WELCOME

Peter CAMPBELL
Vice President, Investor Relations
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SAFE HARBOR STATEMENT

These documents contain forward-looking statements. All statements other than statements of historical fact 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 statements may be identified by words such as "expect," "look forward to," "anticipate," "intend," "plan," "believe," "seek," "estimate," "will," "project" or words of similar meaning. We may also make forward-looking statements in other reports, in presentations, in material delivered to shareholders and in press releases. In addition, our representatives may from time to time make oral forward-looking statements. These forward-looking statements are subject to both 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 current expectations and 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 are set out in our Annual Report and 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 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.
DEFINITIONS

All figures in this presentation represent Adjusted data

Safran’s consolidated income statement has been adjusted for the impact of:

- Purchase price allocations with respect to business combinations. Since 2005, this restatement concerns the amortization charged against intangible assets relating to aircraft programmes revalued at the time of the Sagem-Snecma merger. With effect from the first-half 2010 interim financial statements, the Group has decided to restate the impact of purchase price allocations for business combinations. In particular, this concerns the amortization of intangible assets recognized at the time of the acquisition, and amortized over extended periods, due to the length of the Group’s business cycles, along gains or losses remeasuring the Group’s previously held interests in an entity acquired in a step acquisition or assets contributed to a JV.

- 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 foreign currency derivatives hedging future cash flows is neutralized.

The resulting changes in deferred tax have also been adjusted

Recurring operating income

- It excludes income and expenses which are largely unpredictable because of their unusual, infrequent and/or material nature such as impairment losses/reversals, capital gains/losses on disposals of operations and other unusual and/or material non operational items

Civil aftermarket (expressed in USD)

- This non-accounting indicator (non audited) comprises spares and MRO (Maintenance, Repair & Overhaul) revenue for all civil aircraft engines for Snecma and its subsidiaries and reflects the Group’s performance in civil aircraft engines aftermarket compared to the market.
CMD’16

Ross McINNIES
Chairman of the Board
CEO PERSPECTIVE

Philippe PETITCOLIN
CEO
## MARKET DRIVING FORCES FOR SAFRAN

1. The civil aerospace market offers attractive resilient growth perspectives, **outperforming world GDP growth**

2. Aircraft manufacturers are implementing **stepwise product improvement strategies** before the next generation aircraft (2030+): incremental innovation is mandatory in parallel with the preparation of disruptive innovation

3. More electrical power on-board: a great opportunity to optimize propulsive vs. non propulsive energy, a **game changer**

4. The momentum in defence markets and the complexity of modern threats create needs for **equipments in high-tech niches**, serving dual use applications (IR sensors, precision navigation systems, critical electronics, UAV)

5. The **digital revolution** is about new business opportunities (e.g. digital identity), new ways of doing business (e.g. smart MRO), better efficiency (e.g. big data to improve industrial process control)… but potentially new types of players.

6. Our markets (commercial and governmental) are affected by the global economic environment with resulting heavy **pressure on cost** and **new economic models** (public-private partnerships, amortization of investments in recurring revenues)
COMMERCIAL AVIATION: STRONG / RESILIENT PROSPECTS
2015-2034 COMMERCIAL AVIATION MARKET OUTLOOK

Source: Snecma Market Strategy - cross-matched with Airbus and Boeing market assumptions

20-year Annual Economic Growth
+3.1%

20-year Annual RPK Traffic Growth
+4.7%

20-year Annual Global Fleet Growth
x1.9

20-year New Aircraft Deliveries
37,500

Planned 20-Year Deliveries of New Aircraft

2,700 TURBOPROP AIRCRAFT

3,600 REGIONAL JETS

22,400 SHORT-MEDIUM RANGE AIRCRAFT

8,800 LONG RANGE AIRCRAFT

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2015-2034 TRAFFIC PROJECTIONS
KEY REGIONAL FLOWS IN 20 YEARS

Top 2034 Traffic Flows (RPKs)

The 3 largest flows will be domestic (China, Europe, North America)
The 2 largest international flows will be America-centric (w/ Europe, w/ China)
Traffic doubles every 15 years, exceeding world GDP growth

Pauses in traffic growth are recovered rapidly

Traffic growth turns into growth in engine flight hours
  • Attractive recurring revenues in aftermarket

Traffic growth calls for fleet expansion
  • Fleet size increase = (OE deliveries) – (removals)
  • Quality of the backlog
COMMERCIAL AVIATION MARKET RESILIENCE
TRAFFIC DOUBLES EVERY 15 YEARS – PAUSES ARE RECOVERED RAPIDLY

1980-2034 Passenger Network, Worldwide

- **2014 – 2034 RPK GROWTH**
  - +4.7%

- **Air traffic has doubled every 15 years**

- **Air traffic will double in the next 15 years**

Sources: Snecma Market Strategy, OAG

**RPK Traffic Forecast**

- **GULF WAR**
- **9/11**
- **LEHMAN & FINANCIAL CRISIS**

**RPK – Revenue Passenger Kilometer (in billions)**

- **2014**

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STRATEGIC DIRECTIONS - AEROSPACE PROPULSION
COMMERCIAL AVIATION

The 18-50 klbf thrust-class is core and key (CFM JV)
- Addresses the bulk of the market (small-medium range = 60% of aircraft deliveries in the 2015-2034 time frame)
- The LEAP OE production will probably go beyond 2035, with aftermarket revenues beyond 2060
- The CFM partnership is the framework for the development of a new engine suited for a potential middle-of-market aircraft
- R&T projects support the preparation of next-generation engines

Safran is risk-sharing partner of GE on large commercial engines (GE90 → GE9X, GP7200…)

Safran as a full-fledged commercial engine manufacturer
- The full spectrum of technologies: advanced metallic and composite materials, FADEC, low emission combustor, high pressure single-crystal turbine blades, TiAl blades…
- Regional (SaM146) and bizjet segments (Silvercrest) give access to markets adjacent the CFM partnership
  - SaM146 for SSJ100: in operation – positive feedback from airlines (Interjet, Cityjet)
  - Silvercrest for Dassault Falcon 5X: development in progress
STRATEGIC DIRECTIONS - AEROSPACE PROPULSION

MILITARY

➤ M88 – Rafale
  • Combat-proven reliability and performance
  • Export contracts drive investments to triple the monthly production rate (from 2 to 6 engines)
  • Attractive prospects in revenues and margins with the mix of domestic and export contracts

➤ Future military aircraft and engines are likely to be developed in European cooperation
  • The TP400 for A400M Atlas has paved the way for cooperation
  • The FR-UK FCAS program (Future Combat Aircraft System) is setting a framework for this cooperation
    ➤ Safran / Rolls-Royce is the engine team
  • Safran R&T effort is preparing cutting-edge engine technologies that will serve both military and commercial designs (ex: ceramic turbine blades)

➤ Services
  • Good prospects linked to demonstrated utilization of M88 and M53 and order book for M88 and TP400
  • Improve operational efficiency of the industrial support for in-service military engine fleet.
    Safran site opened in 2015 close to French Air Force Logistics Support Command (Bordeaux, France)
The helicopter market is currently facing headwinds

- The cyclicality of segments exposed to macroeconomic influences is more pronounced than in commercial aviation
  - Oil&Gas is the most profitable segment (flight hours), suffers today from the dramatic drop of oil prices that turns into strong reduction of exploration programmes at energy companies
- Both OE sales and flight hours are affected
- Low-tide production level reached in 2015

Strategic directions for helicopter engines

- Renew the existing turboshaft portfolio
  - Arrius 2R for the Bell 505
  - Arrano 1A for Airbus H160
- Develop high power engines (up to 3,000 shp)
- Investigate hybrid propulsion systems mixing different sources of power (for emergency regimes, for cruise optimization)
- Leverage the strong commercial position of Turbomeca in emerging countries with large markets (China, India)
STRATEGIC DIRECTIONS - AEROSPACE PROPULSION

SPACE

Safran and Airbus have decided to join forces in space launchers to reshuffle competitiveness of European access to space

- Creation of the 50/50 Airbus Safran Launchers JV in place since January 2015
- All space launchers-related assets and technologies are contributed by the mother companies to ASL. This comprises ballistic missile programmes and associated industrial assets
- Safran is contributing mainly the liquid space propulsion of Snecma and the solid propulsion of Herakles, plus related participations in existing JVs (with Avio in particular for solid propulsion)
- Balancing the value of respective contributed assets in a co-controlled JV will result in a balancing payment from Safran to Airbus

Status to date

- ASL is currently running Ariane 5 (in service), Ariane 6 (in development) and ballistic missile development and production programs
- Ariane 5 has an unprecedented flight record of 71 successes in a row
- The Ariane 6 initial development contract has been signed with ESA in August 2015. The contract to completion is to be negotiated in 2016
- ASL is acquiring a majority stake in Arianespace to streamline operations and reduce launch costs, subject to customary regulatory approval
STRATEGIC DIRECTIONS - AIRCRAFT EQUIPMENT
LANDING SYSTEMS

Strong positions in long lasting high volume programs through:

- More than 20,000 aircraft in service with Safran-MBD landing gear
- Wheels and Brakes: over 7,500 aircraft equipped with carbon brakes – high visibility on recurring revenues with fee-per-landing business model
- A success story sustained by a continuous effort in differentiation through innovation and technology
  - Carbon as a spin-off of space propulsion research in high temperature materials
  - Titanium cutting-edge metallurgy

Strategic directions

- Industrial productivity and capacity
- Development of worldwide MRO footprint
- Technology and innovation
  - Next generation carbon grade
  - Electric green taxiing system (EGTS)
Safran has invested to complement and develop the portfolio of technologies and equipments of the aircraft power systems

- Power generation with APU: acquisition by Microturbo of two bizjet programs from Pratt&Whitney in 2014
- Electric power generation: acquisition of GEPS in 2013
- Wiring: Labinal is world leader
- Power distribution: acquisition of Eaton PDMS division in 2014

Strategic directions

- Increase the maturity of the portfolio (variable vs. constant frequency equipments, solid-state power controllers, high power density generation and distribution, power and data transmission, user-friendly fault-detection in electrical chains...)
- Define with airframers optimized electrical architecture for incremental and disruptive aircraft evolutions
STRATEGIC DIRECTIONS - AIRCRAFT EQUIPMENT
NACELLES

➔ Nacelles procurement process
• Large commercial aircraft manufacturers select and procure nacelles separately from the selection of engines
  - exception: COMAC decided to procure an IPS (Integrated Propulsion System = engine + nacelle) for the C919
• Bizjet makers select and procure an IPS with very demanding design and performance requirements for the nacelle

➔ Safran-Aircelle
• Enjoys strong positions in the bizjet segment
• Exposed to A380 program volume variations, and unfavorable position in the aftermarket value chain of A320ceo
• Has captured two programs that will sustain mid-term sales growth and improve profitability:
  - the A320neo nacelle for the LEAP (OE and aftermarket) as prime contractor
  - the A330neo nacelle
• Has captured the nacelles for C919 (commercial) and Passport (bizjet)
• Is leveraging innovative technologies to reduce engine noise, accommodate higher engine temperatures, implement electric thrust reverser actuation for operational flexibility
• Strategic focus is on the development of positions in aftermarket
Safran-Hispano-Suiza is the specialist in engine mechanical transmission systems

- The economics of Hispano relies on two business streams:
  - Centre of competence for Accessory Drive Trains (ADT) serving Safran and CFM engines
  - Supplier of ADT for Rolls-Royce engines (Trent and bizjet engines)
- Hispano-Suiza has strengthened the business relationship with Rolls-Royce in the long run
  - Creation in 2015 of Aero Gearbox International (AGI)
    - 50/50 JV between Hispano and Rolls-Royce
    - Exclusive supplier of ADT for new Rolls-Royce engine programs

Strategic directions

- Improve competitiveness
  - Industrial footprint in Poland is instrumental to control costs
- Execute the technological roadmap to support future high bypass ratio engine architectures
STRATEGIC DIRECTIONS - DEFENCE

Safran-Sagem addresses directly niche defence market segments
- Inertial navigation systems
  - #1 in Europe, #3 worldwide
  - Mastering all key technologies: mechanical, laser and vibrating sensors / data treatment
- Optronics
  - #1 in Europe, #4 worldwide
  - High performance systems based on infrared detectors
- The combination of these technologies
  - a unique asset for critical applications in Defence and Aerospace ➔ ex: the Patroller

Safran-Sagem is the center of excellence of Electronics for the Group
- A key success factor for Safran:
  - Critical calculators for engines, equipments, avionics, …
  - Embedded solutions (hardware & software) in harsh environments

Strategic directions
- Improve competitiveness (cost, time-to-market)
- Preserve the competitive advantage through innovation and R&T: new sensors (IR, MEMS) and data processing embedded in multi-function equipments
- Increase commercial market penetration of dual-use products
  - Acquisition of Eaton Integrated Cockpit Solutions in 2015
  - Develop export military sales through partnership
STRATEGIC DIRECTIONS - DEFENCE
THE PATROLLER IS ICONIC OF THE VALUE BROUGHT BY SAGEM

- **RADAR**
  All-weather observation and ground target search

- **GROUND CONTROL STATION**
  Data reception, analysis and transmission to front-line units

- **HIGH-SPEED DATA LINK**
  Real-time control of the drone and its mission payload

- **AVIONICS**
  Guarantees in-flight reliability & controllability

- **GYROSTABILIZED OPTRONIC POD**
  Day/night, long-distance observation and identification
STRATEGIC DIRECTIONS – SECURITY

➡️ Safran-Morpho has developed a strong position in security businesses based on technological differentiation
   - Detection: CT, trace detectors
   - Biometrics for identity and security solutions

➡️ The digital transformation in services is driving growth in identity and security-related businesses
   - The market is moving to new areas, with double-digit growth prospects
     - e-commerce, e-banking, on-line parapublic services, digital authentication…
   - Capturing growth requires significant cash consumption to invest in activities with a different risk profile from the rest of Safran’s portfolio

➡️ Safran is considering a strategic move
   - Morpho Detection: discussions with several potential acquirers – exclusive negotiation and signing in the coming weeks
   - Review of strategic options to be conducted for the Morpho security and identity businesses
STRATEGY WRAP UP

- The future of Safran is the aerospace and defence markets
- The security market has its own characteristics and is becoming more and more digital
- For the next 25 years, the CFM partnership with GE will remain the core of our strategy in propulsion
- Outside the scope of this Joint Venture (business jets, regional, military, helicopters, …) Safran will remain open to any value-creating cooperation
- In the aerospace equipment segment, our landing systems and electrical businesses are self-sustaining and should work to maintain their position of world leader
- Our nacelle business will take advantage of the recent wins (A320neo, A330neo) which will represent 50% of its activity in 2020
Opportunities which will reinforce our footprint in aerospace equipment, with a DNA (High Tech / Tier 1 / recurrent services aftermarket) close to ours will be looked at, with appropriate financial discipline

Our defence business is a niche business and we are happy with it

In security, we have decided to put our detection activity up for sale

The strategic options for identity and security business are under review and we do not rule out any option