Toulouse, 27 March 2017

2016 ANNUAL RESULTS

- **5.3% increase in revenue bolstered by a stronger US dollar (+0.3% at constant exchange rates)**
- **Sharp increase in adjusted recurring operating income to €47.9 million**
- **Operating free cash flow of €48.5 million in line with Group guidance**
- **Ongoing deployment of the Transformation 2020 plan**

INCOME STATEMENT IN ADJUSTED DATA

All of the figures in this press release are expressed in adjusted data unless otherwise indicated. Definitions for restatements and the table of reconciliation between the consolidated income statement and the adjusted income statement are given at the end of this press release. Comparisons are based on the figures reported for financial year 2015 for the ongoing activities.

In € million	**2015 (1)**	**2016**
Revenues	622.1	655.2
Recurring operating income	18.9	47.9
as % of revenue	*3.0%*	*7.3%*
Non-recurring operating income	0.0	4.4
Operating income	18.9	52.3
Cost of net financial debt	-12.5	-9.0
Other financial income and expenses	-3.6	-5.0
Financial income	-16.1	-14.0
Net income, Group share	2.4	30.2

(1) Figures for 2015 have been restated for the sale of Latécoère Services in accordance with IFRS 5.
Financial statements approved by the Board of Directors at its meeting of 10 March 2017 - The IFRS audit procedures have been completed and the certification report is in the process of being issued.

5.3% growth in activity

Latécoère revenues stood at €655.2 million on 31 December 2016, up €33 million (+5.3%) on 31 December 2015. The Group benefited from a positive exchange rates effect over the period linked to the unwinding of €/$ currency hedging. At constant exchange rates, growth stood at 0.3%, in line with company's announcement beginning of 2016.

The slowdown in Group revenue is mainly due to the Aerostructures Industrial division, down 4.4% at constant exchange rates. Interconnexion Systems division continued its dynamic growth (+10.1% at constant exchange rates thanks to the A350 program.

At the same time, the projection of the backlog of aircraft manufacturers represents for Latécoère a volume of activity of € 2.4 billion based on a €/US$ exchange rate of 1.35.

Sharp increase in recurring operating income

Latécoère's recurring operating income rose to €47.9 million for 2016 (compared with €18.9 million in 2015 and -€1.0 million in 2014) thanks to the implementation of the Performance component of the Boost plan initiated beginning of 2014. The Group's current operating margin increased by 3.3 points to 7.3% of revenues.

Both of the Group's divisions contributed to this positive performance, the primary drivers of which were:

- the ongoing transfer by the Interconnexion Systems division of production to "best cost" regions (Morocco and Mexico), in particular for the A330 and A350 programs, which began in 2015;
- the continued reduction in assembly times for the A350 program which is more mature (Interconnexion Systems);
- the decrease in unit costs for the Aerostructures programs subject to "redesign to cost" measures despite a slowdown in production;
- the improvement in €/$ parity on which the Group was able to capitalize thanks to existing hedges.

Including non-recurring operating income of €4.4 million, operating income amounted to €52.3 million. These non-recurring items are essentially linked to:

- a capital gain of €40.6 million on the sale of Latécoère Services at the end of 2016;
- a provision for restructuring booked on 30 June 2016 (€31.3 million) to cover the costs incurred by the restructuring plan (severance payments, outplacement assistance and training, and consulting fees directly linked to the plan). Other costs, such as the internal mobility costs linked to the plan, were not provisioned as they are not eligible under IAS 37 and will be booked in 2017 and 2018;
- various other costs linked to the Transformation 2020 plan.

Financial income for 2016 amounted to -€14.0 million (as against -€16.1 million in 2015). This is primarily due to the full year effect of the financial restructuring carried out in September 2015 (-€9 million in 2016 vs. -€12.5 million in 2015 and -€14.7 million in 2014).

Net income (Group share) amounted to a positive €30.2 million (vs. €3.4 million in 2015). Consolidated non-adjusted net income (Group share) amounted to €6.1 million (vs. +€0.3 million in 2015).

The Group has maintained its €/$ hedging policy. The stronger dollar and improvement in the Group's financial position enabled Latécoère to extend the maturity of its hedges whilst still improving its worst-case scenario rate. Accordingly, the Group is now hedged in 2017 and 2018 based on a worse-case scenario rate of 1.15 for 2017 and 1.16 for 2018. For 2019, the Group's exposure is more than 70% hedged at a worse-case scenario rate of 1.13.

Free cash flow from operations target achieved

In line with the commitments made on the implementation of the Boost plan which targeted a free cash flow from operations of 7% of revenues in 2016, the Group has achieved its objective. Free cash flow from operations amounted to €48.5 million for the period, namely 7.3% of revenues.

Meeting this target is primarily the result of the Group's measures to improve operational efficiency combined with the sound management of its Working Capital Requirement, notably the downsizing of industrial stocks by more than €35 million over the past three years (at constant exchange rates).

Positive net cash position of €1.8 million

The sale of Latécoère Services also allowed for a €37.4 million reduction in net debt (sales price offset by the positive cash assets held by Latécoère Services and its affiliates).

Free cash flow from operations combined with the sale of Latécoère Services resulted in a positive net cash position of €1.8 million on 31 December 2016 compared to a net debt position of €64.0 million one year earlier.

Net investments in 2016 amounted to €13.8 million and were primarily devoted to manufacturing equipment and IT resources.

Ongoing deployment of the Transformation 2020 plan

In line with the timeframe announced, Latécoère Group has launched most of the defining actions of its Transformation 2020 plan. As well as the negotiation and validation of the agreements tied to the restructuring plan (*Plan de Sauvegarde de l'Emploi, PSE*) and the implementation of the related voluntary redundancy plan (*Plan de Départ Volontaire*), Latécoère has undertaken a number of key initiatives in the transformation of its industrial model:

- setting up in Bulgaria (Plovdiv) of a small assembly plant for door sub-components to be completed by the end of 2017;
- acquisition of a site in Montredon on the outskirts of Toulouse for the construction of a 4.0 industrial machining site that will allow for the re-insourcing production for certain elementary parts and increase value added. The construction should be finalized by the end of 2017 with scale-up scheduled for 2018 - 2019;
- transfer of the assembly of the B787 doors to Mexico which should be completed between now and the end of 2017.

As part of these measures, the Group has begun talks with real estate developers regarding the sale of its site on Rue de Périole in the center of Toulouse which is not any more suited to industrial activity. Following the completion of a competitive tender, the Group has selected ICADE to assist with this project and has signed a framework agreement defining the principles of the sale, which will be carried out in phases between 2018 and 2025 in order to adapt to the industrial calendar for Group transfers. The sales remains subject to a certain number of conditions pertaining to this type of operation (official permits, obtaining of waivers, etc.).

As part of this project, the Group's support functions and head office will lease an office building that will be built on part of the site.

At the end of the Transformation 2020 plan, the Group will have a robust and modern industrial footprint with a balanced geographical footprint that will enable it to absorb additional volumes under competitive and optimized conditions.

At the same time, the Group is increasing its R&T capacities in order to offer its clients innovative processes and products that are adapted to their needs.

Challenges and outlook

The heightened competition on the civil aviation market will probably lead certain aircraft manufacturers to launch new programs over the next two years for both business and commercial aviation. Latécoère's industrial resources and recognized expertise will be key assets for the Group to position itself on these programs.

Nonetheless, given the length of time involved in the development of new aircraft, the related production for subcontractors will only really take off from 2025.

Accordingly, given the portfolio of existing contracts, revenues for the Aerostructures division is expected to decline in 2017 before stabilizing over the period 2018-2020 (at constant exchange rates and on the basis of the ramp-up forecasts announced to date by the clients).

Given the strong business dynamic in place in the Interconnexion Systems division, revenues should increase in 2017-2020 (at constant exchange rates).

Today, the division's activities are primarily focused on onboard wiring for two clients (Airbus and Dassault). As well as the possibility of diversifying the client portfolio, the potential market is much wider (landing gear, engines, cabins) and our existing industrial and technical platforms can be competitive alternatives to current offerings. Major sales drives are underway in order to penetrate these markets. Lastly, a certain number of aircraft manufacturers and suppliers have an onboard wiring units which will offer additional opportunities in terms of development.

Targets for 2017

Group activity is expected to fall by a slight 6% in 2017 (at constant exchange rates and based on the ramp-up forecasts announced so far by contractors). Given the mix of products for the Aerostructures division, activity should slow over the second half of 2017, which will lead to an uneven balance in performance between the first and second half of the year.

However, the industrial restructuring in place will continue to bear fruit and allow the Group to slightly improve on its recurring operating income.

New investment linked to the Transformation plan (Bulgaria and Montredon), a substantial part of which will be booked to 2017, will reduce the free cash flow from operations. Despite these various factors, Latécoère net cash position is expected to improve slightly.

Pierre Gadonneix, Chairman of the Board of Directors, said: *"This improvement in our results shows that the Group is back on track to recovery. Galvanized by the arrival of Yannick Assouad, Latécoère is forging ahead with its transformation which I am extremely confident will be a success."*

Yannick Assouad, Chief Executive Officer, said: *"The Transformation 2020 plan sets the Group on track to a gradual improvement in performance, and will enable it to aspire to the future platforms that should emerge over the next two years. The Interconnexion Systems division will continue to grow and to diversify its client and product base."*

Next publication: Q1 2017 revenues on 27 April 2017 (after stock exchange closes).

About Latécoère

Latécoère is a tier 1 partner to major international aircraft manufacturers (Airbus, Embraer, Dassault, Boeing and Bombardier), in all segments of the aeronautical market (commercial, regional, corporate and military aircraft), specializing in two fields:

- *Aerostructures Industrial (65% of total revenue): fuselage sections and doors.*
- *Interconnexion Systems (35% of total revenue): onboard wiring, electrical harnesses and avionics bays.*

At 31 December 2016, Latécoère employed 4,338 people in 8 different countries.

Latécoère, a French corporation (société anonyme) with capital of €188,398,504 divided into 94,199,252 shares with a par value of €2 per share, is listed on Euronext Paris - Compartment B. ISIN codes: FR0000032278 - Reuters: LAEP.PA - Bloomberg: LAT.FP

LATECOERE Olivier Regnard / Chief Financial Officer Tel.: +33 (0)5 61 58 77 00 olivier.regnard@latecoere.fr	**ACTUS finance & communication** Corinne Puissant / Investors Relations Tel.: +33 (0)1 53 67 36 77 - cpuissant@actus.fr Anne-Catherine Bonjour / Media Relations Tel.: +33 (0)1 53 67 36 93 - acbonjour@actus.fr

FY 2015 reconciliation between the consolidated income statement and the adjusted consolidated income statement

('000 EURO)	Dec 31, 2016 IFRS data	Work-in-progress "Non recurring cost"	Reclassification of currency €/$ hedge	Faire value for derivative instruments	Dec 31, 2016 Adjusted data
Revenue	**655 236**				**655 236**
Recurring Operating Income (EBIT)	**31 513**	**28 836**	**-12 448**		**47 901**
EBIT / Revenue	*4,8%*				*7,3%*
Other non-recurring operating income and expenses	4 428				4 428
Operating income	**35 941**	**28 836**	**-12 448**	**0**	**52 329**
Net Cost of debt	-8 986				-8 986
Other financial result	-25 444	0	12 448	7 951	-5 044
Financial Result	**-34 430**	**0**	**12 448**	**7 951**	**-14 031**
Income tax	2 430	-9 928	0	-2 648	-10 146
Net Result for the period from continuing operations	**3 941**	**18 908**	**0**	**5 303**	**28 152**
Net Result for the period from discontinued operations	2 381	0	0	0	2 381
NET RESULT FOR THE PERIOD	**6 322**	**0**	**0**	**0**	**30 533**
• Of which, Owners of the parent	6 033				30 244
• Of which, Non-controlling interests	288				288

('000 EURO)	Dec 31, 2015 IFRS data	Work-in-progress "Non recurring cost"	Reclassification of currency €/$ hedge	Faire value for derivative instruments	Dec 31, 2015 Adjusted data
Revenue	**622 132**				**622 132**
Recurring Operating Income (EBIT)	**32 993**	**-3 544**	**-10 513**		**18 937**
EBIT / Revenue	*5,3%*				*3,0%*
Other non-recurring operating income and expenses	0				0
Operating income	**32 993**	**-3 544**	**-10 513**	**0**	**18 937**
Net Cost of debt	-12 480				-12 480
Other financial result	-21 061	0	10 513	6 910	-3 638
Financial Result	**-33 541**	**0**	**10 513**	**6 910**	**-16 118**
Income tax	-57	1 220	0	-2 472	-1 309
Net Result for the period from continuing operations	**-604**	**-2 324**	**0**	**4 438**	**1 510**
Net Result for the period from discontinued operations	2 424	0	0	0	2 424
NET RESULT FOR THE PERIOD	**1 820**	**0**	**0**	**0**	**3 935**
• Of which, Owners of the parent	264				2 380
• Of which, Non-controlling interests	1 556				1 556

Restatements between consolidated and adjusted income statements derive from:

- changes in Non-Recurring work in progress (nets of reserves) pursuant to the application of IAS11 (construction contracts);
- the impact of gains and losses on €/$ hedging instruments recognized under financial expenses in accordance with IFRS even though related to operations;
- changes in mark to market of foreign exchange interest rate hedging instruments (recorded under the unrealized financial result caption); and
- corresponding tax impacts of such restatements (theoretical tax rate of 34.43%).