

MAGELLAN

2023 AGM

GLOBAL
SOLUTIONS
FOR THE
AEROSPACE
MARKET



MAGELLANTM
A E R O S P A C E

FORWARD-LOOKING STATEMENTS



Certain information and statements contained in this presentation contain forward-looking information or statements (“forward-looking statements”) within the meaning of applicable securities laws. All forward looking statements such as efficiencies, rationalizations and investments forward-herein that are not clearly historical in nature constitute forward-looking statements, and the words “may”, “will”, “should”, “could”, “expect”, “plan”, “intend”, “anticipate”, “believe”, “estimate”, “propose”, “predict”, “potential”, “continue”, or the negative of these terms or other comparable terminology are generally intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The projections, estimates and beliefs contained in such forward-looking statements are based on management’s assumptions relating to the production performance of Magellan’s assets and competition throughout the aerospace industry and continuation of the current regulatory and tax regimes in the jurisdictions in which the Corporation operates, and necessarily involve known and unknown risks and uncertainties which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements.

Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted. In particular, the Corporation has not adjusted or revised any forward-looking statements in this report to account for the potential disruption to its business from the novel coronavirus outbreak, the impact from which is not immediately known or quantifiable. These risks, uncertainties, material assumptions and other factors that could affect actual results are discussed in our Annual Information Form and other documents available under the Corporation’s profile at www.sedar.com.

Past performance of the Corporation referred to in this presentation is shown for illustrative purposes only, does not guarantee future results of the Corporation and is not meant to forecast, imply or guarantee the future performance of the Corporation, which will vary.

Throughout this discussion, reference is made to EBITDA (defined as net income before interest, income taxes, depreciation and amortization) and Adjusted EBITDA (earnings before interest expense, income taxes, depreciation and amortization, goodwill impairment and restructuring), which the Corporation considers to be an indicative measure of operating performance and a metric to evaluate profitability. EBITDA and Adjusted EBITDA are not generally accepted earnings measures and should not be considered as alternatives to net income (loss) or cash flows as determined in accordance with IFRS. As there is no standardized method of calculating this measure, the Corporation’s EBITDA and Adjusted EBITDA may not be directly comparable with similarly titled measures used by other companies.

Readers are cautioned that the foregoing list of factors affecting forward-looking statements is not exhaustive. Furthermore, the forward-looking information and statements are made as of the date of this presentation, and the Corporation does not undertake any obligation to update publicly or to revise any of the included forward-looking information or statements, whether as a result of new information, future events or otherwise, except as required by applicable law. The forward-looking statements contained in this presentation are expressly qualified by this cautionary statement.

N. MURRAY EDWARDS
CHAIRMAN OF THE BOARD OF DIRECTORS

BUSINESS MEETING AGENDA

- » Welcome and Remarks
- » Receipt of Financial Statements for 2022
- » Election of Directors
- » Appointment of Auditors
- » Other Business

PHILLIP C. UNDERWOOD
PRESIDENT AND CHIEF EXECUTIVE OFFICER



HIGHLIGHTS FOR 2022

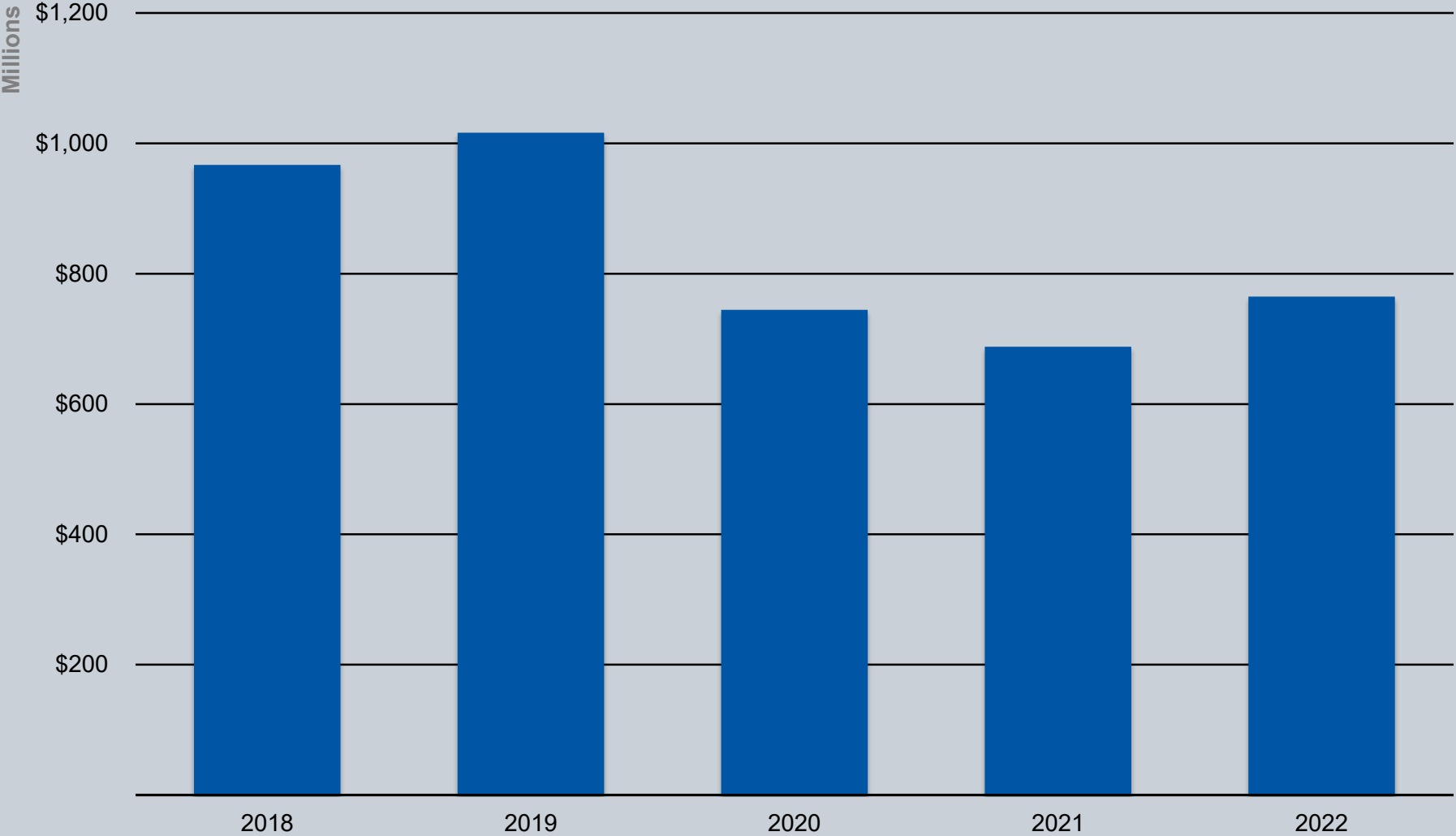
- » Financial Summary
- » Business Highlights
- » Strategic Summary

FINANCIAL SUMMARY

- » Revenue
- » Gross Profit
- » EBITDA
- » Debt and Interest Expense
- » Capital Expenditure
- » Shareholder Return

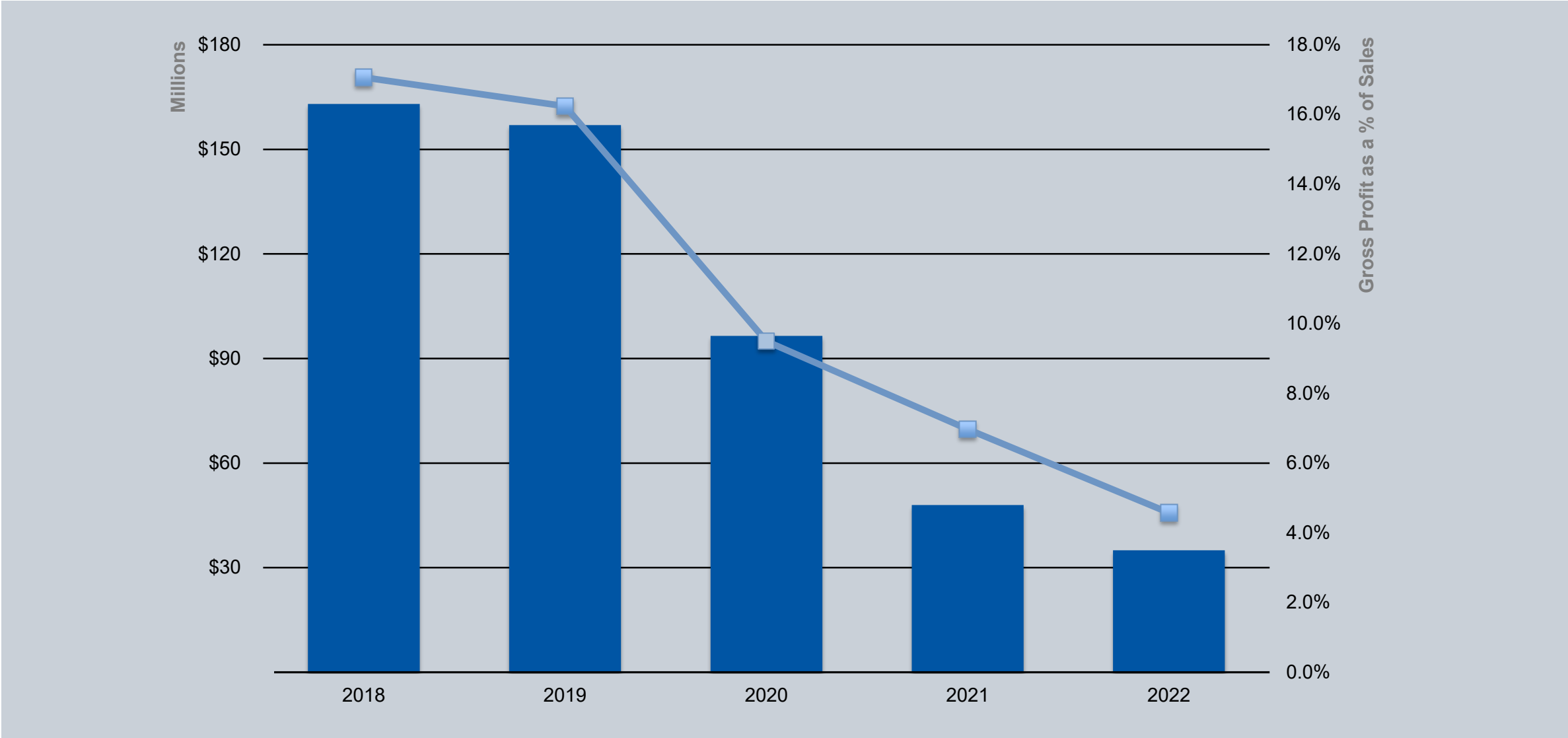
FINANCIAL SUMMARY

REVENUE



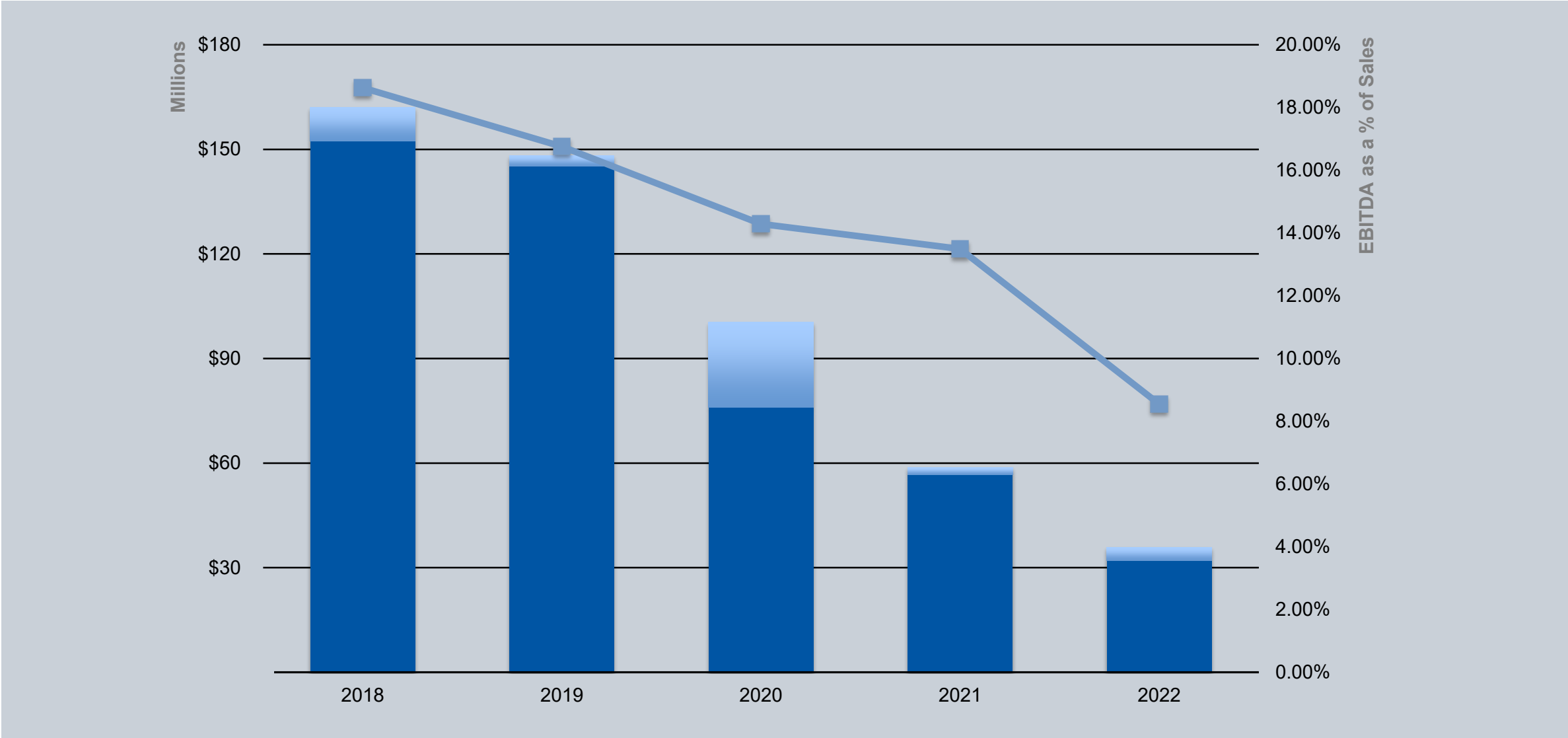
FINANCIAL SUMMARY

GROSS PROFIT



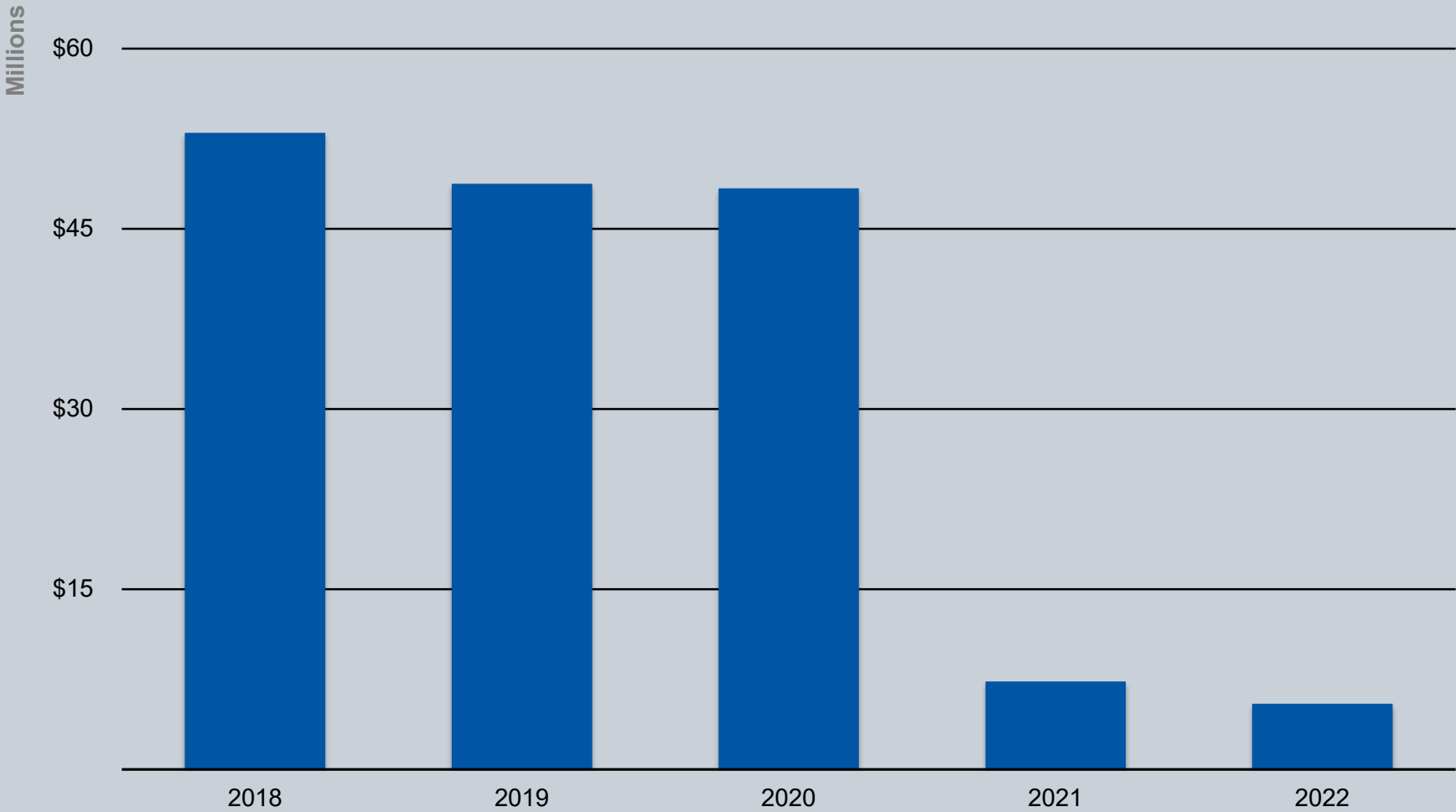
FINANCIAL SUMMARY

EBITDA



FINANCIAL SUMMARY

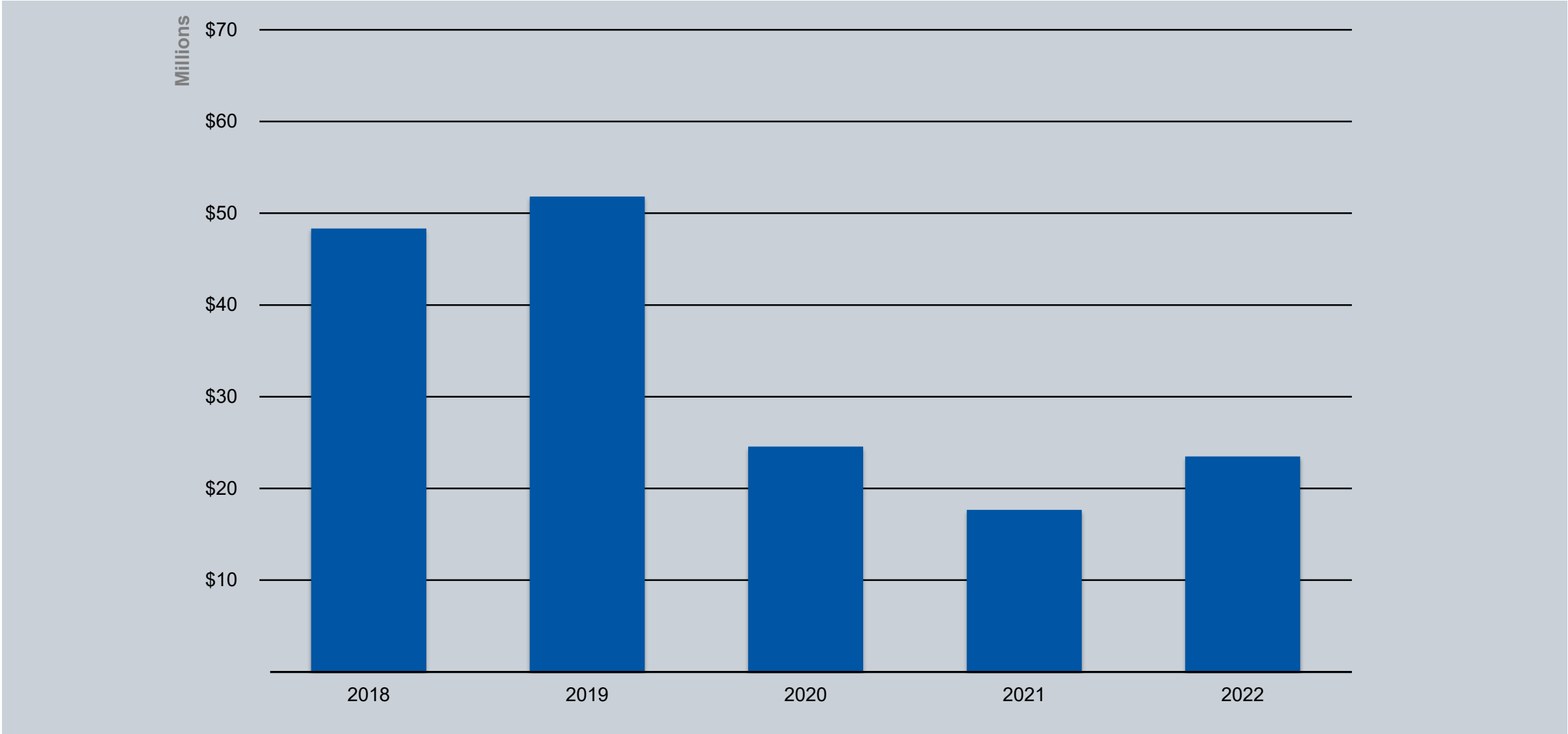
DEBT



Debt includes AR securitization, property mortgage and other loans

FINANCIAL SUMMARY

CAPITAL EXPENDITURES



BUSINESS OVERVIEW

- » Global Presence
- » Industry Update
- » Key Contract Announcements
- » 2022 Revenues by Customer and Segment

BUSINESS OVERVIEW
GLOBAL PRESENCE



Canada	U.S.	Europe	India
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Headquarters:
Mississauga, Canada
TSX: MAL

Number of Operating
Divisions:
19

Magellan
Employees:
3,500

2023

Industry Update



INDUSTRY UPDATE

MARKET OVERVIEW - COMMERCIAL



Commercial air travel recovery continued in 2022.

IATA reported that global travel reached 68.5% of pre-pandemic levels.

Domestic air travel reached 79.6% of pre-pandemic levels.

International air travel reached 62.2% of pre-pandemic levels.

Single aisle market remains the primary driver of commercial aircraft market growth.

New orders for widebody aircraft offer some hope for segment recovery.

Airbus and Boeing both increased deliveries and order backlogs in 2022.

Build rate increases constrained by ongoing supply chain issues.

A320 build rate to reach 65/mon late 2024 and 75/mon in 2026.

737 rates forecast to reach 42/mon in 2023 and 52/mon by 2025.

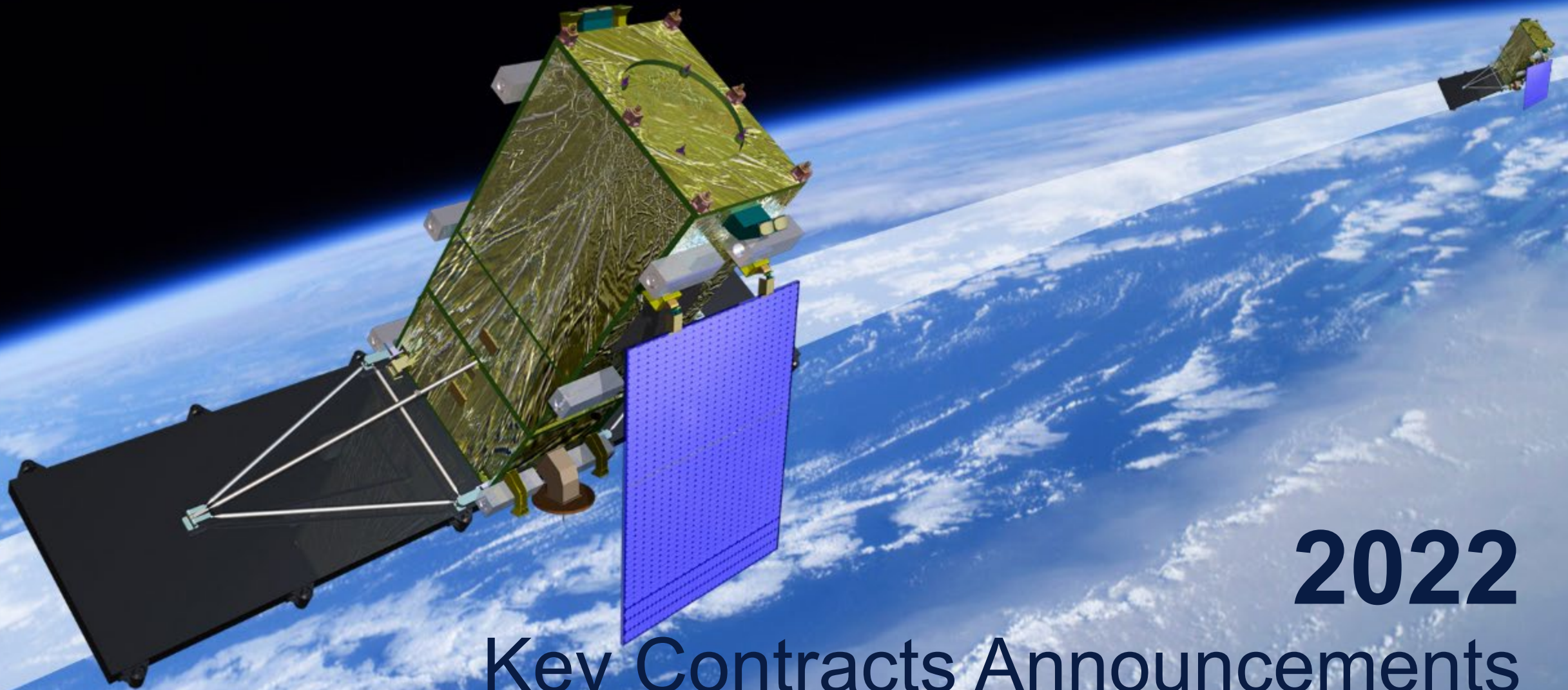
A350 rates up to 9/mon end of 2025, while A330 at 4/mon in 2024.

787 rate to hit 10/mon in 2025.

777X certification pushed out to 2025.



<p>Global defence spending is expected to increase from 3% to 5% annually over the next 5 years.</p> <p>Experts consider Russia an acute threat, and China a pacing threat.</p> <p>Gap assessments of allied defence readiness is driving strategies to advance defence spending.</p> <p>Segment not immune to current supply challenges.</p>	<p>Lockheed delivered 141 F-35 fighters in 2022 with 153 planned for 2023.</p> <p>Canada officially announced it would procure 88 F-35A's with first deliveries expected in 2026.</p> <p>Switzerland and Finland announced new F-35 contracts. Greece and Czech Republic indicated interest to purchase.</p>
<p>US Army announced that Bell's V-280 tiltrotor was chosen to replace UH-60 Blackhawk's.</p> <p>Approximately 2,300 aircraft in US Army's active UH-60 fleet.</p>	<p>In February 2023, Boeing announced it would end production of its F18 Super Hornet in 2025.</p> <p>Unmanned aircraft/UAV's beginning to play a larger role in defence.</p>



KEY CONTRACTS ANNOUNCEMENTS 2022



Magellan announced strategic contracts/MOUs in key sectors including:

**DEPARTMENT OF
NATIONAL DEFENCE**

SAFRAN

LOCKHEED MARTIN

SIKORSKY

BAE SYSTEMS

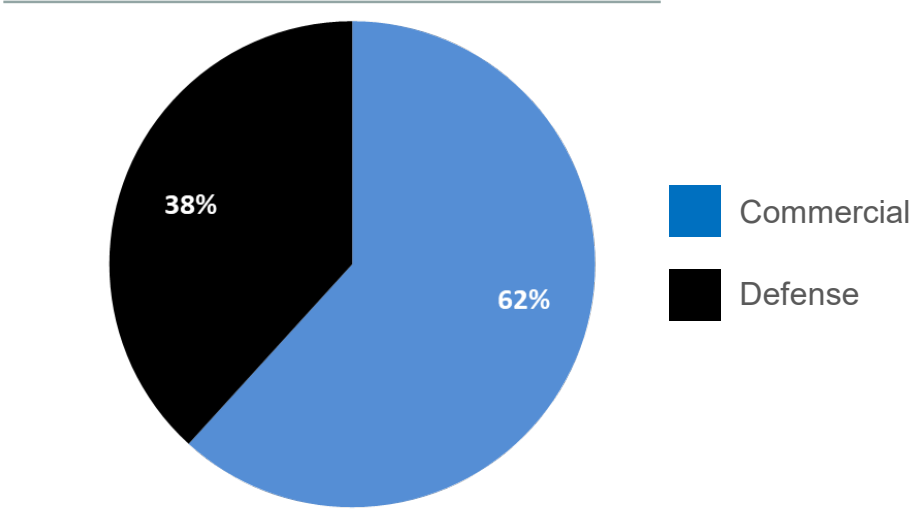
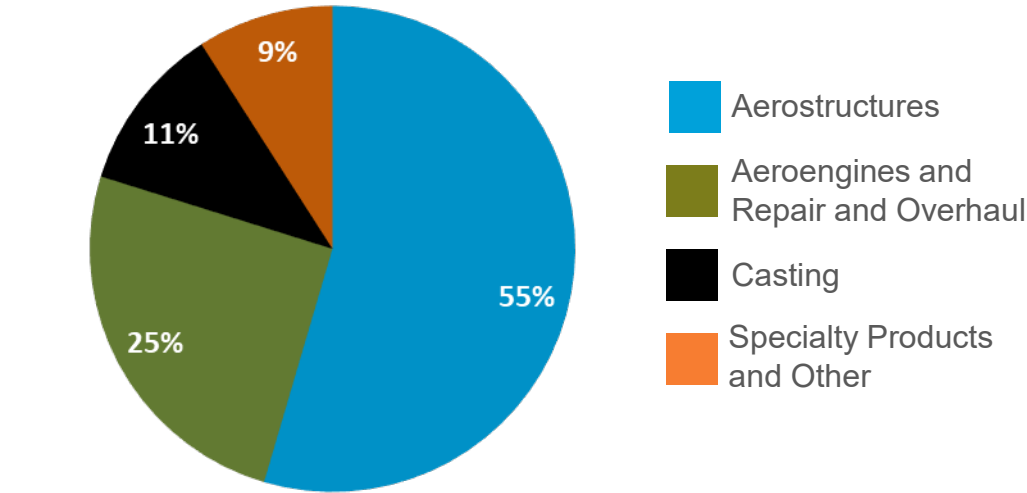
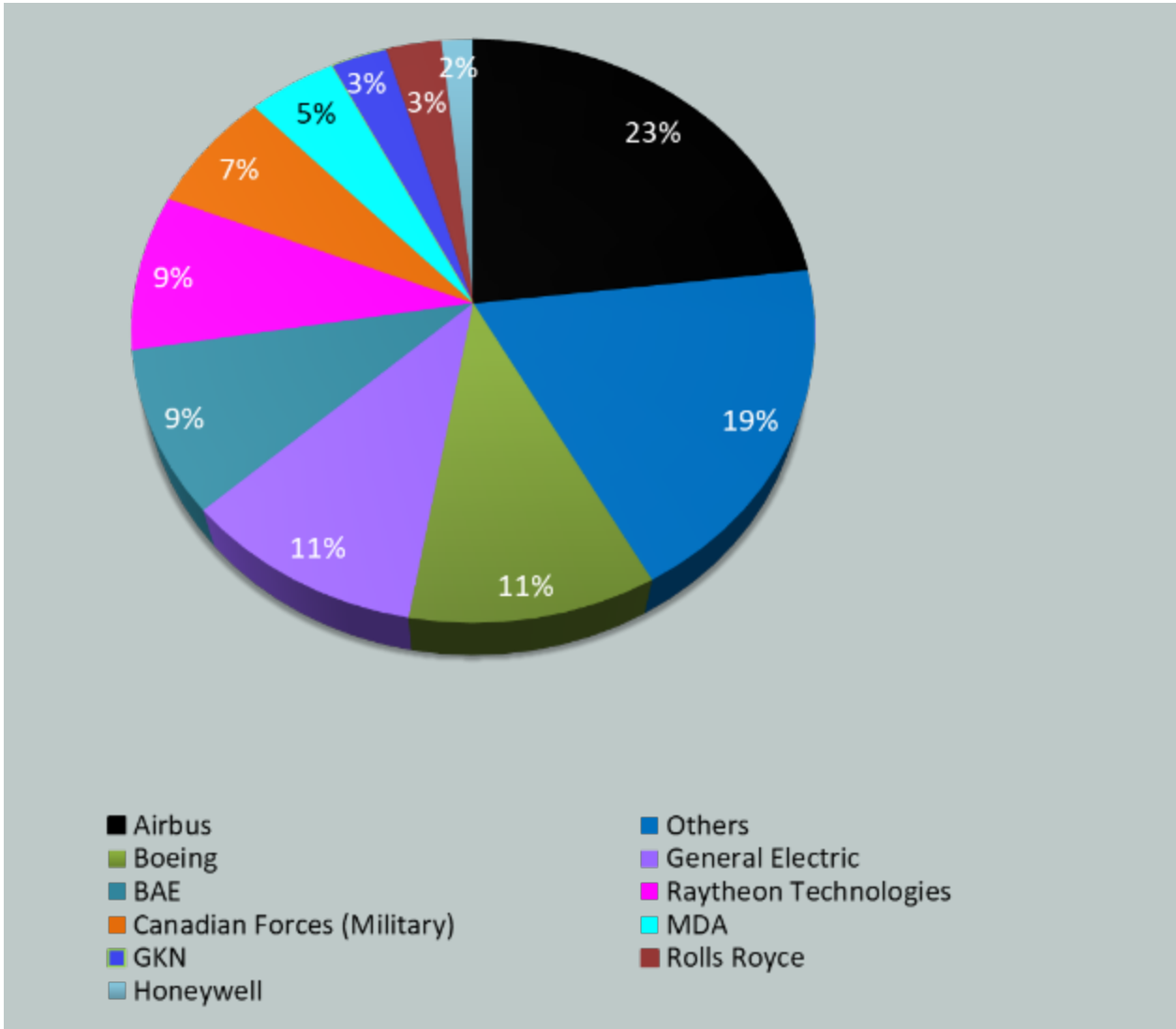
GE

MDA LTD.

COLLINS AEROSPACE

BUSINESS OVERVIEW

2022 REVENUES BY CUSTOMER AND SEGMENT



STRATEGIC SUMMARY

- » Challenges & Opportunities
- » Strategic Goals

MAGELLAN AEROSPACE STRATEGY

CHALLENGES AND OPPORTUNITIES



CHALLENGES	IMPACT	RESULTS & OPPORTUNITIES
RECRUITMENT & RETENTION	<ul style="list-style-type: none"> Unacceptable level of arrears to customers - Recruited 1000 in 2022 - Attrition - 20% - Significant cost to train 	<ul style="list-style-type: none"> ☐ Recovered majority of customer programs ☐ Stabilized Workforce ☐ Majority of positions now filled
HYPERINFLATION	<ul style="list-style-type: none"> - Utility costs significantly increased - CPI at record levels - Workforce expectations 	<ul style="list-style-type: none"> ☐ Address unusual levels of inflation with customers ☐ Realistic labour agreements
UNDERUTILIZATION	<ul style="list-style-type: none"> - Pre-pandemic revenue – (\$240m, 25% down) - High level of under absorption - Idle plant & equipment 	<ul style="list-style-type: none"> ☐ Continued restructuring of factories and product <ul style="list-style-type: none"> ➤ Move work to underutilized facilities ➤ Move product to lower cost facilities ☐ 2023 forecast to improve upon pre-pandemic levels

MAGELLAN AEROSPACE STRATEGY

2022 -2025 CHALLENGES AND OPPORTUNITIES

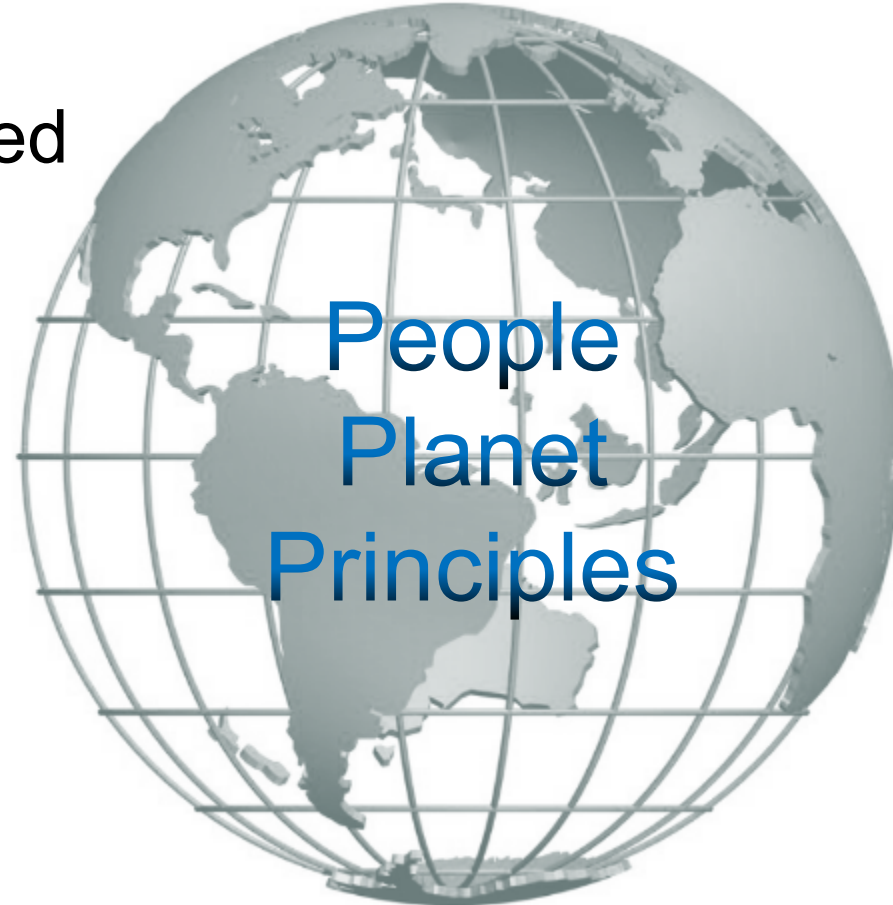


CHALLENGES	IMPACT	RESULTS & OPPORTUNITIES
PRODUCT MIX	<ul style="list-style-type: none"> - Higher Single Aisle deliveries with lower Long Range aircraft reflected in lower margins (787 / 777X / A350) 	<ul style="list-style-type: none"> <input type="checkbox"/> L/R programs now picking up <input type="checkbox"/> 787 back in production <input type="checkbox"/> Address legacy Single Aisle pricing
SUPPLY CHAIN DISRUPTION	<ul style="list-style-type: none"> - Shortfalls in forgings / raw materials - Failing suppliers impacting our performance <ul style="list-style-type: none"> - Dual sourcing to protect customers - Unrealistic buffer demand from customers - L.D. claims from customers 	<ul style="list-style-type: none"> <input type="checkbox"/> Numerous products now dual sourced <input type="checkbox"/> Strategic suppliers <input type="checkbox"/> Buffer inventory already in place <input type="checkbox"/> Reduced claim from customer <input type="checkbox"/> Agility in our supply chain management
WORKFORCE ENGAGEMENT	<ul style="list-style-type: none"> - Significant investment in training - Union negotiations 	<ul style="list-style-type: none"> <input type="checkbox"/> Survey in 2023 <input type="checkbox"/> Launched global leadership development program

STRATEGY



Magellan has adopted
an ESG framework
in line with global
disclosure
standards.
Our focus is on:



Principles

- Code of Ethics & Business Conduct embedded in Magellan culture
- Corporate ESG Task Force to lead sustainability efforts
- ESG oversight by Board of Directors and Committees of the Board



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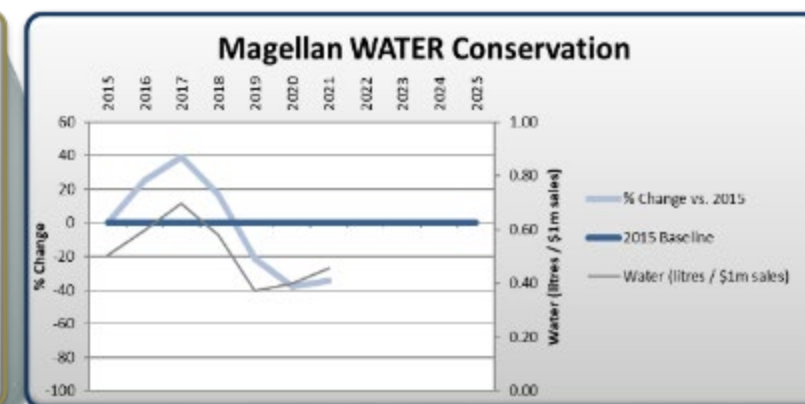
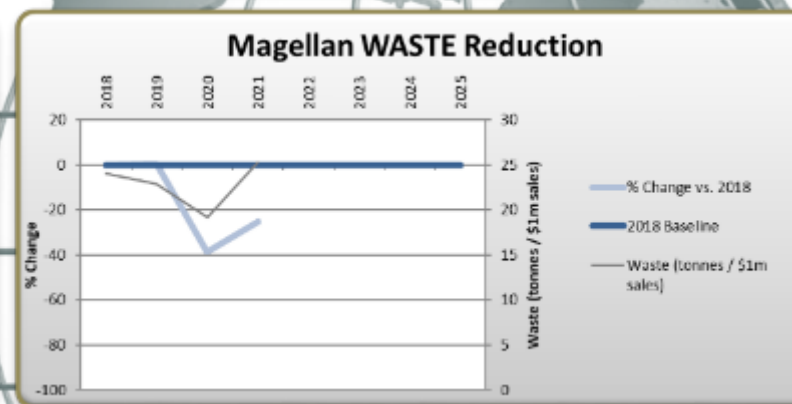
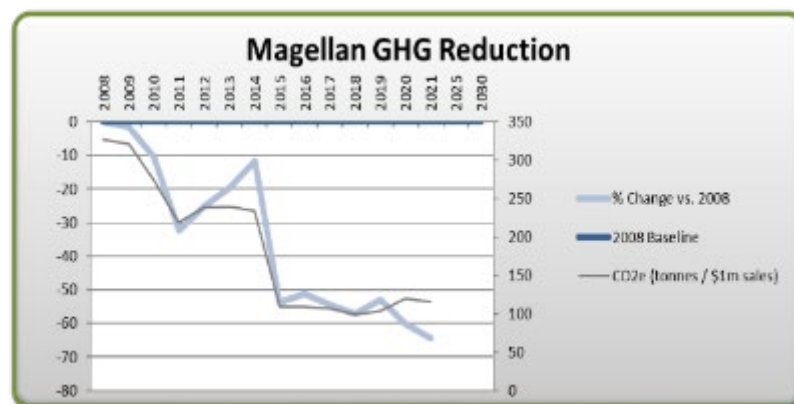


People

- Our Commitments include:
- 25% reduction in accident rate across all sites
 - Compliance to ISO 45001 by year end
 - Promotion of diversity & inclusion awareness
 - Supporting the global communities in which we operate

Principles

People



- ISO 14001 certification in place, remaining sites will be registered in 2023
- Monitoring recognized ESG disclosure standards and global reporting frameworks
- Corporate targets for GHG reduction, water conservation and waste reduction

Planet

2022 ACHIEVEMENTS and KEY PRIORITIES

- ☒ Balance Sheet remains strong
- ☒ Progressed our zero defects programs.
- ☒ Secured significant contract renewals.
- ☒ Met targets for improved environmental performance and will foster our ESG commitment
- ☒ Focus on earnings and working capital improvements.
- ☒ Well positioned to meet our customers needs.

MAGELLAN

THANK-YOU