

**PRESS RELEASE****Safran reports first quarter 2022 revenue****Solid double digit revenue growth consistent with full-year outlook**

Paris, April 29, 2022

- *Strong organic growth in all divisions, notably driven by aftermarket*
- *Significant impacts from the Russia-Ukraine conflict and inflation offset; balance sheet exposure to be further assessed*
- *Full-year 2022 outlook confirmed*

**Q1 2022 adjusted data**

- *Revenue €4,071 million, up 22%, +17% organic*

**Q1 2022 consolidated data**

- *Revenue €4,094 million*

**Foreword**

- All figures in this press release represent adjusted data, except where noted. Please refer to the definitions and reconciliation between Q1 2022 consolidated revenue and adjusted revenue. Please refer to the definitions contained in the footnotes and in the Notes on page 5 of this press statement.
- Organic variations exclude changes in scope and currency impacts for the period.

CEO Olivier Andriès said:

*“2022 has started off well with Q1 organic growth at 17%, in line with our full-year guidance in a difficult context of significant air traffic volatility in China, the Russia-Ukraine conflict, supply chain tensions and inflationary pressure.*

*We are taking vigorous steps to offset fully the margin impact of the Russia-Ukraine conflict and inflation, notably additional savings in all Group entities and strict control in the phasing of expenses. Commercial momentum is still building up with meaningful contracts booked since the beginning of the year.”*

## Q1 2022 revenue<sup>1</sup>

During the first quarter, narrowbody air traffic growth stalled compared to Q4 2021 with ASK<sup>2</sup> representing 75% of the Q1 2019 level. Trends are improving in North America and Europe but the severe China downturn impacted the month of March. In Q1 2022, worldwide CFM engines cycles were at 75% of Q1 2019 level.

**Q1 2022 revenue amounted to €4,071 million, up 21.8% compared to Q1 2021, 16.9% organic.** Change in scope was €(20) million<sup>3</sup> (all in Cabin). Currency impact was €184 million reflecting a positive translation impact of USD revenues, with an average €/€ spot rate of 1.12 in Q1 2022 (1.21 in Q1 2021). €/€ hedge rate improved to 1.15 compared to 1.16 in Q1 2021.

On an organic basis, revenue increased by 16.9%:

- **Propulsion:** sales were up by 18.8% mainly due to civil aftermarket, up 52.9% (in USD) thanks to a higher contribution from spare parts sales for CFM56 and to a lesser extent from service contracts and high thrust engines spare parts sales. Civil volumes increased thanks to LEAP engine deliveries outpacing lower volumes for both CFM56 and high thrust engines. Moreover SaM146 deliveries stopped. In Q1 2022, combined shipments of CFM engines reached 254 units (239 LEAP and 15 CFM56), compared with 214 in Q1 2021 (188 LEAP and 26 CFM56). M88 deliveries were down from 15 engines in Q1 2021 to 12 in Q1 2022. Helicopter turbine activities registered a mid-single digit decrease due to lower services and OE deliveries (Arriel family);
- **Equipment & Defense:** sales increased by 12.3% during the first quarter 2022. This solid growth results from higher carbon brakes sales as air traffic recovers, as well as from services for Aerosystems activities. Revenue for nacelles was up both for OE, thanks to LEAP-1A powered A320neo and A330neo, and services. Defense activities were flat compared to Q1 2021. Overall, the division continued to be impacted by a low level of activity in the widebody market (notably on the Boeing 787 program);
- **Aircraft Interiors** revenue strongly increased (29.4%) due to a favorable comparison basis in Q1 2021, Seats and Cabin (galleys and toilets) activities grew both in OE and services.

## Russia-Ukraine conflict

In compliance with international sanctions, Safran has suspended all exports and provision of services to Russia and stopped the activity of its industrial joint-ventures in Russia until further notice. Commercial activity in Russia included engine and equipment supplies for many programs (Sukhoi Superjet 100, MC-21 and Kamov 62 & Kamov 226 helicopters) as well as service activities for CFM engines powering around 500 A320 and Boeing 737 aircraft operated by Russian airlines.

Consequently, several material impacts should be noted:

- A suspension of all commercial exports (products and services) to Russia and all operations in Russia resulting in a loss of activity which amounts to c.2% of sales and estimated **c.70bps** on margin;
- Increasing pressure on supply chain and Russia-Ukraine conflict-induced inflation:
  - Further inflation on raw materials, freight and energy: an additional estimated **c.80bps** impact on margin;
  - Safran sources c.50% of its titanium needs from VSMPO; 2022 supplies now secured; alternative sources being secured.

<sup>1</sup> See Q1 figures in the segment breakdown on page 4 of this press statement.

<sup>2</sup> Available Seat-Kilometers.

<sup>3</sup> Divestment of EVAC in June 2021 and Safran Ventilation Systems Oklahoma (Enviro Systems) in November 2021.

**As a result, additional and vigorous cost savings, commercial measures and deferral of some expenses are implemented to offset the aforementioned c.150 bps impact on Safran's 2022 recurring operating margin.**

Moreover, the balance sheet exposure, for Safran and companies accounted for under the equity method, will be further assessed as the Russia-Ukraine situation evolves, notably:

- ArianeGroup: Roscosmos' decision to suspend Soyouz launches through Arianespace;
- Shannon Engine Support: 12 CFM56 & LEAP leased engines stranded in Russia.

### Full-year 2022 outlook confirmed

Safran confirms its FY 2022 outlook (at current perimeter, adjusted data):

- Revenue of €18-18.2 billion (at a €/€ spot rate of 1.14 versus 1.18 previously);
- Recurring operating margin of c.13.0%;
- Free Cash Flow generation of c.€2.0bn.

Key watch items remain:

- The traffic recovery pace (China);
- The state of the supply chain and the cost inflation in energy, freight and raw materials;
- Geopolitical environment.

### Currency hedges

The hedge book amounts \$32.6 billion in April 2022, compared to \$31.4bn in January. Safran continued to hedge year 2025 while lowering the probability of knock-out of the portfolio. The book is composed of options with knock-out barriers spanning from 1.2150 to 1.30, representing a risk on the size of the book and on targeted rates in case of a sudden increase of the euro.

2022 is hedged: targeted hedge rate of \$1.15, for an estimated net exposure of \$9.0 billion.

2023 and 2024 are hedged: targeted hedge rate from \$1.14-1.16, for a respective estimated net exposure of \$10.0 billion and \$11.0 billion.

2025 is partially hedged: targeted hedge rate from \$1.14-1.16; \$4.9 billion hedged out of an estimated net exposure of \$12.0 billion.

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### Agenda

Annual General Meeting	May 25, 2022
H1 2022 results	July 28, 2022
Q3 2022 revenue	October 28, 2022

\* \* \* \*

Safran will host today a conference call open to analysts, investors and media at 8.30 am CET which can be accessed at +33 (0)1 72 72 74 03 (France), +44 (0)207 194 3759 (UK) and +1 646 722 4916 (US) (access code for all countries: 17692593#).

Please ask for the "Safran" conference and state your name. We advise you to dial in 10 minutes before the start of the conference.

A replay of the conference call will be available until July 28, 2022 at +33 (0)1 70 71 01 60, +44 (0) 203 364 5147 and +1 (646) 722 4969 (access code for all countries: 425020135#).

The press release and presentation are available on the website at [www.safran-group.com](http://www.safran-group.com) (Finance section).

## Key figures

### 1. Segment breakdown

<i>Segment breakdown of adjusted revenue (In Euro million)</i>	Q1 2021	Q1 2022	% change	% change in scope	% change currency	% change organic
Propulsion	1,561	1,942	24.4%	-	5.6%	18.8%
Equipment & Defense	1,464	1,716	17.2%	-	4.9%	12.3%
Aircraft Interiors	313	409	30.7%	(6.4)%	7.7%	29.4%
Holding company & Others	4	4	n/s	n/s	n/s	n/s
<b>Total Group</b>	<b>3,342</b>	<b>4,071</b>	<b>21.8%</b>	<b>(0.6)%</b>	<b>5.5%</b>	<b>16.9%</b>

<i>OE / Services adjusted revenue breakdown (In Euro million)</i>	Q1 2021		Q1 2022	
	OE	Services	OE	Services
<b>Propulsion</b>	<b>620</b>	<b>941</b>	<b>710</b>	<b>1,232</b>
% of revenue	39.7%	60.3%	36.6%	63.4%
<b>Equipment &amp; Defense</b>	<b>991</b>	<b>473</b>	<b>1,070</b>	<b>646</b>
% of revenue	67.7%	32.3%	62.4%	37.6%
<b>Aircraft Interiors<sup>4</sup></b>	<b>230</b>	<b>83</b>	<b>288</b>	<b>121</b>
% of revenue	73.5%	26.5%	70.4%	29.6%

<i>2021 revenue by quarter (In Euro million)</i>	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021
Propulsion	1,561	1,688	1,812	2,378	7,439
Equipment & Defense	1,464	1,508	1,535	1,818	6,325
Aircraft Interiors	313	333	385	444	1,475
Holding company & Others	4	5	2	7	18
<b>Total Group</b>	<b>3,342</b>	<b>3,534</b>	<b>3,734</b>	<b>4,647</b>	<b>15,257</b>

<i>Euro/USD rate</i>	Q1 2021	Q1 2022
Average spot rate	1.21	1.12
Spot rate (end of period)	1.17	1.11
Hedge rate	1.16	1.15

### 2. Number of products delivered on major aerospace programs

<i>Number of units delivered</i>	Q1 2021	Q1 2022	% change
LEAP engines	188	239	27%
CFM56 engines	26	15	-42%
High thrust engines	70	48	-31%
Helicopter turbines	133	110	-17%
M88 engines	15	12	-20%
787 landing gears sets	11	-	-100%
A350 landing gears sets	9	10	11%
A330neo nacelles	4	12	200%
A320neo nacelles	128	141	10%
Small nacelles (biz & regional jets)	94	117	24%
A350 lavatories	55	71	29%
Business class seats	363	346	-5%
A320 emergency slides	797	1,106	39%
787 primary power distribution system	55	8	-85%

<sup>4</sup> Retrofit is included in OE

## Notes

Adjusted revenue:

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 instruments hedging future cash flows are neutralized.

The resulting changes in deferred tax have also been adjusted.

First quarter 2022 reconciliation between consolidated revenue and adjusted revenue:

Q1 2022  <i>(In Euro million)</i>	Consolidated data	Currency hedging		Business combinations		Adjusted data
		Remeasurement of revenue	Deferred hedging gain / loss	Amortization of intangible assets -Sagem-Snecma merger	PPA impacts - other business combinations	
<b>Revenue</b>	<b>4,094</b>	<b>(23)</b>				<b>4,071</b>

**Safran** is an international high-technology group, operating in the aviation (propulsion, equipment and interiors), defense and space markets. Its core purpose is to contribute to a safer, more sustainable world, where air transport is more environmentally friendly, comfortable and accessible. Safran has a global presence, with 76,800 employees and sales of 15.3 billion euros in 2021, and holds, alone or in partnership, world or regional leadership positions in its core markets. Safran undertakes research and development programs to maintain the environmental priorities of its R&T and Innovation roadmap.

Safran is listed on the Euronext Paris stock exchange and is part of the CAC 40 and Euro Stoxx 50 indices.

For more information : [www.safran-group.com](http://www.safran-group.com) / Follow @Safran on Twitter 

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*The foregoing list of factors is not exhaustive. Forward-looking statements speak only as of the date they are made. Safran does not assume any obligation to update any public information or forward-looking statement in this document to reflect events or circumstances after the date of this document, except as may be required by applicable laws.*

### USE OF NON-GAAP FINANCIAL INFORMATION

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