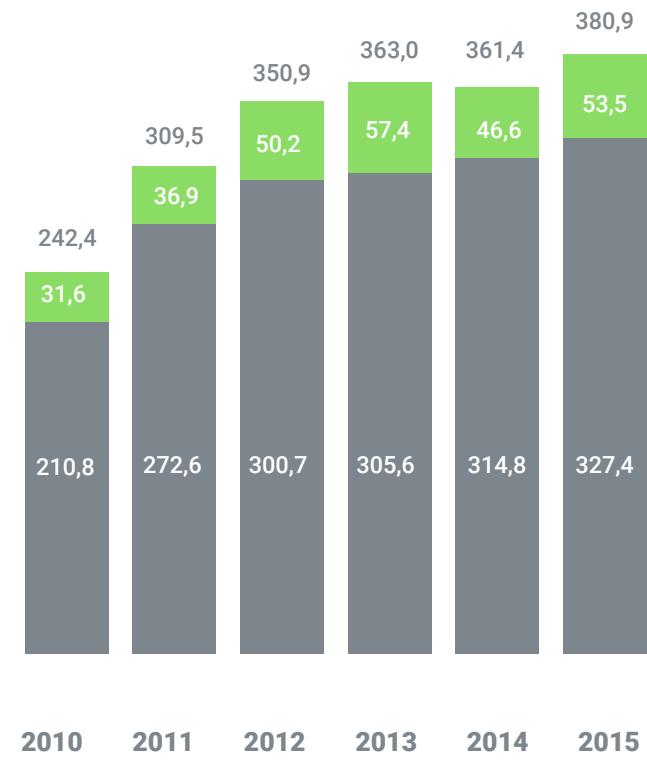


ALWAYS ONE **STEP** AHEAD

ANNUAL REPORT 2015

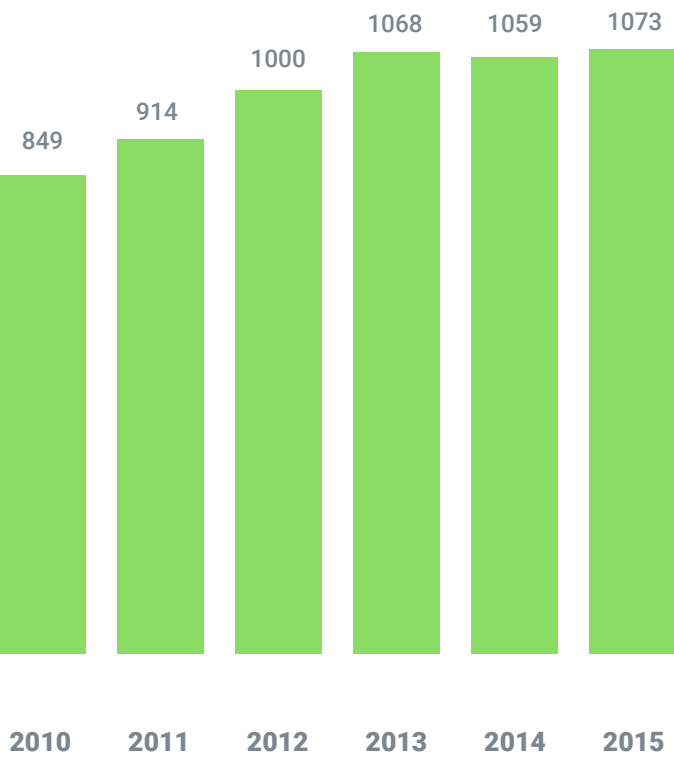
REVENUES

Sonaca Group  
*in millions of euro*



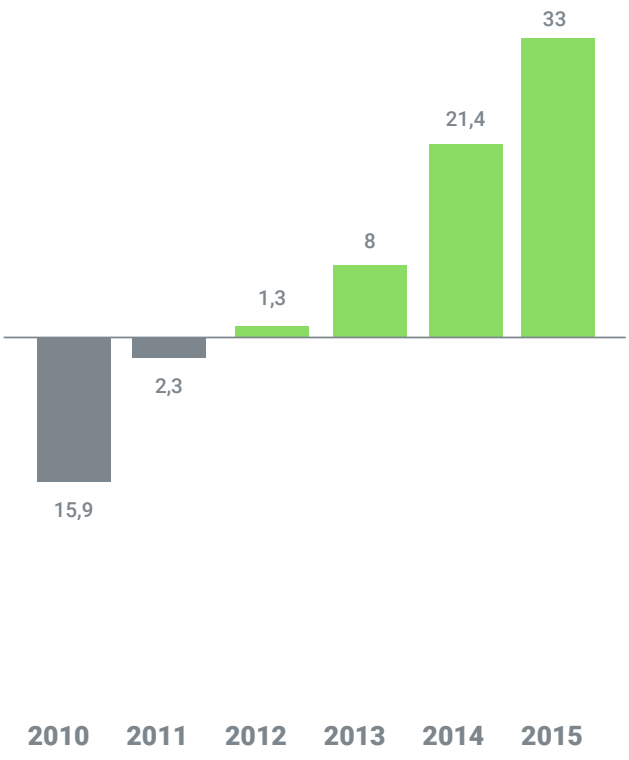
NUMBER OF SHIPSETS

Sonaca sa



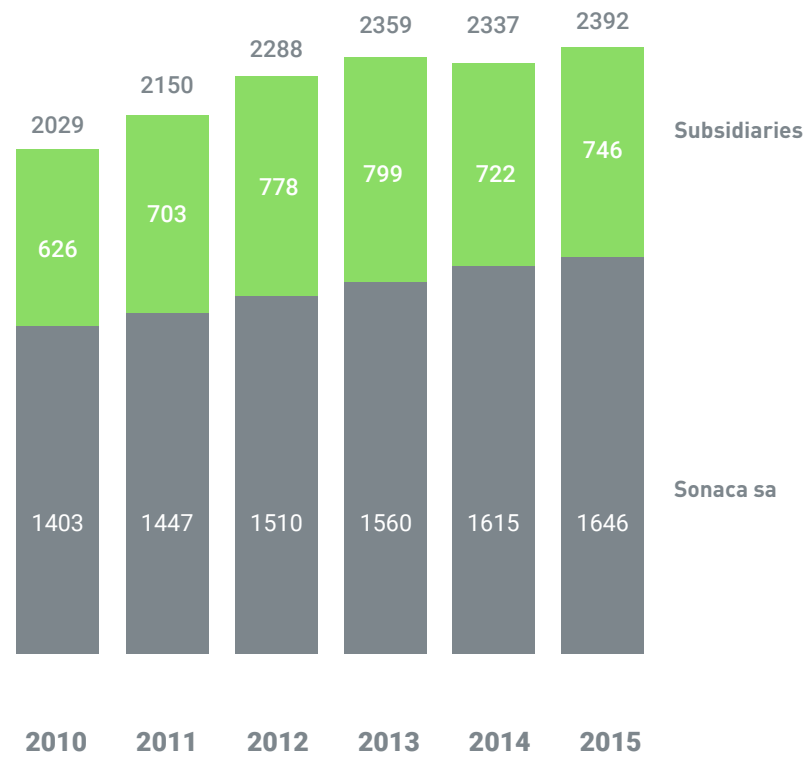
NET INCOME

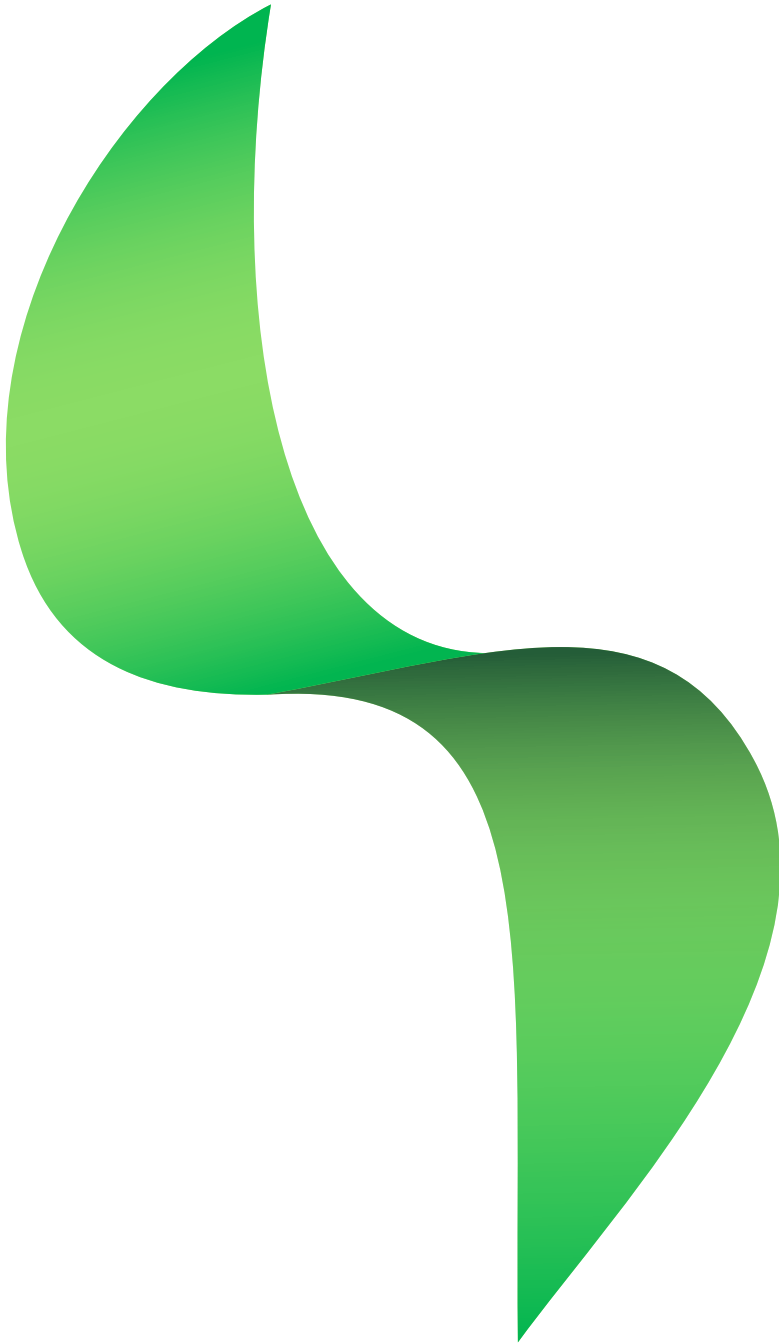
Sonaca Group  
*in millions of euro*



HUMAN RESOURCES

Sonaca Group





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PIERRE  
SONVEAUX

*Chairman  
Sonaca  
Group*



## THE CHAIRMAN'S VISION

2015 was an excellent year for Sonaca Group with progress made on all fronts. Operations in the Group's six areas of business remained robust, consolidating nearly 2,600 jobs. Financially, our progress was clearly reflected in an increase in turnover of more than 5% to MEUR 381, an operating cash flow of nearly MEUR 67 and a net result soaring 60% to MEUR 33. These solid figures strengthened the balance sheet which also benefitted from the capital contribution of a subordinated loan. Consolidated equity stood at MEUR 84 at the end of the year, while the net bank debt was reduced by MEUR 17 to MEUR 39.

This strong performance ensures that the Group is ahead of schedule on its strategic roadmap, with more resources available to achieve its ambitions beyond ongoing projects,

the impact of which will start being felt in 2017.

Fuelled by more than the simple will to continue to grow, these ambitions reflect a determination to pursue long-term projects geared towards greater diversification in terms of products, markets and locations, making the company less dependant on developments in its core business.

Although the current forecasts of major customers remain excellent, the pressure they exert on their supply chains is increasing, justifying our strategy and the actions taken at all levels to improve productivity and revisit what are at times quite fragile certainties about technological attainments, while also considering the changes that will be brought about by progress, particularly on the digital front.

Going forward there will be no shortage of challenges and the opportunities that arise must be analysed thoroughly to ensure that the Sonaca Group remains strong, without succumbing to the euphoria of a market that can change dramatically at any given time. These solid annual results support this scenario and enable us to build a future with equanimity and without the constraints of critical choices.



BERNARD  
DELVAUX

CEO  
Sonaca  
Group



“  
ALWAYS  
ONE  
STEP  
AHEAD  
”

The Sonaca Group closed the financial year with impressive results due to the significant progress made thanks to the efforts of everyone within our organisation. Our commitment to quality and lead times was once again beyond reproach. Continued improvement in terms of productivity and cost efficiency remains indispensable if we are to maintain our position in a highly competitive market, with ever more demanding customers continuing to exert pressure on our prices in 2015.

The implementation of the strategic plan is now underway with investments in Gosselies and a plant under construction in Romania. The aerospace sector is eliciting renewed interest and sales are following suit. The contract obtained for slats and flaps, mechanisms and fairings for the Embraer E2 175 underlines our intention to maintain our leading position in the market for movable wing components.

Our drive for innovation continues unabated with the creation of Sonaca Aircraft whose small, two-seater Sonaca 200 plane is scheduled to become available in the second half of 2017. We continue to generate creative ideas both inside and outside the company. Relying on the resources and reputation of the Sonaca Group, various investment plans have been charted to provide quicker and easier access to the aviation market for innovative products and processes. We are seeking ways to broaden our basic capabilities, for example in the calculation of satellite structures and the production of airworthy parts for 3D printing.

Looking ahead, the Group must continue to improve its performance and expand its range of products and services. At the same time we must also expand our geographic footprint in order to meet the needs of all our customers – wherever in the world they may be. These will be our main focal areas in 2016.

The Sonaca Group is embarking on this new year with the renewed optimism, energy, creativity and determination to stay **one step ahead!**





# THE FIGURES

*in five columns (In thousands of euros)*

Sonaca  
Group

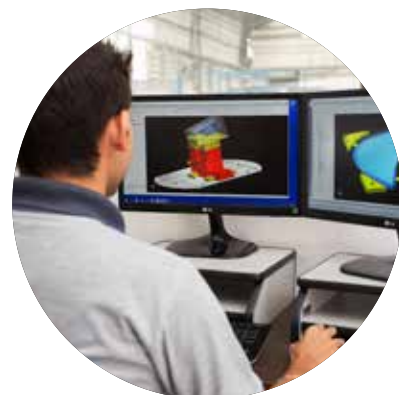
	2011	2012	2013	2014	2015
Revenues	309,546	350,949	363,004	361,439	380,926
Operational cash flow (EBITDA)	32,412	*48,161	43,226	50,368	66,873
Operating result (EBIT)	15,437	15,494	22,314	33,282	38,630
Net result (share of the Group)	(2,281)	1,303	8,029	21,366	33,032
Equity capital and similar items	43,797	43,781	47,030	64,379	89,015
Balance sheet total	374,022	394,796	389,935	413,761	425,725

\* Influenced by a one shot book entry for the Bombardier C-Series contract



# KEY EVENTS 2015

- Enhanced developments in the space sector
- Setting up Sonaca Transilvania
- Setting up Sonaca Aircraft
- Payment of a dividend to shareholders
- Launch of an engineering office at Sobraer (Sonaca Engenharia)
- Embraer contracts for slats, flaps, mechanisms and fairings for the E2 175
- Securing of the A320 slats as single source
- Agreement for the C-series FLE with Bombardier and Aero Vodochody
- American (CPI) and Belgian (Sabca) contracts won for the Brazilian subsidiaries
- New Embraer contracts for Sonaca Transilvania (composites) and for Sonaca Montreal
- New contract as single source for stretching of fuselage panels for Stelia (A320)







Investments in composites (SQRTM/ATL) in Gosselies

New 5-axis machines in Gosselies

Use of nuflon coating on the stretching toolings in Gosselies

Installation of the new high performance profiling line (stringers) at Sonaca Montreal

Various investments inside the Group to reduce energy consumption

Agreement on an early retirement plan accessible to all staff categories, in Gosselies

Establishment of Competence Centres and enhanced technical cooperation by and between Gosselies and the different subsidiaries

Nadcap accreditation for Sonaca Montreal and Sopeçero

First delivery of panels for the KC390 to Stelia

First delivery of slats for the A350-1000

Announcement of the increase rate for the A320 – up to 60/month – as of mid 2019

First flight for the F8X (Dassault)

First flight for the Pilatus PC24

Shutdown of the Learjet 85 program





## INNOVATION AND INVESTMENTS

### What's new in **Belgium**?

Several investments were made in 2015 to optimise the infrastructure of production in all the Gosselies plants.

Certain work areas in Assembly were moved and reorganised: at times separated, at other times merged with others to harmonise the manufacturing processes and to share common means and resources better. Our large automation machines were also given a facelift! Four years of efforts have resulted in a productivity gain of 40%, plus improvement in the motivation and involvement of all staff.

In GPE, 2015 was the year when a new, safer, more economical and less polluting stretching process, called nuflon, arrived. The plant is in a renewal phase and many other improvements are under preparation. The renewal of the trimming machines and direct line feed are also worth mentioning.

In PPE, an investment of nearly four million euros was made for three NC machines, five times more efficient than their predecessors – a way to boost our competitiveness significantly!

Far-reaching changes also took place in Composites. A hall annexed to the plant was built to introduce new technologies on the Gosselies site (SQRTM/ATL). We will be able to produce more complex parts, meeting growing demand from the aviation market.





## What's new in **Montreal**?

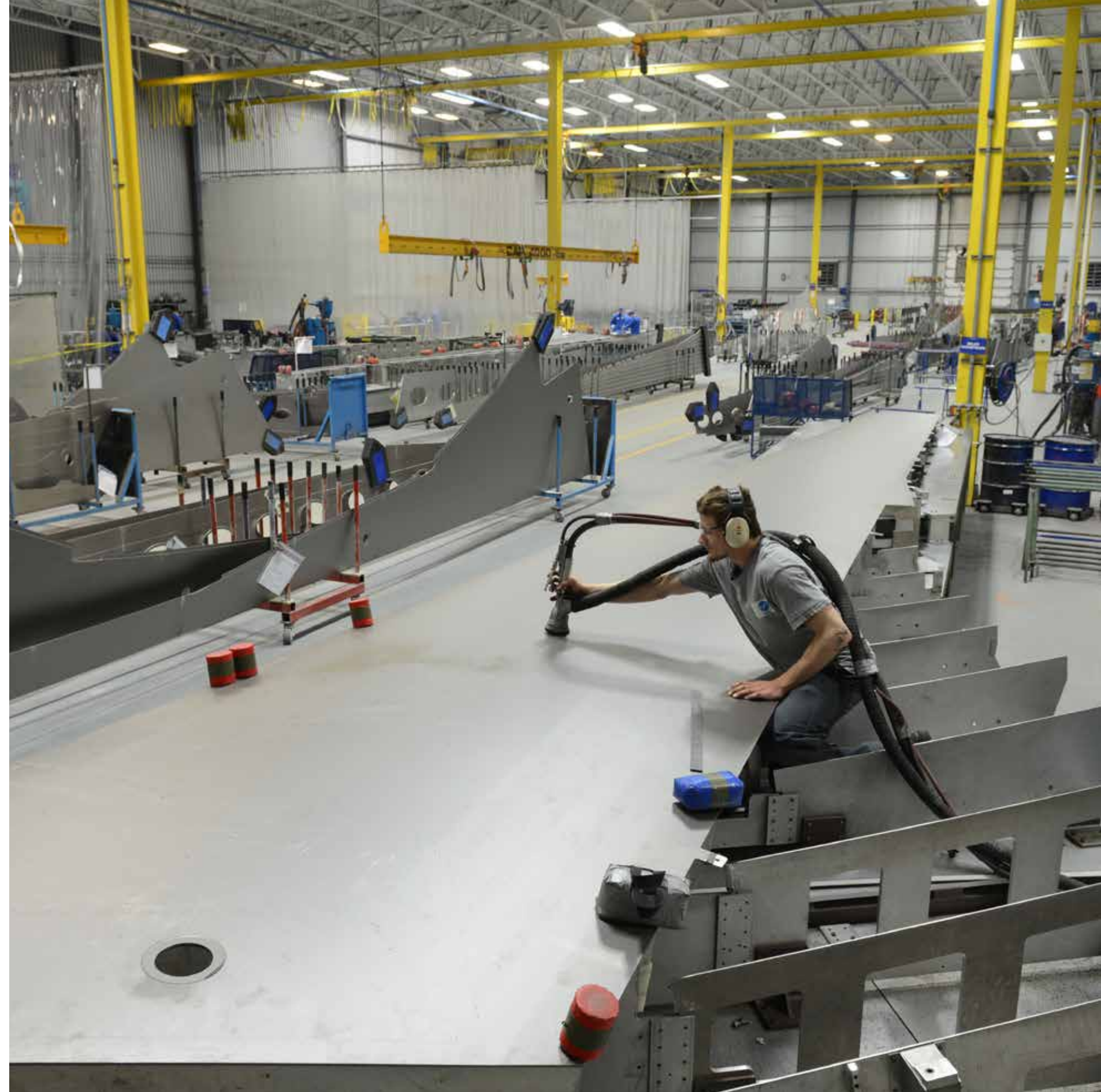
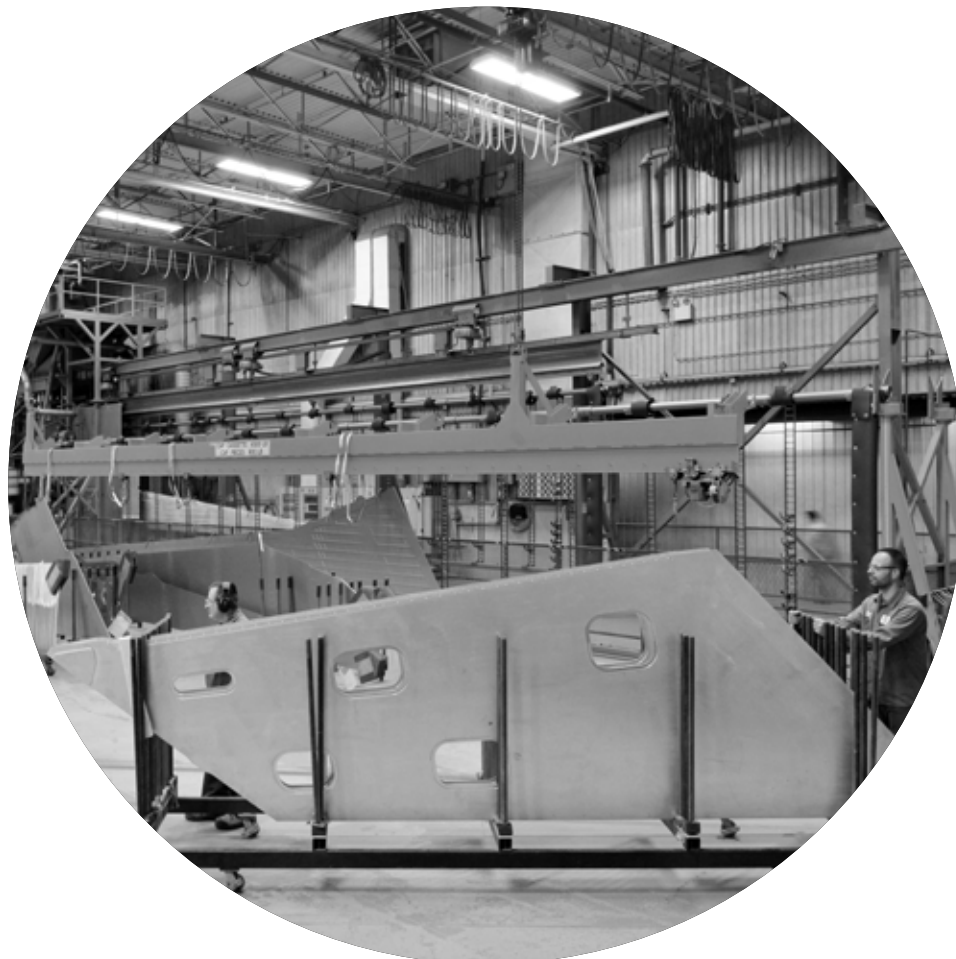
An investment of two million US dollars was made to equip our Montreal subsidiary with a high performance profiling line dedicated to the manufacturing of stringers for panels. It is equipped with a spindle rotating at nearly thirty thousand revolutions per minute and a totally automated cutting tool loading.

Since the profiling line was installed in August 2015, Sonaca Montreal has obtained three important contracts for the production of stringers worth nearly five million US dollars per year, for the Global 5000, Airbus 330 (Classic and Neo) and Embraer E2 175.

Sonaca Montreal also took part in a road show in North America, accompanied by all the subsidiaries in Brazil. Backed by our new sales force, this organisation made it possible to promote all the activities of Sonaca Group.

2015 also witnessed the deployment of new modules of the ERP system, and Sonaca Montreal obtained Nadcap accreditation for all processes, including surface and paint treatment processes.

These ongoing improvement projects and the weakness of the Canadian dollar enabled Sonaca Montreal to strengthen its profitability.





## What's new in **Brazil**?

### Sopeçaero

2015, the tenth anniversary of the launch of Sopeçaero's activity, was marked by the production of parts for the Phenom 300, for CPI (first North American customer) – an important commercial breakthrough in this gigantic and promising American market!

Nadcap accreditation for heat treatment and surface treatment is in progress and official accreditation for penetrating fluid quality control was obtained.



A new local contract was signed at the beginning of the year with Embraer for the manufacture of 230 new references intended for the assembling of the Legacy 500 and the existing contract with Sabca was enriched with 115 references for the Airbus A350 and 310 references for the Dassault F5X.

On the investment front, a new ageing furnace is used to break the bottleneck and bring the annual production capacity to one million pieces.

In a constant quest for improvement and efficiency, Sopeçaero has attained a productivity gain (5%) for the third year in a row thanks to the different Kaizen and Lean Manufacturing programmes.

### Pesola

In 2015, Pesola, which machines small parts in aluminium, intensified its relations with the group.

Close technical cooperation with the machining Competence Centre in Gosselies led to the Zico project. In concrete terms, the Gosselies teams went to Brazil and Brazilian programmers came to Belgium to learn the latest tricks of the trade. Thanks to operating experience from both parties, working together on the core business, cutting tools, tool purchase prices, and chip management exchange, 30% of production capacity was released.







### Sobraer

In 2015, after two years of development, Sobraer delivered the first shipset of ten slats for the E2 190. The improvement in productivity reached double digits for the assembly of the E170/E190 slats.

When celebrating its fifteenth anniversary in August, Sobraer received a visit from Minister-President Paul Magnette who took advantage of the celebration tour to our plants in Brazil.

A sizeable investment was also made to provide the engineering staff of the Brazilian subsidiary with modern and efficient premises, where some twenty engineers and technicians work under optimal conditions. This new facility will be used to develop the Wingtips for the E2 175 in particular.

In 2016, Sobraer will continue the development and will prepare the first delivery of E2 175 slats and will develop engineering services (toolings).

The commercial contacts initiated with success in 2015 will be intensified to offer Sobraer's assembly capacities to the North American market.



## What's new in **China**?

The year 2015 saw a change in the Top Management in China.

Our subsidiary inaugurated its new facilities in March 2015. A 750 m<sup>2</sup> extension now houses a new painting line used to paint four slats at once. The final assembly operations were also moved into this new building.

A new investment made it possible to commission the robot's backup effector used for the drilling, milling and riveting of slats.



The focus was on productivity and quality throughout the year. The trend is positive as productivity has continued to improve these last months, while an excellent level of quality is maintained. Sinel-son delivered on average a little less than ship sets of slats per month in 2015. Productivity improvement was helped by measures taken to reduce personnel turnover.

In November 2015, our subsidiary delivered the 200th shipset of slats it assembled.





## What's new in **Romania**?

Our new Romanian subsidiary saw the light of day in March 2015! The project is on schedule and the building will be ready in April 2016.

The first orders for machines and equipment were placed in the autumn of 2015. To avoid any start-up risk, we opted for known and tried & tested suppliers who had already given full satisfaction in the Group's other branches.

We will begin operations of our new composite hand lay up line before the end of 2016, with some twenty workers trained on location, before considering the launch of our A320 assembling activity (in the course of 2017) with some fifteen operators.

We are preparing a joint venture with a French company called Novae Aerospace for the stretching of large-sized parts. The aim is to supplement the capacities of Gosselies and to strengthen competitiveness in the Group. This new entity will be officially created in 2016 and will be the Group's second Romanian subsidiary. Its production unit will be located near the first Romanian subsidiary in Turda, with the aim of being operational as of the start of 2018.





## INNOVATION AND R&T

The Research and Technology (R&T) strategy of the Sonaca Group is defined along two lines.

The **defensive R&T** aims to protect our core business (mobile wing components) according to the following main themes:

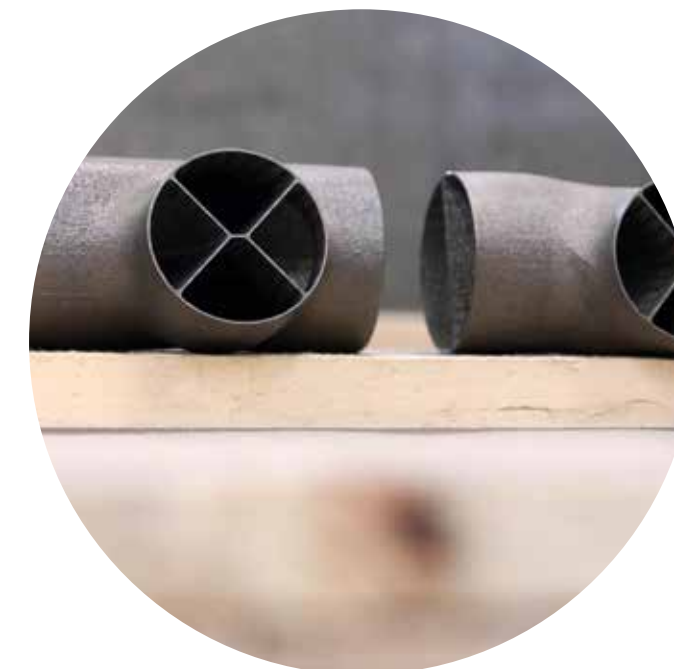
- ✧ Islat - Development of slats with a radically simplified structure to improve cost and performance.
- ✧ The developments related to rear mobile components (flaps and ailerons), which are contributing increasingly to the group's turnover.
- ✧ The thermo-electric anti-icing system and the mobile laminar wing components that constitute the long-term future of our products.

The **offensive R&T** will enable us to develop additional activities beyond the core business, focused on:

- ✧ The development of new structural components (winglet and empennage leading edges)
- ✧ The development of integrated satellite panels.
- ✧ Additive manufacturing.
- ✧ Support for innovation projects such as innovative materials and drones.



*Innovative electrical ice protection system connector*



*Pneumatic system parts produced by additive manufacturing*



# INNOVATION AND PARTNERSHIPS

## What's new in **Space** sector?

2015 was synonymous with progress for the Sonaca Group's space activity with several commercial successes and various initiatives on the innovation front.

First, thanks to experience and expertise acquired during the development of previous programmes, we were selected to produce the MWI and ICI scientific instrument structures hosted in the new generation MetOp satellites.

In research and development, the Group won the European Composite Day (ECD) prize for innovation, with a composite inter-stage flange in 3D weaving, intended for new generation launchers.

For the future and in line with our growth ambitions, we will develop further products that include thermal systems in satellite structures. Another priority will be to boost our presence outside institutional markets, in particular around satellite constellations.

The strategic alliance with the German company Active Space Technologies will enable us to tackle all these challenges with a partner highly complementary on the technical front. Active Space Technologies is specialised in thermal and mechanical calculation of structures.





## What's new with **SES**?

Relying on a wide range of technical expertise, Sonaca Engineering Services (SES) is increasingly positioning itself as a strategic partner in the Sonaca Group, providing global engineering and industrialisation solutions.

In 2015, SES carried out more than fifty projects and obtained thirteen new customers. These included for instance project management assignments for AMOS and TUC Rail.

SES expects significant growth in 2016 – the target is +25% – and aims to diversify its activities in other sectors such as energy and transport.





## Sonaca 200: the new one

On 16 September 2015, the Sonaca Group decided to extend its capabilities through a new start-up, Sonaca Aircraft, in order to develop and certify a new two-seater training and recreational plane.

A partnership was consequently created between Sonaca Group and The Airplane Factory to develop and certify together the new airplane, the **Sonaca 200**.

An initial demonstration model was assembled last April in Johannesburg and flown from there to Brussels South Charleroi Airport after an eight-day trip and more than fifty-five hours of flight through Africa.

The aircraft is characterised by excellent handling at very low speed, has a good rate of climb and good autonomy, with a payload capacity of more than two hundred kilos, including one hundred and fifty litres of fuel (seven hours of autonomy). It boasts all the qualities required for a good training and tourist aircraft.

The definition of the equipment of the plane is being finalised, and the assembly of the certification prototype in Gosselies is scheduled for the end of 2016.

Our first Swiss, French and Belgian customers should receive their first aircraft in the second half of 2017.





## INNOVATION AND RH



In 2015, the human resources department maintained a steady pace of projects to back the Sonaca Group's development and transformation strategy. Four areas are to be cited more specifically focusing on the human dimension and on the group's competencies.

On the safety front, our communication actions were stepped up particularly through awareness raising campaigns about wearing personal protection equipment. We also maintained continuous training programmes in this field.

The Sonaca Group provided more than 42,217 hours of training to its employees. Two new developments: twenty MBTI workshops to improve knowledge of oneself and of others and work better as a group were held during the year and an additional investment was made in Sonacademy (inaugurated in June).

Many transformations were carried out in the organisations, including in particular the successful transfer of eleven people to NRB as part of the outsourcing of IT activities, the setting up of an early retirement plan, and the active support to the start of the two new subsidiaries (Sonaca Aircraft and Sonaca Transilvania).

Finally, particular attention was paid to the Group's image and communication with visible results such as the new work clothes, the Group's new website, the Group's new intranet and the e-newsletter. We also work on engagement on the social networks (LinkedIn, Twitter, YouTube, Yammer...) to turn our staff into a group of better informed and more active ambassadors (+2366 followers on LinkedIn).





## INNOVATION AND IT

The market is motivating the Sonaca Group to provide innovative, competitive and quality solutions in increasingly shorter lead times. The Group is therefore striving to optimise time-to-market, involving its own suppliers base in this challenge. We accordingly took several initiatives:

Initiated through the 190 E2 programme, the Advanced Product Quality Planning (**APQP**) methodology ensures that the supplier can understand and meet all the requirements, included in our customer contracts, from product design to serial production.

This tool is an important support to ensure the competitiveness of the supply chain through a 15% to 20% reduction of the design/industrialisation time cycles, an improvement of total quality and better cost control.

Sonaca Group is constantly improving its processes to remain competitive in a landscape of globalisation and diversification. As our processes are increasingly more cross-cutting, a **Business Process Mapping** approach was initiated. It provides a single platform that structures the modelling of the different processes.



**EcoPLM** is a project that aims to provide the development teams (Engineering and Industrialisation Office) with a system for managing the technical data of a product (for example, the plans, technical datasheets, tools and numerical control programmes) from design to delivery. Having implemented the design segment in 2014, we are currently configuring the industrialisation segment, which will be finished at the end of 2016.

The Sonaca Group will then have a modern and integrated end-to-end product management system. The project contributed to an increase in development productivity (5% objective reached in 2015) and made it possible to reduce the IT maintenance costs drastically.

Customer Relationship Management (**CRM**) is a software-aided corporate strategy that enables all Sonaca Group staff in contact with customers (sales representatives, customer support, logistics, etc.) to take the right decisions rapidly. The CRM makes it easier to consolidate information stemming from different data sources (including from outside) so as to provide full visibility on the activities of each customer in real time.





# CORPORATE GOVERNANCE

Pursuant to its articles of association, the company is governed by a **Board of Directors** comprising at least six members appointed by the General Meeting of Shareholders. Their terms of office may not exceed six years, but outgoing directors are eligible for re-appointment.

The Board entrusts the daily management to a Managing Director according to the delegation rules that it draws up and monitors compliance therewith.

The Board is currently composed of 11 directors and two observers, listed in the pages which follow. It is chaired by Pierre Sonveaux, while the daily management is entrusted to Bernard Delvaux, Managing Director and only executive director on the Board. The financial director is asked to attend the meetings. On a motion of the

Chairman and the Managing Director, the Board may be expanded by other directors or the Auditor for certain items broached.

The Board met six times during financial year 2015. It broached and dealt with the following subjects:

- ✎ Approval of the annual accounts as at 31/12/2014 and of the annual report for financial year 2014
- ✎ Adoption of the budget for 2016
- ✎ Regular and in-depth verification of the accounts of the company and its subsidiaries and monitoring of the Group's cash flow
- ✎ Monitoring of foreign subsidiaries
- ✎ Discussion of the Group's strategy.

Since 2004, the Board of Directors has nonetheless deemed it necessary to review its *modus operandi*, according to the Group's development internationally, and to be assisted by an Audit Committee and an Appointment and Remuneration Committee, of which it defines the composition and missions, and requires regular reports. It moreover decided to reactivate the Strategic Committee.

The **Audit Committee** is composed of three non-executive directors – including the Chairman of the Board – and is assisted by the financial director and, where appropriate, if it so wishes, by the company's auditor. The Managing Director is asked to attend the meetings.

The Committee's remit is to:

- ✎ prepare the business of the Board of Directors concerning the monitoring, audit and analysis of the financial situation of the company and its subsidiaries;
- ✎ ensure that the external and internal supervision of the company is functioning properly in accordance with the objective of reliable information transmitted;
- ✎ verify (since January 2008) the proper implementation of the exchange rate hedging policy adopted by the Board of Directors;
- ✎ analyse the company's systemic risks.

This Committee met twice during financial year 2015.

The **Appointment and Remuneration Committee** is composed of four members, three of whom are non-executive directors. The Board of Directors and the Managing Director also sit on this committee.

Its remit is to:

- ✎ assist the Board of Directors in determining the remuneration of the executives of the company and its subsidiaries;
- ✎ implement a consistent evaluation and remuneration system for the employees of the company and its subsidiaries.

The Appointment and Remuneration Committee met twice during financial year 2015.

The **Strategic Committee** is composed of four non-executive directors – including the Chairman of the Board – and one of the observers, and is assisted by the Finance and Strategy Director. The Managing Director also sits on the committee. The Committee's remit is to analyse issues of a strategic nature (significant investments, acquisitions or partnerships, mainly) before presenting them to the Board of Directors as a whole.

This Committee met once during financial year 2015.



### Capital

40 000 000 EUR - Situation as at 31 December 2015

<b>FIWAPAC</b>	79.49 %
<b>SFPI</b>	3.02 %
<b>WESPAVIA</b>	17.48 %
<b>SABCA</b>	0.01 %

### Board of Directors

Situation as of 31 December 2015

<b>Pierre Sonveaux</b>	Chairman
<b>Bernard Delvaux</b>	Managing Director
<b>Jean-Sébastien Belle</b>	Director
<b>Cédric du Monceau</b>	Director
<b>Jean Leblon</b>	Director
<b>Anne Prignon</b>	Director
<b>Laurent Lévêque</b>	Director
<b>Pascal Lizin</b>	Director
<b>Renaud Moens</b>	Director
<b>Antoine Tanzilli</b>	Director
<b>Denis Tillier</b>	Observer
<b>David Bastin</b>	Observer
<b>Denis Ronday</b>	Observer

### Auditor

<b>RSM Inter Audit</b>	represented by Thierry Lejuste
------------------------	--------------------------------

### Audit Committee

<b>Denis Tillier</b>	Chairman
<b>Pierre Sonveaux</b>	Director
<b>Jean-Sébastien Belle</b>	Director

### Appointment and Remuneration Committee

<b>Jean Leblon</b>	Chairman
<b>Pierre Sonveaux</b>	Director
<b>Bernard Delvaux</b>	Managing Director
<b>Anne Prignon</b>	Director

### Strategic Committee

<b>Pierre Sonveaux</b>	Chairman
<b>Bernard Delvaux</b>	Managing Director
<b>Jean Leblon</b>	Director
<b>Anne Prignon</b>	Director
<b>Antoine Tanzilli</b>	Director
<b>David Bastin</b>	Observer

### Executive Committee

<b>Bernard Delvaux</b>	Chief Executive Officer - Sonaca Group
<b>Erik van Ockenburg</b>	Finance & Strategy Director - Sonaca Group
<b>Michel Bilocq</b>	Procurement Director
<b>Jan Boeckx</b>	Operations Directory (mass production)
<b>Laurent Troquet</b>	Quality Manager - Sonaca Group
<b>Yves Delatte</b>	Programmes Director
<b>Jeroen De Rycke</b>	IT Systems Director
<b>Thierry Duesberg</b>	Sales & Business Development Director
<b>André Grégoire</b>	Engineering Director
<b>Pierre Grenier</b>	Human Resources, Administration and Insurance Director
<b>Hugues Langer</b>	Development and Pre-series Director



The CEOs of our subsidiaries: Laurent Maroy (Sonaca Transilvania), Philippe Stavaux (Sopeçero), Eduardo Roxo (Pesola), Jean-Paul Lopez (Sobraer), Sylvain Bédard (Sonaca Montréal)



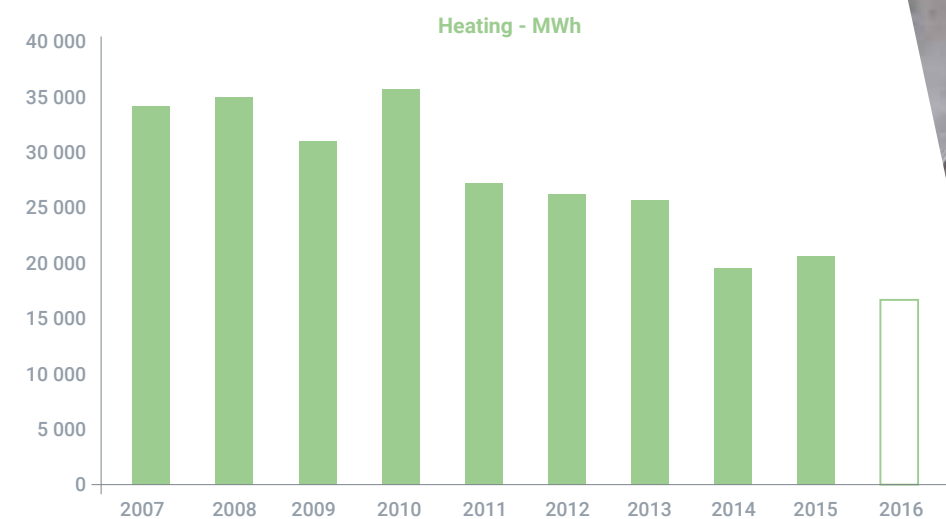
# OUR **SOCIAL** RESPONSIBILITY COMMITMENTS

Energy savings remain a major challenge in the Sonaca Group's corporate policy. We have been initiating actions aimed at energy efficiency since 2010.

Our initiatives in 2015 include the replacement of the central heating system and continuation of various works: the insulation of the entrance hall roof (Assy) and the replacement of the bulbs by LEDs in the production halls. To use energy more efficiently, the heating system is equipped with centralised management and the staff has been made duly aware.

All these measures enable us to meet the ambitious targets set by the Walloon Region and the European Commission.

In Gosselies, the drive for energy efficiency will materialize with the start of construction of the new GREEN building in September 2016. The inauguration is further slated for mid 2018.





# PROFIT AND LOSS ACCOUNT OF SONACA SA AT 31/12/2015

- in thousands of Euro -

Extract of the financial statements which  
are full published at the Belgian National Bank

	31.12.15	31.12.14	31.12.13	31.12.12
<b>Revenues</b>	<b>327,420</b>	<b>314,794</b>	<b>305,658</b>	<b>300,759</b>
Turnover	283,910	273,417	267,061	234,130
Variation work in progress	5,875	6,481	13,106	38,926
Own work capitalized	23,507	17,764	11,154	13,582
Other operating income	14,127	17,132	14,337	14,121
<b>Operating charges</b>	<b>304,060</b>	<b>296,058</b>	<b>294,592</b>	<b>290,804</b>
Raw materials, consumables and goods for sale	134,677	135,811	137,267	125,425
1. Purchases	132,872	131,488	135,761	125,212
2. Increase / decrease in stocks	1,805	4,323	1,506	213
Services and other goods	31,952	30,913	31,619	33,776
Remunerations, social security costs and pensions	113,392	115,422	110,883	104,875
Depreciation and amounts written off on fixed assets	28,951	16,394	15,070	31,586
Amounts written off on stocks, contracts and amounts receivable	(898)	(1,521)	(2,717)	(284)
Provisions for liabilities and charges	(4,411)	(2,044)	2,365	(4,793)
Other operating charges	397	1,083	105	220
Activated operating charges	-	-	-	-
<b>Operating profit / loss</b>	<b>23,360</b>	<b>18,736</b>	<b>11,066</b>	<b>9,955</b>
<b>Financial income</b>	<b>6,640</b>	<b>2,236</b>	<b>1,994</b>	<b>1,801</b>
Income from fixed asset	333	526	553	437
Income from current assets	10	8	26	23
Other financial income	6,298	1,702	1,415	1,342
<b>Financial charges</b>	<b>4,897</b>	<b>5,490</b>	<b>10,285</b>	<b>10,193</b>
Interest payable and other debt charges	4,095	4 900	8,385	8,841
Other financial charges	802	590	1,900	1,353
<b>Profit or loss ordinary activities</b>	<b>25,103</b>	<b>15,482</b>	<b>2,776</b>	<b>1,563</b>
<b>Extraordinary income</b>	<b>-</b>	<b>10,330</b>	<b>24</b>	<b>4,143</b>
Write back of depreciation on tangible assets	-	-	-	-
Write back of amounts written off on financial fixed assets	-	10,004	24	942
Write back of provisions for liabilities and charges	-	-	-	-
Gains on disposal of fixed assets	-	-	-	8
Other extraordinary income	-	327	-	3,194



<b>Extraordinary charges</b>	<b>1,852</b>	<b>1,010</b>	<b>(3,040)</b>	<b>2,976</b>
Depreciation and extraordinary amounts written off	799	-	-	2,059
Amounts written off on financial fixed assets	715	-	-	-
Provisions for extraordinary liabilities and charges	338	997	(4,248)	450
Capital loss on disposal of fixed assets	-	13	16	33
Other extraordinary charges	-	-	1,191	434
Activated extraordinary charges	-	-	-	-
<b>Profit / loss before taxation</b>	<b>23,251</b>	<b>24,802</b>	<b>5,840</b>	<b>2,731</b>
<b>Income taxes</b>	<b>4,276</b>	<b>33</b>	<b>(19)</b>	<b>263</b>
<b>Profit or loss for the period</b>	<b>27,527</b>	<b>24,835</b>	<b>5,821</b>	<b>2,994</b>



BALANCE SHEET  
OF SONACA SA AT 31/12/2015  
- in thousands of Euro -

Extract of the financial statements which are  
full published at the Belgian National Bank



## ASSETS

*(in thousands of Euro)*

	31.12.15	31.12.14	31.12.13	31.12.12
<b>FIXED ASSETS</b>	<b>196,234</b>	<b>185,980</b>	<b>165,261</b>	<b>157,995</b>
Formation expenses	-	-	-	-
Intangible fixed assets	8,960	9,041	11,309	14,959
Tangible fixed assets	152,470	145,543	128,963	116,471
Land and buildings	1,539	1,659	1,780	1,901
Plant, machinery and aequipment	38,665	38,766	37,471	35,141
Furniture and vehicles	968	1,196	846	805
Leasing	8,657	9,709	9,650	11,079
Other tangible fixed assests	9,126	7,729	7,661	7,523
Assets under construction and advance payments	93,516	86,484	71,555	60,022
<b>Financial fixed assets</b>	<b>34,805</b>	<b>31,396</b>	<b>24,988</b>	<b>26,564</b>
Affiliated companies	34,516	31,156	22,823	24,405
1. Investments	32,333	27,437	15,931	14,053
2. Amounts receivable	2,183	3,718	6,892	10,352
Enterprises linked by participating interests	117	117	117	117
1. Investments	117	117	117	117
2. Amounts receivable	-	-	-	-
Other financial fixed assets	171	123	2,048	2,042
1. Shares	27	27	27	21
2. Amounts receivable and cash guarantees	144	96	2,021	2,022
<b>CURRENT ASSETS</b>	<b>202,344</b>	<b>202,219</b>	<b>189,266</b>	<b>196,107</b>
Amounts receivable after more than one year	9	9	9	52
Trade debtors	-	-	-	-
Other amounts receivable	9	9	9	52
<b>Stocks and contracts in progress</b>	<b>76 077</b>	<b>93,487</b>	<b>100,376</b>	<b>95,534</b>
Stocks	14,673	16,229	18,160	19,917
1. Consumables	14,673	16,229	18,160	19,917
2. Work in progress	-	-	-	-
6. Advance payments	-	-	-	-
Contracts in progress	61,404	77,258	82,216	75,617

<b>Amounts receivable within one year</b>	<b>108,757</b>	<b>90,003</b>	<b>86,241</b>	<b>90,952</b>
Amounts receivable trade debtors	101,764	84,591	82,188	87,712
Other amounts receivable	6,993	5,412	4,053	3,240
<b>Current investments</b>	<b>10,492</b>	<b>16,105</b>	<b>25</b>	<b>2,025</b>
<b>Cash at bank and in hand</b>	<b>4,540</b>	<b>1,611</b>	<b>1,394</b>	<b>4,421</b>
<b>Deferrals</b>	<b>2,469</b>	<b>1,003</b>	<b>1,221</b>	<b>3,123</b>
<b>TOTAL OF ASSETS</b>	<b>398,578</b>	<b>388,199</b>	<b>354,527</b>	<b>354,102</b>





## LIABILITIES

(in thousands of euro)

	31.12.15	31.12.14	31.12.13	31.12.12
<b>CAPITAL AND RESERVES</b>	<b>87,286</b>	<b>35,902</b>	<b>13,239</b>	<b>(36,098)</b>
<b>Capital</b>	<b>40,000</b>	<b>7,198</b>	<b>7,198</b>	<b>38,993</b>
<b>Share premium account</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reserves</b>	<b>2,096</b>	<b>720</b>	<b>-</b>	<b>-</b>
A. Legal reserve	2,096	720	291	-
B. Not available for distribution	-	-	-	-
C. Untaxed reserves	-	-	-	-
D. Distributable reserves	-	-	-	-
<b>Accumulated profit/looss</b>	<b>45,039</b>	<b>27,800</b>	<b>5,530</b>	<b>(75,345)</b>
<b>Investment grants</b>	<b>150</b>	<b>185</b>	<b>220</b>	<b>254</b>
<b>PROVISIONS AND DEFERRED TAXATION</b>	<b>24,424</b>	<b>28,497</b>	<b>29,543</b>	<b>31,426</b>
<b>Provisions, liabilities and charge</b>	<b>24,424</b>	<b>28,497</b>	<b>29,543</b>	<b>31,426</b>
1. Pensions and similar obligations	8,499	11,272	14,435	20,106
2. Taxation	-	-	-	-
3. Major repairs and maintenance	-	-	-	-
4. Other liabilities	15,925	17,225	15,109	11,321
<b>Deferred taxes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>AMOUNTS PAYABLE</b>	<b>286,868</b>	<b>323,799</b>	<b>311,745</b>	<b>358,774</b>
<b>Creditors, amounts payable after more than one year</b>	<b>151,768</b>	<b>187,813</b>	<b>150,693</b>	<b>196,394</b>
Financial debts	40,140	80,111	74,077	133,454
1. subordinated loans	4,958	31,349	32,028	76,750
3. Leasing and other similar obligations	3,542	5,114	3,964	5,425
4. Credit institutions	31,640	43,648	38,085	51,279
5. Other loans	-	-	-	-
Trade creditors	736	1,305	1,475	1,443
1. Suppliers	736	1,305	1,475	1,443
2. Bills of exchange payable	-	-	-	-
Payments received on account	115	131	-	1,312
Other amounts payable	110,777	106,266	75,141	60,186

<b>Creditors, amounts payable within one year</b>	<b>124,609</b>	<b>128,130</b>	<b>150,659</b>	<b>151,114</b>
Current portion of creditors, amounts payable within one year	19,821	19,602	22,375	24,229
financial debts	-	-	20,498	25,000
1. credit institutions	-	-	20,498	25,000
trade creditors	49,950	50,883	51,590	40,846
1. Suppliers	49,950	50,883	51,590	40,846
2. Bills of exchange payable	-	-	-	-
Payments received on account	28,419	31,913	34,108	40,759
Taxation, salaries and social security	23,919	23,595	22,025	20,216
1. Taxation	997	877	877	823
2. Salaries and social security	22,922	22,718	21,148	19,393
Other amounts payable	2,500	2,137	64	64
<b>Accruals and deferred income</b>	<b>10,491</b>	<b>7,857</b>	<b>10,393</b>	<b>11,266</b>
<b>TOTAL OF LIABILITIES</b>	<b>398,578</b>	<b>388,199</b>	<b>354,527</b>	<b>354,102</b>



SONACA SA  
COMMENTS ON THE BALANCE SHEET  
AND THE PROFIT & LOSS ACCOUNT  
AT 31/12/2015

ASSETS

1. Formation expenses

No movement is to be noted under this heading in 2015.

2. Intangible fixed assets

This heading is mainly comprised of the development expenses for new programmes (NRC stage) for a net amount of kEUR 3,895.

The gross value of these NRC assets stands at kEUR 55,099 and amortizations stand at kEUR 51,204.

The balance of this heading includes the licence fees related to computer software products. Their gross value amounts to kEUR 13,172, amortizations to kEUR 8,107 and the net value to kEUR 5,065.

3. Tangible fixed assets

The gross value of this heading stands at kEUR 374,505. Amortizations amount to kEUR 222,034 and the net value to kEUR 152,470.

Acquisitions over the financial year amount to kEUR 34,761 (distributed among industrial investments for kEUR 12,293 and NRC investments for kEUR 22,468).

There was a transfer to the intangible fixed assets for kEUR 1,238 and impairments for kEUR 537.

During the financial year, there were new amortizations amounting to kEUR 25,926 (kEUR 9,190 for industrial investments and kEUR 16,736 for NRC).

The NRC investments are recognized as assets under construction, pending the completion of each development stage. Their net value under this heading is kEUR 85,904.

The balance of the "assets under construction" heading stands at kEUR 7,612 and is composed of the industrial investments.

4. Financial fixed assets

4.1 Affiliated companies  
*Investments*

The amount of participating interests is broken down as follows:

Belairbus	kEUR 218
Elson	kEUR 1,570
SNA	kEUR 21,615
Pesola	kEUR 582
Sobraer	kEUR 3,697
Sopeçaro	kEUR 100
Sonaca Ventures Holding	kEUR 550
Sonaca Aerospace Transilvania	kEUR 4
Sonaca Engenharia	kEUR 1
	<b>kEUR 32,333</b>



SNA

Sonaca's share in SNA amounts to kEUR 21,615.

SNA itself holds 100% of Sonaca Montreal (SM) and Sonaca USA.

Elson

Sonaca holds 100% of the capital since 2014. Elson in turn holds 100% of the capital in Sinel-son Aero based in tianjin. In 2015, a value reduc-tion of kEUR 715 was booked on the investment in Elson, following the recurrent bad results of its subsidiary Sinelson. An increase of capital was also carried out at Elson this year for an amount of kHKD 10,850 (kEUR 1,061).

Sobraer

Created in 2000 by Sonaca, Sobraer Ltda now has a capital of kBRL 10,631 or kEUR 3,697.

Sopeçaero

In 2004, Sonaca participated in the setting up of Sopeçaero in Brazil, with Airbus, Eltra Holding Overseas and Sobraer. Sonaca holds 9.72% of Sopeçaero's capital, for an amount of kEUR 100. Sobraer holds 56.27% of Sopeçaero.

Pesola

In 2004, Sobraer set up the company Pesola in Brazil, in cooperation with Eltra and Latecoère, each holding a third of the shares. In 2012, Sonaca bought out Latecoère's share for kEUR 582.



Sonaca Ventures Holding

In 2015, Sonaca created Sonaca Venture Holding in Gosselies, a company with a capital of kEUR 1,250 in which it has a 100% stake, less one share. The capital of Sonaca Ventures Holding is cur-rently paid up at a rate of 44%.

Sonaca Aerospace Transilvania

In the course of 2015, Sonaca set up a company under romanian law called Sonaca Aerospace Transilvania with a capital of kEUR 4,000 which it holds fully (100%), and which had been paid up for an amount of kEUR 4,000 as of 31/12/2015.

Sonaca Engenharia

In 2015, Sonaca acquired a participating inter-est of 1% (kEUR 1) in the brazilian company Sonaca Engenharia, the principal shareholder of which is Sobraer Ltda (99%).

Amounts receivable

The amounts receivable from affiliated compa-nies is broken down as follows:

SNA kEUR 2,183

Transfers of amounts receivable within the year were also recorded for kEUR 708.

4.2 Other enterprises linked by participating interest or other financial fixed assets

Participating interests, receivables and guaran-tees.

This heading breaks down as follows:

Flabel participation	kEUR 117
Other financial fixed assets	kEUR 171
	kEUR 288

5. Amounts receivable after more than one year

Most of the amounts receivable after more than one year (for a total of kEUR 9) are advances paid to suppliers.

6. Stocks

The net value of stocks was reduced from kEUR 16,229 to kEUR 14,673. The stock turnover rate has improved from 1.4 to 1.3 months of consumption.

7. Contracts in progress

This heading was reduced from kEUR 77,258 to kEUR 61,404.

In 2015, a compensation for the advances received on contracts in progress in the framework of var-ious NRC stages (liabilities) was accounted for kEUR 22,379, thus generating a corresponding off-set in the ongoing production variation account.

8. Amounts receivable within one year

The amounts receivable increased from kEUR 84,591 to kEUR 101,764.

The average time of supplier payment increased from 3.7 to 4.3 months.

The other amounts receivable increased from kEUR 5,412 to kEUR 6,993.





The latter amount is mainly comprised of:

- recoverable vat and other tax receivables for kEUR 5,004;
- receivables on subsidiaries for kEUR 1,257;
- receivables on staff and payroll tax recoverable for kEUR 732.

#### 9. Cash at bank and in hand

At the end of the financial year, this heading stood at kEUR 15,032 compared to kEUR 17,716 in 2014.

#### 10. Deferrals and accrued income

This heading went from kEUR 1,003 to kEUR 2,469. It consists of charges to be brought forward for kEUR 2,232 and of products acquired for kEUR 237.

#### 11. USD accounting exchange rate for translation adjustments

In accordance with the portfolio of hedging instruments at 31/12/2015, amounts payable in USD and amounts receivable in USD are valued at the rate of: EUR 1 = USD 1.2562.

## LIABILITIES

### 1. Capital and reserves

#### 1.1 Capital

On 4 june 2015, the capital of Sonaca was increased on the one hand by kEUR 26,391 by contribution in kind of a loan held by wespavia on Sonaca with the creation of 3,677 registered shares, and on the other hand by kEUR 6,411 drawing on the profit carried forward without creating new shares.

As of 31/12/15, the capital value stood at EUR 40,000 represented by 21,513 fully paid up shares, of which Fiwapac holds 79.50%, SFPI 3.02%, Wespavia 17.48% and Sabca 0.01%.

#### 1.2 Legal reserve

Due to the allocation of the 2015 profit, the legal reserve amounts to kEUR 2,096.

#### 1.3 Result brought forward

The result brought forward after the aforementioned increase of capital and the allocation of the 2015 profit amounts to kEUR 45,039.

#### 1.4 Investment grants

Total investment grants amounted to kEUR 150 at the end of 2015.

Capital and reserves after allocation of profit therefore increase from kEUR 35,903 to kEUR 87,286. This increase is due mainly to the increase of capital by contribution in kind of kEUR 26,391 and to the profit of the financial year, amounting to kEUR 27,527.

### 2. Provisions

This heading goes from kEUR 28,497 in the previous financial year, to kEUR 24,424.

The existing provisions at the date of ending of the financial year are:

- Charges for future early retirements: kEUR 8,499
- Provisions for other liabilities and charges (mainly related to the customers' programmes): kEUR 15,925.

### 3. Amounts payable after more than one year

#### 3.1 Amounts payable after more than one year

##### \* Subordinated loans

Subordinated loans decrease from kEUR 31,349 to kEUR 4,958 following the contribution in kind of the loan of kEUR 26,391 held by wespavia on Sonaca sa.

##### \* Leasing and other similar obligations

This heading goes from kEUR 5,114 to kEUR 3,542 a decrease of kEUR 1,572, resulting from a transfer of kEUR 1,572 to the amounts payable after one year falling due in the new leasing for 2015 (compared to kEUR 445 during the previous financial year).

##### \* Credit institutions

This heading goes from kEUR 43,648 to kEUR 31,640, a decrease of kEUR 12,008, resulting from a transfer of the same amount in the amounts payable after more than one year due during the year.

#### 3.2 Amounts payable to suppliers (long term)

The amounts payable to the suppliers after more than one year decline from kEUR 1,305 to kEUR 736.

#### 3.3 Advances received on contracts

This heading went from kEUR 131 to kEUR 115.

#### 3.4 Other amounts payable after more than one year

The other amounts payable after more than one year stand at kEUR 110,777 and mainly consist of:

- Advances payable from public authorities;
- Advances payable from our partners in the framework of the bombardier c-series programme.

### 4. Amounts payable within one year

##### \* Trade debts

The trade creditors decline from kEUR 50,883 to kEUR 49,950.

The amounts payable to suppliers stand at kEUR 30,064 compared to kEUR 38,708 last year.



## PROFIT AND LOSS ACCOUNT

### 1. Revenues

The operating income (including the changes of in-process manufacturing of finished goods and contracts in progress) increased from kEUR 314,794 in 2014 to kEUR 327,420 in 2015 (4% increase).

The turnover amounted to kEUR 283,910 in 2015, which represents a 3.8% increase compared to 2014 (kEUR 273,417).

Own work capitalized of kEUR 23,507 was recognized, which mainly concerns the NRC of the airbus A350, embraer E2 190 and 175 programmes.

The operating income also includes the "other operating income" heading, which stands at kEUR 14,127 and is mainly comprised of reductions in social security costs for kEUR 8,821, operating grants for kEUR 1,818 and the sale of scrap metal for kEUR 935.

### 2. Operating charges

#### 2.1 Raw materials, consumables and goods for resale

Total purchases consumed reached kEUR 134,677 in 2015 compared with kEUR 135,811 in 2014 (1% decrease) and represent 41% of the revenues, against 43% in 2014.

#### 2.2 Services and other goods

This heading goes from kEUR 30,913 to kEUR 31,952 or an increase of 3.4%.

### 2.3 Remunerations

This heading stands at kEUR 113,392 compared with kEUR 115,422 in 2014, or a decrease of 1.8%.

The early retirement costs under this heading amount to kEUR 3,527 compared with kEUR 4,160 in 2014. These costs are accounted for against provisions.

In relative terms compared to the revenues, remunerations (early retirement excluded, but including operations of on-site subcontracting, subsidiary outsourcing, temporary jobs and fees) amount to 40% of revenues from customer sales compared to 42% in 2014.

### 2.4 Depreciation

Depreciation amount to kEUR 28,951 in 2015 against kEUR 16,394 in 2014, or an increase of kEUR 12,557 due in particular to an increase in NRC depreciation of kEUR 11,651.

### 2.5 Depreciation in amounts written off stocks, contracts in progress and trade debtors

This heading amounts to kEUR - 898 (compared with kEUR - 1,521 in 2014).

It mainly results from a decrease in write-downs on stocks for kEUR - 249 and an allowance for reversal in write-downs on contracts in progress for kEUR - 649.

This decrease results from a reduction in the average time of supplier payment, from 2.7 to 2.2 months.

The balance of trade debts (kEUR 19,886) comprised of invoices receivable and credit notes increased by kEUR 7,711 compared to 2014, which is mainly a consequence of the increase in invoices receivable for an amount of kEUR 8,057.

### \* Advances received on contracts

This heading contains the advance payments received on new programmes and declined from kEUR 31,913 to kEUR 28,419. These mainly consist of advances received related to space and military programmes.

### \* Dividends

In line with the allocation of the result, the dividends amount to kEUR 2,500.

### 5. Fiscal, social and wage debts

This heading increases from kEUR 23,595 to kEUR 23,919.

### 6. Accruals and deferred income

This heading goes from kEUR 7,857 to kEUR 10,491. It consists of charges to be allocated for kEUR 5,038 and deferred income of kEUR 5,453.





### 2.6 Provisions for liabilities and charges

Reversals of provisions stand at kEUR 4,411.

The amount breaks down as follows:

- provisions for early retirements kEUR - 3,527
- provisions on contracts kEUR - 818
- miscellaneous provisions kEUR - 67

### 3. Operating profit/loss

The operating profit shows an improvement: it stands at kEUR 23,360 in 2015 against kEUR 18,736 in 2014.

### 4. Financial income

Financial results stand at kEUR 1,743 (compared with kEUR - 3,254 in 2014).

This heading breaks down as follows:

- Profits and losses on exchange kEUR 3,554
- Interests on loans kEUR - 4,095
- Other financial products and charges kEUR 2,284

### 5. Extraordinary income

This heading stands at kEUR - 1,852.

The extraordinary charges comprise extraordinary depreciation of kEUR 799, a reduction in the value of the Elson participating interest of kEUR 715 and a social security provision of kEUR 338.

### 6. Taxation

The calculation of the taxes takes into account the benefits in kind applicable to vehicles.

This heading includes also kEUR 4,276 in investment deduction tax credit.

### 7. Profit/loss of the financial year after taxes

The positive operating profit of kEUR 23,360, a financial income of + kEUR 1,743, an extraordinary loss of kEUR - 1,852 and taxes on the result for kEUR 4,276 lead to a result after taxes amounting to kEUR 27,527 (compared with kEUR 24,835 net profit in 2014).

### 8. Exchange rate

The exchange rate used in 2015 was:

- EUR 1 = USD 1.32

To cover its USD exposure, the company has at its disposal as of 28 february 2016, hedges up to 90% of its needs estimated for 2016, 73% for 2017, 35% for 2018, and 15% for 2019.



## BRANCH OFFICE

The company does not have any branch office.

## POST-CLOSING EVENTS

The post-closing events that affect the financial year result were taken into account in the 2015 financial statements.

In 2016, Sonaca decided to enter into a partnership with a french company called novae aerospace to produce stretched sheets treated and painted in Romania, at a site close to Sonaca Transilvania.

Sonaca is also in the formal phase of finalising the redemption of shares held in Sopeçero and Pesola by Eltra.

Sonaca concluded an exclusive alliance with the german company Active Space Technologies to develop satellite structure calculations.

## MAIN RISK FACTORS LINKED TO THE COMPANY'S ACTIVITY

The risk management policy carried out by Sonaca sa consists in identifying, measuring, following and reducing risks linked to its activities. A risk is any element likely to have a negative impact on the company's value, in the short, medium or long term. In this perspective, Sonaca sa has classified possible risks in terms of strategy, finance, operation and law.

The main specific risks identified consist of the categories described below.

### STRATEGIC RISKS

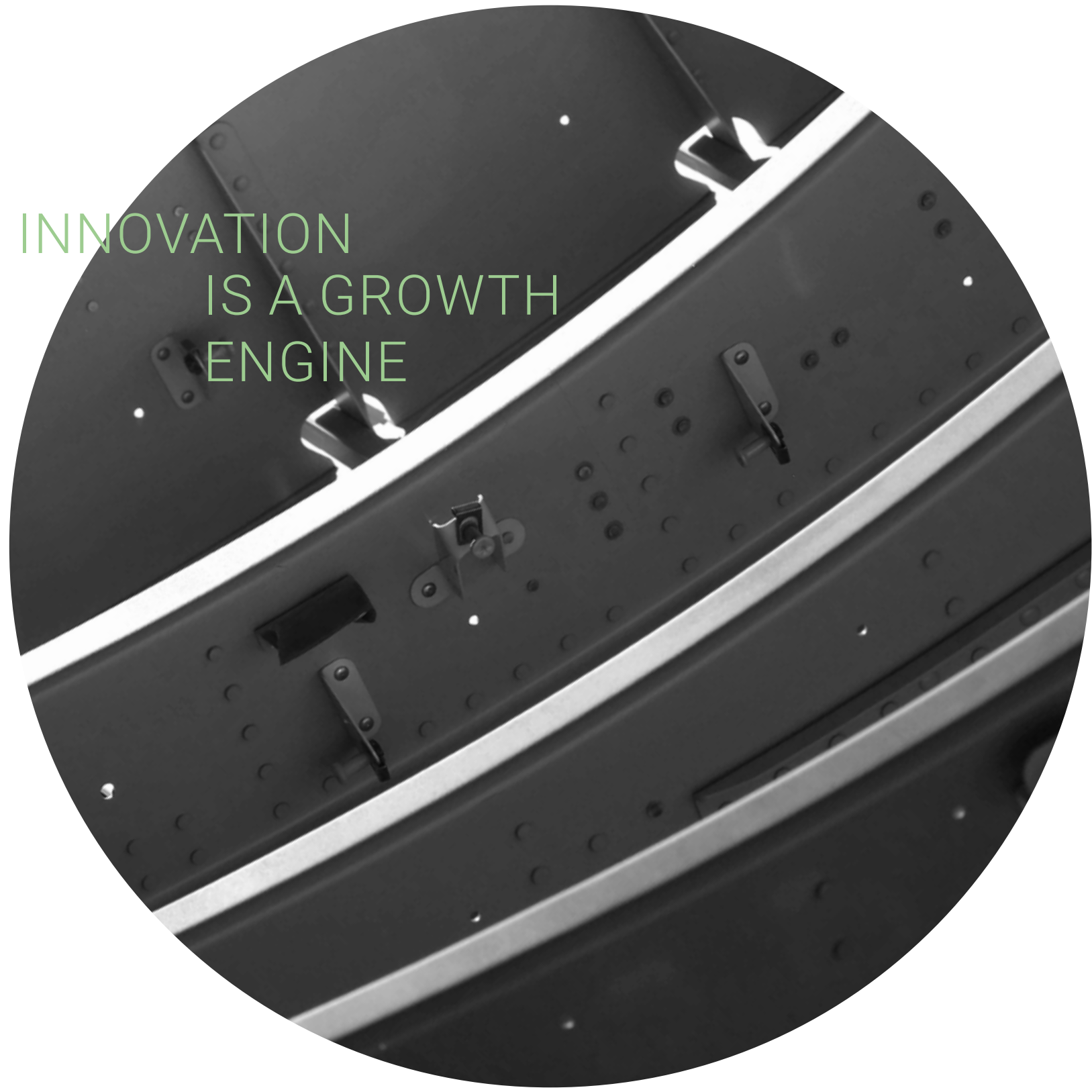
Sonaca sa faces risks linked to the aircraft manufacturing market, i.e. the cyclic nature of airlines' demand for new airplanes and its concentration among several major manufacturers, which monopolize the global market. Economic analyses show that air transport demand is in close relation with global growth.

Furthermore, the market is also very demanding in terms of cost reductions and the use of new technologies. To this end, Sonaca sa takes part in many research and development programmes to preserve and develop its technological level and anticipate customers' demand.

### FINANCIAL RISKS

The main part of Sonaca sa's turnover is in USD. Since a large part of the company's costs are in EUR, the company is extremely susceptible to the risks involved in the EUR/USD exchange rate.

## INNOVATION IS A GROWTH ENGINE





***Hedging instruments***

The company has at its disposal classical "forward" contracts for its USD hedging (over a 42 months' term). It has ruled out the use of structured products.

**As far as the transaction foreign exchange risk** is concerned, and given that about 76 % of its revenues were in american dollars in 2015, Sonaca sa has adopted a strategy based on the following principles:

First of all, Sonaca sa is implementing an intensive purchasing policy in US dollars for its raw materials and sub-contracting in order to reduce its net exposure to USD transaction risks.

Therefore, only net flows resulting from sales in American dollars reduced by the purchases in the same currency are subjected to hedging.

Sonaca sa continues a policy of foreign exchange risk hedging that consists in having, at the end of year N:

- a 95% hedge for year N+1
- a hedge comprised between 50% and 80% for year N+2
- a hedge comprised between 0% and 30% for year N+3

The calculation is made at the end of each semester.

**As regards the balance sheet transaction risks,** Sonaca sa takes a cautious approach to recording the exceptional depreciations which are deemed necessary in application of the valuation rules.

**As for the interest rate risks,** 6% of the interest-bearing debt is financed at a fixed rate, and 94% at a variable rate. Hedging products (irs) were taken out in order to fix the rate on the whole variable rate debt until the end of 2016 and on 50% as an average for the years 2017 to 2020.

**LIQUIDITY RISKS**

The company has concluded many contracts with its customers over the last ten years and has therefore incurred major investment programmes, both in development and industrialization expenses and in production equipment.

Furthermore, owing to the exclusivity granted by contract to the company by its customers for the majority of its programmes, it is obliged to meet the requested increases in delivery rates, which also leads to an increase in its production capacities and a need for working capital.

To face this, the company obtained lines of credit in 2015 for fixed term advances and straight loans for an indeterminate period, amounting to MEUR 12.5.

It also extended a factoring scheme for its loans, for renewable five-year terms on the basis of a "non-recourse" principle.

The company also took out a loan from the EBRD for MUSD 8.5 in 2015 to finance Sonaca AerospaceTransilvania. There had been no draw on this loan yet as of 31/12/2015.

The company also relies on greatly improved operational cash-flows, which allows the company to finance its own development.

***Internal audit***

Sonaca's size and its nature as an international group have led the company to set up internal audit systems supervised by the audit committee, especially in terms of the posting of transactions and related risks.

**OPERATIONAL RISKS**

In general, Sonaca sa is exposed to the following risks:

- an increase in the price of raw materials and the short supply of available tonnages;
- the need to reduce the cost price of its products with a view to compensating the natural increase in certain costs and to meet market demands;
- the importance of quality, safety and traceability requirements for the products and their components;
- variations, that are sometimes sudden, in customers' demand in terms of quantities to be delivered, forcing the company to adapt very quickly;
- failure of a technical medium, a subcontractor or an essential supplier for the continuity of the supply chain.

**LEGAL RISKS AND ONGOING DISPUTES**

Any company is subject to numerous risks of a legal nature related to litigations of variable importance that appear when performing activities. To the board's knowledge, all litigations involving the company and its consolidated subsidiaries that have reasonable likelihood of financial materialization are covered by appropriate provisions in the accounts or are described in detail in the appended notes thereof.





## ALLOCATION OF RESULT

Taking into account a profit for the period of EUR 27,526,975.26 to be allocated, the Board of Directors proposes the following decisions to the General Meeting of Shareholders:

- Allocation of 5% to the legal reserve, i.e. EUR 1,376,348.76.
- Distribution of dividends for the amount of EUR 2,500,000.

Taking into account the profit carried forward from 2014 (EUR 27,799,736.04), the incorporation of an amount of EUR 6,411,135.11 from the profit carried forward in 2015, and the balance of the profit to be allocated from 2015 (EUR 23,650,626.50), the result carried forward will amount to EUR 45,039,227.43.



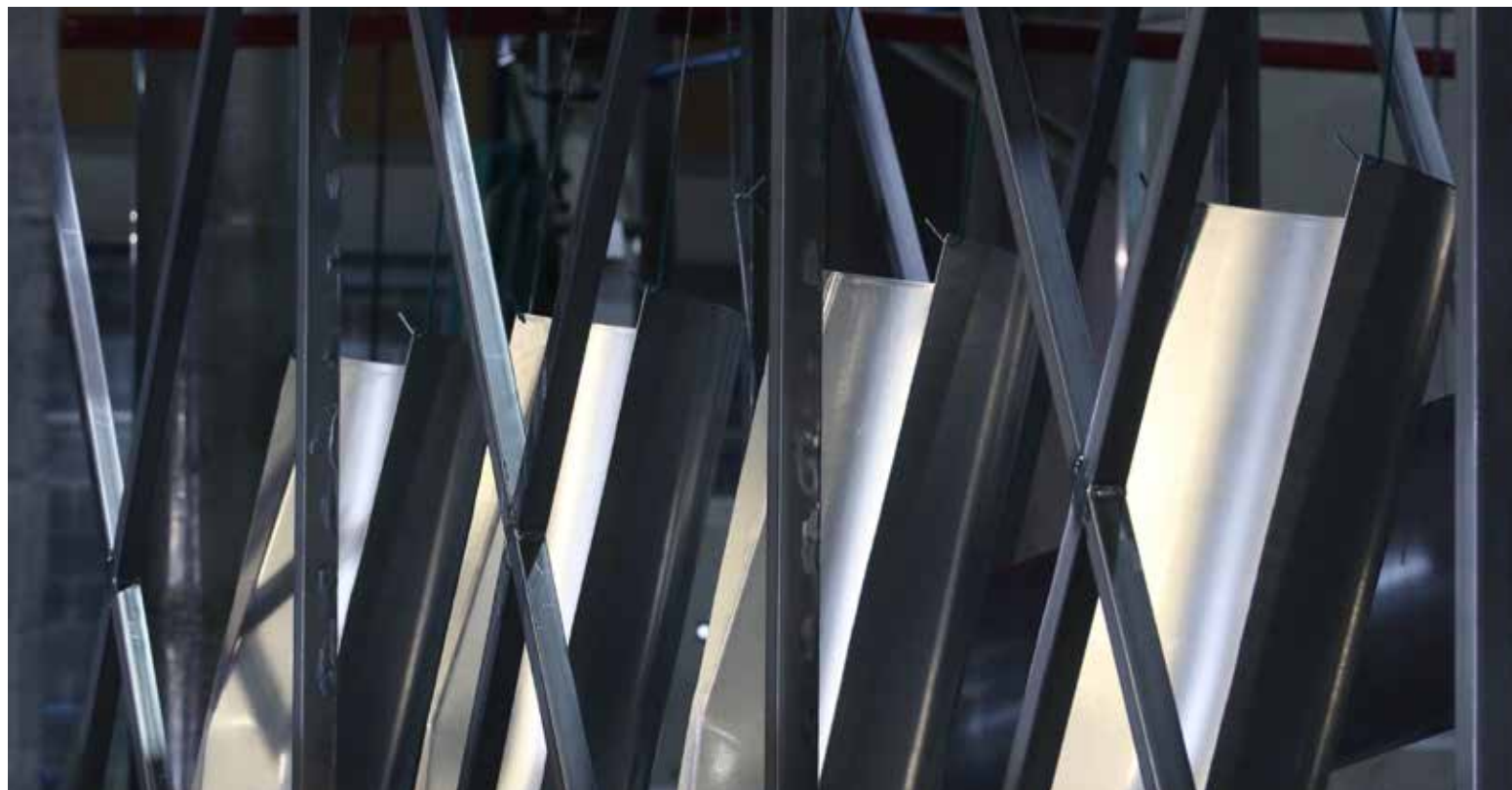
## PROFIT & LOSS ACCOUNT OF SONACA GROUP AT 31/12/2015

Extract of the financial statements which are  
full published at the Belgian National Bank

	31.12.15	31.12.14	31.12.13	31.12.12
<b>Revenues</b>	<b>380,926</b>	<b>361,439</b>	<b>363,004</b>	<b>350,949</b>
Turnover	332,287	314,443	319,380	279,007
Variation work in progress	6,482	6,810	13,626	39,950
Own work capitalized	23,787	17,764	11,154	13,582
Other operating income	18,369	22,422	18,845	18,411
<b>Operating charges</b>	<b>342,296</b>	<b>328,157</b>	<b>340,690</b>	<b>335,455</b>
Raw materials, consumables and goods for sale	140,465	138,262	147,447	134,064
1. Purchases	140,177	133,201	146,480	135,519
2. Increase / decrease in stocks	288	5,061	967	(1,455)
Services and other goods	35,930	33,665	34,480	37,060
Remunerations, social security costs and pensions	136,769	137,635	136,708	131,041
Depreciation and amounts written off on fixed assets	32,915	20,057	20,601	37,504
Amounts written off on stocks, contracts and amounts receivable	(898)	(1,521)	(2,717)	(284)
Provisions for liabilities and charges	(3,774)	(1,450)	3,029	(4,552)
Other operating charges	838	1,458	1,092	573
Activated operating charges	-	-	-	-
Depreciation of consolidation differences	51	51	51	51
<b>Operating profit / loss</b>	<b>38,630</b>	<b>33,282</b>	<b>22,314</b>	<b>15,494</b>
<b>Financial income</b>	<b>16,108</b>	<b>2,151</b>	<b>1,813</b>	<b>2,333</b>
Income from fixed asset	1	(0)	43	-
Income from current assets	51	100	76	23
Other financial income	16,056	2,051	1,694	2,311
<b>Financial charges</b>	<b>23,107</b>	<b>13,742</b>	<b>17,991</b>	<b>16,313</b>
Interest payable and other debt charges	5,845	6,383	10,191	10,726
Other financial charges	17,262	7,359	7,800	5,588
<b>Profit or loss ordinary activities</b>	<b>31,630</b>	<b>21,691</b>	<b>6,136</b>	<b>1,514</b>
<b>Extraordinary income</b>	<b>166</b>	<b>3,423</b>	<b>-</b>	<b>3,258</b>
Write back of depreciation on tangible assets	-	-	-	-
Write back of amounts written off on financial fixed assets	-	-	-	-
Write back of provisions for liabilities and charges	-	-	-	-
Gains on disposal of fixed assets	77	3,096	-	8
Other extraordinary income	89	327	-	3,251



<b>Extraordinary charges</b>	<b>1,195</b>	<b>1,809</b>	<b>(2,992)</b>	<b>3,168</b>
Depreciation and extraordinary amounts written off	799	-	50	2,147
Amounts written off on financial fixed assets	-	-	-	-
Provisions for extraordinary liabilities and charges	338	997	(4,248)	450
Capital loss on disposal of fixed assets	-	13	16	33
Other extraordinary charges	58	798	1,190	538
Activated extraordinary charges	-	-	-	-
<b>Profit / loss before taxation</b>	<b>30,601</b>	<b>23,304</b>	<b>9,128</b>	<b>1,605</b>
<b>Transfer for deferred taxation</b>	<b>-</b>	<b>-</b>	<b>54</b>	<b>-</b>
<b>Income taxes</b>	<b>(2,951)</b>	<b>1,374</b>	<b>755</b>	<b>157</b>
<b>Profit or loss for the period</b>	<b>33,552</b>	<b>21,931</b>	<b>8,426</b>	<b>1,448</b>
<b>Part of third</b>	<b>520</b>	<b>565</b>	<b>398</b>	<b>145</b>
<b>Part of group</b>	<b>33,032</b>	<b>21,366</b>	<b>8,029</b>	<b>1,303</b>



## CONSOLIDATED BALANCE SHEET OF SONACA GROUP AT 31/12/2015

Extract of the financial statements which are full  
published at the Belgian National Bank



## ASSETS

(in thousands of Euro)

	31.12.15	31.12.14	31.12.13	31.12.12
<b>FIXED ASSETS</b>	<b>194,028</b>	<b>187,511</b>	<b>176,941</b>	<b>175,313</b>
Formation expenses	-	-	-	-
Intangible fixed assets	9,366	9,443	11,590	15,280
Variation of consolidation	51	102	153	204
<b>Tangible fixed assets</b>	<b>183,412</b>	<b>175,182</b>	<b>161,690</b>	<b>156,326</b>
Land and buildings	16,848	19,192	21,317	24,467
Plant, machinery and equipment	50,759	49,472	49,587	51,289
Furniture and vehicles	1,306	1,598	1,278	1 248
Leasing	8,657	9,709	9,649	11,080
Other tangible fixed assets	9,612	8,420	8,247	8,204
Assets under construction and advance payments	96,231	86,791	71,611	60,038
<b>Financial fixed assets</b>	<b>1,199</b>	<b>2,784</b>	<b>3,508</b>	<b>3,503</b>
Enterprises accounted for using the equity method	218	1,443	1,343	1,343
1. Investments	218	1,443	1,343	1,343
2. Amounts receivable	-	-	-	-
Other enterprises	117	117	117	117
1. Investments and shares	117	117	117	117
2. Amounts receivable	-	-	-	-
Other financial fixed assets	863	1,224	2,048	2,042
1. Shares	27	27	27	21
2. Amounts receivable and cash guarantees	836	1,197	2,021	2,022
<b>CURRENT ASSETS</b>	<b>231,697</b>	<b>226,250</b>	<b>212,994</b>	<b>219,484</b>
<b>Amounts receivable after more than one year</b>	<b>9</b>	<b>92</b>	<b>14</b>	<b>52</b>
Trade debtors	-	-	-	-
Other amounts receivable	9	92	14	52
<b>Stocks and contracts in progress</b>	<b>87,491</b>	<b>105,440</b>	<b>113,079</b>	<b>108,979</b>
Stocks	25,863	28,182	30,863	33,362
1. Consumables	19,561	21,862	24,834	26,784
2. Work in progress	4,289	4,118	3,436	3,723
3. Finished goods	1,227	1,436	1,113	1,053
4. Goods	786	766	1 480	1,802

6. Advance payments	-	-	-	-
Contracts in progress	61,628	77,258	82,216	75,617
<b>Amounts receivable within one year</b>	<b>114,811</b>	<b>98,648</b>	<b>94,573</b>	<b>100,972</b>
Amounts receivable / trade debtors	107,105	93,486	90,526	97,173
Other amounts receivable	7,706	5,161	4,047	3,799
<b>Current investments</b>	<b>10,492</b>	<b>16,105</b>	<b>25</b>	<b>2,025</b>
<b>Cash at bank and in hand</b>	<b>15,814</b>	<b>4,675</b>	<b>4,003</b>	<b>5,023</b>
<b>Deferrals</b>	<b>3,080</b>	<b>1,291</b>	<b>1,299</b>	<b>2,432</b>
<b>TOTAL OF ASSETS</b>	<b>425,725</b>	<b>413,761</b>	<b>389,935</b>	<b>394,796</b>



## LIABILITIES

(in thousands of Euro)

	31.12.15	31.12.14	31.12.13	31.12.12
<b>CAPITAL AND RESERVES</b>	<b>83,461</b>	<b>29,904</b>	<b>10,911</b>	<b>(38,260)</b>
Capital	40,000	7,198	7,198	38,993
Share premium account	1	-	-	-
Revaluation capital gain	5,866	6,002	6,137	6,273
Consolidated reserves	41,811	18,535	(830)	(84,339)
Conversion differences	(4,749)	(2,016)	(1,814)	560
Variation of consolidation	382	-	220	254
Investments grants	150	185	-	-
Minority interests	2,108	2,767	2,498	2,101
<b>PROVISIONS AND DIFFERED TAXES</b>	<b>26,905</b>	<b>31,801</b>	<b>33,115</b>	<b>35,621</b>
Provisions, liabilities and charges	25,229	29,531	30,781	32,772
1. Pensions and similar obligations	8,499	11,272	14,435	20,106
2. Taxation	39	65	37	52
3. Major repairs and maintenance	17	40	269	238
4. Other liabilities	16,675	18,154	16,041	12,377
Deferred taxes	1,676	2,270	2,334	2,848
<b>AMOUNTS PAYABLE</b>	<b>313,251</b>	<b>349,289</b>	<b>343,410</b>	<b>395,334</b>
Creditors, amounts payable after more than one year	168,573	202,954	168,775	212,383
Financial debts	56,943	95,252	92,159	149,439
1. Subordinated loans	5,554	34,475	36,120	82,040
3. Leasing and other similar obligations	3,542	5,114	3,964	5,425
4. Credit institutions	47,850	55,669	52,084	61,891
5. Other loans	(2)	(6)	(8)	83
Trade creditors	736	1,305	1,475	1,443
1. Suppliers	736	1,305	1,475	1,443
2. Bills of exchange payable	-	-	-	-
Payments received on account	115	131	-	1,312
Other amounts payable	110,778	106,266	75,141	60,189

<b>Creditors, amounts payable within one year</b>	<b>133,410</b>	<b>137,824</b>	<b>164,316</b>	<b>171,779</b>
Current portion of creditors, amounts payable within one year	21,489	22,519	26,066	27,220
Financial debts	1,293	1,067	23,227	34,301
1. Credit institutions	1,293	1,067	3,230	9,301
2. Other loans	-	-	19,998	25,000
Trade creditors	53,011	53,683	56,104	46,110
1. Suppliers	33,509	41,667	44,603	43,384
2. Bills of exchange payable	19,502	12,016	11,501	2,726
Payments received on account	28,419	31,913	34,108	40,759
Taxation, salaries and social security	26,683	26,450	24,655	23,159
1. Taxation	1,263	1,220	1,021	968
2. Salaries and social security	25,421	25,230	23,635	22,192
Other amounts payable	2,514	2,192	154	230
<b>Accruals and deferred income</b>	<b>11,268</b>	<b>8,511</b>	<b>10,319</b>	<b>11,173</b>
<b>TOTAL OF LIABILITIES</b>	<b>425,725</b>	<b>413,761</b>	<b>389,935</b>	<b>394,796</b>



# MANAGEMENT REPORT

Consolidated accounts at 31/12/2015

## 1. DESCRIPTION OF THE SONACA GROUP

### *Sonaca in Belgium*

**Sonaca sa**, parent company of the Group, is located in Gosselies, Belgium, and has for main business the design, manufacturing and assembly of spacecraft and aircraft structural components. For further information, please refer to Sonaca sa's management report.

**Sonaca Ventures Holding sa (SVH)**, a 100% Belgian subsidiary (less 1 share) of Sonaca sa, is located in Gosselies, and is geared mainly to buying and selling securities or participating interests in companies incorporated under Belgian or foreign law. SVH was created on 4 June 2015 with a capital of kEUR 1,250 (44% paid up).

**Sonaca Aircraft sa**, a 90.91% Belgian subsidiary of Sonaca Ventures Holding sa, is located in Gosselies, and is geared mainly to the design, manufacture and repair of aircraft of all types and their accessories.

Sonaca Aircraft sa was created on 16 September 2015 with a capital of kEUR 2,200 (25% paid up). Sonaca Ventures Holding sa holds 62.5% of the voting rights in Sonaca Aircraft.

**Belairbus sa** is a 58.75% Belgian company of Sonaca sa located in Waterloo, whose main object is to organize and co-ordinate commercial actions of three Belgian industrial companies (Asco, Eurair and Sonaca), all three of them partners for the delivery to Airbus of wing leading edges for civil programmes. Belairbus' shareholders are Sonaca, Asco, Eurair and Sabca.

**Flabel sa** is a 38.80% Belgian company of Sonaca sa, whose object is to co-ordinate the participation of three Belgian industrial companies (Sonaca, Asco, Sabca Group) in the A400M military

transport aircraft programme of Airbus Military, of which Flabel holds 4.44% of shares.

### *Sonaca in Brazil*

**Sobraer Ltda** was set up in 2000; it is a 100% (less 5 shares) Brazilian subsidiary of Sonaca sa, located in Sao José dos Campos, in charge of performing specific assembly, fitting and finishing operations on aircraft structural components, mainly for Sonaca sa.

**Sopeçaero Ltda** is a Brazilian company set up in 2004. Its shareholders are Eltra for 34.01%, Sobraer Ltda for 56.27% and Sonaca sa for 9.72%.

The mission of the company is to manufacture small sheet metal parts for the global market of aircraft manufacturing.

**Pesola Ltda** is a Brazilian company set up in 2004. Its shareholders are Sobraer Ltda for 33.33%, Eltra for 33.33% and Sonaca for 33.33%. The company's mission is to manufacture small machined parts for the global market of aircraft manufacturing.

**Sonaca Engenharia Ltda** was created on 12 June 2015 with a capital of kBRL 100.

Its shareholders are Sobraer Ltda (99%) and Sonaca sa for the remaining 1%. Its object is to provide engineering and project management services in the aeronautics industry.

### *Sonaca in North America*

**Sonaca North America (SNA)**, a 100% Canadian subsidiary of Sonaca sa located in Mirabel (Montreal, Quebec), is a holding company whose assignments are to contribute to the development of the Sonaca Group activities on the North American continent and to perform financial operations for its subsidiaries. SNA was set up by Sonaca sa in 2003.

That same year, SNA created a subsidiary called Sonaca Montreal (SM). SM took over the assets,

including staff and commercial contracts, of the NMF Canada company, which was under the protection of the "Corporate Rehabilitation Law".

**Sonaca Montréal Inc (SM)** is a company incorporated under Canadian law, held fully (100%) by Sonaca North America. Sonaca Montreal has its own customers for whom it makes and assembles large-sized aluminium structures for the aeronautics industry.

**Sonaca USA Inc** is an American company, held fully (100%) by Sonaca North America. It was set up on 22 September 2015 with a capital of US 25,000, to serve as a platform for the development of the Sonaca Group's activities in America.

### *Sonaca in China*

Elson Ltd, Chinese subsidiary of Sonaca sa located in Hong Kong, was set up in 2010. Sonaca sa holds 100% of Elson shares as it bought out Eltra's shares in 2014.

Elson is a holding company that has 100% of Sinelson Aero (Tianjin) Co. Ltd's shares. Sinelson is an operational company located in Tianjin, whose assignment is to assemble for Sonaca sa A320 leading edges on Airbus's final assembly line in China.

### *Sonaca in Romania*

Set up on 12 March 2015, **Sonaca Aerospace Transilvania SRL** is an industrial company incorporated under Romanian law, held fully (100%) by Sonaca sa.

It has a capital of MEUR 4 and is geared to assembling aeronautical structures for its parent company and making hand lay-up composite parts for the aeronautics industry. The industrial activities are to be launched in mid 2016.





## 2. CONSOLIDATION

Our group consolidated its accounts for the first time at the end of the financial year closed on 31/12/2000.

In accordance with the applicable legal provisions, Sonaca's Board of Directors has decided to limit the scope of consolidation to Sonaca sa, Sonaca North America and its subsidiaries Sonaca Montreal, Sonaca USA, Sobraer, Sopeçero and Pesola, Sonaca Engenharia, Elson, Sinelson, Sonaca Aerospace Transilvania, Sonaca Ventures Holding and Sonaca Aircraft.

Belairbus sa has been left out of the scope of consolidation, as Sonaca does not have any control power within that company. Indeed, Belairbus' articles of association require 75% of votes for any decision made by the Board of Directors. The same goes for Flabel sa, whose balance sheet and profit and loss accounts are of little importance with respect to the Sonaca Group.

These two participating interests are therefore maintained at their purchase price in the consolidated accounts.

The consolidated accounts were drawn up in accordance with the provisions of the royal decree of 30 january 2001 on the application of the belgian companies code.

Consolidation was performed according to the general consolidation method for all the companies included in the scope of consolidation.

## 3. COMMENTS ON THE CONSOLIDATED ACCOUNTS

### 3.1. Sonaca sa and its Belgian subsidiaries

Sonaca sa's financial year ended with a profit of kEUR 27,527 (please refer to the comments on the financial statement of Sonaca sa). In the consolidated accounts, a write-down in the participating interests in Elson was cancelled for kEUR 715.

Considering this consolidation operation as well as conversion differences on the elimination of inter-company items (kEUR - 644), and other less significant operations, Sonaca's contribution in the Group's net result amounts to kEUR 27,527.

Sonaca Ventures Holding sa closed its first financial year with a loss of kEUR 5, corresponding to that company's contribution to the Group's net result.

Sonaca Aircraft sa, which also started its activity in 2015, closed the year with a loss of kEUR 142. After the consolidation entries, this subsidiary's contribution to the Group's net result amounts to kEUR - 89.

### 3.2. North American subsidiaries

SNA ended the financial year 2015 with a profit of kCAD 513 (kEUR 362), an amount which corresponds to SNA's contribution to the net result of the group.

Sonaca Montreal's turnover amounted to kCAD 65,895 or + 16.8% compared to 2014. Its loss stands at kCAD 778 and its operating cash flow at kCAD 7,177.

Sonaca Montreal reached this result despite the recognition of an unrealized foreign exchange loss for kCAD 5,721. These charges were cancelled in the consolidation as the Belgian standards do not allow this type of capitalization. The consolidation entries on SM's net result bring the latter to kEUR 2,426 in the Group's accounts.

Sonaca USA closed the year with a profit of kUSD 2 fully booked in the Group's accounts.

### 3.3. South American Subsidiaries

Sobraer's turnover amounted to kBRL 83,302 in 2015. Sobraer's non consolidated net profit in 2015 stood at kBRL 1,613. After consolidation, the contribution of this subsidiary to the Group's net result stands at kEUR 1,092.

Sopeçero's turnover went from kBRL 17,093 in 2014 to kBRL 19,464 in 2015. Net profit reached kBRL 4,591 at the end of 2015. After the consolidation entries, the contribution of this subsidiary to the Group's net result stands at kEUR 804.

Pesola's financial year ended with a net profit of kBRL 2,349 for a turnover of kBRL 16,748. After consolidation, the contribution of this subsidiary to the Group's net result stands at kEUR 317.

Sonaca Engenharia closed its first financial year in 2015 with a profit of kBRL 4,226 for a turnover of kBRL 5,368. After the consolidation entries, this subsidiary's contribution to the Group's net result amounted to kEUR 1,143.

### 3.4. Romanian subsidiary

Sonaca Aerospace Transilvania SRL, which will start its production activities only at the end of 2016, closed its first financial year with a loss of kRON 541. After the consolidation entries, its con-

tribution to the Group's net result amounted to kEUR - 122.

### 3.5. Consolidated results

After neutralization of inter-company operations, the consolidated key figures (in thousands of Euros) for the Sonaca Group are as follows:

	2014	2015
Revenues	361,439	380,926
Turnover	314,443	332,287
Operating profit or loss	33,282	38,630
Share of the Group in the consolidated result after taxes	21,366	33,032
Consolidated equity capital	29,904	83,461

## 4. POST-CLOSING EVENTS

The post-closing events that affect the financial year result were taken into account in the 2015 financial statements.

In 2016, Sonaca decided to enter into a partnership with a French company called Novae Aerospace to produce stretched sheets treated and painted in Romania, at a site close to Sonaca Transilvania.

Sonaca is also in the formal phase of finalising the redemption of shares held in Sopeçero and Pesola by Eltra.

Sonaca concluded an exclusive alliance with the German company Active Space Technologies to develop satellite structure calculations.



## 5. MAIN RISK FACTORS LINKED TO THE SONACA GROUP ACTIVITY

The risk management policy carried out by the Sonaca Group consists in identifying, measuring, following and reducing risks linked to its activities. A risk is any element likely to have a negative impact on the company's value, in the short, medium or long term. In this perspective, the Sonaca Group has classified possible risks in terms of strategy, finance, operation and law.

The main specific risks identified consist of the categories described below.

### STRATEGIC RISKS

The Sonaca Group faces risks linked to the aircraft manufacturing market, i.e. the cyclic nature of airlines' demand for new aircraft and its concentration among several major manufacturers, which monopolize the global market. Economic analyses show that air transport demand is in close relation with global growth.

Furthermore, the market is also very demanding in terms of cost reductions and the use of new technologies. To this end, the Sonaca Group takes part in many Research and Development programmes to preserve and develop its technological level and anticipate the customers' demand.

### FINANCIAL RISKS

The main part of Sonaca Group's turnover is in USD. Since a large part of the company's costs are in EUR, the company is extremely susceptible to the risks involved in the EUR/USD exchange rate.

#### *Hedging instruments*

The Sonaca Group has at its disposal classical "forward" contracts for its USD hedging against the local currency (over a 42 months' term for Sonaca sa and 30 for the subsidiaries). It has ruled out the use of structured products.

**As far as the transaction foreign exchange risk** is concerned, and given that more than 75% of its revenues were in American dollars in 2015, the Sonaca Group has adopted a strategy based on the following principles:

First of all, the Sonaca Group is implementing an intensive purchasing policy in American dollars for its raw materials and sub-contracting, so as to reduce its actual exposure to the USD exchange risk.

Therefore, only net flows resulting from sales in American dollars reduced by the purchases in the same currency are subjected to hedging.

The transaction exchange risk (in net flow) is covered at least at invoicing (certain risks), either by ongoing hedges, or by new hedges if the ongoing ones are insufficient. Beyond this minimum, the Sonaca Group continues an active policy of foreign exchange risk hedging in the longer term by taking into account, on the one hand, sales prospects weighted with an occurrence likelihood factor and on the other hand, evolution forecasts for the concerned currency.

**As regards the balance sheet transaction risks,** the Sonaca Group takes a cautious approach to recording the exceptional depreciations which are deemed necessary in application of the valuation rules.





**As for the interest rate risks**, ca. 20% of the interest-bearing debt is financed at a fixed rate, and 2/3 at a variable rate. Hedging products (IRS) were taken out in order to fix the rate on the whole variable rate debt until the end of 2016 and on 50% as an average for the years 2017 to 2020.

### LIQUIDITY RISKS

The company has concluded many contracts with its customers over the last ten years and has therefore incurred major investment programmes, both in development and industrialization expenses and in production equipment.

Furthermore, owing to the exclusivity granted by contract to the company by its customers for the majority of its programmes, it is obliged to meet the requested increases in delivery rates, which also leads to an increase in its production capacities and a need for working capital.

To face this, Sonaca sa obtained medium term loans in 2015, lines of credit for fixed-term advances in 2015 and straight loans for an indeterminate period, amounting to MEUR 12.5.

It also extended a factoring scheme for its loans, for renewable five-year terms on the basis of a "non-recourse" principle.

The group also took out a loan from the EBRD for MUSD 8.5 in 2015 to finance Sonaca Aerospace Transilvania. There had been no draw on this loan yet as of 31/12/2015.

The Group also relies on greatly improved operational cash-flows, which allows the company to finance its own development.

### Internal audit

Sonaca's size and its nature as an international group have led the company to set up internal audit systems supervised by the audit committee, especially in terms of the posting of transactions and related risks.

### OPERATIONAL RISKS

In general, the Sonaca Group is exposed to the following risks:

- an increase in the price of raw materials and lacking supply of available tonnages;
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- the importance of quality, safety and traceability requirements for the products and their components;
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### LEGAL RISKS AND ONGOING DISPUTES

Any group is subject to numerous risks of a legal nature related to litigations of variable importance that appear when performing activities. To the Board's knowledge, all litigations involving the company and its consolidated subsidiaries that have reasonable likelihood of financial materialization are covered by appropriate provisions in the accounts or are described in detail in the appended notes thereof.



# REPORT BY THE STATUTORY AUDITOR

on the annual financial accounts submitted  
to the general meeting of the shareholders  
for the year ended on 31 december 2015

In accordance with the legal and statutory provisions, we hereby report on the audit we were assigned to conduct. The report includes our opinion on the balance sheet as of 31 December 2015, the profit and loss account and the annex, as well as the required specific additional declarations.

## Report on the annual accounts - unqualified opinion

We conducted the audit on the company's annual accounts for the financial year ended 31 December 2014 prepared in accordance with the authoritative accounting pronouncements applicable in Belgium. The balance sheet total amounts to EUR 398,577,895 and the profit and loss account shows a profit of EUR 27,526,975 over the financial year.

## Responsibility of the management body as regards the preparation of the annual accounts

The company's management body is in charge of preparing the annual accounts to give a faithful view, in accordance with the authoritative accounting pronouncements applicable in Belgium, as well as of implementing the internal audit that it deems necessary to prepare the annual accounts without any significant misstatement, such as that resulting from frauds or errors.

## Responsibility of the auditor

Our responsibility is to express an opinion about those annual accounts based on our audit. We conducted our audit in accordance with the International Auditing Standards (ISA). These standards require from us to conform to the rules of ethics, to plan and carry out the audit in order to obtain a reasonable assurance that the annual accounts are free from significant misstatement.

An audit implies the implementation of procedures in order to collect convincing elements concerning the amounts and the information provided in the annual accounts. The choice of the implemented procedures, including the evaluation of the risks that the annual accounts could contain significant misstatements either resulting from frauds or errors, is made by the auditor. In performing this evaluation, the statutory auditor takes into consideration the internal controls in effect at the entity on the preparation and faithful presentation of the annual accounts for the purpose of defining the appropriate audit procedures in the circumstances and not that of expressing an opinion on their effectiveness. An audit also involves assessing the suitability of the accounting policies applied and reasonability of the accounting estimates used by the management body, as well as an assessment of the overall presentation of the annual accounts.

We were provided with all the explanations and information required for our mission by the management body and officials of the entity.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Unqualified opinion

In our opinion, these annual accounts give a true and fair view of the assets and the financial position of the company as of 31 December 2014, and of the results of its operations for the year then ended, in accordance with the financial reporting framework applicable in Belgium.

## Report on other legal and regulatory requirements

The company's management body is responsible for the preparation and content of the manage-

ment report, and for ensuring that the company complies with the Companies' Code and the company's articles of association.

In the scope of our mission and in accordance with the Belgian standard that complements the International Auditing Standards (ISA) applicable in Belgium, it is our responsibility to control, in all the significant aspects, the respect of certain legal and regulatory obligations. Our report is complemented by the following additional declarations, whose nature does not alter the scope of our declaration on the annual accounts:

- ✎ The management report contains all information required by law and is in accordance with the annual accounts and does not contain significant inconsistencies with the information that we became aware of during the performance of our mandate.
- ✎ Notwithstanding formal aspects of minor importance, the accounts are kept in conformity with the statutory and regulatory provisions applicable in Belgium.
- ✎ The assignment of results that are submitted to the general meeting complies with the legal and statutory provisions.
- ✎ We have no report to make to you of any other transaction concluded or decision taken in breach of the Articles of Association or the Companies Code.

Gosselies, 25 May 2015

THE AUDITOR RSM INTERAUDIT SCRL  
STATUTORY AUDITORS  
Represented by  
Thierry LEJUSTE  
Partner



# REPORT BY THE STATUTORY AUDITOR

on the consolidated financial accounts submitted  
to the general meeting of the shareholders  
for the year ended on 31 december 2015

In accordance with the legal and statutory provisions, we hereby report on the audit we were assigned to conduct. The report includes our opinion on the consolidated accounts as well as the specific additional declarations. The consolidated accounts are comprised of the consolidated financial situation as of 31 December 2015, the consolidated comprehensive statement of income as well as the annexes.

## Report on the annual accounts - unqualified opinion

We conducted the audit on the company's consolidated accounts for the financial year ended 31 December 2014 drawn up in accordance with the authoritative accounting pronouncements applicable in Belgium. The balance sheet total amounts to EUR 425,724,894 and the profit and loss account shows a profit of EUR 33,551,978 over the financial year.

## Responsibility of the management body as regards the preparation of the consolidated accounts

The company's management body is in charge of preparing the consolidated accounts to give a fair view, in accordance with the authoritative accounting pronouncements applicable in Belgium, as well as of implementing the internal audit that it deems necessary to prepare the consolidated accounts without any significant misstatement, such as that resulting from frauds or errors.

## Responsibility of the auditor

Our responsibility is to express an opinion about those consolidated accounts based on our audit. We conducted our audit in accordance with the

International Auditing Standards (ISA). These standards require from us to conform to the rules of ethics, to plan and carry out the audit in order to obtain a reasonable assurance that the consolidated accounts are free from significant misstatement.

An audit implies the implementation of procedures in order to collect convincing elements concerning the amounts and the information provided in the consolidated accounts. The choice of the implemented procedures, including the assessment of the risks that the consolidated accounts could contain significant misstatements either resulting from frauds or errors, is made by the auditor. In performing this evaluation, the statutory auditor takes into consideration the internal controls in effect at the group on the preparation and faithful presentation of the consolidated accounts for the purpose of defining the appropriate audit procedures in the circumstances and not that of expressing an opinion on their effectiveness. An audit also involves assessing the suitability of the accounting policies applied and reasonability of the accounting estimates used by the management body, as well as an assessment of the overall presentation of the consolidated accounts.

We were provided with all the explanations and information required for our mission by the management body and officials of the entity.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Unqualified opinion

In our opinion, these consolidated accounts give a true and fair view of the assets and the financial position of the consolidated set as of 31 Decem-

ber 2014, and of the results of its operations for the year then ended, in accordance with the financial reporting framework applicable in Belgium.

## Report on other legal and regulatory requirements

The company's management body is responsible for the preparation and content of the management report on the consolidated accounts.

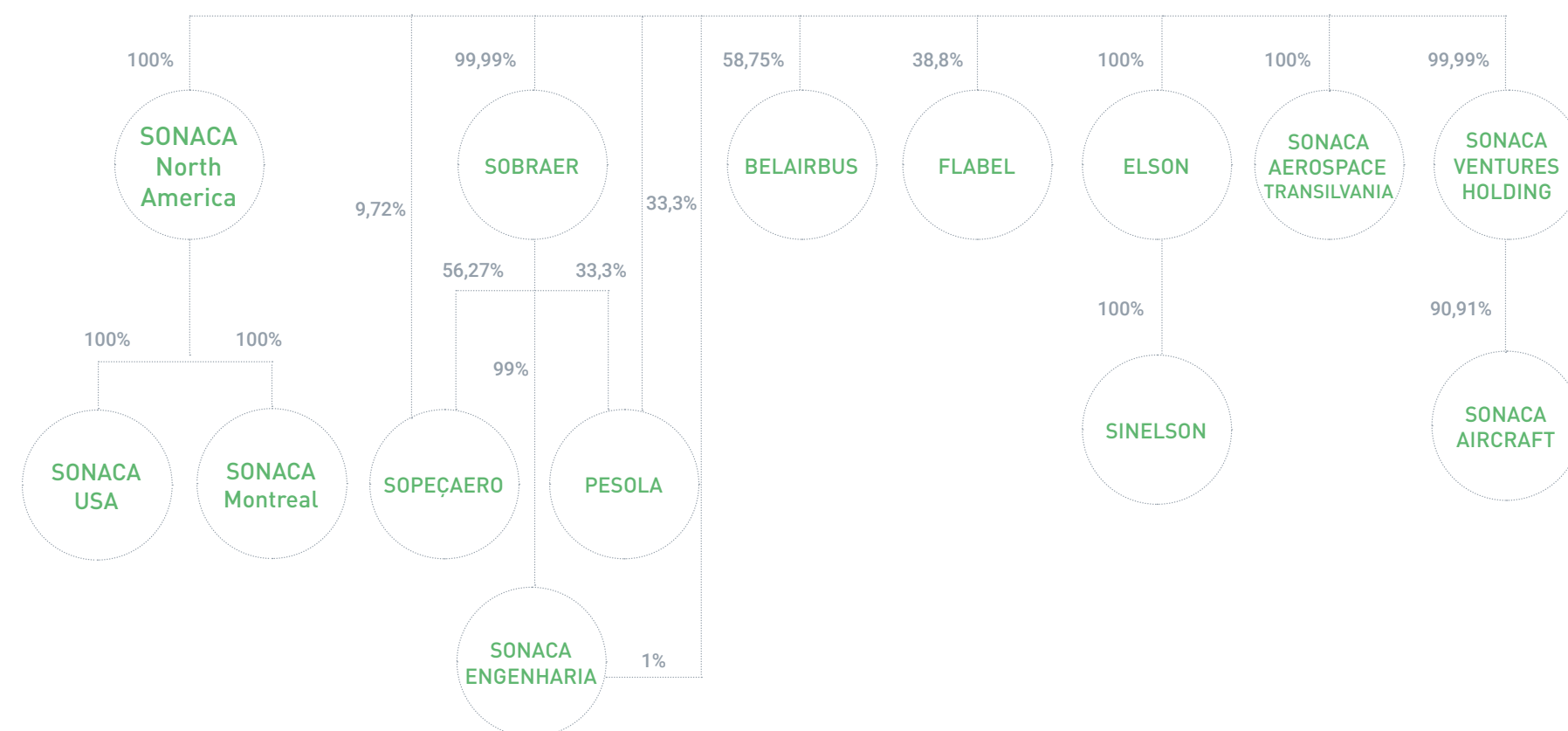
In the scope of our mission and in accordance with the Belgian standard that complements the International Auditing Standards (ISA) applicable in Belgium, it is our responsibility to control, in all the significant aspects, the respect of certain legal and regulatory obligations. Our report is complemented by the following additional declarations, whose nature does not alter the scope of our declaration on the consolidated accounts:

the management report on the consolidated accounts deals with the information required by law and is in accordance with the consolidated accounts, and does not contain any significant inconsistency with the information that we became aware of during the performance of our mandate.

Gosselies, 29 April 2015

THE AUDITOR  
RSM INTERAUDIT SCRL  
STATUTORY AUDITORS  
Represented by  
Thierry LEJUSTE  
Partner

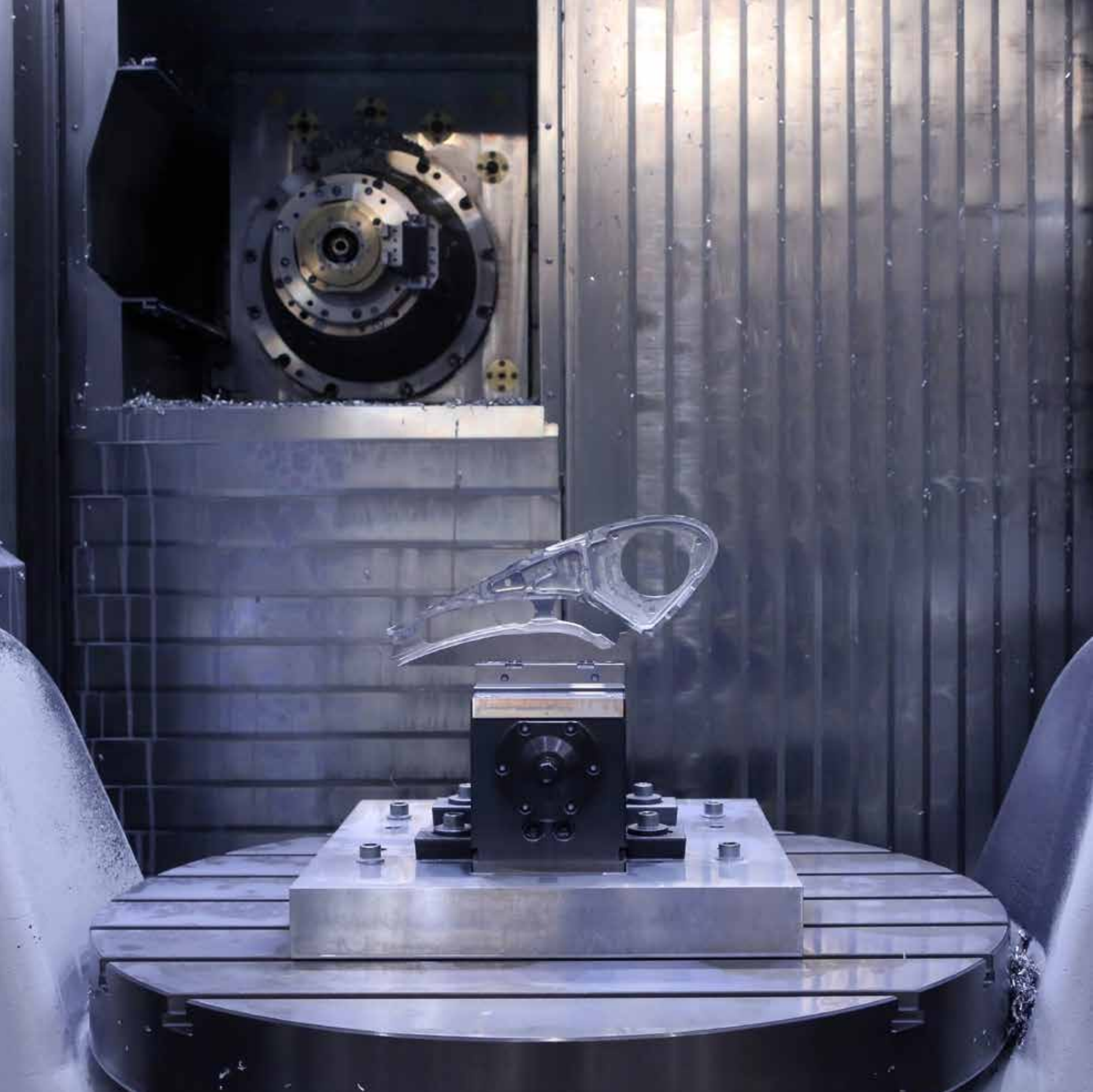




# STRUCTURE OF SONACA GROUP

OF 31/12/2015





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