



Press release

Toulouse, September 2, 2011 – 11:30 am

H1 2011 Results

In € millions	H1 2011	H1 2010	Change
Revenue excluding non-recurring items	261.3	217.0	20.4%
Non-recurring items - Aerostructure*	55.0	-	
Total revenue	316.3	217.0	45.8%
Current operating result (COR)	23.8	13.4	
Current operating margin	7.5%	6.2%	
Non-current operating result **	0.0	0.0	
EBIT	23.8	13.4	
EBIT margin	7.5%	6.2%	
? Realized gains & losses	-9.4	-4.9	
? Unrealized gains & losses **	3.8	-9.0	
Net financial result	-5.6	-13.9	
Net income(loss) after minority interests	15.5	0.4	
Net margin	4.9%	0.2%	

* Non recurring billing of development costs

** Non cash items

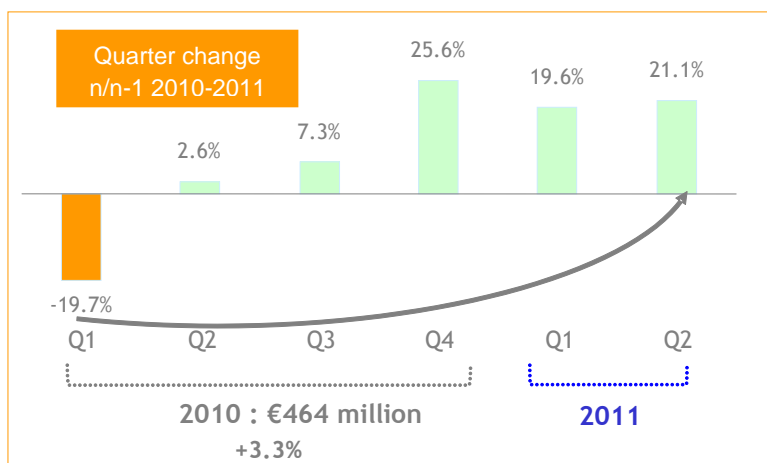
In € millions	06/30/2011	12/31/2010
Consolidated net debt	352.8	350.7
Shareholders' equity (Group share)	200.2	170.9

Audited accounts (limited review)

H1 revenue sharply higher: +20.4% (excluding non-recurring items)

In H1 2011, the Group posted a revenue excluding non-recurring items of €261.3 million, up 20.4% year on year. At a constant €/\$ exchange rate, organic growth stood also at 20.4%, with results of hedging unwinds offsetting a weakening USD.

In Q1 2011 the Group also recorded additional non-recurring revenue of €55 million corresponding to billing of development costs (refer to press release dated March 22, 2011). As a result, total consolidated revenue reached €316.3 million in H1 2011.



All divisions are experiencing strong growth; as of June 30, 2011 the Latécoère Group recorded its fifth consecutive quarter of growth, thus capturing the full effect of the cycle upturn of the sector, which is currently speeding up as shown during the recent Paris Air Show.

Confirmed recovery in current operating profitability

The recovery in operating profitability that began in 2010 was confirmed in H1 2011; current operating margin rose by €10.4 million to 7.5% of revenue, with all business divisions contributing positively to the improvement.

The adaptation and streamlining initiatives undertaken over the past two years have been crucial to the recovery by returning the Group to a profitable growth trend.

Net income after minority interests of €15.5 million

The Group posted net income after minority interests of €15.5 million after recognition of a €2.7 million tax expense.

The cost of debt, which stood at 5% as of June 30, 2011 versus 4% in H1 2010, was primarily impacted by higher variable interest rates over the period and the conversion of 20% of medium-term debt into convertible bonds.

Hedging instruments are used to cap the interest rate risk on 67% of the debt over an average duration of 3.5 years, while allowing the Group to continue to benefit from variable rates.

Latécoère's exposure to US dollar risk is managed through an active, 24 to 36-month rolling hedging policy aimed at allowing the Group to partially benefit from any upside in the value of that currency while capping its risk: 90% of the Group's exposure is hedged in 2011, and 71% in 2012.

During July 2011, the Group took advantage of a temporary strengthening of the US Dollar against the euro to extend its hedging coverage allowing 90% of its net exposure to be hedged in 2012 and 24% in 2013 at "worst case" levels of hedging in line with its projected budget assumptions.

Debt under control while revenue grows

Operating working capital needs were contained in H1 2011, despite the Group's revenues growing by over 20% (excluding non-recurring items) during the same period.

Capital expenditure was kept to €3 million, and concerned primarily industrial plants and information systems.

Under these conditions, consolidated net financial debt stood at €353 million at June 30, 2011 (including €325 million of long and medium-term debt) and remained stable compared to December 31, 2010 (+ €2 million).

In accordance with the agreements concluded in May 2010, the Group and its bank creditors met in Q2 2011 and - taking into account a bull cycle, the Group's recovery and the ongoing discussions on a possible partnership - both parties have agreed to postpone in H2 2011 their discussions on a possible rescheduling of the repayment schedule for the medium-term debt beyond 2012. The banks also confirmed - with no change in terms - the short-term lines available to the Group through June 30, 2012.

At the extraordinary shareholders' meeting held on June 30, 2011, the shareholders authorized the Management Board to modify the period during which bonds convertible into Latécoère shares ("CB") issued by Latécoère could be converted, subject to the approval of the majority of the CB holders. Furthermore, as sole shareholder of LATElec, Latécoère gave LATElec permission to change the conversion period for LATElec convertible bonds, subject to the approval of the holders of LATElec convertible bonds.

During the same shareholders' meeting, the shareholders also authorized the Management Board, subject to the modification of the conversion period for Latécoère bonds and the authorization of the holders of Latécoère stock subscription warrants (BSA), to alter the exercise period of the warrants so that it corresponds to the same period as the CB if modified.

The terms and conditions of these convertible bonds and stock subscription warrants were described in the prospectus no. 10-174 approved by the French Financial Markets Authority (AMF) on June 11, 2010.

Order book: close to five years of revenues

As of June 30, 2011 and on the basis of a \$/€ exchange rate of 1.35, the order book – which includes only firm orders announced by aircraft manufacturers – amounts to €2.3 billion. Favorably impacted by the recent orders recorded by its main clients, it represents close to five years of revenue, and demonstrates the relevance of the multi-client platform built by the Group, which is confirmed for all the major, determinant programs launched for commercial, regional and corporate aircraft in the medium and long term.

FY 2011 projected revenue revised upward, current operating profitability target confirmed

Based on the latest production rates released by aircraft manufacturers, the Group revised its anticipated growth for 2011 upward, with total revenue growth now expected to top 20%. Excluding non-recurring billings of development costs, revenue growth initially expected between 5 to 10 % should be over 10%.

Moreover, given the current operating income recorded in H1 2011 (7.5% of revenue), the Group has confirmed a current operating margin of over 7%, with a target of 8% in 2012.

Stronger governance

The shareholders meeting held on June 30, 2011 appointed Claire Dreyfus-Cloarec and Jean Goumy to the Supervisory Board. The shareholders meeting also ratified the appointments of Pierre Gadonneix and Christian Duvillet as members of the Supervisory Board.

Claire Dreyfus-Cloarec, board member of different companies, has made her career in the French senior civil service and in industry, where she held executive positions including within the Air France Group and SNCF (French national railway).

Jean Goumy, board member of different companies, has spent his entire career at Société Générale where he served as Director of Major Corporate Clients of the French branch network.

The Supervisory Board has 13 members, eight of whom are independent.

Will to contribute to the sector's industrial development

After having streamlined its industrial organization and finalized a first step of financial restructuring in 2010, the Group is pursuing its search process for a partnership with the objective to enhance its contribution to the development of the sector and strengthen its equity.

About Latécoère

Latécoère is a partner to major international aircraft manufacturers (Airbus, Embraer, Dassault, Boeing and Bombardier), in all segments of the aeronautical market (commercial, regional, corporate and military aircraft), specializing in three fields:

- *Aerostructures (56% of total revenue): fuselage sections and doors.*
- *Interconnexion systems (32% of total revenue): onboard wiring, electrical harnesses and avionics bays.*
- *Engineering and Services (12% of total revenue): research, design and manufacturing of equipment.*

The Group employs 3,700 people, in ten countries.

Latécoère had total consolidated revenues of €464 million in 2010 and as of June 30, 2011 its order book stood at €2.3 billion (based on a USD/EUR exchange rate of 1.35).

Latécoère, a French corporation (société anonyme) with capital of €17,219,994 divided into 8,609,997 shares with a par value of €2 per share is listed on Euronext Paris - Compartment C.

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