PRESS RELEASE

Paris, April 25, 2018

Safran: Very strong Q1 2018

Adjusted data
• *Revenue increase of 12.0%, including the one-month contribution of Zodiac Aerospace*
• *Organic* revenue growth of 10.2%, driven by OE and services in Aerospace Propulsion, Aircraft Equipment and Defense*
• *Outlook for 2018 confirmed*

** Excluding changes in scope (notably the one-month contribution of Zodiac Aerospace) and currency impacts*

Consolidated data
• *Consolidated revenue was Euro 4,168 million*

Foreword

- All figures in this press release represent adjusted[1] data, except where noted. Please refer to the definitions and reconciliation between Q1 2018 consolidated revenue and adjusted revenue. Please refer to definitions contained in the Notes on page 8 of this press statement.
- All figures are presented in application of IFRS 15 and comparisons are established against 2017 figures restated for the application of IFRS 15. The restatements for 2017 are detailed on p.7-8 of this press release.
- Zodiac Aerospace is fully consolidated in Safran's financial statements starting March 1, 2018.

Executive commentary

CEO Philippe Petitcolin commented:

"2018 has started very well with organic growth above 10%. LEAP production is ramping up and we are confident in our ability to support our clients.
Zodiac Aerospace's activities are consolidated for the first time as of March 1, 2018. The integration plan is moving forward, focused on operational recovery and the implementation of the expected synergies."

Key figures for Q1 2018

- **Adjusted revenue in the first-quarter of 2018 was Euro 4,222 million**, an increase of 12.0% on a reported basis. At constant scope (excluding the contribution from Zodiac Aerospace), adjusted revenue grew 2.3%, including a Euro (295) million negative currency impact.

- **Adjusted revenue increased 10.2% organically**, thanks to positive momentum in Propulsion, Aircraft Equipment and Defense.

- Civil aftermarket[Note 2] grew 16.4% in USD terms, driven by spare parts sales. Considering the strong seasonal increase in revenue recognition for service contracts, Safran confirms its annual assumption for civil aftermarket activities to grow in the high single digits in 2018.

- **2018 guidance confirmed (at Group's scope as of January 1, 2018)**.
  2018 guidance for Safran including Zodiac Aerospace will be provided with the publication of H1 2018 earnings on September 6, 2018.

Business highlights

- **Production and backlog of narrowbody aircraft engines**
  Combined shipments of CFM engines (LEAP and CFM56) continued to increase in Q1 2018: 498 units were delivered compared with 426 in the year-ago period.
  Customer's demand remains strong: 827 LEAP orders and commitments were taken in Q1 2018. The LEAP backlog amounted to 14,278 engines.
  The combined backlog for the two engine programmes (CFM56 and LEAP) amounted to 15,090 engines at March 31, 2018.

- **LEAP programme**
  The ramp-up of LEAP production continues. 186 engines were delivered in Q1 2018 compared to 81 engines in Q1 2017.

  The Civil Aviation Administration of China (CAAC) issued the Validated Type Certificate (VTC) for LEAP-1A engine on March 30, 2018.

- **CFM56 programme**
  The production rate of CFM56 engines was sustained with 312 units shipped in Q1 2018, a decrease of 33 units compared with Q1 2017.

- **Helicopter turbines**
  Qatar selected Safran as engine supplier of its new NH90 fleet. The 28 NH90 military helicopters will all feature RTM322 engines.

- **Carbon brakes**
  Several new contracts were signed during Q1, notably with Flynas for 60 A320neo, ANA for 11 A320neo and Shandong for 34 Boeing 737 MAX.

- **Electrical & Power**
  Safran announced the opening of a factory to manufacture electrical wiring interconnection systems based in Hyderabad, in the Indian state of Telangana.

First-quarter 2018 revenue

Q1 2018 revenue amounted to Euro 4,222 million, including the one-month contribution of Euro 369 million from Zodiac Aerospace. This represents an increase of 12%, or Euro 454 million, compared to the year ago period. At constant scope, revenue grew 2.3%.

The net impact of currency variations was Euro (295) million, reflecting a negative translation effect on non-Euro revenues, principally USD. The average USD/EUR spot rate was 1.23 to the Euro in the first quarter of 2018, compared to 1.06 in the year-ago period. The Group's hedge rate improved to USD 1.18 to the Euro in the first-quarter 2018 from USD 1.21 in Q1 2017.

On an organic basis, revenue increased 10.2% thanks to broad-based growth.

Euros millions	Propulsion	Aircraft Equipment	Zodiac Aerospace	Defense	Holding & Others	**Safran**
Q1 2017	2,186	1,304	na	275	3	**3,768**
Q1 2018	2,286	1,263	369	298	6	**4,222**
Reported growth	4.6%	(3.1)%	na	8.4%	na	12.0%
Impact of changes in scope	(0.3)%	-	na	-	na	9.6%
Currency impact	(7.2)%	(9.7)%	na	(3.6)%	na	(7.8)%
Organic growth	**12.1%**	**6.6%**	**na**	**12.0%**	**na**	**10.2%**

Currency hedges

Safran's hedging portfolio totalled USD 20.3 billion on April 17, 2018 (compared to USD 21.4 billion last February). No material changes to the Group's foreign exchange coverage are to be noted since last disclosure in the 2017 yearly results (February 27, 2018).

2018 and 2019: No change compared with last disclosure on February 27, 2018.

2020: No change to the amount of coverage and to the range of targeted hedge rate (1.16-1.18 USD/EUR) compared with last disclosure on February 27, 2018. Some instruments have knock-out barriers now set at various levels between USD 1.27 and USD 1.32 with maturities up to end 2019.

2021: No change to the amount of coverage and to the range of targeted hedge rate (1.16-1.20 USD/EUR) compared with last disclosure on February 27, 2018. Some instruments have knock-out barriers now set at various levels between USD 1.29 and USD 1.32 with maturities up to end 2019.

Share repurchase program

On May 24, 2017 Safran had announced its intention to implement a Euro 2.3 billion ordinary share buyback program to run over 18 to 24 month following completion of the tender offer for Zodiac Aerospace shares. The tender offer having been successfully completed with a mandatory squeeze-out of Zodiac Aerospace's shares on March 23, 2018, Safran has proceeded with this repurchase program in accordance with the 15th resolution approved at its June 15, 2017 Shareholders' Meeting with the objective of cancelling them, to be decided by the Board of Directors at a later stage.
To this end, Safran has launched an initial repurchase tranche of up to Euro 230 million. Several subsequent tranches will follow to complete the share buyback program over a period of 18 to 24 months.

Full-year 2018 outlook confirmed

2018 guidance is established considering the full application of the new IFRS 15 revenue recognition standard and is based on continuing operations (Aerospace Propulsion, Aircraft Equipment, Defense, Holding & Others) at the Group's scope as of January 1, 2018.

Safran confirms its expectations for 2018. Compared to its 2017 estimated restated key metrics for the application of IFRS 15, Safran expects:

- Adjusted revenue to grow on an organic basis at the top end of the previously indicated range (2% to 4%). At an estimated average spot rate of $1.23 to the Euro in 2018, adjusted revenue is expected to grow slightly.
- Adjusted recurring operating income to grow comfortably in the upper end of the previously indicated range (7% to 10%, at a hedged rate of USD 1.18 to the Euro).
- Free cash flow to be above 50% of adjusted recurring operating income, an element of uncertainty being the rhythm of payments by state-clients.

The assumptions on which the guidance is based are unchanged compared to those outlined on February 27, 2018.

The outlook for the 10-months contribution of Zodiac Aerospace to Safran adjusted revenue, recurring operating income and free cash flow will be provided with the publication of H1 2018 earnings on September 6, 2018.

Business commentary for the first quarter 2018

- **Aerospace Propulsion**

First-quarter 2018 revenue was Euro 2,286 million, up 4.6% compared to Euro 2,186 million in the year-ago period. On an organic basis, revenue grew 12.1%, thanks to the increased contribution of civil OE and services.

OE revenue growth (+6.9% in €) was driven by higher sales of narrowbody engines. In unit terms, LEAP volumes ramped up to 186 deliveries in Q1 2018 compared to 81 in the year ago period, while CFM56 deliveries declined from 345 to 312 units in Q1 2018.
As a result, the total number of narrowbody engines deliveries amounted to 498 units, up 17% compared to 426 units in Q1 2017. As flagged in 2018 assumptions, headwind to OE growth included lower shipments of high thrust engines modules. As planned, 3 units of M88 engines were delivered compared to 7 shipments in the year ago period. Helicopter turbines OE sales declined compared to the year-ago period.

Service revenue was up 3.0% in Euro terms, or 11% organic, and represented a 58.5% share of sales in the quarter. Organic growth was driven by civil aftermarket and helicopter turbines maintenance, partially offset by lower military support activities.
Civil aftermarket revenue grew by 16.4% in USD terms, mainly driven by CFM56. Spare parts sales to airlines' customers grew in the low double digits. The growth was also supported by a sharp seasonal increase in the contribution of service contracts which should reverse over the course of 2018.
Safran confirms its annual assumption for civil aftermarket activities to grow in the high single digits based on a continued momentum in the sales of spare parts - which make up most of the civil aftermarket revenue - and on a contribution of service contracts similar to last year.

- **Aircraft Equipment**

First-quarter 2018 revenue amounted to Euro 1,263 million compared to Euro 1,304 million in the year-ago period. On an organic basis, revenue was up 6.6%.

OE revenues grew 4.9% organically. Increased volumes of nacelles contributed to growth. Deliveries of nacelles for LEAP-1A powered A320neo reached 66 units in the quarter compared to 41 in Q1 2017. Despite lower assembly rates, A380 nacelle shipments grew to 16 nacelles in Q1 2018 (+3 units compared to Q1 2017) and benefitted from a positive catch up impact as deliveries initially scheduled for year-end 2017 were postponed to Q1 2018 in line with the customer production plan. Higher sales of equipment for 787 (landing gear, wiring systems) also contributed to OE growth.

Service revenue was up 10.6% organically, driven by the growing contribution of carbon brakes and by nacelle support activities.

- **Defense**

First-quarter 2018 revenue was Euro 298 million, up 8.4% compared to Euro 275 million in the previous year. On an organic basis, revenue increased by 12.0%.

Growth in military sales was driven by increases in guidance systems, drones and sighting systems. Avionics revenue was also up thanks to higher volumes of inertial navigation systems and optics equipment for telescopes.

- **Zodiac Aerospace (fully consolidated starting March 1, 2018)**

In the first quarter of 2018, Safran completed the acquisition of Zodiac Aerospace and implemented its delisting with effect from March 23, 2018. At that date, Safran held 97.67% of the capital and at least 96.61% of the voting rights of Zodiac Aerospace. The limited review by auditors of Zodiac Aerospace's half-year income statement at February 28, 2018 did not reveal any new developments.

Zodiac Aerospace's revenue amounted to Euro 369 million in the month of March 2018, down compared to March 2017.

Integration work is proceeding in three areas:

- Organizational with the objective notably of streamlining and reducing overheads and improving operational responsiveness.
- Functional with methodologies to recover critical programs. Group processes will be fully deployed in June.

- Operational performance with reinforced management of recovery plans for sites experiencing difficulties.

Around 120 Safran and Zodiac Aerospace staff are currently working on the integration in different capacities.

At the same time, a detailed work plan on synergies is being implemented. Safran maintains its target of Euro 200 million in annual pre-tax run rate cost synergies of which around 90% should be achieved by 2020.

On the basis of a contribution of 10 months in 2018 and the share repurchase program which started at the end of March, the acquisition of Zodiac Aerospace should improve Safran's 2018 earnings per share by between 5% and 10%.

Agenda

2018 Annual general meeting	May 25, 2018
H1 2018 earnings	September 6, 2018

* * * * *

Safran will host today a conference call open to analysts, investors and media at 18:30 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: 92418440#). A replay will be available at +33 (0)1 72 72 74 02, +44 (0) 203 364 5147 and +1 646 722 4969 (access code 418748150#).

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

SAFRAN

Key figures

The 2017 figures have been restated to reflect the changes induced by the application of IFRS 15.

Segment breakdown of adjusted revenue *(In Euro million)*	**Q1 2017**	**Q1 2018**	% change	% change organic
Aerospace Propulsion	2,186	2,286	4.6%	12.1%
Aircraft Equipment	1,304	1,263	(3.1)%	6.6%
Zodiac Aerospace	na	369	na	na
Defense	275	298	8.4%	12.0%
Holding & others	3	6	na	na
Total Group	**3,768**	**4,222**	**12.0%**	**10.2%**

Euro/USD rate	**Q1 2017**	**Q1 2018**
Average spot rate	1.06	1.23
Spot rate (end of period)	1.07	1.23
Hedge rate	1.21	1.18

Impacts of IFRS 15 on segment information

Restated segment information (Q1 2017, Q2 2017, Q3 2017, Q4 2017)

Q1 2017 *(In Euro million)*	**Aerospace Propulsion**	**Aircraft Equipment**	**Defense**	**Holding and others**	**Total adjusted data**
Revenue	2,360	1,335	284	3	3,982
Impact of IFRS 15	(174)	(31)	(9)	-	(214)
Restated revenue	**2,186**	**1,304**	**275**	**3**	**3,768**

Q2 2017 *(In Euro million)*	**Aerospace Propulsion**	**Aircraft Equipment**	**Defense**	**Holding and others**	**Total adjusted data**
Revenue	2,331	1,380	340	5	4,056
Impact of IFRS 15	(103)	(48)	(3)	-	(154)
Restated revenue	**2,228**	**1,332**	**337**	**5**	**3,902**

Q3 2017 *(In Euro million)*	**Aerospace Propulsion**	**Aircraft Equipment**	**Defense**	**Holding and others**	**Total adjusted data**
Revenue	2,303	1,225	281	6	3,815
Impact of IFRS 15	(107)	(27)	(2)	-	(136)
Restated revenue	**2,196**	**1,198**	**279**	**6**	**3,679**

Q4 2017 *(In Euro million)*	**Aerospace Propulsion**	**Aircraft Equipment**	**Defense**	**Holding and others**	**Total adjusted data**
Revenue	2,747	1,475	440	6	4,668
Impact of IFRS 15	-	(49)	(15)	-	(64)
Restated revenue	**2,747**	**1,426**	**425**	**6**	**4,604**

Restated segment information for H1 2017

H1 2017 *(In Euro million)*	Aerospace Propulsion	Aircraft Equipment	Defense	Holding and others	Total adjusted data
Revenue	4,691	2,715	624	8	8,038
Impact of IFRS 15	(277)	(79)	(12)	-	(368)
Restated revenue	**4,414**	**2,636**	**612**	**8**	**7,670**
Recurring operating income	849	327	40	2	1,218
Impact of IFRS 15	(128)	(40)	(5)	-	(173)
Restated recurring operating income	**721**	**287**	**35**	**2**	**1,045**

NB: IFRS 15 does not impact the free cash flow.

****

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:
  - 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 foreign currency derivatives hedging future cash flows are neutralized.

First-quarter 2018 reconciliation between consolidated revenue and adjusted revenue:

Q1 2018 *(In Euro million)*	**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	
Revenue	4,168	54	n/a	n/a	n/a	4,222

[2] Civil aftermarket (expressed in USD)

This unaudited performance indicator comprises spares and MRO (Maintenance, Repair & Overhaul) revenue for all civil aircraft engines for Safran Aircraft Engines and its subsidiaries only and reflects the Group's performance in civil aircraft engines aftermarket.

__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 58,000 employees and sales of 16.5 billion euros in 2017. 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 1.4 billion euros in 2017. Safran is listed on the Euronext Paris stock exchange, and is part of the CAC 40 and Euro Stoxx 50 indices.
In February 2018, Safran took control of Zodiac Aerospace, significantly expanding its aircraft equipment activities. Zodiac Aerospace has 32,500 employees and generated sales of 5.1 billion euros for its fiscal year ended August 31, 2017

For more information : www.safran-group.com / Follow @Safran on Twitter

Press
Catherine MALEK : catherine.malek@safrangroup.com / T +33 (0)1 40 60 80 28

Investors Relations
Cécilia MATISSART : cecilia.matissart@safrangroup.com / T +33 (0) 1 40 60 82 46
Frédéric LUCAND : frederic.lucand@safrangroup.com / T +33 (0)1 40 60 82 19

FORWARD-LOOKING STATEMENTS
This communication contains forward-looking statements relating to Safran, Zodiac Aerospace and their combined businesses, 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, plans, events, results of operations or financial condition, or state other information relating to Safran, Zodiac Aerospace and their combined businesses, 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," "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 or Zodiac Aerospace'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 ability to obtain the approval of the Transaction by shareholders; failure to satisfy other closing conditions with respect to the Transaction on the proposed terms and timeframe; the possibility that the Transaction does not close when expected or at all; 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 or Zodiac Aerospace's ability to successfully implement and complete its plans and strategies and to meet its targets; the benefits from Safran's or Zodiac Aerospace's (and their combined businesses) plans and strategies being less than anticipated; and the risks described in the registration document (document de référence). The foregoing list of factors is not exhaustive. Forward-looking statements speak only as of the date they are made. Safran and Zodiac Aerospace do not assume any obligation to update any public information or forward-looking statement in this communication to reflect events or circumstances after the date of this communication, except as may be required by applicable laws.

USE OF NON-GAAP FINANCIAL INFORMATION
This press release 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.