



Dear Ladies, Gentlemen and Shareholders,

Many individual investors have informed us that they would like to have a closer relationship with FIGEAC AÉRO in order to gain a better understanding and appreciation of the reasons underlying changes to the Company's strategy over time. For me, this newsletter is an effective way of sharing information and improving that relationship. In this way we will further strengthen our communications, bringing you even more information about the opportunities and constraints that are unique to our aerospace subcontracting business.

I should remind you that from 2013 (the year in which we were first listed) to 2017, our main objective was the Group's growth, which led to a remarkable improvement in our revenue in the aerospace and industrial sectors. Revenue from the business grew from €137.1 million in 2013 to €324.7 million in 2017 and €372 million for the financial year ended 31 March 2018, with volumes increasing by a multiple of 2.7 over five years. This impressive growth was made possible by a combination of two factors: a sustained and highly ambitious investment strategy and seeking financing by going to the markets, with three capital increases in three years (2013, 2015 and 2016).

This extremely rapid and sustained growth, fuelled by subsequent gains in our share of the orders from the major industry players, has had a corresponding mechanical impact on our free cash flow. According to whether this financial indicator is positive or negative, it lets us know whether the company is earning more than it is spending and whether it ultimately has the means to finance its future.

At 31 March 2017, our cash flow was -€86 million. If this situation had continued, it would have led the Company to seek various sources of financing including, probably, a further capital increase.

For this reason, the Group's strategy has been refocused in favour of generating cash and thus financing future growth through the business while controlling net debt with a target level of net indebtedness⁽¹⁾ of close to 1. Our priority is, therefore, to generate positive and recurring free cash flow from 2019 while continuing to grow the business, an objective that creates value without resorting to further capital increases and, therefore, without any fear of a dilutive impact for the Company's shareholders.

Thanks to the efforts made by all of FIGEAC AÉRO's employees, the improvement in our cash flows is firmly on track.

(1) Net indebtedness: net financial debt/equity.



Jean-Claude Maillard,
Chief Executive
Officer-Founder

LET'S TALK GROWTH!

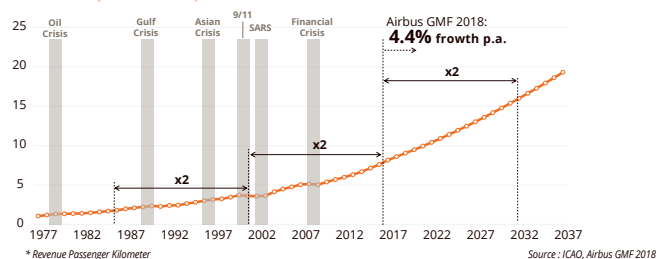
What are the customers saying?

The market forecasts from Airbus and Boeing, which were reported at the Farnborough Airshow, were revised upwards thus confirming an expanding market. For its part, Airbus anticipates a demand for 37,400 aircraft between now and 2037, while Boeing's assessment is that 42,730 new aircraft will be needed during the next 20 years (2018-2037), in other words, a 4.1% upward revision to their previous estimates.

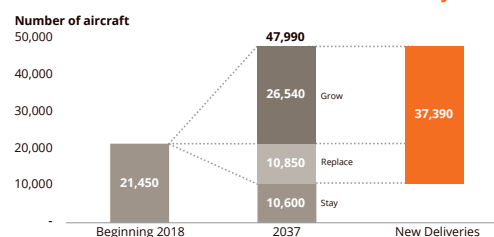
Source: 23 July 2018 - Air & Cosmos - Le Monde (17/07) - lepoint.fr - aeromorning.com

Traffic has proven to be resilient to external shocks and doubles every 15 years

World annual traffic (trillion RPKs*)



The world fleet will more than double over the next 20 years



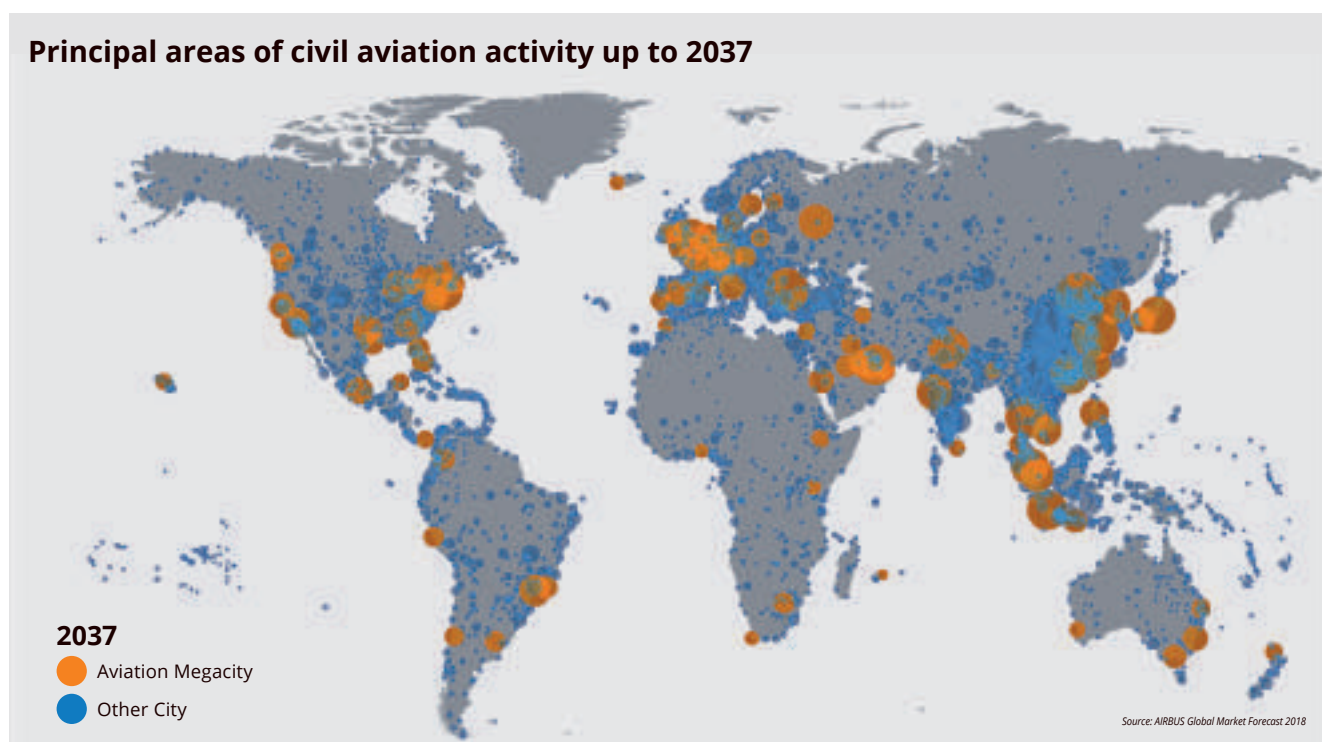
Positioning of FIGEAC AÉRO in relation to the main growth boosting programs:

Programs	Relative importance of the program for FIGEAC AÉRO revenues	Trends for shipment volumes
Airbus A350	++++	↗️ 😊
Airbus A330	++	→ 😐
Airbus A320	+++	↗️ 😊
Airbus A380	+	→ 😐
Airbus A220	+	↗️ 😊
Boeing B787	+	↗️ 😊
SAFRAN LEAP	+++	↗️ 😊
Bombardier Global 7000 - 8000	++	↗️ 😊
Embraer Ejet-E2	++	↗️ 😊

FIGEAC AÉRO is principally involved in producing aircraft with more than 100 seats with a civil aviation focus. The light alloy and hard metal structural parts, engine parts, landing gear parts and sub-assemblies that we make are for the flagship programs of Airbus, Boeing, Embraer, Bombardier and Safran for engines. The A350 and LEAP programs (Safran) are the main drivers of our growth and production rates are on the increase. By way of reminder, each A350 sold represents €1.7 million in revenue for Figeac Aéro. With regards to LEAP, we are now producing just over 12 casings per week and we should produce 4 casings a day in 2020.

Competitiveness and internationalisation, the major drivers of growth

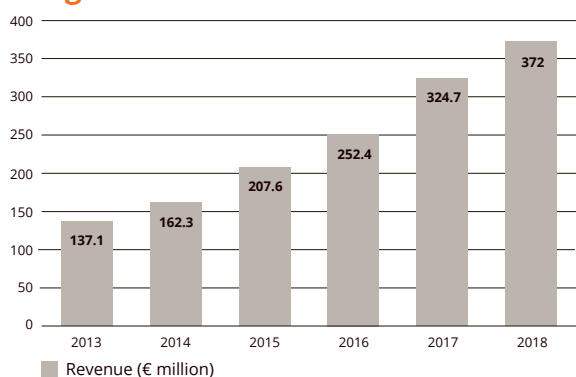
The Group already has operations in Europe, North Africa and North America. FIGEAC AÉRO is now forming partnerships to facilitate its entry and growth in geographical regions where there are no aerospace sub-contractors but in which the manufacturers sell huge numbers of aircraft, namely the Middle East and Asia. These regions are potential growth areas for our Company.



FIGEAC AÉRO

A GENUINE GROWTH STORY WITH CLEAR OBJECTIVES!

Change in FIGEAC AÉRO revenue



2020 target:
€520 million ⁽²⁾

2023 target:
€650 million ⁽²⁾

(2) based on a EUR/USD exchange rate of 1.18 and the current rates communicated by manufacturers

An order book that secures the Group's business: \$3.7 billion ⁽³⁾

FIGEAC AÉRO is a dollar stock. Indeed, 85% of the Group's invoices are in dollars, this being the reference currency for aerospace industry contracts.

Our Group, with its roots in France in the eurozone, has grown strongly within its domestic base (8 out of its 14 sites are in France). However, in 2011 we began internationalising our production, on the one hand in Best Cost regions in order to increase competitiveness and, on the other, in the dollar zone in order to shield us against currency impacts. This is also the reason why FIGEAC AÉRO has been operating in the United States since 2014 with a production unit in Kansas which has, since 2016, been able to machine aluminium parts of all sizes.

(3) this figure is calculated using the rates announced by the customers and comprises the revenue generated by ongoing contracts on the basis of a EUR/USD exchange rate of €1 = \$1.18 in 2018.

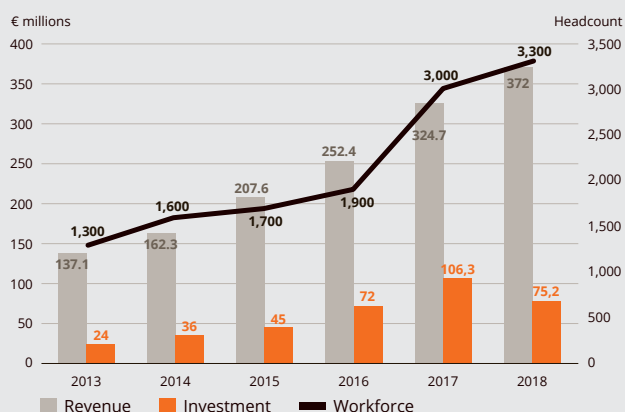
Focus on our fast growing Best Cost subsidiaries

	2018		2020 target	
	Revenue	Workforce	Revenue	Workforce
FIGEAC AÉRO BEST COST (Tunisia - Morocco - Mexico - Romania)	€53 million	1,300	€90 million	2,000

To undertake this industrial expansion far from our domestic base, each site is managed by a director with more than ten years of expertise in the management of an industrial profit centre and several years of experience in the country of operations, in order to encourage an agile approach to the local culture, operating methods in the country in question and industrial efficiency.

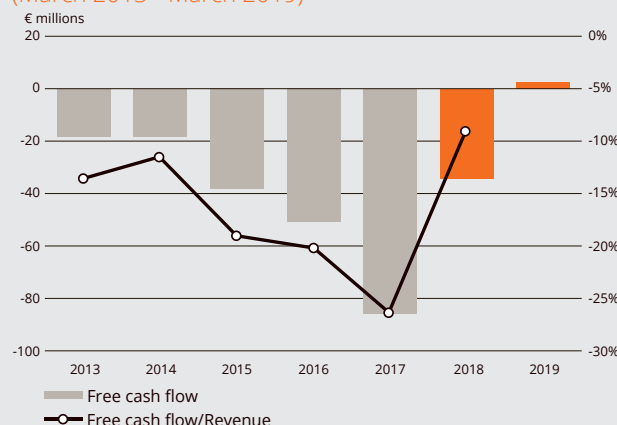
OUR KEY FIGURES

Growth in activity

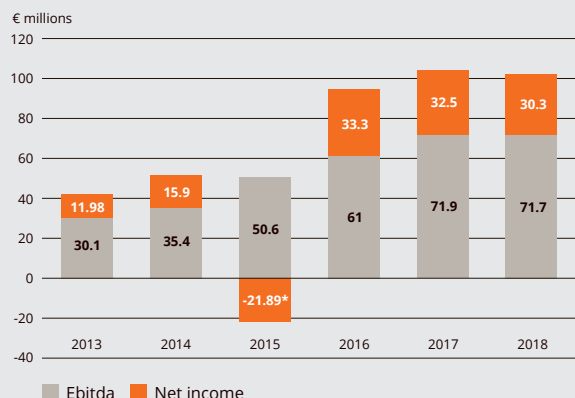


Change in Free Cash Flow

(March 2013 - March 2019)



Change in EBITDA and net income



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

* Impact due to currency hedge

Free Cash Flow at 31 March 2018 shows
a vast improvement to -€34 million
vs -€86 million at 31 March 2017

Target for 2018/19:
positive Free Cash Flow at 31 March 2019



**2019: Positive and recurring
Free Cash Flow**






SHAREHOLDER NOTEBOOK

Market data (source: Euronext)



Analyst monitoring (July 2018)

Recommendation	share price target	
 GILBERT DUPONT	BUY €20	The new 2019/20 roadmap seems to us to be much more conservative and realistic. This should allow the news flow to be maintained in a more positive manner during coming quarters. In these circumstances, we think that the current share price offers a good entry point to back the turnaround in free cash flow which seems to be firmly on track.
 MIDCAP PARTNERS	BUY €19	More realistic medium-term objectives.
 ODO ET CIE	BUY €21	In the light of this recommendation, we confirm our buy recommendation with a share target price of €21. We think that the Group offers an attractive growth profile with an estimated 2017-21 CAGR in revenue of 18%. Moreover, improved control over FCF generation, with break-even expected in the current financial year, supports our view of this share. In valuation terms, on a 2019 basis, the share is trading on EV/Revenue of 1.5x, EV/EBITDA of 7.6x and a PE de 13.8x compared with 1.5x, 9.3x and 18x respectively for civil industry peers in Europe. Note that our estimates are still based on a EUR/USD exchange rate of 1.20. Moving to a spot rate would add more than an extra €10 million, or approximately 15% to EBITDA.

Share price

Market: Euronext Paris (compartment B)

Ticker code: FGA

ISIN code: FR0011665280

Reuters code: FGA.PA

Number of shares: 31,839,473

Share price at 16/08/2018: € 13.42

Market capitalisation: € 427,285,728

Financial calendar:

- 6/09/18: Quarter 1 revenue 2018/19 (after the markets close)
- 21/09/18: Annual General Meeting of shareholders
- 21/11/18: Quarter 2 revenue 2018/19 (after the markets close)
- 18/12/18: First half-year 2018/19 (before markets open)

Meetings with Investors:

- 11/09/2018: Zurich
- 3/10/2018: London
- 8 & 9/10/2018: Paris

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