



2020/21 full-year results



July
2021



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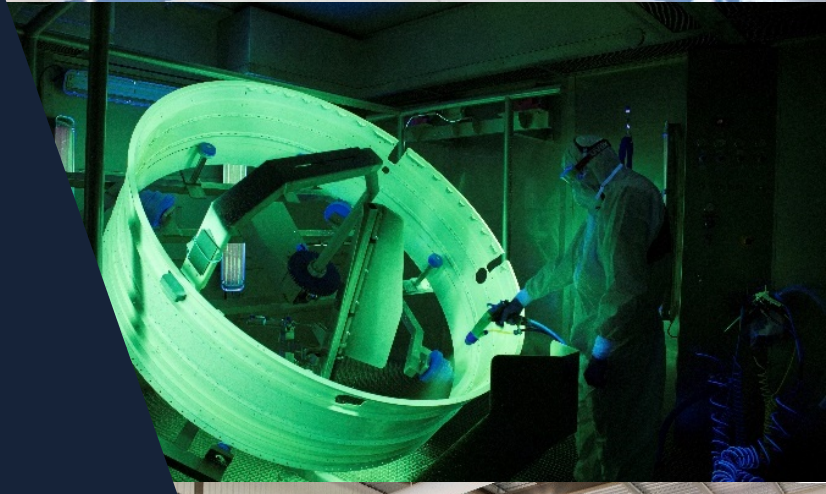
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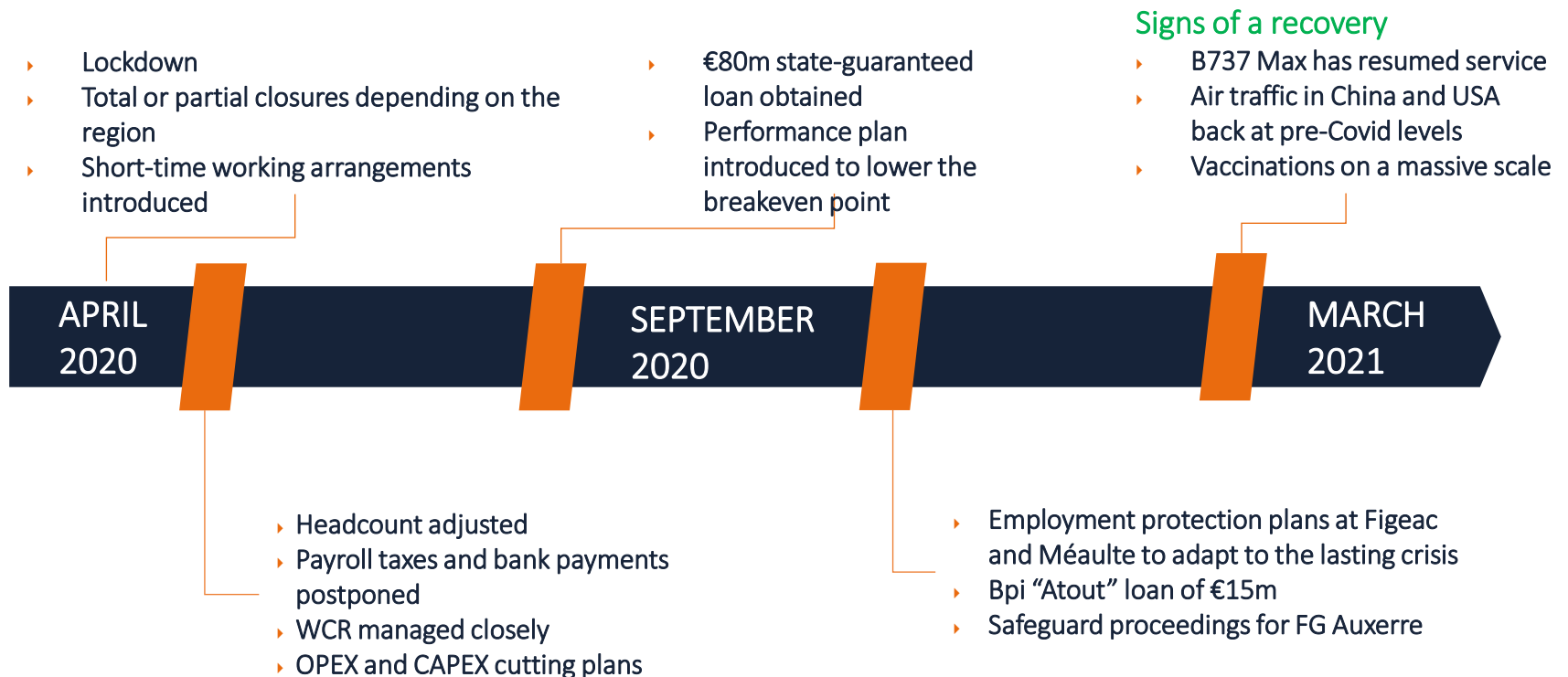
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HIGHLIGHTS 2020/21



Full-year affected by the public health crisis



Highlights of full-year 2020/21

Business activity hit hard by the Covid-19 crisis which affected global air traffic and demand for aircraft

Radical measures to restore margins and mitigate the steep drop in production rates

Liquidity shored up, reflecting the support of our banking partners

Commercial momentum intact thanks to new major contracts and increased market share

H1 2020/21

Revenue €94.4m

Current EBITDA -€6.7m

Free cash-flows -€35.4m

Net financial debt €343.7m

H2 2020/21

Revenue €110.2m (+16.8%)

Current EBITDA +€8.7m

Free cash-flows -€8.3m

Net financial debt +€4.0m

2020/21

Revenue €204.6m

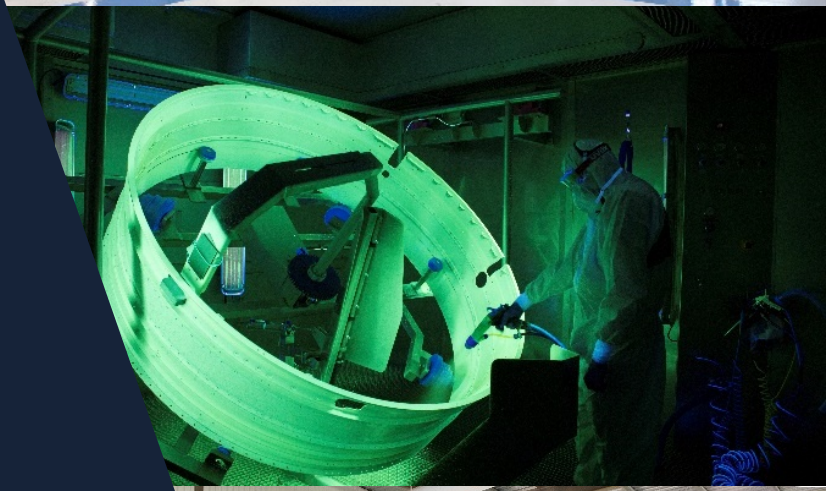
Current EBITDA +€2.0m

Cash burn under control

Net financial debt stabilised
€347.7m

Full-year 2020/21 in line with expected upturn in activity

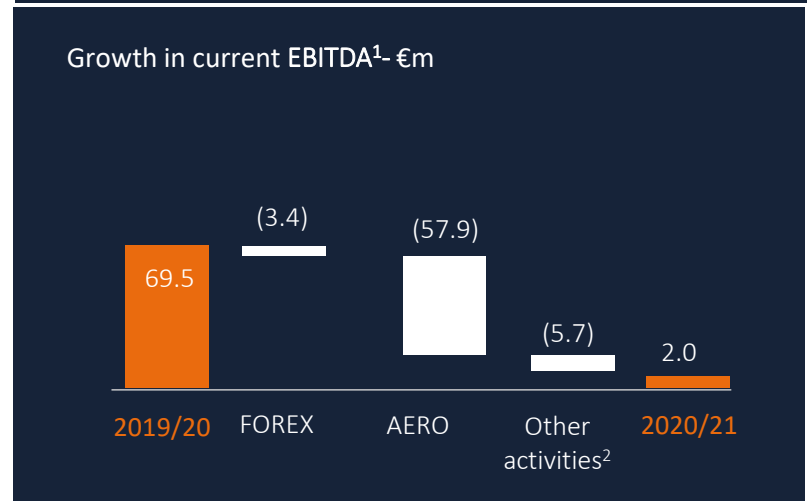
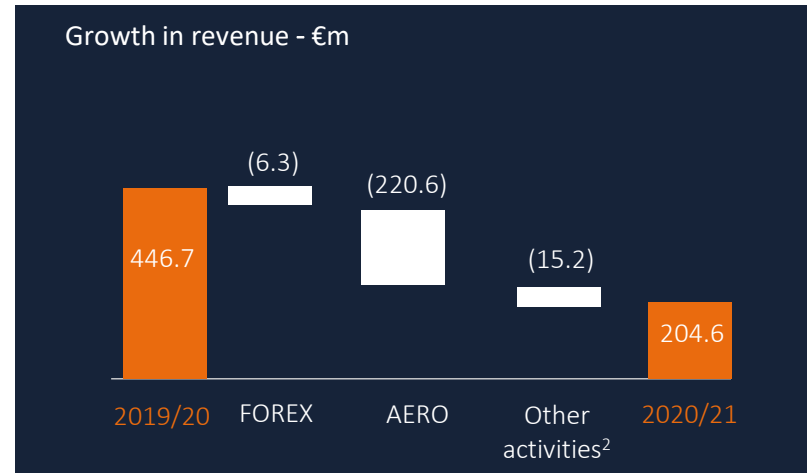
2020/21 RESULTS



*Accounts currently being audited for the year ended 31st March 2021.
The accounts will be approved by the Board of Directors on 29th July 2021.*

2020/21 results: revenue and current EBITDA bridge

- | Revenue down **-54.2%** (-52.8% LFL)
- | Impact: grounding of the B737 MAX, public health crisis, slower long-haul aircraft production rates (A350)
- | H1 hit hard by clients destocking and postponed orders
- | H2 +16.8% vs H1
- | Profitability directly affected by the decline in business activity
- | Dollar depreciation had a negative impact of **-€3.4m**



² Oil & Gas, Mechanical Engineering, Surface Treatment and Assembly

Simplified income statement

€k IFRS	31/03/2020	H1 2021	H2 2021	31/03/2021
Revenue	446,714	94,412	110,237	204,649
Current EBITDA ¹	69,448	(6,684)	8,723	2,039
<i>Current EBITDA¹/Revenue</i>	15.55%	-7.08%	7.91%	1.00%
Current operating income	14,246	(31,218)	(14,733)	(45,951)
<i>Current operating margin</i>	3.19%	-33.07%	-13.36%	-22.45%
Other non-recurring operating income & expenses	(43,235)	(19,565)	1,444	(18,121)
Share of net income (loss) of joint ventures	(31)	(21)	(38)	(59)
Operating result	(29,020)	(50,804)	(13,327)	(64,131)
Cost of net financial debt	(9,602)	(4,112)	(1,345)	(5,457)
Realised currency gains & losses	(16,257)	(2,945)	1,398	(1,547)
Unrealised gains & losses on financial instruments	1,348	11,822	67	11,889
Other financial income & expenses	(22)	(25)	(2)	(27)
Income tax	(1,955)	(5,029)	7,128	2,099
Consolidated net income	(55,508)	(51,093)	(6,081)	(57,174)
Net income, Group share	(55,465)	(51,078)	(6,067)	(57,145)

- | A steep drop in activity in H1 and a sharp increase in H2
- | Current EBITDA affected by a slowdown in long-standing contracts, new contracts in the process of ramping up, the 737 Max crisis and Covid

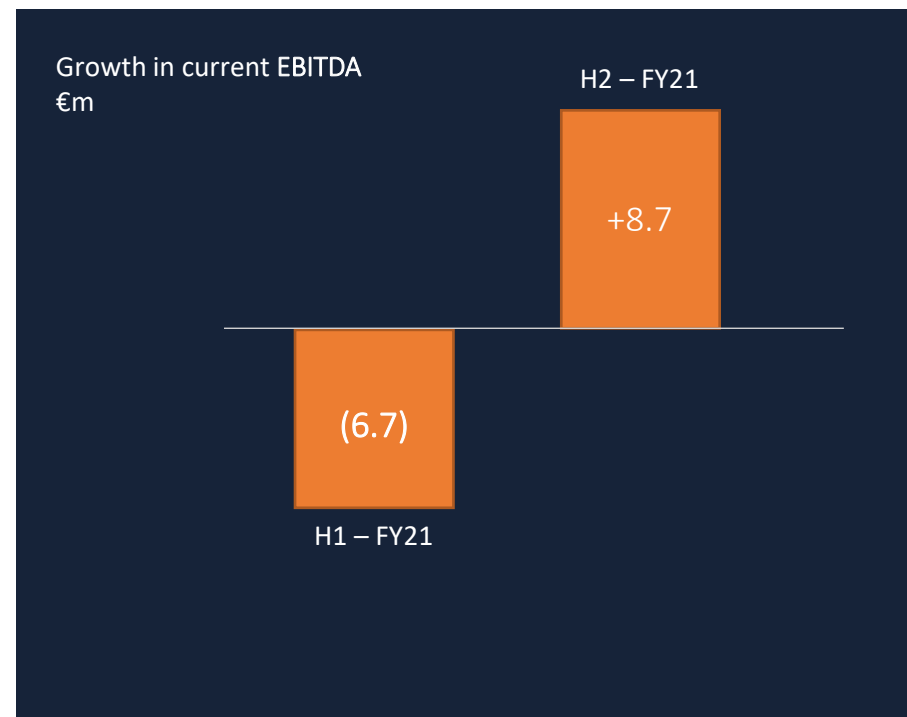
Non-recurring items:

- | Restructuring costs of €11.7m (France and overseas),
- | Penalties for breach of CAPEX orders (€0.95m)
- | Impairment charges on certain assets within the Aerostructures division: €1.9m

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

Significant improvement in current EBITDA in H2 2020/21

- | A tangible improvement seen towards the end of H1 2020/21 with current EBITDA in positive territory since September 2020
- | Sharp increase in activity in H2, signalling an upturn (+€24.5m)
- | A better H2 in terms of operating profitability
- | First pay-offs from the optimisation plan (headcount adjustments)
- | Operating expenses reduced by approximately €205m over the year.
- | **Positive EBITDA** for the full year including a negative contribution from FGA Auxerre of -€2.4m (earmarked for deconsolidation)



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

² Oil & Gas, Mechanical Engineering, Surface Treatment and Assembly

Simplified cash flow statement

€k IFRS	31/03/20	H1 20/21	H2 20/21	31/03/21
Cash flow before cost of financial debt and taxes	43,303	(12,434)	11,479	(955)
Change in working capital requirement	22,542	(5,641)	(7,735)	(13,376)
WCR in days of net sales	95			
Net cash flow from operating activities	65,845	(18,075)	3,744	(14,331)
Net cash flow from investing activities	(56,443)	(17,303)	(12,087)	(29,390)
FREE CASH-FLOWS	9,402	(35,378)	(8,343)	(43,721)
Scope effects	847			
Acquisitions or disposals of treasury shares	1,302	682	(567)	115
Change in borrowings and repayable advances	(17,169)	51,102	(22,749)	28,353
Inventory carrying transaction with Aerotrade	-		10,193	10,193
Net cash flow from financing activities	(15,867)	51,784	(13,123)	38,661
Change in cash position	(6,465)	16,406	(21,466)	(5,060)
Change in translation adjustment	306	(204)	12	(192)
Net cash position	66,792	82,994	61,540	61,540

- Significant improvement in cash-flows in H2
- WCR had a negative impact on the full year, mainly due to order postponements and destocking by clients (DIO* = 321 days of sales)
- In keeping with the established trajectory, net investments were halved
- FCF in H2: +€1.85m** restated for the resale of inventory to AÉROTRADE (-€10.2m)

Simplified balance sheet

BALANCE SHEET - €k - IFRS	31/03/2020	31/03/2021
Fixed assets	323,681	297,591
Other non-current assets	26,666	17,587
Inventory	183,591	179,952
Contract assets (1)	29,406	27,518
Trade receivables	50,937	36,327
Current tax assets	7,917	7,063
Other current assets	23,302	22,522
Cash and cash equivalents	106,811	80,470
TOTAL ASSETS	752,311	669,030
Shareholders' equity	138,553	84,688
Non-current financial liabilities	269,402	351,406
Non-current liabilities	55,990	30,587
Short-term financial liabilities	40,133	18,930
Current portion of financial liabilities (3)	75,441	40,561
Debt not bearing interest	15,370	13,098
Repayable advances	4,211	4,214
Trade payables and related accounts	92,764	44,812
Current liabilities (2)	60,447	80,734
TOTAL LIABILITIES	752,311	669,030

- | IFRS 16 had a +€6.8m impact on debt
- | A solid cash position of €80.5m
- | Negotiations underway to ease financial covenant terms for the year to March 2022

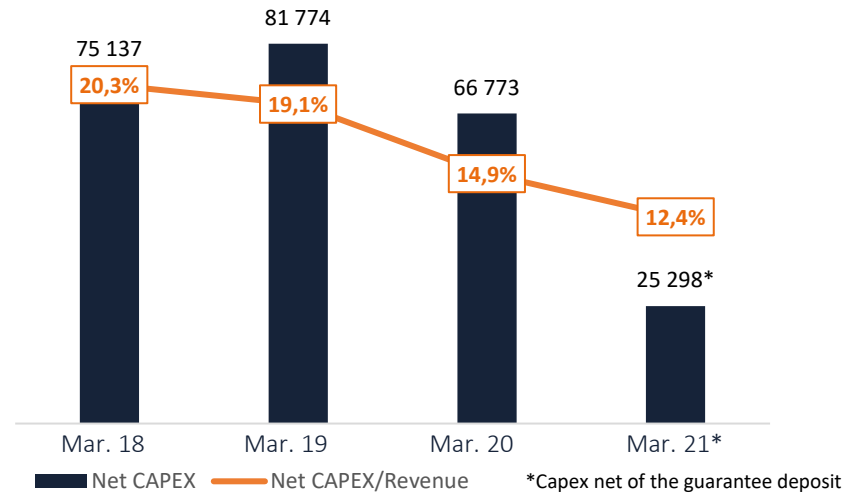
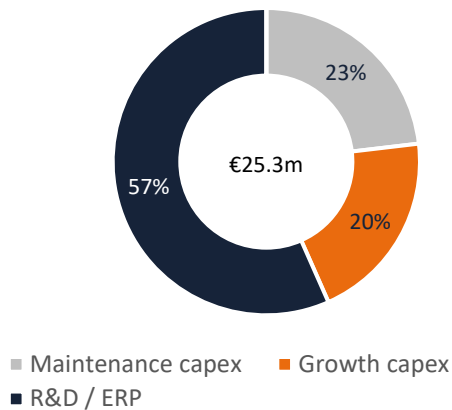
(1) reclassification of contract assets as current assets

(2) reclassification of contract liabilities as current liabilities: €15.3m

(3) following the covenant breach, the >1-year portion of the EBRD loan has been classified as <1 year, with an impact of €19.6m

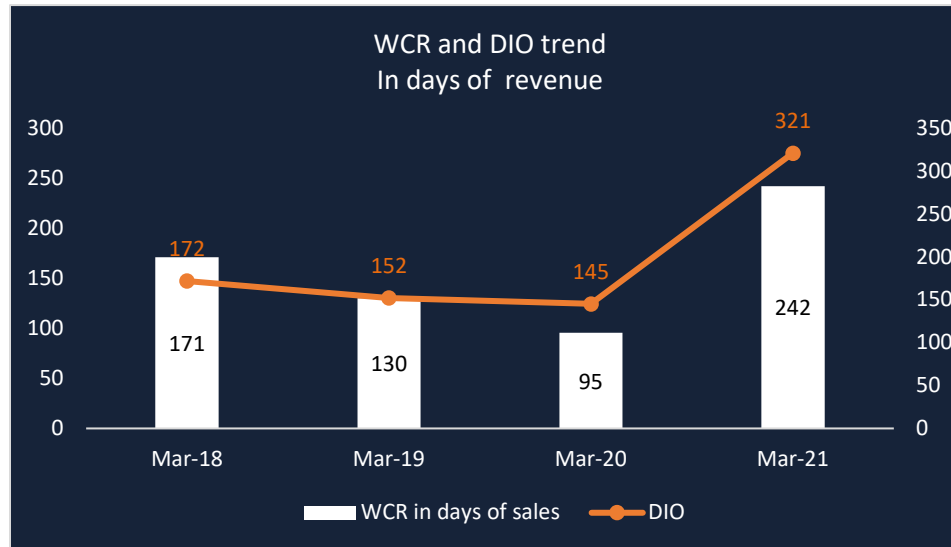
CAPEX trend

Distribution of CAPEX at March 2021



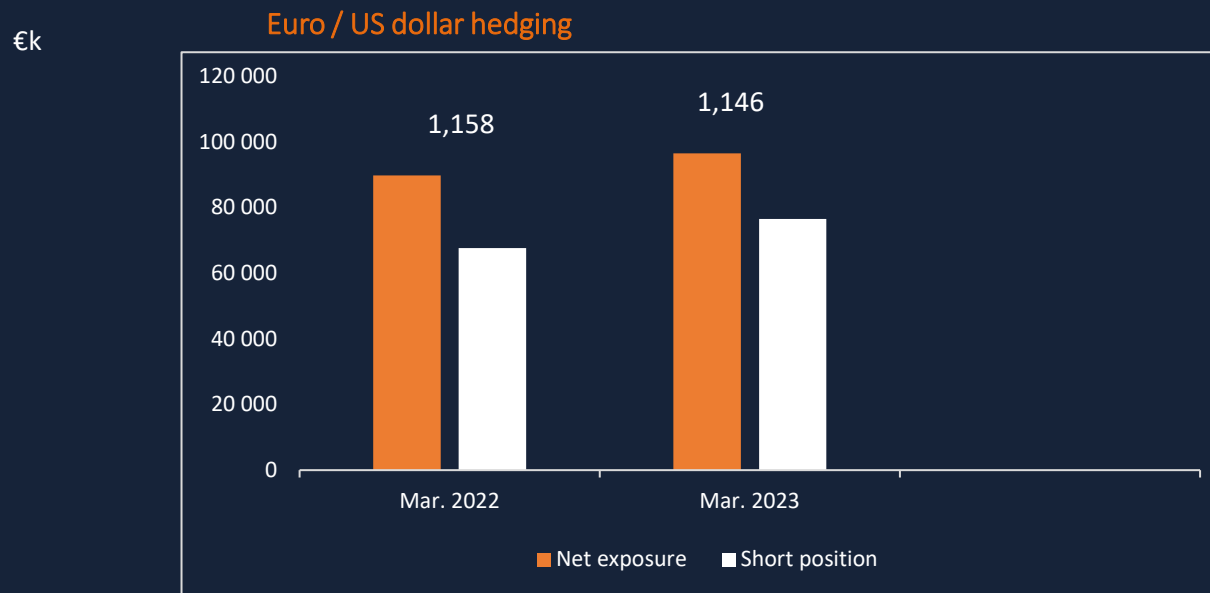
- | 2020/21: CAPEX to restructure / optimise the Group's industrial footprint
- | CAPEX divided by 2.6 and will continue to decrease over the coming years
- | Production facilities scaled for revenue-generating capacity of €550m. FGA thus has sizeable production capacity available and more than enough to seize new opportunities
 - › R&D will decrease and the ERP roll-out will continue in order to remain competitive and support our growth
 - › Poised to grasp new commercial opportunities that are feasible based on current existing capacity
 - › R&D and asset maintenance to remain at suitable levels

WCR trend



- | 2020/21: WCR indicators were not normative as they were affected by the public health crisis, postponed orders and destocking by clients. WCR at 31/03/2021 impacted by :
 - Outsourcing of raw materials management (AMI contract discontinued)
 - Increased finished goods inventory due to order postponements by clients
 - A combid effect – deliveries of raw materials in 2020 had been defined according to requirements expressed back in April 2019
- | 2021/22: WCR expected to improve sharply thanks to the series of measures taken upstream, the optimisation of raw materials turnover (including the elimination of excess combid stocks) and the implementation of the new ERP/ DDMRP system
- | The Group does not expect the recovery to have any negative effects (DIO back to March 2020 levels within 24 months)

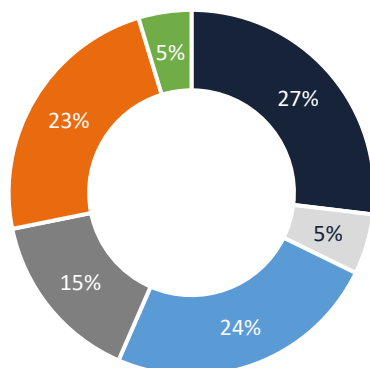
€/\$ hedging



- | 2022 is 75%-hedged and 2023 is 80%-hedged
- | The dollarisation of the supply chain will continue
- | Work is underway to hedge FY 2024 and beyond as the USD strengthens

Balance sheet

Breakdown of debt at 31/03/2021

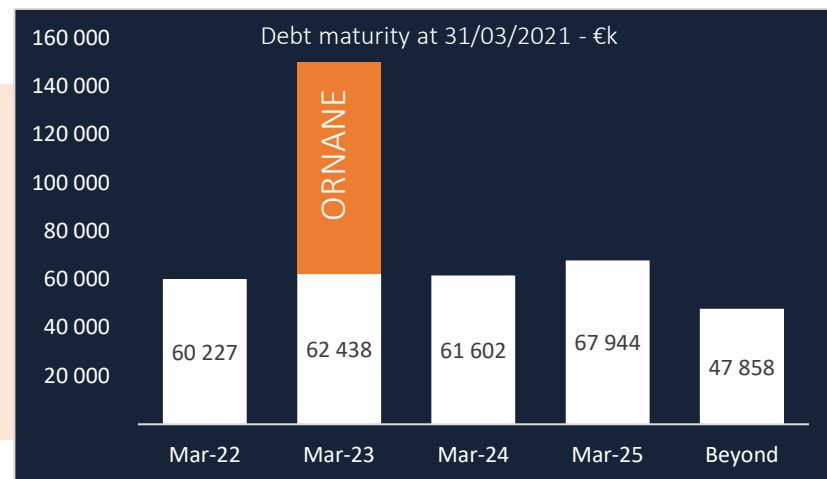


Cash position
€80m

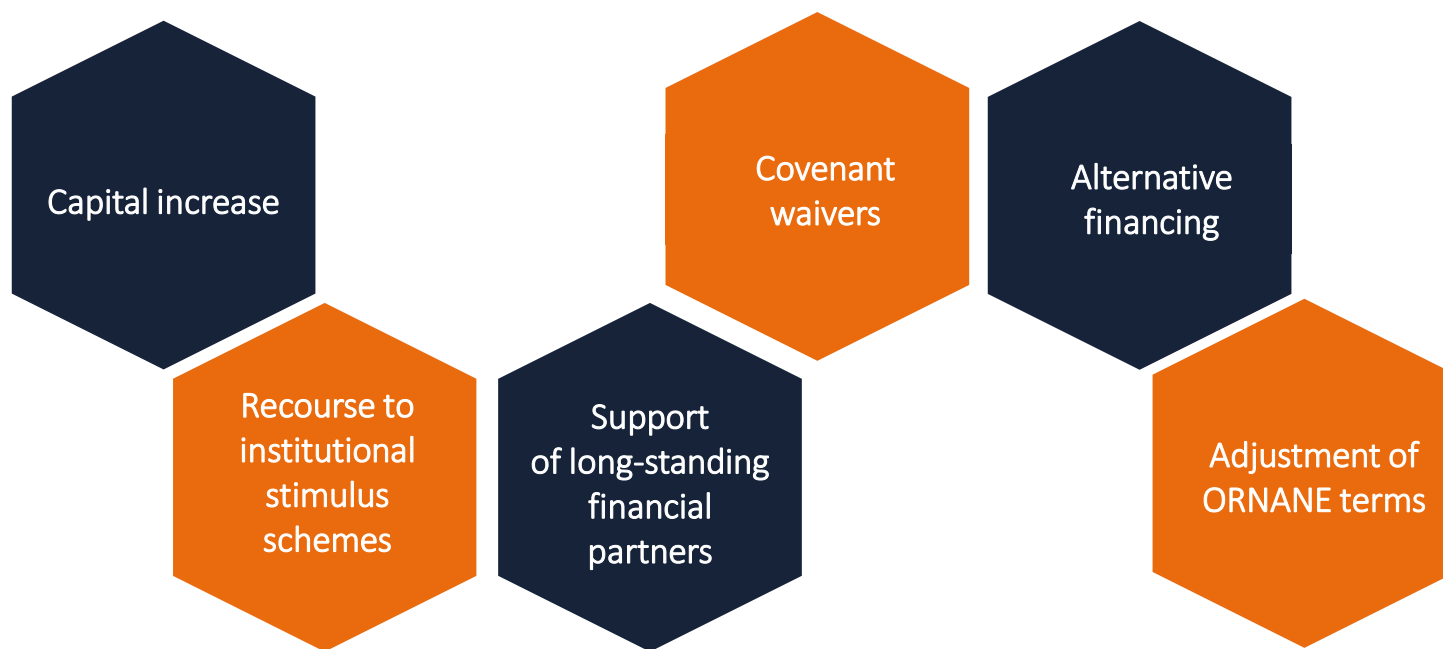
- ORNANE
- Leasing
- Factoring
- Syndicated loan
- State-guaranteed loans
- Other

- ❖ Instalment debt except for the €100m convertible bond maturing in October 2022
- ❖ The €79.3m PGE (state-guaranteed loan) will be amortised over 4 years starting from July 2022
- ❖ A €14.8m ATOUT loan amortised over 5 years
- ❖ The company's financial structure is being reviewed

- ▶ Net debt of €326.3m*
- ▶ Only one-quarter of debt is subject to covenants which were frozen for the year to 31st March 2021 and are in the process of being negotiated for FY 2022
- ▶ The cost of debt is low (around 2%) and largely hedged at fixed rates

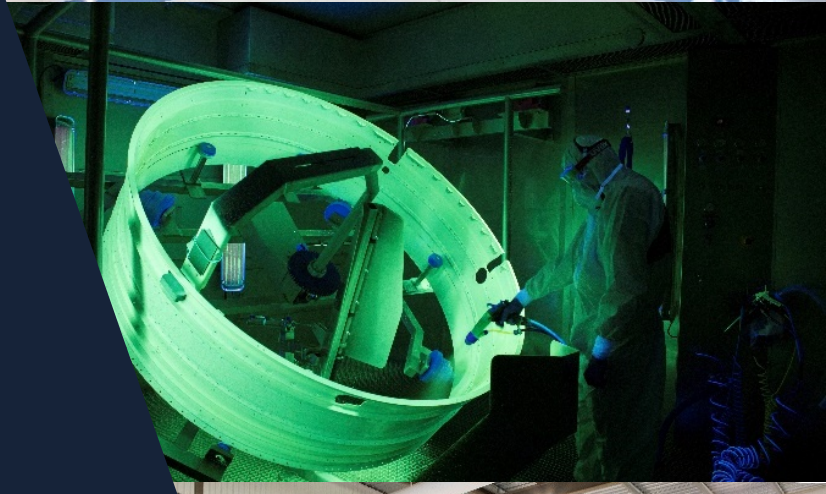


Financial structure under review



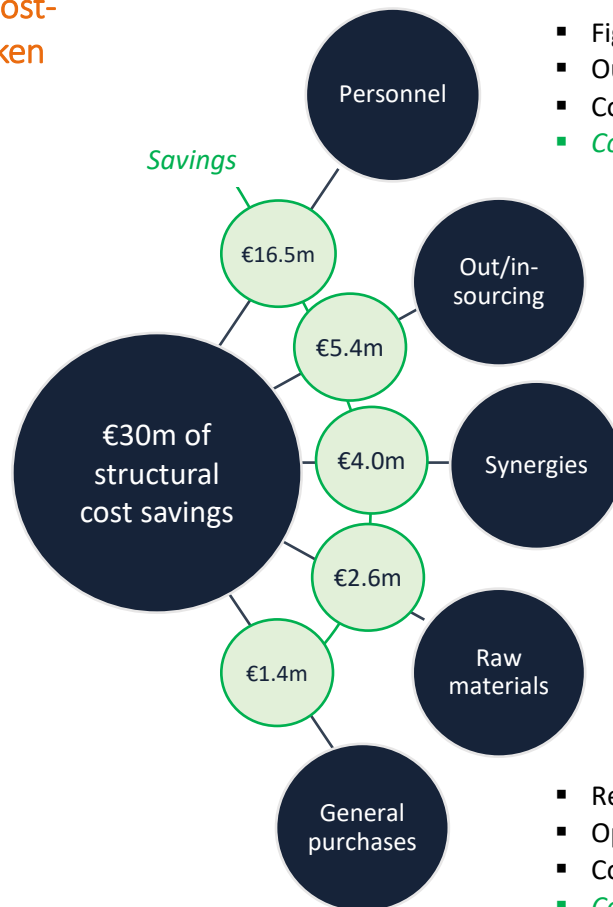
- | Identification of financing requirements out to 2025
- | Various financing arrangements are being considered, talks are well underway with several financial partners
- | By the end of this process, the Group's balance sheet will be healthier and suited to its strategy

PROGRESS REPORT ON THE PERFORMANCE PLAN



An operational optimisation plan has been rolled out rapidly

Structural cost-cutting broken down by category



- Figeac + Picardy employment protection plans = 220 + 21 positions
- Outside France: +750 positions in subsidiaries
- Costs = €12m (€2m in 2020/21 / €10m in 2021/22)
- **Completed**

- Insourcing of core business production
- Insourcing of production / maintenance services
- Costs: €1.1m
- **Completed**

- Moroccan sites being merged
- Machining facilities being optimised
- Costs: €2.5m
- **Progress: 90% (end-July 2021)**

- Optimisation of raw materials
- Re-insourcing, AMI contract discontinued
- Costs: €0.5m
- **Progress: 85% (end-Sept 2021)**

- Reduction in maintenance purchases
- Optimisation of general purchases
- Costs: €0m
- **Completed**

P&L gains will materialise rapidly

Performance plan: pillars	Total implementation costs*	P&L gains			
		FY21	FY22	FY23	Total cumulative gains
Headcount adjustments	€12m	€10m	€6.5m		€16.5m
Re-insourcing of costs	€1.1m		€3.5m	€1.9m	€5.4m
Production synergies	€2.5m		€3m	€1m	€4m
Raw materials	€0.5m		€1m	€1.6m	€2.6m
Streamlined procurement	-	€0.6m	€0.8m		€1.4m
TOTAL Cumulative gains (%)	€16.1m	€10.6m (35%)	€14.8m (85%)	€4.5m (100%)	€29.9m

Almost all the effects of the structural fixed cost-cutting measures will materialise in the second half of this financial year (85%)

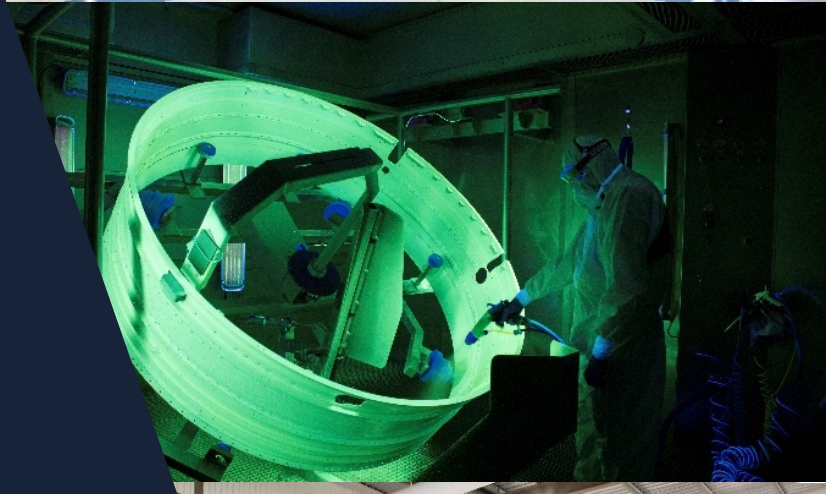
* excluding industrial optimisation CAPEX

Capacity utilisation rates

	Mar-20	Dec-20	Current	Mar-22
AMERICAS	40%	50%	50%	55%
FRANCE	40%	50%	55%	60%
MAGHREB	40%	55%	60%	55%
FIGEAC AERO GROUP	40%	50%	55%	60%

- | Higher capacity utilisation rates towards the end of H2, securing a positive operating margin
- | First-rate production facilities receiving substantial investments and capable of generating between €550m and €600m of revenue
- | Enough capacity to:
 - > kick off the recovery, and
 - > capture market share **without having to make additional investments**

BUSINESS PLAN ROUTE 25



Route 25



Route 25: strategic priorities

REVENUE	GAIN new market share HOLD ON to existing contracts ENSURE new contracts come onstream DEVELOP our service sales
INDUSTRIAL MODEL	ESTABLISH industrial processes (France, Best Cost, etc) and transfer production capacity SCALE UP the workload in Best Cost facilities DEVELOP the workshop 4.0 model
COSTS	LOWER purchase prices OPTIMISE production and operating costs DEVELOP BCC support
MANAGEMENT SYSTEM	ROLL OUT FAST Improve and roll out management standards in order to achieve our performance targets

Route 25: capture the market rebound

← 2021 - 2025 →

← 2026+ →

GROWTH GENERATED FROM EXISTING BUSINESS

- **Upturn in volumes** based on the forecasts issued by OEMs and engine makers
- **Secured positions** in aircraft and engine programmes (A350, A320, B777, LEAP)
- **Ramp-up** of contracts won just before the crisis (Safran, MHI)

GAIN NEW MARKET SHARE

- **Ramp-up** of the Collins Aero and Roll Royce contracts (\$250m)
- **Confidence intact** as regards new opportunities with existing clients (RFQ underway with Airbus, Stelia, Boeing, Safran, etc.)
- **Faster allocation** of new contracts in the USA (critical mass + Mexico)
- **Renowned expertise** in engine parts
- **Opportunities** to diversify (into the Defence and Energy industries) and to develop partnerships in the Middle East and China

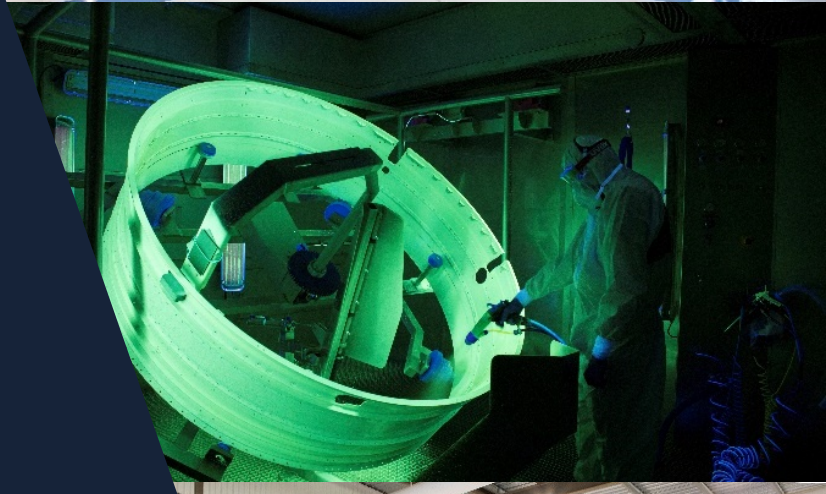
INCREASE MARGINS AND CASH-FLOWS

- **Increased** margins thanks to an operating leverage effect and initiatives under the Route 25 plan
- **Faster** cash-flow generation (reduced WCR and very little investment in the future)
- **Cash generation** to reduce the Group's debt

OPPORTUNITIES

- **Expansion** in Asia (largest civil aerospace market)
- **Local partnerships**, notably in China with the potential to extend the Group's industrial footprint (capitalising on the JV with Nanshan) or by developing service sales
- **Further acquisitions for strategic reasons and to take advantage of opportunities**

Commercial momentum



Growth strategy based on multiple opportunities



Opportunities captured during the crisis

Major contract wins in 2020/21 despite the crisis

- ▶ Collins Aerospace: nacelle parts for P&W engines on the A320
 - 15-year contract estimated at USD210m
 - Industrialisation phase of 18 months. Contributing to revenue and EBITDA in H1 2021/22
- ▶ Rolls Royce: casing components for the A350's engine
 - Second commercial win in 18 months. 10-year contract estimated at USD40m
 - Contributing to revenue and EBITDA in H1 2021/22
- ▶ Diversification underway with the defence industry's main OEMs: SED, Thales, Nexter, etc.

The confidence of our clients remained intact during the crisis

Contract renewal rate of 97% out to 2027

Group renowned for its competitive advantages, paving the way for it to win lots of tenders...

- | An international footprint of high technological value
- | Centres of excellence in machining, sheet metal processes and surface treatment
- | Significant industrialisation capabilities combined with surplus production capacity

... but a highly selective approach in order to keep tight control within this highly competitive market segment

- | Increased financial discipline when selecting contracts
- | No development CAPEX
- | Technological expertise
- | Know-how fully mastered thanks to items already completed for other OEMs

Commercial momentum intact

A220 CONTRACT WITH STELIA

- | 5-year contract and total revenues of €20m based on current production rates
- | Production of structural detail machining and sheet metal parts
- | Plants at Hermosillo and Casablanca
- | First parts to be delivered in H2 – FY22

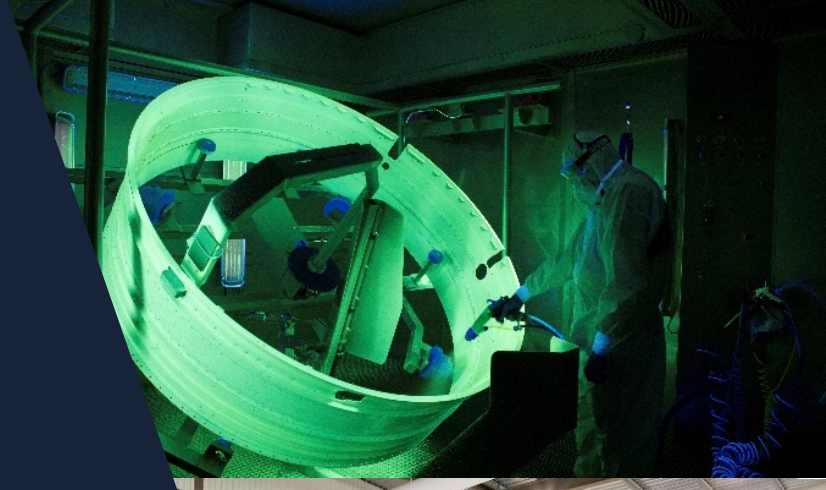
1ST SERVICES CONTRACT IN SAUDI ARABIA

- | Services contract for the industrial development of an aerospace parts production plant catering mainly to the Saudi defence market
- | SFAM will become a crucial market opening enabling OEMs to locate there
- | A non-capital-intensive project for FGA other than the start-up capital

CLOSER PARTNERSHIP WITH LATÉCOÈRE ON THE B787

- | Machining of different light alloy and hard metal detail parts & production of small sub-assemblies for the doors on the B787

OUTLOOK



A Group poised to handle the recovery



MANY SIGNS of a recovery

- / B737 Max has resumed service
- / Air traffic is recovering in China and the USA
- / Production rates on the A320 are rising sharply
- / Production rates on long-haul aircraft have bottomed out and are now gradually recovering
- / Vaccinations on a massive scale worldwide

PERFORMANCE PLAN

Long-term structural savings and operating leverage to shore up our competitive position

COMMERCIAL MOMENTUM

New contracts / clients
New requests for quotations
Diversification
Positive signs of a recovery

FINANCIAL RESOURCES SAFEGUARDED

State-guaranteed loan + Bpi loan obtained

FIGEAC AERO

2021/22

REVENUE: €250/300M
DOUBLE-DIGIT CURRENT EBITDA
POSITIVE FREE CASH-FLOWS

FOOTPRINT

Capacity to generate revenue of between €550m and €600m
Cutting-edge production facilities



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