

## SABCA

## ANNUAL ANNOUNCEMENT 2017

Regulated information – Inside information, published on 25/04/2018 at 18.00 h

The Board met on April 23d, 2018 to approve the financial statements for 2017 which will be presented to the General Meeting of May 31st, 2018.

## 1. SABCA Group

## 1.1. Condensed consolidated statement of profit and loss

(in thousands of euros)	2017	2016
<b>Revenues</b>	<b>200.805</b>	<b>197.581</b>
Turnover	216.840	202.146
Increase (+), decrease (-) in work in progress	-27.363	-14.264
Own construction capitalized	5.786	5.801
Other operating income	5.542	3.898
<b>Operating expenses</b>	<b>-207.165</b>	<b>-204.869</b>
<b>Result from continuing operations</b>	<b>-6.360</b>	<b>-7.288</b>
Financial revenues	15.264	5.311
Financial charges	-5.402	-6.590
<b>Result from continuing operations after finance result</b>	<b>3.502</b>	<b>-8.567</b>
Income tax	-940	2.827
<b>Net result for the period</b>	<b>2.562</b>	<b>-5.740</b>
whereof Attributable to owners of parent	2.545	-5.766
Non-controlling interests	17	26
<b>Total</b>	<b>2.562</b>	<b>-5.740</b>

Result per share	(in EUR)	2017	2016
(number of shares : 2.400.000)			
- basic		1,07	-2,39
- diluted		1,07	-2,39

	2017	2016
<b>Headcount as of 31 december</b>	<b>993</b>	<b>1.079</b>

### 1.2. Notes on consolidated statement of profit and loss

SABCA Group has realized a turnover of 216,8 MEUR, increasing by 7 % compared to 2016, thanks to the ramp up of the A350 program and new aircraft Maintenance, Repair and Overhaul activities.

However, the Group's result from continuing operations is a loss of -6,4 MEUR, mainly due to write-offs of aged inventories following the slow-down of production rates in Airbus programs, as well as the cancellation of the Dassault F5X program.

The financial result is a profit of 9,9 MEUR thanks to the positive variation of the Mark-to-Market value of the currency hedging instruments (+13,4 MEUR), which however does not reflect the future results that will be recognized upon settlement of the currency hedging instruments.

Deferred taxes are recalculated in accordance with the Belgian tax reform, which implies an average tax rate of 26,8% based upon a 5-year plan starting from 2018 onwards.

In 2017, the Group generated a net profit of 2,6 MEUR. Without taking into account the positive variation of the Mark-to-Market value of the currency hedging instruments not settled as of 31/12/2017, the net result is a loss of -2,9 MEUR.

The net result for the period attributable to the owners of the parent company amounts to 2,5 MEUR.

### 1.3. Consolidated statement of comprehensive income

(in thousands of euros)	2017	2016
<b>Net result for the period</b>	<b>2.562</b>	<b>-5.740</b>
<b>Other comprehensive income (+) / loss(-) after tax impact</b>	<b>-1.170</b>	<b>-475</b>
<i><u>Other comprehensive income not to be reclassified to profit in subsequent periods, net of taxes</u></i>	<i><u>-1.170</u></i>	<i><u>-475</u></i>
Actuarial gains/losses on post-employment benefits	-871	-720
Income tax impact	-299	245
<b>Total comprehensive income (+) / loss (-), net of taxes, for the period</b>	<b>1.392</b>	<b>-6.215</b>
<i><u>Attributable to</u></i>	<i><u>1.392</u></i>	<i><u>-6.215</u></i>
Shareholders of the parent	1.375	-6.241
Non-controlling interests	17	26

## 2. SABCA

### Non-consolidated figures – Statutory accounts in accordance with Belgian GAAP

(in thousands of euros)	2017	2016
Turnover	208.147	192.406
Equity	15.931	21.354
Investments	1.526	9.776
Results		
- operating	-8.017	-7.727
- financial	2.538	-1.113
- before taxes	-5.479	-8.840
- taxes	-6	-8
- of the period	-5.485	-8.848
Total of dividends	* 0,00	* 0,00
Result before tax per share (in EUR)	-2,28	-3,68
Result of the period per share (in EUR)	-2,29	-3,69
Gross dividend per share (in EUR)	0,00	0,00
Net dividend per share (in EUR)	0,00	0,00

\* dividend proposal to be submitted to the Annual General Meeting

The turnover amounts to 208,1 MEUR, increasing by 8,2 % compared to 2016.

The operating result is a loss of -8,0 MEUR, mainly due to write-offs of aged inventories following the slow-down of production rates in Airbus programs as well as the cancellation of the Dassault F5X program.

The financial result is a profit of 2,5 MEUR thanks to the reversal of the negative mark-to-market values of the hedging instruments settled in the period.

The net result is a loss of -5,5 MEUR.

Taking account of the initiated action plan to reduce operating costs, the Board is of the opinion that the accounting rules can be applied on an on-going concern basis.

The Board will propose to the Annual General Meeting of May, 31st, 2018 that no dividend will be paid for 2017

### 3. Activities

#### SPACE

During 2017, development activities on new European space launchers have been contracted both with ArianeGroup for the Ariane 6 launcher and with ELV / Avio for the Vega-C launcher.

For Ariane 6, the main milestone of the Preliminary Definition Review has been reached this year, and the first copies, with the "Engineering Model" standard, have to leave the factory in 2018. They will be followed by qualifying copies in 2019 and flight copies in 2020.

Thanks to six successful launches by Arianespace in 2017, SABCA has maintained a high level of activity on the Ariane 5 programme for which it produces both structural elements and servo controls for the nozzles orientation.

The latest production batch of Ariane 5 is in the final phase of negotiations with ArianeGroup, a start-up agreement has been concluded at the end of 2017.

The Vega launcher held its manifesto in 2017 with 3 direct hits; the SABCA group delivering the Thrust Vector Actuation Systems (TVAS) as well as the interstage structure 0/1.

#### CIVIL AVIATION

The year 2017 is a continuation of the year 2016 in the civil aviation sector: the flagship programs of Airbus (A320, A350) continuing to record increases in production rates, while the business jet market has stabilised, with early signs of recovery at the end of the year.

For the Airbus A380 programme, due to the market situation, T-Shape deck deliveries totalled 19 for the year 2017. In early 2018, however, Airbus obtained a significant order from Emirates on the A380.

For the A320 programme, the orders for Direct Drive Valves (DDV) specific to this Airbus family have reached a monthly production rate of 60 in 2017; however, the production of composite components for the Vertical Tail Plane in SABCA Limburg stopped at the end of 2017.

The year 2017 has been a significant year for SABCA on the A350 programme. Despite an increase in annual deliveries to 85 aircraft, SABCA has managed to set up a buffer stock. SABCA is responsible for Flap Support Structures (FSS) and Flap Support Fairings (FSF).

For Dassault Aviation, SABCA is active on almost all Falcon business aircraft models and delivers composite elements : horizontal tail plane, engine covers and flight control equipment (servo controls and other hydraulic equipment).

End of 2017, Dassault Aviation announced the cancellation of its new F5X business jet, whose development had been frozen by Dassault Aviation due to engine problems, and its replacement by a new model of greater capacity and equipped with new engines.

The SABCA group is also responsible for the realisation of the composite horizontal tail structures, supplied to Fokker for integration and delivery to Gulfstream.

### DEFENCE

The defence business focuses mainly on the maintenance, repair and modernisation of platforms (aircraft, helicopters) and equipment for the Belgian and foreign air forces.

The year 2017 was just as intense as the year 2016 with new commercial successes, such as those obtained as part of the regeneration of Mirage F1 and the extension of the maintenance contract with USAFE.

For its reference customer (the Belgian Defense Air Component), the SABCA group has extended its activities on the various platforms (F16, Alpha-Jet, Agusta A109), strengthening its "Depot" status vis-à-vis the Air Component. The activity of maintenance and repair of accessories and equipment was also very important.

Defence development activities focused on the Mirage 2000D retrofit contract obtained in 2016, for which the SABCA group was awarded the study and production of the firing pods, subcontracted by Dassault Aviation.

The European military transport aircraft Airbus A400M saw its production rate maintained in 2017 with 20 deliveries but will be significantly reduced in 2018 and in subsequent years. As part of this programme, SABCA is responsible for the development and production of wing flap deployment structures, as well as the production of composite flap covers.

The year 2017 also saw the official launch of the request for proposal for the replacement of fighter aircraft by Belgium, several government agencies having been contacted. SABCA has been involved, as have the main Belgian aeronautics players, in the discussions on industrial participation with the various industrialists supporting the candidate government agencies.

### DRONES

The SABCA Group announced at the Paris Air Show in June 2017 the launch of a new service offering in the field of civil drones, mainly for industrial applications. The SABCA Group's presence in the drone market is a natural extension of the expertise acquired for nearly a century of activity in the field of aeronautics, with the design, manufacture, testing, certification, maintenance, servicing, and modification of flying platforms and subassemblies for many applications.

SABCA offers a full range of services for commercial or institutional applications using drones, positioning itself as an integrator providing a turnkey and industrially robust solution for all stakeholders in the ecosystem, from drone manufacturers to end-users, through the developers of technologies and payloads and by authorities and other actors.

This activity is also highly complementary to the other activities of the Group, and will redeploy certain skills and products mastered both in design and manufacturing (actuation systems, embedded electronics, composite, etc.) in maintenance and modernisation (qualification, certification, etc.)

### RESEARCH AND TECHNOLOGY

Seven Research and Technology projects reached significant milestones in 2017.

#### TECCOMA

In 2017, SABCA finalised the definition of the first demonstrator, which represents a section of horizontal plane of a business jet in SQRTM technology (off-autoclave). This demonstrator integrates in one piece a stiffened panel, the front and rear longitudinal members and thermoplastic ribs assembled by fasteners.

#### AEROSTREAM

This project aims at increasing the expertise of universities (ULB, UCL, KUL), manufacturers (3D systems) and end-users (SABCA) in additive manufacturing. It ended in 2017 with the realisation of an aluminium alloy demonstrator.

#### ESA - GSTP5 - CLP (Control Loop Processor)

Phase 2B of this ESA programme continued in 2017 with the development of a suite of software tools to simplify the programming of control loop processor functions.

#### ESA - GSTP6 - PRIMARY STRUCTURES MADE BY ADDITIVE MANUFACTURING

At the end of the year, SABCA was selected by ESA to lead a consortium formed by Thales Alenia Space - France, the Research Centre for Metallurgy (Belgium), Cranfield University (UK), 3D Systems (Belgium) and Lisi Aerospace Additive Manufacturing (France).

The consortium's mission is to develop three demonstrators using additive manufacturing technologies for space applications (launchers, nano-satellites).

#### ESA - GSTP6 - SPACE RIDER

SABCA has received notification for a preparatory project for the Space Rider Space Vehicle, successor to the IXV Orbital Reentry Demonstrator.

#### ESBA - GSTP6 - LIMITED ANGLE TORQUE MOTOR FOR LLTVAS SYSTEM OF ARIANE 6

This ESA programme allows SABCA to evaluate the Romanian ICPE electric motor construction company, taking as test case the motor of the electric pump of the LL-TVAS Ariane 6.



## Press Release

### CALLISTO

This programme led by CNES and DLR aims to demonstrate the reusability of launcher stage parts. SABCA was selected for the VEB structure, as well as for the fin orientation and deployment mechanism actuators, their control electronics and the associated power source.

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### Financial calendar

1. Annual Financial Report : 27th April 2018
2. General meeting : 31st May 2018
3. Half-year results 30 June 2018 : September 2018

### Financial Information

The company makes available its financial information on its website : [www.sabca.com](http://www.sabca.com)

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