CREATING A GLOBAL LEADER IN AEROSPACE: SAFRAN TO ACQUIRE ZODIAC AEROSPACE

January, 19th 2017
IMPORTANT ADDITIONAL INFORMATION

This communication is not intended to and does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction in connection with the transaction or otherwise, nor shall there be any sale, issuance or transfer of securities in any jurisdiction in contravention of applicable law.

The tender offer and the merger are subject to consultation of the work’s council committees, execution of definitive documentation and obtaining of required regulatory and other customary authorisations. The tender offer and the merger would only be filed after such and other conditions have been fulfilled. These materials must not be released, distributed, directly or indirectly, in any jurisdiction where the distribution of such information is restricted by law.

It is intended that Safran and Zodiac Aerospace will file with the French Market Authority (“AMF”) a prospectus and other relevant documents with respect to the tender offer to be made in France, and with respect to the merger of Zodiac Aerospace into Safran. Pursuant to French regulations, the documentation with respect to the tender offer and the merger which, if filed, will state the terms and conditions of the tender offer and the merger will be subject to the review by the French Market Authority (AMF). Investors and shareholders in France are strongly advised to read, if and when they become available, the prospectus and related offer and merger materials regarding the tender offer and the merger referenced in this communication, as well as any amendments and supplements to those documents as they will contain important information regarding Safran, Zodiac Aerospace, the contemplated transactions and related matters.

ADDITIONAL U.S. INFORMATION

Any securities to be issued under the transaction may be required to be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”). The transaction will be submitted to the shareholders of Zodiac Aerospace for their consideration. If registration with the U.S. Securities and Exchange Commission (the “SEC”) is required in connection with the transaction, Safran will prepare a prospectus for Zodiac Aerospace’s shareholders to be filed with the SEC, will mail the prospectus to Zodiac Aerospace’s shareholders and file other documents regarding the proposed transaction with the SEC. Investors and shareholders are urged to read the prospectus and the registration statement of which it forms a part when and if it becomes available, as well as other documents that may be filed with the SEC, because they will contain important information. If registration with the SEC is required in connection with the transaction, shareholders of Zodiac Aerospace will be able to obtain free copies of the prospectus and other documents filed by Safran with the SEC at the SEC’s web site, http://www.sec.gov. Those documents, if filed, may also be obtained free of charge by contacting Safran Investor Relations at 2, Boulevard du Général Martial Valin 75724 Paris Cedex 15 – France or by calling (33) 1 40 60 80 80. Alternatively, if the requirements of Rule 802 under the Securities Act are satisfied, offers and sales made by Safran in the proposed business combination will be exempt from the provisions of Section 5 of the Securities Act and no registration statement will be filed with the SEC by Safran.

FORWARD-LOOKING STATEMENTS

This communication contains forward-looking statements relating to Safran, Zodiac Aerospace and their combined businesses, which do not refer to historical facts but refer to expectations based on management’s current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from those included in such statements. These statements or disclosures may discuss goals, intentions and expectations as to future trends, plans, events, results of operations or financial condition, or state other information relating to Safran, Zodiac Aerospace and their combined businesses, based on current beliefs of management as well as assumptions made by, and information currently available to, management. Forward-looking statements generally will be accompanied by words such as “anticipate,” “believe,” “plan,” “could,” “estimate,” “expect,” “forecast,” “guidance,” “intend,” “may,” “possible,” “potential,” “predict,” “project” or other similar words, phrases or expressions. Many of these risks and uncertainties relate to factors that are beyond Safran’s or Zodiac Aerospace’s control. Therefore, investors and shareholders should not place undue reliance on such statements. Factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to: the ability obtain the approval of the transaction by shareholders; failure to satisfy other closing conditions with respect to the transaction on the proposed terms and timeframe; the possibility that the transaction does not close when expected or at all; the risks that the new businesses will not be integrated successfully or that the combined company will not realize estimated cost savings and synergies; Safran’s or Zodiac Aerospace’s ability to successfully implement and complete its plans and strategies and to meet its targets; and the benefits from Safran’s or Zodiac Aerospace’s (and their combined businesses) plans and strategies being less than anticipated. The foregoing list of factors is not exhaustive. Forward-looking statements speak only as of the date they are made. Safran and Zodiac Aerospace do not assume any obligation to update any public information or forward-looking statement in this communication to reflect events or circumstances after the date of this communication, except as may be required by applicable laws.
Creation of global aerospace leader

**Comprehensive range of products and services, leading positions**
- Global leadership positions across whole aircraft value chain with world-class products and services with revenues of ~€21bn (of which ~€10bn in Equipment)
- Scaled up state-of-the-art R&D capabilities and programs, including in the “more electrical aircraft”

**Strengthened portfolio across OEMs, programs and airlines**
- Presence across all key aircraft programs, fuelling organic growth
- High technology content, tier 1 player with resilient post delivery and aftermarket businesses
- Enhanced commercial relationships with aircraft manufacturers and airlines

**Opportunities through integration and synergies**
- Annual €200m pre-tax run rate cost synergies already identified with progressive ramp-up over 3 years
- Zodiac Aerospace’s recovery in Seats and Cabins accelerated by integration with Safran and continued strict operational focus on Safran’s key programs
- Integration facilitated by shared values and cultural fit

**Disciplined financial approach driving value creation**
- Optimized and sound financial structure + solid cash generation profile
- Double-digit EPS accretion(1) as of the first full fiscal year of consolidation (2019)
- Safran’s shareholders to receive €5.5 dividend per share pre-merger and post-combination dividend payout in line with current practice

(1) Assuming 100% of targeted shares are tendered. Post phased synergies, before PPA and synergies costs of implementation.

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**Transaction highlights**

- **Safran to launch a public tender offer on Zodiac Aerospace** at a price of €29.47 per share in cash
  > The offer price represents a premium of 26.4% over Zodiac Aerospace’s closing price as of 18/01/17 and 36.1% over 3-month VWAP
- **Following the offer, Zodiac Aerospace will be merged with Safran**
  > Exchange ratio set at 97 Safran shares (ex-special dividend) for 200 Zodiac Aerospace shares (0.485 for 1)
- **Prior to the merger and subject to completion of the transaction, existing Safran shareholders will receive an special dividend of €5.5 per share**
- **Transaction Value of €9.7bn**
  > Transaction Value / LTM Current Operating Income of ~13x based on Zodiac Aerospace’s profitability guidance

**Reference shareholders support the transaction**

- Family shareholders and 2 institutional investors (FFP and Fonds Stratégique de Participations) of Zodiac Aerospace undertake to contribute their shares to the merger
- And together with the French State will own ~22% of Safran post-merger with a 2-year lock-up provision

**Approvals and timing**

- The proposed transaction has received the support of both Zodiac Aerospace’s Supervisory Board and Safran’s Board of Directors
- Completion of the proposed transaction will be subject to Safran’s and Zodiac Aerospace’s respective works council processes and shareholders approvals as well as regulatory approvals and other customary conditions
- Estimated close by early 2018
Zodiac Aerospace: unique opportunity to strengthen further Safran

High technological content
- Zodiac Aerospace state-of-the-art technologies and track record in complex certification
- First class R&D capabilities with over €300m of annual R&D budget, more than 4,000 engineers, 725 innovations p.a. and 1,540 registered patents

Tier 1 supplier with market leading positions
- Over 90% of Zodiac Aerospace revenues generated as Tier 1 supplier
- Zodiac Aerospace enjoys #1 or #2 positions in its segments (e.g. Aerosafety, Aircraft Systems, Seats, Cabins...) which are complementary to Safran’s

Maintain a high share of aftermarket and services
- Share of aftermarket / retrofit revenues bolsters Safran’s business mix
- Increased decorrelation from aircraft delivery cycles thanks to (i) seats and cabins shorter replacement cycles and (ii) balanced mix of BFE/SFE activities

Dollarization of cost base creating a natural hedge
- Acquisition strengthens footprint in the US, improving Group’s proximity to American aircraft manufacturers and airlines
- ~50% of Zodiac Aerospace’s revenues realized through US subsidiaries
Zodiac Aerospace: a leading tier-1 aircraft equipment supplier

- World-class supplier of aircraft equipment and systems for commercial, regional and business aircraft and helicopters
- FY2015/16 revenue of €5.2bn
- State-of-the-art solutions to improve comfort and wellbeing on board aircraft, and high technology systems to increase aircraft performance and flight safety
- Large installed base: over 21,800 aircraft equipped with Zodiac Aerospace products, over 1m seats in service around the world, more than 1 in 2 commercial aircraft constructed each year includes one of Zodiac Aerospace’s galleys
- Over 33,000 employees worldwide (around 7,000 in France)
- Operations in 18 countries

**2015/16 revenue mix**

- By segment
  - Aircraft interiors 61%
  - Aerosystems 39%

- By destination
  - France 14%
  - US 34%
  - Europe excl. France 20%
  - Rest of the world 24%
  - Americas excl. US 8%

- By end-markets
  - Airlines 40%
  - Commercial aviation 27%
  - Helicopters and RBJ 15%
  - Other 18%

- OE vs. Aftermarket
  - Aftermarket 30%
  - OEM (incl. cabins retrofit) 65%
  - Other 5%

Note: Zodiac Aerospace fiscal year ending August 31st
Leading positions in Aircraft Interiors and Aerosystems

### Aerosystems (39% of sales)

- **Aerosafety (12% of sales)**
  - On-board and in-flight safety systems and equipment (e.g., emergency arresting systems, interconnect systems, parachutes)

- **Aircraft Systems (27% of sales)**
  - Electrical power systems and generators, fuel control and data systems, electronics and controls, oxygen systems, water and waste systems

### Aircraft Interiors (61% of sales)

- **Seats (27% of sales)**
  - State-of-the-art passenger (all classes) and crew seats

- **Cabin (34% of sales)**
  - Integrated cabin interiors equipment (e.g. overhead bins, lavatories, galleys, dado panels, ceilings, sidewalls, cockpit doors, IFE\(^{(1)}\), seat actuation systems)

### Aircraft Systems (27% of sales)

- #1 for evacuation slides
- #1 for interconnect
- #1 for arresting systems
- #1 for parachutes

### Aircraft Interiors (61% of sales)

- #1 for primary power management and distribution systems
- #1 / #2 for oxygen systems
- #1 water & waste systems

### Note:

- \(^{(1)}\) In-flight entertainment

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Creation of a global aerospace equipment leader

Aerospace equipment ranking
(Dec-2015 revenue - €bn)

UTC Aerospace (excl. P&W) 12,7
Safran + Zodiac 10,3
Honeywell + Aerospace (excl. Prop) 7,5
Rockwell + B/E Aerospace 7,1
Spirit Aerosystems 6,0
Zodiac Aerospace 5,2
Safran Equipment 5,1
GKN Aerospace 3,4
Triumph 3,4
Thales Aerospace 3,3
GE Aviation (excl. Engines) 2,7

 UTC (P&W and Aerospace systems) 25,4
GE Aviation 22,2
Safran + Zodiac 21,2
Honeywell Aerospace 16,0
Rolls Royce Aerospace 13,7
Rockwell + B/E Aerospace 12,3
Zodiac Aerospace 7,1
GKN Aerospace 5,2
Triumph 3,4
Thales Aerospace 3,3

x2 in aircraft equipment

Clearly a leader in aerospace(3)

Source: companies filings.
(1) Estimation: includes 100% avionics and 2/3 of mechanics. (2) Includes avionics, space and IFE. (3) Excluding OEMs. (4) Calculated using Safran LTM figures as of Jun-16 and Zodiac Aerospace LTM figures as of Aug-16.
Well balanced combined portfolio with strong global footprint

### Geography

**Safran (Excl. I&S division)**
- RoW: 22%
- Americas: 35%
- Europe: 43%
- Defense: 8%
- Aircraft Equipment: 32%

**Zodiac Aerospace**
- RoW: 24%
- Americas: 42%
- Europe: 34%
- Aerospace Systems: 39%
- Aircraft Equipment: 100%

**Safran (Excl. I&S division) + Zodiac Aerospace**
- RoW: 23%
- Americas: 37%
- Europe: 41%
- Defense: 6%

### Operating Segment

**Safran (Excl. I&S division)**
- Aerospace Propulsion: 61%
- Airframe: 32%
- Aftermarket: 45%
- OEM: 55%
- Others: 5%

**Zodiac Aerospace**
- Aircraft Interiors: 61%
- Aircraft Equipment: 48%
- Others: 5%
- Aftermarket: 30%

**Safran (Excl. I&S division) + Zodiac Aerospace**
- Aircraft Interiors: 46%
- Aerospace Propulsion: 48%
- Aftermarket: 41%
- Others: 1%

### OEM vs. Aftermarket

**Safran (Excl. I&S division)**
- Aftermarket: 45%
- OEM: 55%

**Zodiac Aerospace**
- Aftermarket: 30%
- OEM: 65%

**Safran (Excl. I&S division) + Zodiac Aerospace**
- Aftermarket: 41%
- OEM: 58%

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(1) Revenue. Calculated using Safran LTM figures as of Jun-16 and Zodiac Aerospace LTM figures as of Aug-16.

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Diversified combined global footprint

Employees by geography

Safran: ~59,000
- North America: 64%
- Europe (Excl. France): 9%
- Asia & Australia: 8%
- France: 7%
- Mexico: 5%
- Other: 10%

Zodiac Aerospace: ~33,000
- North America: 21%
- Europe & Russia: 15%
- Asia & Australia: 12%
- France: 10%
- Mexico: 9%
- Other: 8%

Safran + Zodiac Aerospace: ~92,000
- North America: 37%
- Europe & Russia: 21%
- Asia & Australia: 18%
- France: 15%
- Mexico: 12%
- Other: 10%

Industrial Sites

France: 91
(Safran: 62, Zodiac Aerospace: 29)

North America: 81
(Safran: 34, Zodiac Aerospace: 47)

Mexico: 17
(Safran: 9, Zodiac Aerospace: 8)

Brazil: 4
(Safran: 3, Zodiac Aerospace: 1)

Europe & Russia: 39
(Safran: 27, Zodiac Aerospace: 12)

Africa & Middle East: 15
(Safran: 9, Zodiac Aerospace: 6)

Asia and Australia: 28
(Safran: 24, Zodiac Aerospace: 4)

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Making the most of best-of-breed expertise in aircraft equipment and systems

Towards the more electrical aircraft

- End-to-end electric power management on-board with outstanding solutions in storage (battery, fuel cell) / generation / distribution / wiring

Propulsion systems transition

- Best positioned to execute the roadmap for propulsion systems
- Transitioning from state-of-the-art full turbomachinery to full electric through hybrid propulsion solutions with high power/high voltage distribution

Optimization of aircraft systems with combined expertise

- Electric anti-icing for wings and nacelles
- Electro-hydraulics with power electronics and servovalves, Electronics and flight controls
- Fuel system
- Cockpit and connectivity/real-time monitoring solutions

Composite materials

- Extensive knowledge of composite materials and associated processes
  - From high temp ceramics to low temp structural parts
Complementary position across whole aircraft value chain

- Avionics
- Sensors
- Cockpit Panels & Displays
- Exit Slide
- Braking & landing control systems
- Wing Ice Protection
- Fuel System
- Electrical Systems
- Cabin Interior
- Cockpit control systems
- Avionics Sensors
- Cockpit Seats
- Cockpit Panels & Displays
- Aircraft condition monitoring systems
- Exterior lighting
- Engines
- Engine Control Systems (FADEC)
- Nacelles and components (thrust reversers, …)
- Landing gears
- Braking & landing control systems
- Wheels and carbon brakes
- Engines
- Flight actuators
- Lavatory
- Seats
- Auxiliary Power Unit (bizjets)
- Electrical Systems
- Fuel System
- Oxygen Systems
- Exit Slide
- Nacelles and components (thrust reversers, …)
Further balancing cyclical exposure to OEM production rates

- In line with Safran Aircraft Equipment aftermarket exposure
- Recurring flows of spares and repair revenues
- Dedicated Zodiac Aerospace Services division and team

- Tied to passenger traffic growth and airline profitability
- Cabin is a top priority and key differentiating factor for airlines
- Cabin retrofit cycle:
  - > 5 years for narrowbodies
  - > 8 years for widebodies

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(1) Buyer Furnished Equipment (« BFE ») as opposed to Supplier Furnished Equipment (« SFE »).
Positioned on all key programs: OEM / aftermarket, SFE/BFE

<table>
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<th>- 20 Seats</th>
<th>35 Seats</th>
<th>100 Seats</th>
<th>150 Seats</th>
<th>300 Seats</th>
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<td>Sukhoi Superjet 100</td>
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<td>B777</td>
<td>A340</td>
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</tbody>
</table>

- **Nacelles**
- **Thrust Reverser**
- **Landing Gears**
- **Wheels and brakes**
- **Wiring**
- **Electrical Power**
- **Oxygen systems**
- **Fuel Systems**
- **Aerosafety**
- **Seats**
- **Cabin & Galleys**
**Tangible and achievable synergies**

- **Annual €200m pre-tax run rate cost synergies clearly identified**
  > Fully realized by year 3, of which 50% in year 1 and 90% in year 2

- **Sources of synergies:**
  > Direct purchasing/ raw material costs
  > Indirect purchasing
  > International sites rationalization
  > R&T expenses
  > Central functions consolidation

- **Expected one-off implementation costs of €150m**
  > Spread over two years

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**€200m**

4% of Zodiac Aerospace FY15/16 revenue

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- Central functions
- R&T
- International sites rationalization
- Indirect purchasing
- Direct purchasing

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Run-rate synergies

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Safran’s financial ambition in aircraft equipment

- **Growth in services**
- **New programs contribution**

- **Recovery and transformation underway**
- **Eliminating excess costs and gradually returning to historical margins**

- **Clear and identified synergies**
- **Integration to accelerate path to Zodiac Aerospace recovery through strict discipline in execution and process control**

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Growth in services

New programs contribution

Recovery and transformation underway

Eliminating excess costs and gradually returning to historical margins

Clear and identified synergies

Integration to accelerate path to Zodiac Aerospace recovery through strict discipline in execution and process control
Safran’s financial acquisition criteria met

**ROCE**
- ROCE post synergies above cost of capital within 3 years (2020)

**EPS Impact**
- Double-digit EPS accretion(1) as of the first full fiscal year of consolidation (2019)

**Balance Sheet**
- Optimisation of balance-sheet structure while targeting an investment grade profile
- Adjusted net debt / adjusted EBITDA expected to be around 2.5x at closing
- Rapid deleveraging expected (~0.5x / year)

(1) Assuming 100% of targeted shares are tendered. Post phased synergies, before PPA and synergies costs of implementation.
Shareholding, Board of Directors and Executive Management of Safran

Under the terms of the contemplated combination, Safran’s Board of Directors would comprise 20 members, including representatives of Zodiac Aerospace’s reference shareholders:

- Ross McInnes would be Chairman of the Board

Executive Management:

- Philippe Petitcolin would be CEO and Olivier Zarrouati, Chairman of Zodiac Aerospace’s Management Board, would become deputy CEO
- Bernard Delpit would be CFO

(1) Assuming 100% of targeted shares are tendered.
### Key priorities

**Maintain operational focus**

- LEAP transition:
  - Focus on LEAP 1-A and LEAP 1-B EIS
  - Ramp-up and production cost reduction
- Continued benefits from productivity improvement in Aircraft Equipment and Defense

**Integration plan**

- Integration plan with Safran’s business units to be finalized in 2017
- Safran resources dedicated to Zodiac Aerospace integration identified

**Capital allocation**

- Post-transaction focus on strong organic growth
- Balance sheet discipline
- Post-transaction Safran dividend practice unchanged
Next steps

Approval process

- Public offer and merger subject to necessary antitrust, other regulatory approvals and other customary conditions and provisions
- Special dividend to be paid to Safran’s shareholders’ subject to their approval on merger
- Merger subject to both Zodiac Aerospace’s and Safran shareholders’ approvals

Employees Representatives

- Customary works councils’ procedures

Timing

- Public offer completion expected in Q4 2017
- Special dividend to be paid to Safran shareholders’ pre merger
- Merger completion expected by early 2018
A global aerospace leader

Comprehensive range of products: more value on aircraft

Balancing cyclical exposure to OEM production rates

Value creation through integration and synergies

Disciplined financial terms and execution
Q&A