

First-quarter 2014 Revenue

/ April 23, 2014 /

Capturing positive trend in civil aviation

→ Positive outlook for 2014 according to IATA

- Passenger demand expected to increase by 6%
- Improving airlines financial health: airlines net profit to rise to \$18.7bn from \$12.9bn in 2013

→ Increasing assembly rates for narrow-bodies

- 737 NG: 38 a/c per month since April 2013, 42 a/c per month since end of March 2014 to rise to 47 a/c in 2017
- A320 family: 42 a/c per month to rise to 46 in Q2 2016

→ Strong CFM order intake rate

- Sustaining demand for the CFM56
 - 557 orders in Q1 2014
 - More than 4,900 engines in backlog
- Continuing commercial successes for the LEAP
 - 606 orders in Q1 2014
 - Close to 6,400 engines in backlog as March 31, 2014
 - 70% market share for future medium-range commercial airliners



Healthy commercial momentum for both CFM56 and LEAP

Q1 2014 business highlights – delivering strategy

→ **Readying LEAP production**

- Safran and Albany inaugurated a new plant in Rochester, New Hampshire, that will produce 3D woven composite parts using RTM technology for aircraft engines parts
- A sister plant will be inaugurated in Commercy in the autumn
- First application of this technology: fan cases and fan blades for the LEAP



→ **Helicopters: capturing business in emerging markets through established relations**

- WZ16/Ardiden 3C: joint project between Safran and Avic launched in 2008 to develop, produce and support a new-generation turboshaft engine to power the AC352 helicopter.
- FETT completed in November 2013
- Initial Chinese order for 120 WZ16/Ardiden 3C announced in Q1 2014



→ **Carbon brakes: bolstering Safran's position as leader in the commercial market**

- Selected by Boeing to supply wheels and carbon brakes for all models of the 737 MAX



→ **Defence: leveraging experience in optronics systems**

- Chosen by the French defence procurement agency to modernize the optronics systems on 4 air defence frigates in the French navy
- Deliveries spanning from summer 2014 to end 2015
- Complete maintenance of all systems provided over a period of 3 years

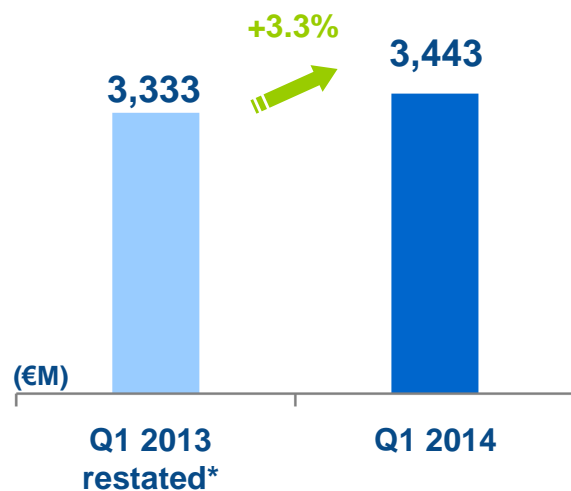


→ **Security in Chile: a successful public private partnership (PPP)**

- Issuance of more than 2 million highly-secure passports and ID cards since start of production in September 2013



Q1 2014 financial highlights



*restated for the impacts of IFRS 11

→ Propulsion

- Propulsion services grew 8%
Continued strength in civil aftermarket (+12.4% in \$) driven by first overhauls of recent CFM56 and GE90 engines
Military flat. Temporary headwind in helicopter support
- OE : -3%
Good momentum in narrowbody and widebody deliveries
Military flat. Lower helicopter volumes (production slippage, to be recovered by year-end)

→ Aircraft Equipment +11%:

- OE revenue up 12.7%
- Services up 6.7%

→ Security resumed organic growth (+5.3%)

- Positive momentum in Detection and in Identification (MorphoTrust)

→ Defence sales dropped 12% due to temporary slippage in deliveries to be recovered by year-end

- Annual outlook for stability in Defence unchanged.

→ Adverse currency impacts (notably USD weakness)

- Revenue growth is 4.9% at constant currency

Strong civil aviation business
On track to achieve 2014 targets

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Q1 2014 Financials

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.

Impacts of IFRS 11

→ Safran adopted IFRS 11 in 2014 and restated its 2013 accounts for comparison purposes (see annex)

→ Restatements FY 2013

- Revenue: € (332) M
- Adjusted recurring operating income: € (8) M
- Free cash flow: € (13) M
- Net debt position increase: € 131 M

→ Restatements Q1 2013

| <i>(In €M)</i> | Prop. | Equip. | Defence | Security | Total operating segments | Holding company and other | Total adjusted revenue |
|--------------------------|--------------|------------|-------------|------------|--------------------------|---------------------------|------------------------|
| Published Revenue | 1,831 | 924 | 304 | 344 | 3,403 | 1 | 3,404 |
| <i>Impact of IFRS 11</i> | <i>(46)</i> | <i>(9)</i> | <i>(12)</i> | <i>(4)</i> | <i>(71)</i> | - | (71) |
| Restated Revenue | 1,785 | 915 | 292 | 340 | 3,332 | 1 | 3,333 |

Fx impact

→ Fx impacts during Q1 2014

- **Translation** effect: foreign currencies translated into €
 - ⇒ Negative impact from USD, CAD and BRL
 - ⇒ Impact on Revenue and Return on Sales
 - ⇒ Very limited impact to profit from USD-native subsidiaries

Average spot rate

| Q1 2013 | Q1 2014 |
|---------|---------|
| \$1.32 | \$1.37 |

- **Transaction** effect: mismatch between \$ sales and € costs is hedged
 - ⇒ Positive impact from \$
 - ⇒ Impact on Profits

Hedge rate

| Q1 2013 | Q1 2014 |
|---------|---------|
| \$1.29 | \$1.27 |

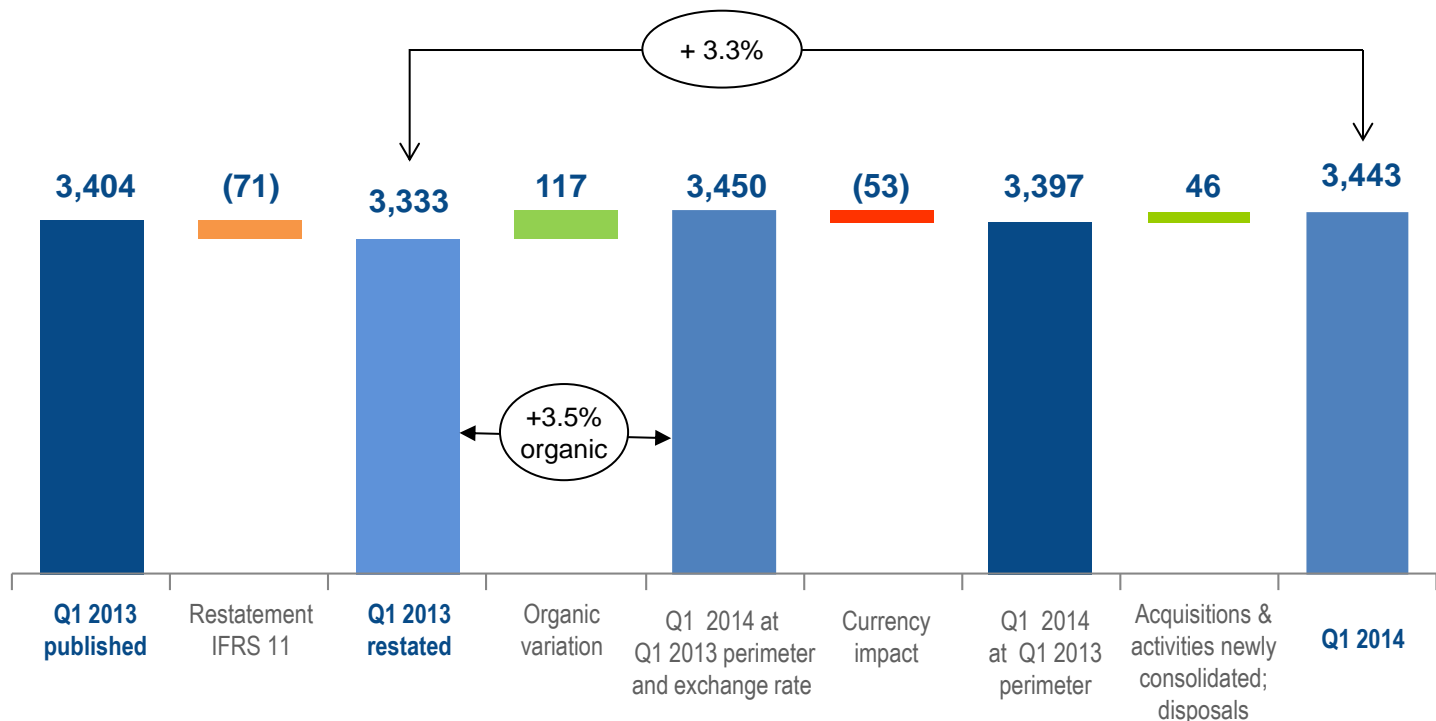
- **Mark-to-market** effect
 - ⇒ Impact on consolidated “statutory” accounts

Spot rate

| Mar. 31, 2013 | Dec. 31, 2013 | Mar. 31, 2014 |
|---------------|---------------|---------------|
| \$1.28 | \$1.38 | \$1.38 |

Adjusted Revenue: negative translation effect partially offset by improvement in hedged rate
Adjusted Recurring operating income: largely protected by EUR/USD hedging policy

Q1 2014 revenue



- **Organic growth : 3.5%**
 - Driven by momentum in most Aerospace activities and Security
- **Currency impact : -1.6%**
 - Negative translation effect of USD, CAD, BRL, particularly in Security
 - Positive effect of improved hedged rate
- **External growth : +1.4%**
 - Acquisitions : RRTM, GEPS, Abnotes
 - Disposal : Globe Motors

Q1 2014 revenue by activity

| Adjusted revenue (in €M) | Q1 2013 Restated | Q1 2014 | Change reported | Change organic |
|-----------------------------|---------------------|--------------|--------------------|-------------------|
| Aerospace Propulsion | 1,785 | 1,825 | 2.2% | 2.1% |
| Aircraft Equipment | 915 | 1,016 | 11.0% | 10.5% |
| Defence | 292 | 257 | (12.0)% | (11.3)% |
| Security | 340 | 345 | 1.5% | 5.3% |
| Others | 1 | - | na | na |
| Total revenue | 3,333 | 3,443 | 3.3% | 3.5% |

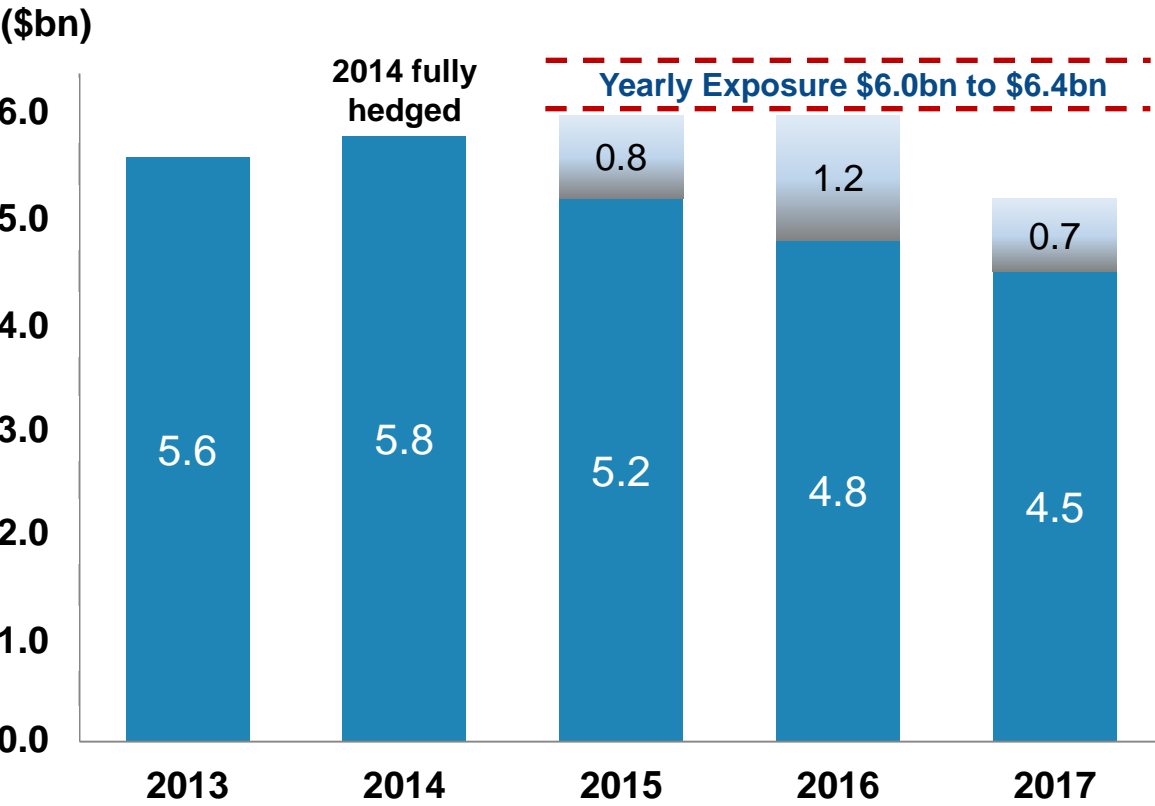
Main growth drivers

- Positive aerospace OE volumes and strong civil aftermarket trends
- Ramp up of B787 programme driving landing gear, electrical systems
- A320, A330 thrust reversers, regional and bizjet nacelles
- Identification in US and Chile
- Detection

Offsetting impacts

- Helicopters: production slippage, EC225, exceptionally severe weather in North America
- Avionics: temporary slippage of deliveries
- Optronics: lower volumes
- Adverse translation impacts in Security

Fx hedging: \$18.6bn Hedge portfolio* (April 15, 2014)



Higher expected level of net USD exposure for 2015-17 due to strong growth of businesses with exposed USD revenue

2015

- \$5.2bn achieved at \$1.26. \$0.8bn of accumulators recently put in place to hedge increased USD exposure and strive for improved rate to 1.25

2016

- \$4.8bn achieved at \$1.25 (including knock out option strategies) to rise to \$6.0bn at \$1.25 through accumulators as long as €//\$ < 1.40 up to Q3 2014
- Knock out options barriers set at various levels 1.40/1.42/1.44 for limited periods of time in 2014.

2017

- \$4.5bn achieved at \$1.25 (mainly knock out option strategies) to rise to \$5.2bn at \$1.26 through accumulators as long as €//\$ < 1.42 up to end 2015
- Knock out options barriers set at various levels 1.40/1.42/1.44/1.46 for limited periods of time in 2014.

Should the options be knocked out, hedging strategy would be adapted to new market conditions.

€/ \$ hedge rate

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|----------|------|------|-----------------|------|------|
| Achieved | 1.28 | 1.27 | 1.26 | 1.25 | 1.25 |
| Target | | 1.26 | 1.25 <i>New</i> | 1.25 | 1.25 |

*Approx. 50% of Safran US\$ revenue naturally hedged by US\$ procurement



/04/ Outlook

On track to achieve 2014 targets – outlook confirmed

- **Adjusted revenue expected to increase by a percentage in *mid single digits** at an estimated average rate of USD 1.30 to the Euro**
If the average EUR/USD spot rate of 1.37 were to remain throughout 2014 the mid-single digit growth objective for adjusted revenue would remain achievable, the positive effect of the improving hedge rate partially offsetting the adverse translation effect.
- **Adjusted recurring operating income expected to increase by a percentage in *low double digits** at a hedge rate of USD 1.26 to the Euro**
The hedging policy isolates adjusted recurring operating income from current EUR/USD variations except for the part generated in USD by activities located in the US, subject to the translation effect when converted into Euro.
- **Free cash flow expected to represent *close to 40%* of the adjusted recurring operating income subject to usual uncertainties on the timing of advance payments**

**Compared to the 2013 accounts restated for the effects of IFRS 11*

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Questions & Answers

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Additional information

Consolidated and adjusted revenue

| Q1 2014 (In €M) | Consolidated revenue | Currency hedging | | Business combinations | | Adjusted revenue |
|--------------------|-------------------------|------------------------------|---------------------------------|------------------------------------------------------------------|-------------------------------------------------|---------------------|
| | | Re-measurement of revenue | Deferred hedging gain (loss) | Amortization of intangible assets - Sagem/Snecma merger | PPA impacts - other business combinations | |
| Revenue | 3,353 | 90 | n/a | n/a | n/a | 3,443 |

Aerospace OE* / Services revenue split

| Revenue | Q1 2013 restated | | Q1 2014 | | % change | |
|------------------------------------|------------------|----------|---------|----------|----------|----------|
| | OE | Services | OE | Services | OE | Services |
| Adjusted data (in Euro million) | | | | | | |
| <i>Propulsion</i> | 930 | 855 | 902 | 923 | (3.0)% | 8.0% |
| <i>% of revenue</i> | 52.1% | 47.9% | 49.4% | 50.6% | | |
| <i>Equipment</i> | 663 | 252 | 747 | 269 | 12.7% | 6.7% |
| <i>% of revenue</i> | 72.5% | 27.5% | 73.5% | 26.5% | | |

* All revenue except services

Quantities of major aerospace programs

| <i>Number of units delivered</i> | Q1 2013 | Q1 2014 | % |
|---------------------------------------------------|---------|------------|-------|
| CFM56 engines | 390 | 402 | 3% |
| High thrust engines | 134 | 182 | 36% |
| Helicopter engines | 246 | 180 | (27)% |
| M88 engines | 5 | 6 | 20% |
| TP400 engines | 11 | 4 | (64)% |
| A380 nacelles | 28 | 28 | - |
| A330 thrust reversers | 39 | 44 | 13% |
| A320 thrust reversers | 124 | 147 | 19% |
| Small nacelles (<i>biz & regional jets</i>) | 92 | 149 | 62% |

→ **Civil aftermarket** (expressed in USD)

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

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Annex – Impacts of IFRS 11 on 2013 accounts

FY 2013 restated income statement, net debt position and free cash flow (IFRS 11)

| <i>(In €M)</i> | FY 2013 | Impacts of IFRS 11 | FY 2013 restated |
|---------------------------------------------------------------|----------------|---------------------------|-------------------------|
| Revenue | 14,695 | (332) | 14,363 |
| Other recurring operating income and expenses | (12,907) | 272 | (12,635) |
| Share in profit from joint ventures | - | 52 | 52 |
| Recurring operating income | 1,788 | (8) | 1,780 |
| % of revenue | 12.2% | +0.2pt | 12.4% |
| Total one-off items | (31) | (3) | (34) |
| Profit from operations | 1,757 | (11) | 1,746 |
| % of revenue | 12.0% | +0.2pt | 12.2% |
| Net financial income (expense) | (138) | - | (138) |
| Income tax expense | (540) | 11 | (529) |
| Share in profit from associates | 15 | - | 15 |
| Gain on disposal of Ingenico shares | 131 | - | 131 |
| Loss for the period attributable to non-controlling interests | (32) | - | (32) |
| Profit attributable to owners of the parent | 1,193 | - | 1,193 |
| EPS (in €) | 2.87* | | 2.87* |
| Net debt position | (1,089) | (131) | (1,220) |
| Free cash flow | 712 | (13) | 699 |

*Based on a weighted average number of shares of 416,292,736

FY 2013 restated segment information (IFRS 11)

| FY 2013 (In €M) | Prop. | Equip. | Defence | Security | Total operating segments | Holding company and other | Total adjusted data | Currency hedges | Impacts of business combinations | Total consolidated data |
|--------------------------------------------|--------------|--------------|--------------|--------------|--------------------------|---------------------------|---------------------|-----------------|----------------------------------|-------------------------|
| Revenue | 7,791 | 4,121 | 1,278 | 1,502 | 14,692 | 3 | 14,695 | (205) | na | 14,490 |
| <i>Impacts of IFRS 11</i> | <i>(202)</i> | <i>(30)</i> | <i>(81)</i> | <i>(20)</i> | <i>(333)</i> | <i>1</i> | <i>(332)</i> | - | na | <i>(332)</i> |
| Restated revenue | 7,589 | 4,091 | 1,197 | 1,482 | 14,359 | 4 | 14,363 | (205) | na | 14,158 |
| Recurring operating income | 1,359 | 380 | 87 | 120 | 1,946 | (158) | 1,788 | (216) | (277) | 1,295 |
| <i>Impacts of IFRS 11</i> | <i>(1)</i> | <i>(4)</i> | <i>(3)</i> | - | <i>(8)</i> | - | <i>(8)</i> | - | - | <i>(8)</i> |
| Restated recurring operating income | 1,358 | 376 | 84 | 120 | 1,938 | (158) | 1,780 | (216) | (277) | 1,287 |
| Free cash flow | 521 | 67 | 110 | (42) | 656 | 56 | 712 | na | na | 712 |
| <i>Impacts of IFRS 11</i> | <i>(28)</i> | <i>6</i> | <i>16</i> | <i>(7)</i> | <i>(13)</i> | - | <i>(13)</i> | na | na | <i>(13)</i> |
| Restated free cash flow | 493 | 73 | 126 | (49) | 643 | 56 | 699 | na | na | 699 |

FY 2013 restated balance sheet (IFRS 11)

| Balance sheet – Assets (in Euro million) | Dec. 31, 2013 | Impacts of IFRS 11 | Dec. 31, 2013 restated |
|-------------------------------------------------|----------------------|---------------------------|-------------------------------|
| Goodwill | 3,495 | (96) | 3,399 |
| Tangible & Intangibles assets | 7,381 | (298) | 7,083 |
| Investments in joint ventures and associates | 133 | 547 | 680 |
| Other non-current assets | 601 | (16) | 585 |
| Current derivatives assets | 864 | - | 864 |
| Inventories and WIP | 4,135 | (137) | 3,998 |
| Trade and other receivables | 5,102 | (135) | 4,967 |
| Cash and cash equivalents | 1,672 | (125) | 1,547 |
| Other current assets | 590 | (15) | 575 |
| Total assets | 23,973 | (275) | 23,698 |

| Balance sheet – Liabilities (in Euro million) | Dec.31, 2013 | Impacts of IFRS 11 | Dec.31, 2013 restated |
|------------------------------------------------------|---------------------|---------------------------|------------------------------|
| Equity | 6,814 | (1) | 6,813 |
| Provisions | 2,975 | (17) | 2,958 |
| Borrowings subject to sp. Conditions | 670 | - | 670 |
| Interest bearing liabilities | 2,730 | 6 | 2,736 |
| Non current derivatives | 36 | - | 36 |
| Other non-current derivatives | 1,412 | (8) | 1,404 |
| Trade and other payables | 8,920 | (252) | (8,668) |
| Other current liabilities | 416 | (3) | 413 |
| Total Equity & Liabilities | 23,973 | (275) | (23,698) |

H1 2013 restated income statement, net debt position and free cash flow (IFRS 11)

| <i>(In €M)</i> | H1 2013 | <i>Impacts of IFRS 11</i> | H1 2013 restated |
|---------------------------------------------------------------|----------------|---------------------------|------------------|
| Revenue | 7,066 | (159) | 6,907 |
| Other recurring operating income and expenses | (6,219) | 132 | (6,087) |
| Share in profit from joint ventures | - | 22 | 22 |
| Recurring operating income | 847 | (5) | 842 |
| % of revenue | 12.0% | +0.2pt | 12.2% |
| Total one-off items | (23) | - | (23) |
| Profit from operations | 824 | (5) | 819 |
| % of revenue | 11.7% | +0.2pt | 11.9% |
| Net financial income (expense) | (67) | - | (67) |
| Income tax expense | (231) | 5 | (226) |
| Share in profit from associates | 10 | - | 10 |
| Gain on disposal of Ingenico shares | 131 | - | 131 |
| Loss for the period attributable to non-controlling interests | (9) | - | (9) |
| Profit attributable to owners of the parent | 658 | 1 | 658 |
| EPS (in €) | 1.58 | | 1.58 |
| Net debt position | (1,202) | (115) | (1,317) |
| Free cash flow | 157 | 10 | 167 |

*Based on a weighted average number of shares of 416,151,726

H1 2013 restated segment information (IFRS 11)

| H1 2013 (In €M) | Prop. | Equip. | Defence | Security | Total operating segments | Holding company and other | Total adjusted data | Currency hedges | Impacts of business combinations | Total consolidated data |
|--------------------------------------------|--------------|--------------|-------------|-------------|--------------------------|---------------------------|---------------------|-----------------|----------------------------------|-------------------------|
| Revenue | 3,773 | 1,961 | 598 | 733 | 7,065 | 1 | 7,066 | (46) | na | 7,020 |
| <i>Impacts of IFRS 11</i> | <i>(102)</i> | <i>(16)</i> | <i>(32)</i> | <i>(9)</i> | <i>(159)</i> | <i>-</i> | <i>(159)</i> | <i>-</i> | <i>na</i> | <i>(159)</i> |
| Restated revenue | 3,671 | 1,945 | 566 | 724 | 6,906 | 1 | 6,907 | (46) | na | 6,861 |
| Recurring operating income | 634 | 175 | 45 | 66 | 920 | (73) | 847 | (46) | (126) | 675 |
| <i>Impacts of IFRS 11</i> | <i>(3)</i> | <i>(1)</i> | <i>-</i> | <i>(1)</i> | <i>(5)</i> | <i>-</i> | <i>(5)</i> | <i>-</i> | <i>-</i> | <i>(5)</i> |
| Restated recurring operating income | 631 | 174 | 45 | 65 | 915 | (73) | 842 | (46) | (126) | 670 |
| Free cash flow | 208 | (68) | 37 | (53) | 124 | 33 | 157 | na | na | 157 |
| <i>Impacts of IFRS 11</i> | <i>(10)</i> | <i>8</i> | <i>18</i> | <i>(6)</i> | <i>10</i> | <i>-</i> | <i>10</i> | <i>na</i> | <i>na</i> | <i>10</i> |
| Restated free cash flow | 198 | (60) | 55 | (59) | 134 | 33 | 167 | na | na | 167 |

Q1, Q3 & 9M 2013 restated segment information (IFRS 11)

| Q1 2013 (In €M) | Prop. | Equip. | Defence | Security | Total operating segments | Holding company and other | Total adjusted revenue | Currency hedges | Impacts of business combinations | Total consolidated revenue |
|--------------------------|-------|--------|---------|----------|--------------------------|---------------------------|------------------------|-----------------|----------------------------------|----------------------------|
| Published Revenue | 1,831 | 924 | 304 | 344 | 3,403 | 1 | 3,404 | (26) | na | 3,378 |
| <i>Impact of IFRS 11</i> | (46) | (9) | (12) | (4) | (71) | - | (71) | - | na | (71) |
| Restated Revenue | 1,785 | 915 | 292 | 340 | 3,332 | 1 | 3,333 | (26) | na | 3,307 |

| Q3 2013 (In €M) | Prop. | Equip. | Defence | Security | Total operating segments | Holding company and other | Total adjusted data | Currency hedges | Impacts of business combinations | Total consolidated data |
|---------------------------|-------|--------|---------|----------|--------------------------|---------------------------|---------------------|-----------------|----------------------------------|-------------------------|
| Revenue | 1,815 | 990 | 278 | 354 | 3,437 | - | 3,437 | (33) | na | 3,404 |
| <i>Impacts of IFRS 11</i> | (44) | (8) | (20) | (5) | (77) | 1 | (76) | - | na | (76) |
| Restated revenue | 1,771 | 982 | 258 | 349 | 3,360 | 1 | 3,361 | (33) | na | 3,328 |

| 9M 2013 (In €M) | Prop. | Equip. | Defence | Security | Total operating segments | Holding company and other | Total adjusted data | Currency hedges | Impacts of business combinations | Total consolidated data |
|---------------------------|-------|--------|---------|----------|--------------------------|---------------------------|---------------------|-----------------|----------------------------------|-------------------------|
| Revenue | 5,588 | 2,951 | 876 | 1,087 | 10,502 | 1 | 10,503 | (79) | na | 10,424 |
| <i>Impacts of IFRS 11</i> | (146) | (24) | (52) | (14) | (236) | 1 | (235) | - | na | (235) |
| Restated revenue | 5,442 | 2,927 | 824 | 1,073 | 10,266 | 2 | 10,268 | (79) | na | 10,189 |

KEY MISSIONS, KEY TECHNOLOGIES, KEY TALENTS