


PRESS RELEASE

Figeac, 7th July 2020

PROVISIONAL FULL-YEAR 2019/20 RESULTS

- **Positive free cash-flows for the second year running, despite a heavily disrupted year**
- **Revenue proved resilient, +4% in a challenging aerostructures market**
- **Current EBITDA came to €69.0m, affected primarily by the Boeing 737 crisis and a downturn in March (Covid-19)**
- **Cash position strengthened with a €80m PGE (state-guaranteed loan)**

The FIGEAC AÉRO Group (ticker: FGA), a leading partner for major aerospace manufacturers, has today released its provisional full-year 2019/20 results (year ended 31st March 2020), which are currently being audited. Given the ongoing nature of the crisis, the Group has launched an asset valuation review (IAS 36[1]) especially for its intangible assets. This is likely to result in asset impairments, which will reflect slower production rates at the Group's clients and adversely affect its shareholders' equity, albeit with no cash effect. The asset valuation review is in the process of being finalised. The conclusions of this review will be announced in late July when the Group publishes its 2019/20 annual financial report. The Audit Committee met on 2nd July 2020 and the accounts will be approved by the Board of Directors on 31st July 2020. The results at 31st March 2020 reflect the first-time application of IFRS 16 at 1st April 2019[2].

€k - IFRS at 31/03 (currently being audited and ex-IAS 36)	2018/19	2019/20	LFL change[3]
Revenue	**427,956**	**445,115**	**+1%**
Current EBITDA[4]	**75,957**	**69,036**	**-16.4%**
Current EBITDA / Revenue	***17.7%***	***15.5%***	
EBITDA	**69,709**	**62,788**	**-17.9%**
EBITDA / Revenue	***16.29%***	***14.1%***	
Depreciation and amortisation	(35,840)	(46,779)	
Net provisions	(1,034)	(854)	
Current operating income	**32,835**	**15,244**	
COI / Revenue	***7.7%***	*3.4%*	
Other operating income	1,066	1,753	
Other operating expenses	(3,464)	(4,677)	
Operating income	**30,437**	**12,289**	
Cost of net financial debt	(9,733)	(9,602)	
Realised currency gains & losses	(2,729)	(16,257)	
Unrealised gains & losses on financial instruments	(4,824)	1,708	
Other financial income and expenses	(563)	(22)	
Income tax	(1,747)	(1,939)	
Consolidated net income	10,844	(13,822)	
Net income, Group share	11,058	(13,813)	

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

Annual growth exceeds that of the aerospace sector

FIGEAC AÉRO's 2019/20 revenue amounted to €445.1m, reflecting an increase of +4% (+1% at constant scope and exchange rates). The Aerostructures division, which accounts for 87.9% of the Group's total revenue, generated €391m revenue and remains the overall growth driver (+5% reported and +1.8 like-for-like), while the Group's other business activities[5] turned in revenue of €54.1m (-2.9% reported and -3.5% like-for-like).

The Group thus proved resilient in a sluggish aerospace sector (B737 Max crisis, delayed certification of the B777X, slower production rates on the B787 and A330, production rates levelling off on the A350, discontinuation of the A380 and CRJ) and with the end of the financial year impacted by the Covid-19 health crisis.

Current EBITDA at 31st March 2020 stood at €69.0m (€68.1m excluding the IFRS 16 effect), pulling the margin rate down by 220bp to 15.5% due to the €/$ exchange rate (€5.6m), the grounding of the B737 Max (€3m) and the forced downturn in activity in March triggered by Covid-19 (€3m).

The Aerostructures division's current EBITDA amounted to €67.4m (€66.6m excluding the IFRS 16 effect), with the margin rate shrinking by 230bp to 17.2%. The division was penalised by a slowdown in long-standing contracts on account of a challenging aerostructures market, the 737 crisis, new contracts still in the process of ramping up, and the downturn in activity triggered by the Covid-19 crisis. Current EBITDA for the Group's other business activities amounted to €1.7m (€1.5m excluding the IFRS 16 effect).

Current operating income stood at €15.2m at 31st March 2020, implying a margin rate of 3.4% and reflecting high amortisation charges.

Last of all, after incorporating the financial result and taxes, the Group's net result for full-year 2019/20 amounted to -€13.8m. This result does not include the steeply negative impact of the ongoing asset valuation review under IAS 36.

Positive free cash-flows

The initial effects of the measures taken during the course of 2019/2020 have shown up already, with 2019/20 free cash-flows coming out positive at €8.4m thanks to a very strong second half (vs. -€6.6m in H1). The Working Capital Requirement was reduced significantly as measured by the number of days of revenue (95 days versus 130 the previous year); this was largely thanks to effective management of inventory and trade receivables against a backdrop of increased activity.

In keeping with the established trajectory, net investments made over the period were €15.9m lower at €57.3m. They were allocated primarily to business development, such as new contract wins, maintenance, R&D, and expenses incurred in implementing the new ERP.

Last of all, on the back of a solid cash position of €106.9m, net financial liabilities[6] totalled €282.3m (€274m ex-IFRS 16). The Net Debt/Current EBITDA leverage ratio came to 3.96x.

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

Update on industrial operations and the measures taken by the Group to deal with an unprecedented crisis

Business activity remains heavily disrupted and the Group is still operating at around 40% capacity. With aircraft deliveries globally on the decline, FIGEAC AÉRO has launched an operational optimisation plan. The plan seeks above all to cut costs and lower the Group's operating breakeven point, with:

- permanent adjustments to the workforce depending on site capacity utilisation rates as confirmed by our clients: short-time working arrangements in France, staff cutbacks in low-cost subsidiaries and the USA (-600 people, i.e. -30% of our workforce outside France), less use of temping staff and non-renewal of short employment contracts,
- tight control over the working capital requirement: inventory adjusted, supply chain secured, strict control over trade receivables,
- a CAPEX and OPEX reduction plan: non-essential spending either postponed or cancelled, outsourced services brought back in-house where possible,
- insourcing of parts previously manufactured by suppliers.

The Group is looking into measures to adapt the cost structure to the lasting nature of the crisis and will announce its decisions when it releases its revenue figures for the 1st quarter of 2020/21 (7th September 2020).

Furthermore, after the end of its financial year, FIGEAC AÉRO secured its long-term resources by obtaining PGEs (state-guaranteed loans) totalling €80m. The Group still has the backing of its long-standing banking partners which thereby reiterate their full confidence in FIGEAC AÉRO's ability to rebound.

The loans are 90%-guaranteed by the French state and form part of the government's PGE (state-guaranteed loan) scheme (decrees dated 23rd March and 17th April 2020 providing state guarantees to credit institutions and financing companies, in accordance with article 6 of law n°2020-289 of 23rd March 2020); they have been subscribed for an initial 1-year period and can then be amortised over up to 5 years.

Thanks to this funding and FIGEAC AÉRO's comfortable cash position at 31st March 2020 (€106.9m), the Group's business continuity and refinancing deadlines have been secured for the next 2 years.

FIGEAC AÉRO also intends to apply for various innovation and training aid packages made available to the sector by the state and regional authorities and will make use of its right to apply short-time working arrangements over the long term.

Strategy and developments

FIGEAC AÉRO boasts a unique industrial footprint, technological leadership and significant industrialisation capabilities, as evidenced by Airbus' ranking which places FIGEAC AÉRO in the world's TOP 9 suppliers for its performance and strategy; the Group is thus convinced that it will be able to strengthen its competitive position on emerging from the Covid-19 crisis.

Negotiations continue on major new business but also to renew existing important contracts. FIGEAC AÉRO has reached an agreement with an important client to extend a contract for 7 years post-Covid and expects to renew other contracts for the years ahead. The Group's future is secured thanks to the confidence of its clients and its comfortable cash position.

However, it will be difficult to establish forecasts for the short term as there is little visibility on a resumption in global air traffic and on the repercussions this will have for deliveries by aircraft manufacturers. FIGEAC AÉRO therefore believes it is not in a position to issue guidance for financial year 2020/21.

Jean-Claude Maillard, Chairman and Chief Executive Officer of FIGEAC AÉRO: "*Didier Roux, Deputy Chief Executive Officer, and the entire Executive Committee are by my side doing their utmost to mitigate the operational and financial consequences of the economic crisis triggered by the Covid-19 health crisis. Our priorities have been clearly identified and we remain as attentive as ever to our clients' needs. In its 30 years of existence, FIGEAC AÉRO has already weathered various crisis and has always proved capable of bouncing back.*"

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 €445m in the year to 31st March 2020.

FIGEAC AÉRO

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

Abdelkader Benchiha
Head of Institutional Relations
VP IR & Public Affairs
Tel.: (0)5 81 24 61 90 / abdelkader.benchiha@figeac-aero.com

ACTUS Finance & Communication

Corinne Puissant - Analyst/Investor Relations
Tel.: (0)1 53 67 36 77 / cpuissant@actus.fr

Manon Clairet - Press Relations
Tel.: (0)1 53 67 36 73 / mclairet@actus.fr

APPENDICES

Provisional full-year 2019/20 results, currently being audited and excluding IAS 36

The purpose of the IAS 36 "Impairment of Assets" standard is to:
- recommend procedures for entities to apply to ensure that assets are carried at values that do not exceed their recoverable amounts
- require an entity to recognise an impairment charge if an asset is carried at a value that exceeds its recoverable amount

This impairment test may be conducted for an individual asset or for a cash-generating unit.

BALANCE SHEET - €k - IFRS	31/03/2019	31/03/2020
Fixed assets	331,110	355,313
Other non-current assets	52,630	71,229
Inventory	178,272	177,582
Trade receivables	85,150	52,053
Tax receivables	13,923	7,917
Other current assets	26,959	23,737
Cash and cash equivalents	122,418	106,925
TOTAL ASSETS	810,462	794,757
Shareholders' equity	198,323	180,221
Non-current financial liabilities	294,036	289,023
Non-current liabilities	66,198	72,139
Short-term financial liabilities	49,467	40,133
Current portion of financial liabilities	36,006	55,820
Debt not bearing interest	17,792	15,359
Repayable advances	5,154	4,222
Trade payables and related accounts	92,142	92,764
Current liabilities	51,345	45,076
TOTAL LIABILITIES	810,462	794,757

Cash-flow statement - €k IFRS	31/03/2019	31/03/2020
Cash flow before cost of financial debt and taxes	63,937	43,016
Change in working capital requirement	21,698	22,704
WCR in days of net sales	**130**	**95**
Net cash flow from operations	**85,635**	**65,720**
Net cash flow from investing activities	**(73,248)**	**(57,290)**
FREE CASH-FLOWS	**12,387**	**8,430**
Scope effects	(2,640)	847
Acquisitions or disposals of treasury shares	(1,969)	1,302
Change in borrowings and repayable advances	28,403	(17,044)
Net cash flow from financing activities	**26,434**	**(15,742)**
Change in cash position	**36,181**	**(6,465)**
Net cash position	**72,951**	**66,972**