FIGEAC AÉRO

The leading partner for major aerospace manufacturers

PRESS RELEASE

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2023/24 HALF-YEAR RESULTS: A SOLID PERFORMANCE

- **24.9% organic revenue growth, driven by rising build rates in commercial aerospace**
- **Current EBITDA margin improved by 110bp 11.0%, thanks to effective management of short-term operational challenges**
- **€11.5 million increase in free cash-flow generation to €9.3 million**
- **Reinforced Group's confidence that all its financial targets out to 2024 and 2025 will be met**

THE 3 GUIDING THEMES OF NEXT STRATEGIC PLAN PILOT 28 UNVEILED

FIGEAC AÉRO (FR0011665280 – FGA:FP), a leading partner for major aerospace manufacturers, has today released its results for the first half of the financial year 2023/24, ended 30 September 2023. These are provisional figures as the statutory auditors are in the process of completing their audit assignment and the Board of Directors meeting convened to approve the financial statements is to be held on 20 December 2023.

Jean-Claude Maillard, Chairman and Chief Executive Officer of the FIGEAC AÉRO Group, commented:

"We built on our momentum over the period as commercial aerospace continues to grow, marked by a strong upturn in orders for widebody aircraft as evidenced by the newsflow that emerged from the Dubai Air Show. We also noted further improvements in our economic environment, expanding on what we observed last year. Supply chain issues and inflation are likely to remain headwinds in 2024, but we are generally managing to keep these risks under control and their impact on our financial statements should gradually ease off over the coming months.

FIGEAC AÉRO was thus able to deliver a very sound half-year performance, in line with all our financial targets for the short term, i.e. for our financial years ending March 2024 and March 2025.

But we are already projecting out to the longer term now as we enjoy considerable visibility thanks to our backlog and a particularly favourable market outlook. So, in January we will be unveiling the new strategic ambitions of our next business plan, PILOT 28, which will include our top priorities in the areas of corporate responsibility, leadership and, of course, rapid deleveraging."

€m - IFRS (audit in progress)	2023/24 6 months	2022/23 6 months	Chg.	Org. chg.
Revenue	**181.2**	150.3	+20.5%	+24.9%
Current EBITDA	**19.9**	14.9	+33.3%	
Current EBITDA margin	***11.0%***	*9.9%*	+110bp	
Net depreciation, amortisation and provisions	**(23.1)**	(23.8)	-2.8%	
Current operating income (loss)	**(3.9)**	(9.6)	-58.8%	
Current operating margin	***ns***	*ns*	*ns*	
Other non-current operating income (expenses)	**(1.8)**	9.8	ns	
Share of net profit (loss) of equity affiliates	**0.9**[1]	(0.5)	ns	
Operating income (loss)	**(4.9)**	(0.2)	ns	
Cost of net debt	**(10.0)**	(5.6)	+79.1%	
Realised currency gains (losses)	**5.4**	9.8	-45.0%	
Unrealised gains (losses) on financial instruments	**5.7**	(14.5)	ns	
Other financial income (expenses)	**(0.1)**	0.2	ns	
Financial income (loss)	**1.0**	(10.1)	ns	
Income tax	**(1.5)**	3.5	ns	
Consolidated net income (loss)	**(5.3)**	(6.7)	-21.3%	
Net income (loss), Group share	**(5.3)**	(6.7)	-21.2%	

STRONG GROWTH IN HALF-YEAR REVENUE

FIGEAC AÉRO's revenue reached €181.2 million in H1 2023/24 (ended 30 September 2023), reflecting 24.9% organic growth (+20.5% reported growth) relative to the same period last year. The currency impact over the half-year amounted to €(7.0) million.

Business activity was primary driven by build rates in commercial aerospace continued to trend upwards, which resulted among other things in 23.7% organic growth (+18.6% reported growth) in the Aerostructures & Aeroengines division's revenue during the half-year.

[1] In accordance with IAS 28, the FIGEAC AÉRO Group has restated its obligations towards Sami Figeac Aero Manufacturing (SFAM). At period-end, the Group estimated that it had no legal, contractual or implicit obligation to meet the company's liabilities or participate in a capital increase carried out by the company. The carrying amount of equity-accounted securities in SFAM was therefore reduced to zero, implying a positive impact of €1.3 million.

OPERATING MARGIN UP 110 BASIS POINTS

FIGEAC AÉRO's operating profitability improved at a faster pace than its revenue during the first six months of its financial year. Current EBITDA expanded by 33.3% to €19.9 million from €14.9 million in H1 2022/23, reflecting a 110-basis point margin gain to 11.0% of revenue.

The operating performance improved largely thanks to increased business activity and tight control of personnel expenses. However, it was held back by the portion of inflation that has not yet been passed on - a portion estimated on a full-year basis at roughly €(2.6) million (versus €(3.8) million the previous year) - and by unfavourable contractual terms and conditions on a contract to purchase parts manufactured at the Group's former Hermosillo site in Mexico. As a lasting industrial solution is now already in place to circumvent the dispute, the €(4.3) million impact is non-recurring and will therefore be significantly smaller in the second half of this financial year and zero next year.

The Aerostructures & Aeroengines division remains the Group's main driver, generating €18.7 million in current EBITDA versus €16.2 million a year earlier. The Diversification Activities division turned in positive current EBITDA at €1.2 million versus a €(1.3) million loss a year earlier.

Net depreciation, amortisation and provisions were almost flat at €23.1 million versus €23.8 million a year earlier, which means that the current operating result was able to improve sharply by 58.8% to €(3.9) million.

The operating result came to €(4.9) million, trending broadly in line with the current operating result. It is worth remembering that the operating result in the first half of 2022/23 included a one-off gain generated from the sale of the Hermosillo site in Mexico.

Financial income amounted to €1.0 million, primarily due to higher interest expense paid of €6.8 million (versus €3.5 million in H1 2022/23) as well as non-cash effects stemming from the application of IFRS 9 and currency hedging.

All in all, FIGEAC AÉRO's net result (Group share) improved to €(5.3) million versus €(6.7) million a year earlier.

SHARP IMPROVEMENT IN CASH GENERATION

Thanks to the Group's resilient operating performance, its cash generation also surged during the half year and its financial structure proved solid despite continued strains in the supply chain.

Cash-flow before cost of debt and taxes jumped by €11.4 million to €22.4 million over the half-year. After factoring in a positive €13.7m working capital impact, thanks to fewer trade receivables, as well as generally in-line trends shown by other items, cash-flow from operating activities increased significantly during the first six months of the year to €36.2 million (from €(3.4) million a year earlier).

Net investments totalled €26.2 million and were mostly allocated to maintenance, R&D and growth support measures, including completion of work to expand production capacity dedicated to parts for the LEAP-1A nacelle in Morocco. Investments included non-recurring items in the amount of about €5 million (commitments made before the crisis, redeployment of production capacity in Mexico and repairs of machines repatriated to France). CAPEX therefore came out in line with the full-year budget of around €48 million.

All in all, FIGEAC AÉRO reported positive Free Cash-Flow of €9.3 million, which is €11.5 million higher than a year earlier despite a complex economic climate (inflation and supply chain tensions) and temporary difficulties encountered in Mexico.

As a consequence of its improved cash generation, FIGEAC AÉRO's net debt held steady at €287.3 million at 30 September 2023 (versus €283.6 million at 31 March 2023). Its cash position remained solid at €91.7 million and its shareholders' equity totalled €60.7 million (versus €70.0 million at 31 March 2023).

LOTS OF PROGRESS ON THE INDUSTRIAL AND COMMERCIAL FRONTS

FIGEAC AÉRO continued to structure itself and develop during the period, making lots of significant headway both on the industrial and commercial fronts.

First of all, the Group's governance structure saw various changes during the first half of the year in a drive to better meet the current economic challenges – with Thomas Girard appointed Chief Operating Officer and two new members appointed to the Board of Directors - and also to build on its Executive Committee's corporate responsibility capabilities – with Franck Porier appointed Head of CSR.

The Group's production facilities continue to ramp up and the capacity utilisation rate reached an estimated 75% by the end of the first half of the year. The Group is also pursuing efforts to roll out its Route 25 business plan, some aspects of which have been extended in scope. Two of the three projects geared towards transferring production to the Group's Tunisian and Moroccan sites have already been completed and further transfers are now underway, aimed at making the Group even more competitive. Other operational efficiency projects are also in progress, such as production line automation and ERP upgrade.

FIGEAC AÉRO also continued to adapt to today's market challenges, enabling it to further improve its industrial performance and customer satisfaction:

- In terms of procurement, the Group now enjoys greater visibility on raw materials as it has diversified its sources in cooperation with key clients, and it has shortened its production cycles thanks to initiatives taken to re-insource certain surface treatment activities;
- In the field of human resources, FIGEAC AÉRO pursued its talent attraction and retention initiatives (1,702 new hires made since April 2021, of which 395 in the first half alone; a lower staff turnover rate) and stepped up the development of its talent pool via its best-cost sites and training school.

All this positive progress has created powerful drivers that will enable the Group to pursue its business development. Indeed, the half-year saw the Group awarded new contracts by Safran worth a total of €170 million, and it made positive progress on many other negotiations which should begin to materialise in the form of contracts in the very near future.

AIR TRANSPORTATION SECTOR AND WIDEBODY SEGMENT PROVING VERY DYNAMIC

Air traffic improved further, growing by 31.2% in October and by 30.1% in September (relative to the same periods in 2022), and has now reached 98.2% of its 2019 levels so will have fully recovered from the effects of the crisis by the end of this year or early 2024.

This recovery initially spurred a very sharp upturn in the single-aisle segment. Now, with international traffic catching up (+29.7% in October, to 94.4% of its pre-crisis level), the widebody segment is benefiting too. Whereas close to 90% of orders booked during the Paris Air Show in June 2023 were for single-aisle aircraft, over 50% of those placed during the Dubai Air Show in November 2023 were for widebodies. Moreover, Airbus recently revised its build rate targets for the A350 upwards to 10 aircraft deliveries per month by 2026 (versus about 5 per month at present).

FIGEAC AÉRO will continue to tap into the strong momentum being created within the industry, and the prominence of the A350 in its portfolio means that its revenue and profitability are also set to benefit greatly from the market's transition to widebodies.

SHORT-TERM TARGETS REITERATED

FIGEAC AÉRO has delivered a particularly solid first half and is perfectly poised to reach all its financial targets for FY 2023/24, i.e. revenue between €375 million and €390 million, current EBITDA between €48 million and €53 million, and Free Cash-Flow between €16 million and €20 million. Net Free Cash-Flow generated over the full year (Free Cash Flow, net of interest expenses and taxes), should come out positive, which will be a crucial step forward for the Group in accelerating its deleveraging.

The current impetus has also enabled the Group to reiterate its financial targets for FY 2024/25 (to recap, revenue of €420 - 440 million, current EBITDA of €68 - 73 million, Free Cash-Flow of €20 - 28 million, and net debt of €270 – 280 million).

NEW STRATEGIC AMBITIONS FOR 2028 TO BE UNVEILED SOON

In an industry characterised by very long technological and commercial cycles, FIGEAC AÉRO boasts a high degree of visibility thanks to its top-tier clients and its long-term contracts and selling prices, resulting in a backlog worth more than €3.7 billion for the next 10 years. In addition, it operates in a very vibrant aerospace sector driven by continually rising air traffic and record backlogs which are fuelled by industrial under-capacity against very strong demand for new aircraft.

Given such favourable circumstances, FIGEAC AÉRO is already fully and confidently committed to its mid-term development projects and is scheduled to unveil its new strategic course of action out to 2028 on 11 January. The pillars of this bold new business plan, PILOT 28, will be based on the following guiding themes:

- Consolidation and development of the Group's leadership, mainly by gaining market share in the commercial aerospace segment, where FIGEAC AÉRO operates from a position of strength, and by expanding more intensively in other segments, where the Group is well placed to capture a whole range of growth opportunities;
- Acceleration of deleveraging, by further boosting cash generation and taking initiatives to transform and optimise the Group's business model;
- Active participation in the emergence of a zero-carbon aviation industry, by building on the Group's reinforced approach to CSR and innovation.

Upcoming events (after trading)

- 11 January 2024: presentation of the new strategic plan, PILOT 28
- 31 January 2024: revenue for the 3rd quarter 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 €341.6 million in the year to 31 March 2023.

FIGEAC AÉRO

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APPENDICES

Simplified consolidated balance sheet

€m - IFRS (audit in progress)	30/09/23	31/03/23
Fixed assets	**265.3**	265.9
Other non-current assets	**8.3**	5.5
Inventory	**202.8**	196.2
Contract assets	**28.2**	24.4
Trade receivables	**35.8**	59.9
Current tax assets	**7.5**	7.9
Other current assets	**24.1**	26.7
Cash & cash equivalents	**91.7**	115.5
TOTAL ASSETS	**663.6**	702.0
Shareholders’ equity	**60.7**	70.0
Non-current interest-bearing financial liabilities	**336.8**	355.5
Other non-current liabilities	**25.5**	30.7
Current interest-bearing financial liabilities	**50.6**	54.4
Trade payables and related accounts	**86.0**	83.2
Contract liabilities	**31.0**	14.3
Other current liabilities	**73.0**	93.8
TOTAL LIABILITIES	**663.6**	702.0

Consolidated cash-flow statement

€m - IFRS (audit in progress)	H1 23/24	H1 22/23
Net income (loss)	**(5.3)**	(6.7)
Depreciation, amortisation and provisions	**23.1**	23.8
Other non-cash adjustments	**(2.3)**	(9.9)
Tax expense	**0.1**	0.4
Cost of debt	**6.8**	3.5
Cash-flow before cost of debt and taxes	**22.4**	11.0
Change in working capital requirement	**13.7**	(14.5)
Net cash-flow from operating activities	**36.2**	(3.4)
Net cash-flow from investing activities	**(26.9)**	1.2
FREE CASH-FLOW	**9.3**	(2.2)
Acquisitions or disposals of treasury shares	**(0.1)**	
Change in borrowings and repayable advances	**(13.4)**	33.5
Repayment of lease liabilities	**(5.8)**	(8.8)
Interest paid	**(6.8)**	(3.5)
Debt restructuring fees	**-**	(5.7)
Capital increase	**-**	53.5
Inventory carrying transaction with Aerotrade	**-**	(4.5)
Net cash-flow from financing activities	**(26.0)**	64.4
Change in cash position	**(16.7)**	62.2
Cash position - opening date	**94.4**	33.0
Change in translation adjustment	**0.2**	0.5
Cash position - closing date	**77.9**	95.7

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
Net free cash-flow	Net cash-flow from operating activities after cost of financial debt and taxes, minus net cash-flow from investing activities