



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

**FULL-YEAR 2018/19 RESULTS**  
July 2019



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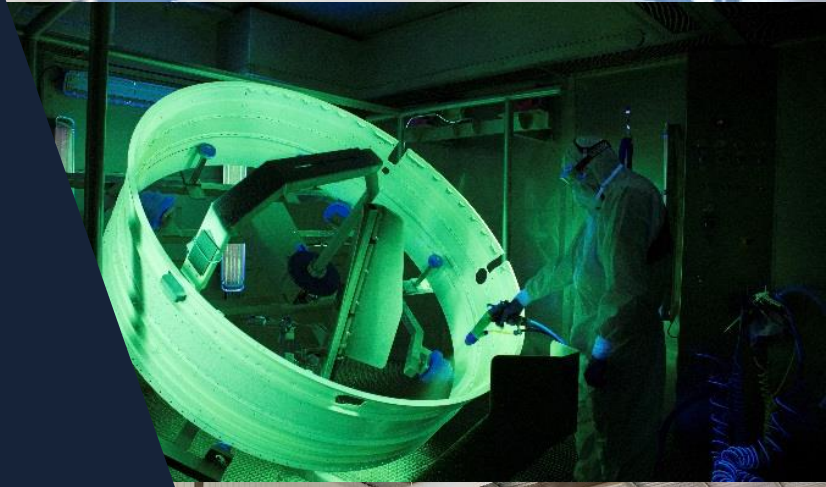
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# Contents

- | FIGEAC AÉRO IN BRIEF
- | 2018/19 FINANCIAL RESULTS
- | OUTLOOK AND STRATEGY





FIGEAC AÉRO in brief

# FIGEAC AÉRO

1

## A RESILIENT GROWTH MARKET

37,400 aircraft (100+ seats)  
to be delivered over 20 years

2

## A KEY SUBCONTRACTOR EUROPE'S N°1

Serving all the big customers

3

## INVOLVED IN ALL THE MAIN PROGRAMMES

of today and tomorrow

4

## PROVEN INDUSTRIAL EXCELLENCE AND BEST- COST FACILITIES

We deliver on time and with the  
requisite quality

5

## PROFITABLE GROWTH SINCE 2013

AAGR<sup>1</sup> of 22%  
for the past 7 years

6

## OPPORTUNITIES

Market share gains in North  
America and a forerunner  
in China and Saudi Arabia

<sup>1</sup> Average annual growth rate

# Business model and competitive advantages

## OUR BUSINESS MODEL

Consulted on aluminium or hard metal “build to print” parts by customers (Airbus, Boeing, Safran, Bombardier, etc.)

Sales staff

Defining price: sales support (quantification), budget control (ROCE), industrial blueprint (selection of sites and validation of feasibility by process engineers)

Validation by the Management Committee

Critical industrialisation/certification phase  
Complexity of parts/capex required +/- financing by the client (client relations)

Mass production - cash positive after 6 to 36 months depending on the contract and on capex and WCR investments  
Volume and productivity gains are crucial to offset price renegotiations

Deliver on time and with the requisite quality

## OUR COMPETITIVE ADVANTAGES

Critical mass which means we can be consulted on increasingly large work packages and face ever less competition - hit ratio of 15%

Strong presence in regions that are crucial to the sector. Team of 10 in the USA.

A dominant industrial footprint  
Innovation / close client relations / best cost / vertical integration

An experienced and stable management team (with 20 years of experience on average)

Manufacturing IP and process engineers with renowned expertise

A dominant industrial footprint  
Innovation / close client relations / best cost / vertical integration

On-Time Delivery > 95%

# Highlights of 2018/19



Another year of strong growth **+13.6%** (lfl)

An excellent year on the industrial front

An increase in the current EBITDA margin to 18.1%  
**+170 bp** (lfl)

Contract wins: momentum intact, with Boeing, MHI, Triumph, Rolls-Royce and Safran

Sharp improvement in FCF to **+€12.4m**

o/w **€85.6m** of cash flows from operations



# 2018/19 financial results

*Accounts currently being audited for the year ended 31 March 2019.  
The Audit Committee met on 28 June 2019 and the accounts will be approved by the Board of Directors  
meeting to be held on 30 July 2019.*

# 2018/19: revenue and current EBITDA bridge

## Revenue growth

- 2018/19 revenue growth of **+15.4%** and **+13.6%** lfl

Profitability levels still healthy with a current EBITDA<sup>1</sup> margin at constant scope and exchange rates of **18.1%**, i.e. **€76.3m**

TOFER had a **dilutive impact** of **-€0.8m**

<sup>1</sup> Current 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> Oil & Gas, Mechanical Engineering, Surface Treatment and Assembly

Growth in revenue - €m



Growth in current EBITDA<sup>1</sup> - €m



# Revenue and profitability by division

## AEROSTRUCTURES

€k	2017/18	2018/19	chg	lfl chg
Revenue	326,338	<b>371,105</b>	13.72%	13.47%
Current EBITDA	60,850	<b>72,721</b>	19.51%	18.75%
Margin	18.65%	<b>19.60%</b>		

### Main growth drivers

- Embraer E2 +119%
- LEAP engine +97%
- B787 +55%
- A350 +12%

Profitability improved amid rapid growth driven by new business still in the learning phase

## OTHER ACTIVITIES<sup>1</sup>

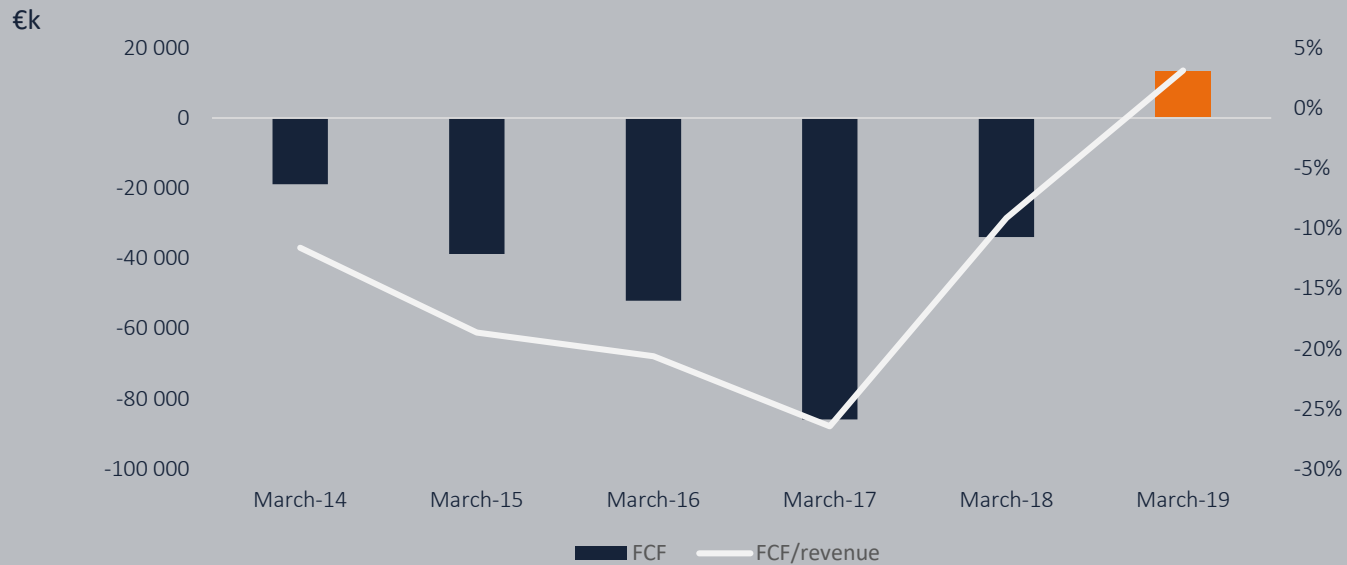
€k	2017/18	2018/19	chg	lfl chg
Revenue	44,367	<b>56,851</b>	28.14%	14.51%
Current EBITDA	178	<b>3,235</b>	1,717.61%	2165.03%
Margin	0.40%	<b>5.69%</b>		

Revenue driven mainly by Surface Treatment business and demand from the oil sector

Sharp improvement in profitability, but still inadequate

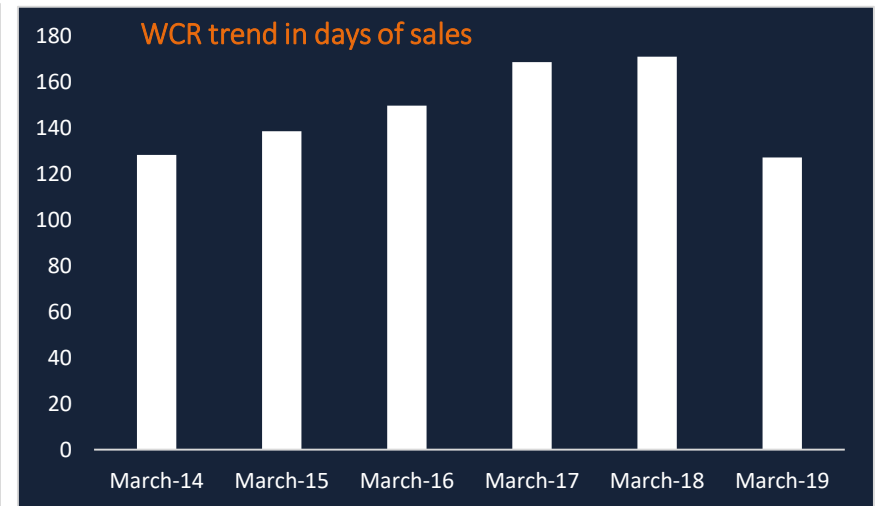
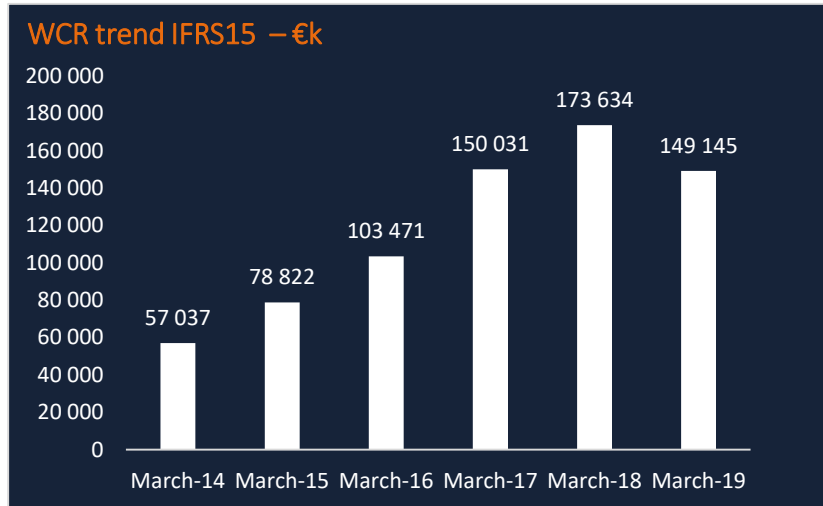
➔ Action plans under way to greatly improve the margin in the medium term (synergies with Aerostructures, selective approach to contracts, productivity gains)

# Positive FCF at end-March 2019



- | Tight control over capex
- | Major efforts to improve WCR
- | Growth in current EBITDA

# WCR: convincing results



- | WCR has tended to increase over the years
- | A reduction of **40 days of sales**
- | Backdrop of **strong growth**
- | Still lots of scope for improvement

# WCR, action plans across the board

1

## INVENTORY "EX-PARTS" AS LOW AS POSSIBLE

- Recoding of production consumables
- Partnership with machine operators for maintenance inventory
- Number of listed tool items streamlined

2

## NECESSARY INVENTORY OF FINISHED PRODUCTS

- Application of safeguard procedure / instructions via the ERP parameters of the articles
- Reduction / overhaul of economic quantities and batch sizes

3

## REDUCED INVENTORY OF RAW MATERIALS

- Number of raw material categories reduced (EP, forming, debits, etc.)
- Better production planning in the medium term (PDP, DDMRP)
- Reduction / overhaul of economic quantities and batch sizes

4

## WORK-IN-PROGRESS BEING MONITORED

- Application of DMAIC methodology for production cycles
- Reduction in lead time thanks to LEAN and  $\sigma$  sigma approaches
- System for monitoring bottlenecks by analysing monthly workload / capacity

5

## TRADE RECEIVABLES UNDER CONTROL

- Development of factoring
- Receivables collection department beefed up
- Renegotiation of clients' payment deadlines

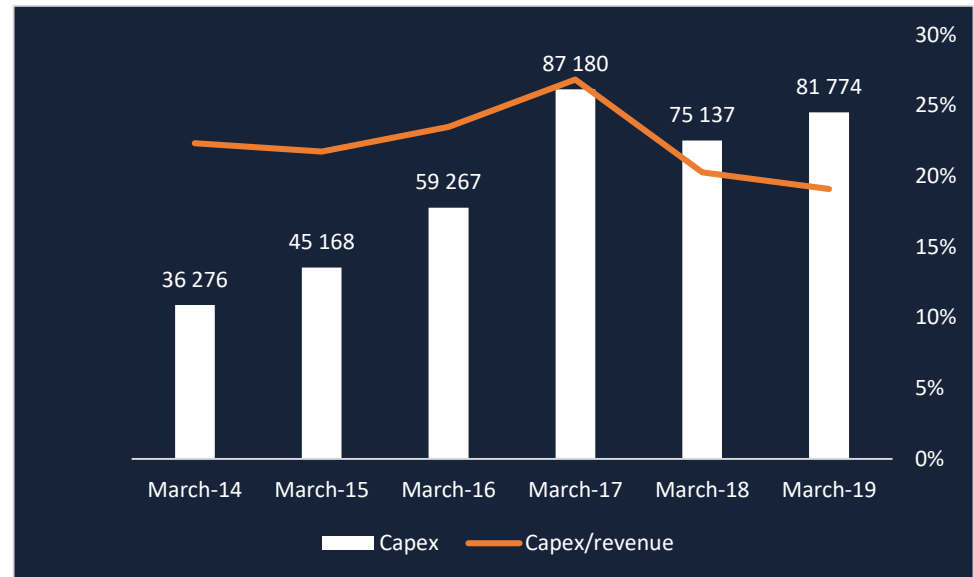
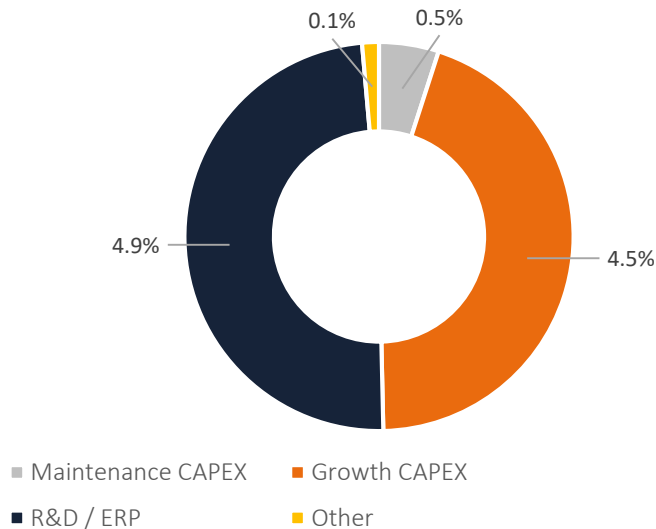
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## SUPPLIERS

- Less leverage on account of the Economic Modernisation Act
- Renegotiation of suppliers' payment deadlines

# CAPEX breakdown

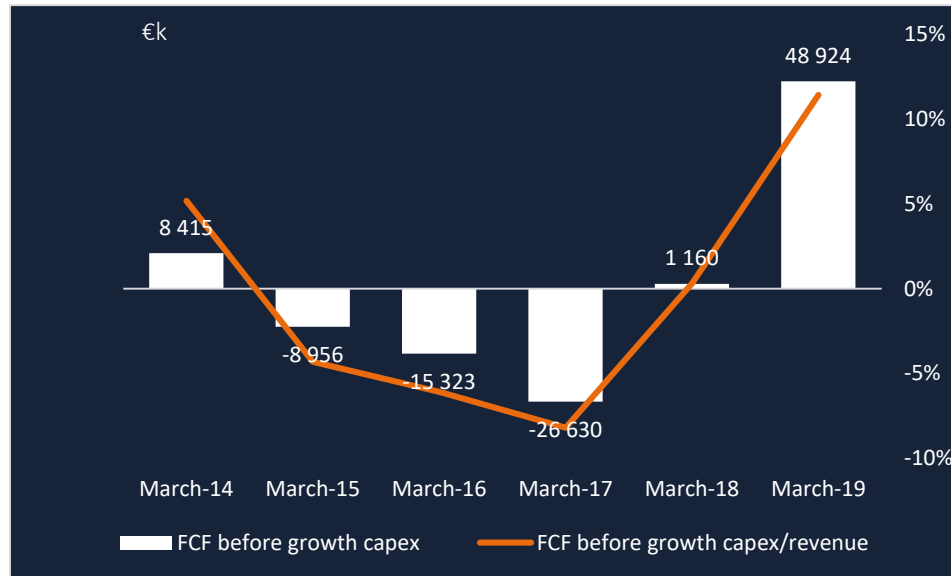
CAPEX breakdown for March 2019



March 2018 and March 2019 – IFRS15

- | Substantial capex to fuel our rapid growth, but decreasing as a percentage of our revenue
- | Limited maintenance investments
- | Considerable R&D and introduction of the ERP to remain competitive and support our growth

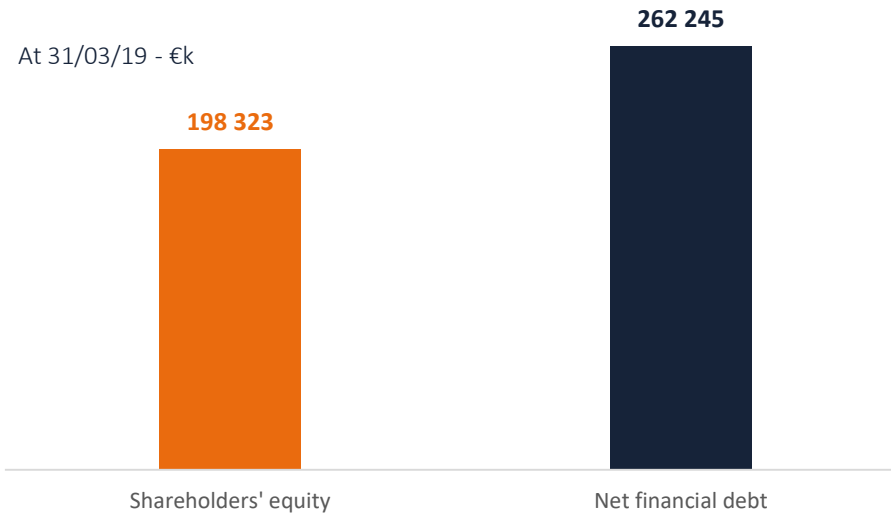
# A cash-generating business model



| Significant FCF before growth capex thanks to WCR control

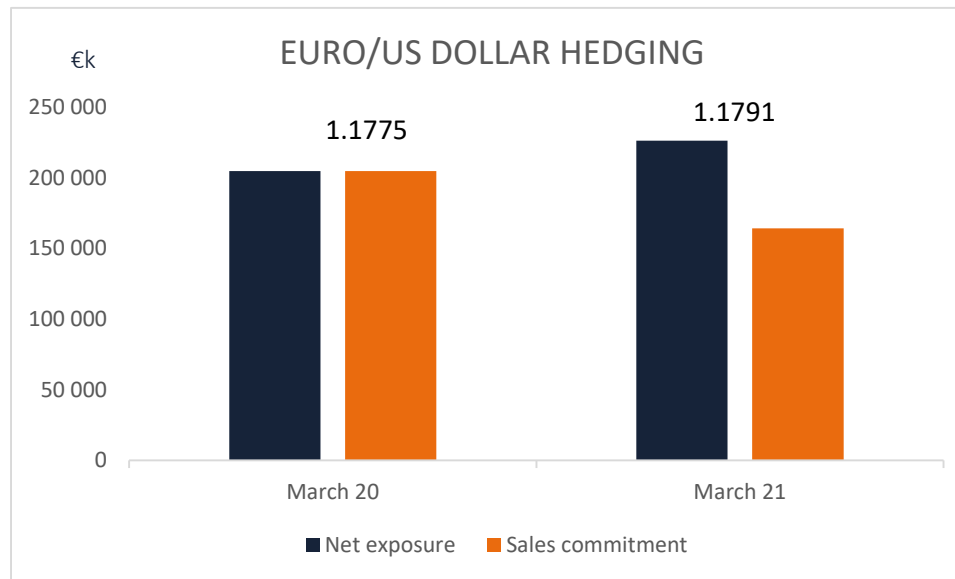
| FIGEAC AERO could generate normative FCF before growth capex of between 5% and 10% of revenue

# Balance sheet



- | No transformative refinancing until 2022
- | Cost of debt is low and largely hedged at fixed rates
- | Targeting a net debt/current EBITDA ratio of <2.5x in the medium term vs. 3.4x at end-March 2019

# €/\$ hedging



- | 2020 is 100% hedged and 2021 is 73% hedged
- | In the process of dollarising procurements and increasing the portion of the cost base that is in \$ or best cost

# Simplified income statement

€k IFRS	31/03/18	31/03/19	Lfl chg.	Chg.
Revenue <sup>1</sup>	370,705	427,956	13.6%	15.4%
<b>Current EBITDA<sup>2</sup></b>	60,978	75,957	25.0%	24.6%
<i>Current EBITDA<sup>2</sup>/Revenue</i>	16.4%	17.7%		
<b>Current operating income</b>	26,134	32,835		25.6%
<i>Current operating margin</i>	7.0%	7.7%		
Other operating income	1,381	1,066		
Other operating expenses	(4,111)	(3,464)		
<b>Operating income</b>	23,404	30,437	32.7%	30.1%
Cost of net financial debt	(6,132)	(9,733)		
Realised currency gains & losses	(6,085)	(2,729)		
Unrealised gains & losses on fin. instr.	16,668	(4,824)		
Other financial income and expenses	(115)	(563)		
Income tax	(5,987)	(1,747)		
<b>Net income adjusted for unrealised effects</b>	10,641	14,313		34.5%
<b>Net income</b>	21,753	10,840		
<b>Net income, group share</b>	21,790	11,058		

An improved operating performance amid rapid growth

<sup>1</sup> The 2018/19 revenue figure is calculated based on the monthly average €//\$ exchange rate of 1.1638 for the period, and the 2017/18 revenue figure is calculated based on the monthly average €//\$ exchange rate of 1.167 for the period

<sup>2</sup> Current EBITDA = current operating income + depreciation and amortisation + net provisions - Before the breakdown of R&D expenses capitalised by the Group by type, i.e. €4,231k at 31/03/18 and €6,248k at 31/03/19

# Simplified cash flow statement

€k IFRS	31/03/18	31/03/19
Cash flow before cost of financial debt and taxes	57,647	63,937
Change in working capital requirement	(22,031)	21,698
WCR in days of net sales	170.76	127.20
<b>Net cash flow from operations</b>	<b>35,316</b>	<b>85,635</b>
<b>Net cash flow from investment activities</b>	<b>(69,257)</b>	<b>(73,248)</b>
<b>FREE CASH FLOW</b>	<b>(33,941)</b>	<b>12,387</b>
Scope effects	-	(2,640)
Capital increase and subsidies received	6	(1,969)
Change in borrowings and repayable advances	94,439	28,403
<b>Net cash flow from financing activities</b>	<b>94,445</b>	<b>26,434</b>
<b>Change in cash position</b>	<b>60,504</b>	<b>36,181</b>
<b>Net cash position</b>	<b>37,165</b>	<b>72,951</b>

**Target met: positive free cash-flows at €12.4m**

# Simplified balance sheet

€k - IFRS	31/03/2018	31/03/2019
Fixed assets	290,504	331,110
Other non-current assets (1)	50,191	52,597
Inventory	174,603	180,382
Trade receivables	95,565	82,077
Tax receivables	14,180	13,923
Other current assets	26,666	26,959
Cash and cash equivalents	107,906	122,418
<b>TOTAL ASSETS</b>	<b>759,615</b>	<b>809,467</b>
Shareholders' equity	200,247	198,323
Non-current financial liabilities	229,599	294,162
Non-current liabilities (2)	55,040	62,573
Short-term financial liabilities	70,742	49,467
Current portion of financial liabilities	47,566	35,880
Debt not bearing interest	22,407	17,792
Repayable advances	4,659	5,154
Trade payables and related accounts	81,165	92,142
Current liabilities (3)	48,191	53,975
<b>TOTAL LIABILITIES</b>	<b>759,615</b>	<b>809,467</b>

- (1) Equity-accounted shareholdings + deferred taxes + financial instruments + other financial assets + other non-current assets + contract assets
- (2) Other provisions + deferred taxes + pension provisions + financial instruments + other non-current liabilities + deferred income for the non-current portion + contract liabilities
- (3) Tax liabilities + tax debt + financial instruments + other current liabilities + derivative products.



Outlook and strategy

# Strategy and targets

## EUROPE: CONSOLIDATE OUR CRITICAL MASS

- Maintain our leading position in anticipation of new programmes
- Gain selective market shares and outperform the sector
- Continue to develop our business in hard metals and engine parts

## AMERICAS: CONTINUE TO EXPAND

- Double our revenue in the medium term
- Make use of the group's strong specialisations to win new business on ongoing programmes
- Take up positions on the new Boeing programme
- Diversify our client base and reduce our exposure to currency risk

## BEST COST: AN ESSENTIAL GROWTH DRIVER FOR THE FUTURE

- Pursue technology transfer (manufacturing IP)
- Increase our specialisation in small parts
- Enhance vertical integration with our partners (clients, suppliers of raw materials and special treatments)

# A fruitful strategy in North America



- | Since being awarded our first contracts by Spirit Aerosystems, we have won around \$200m of contracts over the last 18 months from Triumph, Mitsubishi Canada, Bombardier and Boeing
- | Why did we win?
  - Competitive manufacturing facilities in Wichita (USA) and Hermosillo (Mexico) benefiting from the whole range of the Group's expertise
  - A unique range of solutions in the market, combining machining and surface treatment of large parts
  - Successful tests with new clients, primarily Boeing
- | Opportunities
  - Consultations under way on the Group's strong specialisations with existing and prospective clients
  - New Boeing programme (MoM)

# Historical contract with Rolls-Royce



| FIGEAC AÉRO has become a tier-1 supplier for



| A \$25m contract to manufacture shrouds for the Trent engines powering the A350 XWB 900 and 1000

| Why did we win?

- Capitalisation on our engine division's experience
- LEAN blueprint based on the model of the Plant for the Future developed for LEAP engine parts (Safran)
- Vertical integration with Machining, Sheet Metal, Surface Treatment and Assembly

| Opportunities

- Diversification of engine clients based on a range of parts over which we have full control
- Growth potential equivalent to Safran's

# Our long-standing clients have faith in us



## CONTRACT RENEWAL

A very high contract renewal rate of close to 100%

## MARKET SHARE GAINS

on ongoing contracts (nacelles + engines + landing gear + structures) worth around €100m over the past 12 months

## NEW BUSINESS

Talks on new business worth several tens of millions of annual revenue



# Opportunities for the future



## Creation of a plant in China

- | **JV** with share capital of USD20m (USD3m to date) owned 50%/50%<sup>1</sup>
- | **Production** of medium and large aluminium machined parts
- | **A win-win industrial partnership** for closer vertical integration in raw materials
- | **Shared** networks to expand our share of the offset market and the future major client's domestic market



## MoA in Saudi Arabia

- | **A planned JV** with a minority shareholding (limited cash-out)
- | **First-rate partners:** SAMI, DUSSUR, PIF
- | **Opportunities** to develop a production facility with technology transfer
- | **Considerable potential** in offsets
- | **3rd biggest military budget** in the world



# Outlook for March 2020 and beyond

## March 2020

- | The year will be penalised by production rates on certain programmes, but revenue growth will nonetheless outperform the sector thanks to new contracts
- | Growth in current EBITDA thanks to our efforts on the industrial front
- | Positive free cash flows

## Medium term

- | The aerospace market remains a dynamic one
- | FIGEAC AÉRO'S growth is outperforming market growth
- | Positive and recurring free cash flows
- | Profitability levels to remain healthy





Appendices

# An experienced and stable management team



Jean Claude Maillard, Chairman and CEO

35 years of experience in the aerostructures sector. Founded the Group in 1989



Didier Roux, Chief Operating Officer

20 years at FIGEAC AÉRO in industrial roles



Joël Malleval, Chief Financial Officer

25 years at FIGEAC AÉRO



Thomas Girard, VP Sales & Marketing

15 years at FIGEAC AÉRO, previously Head of Procurement and the Supply Chain

# Positioned at the heart of the value chain...

## ENGINE EQUIPMENT MANUFACTURERS



## MANUFACTURERS



AIRBUS



## SUPPLIERS



we are



## SUB-ASSEMBLERS



# Our solutions

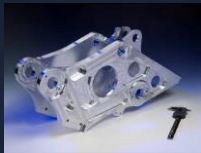
## STRUCTURAL PARTS

Aluminium

Hard metals

26 mm

26 m



## ENGINE PARTS



## PRECISION



## ASSEMBLY



# Involved in various fields

## FUSELAGE

Floor Assemblies  
Frames  
Floor Cross Beam  
Seat Tracks  
Bulkhead  
Baggage Door  
Access Doors  
Keel Beam  
Canopy Beams  
Seat Assemblies  
Windows Frames

## WING

Main Spar  
Buttstraps  
Wing skins  
Ribs  
Wing Carriage  
Spoiler Fitting  
Longerons

## VERTICAL STABILIZER

Tail Spars  
Vertical Stabilizer Ribs  
Rudder Structure Assy  
Rudder Attachment Fitting  
Rudder Skins

## HORIZONTAL STABILIZER

Longerons  
Ribs  
Brackets and Fittings  
Horizontal Stabilizer Panels

## COCKPIT

Window Frames  
Dashboard  
Center Pedestal & Sides

## LANDING GEAR

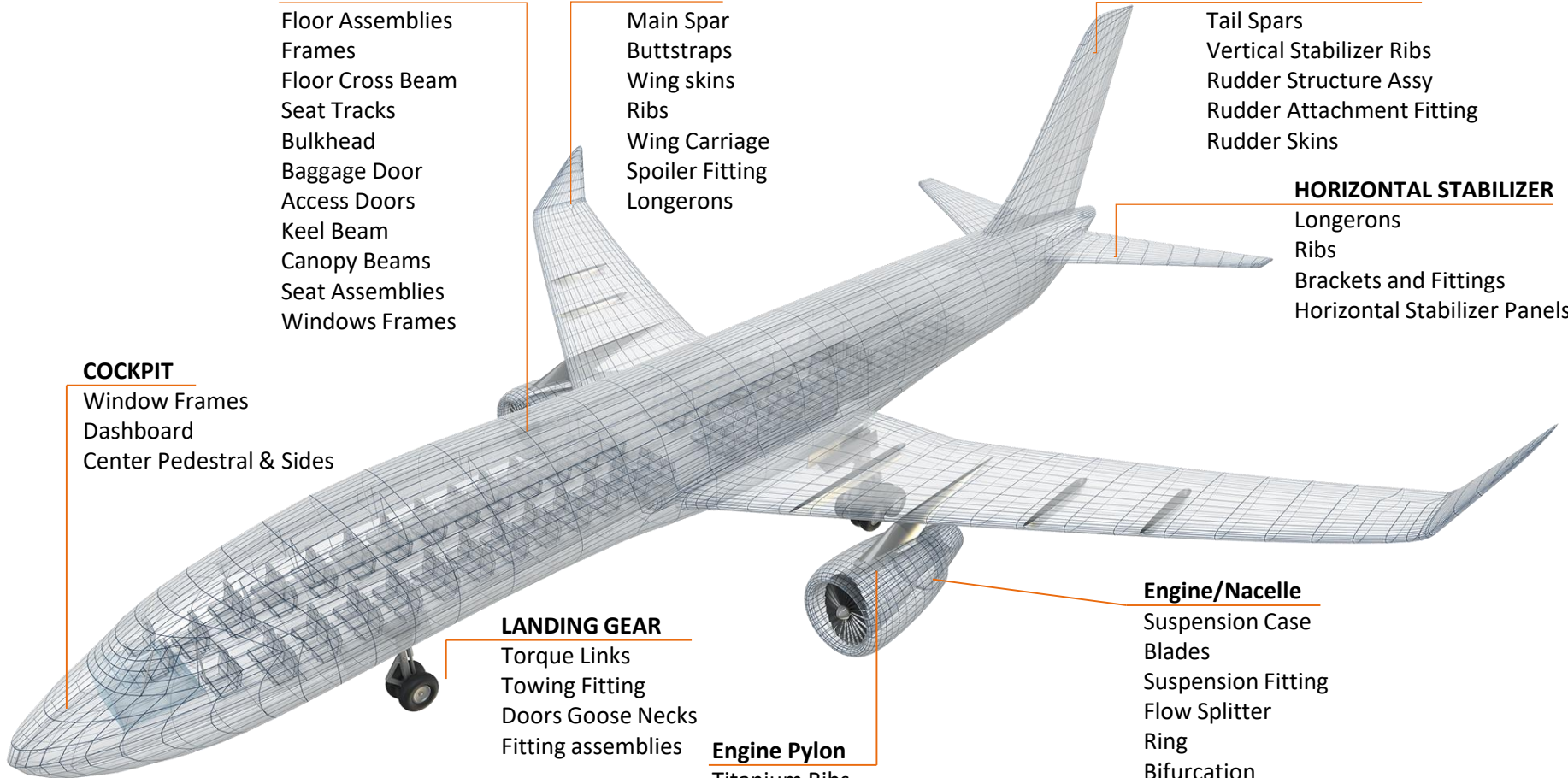
Torque Links  
Towing Fitting  
Doors Goose Necks  
Fitting assemblies

## Engine Pylon

Titanium Ribs  
Engine Pylon Assemblies  
Wing Attach Pylon Fitting  
Engine Attach Pylon Fitting

## Engine/Nacelle

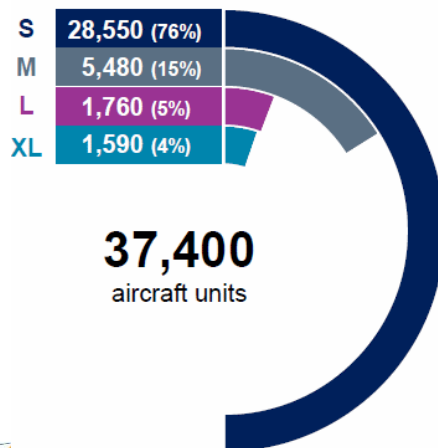
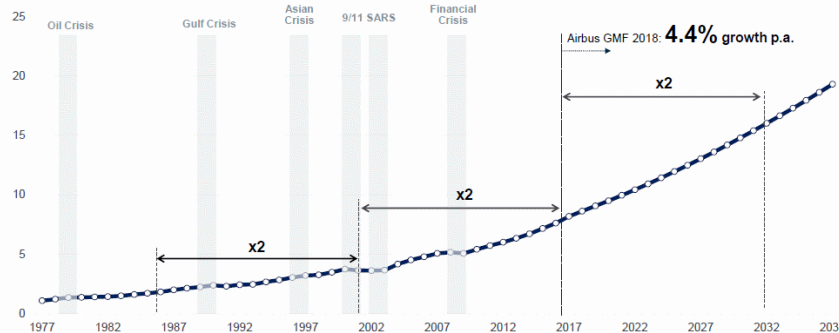
Suspension Case  
Blades  
Suspension Fitting  
Flow Splitter  
Ring  
Bifurcation  
Beam assemblies  
Anti icing doors



# A dynamic aerospace market

## Growth in air traffic

Traffic has proven to be resilient to external shocks and doubles every 15 years  
World annual traffic (trillion RPKs)



Air traffic is expected to grow by more than 4% per year

In 2037, 85% of the population of emerging countries will fly versus just 30% in 2017

Aircraft manufacturers still have very solid backlogs:

- Airbus: ~7,500 aircraft
- Boeing: ~5,500 aircraft

# The Plant for the Future, our technological lead

An **investment** of €37m

7,500 m<sup>2</sup>

Fully dedicated to producing parts for Safran's **LEAP 1A /1B/1C** engine

**10 machines installed**

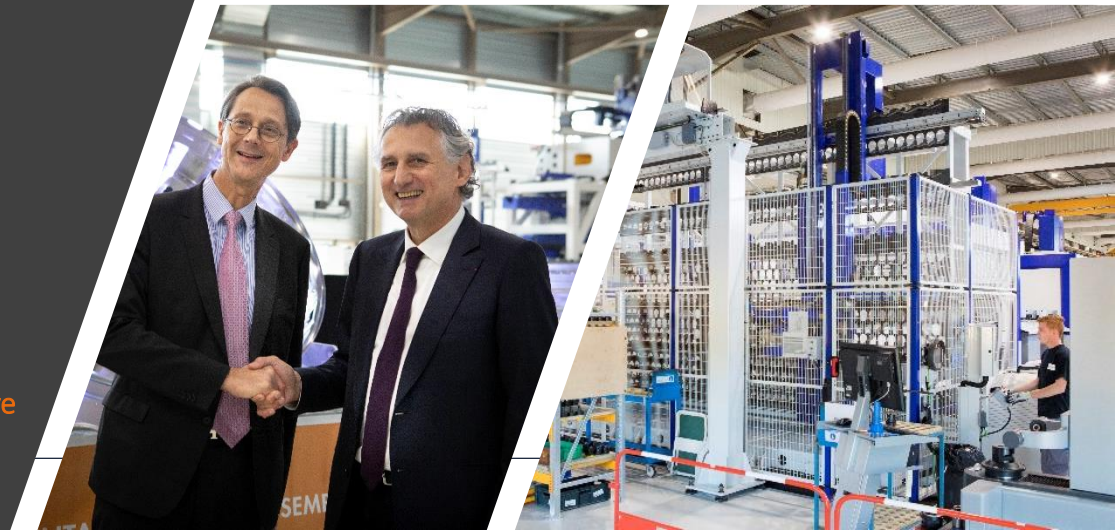
To date: 20 casings / week

2020/21: **over 1,200 casings / year**

**Target:** adjust our production lines to take a "Full Machining System" approach - 100% of the product produced at the plant: all processes carried out in-house

- | Powerful, state-of-the-art machine tools and technologies, speed and precision
- | Robotisation of the machining line
- | Incorporation of cobots into the assembly line
- | Digitalisation of flow management
- | Digitalisation of productivity management: real-time supervision
- | Production cycle divided by 4
- | Labour rates halved

**Objective:** reduce production cycles, reduce the working capital requirement and be competitive



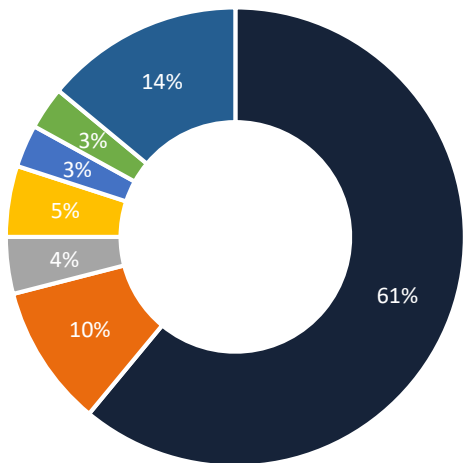
# Our facilities



A competitive global industrial footprint that maintains close ties with our clients  
 14 plants, 6 countries, 3,600 employees, 300 machines

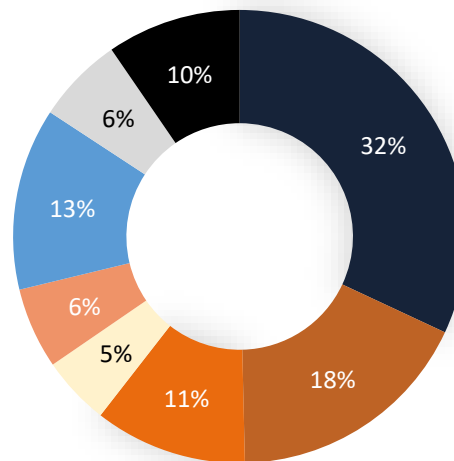
# Involved in all the main aerospace programmes

Backlog<sup>1</sup>  
€2.8bn



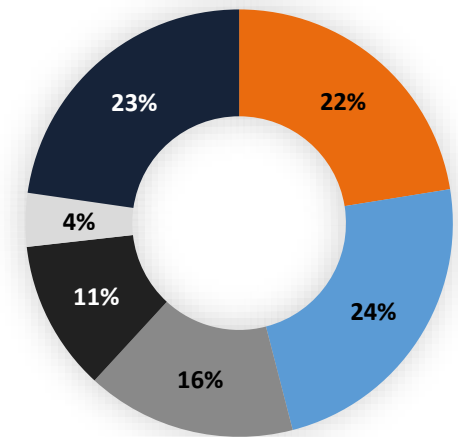
- Airbus
- LEAP
- Boeing
- Bombardier
- Embraer
- Other engines
- Other

Revenue per programme<sup>2</sup>



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

Revenue per client<sup>2</sup>



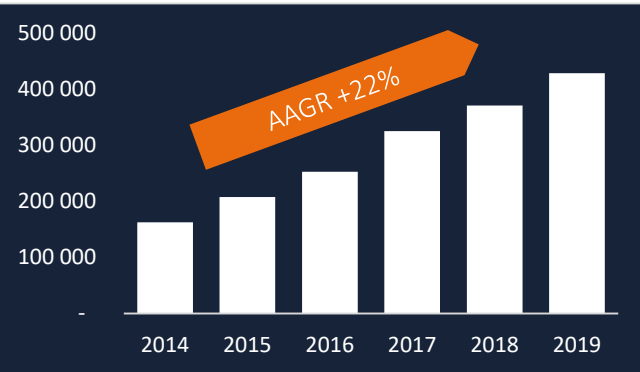
- STELIA
- AIRBUS
- GROUPE SAFRAN
- SPIRIT France
- LATECOERE
- Other clients

<sup>1</sup> On the following bases: 7 years, €/\\$ exchange rate of 1.18 and aircraft manufacturers' production rates to date

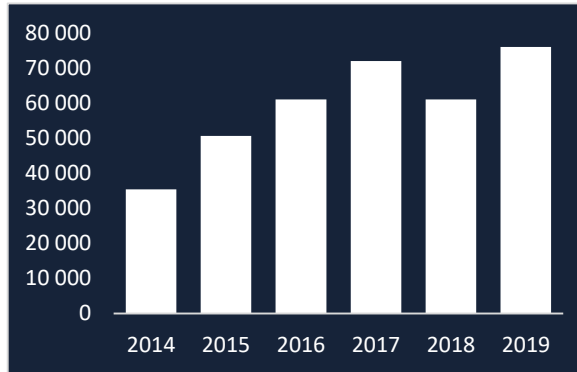
<sup>2</sup> Revenue at 31 March 2019

# Our key indicators

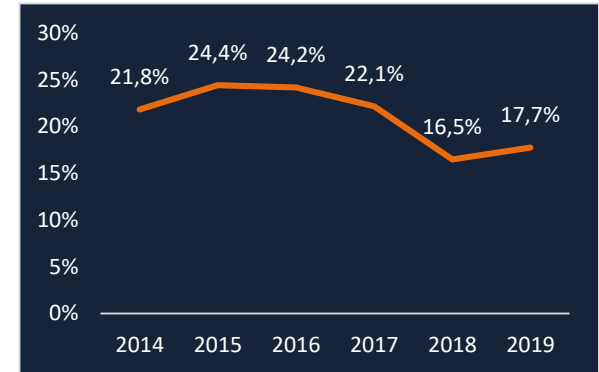
Revenue in €k and growth rate



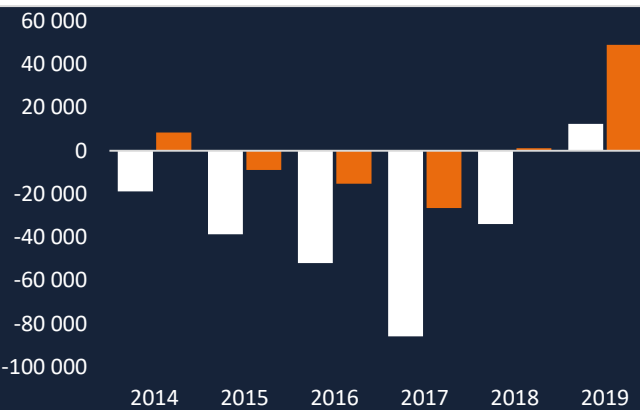
Current EBITDA in €k



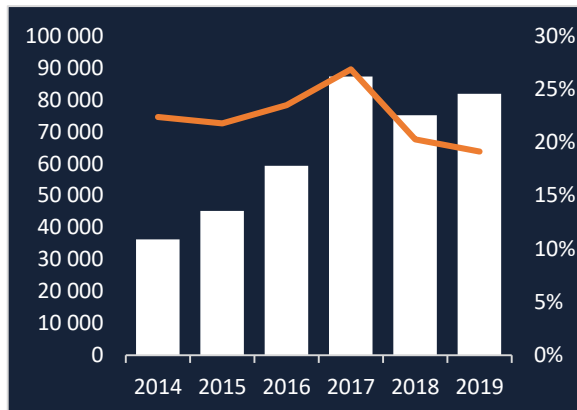
Current EBITDA margin – IFRS 15 from 2018



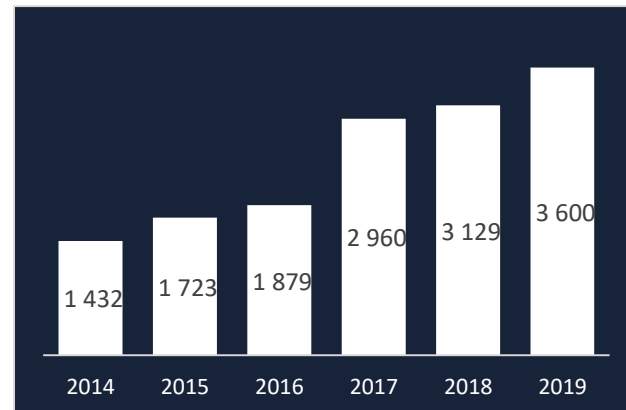
FCF in €k and FCF before growth capex in €k



Capex in €k and capex as % of revenue



Workforce

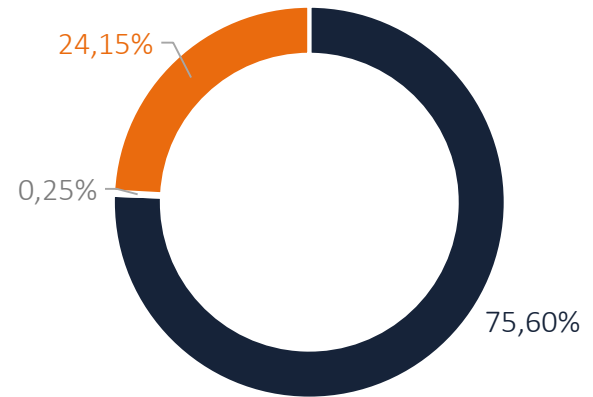


# IFRS 16

- | Applied by the Group starting from financial year 2019/2020
- | The estimated impact to date is non-significant as most of the financing is already restated as debt

# Capital shareholding structure and share price

### Capital ownership at 31/03/19

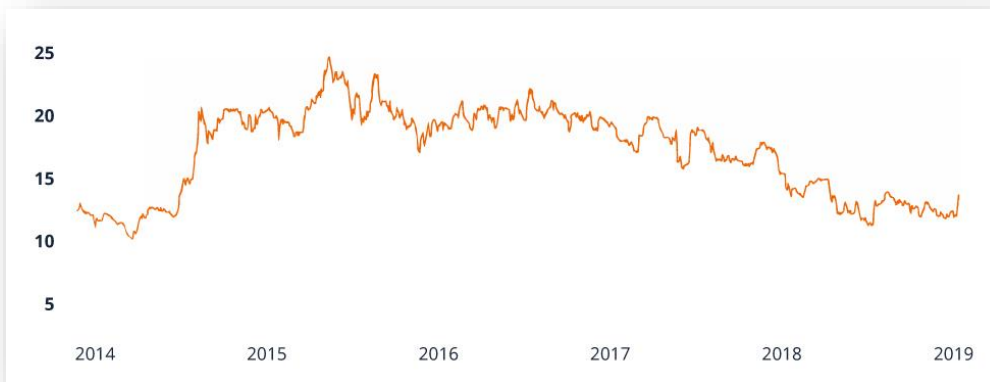


■ MAILLARD family ■ Treasury shares ■ Free float

- | **Number of shares:** 31,839,473
- | **ISIN code:** FR0011665280
- | **Ticker symbol:** FGA
- | **Market:** EURONEXT compartment B



### Stock performance





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