PRESS RELEASE

Figeac, 4 July 2023

2022/23 FULL-YEAR RESULTS:
FIGEAC AÉRO ACHIEVES ALL ITS GOALS

- **Revenue growth reached 21.2%, mainly driven by a strongly recovering aerospace industry**
- **Current EBITDA margin expanded by 30bp to 11.8% despite headwinds**
- **Operating result almost back to breakeven**
- **Free cash-flow positive at €5.4 million**
- **Some signs of improvement of the economic climate**
- **Financial targets specified for the short, medium and long term**

FIGEAC AÉRO (FR0011665280 – FGA:FP), a leading partner for major aerospace manufacturers, has today released its full-year results for financial year 2022/23 ended 31st March 2023. These results are provisional as they are in the process of being audited.

Jean-Claude Maillard, Chairman and Chief Executive Officer of the FIGEAC AÉRO Group, gives the following statement on the results:

"We've met all our financial targets for the second consecutive year.

Air traffic is recovering, airlines are financially sound, and all the OEMs have sizable order backlogs - the civil aerospace industry's indicators therefore look healthy across the board, as widely confirmed during the recent Paris Air Show.

FIGEAC AÉRO'S strategy is geared towards profitability and cash generation, and so the Group is well on track towards achieving solid value creation. We thus reiterate our roadmap to March 2025 all the while remaining cautious about the ongoing short-term challenges we face, such as passing inflation on to our prices, managing lead times in procurement and recruitment."

€m - IFRS (audit in the final stages)	2022/23 12 months	2021/22[1] 12 months	Chg.	Org. chg.
Revenue	**341.6**	281.9	+21.2%	+14.0%
Current EBITDA	**40.3**	32.3	+24.8%	
Current EBITDA margin	***11.8%***	*11.5%*	+30bp	
Net depreciation, amortisation and provisions	**(41.7)**	(51.6)	-19.2%	
Current operating income (loss)	**(2.6)**	(21.4)	-87.7%	
Current operating margin	***ns***	*ns*	*ns*	
Other non-current operating income	**4.6**	(12.2)	ns	
Share of net profit (loss) of equity affiliates	**(2.6)**	(1.3)	+110.0%	
Operating income (loss)	**(0.6)**	(34.9)	-98.2%	
Cost of net financial debt	**(13.2)**	(6.2)	+113.1%	
Realised currency gains (losses)	**(8.9)**	2.8	ns	
Unrealised gains (losses) on financial instruments	**6.9**	(3.8)	ns	
Other financial income (expenses)	**(1.0)**	(0.0)	ns	
Income tax	**(1.3)**	(1.1)	+22.3%	
Consolidated net income (loss)	**(18.1)**	(43.1)	-58.0%	
Net income (loss), Group share	**(18.1)**	(43.1)	-58.1%	

REVENUE GROWTH PERFECTLY IN LINE WITH THE TARGETS SET

FIGEAC AÉRO's revenue grew rapidly in full-year 2022/23 (ended 31st March 2023), by 21.2% year-on-year (+14.0% on an organic basis) to €341.6 million, thus reaching its revenue target. The Group is on track to return to pre-crisis revenue levels (for the record, €447 million in March 2020).

Growth was driven primarily by rising production rates in the Aerostructures & Aeroengines division, which recorded a 22.7% jump in revenue over the period; it was also buoyed up to a lesser extent by currency impacts and inflation pass-through effects. The Group's diversification activities[2] also performed well, with revenue growing by 6.7% over the year.

[1] After the correction of errors, as presented in note 1.2 of the notes to half-year consolidated financial statements in the half-year financial report for 2022/23
[2] Defence, energy and oil & gas activities

OPERATING PERFORMANCE TARGET MET AND SHARP RECOVERY OF FINANCIAL STATEMENTS

Operating profitability improved further over the course of the year, with EBITDA margin expanding by 30 basis points year-on-year to 11.8% of revenue. Current EBITDA in absolute terms amounted to €40.3 million. As already announced, this reflected a major improvement in the second half of the year to €25.4 million (vs €14.9 million in H1 2022/23 and €20.6 million in H2 2021/22), pushing the margin up to 13.3% (vs 12.7% in H2 2021/22). The Group therefore achieved its profitability target for the financial year.

Margin growth was driven by effective cost control and the effects of the Route 25 business plan; this involved a drive to gradually ramp up production facilities and optimised industrial setups, slightly offset by the effects of supply chain disruptions and the portion of inflation not passed on to customers.

The Group's core division, Aerostructures & Aeroengines, generated €41.5 million current EBITDA over the full year (vs €36.3 million the previous year); its Diversification Activities, meanwhile, achieved €(1,2) million current EBITDA (vs a loss of €(4.2) million in FY 2021/22).

Net depreciation, amortisation and provisions fell to €41.7 million in FY 2022/23 versus €51.6 million in FY 2021/22 due to net provision reversals in the amount of €13.0 million, largely tied to rising production rates.

All this enabled the current operating loss to shrink by 87.7% to €(2.6) million.

Non-recurring items were positive in the amount of €4.6 million (vs €(12.2) million in FY 2021/22), including a net gain from the redeployment of the Mexican operations (a capital gain from selling the Hermosillo site and the cost of acquiring the Kaman Aerospace site in Chihuahua) and the cost of implementing the financial restructuring programme; after factoring these in, FIGEAC AÉRO almost returned to operating breakeven, reducing its operating loss from €(34.9) million to €(0.6) million.

The cost of financial debt increased by €7.0 million over the period. This increase included a higher interest expense of €8.1 million (vs €4.8 million in FY 2021/22), reflecting the financial restructuring completed in June 2022 and higher interest rates; the balance corresponding to the non-cash effects of IFRS 9.

In total, FIGEAC AÉRO's net loss Group share therefore narrowed sharply by 58.1% in FY 2022/23 to €(18.1) million versus €(43.1) million in FY 2021/22.

A STRONGER FINANCIAL STRUCTURE

As a reminder, FIGEAC AÉRO completed a transaction in the summer of 2022[3] aimed at shoring up its financial structure, after which it:

- readjusted the terms of its bank loans and ORNANEs, in particular by extending its debt maturity to 2028 in order to bring it into line with its repayment capacity,
- set up new funding and strengthened its shareholders' equity in the total amount of €160 million, by way of: a €53.5 million capital increase, a €10 million reserved bond issue, €66 million of "PGE Aéro" (state-guaranteed loans allocated to aerospace firms) and €30 million of asset-backed financing.

The Group also took this opportunity to reinforce its governance, reshaping its Board of Directors and bringing in the Ace Aéro Partenaires fund managed by Tikehau Capital as a shareholder with a 27% interest[4]. Since then, FIGEAC AÉRO has been able to focus all its operational and financial resources on putting its development strategy into action.

[3] See press release from 20 June 2022
[4] At 31st March 2023

The Group's shareholders' equity therefore stood at €70.0 million at 31 March 2023 (vs €37.3 million at 31 March 2022) while its net financial debt[5] amounted to €283.6 million. Its €115.5 million of available cash enable it to face the coming years with confidence.

FREE CASH-FLOW GENERATION IN LINE WITH EXPECTATIONS

The turnaround in the Group's financial statements in FY 2022/23 also reflected a sharp improvement in its cash generation, with cash-flow from operations[6] increasing by 24.6% year-on-year from €18.3 million to €22.8 million.

The working capital requirement remained under control and improved by €8.3 million over the year. This trend was driven by stable trade receivables (-15 days of revenue) and a 26-day improvement in DIO despite longer production cycles in some cases and the build-up of buffer stocks.

In total, net cash-flow from operating activities amounted to €31.1 million over the period.

Net cash-flow from investing activities decreased to €25.7 million (vs €29.1 million in FY 2021/22). Gross investments amounted to €49.7 million, of which €24.5 million related to maintenance and R&D to maintain & enhance competitiveness, and €5.3 million tied to growth CAPEX (of which €3.0 million related to the recent contract with Safran Nacelles). Non-recurring investments linked to the industrial redeployment in Mexico and commitments made before the crisis came to €19.8 million.

As targeted, free cash-flow therefore came out positive at €5.4 million, holding steady from the previous year's level despite the non-recurring investments and a particularly challenging economic climate.

CONTINUED EFFORTS TO ROLL OUT THE ROUTE 25 PLAN IN CHALLENGING CONDITIONS

FIGEAC AÉRO continued in FY 2022/23 to roll out its Route 25 plan aimed at reinforcing its profitability and cash-generating capacity:

- by securing the ramp-up of its production facilities, with its capacity utilisation rate now in the region of 70% (vs 55% the previous year),
- by making further progress on its programme aimed at improving the Group's industrial setups, i.e. optimising production flows locally or transferring production to more suitable sites,
- by completing the first phase of its new ERP deployment at the Group's main sites corresponding to 70% of its activity.

The aerospace industry is being spurred by growth in air traffic (now above its pre-crisis levels), expanding backlogs (as confirmed during the Paris Air Show, where orders for new aircraft exceeded 1,100[7]) and planned increases in production rates.

This robust upturn in the civil aerospace industry still has a number of supply chain challenges to face, illustrated by sourcing and recruitment tensions and an inflationary backdrop.

[5] Excluding non-interest-bearing debt
[6] Before cost of financial debt and taxes
[7] Airbus, Boeing, Reuters, including options

Given these difficult circumstances, FIGEAC AÉRO remains fully focused to deliver on the production rate increases needed to meet such strong demand, relying on:

(i) long-term partnerships with all its customers, enabling the Group to pass on a significant share of the inflationary effects felt.

(ii) targeted initiatives aimed at addressing procurement issues (for instance, by diversifying its sources, recalibrating production start-ups, negotiating dedicated volumes and re-insourcing capacity). These initiatives have enabled the Group's performances to return to generally satisfactory levels. The Group is seeing the first signs of improvement in procurement.

(iii) new approaches adopted to meet growing recruitment needs: the deployment of the Group's own training centre, internal career development programmes, and intra-Group secondment assignments to most affected sites. The Group also plans to pursue efforts to develop its attractiveness and improve talent retention.

TARGETS FOR THE SHORT, MEDIUM AND LONG TERM

Despite short-term operational challenges, FIGEAC AÉRO's business environment remains particularly favourable with many growth opportunities arising from the upturn in air traffic.

These opportunities are already materialising, with the backlog having expanded to €3.4 billion at 31 March 2023 (vs €3.0 billion at 30 September 2022), new business coming in (such as the latest €140 million contract awarded by Safran Nacelles) and a considerable amount of RFQ activity. The Group benefits from decisive strong points: a strengthened financial structure, an industrial footprint already scaled for growth, and strategic positions at the very heart of the global aerospace ecosystem.

It will also reap the full benefits of its strategy, which is geared towards combining a ramp-up and optimisation of its production facilities with strict financial discipline, which takes the form of a more selective approach to new business and careful oversight of its investments and working capital requirement.

FIGEAC AÉRO has thus set the following financial targets:

For FY 2023/24:

- Revenue between €375 million and €390 million[8],
- Current EBITDA between €48 million and €53 million,
- Free cash-flow between €16 million and €20 million.

It has also specified its FY 2024/25 targets:

- Revenue between €420 million and €440 million[9],
- Current EBITDA between €67 million and €73 million,
- Free cash-flow between €20 million and €28 million,
- Net financial debt between €270 million and €280 million, corresponding to a leverage ratio of less than 4.

[8] Based on a EUR/USD exchange rate of 1.13
[9] Based on a EUR/USD exchange rate of 1.16

Longer term

Buoyed up by the new growth cycle now underway in the aerospace industry, the Group intends to pursue a sensible growth strategy beyond March 2025 that will enable it to generate large amounts of profit and cash-flow and further its deleveraging. This strategy is built on the following assumptions:

- Average annual revenue growth between 5% and 10%,
- A current EBITDA margin in the region of 16%,
- Net capex corresponding to between 6% and 8% of revenue,
- A leverage ratio of 3 or less.

Upcoming events (after trading)

- 6 September 2023: revenue for the 1st quarter of FY 2023/24
- 13 November 2023: revenue for the 1st half of FY 2023/24

About FIGEAC AÉRO

The FIGEAC AÉRO 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 AÉRO is a global group operating in France, the USA, Morocco, Mexico, Romania and Tunisia. The Group generated annual revenue of €341.6m in the year to 31st March 2023.

FIGEAC AÉRO

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APPENDICES

Simplified consolidated balance sheet

€m - IFRS (audit in the final stages)	31/03/23	31/03/22[1]
Fixed assets	**265.9**	271.9
Other non-current assets	**5.5**	17.6
Inventory	**196.2**	182.2
Contract assets	**24.4**	25.3
Trade receivables	**59.9**	61.1
Current tax assets	**7.9**	7.7
Other current assets	**26.7**	21.7
Cash & cash equivalents	**115.5**	49.3
TOTAL ASSETS	**702.0**	**636.8**
Shareholders' equity	**70.0**	37.3
Non-current financial liabilities	**342.6**	208.7
Other non-current liabilities	**32.0**	30.1
Short-term financial liabilities	**21.1**	16.2
Current portion of financial liabilities	**31.4**	155.4
Non-interest-bearing debt	**9.5**	10.2
Repayable advances	**3.9**	4.2
Trade payables and related accounts	**83.2**	87.9
Other current liabilities	**108.1**	86.7
TOTAL LIABILITIES	**702.0**	**636.8**

Consolidated cash-flow statement

€m - IFRS (audit in the final stages)	2022/23	2021/22
Cash-flow from operations, before cost of financial debt and taxes	**22.8**	18.3
Change in working capital requirement	**8.3**	16.2
Net cash-flow from operating activities	**31.1**	34.5
Net cash-flow from investing activities	**(25.7)**	(29.1)
FREE CASH-FLOW	**5.4**	5.4
Acquisitions or disposals of treasury shares	**(0.1)**	(0.1)
Change in borrowings and repayable advances	**37.2**	(15.2)
Repayment of lease liabilities	**(16.0)**	(17.5)
Interest paid	**(8.1)**	(4.8)
Debt restructuring fees	**(5.7)**	-
Capital increase	**53.5**	-
Inventory carrying transaction with Aerotrade	**(4.5)**	3.7
Net cash-flow from financing activities	**56.2**	(34.0)
Change in cash position	**61.6**	(28.6)
Cash position - opening date	**33.0**	61.5
Change in translation adjustment	**(0.2)**	0.0
Cash position - closing date	**94.4**	33.0

GLOSSARY

Term / indicator	Definition
Current EBITDA	Current operating income (loss) adjusted for net depreciation, amortisation and provisions before the breakdown of R&D expenses capitalised by the Group by type
Backlog	Sum of orders received and to be received extrapolated over a 10-year period for each contract and request for proposals won, based on build rates announced and then projected and a EUR/USD exchange rate of 1.12
Organic	At constant scope and exchange rates
DIO (Days of Inventory Outstanding)	Average number of days of revenue for which an item of inventory is held
Leverage	Ratio of net debt excluding non-interest-bearing debt to current EBITDA
Capex	Investments in fixed assets
ORNANE	Bonds redeemable into cash and/or new and/or existing shares
Free cash-flow	Net cash-flow from operating activities before cost of financial debt and taxes, minus net cash-flow from investing activities