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This document contains supplemental non-GAAP financial information. Readers are cautioned that these measures are unaudited and not directly reflected in Safran’s financial statements as prepared under International Financial Reporting Standards and should not be considered as a substitute for GAAP financial measures. In addition, such non-GAAP financial measures may not be comparable to similarly titled information from other companies.
Key themes

Overview

*Trends in civil aviation*

*2017 key topics*
Safran: an international high-technology group

All figures at December 31, 2016

Group key figures

- **€15.8 BILLION** in sales
- **€2.4 BILLION** in adjusted recurring operating income
- **€1.7 BILLION** in R&D expenditures, equal to nearly 11% of sales
- 58,000 EMPLOYEES in nearly 30 COUNTRIES

All figures at December 31, 2016

Safran core businesses

Aerospace Propulsion

- **Revenue**: €9,391M o/w:
  - Civil engines: 73%
  - Military engines: 11%
  - Helicopter turbines: 12%
  - Space: 4%
- **Recurring EBIT**: €1,786M

Aircraft Equipment

- **Revenue**: €5,145M o/w:
  - Landing and braking systems: 48%
  - Engine systems and equipment: 24%
  - Electrical systems and engineering: 28%
- **Recurring EBIT**: €562M

Defense

- **Revenue**: €1,238M o/w:
  - Optronics: 40%
  - Avionics: 49%
  - Electronics and critical software: 11%
- **Recurring EBIT**: €76M

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Sales overview

Sales by business segments
At December 31, 2016

- Aerospace Propulsion: 59%
- Aircraft Equipment: 33%
- Defense: 8%

Sales by end-markets
At December 31, 2016

- Civil Aerospace*: 81%
- Military Aerospace and Defense: 19%

* Propulsion and aircraft equipment systems for airplanes (65% of sales) and helicopters
### Financial performance

<table>
<thead>
<tr>
<th>Year</th>
<th>Adjusted Revenue (€M)</th>
<th>Adjusted Recurring Operating Income (€M)</th>
<th>Dividend (€/Share)</th>
<th>R&amp;D and CAPEX (tangible and intangible) (€M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>11,736</td>
<td>1,471</td>
<td>0.96</td>
<td>CAPEX 549</td>
</tr>
<tr>
<td>2013</td>
<td>14,363</td>
<td>1,788</td>
<td>1.12</td>
<td>R&amp;D 1,103</td>
</tr>
<tr>
<td>2014</td>
<td>15,355</td>
<td>2,089</td>
<td>1.20</td>
<td>2012 1,103</td>
</tr>
<tr>
<td>2015</td>
<td>17,414</td>
<td>2,432</td>
<td>1.38</td>
<td>2013 1,298</td>
</tr>
<tr>
<td>2016</td>
<td>15,781</td>
<td>2,281</td>
<td>1.52</td>
<td>2014 1,464</td>
</tr>
</tbody>
</table>


Aerospace, Defense and Security | Aerospace and Defense
Net debt position

(in €M)

Net debt at Dec 31, 2016

Cash flow from ops

Change in WC

(40)

R&D and Capex

(604)

Dividends*

(366)

Share buybacks & others

(401)

Acq/divestments

Net cash at June 30, 2017

3,044

1,560

2016 final dividend of €0.83 per share to parent holders

Share buybacks

> Objective: neutralizing the dilutive effect of equity-related instruments on Safran balance sheet
> Started in December 2016 and completed in June 2017
> 6.4M shares bought back and classified in treasury shares

Acquisitions, divestments

> Net proceeds from the sale of the Security activities: €3.1Bn

€666M Free Cash Flow

* Includes €(26)M of dividends to minority interests
Gross debt and liquidity

Gross debt repayment schedule (June 30, 2017)

<table>
<thead>
<tr>
<th>Duration</th>
<th>Debt (€M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;1 year</td>
<td>1,915</td>
</tr>
<tr>
<td>1 to 5 years</td>
<td>2,579</td>
</tr>
<tr>
<td>&gt;5 years</td>
<td>726</td>
</tr>
</tbody>
</table>

OCEANE (issued on January 8, 2016) - €650M, maturity 2020, zero coupon

Dual tranche offering of floating rate notes (issued on June 28, 2017) - €1bn

Gross debt €5,220M

Cash & equiv. €6,751M + Debt hedging instruments €29M

Net cash €1,560M

Committed & undrawn financing resource:

- Credit line - €2.52B, maturity Dec. 2020 – no covenant
- Bridge loan - €1B maturity March 2019 – no covenant
**Market positions**

**No. 1 WORLDWIDE**
- single-aisle commercial jets engines, in partnership with GE*
- helicopter turbine engines
- landing gear
- wheels and carbon brakes**
- electrical wiring interconnection systems for aircraft
- mechanical power transmissions systems**

**No. 2 WORLDWIDE**
- electrical power generation
- aircraft engine nacelles

**A WORLD LEADER**
- onboard power electronics
- APUs for business jets, helicopters and military aircrafts

*through CFM International, a 50/50 joint company between Safran Aircraft Engines and GE
**mainline commercial jets with over 100 seats

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**No. 1 WORLDWIDE**
- helicopter flight controls
- FADEC engine control units for commercial aircraft*

**No. 3 WORLDWIDE and No. 1 in EUROPE**
- inertial navigation systems

**No. 4 WORLDWIDE**
- military aircraft engines

**No. 1 in EUROPE**
- tactical drones
- optronic systems

*in partnership with BAE Systems
### Businesses

<table>
<thead>
<tr>
<th>ENGINES</th>
<th>NACELLES</th>
<th>ENGINE EQUIPMENT</th>
<th>LANDING AND BRAKING SYSTEMS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovative and reliable propulsion solutions for business and commercial airplanes and helicopters</td>
<td>A complete range of lightweight, aerodynamic nacelles for all types of aircraft</td>
<td>- Mechanical power transmissions,</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Engine control units,</td>
<td>- Design, production and support of landing gear, wheels and carbon brakes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Cooling, lubrication and filtration components and more</td>
<td>- Complete landing systems for civil and military fixed and rotary-wing aircraft</td>
</tr>
</tbody>
</table>

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Businesses

<table>
<thead>
<tr>
<th>AVIONICS AND ELECTRONICS</th>
<th>ELECTRICAL SYSTEMS</th>
<th>ENGINEERING</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Navigation systems</td>
<td>- Power generation, distribution and conversion</td>
<td>Engineering services centered on five areas:</td>
</tr>
<tr>
<td>- Flight control systems</td>
<td>- Wiring</td>
<td>- Integrated propulsion systems</td>
</tr>
<tr>
<td>- Onboard information systems</td>
<td>- Load management</td>
<td>- Aerostructures and mechanical equipment</td>
</tr>
<tr>
<td></td>
<td>- Systems integration</td>
<td>- Electrical systems and power management</td>
</tr>
<tr>
<td></td>
<td>- Ventilation</td>
<td>- Integrated systems</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Production engineering and in-service support</td>
</tr>
</tbody>
</table>

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Businesses

**MILITARY AIRCRAFT ENGINES**
Innovative and reliable propulsion solutions for military aircraft

**DRONES**
Design and production of tactical drone systems for a wide range of missions: surveillance, intelligence, armed forces protection, threat detection, etc.

**AVIONICS**
Guidance and positioning solutions for air forces, navies and armies

**OPTRONICS**
Optronic (electro-optical) systems and equipment for military applications: submarines and surface vessels, combat vehicles, aircraft, etc.
As of June 30, 2017

Shareholding structure

French State’s shareholding evolution

- Public: 76.4%
- French State: 14.0%
- Employees: 7.7%
- Others: 1.9%

Board of Directors

17 directors including:
- 7 independent Directors
- 1 representative of the French State and 2 Directors put forward by the French State
- 2 Directors representing employee shareholders and 2 Directors representing employees
- 3 other non independent Directors in application of Governance Code criteria

French State’s shareholding evolution:

- 2009: 30.2%
- 2010: 30.2%
- 2011: 30.2%
- 2012: 30.2%
- 2013: 22.4%
- 2014: 22.0%
- 2015: 15.4%
- 2016: 14.0%
Key themes

Overview

Trends in civil aviation

2017 key topics
Commercial aviation: strong prospects

20-year Annual Economic Growth
+3.1%

20-year Annual RPK Traffic Growth
+4.7%

20-year Annual Global Fleet Growth
x1.9

37,500

20-year New Aircraft Deliveries

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
2015-2034 traffic projections and key regional flows

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)

Sources: Safran
Commercial aviation market: resilient growth

1980-2034 Passenger Network, Worldwide

RPK – Revenue Passenger Kilometer (in billions)

2014 – 2034
RPK GROWTH
+4.7%

Air traffic has doubled every 15 years

Air traffic will double in the next 15 years

Sources: Safran, OAG
Key themes

Overview

Trends in civil aviation

2017 key topics
### Strategic roadmap (CMD, March 2016)

<table>
<thead>
<tr>
<th>Disposal of non core businesses</th>
<th>Organic growth and operational excellence</th>
<th>external growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payment terminals: significant value created for Ingenico and Safran</td>
<td>Best selling engines transition: CFM56-LEAP</td>
<td>Partnership in Propulsion, acquisition in Equipment</td>
</tr>
<tr>
<td>Detection: sale to Smiths Group</td>
<td>Margin improvements in Equipment and Defense</td>
<td>Tier-1 positions, high-tech, OE and service business model</td>
</tr>
<tr>
<td>Identity and Security: highly competitive process</td>
<td>Investment in technology</td>
<td>Financial discipline</td>
</tr>
</tbody>
</table>

Contemplated acquisition of Zodiac Aerospace fullfills all the criteria, fully consistent with strategic and value creation goals.
Improving the economic profile of Safran

Non core assets sold
- Ingenico Group shares sold (2013-2015) for €880M
- Morpho Detection to Smiths Group (2017) for $710M
- Morpho Identity and Security to Advent (2017) for €2.4Bn*

Capital redeployment in A&D businesses with higher return improves Group ROCE
- ROCE of Security activities was 2-3%
- Target for proposed Zodiac Aerospace acquisition ROCE to exceed Safran WACC (8%) in year 3-4

Share repurchase
- €2.3Bn over 2018-2019

* Pre-tax. Subject to customary post-closing adjustments
Operations – CFM56-LEAP transition

- CFM56 production record level in 2016
- Everything in place to manage a smooth transition and ramp-up
- Large volumes and steep ramp-up are an opportunity to get costs down faster

**NUMBER OF ENGINES PRODUCED**

<table>
<thead>
<tr>
<th>Year</th>
<th>CFM56</th>
<th>LEAP</th>
<th>Target: 1,200 engines</th>
<th>Target: 1,800 engines</th>
<th>Target: 450-500 engines</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>1,612</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>1,693</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017e</td>
<td></td>
<td>77 engines</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018e</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019e</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020e</td>
<td></td>
<td></td>
<td></td>
<td>2,000+</td>
<td></td>
</tr>
</tbody>
</table>

Full transition in 4 years
- FY 2017
  > Propulsion EBIT to be negatively impacted in the range of €300-350M by CFM56-LEAP transition compared to 2016
  > Lower CFM56 OE volumes, as expected
  > Negative margin on LEAP deliveries and depreciation of inventory and WIP related to future deliveries

- H1 2017
  > €165M negative impact on Propulsion EBIT from CFM56-LEAP transition
  > Breakdown: 50% from reduced CFM56 OE contribution and 50% from LEAP OE learning curve
Aftermarket – moving from spare parts to service contracts

CFM FLEET IN SERVICE:
4% CAGR OVER 10 YEARS

ACTIVE INSTALLED FLEET OF CFM ENGINES (ESTIMATE)

*RPFH = Rate per flight hour contracts
Operations – Aircraft Equipment and Defense

Financial ambition in Aircraft Equipment

- Growth in services, notably thanks to carbon brakes
- New programs contribution: A320neo, A330neo, A350, 787…
- Strong increase in profitability in H1 2017
  - Margin at 12.0%, up 1.3pts YoY

Financial ambition in Defense

- Commercial success of new products
- Export contracts
- Strong increase in profitability in H1 2017
  - Margin at 6.4%, up 2.6pts YoY

Continuing benefits of productivity gains, cost control measures and optimization of industrial footprint
Finance - FX hedging

Yearly exposure: $7.5bn to $8.0bn
Increasing level of net USD exposure for 2017-20 in line with the growth of businesses with exposed USD revenue

<table>
<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$7.5bn</td>
<td></td>
<td>7.5</td>
<td>7.5</td>
<td>7.7</td>
<td>5.2</td>
<td>4.5</td>
</tr>
<tr>
<td>2017</td>
<td>$7.5bn</td>
<td></td>
<td>7.5</td>
<td>7.5</td>
<td>7.7</td>
<td>5.2</td>
<td>4.5</td>
</tr>
<tr>
<td>2018</td>
<td>$7.7bn</td>
<td></td>
<td>7.7</td>
<td>7.7</td>
<td>7.7</td>
<td>5.2</td>
<td>4.5</td>
</tr>
<tr>
<td>2019</td>
<td>$5.2bn</td>
<td></td>
<td>7.7</td>
<td>7.7</td>
<td>7.7</td>
<td>5.2</td>
<td>4.5</td>
</tr>
<tr>
<td>2020</td>
<td>$4.5bn</td>
<td></td>
<td>7.7</td>
<td>7.7</td>
<td>7.7</td>
<td>5.2</td>
<td>4.5</td>
</tr>
</tbody>
</table>

*Approx. 45% of Safran US$ revenue are naturally hedged by US$ procurement

<table>
<thead>
<tr>
<th>Year</th>
<th>Target</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$1.24</td>
<td>1.24</td>
<td>1.21</td>
<td>1.18</td>
<td>1.15-1.18</td>
<td>1.13-1.18</td>
</tr>
</tbody>
</table>

**2018**
- Fully hedged at 1.18

**2019**
- $2.8bn achieved through forward sales and short dated knock out option strategies to rise to a maximum of $8.0bn at a target rate between $1.15 and $1.18 as long as €/$<1.25 up to end 2017
- Knock out options barriers set at various levels between $1.18 and $1.45 with maturities up to one year

**2020**
- $2.0bn achieved through forward sales and short dated knock out option strategies to rise to a maximum of $6.5bn at a target rate between $1.13 and $1.18 as long as €/$<1.25 up to mid 2018
- Knock out options barriers set at various levels between $1.18 and $1.45 with maturities up to one year
## Finance - FX hedging

### 2017-2018 hedge rate
- Fully secured: 1.21 for 2017, 1.18 for 2018
- No impact from the evolution of the €/$ spot rate

### 2019 hedge rate
- Target range fully secured: 1.15-1.18
- €/$ spot level (and its impact on the portfolio) will only determine whether the top or the bottom of the target range will be achieved

### 2020 hedge rate

#### Part of the net exposure is not hedged yet (c.$2bn)

<table>
<thead>
<tr>
<th>€/$ spot rate</th>
<th>Target range fully secured under current market conditions</th>
<th>Spot level (and its impact on the portfolio) will only determine whether the top or the bottom of the target range will be achieved.</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 1.25 up to mid-2018</td>
<td>Target range achievable under a wide range of scenarios: knock out options portfolio is made up of several tranches spread over a year and with various barriers (1.18-1.45)</td>
<td>Manner/speed at which the spot goes above 1.25 is key to determine the impact on the portfolio and might provide opportunities to optimize the portfolio</td>
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<tr>
<td>&gt; 1.25 before mid-2018</td>
<td><strong>€/$ spot rate &gt; 1.25 before mid-2018</strong></td>
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**2019 hedge rate**
- Target range fully secured: 1.15-1.18
- €/$ spot level (and its impact on the portfolio) will only determine whether the top or the bottom of the target range will be achieved
## Finance – IFRS15

### IFRS15 implementation

- No expected change to revenue recognition for
  - OE engines and equipment
  - Spare parts and Time & Materials maintenance

- Reclassifications of some expenses in the P&L
  - Some warranties, penalties booked as deductions from revenue

- Timing differences for recognition of some revenue
  - Flight hour and per-landing contracts
  - Multiple element contracts

### Application and impacts

- **Application from 2018 with full retrospective approach**
  - De-recognition of some revenue previously recognized. Will be recognized in the future upon performance of contractual obligations

- **Restatement with expected opening impact on equity at 1 Jan 2017 in the region of € 0.8 billion, taking into account the related deferred tax effect**

- **No material impact on annual revenue based on current scope**
  - Marginal base effect related to reclassification of expenses
  - Deferral in the recognition of revenue, to come simultaneously with costs

- **No impact on cash flows**