


GROUPE LATECOERE

Press release
Toulouse, March 28, 2013

Strong growth in activity delivered
Tunisian crisis under control
Debt reduction in line with guidance

Annual results 2012(1)

In € million	2012	2011	Var.
Revenue excluding non-recurring items	**581.1**	**520.6**	11.6%
Non-recurring items - Aerostructure*	62.5	55.0	
Total revenue	**643.6**	**575.6**	11.8%
EBIT	**26.8**	**44.7**	
EBIT margin	*4.2%*	*7.8%*	
• Realized gains and losses	-22.2	-21.0	
• Unrealized gains and losses**	4.3	-22.1	
Net financial result	**-18.0**	**-43.1**	
Group net result	**3.1**	**6.6**	
Group net result excl. unrealized gains & losses on non-settled financial hedging instruments	-2.8	20.3	

** Non recurring billing of development costs*
*** Non cash items*

In € million	31/12/2012	31/12/2011
Consolidated net debt	**322.6**	**368.8**
Shareholders' Equity (Group share)	**185.0**	**169.4**
Shareholders' Equity (Group share) adjusted for changes in the fair values of financial hedging instruments	190.4	182.7

(1) Accounts reviewed by Latécoère' Supervisory Board during its meeting of 26th March 2013
Audit procedures have been applied and statutory auditors' certification report is under process

A year of strong growth

The Group closes FY 2012 with a higher than expected growth at 11.6% (excluding non-recurring items). Actions undertaken throughout the course of the year in order to reduce recurring tensions encountered at different levels of the supply chain in a context of sharp increase in industry volumes and to secure deliveries produced a positive outcome. The Group has demonstrated, thus, its ability to sustain successfully the sharp ramp-up of delivery rates to aircraft manufacturers, despite a severe crisis in Tunisia.

At constant €/US$ exchange rate, organic growth stood at +7.8%.

In addition, the Group recorded €62.5M of non-recurring revenue corresponding to billing of development costs. As a result, total consolidated revenue reached €643.6M in 2012.

All divisions contributed to the continuous progression of activity with 5 consecutive semester of growth at the end of 2012.

A Tunisian crisis enhancing the strategy of diversification of the Group's industrial locations

Following the Jasmine Revolution of January 2011 and after 21 months of delicate management that enabled to absorb disturbances that were generated at an industrial level by an unstable environment with random evolutions, Interconnexion Systems were severely affected by unpredictable and non coordinated social movements, during autumn 2012, that suddenly disrupted production in Tunisia. It led the Group to immediately implement industrial solutions reloading production outside the country to secure the schedule of deliveries to customers. In addition to the immediate management of the crisis that enabled the Group to comply with its commitments to its customers, the Group, based on this experience, decided to reassess, interacting with its customers, its industrial strategy towards double sourcing schemes in order to better address country risks.

Interconnexion Systems are accelerating accordingly the planned development of a plant in Mexico, while adapting its production capacities in Tunisia.

Decrease in EBIT resulting from Tunisian events; Recovery of Aerostructure in progress

Operating margin, previously expected close to 2011's level, decreases to 4.2% of consolidated revenue, in line with the profit warning dated 31st October 2012.

Tunisian events account for close to -€18M in this evolution, which includes impacts of the Interconnexion Systems redeployment industrial plan on all involved programs.

Recovery of Aerostructure is progressing with a contribution to EBIT of €18.6M, which includes a €40M consumption of non-recurring development work-in-process (vs. €24M in 2011) that reflects the fact that programs launched in the 2000's are becoming progressively mature. Accounts were closed in a prudent approach with no margin recognized on non-recurring billing of development costs.

The realized financial result amounted to -€22.2M versus -€21.1M in 2011. Cost of bank debt remained stable at 4.1%.

As of 31st December 2012, 73% of net financial debt is hedged until 2015 through financial instruments capping risk on underlying market interest rates at 3.30% (spread excluded).

US$ exposure hedged through the end of March 2015

The Group hedges its industrial exposure to fluctuations in the US$ through a policy designed to maintain a long term €/US$ budgeted exchange rate of 1.35.

The Group exclusively uses hedging instruments with closed risk positions (exchange rate at worst defined) while partially benefiting from any rise in the American currency (collars). This strategy has enabled the Group to realize its 2012 exposure at an average €/US$ rate of 1.3103.

The year-end €/US$ closing spot rate of 1.3194 associated to a strong decrease in market volatility on the €/US$ exchange rate, back to near 9% in December 2012 versus 17% the previous year, had a positive impact on the fiscal year unrealized financial result. As a reminder, this positive impact has no present or future cash incidence as collars are intended to be held to maturity. Unrealized net financial result amounted consequently to +€4.3M versus -€22.1M in 2011.

Net income after minority interests amounted to +€3.1M.

Debt decreasing by €46M, in line with guidance

EBITDA[1] amounted to €32.7M in 2012.

Operating working capital needs decreased by €3.4M despite the strong growth in activity, showing the results of structuring actions undertaken to secure the supply chain, reduce the production cycles and optimize credit management.

Non recurring development work-in-process related to programs accounted under construction contracts, net of movements on related refundable advances, resulted in a €43.4M inflow.

Net capital expenditures amounted to €13.4M for industrial development and information systems.

695,996 Convertible Bonds (CBs) over a total number of 2,860,000 CBs have been converted during the fiscal year 2012 contributing to the strengthening of Shareholders' Equity by €7.0M. Under these conditions, and after factoring realized financial result (-€22.0M), income tax paid (-€2.3M) and other needs (-€2.0M), consolidated net financial debt stood at €322.6M as of 31st December 2012, down by €46.2M year on year.

Priorities for 2013 clearly established: pursuing growth and strengthening profitability

While it enters 2013, the Group has demonstrated its ability to manage its Tunisian crisis during the 4th quarter of 2012, under conditions that strongly impacted its profitability for 2012 but without any delays for its customers, and has achieved its debt reduction target.

Priorities for 2013 are consistent with 2012: securing the supply chain while activity is growing and pursuing the continuous improvement of processes towards operational excellence that combines customer satisfaction and cash generation.

Based on the latest delivery rates announced by aircraft manufacturers, the Group anticipates a further growth of its activities in 2013,

- with revenue expected up by about 5% on 2012 revenue excluding non recurring items,
- and a strengthening of operating margin towards 6% of revenue.

A €20M temporary increase in net financial debt is expected in 2013, resulting essentially from the consequences of the Tunisian crisis, with debt reduction expected to resume in 2014.

Resource plan was adapted consequently, in the scope of existing contracts, with an increase of the upper limit of the factoring agreement (up by €8M) in line with activity growth and an adjustment of 2013 amortization schedule (€8M).

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[1] EBITDA refers in the consolidated accounts to EBIT increased of (i) provisions net of reversals on working capital and for risks and expenses, (ii) depreciation and amortization on intangible and tangible assets

Order book representing 3.5 years of revenue

As of 31st December 2012 and based on a €/US$ exchange rate of 1.35, the order book – which includes only firm orders announced by aircraft manufacturers – amounted to €2.1 billion. It represents around 3.5 years of revenue and demonstrates the relevance of the multi-client platform built by the Group, which is positioned on all major programs launched for commercial, regional and corporate aircraft.

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About Latécoère

Latécoère is a tier 1 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 (60% of total revenue): fuselage sections and doors.*
- *Interconnexion systems (27% of total revenue): onboard wiring, electrical harnesses and avionics bays.*
- *Engineering and Services (13% of total revenue): design, stress analysis and definition of industrial products - design, manufacturing & maintenance of tooling and special assemblies.*

The Group employed as of December 31, 2012 4,288 people, in 10 countries.
Latécoère had total consolidated revenues of €643.6 million in 2012 and as of December 31, 2012 its order book stood at €2.1 billion (based on a USD/EUR exchange rate of 1.35).
Latécoère, a French corporation (société anonyme) with capital of €18,6248 038 divided into 9,324,0194 shares with a par value of €2 per share is listed on Euronext Paris - Compartment C.
ISIN code: FR0000032278 - Reuters code: LAEP.PA - Bloomberg code: LAT.FP

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