Q3 2016 HIGHLIGHTS

Philippe PETITCOLIN - CEO
Q3 2016 : strategic milestones and new operational progress

Safran entered into exclusive negotiations with Advent International for the sale of its identity and security activities

- Safran’s identity and security businesses valued at €2,425M or 12.6x EBITDA 2015
- Transaction expected to close in 2017
- As a result, Safran Identity & Security (Safran’s identity, security and detection activities) treated as “discontinued operations” in 2016

Excellent execution on LEAP

- Successful entry into service for LEAP-1A at 2 airlines, more to come
- Production ramp up of LEAP on track

Purchase of 36 Rafale aircraft by India

- Safran supplies key systems including M88 engines, power transmission, landing gear, wheels and carbon brakes, inertial navigation and wiring

9m 2016 performance is in line with annual targets
Revenue highlights

9m revenue (€M)

<table>
<thead>
<tr>
<th>9m 2015</th>
<th>9m 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>11,185</td>
<td>11,504</td>
</tr>
</tbody>
</table>

2.9% organic growth

3.8% organic growth

9m revenue growth in line with annual guidance

- From July 1, 2016, the space launcher business no longer contributes to revenues whereas it had done so in 2015 (Euro 110 million in Q3 2015).
- Organic growth of 3.8% driven by Aerospace services
- Continuing and discontinued activities grew 4.1%

Q3 revenue (€M)

<table>
<thead>
<tr>
<th>Q3 2015</th>
<th>Q3 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,667</td>
<td>3,517</td>
</tr>
</tbody>
</table>

(4.1)% organic growth

(0.8)% organic growth

9m revenue consistent with annual guidance

- As expected, from July 1, 2016, space launcher business no longer contributes to revenues whereas it had done so in 2015 (Euro 110 million in Q3 2015).
- Organic* growth of (0.8)% includes the phasing of M88 deliveries, lower civil MRO and helicopter support in Propulsion as well as lower sales in Defense, partially offset by excellent performance in Aircraft Equipment

*Excluding changes in scope and FX impacts
LEAP-1A: smooth entry into service

- 22 engines delivered in Q3 2016. October deliveries bring year-to-date total to over 40 engines
- Fleet of 6 aircraft in service at 2 airlines (Pegasus, AirAsia). Entry into commercial service is imminent at 3 other airlines.
- Operators confirm the availability and performance of the engine:
  > "We are absolutely delighted with the operation of this engine. There has not been a single glitch. From day one, we have been able to operate our new A320neos the same as the other aircraft in our fleet. Most days, we are doing 10 or 11 flights per day. The reliability of the engine is helping to keep us on schedule, allowing us to maintain 30-minute turn times at the gate. Having full use of these assets has given us the flexibility we need to support our daily operations."
  Mehmet Nane, CEO of Pegasus Airlines

Continuing progress of LEAP development

- LEAP-1B
  > Flight test campaign making progress as planned, paving the way for entry into service in the first-half of 2017
  > Four 737MAX in test and more than 1,370 hours of flight tests have been logged on over 1,200 flights
  > Measurements show that the engine is fully on track to meet the performance specifications
- LEAP-1C
  > Propulsion system ready for first flight scheduled by COMAC for before year-end.
Q3 2016 business highlights

Confirmation of CFM leadership

◆ Continuing demand for CFM56
  > Record deliveries of CFM56 with 1,293 engines YTD (+7%)
  > 841 CFM56 orders and commitments logged YTD with a market share of 80% on A320ceo YTD

◆ Commercial success for LEAP
  > 1,354 LEAP orders and commitments YTD
  > 11,215 total orders and commitments received for LEAP with a market share of 56% on A320neo
  > LEAP backlog stands at 11,182 engines

Safran Electronics & Defense inaugurated its new R&D center in Eragny-sur-Oise (France)

◆ Consolidation of its R&D capabilities on major aerospace and defense projects to bolster competitiveness
◆ Key research center in Europe for inertial navigation and tactical drones
◆ 1,200 employees dedicated to technological differentiation

Signature of several carbon brakes contracts by Safran Landing Systems including

◆ TUI for 70 Boeing 737MAX; Okay Airways for 12 Boeing 737NG and 21 Boeing 737MAX; Globus for 11 Boeing 737NG and 9 Boeing 737MAX
9M AND Q3 2016 REVENUE

Bernard Delpit – Group CFO
All revenue figures in this presentation represent Adjusted\(^1\) revenue and continuing operations\(^2\).

To reflect the Group’s actual economic performance and enable it to be monitored and benchmarked against competitors, Safran prepares an adjusted revenue.

Safran’s consolidated revenue has been adjusted for the impact 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 hedged rate, i.e., including the costs of the hedging strategy,

  - all mark-to-market changes on foreign currency derivatives hedging future cash flows are neutralized.

\(^1\) See annex for bridge with consolidated revenue

\(^2\) Safran Identity & Security is presented as discontinued
Foreign exchange effects

Translation effect: foreign currencies translated into €
- Negative impact mainly from GBP
- Impact on Revenues and Return on Sales

Transaction effect: mismatch between $ sales and € costs is hedged
- Positive impact from hedged $ as planned
- Impact on Profits

Mark-to-Market effect
- Impact on consolidated “statutory” accounts

<table>
<thead>
<tr>
<th></th>
<th>Q3 2015</th>
<th>Q3 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average spot rate</td>
<td>$1.11</td>
<td>$1.12</td>
</tr>
<tr>
<td>Hedge rate</td>
<td>$1.25</td>
<td>$1.24</td>
</tr>
<tr>
<td>Spot rate at close</td>
<td>$1.12</td>
<td>$1.12</td>
</tr>
</tbody>
</table>
9m 2016 revenue (continuing operations)

(in M€)

9m 2016 at 9m 2015 scope and exchange rates: 11,611
Currency impact: -11,611
9m 2016 at 9m 2015 scope and exchange rates: 11,610
Changes in scope and exchange rates: -11,504

Organic growth: 3.8%
- Higher contribution from Aerospace revenues partially offset by a decline in Defense

Currency impact: n/s

Scope: (0.9)%
- Contribution of Safran’ space launcher activities to ASL starting July 1, 2016: €(-110)M in Q3 2015
Q3 2016 revenue (continuing operations)

(in M€)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>3,667</td>
<td>(29)</td>
<td>3,638</td>
<td>(13)</td>
<td>3,625</td>
<td>(108)</td>
<td>3,517</td>
</tr>
</tbody>
</table>

Organic change: (0.8)%

Currency impact: (0.4)%

◆ Negative translation effect mainly from GBP

Scope: (2.9)%

◆ Contribution of Safran’ space launcher activities to Airbus Safran Launchers starting July 1, 2016: €(110)M in Q3 2015 (expected to be €(400)M for FY 2015)
### 9m 2016 revenue by activity

<table>
<thead>
<tr>
<th></th>
<th>9m 2015</th>
<th>9m 2016</th>
<th>Change reported</th>
<th>Change organic</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Aerospace propulsion</strong></td>
<td>6,706</td>
<td>6,913</td>
<td>3.1%</td>
<td>4.7%</td>
</tr>
<tr>
<td><strong>Aircraft equipment</strong></td>
<td>3,594</td>
<td>3,750</td>
<td>4.3%</td>
<td>4.3%</td>
</tr>
<tr>
<td><strong>Defense</strong></td>
<td>882</td>
<td>837</td>
<td>(5.1)%</td>
<td>(5.0)%</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td>3</td>
<td>4</td>
<td>n/s</td>
<td>n/s</td>
</tr>
<tr>
<td><strong>Safran continuing operations</strong></td>
<td>11,185</td>
<td>11,504</td>
<td>2.9%</td>
<td>3.8%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>9m 2015</th>
<th>9m 2016</th>
<th>Change reported</th>
<th>Change organic</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Safran Identity &amp; Security-discontinued</strong></td>
<td>1,359</td>
<td>1,419</td>
<td>4.4%</td>
<td>6.7%</td>
</tr>
<tr>
<td><strong>Safran continuing &amp; discontinued</strong></td>
<td>12,544</td>
<td>12,923</td>
<td>3.0%</td>
<td>4.1%</td>
</tr>
</tbody>
</table>

### Drivers of organic growth

- Aerospace services: +7.6% (in €)
  - Propulsion services up 6.1%, driven by strong growth of military engines and civil aftermarket (+5% in $)
  - Aircraft Equipment services up 12.8%, driven by carbon brakes, landing gear and nacelles
- Propulsion OE: increased volumes for CFM56 (+7%), LEAP-1A
- Aircraft Equipment OE: increased volumes for A350 (landing gear, wiring), higher contribution from nacelles (A380, A320, A320neo)

### Offsetting impacts

- Decline of helicopter turbines revenues in the high single digits principally at customers in the O&G sector and as a result of the grounding of the H225 in Q2 and Q3
- Defense: ending contribution of FELIN programme in optronics
- A330 deliveries down 40% for thrust reversers and landing gear
### Q3 2016 revenue by activity

<table>
<thead>
<tr>
<th>Adjusted data (in Euro million)</th>
<th>Q3 2015</th>
<th>Q3 2016</th>
<th>Change reported</th>
<th>Change organic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aerospace propulsion</td>
<td>2,220</td>
<td>2,056</td>
<td>(7.4)%</td>
<td>(2.3)%</td>
</tr>
<tr>
<td>Aircraft equipment</td>
<td>1,180</td>
<td>1,208</td>
<td>2.4%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Defense</td>
<td>266</td>
<td>253</td>
<td>(4.9)%</td>
<td>(4.5)%</td>
</tr>
<tr>
<td>Others</td>
<td>1</td>
<td>-</td>
<td>n/s</td>
<td>n/s</td>
</tr>
<tr>
<td><strong>Safran continuing operations</strong></td>
<td>3,667</td>
<td>3,517</td>
<td>(4.1)%</td>
<td>(0.8)%</td>
</tr>
<tr>
<td>Safran Identity &amp; Security-discontinued</td>
<td>474</td>
<td>470</td>
<td>(0.8)%</td>
<td>(0.2)%</td>
</tr>
<tr>
<td><strong>Safran continuing &amp; discontinued</strong></td>
<td>4,141</td>
<td>3,987</td>
<td>(3.7)%</td>
<td>(0.7)%</td>
</tr>
</tbody>
</table>

### Reported change
- As expected, from July 1, 2016, the space launcher business no longer contributes to Aerospace propulsion OE revenue whereas it had done so in 2015 (Euro 110 million in Q3 2015)

### Growth drivers
- Increasing volumes of CFM56 (+2%) and LEAP (+22 units)
- Higher volumes of A350 shipsets (landing gear: +5 units; wiring: +9 units), A320 (thrust reversers: +23%; landing gear: +9%) and A320neo (including nacelle for LEAP, landing gear, wiring)
- Growing contribution of Aircraft Equipment services (+8.6%), driven by carbon brakes and initial provisioning in nacelles for A320neo-LEAP airline customers
- Strong growth in military engines aftermarket sales

### Offsetting impacts
- Phasing of M88 deliveries: no sales recognized in Q3 2016 (8 in Q3 2015)
- Helicopters services down in the mid-teens (decline in flight hours at Oil&Gas customers and grounding of the H225 fleet)
- Civil aftermarket (down 1.6% in $) driven by lower MRO and compared to a challenging comparison base
- Defense: ending contribution of FELIN programme in optronics
FX Hedging: $19.5bn hedge portfolio* (October 24, 2016)

Yearly exposure: $7.4bn to $8.0bn
Increasing level of net USD exposure for 2016-19 in line with the growth of businesses with exposed USD revenue

2016 & 2017 fully hedged

<table>
<thead>
<tr>
<th>($bn)</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target</td>
<td>7.4</td>
<td>7.5</td>
<td>7.7</td>
<td>6.1</td>
<td>5.7</td>
</tr>
</tbody>
</table>

2017
- Optimization of the hedge portfolio ensured an improvement of the target rate by 1 cent to $1.21
- $6.1bn achieved (previously $5.7bn) through forward sales and short dated knock out option strategies to rise to a maximum of $8.0bn at a target rate between $1.17 and $1.19 (previously between $1.17 and $1.20) as long as €/$<1.25 up to end 2016
- Knock-out options barriers set at various levels between $1.24 and $1.45 with maturities up to 1 year

2018
- $6.1bn achieved (previously $5.7bn) through forward sales and short dated knock out option strategies to rise to a maximum of $8.0bn at a target rate between $1.17 and $1.19 (previously between $1.17 and $1.20) as long as €/$<1.25 up to end 2016
- Knock-out options barriers set at various levels between $1.24 and $1.45 with maturities up to 1 year

2019
- $2.3bn achieved through forward sales and short dated knock out option strategies to rise to a maximum of $8.0bn at a target rate between $1.15 and $1.19 (previously between $1.15 and $1.20) as long as €/$<1.25 up to end 2017
- Knock-out options barriers set at various levels between $1.19 and $1.45 with maturities up to 2 years

*Approx. 45% of Safran US$ revenue are naturally hedged by US$ procurement
Fx hedging: benefiting margins over 2016-2019e

Estimated impact on recurring operating income
of targeted €/$ hedge rates

€/$ hedge rate

1.4
1.35
1.3
1.25
1.2
1.15
1.1
1.05
1
800
700
600
500
400
300
200
100
0

2015
2016E
2017E
2018E
2019E

Up to 100M
Up to 200M
150M
100M
50M
50M

EBIT impact vs previous year (in €M)

€300M to €500M of tailwind over 2016-2019e
OUTLOOK

Philippe PETITCOLIN - CEO
Updated key assumptions for 2016

Safran updates certain assumptions on which the guidance is based as a result of the classification of Safran Identity & Security as discontinued activities. Comparisons are made to 2015 metrics on the basis of continuing operations, i.e. excluding Safran I&S:

• Reduction of self-funded R&D of the order of €100-150M with a greater drop in capitalized amounts
  > Less spending on LEAP, A320neo, A350 as they come closer to certification and entry into service
  > As a result of decreasing capitalization and increasing amortization of R&D, expensed R&D to rise by around €50M

• Sustained level of tangible capex, including expansions, new production capacity and tooling, trending below Euro 800 million, as required by production transitioning and ramp-up

All the other assumptions presented in February and July 2016 are integrated into the updated outlook for full-year 2016.
Full-year 2016 outlook

All the businesses comprising Safran Identity & Security, including Detection, have been classified as “discontinued operations” at the end of September 2016. As a result, 2016 guidance and the 2015 comparison are based on continuing operations: Propulsion, Aircraft Equipment, Defence, Holding & Others.

In addition, starting on July 1, 2016, Safran accounts for its share in Airbus Safran Launchers using the equity method and no longer records revenue from space activities. In 2016, the change is expected to reduce revenue by approximately Euro 400 million compared to 2015, including Euro 110 million in Q3.

Safran expects for 2016 on a full-year basis:

- **Organic revenue growth by a percentage rate in the low single digits compared to 2015.** As a result of the equity accounting from mid-2016 of the ASL joint venture, reported adjusted revenue of continuing operations is expected to show growth of close to 1% in 2016 with an estimated average spot rate of USD 1.11 to the Euro.

- **Adjusted recurring operating income likely to increase by around 5% with a further increase in margin rate compared to 2015 (at a hedged rate of USD 1.24 to the Euro).**

- **Free cash flow representing more than 40% of adjusted recurring operating income,** an element of uncertainty being the rhythm of payments by state-clients.

This guidance also confirms the outlook issued in February 2016 and reiterated in July 2016, applicable to the Group structure as of December 31, 2015.
Q&A
### Q3 & 9m 2016 consolidated and adjusted revenue

#### Q3 2016

**In Euro million**

<table>
<thead>
<tr>
<th></th>
<th>Consolidated revenue</th>
<th>Hedge accounting</th>
<th>Business combinations</th>
<th>Adjusted revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>3,671</td>
<td>(154)</td>
<td>na</td>
<td>3,987</td>
</tr>
</tbody>
</table>

#### 9m 2016

**In Euro million**

<table>
<thead>
<tr>
<th></th>
<th>Consolidated revenue</th>
<th>Hedge accounting</th>
<th>Business combinations</th>
<th>Adjusted revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>11,976</td>
<td>(472)</td>
<td>na</td>
<td>11,504</td>
</tr>
</tbody>
</table>
### Aerospace OE* / Services split

**Reported change of Propulsion OE revenue**

*From July 1, 2016, the space launcher business no longer contributes to Aerospace propulsion OE revenue whereas it had done so in 2015 (Euro 110 million in Q3 2015).*

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Q3 2015</th>
<th>Q3 2016</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OE</strong></td>
<td>1,002</td>
<td>854</td>
<td>(14.8)%</td>
</tr>
<tr>
<td><strong>Services</strong></td>
<td>1,217</td>
<td>1,202</td>
<td>(1.2)%</td>
</tr>
<tr>
<td>% of revenue</td>
<td>45.2%</td>
<td>41.5%</td>
<td></td>
</tr>
<tr>
<td><strong>Equipment</strong></td>
<td>820</td>
<td>817</td>
<td>(0.4)%</td>
</tr>
<tr>
<td>% of revenue</td>
<td>69.5%</td>
<td>67.6%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Revenue</th>
<th>9m 2015</th>
<th>9m 2016</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OE</strong></td>
<td>3,050</td>
<td>3,034</td>
<td>(0.5)%</td>
</tr>
<tr>
<td><strong>Services</strong></td>
<td>3,656</td>
<td>3,879</td>
<td>6.1%</td>
</tr>
<tr>
<td>% of revenue</td>
<td>45.5%</td>
<td>43.9%</td>
<td></td>
</tr>
<tr>
<td><strong>Equipment</strong></td>
<td>2,544</td>
<td>2,566</td>
<td>0.9%</td>
</tr>
<tr>
<td>% of revenue</td>
<td>70.8%</td>
<td>68.4%</td>
<td></td>
</tr>
</tbody>
</table>

(*) All revenue except services
## Quantities of major aerospace programs

<table>
<thead>
<tr>
<th>Number of units delivered</th>
<th>Q3 2015</th>
<th>Q3 2016</th>
<th>%</th>
<th>9m 2015</th>
<th>9m 2016</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>CFM56 engines</td>
<td>398</td>
<td>407</td>
<td>2%</td>
<td>1,214</td>
<td>1,293</td>
<td>7%</td>
</tr>
<tr>
<td>LEAP engines</td>
<td>-</td>
<td>22</td>
<td>na</td>
<td>-</td>
<td>33</td>
<td>na</td>
</tr>
<tr>
<td>High thrust engines</td>
<td>150</td>
<td>148</td>
<td>(1)%</td>
<td>509</td>
<td>515</td>
<td>1%</td>
</tr>
<tr>
<td>Helicopter engines</td>
<td>121</td>
<td>136</td>
<td>12%</td>
<td>464</td>
<td>485</td>
<td>5%</td>
</tr>
<tr>
<td>M88 engines</td>
<td>8</td>
<td>-</td>
<td>na</td>
<td>8</td>
<td>9</td>
<td>13%</td>
</tr>
<tr>
<td>787 landing gear sets</td>
<td>31</td>
<td>30</td>
<td>(3)%</td>
<td>95</td>
<td>99</td>
<td>4%</td>
</tr>
<tr>
<td>A350 landing gear sets</td>
<td>8</td>
<td>13</td>
<td>63%</td>
<td>20</td>
<td>38</td>
<td>90%</td>
</tr>
<tr>
<td>A380 nacelles</td>
<td>21</td>
<td>24</td>
<td>14%</td>
<td>70</td>
<td>80</td>
<td>14%</td>
</tr>
<tr>
<td>A330 thrust reversers</td>
<td>35</td>
<td>25</td>
<td>(29)%</td>
<td>108</td>
<td>65</td>
<td>(40)%</td>
</tr>
<tr>
<td>A320neo nacelles</td>
<td>-</td>
<td>18</td>
<td>na</td>
<td>-</td>
<td>26</td>
<td>na</td>
</tr>
<tr>
<td>A320ceo thrust reversers</td>
<td>121</td>
<td>149</td>
<td>23%</td>
<td>380</td>
<td>421</td>
<td>11%</td>
</tr>
<tr>
<td>Small nacelles (biz &amp; regional jets)</td>
<td>180</td>
<td>138</td>
<td>(23)%</td>
<td>518</td>
<td>464</td>
<td>(10)%</td>
</tr>
</tbody>
</table>
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 Safran Aircraft Engines and its subsidiaries and reflects the Group’s performance in civil aircraft engines aftermarket compared to the market.

Discontinued operations

- Safran entered into exclusive negotiations with Advent International/Oberthur Technologies to sell Safran’s identity and security activities (announced September 29, 2016). Following this decision, all the businesses comprising the I&S activities have been classified as “discontinued operations” at the end of September 2016, including Detection activities which had been classified as assets and liabilities held for sale since the announcement on April 21, 2016 of the signing of an agreement for their sale to Smiths Group. The contribution of the I&S activities to Safran’s financial statements is therefore presented separately from Safran’s continuing operations: Propulsion, Aircraft Equipment, Defence and Holding & Others.
The forecasts and forward-looking statements described in this document are based on the data, assumptions and estimates considered as reasonable by the Group as at the date of this document. These data, assumptions and estimates may evolve or change as a result of uncertainties related in particular to the economic, financial, competitive, tax or regulatory environment. The occurrence of one or more of the risks described in the registration document (document de référence) may also have an impact on the business, financial position, results and prospects of the Group and thus affect its ability to achieve such forecasts and forward-looking statements. The Group therefore neither makes any commitment, nor provides any assurance as to the achievement of the forecasts and forward-looking statements described in this document.
POWERED BY TRUST