MAGELLAN AEROSPACE

FOR IMMEDIATE RELEASE VIA THE CANADIAN CUSTOM DISCLOSURE NETWORK

NEWS RELEASE

MAGELLAN AEROSPACE CORPORATION ANNOUNCES FINANCIAL RESULTS

Toronto, Ontario – May 10, 2019 – Magellan Aerospace Corporation ("Magellan" or the "Corporation") released its financial results for the first quarter of 2019. All amounts are expressed in Canadian dollars unless otherwise indicated. The results are summarized as follows:

	Three month period ended March 31		
Expressed in thousands of Canadian dollars, except per share amounts	**2019**	**2018**	**Change**
Revenues	269,884	244,625	10.3%
Gross Profit	42,821	40,428	5.9%
Net Income	20,409	17,464	16.9%
Net Income per Share	0.35	0.30	16.7%
EBITDA	40,493	34,138	18.6%
EBITDA per Share	0.70	0.59	18.6%

This news release contains certain forward-looking statements that reflect the current views and/or expectations of the Corporation with respect to its performance, business and future events. Such statements are subject to a number of risks, uncertainties and assumptions, which may cause actual results to be materially different from those expressed or implied. The Corporation assumes no future obligation to update these forward-looking statements except as required by law.

This news release presents certain non-IFRS financial measures to assist readers in understanding the Corporation's performance. Non-IFRS financial measures are measures that either exclude or include amounts that are not excluded or included in the most directly comparable measures calculated and presented in accordance with Generally Accepted Accounting Principles ("GAAP"). Throughout this news release, reference is made to EBITDA (defined as net income before interest, income taxes, depreciation and amortization), which the Corporation considers to be an indicative measure of operating performance and a metric to evaluate profitability. EBITDA is not a generally accepted earnings measure and should not be considered as an alternative 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 may not be directly comparable with similarly titled measures used by other companies.

1. Overview

A summary of Magellan's business and significant updates

Magellan is a diversified supplier of components to the aerospace industry. Through its wholly owned subsidiaries, Magellan designs, engineers, and manufactures aeroengine and aerostructure components for aerospace markets, advanced products for defence and space markets, and complementary specialty products. The Corporation also supports the aftermarket through supply of spare parts as well as performing repair and overhaul services.

Magellan operates substantially all of its activities in one reportable segment, Aerospace, which is viewed as one segment by the chief operating decision-makers for the purpose of resource allocations, assessing performance and strategic planning. The Aerospace segment includes the design, development, manufacture, repair and overhaul, and sale of systems and components for defence and civil aviation.

Business Update

On February 20, 2019, Magellan announced it has increased its investment in Triveni Aeronautics Private Limited ("Triveni"), an aerospace parts manufacture located in Tumkur, Karnataka, India to 75%. Magellan's investment in Triveni commenced in 2013 when it acquired a 49% share of the business.

On March 15, 2019, Magellan announced agreements valued at $48 million with the Canadian government to perform the licensed manufacture of LUU-2 Illumination flares for the Royal Canadian Air Force. Magellan-produced flares will be delivered from the Magellan's propellant plant located near Winnipeg, Manitoba, Canada. The term of the contract is five years.

On April 12, 2019, Magellan announced an agreement with Atlas Elektronik Canada for the design and development phase of the SeaSpider® Anti Torpedo Torpedo (ATT) program. The initial $19 million phase of the program was launched in January 2019 and is expected to conclude in 2023. Magellan will lead the design and development of the SeaSpider® ATT rocket motor and warhead section of the torpedo that includes design, build, test and production qualification.

On April 24, 2019, Magellan announced it has reached a multi-year agreement with The Boeing Company ("Boeing") to manufacture 777X control surface ribs in support of Boeing's Focused Factory initiative. Magellan will provide internal dual source capability for risk mitigation and business continuity. Work will begin at its United Kingdom facility and later transition to a new factory in Bangalore, India. Boeing's Focused Factory initiative is the aggregation of products grouped by commonality and forecasted demand. The product groups utilize similar technologies and aggregating the products creates economies of scale that deliver lower cost, improved quality, and delivery efficiencies.

On April 29, 2019, Magellan announced agreements with an undisclosed customer for the supply of complex fabricated engine front frames for a commercial platform, to be manufactured at Magellan's facility in Winnipeg, Manitoba, Canada, and critical rotating engine shafts for a dual use platform, to be manufactured at Magellan's facility in Haverhill, Massachusetts, USA. These agreements are valued at approximately $45 million and will be delivered starting in 2019 through 2022.

For additional information, please refer to the "Management's Discussion and Analysis" section of the Corporation's 2018 Annual Report available on www.sedar.com.

2. Results of Operations

A discussion of Magellan's operating results for the first quarter ended March 31, 2019

The Corporation reported revenue in the first quarter of 2019 of $269.9 million, a $25.3 million increase from the first quarter of 2018 of $244.6 million. Gross profit and net income for the first quarter of 2019 were $42.8 million and $20.4 million, respectively, in comparison to gross profit of $40.4 million and net income of $17.5 million for the first quarter of 2018.

Consolidated Revenue

		Three month period ended March 31	
Expressed in thousands of dollars	**2019**	2018	Change
Canada	**90,701**	78,656	15.3%
United States	**84,819**	79,576	6.6%
Europe	**94,364**	86,393	9.2%
Total revenues	**269,884**	244,625	10.3%

Consolidated revenues for the three month period ended March 31, 2019 were $269.9 million, an increase of $25.3 million from $244.6 million recorded for the same period in 2018. Revenues in Canada increased 15.3% in the first quarter of 2019 compared to the corresponding period in 2018, primarily due to volume increases, new contract awards, and the strengthening of the United States dollar relative to the Canadian dollar when compared to the prior period. On a currency neutral basis, Canadian revenues in the first quarter of 2019 increased by 11.9% over the same period of 2018.

Revenues in the United States increased by 6.6% in the first quarter of 2019 when compared to the first quarter of 2018 mainly due to volume increases in wide body aircraft and favourable foreign exchange impact due to the strengthening of the United States dollar against the Canadian dollar. On a currency neutral basis, 2019 first quarter revenues in the United States increased 1.6% over the same period in 2018.

European revenues in the first quarter of 2019 increased 9.2% when compared to the corresponding period in 2018 primarily driven by increased production rates for single aisle and wide body aircraft, as well as the strengthening of the United States dollar relative to the British pound, offset in part by an unfavourable foreign exchange impact as a result of the weakening of the British pound relative to the Canadian dollar. On a constant currency basis, revenues in the first quarter of 2019 in Europe increased 5.0% compared to the same period in 2018.

Gross Profit

		Three month period ended March 31	
Expressed in thousands of dollars	**2019**	2018	Change
Gross profit	**42,821**	40,428	5.9%
Percentage of revenues	**15.9%**	16.5%	

Gross profit of $42.8 million for the first quarter of 2019 was $2.4 million higher than the $40.4 million gross profit for the first quarter of 2018, and gross profit as a percentage of revenues of 15.9% for the first quarter of 2019 decreased from 16.5% recorded in the same period in 2018. The gross profit in the current quarter was primarily impacted by unfavourable product mix, production inefficiencies and the recording of an impairment charge of $1.1 million on intangible assets offset partially by a favourable foreign exchange impact due to the strengthening of the United States dollar relative to the British pound.

Administrative and General Expenses

		Three month period ended March 31	
Expressed in thousands of dollars	**2019**	2018	Change
Administrative and general expenses	**15,300**	14,628	4.6%
Percentage of revenues	**5.7%**	6.0%	

Administrative and general expenses as a percentage of revenues of 5.7% for the first quarter of 2019 were slightly lower than the same period of 2018. Administrative and general expenses increased slightly by $0.7 million or 4.6% to $15.3 million in the first quarter of 2018 compared to $14.6 million in the corresponding quarter of 2018 mainly due to expenses incurred for the phased implementation of a new ERP system.

Other

	Three month period ended March 31	
Expressed in thousands of dollars	**2019**	2018
Foreign exchange loss	**453**	2,170
(Gain) loss on disposal of property, plant and equipment	**(85)**	88
Other	**190**	-
Total other expenses	**558**	2,258

Other for the first quarter of 2019 included a $0.5 million foreign exchange loss compared to a $2.2 million loss in the first quarter of the prior year. The movements in balances denominated in the foreign currencies and the fluctuations of the foreign exchange rates impact the net foreign exchange gain or loss recorded in a quarter. In addition, a $0.9 million gain recorded in relation to the step acquisition of Triveni was offset by relocation expenses incurred in relation to the Corporation's Mississauga facility.

Interest Expense

	Three month period ended March 31	
Expressed in thousands of dollars	**2019**	2018
Interest on bank indebtedness and long-term debt	**(40)**	388
Accretion charge for borrowings, lease liabilities and long-term debt	**545**	262
Discount on sale of accounts receivable	**563**	428
Total interest expense	**1,068**	1,078

Total interest expense of $1.1 million in the first quarter of 2019 was consistent with the first quarter of 2018 amount. Accretion charge was higher than the prior year due to adoption of IFRS 16, *Leases* effective January 1, 2019, offset by decreased interest on bank indebtedness and long-term debt as principal amounts were lower during the quarter.

Provision for Income Taxes

	Three month period ended March 31	
Expressed in thousands of dollars	**2019**	2018
Expense of current income taxes	**2,805**	3,878
Expense of deferred income taxes	**2,681**	1,122
Total expense of income taxes	**5,486**	5,000
Effective tax rate	**21.2%**	22.3%

Income tax expense for the three months ended March 31, 2019 was $5.5 million, representing an effective income tax rate of 21.2% compared to 22.3% for the same period of 2018. The change in effective tax rate and current and deferred income tax expenses year over year was primarily due to the change in mix of income across the different jurisdictions in which the Corporation operates.

3. Selected Quarterly Financial Information

A summary view of Magellan's quarterly financial performance

	2019	2018						2017
Expressed in millions of dollars, except per share amounts	**Mar 31**	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31[2]	Sep 30[2]	Jun 30[2]
Revenues	**269.9**	254.4	226.5	241.2	244.6	232.7	222.6	252.0
Income before taxes	**25.9**	38.5	23.4	29.8	22.5	28.4	23.6	26.3
Net Income	**20.4**	29.5	18.6	23.5	17.5	31.9	18.1	19.9
Net Income per share								
Basic and diluted	**0.35**	0.51	0.32	0.40	0.30	0.55	0.31	0.34
EBITDA[1]	**40.5**	50.7	35.5	41.8	34.1	40.1	35.8	39.5

[1] EBITDA is not an IFRS financial measure. Please see the "Reconciliation of Net Income to EBITDA" section for more information.
[2] Restated using revenue recognition policies in accordance with IFRS 15, *Revenue from Contracts with Customers.*

Revenues and net income reported in the quarterly financial information were impacted by the movements in the Canadian dollar relative to the United States dollar and British pound when the Corporation translates its foreign operations to Canadian dollars. Further, the movements in the United States dollar relative to the British pound impact the Corporation's United States dollar exposures in its European operations. During the periods reported, the average exchange rate of the United States dollar relative to the Canadian dollar fluctuated between a high of 1.3448 in the second quarter of 2017 and a low of 1.2526 in the third quarter of 2017. The average exchange rate of the British pound relative to the Canadian dollar moved from a high of 1.7607 in the first quarter of 2018 to a low of 1.6398 in the third quarter of 2017. The average exchange rate of the British pound relative to the United States dollar reached its high of 1.3920 in the first quarter of 2018 and hit a low of 1.2791 in the second quarter of 2017.

Revenue for the first quarter of 2019 of $269.9 million was higher than that in the first quarter of 2018. The average exchange rate of the United States dollar relative to the Canadian dollar in the first quarter of 2019 was 1.3292 versus 1.2648 in the same period of 2018. The average exchange rate of the British pound relative to the Canadian dollar moved from 1.7607 in the first quarter of 2018 to 1.7315 during the current quarter. The average exchange rate of the British pound relative to the United States dollar decreased from 1.3920 in the first quarter of 2018 to 1.3027 in the current quarter. Had the foreign exchange rates remained at levels experienced in the first quarter of 2018, reported revenues in the first quarter of 2019 would have been lower by $4.0 million.

As discussed above, net income reported in the quarterly information was also impacted by the foreign exchange movements. In the third quarter of 2017, the Corporation recorded a gain of $2.2 million on the disposition of an investment property. In the fourth quarter of 2017, the Corporation recognized the future tax benefit attributable to a reduction in the United States federal corporate income tax as a result of new legislation. In the fourth quarter of 2018, the Corporation recorded a net gain of $9.7 million related to prior acquisitions.

4. Reconciliation of Net Income to EBITDA

A description and reconciliation of certain non-IFRS measures used by management

In addition to the primary measures of earnings and earnings per share (basic and diluted) in accordance with IFRS, the Corporation includes EBITDA (earnings before interest expense, income taxes and depreciation and amortization) in this quarterly statement. The Corporation has provided this measure because it believes this information is used by certain investors to assess financial performance and that EBITDA is a useful supplemental measure as it provides an indication of the results generated by the Corporation's principal business activities prior to consideration of how these activities are financed and how the results are taxed in the various jurisdictions. Each of the components of this measure are calculated in accordance with IFRS, but EBITDA is not a recognized measure under IFRS, and the Corporation's method of calculation may not be comparable with that of other companies. Accordingly, EBITDA should not be used as an alternative to net income as determined in accordance with IFRS or as an alternative to cash provided by or used in operations.

	Three month period ended March 31	
Expressed in thousands of dollars	**2019**	2018
Net income	**20,409**	17,464
Interest	**1,068**	1,078
Taxes	**5,486**	5,000
Depreciation and amortization	**13,530**	10,596
EBITDA	**40,493**	34,138

EBITDA in the first quarter of 2019 increased $6.4 million or 18.8% to $40.5 million, in comparison to $34.1 million in the same quarter of 2018 mainly as a result of higher net income and an increase in depreciation and amortization expense mainly due to the implementation of new accounting standard.

5. Liquidity and Capital Resources

A discussion of Magellan's cash flow, liquidity, credit facilities and other disclosures

The Corporation's liquidity needs can be met through a variety of sources including cash on hand, cash provided by operations, short-term borrowings from its credit facility and accounts receivable securitization program, and long-term debt and equity capacity. Principal uses of cash are for operational requirements, capital expenditures and dividend payments. Based on current funds available and expected cash flow from operating activities, management believes that the Corporation has sufficient funds available to meet its liquidity requirements at any point in time. However, if cash from operating activities is lower than expected or capital projects exceed current estimates, or if the Corporation incurs major unanticipated expenses, it may be required to seek additional capital in the form of debt or equity or a combination of both.

MAGELLAN AEROSPACE

Cash Flow from Operations

Expressed in thousands of dollars	Three month period ended March 31 **2019**	2018
Increase in trade receivables	**(22,706)**	(16,203)
Increase in contract assets	**(11,736)**	(6,799)
(Increase) decrease in inventories	**(2,062)**	3,864
Increase in prepaid expenses and other	**(2,826)**	(3,062)
Increase (decrease) in accounts payable, accrued liabilities and provisions	**12,416**	(14,327)
Changes to non-cash working capital balances	**(26,914)**	(36,527)
Cash provided by (used in) operating activities	**8,098**	(8,595)

For the three months ended March 31, 2019, the Corporation generated $8.1 million from operating activities, compared to $8.6 million used in the first quarter of 2018. The increase in cash flow from operations was mainly impacted by the favourable change in non-cash working capital balances, largely resulted from the favourable change year over year in accounts payable, accrued liabilities and provisions due to the nature of purchases and timing of payments. This was offset by the increases in trade receivables and contract assets, which resulted from higher sales and timing of production and billing related to products transferred over time, and higher inventories due to higher production demand.

Investing Activities

Expressed in thousands of dollars	Three month period ended March 31 **2019**	2018
Business combination, net of cash acquired	**(2,661)**	-
Purchase of property, plant and equipment	**(9,507)**	(7,566)
Proceeds of disposal of property plant and equipment	**235**	21
Increase in intangible and other assets	**(6,066)**	(754)
Change in restricted cash	**-**	(2,714)
Cash used in investing activities	**(17,999)**	(11,013)

Investing activities used $18.0 million cash for the first quarter of 2019 compared to $11.0 million cash used in the same quarter of the prior year, an increase of $7.0 million primarily due to the step acquisition of Triveni, higher level of investment in property, plant and equipment, an investment in a new ERP system and higher deposits recorded in other assets. The Corporation continues to invest in capital expenditures to enhance its manufacturing capabilities in various geographies and to support new customer programs.

Financing Activities

Expressed in thousands of dollars	Three month period ended March 31 **2019**	2018
(Decrease) increase in bank indebtedness	**(42)**	15,446
Decrease in debt due within one year	**(6,884)**	(7,033)
Decrease in long-term debt	**(647)**	(13,266)
Decrease in lease liabilities	**(901)**	-
Decrease in long-term liabilities and provisions	**(35)**	(74)
Increase in borrowings subject to specific conditions	**-**	25
Common share dividend	**(5,821)**	(4,948)
Cash used in financing activities	**(14,330)**	(9,850)

On September 13, 2018, the Corporation amended its credit agreement with its existing lenders. The Corporation has a multi-currency operating credit facility with a syndicate of banks, with a Canadian dollar limit of $75 million. Under the terms of the amended credit agreement, the operating credit facility expires on September 13, 2020. Extensions of the facility are subject to mutual consent of the syndicate of lenders and the Corporation. The credit agreement also includes a $75 million uncommitted accordion provision which will provide the Corporation with the option to increase the size of the operating credit facility.

The Corporation used $14.3 million in the first quarter of 2019 mainly to repay debt due within one year, long-term debt and lease liabilities, and to pay dividends.

As at March 31, 2019, the Corporation had made contractual commitments to purchase $7.2 million of capital assets.

Dividends
During the first quarter of 2019, the Corporation declared and paid quarterly cash dividends of $0.10 per common shares representing an aggregating dividend payment of $5.8 million.

Subsequent to March 31, 2019, the Corporation announced that its Board of Directors had declared a quarterly cash dividend on its common shares of $0.10 per common share. The dividend will be payable on June 28, 2019 to shareholders of record at the close of business on June 14, 2019.

Outstanding Share Information
The authorized capital of the Corporation consists of an unlimited number of Preference Shares, issuable in series, and an unlimited number of common shares. As at May 7, 2019, 58,209,001 common shares were outstanding and no preference shares were outstanding.

6. Financial Instruments

A summary of Magellan's financial instruments

Derivative Contracts
The Corporation operates internationally, which gives rise to a risk that its income, cash flows and shareholders' equity may be adversely impacted by fluctuations in foreign exchange rates. Currency risk arises because the amount of the local currency receivable or payable for transactions denominated in foreign currencies may vary due to changes in exchange rates and because the non-Canadian dollar denominated financial statements of the Corporation's subsidiaries may vary on consolidation into the reporting currency of Canadian dollars. The Corporation from time to time may use derivative financial instruments to help manage foreign exchange risk with the objective of reducing transaction exposures and the resulting volatility of the Corporation's earnings. The Corporation does not trade in derivatives for speculative purposes. Under these contracts the Corporation is obligated to purchase specified amounts at predetermined dates and exchange rates. These contracts are matched with anticipated cash flows in United States dollars. The counterparties to the foreign currency contracts are all major financial institutions with high credit ratings. As at March 31, 2019, the Corporation had $30.0 million USD/CAD foreign exchange contracts outstanding with a fair value liability of $0.3 million, expiring monthly until December 2019.

Off Balance Sheet Arrangements
The Corporation does not have any off-balance sheet arrangements that have or reasonably are likely to have a material effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources. As a result, the Corporation is not exposed materially to any financing, liquidity, market or credit risk that could arise if it had engaged in these arrangements.

7. Related Party Transactions

A summary of Magellan's transactions with related parties

For the three month period ended March 31, 2019, the Corporation had no material transactions with related parties as defined in IAS 24, *Related Party Disclosures*.

8. Risk Factors

A summary of risks and uncertainties facing Magellan

The Corporation manages a number of risks in each of its businesses in order to achieve an acceptable level of risk without hindering the ability to maximize returns. Management has procedures to help identify and manage significant operational and financial risks.

For more information in relation to the risks inherent in Magellan's business, reference is made to the information under "Risk Factors" in the Corporation's Management's Discussion and Analysis for the year ended December 31, 2018 and to the information under "Risks Inherent in Magellan's Business" in the Corporation's Annual Information Form for the year ended December 31, 2018, which have been filed with SEDAR at www.sedar.com.

9. Outlook

The outlook for Magellan's business in 2019

The commercial aerospace market is expected to continue to grow in 2019. Industry experts suggest that this market will maintain its strength until at least 2022 considering current order backlogs. As of March 31, 2019, Airbus' record backlog was at 7,357 jets on order, representing 9.2 years at 2018 rates. Boeing's record backlog in 2018 reached 5,893 aircraft or 7.3 years of production at 2018 rates.

In the single aisle market and following the recent incident involving a 737 MAX 8 aircraft, Boeing announced they would temporarily reduce the 737 production rate from 52 aircraft per month to 42 per month. It is expected this lower rate will continue through the second quarter of 2019 and is expected to resume at the higher rate sometime in the third quarter of 2019. The impact of the lower production rate continues to be assessed by the Corporation as additional information is obtained. Airbus is currently producing the A320 at a rate of 56 aircraft per month, with plans to reach 63 aircraft per month by September 2019.

In the large commercial aircraft market, Boeing's 787 program build rates are expected to increase from 12 aircraft per month to 14 aircraft per month by the end of the second quarter of 2019. The 777 program rate remains steady at 5 aircraft per month, and Boeing plans to build six 747 aircraft in 2019. Boeing delivered three 777X's in 2018 and is expected to deliver three in 2019. The 777X production ramp up begins in 2020. Airbus' A330 build rate is at a stable 4.5 per month. The A350XWB rate increased from 8.8 aircraft per month to 9.8 aircraft per month in late 2018. Consideration is being made to hit 13 aircraft per month in 2020.

On February 14, 2019 Airbus announced that it will wind down the A380 program following the cancelation of 39 aircraft orders by the program's largest customer, Emirates. Emirates will take delivery of only 14 more aircraft over the next two years and will instead order 40 of the A330-900 and 30 of the A350-900 twin-engine widebody aircraft. Airbus stated that the final A380 program deliveries will be in 2021. Airbus' remaining order backlog for the A380 is at 17 aircraft. The Corporation's participation on this aircraft platform is valued at approximately $2.3 million per shipset. The impact of the program wind down continues to be assessed, however the Corporation recorded a provision in the first quarter of 2019.

The competitive landscape within the commercial aircraft industry has been changing as vertical integration strategies and mergers and acquisitions shift market advantage. With UTC's acquisition of Collins Aerospace, UTC is now capable of supplying all major aircraft systems except for the airframe and could effectively compete with the original equipment manufacturers by partnering with an independent airframe supplier to build an aircraft. Industry experts suggest that Boeing's outsourcing strategy on the 787 program seeded this new type of super Tier I. Boeing is moving away from that strategy on the 777X program in favour of in-sourcing and using non-Tier I suppliers. Magellan has recently benefited from this strategy change through the award of a new multi-year agreement to manufacture 777X control surface ribs in support of Boeing's Focused Factory initiative.

The helicopter industry expects to see growth come from the Emergency Medical Services ("EMS") segment which could account for 18 to 20 percent of global demand. China in particular is expected to generate a significant portion of this new demand for EMS helicopters. The oil and natural gas helicopter market remains flat as it is still dealing with an underutilized fleet. On the defence helicopter side, the United States Army continues development on the Future Vertical Lift ("FVL") and Future Attack ("FA") programs as well as the Improved Turbine Engine Program ("ITEP"), which is meant to re-engine the Boeing AH64 and Sikorsky UH-60 helicopters. General Electric's T901 engine recently won the ITEP engine competition beating out Pratt & Whitney/Honeywell's T900 engine. The FVL and FA program platform decisions are further out in the future.

In the defence market, resurging threats from Russia and China are causing NATO countries to shift budget priorities toward fleet modernization. Past underinvestment in these areas is considered a liability in the ability to maintain defence superiority, especially as technology advancements are being made by both Russia and China. The fiscal United States defence budget is expected to rise over the next two years, which will secure growth for the United States defence prime contractors through at least 2023.

In Canada, the Future Fighter Replacement Program is progressing with four of the original five aircraft continuing in the competition, Lockheed Martin's F-35, Boeing's Super Hornet, the Eurofighter Typhoon, and Saab's Gripen. A draft request for proposal ("RFP") was issued to the bidders for review and comment in 2018 with a final RFP expected to be issued in the second quarter of 2019. Bid responses will be requested for the fourth quarter of 2019, with a down selection expected in 2020/2021 followed by a contract award in 2022. The first aircraft delivery is expected to be in 2025.

Regarding the F-35 Lightening II program, Lockheed Martin announced that it had met its 2018 target by delivering 91 F-35 aircraft last year. This represented a 40% increase over 2017 deliveries and 100% over 2016. For 2019, Lockheed is set to deliver over 130 aircraft. Lockheed also announced that it delivered targeted cost reductions across all three variants of the aircraft. They continue to record new orders for the F-35 with Japan announcing at the end of 2018, a commitment to acquire 105 additional aircraft beyond the 42 F-35's already approved. Singapore announced in January 2019 a decision to select the F-35 as a successor to their fleet of F-16's with a final decision expected later in the year.

Magellan is currently optimizing its facilities to accommodate increased F-35 production rates. By the end of 2019, Magellan will be capable of supporting 60 shipsets of horizontal tails per year for the F-35.

Additional Information

Additional information relating to Magellan Aerospace Corporation, including the Corporation's annual information form, can be found on the SEDAR web site at www.sedar.com.

Forward Looking Statements

This news release contains certain forward-looking statements that reflect the current views and/or expectations of the Corporation with respect to its performance, business and future events. Such statements are subject to a number of uncertainties and assumptions, which may cause actual results to be materially different from those expressed or implied. These forward looking statements can be identified by the words such as "anticipate", "continue", "estimate", "forecast", "expect", "may", "project", "could", "plan", "intend", "should", "believe" and similar words suggesting future events or future performance. In particular there are forward looking statements contained under the heading "Overview" which outlines certain expectations for future operations. These statements assume the continuation of the current regulatory and legal environment; the continuation of trends for passenger airliner and defence production and are subject to the risks contained herein and outlined in our annual information form. The Corporation assumes no future obligation to update these forward-looking statements except as required by law.

-30-

For additional information contact:

Phillip C. Underwood
President & Chief Executive Officer
T: (905) 677-1889
E: phil.underwood@magellan.aero

Elena M. Milantoni
Chief Financial Officer
T: (905) 677-1889
E: elena.milantoni@magellan.aero

MAGELLAN AEROSPACE

MAGELLAN AEROSPACE CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(unaudited) (expressed in thousands of Canadian dollars, except per share amounts)	Three month period ended March 31 2019	 2018
Revenues	**269,884**	244,625
Cost of revenues	**227,063**	204,197
Gross profit	**42,821**	40,428
Administrative and general expenses	**15,300**	14,628
Other	**558**	2,258
Income before interest and income taxes	**26,963**	23,542
Interest	**1,068**	1,078
Income before income taxes	**25,895**	22,464
Income taxes		
Current	**2,805**	3,878
Deferred	**2,681**	1,122
	5,486	5,000
Net income	**20,409**	17,464
Other comprehensive (loss) income		
Other comprehensive (loss) income that may be reclassified to profit and loss in subsequent periods:		
Foreign currency translation	**(6,710)**	20,982
Items not to be reclassified to profit and loss in subsequent periods:		
Actuarial income (loss) on defined benefit pension plans, net of taxes	**239**	(645)
Total comprehensive income, net of taxes	**13,938**	37,801
Basic and diluted	**0.35**	0.30

MAGELLAN AEROSPACE CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(unaudited) (expressed in thousands of Canadian dollars)	March 31 2019	December 31 2018
Current assets		
Cash	**38,463**	63,316
Trade and other receivables	**209,711**	187,897
Contract assets	**77,697**	66,436
Inventories	**177,329**	175,082
Prepaid expenses and other	**23,220**	20,058
	526,420	512,789
Non-current assets		
Property, plant and equipment	**429,655**	428,878
Right-of-use assets	**23,554**	—
Investment properties	**2,256**	2,305
Intangible assets	**65,181**	62,745
Goodwill	**34,807**	35,104
Other assets	**17,994**	19,666
Deferred tax assets	**9,446**	11,393
	582,893	560,091
Total assets	**1,109,313**	1,072,880
Current liabilities		
Accounts payable and accrued liabilities and provisions	**165,743**	154,407
Debt due within one year	**40,613**	44,393
	206,356	198,800
Non-current liabilities		
Long-term debt	**8,740**	9,064
Lease liabilities	**19,801**	—
Borrowings subject to specific conditions	**24,696**	24,510
Other long-term liabilities and provisions	**19,051**	19,668
Deferred tax liabilities	**32,535**	33,165
	104,823	86,407
Equity		
Share capital	**254,440**	254,440
Contributed surplus	**2,044**	2,044
Other paid in capital	**13,565**	13,565
Retained earnings	**488,073**	473,246
Accumulated other comprehensive income	**37,668**	44,378
Equity attributable to equity holder of the Corporation	**795,790**	787,673
Non-controlling interest	**2,344**	—
Total equity	**798,134**	787,673
Total liabilities and equity	**1,109,313**	1,072,880

MAGELLAN AEROSPACE CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(unaudited) (expressed in thousands of Canadian dollars)	Three month period ended March 31 2019	 2018
Cash flow from operating activities		
Net income	**20,409**	17,464
Amortization/depreciation of intangible assets, right-of-use assets and property, plant and equipment	**13,530**	10,596
(Gain) loss on disposal of property, plant and equipment	**(85)**	88
Gain on disposal of joint venture investment	**(881)**	—
Decrease in defined benefit plans	**(154)**	(529)
Accretion	**545**	262
Deferred taxes	**1,818**	167
Income on investments in joint ventures	**(170)**	(116)
Changes to non-cash working capital	**(26,914)**	(36,527)
Net cash provided by (used in) operating activities	**8,098**	(8,595)
Cash flow from investing activities		
Business combination, net of cash acquired	**(2,661)**	—
Purchase of property, plant and equipment	**(9,507)**	(7,566)
Proceeds from disposal of property, plant and equipment	**235**	21
Increase in intangible and other assets	**(6,066)**	(754)
Change in restricted cash	**—**	(2,714)
Net cash used in investing activities	**(17,999)**	(11,013)
Cash flow from financing activities		
(Decrease) increase in bank indebtedness	**(42)**	15,446
Decrease in debt due within one year	**(6,884)**	(7,033)
Decrease in long-term debt	**(647)**	(13,266)
Decrease in lease liabilities	**(901)**	—
Decrease in long-term liabilities and provisions	**(35)**	(74)
Increase in borrowings subject to specific conditions	**—**	25
Common share dividend	**(5,821)**	(4,948)
Net cash used in financing activities	**(14,330)**	(9,850)
Decrease in cash during the period	**(24,231)**	(29,458)
Cash at beginning of the period	**63,316**	40,394
Effect of exchange rate differences	**(622)**	1,144
Cash at end of the period	**38,463**	12,080