

c1808

r f BC-Magellan-earnings 03-07 1181

News release via Canada NewsWire, Toronto 416-863-9350 -ME-

Attention Business/Financial Editors:
^Magellan Aerospace Corporation@

TORONTO, March 7 /CNW/ - Magellan Aerospace Corporation (the "Corporation") today released results for the quarter and year ended December 31, 1999.

The financial results are summarized as follows:

<<

thousands, except per share amounts	Three Months Ended December 31			Year Ended December 31		
	1999	1998	PERCENTAGE CHANGE	1999	1998	PERCENTAGE CHANGE
Revenue	\$159,940	\$134,506	18.9%	\$561,829	\$426,942	31.6%
Net Income	\$ 14,029	\$ 10,768	30.3%	\$ 42,840	\$ 32,336	32.5%
Net Income Per Share	\$ 0.22	\$ 0.18	22.2%	\$ 0.69	\$ 0.55	25.5%
EBITDA	\$ 29,396	\$ 17,386	69.1%	\$ 81,522	\$ 52,040	56.7%
EBITDA Per Share	\$ 0.46	\$ 0.29	58.6%	\$ 1.30	\$ 0.88	47.7%

>>

operating results

Results for the year reflect both the impacts of continued strong internal growth by the Corporation and the inclusion of recent acquisitions. Revenue for the year ended December 31, 1999 was \$561.8 million or 31.6% higher than revenue of \$426.9 million reported for fiscal 1998. Net income for 1999 of \$42.8 million represents an improvement of \$10.5 million, or 32.5%, over net income reported in 1998. As new programs move through the start-up phase, the Corporation's revenue will continue to grow. Gross margins and particularly administrative and general expenses as a percentage of sales continued to improve period over period, contributing to this stronger net income. For the year ended December 31, 1999, previously unrecorded benefits from tax loss carryforwards were fully applied to reduce the effective income tax rate. As a result of fully applying the loss carryforwards and due to the Corporation having higher than anticipated income, the tax rate was slightly higher than anticipated at 17% for 1999 and 28% in the fourth quarter.

recent developments

In November 1999, Magellan announced the award from GKN Westland Helicopters of two contracts to manufacture major structures for the Cormorant Helicopter, the Canadian Governments choice to fill the Canadian Forces Search and Rescue role. The contracts bring the value of released work to-date to over \$21 million, with potential for an additional \$60 million through worldwide sales of the helicopter. The fourth quarter also saw continued business development activities with European firms, and with The Boeing Company. The Boeing efforts led to the signing of a five-year Long-Term Contract with Boeing Commercial Airplanes Group valued at over \$600 million, announced in February 2000. Under this contract, Magellan will manufacture components and assemblies for the New Generation 737, 747, 757, 767, and 777 aircraft.

year 2000

Preparations for Year 2000 roll over were completed, tested and fully successful in averting any Y2K problems across all Magellan operations.

summary

The Corporation has launched a number of initiatives to ensure continued growth, and to insulate itself from the forecast slackening of civil aircraft work over the next two years. Advances were made to increase Magellan exposure to European based opportunities, and to the business and regional jet markets, each of which continues to show rapid growth. New defence contracts were achieved in both aeroengine and aerostructure product lines and proprietary products in space and civil aviation successfully reached new stages of development and test. The order book remains strong, and new opportunities identified in 1999 will bring results in 2000 and beyond.

<<
financial information

MAGELLAN AEROSPACE CORPORATION
CONDENSED CONSOLIDATED INCOME STATEMENTS

(thousands, except per share amounts)	Three months ended December 31		Year ended December 31	
	1999 ----	1998 ----	1999 ----	1998 ----
Revenue	\$ 159,940	\$ 134,506	\$ 561,829	\$ 426,942
Cost of revenues	126,061	110,005	457,938	349,029
Gross profit	33,879	24,501	103,891	77,913
Administrative and general expenses	10,481	9,155	39,271	33,834
Research & development	107	688	470	1,621
Interest expense and other	3,791	3,367	12,496	9,079
	14,379	13,210	52,237	44,534
Income before income taxes	19,500	11,291	51,654	33,379
Income taxes - current	2,086	523	3,983	1,043
- deferred	3,385	--	4,831	--
Income for the period	\$ 14,029	\$ 10,768	\$ 42,840	\$ 32,336
Earnings per common share	\$ 0.22	\$ 0.18	\$ 0.69	\$ 0.55

MAGELLAN AEROSPACE CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
at December 31

	1999 ----	1998 ----
(in thousands)		
ASSETS		
Current		
Cash and cash equivalents	\$ 6,297	\$ 2,453
Accounts receivable	91,058	71,758
Inventories	220,648	169,092
Prepaid expenses and other	9,966	7,471
Total current assets	327,969	250,774

Capital assets	237,112	139,193
Goodwill	13,235	12,881
Other	5,258	5,112
	-----	-----
	\$ 583,574	\$ 407,960
	-----	-----
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	\$ 53,434	\$ 44,172
Accounts payable and accrued charges	82,910	69,282
Deferred revenue	4,732	3,628
Current portion of long-term debt	20,799	22,162
	-----	-----
Total current liabilities	161,875	139,244
	-----	-----
Deferred tax	3,977	--
Long-term debt	171,267	87,163
Other long-term liabilities	14,674	5,141
Shareholders' equity:		
Common shares	143,768	128,540
Retained earnings	90,712	47,872
Foreign exchange translation	(2,699)	--
	-----	-----
Total shareholders' equity	231,781	176,412
	-----	-----
	\$ 583,574	\$ 407,960
	-----	-----

MAGELLAN AEROSPACE CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(thousands)	Year ended	
	December 31	
	1999	1998
	----	----
OPERATING ACTIVITIES		
Income for the period	\$ 42,840	\$ 32,336
Add items not affecting cash		
Depreciation and amortization	14,714	9,582
Deferred taxes	4,831	--
	-----	-----
	62,385	41,918
Net change in non-cash working capital items relating to operating activities	(25,812)	(30,747)
	-----	-----
Cash provided in operating activities	36,573	11,171
	-----	-----
INVESTING ACTIVITIES		
Acquisitions	(87,961)	(29,643)
Purchase of capital assets	(28,749)	(34,012)
Increase in other assets	(1,743)	(2,057)
	-----	-----
Cash used in investing activities	(118,453)	(65,712)
	-----	-----
FINANCING ACTIVITIES		
Increase in bank indebtedness	9,113	12,913
Increase in deferred liability	9,533	5,141
Increase in long-term debt	52,003	26,075
Issue of common shares	15,228	6,174
	-----	-----
Cash provided by financing activities	85,877	50,303
	-----	-----

Effect of exchange rate changes on cash	(153)	124
	-----	-----
Increase (decrease) in cash and cash equivalents	3,844	(4,114)
Cash and cash equivalents beginning of period	2,453	6,567
	-----	-----
Cash and cash equivalents end of period	\$ 6,297	\$ 2,453
	-----	-----

>>

Magellan Aerospace Corporation, whose shares (MAL) are traded on The Toronto Stock Exchange, manufactures, repairs and overhauls products for the international aerospace industry through the following subsidiaries and divisions: Bristol Aerospace Limited of Winnipeg and Rockwood, Manitoba; Chicopee Manufacturing Limited of Kitchener, Ontario; Fleet Industries Ltd. of Fort Erie, Ontario; Orenda Aerospace Corporation of Mississauga, Ontario; Orenda Recip Inc. of Truro, Nova Scotia; Orenda AeroTech of Richmond, British Columbia; Aeronca, Inc. of Middletown, Ohio; AMBEL Precision Manufacturing Corporation of Bethel, Connecticut; Middleton Aerospace Corporation of Middleton and Peabody, Massachusetts; Langley Division of Lemon Grove, California; and Ellanef Manufacturing Corporation of Corona and Bohemia, New York.

%SEDAR: 00002367E

-0-

03/07/2000

/For further information: Richard A. Neill, (905) 677-1889, President & Chief Operating Officer; John B. Dekker, (905) 677-1889, Vice President Finance & Treasurer; www.malaero.com/

(MAL.)

CO: Magellan Aerospace Corporation
ST: Ontario
IN: ARO
SU: ERN

-30-

CNW 11:04e 07-MAR-00