PRESS RELEASE

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PILOT 28, THE GROUP'S NEW BUSINESS PLAN TO CONSOLIDATE FIGEAC AÉRO'S SUSTAINABLE LEADERSHIP WITHIN THE GLOBAL AEROSPACE INDUSTRY

CLEAR FINANCIAL TARGETS:

- **REVENUES APPROACHING THE €600m MARK**
- **FINANCIAL LEVERAGE OF BETWEEN 2x AND 2.5x**

FIGEAC AÉRO (FR0011665280 – FGA:FP), a leading partner for major aerospace manufacturers, is today launching PILOT 28, its new strategic plan out to March 2028.

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

"Since 2021 we have been busy rolling out our turnaround plan, Route 25. This plan sought to rebuild a new FIGEAC AÉRO by pushing business activity back up to pre-crisis levels and paving the way for stronger cash generation. We have met our targets for two consecutive years and will soon make it three, so we have already proved resilient against an unprecedented crisis that has left a deep mark on the industry.

Our new strategic plan, PILOT 28, builds on the solid foundations established by Route 25 and seeks to boost commercial, financial and extra-financial performance. It is therefore an ambitious roadmap geared towards profitable responsible growth that will enable us to significantly accelerate deleveraging – all of which is neatly summed up in the term 'sustainable', through the reinforcement of both extra-financial performance and financial capacity.

We are in the process of writing a new chapter of the Group's history, and today, each and every one of us at FIGEAC AÉRO has its sights on that 2028 horizon, driven by this new ambition to consolidate our leadership position within the global aerospace industry!"

A NEW PLAN BUILDING ON THE SUCCESS OF ROUTE 25

FIGEAC AÉRO is currently completing its first post-crisis strategic plan, called Route 25; its goal was to bring the Group's revenue and profitability back up to pre-crisis levels while doubling its cash generation (to recap, the Group's key figures at March 2020 included revenues of €447 million, EBITDA of €69 million and free cash-flow of €9.4 million).

The Group has successfully rolled out the plan's 3 pillars since its launch in 2021:

- Ramping up production facilities by bringing in new business (amounting to a total of €60 million by FY 2024/25) and reaping the benefits of a recovering commercial aerospace sector;
- Optimising the industrial model by transferring production to Group facilities located in best-cost countries, now accounting for approximately 30% of total business volumes, and launching initiatives to automate productions;
- Last of all, improving management systems, with over 70% of the Group now covered by the new ERP.

In a sometimes complex economic climate, FIGEAC AÉRO has so far met all its financial targets and managed to turn its finances around. So, with one year to go before the 2025 plan ends, the Group is well on track to fulfil its initial ambition of fully recovering from the crisis and start delivering robust cash generation.

FIGEAC AÉRO now intends to build on these initial achievements with a new plan, called PILOT 28, which will seek to step up and broaden its business development and financial optimisation initiatives with the ultimate aim of speeding up the deleveraging process.

A STRATEGY BACKED BY A COMBINATION OF DECISIVE FACTORS

The Group's unique positioning

As an aerospace pure player, FIGEAC AÉRO has first-rate industrial and technological capabilities enabling it to offer its customers the best possible solutions. In addition, it boasts a culture of excellence and innovation, both of which are decisive when it comes to asserting itself on the commercial front.

Thanks to its unique blend of values and expertise, the Group has successfully initiated and maintained long-term customer relations with all the industry's key player, which have translated into a particularly solid backlog worth over €3.7 billion, and thus plays a critical role within the aerospace ecosystem.

This central role takes the form of (i) strong positions on all the main aerospace programmes currently underway and (ii) a global industrial footprint, with facilities operating within close reach of customers, both in developed countries and best-cost countries or regions where the aerospace industry offers considerable growth potential.

Sector tailwinds

FIGEAC AÉRO's unique positioning means that it will be able to benefit from the tailwinds currently driving the aerospace industry:

- A commercial aerospace segment in excellent health. Commercial aerospace has embarked upon a new long-term growth cycle, fuelled by continued improvements in all the key indicators driving growth in demand for new aircraft (air traffic, passenger and freight volumes, capacity and load factors, air fares) and a growing need among airlines to upgrade their fleets for cost and sustainability reasons. As a result, backlogs are at record highs and build rates are soaring;
- A similarly vibrant defence segment owing largely to an unstable geopolitical climate, with a marked increase in defence budgets in Europe as well as other regions;
- Very strong demand across the whole industry combined with significant capacity constraints on the supply chain due to the brutality of the COVID crisis; driving its need to be reinforced to keep up with increased production;
- Last of all, an expected easing of the inflationary and sourcing pressures resulting from post-crisis disruptions, against which the industry is gradually organising and adapting itself.

PILOT 28: 5 STRATEGIC PILLARS TO FULFIL THE GROUP'S AMBITIONS

The PILOT 28 strategy seeks to consolidate FIGEAC AÉRO's position as a sustainable leader within the global aerospace industry and has been built on guiding principles unveiled earlier: (i) consolidation and development of the Group's commercial leadership, (ii) accelerated deleveraging through stronger cash generation, and (iii) FIGEAC AÉRO's alignment with a long-term trajectory towards a zero-carbon aviation industry.

With this in mind, the Group's new aspirations set out in PILOT 28 are upheld by 5 strategic pillars, each represented by a letter spelling out the name of the plan:

(P) Performance on the commercial front – stepping up business development

FIGEAC AÉRO intends to draw on its position of strength in order to continue winning contracts in the commercial aerospace segment, whether as new business or as market share gains, with existing clients or new clients, primarily in the USA.

The Group also plans to expand further in the defence segment, tapping into an already established client portfolio and specialising one of its entities in this line of business.

Lastly, the Group will capitalise on the market's recognition of its expertise in industrial-scale production of metal parts to sell services, ranging from skilled staff secondment to the provision of turnkey industrial solutions; mainly in emerging regions where there is considerable potential to develop an aerospace supply chain.

All in all, FIGEAC AÉRO aims to bring in a significant amount of new business which will generate from €80 million to €100 million in financial year 2027/28, most of which from the commercial aerospace industry.

(I) Innovation – boosting innovation to become ever more competitive

The Group will continue to focus on innovation to maintain its competitive edge. It will do so in the short term by pursuing its process flow automation and improvement initiatives in an effort to optimise direct costs, and in the longer term by investing in research and development in the fields of additive manufacturing and new machining processes, which will help it to significantly reduce its environmental footprint and optimise its inputs.

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(L) Low impact

Before being able to reduce raw material consumption, FIGEAC AÉRO has first taken measures to reinforce and structure its Groupwide approach to CSR. The Group plans to unveil its objectives for improving extra-financial performance later in 2024 but has already identified several key priorities. It will focus on (i) improving environmental performance at each and every one of its sites, (ii) reducing its carbon footprint, and (iii) driving employee engagement.

(O) Optimised financial performance

The Group expects to step up its cash generation by taking further action to optimise its financial performance on the back of that taken under the Route 25 plan:

- Continuing efforts to optimise contract margins;
- Optimising industrial schemes, mainly by stepping up production transfers to sites in best-cost countries to reach between 35% and 40% of the Group's total business volumes (versus roughly 30% at present);
- Controlling costs through productivity gains, purchasing synergies and a reduced Working Capital Requirement (WCR) with DIO brought below the 140 mark (versus 204 days at 30 September 2023 and 145 days in March 2020);
- Extending our industrial partner network across the globe in a drive to manage capacity usage rate and WCR more effectively;
- Last of all, reducing CAPEX to between 6% and 8% of revenue thanks to excess capacity in our production facilities, optimised investments and greater use of our industrial partner network.

These measures will enable free cash-flow generation to almost double to approximately €50 million by 2027/28 (relative to the 2024/25 target of €20 million to €28 million), while keeping the current EBITDA margin high at over 16%.

(T) Transformation of the business model

This last pillar also builds on the efforts already made under the Route 25 plan by placing an emphasis on optimised production management and digital transformation. The Group is committed to further improving its processes and remaining at the forefront of technological innovation, the aim being to achieve productivity gains and reduce its indirect costs.

A CLEAR AND AMBITIOUS PATH TO 2028

This PILOT 28 roadmap will enable FIGEAC AÉRO to consolidate its position as a sustainable leader within the aerospace industry worldwide.

The Group's commercial and financial performance will improve substantially as it works towards that ambition, as reflected in the clear financial targets it has set:

- First of all, average annual revenue growth exceeding 10% over the course of the plan, fuelled by new business and higher build rates forecast by aircraft manufacturers; this will put revenue in March 2028 at between €550 million and €600 million[1] (i.e. around 70% growth compared to March 2023 and 30% above the historical high of March 2020);
- Secondly, rapid growth in cash generation to about €50 million[1] (versus €5.4 million in FY 2022/23) thanks to the EBITDA margin maintained at a high level over 16% together with controlled WCR and lower investments (corresponding to roughly 6% of revenue at the end of the period).

  This development will speed up FIGEAC AÉRO's deleveraging and lower its financial leverage ratio to between 2.0x and 2.5x by March 2028 (corresponding to net debt of about €200 million) after reaching 4.0x around March 2025 and 3.0x around March 2026.

Shorter term, the guidance set for March 2024 and March 2025 remain unchanged. In addition, the operating result and net result should rise into positive territory as of March 2024 and March 2025, respectively, while the return on capital employed (ROCE) is expected to push past the 10% mark over the course of the plan.

Upcoming events (after trading)

- 10 January 2024: meeting to present the new business plan, PILOT 28 (10am)
- 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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[1] The financial targets presented here are based on the following assumptions: realisation of build rates projected by aircraft manufacturers, a EUR/USD exchange rate of 1.13 for FY 2023/24, 1.11 for FY 2024/25, 1.10 for FY 2025/26, 1.11 for FY 2026/27 and 1.12 for 2027/28, and stable economic conditions, notably in terms of procurement, inflation, hiring and financial support from customers.

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
Debt 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
EBITDA-to-FCF conversion	The rate at which current EBITDA converts to free cash-flow: free cash-flow divided by current EBITDA
ROCE (Return on Capital Employed)	Net operating profit after tax (NOPAT) divided by economic assets (fixed assets plus Working Capital Requirement)
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