


PRESS RELEASE

Figeac, 17 December 2019

2019/20 HALF-YEAR RESULTS

- **Revenue increased by +11.1% in the 1st half of the financial year despite a challenging market**
- **Current EBITDA expanded by +6.1% to €38.9m**
- **2019/20: a transition year ahead of the 2021/24 growth plan**

The FIGEAC AÉRO Group (ticker: FGA), a leading partner for major aerospace manufacturers, has today released its 2019/20 half-year results (period ended 30 September 2019), which are currently being audited. The accounts will be approved by the Board of Directors on 31 December 2019. The results at 30 September 2019 reflect the first-time application of IFRS 16 at 1 April 2019[1].

€k - IFRS at 30/09/2019 (currently being audited)	2018/19	2019/20	Change	LFL change[2]
Revenue	**202,018**	**224,483**	**+11.1%**	**+8.4%**
Current EBITDA[3]	**36,695**	**38,941**	**+6.1%**	**-**
Current EBITDA / Revenue	***18.2%***	***17.3%***		
EBITDA	**34,035**	**36,021**	**+5.8%**	**-0.8%**
EBITDA / Revenue	***16.8%***	***16.0%***		
Depreciation and amortisation	(17,025)	(21,335)		
Net provisions	(20)	(1,037)		
Current operating income	**16,990**	**13,649**		
COI / Revenue	***8.4%***	***6.1%***		
Other operating income	511	406		
Other operating expenses	(322)	(1,502)		
Operating income	**17,179**	**12,553**		
Cost of net financial debt	(4,636)	(4,828)		
Realised currency gains & losses	(289)	(5,681)		
Unrealised gains & losses on financial instruments	(387)	(4,116)		
Other financial income and expenses	(198)	(50)		
Income tax	(2,673)	1,541		
Share of net income of equity affiliates		(47)		
Net income adjusted for unrealised currency effects	**10,187**	**2,260**		
Net income including unrealised currency effects	8,996	(628)		
Net income group share, incl. unrealised currency effects	9,168	(636)		

[1] The Group has opted to apply the so-called transition "simplified retrospective" method, so the financial statements at 30 September 2018 and at 31 March 2019 have not been restated for the impact of applying IFRS 16.
[2] At constant scope and exchange rates
[3] Current EBITDA = current operating income + depreciation and amortisation + net provisions - Before the breakdown of R&D expenses capitalised by the Group by type

Results reflecting a transition year

The Group continued to grow in the first half of 2019/20, with revenue increasing by +8.4% at constant scope and exchange rates to €224.5m.

The Aerostructures division accounts for 87% of the Group's revenue and remains its overall growth driver (+12.2% reported and +9.2% like-for-like). The other activities[4] also delivered revenue growth (+4.1% reported and +3.1% LFL).

The Group's current EBITDA expanded by +6.1% to €38.9m (€38.0m excluding the IFRS 16 effect), including a €/$ forex impact (+€2.3m); this resulted in a 90bp decrease in the margin rate to 17.3%.

The Aerostructures division's current EBITDA amounted to €36.5m (€35.8m excluding the IFRS 16 effect), with the margin rate shrinking by 120bp to 18.6%. The division was penalised by a slowdown in long-standing contracts on account of a challenging Aerostructures market (slower production rates, programmes discontinued, etc.), a situation to which the Group will adapt by adjusting its cost base accordingly; it was also affected by new contracts which are still ramping up. The Group's other activities achieved 17.7% growth in current EBITDA to €2.4m (€2.2m excluding IFRS 16), driven mainly by our oil-related activities which are recovering.

Current operating income stood at €13.6m at 30 September 2019 (€11.4m LFL), implying a margin rate of 6.1% and reflecting high amortisation charges.

After incorporating the financial result and taxes, net income in the first half of 2019/20 adjusted for unrealised currency effects (with no impact on the cash position) totalled €2.3m.

Balance sheet

Free cash-flow amounted to -€6.6m over the half year owing to a deferred payment (VAT and Research Tax Credit) to the tune of €6m. Restated for this one-off, free cash-flow would have come out almost flat. Our cash generation was also affected by more operational factors, such as the margin and high net investments, although such spending will decrease considerably over the coming years. The Working Capital Requirement improved further as measured by the number of days of revenue (125 days versus 127 the previous year); this was largely thanks to effective management of inventory and trade receivables against a backdrop of increased activity.

Net investments totalled €33.7m over the period and were allocated primarily to business development (new contracts won), maintenance, R&D and expenses incurred in setting up the new ERP.

Net financial debt[5] stood at €286.9m (€278.5m ex-IFRS 16), impacted by negative free cash-flow over the period. The Net Debt/Current EBITDA leverage ratio (ex-IFRS 16) came to 3.7x.

[4] Oil & Gas, Mechanical Engineering, Surface Treatment and Assembly
[5] Excluding financial liabilities not bearing interest

Outlook for 2019/20: a transition year

FIGEAC AÉRO is set to grow at a faster pace than the sector in 2019/20 thanks to new contract wins, despite challenging market conditions; and its current EBITDA should hold steady. Free cash-flows are expected to remain under control in 2019/20 and benefit from lower capex as of next year (a full-year decrease of 30% to 40%) under the 2021/24 business plan.

The current year will be affected by a series of related temporary factors:

- New contracts (MHI, Bombardier, Triumph, Embraer, Rolls Royce) in the process of ramping up,
- Delayed certification of the Boeing 777X, for which OPEX and CAPEX commitments have already been made,
- The crisis surrounding the 737 Max, with production rates falling short of expectations and production being terminated completely in Q4,
- A recent downward revision to B787 production rates,
- Operational adjustments relating to the ramp-up of the A350,
- Discontinuation of the A380 and CRJ, resulting in capacity under-utilisation and incurring reorganisation costs.

"These are temporary difficulties and in no way compromise our strategy to create value as presented in our 2021/24 business plan. Such conditions reinforce our determination to continue applying strict financial discipline across the board in a drive to reduce debt. This will also involve making efforts to ensure our cost base is coherent. We are confident as ever that our 2021/24 plan will succeed" said Didier Roux, Deputy Chief Executive Officer of FIGEAC AÉRO.

2021/24 growth plan: a production strategy to drive performance

FIGEAC AÉRO is keen to continue expanding and fulfil the potential held within its production capabilities. It has thus defined the next phase of its growth plan (2021/ 24), which sets out a trajectory for the Group that will guarantee its economic performance and value creation while maximising customer satisfaction.

The new plan involves the following:

- A new organisational structure geared towards optimising each of its production facilities, particularly its best cost sites,
- The North America region as a key growth driver, which will enable the Group to grow at a faster pace than the market,
- Lasting financial strength with
  - a ROCE[6] target of over 10%, and
  - deleveraging: Net Debt / EBITDA of 2.5x (at constant exchange rates).

Next releases

- 4 February 2020: 2019/20 Q3 revenue (after trading)

[6] ROCE: current operating income – taxes / total intangible and tangible fixed assets + working capital requirement

PRESS RELEASE

ABOUT FIGEAC AÉRO

The FIGEAC AERO Group, a leading partner for major aerospace manufacturers, specialises in producing light alloy and hard metal structural parts, engine parts, landing gear and sub-assemblies. FIGEAC AERO is a global group operating in France, the USA, Morocco, Mexico, Romania and Tunisia. The Group generated annual revenue of €428m in the year to 31 March 2019.

FIGEAC AÉRO

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APPENDICES

Simplified consolidated balance sheet at 30 September 2019 currently being audited

€k - IFRS	31/03/2019	30/09/2019
Fixed assets	331,110	342,679
Other non-current assets	52,630	69,981
Inventory	178,272	186,930
Other current assets	126,031	105,050
Cash and cash equivalents	122,418	119,933
TOTAL ASSETS	810,462	824,573
Shareholders' equity	198,323	195,052
Non-current financial liabilities	294,036	309,707
Non-current liabilities	66,198	74,191
Short-term financial liabilities	49,467	42,415
Current portion of financial liabilities	36,006	49,209
Debt not bearing interest	17,792	17,624
Repayable advances	5,154	5,495
Current liabilities	143,487	130,880
TOTAL LIABILITIES	810,462	824,573

Simplified consolidated cash-flow statement at 30 September 2019 currently being audited

€k IFRS	31/03/2019	30/09/2019
Cash flow before cost of financial debt and taxes	63,937	32,112
Change in working capital requirement	21,698	(5,029)
Net cash flow from operations	**85,635**	**27,083**
Net cash flow from investing activities	**(73,248)**	**(33,716)**
FREE CASH-FLOW	**12,387**	**(6,633)**
Scope effects	(2,640)	-
Acquisitions or disposals of treasury shares	(1,969)	(1,717)
Change in borrowings and repayable advances	28,403	12,538
Net cash flow from financing activities	**26,434**	**10,821**
Change in cash position	**36,181**	**4,188**
Net cash position	**72,951**	**77,519**