Tier 1 supplier in Aerospace, Defence & Security

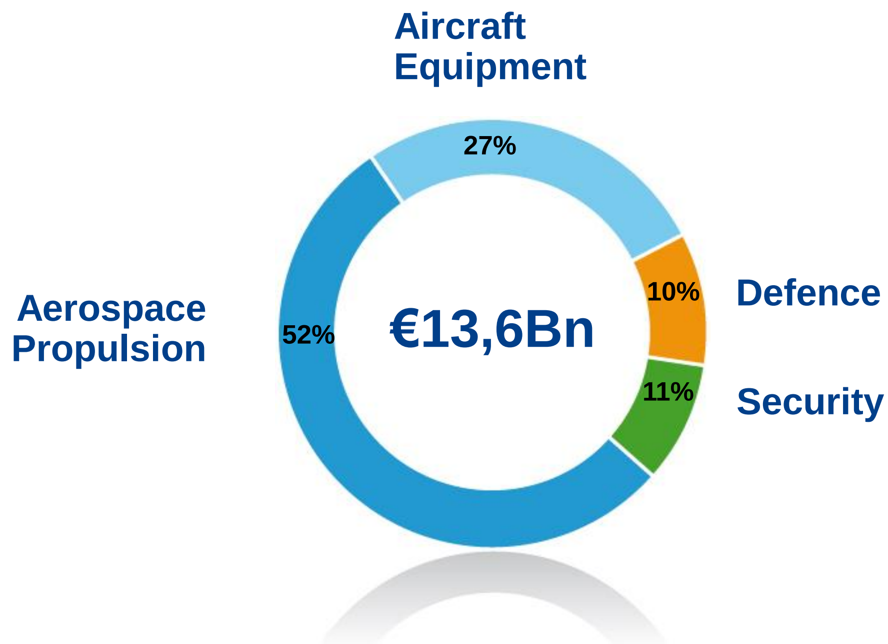
Investor meetings

/ March 2013 /

SAFRAN
AEROSPACE · DEFENCE · SECURITY

Tier 1 supplier in Aerospace - Defence - Security

2012 revenue by activities



FY 2012

➔ Revenue	**€13,560M**
➔ Recurring op. income	**€1,471M** (10.8% of revenue)
➔ Net income - Group share	**€999M** (€2.41/share)
➔ Free Cash Flow	**€564M**
➔ Net debt position (Dec. 31)	**€932M** (15% gearing)

SAFRAN
AEROSPACE · DEFENCE · SECURITY

Leading market positions

Aerospace

#1 ww
- Single aisle engines
- Helicopter turbines
- Landing gear
- Wiring
- Power transmission

#2 ww
- Space Propulsion
- Engine nacelles
- Wheels & brakes

#4 ww
- Military engines

Defence

#1 Europe
- Optronics

#3 ww
- Inertial navigation systems

Security

#1 ww
- Biometric and ID solutions

A leader in aviation markets
- Detection

/ 4 key themes /

2012 Highlights

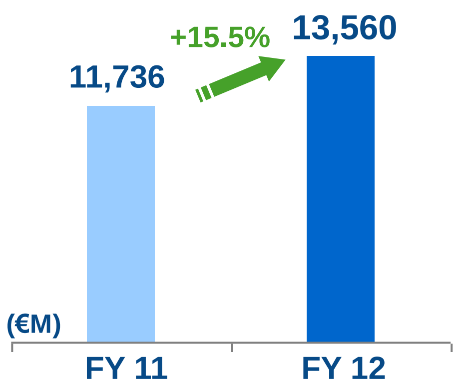
FY 2012 Results

Investing in technology and capacity

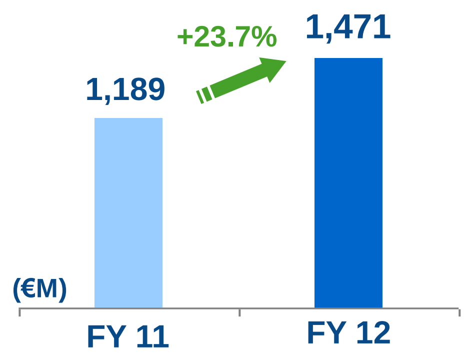
Outlook: positive momentum in 2013 and beyond

FY 2012 financial highlights

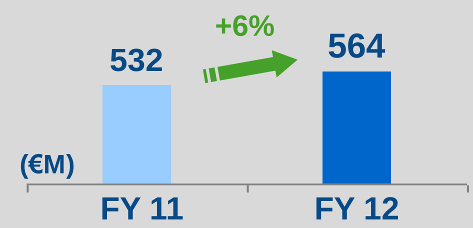
Growing adjusted revenue with strong performance in Aerospace and Security



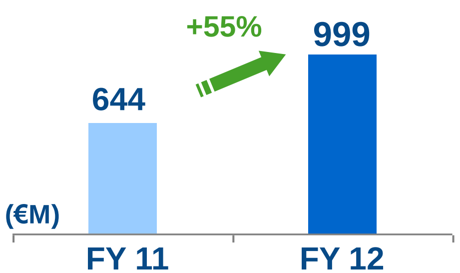
Adjusted recurring operating income at 10.8% of revenue



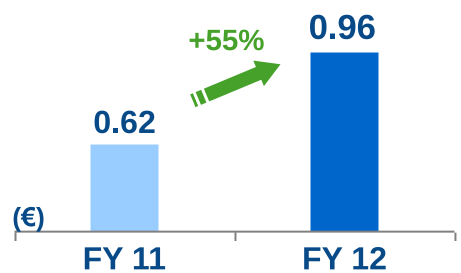
FCF was 38% of adjusted recurring operating income



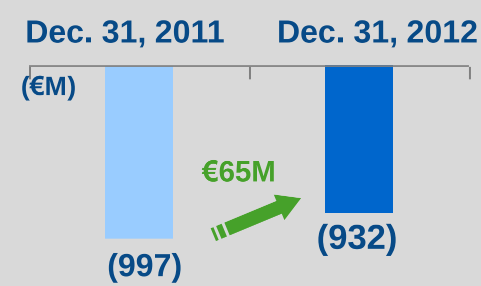
Higher adjusted net profit (group share) at €2.41 per share



Proposed 2012 dividend up 55% vs. 2011 (40% pay-out)



Reduced net debt level (15% gearing)



SAFRAN AEROSPACE · DEFENCE · SECURITY

Increasing OE production rates

Boeing 737

Airbus A320

Airbus A330

Airbus A380

➔ **Short-to medium-haul aircraft**

- 737: up to 42 aircraft per month
- A320: up to 42 aircraft per month

Main drivers:
air traffic growth and fleet replacement

➔ **Long-haul aircraft**

- A330: up to 120 aircraft per year
- A380: up to 30 aircraft par year

(by 2015)

SAFRAN
AEROSPACE · DEFENCE · SECURITY

CFMI: replacing a blockbuster by another blockbuster

LEAP-1A	LEAP-1B	LEAP-1C
Dual source	Single source	Single western source

A320neo
2016

AIRBUS
AN EADS COMPANY

737 MAX
2017

BOEING®
Forever New Frontiers

C919
2016

中国商飞
COMAC

More than 10,000 engine orders (firm orders & commitments) of which over 4,500 for LEAP (as of end of February 2013)

SAFRAN
AEROSPACE · DEFENCE · SECURITY

Positive trends in Civil aftermarket

➔ Civil aftermarket up 9.4% - as anticipated

- Driven by first overhaul of recent CFM56 engines
- Better understanding of new airline behaviour, adapting to increased competition on MRO

➔ New “Behaviour model” for CFM56 spares activity now operational

- Complements the traditional “Technical model”
- 515 airlines categorized into 10 segments
- Includes the influence of macro economic data on airlines spending
- Includes the growing impact of Long Term Service Agreements
- Leads to better predictability (although volatility will remain) and enhanced anticipation of customer expectations
- Confirms CFM56 fleet potential for spares revenue to double over 2010-20

Civil aftermarket momentum to continue in 2013

Scoring commercial successes in Security

➔ MorphoDetection: Medium-range explosives detection system

- 5-year non-exclusive contract from the U.S. TSA for up to $528M
- 5-year exclusive contract with CATSA (Canada) for $143M

➔ e-ID cards and e-Passports for Chile

- 10-year PPP contract for end-to-end secure ID management and document production

➔ MorphoTrust: Universal Enrolment Service (UES)

- Prime contractor for the new UES, which consolidates TSA multiple transportation security programs into a single service with convenient enrollment and registration locations

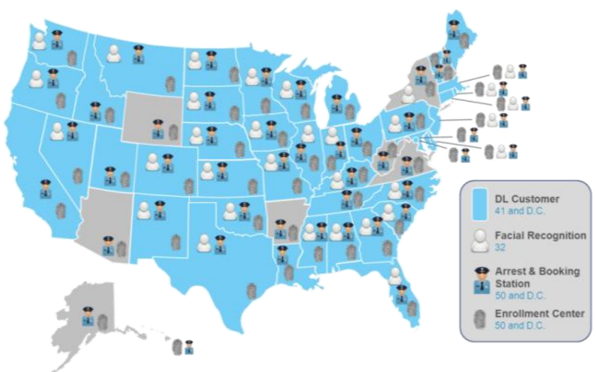
MorphoTrust USA - on target, on budget, synergies achieved

Maintained market leadership in the U.S.

- Driver license issuance solutions to 42 of 50 states (80% of U.S. driver licences, 60M IDs issued per year); no net losses since 2011 Safran acquisition
- Nationwide network of over 1,200 enrolment centres, serving all 50 states
- Multi-modal biometric software for the FBI, U.S. DoD & U.S. DoS based on the leading ABIS platform

Dept. of Motor Vehicles modernization

- 13 States are currently active in modernization
- 32 States will modernize in the next 10 years creating a $1bn market above DL/ID issuance
- 5-7 years average contract duration; single source supplier



Federal solutions

- FBI NGI (iris, face)
- Prime Contractor for the U.S. Passport Card program
- Prime contractor of Universal Enrolment Service (UES)
- Growth opportunities: Statewide identification of individuals, Aviation (check-in speeding) and Commercial (Trusted Transactions)

FY 2012 profit from operations

(In €M)	FY 2011	FY 2012
Revenue	**11,736**	**13,560**
Recurring operating income	1,189	1,471
% of revenue	***10.1%***	***10.8%***
Total one-off items	(29)	(50)
Capital gain (loss) on disposals	-	*1*
Impairment reversal (charge)	*23*	*(1)*
Other infrequent & material & non operational items	*(52)*	*(50)*
Profit from operations	1,160	1,421
% of revenue	***9.9%***	***10.5%***

Includes €(29)M of increased rate of social contributions on employee profit sharing

Includes €(34)M of acquisition and integration costs and a €(16)M net charge related to Hawker Beechcraft (Chapter 11 in May 2012)

10.8% recurring operating income

SAFRAN
AEROSPACE · DEFENCE · SECURITY

FY 2012 income statement

(In €M)	FY 2011	FY 2012
Revenue	**11,736**	**13,560**
Recurring operating income	**1,189**	**1,471**
% of revenue	***10.1%***	***10.8%***
Profit from operations	**1,160**	**1,421**
% of revenue	***9.9%***	***10.5%***
Net finance (cost) income	***(215)***	***(152)***
Income tax expense	***(289)***	***(263)***
Profit (loss) from discontinued op.	***3***	***-***
Minority interests	***(25)***	***(26)***
Share in profit from associates	***10***	***19***
Profit - group share	**644**	**999**
Basic EPS (in €)	***1.59****	***2.41*****

* Based on 404,735,461 shares
** Based on 415,280,826 shares

Of which cost of debt of €(54)M

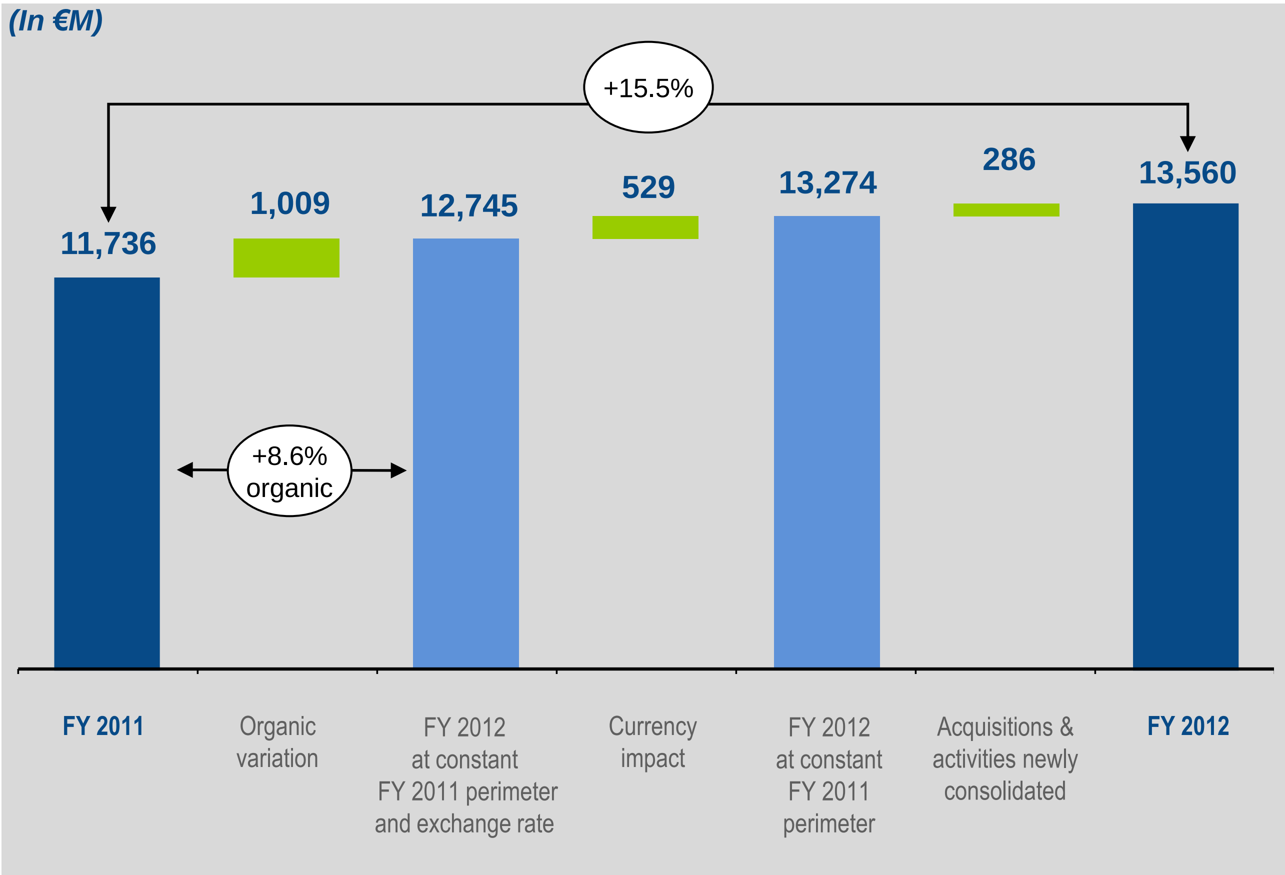
Effective tax rate of 20%

- ***Change in mix of tax rates applicable in countries where the Group does business.***
- ***The tax expense includes the favourable impact of the absorption by Safran of subsidiaries which had been involved in loss making activities divested several years ago.***

Net profit growth of 55%

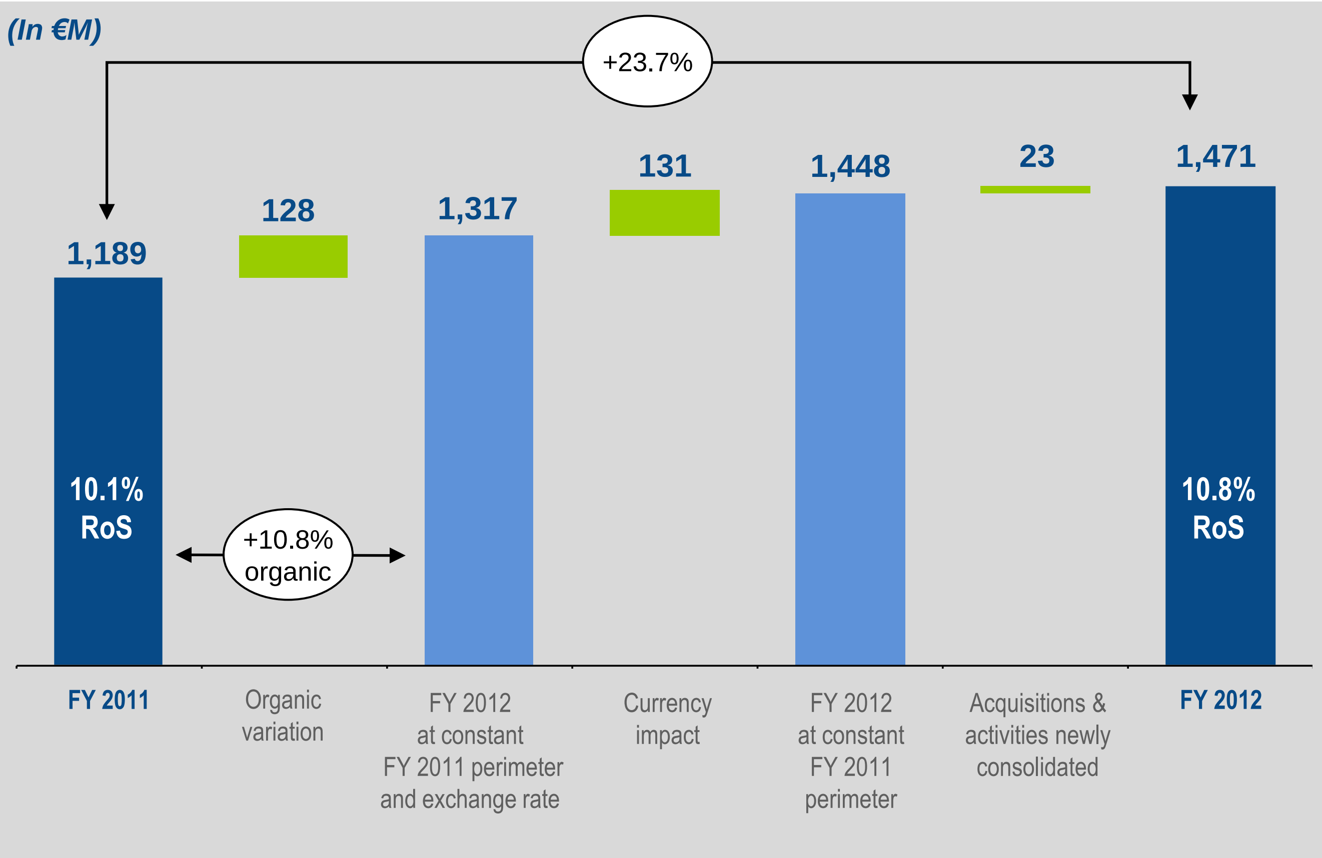
SAFRAN AEROSPACE · DEFENCE · SECURITY

FY 2012 revenue



- Record OEM production rates in aerospace coupled with positive trends in civil aerospace aftermarket
- Strength in the defence business (avionics) and growing momentum in security (biometric identification, e-Documents), as well as acquisitions (MorphoTrust)
- Favourable currency impact
  - Positive translation and transaction impact on $
- Changes in the scope of consolidation include:
  - 7 months of L-1 ID: €185M
  - 3 months of SME: €71M
  - 50% stake in Sofradir vs. 40%: €14M

FY 2012 recurring operating income



- **Main organic profitability drivers**
  - Propulsion: civil aftermarket and helicopter turbines maintenance, OEM across all product lines
  - Landing systems, harnessing and power transmission
  - Avionics
  - MorphoTrust, e-Documents
  - Safran+ productivity gains
  - Currency hedging
- **Changes in the scope of consolidation include:**
  - 7 months of L-1 ID: €10M
  - 3 months of SME: €9M

FY 2012 results by activity

(In €M)	FY 2012	Propulsion	Equipment	Defence	Security	Holding & others
Revenue	**13,560**	**7,005**	**3,691**	**1,315**	**1,546**	**3**
Year-over-year growth in %	*15.5%*	*14.6%*	*19.2%*	*4.0%*	*23.8%*	*na*
Recurring operating income	**1,471**	**1,099**	**287**	**81**	**145**	**(141)**
as a % of revenue	*10.8%*	*15.7%*	*7.8%*	*6.2%*	*9.4%*	*na*

SAFRAN
AEROSPACE · DEFENCE · SECURITY

Aerospace Propulsion

(In €M)	FY 2011	FY 2012	*Change*	*Organic Change*
Revenue	**6,110**	**7,005**	*+14.6%*	*+9.2%*
Recurring operating income	**909**	**1,099**	*+20.9%*	
% of revenue	*14.9%*	*15.7%*	*+0.8 pt*	
One-off items	*22*	*1*		
Profit (loss) from op.	**931**	**1,100**		
% of revenue	*15.2%*	*15.7%*		

- Strong revenue growth
  - Strong rise in civil OEM deliveries (CFM, high thrust engines and helicopter turbines)
  - Solid trends in civil aftermarket and helicopters turbines services
- Excellent profitability mainly driven by civil aftermarket
  - Aftermarket (recent CFM56, helicopter turbines maintenance)
  - Impact of OEM growth in all product lines
  - Productivity improvements
- 12 months contribution of SME: €273M in revenue and €24M in recurring operating income

SAFRAN AEROSPACE · DEFENCE · SECURITY

Aircraft Equipment

(In €M)	FY 2011	FY 2012	*Change*	*Organic Change*
Revenue	**3,097**	**3,691**	*+19.2%*	*+12.5%*
Recurring operating income	**202**	**287**	*+42.1%*	
% of revenue	*6.5%*	*7.8%*	*+1.3 pt*	
One-off items	-	*(16)*		
Profit (loss) from op.	**202**	**271**		
% of revenue	*6.5%*	*7.3%*		

➔ OE driven revenue growth

- Increases in OEM production rates (notably the Boeing 787, A330 and A380 programs) and regional jets market segment favourably impact the landing gear, nacelle and harnessing activities
- Market share wins in carbon brakes

➔ Significant improvement in profitability

- Favourable mix/volume impact and productivity gains on harnesses and landing systems with the ramp-up of OEM volumes, notably the Boeing 787 and A350 programs.
- Increased activity in carbon brakes and auxiliary power transmission spares
- €(16)M net charge related to Hawker Beechcraft (Chapter 11 in May 2012)

SAFRAN AEROSPACE · DEFENCE · SECURITY

Defence

(In €M)	FY 2011	FY 2012	*Change*	*Organic Change*
Revenue	**1,264**	**1,315**	*+4.0%*	*+1.0%*
Recurring operating income	**58**	**81**	*+39.7%*	
% of revenue	*4.6%*	*6.2%*	*+1.6 pt*	
One-off items	*(7)*	*-*		
Profit (loss) from op.	**51**	**81**		
% of revenue	*4.0%*	*6.2%*		

➔ Mid-single digit growth in Avionics with a turnaround in profitability

- Higher deliveries of Mistral kit modules and a solid inertial navigation activity
- Combination of favourable mix/price/volume effect with lower industrialisation costs

➔ Mild decrease in Optronics slightly impacting profits

- Delivery of the Felin infantry combat system to 4 regiments of the French Army (same as in 2011)
- Long-range infrared goggles down compared to a very strong 2011

SAFRAN AEROSPACE · DEFENCE · SECURITY

Security

(In €M)	FY 2011	FY 2012	*Change*	*Organic Change*
Revenue	**1,249**	**1,546**	*+23.8%*	*+4.6%*
Recurring operating income	**139**	**145**	*+4.3%*	
% of revenue	*11.1%*	*9.4%*	*(1.7) pt*	
One-off items	*(23)*	*(25)*		
Profit (loss) from op.	**116**	**120**		
% of revenue	*9.3%*	*7.8%*		

- Growth in biometric ID activity, with the implementation of newly awarded contracts notably in emerging countries, as well as increasing contribution of MorphoTrust
- e-Documents: migration to high-end EMV* cards notably in Latin America, driving higher profits
- Flat in detection: renewed order with TSA for CTX devices offset by lower trace volumes

- 12 months contribution of L-1 ID: €335M in revenue and €48M in recurring EBITDA ($431M revenue and $62M recurring EBITDA)
- €(25)M one-off items, primarily for MorphoTrust integration

* Europay, Mastercard and Visa

SAFRAN AEROSPACE·DEFENCE·SECURITY

Free Cash Flow

(in €M)	FY 2011*	**FY 2012**
Adjusted net profit	**644**	**999**
Depreciation, amortization and provisions	455	671
Others	101	32
Elimination of discontinued operations	-	-
Cash from operating activities before change in WC	**1,200**	**1,702**
Change in WC	47	(85)
Capex (tangible assets)	(352)	(419)
Capex (intangible assets)	(363)	(634)**
Free cash flow	**532**	**564**

Of which amortization of intangibles for €468M and provisions (net) for €158M

Good control over WC requirements in a context of strong increases in production in aerospace markets

Increased R&D spending and Capex investments

* 2011 is presented in a comparable format to 2012
** Of which €504M capitalised R&D

Research & Development

(In €M)	FY 2011	**FY 2012**	*Variation*
Total R&D	**(1,277)**	**(1,594)**	*(317)*
External funding	469	491	*22*
Total self-funded cash R&D	**(808)**	**(1,103)**	*(295)*
as a % of revenue	*6.9%*	*8.1%*	*1.2 pt*
Tax credit	121	124	3
Total self-funded cash R&D after tax credit	**(687)**	**(979)**	*(292)*
Gross capitalized R&D	282	504	222
Amortised R&D	(90)	(68)	*22*
P&L R&D in recurring EBIT	**(495)**	**(543)**	*(48)*
as a % of revenue	*4.2%*	*4.0%*	*(0.2) pt*

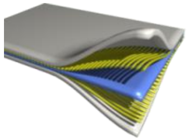
- Self-funded cash R&D effort at 8.1% of sales
- Acceleration of LEAP milestones, 2nd Silvercrest application and increased A350; partly offset by tailing off of R&D developments on A400M and Boeing 787
- Increase of capitalized costs: €222M

SAFRAN AEROSPACE · DEFENCE · SECURITY

Investing in technology and capacity

- **3D woven composite fan blades for the LEAP engine**
  - Joint facilities with Albany in Rochester (US) and in Commercy (France) to start operations in 2015

- **Safran Composites R&T centre**
  - New R&T site in Le Bouchet (France) adjacent to Herakles R&T centre



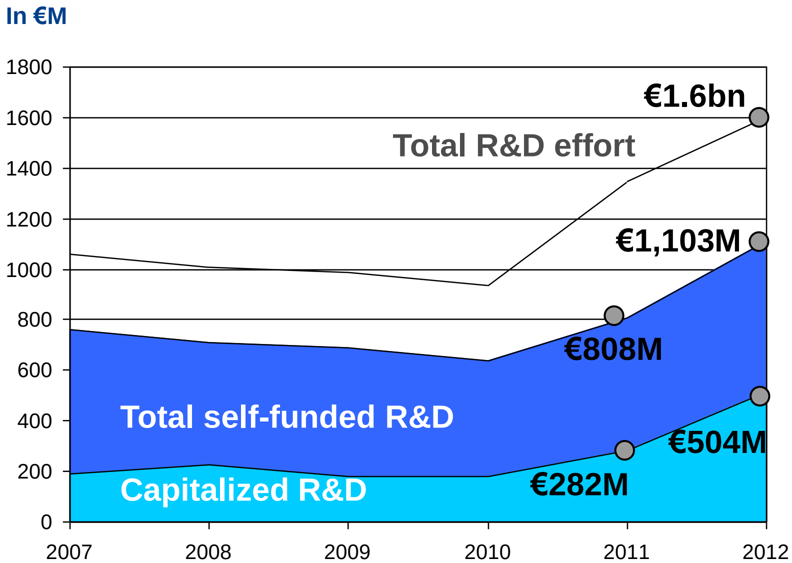
- **Modernisation of industrial assets**
  - Bidos: milling of large size Titanium landing gear components, new green surface treatment processes
  - Montluçon (Coriolis): new production facility for inertial navigation systems

- **Carbon brakes (from a 5,000 aircraft fleet in 2010 toward 10,000 in 2020)**
  - Increasing capacity in Walton (US) by 2014
  - Adding capacity by 2015 with a new facility in Asia

- **Mutualisation of all support functions**
  - Grouping of all Shared Service Centres in Issy-les-Moulineaux (France)

Tangible capex of €419M in 2012 (to rise in 2013)**; adjusting to higher production rates and new technologies**

Investing in our future



- **2012 total R&D effort of €1.6bn**
- **Self-financed R&D of €1.1bn (8.1% of sales)**
  - Acceleration of LEAP milestones
  - Development of 2nd Silvercrest application
- **Split of programs reflects upcoming opportunities**
  - c.30%: LEAP (3 applications) and Silvercrest (2 applications)
  - c.40%: A350, helicopter next gen turbines, flight control, infrared matrix, biometric ID engines…)
  - c.30%: R&T in preparation of the future (mostly next gen engines and electrical technologies)
- **Self-financed R&D to rise again in 2013**
  - Peak investment for LEAP and Silvercrest engines preparing FETT and certification
- **HR integration and training are critical**

Long term amortization of capitalized R&D remains sustainable at less than 1% of sales

SAFRAN AEROSPACE · DEFENCE · SECURITY

Main R&D increase from 2 engines development

➔ LEAP engine

- Development on track, on schedule, on cost
  (First engine to test (FETT) expected in H2 2013)
- Over 4,500 orders and commitments to date
  (1,096 in 2012, of which half for Boeing 737 MAX)

➔ Silvercrest engine

- FETT in November 2012; flight tests in 2014
- Selected by 2nd customer (Cessna's Citation Longitude)

SAFRAN
AEROSPACE · DEFENCE · SECURITY

FY 2013 outlook

At 2012 scope (excluding GEPS acquisition expected to close in Q2:

➔ **Adjusted revenue expected to increase by *around 5%* at an estimated average rate of USD 1.29 to the Euro**

➔ **Adjusted recurring operating income expected to increase by a percentage *in the mid-teens* at a hedge rate of USD 1.29 to the Euro**

➔ **Free cash flow expected to represent *about 40%* of the adjusted recurring operating income taking into account the expected increase in capex and R&D to cope with rising production rates and new business opportunities**

Strong confidence for the long term

- CFM franchise is assured for the next decades (aftermarket revenue and successful LEAP transition)
- Security integration is well on track
- €/$ hedged book provides positive impact on profits until at least 2016

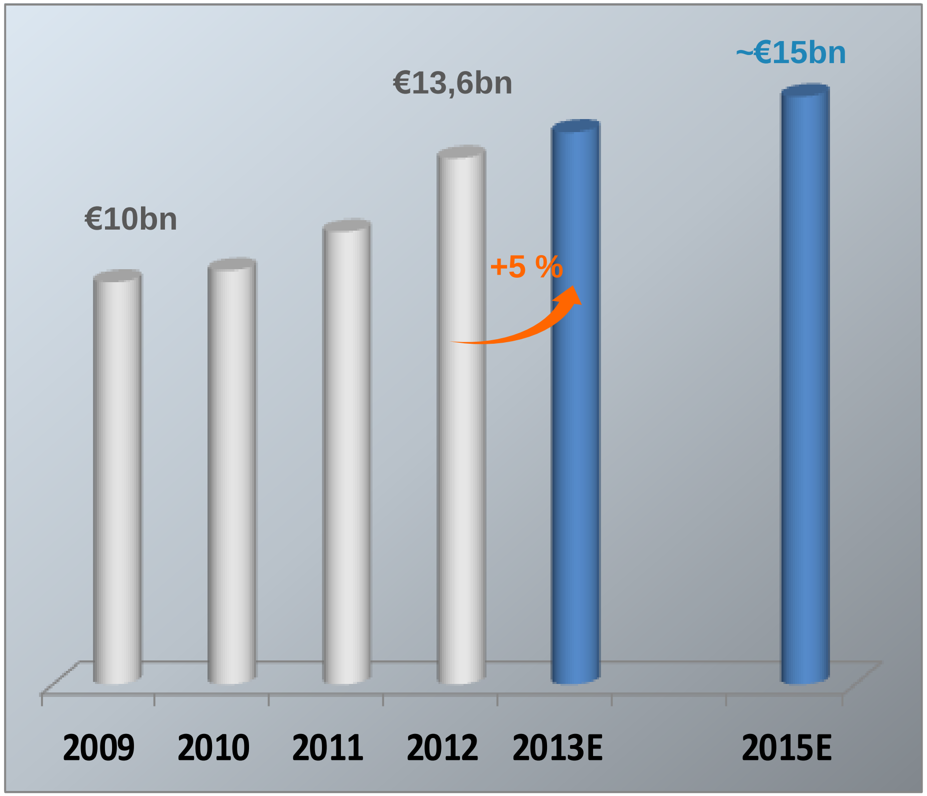
2013 key assumptions

- Healthy increase in aerospace OE deliveries
  - Boeing 737, A330, regional jets...
- Civil aftermarket increase in the high single digits
  - Mainly driven by recent CFM56 engines
- Incremental R&D cash effort of around €200M
  - Mainly LEAP and Silvercrest development (all capitalized)
- Increase in tangible capex of around €200M
- Continued margin improvement in Equipment
- Stable profitability in defence
- Profitable growth for the security business
- On-going Safran+ plan to enhance the cost structure and reduce overhead

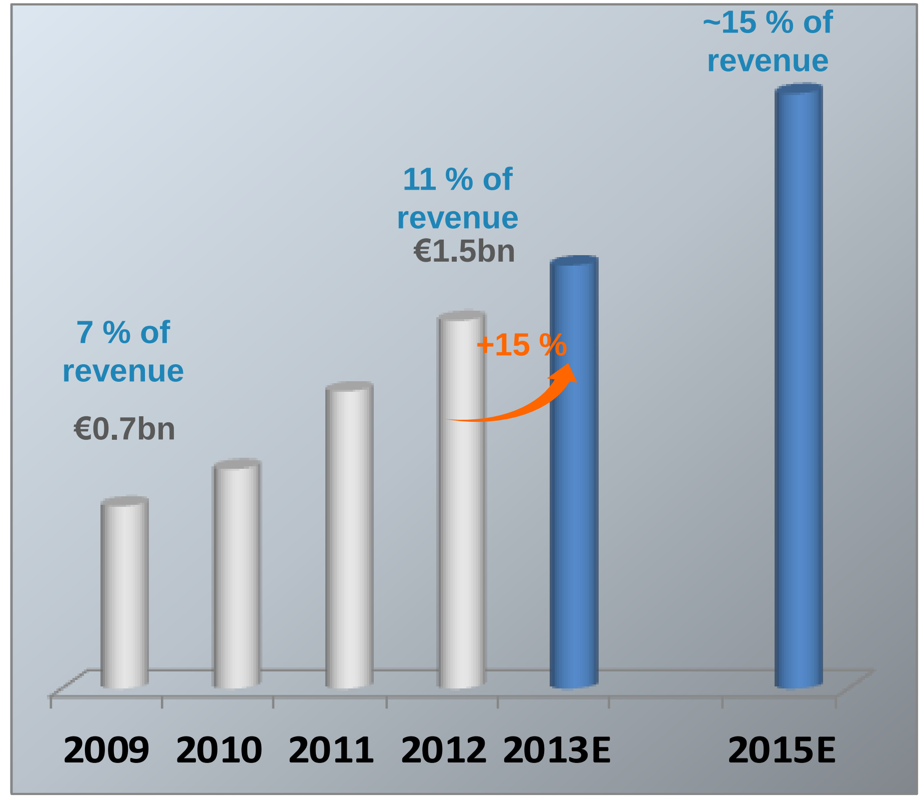
Increased focus on Competitiveness, Expertise and Innovation

Healthy prospects beyond 2012 as well

Revenue



Recurring operating income

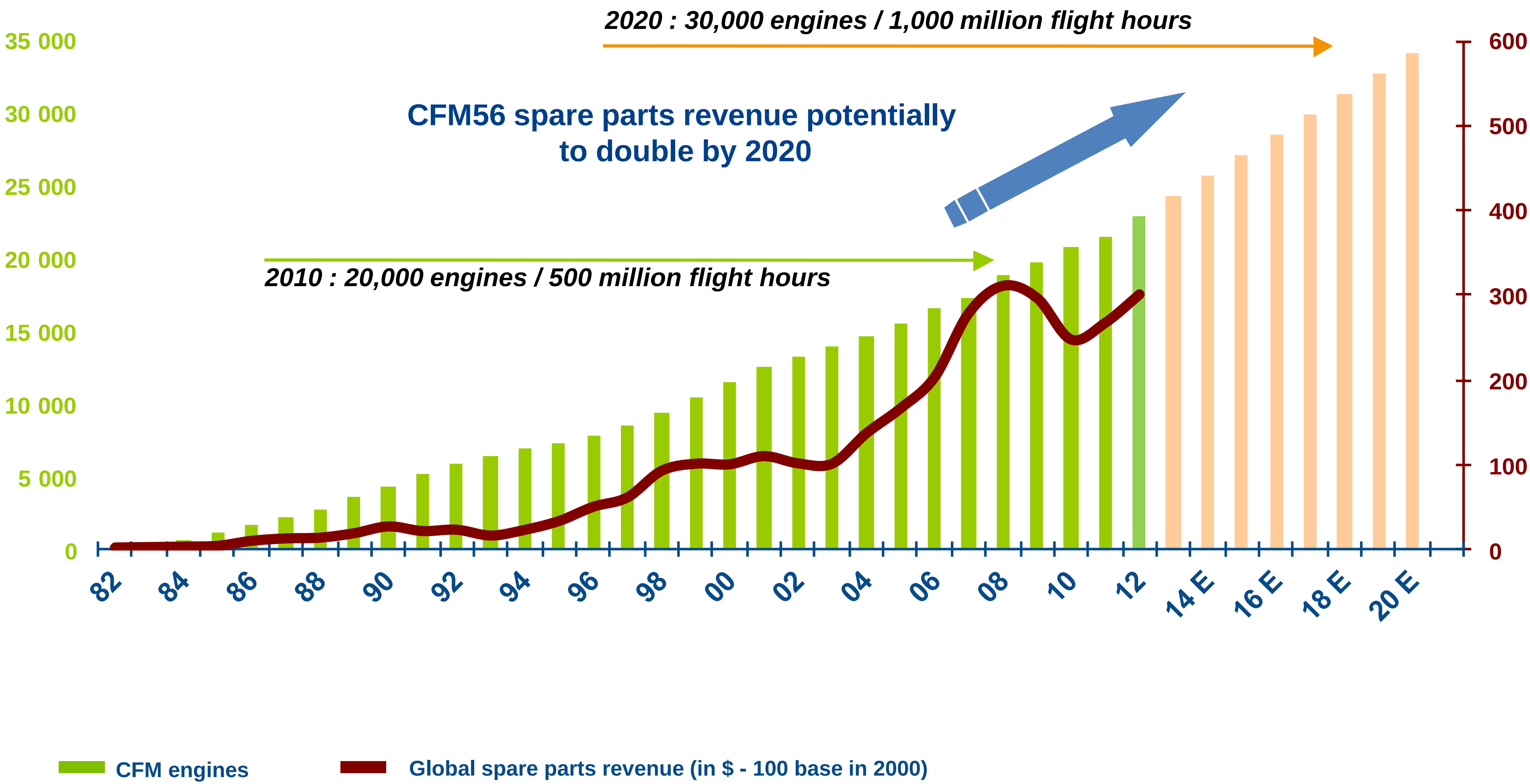


Healthy investment (capex/R&D) opportunities

/ Annexe /

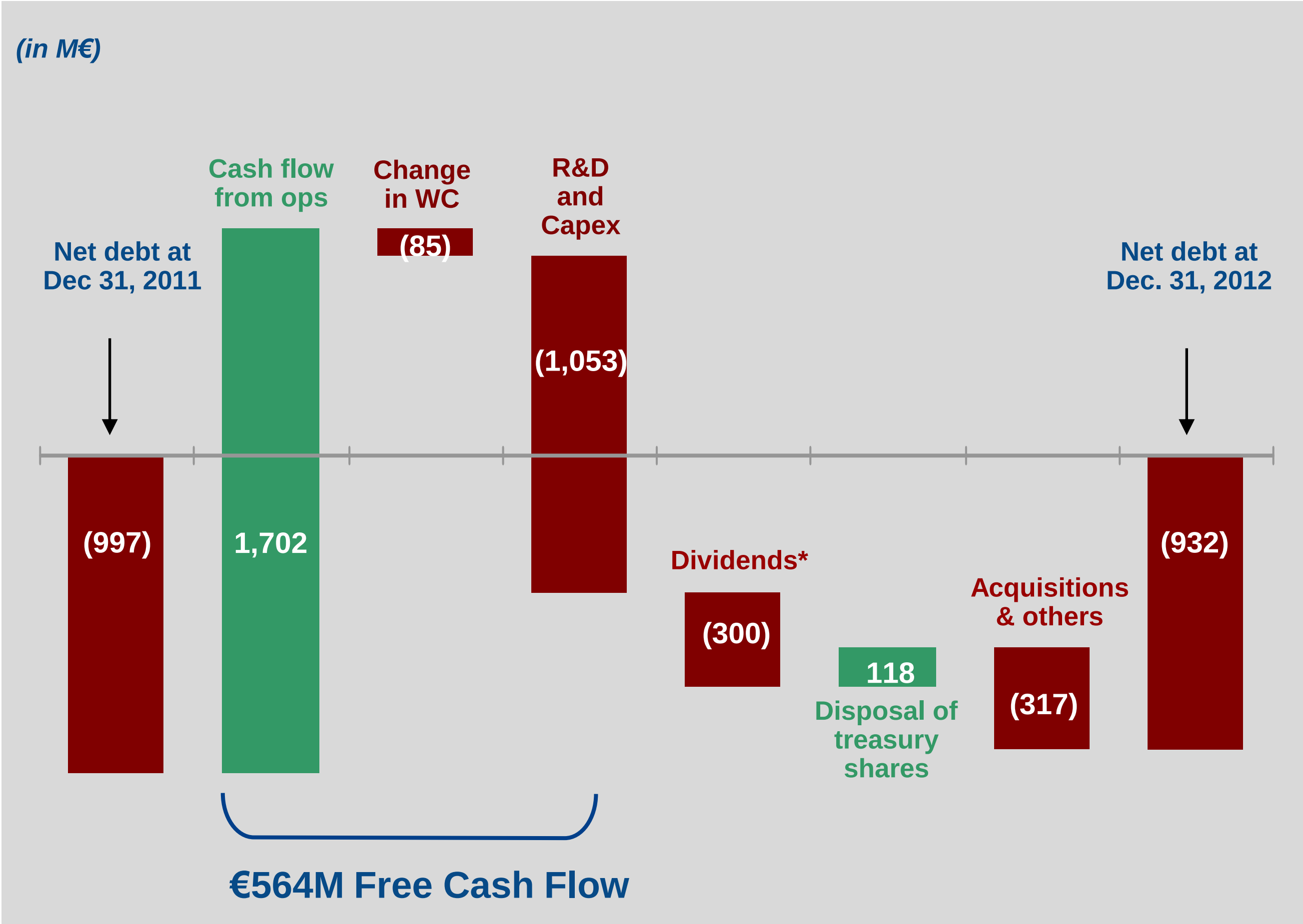
Additional information

Short term volatility, short/medium term inevitable catch-up



SAFRAN
AEROSPACE · DEFENCE · SECURITY

Net debt position



* Includes €(17)M of dividends to minority interests

- Cash flow from operations equals 1.16x recurring EBIT
- Increased WC requirements
- 2011 final dividend (€0.37/share) and 2012 interim dividend (€0.31/share)
- "Acquisitions & Others" include:
  - Acquisition of GE's residual 19% stake in Morpho Detection Inc. (€90M)
  - Additional 10% in Sofradir (€24M)
  - Non-cash negative currency translation impact of USPP $1.2bn notes of €(6)M

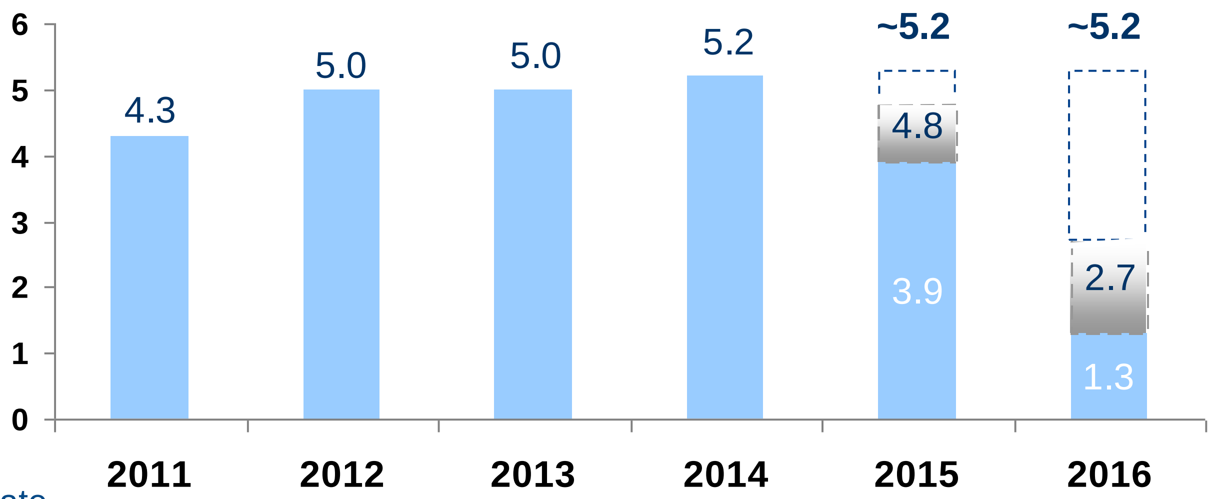
Fx hedging: finalising 2015 and increasing 2016

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

Hedge portfolio, Feb. 15, 2013

Total: $15.1bn

Estimated exposure needs
In US$ bn



€/$ hedge rate

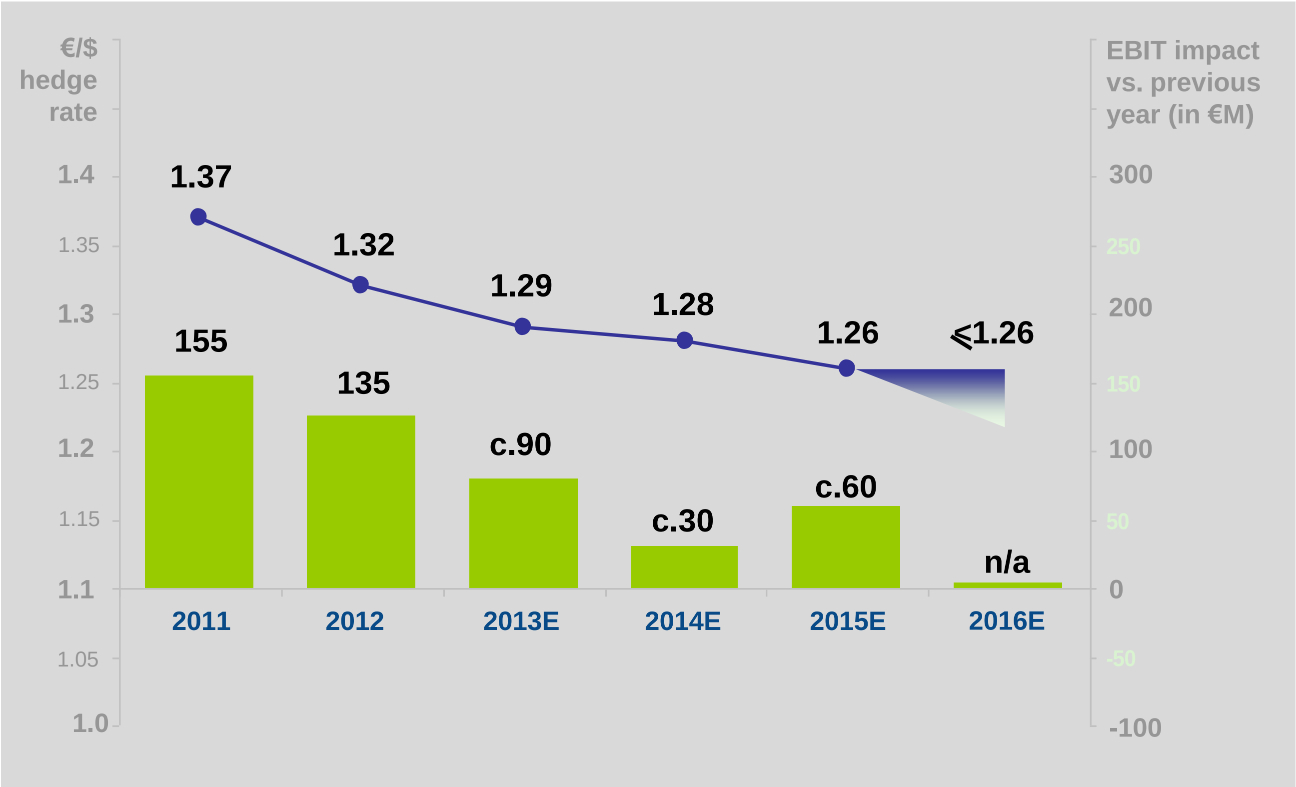
	2011	2012	2013	2014	2015	2016
Achieved	1.37	1.32	1.29	New 1.28	1.25	1.28
Target					1.26	New ≤ 1.26

- 2013 and 2014 are fully hedged
- 2015 hedging almost finalized
  - $3.9bn achieved at $1.25 to rise to $4.8bn at $1.25 as long as €/$<1.40 up to mid-2013
- 2016 hedging is well advanced
  - $1.3bn achieved at $1.28 to rise to $2.7bn at $1.24 as long as €/$<1.39 up to mid-2014

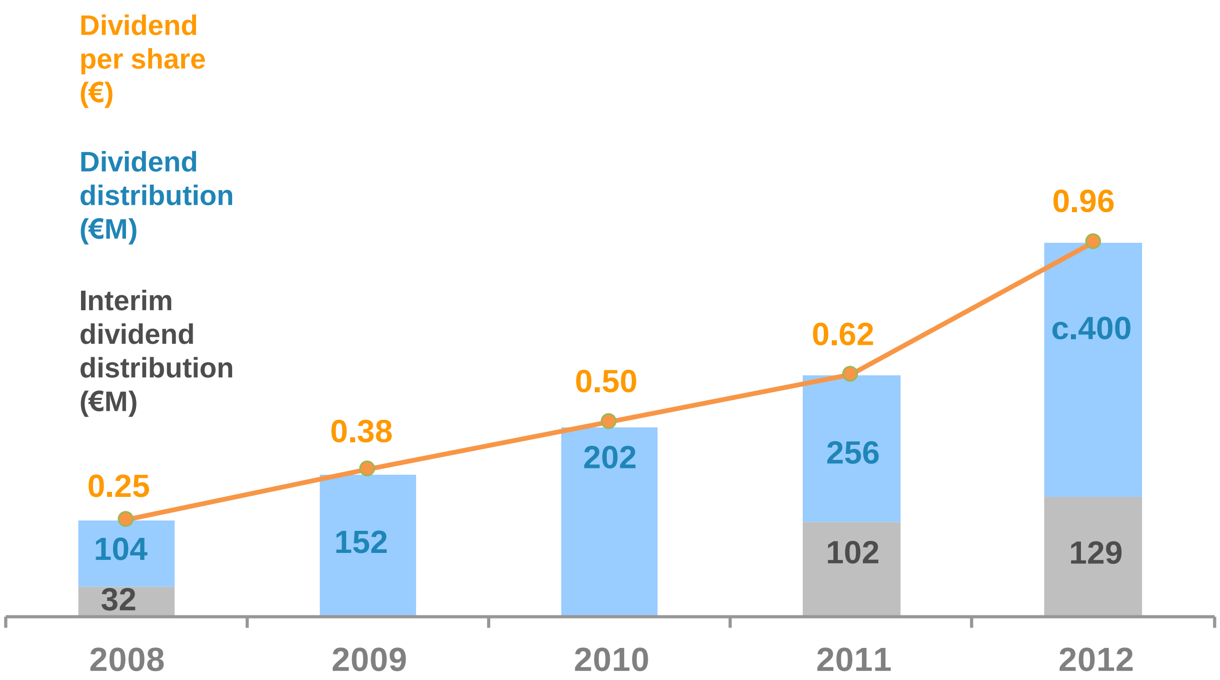
SAFRAN
AEROSPACE · DEFENCE · SECURITY

Fx hedging: benefiting margins over 2013-15

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



2012 dividend



- A proposal for a dividend payment to parent holders of €0.96 at next AGM on May 28, 2013
  - €0.31 interim dividend already paid in 2012 (€129M)
  - €0.65 to be paid in 2013 (c.€270M)
- Ex-dividend date: June 3, 2013
- Payment date: June 6, 2013

€0.96/share dividend payment subject to shareholders approval

FY 2011: R&D by activity

(In €M)	FY 2011	Propulsion	Equipment	Defence	Security
Total self-funded cash R&D	**(808)**	**(420)**	**(159)**	**(118)**	**(111)**
as a % of revenue	*6.9%*	*6.9%*	*5.1%*	*9.3%*	*8.9%*
Tax credit	121	47	29	32	13
Total self-funded cash R&D after tax credit	**(687)**	**(373)**	**(130)**	**(86)**	**(98)**
Gross capitalized R&D	*282*	*161*	*81*	*24*	*16*
Amortised R&D	*(90)*	*(26)*	*(55)*	*(7)*	*(2)*
P&L R&D in recurring EBIT	**(495)**	**(238)**	**(104)**	**(69)**	**(84)**
as a % of revenue	*4.2%*	*3.9%*	*3.4%*	*5.5%*	*6.7%*

SAFRAN
AEROSPACE · DEFENCE · SECURITY

FY 2012: R&D by activity

(In €M)	FY 2012	Propulsion	Equipment	Defence	Security
Total self-funded cash R&D	**(1,103)**	**(649)**	**(213)**	**(117)**	**(124)**
as a % of revenue	*8.1%*	*9.3%*	*5.8%*	*8.9%*	*8.0%*
Tax credit	124	47	29	36	12
Total self-funded cash R&D after tax credit	**(979)**	**(602)**	**(184)**	**(81)**	**(112)**
Gross capitalized R&D	504	342	126	22	14
Amortised R&D	(68)	(25)	(32)	(8)	(3)
P&L R&D in recurring EBIT	**(543)**	**(285)**	**(90)**	**(67)**	**(101)**
as a % of revenue	*4.0%*	*4.1%*	*2.4%*	*5.1%*	*6.5%*

Aerospace OE* / Services revenue split

Revenue Adjusted data *(in Euro million)*	FY 2011		FY 2012		% change	
	OE	Services	OE	Services	OE	Services
Propulsion	*3,118*	*2,992*	*3,718*	*3,287*	*19.2%*	*9.9%*
% of revenue	*51.0%*	*49.0%*	*53.1%*	*46.9%*		
Equipment	*2,138*	*959*	*2,637*	*1,054*	*23.3%*	*9.9%*
% of revenue	*69.0%*	*31.0%*	*71.4%*	*28.6%*		

* All revenue except services

Quantities of major aerospace programs

Number of units delivered	FY 2011	**FY 2012**	*%*
CFM56 engines	1,308	**1,406**	*7%*
High thrust engines	514	**567**	*10%*
Helicopter engines	922	**924**	-
M88 engines	19	**26**	*37%*
A380 nacelles	104	**108**	*4%*
A330 thrust reversers	122	**146**	*20%*
A320 thrust reversers	489	**489**	-
Small nacelles *(biz & regional jets)*	430	**534**	*24%*

SAFRAN
AEROSPACE · DEFENCE · SECURITY

Definition

- **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.

KEY MISSIONS, KEY TECHNOLOGIES, KEY TALENTS