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NEWS RELEASE

MAGELLAN AEROSPACE CORPORATION ANNOUNCES FINANCIAL RESULTS

Toronto, Ontario – May 6, 2022 – Magellan Aerospace Corporation (“Magellan” or the “Corporation”) released its financial results for the first quarter of 2022. All amounts are expressed in Canadian dollars unless otherwise indicated. The results are summarized as follows:

	Three month period ended March 31		
	2022	2021	Change
Expressed in thousands of Canadian dollars, except per share amounts			
Revenues	187,709	176,281	6.5%
Gross Profit	10,910	17,079	(36.1%)
Net (Loss) Income	(2,025)	3,262	(162.1%)
Net (Loss) Income per Share	(0.04)	0.06	(166.7%)
Adjusted EBITDA	11,476	19,332	(40.6%)
Adjusted EBITDA per Share	0.20	0.33	(39.4%)

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) and Adjusted EBITDA (net income before interest, income taxes, depreciation and amortization, goodwill impairment and restructuring), which the Corporation considers to be indicative measures 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.

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, controlled entity and joint venture, Magellan designs, engineers and manufactures aeroengine and aerostructure components for aerospace markets, including 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.

Impact to Business

The COVID-19 pandemic continued to disrupt global health and the economy and has created an indeterminate period of volatility in the markets in which Magellan operates. The COVID-19 pandemic impacted Magellan's operations at varying times by way of reduced production, either by its customers' build rate adjustments or due to a broader government directive which resulted in the need to modify work practices to meet appropriate health and safety standards, or by other COVID-19 related impacts on the availability of labour or to the supply chain. While governments have eased some COVID-19 restrictions, the reopening of businesses and economies in certain countries is creating a variety of new challenges, including, for example, higher prices for goods and services, limited availability of products, disruptions to supply chains and labour shortages. Magellan continues to monitor ongoing developments and mitigate risks related to the COVID-19 pandemic and the impact on Magellan's operations, supply chain, and most importantly the health and safety of its employees.

The invasion of Ukraine by Russia has resulted in sanctions imposed upon Russia which are expected to impact world economic markets and particular areas of the aerospace industry. The extent and potential magnitude of economic impacts on the aerospace industry as a result of the imposed sanctions is still being assessed by the industry. The Corporation, through certain of its customers, participates on certain commercial aircraft programs that are manufactured by Russian companies, and the Corporation indirectly supplies components for aircraft engines which are sold to Russian aircraft manufacturers. Magellan also purchases raw materials from OEM designated suppliers that are situated in Russia. The short and long-term implications of this war on the Corporation are difficult to predict at this time.

Business Update

On April 26, 2022, Magellan announced that it had signed a long-term agreement with General Electric Aviation ("GE") for the repair and overhaul (R&O) of major components for the GE F414-GE-400 engine, which powers Boeing's F/A-18 Block III Super Hornet fighter jet. Finished components will be delivered from Magellan's facility in Winnipeg, Manitoba. The five-year agreement is the latest milestone in a strong and continuing relationship between the companies that dates back more than 50 years.

On May 2, 2022, Magellan announced it has reached a five-year agreement with Safran Landing Systems to manufacture complex machined landing gear components. The agreement includes the continued manufacture and processing of Magellan's current work statement and additional new components, all for commercial aircraft platforms. Deliveries will take place from Magellan's North American facilities in New York, New York and Kitchener, Ontario.

For additional information, please refer to the "Management's Discussion and Analysis" section of the Corporation's 2021 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, 2022

The Corporation reported revenue in the first quarter of 2022 of \$187.7 million, a \$11.4 million increase from the first quarter of 2021 revenue of \$176.3 million. Gross profit and net loss for the first quarter of 2022 were \$10.9 million and \$2.8 million, respectively, in comparison to gross profit of \$17.1 million and net income of \$3.3 million for the first quarter of 2021.

Consolidated Revenue

Expressed in thousands of dollars	Three month period ended March 31		
	2022	2021	Change
Canada	84,794	81,036	4.6%
United States	44,934	45,809	(1.9%)
Europe	57,981	49,436	17.3%
Total revenues	187,709	176,281	6.5%

Revenues in Canada increased 4.6% in the first quarter of 2022 compared to the corresponding period in 2021, primarily due to increased volumes for proprietary and casting products, offset in part by lower repair and overhaul revenues.

Revenues in the United States decreased by 1.9% in the first quarter of 2022 compared to the first quarter of 2021, largely due to volume decreases for castings, repairs and wide-body aircraft products, specifically the Boeing 787 when deliveries had been halted, offset in part by increased volume for single aisle aircraft as Boeing continued to ramp up production for 737 MAX.

European revenues in the first quarter of 2022 increased 17.3% compared to the corresponding period in 2021 primarily driven by volume increases for single aisle aircraft, and the favourable foreign exchange impact as the United States dollar strengthened relative to the British pound.

Gross Profit

Expressed in thousands of dollars	Three month period ended March 31		
	2022	2021	Change
Gross profit	10,910	17,079	(36.1%)
Percentage of revenues	5.8%	9.7%	

Gross profit of \$10.9 million for the first quarter of 2022 was \$6.2 million lower than the \$17.1 million gross profit for the first quarter of 2021, and gross profit as a percentage of revenues of 5.8% for the first quarter of 2022 decreased from 9.7% recorded in the same period in 2021. The gross profit in the current quarter was primarily impacted by volume decreases for certain programs, higher material and manufacturing production costs, production inefficiencies and unfavourable product mix. During the first quarter of 2022, certain facilities of the Corporation continued to experience supply chain disruptions and labour shortages, which resulted in lower absorption of manufacturing costs and higher production costs.

Administrative and General Expenses

Expressed in thousands of dollars	Three month period ended March 31		
	2022	2021	Change
Administrative and general expenses	12,814	11,644	10.0%
Percentage of revenues	6.8%	6.6%	

Administrative and general expenses as a percentage of revenues of 6.8% for the first quarter of 2022 were higher than the same period of 2021. Administrative and general expenses increased \$1.2 million or 10.0% to \$12.8 million in the first quarter of 2022 compared to \$11.6 million in the first quarter of 2021 mainly due to increases in salary and related expenses for inflationary rate and headcount changes, travel and accommodation as travel restrictions were lifted, consulting and IT expenses due to timing of spending.

Restructuring

Expressed in thousands of dollars	Three month period ended March 31	
	2022	2021
Restructuring	65	176

Restructuring represents costs related to the closure of the Bournemouth manufacturing facility.

Other

	Three month period ended March 31	
	2022	2021
Expressed in thousands of dollars		
Foreign exchange gain	(1,128)	(849)
Gain loss on disposal of property, plant and equipment	(121)	(7)
Total other	(1,249)	(856)

Other for the first quarter of 2022 included a \$1.1 million foreign exchange gain compared to a \$0.8 million foreign exchange gain in the first quarter of the prior year. The movements in balances denominated in foreign currencies and the fluctuations of the foreign exchange rates impact the net foreign exchange gain or loss recorded in a quarter.

Interest Expense

	Three month period ended March 31	
	2022	2021
Expressed in thousands of dollars		
Interest on bank indebtedness and long-term debt	89	62
Accretion charge for borrowings, lease liabilities and long-term debt	589	645
Discount on sale of accounts receivable	21	194
Total interest expense	699	901

Total interest expense of \$0.7 million in the first quarter of 2022 decreased \$0.2 million compared to the first quarter of 2021 mainly due to lower accretion charge on lease liabilities and long-term debt as principal amounts decreased, and lower discount on sale of accounts receivables as the Corporation wound down its accounts receivable securitization program in March 2021.

Provision for Income Taxes

	Three month period ended March 31	
	2022	2021
Expressed in thousands of dollars		
Expense of current income taxes	1,847	3,237
Expense of deferred income taxes	(1,241)	(1,285)
Total expense of income taxes	606	1,952
Effective tax rate	(42.7%)	37.4%

Income tax expense for the three months ended March 31, 2022 was \$0.6 million, representing an effective income tax rate of negative 42.7% compared to 37.4% for the same period of 2021. 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 and reversal of temporary differences.

3. Selected Quarterly Financial Information

A summary view of Magellan's quarterly financial performance

	2022				2021				2020
	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	
Expressed in millions of dollars, except per share amounts									
Revenues	187.7	178.0	166.4	167.6	176.3	180.1	163.4	162.2	
(Loss) income before taxes	(1.4)	(6.2)	1.3	1.6	5.2	(23.6)	2.2	10.0	
Net (loss) income	(2.0)	(5.8)	0.5	1.1	3.3	(22.9)	0.0	6.1	
Net (loss) income per share									
Basic and diluted	(0.04)	(0.10)	0.01	0.02	0.06	(0.40)	0.00	0.10	
EBITDA ¹	11.4	6.5	16.1	14.9	19.2	(6.8)	16.3	24.8	
Adjusted EBITDA ¹	11.5	7.3	16.7	15.6	19.3	11.5	21.8	25.5	

¹ EBITDA and Adjusted EBITDA are not IFRS financial measures. Please see Section 4 the "Reconciliation of Net Income to EBITDA and Adjusted EBITDA" for more information.

Revenues and net income in the quarter were impacted by the movements of 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 quarterly exchange rate of the United States dollar relative to the Canadian dollar fluctuated between a high of 1.3859 in the second quarter of 2020 and a low of 1.2280 in the second quarter of 2021. The average quarterly exchange rate of the British pound relative to the Canadian dollar reached a high of 1.7461 in the first quarter of 2021 and hit a low of 1.6991 in the fourth quarter of 2021. The average quarterly exchange rate of the British pound relative to the United States dollar reached a high of 1.3974 in the second quarter of 2021 and hit a low of 1.2388 in the second quarter of 2020.

Revenue for the first quarter of 2022 of \$187.7 million was higher than that in the first quarter of 2021. The average quarterly exchange rate of the United States dollar relative to the Canadian dollar in the first quarter of 2022 was 1.2663 versus 1.2666 in the same period of 2021. The average quarterly exchange rate of the British pound relative to the Canadian dollar moved from 1.7461 in the first quarter of 2021 to 1.6995 during the current quarter. The average quarterly exchange rate of the British pound relative to the United States dollar increased from 1.3788 in the first quarter of 2021 to 1.3419 in the current quarter. Had the foreign exchange rates remained at levels experienced in the first quarter of 2021, reported revenues in the first quarter of 2022 would have been higher by \$0.5 million.

Commencing in the second quarter of 2020, the Corporation's results were negatively impacted by COVID-19 pandemic driven volume decreases in a number of commercial programs. However, starting with the second quarter of 2021, there were some positive signs of revenue recovery as certain commercial program aircraft build rates had started to increase. The Corporation applied and recognized the CEWS subsidy of \$8.6 million, \$10.4 million and \$1.0 million in the second, third and fourth quarters of 2020, respectively, and \$3.9 million and \$3.8 million in the second and fourth quarters of 2021, respectively, and reduced the expense that the subsidy offsets.

During the third quarter of 2020, Magellan implemented cost savings initiatives designed to reduce operating costs by re-balancing its workforce and recognized severance costs of \$5.6 million. A \$3.4 million cost recovery was recorded against cost of revenues as a result of the cancellation of the Airbus A320neo program in the third quarter of 2020. In the fourth quarter of 2020, the Corporation committed to a plan to restructure its manufacturing divisions in Europe due to decreased demand as a result of a deterioration in economic conditions stemming from COVID-19 and recognized a \$5.6 million restructuring charge, including a \$2.4 million impairment loss related to assets made obsolete as a result of the plan. Further, a \$12.0 million goodwill impairment charge was recorded in the fourth quarter of 2020.

4. Reconciliation of Net Income to EBITDA and Adjusted 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 (net income before interest, income taxes and depreciation and amortization) and Adjusted EBITDA (net income before interest, income taxes, depreciation and amortization, goodwill impairment and restructuring) in this MD&A. The Corporation has provided this measure because it believes this information is used by certain investors to assess financial performance and that EBITDA and Adjusted EBITDA are useful supplemental measures as they provide 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 component of this measure is calculated in accordance with IFRS, but EBITDA and Adjusted EBITDA are not recognized measures under IFRS, and the Corporation's method of calculation may not be comparable with that of other companies. Accordingly, EBITDA and Adjusted EBITDA should not be used as alternatives to net income as determined in accordance with IFRS or as alternatives to cash provided by or used in operations.

	Three month period ended March 31	
Expressed in thousands of dollars	2022	2021
Net (loss) income	(2,025)	3,262
Interest	699	901
Taxes	606	1,952
Depreciation and amortization	12,131	13,041
EBITDA	11,411	19,156
Add back:		
Restructuring	65	176
Adjusted EBITDA	11,476	19,332

Adjusted EBITDA in the first quarter of 2022 decreased \$7.8 million or 40.4% to \$11.5 million in comparison to \$19.3 million in the same quarter of 2021 mainly as a result of lower net income driven largely by volume decreases, higher material and manufacturing production costs, production inefficiencies and unfavourable product mix, lower interest, taxes, and depreciation and amortization expenses. During the first quarter of 2022, certain facilities of the Corporation continued to experience supply chain disruptions and labour shortages, which resulted in lower absorption of manufacturing costs and higher production costs, leading to lower Adjusted EBITDA.

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, repurchase common shares 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.

Cash Flow from Operations

	Three month period ended March 31	
Expressed in thousands of dollars	2022	2021
Increase in trade receivables	(13,421)	(24,703)
Increase in contract assets	(2,066)	(10,390)
Increase in inventories	(6,331)	(2,178)
Decrease (increase) in prepaid expenses and other	225	(1,588)
Increase in accounts payable, accrued liabilities and provisions	12,499	2,207
Changes to non-cash working capital balances	(9,094)	(36,652)
Cash used in operating activities	(48)	(20,898)

For the three months ended March 31, 2022, the Corporation used \$48 thousands from operating activities, compared to \$20.9 million used in the first quarter of 2021. Changes in non-cash working capital items used cash of \$9.1 million, \$27.6 million lower when compared to the usage of \$36.7 million in the prior year largely attributable to increases in accounts receivables from higher revenues and timing of customer payments, increases in contract assets due to timing of production and billing related to products transferred over time, and increases in accounts payable, accrued liabilities and provisions primarily driven by timing of material purchases and supplier payments, offset in part by decreases in inventories due to timing of production and shipment, and material purchases.

Investing Activities

	Three month period ended March 31	
Expressed in thousands of dollars	2022	2021
Purchase of property, plant and equipment	(4,356)	(2,663)
Proceeds of disposal of property plant and equipment	262	86
Increase in intangible and other assets	(874)	(1,003)
Cash used in investing activities	(4,968)	(3,580)

Investing activities used \$5.0 million cash for the first quarter of 2022 compared to \$3.6 million cash used in the same quarter of the prior year, an increase of \$1.4 million primarily due to higher levels of investment in property, plant and equipment.

Financing Activities

Expressed in thousands of dollars	Three month period ended March 31	
	2022	2021
Decrease in debt due within one year	—	(8,877)
Decrease in long-term debt	(420)	(458)
Lease liability payments	(1,465)	(1,677)
Decrease in long-term liabilities and provisions	(233)	(180)
Decrease in borrowings subject to specific conditions, net	(1,327)	(1,104)
Common share dividend	(6,061)	(6,062)
Cash used in financing activities	(9,506)	(18,358)

On June 30, 2021, the Corporation extended its Bank Credit Facility Agreement (“Agreement”) with a syndicate of lenders for an additional two-year period expiring on June 30, 2023. The Agreement provides for a multi-currency global operating credit facility to be available to Magellan in a maximum aggregate amount of \$75 million. The Agreement also includes a \$75 million uncommitted accordion provision, which provides Magellan with the option to increase the size of the operating credit facility to \$150 million. Extensions of the Agreement are subject to mutual consent of the syndicate of lenders and the Corporation. At March 31, 2022, there were no drawings under the Agreement.

The Corporation used \$9.5 million in the first quarter of 2022 mainly for the payment of common share dividends, lease liabilities and borrowing subject to specific conditions.

As at March 31, 2022, the Corporation had contractual commitments to purchase \$8.1 million of capital assets.

Dividends

During the first quarter of 2022, the Corporation declared and paid quarterly cash dividends of \$0.105 per common shares representing an aggregating dividend payment of \$6.1 million.

Subsequent to March 31, 2022, the Corporation announced that its Board of Directors had declared a quarterly cash dividend on its common shares of \$0.08 per common share. The dividend will be payable on June 30, 2022 to shareholders of record at the close of business on June 16, 2022. The ongoing COVID-19 pandemic, continued low production levels largely related to wide-body aircraft, and supply chain and labour constraints negatively impacted the Corporation’s operation in the first quarter of 2022. In light of these operational challenges, the dividend level has been reduced but a dividend was still declared given the Corporation’s strong balance sheet and cash reserves. The Board of Directors of the Corporation continues to review its dividends on a quarterly basis for more visibility of recovery, and ensure that the dividend declared balances the return of capital to shareholders while maintaining adequate financial flexibility and investment in growth initiatives.

Normal Course Issuer Bid

On May 27, 2021, the Corporation’s application to commence a normal course issuer bid (“NCIB”) was re-approved, which allowed the Corporation to purchase up to 2,886,455 common shares, over a 12-month period commencing May 27, 2021 and ending May 26, 2022. During the first quarter of 2022, the Corporation did not purchase any common shares for cancellation under the program.

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 3, 2022, 57,729,106 common shares were outstanding and no preference shares were outstanding.

6. 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.

The Covid-19 pandemic continues to cause disruptions to businesses globally resulting in an economic slowdown and decreased demand in the aerospace industry. The duration and full financial effect of the COVID-19 pandemic is unknown at this time, as is the efficacy of the government and central bank interventions, the Corporation’s business continuity plan and other mitigating measures.

The invasion of Ukraine by Russia ["Conflict"] and the resulting imposition of sanctions and counter sanctions have disrupted supply chains and caused instability in the global economy. The short and long-term implications of the Conflict are difficult to predict at this time. The ongoing Conflict could result in the imposition of future economic sanctions, which may have a greater adverse effect on economic markets and could result in an even greater impact related to global supply and pricing of energy, precious metals, raw materials and other commodities and components.

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, 2021 and to the information under "Risks Inherent in Magellan's Business" in the Corporation's Annual Information Form for the year ended December 31, 2021, which have been filed with SEDAR at www.sedar.com.

7. Outlook

The outlook for Magellan's business in 2022

Global air travel recovery slowed in the first quarter of 2022 with revenue passenger kilometers falling below levels reached in December 2021. The invasion of Ukraine by Russia so far has had a limited impact on global air travel, however the continuing COVID-19 pandemic, elevated inflation, increasing interest rates and falling consumer confidence, are putting downward pressure on recovery. Despite short-term setbacks, aircraft manufacturers have been increasing single aisle aircraft build rates due to the overall improvement of commercial air travel volumes since their collapse in 2020. Engine manufacturers have been responding by increasing engine build rates, however supply chain shortages are threatening to constrain these efforts, which may ultimately impact aircraft manufacturers.

Airbus expects to deliver 720 commercial aircraft in 2022, an increase of 109 aircraft from 2021. Airbus delivered 140 aircraft as of March 31, 2022. With a gross order intake of 253 aircraft and cancellations of 170 aircraft, Airbus ended the period with 7,025 unfilled orders, a drop from 7,082 aircraft at December 31, 2021. Boeing delivered 95 aircraft in the same quarter, booked 167 gross aircraft orders and received cancellations of 22 aircraft orders. Boeing's unfilled order backlog increased from 5,136 aircraft as at December 31, 2021 to 5,186 aircraft as of March 31, 2022, prior to accounting adjustments.

Airbus' current A320 build rate is 49 aircraft per month. Boeing plans to reach 54 aircraft per month in the fourth quarter of 2022 and to ramp up to 66 aircraft per month in 2023. The A330 build rate is at 2.2 aircraft per month and is forecast to be 2.8 aircraft per month late in 2022, while the A350 build rate is at 4.5 aircraft per month. The A220 rate is planned to reach 6.6 aircraft per month in 2022, 9.8 aircraft per month in 2023, and 14 aircraft per month by mid 2025.

Boeing's current 737 build rate is at 24 aircraft per month and is planned at 31 aircraft per month for the second half of 2022, and 52 aircraft per month by the second half of 2023. The 777 aircraft build rate remains at 2 aircraft per month with the 777-8 freighter version now delaying the entry-into-service of the 777X passenger variant.

Currently only marginal recovery is expected in the wide body market through 2030. This is negatively impacting Magellan in certain of its divisions, including those supplying components for the Boeing 787 program. Boeing has not provided a recent update on when it expects to receive approval from U.S. regulators to resume deliveries of the aircraft. Boeing has however been surveying the supply base to evaluate overall capacity to meet output scenarios as high as 7 aircraft per month by the end of 2023. Boeing is currently building 2 aircraft per month.

In the defence aerospace market, the Russian invasion of Ukraine is prompting countries to increase defence spending. The U.S. defence budget request for FY2023 is 3.9% higher than FY2022, which includes continued support in Europe, and maintains the national defence strategy of air force and army modernization. Next generation U.S. aircraft programs include new fighters, unmanned aerial vehicles for various missions, future vertical lift programs and corresponding new engine technology programs.

In March 2022, the Canadian government announced its decision to select Lockheed Martin's F-35 as the preferred option for its fighter replacement program. This was positive news for Magellan as the Corporation currently supplies complete rear horizontal stabilizer assemblies for the F-35A model, various metallic and composite structural components and engine castings. If Canada reaches a final agreement with Lockheed Martin, the first aircraft is scheduled for delivery in 2025. Germany also announced a decision in March 2022 to buy 35 F-35 fighter jets to replace its ageing Tornado fleet.

In summary, the strength of the defence aerospace market continues to help offset some of the impact of the pandemic on aerospace suppliers that participate in both commercial and defence markets. Notwithstanding short-term setbacks in the commercial market, optimism remains that over the long term, increasing global demand will see this market to its pre-pandemic growth path.



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.

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MAGELLAN AEROSPACE CORPORATION
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF (LOSS) INCOME AND COMPREHENSIVE (LOSS) INCOME

(unaudited) (expressed in thousands of Canadian dollars, except per share amounts)	Three month period ended March 31	
	2022	2021
Revenues	187,709	176,281
Cost of revenues	176,799	159,202
Gross profit	10,910	17,079
Administrative and general expenses	12,814	11,644
Restructuring	65	176
Other	(1,249)	(856)
(Loss) income before interest and income taxes	(720)	6,115
Interest	699	901
(Loss) income before income taxes	(1,419)	5,214
Income taxes		
Current	1,847	3,237
Deferred	(1,241)	(1,285)
	606	1,952
Net (loss) income	(2,025)	3,262
Other comprehensive (loss) income		
Other comprehensive (loss) income that may be reclassified to profit and loss in subsequent periods:		
Foreign currency translation	(12,684)	(6,385)
Items not to be reclassified to profit and loss in subsequent periods:		
Actuarial (loss) income on defined benefit pension plans, net of taxes	(264)	(264)
Comprehensive (loss) income	(14,973)	6,660
Net (loss) income per share		
Basic and diluted	(0.04)	0.06

MAGELLAN AEROSPACE CORPORATION
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited) (expressed in thousands of Canadian dollars)	March 31 2022	December 31 2021
Current assets		
Cash	18,050	32,482
Trade and other receivables	177,348	164,234
Contract assets	68,008	66,337
Inventories	210,693	208,577
Prepaid expenses and other	9,181	9,664
	483,280	481,294
Non-current assets		
Property, plant and equipment	384,836	396,845
Right-of-use assets	32,769	34,389
Investment properties	1,627	1,659
Intangible assets	45,718	47,772
Goodwill	21,219	21,792
Other assets	12,020	11,587
Deferred tax assets	10,162	8,480
	508,351	522,524
Total assets	991,631	1,003,818
Current liabilities		
Accounts payable and accrued liabilities and provisions	136,391	123,382
Debt due within one year	10,038	10,266
	146,429	133,648
Non-current liabilities		
Long-term debt	2,240	2,755
Lease liabilities	29,534	30,644
Borrowings subject to specific conditions	22,940	24,101
Other long-term liabilities and provisions	6,858	7,223
Deferred tax liabilities	39,718	39,623
	101,290	104,346
Equity		
Share capital	252,342	252,342
Contributed surplus	2,044	2,044
Other paid in capital	13,565	13,565
Retained earnings	470,737	479,965
Accumulated other comprehensive income	1,847	14,531
Equity attributable to equity holders of the Corporation	740,535	762,447
Non-controlling interest	3,377	3,377
	743,912	765,824
Total liabilities and equity	991,631	1,003,818

MAGELLAN AEROSPACE CORPORATION
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited) (expressed in thousands of Canadian dollars)	Three month period ended March 31	
	2022	2021
Cash flow from operating activities		
Net (loss) income	(2,025)	3,262
Amortization/depreciation of intangible assets, right-of-use assets and property, plant and equipment	12,131	13,041
Gain on disposal of property, plant and equipment	(121)	(7)
(Decrease) increase in defined benefit plans	(309)	120
Accretion of financial liabilities	587	650
Deferred taxes	(1,173)	(1,377)
(Income) loss on investments in joint ventures	(44)	65
Changes to non-cash working capital	(9,094)	(36,652)
Net cash used in operating activities	(48)	(20,898)
Cash flow from investing activities		
Purchase of property, plant and equipment	(4,356)	(2,663)
Proceeds from disposal of property, plant and equipment	262	86
Increase in intangible and other assets	(874)	(1,003)
Net cash used in investing activities	(4,968)	(3,580)
Cash flow from financing activities		
Decrease in debt due within one year	—	(8,877)
Decrease in long-term debt	(420)	(458)
Lease liability payments	(1,465)	(1,677)
Decrease in long-term liabilities and provisions	(233)	(180)
Decrease in borrowings, net	(1,327)	(1,104)
Common share dividend	(6,061)	(6,062)
Net cash used in financing activities	(9,506)	(18,358)
Decrease in cash during the period	(14,522)	(42,836)
Cash at beginning of the period	32,482	113,938
Effect of exchange rate differences	90	208
Cash at end of the period	18,050	71,310