
SOGECCLAIR

Engineering **the future**

Half-yearly results for H1 2016

Who are we?

SOGECLAIR is a leading supplier of high added-value solutions and products for the civil and military aerospace and transport industries.

With nearly 1,400 staff worldwide, and more than 50 years' experience, the Group supports its customers all along the value chain by meeting their need for innovation and quality.

A track-record at the customer's service

Customers

An unrivalled customer portfolio:

- Airbus, Bombardier, Dassault, Gulfstream, Mitac (Mitsubishi), SNCF, Thales...
- Nearly 70 programmes in the space and aeronautical sectors

Quality

Quality standards:

- ISO 9001, EN9100, DOA
- Civil & military areas
- Two modern production plants, each optimised for a specific core business (Toulouse and Montreal)

Productivity

Productivity & international growth:

- Infrastructure and organisation that can support sales growth, outside France in particular
- Economic model with high added-value products and services

Innovation

At the technological cutting edge:

- More than 50 years' know-how, uninterrupted R&D with a dedicated team, €35 million invested in 5 years
- Human skills and patents
- Unique technical skills for supporting the customer from design through to production

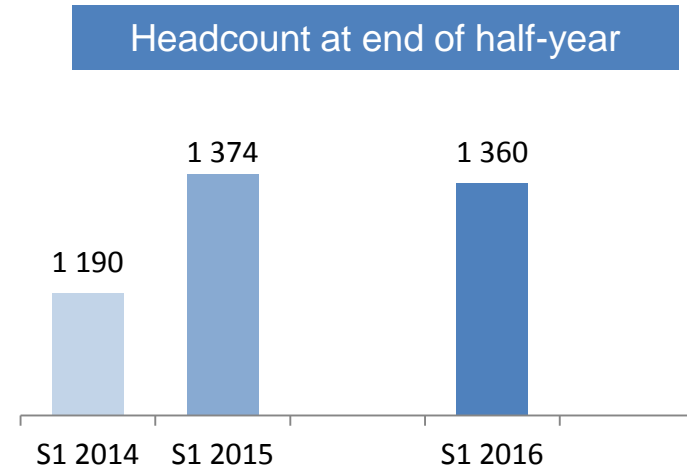
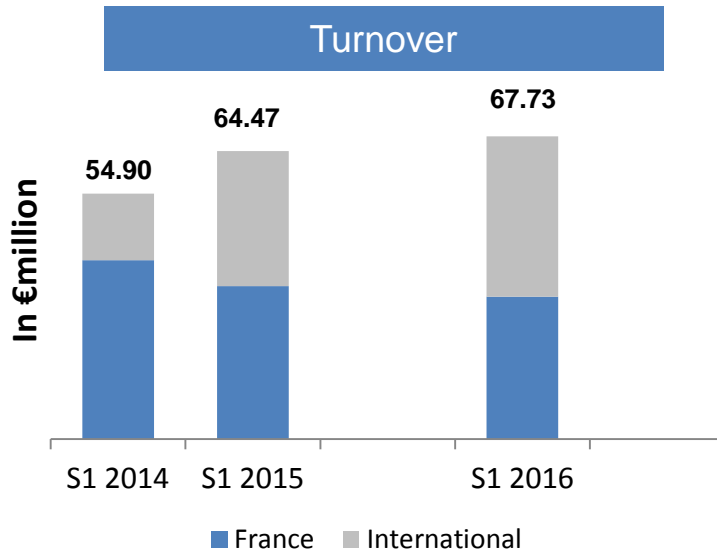
Recent news (1/2)

- Improved results
- Geographic expansion:
 - International : 53% of Sales (+19% vs June 2015)
 - Opening of new offices: Savannah, Nantes
- Maintained expertise and skills through the participation in key R&D programmes (autonomous vehicle, cockpit of the future, etc.)

Recent news (2/2)

- New high added-value product and service offerings:
 - Products: structure, simulated cockpits, furnishings...
 - Services: expertise in products and manufacturing processes
- Innovative activities interweaving design and production functions
- Strengthened product activities with significant acceleration in composite material activities (inspection access panels)

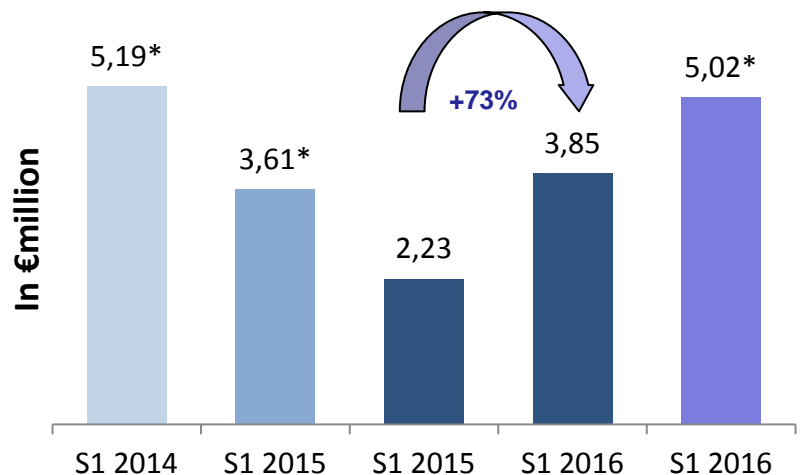
Key figures for H1 2016



- 5.1% organic growth with acceleration in the 2nd quarter
- Resumed growth for the aeronautical activity at +5.5% (+€3.17 million)
- Slowdown for the Vehicle division (-€0.42 million) and strong growth for the Simulation division of 9.1% (+€0.51 million)

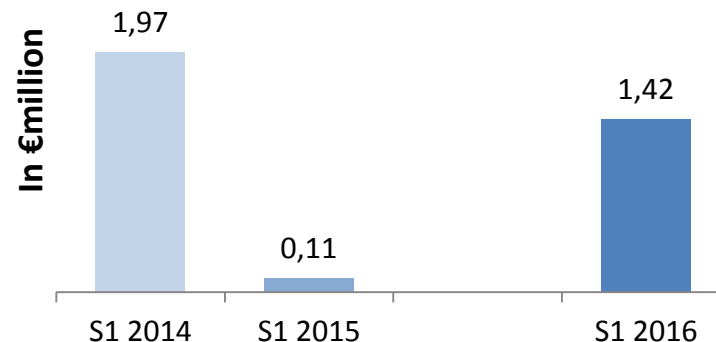
Key figures for H1 2016 (cont'd)

EBITDA at 5.7% of turnover

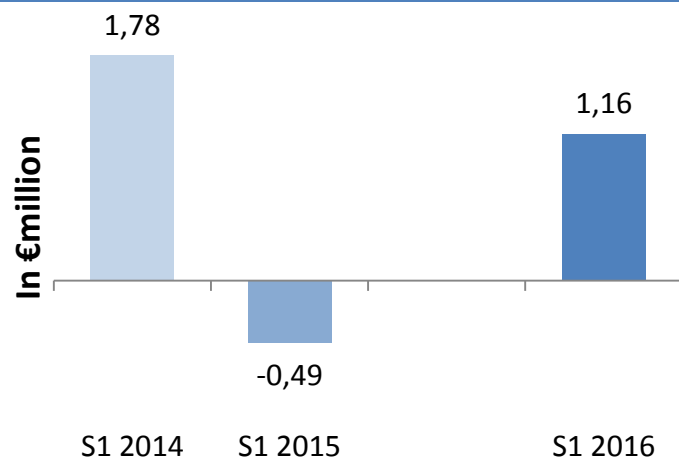


* EBITDA before reclassification as "other income from the activity" in 2016

Current Operating Result at 2.1% of turnover



Net result, group share at €0.4 per share



- Upturn in the Aerospace division's profitability in a highly competitive context
- Negative effect of the wait-and-see attitude regarding Defence orders impacting the Vehicle division

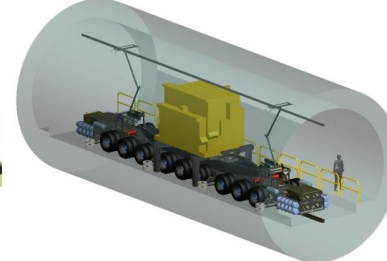
In brief...

€million	H1 2015	H1 2016
Turnover	64.47	67.73
Annual variation as %		+ 5.05%
EBITDA	2.23	3.85
as % of turnover	5.6%	5.7%
EBIDTA before 2016 modification*	3.61	5.02
Current Operating Income	0.11	1.42
as % of turnover	0.2%	2.1%
Operating Income	0.10	1.36
as % of turnover	0.2%	2%
Net Income, group share	-0.49	1.16
as % of turnover	-0.8%	1.7%
Cash net of debt (excl. Qualified Pre-Payments)	-10.06	-14.83
Gearing (excl. Qualified Pre-Payments)	27%	37%
Available cash	13.49	9.48

* Reclassification made since December 2015.

Application areas

➤ Mission vehicles



➤ Simulation systems and software workshops



➤ Aeronautics and space



Vehicle division

€million	H1 2015	H1 2016	Variation
Turnover	1.15	0.73	-36.5%
EBITDA	0.27	-0.04	NS
As % of turnover	23.5%	-5.9%	

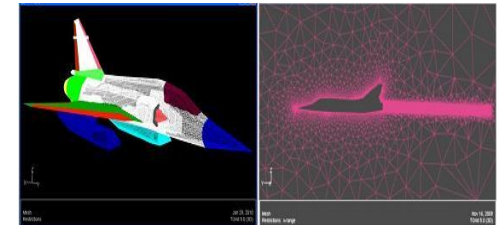
- Activity impacted by the wait-and-see attitude regarding orders (pre-electoral period)
- Recruitment of an Executive Vice President in charge of sales
- Favourable perspectives in the framework of operational emergencies



Simulation division

€million	H1 2015	H1 2016	Variation
Turnover	5.61	6.12	+ 9.1%
EBITDA	0.57	0.75	+ 30.2 %
EBITDA before 2016 modification	0.89	0.83	
As % of turnover	10.21%	12.2%	

- Dynamic situation for the Systems activity and software sales
- Positioning as key partner in major R&D projects (cockpit of the future, autonomous vehicle, etc.)
- Ongoing negotiation of amendments for a major contract



The new challenges



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Repositioning:

- of commercial activities (international and business aviation)
- customer offerings (products, production support, cabins and aircraft in service...)
- maintaining know-how and skills to cope with the forthcoming cycles

2015-2020

In parallel, appearance of major challenges:

- entry into production
- production ramp-up
- support for aircraft in service
- falling production costs
- shorter cycles

2010-2015

After a strong activity developing new major commercial programmes:

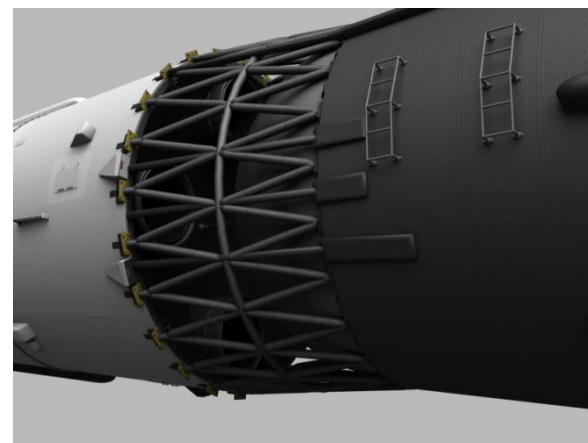
- downturn since 2013 (Europe, North America)
- orientation towards “derived” developments, requiring fewer engineering (R&D) resources



Aerospace division

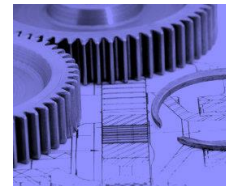
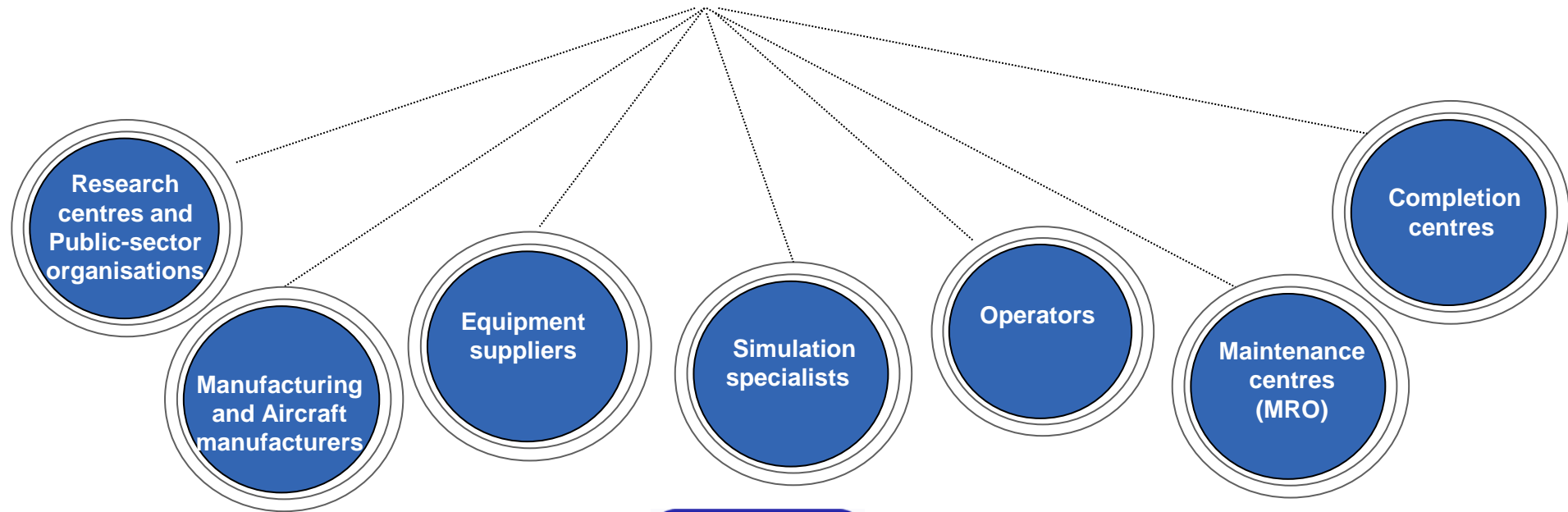
€million	H1 2015	H1 2016	Variation
Turnover	57.70	60.88	+ 5.5%
EBITDA	0.86	2.71	x 3.13
EBITDA before 2016 modification	1.91	3.74	
As % of turnover	1.5%	4.44%	

- Resumed growth (acceleration in 2nd quarter)
- Opening of new offices: Savannah, Nantes
- Strong growth in composite material (inspection access panels) and production support activities



Perspectives: exploit the potential of the different sectors

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Forecast financial diary 2016

	2016
Turnover for Q3 2016	09/11/2016

Appendixes

Appendix 1: Consolidated income statement

INCOME STATEMENT (€k)	H1 2016*	H1 2015	2015*
Turnover	67,734	64,471	127,782
Other operating income	506**	3,445	3,565
Cost of goods sold	-25,451	-24,345	-46,670
Payroll expenses	-38,168	-39,250	-74,096
Taxes and duties	-556	-550	-1,081
Depreciation and amortisation	-2,425***	-3,495	-4,044
Other expenses	-220	-164	-305
Operating result	1,420	113	5,151
Income from sale of consolidated holdings			
Other operating income and charges	-9	-13	-13
Operating income before income from equity method affiliates	1,411	100	5,138
Share of income from equity method affiliates	-56	-27	-47
Operating income	1,355	73	5,091
Income from cash and cash equivalents	-18	-400	-1,075
Gross finance costs	-330	-341	-630
Net finance costs	-347	-740	-1 706
Other financial income and expenses	26	21	32
Income before taxes	1,034	-646	3,417
Tax	194	-93	-1,220
Net income	1,228	-739	2,197
Group share	1,156	-491	2,216

* Since December 2015, change of presentation => reclassification of other income

** Reclassification €655k: Production costs immobilised for (€75k) – Production in stock (-€631k) – Write-back of provisions (€1,211k)

*** Before change of presentation = €3,596k => impact on EBITDA of €1,171k

Appendix 2 : Consolidated balance sheet - Assets

ASSETS (€k)	H1 2016	H1 2015	2015
Goodwill	12,478	12,134	12,063
Intangible assets	8,050	9,122	8,883
Tangible assets	5,259	4,780	4,940
Equity method investments	-39	38	17
Financial fixed assets	1,237	1,121	1,213
Non-current assets	26,985	27,195	27,117
Inventory	7,306	6,164	7,293
Trade notes, receivables and related accounts	48,272	41,857	43,231
Other current debtors	13,425	12,077	13,488
Deferred income tax	4,855	4,444	4,162
Cash and cash equivalents	9,477	13,494	11,074
Current assets	83,335	78,036	79,248
TOTAL ASSETS	110,320	105,231	106,365

Appendix 3: Consolidated balance sheet - Liabilities

LIABILITIES (€k)	H1 2016	H1 2015	2015
Shareholders' equity	2,900	2,900	2,900
Share premium	2,630	2,630	2,630
Own shares	-712	-734	-712
Accumulated reserves	30,139	26,433	28,817
Total shareholders' equity, group share	34,957	31,229	33,635
Minority interests	5,064	5,696	6,044
Consolidated shareholders' equity	40,021	36,925	39,679
Long-term provisions	3,043	2,443	2,594
Long-term qualified pre-payments	2,958	3,171	3,055
Long-term loans and financial debts	15,167	12,642	10,746
Other long-term liabilities	1	63	97
Non-current liabilities	21,169	18,318	16,492
Short-term qualified pre-payments	399	588	216
Current part of long-term loans and financial debts	3,030	4,714	4,583
Short-term loans and financial debts	6,112	6,195	6,551
Short-term provisions	328		
Trade creditors, instalments and related accounts	12,143	12,629	12,933
Social and tax debt	20,152	20,510	19,991
Deferred income tax	247	212	171
Other current liabilities	6,720	5,139	5,750
Current liabilities	49,130	49,987	50,195
TOTAL LIABILITIES	110,320	105,231	106,365

Appendix 4: Consolidated sector-by-sector analysis

INCOME STATEMENT (in €k)	AEROSPACE		VEHICLE		SIMULATION		HOLDING	
	H1 2016	H1 2015	H1 2016	H1 2015	H1 2016	H1 2015	H1 2016	H12015
Turnover	60,882	57,700	731	1,152	6,120	5,612		8
Other operating income*	100	2,603	2	94	400	706	4	43
External expenses	-22,325	-21,324	-153	-252	-2,040	-1,611	-934	-1,159
Payroll expenses	-33,117	-34,273	-527	-474	-3,446	-3,549	-1,077	-953
Taxes and duties	-381	-357	-21	-21	-77	-83	-77	-89
Depreciation and amortisation**	-2,080	-2,967	-52	-47	-284	-434	-10	-46
Other expenses	-175	-125	3	-1	-9	-2	-39	-36
Intra-Group operations	-2,279	-2,315	-79	-225	-202	-179	2,561	2 719
Current operating income	625	-1,058	-95	226	463	460	427	486
Income from disposal of consolidated holdings								
Other operating profits and expenses	-4	-13	2				-6	
Operating income before earnings of equity method affiliates	621	-1,071	-94	226	463	460	421	486
Share in earnings of equity method affiliates	-56	-27						
Operating Income	565	-1,098	-94	226	463	460	421	486

* Since December 2015, change of presentation => reclassification of other income
Aerospace: €465k / Vehicle: €47k / Simulation: €95k / Holding: €48k

** Before change of presentation:
Aero=€3,117k => Impact on EBITDA: €1,037k / Vehicle=no impact on EBITDA / Simulation=€368k => Impact on EBITDA: €84k / Holding=€58k => Impact on EBITDA: €48k