

INVESTOR ROADSHOWS

—

SEPTEMBER 2017



Disclaimer

> IMPORTANT ADDITIONAL INFORMATION

This document is not intended to and does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy or an offer to purchase or the solicitation of an offer to sell any securities or the solicitation of any vote or approval in any jurisdiction in connection with the proposed acquisition of Zodiac Aerospace (the "Transaction") or otherwise; nor shall there be any sale, issuance, purchase or transfer of securities in any jurisdiction in contravention of applicable law.

The tender offer in connection with the Transaction is subject to obtaining of required regulatory and other customary authorizations. These materials must not be published, released or distributed, directly or indirectly, in any jurisdiction where the distribution of such information is restricted by law.

It is intended that Safran and Zodiac Aerospace will file with the French Market Authority ("AMF") a prospectus and other relevant documents with respect to the tender offer to be made in France. Pursuant to French regulations, the documentation with respect to the tender offer which, if filed, will state the terms and conditions of the tender offer will be subject to the review by the AMF. Investors and shareholders in France are strongly advised to read, if and when they become available, the prospectus and related offer materials regarding the tender offer referenced in this document, as well as any amendments and supplements to those documents as they will contain important information regarding Safran, Zodiac Aerospace, the contemplated transactions and related matters.

This document and the information it contains do not, and will not, constitute an offer to purchase or the solicitation of an offer to sell, securities of Zodiac Aerospace, Safran or any other entity in the United States of America or any other jurisdiction where restrictions may apply. Securities may not be offered or sold in the United States of America absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), it being specified that the securities of Safran have not been and will not be registered within the U.S. Securities Act. Safran does not intend to register securities or conduct a public offering in the United States of America.

The distribution of this document may be subject to legal or regulatory restrictions in certain jurisdictions. Any person who comes into possession of this document must inform him or herself of and comply with any such restrictions.

> FORWARD-LOOKING STATEMENTS

This document 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, synergies, value accretions, 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," "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 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 shareholder approval; 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; and the benefits from Safran's or Zodiac Aerospace's (and their combined businesses) plans and strategies being less than anticipated. 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 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 Safran'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.

Foreword

All figures in this presentation represent adjusted data ⁽¹⁾ and continuing operations ⁽²⁾.

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 programmes revalued at the time of the Sagem-Snecma merger. With effect from the first-half 2010 interim financial statements, the Group has decided to restate the impact of purchase price allocations for business combinations. In particular, this concerns the amortization of intangible assets recognized at the time of the acquisition, and amortized over extended periods, due to the length of the Group's business cycles, along gains or losses remeasuring the Group's previously held interests in an entity acquired in a step acquisition or assets contributed to a JV.
- ◆ 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.

The resulting changes in deferred tax have also been adjusted.

Recurring operating income

- ◆ Operating income before capital gains or losses on disposals /impact of changes de contrôle, impairment charges, transaction and integration costs and other items.

(1) See slide 14 for bridge with consolidated revenue

(2) Continuing operations: Aerospace Propulsion, Aircraft Equipment, Defense, Holding and others

Discontinued operations: Safran Identity & Security

3 themes

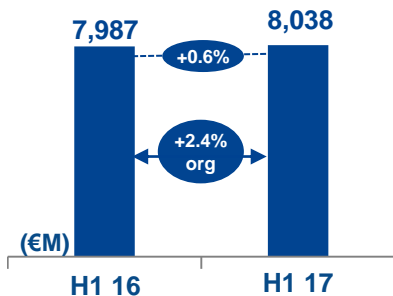
Summary of H1 2017 earnings

The CFM56 – LEAP transition

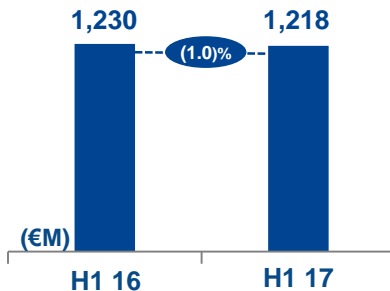
FX hedging

H1 2017 financial highlights (H1 2016 restated for IFRS 5)

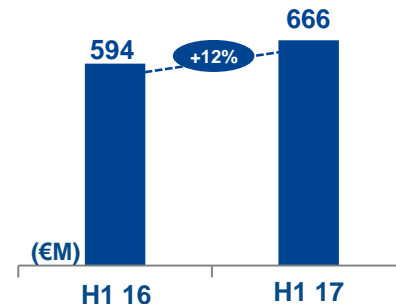
Increase in adjusted revenue (+2.4% org) driven by Aerospace services and Defense



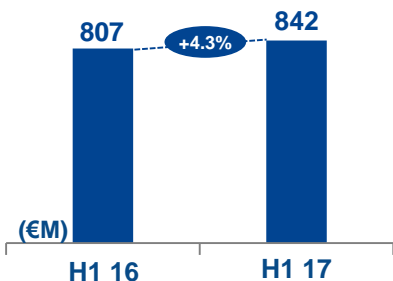
Adjusted recurring operating income at 15.2% of revenue, with strong improvements in Aircraft Equipment and Defense



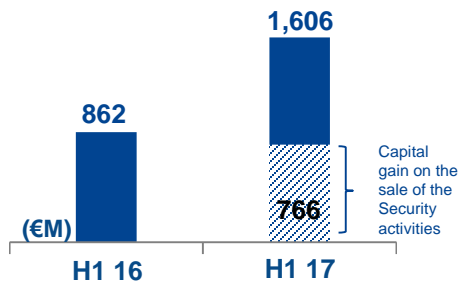
Free cash flow generation representing 55% of adjusted recurring operating income



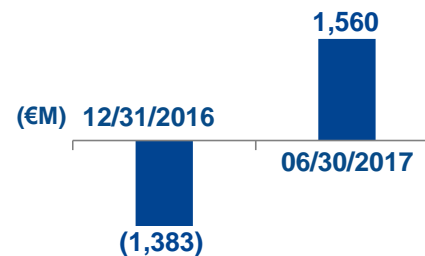
Adjusted net profit (group share) for continuing operations at €2.05 per share



Adjusted net profit (group share) for continuing and discontinued operations at €3.91 per share



Positive net cash thanks to the proceeds of the sale of the Security activities



CFM commercial success

2017 Paris Airshow key takeaways

- ◆ 1,063 LEAP and CFM56 ordered, in addition to LEAP and CFM56 services agreements
- ◆ Launch of the 737 MAX 10 by Boeing powered by LEAP-1B; EIS planned in 2020

CFM56

- ◆ 389 orders received in H1
- ◆ Total backlog at 1,814 engines at June 30, 2017

LEAP

- ◆ 1,867 LEAP orders and commitments logged in H1
- ◆ Total backlog (orders and commitments) of 13,113 engines at June 30, 2017
- ◆ 60% market share on A320neo at June 30, 2017



LEAP-1B powered 737 MAX
(Paris Airshow 2017)



LEAP-1A powered A321neo
(Paris Airshow 2017)

Update on LEAP program

Executing on production ramp-up

- ◆ 147 LEAP sold in H1 2017 compared to 11 engines in H1 2016
 - > Beginning of LEAP-1B production ramp up: 27 deliveries
 - > Continuing ramp up of LEAP-1A production: 120 deliveries

LEAP-1A

- ◆ In operations at 15 airlines with more than 190,000 flight hours accumulated to date
- ◆ 180-minute ETOPS certification granted by FAA and EASA on June 19

LEAP-1B

- ◆ Entry into commercial service at Malindo on May 22, 2017
- ◆ In operations at 3 airlines with more than 1,400 flight hours accumulated to date
- ◆ 180-minute ETOPS certification granted by FAA and EASA on June 19

LEAP-1C

- ◆ First flight of the COMAC C919 powered by LEAP-1C on May 5, 2017



LEAP pulse line



LEAP final assembly

H1 2017 business highlights

CFM56 production ramping down, as expected

- ◆ 710 CFM56 deliveries in H1 2017, down from 886 engines in H1 2016

Helicopter turbines: Ardiden 3G powering the Russian Helicopter's KA62

- ◆ Engine type certification granted by EASA
- ◆ The helicopter made its official maiden flight on 25 May 2017.

Signature of several carbon brakes contracts

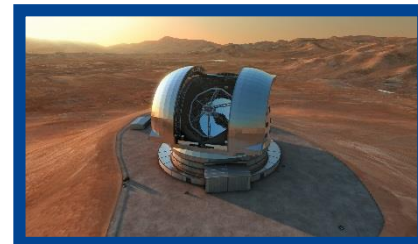
- ◆ For 737 MAX: Lion Air, Norwegian, Aeromexico, Royal Air Maroc
- ◆ For A320neo: IAG, Iberia, Vueling, British Airways
- ◆ For A350: Malaysia, Singapore Airlines

Safran Electronics & Defense: European Extremely Large Telescope (ELT)

- ◆ Contract awarded by the European Southern Observatory to polish, mount and test all segments in the M1 primary mirror
- ◆ New contract win after being awarded contracts for the M2, M3 and M4 mirrors



LEAP podding



European ELT

Continuing momentum in Aerospace services in H1 2017

Growth in Aircraft Equipment services of 7.4% (in €)

- ◆ Growth driven by carbon brakes, landing gear MRO and services for nacelles

Civil aftermarket in Propulsion up 8.4% (in \$)

- ◆ 2017 yoy change: Q1 +17.7%; Q2 flat
 - Q2 had a strong comparison base due to a positive non recurring contribution last year
- ◆ Growth driven by CFM56 and GE90 engines spares
- ◆ Limited growth in services

Favourable environment supporting outlook for growth

- ◆ Passenger demand up 7.9%* YTD
- ◆ Passenger demand expected to increase by 7.4%* in 2017

*Source: IATA



Maintenance CFM56



Maintenance GE90

Finalisation of Safran Identity & Security disposal

Reminder: in application of IFRS 5, all the businesses comprising the Security activities are classified as “discontinued operations” for 2016 and 2017. H1 2016 restated.

In H1 2017, Safran completed the sale of all the Security activities

- ◆ Sale of the detection activities to Smiths Group completed in April
- ◆ Sale of the identity and security activities to Advent International completed in May

Contribution to H1 2017 adjusted net income

- ◆ 3 months for detection activities and 5 months for identity and security activities: €(2)M
- ◆ Capital gain on assets sale: €766M

Net cash proceeds in H1 2017: €3.1Bn

H1 2017 profit from operations

<i>(In €M)</i>	H1 2016 <i>Restated for IFRS 5</i>	H1 2017
Revenue	7,987	8,038
Adjusted recurring operating income <i>% of revenue</i>	1,230 15.4%	1,218 15.2%
Total one-off items	(13)	(16)
<i>Capital gain (loss) on disposals</i>	-	-
<i>Impairment reversal (charge)</i>	-	-
<i>Other infrequent & material non operational items</i>	(13)	(16)
Profit from operations <i>% of revenue</i>	1,217 15.2%	1,202 15.0%

Transaction costs

H1 2017 income statement

<i>(In €M)</i>	H1 2016 <i>Restated for IFRS 5</i>	H1 2017
Revenue	7,987	8,038
Other recurring operating income and expenses	(6,776)	(6,912)
Share in profit from joint ventures	19	92
Recurring operating income	1,230	1,218
% of revenue	15.4%	15.2%
Total one-off items	(13)	(16)
Profit from operations	1,217	1,202
% of revenue	15.2%	15.0%
Net financial income (expense)	(59)	(24)
Income tax expense	(319)	(306)
Profit from continuing operations	839	872
Profit from discontinued operations	56	765
Profit for the period	895	1,637
Profit for the period attributable to non-controlling interests	(33)	(31)
Profit attributable to owners of the parent	862	1,606
From continuing operations	807	842
From discontinued operations	55	764
EPS (basic in €)	2.07*	3.91**
From continuing operations	1.94	2.05
From discontinued operations	0.13	1.86
EPS (diluted in €)	3.03***	3.84****
From continuing operations	1.90	2.01
From discontinued operations	0.13	1.83

Of which cost of debt of €(28)M

Apparent tax rate of 26%

Including the capital gain on the sale of the Security activities: €766M

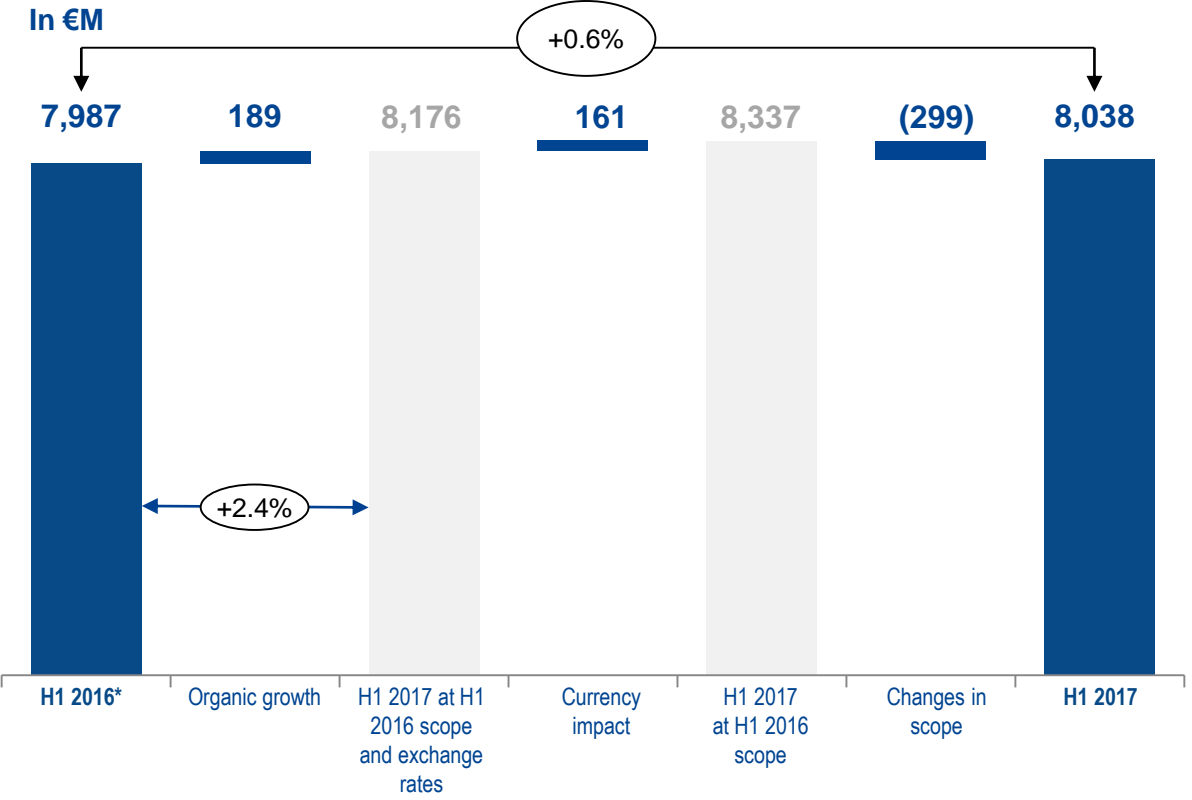
*Based on the weighted average number of shares of 416,388,893 as of June 30, 2016

** Based on the weighted average number of shares of 411,224,858 as of June 30, 2017

*** Based on the weighted average number of shares after dilution of 423,666,098 as of June 30, 2016

**** Based on the weighted average number of shares after dilution of 418,502,063 as of June 30, 2017

H1 2017 revenue



Organic growth: +2.4%

- ◆ Driven by Propulsion services, Aircraft Equipment and Defense

Currency impact: +2.0%

- ◆ Stronger average spot rate in H1 2017 vs H1 2016

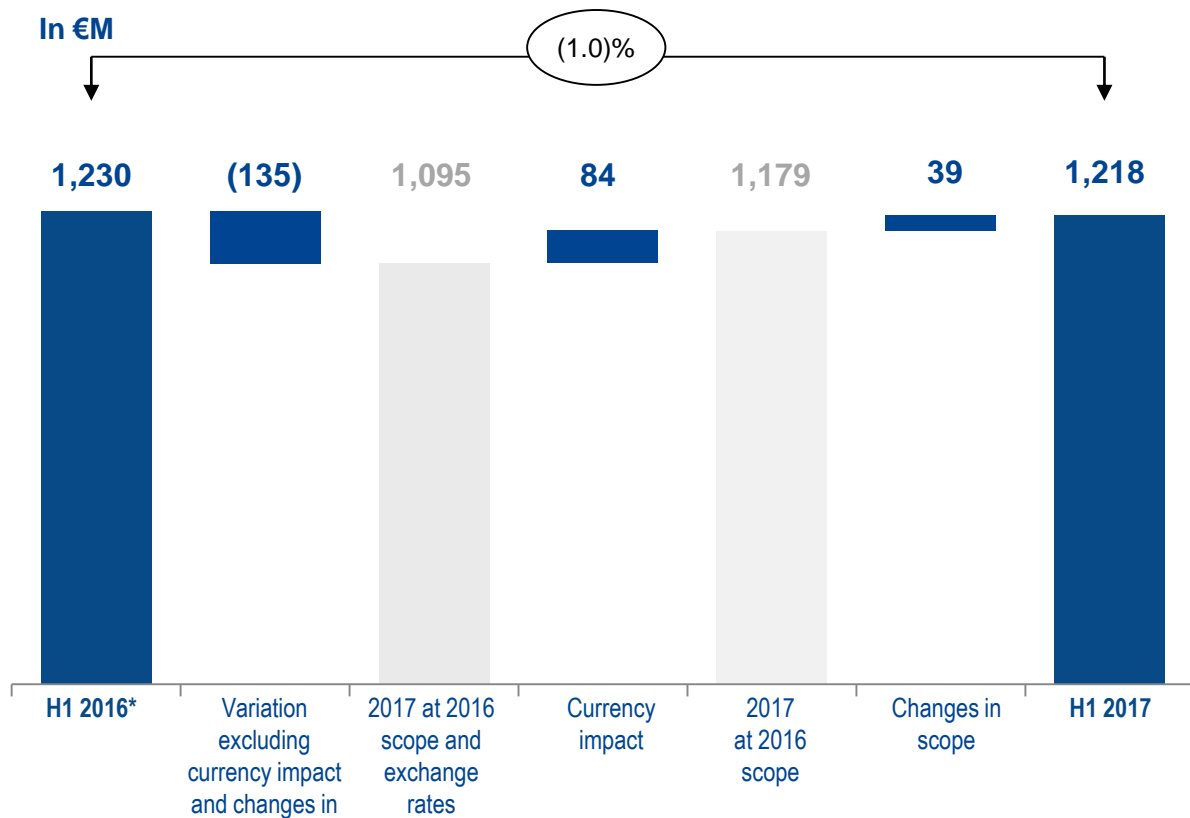
Changes in scope: (3.8)%

- ◆ Contribution of Safran's space launcher activities to ArianeGroup starting July 1, 2016: €(312)M in H1 2016

*Restated for the application of IFRS 5

H1 2017 recurring operating income

In €M



Main profitability drivers

- ◆ Growth in Propulsion services
- ◆ Increased profitability of Aircraft Equipment and Defense
- ◆ Productivity gains and cost reductions
- ◆ Positive impact of hedged \$

Main offsetting factors

- ◆ CFM56-LEAP transition
 - > Negative margin on LEAP
 - > Lower volumes of CFM56 OE
- ◆ Lower helicopter turbines contribution
- ◆ Higher expensed R&D

Research & Development

<i>(In €M)</i>	H1 2016 <i>(restated for IFRS 5)</i>	H1 2017	<i>Change</i>
Total R&D	(892)	(756)	136
External funding	351	249	(102)
Total self-funded cash R&D	(541)	(507)	34
<i>as a % of revenue</i>	6.8%	6.3%	(0.5)pt
Tax credit	71	74	3
Total self-funded cash R&D after tax credit	(470)	(433)	37
Gross capitalized R&D	160	135	(25)
Amortised R&D	(47)	(65)	(18)
P&L R&D in recurring EBIT	(357)	(363)	(6)
<i>as a % of revenue</i>	4.5%	4.5%	-

Decrease of self-funded cash R&D

- ◆ Decline of self-funded R&D driven by LEAP
- ◆ As expected, falling capitalization of costs and increased amortization, driven by LEAP:
 - Capitalization for LEAP-1B ceased on February 2017 and amortization commenced
 - Capitalization for LEAP-1A ceased on April 2016 and amortization commenced

H1 2017 results by activity

<i>(In €M)</i>	H1 2017	Propulsion	Equipment	Defense	Holding & others
Revenue	8,038	4,691	2,715	624	8
<i>Year-over-year growth in %</i>	<i>0.6%</i>	<i>(3.4)%</i>	<i>6.8%</i>	<i>6.8%</i>	<i>na</i>
Recurring operating income	1,218	849	327	40	2
<i>as a % of revenue</i>	<i>15.2%</i>	<i>18.1%</i>	<i>12.0%</i>	<i>6.4%</i>	<i>na</i>
<i>recurring operating margin variation (vs H1 2016)</i>	<i>(0.2)pt</i>	<i>(1.3)pt</i>	<i>+1.3pt</i>	<i>+2.6pt</i>	<i>na</i>

H1 2017 Free Cash Flow

<i>(in €M)</i>	H1 2016 <i>Restated for IFRS 5</i>	H1 2017
Adjusted attributable net profit	862	1 606
Of which post-tax capital gain on Security activities	-	(766)
Depreciation, amortization, provisions and others	458	470
Cash from operating activities before change in WC	1,320	1,310
Change in WC	(50)	(40)
Cash from operating activities after change in WC	1,270	1,270
Capex (tangible assets)	(322)	(345)
Capex (intangible assets)*	(354)	(259)
Free cash flow	594	666

Of which

- **Depreciation €81M**
- **Amortization of tangibles and intangibles €329M**
- **Provisions (net) €(50)M**

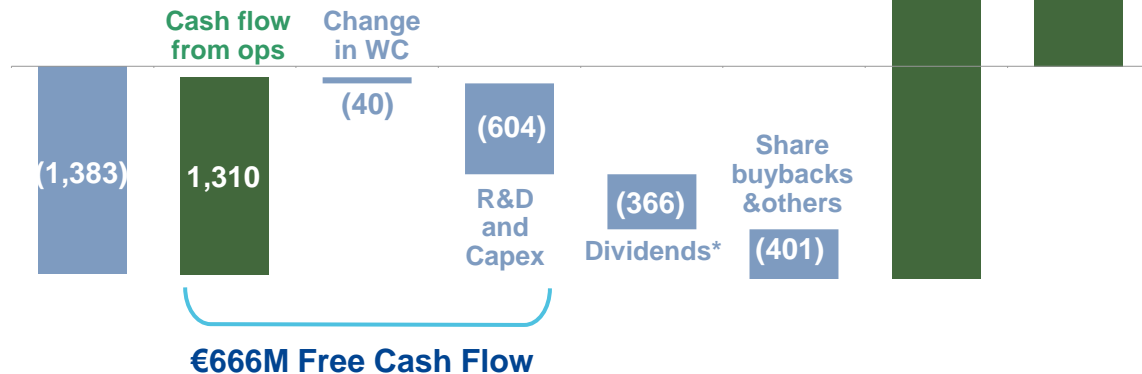
- **Sustained tangible CAPEX to prepare production transition and ramp-up**
- **Lower capitalized R&D and intangibles (ex-R&D) investments as new programs enter into service**

* Of which €141M capitalised R&D in H1 2017 vs €173M capitalised in H1 2016

Net debt position

(in €M)

Net debt at
Dec 31, 2016



2016 final dividend of €0.83 per share to parent holders

Share buybacks

- > Objective: neutralizing the dilutive effect of equity-related instruments on Safran balance sheet
- > Started in December 2016 and completed in June 2017
- > 6.4M shares bought back and classified in treasury shares

Acquisitions, divestments

- > Net proceeds from the sale of the Security activities: €3.1Bn

* Includes €(26)M of dividends to minority interests

Full-year 2017 outlook confirmed

Safran expects for 2017 on a full-year basis:

- **Adjusted revenue to grow in the range 2% to 3% (at an estimated average rate of USD 1.10 to the Euro). Excluding the effect of the equity accounting of ArianeGroup from July 1, 2016 revenue growth is expected to be in the low to mid single digits.**
- **Adjusted recurring operating income close to the 2016 level.**
- **Free cash flow representing above 45% 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 24, 2017.

In the first half of 2017, all the businesses comprising the Security activities are classified as “discontinued operations”. As a result, the comparison to 2016 and guidance for 2017 are based on continuing operations: Propulsion, Aircraft Equipment, Defense, Holding & Others. Safran finalized the sale of its detection activities on April 7, 2017 and of its identity and security activities on May 31, 2017.

In addition, starting on July 1, 2016, Safran accounts for its share in ArianeGroup using the equity method and no longer records revenue from space activities. In 2017 the change impacted revenue by Euro 312 million corresponding to the first half of 2016 when these activities had been fully consolidated.

3 themes

Summary of H1 2017 earnings

The CFM56 – LEAP transition

FX hedging

LEAP – right on track



LEAP-1A

Airbus A320neo
15 airlines operating LEAP-1A*



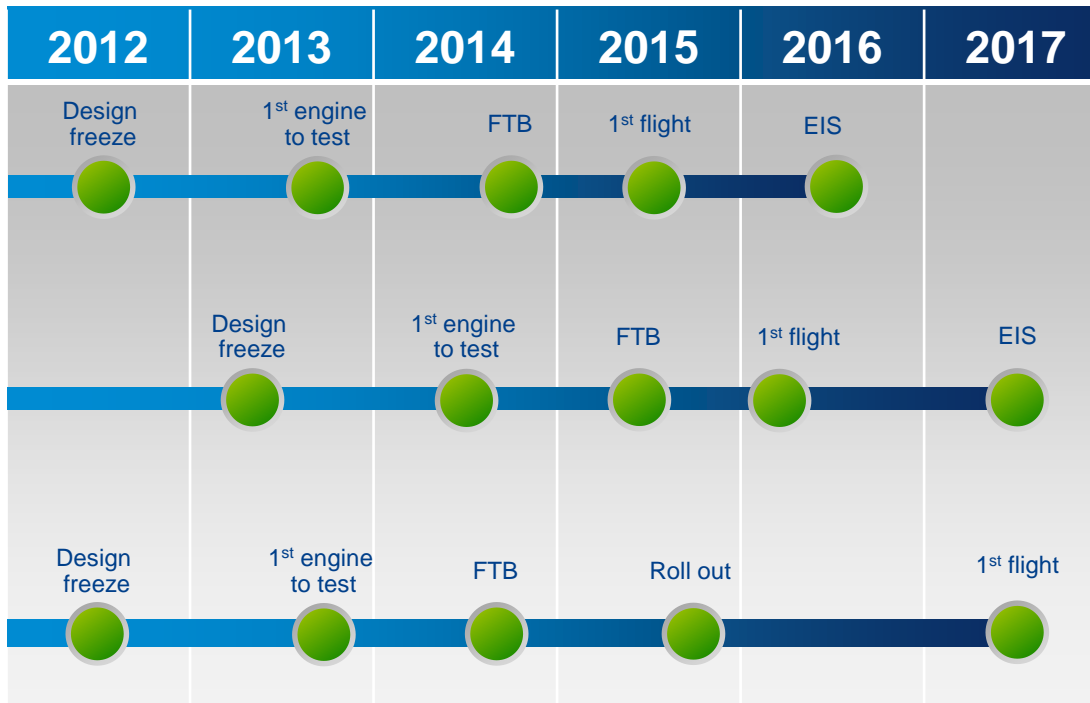
LEAP-1B

Boeing 737 MAX
3 airlines operating LEAP-1B*



LEAP-1C

Comac C919



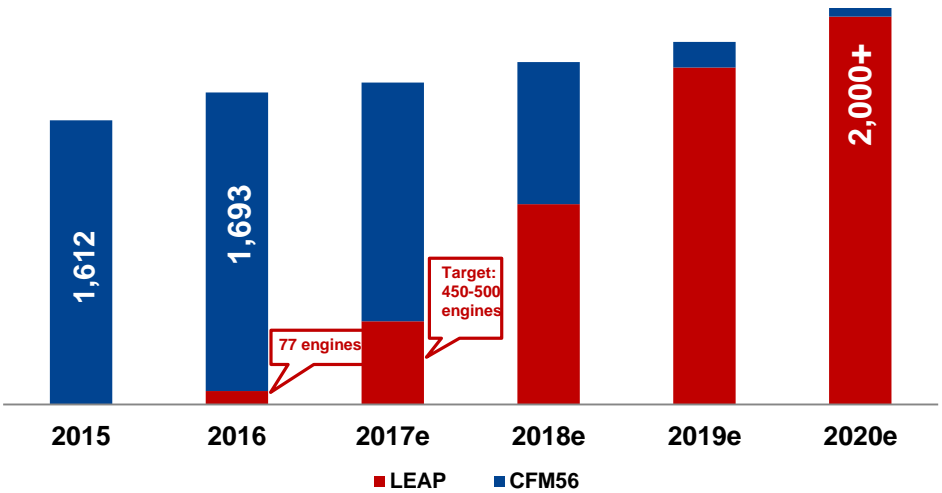
* At mid-July 2017

Engine development schedule unchanged for 5 years

LEAP – ramp-up

- ◆ CFM56 production record level in 2016
- ◆ LEAP production will reach a 30% higher rate
- ◆ Everything in place to manage a smooth transition and ramp-up
- ◆ Large volumes and steep ramp-up are an opportunity to get costs down faster

NUMBER OF ENGINES PRODUCED



Full transition in 4 years

LEAP – ramp-up

- ◆ 100% of suppliers are well known vendors and aero suppliers – 80% are common with CFM56
- ◆ Redundancy and/or buffer stock for 100% of parts
- ◆ 85% of parts are double sourced
- ◆ Suppliers Selection - based on three main criteria: Supply Chain performance, Growth capacity (including financial criteria) and economic performance
- ◆ Leveraging Safran, GE and worldwide suppliers footprint
- ◆ Developing brand new plants for new technologies, Lean Manufacturing built in

Strong plan and actions in place to manage ramp-up

Transitioning from CFM56 to LEAP

2016-2020 trends (CMD'16)

- ◆ Gradual reduction of CFM56 contribution
- ◆ Transitory losses on Leap OE due to learning curve
- ◆ Break-even on LEAP OE production by end of decade

2017 impact consistent with trends

◆ FY 2017

- > Propulsion EBIT to be negatively impacted in the range of €300-350M by CFM56-LEAP transition compared to 2016
- > Lower CFM56 OE volumes, as expected
- > Negative margin on LEAP deliveries and depreciation of inventory and WIP related to future deliveries

◆ H1 2017

- > €165M negative impact on Propulsion EBIT from CFM56-LEAP transition
- > Break down: 50% from reduced CFM56 OE contribution and 50% from LEAP OE learning curve

3 themes

Summary of H1 2017 earnings

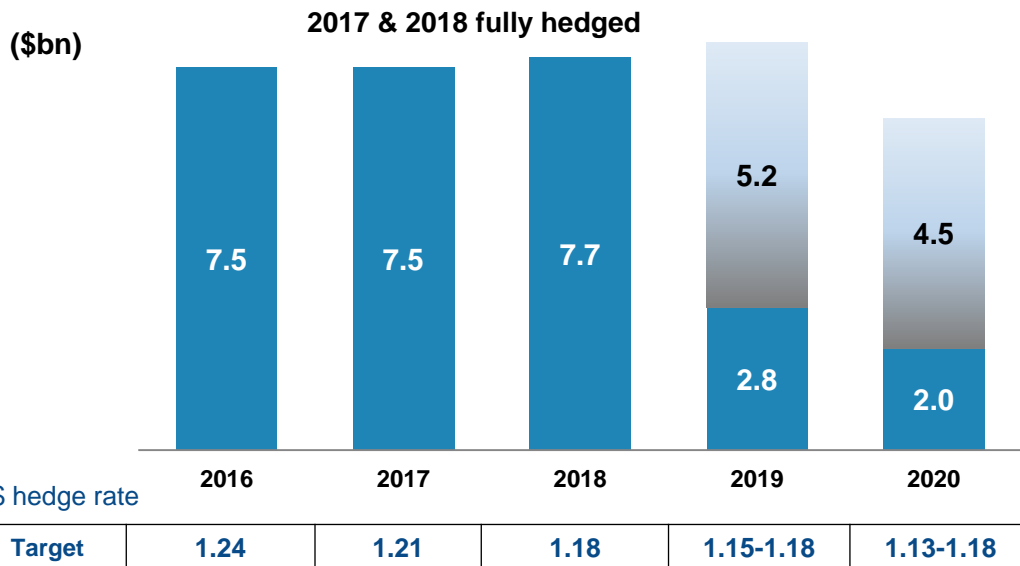
The CFM56 – LEAP transition

FX hedging

FX hedging: \$16.5bn hedge portfolio* (July 25, 2017)

Yearly exposure: \$7.5bn to \$8.0bn

Increasing level of net USD exposure for 2017-20 in line with the growth of businesses with exposed USD revenue



2018

- Fully hedged at 1.18

2019

- \$2.8bn achieved through forward sales and short dated knock out option strategies to rise to a maximum of \$8.0bn at a target rate between \$1.15 and \$1.18 as long as €/\$ < 1.25 up to end 2017
- Knock out options barriers set at various levels between \$1.18 and \$1.45 with maturities up to one year

2020

- \$2.0bn achieved through forward sales and short dated knock out option strategies to rise to a maximum of \$6.5bn at a target rate between \$1.13 and \$1.18 as long as €/\$ < 1.25 up to mid 2018
- Knock out options barriers set at various levels between \$1.18 and \$1.45 with maturities up to one year

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

2017-2018 hedge rate

- > Fully secured: 1.21 for 2017, 1.18 for 2018
- > No impact from the evolution of the €/€ spot rate

2019 hedge rate

- > Target range fully secured: 1.15-1.18
- > €/€ spot level (and its impact on the portfolio) will only determine whether the top or the bottom of the target range will be achieved

2020 hedge rate

Part of the net exposure is not hedged yet (c.\$2bn)

€/€ spot rate < 1.25 up to mid-2018

- > Target range fully secured under current market conditions
- > Spot level (and its impact on the portfolio) will only determine whether the top or the bottom of the target range will be achieved.

€/€ spot rate > 1.25 before mid-2018

- > Target range achievable under a wide range of scenarios: knock out options portfolio is made up of several tranches spread over a year and with various barriers (1.18-1.45)
- > Manner/speed at which the spot goes above 1.25 is key to determine the impact on the portfolio and might provide opportunities to optimize the portfolio

Safran has flexibility in its hedging policy

Hedging policy

- > Safran does not apply “hedge accounting” due to the constraints of IAS39 and the nature of the hedging instruments used
- > Portfolio of hedging instruments covers net exposure to exchange rate risk for multiple years
- > Protection economic performance and optimising the quality whenever possible
- > Vanilla products, accumulators and optional instruments with or without barriers
- > Palette of instruments increases flexibility
- > Changes in the fair value of derivatives are included in “Financial income/(loss)”
- > Fair value of currency derivatives at June 30, 2017 was € (934) million (EUR/USD spot: 1.14)

ADDITIONAL INFORMATION

Aerospace Propulsion

<i>(In €M)</i>	H1 2016	H1 2017	Change	Organic Change
Revenue	4,857	4,691	(3.4)%	0.9%
Recurring operating income	942	849	(9.9)%	
<i>% of revenue</i>	19.4%	18.1%	(1.3)pt	
<i>One-off items</i>	5	-		
Profit (loss) from operations	947	849		
<i>% of revenue</i>	19.5%	18.1%		

Revenue

- ◆ Services grew 7.5% : growth driven by civil aftermarket (+8.4% in \$) and military
- ◆ OE (ex. space activities) -3.2% : higher military, lower civil
- ◆ Helicopter turbines: lower OE and services

Recurring operating income

- ◆ Positive contributions: growth in services, notably civil aftermarket; military OE; space; improved hedge rate
- ◆ Main offsetting factors: impact on OE of CFM56-LEAP transition; helicopter turbines; increased R&D charged to recurring operating income

Aircraft Equipment

<i>(In €M)</i>	H1 2016	H1 2017	Change	Organic Change
Revenue	2,542	2,715	6.8%	4.2%
Recurring operating income	271	327	20.7%	
<i>% of revenue</i>	10.7%	12.0%	+1.3pt	
<i>One-off items</i>	(2)	-		
Profit (loss) from operations	269	327		
<i>% of revenue</i>	10.6%	12.0%		

Revenue

- ◆ OE grew 6.5%: higher A350, A330, A320neo and ceo shipments; lower A380
- ◆ Services 7.4% higher : driven by carbon brakes, landing gear MRO, nacelles spares including for A320neo

Recurring operating income

- ◆ OE volumes up; growth in services
- ◆ Cost reduction and productivity actions
- ◆ Improved hedged rate

<i>(In €M)</i>	H1 2016	H1 2017	Change	Organic Change
Revenue	584	624	6.8%	5.8%
Recurring operating income	22	40	81.8%	
<i>% of revenue</i>	3.8%	6.4%	+2.6pt	
<i>One-off items</i>	-	-		
Profit (loss) from operations	22	40		
<i>% of revenue</i>	3.8%	6.4%		

Revenue

- ◆ Growth driven by guidance kits, Patroller, optronics equipment offsetting decline in Avionics (helicopter FCS)

Recurring operating income

- ◆ Positive contributions: optronics volume, guidance kits, industrial footprint optimisation
- ◆ Drop in expensed R&D; self-funded R&D remains above 10% of sales to maintain technological leadership

Translation effect: foreign currencies translated into €

- ◆ Positive impact mainly from USD
- ◆ Impact on Revenues and Return on Sales

Average spot rate

H1 2016	H1 2017
\$1.12	\$1.08

Transaction effect: mismatch between \$ sales and € costs is hedged

- ◆ Positive impact from hedged \$ as planned
- ◆ Impact on Profits

Hedge rate

H1 2016	H1 2017
\$1.24	\$1.21

Mark-to-Market effect

- ◆ €2,754M gain on fair value of financial instruments
- ◆ Impact on consolidated “statutory” accounts

Spot rate at close

06/30/2016	12/31/2016	06/30/2017
\$1.11	\$1.05	\$1.14

Consolidated and adjusted income statements

H1 2017 reconciliation (continuing operations) (In €M)	Consolidated data	Currency hedging		Business combinations		Adjusted data
		Re-measurement of revenue	Deferred hedging loss/gain	Amortization of intangible assets - Sagem/Snecma merger	PPA impacts - other business combinations	
Revenue	8,382	(344)	-	-	-	8,038
Other operating income and expenses	(6,959)	(12)	6	33	20	(6,912)
Share in profit from joint ventures	66	-	-	-	26	92
Recurring operating income	1,489	(356)	6	33	46	1,218
Other non-recurring operating income and expenses	(16)	-	-	-	-	(16)
Profit (loss) from operations	1,473	(356)	6	33	46	1,202
Cost of debt	(28)	-	-	-	-	(28)
Foreign exchange gains (losses)	2,422	356	(2,754)	-	-	24
Other financial income and expense	(20)	-	-	-	-	(20)
Financial income (loss)	2,374	356	(2,754)	-	-	(24)
Income tax expense	(1,234)	-	946	(11)	(7)	(306)
Profit (loss) from continuing operations	2,613	-	(1,802)	22	39	872
Profit (loss) from discontinued operations	765	-	-	-	-	765
Attributable to non-controlling interests	(30)	-	-	(1)	-	(31)
Attributable to owners of the parent	3,348	-	(1,802)	21	39	1,606

Balance sheet highlights

<i>(In €M)</i>	Dec 31, 2016	June 30, 2017
Goodwill	1,864	1,845
Tangible & Intangible assets	8,347	8,620
Investments in joint ventures and associates	2,175	2,097
Other non current assets	1,733	769
Operating Working Capital	700	649
Net cash (debt)	(1 383)	1,560
Assets available for sale	2,440	0
Shareholders' equity - Group share	6,521	8,957
Minority interests	288	282
Non current liabilities (excl. net cash (debt))	1,691	1,847
Provisions	3,264	3,204
Other current liabilities / (assets) net	4,112	1,250

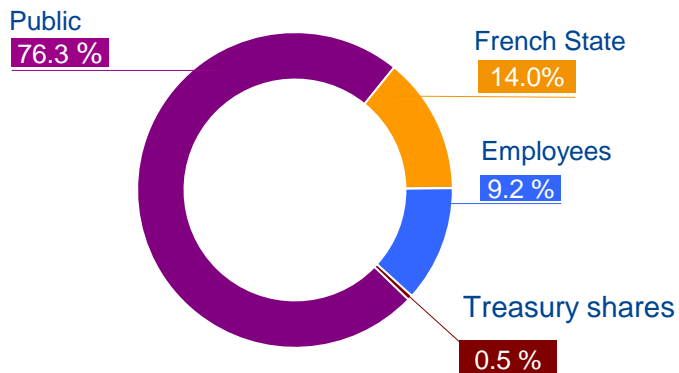
Good control of Operating Working Capital

Net cash position at June 30, 2017 including net proceeds of the sale of the Security activities

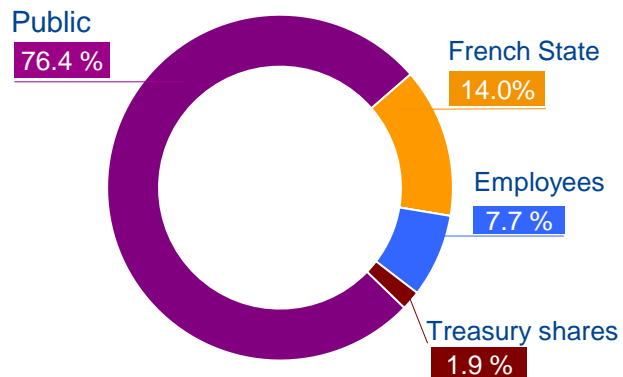
Impact of mark to market of currency hedging portfolio

Equity shareholding

As of Dec 31, 2016



As of June 30, 2017



H1 2017: R&D by activity

<i>(In €M)</i>	H1 2017	Propulsion	Equipment	Defense
Total self-funded cash R&D	(507)	(356)	(87)	(64)
<i>as a % of revenue</i>	<i>6.3%</i>	<i>7.6%</i>	<i>3.2%</i>	<i>10.3%</i>
Tax credit	74	30	25	19
Total self-funded cash R&D after tax credit	(433)	(326)	(62)	(45)
Gross capitalized R&D	135	78	32	25
Amortised R&D	(65)	(35)	(22)	(8)
P&L R&D in recurring EBIT	(363)	(283)	(52)	(28)
<i>as a % of revenue</i>	<i>4.5%</i>	<i>6.0%</i>	<i>1.9%</i>	<i>4.5%</i>

H1 2016: R&D by activity

<i>(In €M)</i>	H1 2016	Propulsion	Equipment	Defense
Total self-funded cash R&D	(541)	(378)	(102)	(61)
<i>as a % of revenue</i>	6.8%	7.8%	4.0%	10.4%
Tax credit	71	30	22	19
Total self-funded cash R&D after tax credit	(470)	(348)	(80)	(42)
Gross capitalized R&D	160	103	39	18
Amortised R&D	(47)	(19)	(20)	(8)
P&L R&D in recurring EBIT	(357)	(264)	(61)	(32)
<i>as a % of revenue</i>	4.5%	5.4%	2.4%	5.5%

Aerospace OE / Services revenue split

Reported change of Propulsion OE revenue

- ◆ From July 1, 2016, the space launcher business no longer contributes to Aerospace propulsion OE revenue whereas it had done so in 2016 (Euro 312 million in H1 2016). Excluding space activities in 2016, Propulsion OE revenue fell -3,2% in H1 2017 (vs H1 2016).

Revenue	H1 2016		H1 2017		% change	
	OE	Services	OE	Services	OE	Services
<i>Adjusted data (in Euro million)</i>						
<i>Propulsion</i>	<i>2,180</i>	<i>2,677</i>	<i>1,813</i>	<i>2,878</i>	<i>(16.8)%</i>	<i>7.5%</i>
<i>% of revenue</i>	<i>44.9%</i>	<i>55.1%</i>	<i>38.6%</i>	<i>61.4%</i>		
<i>Equipment</i>	<i>1,748</i>	<i>794</i>	<i>1,862</i>	<i>853</i>	<i>6.5%</i>	<i>7.4%</i>
<i>% of revenue</i>	<i>68.8%</i>	<i>31.2%</i>	<i>68.6%</i>	<i>31.4%</i>		

Quantities of major aerospace programs

<i>Number of units delivered</i>	H1 2016	H1 2017	% change
CFM56 engines	886	710	(20)%
LEAP engines	11	147	x13
High thrust engines	367	256	(30)%
Helicopter engines	349	314	(10)%
M88 engines	9	12	33%
A350 landing gear sets	25	43	72%
787 landing gear sets	69	66	(4)%
A380 nacelles	56	21	(63)%
A330 thrust reversers	40	52	30%
A320neo nacelles	8	105	x13
A320 thrust reversers	272	263	(3)%
Small nacelles <i>(biz & regional jets)</i>	326	234	(28)%

Definition

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.

Discontinued operations

- ◆ Safran entered into exclusive negotiations with Advent International/Oberthur Technologies to sell Safran's identity and security activities (announced September 29, 2016). Following this decision, all the businesses comprising Safran's identity & security activities have been classified as "discontinued operations" at the end of September 2016, including detection activities which had been classified as assets and liabilities held for sale since the announcement on April 21, 2016 of the signing of an agreement for their sale to Smiths Group. The contribution of the I&S activities to Safran's financial statements is therefore presented separately from Safran's continuing operations: Propulsion, Aircraft Equipment, Defense and Holding & Others. Safran finalized the sale of its detection activities on April 7, 2017 and of its identity and security activities on May 31, 2017.