

LATÉCOÈRE

AEROSTRUCTURES
& INTERCONNECTION SYSTEMS



H1 2019 RESULTS

SEPTEMBER 4, 2019

▶ DISCLAIMER

Certain statements contained in this document are forward-looking statements. These statements includes, without limitation, statements that are predictions of or indicate future events, trends, plans, expectations or objectives. Examples of forward-looking statements include statements relating to business strategy, objectives, delivery schedules or future performance. Words such as “anticipates”, “believes”, “estimates”, “seeks”, “intends”, “may” and similar expressions are used to identify these forward-looking statements.

Such statements are, by their nature, subject to known and unknown risks and uncertainties. These uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements as these are dependent on risk factors such as the variation of the exchange rates, program delays, industrial risks relating to safety, the evolution of regulations and the general economic and financial conditions and other matters of national, regional and global scale, including those of a political, economic, competitive and regulatory nature. Please refer to the section “Risks management” of the latest Latécoère’s Annual Report, for a description of certain important factors, risks and uncertainties that may affect Latécoère’s business.

Latécoère makes no commitment to update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise.

H1 2019 HIGHLIGHTS

€**372**_M
REVENUE

60/40%
AEROSTRUCTURES/
INTERCONNECTION
SYSTEMS

€**28**_M
Rec. EBITDA

80%
TRANSFORMATION
2020 TARGETED
SAVINGS

▶ CONTENTS

STRATEGY UPDATE

H1 2019 FINANCIAL HIGHLIGHTS

H1 2019 BUSINESS HIGHLIGHTS

OUTLOOK

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PART 1

STRATEGY UPDATE

2063VC

2065VC

2067VC

2069VC

2071VC

2073VC

2075VC

2077VC

2079VC

2081VC

2083VC

2085VC

2105VC

2107VC

2109VC

2111VC

2113VC

2115VC

2117VC

2119VC

2121VC

OUR PURPOSE



Vision

WHAT IS OUR AMBITION?

Become the reference in Aerostructures
and Interconnection Systems.

Mission

WHAT IS OUR PURPOSE?

To propose, design and build innovative equipment for the purpose of
providing customized solutions to aircraft manufacturers and airlines.

A GROWTH STRATEGY

AEROSTRUCTURES

Reach critical size: \$1bn

- Incremental volume and cash flow generation so that Latécoère can participate in upcoming risk-sharing programs
 - Scale effect
 - Increase bargaining power

Lever 1: Organic growth

- Capitalize on our strengths
- Continuous improvement

Lever 2: Industry consolidation

INTERCONNECTION SYSTEMS

5 levers

▪ Maintain

- Excellence
- Proactivity
- Proximity & best cost

▪ Conquer

- All OEM
- IFE (Video entertainment)
- Cabin & Upgrades (including cameras)
- Engines & systems

▪ Innovate (Optics – Lifi)

Demonstrated performance

Proximity & best cost

Automation

Innovation break through

Offsets

GROWING OUR CUSTOMER BASE

INTERCONNECTION SYSTEMS



€**46**M
BUSINESS WIN

ONGOING DISCUSSIONS
WITH AMERICAN
CUSTOMERS

1

NEW CONTRACT WITH
AIRBUS HELICOPTERS

>**25**%

REVENUE FROM NEW ACTIVITIES

AEROSTRUCTURES



3

NEW BUSINESS JETS
DOOR CONTRACTS

1

NEW NORTH AMERICAN
CUSTOMER

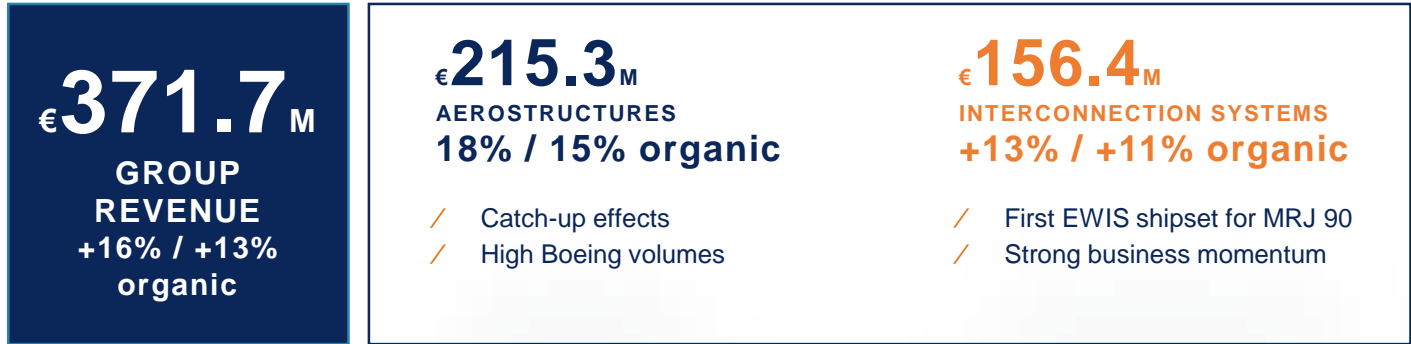
SIGNIFICANT BUILD-TO-PRINT &
DESIGN-AND-BUILD BID PIPE

PART 2

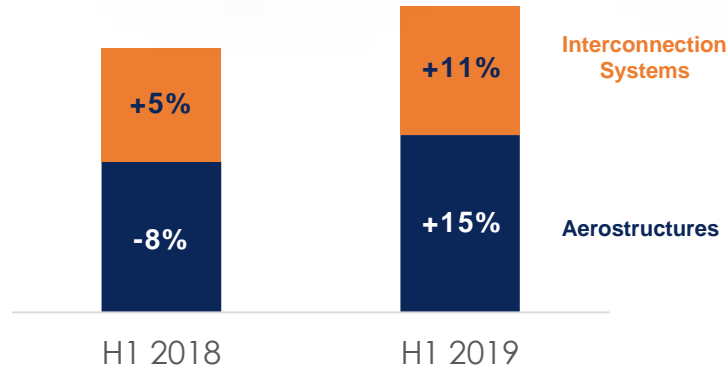
H1 2019 FINANCIAL HIGHLIGHTS



H1 2019 REVENUE GROWTH

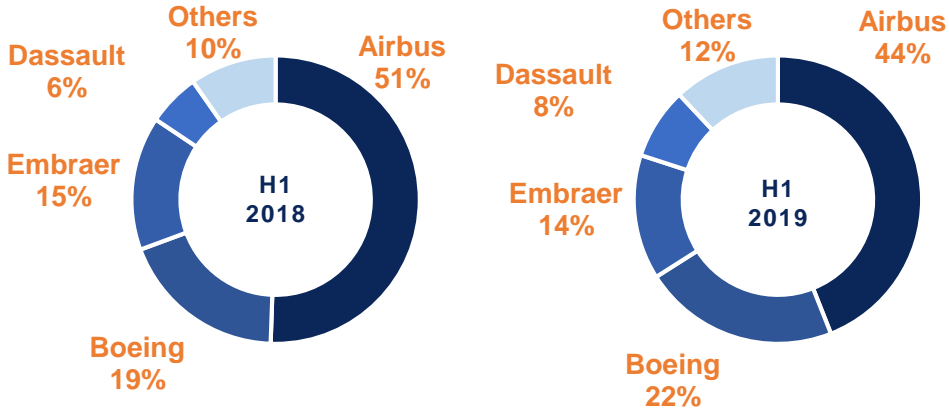


% Organic growth in :



A MULTI-CUSTOMER PLATFORM

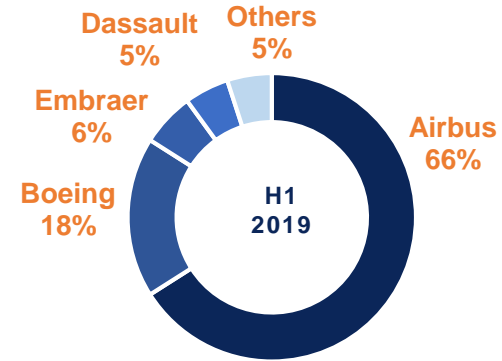
REVENUE SPLIT



1.09_x

12 months rolling
BOOK-TO-BILL

OEM ORDER BOOK PROJECTION*



€2.1 B
ORDER BOOK
VALUE

>3
YEARS

* Based on €/€ exchange rate of 1.24

H1 2019 INCREASED PROFITABILITY

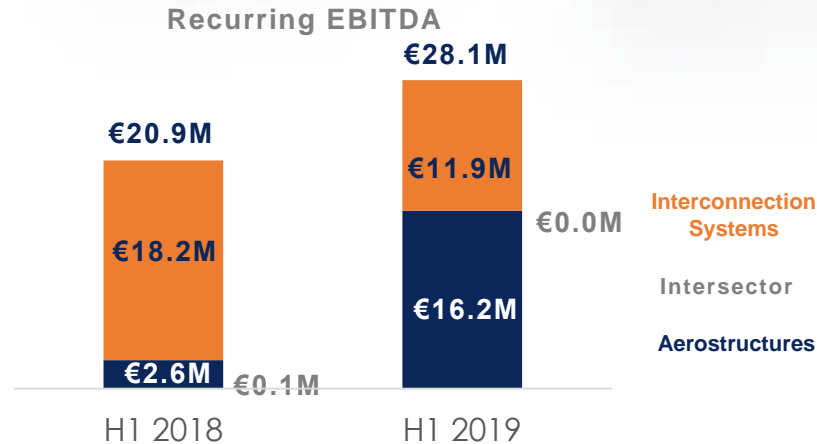
€28.1M
 GROUP REC.
 EBITDA
7.6%
 GROUP REC.
 EBITDA margin

7.2% Rec. EBITDA margin
AEROSTRUCTURES

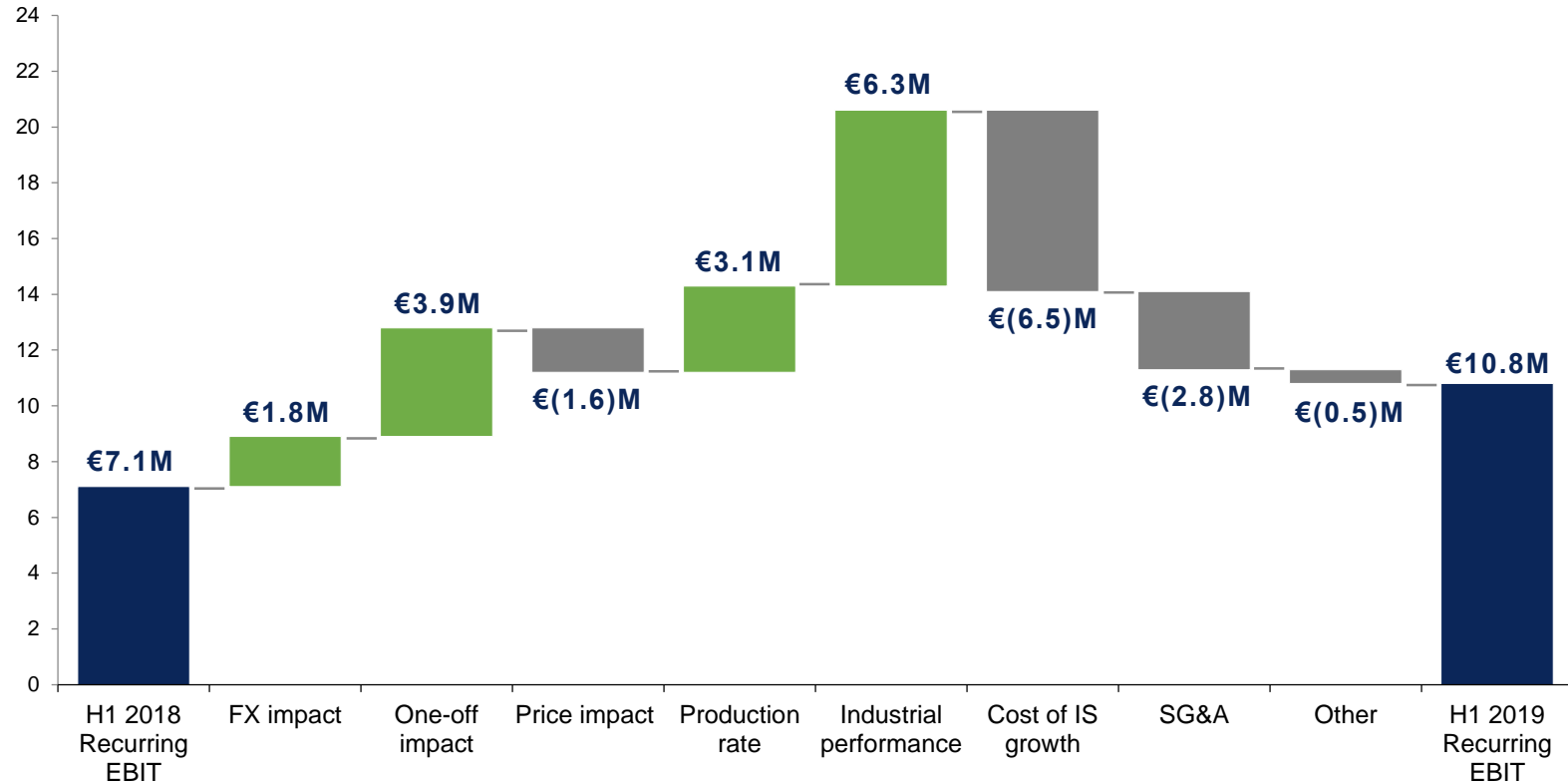
- / Smooth operational performance
- / High Embraer E1 volume
- / Positive impact of commercial settlements

7.5% Rec. EBITDA margin
INTERCONNECTION SYSTEMS

- / Underlying business margin improving under Transformation 2020
- / High starting costs of new businesses
- / Higher SG&A to cope with multi-customer and international platforms



RECURRING OPERATING INCOME CHANGE IN H1 2019



H1 2019 CONDENSED P&L

(€ million)	H1 2019	H1 2018	Variation
Revenue	371.7	320.8	15.9%
<i>o/w Aerostructures</i>	224.2	189.6	18.2%
<i>o/w Interconnection Systems</i>	157.4	139.1	13.2%
<i>o/w elimination inter-sector</i>	(9.9)	(8.0)	23.8%
Recurring EBITDA **	28.1	20.9	34.4%
<i>o/w Aerostructures</i>	16.2	2.6	523.1%
<i>o/w Interconnection Systems</i>	11.9	18.2	-34.6%
Recurring operating income	10.8	7.1	52.1%
<i>o/w Aerostructures</i>	8.7	(3.8)	(328.9)%
<i>o/w Interconnection Systems</i>	2.1	10.9	(80.7)%
Non recurring items	(7.9)	0.8	nm
<i>o/w sale of Toulouse Périole</i>	/	9.5	
<i>o/w others</i>	(7.9)	(10.3)	
Operating income	2.9	8.0	(63.8)%
Net Cost of debt	(2.7)	(1.7)	58.8%
Other financial income/(expense)	(5.2)	(3.3)	57.6%
Financial result	(7.9)	(5.0)	58.0%
Income tax	(1.0)	(0.2)	400%
Net result	(5.9)	2.8	(310.7)%

% rec op income increase

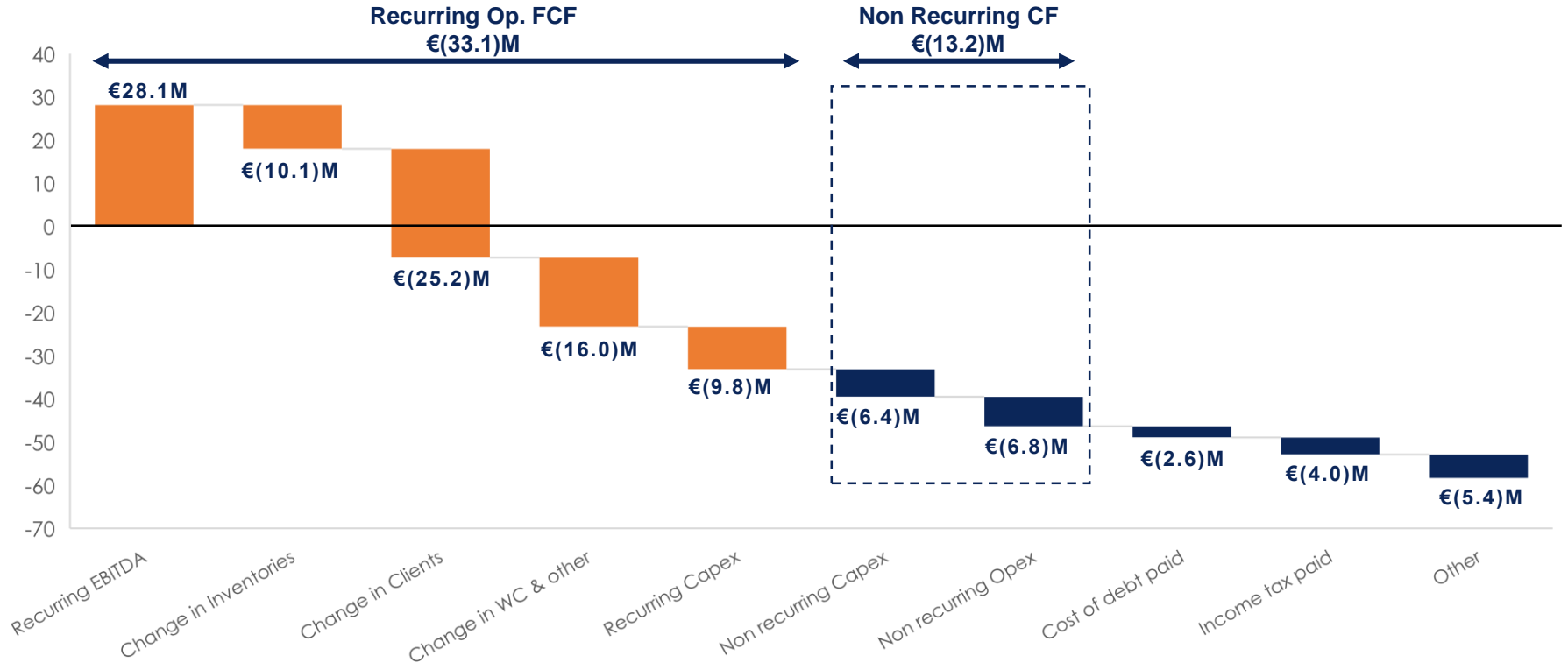
Non rec items do not benefit from sale of assets this year
Transformation 2020 costs as planned

First time implementation of IFRS16 in 2019

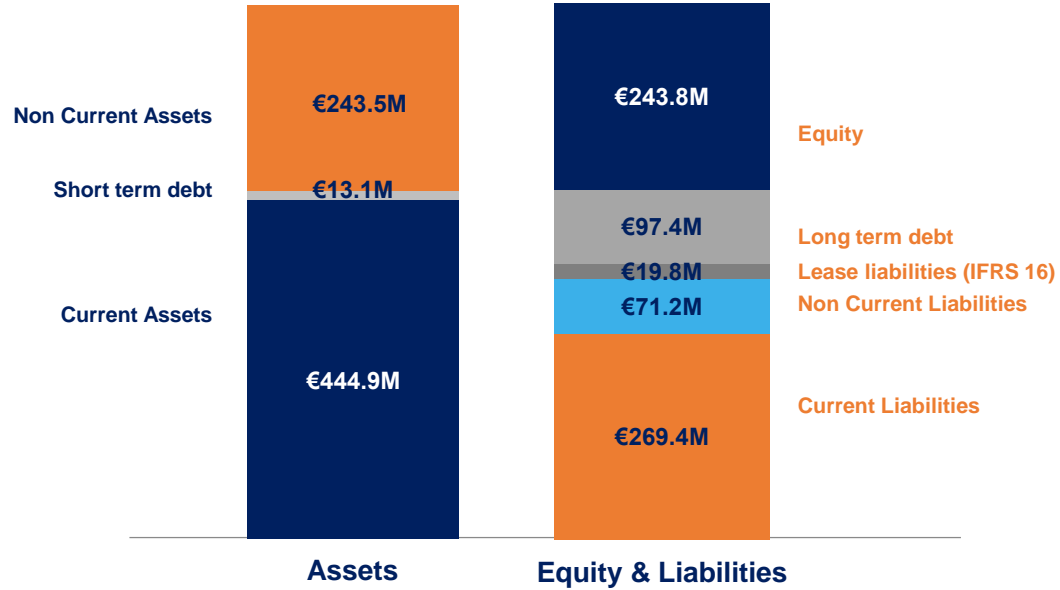
Financial results impacted by US\$ increase

** Recurring EBITDA corresponds to recurring operating income before recurring amortization, depreciation and impairment losses. Details of non-recurring items are presented in the Group's accounting principles from consolidation financial statements

CASH FLOW



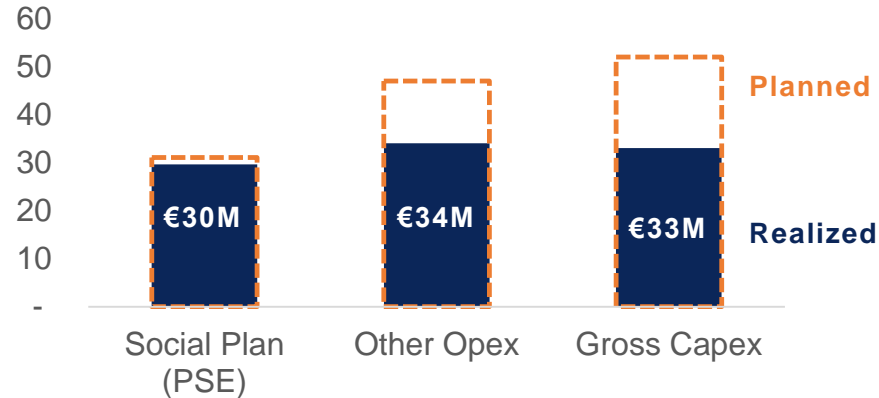
H1 2019 CONDENSED BALANCE SHEET



PROGRESS TOWARDS TRANSFORMATION 2020

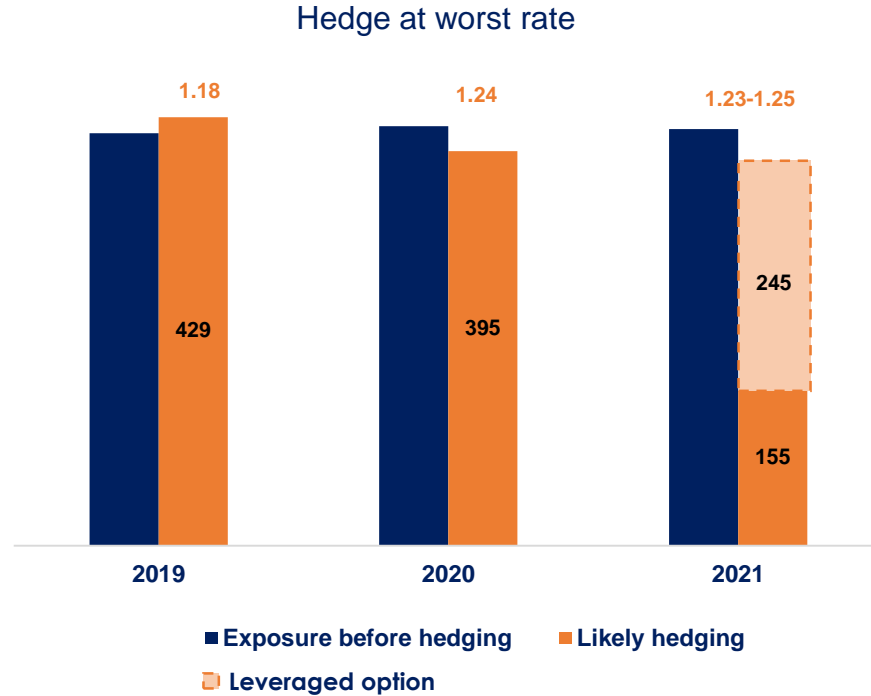


In €M



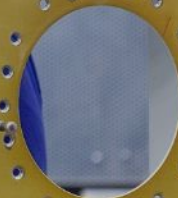
NET €/\$ EXPOSURE

FY 2019 and FY 2020 fully secured
FY 2021 started



PART 3

H1 2019 BUSINESS HIGHLIGHTS



PROGRESS TOWARDS TRANSFORMATION 2020

Inauguration of Indian site in Belagavi

Extension of Toulouse-Montredon site in France

Extension of Plovdiv site in Bulgaria

LATMAT1500 in Labège site - France

TRANSFORMATION 2020

Focus 1 > Inauguration of Belagavi site



- Official inauguration with clients on Sept. 10, 2019
- Initial site of 4,400 sqm with 70 employees (300 in 2022)
- Activities on site:
 - For **DASSAULT Aviation**, Latécoère will manufacture the Radio-Navigation harnesses for Falcon 2000
 - Start of the production in May 2019
 - For **THALES Avionics Inc.**, Latécoère will manufacture IFE harnesses for various platforms such as Boeing B777 or B737, Airbus A320 and various airlines such as Emirates, British Airways, Qatar, etc.
 - Start of the production in June 2019
- First delivery in August 2019 to our Liposthey site in France of « Tête A » to finalize the manufacturing of the Radio-Navigation harnesses for Falcon 2000

TRANSFORMATION 2020

Focus 2 > Extension of Toulouse-Montredon site



- 14001 certification obtained in Summer 2019
- Increased machining capacity in existing building
- Total surface increase of 3,000 sqm / delivery of the extension of the building on September 6, 2019
- Internalization of surface treatment
- Ramp-up of the production of surface treatment in Q1 2020

TRANSFORMATION 2020

Focus 3 > Extension of Plovdiv site in Bulgaria



- Initial site of 5,000 sqm extended to 9,000 sqm with capacity for over 200,000 hours of annual production by the end of 2019
- Transfer of A320 doors structure sub-assembly
- Rack structure production transfer finalized
- Total investment budget of around €15 million

TRANSFORMATION 2020

Focus 4 > LATMAT1500 in Labège site



- First worldwide implementation of automatic wiring of connectors in the aerospace industry
- Main applications: automation of labelling, cutting, stripping, crimping and plugging for non-shielded single wires for EWIS
- Key benefits: productivity, quality and traceability

A GOOD BUSINESS MOMENTUM

Established leadership position for LiFi technology

Investment in IFE monitors with the acquisition of part of Aircraft Cabin Systems

Airbus Helicopters H160 contract

Falcon 6X contract

A reinforced partnership with AIRBUS (ASGARD and ELCOCOS, etc.)

A GOOD BUSINESS MOMENTUM

Focus 1 > Established leadership position for LiFi technology

apex Awards

CRYSTAL
CABIN
AWARD®



- Pioneering strategy revealed at 2019 Paris Air Show, in partnership with Air France and Ubisoft
- Finalist of the Crystal Cabin Award 2019 (winner to be announced during APEX EXPO in LA)
- First commercial AF flight taking place in Q3 with 12 seats equipped with LiFi technology
- A very positive momentum:
 - April 2019 : Aircraft Interiors in Hambourg
 - June 2019 : Global LiFi Congress in Paris
 - September 2019: APEX EXPO in Los Angeles
 - September 2019: *Organisation of Aviation Civile Internationale* in Montréal
 - October 2019: test flight with LiFi
 - November 2019: APG World Connect in Monte-Carlo
- Interests received by numerous OEMs, airlines and IFE suppliers

A GOOD BUSINESS MOMENTUM

Focus 2 > Investment in IFE monitors with the acquisition of part of ACS



- Acquisition on July 9th, 2019 of the monitor business of ACS, a US important monitor supplier for the aeronautics sector
- Latécoère completes its existing range of video systems in the aircraft cabin sector, whilst strengthening its presence in the US

A GOOD BUSINESS MOMENTUM

Focus 3 > Airbus Helicopters H160 contract



- Build-to-Print contract for the cockpit and overhead control panels of the H160
- H160 is the new Airbus Helicopters aircraft to be certified at the end of the year

A GOOD BUSINESS MOMENTUM

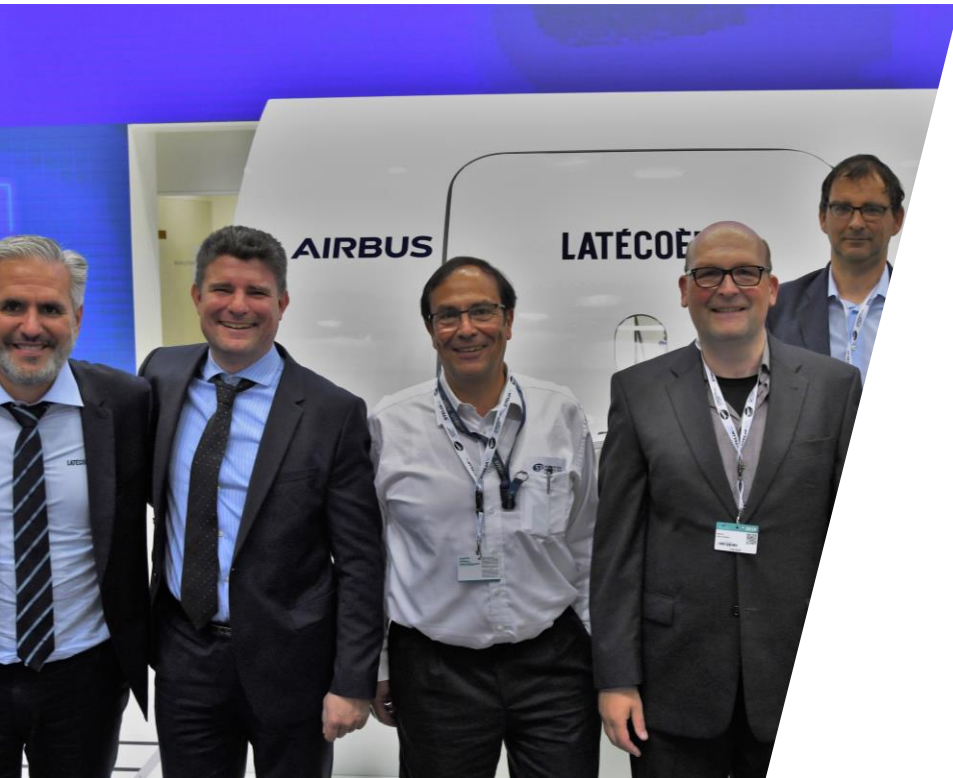
Focus 4 > Reinforcing our leadership position in the door market with the Falcon 6X



- Latécoère signed a contract with Daher for the industrialization and production of the Dassault Falcon 6X baggage door
- The Falcon 6X is due to make its first flight in early 2021 and begin deliveries in 2022

A GOOD BUSINESS MOMENTUM

Focus 5 > A reinforced partnership with Airbus on R&T programs



- ASGARD door demonstrator
 - Innovative passenger door project in partnership with Airbus, the DGAC and the French civil aviation research council (CORAC)
 - Advanced System with agile approach for costs reduction dedicated to commercial aircraft
 - Development of the solution under 2 years
- Enhanced Low Cost Complex Structure
 - As part of the CleanSky 2 programme, Latécoère coordinates the development of a one shot complex door composite structure
 - Project was launched in April 2019 and targets to manufacture and perform a ground test of a full scale demonstrator over an 18-month period
- Modular Nose Fuselage
 - Nose Landing Gear Box
 - Pax Door Module
 - Racks



CSR

Building a CSR approach
and formalising the Group's commitments

CSR

Building an ambitious CSR approach and formalising the group's commitments



- In-depth work undertaken in 2018 to identify stakeholders and their expectations
- 26 CSR topics identified and divided into four categories: HR and social, environment, performance and innovation
- Priority of actions defined through a materiality matrix

This comprehensive approach sets ambitious, measurable and achievable goals; making CSR a central part of the Group's strategy and future performance.

A large industrial robotic arm with a bright orange frame and a white lattice-structured end effector is shown in a factory environment. The arm is mounted on a blue base. In the background, there are blue metal racks, a safety fence, and other industrial equipment. The lighting is bright, typical of a factory floor.

PART 4

OUTLOOK

2019 OUTLOOK UNCHANGED

Significant organic revenue growth, excluding currency effects

Invest in finalizing the Transformation 2020 plan

Positive recurring operating margin

Negative operating free cash flow after capital expenditures

PERSPECTIVES

Aerostructures revenue will slightly decline in the next two years due to platform mix

Progress towards Transformation 2020 plan should compensate for pricing pressure and adverse currency impacts

New business ramp-up will continue in Interconnection Systems

2020 Interconnection Systems margin will continue to be stressed by start-up costs. Operating margin will improve from 2021 onwards

Positive operating free cash flow from 2020*

**excluding headquarters IFRS 16 impact of c. €20m*

SEARCHLIGHT CASH TENDER OFFER

Regulatory and administrative process

- **OBTAINED:** CFIUS AND GERMAN ANTI-TRUST AUTHORITY
- **IN PROGRESS:** FRENCH FOREIGN INVESTMENT

Positive outcome of the information and consultation process of the employee representative bodies

Filing of the offer expected before the end of the month of September (after receipt of the fairness opinion from the independent expert and issuance of the reasoned opinion from Latécoère's Board of Directors)

Closing of the offer expected before year-end (in case of success of the offer)



THANK
YOU

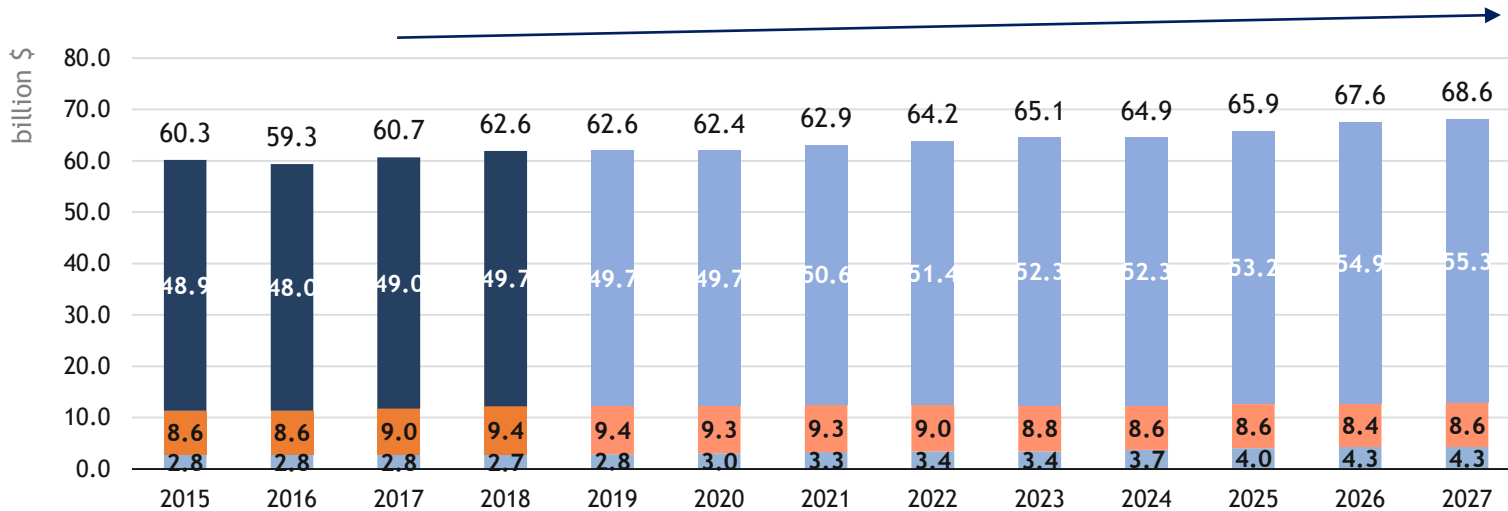
PART 5

APPENDIX



AEROSTRUCTURES MARKET

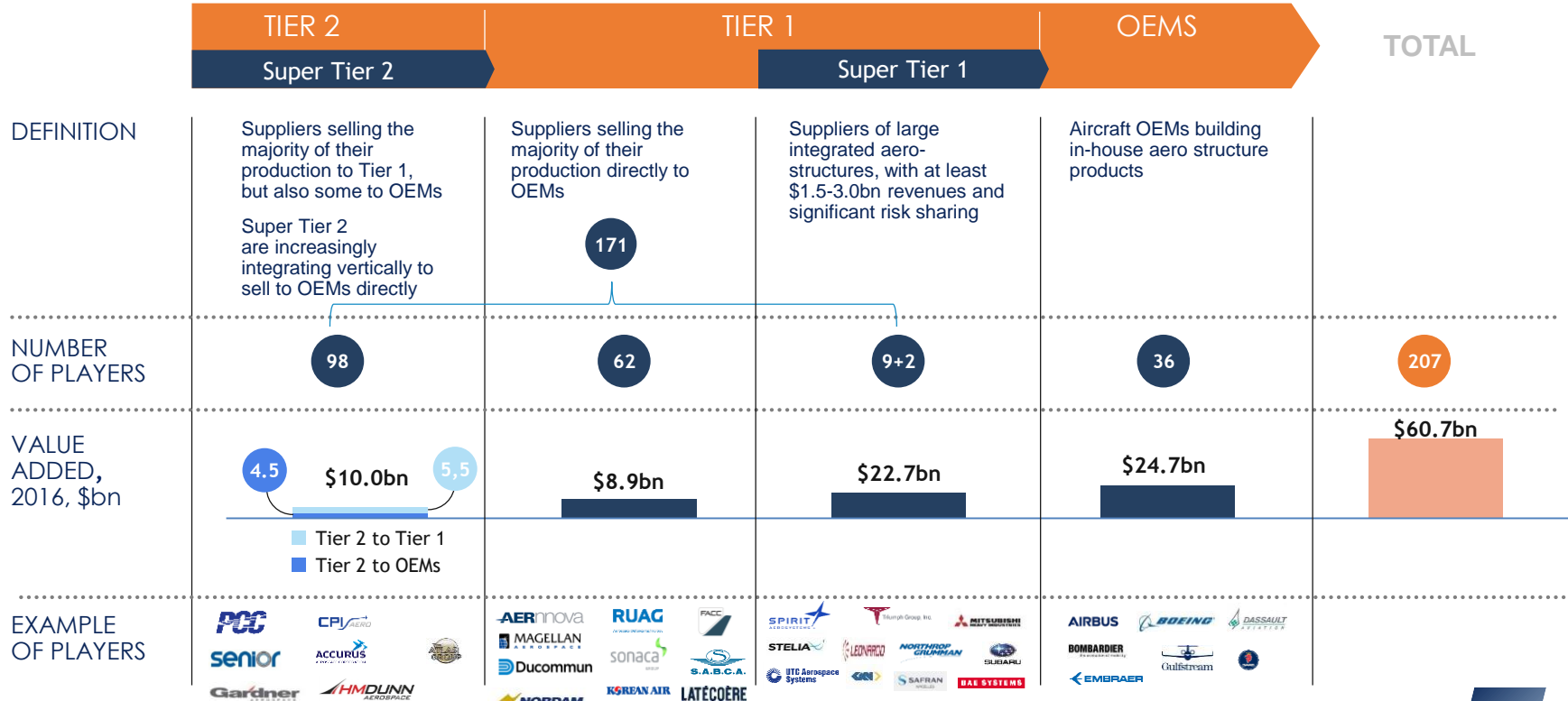
2015-2027 CAGR



(1) Include Sukhoi SSJ, UAC MS-21, COMAC ARJ-21, C919, exclude other Russian & Chinese A/C, Constant 2017 USD
 (2) UAV, Space, spare parts and after market sales
 SOURCE: CPML Aerostructures 2018, expert views adjustment

AEROSTRUCTURES VALUE CHAIN

From Sub-Tiers to OEMs – 5 different types of players



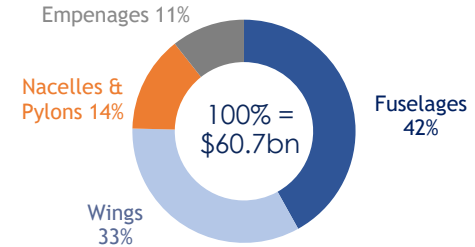
A VERY FRAGMENTED LANDSCAPE

MARKET SHARE BY PLAYERS (OPEN MARKET %) AND BY TYPE OF STRUCTURES (TOTAL MARKET %), 2017 B\$

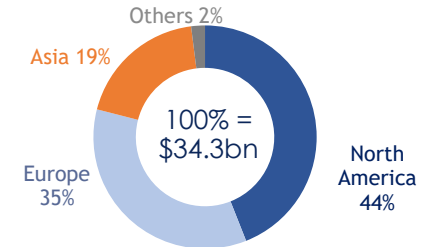
171 PLAYERS



TYPE OF STRUCTURES

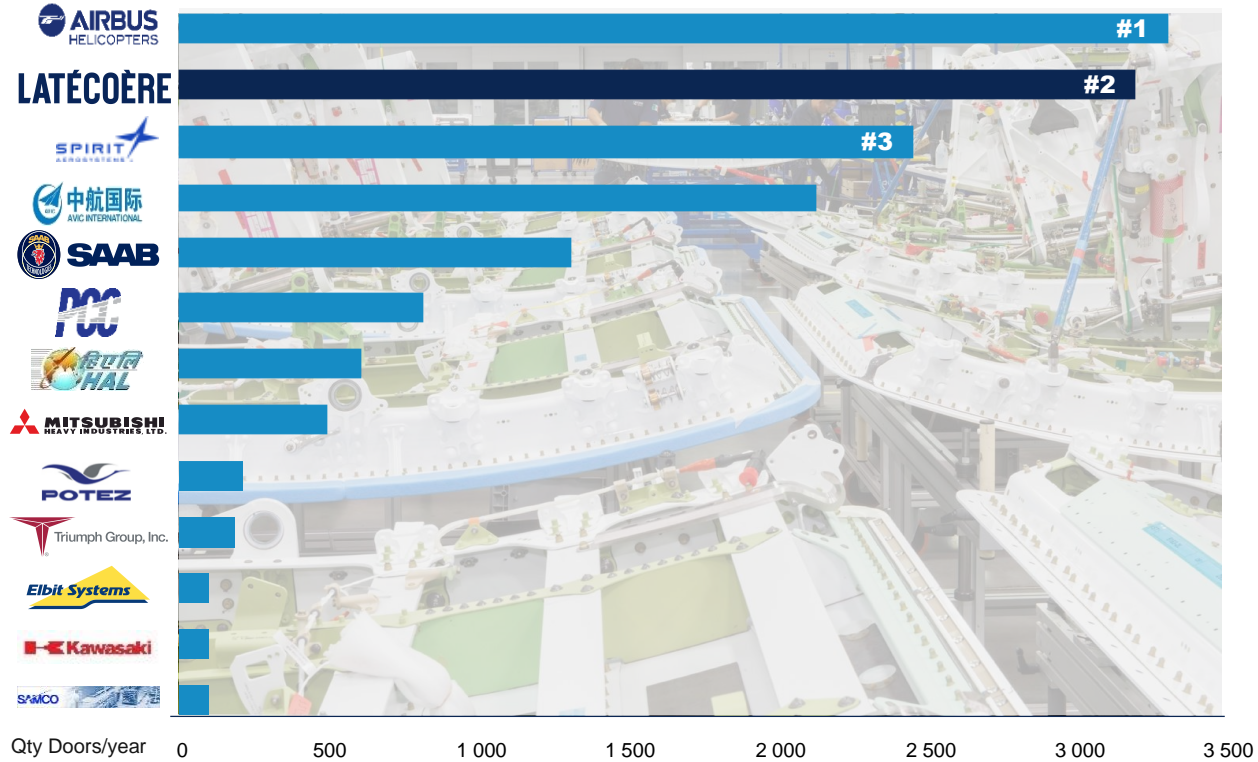


TIERS 1 SALES BY REGION

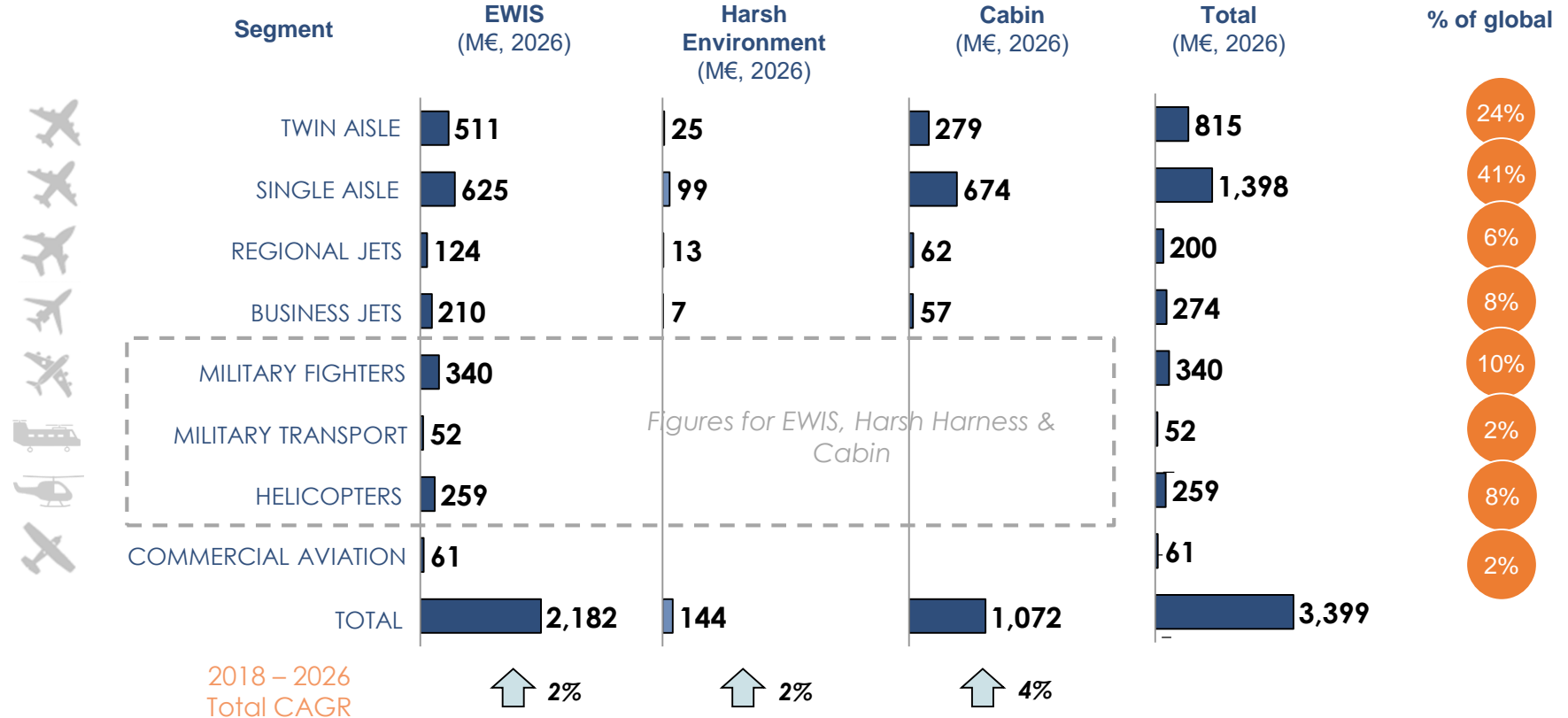


- Very fragmented market, with top 6 Super Tiers 1 accounting for >50% of the market
- Latécoère ranks 20th, 1.3% market share and addresses only the fuselage market (42% of total)
- Asia (19%) is growing, thanks to offset requests and emerging airplane OEMs

LEADING INDEPENDENT DOOR MANUFACTURER



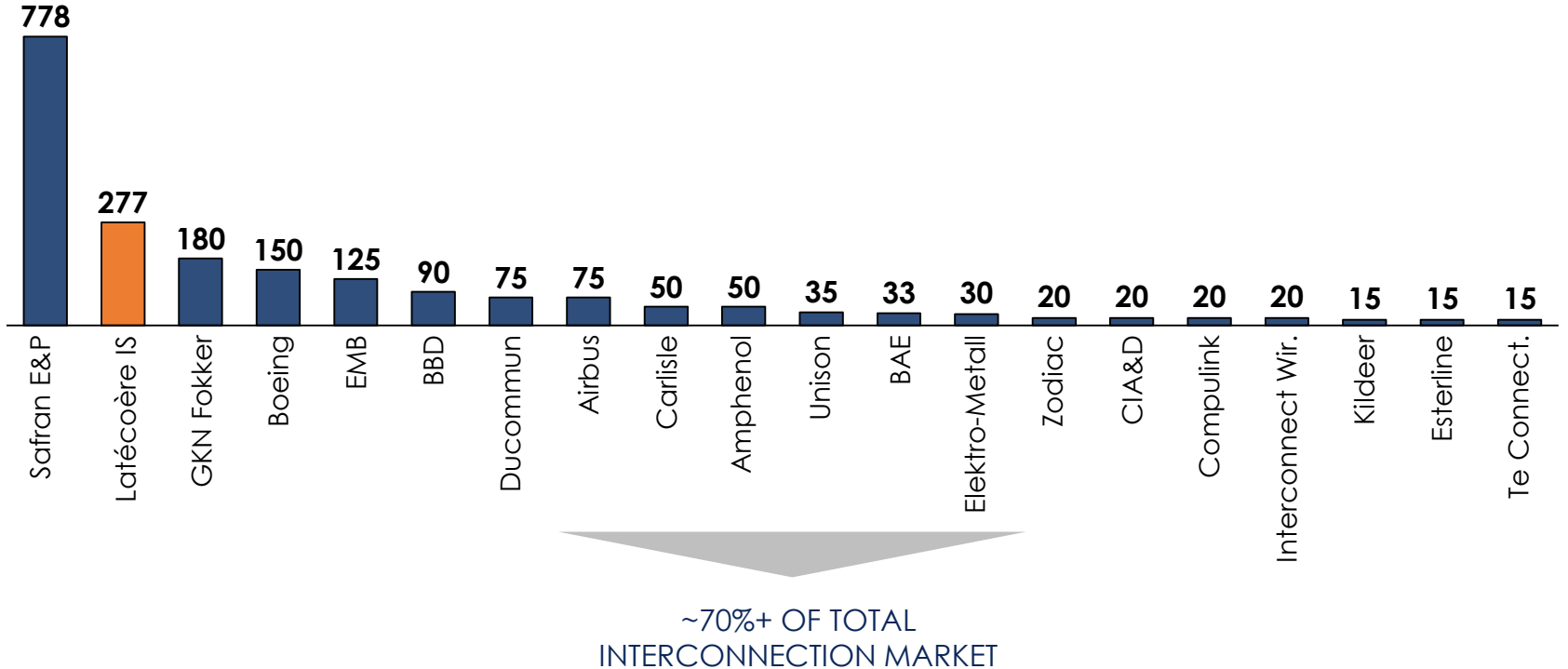
INTERCONNECTION SYSTEMS, A GROWING MARKET



Source: CVA analysis, estimated market in 2026











TOP 20 INTERCONNECTION SYSTEMS PLAYERS

SALES OF MAJOR PLAYERS IN THE INTERCONNECTION MARKET (2018, IN €M)



Source: CVA analysis

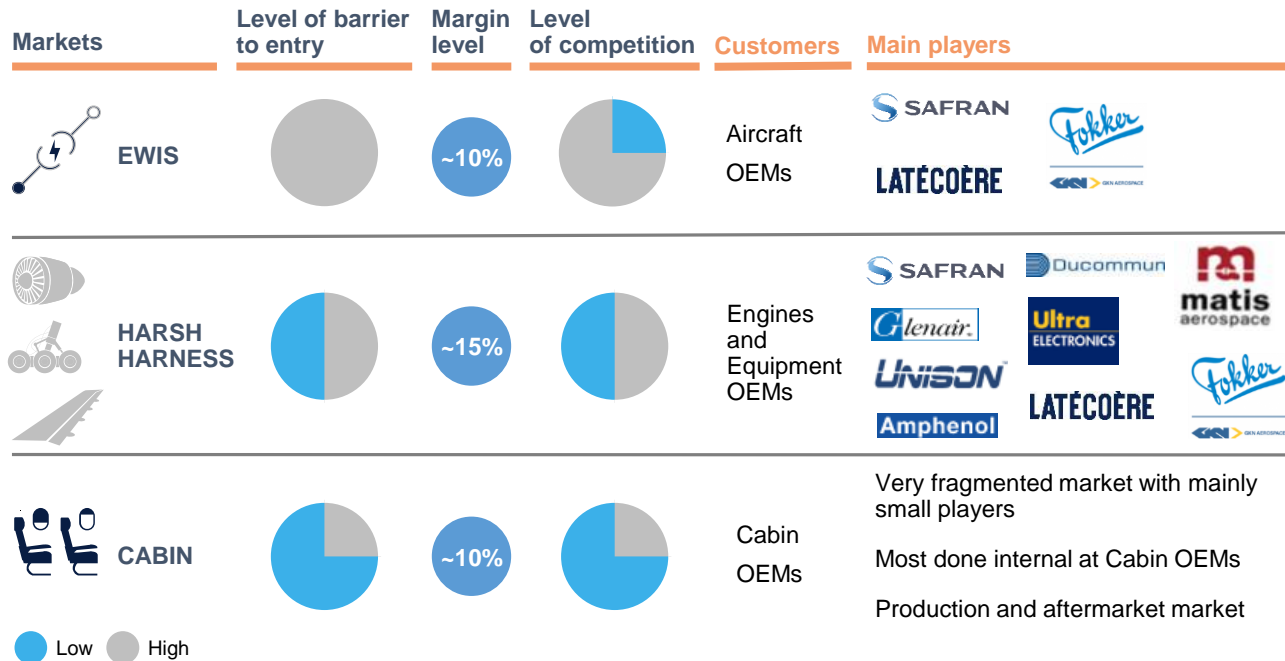
INTERCONNECTION SYSTEMS' CORE BUSINESS IS THE EWIS MARKET WHICH HAS A ~10% EBIT MARGIN

	Market characteristics	EBIT margin	Business model	Customers	Main players
 HARNESS	<p>Core business is configuration change, which constitutes a high barrier to entry</p> <p>OTD and OQD are vital</p>		<p>Airbus: long cycle in line with aircraft program with limited rebid once program launched</p> <p>Boeing: rebid every 5 years</p>	OEMs	  
 RACKS	<p>Main customer for complex racks is Airbus</p> <p>Boeing integrates the racks internally (ESRC)</p>		<p>Airbus: long cycle in line with aircraft program with limited rebid once program launched</p> <p>Boeing: in house</p>	OEMs	  

The EWIS market generates little aftermarket sales (>1% sales)

SOURCE: Counterpoint, Latécoère

LEVERAGING STRONG EWIS ASSETS TO PENETRATE THE CABIN AND HARSH HARNESS MARKETS



Cabin is a highly fragmented market with low level of competition