

**LATÉCOÈRE**

**Latécoère 2018 Full  
Year Results  
Presentation**

Wednesday, 6<sup>th</sup> March 2019

## **Introduction**

Pierre Gadonneix

*Chairman of the Board, Latécoère*

[French language]. So, we will make this presentation in English. For the ones who cannot see, I'm Pierre Gadonneix, the chairman of Latécoère. So welcome to everybody, good morning and it's my pleasure to introduce this presentation of the 2018 financial results. As you are aware, 2018 has been a very important year for Latécoère. A year of tradition, a year with encouraging results, especially with robust organic growth of our revenues

### **Vision**

Looking ahead, 2019 will also be a critical year for Latécoère. The reason is that, in 2019, we will engage the last significant cutbacks of our Transformation 2020 plan. You remember that the Transformation plan 2020 was launched in 2016 and as the presentation will show to you, this transformation plan is a very important one, which reshaped, modernized the footprint of the whole company and at every level. And we are driving forward in our two divisions, Aerostructures and Interconnection, and this program, this plan is designed to allow the group to reach its full potential and to sustain profitable growth.

As of today, as you will see, this Transformation plan is well-advanced, nearly two-thirds of the investment program has been implemented. With new capacities and increased competitiveness, Latécoère will be, and that is the purpose of the presentation that will be now delivered, Latécoère will be in the best position to benefit for the next cycle of new programs expected between 2020 and 2025. What I want to say today, in this introduction is that myself, of course, but the whole board of directors fully support the management team, and their strategy through renewed dialogue with our shareholders and investors and with the initiative that we have developed during the last two months.

I would like to thank you again for attending this presentation. And now I leave the floor to Yannick Assouad, the CEO of the group, and will be supported by Sébastien Rouge, and we will be able then, after the presentation to have a dialogue with you. Yannick, you have the floor.

## **Our Purpose**

Yannick Assouad

*CEO, Latécoère*

### **FY 2018 Highlights**

Thank you, Pierre. Good morning everyone, good morning to the people I don't see who are on the call. I will start with four numbers that illustrate our year 2018: €659 million of revenue, which was split in 58% for Aerostructures and 42% Interconnection and we will illustrate that during the entire presentation, that the share of Interconnection systems is increasing since 2 years now in the share of the revenue of Latécoère. €55 million of recurrent EBITDA and €31 million of CAPEX, which is clearly higher than standard CAPEX for Latécoère.

## **Strategy Update**

Before digging further into the numbers, I'd like to come back on the Latécoère strategy. So, what is the basis of the company, what are we here for? One, we have a vision, the vision is to be a reference in Aerostructures and Interconnection Systems; and to fulfil that vision, our mission is to propose, design and build innovative equipment and customized solutions to airplane manufacturers, as well as airlines.

### **2018, The Ground-breaking Of A Profound Transformation**

I'd like to start by our transformation, clearly, we are in a profound transformation and probably we did not communicate on the depth of that transformation in Latécoère, and during the entire presentation we are going to give you more flesh to illustrate that transformation. First of all, it's a global investment of €130 million that will be spread over three years. It started mid-2017, it will end roughly mid-2020, with the vast majority of it being done by 2019. The only thing to that investment is to have a benefit, and the benefit is an expected yearly saving of €40 million.

End of '18, you have things that you can see already in our transformation and things that you will see further on into the program. The things you can see are the two new plants, I think a lot of you know our plants in Toulouse, which is fully automatized a 4.0 industry plant. We have a second plant that is brand new, coming from a green field in Bulgaria in Plovdiv, which is not automatized, not the purpose. We will put there, and I will explain that further in the next slide, the work, that cannot be automatized, mainly coming from our Czech Republic plant. As of the end of 2018 we've accomplished roughly 65% of the plan, meaning we have invested roughly 65% of the roughly €130 million new investment plan that we have to really transform the company.

So why are we doing that? First, we are doing it to improve the competitiveness of our production system. And on the Aerostructures side, the intent of the strategy is 1: to specialize the sites, 2to decrease all logistic costs and the risk associated to moving a part from one place to the other. We want to automate our plants in high-cost countries and to have an efficient, best cost country footprint to make anything that cannot be automatized or that is not worth automatizing because it could not give us a return, because of the rate that would be too low.

### **Aerostructures Industrial Strategy**

So, what have we done and what will we be doing to complete the plan? And here, to give you the extent of what we are moving on a worldwide basis, I will start by France. First instance is to close our Périole historical plant from an industrial point of view. Our headquarters will remain Rue de Périole in Toulouse, but there will be less and less production in that plant. And today a third of the site has vanished already and the main manufacturing business building is not there anymore. So, what's remains in Périole is the T15, the central section of A330, we move the pavilion from Portet sur Garonne, to Périole and that program will remain there until the end of the program.

But aside from that program, everything else will be moved out of Périole. And we started that already with the aim of having the final assembly of what we make close by to the final customer. When I'm saying close by, it's not always close to the customer, but these are sites

where we can truck the goods between the final assembly and the assembly of our customers. So, to do that, we moved the B787 doors from Périole to Hermosillo site in Mexico and we moved as well the final assembly of the CRJ doors from Périole to Hermosillo in Mexico. That is completed, it's behind us, it's done, and it's been delivered from Hermosillo to Bombardier and Boeing.

We've moved the other big assemblies to our site in Gimont, which is on the west side of the airport in Toulouse, half an hour from the airport roughly, and we are making there all the biggest assemblies; some are already done there, some were still done in Périole. And we moved that to Gimont, so mainly the Rafale, which is the French fighter rear section of the airplane was moved and is now done in Gimont, but also the Falcon 7/8X engine inlet which was done in Périole and now is done in Gimont, along with the rear section of that airplane that was in Gimont already. So, all the aerostructure work that we do for the 7X/8X is done now in Gimont.

We also move all the primary parts that were done in Périole in Montredon, our 4.0 plant that we started in March, that we inaugurated in May of '18. So, all the aluminium machining or sheet metal parts will be done in Toulouse and, in addition, as well as the surface treatment in the second part of the building that is right now launched and will be completed by end of '19. So, all that will be done in Montredon. In addition, and I will speak about that when I speak about our suppliers, we are insourcing some of the work from our suppliers into this plant in Montredon.

So that is for what used to be in France, but we are also transferring work that was done in our Czech Republic plant that we own since '99. Czech Republic has become not a high-cost country, but not so low-cost country anymore. The unemployment in Czech Republic is very low, below 3%. It's impossible without increasing costs to raise the output of our Czech Republic plant [inaudible], which we need to do because of the increase of the rate of A320, in particular. We are making the final assembly of the doors there. We are making all the machining of the parts that are made of metal either aluminium or stainless steel for the mechanisms of the door, and we are making the composite parts for the Boeing 787 doors and some parts that we are making for the A350.

So, the aim for that site is to automate it and, since beginning of '18, the assembly of the structure of the door is fully automated and we will continue to automate in particular the machining of all metals there. So, it will be, it will become quite an automated plant by the end of our Transformation 2020.

Anything that is not worth automatizing, because the rates are not high enough or anything that cannot be automatized will be moved out of that plant. And this is the role of the Bulgarian plant where we are making the racks that are delivered to our Interconnection Systems division. We will also be assembling A320 door primary structure and mechanisms that cannot be automatized. So, we are moving that. At the same time, in '19 we will be moving the E1 / E2 doors final assembly to our Brazilian plant close by Embraer.

So, this slide was there just to give you the magnitude of the equipment we are moving around the globe right now in the framework of our Transformation 2020 plan.

## **Interconnection Systems Industrial Strategy**

Transformation 2020 is clearly a big part of what we are doing in Aerostructures, but not only. Interconnection Systems is part of it, as well, and with the same aim, to benefit fully from our best cost country locations, Tunisia, Morocco in Northern Africa and Mexico across the Atlantic. We have been moving and we are still moving a lot of equipment south and west. We want to specialize the French sites. Mainly engineering, prototypes and low quantity program will remain in France because usually it's not worth making the investment of moving, training the people in low-cost countries for the low rates. All the rest will be done in our three and soon four best cost countries, Tunisia, Morocco and Mexico and coming soon India.

So, we moved quite a bit of programs south like Tunisia, but mainly to our Moroccan plant. We move A320 racks to Morocco, we've moved A320 cockpit panels, we are doing all the interconnection of the cockpit of A320. So, we moved that during the course of 2018, we moved also the A350 big racks down to Morocco, as well. And we moved the wing of the A350 to Hermosillo, because we are doing a lot of wing harnesses there, in Hermosillo.

For Tunisia, we moved the Falcon F8X harnesses to Tunisia, also we completed the A380 racks move. Probably was not worth doing it, but it's done. We are moving A400 racks, as well between Labège, close to Toulouse and Tunisia.

In addition, in purple on that slide, you have our new business and the new business as you can see is 100% located in our best-cost country, Mitsubishi MRJ in Mexico, a lot of the cabin business that we won for the IFC designers and producers and the cabin business that is enormous for the customers that are located in North America. For the customers that are located in Europe in the cabin business, it is done in Tunisia. And coming soon, a lot of the cabin harnesses will move to India, mainly Falcon 2000 business and the Thales business will be partly done in India, as well.

So again, a big move of big equipment across the world for Interconnection Systems.

## **Optimized Robust Supply Chain**

The Transformation 2020 was started with the aim of modernizing our internal footprint. In '17, we added a plan to optimize, make our supply chain more robust. Today, Latécoère – or let's say our reference year, which for me is '16, we used to purchase 60% of anything we put on a product, , 40% being done internally, with 100 suppliers representing 85% of our purchasing.

We have three goals in the Transformation 2020 for the supply chain. One is to decrease what we buy from 60% of all value added to 50% of all value added. So that's the minus 10 point cost that you see on the left-hand side; we have the aim of reducing the cost of what we buy, like 10% and we have the aim of decreasing quite vastly the number of suppliers we rely on, to help make the ones that we are using more robust, but also to give them more volume so we can decrease costs. And in the end, there is to decrease by 100 the number of suppliers, to rely only on 250 suppliers and it's not [inaudible] to be able to do that. I have shown you a lot of transfers we are doing internally. But you have to know when you do that in aerospace, you have to qualify your supplier, you have to qualify the parts that you are making before being able to use a new supplier, so it's a vast undertaking that not only involves the

purchasing organization of Latécoère, but the manufacturing, engineering, the quality organization, as well, to be able to move all those parts from one supplier to the other.

Transformation 2020 is also to restart the organic growth of Latécoère. Clearly because of the financial situation that the group – I mean, back in '14 and '15, there was purely not much drive to get additional business., We changed that in '17 and we are continuing into '18 and the years to come.

And I must say that in interconnection system, it was very fast to win new business starting April '17. That business that was won in '17, and some of the business that was won in 18 gave us revenue in '18 and actually quite a nice revenue, 23% of the interconnection system revenue in '18 is due to customer or business we did not have back in 16 which is quite an achievement I feel.

### **Growing Our Customer Base**

In '18 only, we won €180 million additional business for this division with 10 new customers, customers that had never worked with Latécoère Interconnection Systems before. In Aerostructure, it's more difficult. It's more difficult to move or to displace a supplier from any package is more complicated in aero structures that it is in interconnection system. And the very reason for that is clearly that, it costs a lot in terms of tooling. It's always very risky. But it's mostly very costly and customers don't do that unless they are really, they have a compelling case, meaning that the supplier is not doing the job, to do it.

Nonetheless, we were able to secure two new contracts in 18, one of which we are proud of which is the Boeing contract, because not only it's a Boeing contract, but it's a military Boeing contract on the KC 46 where we all doing the rear door of their airplane. You know, that the KC 46 is built on the 767 platform, that door does not exist on the pax version of the airplane and we won that rear door that Boeing designed on that airplane.

We also won the structure of the side console of the cockpit of the A 350, but what is more important to me and will give us organic growth in the future is the increase of our commercial proposal pipe, which has increased between end of 17 and end of 18 by 66%. And we have ongoing discussions, especially on the business jet side with several aircraft manufacturers and I hope that I will be able to announce new wins in 19 with one of these four customers.

### **A Strategy Based On 5 Pillars**

Our strategy is deployed within the company along five axes, and we deploy all the objectives of everybody along those five axes, which are customer satisfaction, economical performance, innovation, growth and people development. And we have KPI that we tracked every month, if not more often for the Transformation 2020. It's more every two weeks that we track constantly to move the operations of Latécoère.

So I'm not going to go into each of them, but I wanted to give you a vision of how we track the operational performance, and then when I'm saying operational performance, I'm not only talking about the economical performance, but the performance that our customer see, the way we use our money in innovation, our growth and especially how we're all doing, from the commercial standpoint, and of course people development, with one big task for the CoMeX at the beginning of '17 which was to take on board the entire employee population of

Latécoère, because having gone through financial crisis is not easy for the employees, the motivation was not there anymore and I think that's most of our employees now are onboard, believing in the future of the company which was not the case two years ago.

Globally, if I want to summarize in a nutshell what I just said in terms of what is our strategy, our strategy for aerostructure is different from interconnection because we don't have the same competitive environment and we don't have the same strengths and weaknesses. For aerostructure, clearly, we are not big enough. We are not big enough to be able to sustain a big commercial program development. We need volume to drive the cash flow necessary for the development of a commercial program like a Boeing or an Airbus program.

### **A Growth Strategy**

And you know that today, there is no new program launched in '19, but we know as well that there will be new programs in the future and Latécoère needs to be ready for it, needs to be ready from many standpoints, from the competitive aspects, which is our Transformation 2020 which I summarize here on continuous improvement. To be competitive, we need also to be able to fund those developments, and here we are not ready yet.

We have two levels to do that. One is organic growth, and we need to capitalize on our strengths and what are the strengths of Latécoère. We have mainly two: one is that we are the number one manufacturer, designer and manufacturer of doors worldwide, plane makers know when they come to Latécoère, the door will close, the door will open, including under emergency correctly.

And that's not a given; a door is a complicated aerostructure, which include systems, and it's not so easy to design, and I will illustrate that. We have a second strength, which is our design office; Latécoère owns a design authority for critical structure, which means that Latécoère is able to design and certify critical structures and there are not that many aerostructure makers with the DOA that we have.

There are two strengths on which we can capitalise. We need to improve our competitiveness. We all doing that through Transformation 2020. We cannot ignore that the industry is consolidated. The aerospace industry is consolidated globally. And usually it's an horizontal consolidation meaning adding several commodities together. And why are they doing that? Because it gives you strength in front of the two big OEMs that are concentrating themselves, Airbus on the bombardier side and Boeing on the Embraer side. So, it's more and more a duopoly, which any equipment manufacturer like Latécoère has to front. And clearly everybody has seen the same thing. The more commodities you add, the less chance you have to be harmed badly. These two big guys are our customers, but they are very tough with the supply chain altogether.

Why is it even more so for aerostructures? Because there are too many players in aerostructures So, industry will consolidate and Latécoère needs to participate to that one way or the other.

On the interconnection side, completely different picture, not as many players. We have three main players: Safran, Fokker Elmo, now part of GKN and ourselves. We are number two in terms of size. Here, we have the means of our organic growth. We had a big focus, the goal is

to diversify to all OEMs, all equipment manufacturers, especially cabin, because they change a lot, and IFE, but also engine and systems.

So, we have to conquer the world in interconnection systems, and we have the means to conquer the world and this is exactly what we are doing. At the same time – excellent design office and best country plants, and the proactivity so that we have been able to manage the configuration change very late into the production of the racks.

Also we need to innovate, we should not miss the switch from copper to optics. And we are doing that as well as in investing in lifi, and we'll come back to that at the end of the presentation. And with that I will leave it to Sebastien Rouge, Latécoère CFO, to go into the numbers.

## **Financial Numbers**

Sebastien Rouge

*CFO, Latécoère*

Bonjour. I have a few minutes to go through the numbers, we will start with the revenue of 2018, thanks to a good second part of the year Latécoère is ending up with a 3% organic growth; unlike 2017, the second part was actually better than the first. It did enable the aerostructure business to finish at the same level in 2018 than the prior year thanks to solid volumes of Airbus A320 and Boeing 787 in particular.

### **H2 & Fy18 Revenue Growth**

I wanted to highlight also the acceleration of the growth of interconnection systems. Thanks to the contribution of the new businesses, the year ends up with an 8% of organic growth that has been higher and higher in the last semesters. If we look at the revenue by platform and by customer; the Latécoère has still the airbus group as its first customer.

It's important to remember that Boeing is our second customer, again mostly thanks to the contribution of the 787 doors but also some interconnection activities like cameras. We have a [inaudible]. We have a progressive slowdown of our revenues with Embraer because of the decrease of the build rate of the E1 that we have been disclosing as being an important driver for the company since a few years.

And the last point I wanted to highlight on the pie chart is the growing share of what is called other; in this category you find all the new list of interconnection systems customer and you see that they start to be really visible at group level. Aside, if we extrapolate the backlog of OEM with the contractual ship set of Latécoère, we have a large business visibility over 2 billion of deliveries coming up, which shall be mostly Airbus A320, A350, and Boeing 787.

When we look at the more yearly indicator, comparing our real order intake contractual with the sales, book to bill, again sends to the growth of interconnection system. We have a book to bill of over one, which shows that we are able to catch up direct business – that we started to communicate six months ago. It is now 1.07, again, driven by the interconnection gross mostly.

If we switch then to the profitability by division, we were there six months ago, and we knew 2018 would be a difficult year. We have external headwinds that we have to cope with,

pressure on some of the programs, and in particular the mature ones. The movement of exchange rate, which as you know has a big impact on our financials. The decreased build rate of some of our mature platforms as well.

### **A Multi-Customer Platform**

On top of these things that we had planned, we had two major or more internal elements during 2018. The first, reinternalization of a fair amount of detail that obliged us to reorganize the ramp up of Montredon in particular, and also something that is important to highlight; Interconnection Systems is really building up a new platform, a platform that will enable the division to capture new business and to deliver them in better conditions.

This building up of a new platform puts some temporary pressure on the margin of the division, which explains why it is going down a little bit in spite of a large growth in the revenues. I have tried to quantify most of the headwinds here, looking at direct operating income as impact against the performance of last year where you find the impact of FX, the impact of the price pressure and the negative productive mix with some of the increase and some of the decrease on the more mature markets.

What is highlighted here and labelled at 2018 issues is mostly consequential cost of our quality and delivery problems that we have shared during the year. And I wanted to highlight two main other – two main parts of this bridge. First, what we call the cost of IS gross, which is a fair amount of money, close to €9 million as you see; combination of the initial losses of the start-up programs and also the cost of the infrastructure that we are putting in place to support the manufacturing at a better scale for logistics, for IT, for quality control so that we are able to cope with the growth of the division in a good way. An the positive impact, which is in spite of our difficulties, we have delivered an improved in industrial performance in both our divisions in 2018 which is obviously due to a large part to the first fruits of the Transformation 2020 plan in the 2018 financial, the effort and the money we're putting together, actually, it really enables us to deliver our backlog in better conditions.

Also turbulent year in terms of exceptional items, and here we are showing what happens below the recurring operating income up to the net profit of the company – 2018 to be a heavy year for the transformation activity. So, we had planned non-recurring, the green part, to be really large, opening a Greenfield for a company the size of Latécoère is a big event. So, we have put a lot of money and effort at starting up the operations, implementing the transfer, making the project management of all the transformation plan. That's the large negatives that you see. And we had also planned to compensate a fair amount of that with the sale of the first tranche of the Periole site, which we have booked in the first half of the year, that's the plus 9.2.

What we had not planned was actually the Airbus A380 end of the program and it has impacted as well very vastly the bottom of our P&L, in two places because of the way it was accounted for. An operating loss of 12.6 million which is actually showing up the balance between the impairments of the residual engineering asset that we had for the program and a portion of the reimbursable advances that will not have to be reimbursed – compensated in the financial profit by a relief of the future expenses related to interest in connection as well with the reimbursable advances.

So, all in all, a balance – a balanced situation and booking for the A380 that demonstrate what we were discussing that the company was prudent in the assessment of this program, in terms of balance sheets. But very large swings on the balance sheet related to that.

### **2018 Condensed P&L**

If we summarize this year in a condensed P&L between the first and the second part of the year, you see that the operations have actually improved in the second part of the year, boost from the revenue and the profit that we publish while we have anyhow accounted for problem that we have disclosed, related to the very fast insourcing of parts and with the corrosion, a risk that we had mentioned in our report during the months of June. So, these elements have been booked in the second part of the year as part of the recurring operating income. In the bottom part of the P&L, there is imbalance between the first half and the second half of the year. The efforts of Transformation 2020 are the same between the two halves, on one end. Where the one-off benefit of the sale of Periole is in H1, when the expense because of A380 touching the operating income are in H2. This creates the unbalance at operating income level between the two parts of the year.

I wanted to highlight as well in the bottom part of the P&L – thanks to the re-organization of the debt of the company end of 2017. We have a real decrease of the cost of debt from 8 million and also we have like this year, a big change in the impact of the hedge instruments. Because of the change of the euro dollar exchange rate our hedge instruments have actually generated a non-cash loss of a 6.3 million against the large profit also then cashless last year, which obviously has an impact also in the way we calculate income tax.

### **H2 & FY18 Recurring EBITDA**

Another point that we shall remember also, all these A380 bookings are important in terms of absolute value, but have no impact on cash obviously in 2018. If we look at the free cash flow of the year, starting with the theoretical cash generation of the recurring EBITDA, trying to highlight as much as we can what is coming from the normal operations and what is the impact of the transformation plan. We have and we had that already in June, a large increase of inventory. The inventory during the year increased in both division up to June. We said the aero structure would decrease and has actually decreased up to December. On the other end, we kept on building inventory in Interconnection Systems to grow and to prepare the goals of 2019. So, the vast majority of these 20 million increases is located in interconnection. All what we have done in the second part of the year, 12 million in particular, is linked to the very new business, the start of production of MRJ, the new cabin business, the new Airbus helicopter business that we did not have. And our business model in interconnection is first to get the material then to make the configuration with our customer then to manufacture and ship. So, in order to prepare the growth we have been obliged to build up inventory and 2018 is the very specific year where the start-up of the business is really visible on our balance sheet.

### **2018 Operating Free Cash Flow**

The change of other working capital is actually the one that we have seen in June, with a slight deterioration of the payment terms of some of our big customers, which a few weeks delay by some of our big customer. The year it happens, it has a big impact on Latécoère

cashflow. I explained it in June, and actually it remained flat until the end of the year and it hopefully will not replicate itself in the next year.

Then to finish up with the recurring of free cash flow. We have a high level of - I would say - normal CAPEX 17 million. Here again, there is a relatively large contribution of interconnection more than historical because we are in a large portion improving our IT system, enlarging our infrastructure, again to cope with the growth of the company.

We said 2018 would be really a tough year in terms of cash out related to the transformation plan. That is what happened with this minus 41 million that are reducing our free cash flow generation. 11 coming from the transformation CAPEX, Montredon and Bulgaria the end of the first phase. And another 30 million. Two third out of it is actually the end of the big disbursements for the social plan. We have, disclosed since a long time that it would be shared one third in 2017, two third in 2018. That's exactly what happened.

We had only two people from the plan left on the payroll and very minor be spent, going forward after the beginning of the year. So that's, the main components of this minus 30 million. The rest is actually the cash impact of what we have seen in the P&L as part of balance of the Transformation 2020 activity during the year.

What does come up in terms of balance sheet in spite of this large cash outflow during the year - the balance sheets of Latécoère remains solid. I want to highlight actually two main positions. The long term debt is coming from renewed debts that we have implemented in 2017 and in 2018 with long maturity. And when we mix the cash in and with the short-term debt coming from factoring, we have 31 million of net cash in hand. On top of that, inside the current asset, we have this inflated inventory balance, which actually should decrease down the road when we are in a more stable environment with interconnection.

### **Progress Towards Transformation 2020**

One point because you have seen the impact of the Transformation 2020 on our cash situation. So where are we compared to the 130 million that was shared at the beginning of the presentation, the blue section on the left side is actually the money we have spent, and I will say we are very well in line now between P&L and cash at the end of 18. So, most of all the outflow related to the social plan is out as we speak. We have, if we go to CAPEX, a large envelope of 27 million that has already been spent and we have most of the remainder that will be spent in 2019 to finish the second tranche of Bulgaria and Montredon. And more than half of all the transformation OPEX have been incurred. And again, it's in 2019 that we will spend most of what is left in what we call other OPEX in this chart. So, at the end of the day when we project ourself at the end of 2019, we will have between 90% and 95% of the total spend of the transformation plan that will be behind us - and enable us to have a better cash flow situation from 2020 onwards.

Why are we doing that? To secure and capture the savings on a yearly basis that we are tracking. We are aiming at reducing our base cost as compared to the 2016 baseline by 40 million per year. We are following that in a very rigorous manner every week and every month. We had at the end of December secured 48% of the savings. It does not mean that 48% was in the P&L because some of the full year impact was not there but at least it was secured in terms of plans been in place, target cost been achieved, whether it's on manufacturing, or on sourcing targets. And we are aiming at completing that throughout 2019

and 2020 in particular with the finalization of the sourcing plan and the second wave of Bulgaria and Montredon. A last minute to spend to precise where we stand in terms of hedging as it has not changed a lot since a few months – we are fully covered for 2019 and mostly for to the 2020. We'll address that when we have the more precise the exposure. We are starting to work since a few months on 2021. And we hope that if the current stability of the exchange rate is maintained in the next weeks and months, we can actually complete 2021 in better condition.

That's what I wanted to say on the financials.

## **H2 & FY18 BUSINESS HIGHLIGHTS**

Yannick Assouad

*CEO, Latécoère*

So now, a little bit on the highlights – business highlights for H2 and 2018 globally. First, it was a record year for door deliveries. We delivered 3407 doors– mainly driven by A320, 787 and E1/E2 because we are making all the doors pax and cargo doors on this platform. So a big volume of the doors been produced in '18. We also worked quite a bit on reducing our quality issues on big plane sections like the one you see on the picture which is the A350 nose section. We had too many quality issues that were passed on to our customers and clearly we needed to tackle that and put it to zero which we did do in the course of 2018. So big effort on quality customer claims and very reinforced management of product quality internally.

### **R&T Focus - Aerostructures**

I said that engineering is one of our strengths, it's also one of our costs. After completing the certification of the E2, Latécoère does not have big development programs anymore. Nonetheless, to ensure the airworthiness of anything we deliver, we need to be able to sustain a strong design office. We also need to improve the the engineering way of working and in the framework of Transformation 2020, we work at improving the productivity of our design office mainly using lean engineering techniques within the design office.

A big focus on innovation with the two subjects that we work in '18 – new aircraft door system. And I will speak more about it., and materials and especially thermoplastics within materials. I also wanted to illustrate – I talked about the purpose of Latécoère to start with, and I want to just address it with one program, which is the last big development that Latécoère was responsible for. I want to illustrate this purpose.

### **Door Certification**

So, what did we do? We proposed design and build solutions and a certification process as well, along the design phase of the airplane. Our mission given by Embraer was to redesign all the doors. All the doors are all different from E1 and have been re-worked whereas the diameter of the body of the plane is exactly the same. The material of the airplane is exactly the same, nonetheless all the doors were reworked. And they were re-worked with mainly functional improvement. In simpler words for any airplane like the E2, it is key to reduce weight, for fuel consumption, for reduction of fuel consumption, purely the weight is a key driver.

We had the mission to decrease the weight, to decrease the cost because the price wasn't higher clearly, than E1. So, decreasing the cost for us to have an equivalent margin, but also to improve functioning as the opening of the door, especially when it comes to the force it takes to open and close the door. And this was done in a very tight schedule. This is one program that didn't slip. Embraer kept the schedule: the airplane made the first flight when they said they would do it. They certify the program when they said they would do it and then making the first airplane when they said they would do it. And the schedule was pretty tight, they didn't – they are not on time because they allow themselves a very long development phase. They were on time in a very tight schedule and were very good at tracking us, the suppliers, to keep the schedule. So, the certification of the door system was achieved in December '17. We were the first one to certify the system on board the airplane. So clearly that was made possible thanks to an excellent cooperation between Latécoère, Embraer and ANAC, Brazilian certification buddies.

So, it was really a smooth development, how we work in term of design of the door and I want to re-state[?] the result and what it took to get that result. So, we spent 160,000 hours into the doors, all the doors I mean all the set of PAX doors plus the emergency doors plus the cargo doors. And I wanted to give you also, to give you an idea of the number of drawing and installation drawings that comes with that. Each PAX doors roughly have 500 different parts. And it also gives you the effort it takes when one of our major supplier dropped in '18. So that's the complexity of a door knowing that all the doors are different, just because there is a right, and a left door, and the size of the body of the aircraft varies and it's not the same at the front and the rear. So, it's a lot of parts, a lot of drawings for the installation, manufacturing, a lot of engineering that you have to spend to build the door. And on the emergency overwing door, you have over 200 parts. So that's the value added we bring to the airplane manufacturer.

Focus on innovation: we've worked in '18 mainly on two subjects – development of a new door demonstrator that follows the work done in '17 when we presented the next Gen door. I said at that time that that door wouldn't be certifiable. It was really a design which included all what we could think of in term of innovation into the, into the door which was more electric, had a lot of features, to take out the window, et cetera, et cetera. The 2018 demonstrator could be certified and I hope will be certified, if it is a selected on the new commercial plane. So, it's clearly has the purpose not only to work on the door itself but to work on the integration of the door into the airplane and the way the passenger enters the airplane and exits the airplane. So, it's really an access function rather than a door that we worked on, a door that includes all the mechanisms to close and open and certify that door including the computers that goes into it and all the emergency system. Another goal[Inaudible] is to reduce the cost of course, but also costs for the entire access function that is again, way more than the door. And we use agile methods with breadboards, very fast breadboards where we illustrate the functionality to the customer. So very efficient share of design between the customer and ourselves.

On material and processes, we work in two areas, thermoplastics, and assembly of thermoplastics or the process of, assembling thermoplastics because the next program will use composite and is likely to use out of autoclave composite – meaning thermoplastics that you can recycle. We also work on additive manufacturing, on additive manufacturing,

specifically on Titanium. Why Titanium? Because it's an expensive material. The flight to buy ratio, the kilogram of material you buy versus the weight of material that flies, is very poor, in aerospace. This factor is 10% i.e. you buy 10kg to fly 1kg, roughly. So, aluminium is not such an expensive material. When it comes to Titanium, which is a very expensive material. This is where despite the cost, the current cost of additive manufacturing, it can make a lot of sense to develop additive manufacturing. And we've been looking at that and we would have during the Paris air show, Titanium additive metal parts that we've done during the course of the year.

On the interconnection side, completely different objective. The objective is to change our business model, growing from – sales, end of 16 sales that were made with two customers, which is the blue and the orange that you see there to many, many more customers and having a share of those new customers that is growing with time including Boeing, of course. But also, to increase the volume that we have in what we call out locating work services. We are the best to install our harnesses onboard the airplane. There are many service companies that do that on behalf of the airplane maker. This is clearly a market we didn't address before and we are addressing now with more and more people being employed, supporting the different assembly lines around the world. With that kind of growth, which will be a double digit from Interconnection Systems in '19, we have an average growth here between 15 and 19 of 9%. For '18, you've seen our growth, which is already very dynamic but single digit, in 19, we'd be double digit for that branch of Latécoère. So, we need to be able to make it a tight control on that growth, we need to be able to deliver, and we need to do that in a controlled manner. So, there will be really a big, big focus in the two years to come and also helped by our Transformation 2020 plan, especially on the purchase side. We are getting more and more international to be able to support our customers locally. And this is why we have brought in between 17 and 18, three locations, Japan, Canada and the US to support our new customers, which will help our growth in outlocated services by the way. We will also continue the support we are providing to our European customers.

### **Interconnection Systems**

And as in Aerostructures, we are also focusing on innovation in Interconnection Systems with 2 areas of focus, the switch from copper wires to optics and the transmission of a signal by light instead of by an electromagnetic wave: the LiFi. But I wanted also to illustrate the value added we are giving to Airbus. On the A350, the section that is just outside the cockpit is a very dense section in term of installation of all the wires and interconnection racks. Why? Because the cockpit is where everything happens, all the decisions are taken and all the interactions with the rest of the airplane are initiated by the pilot. We have three big racks, imagine racks that are of 2m by 2m, 80cm deep. So, three big racks in that section – very difficult to install already but then one needs to connect them to the rest of the aircraft. So as for the certification, Airbus asked us to help redesign the interconnection racks which we did, with really two targets. Could you save weight like always, and ease installation so that the manufacturing cost at Airbus of assembling that section, be decreased. Of course, it involved the redesign of the racks and of the installation of the racks, mainly and the stress analysis to be able to do that.

So, it is a new version of the electrical wiring and interconnection system. It takes into account all the specified certification constraints of several Technical chapters on board the

airplane. We designed the installation along with Airbus; two of our sites were involved, Hamburg and Toulouse. And as I said, we have three big racks in this section with all the interconnections that come into those big racks, one central and one on each side of that section. 20 people of Latécoère were involved and the result is what is most striking. We saved 700 kg, not only on our equipment, of course, but on the global installation of our equipment on board that section, and we saved Airbus – we don't know the exact number, but Airbus told us hundreds of installation hours of this section of the plane.

So clearly I wanted to illustrate our purpose with this A350 example.

### **EWIS Architecture**

I want also to illustrate it with the MRJ. So everybody knows now that the MRJ was not certifiable among others, because of the electrical wiring and interconnection systems, ATA chapter 92 on board the airplane, which imposes a number of constraints in term of routing, topological and electrical segregation of the harnesses, for it not to be facing a loss of the system in case of failure[inaudible] of the engine for example. Even with an engine fan burst, you should still be able to control your airplane in direction and in altitude, those controls being located in the rear of the airplane.

So you have wires and it goes from nose to tail there, but they should go into specific areas of the airplane, not everywhere. And that is segregation of the wires, especially for redundant systems and we have many redundant systems, but the major one being the flight controls, of course, on board of an airplane. You have an illustration and if you were here, if you were seated a little before the start of the conference, you saw the model, the entire wiring model of the airplane that was developed by Latécoère, you see in this illustration here on the right-hand side.

So what did we do? We deployed all our tools to redo everything, from schematics to the wiring diagrams to the 3D models of the installation of the harnesses, and the certification file that is needed for the FAA and Japanese certification body, the JCAB, to certify the airplane. So we work with MITAC, with Mitsubishi Aircraft, on the requirement to assess what had to be done given what we were starting with. We simulated all the aircraft harnesses, not only to certify the aircraft, but also to help the installation of these wires. We aligned the design with the requirements, including functional requirements because one could be working against the other, and re-validated the entire installation architecture to verify that everything that needed a power supply or a data supply was there.

So at this point we have already delivered all the wiring diagrams of the design, all the 3D models, and you see it here. The certification is ongoing, the work with JCAB has started, not yet with the FAA, but it is standard and usually the local authority start the work and then share it with the FAA or the EASA. We had planned to be 120 people and it was felt by Mitsubishi not enough to achieve the work in 18 months. Nonetheless, we used 90 people – 90 engineers and we did it in 18 months. So that's an illustration of the value and the purpose of Latécoère in this industry.

### **R&T Focus – Interconnection Systems**

Okay, R&T in Interconnection Systems is as important as in Aerostructures. We worked mainly in two areas that I want to illustrate with the work that was done in '18. Reducing and compacting the racks; the racks are very big. I gave you the size of the A350 racks. They are three of them. Clearly the goal is to reduce the size of the racks, a 350 rack could then be reduced to what you see on the picture. And you can see the size from the hand you. But it's not only the size you want to reduce., The size would reduce the weight, would reduce the work to build the racks, would reduce the installation difficulty in the airplane. But it's also to change the way you interconnect the wires to make it easier to install and desinstall at the rack level, but also to help testing, and we are replacing the wires by flexes in particular or by PCBs to be able to compact that in a large manner. So we work alongside with Airbus and Thales in the framework of the CORAC in '18.

We also worked more for ourselves, but also in the framework of the CORAC on the switch to optics. We believe that the new commercial platform will have a lot of optical transmission of the data, contrary to what is done today, where 90% of it is done through copper, which you cannot multiplex, so you need one wire by data that you transmit; on an optical fiber, you can have many data going through one fiber. That's what we are working on, but not only on the fiber itself, but also the transformation of an electrical signal into an optical signal and the connectors as well. We are also working on transmission of the data though light and we will have a nice demo during the Paris Air show.

### **R&T Focus – Partnerships**

We are very well supported, I must say, in this effort by the French authorities: the CORAC and the DGAC are clearly helping us, but also the region of the Occitanie is providing funds to Latécoère through their ADER4 program, which is the fourth wave of funds helping the local companies to innovate. But we also have subsidies which come from Europe, the European community first with the CLEAN SKY program, but also Great Britain for all the wiring, new wiring system that would be mainly optical in the wings of the airplane.

### **2019 Outlook Unchanged**

And with this, I'm coming to the outlook. So '19 outlook is unchanged versus what we published previously and especially with our sales publication, end of January. So we will have a significant growth in '19 thanks to Interconnection Systems growth and the new programs we won in '18 that are ramping up now.

Excluding currency effect, we will clearly have a strong organic growth. The currency, as Sebastian has shown, we were covered at 1.16 in '18. If you noticed on the chart that Sebastian showed you, '19 will be €0.02 more, 1.18, so we have an unfavourable effect of the currency between '18 and '19.

We will continue and almost complete our investment in our Transformation 2020 plan. So the goal is to be 95% completed by the end of '19. So the €130 million investment that divides into Opex and Capex will be mostly spent by the end of '19, which will put a stress on cash again in '19, but which is also viewed that '20 will be much better from a cash standpoint than '19, because we will be out of the big investment period, which have been '18 and '19. Operating margin in '19 will like what we had in 18.

With that, I think we'll close it here and open it to questions.

## Q&A

**Moderator:** We'll start with questions from the room before going to the webcast. Please before asking the questions, state your company name and your name. Thank you. Do we have questions from the room?

**Question (CM-CIC Market Solutions):** I have two questions in English and after that, I will switch to French. First one is about the cost of A380, which is not so easy to understand because at the end, at the bottom line, it sounds to be positive.

After that, my second question is about the margins for next year. Do you think the margin of H1 could be at the same level at the margin of the H2 last year? After that, I will do my forecast.

**Sebastien Rouge:** Yes, on A380 your understanding is right. If we look at the one-off impact, it creates a small profit as we said, an expense on the operating income line, a financial profit that mostly comes from the prudent approach that we had in the booking of the reimbursable advances and the corresponding interests that were embedded into the booking scheme of these advances.

Then I don't think we will comment on the precision of the guidance for 2019.

**Question:** Okay. I have another question in French this time. Vous avez choisi de présenter le chiffre d'affaires inter branche. Ce n'est pas commun. Est-ce que cela veut dire que les deux divisions sont indépendantes? [French language]?

**Sebastien Rouge:** I will do a technical answer first on why we are presenting like that. So why do we first present more than we did the different divisions, whether it's on profitability or on revenues? The first reason is that the dynamic of both divisions is different and we wanted to make it clear that the dynamic of Aerostructures and of Interconnection are different.

Then I would say we formalise and we present in a relatively standard way, highlighting also the intercompany interactions and it is a fact that there are not very heavy inter-company sales between Aerostructure and Interconnection and vice versa. There are some; mostly Aerostructure is building some racks that we'll be using in Interconnection; on the other hand, when we have a wiring system in doors, we do our best to do that internally. I think it's more a reflection of what happens more than a wish to present it one way or the other.

**Yannick Assouad:** And if I complement what Sebastien is saying, clearly we did it with the purpose of showing you the different dynamics and especially the growth dynamic that is very different for Interconnection to Aerostructure. So that was the first purpose of it. Clearly it doesn't mean that the two can – yes, the two can live one outside the other theoretically; no problem with that. The Group's structure though is shared and it's clearly a value-add.

But I want also to add something on the consolidation. When you look at what is happening in the industry today the consolidation as I said I think in the beginning, is horizontal. What I mean is that there is a lot of synergy between a seat of Zodiac and an engine; nonetheless, Safran acquired Zodiac and UTC acquires Rockwell Collins. Why are they doing that?

Because you are stronger in front of Airbus and Boeing if you have commodities alongside one to the other, because on some commodities you have a lot of choice, like in Aerostructures; on other commodities, you have much less choice. And you protect the overall business doing that. So I really think there is a value-added to add commodities one alongside the other, even though there is little connection between them. That's the first point.

The second point is: I think those synergies will grow in the future, and we are seeing that. The only aircraft today that is delivered with sections stuffed with interconnections, all the hoses, whether it's hydraulic, air conditioning, is the A220. The sections are delivered, entirely equipped with the infrastructure of the airplane. I think that trend will continue in the future and we will have much more synergy. Today when I deliver an A350 or an A330, I deliver the structure only; I don't deliver anything except the brackets, which are mechanical infrastructure. Except the brackets, I don't deliver anything else. Tomorrow on a commercial platform, I think an aerostructure maker will deliver much more than that. So also that's the second point, I see those trends in the future.

**Question (Gilbert Dupont):** The first question is on Aerostructures. We understand that you are working on a potential business – an additional potential business with business jets. So what is the impact on the growth, the planned growth in the Aerostructures business for 2019?

The second question is to have – so, you are still looking for consolidation in Aerostructure to reach critical size. So maybe can you give us some colour on the timing you're looking for? Maybe should we expect an operation in one or two years, or maybe it could be longer? So, just to have your view on that. Thank you.

**Yannick Assouad:** On Aerostructures, when I said that we have active discussions with the business jet makers, clearly those discussions will not hit revenue in '19. The Aerostructures business also has a cycle of the revenue which is much longer than Interconnection. We were able in Interconnection to win contracts that produce revenue in the same year; we did that both in '17 and in '18. That cannot happen on Aerostructures. If we look at the G7000 door for example that we won in December '17, we only produced the first door towards the very end of '18. That was the first door. So there wasn't any revenue in '18, also because the programme has not ramped up yet. It's going to ramp up in '19, so that programme will produce revenue in '19. For the new programmes that we won in '18, they will not produce any revenue in '19 but rather in 2020, and if we won them in '19 it would produce revenue more in '20 and the years onwards rather than in 19. That's for revenue in Aerostructures.

In terms of consolidation, it's a fact that the industry is consolidating. What is the timeframe of us participating in that? Here, I have difficulty to say. But I want to remind you that the board has organised an adhoc committee that is looking at all options. We need to give it the time to review all possible options for Latécoère. So, at least we need to account for that time schedule and the adhoc committee has planned its work during the course of '19. So we will later announce anything that is of any substance to you and the market when it is mature enough.

**Question :** I have a question on slide 18. We see that the combined impact of prices on production mix is around €40 million. So when I compare it to your €28 million of EBIT, it's quite huge. So I know that the transformation plan will generate some savings in the coming

years, but looking beyond that, how do you see these pressures from prices and mix evolve? Do you think it will get softer or do you have growth? Because we see that in '19 we don't have any positive impact from volumes, even though organic growth was plus [inaudible]. So how do you see this evolve and how can you maybe mitigate this impact in the long-term?

**Yannick Assouad:** It's a difficult question. Clearly price pressure will continue, there is no question. The competition is tough between Airbus and Boeing and they are conceding price reductions to their customers to win contracts, and they are flowing down those price constraints into cost constraints – internally, they do a lot internally, but also a lot from the supply chain. As far as the immediate situation is concerned, we know that Airbus has come up with a new scheme that would hit us only in 2020 if we do anything. So for the time being '19 and '20 are more or less protected on the Airbus side because we signed our scope+ contract.

We are working on the cost reduction. It's one of the reasons of the entire automation of the A320 door line in Czech Republic. So clearly we are reducing our costs with our Transformation 2020 plan to address that situation. And as of today, you've seen that we do compensate them and we intend to compensate them fully. That's really the goal of our Transformation 2020 and specific programmes, reduction programmes – we have programme by programme when and if a price reduction hits us. So, saying that, price pressure will not decrease. We are able to offset it with our Transformation 2020 and we intend to continue to do that in the future. Because I don't think that the price pressure will decrease and it will need quite a substantial consolidation on the Aerostructure side for it to be avoided or decrease, because some commodities do avoid it or minimise impact, because when you are only two players – Airbus and Boeing – they have much less impact on price reduction. It's not so easy to say, 'I'm going to go elsewhere.' On Aerostructure, it's rather easy to do it. It's less easy on doors, clearly; that is why doors constitute one of our strengths. But again, it will not be stopped; we need to address it reducing our costs and this is exactly what we are doing.

**Question (Oddo):** I have got a couple of questions, the first one on Embraer. Are you ready to share with us your view in terms of volume and mix for 2019 and 2020, on the E1 and the E2?

The second one is on the R&D. You discussed your R&T plan but could we have a view on the R&D, especially the extant part of the R&D in 2019 and 2020?

The last one is on cash, because when we are looking at the outlook statement you only mentioned a negative free cash. I just would like to know first if it is including the IFRS 16 impact or not, and then if you are able to provide more colour in terms of capex. I have put already a €40 million holding in terms of gross capex – am I right?

**Sebastien Rouge:** I will take the easiest question: yes, you are right on the capex. I would say the normal one plus Transformation 2020 for 2019 is between €40–45 million. We really deliberately do not want to defer the 2020 plan too long, so that's what we are concentrating that.

**Yannick Assouad:** As far as the Embraer and volume are concerned, they did not publish themselves the volume so I am not going to disclose what our assumptions are because I would be speaking on behalf of Embraer, and that's not my role and I'm sure you understand

it. But I'm sure they would at a point say what they will do. They have said publicly in their own publication that their volume will decrease, so I can repeat that for sure. But I will not give you something between E1 and E2 and therefore the decrease of E1 and the increase of E2, because this is what they will be looking at because they didn't disclose that themselves. So I will remain shy on communicating those numbers.

In terms of R&D, we don't disclose those numbers but we are improving. What I can say is what we disclosed on the framework of Transformation 2020: we are decreasing the cost of our engineering, the base of our engineering outside any development, and you have seen that in the chart that Sebastien had. It represents something like 7% of the €40 million, which is a substantial portion of our cost. If we base it not on the overall Transformation 2020 plan but on our R&D cost per year, it's a nice reduction.

**Question (Oddo):** Sorry, just to come back on the Embraer question, is it fair to say that what we are seeing on the bridge just [inaudible], I would say the production impact will be slightly bigger in 2019.

**Speaker:** It is fair to say that.

**Chloe Lemarie (Exane):** I have a question on the pricing pressure that you're feeling and any colour you could provide in terms of where it's coming from – is it any particular manufacturer, or is it wide body versus narrow body, and how you see this evolving.

The second question would actually be on the consolidation. I mean, we know that Airbus is heavily involving in digital manufacturing and design, and in this context keeping their own internal supply chain especially on aerostructure could be seen as critical to them. So do you see it as a deterrent to the consolidation or not at this stage?

**Yannick Assouad:** On price, I think we've discussed the market already. You know where it's coming from. I just spoke about Airbus and Boeing, decreasing the cost of the single aisle, because [inaudible] was dedicated to the single line and we've participated in that programme. Our next [inaudible], just to let you know, and what comes after, we'll let you know 206 plan etc., [inaudible]. So we have pricing pressure on the single line, clearly, more than on the wide body as well. The newest programme, usually those price detours are embedded in the contract from the very beginning, which was not the case with the initial contract because the A320 contract is a very old contract now, which was the case then [inaudible]. So that is an area where we have price pressure. We also listed the longevity programme of Embraer, clearly on E1, so that's also one of the big area of price pressure as well.

**Sébastien Rouge:** And that's in 2018 that we had the biggest impact on longevity.

**Yannick Assouad:** Yes, yes. It is behind us.

**Sébastien Rouge:** '20 is more a mix problem than a price problem.

**Yannick Assouad:** Yes – and so it is for the A320, by the way.

So your second question was on the consolidation, and if I want to rephrase it: does the fact that Airbus is not doing anything to change the picture, if I summarise in a nutshell. I don't believe so. Clearly Stelia and Premium Aerotec are two big players, clearly, that are among the super-tier one. But there are so many other players both in the US and Europe that

already it's feasible to consolidate the rest of the supply chain outside those two big players. So, I don't believe that it will change something. There will be consolidation – and by the way, you've seen Spirit buying Asco, you have seen Sonaca buying LMI, You may have seen press articles about Accituri buying Alestis.

**Question (CM-CIC):** I have a quite silly question about the consolidation, but to be sure: in Aerostructures, is it possible to forecast that the doors can leave by themselves the rest of the Aerostructures division?

**Yannick Assouad:** I can tell you it's not the plan. I can tell you that there are a lot of synergies between Aerostructure and doors as one specific aerostructure, especially in materials. So the investment you make for one is valid for the other. And your skills, your basic skills in term of design, outside what it takes to build the systems - the opening and closing system of the door - but all the stress analysis, all the design, mechanical capability that are used on an aeroplane section are useful on the door, and vice versa.

So clearly having volume from the doors to help the aeroplane sections or from the aeroplane sections to help the door business is helping absorb the overheads that are necessary for this Aerostructure business, especially when you have a DOA like us and you're able to certify a critical structure by yourself. For sure it is the right structure to drive bigger volume, having the two together. So that's my simple response. I think it would be detrimental to overall margin, which is not very big already, as you have seen, to split the two, because you would have to recreate the design office on both sides and quality the infrastructure on both sides, which are the two big constraints that we have to be able to do what we do and to design what we design.

Nothing? No more questions, including from the webcast? No? Okay. Thank you very much for being here, including those on the phone and through the webcast. Thank you very much.

**Moderator:** You are all welcome to share drinks with the management team.

**Yannick Assouad:** Yes, we have a little something outside to eat and to drink if you want to stay some more minutes.

[END OF TRANSCRIPT]