

# Q1 2017/2018 Sales Presentation

**ZODIAC AEROSPACE**

Wednesday 13<sup>th</sup> December 2017

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# Agenda

**Q1 2017/2018 sales highlights**

**Divisional performance**

**Update on financial targets**

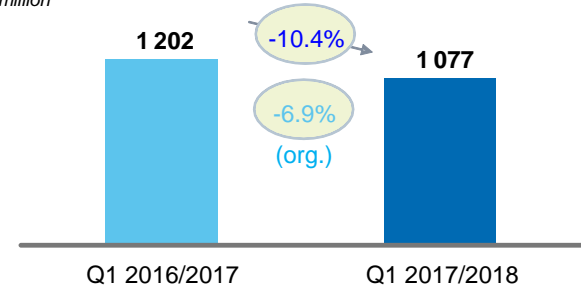
# Q1 2017/2018 sales highlights

# Q1 sales Group

- **Q1 sales down -6.9% organic**
  - Reported -10.4% to €1.1bn
  - -3.5% negative exchange rate impact
- **As announced on Oct 30<sup>th</sup>, 2017, we expect 2017/2018 sales to be slightly down lfl**
  - Aerosystems expected to grow on the same trend as in 2016/2017
  - Cabin to stabilize
  - Seats still burdened by past weak operational performance
  - As for the two previous years, H2 is expected stronger than H1
- **Q1 sales are below our own expectation**
  - Aerosystems up and Seats down, in line with expectations
  - But Cabin is behind due to some customers' decision to postpone business / VIP programs

## Group Q1'18 sales

In € million



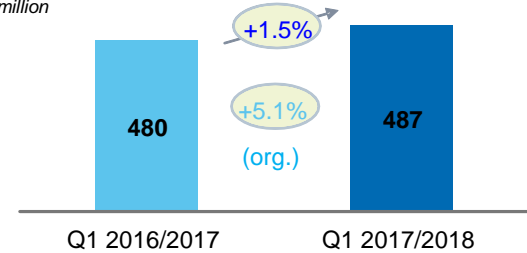
# Divisional performance

# Aerosystems – Sales review

- **Q1 sales +5.1% organic growth**
  - Reported sales up 1.5% to €487m
  - -3.6% exchange rate impact
- **In line with expectations**
- **Fueled by**
  - A strong start of the year on IFE's activities, compared to a weak start in 2016/2017
  - A good performance in Power Systems, Oxygen and Evacuation activities
  - A good contribution from after-sales activities

## Aerosystems Q1'18 sales

In € million



# Aircraft Interiors activities – Sales review

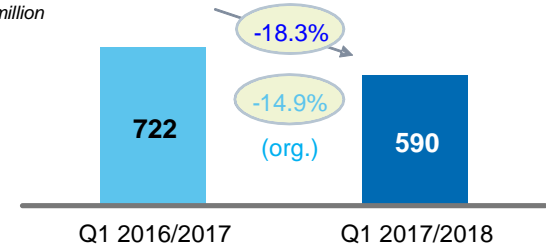
- **Q1 sales -14.9% organic**

- In line with Q4 2016/17
- Reported sales down to €590m (-18.3%)
- -3.4% exchange rate impact

- **Due to a decline of both Seats and Cabin**

## Aircraft Interiors Q1'18 sales

In € million



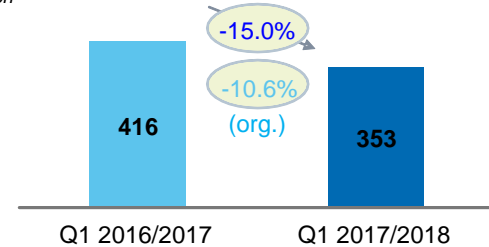


# Cabin – Sales review

- **Q1 sales down -10.6% organic**
  - Reported to €353m (-15.0%)
  - -4.4% exchange rate impact
- **Below our expectations**
- **Due to some customers' decision to postpone Business / VIP jets and cargo programs**

## Cabin Q1'18 sales

In € million

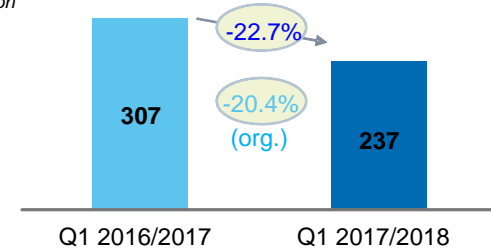


# Seats – Sales review

- **Q1 sales -20.4% organic decrease**
  - amounted to €237m (-22.7%)
  - -2.3% exchange rate impact
- **Seats is still burdened by previous weak operational performance**

## Seats Q1'18 sales

In € million



# Update on financial targets

# Outlook

- **Industrial recovery and transformation plan on track**
- **Sales expected to be slightly down in 2017/2018, like for like**
  - Aerosystems expected to grow on the same trend
  - Cabin to stabilize for the next 3 quarters
  - Seats is still burdened by past weak operational performance
  - As for the two previous years, H2 is expected stronger than H1
- **Operating profitability expected to further improve**
  - As communicated on October 30th, 2017
  - H2 expected significantly stronger than H1
- **Strong free cash flow generation**
  - Industrial actions to further reduce inventories
  - Allowing industrial investments and increase in manufacturing capital expenditures

# Appendix

# Hedging policy

- **Currency hedging in place for 2017/2018**
  - Zodiac Aerospace has hedged 91% of estimated EUR/USD net exposure at 1.0952 \$/€ (spot rate)
  - And 54% of USD/CAD, 68% of USD/GBP, 87% of USD/MXN and 65% of USD/THB exposure
- **Sensitivity is estimated at 168 bps for 10 cents change in the euro/dollar exchange rate**

# Consolidated sales by quarter

| In millions of euros                 | 1st quarter<br>2017/2018 | 2nd quarter<br>2017/2018 | 3rd quarter<br>2017/2018 | 4th quarter<br>2017/2018 |
|--------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| <b>Aerosystems Activities</b>        | 487.1                    |                          |                          |                          |
| <b>Aircraft Interiors Activities</b> | 590.4                    |                          |                          |                          |
| <i>Zodiac Seats</i>                  | 236.9                    |                          |                          |                          |
| <i>Zodiac Cabin</i>                  | 353.5                    |                          |                          |                          |
| <b>Group Total</b>                   | 1,077.5                  |                          |                          |                          |
| €/ \$ conversion                     | 1.18                     |                          |                          |                          |

| In millions of euros                 | 1st quarter<br>2016/2017 | 2nd quarter<br>2016/2017 | 3rd quarter<br>2016/2017 | 4th quarter<br>2016/2017 |
|--------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| <b>Aerosystems Activities</b>        | 479.8                    | 555.9                    | 588.5                    | 620.8                    |
| <b>Aircraft Interiors Activities</b> | 722.1                    | 689.1                    | 753.8                    | 717.1                    |
| <i>Zodiac Seats</i>                  | 306.5                    | 300.9                    | 336.2                    | 302.3                    |
| <i>Zodiac Cabin</i>                  | 415.6                    | 388.2                    | 417.6                    | 414.8                    |
| <b>Group Total</b>                   | 1,201.9                  | 1,245.0                  | 1,342.3                  | 1,337.9                  |
| €/ \$ conversion                     | 1.10                     | 1.06                     | 1.08                     | 1.15                     |

# Quarterly sales in percentage

(Compared with the same quarter of the previous year)

| Based on reported data                      | Q1            | Q2 | Q3 | Q4 |
|---|---------------|----|----|----|
| <b><i>Aerosystems Activities</i></b>        | +1.5%         |    |    |    |
| <b><i>Aircraft Interiors Activities</i></b> | -18.3%        |    |    |    |
| <i>Zodiac Seats</i>                         | -22.7%        |    |    |    |
| <i>Zodiac Cabin</i>                         | -15.0%        |    |    |    |
| <b><i>Group Total</i></b>                   | <b>-10.4%</b> |    |    |    |
| <b>Aerospace activities *</b>               | <b>-10.3%</b> |    |    |    |

| Based on organic revenue                    | Q1           | Q2 | Q3 | Q4 |
|---|--------------|----|----|----|
| <b><i>Aerosystems Activities</i></b>        | +5.1%        |    |    |    |
| <b><i>Aircraft Interiors Activities</i></b> | -14.9%       |    |    |    |
| <i>Zodiac Seats</i>                         | -20.4%       |    |    |    |
| <i>Zodiac Cabin</i>                         | -10.6%       |    |    |    |
| <b><i>Group Total</i></b>                   | <b>-6.9%</b> |    |    |    |
| <b>Aerospace activities *</b>               | <b>-6.8%</b> |    |    |    |

\* Excluding Trains and Airbags businesses



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[www.zodiacaerospace.com](http://www.zodiacaerospace.com)

Next meeting:

Shareholder's meeting

January 9, 2018

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