

## Latécoère to increase its exposure to North American defence and commercial aircraft segments through acquisition of Avcorp

**Toulouse, May 5, 2022** – Latécoère (the “**Company**” or the “**Group**”), a "Tier 1" international partner of the world's major aircraft manufacturers, announces today it has entered into a definitive Arrangement Agreement to acquire all of the issued and outstanding common shares in the capital of Avcorp Industries Inc. (“**Avcorp**”), a Canadian domiciled company that builds major airframe structures for some of the world’s leading aircraft companies.

Avcorp is an aerostructures supplier of wing sub-assemblies, large scale composite parts and after-market services, with exposure to key platforms including F-35, B737 Max, B767 and B787. Avcorp generated CAD\$99 million in revenue in 2021 with over 450 skilled employees. The company has three major manufacturing sites in Delta, British Columbia (metallic and composite aerostructures assembly and integration), Gardena, California (advanced composite aerostructures fabrication capabilities) and Burlington, Ontario (structural component repair services for commercial aircrafts).

### **Strategic Fit**

The acquisition of Avcorp is part of Latécoère’s 2025 roadmap to achieve profitable growth as an active consolidator of the aeronautics industry. In this context, the Company has already completed a number of acquisitions in 2021 (Bombardier EWIS, TAC and SDM) as well as announced the acquisition of MADES, which is subject to the approval by the Spanish Council of Ministers pursuant to defence foreign direct investment regulations and is expected to close during Q2 2022. The acquisition of Avcorp continues this consolidation, strengthening the Group’s Aerostructures business by way of:

- ✓ Growing **North American defence** exposure
- ✓ Diversifying Latécoère’s platform exposure, with the addition of the **B737 Max and F-35**
- ✓ Strengthening North American manufacturing presence and **improving geographic proximity to North American customers**
- ✓ Broadening its aerostructures capabilities, with the **addition of wing sub-assemblies and large scale composite capabilities**
- ✓ Expanding its **Boeing Company and Bombardier** relationships, as well as gaining new commercial relationships with **BAE Systems, Lockheed Martin and Subaru**

The Avcorp management team is led by Amandeep Kaler, CEO, who has a solid track record in the industry and has been working within the company for over 20 years. This team will continue to manage the company and support business activity.

**Thierry Mootz, Group Chief Executive Officer, stated:** *“In 2021 Latécoère has actively participated in aerospace market consolidation, which continues into 2022 with the acquisition of Avcorp. Avcorp is an excellent business with a track record of delivering first class performance. Its successful management team share our approach and vision for the enlarged business. The two businesses have complementary client bases, geographical strengths and service offerings. There are exciting opportunities to combine Avcorp's expertise in defence and strong presence in North America with Latécoère's end-to-end technical capabilities and global footprint. Thanks to this new acquisition the Group is well positioned to serve the aerospace industry with innovative solutions for a sustainable world and on track to deliver its Ambition 2025 growth plan. On the top of rescaling the Group, it will reposition the company on profitable growing segments.”*

Commenting on the transaction **Amandeep Kaler, CEO of Avcorp, said:** *“This transaction represents the culmination of an extended strategic review through a very challenging business environment to find a partner with the financial strength and expanded customer base to build upon Avcorp's developed expertise in composite aerostructure assembly and integration. Along with an attractive premium to the weighted average share price, the transaction provides a liquidity event for all of our shareholders. In addition, Avcorp's stakeholders will benefit from the enhanced financial position, broader customer base and improved competitive position resulting from the integration with a Tier 1 international partner.”*

#### **Transaction Key Terms and Time Line**

Under the terms of the Arrangement Agreement, Latécoère has agreed to acquire all of the issued and outstanding common shares of Avcorp (each, an **“Avcorp Share”**) for consideration of CAD\$0.11 in cash per Avcorp Share. The consideration reflects a 16% premium to the closing price of the Avcorp Shares on the Toronto Stock Exchange (the **“TSX”**) of CAD\$0.095 on 4 May, 2022, the last trading day of Avcorp Shares prior to the announcement of the Arrangement (defined below), and a 38% premium to the weighted average trading price of the Avcorp Shares on the TSX of CAD\$0.080 for the 90 trading days ended on 4 May, 2022. Pursuant to the proposed transaction, the purchaser will pay a total of approximately CAD\$41 million for the Avcorp Shares. This acquisition is fully financed with Group cash on hand.

The transaction will be implemented by way of a court-approved plan of arrangement under the *Canada Business Corporations Act* (the **“Arrangement”**). The Avcorp Board has unanimously approved the transaction and has recommended that Avcorp shareholders vote their Avcorp Shares in favour of the Arrangement.

The transaction is expected to close in Q3 2022 and is subject to customary closing conditions for a transaction of this nature, including court approval of the Arrangement, applicable regulatory and stock exchange approvals (including Committee on Foreign Investment in the US (CFIUS) and *Investment Canada Act* clearance), customer consents and Avcorp shareholder approval.

RBC Capital Markets acted as financial advisor to Latécoère. Goodmans LLP and Kirkland & Ellis LLP acted as legal counsels to Latécoère. Fort Capital Partners acted as financial advisor to the Special Committee of Avcorp. McMillan LLP acted as legal counsel to Avcorp.

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## About Avcorp

*The Avcorp Group designs and builds major airframe structures for some of the world's leading aircraft companies, including BAE Systems, Boeing, Bombardier, Lockheed Martin and Subaru Corporation. The Avcorp Group has more than 65 years of experience, over 450 skilled employees and 560,000 square feet of facilities. Avcorp Structures & Integration located in Delta British Columbia, Canada is dedicated to metallic and composite aerostructures assembly and integration; Avcorp Engineered Composites located in Burlington Ontario, Canada is dedicated to design and manufacture of composite aerostructures, and Avcorp Composite Fabrication located in Gardena California, USA has advanced composite aerostructures fabrication capabilities for composite aerostructures. The Avcorp Group offers integrated composite and metallic aircraft structures to aircraft manufacturers, a distinct advantage in the pursuit of contracts for new aircraft designs, which require lower-cost, light-weight, strong, reliable structures. Comtek Advanced Structures Ltd., at our Burlington, Ontario, Canada location also provides aircraft operators with aircraft structural component repair services for commercial aircraft.*

*Avcorp Composite Fabrication Inc. is wholly owned by Avcorp US Holdings Inc. Both companies are incorporated in the State of Delaware, USA, and are wholly owned subsidiaries of Avcorp Industries Inc.*

*Comtek Advanced Structures Ltd., incorporated in the Province of Ontario, Canada, is a wholly owned subsidiary of Avcorp Industries Inc.*

*Avcorp Industries Inc. is a federally incorporated reporting company in Canada and traded on the Toronto Stock Exchange (TSX:AVP).*

## About Latécoère

*As a "Tier 1" international partner of the world's major aircraft manufacturers (Airbus, Boeing, Bombardier, Dassault, Embraer and Mitsubishi Aircraft), Latécoère serves aerospace with innovative solutions for a sustainable world. The Group is active in all segments of the aeronautics industry (commercial, regional, business and military aircraft), in two areas of activity:*

- *Aerostructures (46% of turnover): fuselage sections and doors,*
- *Interconnection Systems (54% of turnover): wiring, electrical furniture and on-board equipment.*

*As of December 31, 2021, the Group employed 4,764 people in 14 different countries. Latécoère, a French limited company capitalised at €133,912,589.25 divided into 535,650,357 shares with a par value of €0.25, is listed on Euronext Paris - Compartment B, ISIN Codes: FR0000032278 - Reuters: LAEP.PA - Bloomberg: LAT.FP.*

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