

## Q2 2016/2017 sales revenues

- H1 sales down 2.6% organic vs. H1 FY15/16
- H1 sales impacted by continuing industrial disruptions in seats UK and Cabin as well as weak market conditions for helicopters, business jets and regional
- FOCUS plan on track with ongoing action plans targeting cost savings in H2 16/17
- Challenging H1 will result in much stronger H1/H2 dissymmetry than last year
- FY 16/17 COI should be around 10% below FY15/16
- Current headwinds and remaining industrial issues in seats UK and cabin do not affect our ambition to return to historical profitability by FY2019/20

Plaisir, March 14, 2017 – Zodiac Aerospace reported sales of €2,445.3m for the first half of its fiscal year 2016/2017; -1.8% on a reported basis. Foreign exchange rates had a +0.8 point impact on growth rate in the period, offsetting part of the -2.6% organic decrease.

By branches Aerosystems was up 1% in H1 on a reported basis and flat excluding exchange rates while our Aircraft Interiors activities are down 3.7% reported and down 4.5% organic. Within this activity, Cabin branch and the Seats branch, are showing a similar organic change while the difference in reported variation is the consequence of different exchange rates exposure.

### Sales revenue for the first half of the 2016/2017 fiscal year

In millions of euros	Fiscal year 2016/2017	Fiscal year 2015/2016	% change	Exchange rate	Consolidation scope	Organic growth
<b>Aerosystems Activities</b>	<b>1,030.9</b>	1,020.7	+1.0%	+0.9%	+0.0%	+0.1%
<b>Aircraft Interiors Activities</b>	<b>1,414.4</b>	1,468.4	-3.7%	+0.8%	+0.0%	-4.5%
Zodiac Seats	607.4	641.6	-5.3%	-0.7%	+0.0%	-4.6%
Zodiac Cabin	807.0	826.8	-2.4%	+2.1%	+0.0%	-4.5%
<b>Group Total</b>	<b>2,445.3</b>	2,489.1	-1.8%	+0.8%	+0.0%	-2.6%
€/\$( conversion)	1.10	1.11				

**Aerosystems<sup>1</sup> activities (42.2% of total revenue)** sales for the first half amounted to €1,030.9m. Sales were up +1.0% on a reported basis and stable +0.1% on a like-for-like basis, excluding a positive 0.9 percentage point impact from foreign exchange rates. Q2 was stronger than Q1, paving the way for a robust H2.

Helicopters, business and regional jets markets are still weak and some platforms on which Aerosystems is well positioned are being delayed or saw their production rate decrease. Also sales in Non-Aerospace (Trains) activity are significantly down, weakened by a lower Chinese market. Excluding Trains, organic growth for Aerosystems would have been +1.6%.

Overall, growth in the first half was driven by ramp-up of wide body aircrafts. The aftermarket business was also solid.

Aerosystems is showing a relatively strong dissymmetry between first and second half, in particular in IFE and Connectivity, Arresting Systems and Telemetry. Expected growth for the second half is supported by a robust backlog.

**Aircraft Interiors activities (57.8% of total revenue)** sales amounted to €1,414.4m in the first half-year, combining a negative 0.8 point forex impact and a -4.5% organic growth, and resulting in a -3.7% change over the first half of 2015/2016.

<sup>1</sup> Including Entertainment & Seats Technology division as of September 1<sup>st</sup>, 2016. This division was previously integrated in the Cabin branch, within the Aircraft Interiors activities. The 2015/2016 and 2016/2017 figures have been restated to reflect this change.

**Cabin branch** reported a -4.5% organic decrease of its sales on the back of a mix effect whereby new programs (currently ramping up) are progressively substituting mature programs. Adding a 2.1 point positive forex impact, sales decreased by -2.4% to €807.0m. The quarter on quarter comparability is impacted by strong activity at end of calendar year 2016. The branch continues to focus on the ramp-up of new programs which are replacing mature programs. The main programs are Airbus A350XWB Lavatories and Spaceflexv2 for the A320 family, Bombardier C-Series, and Irkut's MC21, while the Mitsubishi MRJ program has been delayed. In particular, the Branch continued to support, as committed, the A350XWB ramp up which generated important overrun costs in H1. An improvement of the performance is expected for H2, backed by a detailed action supported by a committed management team and a streamlined organization.

**Seats branch** reported €607.4m sales in H1, -5.3% compared to H1 2015/2016 and breaking down into a negative -0.7 points Foreign exchange impact and a -4.6% organic decrease, reflecting the lag effect from initial industrial difficulties on current sales, taking into account the 18 to 24 months delay between order and deliveries for business class seats. We are still dealing with some industrial issues, essentially in the UK (Cwmbran), generating significant disruptions and delays that are currently being addressed. This has impacted our sales in H1 and should have a similar negative effect at COI level. Capacity bottlenecks was identified end of 2016 and lead us to add local capacity as well as planning significant load transfer to other sites. This UK situation offsets the good progress made at Seats US which is back to normal operational performance, in a commercial environment that remains overall favorable for this business and will support future growth.

## **OUTLOOK**

Based on H1 sales Zodiac Aerospace confirms

- its target for stable revenues in FY2016/17 vs. FY2015/16;
- the expected H1/H2 dissymmetry that will be much stronger than last year

H1 performance is penalized by the disruptions in Seats UK, the overrun costs in Cabin which are still important, and a low activity in H1 in some specific Aerosystems businesses, in particular IFE, arresting systems and Telemetry. From a market standpoint, while commercial aircraft production is still increasing, business jets, regional jets, and helicopters are still weak. For its second half, Zodiac Aerospace expects improvements coming from the progressive recovery of Seats UK, better operations at Cabin, a favorable mix & volume effect in Aerosystems as well as the impact of the cost savings actions being part of Focus.

In that context and despite strong perspectives for H2, FY2016/17 COI will be impacted by poor H1 performance, and should come around 10% below FY2015/16. Current headwinds and remaining industrial issues in seats UK and cabin do not affect our ambition to return to historical profitability by FY2019/20 (« mid double-digit »).

Zodiac Aerospace will publish and comment its H1 results on April 20<sup>th</sup>, 2017.

For 2016/2017, Zodiac Aerospace has hedged 89% of estimated EUR/USD exposure at 1.1173\$/€ (spot rate), 79% of USD/CAD, 80% of USD/GBP, 71% of USD/MXN and 80% of USD/THB exposure.

For 2017/2018, Zodiac Aerospace has hedged 69% of its estimated EUR/USD exposure at 1.0703\$/€ (spot rate).

**NB :** This revenues publication will be commented on an analysts & press conference call on March, 14<sup>th</sup>, 2017 at 6:00pm CET and broadcasted via our website [www.zodiacaerospace.com](http://www.zodiacaerospace.com). A replay will also be available on the Group website as well as the presentation slideshow and press release.

**About Zodiac Aerospace**

Zodiac Aerospace is a world leader in aerospace equipment and systems for commercial, regional and business aircraft and for helicopters and spacecraft. It develops and manufactures state-of-the-art solutions to improve comfort and facilities on board aircraft and high-technology systems to increase aircraft performance and flight safety. Zodiac Aerospace has 35,000 employees worldwide and generated revenue of €5.2bn in 2015/2016. [www.zodiac-aerospace.com](http://www.zodiac-aerospace.com)

Next meetings:	H1 results 2016/2017	April 20, 2017 (before stock exchange opening)
	Q3 revenues 2016/2017	June 14, 2017 (after stock exchange closing)
	Q4 revenues 2016/2017	September 13, 2017 (before stock exchange opening)

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**Consolidated revenue by quarter**

In millions of euros	1st quarter 2016/2017	2nd quarter 2016/2017	3rd quarter 2016/2017	4th quarter 2016/2017
<b>Aerosystems Activities</b>	477.3	<b>553.6</b>		
<b>Aircraft Interiors Activities</b>	724.6	<b>689.8</b>		
<i>Zodiac Seats</i>	306.5	<b>300.9</b>		
<i>Zodiac Cabin</i>	418.1	<b>388.9</b>		
<b>Group Total</b>	1,201.9	<b>1,243.4</b>		
€/ \$ conversion	1.10	<b>1.06</b>		

In millions of euros	1st quarter 2015/2016	2nd quarter 2015/2016	3rd quarter 2015/2016	4th quarter 2015/2016
<b>Aerosystems Activities</b>	505.9	514.7	549.6	590.4
<b>Aircraft Interiors Activities</b>	732.0	736.4	803.1	776.0
<i>Zodiac Seats</i>	320.8	320.8	385.6	360.6
<i>Zodiac Cabin</i>	411.2	415.6	417.5	415.4
<b>Group Total</b>	1,237.9	1,251.1	1,352.7	1,366.4
€/ \$ conversion	1.11	1.09	1.13	1.12

**CHANGES**

*(Quarter compared with the same quarter of the previous year)*

Based on reported data	Q1	Q2	Q3	Q4
<b>Aerosystems Activities</b>	-5.7%	<b>+7.5%</b>		
<b>Aircraft Interiors Activities</b>	-1.0%	<b>-6.3%</b>		
<i>Zodiac Seats</i>	-4.4%	<b>-6.2%</b>		
<i>Zodiac Cabin</i>	+1.7%	<b>-6.4%</b>		
<b>Group Total</b>	-2.9%	<b>-0.6%</b>		
<b>Aerospace activities *</b>	-2.3%	<b>-0.1%</b>		

Based on organic revenue	Q1	Q2	Q3	Q4
<b>Aerosystems Activities</b>	-6.0%	<b>+6.1%</b>		
<b>Aircraft Interiors Activities</b>	-0.5%	<b>-8.6%</b>		
<i>Zodiac Seats</i>	-1.9%	<b>-7.2%</b>		
<i>Zodiac Cabin</i>	+0.6%	<b>-9.7%</b>		
<b>Group Total</b>	-2.8%	<b>-2.5%</b>		
<b>Aerospace activities *</b>	-2.1%	<b>-2.0%</b>		

**Cumulative consolidated revenue**

In millions of euros	1st quarter 2016/2017	1st half 2016/2017	9 months 2016/2017	Full year 2016/2017
<b>Aerosystems Activities</b>	477.3	<b>1,030.9</b>		
<b>Aircraft Interiors Activities</b>	724.6	<b>1,414.4</b>		
<i>Zodiac Seats</i>	306.5	<b>607.4</b>		
<i>Zodiac Cabin</i>	418.1	<b>807.0</b>		
<b>Group Total</b>	1,201.9	<b>2,445.3</b>		
€/ \$ conversion	1.10	<b>1.08</b>		
€/ \$ transaction	1.11	<b>1.10</b>		

In millions of euros	1st quarter 2015/2016	1st half 2015/2016	9 months 2015/2016	Full year 2015/2016
<b>Aerosystems Activities</b>	505.9	1,020.7	1,570.3	2,160.6
<b>Aircraft Interiors Activities</b>	732.0	1,468.4	2,271.5	3,047.6
<i>Zodiac Seats</i>	320.8	641.6	1,027.2	1,387.9
<i>Zodiac Cabin</i>	411.2	826.8	1,244.3	1,659.7
<b>Group Total</b>	1,237.9	2,489.1	3,841.8	5,208.2
€/ \$ conversion	1.11	1.10	1.11	1.11
€/ \$ transaction	1.12	1.11	1.11	1.11

**CHANGES 2014/2015**

(Aggregate at end of period compared with the same period of last year)

Based on reported data	1st quarter	1st half	9 months	Full year
<b>Aerosystems Activities</b>	-5.7%	<b>+1.0%</b>		
<b>Aircraft Interiors Activities</b>	-1.0%	<b>-3.7%</b>		
<i>Zodiac Seats</i>	-4.4%	<b>-5.3%</b>		
<i>Zodiac Cabin</i>	+1.7%	<b>-2.4%</b>		
<b>Group Total</b>	-2.9%	<b>-1.8%</b>		
<b>Aerospace activities *</b>	-2.3%	<b>-1.2%</b>		

Based on organic revenue	1st quarter	1st half	9 months	Full year
<b>Aerosystems Activities</b>	-6.0%	<b>+0.1%</b>		
<b>Aircraft Interiors Activities</b>	-0.5%	<b>-4.5%</b>		
<i>Zodiac Seats</i>	-1.9%	<b>-4.6%</b>		
<i>Zodiac Cabin</i>	+0.6%	<b>-4.5%</b>		
<b>Group Total</b>	-2.8%	<b>-2.6%</b>		
<b>Aerospace activities *</b>	-2.1%	<b>-2.0%</b>		

\*Excluding Trains and Airbags businesses