

PRESS RELEASE

Toulouse, March 08, 2016

2015 ANNUAL RESULTS

- **Revenue for the year was up 7.3%, bolstered by the stronger US dollar (+1.1% at constant exchange rates)**
- **Adjusted EBIT registered robust gains, reaching €24 million, up from €5 million in 2014, reflecting the continuing recovery of the Aerostructure division and the positive impact of the Boost Plan**
- **Key financials were strengthened by the Group's recapitalization in fall 2015**
- **Continuing transformation of the Group and focus on strategic objectives**

In € millions	2015	2014
Revenue	**712,4**	**664,1**
Adjusted Operating Result (EBIT)	**23,9**	**4,7**
as % of revenue at constant FX rate	*3,6%*	*0,7%*
Net adjusted financial result	**(16,5)**	**(26,6)**
Adjusted net income (Group share)	**2,4**	**(13,4)**
Consolidated net debt	**64,0**	**310,2**
Shareholders' Equity (Group share)	**386,1**	**110,6**

Accounts adopted by the Board of Directors' meeting of 2 March 2016 - Audit procedures have been applied and the statutory auditors' certification report is in the process of being issued.

Revenue bolstered by the stronger US dollar

At December 31, 2015, the Group had €712.4 million in consolidated revenue, up 7.3% from one year earlier (+1.1% at constant exchange rates).

Low organic growth reflects mainly slower sales from the Aerostructures - Industrial business unit after benefiting previously from the significant B787 program ramp up. In addition, the Group was also significantly impacted by slower sales for the A330 in a maturing market. Finally, in the absence of new programs, aircraft manufacturers are focusing on optimizing the profitability of their flagship programs and reopening existing contracts to competitive bids in an effort to lower their costs.

Interconnexion Systems was positively impacted by production ramp-up of the A350 which offsets the adverse effect from the end of this program's development phase.

Aerostructure Services showed good commercial momentum, particularly for Design services with 11% growth in order intake from one year earlier.

The order book (including only firm aircraft manufacturer orders) remained stable with €2.6 billion at December 31, 2015 based on a €/US$ exchange rate of 1.35. This represents an equivalent of 4 years in revenue.

Adjusted EBIT: a better performance metric

To make it easier to monitor and compare operating and financial performances, the Group has decided to present, in conjunction with its IFRS consolidated financial statements, an adjusted income statement.

For this purpose, the Group has adopted as its main performance indicator "adjusted EBIT" (technically, a non-Gaap aggregate) representing operating profit, established for the needs of the IFRS consolidated financial statements, which is then restated from:

- changes in Non Recurring Work in progress (nets of reserves) pursuant to the application of IAS11 (construction contracts); and
- the impact of gains and losses on €/$ hedging instruments recognized under financial expenses in accordance with IFRS even though related to operations.

The FY 2015 reconciliation between the consolidated income statement and the adjusted income statement is presented in an appendix to this press release.

A sharp improvement in operating results

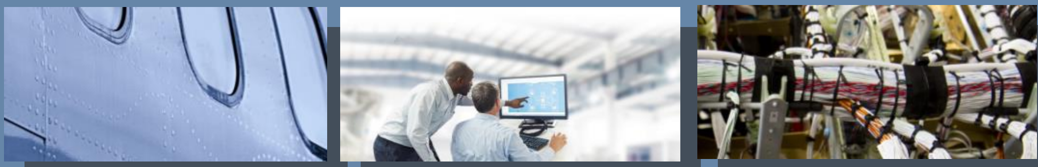
Adjusted EBIT for 2015 rose to €23.9 million, up from €4.7 million in 2014.

This improvement reflects mainly the performance of the Aerostructures-Industrial business unit, and in particular the impact of:

- lower unit costs from programs on which some redesign-to-cost is implemented;
- ongoing measures to reduce non-quality cost which has been reduced by nearly 50% in France over the last two years;
- using available flexibility to adapt to workloads and thus limit the impact of reduced production rates on selected programs.

Furthermore, steady performances for customer support services and lower-than-expected development costs for the period contributed significantly to the increase in the adjusted EBIT for the Aerostructure-Industrial business unit.

Against the backdrop of significant production ramp up for the A350, Interconnexion Systems' revenue was adversely affected by the delay, subsequently recovered, in transferring industrial operations to best cost countries in the 2015 first half (see press release September 25, 2015). Despite an improved performance by mature programs and continuing reductions in unit costs for the A350, production ramp up for this program (which has not yet reached breakeven) and lower Design services revenue continued to adversely impact the performance of the Interconnexion Systems division.



In terms of performance, the Aérostructure Services division was impacted by lower profitability from studies in a highly competitive market whereas at the same time, the tooling activity registered robust gains.

The continuing implementation of the Boost plan generated further gains estimated at €6 million at the end of 2015 in relation to the prior year.

Adjusted net financial expense improved and amounts to -€16.5 million for fiscal 2015 (vs. an expense of -€26.6 million in 2014). This includes mainly the cost of debt of -€12.6 million, marginally down from 2014 (-€14.7 million), though not yet fully reflecting the effects of the Group's recapitalization in September 2015. In addition to the cost of debt, adjusted net financial expense for 2014 included in particular the amortization of costs associated with the financial restructuring in 2011 (-€8.2 million) and non-recurring in 2015.

Adjusted net income (Group share) represented a profit of €2.4 million (compared to a loss of -€13.4 million in 2014). Consolidated non-adjusted net income (Group share) amounted to €0.3 million (compared to €0.1 million in 2014).

The Group has maintained its €/$ hedging policy. The US dollar's rise since the 2014 second half enabled the Group to complete its hedging portfolio. On that basis, the Group is now 95% hedged in 2016 for a worst-case scenario exchange rate of 1.20 and 85% hedged in 2017 at a worst-case scenario exchange rate of 1.16. Taking advantage of this expanded hedging portfolio, the Group also started to hedge 20% of its net exposure for 2018.

Reinforced financials

Net debt amounted to €64 million, down from €310.2 million at December 31, 2014. At the same time, equity (Group share) increased to €386.1 million, up from €110.6 million, reflecting the effects of the Group's financial restructuring and recapitalization.

In line with its commitments, the Group has continued to focus on containing inventory levels despite production ramp up at its Mexican plant and the accelerating pace of production for A350s. This improvement made it possible to limit the impact of the stronger dollar and the reversal of non-recurring items that had positively impacted working capital at the end of 2014.

Net investments amounted to €14.9 million and covered in particular manufacturing equipments and IT projects.

Target for Free Cash Flow from operations in 2016 confirmed

The Group's performance over 2015 made it possible to meet its 7% target for free cash flow from operations as a ratio of sales in 2016 (approx. €50 million).

The 4% target for average annual organic growth over the 2014-2015 period has been met (3.7%). However, 2016 will suffer from lower production rates and delays by aircraft manufacturers in ramping up programs.



Continuing transformation of the Group and focus on strategic objectives

Against the backdrop of a more mature market, the Group has confirmed its priorities in terms of both proactive and defensive measures: strengthening its position in key markets and substantially improving its cost competitiveness.

Improvements in competitiveness will be achieved largely by:

- streamlining the industrial organization (thus limiting flows between sites) and strengthening its "best cost" industrial footprint. The site established in Morocco in December 2015 integrating operations for aeronautical wiring and avionics racks illustrates this strategy.
- re-insourcing production in particular for Aerostructures-Industrial operations for critical machined parts based on a more adapted manufacturing base.
- expanding lean initiatives and more rigorous project management.

The Group's redeployment will be based both on strengthening the offering's differentiation and continuing to diversify its customer base and markets. Refocusing R&T efforts on providing key technology building blocks necessary to develop more integrated products/solutions is a priority.

Maintaining commercial momentum, mainly in the pre-sales phase and promoting combined and differentiated offerings based on an enhanced portfolio of technologies and products, should strengthen the Group's key positions already underway.

"*The improvement in results in 2015 reflects the sustained efforts by Latécoère over the last two years. Putting operating performance back on track and reducing debt have set the stage for the Group's necessary transformation to return to a level of profitability required to finance its future development and investments. Operating in what is today a mature market, we must substantially improve our competitiveness while enhancing our offering with more integrated products and solutions. This is the twofold objective of the transformation plan that the Executive Committee, reinforced by additional R&T and commercial expertise, is executing with determination*" commented Frédéric Michelland, Latécoère's Chief Executive Officer.

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 three fields:

- *Aerostructures-Industrial (58% of total revenue): fuselage sections and doors.*
- *Aerostructures-Services (14% of total revenue): design, stress analysis and definition of industrial products - design, manufacturing & maintenance of tooling and special assemblies*
- *Interconnexion Systems (30% of total revenue): onboard wiring, electrical harnesses and avionics bays.*

As of December 31, 2015, the Group employed 4,905 people in 10 countries.

At 31 December 2015, Latécoère had total consolidated revenues of €712.4 million and its order book stood at €2.6 billion (based on a USD/EUR exchange rate of 1.35).

Latécoère, a French corporation (société anonyme) with capital of €186,694,330 divided into 93,347,165 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

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

in € millions	Dec 31, 2015 IFRS data	"Non Recurring" Work in progress	€/$ hedging instrument reclassification	Fair value of derivative instruments	Dec 31, 2015 Adjusted data
Revenue	**712 423**				**712 423**
Operating Result (EBIT)	**37 994**	**-3 544**	**-10 513**		**23 937**
Operating Result (EBIT) / Revenue	*5,3%*				*3,4%*
Net cost of debt	-12 560				-12 560
Other financial result	-21 334		10 513	6 910	-3 911
Financial result	**-33 894**	**0**	**10 513**	**6 910**	**-16 471**
Income tax	-2 278	1 220	0	-2 472	-3 531
Net income (Group share)	**264**	**-2 324**	**0**	**4 438**	**2 380**

in € millions	Dec 31, 2014 IFRS data	"Non Recurring" Work in progress	€/$ hedging instrument reclassification	Fair value of derivative instruments	Dec 31, 2014 Adjusted data
Revenue	**664 074**				**664 074**
Operating Result (EBIT)	**37 273**	**-31 481**	**-1 104**		**4 687**
Operating Result (EBIT) / Revenue	*5,6%*				*0,7%*
Net cost of debt	-14 710				-14 710
Other financial result	-23 816		1 104	10 867	-11 845
Financial result	**-38 526**	**0**	**1 104**	**10 867**	**-26 555**
Income tax	1 616	10 839	0	-3 780	8 675
Net income (Group share)	**135**	**-20 642**	**0**	**7 087**	**-13 419**

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%).