FIRST-HALF 2008 RESULTS

SAFRAN

An international leader in **technology**

Thursday July 31, 2008
Analysts' presentation

SAFRAN

KEY FIGURES AND SIGNIFICANT EVENTS

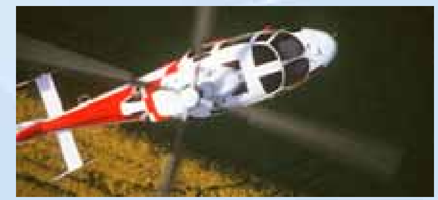
FINANCIAL RESULTS

A ROBUST AND PROFITABLE BUSINESS MODEL

OUTLOOK

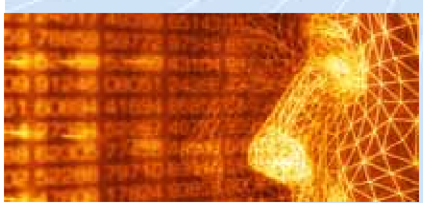
CONCLUSION

KEY FIGURES
and
SIGNIFICANT EVENTS



Jean-Paul HERTEMAN

Chief Executive Officer



KEY FIGURES FOR FIRST-HALF 2008 (excluding Mobile Activities)

Results in line with full-year targets

- **Revenue: €5,057 million***
  - **Up 14.8% on first-half 2007 like-for-like (based on a constant group structure and constant USD exchange rate)**
- **Profit from operations: €474 million(1) ***
- **Orders taken: €6,200 million**
- **Net debt at June 30, 2008: €101 million**

* Adjusted data (1) Including the €146m gain on the transfer of the Group's electronic payment business to Ingénico

KEY FACTS OF FIRST-HALF 2008

A positive dynamic

- **Divestment of the Mobile Phone business**

- **Ongoing robust growth in original equipment and engine spare parts**

- **High order levels in the Aerospace and Security sectors**

- **SAFRAN/GE partnership extended**

- **Adapting the Group's organizational framework to the challenges of tomorrow (the "all-electric aircraft", integrated services) and achieving initial "structural" synergies**

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MOBILE TELEPHONY

Agreement signed with Sofinnova enabling SAFRAN to exit the Mobile Phone business*

- **Newly formed company controlled by Sofinnova (a French venture capital fund) and focused on ODM** operations**
  - Transfer of the majority of Sagem Mobiles' activities and R&D staff to the new company
  - 10% minority interest retained by SAFRAN
- **Maintaining subtainable industrial activities on the site of Fougères by SAFRAN**
  - Site dedicated to FELIN*** operations, the production of electronic cards for aeronautic and defense and various sub-contracting activities for the Group
- **The majority of Sagem Mobiles' staff from the Cergy site who are not transferred to the newly-formed company will be redeployed within the Group**
- **China-based operations (Ningbo plant) to be sold**
- **The transaction is scheduled for completion at end-2008**

* Subject to consultation with employee representatives ** Original Design Manufacturer *** Fantassin à Equipements et Liaisons INtégrés

MOBILE TELEPHONY

Estimated total cost of the transaction

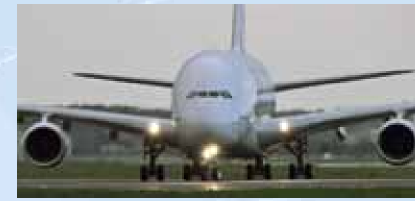
- **Estimated total cost** — **€220m***
  - **2008 operating loss** — **€69m***
  - **Cost of restructuring and divestment** — **€151m***
- **Presented as operations held for sale in the financial statements**
  €119m impact on first-half 2008 accounts

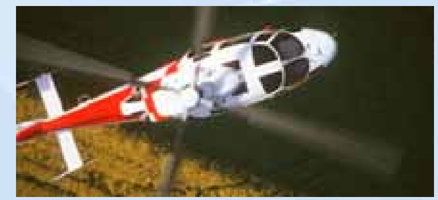
* After tax

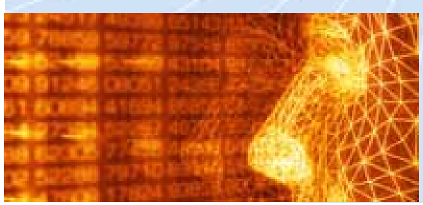
FINANCIAL RESULTS

Noël GAUTHIER

Executive Vice-President
Economic and Financial Affairs







FINANCIAL RESULTS AT JUNE 30, 2008

The figures are presented :

- **In adjusted data**
- **After restatement of the Communication branch in "operations held for sale".**
- **Accordingly, only the net income includes the impact of liability held for sale**

STATEMENT OF INCOME*

Published H1 2007	*(in € million)*	H1 2007	**H1 2008**	*Variation*
5,733	**Revenue**	4,918	**5,057**	*+2.8%*
311	**Profit from operations**	381	**474** (1)	*+24.4%*
5.4%	*% of revenue*	*7.7%*	***9.4%***	
	Net finance costs/income	17	**(143)**	
	Tax expense	(135)	**(51)**	
	Net profit/loss for operations held for sale	(47)	**(119)**	
	Minority interests	(3)	**(8)**	
	Equity associates compagnies	2	**3**	
215	**Net profit (Group share)**	215	**156**	
	Earning per share (€)	0.52	**0.38**	

* Adjusted data

(1) Including gains arising on the transfer of Monetel business to Ingénico = +€146M

RECONSILIATION OF STATUTORY AND ADJUSTED CONSOLIDATED FIGURES

June 30, 2008 (in € million)	Statutary consolidated figures	hedging		Amortization of intangible assets	Adjusted data
		Rate covered	Change in derivative values		
Revenue	**4,998**	**59**			**5,057**
Profit from operations	**340**	**54 ***		**80**	**474**
Net finance costs/income	263	(54)	(352)		(143)
Income tax expense	(145)		121	(27)	(51)
Net income from divested businesses	(119)				(119)
Income from minority interests and other	(3)			(2)	(5)
Net income (Group share)	**336**	**0**	**(231)**	**51**	**156**

(*) included (5) M€ FX effect

MOBILES PHONE DIVESTMENT

LIABILITY HELD FOR SALE: ACCOUNTING POLICY

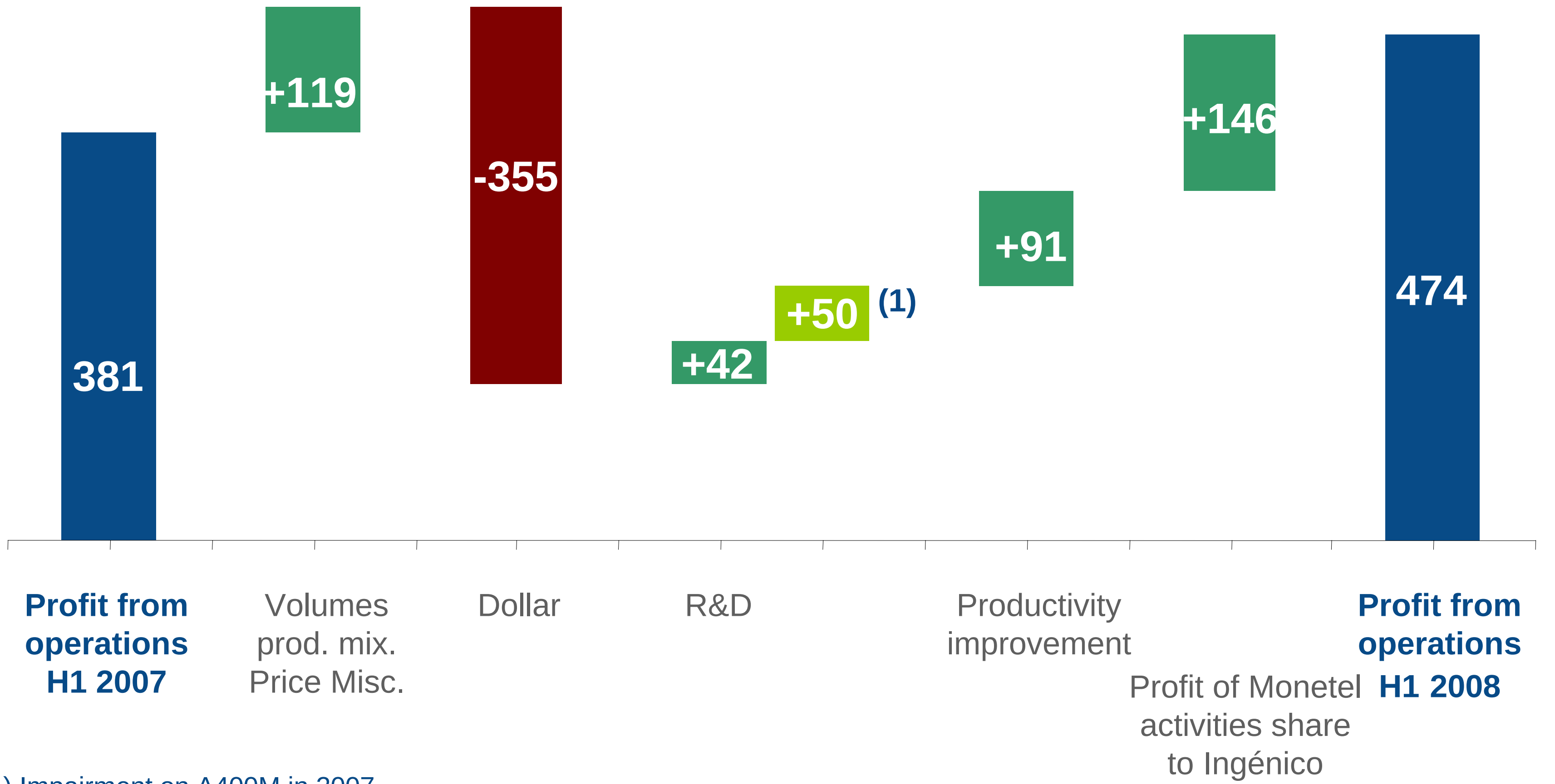
	Net profit/loss from operations held for sale at the end of	Other expected cost after 06.30.08	TOTAL
I. RESULTS			
Profit before tax	**(72)**	**(40)**	**(112)**
Tax expense	27	16	43
Total after Tax	**(45)**	**(24)**	**(69)**
II. EXIT COST			
Restructuration cost	0	(64)	(64)
Impairment assets	(50)	0	(50)
Cost of various commitments	(55)	(50)	(105)
Total before tax	**(105)**	**(114)**	**(219)**
Tax expense	31	37	68
Total after Tax	**(74)**	**(77)**	**(151)**
TOTAL BEFORE TAX	**(177)**	**(154)**	**(331)**
TOTAL AFTER TAX	**(119)**	**(101)**	**(220)**

ANALYSIS OF GROUP PROFIT FROM OPERATIONS

(Excluding liability held for sale)

CHANGE IN PROFIT FROM OPERATIONS*
H1 2008 vs H1 2007

(in € million)



(1) Impairment on A400M in 2007

* Adjusted data excluding liabilities held for sale

DOLLAR : HEDGING PORTFOLIO

- **First-half 2008**
  - **US$2,428 / EURO at a rate of €1 = U$1.46**
  - **US$65 / GBP at a rate of GBP1 = US$1.88**
  - **US$89 / CAD at a rate of US$1 = CAD1.02**

- **Hedging portfolio at June 30, 2008 : $13,500 million**

  at an average rate for the EUR/USD tranche of :
  - **€1 ≤ $1.46 in 2008**
  - **€1 ≤ $1.485 in 2009**
  - **€1 ≤ $1.525 in 2010**

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RESEARCH AND DEVELOPMENT*

(in € million)	H1 2007	H1 2008	Change
Self-financed R&D	**338**	**273**	*(65)*
Operating expenses	257	203	*(54)*
Capitalized (gross)	81	70	*(11)*
R&D recorded as expenses	**308**	**216**	*(92)*
Operating expenses	257	203	*(54)*
Amortization / Depreciation	51	13	*(38)*
Capitalized R&D	**30**	**57**	*27*
Capitalized (gross)	81	70	*(11)*
Amortization / Depreciation	(51)	(13)	*38*

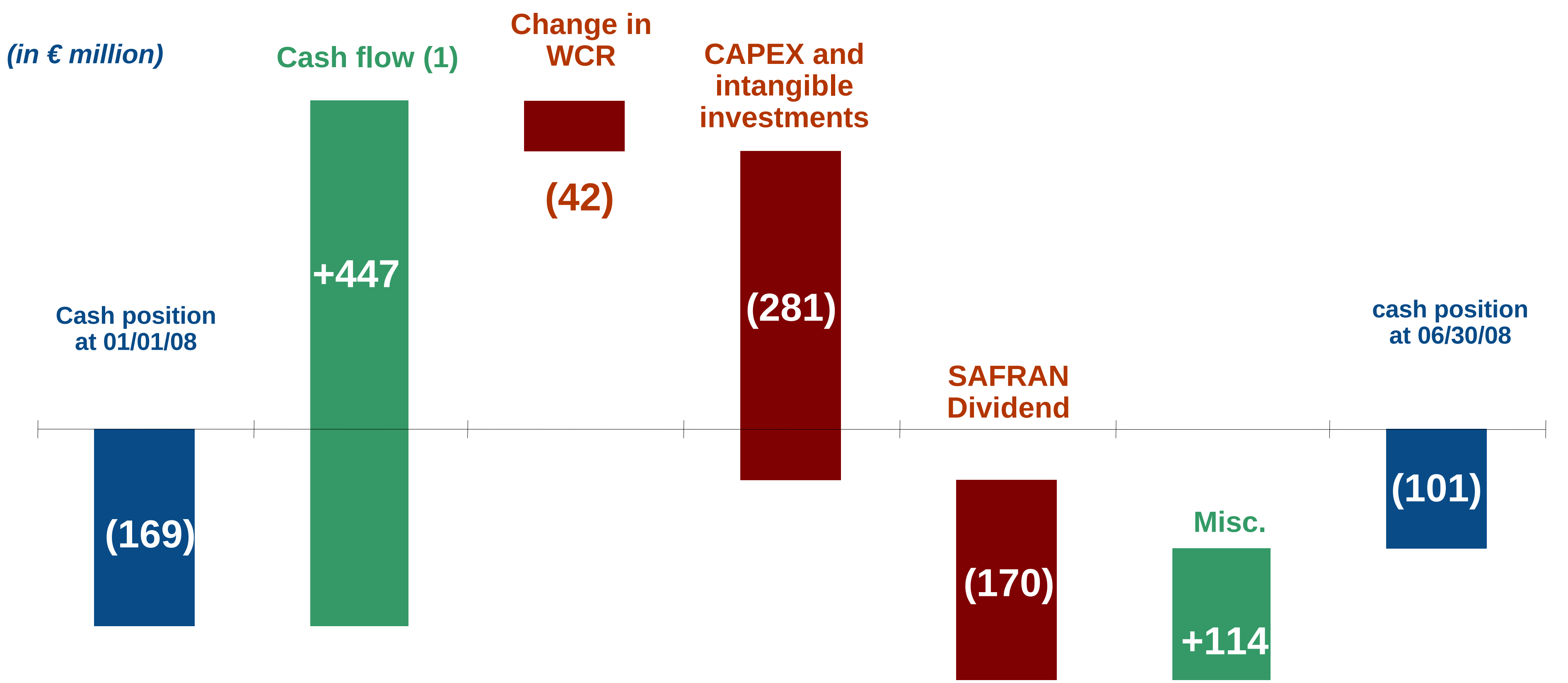
* Adjusted data excluding liabilities held for sale

FREE CASH FLOW*

(in € million)	H1 2007	**H1 2008**
Cash flow(1)	694	**447**
Change in working capital requirements	(129)	**(42)**
Intangible investments	(107)	**(95)**
CAPEX	(190)	**(186)**
Free cash flow(1)	268	**124**

* Adjusted data (1) Excluding non-premium option expired (€9M in H1 07 and €85M in H1 08)

CHANGE IN CASH POSITION



(1) Cash from operating activities, excluding non premium option expired (€85M in H1 08)

RESULTS BY BRANCH*

(in € million)	H1 2007	H1 2008
AEROSPACE PROPULSION		
Revenue	2,779	**2,852**
Profit from operations	297	**278**
% of revenue	*10.7%*	***9.7%***
AIRCRAFT EQUIPMENT		
Revenue	1,373	**1,426**
Profit from operations	75	**47**
% of revenue	*5.5%*	***3.3%***
DEFENSE SECURITY		
Revenue	766	**779**
Profit from operations	26	**34** (1)
% of revenue	*3.4%*	***4.4%***

* Adjusted data (1) Excluding gains arising on the transfer of Monetel business to Ingénico = +€146M

AEROSPACE PROPULSION*

(in € million)	H1 2007	**H1 2008**	*Change*	*On a constant $ exchange rate and Group structure basis*
Revenue	**2,779**	**2,852**	*+2.6%*	*+16.0%*
Profit from operations	297	**278**	*(6.4%)*	*+68.0%*
% of revenue	*10.7%*	***9.7%***		
Self-financed R&D	189	**142**	*(47)*	
of which capitalized (net)	*(16)*	***38***	*54*	
CAPEX	102	**111**	*9*	

* Adjusted data

AIRCRAFT EQUIPEMENT*

(in € million)	H1 2007	**H1 2008**	*Change*	*On a constant $ exchange rate and Group structure basis*
Revenue	**1,373**	**1,426**	*+3.9%*	*+18.5%*
Profit from operations	75	**47**	*(37.3%)*	*+136.0%*
% of revenue	*5.5%*	***3.3%***		
Self-financed R&D	92	**74**	*(18)*	
of which capitalized (net)	*47*	***14***	*(33)*	
CAPEX	59	**39**	*(20)*	

* Adjusted data

DEFENSE SECURITY*

(in € million)	H1 2007	**H1 2008**	*Change*
Revenue	766	**779**	(1) *+1.7%*
Profit from operations	26	**34**	*+30.8%*
% of revenue	*3.4%*	4.4%	
Self-financed R&D	57	**57**	0
of which capitalized (net)	*(1)*	***6***	*+7*
CAPEX	27	**30**	*+3*

* Adjusted data (1) Excluding gains arising on the transfer of Monetel business to Ingénico = +€146M

FINANCIAL COMMITMENTS*

(In USD million)	06/30/2007	**06/30/2008**	*Change*
Total commitments	434	**337**	*(22%)*
Estimated value of pledges	243	**197**	*(19%)*
Net exposure on these commitments	191	**140**	*(27%)*

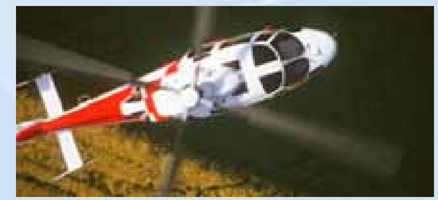
Provisions	135	**121**	*(10%)*

* Adjusted data

BALANCE SHEET AT JUNE 30, 2008 (in € million)

ASSETS		LIABILITIES & SHAREHOLDERS' EQUITY	
Goodwill	1,556	Shareholder's equity	4,549
Fixed assets	4,824	Provisions	2,198
Other assets	754	Debts subject to specific conditions	619
Fair value of financial instruments	470	Interest-bearing liabilities	932
Inventories	3,600	Other liabilities	885
Customers and other	4,035	Suppliers and other	6,916
Cash and cash equivalent	831		
Assets to be divested	42	Liabilities to be divested	13
TOTAL	16,112	TOTAL	16,112

A ROBUST AND PROFITABLE BUSINESS MODEL



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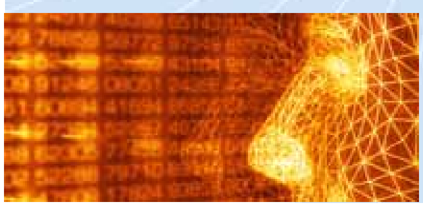

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MARKET BACKDROP

A difficult context for our customers

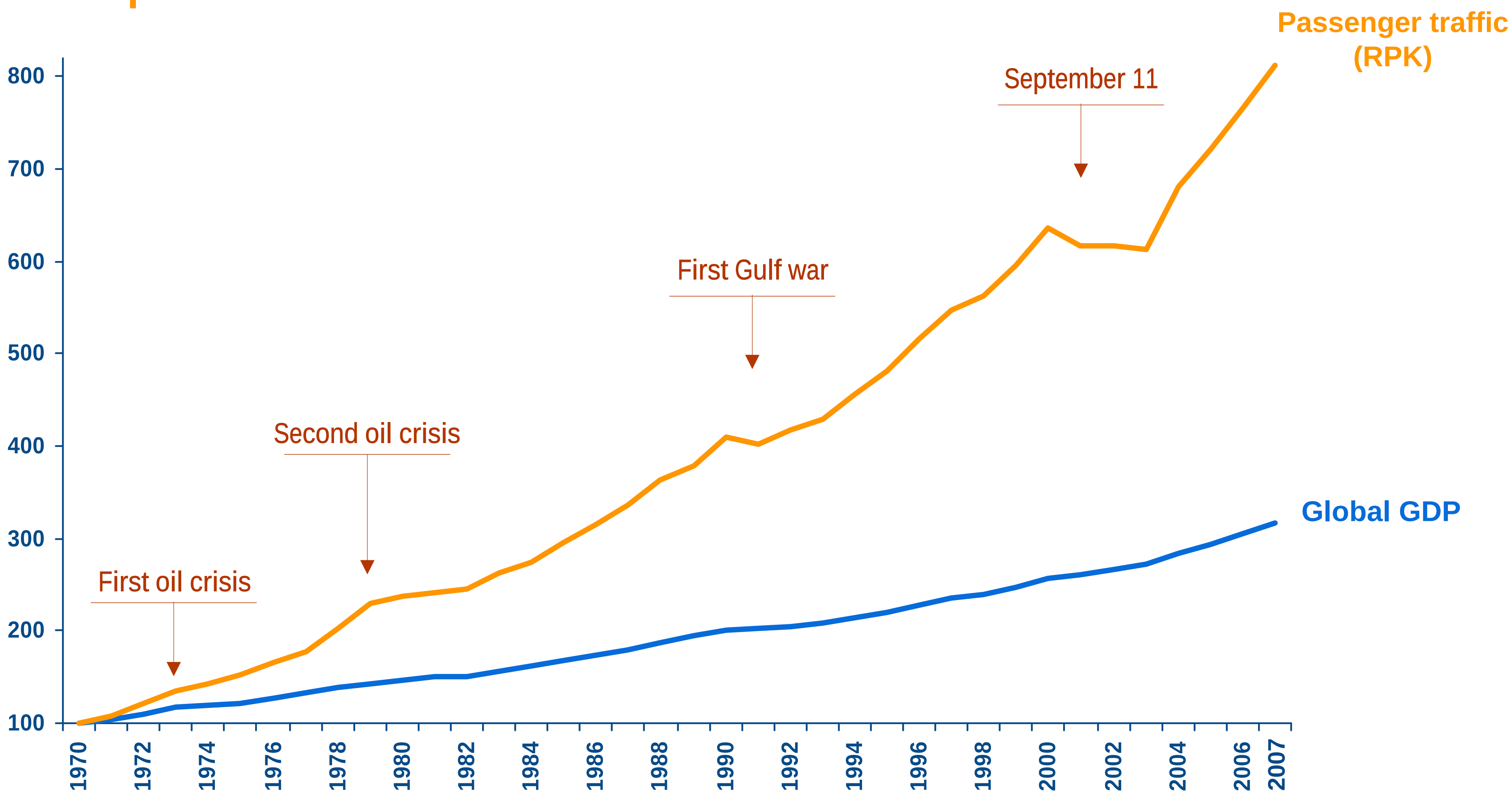
- **Aircraft withdrawn from service and/or grounded* represent nearly 4% of the total CFM fleet**
  - **309 B737 and A320 aircraft, means 618 CFM engines**
    - **284 B737 fitted with CFM56-3 and 14 B737 fitted with CFM56-7**
    - **7 A320 fitted with CFM56-5A and 4 A320 fitted with CFM56-5B**

- **Cancellations or postponed orders represent 3% of the CFM backlog**
  - **113 recent cancellation and postponed delivery: 69 A320 et 44 B737 fitted with CFM56 engines**

* Based on withdrawals announced for 2008 and 2009

STRUCTURAL GROWTH OF AIR TRAFFIC

The demand is still there (unlike 2001), and previous oil shocks have been absorbed



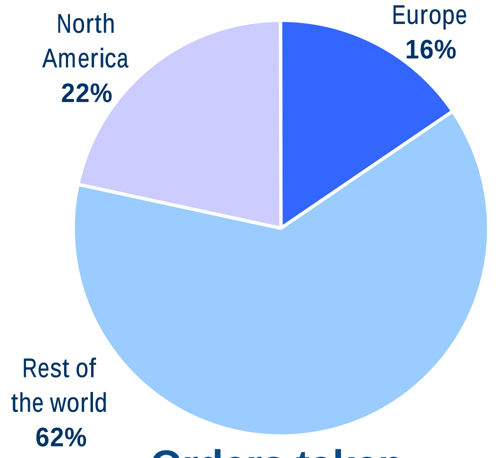
Sources: IMF- ICAO

ORIGINAL EQUIPMENT OPERATIONS

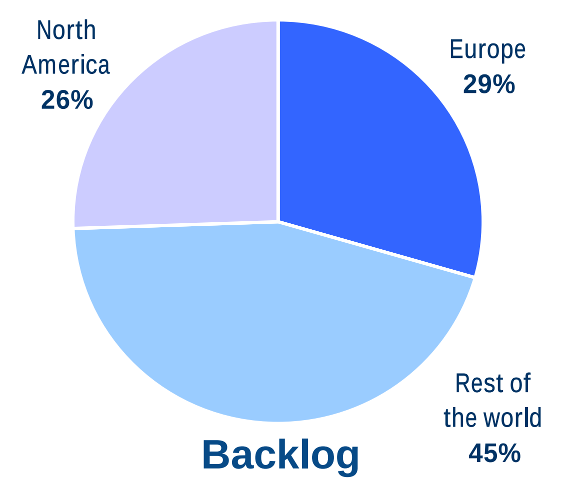
- **Single-aisle aircraft**
  - **Aircraft manufacturer forecasts are still high for at least the next three years, underpinned by an exceptionally strong order backlog, particularly in Asia and the Middle East**
  - **Additional cancellations or order postponements are possible which would lead to slower growth in 2009-2010**

- **Wide-body aircraft: sustained growth probable**

CFM engine orders by geographic region



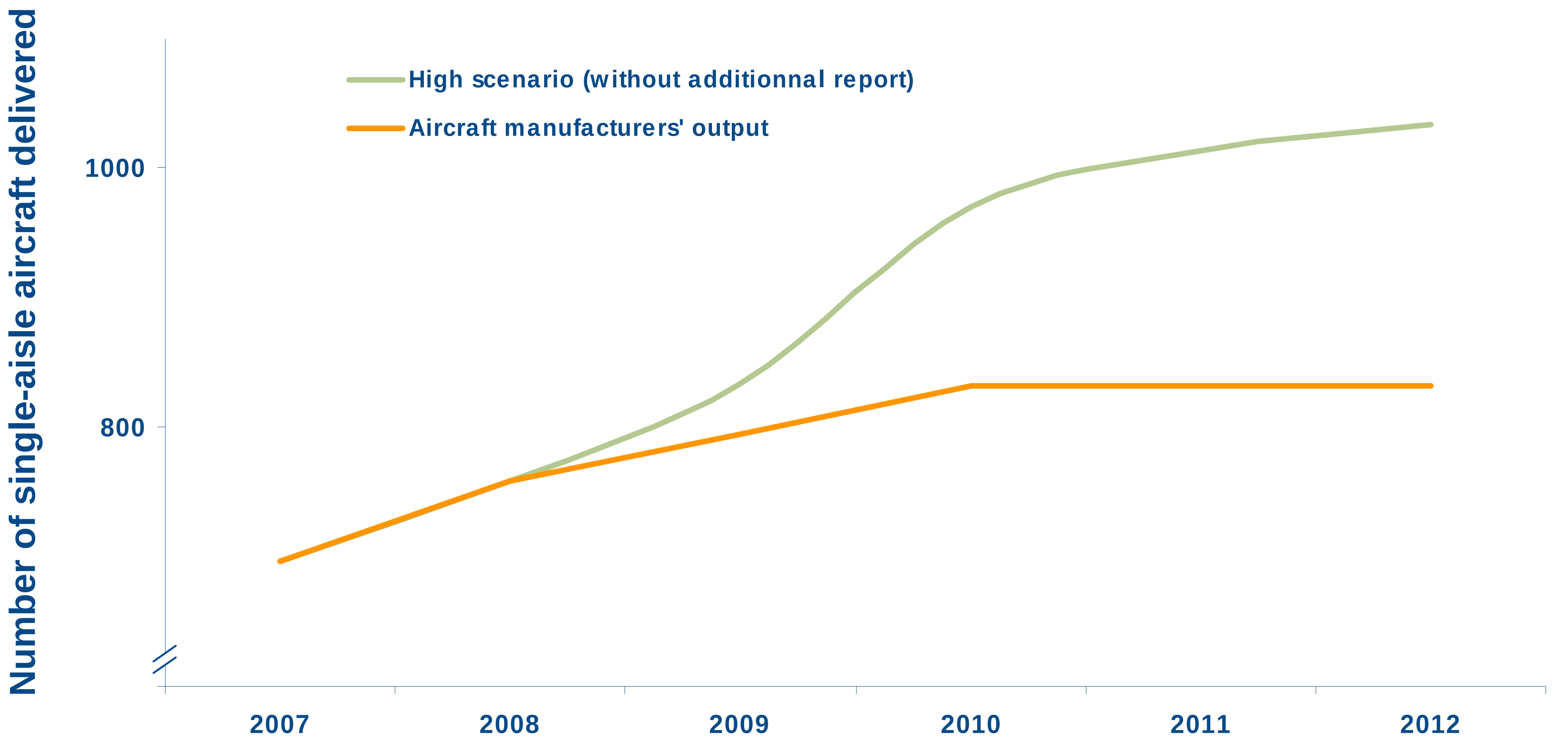
Orders taken



Backlog

ORIGINAL EQUIPMENT OPERATIONS

Continued high output by aircraft manufacturers



SERVICES

- **Growth in spare parts still robust in first-half 2008**
  + 22% on CFM engine

- **Possible slowdown in this growth in the next futur as a result of aircraft withdrawn from service or reduced airlines activities**

- **6,700 very recent engines (i.e. 60% of the CFM56-5B/P and -7 fleet) have not yet required any spare parts – strong potential for structural growth**

- **Considerable increase in the number and added value of shop visits**
  - **2,540 shop visits forecast for 2008 (up 9% on 2007)**
  - **Rising added value of services provided (full performance review)**

AEROSPACE PROPULSION

H1 2008 revenue

€2,852m*

Organic growth

16%

Orders taken

€3,371m

Backlog

€14,713m

- **Record orders taken during the period, primarily from high-growth areas:**
  - **580 helicopter engines and 1,823 CFM56 engines, including 540 at the Farnborough International Airshow**
- **The order backlog represents more than 5 years' worth of production**

* Adjusted data

EXTENSION OF THE TRANSATLANTIC PARTNERSHIP

Between SAFRAN / GE

- **SAFRAN/GE partnership extended until 2040**
  - **Commitment to provide a new LEAP-X engine leading to 16% improved fuel efficiency by 2016**
  - **In parallel, launch research into Open Rotor technologies**

    Target – to achieve 25% fuel efficiency gains as from 2020

- **Widening of the 50-50 joint venture agreement to encompass related services for new engines**

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AIRCRAFT EQUIPMENT

H1 2008 revenue

€1,426m

Organic growth

18%

Orders taken

€1,705m

Backlog

€4,256m

A350XWB

- SAFRAN selected to supply the power transmission systems

B787

- Technological break-throughs with the E-brake, composite brace for landing gear and wiring

Bombardier Learjet 85

- New generation of business aircraft
- SAFRAN selected to supply nacelles and landing and braking systems

B737 NG: certification obtained for wheels and carbon brakes

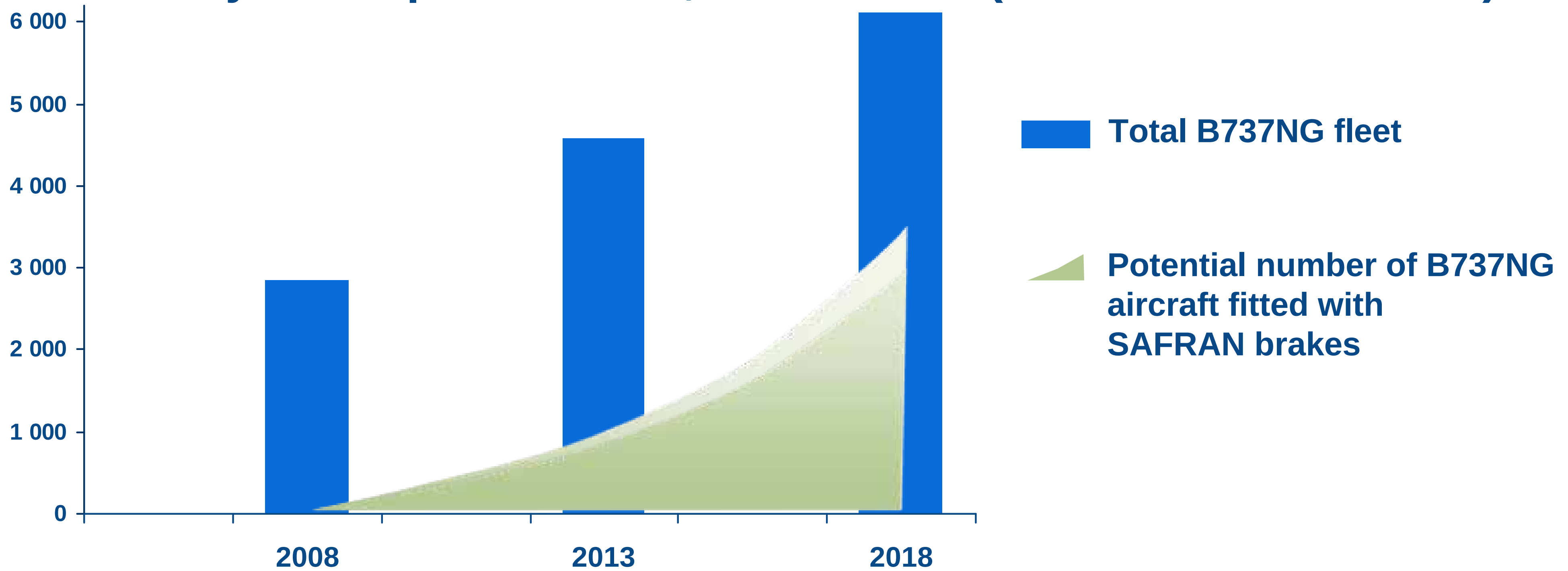
- Potential: > 3,000 aircrafts ($2 billion to $3 billion)
- First deliveries to Delta Airlines

* Adjusted data

AIRCRAFT EQUIPMENT

An example of market conquest: carbon brakes for the B737

- **Out of the total B737NG fleet, the market for SAFRAN brakes over the next ten years represents > 3,000 aircrafts ($2 billion to $3 billion)**



SAFRAN carbon brakes

- **Reduction in empty weight: 320 kg/aircraft**
- **Direct operating gain for airframer > 30 K$ / aircraft / year**
- **Double the endurance of steel brakes**

EXTENSION OF THE TRANSATLANTIC PARTNERSHIP

Between SAFRAN / GE

- **A new 50-50 JV for nacelles and thrust reversers**

- **Global nacelle market: $5 billion**

- **The aim is to reproduce the CFM success story by building a long-term partnership that benefits both parties**
  - **First partnership with GE for aircraft equipment**
  - **The combination of two successful and acknowledged experts in nacelles and thrust reversers**
  - **Capable of offering nacelles for all engines from 18,000 lbs to 50,000 lbs**

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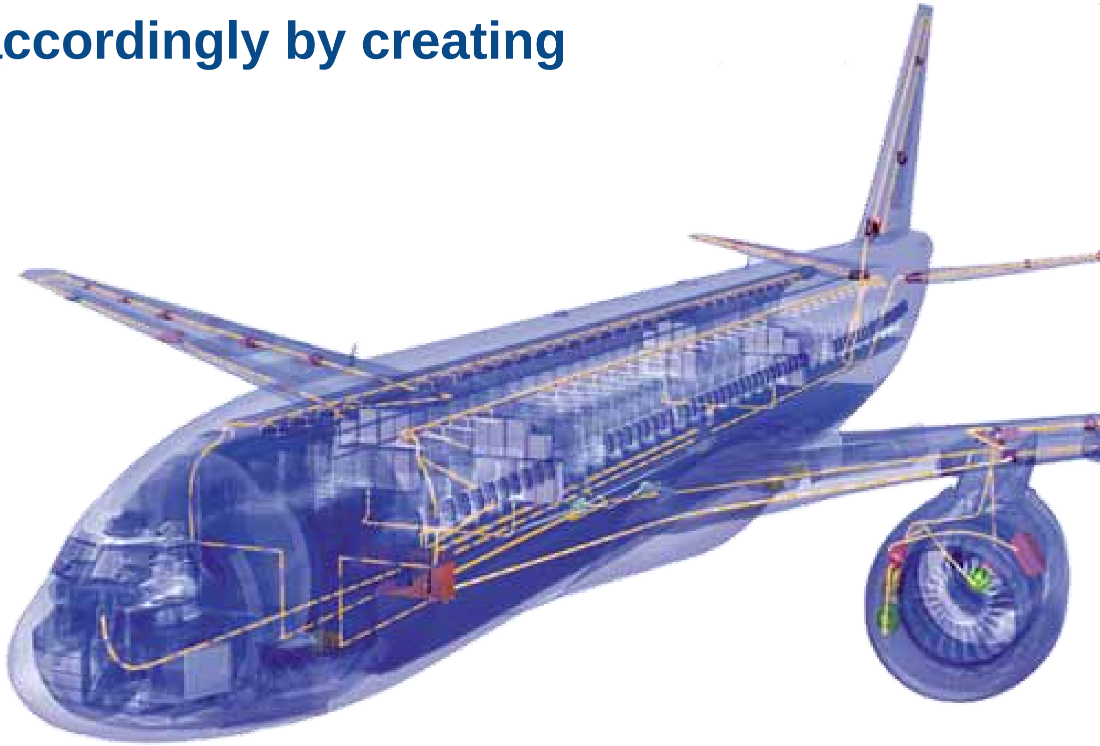
AIRCRAFT EQUIPMENT

The "all-electric aircraft": building up on technology

- **The Group's aim is to be an unrivalled player in the new generation of aircraft by:**
  - **End to end, from power-off to generation, distribution and wiring**
  - **Adapting the Group's structure accordingly by creating SAFRAN POWER**



DEFENSE SECURITY

H1 2008 revenue

€779m

Organic growth

4%

Orders taken

€1,145m

Backlog

€1,900m

Defense

- **FELIN*:**
  - First equipment order for 5 regiments
- **AASM**
  - Successfully brought into operational use in Afghanistan
  - Long-term agreement with MBDA for exports and future developments
- **Nearly formed SAFRAN ELECTRONICS**

  A centre of expertise specializing in embedded electronics and critical software with over 1,500 staff – First SAFRAN 'structural' synergy

* Adjusted data

* Fantassin à Equipements et Liaisons INtégrés

DEFENSE SECURITY

SECURITY: a high-potential market

- **The three major players in the aircraft and defense industries are also present in the security market**

- **Successful strategy of standing out from competitors through technological expertise**
  - **ID solutions orders increased eight-fold in first-half 2008 compared with first-half 2007, representing approximately double the amount of revenue for full-year 2007**

- **Acquisition of Sdu-I**
  A leading supplier of secure identification documents
  - **Acquiring the three key technologies required for secure ID documents – biometric technologies, smartcard technologies and secure printing technologies**

  ➔ **giving the Group the ability to adress government tender processes**

IMPROVEMENT PLAN

Results in line with action plans (1/2)

- **First-half 2008 – net productivity gains:** **€91m**

  - **Reduction in purchase costs and overheads + service development ➔ example** **€41m**
    - Pooled process for purchasing titanium
    - Increased volumes of intellectual services in low-cost countries
    - Outsourcing agreements renegotiated
    - Labinal’s central services restructured

  - **Reduction in cycle lengths and costs for both development and production ➔ example** **€50m**
    - Cycle lengths and related costs reduced by 25%/50% in several key sectors : Gennevilliers (Snecma), Le Havre (Aircelle) and Singapore (Messier services)
    - Sagem Orga and Aircelle costs restructuration

IMPROVEMENT PLAN

Results in line with action plans (2/2)

- **Costs focused on the dollar zone and emerging countries**
  - 48% of the Group's sites and 24% of its employees are now based in the dollar zone or low-cost countries
  - Recent openings of new implantations:

Joint Snecma/Messier Dowty plant
Suzhou - China
April 2008

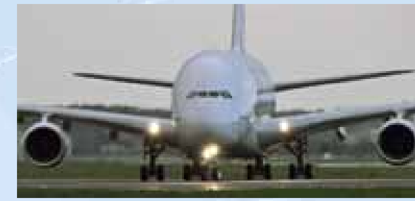
Snecma plant
Guiyang - China
April 2008

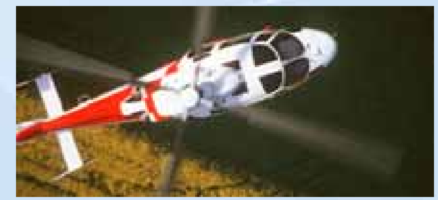
Snecma plant
Queretaro - Mexico
May 2008

Messier Bugatti plant
Walton - USA
scheduled in September 2008

- **New investments : joint Snecma/Messier Dowty plant in Mexico $110m investments - start-up in H2 2009 - headcount of 400**

OUTLOOK





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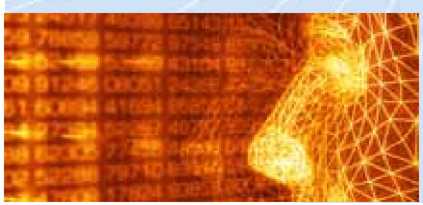

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OUTLOOK FOR FULL-YEAR 2008 (excluding Mobile Activities)

- **Revenue of over €10 billion***
  - Up 10% like-for-like
- **€750 million(1)* in profit from operations**
  - Driven by productivity gains and the ramp-up in spare part sales
  - With the US dollar hedged at €1 ≤ $1.46

* Adjusted data

(1) Including the €146m gain on the transfer of the Group's electronic payment business to Ingénico

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CONCLUSION

Objectives

- To be one of the world's leading players (Tier 1) in Aerospace propulsion, Equipment and Defense Security sectors

A robust business model

- Structural growth for services thanks to the age of aircraft fleets and the Group's positioning in high-growth products
- Solid transatlantic partnership
- Operational efficiency gains achieved as a result of action plans implemented and focusing costs on the dollar zone and emerging countries
- Dollar hedging exposure for the next three years
- Targeted acquisitions, particularly in Aircraft Equipment and Security
  - Security: in-depth expertise in the three key technologies for identification
  - Equipment: acquisitions made as part of the "all-electric aircraft" program