

Regulated information, under embargo until 7:00am CET on March 10, 2020

Latécoère 2019 results

- 7.0% organic revenue growth thanks to important new contract gains
- Transformation 2020 almost completed, launch of Beyond program
- 2020 guidance updated

Toulouse, France, March 10, 2020 – Latécoère, a tier 1 partner to major international aircraft manufacturers, announces the publication of its H2 and FY results for the year ending December 31st, 2019. These results were reviewed by the Company's Board of Directors on March 6th, 2020.

(Audited - € million)	FY 2018	H1 2019	H2 2019	FY 2019
Revenue	659.2	371.7	341.4	713.1
<i>Reported growth</i>	0.3%	15.9%	0.9%	8.2%
<i>Growth at constant exchange rates</i>	3.1%	13.1%	1.0%	7.0%
Recurring EBITDA*	54.5	28.1	19.5	47.6
<i>Recurring EBITDA* Margin on Revenue</i>	8.3%	7.6%	5.7%	6.7%
Recurring operating income	28.0	10.8	1.0	11.8
<i>Recurring Operating Margin on Revenue</i>	4.2%	2.9%	0.3%	1.7%
Non recurring items	(23.1)	(7.9)	(13.6)	(21.4)
<i>o/w A380 End of program impact</i>	(12.6)	-	-	-
<i>o/w Other non-recurring items</i>	(10.5)	(7.9)	(13.6)	(21.4)
Operating income	4.9	2.9	(12.5)	(9.6)
Net Cost of debt	(4.5)	(2.7)	(2.6)	(5.3)
Other financial income/(expense)	9.4	(5.2)	(6.9)	(12.1)
Financial result	4.9	(7.9)	(9.5)	(17.4)
Income tax	(3.8)	(1.0)	(4.9)	(5.9)
Net result	6.0	(5.9)	(27.0)	(32.9)
Operating free cash flow	(35.2)	(46.3)	19.0	(27.3)

* Recurring EBITDA = Recurring operating income + Depreciation and amortization of tangible and intangible assets. The details of the non recurring items are presented in the notes to the consolidated financial statements.

Yannick Assouad, Group Chief Executive Officer, declared:

"The solid organic growth of 7% that we are announcing for 2019 reflects the very good performance of our two divisions. I would like to highlight the success of the Aerostructures division, in a challenging competitive environment. Our Interconnection Systems business had to cope with start-up costs related to new programs. The division's operating performance should be back on track by the end of 2020. 2019 also marked a decisive transition for Latécoère, as we successfully advanced the transformation

of our industrial footprint in India, Bulgaria, Morocco and France, while signing the key acquisition of the EWIS division of Bombardier in Mexico, at the end of the year.

We are now ready to launch Beyond, our new project designed to further improve Latécoère's competitiveness and to reduce our fixed costs by 20 million euros in the next two years. We are committed to establishing Latécoère as a tier-one aerostructure supplier supporting aircraft manufacturers in the deployment of their future platforms, an ambition that we will achieve with the support of our new controlling shareholder."

Pierre Gadonneix, Chairman of the Board of Directors, added: *"This year was very important for the Group, as we almost completed the Transformation 2020 plan and are now backed by a strong shareholder who will support the future development of our Company. We are entering 2020 with confidence and a renewed Board of Directors to fully leverage the potential of a transformed Group and sustain profitable growth over the long-term."*

Second Half and Full Year 2019 Highlights and Financial Summary

Latécoère generated €713.1 million in revenue in 2019, growing by 7.0% organically or 8.2% as reported. The positive sales momentum which started in 2017 continued into 2019 as the Group benefited from new contracts and strong volume increases in the Interconnection Systems division and from ramp-up effects and higher volumes in the Aerostructures division.

Latécoère's FY 2019 recurring EBITDA amounted to €47.6 million, representing a 6.7% margin. The year was marked by the completion of Transformation 2020 and a strong ramp-up of new activities. As expected, the Group's recurring EBITDA was lower in the second half of 2019. It was mainly impacted by the ramp-up of two Aerostructures production units and new contracts in Interconnection Systems. Latécoère's 2019 recurring operating income amounted to € 11.8 million, compared to €28.0 million in 2018.

Latécoère's 2019 operating loss was of €9.6 million, compared to an operating income of €4.9 million in 2018. This was mainly due to non-recurring items and higher costs related to the completion of the Transformation 2020 plan. The Group's net loss was €(32.9) million, after a negative €11.2 million impact of the change in fair value of Latécoère's hedging instruments and foreign exchange losses.

Aerostructures

Aerostructures (Audited - € million)	FY 2018	H1 2019	H2 2019	FY 2019
Revenue (from outside the Group)	384.1	215.3	196.1	411.4
<i>Growth at constant exchange rates</i>	<i>(0.2)%</i>	<i>14.5%</i>	<i>(2.2)%</i>	<i>5.8%</i>
Inter-segment revenue	14.9	8.9	9.2	18.1
Revenue	399.1	224.2	205.3	429.5
Recurring EBITDA*	18.8	16.2	10.6	26.8
<i>Recurring EBITDA / revenue</i>	<i>4.7%</i>	<i>7.2%</i>	<i>5.2%</i>	<i>6.2%</i>
Recurring operating income	6.6	8.7	2.1	10.8
<i>Recurring operating income / revenue</i>	<i>1.6%</i>	<i>3.9%</i>	<i>1.0%</i>	<i>2.5%</i>

* Recurring EBITDA = Recurring operating income + Depreciation and amortization of tangible and intangible assets. The details of the non recurring items are presented in the notes to the consolidated financial statements.

Aerostructures revenue recorded strong organic growth of 5.8% in 2019 at € 411.4 million, i.e. a growth of 7.1% as reported. This was achieved thanks to a high production rate, driven by robust volumes for the Boeing programs, and a strong performance in customer support activities. On the downside, the division experienced pressure on prices mainly related to Airbus programs.

The Aerostructures division's profitability increased by 150 basis points compared to 2018, to 6.2% in 2019, driven by higher volumes, notably on the Boeing B787. However, profitability was softer in the second half of the year due to the ramp-up of new sites (Montredon in France and Plovdiv in Bulgaria) as well as the negative impact of foreign exchange hedge rates and lower prices.

Interconnection Systems

Interconnection Systems (Audited - € million)	FY 2018	H1 2019	H2 2019	FY 2019
Revenue (from outside the Group)	275.0	156.4	145.3	301.7
<i>Growth at constant exchange rates</i>	<i>7.9%</i>	<i>11.3%</i>	<i>5.7%</i>	<i>8.5%</i>
Inter-segment revenue	1.8	1.0	0.8	1.7
Revenue	276.8	157.4	146.0	303.4
Recurring EBITDA*	35.6	11.9	8.9	20.8
<i>Recurring EBITDA / revenue</i>	<i>12.9%</i>	<i>7.5%</i>	<i>6.1%</i>	<i>6.8%</i>
Recurring operating income	21.2	2.1	(1.1)	1.1
<i>Recurring operating income / revenue</i>	<i>7.7%</i>	<i>1.3%</i>	<i>(0.7)%</i>	<i>0.3%</i>

* Recurring EBITDA = Recurring operating income + Depreciation and amortization of tangible and intangible assets. The details of the non recurring items are presented in the notes to the consolidated financial statements.

Latécoère's Interconnection Systems division recorded strong organic growth of 8.5% in 2019 and 9.7% as reported. This performance confirmed the very good momentum in cabin and kitting activities. The increase in production rates for Airbus A350, A320 and Dassault Aviation programs was partly offset by reduced rates on Airbus A330, A400M and ATR programs.

The division's recurring operating income amounted to € 1.1 million in 2019, compared to € 21.2 million in 2018. The profitability of the division was negatively impacted by the ramp-up of its new contracts that did not reach their nominal profitability levels and by indirect costs related to several suppliers' crisis and delayed internal reorganisation.

Transformation 2020 near completion

As at 31st December 2019, the Group has invested €117 million in its transformation, i.e. approximately 91% of the €130 million initially planned. The plan has delivered cost savings of 41.6 million in line with targets and is expected to complete at the end of 2020, concluding with the inauguration of Latécoère's new eco-friendly head office in Toulouse, France, which will bring together all the administrative and support functions currently spread across several sites in the Toulouse area, including design offices and the innovation of the two divisions in a single location, in order to intensify synergies.

At the Toulouse-Montredon 4.0 plant, Latécoère has commenced work on a 3,000 sqm extension to accommodate surface treatment and painting activities as well as an extension of the machining activities already present on the site. The site has also gained in production power thanks to the acquiring of 5 additional digitally controlled machines in 2019. The objective is to reach a production rate of 330,000 parts per year in 2021, with possible extensions already integrated into the workshop layout in order to process up to 500,000 parts per year. Nearly 400 different Part Numbers were made back in-house on the site in 2019.

A second 2,600 sqm extension was built in Plovdiv, Bulgaria, to accommodate, amongst others, the A350 nose fuselage sub-assemblies. The site now houses 270 employees on a total production area of 6,600 sqm. The Group has achieved a record number of 900 accident-free days on this site.

Latécoère unveiled its new plant in Belagavi, in the state of Karnataka, India, with a total surface area of 4,400 sqm. The new site is dedicated to the manufacturing of the IFE (In Flight Entertainment) harnesses for Thales for aircraft such as Boeing B777, B737 and Airbus A320, and the Radio Navigation harnesses for the Falcon 2000. In 2020, the site will also produce the main wire bundle of the Falcon 2000. This new "best cost" site, which employs 70 people (in line with the objective of reaching a workforce of 300 by 2022) completes the Latécoère group's production system of electrical harnesses.

In addition, in 2019, Latécoère finalized the transfer of A320 cockpit panel production activities to its Moroccan site in Had Soualem.

New contracts

An extension of the Aerostructures division's contract on the Boeing 787 Dreamliner

In the last quarter of 2019, Latécoère's Aerostructures division signed an agreement with Boeing, extending the delivery of B787 passenger doors until 2029. According to the aircraft manufacturer's forecasts, this would represent approximately 5,600 doors for Latécoère. The Group was originally awarded the contract for the design and manufacture of passenger doors for the Boeing B787 in 2004. These were the first composite doors developed for a commercial aircraft. At present, 80 Latécoère employees produce the composite parts at the Prague site (in Czech Republic). Final assembly is carried out by about 100 people at the Group's Central Americas Door Centre of Excellence in Hermosillo, Mexico.

Interconnection Systems awarded with a new contract for its EWIS business on the B777X

The Interconnection Systems division signed long term agreement with Boeing to supply Electrical Wiring Interconnection Systems (EWIS) harnesses for the Boeing B777X program. This contract marks the first time the Interconnection Systems business unit has collaborated with Boeing. Latécoère's harness will produce thousand wiring points for each aircraft at its Moroccan site in Had Soualem. The first electrical harnesses will be delivered in 2020. Latécoère's harness production will use automatic interconnection machines (LATMAT) starting 2021.

Cash-flow from operating activities and net debt

As guided, the Group registered a negative cash-flow from operating activities of €(27.3) million in 2019, penalised by non-recurring items of €(54.7) million, which included Transformation 2020 plan final costs, and an advanced payment of €22.3 million for the acquisition of Bombardier's activities in Mexico.

Excluding non-recurring items, the restated cash-flow from operating activities came to €27.4 million in 2019. It increased significantly in H2 2019 to €60.5 million compared to €(33.1) million in H1 2019. The strong cash generation in the second half of the year was largely due to a €42 million inflow from initiating a reverse factoring program with Airbus.

In this respect, the Group's net debt stood at €115.8 million at December 31st, 2019, after liabilities of €26.9 million for lease obligations introduced by the IFRS 16 accounting rules and after reclassification of €10.1 million CIR/CICE financing as financial debt. This compares to €24.4 million on December 31st, 2018.

The Group's balance sheet remained strong, with net debt representing less than 60% of the Group shareholders' equity and less than 2.5x recurring EBITDA (which falls below 2.0x recurring EBITDA when excluding the cash deposit paid for the acquisition of Bombardier's EWIS division).

Currency hedges

Latécoère took advantage of the attractive USD/EUR rate to continue its hedging program, improving the 2020 and 2021 hedged rates from 1.23-1.25 USD/EUR to 1.19-1.21 USD/EUR. For 2022, targeted hedge rate is 1.18 to 1.21 USD/EUR.

Acquisition

The Group is working towards the closure of the acquisition of Bombardier Interconnection Systems activity in Querétaro in Mexico and still expects to close by end of the first semester 2020.

Outlook

2020 will be marked by uncertainties around aircraft production volumes, with soft demand on twin aisle programs both at Airbus and Boeing, some contractual price reduction on Airbus programs in both divisions, combined with lower production rates for the Embraer E1 and Dassault Aviation's F7X/F8X programs, partly offset by increased rates for the Embraer E2 and Airbus A320 family and Interconnection Systems' new business. The group is not impacted by the Boeing 737Max crisis.

In this context, for the fiscal year 2020, the Group expects

- Group revenue to decline by circa 5% at constant exchange rates;
- Low-single digit Group recurring operating margin;
- Positive operating Free Cash Flow.

This guidance does not take into account:

- The acquisition of Bombardier interconnection systems activity in Mexico, and
- The possible impact of the Coronavirus crisis becoming a worldwide pandemic.

Today's Webcast and Conference Call Information

Today, March 10th, 2020, Latécoère will host a webcasted conference starting at 10.30am CET / 9.30am. The webcasted meeting will be available via the Internet by accessing <https://edge.media-server.com/mmc/p/zv39vgay>. Please log in at least 15 minutes prior to the event to register, download and install any necessary software.

Additional investor information can be accessed by contacting latecoere@fticonsulting.com.

Additional note: The audit procedures have been completed. Auditors' report will be issued after the review of the "annual financial report".

Upcoming publications

Q1 2020 Revenue:	22 nd April 2020 (before market)
2020 AGM:	13 th May 2020

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 (58% of total revenue): fuselage sections and doors.
- Interconnection systems (42% of total revenue): onboard wiring, electrical harnesses and avionics bays.

At 31 December 2019, Latécoère employed 5,187 people in 13 different countries. Latécoère, a French corporation (société anonyme) with capital of €189,637,036 divided into 94,818,518 shares with a par value of €2, is listed on Euronext Paris - Compartment B. ISIN codes: FR0000032278 - Reuters: LAEP.PA - Bloomberg: LAT.FP

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Glossary

Growth at constant exchange rate

The Group measures the growth of its revenue exclusive of EUR/USD currency impacts to help understand revenue trends in its business. The impact of exchange rate is offset by applying a constant EUR/USD exchange rate for the concerned periods.

Organic Growth

Organic growth excludes EUR/USD currency impacts (by applying a constant exchange rate for the periods considered) and by applying a constant Group structure. The constant Group structure is obtained by:

- Eliminating revenues of companies acquired during the period,
- Adding to the previous period full-year revenues of companies acquired in the previous period,
- Eliminating revenues of companies sold during the current or comparable periods.

Recurring operating income

In order to better reflect the current economic performance, the Group uses a sub-total named “recurring operating income” which excludes from operating income, non-recurring items (income or expenses) which are inherently difficult to predict due to their unusual, irregular or non-recurring nature. Details of non-recurring items are presented in the Group's accounting principles from consolidation financial statements.

EBITDA

EBITDA corresponds to operating income before depreciation, amortization, and impairment losses.

Recurring EBITDA

Recurring EBITDA corresponds to recurring operating income before recurring amortization, depreciation and impairment losses. Details of non-recurring items are presented in the Group's accounting principles from consolidation financial statements.

Operating free cash flow

Operating free cash flow corresponds to cash-flow from operating activities and from investing activities excluding income tax paid.

Recurring Operating free cash flow

Recurring Operating free cash flow corresponds to operating cash-flow excluding non-recurring items from operating activities and investing activities. Details of non-recurring items are presented in the Group's accounting principles from consolidation financial statements.

Net debt

Net debt corresponds to loans and bank borrowings (over one year) and loans and bank borrowings (less than one year) which include factoring and bank overdrafts less cash and cash equivalents. Net debt also includes financial debt from finance lease contracts.

Backlog

The backlog corresponds to firm orders published by OEMs (Original Equipment Manufacturers) and not yet recognized in revenue.

Summary P&L

(Audited – € million)	FY2018	H1 2019	H2 2019	FY2019
Revenue	659.2	371.7	341.4	713.1
<i>o/w Aerostructures</i>	399.1	224.2	205.3	429.5
<i>o/w Interconnection Systems</i>	276.8	157.4	146.0	303.4
<i>o/w elimination inter-sector</i>	(16.6)	(9.9)	(10.0)	(19.9)
Recurring EBITDA*	54.5	28.1	19.5	47.6
<i>o/w Aerostructures</i>	18.8	16.2	10.6	26.8
<i>o/w Interconnection Systems</i>	35.6	11.9	8.9	20.8
Recurring operating income	28.0	10.8	1.0	11.8
<i>o/w Aerostructures</i>	6.6	8.7	2.1	10.8
<i>o/w Interconnection Systems</i>	21.2	2.1	(1.1)	1.1
Nonrecurring items	(23.1)	(7.9)	(13.6)	(21.4)
<i>o/w A380 End of program impact</i>	(12.6)	-	-	-
<i>o/w Other nonrecurring items</i>	(10.5)	(7.9)	(13.6)	(21.4)
Operating income	4.9	2.9	(12.5)	(9.6)
Net Cost of debt	(4.5)	(2.7)	(2.6)	(5.3)
Other financial income/(expense)	9.4	(5.2)	(6.9)	(12.1)
Financial result	4.9	(7.9)	(9.5)	(17.4)
Income tax	(3.8)	(1.0)	(4.9)	(5.9)
Net result	6.0	(5.9)	(27.0)	(32.9)

* Recurring EBITDA courant = Recurring operating income + Depreciation and amortization of tangible and intangible assets. The details of the non recurring items are presented in the notes to the consolidated financial statements.

Summary Balance Sheet

ASSETS

(Audited – € thousand)	Dec 31. 2019	Dec 31. 2018
Intangible assets	77,799	91,525
Tangible assets	173,043	100,610
Other financial assets	3,698	3,695
Deferred tax assets	10,279	20,433
Financial derivative instruments	1,020	3,332
Other non-current assets	168	157
TOTAL NON-CURRENT ASSETS	266,007	219,752
Inventories	179,757	180,142
Accounts receivable	157,839	193,308
Tax receivable	16,003	19,659
Financial derivative instruments	1,897	5,261
Other current assets	2,232	1,550
Cash & Cash Equivalents	33,790	112,216
TOTAL CURRENT ASSETS	391,518	512,136
TOTAL ASSETS	657,525	731,889

LIABILITIES & EQUITY

(Audited – € thousand)	Dec 31. 2019	Dec 31. 2018
Share capital	189,637	189,490
Share premium	213,658	215,008
Treasury stock	(1,842)	1,587
Other reserves	(147,486)	(140,108)
Derivatives future cash flow hedges	(21,883)	(9,424)
Group net result	(32,864)	6,013
EQUITY ATTRIBUTABLE TO PARENT OWNERS	199,220	262,565
NON-CONTROLLING INTERESTS	0	0
TOTAL EQUITY	199,220	262,565
Loans and bank borrowings	98,190	55,510
Refundable Advances	22,824	24,332
Employee benefits	20,400	17,495
Non-current provisions	8,876	9,488
Deferred tax liabilities	12	30
Financial derivative instruments	8,205	21,035
Other non-current liabilities	4,638	4,602
TOTAL NON-CURRENT LIABILITIES	163,146	132,492
Loans and bank borrowings (less than 1 year)	51,366	81,153
Refundable Advances	2,634	2,575
Current provisions	1,997	3,267
Accounts payable	146,292	180,291
Income tax liabilities	1,918	3,132
Contracts liabilities	43,609	54,137
Other current liabilities	4,055	2,690
Financial derivative instruments	43,288	9,588
TOTAL CURRENT LIABILITIES	295,159	336,832
TOTAL LIABILITIES	458,305	469,323
TOTAL EQUITY & LIABILITIES	657,525	731,889

Summary Cash-Flow Statement

(Audited – € thousand)	Dec 31. 2019	Dec 31. 2018
Net result for the period	(32,864)	6,013
Adjustments related to non-cash activities :		
Depreciation and provisions	34,578	42,022
Fair value gains/losses	7,623	6,349
Net (gains)/losses on disposal of assets	(1,342)	(9,943)
Other non-cash items	1,528	(29,857)
CASH FLOWS AFTER COST OF DEBT AND INCOME TAXES	9,522	14,583
Income taxes	5,892	3,798
Net Cost of debt	5,265	4,520
CASH FLOWS BEFORE COST OF DEBT AND INCOME TAXES	20,679	22,900
Changes in inventories net of provisions	757	(19,357)
Changes in client and other receivables net of provisions (*)	39,781	(40,177)
Changes in suppliers and other payables	(32,329)	19,345
Income tax paid	(5,707)	(5,001)
CASH FLOWS FROM OPERATING ACTIVITIES	23,182	(22,290)
Effect of changes in group structure	378	0
Purchase of tangible and intangible assets (including changes in payables to fixed asset suppliers)	(58,714)	(30,787)
Purchase of financial assets	0	(353)
Increase (decrease) in loans and advances made	(215)	248
Proceeds from sale of tangible and intangible assets	2,344	12,987
Dividends received	4	4
CASH FLOWS FROM INVESTING ACTIVITIES	(56,203)	(17,901)
Proceeds from issue of shares	(1,203)	30
Purchase or disposal of treasury shares	(3,429)	(45)
Proceeds from borrowings	10,000	12,674
Repayments of borrowings	0	(1,660)
Repayments of lease liabilities (**)	(5,082)	0
Financial interest paid	(5,563)	(4,523)
Dividends paid	0	0
Flows from refundable advances	(1,448)	547
Other flows from financing operation (*)	(34,343)	(519)
CASH FLOW FROM FINANCING ACTIVITIES	(41,068)	6,504
Effects of exchange rate changes	(253)	(110)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(74,342)	(33,798)
Opening cash and cash equivalents position	108,103	141,901
Closing cash and cash equivalents position	33,762	108,103

(*) The impact of the implementation of reverse factoring amounted to +€ 3.8m, of which + € 42m on the line "Changes in client and other receivables net of provisions" and - € 38.2m on the line "Other flows from financing operation"

(**) Adoption of IFRS 16 on the 1st of January 2019