First-quarter 2015 Revenue

Jean-Paul Herteman - Chairman & CEO

Ross McInnes - Deputy CEO, CFO

/ April 22, 2015 /

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Excellent progress of LEAP

First roll-out of LEAP-1A-powered A320neo

➔ Continuing commercial success for LEAP

- More than 8,900 engines in backlog as at March 31, 2015
- 75%* market share for future narrow bodies including 56%* on the A320neo

➔ LEAP testing campaign making excellent progress, as planned

- LEAP-1A/-1C:
  - Very successful first flights on flying test bed
  - On April 13, 2015, the first LEAP-powered A320neo rolled out of final assembly: next step will be ground tests leading to first flight of LEAP on the A320neo
- LEAP-1B: very successful ground testing and preparing for in-flight testing


LEAP fan blade Commercy, France

➔ Preparing for production readiness

- LEAP supply chain based on CFM56 supply chain
- Internal production capacity upgraded and expanded, including new facilities
- LEAP ramp-up supported by continuing CFM56 success (OE and services):
  - CFM56 backlog stands at more than 4,300 engines at end of March 2015
  - Recent CFM56 engines to drive higher aftermarket needs

LEAP on track for certification as planned

*Based on firm orders & commitments as of March 31, 2015

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Q1 2015 business highlights

➔ Aircraft equipment

- Carbon brakes: Vueling chose Safran wheels and carbon brakes for its fleet of A320 twinjets
- Nacelles: Safran inaugurated a facility at Indianapolis, Indiana, dedicated to MRO for its nacelles that are operational across North and South America. Future coverage will enable to handle other Safran produced nacelles, such as those for the A330neo and for the Airbus A320neo equipped with LEAP-1A

Cutting of carbon disks

➔ Defence

- Optronics: signature of a contract with the French defence procurement agency (Direction générale de l'armement) for FELIN v1.3, integrating operational improvements
- Avionics: the US Coast Guard chose BlueNaute® navigation system already selected by the Norwegian Coast Guard

FELIN

➔ Security

- Detection: signature of a contract with London Heathrow Airport Ltd. to supply 45 high-speed CTX 9800 DSi explosives detection systems (EDS). The CTX systems will ensure Heathrow's compliance with UK DoT regulations mandating Standard 3 screening of hold baggage

BlueNaute® navigation system

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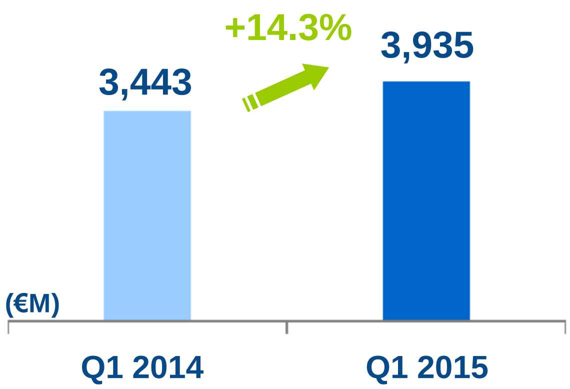
Q1 2015 financial highlights



- Strong revenue growth in Q1 supported by:
  - significant positive currency impacts mainly due to USD strengthening: revenue growth is 2.4% on an organic basis
  - continuing momentum in Aerospace services (Propulsion and Equipment) and good performance in Security activities
- Propulsion continued to benefit from services growth (+25.6% in €), notably in civil aftermarket (+17.8% in $) driven by first overhauls of recent CFM56 and GE90 engines. Services for helicopter turbines and military engines also grew at healthy rates
- Aircraft Equipment: shipments for the 787 were flat as assembly rates at Boeing plateaued in Q1 2015. Lower large nacelles deliveries were offset by higher OE volumes on A350 and organic growth in services revenue (carbon brakes, landing gear)
- Continuing momentum in Security (revenue growth of 20.0% or 6.1% on an organic basis), driven by Identification activities and Enterprise Solutions (smartcards for banking and telco segments)
- Defence sales grew by 8.2%
  - On an organic basis, Defence revenue declined by (1.2)% as growth in Avionics partially offset softer Optronics volumes (end of Felin equipment deliveries)

On track to meet targets

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Q1 2015 Financials

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Foreword

All revenue figures in this presentation represent Adjusted revenue (see annex for bridge with consolidated 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.

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Fx impact

➔ Fx impacts during Q1 2015

- Translation effect: foreign currencies translated into €
  ⇒ Positive impact from USD
  ⇒ Impact on Revenue and Return on Sales
  ⇒ Positive impact to profit from USD-native subsidiaries

Average spot rate

Q1 2014	Q1 2015
$1.37	$1.13

- Transaction effect: mismatch between $ sales and € costs is hedged
  ⇒ Positive impact from $
  ⇒ Impact on Profits

Hedge rate

Q1 2014	Q1 2015
$1.27	$1.25

- Mark-to-market effect
  ⇒ Impact on consolidated "statutory" accounts

Spot rate

Mar. 31, 2014	Dec. 31, 2014	Mar. 31, 2015
$1.38	$1.21	$1.08

Adjusted revenue: significant positive translation effect, notably on the portion of USD denominated revenue naturally hedged by USD procurements

Adjusted recurring operating income: the hedging policy largely isolates adjusted recurring operating income from current EUR/USD variations

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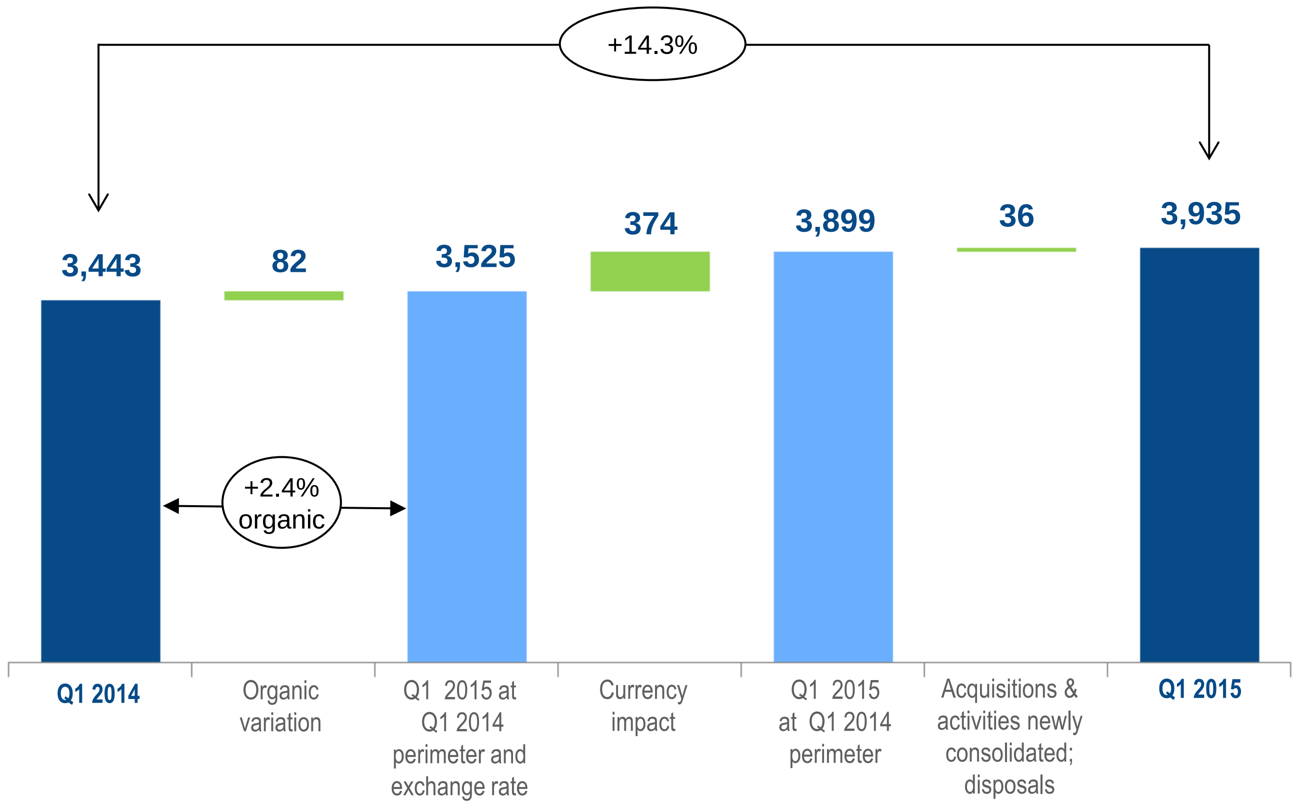
Q1 2015 revenue



Organic growth: +2.4%

- Driven by continuing momentum in Aerospace services and in Security activities

Currency impact: +10.9%

- Significant positive translation effect of USD. Positive translation impact from GBP
- Positive effect of improved hedged rate

External growth: +1.0%

- Acquisitions : Eaton, Hydrep, Colibrys, Dictao…

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Q1 2015 revenue by activity

Adjusted revenue (in €M)	Q1 2014	**Q1 2015**	*Change reported*	*Change organic*
Aerospace Propulsion	**1,825**	**2,070**	*13.4%*	*3.7%*
Aircraft Equipment	**1,016**	**1,172**	*15.4%*	*(0.5)%*
Defence	**257**	**278**	*8.2%*	*(1.2)%*
Security	**345**	**414**	*20.0%*	*6.1%*
Others	**-**	**1**	*na*	*na*
Total revenue	**3,443**	**3,935**	*14.3%*	*2.4%*

Main growth drivers

- Significant positive currency impacts from USD
- Continued momentum in Aerospace services:
  - Propulsion: services up 25.6% (in €), driven by civil aftermarket (up 17.8% in USD). Healthy contribution from military services and helicopter support activities
  - Equipment: services up 19% (in €) supported by continuing momentum in carbon brakes as well as increased contribution from landing gear
- Ramp up of A350 programme (landing gear, wiring)
- Security: Identification activities as well as smartchip telco and banking segments in Enterprise Solutions
- Avionics: higher deliveries of infrared seekers and flight control system

Offsetting impacts

- Lower military engines deliveries (M88) as expected
- Lower helicopter turbines volumes due to production delays and soft OE demand.
- Lower large nacelles deliveries. A320 thrust reversers deliveries should catch up
- Optronics: lower volumes, notably with the end of FELIN equipment deliveries to the French army
- Detection: phasing of deliveries skewed toward H2

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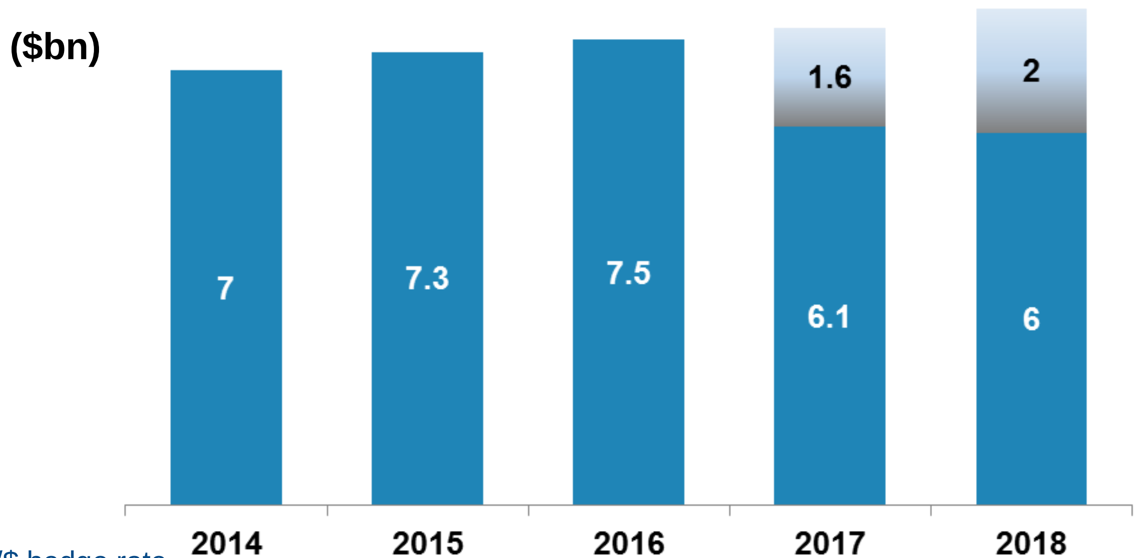
Fx hedging: $24.2bn Hedge portfolio* (April 10, 2015)

Higher yearly exposure: $7.3bn to $8.0bn

Higher expected level of net USD exposure for 2015-20 due to strong growth of businesses with exposed USD revenue

2015 & 2016 fully hedged; 2017 almost achieved



€/$ hedge rate

	2014	2015	2016	2017	2018
Achieved	1.26	1.25	1.25	1.25	1.18
Target		1.25	1.25	1.25	<1.20 NEW

2015 / 2016: Increased coverage at $1.25

2017: Increased coverage at $1.25

- **$6.1bn achieved at $1.25 *(including knock out option strategies)* to rise to $7.7bn at $1.25 through accumulators as long as €/$<1.42 up to end 2015**
- Knock out options barriers set at various levels above 1.38

2018: Increased and improved coverage

- **$6.0bn achieved at $1.18 through forward sales and short dated knock out option strategies to rise to a maximum of $8.0bn at an improved target rate below $1.20 through accumulators as long as €/$<1.28 up to end 2015**
- Knock out options barriers set at various levels between 1.12 and 1.45 with maturities ranging between 1 month and 2 years

Taking advantage of current €/$ spot rate to hedge and improve rates in years 2019 - 2020

**Approx. 45% of Safran US$ revenue are naturally hedged by US$ procurement*

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Outlook

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2015 targets – outlook confirmed

➔ **Adjusted revenue expected to increase by a percentage in *high single digits* at an estimated average rate of USD 1.20 to the Euro.**

➔ **Adjusted recurring operating income expected to increase by a percentage *in low double digits* at a hedge rate of USD 1.25 to the Euro.**
The hedging policy isolates adjusted recurring operating income from current EUR/USD variations except for the part generated in USD by activities located in the US, subject to the translation effect when converted into Euro.

➔ **Free cash flow expected to represent *35% to 45%* of the adjusted recurring operating income subject to usual uncertainties on the timing of advance payments.**

Safran's 2015 outlook is applicable to the Group's current structure and does not take into account any potential impact in 2015 of notably the finalisation of the regrouping of its space launcher activities with those of Airbus Group in their joint venture, Airbus Safran Launchers.

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Questions & Answers

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Additional information

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Consolidated and adjusted revenue

Q1 2015 *(In €M)*	**Consolidated revenue**	**Currency hedging**		**Business combinations**		**Adjusted revenue**
		Re-measurement of revenue	Deferred hedging gain (loss)	Amortization of intangible assets - Sagem/Snecma merger	PPA impacts - other business combinations	
Revenue	**4,075**	(140)	n/a	n/a	n/a	**3,935**

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Aerospace OE* / Services revenue split

Revenue Adjusted data *(in Euro million)*	**Q1 2014**		**Q1 2015**		**% change**	
	OE	Services	OE	Services	OE	Services
Propulsion	**902**	**923**	**911**	**1,159**	**1.0%**	**25.6%**
% of revenue	*49.4%*	*50.6%*	*44.0%*	*56.0%*		
Equipment	**747**	**269**	**851**	**320**	**13.9%**	**19.0%**
% of revenue	*73.5%*	*26.5%*	*72.7%*	*27.3%*		

* All revenue except services

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Quantities of major aerospace programs

Number of units delivered	Q1 2014	Q1 2015	%
CFM56 engines	402	402	*Stable*
High thrust engines	182	160	*(12)%*
Helicopter engines	180	159	*(12)%*
M88 engines	6	3	*(50)%*
A350 landing gear	-	6	*na*
787 landing gear	29	31	*7%*
A380 nacelles	28	25	*(11)%*
A330 thrust reversers	44	39	*(11)%*
A320 thrust reversers	147	127	*(14)%*
Small nacelles *(biz & regional jets)*	149	156	*5%*

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Definition

- **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 Snecma and its subsidiaries and reflects the Group's performance in civil aircraft engines aftermarket compared to the market.

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Disclaimer

The forecasts and forward-looking statements described in this document are based on the data, assumptions and estimates considered as reasonable by the Group as at the date of this document. These data, assumptions and estimates may evolve or change as a result of uncertainties related in particular to the economic, financial, competitive, tax or regulatory environment. The occurrence of one or more of the risks described in the registration document (*document de référence*) may also have an impact on the business, financial position, results and prospects of the Group and thus affect its ability to achieve such forecasts and forward-looking statements. The Group therefore neither makes any commitment, nor provides any assurance as to the achievement of the forecasts and forward-looking statements described in this document

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Annex – Adoption of IFRIC 21

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ADOPTION OF IFRIC 21

- IFRIC 21 “Levies” is an Interpretation that provides guidance on when to recognize a liability for a levy (other than income tax), and specifies that the obligating event giving rise to this liability is the activity that triggers the payment of the levy, as identified by the legislation.

- Changes in accounting methods result to the fact that the obligation to pay certain levies, mostly French and US levies, generally exists on January 1 and thus has to be recognized as a liability at this date. Previously, recognition of the liability and the charge was spread out over a year.

- The Group has applied this Interpretation from the accounting period beginning on January 1, 2015.

- As a result, Safran restated its H1 2014 income statement and its FY 2014 balance sheet for comparison purposes. The application of IFRIC 21 has no impact on FY 2014 income statement.

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H1 2014 restated income statement (IFRIC 21)

(In €M)	**H1 2014**	***Impacts of IFRIC 21***	**H1 2014 restated**
Revenue	**7,208**	**-**	**7,208**
Other recurring operating income and expenses	(6,245)	*(25)*	(6,270)
Share in profit from joint ventures	18	-	18
Recurring operating income ***% of revenue***	**981** ***13.6%***	***(25)*** ***(0.4)pt***	**956** **13.2%**
Total one-off items	(10)	-	(10)
Profit from operations ***% of revenue***	**971** ***13.5%***	***(25)*** ***(0.4)pt***	**946** **13.1%**
Net financial income (expense)	(11)	-	(11)
Income tax expense	(313)	*9*	(304)
Share in profit from associates	7	-	7
Loss for the period attributable to non-controlling interests	(22)	-	(22)
Profit attributable to owners of the parent **EPS (in €)**	**632** **1.52***	***(16)*** ***(0.04)***	**616** **1.48***

*Based on 416,440,876 shares as of June 30, 2014

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H1 2014 restated segment information (IFRIC 21)

H1 2014 (In €M)	Prop.	Equip.	Defence	Security	Total operating segments	Holding company and other	Total adjusted data	Currency hedges	Impacts of business combinations	Total consolidated data
Recurring operating income	**745**	**202**	**44**	**65**	**1,056**	**(75)**	**981**	**(244)**	**(155)**	**582**
Impacts of IFRIC 21	*(18)*	*(5)*	*(1)*	*(1)*	*(25)*	-	*(25)*	-	-	*(25)*
Restated recurring operating Income	**727**	**197**	**43**	**64**	**1,031**	**(75)**	**956**	**(244)**	**(155)**	**557**

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FY 2014 restated consolidated balance sheet (IFRIC 21)

Balance sheet – Assets (in Euro million)	**Dec. 31, 2014**	***Impacts of IFRIC 21***	**Dec. 31, 2014 restated**
Goodwill	3,420	-	3,420
Tangible & Intangibles assets	8,464	-	8,464
Investments in joint ventures and associates	771	-	771
Other non-current assets	674	-	674
Derivatives assets	406	-	406
Inventories and WIP	4,265	-	4,265
Trade and other receivables	5,827	-	5,827
Cash and cash equivalents	1,633	-	1,633
Other current assets	673	-	673
Total assets	**26,133**	**-**	**26,133**

Balance sheet – Liabilities (in Euro million)	**Dec. 31, 2014**	***Impacts of IFRIC 21***	**Dec. 31, 2014 restated**
Equity	6,478	*13**	6,491
Provisions	3,329	-	3,329
Borrowings subject to sp. Conditions	713	-	713
Interest bearing liabilities	3,165	-	3,165
Derivatives liabilities	1,636	-	1,636
Other non-current liabilities	829	*7*	836
Trade and other payables	9,638	*(20)*	9,618
Other current liabilities	345	-	345
Total Equity & Liabilities	**26,133**	**-**	**26,133**

**Impact on retained earnings*

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KEY MISSIONS, KEY TECHNOLOGIES, KEY TALENTS

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