

# Zodiac Aerospace FY 2012/2013 Results presentation

November 20, 2013



# Summary

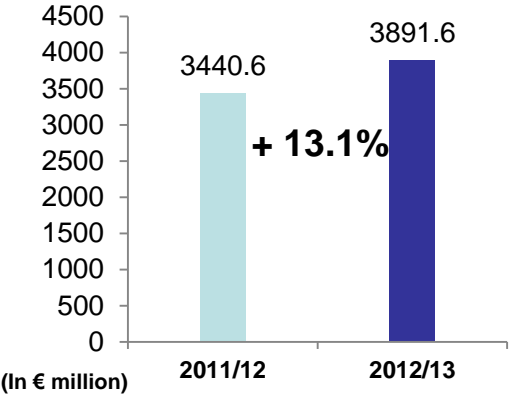
- **Another year of organic growth**
- **Dissymmetry of margin between H1 and H2**
- **Pursuing the External Growth Strategy**
  - A new financing for the Group
- **A buoyant market**
  - Increase in traffic
- **Innovation and commercial successes**

# FY 2012/2013 Highlights

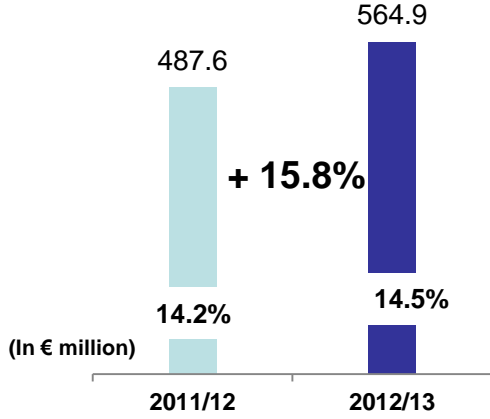


# Another year of growth

## Sales

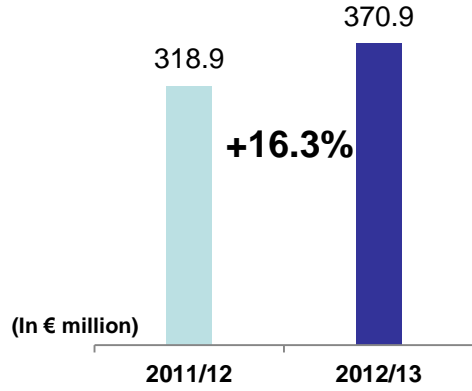


## Current Operating Income\*



\* Excluding IFRS3 impact

## Net Earnings

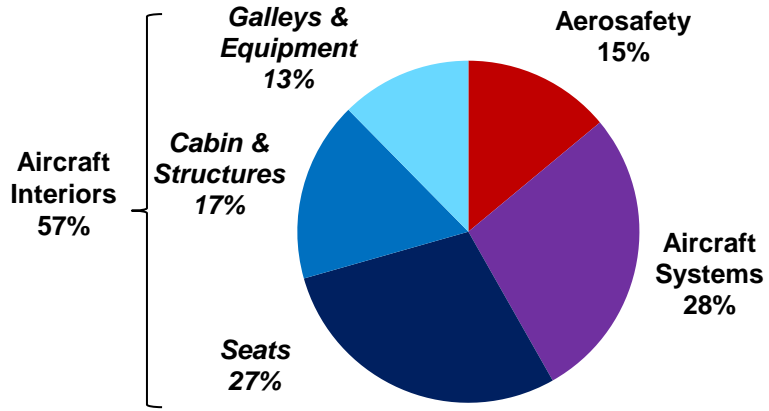


## Net Debt/EBITDA

**1.26** vs. **1.45**  
 2012/13 vs. 2011/12

\*net financial debt/ equity

## Sales breakdown

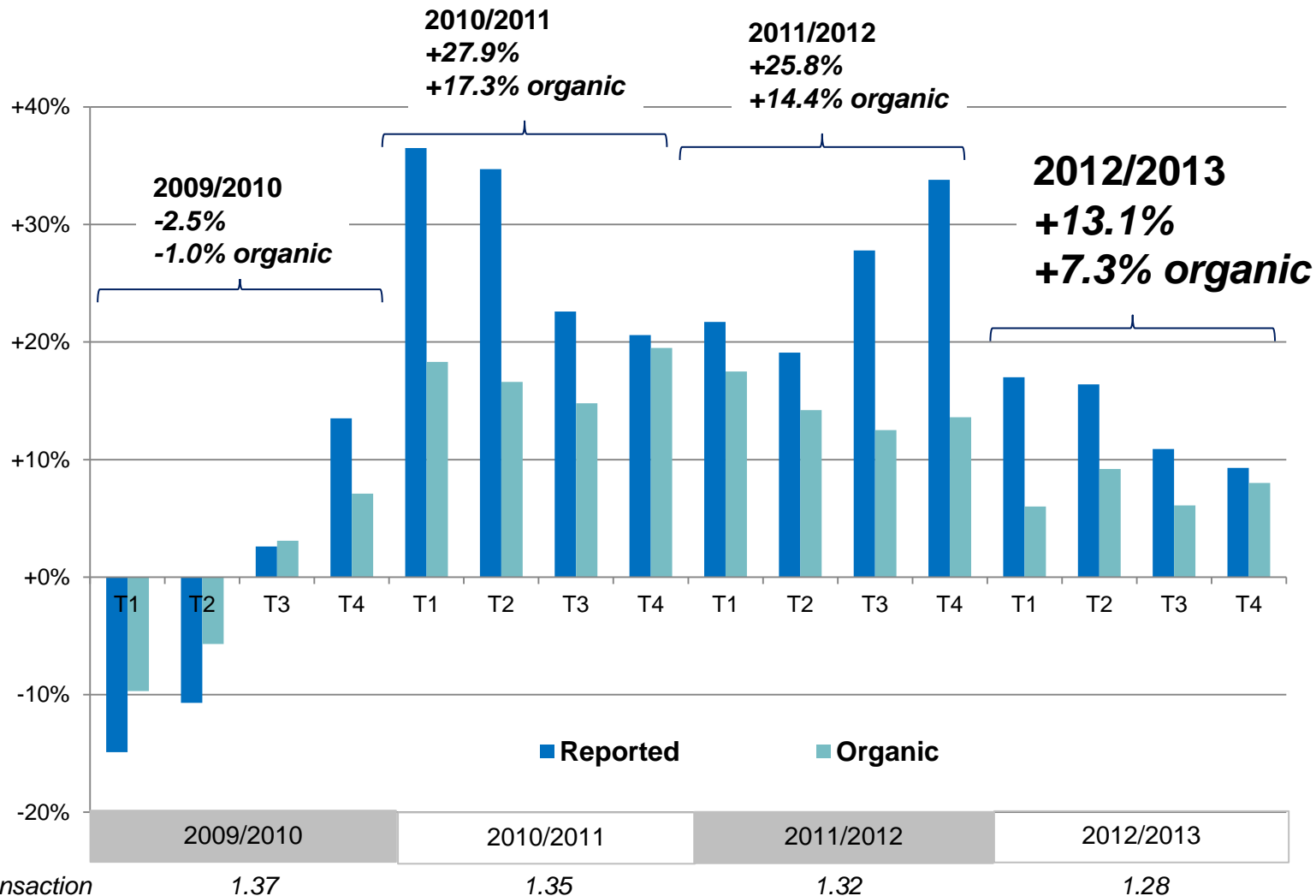


## WCR/Sales

**31.7%\*** vs. **29.4%\***  
 2012/13 vs. 2011/12

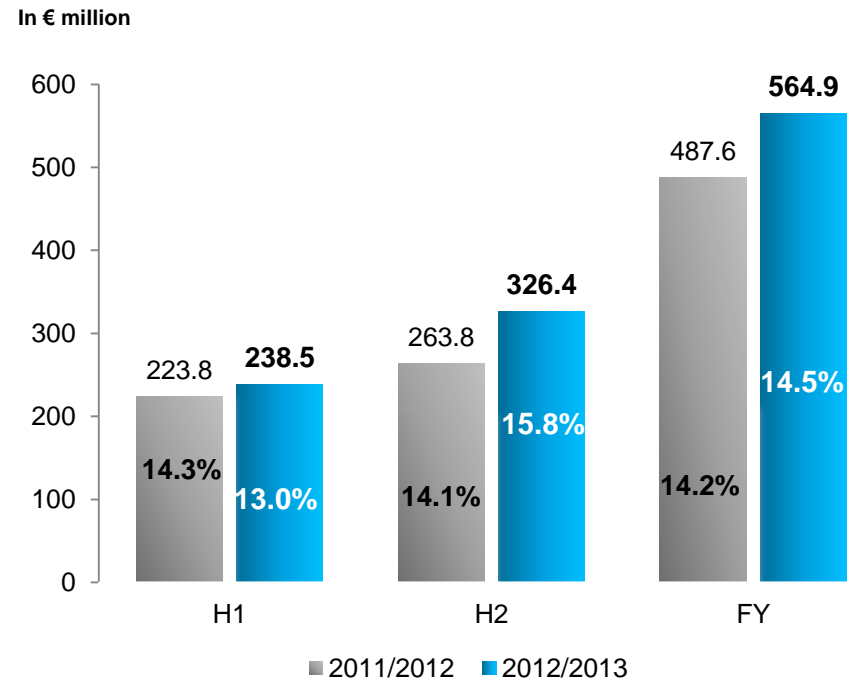
\* Based on trade WCR

# 14 consecutive quarters of growth



# A dissymmetrical profile for the year

- **Weaker margin in H1**
  - 13% vs. 14.3% in H1 2011/2012
  - Impact in H1 of the decrease in regional aviation, integration of the UK seats business...
- **Catch up in H2**
  - Recovery of Zodiac Seats UK operations
  - Improvement in AeroSafety
- **All in all, COI\* margin is 14.5% in 2012/2013**



# 6 acquisitions since December, 2012



- Zodiac Aerospace is growing in « Passenger Centric » IFE thanks to the **acquisition of IMS**



- **NAT** reinforces Zodiac Aerospace's offer for cabin retrofit



- Acquisition of **IPS**: Zodiac Aerospace enhances its world leadership in power management



- Zodiac Aerospace complements its expertise in the field of Fluid Management Systems
- **Acquisition of La Jonchère**, a French company dedicated to ducts and flexible joints
- Equipping numerous engines for the commercial aircraft industry and benefiting from a patented technology



- Acquisition of the Engineering department of ThreeSixty Aerospace
- **Threesixty Aerospace** is a wholly-owned subsidiary of Virgin Atlantic Airways engaged in the conception, design and manufacture of the seats of the said airline.



- **And...Beginning of September, 2013: Acquisition of TriaGnoSys**

Zodiac Aerospace complete his position in the field of IFE thanks to the acquisition of TriaGnoSys, the German based company specializing in inflight connectivity and wireless entertainment and cabin systems.



# Evolving in a buoyant environment

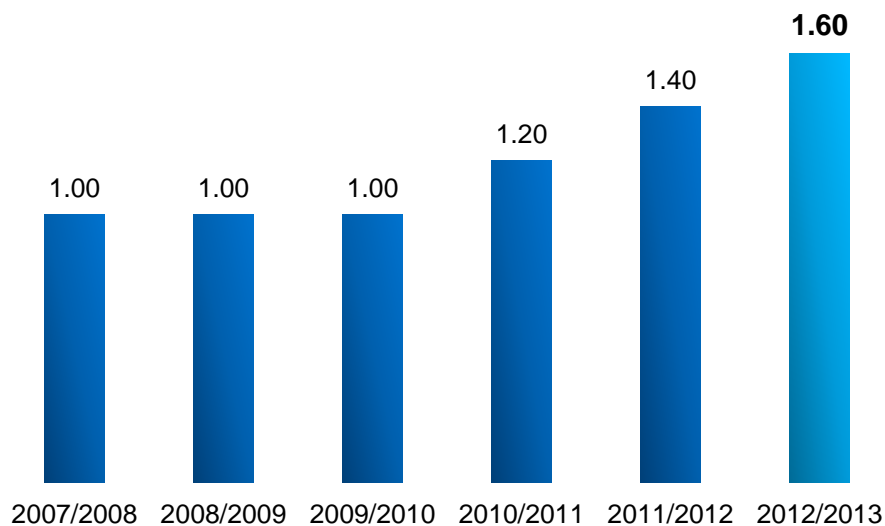
- **Traffic is experiencing a sustained growth**
- **Civilian aircraft deliveries are increasing**
  - Current programs sustain a high production rate
  - New program developing
    - Boeing 787 production is ramping up
    - Airbus A350XWB and Bombardier CSeries are pursuing their flight tests
- **Good level of aftermarket**
- **Innovating at Zodiac Aerospace**
  - Zodiac Seats has renewed its range of products
  - The ISIS cabin retrofit concept is gaining interest from airlines
  - Aircraft Systems is investing in R&T programs
    - SAFUEL: Safer Fuel Systems, including inerting
    - GENOME: Optimized management of energy (electrical)
    - Fuel Cell





# Dividend to increase

In € per share



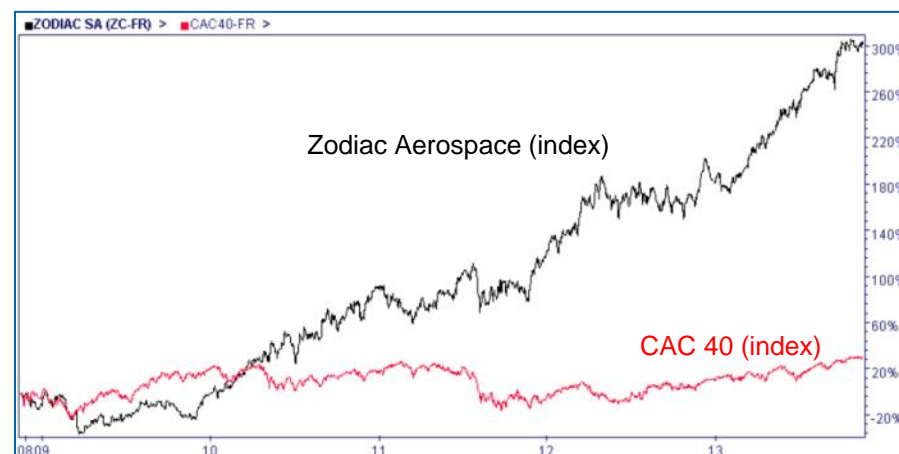
- The supervisory board will propose the distribution of a €1.60 dividend per share at the General Shareholders' meeting on January 8, 2014

# Stock split

- The board will propose a five-for-one split of the share at the General Shareholder's meeting
- No impact on the market cap.
- In order to make the stock more liquid and more accessible to all shareholders

- **Current Market Cap. €6.8bn**
  - Based on €118.9 closing price on 19 Nov. 2013
- **Current Nb of Shares: 57,431,022**
- **New Nb of Shares: 287,155,110**

5 years ZC share price evolution vs CAC40



5 years ZC share price evolution



# FY2012/2013 Financial performance



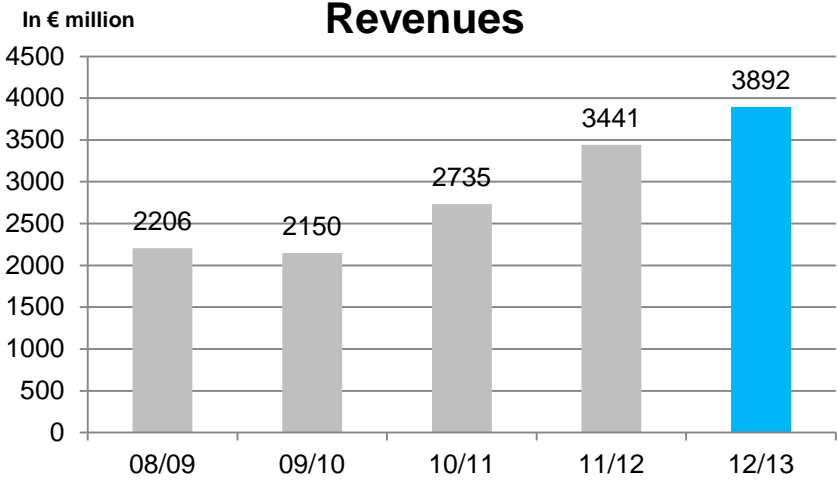
# Financial highlights

<i>(€ million)</i>	2012/2013	2011/2012	% change
<b>Sales revenue</b>	<b>3,891.6</b>	<b>3,440.6</b>	<b>+13.1%</b>
<b>Current operating income before IFRS3 impact</b>	<b>564.9</b>	<b>487.6</b>	<b>+15.8%</b>
<b>COI before IFRS 3/ sales revenue</b>	<b>14.5%</b>	<b>14.2%</b>	
Current operating income	564.3	486.4	+16.0%
COI/REV	14.5%	14.1%	
<b>Net income attributable to Group shareholders</b>	<b>370.9</b>	<b>318.9</b>	<b>+16.3%</b>
<b>Net income before IFRS3</b>	<b>388.5</b>	<b>332.8</b>	<b>+16.7%</b>
<b>EPS attributable to Group shareholders</b>	<b>6.81</b>	<b>5.89</b>	<b>+15.6%</b>
EPS before IFRS 3	7.13	6.15	+15.9%
<b>Net Debt/equity ratio</b>	<b>0.38</b>	<b>0.42</b>	
Net Debt/EBITDA ratio	1.26	1.45	
€/\$( Transaction)	1.28	1.32	
€/\$( Conversion)	1.31	1.31	

**Scope : Contour (Zodiac Seats UK) 6 additional months, IMS consolidated over 8 months ; IPS and NAT consolidated as of Feb. 28th (6 months), La Jonchère consolidated as of Aug 31st, 2013**

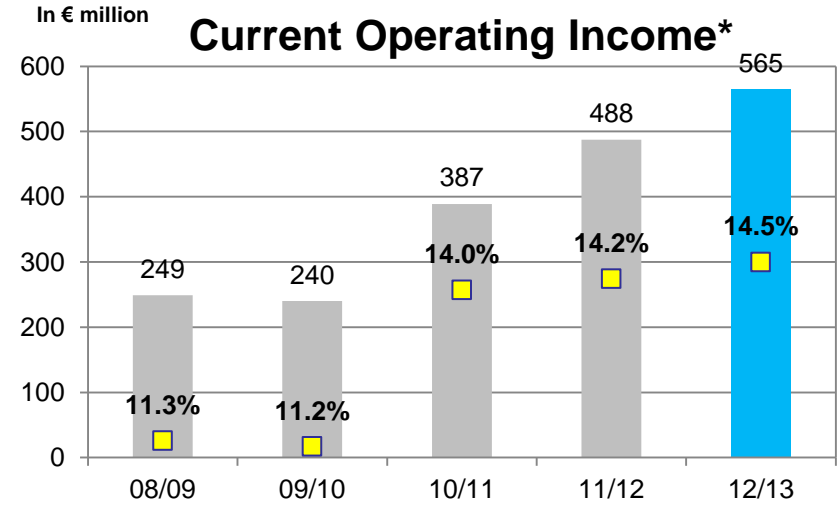
**IFRS3 in COI : €0.6m in 2012/13 vs €1.2m in 2011/12**

# Another year of growth



■ **Another growth of sales**

- +13.1% to €3,891.6m
- +7.3% organic growth
- +5.3% from acquisitions
  - Contour (6 months)
  - IMS (8 months)
  - IPS and NAT (6 months)



■ **Increase in COI\***

- +15.8% to €564.9m
- 14.5% COI margin

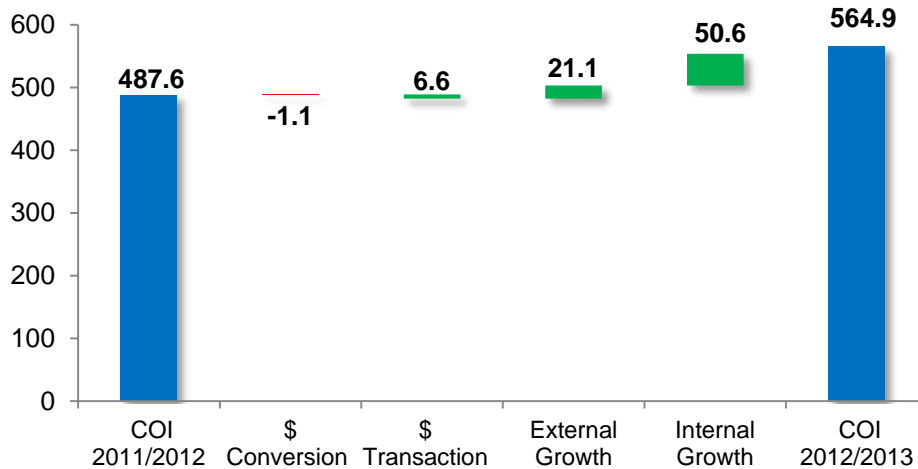
€/€ (conversion)	1.35	1.37	1.39	1.31	1.31
€/€ (transaction)	1.30	1.37	1.35	1.32	1.28

\*Excluding IFRS3 impact



# +15.8% increase in Current Operating Income\*

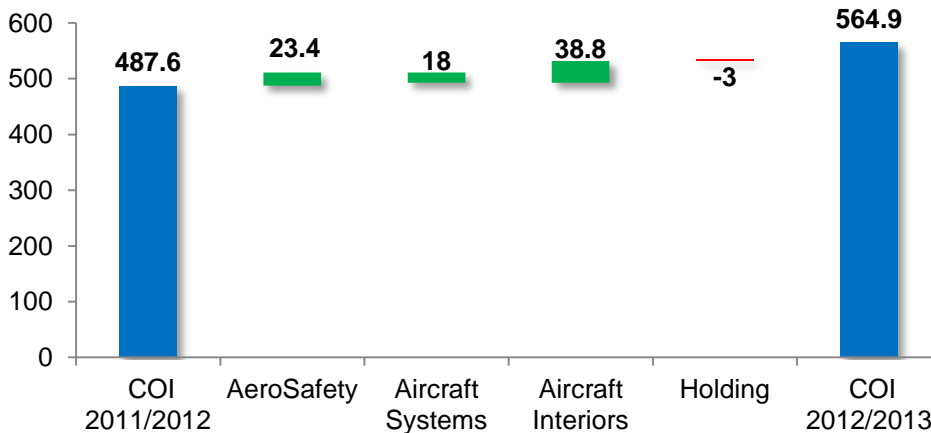
In € million



## ■ Increase in COI\*

- +15.8% to €564.9m
- +10.3% on a constant perimeter
- +€5.5m positive impact from exchange rates

In € million



## ■ All segments contributed to the growth in COI\*

€/\$(conversion): 1.31

€/\$(transaction): 1.32

€/\$(conversion): 1.31

€/\$(transaction): 1.28

# Aircraft Interiors activities

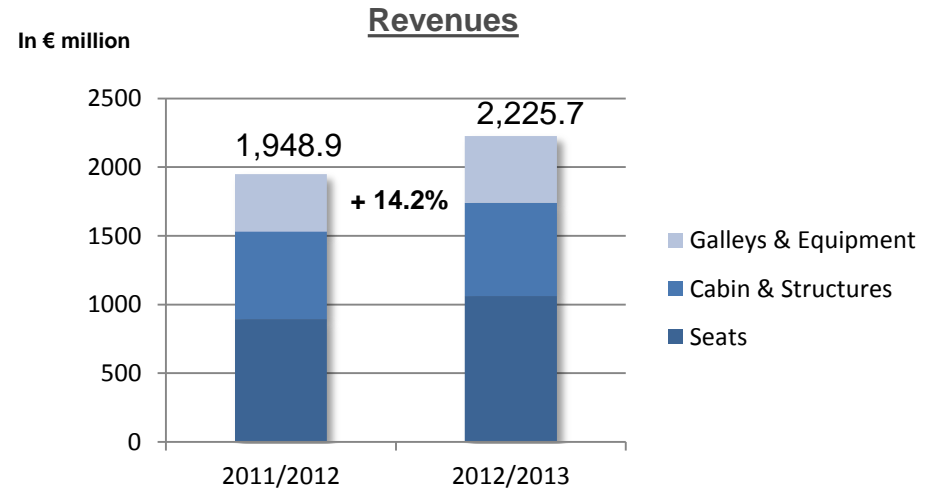
## Key events 2012/2013

### ■ +14.2% reported growth

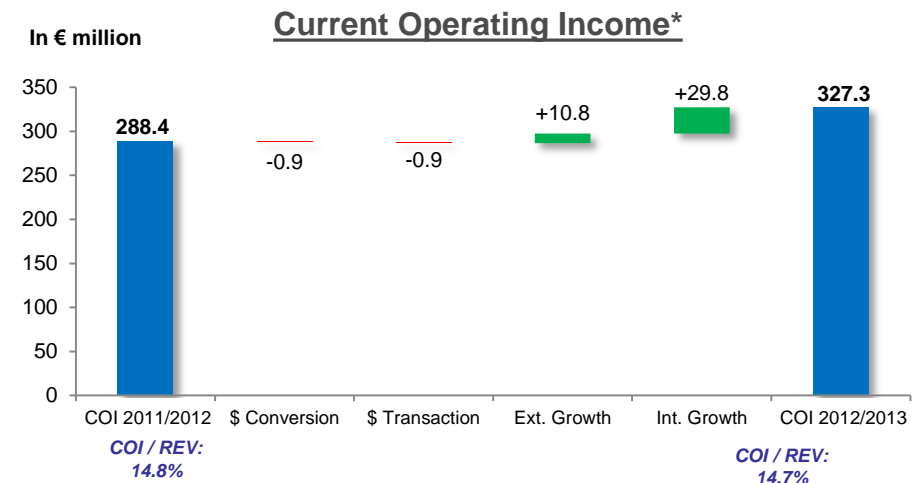
- +7.8% organic
- Strong growth at Seats owing to the integration of Zodiac Seats UK
  - +18.8% reported / +8.2% organic
- Strong organic growth at Galleys & Equipment
  - +16.2% reported / +16.0% organic
- Cabin & Structures improving
  - 6.5% reported / +2.0% organic
  - Vs +2.3% / -0.9% in H1

### ■ +13.5% increase in COI\*

- -2.6% in H1
  - Impact in H1 of the decrease in regional aviation, integration of the UK seats business, non recurrence of a retrofit program, ramp up of NB galleys...
- Recovery of Seats UK in H2



Organic growth: +7.8%



\* Excluding IFRS3 impact



# Zodiac Aircraft Systems

## Key Events 2012/2013

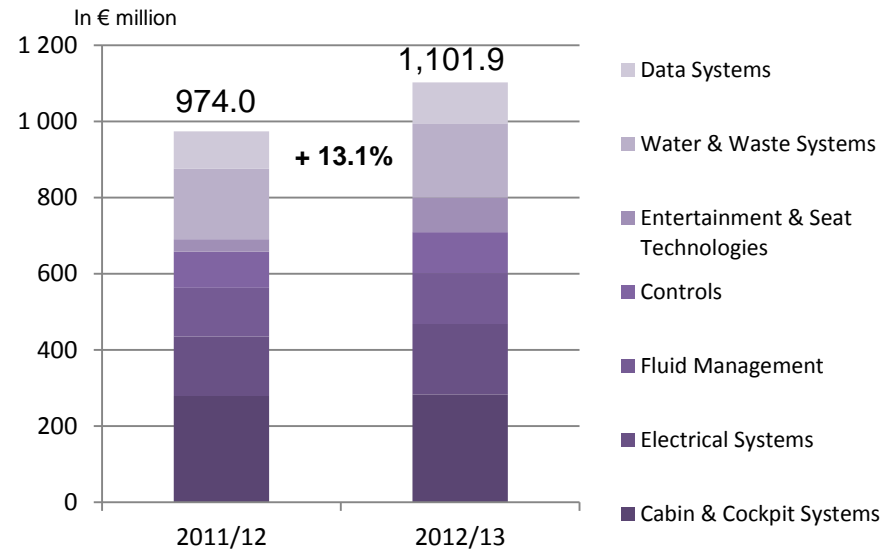
### ■ +13.1% of sales increase

- +5.7% organic
- External growth
  - 8 month consolidation of IMS
  - 6 months of IPS
  - La Jonchère consolidated at end Aug. 2013

### ■ Strong increase in Current Operating Income\*: +13.2%

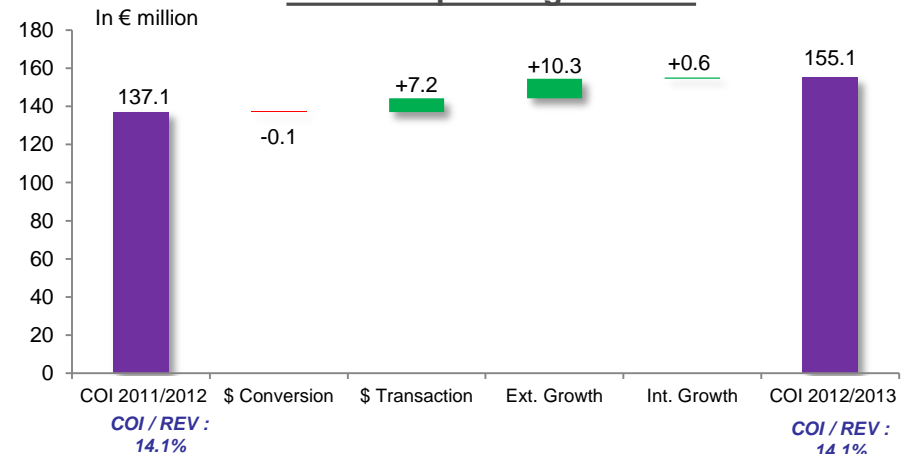
- Good contribution from external growth
- Demanding comparison basis and many project at early ramp up stage
- Investing in new technologies (fuel cell, inerting)
- COI margin is stable
  - 14.1%

### Revenues



Organic growth: +5.7%

### Current Operating Income\*



# Zodiac AeroSafety

## Key Events 2012/2013

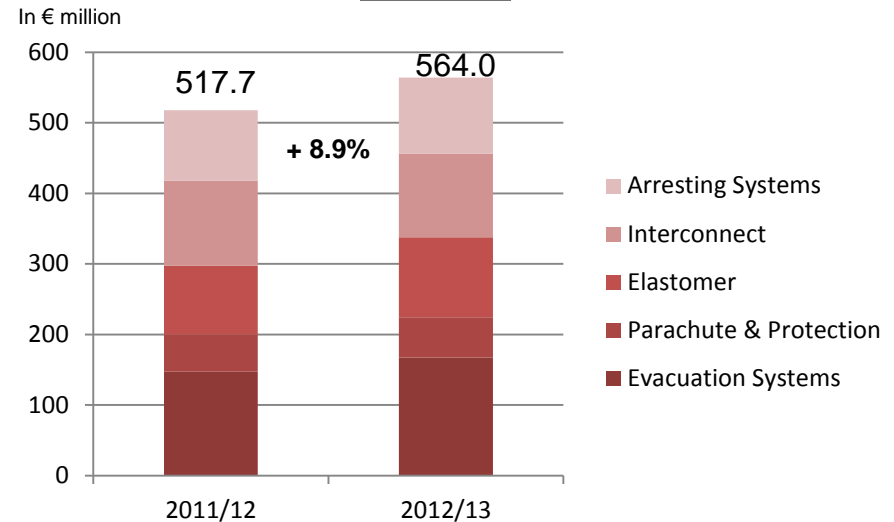
- **Good sales growth for Evacuation Systems, Elastomer, Parachute & Protection**

- +8.9% at €564m
- +8.1% organic

- **+31.1% increase in Current operating income\***

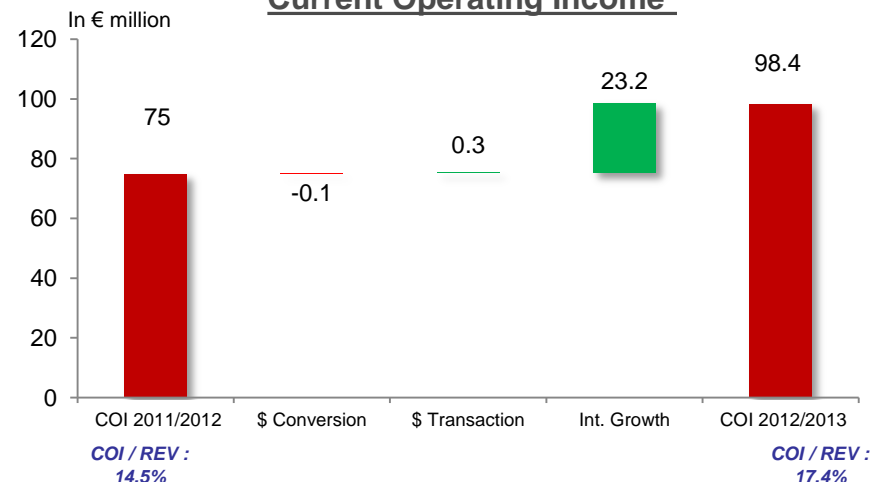
- Strong improvement in COI margin
  - 17.4% vs. 14.5%
- Good operations at Emergency evacuation, Interconnect and Arresting Systems
- Improvement in Elastomers and Parachute & Protection

### Revenues



Organic growth: +8.1%

### Current Operating Income\*

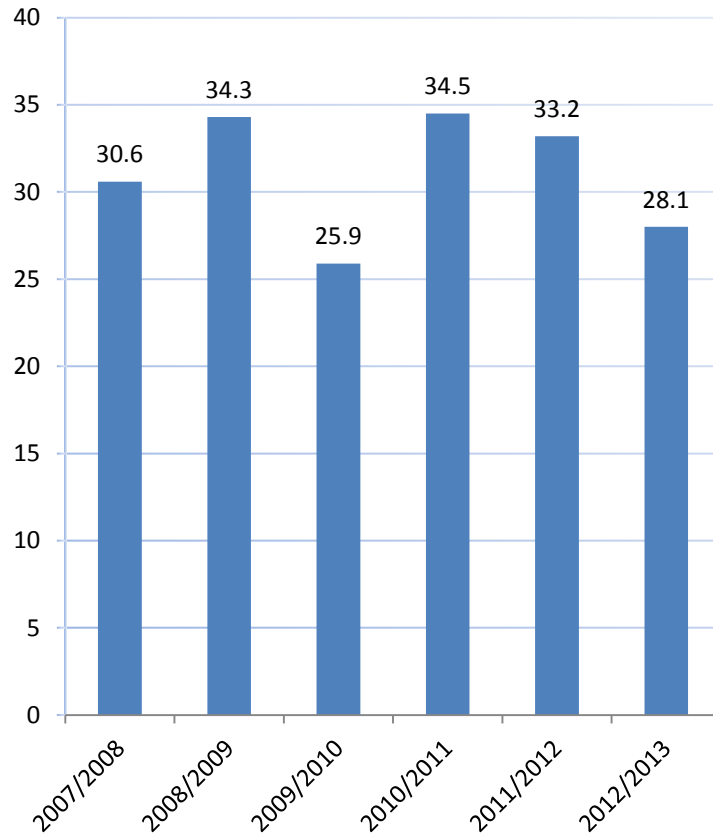


COI / REV : 14.5%

COI / REV : 17.4%

# Decrease in financial expenses...

In € million



## ■ Decrease in Financial expenses

- Owing to the decrease of average interest rate
- 2.33% vs. 2.80%

## ■ Other P&L items

### ■ Income tax

- From €134.4m to €141.6m in 12/13
- 27.6% vs 30.2% implicit rate
- But 30.1% vs 30.2% restated

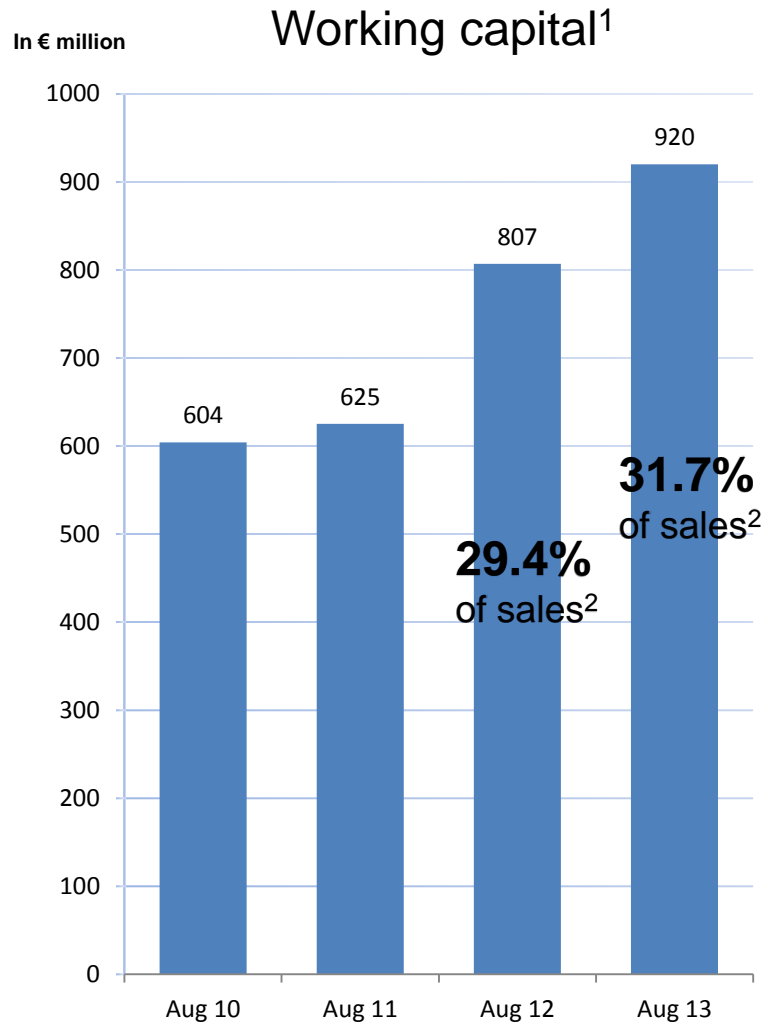
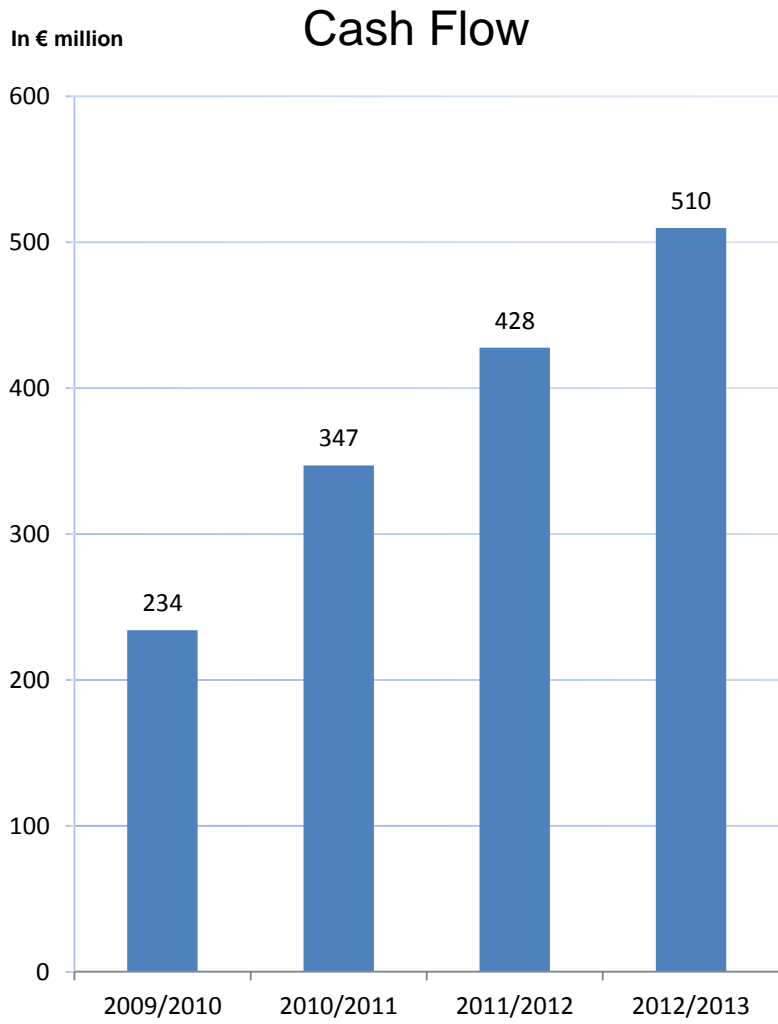
### ■ Non current operating items

- €-23.2m vs. €-11.5m
- Mainly related to IFRS 3 (€-21.1m vs €-15.7m)

### ■ No contribution from held-for-sale assets

- Vs a positive contribution of €10.9m after tax in 2011/2012

# +19.2% increase in Cash Flow

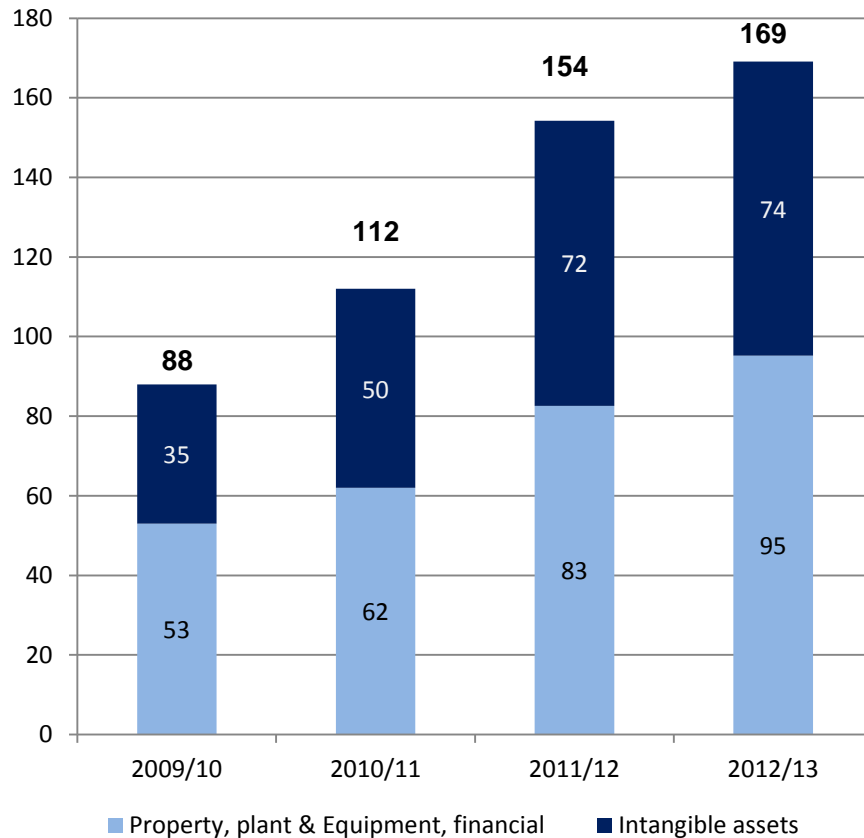


(1) Based on trade WCR  
(2) Excluding acquisitions



# Capex increase linked to investment in new programs

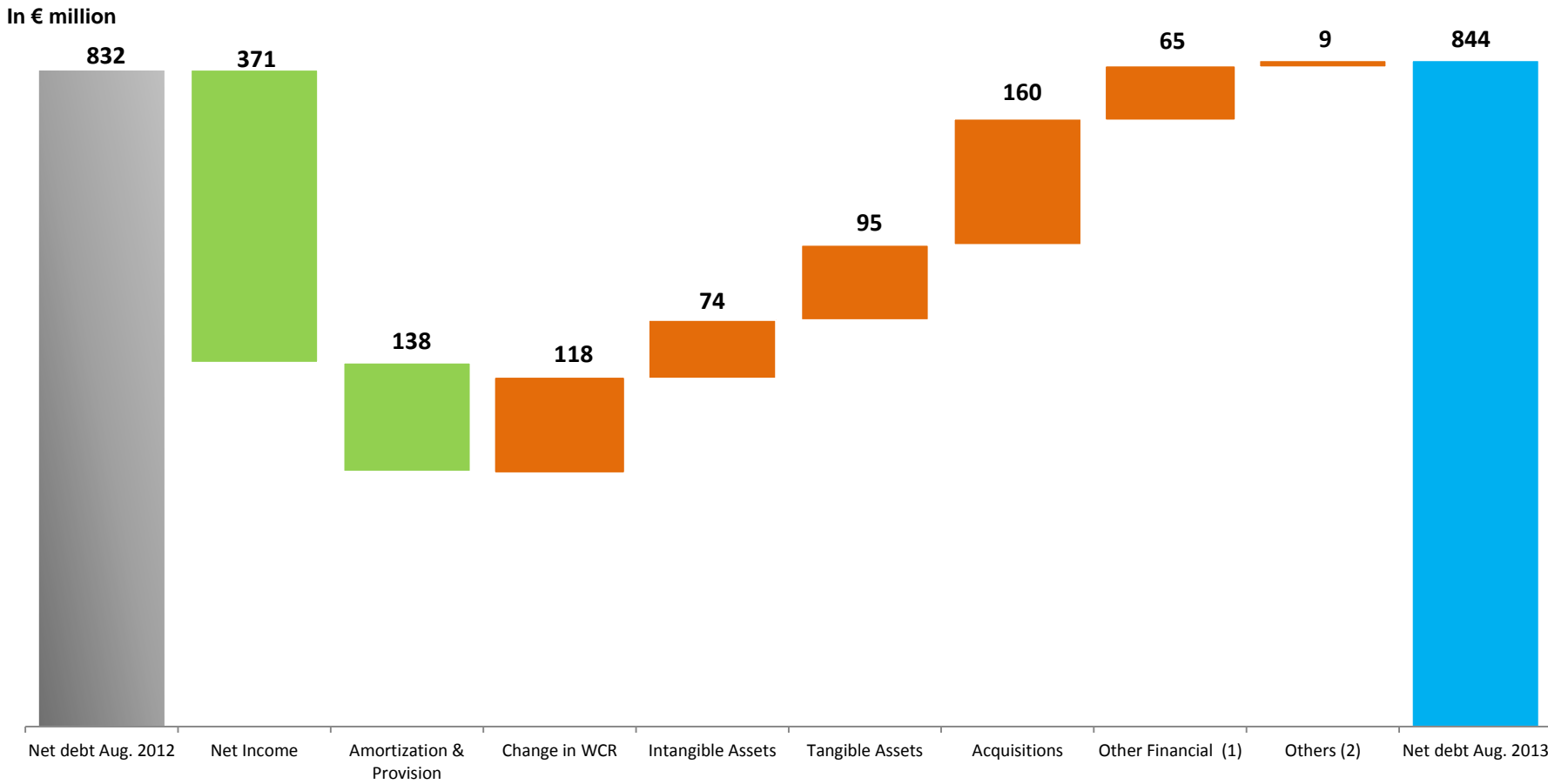
In € million



## ■ Intangible capital expenditures

- €62.8 m of capitalized development costs in FY 2012/2013 vs. €62 m in FY 2011/2012
- Mainly related to the development of the A350XWB

# Acquisition and WCR increase result in increase in net debt compared to end 2011/2012

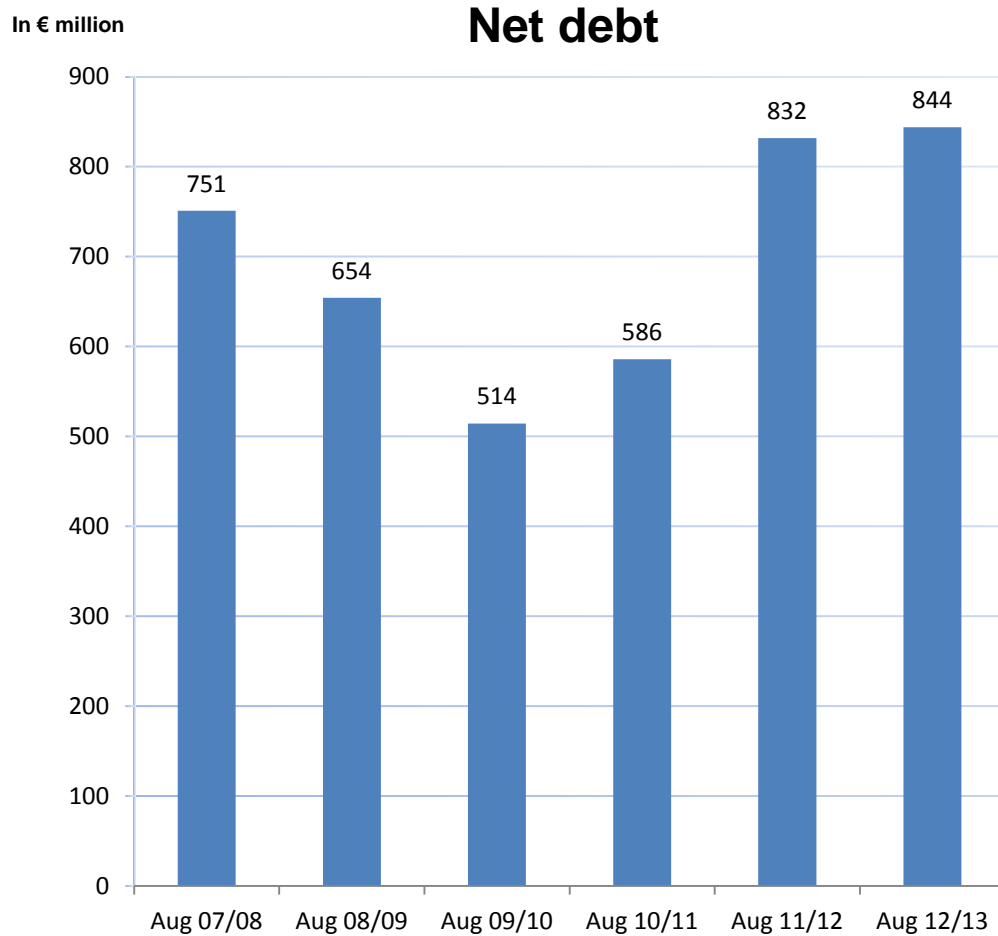


(1) Including dividends  
 (2) Currency translation adjustments and Net Income from Equity Method

Acquisitions: IMS, NAT, IPS, ThreeSixty Aerospace, La Jonchère

# Still a significant external growth potential

Gearing <sup>(1)</sup>	0.67	0.52	0.34	0.38	0.42	0.39
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- Gearing is decreasing to 0.39
- Zodiac Aerospace has the capacity to pursue its external growth strategy

(1) Net financial debt / equity after dividend



# Strategy and outlook



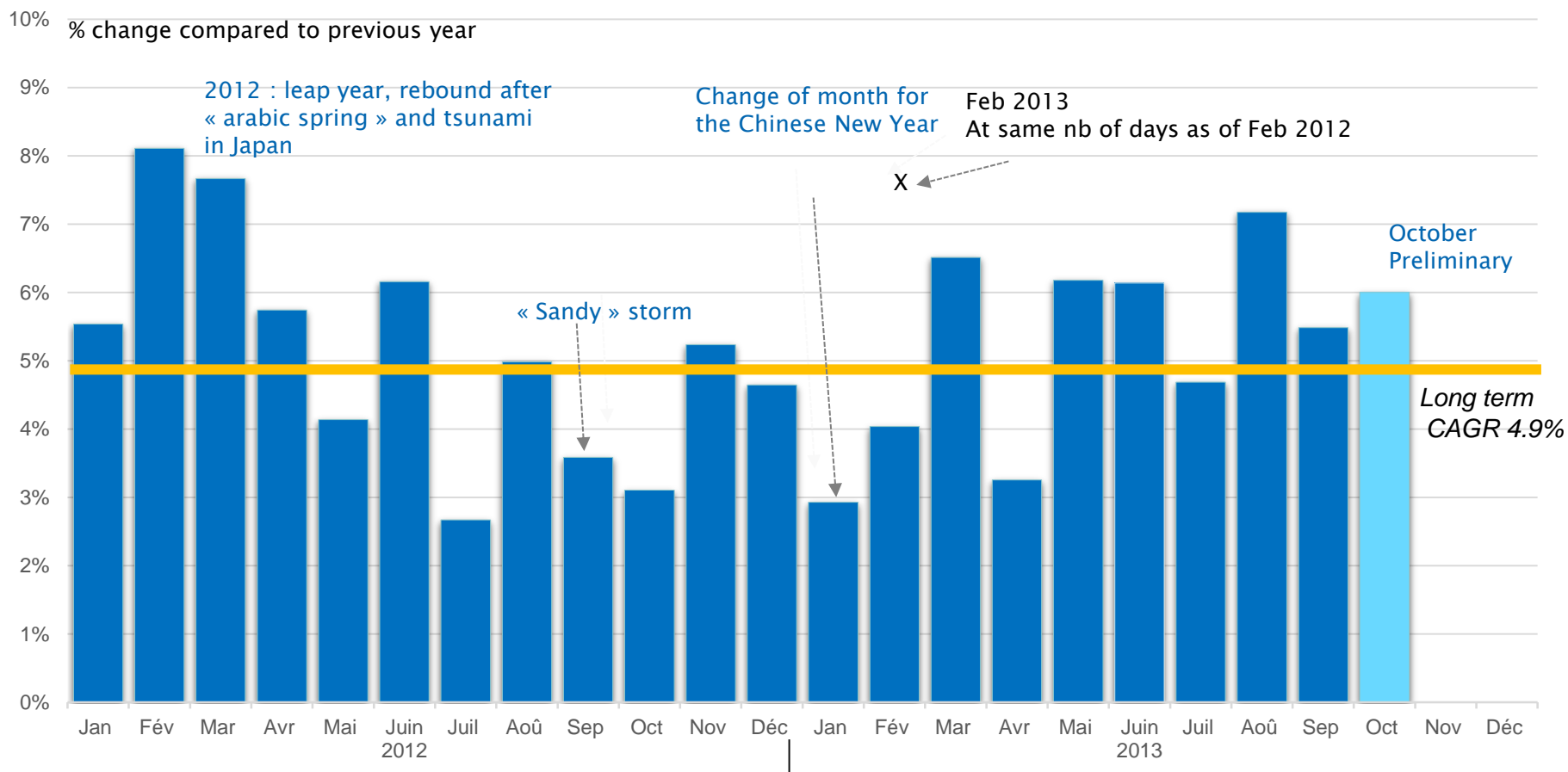


# Evolving in a buoyant environment

Traffic is experiencing a sustained growth  
Civilian deliveries are increasing  
New programs ramping up  
Zodiac Aerospace is innovating  
ISIS  
Fuel Cell

# World air traffic is still increasing

## Revenue Passenger Km –World evolution

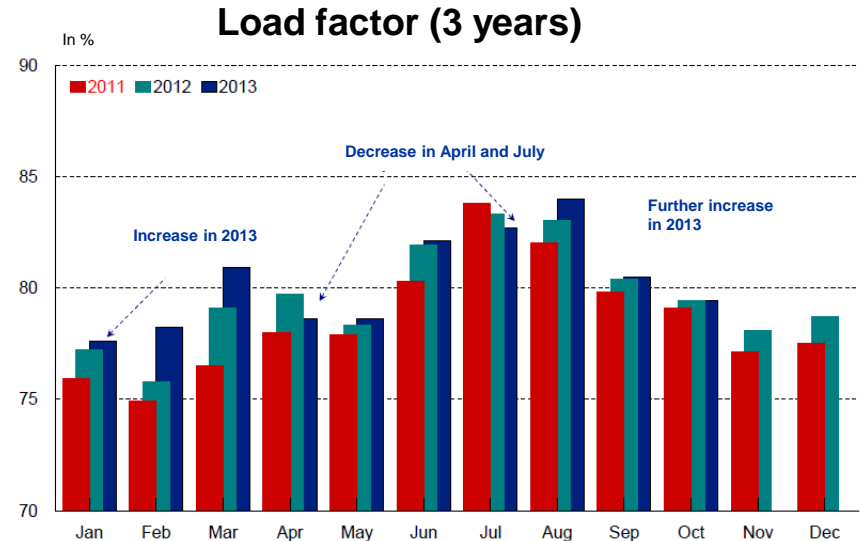


# Still a high demand for new aircraft

## ▪ Load factor at a high level

- Over the last year, traffic grew by 5.2%...
- ...and capacity by 4.5%
- Resulting in a 79.9% average load factor, +0.6pt compared to the previous year

## ▪ Further increase in traffic will generate need for additional capacities



## World traffic forecast ICAO 2013e-2015e

% change	2013E	2014E	2015E
Africa	+5,2%	+5,9%	+6,0%
Asia-Pacific	+5,5%	+6,4%	+6,8%
Europe	+4,4%	+5,5%	+6,2%
Middle East	+10,2%	+11,2%	+10,8%
North America	+2,3%	+3,3%	+3,8%
Latin America	+7,6%	+8,7%	+8,0%
<b>World</b>	<b>+4,8%</b>	<b>+5,9%</b>	<b>+6,3%</b>

# Increase in commercial aircraft production rates

## ▪ Airbus and Boeing are planning further increase in production rates for NB

### ■ Airbus

- A320 current: 42/month
- Studies the possibility to grow further, after the transition to the NEO
- Current backlog: 4223 aircraft

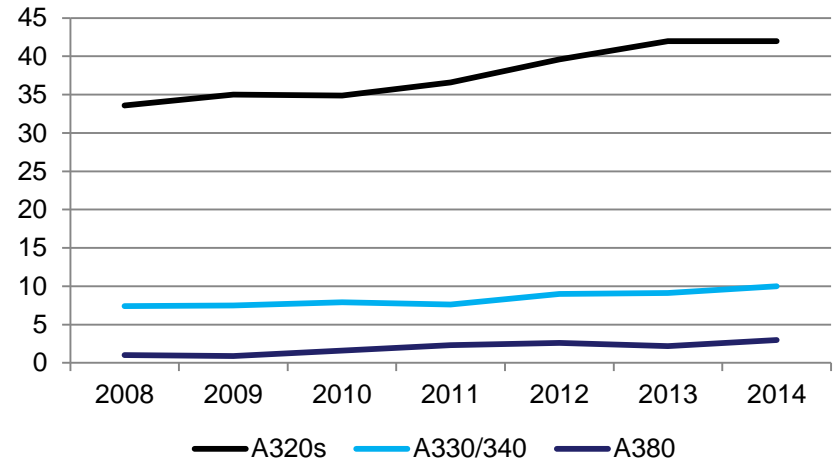
### ■ Boeing

- B737 current: 38/month
- Targets 42 in Q2 2014
- Studies possibility to go higher
- Current backlog: 3486 aircraft

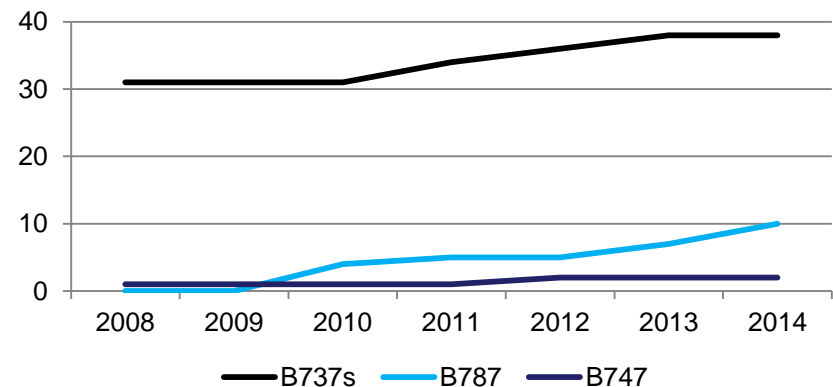
## ▪ New WB

- 787 is ramping up to 10a/c

Increase in production rates at Airbus



Increase in production rates at Boeing



# Regional Jets: waiting for new programs

- **Mixed outlook in the short term**

- Decrease in output at Embraer
- Stabilize at low level at Bombardier

- **While new programs are developing**

- Bombardier CSeries made its first flight on Sept 16th, 2013
- Embraer's G2 revealed in June 2013

- **Newcomers arriving**

- Russia: MC21 and SSJ
- China: Comac 919 and ARJ21
- Japan: MRJ

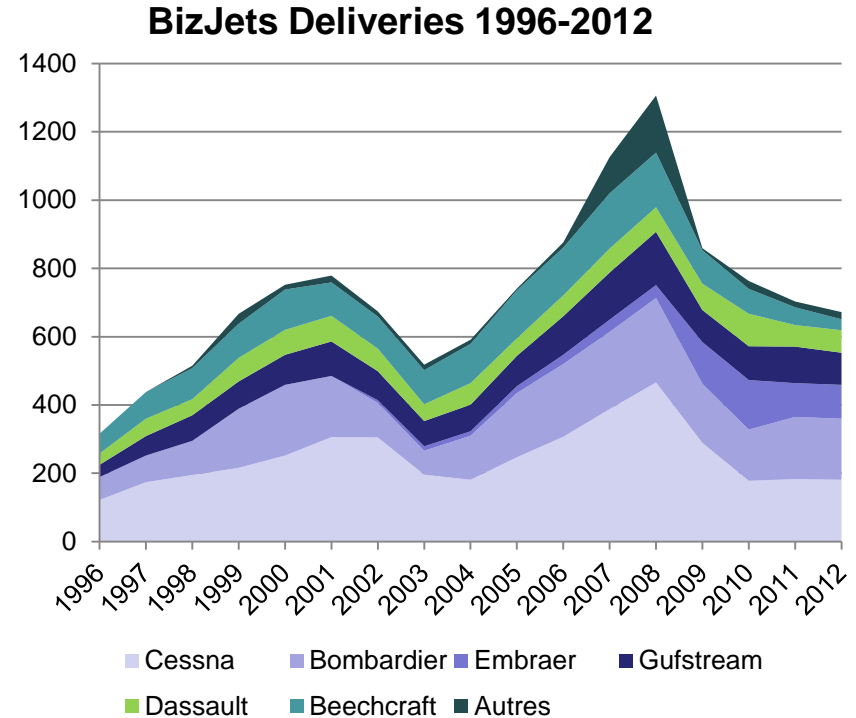
Regional Jets Backlog (units)

	Development ended	Development in progress
<b>Embraer ERJ 170/190</b>	246	
<b>Embraer E2</b>		150
<b>Bombardier CRJ</b>	89	
<b>Bombardier CSeries</b>		177
<i>Comac 919</i>		380
<i>Comac ARJ21</i>		303
<i>Mitsubishi RJ</i>		160
<i>Irkut MC21</i>		241
<i>Sukhoi SJ 100</i>	257	
<b>Total</b>	<b>592</b>	<b>1411</b>

Source: Deutsche Bank

# Bizjets: a slow pick up

- **Fleet in service is +/- 19,000 aircraft**
  - 71% of the fleet is based in North America
- **Deliveries of bizjets are 700-800 per year**
  - 2/3 the market in value is « Large and Global » segment
    - Dassault Falcon, Bombardier, Gulfstream
- **A slow pick up**
  - Decrease of bizjets inventory
- **New programs**
  - Launch of Dassault 5X during NBAA
  - Development of Bombardier G7000



Source: GAMA



# New programs sum up

## First Flight



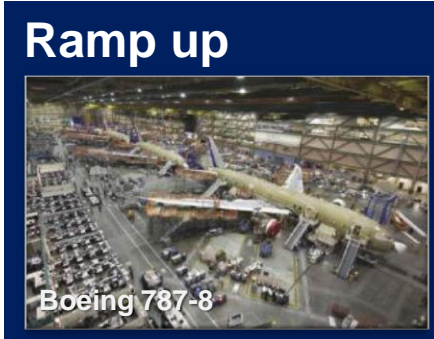
Airbus A350XWB (June)



Boeing 787-9 (Sept.)



Bombardier CS100 (Sept.)



## Ramp up

Boeing 787-8

## Development



IRKUT MC 21



Mitsubishi RJ



Embraer G2



Comac 919

## New Launch



Dassault Falcon 5X (Oct.)



Boeing 777X (Nov.)



Airbus A320 NEO



Boeing 737 MAX



Bombardier Global 7000



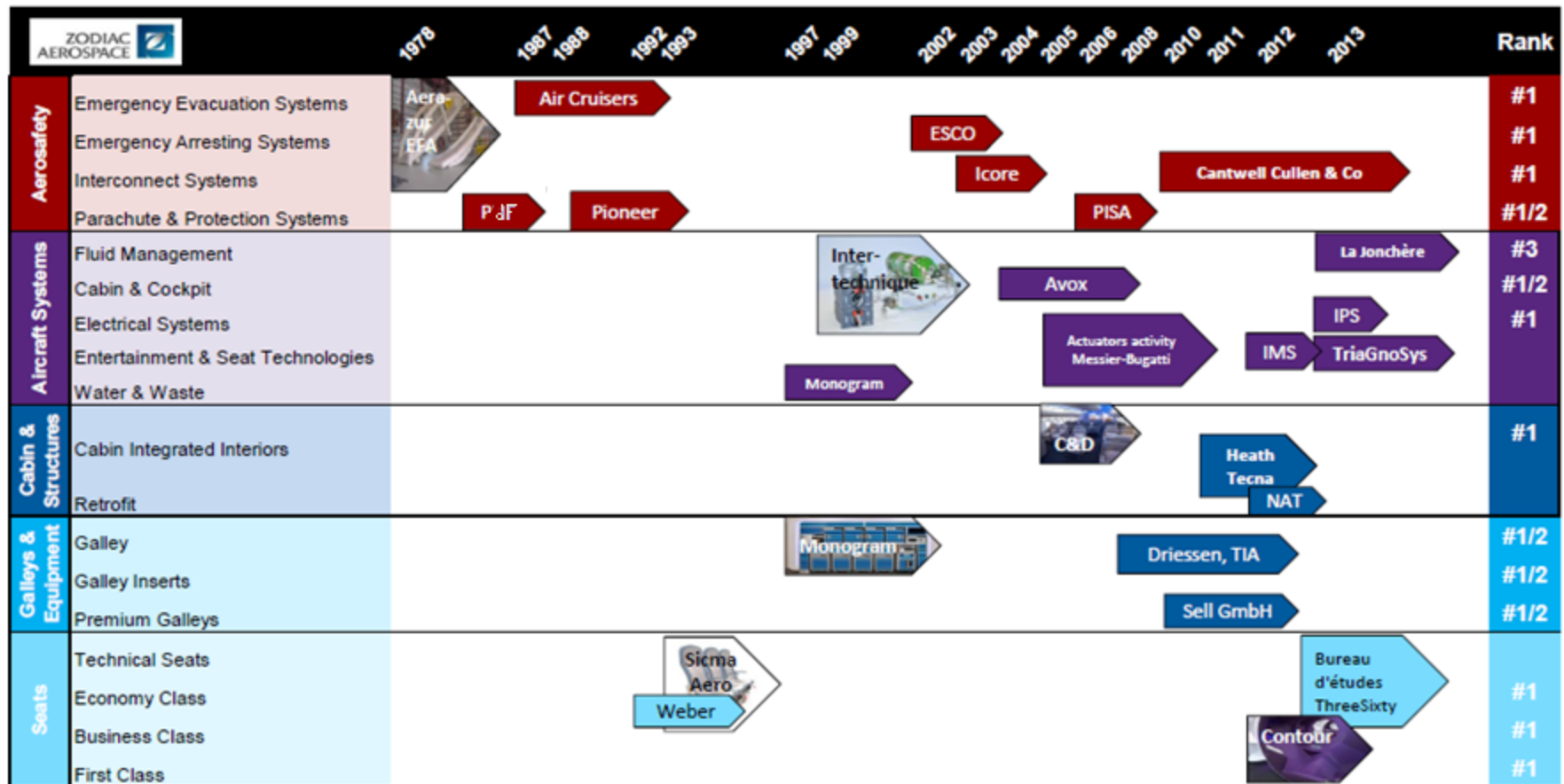
# Our Development Strategy combines Internal and External Growth

# Our Development Strategy combines Internal and External Growth

- **A successful external growth strategy**
- **Key metrics**
  - Be a world leader
  - In selected aerospace niche markets
  - With strong barrier to entry
  - And a good aftermarket content
  - Profitable companies
  - Additional metric: operations in dollars and/or in cost competitive countries
- **More than 35 acquisitions in Aerospace since 1978**

# Combining internal and external growth, Zodiac Aerospace has built world-leadership in selected niche markets

- Main Zodiac Aerospace acquisitions in Aerospace



- And also Heim, Enertec, Simula, Superflexit, Plastiremo, Amfuel, Quinson, Swan, Adder...
- Marine activities were divested in 2007

# A new financing for the Group

- **Announced on July 24th, 2013**
- **€660 m reinforcing the Group's financing**
  - **€535m from a German Schuldschein**
    - 3, 5 and 7 year maturity range
    - The largest issue from a non German / Austrian company
    - Initial offer was for €200m
  - **€125m from a private placement in France**
- **It will allow Zodiac Aerospace to**
  - pursue its strategy of internal and external growth
  - diversify its funding sources
  - reinforce its financing structure by increasing the average maturity of its debt

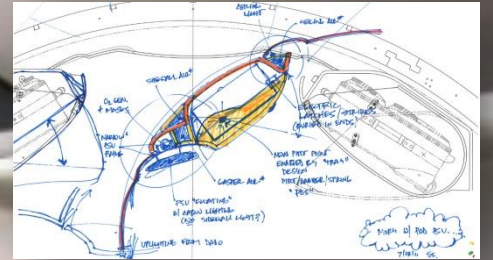
# Zodiac Aerospace is innovating

ISIS  
Fuel Cell





# ISIS





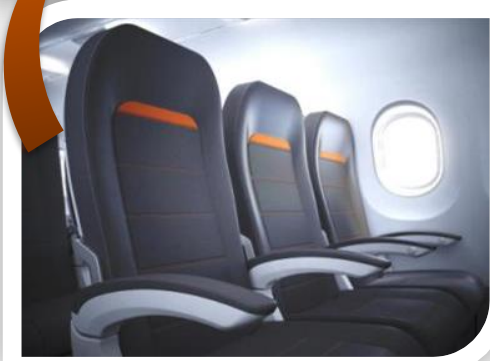


First ever clam-shell pivot bin design, providing 60% increase in carry-on luggage capacity with improved bin ergonomics and reduced weight

Giving space back to the passenger  
A high density Galley  
A comfortable Lavatory  
Better access for wheel chairs  
Dual-zone environment



Simplified manufacturing, installation and maintenance thanks to modular design  
All existing aircraft interfaces and structures retained for new build and retrofit markets



**DragonFly**  
The lightest certified seat : 7.5 kg/pax  
Permitting easy maintenance  
85% of recyclable components



New LED lighting solution offering possibility to create customized atmospheres



# ISIS is taking off

- A unique offer gathering all Zodiac Aerospace competencies
- Airlines are showing a strong interest for ISIS
  - Full ISIS solution or ISIS elements
  - Totalizing LOI or orders to equip 900 aircraft
- Self-financed program
  - Under development, already tested in aircraft







# Towards the more electrical aircraft

# Zodiac Aerospace is a world leader in power management

- **The acquisition of Innovative Power Solutions (IPS)...**
  - Completed in early 2013
  - Specialist of generators and converters for business jets, helicopters and UAVs
- **... completes and reinforces Zodiac Aerospace's position in the field of on board electrical power – ATA 24 chapter**

- Zodiac Aerospace was already the world leader for primary power management, and is aboard all main aircraft programs
- Zodiac Aerospace can offer aircraft manufacturers all the solutions complying with their different technological choices

ATA 24 parts	Zodiac Aerospace	IPS
Generation		✓ 
Conversion	✓ 	✓ 
Primary distribution	✓ 	
Secondary distribution	✓	
Battery	✓	
Fuel Cell	✓	
R.A.T.	-	

- **The development of the Fuel Cell will further enhance our positions**





# Fuel cell principle and application



# 2013/2014 outlook

- **Passenger Traffic is still growing**
- **New programs are progressing**
  
- **Zodiac Aerospace targets another year of organic growth**
  
- **Financial hedges in place for 2013/2014**
  - 35% of net estimated €/ \$ transaction exposure at 1.335
  - 85% of net estimated CAD/ \$ transaction exposure at 1.045
  - 75% of net estimated £/ \$ transaction exposure at 1.56

# A successful strategy

- **Development of the Group focused on Commercial aviation**
- **Aboard all new civilian aircraft programs**
- **Leading positions in selected niche markets**
- **Recurring services model providing additional resilience**
- **Leadership in key future technologies**
- **Established track record in acquisitions**

# Appendices

P&L

Cash Flow Statement

Balance Sheet





# Appendices: Income statement

Income statement	2012/2013	2011/2012	% change
<b>Sales revenue</b>	<b>3,891.6</b>	<b>3,440.6</b>	<b>+13.1%</b>
Depreciation and amortization	81.9	70.1	
Charges to provisions	24.6	13.4	
<b>Current operating income</b>	<b>564.3</b>	<b>486.4</b>	<b>+16.0%</b>
Non-current operating income	-23.2	-11.5	
<b>Operating income</b>	<b>541.1</b>	<b>475.0</b>	<b>+13.9%</b>
Cost of net debt	-25.7	-30.7	-16.2%
Other financial income and expenses	-2.4	-2.5	
Tax expense	-141.6	-134.4	+5.4%
Share in income (loss) of equity affiliates	-0.7		
<b>Income from continuing operations</b>	<b>370.7</b>	<b>307.4</b>	<b>+20.6%</b>
Income from operations being discontinued	-	10.9	
<b>Net income</b>	<b>370.7</b>	<b>318.3</b>	<b>+16.5%</b>
Net income attributable to non-Group shareholders	-0.2	-0.5	
Net income attributable to Group shareholders	370.9	318.9	+16.3%

# Appendices: Cash flow statement

In millions of euros	2012/2013	2011/2012
<b>Operating activities</b>		
Cash flow from operations	509.5	427.5
Change in WCR	-117.9	-127.3
Cash flow from continuing operations	391.6	300.2
Cash flow from operations of businesses being sold	-	-
<b>INVESTMENT OPERATIONS</b>		
Acquisition of intangible fixed assets	-73.9	-71.6
Acquisition of tangible fixed assets and others	-95.8	-84.1
Changes to the scope of consolidation	-159.6	-405.0
Cash flow from investments in continuing operations	-329.3	-560.7
Cash flow from investments of operations being discontinued and assets held for sale	-	27.4
<b>FINANCING OPERATIONS</b>		
Change in debt	1.1	182.2
Treasury stock	-0.6	2.3
Increase in equity	11.3	15.0
Dividends	-76.1	-64.8
Cash flow from the financing of continuing operations	-64.3	134.6
Currency translation adjustments. beginning of period	-8.2	35.3
Change in cash position	-10.2	-63.2

# Appendices: Balance sheet

In millions of euros	31/08/2013	31/08/2012		31/08/2013	31/08/2012
Non-current assets	2,487.1	2,347.0	Equity	2,275.6	2,056.8
Current liabilities	1,674.2	1,504.0	Provisions and deferred taxes	293.2	265.8
Cash and cash equivalents	156.8	161.8	Financial liabilities	1,000.6	993.4
			Other current liabilities	750.1	698.3
Assets held for sale	1.4	1.5	Liabilities held for sale	–	–
	<b>4,319.5</b>	<b>4,014.2</b>		<b>4,319.5</b>	<b>4,014.2</b>

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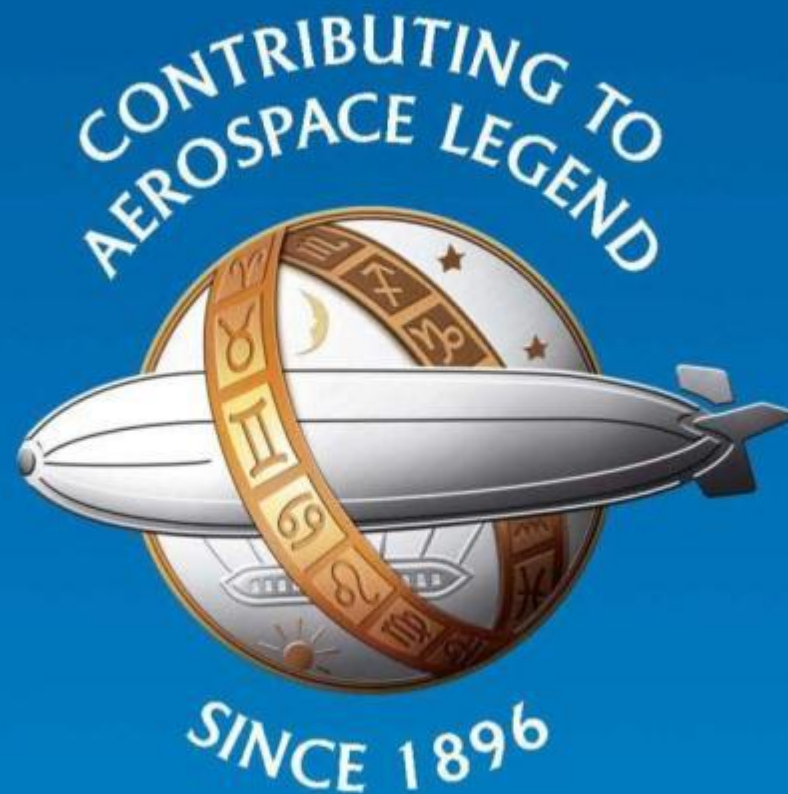
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### Next meetings:

Q1 sales revenue

Q2 sales revenue

Financial results for the first half of 2013/2014

*December 17, 2013 (after closing)*

*March 19, 2014 (after closing)*

*April 23, 2014 (before opening)*