SAFRAN IS AN INTERNATIONAL HIGH-TECH GROUP

and tier-1 supplier of systems and equipment in the aerospace and defense markets. Operating worldwide, Safran has more than 58,000 employees and generated sales of 16.5 billion euros in 2017. The Group’s international footprint allows it to enhance its competitiveness, build industrial and commercial relationships with the world’s leading prime contractors and operators, and provide responsive local service anywhere in the world. Working alone or in partnership, Safran holds world or European leadership positions in its core markets.

In February 2018, Safran took control of Zodiac Aerospace, significantly expanding its aircraft equipment activities. Zodiac Aerospace has 32,500 employees and generated sales of 5.1 billion euros for its fiscal year ended August 31, 2017. The expanded Group now has more than 91,000 employees, with over 340 facilities in 60 countries, and is the world’s third largest aerospace company (excluding aircraft manufacturers).

(1) In partnership with GE through CFM International.
(2) In partnership with Airbus through ArianeGroup.
(3) Through Safran Martin Baker France, the 50/50 joint company between Safran and Martin-Baker.
**2017 FINANCIAL AND OPERATING HIGHLIGHTS**

**RECORD SALES AND EARNINGS**

**REVENUE**

(adjusted data, millions of euros)

Safran recorded adjusted revenue of 16,521 million euros in 2017, an increase of 4.7% over the previous year (or 7.4% on an organic basis). This 740 million euro increase reflects growth in all sectors: aerospace propulsion, aircraft equipment and defense.

**REVENUE BY BUSINESS SECTOR**

Our aerospace business grew again in 2017, buoyed by commercial and military engine deliveries, as well as services for commercial aircraft.

**RECURRING OPERATING INCOME**

(adjusted data, millions of euros)

The 2.7% increase in adjusted recurring operating income was due to dynamic performance by the commercial engine service business, plus a significant increase in profitability for aircraft equipment and defense.

**SHAREHOLDING STRUCTURE**

(at February 22, 2018)

Following Safran’s capital increase for its acquisition of Zodiac Aerospace, the French government’s stake in the Group’s share capital stood at 13.2% on February 22, 2018, compared with 14% at the end of 2017.

**BACKLOG OF ORDERS**

(billions of euros)

Safran booked orders worth 19.2 billion euros in 2017, an increase of nearly 8% over the previous year that reflects a very dynamic market. The growth in orders was mainly due to the success of the new LEAP® engine, which had a total of 13,728 orders at December 31, 2017. On that same date, Safran’s total backlog of orders (including the CFM56®) stood at 14,834 engines.

*AT DECEMBER 31, 2017 AND EXCLUDING ZODIAC AEROSPACE (unless specified otherwise).
Safran provides the world’s leading aircraft manufacturers with innovative and reliable propulsion solutions. Through CFM International\(^{(1)}\), Safran developed and is producing the LEAP engine, successor to the CFM56, the world’s best-selling commercial aircraft engine. LEAP engines power the Airbus A320neo, Boeing 737 MAX and COMAC C919. We also make the SaM146\(^{(2)}\) for the Sukhoi Superjet 100 regional jet, and we are developing the Silvercrest\(^{(3)}\) business jet engine. As one of the world’s leading makers of military aircraft engines, Safran produces the M88 for the Rafale multirole fighter, and makes the TP400 turboprop\(^{(3)}\), which powers the Airbus A400M military transport aircraft.

Safran designs, manufactures and supports aircraft nacelle systems. Safran is the only nacelle manufacturer in the world to supply these essential parts for all market segments, from regional and business aircraft to mainline commercial jets. We supply the nacelles for the Airbus A380 super-jumbo jet, and we are developing, alone or in partnership with GE, nacelles for the LEAP-powered Airbus A320neo and COMAC C919, as well as the Airbus A330neo and GE Passport™ bizjet engines.

Safran turbine engines power helicopters from the world’s leading manufacturers, including Airbus Helicopters, Bell, Leonardo, HAL, Russian Helicopters and AVIC. The Arrius and Arriel engines power machines in the light (1.5 to 3.5-ton) and medium (2 to 5-ton) classes, while the Makila and RTM322 power heavy helicopters such as the NH90 and AW101 in the 9 to 14-ton class. Safran is also developing two new helicopter turboshaft engines, the Arrano for helicopters in the 4 to 6-ton class (H160), and the Ardiden for the 5 to 8-ton class (Dhruv, Ka-62 and AC352). In addition, we have also launched development of the Aneto, a new family of high-power engines for super-medium and heavy helicopters from 8 to 15 tons (AW189K).

Safran covers the entire lifecycle of engines, systems and equipment for civil and military fixed and rotary-wing aircraft. As a long-standing partner to the world’s leading aircraft manufacturers, Safran anticipates its customers’ needs, supports the development of new mobility modes and helps reduce the environmental footprint of the air transport industry.

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(1) In partnership with GE.
(2) Economy class seats for twin-aisle jets.
(3) Mainline commercial jets with more than 100 seats.

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(1) The 50/50 joint company between Safran Aircraft Engines and GE.
(2) Through PowerJet, the 50/50 joint company between Safran Aircraft Engines and UEC Saturn.
(3) Through the European consortium Europrop International GmbH.
Safran offers a range of advanced avionics solutions, including navigation, flight control and onboard information systems. We’re the world leader in helicopter flight controls and in full-authority digital engine controls. This equipment is used by many different airplane and helicopter manufacturers, including Airbus, Boeing, Dassault Aviation, Bombardier, Embraer, Airbus Helicopters and Leonardo.

Safran makes a wide range of systems and equipment for the engines powering civil and military fixed and rotary-wing aircraft: mechanical power transmissions, engine control units, lubrication, cooling and filtration components, etc. Our innovative solutions are used on a number of different engines, including the CFM56 and LEAP from CFM International, and the Rolls-Royce Trent 500, 700, 800, XWB and 7000.

Safran covers all aspects of aircraft electrical systems, including power generation, distribution and conversion, wiring, load management, electro-mechanical actuators, systems integration and ventilation. The world’s leading supplier of aircraft wiring, Safran is fully committed to more-electric aircraft, hybrid propulsion systems and electric propulsion systems for new platforms, including vertical takeoff and landing (VTOL) aircraft and drones.

Safran designs, produces and supports landing gear, wheels, carbon brakes and complete landing systems for civil and military fixed and rotary-wing aircraft, including the Airbus A320, A320neo, A330, A350 XWB and A380, the Boeing 737 Next-Generation, 737 MAX, 767, 777 and 787 commercial airplanes, the Rafale, Eurofighter Typhoon and F-18 fighters, and the A400M military transport.

(1) Through FADEC International, the 50/50 joint company between Safran Electronics & Defense and BAE Systems.
(2) The 50/50 joint company between Safran Aircraft Engines and GE.
Zodiac Aerospace designs essential high-tech systems and equipment for today’s aircraft. It develops and produces safety, electrical and control systems, along with waste and water management systems and seat actuation systems, plus innovative in-flight entertainment systems as part of its “connected cabin” offering.

Zodiac Aerospace became part of Safran in 2018. This company was already a world leader in systems and equipment for commercial, regional and business airplanes, as well as helicopters, and a major player in aviation safety and data transmission. Through this acquisition, we bolster our presence across the entire aircraft value chain, significantly expand our range of aircraft equipment and extend our international footprint.

Zodiac Aerospace provides everything needed for a seamlessly integrated aircraft cabin: overhead bins, separations, cupboards, toilets, galleys and inserts. It designs, certifies, produces and supports the world’s most innovative aircraft interiors, using advanced materials and technologies to make sure that passengers enjoy a safe and comfortable flight.

Zodiac Aerospace designs and builds innovative, customized and high-value-added seating solutions. Its complete range of ergonomic seats ensures passenger comfort, based on state-of-the-art design and engineered components to ensure optimized use of space. Zodiac Aerospace also provides technical and commercial support to all customers worldwide, throughout the life of its products.
A COMPREHENSIVE RANGE OF AIRCRAFT PROPULSION SYSTEMS AND EQUIPMENT

- Cockpit
  - Control systems
  - Panels & displays
  - Seats
- Lavatories, water & waste
- Cabin interiors
  - Seats
  - IFEC – In-flight entertainment & connectivity
- Power & data wiring
- Oxygen systems
- Flight actuators
- Avionics sensors
  - Aircraft condition monitoring systems
- Galley & equipment
- Exterior lighting
- Nacelles & components
  - Power transmission systems
- Landing gear
  - Braking & landing control systems
  - Wheels and carbon brakes
- Exit slide
- Anti-icing & de-icing
- Inerting & fuel systems
- Engines
  - Engine control systems (FADEC)
  - Power distribution and generation
- APU
Safran offers a complete array of engineering services centered on five areas of expertise: integrated propulsion systems, aerostructures and mechanical equipment, electrical and power systems, integrated systems, production engineering and in-service support.

**CUSTOMER SUPPORT**

Safran offers customers comprehensive service packages that help drive down operating costs. Through our global maintenance, repair and overhaul (MRO) network, we keep aircraft in the air. We also analyze the huge streams of data from connected equipment to develop personalized service solutions and guarantee maximum dispatch reliability for our customers, along with more efficient maintenance planning, plus lower cost and more efficient management of spare parts inventories.

As a major player in the global market for optronics, avionics, inertial navigation tactical drones, electronics and safety-critical software, Safran offers a complete range of systems and equipment that improve the efficiency of armed forces in many different countries. Our innovative solutions also facilitate the jobs of homeland security and police forces, customs agencies and search & rescue teams at sea or in the mountains.

**No. 3 WORLDWIDE**
- Inertial navigation systems

**No. 1 IN EUROPE**
- Tactical drones
- Inertial navigation systems
- Optronic (electro-optical) systems
NAVIGATION & GUIDANCE

Safran understands and applies all inertial navigation technologies (mechanical, laser, optical fiber, vibrating and MEMS). These systems offer an excellent combination of high reliability, very high precision and extreme robustness, allowing them to operate in the harshest air, land and sea environments. Safran is prime contractor for the AASM Hammer guided missile deployed by Rafale fighters. Safran also supplies seekers for the Mistral and MICA IR missiles, and for the medium-range missile (MMP) - and the sight for this missile’s launcher station. In addition, we are a major contributor to the precision navigation systems equipping France’s ocean-going strategic force.

OPTRONICS

Safran offers a complete range of optronic (electro-optical) systems and equipment for military applications (submarines and surface vessels, combat vehicles, aircraft, etc.). We also design and produce portable optronic equipment, like the JIM family of multifunction infrared binoculars, in service with or on order by more than 40 countries. Furthermore, Safran is prime contractor for the FELIN soldier modernization program, an integrated equipment suite deployed by French infantry units.

DRONES & ROBOTS

Safran has developed expertise in all technologies that go into a drone system, allowing it to meet the requirements of many different types of missions: surveillance, intelligence, protection of armed forces, threat detection, etc. Drawing on more than 25 years of experience as a prime contractor for the construction of tactical drones, Safran has developed the latest-generation Patroller™, a multi-sensor, long-endurance tactical drone, already selected by the French army. We are also developing eRider, an autonomous, reconfigurable all-wheel drive vehicle that can be used for a wide range of missions. Another prime area of focus at Safran is the integration of autonomous vehicles in military operations, as well as for civilian use, especially in urban environments.

THE COLLABORATIVE BATTLESPACE

At Safran, we’re working to improve warfighter equipment, while also enhancing their integration in the digital battlespace. Our R&D efforts are now focusing on exoskeletons, increasingly autonomous drones and robots, using artificial intelligence to support decision-making and engagement, and better protection for soldiers. The overriding aim is of course to maintain our armed forces’ integrity and operational edge.
SAFETY

No. 1 WORLDWIDE
• Launch vehicles for commercial launches into geostationary orbit (GEO), via ArianeGroup(1)
• High-performance space optics

No. 1 IN EUROPE
• Satellite plasma propulsion systems

(1) The 50/50 joint company between Airbus and Safran.
**INNOVATIVE SOLUTIONS TO ANTICIPATE MARKET NEEDS**

At Safran, research and innovation are fundamental. By focusing on these essential areas we can develop tomorrow’s technologies, products and services. We invested some 1.4 billion euros in R&D in 2017. Our efforts in this area are applied through major research programs, our own centers of expertise and partnerships, as well as targeted acquisitions enabling us to add basic technology building blocks. Around 20% of our employees support our technological excellence, whether working in Group companies, or Safran Tech, our corporate R&T center.

**INVESTING TO PROVIDE LOCAL SUPPORT FOR CUSTOMERS**

We continually invest to develop our production facilities and sales presence throughout the world, thus supporting higher production rates and local contacts with our customers. While we are of course solidly anchored in France, which accounts for 63% of our workforce and the strategic core of our R&D and production activities, we have also made international development a top priority.

**DELIVERING EXCELLENCE TO SUPPORT OUR CUSTOMERS**

Safran has always aimed to deliver excellence to consolidate our positions and drive growth, based on a strategy of standing out through innovation. We focus on R&D, backed by the continuous improvement of all functions and the development of new ways of working together.

**FOSTERING CROSS-DISCIPLINARY EXPERTISE**

Safran has always teamed up with top-tier partners from around the world, reflecting our commitment to open innovation. We work with leading government and academic research centers, including the CEA(1), Onera(2), engineering schools and universities. We also form partnerships with our suppliers and with companies from other sectors, such as the auto parts giant Valeo. Through our corporate capital venture fund, Safran Corporate Ventures, we invest in innovative startups. In-house, we encourage the cross-fertilization of expertise, especially through an employee-driven innovation initiative.

**PERFORMANCE IMPROVEMENT**

Safran focuses on cost-effective technological and industrial excellence across the entire product lifecycle. For example, we have implemented an approach called QRQC (Quick Response Quality Control) across the Group and at our suppliers, to support daily, on-site performance management. We also deploy Lean-Sigma methods to enhance our processes, and most of our support functions are now organized into shared services centers. In 2017 we kicked off the “One Safran” initiative to modernize our management system, by setting up common processes, along with a focus on operational excellence.

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2. French aerospace research agency.
Safran pledges to uphold the values of honesty and integrity, as well as all laws governing our international operations. Our commitment to the fight against corruption and a “zero tolerance” policy are formally expressed in our Ethics Charter, a Responsible Lobbying Charter, and a fair trade program. In addition, we have set up a powerful export controls organization. We establish long-term relationships with our suppliers, based on mutual trust, demanding standards and a shared emphasis on performance. Safran’s purchasing policy is designed to support our suppliers’ growth, their rise up the skills chain, and their ability to innovate.

One of the major challenges for Safran’s HR policy is to develop our human capital, allowing us to plan ahead to meet changing skills requirements. Supporting the Group’s transformation and internationalization are both major policy objectives. At Safran, we count on our corporate culture and our leadership guidelines to mobilize all employees. At the same time, we are fully committed to developing a culture based on forward planning and prevention so we can efficiently manage occupational health and safety risks for the greater benefit of all stakeholders worldwide. These initiatives are based on a frank and open dialog with stakeholders. Safran’s social model is based on the firm conviction that employees are our primary asset. We give them a stake in determining our strategy and sharing the fruits of success through a constructive labor-management dialog, an active employee shareholding policy, including matching funds, profit-sharing and incentive payments, employee savings plans, and much more. As a responsible employer, Safran values diversity, a key factor in performance and innovation, and makes a proactive commitment to equal opportunity.

Safran applies a responsible environmental management policy, drawing on a stringent set of internal guidelines and management systems that emphasize local presence and the sharing of best practices. All of our facilities are audited on a yearly basis. In 2017, 91 facilities earned a Gold, Silver or Bronze label in recognition of their environmental performance.

Safran’s corporate social responsibility (CSR) policy is based on sustained commitments and values that are supported by top management and shared by all employees. To better meet the expectations of all stakeholders, we have organized our CSR strategy around three areas and also set up a dedicated governance structure.

Safran incorporates the UN Global Compact in its CSR policy.

Global CSR Agreement
signed in 2017 with the global union federation, IndustriALL Global Union, and representatives of French metallurgical union federations.
TALENT, THE KEY TO OUR CURRENT AND FUTURE SUCCESS

In our high-tech business sectors, today’s innovations, and the talent behind them, will ensure tomorrow’s successes. Unleashing our human potential is naturally a top priority for Safran. Working at Safran means being part of a deep culture of innovation, and undergoing a unique and enriching experience day after day.

1.4+ MILLION HOURS OF TRAINING(1)
provided in 2017

5,000 YOUNG PEOPLE IN TRAINING PROGRAMS(1)
welcomed in 2017

6,700 HIRES (1)
in 2017

WORKING AT SAFRAN: A UNIQUE EXPERIENCE IN A HOTBED OF EXCELLENCE

Working at Safran means being part of an enterprise that is shaping our future, and being part of a community of people who are passionate about their professions and who share the same values and goal: to meet tomorrow’s technological, environmental and social challenges. From operators on the shop floor to senior management, everybody at Safran is passionately committed to developing today’s and tomorrow’s high-tech, international and multicultural environment. Our facilities deploy state-of-the-art techniques, including additive manufacturing, augmented reality, advanced machine tools, cobots (collaborative robots) and much more. Reflecting this initiative, two production lines at Safran has earned the French government’s “Showcase for Tomorrow’s Industry” label. Not to mention that teamwork and knowledge sharing are both integral parts of Safran’s DNA, allowing our employees to fulfill themselves in their jobs.

ALLOWING EMPLOYEES TO SHAPE THEIR OWN CAREER PATH

When you join Safran you’re choosing a diversified career, starting with onboarding support and continuing with mobility and skills development. Safran University, the leading corporate training center in France in 2016(1), gives our employees a wide range of courses to support their development within the Group. Safran also offers possibilities for geographic and professional mobility, allowing our employees to develop their multidisciplinary expertise, acquire new skills and shape their own careers. Last, but not least, we organize initiatives to support the integration of young people in the workforce, by welcoming a number of students in work-study programs, plus interns and student researchers.

COMMUNICATE WITH OUR E-AMBASSADORS AND SEE OUR JOB OFFERS AT safran-talent.com

(1) Excluding Zodiac Aerospace.
Whether in France or in other countries where we operate, Safran’s philanthropic actions reflect our values and commitment to responsible corporate citizenship. We support actions by associations and also carry out projects in conjunction with our employees, spanning key areas such as education, social and professional inclusion, equal opportunity, support for creativity and talent, etc.

**Safran’s Philanthropy Policy**
is based on a three-pronged approach encompassing educational, social and cultural initiatives. We provide financial support to public and private partners, independently of our commercial interests. Ethics and integrity are the two watchwords in our philanthropy endeavors.

**Through our two Corporate Foundations, for Integration and Music**, Safran is committed to the fight against the exclusion of young people with disabilities, and we support the training and early career development of talented young classical musicians.

**Safran has supported nearly 600 projects since 2005**

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*(1) Including Zodiac Aerospace.*