

PRESS RELEASE

An historic Leap year for Safran Aircraft Engines

2016 is a leap year, and also marked the commercial debut of the new LEAP engine developed and produced by CFM International, the 50/50 joint company between Safran Aircraft Engines and GE. A LEAP-powered Pegasus Airlines Airbus A320neo twinjet transported its first passengers in early August. This successful entry into service confirmed the latest business wins announced at the Farnborough Airshow this past summer. The entire company is now focused on an unprecedented ramp-up in production. We asked Olivier Andriès, CEO of Safran Aircraft Engines, to discuss this multifaceted Leap year.

What does the entry into service of the LEAP mean for Safran Aircraft Engines?

First of all, we're delighted to see our LEAP engine start revenue service on the A320neo. This is a major milestone for CFM, even historic, because it's the first entry into service for a brand-new engine since the CFM56 in 1982! Over the last three years we have focused our efforts on certifying the LEAP*-1A and LEAP*-1B, and both versions were certified on time and to spec. This clearly validates the technology choices we made on our new product. Now, along with our partner GE, we have to ensure a successful service entry on nearly 50 airlines over the next three years. We're ready to rise to this challenge! We have multiplied the number of stress tests and logged many hours stimulating operations at airlines. The first flights by our LEAP-1A launch customer Pegasus confirms the good first impressions during the test program, since the LEAP is already capable of making up to 11 flights per day.

How do you see the company's sales results at Farnborough?

We once again logged major business wins at this international airshow, confirming our leadership in the single-aisle commercial jet segment. Of course, I'm mainly referring to the LEAP, which is the fastest-selling engine in the history of aviation, with over 11,500 orders and commitments. But that doesn't mean we should forget the CFM56, which has now passed the mark of 30,000 produced! After Farnborough, CFM now has a total order backlog of 13,800 engines. These orders reflect the considerable challenge we face, namely, to produce engines at unprecedented rates! I would also like to point out that our success is mainly based on our two main customers, Airbus and Boeing, which are gearing up to deliver a record number of single-aisle jets. The latest targeted production rates represent a 50% increase over the original forecasts for the LEAP. In other words, this is a tremendous opportunity for both us and our partners.

What challenges does this ramp-up entail?

Our company has never experienced production rates like this. And they don't only concern the LEAP. In 2016, we will have to turn out a total of 1,700 CFM56

engines, an all-time production record. By 2020 the transition between the CFM56 and the LEAP should be well underway, with an annual output more than 2,000 engines, mostly the LEAP. So in just four years we will achieve a LEAP production rate higher than the current rate for the CFM56 – a rate that took us 35 years to reach. We have to produce more, more quickly, which improving our competitiveness to consolidate and develop our market position. We can't achieve this production ramp-up alone. This has to be a team effort with our suppliers, since their parts account for more than two-thirds of the cost of our engines. Teamwork is the key here, and that's why we launched our LEAP Together initiative in July.

Could you briefly describe the LEAP Together initiative and its objectives?

LEAP Together is a joint initiative managed by Safran Aircraft Engines and including Safran Transmission Systems and Safran Aero Boosters. Its aim is to bolster our long-term market position by ensuring competitiveness, while also offering the required operational excellence. Our quantitative objective is to achieve additional savings of 15% on internal and external production costs after a contractual learning curve, with the complete impact being felt towards 2020. We have already launched this initiative in-house, based on proven methodologies: component standardization, optimized materials, functional product analysis, revised control and quality requirements to reflect exact needs, optimized production processes and sequences in light of higher volumes and based on Lean principles, while also reviewing all cost factors so as to reduce our costs. We are extending this initiative to include our suppliers. We're ready and willing to help them, and support their own initiatives through cross-fertilization, by sharing best practices and using the same levers. The LEAP Together spirit means winning as a team!

** LEAP engines are produced and developed by CFM International, a 50/50 joint company between Safran Aircraft Engines and GE.*



Safran is a leading international high-technology group with three core businesses: Aerospace (propulsion and equipment), Defence and Security. Operating worldwide, the Group has 70,000 employees and generated sales of 17.4 billion euros in 2015. Safran is listed on Euronext Paris and is part of the CAC40 index, as well as the Euro Stoxx 50 European index.

Safran Aircraft Engines designs, produces, sells, alone or in partnership, commercial and military aircraft engines offering world-class performance, reliability and environmental-friendliness. Through CFM International*, Safran Aircraft Engines is the world's leading supplier of engines for short and medium-haul commercial jets.

**CFM is a 50/50 joint company between Safran Aircraft Engines and GE*

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