ANALYST PRESENTATION – JULY 31, 2009

SAFRAN
INTERIM RESULTS 2009

Jean-Paul HERTEMAN

CEO

Ross McINNES

CFO

SAFRAN

AGENDA

- KEY FACTS AND FIGURES
- FINANCIAL RESULTS
- 2009 OUTLOOK
- APPENDICES

SAFRAN
KEY FACTS AND FIGURES

Jean-Paul HERTEMAN

CEO

SAFRAN

FINANCIALS

- Performance in line with full year objectives
  - Revenue* : **€ 5,149M** (+1,8% vs H1 2008)
  - EBIT* : **€ 324M** ie 6.3% margin, vs full year guidance 5-6% based on hedging rate of €1 = $1.45
- Roughly stable net debt at **€ 690M**
- Confident with an EBIT margin of around 6% for the full year, at the upper end of the range set in early 2009

* Adjusted data

KEY FACTS

- Group activities prove resilience against aerospace backdrop

- Strategic move to Security

- Action plans to adapt cost base
  - Improving productivity with Safran +
  - Enhancing cost base flexibility

TOUGH BUT VARIABLE ENVIRONMENT

Negatives

- Decline in international passenger traffic (-8%*)
- Overall traffic drop estimated at -4%
- …Amplified by lower yield levels (business class…)
- Decrease in freight traffic (-20%*)
- Airlines stretched financial capacities leading to volatile short term demand for services

Positives

- No financing crisis for the airlines
- Some market segments stabilizing after a sharp drop (regional and biz jet)
- Resilient low cost carriers (ex : Ryanair +13% yoy in June 2009)**
- Dynamic Indian and Chinese domestics markets (respec. +7,3% and +19,3% yoy for domestic RPK in June 2009)***

* H1 2009 vs H1 2008 source IATA ** Traffic of passengers-source Ryanair *** Domestic RPK -source Air China and Indian Airlines

GROUNDINGS AND ORDER CANCELLATIONS

- Stable trend in groundings over H1 2009
  - Grounded aircrafts equipped with CFM engines still represent 4% of the total aircraft fleet equipped with CFM engines, vs 12% for the total active aircraft market*

	As of 31 December 08	**As of 30 June 09**
Number of grounded planes equipped with CFM engines	**364**	**407**
Of which :		
1st generation engines (-2/-3B/-5A/-5C)	84%	86%
2nd generation engines (-5B/-7B)	16%	14%

- No significant new order cancellations vs 2008

* Source : Ascend

ORIGINAL EQUIPMENT

Fleet, deliveries and orders

	H1 2008	**H1 2009**	*Change*
Total fleet of CFM engines*	**18,031**	**19,216**	
Share of 2nd generation engines**	48%	52%	

Deliveries in H1:			
1. Number of CFM engine deliveries	683	597	*-12.5%*
Number of helicopter engine deliveries	577	525	*-9.0%*
2. Number of A380 nacelles deliveries	30	41	*+36.7%*
3. Number of small nacelles deliveries***	285	165	*-42.1%*

OE revenue (€M)******	**2,541**	**2,415**	*-5.0%*

- Increased share of 2nd generation engines in fleet
  ➡ future flow of high value services

1. Slowdown of deliveries following the recent peak period and the Boeing strike
2. Ramping up of deliveries in recent programs (A380)
3. Impact of Biz and regional jets in Equipment

- Change in total OE **** revenues at constant $: -8% (4)

* All delivered engines minus declared groundings **CFM56-5B and –7 engines first deliveries in late 1990 *** Nacelles for regional and bizjet
**** Propulsion and Equipment, including revenues from R&D contracts and miscellaneous (4) Estimates based on management data

SERVICES (1)

Services revenues*

(€M)	H1 2008	**H1 2009**	*Change*
Services revenues in Aerospace Propulsion	**1,269**	**1,314**	*+3.5%*
Of which spares	722	758	*+5.0%*
Of which MRO	547	556	*+1.6%*
Services share of total Propulsion revenues	*45%*	*47%*	
Services revenues in Aircraft Equipment	**425**	**453**	*+6.6%*
Of which spares	256	262	*+2.3%*
Of which MRO	169	191	*+13.0%*
Services share of total Equipment revenues	*31%*	*32%*	
Total services revenue	**1,694**	**1,767**	*+4.3%*

- Services revenues: basically resilient
- Good performance for services to military customers (aircraft and helicopters)
- Increasing spares revenues for military and high thrust engines
- Healthy growth of repairs activities for civil engines offsetting spares' softness
- Change in total services revenues at constant $: -3%**

* Including spares and maintenance & repairs activities ** Estimates based on management data

SERVICES (2)

Focus on shop visits for CFM engines (world total)

	H1 2008	**H1 2009**	*Change*
Shop visit number for CFM engines	1,228	**1,145**	*-6.7%*
of which 1st gen engines	754	554	*-27.0%*
of which 2nd gen engines	474	591	*+24.6%*

- Impact of grounded 1st gen. engines + lower flight hours on shop visits for 1st gen. engines
- Increasing share of 2nd generation engines in shop visits
  ➡ future positive price mix effect

Focus on spares for CFM engines (world total)

- Decrease by 1% in global CFM spares revenues in dollar
  - …but following a peak period (strong base of comparison)
- Short term volatility as experienced under previous crisis, but positive structural potential growth

KEY STRATEGIC MOVE

STRONG DEVELOPMENT IN SECURITY

- Strengthening Group position in Security
  - Targeting long term 20% of total Group revenue (8% in H1 09 vs 6% in H1 08)

- Robust performance of Security in H1
  - Organic growth : +30% with very high growth in ID solutions for governments
  - Increased profitability due to good performance of acquisitions and significant scale effect

- GE HLP acquisition
  - Ongoing footprint enhancement in North America (Morpho+Printrak+GE HLP)
  - In partnership with GE, mixing the promising detection market growing by >12% p.a over 2008-2012 period, with existing ID and access control leadership

OVERVIEW

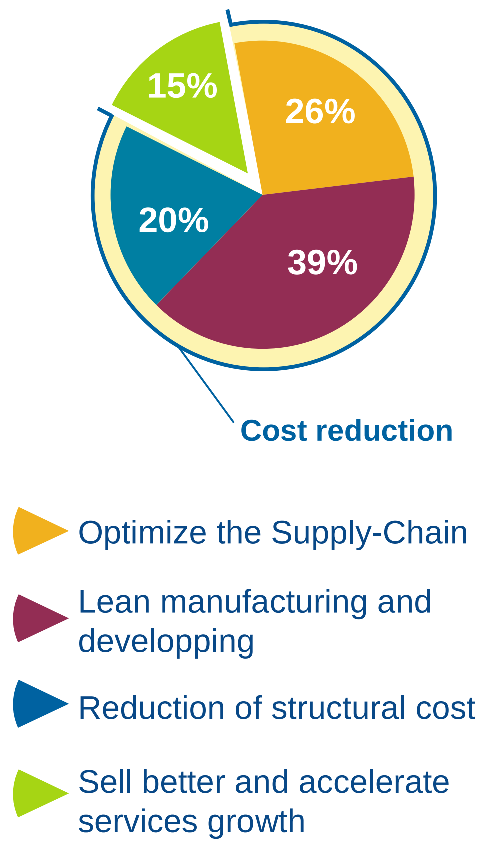
- Agenda
  - Closing expected by the end of the summer 2009, with payment in H2 2009 and first consolidation in Group accounts in late 2009
- Consideration and financing
  - Enterprise value of $ 715m for 100% of share capital
  - Financed by available cash on the balance sheet
  - EV/EBITDA 2009 : x 9-9.5
- Confirmation of promising outlook
  - Revenues' growth in H1 in line with annual forecasts driven by the successful launching of the new CT 9800 tomography equipment in the USA
  - 2009-2010E Revenue CAGR > 15%
  - EBITDA margin : 25% expected in 2009

IMPROVING EFFICIENCY WITH SAFRAN+

UPDATE ON ACTION PLAN

- Optimize the supply chain
  - Acceleration of supplier development resulting in increased output quality and more deliveries in due time
  - Ongoing development of facilities in dollar and emerging zones to improve purchasing costs (Taiwan, USA)
- Lean manufacturing and improved productivity
  - Enhanced existing facilities in low cost countries (Poland, Morocco)
  - Optimization of existing facilities (Fougères, Poitiers and Dijon sites)
- Reduction of overheads
  - Around € 20M gains in H1 (logistics in the US, travel spending) in line with annual objectives
  - Pooling of the support functions
- Improve marketing and accelerate services growth
  - Development of Global Care contracts (equipment systems)
- Working capital management
  - Improvement in inventories (engines, wiring, carbon brake, landing gear…)

Split of Safran + gains by action in H1 2009



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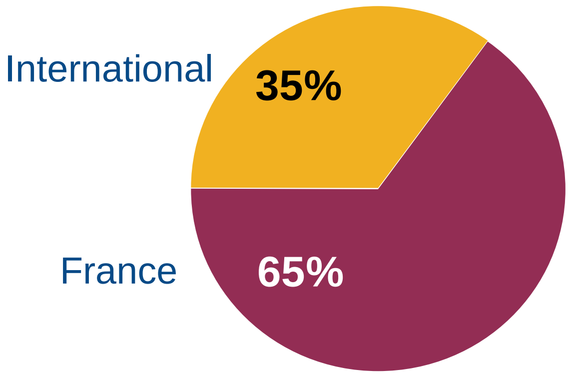
ENHANCING COST BASE FLEXIBILITY

ACTION PLAN IN DOLLAR AND EMERGING ZONES

2008 employees
54,500

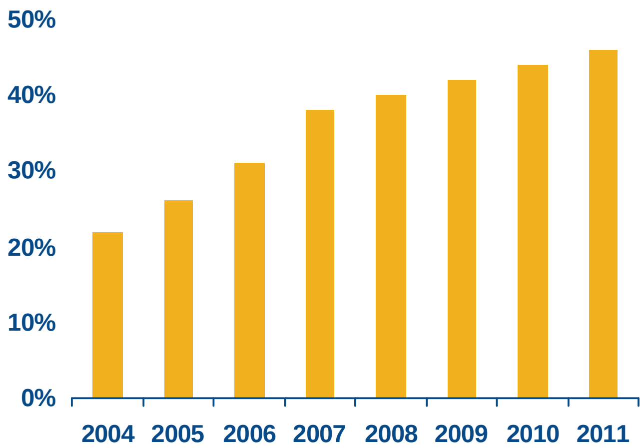


Since 2002

- $/€ pressure led Safran to increase its non French cost base (supply chain, industrial spread)
- International staff number have nearly doubled to 19,000
- Plan to continue to grow share of International in Group cost base

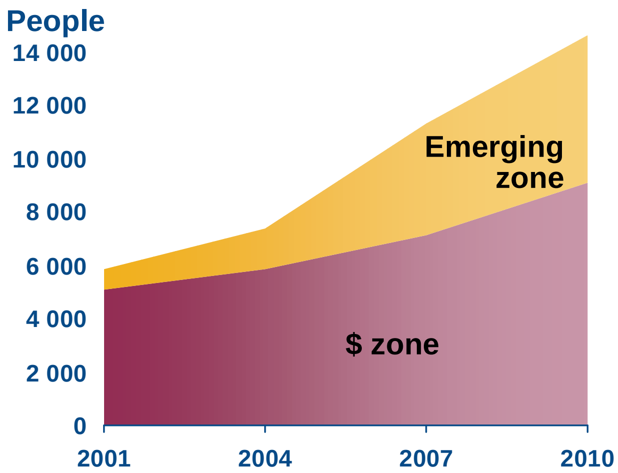
Production and non production purchases in $ / emerging zones

(BUY)



Production workforce in $ / emerging zones

(MAKE)



ENHANCING COST BASE FLEXIBILITY

ACTION PLAN IN FRANCE

- France (35,500 employees)
  - **Discussions with trade unions representations** on tools to adapt workforce to workload evolution
    - Enhance the employability within the Group through implementation measures
    - Identify growing & decreasing functions to manage them
  - **Mandatory retirement in 2009** (and for 2010 if notified in 2009) of staff reaching 60 year age and having required retirement contributions
    -> 2,000 people over two years
  - **Hiring strictly limited** to critical core competencies
  - **Stand down staff** with reduced salary whenever and wherever required

➡ In a position to deal with possible further volume drift

SAFRAN

SAFRAN FINANCIAL RESULTS

Ross McINNES

CFO

SAFRAN

FOREWORD (1)

RECONCILIATION BETWEEN STATUTORY AND ADJUSTED CONSOLIDATED STATEMENT *

- In order to reflect the actual economic performance of the Group and enable this performance to be monitored and compared, the consolidated income statement are adjusted for:
  - the accounting impact of charges to amortization on intangible assets relating to aircraft programs, revalued at the time of the Sagem-Snecma merger in accordance with IFRS 3,
  - the accounting impact of application of hedge accounting to currency financial instruments, in order to better reflect the result of the Group's overall foreign currency risk management policy.
- Therefore, only the adjusted financial data are presented in this document.

* The reconciliation details between statutory and adjusted consolidated statement are presented in appendix 1.

FOREWORD (2)

PRO FORMA REPRESENTATION OF H1 2008 ADJUSTED DATA

- The H1 2008 adjusted data are represented in 2009 without Monetel business sold in April 2008, and take into account the internal reorganization realized between activities since early 2009:
  - Creation of Safran Electronics
  - Transfer from Aircraft equipment branch to Aerospace propulsion branch (engine control system activity)
  - Creation of a new rubric called «Other», gathering activities so far consolidated in Aerospace propulsion

INCOME STATEMENT *

IN LINE WITH ANNUAL TARGETS

H1 2008 published	(€M)	H1 2008 pf*	H1 2009
5,057	**Revenue**	**5,017**	**5,149**
474	**Profit (loss) from operations**		**324**
328 (**)	**Profit (loss) from recurring operations**	**321** (**)	**324**
6.5%	*% of revenue*	*6.4%*	*6.3%*
(143)	Net finance (costs) income		48
(51)	Income tax expense		(99)
(119)	Profit (loss) from discontinued operations		6
(8)	Minority interests		(5)
3	Income from associates		7
156	**Profit (loss) attributable to equity holders of the parent**		**281**
0.38	**Basic Earning per share (€) half year basis**		**0.70**

- Revenue and margin level in line with annual target
- Cost of net debt : € 16M / other financial items are mainly IAS39 driven accounting entries relative to FX hedging
- Non recurring cost of exit from Mobiles business charged in H1 2008

* Adjusted data / H1 2008 pro forma data are represented without Monetel business sold in April 2008
** Excluding gain arising on the transfer of Monetel business to Ingenico (€146 million)

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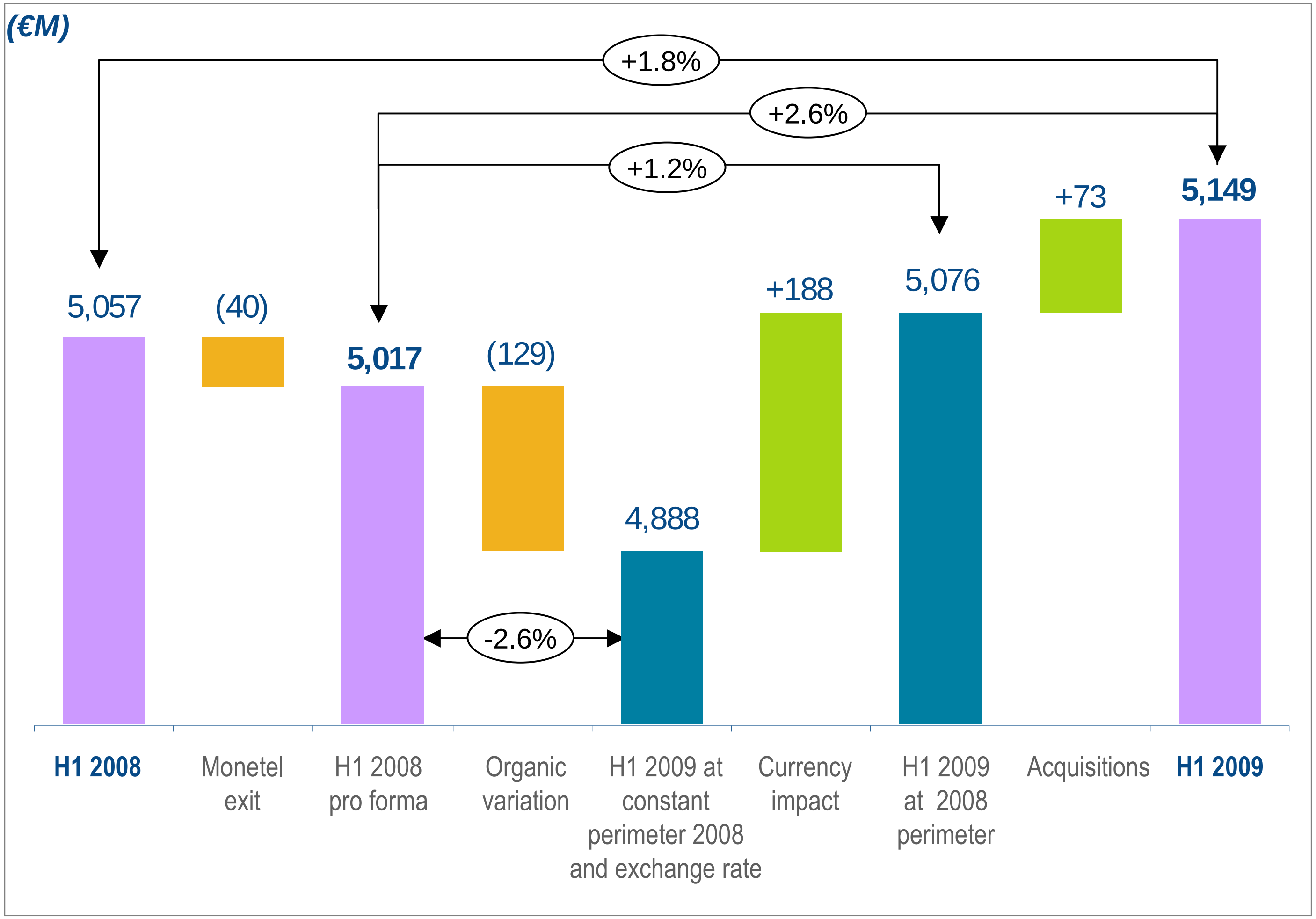
CHANGE IN REVENUE BRIDGE *

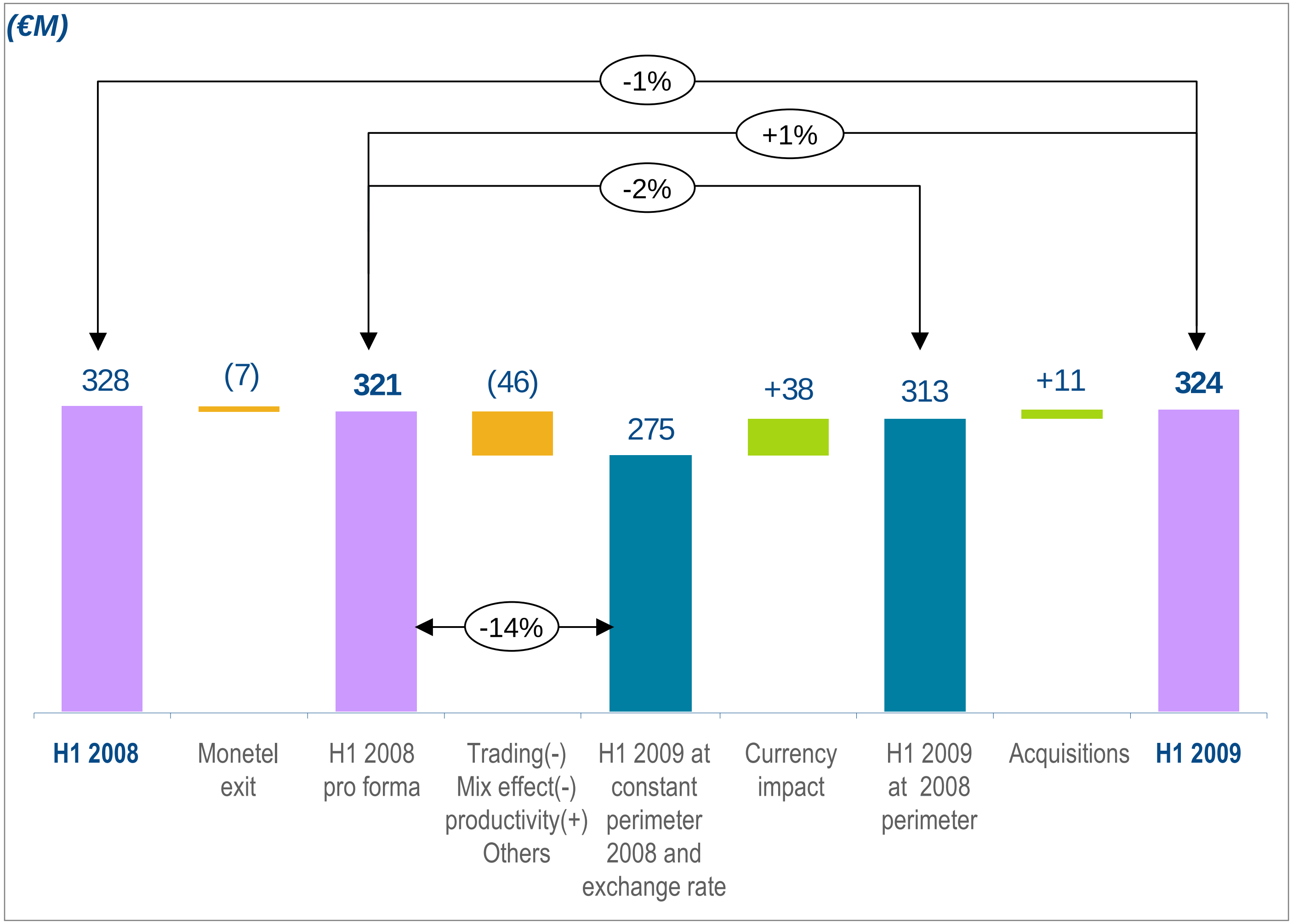
STABLE REVENUES



- Mild decrease at constant $ in civil original equipment and services in Aeronautics
- Positive perimeter effect mainly due to Sagem Identification (ex SDU) and Printrak integration, respectively since 09/08 and 04/09
- Favourable effect of $/€ change

* Adjusted data

STABLE LEVEL OF EBIT MARGIN



- Impact of decrease in Aeronautics activities vs H1 2008 peak, partially offset by productivity improvements, increase in Security margins and…
- Positive perimeter effect: +€ 11M
- Favourable effect of $/€ change:+€ 38M

* Adjusted data

RESEARCH AND DEVELOPMENT *

ONGOING STRUCTURAL HIGH LEVEL OF R&D

(€M)	H1 2008	**H1 2009**	*Change*
Self-funded R&D (before credit tax)			
Recorded as operating expenses	235	218	*(17)*
Activated expenses	70	76	*6*
Total self-funded R&D (before credit tax)	**305**	**294**	***(11)***
% of revenue	*6.0%*	*5.7%*	

- R&D effort maintained: still high level of R&D in H1 2009 with normative trend at around 6 to 7% per annum

(€M)	H1 2008	**H1 2009**	*Change*
Recorded as operating expenses	235	218	*(17)*
Amortisation / depreciation	13	47	*34*
EBIT impact before R&D credit tax	248	265	*17*
EBIT impact after R&D credit tax	216	217	*1*

- Stable impact on EBIT

* Adjusted data

HEDGING PORTFOLIO

- Half year 2009
  - 2,015 MUSD for EUR at a rate of 1 EUR = 1.43 USD
- Hedging portfolio as of June 30, 2009: 13,700 MUSD at an average rate for the EUR/USD tranche of:
  - EUR 1 ≤ USD 1.43 in 2009
  - EUR 1 ≤ USD 1.525 en 2010 including 40% of option
  - EUR 1 ≤ USD 1.40 in 2011
  - EUR 1 ≤ USD 1.32 in 2012 (partial hedge)
- Current objective => improve the USD rate in 2010 to at least 1.48 vs 1.525

AEROSPACE PROPULSION

H1 2008 published	(€M)	H1 2008 pf	H1 2009	Change pro forma	Organic variation
2,852	**Revenue**	**2,850**	**2,769**	*(2.8%)*	*(6.9%)*
278	**Profit (loss) from operations**	**278**	**259**	*(6.8%)*	
9.7%	*% of revenue*	*9.8%*	*9.4%*		

(€M)	H1 2008 published	H1 2009
CAPEX	**111**	**69**
Self-funded R&D		
Recorded as operating expenses	115	103
Activated expenses	36	36
Total self-funded R&D (before R&D credit tax)	**151**	**139**
% of revenue	*5.3%*	*5.0%*

- Decrease in civil engines activities, at constant $
  - Recent peak period
  - Boeing strikes effect
- Profitability remaining high
- Lower CAPEX due to adjusted projects
- Impact of the tailing off of the SaM146 R&D program

* Adjusted data / H1 2008 proforma takes into account internal reorganizations between Group activities in early 2009

AIRCRAFT EQUIPMENT

H1 2008 published	(€M)	H1 2008 pf	**H1 2009**	Change pro forma	Organic variation
1,426	**Revenue**	**1,385**	**1,413**	*2.0%*	*(3.0%)*
47	**Profit (loss) from operations**	**47**	**44**	*(6.4%)*	
3.3%	*% of revenue*	*3.4%*	*3.1%*		

(€M)	H1 2008 published	**H1 2009**
CAPEX	**39**	**44**
Self-funded R&D		
Recorded as operating expenses	52	40
Activated expenses	27	25
Total self-funded R&D (before R&D credit tax)	**79**	**65**
% of revenue	*5.5%*	*4.6%*

- Ramping up of A380 nacelles deliveries
- Sustained growth of services in landing systems, brakes and wheels, notably in Asia, except on older airplanes for brakes
- Impact of biz and regional jet crisis on Equipment activities (small nacelles, wiring and landing systems)**
- Decreased R&D in A380 and A400M programs

* Adjusted data / H1 2008 proforma takes into account internal reorganizations between Group activities in early 2009
**Biz and regional jet market segment represents c.15% of Equipment revenue and 4% of Group revenue

RESULTS BY ACTIVITY *

DEFENSE

H1 2008 published	(€M)	H1 2008 pf	H1 2009	Change pro forma	Organic variation
458	**Revenue**	**493**	**511**	*3.7%*	*1.8%*
17	**Profit (loss) from operations**	**17**	**18**	*5.9%*	
3.7%	*% of revenue*	*3.4%*	*3.6%*		

(€M)	H1 2008 published	H1 2009
CAPEX	**25**	**10**
Self-funded R&D		
Recorded as operating expenses	46	50
Activated expenses	7	15
Total self-funded R&D (before R&D credit tax)	**53**	**65**
% of revenue	*11.6%*	*12.7%*

- Sustained growth in Avionics (+10%)
  - Navigation programs
  - Missile guidance programs

* Adjusted data / H1 2008 proforma takes into account internal reorganizations between Group activities in early 2009

RESULTS BY ACTIVITY *

SECURITY

H1 2008 published	(€M)	H1 2008 pf (3)	H1 2009	Change pro forma	Organic variation
321	**Revenue**	**281**	(1) **434**	*54.4%*	*30.4%*
(2) **17**	**Profit (loss) from operations**	**9**	**33**	*nm*	
5.3%	*% of revenue*	*3.3%*	*7.7%*		

(€M)	H1 2008 published	H1 2009
CAPEX	**5**	**2**
Self-funded R&D		
Recorded as operating expenses	23	24
Activated expenses	0	0
Total self-funded R&D (before R&D credit tax)	**23**	**24**
% of revenue	*7.2%*	*5.5%*

- Strong organic growth (+30%)
  - ID solutions (French biometric passports...)
  - +20% expected organic growth for the full year 2009
- Profitable and growing business acquired
- Scale effect on margins

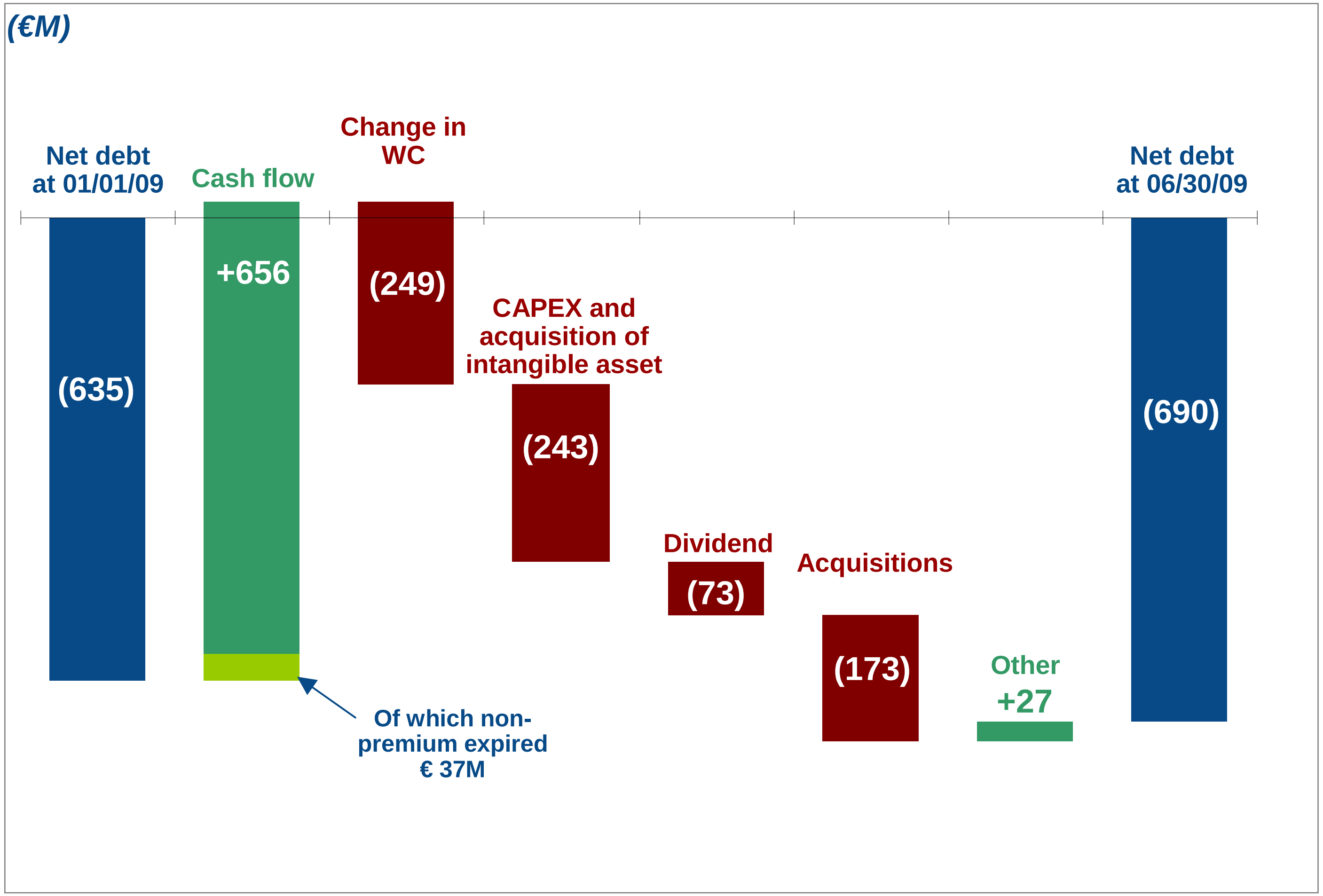
(1) Including Sagem Identification (€58 M) and Printrak (€11 M)
(2) Excluding gain arising on the transfer of Monetel business to Ingenico (€146 M) (3) restated from Monetel business sold in April 2008
* Adjusted data / H1 2008 proforma takes into account internal reorganizations between Group activities in early 2009

SHARP INCREASE IN FREE CASH FLOW

(€M)	H1 2008	**H1 2009**
Adjusted net profit (loss)	**156**	**281**
Depréciation, amortisation and increase in provisions net of use	180	304
Others	(103)	67
Neutralization discountinued operations	129	4
Cash from operating activities	**362**	**656**
including non-premium options expired	(85)	37
Working capital	(42)	(249)
CAPEX	(186)	(132)
Acquisition of intangible assets	(95)	(111)
Free cash flow	**39**	**164**

- Strong increase in depreciation, amortization and provisions
- One-off negative effect on working capital (French law for shortening payables)
- Positive change in options premium
- Lower CAPEX
- EBIT conversion rate >50%

STRONG FINANCIAL RESOURCES



- Roughly stable debt
- Strong cash…
- Financing Printrak acquisition (€ 133M) and dividends payments (€ 73M)
- Gearing of 16%

CUSTOMER FINANCIAL COMMITMENTS

NO SIGNIFICANT CHANGE

(in USD million)	12/31/2008	**06/30/2009**
Total committments	257	250
Estimated value of pledges	133	121
Net exposure on these commitments	124	128
Provisions	110	113

- No airlines financing crisis
- Stabilization of provisions
- Conservative accounting policy

SAFRAN

2009 OUTLOOK

Jean-Paul HERTEMAN

CEO

2009 OUTLOOK

- Mild $ tailwind : 1,45 -> 1,43
- Short term volatility/softness in $ services revenues as previously experienced with improved long term growth potential
- Mild decline in Original Equipment
- Strong strategy and performance in Security
- Cost control on target, flexibility better assessed

➡ Confident with an EBIT margin of around 6% for the full year, at the upper end of the range set in early 2009

SAFRAN

ANALYST PRESENTATION – JULY 31, 2009

SAFRAN
APPENDICES

STATUTORY AND ADJUSTED CONSOLIDATED STATEMENT *

RECONCILIATION

(€M)	Statutory consolidated statements	Hedge accounting		Intangible assets depreciation and amortization	Adjusted consolidated statements
		Remeasurement of the revenue	Deferred hedge gain (loss)		
Revenue	**5,295**	**(146)**	**0**	**0**	**5,149**
Other operating income / expense	**(4,907)**	**6**	**(3)**	**79**	**(4,825)**
Profit (loss) from operations	**388**	**(140)**	**(3)**	**79**	**324**
Cost of debt	(16)	0	0	0	(16)
Foreign exchange financial income (loss)	299	**140**	(310)	0	129
Other finance costs / income	(65)	**0**	0	0	(65)
Net finance costs / income	**218**	**140**	**(310)**	**-**	**48**
Income from associates	7	0	0	0	7
Income tax expense	**(179)**	(1)	108	(27)	(99)
Profit (loss) from continuing operations	**434**	**(1)**	**(205)**	**52**	**280**
Profit (loss) from discontinuing operations	6	-	-	-	6
Minority interests	**(6)**	**2**	**1**	**(2)**	**(5)**
Parents	**434**	**1**	**(204)**	**50**	**281**

REVENUE AND EBIT OVERVIEW *

H1 2008	*(in euro million)*		H1 2008 pf	**H1 2009**
	AEROSPACE PROPULSION			
2,852	Revenue		2,850	**2,769**
278	Profit (loss) from operations		278	**259**
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	AIRCRAFT EQUIPMENT			
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	DEFENSE			
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	SECURITY			
321	Revenue		281	**434**
17	Profit (loss) from operations		9	**33**
5.3%		*% of revenue*	*3.3%*	***7.7%***
	HOLDING AND OTHER			
0	Revenue		8	**22**
(31)	Profit (loss) from operations		(31)	**(30)**
	TOTAL SAFRAN			
5,057	Revenue		5,017	**5,149**
328	Profit (loss) from operations		321	**324**

* Adjusted data

BALANCE SHEET AS OF JUNE 30, 2009 *

(in euro million)

ASSETS	12/31/08	06/30/09	LIABILITIES	12/31/08	06/30/09
Goodwill	1,756	1,866	Shareholders' equity	3,874	4,279
Fixed assets	5,219	5,206	Provisions	2,356	2,342
Other assets	751	767	Borrowings subject to specific conditions	698	727
Fair value of financial instruments and derivatives	138	42	Interest bearing liabilities	1,554	1,579
Inventories, net	3,673	3,744	Other liabilities	757	812
Trade and other receivables	4,319	4,023	Trade and other payables	6,981	6,713
Cash and cash equivalents	919	889	Fair value of financial instruments and derivatives	577	87
Assets held for sale	61		Liabilities held for sale	39	
TOTAL ASSETS	**16,836**	**16,538**	**TOTAL LIABILITIES**	**16,836**	**16 538**

SAFRAN