

JANUARY 2019

GROUP NEWS

IN FEW LINES

COME ABOARD WITH THE
AEROSPACE SUB-CONTRACTING
LEADER



Jean-Claude Maillard
Chief Executive
Officer-Founder

Dear Ladies, Gentlemen and Shareholders,

Firstly, I would like to wish you a Happy New Year! We begin this New Year full of confidence for the company's future both in France and abroad. The aerospace market is buoyant and FIGEAC AÉRO, as a sub-contractor, is continuing its quest to gain new market share in order to meet the huge demand of the sector. In parallel, we are forging ahead with our development in promising markets such as North America, China and the Middle East.

At the end of December 2018, we published the Group's six-monthly results as at 30 September 2018 which once again confirmed the quality and robustness of our business model.

Moreover, our excellent half-yearly performance proves that our efforts to generate operating cash flow have been rewarded, enabling us to be very confident with regard to the Group's goal of achieving positive free cash flows throughout the whole financial year ending March 2019, in a sustainable manner.

Our main goal is to generate positive and recurring cash flows in order to finance our growth with our own financial means. FIGEAC AÉRO is also maintaining its strong industrial investment policy to ensure its future growth.

Lastly, I would like to mention the volatility of our share price which today is at a very low level in comparison with the performance levels achieved since our Group IPO end of 2013. Stock markets are, generally speaking, affected by very large-scale outflows which have a negative impact on the share prices of small and mid-caps. However, I remain convinced that this situation will not last long. Furthermore, in early January, the FIGEAC AÉRO share price increased by 20% within one week, which proves that our share has all the potential required to bounce back in a robust manner.

As a sign of confidence in the company's development and in agreement with the Board of Directors, a share buyback programme was started in order to take advantage of the unpredictable nature of current markets.

I hope you will enjoy discovering this shareholder's newsletter and wish you all an excellent New Year. Enjoy!

A DYNAMIC SALES TEAM IN NORTH AMERICA!

The Dallas sales office has signed a contract with MHI Aerospace Canada, a new customer. This contract is for the production of elementary parts using aluminium and of complex sub-assemblies for the Bombardier Global Express programme. The new deal, valued at USD23 million, will enable us to gain a firm foothold with this new Japanese customer.

It's an excellent feat and I would like to thank the employees who worked hard to clinch this deal.



OUTSTANDING INTERIM RESULTS!

The results of the first half ended 30 September 2018 are in line with our forecasts and feature several sources of satisfaction:

- **20%** increase in revenue¹
- Corrected EBITDA² margin rate constant at **19,9%**¹
- Current operating income rose by **30%**¹
- Net income adjusted for unrealised currency impact up by **71,4%**¹
- A strong investment policy, consistent with our values: **€36.4 million**
- Available cash flow up by **86.5%** compared with September 2017. It is now only **-€3.3 million** which provides us with the assurance that we are in a positive situation for the end of the year.

Joël Mallevial,
Chief Financial
Officer

We are posting strong performance for the beginning of this financial year which is marked by both profitable growth as well as a very significant improvement in available cash flow. Indeed, cash flow generated by activity for the period increased sharply to €33.1 million, in other terms almost equivalent to those posted over 12 months in the previous financial year.

This improvement is largely due to increased value generation by our business with self-financing capacity of €36.2 million and genuine progress with regard to optimising the working capital requirement (change in WCR down by over €16.7 million compared with 30 September 2017), against a backdrop of business growth.

¹At constant exchange rates and scope

²Corrected EBITDA: net operating income + depreciation and amortisation + net provisions

- Before the breakdown of R&D expenses capitalised by the Group by type

Revenue
€204m¹

Corrected
EBITDA²
€40.2m¹

Net income
adjusted for
unrealised currency
impact
€12.5m¹

LET'S STAY IN TOUCH. FOLLOW FIGEAC AÉRO EVENTS!

Follow us on Twitter and LinkedIn to keep abreast of the latest news about FIGEAC AÉRO and better understand what is happening in our industry.



<https://www.linkedin.com/company/figeac-aero-usa-inc/?trk=biz-companies-cym>



<https://twitter.com/FgaAero>

“We will be presenting more information concerning the company's developments in the near future...”

FIGEAC AÉRO compared to its peers

2019	EV/Sales	EV/EBITDA	EV/EBIT	PER
FIGEAC AÉRO	1.4	7.7	14.1	13.4
« Europe Civil » Average	1.4	8.9	13,9	18.1

Source: Oddo 14/01/2019 for 2019

The FIGEAC AÉRO valuation ratios compared with the average of European civil aviation players show that FIGEAC shares are very attractive with a PER of 13.4 compared with a sector average of 18.1.

FIGEAC AÉRO is, at this point in time, no longer valued as a growth company although its average annual growth rate has been 19% since 2008.

In terms of current share prices,

FIGEAC AÉRO shares represent a discount of around 30%

compared with the consensus of €17.5.

FIGEAC AÉRO shares are an excellent entry point for all investors looking for an industrial share promising growth.

« Make the most of it! »





Analysts' tracking (18/12/2018)

Recommendation	Price target	
 BUY	€19	<p>The FIGEAC AÉRO 2018-2019 interim results are very promising, against a backdrop of sustained growth (20% increase in revenue on a like-for-like basis at €202.0 million):</p> <p>The corrected EBITDA margin (before the breakdown of capitalised R&D costs) increased by 23% on a like-for-like basis to reach €40.2 million, slightly above our expectations, as an annual trend.</p> <p>Free Cash Flows amounted to -€3.3 million in the first-half, a very significant improvement compared with the same period last year. This performance makes us very confident with regard to the Group's goal of achieving positive free cash flows over the whole financial year closing at end March 2019, in a sustainable manner.</p>
 BUY	€16	<p>We are convinced that this publication will reassure investors looking for positive signs before committing to a story of growth. Renewed control of FCF generation makes it possible to take advantage of an interesting entry point to create attractive multiples.</p>

Share price

Stock exchange where the share is listed:
Euronext Paris (compartment B)

Ticker code: FGA

ISIN code: FR0011665280

Reuters code: FGA.PA

Number of shares: 31,839,473

Share price at 22/01/2019: €12.62

Market capitalisation: €401.8 million

Financial calendar

- 30/01/19: 2018/19 Q3 revenue (after markets close)
- 28/05/19: 2018/19 annual revenue (after markets close)
- 04/07/19: 2018/19 annual results (before markets open)

Meetings with Investors

- 12/02/19: European Large & Midcap Event - Frankfurt
- 4 & 5/04/19: CM-CIC Market Solutions Forum - Paris
- 9 & 10/04/19: Portzamparc MidCap 2019 - Paris
- 14 & 15/05/2019: Midcap Partners Conference - Paris

EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization, is the US equivalent to the French EBE «Excédent Brut d'Exploitation». EBE corresponds to the difference between operating income and operating expenses. In other words: EBE = Added value + operating grants - taxes, levies and tax equivalents (excluding income tax) - personnel expenses and social security contributions - net allocations to provisions for the impairment of outstanding assets and for operating risks and expenses + other operating income - other operating expenses. Changes in EBE can affect the stock market price of a company.

<https://www.edubourse.com/lexique/ebitda.php>

SFC: Abbreviation of self-financing capacity. This capacity corresponds to the financial flows which the business generates and which are liable to finance future investments or repay current debt. Self-financing capacity can be calculated through net income or through EBITDA. In other words, self-financing capacity corresponds to the profits made combined with depreciation and amortisation.

<https://www.edubourse.com/lexique/ve-ca.php>

EV / REVENUE: Financial ratio calculated by dividing the enterprise value by its revenue. Enterprise value or EV is calculated by adding liabilities to market capitalisation. Revenue corresponds to the company's sales. This ratio is only interesting when comparing a company with other companies in the same industry.

<https://www.edubourse.com/lexique/ve-ca.php>

EV / EBITDA: Ratio making it possible to calculate a multiple between Enterprise Value and Earnings Before Interest, Taxes, Depreciation and Amortisation. These valuation ratios are multiples and can be used to calculate the introduction price of a stock or to identify purchasing opportunities for an investor that is seeking a long-term placement.

<https://www.edubourse.com/lexique/ev-ebitda.php>

EV/EBIT: Financial ratio used to find out if an enterprise value, calculated through market capitalisation and liabilities, is too high compared with the company's EBIT. However, EBIT or Earnings Before Interests and Taxes is less reliable than EBITDA, particularly when comparing internationally. Hence, EBITDA does not reflect provisions or depreciation and amortisation, for which the calculation can be very different from one country to another. With the EV/EBIT ratio, the investor will immediately see if a company is over or under-valued.

<https://www.edubourse.com/lexique/ev-ebit.php>

PER: Corresponds to the number of years a potential investor will have to wait before recovering his/her initial investment thanks to the earnings generated by the company. Stocks of companies in new technologies and which are in the process of recovery usually have a very high PER, ranging between 30 and 50. Companies with low growth yields usually have a PER close to 5 or 6. Such companies often operate in the Real Estate market. A PER can be negative if the company's net income is negative. In such cases, the PER is of no interest.

<https://www.edubourse.com/lexique/price-earning-ratio.php>

CONTACTS

FIGEAC AÉRO
Jean-Claude Maillard
Chief Executive Officer
Tel.: +33 (0)5 65 34 52 52

ACTUS finance & communication
figeac@actus.fr

To follow our news, receive our publications or ask questions, contact:
actionnaires@figeac-aero.com

WWW.FIGEAC-AERO.COM



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