

**L PRESS RELEASE****Safran reports solid revenue organic growth  
in third quarter 2022****Adjusted data**

- Q3 revenue €4,849 million, up 29.9% (+8.0% sequentially) and up 17.9% organic
- 9m revenue €13,409 million, up 26.4% (up 17.5% organic)

**Consolidated data**

- Q3 revenue: €5,052 million
- 9m revenue: €13,727 million

**Revenue and free cash flow full-year 2022 outlook raised****Governance**

- *Proposed re-appointment of Ross McInnes and Olivier Andriès as Directors at 2023 Annual General Meeting, and subsequently the Board will re-appoint them as Chairman and CEO respectively*

**Foreword**

- All figures in this press release represent adjusted data, except where noted. Please refer to the definitions and reconciliation between 9 month 2022 consolidated revenue and adjusted revenue. Please refer to the definitions contained in the footnotes and in the Notes on page 7 of this press statement.
- Organic variations exclude changes in scope and currency impacts for the period.

CEO Olivier Andriès said: “*Strong business momentum continues in a context of persistent supply chain disruption and rising inflation which we are managing with a sharper focus on pricing and continued efforts on operational performance. Q3 sales benefitted from a strong air traffic summer season, pre-buying of CFM56 spare parts as well as increased LEAP engines deliveries. On the back of the 9m performance, we raise our full-year outlook to reflect currency changes and confidence in our ability to deliver.*”

## Revenue Q3 and 9m 2022

The global narrowbody capacity continues to increase throughout Q3 2022 in all geographies except China. In the first nine months of 2022, narrowbody ASK were at 81% (on average) of 2019, with Q3 2022 at 86% of Q3 2019.

### ➤ Q3 2022

Sales for the third quarter increased by 29.9% at €4,849 million compared to Q3 2021. Change in scope was €4 million<sup>1</sup>. Currency impact of €442 million reflects a positive translation impact of USD revenues, with an average €/€ spot rate of 1.01 in Q3 2022 (1.18 in Q3 2021). €/€ hedge rate was at 1.15 (1.16 in Q3 2021). Q3 2022 revenue was up 8.0% sequentially thanks to Propulsion and Aircraft Interiors activities.

**On an organic basis**, Q3 2022 revenue increased by 17.9%:

- **Propulsion** increased by 25.9% driven by a strong civil aftermarket activity (+36% in \$) supported by a higher level of spare parts sales for CFM56 ahead of annual catalog list price increases. Spare parts sales for high trust engines and service contracts increased at a slower pace. In Q3 2022, combined shipments of CFM engines reached 364 units (347 LEAP and 17 CFM56), compared with 256 in Q3 2021. LEAP deliveries increased sequentially by 54% from 226 units in Q2 2022 to 347 in Q3 2022 albeit still below airframers demand. Military engine activities were down due to lower M88 deliveries and despite higher services. Helicopter turbine activities saw a decrease for services and stable OE activity;
- **Equipment & Defense** was up 7.3% driven by solid aftermarket services. OE sales were flat with an increase in nacelles (LEAP-1A powered A320neo and A330neo) and Aerosystems activities (Safety and Fuel & Fluid systems) and low widebody build rates. Avionics activities (FADEC for LEAP) were up during the third quarter;
- **Aircraft Interiors** revenue increased by 22.1% driven by a strong OE Cabin activity (toilets and galleys for A320) as well as services. OE Seats activity (Polaris business class seats program) decreased slightly during the quarter. A positive contribution was recorded in IFE activities, both OE and services.

### ➤ 9m 2022

Revenue for the first nine month of 2022 amounted to €13,409 million, up 26.4% compared to 9m 2021. Sales increased by 17.5% on an organic basis mainly due to Propulsion (o/w civil aftermarket, +43% in \$) and Aircraft Interiors activities. Change in scope was €(33) million<sup>2</sup>. Currency impact of €975 million reflects a positive translation impact of USD revenues, with an average €/€ spot rate of 1.06 in 9m 2022 (1.20 in 9m 2021). €/€ hedge rate was at 1.15 (1.16 in 9m 2021).

## Bolt-on acquisition

The Group entered into exclusive negotiations with Thales to acquire its electrical systems activities:

- c.600 people and revenues of €124 million in 2021;
- Contribution to Safran's portfolio of activities, which would expand further in the area of power generation and electric motors in the commercial and military aerospace sector;
- Closing expected in 2023.

<sup>1</sup> Divestment of Safran Ventilation Systems Oklahoma (Enviro Systems) in November 2021 and Arresting Systems in June 2022. Acquisition of Orolia in July 2022.

<sup>2</sup> Divestment of EVAC in June 2021, Safran Ventilation Systems Oklahoma (Enviro Systems) in November 2021 and Arresting Systems in June 2022. Acquisition of Orolia in July 2022.

## Currency hedges

The hedge book amounts to \$50.1 billion in September 2022, compared to \$45.1 billion in July 2022 notably due to the activation of additional hedging related to the EUR/USD rally below parity. The current environment enables a gradual improvement of hedge rates but has a dilutive impact on operating margin.

2022 is hedged: targeted hedge rate of \$1.15, for an estimated net exposure of \$9.0 billion.

2023 and 2024 are hedged: targeted hedge rate between \$1.13 and 1.15 (\$1.14-1.16 previously), for a respective estimated net exposure of \$10.0 billion and \$11.0 billion.

2025 and 2026 are hedged: targeted hedge rate between \$1.12 and 1.14 (\$1.14-1.16 previously), for a respective estimated net exposure of \$12.0 billion and \$13.0 billion

2027 starting to be hedged: \$2 billion hedged out of an estimated net exposure of \$13.0 billion.

## Full-year 2022 outlook

Safran raises its revenue and free cash flow full-year outlook to reflect solid growth in services and new currency assumptions:

- Revenue around €19.0 billion at a €/€ spot rate of 1.05 (versus €18.2-18.4 billion at 1.10 previously);
- Free cash flow generation above €2.4 billion (versus €2.4 billion previously).

Safran's recurring operating margin is expected to be around 12.6% at the new €/€ spot rate of 1.05, and takes into account the impact of returning 100% of the optional profit-sharing to French employees. At the initial outlook €/€ spot rate of 1.18, this margin would be slightly above 13%.

The main underlying assumptions are confirmed, in particular those relating to civil aftermarket revenue growth between 25% and 30% (in \$ compared to 2021) and no further major disruption to the world economy.

## Liability management transaction

Safran announces a liability management transaction aimed at eliminating the potential dilution risk (2.18% of capital) related to the 2027 convertible bonds<sup>3</sup> (2027 OCEANEs). Safran will thus repurchase up to 9.4 million of its own shares, representing 2.2% of capital. The 2027 OCEANEs have a nominal value of €108.23.

Safran will assess in due course the opportunity to hedge the potential dilution risk linked to its other convertible debt instrument (2028 OCEANE).

## Governance

At its meeting on October 27, 2022, on the recommendation of its Appointments and Compensation Committee, the Board of Directors took the following decisions concerning the Chairman, Ross McInnes, and the Chief Executive Officer, Olivier Andriès, whose terms of office as Directors will expire at the close of the 2023 Annual General Meeting:

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<sup>3</sup> 9,239,581 2027 OCEANEs issued, all still outstanding. Maturity date 15 May 2027. Safran has an early redemption option if, as from June 5, 2024, the share price is higher than 130% of the conversion price of the 2027 OCEANEs (currently €139.44). Refer to the Terms and Conditions of the 2027 OCEANEs available on Safran website.

➤ **Concerning the Chairman, Ross McInnes**

The Board decided that it will propose that 2023 Annual General Meeting re-appoint Ross McInnes as a Director (4 years).

It also decided that assuming Ross McInnes is re-appointed as a Director by the Annual General Meeting, it will then re-appoint him as Chairman of the Board, for the duration of his term of office as Director (4 years).

➤ **Concerning the Chief Executive Officer, Olivier Andriès**

The Board decided that it will re-appoint Olivier Andriès as Chief Executive Officer at the close of the 2023 Annual General Meeting.

It also decided that it will invite shareholders at this Annual General Meeting to re-appoint Olivier ANDRIES as a Director.

The Board thus reaffirms:

- the value it attaches both to the separation of the roles of Chairman of the Board of Directors and Chief Executive Officer and to their performance in the exercise of their respective duties; the complementary profiles, expertise and careers of the Chairman of the Board of Directors and of the Chief Executive Officer are a major factor ensuring the Group's smooth governance, based on transparency between Executive Management and the Board of Directors, and a balanced distribution of the respective roles of Chairman and Chief Executive Officer, with an efficient separation of functions;
- its continuing belief that it is useful, necessary and of real value, for the Chief Executive Officer to be also a Director of the Company, as it enables the Chief Executive Officer to be among his peers around the Board table, and also enables the Board to benefit from his presence.

## Agenda

FY 2022 earnings	February 17, 2023
Q1 2023 revenue	April 26, 2023
2023 Annual General Meeting	May 25, 2023
H1 2023 earnings	July 27, 2023

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Safran will host today a conference call open to analysts, investors and media at 9.00 am CET which can be accessed at +33 (0)1 72 72 74 03 (France), +44 (0)207 194 3759 (UK) and +1 (646) 722 4916 (US) (access code for all countries: 39474957#).

Please ask for the "Safran" conference and state your name. We advise you to dial in 10 minutes before the start of the conference.

A replay of the conference call will be available until January 26, 2023 at +33 (0)1 70 71 01 60, +44 (0) 203 364 5147 and +1 646 722 4969 (access code for all countries: 425024319#).

The press release and presentation are available on the website at [www.safran-group.com](http://www.safran-group.com) (Finance section).

## Key figures

### 1. Segment breakdown

Segment breakdown of adjusted revenue (In Euro million)	9m 2021	9m 2022	% change	% change in scope	% change currency	% change organic
Propulsion	5,061	6,679	32.0%	-	9.7%	22.3%
Equipment & Defense	4,507	5,326	18.2%	0.3%	7.8%	10.1%
Aircraft Interiors	1,031	1,392	35.0%	(4.5)%	12.7%	26.8%
Holding company & Others	11	12	n/s	n/s	n/s	n/s
<b>Total Group</b>	<b>10,610</b>	<b>13,409</b>	<b>26.4%</b>	<b>(0.3)%</b>	<b>9.2%</b>	<b>17.5%</b>

OE / Services adjusted revenue breakdown (In Euro million)	9m 2021		9m 2022	
	OE	Services	OE	Services
<b>Propulsion</b>	<b>1,977</b>	<b>3,084</b>	<b>2,451</b>	<b>4,228</b>
% of revenue	39.1%	60.9%	36.7%	63.3%
<b>Equipment &amp; Defense</b>	<b>2,965</b>	<b>1,542</b>	<b>3,289</b>	<b>2,037</b>
% of revenue	65.8%	34.2%	61.8%	38.2%
<b>Aircraft Interiors<sup>4</sup></b>	<b>742</b>	<b>289</b>	<b>976</b>	<b>416</b>
% of revenue	72.0%	28.0%	70.1%	29.9%

Segment breakdown of adjusted revenue (In Euro million)	Q3 2021	Q3 2022	% change	% change in scope	% change currency	% change organic
Propulsion	1,812	2,503	38.1%	-	12.2%	25.9%
Equipment & Defense	1,535	1,820	18.6%	0.9%	10.4%	7.3%
Aircraft Interiors	385	522	35.6%	(2.6)%	16.1%	22.1%
Holding company & Others	2	4	n/s	n/s	n/s	n/s
<b>Total Group</b>	<b>3,734</b>	<b>4,849</b>	<b>29.9%</b>	<b>0.1%</b>	<b>11.9%</b>	<b>17.9%</b>

OE / Services adjusted revenue breakdown (In Euro million)	Q3 2021		Q3 2022	
	OE	Services	OE	Services
<b>Propulsion</b>	<b>682</b>	<b>1,130</b>	<b>944</b>	<b>1,559</b>
% of revenue	37.6%	62.4%	37.7%	62.3%
<b>Equipment &amp; Defense</b>	<b>985</b>	<b>550</b>	<b>1,115</b>	<b>705</b>
% of revenue	64.2%	35.8%	61.3%	38.7%
<b>Aircraft Interiors<sup>4</sup></b>	<b>272</b>	<b>113</b>	<b>363</b>	<b>159</b>
% of revenue	70.6%	29.4%	69.5%	30.5%

2022 revenue by quarter (In Euro million)	Q1 2022	Q2 2022	Q3 2022	9m 2022
Propulsion	1,942	2,234	2,503	6,679
Equipment & Defense	1,716	1,790	1,820	5,326
Aircraft Interiors	409	461	522	1,392
Holding company & Others	4	4	4	12
<b>Total Group</b>	<b>4,071</b>	<b>4,489</b>	<b>4,849</b>	<b>13,409</b>

2021 revenue by quarter (In Euro million)	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021
Propulsion	1,561	1,688	1,812	2,378	7,439
Equipment & Defense	1,464	1,508	1,535	1,818	6,325
Aircraft Interiors	313	333	385	444	1,475
Holding company & Others	4	5	2	7	18
<b>Total Group</b>	<b>3,342</b>	<b>3,534</b>	<b>3,734</b>	<b>4,647</b>	<b>15,257</b>

Euro/USD rate	Q3 2021	Q3 2022	9m 2021	9m 2022
Average spot rate	1.18	1.01	1.20	1.06
Spot rate (end of period)	1.16	0.97	1.16	0.97
Hedge rate	1.16	1.15	1.16	1.15

<sup>4</sup> Retrofit is included in OE

## 2. Number of products delivered on major aerospace programs

<i>Number of units delivered</i>	Q3 2021	Q3 2022	% change
LEAP engines	226	347	54%
CFM56 engines	30	17	(43)%
High thrust engines	58	40	(31)%
Helicopter turbines	110	128	16%
M88 engines	15	9	(40)%
787 landing gears sets	5	6	20%
A350 landing gears sets	8	8	0%
A330neo nacelles	6	10	67%
A320neo nacelles	142	153	8%
Small nacelles (biz & regional jets)	95	113	19%
Lavatories A350	59	53	(10)%
Business class seats	490	377	(23)%
Emergency slides A320	1,083	1,335	23%
Primary power distribution system 787	20	31	55%

<i>Number of units delivered</i>	9m 2021	9m 2022	% change
LEAP engines	625	812	30%
CFM56 engines	79	44	(44)%
High thrust engines	196	131	(33)%
Helicopter turbines	394	355	(10)%
M88 engines	46	29	(37)%
787 landing gears sets	30	7	(77)%
A350 landing gears sets	28	31	11%
A330neo nacelles	12	38	217%
A320neo nacelles	406	437	8%
Small nacelles (biz & regional jets)	282	383	36%
Lavatories A350	195	241	24%
Business class seats	1,177	1,195	2%
Emergency slides A320	2,791	3,415	22%
Primary power distribution system 787	154	60	(61)%

## Notes

Adjusted revenue:

To reflect the Group's actual economic performance and enable it to be monitored and benchmarked against competitors, Safran prepares an adjusted income statement in addition to its consolidated financial statements.

Safran's consolidated revenue has been adjusted for the impact of:

- the mark-to-market of foreign currency derivatives, in order to better reflect the economic substance of the Group's overall foreign currency risk hedging strategy:
  - revenue net of purchases denominated in foreign currencies is measured using the effective hedged rate, i.e., including the costs of the hedging strategy,
  - all mark-to-market changes on instruments hedging future cash flows are neutralized.

The resulting changes in deferred tax have also been adjusted.

Third-quarter 2022 and 9m 2022 reconciliation between consolidated revenue and adjusted revenue:

Q3 2022	Consolidated revenue	Hedge accounting		Business combinations		Adjusted revenue
		Remeasurement of revenue	Deferred hedging gain (loss)	Amortization intangible assets - Sagem-Snecma	PPA impacts - other business combinations	
<i>(In Euro million)</i>						
<b>Revenue</b>	<b>5,052</b>	(203)	-	-	-	<b>4,849</b>

9m 2022	Consolidated revenue	Hedge accounting		Business combinations		Adjusted revenue
		Remeasurement of revenue	Deferred hedging gain (loss)	Amortization intangible assets - Sagem-Snecma	PPA impacts - other business combinations	
<i>(In Euro million)</i>						
<b>Revenue</b>	<b>13,727</b>	(318)	-	-	-	<b>13,409</b>

**Safran** is an international high-technology group, operating in the aviation (propulsion, equipment and interiors), defense and space markets. Its core purpose is to contribute to a safer, more sustainable world, where air transport is more environmentally friendly, comfortable and accessible. Safran has a global presence, with 76,800 employees and sales of 15.3 billion euros in 2021, and holds, alone or in partnership, world or regional leadership positions in its core markets. Safran undertakes research and development programs to maintain the environmental priorities of its R&T and Innovation roadmap.

Safran is listed on the Euronext Paris stock exchange and is part of the CAC 40 and Euro Stoxx 50 indices.

For more information : [www.safran-group.com](http://www.safran-group.com) / Follow @Safran on Twitter 

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*The foregoing list of factors is not exhaustive. Forward-looking statements speak only as of the date they are made. Safran does not assume any obligation to update any public information or forward-looking statement in this document to reflect events or circumstances after the date of this document, except as may be required by applicable laws.*

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