ZODIAC AEROSPACE

Results for H1 2017/2018 fiscal year

- **Concerning a period prior to Safran taking control of Zodiac Aerospace.**
- **H1 2017/2018 sales decline of -6.8% organic with growth in Aerosystems and a fall in Aircraft Interiors revenue.**
- **Positive H1 2017/2018 Current Operating Income of €35.3m, still impacted by Aircraft Interiors, up compared to €(11.5)m in H1 2016/2017.**
- **Cash generation was €(119)m in H1 though improved by €77m compared to H1 2016/2017 with a contained increase in working capital.**

Plaisir, April 24, 2018 – The Supervisory Board of Zodiac Aerospace Group, chaired by Louis Desanges, met on April 24, 2018 and reviewed the financial performance of H1 2017/2018 (September 2017 to February 2018).

H1 2017/2018 Revenue and Current Operating Income

*In millions euros **	H1 2018	H1 2017	*Var%*
Revenue	**2,142.8**	**2,447.0**	***-12.4%***
Current Operating Income	**35.3**	**-11.5**	***n.s.***
COI / Revenue	***1.6%***	***-0.5%***	
€/$ (Transaction)	1.10	1.11	
€/$ (Conversion)	1.20	1.08	

* excluding impacts related to the application of IFRS3

Zodiac Aerospace sales of € 2,142.8m in H1 2017/2018 were down €304.2m or -12.4% compared to the year-ago period. Excluding the net impact of currency variations (€(159.2)m), revenue fell -6.8% on an organic basis. There was no change to the consolidation scope at Group level. As expected, Aerosystems revenue continued to grow (+2.7% on an organic basis) and Aircraft Interiors sales fell (-13.9% on an organic basis).

Current Operating Income before IFRS3 was a profit of €35.3m compared to a loss of €(11.5)m in H1 2016/2017 reflecting increases in Aerosystems and Aircraft Interiors, driven by operational improvements. Group current operating margin in the first half was +1.6% of revenue compared with -0.5% in the year-ago period. The contribution of currency to the Current Operating Income evolution was €9.9m, of which a conversion impact of €8.8m and a transaction impact of €1.1m.

As in the previous year, Zodiac Aerospace's revenue, current operating income and cash generation are expected to be imbalanced with H2 significantly stronger than H1.

Revenue breakdown

In millions of euros	**First half 2017/2018**	First half 2016/2017	*% change*	*Exchange rate*	*Consolidation scope*	*Organic growth*
Aerosystems Activities	**1,007.2**	1,035.7	*-2.8%*	*-5.5%*	*+0.0%*	*+2.7%*
Aircraft Interiors Activities	**1,135.6**	1,411.3	*-19.5%*	*-5.6%*	*+0.0%*	*-13.9%*
Zodiac Seats	**449.4**	607.4	*-26.0%*	*-4.2%*	*+0.0%*	*-21.8%*
Zodiac Cabin	**686.2**	803.9	*-14.6%*	*-7.1%*	*+0.0%*	*-7.5%*
Group Total	**2,142.8**	2,447.0	*-12.4%*	*-5.6%*	*+0.0%*	*-6.8%*
€/$ (conversion)	**1.20**	1.08				

Revenue and Current Operating Income by segment

Aerosystems sales decreased by -2.8% in the first half to €1,007.2m on a reported basis reflecting growth in sales on an organic basis (+2.7%) and an unfavorable foreign exchange impact (-5.5%). Growth was driven by continuing ramp-up in Connected Cabin and a good performance from Electrical & Cockpit Systems and Fluid businesses.

Current Operating Income increased by €2.6m, or 2%, to €132.0m (13.1% of branch revenue), reflecting a €8.6m organic improvement driven mainly by growth at Connected Cabin and improved profitability in the Electrical & Cockpit Systems and Control Systems businesses. The impact of currency on current operating income was €-6.0m (€-5.2m for conversion and €-0.8m for transaction).

Aircraft Interiors sales were down -19.5% to €1,135.6m. Excluding the impact of foreign exchange in the first half, revenue fell -13.9% on an organic basis.

- **The Cabin branch (32% of total sales)** reported a -14.6% decrease in sales to €686.2m including a -7.1% unfavorable forex impact and a -7.5% decline on an organic basis. As previously indicated, business jets had a slow start to the year and new VIP cabin projects are identified.
- **Seats branch sales (21% of total sales)** were down, -26.0% to €449.4m, affected as expected principally by the commercial impacts of previous design and execution issues. Excluding a -4.2% forex headwind, sales were down -21.8% on an organic basis.

The Current Operating Income before IFRS3 of Aircraft Interiors was €-97.3m in the first half, a €31.6m improvement compared with the performance in the year-ago period. Seats contributed positively with operational improvements driving a better performance particularly at Seats UK and Seat Shells. Cabin profitability reflects cost reduction initiatives on main programs (A350XWB, A320 Spaceflex, C Series). These increases were partially offset by the impact of lower volumes and to a lesser extent, persistent delays of VIP projects and business jet programs. Currency contributed €14.6m to the first half Current Operating Income with a conversion impact of €14.0m and a transaction impact of €0.6m.

Net debt

Net debt at the end of the first half was €957.9m[1]. Cash flow from operations before change in working capital amounted to €13m and included non-current items primarily related to the operation with Safran and substantial restructuring costs. The seasonal increase in working capital was limited to €42m. Tangible and intangible capex in the first half amounted to €90.1m, flat compared with the year ago period.

Currency hedging

For 2017/2018, Zodiac Aerospace has hedged 94% of estimated EUR/USD exposure at 1.0986 $/€ (spot rate), 54% of USD/CAD, 68% of USD/GBP, 87% of USD/MXN and 65% of USD/THB exposure.

Consistent with Safran's policy, Zodiac Aerospace's exchange rate exposure beyond the currently hedged horizon is integrated into Safran's hedging program since February.

***NB :** This publication is available on Zodiac Aerospace website www.zodiacaerospace.com. Safran includes Zodiac Aerospace in its scope of consolidation since March 1, 2018 and has integrated Zodiac Aerospace into its regular financial communication.*

[1] Net debt excludes the €250m hybrid financing accounted for in shareholder's equity under applicable accounting principles and for which the early retirement was initiated during March 2018.

About Zodiac Aerospace

Zodiac Aerospace *is a world leader in aerospace equipment and systems for commercial, regional and business aircraft and for helicopters and spacecraft. It develops and manufactures state-of-the-art solutions to improve comfort and facilities on board aircraft and high-technology systems to increase aircraft performance and flight safety. Zodiac Aerospace, a Safran* company since February 2018, has 32,500 employees worldwide and generated revenue of 5.1 billion euros for its fiscal year ended August 31, 2017.*

**** Safran*** *is an international high-technology group, operating in the aircraft propulsion and equipment, space and defense markets. Safran has a global presence, with nearly 58,000 employees and sales of 16.5 billion euros in 2017. Safran is listed on the Euronext Paris stock exchange, and is part of the CAC 40 and Euro Stoxx 50 indices.*

For more information: www.safran-group.com and www.zodiacaerospace.com / Follow @Safran and @ZodiacAerospace on Twitter

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