

Strong performance in the second half

Full-Year Results 2016/2017

- Current Operating Income (COI) stands at €217.6m for the fiscal year, at the high end of the €200m-€220m target for 2016/2017.
- Cash generation has improved sharply to €249m over the fiscal year. Net debt at end-August 2017 has fallen to €846.6m, vs. €1,056.9m at end-August 2016 and net debt to EBITDA stands at 2.28x.
- Zodiac Aerospace reported a strong second half-year: COI is a gain of €229m after a loss of €11m in the first half while cash generation totaled €445m in the second half.
- The Group's industrial recovery and transformation are under way. For the fiscal year 2017/2018, Zodiac Aerospace is expecting slightly lower sales, a sharp increase in COI and a cash generation which should remain strong.

Plaisir, October 30, 2017 - The Supervisory Board of Zodiac Aerospace Group met on October 30, 2017 and approved the financial statements for fiscal year 2016/2017 (September to August).

Yann Delabrière, CEO, said, "The good performance achieved in the second half shows that the industrial recovery and transformation of Zodiac Aerospace Group are under way. With the commitment of all Group employees, this momentum will continue in order to reach a sustainable performance level, in terms of both customer satisfaction and finances. Zodiac Aerospace is confident about the next stages of its development."

SALES REVENUE AND CURRENT OPERATING INCOME¹

<i>In millions of euros*</i>	2016/2017	2015/2016	% change
Sales revenue	5,127.1	5,208.2	-1.6%
Current Operating Income	217.6	269.5	-19.3%
COI/REV	4.2%	5.2%	0.0%
Net income attributable to equity holders of the parent	73.4	108.1	-32.1%
Net income	82.4	165.7	-50.3%
Earnings per share attributable to equity holders of the parent (€)	0.25	0.38	-35.6%
Earnings per share (€)	0.28	0.59	-53.0%
Net debt	846.6	1,056.9	-19.9%
Debt-to-equity ratio (x)	0.27	0.34	
Debt to EBITDA ratio (x)	2.28	2.55	
€/\$(Transaction)	1.12	1.11	
€/\$(Conversion)	1.10	1.11	

* IFRS3 restated, except "attributable to equity holders of the parent"

¹ IFRS3 restated income: impacts on COI: €0.0m in 16/17 and -€0.1m in 15/16, on Net Income: -€9.0m in 16/17 and -€57.6m in F15/16.

A sharp improvement in operations in the second half.

SALES REVENUE FOR THE 2016/2017 FISCAL YEAR

In millions of euros	Full year 2016/2017	Full year 2015/2016	% change	Exchange rate	Consolidation scope	Organic growth
Aerosystems activities	2,235.0	2,160.6	+3.4%	+0.4%	+0.0%	+3.0%
Aircraft Interiors activities	2,892.1	3,047.6	-5.1%	+0.5%	+0.0%	-5.6%
<i>Zodiac Seats</i>	1,245.8	1,387.9	-10.2%	-0.6%	+0.0%	-9.6%
<i>Zodiac Cabin</i>	1,646.3	1,659.7	-0.8%	+1.3%	+0.0%	-2.1%
Group Total	5,127.1	5,208.2	-1.6%	+0.4%	+0.0%	-2.0%
€/\$(conversion)	1.10	1.11				

During its 2016/2017 fiscal year, Zodiac Aerospace generated sales revenue of €5,127.1m, down -1.6% in reported data and down -2.0% at like-for-like consolidation scope and exchange rates. Consolidation scope changes had no impact at Group level, while foreign exchange had a positive impact of +0.4 point on the year's growth rate.

Sales revenues for the second half were down -1.4% to € 2,680 million, after a fall of -1.7% to € 2,447 million in the first half. In organic, the decline in sales was -1.5%, compared to a -2.6% decline in the first half. The second half marks a catchup and acceleration of sales for the Aerosystems branch, while the Aircraft Interiors activity shows a drop, caused by the Seats branch.

Current Operating Income for fiscal year 2016/2017 (IFRS3 restated)

In millions of euros	FY 2016/2017			FY 2015/2016			% Change		
	HY1	HY2	Total	HY1	HY2	Total	HY1	HY2	Total
Aerosystems	130.6	235.7	366.4	160.3	216.6	376.9	-18.5%	8.9%	-2.8%
Aircraft Interiors Activities	-130.2	-14.5	-144.7	-73.1	-26.4	-99.5	78.0%	-44.9%	45.4%
Holding	-11.9	7.8	-4.1	-6.8	-1.1	-7.9	75.1%	-842.2%	-47.7%
Group Total	-11.5	229.0	217.6	80.4	189.1	269.5	-114.2%	21.1%	-19.3%

Current Operating Income (COI) for the fiscal year stands at €217.6m, down -19.3% vs. €269.5m in FY 2015/2016, representing an operating margin of 4.2% vs. 5.2%.

This income is in the high end of the annual COI target of between €200m and €220m and corresponds to a sharp improvement in the second half, for which the COI totals €229m, compared to €189m in the 2015/2016 second half and a loss of €11m in the first half of 2016/2017. The current operating margin stood at 4.2% for the full year compared to 5.2% for the fiscal year 2015/2016. It stood at 8.5% in the second half of 2016/2017 compared to 7.0% in the second half of 2015/2016. By activities, Aerosystems has improved its COI by +€105m between the first and second half thanks to a robust activity level in the second half, while the Aircraft Interiors activities have reduced their loss by €116m thanks to improved operational performance.

For FY 2016/2017, foreign exchange rate impact was a positive €16.6m on changes in Current Operating Income, breaking down into a positive €24.2m conversion impact and a negative -€7.6m transaction impact. Consolidation scope changes had no impact. The research tax credit impact accounted for in Current Operating Income was €28.2m, vs. €25.6m in 2015/2016.

Results by activity

The Aerosystems branch (43.6% of total sales revenue) has performed well this year, with sales increasing by +3.4% for the full year, to €2,235.0m. The organic growth rate for its sales remains buoyant: +3.0% for the fiscal year, +5.5% in the second half and +6.4% for the fourth quarter only. This growth is driven by the ramp-up of the A350XWB program, for electrical distribution in particular, and by a large business volume from the IFE division which continues to win market shares.

Aerosystems reported, IFRS 3 restated, a slight fall of -2.8% to €366.4m in Current Operating Income compared to €376.9m, representing a margin of 16.4%. This can be partly explained by a negative forex impact of -€4.5m (-€0.3m for conversion impact and -€4.2m for transaction). Aerosystems activities experienced a particularly busy second half, which translates into sharp growth in Current Operating Income: €235.7m in the second half compared to €130.6m in the first half. Operational margin² stood at 19.5% in the second half versus 12.7% in the first and 19.0% in the second half of the previous year.

Aircraft Interiors activities (56.4% of total sales revenue) report sales of €2,892.1m for fiscal year 2016/2017, down -5.1%.

- Cabin is improving. Sales dropped -2.1% in organic for the full year but gradually improved. After an organic decline of -4.3% in the first half, sales were stable in the second half (+0.1%) and posted organic growth of +3.2% for the fourth quarter. This evolution is explained by the catchup with delays and the successful ramp-up of the A350XWB program and a good activity level on galleys.
- Seats are down -10.2% for the year in reported data. In organic terms, its sales revenue is down -9.6% for the year and -13.0% in the fourth quarter, owing to the industrial difficulties facing the branch, sluggish activity and also in the second half an unfavorable comparison basis with the previous fiscal year.

Current Operating Income before IFRS3 of **Aircraft Interiors activities** amounts to -€144.7m for the full year compared to an operational loss of -€99.5m in 2015/2016. This amount reflects a strong level of production cost overruns in the Seats and Cabin branches, which had strongly impacted results for the first half. Current Operating Income before IFRS3 of Aircraft Interiors activities in the first half was a negative -€130.2m. This loss is reduced to -€14.5m in the second half, under the impact of the ongoing industrial recovery in the Cabin branch, which had to catch up with delays, and which is still ongoing in the Seats branch.

Net income stands at €73.4m in line with the Current Operating Income

Non-current items amounted to -€47.5m vs. -€75.7m in 2015/2016. Income for the previous fiscal year included an expense of €58m linked to the depreciation of the Contour brand.

The Operating Income was €170.1m vs. €193.9m in 2015/2016.

Cost of net debt deteriorated by €22.4m following the arrangement of a multi-year forex hedge.

Income Tax was -€31.2m vs. -€39.6m owing to the decrease in income before tax mainly in France, the UK and Germany, despite an improvement observed in the United States. The tax rate increase to 29.4% vs. 26.0% in 2015/2016 mainly reflects the increasing weight in the geographical mix of income before tax generated in high tax jurisdictions (France and the United States).

Net Income for FY 2016/2017 stood at €73.4m and Net income attributable to equity holders of the parent at €73.4m down by -31.9% and -32.1% respectively.

² Operational Margin: Current Operating Income (COI) on sales.

Strong generation of cash and solid financial situation

The improvement plans set up to ensure better control of cash generation have started bearing fruits. Net debt³ dropped sharply to €846.6m vs. €1,056.9m at end-August 2016 and €1,325m at end-February 2017, being a reduction of €478m in the second half, while gearing was 2.28x, compared to 2.55x at end August 2016, and significantly below the level of 3x, as indicated during the full year sales presentation. Gearing was 0.27 at end-August 2017 vs. 0.34 at end-August 2016.

Cash flow from operations amounts to €233.4m down by -28.5% compared to 2015/2016 (€326.5m) in line with the changes in Current Operating Income.

Cash generation was particularly strong in the second half: it amounted to €445m, thanks to the work achieved on WCR, in particular on inventories and receivables. WCR for operations⁴ represented 30.4% of sales revenue at the end of FY 2016/2017 vs. 33.2% of sales revenue in 2015/2016 and 37.4% of sales revenue in FY 2014/2015, thus returning to a pre-crisis level but still with a potential for improvement.

While striving to improve WCR, capital expenditure was also managed in a disciplined manner. Capital expenditure amounted to €195m, i.e. 3.8% of sales revenue, down compared to the previous year (€210m, 4% of sales revenue).

At the end of the year, Zodiac Aerospace reports a robust financial position. The available amount on confirmed financing lines totals €853m and the Group has cash of €684m, i.e., total liquidity of €1,537m.

The banking covenant defined by the Club Deal financing is net debt to Ebitda, the threshold of which was raised to 3.5x until the fiscal year 2017/2018 vs. 3x. At year end, this ratio was 2.28x.

Outlook and strategic development

Zodiac Aerospace performed well in the second half of 2016/2017, showing that the industrial recovery and transformation of Zodiac Aerospace Group are under way.

Today, we have three strategic priorities.

The first priority is the re-establishment of our relations with our customers, which has been deteriorated during the crisis. It is well on its way thanks to the improvements made by the Cabin and Seats branches, in terms of deadlines and quality.

The second priority is to make these performances sustainable and to achieve a level of operational excellence. Firstly, this entails the deployment of an operational system, known as Zodiac Aerospace Operating System (ZAOS). This deployment is being done pragmatically, but in a strict and disciplined manner. Secondly, the transformation of activities has begun with the streamlining of engineering and manufacturing activities in North America, an increase in capital expenditure to upgrade facilities, and finally, an extension of the business scope of Zodiac Aerospace Services which will allow it to remain at the cusp of customer service.

The third priority is Research, Development and Technologies. This is a priority that seeks to address customer demands, whether in terms of reducing environmental impact, improving energy efficiency, improving onboard comfort and safety or again increasing income generation and differentiation for airline companies.

³ Net debt does not reflect the €243m hybrid financing accounted for in shareholder's equity as required by IAS 32.

⁴ Trade WCR: Inventories and work in progress + Net receivables - Net payables

Financial outlook

In 2017/2018, Zodiac Aerospace will continue and accelerate, whenever possible, its industrial recovery and transformation.

The Group expects a slight drop in its sales, which breaks down into a new progression in Aerosystems activities, at a rhythm similar to that of the previous fiscal year, a stabilization of Cabin activities, and a decline of Seats, impacted by poor past operational performance.

Current Operating Income is expected to grow sharply. Just as for sales revenue, the second half will be significantly higher than the first half.

Cash generation should remain strong, in particular thanks to the ongoing actions to reduce inventories, which should allow an increase in production expenditure.

NB: A commentary of this annual results publication will be provided in a conference call intended for financial analysts and journalists on October 30, at 6PM CET. This conference will be transmitted by webcast on the following website www.zodiacaerospace.com. The recording of this conference call, the PowerPoint presentation (English only) and the press release will also be available on our website.

About Zodiac Aerospace

Zodiac Aerospace is a world leader in aerospace equipment and systems for commercial, regional and business aircrafts and for helicopters and spacecraft. It develops and manufactures state-of-the-art solutions to improve comfort and facilities on board aircrafts and high-technology systems to increase aircraft performance and flight safety. Zodiac Aerospace has 35,000 employees worldwide and generated revenue of €5.1bn in 2016/2017. www.zodiacaerospace.com

Next meetings:	Q1 2017/2018 sales General meeting of shareholders	December 13, 2017 (after stock exchange closing) January 9, 2018
ZODIAC AEROSPACE CONTACTS		MEDIA/PRESS CONTACTS
Pierre-Antony Vastra Tel: +33 (0)1 61 34 25 68 Florent Defretin Tel: +33 (0)1 61 34 03 34 Isabelle Delhom (Investor meeting) Tel.: +33 (0)1 61 34 19 86 investisseurs@zodiacAerospace.com		IMAGE 7 Grégoire Lucas Tel: +33 (0) 1 53 70 74 94 / gregoire.lucas@image7.fr ZODIAC AEROSPACE press@zodiacaerospace.com
61, rue Pierre Curie – CS20001 - 78373 PLAISIR CEDEX		

APPENDICES

Consolidated sales revenue by quarter

In millions of euros	1st quarter 2016/2017	2nd quarter 2016/2017	3rd quarter 2016/2017	4th quarter 2016/2017
Aerosystems activities	477.3	553.6	585.9	618.2
Aircraft Interiors activities	724.6	691.5	756.4	719.6
<i>Zodiac Seats</i>	306.5	300.9	336.2	302.2
<i>Zodiac Cabin</i>	418.1	390.6	420.2	417.4
Group Total	1,201.9	1,245.1	1,342.3	1,337.8
€/ \$ conversion	1.10	1.06	1.08	1.15

In millions of euros	1st quarter 2015/2016	2nd quarter 2015/2016	3rd quarter 2015/2016	4th quarter 2015/2016
Aerosystems activities	505.9	514.7	549.6	590.3
Aircraft Interiors activities	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
Group Total	1,237.9	1,251.1	1,352.7	1,366.3
€/ \$ conversion	1.11	1.09	1.13	1.12

CHANGES

(Quarter versus the previous year quarter)

Based on reported data	Q1	Q2	Q3	Q4
Aerosystems activities	-5.7%	+7.6%	+6.6%	+4.7%
Aircraft Interiors activities	-1.0%	-6.1%	-5.8%	-7.3%
<i>Zodiac Seats</i>	-4.4%	-6.2%	-12.8%	-16.2%
<i>Zodiac Cabin</i>	+1.7%	-6.0%	+0.7%	+0.5%
Group Total	-2.9%	-0.5%	-0.8%	-2.1%
Aerospace activities *	-2.3%	+0.0%	-0.8%	-2.1%

Based on organic revenue	Q1	Q2	Q3	Q4
Aerosystems activities	-6.0%	+6.1%	+4.7%	+6.4%
Aircraft Interiors activities	-0.5%	-8.3%	-8.6%	-4.5%
<i>Zodiac Seats</i>	-1.9%	-7.2%	-14.5%	-13.0%
<i>Zodiac Cabin</i>	+0.6%	-9.3%	-3.0%	+3.2%
Group Total	-2.8%	-2.4%	-3.2%	+0.2%
Aerospace activities *	-2.1%	-1.8%	-3.3%	+0.2%

*Excluding Trains and Airbags

Cumulative consolidated revenue

In millions of euros	1st quarter 2016/2017	1st half 2016/2017	9 months 2016/2017	FY 2016/2017
Aerosystems activities	477.3	1,030.9	1,616.8	2,235.0
Aircraft Interiors activities	724.6	1,416.1	2,172.5	2,892.1
<i>Zodiac Seats</i>	306.5	607.4	943.6	1,245.8
<i>Zodiac Cabin</i>	418.1	808.7	1,228.9	1,646.3
Group Total	1,201.9	2,447.0	3,789.3	5,127.1
€/ \$ conversion	1.10	1.08	1.08	1.10
€/ \$ transaction	1.11	1.10	1.10	1.11

In millions of euros	1st quarter 2015/2016	1st half 2015/2016	9 months 2015/2016	FY 2015/2016
Aerosystems activities	505.9	1,020.7	1,570.3	2,160.6
Aircraft Interiors activities	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
Group Total	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

(Period-end total versus the same period of the previous year)

Based on reported data	1st quarter	1st half	9 months	Full year
Aerosystems activities	-5.7%	+1.0%	+3.0%	+3.4%
Aircraft Interiors activities	-1.0%	-3.6%	-4.4%	-5.1%
<i>Zodiac Seats</i>	-4.4%	-5.3%	-8.1%	-10.2%
<i>Zodiac Cabin</i>	+1.7%	-2.2%	-1.2%	-0.8%
Group Total	-2.9%	-1.7%	-1.4%	-1.6%
Aerospace activities *	-2.3%	-1.2%	-1.0%	-1.3%

Based on organic revenue	1st quarter	1st half	9 months	Full year
Aerosystems activities	-6.0%	+0.1%	+1.7%	+3.0%
Aircraft Interiors activities	-0.5%	-4.4%	-5.9%	-5.6%
<i>Zodiac Seats</i>	-1.9%	-4.6%	-8.3%	-9.6%
<i>Zodiac Cabin</i>	+0.6%	-4.3%	-3.9%	-2.1%
Group Total	-2.8%	-2.6%	-2.8%	-2.0%
Aerospace activities *	-2.1%	-2.0%	-2.4%	-1.7%

*Excluding Trains and Airbags

Condensed balance sheet					
In millions of euros	8/31/2017	8/31/2016		8/31/2017	8/31/2016
			<u>Equity</u>		
Goodwill	1,915.3	1,994.7	Capital	3,112.1	3,109.5
Intangible assets	651.7	653.6	Income	73.4	108.1
Property, plant &	496.7	493.0	Net Equity	3,185.5	3,217.6
Other, including deferred	68.9	44.5	Prov. & deferred taxes	280.8	300.6
Non-current assets	3,132.6	3,185.7	Financial liabilities	599.9	984.7
			Non-current liabilities	880.7	1,285.3
			Prov. Risks & Contingencies	165.2	165.4
Inventories	1,181.8	1,360.1	Financial liabilities	934.4	361.3
Trade receivables	971.8	1,046.5	Accounts payables	506.2	542.1
Other	215.5	210.3	Employees	248.2	228.7
Cash and cash equivalents	683.8	268.8	Other	265.2	271.8
Current assets	3,052.9	2,885.7	Current liabilities	2,119.2	1,569.3
Assets held for sale	–	0.7			
Total assets	6,185.5	6,072.1	Total liabilities	6,185.5	6,072.1

Summary Cash flow statement		
In millions of euros	2016/2017	2015/2016
OPERATING ACTIVITIES		
Cash flow from operations	233.4	326.5
Change in WCR	210.5	-68.5
Cash flow generated from continuing operations	443.9	258.0
INVESTMENT OPERATIONS		
Acquisition of intangible fixed assets	-76.1	-84.8
Acquisition of tangible fixed assets and other	-130.9	-120.3
Changes to the scope of consolidation	–	0.5
Cash flow from investments in continuing operations	-207.0	-204.6
FINANCING OPERATIONS		
Change in financial debt	187.3	-115.3
Hybrid loan	-5.0	248.0
Increase in equity	10.8	1.1
Treasury stock	2.2	5.8
Dividends	-53.5	-88.5
Cash flow from the financing of continuing operations	141.8	51.2
Currency translation adjustments, beginning of period	21.4	-8.2
Change in cash position	400.1	96.4

Income Statement	2016/2017	2015/2016	% Change
Revenue	5,127.1	5,208.2	-1.6%
Depreciation charge	147.4	138.7	
Charges to provisions	96.6	86.0	
Current operating income	217.6	269.6	-19.3%
Non-current operating income	-47.5	-75.7	
Operating income	170.1	193.9	-12.3%
Cost of net debt	-61.7	-39.3	-56.9%
Other financial income and expenses	-1.9	-2.4	
Income taxes	-31.2	-39.6	21.1%
Results of companies accounted for using the equity method	-1.7	-4.7	
Net income from continuing operations	73.4	107.9	-31.9%
Net income from discontinued operations	-	-	
Net income	73.4	107.9	-31.9%
Net income attributable to Non-Group shareholders	0.0	-0.2	
Net income attributable to Group shareholders	73.4	108.1	-32.1%

The audit procedures for the consolidated and annual accounts are being finalized.
The audit reports will be issued after the completion of the review of the notes to the consolidated and full-year financial statements.