Agenda

Welcome
Chairman’s opening remarks
Perspectives and strategy
Financial Framework
  Q&A
CFM56 / LEAP transition and Aftermarket
  Q&A
Break
Zodiac integration and Aircraft Interiors recovery
Innovation
  Q&A
Conclusion
Today’s speakers

Chairman’s opening remarks
- Ross McINNES, Chairman of the Board

Perspectives and strategy
- Philippe PETITCOLIN, CEO
- Bernard DELPIT, CFO

Financial framework
- Olivier ANDRIÈS, Safran Aircraft Engines (SAE) CEO
- François BASTIN, SAE, Commercial Engines
- François PLANAUD, SAE, Services & MRO

CFM56 / LEAP transition and Aftermarket

Zodiac Aerospace Integration and Aircraft Interiors recovery
- Hélène MOREAU-LEROY, Zodiac Aerospace Integration
- Vincent MASCRÉ, Zodiac Aerospace CEO & Zodiac Aerospace Seats CEO
- Norman JORDAN, Zodiac Aerospace Cabin CEO

Innovation
- Stéphane CUEILLE, CTO
CHAIRMAN’S OPENING REMARKS

Ross McINNES,
Chairman of the Board
PERSPECTIVES AND STRATEGY

Philippe PETITCOLIN, CEO
CMD’16 ambitions delivered and exceeded

<table>
<thead>
<tr>
<th>Three ambitions</th>
<th>Three achievements</th>
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<tbody>
<tr>
<td>1 Focus on Aerospace and Defense</td>
<td>• Successful disposal of Security and Identity businesses</td>
</tr>
<tr>
<td>2 Reinforce our footprint in Aerospace Equipment</td>
<td>• Unparalleled LEAP ramp-up</td>
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<td>3 Sound financial results to get closer to the best peers</td>
<td>• Acquisition of Zodiac Aerospace</td>
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<td>• #2 WW in Aerospace Equipment</td>
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<td>Financial objectives outperformed over 2016-2018:</td>
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<td>• Organic growth: mid-single digit p.a</td>
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<td></td>
<td>• EBIT growing on average by 100bps p.a</td>
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<td>• Average EBIT to FCF conversion comfortably above 50%</td>
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</tbody>
</table>
OUR INDUSTRY: VERY POSITIVE PERSPECTIVES, CHANGING INDUSTRIAL LANDSCAPE
Positive industry trends

Commercial outlook

Doubling of air traffic in the next 20 years
Pressure on capacity: load factors peaking and strong profits for airlines

Scheduled Passenger Network, Worldwide

Military outlook

Increase in military spending (2% GDP NATO spending targets)
New programs and technological transformation

Military spending evolution, Worldwide (as %)

Sources: SIPRI for years 1990-2017

Sources: Safran Aircraft Engines
In commercial aviation, planned aircraft deliveries better than anticipated

Very positive outlook for commercial aviation over the 20 coming years:

- 20-year annual economic growth*: +2.8%
- 20-year annual RPK traffic growth*: +4.3%
- 20-year annual global fleet growth*: x1.8
- 20-year new aircraft deliveries*: 39,000

Solid deliveries of new aircraft over the next 20 years, particularly narrowbody:

- 2,800 TURBOPROP AIRCRAFT
- 3,600 REGIONAL JETS
- 24,100 SHORT-MEDIUM RANGE AIRCRAFT
- 8,500 LONG RANGE AIRCRAFT

Sources: Safran Aircraft Engines  * Until 2037

Solid momentum of new aircraft deliveries
A changing industrial landscape

Rapid changes

Technological upheaval
Towards electrical plane

OEM consolidation and repositioning

Long term environment issues
CO₂, Nox, Noise etc.

Supply base consolidation

Competition
Newcomers (start ups, emerging markets etc.)

Safran’s responses

OEM partner of choice

- Continued cost competitiveness (productivity, Low Cost Countries, etc.)
- Technological excellence and IP protection

Define the next Aerospace state of the art

- R&D
- Disruptive technologies
- Selected partnerships

► Confirming Leadership
SAFRAN HAS THE ASSETS FOR SUCCESS
Well-positioned for success: winning products, winning technologies…

WE HAVE THE KNOW-HOW AND OPERATIONAL EXCELLENCE

WE HAVE A BALANCED AND WINNING PORTFOLIO

WE HAVE A CLEAR ROADMAP FOR THE NEXT 15 YEARS

- New ambitions ahead: leading the industry and preparing the next decades of the Aerospace and Defense industry
...and talented people

Geographic split of Employees (%, 2018)

USA + Canada: 16%
Mexico + South America: 12%
France: 12%
Africa + Middle East: 7%
Rest of Europe: 47%
China: 2%
Rest of Asia: 4%

An international Group of ~90,000 in 2018
- Reinforced footprint in North America with Zodiac Aerospace
- Upcoming capacities increase in Low Cost Countries (LCC)

Increasing Support and Client Services resources, with upcoming capacities in Maintenance, Repair and Operations (MRO)

A high-tech Group, committed in training and building skills of all its workforce
- 16% of the workforce in R&D
- ~1,200 PhDs

Success comes by developing talents and our team performance
CLEAR AMBITION FOR EACH BUSINESS: PREPARING THE NEXT DECADES OF AEROSPACE AND DEFENSE INDUSTRY
Propulsion – Our ambitions for the next 15 years

A FULL-FLEDGED ENGINE MANUFACTURER

PREPARING THE FUTURE OF PROPULSION BY DEFINING THE TECHNOLOGIES OF TOMORROW

MANAGING A LARGE INSTALLED BASE OF CIVIL ENGINES, UPSIDE FOR AFTERMARKET
Propulsion – Supplying the full spectrum of propulsion technologies

Narrowbodies: core through our remarkable CFM JV*

Widebodies: through risk and revenue sharing partnerships**

Addressing other market segments: bizjet, regional and military engines

Helicopter engines: #1 WW

* 50-50 JV between Safran and GE
** Primarily with GE
Propulsion – LEAP, the most challenging ramp-up in the Aerospace history; CFM56, a remarkable lifespan

LEAP: an unparalleled and groundbreaking ramp-up

CFM56: a large installed base
- Remarkable longevity of CFM56: ~5,700 engines delivered in 2015-2018, with a historical high in 2016 (~1,700 engines)

LEAP learning curve experience: a driver for excellence across the Group

Note: « Year # » stands for the number of production years for each engine. For instance, after 5 years of production, ~600 CFM56 were delivered (in 1985) vs ~2,000+ LEAP (in 2020).

Upside for our aftermarket perspectives beyond 2025
Propulsion – Other customer segments: growth to come from engine renewals

**Bizjets**

Priority to develop Silvercrest for Textron Aviation’s Hemisphere

Make it the best engine in its class

**Military aircraft**

Preparing actively the Future Combat Aircraft (FCAS) with our European partners

**Helicopters**

A brand new product range with best-in-class engines between 500 shp and 3,200 shp

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<thead>
<tr>
<th>New engines</th>
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<tr>
<td>Arrius 2</td>
<td>500/700</td>
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<tr>
<td>Arrano</td>
<td>1,100/1,400</td>
</tr>
<tr>
<td>Ardiden</td>
<td>1,500/2,000</td>
</tr>
<tr>
<td>Aneto</td>
<td>2,050/3,200</td>
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<tr>
<td>Arriel 1&amp;2</td>
<td>750/1,100</td>
</tr>
<tr>
<td>Makila 1&amp;2</td>
<td>1,800/2,200</td>
</tr>
</tbody>
</table>
Propulsion - Preparing future technologies

New forms of propulsion to come
- Environmental constraints
- New mobility needs: urban and regional mobility
- Full electrical propulsion: not expected before 2050 for large commercial aircraft

Hybridation of the propulsion chain: an essential step

VTOLs as the next ground break through: agreement with Bell

Leading the way for the short and long term
- Electrical aircraft with e-taxing, hybrid Ram Air Turbine, etc.
- Know-how with military UAVs
- Additive manufacturing, high temperature CMC materials

Investing today in disruptive technologies is key
Aerospace Equipment – Our ambitions for the next 15 years

Safran in 2018: #2 WW Aerospace Equipment* supplier

Very significant positions in almost all market segments

A world-class business e.g.:
- Landing gear, Wheels and carbon brakes
- Nacelles
- Electrical wiring interconnection systems for aircraft
- Evacuation slides, O₂ systems
- Seats and Cabin

* Excluding Propulsion activities

Our ambition: becoming #1 WW

Increasing our competitiveness and being innovative

Offering global packages to clients

Acting as a key leader in equipment for more electrical aircraft

Leveraging our technologies in our Electronics & Defense niche business (e.g. single pilot)

Safran as a partner of choice for OEMs
Equipment – Zodiac Aerosystems reinforces our Electronics & Defense / Electrical & Power activities

Aerosystems brings:
- Complementary and additional products & services in line with Safran DNA

Safran Electronics & Defense:
- Center of excellence in Electronics for the group
- Instrumental in Safran’s position in critical systems and equipment

- Fully leverage Aerosystems’ portfolio to strengthen our positions and to maximize commercial, technological and product synergies
Equipment - Our assets in a changing landscape

Our assets

1. Innovative excellence

2. Competitive strength

3. Agility

Two illustrations of our agility

Nacelles
- Continuation of the sole source contract with Airbus to supply nacelles for the Leap-1A equipped A320neo (design, production, integration and support)
- No significant impact on our margins overall

APUs
- Partnership with Boeing: a win/win situation strengthening our relationship
- Offering an opportunity to take positions on APUs for commercial aircraft
- Next steps: demonstrator, investments and respond to tenders
A new business for Safran, with exciting challenges:

- Maintain design savoir-faire and quickly restore operational excellence
- Reinforce the proximity with the airlines
- Become a leader of the connected cabin
- Improve the user experience (passenger, flight crew)

Turn around performance and reach former profitability levels

Innovation, operational excellence and customer trust will ensure Safran leadership in this new activity
Aircraft Interiors – Upcoming growth opportunities

Strong product customization and increased segmentation

- Cabin is the main differentiator for airlines
- Passengers looking for a modern IFE (simple and reliable) and for connectivity

Dynamic retrofit market (~5% of growth p.a.)

On going industry professionalization where operational excellence is a key success factor

- Supply chain and delivery issues met by all participants
- Products becoming more complex

- Aircraft Interiors industry waiting to be strengthened
- Safran has all the assets to succeed
A clear road map

- Complete the LEAP success story with best-in-class OE and aftermarket, in cooperation with our partner GE Aviation
- Successfully integrate Zodiac Aerospace and deliver planned synergies
- Invest in technologies to bolster our key-leading position as a full-fledged civil & military engine manufacturer and to become #1 WW Aerospace Equipment supplier in the next 15 years
FINANCIAL FRAMEWORK

Bernard DELPIT, CFO
Key messages

- Sound financial policy (hedging, accounting, funding)
- Strong organic growth across all businesses
- Improved performance on profitability and cash
- Disciplined capital allocation and focus on shareholder returns
1

FINANCE AT THE SERVICE OF EXCELLENCE

- Hedging
- Accounting
- Funding
Hedging policy framework

Safran implements a hedging strategy to reduce uncertainty in a volatile FX environment

- Safran hedges 4 currencies: USD, GBP, CAD and MXN

Safran implements a comprehensive hedging policy

- Strict hedging policy, regularly reviewed and approved by the Board of Directors and the Audit Committee
- Market information is regularly updated: mark-to-market impacts, expected USD net exposure and hedge rate targets on a 4-year horizon
- Safran does not apply hedge accounting and therefore recognizes all changes in the fair value of its derivatives in “Financial income (loss)” since 2005. Restated in “Adjusted P&L”
A USD portfolio resilient to potential market movements

Safran uses leveraged options with barrier levels

- The USD portfolio includes an average of 300 structured instruments, each with different barrier levels
- The barriers at various levels provide resilience to FX movements

This strategy offers genuine alternatives to forward sales

- @ USD 1.13 spot rate, forward contracts provide USD 1.25 with 3-year maturity
  (swap points at their highest historical levels)
- @ same conditions, leveraged options can achieve USD 1.12 or below, with limited risk

Safran’s active management offers protection for the next 4 years against volatility
A USD 29.2bn portfolio (mid-November 2018)

Average annual exposure estimated at $8.8bn going forward
(As of Nov. 16, 2018, in $bn)

- Minimum amount hedged (firm)
- Additional amount hedged at target rate

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>7.3</td>
<td>8.0</td>
<td>7.5</td>
<td>1.3</td>
<td>3.8</td>
<td>1.8</td>
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<tr>
<td>2018e</td>
<td>7.5</td>
<td>5.0</td>
<td>3.8</td>
<td>1.8</td>
<td>7.0</td>
<td>1.7</td>
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</table>

Hedge rate

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
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<tbody>
<tr>
<td>Previous targets</td>
<td>1.21</td>
<td>1.18</td>
<td>1.16-1.18</td>
<td>1.16-1.18</td>
<td>1.16-1.20</td>
<td>-</td>
</tr>
<tr>
<td>New targets</td>
<td>1.21</td>
<td>1.18</td>
<td>1.18</td>
<td>1.16-1.18</td>
<td>1.15-1.18</td>
<td>1.15-1.18</td>
</tr>
</tbody>
</table>

2018 Exposure raised to $8.0bn and fully hedged

$7.5bn achieved through forward sales and knock out options up to $8.8bn at a target rate of $1.18
- Knock out options barriers set at various levels between $1.25 and $1.32 with maturities up to end 2019

2019 $5.0bn achieved through forward sales and knock out options up to $8.8bn at a target rate between $1.16 and $1.18
- Knock out options barriers set at various levels between $1.27 and $1.32 with maturities up to end 2020

2020 $7.0bn achieved through knock out options up to $8.8bn at a target rate between $1.15 and $1.18
- Knock out options barriers set at various levels between $1.22 and $1.33 with maturities up to mid-2020

2021 $1.7bn achieved through knock out options
- Knock out options barriers between $1.22 and $1.25 with maturities up to end 2019

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## Main changes of IFRS15

<table>
<thead>
<tr>
<th>CFM56 / LEAP transition</th>
<th>Civil Aftermarket</th>
<th>P&amp;L</th>
<th>Balance sheet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guarantees deducted from Revenues</td>
<td></td>
<td>T&amp;M and RPFH: Guarantees deducted from Revenues</td>
<td>RPFH contracts: difference between Billing and Revenues is booked as deferred Revenue in “Contract Liabilities” or “Contract Assets”</td>
</tr>
<tr>
<td>Change in the timing of Revenue recognition as different prices are allocated to installed engines and spare engines (instead of averaging the price for all engines of a contract)</td>
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<td>RPFH contracts: change in timing of Revenue recognition as sales are recognized when costs are incurred</td>
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### Estimated impact of IFRS15 for 2018-2022

- IAS18 Gross Margin breakeven of LEAP: 2020
- IFRS15 Gross Margin breakeven of LEAP: 2022

### Limited impact on Civil Aftermarket profile over the period:

- **T&M**: limited impact
- **RPFH**
  - Growing deferred Revenue booked in “Contract Liabilities” driven by the ramp up of LEAP contracts
  - Conservative margin recognition on LEAP contracts

### Limited impact on the profile of self-funded R&D, capitalized R&D and amortized R&D

---

**Note:** RPFH = Rate Per Flight Hour
New changes to come with IFRS 16

IFRS 16 (leases) will be applied by Safran starting January 1\textsuperscript{st}, 2019. 2018 will not be restated. The impact of change of accounting method, if any, will impact 2019 opening balance sheet

IFRS 16 impacts for Safran

- Mainly affecting real estate, vehicles and handling equipment currently under operating lease contracts
- Impact on aircraft engine lease contracts not material

Impact on 2019 opening balance sheet (transition impacts)

- \(\sim\)€500M of liabilities will be recognized (included in net debt position), representing discounted future lease payments
- Equivalent impact in assets (rights-of-use)

Impact going forward

- Ebit / financial expenses: a few million Euros each
- Positive impact for FCF year 1
Safran maintains balanced and diversified debt maturity schedule with active use of financing opportunities

Active management of the balance sheet with cash in-hand

- Safran has paid down €1.3bn of Zodiac Aerospace debt, thus reducing interest expenses. €279M remaining debt is kept until maturity (Schuldschein and EuroPP)
- Safran repurchased the outstanding convertible bonds (OCEANEs) due 2020 (€702M)

Proactive refinancing initiatives at almost zero cost in 2017 and 2018 (FRN, convertible bonds) taking advantage of favorable market conditions

Average cost of debt: almost zero
FINANCIAL AMBITION

- Growth
- Margins
- Cash generation
- Capital allocation
### Adjusted Revenue (€m) and Organic Growth (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Zodiac Aero.</th>
<th>Safran</th>
<th>Mid single digit</th>
<th>Mid single digit</th>
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<tbody>
<tr>
<td>2015</td>
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<td>2022e</td>
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Note: Excluding Zodiac Aerospace for FY15, FY16 and FY17 published and restated; Previous accounting standards for FY15, FY16 and FY17 published

* At an estimated average exchange rate of USD 1.21 to the Euro in 2018
** At an estimated average exchange rate of USD 1.25 between 2019-2022

### Civil Aftermarket Revenue (Growth in $)

- **CAGR 2015-2018e**: ~10%
- **CAGR 2018e-2022e**: High single digit

### CFM engines deliveries

- **2015**: 2,000
- **2016**: ~40%
- **2017**: ~40%
- **2018**: ~40%
- **2019e**: ~40%
- **2020e**: ~40%
- **2021e**: ~40%
- **2022e**: ~40%

**All businesses are growing**
The CFM56-LEAP transition

**CFM56 / LEAP Original Equipment (OE) contribution**

**Impact of IFRS15 on transition profile planned (CMD’16)**

<table>
<thead>
<tr>
<th>Year</th>
<th>CFM56 (IAS 18)</th>
<th>CFM56+LEAP (CMD’16)</th>
<th>LEAP (IAS 18)</th>
<th>CFM56+LEAP (IFRS 15)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
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**Breakeven +2 years (IFRS15 impact)**

- Under IAS18
- Under IFRS15

**CMD’18**

<table>
<thead>
<tr>
<th>Year</th>
<th>CFM56 (IAS 18)</th>
<th>LEAP post 2022</th>
<th>CFM56+LEAP (incl. Non-rec. Costs)</th>
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<tbody>
<tr>
<td>2015</td>
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<tr>
<td>Post 2022e</td>
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**In IAS18, Gross Margin LEAP OE breakeven planned at the end of the decade**

**In IFRS15, Gross Margin LEAP OE breakeven planned after 2020:**
- Guarantees are deducted from Revenues
- Gross Margin is calculated with specific prices for OE/spare engines

1. More CFM56 sold at a better price: positive impact of the CFM56 lasting longer than expected + positive product-mix
2. LEAP cost reduction trajectory in line with initial ambition
   - Transition impact better than initially anticipated
CFM56 / LEAP transition: what’s next?

Cumulative number of engine deliveries

Illustrative impact of price and cost evolution

CFM56 / LEAP OE contribution to Gross Margin

CFM56

LEAP

2022e

Illustrative impact of price and cost evolution

CFM56

LEAP

LEAP non-recurring costs

CFM56+LEAP (incl. Non-rec costs)

LEAP (1st scenario)

LEAP (2nd scenario)
2018-2022 ambition for Propulsion: Recurring Operating Margin trending above 20%

Propulsion Recurring Operating Margin

Assumptions

- Civil Aftermarket growth
- Completion of the CFM56 / LEAP transition
- Narrowbody production rate as committed to airframers
- RTDI: increased impact on P&L (headwind)
- Helicopters: recovery over the period

Propulsion Margin beats CMD’16 ambition
2018-2022 ambition: Recurring Operating Margin beyond 16% for Equipment and beyond 10% for Defense

Service Revenue Growth: high-teens over the period
Cost reduction

Executing on contract wins
Cost reduction
2018-2022 ambition for former Zodiac Aerospace: recovery confirmed

Zodiac Aerospace Recurring Operating Margin

Zodiac Acquisition Business Plan targets (May, 2017) to be delivered in 2022:
- €200M cost synergies confirmed
- >13% Margin in 2022 including only a portion of total synergies
- Aerosystems above 13%; Aircraft Interiors below 13%
- Other synergies spread over Safran’s other Business Units
- €18M synergies on financial costs below Recurring Operating Income

**Aerosystems:**
- Low to mid-single digit Revenue growth p.a.
- Aftermarket Growth

**Aircraft Interiors:**
- Mid-single digit Revenue growth p.a. after 2019
- Increase in aftermarket
- Strong margin recovery
Opportunities:
- LEAP OE Gross Margin
- LEAP Services Margins
- Civil Aftermarket trend
- Euro / Dollar hedge rate

Risks:
- LEAP ramp-up execution
- Aircraft Interiors recovery
- World Economy

2018-2022 ambition for the Group: a 16-18% margin by 2022

Group Recurring Operating Margin

Indicative profile of Group Gross Margin

Services activities: a predictable business that should grow by ~30% over the period

Zodiac Aerospace’s Gross Margin to increase by ~60% over the period

CFM56 / LEAP transition: limited impact from 2018 to 2022
2018-2022 strong cash flows from operations

Note: At an estimated average spot rate of USD 1.21 to the Euro in 2018; at a hedged rate of 1.18 and at a spot rate of 1.25 over the period 2019-2022

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Focus on working capital

**Total advance payments (€bn)**
*Projected balance sheet over the period*

- 2018e
- 2019e
- 2020e
- 2021e
- 2022e

- LEAP
- Rafale advance payments
- Other *

*Includes mainly Helicopters and Military excl. Rafale

**Inventories and WIP (€bn)**
*Projected balance sheet over the period*

- 2018e
- 2019e
- 2020e
- 2021e
- 2022e

**RPFH cash contribution (€bn)**
*Projected balance sheet over the period*

- 2018e
- 2019e
- 2020e
- 2021e
- 2022e

*Note: RPFH = Rate Per Flight Hour*

**Significant reduction of advance payments:**
- Reduction of RAFALE advance payments
- End of LEAP ramp up

**Stable inventories and work-in-progress (WIP)**

**LEAP aftermarket: conservative assumptions for RPFH contracts (75% ESPO – 25% ESPH)**

ESPO= Engine Service Per Overhaul; ESPH= Engine Service Per Hour

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Focus on R&D: new cycle ahead

From 2018, new cycle of R&D spending:
- Assumption: NMA launched
- Catch up on Zodiac

Increased self-funded R&T:
from €460M in 2018 to ~€600M in 2022

Self-funded R&D spending between 6% and 7% of sales over 2018-2022
Focus on Capex

Total Capex spending (in €M)

MRO network development for LEAP

Accelerated development of additive manufacturing

Catch up on Zodiac

Total Capex spending around 4% of sales over 2018-2022
2018-2022 Capital allocation policy

FCF IMPROVED OVER 2018-2022

- Disciplined M&A
- Deleveraging
- Priority to shareholders returns
Disciplined M&A policy

No major acquisition currently contemplated in the coming years

Zodiac portfolio pruning

Selective bolt-on’s reinforcing Safran footprint
e.g. Rockwell Collins’ actuators, pilot controls and special products
Reaffirmed objective of strong investment grade profile with efficient balance sheet management

### Net financial debt/EBITDA of Safran vs. industry peers (2018e) - Adjusted

<table>
<thead>
<tr>
<th>Peers</th>
<th>Net financial debt/EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer 1</td>
<td>3.5x</td>
</tr>
<tr>
<td>Peer 2</td>
<td>2.6x</td>
</tr>
<tr>
<td>Peer 3</td>
<td>2.1x</td>
</tr>
<tr>
<td>Peer 4</td>
<td>1.3x</td>
</tr>
<tr>
<td>Peer 5</td>
<td>0.9x</td>
</tr>
<tr>
<td>Peer 6</td>
<td>0.4x</td>
</tr>
<tr>
<td>Peer 7</td>
<td>0.4x</td>
</tr>
<tr>
<td>Peer 8</td>
<td>0.0x</td>
</tr>
<tr>
<td>Peer 9</td>
<td>-1.9x</td>
</tr>
<tr>
<td>Safran</td>
<td>0.9x</td>
</tr>
</tbody>
</table>
| Note: estimated net financial debt/EBITDA adjusted to include pro forma impact of announced acquisitions (full year EBITDA contribution and net debt impact at year-end). Peers include: Airbus, BAE Systems, Boeing, GE, Meggitt, MTU Aero Engines, Rolls-Royce, Thales and UTC. Sources: FactSet consensus, equity research analysts' estimates.

- Following acquisition of Zodiac and ~50% completion of share buyback program, Safran is moderately leveraged.
- Safran’s intention: to maintain its leverage in line with best-in-class peers.
Shareholders returns (1/2) – Best-in-class TSR over past 10 years


- Dividend by share (€)
- Interim dividend distribution (€M)
- Final dividend distribution (€M)
- Total dividend distribution (€M)

Dividends paid: x6.8 between 2008 and 2017

Safran share performance vs. CAC 40 index (2008-2018)

As of November 23, 2018

Share’s value: ~+686% since 2008

Total Shareholder Return (TSR) CAGR 2008-2018: +23.4% p.a
Shareholders returns (2/2) – Increased cash returns over 2018-2022

More dividends driven by higher results

Over 50% of the €2.3bn buyback program already executed, with €1.1bn to go in the next 12/18 months

- €522M through 2 buyback tranches announced on March 27th and June 29th
- Repurchase of the outstanding convertible bonds (OCEANEs) due Dec 31st, 2020. Treasury shares acquired in 2016 and 2017 to cover exchangeable debt securities reassigned to the €2.3bn share buyback program (6.25 million shares for a total value of €702M)
- New price limit set at the Nov. 27th AGM at €140 / share

Intention to increase the share buyback program by another €700M (to avoid potential dilution of June 2023 OCEANEs)

~50% of FCF distributed through dividends

~75% of FCF distributed through Buybacks + dividends (@40% payout assumption)

The Board of Directors will review the practice in 2020 in order to ensure growing and attractive equity return for shareholders

Over 75% of cumulated FCF to be returned to shareholders over 2018-2022 through buyback, existing dividend practice and a new possible buyback program
2018-2022 Financial wrap-up – Medium term ambition

Continued organic Growth
- Mid-single digit Revenue Growth over 2019-2022 (assuming average spot rate of USD 1.25 to the Euro over 2019-2022)
- Civil Aftermarket growing on average at high-single digit

Best-in-class profitability
- Benefits of medium-term FX hedging policy
- Recurring Operating Margin trending to a 16%-18% range by 2022
- Former Zodiac Aerospace divisions recovery and €200M cost synergies confirmed

Strong cash generation
- EBITDA increase by ~50% between 2018 and 2022
- EBIT to Free Cash Flow conversion above 50% each year and trending above 60%
- Subject to customary elements of uncertainty on the timing of downpayments and the rhythm of payments by certain state customers

Balanced and disciplined capital allocation with increased returns to shareholders to be further reviewed by Board of Directors in 2020
1st Q&A session

STRATEGY AND FINANCIAL FRAMEWORK

Philippe PETITCOLIN, CEO

Bernard DELPIT, CFO
CFM56 / LEAP TRANSITION AND AFTERMARKET

Olivier ANDRIÈS, SAE CEO
François BASTIN, SAE Commercial Engines
François PLANAUD, SAE Services & MRO
CFM56 / LEAP TRANSITION

François BASTIN,
SAE Commercial Engines
It takes a suite of technologies to make a great engine

- COMPOSITE FAN BLADES & CASE
  Lightweight & durable

- ADVANCED 3D AERO
  Performance

- ADVANCED COOLING
  Lightweight & temperature resistant

- LEAN COMBUSTOR
  Low NOx, durable

- FAN MOUNTED AGB
  Reliability, Maintainability

- DEBRIS REJECTION SYSTEM
  Protection against erosion

- LIGHTWEIGHT & TEMPERATURE RESISTANT
  ADVANCED 3D AERO

- NOISE & NOx
  -50% vs CAEP6, margin to new regulations (Chap 14)

- REliability +
  Life cycle maint. cost

- Same as CFM56

- 15% lower fuel consumption and reduction in CO2 emissions
LEAP: since CMD 2016

All performance, noise and emissions reduction objectives met

73 LEAP customers have accumulated more than 2.5 million engine flight hours

LEAP-1A
Entry into service in August 2016

LEAP-1B
Entry into service in May 2017

LEAP-1C
First Flight in May 2017
LEAP: the customer’s choice

Market shares, as of October 31, 2018

737MAX
- CFM LEAP 100%
- Single source

A320neo
- CFM LEAP 58%
- PW 1000G 42%

Based on announced orders and selections

CFM LEAP
- 8,171 AC
- 77%
- (o/w ~7,500 AC to be delivered)

PW1000G
- 2,509 AC
- 23%

Investor's choice: LEAP market share for A320neo lessors is 67%
LEAP in service: supporting a fleet of more than 500 aircraft…

As of October 31, 2018

**A320neo**
- 288 aircraft

**737 MAX**
- 231 aircraft
...with unrivalled utilization

**Cornerstone**
- Engine designed for reliability

**Levers**
- Digital advanced monitoring
- 3 call centers, 250+ field engineers
- On site support force operating 24/7 from 15 locations over the world
- 7 MRO shops up and running

**Already 99.9% dispatch reliability and still improving!**

**World Class Utilization, matching CFM56 standard**

**Aircraft not flying**
(in % of fleet in service)

Source: Flightradar24

**Flight hours (h)**
/ Average daily utilization

Source: Flightradar24

**Competition**

**LEAP**

**May 2017**

**October 2018**

Source: Flightradar24

**World Class Utilization, matching CFM56 standard**
Unprecedented ramp-up underway

In 2016, 77 LEAP deliveries, on top of 1,693 CFM56’s

In 2017, 459 LEAP deliveries, on top of 1,444 CFM56’s

In 2018 on track to beat 1,100 LEAP engines deliveries, on top of more than 1,000 CFM56’s

LEAP weekly rate already hit CFM56 historical peak level
Leveraging our Production Management System

Extensive investment: added 3 new plants and pulled in a 3rd pulse line in 2018 alone

Fully active dual sourcing, adding 3rd or 4th when necessary (forged parts, frames)
  - Examples: turbine disks, turbine rear vane

Winning the First Time Yield battle:
  - Through design updates & process improvements
  - Examples (2016 to now): OGVs (20 to 93%), fan blade leading edge (70 to 97%)

SWAT teams to tackle emerging issues at suppliers

Route to Serial Mode
  - Systematic risk analysis & abatement

Watch item
  - Forgings and Castings

150 suppliers
14 countries
A steadily extending footprint

Safran plant development

<table>
<thead>
<tr>
<th>Location</th>
<th>Size</th>
<th>Country</th>
<th>Specialisation</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Queretaro</td>
<td>6,000 m²</td>
<td>Mexico</td>
<td>Assembly</td>
<td>2019</td>
</tr>
<tr>
<td>Queretaro</td>
<td>31,000 m²</td>
<td>Mexico</td>
<td>3D composites RTM and OGV</td>
<td>2018</td>
</tr>
<tr>
<td>Rzeszow</td>
<td>5,000 m²</td>
<td>Poland</td>
<td>Compressor Blade machining</td>
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<td>Poland</td>
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<tr>
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<td>China</td>
<td>Machining and assembly</td>
<td>2018</td>
</tr>
<tr>
<td>Villaroche</td>
<td>40,000 m²</td>
<td>France</td>
<td>Logistics for assembly and spares</td>
<td>2017</td>
</tr>
<tr>
<td>Gennevilliers</td>
<td>1,500 m²</td>
<td>France</td>
<td>Precision forging</td>
<td>2016</td>
</tr>
<tr>
<td>Le Creusot</td>
<td>4,000 m²</td>
<td>France</td>
<td>Turbine disk machining</td>
<td>2015</td>
</tr>
<tr>
<td>Rochester</td>
<td>31,000 m²</td>
<td>USA</td>
<td>3D composites RTM</td>
<td>2014</td>
</tr>
<tr>
<td>Commercy</td>
<td>27,000 m²</td>
<td>France</td>
<td>3D composites RTM</td>
<td>2014</td>
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Over 173,000 m² of extensions and new plants in Europe, Asia and the Americas since 2013

In production

Safran plant development

Location | Size       | Country    | Specialisation                                      | Status |
<table>
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Over 173,000 m² of extensions and new plants in Europe, Asia and the Americas since 2013

In production
### Defining the state of the art of engine assembly

#### 2016 - 2017 - 2018

<table>
<thead>
<tr>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1.png" alt="Engine pulse lines" /></td>
<td><img src="image2.png" alt="Fan rolling lines" /></td>
<td><img src="image2.png" alt="Fan rolling lines" /></td>
</tr>
</tbody>
</table>

- Engine pulse lines
- Fan rolling lines

#### All effective today… and more coming!

- 3 LEAP engine pulse lines, 3 fan module rolling lines
- Friendly engine cradles
  - (4 axes, including +/- 110° engine axis rotation)
- Augmented reality
- Smart tooling
- In line image recognition control
- Collaborative automation (cobots)
- Zero-G handling

#### Generalizing the Pulse line concept

- Combining it with relentless innovation

#### Takt time

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image3.png" alt="Takt time" /></td>
<td><img src="image4.png" alt="Takt time" /></td>
<td><img src="image5.png" alt="Takt time" /></td>
</tr>
</tbody>
</table>
Cost reduction: right on track

Before 1st engine delivery, CMD16 learning curve was expressed in terms of Cost of Production.

As serial production has started, Cost of Sales metrics becomes more relevant.

The achievement to date is in line with the 2020 objective.
# LEAP Cost reduction: within our plants

<table>
<thead>
<tr>
<th>Levers</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design updates for cost</td>
<td><strong>$90k / engine</strong></td>
</tr>
<tr>
<td>● 1B Turbine rear vane</td>
<td></td>
</tr>
<tr>
<td>● Removal of EEC blowers</td>
<td></td>
</tr>
<tr>
<td>● 1B Fan frame shroud</td>
<td></td>
</tr>
<tr>
<td>Process Optimization</td>
<td></td>
</tr>
<tr>
<td>● Closed door machining</td>
<td></td>
</tr>
<tr>
<td>● Optimization of inspection times</td>
<td></td>
</tr>
<tr>
<td>● Rework elimination</td>
<td></td>
</tr>
<tr>
<td>Leveraging our low cost footprint</td>
<td></td>
</tr>
<tr>
<td>● China: turbine shafts, disks &amp; module assembly</td>
<td></td>
</tr>
<tr>
<td>● Mexico: fan disks, blades, OGVs &amp; module assembly</td>
<td></td>
</tr>
</tbody>
</table>
Closed door machining: Le Creusot (France)

Traditional turbine disk machining
- Batch flow
- One machine for one operator
- Manual on line machine set up

Flexible assisted manufacturing system
- One piece flow
- 2 machines for one operator
- Centralized retooling
- Off line machine set up

Flexible automated manufacturing system
- 3 machines for one operator
- Automated loading
- Closed Door Machining
- Digital data collection

Labor efficiency:
- Machining time:
- X2.5
- -50%
## LEAP Cost reduction: with our suppliers

<table>
<thead>
<tr>
<th>Levers</th>
<th>Examples</th>
</tr>
</thead>
</table>
| 3,000 part numbers | Design to cost  
- Cone torque metal coating removal, LPT shaft heat treatment optimization |
| 150 suppliers | Lean manufacturing, value chain analysis, process reengineering  
- Turbine disk machining cycle time reduced from 120 to 43 days |
| 4 levers | Supply base footprint optimization including best cost country  
- Extension of cost share in Morocco, Mexico, Portugal, Poland |
| 215 workshops | Rolling negotiations  
- Contract renewal, market share or volume change, dual sourcing benchmarking |
| 13,000 Actions items | |
CFM56 / LEAP Transition: the first steps of a success story

Looking back on 2.5 years and 2.5 million hours of operations, LEAP is already delivering on all its promises

- Performance (fuel, noise, emissions)
- Reliability
- Utilization

Historic ramp up is underway, supported by a strong production management system

Cost reduction is right on target
CFM56 / LEAP AFTERMARKET

François PLANAUD,
SAE Services and MRO
CFM56 / LEAP installed base growing

CFM56 / LEAP fleet in service to grow by 4.5% CAGR until 2025

- More than 38,000 CFM56 / LEAP engines will be in operation in 2025

Strong CFM56 installed base over the horizon

- 28,000 CFM56 engines (all models) in operation today
- 22,000+ in 2025

Sustained CFM fleet growth driven by LEAP deliveries

CFM Fleet in service

Source: CFM fleet data, agreed airframer LEAP rates
CFM56 / LEAP different aftermarket dynamics

**CFM56**

- Aftermarket business essentially driven by spare parts sales
  - Large choice of Maintenance, Repair and Overhaul (MRO) providers for Airlines
- Revenue drivers: shop visit volumes, workscopes (content), pricing

**LEAP**

- Increased customer demand for long term, rate per flight hour agreements
  - Provides airlines for maintenance cost predictability
  - 3rd party MRO network will develop over time
- Profitability drivers: engine reliability, fleet management & maintenance cost optimization, additional services

Transitioning from spare parts model to long term contracts
CFM56: -5B/-7B fleet is still a young fleet

As of 2018, 60% of CFM56 -5B/-7B in service have had 0 shop visit.

CFM56 -5B/-7B fleet split by number of shop visits performed:

- 2018e: ~22,800 Engines
  - 60% with no SV
  - 30% with 1 SV
  - 10% with 2+ visits

- 2020e: ~23,000 Engines
  - ~45% with no SV
  - ~40% with 1 SV
  - ~15% with 2+ visits

- 2025e: ~20,000 Engines
  - ~50% with no SV
  - ~30% with 1 SV
  - ~20% with 2+ visits

Source: CFM fleet data

Large maintenance activity ahead for CFM56-5B/-7B fleet.
CFM56: Spare parts consumption model

Shop visit forecast

**Long term trend**

**Fleet in service**
- Engines in service
- Utilization, area of operation

**Technical parameters**
- Operating data (Flight leg, temperatures…)
- Hardware durability, Life Limited Parts, EGT…

**Short term variations**

**Airlines strategy**
- Fleet management
- Financial & operational situation

Spare parts usage at shop visit

**Workscope**
- Module exposure
- Rebuild standards, Life Limited Parts (LLP) replacement

**Spare parts consumption**
- Replacement rates
- Used parts availability and demand

► Comprehensive spare parts forecast model
CFM56: -5B/-7B shop visit outlook

CFM56-5B/-7B shop visits to grow by ~5% CAGR until 2025

Peak over 3,000 shop visits per year expected around 2025

Higher peak level than in CMD16, due to additional CFM56 deliveries

Source: CFM fleet data
CFM56: -5B/-7B shop visit rank distribution

**Fleet-wide average timeline for spare parts revenue**

- **Entry in service**
- **Years**
  - SV1
  - SV2
  - SV3

**Proportion of shop visits 1 & 2 within total of -5B/-7B SV/year**

<table>
<thead>
<tr>
<th>Year</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018e</td>
<td>75%</td>
</tr>
<tr>
<td>2025e</td>
<td>&gt;66%</td>
</tr>
</tbody>
</table>

- **Shop visits 1 & 2 are main revenue contributors**
- **Large proportion of shop visits 1 & 2**
CFM56: Spare parts outlook

Expected CFM56 worldwide spare parts consumption profile ($)

Source: CFM fleet data

2017/2018 benefiting from tailwinds

- Positive global context:
  - Traffic growth and high fleet utilization
  - Airlines financial health
- Strong MRO activity & high-content workscopes

Higher perspective over the horizon

- Main contributor to civil aftermarket growth
- Year to year anticipated variations

Peaking in 2025

Stronger outlook for future CFM56 spare parts
LEAP: moving to Services with different types of offerings and contracts

<table>
<thead>
<tr>
<th>Spare parts purchase</th>
<th>Rate Per Flight Hour</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time &amp; Material</td>
<td>ESPH* / ESPO**</td>
</tr>
</tbody>
</table>

*Spare parts purchase:*
- Spot Sales / Short term agreement
- Cash at point of sale

*Rate Per Flight Hour:*
- Long Term agreement
- Cash per the hour (ESPH) or at shop visit (ESPO)

- Typically 8 to 12 years
- Agreement covering a defined fleet
- Additional services (Lease Engines, Engineering…)
- MRO provider manages Time on Wing and maintenance cost

Increasing scope of services to address customers needs

*ESPH: Engine Service Per Hour     **ESPO: Engine Service Per Overhaul*
LEAP: Long term contracts performance management

Leveraging on our expertise

**OEM expertise**
- Wide range of services
- Engine design knowledge

**Fleet management & maintenance optimization**
- Shop visit schedule
- On wing/quick turns interventions

**Operational performance**
- Optimized workscoping
- State of the art MRO facilities

Bringing digital tools and analytics

**Integrated Data Collection**
- Larger quantity of Engine data
- Environment (Weather, routes, …)

**Predictive maintenance**
- Continuous Remote Monitoring & diagnostics (e.g. advanced vibration analytics…)
  > Reduces physical interventions on engines
- Customized maintenance and inspections plans (e.g. Waterwash recommendations…)
- Dedicated teams developing advanced analytics

**Enhanced fleet management**
- Multi-parameters optimized engine removal plans

A wide suite of levers to manage performance
ESPH and ESPO illustrative cash profile

**Engine Services Per Hour (ESPH)**

**Engine Services Per Overhaul (ESPO)**

**Revenues**: IFRS15 Sales  
**Billings**: Cash in  
**Cash Flow**: Net Billings less Costs  
**Costs**: Cash out

- Similar revenue patterns in both cases
- Improved cash profile for ESPH vs ESPO
LEAP: Rate Per Flight Hours agreements portfolio

To date, 28% of LEAP engine orders include a signed CFM Rate Per Flight Hour (RPFH) long term agreement

- Split between ESPH and ESPO: 25% ESPH / 75% ESPO

Within 3/5 years, expected RPFH agreements to represent 60-70% of LEAP installed fleet as further discussions are on-going with a large panel of LEAP customers

- Anticipated split between ESPH/ESPO to be similar for future contracts

We assume later switch to T&M or spare parts model as fleet matures and worldwide overhaul demand increases (typically 8/10 years after EIS)

RPFH agreements trending to 60-70% of LEAP installed fleet
LEAP: Shop visits & MRO footprint

LEAP worldwide shop visits
- Expect strong ramp-up of shop visits as a result of new engines deliveries profile
- ~1,000 shop visits in 2025

Maintenance activity for Safran
- Long term Services portfolio will translate into significantly higher industrial maintenance volumes (x3 vs CFM56)

Planned extension of current Safran maintenance network footprint

Preparing for LEAP MRO ramp-up
CFM56 and LEAP mix of aftermarket revenues

Distribution of CFM56+LEAP aftermarket revenues by nature

- **2017**: 88% Spare parts and T&M, 12% RPFH
- **2022e**: ~80% Spare parts and T&M, ~20% RPFH
- **2025e**: ~70% Spare parts and T&M, ~30% RPFH

- Smooth and progressive ramp-up of RPFH contracts
- Spare parts and T&M will be the main revenue channel up to 2025+
Civil Aftermarket key messages

**CFM56**
- CFM56 spare parts keep driving civil aftermarket growth until 2025

**LEAP**
- LEAP Services will progressively ramp up and provide the relay for growth

- High single digit growth for total CFM56 & LEAP aftermarket revenues
2nd Q&A session

CFM56 / LEAP TRANSITION AND AFTERMARKET

Olivier ANDRIÈS,
SAE CEO

François BASTIN,
SAE Commercial Engines

François PLANAUD,
SAE Services & MRO
ZODIAC INTEGRATION AND AIRCRAFT INTERIORS RECOVERY

Hélène MOREAU-LEROY, Zodiac Aerospace Integration
Vincent MASCré, Zodiac Aerospace CEO & Zodiac Aerospace Seats CEO
Norman JORDAN, Zodiac Aerospace Cabin CEO
1

ZODIAC AEROSPACE INTEGRATION

Hélène MOREAU-LEROY,
Zodiac Aerospace Integration
3 priority levers of integration and value creation

- Reducing overheads and streamlining organizations to improve operational responsiveness
- Implementing Group operational excellence processes and methodologies to recover critical programs
- Focusing on customer satisfaction through reinforced management of recovery plans for sites experiencing difficulties

INTEGRATION PROJECT IN PLACE AND DELIVERING

- Roadmaps defined in all workstreams and being timely deployed
- 250+ people directly involved
- Strong monitoring and ownership of synergies
Fully integrate Zodiac Aerospace into Safran for a lean governance and efficient operations

- Central corporate functions regrouped – generating €15M synergies year on year
- Direct representation of Seats, Cabin and Aerosystems on Safran Executive Committee
- Rebranding of Zodiac Aerospace with Safran names

Reinforcing organizations while controlling overheads

- Strong control on overheads representing 150-200 bps of Zodiac Aerospace EBIT margin improvement

Organizational changes support a quick delivery of corporate function synergies, efficient operations and the development of Safran culture
Functional convergence and operational performance

- Functional processes, reporting and compliance in place for control and cost savings

Safran operational standards being deployed

- 25+ sites coached with dedicated operational projects
- 20 priority programs reviewed under Safran standards by end 2018 and 100+ by 2019

Safran Lean-Sigma culture deployed at rapid pace

- 1,000+ people trained on Safran sessions with more than 200 improvement projects launched

Leverage our talents on key sites to accelerate the operational recovery

- Strong dedication of on-sites teams with the support of 50+ Safran key executives appointed at Zodiac Aerospace

- Processes & methodologies deployed to drive efficiency and productivity
- Ensuring quick instillation of performance and accountability culture
Operational recovery on-track – case study of Seats France
Gradually deploying the full scope of integration actions to support on-site operational recovery

General context of site support

- Safran takeover (Feb-18)
- Operational workshops
- Issue addressed
- Resources involved
- Methodology and monitoring tools
- Continued staffing & training

Focus on manufacturing workshop #1

Issue addressed

For a dedicated production line
- 5S
- Value stream mapping
- Quality
- Performance monitoring

Resources involved

- 2 Safran Master Black Belts
- 18 people on-site
- Branch top management sponsorship

KEY RESULTS

- Redesign of the production line with 20% reduction of workstations
- Improvement of lead time by 30%
- Cost to achieve quality divided by 2

Operational turnaround now flowing
Synergies

Initial plan confirmed
- Annual €200M pre-tax run rate cost synergies will be fully delivered by 2022
- Strong monitoring in place and clear ownership across Safran
- One-off synergies implementation costs in line with plan (€215M)

Further areas of efficiency will be investigated between now and 2022
- Including prospective analysis of business optimization on Aerosystems

Additional savings below EBIT and improved cash flow generation
- Financial costs saving on Zodiac Aerospace – €18M annual savings
- A better Working Capital driven by operational and footprint optimization

Robust synergies in line with original plan
- Further opportunities being investigated
Investing to strengthen Zodiac Aerospace

Focusing on core areas to ensure strong pillars of future growth:

- Overall information systems upgrades with dedicated projects
- Investments
  - To upgrade factory standards
  - To meet Safran security standards (including cyber security)
- Ensure continued innovation for a leading position and state-of-the-art technologies

Investing in Zodiac Aerospace reinforcement to prepare for a future growth
AIRCRAFT INTERIORS

Vincent MASCRÉ,
Zodiac Aerospace CEO & Zodiac Aerospace Seats CEO

Norman JORDAN,
Zodiac Aerospace Cabin CEO
Aircraft Interiors: a broad portfolio of integrated solutions and equipment

- Ensure safety and comfort (even wellness) for passengers
- Maximize efficiency and differentiation for airlines
A world leader in Aircraft Interiors

World’s first to certify reinforced cockpit door

#1 in Galleys and Trolleys

#2 in Seats

Largest and easiest closing ECOS bins

In-house composite manufacturer

Innovative space-saving galley and lavatory solutions: Spaceflex v2

Breakthrough in seat-centric IFE: RAVE

The widest interiors portfolio worldwide

Innovator on the market: technology and integration capability
Aircraft Interiors are attractive for Safran

$12.8 Billion in 2018 worldwide market (1)

Growing market: 2018-2022 forecasted CAGR: +3.2% CABIN, +4.6% SEATS, +7% IFE (1)

Regular business opportunities mitigating cyclicality of aircraft projects:
- Short product life cycles (Development = 2 years, Production = 6 to 8 years)
- Airline driven retrofits

2 Business Models:
- Supplier Furnished Equipment (SFE) ➔ Tier 1 equipment provider, airframer driven
- Buyer Furnished Equipment (BFE) ➔ Airlines are the customers
  > Cabin ≈ 50/50 SFE vs BFE, Seats & IFE mostly BFE

(1) Internal study + Counterpoint Market Intelligence Ltd : Aircraft Interiors review - 2017

A dynamic market enabling a direct relationship with airlines who are the key industry drivers
### Aircraft Interiors Industry is Changing

<table>
<thead>
<tr>
<th>Industry Changes</th>
<th>Safran’s Know-How</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Airlines</strong></td>
<td>● Design</td>
</tr>
<tr>
<td>● Customization and product segmentation</td>
<td>● Innovation on architecture and technology</td>
</tr>
<tr>
<td>● Connected cabin</td>
<td>● Bespoke solutions offers for “leaders”</td>
</tr>
<tr>
<td><strong>Authorities</strong></td>
<td>● Modular products lines</td>
</tr>
<tr>
<td>● Certification: more stringent rules</td>
<td>● Equipment life monitoring + passengers apps</td>
</tr>
<tr>
<td><strong>Airframers</strong></td>
<td>● Advanced analysis &amp; test capabilities</td>
</tr>
<tr>
<td>● Competition is coming</td>
<td>● Integrated cabin solutions &amp; innovation</td>
</tr>
</tbody>
</table>

▶ Innovation, cost reduction… and attractive design
Innovation & design, to *thrive together* with our airline customers

**Passenger experience goes beyond pure functional experience to propose an emotional experience**

- 200 employees working on
  - Advanced concepts
  - Style & Perceived quality
  - Research & Technology

- More than 1,200 patents in portfolio
- A dedicated innovation & design studio in California
- An annual Symposium to test our advanced innovations with the market
### Seats: Today

#### Products & Market
- N°2 worldwide with 30% market share
- Return to offerability
- More than 150 Airlines customers, on most of the Airframer platforms
- Recognized as innovative and fitting customer experience expectations
- Poor aftermarket performance ratings

#### Footprint & Processes
- 3 product-oriented Business Units + 3 centers of excellence for key sub-assemblies (France, UK, USA)
- 2 competitive factories for metallic & composite components in Mexico & Tunisia
- In recovery mode with a few development challenges still work in-process
- Lack of standards & formalized processes

#### Employees

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tunisia</td>
<td>12%</td>
</tr>
<tr>
<td>Mexico</td>
<td>20%</td>
</tr>
<tr>
<td>France</td>
<td>20%</td>
</tr>
<tr>
<td>USA</td>
<td>26%</td>
</tr>
<tr>
<td>UK</td>
<td>21%</td>
</tr>
<tr>
<td>Others</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,300</strong></td>
</tr>
</tbody>
</table>

6,300 Employees
Seats: Our ambition

### Products & Market

- Re-conquer customer base on all segments after non-offerability period:
  - Back to 35% market share

- Offer innovative Economy & Business products based on modular platforms (standardization + customization):
  - One award winning product per year

- Streamline and grow aftermarket business to improve services to customer:
  - Enter the Top 5 of Airlines ratings in Services

### Footprint & Processes

- Set-up robust design and supply chain processes to restore excellence in execution:
  - On-time delivery 100%

- Reduce industrial & purchasing costs:
  - Ramp-up of volumes from low cost countries
  - Full-scale Lean/Sigma

  ➔ **Target: 4% total costs improvement per year**
## Products & Market

- N°1 worldwide with 22% market share\(^{(1)}\), followed closely by Rockwell-Collins and Diehl Aerosystems
- Customer base split 50/50 between OEMs and Airlines
- Strong (70%+) market share in regional jet complete interiors, catering equipment, and single-aisle galleys
- Products recognized as innovative and well-designed
- Product durability, reliability, and in-service support improvement required
- Increasing competition from OEMs and China

\(^{(1)}\) Safran + Counterpoint Market Intelligence Ltd: Aircraft Interiors review - 2017

## Footprint & Processes

- Composed of 8 acquisitions made between 2005-2014
- 30 sites and 13,900 employees
- Product development, engineering, testing and final assembly in the USA, Canada, Germany, France, and the Netherlands
- Final assembly, sub-assembly, metal fabrication, and drafting in Czech Republic, Mexico, Thailand, and Brazil
- Lack of standardization and integration of the legacy business units
- Operational performance on a recovery path
Cabin: Our ambition

<table>
<thead>
<tr>
<th>Products &amp; Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>● Enhance N°1 market position</td>
</tr>
<tr>
<td>● Regain the trust of our customers by improving our operational performance,</td>
</tr>
<tr>
<td>both quality and delivery</td>
</tr>
<tr>
<td>&gt; 100% OTD</td>
</tr>
<tr>
<td>● Deliver best in class customer service and durable, reliable and easy to use</td>
</tr>
<tr>
<td>products</td>
</tr>
<tr>
<td>&gt; Regain a positive reputation with airlines and OEMs</td>
</tr>
<tr>
<td>● Innovate in the areas of connected cabin, modular product architecture,</td>
</tr>
<tr>
<td>composite materials, and automation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Footprint &amp; Processes</th>
</tr>
</thead>
<tbody>
<tr>
<td>● Full deployment of Lean Sigma “One Safran”</td>
</tr>
<tr>
<td>● Product centers of excellence oriented around 4 product classes: floor-to-floor</td>
</tr>
<tr>
<td>(bins and liners), lavatories, galleys, and equipment</td>
</tr>
<tr>
<td>● Common product platforms with high part commonality</td>
</tr>
<tr>
<td>● Improved cost competitiveness with higher competitive country footprint and</td>
</tr>
<tr>
<td>benefits of part commonality</td>
</tr>
<tr>
<td>&gt; Site consolidation from 30 sites to 23 sites</td>
</tr>
<tr>
<td>● Supply chain consolidation</td>
</tr>
</tbody>
</table>
# In-Flight Entertainment

<table>
<thead>
<tr>
<th>Today</th>
<th>Our ambition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market products:</strong></td>
<td></td>
</tr>
<tr>
<td>● N° 3 worldwide (5% market share)</td>
<td>● Double sales in 5 years, driven by technology lead</td>
</tr>
<tr>
<td>● RAVE product technology leader</td>
<td>● From IFE platform, expand to Global connectivity business</td>
</tr>
<tr>
<td>&gt; Fully seat-centric, thin, light, high-definition</td>
<td>● From IFE &amp; connectivity systems, expand to value added services</td>
</tr>
<tr>
<td>● Fastest growth in the market (AGR + 20%)</td>
<td>&gt; Advertising, passenger digitalization and Analytics</td>
</tr>
</tbody>
</table>

| **Footprint:**                                                       |                                                                             |
| ● Fabless company, 450 employees in USA & Germany                    |                                                                             |
| ● Agile development process with modular software architecture       |                                                                             |
Our vision for Safran Interiors: customized global excellence

Restore full confidence from our customers through:

● Quality & performance of our products and services
  > Innovate through technology and architecture, while leveraging our « well designed and passenger friendly » product reputation

● Excellence of our operations
  > Set up standards and reduce costs, including legacy footprint streamline and Low Cost Countries ramp-up

Deliver robust financial returns:

● Return to sustainable double-digit profitability
INNOVATION POWERING SAFRAN

Stéphane CUEILLE,
Chief Technology Officer
Technology, key to our competitiveness

<table>
<thead>
<tr>
<th>BUSINESSES</th>
<th>PROPULSION</th>
<th>EQUIPMENT</th>
<th>INTERIORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>KEY DRIVERS</td>
<td>Greener</td>
<td>Connected and Autonomous</td>
<td>Passenger Experience</td>
</tr>
<tr>
<td>TECHNOLOGIES</td>
<td>Productivity &amp; Digital Services</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

R&T plan
A growing investment in R&T and Innovation

SAFRAN RT&I

€460M*

～3,000 FTE | 900 patents / year

Self-funded R&T and Innovation (€M)

2014 317
2018e 460*
2022e 600+

* Self-funded R&T 2018 – including Zodiac Aerospace (€30M)
SAFRAN R&T and Innovation: state of the art organization and processes

**R&T roadmaps**
- 40 Safran roadmaps
- Products
- Innovation
- Methods & Tools
- Technologies

**Shared resources**
- 600 Corporate Scientists
- SAFRAN TECH R&T CENTER
- SAFRAN ANALYTICS
- INTELLECTUAL PROPERTY CENTER OF EXCELLENCE

**Corporate initiatives**
- 4 Initiatives On Going
- HYBRID PROPULSION
- AUTONOMOUS SYSTEMS
- ADDITIVE MANUFACTURING
- DIGITAL

**Ecosystem**
- 30 Strategic partnerships
- SAFRAN VENTURES
- SCIENTIFIC PARTNERSHIPS
- TECHNOLOGY PARTNERSHIPS
SAFRAN at the core of energy & propulsion challenges

**CO₂ reduction challenge**

- Ultra-efficient gas turbine propulsion
- Hybrid propulsion and Electrification
- Use of Low Carbon Fuels

- **2005**
- **2010**
- **2020e**
- **2030e**
- **2040e**
- **2050e**

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High efficiency advanced turbine propulsion

Open Rotor: a key milestone achieved – a true option for the future

Clean Sky SAGE2 Full-Scale Open Rotor Ground Test Demo

The only engine architecture allowing a 15% reduction of fuel consumption and CO₂ emissions compared to the LEAP Engine

- 3D-woven carbon fiber blades
- Specific control system with Pitch Control Mechanism
- Same performance in terms of emitted noise as the LEAP engine
Optimizing energy onboard the aircraft

- Jet Engines
- Transmission Systems
- Generators & Motors
- Power Electronics
- Wiring
- Electrical Distribution
- Ram Air Turbines
- Auxillary Power Units
- Fuel Cells
- Electric Taxiing
- Safran
- Capital Markets Day 2018 / November 29, 2018

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SAFRAN pioneering hybrid electric energy & propulsion

A stepped approach
Potential of new usage, lower electrical power, shorter distance

Electrical Power / Voltage

- 100 kW (2021)
- 500 kW (2025)
- 1 MW (2025+)
- 10 MW (2025+)

Battery energy density

- < 1,000 V
- > 1,000 V

Potential of new usage, lower electrical power, shorter distance

- E-TAXIING
- Bi-turbine Helicopter Micro-Hybridization
- VTOL Air taxi or Logistic
- Commuter 10 Seats
- Electrically assisted Turbofan for future SMR* Aircraft
- 40 Seats Regional?
- Distributed Propulsion for 200 Seats Commercial aircraft?

2021
2025
2025+
2030+
2040+

*SMR: short medium range
Vtol hybrid electric distributed propulsion

Generator

High power density integrated electrical engine

Full scale flight demo 2021 with Bell

First test of a full hybrid propulsive system (June 2018)
Advanced materials & manufacturing processes

**Polymer matrix composites**
- 10% weight benefit, enabling advanced propulsion efficiency

**Ceramic matrix composites**
- +200°C & -60% weight: A game-changing class of material

**High performance alloys**
- +20% strength and x2 durability for critical equipments

**Advanced non destructive testing**
- 20% cost reduction and improved process control

**Turbine airfoil technologies**
- 5-10% engine fuel burn benefit

**A core capability for product performance and industrial competitiveness**
Additive manufacturing: making it a reality

Accelerating transition from R&T to Product insertion across Safran

Certified parts
- Arrano
- LEAP, APUs...

Ambitious targets for new designs / products
Supported by full scale demonstrators

Engine
- 50 parts to 1
- Cost -15%
- Weight -25%
- Lead time / 6

Equipment

Benefits
- Weight
- Lead time
- Performance
- Supply-chain dependency
- Reduction of assemblies

Additive campus project
Mutualized R&T and production Center
Digital at the core of our business processes

Manufacturing – Services – R&D
Data Analytics supporting the ramp-up of LEAP

Manufacturing process optimization

Benefits
- First time yield improvement
- Cost reduction
- Optimization of assets

Example
Forging dies life durability multiplied by 2.5
Autonomous systems

Defense Robotics

Drones

Pilot Assistance

Safe and Secure Navigation System

Certifiable Artificial Intelligence

Embedded Critical Electronics & Software Solution

Safran Tech Autonomous Systems Lab

Joint lab with Automotive Industry

Agile integration & test
Innovation in cabin

Connected cabin

- Passenger experience
- Operations & maintenance
- New revenue generation

ZEO: Safran design studio

- A unique combination of industrial design, advanced concept engineering and a mockup & prototype shop
- An open, collaborative environment dedicated to innovation

- Galleys
- Off-aircraft
- Zodiac CC Server
- Zodiac AP
- Lights
- PC and YC Seats
- Insert
- Trolleys
- Crew Panel, portable crew devices
- In Flight Entertainment & Connectivity
- WiFi
- Zodiac CabinLink
- Zodiac AP
- Zodiac CC Server
- SatCom, Cellular,...
- Off-aircraft
- Galleys

120 Safran - Capital Markets Day 2018 / November 29, 2018
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3rd Q&A session

ZODIAC AEROSPACE INTEGRATION AND R&D

Hélène MOREAU-LEROY, 
Zodiac Aerospace Integration

Vincent MASCRÉ, 
Zodiac Aerospace CEO & Zodiac Aerospace Seats CEO

Norman JORDAN, 
Zodiac Aerospace Cabin CEO

Stéphane CUEILLE, 
Chief Technology Officer
Closing remarks by Philippe PETITCOLIN, CEO

The most successful Aerospace and Defense company worldwide, ready to capture future growth

Focused at the same time on both short and long term with:

- An extreme attention to execution and operational excellence
- Growing investment in R&T and innovation to prepare the future
FORWARD-LOOKING STATEMENTS

This document 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, synergies, value accretions, 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,” “would,” “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: uncertainties related in particular to the economic, financial, competitive, tax or regulatory environment; 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; the benefits from Safran’s or Zodiac Aerospace’s (and their combined businesses) plans and strategies being less than anticipated; and the risks described in the registration document (document de référence). 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 document to reflect events or circumstances after the date of this document, except as may be required by applicable laws.

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