


PRESS RELEASE

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FIGEAC AÉRO BUSINESS UPDATE

- **Revenue improved in the second half of financial year 2020/21, growing by +13.1% versus the first half of the year**
- **Continued efforts to adapt**
- **Commercial momentum intact**
- **Confirmation of positive current EBITDA[1] in the second half of 2020/21 and effective management of cash-flows**
- **The beginnings of a recovery**

The FIGEAC AÉRO Group (ticker: FGA), a leading partner for major aerospace manufacturers, has today released its annual revenue figures for financial year 2020/21 and provided a business update.

Unaudited figures - in €m	12 months 2019/20	12 months **2020/21**	Chg. (%)	Org. chg. (%)
Aerostructures	387.5	**162.9**	-58.0%	-56.5%
Other business activities	54.1	**38.3**	-29.2%	-28.2%
Total revenue	441.6	**201.2**	-54.4%	-53.0%

Activity bounced back in H2 2020/21

In financial year 2020/21, the aerospace had to face not only the grounding of the Boeing 737 Max but also the biggest crisis in its history, with air traffic plummeting on account of the lockdowns and travel restrictions enforced worldwide.

FIGEAC AÉRO's revenue thus reached €201.2 million in financial year 2020/21 (ended 31st March 2021), which is 55.4% lower year-on-year. At constant scope and exchange rates, the Group's revenue fell by 53% year-on-year.

The Aerostructures division was already struggling due to unfavourable events which heavily penalised the civil aerospace industry (discontinued production of the Boeing 737 , slower production rates on widebody aircraft and delayed certification of the Boeing 777X) and its revenues fell even more sharply (-58% reported and -56.5% like-for-like) because of the effects of the Covid-19 crisis. The Group's other business activities registered a €15.8 million drop in revenue.

Nonetheless, despite this unprecedented crisis, FIGEAC AÉRO showed how agile and quick to adapt it can be and was thus able to report +13.1% revenue growth in H2 versus H1 2020/21, including a stronger rebound delivered by the Aerostructures division (+€12.1 million, i.e. +16.1% in H2 vs H1 2020/21).

[1] Current EBITDA = current operating income + depreciation and amortisation + net provisions - Before the breakdown of R&D expenses capitalised by the Group by type

Operational optimisation plan almost completed

FIGEAC AÉRO was quick to take some major operational and financial measures, initially to offset the steep drop in volumes and ensure business continuity and then to maintain its competitive standing so that it can emerge on a stronger footing and benefit from the recovery.

The performance plan (a reduction in personnel expenses and general & administrative expenses, a drive to streamline the Group's production sites, selective insourcing of some of the purchases that were previously outsourced, optimised use of raw materials, streamlined general purchases) should achieve structural fixed cost savings of approximately €30 million, with almost the full effects becoming visible in H2 of this financial year (ending 31st March 2022).

Meanwhile, the Group has worked hard to secure financial resources for the long term, including a €15 million Atout loan obtained from Bpifrance and state-guaranteed loans totalling €80 million obtained from its banking partners. The Group has also begun to consider restructuring its balance sheet.

With the crisis having peaked in the 1st half of 2020/21 and the Group reaping the benefits of the structural cost-cutting measures it managed to take so rapidly, FIGEAC AÉRO confirmed that it will report positive current EBITDA for the 2nd half of the financial year ended 31st March 2021. This sharp improvement in the Group's operating margin should balance out the operating losses reported for the 1st half of the financial year.

As far as cash burn is concerned, the Group's financial discipline and drastic reduction in growth capex are beginning to pay off, with cash flows managed effectively in the second half of the year. Management reiterated its cash generation target for the financial year ending 31st March 2022.

Sustained commercial momentum

FIGEAC AÉRO's commercial strategy has resulted in yet another new contract awarded with STELIA, the Group's top client. This is a 5-year contract totalling approximately €20 million under which the Group will supply a sizeable package of detail machining and sheet metal parts specifically for the Airbus 220 programme. These parts will be manufactured mainly at the Hermosillo plant in Mexico and the Casablanca plant in Morocco, and the first deliveries are scheduled for the 2nd half of this financial year. FIGEAC AÉRO is the sole supplier under this new contract.

The Group also confirmed that the number of consultations has risen significantly for all civil aviation programmes, both in Europe and America, and that it has the capacity to capture some of these new opportunities over the coming months. The Group's production facilities are currently significantly underused and scaled for €550 million of revenue, so new contract wins will require no investment on its part and the availability of its resources will enable it to scale up these new business in record time.

FIGEAC AÉRO steps up its development in Saudi Arabia

The Group has completed its efforts to establish a position in Saudi Arabia by setting up the SFAM LLC subsidiary based in Jeddah. This new entity will thus enable the company to finalise the joint venture agreement with its two Saudi partners once the ongoing legal proceedings are over. FIGEAC AÉRO will then become a minority shareholder in this joint venture.

This is an ambitious project and consistent with Saudi Arabia's economic diversification strategy "Vision 2030". It is centred around a production plant built to make light alloy and hard metal parts for the commercial and military aircraft manufactured by the world's main contractors (Airbus, Boeing, Lockheed Martin, Safran, etc.). This plant will also constitute an essential market opening for OEMs setting up localisation contracts in the Kingdom, and FIGEAC AÉRO is thus shoring up its position in the Middle East.

FIGEAC AÉRO's contribution to the project is part of a service contract with SFAM under which it will coordinate and supervise the company's industrial start-up and the initial production phase for the first aerospace parts which are scheduled to begin being delivered mid-2022. Other than the initial equity financing totalling around USD3 million, most of the investment required will be provided by local institutions and state bodies in the form of subsidies.

In the medium term, FIGEAC AÉRO intends to capitalise on this first experience of providing services to develop this business model on a larger scale as part of a range of services centred around the Group's key technical skills.

Outlook and development

The public health crisis took a heavy toll on the Group's business in financial year 2020/21; however, thanks to the operational and financial performance plan it set up so rapidly, the Group expects to report current EBITDA breakeven for the financial year ended 31st March 2021.

The industry is gradually recovering as the Boeing 737 Max is flying again, air traffic has bounced back in China and the USA to pre-Covid levels, and the massive vaccination campaigns underway have raised hopes, enabling international air traffic to resume.
Moreover, volumes are expected to improve thanks to a stronger single-aisle segment, with Airbus' A321XLR proving a success and confirmation that production rates have been revised upwards for the A320 NEO family and are seen exceeding pre-crisis levels by the 2nd quarter of 2023. The company nevertheless remains cautious about these newsflow effects and expects its business to recover gradually, especially in the long-haul segment.

Meanwhile, FIGEAC AÉRO plans to continue rolling out its operational and financial measures as it deems them necessary and conducive to improving the Group's profitability and enabling it once again to achieve sustainable and gradual cash generation.

FIGEAC AÉRO is poised to take flight again and will emerge from this crisis on a stronger footing thanks to a whole range of factors: the operating leverage created by its €30 million structural cost-cutting plan, the high-tech production equipment deployed across all its currently underused production sites, its robust commercial positions and its agile industrialisation capabilities.

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 €201.2 million in the year to 31st March 2021.

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