

Latecoere Reports H1 2024 Results

- Strong revenue growth of +16%, driven by the continued ramp-up of production and the execution of commercial initiatives to partially mitigate inflation.
- Recurring EBITDA loss of €(1.8) million; a significant improvement from H1-2023 of €(17.6) million. This reflects the operational leverage coming from volume growth, and execution of the commercial measures tackling inflation.
- Latecoere continues to invest in its operating platform, in its people and in creating a more resilient business model better positioned to grow with customer requirements, including focusing on quality and on-time delivery.

Toulouse, December 23, 2024 – Latecoere, a Tier 1 supplier to major international aircraft manufacturers, announced that the Board of Directors approved Latecoere's financial statements for the six-month period ended June 30, 2024.

André-Hubert Roussel Group Chief Executive Officer, stated: *"2023 and the first half of 2024 have been a time of unprecedented challenges for the aerospace supply chain, including Latecoere. However, I am proud of the resilience and adaptability our team has shown in navigating inflationary pressures and supply chain constraints. As OEM volume growth drives increasing activity across commercial, business jet, and defense markets, we are fully committed to supporting this ramp-up while addressing the associated challenges.*

We continue to invest strategically in our operations, workforce, and geographic footprint to build a stronger, more competitive Latecoere. Looking ahead, we are optimistic about 2024, with expectations of increased revenue growth, a significant reduction in EBITDA losses, and marked improvements in operational free cash flow. These outcomes reflect the positive impact of our ongoing operational and commercial initiatives. While we remain mindful of the restructuring and working capital demands tied to growth, we are confident in our path forward to deliver enhanced value to our customers and stakeholders."

1st Half Year 2024 Results

Group (€ million)	June 30, 2023	June 30, 2023 - restated ¹	June 30, 2024
Revenue	303,8	303,8	352,1
<i>Reported growth</i>	<i>42,9%</i>	<i>42,9%</i>	<i>15,9%</i>
Recurring EBITDA	(18,4)	(17,6)	(1,8)
<i>Recurring EBITDA margin on revenue</i>	<i>-6,0%</i>	<i>-5,8%</i>	<i>-0,5%</i>
Operating free cash flows from continuing operations	(59,1)	(59,1)	(40,9)
Net Cash Flow	(28,1)	(28,1)	(46,2)
Cash and cash equivalents	45,8	45,8	38,8
Net Debt	370,3	370,3	183,5

(1) Restated data: key financial indicators for the first half of 2023 have been restated to reflect goodwill allocation adjustments under IFRS 3, recognized retrospectively in the opening balance sheets of acquired entities prepared at the acquisition date.

Latecoere's half-year financial results for 2024 reflect the general increase level of production in the aeronautical sector as a whole. Revenues amounted to €352.1 million, up €48.2 million or +16%. The increase in revenues was driven by higher production rates from OEMs, additional revenue from new business wins and the conclusion of commercial initiatives to offset inflation.

The Group reported a recurring EBITDA for the first half of 2023 of €(1.8) million, a significant improvement compared to the €(17.6) million reported in the first half of 2023. This turnaround was mainly driven by operating leverage from increased volumes, and the positive benefits coming from both operational and commercial initiatives undertaken by the Group. These positive benefits are still being offset however by continued inflationary pressures on the material cost base and ongoing supply chain disruptions during the ramp up of the operations.

Latecoere's net financial result amounted to €(9.4) million in the first half of 2024, compared with €(9.1) million in the first half of 2023.

The Group's net result for the first half of 2024 amounted to €(49.3) million, compared with €(59.6) million for the first half of 2023.

Free cash flow from operations for the period amounted to €(40.9) million, mainly impacted by the negative EBITDA, an increase of working capital, (net of customer advances), to fund the revenue growth, and non-recurring costs.

At the end of June 2024, cash and cash equivalent stood at €38.8 million. The net debt at the end of June 2024 stood at €183.5 million.

To date, the hedging portfolio amounted to \$627.1 million at an average EUR/USD rate of 1.12. Since June 30, 2024, the Group has continued to put in place hedges for 2025 and 2026 at attractive terms.

Aerostructures

Revenue for Latecoere's Aerostructures Division rose by +8% on a reported basis vs 1st half of 2023. The segment's activity benefited from increased production rates and the benefit of commercial initiatives concluded in 2024.

The division's recurring EBITDA amounted to €(13.2) million, in line with losses generated in the first half of 2023. Despite the increase in revenue, ongoing supply chain issues impacting the organization during the ramp-up led to significant cost increases, offsetting most of the improvements coming from the additional volumes and better commercial terms and conditions.

Aerostructures (€ million)	June 30, 2023	June 30, 2023 - restated ⁽¹⁾	June 30, 2024
Consolidated revenue	190,2	190,2	205,6
<i>Reported growth</i>	65,5%	65,5%	8,1%
Inter-segment revenue	11,2	11,2	10,4
Revenue	201,4	201,4	216,0
Recurring EBITDA	(11,8)	(11,0)	(13,2)
<i>Recurring EBITDA margin on revenue</i>	-5,9%	-5,5%	-6,1%

(1) Restated data: key financial indicators for the first half of 2023 have been restated to reflect goodwill allocation adjustments under IFRS 3, recognized retrospectively in the opening balance sheets of acquired entities prepared at the acquisition date.

Interconnection Systems

Revenues of €146.5 million were up by +29% on a reported basis compared with €113.6 million in the first half of 2023. This growth is notably driven by increased volumes notably for the A320 program and from the benefit of commercial initiatives concluded in 2024.

Recurring EBITDA for the Interconnection Systems division reached €11.4 million, a turnaround from the €(6.6) million from the prior year, reflecting operating leverage from volume increase, tight costs control and better commercial terms and conditions achieved with customers.

Interconnection Systems (€ million)	June 30, 2023	June 30, 2023 - restated ⁽¹⁾	June 30, 2024
Consolidated revenue	113,6	113,6	146,5
<i>Reported growth</i>	16,3%	16,3%	28,9%
Inter-segment revenue	1,3	1,3	1,0
Revenue	114,9	114,9	147,4
Recurring EBITDA	(6,6)	(6,6)	11,4
<i>Recurring EBITDA margin on revenue</i>	-5,7%	-5,7%	7,7%

(1) Restated data: key financial indicators for the first half of 2023 have been restated to reflect goodwill allocation adjustments under IFRS 3, recognized retrospectively in the opening balance sheets of acquired entities prepared at the acquisition date.

2024 outlook

2023 and H1 2024 were challenging periods for the aerospace supply chain industry in general and for Latecoere in particular. These challenges continue to persist throughout 2024, with inflationary pressures and challenges arising from operating within a constrained aerospace supply chain. OEM volume growth for commercial, business jet and defense market sub-segments continues to improve overall revenue, but the ramp-up in activity results in challenges and cost pressures for the whole industry. To alleviate these challenges, Latecoere continues to invest in its operating platform, people and geographic footprint, creating a more resilient business model better positioned to grow with customer requirements. Latecoere's outlook for FY 2024 includes:

- Increased revenue growth;
- Significant reduction in EBITDA losses, resulting from the realization of operational and commercial initiatives, an improving supply chain situation and increased activity across key commercial, business jet and defense market sub-segments and;
- A significant improvement in operational free cash flow reflecting the improvements in operational and commercial initiatives partially offset by restructuring costs, increased working capital due to sales growth and key investments to strengthen Latecoere's competitive position.

Significant Events in the period

On Sunday February 4, 2024, a fire broke out at the Latecoere elementary parts production site in Hermosillo, Mexico. The Hermosillo fire department extinguished the blaze with no injuries. Damage was limited to the surface treatment and painting building. Machining and sheet metal operations were unaffected. Latecoere set up a dedicated team to deal with the consequences of this incident. To date, the estimated financial impact is -€2.7million mainly composed as follows:

- Inventory write-downs of €4.1 million;
- Depreciation of damaged industrial assets for around €1.4 million ;
- Insurance profit received in advance for €5 million ;
- Postponed deliveries of the B787 program from February 2024 to May 2024, while the supply chain was reorganized, resulting in additional production costs.

A claim has been filed with the Group's insurance companies to cover the property damage suffered and business interruption operating losses. The financial consequence of these events, including receiving a down payment from the insurance coverage, has been fully recognized in the financial statements for the half year period ended June 30, 2024.

Post-closing events

None to report.

About Latecoere

As a Tier 1 partner to major industrial OEMs (Airbus, BAE Systems, Boeing, Bombardier, Dassault Aviation, Embraer, Honda Aircraft Company, Lockheed Martin, Raytheon Technologies, Thales), Latecoere serves the aerospace sector with innovative solutions for a sustainable world. The Group operates in all segments of the aerospace industry (commercial, regional, business, defense, space), in two business areas:

- *Aerostructures: doors, fuselage, wings and empennage, connecting rods and customer service;*
- *Interconnection systems: wiring, avionics furniture, on-board equipment, electronic products and customer service.*

At December 31, 2023, the Group employed 5,497 people in 14 countries. Latecoere is listed on Euronext Paris - Compartment B, ISIN Code: FR001400JY13 - Reuters: AEP.PA - Bloomberg: AT.FP

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Appendices

Half-Year Consolidated financial statements (IFRS)

Consolidated Income statement

<i>In thousands of euros</i>	June 30, 2024	June 30, 2023*
Sales figures	352 081	303 797
Other operating income	1 742	5 684
Stocked production	16 804	-3 398
Purchases and external charges	-227 282	-199 901
Personnel expenses	-139 946	-123 441
Taxes	-4 542	-3 360
Depreciation, amortization and impairment	-18 550	-21 922
Net additions to operating provisions	-4 914	4 012
Net additions to current assets	-2 339	440
Other products	4 457	2 333
Other expenses	-1 560	-4 533
OPERATING INCOME RECURRING	-24 048	-40 289
Other non-recurring operating income	6 485	10 771
Other non-current operating expenses	-15 648	-21 806
OPERATING INCOME	-33 211	-51 324
Cost of net financial debt	-6 210	-8 823
Foreign exchange gains and losses	-1 079	1 027
Unrealized gains and losses on derivative financial instruments	-57	-40
Other financial income and expense	-2 089	-1 354
FINANCIAL RESULT	-9 435	-9 190
Income tax	-6 674	-148
NET INCOME FROM CONTINUING OPERATIONS	-49 319	-60 663
NET INCOME FROM DISCONTINUED OPERATIONS		1 086
NET INCOME	-49 319	-59 576

(*) Restated data: key financial indicators for the first half of 2023 have been restated to reflect Avcorp goodwill allocation adjustments under IFRS 3, recognized retrospectively

Half-Year Consolidated Balance sheet

<i>In thousands of euros</i>	June 30, 2024	Dec. 31, 2023
Goodwill	17 970	17 970
Intangible assets	125 664	132 422
Property, plant and equipment	109 525	113 421
Other financial assets	6 407	6 151
Deferred taxes	1 660	3 078
Derivative financial instruments	579	3 618
Other long-term assets	12	8
TOTAL NON-CURRENT ASSETS	261 817	276 669
Inventories and work-in-progress	239 012	215 622
Trade and other receivables	142 602	116 540
Tax receivables	10 621	11 810
Derivative financial instruments	653	3 710
Other current assets	4 550	4 647
Cash and cash equivalents	39 433	85 423
TOTAL CURRENT ASSETS	436 871	437 751
TOTAL ASSETS	698 689	714 420

<i>In thousands of euros</i>	June 30, 2024	Dec. 31, 2023
Capital	124 968	124 968
Additional paid-in capital	327 251	327 251
Treasury stock	-448	-440
Other reserves	-286 626	-294 134
Derivative financial instruments - effective portion	-11 455	1 532
Net income / loss for the period	-49 319	6 159
ISSUED CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY	104 370	165 335
NON-CONTROLLING INTERESTS	0	0
TOTAL SHAREHOLDERS' EQUITY	104 371	165 335
Borrowings and financial liabilities	93 694	183 186
Repayable advances	20 636	20 694
Commitments to employees	12 133	12 429
Non-current provisions	9 352	33 229
Deferred taxes	7 376	7 826
Derivative financial instruments	10 176	1 097
Other non-current liabilities	1 671	6 853
TOTAL NON-CURRENT LIABILITIES	155 037	265 312
Borrowings and bank overdrafts	146 088	34 808
Repayable advances	2 464	2 254
Current provisions	32 229	1 151
Trade and other payables	186 731	173 070
Tax payable	4 067	5 597
Contract liabilities	18 765	25 720
Other current liabilities	42 344	36 974
Derivative financial instruments	6 593	4 200
TOTAL CURRENT LIABILITIES	439 280	283 774
TOTAL LIABILITIES	594 317	549 086
TOTAL EQUITY AND LIABILITIES	698 689	714 420

Half-Year Consolidated cash flow statement

<i>In thousands of euros</i>	June 30. 2024	June 30. 2023*
(*)Net income for the period	-49 319	-58 153
Adjustment for :		
Depreciation and provisions	26 018	9 676
Elimination of revaluation gains/losses (fair value)	57	40
(Gains)/losses on asset disposals	3 170	2 896
Other non-cash items	1 357	-1 299
Other (*)	3 159	778
CASH FLOW AFTER COST OF NET DEBT AND TAX	-15 558	-46 064
<i>Of which cash flow from discontinued operations</i>		-11 106
Income tax expense	6 674	675
Cost of debt	6 209	8 823
CASH FLOW FROM OPERATIONS BEFORE COST OF DEBT AND TAX	-2 675	-36 566
Change in inventories net of provisions (**)	-25 014	18 886
Change in trade and other receivables net of provisions (**)	-29 713	-27 788
Change in trade and other payables (**)	12 633	478
Tax paid	-3 044	-2 676
CASH FLOW FROM OPERATING ACTIVITIES	-47 813	-47 664
<i>Of which cash flow from operating activities related to discontinued operations</i>		-2 578
Impact of changes in scope of consolidation		0
Acquisitions of tangible and intangible fixed assets (including change in fixed asset suppliers) (***)	-13 228	-19 320
Acquisition of financial assets	414	0
Change in loans and advances	1 426	1 781
Disposal of property, plant and equipment and intangible assets	1 414	1 075
Dividends received	0	0
CASH FLOW FROM INVESTING ACTIVITIES	-9 974	-16 464
<i>Of which cash flow from investing activities related to discontinued operations</i>		-598
Capital increase	0	0
Purchase or sale of treasury shares	-8	9
Bond issues	24 988	51 753
Loan repayments	-422	-1 849
Repayment of lease obligations	-5 285	-5 374
Interest paid	-6 268	-8 595
Cash flow from repayable advances	150	-74
Other flows from financing activities	-1 556	
CASH FLOW FROM FINANCING ACTIVITIES	11 598	35 871
+/- impact of exchange rate fluctuations	-93	145
CHANGE IN NET CASH AND CASH EQUIVALENTS	-46 281	-28 113
<i>Of which net cash from discontinued operations</i>	0	-3 176
Opening cash and cash equivalents (net of bank overdrafts)	85 102	73 897
Closing cash and cash equivalents (net of bank overdrafts)	38 821	45 784

(1) This item consists solely of calculated income and expenses relating to share-based payments.

(2) In June 2023, changes in inventories net of provisions were impacted by €14.3m by changes in inventories relating to the Bombardier business. Changes in trade and other receivables are impacted by -4.1 M€ and changes in trade and other payables by 1.6 M€. The impact on operating cash flow is shown on the line 'Of which cash flow from operating activities related to discontinued operations'.

(3) Total purchases of property, plant and equipment and intangible assets differ from the total presented in note 6 due to the inclusion of changes in fixed asset suppliers and the impact of new leases which have no impact on cash flow. In 2023, the earn-out paid by the Mades entity has been reclassified under "Other cash flows from financing activities".

(*) Restated data: key financial indicators for the first half of 2023 have been restated to reflect adjustments to the allocation of Avcorp goodwill under IFRS 3, accounted for retrospectively.