



SAFRAN

**GOLDMAN SACHS
INDUSTRIALS CONFERENCE**

December 7, 2022

Pascal BANTEGNIE

Chief Financial Officer

Disclaimer & foreword

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements relating to Safran, which do not refer to historical facts but refer to expectations based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from those included in such statements. These statements or disclosures may discuss goals, intentions and expectations as to future trends, synergies, value accretions, plans, events, results of operations or financial condition, or state other information relating to Safran, based on current beliefs of management as well as assumptions made by, and information currently available to, management. Forward-looking statements generally will be accompanied by words such as "anticipate," "believe," "plan," "could," "would," "estimate," "expect," "forecast," "guidance," "intend," "may," "possible," "potential," "predict," "project" or other similar words, phrases or expressions. Many of these risks and uncertainties relate to factors that are beyond Safran's control. Therefore, investors and shareholders should not place undue reliance on such statements. Factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to: uncertainties related in particular to the economic, financial, competitive, tax or regulatory environment; the risks that the new businesses will not be integrated successfully or that the combined company will not realize estimated cost savings and synergies; Safran's ability to successfully implement and complete its plans and strategies and to meet its targets; the benefits from Safran's plans and strategies being less than anticipated; the risks described in the Universal Registration Document (URD); the full impact of the outbreak of the COVID-19 disease; the full impact of the Russo-Ukrainian conflict.

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

This document contains supplemental non-GAAP financial information. Readers are cautioned that these measures are unaudited and not directly reflected in the Group's financial statements as prepared under International Financial Reporting Standards and should not be considered as a substitute for GAAP financial measures. In addition, such non-GAAP financial measures may not be comparable to similarly titled information from other companies.

ADJUSTED DATA

All revenue figures in this presentation represent adjusted data⁽¹⁾ (except where noted). Safran's consolidated income statement has been adjusted for the impact of:

- purchase price allocations with respect to business combinations. Since 2005, this restatement concerns the amortization charged against intangible assets relating to aircraft programs revalued at the time of the Sagem-Snecma merger. With effect from the first half 2010 interim financial statements, the Group decided to restate:
 - the impact of purchase price allocations for business combinations, particularly amortization and depreciation charged against intangible assets and property, plant and equipment recognized or remeasured at the time of the transaction and amortized or depreciated over extended periods due to the length of the Group's business cycles and the impact of remeasuring inventories, as well as
 - gains on remeasuring any previously held equity interests in the event of step acquisitions or asset contributions to joint ventures
- 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.

ORGANIC GROWTH

- Organic variations were determined by excluding the effect of changes in scope of consolidation and the impact of foreign currency variations.

Aerospace industry: long-term fundamentals remain intact

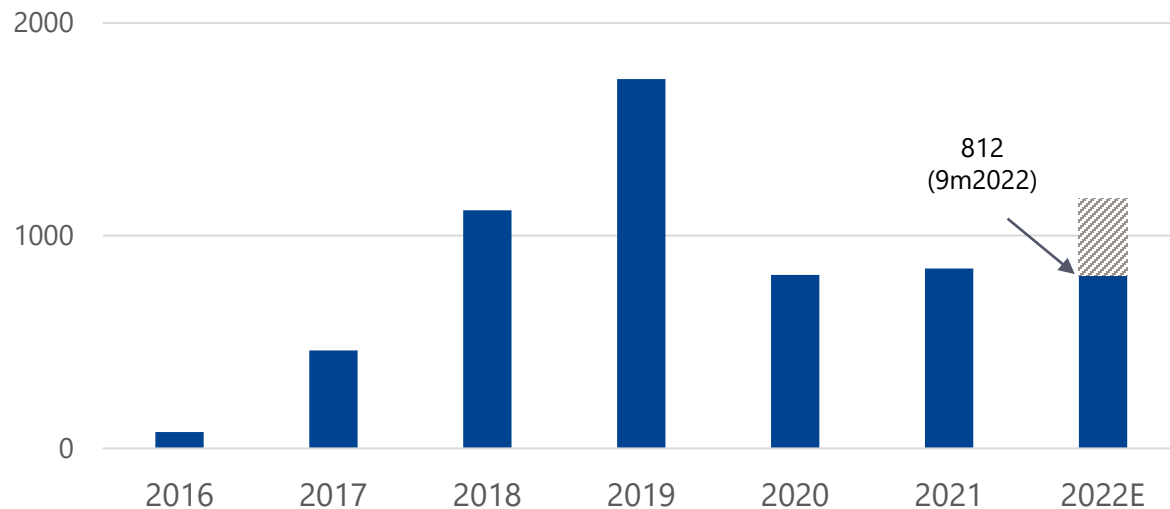
- **Air traffic to grow faster than GDP in the next 20 years**
 - Strong travel demand; RPK +2.9%
 - Back to 2019 levels by 2023 (single aisle) and 2024-25 (twin-aisle)
- **New aircraft deliveries in the next 20 years**
 - 34,500 new aircraft deliveries, 65% is single aisle
 - OEMs to accelerate deliveries
- **Path to decarbonization**
 - Industry commitment to Net Zero by 2050
- **Defense & Sovereignty**
 - Defense & space budgets on the rise



CFM: the best aerospace franchise in the industry

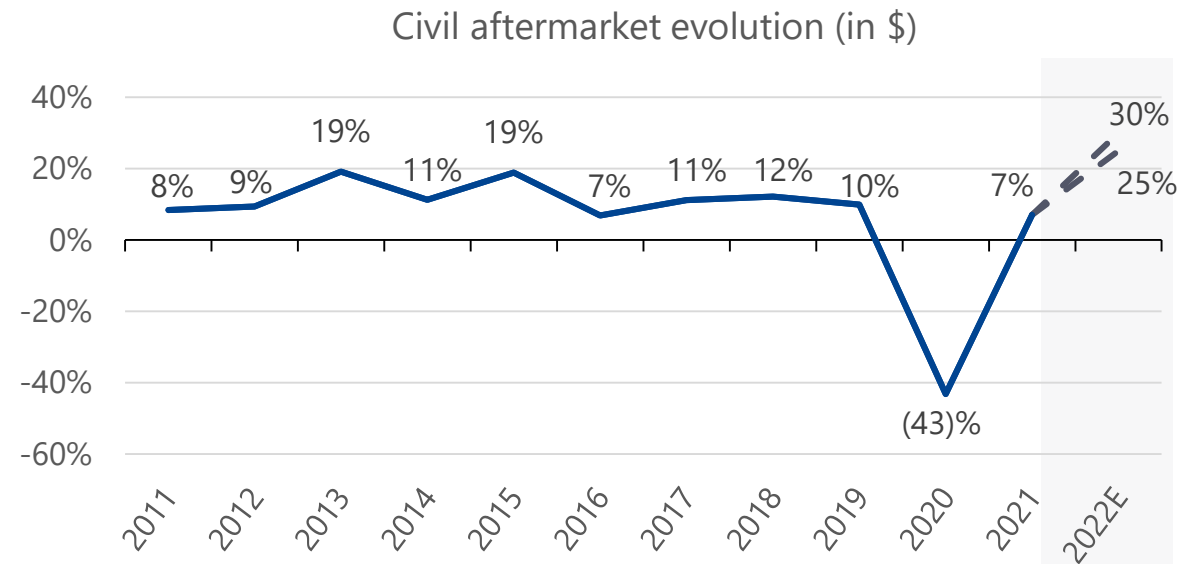
LEAP OEM

- Over 70% market share of worldwide single aisle market
 - Fleet: 5,000+ engines; Backlog: ~10,000
- Production heading towards 2,000+ LEAP engines/year
 - 845 engines in 2021, below 1,200 in 2022
 - Q3 2022 (347 engines): highest single quarter since 2020
 - Cost reduction actions on going

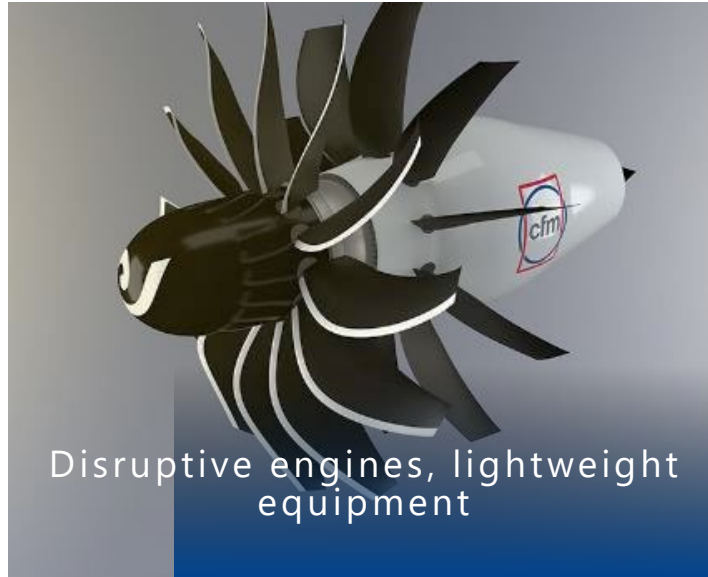


CIVIL AFTERMARKET

- Civil aftermarket up 43% in 9M22
 - +53% in Q1 2022, +41% in Q2 2022 and +36% in Q3 2022 (pre-buying and restocking)
 - Heading for 25-30% growth in 2022
 - CFM56: low aircraft retirements; 12% fleet parked



Investing towards carbon neutrality of aviation

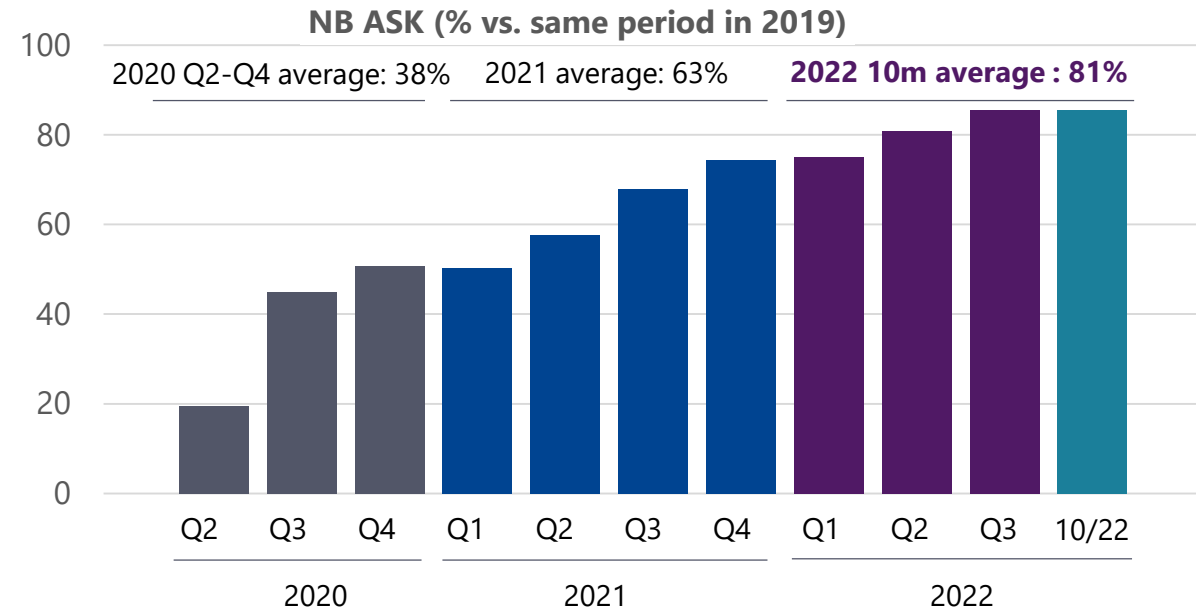


RISE demonstrator program
disruptive engine technologies offering (20)% gain in fuel burn for single aisle aircraft in 2035

R&T efforts to represent up to 3.5% of sales

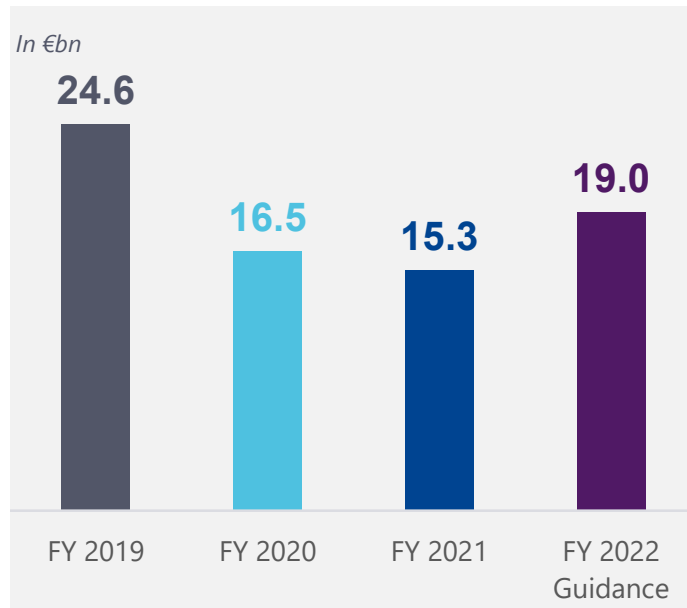
Safran: navigating the current market environment

- Air traffic recovery led by NA & Europe, but travel restrictions lasting in China
- Supply-chain issues and labor shortages holding production back to improve across 2023
- OE escalation formulas and spare parts pricing power can absorb much of the inflationary pressure
- USD strength offers opportunities for better €/ \$ hedge rates through 2026
- No more activities in Russia

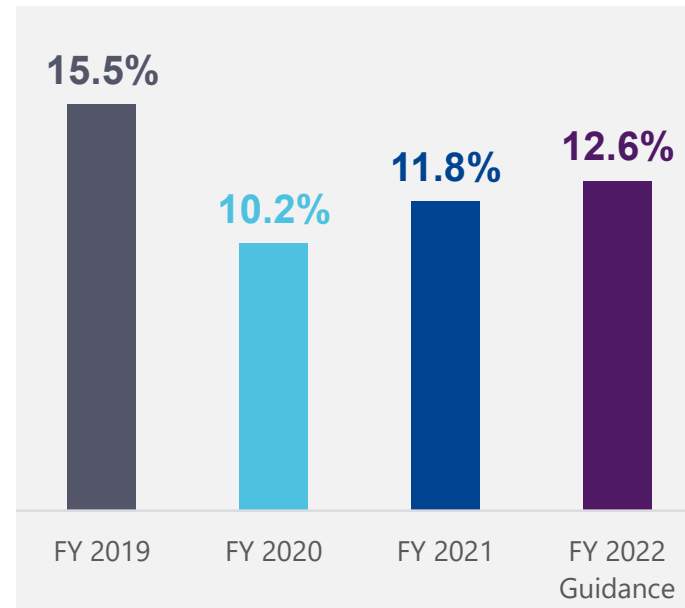


Safran: our business model delivers

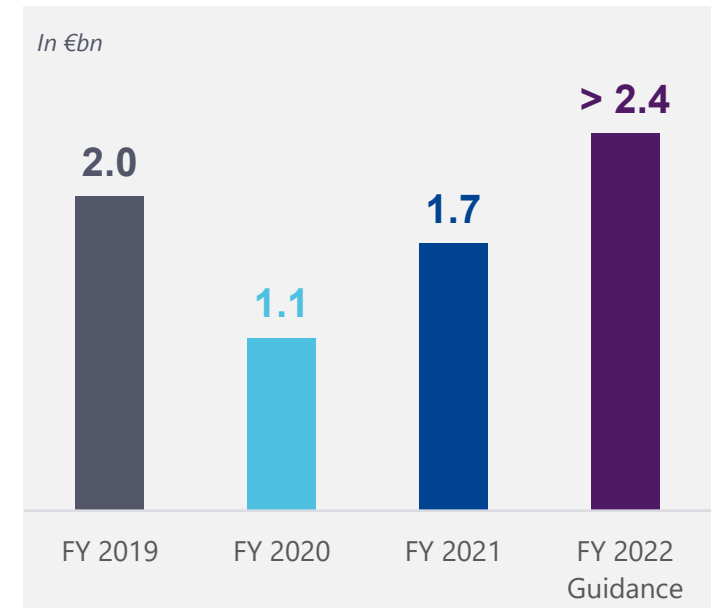
ADJUSTED REVENUE



ADJUSTED RECURRING OPERATING MARGIN



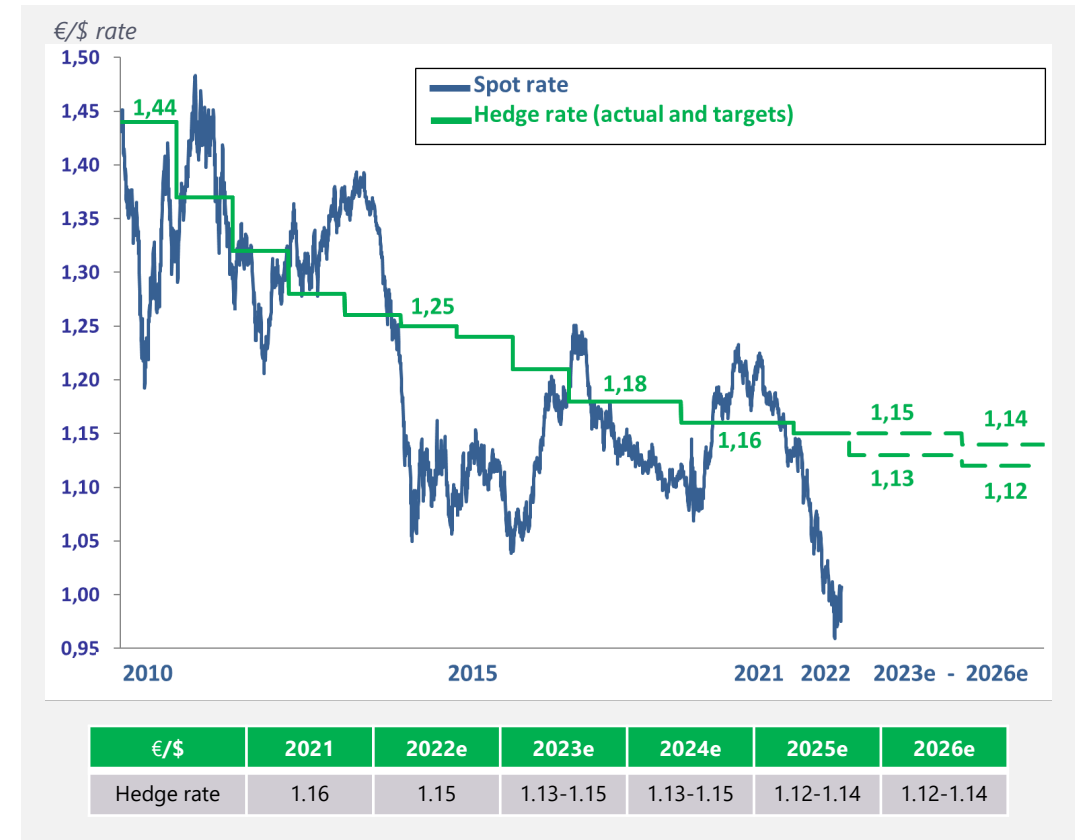
FREE CASH FLOW



2020-21: resilience through the Covid crisis
2022: return to positive growth

Hedge book management

- A proven expertise and comprehensive portfolio to reduce FX volatility
 - Protecting the economic performance on a 4-year horizon
 - \$50+bn portfolio mixing forward sales and derivative instruments
- Sensitivity to €/€\$
 - Translation: +/- 1c spot rate = +/- €90 M in revenues (on average)
 - Transaction: +/- 1c hedge rate = +/- €60 M in EBIT (on average)



Gradual improvements across the whole curve reaching 1.12\$ at best in 2026

Priorities for capital allocation

**ACTIVE
PORTFOLIO
MANAGEMENT**

**ORGANIC
INVESTMENT**

**SHAREHOLDER
RETURNS**

Maintain strong Investment Grade rating

Upgraded to A- (Outlook stable)

Drivers to profitable growth

- Strong backlog
- Increase in production rates
- Solid civil aftermarket outlook
- Proven cost control
- Improvement of Fx hedging

CMD'21 financial trajectory to 2025 is confirmed (at CMD €/ \$ spot rate)

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