


PRESS RELEASE

Figeac, 10 July 2018

PROVISIONAL 2017/18 ANNUAL RESULTS

- **A +19.1% increase revenue at constant exchange rates**
- **Corrected EBITDA at constant exchange rates of 21.1%**
- **Net income (Group share) of €30.3m**
- **Positive cash flows generated by operating activities at €37.4m**
- **Clear improvement in free cash flow for the period, in line with 2019 objectives**

Today, the FIGEAC AÉRO Group (ticker symbol: FGA), a leading partner of major aerospace industry companies, today announced its 2017/18 annual results, which are currently being audited, for the period ended 31 March 2018. The Audit Committee met on 4 July 2018, and the accounts will be approved by the Board of Directors on 25 July 2018.

In €K - IFRS at 31/03	2016/17	**2017/18**	**2017/18 (at constant exchange rates)**
Revenue[1]	**324,732**	**370,270**	**386,769**
Corrected EBITDA[2]	**71,926**	**71,735**	**81,591**
Corrected EBITDA/Revenue	***22.1%***	***19.4%***	***21.1%***
EBITDA	**69,088**	**67,504**	**77,360**
EBITDA/Revenue	***21.3%***	***18.2%***	***20.0%***
Depreciation and amortisation	(21,052)	(30,930)	
Net allocations to provisions	(5,011)	234	
Current operating income	**43,025**	**36,808**	**46,664**
COI/Revenue	***13.2%***	***9.9%***	***12.1%***
Other operating income	10,711	1,381	
Other operating expenses	(1,203)	(3,837	
Operating income	**52,532**	**34 352**	
Cost of net financial debt	(4,192)	(6,120)	
Foreign exchange gains and losses	(22,802)	(6,085)	
Unrealised gains and losses on financial instruments	14,649	16,668	
Other financial income and expenses	(54)	(112)	
Income tax expense	(7,615)	(8,452)	
Net income (loss)	32,519	**30,251**	
Net income (Group share)	32,545	**30,289**	

[1] 2017/18 revenue is calculated using the average monthly EUR/USD rate of 1.167 for the period, and 2016/17 revenue is calculated using the average monthly EUR/USD rate of 1.0974 for the period.

[2] Corrected EBITDA = recurring operating income + depreciation and amortisation + net provisions, before the breakdown of R&D expenses capitalised by the Group by type

2017/18 annual results underpinned by an unfavourable currency effect with no impact on Cash-Flow

In fiscal 2017/18, the Group continued to mark up revenue growth which came out at +19.1%[3] at constant exchange rates, making for full-year revenue of €370.3m, implying an increase of 26.2%,[4] excluding material procurement and at constant exchange rates.

This sales growth was accompanied by an increase in corrected EBITDA at constant exchange rates[5] of 13.5% to €81.6m, making for a margin of 21.1%.

At constant exchange rates, current operating income came out at €46.7m at 31 March 2018 making for a current operating margin of 12.1%.

2017/18 operating income came out at €34.3m compared to €52.5m in the previous year which benefited from a badwill of €9.9m relating to the acquisition of Auvergne Aero under favorable conditions.

After taking into account financial income, €/$ hedging and tax, Group share of net income came out at €30.3m for fiscal 2017/18 year.

Financial structure: record cash flow from operating activities of €37.4m.

Driven by these good results, shareholder's equity advanced €48.2m over the twelve-month period coming out at €259.5m at 31 March 2018. With net financial debt of €272m, the gearing ratio remained well under control at 1.05.

For the first time since the March 2014 closing, cash flows generated by operating activities over the period were positive and up significantly at €37.4m (compared with -€9.8m at 31 March 2017).

This reflects a significant improvement of +64% in cash flow before borrowing costs and taxes at €70.3m (€42.8m one year earlier) and a marked decline of more than €19.8m in the change in WCR in a context of business growth.

Consistent with the objectives announced to reduce investments over the current financial period, net investments in 2017/18 reached €71.3m, down by €4.7m over one year.

All the actions implemented within the Group are bearing fruit. Over the 2017/18 financial year, free cash flow improved sharply by 60.5% narrowing to -€34m (compared with the year-earlier level of -€86m) with free cash flow generation of -€9.6m in the second half confirming trends in free cash flow generation in March 2019.

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[3] *+10.6% at constant scope and constant exchange rates*
[4] *Restated revenue growth: €370.3m (revenue at 31/03/2018) + exchange rate impact of €16.5m + €23.0m impact from the policy of materials transfer to customers*
[5] *Impact of €/USD parity trends on corrected EBITDA is € 9.9m*

A positive outlook

In line with its business plan, the Group will actively pursue its growth strategy focused on **the positive and recurring generation of free cash-flow as of March 2019**, **with a significant and progressive decrease in net investments** and **a reduction in working capital requirement expressed as the number of days over sales**.

In addition, given the Group's far-reaching objective to generate positive free cash flow as of March 2019 (leading to greater-than-expected for new-business selectivity and a transfer of material purchases to customers) and ramp-up timing differences for certain programmes, FIGEAC AÉRO plans to reach revenue of €520m[6] in 2020 and €650m[6] in 2023, still confirming adouble-digit growth. Attaining these objectives will not require a further capital increase.

Upcoming publications

31 July 2018 after market close: publication of consolidated financial statements for the year ended 31 March 2018 approved by the Board of Directors

ABOUT FIGEAC AERO

The FIGÉAC AÉRO Group, a leading partner of major aerospace manufacturers, specialises in the production of light alloy and hard metal structural parts, engine parts, landing gear parts and sub-assemblies. An international group with a workforce of 3,300 employees, FIGEAC AÉRO operates in France, Romania, the United States, Morocco, Mexico and Tunisia. In the year ended 31 March 2018, the Group reported annual revenue of €370.3 million.

FIGEAC AÉRO

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[6] *on a EUR/USD parity rate of 1.18*

Appendix

IFRS 15 - Revenue from contracts with customers

The FIGEAC AÉRO Group has carried out a preliminary analysis of the impacts related to the application of IFRS 15 "Revenue from Contracts with Customers" as of the financial year beginning 1 April 2018. This standard replaces the IAS 11 and IAS 18 standards.

The main impacts are as follows:

1. Revenue recognition: Group revenue is generated essentially from three types of activity:
   a. Production activities - Non-recurring costs within the context of mass production:
   The results of the preliminary analysis conducted by the Group reveal that the pre-production activities carried out prior to the mass production phase do not bear a contractual performance obligation. As such, the control of these activities is not transferred to the end client. As a result, revenue from these activities will be deferred in line with recognition of the main performance obligation.
   This treatment will have no impact on the current means of revenue recognition.
   b. Development activities excluding mass production
   Revenue from development activities will be recognized on the date on which control is transferred.
   This treatment will have no impact on the current means of revenue recognition.
   c. Parts and sub-assembly production activity
   This activity carries a distinct performance obligation. Revenues are booked on the date when control is transferred which corresponds to the date of delivery of individual parts and sub-assemblies to final clients.
   This treatment will have no impact on the current means of revenue recognition.

2. Treatment of the learning curve:

   At present, performance costs are written to the balance sheet during the contract start-up phase between the reported profitability and the normative production profitability. Costs are recognized in the income statement in accordance with the amount of reduction observed.
   The application of IFRS 15 will lead to the immediate recognition in the income statement of these costs relating to the performance obligation of mass production activities. This treatment will have an impact on the rate of contract margins recognition.

Application of standard
This standard will be applied as of the financial year opening 1 April 2018 according to the complete retrospective method.

Impact of this application on the opening balance sheet
The application of IFRS 15 will have a negative impact on Shareholders' equity of around €70m (due essentially to the curve impact) net of associated deferred taxes. At this stage, the estimated impact could change during the finalization of the analysis process.

Free cash flow
This application of new standard will have no impact on Group cash flows.