

# ZODIAC AEROSPACE



**Presentation of annual  
results for 2009/2010**  
November 23, 2010

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Key events of the fiscal year

2009/2010 Financial performance

Strategy and outlook



# Key events of the fiscal year

Group key events

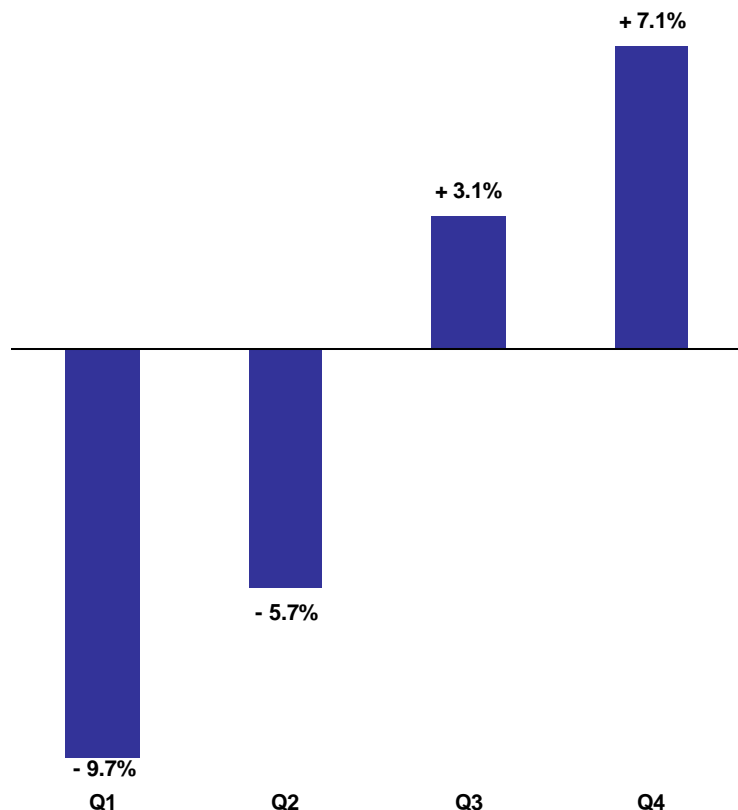
Revenues growth and COI margin above guidance

Improved market environment



# Group key events - FY2009/2010

## 2009/2010 Quaterly organic growth of revenues



- **Confirmed recovery in all segments**
  - Two consecutive quarters of growth (Q3 and Q4) for AeroSafety & Technology, (+3.4% organic growth in Q4 excluding Airbags)
  - Recovery in progress in Q4 (+6.4% organic growth) for Aircraft Systems after three quarters of decline
  - Double-digit growth in H2 for Cabin Interiors (+14.7% reported growth)
- **Return to external growth**
  - Acquisition of Quinson, Cantwell Cullen & Company and Sell GmbH (closing in September 2010)
- **Sound operational performance**
  - Continuous streamlining of cost structure
  - Double digit margins despite less favorable forex environment
  - Significant deleveraging

# Revenues growth and COI margin above guidance

€ million	2009/2010	2008/2009	△ reported
<b>Revenues</b>	<b>2,150.3 <sup>(1)</sup></b>	2,205.7	-2.5%
<b>Current Operating Income</b>	<b>240.4 <sup>(1)</sup></b>	249.4	-3.6%
<b>COI margin</b>	<b>11.2%</b>	11.3%	
<b>Net Earnings</b>	<b>148.3 <sup>(2)</sup></b>	172.9	-14.2%
<b>Net Earnings restated <sup>(3)</sup></b>	<b>148.9</b>	141.6	+5.2%
<b>Net Debt</b>	<b>514.4</b>	654.5	- 21.4%
Average transaction (\$)	1.37	1.30	

- -1.0% organic variation of sales, above initial guidance (mid-single digit decrease)
- COI margin at 11.2% (9.7% at average €/ \$ parity of 1.50<sup>(4)</sup>)  
→ 1.7 pp above 8.0% guidance
- Further decrease of net debt: €514.4m including impact of Cantwell Cullen & Company and Quinson<sup>(5)</sup>

(1) Quinson consolidated since June 2010. No impact of Cantwell Cullen consolidation on revenues and COI in 2009/2010

(2) Of which €1.6m of acquisition costs net of tax (IFRS3)

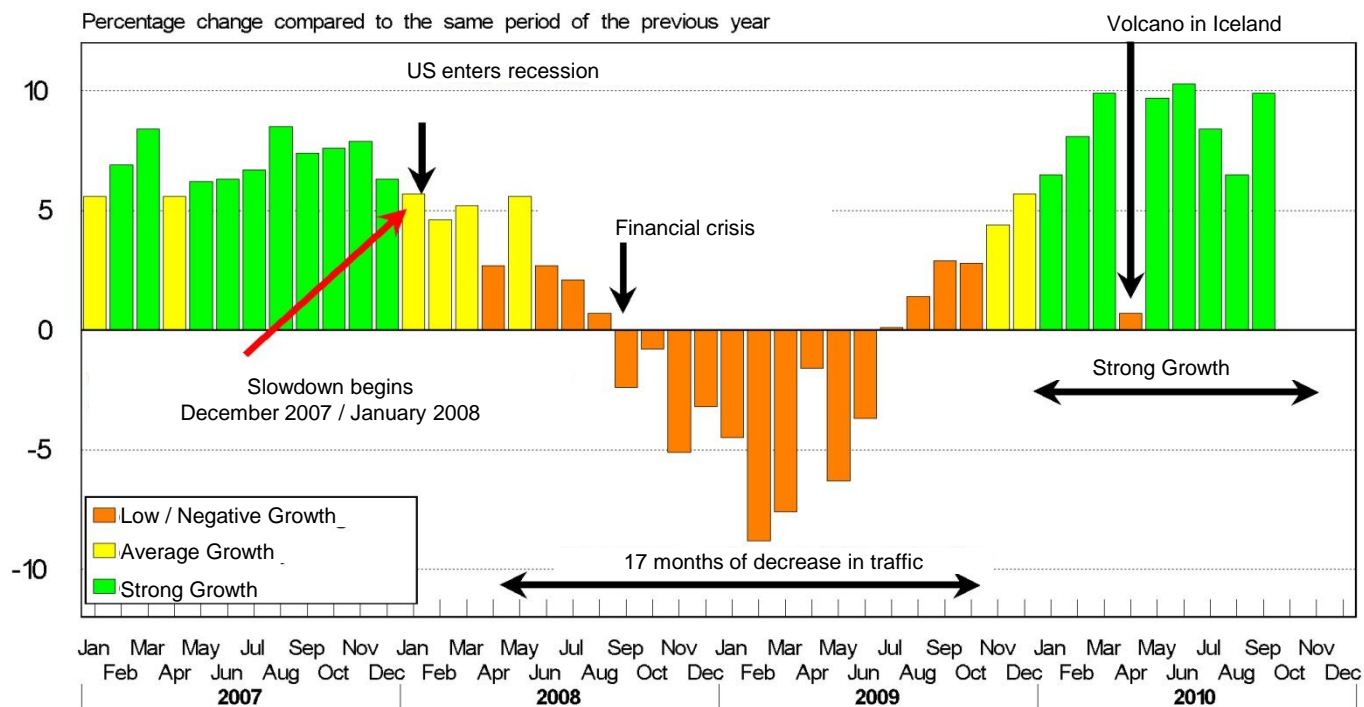
(3) Excluding €1.6m of acquisition costs net of tax (IFRS3) and impact of Zodiac Marine's shares disposal

(4) Based on \$ sensitivity measured in 2009/2010: 1.2pp COI margin / 10 ct change of exchange rate

(5) Excluding acquisition of Sell

# Recovery in air traffic

## Revenue Passenger KM – World evolution



### ■ Strong YoY traffic growth in all geographies in September 2010 (+9.8% overall)

- North America: +6.7%
- Latin America: +13.9%
- Europe: +7.5%
- Asia Pacific: +11.5%

Source ID AERO Monthly Traffic Report October 2010

# Upturn in manufacturers' production rates

## ■ Commercial Aircraft

- Increase forecasted in the production rates of all main commercial aircraft programs (B737, B777, A320, A330)
  - Single-aisle production rates to increase
    - B737 program production rate will increase to 38 airplanes per month in the Q2 of 2013
    - A320 program production rate will increase from 34 to 36 airplanes in December 2010, then 38
  - Long range aircraft production also to increase
- Expected ramp up in new program

## ■ Regional Aircraft

- Jets: Embraer output picking up from 7 aircrafts per month to 9 aircrafts per month
- Turboprops: stable output, supported by environmental issues and a rising oil price environment

## ■ Business aviation

- More favorable environment for Business Jets and early stages of a recovery. Inventory down from peak levels and beginning of destocking
- Significant and continued increase in Business Jets operations : +11.0% YoY in August 2010

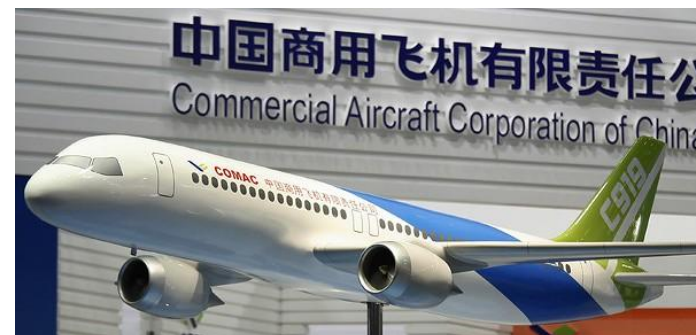
# On board the Comac 919

## ■ Comac 919

- 168-190 seats
- Narrow-body commercial aircraft
- Design by the Commercial Aircraft Corporation of China (Comac)
- First flight expected in 2014, EIS in 2016

## ■ Zodiac Aerospace will be one of the large suppliers on the C919

- Zodiac has signed a Lol for a Joint Venture
- Selected for 4 tier-one packages
  - Water & Waste, Escape Slides, Passenger oxygen, Pilot Seats
  - SFE shipset value to be significantly above current A320 or B737 shipsets





# Aerosafety & Technology

*Airbag*

*Telemetry*

*Aircraft arresting systems*

*Interconnect systems*

*De-icing systems*

*Deceleration systems*

*Evacuation systems*

**Niche segments in consolidated markets**

**Protected technologies**

**Recognized leader in safety systems**



Courtesy of Yeager Airport

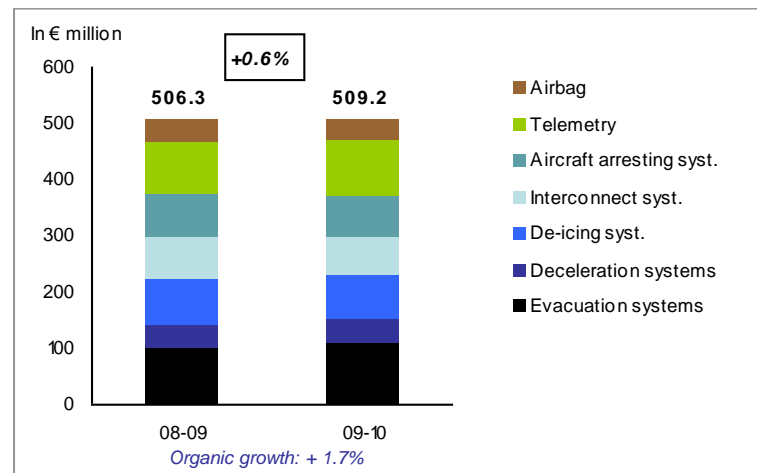


# Aerosafety & Technology

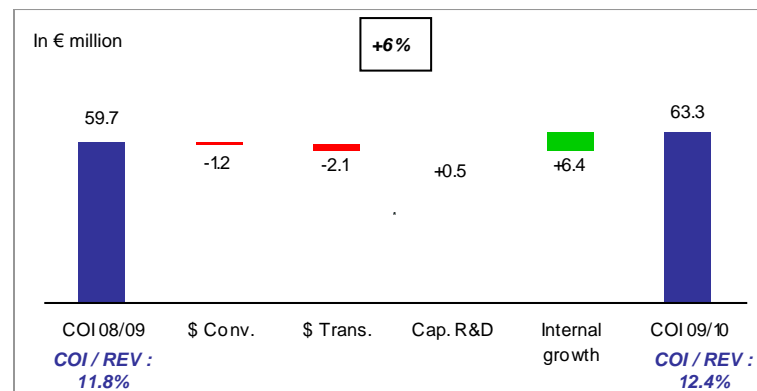
## Key events

- **Good operating performance**
  - Two quarters of growth (Q3 & Q4) excluding Airbags
  - Restructuring: 2 sites were closed during the FY
  - COI margin improves despite negative dollar effect
- **Commercial successes**
  - Selected by Airbus for A350 on-board acquisition and recorder flight-test systems.
  - Acquired a strong market position in helicopter fuel systems
    - New contracts: Kamov KA226, Sikorsky S92 (Auxiliary), AW169 (fuel cells)
  - Qualified and delivered the first float and raft system for the Bell B429 helicopter.
  - Selected as exclusive supplier of the escape slides of Bombardier C-Series
- **EMAS saved many lives in the USA thanks to several successful arrestments (e.g. Bombardier CRJ 200 at Yeager Airport)**
- **Acquisition of Cantwell Cullen & Company will strengthen the Interconnect systems division**

### Revenues



### Current Operating Income



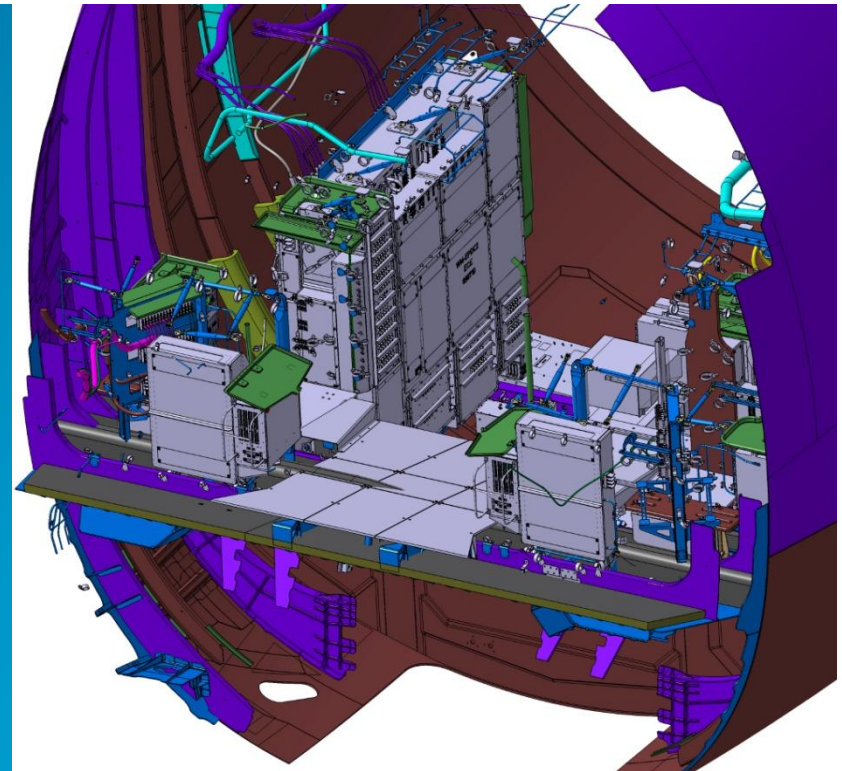
# Aircraft Systems

*Hydraulic & Components  
Actuators  
Power & lighting systems  
Management systems  
Oxygen systems  
Fuel systems*

**Recognized status as a tier 1  
systems provider**

**Recognized technological  
leadership**

**Involvement in all new aircraft  
programs**

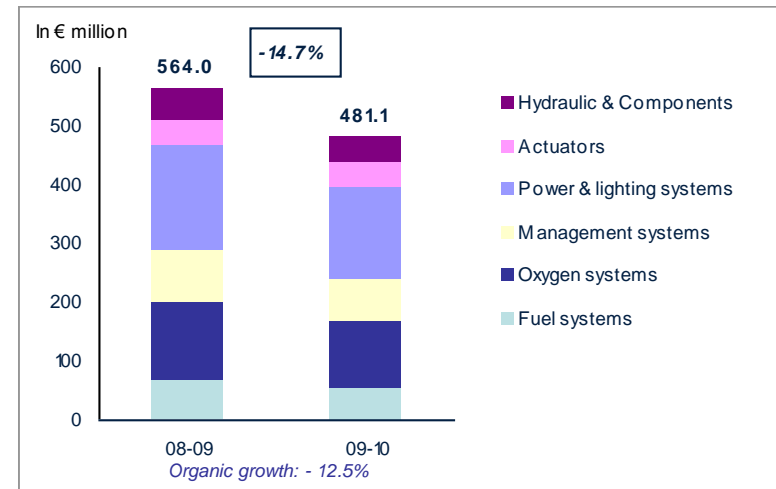


# Aircraft Systems

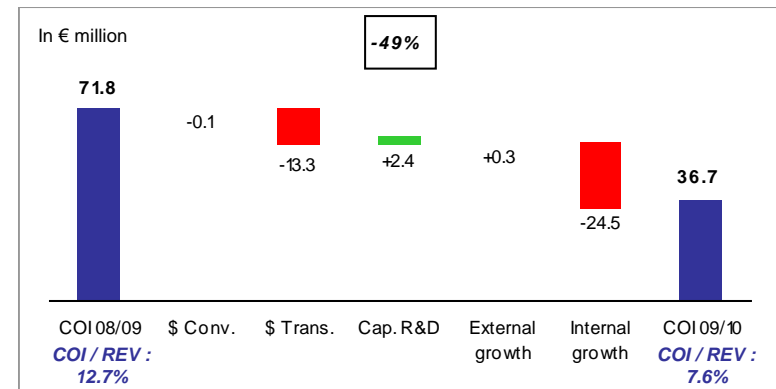
## Key events

- Aircraft Systems strongly impacted by the destocking in the Business Jet segment as well as the negative dollar impact
- Strong effort from Zodiac Aerospace to lower breakeven level to compensate slow activity from Q1 to Q3 2010
- Recovery will therefore have a mechanical impact on the profitability improvement already observed in Q4
- Acquisition of Quinson will strengthen the product range offered by Hydraulic Equipment & Components division

### Revenues



### Current Operating Income



# Cabin Interiors

*Cabin systems*  
*Cabin equipments*  
*Seats*  
*Galleys and equipments*

**Recognized expertise and leadership in cabin integration and components**

**Technical, industrial and regulatory barriers to market entry**

**Healthy market shares on new programs (B787, C-Series, MC21)**



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AEROSPACE 



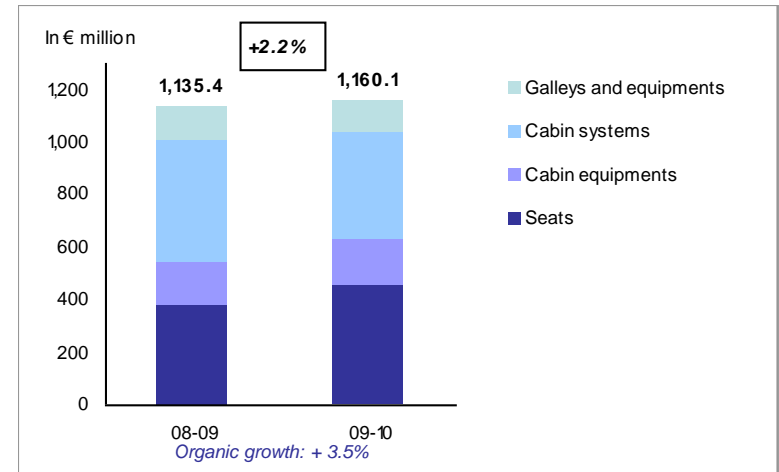
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# Cabin Interiors

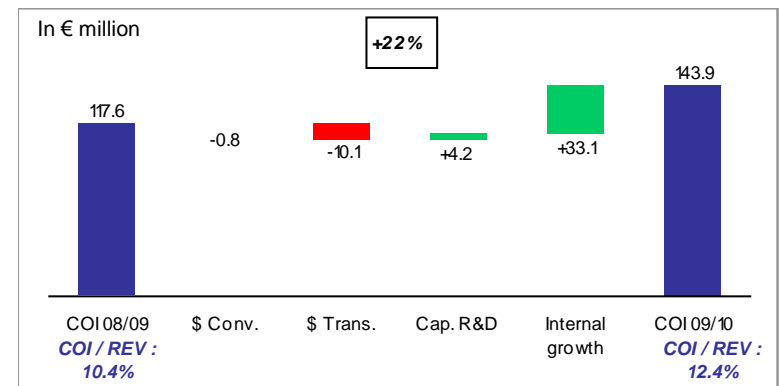
## Key events

- **Double-digit growth in H2 (+14.7%) after a challenging H1 (-9.8%) driven by**
  - Increase in seats market share (for both OEM and retrofit)
  - Good performance in Cabin Systems: new retrofit contracts have compensated decrease in deliveries to Embraer
  - Strong profitability improvement in H2 due to lower breakeven level
  
- **Acquisition of Sell GmbH**
  - Finalized in September 2010
  - Will significantly enhance Zodiac Aerospace's Cabin Interiors Segment positions in the field of Galleys and Galleys Inserts
  
- **New commercial successes**
  - Zodiac Seat in Technology (SiT) implemented onboard Royal Jordanian aircraft
  - Strong market share in Cabin Interiors for new Commercial aircraft programs (Cseries, MC 21...)

### Revenues



### Current Operating Income



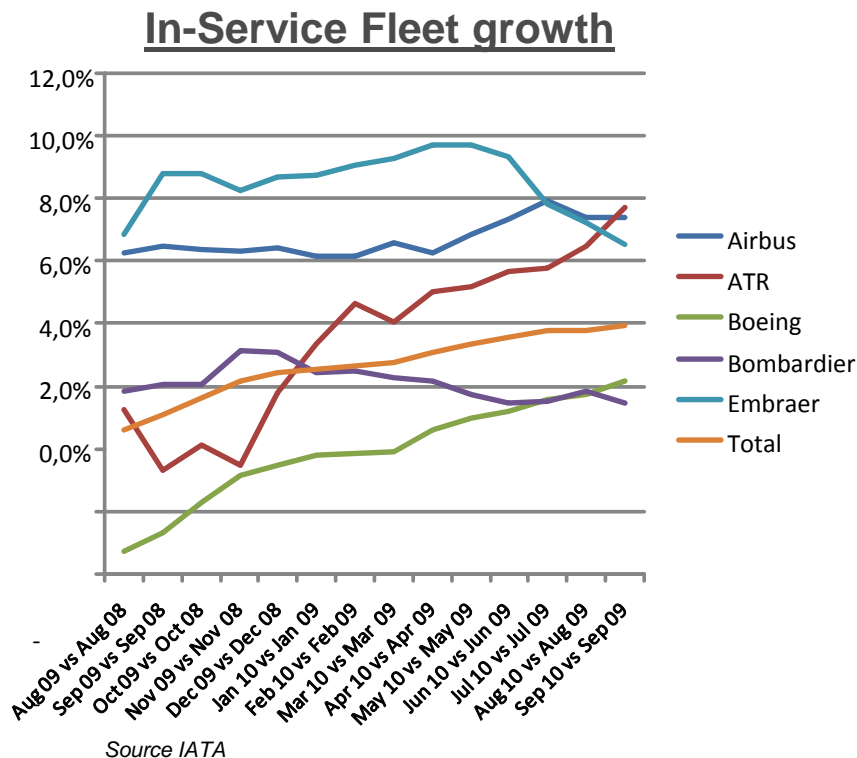
# Focus on the after-sales business

## ■ Structural growth market

- Recovery in air traffic driving after-sales growth
- Increasing in-service fleet
  - Fleet growth of up to 4% at the end of September 2010 (YoY) for revenue generating aircrafts
- Operators start to reconstitute their stock after the 09' crisis

## ■ Zodiac Aerospace very well positioned to benefit from this trend

- Using good coverage to grab new market shares



# 2009/2010 Financial performance

Revenues and COI margin above expectations

Adjusted net earnings per share of €2.81

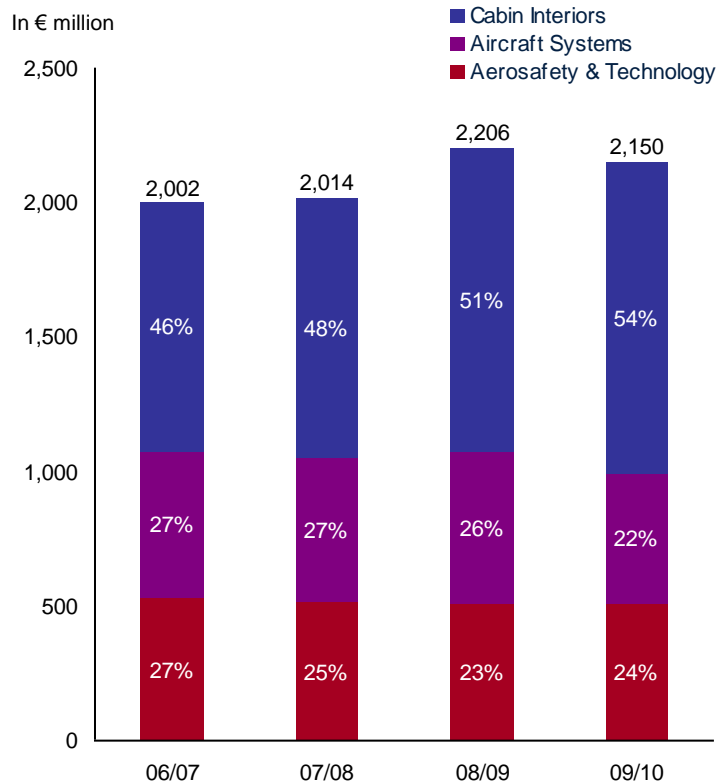
Operational excellence

Dividend per share of €1





# Revenues above expectations



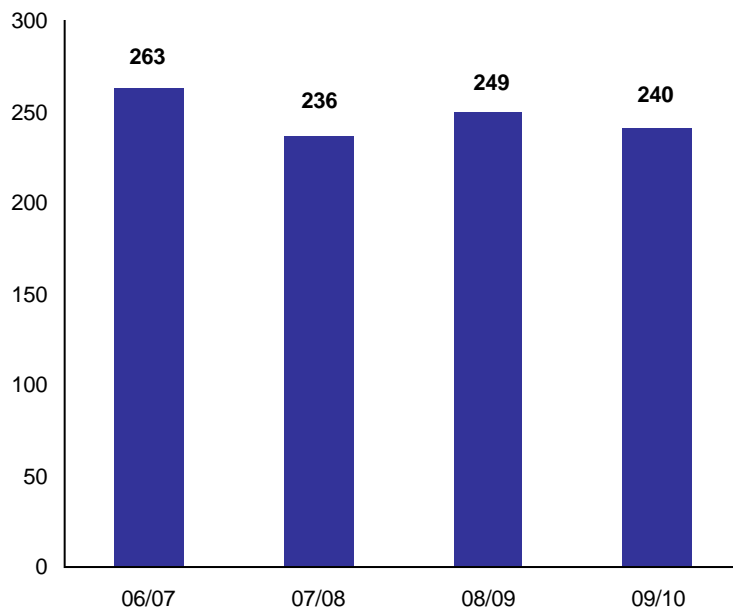
€/\$( conversion)	1.32	1.50	1.35	1.37
€/\$( transaction)	1.33	1.51	1,30	1,37

- **Better than expected sales performance...**
  - -1.0% vs. mid-single digit decrease
- **...driven by strong Q4 revenues...**
  - Q4 organic revenues up 7.1%
- **...confirming recovery, especially in Cabin Interiors**
  - Segment Q4 organic revenues up 11.1%
  - Segment FY 2009/2010 organic revenues up 3.6%
- **Demonstrated ability to resist downturn cycle**

# COI margin above guidance

COI/Rev.	13.1%	11.7%	11.3%	11.2%
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In € million



€/\$ (conversion)	1.32	1.50	1.35	1.37
€/\$ (transaction)	1.33	1.51	1,30	1,37

## ■ 11.2% COI margin

- 9.7% at average €/ \$ parity of 1.50<sup>(1)</sup>

## ■ Significantly ahead of 8.0% guidance

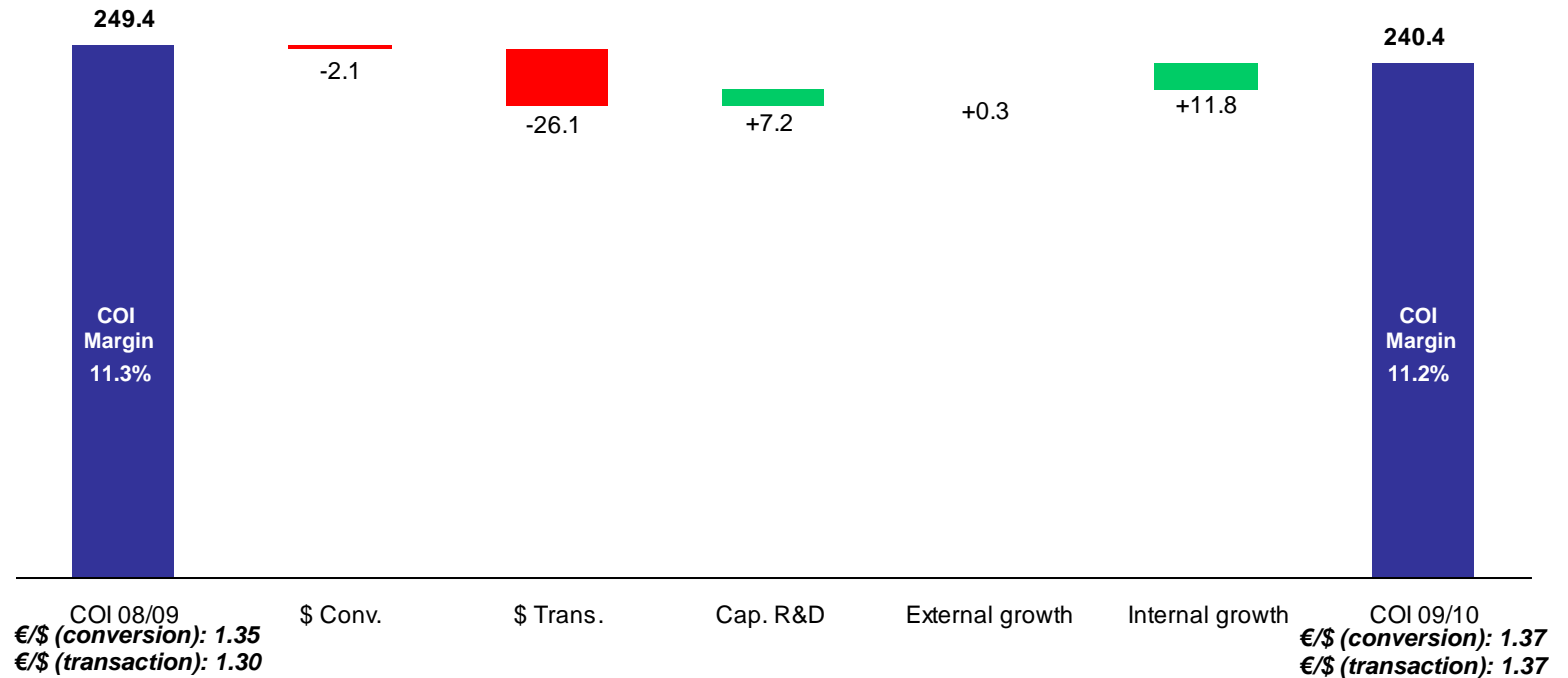
## ■ Driven by

- Recovery in volumes
- Continuous streamlining of production structure

(1) Based on \$ sensitivity measured in 2009/2010: 1.2pp COI margin / 10 ct change of exchange rate

# COI evolution

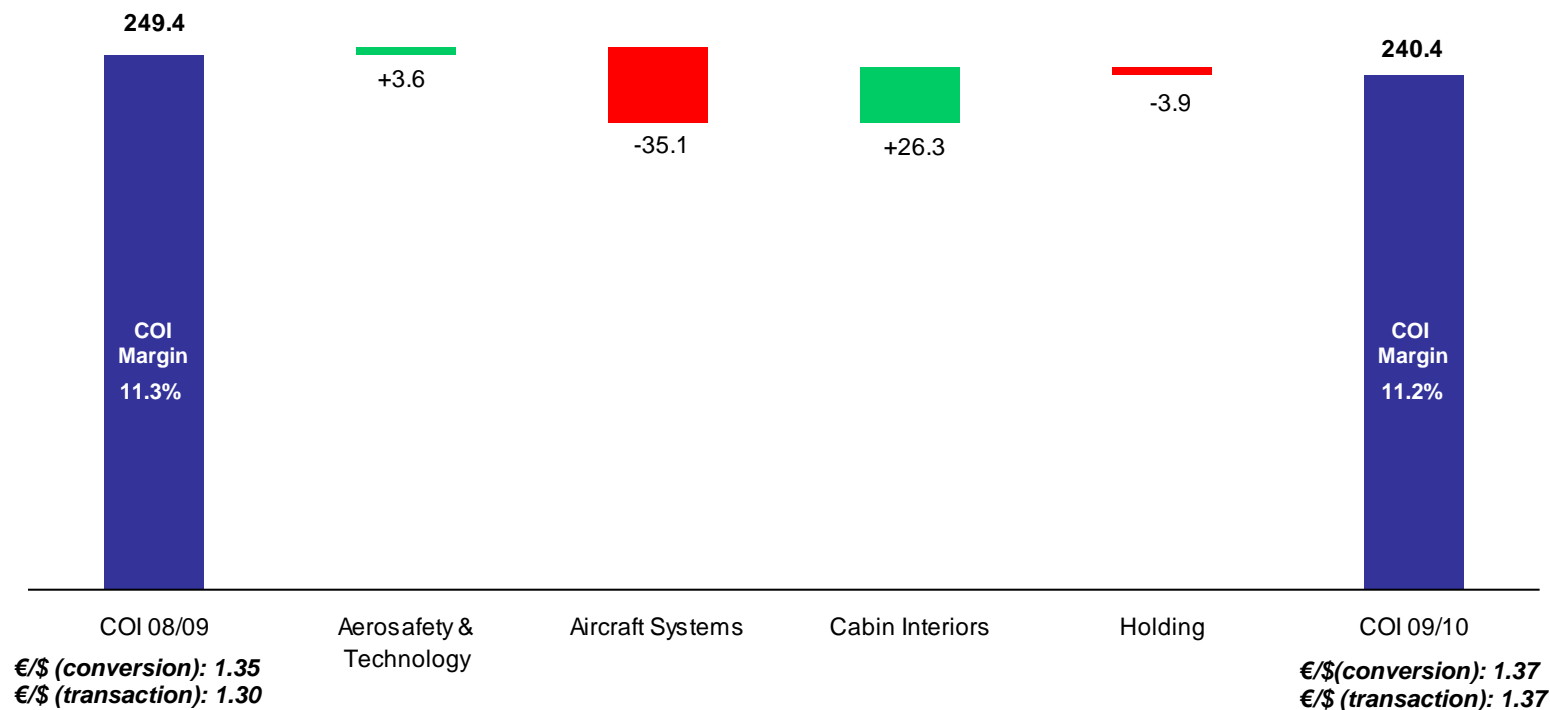
In € million



■ Double digit COI margin despite less favorable forex and difficult environment

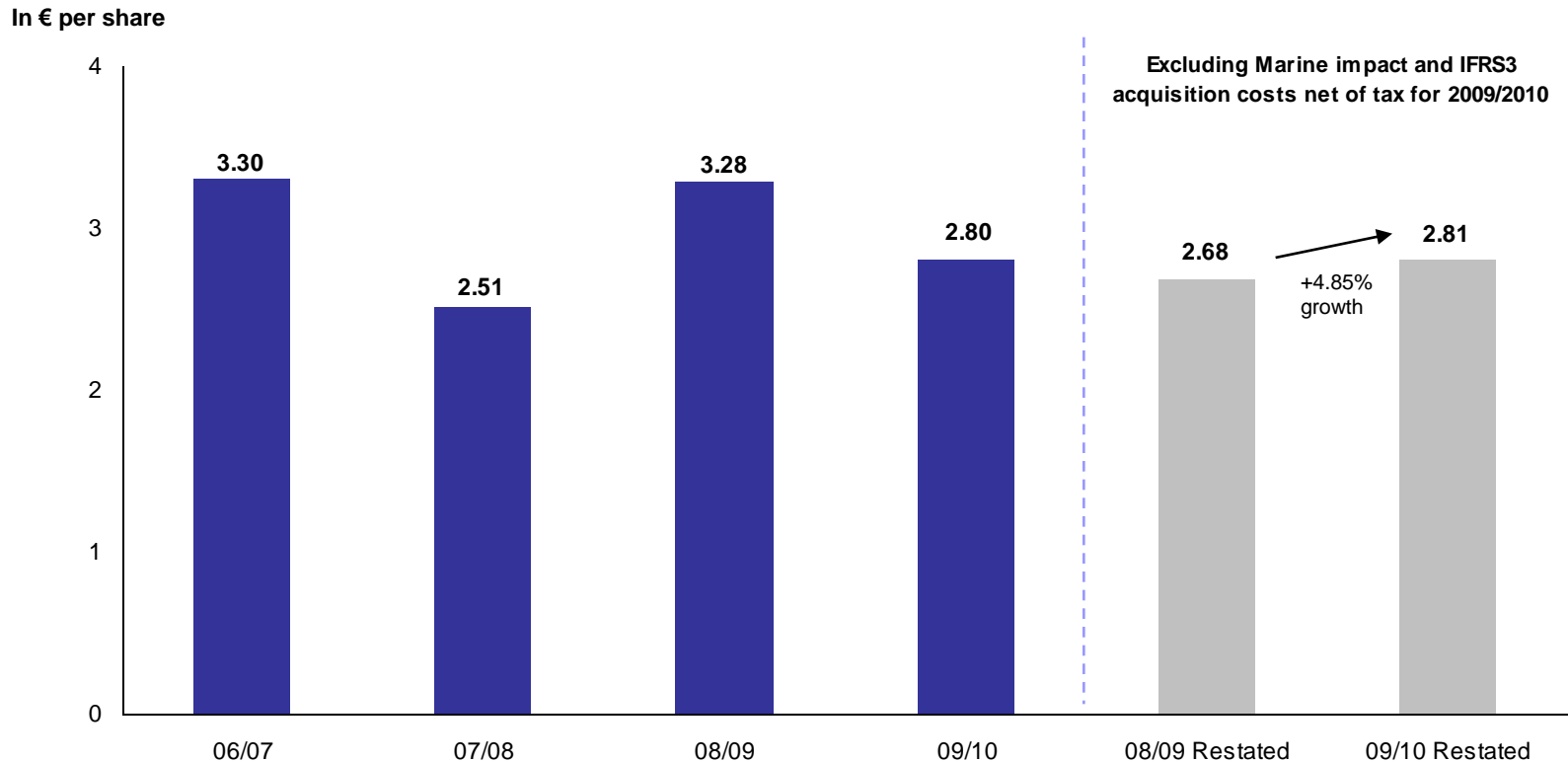
# COI by segment

In € million



- Good performance of Cabin Interiors
- Deterioration of Aircraft Systems contribution mainly due to the destocking in Business aviation

# Net earnings per share

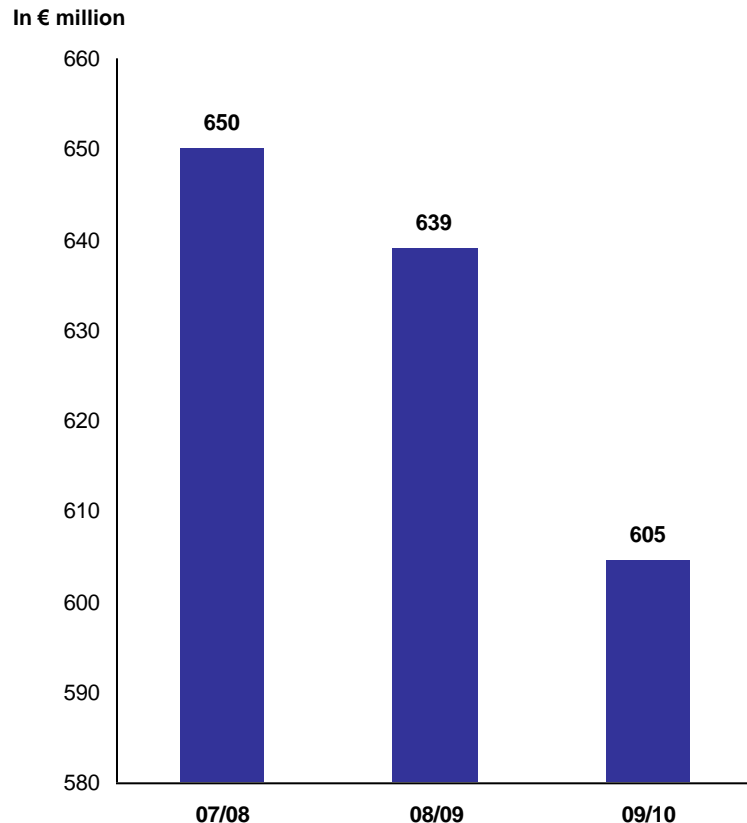


■ **€2.81 net earnings per share excluding Marine impact and IFRS3 acquisition costs net of tax (€2.80 reported)**

- 4.85% growth of net earnings per share excluding Marine impact and IFRS3 acquisition costs net of tax

# Close monitoring of working capital

% of sales	32.3%	29.0%	28.1%
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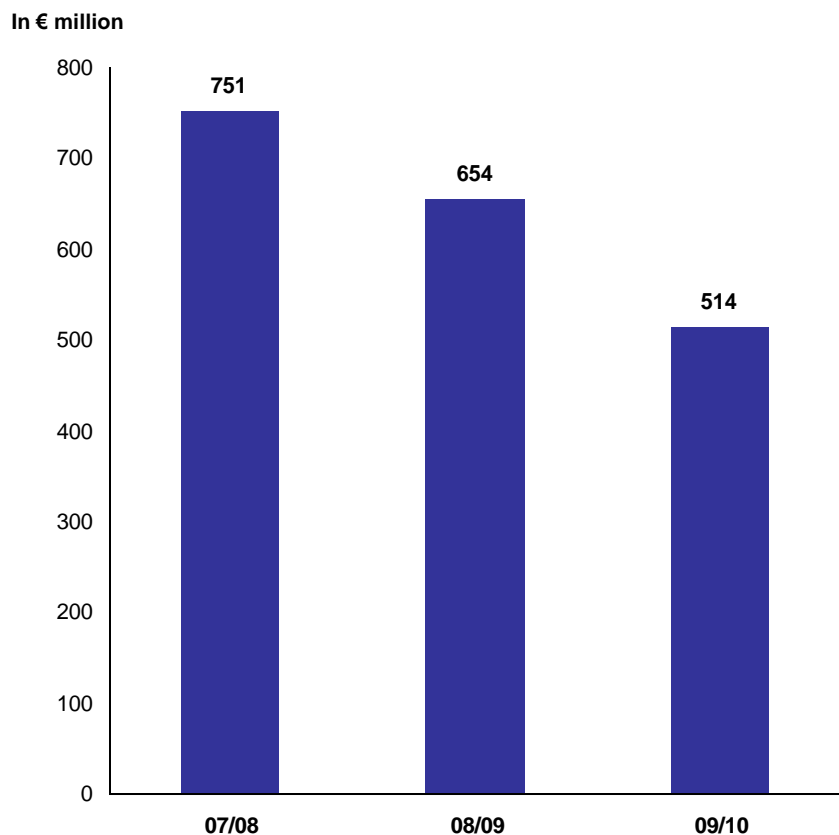
Working capital defined as stocks, receivables, payables, tax effects and other

## ■ Continuous working capital monitoring and optimization

- From 29% of sales in 2008/2009 to 28% in 2009/2010 despite a strong growth in Q4
- Constant efforts to maintain working capital under control
- Favorable tax effect over the period

# Continued deleveraging in 2009/2010

Gearing <sup>(1)</sup>	0.67	0.52	0.34
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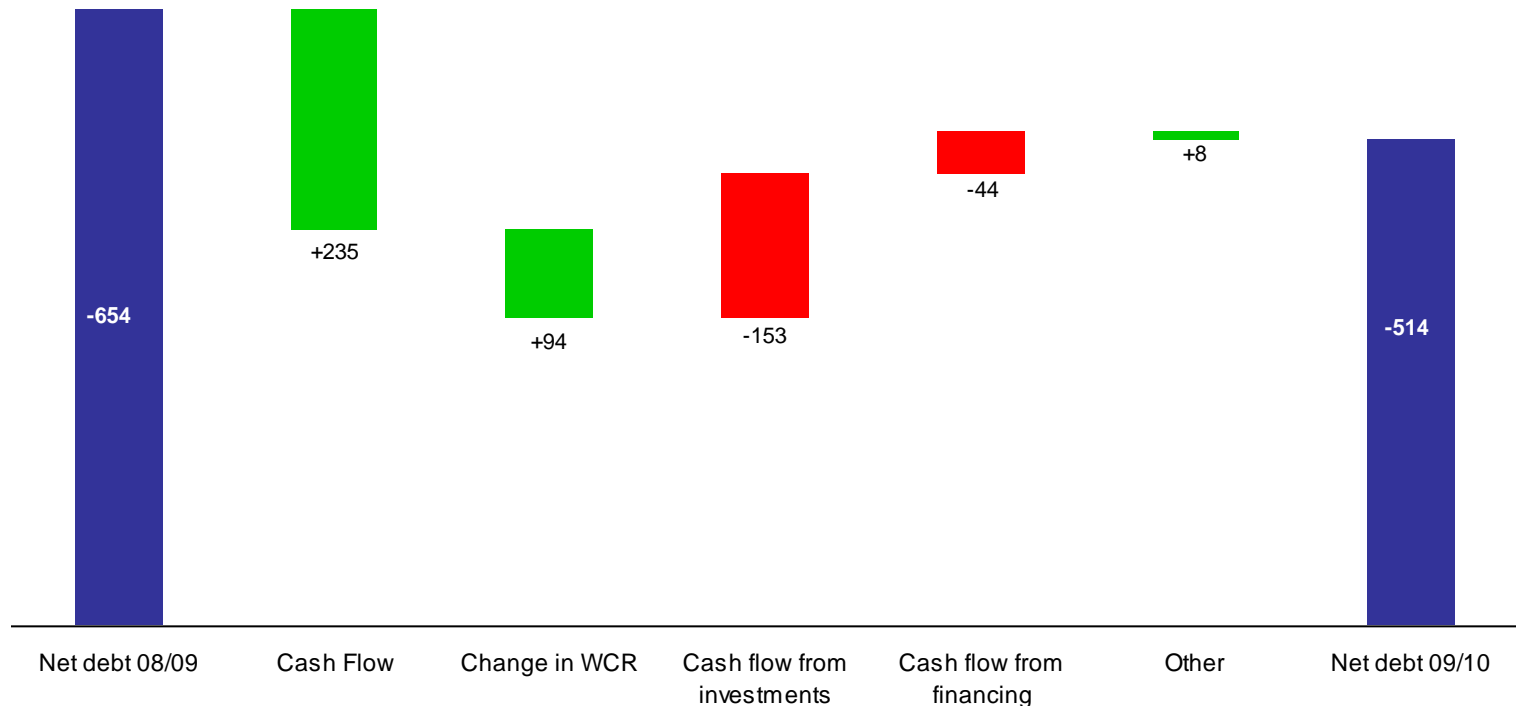


- **Decrease in net debt and gearing driven by**
  - Operating cash flow generation
  - Working capital improvement
- **Significant financial flexibility to fuel future organic/external growth**
  - New €1bn bank loan
  - Active in the Commercial Paper market

(1) Net financial debt / equity after proposed dividend

# Evolution of net debt

In € million

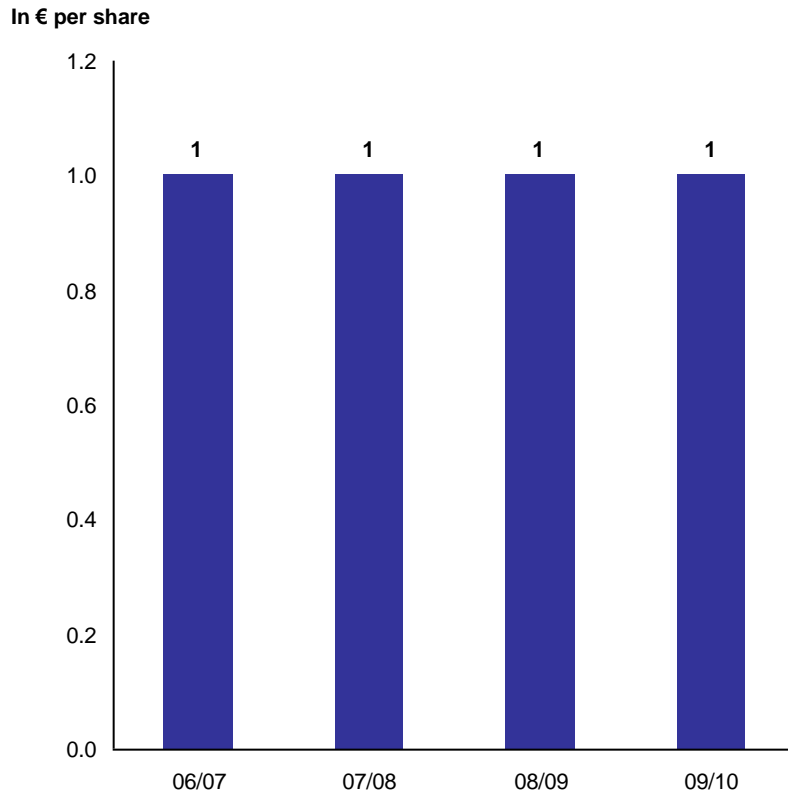


■ **Significant deleveraging over the period driven by operating performances**

Cash flow: net income + Amortization & provisions + capital gains and losses + differed tax & subventions + stock options  
See Cash Flow statement in appendices for further details



# Dividend



2006/2007 excluding extraordinary dividend of €2 paid following the disposal of Zodiac Marine

- The supervisory board will propose the distribution of a €1 dividend per share at the general meeting of shareholders on January 10, 2011

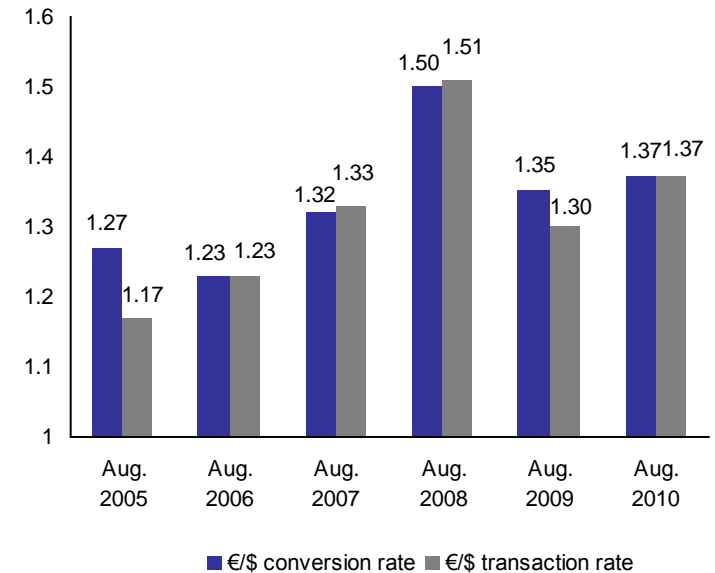
# Exchange rate strategy

## ■ Strategy to decrease exposure to €/€ fluctuations

- Continuous improvement of the industrial cost base
- New programs to contribute to further decrease the €/€ exposure
  - Optimization of purchasing

## ■ Hedging in place for 2010/11: about 75% of net previsional transaction exposure hedged at 1.28

Less favorable €/€ exchange rates <sup>1</sup>



<sup>1</sup> 1-year average exchange rates

# Strategy and outlook

A successful strategy

Return to external growth

Financial targets for the coming years



# A successful strategy

- **Development of the Group focused on Commercial aviation with limited exposure to Defence**
- **Leading positions in selected niche markets**
  - Positioned on all new aircraft programs with substantially higher shipset values (SSE shipset value exceeding \$2.5m for new B787 vs. \$300-500k for previous generation A330 and B777)
- **Recurring services model providing additional resilience**
- **Leadership in key future technologies**
  - Supplier of electrical systems for all new platforms
  - Only worldwide supplier to offer complete turnkey cabin interior systems
  - Production of fuel tank inerting systems launched this year
- **Established track record in acquisitions**

# Return to external growth

- **Significant acquisitions in 2009/2010 reinforced Zodiac Aerospace worldwide leadership position**
- **Contribution of recent acquisitions**
  - Total consideration: €265m
  - **Cantwell Cullen and Quinson** are expected to generate around €60m in additional revenues in 2010/11
  - **Sell** should generate €155m of additional revenues in 2010/11 in Cabin Interiors (consolidated for 11 months)
  - Acquired businesses have current operating income margins above Group average
- **External growth should continue**
  - At the heart of Zodiac Aerospace's business model
  - Strong financial capacity with a net debt / EBITDA ratio of 1.7x at year end providing Zodiac Aerospace with significant headroom for new acquisitions as target is 2.5x including potential acquisitions
  - Ongoing pipeline of identified targets

# Acquisition of Sell GmbH...

## ■ Sell GmbH

- Leading German designer and manufacturer of premium aircraft galleys and galley insert equipment and provider of associated services for the global commercial aerospace industry
- Over 50 years of experience in the galley production with the industry record of 40,000 deliveries
- Products: galleys for a wide range of aircraft types, galley inserts as well as crew rests, stowages, partitions, video control centers, bars, VIP bathrooms and stairhouses
- Clients: major airlines and OEM in America, Asia, Europe, Middle East and Africa
- Engineering and operations located in Germany, additional services locations in France and USA
- Employees: 1,264



# ... will reinforce Zodiac Aerospace leadership in Cabin Interiors

## ■ Transaction highlights

- Announcement: July 5, 2010
- Closing: September 30, 2010
- Total consideration: €213m

## ■ Rationale

- Reinforces Zodiac Aerospace worldwide leadership position in Cabin Interiors
- Enhances range of products offered to airlines and aircraft manufacturers, and brings Zodiac Aerospace closer to its customer Airbus (facility in Germany)
- In line with the group's strategy to expand in the Cabin Interiors growing market, after the acquisition of C&D in 2005 and of Driessen Aerospace in 2008



# Focus on Cantwell and Quinson

## ■ Cantwell Cullen Acquisition (Aerosafety & Technology)

### ■ Time scope

- Announcement: June 21, 2010
- Closing: June 30, 2010

### ■ Key features

- Canadian leader in the area of protected wire harnesses, electrical assemblies and hydraulic hoses for aerospace, defense and industrial applications
- Employees: 200

### ■ Rationale

- Strengthens the positions of the Interconnect Systems Division in the field of electrical and hydraulic interconnection for aerospace applications, where Zodiac Aerospace holds leadership positions in particular regarding landing gear and fuel tanks protection wiring

## ■ Quinson Acquisition (Aircraft Systems)

### ■ Time scope

- Closing: May, 2010

### ■ Key features

- Manufacturer of hydraulic equipment for fuel circuits
- Employees: 16

### ■ Rationale

- Strengthens the product range offered by Zodiac Aerospace's Hydraulic Equipment & Components division





# Financial targets for 2010/2011

- **The Group expects revenues' growth of around 15% in 2010/2011**
  - Including impact of Sell (11 months), Cantwell Cullen and Quinson acquisitions
  - Excluding potential further acquisitions
- **COI margin should reach between 12% and 13% in 2010/2011**
  - Based on average €/€ exchange rate of 1.30
- **\$ sensitivity: 1.2 pp COI margin / 10 cts change of exchange rate (excluding hedging)**
- **Targeted net financial debt / EBITDA ratio in line with current year level (excluding potential acquisitions)**
- **Stable working capital / revenues ratio**

# Financial targets for the coming years

- **Over 40% of top line organic growth targeted within the next 3 years**
  - Around 15% growth expected for next year
  - Growth coming from OEM current and new programs, and from aftermarket
- **2.5 - 3pts of additional Current Operating Income margin targeted within the next 3 years**
  - Recovery in volumes
  - Strong operational leverage
  - Cost structure flexibility
- **Targets assuming a 1.30 €/€ exchange rate and excluding impact of IFRS 3**
- **Significant additional profitable growth should come from selected add-on acquisitions**

# Timetable

Date	Event
16/12/2010	Q1 sales
10/01/2011	Shareholder's meeting
16/03/2011	Q2 and H1 sales
21/04/2011	H1 results

# Appendices



# FY 2009/10 revenues by segment

€ million	FY 2009/10	FY 2008/09	Reported growth	Organic growth
Aerosafety & Technology	<b>509.2</b>	506.3	+0.6%	+1.7%
Aircraft Systems	<b>481.1</b>	564.0	-14.7%	-12.5%
Cabin Interiors	<b>1,160.1</b>	1,135.4	+2.2%	+3.5%
<b>Group Total</b>	<b>2,150.3</b>	2,205.7	-2.5%	-1.0%

# Quarterly figures

Quarterly 2009/10	Q1	Q2	Q3	Q4
<b>AeroSafety &amp; Technology</b>	107.8	118.4	136.9	146.1
<b>Aircraft Systems</b>	111.0	108.3	127.3	134.5
<b>Cabin Interiors</b>	252.7	267.7	319.0	320.7
<b>Group Total</b>	471.5	494.3	583.3	601.2
<b>€/\$</b>	1.48	1.42	1.32	1.26

Quarterly 2008/09	Q1	Q2	Q3	Q4
<b>AeroSafety &amp; Technology</b>	114.7	119.8	131.7	140.1
<b>Aircraft Systems</b>	141.5	154.1	147.3	121.1
<b>Cabin Interiors</b>	297.7	279.6	289.7	268.4
<b>Group Total</b>	553.9	553.5	568.7	529.6
<b>€/\$</b>	1.35	1.32	1.33	1.41

# Quarterly revenues variation

Reported	Q1	Q2	Q3	Q4	FY
<b>AeroSafety &amp; Technology</b>	-6.1%	-1.2%	+3.9%	+4.4%	<b>+0.6%</b>
<b>Aircraft Systems</b>	-21.5%	-29.8%	-13.5%	+11.0%	<b>-14.7%</b>
<b>Cabin Interiors</b>	-15.1%	-4.2%	+10.1%	+19.4%	<b>+2.2%</b>
<b>Group Total</b>	-14.9%	-10.7%	+2.6%	+13.5%	<b>-2.5%</b>

Organic <sup>1</sup> growth	Q1	Q2	Q3	Q4	FY
<b>AeroSafety &amp; Technology</b>	-3.0%	+2.0%	+3.1%	0.0%	<b>+1.7%</b>
<b>Aircraft Systems</b>	-16.6%	-24.9%	-12.3%	+7.0%	<b>-12.5%</b>
<b>Cabin Interiors</b>	-9.0%	+1.3%	+10.9%	+10.8%	<b>+3.5%</b>
<b>Group Total</b>	-9.7%	-5.7%	+3.1%	+7.1%	<b>-1.0%</b>

<sup>1</sup> Like for like at constant exchange rate

# Cash flow statement

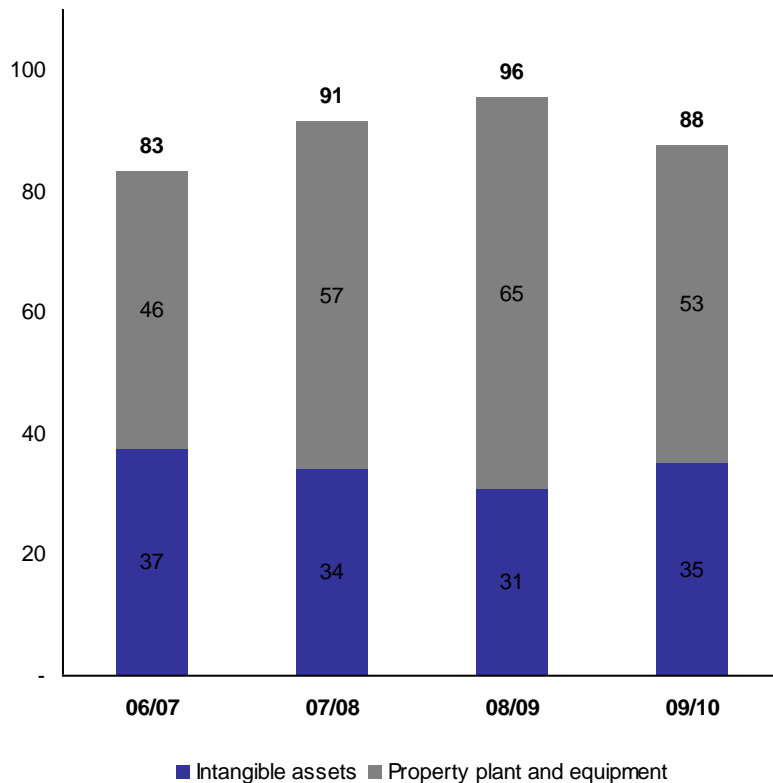
€ million	August 2009	August 2010
<b>OPERATING ACTIVITIES</b>		
Cash flow	242.0	234.5
Change in WCR	36.9	93.6
<b>Cash generated from operations</b>	<b>278.9</b>	<b>328.1</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of intangible assets	-30.8	-35.1
Acquisition of tangible assets	-65.3	-53.3
Change in the scope of consolidation	-18.8	-64.9
<b>Cash generated from investments</b>	<b>-114.9</b>	<b>-153.3</b>
<b>FINANCING TRANSACTIONS</b>		
Change in financial debt	-42.2	-88.2
Treasury stock	-4.9	-3.5
Other	0.1	12.4
Dividends	-52.7	-53.0
<b>Cash generated from financing</b>	<b>-99.7</b>	<b>-132.2</b>
<b>Currency translation adjustments at beginning of the period</b>	<b>-1.9</b>	<b>15.5</b>
<b>Change in cash</b>	<b>62.4</b>	<b>58.0</b>



# Decrease in capex

% of sales	4.2%	4.5%	4.3%	4.1%
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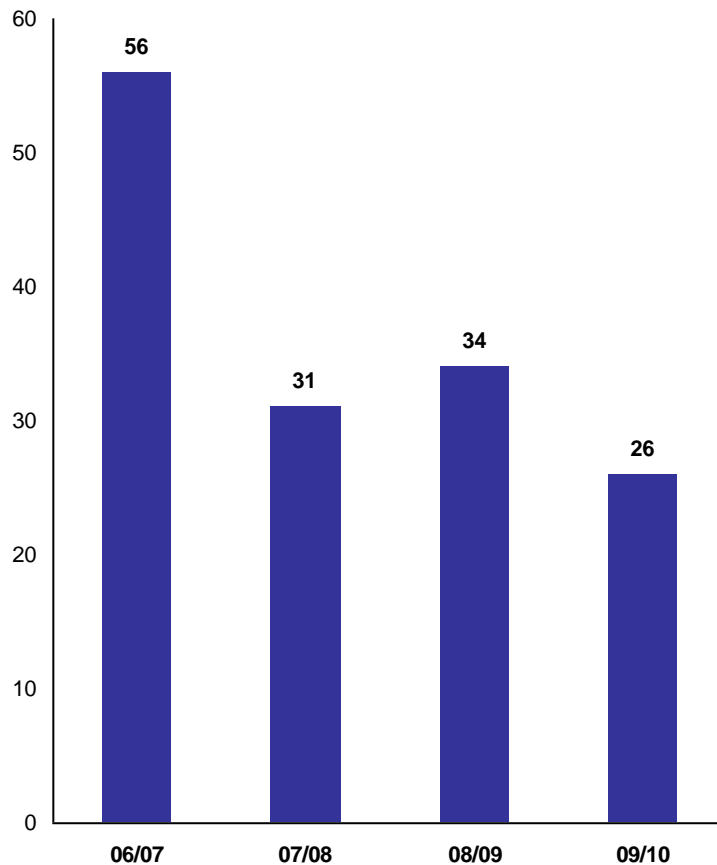
In € million



- Exceptional spending in 2008/2009 related to new headquarters in Plaisir
- Increase in capitalized development costs mainly related to the A350XWB program

# Reduction in financial expenses due to...

In € million



■ ...Reduction in net debt

■ ...Reduction in cost of debt

■ 2009/2010 c. 3.5%

■ 2008/2009 c. 5.8%

# Exceptional operating items

- IFRS3: €2.4m
- Restructuring costs: €5.1m
- Other items: €1.6m



Contributing to  
Aerospace Legend  
since 1896