

A woman in a grey long-sleeved shirt and grey trousers is working in a factory. She is using a heat gun to work on a large, curved, green component that is suspended from a yellow overhead crane. The background shows industrial structures and a concrete wall.

# Shaping our future

Annual Report 2023

sonaca 



# Summary

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## 2023 has been full of challenges for Sonaca



**Yves Prete,**  
Chairman of Sonaca Group



**Yves Delatte,**  
CEO of Sonaca Group

**D**espite many challenges, 2023 has been a true success for Sonaca. While continuing along our growth and diversification paths, we have maintained superior operational and financial performance despite lower volumes than anticipated.

Even though we have delivered more shipsets than previous years, pre-covid (2019) sales have not yet reached, due to less favorable product mix. Challenges across the supply chain are impacting our customers, hence resulting in volumes down adjustments.

Nevertheless our teams' efforts and major commercial successes contributed to delivering positive financial results in 2023 and to setting Sonaca up for continued success in the upcoming years. First, we have greatly reinforced our collaboration with Airbus, through the award of Airbus A321 inboard flap, the biggest contract in our history. Second, we have extended our historical A320 and A350 slats contracts. Finally Sonaca also hit the ground running on the development and production of the entire wing of Wisks flying taxi.

The year 2023 also witnessed the materialization of major strategic projects supporting our commercial successes. The construction of our F-35 Horizontal Tail Plane Assembly Hall in Gosselies has entered a new stage with the installation of major equipment. Besides, the first phase of our operations digitalization's development with an MES system has been achieved. The roll out will start in our Machining plant at Gosselies site in 2024.

Operating as an integrated group is essential for us to optimize our global presence while building on local strengths. We are therefore aiming to harmonize and standardize processes and ways of working at the group level. First steps were made in 2023 through the establishment of a shared vision, mission and values across the Group, and the rebranding of LMI under the Sonaca banner.

Taking a step back, 2023 has been instrumental to delivering our 2025 strategic plan. We have taken major steps and achieved significant results alongside all dimensions of our plan.

In 2023, Sonaca Group's revenues reached 617 Meur, up on the previous year. This should enable us to reach our pre-COVID sales level by 2025. Our EBITDA improved considerably, reaching 52 Meur compared to 46 Meur in 2022, in line with our targets and slightly ahead of expectations. In addition, Sonaca generated a positive cash flow of 6 Meur.

Sonaca pursues its ambitions in 2024 with its vision in clear line of sight: "Reaching new heights together by making air and space safe and sustainable."



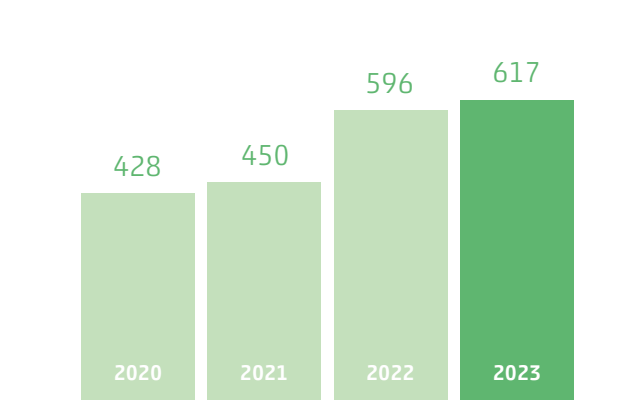




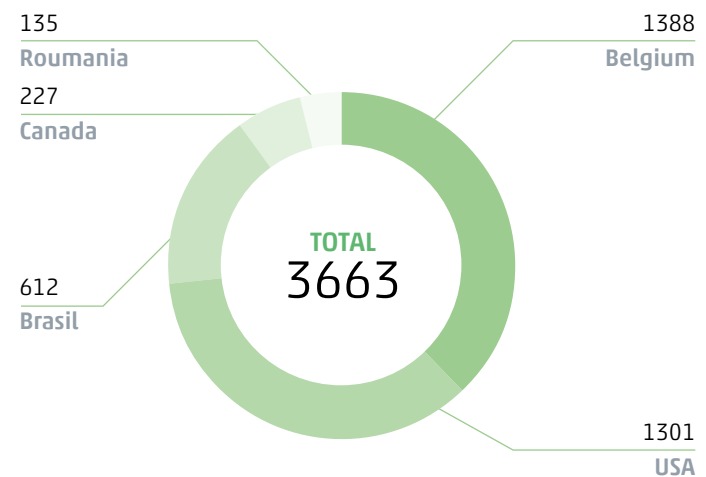
# Who we are

# Key figures

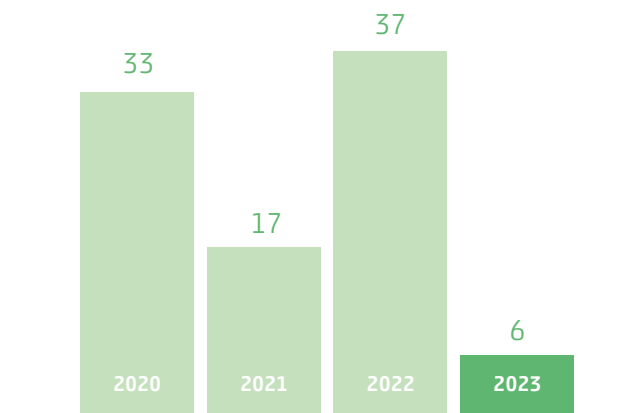
Revenues  
in Meur



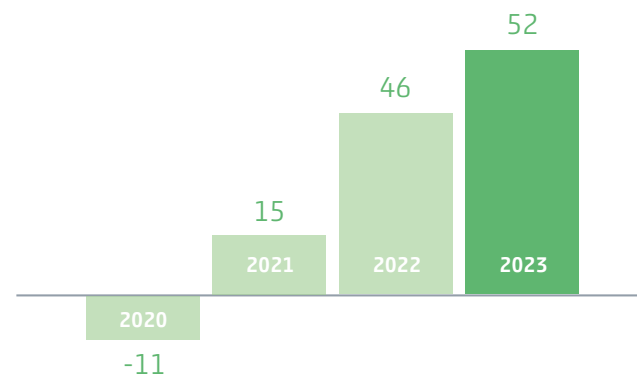
Human Resources  
Full Time Equivalent



**Free Cash Flow**  
in Meur



**EBITDA**  
in Meur



Slat in outjig assembly step

## Key events

Delivery of  
1000<sup>th</sup> A320  
shipset in Sonaca  
Romania

Participation  
in the development  
Europe's first hyper-  
sonic missile defence  
system EU-HYDEF

Historic  
partnership with  
Orizio for a  
state-of-the-art  
defense sector

A single  
Sonaca brand world-  
wide with company  
names alignment

WINGS Phase 3 launch



A320 slats production



200<sup>th</sup>  
delivery of the  
Global 7500  
to our customer  
Bombardier

New  
contract for  
production of  
737 spars in  
Sonaca Montreal

Deployment  
of new vision,  
mission and values  
across  
our entities

Belgium  
aerospace industry  
committed for a greener  
aviation with  
Phase 3 of innovation  
partnership WINGS

Major contract with  
Airbus for the supply of  
A321 inboard flap and  
the extension of A320  
and A350 slats

Deployment of new vision and values at Sonaca Romania



# Our values throughout our employees

## Excellence

To promote the value of excellence in my work, I establish a climate of trust and ensure that everyone can express themselves respectfully. I ensure transparent communication by encouraging an open exchange of ideas and striving to constantly understand the company's needs and expectations. I contribute daily to the company's success by improving its processes with my offer of support in training and knowledge transfer.

I am committed to meeting and exceeding set objectives, demonstrating a constant desire for personal and professional improvement, and remain available to work overtime. Finally, I care about the quality and conformity of the parts I work on.

Martin Pilon, CNC operator

## Integrity

Working with integrity is the cornerstone of our organization. It is what guides me to act honestly and ethically in all situations. It's just about doing what's right. I think it is about believing in transparency, trustworthiness, and accountability.

Andrea Rodriguez, Buyer



## Customer satisfaction

Customer satisfaction is to me the essence, the foundation of our business and it is at the heart of everything we do. To make my customers satisfied, over and beyond delivering excellent products, services and ensuring adherence to contractual terms, I like to get to know them and understand in depth their needs and expectations. Understand fears and limits has also helped me learn how to better serve them.

Fruitful customer relations are derived from a combination of trust, transparency, commitment, feedback, and mutual respect. These considerations set Sonaca's customer-supplier relations apart.

**Sophie Gourdin**, Account manager

## Team spirit

Alone we can do so little, together we can do so much. We can actually see this idea applied every day at work and especially during challenging and difficult times. Working as a team makes you achieve the impossible. I saw exceptional proof of collaboration, involvement and support from all the levels in Sonaca Aerospace Transilvania and Sonaca Belgium: subordinates, peers and superiors aligned together.

**Anca Turcas**, Chief Financial Officer

## Accountability

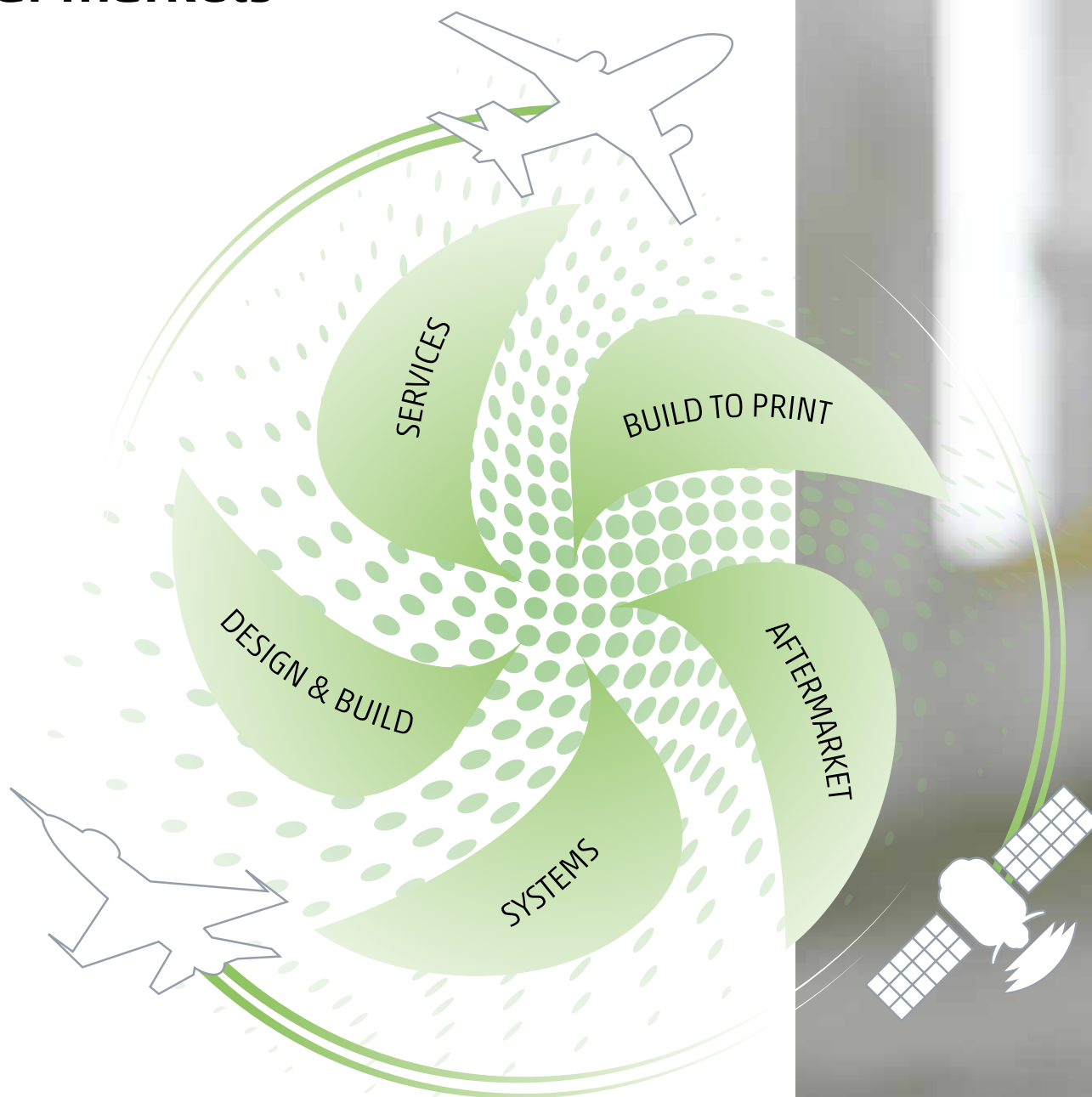
Throughout my 16 years at Sonaca, I have proudly worn the company's shirt to deliver results. Together with my teams, we have developed the ability to recognize day-to-day problems, taking responsibility for problem solving, and finding solutions to new situations effectively. The commitment and feeling of ownership for our products makes us deeply knowledgeable about our processes, constantly focused on quality and satisfaction of our internal and external customers. Being aware that the product we manufacture will transport lives makes us pay greater attention to the job we are entrusted with. I feel very happy and honored to be part of the Sonaca's team, and I hope to contribute more and more for many years to come.

**Marilso de Oliveira**, Sustaining Process Operator



Composite parts moulding preparation

# Our markets





## At the forefront of excellence

**S**onaca has always been a leading Tier-1 player in the aerospace industry. We provide fully integrated solutions from concept to detailed engineering and manufacturing. While being amongst the exceedingly rare players to serve most OEMs across all segments of civil aviation, our ambition remains to keep significantly expanding our presence. We are proud to offer a wide and robust range of product lines and a long-lasting demonstrated track record for excellence.

2023 has been a historical year filled with outstanding commercial successes for our group. First, we achieved strong price adjustments to compensate for inflations suffered. This will directly secure the profitability of existing contracts. Second, we secured new contracts and sales both work packages and detailed parts as well as several major contract extensions. We believe these achievements demonstrate the market's recognition for our competitiveness and strong value proposal.

Among other successes, we reinforced our 40+ years collaboration with Airbus through the award as supplier of A321 inboard flaps. This clearly demonstrates the success of our growth strategy for core business products. Furthermore, this allows Sonaca to strengthen its strategic relationship with Airbus. We also signed agreements confirming our position as unique supplier for A320 and A350 slats. Said successes represent a major step that will ultimately result in the development of new capabilities for the coming years.

Looking forward, we ambition to continue challenging ourselves to remain at the forefront of excellence in terms of products, technologies, sustainability, and competitiveness. As a result, we intend to continue investing in research and technology through continuous discussions with our customers.





A321 XLR aircraft flying at Paris Air show - Images credits : Pierre Taquet

## Securing diversified capabilities

**S**onaca Space Business Unit has been highly active in 2023. While major programs ramped up, several ambitious and competitive tenders were won. As a result, we have secured a diversified and ambitious backlog for the coming years.

Our main contribution to Ariane 6 launcher has been fully industrialized and we have started serial production in Belgium and Romania. Moreover, the EU-HYDEF (European HYpersonic DEFense interceptor) project was kicked-off under OCCAR authority. Meanwhile, Sonaca started developing the interceptor airframe and aerostructure.

Supporting the diversification strategy of Sonaca, our Space Business Unit has won several work packages associated with project Canadarm3. A close collaboration has helped us to achieve these successes. In addition to the participation in the I-HAB module, Sonaca confirmed its position as a strategic supplier for human

space flight programs. We will therefore continue to support our nations' space ambitions.

Additionally, Sonaca has won several highly competitive ESA-funded and EU-funded research studies. As a result, we further developed our core competencies and expertise. Progress has been made on covered additive manufacturing, aluminum-lithium alloys and friction steer welding, or in-orbit servicing and manufacturing.

Today, our activities continue to be diversified across the space segment. We contribute to launchers, satellites, space exploration, human spaceflight, and in-orbit services. Sonaca is expanding its ecosystem of partners and industrial footprint. This diverse portfolio will continue to grow, inspire our workforce, extend Sonaca expertise and develop new business opportunities.





Canadarm3 robotic arm for future space station - Image credits: CSA, NASA

# Anchored in the growing Defense market

Through our joint venture BeLightning, we signed the very first production contract for F-35 horizontal tails. Sonaca is definitely advancing on the Defense market, close to its roots and in line with its strategy.

The F-35 Horizontal Tail project fell within the Belgian Essential Security Interests (ESI) legal framework with the closing of the new building. It will gather equipment designed to achieve high precision temperature and vibration control and top-notch milling, surfacing and assembly machines and capabilities. The effective production start for the first prototype is scheduled for 2024 and the first parts will be delivered in 2025.

Our contract was signed with BAE Systems and in close collaboration with Lockheed Martin. We expect to produce a minimum of 400 F-35 horizontal tails. This marks the first step into extending our activities in the frame of the Belgian F-35A acquisition.

Additionally, we have identified new opportunities thanks to our reinforced contacts with the Belgian Defense and Belgian ESI. Thanks to our strong experience in civil aviation, we are confident we could play a key role in the F-35 Belgian sovereign sustainment activities. We expect to ramp-up activities in 2025, when the first F-35A will be delivered to Florennes's Air Base.

Another major step has been made for Sonaca and the Belgian Defense Aerospace ecosystem. The Belgian Government announced in July 2023 its intention to enter the challenging European Future Combat Air System program, first as an observer with a potential to become partner. Belgium's participation to FCAS will positively contribute to building a European defense.





F-35 workers team

# Long-lasting relationships with our customers



2023 was a landmark year for Sonaca Group with exceptional sales. Those remarkable achievements were permitted thanks to all Sonaca teams who made it happen but also thanks to our customers for their trust and partnership.

One of our core values is the customer satisfaction where we strongly believe that the way we act and behave makes a huge difference. Our teams thrive every day for maintaining an open and transparent dialogue, sharing both risks and opportunities and finally always protecting a reciprocal solution-oriented mindset. All those bricks do directly contribute for reciprocal trust.

We are proud of our existing long-lasting relationships but never take this for granted, forcing us to keep our customer in the center of our decisions.

Thibault Carrier, Chief Commercial Officer Sonaca Group

**AIRBUS**

40 years

 **BOEING**

70 years

 **EMBRAER**

31 years

**Gulfstream**

31 years

**BOMBARDIER**

31 years

**DASSAULT  
AVIATION**

21 years

**PILATUS**

12 years

**MITSUBISHI  
AIRCRAFT CORPORATION**

27 years

**HondaJet**

9 years

# Our footprint

## SONACA NORTH AMERICA

### Canada

Sonaca Montreal, QC

### United States of America

St. Charles, MO

Washington, MO

Cuba, MO

Lenexa, KS

Cottonwood Falls, KS

Fredonia, KS

Tulsa, OK

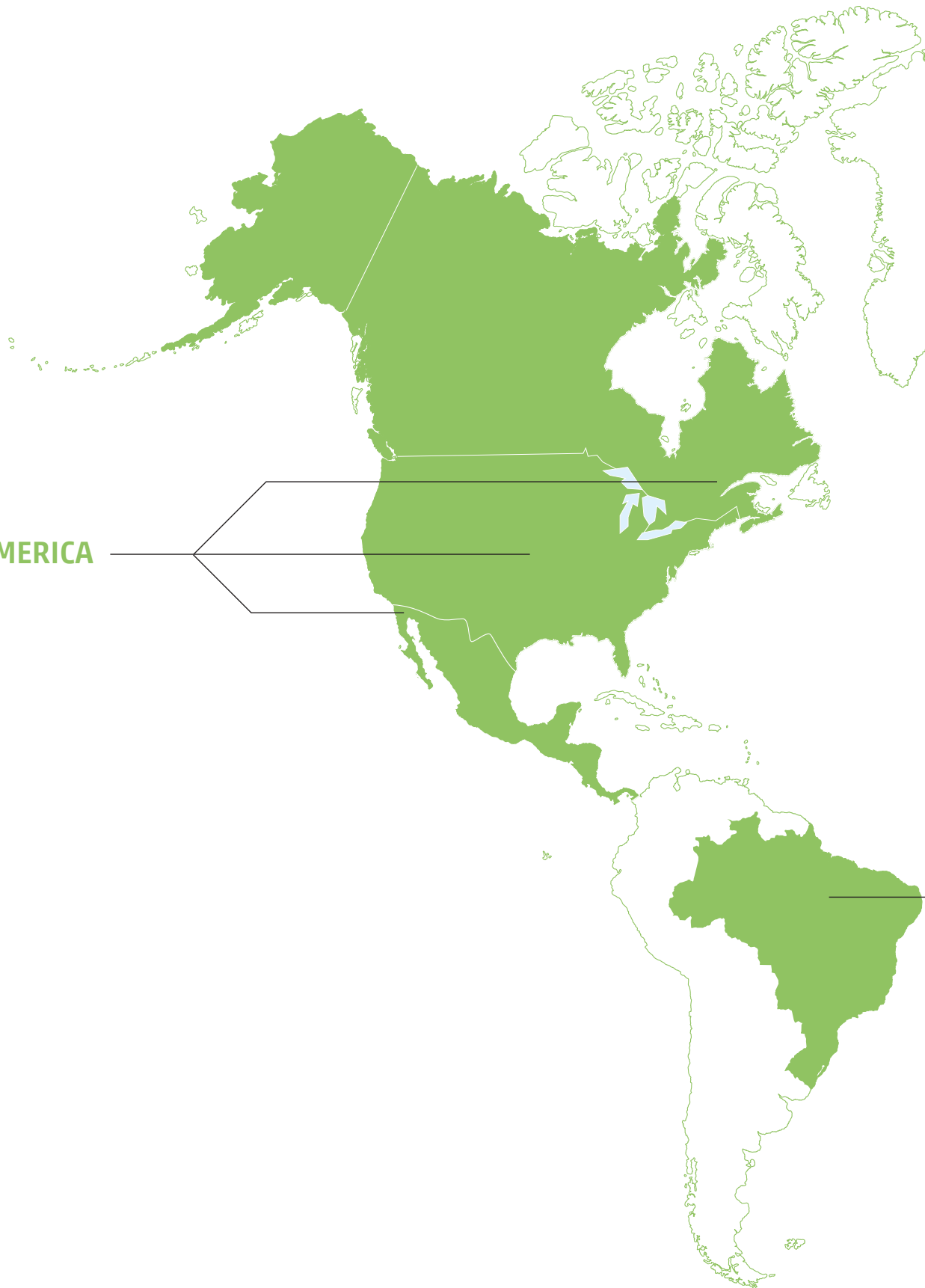
Auburn, WA

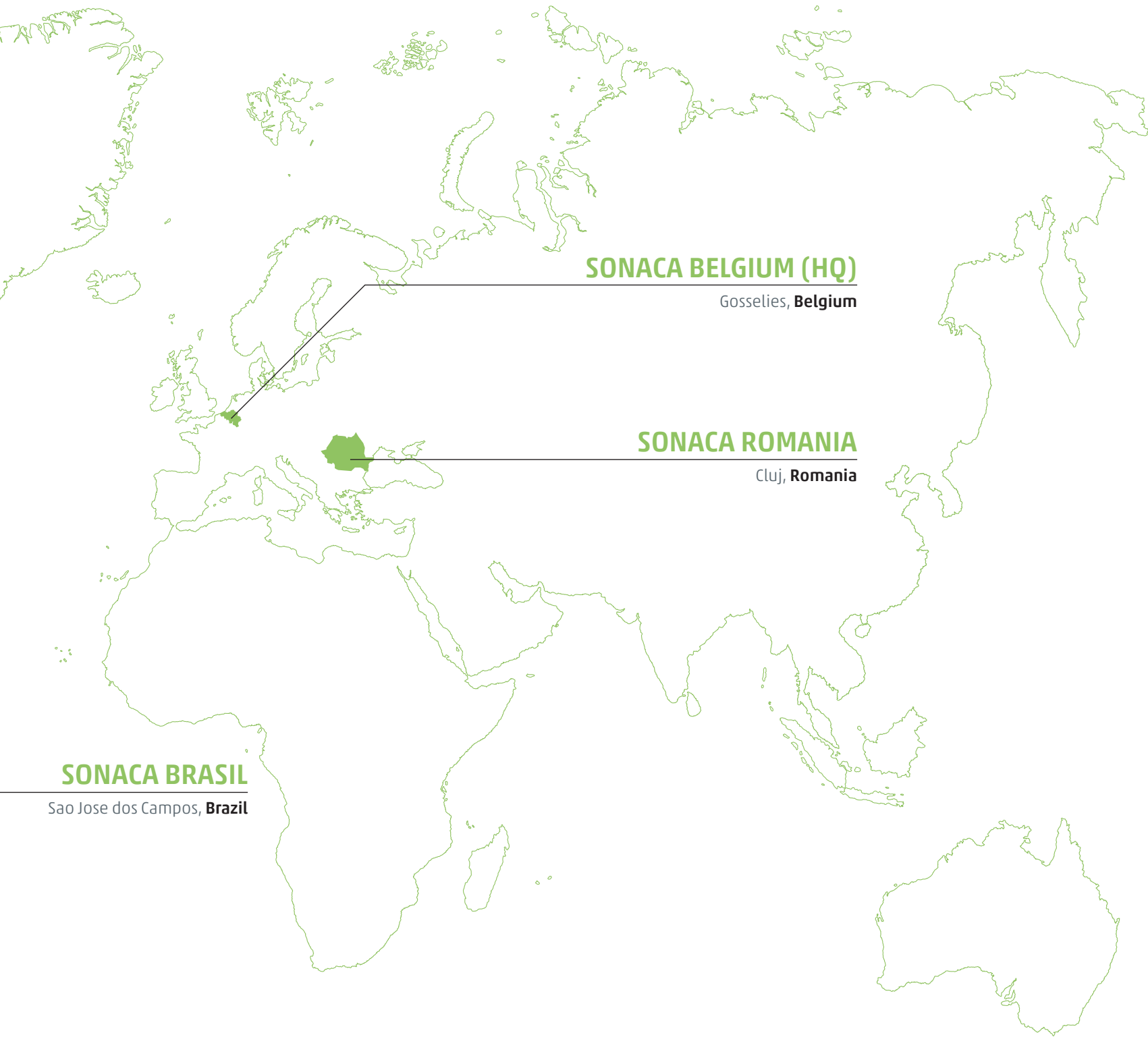
Vista, CA

Sun Valley, CA

### Mexico

Mexicali, BC





## SONACA BELGIUM (HQ)

Gosselies, **Belgium**

## SONACA ROMANIA

Cluj, **Romania**

## SONACA BRASIL

Sao Jose dos Campos, **Brazil**

# Our entities

# Sonaca Belgium

**T**hroughout the years, Sonaca Belgium has continued to serve its customers on time despite numerous breakdowns, supply disruptions and significant variations in demand. We also have simultaneously prepared our future with several strategic developments.

Our site in Gosselies has seen several investments to support our growth ambition and commercial successes. Launched in 2022, the construction of F-35 Horizontal Tail Plane Assembly Hall has entered a new phase with the shell closing and the start of major equipment installation. To respond to demand for new contracts and grow our capabilities and expertise, we have started prominent developments to extend our large parts stretching

plant. Finally, to support our sustainability roadmap, solar panel installation will be widened to an equivalent surface of 5 hectares in 2024. This will cover up to 12% of Sonaca Gosselies electricity needs.

To ensure competitiveness, robustness and efficiency in our production processes, while continuing to meet our customers' demand, digitalization continuity from design to production in our shop floors is key. We have therefore started implementing a manufacturing execution system with two partners, Dassault Systèmes et Dymasco. This system will be first implemented in the Machining plant and subsequently in the F-35 building.



Belly fairing part preparation

## Sonaca Romania

**T**he year has started with an impressive milestone: 1000 A320 slats shipsets delivered out of Romania. This achievement was supported by the new award of A321 flap project in June 23, together with A320 and A350 slats programs securization. Those commercial agreements are calling for investments in a new building whose construction will start in 2024.

Sonaca Romania can also boast the first production of BACO assembled rings, supporting Ariane 6 development. All teams are extremely proud of the way they tackled this significant challenge.

To contribute to Sonaca's sustainable strategy, solar panels have been installed with a capacity of installed power of 387 KWp, covering 20% of Sonaca Romania's yearly needs.

We also installed a brand-new riveting cabin helping to reduce noise across the shop floor and promoting an improved work environment for our colleagues.

Finally, our EN9100 and Nadcap chemical process certification have been reviewed and we joined the "Merit program" of Nadcap Composite.



A320 bottom skin preparation

# Sonaca Brasil

**2**023 has been marked by key achievements alongside cost efficiency initiatives and processes standardization.

Sonaca Brasil has taken major steps to solidify its governance, improve alongside performance management and promote strategic alignment with the group priorities. Efforts yielded results and Sonaca Brasil can boast a 99% On-Time-Delivery performance for 2023.

We have also contributed to welcoming our newly awarded A321 flaps program. Sonaca Brasil has been accredited by Airbus to produce primary parts. In a broader perspective to reinforce its business relationship with Airbus group, Sonaca Brasil

has signed a direct Built to Print contract and delivered first FAI parts at the end of 2023. Moreover, Sonaca Brasil was qualified by Airbus Canada on the shot peening process, opening the door for future opportunities on the A220 aircraft.

On the engineering services front, Sonaca Brasil has delivered the 2nd set of KC-390 transport tooling to Aciturri and designed the assembly tooling's for Wisk Gen 6 program.

As closing word, Sonaca Brasil kept striving for more efficiency through various lean initiatives, focused specifically on inventories and introduced a global policy for human resources protection.



Slat final visual inspection before delivery

## Sonaca North America

**S**onaca North America focused on growth and operational efficiency in 2023.

Several strategic new work packages awards and existing contracts repricing are essential successes which will support our performance for the out years.

These successes should help solidify our competitiveness, strengthen our top customer relationships, and support our vertical integration strategy. Repricing activities results have also helped grow our revenues base.

As part of our long-term plan to consolidate sites, our production site in Wichita has been closed. Work packages have successfully been transferred across other North American sites in the group. Our teams also implemented new technologies, standardized processes, and renegotiated various internal contracts which led to significant recurring cost savings.



Inspection worker

## Sonaca Montreal

**S**onaca Montreal has experienced a strong demand, driven by the business jet market facing solid growth since 2019 & the Covid-19 crisis. Sonaca Montreal has also continued to grow its activity in the commercial aircraft segment, with the award of Boeing 787 Horizontal Empennage Spars.

With encouraging market prospects come challenging times for Sonaca Montreal. Despite hiring over 60 employees throughout the year, availability of skilled labor remains a major challenge hindering our efforts to maintain a low turnover rate. We have defined clear plans to address such challenges, leveraging local and internal hiring pools, keeping in mind our core diversity, equity and inclusion principles. Aside from human capacity concerns, major investments have been made within our paint shop.

Finally, Sonaca Montreal remains fully committed to our group's sustainability strategy with the completion of a major project supporting a reduction in chemical waste thanks to recycling technologies.



Part painting operation



# Towards our future

## Developing diversified and integrated products

**T**he ambition of Sonaca is to further develop product offerings beyond its civil aircraft structure core business. We aim to broaden our horizons through diversification in systems, space, defense, and advanced air mobility markets. Broadly speaking, we aim to position our product portfolio towards more integrated and complex solutions for industry and governments. We expect our technology & products to support applications ranging from next-generation ice protection systems to latest sensor technologies integration.

In 2023, we have kicked off several diversification projects building on the recognition of our capabilities and in alignment with our strategic roadmap.

Thanks to the recognition of our design and manufacturing capabilities, we have created opportunities with both existing and new customers. Our network of production & design locations has been extensively leveraged to deploy our full range of capabilities.

Partnerships also play a critical role in our diversification strategy. We have therefore engaged in collaboration with organizations to develop powerful electronics, electric motors, advanced cable harnesses, battery cells, sensors and large-scale system integration.

In 2024, we ambition to capitalize on identified opportunities, to continue developing our capabilities and to push our overall diversification strategy forward with the whole group.



StarFab warehouse conceptual view

## Supporting our customers to fly safely

**W**e provide aftermarket solutions to support our customers throughout the components' lifecycle. We are close to clients' needs and offer a large range of spares, repairs and engineering solutions.

2023 has seen a major boost for our aftermarket activities at Sonaca. Orders for repairs and spare parts grew at an unprecedented rate. Market conditions with demand peaking after Covid-19 crisis certainly helped boost numbers. Demand from existing and new customers is nevertheless expected to steadily rise in the next few years.

Our experience in aerostructure is recognized and opened the door for repair and assembly's re-certification for parts not manufactured by Sonaca. We are also recognized as a design organization, EASA approved, which helped us develop expertise in defining and performing quality, sustainable, complex repairs and modifications.

In 2024, Sonaca will continue to support its customers through repairs and spare parts distributions, addressing an ever-evolving market.



Slat repair preparation

## Developing engineering services at its best

**S**onaca Engineering Services celebrated its 10th anniversary in 2023. We delivered exceptional results and generated more than 25 Meur in sales at Group level.

Over 100 engineers have been involved in a large range of projects. We have seen a significant commitment level to innovative projects touching on the development of urban mobility, sustainable means of transport, advanced wings technologies, new space transport, etc.

2024 should bring its load of opportunities with a whole set of new projects.





# Digitalizing our operations

**S**onaca is undertaking large efforts to digitalize processes and operations. We are pursuing three major objectives :

- Ensuring strong and reliable on-time delivery through an agile organization
- Optimizing our costs by improving our processes
- Integrating an end-to-end product traceability

A Manufacturing Execution System will be deployed in 2 pilot plants in 2024. The solution should be rolled out in all Sonaca entities in the coming years.

In parallel, Supply Chain digitalization projects have been implemented to support manufacturing processes: pull flow in direct line feed procurement of raw materials, and simplified goods receipt process in only one synchronized physical and digital step.



Manufacturing Execution System implementation team



# Sustainability

## Working towards a sustainable aerospace industry

**A**s a world leader in aerospace, we recognize the impact of our industry on the environment. We are committed to taking our responsibilities and making changes for a sustainable aviation as stated through our vision: Reaching new heights together by making air and space safe and sustainable.

Our sustainability strategy was defined in 2022 around 5 themes: Clean & Safe Aerospace, Sustainable Production, Extended Corporate Responsibilities, Caring for People, and Business Integrity.

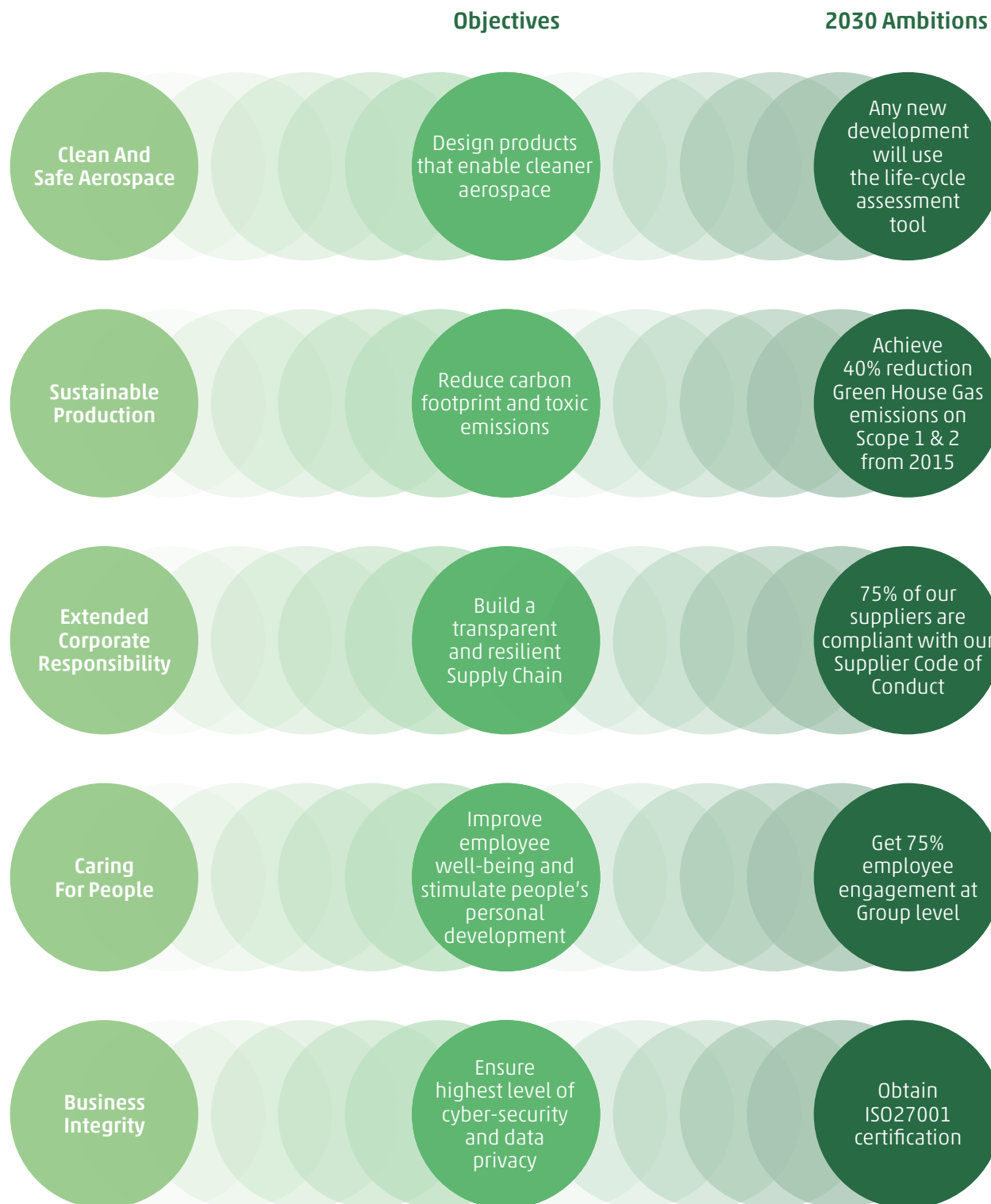
In line with our sustainability roadmap, significant milestones were reached in 2023. First, we launched the energy transition strategy with a 40% reduction target for scopes 1 & 2 CO2 emissions by 2030. Secondly, we re-certified both EN 9100 and ISO 14001 proving our industry quality management system and commitment to the environment. Then, we developed a life-cycle assessment tool. This tool will help us quantify CO2 emissions generated by our products throughout their entire life and allow a comparison for future designs. Next, we wrote our first sustainability report as a starting point to Corporate Sustainability Reporting Directive and in compliance with the European Sustainability Reporting Standards. Finally, we improved our scoring for Carbon Disclosure Project from "D" to "C" with the objective of reaching score A by 2030.

Moreover, Sonaca set clear sustainability ambitions for 2025 and 2030. These targets underline Sonaca continued efforts to fight climate change and ensure a sustainable future for all.

Sonaca is bringing sustainability as a priority in its strategic agenda, with the goal to reach carbon neutrality by 2050 in line with ICAO targets. This means developing innovative products and processes but also implementing greener solutions for our production sites.



Non-destructive inspection





# Valuing our employees

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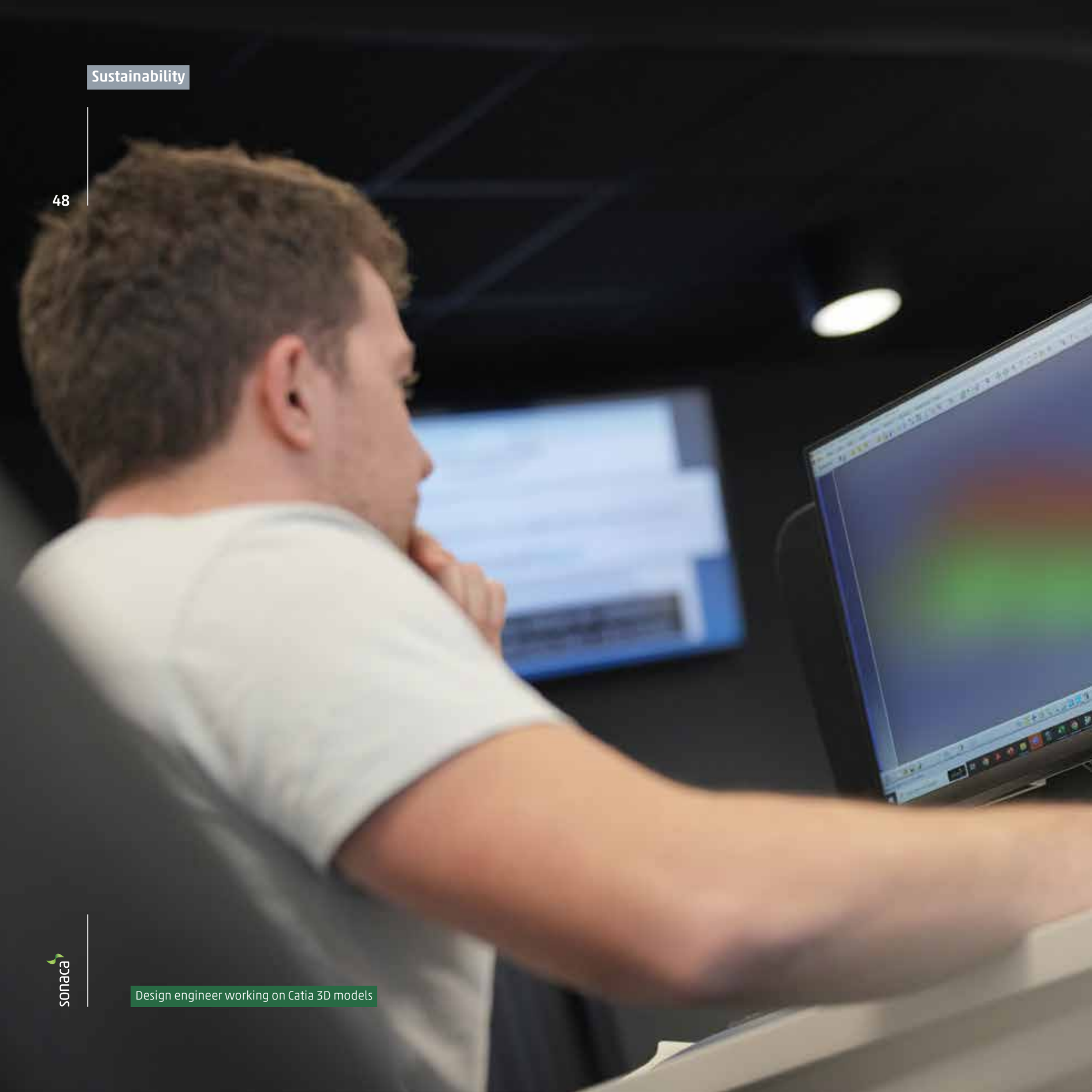
**T**he foundations of Sonaca strategic plan are anchored around several pillars including "Caring for people". Sonaca deeply values its employees and their well-being, underlining the importance of fostering a diverse and inclusive environment.

We identified the main targets to develop this pillar. With this in mind, several actions were achieved in 2023. We held a dedicated conference for all Sonaca employees with a focus on well-being and specific advice to boost oneself, work-life balance, sleep, etc.

In addition, our management committee approved a charter for disconnection rights to improve work-life balance. This chart guarantees greater respect of employees' time outside working hours.

In April 2023, we embarked upon a crucial initiative to provide a broader and healthier variety of food & beverage options. We reinforced our commitment to employees' health and satisfaction. Since January 2023, we have improved our health care coverage benefits.

Finally, all our team managers were trained to psycho-social risks: work, moral and sexual harassment and burn-out warning signs. They received information on their responsibilities as supervisors.





## Dedicated for greener aerospace industry

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**T**he Aerospace industry faces huge challenges to reach carbon neutrality by 2050. At Sonaca, we value the position and influence we have in the aerospace industry and want to be a central part to this change, taking our role seriously.

For more than 20 years, our research and innovation efforts have been growing significantly. Today, 45 engineers are involved to develop the innovations to support the development of a sustainable aviation for the future. Our teams have focused their efforts on reducing aircraft emissions. We are improving our products efficiency but also our processes, our development tools, etc.

Throughout partnerships some of those innovations could be implemented in the short to mid-term. Those include silent slats, slats for long and thin wings, less bleed ice and electro-thermal ice protection system and integrated composite components.

In the long term, Sonaca is supporting the development of more disruptive aircrafts. This is achieved with innovative batteries, hybrid laminar flow control and natural laminar flow leading edges, low power electric ice protection system and morphing flight control surfaces.

Many of those innovations are developed thanks to the support of Service Public de Wallonie, Walloon funding authorities. Particularly, we have participated in WINGS which is the largest research project Sonaca ever took part in. We have collaborated with 20 other Walloon partners to prepare the future of the aerospace industry.

We are dedicated to offer greener solutions to our customers thanks to our innovations.





## Improving our production efficiency

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**L**ooking back at our roadmap, concrete progress was achieved in 2023. We implemented several projects linked to Sustainable Production with a direct impact on the environment. Energy strategy projects were structured around 2 main axes: the buildings and equipment energy consumption and the low carbon energy supply management.

Sonaca worked on five main workstreams to optimize the energy consumption. First, our energy master plan consisted of a global study for the performance of major equipment and buildings. We established an investment plan over 7 years. This analysis shall generate significant savings with an expected CO<sub>2</sub> reduction of means 1435 T/year. In addition, quick win investment projects have been made. For instance, the installation of smart leds in our Belgian Assembly plant resulting in 35% savings on an annual basis. This will be progressively extended to 2026.

This major plan is also supported by the war room energy initiative. Our collaborative approach has helped realize several improvement initiatives thanks to employees' suggestions and contributions.

Regarding energy supply management, Sonaca signed a contract to more than double its annual production of renewable electricity. This will cover up to 12% of electricity needs. This marks a major step towards a 40% reduction in emissions by 2030 compared to 2015.

Meanwhile, the logistic team worked on circular economy optimizing packaging for parts deliveries. This includes supplier cardboard and paper recycling to maintain our parts in the containers, in replacement of foam. Moreover, we will re-condition wooden boxes for shipment between our subsidiaries. In total, we saved 15.6 tons of cardboard and 20.5 tons of wood.

Over the last 5 years, we have reduced our carbon footprint by 14% and we will continue efforts in 2024.



[sonaca.com](http://sonaca.com)

