Tier 1 supplier in Aerospace, Defence & Security

Société Générale Premium Review 2014

Ross McInnes – Deputy CEO, CFO / December 4, 2014 /

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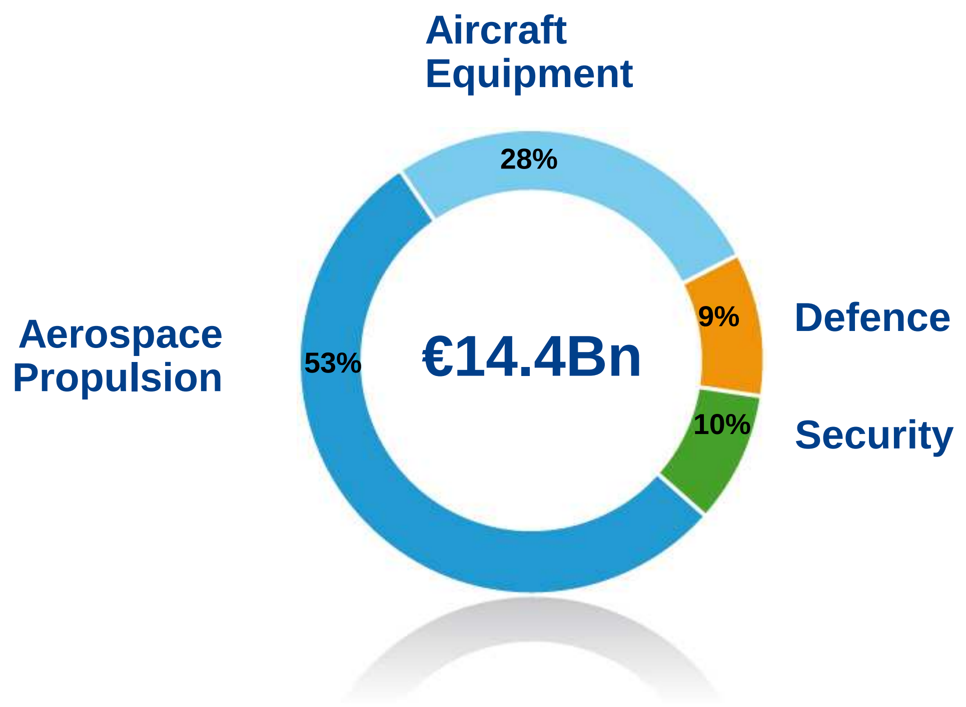
Tier 1 supplier in Aerospace - Defence - Security

2013 revenue* by activities



FY 2013* (adjusted)

➔ Revenue	€14,363M
➔ Recurring op. income	€1,780M (12.4% of revenue)
➔ Net income - Group share	€1,193M (€2.87/share)
➔ Free Cash Flow	€699M
➔ Net debt position (Dec. 31)	€1,220M

*Restated for the application of IFRS 11

~80% of revenue coming from civil activities

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/ 3 key themes /

H2 2014 highlights and FY 2014 outlook

Transition to LEAP

Cash allocation in line with Group strategy

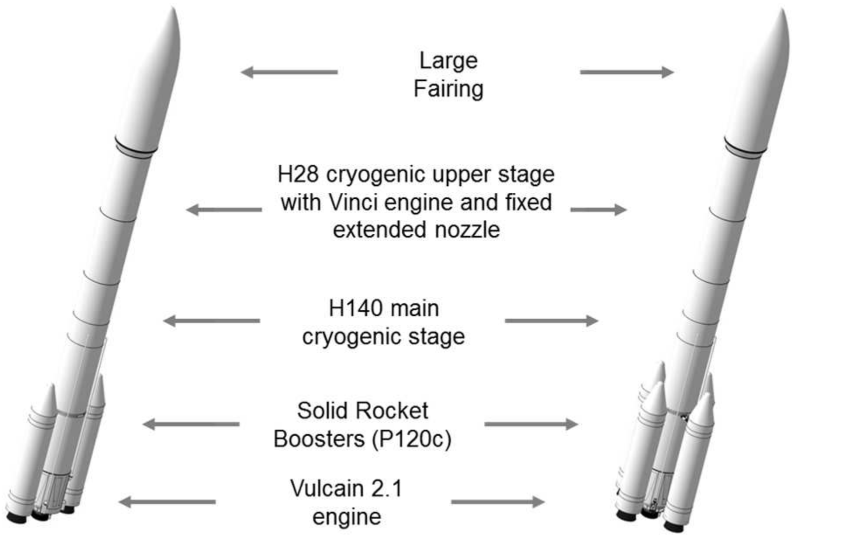
Airbus Safran Launchers

➔ Safran and Airbus Group join forces in launcher activities

- December 2014 start of joint operations follows June 2014 announcement to pool launcher activities
- 2-stage plan to boost sector competitiveness and provide customers with more cost-efficient solutions
- Subsequent contribution of launchers and space propulsion assets to jointly owned company

Modular launcher will be available in two versions

A62 – 2 boosters **A64 – 4 boosters**



➔ Ariane 6

- Modular launcher family to serve institutional and commercial needs
- Strong synergies with VEGA and the re-use of Ariane 5ME programme assets and main components
- Airbus Safran Launchers is an enabler for streamlining Ariane 6 development and launch service operations

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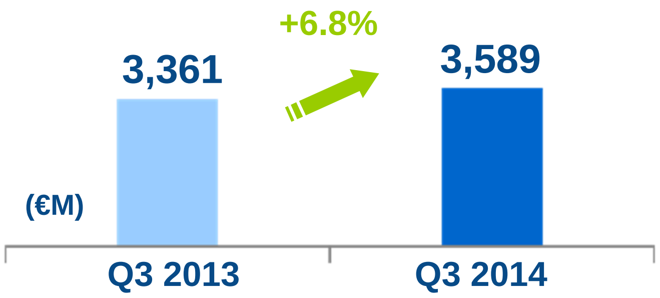
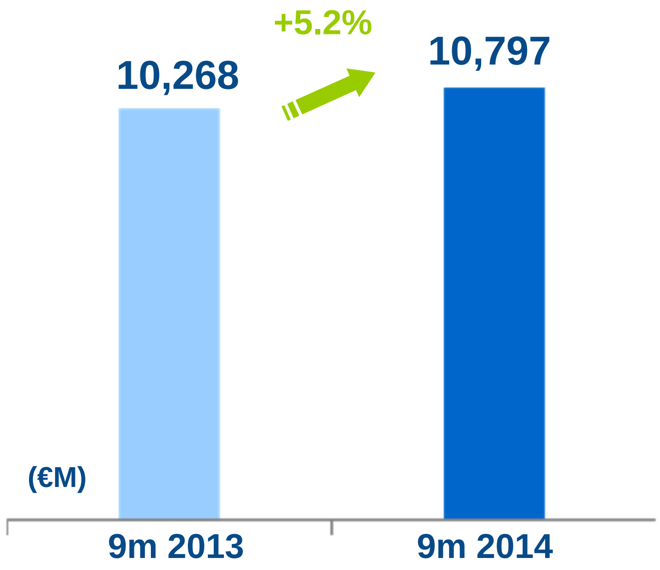
Q3 2014 and 9m 2014 financial highlights





- ➔ Strong revenue growth in Q3 driven by continuing momentum in Propulsion. With a 5.2% increase in the 9m 2014 period, Safran is well on track to achieve its full year revenue guidance of mid single digit growth.
- ➔ In Q3, Propulsion continued to benefit from services growth (+15.9%), notably in civil aftermarket. Aircraft Equipment growth (+4%) is driven by increasing OE sales. Revenue declined slightly in Defence. Security recorded another quarter of organic growth (+6.3%) fuelled by Identification activities.
- ➔ Civil aftermarket was up 11.9% in USD terms in Q3 driven by higher spares revenue from CFM56 and GE90 engines despite a high comparison base in Q3 2013. YTD growth was 10.3%, driven by first overhaul activity on recent CFM56 and GE90 engines, compared to a high level of business in 9m 2013 continuing in Q4 2013.

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9m 2014: Continuing momentum in civil aftermarket

➔ Civil aftermarket up 10.3%* YTD

- Q1 +12.4%; Q2 +6.5%; Q3 +11.9%
- Q3 2014 was driven by higher spares revenue from CFM56 and GE90 engines despite a high comparison base in Q3 2013

➔ Growth drivers

- More, higher value shop visits on recent CFM56
- Strong increase in GE90 aftermarket
- Catch-up of deferred maintenance as airlines' financial health improves

➔ Aftermarket recoupling to airline activity

- Confirms CFM56 fleet potential for spares revenue to double from 2010 dip before 2020e
- Positive global outlook for the airline industry in 2014 according to IATA

*In USD

FY 2014 outlook

The full-year 2014 adjusted revenue and adjusted EBIT outlook is 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.**

- **Adjusted recurring operating income expected to increase by a percentage *approaching the mid teens* 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.

- **Regarding free cash flow, cash flow linked to business performance will be consistent with objectives, while significant uncertainty remains concerning the rhythm of payments (including advance payments) by State-customers in the fourth quarter.**

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Q3 2014 financial highlights and FY 2014 outlook

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LEAP first flight

➔ **Launching the next phase of testing**
- LEAP first flight on a modified 747 flying testbed on October 6
- Very successful first flight: engine behaved well
- The configuration currently being tested is a fully integrated propulsion system (IPS*)
- LEAP-1A/-1C well on track for engine certification in 2015

➔ **Preparing for production readiness**
- CFM has a world-class supply chain
- LEAP ramp-up supported by CFM56 success
- Investments in new and enhanced manufacturing facilities and technology

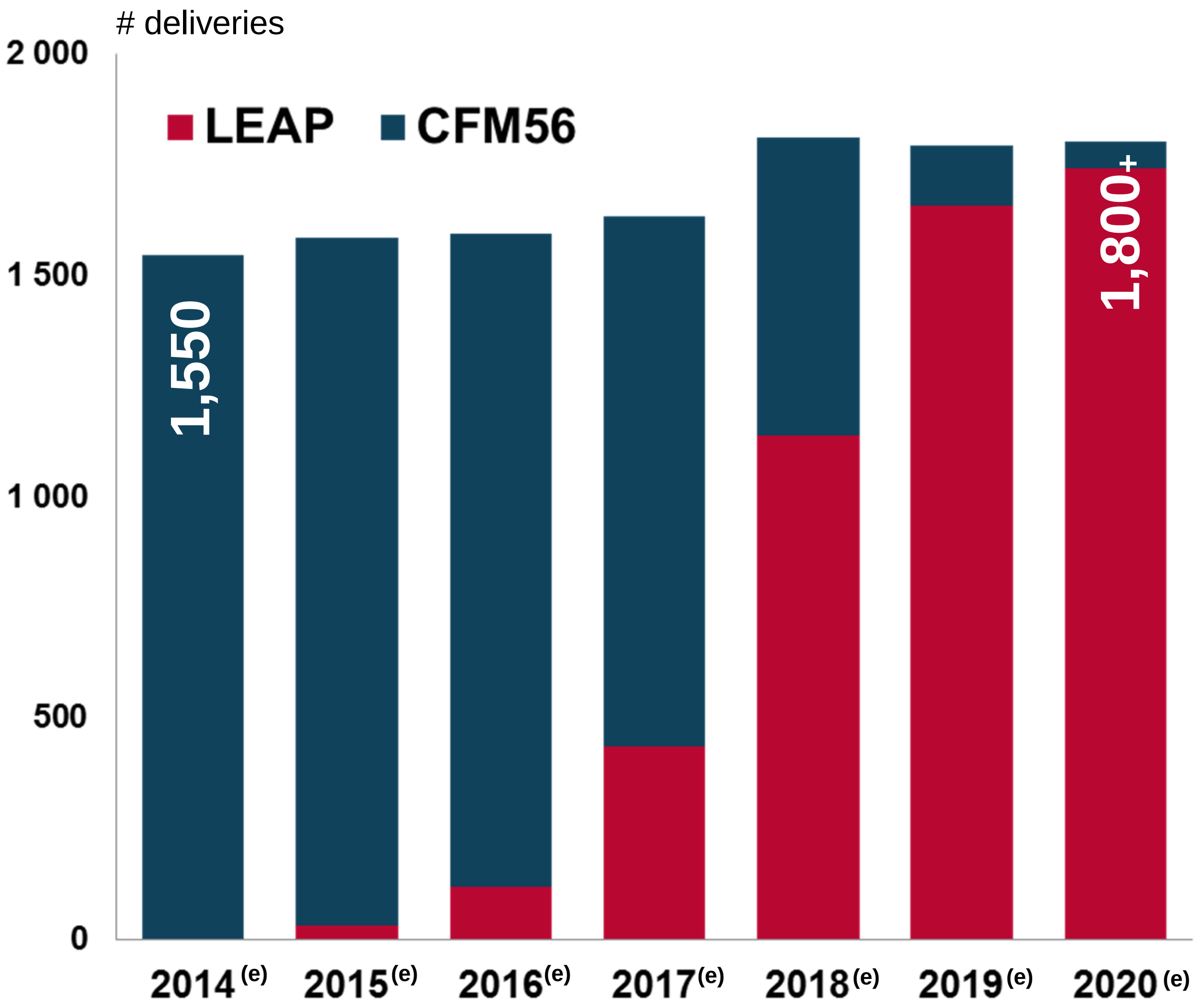
➔ **Close to 2,000 firm orders and commitments received YTD**
- Bringing total backlog to more than 7,700 engines
- 70%+ market share for future medium-range commercial airliners

LEAP engine takes to the skies on October 6, 2014

LEAP certification program progressing according to plan

* The IPS is unique to the LEAP-1C. CFM provides the engine as well as the nacelle and thrust reverser developed by Nexcelle (JV between Safran and GE). These elements, including the pylon provided by COMAC, were designed in conjunction with each other to offer improved aerodynamics, lower weight and easier maintenance

CFM56 lives longer, LEAP sells better



➔ **Increasing assembly rates for narrowbodies**

➔ **Faster LEAP ramp up**

- **Outstanding commercial success:** more than 7,700 engines in backlog vs 5,700 at 31 Dec. 2013
- **1,800 LEAP in 2020, 100 engines per year more** than 2013 CMD forecast

➔ **Higher CFM56 volumes over 2015-20**

- Strong backlog of 4,800 engines reflects **sustaining demand** and healthy order intake rate YTD
- **Increasing market share** on A320ceo
- **More than 400 additional CFM56 engines to be delivered in 2015-20** compared to 2013 CMD forecast

Capturing positive momentum of narrowbody segment

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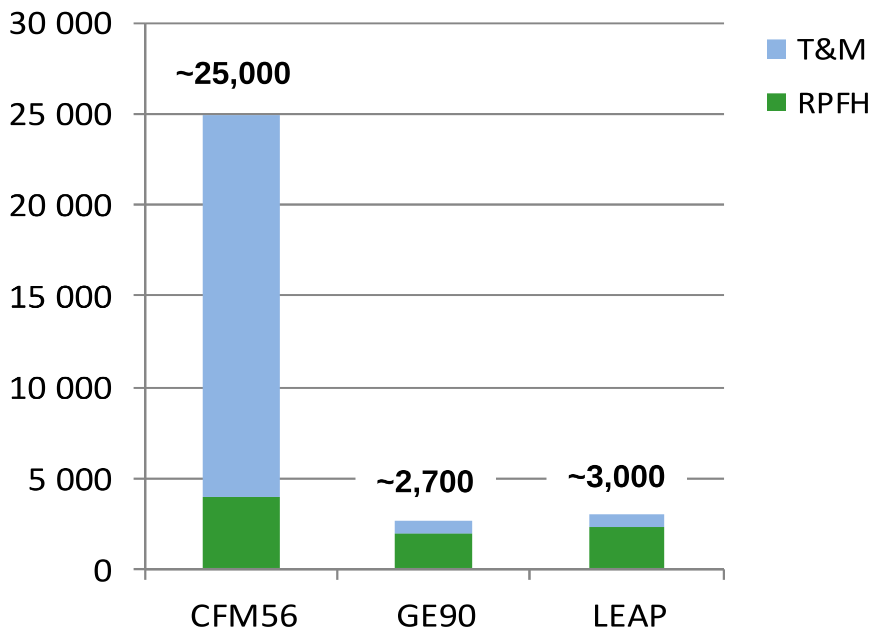
Slow transition in business model

Active installed fleet of engines in 2020E (estimate)



- **Strong adoption of LEAP customers of RPFH but LEAP fleet will represent ~10% of combined CFM fleet (by 2020E)**
- **CFM56 is mostly based on Time & Material**
- **Therefore, no material change expected from RPFH accounting by 2020E**

2014 to 2025: P&L will remain dominated by current model
Impact of RPFH will be gradual

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Business

→ Research & Development

- Create a distinctive difference through technological innovation (long term)
- Spending reflects winning some attractive new business (medium term)

→ Capital expenditure

- Modernize existing sites and strengthen the international scope

→ Acquisitions

- Accelerate or establish positions in critical areas at justified price

Shareholders

→ Dividend payments

- Grow cash returns to shareholders
- 40% payout of adjusted net income since 2007

Increased 2014 R&D and capex targets

CFM56	LEAP	GE9X
Higher Volumes	Programme Development Acceleration + Higher Production Rates	New Opportunities

Increased R&D, capex to meet accelerated targets and opportunities fully justified by the programmes' outstanding commercial success. Cash consuming investments peaking in 2014.

Acquisitions: objectives & criteria

Buy "installed base" & "customer access"

Buy "technology assets"

HARVARD CUSTOM MANUFACTURING

SNPE MATÉRIAUX ÉNERGÉTIQUES GROUPE SNPE

Carvajal
Colombia/Peru

GE HLP

EATON Powering Business Worldwide

GOODRICH
Electrical Power Systems

Sdu IDENTIFICATION

PRINTRAK® A Motorola Company

L-1 IDENTITY SOLUTIONS

Rolls-Royce®
RTM322 programme

SYAGEN®

CASSIS INTERNATIONAL

COLIBRYS

M&A financial criteria

Performance

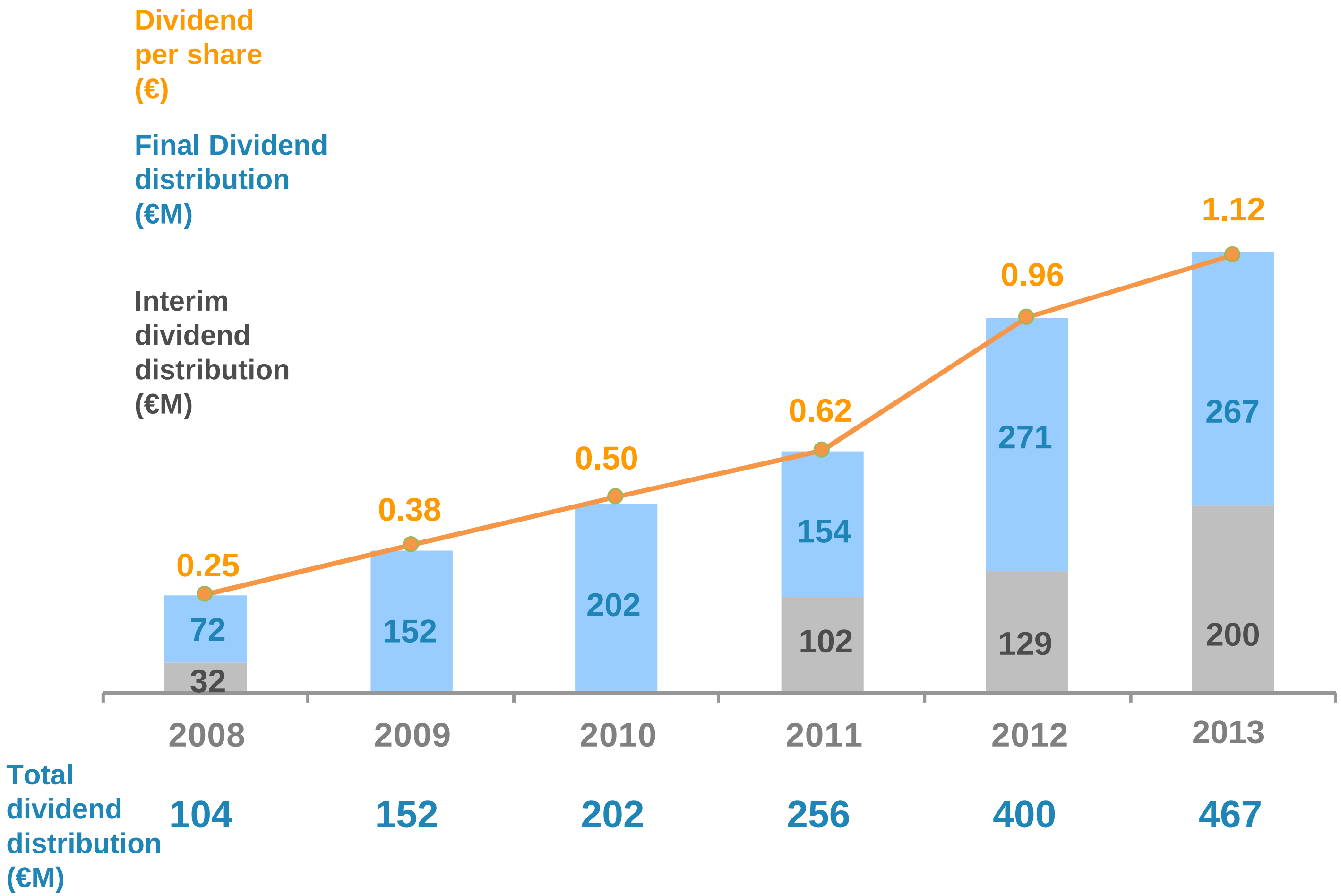
- ➔ Cover cost of capital within 3 years (RoCE)
- ➔ A deal should be EPS accretive in year 1 ideally. If not, in year 2
- ➔ ROI in the range of 10 to 12%

Post-tax cost of capital of 8% (aerospace & defence) and 9.5% (security)

Balance sheet

- ➔ Net debt/EBITDA around 2.0x. 2.5x max at peak for a limited period of time
- ➔ Interest cover ratio at 6x (= EBIT / Interest expense)

Increasing cash returns to shareholders



➔ 2013 dividend: €1.12 per share
- €0.48 interim dividend already paid in 2013 (€200M)
- €0.64 paid in june 2014 (€267M)

More than €1.5 billion returned to shareholders from 2008 to 2013

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/ Q&A session /

/ Appendixes /

Q3 2014 revenue by activity

Adjusted data *(in Euro million)*	Q3 2013 Restated	**Q3 2014**	*Change reported*	*Change organic*
Aerospace propulsion	1,771	**1,944**	*9.8%*	*8.9%*
Aircraft equipment	982	**1,021**	*4.0%*	*4.7%*
Defence	258	**256**	*(0.8)%*	*(4.3)%*
Security	349	**368**	*5.4%*	*6.3%*
Others	1	**-**	*na*	*na*
Total revenue	**3,361**	**3,589**	***6.8%***	***6.3%***

Main growth drivers

- Continuing momentum in Propulsion, particularly in services (+15.9% in €):
  - Services: 11.9% growth in civil aftermarket (in $) driven by higher spare parts sales of CFM56 and GE90 engines. Good contribution of military services and helicopter support activities.
  - Original equipment: slightly higher volumes and favourable mix in CFM56 and high thrust engines. Increase in military engines deliveries (M88, TP400)
- Equipment: OE driven growth, notably thanks to the ramp up of the 787 (LG and wiring) and higher A380 nacelles volumes
- Security: strong growth in Identification (Morphotrust in the US, Government Solutions in Chile and in Europe)

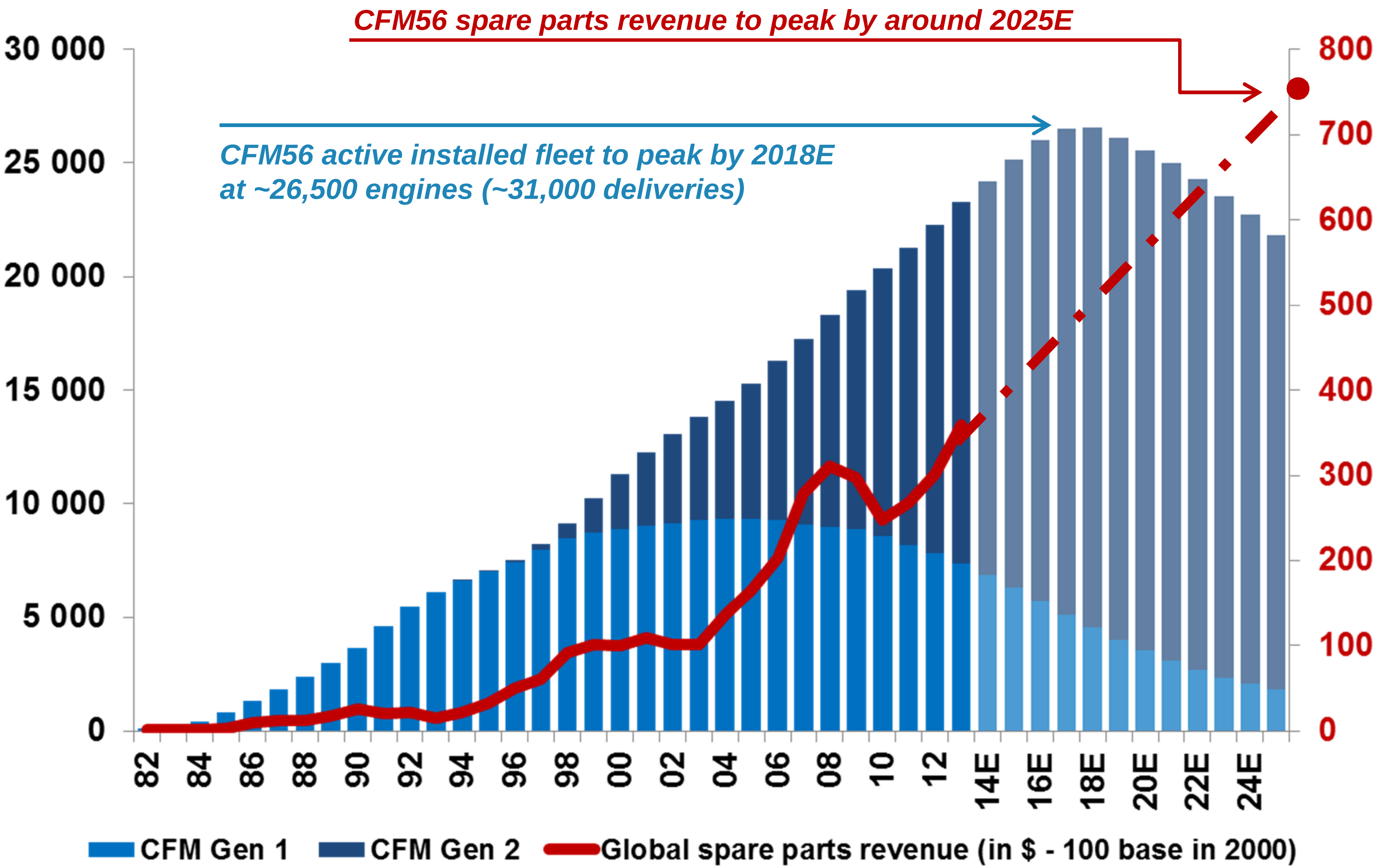
Offsetting impacts

- Lower helicopter turbine volumes
- Lower revenue in Enterprise Solutions (smartcards)
- Softness in Optronics

2014 key assumptions

- Healthy increase in aerospace OE deliveries
  - Propulsion : CFM56, high thrust; Equipment : Boeing 787, A330, A350, regional jets...
- Civil aftermarket growth in the low to mid-teens percentage
  - Driven by recent CFM56 and GE90 engines
- Increase of self-funded R&D of the order of € 50 M to € 100 M compared to 2013, with a lower level of capitalisation
  - Intensification and acceleration of LEAP testing and certification, GE9X commencing, Silvercrest stabilising, helicopter turbines higher
- Increase of tangible capex of the order of € 70 M to € 100 M compared with 2013
  - Intensification and acceleration of LEAP testing and certification, capacity increases
- Profitable growth for the security business
  - Characterised by significant exposure to translation effect
- On-going Safran+ plan to enhance the cost structure and reduce overhead

CFM56: strong prospects until 2025 and beyond



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KEY MISSIONS, KEY TECHNOLOGIES, KEY TALENTS