SABCA

SINCE 1920

ANNUAL REPORT

2019

2019 Annual Report
of the Board of Directors

Ordinary General Meeting of May 28, 2020

MANAGEMENT REPORT

MR refers to pages within the Management Report,
SR refers to pages within the Sustainability Report

Group Profile

The SABCA Group, made up of SABCA (Société Anonyme Belge de Constructions Aéronautiques) and its subsidiaries SABCA Limburg and SABCA Maroc, extends its activities from the three Belgian regions (Brussels-Capital, Charleroi in Wallonia, and Lummen in Flanders) as well as from Casablanca in Morocco.

Rich of nearly a century of know-how and passion, and with a value proposition based on skills, experience, and performance, the SABCA Group serves its four markets of civil aviation, space, defence, and industrial drones, emphasising synergy and complementarity in the products and services provided. Customer satisfaction is a priority for the SABCA Group, an absolute prerequisite for building lasting and trusted business relationships.

The corporate culture of SABCA promotes values in line with the world of aerospace : Reliability, Team Spirit and Innovation, and this not only in terms of technical solutions but also in terms of resources, continuously optimising the services provided to guarantee a high degree of satisfaction of its customers.

Safety and respect for the environment are also at the heart of the Group's daily management. Compliance with national and international environmental standards is also a fundamental principle of the SABCA Group.

Continuous improvement is a central principle within the SABCA Group, allowing established processes to be constantly challenged.

In a highly competitive and globalised world, innovation is one of the main levers driving the technological evolution of aircraft and space launchers. It is essential for the SABCA Group to continue to contribute significantly to the advancement of new technologies and business models.

Over the years, the Group has been able to take advantage of the globalised market, establishing stable and useful international partnerships. In this way, a large network of business relations has been created to strengthen the effectiveness of SABCA's products and services within its four markets. In Belgium, the SABCA Group maintains its role as a major industrial player at both the federal and regional levels.

Statutory bodies

SABCA BOARD OF DIRECTORS (AND EXPIRY DATE OF THE MANDATE)

Chairman

SPRL Gestime, represented by its Managing Director, **Remo Pellichero** †[1]
BV Shipset7, represented by its Managing Director, **Thibauld Jongen,** as from December 30, 2019. (2020)

Directors

Charles Edelstenne, Chairman and CEO - Groupe Industriel Marcel Dassault[2] (2020)

Loïk Segalen, Chief Operating Officer - Dassault Aviation[2] (2022)

Olivier Costa de Beauregard, Chief Operating Officer – Groupe Industriel Marcel Dassault[2] (2020)

Carole Fiquemont, Secretary General - Groupe Industriel Marcel Dassault[2] (2020)

Josée Sulzer, Chief Investment Officer – Groupe Industriel Marcel Dassault[2], since March 4, 2019 (2022)

Janine Tummers, Vice President Change & Transformation of Fokker-GKN ASEA[3] from 1 January 2019 until March 4, 2019.

Geert Wijnands, Chief Financial Officer - Fokker Technologies Holding BV[3], until March 4, 2019.

SA C.G.O., represented by its Managing Director, **Philippe Delaunois,** Independent Director (2020)

SA Gefor, represented by its Managing Director, **Jacques de Smet,** Independent Director (2021)

Michèle Gillot, Independent Director (2021)

Chief Executive Officer

Thibauld Jongen

Auditor

Mazars Réviseurs d'Entreprises CVBA, represented by **Lieven Acke**, External Auditor

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[1] *Mr. Pellichero deceased on December 30, 2019. – In order to replace him, the Board of Directors of January 20, 2020, proceeded with the co-optation of Shipset7 BV, represented by its managing director, Mr. Thibauld Jongen. Shipset7, represented by Mr. Thibauld Jongen, was also appointed as Chairman of the Board. This decision will be submitted to the General Assembly of Shareholders foreseen on May 28, 2020.*
[2] *Elected on presentation of the Dassault Group*
[3] *Elected on presentation of the GKN Group - Fokker Group*

SABCA LIMBURG BOARD OF DIRECTORS (AND EXPIRY DATE OF THE MANDATE)

Chairman

SPRL Gestime, represented by its Managing Director, **Remo Pellichero** († December 30, 2019)

BV Shipset7, represented by its Managing Director, **Thibauld Jongen,** as from December 30, 2019. (2020)

Chief Executive Officer

Thibauld Jongen (2020)

Directors

Loïk Segalen, Chief Operating Officer - Dassault Aviation, until April 10, 2019

Geert Wijnands, Chief Financial Officer - Fokker Technologies Holding BV[4] until March 4, 2019

Peter Reynaert, Director R&D and Innovation **-** SABCA Group (2020)

Auditor

Mazars Réviseurs d'Entreprises CVBA, represented by **Lieven Acke**, External Auditor

SABCA MAROC BOARD OF DIRECTORS (AND EXPIRY DATE OF THE MANDATE)

Chairman, responsible for day-to-day management

SA SABCA, represented by its Chief Executive Officer, **Thibauld Jongen** (2024)

Vice-Chairman

SAS AAA, represented by its Chairman, **Gilles Chauby** (2024)

Directors

Jean-Marie Dujardin, Transformation and Continuous Improvement Director - SABCA Group, until December 10, 2019.

Zeger De Spiegelaere, Quality & Business Excellence Director – SABCA Group, as from December 10, 2019. (2024)

Cédric Nouvelot, AAA Vice-President (2024)

Auditor

Mazars Audit et Conseil SARL, represented by **Adnane Loukili,** External Auditor

[4] *Elected on presentation of the GKN Group - Fokker Group. Mr.* ***Wijnands*** *resigned from the Board of Directors of SABCA Limburg NV on March 4, 2019.*

Message from the Chairman and the CEO

Even for 100 years-old companies, every year is special. For SABCA, 2019 was definitively a unique year!

First, 2019 was the last year of our first century of existence – a significant milestone which will be celebrated in 2020! On December 16, 1920, S.A.B.C.A. (Société Anonyme Belge de Constructions Aéronautiques) was incorporated to assemble and maintain aircraft for the emerging air transport in Belgium.

Second, 2019 was the year where our reference shareholder, Groupe Industriel Marcel Dassault, announced its intention to sell its 96,85% participation into the SABCA Group – a transaction which will be completed in 2020[5]. Dassault Group has been long-term (since 1968), industrial and supportive shareholder, who has taken care of the interests and future of SABCA all the way through the sales process and until the end. The new shareholders – SFPI/FPIM and Sabena Aerospace SA, will form a new joint venture to host the assets of both SABCA Group and Sabena Aerospace Engineering. These new shareholders are genuinely interested in supporting the growth and development potential of SABCA as a major actor in the Belgian aerospace industry. This offers a very exciting perspective for the future of SABCA, as the profile of the new shareholders fits perfectly with our needs for accelerating and intensifying the deployment of our strategic transformation plan initiated a few years ago. The new constellation with Sabena Aerospace Engineering will create a true aerospace leader in Belgium, with a strong position in Civil Aviation, Defence, and Space. The shared technical knowledge expertise, and market position will undoubtedly strengthen our activities as the companies will benefit from strong commercial and financial synergies to accelerate and intensify their development as leaders in their markets.

Third, 2019 saw the end of a number of programs which have been of great significance for the success of SABCA over the last decade: the Airbus A380 program, the Ariane 5 program, the end of service of the Alpha-jet in Belgium, and the replacement of the F-16 fighter aircraft by Lockheed Martin’s F-35 in Belgium. This means that the redeployment of SABCA into new programs and activities is more than ever a priority and a necessity. For the last few years, SABCA has been very active in prospecting new markets and opportunities in coherence with our vision of being a designer and integrator with a high degree of added value to support all major flying systems around the globe.

Fourth, 2019 was the last year of the “Project of the Century”, a three-years strategic transformation project launched in 2016 to make SABCA Robust, Profitable, and Attractive again. This strategic project was necessary to adapt SABCA to a world which has changed. Thanks to the efforts of the whole personnel and the support of our shareholders and customers, we have been able to achieve our main targets, presenting today, a stronger, clearer, and sparkling SABCA Group! Some of the key achievements are the creation of a “One SABCA” standard, management team, culture and set of values, shared by the whole personnel from all sites, in Belgium and Morocco, the deployment of a Program-centric organisation, placing our customers at the center of our processes, and the maturation of a clear vision and strategy for all of our business segments – Integrated Assemblies (IAS), Actuation Systems (ACT), Maintenance Repair Overhaul & Upgrades (MRO), and Unmanned Aerial Systems (UAS). Another crucial achievement is the development of a culture of health,

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[5] At the time of writing, the transaction is still subject to merger control approval and is currently anticipated to close at the end of SABCA’s second quarter 2020.

safety, and well-being for our employees, including the social and environmental responsibility of SABCA.

And —sadly— as a fifth significant event, on 30 December 2019, Remo Pellichero, President of the Boards of Directors, former CEO of SABCA, and important figure in the Belgian aerospace industry, passed away, just one day before the end of this special year for SABCA…! Remo will be remembered as a strong leader and a warm and human person. His passion, skills, and dedication to our Group were essential forces in the development and success of SABCA.

Turning to 2020, it will most certainly also be a special year for SABCA, with many new beginnings, a new century, a new shareholder, and new opportunities for SABCA to serve its customers with its products and services.

At the time of this writing, a very significant post-closure event has struck the economy, worldwide: the Covid-19 virus crisis. Our first priority has been to protect the people of SABCA and all our partners working within our facilities. In order to guarantee that everyone at SABCA is working in a safe and healthy environment, production has been temporarily interrupted to perform a detailed, in-depth analysis of all our sites, facilities, and production lines and implement efficient and permanent measures to comply with the new sanitary regulations and eliminate the risks on our employees' health. It is still unclear what the exact extent of this event will be, but it will certainly negatively impact the global industry in the short-term, and hence the SABCA Group, in a significant way.

Activities of the Group in 2019

SPACE

The Group focused in 2019 on space development activities for Vega C, Ariane 6 and Space Rider, as well as on space exploitation activities for Ariane 5 and Vega.

In the frame of Ariane 6 and Vega C development programs, SABCA has the Design Definition Authority for the Thrust Vector Control Systems ("TVC") and for the Interstage 0/1 for Vega C. The year was fully dedicated to the design development activities, leading to the Critical Design Review preparations for all the different subsystems under SABCA responsibility. SABCA has developed a unique solution for these TVC's based on SABCA's electro-mechanical actuator technology. Note that the TVC in the lower main stage of the Ariane 6 launcher is still based on an electro-hydraulic solution.

The P120 Qualification Model Firing Test in Kourou, a key milestone in the Ariane 6/Vega C development, was successfully performed in 2019. In combination with the successful Ariane 6 Vulcain-2.1 and the Vinci engines qualification firing tests, these events open the path for the production of the First Model of Ariane 6 and of Vega C. The maiden flight for both new launchers is now foreseen during 2020.

The timeline for the end of Ariane 5 production within SABCA has been defined, with the last production deliveries planned throughout 2020. However, 2019 was still remarkable in terms of production speed and in terms of successful flights with 5 launcher production sets delivered to SABCA's customers and 4 successful flights.

The Vega program encountered a setback with the failure of flight VV15. In the meantime, the root cause was identified and contained, with no SABCA liability, enabling the consortium to plan the next Vega launch in Q1 2020.

SABCA has almost completed the impact study of Space Rider, a multi-mission spacecraft. The ESA Space 19+ Ministerial Conference supported the next phases of the Space Rider program, for which SABCA is prepared to take its responsibilities as a recognised key supplier of the Thrust Vector Control System towards Avio and of the Flap Controls of the vehicle towards Thales Alenia Space Italy.

SABCA started pre-design cooperation with several mini-launcher actors, in order to expand SABCA's footprint in the space market. As part of their strategy, Arianeworks and SABCA entered into a partnership agreement to commonly develop disruptive innovative solutions for Thrust Vector Control Systems and for the spacecraft flap controls systems. The first target is the THEMIS spacecraft, which will be the first European re-usable launcher demonstrator.

It must be noted that 2019 ended with the important "ESA SPACE 19+ Ministerial Conference in Sevilla" resulting in a strong confirmation from the ESA member states, including Belgium, to support the Autonomous Access to Space for Europe.

CIVIL AND BUSINESS AVIATION

In 2019 Airbus programs have experienced significant changes in production rate. The last A380 shipset (MSN 272) has been delivered in September after the decision of Airbus to stop the program. The A400M rate has been decreased from 16 to 11 A/C.

On the other hand, the A350 rate has been increasing from 78 in 2018 to 84 in 2019 and the new configuration with a significant improvement in cost and weight reduction (called STEP 7) has been introduced for MSN 453 in September. Several initiatives were launched for introducing automation and robotisation on the assembly line in Brussels.

The A330 program has successfully transitioned from the older design, called CEO, to the new NEO version. With a rate of 38 A/C per year (rate 2019) and a 250+ backlog, this program offers strong perspectives. A transfer of work project has been launched aiming at a full manufacturing of the A330 Tailcone at the SABCA Morocco plant in Q3/2020.

For the A320 program, more than 1500 Direct Drive Valves (DDV) have been delivered which corresponds to rate 60 per month and including spares. The forecast for 2020 is going above rate 65.

The activities were restarted for the Dassault Aviation business jet F6X, with the upgrade of the first 5 A/C to the latest version. The serial production is foreseen to start in Q3/2020. The Gulfstream G650 in its turn showed a stable production rate in 2019.

In the course of 2019 key customers have been exposed to SABCA strategic vision to reach a sustainable critical mass by capturing mid-rate, multi-technology (metallic, composite and assembly) aerostructure work packages involving all SABCA sites. Active Business Development efforts on significant work packages lead to an unprecedented positive exposure of SABCA and to the signature of several contracts with new customers in December 2019 and January 2020.

DEFENCE

The Defence activities of SABCA mainly consist in Maintenance, Repair, Overhaul, and Upgrade (MRO-U) of military aircraft and helicopters and their components.

In 2019, SABCA has continued to serve its Europe-based F16 customers (Belgian Defence, Royal Netherlands Air Force, US Air Force in Europe) for MRO services. The first aircraft linked to a contract with the Royal Netherlands Air Force to support their F-16 until the End Of Life was inducted to Charleroi facility. In 2019 SABCA delivered 35 modified F16s from its Charleroi facility.

Following the selection in 2018 by the Belgian Federal Government of Lockheed Martin's F35 aircraft for the 5th generation replacement of the F16 fleet, and General Atomics' *SkyGuardian* as the new MALE (Medium Altitude Long Endurance) drone, initial agreements and partnerships have been put in place between SABCA and these OEMs, with the aim to provide new contract opportunities.

SABCA has been awarded a contract from the Belgian Defence to provide on-base support to the maintenance of the Agusta A109 fleet. Since October 2019, SABCA technicians are working together with Defence personnel on base.

In line with its MRO&U development strategy, SABCA expanded its MRO offering internationally:

- SABCA, together with is US partner Borsight (acting as prime) has submitted an offer to the USAF to support their F-16 fleet from Hinckley Airport, Ogden, Utah.
- Sabena Aerospace Engineering and SABCA created a Joint Venture in Morocco to open a Regional Maintenance, Repair, Overhaul and Upgrade centre In Morocco to support military aircraft and helicopter.

Activity growth and retiring employees have generated an intense recruitment activity. In 2019, SABCA also started its transformation towards the new MRO European Defence EMAR145 standard. A significant investment will be done in training and safety/quality systems to meet high hiring and quality system needs.

INDUSTRIAL DRONES

The rapidly growing Unmanned Aerial Systems (drone) market shows significant potential, with European demand suggestive of a valuation in excess of EUR 10 billion annually by 2035. It is expected that most of this value will be generated by commercial businesses for civil applications. The development of the civil drone industry is dependent on the ability of drones to operate safely and reliably in various areas of the airspace.

Since a large bulk of drone operations are expected to be conducted beyond-visual-line-of-sight (BVLOS) at very low levels in both rural and urban settings, SABCA has continued in 2019 to further investigate and develop a reliable core system capable of handling ‘urgent service capabilities’ missions, such as the transportation of emergency medical supplies. In October 2019, SABCA conducted a successful and first-of-its-kind BVLOS flight from hospital roof to hospital roof in an urban environment (the city of Antwerp), in the framework of a European SESAR-CEF initiative. In 2020 the number of flights between hospitals will gradually be increased while at the same time more hospitals will be included in the network.

In February 2019, SABCA entered into a partnership with DEME Offshore, a worldwide leader in solutions and services for the offshore energy market. The objective is to develop and deploy Unmanned Systems to perform surveillance and inspection works in the offshore industry. A first series of demonstration flights is expected to take place in the second quarter of 2020.

Furthermore, SABCA continued the development of a robust and certifiable core system architecture based on aerospace safety and security standards. This core system will be the backbone of all UAS used in SABCA’s fleet of drones to support operators in conducting safety-critical missions.

RESEARCH, TECHNOLOGY, AND INNOVATION

In 2019, SABCA's research and innovation activities grew along the axis defined in 2018: additive manufacturing, Industry 4.0 and electromechanical actuation systems.

Additive Manufacturing

The short-term programs approach exploits the main advantage of additive manufacturing (AM) to reduce the lead time and manufacturing costs of tooling and complex components, which makes it a technology particularly suited for small series of products.

SABCA started printing polymer parts using its own Stratasys 3D printing machine, part of last year's investment plan. It allows engineers to gain experience with the possibilities and advantages of additive manufacturing. Typical applications include mock-ups, tooling commonly used in various programs as well as specialized tools.

A major research contract known as AM PEEK2PEAK was concluded with Solvay with the financial support of Innoviris. This initiative intends to enable the manufacturing of PEEK-based composite thermoplastic parts for all SABCA applications. The high potential of PEEK-based thermoplastics manufactured by 3D printing for aerospace applications, places this material at the focal point of ongoing research.

In the framework of the ESA GSTP6 programme and in collaboration with several international players of the space sector, a highly loaded mission-critical bracket in aluminium alloy was manufactured by SABCA and will be tested in the course of 2020 for use as primary structure of space launchers.

Similarly, another ESA GSTP6 project focusing on the development of a new high strength aluminium alloy suitable for AM will be continued in order to characterize the most promising alloy compositions for potential use in SABCA products.

Also, the use of an aerospace certified-graded resin manufactured by Fused Deposition Modelling (FDM) is currently being reviewed for in-cabin equipment. Several demonstrators have been realised and are used for integration tests.

Finally, over the long-term, SABCA plans to be able to produce critical metallic parts via additive manufacturing technologies such as structural aluminium supports, hydraulic titanium manifolds, complex geometrical parts integrating assemblies and materials in single parts.

SABCA intends to continue its participation in FLPP (Future Launcher Preparatory Programs) and GSTP (General Support Technology Program) programs with the objective to deploy the skills gained throughout all SABCA's activities

The TECCOMA program, studying a proof of concept of an out-of-the autoclave curing of a complex part like a flap, will be finished in the first semester of 2020.

Industry 4.0

As robotisation is a key element in Industry 4.0 that will support SABCA's future strategy, two major projects were launched to reduce cost of assembly and improve on quality and delivery. For A350 several automation and robotisation opportunities were identified and launched for implementation. Also, the future Electro-mechanical actuators for Ariane 6 will be produced in a highly automated line with state-of-the-art technology and process control.

In 2019, we focused on increasing the fluidity of the company's data transfer, as it is a key requirement for the implementation of automated manufacturing systems of type 4.0, exploiting artificial intelligence algorithms. For that raison, the ROADMAP (Data-driven monitoring and optimization of decentralized machining processes) project partially funded by Innoviris will enable us to work with Belgian partners such as the VUB and the SIRRIS research centre who have specialised departments in those fields. Different machining centers were equipped with a selection of sensors together with a data collection system enabling engineers to optimize the machining process based on deep analysis of correlations between sampled parameters. A second outcome of these measurements is predictive maintenance which is also at the heart of our concerns.

In 2020 we expect to use recent developments in artificial intelligence in our embedded and non-embedded applications.

Electromechanical Actuation Systems

SABCA has been promoting electromechanical actuation systems for thrust vector controls of launch vehicles since early 2000's, achieving 16 launches in a row, without failure. Also recognized for its reliable technology in thrust vectoring 250 Ariane launchers without failure for 40 years, SABCA was selected on the Ariane 6 and the Vega C programs for all thrust vector actuation systems. Fine-tuning the actuation systems, delivering Engineering Models to the customers for static firing tests, preparing and holding the critical definition reviews (CDR) was the major activity in 2019, with both maiden flights scheduled in 2020.

This electromechanical technology was successfully re-used in the IXV re-entry demonstrator program in 2016. As a consequence, SABCA was selected for the same type of actuators in the new Space Rider program that was approved in the last Ministerial Conference of ESA state members.

Re-usable stages of launchers are now the backbone of next-generation European launch vehicles. SABCA was selected for actuation systems required by this new type of mission and entered a partnership with a Joint-Venture between ArianeGroup and CNES (ArianeWorks) to work on this subject. Callisto was part of this research in which SABCA studied a scaled demonstrator of a fins control system for a re-usable launcher.

Building on its experience in the application of electromechanical actuator technology in Space, SABCA entered into an Aeronautical R&D program with Airbus to develop a new generation of Electro-Mechanical Aircraft Flight Control systems. This confirms the potential of the SABCA Electro-Mechanical Actuator technology for expanding its presence into the larger volumes aeronautical equipment market.

Quality

The SABCA Group affirms its determination and its desire to maintain a high level of requirements and quality for all its products and services. This policy is in compliance with the regulations, standards and certifications conducted by our customers, the auditing agencies and national and international environmental standards.

To maintain its commitment to quality and strategy deployment, the SABCA Group has strengthened the Quality Department with a Business Excellence group PMO function Director, reinforcing and embedding a structured approach into the organisation. This is allowing SABCA to implement “pro-active approach processes” like APQP and inspection delegation.

The achievements of 2019 are focused on two main areas: further strengthening the processes structure in line with the “One SABCA” principle with the introduction of new Process Map and the deployment of a new organisation throughout the Quality Management System. SABCA also introduced Business Intelligence software to improve performance management.

In 2019, as SABCA pursues its quality vision for a unified and simplified Quality Management System, we successfully integrated the Limburg subsidiary into the ISO9001:2015, EN9100:2018 and AQAP2110 framework. Throughout 2020-2021, similar initiatives will be launched for SABCA Maroc. The monitoring audit of the Quality Management System enabled SABCA S.A. to validate the ISO9001:2015, EN9100:2016 and AQAP2110 certifications. For SABCA Limburg, the monitoring according to ISO9001:2015 and EN9100:2016 was carried out as planned.

At the end of 2018, SABCA SA obtained for its activities in Charleroi, the EMAR21J certification from the French DGA. SABCA is the first D.O.A. organisation outside of France to be approved by the DGA. This recognition was an important milestone in the roadmap towards EMAR21G and EMAR 145 certification, executed in 2019 and further developed in 2020.

The SABCA Group maintains its PART21, PART145 and EMAR21J accreditation as well as its PRI-NADCAP certifications for surface treatments chemical processing and non-destructive inspections and customer-specific certifications (Dassault, Boeing, Lockheed Martin etc.)

Corporate Governance Statement

As a Belgian company listed on Euronext Brussels, SABCA SA ("SABCA" or the "Company") is committed to comply with the corporate governance principles set forth in the 2009 edition of the Belgian Code of Corporate Governance (CCG). This code can be consulted on the website www.corporategovernancecommittee.be.

As prescribed by the CCG, SABCA has established a Corporate Governance Charter. The first version of this Charter was approved by the Company's Board of Directors on 13 September 2011. In accordance with the legal provisions, the Charter is published on the Company's website www.sabca.be, in a clearly identifiable part called "Investor Corner", separated from the commercial information. This Charter is reviewed according to the evolution of the company and the regulations in force.

Considering the size and nature of the Company, as well as the specifics of its ownership structure, the Board considered it reasonable that the Company did not fully implement certain provisions of the CCG (see also page 42).

These derogations concern the following provisions:

Rule 4.1: A rigorous and transparent procedure is adopted to ensure the effectiveness of the nomination and re-election of directors. The Board of Directors establishes nomination procedures and selection criteria for directors, including, where appropriate, specific rules for executive directors and non-executive directors.

Given the Company's shareholding structure, comprising a single majority controlling shareholder, the Company has not yet established specific procedures for the nomination of directors. It is the Board itself, assisted by its Chairman, who decides on the nominations and their possible renewal to be proposed at the General Meeting. For the same reason, the Company has not created a Nomination Committee (see Section 5.3 below).

This implies that the Company derogates from all provisions of the CCG in which there is mention of a proposal or opinion from the Nomination Committee regarding the nomination and assessment of directors or executive management. This is the case for the following provisions of the code:

• *4.2: [...] The Nomination Committee recommends suitable candidates to the Board of Directors. […]*
• *4.6: [...] accompanied by a recommendation from the Board of Directors based on the opinion of the Nomination Committee*
• *5.3: [...] The Board of Directors establishes a Nomination Committee in accordance with the provisions of Annex D.*
• *6.3: The Nomination Committee assists the Board of Directors in the nomination and succession plan of the CEO and other members of the executive management [...].*
• *Annex D: Nomination Committee*

The reasons for which the Board has not yet created a Nomination Committee are set out in Rule 4.1 above.

1 Composition of the Board of Directors of SABCA

1.1 Composition

The Board currently has nine members. The list of the members, the indication of the main function they exercise outside SABCA and the shareholder on whose proposal they were elected appear above.

All Board Members are non-executive directors, except for the co-optation as board member and Chairman, by the Board of Directors of January 20, 2020, of SHIPSET7 BV, represented by its managing director, Mr. Thibauld Jongen, to whom the daily management of the company has been delegated.

Three of the Board members are independent.

The composition of the Board of Directors meets the gender diversity requirement laid down in article 526 quater §2 of the Companies Code.

1.2 Nomination Rules

The Board has not adopted any special rules regarding the exercise of the function of director.

2 Functioning of the Board of Directors

2.1 Frequency of Meetings

The Board of Directors meets whenever the interests of the Company so require and, inter alia, to review the half-yearly and annual financial statements as well as the investments.

The Board of Directors met nine times in 2019. Presence of Directors at Board Meetings:

Mr. Remo Pellichero[1]	9
Mr. Olivier Costa de Beauregard	9
Mr. Philippe Delaunois[2]	9
Mr. Jacques de Smet[3]	9
Mr. Charles Edelstenne	9
Ms. Carole Fiquemont,	9
Ms. Michèle Gillot,	9
Mr. Loïk Segalen	9
Ms. Josée Sulzer	4

[1] representing SPRL Gestime, [2] representing SA CGO, [3] representing SA Gefor

2.2 Skills

In the absence of any statutory restriction, the Board has all the powers assigned to it by law. The Board establishes the strategic and short-term goals of the company, approves and decides on the means to implement to achieve these objectives. At each meeting, the Board generally reviews all operational matters of interest to the Company.

2.3 Control of Day-to-Day Management

The Day-to-Day Management Delegate reports to each Board meeting on business progress, business development and market prospects, the cost plan, the financial situation, investment or divestment opportunities.

3 Committees created by the Board of Directors

3.1 Permanent Committee

The Permanent Committee exists since 1970 and precedes the meetings of the Board of Directors. It is responsible for reviewing strategic issues and preparing decisions submitted to the Board of Directors.

It is composed of:

- Mr. Remo Pellichero, Chairman, representing SPRL Gestime,
- Mr. Loïk Segalen (Dassault Aviation),
- Mr. Philippe Delaunois, representing SA CGO, Independent Director,
- Mr. Jacques de Smet, representing NV Gefor, Independent Director,
- Mr. Thibauld Jongen, CEO,
- Mr. Laurent Mulders, Administration, Finance & Corporate Strategy director, representing EACTIS
- Mr. Dimitri Duray, Chief Financial Officer,
- Mr. Dirk Lambermont, Legal Affairs manager

The Permanent Committee met three times in 2019.

Presence of member directors at Permanent Committee meetings:

Mr. Remo Pellichero[1]	3
Mr. Philippe Delaunois[2]	2
Mr. Jacques de Smet[3]	3
Mr. Loïk Segalen	3

[1] representing SPRL Gestime
[2] representing SA CGO
[3] representing SA Gefor

3.2 Audit Committee

The Audit Committee is chaired by Mr. Jacques de Smet, having relevant expertise in financial, accounting matters, representing SA Gefor, Independent Director. Non-executive Directors Mr. Loïk Segalen and Ms. Carole Fiquemont completed the Committee. The External Auditor, the CEO, the AFS director, the CFO, and the Internal Auditor are generally present at the Committee meetings.

The internal rules and regulations of the Audit Committee are included in Annex C of SABCA's Corporate Governance Charter. The Audit Committee reports on its work to the Board of Directors and makes recommendations on the measures to be considered.

In 2019, the Audit Committee met three times, in particular to audit the half-year and annual statutory and consolidated financial statements. The Audit Committee also approved and examined the results of the internal Audit Plan.

Presence of Directors Members at Audit Committee Meetings

Mr. Jacques de Smet[1]	3
Mr. Loïk Segalen	2
Ms. Carole Fiquemont	2

[1] *representing SA Gefor*

4 Day-to-day Management

The day-to-day management of the company is carried out by the CEO, who is assisted by his management committee, referred to as the "Senior Management Team (SMT)" and composed of 8 managers representing the different operational directions of the company (Finance, Quality, Engineering, Human Resources, and the four Operational Units) and 2 managers representing the functions of PMO and Institutional Relations.

The SMT meets weekly to review important topics for the company, drive strategy deployment, track actions, and discuss news. Once a month a specific subject is put on the agenda, for example the quality review, the performance indicators review, or the company risks.

5 Profit Allocation Policy

In its proposals to the General Meeting, the Board of Directors aims to reconcile the high level of investments required for the Company's aerospace activities and the equitable return on capital.

6 Shareholders

DASSAULT BELGIQUE AVIATION S.A., avenue des Arts 41, 1040 Brussels, Belgium, holds 2.324.312 of the total of 2.400.000 voting rights, or 96,85% (Transparency notification of March 4, 2019). DASSAULT BELGIQUE AVIATION S.A. is controlled by GROUPE INDUSTRIEL MARCEL DASSAULT SAS, 9 Rond-point des Champs-Élysées-Marcel-Dassault, 75008 Paris, France (99,96%).

EURONEXT Brussels: 3,15%.

<u>Post closure event</u>: On February 7, 2020, the following press release has been published:

> <u>Dassault to sell its participation in SABCA</u>.
> Société Anonyme Belge de Constructions Aéronautiques SA/NV (“SABCA”) announces that it was informed that Dassault Belgique Aviation SA (“DBA”) has reached an agreement pursuant to which it will sell its entire 96.85% shareholding in SABCA to a new joint venture company to be established by Sabena Aerospace SA (“Sabena”) and Société Fédérale de Participations et Investissements – Federale Participatie- en Investeringsmaatschappij SA/NV (“SFPI/FPIM”), (the “Transaction”).

The Transaction is subject to merger control approval and is currently anticipated to close at the end of SABCA's second quarter 2020.
Upon completion of the Transaction, the new joint venture company will hold 96.85% of the shares in SABCA. The Transaction will be followed by a mandatory public takeover bid by the new joint venture company on the remaining shares in SABCA.

7 Transactions with Related Parties

In the context of the sale by Dassault Belgique Aviation SA of its majority shareholding in the Company (Project "Sabine"), the board of directors applied the procedure of Article 524 of the Belgian Companies Code of 1999 (presently Article 7:97 of the Belgian Companies and Associations Code) three times during the financial year.
The decisions of the committee of independent directors, the entirety of the relevant parts of the minutes of the meetings of the board of directors and the assessment of the statutory auditor are set out in full below.

7.1 Meeting of the board of directors of May 24, 2019

On the occasion of the meeting of the board of directors held on May 24, 2019, the procedure of Article 524 of the Belgian Companies Code was applied for the first time.

7.1.1 Opinion of the committee of independent directors

Prior to the meeting of the board of directors of May 24, 2019, a committee of three independent directors rendered the following opinion.

The committee of independent directors was composed of (i) C.G.O. SA, permanently represented by Mr. P. Delaunois, (ii) GEFOR SA, permanently represented by Mr. J. De Smet, and (iii) Mrs. M. Gillot-Lardot, and was assisted by Mr. Xavier Dieux as independent expert. The committee had given the following opinion, which was considered to be a "decision" within the meaning of Article 524 § 3, paragraph 4 of the Belgian Companies Code:

The committee of independent directors, acting unanimously, is of the opinion that the decision under consideration, i.e. the decision to open the "data room" consisting of the documents listed in Annex IV to KPMG and/or Rothschild, for the sole purpose of their respective missions of assisting DBA in the valuation of the company and its shareholding in it, in compliance with all the precautions required, in particular in compliance with the confidentiality agreements to which such communication is subject and the possibilities of control that they open up for the company, does not occur under conditions that would establish that it would cause a prejudice, whether abusive or not, to the company and its shareholders. It could entail a risk of harm, which cannot be quantified, if these precautions and the limits they entail were not respected by KPMG or Rothschild, but the committee of independent directors is also of the opinion that this risk is adequately addressed by the precautions to which the communication is subject, in particular under the aforementioned confidentiality agreements, which are also assessed in the light of the quality of the parties involved as first-class professionals of international reputation.

7.1.2 Minutes of the meeting of the board of directors

Upon receipt of the committee's advice, the board of directors held a meeting on May 24, 2019. The entirety of the relevant section of the minutes of the meeting of the board of directors dated May 24, 2019 is as follows:

After having taken note of the Opinion, the board of directors deliberates on the decision which is the subject of the Opinion delivered by the Committee. The board of directors confirms that the procedure of Article 524 of the Belgian Companies Code, insofar as needed, has been complied with and that the board of directors does not deviate from the Committee's Opinion. Then, the board of directors considers the following:

- Context: The Company has been informed of DBA's decision to sell its 96.85% shareholding in the Company's share capital and that DBA has mandated Rothschild & Co as its advising bank in the context of the Potential Transaction. The Company has also been informed that DBA has mandated KPMG as a consultant to carry out financial and legal "vendor due diligence" and that, in this context, KPMG must have access to a series of information and documents concerning the Company (and its subsidiaries). It is contemplated that KPMG will share all or part of the information and documents concerning the Company (and its subsidiaries) that will be made available to it with Rothschild & Co, DBA's other advisors, as well as with DBA. It is also contemplated that, ultimately, in connection with the Potential Transaction, candidate purchasers will have access to the "vendor due diligence report" that will be prepared by KPMG, as well as all or part of the information and documents concerning the Company (and its subsidiaries) that will be made available to KPMG, Rothschild & Co, DBA's other advisors, and/or DBA.
- The contemplated decision: The decision contemplated at this stage concerns access by KPMG and Rothschild & Co to information and documents of the Company (and its subsidiaries) in order to allow them to conduct the "vendor due diligence", prepare a "data room" and "vendor due diligence report" (the "**Vendor Due Diligence Report**"), an "information memorandum" (the "**Info Memo**") and, in general, to assist DBA in the valuation of the Company and the sale of its shareholding in the Company. The list of information and documents which were requested by KPMG for this purpose (the "**Due Diligence Request List**") is attached to the Committee's Opinion.
- Confidentiality: The board of directors acknowledges that access by KPMG and Rothschild & Co to information and documents of the Company (and its subsidiaries) will be on a confidential basis, in accordance with the terms of the respective confidentiality agreements entered into between the Company and KPMG and Rothschild & Co (the "**Confidentiality Agreements**"). Copies of the Confidentiality Agreements are attached to the Committee's Opinion. It is also noted that the information and documents of the Company (and its subsidiaries) will predominantly be made available through a data room and presentations made by the Company's management in accordance with market practice for this type of transaction, in compliance with the rules of confidentiality and limited, controlled and supervised access.
- Gain or prejudice for the Company and its shareholders: The board of directors considers, in accordance with the Opinion, that the decision to communicate, in compliance with the above-mentioned conditions of confidentiality and limited access, to KPMG and Rothschild the information in question does not appear to be of such a nature to entail a gain for the Company or to cause prejudice to the Company. Insofar as necessary, it is noted that the opening of the data room and the

preparation of a Vendor Due Diligence Report and an Info Memo are only preliminary steps in a process that could lead to a sale of a majority shareholding in the Company's share capital, which is likely to be followed by a mandatory takeover bid for the remaining shares of the Company. It is therefore in the Company's interest that this type of process be carried out in an organized manner in compliance with certain conditions.

- Financial consequences: The board of directors considers, in accordance with the Opinion, that apart from the time that will be devoted by the executive management and the board of directors of the Company to the exchange of information, assisted, as the case may be, by external legal counsel and other advisers and experts, the contemplated decision will not have any other financial consequences for the Company at this stage.

For all the reasons set forth above, the board of directors considers that the contemplated access by KPMG and Rothschild & Co to the information and documents of the Company (and its subsidiaries) is a necessary and preparatory step for the possible completion of the Potential Transaction, and that such access, in view of the potential gain for the Company and its shareholders, is in the interest of the Company. The board of directors also considers that the Confidentiality Agreements that have been put in place and the contemplated procedure for the exchange of information and documents are of such nature so as to (i) safeguard the confidentiality of the confidential and sensitive information and documents of the Company (and its subsidiaries) and (ii) ensure compliance with the applicable rules and principles in order to avoid a possible market abuse. Then, after deliberations, the Board of Directors:

(a) *RESOLVES to grant access to the information and documents of the Company (and its subsidiaries) to KPMG and Rothschild & Co, in order to enable them to carry out the contemplated "vendor due diligence", to prepare a "data room", a Vendor Due Diligence Report and an Info Memo and, in general, to assist DBA in the valuation of the Company and the sale of its shareholding in the Company, and this taking into account and respecting (i) the Confidentiality Agreements, (ii) confidentiality undertakings to which the Company would be bound vis-à-vis third parties or, given the nature of the Company's activities, relevant legal or regulatory obligations in the broadest sense of the term (law, regulation, decree, treaty, defence secrecy, etc.), and (iii) any applicable regulations, including financial regulations, in particular those concerning inside information, and regulations concerning the protection of personal data.*

(b) *RESOLVES to postpone the decision regarding the sending of the Vendor Due Diligence Report, and the granting of access to the Company's information and documents to DBA and/or potential purchasers to a future meeting of the board of directors.*

(c) *RESOLVES to grant a mandate to the members of the executive management of the Company in order to:*

(i) *select, on the basis of the Due Diligence Request List, the information and documents concerning the Company (and its subsidiaries) to which access will be given to KPMG and Rothschild & Co;*

(ii) *set up a "data room" for the communication of information and documents of the Company (and its subsidiaries);*

(iii) determine the concrete conditions of access to the information and documents of the Company (and its subsidiaries);

and this, in any event, taking into account and respecting the decisions of the board of directors set forth above in paragraphs (a) and (b), and market practices for the type of transaction such as the Potential Transaction.

(d) RESOLVES to grant a mandate to the members of the executive management of the Company in order to draw up and transmit to the Committee a list of the future documents necessary for the preparation of the opinion referred to in point (e) below.

(e) REQUESTS that the Committee prepare an opinion, insofar as needed, in accordance with Article 524 of the Belgian Companies Code concerning:

- *the communication to DBA and its legal counsel White & Case of a copy of (i) the Vendor Due Diligence Report, (ii) the Info Memo prepared by Rothschild and, in general, (iii) any information intended to be shared with all or part of the candidate purchasers, it being understood that a confidentiality agreement would be entered into by DBA and that sensitive information would, as the case may be, be redacted upon the instruction and control of the Company's CEO;*

- *the communication to the candidate purchasers of a copy of the Vendor Due Diligence, the Info Memo and, in general, any other information necessary or useful for the completion of the sale by DBA of a significant portion of its shareholding in the Company, it being understood that a confidentiality agreement would be entered into by each potential purchaser to whom such information would be communicated and that sensitive information would, as the case may be, be redacted upon the instruction and control of the Company's CEO depending on the sensitivity of the information and the status of the beneficiary thereof;*

- *the total or partial opening of the data room to the selected candidate purchasers and their respective advisers, it being understood that this access would be carried out, as the case may be by phase, depending on the type of candidate purchaser.*

It is confirmed that, in accordance with Article 524, §3 of the Belgian Companies Code, a copy of the Opinion and the minutes of the meeting of the board of directors will be sent to the Statutory Auditor with the request to issue an assessment as to the accuracy of the data contained in the Committee's Opinion and in these minutes. This assessment will be attached to the minutes of the meeting of the board of directors.

7.1.3 Assessment of the statutory auditor

At the request of the board of directors, the Company's statutory auditor issued the following opinion, which was attached to the minutes of the aforementioned meeting of the board of directors. The statutory auditor's assessment in accordance with Article 524 of the Belgian Companies Code / article 7:97 CCA is as follows:

The underlying report has been prepared in application of article 524 CC / article 7:97 CCA and concerns the fairness of the information as included in the opinion of the committee of independent directors dated 21 May 2019 and in the minutes of the Board of Directors dated 24 May 2019, and more specifically concerning the question whether the financial and accounting information disclosed in this opinion and these minutes contain any material inconsistencies with the information that we possess within the context of our mandate.

We have taken note of:

- *the opinion of the committee of independent directors, dated 21 May 2019;*
- *the minutes of the Board of Directors, dated 24 May 2019;*
- *the section on reporting in application of article 524 CC / article 7:97 CCA of the draft annual report for the fiscal year 2019 (attached for identification to the underlying report).*

Responsibility of the Statutory Auditor

Our responsibility is to express an opinion on the fairness of the information as included in the opinion of the committee of independent directors and in the minutes of the Board of Directors, and more specifically concerning the question whether the financial and accounting information disclosed in this opinion and these minutes contain any material inconsistencies with the information that we possess within the scope of our mandate.

We carried out our assignment in accordance with the standards applicable in Belgium and the procedures recommended by the Institute of Registered Auditors for similar assignments. These procedures do not constitute an audit carried out in accordance with the International Standards on Auditing. If we had performed additional work or performed an audit or review of the accounting and financial information in accordance with International Standards on Auditing, we may have become aware of other matters that would be reported to you. Accordingly, we do not express an audit opinion on the accounting and financial information.

Basis of our conclusion

We do not express an opinion on the opportunity of the intended transaction, nor on the conditions under which it will take place, nor on whether the transaction is legitimate and fair ("no fairness opinion").
Nor do we express an opinion on the findings, assumptions, presumptions and/or hypotheses on which the resolutions taken by the corporate bodies are based, nor do we guarantee their effective realisation.

Conclusion

Taking into account what is included in the previous paragraph and on the basis of the procedures performed, we can conclude:

- *that, taking into account the information available to us within the scope of our assignment, there are no material inconsistencies to report with respect to the financial and accounting information mentioned in the opinion of the committee of independent directors dated 21 May 2019 and in the minutes of the Board of Directors dated 24 May 2019;*
- *that the resolution included in the opinion of the committee of independent directors dated 21 May 2019 and the relevant part of the minutes of the Board of Directors dated 24 May 2019 have been included in the corresponding section of the draft annual report for the financial year 2019.*

Restriction on the use of this report

Our report is intended exclusively for the purpose set out above and is exclusively for the information and use of the Board of Directors in the context of the application of article 524 CC / article 7:97 CCA. Consequently, it may not be used for any other purpose.

Brussels, 31 March 2020

Mazars Bedrijfsrevisoren
Represented by

Lieven Acke
Auditor

7.2 Meeting of the board of directors of September 24, 2019

On the occasion of the meeting of the Board of Directors held on September 24, 2019, the procedure of Article 524 of the Belgian Companies Code was applied for the second time.

7.2.1 Opinion of the committee of independent directors

Prior to the meeting of the board of directors of September 24, 2019, a committee of three independent directors rendered the following opinion.

The committee of independent directors was composed of (i) C.G.O. SA, permanently represented by Mr. P. Delaunois, (ii) GEFOR SA, permanently represented by Mr. J. De Smet, and (iii) Mrs. M. Gillot-Lardot, and was assisted by Mr. Xavier Dieux as independent expert.

The committee had given the following opinion, which was considered to be a "decision" within the meaning of Article 524 § 3, paragraph 4 of the Belgian Companies Code:

The committee of independent directors, acting unanimously, is of the opinion that the decision under consideration, i.e., the decision to communicate the Information Memorandum to DBA and third parties identified, or to be identified, by Rothschild & Co as sufficiently serious candidates to be invited to participate in Phase I, in compliance with all required precautions, in particular compliance with confidentiality agreements (as reviewed and amended) to which such communication is subject and the possibilities of control that they open up for the Company, does not occur under conditions that would establish that it would cause a prejudice, whether abusive or not, to the Company and its shareholders. It could entail a risk of harm, which cannot be quantified, if these precautions and the limits they entail would not be respected but the Committee of directors is also of the opinion that *this risk is adequately addressed by the precautions to which the communication is and will be subject, in particular under the aforementioned confidentiality agreements and the difference in treatment, if any, between the various candidates.*

7.2.2 Minutes of the meeting of the board of directors

Upon receipt of the committee's advice, the board of directors held a meeting on September 24, 2019. The entirety of the relevant section of the minutes of the meeting of the board of directors of September 24, 2019 is as follows:

After having taken note of the Opinion, the board of directors deliberates on the decision which is the subject of the Opinion delivered by the Committee. The board of directors reconfirms that the procedure of Article 524 of the Belgian Companies Code, insofar as needed, has been complied with and that the board of directors does not deviate from the "decision" of the Committee's Opinion. Subsequently, the board of directors considers the following:

- *<u>Context</u>: The Company has been informed of DBA's decision to sell its 96.85% shareholding in the Company's share capital and that DBA has mandated Rothschild & Co as its advising bank in the context of the Potential Transaction. The Company has also been informed that DBA has mandated White & Case as its legal counsel, KPMG as consultant to carry out the Vendor Due Diligence Report for financial and legal matters, and Rothschild as investment bank to prepare the Info Memo. In this context, it is contemplated that all or part of the information and documents concerning the Company (and its subsidiaries) would be made available to DBA and its other advisors. It is also contemplated that, in connection with the Potential Transaction, candidate purchasers will have access to the Vendor Due Diligence Report, the Info Memo, as well as all or part of the information and documents concerning the Company (and its subsidiaries) made available to KPMG, Rothschild & Co, DBA's other advisors, and/or DBA.*
- *<u>Contemplated decision</u>: The decision contemplated at this stage concerns:*
- *The communication of the Info Memo prepared by Rothschild & Co to DBA (and its advisors) as well as to the candidate purchasers selected or to be selected by Rothschild & Co at the end of the so-called pre-marketing phase described on page 4 of the presentation of Rothschild & Co dated 15 May*
- *<u>Identity of the candidate purchasers</u>: The board of directors notes that the Committee has specified that the identity of potential candidate purchasers has not been communicated to it, which prevents it from nuancing the content of the Opinion. Nevertheless, the board of directors considers that the identity of the candidate purchasers contacted is not yet fully relevant at this stage of the process. The board of directors notes that ROTHSCHILD, on behalf of DBA, has contacted candidate purchasers, including industrial and financial parties. At this stage of the process, these potential purchasers have not (yet) provided any details on their project for the Company, nor any indication of a price. Nevertheless, as access to information will be substantially the same for all the candidate purchasers (within legal limits, taking into account applicable competition rules), the board of directors considers that the disclosure of the identity of the candidates to the Committee would not have influenced the decision of the Opinion.*
- *<u>Confidentiality</u>: The board of directors notes the comments made in the Opinion by the Committee with respect to the confidentiality of Company's information and documents, such as considerations regarding confidentiality undertakings to which the Company would be bound vis-à-vis a third party and the disclosure of privileged*

information. The board of directors takes these observations into account. The board of directors considers that the Confidentiality Agreements have been presented and negotiated with numerous parties, and considers that the interests of the Company are sufficiently covered by different provisions contained in the various Confidentiality Agreements, in accordance with market practice.

- *Gain or prejudice for the Company and its shareholders: The board of directors considers, in accordance with the Opinion, that the contemplated decision to communicate, in compliance with the above-mentioned conditions of confidentiality and limited access, does not appear to be of such a nature to entail a gain for the Company or to cause prejudice to the Company. Nevertheless, as indicated in the Opinion, the board of directors notes that a possible breach, whether or not through negligence, of the legal, regulatory or contractual constraints to which the communication is subject, could entail for the Company and its shareholders a risk of financial prejudice, the amount of which cannot be anticipated at this time. Insofar as necessary, the board of directors reiterates that the Potential Transaction consists of the preparation of a sale of a majority shareholding in the Company's share capital, which will be followed by a by a mandatory takeover bid for the shares of the Company that are still held by the public. It is therefore in the Company's interest that this type of process be carried out in an organized manner in compliance with certain conditions.*
- *Financial consequences: The board of directors again considers, in accordance with the Opinion, that apart from the time that will be devoted by the executive management and the board of directors of the Company to the exchange of information, assisted, as the case may be, by external legal counsel and other advisers and experts, the contemplated decision will not have any other financial consequences for the Company at this stage. The board of directors reiterates that the contemplated procedure for the exchange of information and documents is of such nature so as to (i) safeguard the confidentiality of the confidential and sensitive information and documents of the Company (and its subsidiaries) and (ii) ensure compliance with the applicable rules and principles in order to avoid a possible market abuse.*

After these deliberations, the board of directors:

a) *RESOLVES to authorise the communication of the Info Memo prepared by Rothschild & Co to DBA (and its advisors) as well as to candidate purchasers selected or to be selected by Rothschild & Co at the end of the so-called pre-marketing phase described on page 4 of the presentation of Rothschild & Co dated 15 May 2019.*

b) *RESOLVES to ratify all the Confidentiality Agreements already signed within the framework of the Potential Transaction by the members of the executive management of the Company.*

c) *RESOLVES to grant a mandate to the members of the executive management of the Company to sign all the Confidentiality Agreements still to be signed within the framework of the Potential Transaction.*

7.2.3 Assessment of the statutory auditor

At the request of the board of directors, the Company's statutory auditor issued the following opinion, which was attached to the minutes of the aforementioned meeting of the board of directors. The statutory auditor's assessment in accordance with Article 524 of the Belgian Companies Code / article 7:97 CCA is as follows:

The underlying report has been prepared in application of article 524 CC / article 7:97 CCA and concerns the fairness of the information as included in the opinion of the committee of independent directors dated 24 September 2019 and in the minutes of the Board of Directors dated 24 September 2019, and more specifically concerning the question whether the financial and accounting information disclosed in this opinion and these minutes contain any material inconsistencies with the information that we possess within the context of our mandate.

We have taken note of:

- *the opinion of the committee of independent directors, dated 24 September 2019;*
- *the minutes of the Board of Directors, dated 24 September 2019;*
- *the section on reporting in application of article 524 CC / article 7:97 CCA of the draft annual report for the fiscal year 2019 (attached for identification to the underlying report).*

Responsibility of the Statutory Auditor

Our responsibility is to express an opinion on the fairness of the information as included in the opinion of the committee of independent directors and in the minutes of the Board of Directors, and more specifically concerning the question whether the financial and accounting information disclosed in this opinion and these minutes contain any material inconsistencies with the information that we possess within the scope of our mandate.

We carried out our assignment in accordance with the standards applicable in Belgium and the procedures recommended by the Institute of Registered Auditors for similar assignments. These procedures do not constitute an audit carried out in accordance with the International Standards on Auditing. If we had performed additional work or performed an audit or review of the accounting and financial information in accordance with International Standards on Auditing, we may have become aware of other matters that would be reported to you. Accordingly, we do not express an audit opinion on the accounting and financial information.

Basis of our conclusion

We do not express an opinion on the opportunity of the intended transaction, nor on the conditions under which it will take place, nor on whether the transaction is legitimate and fair ("no fairness opinion").
Nor do we express an opinion on the findings, assumptions, presumptions and/or hypotheses on which the resolutions taken by the corporate bodies are based, nor do we guarantee their effective realisation.
We act the absence of "legal opinions" confirming the effective implementation of the conditions and recommendations formulated by the committee of independent directors.

Conclusion

Subject to what is included in the previous paragraph and on the basis of the procedures performed, we can conclude:

- *taking into account the information available to us within the scope of our assignment, there are no material inconsistencies to report with respect to the financial and accounting information mentioned in the opinion of the committee of independent directors dated 24 September 2019 and in the minutes of the Board of Directors dated 24 September 2019;*
- *that the resolution included in the opinion of the committee of independent directors dated 24 September 2019 and the relevant part of the minutes of the Board of Directors dated 24 September 2019 have been included in the corresponding section of the draft annual report for the financial year 2019.*

Restriction on the use of this report

Our report is intended exclusively for the purpose set out above and is exclusively for the information and use of the Board of Directors in the context of the application of article 524 CC / article 7:97 CCA. Consequently, it may not be used for any other purpose.

Brussels, 31 March 2020

Mazars Bedrijfsrevisoren
Represented by

Lieven Acke
Auditor

7.3 Meeting of the board of directors of October 18, 2019

On the occasion of the meeting of the Board of Directors held on October 18, 2019, the procedure of Article 524 of the Belgian Companies Code was applied for the third time.

7.3.1 Opinion of the committee of independent directors

Prior to the meeting of the board of directors of October 18, 2019, a committee of three independent directors rendered the following opinion.

The committee of independent directors was composed of (i) C.G.O. SA, permanently represented by Mr. P. Delaunois, (ii) GEFOR SA, permanently represented by Mr. J. De Smet, and (iii) Mrs. M. Gillot-Lardot, and was assisted by Mr. Xavier Dieux as independent expert. The committee had given the following opinion, which was considered to be a "decision" within the meaning of Article 524 § 3, paragraph 4 of the Belgian Companies Code:

The committee of independent directors, acting unanimously, is of the opinion that the decision under consideration, i.e., the decision to communicate, according to a selective, progressive and graduated process, all or part of the information contained in the "Vendors Initiated Financial Due Diligence Report" (version 4, "blacklined", of October 4, 2019) drawn up by KPMG, in the 'Vendors Initiated Financial Due Diligence Report' (version 4, "Clean", of October 2, 2019) drawn up by KPMG, in the 'Draft Legal Due Diligence Report' (version of

September 17, 2019) drawn up by Me. Patrick Geeraerts and Kristof Slootmans of KLaw, as well as, as the case may be, in the Data Room, to DBA and third parties identified, or to be identified, by Rothschild & Co, does not occur under conditions that would establish that it would cause a prejudice, whether abusive or not, to the Company and its shareholders, provided that all the constraints and precautions required by this Report, as well as by the First and Second Reports, are complied with by all parties concerned, including KPMG, Rothschild & Co, DBA, as well as by the Company and the Management. It could entail a risk of harm, which cannot be quantified, if these precautions and the limits they entail were not respected but the Committee of directors is also of the opinion that this risk is adequately addressed by the precautions to which the communication is and will be subject, in particular under the confidentiality agreements entered into with the recipients of the information and the difference in treatment, if any, between the various candidates.

7.1.1 Minutes of the meeting of the board of directors

Upon receipt of the committee's advice, the board of directors held a meeting on October 18, 2019. The entirety of the relevant section of the minutes of the meeting of the board of directors of October 18, 2019 is as follows:

After having taken note of the Opinion, the board of directors deliberates on the decision which is the subject of the Opinion delivered by the Committee. The board of directors reconfirms that the procedure of Article 524 of the Belgian Companies Code, insofar as needed, has been complied with and that the board of directors does not deviate from the "decision" of the Committee's Opinion. The board of directors refers to the deliberations recorded in the minutes of the meeting of September 24, 2019. Then, the board of directors considers the following:

- Context: The board refers to the considerations set out in the minutes of the meeting of September 24, 2019. These considerations are reconfirmed.
- Contemplated decision: The contemplated decision concerns the communication to DBA, its advisors and candidate purchasers of a copy of the Vendor Due Diligence Report, provided that a confidentiality agreement is entered into by each potential purchaser to whom such information would be communicated and that the sensitive information is, as the case may be, redacted upon the instruction and control of the Company's CEO depending on the sensitive nature of the information.
- Identity of the candidate purchasers: The board refers to the considerations set out in the minutes of the September 24, 2019 meeting. These considerations are reconfirmed.
- Confidentiality: The board refers to the considerations set out in the minutes of the meeting of September 24, 2019. These considerations are reconfirmed.
- Gain or prejudice for the Company and its shareholders: The board of directors considers, in accordance with the Opinion, that the contemplated decision to communicate, in compliance with the conditions of confidentiality and limited access, does not appear to be of such a nature to entail a gain for the Company or to cause prejudice to the Company. Nevertheless, as indicated in the Opinion, the board of directors notes that a possible breach, whether or not through negligence, of the legal, regulatory or contractual constraints to which the communication is subject, could entail for the Company and its shareholders a risk of financial prejudice, the amount of which cannot be anticipated. Insofar as necessary, the board of directors reiterates that the Potential Transaction consists of the preparation of a sale of a majority shareholding in the Company's share capital, which will be followed by a mandatory takeover bid for the shares of the Company that are still held by the

public. It is therefore in the Company's interest that this type of process be carried out in an organized manner in compliance with certain conditions.

- <u>Financial consequences</u>: The board of directors again considers, in accordance with the Opinion, that apart from the time that will be devoted by the executive management and the board of directors of the Company to the exchange of information, assisted, as the case may be, by external legal counsel and other advisers and experts, the contemplated decision will not have any other financial consequences for the Company at this stage.

For all the reasons set forth above, the board of directors reconfirms that the contemplated decision is a necessary and preparatory step for the possible completion of the Potential Transaction, and, in view of the potential gain for the Company and its shareholders, is in the interest of the Company. The board of directors also reiterates that the various confidentiality agreements that have been put in place and the contemplated procedure for the exchange of information and documents are of such nature so as to (i) safeguard the confidentiality of the confidential and sensitive information and documents of the Company (and its subsidiaries) and (ii) ensure compliance with the applicable rules and principles in order to avoid a possible market abuse.

After these deliberations, the board of directors:

a) *RESOLVES to grant DBA and third parties identified, or to be identified, by Rothschild & Co. access, on a selective, progressive and graduated basis, to all or part of the information contained in:*
   - *the "Vendors Initiated Financial Due Diligence Report" (version 4, "blacklined", of October 4, 2019) drawn up by KPMG,*
   - *the "Vendors Initiated Financial Due Diligence Report" (version 4, "Clean", of October 2, 2019) drawn up by KPMG,*
   - *the "Draft Legal Due Diligence Report" (version of September, 17 2019) drawn up by the law firm KLaw,*
   - *the Data Room,*
b) *RESOLVES to grant a mandate to the members of the executive management of the Company in order to grant, to the selected candidate purchasers and their respective advisors, access to the information and documents of the Company and its subsidiaries, including access to the Vendor Due Diligence Report(s), to the information memorandum, and to the data room, in whole or in part.*

7.3.2 Assessment of the statutory auditor

At the request of the board of directors, the Company's statutory auditor issued the following opinion, which was attached to the minutes of the aforementioned meeting of the board of directors. The statutory auditor's assessment in accordance with Article 524 of the Belgian Companies Code / article 7:97 CCA is as follows:

The underlying report has been prepared in application of article 524 CC / article 7:97 CCA and concerns the fairness of the information as included in the opinion of the committee of independent directors dated 14 October 2019 and in the minutes of the Board of Directors dated 18 October 2019, and more specifically concerning the question whether the financial and accounting information disclosed in this opinion and these minutes contain any material inconsistencies with the information that we possess within the context of our mandate.

We have taken note of:

- *the opinion of the committee of independent directors, dated 14 October 2019;*
- *the minutes of the Board of Directors, dated 18 October 2019;*
- *the section on reporting in application of article 524 CC / article 7:97 CCA of the draft annual report for the fiscal year 2019 (attached for identification to the underlying report).*

Responsibility of the Statutory Auditor

Our responsibility is to express an opinion on the fairness of the information as included in the opinion of the committee of independent directors and in the minutes of the Board of Directors, and more specifically concerning the question whether the financial and accounting information disclosed in this opinion and these minutes contain any material inconsistencies with the information that we possess within the scope of our mandate.

We carried out our assignment in accordance with the standards applicable in Belgium and the procedures recommended by the Institute of Registered Auditors for similar assignments. These procedures do not constitute an audit carried out in accordance with the International Standards on Auditing. If we had performed additional work or performed an audit or review of the accounting and financial information in accordance with International Standards on Auditing, we may have become aware of other matters that would be reported to you. Accordingly, we do not express an audit opinion on the accounting and financial information.

Basis of our conclusion

We do not express an opinion on the opportunity of the intended transaction, nor on the conditions under which it will take place, nor on whether the transaction is legitimate and fair ("no fairness opinion").
Nor do we express an opinion on the findings, assumptions, presumptions and/or hypotheses on which the resolutions taken by the corporate bodies are based, nor do we guarantee their effective realisation.
We act the absence of "legal opinions" confirming the effective implementation of the conditions and recommendations formulated by the committee of independent directors.

Conclusion

Subject to what is included in the previous paragraph and on the basis of the procedures performed, we can conclude:

- *taking into account the information available to us within the scope of our assignment, there are no material inconsistencies to report with respect to the financial and accounting information mentioned in the opinion of the committee of independent directors dated 14 October2019 and in the minutes of the Board of Directors dated 18 October 2019;*
- *that the resolution included in the opinion of the committee of independent directors dated 14 October 2019 and the relevant part of the minutes of the Board of Directors dated 18 October 2019 have been included in the corresponding section of the draft annual report for the financial year 2019.*

Restriction on the use of this report

Our report is intended exclusively for the purpose set out above and is exclusively for the information and use of the Board of Directors in the context of the application of article 524 CC / article 7:97 CCA. Consequently, it may not be used for any other purpose.

Brussels, 31 March 2020

Mazars Bedrijfsrevisoren
Represented by

Lieven Acke
Auditor

8 Internal Audit and Risk Management System

SABCA has formalised its internal audit activities based on the internal control whose reference is the COSO2 model. Internal Audit deals with Risk Management by defining its control environment, identifying and classifying risks and ensuring the existence, execution and performance of Risk Management. The communication & information and monitoring axes are included in this approach.

COSO2

8.1 Control Environment

The functioning of the different entities is managed by the "Management Processes", which describe the principles and procedures including their input data, output data and their interactions. The process map has been updated in 2019.

A Corporate Governance Committee involving the SABCA Management Team and Security is responsible for this structure control and good integration (Governance, Risk and Compliance GRC). This group controls the internal environment and defines the objectives. A project manager is responsible for the build of a strong control culture at SABCA which provides support to the teams. An Environmental Policy Statement, an Internal Audit Charter and a Quality Policy Statement exist and are communicated to all staff. Their compliance with legislation, regulations, and adaptation to changes in the areas of activity are reviewed annually.

8.1.1 Enterprise Risk Management

Since 2009, SABCA has formalised the analysis and assessment of its business risks. The mapping of these risks, based on the probability of occurrence and the level of impact, made it possible to establish the order of priority. The missions defined in an annual Audit Plan cover the risks considered major, and the focus is mainly on operational risks.
The financial part is the subject of particular attention: this point is developed in the chapter dealing with financial risks, in Section 8.6 below.8.1.2 Corporate Social Responsibility

Monitoring and control are defined by a new code of conduct which has been released end of 2019. It describes SABCA values, expected behaviours and SABCA means towards integrity. This code of conduct is integrated within the company processes.

8.1.3 Corporate Compliance Program

The structuration of the global audits (Corporate Compliance) is following the same framework. Next year, the yearly audit plan will be presented to the Audit Committee for approval based on this structure:

- 1st party (Internal) audit
- 2nd party (External) audit

- 3rd party (Certification) audit
- Suppliers audit

In 2019:

- The financial management process incorporates internal control measures. Reviews of the financial process complement this approach.
- Quality Audits are performed by Quality Department Auditors using appropriate procedures. These auditors also monitor actions and recommendations from Internal and / or External Audits. Quality Audits carried out internally or by external bodies are the subject of a communication from the Quality Department, which also monitors the control actions.
- The internal audit program has covered:
    - Inventory Management
    - Licences Management
    - Maintenance of machines
    - Crisis Plan

Each audit assignment is the subject of a specific report, which is summarised and presented to the Audit Committee.

8.1.4 Information and Communication

Improvements on information, communication and visibility have been performed by the communication cell together with head of IT. The visible part of the iceberg is the release of:

- The new corporate website
- The new intranet
- Sharepoint information sites
- Communication spots

Most valuable elements produced by SABCA are now well shared and SABCA receives positive feedback from collaborators, customers and suppliers.

8.2 Findings

The major risks and uncertainties facing the Group are:

Financial Risks

The Group is exposed to a risk on Long-Term Programmes because of their technical, economic and financial evolutions, which can put their profitability in jeopardy. These risks are typically related to the ability to deliver products and services in accordance with customer needs (quality and timeliness), constant pressure on prices that could lead to margin degradation, lack of capacity in machinery or human resources, etc.

Market Risks

Market risks are mainly seen as opportunities. SABCA has a competitive position in the aviation market and adapts sales, production and delivery activities to be one of the happy few major players.

- US, EU and other countries are quickly evolving in a market with stronger competition and stronger control. SABCA has aligned the process to address those new requirements. SABCA is still positioned as a neutral actor eligible for the delivery of most competitors.
- EU authorities evolve with higher requirements (NIS directive, Cyber act, export control, Artificial Intelligence, drones and automated/unmanned systems, industry 4.1…). Certification requirements is part of the new challenges. The creation of the EU Defence, Space and Industry dedicated direction (DEFIS) shows a strong EU interest on the SABCA market. SABCA is doing some watch and prepares the processes and control activities in that direction.
- Market evolution is challenging. SABCA follows some very specific market changes such as the surface treatment, US Defence, Drones
- Morocco activities expansion has a dedicated team working to transform risks into opportunities by adding more control and presenting measurable results. Trust with other strong market players is in place and continuous improvement make this trust stronger every day.

Operational Risks

Following the work done by the Risk Management and Internal Control managers, the operational risks were identified and mapped according to their acceptability:

- Variations in production rates in the needs expressed by customers under existing contracts, and the uncertainty related to obtaining new contracts, lead to a variable charge and - in the long term - one that is lower than the internal capacity of the company; this could lead to a need to adapt capacity.
- The age distribution within the workforce, and particularly the high average age, makes succession to key positions, training, and transmission of skills particularly difficult, especially in the complex regulatory and technological environment of the aerospace industry.

The reorganisation of the SABCA Group via the Project of the Century (POTC) represents a challenge that is closely monitored by the Management.

9 Remuneration Report

9.1 Remuneration Committee

Composition and Activities

The Committee consists of:

- SPRL Gestime represented by its Manager **Remo Pellichero**, Chairman, Chairman of the Board of Directors.
- SA C.G.O. represented by its CEO **Philippe Delaunois**, Independent Director.
- Gefor SA represented by its CEO **Jacques de Smet**, Independent Director.

Participate in meetings:

- **Thibauld Jongen, CEO** (except for the part concerning himself)

During the year 2019 the members met two times.

The remuneration of the members of the Senior Management Team (SMT) and other persons reporting directly to the Chief Executive Officer is reviewed. The Committee examines for each of these persons the different components of remuneration, in particular the fixed and variable components, the group insurance contracts and the remuneration policy.

The internal regulations of the Remuneration Committee are included in Annex D of the SABCA Corporate Governance Charter.

Presence of directors at Remuneration Committee meetings

Mr. Remo Pellichero[1]	2
Mr. Philippe Delaunois[2]	2
Mr. Jacques de Smet[3]	2

[1] representing the SPRL Gestime
[2] representing the SA CGO
[3] representing the SA Gefor

Compensation Policy

The purpose of the Company is to develop and maintain an attractive remuneration policy for its employees while safeguarding the interests of the Company and the shareholders.

The Remuneration Committee reviews the situation of the members of the Senior Management Team (SMT), as well as other direct reports from the CEO.

The Committee hears the delegate's explanations for day-to-day management and after discussion and exchange of points of view between its members, submits the final proposals to the Board of Directors, which decides on the matter.

Remuneration components are fixed remuneration, variable remuneration and supplementary pension.

A balance is sought between these three elements, which together should allow the company to attract, motivate and retain qualified and competent professionals given the scope of responsibilities and in reference to the market.

Fixed remuneration is based on the level of responsibility and its evolution depends in particular on the assessment of individual performance and the trend of remuneration on the market.

The Remuneration Committee proposes to the Board of Directors salary changes for the Executive Officers.

The variable remuneration is granted to the members of the SMT according to the assessment of their performances and the earnings of the company.

Certain SMT members benefit from a specific supplementary pension plan whose annual contribution is based on the company's net earnings.

The variable remuneration for the financial year is definitively acquired after the approval of the accounts by the General Meeting.

There has been no significant change in the remuneration policy since the last financial statements.

The remuneration policy does not include any specific rules regarding severance pay.

9.2 Remuneration of the members of the board of directors and its committees *

Non-executive directors	in EUR
SPRL Gestime, represented by its Manager **Remo Pellichero**, Chairman	5.000
Olivier Costa de Beauregard, COO - Marcel Dassault Industrial Group	17.601
SA CGO represented by its Manager **Philippe Delaunois**, independent director	19.601
Carole Fiquemont, General Secretary Marcel Dassault Industrial Group	18.601
SA Gefor represented by its Manager **Jacques de Smet**, independent director	23.101
Charles Edelstenne, Chairman and CEO - Marcel Dassault Industrial Group	17.601
Michèle Gillot, independent director	17.601
Loïk Segalen, Chief Operating Officer - Dassault Aviation	20.101
Josée Sulzer, Chief Investment Officer – Groupe Industriel Marcel Dassault	17.601

** Board of Directors, Audit Committee, Permanent Committee and Remuneration Committee.*

There have been no significant changes in the remuneration policy for non-executive directors since the last financial statements.

By meeting, the members of the committees receive an attendance fee of 500 EUR and the chairman of the committee an attendance fee of 1,000 EUR. The corresponding amounts are included in the table above.

Mr. Remo Pellichero had a service contract via his company Gestime SPRL, the flat-rate annual fees of which amount to EUR 75,000.00 excluding VAT.

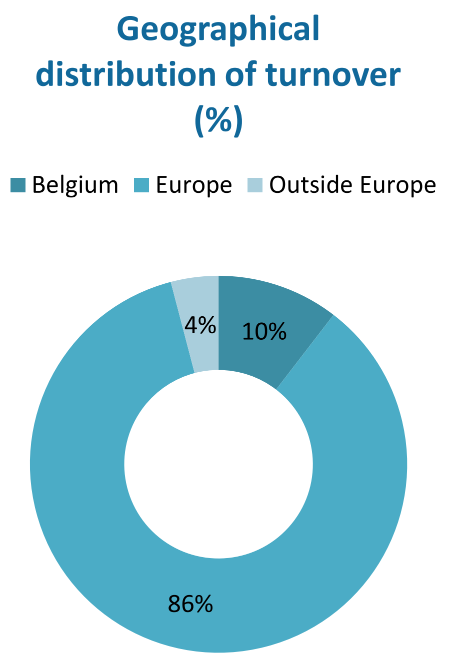
Changes in the remuneration of the members of the board of directors and the various committees are defined by the general meeting at the proposal of the board of directors, on the recommendation of the remuneration committee.

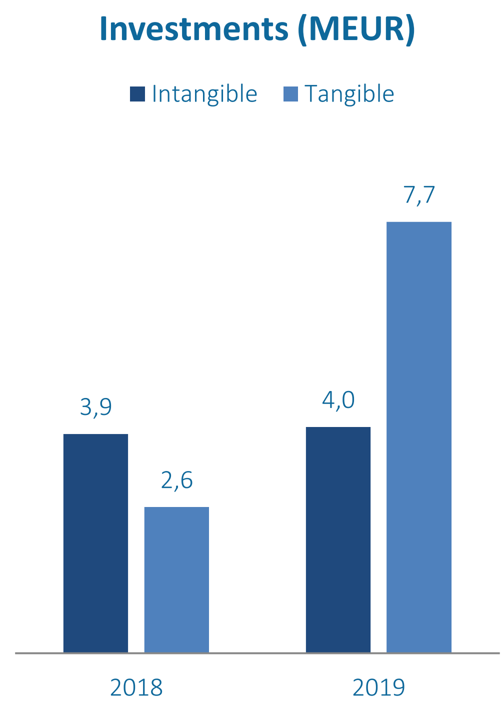
9.3 Remuneration of the CEO and other members of the SMT

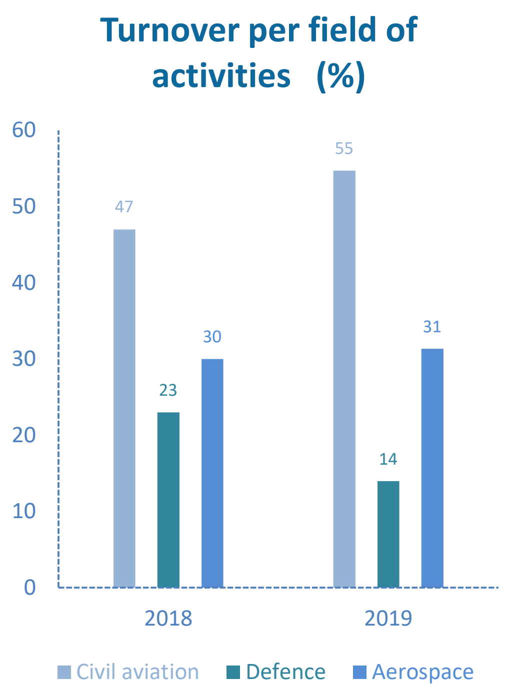
On the proposal of the Remuneration Committee, the Board set the remuneration below for the CEO and the other members of the SMT in 2019

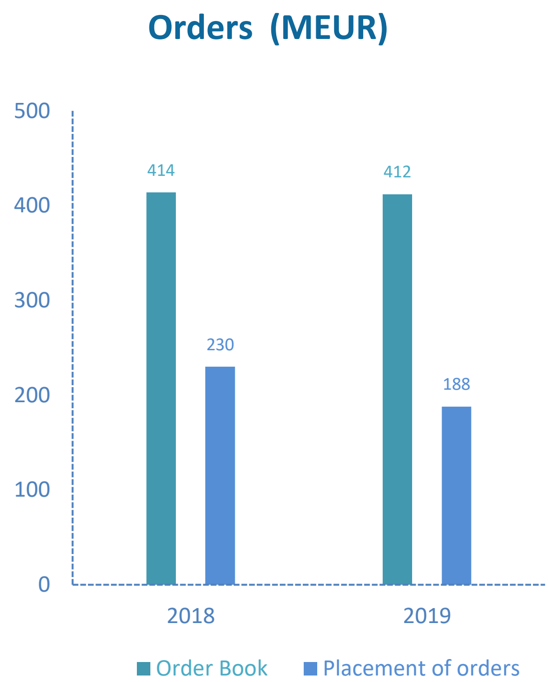
EUR	CEO Thibauld Jongen	Other Members of the SMT
Fixed remuneration	€281.062	€1.081.827
Variable remuneration	€93.800	€63.596
Total	€374.862	€1.145.423
Pension plan	€38.528	€125.450
Other benefits	€6.337	€25.302

Financial aspects









1. SABCA Group

Consolidated Key Figures - Consolidated Income Statement and Summary in IFRS

(in KEUR)	2019	2018
Revenue from ordinary activities	**207.981**	**195.410**
Turnover	189.734	186.151
Changes in work in progress	5.339	303
Capitalized production	4.026	3.916
Other revenue from ordinary activities	8.882	5.040
Operating expenses	**-203.237**	**-184.906**
Operating result	**4.744**	**10.504**
Financial income	3.084	1.539
Financial expense	-4.231	-4.997
Operating result post financial result	**3.597**	**7.046**
Income tax	2.615	-1.826
Net result for the period	**6.212**	**5.220**
Whereof attributable to owners of parent	6.172	5.193
Non-controlling interests	40	27
Total	**6.212**	**5.220**

Result per share (in EUR)	2019	2018
(number of shares : 2.400.000)		
* basic	2,59	2,18
* diluted	2,59	2,18

	2019	2018
Headcount at 31 December	**1.026**	981

SABCA Group realized a turnover of **189.734 K€** in 2019, increasing by 1,9 % compared to 2018, mainly thanks to an increase in aviation programs despite a decrease in defence programs.

The Group’s **operating result** is a profit of **+4.744 K€**, compared to +10.504 K€ for the year 2018. This decrease is mainly due to adverse impact in defence-related maintenance, repair and overhaul activities.

The **financial result** is a loss of **-1.147 K€**, compared to -3.458 K€ in 2018. The negative result in 2019 includes a fair value adjustment of currency hedging instruments of -1.399 K€ while the negative result in 2018 contained a fair value adjustment of -3.830 K€. These adjustments do not reflect the future financial results that will be recognized upon settlement of these financial instruments. Excluding the effect of the fair value adjustment, the financial result for the year 2019 is +252 K€, to be compared with +372 K€ for the year 2018.

Deferred taxes are recalculated in accordance with the Belgian tax reform, which implies an average tax rate of 25% based upon a 5-year plan starting from 2020 onwards. A decrease in deferred tax liabilities following a reduction of taxable temporary differences and an increase in deferred tax assets following the recognition of tax credits and losses carried forward explain the positive position of deferred taxes as of 31/12/2019, reduced by an estimate of the income tax on the 2019 taxable base.

The **net result** for the year 2019 is **+6.212 K€** compared to +5.220 K€ for the year 2018, that is 2,59 € per share.

The net result for the period attributable to the owners of the parent company amounts to 6.172 K€.

2. SABCA

Non-consolidated key figures - Statutory accounts according to Belgian accounting principles

(in KEUR)		**2019**	2018
Turnover		187.492	182.235
Equity capital		30.838	27.513
Investments in tangible assets		5.364	2.445
Results			
- operating		-2.138	1.986
- financial		6.417	2.679
- before tax		4.279	4.665
- tax		-670	-11
- after tax		3.609	4.654
Total dividends		*0,00	*0,00
* proposed to the Annual General Meeting			
Current result per share	(EUR)		
Result before tax per share	(EUR)	1,78	1,94
Result for the period per share	(EUR)	1,50	1,94
Net dividend per share	(EUR)	0,00	0,00

The turnover amounts to **187.492 K€**, increasing by 2,9 % compared to 2018, mainly thanks to an increase in aviation programs despite a decrease in defence programs.

The operating result is a loss of **-2.138 K€** compared to +1.986 K€ for the year 2018. This decrease is mainly due to adverse impacts in defence-related maintenance, repair and overhaul activities as well as a provision for pensions plans, booked previously in consolidated IFRS accounts, and considering the results of a study recently published by the FSMA on the funding of pension commitments.

The financial result is a profit of **+6.417 K€** thanks to the partial reversal of a previous write-off of the participation in the affiliated company Sabca Limburg NV, in order to re-align the net book value of the participation with the equity of the entity.

The net result is a profit of **+3.609 K€**.

Events after the balance sheet date

At the time of this writing, a very significant post-closure event has struck the economy, worldwide: the Covid-19 virus crisis. Our first priority has been to protect the people of SABCA and all our partners working within our facilities. In order to guarantee that everyone at SABCA is working in a safe and healthy environment, production has been temporarily interrupted to perform a detailed, in-depth analysis of all our sites, facilities, and production lines and implement efficient and permanent measures to comply with the new sanitary regulations and eliminate the risks on our employees' health. It is as of today (April 02, 2020) still unclear what the exact extent of this event will be, but it will certainly negatively impact the global industry in the short-term, and hence the SABCA Group, in a significant way.

Justification of the rules of continuity

The Board of Directors notes that the recognition of provisions and impairment losses on financial instruments from 2014 to 2017 respectively generates a negative result for four consecutive years. Taking into account the plan to reduce operational costs, the Board believes that the business continuity of the company is ensured and that the accounting rules for valuation of the company as part of the continuity of its activities can continue to be applied.

Proposed resolutions

to be submitted to the general Shareholders' meeting of 28th May, 2020

DISTRIBUTION OF PROFITS

The distribution account included in the annual accounts submitted to the meeting is as follows:

1. Profit from the financial year to be distributed	3.572.870,59 EUR
2. Loss carried forward from the previous financial year	-6.881.668,49 EUR
3. Loss to be distributed	-3.308.797,90 EUR

Taking into account the profit and loss recorded in the statutory accounts, the Board of Directors will propose to the general meeting that no dividend be distributed for 2019.

The board proposes the following distribution for approval by the meeting:

Loss to be carried forward	-3.308.797,90 EUR

Corporate Governance Statement (cfr p.42)

After the unexpected decease of Mr. R. Pellichero (cf. p.3), the board decided to temporary appoint as Chairman (via SHIPSET7 BV) Mr. Thibauld Jongen, who is also the CEO. The Board justifies this deviation of the Corporate governance principle that the chairman of the board of directors and the CEO should not be the same individual as follows:

- The urgency to appoint a new Chairman, taking also into account the current situation of the sale of 96,85% of the shares by Dassault Belgique Aviation to Sabena andSFPI/FPIM.
- The temporary nature of the measure, taking into account that the aforementioned transaction (of which the closing is expected at the end of the second quarter 2020) will be followed by a squeeze-out bid to delist SABCA from Euronext Brussels (cf. press release February 7, 2020).

2019 Sustainability Report
SABCA Group

Sustainability Report

MR refers to pages within the Management Report,
SR refers to pages within the Sustainability Report

“The SABCA group is committed to ensure that its activities and business contribute to a sustainable world, which respects the environment, as well as employee welfare and the rights of individuals.”

SABCA Sustainability Statement

Message from the CEO

In 2019, SABCA continued a steady course. Three years of the "**Project of the Century**" programme have progressed, a four-year strategic transformation plan on becoming more **Robust, Profitable and Attractive**. Though not mentioned specifically, sustainability plays a role too: it is an integral part of each of the three pillars.

Many projects have been started, developed, and achieved in 2019 in the areas of health, safety and employee well-being, and environmental responsibility. To name only a few, a company-wide safety awareness initiative "**TAKE CARE @ SABCA**" has been deployed, a new mobility policy has been further developed, and the large farm of solar panels (15,000 m^2) on the roofs of the Brussels plant produced the equivalent to the consumption of more than 300 families.

With the first two targets of SABCA's transformation –Robust and Profitable– well on their way, it is now important to achieve the third one: Attractive. Here also, sustainability will factor in when realising this goal. Visibly showing how sustainability is embedded in the organisation and how it is having an impact, will make SABCA even more attractive as a company to be proud to work for and to do business with. As part of a means to that end, with this publication, SABCA has released its first sustainability report ever to demonstrate how sustainability trickles down in the governance, environment and social aspects.

Thibauld Jongen, CEO, SABCA Group

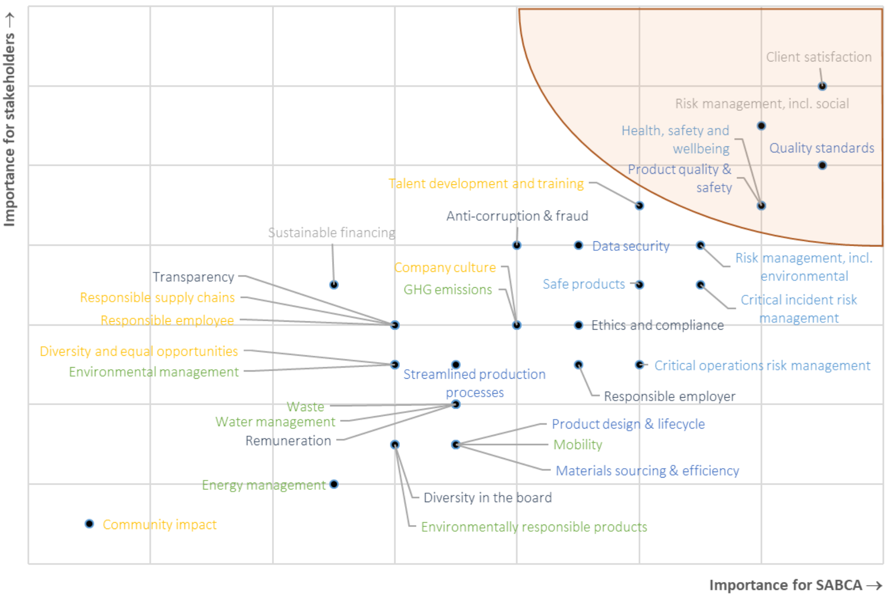
Materiality analysis

> "We want to do business with respect to human rights, the environment and the wellbeing, health, and safety of our people."

SABCA aims to have a positive impact on all of its employees, as well as on society in general. At the same time, focus is still on the quality and innovation of products, and the delivered services. SABCA continuously conducts research on industry innovation and always tries to develop new and more efficient production techniques.

To determine the priority of all sustainability topics, SABCA conducted a materiality analysis, identifying the most material topics: i.e. those sustainability topics that have the greatest impact on SABCA's business, and where at the same time, SABCA in return has the most impact on. The materiality analysis was conducted according to the business as well as to internal and external stakeholders like works councils, technological partners, suppliers, investors, industry associations, government bodies, airworthiness authorities and of course the company's own customers.

The list of possible materiality topics is composed based on the industry-related topics according to the Sustainability Accounting Standards Board (SASB) and on a benchmark study. Furthermore, these topics are grouped in the figure to the right, using colour-coding, respectively: economic, social, governance, environment, research & development, health & safety. This figure represents the materiality matrix that resulted from the stakeholders' analysis. The topics in the far right corner are those that were found to be most impactful for both stakeholders as well as SABCA as a company. The material topics hence are: Client satisfaction, Risk management incl. social aspects, Quality standards, Product quality & safety, and Health, safety and wellbeing.



SABCA wants to contribute to the United Nations Sustainable Development Goals (UN SDGs) in the best way possible, without losing focus on its business. The UN SDGs address the global challenges of today and tomorrow, including those related to poverty, inequality, climate, environmental degradation, prosperity, and peace and justice. These goals form the blueprint to achieve a better and more sustainable future for all.

Based on the results of the materiality analysis and the aim of SABCA to contribute to the UN SDGs, the company selected the following topics to act and improve on: Ethics & Compliance, Human Resources, Health & Safety, Research & Technology and Environment. The UN SDGs, linked to the Global Reporting Initiative (GRI) standards and to the topics that are most material to SABCA are listed in Appendix 2: Link between SDGs, GRI and report topics.

The complete GRI index can be found in Appendix 1: GRI Content Index

SABCA is celebrating its 100-year anniversary in 2020. Through the years, the company has gathered wisdom, experience and extensive knowledge within the industry. Although the company has come this far, SABCA will have to prepare for the next era. Looking forward, the company's operations need to become more efficient. SABCA must encourage eliminating waste, reducing energy and water consumption, minimising CO_2 and VOC emissions, and invest in new technologies and production methods to reach sustainable, long-term results. This Sustainability supplement to the Annual Report 2019 gives an update on the performance of all kinds of indicators, with as ultimate goal the creation of a sustainable and successful business culture ready to be launched into the next era.

Ethics & Compliance

Ethics & compliance, protection of human rights and security are all high on the agenda at SABCA. Dassault Group, SABCA's main shareholder applies very strict ethical principles, in compliance with national laws and international agreements. A framework is being designed to comply with anti-corruption and implementation of due diligence and SABCA aims to be aligned with this framework. The framework will be compliant to anti-corruption and anti-bribery laws like the French Sapin II Law and the Vigilance Law.

Sapin II Law

This law aims to prevent corruption and the influencing of trade. The Sapin II Law includes a plan and accompanying measures on anti-corruption.

> The Law of December 9, 2016 (LS2) requires to *"take measures to prevent and detect, the commissioning, in France or abroad, of corruption or trading in influence"* implementing *"measures and procedures"* of which the details are provided by law.
>
> the **Anti-Corruption Plan**

There are three driving principles of the Sapin II Law.

1. **Promote transparency.** This is primarily manifested in the creation of a status of whistle-blowers and the creation of a list of all interest groups. This list publicly discloses information on links between interest groups and public officials.

2. **Step-up the fight against corruption.** The law clearly aims at strengthening efforts in curbing corruption on a global level through the creation of a new anti-corruption agency (Agence Française Anti-Corruption) with far more resources and power than its precedent, the 'Service Central de Repression de la Corruption' (SCPC), and through strengthening sanctions on non-compliance.

3. **Modernise the economy.** The law stipulates that company leaders must receive awareness training on the risks of corruption.

Vigilance Law

> The 2017-399 Law of March 27, 2017 (amended by the ordinance 2017-1162 of July 12, 2017 and codified in the article L225-102-4 of the code of trade) obliges to *"establish and effectively implement a due diligence plan, including due diligence measures to identify risks and prevent serious violations of human rights and fundamental freedoms, human health and safety, and the environment, resulting from the activities of the company and those of the companies it controls within the meaning of II of Article L. 233-16, directly or indirectly, as well as the activities of subcontractors or suppliers with whom a relationship is maintained when these activities are linked to this relationship"*. This plan includes a number of measures imposed by law.
>
> the **Vigilance Plan**

In short, according to this Law, a plan including measures to identify risks, should be composed and executed. With the prevention of violations of human rights, of health and safety and of the environment, caused by the company, its related entities and its suppliers and subcontractors as ultimate goal.

SABCA plans to undertake multiple steps to be compliant to these laws. In line with the Sapin II Law, the company has already implemented a whistleblowing procedure. This procedure is designed to encourage people to speak up when they see unjust behaviour.

Non-financial reporting

This sustainability report aims to fulfil at its minimum the legal requirements regarding non-financial information in accordance with article 96 §4 of the Company Law. This compliance pertains the publicising of information regarding the SABCA results and its position on topics such as environment, personnel, social, human rights, and anti-bribery and corruption.

Human Resources

A diverse, engaged, and skilled workforce is the backbone of every organisation and a pre-requisite for success. SABCA pro-actively manages its workforce and looks at factors related to diversity, talent acquisition, retention, and the right rewards so that its employees can thrive.

The overall yearly headcount has been mostly constant, with minor fluctuations after internal restructurings that took place especially in 2017. N.B. This chapter details various aspects of SABCA Group's HR information for all its sites.

SABCA's total headcount (excl. BoD)	Unit	2019	2018	2017
Employees	Number	957	981	1.002

Diversity

SABCA sees diversity as encompassing all the ways in which individuals are unique, be it visible or not. This includes apparent factors such as gender, nationality, age, ethnicity, sexual orientation, physical capabilities, but also stretches further to cover the norms, beliefs, education and culture of a person. For SABCA employees to thrive and give it their best day in day out, this means that they feel valued at the workplace, and that their differences are celebrated, rather than rebuked.

SABCA aims to have a diverse pool of employees, comprised of different cultural backgrounds and striving to obtain age and gender diversity. Currently, SABCA has 129 employees with 22 nationalities other than Belgian.

As a Belgian listed company, SABCA has to fulfil national and European legislation regarding its diversity policies. In recent years, SABCA has already been shaping its internal policies regarding diversity, and although the technical industry remains to this day a predominately male-one, SABCA has succeeded in enhancing its diversity, most notably in the top management. As of 1 January 2019, SABCA Brussels and SABCA Gosselies comply with the legal obligation to have 1/3 of its Board of Directors members being of another gender. In order to also have such diversity reflected in the SABCA Group figures, more efforts will be undertaken in the coming years to keep on working towards a balanced workforce.

By 2020, SABCA aims to fully respect this ratio of at least having 1/3 of its Board of Directors and Senior Management Team being members of the other gender.

[1]The figures and tables below apply to SABCA's Belgian sites. SABCA Morocco has not been included, unless explicitly mentioned.

SABCA's gender diversity by category	Unit	2019	2018	2017
Women in the Board of Directors[1]	Percentage	33,33	14,3	14,3
Women in the Senior Management Team	Percentage	18,8	18,8	16,7
Women in other positions	Percentage	13,7	14,3	13,7

Faced with an experienced but largely ageing employee pool, SABCA in 2019 conducted internal surveys on succession planning. This allowed SABCA to gauge how to best manage the continuity of its know-how and experience. As a result, SABCA aims to hire additional younger workers. However, given the technical prerequisites, it should be noted that a balance is always to be made between age and the already acquired skillset of future employees.

SABCA's workforce by age (excl. BoD)	Unit	2019	2018	2017
Under 30 years	Percentage	15,7	12,0	12,7
Between 30 and 50 years	Percentage	39,6	39,8	36,5
Above 50 years	Percentage	44,7	49,6	52,5

Age group by category	Unit	2019	2018	2017
Board of Directors[2]	Number		14	14
Under 30 years	Percentage		0	0
Between 30 and 50 years	Percentage		7,1	7,1
Above 50 years	Percentage		*92,9*	*92,9*
Senior Management Team	Number	16	16	18
Under 30 years	Percentage	*0*	*0*	*0*
Between 30 and 50 years	Percentage	*56,3*	*56,2*	*50,0*
Above 50 years	Percentage	43,8	43,8	50,0
Other positions	Number	946	965	984
Under 30 years	Percentage	16,0	12,2	12,9
Between 30 and 50 years	Percentage	39,3	39,4	36,2
Above 50 years	Percentage	44,7	48,4	50,9

Recruitment and retention

In 2019, SABCA organised 5 job days in Brussels to allow for a broader reach out to job seekers with potential. On that day, job "speed dating" was organised in order to allow candidates and hiring managers to get to know one another. After the job days, suitable candidates were offered contracts. As those days proved a success, SABCA intends to organise more such events.
We also participated in 6 job fairs and collaborated with different external training institutes (such as WAN, VDAB, IRISTECH).

[1] The Board of Directors figures are corrected for any member being present in multiple SABCA legal entities.
[2] The Board of Directors figures are corrected for any member being present in multiple SABCA legal entities.

Given the previously indicated diversity balance with regards to gender of the top management, SABCA seeks to exert its influence in a broader context: i.e. having gender diversity targets also being reflected in the overall recruitment efforts:

Hiring by gender	Unit	2019	2018	2017
Male	Number	171	96	48
Female	Number	31	23	8
Total hiring	**Number**	**202**	**119**	**56**

Hiring by age	Unit	2019	2018	2017
Under 30 years	Number	94	30	27
Between 30 and 50 years	Number	79	71	25
Above 50 years	Number	29	18	4
Total hiring	**Number**	**202**	**119**	**56**

Retention by gender	Unit	2019	2018	2017
Male	Percentage	85,1	86,0	86,1
Female	Percentage	74,5	85,8	83,3
Total retention	**Percentage**	**83,6**	**85,9**	**85,7**

Retention by age	Unit	2019	2018	2017
Under 30 years	Percentage	72,7	83,1	75,6
Between 30 and 50 years	Percentage	84,0	87,9	87,7
Above 50 years	Percentage	87,1	85,1	86,9
Total retention	**Percentage**	**83,6**	**85,9**	**85,7**

Albeit SABCA's retention rate already being fairly high, SABCA aims to keep a healthy and friendly work environment that inspires and motivates its employees to give it their best, every day. In the coming years, SABCA aims to increase its retention rate to 90, or at least where leaves are limited mostly due to people retiring.

Professional and personal development

SABCA grows as a company when its employees grow. Keeping on track with legislation and staying a step ahead of the competition means investing in employees to ensure they have the needed trainings and skillsets.

In 2019, SABCA organised companywide trainings on safety awareness and we also launched a real leadership program to strengthen the overall managerial skills of employees. Thus, employees obtain skills to apply a versatile methodology to improve their day-to-day activities. Most trainings in 2019 were given to employees in order to remain compliant with the latest regulations. Such trainings were hence in the domains of health & safety, environment and industry-related knowledge.

Overall, a trend can be seen that SABCA employees on average receive more hours of training each year, with an increase of nearly 50% since 2016:

Trainings by gender	Unit	2019	2018	2017
Male	Hours per employee	43,1	30,5	20,0
Female	Hours per employee	23,2	24,3	24,1
Total trainings	**Hours per employee**	**40,4**	**29,6**	**20,5**
Trainings per employment category	Unit	2019	2018	2017
Blue-collar	Hours per employee	47,1	31,7	25,5
White-collar	Hours per employee	37,8	25,9	17,1
Managers	Hours per employee	31,6	29,7	14,7
Total trainings	**Hours per employee**	**40,4**	**29,6**	**20,5**

Every employee has his/her own story and ambitions. At SABCA, looking at professional development is structurally embedded where periodically employees are evaluated on their performance, as well as their future trainings and skills needs.

Paternity and maternity leave

SABCA upholds the Belgian law, safeguarding employee's rights to maternity- and paternity leave. Over the last couple of years, the situation at SABCA was as follows:

Parental leave	Unit	2019	2018	2017
Employees with the right of leave	**Number**	**29**	**34**	**28**
Male	*Number*	*24*	*31*	*23*
Female	*Number*	*5*	*3*	*5*
Number of hours of leave taken	**Hours**	**5530**	**4.518**	**3.758**
Male	*Hours*	*1497*	*1.999*	*1.304*
Female	*Hours*	*4033*	*2.519*	*2.454*
Number of employees that returned after their leave	**Number**	**28**	**33**	**27**
Male	*Number*	*24*	*31*	*23*
Female	*Number*	*4*	*2*	*4*

At SABCA, employees will never be discriminated based on their parental status. As such, the incidental cases of employees not returning back to SABCA are due to other grounds, where mostly employees themselves either decide to no longer return based on their personal situation.

Employment benefits

On top of a competitive salary, SABCA offers its employees fringe benefits. These include benefits such as bonuses, ecological vouchers (so-called 'Eco cheques'), insurances (e.g. life and health insurance), disability and invalidity coverage, retirement provisions, reimbursement of individual pension savings or a mobility-scheme (incl. public transport subscription, bike allowance and more).

Health & Safety

State-of-the-art equipment needs to be produced in environments with sound safety management. At SABCA, health & safety risks are continuously monitored and addressed. In addition, pre-emptive measures are in place to ensure every day is a safe day.

TAKE CARE @ SABCA

Our efforts for the well-being of all employees, both in- and outside of the work environment, is part of our bigger premise to work on a better future. Health & Safety is one of our core pillars of engagement. In order to reinforce our commitments regarding this area, in September, SABCA set up a specific campaign, titled 'TAKE CARE @ SABCA' to ensure we walk the talk.

We believe that all accidents can be avoided, and hence we invest in practical measures to control risks related to our operations to the fullest extent.

All employees of SABCA, as well as our contractors, are responsible for understanding, promoting and executing this policy. Well-being thus is an integral part of our managerial processes. Communication, engagement and education are decisive in our aim for excellence concerning health and safety. In order to achieve our goals we will:

- Build a supporting culture that supports a visible leadership with clear responsibilities
- Build a culture where works are ceased as soon as unsafe situations occur
- Comply with legislation on all our sites, and even aim to surpass those expectations

N.B. This chapter details various aspects of SABCA Group's health and safety information for all its sites, unless stated otherwise. In light of TAKE CARE @ SABCA, particular initiatives related to Health & Safety were launched. These included the communication of the Safety Policy and the 'ten golden safety rules' that were formulated in close cooperation with CPBW (i.e. the national committee for the prevention and protection at work).

In addition, a complete diagnosis on technical- and behavioural aspects of the safety at work was undertaken. For this, SABCA management mobilised the expertise of Fullmark. Fullmark is a specialised consulting firm in the area of Health and Safety, focussing on holistic approaches to sensitisation and communication across companies.
The following initiatives were launched as a result:

- Monthly campaigns with different safety topics and a safety contest to make sure that everybody understands the message
- A Safety movie on site with Sabca employees to underline the 10 golden safety rules
- Sabca Safety Day in Lummen for all employees with different workshops about Health & Safety and Well-being

> "In order to further cement our commitment to a safe working environment, monthly safety themes are being organised. Interactive sessions, called 'Safety Quarter' are held to keep occupational safety as part of the routine activities."

Occupational health & safety

Safety Risk Management System

In order to manage occupational health and safety, SABCA has a **Safety Risk Management System (SRMS)** in place, through its Internal Prevention and Protection Service. It builds on national legal requirements and is in line with **EN 9100** – an international series of standards for the aerospace industry and its supply chain. Currently, SABCA is preparing to obtain the **ISO 45001 certificate** (on occupational health and safety management systems).

All the sites, activities and employees are covered by the SRMS. A global internal service, complemented with a local internal service per site, ensures the SRMS is effectively deployed. Furthermore, the CEO has direct oversight of the implementation. An internal and external medical department ensures medical assistance.

As part of this management system, SABCA's **Global Prevention Plan** and the **Annual Prevention Plan** form the cornerstones of managing day-to-day health & safety. These Prevention Plans are devised to ensure risks and hazards are monitored and addressed. Through monthly reviews, the Prevention Plans are updated. The internal service with dedicated and trained officers on protection and prevention is responsible for setting up the Prevention Plans. By working together with line managers and operators to identify risks and hazards on a routine basis, as well as to evaluate the risk management processes. Overall, this reduces risks on the work floor to a minimal whilst increasing overall health and safety.

> "SABCA believes that the promotion of health, safety, hygiene and the protection of the environment should be supported by management, technology and human resources"
>
> **SABCA Sustainability Statement**

Hazard identification, risk assessment and incident investigation

For each workstation risk analyses are done. These are based on the Kinney-method[3] for quantification of risks, task-risk analyses and Last-Minute Risk Assessment-principles. To keep conditions safe, assessments need to be renewed every two years. The most common hazards at the workplace include slips and trips on the floor or staircase, lack of education or instruction, unclear control systems or improper use of machinery. In 2019, the following particular risks created the most dangerous situations:

- Loss of control over a machine or transport vehicle
- Hand tools
- Moving the body with or without any load
- Trips or slips

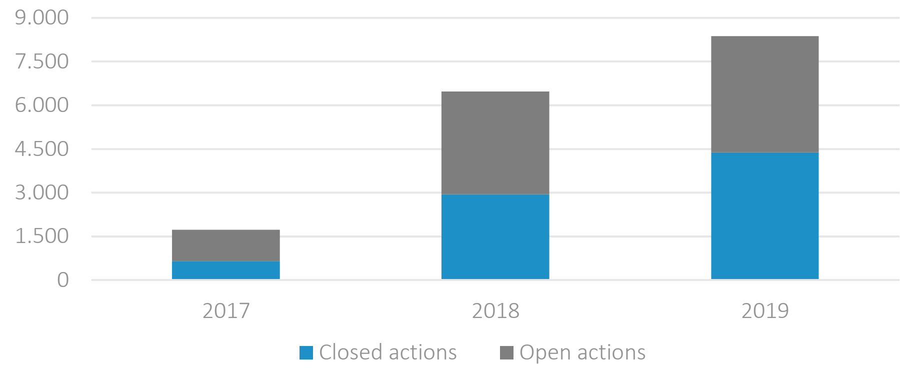
[3] The Kinney method is a risk assessment based on three parameters: the probability of an accident or damage occurrence, the exposure at risk frequency, and the gravity of the induced consequence.

Through weekly reports, and monthly meetings with the line managers, SABCA's committee for protection and prevention monitors and oversees the developments regarding risks and hazards. To address the most important risks in 2019, SABCA is investing in adapting machines and transport vehicles, re-aligning workstation information boards, and implementing an internal traffic plan with focus on education, ergonomics and toolboxes for employees.

Periodic evaluations are made of the management of risks and hazards, in part due to the EN 9100 standard, which prescribes a set of audits. The evaluations are used to improve the management system. Main audit findings, supplemented with lessons learned from any occurred incident, form the inputs when developing and updating the aforementioned Prevention Plans.

As health & safety is the responsibility of all, SABCA encourages all employees to report any safety hazard that they may encounter. Any unsafe situation (i.e. action) is reported either manually or electronically to the internal service for Prevention and Protection.

Actions per year



In 2019, 175 risk analyses were performed for its Belgian sites, out of which 4050 improvement points were brought to light. To date, already 1582 of those topics are addressed, through transversal collaboration across the units, and firstly addressing those with the highest priority and impact.

As part of the risk and hazard identification, a Security-Index is computed for SABCA Group, as well as per site. The Security-Index, S, is computed by taking the number of risks that exceed the safety threshold and looking at the number of uncompleted workstation analyses.

Security-Index	Unit	2019	2018	2017
Global Security-Index (S_{global})	Percentage	39,67	22,12	2,00
Security-Index – Brussels	Percentage	*23*	*42,5*	*27,89*
Security-Index – Gosselies	Percentage	*60*	*60,33*	*6,12*
Security-Index – Lummen	Percentage	*40*	*12,50*	*7,50*

Security-Index for SABCA Belgian sites. SABCA Maroc data is excluded.

With safe working spaces being a top priority at SABCA, and the Global Security-Index being one of its foremost indicators to gauge this, SABCA aims to increase the Global Security-Index to at least 50 by 2025.

Occupational accidents

The 2019 yearly action plan included "road to zero accidents", with the aim of achieving zero accidents on SABCA Group sites. This initiative builds on the "10 golden safety rules", designed together with CPBW (i.e. the national committee for the prevention and protection at work). With the overall SRMS in place and initiatives such as the "road to zero accidents", SABCA has the following metrics regarding occupational health & safety:

Work-related injuries	Unit	2019	2018	2017
Number of fatalities	Number	0	0	0
Number of accidents	Number	29	28	21
Accidents - Brussels	Number	*10*	*13*	*4*
Accidents - Gosselies	Number	*18*	*11*	*10*
Accidents - Lummen	Number	*0*	*3*	*6*
Accidents - Casablanca	Number	*0*	*1*	*1*
Number of worked hours	Millions	1,46	1,42	1,47
Rate of fatalities	Rate	0	0	0
Rate of accidents	Rate	0,0199	0,0198	0,0143
Lost days	Days	692	683	485

Rate of fatalities and accidents is expressed per thousand worked hours.

Just as the Global Security-Index being a good gauge to measure safety at SABCA, so is the rate of accidents. Consequently, with its commitment to ever safer environments, SABCA aims to lower its accident rate back to at least 0,01 by 2025.

During the production process, the mostly occurring types of injuries are wounds to the skin (cuts, bruises, etc.), dislocations & sprains. A minority of injuries are broken bones; see also the graph on the next page 'Most common types of accidents'.

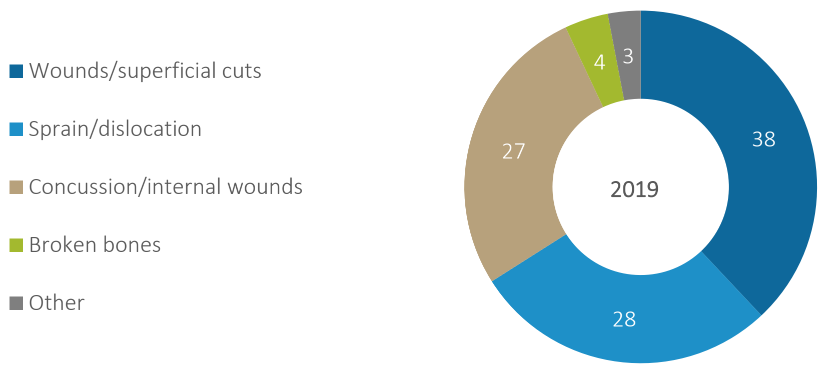
Most common types of accidents

In addition, SABCA has historically reviewed occupational health and safety via its frequency and gravity rates. The **frequency rate** (FR) looks at the accidents occurring with the effective hours that there was exposure to risks (per millions of hours), whereas the **gravity rate** (GR) takes into account the number of accidents and the related lost working days, as a way of assessing the overall severity (per thousands of hours).

Accident rates	Unit	2019	2018	2017
Frequency rate	Number of accidents / million hours worked	17	20	14
Gravity rate	Number of lost days / thousand hours worked	0,42	0,48	0,33

In 2019, the frequency of accidents has been lower than in the previous year. Due to a higher number of worked houres as in 2018. Also should be noted that the gravity rate of incidents has decreased.. In continually reinforcing its safety practices, SABCA aims to reduce its frequency rate to 5, and its gravity rate to 0.2 per year.

Most common types of accidents



Health and well-being

Apart from managing risks and occupational accidents, SABCA strives to have healthy and happy employees.

In collaboration with Aramark, the canteen menus were revised to ensure they take into account changing dietary needs and promoting healthier lifestyles.

Another measure to keep employees healthy is by arranging on-site vaccinations during flu seasons.

Research & Technology

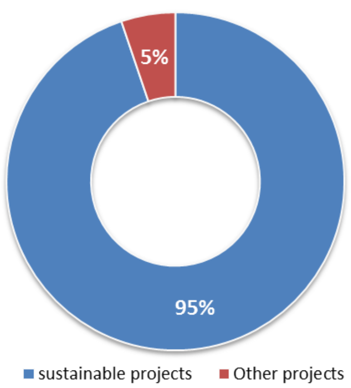
> "At SABCA we believe in building a high performing business and are committed to deliver safe and high quality products and services, taking into account a sustainable future."

Collaboration with partners

Throughout 2019, SABCA continued to collaborate with third parties to create leverage on the R&T effort. Universities and other companies are either partner or customer of the results of the innovative projects that were launched or realised in the past year.
Over 16 projects supported SABCA's ambition to prepare the future and take in account the shifting paradigm in industry and society on energy consumption, material usage, lower environmental impact of our customer's products and sustainable employment for our collaborators. Over 80% of these projects include external partners.

Sustainable projects

R&T budget allocation (%)



The total budget spent on R&T in 2019 is 3.8 M euros. About 95% of the budget was dedicated to sustainable projects.

Unmanned Autonomous Vehicle (drones)

An important part of SABCA's effort in R&T was related to the development of unmanned autonomous vehicles, also known as drones. Our ambition is to support turnkey solutions for their business that contribute in very diverse fields of industry and services. Almost all partnerships have a sustainable or societal impact like medical transport between hospitals and inspection of windturbines on sea. Serving these customers requires the development of complex solutions that lead to very reliable system which can only be realized with the support of the right partners and research centers.

Additive manufacturing

Additive manufacturing is undeniably contributing to a sustainable way of producing parts and assemblies. The reason for the additive manufacturing project to be sustainable is twofold.

- The weight of the airplane parts. Thanks to the 3D printing technique used in additive manufacturing, parts of less weight can be produced. Consequently, less fuel is needed and less CO2 will be emitted.
- The waste generation during manufacturing. In additive manufacturing, only necessary raw materials are used to 3D print the desired components. Whereas normally there is a lot of waste of raw materials in the production, this can now be reduced thanks to the use of this new production technique, the 3D printing.

Electromechanical actuation systems

In 2019 SABCA increased its efforts in developing electromechanical actuation systems of the next generation. Such systems allow more electrical aircraft that have a lower carbon foot print.

A more elaborate/technical explanation of these sustainable projects can be found in the Annual Report 2019.

Future projects

End of 2019, Europe set the new objective for aerospace in the coming decades. A very drastic reduction of the carbon footprint in manufacturing and in operating aircraft will drive the choices SABCA has to make to support this challenge.

Environment

SABCA aims to minimise negative impacts on nature by continuously improving its environmental policy. The company is seeking to sharpen the coordination of its environmental management processes, as well as monitoring its impact through key performance indicators (KPIs).

Environmental Management Processes

In 2016, SABCA has implemented and monitored multiple environmental management processes using different KPIs. The ultimate goal of SABCA is to establish and maintain an environmental management system (EMS) according to ISO 14001, keeping in mind stakeholders' expectations, and this for the headquarters located in Brussels as well as for the entity located in Gosselies. The most important objectives of the EMS are, primarily, to mitigate the risk of negative environmental effects from SABCA activities, furthermore SABCA wants to be compliant to applicate laws and customer requirements by executing the necessary environmental actions.

SABCA is determined to conduct business in an environmentally responsible way, from reducing water and energy consumption, integrating new ways of manufacturing, enabling a decrease in emissions and reducing waste to ensure business practices to be conform to applicate laws and regulations. Based on these objectives, SABCA chooses to follow up closely multiple selected KPIs with a view to improvement and optimisation. In the future, other indicators might be added to the 'close follow-up list', to meet all stakeholders' expectations.

The efforts made by all SABCA entities help to measure and improve the indicators related to the environmental management processes. In the section 'Key Performance Indicators' the environmental indicators are explained extensively and per indicator the results are being discussed.

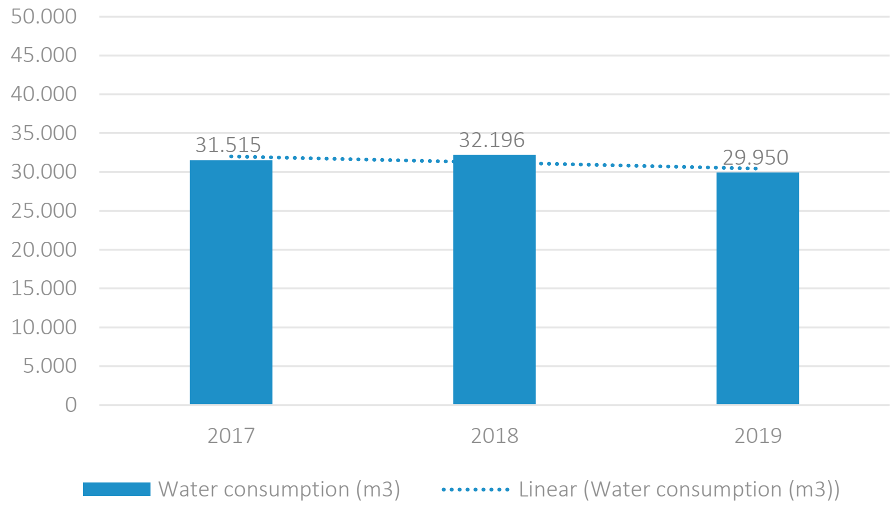
Key Performance Indicators

The discussed KPIs are the following: water consumption and wastewater, energy consumption, waste, CO2 emissions and VOC emissions. An important aspect to keep in mind is the scope of the indicators. For all KPIs, except VOC emissions, the scope includes the SABCA Belgian sites in Brussels, Gosselies and Lummen. SABCA Maroc is excluded.

Water consumption and wastewater

Preventing waste of water is key to SABCA. To follow-up on this, the water consumption is measured at least once a year. Doing this, potential leakage can be detected and the SABCA employees can try to identify where they can put more effort to reduce the amount of water consumed.

Water consumption per year (m3)



Between 2016 and 2019 there has been a decrease in water consumption of 11.538 m3 or 27.80%. This decrease of more than ¼ of the total water consumption compared to 2016 is thanks to the replacement of a certain unit in the water neutralisation station with the latest generation technology. This has led to an important improvement; it has allowed SABCA to discharge cleaner wastewater. In 2016, multiple tests detected a problem with the water neutralisation station and the station had to be shut down for a couple of months. Due to this problem the water used in the purification baths could not be filtered and reused, but had to be picked up by a waste processor. New water was needed to refill the purification baths, causing a peak in the water consumption in 2016.

Wastewater

SABCA also monitors the chemical composition of the wastewater. The goal is to reduce the share of destructive chemicals as much as possible, using the company's water neutralisation station. The neutralisation of the wastewater has three objectives:

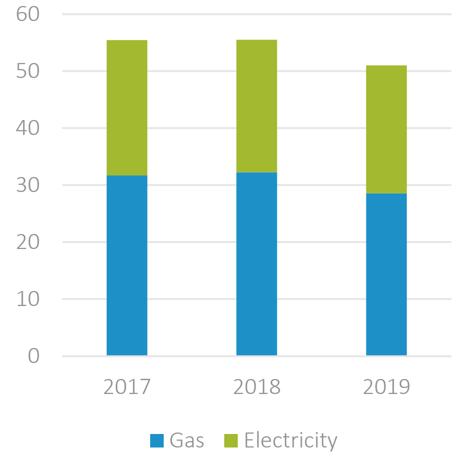
- Return of the wastewater to a pH value that does not have an adverse effect on the biological equilibrium.
- Ensure that the precipitated metal hydroxides can be filtered off.
- Reduce total water consumption in production by reusing the water after neutralization.

The treatment of the wastewater is done through precipitation. The purpose of this is to precipitate dissolved substances in the wastewater by adding a reagent that forms an insoluble compound with the substance to be separated.

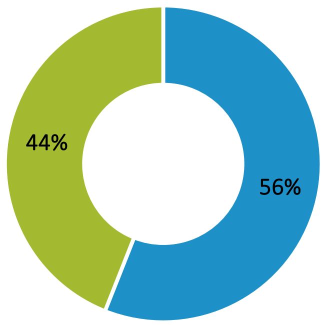
Energy consumption

To minimise and avoid potential energy waste, SABCA measures its energy consumption at least once a month and detects opportunities for improvement.

Energy consumption (GWh)



Energy consumption 2018 (%)

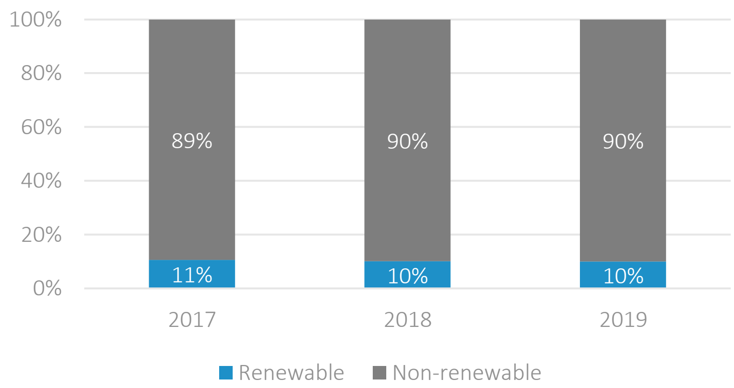


In 2016, the total energy use counted 56 GWh. This amount decreased in 2017 and stayed at this level in 2018. Due to some actions (See below) we managed to reduce the energy consumption in 2019.

Trying to reduce energy consumption, SABCA has launched multiple actions already. Introducing new-generation intelligent lightning, equipping operational sites with photovoltaic panels (solar panels) and managing the electricity consumption. Nevertheless, many efforts will still be needed to significantly reduce energy consumption. In continuation of this, SABCA recently started studies aimed at the use of cogeneration plants.

Finally yet importantly, SABCA does make use of a wind turbine for a part of the energy on its site in Lummen. The capacity of this turbine is estimated 3,5 GWh per year (based on the average production of the last three year). The consumption of renewable energy by the company is about 10% of total electricity consumption.

Electricity consumption (%)



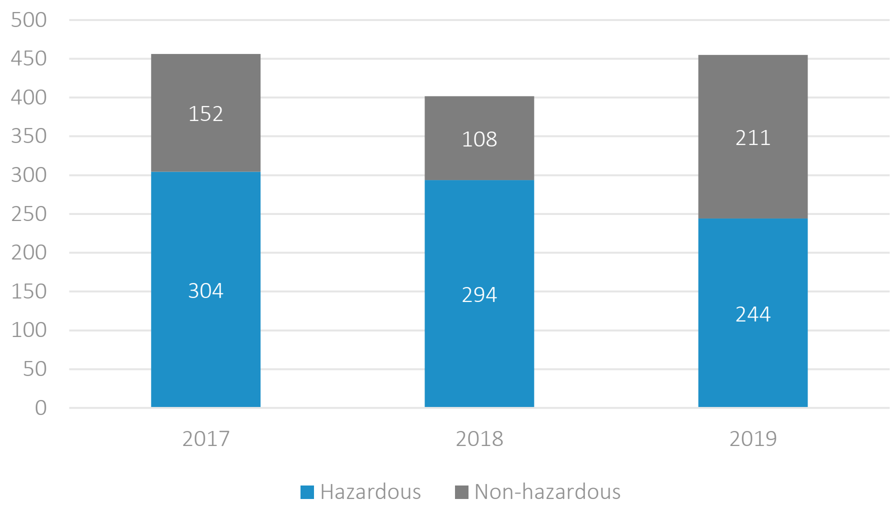
Waste

Generating less waste and sorting the waste that is generated are two practices that got more attention within SABCA. To improve the waste processing, SABCA invested in new garbage bins to enhance the sorting of the waste before collection. This practice is encouraged by sending internal communications. To decrease the waste generation, the company is experimenting on the use of new technologies like 3D printing to produce different plane parts. This new way of manufacturing generates, next to the increase in efficiency, less waste. More information on this new technology can be found in the Annual Report 2018.

The amount of waste per waste class is measured and classified conform the European PRTR (Pollutant Release and Transfer Register). Waste processors like VanHeede and Recyc-oil pick up the waste generated. Waste processing done by these external firms comprises recycling, reusing, recovering, composting, etc. The waste picked up by these firms is thus processed in a sustainable way.

A distinction can be made between hazardous and non-hazardous waste. The amount of hazardous waste has decreased significantly, from 801 tons in 2016 to 244 tons in 2019. This is due to the improvements in the waste policy of the company. Thanks to the different containers, the sorting of the waste is done much more precisely. These sorting practices are being encouraged through the internal communications about this new waste policy.

Waste (tons)



CO2 emissions

The company's CO2 emissions are being monitored for Scope 1. SABCA is planning to map the emissions for the other scopes (Scope 2 and Scope 3) by 2020 as well.

SABCA did take multiple actions already to decrease the emitted amount of CO2. Over the past years, the company replaced all of its fuel-based heating devices with less CO2 emitting heating devices based on gas. Therefore SABCA currently only emits CO2 on site due to gas, resulting in a lower total CO2 emission.

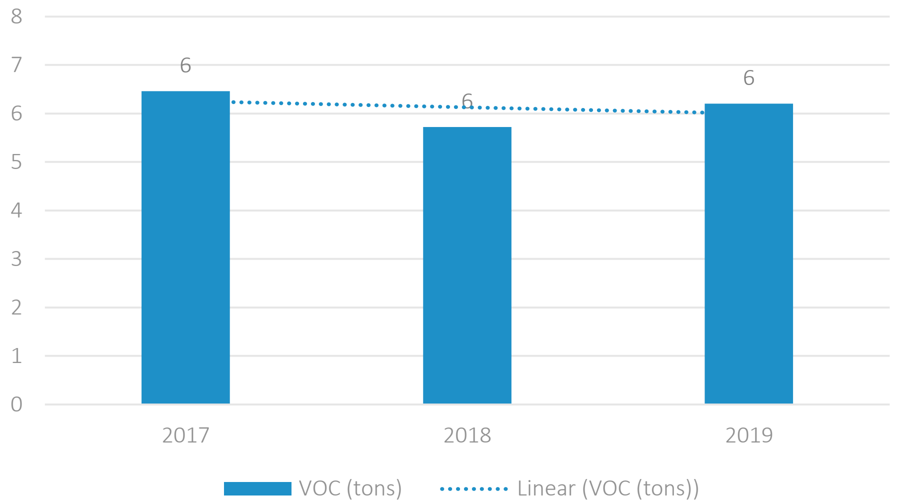
SABCA not only wants to reduce its own CO2 emissions, but the company also wants to help its customers reduce their CO2 emissions.

This is why, today, SABCA is aiming to contribute to more fuel-efficient aircraft to reduce CO2 emissions. The SABCA R&T department and its partnerships can play an important role in the reduction of CO2 emissions. In collaboration with its partners, SABCA is developing lightweight plane parts. Lower total weight of an airplane leads to a decrease in the amount of fuel needed. Consequently, less CO2 is emitted during flights. You can find more information on these lightweight plane parts in the Research & Technology section.

VOC emissions

For the coating activities, SABCA measures the VOCs (volatile organic compounds). It is important to notice that the data used here only includes SABCA Brussels. The company's goal is to decrease the amount of VOCs used in the production processes.

Volatile organic compounds (tons)



An increase compared to 2017 & 2018 due to the use of more industrial degreasers (alcool isopropilique)

An important performance improvement made within this field is the reduction in VOCs thanks to the switch from coating on VOC-basis to a more water-based coating. There has been a decrease from 6,46 tons VOCs in 2016 to 5,34 tons VOCs in 2018. The decrease amounts to 1,12 tons VOCs.

Related to this KPI are the REACH regulations, a framework for Registration, Evaluation, Authorisation and restriction of Chemicals within the European Union. SABCA is fully compliant regarding these regulations. Even a REACH procedure for the employees to follow each time they use a new product was developed.

Monitoring

Performing multiple audits of the Environmental Management System, SABCA monitors all of these environmental processes. The SABCA management team does follow-up on the progress of the related KPIs via periodic reports. Additionally, the company performs an environmental assessment each year for the annual management review.

Plan for the future

In the future, the company's decisions will be shaped by criteria such as resource consumption, the use of chemical substances, waste generation, and atmospheric and aqueous releases. Investments will be made to modernise the machinery and equipment and SABCA will make efforts to upgrade the production methods.

Appendix 1: GRI Content Index

GRI reporting

SABCA's main shareholder, Dassault reports according to the GRI standards. In order to align SABCA's sustainability reporting with its main shareholder who uses these international standards, and to allow for comparisons with other actors within the industry, SABCA decided to report on its sustainability according these Global Reporting Initiative Standards. GRI helps businesses and governments worldwide understand and communicate their impact on critical sustainability issues such as climate change, human rights, governance and social well-being.

A GRI content index can be found below. This overview allows the reader to easily navigate towards the non-financial indicators covered in this report.

This sustainability report currently is 'GRI Inspired', meaning that it is prepared in line with those standards in the best way possible. No external verification has been requested regarding the compliance to the GRI model. SABCA is striving towards next years to report according to 'GRI option Core'. To do this, they will further investigate the organisation's material topics and their relevance to the different stakeholders.

Scope of the reporting

SABCA has four sites, located in Brussels, Gosselies, Lummen and Casablanca. Brussels, Gosselies and Lummen are all Belgian sites, Casablanca is a site in Maroc. The numbers and percentages in the report for the Specific Disclosures are on SABCA Group level unless specified differently in the report. In addition, for each indicator, the scope is presented in the GRI content index.

The Annual Report contains two sections, being the Management Report (MR) and the Sustainability Report (SR). The reporting period is equal to the calendar year, being from the first of January to the end of December.

GRI content index

General Disclosures			
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Appendix 2: Link between SDGs, GRI and report topics

Based on the SABCA's GRI reporting, the company aims to contributes to the United Nations' Sustainable Development Goals (UN SDGs). The table below shows the SDGs to which SABCA contributes. The SDG's are represented together with its linked Global Reporting Initiatives (GRI) and a reference to its relevant information in this report.

SDG	GRI	Material Topic	Reference
2 NO HUNGER	Direct economic value generated and distributed	Economy	MR Page 38-41
3 GOOD HEALTH	Waste by type and disposal method	Environment	SR Page 23
4 QUALITY EDUCATION	Average hours of training per year per employee	Human Resources	SR Page 10-11
5 GENDER EQUALITY	Composition of the highest governance body and its committees	Economy	MR Page 17
	Direct economic value generated and distributed	Economy	MR Page 38–41
	New employee hires and employee turnover	Human Resources	SR Page 9-10
	Parental leave	Human Resources	SR Page 11
	Average hours of training per year per employee	Human Resources	SR Page 10-11
	Employees receiving regular performance and career development reviews	Human Resources	SR Page 10-11
	Diversity of governance bodies and employees	Human Resources	SR Page 8-9
6 CLEAN WATER AND SANITATION	Waste by type and disposal method	Environment	SR Page 23
7 RENEWABLE ENERGY	Direct economic value generated and distributed	Economy	MR Page 38 – 41
	Energy consumption within the organization	Environment	SR Page 21-22
8 GOOD JOBS AND ECONOMIC GROWTH	Composition of the workforce	Human resources	SR Page 8-10
	Direct economic value generated and distributed	Economy	MR Page 38 -41
	Energy consumption within the organization	Environment	SR Page 21-22
	New employee hires and employee turnover	Human Resources	SR Page 9-10
	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Human Resources	SR Page 10-12
	Parental leave	Human	SR Page 11

		Resources	
	Average hours of training per year per employee	Human Resources	SR Page 10-11
	Programs for upgrading employee skills and transition assistance programs	Human Resources	SR Page 10-11
	Employees receiving regular performance and career development reviews	Human Resources	SR Page 10-11
	Diversity of governance bodies and employees	Human Resources	SR Page 8-9
9 INNOVATION AND INFRASTRUCTURE	Direct economic value generated and distributed	Economy	MR Page 38 - 41
12 RESPONSIBLE CONSUMPTION	Energy consumption within the organization	Environment	SR Page 21-22
	Waste by type and disposal method	Environment	SR Page 23
13 CLIMATE ACTION	Energy consumption within the organization	Environment	SR Page 21-23
16 PEACE AND JUSTICE	Mechanisms for advice and concerns about ethics	Ethics & Compliance	SR Page 6-7
	Composition of the highest governance body and its committees	Economy	MR Page 14-17
	Chair of the highest governance body	Economy	MR Page 15

Point of contact

If there might be any questions concerning this report, Dirk Lambermont can be contacted.

Dirk Lambermont
E-mail: diederik.lambermont@sabca.be
Phone: +32 (0)2 729.59.08
Mobile: +32 (0)474 33.71.63

Notes

SABCA S.A.

Société Anonyme Belge de Constructions Aéronautiques

Chaussée de Haecht 1470

B-1130 Bruxelles

Belgium

Telephone:	**+32.2.729 55 11**
Fax:	**+32.2.705 15 70**
e-mail:	**Communication@sabca.be**

www.sabca.be

SABCA

SINCE 1920

ANNUAL ACCOUNTS

2019

2019 Report to the board of directors

Ordinary General Meeting of May 28th, 2020

ANNUAL ACCOUNTS

Declaration of the persons responsible for the report

We attest that, to our knowledge, the financial statements authorized by the Board of Directors on April 2nd, 2020, have been prepared in accordance with the applicable accounting standards and give a fair view of the assets and liabilities, of the financial situation and of the income statement of the company as well as the other companies included in the scope of consolidation, and that the management report includes a fair review of the evolution of the business, of the results and of the financial situation of the company and the other companies included in the scope of consolidation as well as a description of the principal risks and uncertainties they are facing.

Brussels, April 2nd, 2020

Thibauld JONGEN
Chief Executive Officer
Permanent representative of SHIPSET7 BV
Chairman of the Board

Consolidated statement of financial position

Following the standards IFRS (International Financial Reporting Standards)

(in thousands of euros)	Notes	2019	2018
Assets			
Non-current assets		**107.931**	**110.265**
Intangible assets	*4.*	36.995	40.890
Property, plant and equipment	*3. & 7.*	67.976	61.525
Affiliated enterprises	*5.*	112	112
Financial assets and other non-current assets	*5.*	2.848	7.738
Current assets		**232.072**	**223.558**
Inventories	*8.*	26.991	31.329
Work-in-progress	*8.*	41.148	35.809
Trade and other receivables	*10.*	79.220	62.200
Cash and cash equivalents		83.867	93.427
	Consolidated statement of cash flow & 9.		
Other current assets		846	793
Total assets		**340.003**	**333.823**
Equity and liabilities			
Total equity		**94.229**	**90.640**
Total equity attributable to shareholders of the parent company		**93.711**	**90.162**
Capital		12.400	12.400
Consolidated reserves		81.311	77.762
Non-controlling interests		**518**	**478**
	Consolidated statement of changes in equity		
Non-current liabilities		**149.557**	**168.672**
Long-term borrowings	*7. & 11.*	111.258	131.451
Non-current provisions	*6. & 13*	37.910	32.723
Deferred tax liabilities	*12.*	389	4.498
Current liabilities		**96.217**	**74.511**
Trade and other payables	*7.*	59.467	39.470
Tax and social liabilities	*7.*	13.933	13.316
Other current liabilities	*7.*	9.973	2.840
Short-term borrowings	*7.*	0	0
Current provisions	6.	12.844	18.885
Total equity and liabilities		**340.003**	**333.823**

Consolidated income statement

(in thousands of euros)		2019	2018
Revenues		**207.981**	**195.410**
Turnover		189.734	186.151
Increase (+), decrease (-) in work in progress		5.339	303
Own construction capitalized		4.026	3.916
Other operating income		8.882	5.040
Operating expenses	(-)	**-203.237**	**-184.906**
Raw materials and consumables used		43.328	40.193
whereof change in inventories		-1.931	529
Services and other goods		70.829	70.381
Wage and salaries, social security costs and pensions		66.733	62.706
Depreciation and amortization of intangible and tangible assets		16.736	13.526
Write offs on stocks, contracts in progress and trade debtors		5.506	381
Provisions for liabilities and charges		-3.392	-3.482
Other operating expenses		3.497	1.201
Result from continuing operations	(+)	**4.744**	**10.504**
Finance income	(-)	**3.084**	**1.539**
Income from financial fixed assets		0	0
Income from current assets		212	135
Other finance income		2.872	1.404
Finance costs		**-4.231**	**-4.997**
Debt charges		519	484
Other finance costs		3.712	4.513
Result from continuing operations after finance result	(+)	**3.597**	**7.046**
Income tax expense		**2.615**	**-1.826**
Income taxes		-674	-17
Deferred taxes		3.289	-1.809
Net profit (+) / loss (-) for the period	(+)	**6.212**	**5.220**
Attributable to owners of parent		**6.172**	**5.193**
Share of non-controlling interests		**40**	**27**
Result per share	(number of shares : 2,400,000)	(in EUR)	(in EUR)
* Basic result per share		2,59	2,18
* Diluted result per share		2,59	2,18

Consolidated statement of comprehensive income

(in thousands of euros)	2019	2018
Net result for the period	**6.212**	**5.220**
Other comprehensive income (+) / loss (-) after tax impact	**-2.623**	**2.797**
Other comprehensive income to be reclassified to profit in subsequent periods, net of taxes	*-692*	*-642*
Fair value adjustment of hedging instruments	-912	-867
Income tax impact	220	225
Other comprehensive income not to be reclassified to profit in subsequent periods, net of taxes	*-1.931*	*3.439*
Actuarial gains / losses on post-employment benefits	-2.531	4.745
Income tax impact	600	-1.306
Total comprehensive income (+) / loss (-), net of taxes, for the period	**3.589**	**8.017**
Attributable to :	*3.589*	*8.017*
shareholders of the parent	3.549	7.990
non-controlling interests	40	27
Total comprehensive income result per share (number of shares : 2.400.000)	(in EUR)	(in EUR)
* basic result per share	1,50	3,34
* diluted result per share	1,50	3,34

Consolidated statement of changes in equity

(in thousands of euros)	Capital	Consolidated reserves	Actuarial gains / losses	Hedging instruments	Total attributable to the owners of the parent	Non-controlling interests	Total equity
Balance restated as of 1st January 2018	**12.400**	**75.851**	**-6.080**	**0**	**82.172**	**123**	**82.294**
Result for the period		5.193			5.193	27	5.220
Other comprehensive income (+) / loss (-)			3.439	-642	2.797		2.797
Other movement (capital increase)						329	329
Balance as of 31 December 2018	**12.400**	**81.044**	**-2.641**	**-642**	**90.162**	**478**	**90.640**
Balance restated as of 1 January 2019	**12.400**	**81.044**	**-2.641**	**-642**	**90.162**	**478**	**90.640**
Result for the period		6.172			6.172	40	6.212
Other comprehensive income (+) / loss (-)			-1.931	-692	-2.623		-2.623
Balance as of 31 December 2019	**12.400**	**87.216**	**-4.572**	**-1.334**	**93.711**	**518**	**94.229**

Consolidated statement of cash flow

(in thousands of euros)		2019	2018
Cash flow from operating activities		**-2.351**	**6.495**
Net profit before income taxes		6.886	7.046
Result on hedging instruments		2.311	4.697
Depreciation and amortization on fixed assets		16.736	13.526
Change in working capital		-20.024	-14.682
Change in provisions, deferred taxes and reserves		-8.260	-4.092
Incomes taxes paid		0	0
Cash flow from investing activities		**-11.797**	**-6.506**
Acquisition of intangible, tangible and financial non-current assets		-11.796	-6.505
Disposals of intangible, tangible and financial non-current assets		0	0
Increase and decrease in receivables		-1	-1
Cash flow from financing activities		**4.588**	**-8.476**
Change in short-term liabilities		-28	-422
(except trade and financial debts)			
Change in long-term liabilities		888	-3.562
(except trade and financial debts)			
Change in short-term financial liabilities		3.474	-388
Change in long-term financial liabilities		112	-378
Interests			
- earned		220	135
- paid		-78	-3.861
Dividends paid to shareholders		0	0
Net increase (decrease) in cash and cash equivalents		**-9.560**	**-8.487**
Cash and cash equivalents, at the beginning of the period	**(*)**	93.427	101.914
Cash and cash equivalents, at the end of the period	**(*)**	83.867	93.427

(*) consistent with the consolidated statement of financial position

Notes

(Except contrary indication, all the data are in thousands of euros)

1. Information about consolidation

Subsidiary	**SABCA Limburg**	**SABCA Maroc S.A.S.**
	Dellestraat, 54	Technopôle de l'Aéroport Med 5
	3560 - LUMMEN	NOUACEUR - CASABLANCA / MAROKKO
Company number :	0438215146	Commercial register 258999
		Number patent 32020377
		VAT number 40489159
% of ownership interest	99,99 %	60,00 %
Capital	12.394.676,24 EUR	12.540.000,00 MAD (EUR 1.128.600)

Flabel and SABCA (C.D.R.) have been left out of the scope of consolidation because not yet very significant.

2. Employment

* FTE = full time equivalent

	2019		2018	
	Total in units	FTE *	Total in units	FTE*
Average number of employees	1.005,3	965,4	994,5	952,7
Total employment at the end of the period	1.026,0	992,7	981,0	939,6

3. Property, plant and equipment note

	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Leasing and similar rights	Assets under construction and advance payments	TOTAL
Beginning balance						
Gross amount	68.261	141.104	20.971	4.490	9	234.835
Adjustment IFRS 16				6.686		6.686
Depreciation	-47.226	-128.530	-19.290	-3.058	-4	-198.108
- Third party assets		24.798				24.798
Beginning balance	**21.035**	**37.372**	**1.681**	**8.118**	**5**	**68.211**
<u>Movements during the period</u>						
Acquisitions	1.646	1.420	1.689	2.002	1.013	7.770
Transfers			38		-38	0
Depreciation	-2.518	-3.800	-817	-1.587	-94	-8.816
- Third party assets		811				811
Ending balance						
Gross amount	69.907	142.524	22.698	13.178	984	249.291
Depreciation	-49.744	-132.330	-20.107	-4.645	-98	-206.924
- Third party assets		25.609				25.609
Ending balance	**20.163**	**35.803**	**2.591**	**8.533**	**886**	**67.976**

4. Intangible assets note

	Development expenses
Beginning balance	
Gross amount	140.291
Amortization and depreciation	-99.401
Beginning balance	**40.890**
<u>Movements during the period</u>	
Acquisitions	4.026
Depreciation	-7.921
Ending balance	
Gross amount	144.317
Amortization and depreciation	-107.322
Ending balance	**36.995**

5. Financial assets note (excluding other non-current assets)

	2019	2018
Affiliated enterprises		
SABCA (C.D.R)	11	11
FLABEL Corporation N.V.		
- shares held by S.A.B.C.A.	81	81
- shares held by SABCA Limburg	20	20
	112	**112**
Other participations		
Arianespace Participation	106	106
- Acquisitions	2.142	2.142
- Depreciation and amounts written down	-2.036	-2.036
Others	66	66
Amounts receivable and cash guarantees	39	39
	211	**211**

6. Provisions note

	Provisions for pensions & equivalents	Provisions for implicit obligation & onerous contracts	TOTAL
Beginning balance	**11.579**	**40.028**	**51.607**
Actuarial gains /losses on pension plans commitments	2.531		**2.531**
Increase for the period	1.446	12.742	**14.188**
Utilizations and reversals of the period	-561	-17.011	**-17.572**
Ending balance	**14.995**	**35.759**	**50.754**

7. Borrowings and payables note

	2019				2018			
	up to 1 year	1 to 5 years	over 5 years	TOTAL	up to 1 year	1 to 5 years	over 5 years	TOTAL
Interest-bearing borrowings according th their maturity								
Lease contracts	383	802	86	**1.271**	378	1.016	255	**1.649**
Bank overdrafts								
Other information								
Finance leases :								
- min. lease payments payable, present value	409	868	87	**1.364**	409	1.103	260	**1.772**
- min. lease payments payable, capital	383	802	86	**1.271**	378	1.016	255	**1.649**
- min. lease payments payable, interest	26	66	1	**93**	31	87	5	**123**
Trade and other payables according to their maturity								
Trade payables	24.137			**24.137**	20.756			**20.756**
Advances received	35.330	5.854		**41.184**	18.714	33.477		**52.191**
Tax and social liabilities	13.933			**13.933**	13.316			**13.316**
Other liabilities and borrowings	5.730		104.516	**110.246**	1.533		96.703	**98.236**
Total long term borrowings included in the consolidated statement of financial position		**111.258**				**131.451**		

8. Inventories note

	Stocks merchandise and raw materials	Work in progress	Total stocks and work in progress
Net value at the beginning	**31.329**	**35.809**	**67.138**
Movements during the period			
Change in inventories *	1.168	5.339	6.507
Depreciation - increase	-7.238		-7.238
Depreciation - decrease	1.732		1.732
Net value at the ending	**26.991**	**41.148**	**68.139**

* including goods in reception / acceptance

9. Cash and cash equivalents note

	2019	2018
Bank short-term deposits	75.789	80.654
Bank current accounts	8.069	12.763
Cash in hand and other	9	10
	83.867	93.427

10. Amounts receivable within one year note

	2019	2018
Trade receivables	72.780	59.794
Other receivables	6.440	2.406
	79.220	62.200

11. Government grants status

	2019	2018
Investment grants	**0**	**284**
Carrying amount of capital grants recognised	1.473	1.272
Amount of income grants netted against reported expenses	-1.473	-988
Deferred tax assets and liabilities	**0**	**0**
Advances to be reimbursed	**76.876**	**73.070**
Relating to research activities	5.948	4.448
Relating to development activities	70.928	68.622
Split :	**76.876**	**73.070**
- Reimbursement within one year	4.124	1.206
- Reimbursement after more than one year	72.752	71.864
	76.876	**73.070**
- Federal Public Services	76.832	72.571
- Brussels Capital Region	44	499

The reimbursement of the advances is conditional upon the commerical success of the product.

12. Recognized deferred tax assets and liabilities

Total tax charge of the exercise

Reconciliation between the theoretical tax charge obtained by applying the nominal taxe rate to the earnings before taxes and the effective tax charge obtained by applying the Group's effective tax rate.

	Base	Tax
Result before income tax	**3.597**	
Tax expense at the theoritical rate applicable in the country concerned		**-1.259**
Theoretical income tax at the rate of		**-24,62%**
Sources of differences		
- Taxable reserves and non-deductible expenses	-2.236	565
- Variation of deferred taxes/liabilities	-3.293	823
- Utilization of deferred tax assets	-9.557	2.414
- Other sources of differences	1.254	-307
Total actual tax expense		**2.615**
Effective tax rate		**+72,71%**

Note on deferred taxes recorded in the consolidated statement of financial position

	Consolidated statement of financial position		Consolidated income statement & comprehensive income	
Sources of deferred tax	31/12/2019	31/12/2018	2019	2018
Assets				
Intangible assets	30.403	33.349	-2.946	-1.633
Tangible assets	5.330	7.554	-2.224	-9.965
Work in progress	26.995	28.919	-1.924	29.314
Hedging instruments	0	348	-348	-7.429
Total Assets	**62.728**	**70.170**	**-7.442**	
Liabilities				
Hedging instruments	-2.287	0	-2.287	348
Provisions for liabilities and charges	-34.064	-37.206	3.142	-1.735
Long-term debt *	0	-26	26	16
Tax losses carried forward	-17.133	-11.315	-5.818	-1.437
Total Liabilities	**-53.484**	**-48.547**	**-4.937**	
TOTAL OF SOURCES OF DEFERRED TAX	**9.244**	**21.623**	**-12.379**	**7.479**
Deferred income tax				
Deferred tax on temporary differences	2.311	5.604	-3.293	1.809
Deferred tax on government grants and on realized surplus	46	43	3	0
Deferred tax post-employment benefits	-1.968	-1.148	-820	1.082
TOTAL DEFERRED TAX	**389**	**4.499**	**-4.110**	**2.891**

13. Pension plans

1. DEFINED BENEFIT PLAN

		2019	2018	2017	2016	2015
Components of defined benefit plan assets and liabilities						
Present value of obligations (DBO)		26.687	24.531	29.177	28.481	27.678
Fair value of plan assets	(-)	-14.173	-14.000	-14.457	-14.155	-14.043
Present value of wholly unfunded obligations		12.514	10.531	14.720	14.326	13.635
Defined benefit plan obligation (assets), total		**12.514**	**10.531**	**14.720**	**14.326**	**13.635**
Expense recognised in income statement for defined benefit		**1.384**	**1.409**	**1.525**	**1.553**	**1.584**
Current service cost		1.407	1.452	1.538	1.502	1.589
Interest cost		326	326	362	510	370
Expected return on plan assets		-183	-162	-177	-240	-160
Contributions by personnel		-166	-207	-198	-219	-215
Mouvements in defined benefit plan obligation (assets)						
Defined benefit plan obligation, beginning balance		10.531	14.720	14.326	13.635	15.629
Contributions paid		-1.060	-1.383	-1.284	-1.582	-1.612
Expense recognised		1.383	1.409	1.525	1.553	1.584
Re-measurements recognised via OCI		1.660	-4.215	153	720	-1.966
Defined benefit plan obligation, ending balance		12.514	10.531	14.720	14.326	13.635
Principal actuarial assumptions						
Discount rate used (%)		0,50	1,25	1,10	1,20	1,70
Expected return on plan assets		0,50	1,25	1,10	1,20	1,70
Salary increase rate		3,00	3,00	3,00	3,00	3,10 / 3,00
Inflation rate		1,60	1,60	1,60	1,60	1,60
Expected rate of return on reimbursement rights recognised as an asst		not applicable				
Expected rate of increase of medical costs		not applicable				

Sensitivity analysis of the present value of bonds (DBO)	2019
Discount rate +0,5%	25.357
Discount rate -0,5%	28.128
Salary increase rate +0,5%	29.883
Salary increase rate -0,5%	24.007
Inflation rate +0,5 %	27.302
Inflation rate -0,5 %	26.099

A guarantee of 4.75% is paid by the insurer on premiums paid before 31/12/1998. An interest rate of 3.75% is applied to all increases in premiums between 01/01/1999 and 31/12/2005.

From 01/01/2006 to 31/12/2014 the technical interest rate applicable on premium increases amounted to 2.75%.
From 2015 to 2016, the applicable technical interest rate was 1,00%. Since 2017, the technical interest rate is 0,25%.

13. Pension plans

2. DEFINED CONTRIBUTIONS PLAN

The plan insures the employee for a benefit consisting of a capital upon retirement, based upon paid contributions.
These pension plans do not meet the conditions to be considered as defined contribution pension plans under IAS19 and are therefore considered under IAS19 as "defined benefit obligations" plans.
These plans are evaluated since 2018.

	2019	2018
Present value of obligations (DBO)	12.624	10.869
Fair value of plan assets	-10.143	-10.381
Present value of wholly unfunded obligations	2.481	487
Pension expenses	1.812	956

Sensitivity analysis (DBO)	2019	2018
Discount rate +0,5%	12.148	10.538
Discount rate -0,5%	13.205	11.281
Salary increase rate +0,5%	12.716	10.933
Salary increase rate -0,5%	12.541	10.811
Inflation rate +0,5 %	12.716	10.933
Inflation rate -0,5 %	12.541	10.811

14. Information concerning related-parties

Key management compensation	2019	2018
Fixed remuneration	1.363	1.273
Variable remuneration	157	89
Pension plan	164	222
Other benefits	32	50

Related-party transactions

The Group's related parties are :

- Dassault Aviation
- FLABEL Corporation
- SABCA (C.D.R.)

	2019	2018
Related-party sales	14.172	20.831
Related-party purchases	306	161
Related-party receivables	24.496	29.699
Related-party payables	7.201	9.313

<u>Terms and conditions related -party transactions</u>

Sales and purchases are at market price.
Balances outstanding at the year-end are not guarantieed and payments are made in cash.
No guarantees were provided or received for related-party receivables.
For the year 2019, the Group did not recognize any provisions for bad debts relating to amounts receivable from related parties.
This evaluation is done by examining the financial position of the related-parties and the market in which they operate.

15. Financial commitments

	2019		2018	
Commitments given				
Mortgages registered		100		100
Mortgage mandates		2.275		2.275
Pledged accounts		3.297		3.247
- FLABEL Corporation	2.000		2.000	
- Customs	1.297		1.247	
Commitments received				
Export insurance guarantees		13.921		21.566
Debts and receivables secured by bank guarantees		755		755

16. Appropriation of results (in Euros)

	2019		2018	
Return on capital		0,00		0,00
or for each of the 2,400,000 shares :				
a gross dividend	0,00		0,00	
a withholding tax of 25 %	0,00		0,00	
a net dividend	0,00		0,00	

Total capital	12.400.000,00	12.400.000,00
Total shares with voting rights	2.400.000	2.400.000
Total voting rights (denominator)	2.400.000	2.400.000

17. Additional information

A. ASSETS : FINANCIAL INSTRUMENTS

A comparison is provided below between the net carrying value and the fair value of financial instruments, which have been included in the financial statements

	Value in consolidated statement of financial position on 31/12/2019	
	Net carrying value	Fair value
Non-current assets		
Other financial assets	2.848	2.848
Current assets		
Trade and other receivables	79.220	79.220
Cash equivalents	83.867	83.867
Total of assets financial instruments	**165.935**	**165.935**

The Group uses the following hierarchical classification in determing and explaining the fair value of financial instruments by valuation technique :

level 1 : quoted (not adjusted) prices in active markets for identical assets/liabilities.

level 2 : other techniques for which inputs are observable

level 3 : techniques that use input that is not based on observable market data.

B. LIABILITIES' FINANCIAL INSTRUMENTS

A comparison is provided below between the net carrying value and the fair value of financial instruments, which have been included in the financial statements

	Value in consolidated statement of financial position on 31/12/2019	
	Net carrying value	Fair value
Non-current liabilities	**111.258**	**111.258**
Current liabilities	**79.513**	**79.513**
Borrowings and other financial liabilities	5.936	5.936
Suppliers and other payables	73.577	73.577
Total of liabilities financial instruments	**190.771**	**190.771**

The Group uses the following hierarchical classification in determing and explaining the fair value of financial instruments by valuation technique :

level 1 : quoted (not adjusted) prices in active markets for identical assets/liabilities.

level 2 : other techniques for which inputs are observable

level 3 : techniques that use input that is not based on observable market data.

C. DERIVATIVE FINANCIAL INSTRUMENTS : value, impact on result and on equity

A comparison is provided below between the net carrying value and the fair value of financial instruments, which have been included in the financial statements

		Market value on 31/12/2019	Market value on 31/12/2018
Hedging instruments not-qualifying for hedge accounting		-785	614
Hedging instruments qualifying for hedge accounting		-1.779	-867
Derivative financial instruments on exchange	(1)	**-2.564**	**-253**

(1) This amount corresponds to the market value of currency hedging instruments based upon observable data on 31/12/2019 (level 2) and is not representative of the results that will be observed upon realization of the hedges.

	Impact on equity	Impact on result		Total
		result from continuing operations	finance result (2)	
Net change of financial instruments	-912		-1.399	-2.311

(2) Change in fair-value of hedging instruments not-qualifying for hedge accounting as defined in IAS39 "Financial instruments".

18. Foreign exchange risks

The Group is exposed to a foreign exchange risk on the difference between its sales in US Dollars and its purchases in US Dollars. It partially covers this risk using forward contracts and foreign exchange options.

The Group hedges partially its net future cash flows only if they are considered highly probable and partially as to ensure that the first future cash flows will be sufficient to exercise the foreign exchange hedges in place.

A sensitivity analysis was performed in order to determine the impact of a 10 cents increase or decrease in the US Dollar / EURO exchange rate :

	2019		2018	
Net value US Dollars in portfolio	6.412		8.149	
Closing US Dollar exchange rate	1,1234		1,1450	
Fluctuation US Dollar exchange rate, upon closing	1,2234	1,0234	1,2450	1,0450
Fluctuation in net value of US Dollars in portfolio	-524	627	-572	681

The portfolio of derivative financial instruments consist of :

	2019		2018	
	USD	EUR	USD	EUR
Forward sales contracts	98.600	83.096	80.050	67.990
Foreign exchange options	19.000	15.974	23.950	19.851
Total	117.600	99.070	104.000	87.841

Derivative financial instruments entered into since January 1, 2018 are eligible for hedge accounting in accordance with IFRS 9 and the change in fair value of these hedge instruments over 2018 has been recognized through OCI. Derivative financial instruments concluded prior to January 1, 2018 are not eligible for hedge accounting and their change in fair value over 2018 has been recognized in financial result.

	2019	2018
Impact on financial result	-1.399	-3.830

19. Management of risks and uncertainties

The major risks and uncertainties facing the Group are :

Financial risks

The Group is exposed to a risk on Long-Term Programmes because of their technical, economic and financial evolutions, which can put their profitability in jeopardy. These risks are typically related to the ability to deliver products and services in accordance with customer needs (quality and timeliness), constant pressure on prices that could lead to margin degradation, lack of capacity in machinery or human resources, etc.

Market risks

Market risks are mainly seen as opportunities. SABCA has a competitive position in the aviation market and adapts sales, production and delivery activities to be one of the happy few major players.

- US, EU and other countries are quickly evolving in a market with stronger competition and stronger control. SABCA has aligned the process to address those new requirements. SABCA is still positioned as a neutral actor eligible for the delivery of most competitors.

- EU authorities evolve with higher requirements (NIS directive, Cyber act, export control, Artificial Intelligence, drones and automated/unmanned systems, industry 4.1…). Certification requirements is part of the new challenges. The creation of the EU Defence, Space and Industry dedicated direction (DEFIS) shows a strong EU interest on the SABCA market. SABCA is doing some watch and prepares the processes and control activities in that direction.

- Market evolution is challenging. SABCA follows some very specific market changes such as the surface treatment, US Defence, Drones.

- Morocco activities expansion has a dedicated team working to transform risks into opportunities by adding more control and presenting measurable results. Trust with other strong market players is in place and continuous improvement make this trust stronger every day.

Operational risks

Following the work done by the Risk Management and Internal Control managers, the operational risks were identified and mapped according to their acceptability:

- Variations in production rates in the needs expressed by customers under existing contracts, and the uncertainty related to obtaining new contracts, lead to a variable charge and - in the long term - one that is lower than the internal capacity of the company; this could lead to a need to adapt capacity.

- The age distribution within the workforce, and particularly the high average age, makes succession to key positions, training, and transmission of skills particularly difficult, especially in the complex regulatory and technological environment of the aerospace industry.

The reorganisation of the SABCA Group via the "Project of the Century (POTC)" represents a challenge that is closely monitored by the Management.

20. Events after the balance sheet date

On February 7, 2020, the following press release was published:
Dassault to sell its participation in SABCA.
Société Anonyme Belge de Constructions Aéronautiques SA/NV (“SABCA”) announces that it was informed that Dassault Belgique Aviation SA (“DBA”) has reached an agreement pursuant to which it will sell its entire 96.85% shareholding in SABCA to a new joint venture company to be established by Sabena Aerospace SA (“Sabena”) and Société Fédérale de Participations et Investissements – Federale Participatie- en Investeringsmaatschappij SA/NV (“SFPI/FPIM”), (the “Transaction”).
The Transaction is subject to merger control approval and is currently anticipated to close at the end of SABCA’s second quarter 2020.
Upon completion of the Transaction, the new joint venture company will hold 96,85% of the shares in SABCA. The Transaction will be followed by a mandatory public takeover bid by the new joint venture company on the remaining shares in SABCA.

At the time of this writing, a very significant post-closure event has struck the economy, worldwide : the Covid-19 virus crisis. Our first priority has been to protect the people of SABCA and all our partners working within our facilities. In order to guarantee that everyone at SABCA is working in a safe and healthy environment, production has been temporarily interrupted to perform a detailed, in-depth analysis of all our sites, facilities, and production lines and implement efficient and permanent measures to comply with the new sanitary regulations and eliminate the risks on our employees' health. It is as of today (April 02, 2020) still unclear what the exact extent of this event will be, but it will certainly negatively impact the global industry in the short-term, and hence the SABCA Group, in a significant way.

21. Identity of the consolidating mother company

DASSAULT BELGIQUE AVIATION
Avenue des Arts 41
1040 Brussels - Belgium
Company number 0406.122.367

Percentage of control 96,85 %

22. Auditor's fee

Audit services	2019	2018
- Auditor's fee SABCA	86	83
- Auditor's fee SABCA Limburg	21	21
- Auditor's fee SABCA Maroc	12	14
TOTAL	119	118

23. Split of turnover

	2019	2018
Delivery of goods	146.039	138.579
Performance of services	43.695	47.572
Total	189.734	186.151

24. Justification of the rules of continuity

The Board of Directors notes that the recognition of provisions and impairment losses on financial instruments from 2014 to 2017 respectively generates a negative result for four consecutive years. Taking into account the plan to reduce operational costs, the Board believes that the business continuity of the company is ensured and that the accounting rules for valuation of the company as part of the continuity of its activities can continue to be applied.

Significant accounting principles

Basis of preparation

The consolidated financial statements of the SABCA group have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted for use in the European Union.

The consolidated financial statements were authorized for issue by the Board of Directors on 2nd April 2020.

The accounting policies set out below have been applied consistently by the company and all consolidated companies to all periods presented in these consolidated financial statements.

The consolidated financial statements are presented in thousands of EUR.

Principles of consolidation

The consolidated financial statements comprise the financial statements of the parent company, SABCA S.A., and its controlled subsidiaries, after the elimination of all intercompany transactions.

Subsidiaries are consolidated from the date when the parent obtained the control until the date the control ceases. Control exists when SABCA is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are prepared according to the parent's company reporting schedule, using consistent accounting policies.

Non-controlling interest represents the portion of profit or loss and net assets not held by the group and are presented separately in the income statement and within equity in the consolidated balance sheet, separately from shareholder's equity.

List of consolidated companies on 31 December 2019

SABCA S.A. directly and exclusively controls its subsidiary SABCA Limburg N.V., Dellestraat 54 at 3560 Lummen
BE 0438.251.146.

SABCA controls for 60 % its subsidiary SABCA Maroc S.A.S. at Technopôle de l'Aéroport Med 5 – Nouaceur Casablanca Morocco, register 258999 – VAT 40489159.

The following subsidiary is excluded from the consolidated companies:

SABCA (C.D.R.) SPRL, Chaussée de Haecht, 1470 at 1130 Brussels
BE 0451.147.295

Use of estimates and assumptions

The preparation of the Group's consolidated financial statements often requires judgements by management when formulating the Group's financial position and results. In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the Group; it may later be determined that a different choice would have been more appropriate. The estimates made on the reporting date reflect the existing conditions on this date

Management considers that accounting estimates and assumptions relating to revenue, provisions and contingent liabilities and recognition of deferred tax assets are its critical accounting estimates.

IAS 1 – Presentation of financial statements

Receivables and payables
Trade receivables and other amounts receivable are shown on the balance sheet at nominal value (in general, the original amount invoiced) less an allowance for doubtful debts if any. Such an allowance is recorded in operating income when it is probable that the company will not be able to collect all amounts due. Allowances are calculated on an individual basis.

Trade and other payables are stated at fair value, which is the cost upon the date of recognition.

Cash and cash equivalents
Cash includes cash in hand and deposits with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash and are not subject to an important risk of change in value.

IAS 2 – Inventory

Inventories are stated at the lowest of cost and net realisable value.

The cost of finished goods and work in progress includes raw materials, production consumables, direct labour, other direct costs and an allocation of indirect costs based upon a normal operating capacity. Cost of inventories includes the purchase, conversion and other costs incurred to bring the inventories to their present location and condition. The value of inventories is determined for each supply lot and the consumption is based upon a first-in, first-out method (FIFO).

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs of completing the sale. Any write-down to NRV and any inventory losses are recognised as an expense when they occur:

- for items related to production or maintenance programs, unusable or whose tolerances, norms, technical configuration, conception have changed;
- for items not moved during the 24 previous months unless their use is expected in the near future.

Any reversal is recognized in the income statement in the period in which the reversal occurs.

IAS 12 – Income taxes

Income tax on the income statement for the year includes current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly to equity, in which case it is recognized in equity.

Current taxes
Current taxes are the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred taxes
Deferred taxes are calculated using the balance sheet liability method, for temporary differences arising between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that related tax benefit will be realized.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

IFRS 8 – Segment reporting

The Group's activities pertain to the operating segment "aerospace and defence" including products and services provided to customers in civil aviation, defence and space, and using shared resources.

IAS 16 – Property, plant and equipment

Items of property, plant and equipment are recorded at cost, less accumulated depreciation and impairment losses.

Cost includes the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of a self-constructed asset is determined using the same principles as for an acquired asset and includes the cost of materials, direct labour and an appropriate proportion of indirect costs. Borrowing costs are not included in the cost of the asset.

Subsequent expenditure incurred in replacing or renewing components of some items of property, plant and equipment is accounted for as the acquisition of a separate asset and the replaced asset is written off. Capitalization of subsequent expenditure is only done when it increases the future economic benefits embodied in the item of property, plant and equipment. Repair and maintenance, which do not increase the future economic benefits of the asset to which they relate, are expensed as incurred.

Tangible assets received from third parties or acquired on behalf of third parties and held by the company for use in the production of goods are posted as tangible fixed assets where the group assumes substantially all the risks and rewards of ownership and are stated at fair value. The corresponding obligations are included in long term borrowings.

Depreciation is charged to the income statement as from the date the asset is available for use, including the straight-line and diminishing balance method over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives of the respective asset categories are as follows:

- Buildings	30 years	straight-line method
- Roofs	10 years	straight-line method
- Heavy machines tools	10 years	straight-line method
- Plant, machinery and equipment	10 years	diminishing balance method
- Furniture and office equipment	10 years	diminishing balance method
- Vehicles	5 years	straight-line method
- Computer equipment	5 years	diminishing balance method

Land is not depreciated as it is deemed to have an indefinite life.

Leasehold improvements are amortized over the term of the lease unless a shorter useful life is expected. Gains and losses on disposals are included in the operating result.

IAS 17 – Leases

Replaced by IFRS16

IAS 18 - Revenue

Replaced by IFRS 15

IAS 19 – Employee benefits

Post-employment benefits

Post-employment benefits include pensions benefits. For the Group's defined benefit plans, the pension accounting costs are assessed separately for each plan using the projected unit credit method. The pension obligation recognized in the balance sheet is determined as the present value of the defined benefit obligation, using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and which have terms to maturity approximating the terms of the related liability, less the fair value of the plan assets.

For the Group's defined contribution plans, contributions to pension plans are recognized as an expense in the income statement as the related service is provided. The Belgian defined-contribution pension plans are by law subject to minimum guaranteed rates of return. Pension legislation was amended at the end of 2015 and defines the minimum guaranteed rate of return as a variable percentage linked to government bond yields observed in the market as from 1 January 2016 onwards.

A guarantee of 4.75% is paid by the insurer on premiums paid before 31/12/1998. An interest rate of 3.75% is applied to all increases in premiums between 01/01/1999 and 31/12/2005. From 01/01/2006 to 31/12/2014 the technical interest rate applicable on premium increases amounted to 2.75%. From 2015 to 2016, the applicable technical interest rate was 1,00%. Since 2017, the technical interest rate is 0,25%.

Termination benefits

These benefits arise as a result of the group's decision to terminate the employment of an employee or group of employees before the normal retirement date or of an employee's decision to accept voluntary redundancy in exchange for those benefits.

These benefits are recognized as a liability and an expense at the earlier of the following dates: when the group can no longer withdraw the offer of those benefits, or when the group recognizes costs for a restructuring that is within the scope of IAS 37 and involves termination benefits. If benefits are conditional on future service, they are not treated as termination benefits but as post-employment benefits.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

IAS 20 – Government Grants

Government grants related to the acquisition of assets are classified as deferred income and recognized as income in proportion to the depreciation of the underlying asset.

Government grants are recognized when there is reasonable assurance that they will be received and the group will comply with the conditions thereto attached.

Government loans shall be recognized and measured in accordance with IAS 39. The forgivable loan is recognized in income when the entity meets the terms for forgiveness of the loan.

IAS 21 – Foreign currency transactions

Foreign currency transactions are accounted for at the internal exchange rate which is based upon the average hedging rate calculated on the existing currency hedging instruments.

Monetary assets and liabilities denominated in foreign currencies are translated at the internal exchange rate.

The gains and losses resulting from the difference between the average hedging rate and the actual settlement of foreign currency hedging instruments are recognised in the income statement of the period as financial result.

Assets and liabilities of foreign entities included in the consolidation are converted in EUR at the foreign exchange rates of the balance sheet date. The income statement of foreign entities included in the consolidation is converted in EUR at the foreign exchange rates prevailing at the dates of the transactions). The components of equity attributable to equity holders of the company are translated at historical rates.

IAS 36 – Impairment of assets

The carrying amounts of property, plant and equipment, and other intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized when the carrying amount exceeds its recoverable amount. Impairment losses are recognized in the income statement.

An impairment loss, in respect of the group's assets other than goodwill, recognized in prior periods, is assessed at each balance sheet date for any indication that the impairment loss has decreased or no longer exists. If there has been a change in the estimates used to determine the recoverable amount on assets other than goodwill, the previously recognized impairment loss is reversed through the non-recurring income items in the income statement, to the extent that the asset's carrying amount does not exceed its recoverable amount.

IAS 37 – Provisions, contingencies

Provisions

Provisions are recognised in the consolidated statement of financial position when:

- there is a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- a reliable estimate can be made on the amount of the obligation.

If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money.

Restructuring

A provision for restructuring is recognised when the group has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been announced to those affected by it before the consolidated statement of financial position date.

The restructuring provision only includes the direct expenditure arising from the restructuring which is necessarily entailed and is not associated with the ongoing activities of the enterprise. Future operating costs are not provided for.

Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. Such provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the group recognizes an impairment loss on the assets associated with that contract.

IAS 38 – Intangible assets

Research costs are recognised in the income statement as an expense in the period when incurred.
Expenditure resulting from development activities, whereby research findings are applied to a plan or design for production of new or substantially improved products and processes, is capitalized if all of the conditions stipulated in IAS 38 standard are met.

The capitalized expenditure includes the cost of materials, direct labour and other costs directly attributable to the acquisition, construction or production.

Intangible assets with a finite life are amortized following the consumption of economic benefits of the intangible asset.

IAS 39 – Financial instruments

Replaced by IFRS 9

Changes in accounting policies

The entity applied the same IFRSs as those adopted in the previous years, except for the new IFRSs and interpretations the entity adopted as of 1st January 2018.

New and amended standards and interpretations

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2017. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. Although these new standards and amendments apply for the first time in 2017, they do not have a material impact on the annual consolidated financial statements of the Group.

The nature and the impact of each of the following new standards, amendments and/or interpretations are described below:

- Amendments to IAS 7 Statement of Cash Flows – Disclosure Initiative, effective 1 January 2017
- Amendments to IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses, effective 1 January 2017
- Annual Improvements Cycle - 2014-2016, effective 1 January 2017

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards and interpretations, if applicable, when they become effective.

- Amendments to IFRS 2 Share-based Payment - Classification and Measurement of Share-based Payment Transactions2, effective 1 January 2018
- Amendments to IFRS 4 Insurance Contracts – Applying IFRS 9 Financial instruments with IFRS 4 Insurance Contracts, effective 1 January 2018
- IFRS 9 Financial Instruments, effective 1 January 2018
- Amendments to IFRS 9 Financial Instruments - Prepayment Features with Negative Compensation, effective 1 January 2019
- IFRS 15 Revenue from Contracts with Customers, including amendments to IFRS 15: Effective date of IFRS 15 and Clarifications to IFRS 15 Revenue from Contracts with Customers, effective 1 January 2018
- IFRS 16 Leases, effective 1 January 2019
- IFRS 17 Insurance Contracts, effective 1 January 2021
- Amendments to IAS 28 Investments in Associates and Joint Ventures - Long-term Interests on Associates and Joint Ventures, effective 1 January 2019
- Amendments to IAS 40 Investment Property – Transfers of Investment Property, effective 1 January 2018
- IFRIC 22 Foreign Currency Transactions and Advance Consideration, effective 1 January 2018
- IFRIC 23 Uncertainty over Income Tax Treatments, effective 1 January 2019
- Annual Improvements Cycle - 2014-2016, effective 1 January 2018
- Annual Improvements Cycle – 2015-2017, effective 1 January 2019

The Group has examined these changes and is currently assessing the results. In the course of 2017 the Group started with the assessment on the impact of IFRS 9 and IFRS 16 and completed the assessment on IFRS 15.

As from 1st January 2018, the Group has applied for the first time IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" which are effective for annual periods beginning on or after 1 January 2018. As required by IAS 8, the nature and effect of these changes are disclosed below.

IFRS 9 – Financial Instruments

In July 2014, the IASB issued the final version of *IFRS 9 Financial Instruments* that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted.

The Group has adopted the new standard on the date of 01/01/2018.

IFRS 15 – Revenue from Contracts with Customers

The Group adopted IFRS 15 using the modified retrospective transition approach, – *i.*e. by recognizing the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity at 1 January 2018.

The most material impact of applying this standard is the inclusion of a financing component when it is significant. The financing component exists when there is for a given contract, a significant difference between the moment when cash is received (through long term advances) and the moment when the revenue is recognized. Future revenue and therefore the operating income, from the relevant contracts will be increased by this financing component, offset by a financial expense recognized along the duration of the contract.

The core principle of IFRS 15 is that an entity will recognize revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

- Identify the contracts with a customers
- Identify the performance obligations in the contracts
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as the entity satisfies a performance obligation.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

Identify the performance obligations in the contract

The performance obligations in the contracts are reflected into a detailed work breakdown structure, reflecting development phases, production or service lots for each contract. The Group determined that both the development and production phase are capable of being distinct.

Determine the transaction price

The standard provides, in particular, that the selling price shall be adjusted for the financing components deemed significant, to reflect a “cash sale price” for the service provided. The financing component exists when there is, for a given contract, a significant difference between the moment when the receipts are received and the moment when the revenue is recognized.
Future revenue and therefore the operating income, from the relevant contracts will be increased by this financing component, offset by a financial expense recognized along the duration of the contract.
Price revision formulas are only included to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The Group applies the ‘most likely amount’-approach to estimate variable considerations.

Recognize revenue when (or as) the entity satisfies a performance obligation.

The majority of the Group’s revenue is recognized at a point in time, i.e. when the title to the items is transferred to the customer. An analysis of the Group’s portfolio of contracts led to the confirmation that the criteria of IFRS 15 for the recognition of revenue over time were not met as the majority of contracts do not contain a right to compensation for work completed above the existing customer commitments.

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

	31/12/2019	**31/12/2018**
Receivables	75.415	67.321
Contract assets	41.149	35.809
Contract liabilities	-41.184	-52.217
Total	**75.380**	**50.912**
Current	78.598	76.889
Non-current	-3.218	-25.976

The contract assets primarily relate to the Group's rights to consideration for work performed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. The contract liabilities primarily relate to the advances received from customers on long-term projects.

Significant changes in the contract assets and the contract liabilities during the period are as follows:

	Contract assets	Contract liabilities
Revenue recognized that was included in the contract liability balance at the beginning of the period		47.131
Increases due to cash received, excluding amounts recognized as revenue during the period		-58.164
Transfers from contract assets recognized at the beginning of the period to receivables	-13.123	
Increases as a result of changes in the measure of progress	18.464	

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.* IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17.

The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

As from 1st January 2019, the Group has applied for the first time IFRS 16 "Leases". As required by IAS 34, the nature and effect of these changes are disclosed below.

The Group adopted IFRS 16 using the modified retrospective transition approach. Therefore, the opening balance sheet as of December 31, 2018 has been restated on January 1, 2019 taking into account the right-of-use of identified underlying assets on one side and the obligations to make lease payments on the other side.

As of December 31, 2019, lease costs were booked taking into the depreciation of the right-of-use of the underlying assets as well as a financing cost, against reversal of the corresponding rental costs incurred.

STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF S.A.B.C.A. SA ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONSOLIDATED FINANCIAL STATEMENTS) (*TRANSLATION*)

We present to you our statutory auditor's report in the context of our statutory audit of the consolidated financial statements of S.A.B.C.A. SA (the "Company") and its subsidiaries (jointly "the Group").. This report includes our report on the consolidated financial statements, as well as other legal and regulatory requirements. The whole is integrated and is indivisible.

We have been appointed as statutory auditor by the general meeting of June 1st 2017, following the proposal formulated by the board of directors, issued upon recommendation of the audit committee and upon presentation by the workers' council. Our mandate will expire on the date of the general meeting which will deliberate on the consolidated financial statements for the year ended 31 December 2019. We have performed the statutory audit of the consolidated financial statements of SABCA SA for 6 consecutive years.

Report on the consolidated financial statements

Unqualified opinion

We have performed the statutory audit of the Group's consolidated financial statements, which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and which show a consolidated statement of financial position total of K€ 340.003 and a profit and loss account with a profit for the year of K€ 6.212.

In our opinion, the consolidated financial statements give a true and fair view of the Group's net equity and consolidated financial position as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. Our responsibilities under those standards are further described in the "Statutory auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We have fulfilled our ethical responsibilities in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Belgium, including the requirements related to independence.

We have obtained from the board of directors and Company officials the explanations and information necessary for performing our audit.

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

Emphasis of matter paragraph

We draw your attention to the disclosure in the consolidated financial statements with regard to the possible effects for the economy and for SABCA group of the events that were caused from February 2020 on by the COVID-19 health crisis and where the going concern assumption is motivated. The disclosure evidences significant uncertainty with regard to the final impact of COVID-19 health crisis on the economy and SABCA group, with the potential consequence that assumptions and hypotheses on which the 2019-consolidated financial reporting has been based might be subject to revision. Our opinion is not modified with respect to these matters.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Programs – revenue and margin recognition

The activity of S.A.B.C.A. N.V. / S.A. consists mainly of the execution of programs. The results of these programs and therefore the constitution of provisions for onerous contracts, depend on multiple factors, such as for instance the realisation of the learning curve, the maintenance of cost on the budget level, the volumes ordered … . This constitutes a key audit matter taking into account the impact and complexity of these evaluations and the importance of management judgements and estimates. We refer to the valuation principles and disclosure Vol 6.8 of the consolidated financial statements.	Our audit procedures consisted of: - Acquire, c.q. update our understanding of contract conditions and of the status of contract execution via interviews with program managers - Verification of the consistency of margin-recognition - Evaluation of the main assumptions used by management.

Evaluation of implications of program modifications

Capitalized development costs, equipment and stock relate mainly to programs. S.A.B.C.A. N.V. / S.A. is confronted with decisions to stop programs, to increase or reduce production volumes. Impacts are assessed by management. This constitutes a key audit matter taking into account the impact and complexity of these evaluations and the importance of management judgements and estimates. We refer to the valuation principles and disclosure Vol 6.8 of the consolidated financial statements.	Our audit procedures consisted of: - Assessment of the methodology used to identify and evaluate risks. - Evaluation of the assumptions used by management and of the evaluations and estimates made by the latter.

Responsibilities of the board of directors for the preparation of consolidated financial statements

The board of directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the financial-reporting framework applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

During the execution of our control, we respect the legal, regulatory and normative framework applicable to the audit of annuals accounts in Belgium. An audit does not provide any assurance on the future viability of the company nor on the efficiency and effectivity with which management has conducted or will conduct the business.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We execute the following audit procedures:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report, including the report on non-financial information and the other information included in the consolidated annual report.

Statutory auditor's responsibilities

In the context of our mandate and in accordance with the Belgian standard (Revised version 2020) which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, the directors' report including the report on non-financial information and the other information included in the annual report and to report on these matters.

Aspects related to the directors' report and other information in the annual report on the consolidated financial statements

After having performed specific procedures in relation to the consolidated directors' report, we are of the opinion that this report is consistent with the consolidated financial statements for the year under audit and is prepared in accordance with the articles 3:5 and 3:6 of the Companies' Code.

In the context of our audit of the consolidated financial statements, we are also responsible for considering, in particular based on the knowledge acquired resulting from the audit, whether the directors' report is materially misstated or contains information which is inadequately disclosed or otherwise misleading. In light of the procedures we have performed, there are no material misstatements we have to report to you. We provide no assurance with regard to the directors’ report and the other information included in the consolidated annual report.

Section SR1 of the consolidated annual report contains the non-financial information, as required by art.3:32 §2 of the Companies’ Code. This non-financial information is established on the basis of the GRI-framework (Global Reporting Initiative). In accordance with art. 3:75 §1, first paragraph, 6° of the Companies’ Code, we do not certify whether this non-financial information is compliant with the GRI-framework.

Statement related to independence

Our audit firm did not perform any assignments that are incompatible with the legal audit of the financial statements, and our audit firm remained independent of the company during the course of our mandate.
The fees for additional services which are compatible with the statutory audit of the consolidated financial statements referred to in article 3:65 of the Companies' Code are correctly disclosed and itemized in the notes to the consolidated financial statements.

Other statements

The consolidated account result from an extracomptable processing.
This report is consistent with the additional report to the audit committee referred to in article 11 of the Regulation (EU) N° 537/2014.

Brussels, April 27, 2020
Mazars Réviseurs d’Entreprises
Statutory auditor
represented by

Lieven Acke
Certified Auditor

2019 Report to the board of directors

Ordinary General Meeting of May 28th, 2020

ANNUAL ACCOUNTS

Non consolidated balance sheet

after appropriation

Statutory accounts according to the financial reporting framework applicable in Belgium

(in thousand EUR)

Assets	Notes	Codes	2019	2019	2018	2018
Fixed assets		21/28		**36.361**		**31.063**
Intangible assets	6.2	21		6.593		7.540
Tangible assets	6.3	22/27		21.330		20.198
Land and buildings		22	12.496		11.927	
Plant, machinery and equipment		23	5.508		6.663	
Furniture and vehicles		24	2.513		1.603	
Assets under construction and advance payments		27	813		5	
Financial assets		28		8.438		3.325
Affiliated enterprises	6.4.1	280/1	8.177		3.065	
Participating intrests		280	8.177		3.065	
Enterprises linked by participating interests	6.4.2	282/3	81		81	
Participating intrests		282	81		81	
Other financial assets	6.4.3	284/8	180		179	
Shares		284	174		173	
Amounts receivable and cash guarantees		285/8	6		6	
Current assets		29/58		**193.312**		**189.679**
Amounts receivable after more than one year		29		1.728		7.180
Trade debtors		290	1.728		7.180	
Stocks and contracts in progress		3		33.592		29.495
Stocks		30/36	25.401		29.301	
Raw materials and consumables		30/31	5.324		6.685	
Goods purchased for resale		34	19.245		21.228	
Advance payments		36	832		1.388	
Contracts in progress		37	8.191		194	
Amounts receivable within one year		40/41		76.420		65.247
Trade debtors		40	70.413		57.515	
Other amounts receivable		41	6.007		7.732	
Investments	6.6	50/53		75.789		80.654
Other investments and deposits		51/53	75.789		80.654	
Cash at bank and in hand		54/58		5.034		6.351
Deferred charges and accrued income	6.6	490/1		749		752
Total assets		20/58		**229.673**		**220.742**

Liabilities	Notes	Codes	2019		2018	
Capital and reserves		10/15		**30.838**		**27.513**
Capital	6.7.1	10		12.400		12.400
Issued capital		100	12.400		12.400	
Revaluation surpluses		12		7.088		7.088
Reserves		13		14.659		14.623
Legal reserve		130	1.240		1.240	
Reserves not available for distribution		131	595		595	
Other		1311	595		595	
Untaxed reserves		132	1.064		1.028	
Reserves available for distribution		133	11.760		11.760	
Profit (loss) carried forward		14		-3.309		-6.882
Investment grants		15		0		284
Provisions and deferred taxation		16		**53.025**		**43.494**
Provisions for liabilities and charges		160/6		52.978		43.451
Pensions and similar obligations		160	14.994		561	
Major repairs and maintenance		162	886		1.036	
Other liabilities and charges		164/5	37.098		41.854	
Deferred taxes		168		47		43
Creditors		17/49		**145.810**		**149.735**
Amounts payable after more than one year	6.9	17		67.797		96.702
Advances received on contracts in progress		176	5.854		33.477	
Other amounts payable		178/9	61.943		63.225	
Amounts payable within one year	6.9	42/48		76.440		51.750
Current portion of amounts payable after more than one year		42	3.994		842	
Financial debts		43	0		0	
Credit institutions		430/8	0		0	
Trade debts		44	23.816		19.855	
Suppliers		440/4	23.816		19.855	
Advances received on contracts in progress		46	35.208		18.488	
Taxes, remuneration and social security		45	13.253		12.366	
Taxes		450/3	606		273	
Remuneration and social security		454/9	12.647		12.093	
Other amounts payable		47/48	169		199	
Accrued charges and deferred income	6.9	492/3		1.573		1.283
Total liabilities		10/49		**229.673**		**220.742**

Non consolidated income statement

Statutory accounts according to the financial reporting framework applicable in Belgium

(in thousand EUR)

		Notes	Codes	2019			2018		
Operating income			70/76A			**212.597**			**151.118**
Turnover		6.10	70		187.492			182.523	
Increase (+), decrease (-) in stocks of finished goods, work and contracts in progress	(+)/(-)		71		9.214			-41.853	
Own construction capitalised			72		7.881			5.162	
Other operating income		6.10	74		6.817			4.752	
Non-recurring operating income		6.12	76A		1.193			534	
Operating charges			60/66A			**-214.735**			**-149.132**
Raw materials, consumbables and goods			60		40.548			36.685	
Purchases			600/8	42.703			36.874		
Increase (-)/decrease (+) in stocks	(+)/(-)		609	-2.155			-189		
Services and other goods			61		79.589			77.424	
Remuneration, social security costs and pensions	(+)/(-)	6.10	62		62.074			57.479	
Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets			630		13.153			11.799	
Increase (+)/decrease (-) in amounts written off stocks, contracts in progress and trade debtors	(+)/(-)	6.10	631/4		6.509			-12.861	
Increase (+)/decrease (-) in provisions for liabilities and charges	(+)/(-)	6.10	635/8		9.527			-22.359	
Other operating charges		6.10	640/8		1.188			861	
Non-recurring operating charges		6.12	66A		2.147			104	
Operating profit (loss)	(+)/(-)		9901			**-2.138**			**1.986**
Financial income			75/76B			8.962			3.692
Recurring financial income			75		3.850			3.692	
Income from financial fixed assets			750	0			0		
Income from current assets			751	212			134		
Other financial assets		6.11	752/9	3.638			3.558		
Non-recurring financial income		6.12	76B		5.112			0	
Financial charges			65/66B			-2.545			-1.013
Recurring financial charges		6.11	65		2.545			1.013	
Interest and other debt charges			650	487			445		
Other financial charges			652/9	2.058			568		
Non-recurring financial charges		6.12	66B		0			0	
Profit (loss) on ordinary activities before taxes	(+)/(-)		9903			**4.279**			**4.665**

(in thousand EUR)

		Notes	Codes	2019		2018	
Profit (Loss) on ordinary activities before taxes	(+)/(-)		9903		**4.279**		**4.665**
Transfer to deferred taxes			680		-3		0
Income taxes	(+)/(-)	6.13	67/77		-667		-11
Income taxes			670/3	667		11	
Profit (Loss) for the period	(+)/(-)		9904		**3.609**		**4.654**
Transfer from untaxed reserves			789		0		0
Transfer to untaxed reserves			689		-36		-69
Profit (Loss) of the period available for appropriation	(+)/(-)		9905		**3.573**		**4.585**
Appropriation account							
Profit (Loss) to be appropriated	(+)/(-)		9906		-3.308		-6.881
Profit (Loss) of the period available for appropriation	(+)/(-)		(9905)	3.573		4.585	
Profit (Loss) brought forward	(+)/(-)		14P	-6.881		-11.466	
Profit (Loss) to be carried forward	(+)/(-)		(14)		-3.308		-6.881
Profit to be distributed			694/7		0		0
Dividends			694	0		0	

Notes

(Unless otherwise specified, all the data are in thousands of euros)

STATEMENT OF INTANGIBLE ASSETS

(heading 21 of assets - F 6.2)

	Codes	1) Development costs	2) Research costs that have been made during a period starting before 01/01/2016	2) Research costs that have been made during a period starting after 31/12/2015	3) Concessions, patents licences a.o.
Acquisition value					
At the end of the preceding period	805-P	123.877	31.172		3.024
Movements during the period:					
Acquisitions, including produced fixed assets	802	4.026		3.948	
At the end of the period	805	127.903	31.172	3.948	3.024
Depreciation and amounts written down					
At the end of the preceding period	812-P	116.337	31.172		3.024
Movements during the period:					
Recorded	807	4.974		3.948	
At the end of the period	812	121.311	31.172	3.948	3.024
NET BOOK VALUE AT THE END OF THE PERIOD		6.592	0	0	0

STATEMENT OF TANGIBLE FIXED ASSETS

(headings 22 to 27 of assets - F 6.3)

		Codes	1) Land and buildings (heading 22)	2) Plant, machinery and equipment (heading 23)	3) Furniture and vehicles (heading 24)	6) Assets under construction and advance payments (heading 27)
Acquisition value						
At the end of the preceding period		819-P	55.615	105.138	19.914	8
Movements during the period:						
Acquisitions		816	1.645	1.219	1.653	847
Transfers from one heading to another	(+)/(-)	818			38	-38
At the end of the period		819	57.260	106.357	21.605	817
Revaluation surpluses						
At the end of the preceding period		825P	7.088			
At the end of the period		825	7.088	0	0	0
Depreciation and amounts written down						
At the end of the preceding period		832-P	50.775	98.475	18.311	3
Movements during the period:						
Recorded		827	1.077	2.374	781	1
At the end of the period		832	51.852	100.849	19.092	4
NET BOOK VALUE AT THE END OF THE PERIOD			12.496	5.508	2.513	813

STATEMENT OF FINANCIAL FIXED ASSETS

(heading 28 of assets - F 6.4)

	Codes	Enterprises 1) Affiliated	Enterprises 3) Other
Affiliated enterprises - Participating, interests and shares		(heading 280)	(heading 284)
Acquisition value			
At the end of the preceding period	839-P	13.553	2.219
Movements during the period :			
Acquisitions	836	0	1
At the end of the period	839	13.553	2.220
Depreciation and amounts written down			
At the end of the preceding period	852-P	10.481	2.047
Movements during the period :			
Written back	848	-5.112	0
At the end of the period	852	5.369	2.047
Uncalled amounts			
At the end of the preceding period	855-P	7	
At the end of the period	855	7	
Net book value at the end of the period		8.177	174
Enterprises linked by a participating interest - Participating interests and shares		(heading 282)	
At the end of the preceding period	839-P	81	
Net book value at the end of the period		81	
Amounts receivable			(heading 285/8)
Net book value at the end of the preceding period	285-P		6
Net book value at the end of the period			6

INFORMATION RELATING TO THE SHARE IN THE CAPITAL

(F 6.5.1)

Share in the capital and other rights in other companies

List of both enterprises in which the enterprise holds a participating interest (recorded in the heading 280 and 282 of the assets), and other enterprises in which the enterprise holds rights (recorded in the headings 28 and 50/53 of assets) in the amount of at least 10 % of the capital issued.

NAME, full address of the REGISTERED OFFICE and for the enterprise governed by Belgian law, the COMPANY IDENTIFICATION NUMBER	Rights held by the enterprise (directly) Number	Rights held by the enterprise (directly) %	Rights held by Subsidiaries %	Data extracted from the most recent annual accounts: Annual accounts	Currency	Capital and reserves (+) or (-) (in thousands of units)	Net result (+) or (-) (in thousands of units)
- SABCA Limburg N.V. Dellestraat 54 B 3560 LUMMEN BE 0438.251.146	499.975	99,99		31.12.2019	EUR	7.555	925
- SABCA (C.D.R.) SPRL Chaussée de Haecht 1470 1130 Bruxelles BELGIUM BE 0451.147.295	73	97,33		31.12.2019	EUR	11	0
- FLABEL CORPORATION S.A. Boulevard Auguste Reyers 80 1030 Bruxelles 3 BELGIUM BE 0465.127.074	273	27,30	6,50	31.12.2018	EUR	406	1
- SABCA Maroc Technopôle de l'Aéroport Med5 27000 Nouaceur CASABLANCA - MOROCCO Foreign company	627	60,00		31.12.2019	MAD	14.389	1.115

OTHER INVESTMENTS AND DEPOSITS, ALLOCATION DEFERRED CHARGES AND ACCRUED INCOME

(heading 51/53 and 490/1 of assets - F 6.6)

Other investments

	Codes	2019	2018
Term deposits with credit institutions	53	75.789	80.653
falling due :			
up to one month	8686	4.250	2.499
between one month and one year	8687	69.539	76.154
over one year	8688	2.000	2.000

Deferred charges and accrued income

	2019
Analysis of heading 490/1 of assets if the amount is significant.	749
Deferred charges :	
Goods and services	744
Accrued bank and interests to receive	5

STATEMENT OF CAPITAL AND SHAREHOLDING STRUCTURE

(F 6.7.1 & 6.7.2)

Statement of capital

	Codes	Amounts in thousand EUR	Number of shares
Issued capital			
At the end of the preceding period	100P	12.400	
At the end of the period	(100)	12.400	
Structure of the capital			
Different categories of shares			
Without mention of nominal value			2.400.000
Registered shares	8702		2.245.827
Shares to bearer and/or dematerialized	8703		154.173

Structure of shareholdings of the enterprise as at year-end closing date:

DENOMINATION de personnes détenant des droits sociaux dans la société, avec mention de L'ADRESSE (du siège statutaire pour les personnes morales) et, pour les entreprises de droit belge, mention du NUMERO D'ENTREPRISE	Nature	Droits sociaux détenus		
		%	Nombre de droits de vote	
			Attachés à des titres	Non liés à des titres
- DASSAULT BELGIQUE AVIATION S.A. Avenue des Arts 41 B-1040 BRUXELLES BE0406.132.367		96,85	2.324.312	

STATEMENT OF AMOUNTS PAYABLE, ACCRUED CHARGES AND DEFERRED INCOME

(F 6.9)

Analysis by current portions of amounts initially payable after more than one year	Codes	Amounts payable current portion		
		1) not more than one year (heading 42)	2) between one and five years (heading 17)	3) over five years (heading 17)
Advances received on contracts in progress	889		5.854	
Other amounts payable	890	3.994	7.496	54.448
TOTAL		3.994	13.350	54.448

Amounts payable for taxes, remuneration and social security	Codes	2019
Taxes (heading 450/3 of the liabilities)		
Accruing taxes payable	9073	6
Estimated taxes payable	450	600
Remuneration and social security (heading 454/9 of liabilities)		
Other amounts payable in respect of remuneration and social security	9077	12.647

Accrued charges and deferred income

Allocation of the heading 492/3 of liabilities if the amount is significant	2019
Financial charges on repayables advances	1.044
Financial charges on financial instruments	277
Accrued charges (various goods and services)	252

OPERATING RESULTS

(F 6.10)

Operating income

Net turnover (heading 70)	187.492
Breakdown by type of activity	in percentage of turnover
Civil aviation	54,2
Defense	14,1
Space	31,7
	100,0
Breakdown by geographical markets	
Domestic	9,7
Export	90,3
	100,0

OPERATING RESULTS

(F 6.10)

		Codes	2019	2018
Operating income				
Other operating income (heading 74)				
whereof: compensatory amounts received from public authorities		740	79	24
Operating charges				
Employees recorded in the personnel register				
Total number at the closing date		9086	893	854
Average number of employees in full-time equivalents		9087	837,9	812,7
Number of actual working hours		9088	1.250.315	1.199.503
Personnel costs (heading 62)				
Remuneration and direct social benefits		620	34.091	31.013
Employer's contribution for social security		621	13.674	12.539
Employer's premium for extra-statutory insurance		622	2.022	2.283
Other personnel costs		623	12.287	11.644
Provisions for pensions (included in heading 635/7)				
Additions (uses and write-backs)	(+)/(-)	635	14.434	519
Amounts written off (heading 631/4)				
Stocks and contracts in progress				
- Recorded		9110	11.675	11.872
- Written back		9111	5.166	24.733
Trade debtors				
- Recorded		9112	1	
- Write back		9113	1	
Provisions for risks and charges (heading 635/7)				
Additions		9115	24.250	5.988
Uses and write-backs		9116	14.723	28.347
Other operating charges (heading 640/8)				
Taxes related to operations		640	1.189	856
Others		641/8		5
Hired temporary staff and persons placed at the company's disposal				
Total number at the closing date		9096		117
Average number of employees in full-time equivalents		9097	104,6	121,7
Number of actual worked hours		9098	186.352	217.125
Charges to the enterprise		617	20.028	13.208

FINANCIAL RESULTS

(F 6.11)

	Codes	2019	2018
Recurring financial income			
Other financial income (heading 752/9)			
Government grants recognised in the income statement			
Investment grants	9125	485	232
Allocation of other financial income			
Technical profits on sales and options		2.829	2.385
Exchange differences		324	942
Recurring financial charges			
Other financial charges (heading 652/9)			
Allocation of other financial charges			
Exchange differences		1.853	336
Credendo		140	162
Bankcharges		64	71

INCOME AND CHARGES OF EXCEPTIONNAL SIZE OR OF EXCEPTIONNAL OCCURRENCE

(F 6.12)

	Codes	2019	2018
Non-recurring operating income	(76A)	1.193	534
Write-back of provisions for extraordinary operating liabilities and charges	7620	0	432
Capital gains on disposal of intangible and tangible fixed assets	7630	11	11
Other non-recurring operating income	764/8	1.182	91
Non-recurring financial income	(76B)	5.112	0
Write-back of amounts written down financial fixed assets	761	5.112	0
Non-recurring operating charges	(66A)	2.147	104
Other non-recurring operating charges	664/7	2.147	104

INCOME TAXES AND TAXES

(F 6.13)

	Codes	2019
Income taxes		
Income taxes on the result of the current period :	9134	667
Income taxes and withholding taxes due or paid	9135	67
Additional charges for estimated income taxes	9137	600
In so far as income taxes of the current period are materially affected by differences between the profit before taxes, as stated in the annual accounts and the estimated taxable profit		
Taxed provisions		7.003
Excess depreciation		2.016
Non-deductible expenses		1.783
Investment deduction		-1.954
Reversal of impairment on participation		-5.112
Cumulative tax losses, after deduction of subsequent taxable profits		-5.679
Impact of non-recurring results on income taxes for the year		
Reversal of impairment on participation		-5.112
Status of deferred taxes representing assets :	9141	5.602
Accumulated tax losses deductible from future taxable profits	9142	5.602
Other deferred taxes representing assets : reported deduction for investments		7.689

	Codes	2019	2018
Value added taxes and other taxes borne by third parties			
Value added taxes charged			
to the enterprise (deductible)	9145	25.023	22.096
by the enterprise	9146	11.537	12.128
Amounts withheld on behalf of third parties for: Payroll withholding taxes	9147	8.597	8.627

RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET

(F 6.14)

	2019
Amount of forward contracts:	
Currencies sold (to be delivered)	99.070
Real guarantees provided or irrevocably promised by the enterprise on its own assets as security of debts and commiments of the enterprise	
Pledging of other assets - Book value of other assets pledged	5.058

Comments relating to technical guarantees, in respect of sales or services.

The general sales terms provide for a fonctional guarantee during a 6 month period. There are very few exceptions to the rule. For example, the warranty for space products covers 24 to 60 month stocking.

Brief description of supplement retirement or survivors pensions plan in favour of the personnel or the executives of the enterprise and of the measures taken by the enterprise to cover the resulting charges.

The company contracted group insurance policies in favour of its employed personnel

- a guarantee of retirement or survival resources, which is complementary to statutory pensions and is based on length of service and remuneration at the end of the career;
- a death benefit for the benefit of designated beneficiaries in the event of the participant's death before retirement age.

Premiums are payable by the employer and the participant in accordance with the pension fund regulations.
The company has taken out group insurance policies qualifying as defined benefit plan insurance on the one hand and defined contribution plan insurance on the other.
The defined benefit plan insurances have been actuarially calculated in accordance with the international standard IAS 19, and the obligation has been recognized in the statutory accounts as at 31.12.2019 for a total of 12.514 KEUR.
The plan provides a lump sum benefit on retirement, based on the contributions paid.
For defined contribution plans, Belgian law prescribes a guaranteed minimum rate of return over the entire career, which SABCA provides mainly through an external insurance company that receives and manages the contributions to the plan.
As the IASB has recognised that accounting for defined benefits to such plans is conceptually problematic, the Group considers these plans to be defined contribution plans, but recognises that these plans have certain characteristics of defined benefit plans, as the return provided by the insurance company may be below the statutory minimum required return, in which case the employer must cover the difference through additional contributions.

These defined contribution pension plans have also been subject to an actuarial calculation in accordance with IAS 19, the obligation of which has been recognized in the statutory accounts as at 31.12.2019 for a total of 2.481 KEUR.

As of 31.12.2019, the Board of Directors has deemed appropriate to align the statutory (Bgaap) figures with the IFRS figures, partly in response to the results of the study recently published by the FSMA on the funding of pension commitments, therefore to book a provision for extra-legal pension obligations of 14.995 KEUR.

Nature and financial impact of significant events after the closing date not included in the balance sheet or the income statement ffiliated enterprises

See note on page 51 - Events after the balance sheet date.

RELATIONSHIPS WITH AFFILIATED ENTERPRISES AND ASSOCIATED ENTERPRISES

(F 6.15)

	Codes	AFFILIATED ENTERPRISES	
		2019	2018
Affiliated enterprises			
Financial fixed assets / Participating interests	(280)	8.177	3.065
Amounts receivable	9291	1.511	10.761
over one year	9301		85
within one year	9311	1.511	10.678
Amounts payable : within one year	9351	927	1.141
Associated enterprises			
Financial fixed assets / Participating interests	(282)	81	81
Amounts receivable :	9293	23.798	22.950
over one year	9303	1.728	7.095
within one year	9313	21.770	15.855
Amounts payable : within one year	9353	7.081	9.072

FINANCIAL RELATIONSHIP WITH

(F 6.16)

Directors, managers, individuals or bodies corporate who control the enterprise without being associated therewith or other enterprises controlled by these persons

	Codes	2019
Amount of direct and indirect remunerations and pensions, included in the income statement, as long as this disclosure does not concern exclusively or mainly, the situation of a single identifiable person:		
to directors and managers	9503	227

Auditors or people they are linked to	Codes	2019
Auditor's fees	9505	86
Fees for exceptional services or special missions executed in the company by the auditor		
Other attestation missions	9506	28

DERIVATES NOT MEASURED AT FAIR VALUE

Category derivative financial instruments	2019	2018
Hedging instruments qualifying for hedge accounting under IFRS	-1.779	-867

Hedged risk : hedging change

COMMITMENTS, RIGHTS AND SUSPENSE ACCOUNTS

(Art. 4, al. 2 of the R.D of October 8,1976)	2019	2018
Guarantees given by third parties on behalf of the company	4.235	4.259
Guarantees received	0	29.436
Forex transactions	99.070	87.841
Goods and values belonging to third parties held in deposit, consignment or for treatment	64.279	69.530
Goods and values belonging to third parties held by third parties on their behals, but at the risk and corporate profits of the comapny	0	0
Miscellaneous, commitments, rights and suspense accounts including		
2.245.827 registered shares SABCA handed by third parties	PM	PM
Belgian Association for the Maritime Patrol Aircraft (A.B.A.P.)	PM	PM
	167.584	191.066

Surface right

SABCA has granted a free of charge leasehold estate over a period of 10 years for the installation of photovoltaic panels on its site in Brussels in exchange of free of charge delivery of electricity produced by the panels.

THIRD PARTY GOODS (analysis)

Third party goods and values, held in deposit, consignment or for manufacturing	2019	2018
Third party raw materials in the store room	5.094	5.064
Third party aeronautical parts and material, in the manufacturing or overhaul process	3.761	3.892
Third party tooling, in deposit	26.266	27.076
Equipment for repair-overhaul, in deposit	5.138	5.138
Third party materials in deposit	24.020	28.360
	64.279	69.530

Social report

STATEMENT OF THE PERSONS EMPLOYED

Employees for whom the entreprise submitted a Dimona declaration or who are recorded in the general personnel register

During the current period	Codes	Total	1. Men	2. Women
Average number of employees				
Full-time	1001	719,8	630,0	89,8
Part-time	1002	155,9	133,9	22,0
Total in full-time equivalents (FTE)	1003	837,9	731,2	106,7
Number of hours actually worked				
Full-time	1011	1.085.935	957.287	128.648
Part-time	1012	164.380	139.890	24.490
Total	1013	1.250.315	1.097.177	153.138
Personnel costs				
Full-time	1021	53.325	46.672	6.653
Part-time	1022	8.749	7.497	1.252
Total	1023	62.074	54.169	7.905
Advantages in addition to wages	1033	873	761	112

During the preceding period	Codes	Total	1. Men	2. Women
Average number of employees in FTE	1003	812,7	711,7	101,0
Number of hours actually worked	1013	1.199.503	1.053.699	145.804
Personnel costs	1023	57.479	50.336	7.143
Advantages in addtion to wages	1033	797	692	105

At the closing date of period	Codes	1. Full-time	2. Part-time	3. Total full-time equivalents
Number of employees	105	738	155	861,5
By nature of the employment contract				
Contract for an indefinite period	110	708	151	828,4
Contract for a definite period	111	30	4	33,1
According to gender and study level				
Men	120	648	135	755,6
- primary education	1200	19	1	19,8
- secondary education	1201	379	108	465,9
- higher non-university education	1202	137	18	150,9
- university education	1203	113	8	119,0
Women	121	90	20	105,9
- primary education	1210	2	2	3,4
- secondary education	1211	45	12	54,5
- higher non-university education	1212	25	5	29,2
- university education	1213	18	1	18,8
By professional category				
Management staff	130	10		10,0
Employees	134	425	84	491,9
Workers	132	303	71	359,6

HIRED TEMPORARY STAFF AND PERSONNEL PLACED AT THE ENTERPRISE'S DISPOSAL

During the period	Codes	1. Temporary personnel	2. Persons placed at the disposal of the enterprise
Average number of employees	150	12,6	92,0
Number of hours actually worked	151	24.856	161.496
Costs for the enterprise (in thousand EUR)	152	859	19.169

LIST OF PERSONNEL MOVEMENTS DURING THE PERIOD

Entries	Codes	1. Full-time	2. Part-time	3. Total in full-time equivalents
Number of employees recorded in the general personnel register during the financial year	205	176	5	180,0
By nature of the employment contract				
Contract for an indefinite period	210	127	1	127,8
Contract for a definite period	211	49	4	52,2

Departures	Codes	1. Full-time	2. Part-time	3. Total in full-time equivalents
Number of employees whose contract-termination date has been entered in the general register during the financial year	305	118	24	136,7
By nature of the employment contract				
Contract for an indefinite period	310	79	24	97,7
Contract for a definite period	311	39		39,0
According to the reason for termination of the employment contract				
Retirement	340	14	20	29,6
Dismissal	342	16		16,0
Other reason	343	88	4	91,1

INFORMATION ON TRAINING PROVIDED BY EMPLOYEES DURING THE PERIOD

Total of initiatives of formal professional training at the expense of the employer	Codes	Men	Codes	Women
Number of involved employees	5801	657	5811	86
Number of training hours	5802	10.069	5812	1.258
Costs for the company	5803	1.111	5813	261
of which gross costs directly linked to the training	58031	921	58131	144
of which paid contributions and payments to collective funds	58032	193	58132	118
of which received subsidies (to be deducted)	58033	3	58133	1
Total of initiatives of less formal or informal professional training at the expense of the employer				
Number of participating employees	5821	165	5831	15
Number of training hours	5822	27.029	5832	1.733
Costs for the company	5823	1.290	5833	84

SUMMARY OF THE VALUATION RULES

(Art. 3:6, paragraph 1° of the Royal Decree of April 29, 2019 implementing the Code of Companies and associations)

The rules of valuation were deposited on June 7, 1978 at the 6th Registration Office in Brussels – Volume 131, folio 66 section 18

INTANGIBLE FIXED ASSETS

The intangible fixed assets with limited useful life are subject to depreciations calculated according to an established plan.
They are subject to accelerated or exceptional depreciation, in accordance with the tax prescriptions

Supplementary or exceptional depreciation are passed in case, due to alteration or modification of economical or technical circumstances, the book value exceeds the usage value.

Development costs are depreciated according to the straight-line method over a 3 year period.
Research costs are depreciated fully in the year when expenses were incurred.

TANGIBLE FIXED ASSETS

The acquisition cost is defined in accordance with art. 36 to 39 of the Royal Decree of January 30, 2001.

Additional ancillary costs are depreciated in the same time and in the same way as the amount in principal of the purchase price or the production cost of the equipment (art. 196, § 2,2° CIR new).. The ancillary costs related to former tangible fixed assets continue to be written off, following the initial depreciation plan.

DEPRECIATION

(a) Method

The straight-line method is applied for the former investments while the decreasing method is used for the investments that have been made since 1977, with the exception of any other fiscally authorized method. In that case, the board of directors examines the appropriateness of these depreciation methods case per case, as well as the additional depreciation rates related to economic and/or technological reasons (art. 64), and the extent to which they should be applied.
Since 1977, the whole of the depreciation rules authorized by the various government measures, have been applied .
In accordance with the fiscal law dated December 24, 2002 the new rules related to the daily pro rata depreciation have been applied to the new tangible and intangible fixed assets purchased or capitalized since the fiscal year 2004. The assets purchased or capitalized before the financial year 2003 continue to be depreciated following the previous procedure. The advance payments and assets under construction benefit of a specific accounting and fiscal treatment.

(b) depreciation rates

<u>Buildings:</u>
5% or more is fiscally allowed, mainly for buildings erected on lands granted by third persons for a determined period and for the lay-out of the rented buildings.

<u>Installations, machines, tooling:</u>

10% generally; however, a rate of 20 or 25% is applied for laboratory or electronic material, numeric control machines i.e. high precision equipment or machines in a sector undergoing a rapid technological evolution; as well as for equipment used in shift working. Tooling and equipment, templates and numeric control software proper to a program are depreciated at 100% or during the period of the contract and in conformity with the fiscal rules.
<u>Furniture, office and rolling stock:</u>
10% except for vehicles and trailers, office machines, computers, cameras and copiers (20%).

Depreciation reversals can be applied up to the taxed surplus depreciation as well as for the tax exempted depreciations exceeding the above mentioned rates; as well as in case of transfer, sale, loss or expropriations.
With effect from the beginning of 2003 the daily pro rata was applied to the straight-line method as well as to the decreasing or accelerating method of depreciation.

FINANCIAL FIXED ASSETS

STOCKS AND SHARES VALUES

The acquisition, subscription costs are booked as exceptional financial charges. The losses in value of non-quoted shares are considered only if the loss is important and durable.

RECEIVABLES: (see below)

INVENTORIES

PURCHASE PRICE of materials, supplies and goods, include suppliers invoices plus import, delivery, insurance and commission costs.

VALUATION OF INVENTORIES AT THE END OF THE FINANCIAL YEAR AND CONSUMPTION OF THE YEAR: inventories are valued at the purchase price per supply lot and consumption is done on basis of the FIFO method (First In, First Out).

AMOUNTS WRITTEN OFF ON STOCKS

For parts related to completed production or maintenance programs, obsolete, outdated, unusable or whose tolerances, norms, technical configuration, conception have changed.

Items that have not been moved in the last 24 months are also written down.
In case of re-use of non-destructed items, the amounts written-off as a consequence of not having been moved in the last 24 months are reversed.

WORKS IN PROGRESS

ELEMENTS OF THE COST OF THE WIP

The cost of the work in progress is determined according to the cost of production method (direct costing) taking into account all the costs directly attributable to the manufacturing of the goods and the provision of the services, as well as the indirect costs that can be allocated to the manufacturing of these goods and the provision of those services. The general costs related to the management of the group as well as the business development costs are charged to the result of the financial year.

Allocation method:

(a) direct booking of raw materials, components, parts, expendable goods, direct costs and specific subcontract costs, specific depreciation and relocation, lay-out costs specific to a program.

(b) Allocation of indirect costs through hourly rates based upon the activity of the production personnel and/or machines. These hourly rates include all direct and indirect wages and related charges as well as G&A costs and the depreciation of industrial assets. The latter can also be distributed over individualised production programs by derogating from the depreciation method and from the amounts booked on the balance sheet on an economic or tax basis.

VALUATION OF THE WORKS IN PROGRESS

Works in progress include unfinished works regarding a same group of contracts, or for which the cost price elements are not complete, or for which final acceptance quality controls (possibly to be carried out by the customer) are not yet completed. These works in progress are valued at the cost price after deduction of the already invoiced works.

AMOUNTS WRITTEN OFF

(a) on works actually carried out: the amounts of the incurred costs exceeding the estimated total contract revenues are written-off.

(b) on works to be carried out: the estimated losses at completion of these works in progress are subject to provisions for the amounts exceeding the write-offs booked as per (a) if the estimate is sufficiently accurate. In the other cases, provisions for risks on orders are made with the greatest care and on an individual basis.

(c) on sales realized and communicated by our customers and on the sales volume considered likely by the company's management : in case of loss on program, a provision will be constituted to cover our implicit obligations.

RECEIVABLES, CASH AND PAYABLES

(a) Receivables, cash and payables in foreign currencies are valued at the internal standard exchange rate defined per currency, which is modified during the year only in case of important and durable fluctuation of average rates, and taking into account the currency hedging instruments.

(b) Write offs are booked on receivables in the following cases:
- bankruptcy, composition, nationalization (high political risks), subordination of receivables with risks;
- important, lasting in nature and in amount determined litigation of which the recovery is very precarious, the negotiations being concluded;
- very negative economical, financial or political information concerning exports.

(c) Provision for risks and charges might be booked on litigation in negotiations

(d) Amounts written off are reversed if the recoupment of the receivable is ascertained or if the previous write-off was inappropriate or exaggerated.

ACCRUED OR DEFERRED CHARGES OR INCOME (assets - liabilities)

They are used for amounts that can considerably influence the result of the year on the one hand and that are part of the usual activities of the company on the other hand. The board of directors individually analyzes the elements that are not part of the usual activity.

PROVISIONS FOR LIABILITIES AND CHARGES

The provisions for risks and charges are made systematically in function of contractual and/or legal obligations; they represent the best estimate at closing date and meet the requirement of prudence and sincerity.

PROVISIONS FOR TAX PURPOSES

They are determined according to fiscal rules, taking into account increases, advance payments, real and fictitious with-holding taxes on investment income, taxes credit, withholding taxes on real estate and chargeable foreign taxes. The exceeding part of the previous provisions will be considered only if three booking years have passed after their constitution without complementary enrolment, unless the board decides otherwise.

PROVISIONS FOR PENSION PLAN

The company has taken out group insurance policies for the benefit of its employees under employment contracts:
- **a guarantee of retirement or survival resources, which is complementary to statutory pensions and is based on length of service and remuneration at the end of the career;**
- **a death benefit for the benefit of designated beneficiaries in the event of the participant's death before retirement age.**

Premiums are payable by the employer and the participant in accordance with the pension fund regulations.
The company has taken out group insurance policies qualifying as defined benefit plan insurance on the one hand and defined contribution plan insurance on the other.

The defined benefit plan insurances have been actuarially calculated in accordance with the international standard IAS 19, and the obligation has been recognized in the statutory accounts as at 31.12.2019 for a total of 12.514 KEUR.
The plan provides a lump sum benefit on retirement, based on the contributions paid.

For defined contribution plans, Belgian law prescribes a guaranteed minimum rate of return over the entire career, which SABCA provides mainly through an external insurance company that receives and manages the contributions to the plan.

As the IASB has recognised that accounting for defined benefits to such plans is conceptually problematic, the Group considers these plans to be defined contribution plans, but recognises that these plans have certain characteristics of defined benefit plans, as the return provided by the insurance company may be below the statutory minimum required return, in which case the employer must cover the difference through additional contributions.

These defined contribution pension plans have also been subject to an actuarial calculation in accordance with IAS 19, the obligation of which has been recognized in the statutory accounts as at 31.12.2019 for a total of 2.481 KEUR.

As of 31.12.2019, the Board of Directors has deemed appropriate to align the statutory (Bgaap) figures with the IFRS figures, partly in response to the results of the study recently published by the FSMA on the funding of pension commitments, therefore to book a provision for extra-legal pension obligations of 14.995 KEUR.

MISCELLANEOUS RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET

They are valued at the maximum amount mentioned in the commitment documents. If there are no such documents, the reasonably estimated economic value of the goods they concern will be taken into account. This value will be considered as the net booking value for the goods belonging to the company.

Adaptation to the valuation rules chosen by the company (art. 30 of the Royal Decree)

- Tooling, small equipment and small tooling constituting full individual sets of less than 1.000 EUR are no longer included in assets but in the cost of production or in G&A costs depending on the fact that they are specific or not to a contract.
- Modification of the first paragraph of section 14 of the rules of valuation.
  At the end of each financial year, investment grants are progressively reduced by booking to the profit and loss account.

  Starting from 1991, the deferred taxes have been deducted from investment grants and realized gains if necessary. They will be reduced at intervals by booking to the profit and loss account at the rate of the reduction of investment grants and, in the case of realized gains at the rate of the inclusion in the taxable result of the concerned gains.

Justification of the rules of continuity – going concern

'The Board of Directors notes that the recognition of provisions and impairment losses on financial instruments from 2014 to 2017 respectively generates a negative result for four consecutive years. Taking into account the plan to reduce operational costs, the Board believes that the business continuity of the company is ensured and that the accounting rules for valuation of the company as part of the continuity of its activities can continue to be applied.

Events after the balance sheet date

On February 7, 2020, the following press release was published:
Dassault to sell its participation in SABCA.
Société Anonyme Belge de Constructions Aéronautiques SA/NV ("SABCA") announces that it was informed that Dassault Belgique Aviation SA ("DBA") has reached an agreement pursuant to which it will sell its entire 96.85% shareholding in SABCA to a new joint venture company to be established by Sabena Aerospace SA ("Sabena") and Société Fédérale de Participations et Investissements – Federale Participatie- en Investeringsmaatschappij SA/NV ("SFPI/FPIM"), (the "Transaction").
The Transaction is subject to merger control approval and is currently anticipated to close at the end of SABCA's second quarter 2020.
Upon completion of the Transaction, the new joint venture company will hold 96,85% of the shares in SABCA.
The Transaction will be followed by a mandatory public takeover bid by the new joint venture company on the remaining shares in SABCA.

At the time of this writing, a very significant post-closure event has struck the economy, worldwide : the Covid-19 virus crisis. Our first priority has been to protect the people of SABCA and all our partners working within our facilities. In order to guarantee that everyone at SABCA is working in a safe and healthy environment, production has been temporarily interrupted to perform a detailed, in-depth analysis of all our sites, facilities, and production lines and implement efficient and permanent measures to comply with the new sanitary regulations and eliminate the risks on our employees' health. It is as of today (April 02, 2020) still unclear what the exact extent of this even will be, but it will certainly negatively impact the global industry in the short-term, and hence the SABCA Group, in a significant way.

STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF S.A.B.C.A. SA FOR THE YEAR ENDED 31 DECEMBER 2019

(STATUTORY ACCOUNTS)
(TRANSLATION)

We present to you our statutory auditor's report in the context of our statutory audit of the annual accounts of S.A.B.C.A. SA (the "Company"). This report includes our report on the annual accounts, as well as other legal and regulatory requirements. The whole is integrated and is indivisible.

We have been appointed as statutory auditor by the general meeting of June 1st 2017, following the proposal formulated by the board of directors, issued upon recommendation of the audit committee and upon presentation by the workers' council. Our mandate will expire on the date of the general meeting which will deliberate on the annual accounts for the year ended 31 December 2019. We have performed the statutory audit of the annual accounts of SABCA SA for 6 consecutive years.

Report on the annual accounts

Unqualified opinion

We have performed the statutory audit of the annual accounts of the Company, which comprise the balance sheet as at 31 December 2019, and the profit and loss account for the year then ended, and the notes to the annual accounts, and which show a balance sheet total of K€ 229.673 and a profit and loss account with a profit for the year of K€ 3.573.

In our opinion, the annual accounts give a true and fair view of the Company's net equity and financial position as at 31 December 2019, and of its results for the year then ended, in accordance with the financial-reporting framework applicable in Belgium.

Basis for unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. Our responsibilities under those standards are further described in the "Statutory auditor's responsibilities for the audit of the annual accounts" section of our report. We have fulfilled our ethical responsibilities in accordance with the ethical requirements that are relevant to our audit of the annual accounts in Belgium, including the requirements related to independence.

We have obtained from the board of directors and Company officials the explanations and information necessary for performing our audit.

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

Emphasis of matter paragraph

We draw your attention to the disclosure in the annual accounts with regard to the possible effects for the economy and for SABCA group of the events that were caused from February 2020 on by the COVID-19 health crisis and where the going concern assumption is motivated. The disclosure evidences significant uncertainty with regard to the final impact of COVID-19 health crisis on the economy and SABCA group, with the potential consequence that assumptions and hypotheses on which the 2019-financial reporting has been based might be subject to revision. Our opinion is not modified with respect to these matters.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Programs – revenue and margin recognition

The activity of S.A.B.C.A. N.V. / S.A. consists mainly of the execution of programs. The results of these programs and therefore the constitution of provisions for onerous contracts, depend on multiple factors, such as for instance the realisation of the learning curve, the maintenance of cost on the budget level, the volumes ordered … . This constitutes a key audit matter taking into account the impact and complexity of these evaluations and the importance of management judgements and estimates. We refer to the valuation principles and disclosure Vol 6.8 of the annual accounts.	Our audit procedures consisted of: - Acquire, c.q. update our understanding of contract conditions and of the status of contract execution via interviews with program managers - Verification of the consistency of margin-recognition - Evaluation of the main assumptions used by management.

Evaluation of implications of program modifications

Capitalized development costs, equipment and stock relate mainly to programs. S.A.B.C.A. N.V. / S.A. is confronted with decisions to stop programs, to increase or reduce production volumes. Impacts are assessed by management. This constitutes a key audit matter taking into account the impact and complexity of these evaluations and the importance of management judgements and estimates. We refer to the valuation principles and disclosure Vol 6.8 of the annual accounts.	Our audit procedures consisted of: - Assessment of the methodology used to identify and evaluate risks. - Evaluation of the assumptions used by management and of the evaluations and estimates made by the latter.

Responsibilities of the board of directors for the preparation of annual accounts

The board of directors is responsible for the preparation of annual accounts that give a true and fair view in accordance with the financial-reporting framework applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the board of directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

During the execution of our control, we respect the legal, regulatory and normative framework applicable to the audit of annuals accounts in Belgium. An audit does not provide any assurance on the future viability of the company nor on the efficiency and effectivity with which management has conducted or will conduct the business.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We execute the following audit procedures:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report, including the report on non-financial information and the other information included in the annual report as well as for the compliance with the legal and regulatory requirements regarding bookkeeping, with the Companies' Code and with the Company's articles of association.

Statutory auditor's responsibilities

In the context of our mandate and in accordance with the Belgian standard (Revised version 2020) which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, the directors' report including the report on non-financial information and the other information included in the annual report, as well as compliance with the articles of association and certain requirements of the Companies' Code and to report on these matters.

Aspects related to the directors' report and the annual report

After having performed specific procedures in relation to the directors' report, we are of the opinion that this report is consistent with the annual accounts for the year under audit and is prepared in accordance with the articles 3:5 and 3:6 of the Companies' Code.

In the context of our audit of the annual accounts, we are also responsible for considering, in particular based on the knowledge acquired resulting from the audit, whether the directors' report is materially misstated or contains information which is inadequately disclosed or otherwise misleading. In light of the procedures we have performed, there are no material misstatements we have to report to you. We provide no assurance with regard to the directors' report and the other information included in the annual report.

Section SR1 of the annual report contains the non-financial information, as required by art.3:6 §4 of the Companies' Code. This non-financial information is established on the basis of the GRI-framework (Global Reporting Initiative). In accordance with art. 3:75 §1, first paragraph, 6° of the Companies' Code, we do not certify whether this non-financial information is compliant with the GRI-framework.

Statement related to the social balance sheet

The social balance sheet, to be deposited at the National Bank of Belgium in accordance with article 3:12, § 1, 8) of the Companies Code, includes, both in terms of form and content, the information required by the said Code, and does not present any material inconsistencies with the information that we have at our disposition during the performance of our mandate. The data on training efforts are partly based on estimates made by management.

Statement related to independence

Our audit firm did not perform any assignments that are incompatible with the legal audit of the financial statements, and our audit firm remained independent of the company during the course of our mandate.
The fees for additional services which are compatible with the statutory audit of the annual accounts referred to in article 3:65 of the Companies' Code are correctly disclosed and itemized in the notes to the annual accounts.

Other statements

The annual accounts, after reclassifications, result from the balance sheet and the income statement. The company did perform a partial inventory of its fixed assets. Without prejudice to formal aspects of minor importance, the accounting records are otherwise maintained in accordance with the legal and regulatory requirements applicable in Belgium.
There are no transactions undertaken or decisions taken in breach of the Company's articles of association or the Companies' Code that we have to report to you.

This report is consistent with the additional report to the audit committee referred to in article 11 of the Regulation (EU) N° 537/2014.

The appropriation of results proposed to the general meeting complies with the legal provisions and the provisions of the articles of association.

Brussels, April 27, 2020
Mazars Réviseurs d'Entreprises
Statutory auditor
represented by

Lieven Acke
Certified Auditor

Notes

SABCA S.A.

Société Anonyme Belge de Constructions Aéronautiques

Chaussée de Haecht 1470

B-1130 Bruxelles

Belgium

Telephone: **+32.2.729 55 11**

Fax: **+32.2.705 15 70**

e-mail: **Communication@sabca.be**

www.sabca.be