dollars.

"We are proud of our second quarter results as we delivered a strong throughput achieving $173 million in sales and an adjusted EBITDA of 16.5% of sales. Our team remains very busy delivering innovative and high-quality products to our clients and I want to take this opportunity to thank them for their hard work and commitment, which continue to drive our success," said Martin Brassard, President and CEO of Héroux-Devtek.

FINANCIAL HIGHLIGHTS	**Three months ended September 30,**		**Six months ended September 30,**	
(in thousands, except per share data)	**2024**	**2023**	**2024**	**2023**
Sales	**$ 173,159**	**$ 141,499**	**$ 347,156**	**$ 282,196**
Operating income	**15,449**	**9,101**	**34,868**	**16,597**
Adjusted EBITDA[1]	**28,535**	**18,221**	**58,093**	**34,578**
Net income	**9,958**	**4,628**	**22,503**	**8,598**
Adjusted net income[1]	**13,011**	**4,628**	**26,531**	**8,598**
Cash flows related to operating activities	**4,265**	**(15,580)**	**14,124**	**(27,778)**
Free cash flow usage[1]	**(6,210)**	**(21,424)**	**(5,000)**	**(41,967)**
In dollars per share				
EPS – basic	**$ 0.30**	**$ 0.14**	**$ 0.67**	**$ 0.25**
EPS – diluted	**0.29**	**0.14**	**0.65**	**0.25**
Adjusted EPS[1]	**0.38**	**0.14**	**0.77**	**0.25**

[1] This is a non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section at the end of this press release.

SECOND QUARTER RESULTS

Consolidated sales increased 22.4% to $173.2 million, from $141.5 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.

Defence sales were up 23.4% to $108.5 million from $87.9 million mainly due to higher aftermarket business for legacy programs as well as higher deliveries for the Sikorsky CH-53K. Civil sales were up 20.7% to $64.7 million from $53.6 million, mainly driven mainly by a generalized increase in the business jet segment, as well as for the Embraer E2 program.

Gross profit increased to $35.6 million from $22.5 million, or 20.5% of sales from 15.9% last year. This is mainly due to the positive impact of higher volume and pricing initiatives.

Operating income increased to $15.4 million or 8.9% of sales from $9.1 million or 6.4% of sales last year, mainly reflecting higher volume and margin combined with a 0.6% year-over-year positive foreign exchange impact. Adjusted EBITDA[1], for the same reasons, rose 56.6% to $28.5 million, or 16.5% of sales, from $18.2 million or 12.9% of sales last year.

Net income increased to $10.0 million, or $0.29 per diluted share, while adjusted net income increased to $13.0 million or $0.38 per diluted share, both compared to $4.6 million or $0.14 per diluted share in the corresponding quarter last year.

SIX-MONTH RESULTS

Consolidated sales increased 23.0% to $347.2 million, from $282.2 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.

Defence sales were up 21.7% to $217.2 million from $178.4 million, mainly the result of higher aftermarket deliveries for legacy programs and the ramp-up of deliveries for the Lockheed Martin F-35 program. Civil sales were up 25.2% to $129.9 million from $103.8 million, mainly driven by an increase in deliveries for the Embraer E2 and Boeing 777 programs, as well as a generalized increase in the business jet segment.

Gross profit increased to $71.2 million from $42.6 million, or 20.5% of sales from 15.1% last year. This is mainly due to the positive impact of higher volume and pricing initiatives.

Operating income increased to $34.9 million or 10.0% of sales from $16.6 million or 5.9% of sales last year, mainly reflecting higher volume and margin combined with a 0.9% year over year positive foreign exchange impact. Adjusted EBITDA[1], for the same reasons, rose 68.0% to $58.1 million, or 16.7% of sales, from $34.6 million 12.3% of sales last year.

Net income increased to $22.5 million, or $0.65 per diluted share, and adjusted net income increased to $26.5 million or $0.77 per diluted share, both compared to $8.6 million or $0.25 per diluted share in the corresponding period last year.

LIQUIDITY AND FINANCIAL POSITION

Cash flows related to operating activities reached $4.3 million in the second quarter compared to a $15.6 million usage during the corresponding quarter last year representing an increase of $19.8 million that reflects a higher volume and profitability. For the six-month period, cash flows related to operating activities represented $14.1 million, compared to a $27.8 million usage during the corresponding period last year, mainly resulting from a higher volume and profitability.

As at September 30, 2024, net debt stood at $122.3 million, an increase as compared to $106.2 million as at March 31, 2024. This increase is primarily attributable to investments in inventory to sustain sales growth. The net debt to adjusted EBITDA ratio decreased to 1.1x from 1.2x at March 31, 2024 due to the improved profitability over the six-month period, partly offset by the impact of increased net debt.

DEFINITIVE AGREEMENT TO BE ACQUIRED BY PLATINUM EQUITY

On July 11, 2024, the Corporation announced that it had entered into an arrangement agreement (the "Arrangement Agreement") with an affiliate of Platinum Equity Advisors, LLC (the "Purchaser"), a U.S. based private equity firm, pursuant to which the Purchaser will acquire all the issued and outstanding common shares of the Corporation, other than the shares to be rolled over by members of senior management of the Corporation, for $32.50 in cash per share, representing a total enterprise value of approximately $1.35 billion, subject to customary closing conditions (the "Transaction").

The Transaction remains subject to certain customary closing conditions, including the receipt of applicable regulatory approvals in Spain. It was approved by the shareholders of the Corporation on September 6, 2024 and by the Superior Court of Québec on September 16, 2024. If the necessary approvals are obtained and the other conditions to closing are satisfied or waived, it is anticipated that the Transaction will be completed by the parties before the end of the Corporation's current fiscal year ending March 31, 2025

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 and, those relating to regulatory approval and the anticipated timing of completion of the Transaction. 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; the impact of accounting policies issued by international standard setters; the possibility that the Transaction will not be completed on the terms and conditions, or on the timing, currently contemplated, and that it may not be complete at all due to a failure to obtain or satisfy, in a timely manner or otherwise, required regulatory approvals and other conditions to the closing of the Transaction or for other reasons; the failure to complete the Transaction which could negatively impact the price of the shares or otherwise affect the business of the Corporation; the dedication of significant resources to pursuing the Transaction and the restrictions imposed on the Corporation while the transaction is pending; the uncertainty surrounding the Transaction that could adversely affect the Corporation's retention of customers and business partners; and the occurrence of a material adverse effect leading to the termination of the Arrangement Agreement. 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

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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