PRESS RELEASE

Safran: Adapting to an unprecedented situation

Paris, April 29, 2020

Covid-19

- *Impact started to materialize in March on Safran's businesses;*
- *Adaptation plan ongoing to deal with the sharp drop in activity and the prospect of a gradual recovery;*
- *Sufficient liquidity and healthy balance sheet.*

Adjusted data

- *Q1 2020 revenue at Euro 5,383 million, down (6.9)% on a reported basis;*
- *Organic growth down (8.8)% in Q1 2020 mainly driven by Propulsion and Aircraft Interiors.*

Consolidated data

- *Consolidated revenue was Euro 5,485 million in Q1 2020.*

Foreword

- All figures in this press release represent adjusted [1] data, except where noted. Please refer to the definitions and reconciliation between Q1 2020 consolidated revenue and adjusted revenue. Please refer to the definitions contained in the Notes on page 7 of this press statement;
- Organic variations exclude changes in scope and currency impacts for the period.

Executive commentary

CEO Philippe Petitcolin commented:
"Over the past year, Safran has successfully managed the impact of the 737MAX crisis. The situation we are facing today is of a different order of magnitude, although it remains difficult, at this point, to measure precisely its far-reaching consequences.
The actions which my fellow managers and I have launched are timely, tailored to each particular situation and indeed in some instances quite radical. In acting in this manner, we kept in the forefront of our mind the health of each one of our employees and the future prospects of all our businesses. Thus, being both nimble and responsible, Safran will demonstrate that we are a world leader in aerospace".

Update of the Covid-19 impact on Safran

As of today, the central scenario is a gradual recovery as new aircraft deliveries are likely to be lower for a period of time, exceeding 2020. In the short run, airlines and the aerospace industry are likely to benefit from government support. In the long run, prospects remain good for Safran, notably because of a young and efficient fleet less likely to suffer early retirement and part out after Covid-19 grounding: approximately 57% of CFM56-5b/-7b are below 10 years old and only 7% above 20 years old. The main thrust of the Group's strategy remains. Safran is committed to green aviation, which will emerge from the crisis as a major trend. R&D and CAPEX efforts will resume when the brunt of the crisis is over.

1- Impact on Safran's businesses

Safran's performance was in line with the initial guidance until the end of February with 1.7% organic sales decrease year on year:

- Slight decrease in Propulsion due to a drop in LEAP-1B deliveries and despite a growing aftermarket;
- Expected growth trend in Aircraft Equipment, Defense and Aerosystems activities and decline in Aircraft Interiors as anticipated due to the 737MAX impact on Cabin and to a strong 2019 comparison base for Seats.

During the first two months of the year, operations were practically unaffected by the Covid-19 crisis. The first measures of the 737MAX adaptation plan were implemented and the cash generation has been positive thanks to operations at the start of the year and favorable cut off effects between end of 2019 and beginning of 2020.

The first impacts started to materialize in March across all businesses (20.4% organic decrease year on year). Services (notably aftermarket for civil engines and carbon brakes) and Aircraft Interiors retrofit business declined in line with the sharp fall in air traffic, airlines preserving their cash and operations punctually and locally disrupted.

The Covid-19 crisis now affects most of Safran's activities, both in terms of OE and services.

- Propulsion:
  - Decrease of civil aftermarket revenue (both spare parts sales and services) due to the postponement of orders and shop visits by airlines;
  - Resilience of helicopter turbines and military activities.
- Aircraft Equipment, Defense and Aerosystems:
  - Impact of the decrease in air traffic on carbon brakes activities;
  - Impact on OE activities due mainly to widebody;
  - Resilience of Electronics & Defense activities.
- Aircraft Interiors:
  - Significant pressure on Aircraft Interiors' sales due to widebody and retrofit activity exposure.

Those trends intensified in April and the drop in Q2 revenue could be similar to that of April.

CFM International's assumption is to manufacture around 1,000 LEAP engines (incl. spare engines) in 2020 consistent with the most recent production rate updates made by airframers. Civil aftermarket revenue could decrease significantly in 2020.
Current impacts for Aircraft Equipment, Defense and Aerosystems and the significant pressure on Aircraft Interiors are expected to continue in the coming months.

2- Update on liquidity

Free cash flow generation was positive each month over Q1 2020. As of March 31, 2020, the Group's cash and cash equivalents position was at €3.2 billion (unaudited data).

As of March 31, 2020, Safran's commercial paper program (NEU CP) outstanding was €2,052 million maturing end-April to mid-May 2020 and €419 million subscribed by a corporate mutual fund of the Group savings plan.
Safran has an undrawn Revolving Credit Facility of €2,520 million available until December 2022. This facility is a backup to the NEU CP program. The maximum size of the NEU CP program was increased from €2.5 billion to €3.0 billion.
On March 26, 2020, the Group announced the setting up of a bridge loan of €3.0 billion available for up to two years, which was successfully finalized on April 22, 2020. The oversubscription demonstrated strong confidence in Safran.

At the end of March and based on these elements, the Group's liquidity position is strong with sufficient liquidity to fund the continuity of operations and reimburse its debt maturing in July 2020. **Safran is aiming to maintain positive cash generation over the full year despite significant potential headwinds in Q2 and Q3**.

3- Actions taken to deal with the crisis

Safran is adapting as quickly as possible to this new environment while protecting all of its employees. After the temporary shutdown of sites (45 over 250 sites as of April 22, 2020), Safran is implementing the plan announced on 26th of March.

- Adaptation of its workforce to customer needs using all available means notably furlough (35% on a worldwide basis and 45% in France as of April 22, 2020);
- Update of purchases in line with activity;
- Reduction in investments (CAPEX) of close to 60% compared to 2019;
- Reduction of R&D expenses of 30% compared to 2019;
- Safran will reduce its operating costs (OPEX) by more than 20% compared to 2019[1].

Key business highlights

1- Aerospace Propulsion

Narrowbody engine deliveries
At the end of March 2020, combined shipments of CFM56 and LEAP engines amounted to 326 units, compared with 577 in Q1 2019.
Year-to-date, orders and commitments were recorded for 117 LEAP engines bringing the total LEAP backlog to 15,065 engines.

LEAP program
CFM International delivered 272 units LEAP engines in Q1 2020 compared with 424 units in the year ago period.

LEAP-1A: 59 airlines are operating 671 aircraft powered by LEAP-1A engines totalling over 6 million flight hours so far.

[1] Excluding purchasing and including R&D expenses.

LEAP-1B: We are prepared and ready to support a return to service of the 737MAX.

LEAP-1C: More than 2,100 engine flight hours on C919 flight tests logged to date.

CFM56 program
The production of CFM56 engines is ramping down as planned: 54 units were shipped in Q1 2020. Last year, 153 engines had been delivered at the same period.

Civil aftermarket[2]
Q1 2020 civil aftermarket revenue was down (3.3)% in USD terms mainly due to lower spare parts sales for the latest generation of CFM56 engines and MRO activities. In January and February civil aftermarket revenue grew in line with initial guidance. In March, the Covid-19 impacts started to materialize which resulted in a drop in civil aftermarket revenue by around (20)% compared to March 2019.

M88 program
In Q1 2020, 10 M88 engines were delivered compared to 8 in Q1 2019.

Helicopter turbines
Safran recorded a new contract with the Portuguese Air Force to support Portuguese RTM322-powered EH101 Merlin fleet. Over 38 engines will now be covered for 10 years by Safran's Global Support Package (GSP).

2- Aircraft Equipment, Defense and Aerosystems

In January and February, the divisions continued to enjoy good level of activity and several contracts were signed during the period.

On February 14, 2020, Gulfstream's G700 went airborne with Safran's newest nacelle for large-cabin business jets.
Safran also signed a contract with Aegean to provide carbon brakes for its A320neo and has been selected by EasyJet to provide landing gear maintenance and overhaul (MRO) services on its Airbus A320 family fleet. The selection is an extension for a further three and a half years of a previous contract signed in 2017.
Regarding Aeroystems activities, Safran has signed a maintenance contract for the emergency flotation system of the US Coast Guard HH-65 helicopter fleet.

3- Aircraft Interiors

Despite the impact of Covid-19 on Aircraft Interiors OE activities since March, some contracts were won at the beginning of the year.

Safran recorded new contracts for Cabin with a major European airline to provide the galleys and the supply of trolleys for 5 years of their future Boeing 777-9 and with United Airlines to retrofit the overhead bins for A319.
Regarding Seats activities, Safran also recorded new contracts, one with a major Asian airline to provide business class seats for its A330 and another with a major European airline to provide economy class seats for its A350.
For Passenger Solutions, Safran's RAVE In-Flight Entertainment (IFE) product has been selected, notably for A321neo, A330-900 and A350 line fit, and for Boeing 777-300 retrofit from various airline customers.

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[2] 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 Safran Aircraft Engines and its subsidiaries and reflects the Group's performance in civil aircraft engines aftermarket compared to the market.

First-quarter 2020 revenue

Q1 2020 revenue amounted to Euro 5,383 million. This represents a decrease of (6.9)%, or Euro (398) million, compared to the year-ago period. The net impact of currency variations was Euro 119 million.
The average EUR/USD spot rate was 1.10 in Q1 2020, compared to 1.14 in the year-ago period. The Group's hedge rate was USD 1.16 in Q1 2020, compared with 1.18 in Q1 2019.

On an organic basis, revenue decreased by (8.8)% mainly coming from OE sales of all divisions:

- Decrease in Propulsion by (11.8)% from OE volumes (civil aircraft) as well as civil aftermarket. Slight increase of helicopter turbines maintenance and military engines both for OE and services;
- Aircraft Equipment, Defense and Aerosystems sales slightly decreased by (2.9)% due to landing gear and wiring activities for widebodies. Strong support to sales came from A320neo nacelles volumes and to a lesser extent from Avionics activities;
- Aircraft Interiors revenue dropped by (15.0)% impacted by OE sales for all divisions due to the 2019 high starting point (delays caught up in Q1 2019) and the Covid-19 impact. Slight increase from Passenger Solutions services.

Currency hedges

Safran's hedging portfolio totaled USD 27.0 billion at April 21, 2020. Estimated annual average exposure has been reset to reflect the potential impact of the Covid-19 crisis on USD-related businesses in the coming years. The previously announced targeted hedge rates are confirmed.
2020 is fully hedged at an estimated net exposure of USD 8.0 billion at a targeted hedge rate of USD 1.16.
2021 is fully hedged at an estimated net exposure of USD 9.0 billion at a targeted hedge rate of between USD 1.14 and USD 1.16.
2022: the firm coverage of the estimated net exposure is USD 8.4 billion to rise to USD 10 billion. The targeted hedge rate is expected to be between USD 1.12 and USD 1.14.
2023: the firm coverage of the estimated net exposure is USD 5.0 billion to rise to USD 11 billion. The targeted hedge rate is expected to be between USD 1.10 and USD 1.12.

Business commentary for the first quarter 2020

▪ Aerospace Propulsion

In the first quarter of 2020, revenue was Euro 2,497 million, down (9.9)% compared to Euro 2,771 million in the year ago period. On an organic basis, revenue decreased by (11.8)%.

➢ OE revenue decreased by (23.7)% (or (25.1)% organically) compared with Q1 2019, due to lower narrowbody engines (both LEAP and CFM56). LEAP-1B deliveries were in line with the agreement signed between CFM International and Boeing. Lower high thrust engines also affected the first quarter 2020. M88 engines deliveries slightly increased to 10 units in Q1 2020 compared with 8 in Q1 2019 and helicopter turbines OE sales were flat compared to Q1 2019.

➢ Services revenue was flat (in €, or (2.1)% organically) and represented 64.4% of sales. Civil aftermarket revenue (in USD) decreased by (3.3)% due to the Covid-19 effects seen from March. Lower spare parts sales for the latest generation of CFM56 engines and a lower contribution from services contracts for high trust engines were the main drivers of this decrease. Military services were a slight tailwind in Q1 2020.

▪ Aircraft Equipment, Defense and Aerosystems

In the first quarter of 2020, revenue was Euro 2,187 million, down (0.6)% compared with Euro 2,201 million in the year ago period. On an organic basis, revenue was down (2.9)%..

- OE revenue was flat (or (2.3)% organically) in Q1 2020. Deliveries of nacelles for LEAP-1A powered A320neo continued to increase and reached 174 units in Q1 2020 (120 units in Q1 2019). This growth was erased by lower OE sales for landing gear and wiring activities due to their widebody exposure. Electronics & Defense revenue growth was sustained in Q1 2020, confirming the momentum seen in avionics. Defense activities (sighting and navigation systems as well as optronics) increased slightly.
- Services revenue slightly decreased by (1.7)% (or (4.1)% organically) in Q1 2020. Nacelles support activities were slightly up in Q1 2020.

▪ Aircraft Interiors

In the first quarter of 2020, revenue was Euro 694 million, down (13.9)% compared to Euro 806 million in the year ago period. t. On an organic basis, revenue decreased by (15.0)% coming from all activities.

- OE revenue dropped by (19.5)% (or (20.4)% organically) in Q1 2020. Sales decreased due to lower business class seats programs, galleys and inserts deliveries as well as Connected Cabin and custom cabin interior for Passenger Solutions.
- Services revenue slightly grew by 1.9% (flat organically) in Q1 2020, thanks to Passenger Solutions activities. Seats services decreased slightly and Cabin support was flat in Q1 2020.

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Agenda

➢ Annual general meeting **(exceptionally behind closed doors)**:	May 28, 2020
➢ H1 2020 earnings:	July 30, 2020
➢ Q3 2020 revenue:	October 30, 2020

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Safran will host today a conference call open to analysts and investors at 6:45 pm 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: 46192244#).
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, 2020 at +33 (0)1 70 71 01 60, +44 (0) 203 364 5147 and +1 (646) 722 4969 (access code for all countries: 418909632#).

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

Key figures

Segment breakdown of adjusted revenue (In Euro million)	Q1 2019	Q1 2020	% change	% change in scope	% change currency	% change organic
Aerospace Propulsion	2,771	2,497	(9.9)%	-	1.9%	(11.8)%
Aircraft Equipment, Defense and Aerosystems	2,201	2,187	(0.6)%	-	2.3%	(2.9)%
Aircraft Interiors	806	694	(13.9)%	(1.0)%	2.1%	(15.0)%
Holding company & Others	3	5	n/s	-	-	n/s
Total Group	**5,781**	**5,383**	**(6.9)%**	**(0.2)%**	**2.1%**	**(8.8)%**

2019 revenue by quarter (In Euro million)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019
Aerospace Propulsion	2,771	3,131	2,987	3,156	12,045
Aircraft Equipment, Defense and Aerosystems	2,201	2,352	2,298	2,405	9,256
Aircraft Interiors	806	834	805	876	3,321
Holding company & Others	3	4	5	6	18
Total Group	**5,781**	**6,321**	**6,095**	**6,443**	**24,640**

Euro/USD rate	Q1 2019	Q1 2020
Average spot rate	1.14	1.10
Spot rate (end of period)	1.12	1.10
Hedge rate	1.18	1.16

Notes

[1] 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:
  a. revenue net of purchases denominated in foreign currencies is measured using the effective hedged rate, i.e., including the costs of the hedging strategy

First-quarter 2020 reconciliation between consolidated revenue and adjusted revenue:

Q1 2020		Hedge accounting		Business combinations		
(In Euro million)	**Consolidated revenue**	Remeasurement of revenue	Deferred hedging gain (loss)	Amortization intangible assets - Sagem-Snecma	PPA impacts - other business combinations	**Adjusted revenue**
Revenue	**5,485**	(102)	-	-	-	**5,383**

***Safran** is an international high-technology group, operating in the aircraft propulsion and equipment, space and defense markets. Safran has a global presence, with more than 95,000 employees and sales of 24.6 billion euros in 2019. Working alone or in partnership, Safran holds world or European leadership positions in its core markets. Safran undertakes Research & Development programs to meet fast-changing market requirements, with total R&D expenditures of around 1.7 billion euros in 2019.*
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 / Follow @Safran on Twitter

Press
Catherine MALEK: catherine.malek@safrangroup.com / +33 1 40 60 80 28 / +33 6 47 88 03 17

Investor Relations
Cécilia Matissart: cecilia.matissart@safrangroup.com / +33 1 40 60 82 46 / + 33 6 49 44 60 34
Jean-François Juéry: jean-françois.juery@safrangroup.com / + 33 1 40 60 27 26 / + 33 7 88 04 20 14
Florent Defretin : florent.defretin@safrangroup.com / + 33 1 40 60 27 30 / + 33 7 20 26 19 11
Aurélie Lefebvre : aurelie.lefebvre@safrangroup.com / + 33 1 40 60 82 19 / + 33 6 80 16 24 98

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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.

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