First-quarter 2012 Revenue

/ April 26, 2012 /
Q1 2012 business highlights

- 10-year contract with Chile’s national records administration
- Safran to supply wheels and carbon-brakes for 63 737NG aircraft of leading Malaysian airline Firefly
- Selected to supply JIM LR binoculars to British Army
- easyJet first airline to trial electric green taxiing system
- LEAP engine selected by Qantas to power 78 A320neo aircraft
- LEAP engine selected by Alafco to power 35 A320neo aircraft

LEAP engine: more than 3,500 orders and commitments to date, with 54%* market share on A320neo

(*) As of April 19, 2012
Q1 2012 financial highlights

- Original equipment up 22% in aerospace (Propulsion and Equipment)
- Solid growth in civil aftermarket (+15.1% in $)
  - Strength in the narrowbody segment (Global CFM56 spares revenue up 24.2% in $) mainly driven by 2nd generation engines
- 2-digit revenue contribution from:
  - Propulsion
  - Equipment (nacelles, electrical harnesses, landing systems)
  - Security (Detection and e-Documents)
- Military aviation revenue (original equipment and spares) was conjuncturally down (programme timing)
## Aerospace OE

<table>
<thead>
<tr>
<th>CFM56 engines</th>
<th>Q1 2011</th>
<th>Q1 2012</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total installed base</td>
<td>21,144</td>
<td>22,402</td>
<td>5.9%</td>
</tr>
<tr>
<td>Share of 2nd gen. engines</td>
<td>58%</td>
<td>60%</td>
<td>+2 pts</td>
</tr>
</tbody>
</table>

| Number of deliveries | | |
|----------------------|---------|---------|--------|
| 1. CFM56 engines | 322 | 378 | 17.4% |
| 2. Helicopter engines | 199 | 198 | (0.5)% |
| 3. A380 nacelles | 24 | 32 | 33.3% |
| 4. Landing gear | 249 | 318 | 27.7% |

| OE* revenue Prop. & Equipment (in €M) | 1,179 | 1,437 | 21.9% |

* All revenue except services

- 429 CFM56 and 266 LEAP new engine orders as of April 19, 2012
- Continuing rise of installed base and increased share of 2nd generation CFM engines in fleet
- Strong CFM56 delivery growth
- Stable helicopter deliveries
- Ramp up of Airbus A380 deliveries
- Growth of landing gear deliveries

**Achieving record production rates for CFM56 and equipment**
Aerospace services

### Propulsion

- Global CFM56 spares revenue growth:
  - Q1 2012 up 24.2% vs. Q1 2011
  - Q1 2012 up 1.3% vs. Q4 2011
- Flattish high thrust widebody engine spares
- Modest increase in aftermarket services for helicopter turbines

### Equipment

- Growth mainly driven by nacelles, landing systems and electrical harnesses

### Services

<table>
<thead>
<tr>
<th>Services* revenue</th>
<th>Q1 2011</th>
<th>Q1 2012</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Aerospace Propulsion</strong></td>
<td>738</td>
<td>789</td>
<td>6.9%</td>
</tr>
<tr>
<td>Services share of total revenue</td>
<td>51.8%</td>
<td>52.1%**</td>
<td>0.3pt</td>
</tr>
<tr>
<td><strong>Aircraft Equipment</strong></td>
<td>235</td>
<td>242</td>
<td>3.0%</td>
</tr>
<tr>
<td>Services share of total revenue</td>
<td>32.3%</td>
<td>27.4%</td>
<td>(4.9)pts</td>
</tr>
<tr>
<td><strong>Total services revenue</strong></td>
<td>973</td>
<td>1,031</td>
<td>5.9%</td>
</tr>
</tbody>
</table>

* Including spares and maintenance & repair activities
** 49.8% including SME

---

Civil aftermarket** grew by 15.1% in Q1 2012 in USD terms

** Includes CFM, high thrust and SaM146 engines (spares and MRO)
Q1 2012 Financials
Foreword

All revenue figures in this presentation represent Adjusted revenue (see annex for bridge with consolidated revenue)

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

Particularly, Safran recognizes, all changes in the fair value of its foreign currency derivatives in “financial income (loss)”, in accordance with the provisions of IAS 39 applicable to transactions not qualifying for hedge accounting.

Accordingly, Safran’s consolidated income statement is adjusted for the impact in financial income (loss) of the mark-to-market of foreign currency derivatives, in order to better reflect the economic substance of the Group’s overall foreign currency risk hedging strategy:

- revenue net of purchases denominated in foreign currencies is measured using the effective hedging rate, i.e., including the costs of the hedging strategy;
- the recognition of the mark-to-market of unsettled hedging instruments at the closing date is neutralized.
# Fx impact

## Fx positive impact during Q1 2012

<table>
<thead>
<tr>
<th>Effect</th>
<th>Description</th>
<th>Impact on Revenue and Return on Sales</th>
<th>Hedge rate</th>
<th>Spot rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transaction</td>
<td>Mismatch between $ sales and € costs is hedged</td>
<td>Positive impact from $</td>
<td>Q1 2011: $1.38, Q1 2012: $1.32</td>
<td></td>
</tr>
<tr>
<td>Mark-to-market</td>
<td></td>
<td>Impact on consolidated “statutory” accounts</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Favourable impact on revenue
## Q1 2012 revenue

<table>
<thead>
<tr>
<th>Adjusted data (in €M)</th>
<th>Q1 2011</th>
<th>Q1 2012</th>
<th>Change reported</th>
<th>Change organic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aerospace Propulsion</td>
<td>1,423</td>
<td>1,585</td>
<td>11.4%</td>
<td>3.5%</td>
</tr>
<tr>
<td>Aircraft Equipment</td>
<td>729</td>
<td>883</td>
<td>21.1%</td>
<td>17.1%</td>
</tr>
<tr>
<td>Defence</td>
<td>292</td>
<td>307</td>
<td>5.1%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Security</td>
<td>233</td>
<td>332</td>
<td>42.5%</td>
<td>6.4%</td>
</tr>
<tr>
<td>Others</td>
<td>4</td>
<td>1</td>
<td>na</td>
<td>na</td>
</tr>
<tr>
<td>Total revenue</td>
<td>2,681</td>
<td>3,108</td>
<td>15.9%</td>
<td>7.3%</td>
</tr>
</tbody>
</table>

### Main drivers

- Positive aerospace OEM volumes as well as improving aftermarket trends, except for military business (programme timing)
- Increase of nacelles (A380, A320, regional jets) and landing gear deliveries
- Double digit growth in Avionics
- Security
  - Favourable product-mix in Detection
  - Strong activity in e-Documents

**Positive growth across all businesses**
Q1 2012 revenue

Higher OEM volumes and improving trends in civil aerospace aftermarket and growing momentum in security

Favourable currency impact
- Positive translation and transaction impact on $  

Changes in the scope of consolidation mainly include:
- 3 months of MorphoTrust: €75M
- 3 months of SME: €71M
Fx: increasing the hedge book

Appx. 50% of Safran’ USD revenue naturally hedged by USD procurement

**Hedge portfolio, April 15, 2012**
Total: $15.2bn

<table>
<thead>
<tr>
<th>Year</th>
<th>Estimated Exposure Needs</th>
<th>€/$ Hedge Rate Achieved</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>4.3</td>
<td>1.37</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>4.8</td>
<td>1.32</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>~5.0</td>
<td>1.29</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>~5.0</td>
<td>1.29</td>
<td>&lt; 1.30</td>
</tr>
<tr>
<td>2015</td>
<td>~5.0</td>
<td>~3.5</td>
<td></td>
</tr>
</tbody>
</table>

- **2012 and 2013 are fully hedged**
  - $4.5bn achieved at $1.29 to rise to $5.0bn at $1.28 as long as €/$ < 1.52 for 2012
- **2014 is almost completed**
  - $2.1bn achieved at $1.30 to rise to $3.5bn at $1.29 as long as €/$ < 1.46 in 2012 and H1 2013
- **2015 hedging is well advanced**
  - $2.1bn achieved at $1.30 to rise to $3.5bn at $1.29 as long as €/$ < 1.46 in 2012 and H1 2013

~5.0
~5.0
~5.0
~5.0
~5.0

~5.0
~5.0
~5.0
~5.0
~5.0
Outlook
Equity shareholding

As of Dec. 31, 2011
- Public: 51.9%
- French State: 30.2%
- Treasury shares: 1.9%
- Employees: 16.0%

As of March 31, 2012
- Public: 52.2%
- French State: 30.2%
- Treasury shares: 0.4%
- Employees: 17.2%
FY 2012 outlook is confirmed

- Revenue expected to increase by *around 10%* at an *estimated* average spot rate of USD 1.37 to the Euro

- Recurring operating income expected to increase by *around 20%* at a hedge rate of USD 1.32 to the Euro

- Free cash flow expected to represent *about a third* of the recurring operating income taking into account expected increase in R&D and Capex
Questions & Answers
Additional information
### Consolidated and adjusted income statements

<table>
<thead>
<tr>
<th>Q1 2012 (In €M)</th>
<th>Consolidated revenue</th>
<th>Currency hedging</th>
<th>Business combinations</th>
<th>Adjusted revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Re-measurement of revenue</td>
<td>Deferred hedging gain (loss)</td>
<td>Amortization of intangible assets - Sagem/Snecema merger</td>
</tr>
<tr>
<td>Revenue</td>
<td>3,110</td>
<td>(2)</td>
<td>-</td>
<td>N/A</td>
</tr>
</tbody>
</table>
Global CFM spares revenue in $: +24.2% in Q1 2012 vs. Q1 2011
- +1.3% vs. Q4 2011
- 69 new CFM56 powered aircraft parked since December 31, 2012

46% of CFM active fleet still to have their first shop visit (65% of the 2\textsuperscript{nd} generation engines)

Shop visit numbers are estimates; these can be revised marginally as airlines finalise reports
KEY MISSIONS, KEY TECHNOLOGIES, KEY TALENTS