

# ZODIAC AEROSPACE



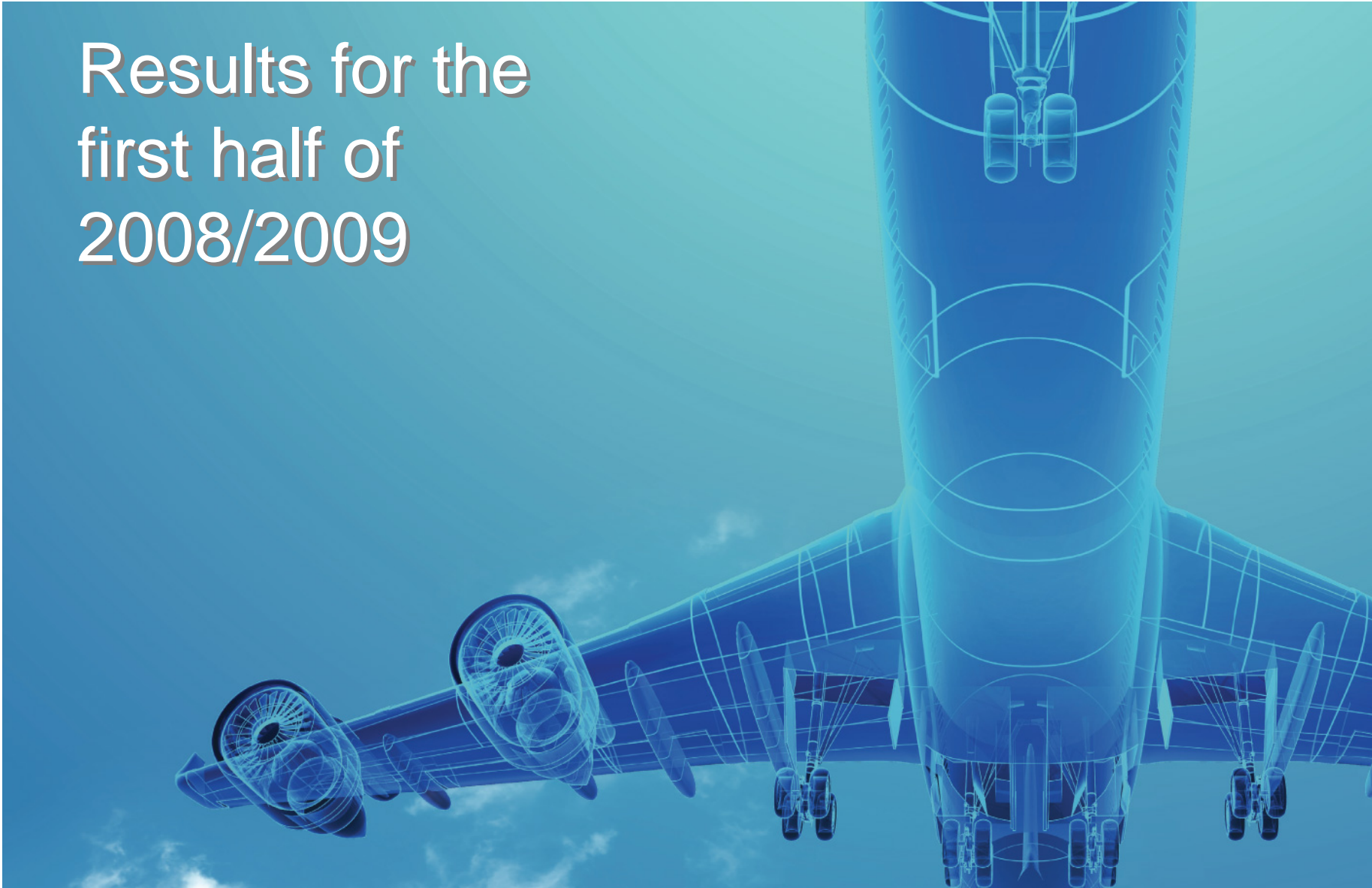
Presentation of results  
for the first half of 2008/2009

April 17th, 2009

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- **Highlights of the half-year**
- **Results for the first half of 2008/2009**
- **Perspectives for the end of the financial year**
- **Longer term outlook**

# Results for the first half of 2008/2009



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# Highlights of the first half of 2008/2009

## ▪ For Zodiac Aerospace

- A more favorable dollar/euro rate and the first positive impact of the acquisitions at the end of 2007/2008
- A new name and a new visual identity, following a refocusing on the core aeronautics business
- Launch September 1<sup>st</sup> of a new organization : Zodiac Services

## ▪ The aeronautics environment

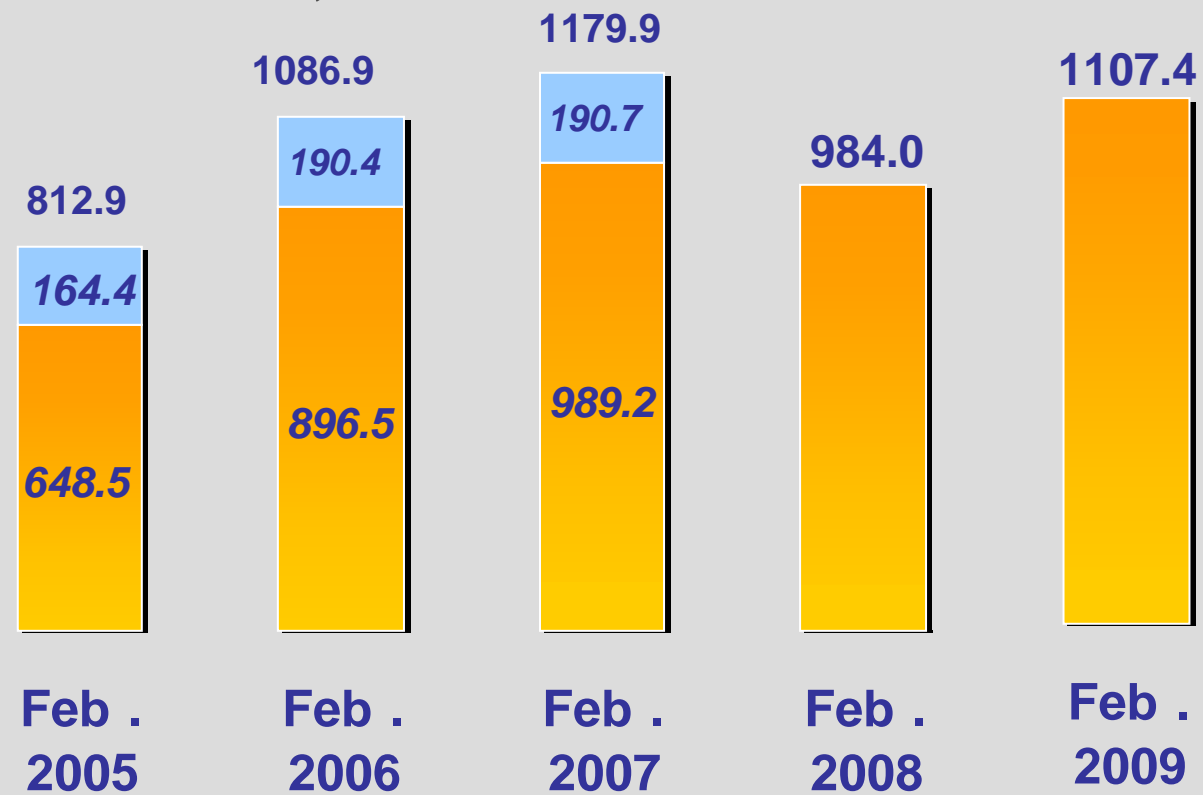
- A slowdown in air traffic
- News of lower delivery rates among airframers
  - Significant for Embraer and manufacturers of business aircraft...
  - ... more limited for Airbus, Boeing and Bombardier

## ▪ Also

- A significant decline in the automotive market...
- ... which is weighing heavily on the Group's airbags business

# Significant growth in half-yearly sales

## Consolidated sales, €m



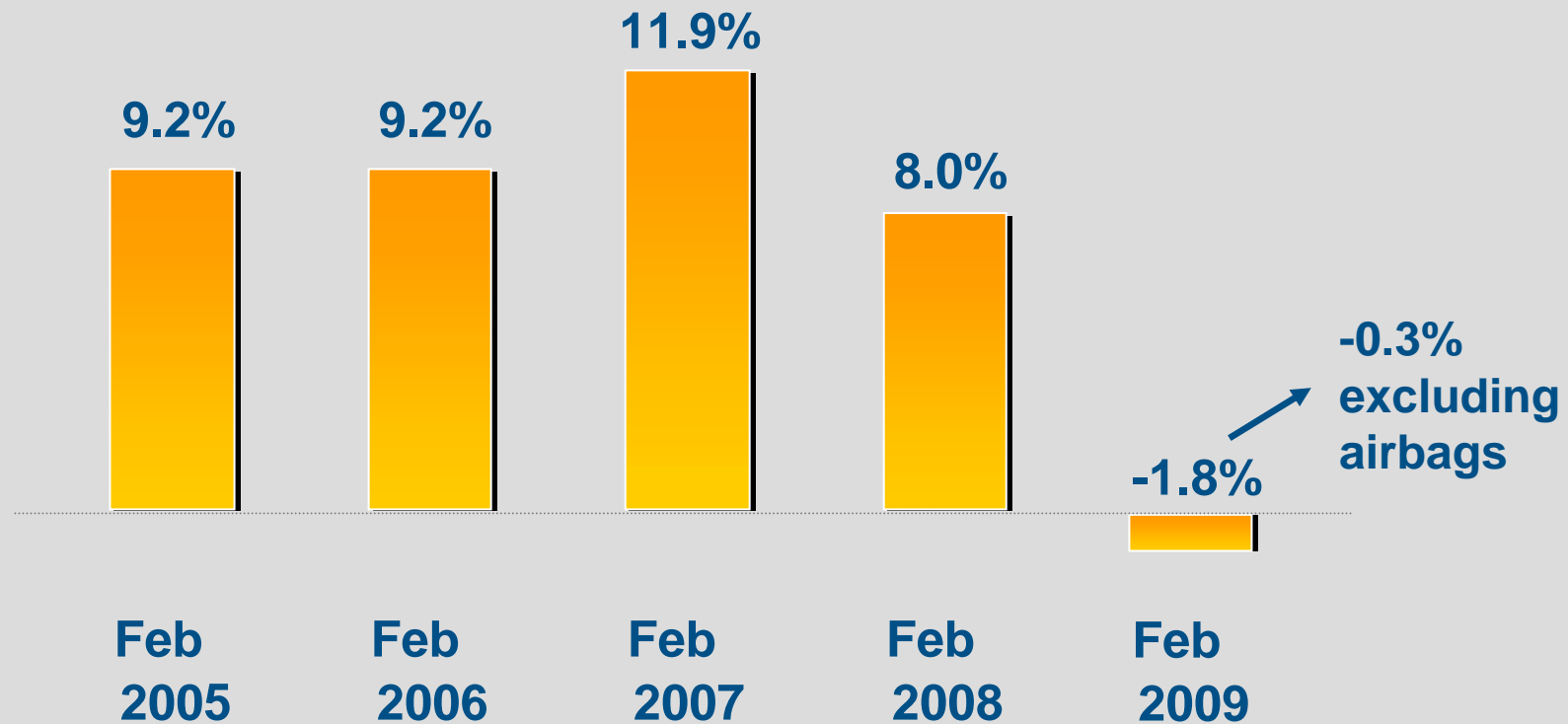
1.287	1.199	1.292	1.447	1.332	US \$ rate
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Results for the first half of 2008/2009

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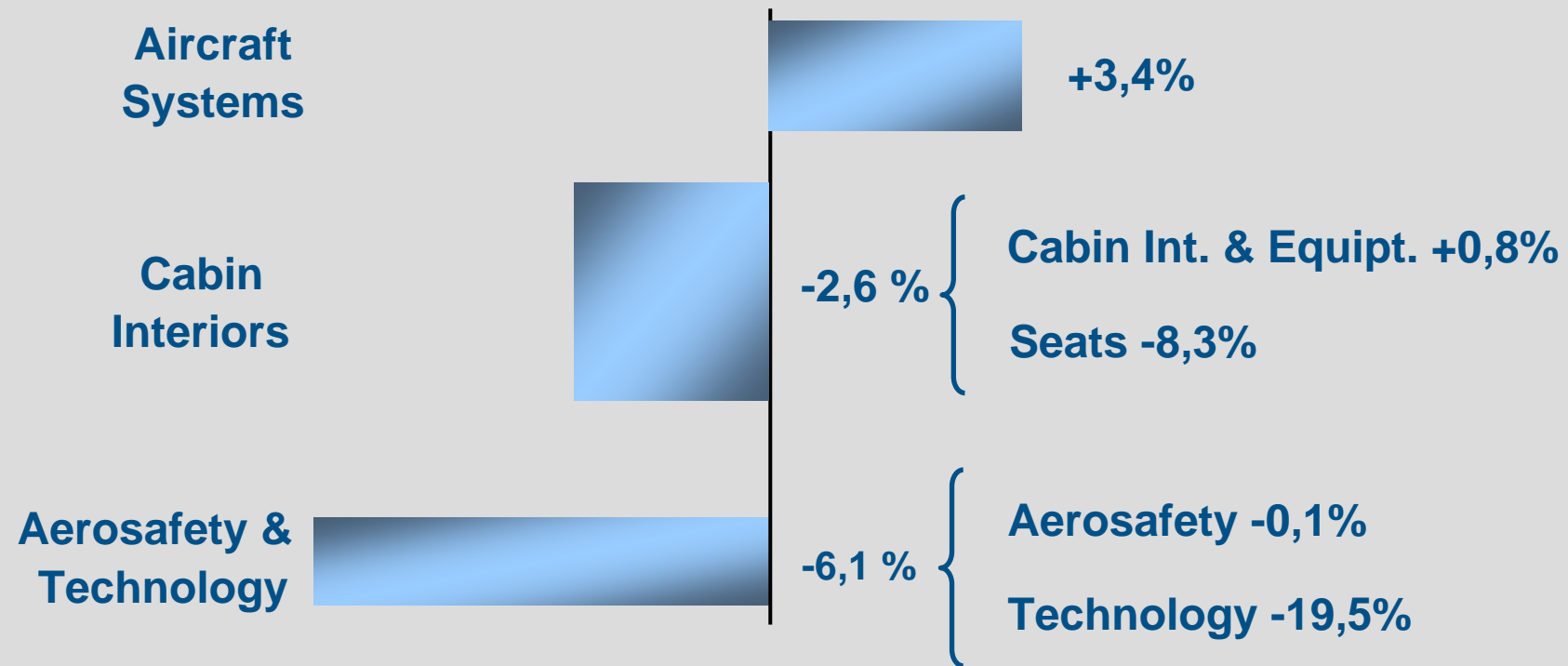
# Organic growth influenced by aspects of the economic situation...

- Group organic growth



# ... which particularly influences the Aerosafety & Technology and Cabin Interiors Segments

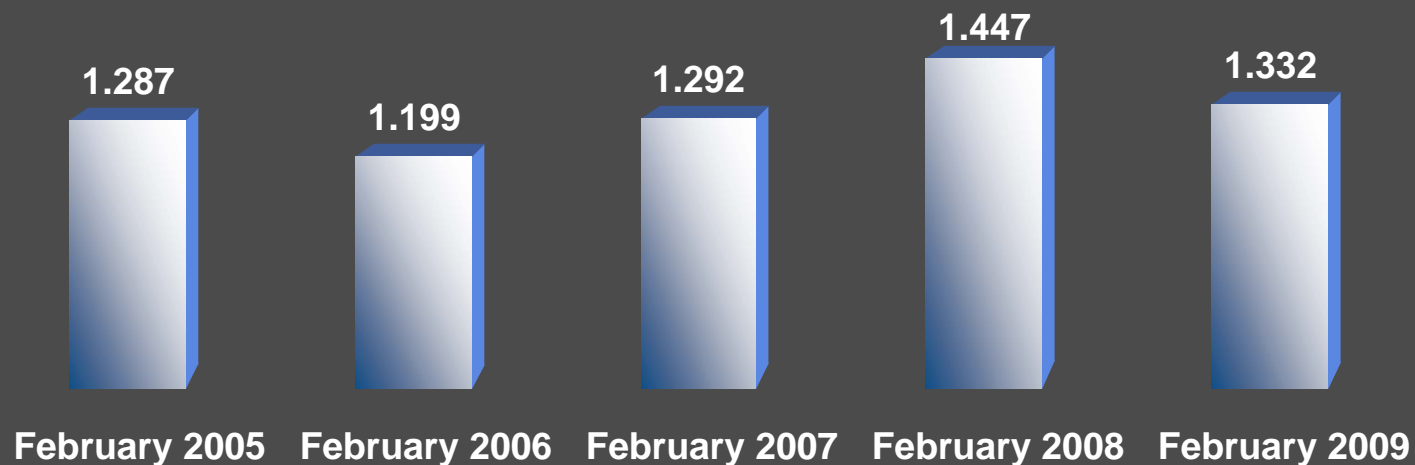
## ▪ Organic growth by Segment



# Improvement in the dollar/euro rate

## ■ Changes in the average dollar/euro rate over the half-year

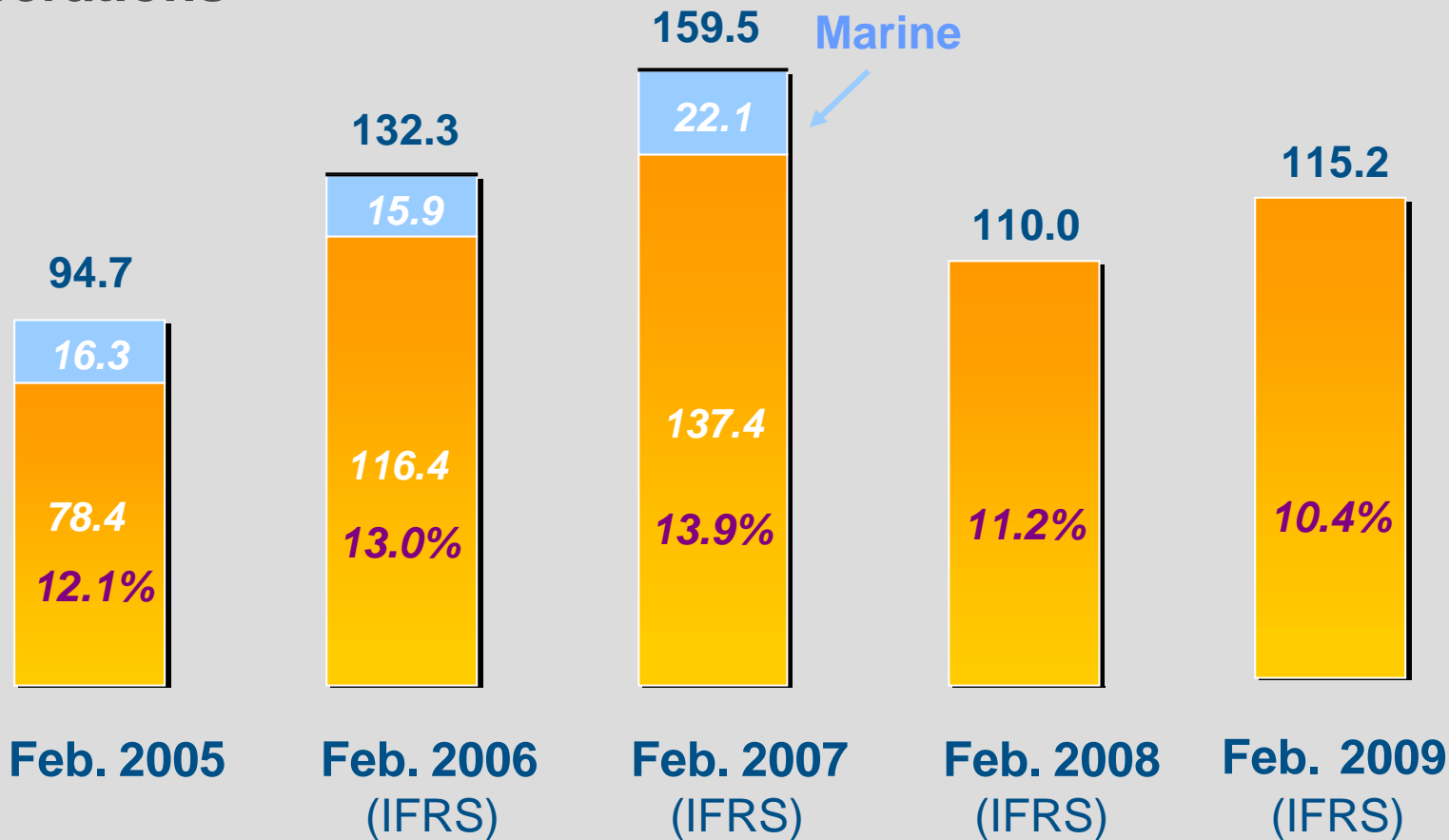
- The dollar conversion rate comes to 1.332 in the first half of 2008/2009 compared with 1.447 in the first half of 2007/2008
- The dollar transaction rate comes to 1.31 due to the partial coverage achieved in November 2008





# Margin rate proves resilient

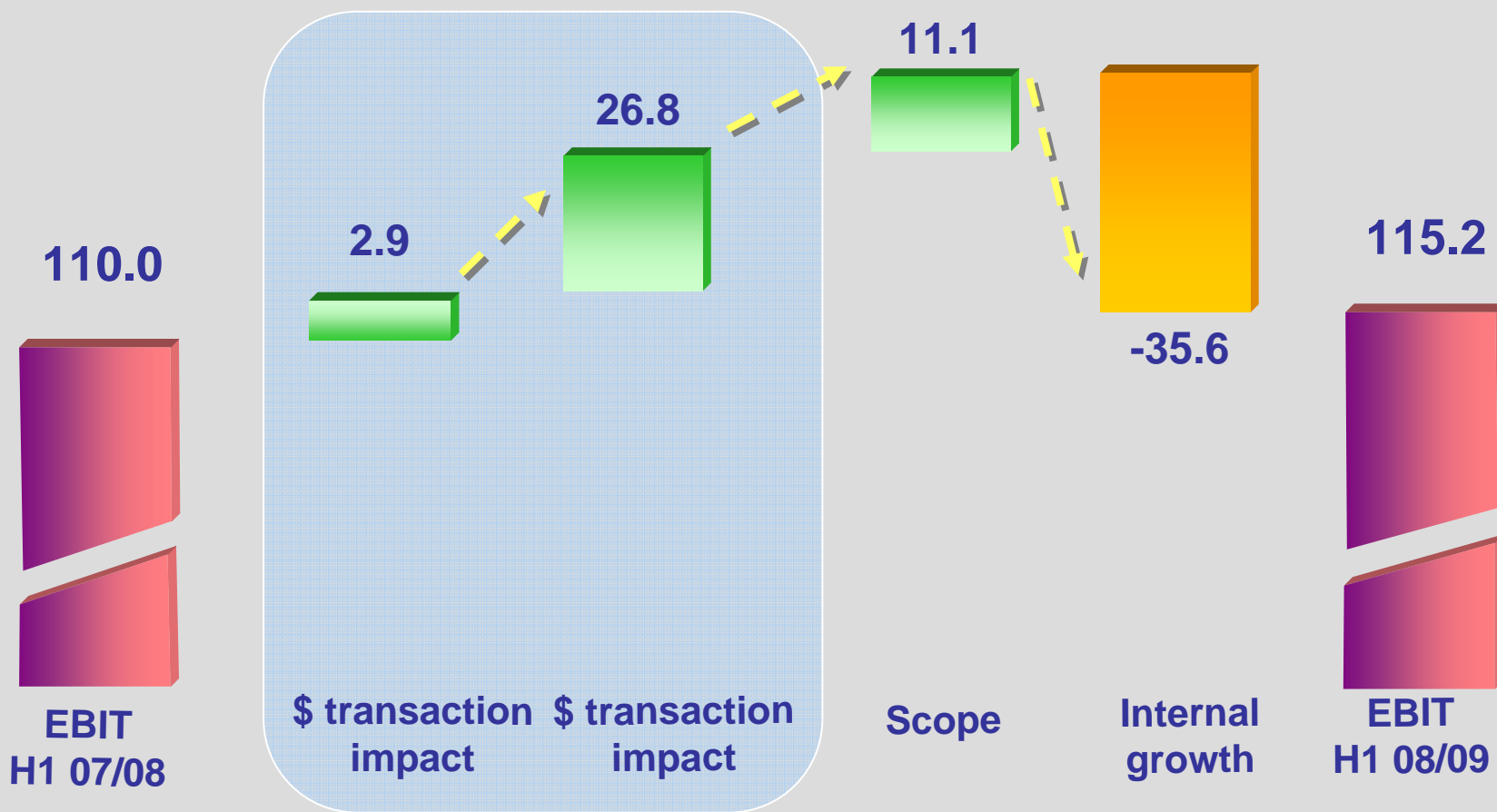
- EBIT, €m and EBIT/Sales from businesses in continuing operations



Results for the first half of 2008/2009

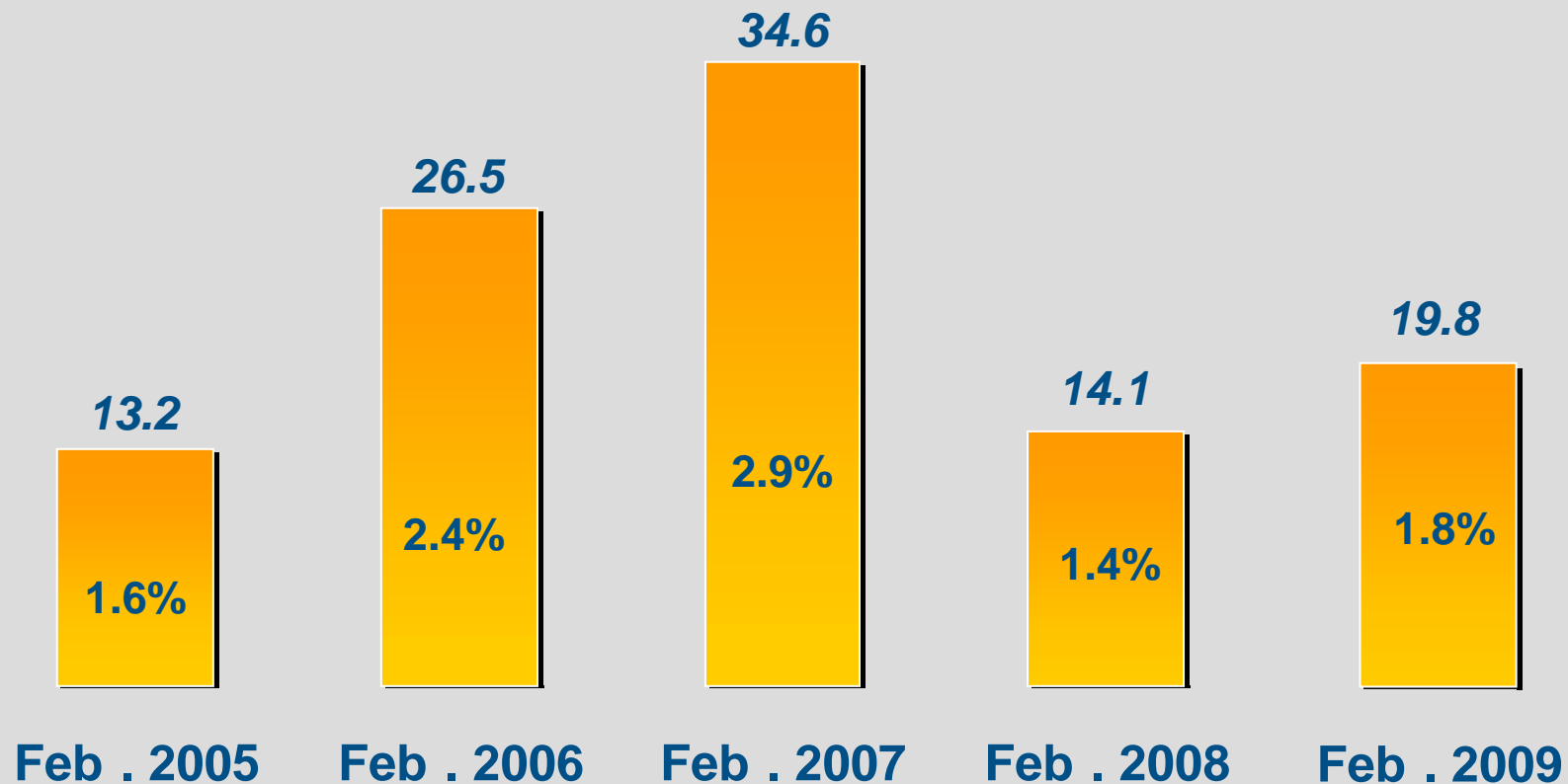
# EBIT increases by 4.7%

▪ EBIT, €m



# Interest expenses remain at a low level

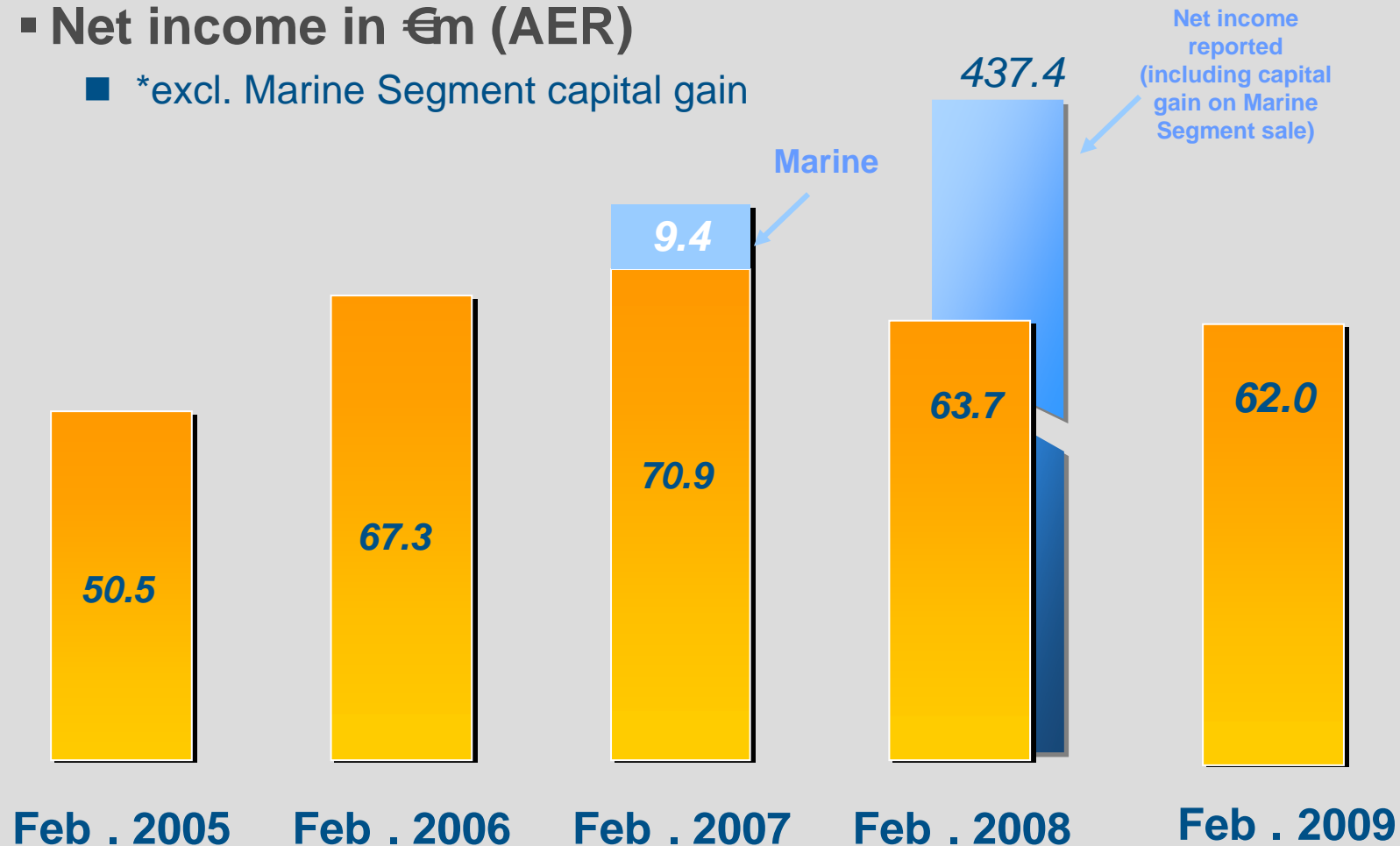
- Interest expenses in €m (AER) - Interest expenses/Sales



# Net income was €62m

## ▪ Net income in €m (AER)

■ \*excl. Marine Segment capital gain

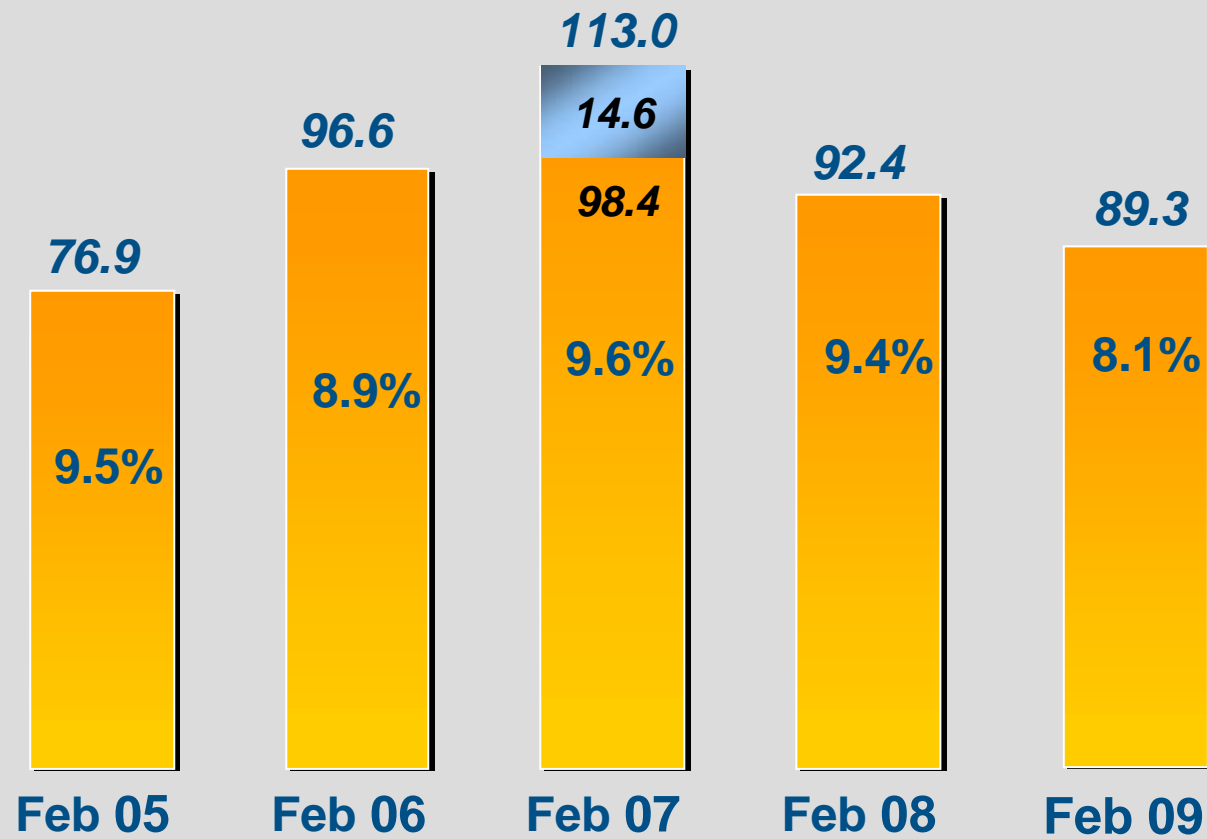


Results for the first half of 2008/2009

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# Cash flow

- Cash flow, €m (AER)
- Cash flow/Sales

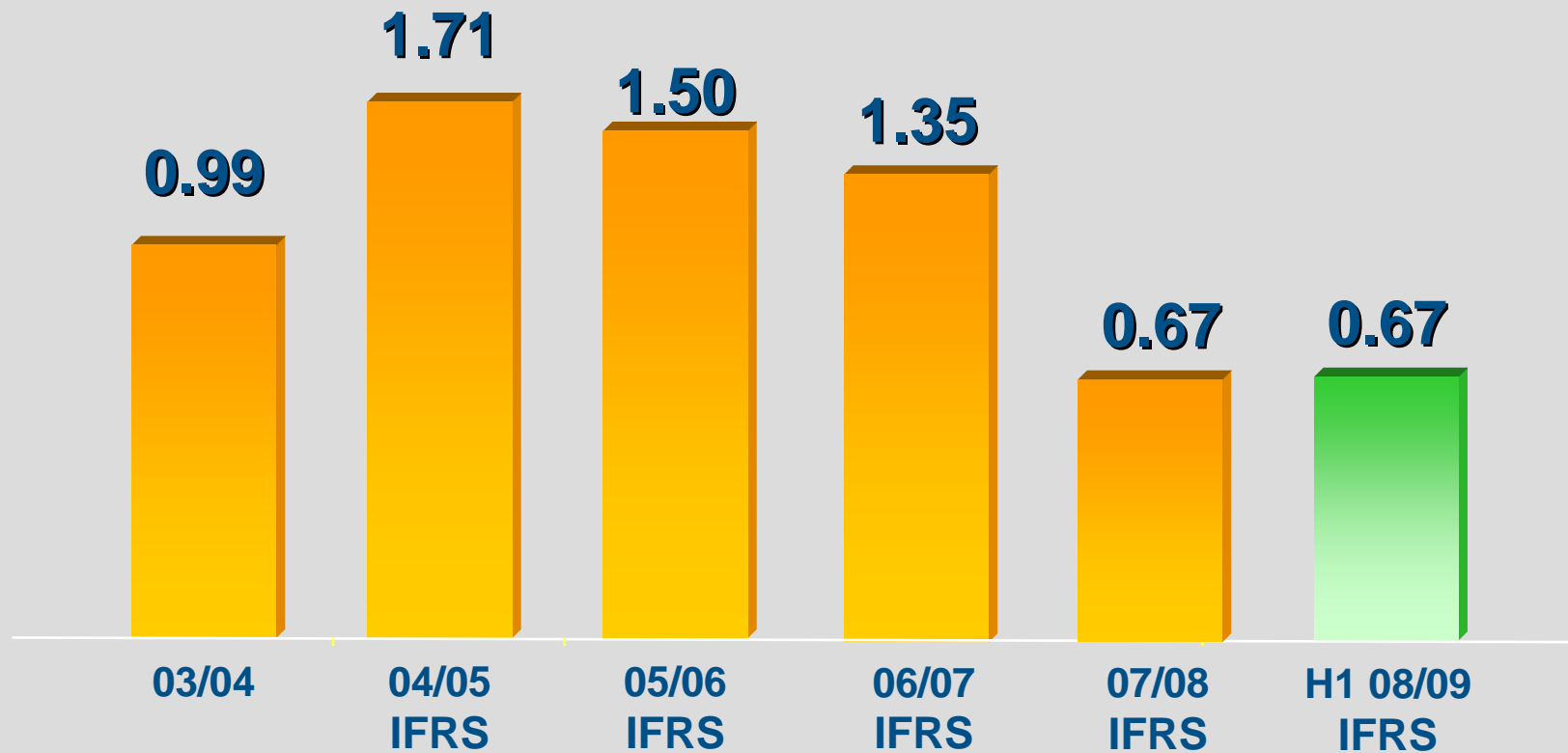


Results for the first half of 2008/2009

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# gearing

- Net debt/shareholder equity



Results for the first half of 2008/2009

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# Group financing

- **Basis: syndicated loan of €1.5bn put in place in 2005**
  - Tranche A: €300m
  - Tranche B: €700m
  - Tranche C: €500m
- **This was the situation at the end of August 2008:**
  - Tranche A: €267m due in June 2009
  - Tranche B: €700m o/w 9m due in June 2010 and 691m in June 2011
  - Tranche C: €335m o/w 167m due in June 2009 and 168m due in June 2010
- **From March 10, 2009, the negotiation results in:**
  - Tranche A: €228m due at May 31st, 2010
  - Tranche B: €700m o/w 9m due in June 2010 and 691m in June 2011
  - Tranche C: decreased to 162m due at May 31st, 2009
- **This financing enables Zodiac to continue its external growth strategy**

# Simplified balance sheet

## Assets

	FEB2009	AUG2008	FEB2008
	Net	Net	Net
Goodwill	1,060	980	858
Intangible assets	201	184	141
Tangible assets	242	223	198
Financial assets	12	12	108
others	12	11	14
<b>Total LT assets</b>	<b>1,527</b>	<b>1,410</b>	<b>1,319</b>
Inventories	606	526	456
Actifs d'impôt exigibles	20	27	15
Customers	535	498	455
Others	41	46	29
Cash and equivalent	62	100	50
<b>Total current assets</b>	<b>1,244</b>	<b>1,170</b>	<b>990</b>

## Liabilities

	FEV2009	AOUT2008	FEV2008
	Net	Net	Net
Capitaux propres	1,316	1,174	1,248
Provisions	30	29	30
Debt	534	456	464
Differed tax	37	43	29
<b>Total LT Liabilities</b>	<b>601</b>	<b>528</b>	<b>523</b>
Provisions	68	63	33
Debt	410	394	116
Suppliers	213	235	189
Personnal liabilities	105	106	88
Others	59	81	113
<b>Total current liabilities</b>	<b>854</b>	<b>878</b>	<b>539</b>
<b>Total liabilities</b>	<b>2,771</b>	<b>2,580</b>	<b>2,309</b>



# Valuation and management of assets

- **Changes to customer accounts**
  - Control of customer risk
  - Only Eclipse generated a provision (announced in Dec. 2008)
- **Growth in inventories and work in progress, which will fall in the second half-year**
  - Zodiac Aerospace has taken measures to reduce its capital employed
- **Taking into account the current aerospace environment, impairment tests do not result in any depreciation or adjustment in fair value**

# Financing table

<b>OPERATING ACTIVITIES</b>	
Cash flow	89
Change in inventories	-45
Change in liabilities and debt	-36
	<hr/>
	<b>8</b>
<b>INVESTING ACTIVITIES</b>	
Intangible assets	-14
Tangible assets	-31
Others	-22
	<hr/>
	<b>-67</b>
<b>FINANCING ACTIVITIES</b>	
Change in LT debt	142
Others	1
Treasury shares	-12
Dividends	-53
	<hr/>
	<b>79</b>
<b>Exchange rate impact</b>	<b>4</b>
<b>Change in cash position</b>	<b>24</b>

# Business update



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# Aerosafety & Technology



# Aerosafety & Technology

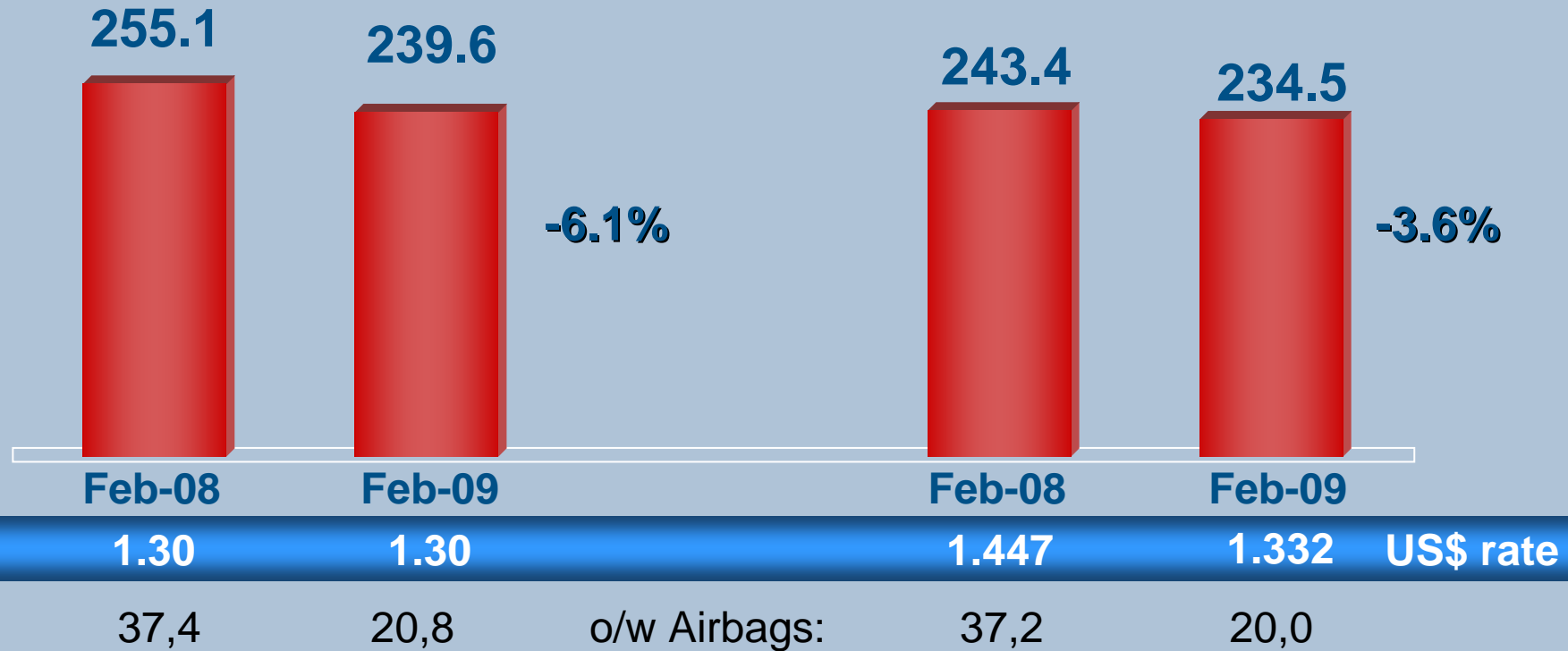
- **Negative impact of airbags business**
  - Significant reduction in volumes in the first half-year
  - a restructuring plan was established
    - closure of the Valence facility (Spain) and reassignment of staff to Ashington (UK)
- **Excluding Airbags, a 10% increase in operating income**
  - Business stable in the first half-year
  - The margin rate has improved
- **The second half-year will be better than the first**
  - Particularly due to the timing of installations of EMAS (Engineered Material Arresting Systems) which is unfavorable in the first half-year, as last year
  - And to the expected catching up in late deliveries of spare parts

# Aerosafety & Technology: significant impact of airbags on sales

▪ Consolidated sales, €m

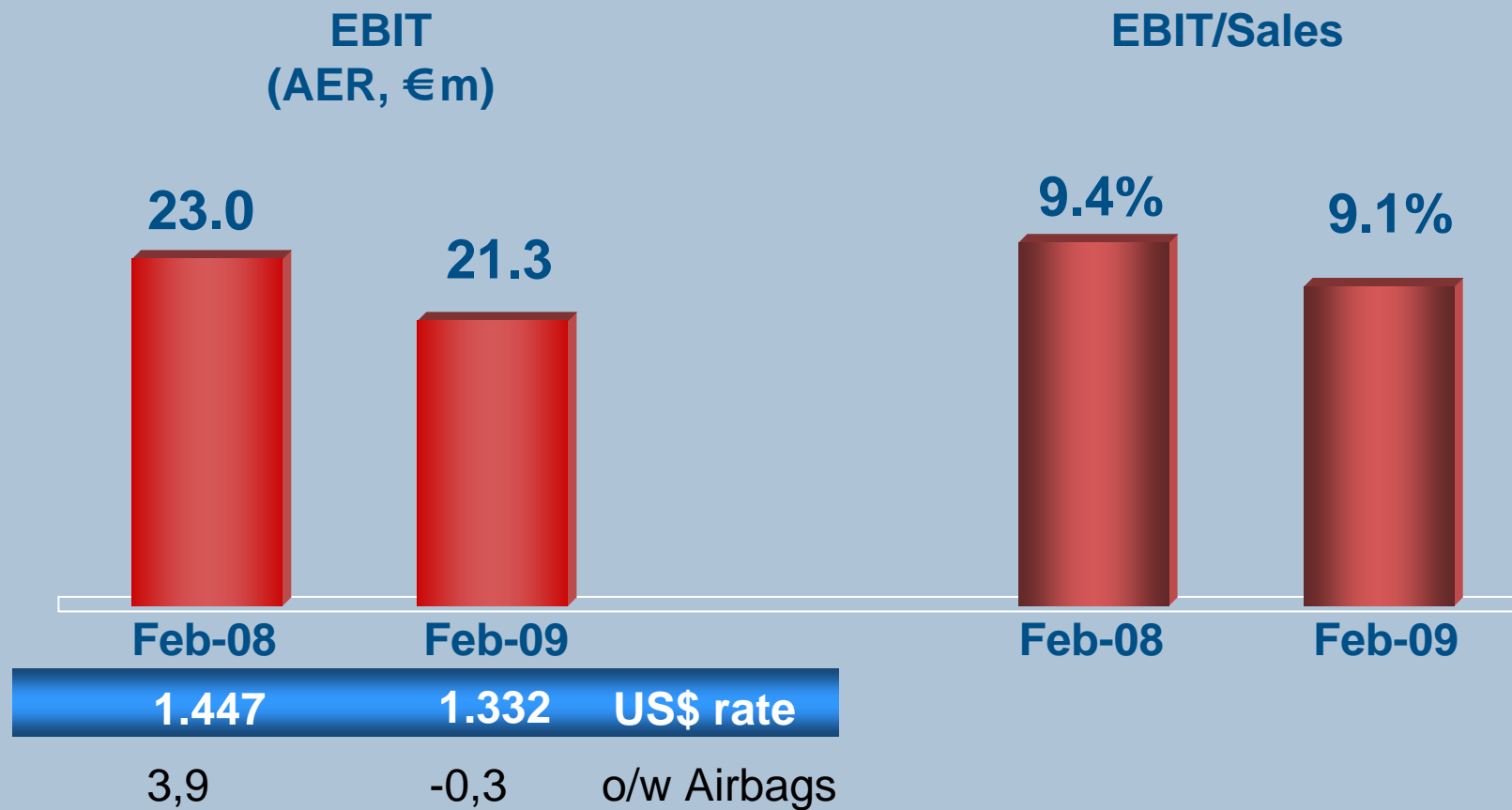
Like-for-like Scope & Exchange rate

Average exchange rate



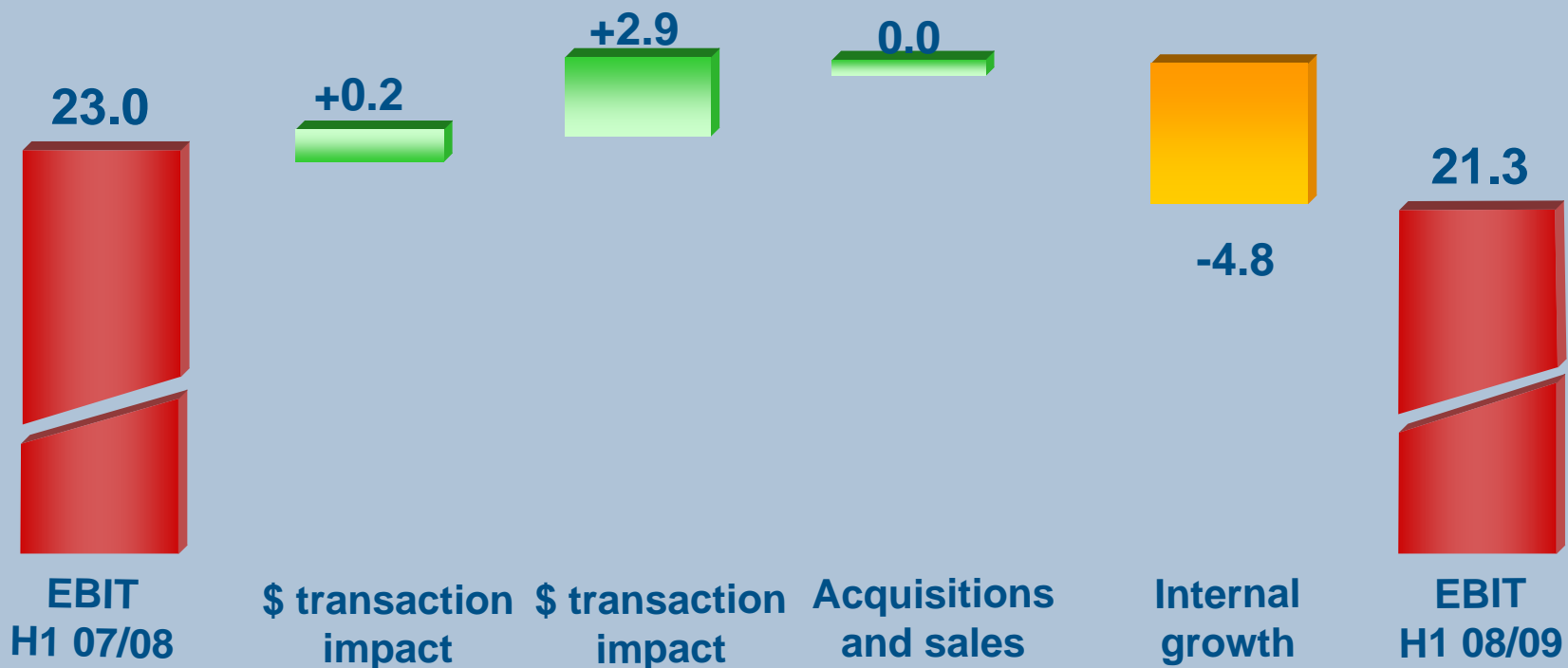
# ... and on EBIT

- EBIT (€m) and EBIT/sales



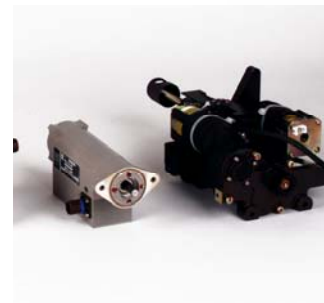
# Aerosafety Systems: EBIT formation

▪ EBIT, €m





# Aircraft Systems



# Aircraft Systems

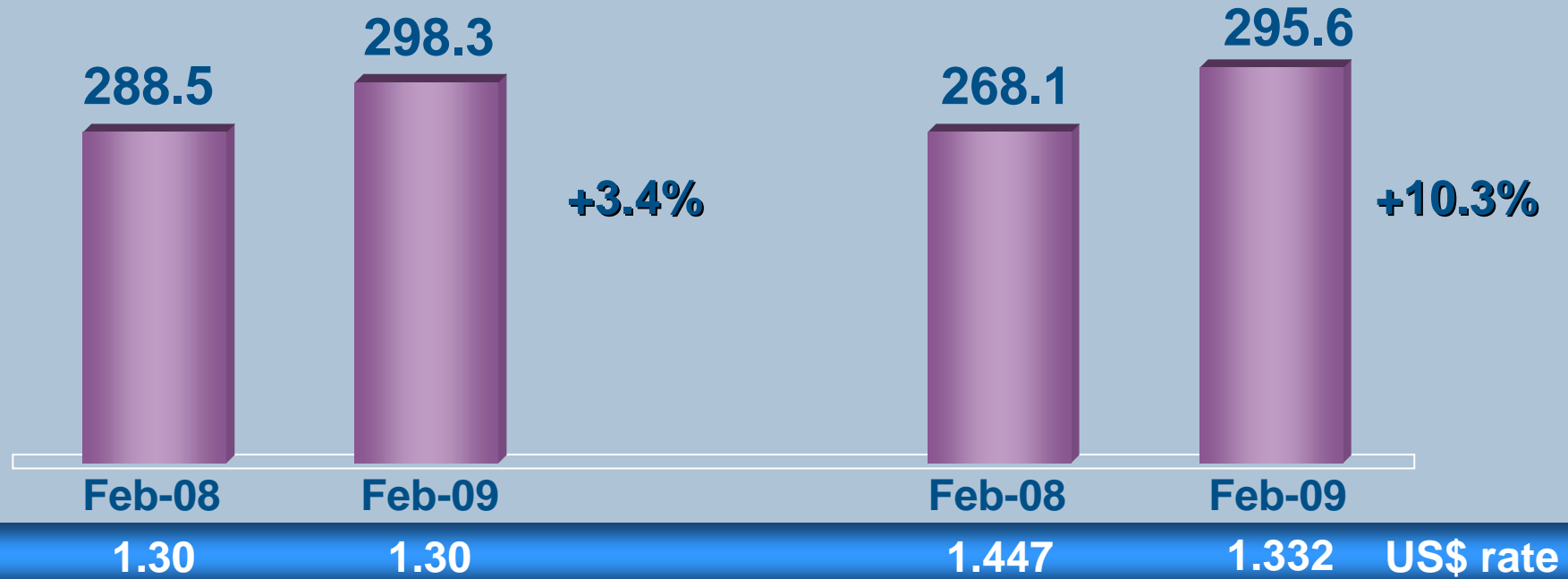
- **A healthy increase in operating income in the first half-year**
  - A favorable dollar impact
  - A strong performance from OEM activities
  - A delay in aftermarket activities...
- **A better second half-year expected in aftermarket**
- **Many programs under development**

# Aircraft Systems: organic growth in sales

▪ Consolidated sales, €m

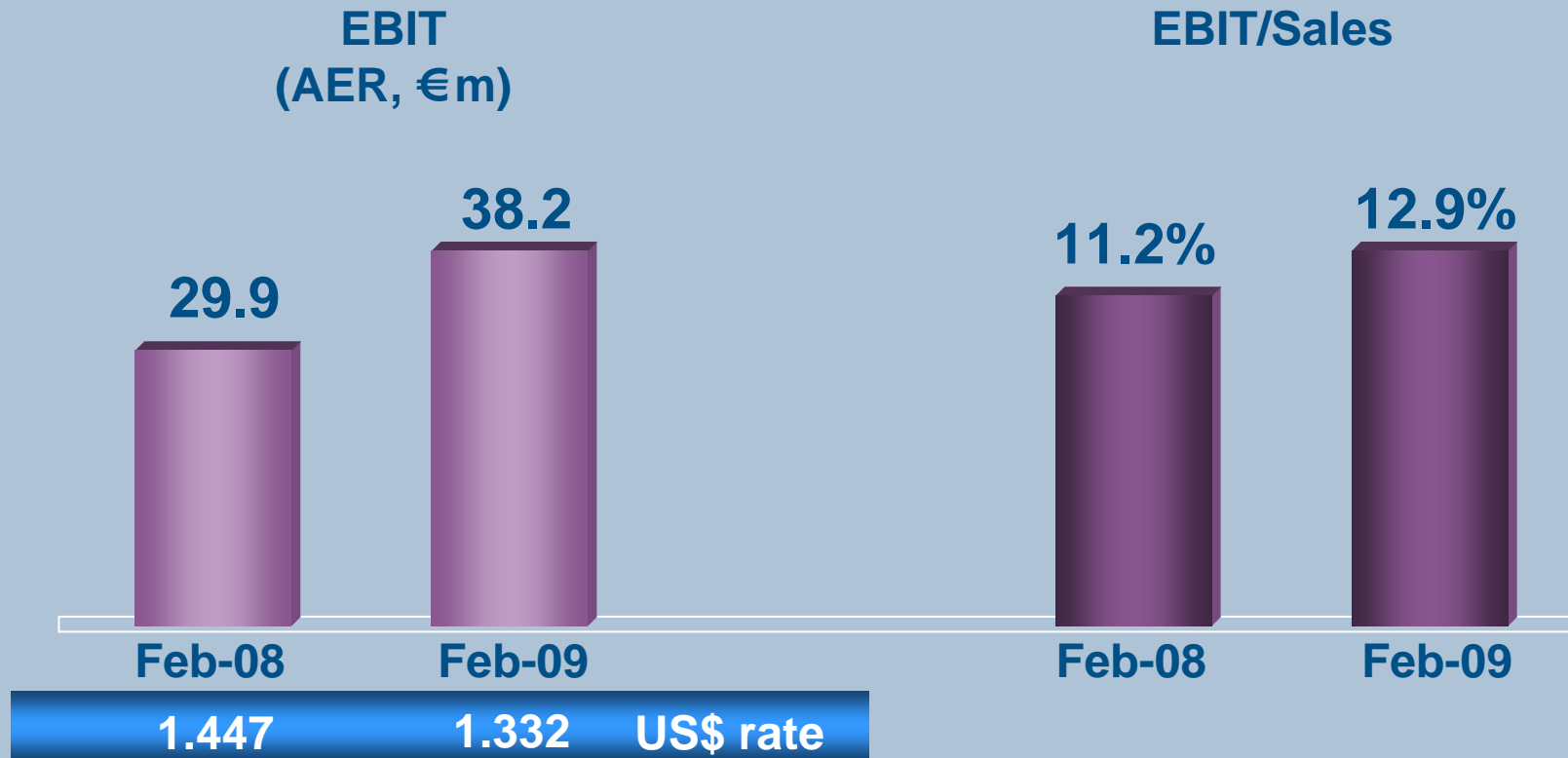
Like-for-like Scope & Exchange rate

Average exchange rate



# Aircraft Systems: margin rate improves

- EBIT (€m) and EBIT/sales



# Aircraft Systems: EBIT formation

▪ EBIT, €m



# Cabin Interiors



**CABIN** Results for the first half of 2008/2009

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# Cabin Interiors

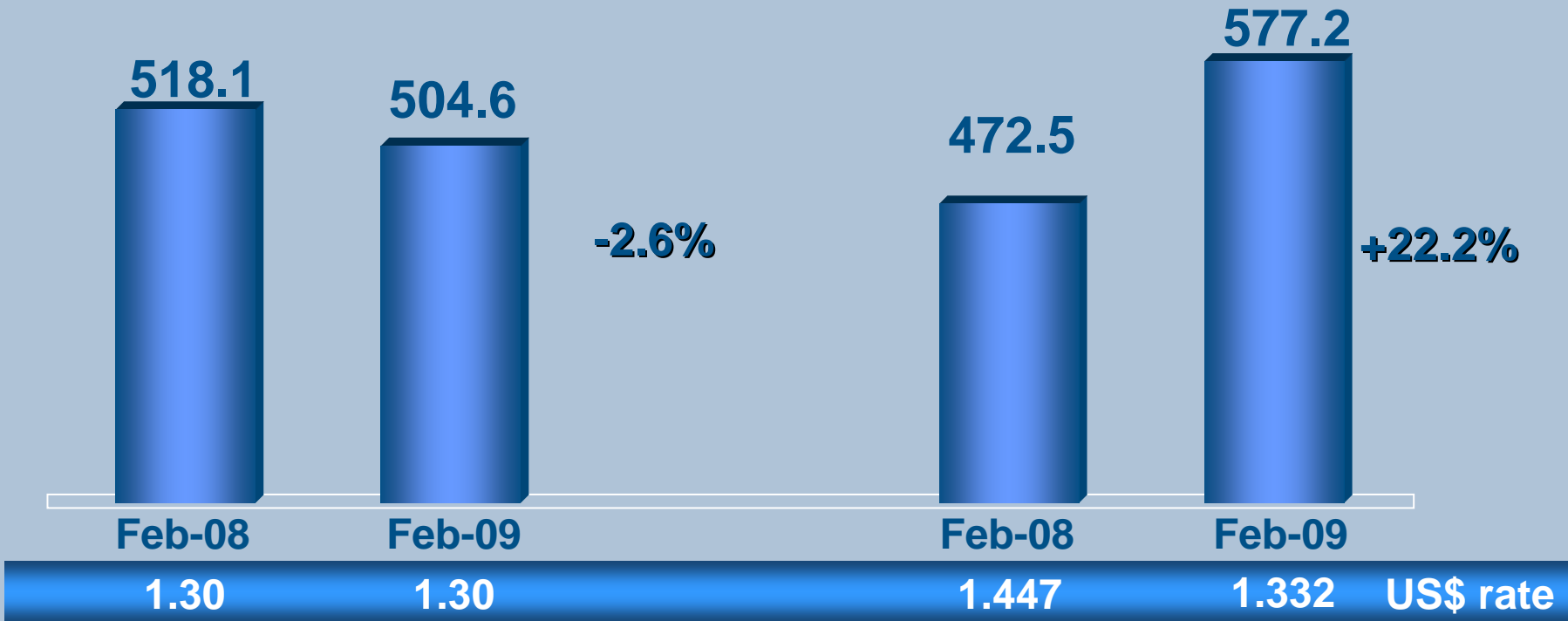
- **Successful integration of Driessen, TIA and Adder**
- **Apart from seats, all businesses are performing well**
  - C&D: strong performance from the Embraer 170/190 program in H1, significant increase in spares business, reestablishment of the profitability of Canadian businesses
  - Occasional difficulties, such as the bankruptcy of Eclipse (EBIT impact of €2.3m), and late delivery of spare parts from Monogram
- **A more uneven situation in the seats business in H1**
  - The Boeing 787 is late
  - The A380 production rate is increasing slowly
  - A delayed impact from the Boeing strike (September–October 2008)
  - Production interrupted by the reallocation of delivery slots by airframers
  - Prudent management of customer risk
- **Bright prospects**
  - The first two firm orders from Bombardier CSeries are good news
  - A first commercial success for the SIT (Seat In Technology)

# Cabin Interiors: impact of acquisitions

- Consolidated sales, €m

Like-for-like Scope & Exchange rate

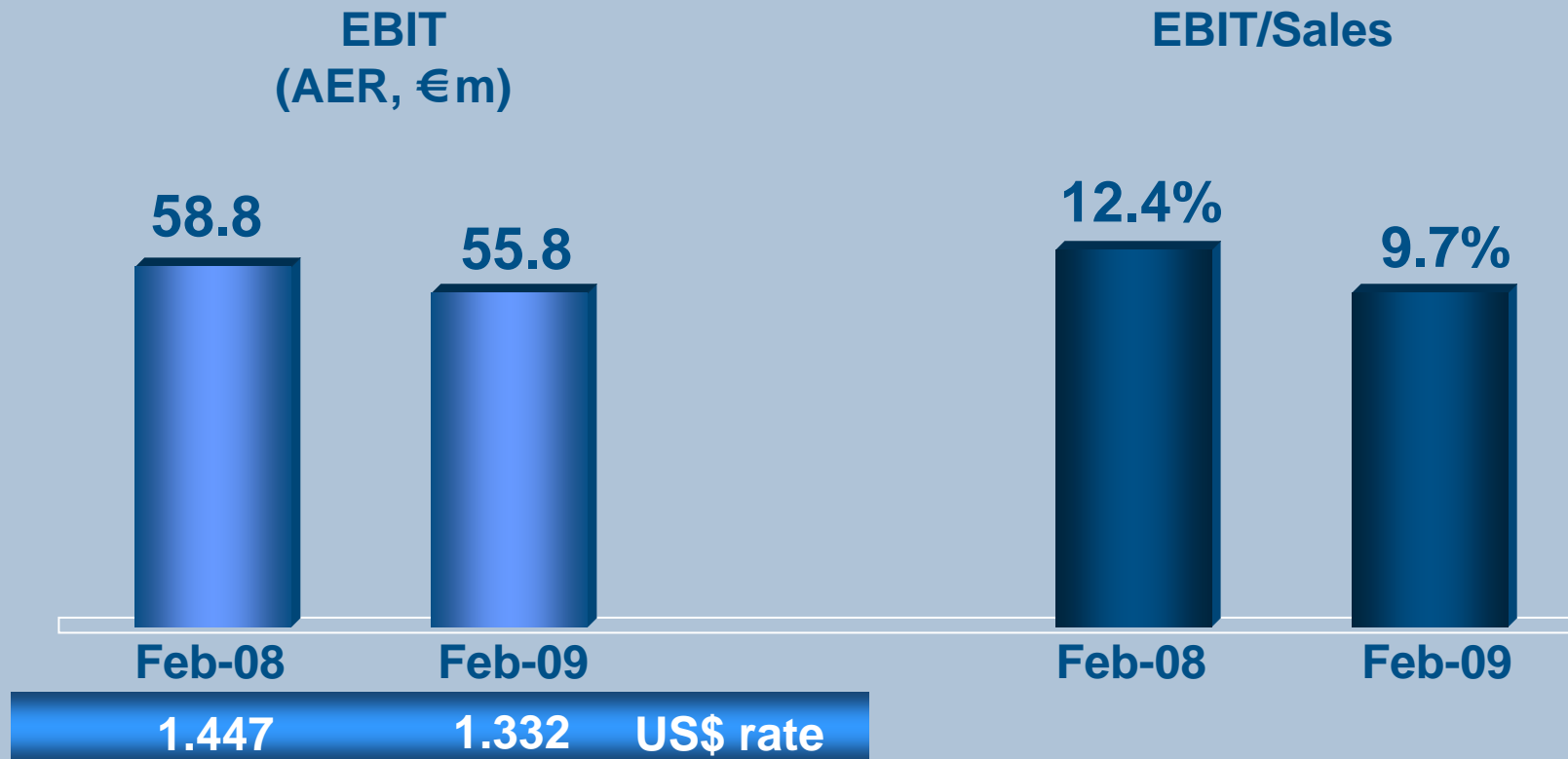
Average exchange rate





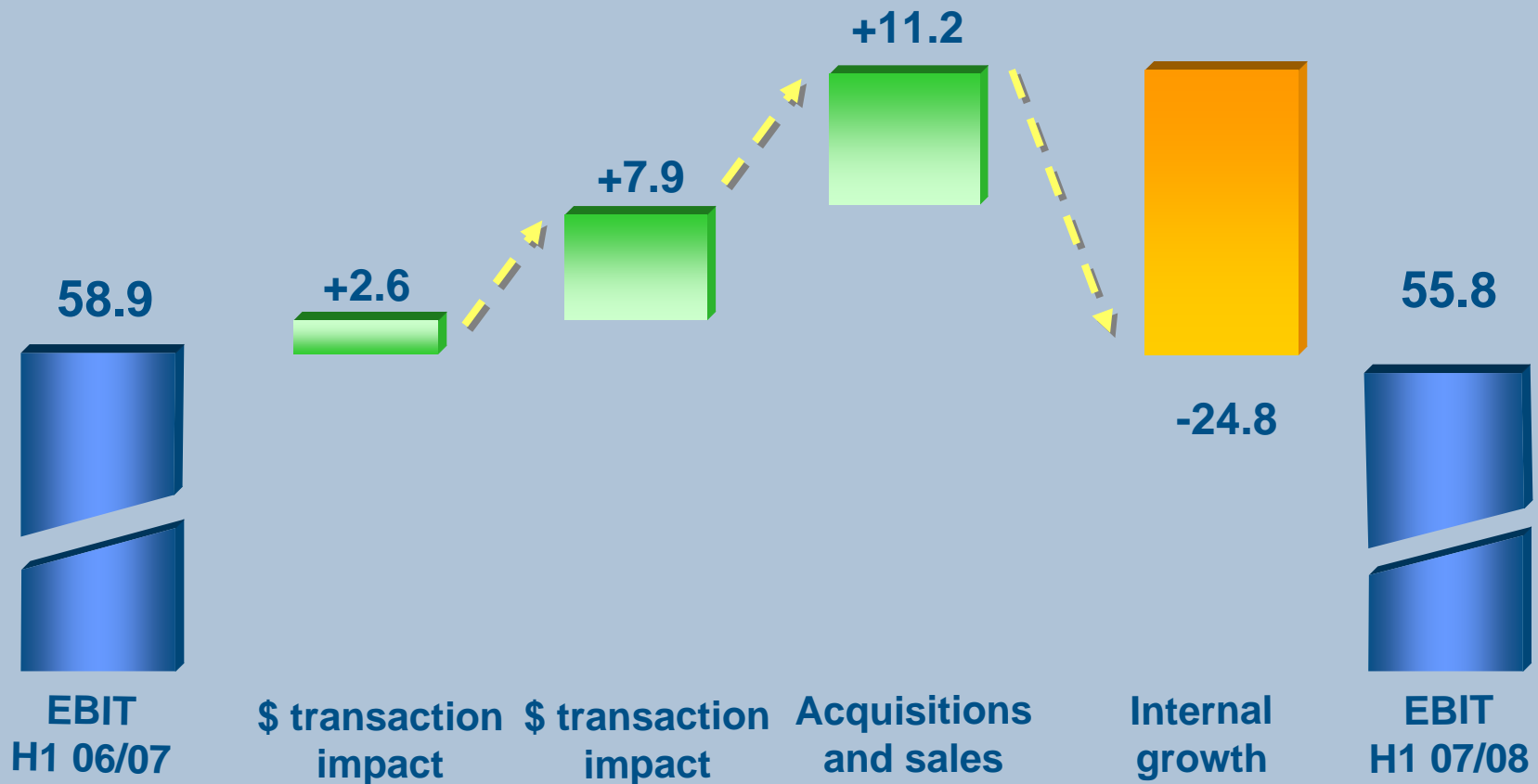
# Cabin Interiors: catch-up expected in H2

- EBIT (€m) and EBIT/sales



# Cabin Interiors: EBIT formation

▪ EBIT, €m



# Zodiac Services

- **Creation of Zodiac Services in September 2008**
  - Since September 1st 2008, a new internal structure combining the maintenance services businesses of the majority of Group companies
  - Definition of three main geographical areas
    - Europe, Americas, Asia
  
- **An ambitious and value-creating project for the future**
  - A means of increasing and reinforcing our maintenance activities
  - A clear response to a need expressed by our customers
    - One-stop-shop
    - Global network
  - Growth in repair business on a global scale
  
- **Relatively limited start-up difficulties in regards of the ambitiousness of the project**

# Outlook for the current financial year



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# Context in the second half-year

## ▪ Commercial aircraft

- falls in output planned by airframers will not affect the current financial year

## ▪ Regional aircraft

- Start of the impact of reduced output on the ERJ 170/190 program
- Bombardier is maintaining its output for the current financial year
- The market in turbo-props is sustained

## ▪ Business aircraft

- Fall in Dassault Aviation's output
- Eclipse is in chapter 7...

## ▪ Military

- The Group is not affected by uncertainty relating to the A400M program

## ▪ Maintenance

- Orders for spare parts remain at a good level
- Zodiac Aerospace has almost no exposure to flight-time contracts

# Change to the Group's industrial structure

## ■ Industrial restructuring in progress

- Aircraft: Move from the Courtenay site, closure of the Singapore site (production of seat actuators)
- Monogram: in the US, transfer of activities from Rockford (Illinois) to the site in Carson (California)
- Airbags: closure of the Valencia site (Spain)

## ■ Plans for outsourcing and dollarization of our production costs are underway

# EBIT up by more than 20% in 08/09

	07/08 actual	08/09 est (Nov.08)	08/09 est revised
<b>\$ per €</b>	<b>1.50</b>	<b>1.30</b>	<b>1.30</b>
<b>Aerosafety &amp; Technology</b>	<b>67.8</b>	<b>70.5</b>	
<b>Aircraft Systems</b>	<b>56.0</b>	<b>88</b>	
<b>Cabin Interiors</b>	<b>116.5</b>	<b>150</b>	
<b>Other</b>	<b>-4.7</b>	<b>-2.5</b>	<b>Approx.</b>
<b>Total EBIT</b>	<b>235.6</b>	<b>306</b>	<b>290</b>
<b>Non-current (a)</b>	<b>-2 (a)</b>	<b>-2</b>	<b>-7</b>
<b>Operating income</b>	<b>233.6</b>	<b>304</b>	<b>≈283</b>
<b>Interest expenses</b>	<b>-30.6</b>	<b>-50</b>	<b>-36</b>
<b>Income before taxes</b>	<b>203</b>	<b>254</b>	<b>≈ 247</b>
<b>Taxes</b>	<b>-65.3</b>	<b>-81</b>	<b>-79</b>
<b>Net income</b>	<b>137.7</b>	<b>173</b>	<b>≈ 168</b>
<b>EPS</b>	<b>2.51</b>	<b>3.27</b>	<b>≈ 3.17</b>

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

Results for the first half of 2008/2009

# Longer term outlook



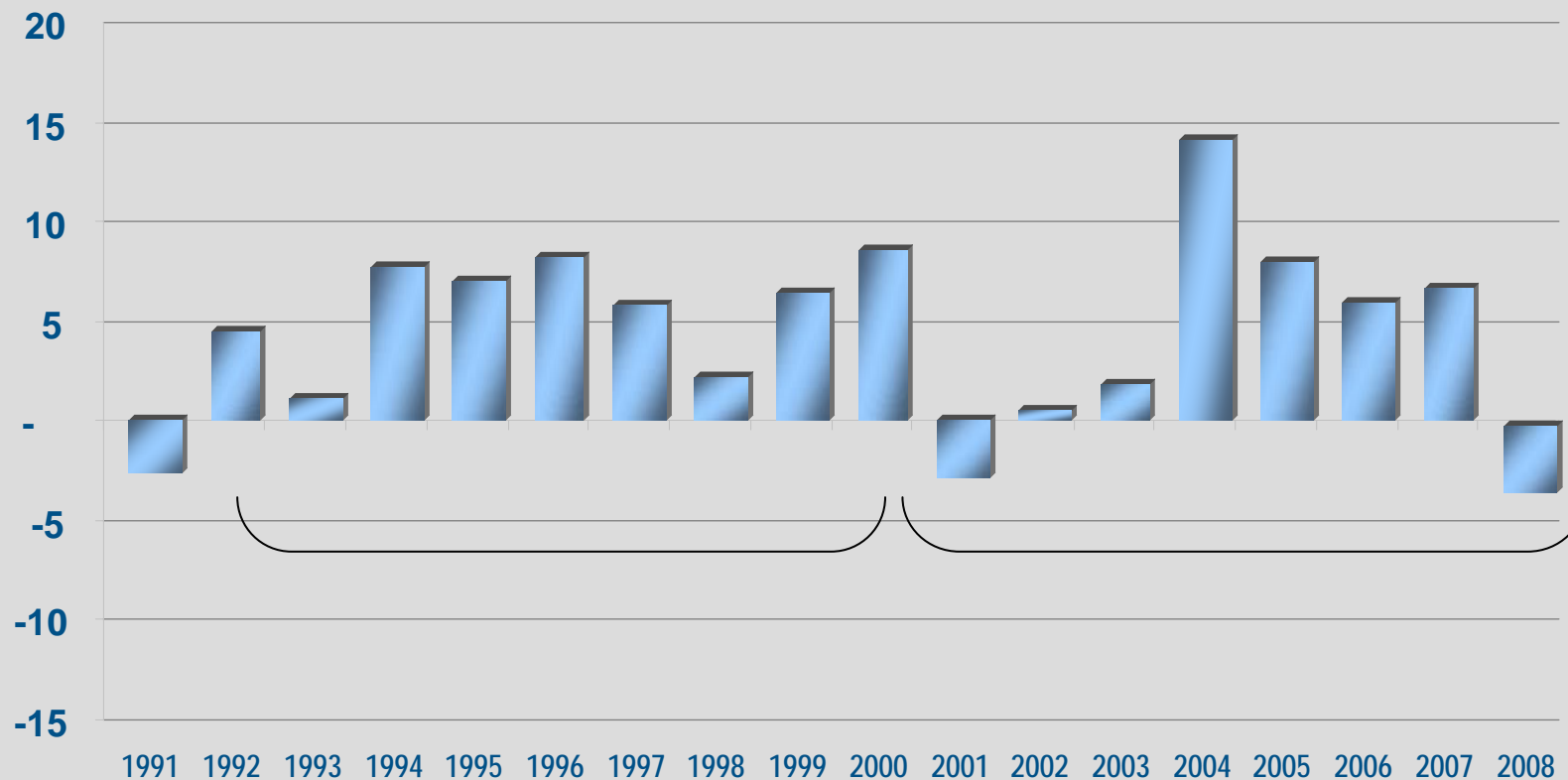


# Zodiac Aerospace's business model remains very sound

- **Recent sales successes confirm the strategy followed by Zodiac Aerospace over a long period**
  - Tier 1 equipment manufacturer with constant increase in shipset value
  - Cutting-edge technology adapted to customer needs
  - World-leadership positions in its various market segments
  - A significant share of after-sales fitting
  - A mix of customers
- **Long-term programs, offering long-term growth prospects**
  - Higher shipset value on programmes which are positively welcome by airlines

# Recent trends in world traffic

▪ % change in world traffic (Source: OACI)



Results for the first half of 2008/2009

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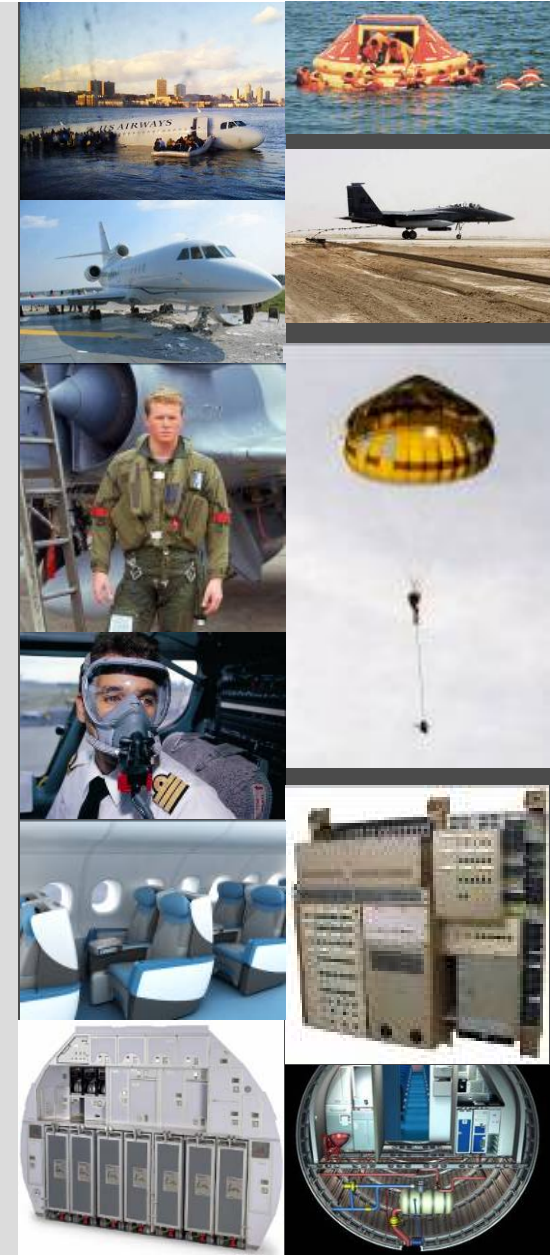
# Long-term programs

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



# World leadership positions

- **Aerosafety & Technology**
  - Emergency evacuation: joint world leader
  - Aircraft Arresting Systems: world leader
  - Parachutes: joint world leader
  - Rafts/floats: world leader
  - Range finding: European leader
- **Aircraft Systems**
  - Management of electrical power: world leader
  - Oxygen: world leader
  - Fuel circulation: number two in the world
- **Cabin Interiors**
  - Cabin outfitting: world leader
  - Water management: world leader
- **Seats**
  - joint world leader
- **Galley & Equipment**
  - trolleys: world leader
  - Galleys: world leader in "narrowbodies"



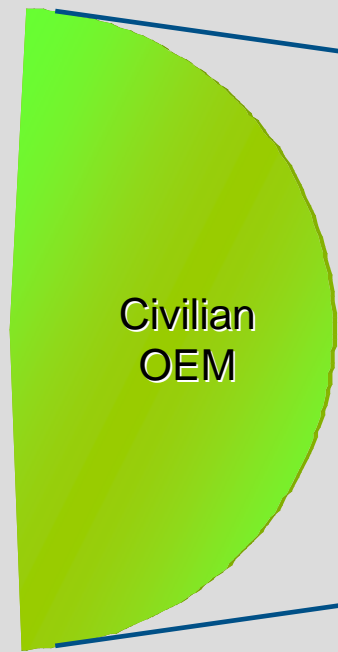
# A balanced business mix

Civilian  
aftermarket  
(~ 40%)

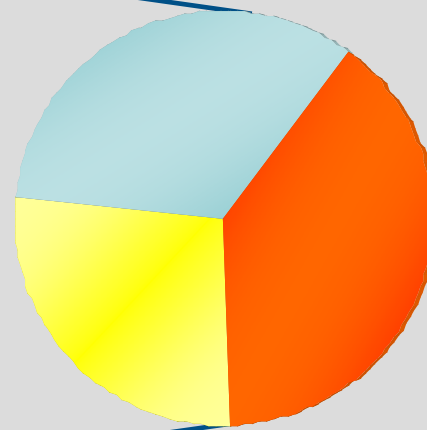


EADS,  
Boeing,  
Northrop,  
Dassault, US  
DoD, French  
MOD, etc

Government /  
defense  
(~ 10%)



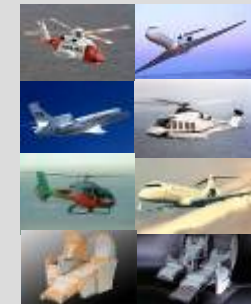
Regional aircraft OEM  
ERJ, BBD, ATR, etc.



Commercial  
aircraft OEM  
Airbus, Boeing



Other  
OEM  
Airline BFE,  
helicopters,  
Bizjets



# ZODIAC AEROSPACE



Presentation of results  
for the first half of 2008/2009

April 17th, 2009