

SAFRAN

an international
Technology Leader

INVESTORS' DAY
May 13, 2009

Safran's focus on Security



NOTICE

- ▶ These documents contain forward-looking statements. All statements other than statements of historical fact in in this presentation, including, without limitation, those regarding our financial position, business strategy, management plans and objectives for future operations, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance or achievements, or industry results, to be materially different from those expressed or implied by these forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we expect to operate in the future. Important factors that could cause our actual results, performance or achievements to differ materially from those in the forward-looking statements include, among other factors:
 - the cyclical nature of the aviation market;
 - the effects of exceptional and unpredictable events;
 - the impact of changes in competition;
 - fluctuations in exchange rates;
 - our ability to maintain high levels of technology.
- ▶ Forward-looking statements speak only as of the date of this presentation and we expressly disclaim any obligation or undertaking to release any update or revisions to any forward-looking statements in this presentation as a result of any change in our expectations or any change in events, conditions or circumstances on which these forward-looking statements are based.
- ▶ These documents contain financial information including GE HLP on a pro-forma basis in 2008 and general information concerning GE HLP's products and markets. The acquisition of GE HLP is subject to the effective closing of the transaction.
- ▶ Pro-forma financials presented in these documents are based on un-audited figures and should be used for illustrative purposes only, especially are based on EUR/USD exchange rate of 1.47 for 2008.

■ ■ ■ ■ ■ AGENDA

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1 – INTRODUCTION

Jean-Paul Herteman
CEO
SAFRAN

SAFRAN STRATEGY

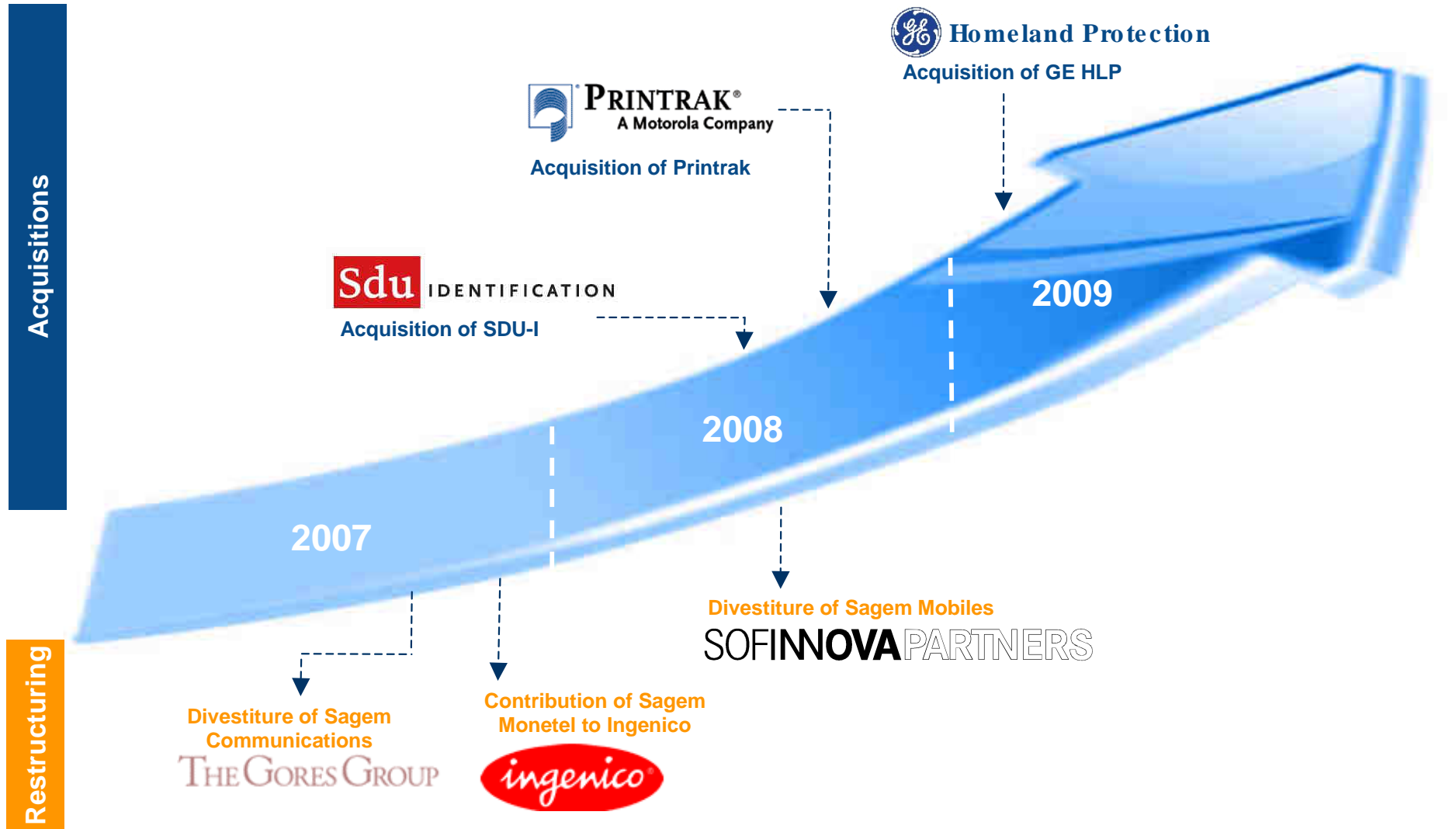
▶ **A major Tier 1 global player in Aerospace, Defence and Security with a balanced portfolio of activities**

▶ **To concentrate on businesses characterised by:**

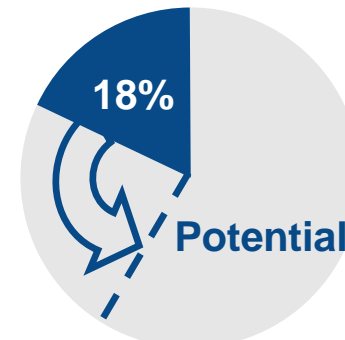
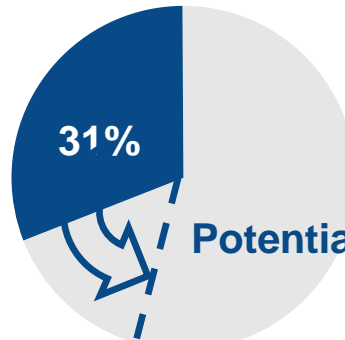
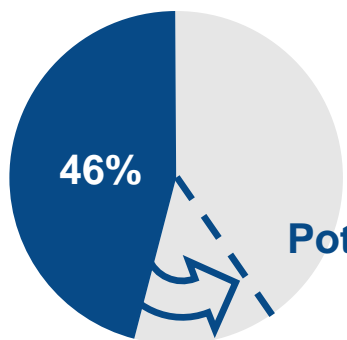
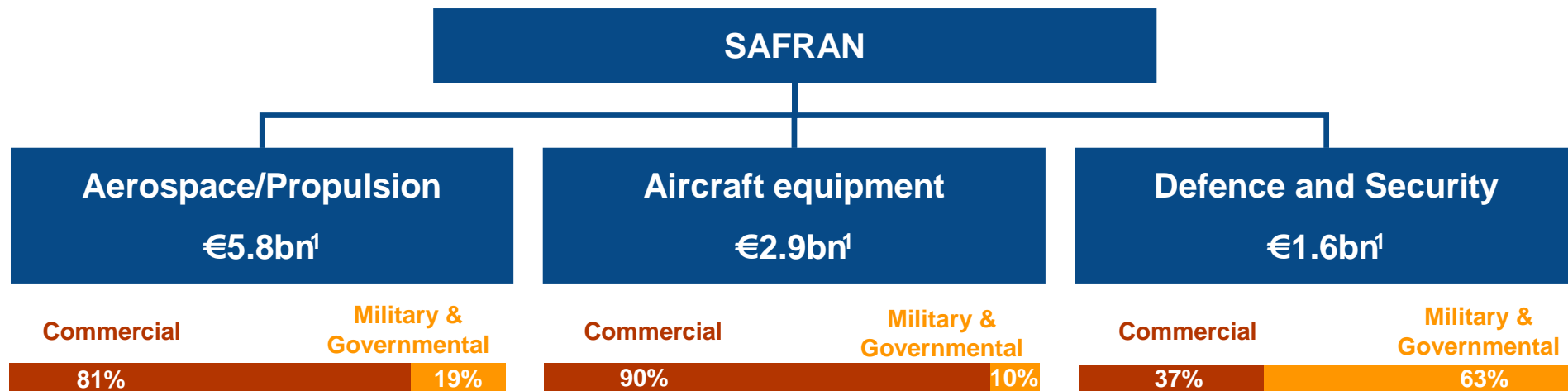
- **High and sustainable technological barrier to entry**
- **Long-term and trustworthy customer relationships for critical applications**
- **Balanced split between OEM and Spare Parts, Maintenance & Services**
- **And moving towards top 3 WW players**

▶ **To generate a sustainable and profitable growth through a combination of organic development and targeted acquisitions**

CORE BUSINESS REFOCUSING



■ A RESILIENT BUSINESS MIX



■ Recurring revenues = services, upgrades, maintenance, consumables related to long-term contracts

OVERALL RECURRING REVENUES: 38% OF 2008 REVENUES

N.B: Figures are 2008 provided, taking into account the divestiture of the communication branch, the contribution of Monetel to Ingenico, and excluding the acquisition of SDU

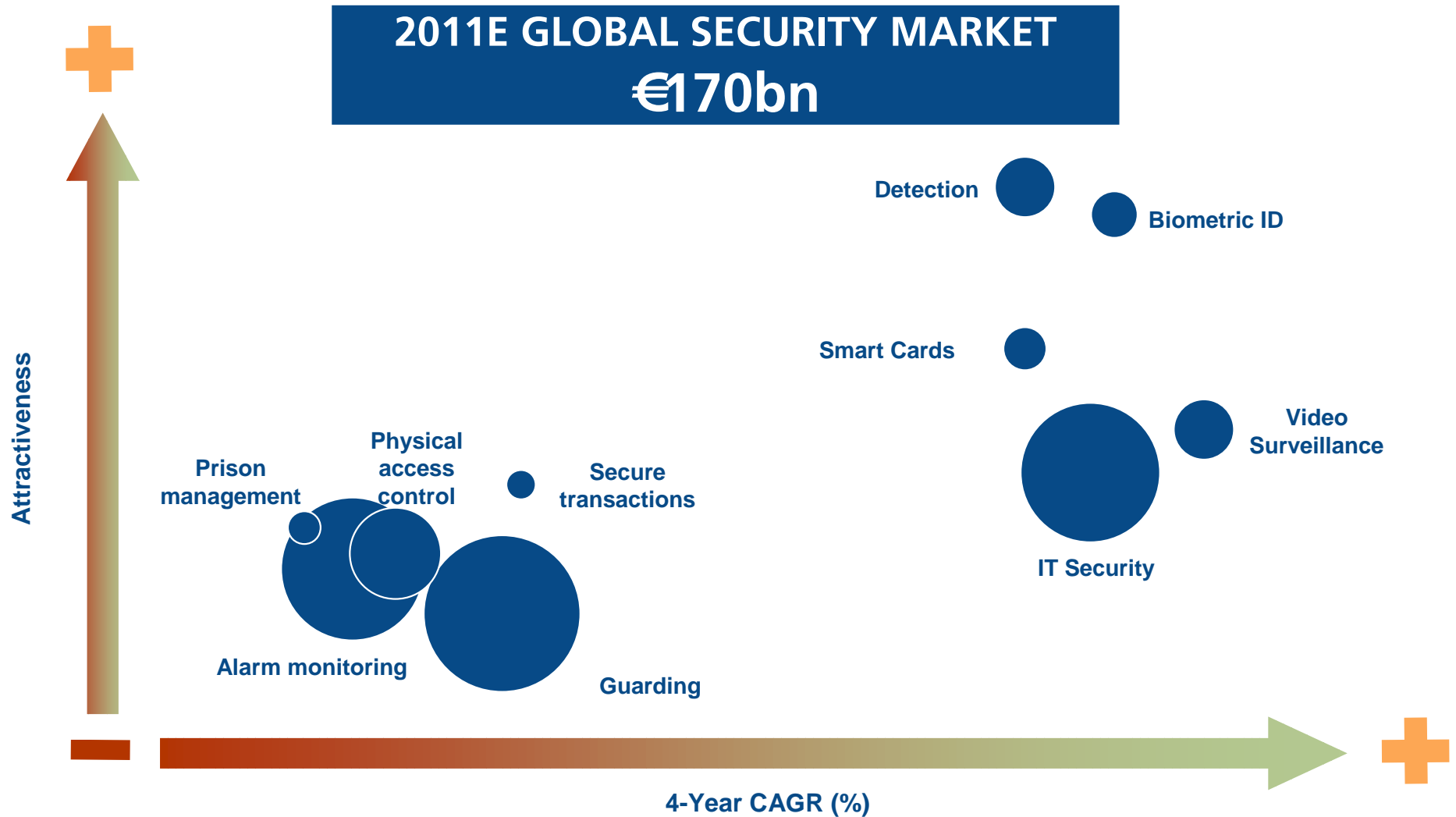
Note:

1. 2008 Revenues

2 – THE EMERGENCE OF A THIRD PILLAR: SECURITY

Olivier Andriès
Executive Vice-President
Strategy & Development
SAFRAN

GLOBAL SECURITY MARKET OVERVIEW



Sources: Lehman Brothers, Mc Kinsey, Sagem Sécurité analysis

■■■■ SECURITY: AN ATTRACTIVE INVESTMENT CASE CONSISTENT WITH SAFRAN BUSINESS MODEL

- ▶ **A fast growing Homeland Security market...**
 - A market driven by ever increasing security performance requirements and technology excellence
- ▶ **...with two enabling technologies for fighting threats...**
 - **Biometrics** enabling state-of-the-art identification of persons
 - **Detection** enabling state-of-the-art identification of illicit and hazardous substances
- ▶ **... requiring long-term and trustworthy relationships with governments...**
 - Government bodies drive security prescriptions and regulations
 - Management and business process for critical applications similar to Aerospace and Defence
 - “Homeland security is a matter of trust”
- ▶ **... with robust recurring revenues from services, upgrades, maintenance and documents**

SAFRAN'S AMBITIONS IN SECURITY

3 main goals

- ▶ **Strengthen WW #1 position in ID solutions based on biometrics and secured printing**
- ▶ **Become a global leading player in detection and passenger flow control**
- ▶ **Expand into security for sensitive sites**



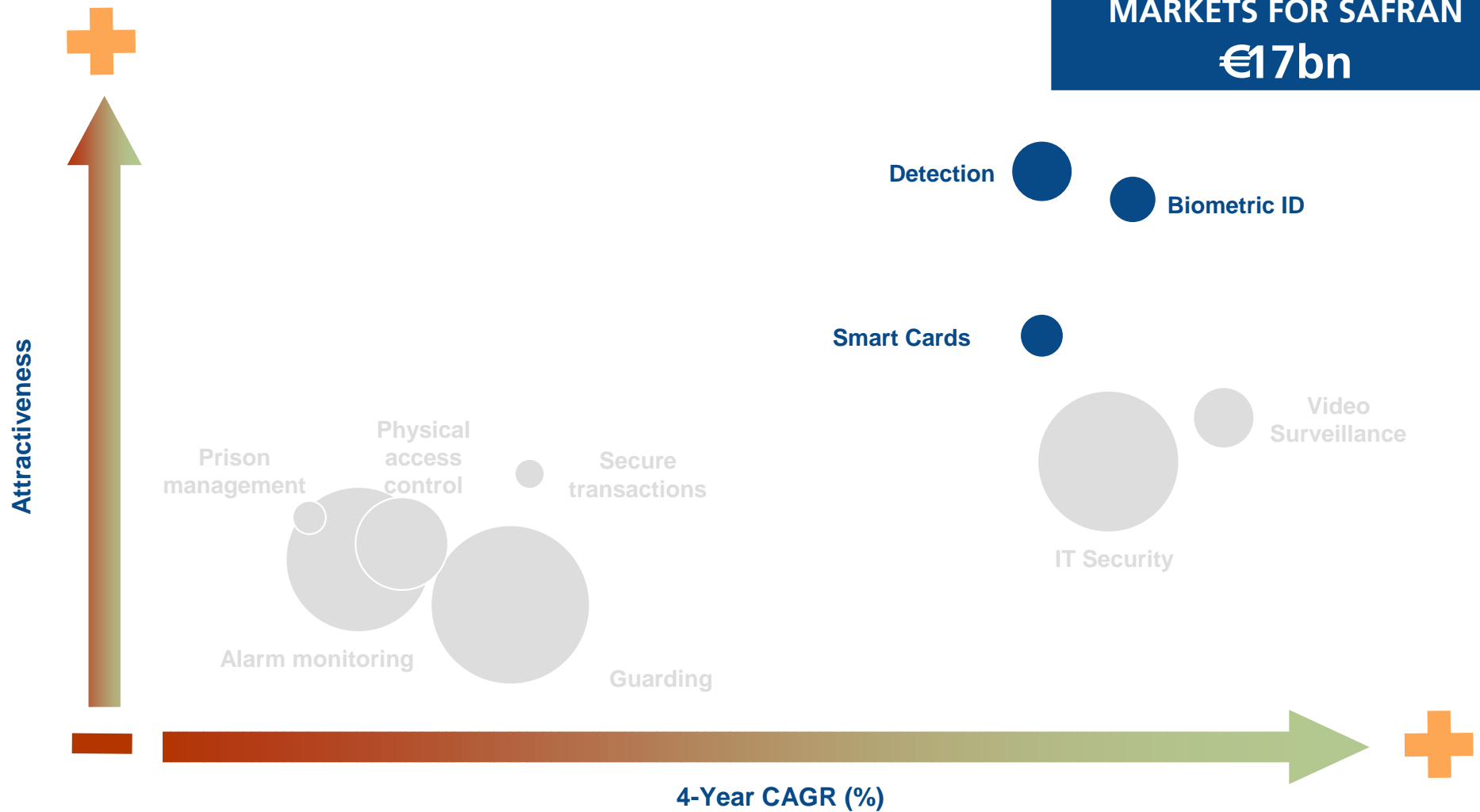
Sdu IDENTIFICATION

 **PRINTRAK**[®]
A Motorola Company

 **Homeland Protection**

GLOBAL SECURITY MARKET OVERVIEW

2012E KEY ADDRESSABLE
MARKETS FOR SAFRAN
€17bn



Sources: Lehman Brothers, Mc Kinsey, Sagem Sécurité analysis

SECURITY – MARKET OVERVIEW

Biometric ID

Smart cards

Detection

Market size



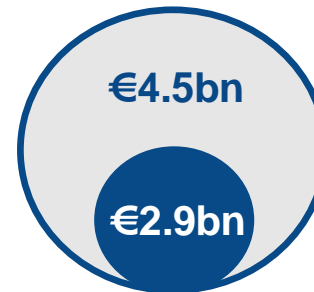
08-12 CAGR (%)

Safran's ranking

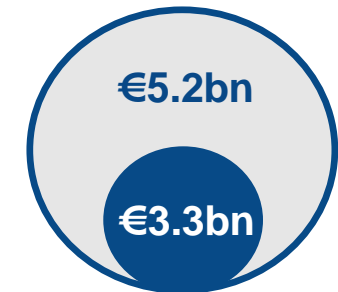
Key competitors



L1
Cogent



Gemalto
Giesecke & Devrient
Oberthur



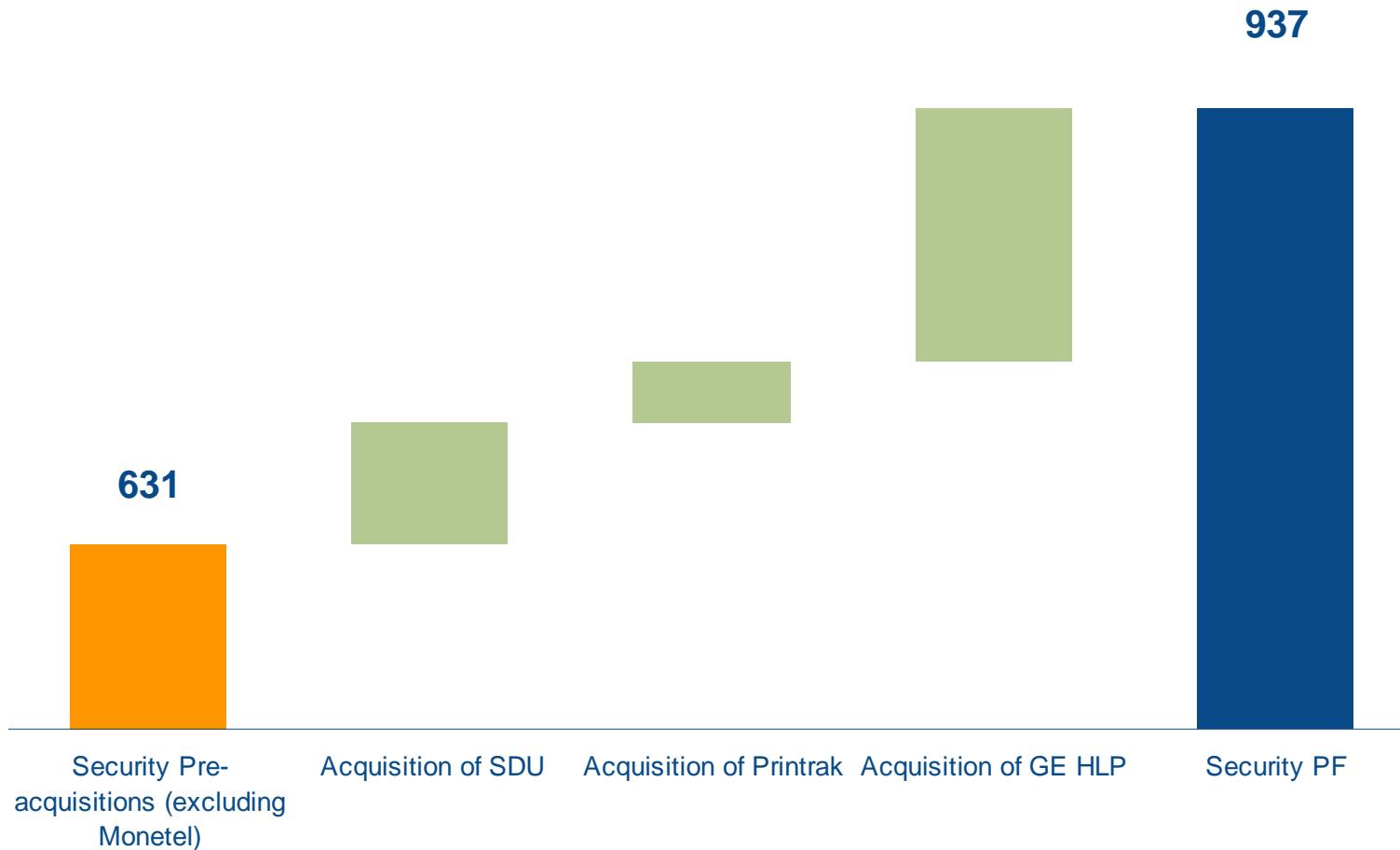
Smiths
L3
OSI Systems

Sources: Pira International, Frost & Sullivan, Sagem Sécurité analysis

SECURITY – IMPACT OF ACQUISITIONS

FOCUS ON RECENT ACQUISITIONS

Sagem Sécurité 2008 PF Revenues (€m)



N.B: Figures are 2008 provided on a proforma basis, taking into account the divestiture of the communication branch, the contribution of Monetel to Ingenico, and the acquisitions of SDU, Printrak and HLP on a full year basis

3 – SECURITY OVERVIEW

Jean-Paul Jainsky
Chairman and CEO
Sagem Sécurité

Noël Gauthier
Executive Vice-President,
Economic and Financial
Affairs
SAFRAN



SECURITY BUSINESS OVERVIEW

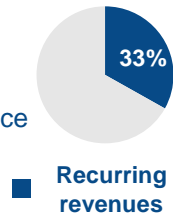
Biometric ID – €408m

MAIN PRODUCTS & SOLUTIONS

- ▶ Civil and Forensic ID solutions
- ▶ Biometric Identification Systems
- ▶ Biometric ID documents (Passports, ID cards, driving licences ...)
- ▶ Biometrics terminals

SERVICES

- ▶ Enrolment and document issuance
- ▶ Background check
- ▶ Upgrades and maintenance



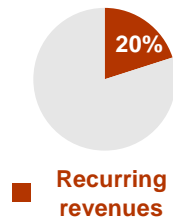
Others – €124m

MAIN PRODUCTS

- ▶ Vehicle speed control and identification
- ▶ Lottery terminals

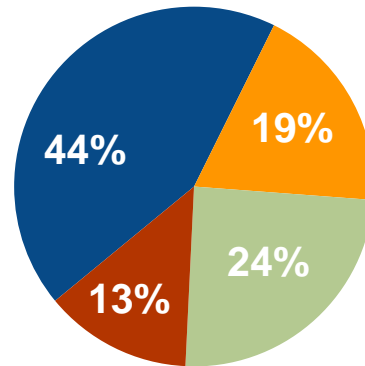
SERVICES

- ▶ Upgrades and maintenance



2008 PF Revenues

€937m



34%
Recurring Revenues

65%
Governmental

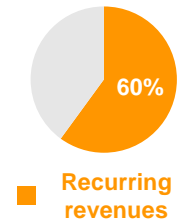
Detection – €178m

MAIN PRODUCTS

- ▶ Checked baggage screening
- ▶ Trace detection
- ▶ Checkpoint solutions
- ▶ NRBC for 1st responders

SERVICES

- ▶ Upgrades and maintenance
- ▶ Multiplexing solutions



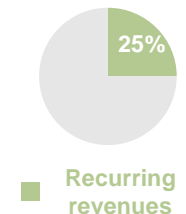
Smart cards – €227m

MAIN PRODUCTS

- ▶ SIM for Telcos
- ▶ Banking cards

SERVICES

- ▶ Personalization

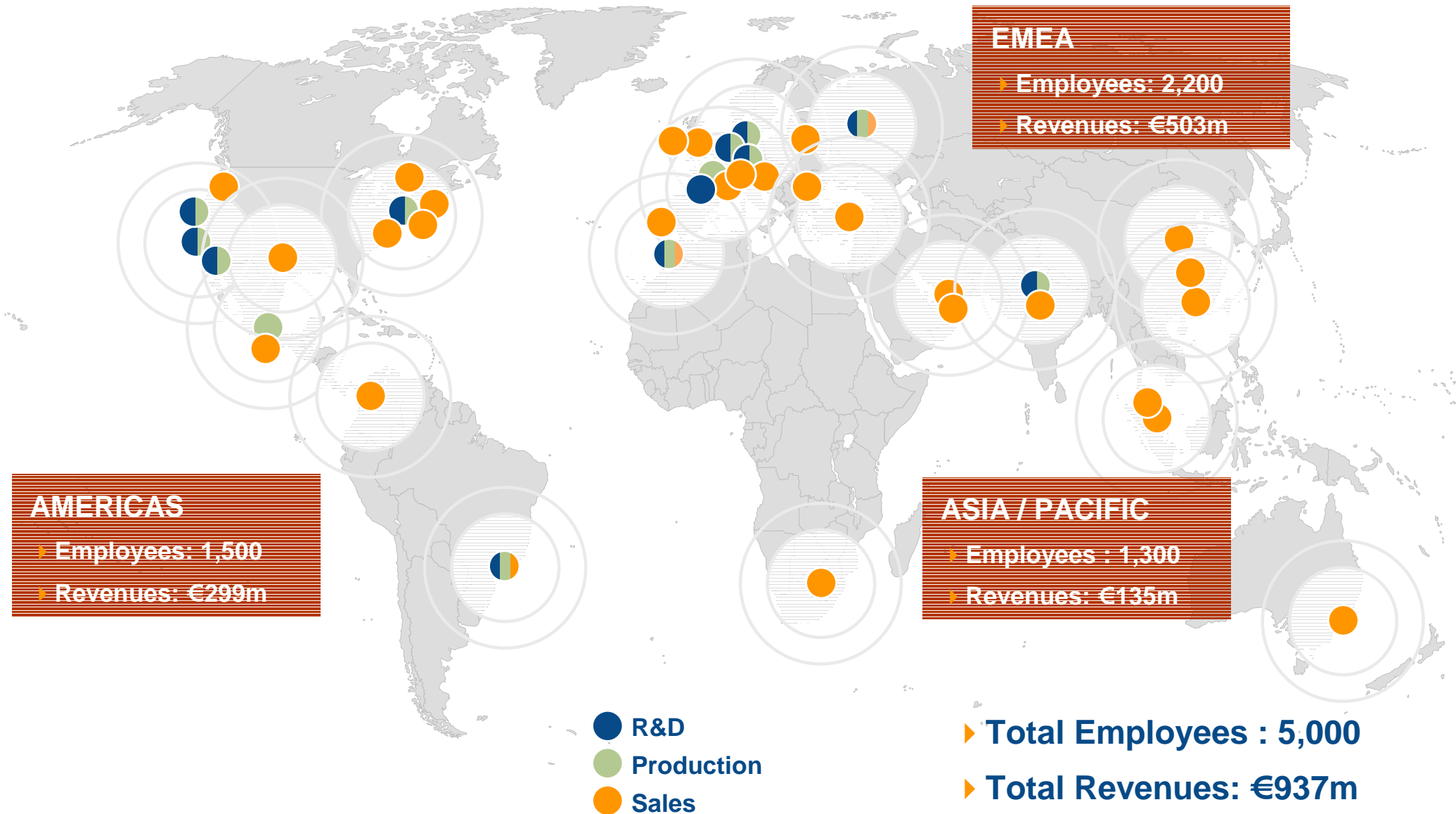


N.B: Figures are 2008 provided on a proforma basis, taking into account the divestiture of the communication branch, the contribution of Monetel to Ingenico, and the acquisitions of SDU, Printrak and HLP on a full year basis

Recurring revenues = services, upgrade, maintenance, consumables related to long-term contracts

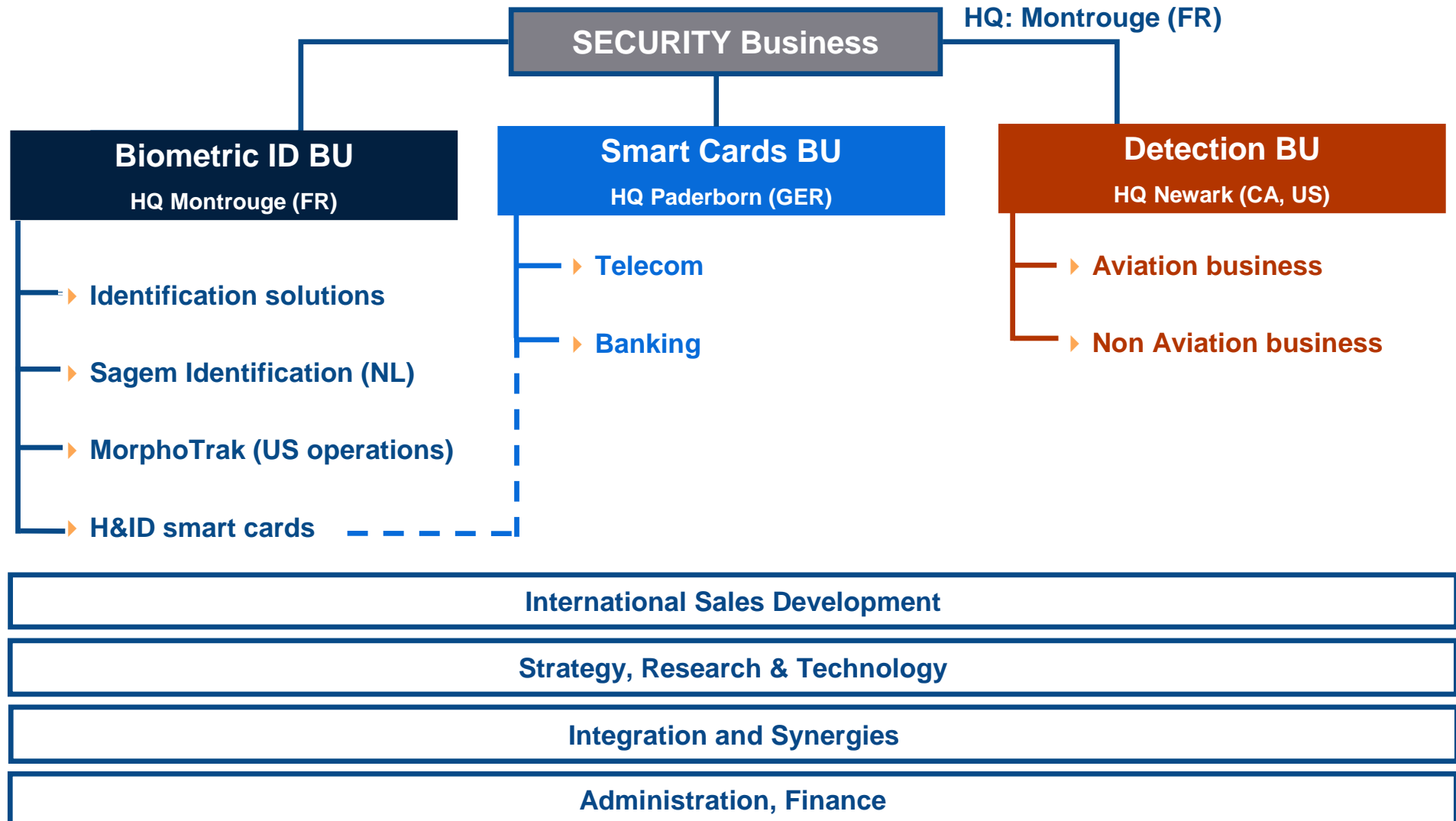
SECURITY BUSINESS

A GLOBAL PRESENCE



N.B: Figures are 2008 provided on a proforma basis, taking into account the divestiture of the communication branch, the contribution of Monetel to Ingenico, and the acquisitions of SDU, Printrak and HLP on a full year basis

SECURITY OPERATIONS ORGANIZATION



SYNERGIES FROM ACQUISITIONS

ASSESSMENT AND ACTION PLAN FOR 2012

Action plan and benefits	1	<p>▶ Sales & Marketing:</p> <ul style="list-style-type: none">• Leverage cross-selling between biometric and passport/ID customer base• Leverage presence in the US and Airports for Biometric ID and Detection
	2	<p>▶ R&D</p> <ul style="list-style-type: none">• Gain of time due to accelerated benefits from existing developments overlapping Sagem's roadmap• Mid-term refocusing of R&D teams between USA and EU <p>▶ G&A: mid-term optimisation of support and maintenance organisation</p>
Assessment	1	▶ Additional revenues: €60m / year (potentially add €5m / year of EBIT)
	2	▶ Cost synergies: €10m / year
		TOTAL TARGET : €25m / year

SECURITY BUSINESS

FINANCIAL PERFORMANCE AND TARGETS

2008 PRO FORMA KEY FIGURES

▶ Revenues	€937m
▶ EBITDA Margin	€98m 10%
▶ CAPEX	€36m
▶ R&D Exp. % of Revenues	€64m 7%

3 TO 5 YEAR PERSPECTIVE

- ▶ **DOUBLE-DIGIT REVENUES COMPOUND ANNUAL GROWTH RATE (CAGR)**
- ▶ **DOUBLE-DIGIT RETURN ON CAPITAL EMPLOYED (ROCE)**

N.B: Figures are 2008 provided on a proforma basis, taking into account the divestiture of the communication branch, the contribution of Monetel to Ingenico, and the acquisitions of SDU, Printrak and HLP on a full year basis

4 – DEEP DIVE INTO BIOMETRIC ID, SMART CARDS AND DETECTION

Jean-Paul Jainsky
Chairman and CEO
Sagem Sécurité



Ensure leadership in Biometric ID

WHAT IS BIOMETRIC ID?

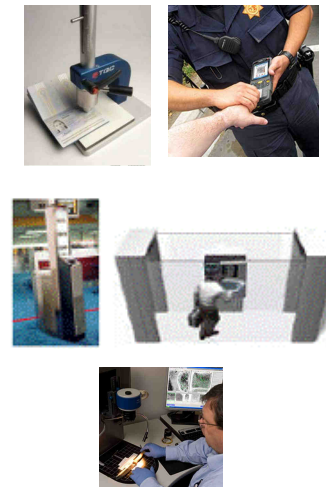
Products / Fields

- ▶ **ID systems**
 - criminal investigation, ID uniqueness (credentials issuing) and person authentication (credentials usage)
- ▶ **Terminals (enrolment & fixed/mobile ID check)**
- ▶ **Consumables**
 - Passports/e-Passports
 - Card credentials: identity cards (incl. other travel documents), driver licenses, health cards, voter cards, ...
- ▶ **Services**
 - Enrolment and document issuance
 - Background check
 - Upgrades and maintenance



Main Technologies

- ▶ **Biometric algorithms:** fingerprint, palm print, vein, iris and facial recognition, multimodal biometric algorithms (mix of biometrics)
- ▶ **Logical security (temper resistance, fraud detection, privacy...):** cryptography, 'biocrypto' (mix of biometric and cryptographic algorithms) and embedded software
- ▶ **Physical security:** secure printing

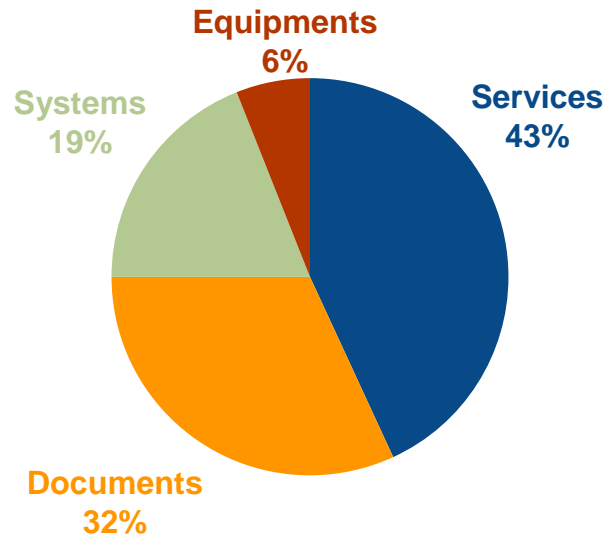


BIOMETRIC ID

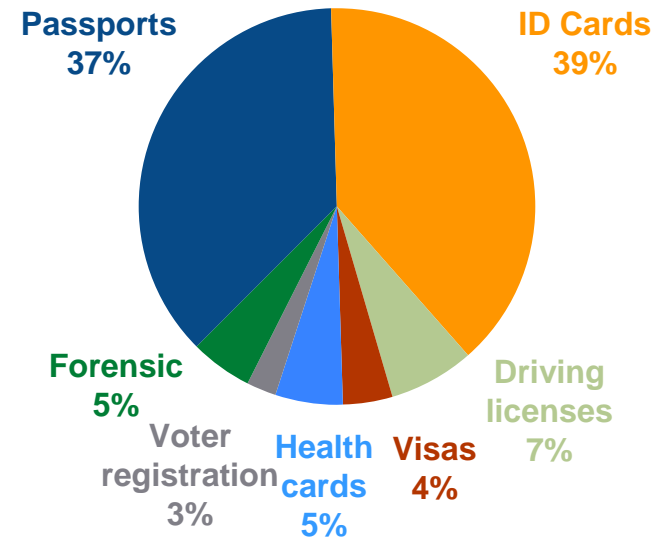
END MARKETS BREAKDOWN

Global Biometric ID Market
€4.0bn

By product type



By application

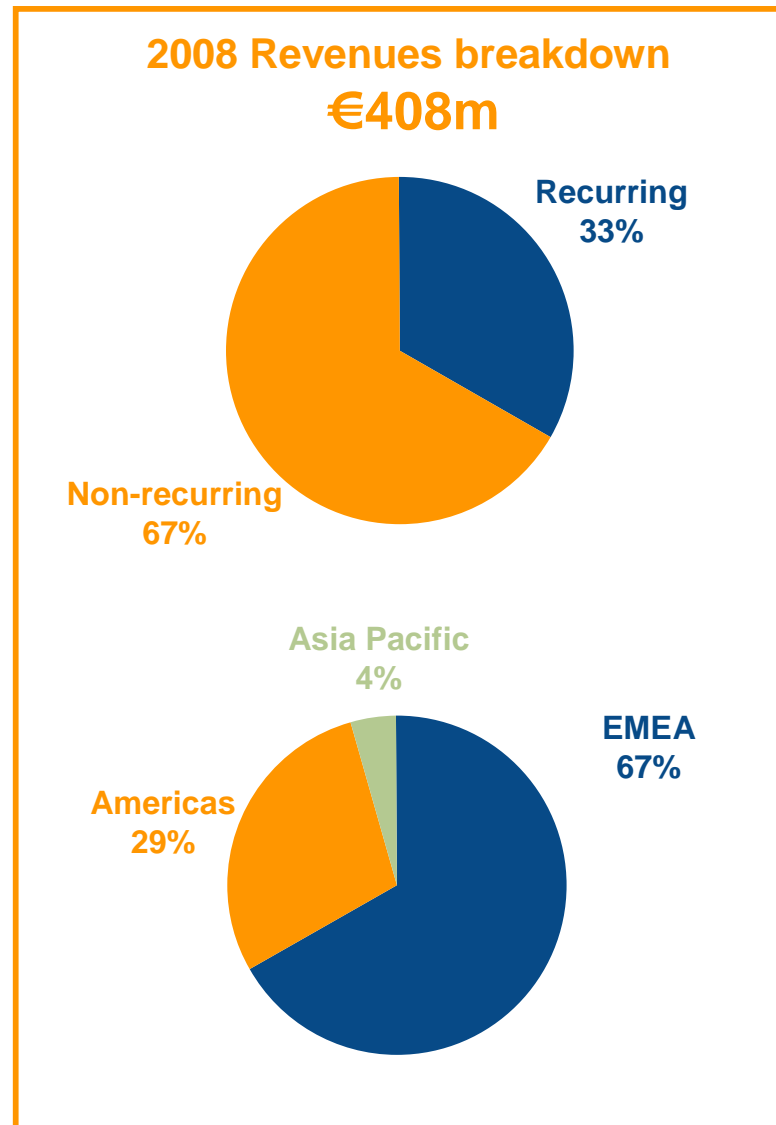


EXPECTED MARKET GROWTH OF c.15% OVER 2008-2012

Sources : Pira International, Forst and Sullivan and Sagem Securite analysis

OVERVIEW OF SAFRAN BIOMETRIC ID BUSINESS

- ▶ Global market leader for:
 - civil ID solutions based on biometrics
 - AFIS systems in forensic applications
- ▶ Comprehensive product offering covering systems, equipments and consumables
- ▶ Mastering the 3 key technologies for ID, i.e. biometrics, embedded software and cryptography, secure printing
- ▶ Resilient and growing business with major opportunities in civil ID markets
- ▶ 2 world class R&D teams in Biometrics (France and California) and world class secure printing centre for ID documents (Netherland)
- ▶ c.1,800 employees in 5 locations (2 in the US, 2 in France and 1 in Netherlands)



N.B: Figures are 2008 provided on a proforma basis, taking into account the divestiture of the communication branch, the contribution of Monetel to Ingenico, and the acquisitions of SDU, Printrak and HLP on a full year basis

Recurring revenues = services, upgrades, maintenance, documents related to long-term contracts

BIOMETRIC ID

PRODUCT OFFERING

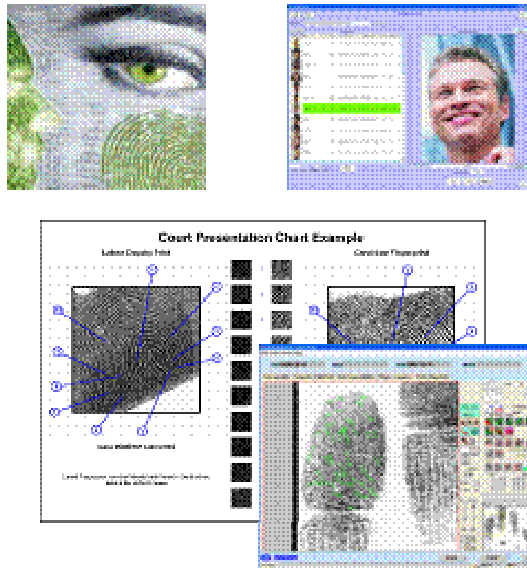
Documents

- ▶ Travel documents
- ▶ ID cards
- ▶ Health cards
- ▶ Driver's licenses
- ▶ Voting cards



Systems & Services

- ▶ Biometric and Multi-Biometric engines
- ▶ Population registry
- ▶ Documents personalization and issuance systems
- ▶ E-border and access control systems



Equipments

- ▶ Biometric enrolment stations
- ▶ Mobile ID verification terminals
- ▶ Biometric terminals
- ▶ E-Gates



BIOMETRIC ID

MARKET DRIVERS

Drivers

- ▶ **Favourable political framework**
 - EU Biopass Directive requires biometric passport end 2009
 - US Real ID Act
 - US DHS established the Transportation Worker Identification Credential (TWIC) program to enhance port security
 - Launch of election and welfare programs in emerging countries

- ▶ **Increasing needs**
 - Identify terrorists and criminals
 - Secure ID documents against fake ID, ID theft and welfare fraud

Enablers

- ▶ **Biometric capabilities**
 - Increase throughput at people checkpoints (airport and borders)
 - Enhance user-friendliness and security of access control

EXPECTED MARKET GROWTH OF c.15% OVER 2008-2012

Leverage on Smart Cards capabilities

The background of the slide is a light blue and white graphic. It features a world map in the center-left, with lines radiating from its center. To the right of the map is a large, thick, blue arc that curves from the top right towards the bottom right. At the bottom, there is a bar chart with several vertical bars of varying heights, also in shades of blue. The overall design is clean and modern, suggesting a global and technological theme.

WHAT ARE SMART CARDS?

Products / Fields

- ▶ **Telecommunications**
 - SIM cards and applications services (Mobile payment, Mobile TV, Assisted GPS)
- ▶ **Payment**
 - EMV¹ Banking cards
 - Contactless Banking cards
- ▶ **Services**
 - Personalization
 - Mobile services applications

Main Technologies

- ▶ **Secure Embedded Software and Operating Systems**
 - Cryptographic algorithms, Real time authentication, Biometric “match on card”
 - Embedded virtual machines (Java and others).
- ▶ **Contactless technologies**
 - NFC (Near Field Communication)
 - Dual Interface technologies (cross market requirements with ID Solutions)

Note:

1. EuropayMastercardVisa

SMART CARDS

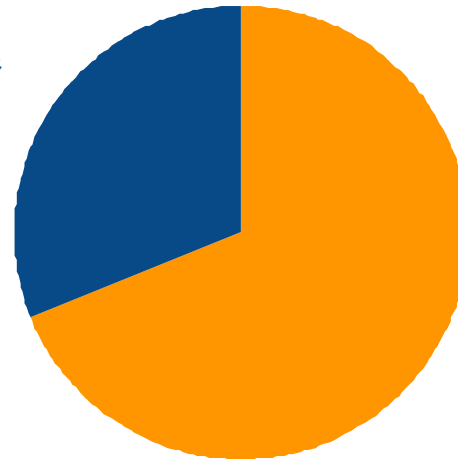
END MARKETS BREAKDOWN

Smart Cards market¹

€2.9bn



Banking &
Loyalty
31%



Telecoms
69%



EXPECTED MARKET GROWTH OF c.12% OVER 2008-2012

Note:

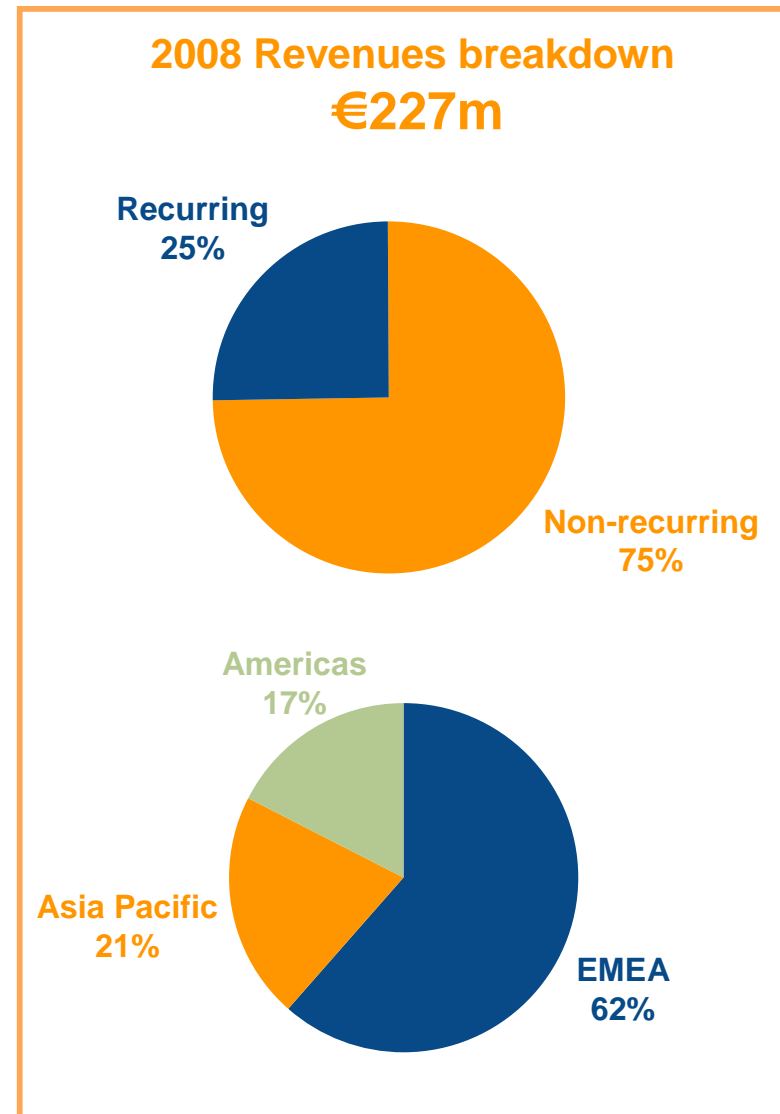
1. Smart cards for Government & healthcare are included in the Biometric ID segment

Sources : Frost & Sullivan and Sagem Orga

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OVERVIEW OF SMART CARDS

- ▶ Pioneer in the smart card industry with more than 30 years experience
- ▶ Global market player
- ▶ Long-term track record with top tier clients worldwide
- ▶ Trusted partner in secure handling of sensitive data
- ▶ Comprehensive state-of-the-art product offering for Telecom and Banking customers
- ▶ Global reach with 2 R&D centres (Germany and India) and 4 leading-edge factories (Brazil, Germany, India, and Russia)
- ▶ c.2,200 employees in 5 sites



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Recurring revenues = services, upgrades, maintenance, consumables related to long-term contracts

SMART CARDS

MAIN PRODUCT OFFERING

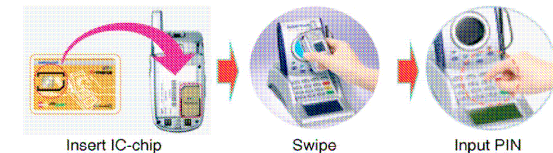
Banking

- ▶ **Full range of Banking cards for worldwide market**
 - EMV certified in all major countries
 - Contactless
 - e-Purse
- ▶ **Secure printing and personalization services**



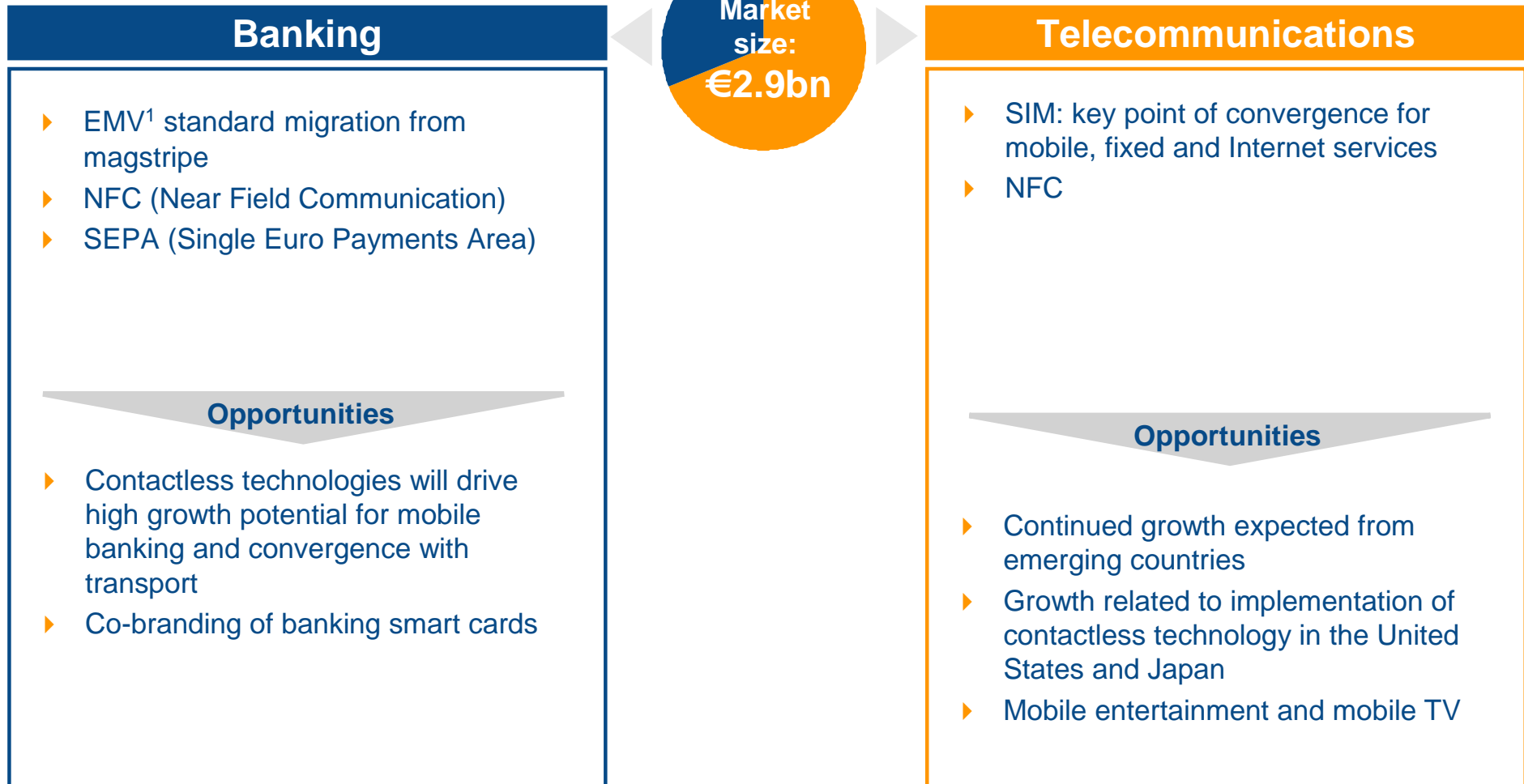
Telecoms

- ▶ **Full range of SIM cards meeting all 1st Tier Telco operators needs**
 - SIM cards from 16K to 256K
 - High capacity SIM cards (> 128 MB)
 - M2M (Machine to Machine) SIM cards
 - Mobile TV and Digital Rights Management
- ▶ **SIM based services**
 - Mobile Payment, Phone Book back-up



SMART CARDS

MARKET DRIVERS



EXPECTED MARKET GROWTH OF c.12% OVER 2008-2012

Note:
1. EuropayMastercardVisa



Entering the promising Detection market

WHAT IS DETECTION?

Detection aims at identifying threats such as explosives and narcotics in baggage and on individuals on sensitive sites through non invasive techniques

Products / Fields

- ▶ **EDS (Explosive Detection System):** large or medium size systems enabling the detection of explosives
- ▶ **Trace Detection:** smaller systems enabling the detection of traces of explosives and narcotics on baggage and individuals
- ▶ **NRBC detection:** detection equipment for Nuclear, Radioactive, Biological and Chemical threats



Main Technologies

- ▶ **Computed tomography (CT):** technology generating a 3D image of the inside of an object with millimetric accuracy
- ▶ **X-ray / Multi-view X-ray:** technology generating a series of 2D images with centimetric accuracy
- ▶ **X-Ray Diffraction (XRD):** technology that reveals detailed information about the chemical composition of natural and manufactured materials
- ▶ **Ion Mobility Spectrometry (IMS):** technology that reveals traces of explosives and narcotics



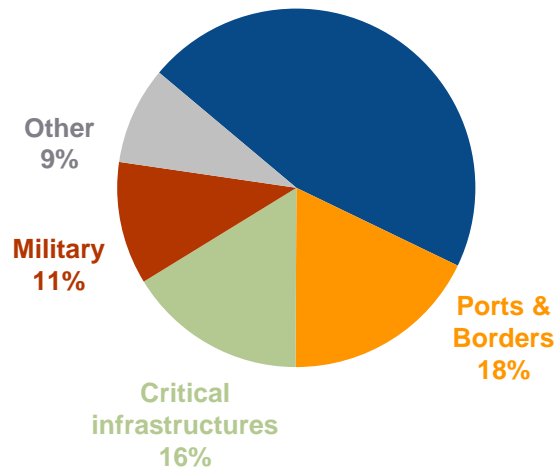
DETECTION BUSINESS

END MARKETS BREAKDOWN

Explosives Detection – €1.8bn

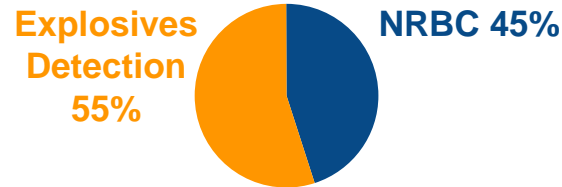
Aviation 46%

- ▶ Check baggage: 50%
- ▶ Carry-on baggage: 30%
- ▶ Trace: 20%



Global Detection market

€3.3bn



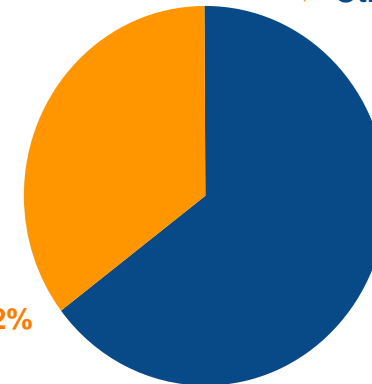
NRBC – €1.5bn

Rad / Nuc 65%

- ▶ Non-Intrusive Inspection: 43%
- ▶ Handhelds: 7%
- ▶ Other: 50%

Chem / Bio 35%

- ▶ US Military: 41%
- ▶ US Non-Military: 22%
- ▶ Europe: 17%
- ▶ Other: 20%

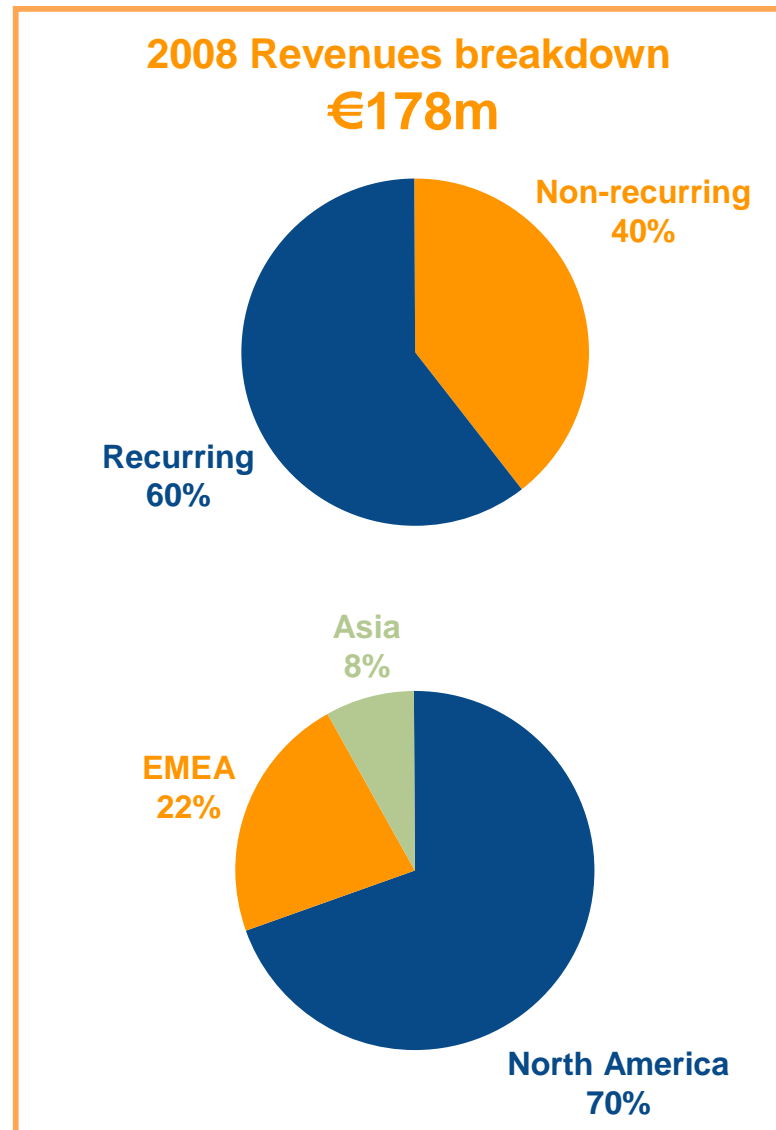


EXPECTED MARKET GROWTH OF c.12% OVER 2008-2012

Sources : TSA data, Sector publicly available information, Sagem Sécurité estimates

OVERVIEW OF DETECTION BUSINESS

- ▶ Global leader in baggage screening equipment with #1 position in the US
- ▶ CT¹ worldwide installed base > 1,600 units (c. 60% of the total CT installed base)
- ▶ Comprehensive product offering for the detection of potential threats in aviation / non aviation markets
- ▶ Best-in-class technology
- ▶ Resilient and growing business with major opportunities: US stimulus package and new regulation in Europe
- ▶ c.800 employees in 4 locations (3 in the US and 1 in Germany)



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Recurring revenues = services, upgrades, maintenance, consumables related to long-term contracts

DETECTION BUSINESS

A COMPREHENSIVE PRODUCT OFFERING

		Baggage Screening			Trace ²				NRBC ³		
Product Line	EDS ¹	CTX	XRD	X-Ray	Itemiser	Vapor Tracer	EntryScan	Mobile Trace	IPRL	StreetLab Mobile	SRT Kiosk
											
Threats	Explosives & Narcotics	✓	✓	✓	✓	✓	✓	✓			✓
	NRBC								✓	✓	

Notes:

1. Explosive Detection System

2. Detection of traces of explosives and narcotics

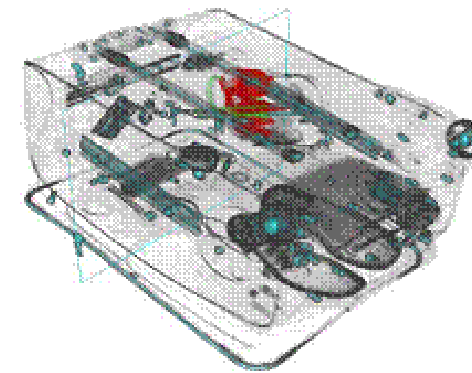
3. Detection of Nuclear, Radioactive, Biological and Chemical threats

BEST-IN-CLASS TECHNOLOGY

OVERVIEW OF THE CTX 9800

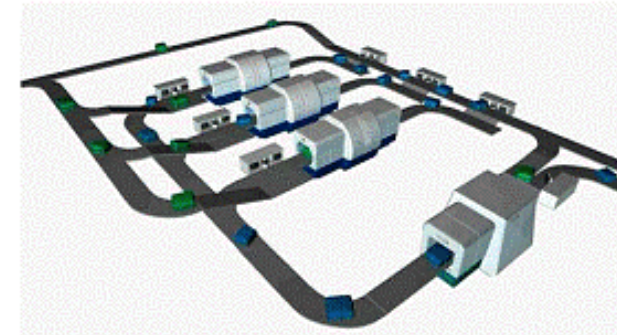
Currently seeking EU Standard 3 certification.
Certified by the TSA¹ in March 2009

Unique next-gen imaging quality



Plan to integrate in in-line system of systems²

- ▶ High throughput 750 baggages per hour (bph) with plan to reach 1,000 bph
- ▶ Highest throughput system certified by TSA to date
- ▶ High reliability
- ▶ Full 3D imaging
- ▶ Highest resolution in the industry



“The CTX 9800 will change our 5 year strategic roadmap dramatically”

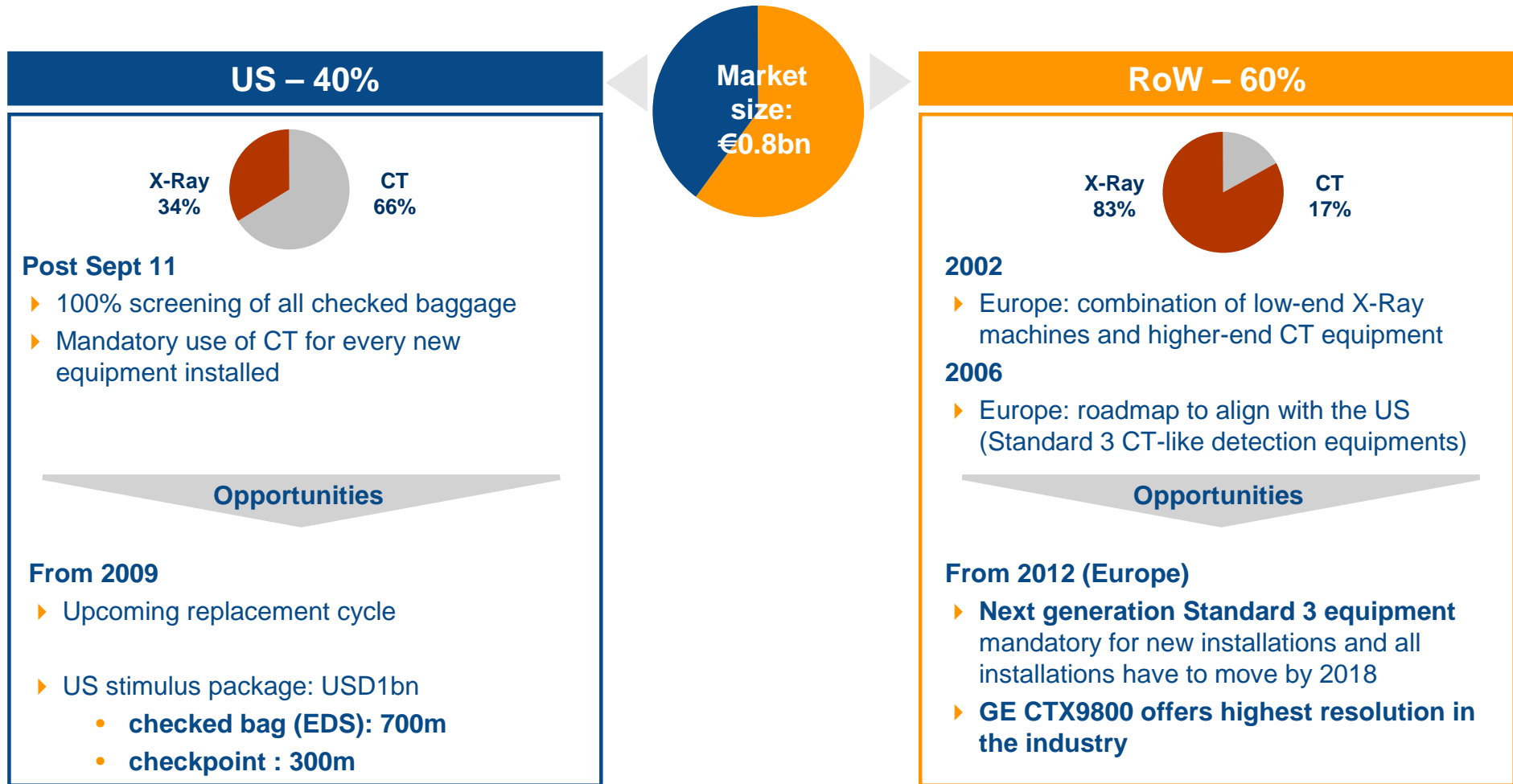
CEO of a North American air transport authority - October 2008

Notes:

1. Transportation Security Administration – US Department of Homeland Security
2. Integration of CT equipment with XRD equipment as currently with CTX 9000 and 9400

AVIATION SECURITY MARKET DRIVERS

CT: HIGHEST RESOLUTION TECHNOLOGY ENSURING RELIABLE DETECTION OF EXPLOSIVE SHEETS IN LUGGAGES



EXPECTED MARKET GROWTH OF c.12% OVER 2008-2012

NON-AVIATION MARKET DRIVERS

GROWING DEMAND FOR SENSITIVE SITES AND GROWTH IN NRBC

Sensitive Sites

Strategy

- ▶ Protect high-risk properties, in particular in volatile regions, by gathering our expertises and technologies (biometric ID, smart-cards and detection) within turn-key solutions

Opportunity

- ▶ Threat increase in public areas such as hotels, governmental buildings, schools and venues

Key products

Trace desktop



Trace handheld



Trace portal



Metal detector



Checkpoint X-Ray



Video



NRBC¹

Opportunity

Promising €1.5bn market in Nuclear / Radioactive and Chemical / Biological threats

Military driven market with strong growth in civil applications due to increase of threats

New Products

Leverage new products currently in development

IPRL²



StreetLab Mobile



EXPECTED MARKET GROWTH OF c.12% OVER 2008-2012

Notes:

1. Nuclear, Radioactive, Biological and Chemical threats

2. Interactive Personal Radiation Locator

Other activities within Security

OTHER ACTIVITIES - REVIEW

Products / Fields

- ▶ **Sustainable range of products**
 - Vehicle identification and monitoring systems: speed control, automatic plate recognition, make and model recognition, red lights enforcement
 - Gaming terminals
- ▶ **Trustworthy relationship through long term contracts**
 - French Ministry of interior, Belgium Police, Emirates
 - Française des Jeux, PMU, Loto Quebec,...
- ▶ **Robust business model with limited development costs**

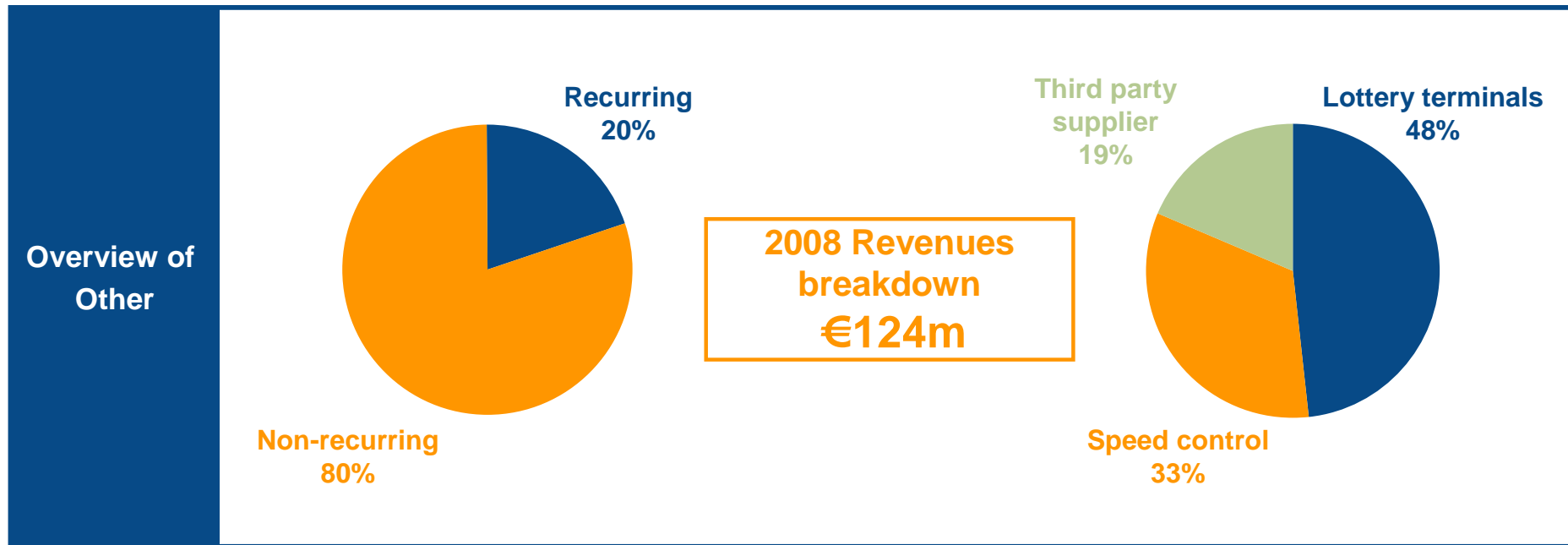


Main Technologies

- ▶ Cryptology and IT technology
- ▶ Secured embedded software
- ▶ Image capture
- ▶ Image recognition (plates, lottery tickets)

OPPORTUNISTIC APPROACH

OTHER – OVERVIEW AND MARKET DRIVERS



- Market Drivers**
- ▶ **Speed control**
 - Nascent market in automated vehicle speed control
 - Installed base deployment business model with local integrators
 - ▶ **Lottery terminals**
 - Government like relationships
 - Regulated environment
 - Need for security applications

N.B: Figures are 2008 provided on a proforma basis, taking into account the divestiture of the communication branch, the contribution of Monetel to Ingenico, and the acquisitions of SDU, Printrak and HLP on a full year basis

Recurring revenues = services, upgrades, maintenance, consumables related to long-term contracts



**Creation of a one-stop shop
in Security
to address future needs**

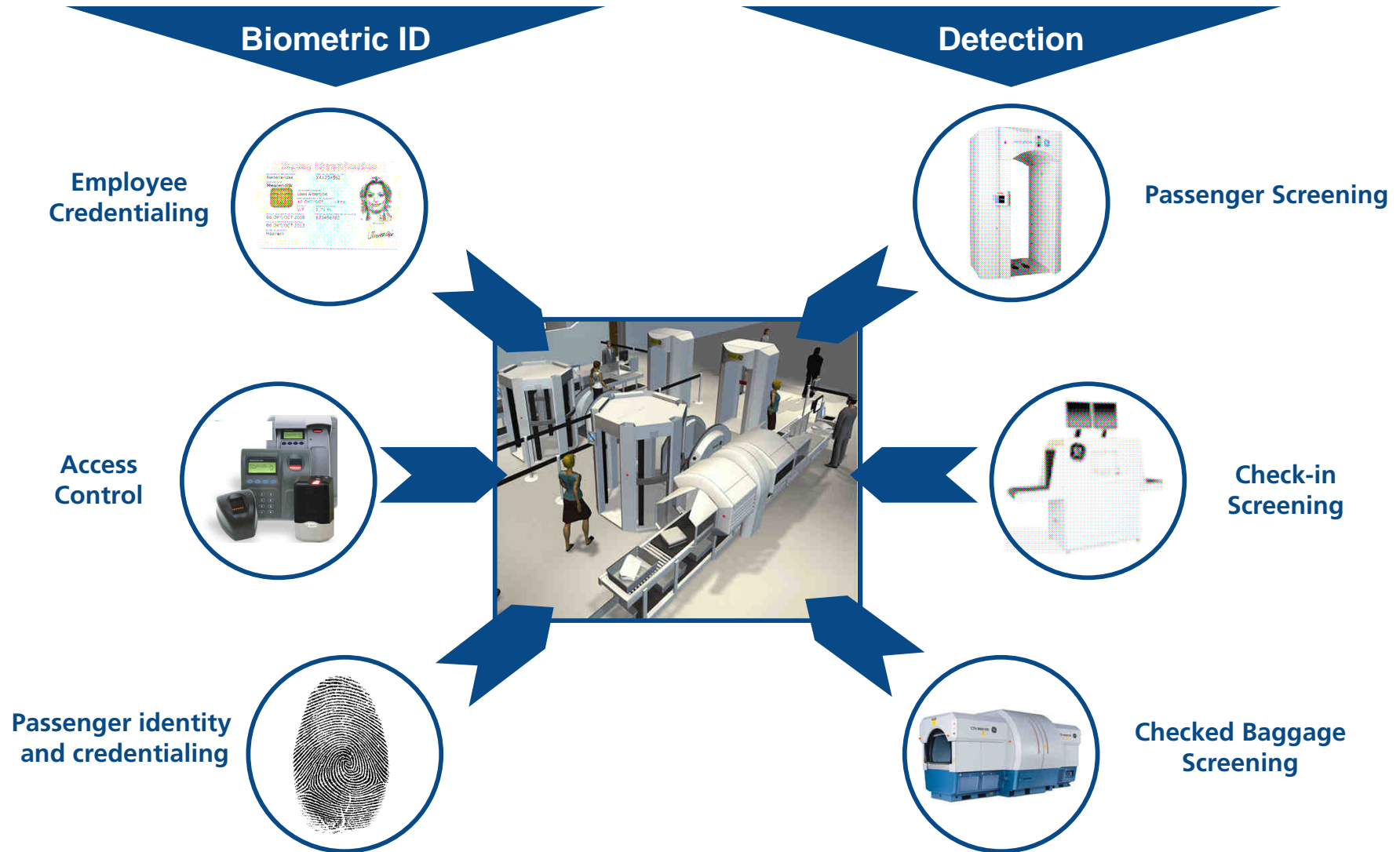
OUR VISION OF HOMELAND SECURITY





AIRPORT SECURITY TOMORROW

A UNIQUE INTEGRATED OFFERING ALONG THE SECURITY CHAIN



5 – CONCLUSION

Jean-Paul Herteman
CEO
SAFRAN

SAFRAN AND SECURITY (1/2)

CONSISTENT BUSINESS AND MANAGEMENT MODEL WITH STRONG COMPLEMENTARITY IN BUSINESS PROFILES

	Baseline common characteristics	Growth potential	Reduced or no exposure to aviation cycles	Reduced or no USD exposure	Product development payback ¹	Other characteristics	
Aerospace Propulsion	<ul style="list-style-type: none"> Tier-one positioning High access barriers Long-term trustworthy client relationships 	++			10 to 20	Strong transatlantic assets	
Aerospace Equipment		++			~10		
Defence		+ Balanced OEM/Services mix	+	✓	✓	5 to 10	Dual use (Commercial + Defence)
Security		+ + + Sustainable and profitable growth	+ + +	✓	✓	1 to 5	Strong transatlantic assets

Note:

1. Break-even in years

SAFRAN AND SECURITY (2/2)

CONSISTENT BUSINESS AND MANAGEMENT MODEL WITH STRONG
COMPLEMENTARITY IN BUSINESS PROFILES

10 TO 15
YEARS
PERSPECTIVES
FOR SAFRAN
SECURITY

- ▶ Growing 2x faster than the rest of Safran
- ▶ Up to 20% of Safran revenues and operating margins
- ▶ ROCE equivalent or better than the rest of Safran

Note:
1. Break-even in years

Q&A