

PRESS RELEASE

Safran reports third quarter 2023 revenue Significant civil aftermarket demand

Paris, October 27, 2023

Adjusted data

- Q3 revenue: €5,825 million up 20.1% (25.9% organic)
- 9m revenue: €16,770 million up 25.1% (25.9% organic)

Consolidated data

- Q3 revenue: €5,937 million
- 9m revenue: €17,066 million

- Full-year 2023 outlook reaffirmed

Foreword

- All figures in this press release represent adjusted data, except where noted. Please refer to the definitions and reconciliation between Q3 and 9 months 2023 consolidated revenue and adjusted revenue contained in the footnotes and in the Notes on page 7 of this press statement.
- Organic variations exclude changes in scope and currency impacts for the period.

CEO Olivier Andriès said: “*Safran continues to enjoy strong market tailwinds with narrowbody air traffic now trending well above pre-crisis level resulting in a strong demand for CFM56 spare parts. Our priority remains to ramp-up production while we still operate in a constrained supply chain environment. On the back of this solid 9 months, we are comfortable with the delivery of our 2023 guidance raised at the end of July.*”

Q3 and 9m 2023 revenue

The global narrowbody capacity has gradually improved to well above 2019 level. In the first nine months of 2023, narrowbody ASK were at 104% (on average) of 2019, with Q3 2023 at 107% of Q3 2019.

➤ Q3 2023

At €5,825 million, Q3 2023 revenue increased by 20.1% compared to Q3 2022. Change in scope was €(39) million¹. Currency impact of €(241) million reflects a negative translation impact of USD revenues, with an average €/€ spot rate of 1.09 in Q3 2023 (1.01 in Q3 2022). €/€ hedge rate in Q3 2023 stood at 1.13 (1.15 in Q3 2022).

On an organic basis, revenue increased by 25.9%, of which:

- **Propulsion** was up 28.4% driven by a strong civil aftermarket activity (+39.0% in \$) with solid demand for CFM56 spare parts and incremental benefits from price increase. Spare parts revenue for high thrust engines was slightly up.
LEAP deliveries reached 389 units, compared to 347 units in Q3 2022 and to 419 units in Q2 2023. Over the first nine months of 2023, LEAP deliveries reached 1,174 representing a solid step-up in production (+45%) versus last year.
Military engine activities were globally stable compared to Q3 2022 with notably lower M88 deliveries and a higher services level.
Helicopter turbine activities posted a reasonable growth despite persistent supply chain constraints impacting OE and MRO activities.
- **Equipment & Defense** increased by 21.2% driven by aftermarket growth in all businesses. Aftermarket services were up 30% led by landing gears, carbon brakes and nacelles. OE sales increased by 16% during the quarter with higher volumes in landing gear (A320neo, A350), as well as in power and wiring. Activities continued to be constrained by industry-wide supply chain difficulties and by downward revised demand impacting notably OE nacelles deliveries.
Electronics & Defense revenue was up mainly thanks to avionics (FADEC for LEAP) and Defense activities.
- **Aircraft Interiors** revenue increased by 30.8% driven by aftermarket services both for Cabin (mainly spare parts) and Seats (of which A380 refresh for a Middle East airline). OE sales improvement came notably from Cabin (Custom Cabin, Floor to Floor activities for 787, A320 and Bombardier programs). Seats OE activities increase was driven by Economy class seat deliveries (Z400 and Z600 for several airlines) while Business class seat deliveries stood at 174 in Q3 2023 (377 in Q3 2022) and were up sequentially (112 in Q2 2023).

➤ 9m 2023

Revenue for the first nine month of 2023 amounted to €16,770 million, up 25.1% compared to 9m 2022. Sales increased by €3,477 million (+25.9%) on an organic basis mainly thanks to Propulsion (o/w civil aftermarket, +37.5% in \$). Change in scope was €(11) million². Currency impact of €(105) million reflects a negative translation impact of USD revenues, with an average €/€ spot rate of 1.08 in 9m 2023 (1.06 in 9m 2022). €/€ hedge rate in 9m 2023 was at 1.13 (1.15 in 9m 2022).

¹ Divestment of Cargo & Catering in May 2023.

² Divestment of Pioneer Aerospace in April 2022, Arresting Systems in June 2022 and Cargo & Catering in May 2023. Acquisition of Orolia in July 2022.

Full-year 2023 outlook

Safran confirms its full-year 2023 outlook, as raised on July 27th 2023 (adjusted data):

- Revenue of at least €23.0 billion;
- Recurring operating income of c.€3.1 billion;
- Free Cash Flow of at least €2.7 billion.

This outlook is based notably, but not exclusively, on the following assumptions, of which two are updated:

- No further disruption to the world economy;
- Air traffic: narrowbody ASK above 2019 level in 2023;
- LEAP engine deliveries: **increase by 40% to 45%** (versus *increase by c.50%*);
- Civil aftermarket revenue (in USD): **up low thirties** (versus *up mid to high twenties*);
- €/\$ hedge rate of 1.13;
- €/\$ spot rate of 1.10.

The main risk factor remains the supply chain production capabilities.

Currency hedges

The hedge book amounts to \$50.5 billion in October 2023 (\$50.7 billion in June 2023):

- 2023 is hedged: targeted hedge rate of \$1.13, for an estimated net exposure of \$10.0 billion.
- 2024 is hedged: targeted hedge rate between \$1.13 and 1.15, for an estimated net exposure of \$11.0 billion.
- 2025 and 2026 are hedged: targeted hedge rate between \$1.12 and 1.14, for a respective estimated net exposure of \$12.0 billion and \$13.0 billion.
- 2027 is almost fully hedged: \$12 billion hedged out of an estimated net exposure of \$13.0 billion.

Share repurchase programs

➤ Employee profit sharing schemes

In Q3 2023, Safran repurchased c.2 million shares for a total of €300 million for allocation or sale to employees or corporate officers.

➤ 2028 OCEANES liability management

In order to hedge the potential dilution related to its 2028 convertible bonds, Safran launched a first tranche of shares repurchase for a maximum amount of €350 million from September 25 and no later than November 17, 2023. As of October 23, Safran already repurchased c.1.5 million shares representing c.€217 million.

As announced in July, once the above mentioned program relating to the 2028 OCEANES is completed, Safran will launch a share buyback program for cancellation. This program of up to €1 billion is due to be completed by end 2025.

Portfolio management

On October 2, 2023, Safran completed the acquisition of Thales' aeronautical electrical systems business, which covers electric conversion, power generation, and motors for civil and military aircraft. This acquisition reinforces Safran Electrical & Power's expertise, particularly in conversion, strengthening its position as a leader in the entire aircraft electrical chain. This activity employs nearly 600 people and generated revenues of €145 million in 2022.

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Agenda

FY 2023 results	February 15, 2024
Q1 2024 revenue	April 26, 2024
Annual General Meeting	May 23, 2024
H1 2024 results	July 31, 2024
Q3 2024 revenue	October 25, 2024
Capital Markets Day	Q4 2024

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Safran will host today a webcast for analysts and investors at 8.30 am CET.

- 1) **If you only want to follow the webcast and listen the conference call**, please register using the following link: <https://edge.media-server.com/mmc/p/6gaopwz3>
⇒ Use this same link for the **replay** which will be available 2 hours after the event concludes and remains accessible for 90 days.
- 2) **If you want to participate in the Q&A session at the end of the conference**, please pre-register using the link below in order to receive by email the connection details (dial-in numbers and personal passcode):
<https://register.vevent.com/register/Bld5c4d209de9b4997a03d54176e869df9>

Registration links are also available on Safran's website under the Finance home page as well as in the "Publications and Results" and "Calendar" sub-sections.

Press release and presentation are available on Safran's website at www.safran-group.com (Finance section).

Key figures

1. Segment breakdown

Segment breakdown of adjusted revenue (In Euro million)	9m 2022	9m 2023	% change	% change in scope	% change currency	% change organic
Propulsion	6,679	8,760	31.2%	-	(0.8)%	32.0%
Equipment & Defense	5,326	6,234	17.0%	0.7%	(0.4)%	16.7%
Aircraft Interiors	1,392	1,768	27.0%	(3.5)%	(2.2)%	32.7%
Holding company & Others	12	8	n/s	n/s	n/s	n/s
Total Group	13,409	16,770	25.1%	(0.1)%	(0.7)%	25.9%

OE / Services adjusted revenue breakdown (In Euro million)	9m 2022		9m 2023	
	OE	Services	OE	Services
Propulsion	2,451	4,228	3,478	5,282
% of revenue	36.7%	63.3%	39.7%	60.3%
Equipment & Defense	3,289	2,037	3,676	2,558
% of revenue	61.8%	38.2%	59.0%	41.0%
Aircraft Interiors³	976	416	1,144	624
% of revenue	70.1%	29.9%	64.7%	35.3%

Segment breakdown of adjusted revenue (In Euro million)	Q3 2022	Q3 2023	% change	% change in scope	% change currency	% change organic
Propulsion	2,503	3,083	23.2%	-	(5.2)%	28.4%
Equipment & Defense	1,820	2,134	17.3%	-	(3.9)%	21.2%
Aircraft Interiors	522	605	15.9%	(7.5)%	(7.4)%	30.8%
Holding company & Others	4	3	n/s	n/s	n/s	n/s
Total Group	4,849	5,825	20.1%	(0.8)%	(5.0)%	25.9%

OE / Services adjusted revenue breakdown (In Euro million)	Q3 2022		Q3 2023	
	OE	Services	OE	Services
Propulsion	944	1,559	1,093	1,990
% of revenue	37.7%	62.3%	35.5%	64.5%
Equipment & Defense	1,115	705	1,250	884
% of revenue	61.3%	38.7%	58.6%	41.4%
Aircraft Interiors³	363	159	381	224
% of revenue	69.5%	30.5%	63.0%	37.0%

2023 revenue by quarter (In Euro million)	Q1 2023	Q2 2023	Q3 2023	9m 2023
Propulsion	2,714	2,963	3,083	8,760
Equipment & Defense	1,966	2,134	2,134	6,234
Aircraft Interiors	584	579	605	1,768
Holding company & Others	2	3	3	8
Total Group	5,266	5,679	5,825	16,770

2022 revenue by quarter (In Euro million)	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022
Propulsion	1,942	2,234	2,503	2,827	9,506
Equipment & Defense	1,716	1,790	1,820	2,209	7,535
Aircraft Interiors	409	461	522	586	1,978
Holding company & Others	4	4	4	4	16
Total Group	4,071	4,489	4,849	5,626	19,035

Euro/USD rate	Q3 2022	Q3 2023	9m 2022	9m 2023
Average spot rate	1.01	1.09	1.06	1.08
Spot rate (end of period)	0.97	1.06	0.97	1.06
Hedge rate	1.15	1.13	1.15	1.13

³ Retrofit is included in OE

2. Number of products delivered on major aerospace programs

<i>Number of units delivered</i>	Q3 2022	Q3 2023	% change
LEAP engines	347	389	12%
CFM56 engines	17	14	(18)%
High thrust engines	40	58	45%
Helicopter turbines	128	140	9%
M88 engines	9	8	(11)%
787 landing gears sets	6	6	-
A350 landing gears sets	8	11	38%
A330neo nacelles	10	12	20%
A320neo nacelles	153	126	(18)%
Small nacelles (biz & regional jets)	113	137	21%
A350 lavatories	53	99	x1.9
Business class seats	377	174	(54)%
A320 emergency slides	1,335	1,165	(13)%
787 primary power distribution system	31	65	x2.1

<i>Number of units delivered</i>	9m 2022	9m 2023	% change
LEAP engines	812	1,174	45%
CFM56 engines	44	38	(14)%
High thrust engines	131	141	8%
Helicopter turbines	355	414	17%
M88 engines	29	39	34%
787 landing gears sets	7	16	x2.3
A350 landing gears sets	31	34	10%
A330neo nacelles	38	38	-
A320neo nacelles	437	401	(8)%
Small nacelles (biz & regional jets)	383	407	6%
A350 lavatories	241	319	32%
Business class seats	1,195	610	(49)%
A320 emergency slides	3,415	2,622	(23)%
787 primary power distribution system	60	192	x3.2

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 income statement in addition to its consolidated financial statements.

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.

Third-quarter 2023 and 9m 2023 reconciliation between consolidated revenue and adjusted revenue:

Q3 2023	Consolidated revenue	Hedge accounting		Business combinations		Adjusted revenue
		Remeasurement of revenue	Deferred hedging gain (loss)	Amortization intangible assets - Sagem-Snecma	PPA impacts - other business combinations	
<i>(In Euro million)</i>						
Revenue	5,937	(112)	-	-	-	5,825

9m 2023	Consolidated revenue	Hedge accounting		Business combinations		Adjusted revenue
		Remeasurement of revenue	Deferred hedging gain (loss)	Amortization intangible assets - Sagem-Snecma	PPA impacts - other business combinations	
<i>(In Euro million)</i>						
Revenue	17,066	(296)	-	-	-	16,770

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 83 000 employees and sales of 19.0 billion euros in 2022, 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.

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IMPORTANT ADDITIONAL INFORMATION

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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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