

RESULTS & OUTLOOK

November 17, 2008

Mastering the Elements



FY2007/2008 RESULTS

SHORT- AND MEDIUM-TERM OUTLOOK

LONGER-TERM OUTLOOK

GROUP

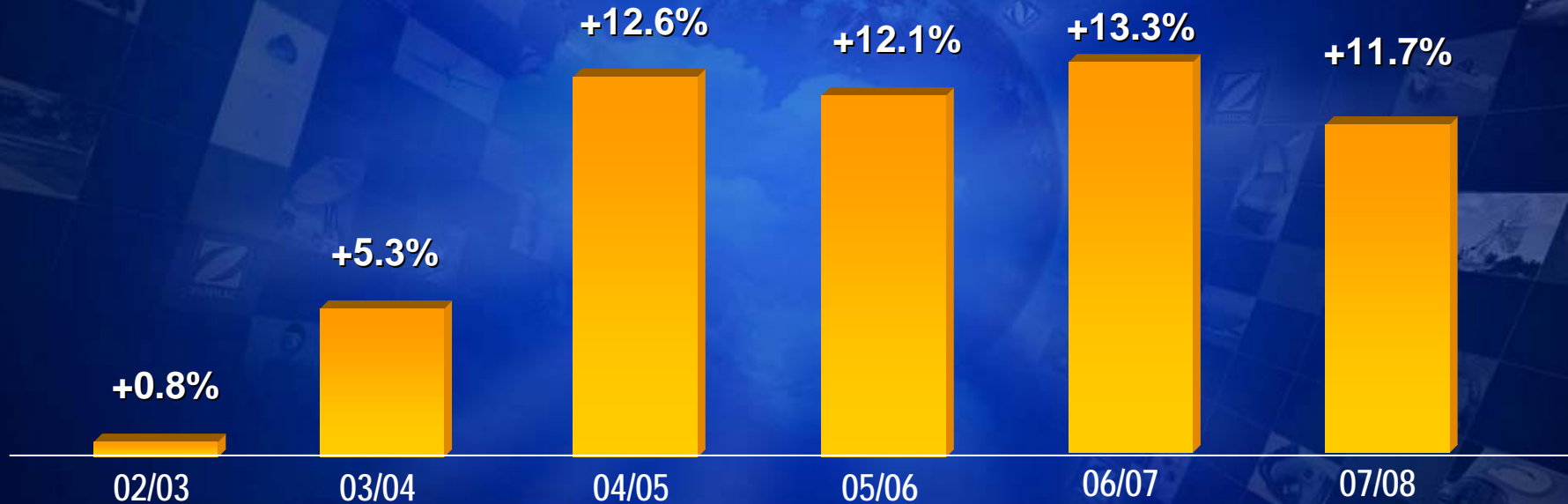
Mastering the Elements



FY2007/2008: GROUP

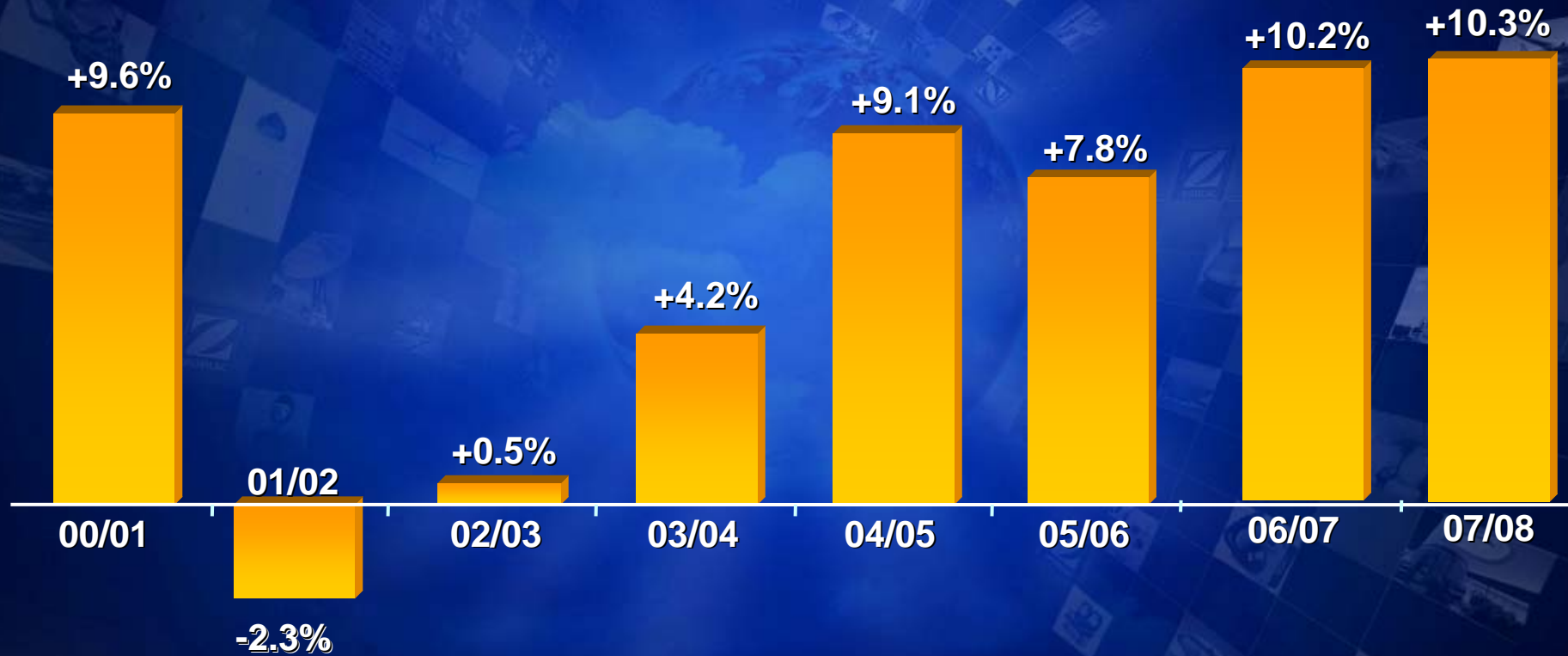
- ❖ Sales and operating-income targets met
 - ✓ Sales: double-digit organic growth
 - ✓ EBIT: €235.6 m (April 2008 target: €230 m)
- ❖ Two-digit EBIT margin, despite weak dollar
 - ✓ Average \$1.50/€ vs. 1.32
- ❖ Acquisition of Driessen, TIA, and Adder
- ❖ Gearing is 0.67 at end August 2008

Strong organic growth in aeronautics business



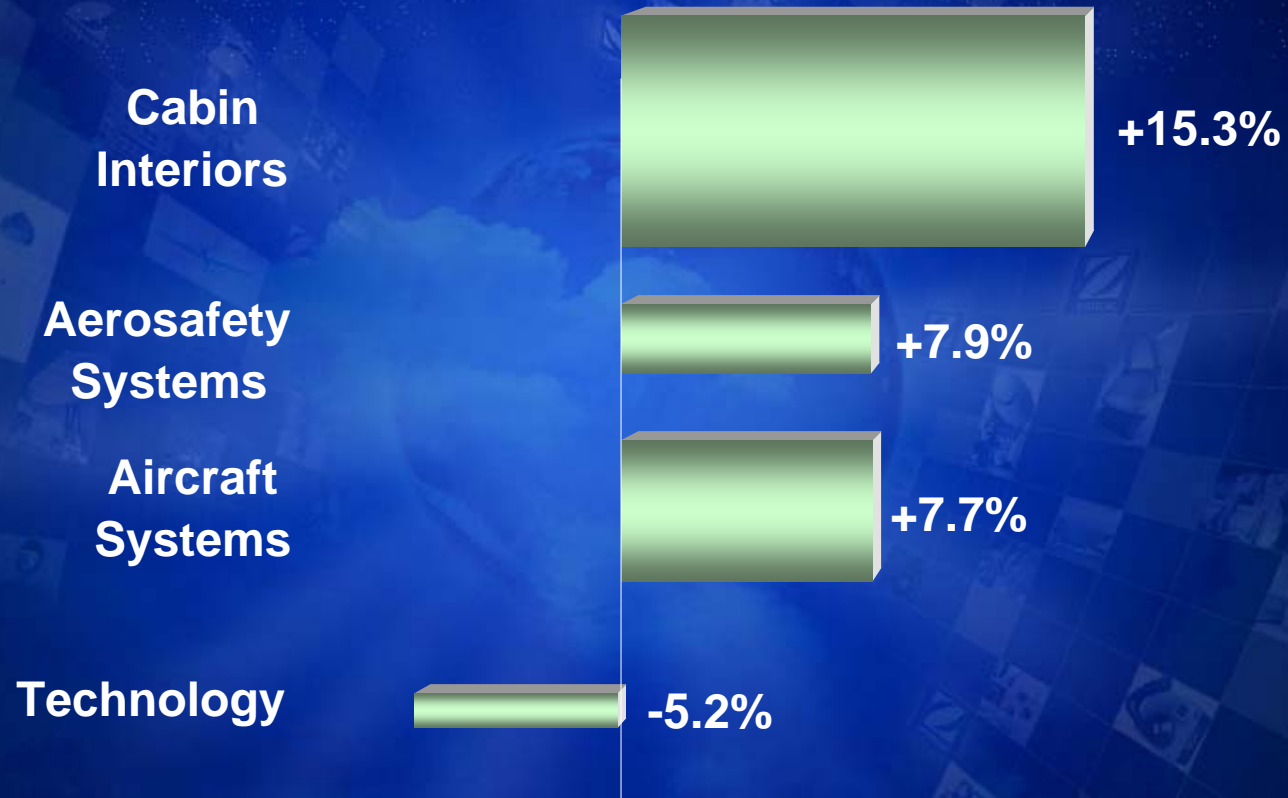
Organic growth: aeronautics business

As a result, Group organic growth hits eight-year high



Group organic growth: 8-year summary

Cabin Interiors segment: the main driver



Organic growth by Segment

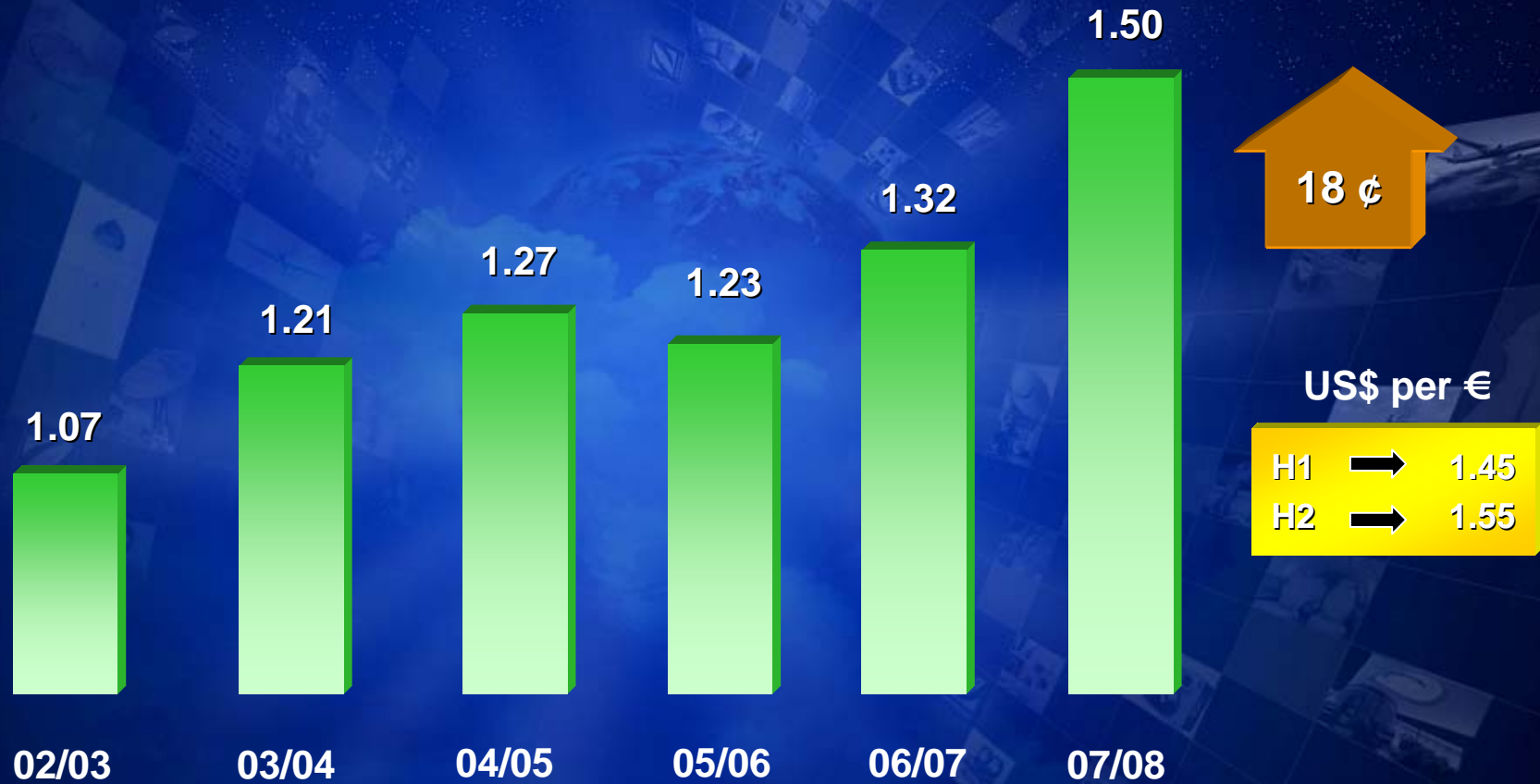
FY2007/2008: GROUP

Growth still positive despite exchange rates



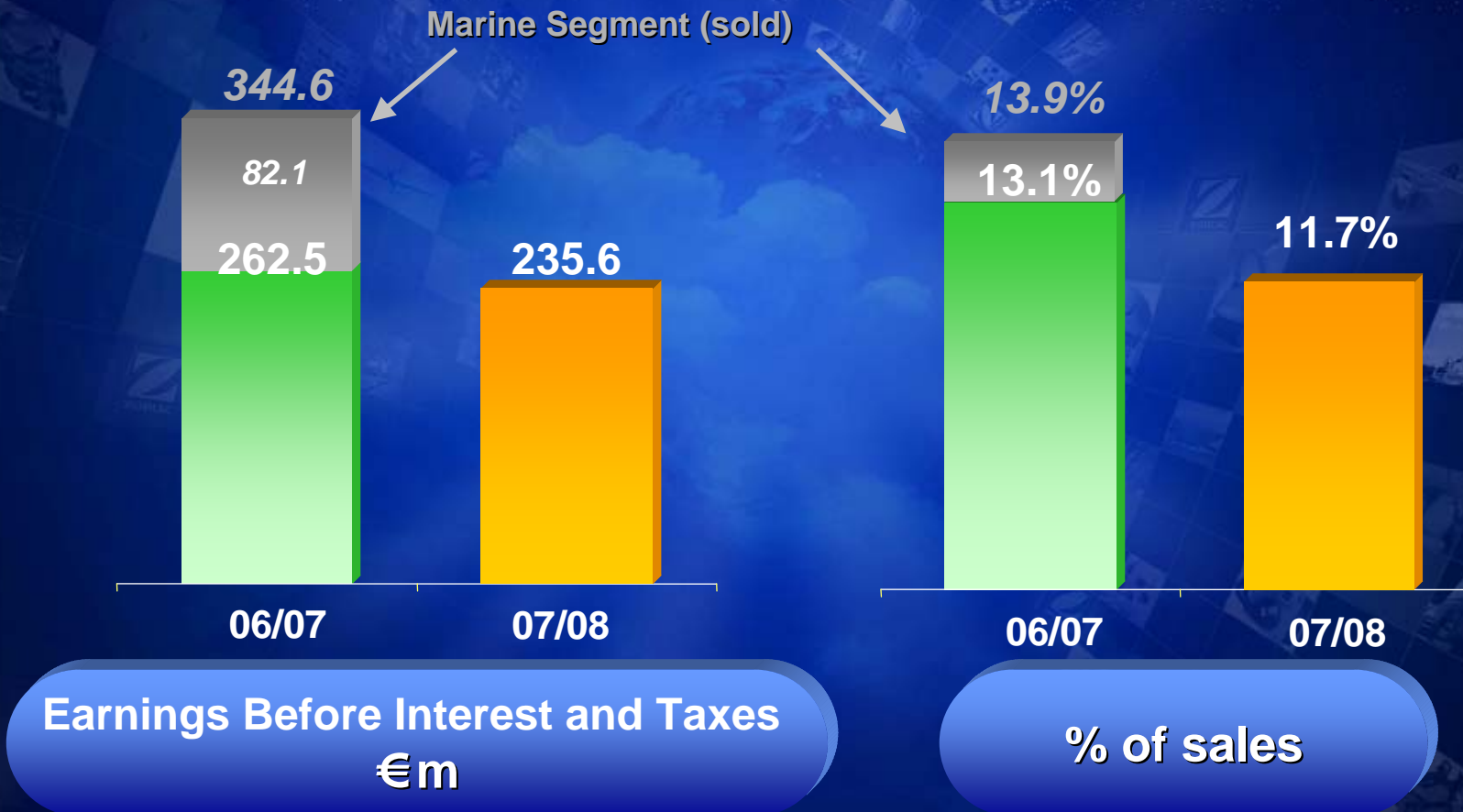
Consolidated sales, €m (AER)

Steep decline of \$ against €

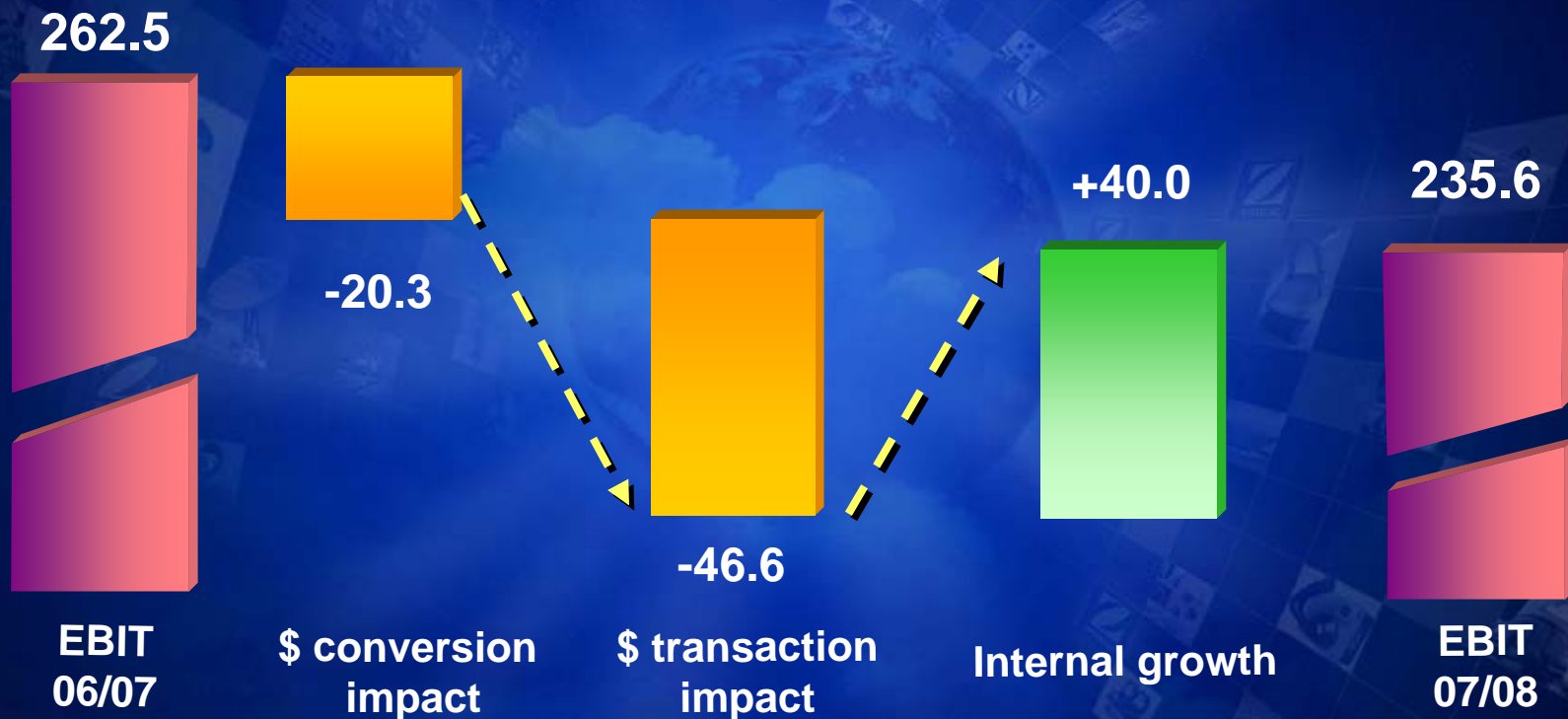


6-year change in \$ per € average exchange rate

Healthy EBIT, considering \$ environment

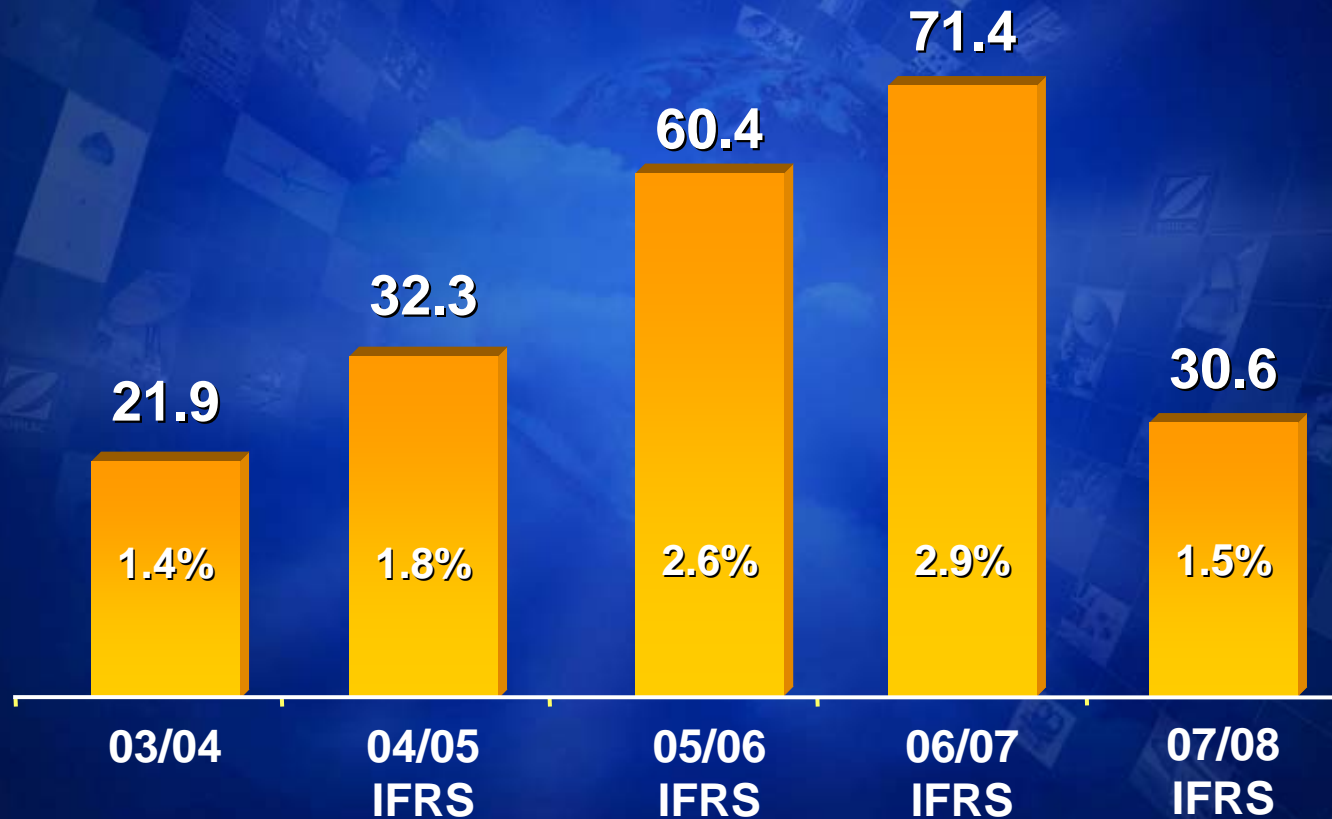


Strong internal growth masked by highly adverse dollar impact



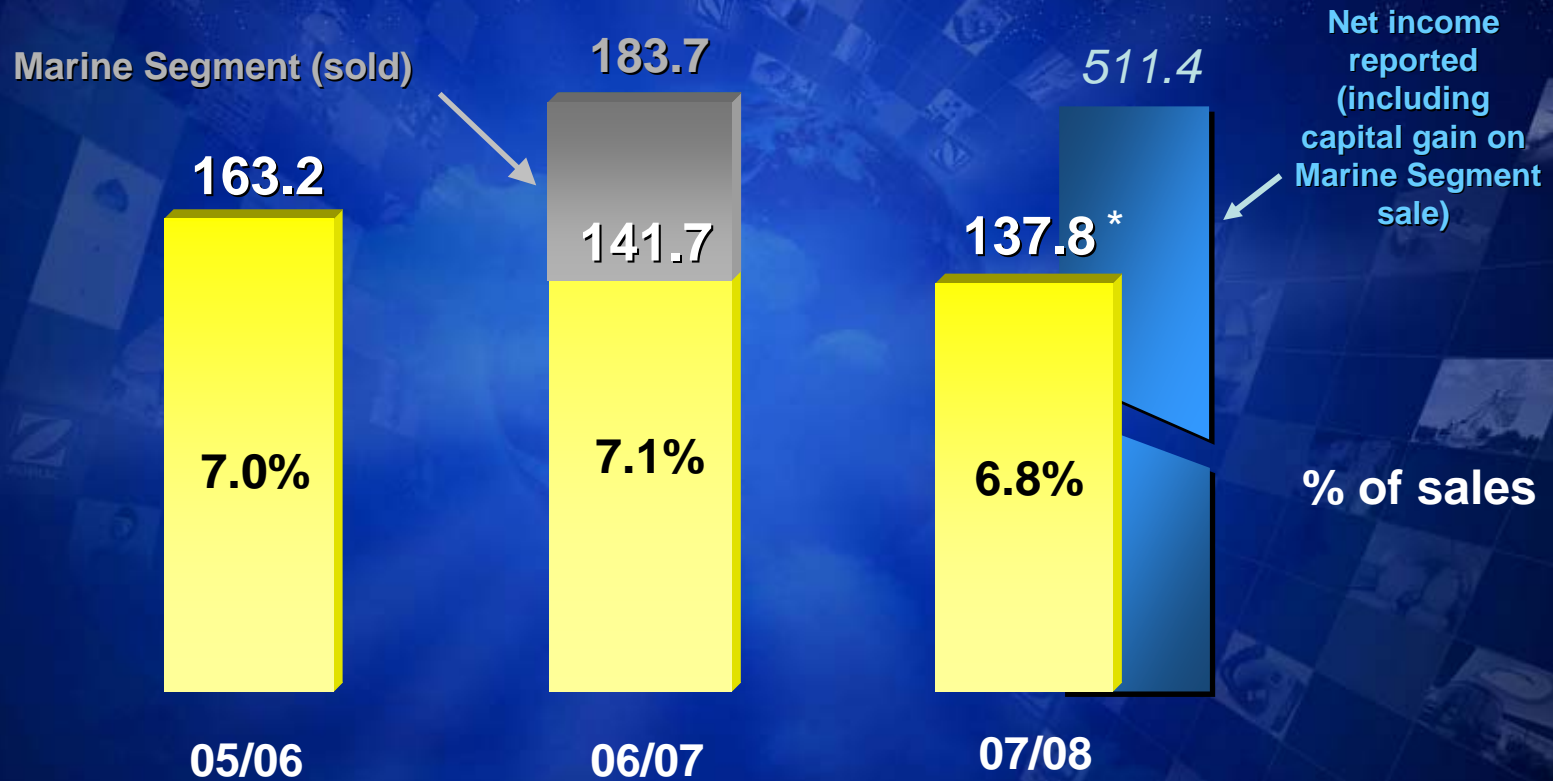
EBIT, €m

Interest expenses down after disposal of Marine Segment



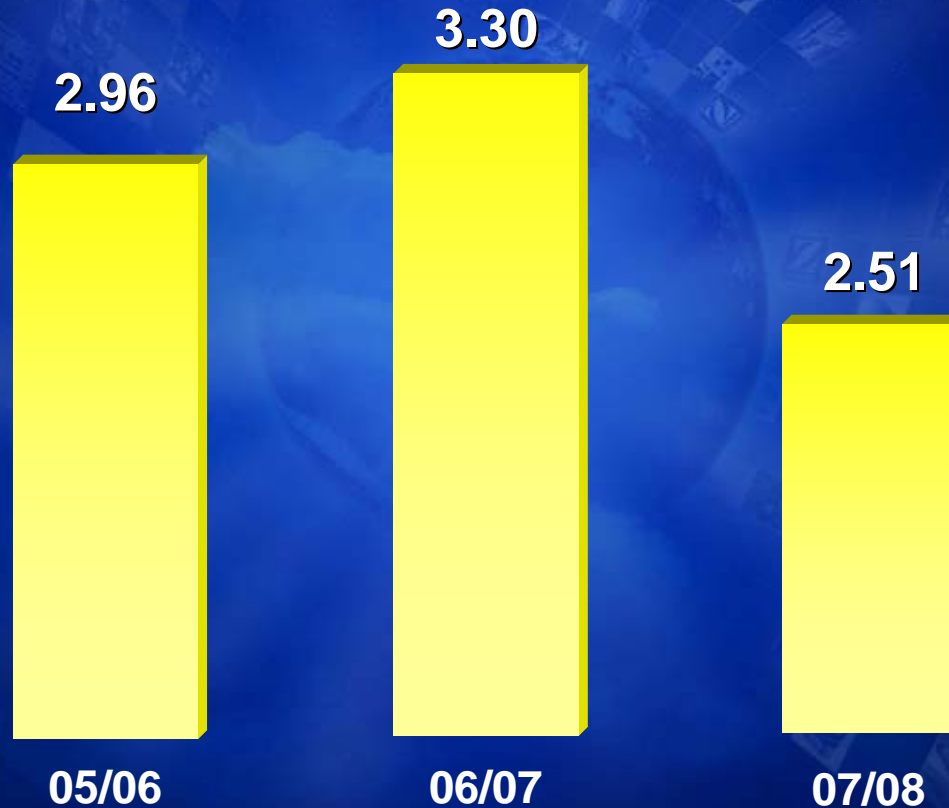
Interest expenses, €m and % of sales

Total net income = 6.8% of sales



Net income, €m and % of sales
*excl. Marine Segment capital gain

As expected, EPS down after sale of Marine Segment (excl. capital gain)



Net Earnings Per Share, €
excl. Marine Segment capital gain

Revised targets have been met

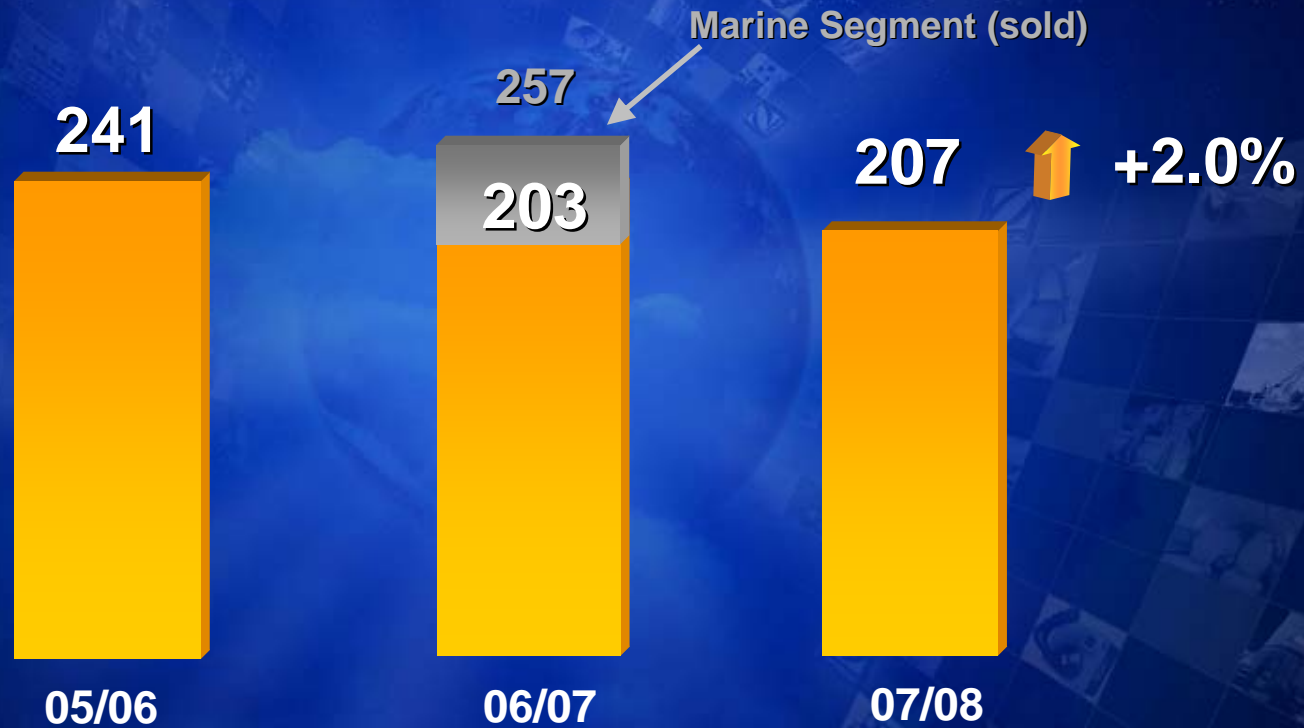
2007/2008 estimated

	Nov '07	April '08		07/08 actual
\$ per €	1.40	1.40	1.50	1.50
Aerosafety Systems	54	50	45	53.3
Aircraft Systems	72	79	58	56.0
Cabin Interiors	131	126	117	116.5
Technology	14	13	13	14.5
Other	-1	-3.0	-3.0	-4.7
Total EBIT	270	265	230	235.6
Non-current (a)	(a)	(a)	(a)	-2.0 (a)
Operating income	270	264	230	233.6
Interest expense (b)	-28	-27	-27	-30.6
Income before taxes	242	238	203	203.0
Taxes	-77	-76	-63	-65.2
Net income	165	162	140	137.8
EPS (b)	2.97 (b)	2.92 (b)	2.52 (b)	2.51

(a) Excl. Marine capital gain (€373.6 m on income statement)

(b) Excl. impact of share repurchase program

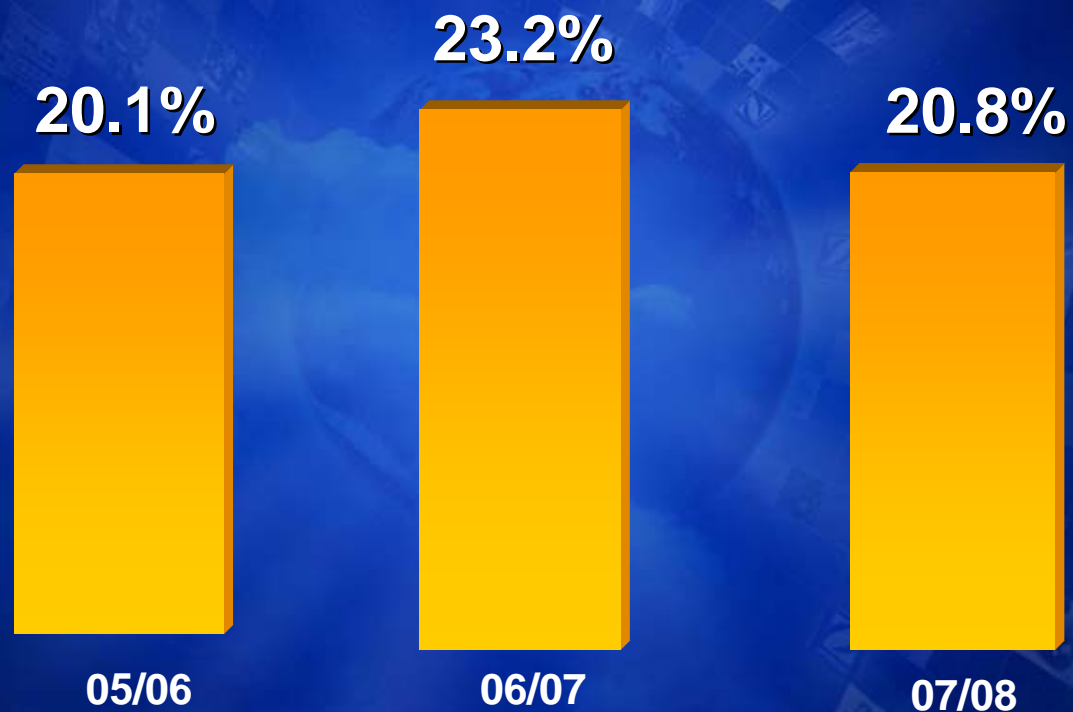
Cash flow up, excluding Marine Segment



Cash flow, €m

FY2007/2008: GROUP

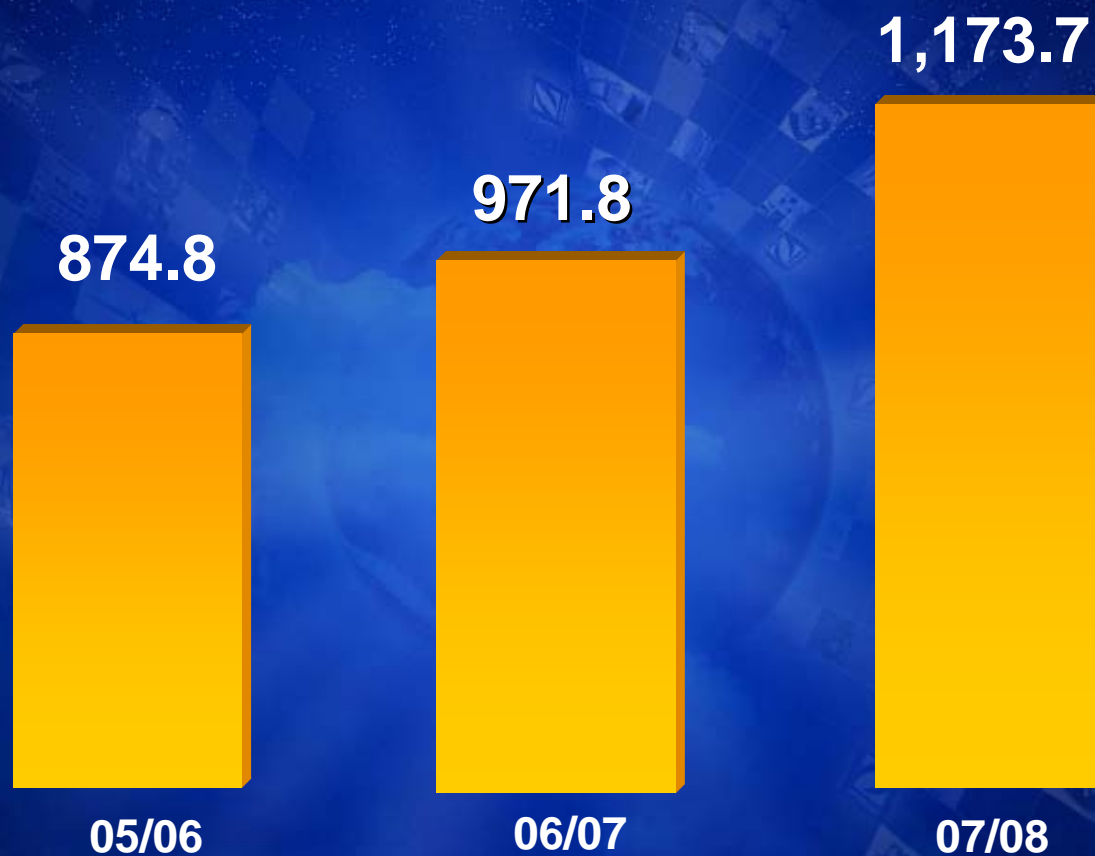
Still a high return on equity



Pro-forma return on equity, %

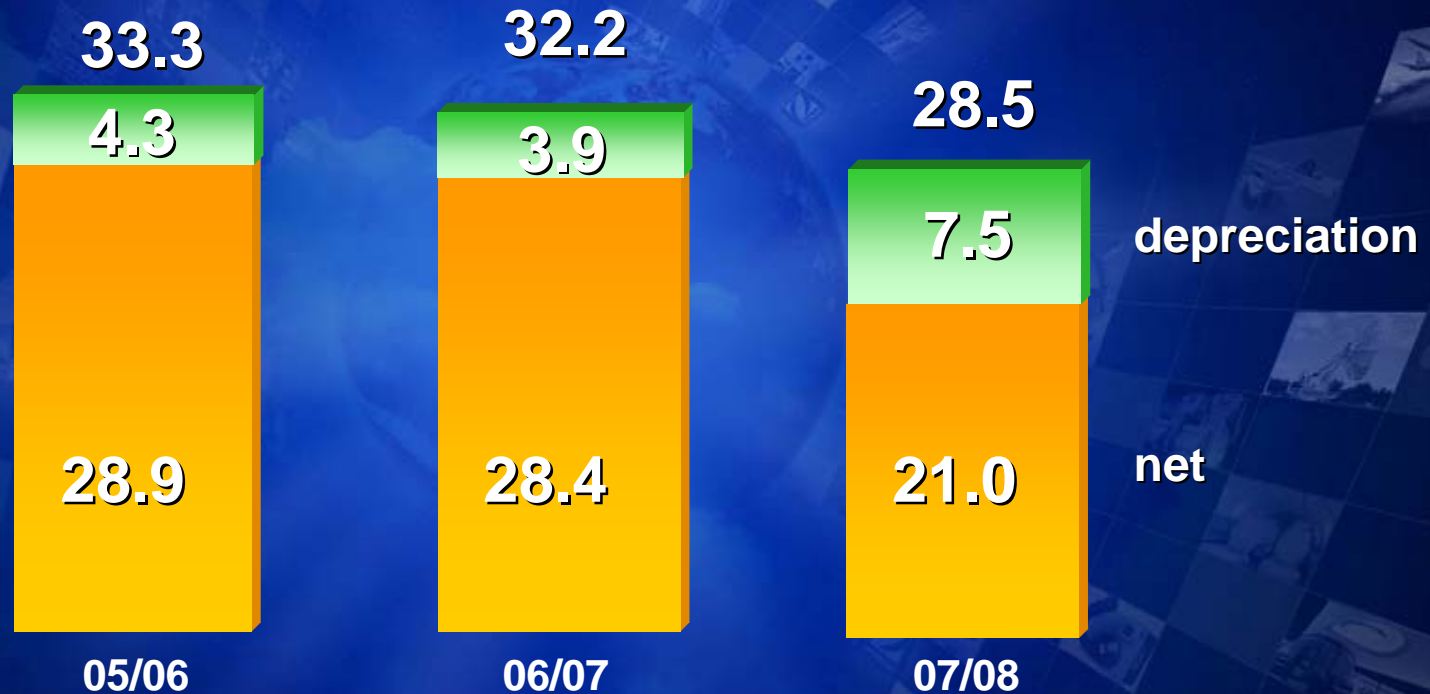
FY2007/2008: GROUP

Stockholders' equity on the rise



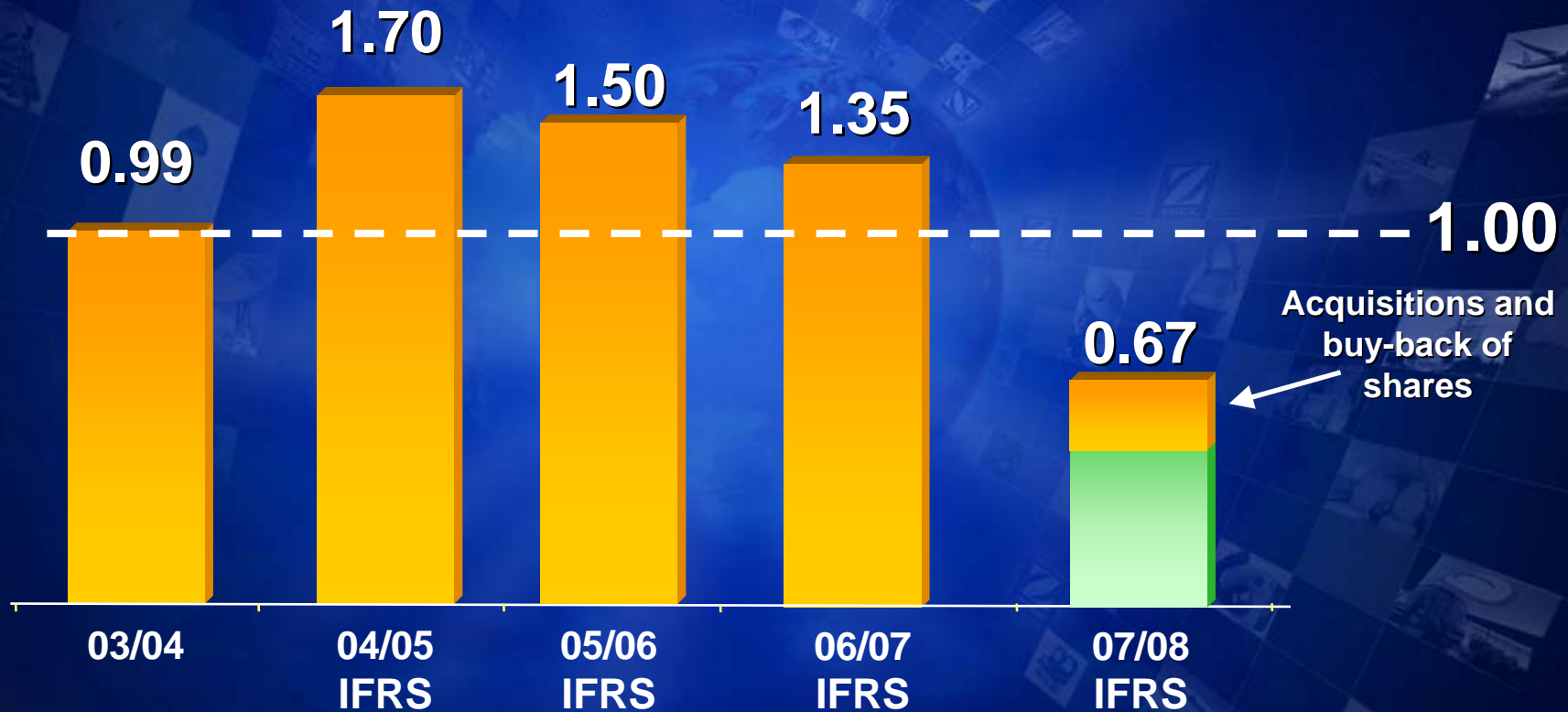
Stockholders' equity, €m

R&D activation down



Activated R&D: total and net of depreciation (IAS 38), €m, constant exchange rates

Debt ratio substantially lower after disposal of Marine Segment



Debt / Stockholders' equity

External-growth strategy continued in 2007/08

- ❖ **Zodiac acquired three companies in Q4**
 - ✓ First consolidation: Aug. 31. 2008
- ❖ **Driessen**
 - ✓ World leader in trolleys and in galleys for single-aisle aircraft
 - ✓ €135 million in sales in 2007
 - ✓ 2000 employees, mainly in Thailand, Czech Republic, and the U.S.
- ❖ **TIA**
 - ✓ Galley equipment, \$14.5 million in sales in 2007
- ❖ **Adder**
 - ✓ Cabin-interior equipment for commercial aircraft, €7 million in sales in 2007



Disposal of Marine Segment

❖ Finalized September 27, 2007

❖ Capital gain treatment:

✓ In income statement

- Non-recurring operating items: €413.4 m
- Taxes: €39.8 m
- Net: €373.6 m

✓ Deferred, stockholders' equity: €91.2 m*

✓ Total: €464.8 m

**before adjustment of fair value of our stake*

❖ Fair-value accounting of our stake in ZMP

✓ Substantial decrease in fair value in H2, without impact on income statement

FY2007/2008: GROUP

Summary consolidated balance sheet, August 31, 2008

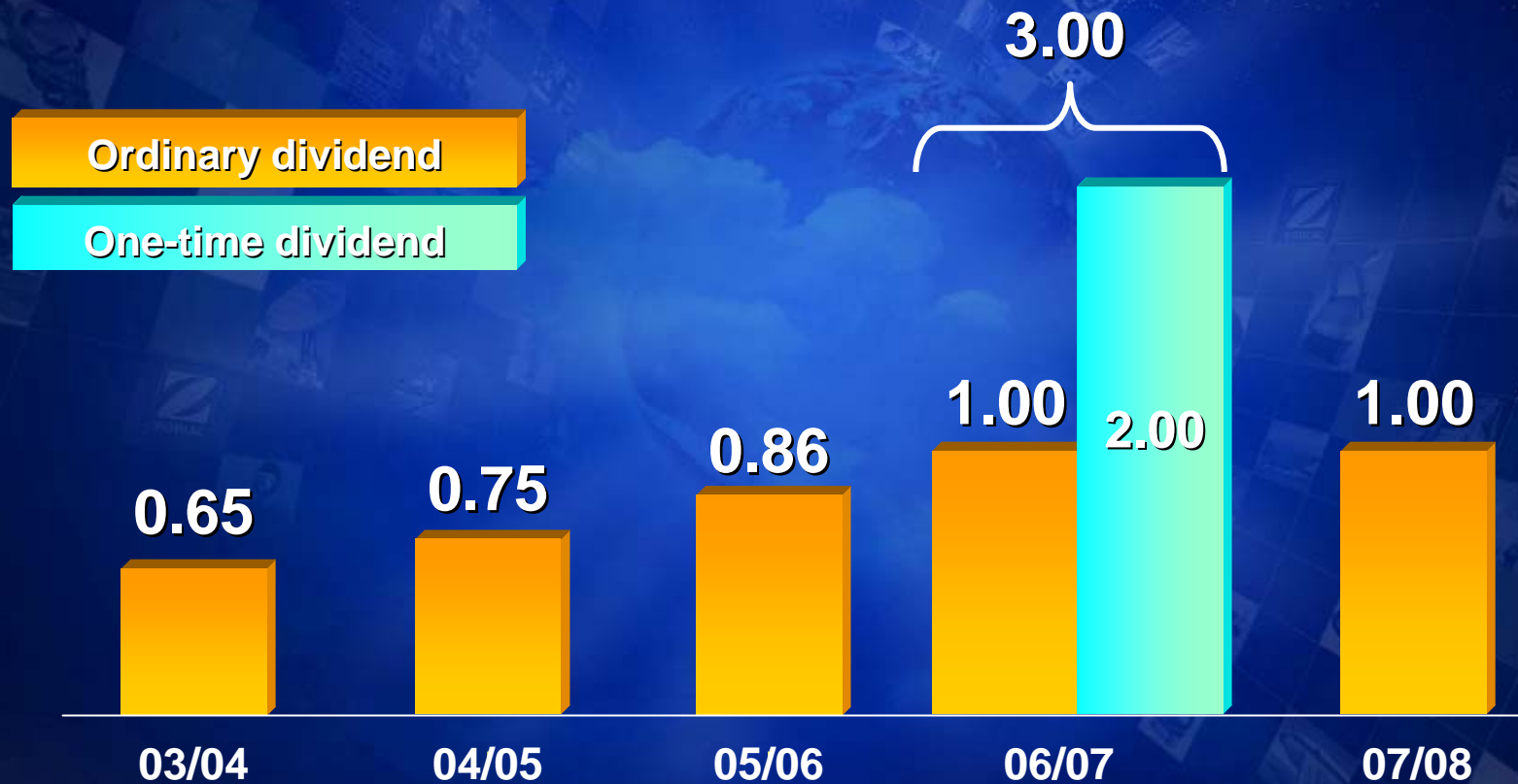
ASSETS (€ m)	08/2008	08/2007	LIABILITIES (€ m)	08/2008	08/2007
Goodwill	979.8	906.2	Stockholders' equity		
Intangible assets	184.1	135.4	Capital stock	662.3	788.1
Tangible assets	223.1	201.0	Retained earnings	511.4	183.7
Other incl. deferred tax	22.6	56.1	Net equity	1,173.7	971.8
Total non-current assets	1,409.6	1,298.7	Provisions & deferred tax	72.3	62.5
Inventories	526.3	448.1	Long-term debt	456.2	1,020.4
Trade receivables	498.2	419.8	Total non-current liabilities	528.5	1,082.9
Other	46.7	40.4	Prov. contingencies, losses	62.5	36.2
Cash and cash equivalents	99.0	45.9	Short-term debt	394.3	278.1
Total current assets	1,170.2	954.2	Trade payables	234.8	193.6
Assets in process of being sold		567.8	Prov. retirement & benefits	105.6	98.0
TOTAL ASSETS	2,579.8	2,820.7	Other	80.4	62.6
			Total current liabilities	877.6	668.5
			Businesses in process of being sold		97.5
			TOTAL LIABILITIES	2,579.8	2,820.7

Financing items

€m	August 2008
OPERATING ACTIVITIES	
Cash flow	207.4
Change in WCR	-82.6
Changes due to businesses in the process of being sold and continuing operations	124.8
INVESTMENT ACTIVITIES	
Acquisition of intangible assets	-34
Other	-52.4
Change in scope of consolidation	690
Changes due to investment in businesses in the process of being sold and in continuing operations	603.6
FINANCING ACTIVITIES	
Change in long-term debt	-487.7
Increase in stockholders' equity	1.9
Treasury stock	-80.8
Dividends	-166.6
Changes due to financing of businesses in the process of being sold and of continuing operations	-733.1
Change in cash flow	-5.7

FY2007/2008: GROUP

At AGM on January 12, 2008, Management will propose to hold dividend at €1.00



Net dividend, €

AEROSAFETY SYSTEMS

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A good year from a business and operational standpoint

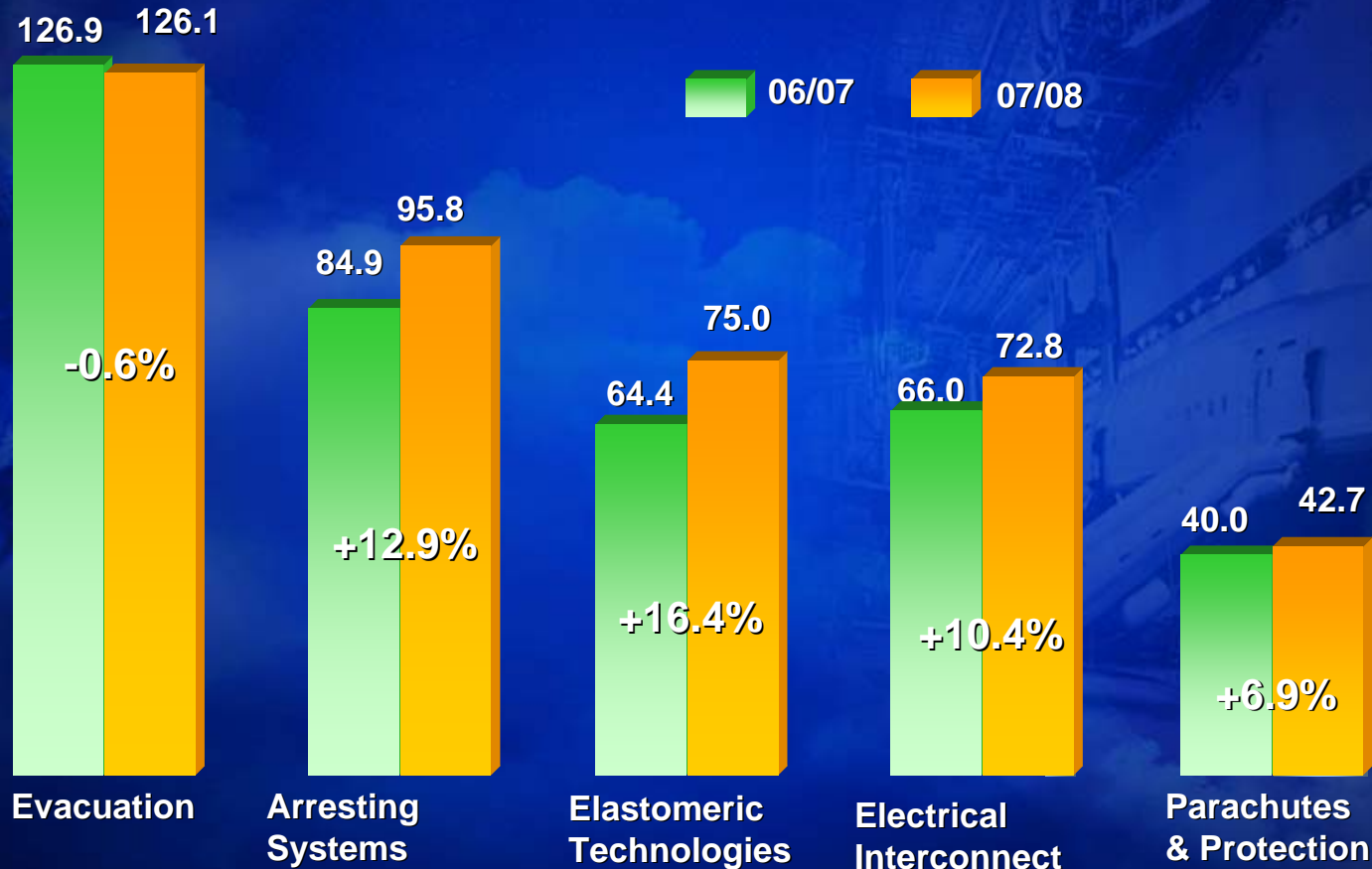
- ❖ Commercial successes for Airbus A350XWB
 - ✓ Evacuation slides
 - ✓ Cable harnesses for aft landing gear
- ❖ Many programs under development
 - ✓ Slides, floats, fuel cells, and more
- ❖ Excellent performance by Aircraft Arresting Systems Division

Healthy organic growth



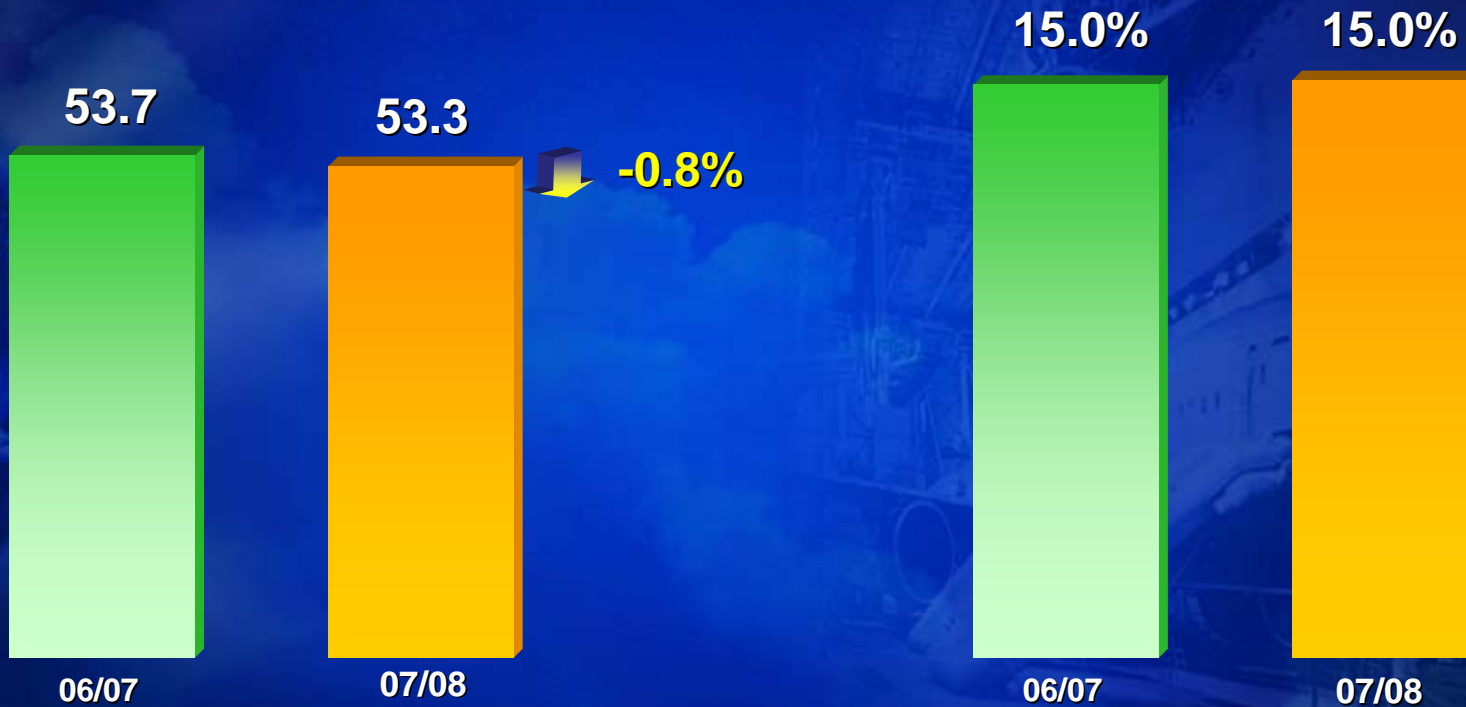
Consolidated sales, €m (AER)

Good performance in all Divisions



Consolidated sales, €m (constant exchange rate)

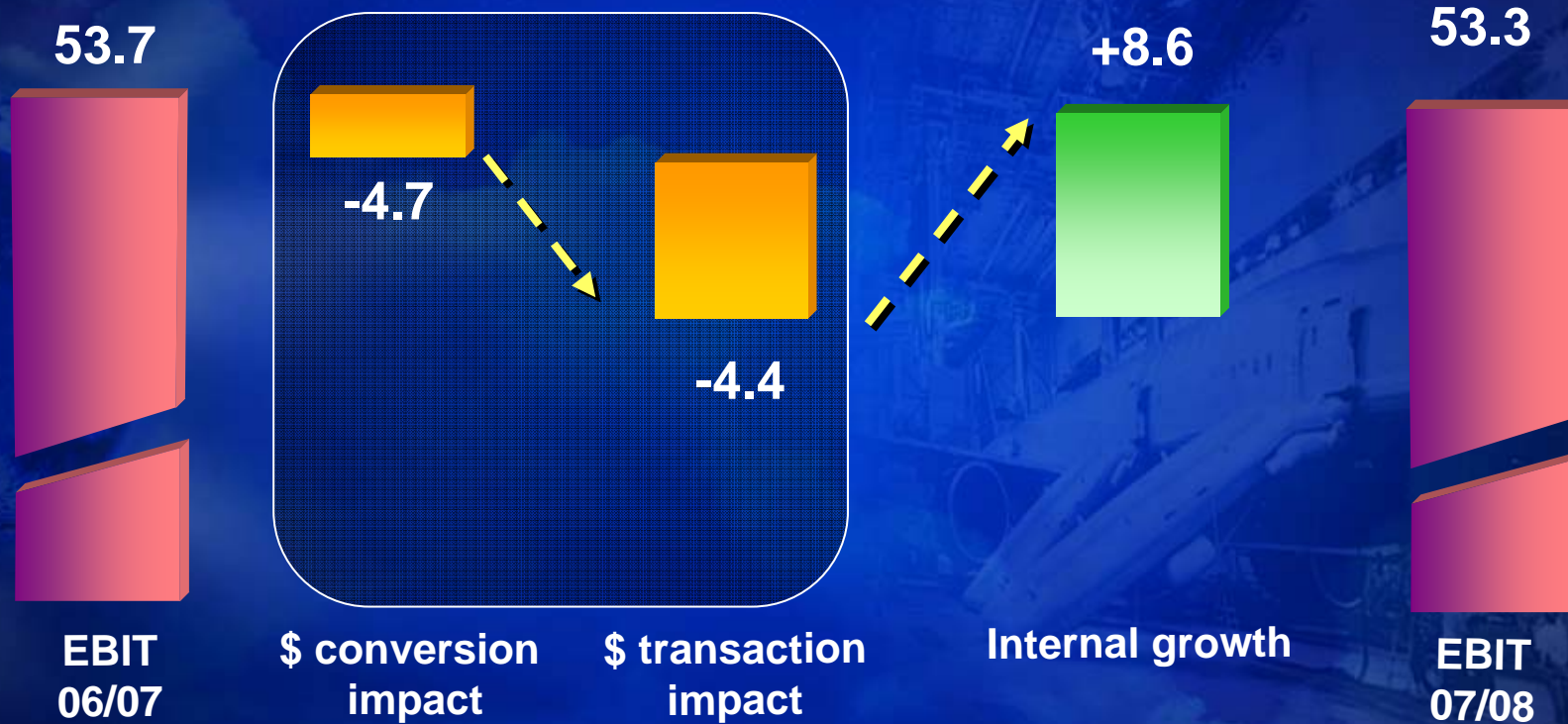
Stable operating margin



EBIT, €m

% of sales

Strong internal growth offset dollar impact



EBIT, €m



TECHNOLOGY

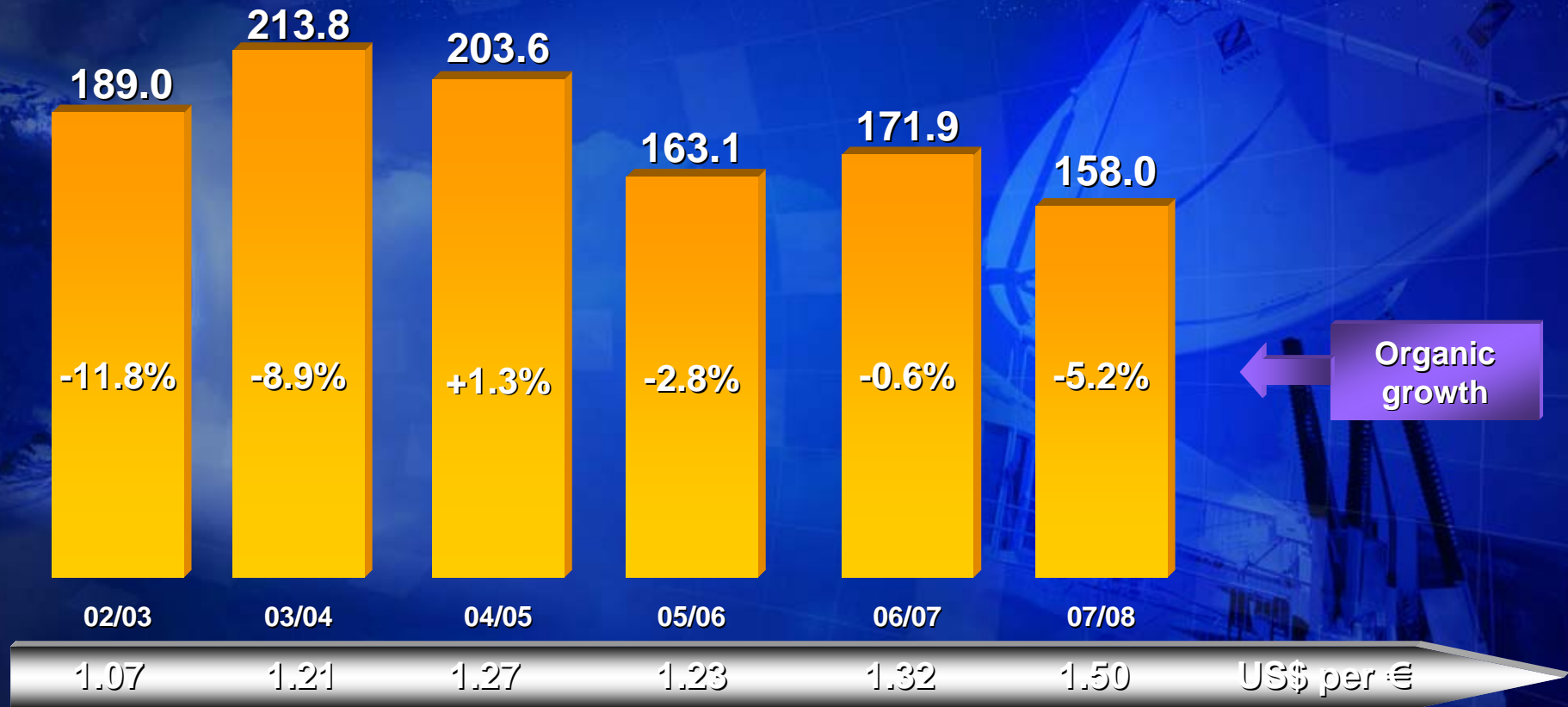
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A satisfactory year

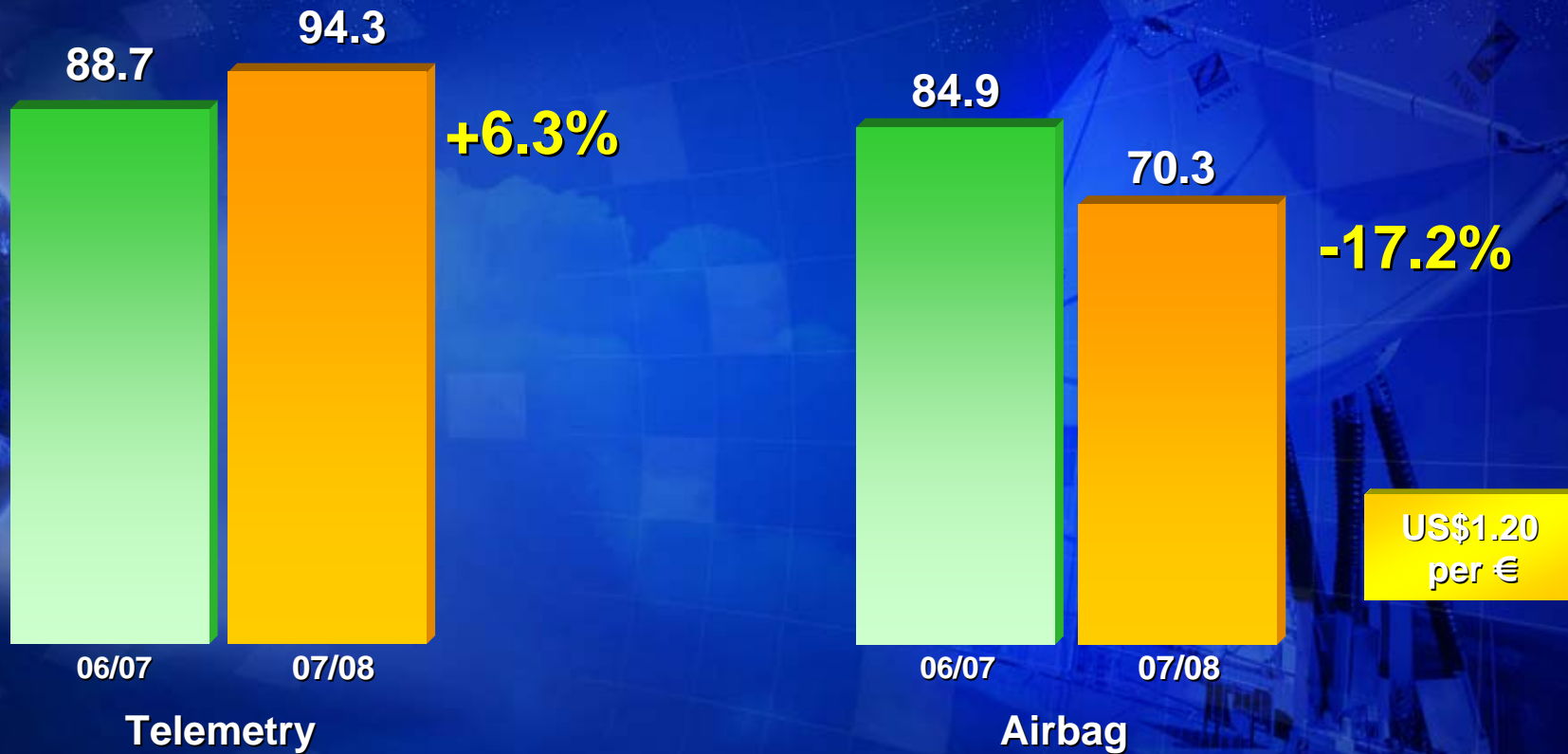
- ❖ Brisk aerospace sales
 - ✓ Ariane 5, Cortex, HDR
- ❖ Many commercial successes for VS1500 data recorder
- ❖ Steady decline in Airbag business
- ❖ Operating margin improved

Sales down due to Airbag business



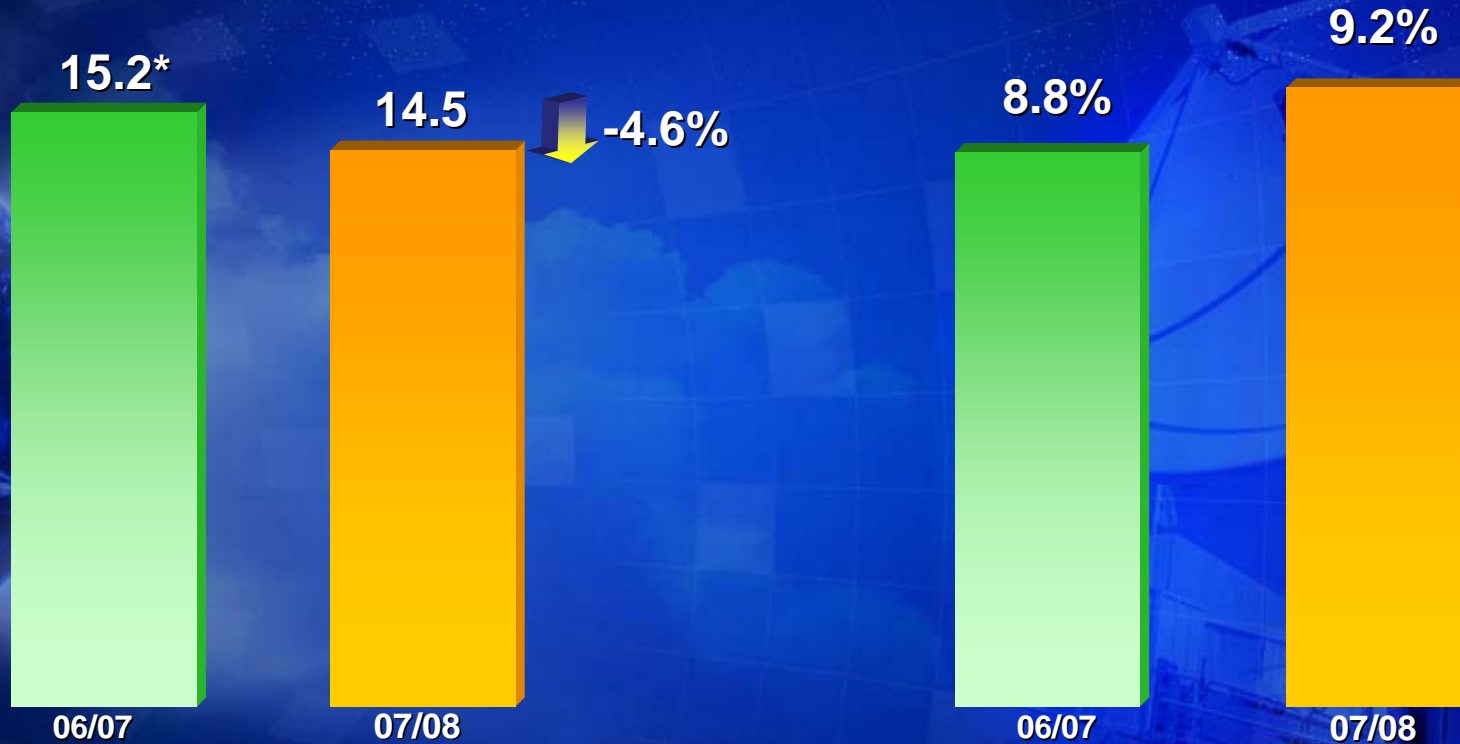
Consolidated sales, €m (AER)

Telemetry sales up



Consolidated sales, €m (constant exchange rate)

Operating margin improved



EBIT, €m

% of sales

Includes €1.5 m in royalties in 2006/2007

AIRCRAFT SYSTEMS

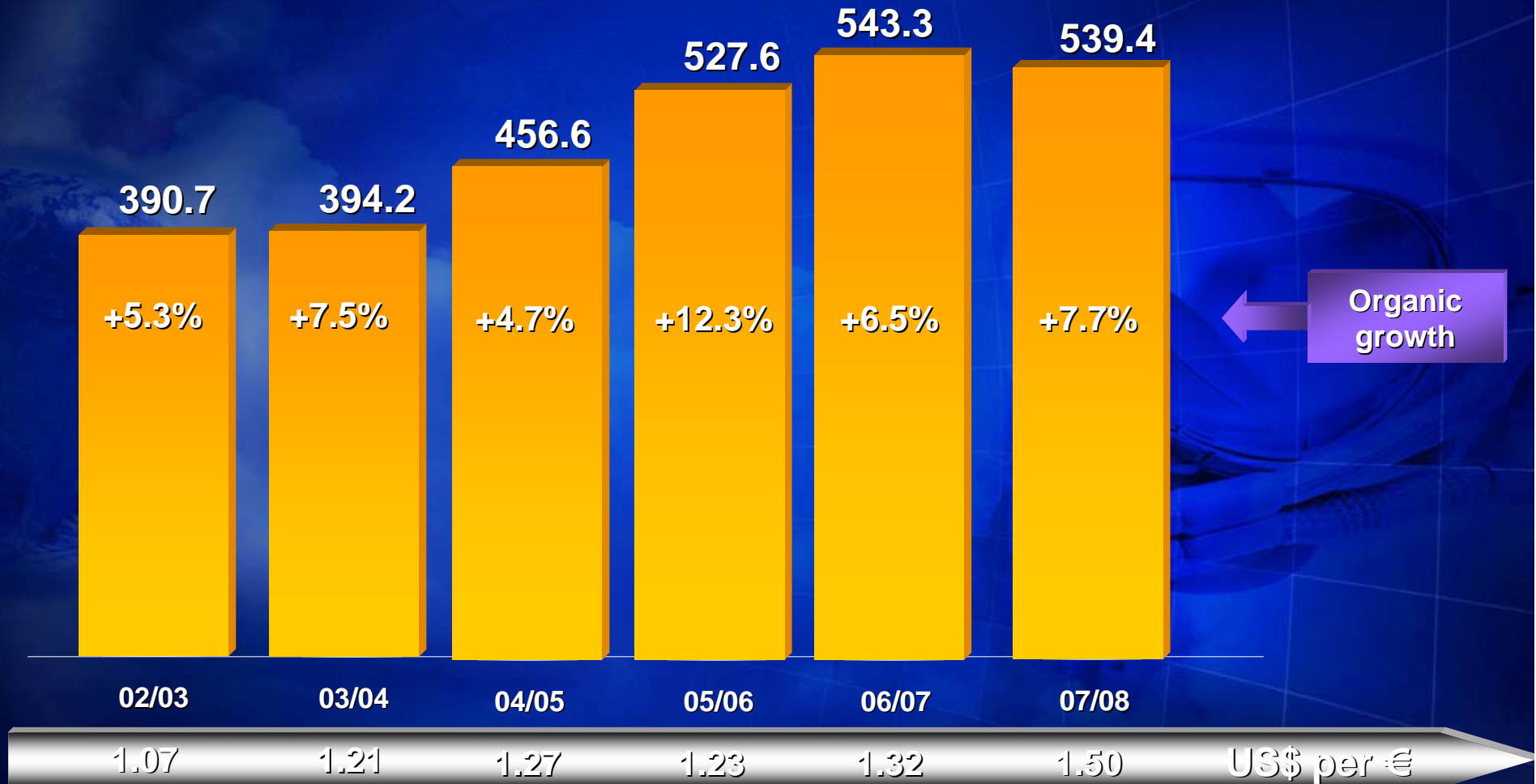
Mastering the Elements



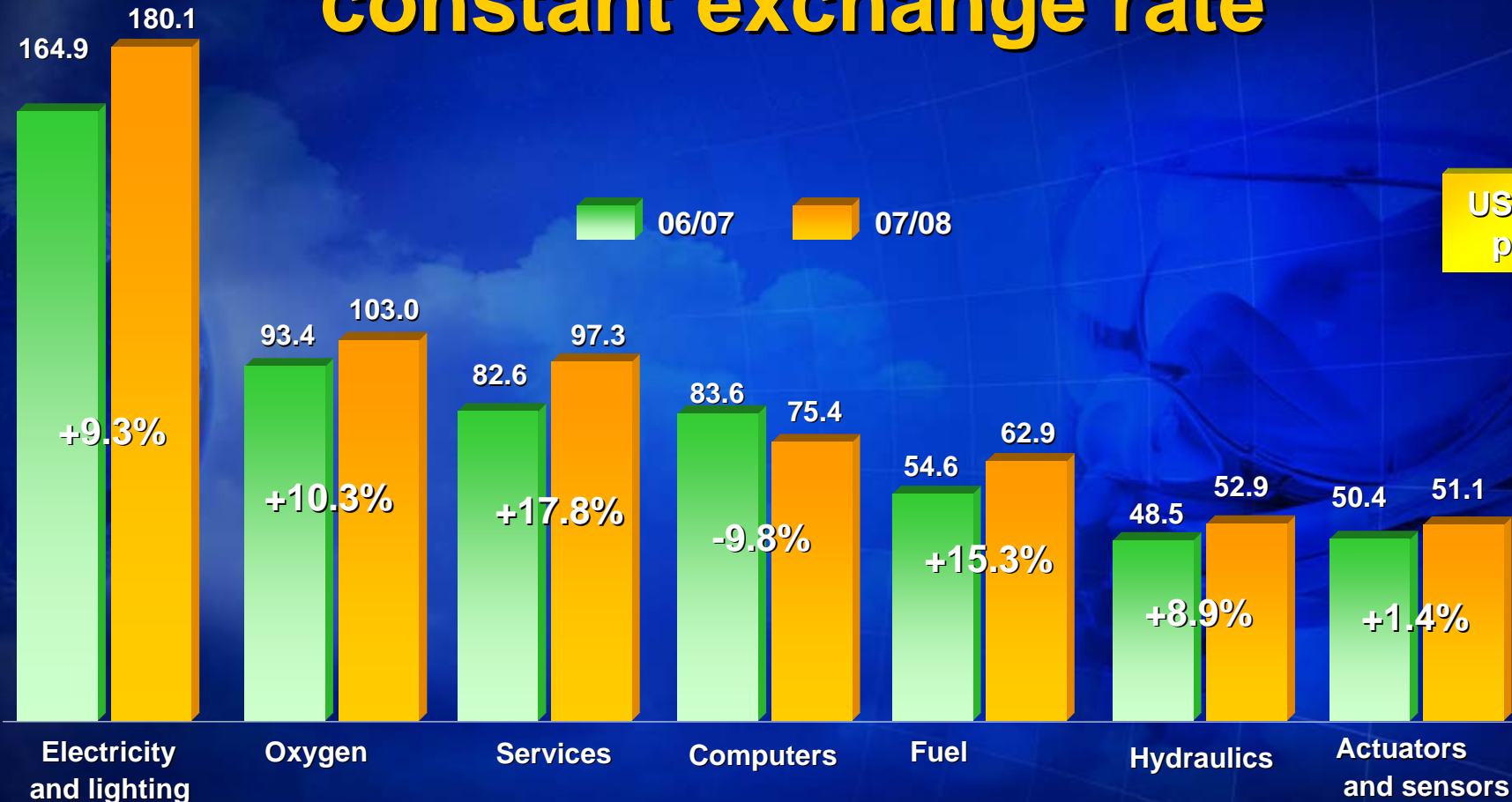
Satisfactory overall growth

- ❖ Commercial successes
 - ❖ Airbus A350XWB: primary and secondary electrical power distribution; external lighting; miscellaneous computers
 - ❖ Embraer Legacy 450: power distribution; oxygen system
 - ❖ Hondajet, Gulfstream G650, Mitsubishi MRJ, etc.
- ❖ Deliveries of new products under development
- ❖ Ramp-up of Customer Support business
- ❖ Increase in OEM deliveries for civilian aviation

Sound organic growth



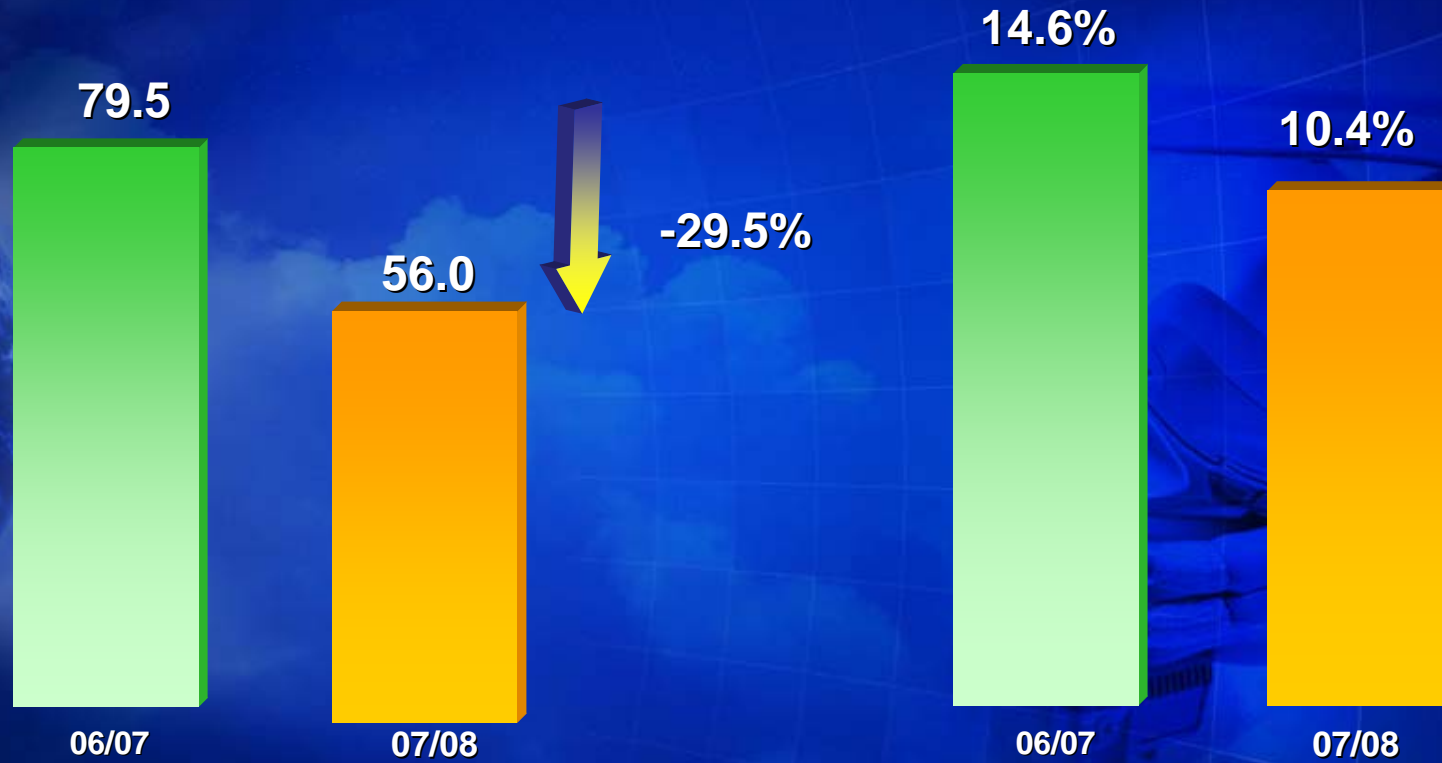
Customer Support drives growth at constant exchange rate



US\$1.20 per €

Consolidated sales, €m (CER)

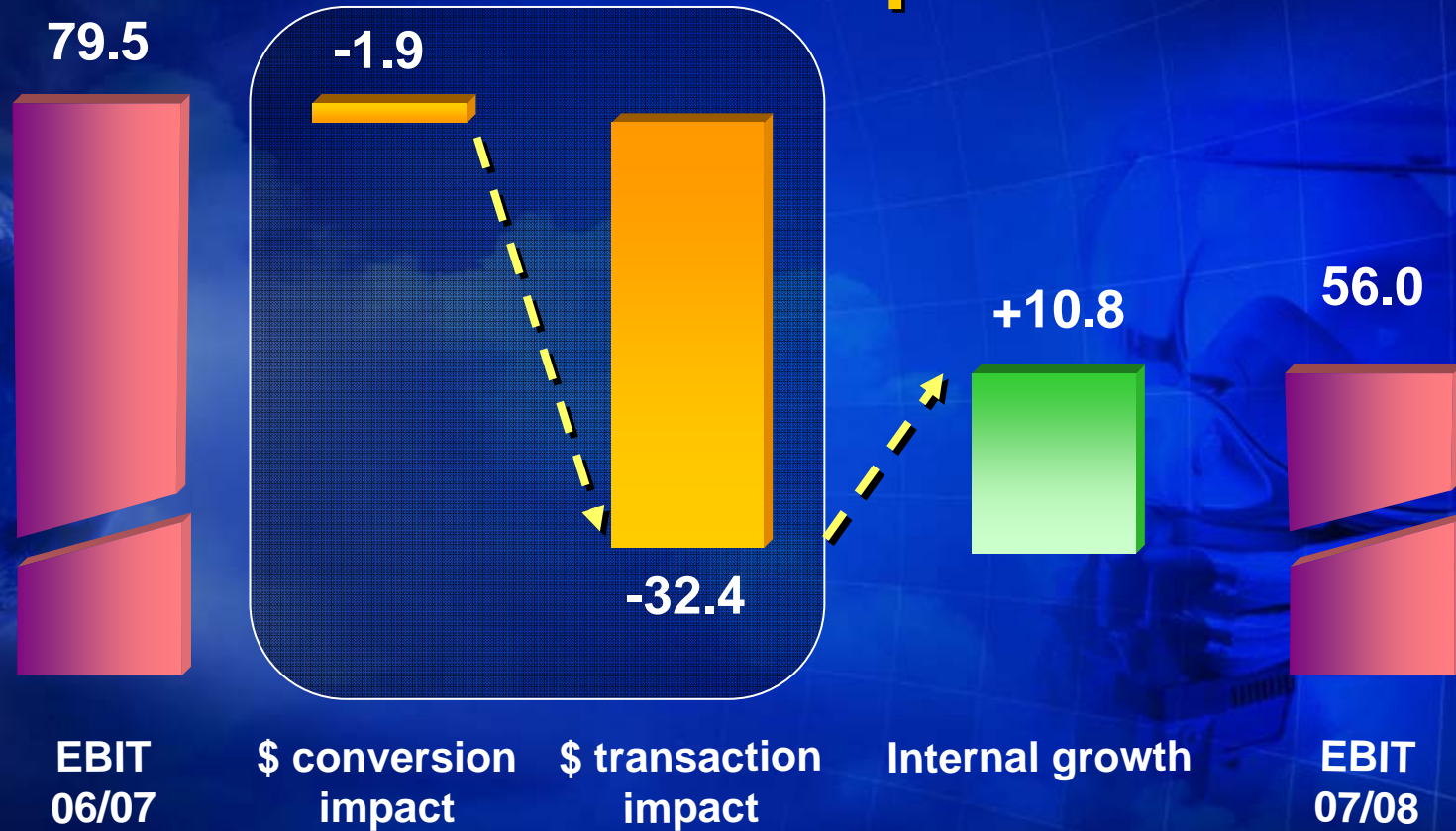
Two-digit EBIT margin



EBIT, €m

% of sales

EBIT withstood strong negative dollar impact



EBIT, €m



CABIN INTERIORS

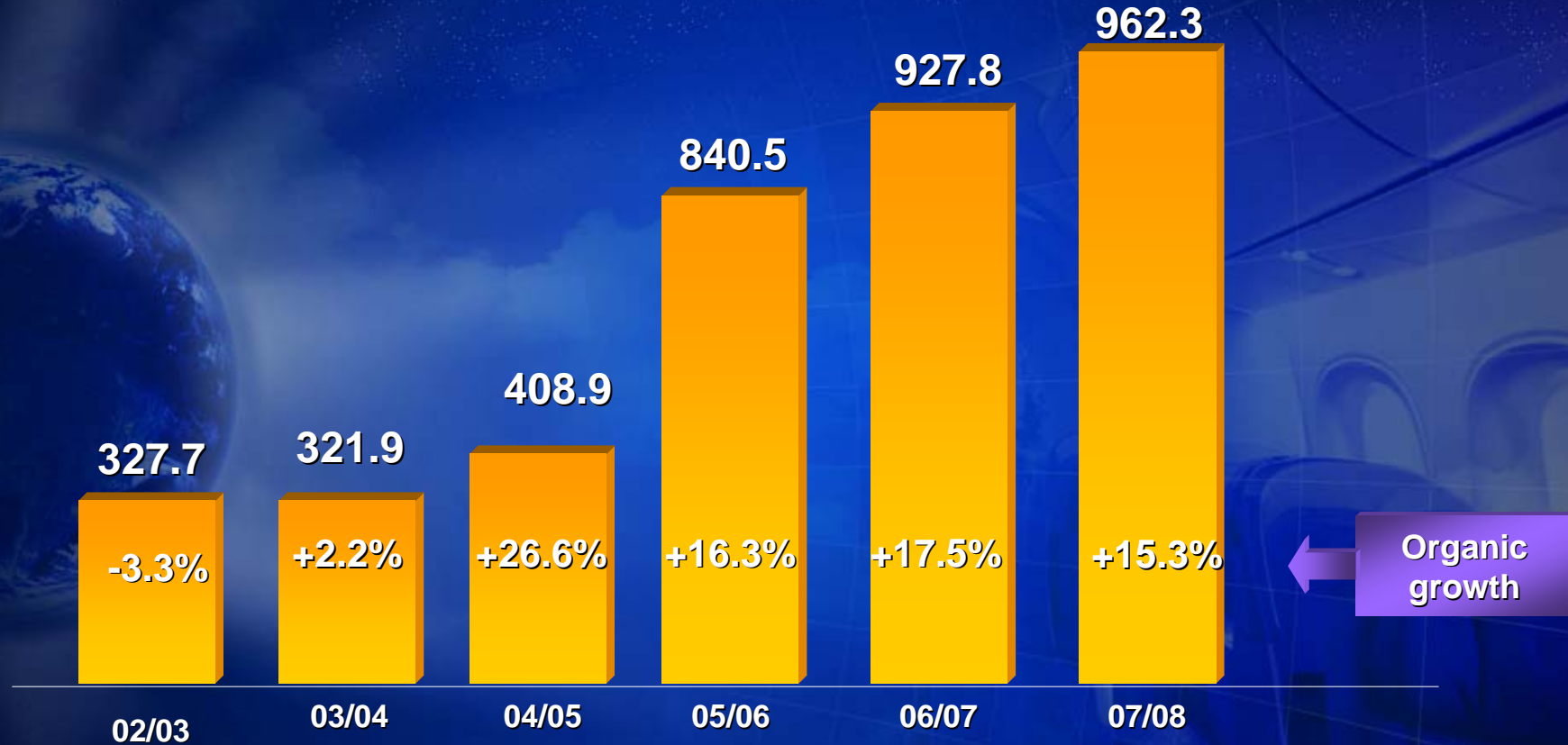
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Brisk growth in 2007/2008

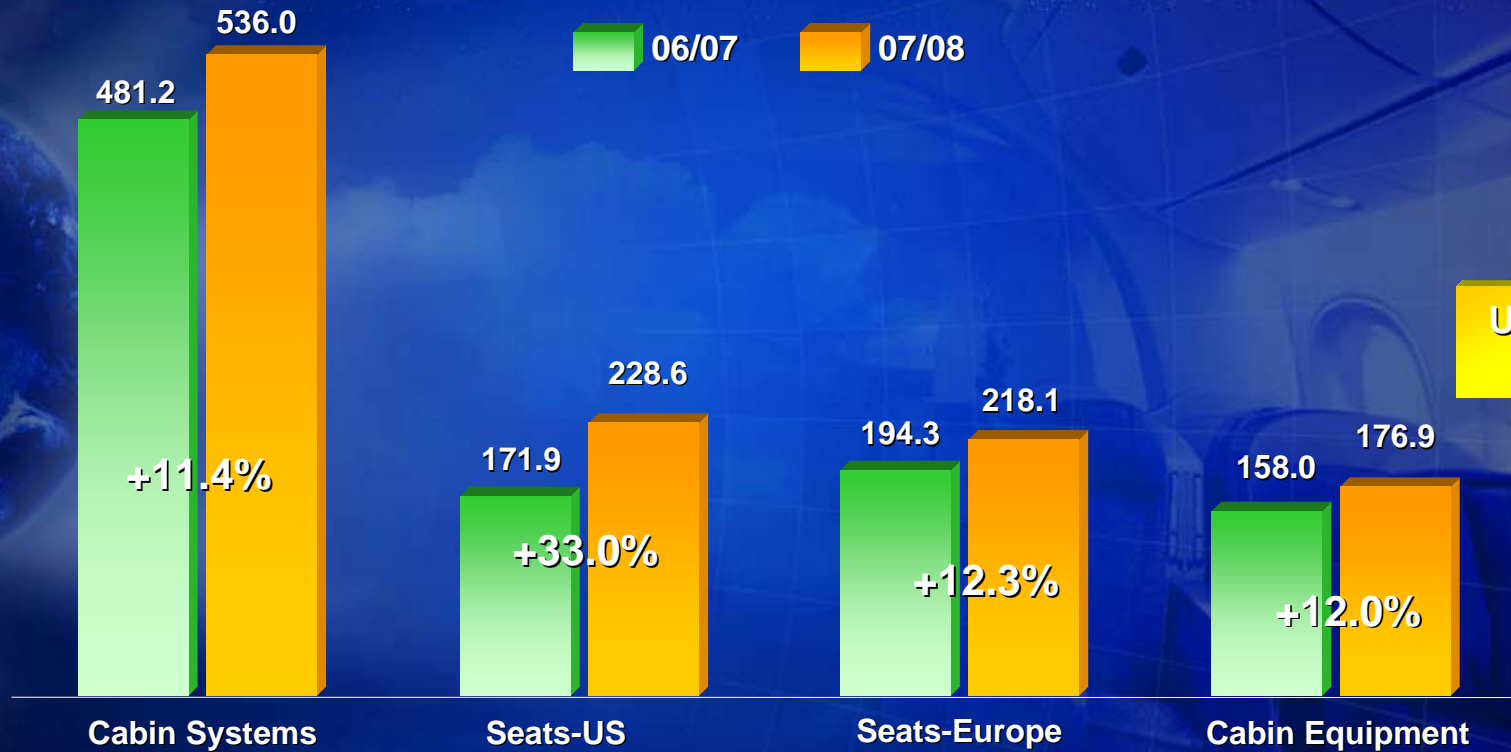
- ❖ Strategic successes in Cabin business
 - ✓ Contract for Bombardier CSeries cabin
 - ✓ Selections for Airbus A350XWB
- ❖ Seats: good commercial performance
 - ✓ Retrofit and new-aircraft programs for U.S. airlines including Delta, American Airlines, and US Airways
 - ✓ Weber and Sicma launch new-generation business-class and economy-class models
- ❖ Production starts in Tunisia and Mexico (seats)

Organic growth still very brisk



Consolidated sales, €m (AER)

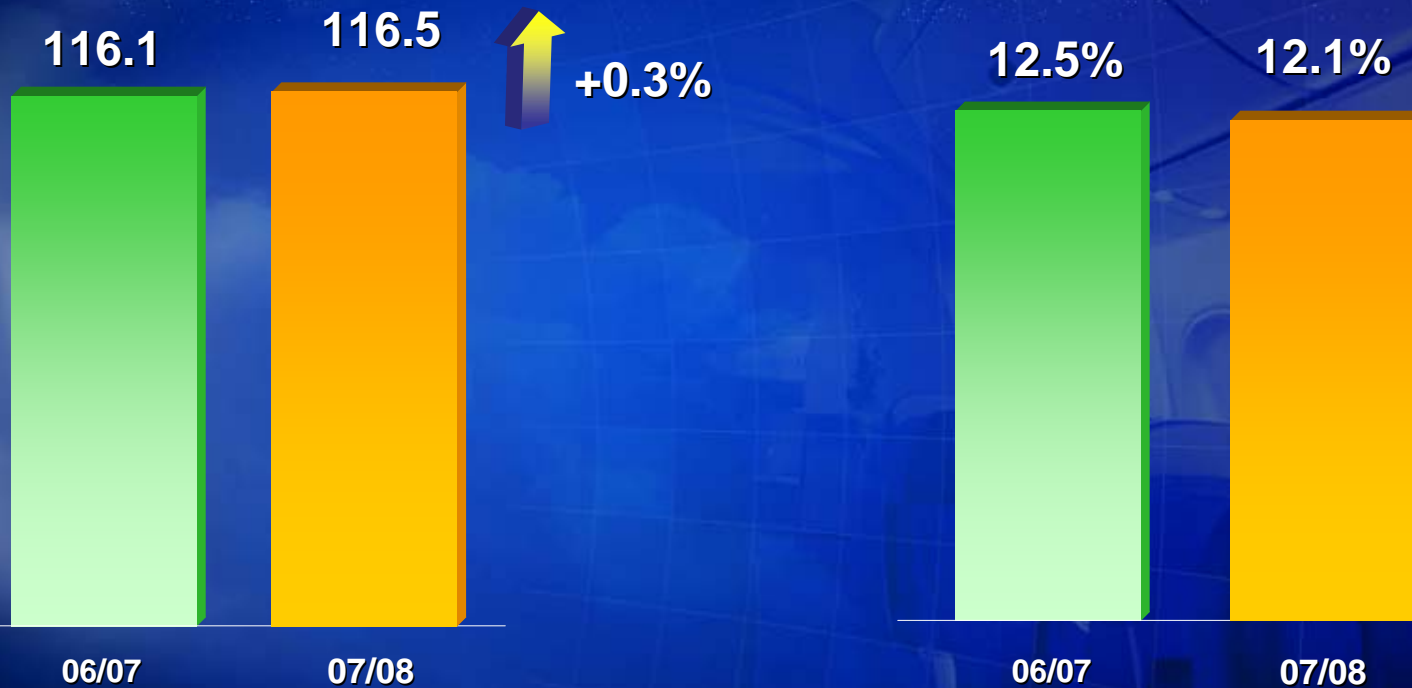
Seats-US expands market share



Consolidated sales, €m (constant exchange rate)

FY2007/2008: CABIN INTERIORS

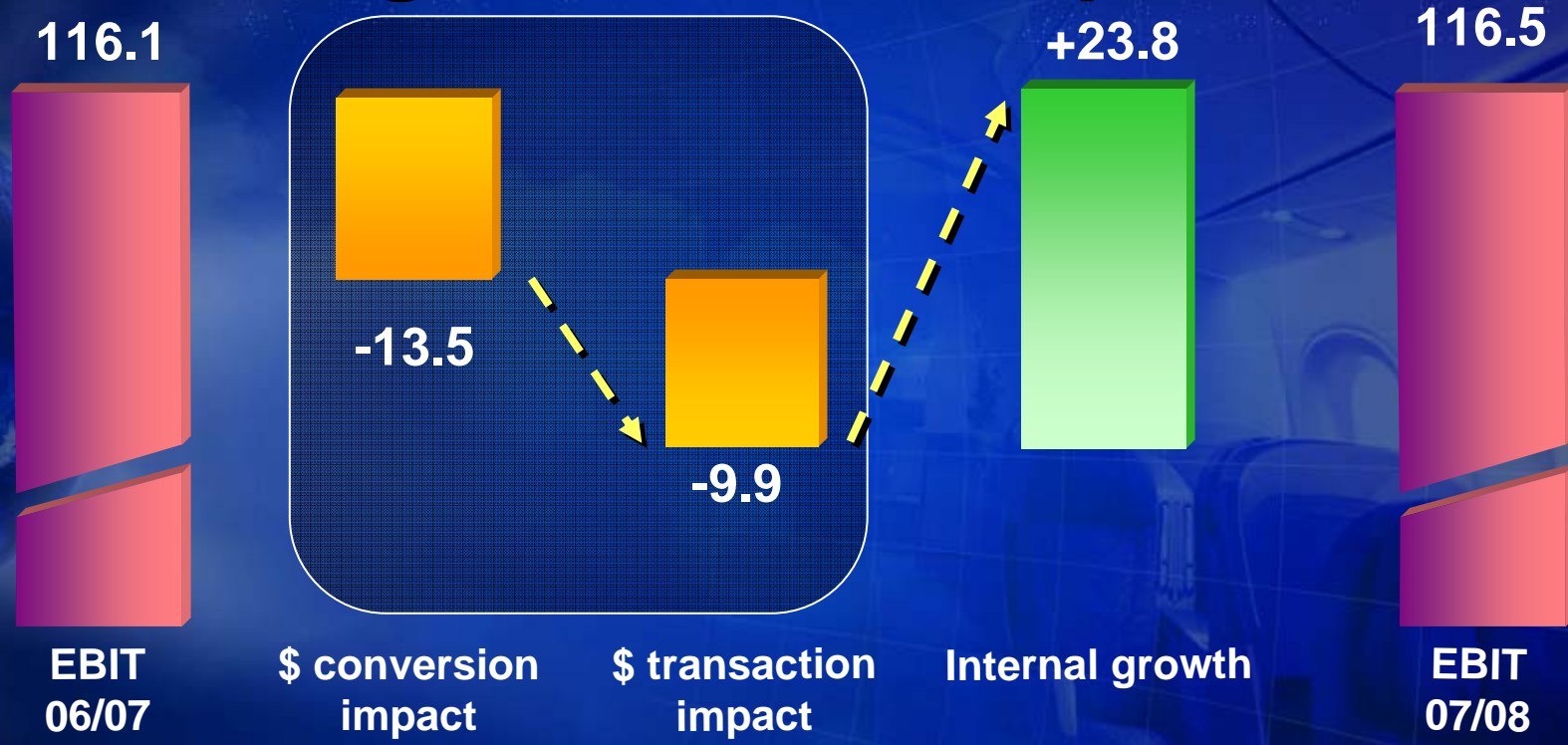
EBIT and operating margin stable



EBIT, €m

% of sales

Internal growth offsets negative dollar impact



EBIT, €m



GROUP Short & medium outlooks

Mastering the Elements



2008/2009 OUTLOOK: GROUP

- ❖ **Mixed prospects for FY2008/2009:**
 - ✓ A more favorable dollar exchange rate
 - ✓ Satisfactory visibility for the year despite:
 - ✓ - slower production rates for certain aircraft categories
 - ✓ - delays in new programs
- ❖ **Zodiac is continuing its “Low Cost / dollarization” programs and external-growth strategy**

2008/2009 OUTLOOK: AEROSAFETY SYSTEMS

- ❖ Slower business growth
- ❖ New programs starting
- ❖ Expansion of production facilities in Tunisia and Mexico

2008/2009 OUTLOOK: TECHNOLOGY

- ❖ Telemetry markets should withstand economic downturn
- ❖ However, tough automotive market for Airbags
- ❖ These Divisions to be integrated into Aerosafety Segment

2008/2009 OUTLOOK: AIRCRAFT SYSTEMS

- ❖ Ramp-up of new civilian programs such as A380 and Phenom
- ❖ Segment consolidates world leadership in electrical power distribution systems
- ❖ Segment will continue to increase production volume in low-cost countries

PERSPECTIVE 2008/2009: CABIN INTERIORS

- ❖ Seat sales driven by U.S. retrofit programs
- ❖ Production rate expected to decline at Embraer (regional aircraft)
- ❖ Other programs holding up well (limited impact of Boeing strike)
- ❖ Demand still brisk in business-aircraft market

2008/09: a significant improvement in exchange rates

	06/07	07/08	08/09 est
\$ per €	1.32	1.50	1.30*
Aerosafety Systems	53.7	53.3	57
Aircraft Systems	79.5	56.0	88
Cabin Interiors	116.1	116.5	150
Technology	15.2	14.5	13.5
Other	-2.0	-4.7	-2.5
Discontinued operations (Marine)	82.2	-	-
Total EBIT	344.7	235.6	306
Extraordinary items	1.5	-2.0	-2
Operating income	346.2	233.6	304
Interest expenses	-71.4	-30.6	-50
Income before taxes	274.8	203.0	254
Taxes	-91.2	-65.3	-81
Net income	183.7	137.7	173
EPS	3.30	2.51	3.27

*Partial coverage of current financial year

\$/€ exchange rate impact on EBIT, 2008/2009

Assuming \$1.30 = €1

Conversion impact
of +/- 1 \$0.01



€1.1 m

Transaction impact
of +/- 1 \$0.01



€0.6 m

Total impact
of +/- 1 \$0.01



€1.7 m

Share repurchase

- ❖ Zodiac implemented phase 1 of its share-repurchase program
 - ✓ 2,780,000 shares = 5% of capital on Sept. 12, 2008
- ❖ As noted in September 2008, Zodiac may continue to repurchase shares

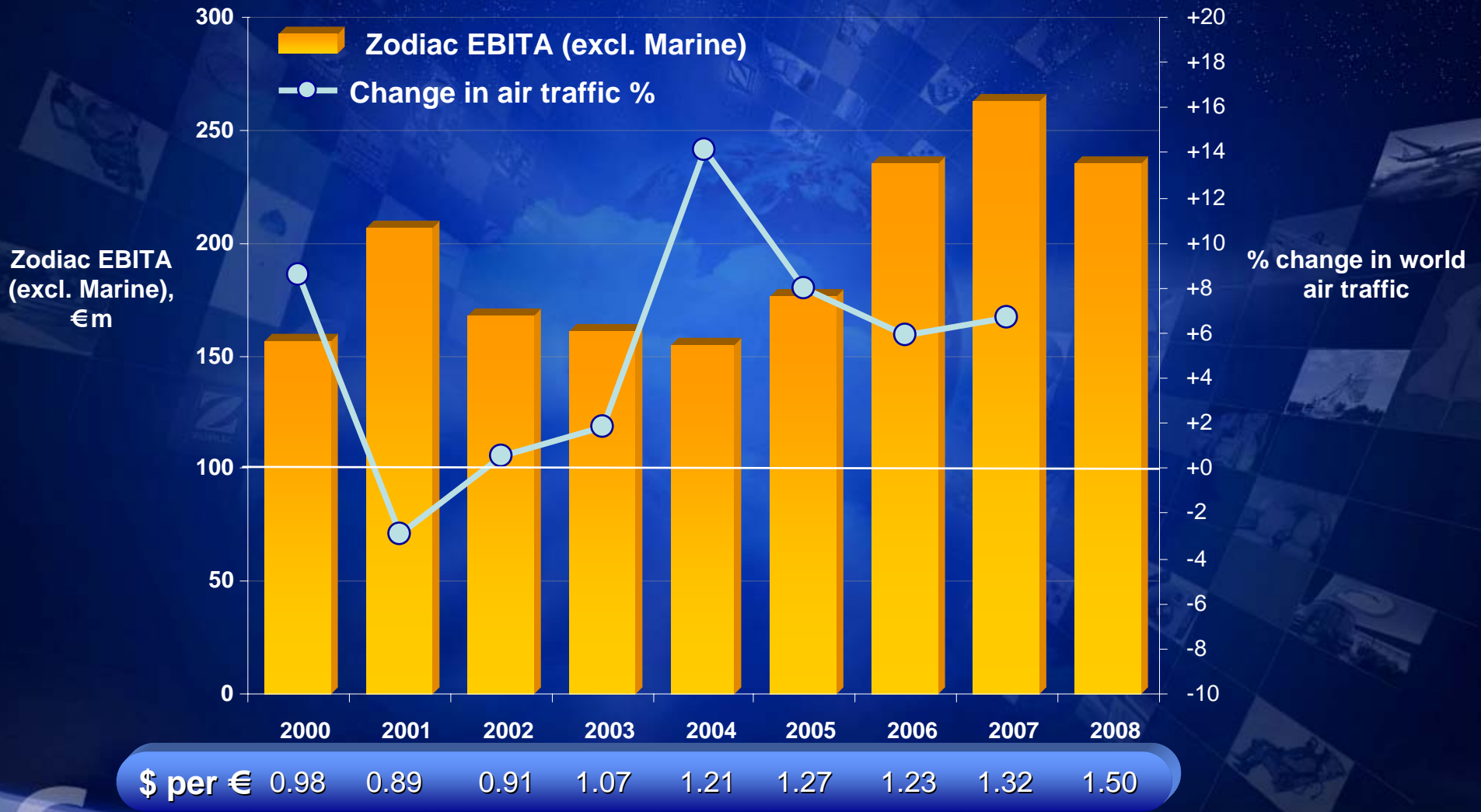
GROUP Long-term outlook

World air traffic since 1991



Air-traffic growth (source: ICAO)

Zodiac EBITA (excluding Marine Segment)



Latest air-traffic statistics (source: IATA)

	Sept 2008 / Sept 2007			2008 to date / 2007		
	RPK Growth	ASK Growth	PLF	RPK Growth	ASK Growth	PLF
Africa	-7.80%	-4.70%	70.3	-2.80%	-2.70%	69.9
Asia/Pacific	-6.80%	-1.10%	71.8	1.20%	3.30%	74.6
Europe	-0.50%	3.20%	77.3	2.50%	4.60%	76.7
Latin America	1.70%	-0.80%	73.5	12.20%	9.90%	74.7
Middle East	-2.80%	4.20%	69.5	7.60%	9.10%	75.4
North America	-0.90%	0.60%	79	4.90%	5.70%	80.6
Industry	-2.90%	1.10%	74.8	3.30%	4.80%	76.3

A balanced business mix

Civilian
aftermarket
(~ 40%)



Regional aircraft OEM
ERJ, BBD, ATR, etc.



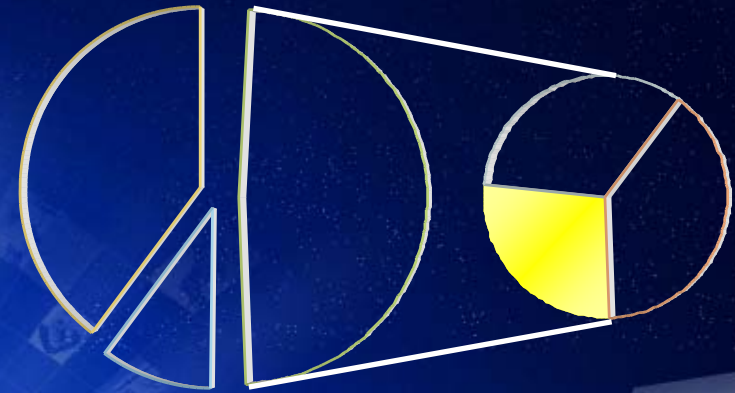
Civilian
OEM



Commercial
aircraft OEM
Airbus, Boeing



Position of commercial aircraft manufacturers



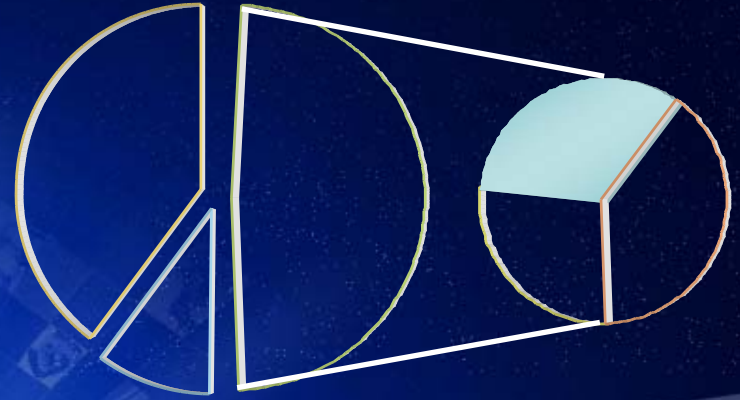
❖ Airbus

- ✓ Order intake still very high
- ✓ Freeze on increase in narrowbody production
- ✓ Widebody production rate steady
- ✓ A380 production rate increasing

❖ Boeing

- ✓ Order intake still very high
- ✓ First 787 flight planned for 2009

Position of regional aircraft manufacturers



❖ Embraer

- ✓ Decrease in production rates in 2009, which may impact Zodiac Group in later financial years

❖ Bombardier

- ✓ Reduced Zodiac exposure to RJ sector

❖ Regional turboprops (ATR, Bombardier)

- ✓ Stable pace for deliveries

Position of manufacturers in other markets



- ❖ **Business aircraft**
 - ✓ Robust production rates in 2008/2009
 - ✓ Expected slowdown in order intake
- ❖ **Helicopters**
 - ✓ Brisk business
- ❖ **BFE seats**
 - ✓ Substantial market share in upcoming deliveries

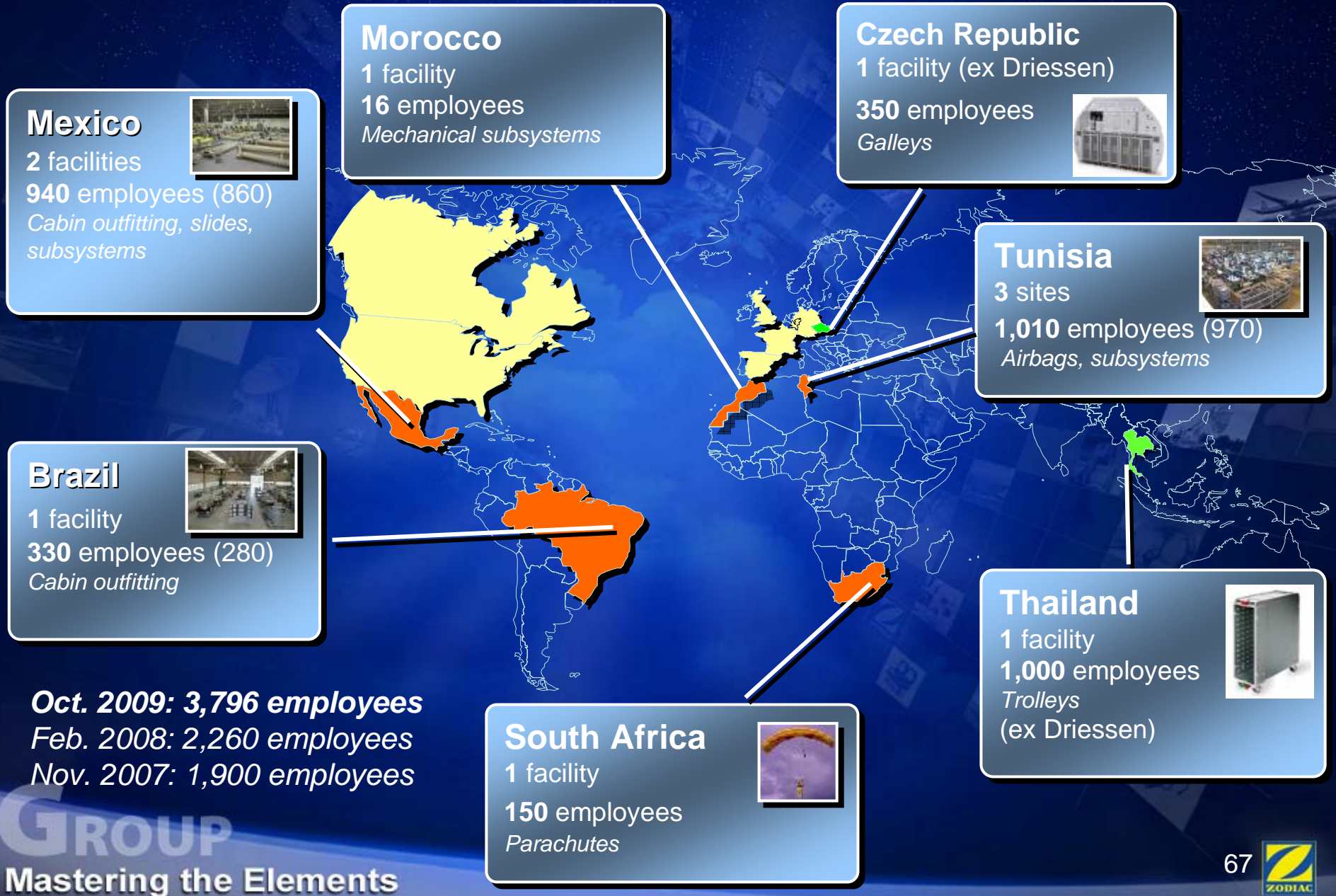
Aftermarket: a positive “mix effect”



❖ Zodiac maintenance market

- ✓ About 1,000 planes grounded in FY2007/2008
 - 60% in the Americas
- ✓ But world fleet in service is growing
 - Average shipset on new-generation planes is greater
- ✓ This positive mix effect should offset retirement of least efficient aircraft

Further action to enhance competitiveness



Zodiac is well-positioned in new programs

- ❖ Bright prospects for widebodied aircraft: demand still not satisfied
- ❖ Zodiac is a supplier for all the new programs
 - ❖ Airbus A380: shipset: \$2 million / aircraft (excluding seats BFE)
 - ❖ Boeing 787: over \$2.5 million / aircraft (excluding seats BFE)
 - ❖ Airbus A350: over \$1 million / aircraft (excluding seats BFE), selections under way
- ❖ Our role as cabin-systems integrator has been recognized, in particular, by contract awarded for Bombardier CSeries



LONGER-TERM OUTLOOK:

Long-term outlook still positive

- ❖ Air-transportation demand persists
- ❖ Downswings are shorter than upswings
- ❖ OEMs are not in the same situation as airlines
- ❖ Zodiac has proved its resilience
- ❖ Airframers ' order intake remains very high
- ❖ Zodiac is well-positioned in the most promising programs
- ❖ We are pursuing our external-growth strategy and have the means to do so
- ❖ We are continuing our low-cost / dollarization programs

RESULTS & OUTLOOK

November 17, 2008

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