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NEWS RELEASE

MAGELLAN AEROSPACE CORPORATION ANNOUNCES FINANCIAL RESULTS

Toronto, Ontario – November 11, 2021 – Magellan Aerospace Corporation ("Magellan" or the "Corporation") released its financial results for the third quarter of 2021. All amounts are expressed in Canadian dollars unless otherwise indicated. The results are summarized as follows:

	Three month period ended September 30			Nine month period ended September 30		
Expressed in thousands of Canadian dollars, except per share amounts	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Revenues	166,427	163,377	1.9%	510,346	564,357	(9.6%)
Gross Profit	10,585	22,742	(53.5%)	41,300	84,857	(51.3%)
Net Income	458	11	4,063.6%	4,780	26,188	(81.7%)
Net Income per Share	0.01	0.00	4,088.2%	0.08	0.45	(82.2%)
Adjusted EBITDA	16,673	21,824	(23.6%)	51,566	88,892	(42.0%)
Adjusted EBITDA per Share	0.29	0.38	(23.7%)	0.89	1.53	(41.8%)

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 (earnings 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 of COVID-19

The COVID-19 pandemic has continued to disrupt global health and the economy in 2021 and has created an indeterminate period of volatility in the markets in which Magellan operates. The COVID-19 pandemic impacted Magellan's operations in 2020 and the first nine months of 2021 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. 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.

For additional information, please refer to the "Management's Discussion and Analysis" section of the Corporation's 2020 Annual Report available on www.sedar.com.

2. Results of Operations

A discussion of Magellan's operating results for the third quarter ended September 30, 2021

The Corporation reported revenue in the third quarter of 2021 of $166.4 million, a $3.0 million increase from the third quarter of 2020 revenue of $163.4 million. Gross profit and net income for the third quarter of 2021 were $10.6 million and $0.5 million, respectively, in comparison to a $22.7 million gross profit and breakeven net income for the third quarter of 2020.

Consolidated Revenue

	Three month period ended September 30			**Nine month period ended September 30**		
Expressed in thousands of dollars	**2021**	2020	Change	**2021**	2020	Change
Canada	**72,068**	76,313	(5.6%)	**228,924**	254,150	(9.9%)
United States	**46,075**	46,097	(0.0%)	**134,001**	156,103	(14.2%)
Europe	**48,284**	40,967	17.9%	**147,421**	154,104	(4.3%)
Total revenue	**166,427**	163,377	1.9%	**510,346**	564,357	(9.6%)

Revenue in Canada decreased 5.6% in the third quarter of 2021 compared to the corresponding period in 2020 mainly due to production recovery from work stoppage at the Corporation's Haley facility, volume decrease for wide-body aircrafts and proprietary products, production delays and unfavourable foreign exchange impact driven by the weakening of the United States dollar relative to the Canadian dollar. On a currency neutral basis, Canadian revenues in the third quarter of 2021 decreased by 2.4% over the same period of 2020.

Revenue in the United States in the third quarter of 2021 remained consistent with the third quarter of 2020. On a currency neutral basis, revenues in the United States increased 5.6% in the third quarter of 2021 over the same period in 2020 mainly driven by volume increases for single aisle aircraft, specifically the Boeing 737 MAX as aircraft build rates increased.

European revenue in the third quarter of 2021 increased 17.9% compared to the corresponding period in 2020 primarily driven by build rate recovery for single aisle aircraft, offset partially by the weakening of the United States dollar relative to the British pound. On a currency neutral basis, European revenues in the third quarter of 2021 increased by 21.1% when compared to the same period in 2020.

Gross Profit

	Three month period ended September 30			Nine month period ended September 30		
Expressed in thousands of dollars	**2021**	2020	Change	**2021**	2020	Change
Gross profit	**10,585**	22,742	(53.5%)	**41,300**	84,857	(51.3%)
Percentage of revenue	**6.4%**	13.9%		**8.1%**	15.0%	

Gross profit of $10.6 million for the third quarter of 2021 was $12.1 million lower than the $22.7 million gross profit for the third quarter of 2020, and gross profit as a percentage of revenues of 6.4% for the third quarter of 2021 decreased from 13.9% recorded in the same period in 2020. In the third quarter of 2020, the Corporation recognized $9.7 million of recoveries from the Canada Emergency Wage Subsidy ("CEWS") program and a one-time A320neo cost recovery, which attributed largely to the decreased gross profit for the current quarter when compared to the same quarter in the prior year. In addition, the gross profit in the current quarter was impacted by volume decreases for proprietary products and services, production delays, higher production costs due to manufacturing inefficiencies related to lower revenues and unfavourable foreign exchange impact due to the weakening of the United States dollar relative to the Canadian dollar and the British pound.

Administrative and General Expenses

	Three month period ended September 30			Nine month period ended September 30		
Expressed in thousands of dollars	**2021**	2020	Change	**2021**	2020	Change
Administrative and general expenses	**11,288**	11,431	(1.3%)	**33,450**	39,704	(15.8%)
Percentage of revenues	**6.8%**	7.0%		**6.6%**	7.0%	

Administrative and general expenses as a percentage of revenues was 6.8% for the third quarter of 2021, lower than the same period of 2020 percentage of revenues of 7.0%. Administrative and general expenses were slightly lower than the third quarter of 2020 mainly due to lower salary and related expenses and lower discretionary spending to align with current business volumes, offset in part by lower CEWS program recoveries of $0.7 million.

Restructuring

	Three month period ended September 30		Nine month period ended September 30	
Expressed in thousands of dollars	**2021**	2020	**2021**	2020
Restructuring	**557**	5,554	**1,409**	6,263

Restructuring costs of $0.6 million incurred in the third quarter of 2021 mainly related to the closure of the Bournemouth manufacturing facilities announced in the fourth quarter of 2020. In the third quarter of 2020, the Corporation recorded severance costs of $5.6 million related to the cost savings initiatives implemented to reduce operating costs by re-balancing its workforce.

Other

	Three month period ended September 30		Nine month period ended September 30	
Expressed in thousands of dollars	**2021**	2020	**2021**	2020
Foreign exchange (gain) loss	**(2,591)**	2,508	**(2,927)**	(2,271)
Loss (gain) on sale of property, plant and equipment	**17**	(22)	**(29)**	(65)
Gain on disposal of investment property	**(258)**	—	**(608)**	(172)
Other	**(487)**	—	**(487)**	—
Total Other	**(3,319)**	2,486	**(4,051)**	(2,508)

Other for the third quarter of 2021 included a $2.6 million foreign exchange gain compared to a $2.5 million foreign exchange loss in the third 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. In addition, a $0.3 million and a $0.6 million gain was recorded in the third quarter of 2021 relating to the disposal of an investment property and the release of an escrow relating to property previously sold, respectively.

Interest Expense

Expressed in thousands of dollars	Three month period ended September 30		Nine month period ended September 30	
	2021	2020	**2021**	2020
Interest on bank indebtedness and long-term debt	**98**	80	**208**	225
Accretion charge for borrowings, lease liabilities and long-term debt	**670**	844	**1,965**	2,453
Discount on sale of accounts receivable	**23**	179	**251**	733
Total interest expense	**791**	1,103	**2,424**	3,411

Total interest expense of $0.8 million in the third quarter of 2021 decreased $0.3 million compared to the third quarter of 2020 mainly due to lower accretion charge on long-term debt as principal amounts decreased, and lower discount on sale of accounts receivables due to lower volume of receivables sold in the current quarter.

Provision for Income Taxes

Expressed in thousands of dollars	Three month period ended September 30		Nine month period ended September 30	
	2021	2020	**2021**	2020
Current income tax expense	**2,714**	731	**8,567**	2,642
Deferred income tax (recovery) expense	**(1,904)**	1,426	**(5,279)**	9,157
Income tax expense	**810**	2,157	**3,288**	11,799
Effective tax rate	**63.9%**	99.5%	**40.8%**	31.1%

Income tax expense for the three months ended September 30, 2021 was $0.8 million, representing an effective income tax rate of 63.9% compared to 99.5% for the same period of 2020. The change in the 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

	2021				**2020**			**2019**
Expressed in millions of dollars, except per share amounts	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
Revenues	**166.4**	167.6	176.3	180.1	163.4	162.2	238.8	246.7
Income before taxes	**1.3**	1.6	5.2	(23.6)	2.2	10.0	25.8	11.7
Net Income	**0.5**	1.1	3.3	(22.9)	0.0	6.1	20.1	9.4
Net Income per share								
Basic and diluted	**0.01**	0.02	0.06	(0.40)	0.00	0.10	0.34	0.16
EBITDA[1]	**16.1**	14.9	19.2	(6.8)	16.3	24.8	41.5	27.9
Adjusted EBITDA[1]	**16.7**	15.6	19.3	11.5	21.8	25.5	41.5	27.9

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

Commencing in March 2020, the outbreak of the COVID-19 pandemic caused disruption to air travel and commercial activities, particularly within the commercial aerospace industry, and negatively impacted global supply, demand and distribution capabilities. As a result, there was a decrease in demand for the Corporation's aerospace products and services that led to lower revenues and profits commencing in the second quarter of 2020. Since the second quarter of 2021, the Corporation began to see modest sequential growth as global domestic air travel continues to recover to pre COVID-19 levels.

Revenues and net income in the quarter were also 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 1.7004 in the fourth quarter of 2019. 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 third quarter of 2021 of $166.4 million was higher than that in the third quarter of 2020. The average quarterly exchange rate of the United States dollar relative to the Canadian dollar in the third quarter of 2021 was 1.2598 versus 1.3316 in the same period of 2020. The average quarterly exchange rate of the British pound relative to the Canadian dollar increased from 1.7212 in the third quarter of 2020 to 1.7367 during the current quarter. The average quarterly exchange rate of the British pound relative to the United States dollar strengthened from 1.2887 in the third quarter of 2020 to 1.3787 in the current quarter. Had the foreign exchange rates remained at levels experienced in the third quarter of 2020, reported revenues in the third quarter of 2021 would have been higher by $6.4 million.

As discussed above, net income reported in the quarterly information was impacted by the foreign exchange movements. Results were also negatively impacted by COVID-19 pandemic driven volume decreases in a number of commercial programs commencing in the second quarter of 2020. However, starting with the second quarter of 2021, there are some positive signs of revenue recovery as certain commercial program aircraft build rates have started to increase. The Corporation also recognized CEWS subsidy recoveries of $8.6 million, $10.4 million, and $1.0 million in the second, third and fourth quarter of 2020, respectively and $3.9 million in the second quarter of 2021, and reduced the expense that the subsidy offsets. The fourth quarter of 2019 was impacted by volume decreases in Europe, production inefficiencies in certain operating divisions and an accrual recorded in relation to the wind-down of the A380 program. 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 (earnings before interest, income taxes and depreciation and amortization) and Adjusted EBITDA (earnings 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 September 30		Nine month period ended September 30	
Expressed in thousands of dollars	**2021**	2020	**2021**	2020
Net income	**458**	11	**4,780**	26,188
Add back:				
Interest	**791**	1,103	**2,424**	3,411
Taxes	**810**	2,157	**3,288**	11,799
Depreciation and amortization	**14,057**	12,999	**39,665**	41,231
EBITDA	**16,116**	16,270	**50,157**	82,629
Add back:				
Restructuring	**557**	5,554	**1,409**	6,263
Adjusted EBITDA	**16,673**	21,824	**51,566**	88,892

Adjusted EBITDA in the third quarter of 2021 decreased $5.1 million or 23.4% to $16.7 million in comparison to $21.8 million in the same quarter of 2020 mainly as a result of lower restructuring costs, taxes, and interest, offset by higher depreciation and amortization expense, and net income.

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 September 30		Nine month period ended September 30	
Expressed in thousands of dollars	**2021**	2020	**2021**	2020
(Increase) decrease in accounts receivable	**(11,264)**	18,287	**(48,689)**	43,981
Decrease (increase) in contract assets	**2,278**	4,978	**(2,342)**	773
(Increase) decrease in inventories	**(3,649)**	3,328	**(3,232)**	(26,499)
(Increase) decrease in prepaid expenses and other	**(3,116)**	2,340	**(4,968)**	2,054
Increase (decrease) in accounts payable, accrued liabilities and provisions	**5,551**	2,846	**13,025**	(24,427)
Changes in non-cash working capital balances	**(10,200)**	31,779	**(46,206)**	(4,118)
Cash provided by (used in) operating activities	**3,052**	45,292	**(4,997)**	73,039

For the three months ended September 30, 2021, the Corporation generated $3.1 million from operating activities, compared to $45.3 million in the third quarter of 2020. Changes in non-cash working capital items used cash of $10.2 million as compared to $31.8 million generated. The quarter over quarter changes of $42.0 million were largely attributable to increases in accounts receivables from lower volume of receivables sold, higher revenues and timing of collection; increases in inventories due to timing of material purchases; lower levels of contract assets from timing of production and billing; and increases in prepaid expenses due to timing of payments. The cash usage was offset in part by increases in accounts payable, accrued liabilities and provisions primarily driven by timing of material purchases and supplier and milestone payments.

Investing Activities

	Three month period ended September 30		Nine month period ended September 30	
Expressed in thousands of dollars	**2021**	2020	**2021**	2020
Purchase of property, plant and equipment	**(3,577)**	(6,291)	**(8,548)**	(12,976)
Proceeds from disposal of property, plant and equipment	**260**	—	**346**	107
Proceeds from disposal of investment property	**356**	—	**1,000**	—
(Increase) decrease in intangible and other assets	**(702)**	4,511	**(2,514)**	(2,696)
Cash used in investing activities	**(3,663)**	(1,780)	**(9,716)**	(15,565)

Investing activities used $3.7 million of cash for the third quarter of 2021 compared to $1.8 million of cash used in the same quarter of the prior year, an increase of $1.9 million primarily due to the cost recovery of the A320neo program intangibles in the third quarter of 2020, offset by lower level of property, plant and equipment investment in the current quarter when compared to the same quarter of 2020.

Financing Activities

	Three month period ended September 30		Nine month period ended September 30	
Expressed in thousands of dollars	**2021**	2020	**2021**	2020
Decrease in debt due within one year	**(3,897)**	(5,287)	**(39,424)**	(9,235)
(Decrease) increase in long-term debt	**(348)**	791	**(1,365)**	(447)
Lease liability payments	**(1,519)**	(1,586)	**(4,891)**	(5,053)
Decrease in long-term liabilities and provisions	**(114)**	(84)	**(267)**	(886)
(Decrease) increase in borrowings subject to specific conditions, net	**—**	(8)	**(1,104)**	31
Common share repurchases	**—**	(1,560)	**—**	(2,046)
Common share dividend	**(6,061)**	(6,095)	**(18,185)**	(18,317)
Cash used in financing activities	**(11,939)**	(13,829)	**(65,236)**	(35,953)

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.

The Corporation used $11.9 million in the third quarter of 2021 primarily for the repayment of debt due within one year as the Corporation wound down it accounts receivable securitization program, and the payment of common share dividends. Usage of funds also related to payment of lease liabilities and long-term debt.

As at September 30, 2021, the Corporation had contractual commitments to purchase $4.6 million of capital assets.

Dividends

During each of the three quarters of 2021, the Corporation declared and paid quarterly cash dividends of $0.105 per common shares representing an aggregating dividend payment of $18.2 million.

Subsequent to September 30, 2021, the Corporation announced that its Board of Directors had declared a quarterly cash dividend on its common shares of $0.105 per common share. The dividend will be payable on December 31, 2021 to shareholders of record at the close of business on December 17, 2021. The Board of Directors of the Corporation reviews its dividends on a quarterly basis to ensure that the dividend declared balances the return of capital to shareholders while maintaining adequate financial flexibility as the Corporation recovers from the industry-wide impact of the COVID-19 pandemic and invests in growth initiatives.

Normal Course Issuer Bid

On May 27, 2021, the Corporation's application was approved for a Normal Course Issuer Bid to purchase through the facilities of the Toronto Stock Exchange and alternative Canadian trading platforms up to 2,886,455 common shares, over a 12-month period commencing May 27, 2021 and ending May 26, 2022. As of September 30, 2021, under the program the Corporation had not purchased common shares for cancellation.

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 November 5, 2021, 57,729,106 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 September 30, 2021, foreign exchange contracts of US$0.7 million and £3.2 million were outstanding with an immaterial fair value.

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 September 30, 2021, 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.

The worldwide COVID-19 pandemic continues to disrupt global health and the economy in 2021. The extent and duration 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. Any estimate of the length and severity of these developments is therefore subject to significant uncertainty and, accordingly, estimates of the extent to which the COVID-19 pandemic may materially and adversely affect the Corporation's operations, financial results and condition in future periods are also subject to significant uncertainty.

The Corporation is susceptible to risks relating to production disruption caused by unionized employees, including work stoppages or work slowdowns. The labour strike at the Corporation's Haley, Ontario facility which commenced at the end of the first quarter of 2021 caused work slowdowns for approximately two months, which adversely affected deliveries to the Corporation's customers and the Corporation's financial performance.

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, 2020 and to the information under "Risks Inherent in Magellan's Business" in the Corporation's Annual Information Form for the year ended December 31, 2020, which have been filed with SEDAR at www.sedar.com.

9. Outlook

The outlook for Magellan's business in 2021

According to the International Air Transport Association (IATA), global revenue passenger kilometres (RPK's) will be 40% of pre-crisis levels in 2021 and reach 61% in 2022. Although domestic travel experienced a setback in the third quarter of 2021 due to the escalating spread of the COVID-19 Delta variant in certain regions, RPK's recovered to 68% of pre-crisis levels. A general improvement was also experienced in international air travel in the third quarter of 2021 facilitated by growing vaccination rates and lessening international travel restrictions. However, international travel lags domestic travel with RPK's at around 31% of pre-COVID levels. Experts agree that the pace of vaccine rollout and government policies will determine the course of international traffic recovery.

Boeing said in its 20-year Commercial Market Outlook 2021 update, that "while the disruption to the world and our industry from COVID-19 has been massive, long-term demand drivers remain fundamentally unchanged", concluding that commercial air travel will recover quickly when restrictions are lifted, as evidenced in China and the U.S. The outlook is materially unchanged from a year earlier with a forecasted 20-year demand for 43,610 new aircraft including 32,660 single-aisle aircraft.

Regionally, North America, Europe and China are each expected to comprise approximately 20% of the total demand for new aircraft.

Airbus delivered 127 new aircraft during the third quarter of 2021. Airbus recorded gross orders of 105 aircraft, and cancellations of 10 aircraft, resulting in an order backlog of 6,893 aircraft as of September 30, 2021. Boeing delivered 85 aircraft in the same period, received gross orders for 111 aircraft and cancellations of 52 aircraft. Boeing's order backlog was 5,058 aircraft at the end of the third quarter of 2021, excluding accounting adjustments.

Airbus build rates remain as previously reported. A320 production rates increase to 45 aircraft per month in October 2021, then 49 aircraft per month by January 2022, 55 aircraft per month by mid-2022 and 61 aircraft per month by January 2023. In 2023, the rate is to increase from 61 aircraft to 67 aircraft per month. Airbus is exploring a rate of up to 75 aircraft per month by 2025. The A330 build rate remains at 2 aircraft per month, while the A350 build rate continues at 5 aircraft per month until the latter part of 2022 when 6 aircraft per month is planned. Airbus' A220 rate will reach 5 aircraft per month in 2021, 6 aircraft per month in 2022 and 2023 and ramp up to 14 aircraft per month by 2026.

Boeing's 737 production rates are expected to go from 17 aircraft to 24 aircraft per month by January 2022, then 31 aircraft per month by July 2022, and reach 52 aircraft per month by the second half of 2023. Boeing's 777 aircraft build rate remains at 2 aircraft per month and is planned to increase to 3 aircraft per month by 2023 and then 3.5 aircraft by the fourth quarter of 2023. The 787 production and delivery pause is extended to the end of 2021 due to various quality issues encountered with the aircraft.

In defence markets, industry experts believe that the U.S. may be entering a new spending phase that counter balances China's defense spending, implying that U.S. defense spending is likely to continue to grow. The F-35 Joint Program Office (JPO) and the Lockheed Martin industry team agreed on an F-35 production rebaseline to ensure "predictability and stability" in the production process while recovering the aircraft production shortfall realized over the last year during the COVID-19 pandemic. Under this agreement, Lockheed plans to deliver 133 to 139 aircraft in 2021, 151 to 153 aircraft in 2022 and 156 aircraft annually beginning in 2023. Lockheed delivered 120 F-35 aircraft in 2020.

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-

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MAGELLAN AEROSPACE

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

(unaudited) (expressed in thousands of Canadian dollars, except per share amounts)	Three month period ended September 30 2021	2020	Nine month period ended September 30 2021	2020
Revenue	**166,427**	163,377	**510,346**	564,357
Cost of revenue	**155,842**	140,635	**469,046**	479,500
Gross profit	**10,585**	22,742	**41,300**	84,857
Administrative and general expenses	**11,288**	11,431	**33,450**	39,704
Restructuring	**557**	5,554	**1,409**	6,263
Other	**(3,319)**	2,486	**(4,051)**	(2,508)
Income before interest and income taxes	**2,059**	3,271	**10,492**	41,398
Interest expense	**791**	1,103	**2,424**	3,411
Income before income taxes	**1,268**	2,168	**8,068**	37,987
Income taxes				
Current	**2,714**	731	**8,567**	2,642
Deferred	**(1,904)**	1,426	**(5,279)**	9,157
	810	2,157	**3,288**	11,799
Net income	**458**	11	**4,780**	26,188
Other comprehensive income				
Other comprehensive income (loss) that may be reclassified to profit and loss in subsequent periods:				
Foreign currency translation	**6,836**	(807)	**(5,110)**	8,424
Items not to be reclassified to profit and loss in subsequent periods:				
Re-measurements on defined benefit pension and other post-employment benefit plans, net of taxes	**(1,537)**	871	**11,052**	(6,895)
Comprehensive income	**5,757**	75	**10,722**	27,717
Net income per share				
Basic and diluted	**0.01**	0.00	**0.08**	0.45

MAGELLAN AEROSPACE CORPORATION
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited) (expressed in thousands of Canadian dollars)	September 30 2021	December 31 2020
Current assets		
Cash	**33,960**	113,938
Trade and other receivables	**161,903**	114,404
Contract assets	**72,725**	70,388
Inventories	**215,337**	213,120
Prepaid expenses and other	**16,825**	12,915
	500,750	524,765
Non-current assets		
Property, plant and equipment	**398,779**	420,340
Right-of-use assets	**35,874**	40,098
Investment properties	**1,688**	2,127
Intangible assets	**49,316**	55,155
Goodwill	**21,848**	21,982
Other assets	**7,230**	7,301
Deferred tax assets	**2,119**	834
	516,854	547,837
Total assets	**1,017,604**	1,072,602
Current liabilities		
Accounts payable and accrued liabilities and provisions	**127,778**	114,706
Debt due within one year	**10,070**	50,098
	137,848	164,804
Non-current liabilities		
Long-term debt	**3,271**	4,865
Lease liabilities	**32,027**	35,222
Borrowings subject to specific conditions	**24,237**	24,984
Other long-term liabilities and provisions	**6,927**	21,539
Deferred tax liabilities	**34,878**	35,309
	101,340	121,919
Equity		
Share capital	**252,342**	252,342
Contributed surplus	**2,044**	2,044
Other paid in capital	**13,565**	13,565
Retained earnings	**490,328**	492,681
Accumulated other comprehensive income	**16,760**	21,870
Equity attributable to equity holders of the Corporation	**775,039**	782,502
Non-controlling interest	**3,377**	3,377
Total equity	**778,416**	785,879
Total liabilities and equity	**1,017,604**	1,072,602

MAGELLAN AEROSPACE CORPORATION
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited) (expressed in thousands of Canadian dollars)	Three month period ended September 30		Nine month period ended September 30	
	2021	2020	**2021**	2020
Cash flow from operating activities				
Net income	**458**	11	**4,780**	26,188
Amortization/depreciation of intangible assets, right-of-use assets and property, plant and equipment	**14,057**	12,999	**39,665**	41,231
Loss (gain) on disposal of property, plant and equipment	**17**	(22)	**(29)**	(65)
Gain on disposal of investment property	**(258)**	—	**(608)**	—
Increase (decrease) in defined benefit plans	**316**	(358)	**885**	(10)
Accretion	**674**	844	**1,978**	2,453
Deferred taxes	**(1,985)**	17	**(5,531)**	7,444
(Income) loss on investments in joint ventures	**(27)**	22	**69**	(84)
Changes to non-cash working capital	**(10,200)**	31,779	**(46,206)**	(4,118)
Net cash provided by (used in) operating activities	**3,052**	45,292	**(4,997)**	73,039
Cash flow from investing activities				
Purchase of property, plant and equipment	**(3,577)**	(6,291)	**(8,548)**	(12,976)
Proceeds from disposal of property, plant and equipment	**260**	—	**346**	107
Proceeds from disposal of investment property	**356**	—	**1,000**	—
(Increase) decrease in intangible and other assets	**(702)**	4,511	**(2,514)**	(2,696)
Net cash used in investing activities	**(3,663)**	(1,780)	**(9,716)**	(15,565)
Cash flow from financing activities				
Decrease in debt due within one year	**(3,897)**	(5,287)	**(39,424)**	(9,235)
(Decrease) increase in long-term debt	**(348)**	791	**(1,365)**	(447)
Lease liability payments	**(1,519)**	(1,586)	**(4,891)**	(5,053)
Decrease in long-term liabilities and provisions	**(114)**	(84)	**(267)**	(886)
(Decrease) increase in borrowings subject to specific conditions, net	**—**	(8)	**(1,104)**	31
Common share repurchases	**—**	(1,560)	**—**	(2,046)
Common share dividend	**(6,061)**	(6,095)	**(18,185)**	(18,317)
Net cash used in financing activities	**(11,939)**	(13,829)	**(64,236)**	(35,953)
(Decrease) increase in cash during the period	**(12,550)**	29,683	**(79,949)**	21,521
Cash at beginning of the period	**46,283**	61,730	**113,938**	69,637
Effect of exchange rate differences	**227**	(213)	**(29)**	42
Cash at end of the period	**33,960**	91,200	**33,960**	91,200