

2007 ANNUAL RESULTS

SAFRAN

an international
Technology Leader

Analysts Review
February 14, 2008

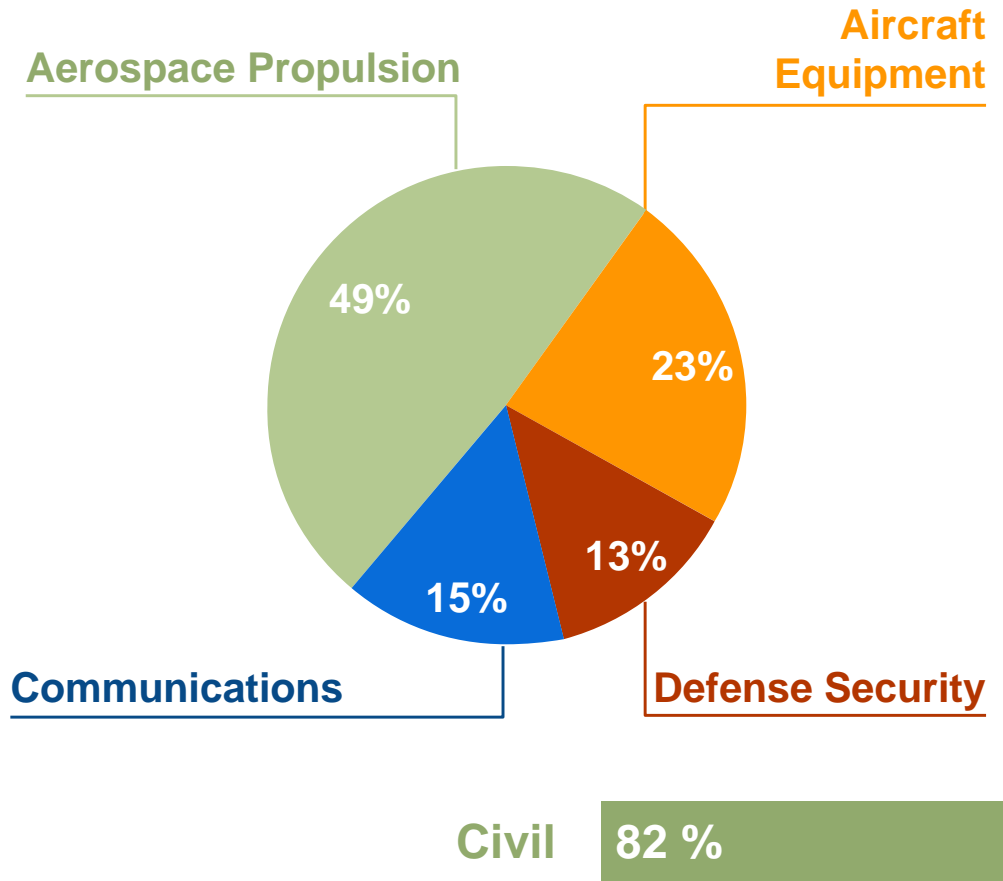


2007 KEY POINTS

Jean-Paul HERTEMAN
Chief Executive Officer

SALES*: 12 billion euros

At December 31, 2007



Increase/decrease at constant US\$	
Aerospace Propulsion	+25%
Aircraft Equipment	+10%
Defense Security	+7%
Communications	- 15 %

* Adjusted data, including Sagem Communications broadband business

2007 HIGHLIGHTS



CFM56 running on biofuel

- ▶ **Very strong growth in sales of commercial airplane and helicopter engines, for both original equipment and spares**
- ▶ **Successful first test of a CFM56 engine running on biofuel, and validation of our differentiating noise reduction technologies**



Boeing 787 landing gear

- ▶ **First carbon brake contracts for the Boeing 737**
- ▶ **Certification deadlines met for our equipment on the B787 (landing gear, wiring, wheels and brakes)**



- ▶ **A350: SAFRAN selected to provide main landing gear and landing/braking control systems**

2007 HIGHLIGHTS



AASM

- ▶ **Technical qualification of the first version of the AASM air-to-ground missile**



- ▶ **Smart card business swings back to the black in May 2007 following restructuring**

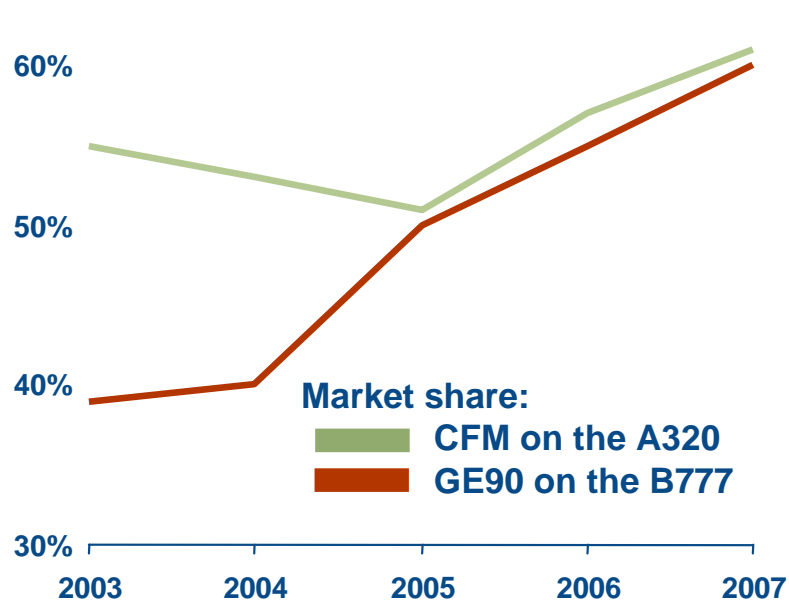


- ▶ **Sale of Sagem Communications broadband business to The Gores Group finalized on January 25, 2008, for an enterprise value of €383 million**

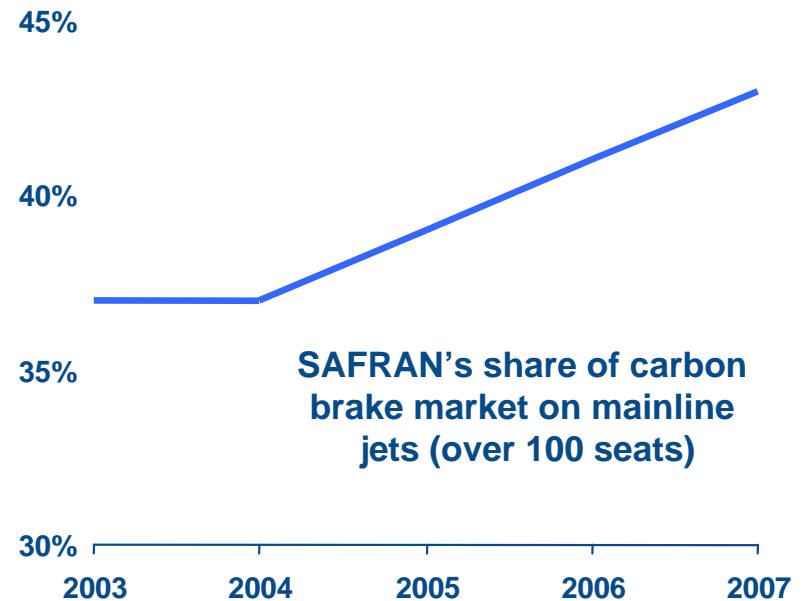
SOLID BACKLOG OF ORDERS

Market shares on the rise

Yearly changes in market share
Deliveries per year



Growth in share of fleet
with SAFRAN systems/equipment

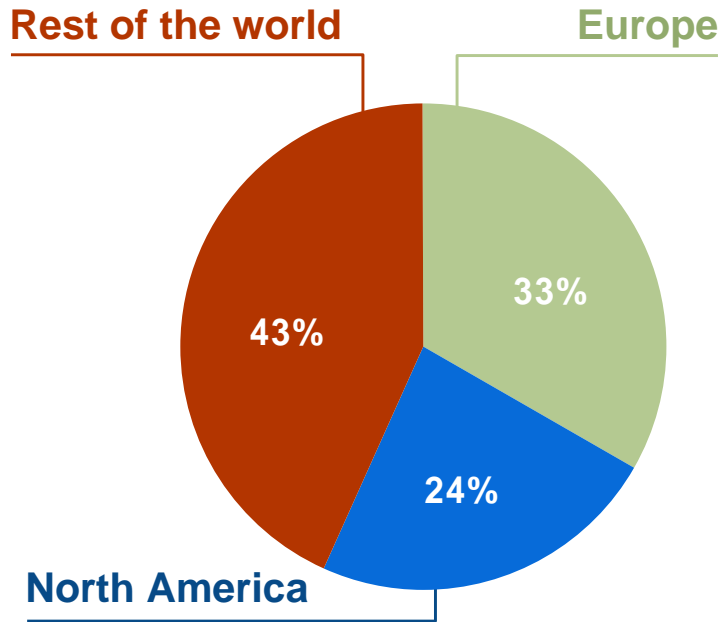


CFM is the exclusive powerplant on the B737

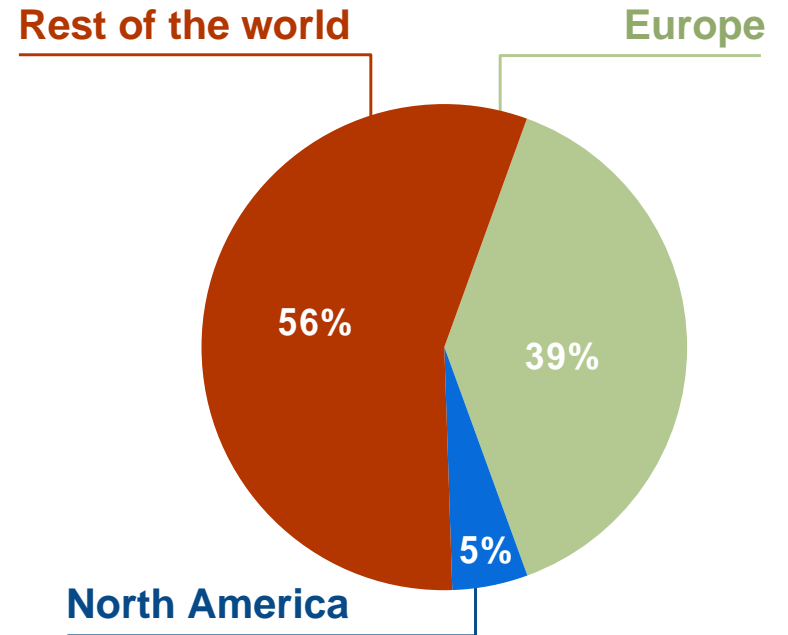
SOLID BACKLOG OF ORDERS

Moderate exposure to U.S. market

5,636 engines CFM on order,
34% more than in 2006



Aircraft fitted with
SAFRAN brakes, by region



■■■■ SERVICES

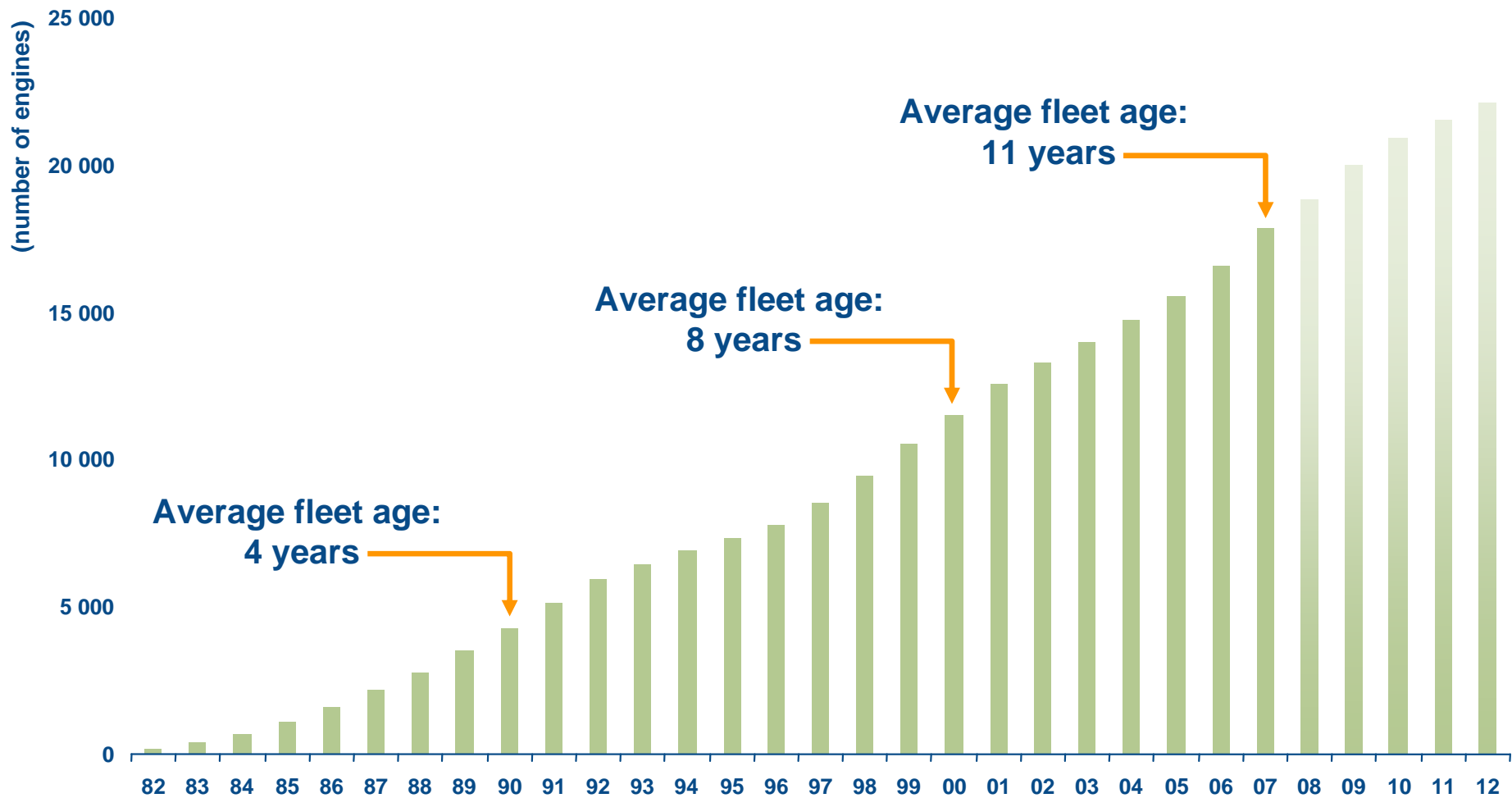
Strong growth driver, profitable and sustainable

- ▶ **There is a large installed base of commercial aircraft engines (17,300 CFM), and helicopter engines (14,000), which are set to grow 25% and 35%, respectively, in the next five years**

- ▶ **These revenues are protected:**
 - **Turbomeca directly performs 95% of the services needed for its engines**
 - **Impact of PMA parts on CFM will be limited: this risk was identified and covered very early by SAFRAN and GE**

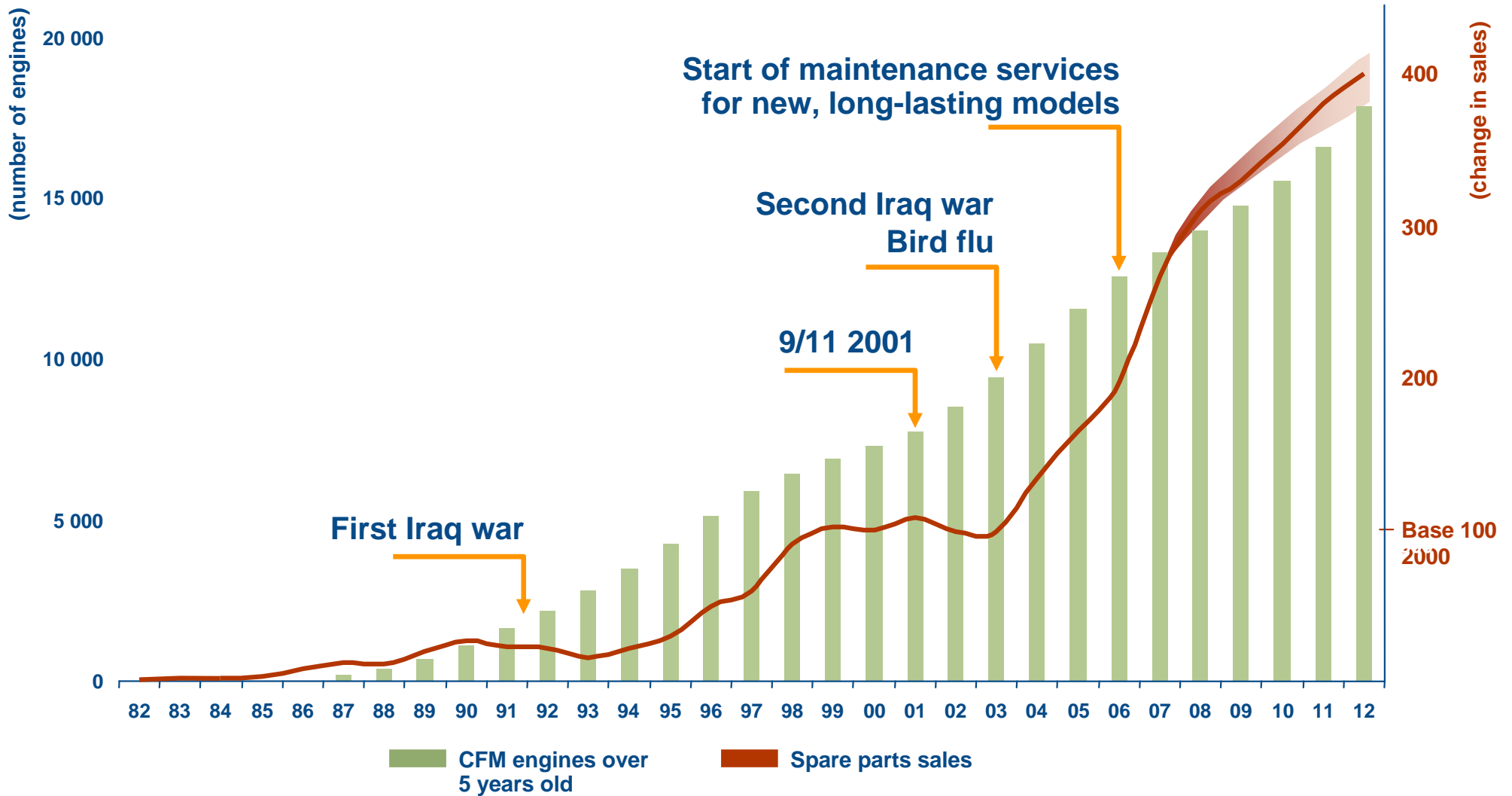
SERVICES

CFM installed base



SERVICES

Sustained growth



SERVICES

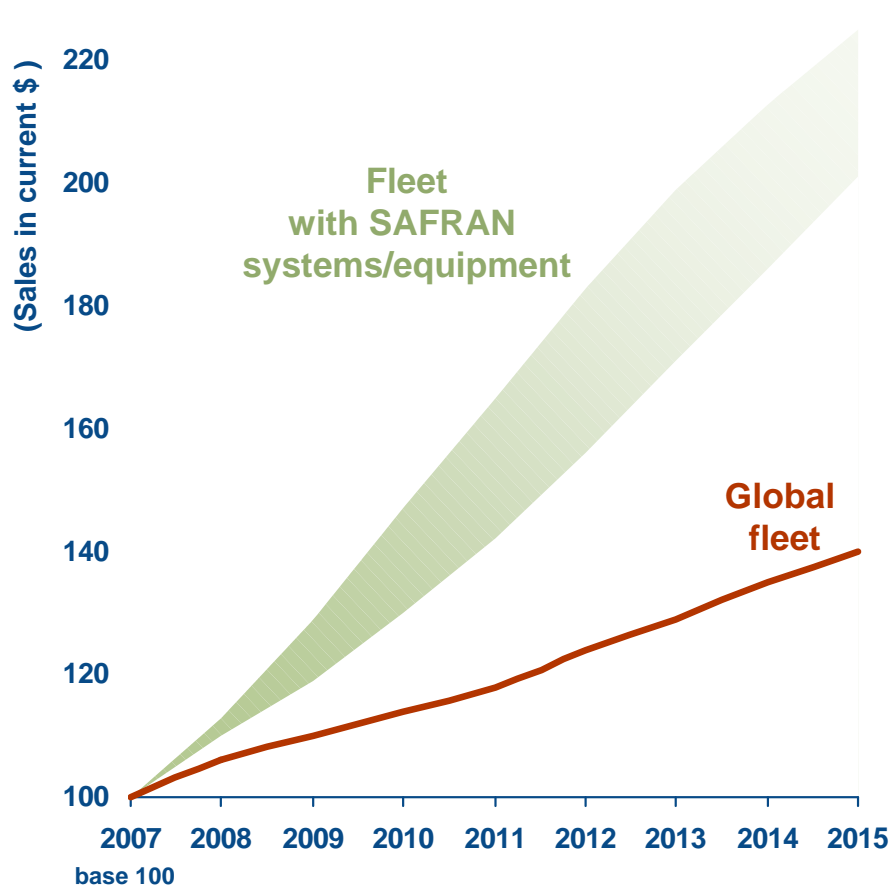
PMA impact still limited

- ▶ **Today, PMA parts have a 3% share of the CFM market**

- ▶ **Action plan already well under way:**
 - **Patents (200 patents filed by Snecma in 2006, 230 in 2007; a portfolio of 4,500 patents)**
 - **Development of service business directly and in partnership with GE, to decrease the market open to PMA**
 - **Improvement kits available with patented parts**
 - **Increase awareness by leasing firms/insurance companies/banks**

SERVICES

Strong growth for aircraft equipment



Equipment type

- ▶ Nacelles
- ▶ Landing gear
- ▶ Wheels and brakes

Global fleet growth: 4% / year

SAFRAN equipment growth: 9% / year

■ ■ ■ ■ ■ **2007 FINANCIAL RESULTS**
AS OF DECEMBER 31, 2007

Noël GAUTHIER
Executive Vice President
and Chief Financial Officer

STATEMENT OF INCOME *

<i>(millions of euros)</i>	2006	2007 **	Change
Sales	11,329	12,003	+5.9%
Operating income (EBIT)	465	706	+51.8%
<i>% of sales</i>	4.1%	5.9%	
Financial income	(78)	(65)	
Taxes	(199)	(224)	
Minority interests and other	(11)	(11)	
Net income – Group share	177	406	
Net profit per share (€)	0.43	0.99	

* Adjusted data

** Includes Sagem Communications broadband business to make 2006 and 2007 comparable

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REPORTED - ADJUSTED ACCOUNTS

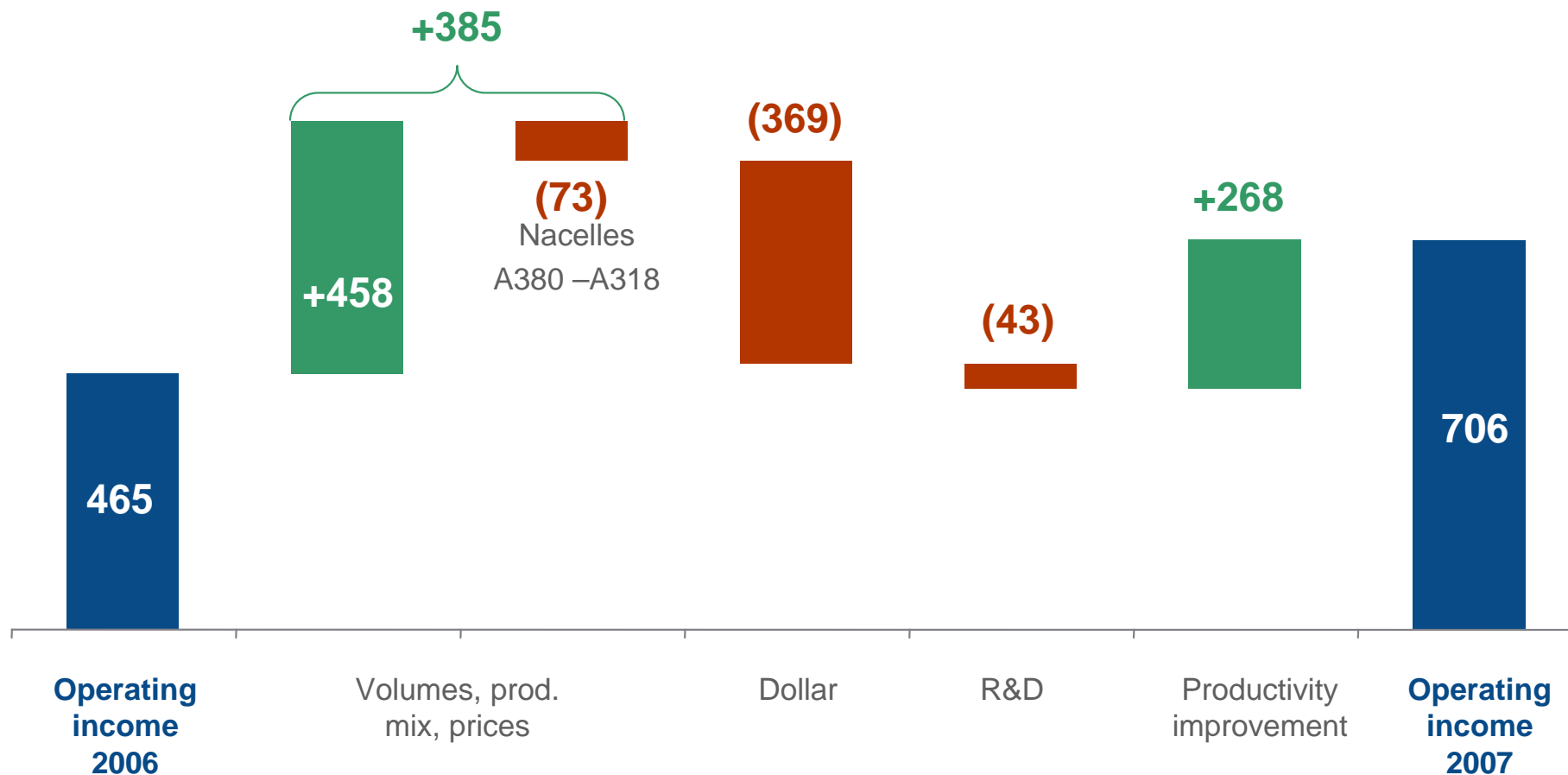
At December 31, 2007 <i>(millions of euros)</i>	Reported consol. accounts	Hedging			Amortization of intangible assets	Adjusted data	Broadband business	2007 including Broadband
		Rate covered	Change in derivative values	Amortization of OCI reserves				
Sales	10,321	392*		117		10,830	1,173	12,003
Operating income	6	383*		117	157	663	43	706
Financial income	31	(383)	295			(57)	(8)	(65)
Taxes	(25)		(100)	(40)	(54)	(219)	(5)	(224)
Net income from divested businesses	30					30	(30)	
Income from minority interests and other	(3)	(5)			(3)	(11)		11
Net income (Group share)	39	(5)	195	77	100	406		406

* +392 million euros in sales and +9 million euros in purchases

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COMPARISON OF OPERATING INCOME, 2006 – 2007 *

(millions of euros)



* Adjusted data including Sagem Communications broadband business

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RESEARCH & DEVELOPMENT *

<i>(millions of euros)</i>	2006	2007**
Self-financed R&D	865	887
▶ Operating expenses	581	687
▶ Capitalized (gross)	284	200
R&D recorded as expenses	746	789
▶ Operating expenses	581	687
▶ Amortization/depreciation	165	102
Capitalized R&D	119	98
▶ Capitalized (gross)	284	200
▶ Amortization/Depreciation	(165)	(102)

* Adjusted data

** Including Sagem Communications broadband business

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■ ■ ■ ■ ■ USD HEDGING PORTFOLIO

▶ 2007

- US\$4,663 M / EURO at a rate of €1 = US\$1.21
- US\$162 M / GBP at a rate of €1 = GBP1.75
- US\$137 M / CAD at a rate of €1 = CAD1.18

▶ Hedging portfolio at Dec. 31, 2007:

- US\$5,217 million

at an average rate for the EUR/USD tranche of €1 ≤ US\$1.46

FREE CASH FLOW *

<i>(millions of euros)</i>	2006	2007**
Cash flow	1,003	1,221
Change in working capital requirements	(149)	(116)
Intangible investments	(343)	(266)
CAPEX	(346)	(411)
Free cash flow	165	428

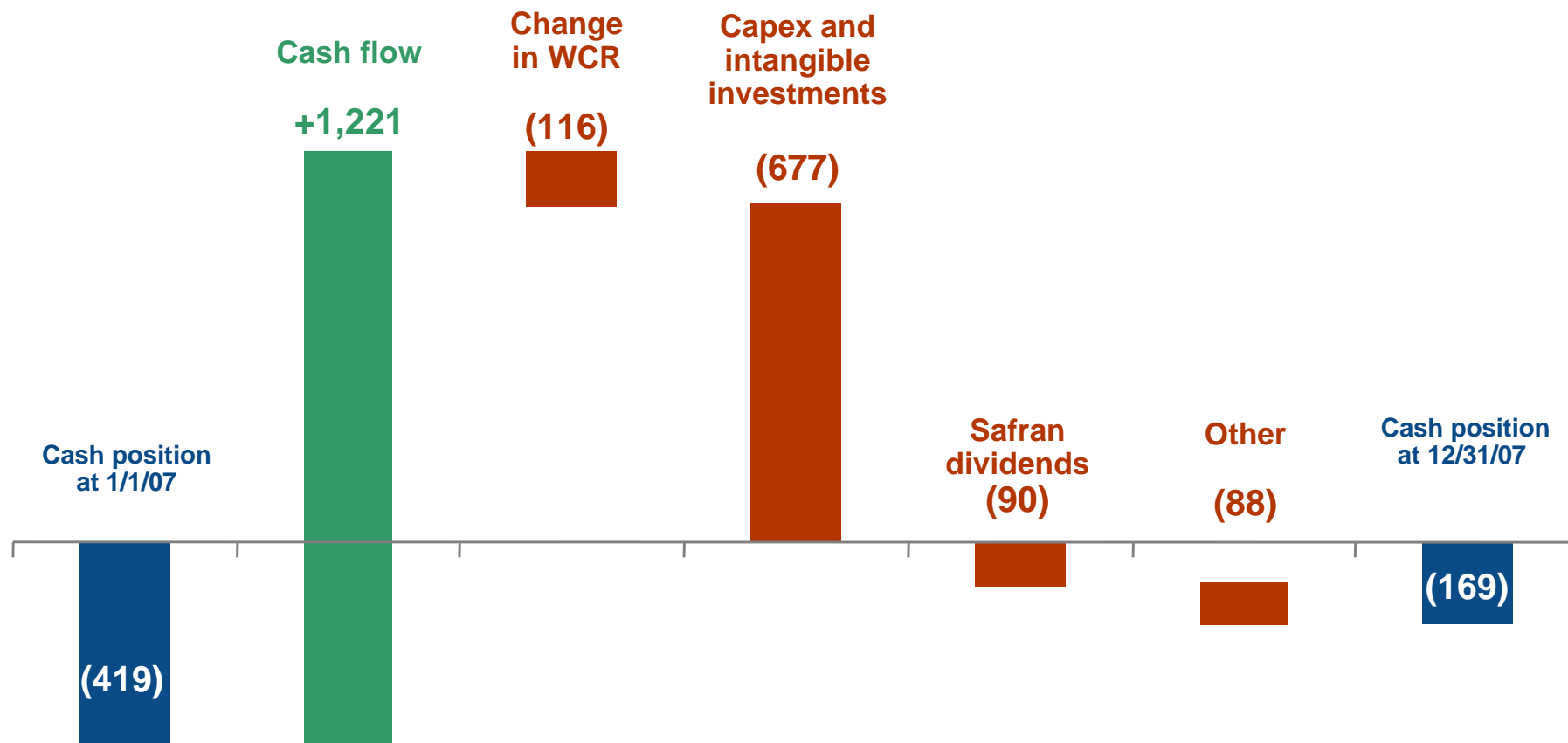
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** including Sagem Communications broadband business

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CHANGE IN CASH POSITION

(millions of euros)



RESULTS BY BRANCH *

	2006	2007	Change
<i>(millions of euros)</i>			
AEROSPACE PROPULSION			
▶ Sales	5,073	5,920	+17%
▶ Operating income	561	636	+13%
<i>% of sales</i>	11.1%	10.7%	
AIRCRAFT EQUIPMENT			
▶ Sales	2,644	2,703	+2%
▶ Operating income	197	112	-43%
<i>% of sales</i>	7.5%	4.1%	
DEFENSE SECURITY			
▶ Sales	1,445	1,548	+7%
▶ Operating income	(101)	72	ns
<i>% of sales</i>	-7.0%	4.7%	
Mobile phones			
▶ Sales	958	656	-32%
▶ Operating income	(181)	(121)	ns
<i>% of sales</i>	-18.9%	-18.5%	
Broadband			
▶ Sales	1,209	1,173	-3%
▶ Operating income		43	ns
<i>% of sales</i>	0.4%	3.7%	

* Adjusted data

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■■■■ AEROSPACE PROPULSION *

<i>(millions of euros)</i>	2006	2007	Change	Change at constant \$
Sales	5,073	5,920	+16.7%	+25.2%
Operating income	561	636	+13.4%	+60.7%
<i>% of sales</i>	11.1%	10.7%		
Self-financed R&D	334	401	+67	
<i>of which capitalized (net)</i>	74	5	(69)	
CAPEX	181	194	+13	
Free cash flow	419	579	+160	

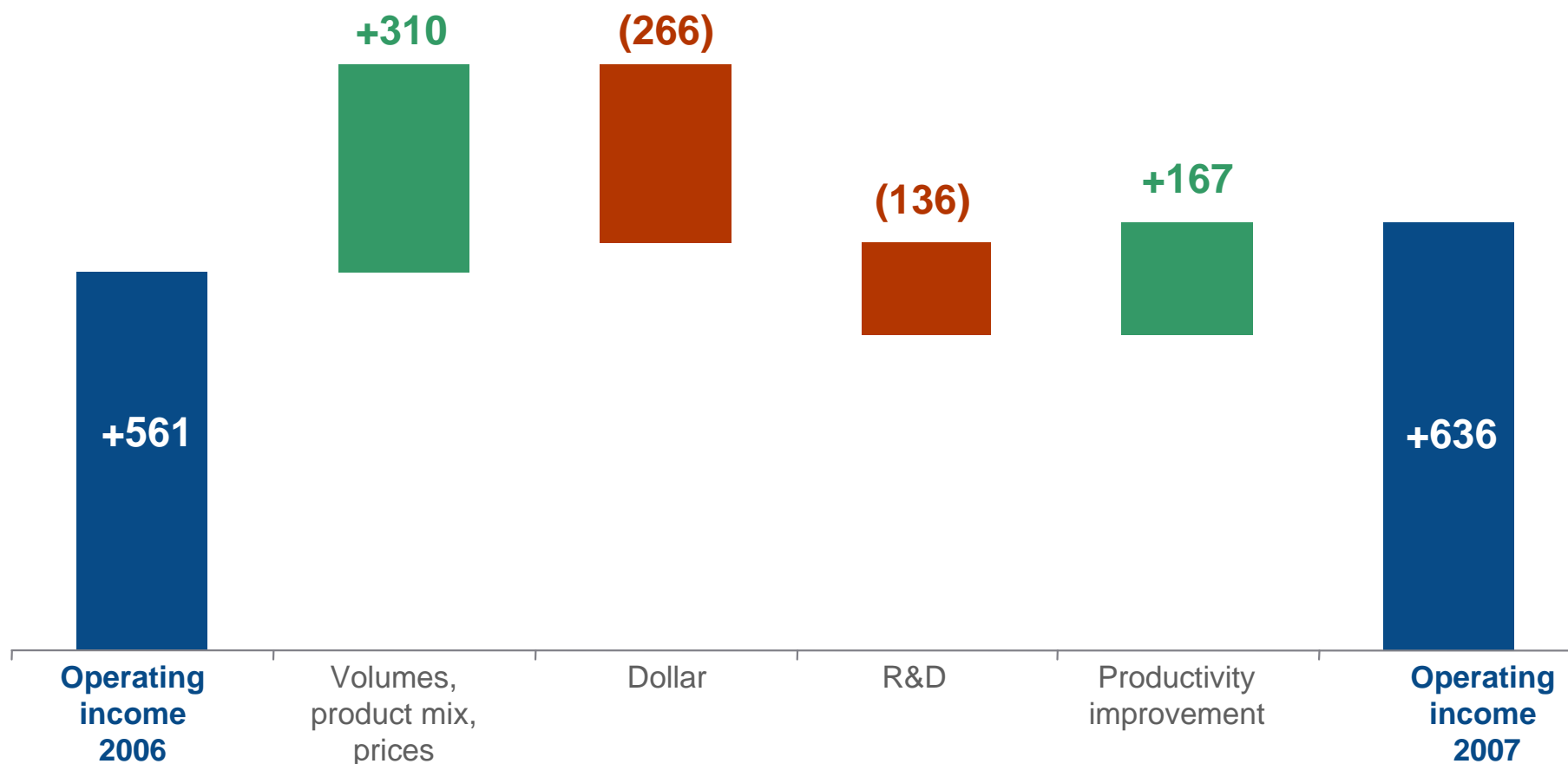
* Adjusted data

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AEROSPACE PROPULSION

COMPARISON OF OPERATING INCOME, 2006 - 2007 *

(millions of euros)



* Adjusted data

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■■■■ AEROSPACE PROPULSION *

RESEARCH & DEVELOPMENT

<i>(millions of euros)</i>	2006	2007
Self-financed R&D	334	401
▶ Operating expenses	240	317
▶ Capitalized (gross)	94	84
R&D recorded as expenses	260	396
▶ As operating expenses	240	317
▶ Amortization/Depreciation	20	79
Capitalized R&D	74	5
▶ Capitalized (gross)	94	84
▶ Amortization/Depreciation	(20)	(79)

* Adjusted data

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■ ■ ■ ■ AIRCRAFT EQUIPMENT *

<i>(millions of euros)</i>	2006	2007	Change	Change at constant \$
Sales	2,644	2,703	+2.2%	+9.5%
Operating income	197	112	-43.3%	+7.5%
<i>% of sales</i>	7.5%	4.1%		
Self-financed R&D	234	204	(30)	
<i>of which capitalized (net)</i>	98	98	0	
CAPEX	65	128	63	
Free cash flow	(51)	(171)	(120)	

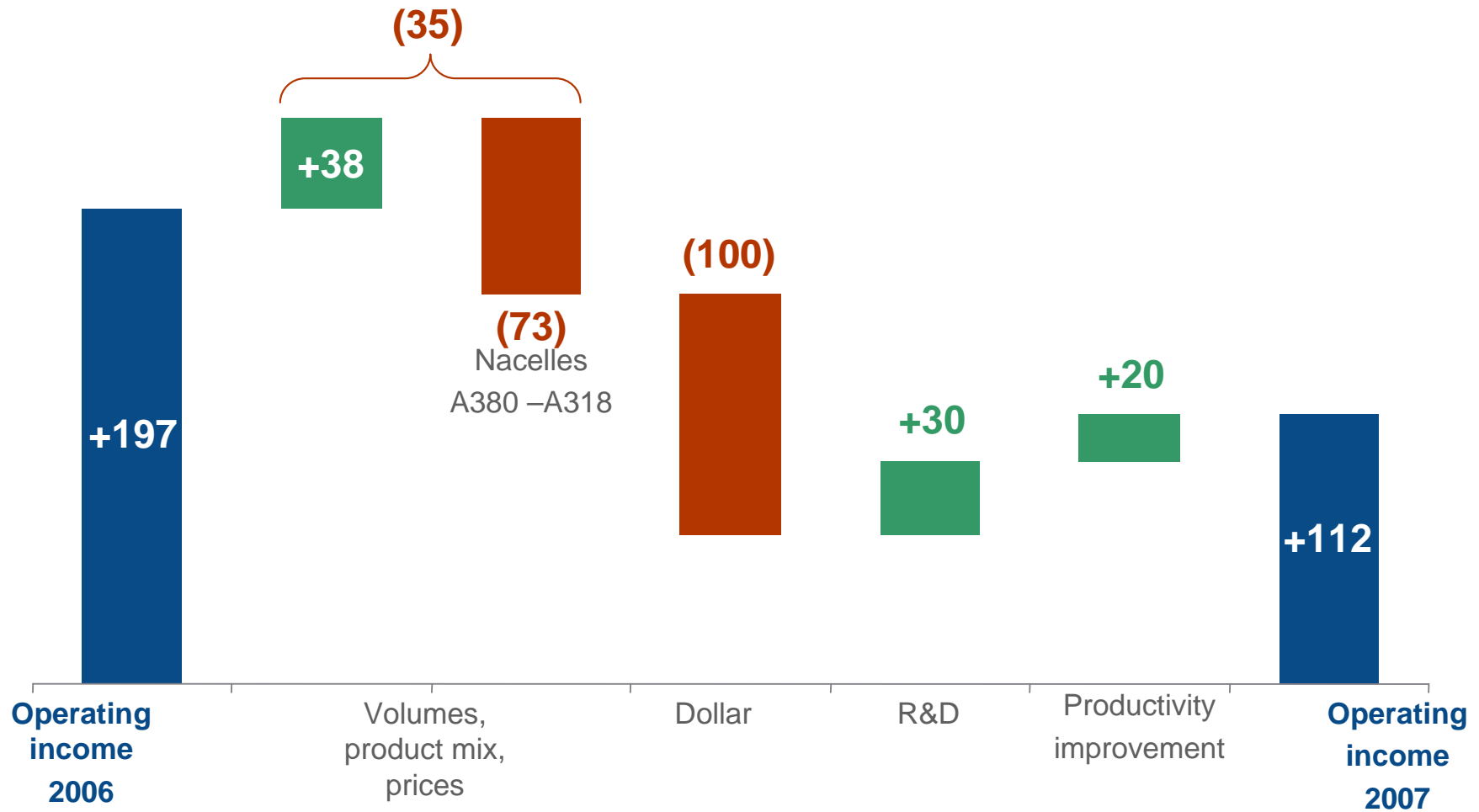
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AIRCRAFT EQUIPMENT

COMPARISON OF OPERATING INCOME 2006 – 2007 *

(millions of euros)



* Adjusted data

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|||| AIRCRAFT EQUIPMENT *

RESEARCH & DEVELOPMENT

<i>(millions of euros)</i>	2006	2007
Self-financed R&D	234	204
▶ Operating expenses	109	103
▶ Capitalized (gross)	125	101
R&D recorded as expenses	136	106
▶ Operating expenses	109	103
▶ Amortization/Depreciation	27	3
Capitalized R&D	98	98
▶ Capitalized (gross)	125	101
▶ Amortization/Depreciation	(27)	(3)

* Adjusted data

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DEFENSE SECURITY *

	2006	2007	Change
<i>(millions of euros)</i>			
Sales	1,445	1,548	+7.1%
Operating income	(101)	72	+173
<i>% of sales</i>	-7.0%	4.7%	
Self-financed R&D	103	120	+17
<i>of which capitalized (net)</i>	(7)	1	+8
CAPEX	63	57	(6)
Free cash flow	53	(8)	(61)

* Adjusted data

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DEFENSE SECURITY *

RESEARCH & DEVELOPMENT

<i>(millions of euros)</i>	2006	2007
Self-financed R&D	103	120
▶ Operating expenses	94	117
▶ Capitalized (gross)	9	3
R&D recorded as expenses	110	118
▶ Operating expenses	94	117
▶ Amortization/Depreciation	16	1
Capitalized R&D	(7)	2
▶ Capitalized (gross)	9	3
▶ Amortization/Depreciation	(16)	(1)

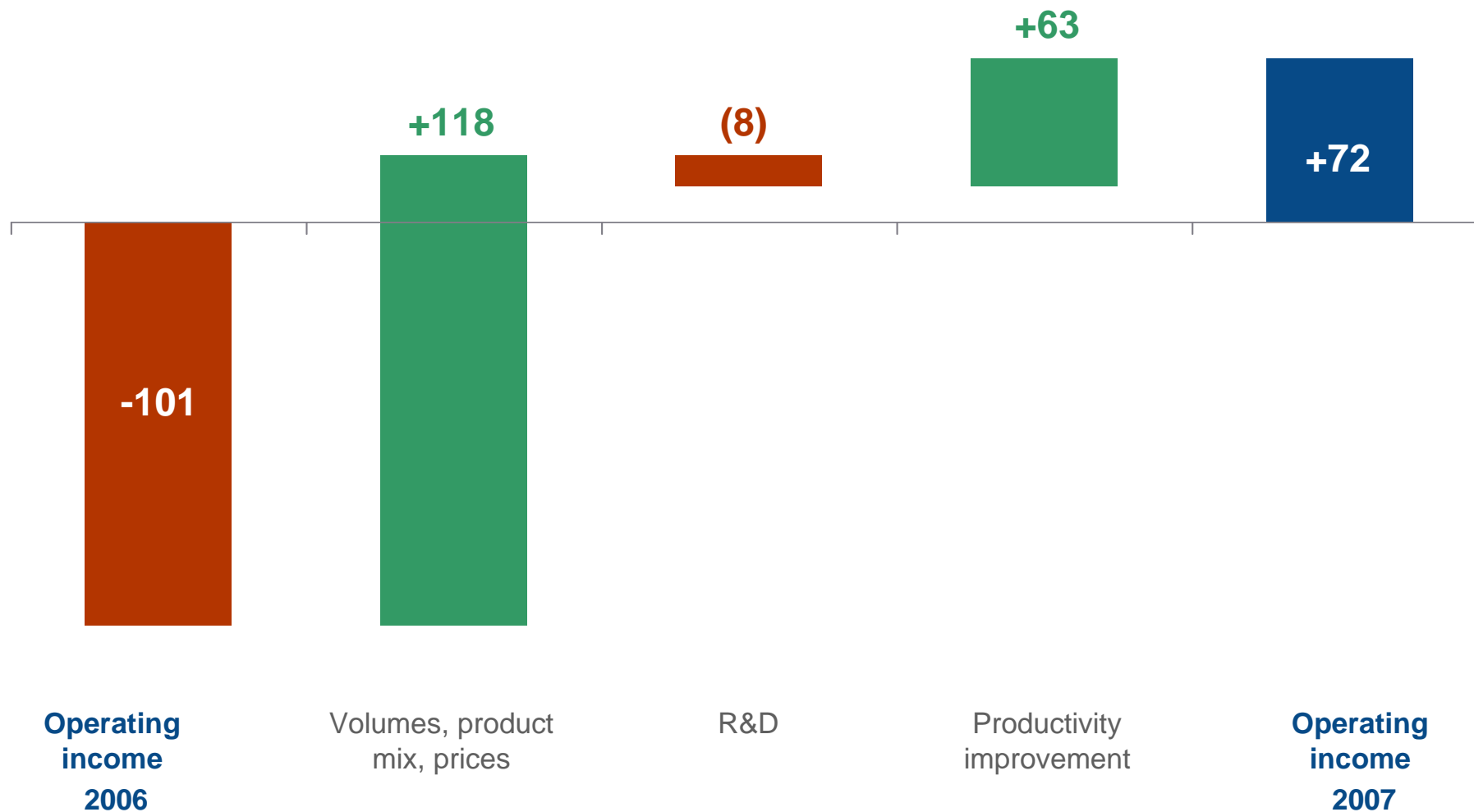
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DEFENSE SECURITY *

COMPARISON OF OPERATING INCOME 2006 - 2007

(millions of euros)



* Adjusted data

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Mobile phones *

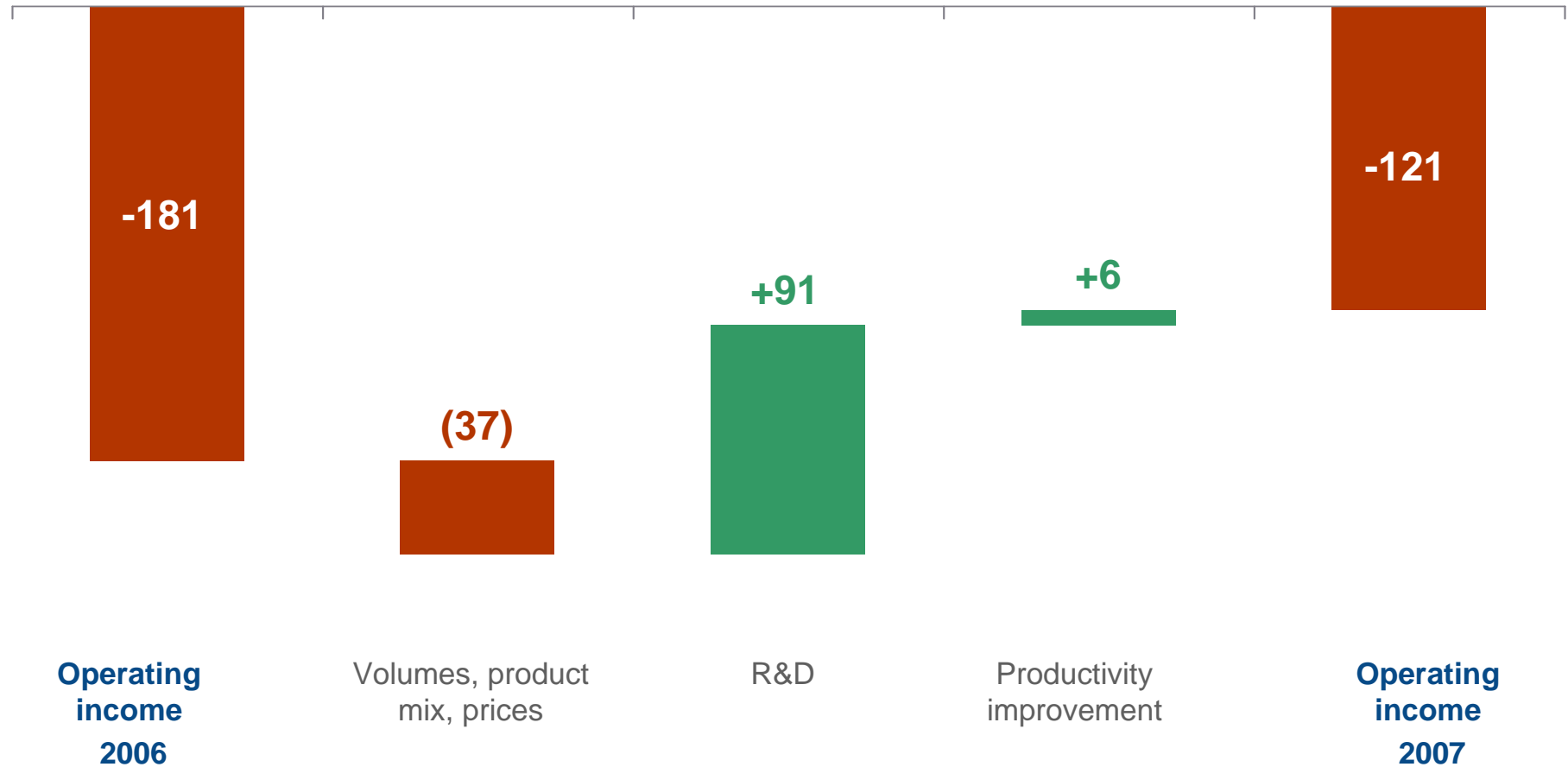
<i>(millions of euros)</i>	2006	2007	Change
Sales	958	656	-31.2%
Operating income (loss)	(181)	(121)	+60
Self-financed R&D	110	71	(39)

* Adjusted data

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Mobile phones *

(millions of euros)



* Adjusted data

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■■■■ BALANCE SHEET AT DECEMBER 31, 2007

(millions of euros)

ASSETS		LIABILITIES & SHAREHOLDERS' EQUITY	
Goodwill	1,561	Shareholders' equity	4,505
Fixed assets	4,828	Provisions	2,185
Other assets	488	Debts subject to specific conditions	590
Fair value of financial instruments	126	Interest-bearing liabilities	899
Inventories (net)	3,420	Other liabilities	841
Customers and other	4,243	Suppliers and other	6,703
Cash and cash equivalent	730		
Assets to be divested	779	Liabilities to be divested	452
TOTAL ASSETS	16,175	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	16,175

■ ■ ■ ■ ■ DIVIDENDS

	2005	2006	2007
Net income (€millions)	501	177	406
Total dividend (€millions)	148	90	164*
Dividend per share (€)	0.36	0.22	0.40*
Pay out	29%	50%	40%

***On proposal by the Executive Board and in line with its strategy, the distribution of a dividend of 0.40 euro per share, to be paid on June 4, 2008 will be submitted to the Annual General Meeting of Shareholders on May 28, 2008**

OUTLOOK

Jean-Paul HERTEMAN
Chief Executive Officer

AN EFFECTIVE IMPROVEMENT PLAN

- ▶ **2007: 268 million euros of net savings in operating income**

- ▶ **Improvement will accelerate from 2008 to 2010, mainly due to the development in the dollar zone and emerging zone of:**
 - **our industrial operations**
 - **our purchasing**

NEW FACILITIES IN INTERNATIONAL MARKETS

9 new sites or expanded sites in 2008

more than €130 M in investments and 2,400 people



MEXICO

Chihuahua

Aircraft wiring



USA

Monroe, NC
Walton, KY

Production of Arriel engines
Brake machining and assembly



CHINA

Guiyang
Suzhou
Suzhou

Turbine blade precision casting
Landing gear component machining
Turbine shaft machining



INDIA

Noida

New of smart card plant



MOROCCO

Casablanca

Composite parts for nacelles



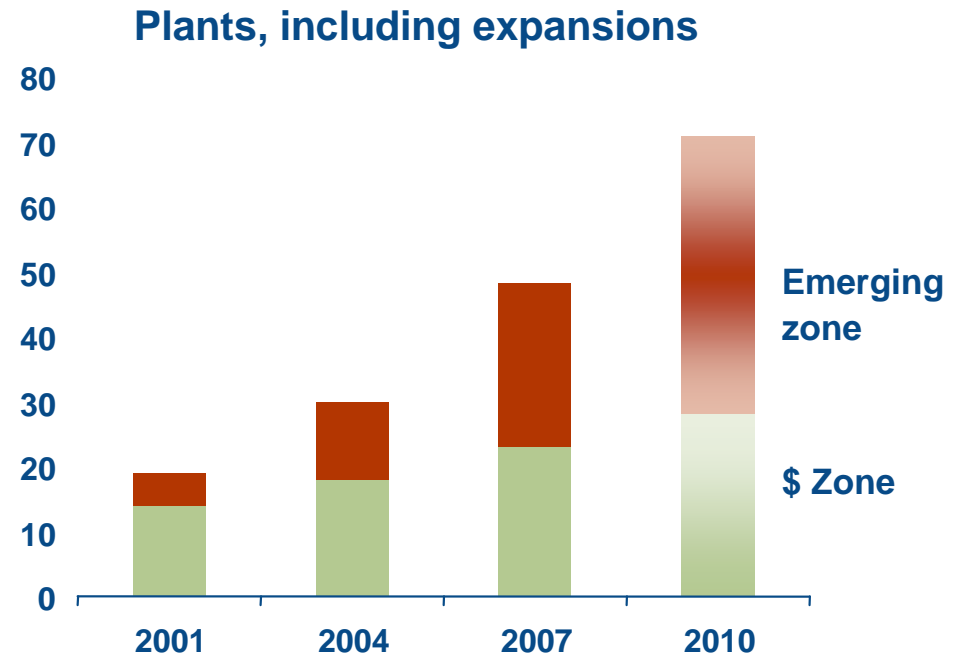
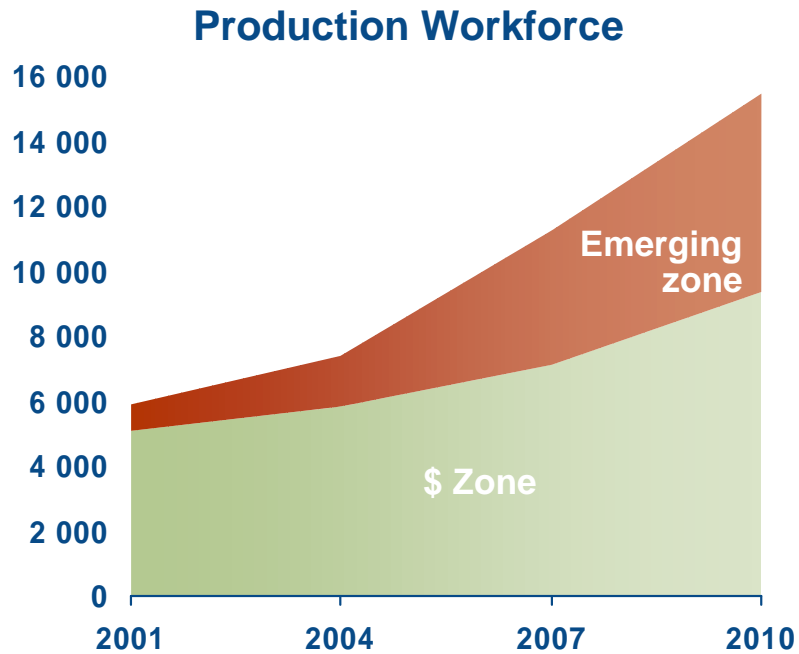
POLAND

Rzeszow

Machining of structural parts



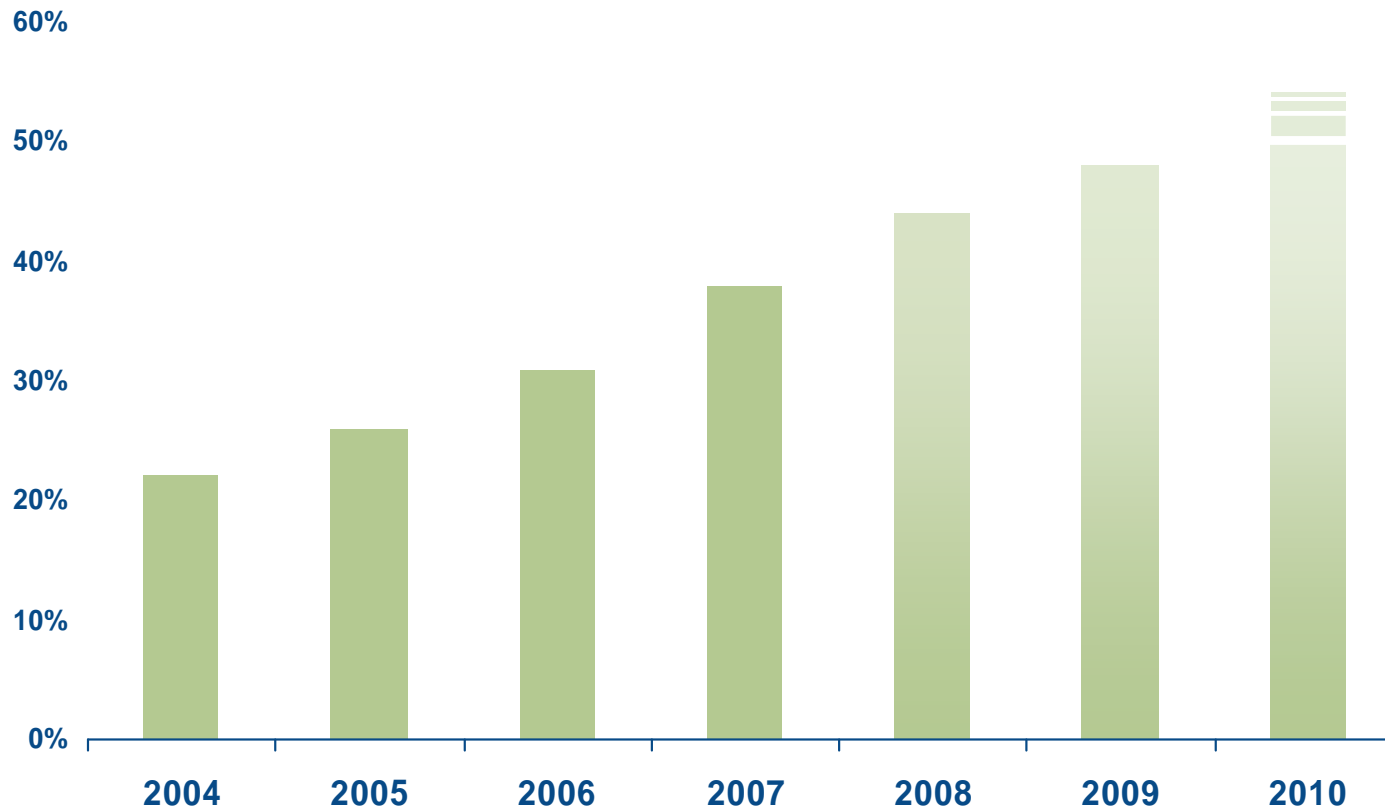
■ ■ ■ ■ ■ GROWTH IN DOLLAR ZONE & EMERGING ZONE



- ▶ **\$ Zone: USA, Canada, Mexico**
- ▶ **Emerging countries: China, India, Morocco, Poland, Russia, Brazil, etc...**
- ▶ **Plants in 2010, including current and planned sites, expansion projects and new facilities under study**

COST “DOLLARIZATION”

SAFRAN production purchases in \$ and emerging zones



Share of purchases in dollar and emerging zones (constant dollar)

2008 OBJECTIVES

- ▶ **11 billion euros in sales**
 - Increase of 10% at constant size and exchange rates

- ▶ **700 million euros* in operating income**
 - Significant increase in productivity and spare business
 - US dollar hedged at \leq \$1.46

* Includes capital gain on the transfer of the electronic payment business to Ingenico, estimated at €100m, but does not include the share of Ingenico earnings, which will be accounted for by the equity method

OUTLOOK

- ▶ **Accelerate productivity improvements and international development**
- ▶ **Settle the question of the mobile phone business in 2008**
- ▶ **Strong organic growth for aircraft equipment and security**
- ▶ **Acquisitions if timely opportunities, especially for aircraft equipment and security**