



LE PARTENAIRE  
**DES GRANDS INDUSTRIELS  
DE L'AÉRONAUTIQUE**

**ODDO FORUM  
JANUARY 2018**



*FIGEAC AERO*

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FIGEAC AÉRO in brief

# A player at the heart of the value chain

## ENGINE EQUIPMENT MANUFACTURERS



## MANUFACTURERS



## SUB-CONTRACTING

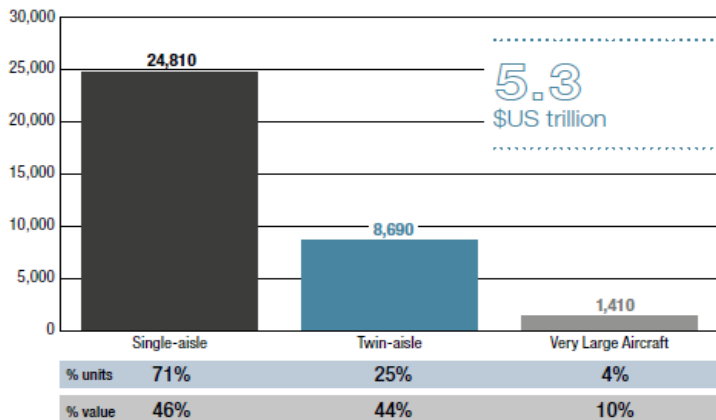
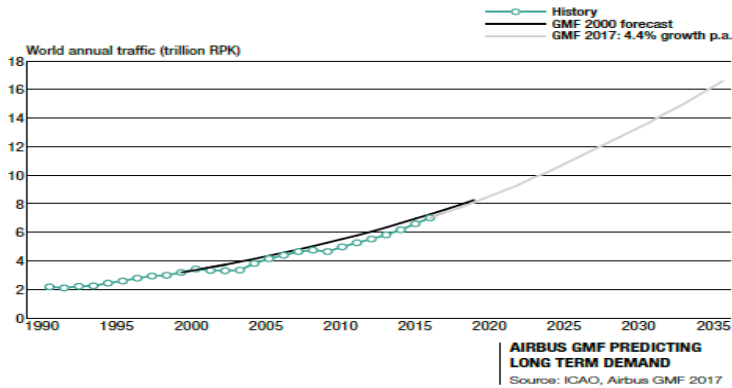


## SUB-ASSEMBLERS



# In an expanding market

## Strong passenger-air-traffic demand



20-YEAR NEW DELIVERIES OF PASSENGER AND FREIGHTER AIRCRAFT: 34,900 UNITS

Source: Airbus GMF 2017  
Rounded figures to the nearest 10



## FIGEAC AERO is a pure aeronautic player, No. 2 in Europe

### Production

#1 in France<sup>1</sup>

#2 in Europe<sup>1</sup>

Located in 5 countries

3,300 employees

### 3 main players in Europe<sup>1</sup>

- #1
- #2
- #3

(1) Source: company, based on 2014 turnover figures (Asco: €412 million, Mecachrome: €335 million – Aeronautics + Automotive)

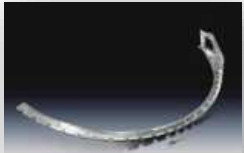
34,900 aircraft (with 100+ seats) to be delivered over 20 years

# #1 in France / #2 in Europe

## Structural parts

Aluminium

Hard metals



26 mm



26 m



## Sheet metal parts



## Parts

Motors

Precision



## Assembly





Highlights

# Our priority communicated in July 2017

Maintenance of the EBITDA margin at a record level in the aerospace segment

Reduction in capex

2018e: ± €65 million

2019e: < €50 million

Gain of 60 days on WCR

from construction contract inventories

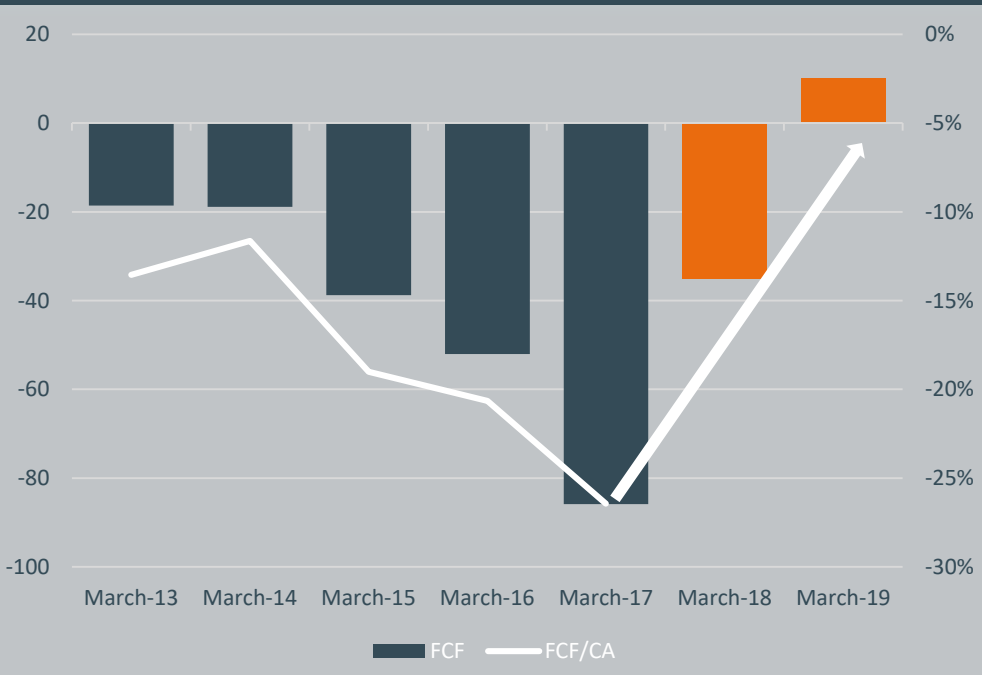
from raw materials inventories

from work in progress and finished goods inventories

## Positive Free Cash Flow by March 2019

# Strong improvement in FCF in H1 2017/2018

In € millions **Change in FCF March 2013-March 2019**



**Noteworthy effort on this financial indicator between 2017 and 2019**

- | FCF in H1 2017/2018 **significantly improved to -€24.3 million** vs. -€45.3 million in H1 2016/2017
- | **2017/2018 FCF target around -€35 million** compared to -€86 million in 2016/2017



**2019: Positive and recurring FCF**

# Contracts awarded in 2017 to continue growth



- | A new US\$70 million contract and total value of US\$300 million for the E-Jet E2 program
- | Production of large titanium and aluminium parts

E175-E2

E190-E2

E195-E2

FULL CAPACITY BY 2020



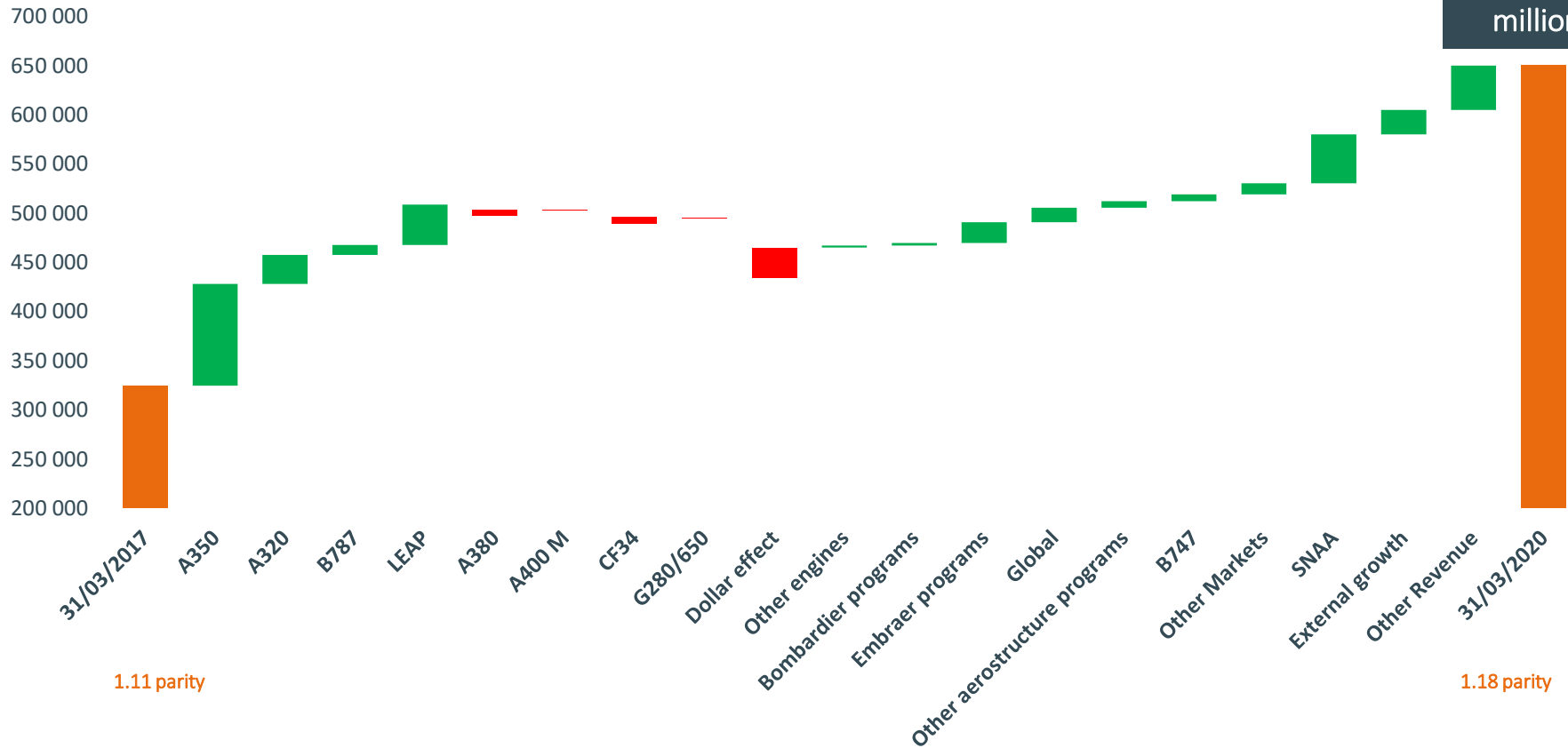
- | Contract valued at US\$21 million over 3 years
- | Production of titanium sheet metal parts



# Clear growth scenario from 2017 to 2020

In € thousands

## Change in revenue 2017-2020



March 2020  
≥ €650  
million<sup>1</sup>

1.11 parity

1.18 parity

1: based on the current rates communicated by manufacturers



# H1 2017/2018 results

*Financial statements approved by the Board of Directors on 26 December 2017*

# H1 2017/2018: Highlights

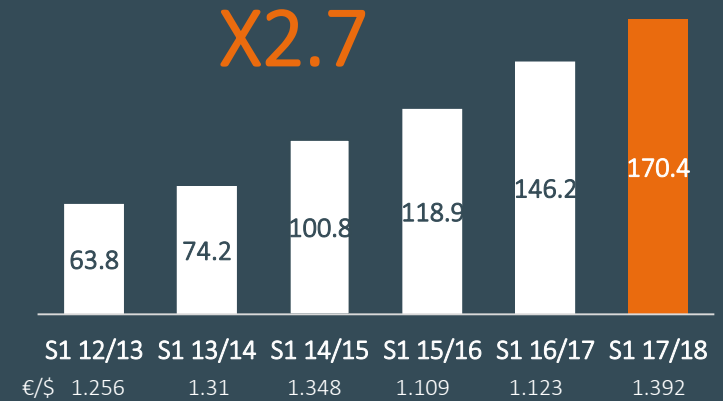
## Business growth

- H1 2017/2018 revenue up by 16.5%
- Negative impact of unfavourable change in the €//\$ parity: €2.6 million
- Impact of the transfer of management of materials of certain contracts to the instructing party €10 million

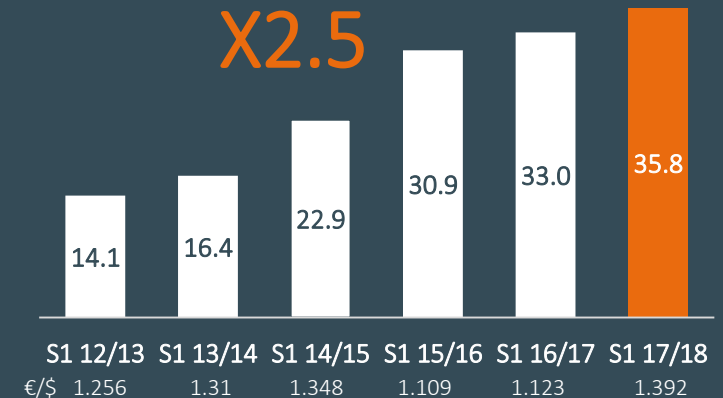
Continued high profitability with a corrected EBITDA<sup>1</sup> margin of 21% at €35.8 million including a negative €1.3 million dollar impact and a €1.4 million dilutive impact of Auvergne Aéro Group

Corrected EBITDA margin at constant scope and exchange rates is 22.4%.

Change in H1 Revenue - In € millions



Change in H1 corrected EBITDA<sup>1</sup> In € millions



<sup>1</sup> Corrected EBITDA = current operating income + depreciation and amortisation + net provisions - before the breakdown of R&D expenses capitalised by the Group by type

# An ambitious plan to reduce WCR at all sites

## Return portage of raw materials to our customers

- Workforce on part of LEAP program
- Workforce on part of A350 XWB program

## Decrease in production cycles and inventories with increase in revenue

- €15 million drop in expected inventories in H2
  - €9 million impact from return of customer materials
  - Improvement in industrial processes  
Expected gain of €6 million

H1 2017/2018:  
change in WCR down  
by more than €6 million  
in a growth phase

Saint Nazaire

Wichita

Factory of the  
Future + Figeac  
extension

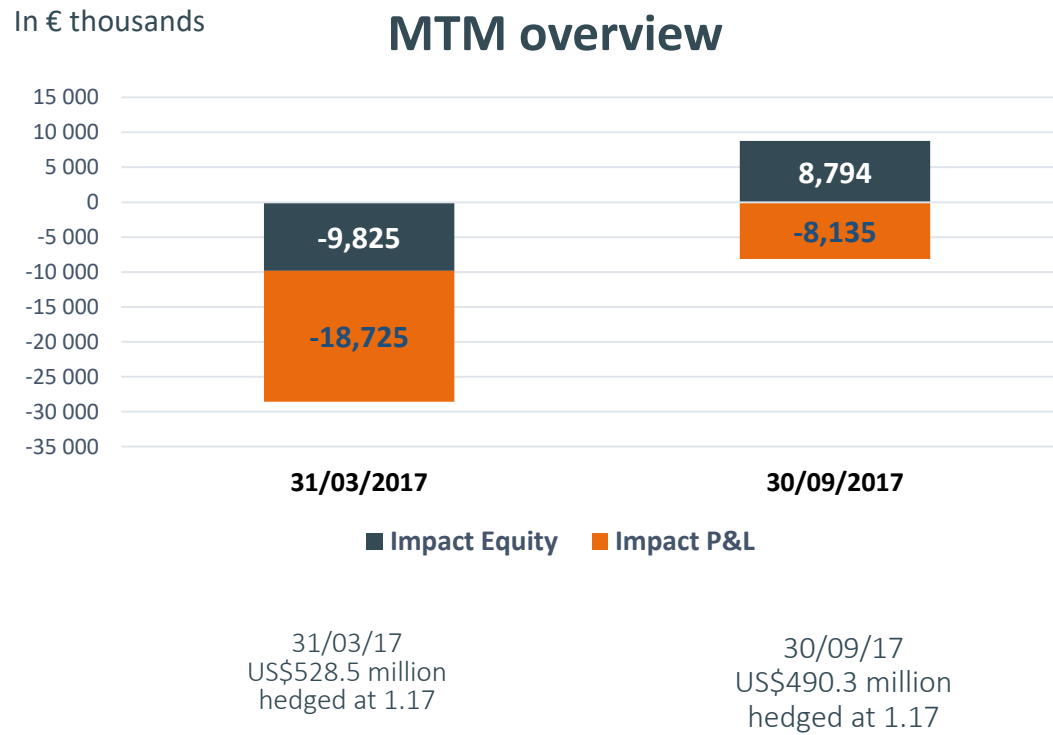
Morocco

Mexico

Auvergne Aéro

# H1 2017/2018: change in Mark to Market

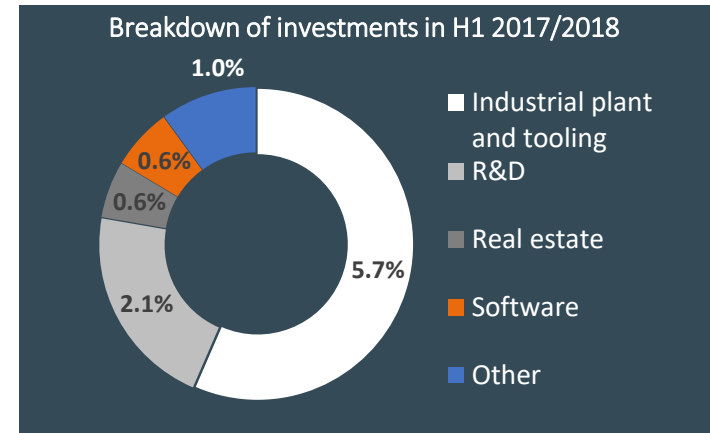
Mark To Market (MTM) generated by the Group's currency hedging positions was +€0.6 million at 30 September 2017 vs. -€28.5 million in March 2017. Most reclassification of positions occurred directly in shareholders' equity



# H1 2017/2018: €7.5 million reduction in net capex

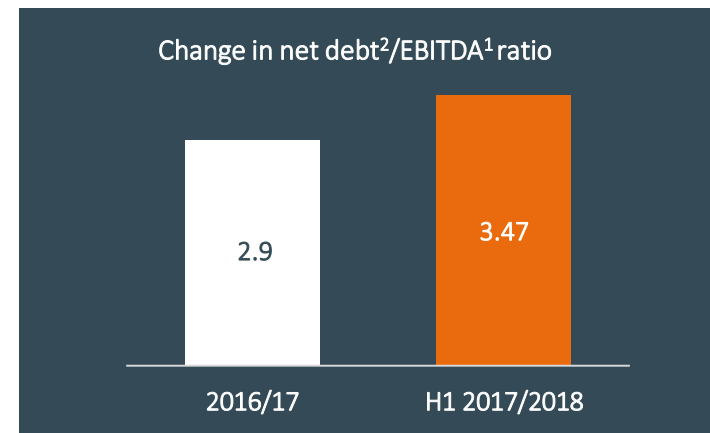
## €28.7 million in net capex

- New machining process (aerostructure and engines)
- Software purchases
  - ✓ Implementation of new ERP software
- Building of the Surface Treatment and Sheet Metal part of the Mexico site



Rising net debt from growth, but it is under control

Net debt<sup>2</sup>/EBITDA<sup>1</sup> ratio:  
3.47x vs. 2.9x at 31/03/17



<sup>1</sup> EBITDA = Current operating income + depreciation and amortisation + net provisions - before the breakdown of R&D expenses capitalised by the Group by type

<sup>2</sup> see page 18

# H1 2017/2018

## Simplified income statement

€ thousands, IFRS	30/09/2016	30/09/2017	Change
Revenue <sup>1</sup>	146,234	170,430	+16.5%
Corrected EBITDA <sup>2</sup>	33,061	35,791	+8.5%
<i>Corrected EBITDA<sup>2</sup>/revenue</i>	22.6%	21%	
EBITDA	31,873	34,771	+9.1%
<i>EBITDA/Revenue</i>	21.8%	20.4%	
Current operating income	15,614	18,868	+20.8%
<i>COI/revenue</i>	10.7%	11.1%	
Other operating income	34	130	
Other operating expenses	(11)	(936)	
Operating income	15,637	18,062	+15.5%
Cost of net financial debt	(2,062)	(2,347)	
Foreign exchange gains and losses	(10,809)	(6,916)	
Unrealised gains and losses on financial instruments	16,394	7,981	
Other financial income and expenses	(257)	(29)	
Income tax expense	(5,795)	(1,023)	
Net income (Group share)	13,016	15,727	+20.8%

EBITDA growth, which includes

- Auvergne Aéro dilutive effect (€1.4 million)
- Change in €//\$ hedging (€1.3 million)

At constant scope and exchange rates

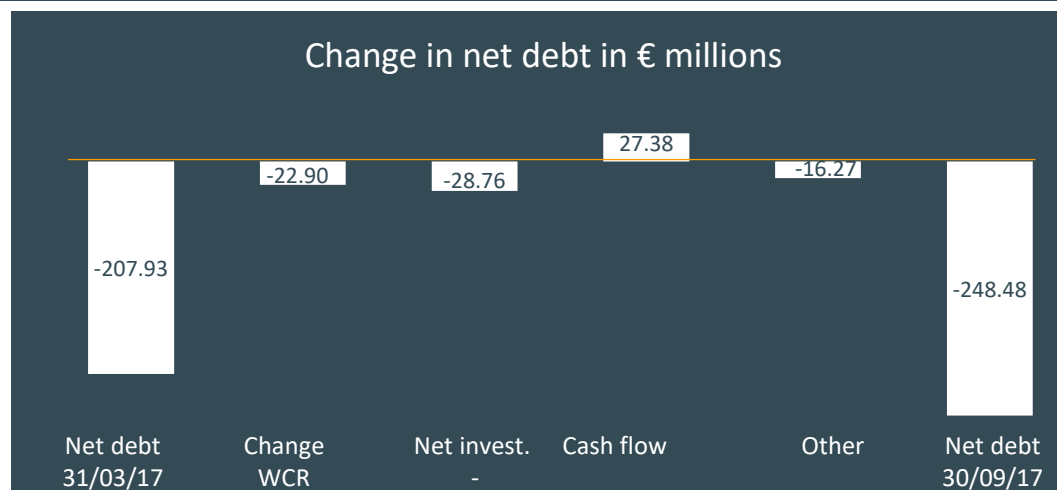
- Corrected EBITDA margin: 22.4%

The impact of foreign exchange transactions on net profit was slightly positive, at €1.0 million versus €5.6 million in H1 2015/2016

<sup>1</sup> 2017/2018 revenue is calculated at the average monthly €//\$ exchange rate of 1.1392 over the period, and 2016/2017 revenue is calculated at the average monthly €//\$ rate of 1.1230 over the period

<sup>2</sup> Corrected EBITDA = Current operating income + depreciation and amortisation + net provisions -before the breakdown of R&D expenses capitalised by the Group by type

# Financial structure



In € thousands

	March 2017	September 2017
Shareholders' equity	211,310	242,074
Net financial debt	207,932	248,485
Gearing <sup>1</sup>	0.98	1.03
Net debt / EBITDA <sup>2</sup>	2.9	3.47

<sup>1</sup> Gearing: net financial debt/equity

<sup>2</sup> EBITDA = Current operating income + depreciation and amortisation + net provisions - before the breakdown of R&D expenses capitalised by the Group by type

# H1 2017/2018

## Simplified cash flow statement

€ thousands, IFRS	30/09/2016	31/03/2017	30/09/2017
Cash flow before borrowing costs and taxes	20,237	42,829	27,379
Change in working capital requirements	(29,258)	(52,666)	(22,932)
<b>Net cash flow from operating activities</b>	<b>(9,021)</b>	<b>(9,837)</b>	<b>4,447</b>
<b>Net cash flow related to investing activities</b>	<b>(36,248)</b>	<b>(76,033)</b>	<b>(28,761)</b>
Capital increases and subsidies received	125	131	-
Change in loans and repayable advances	(3,556)	1,825	3,106
<b>Net cash flow from financing activities</b>	<b>(3,431)</b>	<b>1,956)</b>	<b>3,106</b>
Change in cash flows	(48,700)	(83,914)	(21,207)
Net cash position	12,060	(23,068)	(44,419)

| Improvement in cash flow (before borrowing costs and taxes): +35.3% vs. 30/09/2016

| Sharp drop in WCR: €6.3 million vs. 30/09/2016 in a context of growth

**Positive net cash flow from operating activities, up sharply to €4.5 million**  
(vs. -€9.8 million at 31/03/2017 and -€9.0 million at 30/09/2017)

| Net investments down by €7.5 million vs. 30/09/16

FCF up significantly by €21 million (-€24.3 million vs. -€45.3 million at 30/09/17)

# Simplified balance sheet

€ thousands - IFRS	31/03/2017	30/09/2017
Fixed assets	239,415	260,406
Other non-current assets (1)	2,819	4,905
Inventories	238,119	264,112
Trade receivables	90,708	73,116
Tax receivables	12,319	12,501
Other current assets	16,817	24,224
Cash and cash equivalents	30,543	12,320
<b>TOTAL ASSETS</b>	<b>630,739</b>	<b>651,583</b>
Shareholders' equity	211,310	242,074
Non-current financial liabilities	145,162	150,067
Non-current liabilities (2)	66,553	43,648
Short term borrowings	53,611	56,738
Current portion of financial liabilities	39,702	54,000
Trade payables and related accounts	81,003	70,887
Current liabilities (3)	33,397	34,168
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>630,739</b>	<b>651,583</b>

- (1) *Equity investments + Deferred taxes + Financial instruments + Other financial assets + Other non-current assets.*
- (2) *Other provisions + Deferred taxes + Provision for retirement + Financial instruments + Other non-current liabilities + Non-current portion of deferred income.*
- (3) *Fiscal liabilities + Tax liabilities + Financial instruments + Other current liabilities + Derivative income.*

# Issue of ORNANE

## Success of the €100 million ORNANE issue

- | ORNANE: bond redeemable in cash and/or new and/or existing shares
- | Nominal value: €25.70, i.e., a 30% issue premium
- | Annual interest rate: 1.125%
- | Maturity: 2022
- | Low dilution compared to a traditional convertible bond

Continuation of the strategy of internal growth and growth by acquisition,  
and the strategy of diversification of financing sources



Outlook



# Confirmed targets

Growth

March 2020:  $\geq$  €650 million<sup>1</sup>

Investments

March 2018: ~€65 million  
March 2019: ~€50 million

Free cash flow

March 2018: ~-€35 million  
March 2019 positive FCF

1: based on a 1.18 €/€ exchange rate and the current rates communicated by manufacturers

# Strong leverage

A close-up photograph of an industrial machine, likely a lathe or mill, with a large amount of coolant spray being directed at a workpiece. The scene is dimly lit, with the coolant creating a misty atmosphere. The machine's components are metallic and show signs of use.

#1: Industrial excellence

#2: Close customer relations

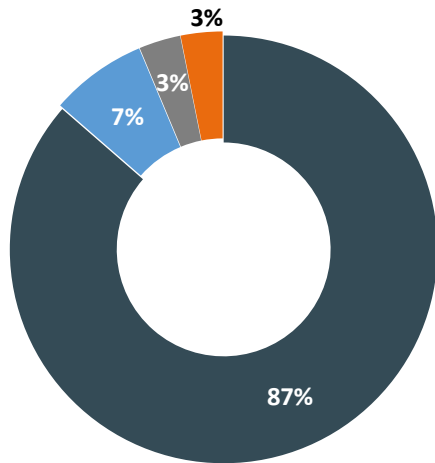
#3: Competitiveness



Appendix

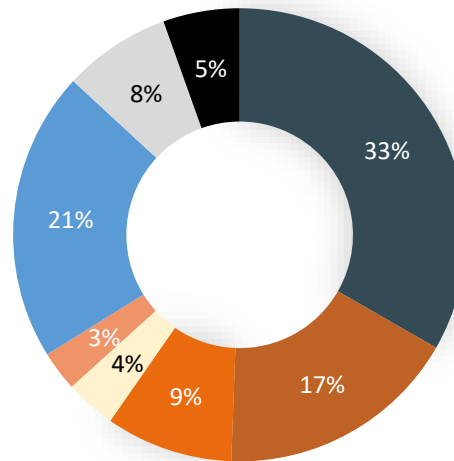
# H1 2017/2018: €170.4 million in revenue

## Revenue by business line



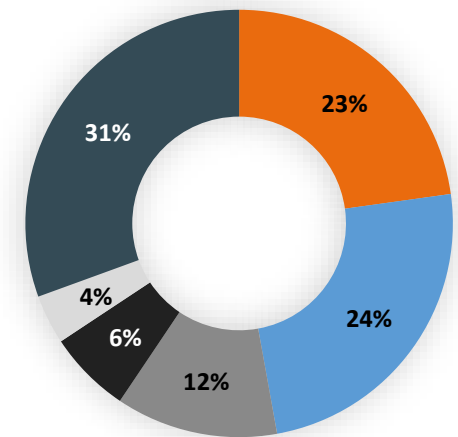
- Aerostructures
- Machining and surface treatment
- General engineering and forming activities
- Assembly on site

## Revenue by program



- A350
- A320
- Other Airbus programs
- Boeing programmes
- LEAP
- Other aerostructure programs
- Other engine programmes
- Other

## Revenue by customer



- STELIA
- AIRBUS
- Safran group
- Spirit France
- LATECOERE
- Other customers



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