



LE PARTENAIRE  
DES GRANDS INDUSTRIELS  
DE L'AÉRONAUTIQUE

2015/2016 ANNUAL RESULTS



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FIGEAC AÉRO Group

# A player at the heart of the value chain

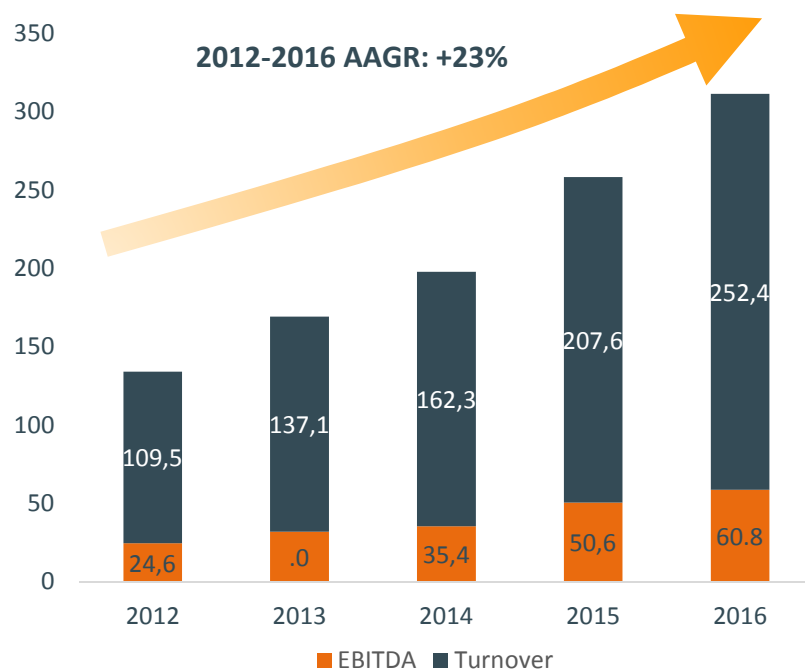
## ENGINE EQUIPMENT MANUFACTURERS



# Rapid, value-creating development

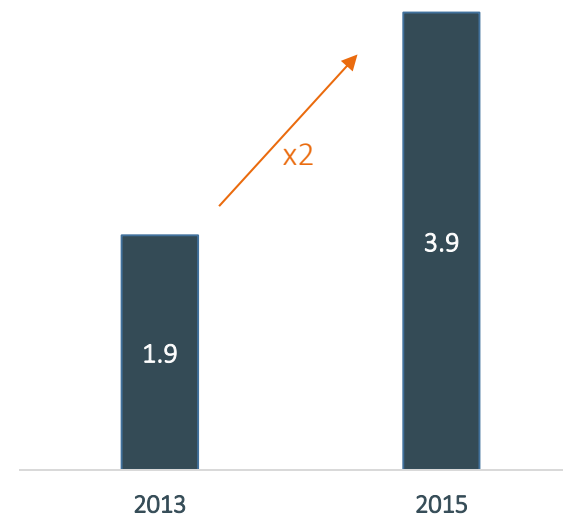
## Profitable growth

In € millions - At 31 March



March 2015 and March 2016 EBITDA before the allocation of R&D expenses capitalised by the Group by type.

## An order book<sup>2</sup> boosted by significant commercial success



<sup>2</sup>: Only IAS 11 contracts, based on 12 years; in accordance with the pace of production announced by the aircraft manufacturers; based on a €/€ parity of 1.25 to 1.18

EBITDA MARGIN IN LINE WITH TARGETS FOR THE 5<sup>th</sup> CONSECUTIVE YEAR



Industrial performance  
as a driver for growth

# FIGEAC, a European centre of excellence



A dedicated ultra-automated 7,500m<sup>2</sup> shop for the Leap engine

A dedicated new 11,000 m<sup>2</sup> shop for machining large aluminium parts



Expansion of the large-scale hard metal machine shop by 1,300 m<sup>2</sup>

A new 6,200 m<sup>2</sup> assembly shop

RESEARCH & DEVELOPMENT APPLIED TO BOOST PRODUCTIVITY

# Production units close to customers

## Saint Nazaire

3<sup>rd</sup> largest aerospace hub in France

- | A long-term agreement with Spirit Aerosystems for the A350 valued at \$60 million

- | Develop production of sub-assemblies

- | Become the leading aerospace sub-contractor



## Méaulte

Located close to STELIA Aerospace

- | Intensification of the site's activity following the long-term agreement signed with Stelia Aerospace valued at nearly \$400 million



DEVELOPMENT OF SITES CLOSE TO CUSTOMERS

# Sites in the "best cost" North Africa region

## Tunisia

- No. 1 "best cost" site in the Group
- 6,000 m<sup>2</sup> extension



## Morocco

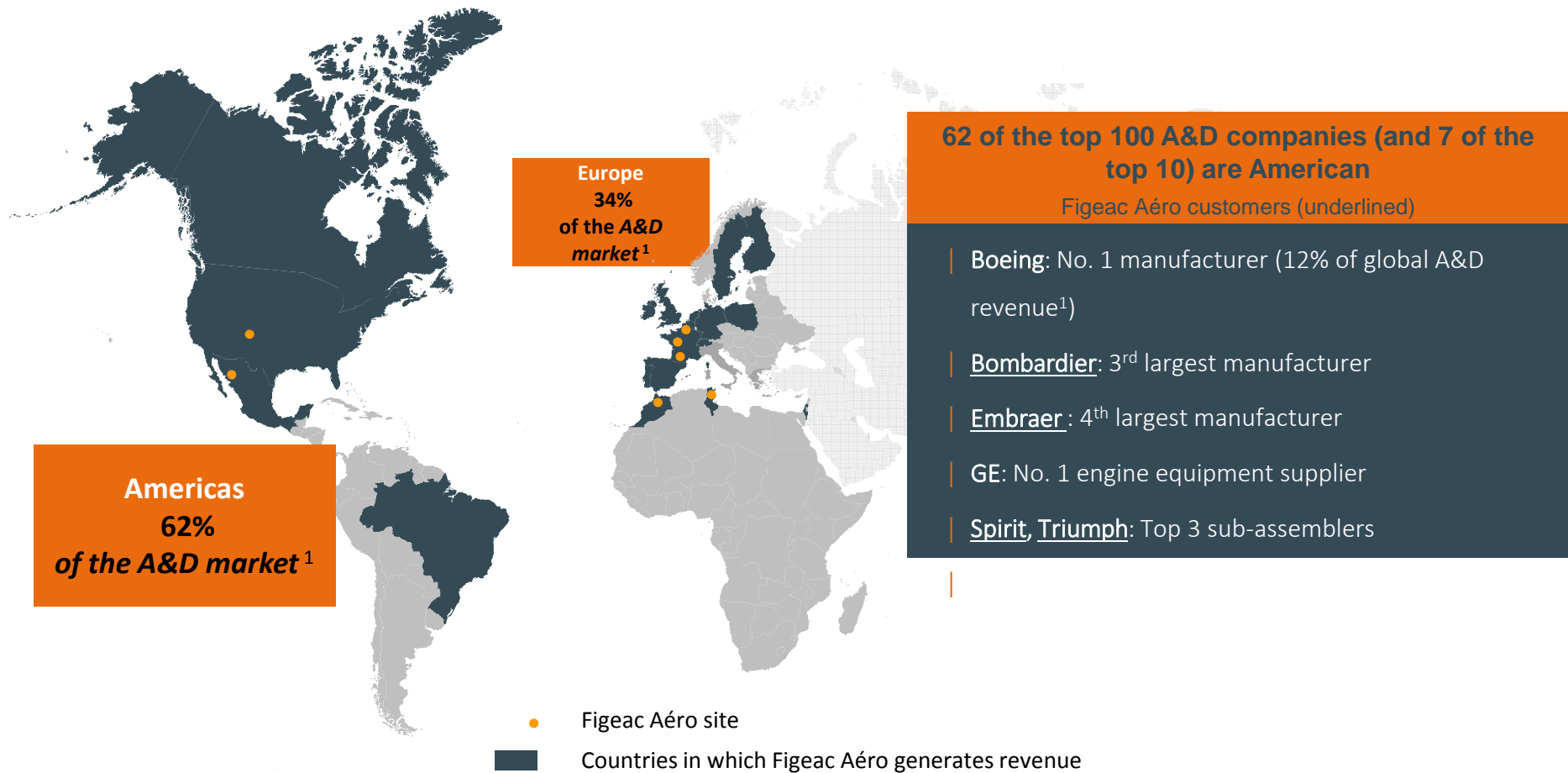
- €25 million in investments over 5 years including €20 million in production capacity and €5 million in land and property
- Creation of 500 jobs over 5 years
- Subsidiary operational from September 2015
- June 2016: 100<sup>th</sup> employee hired



**2020 TARGETS: 1,000 EMPLOYEES IN THIS REGION & EBITDA MARGIN SIGNIFICANTLY HIGHER THAN THE GROUP MARGIN**

# Figeac Aéro duplicates its European success formula on the American continent

(+60% of the Aerospace & Defence market)



# FIGEAC WICHITA, an American centre of excellence



| Capital of the US aerospace industry

| A doubling of the surface area  
+6,000 m<sup>2</sup>

| Workforce: x3 in 2 years

| Major productivity gains

| Machining activity site

# Mexican site

Mexico

Boeing 787 Dreamliner Programme

- | €20 million investment over period
- | Start-up of activity in Q4 2015
- | 3,000 m<sup>2</sup> operational by August 2016
- | Machining of various basic parts in light alloys and hard metals
- | Manufacture of small sub-assemblies for a new programme



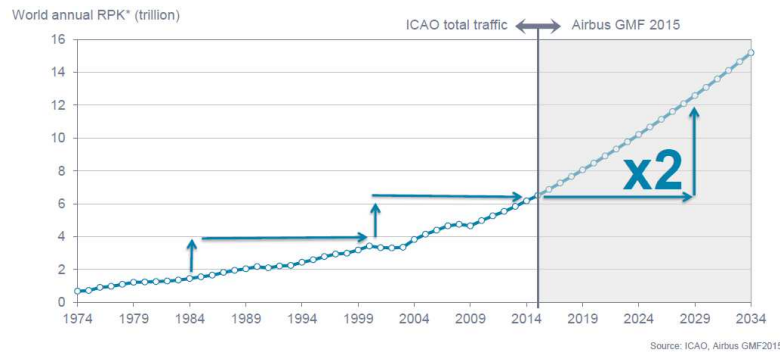
2020 TARGET: 500 EMPLOYEES & EBITDA MARGIN ALIGNED WITH  
PERFORMANCE OF THE NORTH AFRICA SITES



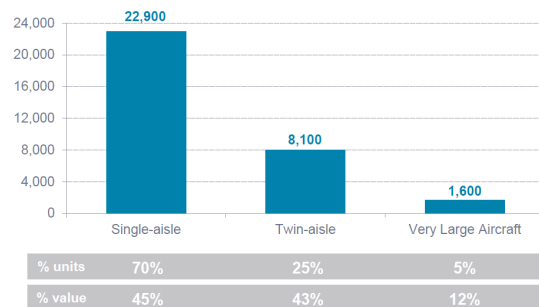
A customer-focused commercial structure

# An expanding market

- | Solid demand for air traffic
- | 32,600 aircraft (>100 seats) to be delivered over 20 years



20-year new deliveries of passenger and freighter aircraft



New Deliveries  
32,600  
GMF 2015-2034

Passenger aircraft (>100 seats) and jet freight aircraft (>10 tons)  
Source: Airbus GMF May 2015

- | Figeac Aero is a pure aeronautics player, No. 2 in Europe

## Achievements

No. 1 in France<sup>1</sup>

No. 2 in Europe<sup>1</sup>

Sites in 5 countries

+1,900 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)

# A pertinent, reactive structure





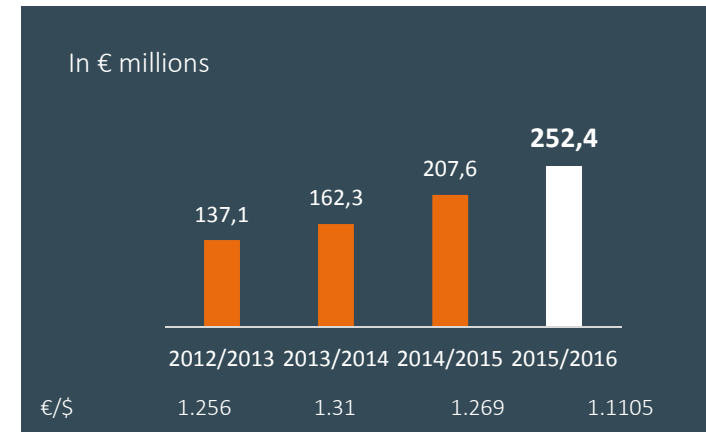
## 2015/2016 Annual results

The financial statements have not yet been approved by the Board of Directors, which will meet the week beginning 25 July 2016  
The Statutory Auditors are currently auditing the financial statements

# 2015/2016: Highlights

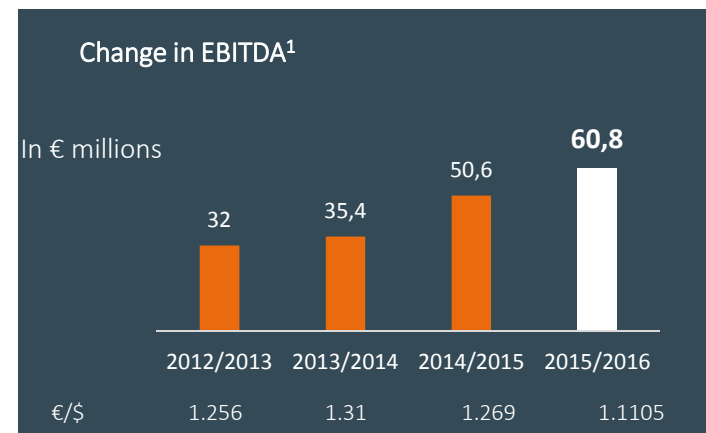
## Another year of growth

- Annual revenue at €252.4 million up 22% vs. 2014/2015 restated
- Growth driven by Aerostructures +25.5% at €212 million, and Machining and Surface treatment +36.7% at €26 million
- Start-up of activity in Morocco in Q4 2015
- Start-up of activity in Mexico in Q4 2015



## Profitability remains high for the 5<sup>th</sup> consecutive year

- EBITDA<sup>1</sup> €60.8 million, 24.1% of revenue
- Recurring operating income: €38.8 million, 15.4% of revenue

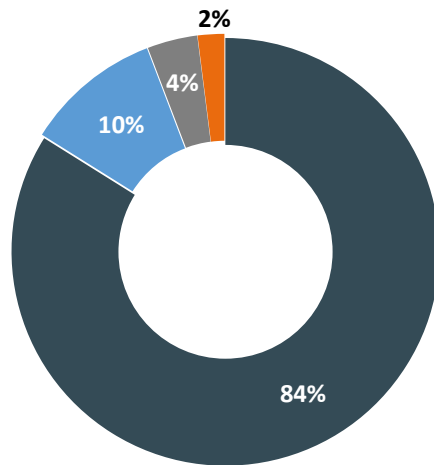


2015/2016 revenue is calculated using a monthly average €/€ exchange rate, as is restated 2014/2015 revenue. The average €/€ spot rate for the 2015/2016 financial year was 1.1105 compared to 1.269 for 2014/2015 (vs. the budget €/€ rate of 1.30 for 2014/2015 and 1.255 for 2015/2016)

<sup>1</sup>: EBITDA = recurring operating income + depreciation and amortisation + net provisions - Before the allocation of R&D expenses capitalised by the Group by type.

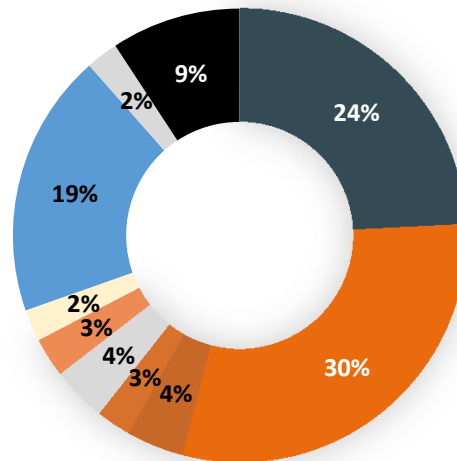
# 2015/2016: revenue of €252.4 million

Revenue by activity



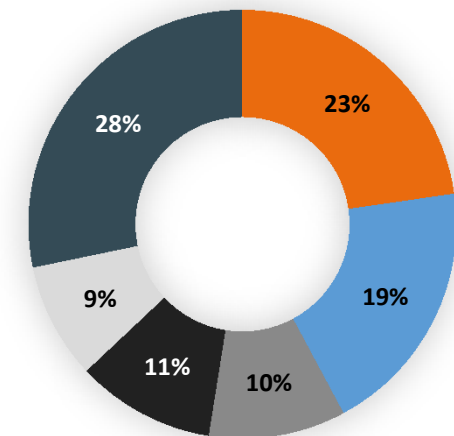
- Aerostructures
- Machining and surface treatment
- General engineering and sheet metal fabrication
- On-site assembly

Revenue by programme



- A350
- Other AIRBUS programmes
- CF 34
- CAMERON
- CFM 56
- Global 7000/8000
- B747
- Other aerostructure programmes
- Other engine programmes
- Other

Revenue by customer



- STELIA
- AIRBUS
- Safran Group
- Spirit France
- TRIUMPH Aerostructures
- Other clients

# Successful capital increase



€86.2 million raised  
Transferred to Euronext

Oversubscribed by 1.1x offer<sup>1</sup>

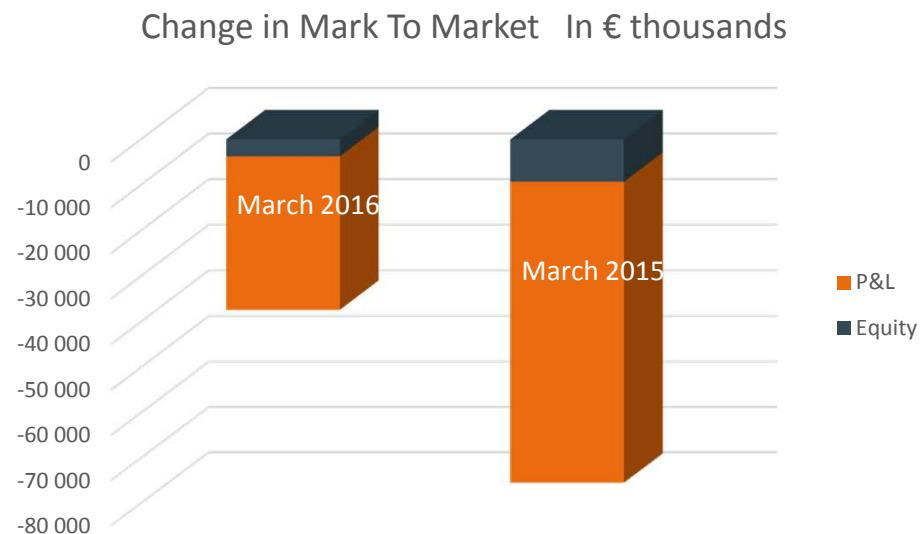
94% institutional investors  
> 90 institutional investors  
6% individuals

Daily trading volume doubled  
Public float at 24.3%

# 2015/2016: change in Mark to Market

Mark To Market (MTM) generated by the Group's currency hedging positions was -€37.3 million at 31 March 2016 vs. -€75.4 million in March 2015. This major change is due to:

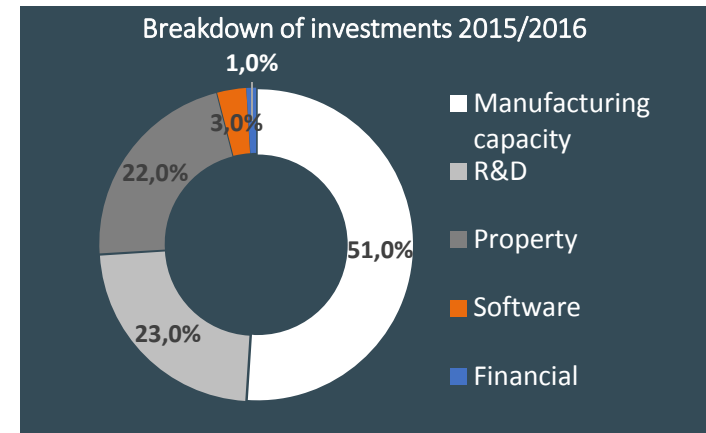
- recycling to the income statement of MTM corresponding to use of hedges during the financial year
- changes in parity between 31 March 2015 and 31 March 2016



# 2015/2016: ambitious investments to prepare for future growth

## Amount of investments: **€73.1 million**

- Significant R&D efforts related in particular to new machining processes (aerostructure and engines): **€17 million**
- Software purchases: **€2.1 million**
- Land acquisition in FIGEAC and WICHITA:
  - ✓ Construction of two buildings (13,000 m<sup>2</sup>) in FIGEAC (Machining of large aluminium parts)
  - ✓ Construction of a machining building in WICHITA
- Extension of the MTI plant
- Total investment in property: **€16 million**
- Total investment in manufacturing capacity: **€37.4 million**
  - ✓ Including 18 new machines (machining and turning/milling)



# 2015/2016 Simplified income statement

in € thousands - IFRS	31/03/2016	31/03/2015 Restated	31/03/2015 Reported
Revenue	252,369	207,580	203,938
EBITDA <sup>1</sup> adjusted	60,756	50,641	48,098
<i>EBITDA<sup>1</sup>/Revenue</i>	<i>24.1%</i>	<i>24.4%</i>	<i>23.6%</i>
EBITDA	58,774	49,334	48,098
<i>EBITDA/Revenue</i>	<i>23.29%</i>	<i>23.7%</i>	<i>23.58%</i>
Recurring operating income	38,852	33,386	30,843
<i>Current operating margin</i>	<i>15.39%</i>	<i>16%</i>	<i>15.12%</i>
Operating income	37,047	29,793	27,250
Net borrowing cost	(3,031)	(2,198)	(2,198)
Foreign exchange gains and losses	(17,267)	1,954	3,997
Unrealised gains and losses on financial instruments	33,705	(64,752)	(64,752)
Income tax	(19,286)	13,644	13,811
<b>Net profit/(loss) (Group share)</b>	<b>31,163</b>	<b>(21,556)</b>	<b>(21,889)</b>

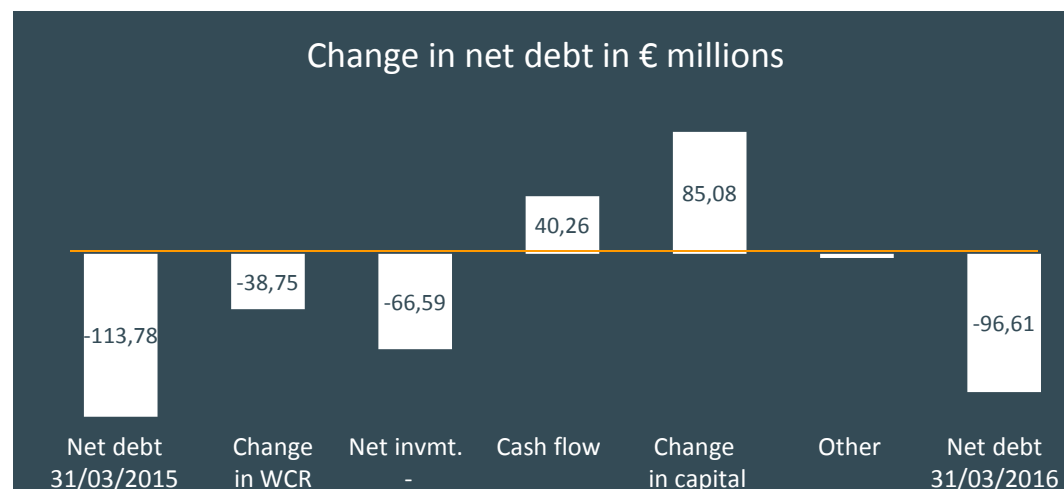
2015/2016 revenue is calculated using a monthly average €/€ exchange rate, as is restated 2014/2015 revenue. The average €/€ spot rate for the 2015/2016 financial year was 1.1105 compared to 1.269 for 2014/2015 (vs. the budget €/€ rate of 1.30 for 2014/2015 and 1.255 for 2015/2016)

EBITDA: recurring operating income + depreciation and amortisation +/- provisions.

<sup>1</sup> Before the allocation of R&D expenses capitalised by the Group by type

# Capital structure

Change in net debt in € millions



## Debt generated by:

- WCR: €28.75 million
- CAPEX: €66.59 million

## Resources:

- Own funds: €40.25 million
- Capital increase: €85.08 million

## Change in net debt: -€17.17 million

### In € thousands

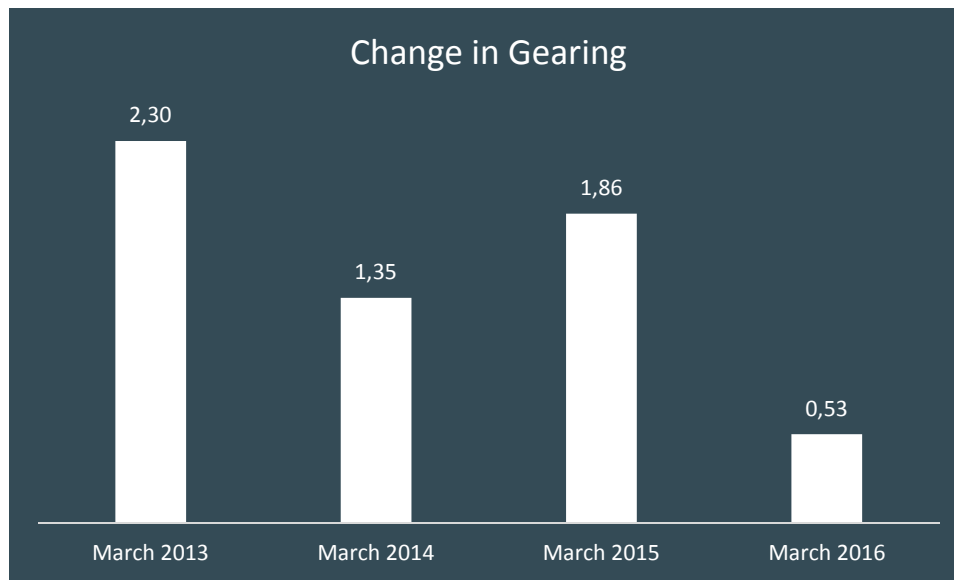
	March 2015	March 2016
Shareholders' equity with MTM <sup>1</sup>	61,225	182,272
Shareholders' equity restated for MTM	111,590	207,406
Net financial liabilities	113,788	96,608
Gearing <sup>2</sup>	1.86	0.53
Gearing restated for MTM	1.02	0.47
Net debt/EBITDA <sup>3</sup>	2.31	1.64

<sup>1</sup> : Shareholders' equity after elimination of the impact of valuing hedging instruments (restatement under IAS 39 with no impact on cash)

<sup>2</sup> Gearing: net financial liabilities/shareholders' equity

<sup>3</sup> EBITDA: Recurring operating income + depreciation and amortisation +/- provisions

# Change in Gearing



Sharp improvement in gearing, while continuing the Group's investment efforts

*Gearing: net financial liabilities/shareholders' equity*

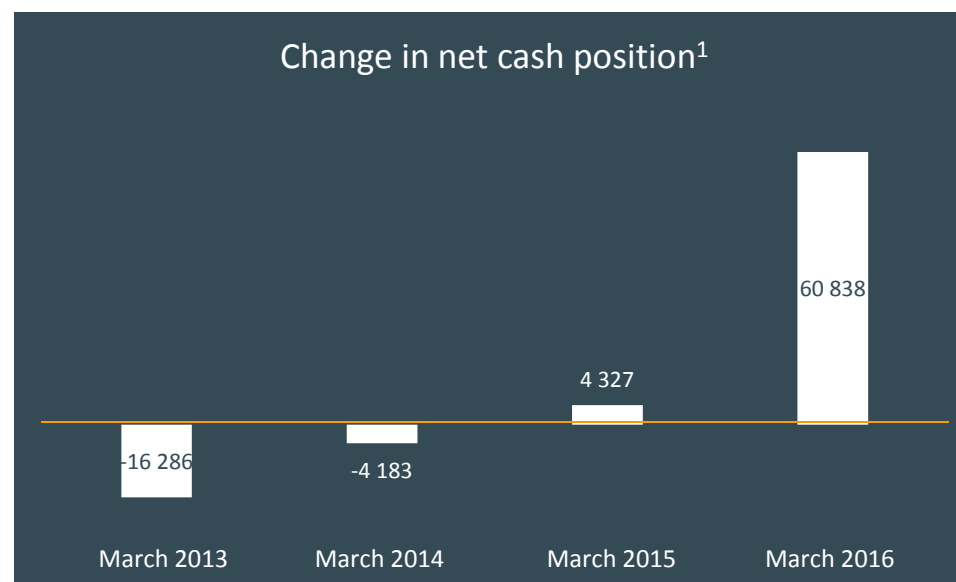
# 2015/2016

## Simplified cash flow statement

In €K IFRS	31/03/2016	31/03/2015	
Cash flow before borrowings costs and taxes	40,257	42,676	
Change in working capital requirements	(38,746)	(43,161)	
<b>Net cash flow from operating activities</b>	<b>1,511</b>	<b>(485)</b>	Increase in working capital requirement related to higher production rates
<b>Net cash flow used in investing activities</b>	<b>(66,588)</b>	<b>(38,281)</b>	<b>Net cash flow from operating activities €1.5 million</b>
Capital increases and subsidies received	85,079	20,772	
Change in loans and repayable advances	36,571	28,052	
<b>Net cash flow from financing activities</b>	<b>121,650</b>	<b>48,824</b>	Significant volume of investments in production tools
Other changes		(1,543)	
Change in cash and cash equivalents	56,573	8,515	
Net cash position	60,838	4,327	

Major investments in CAPEX and WCR in 2015/2016  
to double revenue by March 2018

# Change in cash and cash equivalents



<sup>1</sup> Net cash and cash equivalents: Cash assets – Short-term borrowings

# Levers for cash flow improvements

Manufacturing partnership with Bodycote plc for thermal treatment and welding operations

WCR improvement of €5.4 million/year from 2018

Outsourcing the management of raw material inventories with AMI Metals Inc.

WCR improvement of €7 million from September 2015 and AMI Metal will shoulder the financial impact of the increase in raw material consumption

Bringing the surface treatment function in-house

WCR improvement of 1.5-2 wks' revenue from 2017

Implementation of Business Lines

WCR improvement of 1 wks' revenue from 2017

TARGET: POSITIVE FREE CASH FLOW IN 2019

# Simplified balance sheet

€ thousands - IFRS	31/03/2016	31/03/2015
Fixed assets	152,353	109,125
Other non-current assets (1)	31,345	28,061
Inventories	180,592	145,867
Trade receivables	60,431	52,509
Tax receivables	5,163	
Other current assets	10,138	8,510
Cash	101,834	30,261
<b>TOTAL ASSETS</b>	<b>541,856</b>	<b>374,333</b>
Shareholders' equity	182,536	61,480
Non-current financial liabilities	134,486	98,350
Non-current liabilities (2)	85,368	103,757
Short term borrowings	40,995	25,934
Current portion of financial liabilities	22,961	19,764
Trade payables and related accounts	50,253	40,401
Current liabilities (3)	25,258	24,647
<b>TOTAL LIABILITIES</b>	<b>541,856</b>	<b>374,333</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.*



High visibility  
on growth

# Increased role in the A350

Nearly €200 million in annual revenue from 2018-2019e



## FLOOR

Complete manufacture of T12 floor section as full sub-contractor - (CAD + Machining + Assembly);  
Manufacture of T15 floor section



## DOORS

Sets of small, complex titanium fittings (splined shafts and rings) + diverse range of ST



## AEROSTRUCTURE

Full unit comprising a set of titanium precision parts for manufacture of pylons



## An essential growth driver

- Actual revenue of €1.4 million/aircraft
- Sharp increase in expected production rate (from 18 aircraft/year in 2014-2015e to 150/year in 2018-2019e)

# Other significant contracts

## | The LEAP engine

- | 2 long-term agreements valued at \$500 million and \$40 million

Production of Intermediate casing shells (VCI)

- | LEAP-1A and -1B

Inter-vein shroud

- | LEAP-1A/-1B and -1C

Leap selected to equip the new single-aisle aircraft

- | A320neo/Boeing 737  
MAX/Comac C919



FROM 2020: PRODUCTION OF 2,000 ENGINES/YEAR

## | The E-jet E2 programme

- | 1 long-term agreement valued at \$230 million

Production of large titanium spars E190-E2/E195-E2

Large aluminium tailcone E175-E2/E190-E2/E195-E2



FULL PRODUCTION FROM 2020

# \$400 million agreement with STELIA Aerospace

## Production

Sub-assemblies

Aerostructure parts: small,  
medium and large  
aluminium and titanium  
parts

## Main programmes concerned

A320 CEO & NEO and A350

Bombardier Global 7000/8000

## Production sites concerned

France

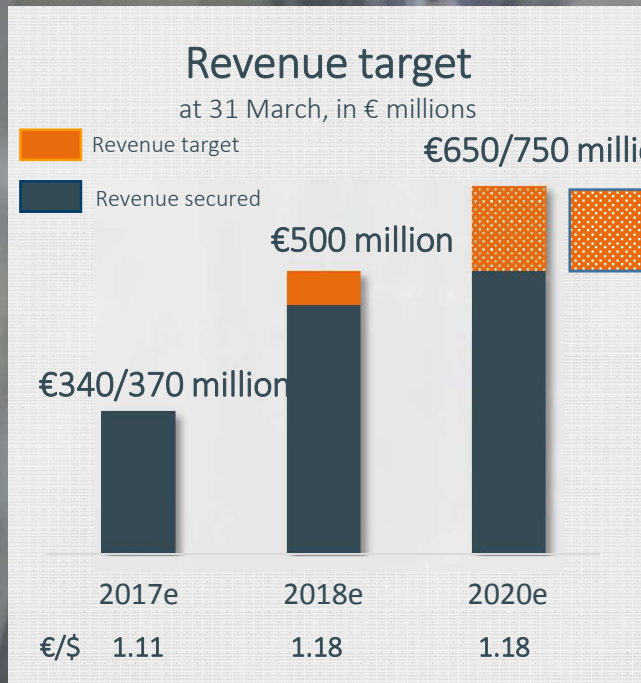
Morocco

Tunisia



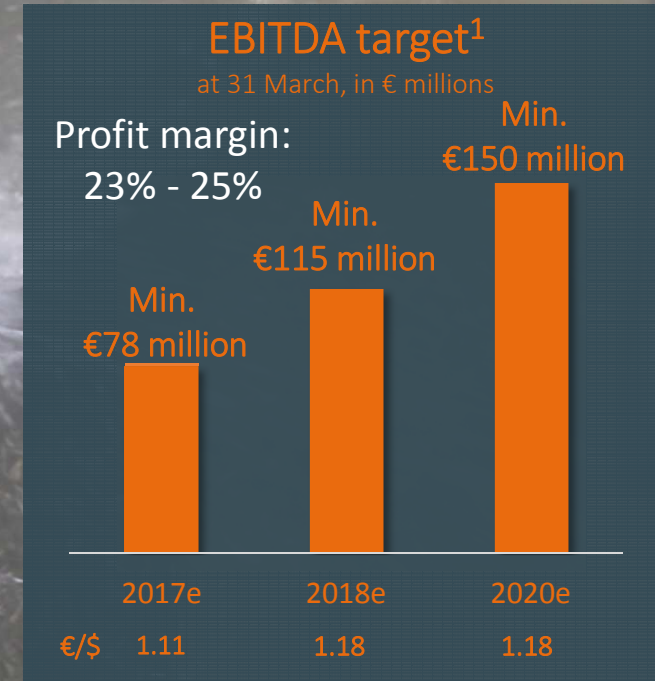
PLUS MAJOR AGREEMENT  
FOR AEROSTRUCTURE PARTS

# 2020 targets: strong growth and margin maintained



**Change 2018 – 2020:**

- Organic growth: €125/175 million
- Acquisitions: €25/75 million



## 2018 target clearly secured

- Increase in A320 production to > 60 aircraft/month by 2019 vs. 42
- Increase in A350 production to 13 aircraft/month by 2018 vs. 4

<sup>1</sup> EBITDA = Current operating income + depreciation and amortisation +/- provisions  
At constant IFRS

# A clear and ambitious trajectory

Pursue our virtuous growth

Win further market share => become leader in Europe and a leader worldwide in aerospace sub-contracts in 2020

Accelerate the deployment of the business model internationally

| in particular on the American continent and in "best cost" regions to improve our productivity

Seize value-creating acquisition opportunities

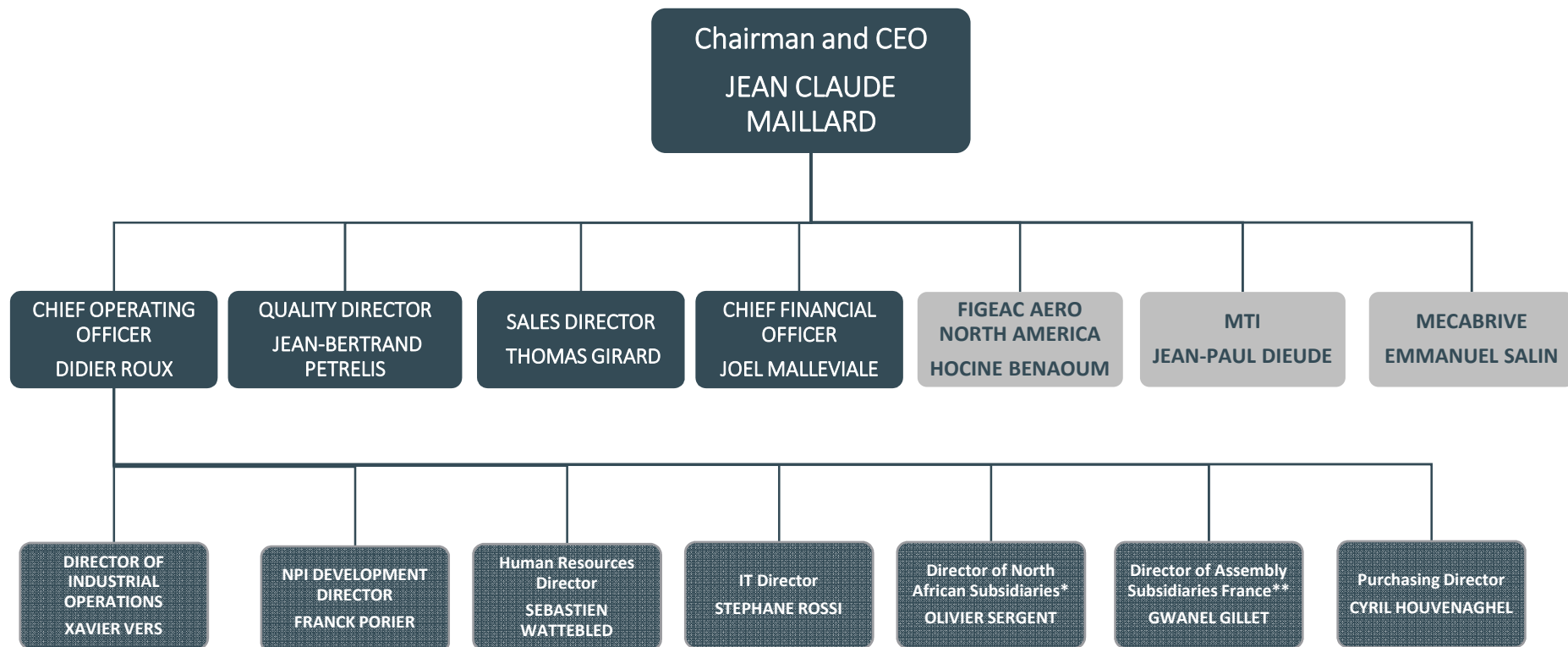
| while maintaining strict financial discipline

Ambitious targets by March 2020 ...



Annexes

# A dedicated leadership team



\* = Morocco/Tunisia

\*\* = Meaulte/Saint Nazaire

# A clear strategic roadmap

## MANUFACTURING EXCELLENCE

| Intensive industrial investments to drive growth



10-year targets

## PROXIMITY

| Strengthening production capacities close to customers in key aerospace regions



± 20% of revenue

## COMPETITIVENESS

| Development projects in "best cost" and dollar regions



± 40% of revenue

## FINANCIAL STRENGTH

| Profitable growth and strong financial performance

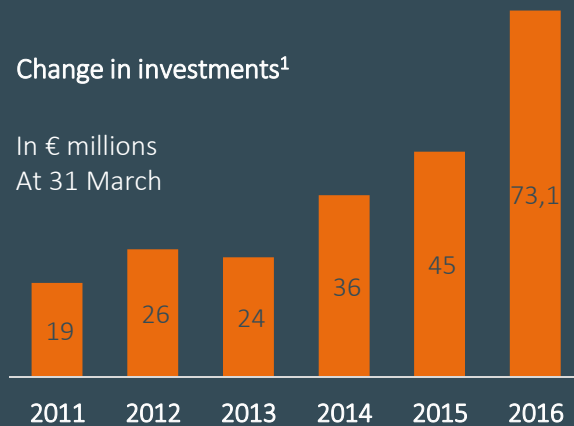


Become **THE** leader in Europe and **A** leader worldwide in aerospace sub-contracts

## Intensive investment in the production tool to drive industrial performance and ensure future growth

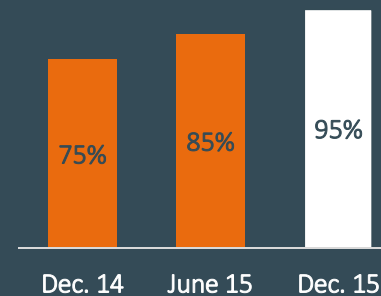
### Change in investments<sup>1</sup>

In € millions  
At 31 March



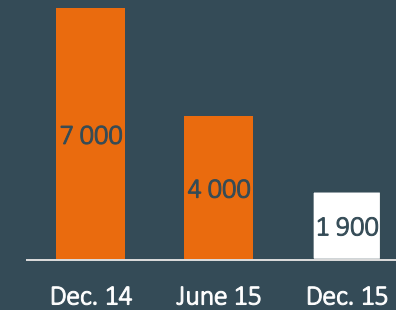
<sup>1</sup>: from CFS

### OTD<sup>1</sup> Worldwide



<sup>1</sup>: OTD, On Time Delivery = % of deliveries that are on time

### PPM<sup>2</sup> Worldwide



<sup>2</sup>: PPM, Parts Per Million = no. of defective parts delivered per million

## INDUSTRIAL EXCELLENCE

- | One of the most modern and efficient fleets of machinery in Europe
- | Over 195 digitally-controlled machines
- | Significantly improved OTD (delivery time) and PPM (quality) performances  
→ Direct impact on our customer satisfaction and control of performance risk

# Industrial performance 2013 to 2015

## The Figeac Aéro site is organised into 5 Business Units

Autonomous departments of 150-200 people which have the main levers to achieve performance targets:

**PRODUCTION - TECHNICAL - INTERNAL AND EXTERNAL SUPPLY CHAIN - QUALITY**



**An organisation that allows us to achieve targets set by our customers and to improve our productivity**



# Industrial performance 2016 to 2018

Processes almost entirely  
in place

- | A350 Floors
- | A350 Engine pylon
- | LEAP VCI

Investments to increase  
production volumes

- | LEAP VCI "future" shop
- | Aluminium and hard metal machining centres
- | Large-scale equipment
- | Extension in Wichita and 8,700 m<sup>2</sup> shop in Morocco

Optimisation of  
manufacturing sites

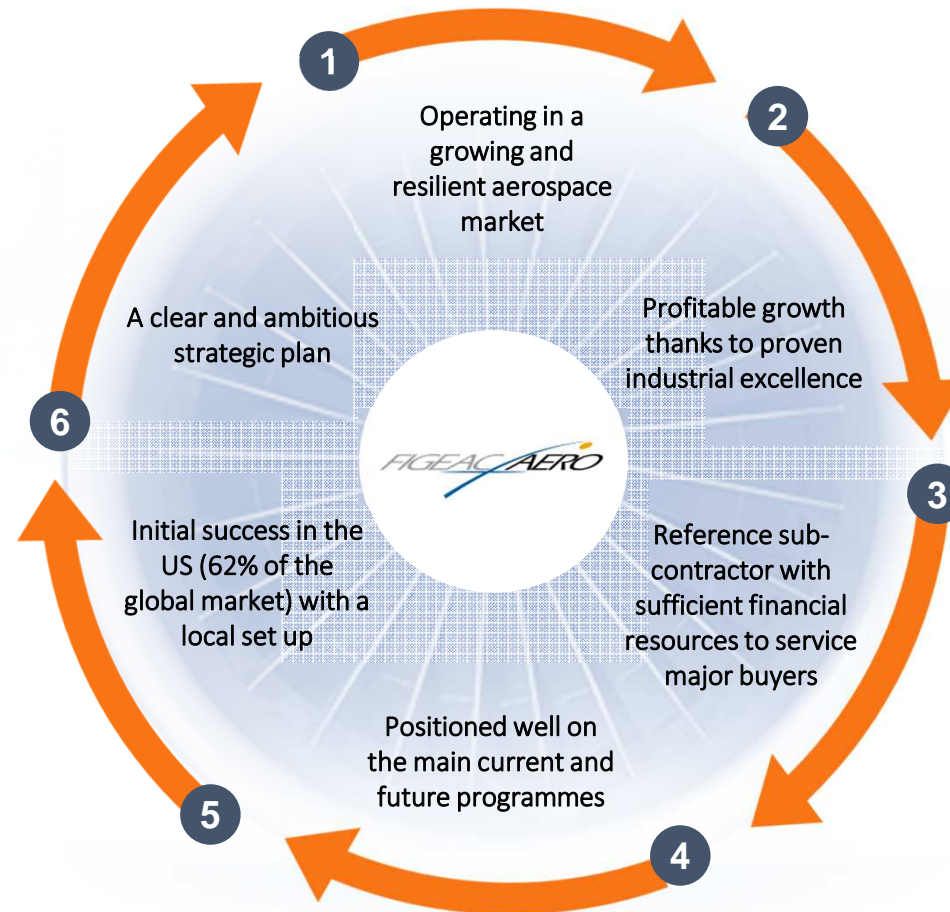
- | Investments in "best cost" and dollar regions
- | Development close to customers

Management organisation  
designed for growth

- | Management: > 10 years' experience of industrial excellence and managing growth
- | Duplication of the organisation internationally
- | Proven ability to train and integrate new arrivals

Strong growth based on well-managed manufacturing excellence

# FIGEAC AERO





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