A year of transformation

First half 2015/2016 revenues show growth of 7.1%

- Air traffic continues to grow but varies by segment: increase of commercial aircrafts, stability of regional aircrafts pending new programs, downturn in business aircrafts and helicopters.
- Revenues up 7.1% in first half at €2,488.5 million; down 1.8% at like-for-like consolidation and exchange rates.
- The Group has strengthened its cash position through new lines of financing and by extending the maturity of existing debt in order to finance general requirements and potential acquisition opportunities.
- The budget review has resulted in a revised timetable for the operating margin improvement plans. The Group anticipates current operating income for the 2015/2016 financial year to come in close to the 2014/2015 operating income.

Plaisir, March 15, 2016 – In the first half of its 2015/2016 financial year, Zodiac Aerospace generated revenue of €2,488.5 million, up 7.1% in reported data, down 1.8% in organic terms. Changes in consolidation had a positive impact of 0.2 percentage points[1] on first-half growth, while foreign exchange contributed a positive 8.7 points.

Change in revenue in 1st half

In millions of euros	**1st half 2015/2016**	1st half 2014/2015	*% change*	*Exchange rates*	*Consolidation scope*	*Organic growth*
Systems activities	**969.9**	915.8	*+5.9%*	*+8.2%*	*+0.5%*	*−2.8%*
Zodiac AeroSafety	**293.0**	296.0	*−1.0%*	*+8.1%*	*−3.1%*	*−6.0%*
Zodiac Aircraft Systems	**676.9**	619.8	*+9.2%*	*+8.4%*	*+2.2%*	*−1.4%*
Aircraft Interior activities	**1518.6**	1408.3	*+7.8%*	*+8.9%*	*+0.0%*	*−1.1%*
Zodiac Seats	**641.5**	622.2	*+3.1%*	*+7.3%*	*+0.0%*	*−4.2%*
Zodiac Cabin	**877.1**	786.1	*+11.6%*	*+10.2%*	*+0.0%*	*+1.4%*
Group total	**2488.5**	2324.1	*+7.1%*	*+8.7%*	*+0.2%*	*−1.8%*
€/$ (conversion)	**1.11**	1.27				

FIRST HALF REVENUE

The civil aviation market is continuing to grow. Global passenger traffic, expressed in Passenger-Kilometers Transported (PKT) grew by 6.5% over calendar year 2015 according to IATA[2]. However, growth varied depending on the end market. Commercial aviation activities generally expanded, driven by the ramp up of new programs (Boeing 787, Airbus A350XWB). Regional aviation was more muted for current programs while new programs are at different stages of development. The most advanced in terms of timetable is the Bombardier CSeries which is preparing to enter into service for its launch customer. The Mitsubishi MRJ is continuing flight tests, while the Embraer E2 made its first appearance in February. Meanwhile, the business aviation market continues to be under pressure, while the helicopter market has been dented by the weakness of the oil services sector on the back of the slump in the oil price. Overall, OEM activities are plateauing out in terms of deliveries.

After-sales activities for in-service fleets are continuing to expand.

[1] Changes in consolidation: Exit of Zodiac Elastomer US - Amfuel (AeroSafety) sold May 31, 2015 and entry of Enviro (Aircraft Systems) acquired on December 23, 2014
[2] International Air Transport Association

Systems activities (39% of total revenue), generated revenue of €969.9 million, up 5.9% in reported figures and down by 2.8% in organic terms.

This decline in organic terms is due to lethargy in business aviation and helicopters.

Changes in consolidation reflected the exit of Zodiac Elastomer US - Amfuel (AeroSafety) and the entry of Enviro (Aircraft Systems).
The Aircraft Systems branch recorded growth of 9.2% at €676.9 million and down 1.4% in organic terms, while the AeroSafety branch posted revenues down 1% at €293.0 million and down 6% in organic terms. Apart from its exposure to the business aviation and helicopter markets, the branch also suffered from erosion of the Parachutes activity.

Aircraft Interiors activities (61% of total revenue) generated revenue of €1,518.6 million, up 7.8% in reported figures and down by 1.1% in organic terms.
The organic decline of 4.2% in revenue for the Seats branch (up 3.1% at €641.5 million in reported figures) was due to comparison with the overheated first half of 2014/2015 (organic growth of 11.1% in the first half of 2014/2015). Weak organic growth of 1.4% in the Cabin branch was mainly due to two divisions: Entertainment & Seat technologies (in-flight entertainment and actuators) suffered from an unfavorable comparison base for in-flight entertainment after a major program came to an end in the fourth quarter of 2015. Advanced Composites & Materials were down slightly, as were VIP and business cabin interiors which undergoes a decrease in the business aviation segment. On reported data, Cabin revenues were up 11.6% at €877.1 million.

AIRCRAFT INTERIORS ACTIVITIES WEIGHING ON THE GROUP'S PROFITABILITY

Aircraft Interiors activities are continuing to weigh on the Group's profitability and their growth forecasts for 2015/2016 have been downgraded. The recovery and industrial transformation plans for the Seats branch are proving long and costly, especially at its seat shell manufacturing site at Santa Maria, California. For its part, the Cabin branch is undergoing industrial transformation and strengthening of its operations at the same time as it is facing the production start-up of lavatories for the A350XWB and the ramping up of new programs, at the beginning of their test phase. Groupwide, the Group pursues the deployment of the Focus transformation plan.

In this context, although the revised budget at the end of the first four months of the year remained in the November 2015 guidance area of a current operating income to revenue margin close to 10%, the preliminary results for January, subsequently confirmed by February's results, show a discrepancy against the revised budget prompting a complete review for the full financial year. In accordance with regulations, the first indication of the discrepancy required the announcement of a profit warning to the market.

For Zodiac Seats, the priority objective remains to absorb the delivery backlog and improve the quality of the products delivered, in order to sustain customer confidence. The seats delivery backlog has been stabilized in average for three month. For the time being, excess production costs and associated costs are high and are largely focused on the seat shell activity. Meanwhile, Zodiac Seats is continuing to roll out its recovery and transformation plans. The delays are concentrated around a few of the seats programs and are mainly connected to the seat shell activity. Seat shells are a big integral part of a business class seat as they can account for between 50% and 60% of the value. They are relatively complex technical products, for which customers have rigorous demands in terms of perceived quality. A specific development process is required for each configuration decided by customers, there are production constraints inherent in composite-material products, and the seats must conform to high standards of certification.

Within the Zodiac Seats branch, the Zodiac Seat Shells division at Santa Maria, California, has around 1,800 employees and has seen in-depth restructuring in recent years with the doubling of its size and the move to more industrial production.

The priority placed on safeguarding operations of customers is now reflected in a costs which are higher than expected, mainly in terms of excess production costs and in service support costs, while operational progress achieved is below initial forecasts. The slow progress is due to the impact of the learning curve, inadequate logistics performance (internal supply chain) and availability of spare-parts below production requirements. Lastly, the branch has been impacted by defective engineering on a set of programs developed by the Santa Maria site at a time of poor program management and creation of design dossiers. Where possible, some of these programs will be redesigned.

To restore industrial and financial performance, Zodiac Seats is now engaged in structural actions related to a change of industrial scale. The branch is redefining its governance, working on better integration and introducing a new engineering and production operating system. In addition, Zodiac Seats is recruiting additional staff to increase and enhance employee skills. Operationally, the branch is making production transfers to spread the load more evenly, and working on improving the engineering and program management functions as well as the supply chain. For the Seat Shell division, specific actions in terms of planning and engineering are in the course of deployment: for example, the creation of a skills unit for seat shell and the development of new technologies. Apart from these fundamental changes, the economic situation will improve due to the fact that a significant portion of the current excess costs are concentrated on just a few programs whose deliveries will cease at the end of the 2016 calendar year. Zodiac Seats targets to return to operational performance in 18 month.

Within Aircraft Interiors activities, the operational performance of the Cabin branch is hampered by rapidly expanding programs. Cabin is facing operating difficulties related to the pace of growth of the new programs, particularly the production of lavatories for the A350XWB. The initial production line at Cypress (California, USA) is being overhauled under improvement plans. However, its insufficient production has led to the creation of a second assembly line in Montreal. This will speed up the pace from two shipsets (aircraft sets) per month to eight within a few months. From January to February 2016, the rate has doubled to 5 shipsets per month while improving the quality of delivered units. The branch also needs to speed up its lavatories retrofit programs for airlines. At the same time, the Cabin branch is preparing to ramp up the Spaceflex v2 program, which is a combined galley and lavatory linefit option for the Airbus A320 family. The Cabin branch is dealing with insufficient profitability of the programs that are currently being sped up and has embarked on specific actions for their redesign following a number of in-service problems, and to cut excess costs related to quality or purchasing. The branch has also been impacted by late-delivery penalties and acquisition costs on the training front. The branch is engaged in industrial restructuring at its production sites in the USA. Ongoing improvements concern the establishment of more robust production processes (Focus plan) supported by a stronger training effort on the establishment and use of IT systems for production. More generally, the branch has been restructured and strengthened by the provision of new resources, particularly in production. Zodiac Cabin targets to return to operational performance in 18 month. As for Seats, return to financial performance will take longer.

A SOLID FINANCING STRUCTURE

The Group has strengthened its cash position through new lines of financing and by extending the maturity of existing debt in order to finance general requirements and potential acquisition opportunities. All the banks participating in the €1,030 million Club Deal have agreed to the extension to March 2021 of the maturity of this loan (contractual option). A Euro PP financing line of €230 million for 7 years (maturing March 2023) has been set up. This Euro PP will be used to refinance the existing €125 million Euro PP line, which matures in July 2018, and repay the first instalment of €133 million on the Schuldschein in July 2016 (on a total of €535m). Lastly, hybrid finance with no fixed maturity of €250 million, which will be recognized in shareholders fund, pursuant to IAS 32, has been set up.

The net debt / EBITDA covenant (restated for the purposes of the Club Deal contract), which applies to all those credits as well as to the Schuldschein, remains at a maximum ratio of 3.

All these lines of finance give the Group global confirmed cash capacity of €2,070 million which will be reduced to €1,940 million in July 2016, after repayment of the first instalment of the Schuldschein. The Group also has a €1 billion Treasury note program, with €458 million used at February 29, 2016.

OUTLOOK

Zodiac Aerospace is strengthening its recovery and transformation plans across the Group, and in the Aircraft Interiors activities in particular.

The budget review resulted in a revised timetable for the operating margin improvement plans. The Group anticipates current operating income for the 2015/2016 financial year to come in close to that of 2014/2015.

The Group is continuing its work to close the half-year accounts and analyze the annual forecasts with a view to publishing half-year financial statements on April 20, 2016.

NB: *This revenues publication will be commented on an analysts & press conference call on March, 15 2016 at 6:00pm CET. A replay will be available on the Group website wwww.zodiaaerospace.com as well as the presentation slideshow.*

About Zodiac Aerospace

Zodiac Aerospace is a world leader in aerospace equipment and systems for commercial, regional and business aircrafts and for helicopters and spacecrafts. It develops and manufactures state-of-the-art solutions to improve comfort and facilities on board aircrafts and high-technology systems to increase aircraft performance and flight safety. Zodiac Aerospace has 35,000 employees worldwide and generated revenue of €4.9 billion in 2014/2015. *www.zodiacaerospace.com*

Next meetings:	**H1 2015/2016 results**	**April 20, 2016 (before stock exchange opening)**
	Q3 2015/16 revenue	**June 14, 2016 (after closing)**
	Q4 2015/16 revenue	**September 14, 2016 (after closing)**
	FY 2015/16 results	**November 22, 2016**

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APPENDICES

Consolidated revenue by quarter

In millions of euros	1st quarter 2015/2016	**2nd quarter 2015/2016**	3rd quarter 2015/2016	4th quarter 2015/2016
Systems	479.1	**490.8**		
Zodiac AeroSafety	144.5	**148.5**		
Zodiac Aircraft Systems	334.6	**342.3**		
Aircraft Interiors	758.9	**759.7**		
Zodiac Seats	320.8	**320.7**		
Zodiac Cabin	438.1	**439.0**		
Group total	1238.0	**1250.5**		
€/$ conversion	1.11	**1.09**		

In millions of euros	1st quarter 2014/2015	2nd quarter 2014/2015	3rd quarter 2014/2015	4th quarter 2014/2015
Systems	448.3	467.5	508.7	530.7
Zodiac AeroSafety	144.4	151.6	168.1	170.4
Zodiac Aircraft Systems	303.9	315.9	340.6	360.3
Aircraft Interiors	689.1	719.2	795.2	773.1
Zodiac Seats	290.8	331.4	380.6	367.4
Zodiac Cabin	398.3	387.8	414.6	405.7
Group total	1137.4	1186.7	1303.9	1303.8
€/$ conversion	1.27	1.18	1.09	1.11

CHANGES

(Quarter compared with the same quarter of the previous year)

Based on reported data	Q1	**Q2**	Q3	**Q4**
Systems	+6.9%	**+5.0%**		
Zodiac AeroSafety	+0.1%	**−2.1%**		
Zodiac Aircraft Systems	+10.1%	**+8.4%**		
Aircraft Interiors	+10.1%	**+5.6%**		
Zodiac Seats	+10.3%	**−3.2%**		
Zodiac Cabin	+10.0%	**+13.2%**		
Group total	*+8.8%*	***+5.4%***		
Aerospace activities*	+9.1%	**+5.7%**		

Based on organic data	Q1	**Q2**	Q3	Q4
Systems	−3.8%	**−1.9%**		
Zodiac AeroSafety	−7.9%	**−4.0%**		
Zodiac Aircraft Systems	−1.9%	**−0.9%**		
Aircraft Interiors	−1.8%	**−0.4%**		
Zodiac Seats	−0.4%	**−7.7%**		
Zodiac Cabin	−2.8%	**+6.0%**		
Group total	*−2.6%*	***−1.0%***		
Aerospace activities*	−2.5%	**−0.8%**		

Organic changes 2014/2015

Based on organic data	Q1	Q2	Q3	Q4
Systems	+5.5%	+0.6%	+1.3%	*−2.6%*
Zodiac AeroSafety	+2.9%	+1.4%	−0.9%	*−6.3%*
Zodiac Aircraft Systems	+6.8%	+0.2%	+2.5%	−0.8%
Aircraft Interiors	+9.6%	+2.8%	+4.6%	−1.6%
Zodiac Seats	+12.3%	*+9.9%*	*+11.7%*	*+9.4%*
Zodiac Cabin	+7.6%	*−3.2%*	*−1.8%*	*−10.6%*
Group total	*+7.9%*	*+1.9%*	*+3.2%*	*−2.1%*
Aerospace activities*	+8.5%	+2.3%	+4.2%	−1.4%

*Excluding Trains and Airbags businesses

Cumulative consolidated revenue

In millions of euros	1st quarter 2015/2016	**1st half 2015/2016**	9 months 2015/2016	Full year 2015/2016
Systems	479.1	**969.9**		
Zodiac AeroSafety	144.5	**293.0**		
Zodiac Aircraft Systems	334.6	**676.9**		
Aircraft Interiors	758.9	**1518.6**		
Zodiac Seats	320.8	**641.5**		
Zodiac Cabin	438.1	**877.1**		
Group total	1238.0	**2488.5**		
€/$ conversion	1.11	**1.10**		
€/$ transaction	1.12	**1.11**		

In millions of euros	1st quarter 2014/2015	1st half 2014/2015	9 months 2014/2015	Full year 2014/2015
Systems	448.3	915.8	1424.4	1955.2
Zodiac AeroSafety	144.4	296.0	464.1	634.5
Zodiac Aircraft Systems	303.9	619.8	960.3	1320.7
Aircraft Interiors	689.1	1408.3	2203.6	2976.6
Zodiac Seats	290.8	622.2	1002.8	1370.2
Zodiac Cabin	398.3	786.1	1200.8	1606.4
Group total	1137.4	2324.1	3628.0	4931.8
€/$ conversion	1.27	1.22	1.18	1.16
€/$ transaction	1.28	1.25	1.22	1.21

CHANGES 2014/2015

(Aggregate at end of period compared with the same period of last year)

Based on reported data	1st quarter	**1st half**	9 months	Full year
Systems	+6.9%	**+5.9%**		
Zodiac AeroSafety	+0.1%	**−1.0%**		
Zodiac Aircraft Systems	+10.1%	**+9.2%**		
Aircraft Interiors	+10.1%	**+7.8%**		
Zodiac Seats	+10.3%	**+3.1%**		
Zodiac Cabin	+10.0%	**+11.6%**		
Group total	*+8.8%*	***+7.1%***		
Aerospace activities*	+9.1%	**+7.4%**		

Based on organic data	1st quarter	**1st half**	9 months	**Full year**
Systems	−3.8%	**−2.8%**		
Zodiac AeroSafety	−7.9%	**−6.0%**		
Zodiac Aircraft Systems	−1.9%	**−1.4%**		
Aircraft Interiors	−1.8%	**−1.1%**		
Zodiac Seats	−0.4%	**−4.2%**		
Zodiac Cabin	−2.8%	**+1.4%**		
Group total	*−2.6%*	***−1.8%***		
Aerospace activities*	−2.5%	**−1.7%**		

*Excluding Trains and Airbags businesses