



## 2008: a year of sustained investment

- Industrial and innovation resources improved
- Stringent adjustment plan in place
- Positioned to seize every opportunity for growth

(M€) – IFRS – to 31 December	2008	% of turnover	2007	% of turnover
<b>Sales</b>	<b>198.7</b>		<b>200.4</b>	
<b>Operating income</b>	<b>11.1</b>	5.6%	<b>18.2</b>	9.1%
<i>Cost of financial debt</i>	<i>(0.2)</i>		<i>0.4</i>	
<i>Other income and expenses</i>	<i>0.3</i>		<i>0.0</i>	
<i>Tax charge</i>	<i>(2.2)</i>		<i>(4.5)</i>	
<b>Net income</b>	<b>9.1</b>	4.6%	<b>14.1</b>	7.0%

*Statement by Pierre Gattaz, chairman of the board of directors:*

*"Although the financial climate has continued to deteriorate in 2009, our Group has a number of strategic advantages: it has a balanced and diversified business portfolio with a number of very large customers, a healthy balance sheet, a good cashflow and loyal shareholders. The major investments made in 2007 and 2008 and recent measures taken to adjust resources to current conditions will allow us to be well prepared for the future. The Group is therefore well positioned to benefit from any recovery on its markets and is ready to take advantage of any opportunity provided by external growth to accelerate its own medium-term growth."*

### **Organic growth on a sensitive market**

Despite the degradation of the world economic environment, Radiall reported consolidated annual sales of 198.7 M€ in 2008, which was only slightly down versus 2007 (200.4 M€).

With comparable levels of consolidation and exchange rate, business increased by 2.4%, driven by the excellent performance of the Defence and Space divisions and the increase in market shares with certain customers, especially in China and in Telecommunications.

These successes offset the delays in major aeronautical programmes in 2008 and the reversals in other market segments (e.g. the automotive sector).

### **Improved industrial and commercial capacity and product innovation**

The Group pursued its strategy in 2008 of optimizing competitiveness and innovation by:

- full production setting of our new site in Mexico designed to strengthen its "low-cost" capacity in the dollar zone and,
- speeding up Research & Development and increasing the number of new products launched.

Radiall is regularly recognized by numerous industrial partners as a leading supplier and was recently rewarded by Airbus as "Supplier of the Year 2008", in the category "Center of Excellence Electrics – Main Suppliers".

### **Operating income of 5.6% despite financial downturn**

Radiall reported operating income of 11.1 M€ in 2008, compared with 18.2 M€ in 2007 (which included extraordinary income of 1.5 M€). Constant improvements to processes and costs only partially offset the impact of the drop in business in Q4 and the unfavourable effects of the rising cost of raw materials and additional costs generated by industrial redeployments.

In these difficult times, the Group reported net income of 9.1 M€ in 2008 (4.6% of sales), compared with 14.1 M€ in 2007.

### **Robust financial structure**

The Group's financial position remained extremely robust on 31 December 2008, with 154.1 M€ in shareholders' equity and long-term debt capped at 44.7 M€ (mainly comprising the OBSAAR bond issued in July 2007 and redeemable in 2012).

Cash in hand at the close of the financial year totalled 54.2 M€.

### **Dividend:**

The Board of Directors is confident of the Group's prospects and proposes that the Shareholders' Meeting approves a dividend of 0.95 € per share, compared with 1.3 € per share in 2008.

### **Prospects for 2009**

Business in 2009 is expected to be driven by the military and space sectors and the aeronautics segment with probable adjustments offset by initial deliveries of the B787 scheduled for the second half of 2009. These markets account for 56% of Group sales.

However, with the lack of visibility in other segments, especially the Telecommunications, Automotive and Industry segments, and the trend noted in Q1 2009, annual sales are expected to decrease in 2009.

In a setting that offers little in terms of visibility, RADIALL does not anticipate an upturn in activity for the beginning of the year.

We expect the structural and investment adjustment plan put in place back in October 2008 will produce effects in 2009 and the Group remains confident in its ability to maintain its favourable economics.

**Next press release:** Turnover Q1 2009: 22 April 2009.

### **About RADIALL**

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*RADIALL designs, develops and manufactures electronic components for wireless telephony, automotive telematics and military and aeronautical equipment.*

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