



SAFRAN

an international
Technology Leader

BUSINESS REVIEW

Thursday, 15 July 2008

Sofitel St James, London



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BUSINESS REVIEW IN H1 2008

AEROSPACE

DEFENSE

SECURITY

MOBILES

CONCLUSION

■ AEROSPACE

Demand remaining strong

- ▶ 1,470 CFM 56 engines orders
- ▶ 580 helicopter engines orders
- ▶ Strong growth in CFM 56 spare parts
- ▶ Program of Nacelles for the A380 now on track, with 33 units delivered in the 1st half, and 2008 target of c.80 units



■ AEROSPACE

Successful developments

▶ SuperJet 100

- Successful first flights of the aircraft equipped with the SaM146



▶ B787

- Breakthroughs are E-brake, composite brace for the landing gear and wiring
- Deliveries on time

▶ Bombardier Learjet 85

- Nacelles and landing/braking systems contract awarded

▶ 737 NG

- Certification obtained for the wheels and carbon brakes
- Strong opportunity to equip 2,000 to 4,000 aircrafts (1.5 to 3 bn\$)
- First deliveries to Delta Airlines

■ AEROSPACE

Building up on technology

▶ More Electric Aircraft (Power system)

- End to end, from power-off to generation, distribution and wiring
- Objective to be a prime contractor for the Power system
- New organisation in SAFRAN to adapt to this evolution :
creation of **SAFRAN POWER**

■■■■ AEROSPACE : GE/SAFRAN partnership

A reference of French/US partnership

- ▶ JV (50-50 equal partnership) founded in 1974, called CFM International and dedicated to the CFM engine*
- ▶ CFM revenues over the total length of the partnership : 180 Bn\$
- ▶ Current fleet of 18,500 CFM56 engines – above 24,000 worth order backlog

* Design, development to production and product support

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■■■■ AEROSPACE : building up on transatlantic excellence

A new milestone in CFM success story

- ▶ Extension of the GE / SAFRAN partnership to 2040
- ▶ Extension of the 50-50 cooperation to related engine services
- ▶ Committed to offer 16% improved fuel burn engine by 2016
 - CFM unveils the LEAP-X, an advanced turbofan new baseline engine
 - First full test scheduled in 2012
 - Entry into service planned in 2016
 - CFM preparing in parallel Open Rotor technologies
 - 25% improvement target in 2020
 - Focus on acoustics and aircraft integration

■■■■ AEROSPACE : building up on transatlantic excellence

A new GE SAFRAN partnership in Equipment

- ▶ 50-50 JV for nacelles and thrust reversers
- ▶ Global nacelle market worth : 5 Bn\$
- ▶ Reproducing a similar long standing and mutually beneficial relationship between GE and SAFRAN
 - First partnership with GE in Aerospace Equipment market
 - Both Aircelle and Middle River (respective subsidiaries of SAFRAN and GE) have extensive experience in the design and production of nacelles and innovative technologies
 - Targeting nacelles for any engines in the thrust range of 18,000 lbs to 50,000 lbs
 - Revenues of each program equally splitted 50-50

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Environment and trend

- ▶ As of today, CFM on aircrafts to be grounded represent <3% of the total fleet and CFM orders cancelled <1% of the total backlog
- ▶ **Thoroughly reviewing backlog robustness**
- ▶ So far, likely **slowdown of new deliveries growth** in 2009 and 2010 ; potential **limited** downturn on narrowbodies afterwards
- ▶ **Constant growth** on widebodies, paced by airframers capabilities



Volumes strong enough to sustain further internationalisation of SAFRAN supply chain

■■■■ AEROSPACE

Environment and trend

- ▶ **60%** of the latest engine models (CFM56-5 and-7) have not generated spares yet : structural potential of growth
- ▶ **Thoroughly reviewing** impact of grounding / flightcuts on Services
- ▶ Likely **slowdown of spare parts growth** in 2009 and 2010 (from above 20% recorded in H1 2008 !)



No drop in spare parts revenues anticipated

DEFENSE

Highlights

- ▶ **AASM** : very successful entry into operation in Afghanistan and long term agreement with MBDA on export and further development
- ▶ **Felin** : first 5 regiments production batch ordered
- ▶ Gathering more than 1,000 expert resources in Electronics through the Group : creation of **SAFRAN Electronics**



Executing SAGEM-SNECMA synergies

■ SECURITY

Buoyant market

- ▶ The top three «Tier 1» players in Aerospace and Defense run security business
- ▶ Booming demand in ID solutions
- ▶ Successful strategy of differentiation by technology
 - Sharp increase in ID solutions orders **x 8** in H1 2008, representing **twice** the annual 2007 sales
- ▶ Building up a consistent tech bricks wall
 - Acquisition of **SDU-I**, a leader in Secure ID document business and expert in polycarbonate technology



Real growth opportunity for SAFRAN through active but selective acquisition policy

MOBILES

Update

- ▶ OEM business tougher than ever
- ▶ ODM positions building up well
- ▶ Montauban and Fougères plants restructuring on track
- ▶ Global solution to be announced in 31 July



Process on track

CONCLUSION

- ▶ **Robust aviation backlog and continuing growth in services**
- ▶ **Executing strategy**
- ▶ **Self-confidence for the next couple of years**

The word "SAFRAN" is written in a bold, orange, sans-serif font. The background of the slide features a blue color scheme with a stylized world map in the center, overlaid with a network of white lines radiating from a central point. The map is surrounded by several curved, semi-transparent bands that create a sense of depth and movement, resembling a globe or a complex architectural structure.

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