



ROADSHOW IN CANADA

October, 2019



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SUMMARY

SAFRAN AT A GLANCE

STRATEGIC ROADMAP

MID-TERM FINANCIAL TARGETS

H1 2019 RESULTS



SAFRAN AT A GLANCE

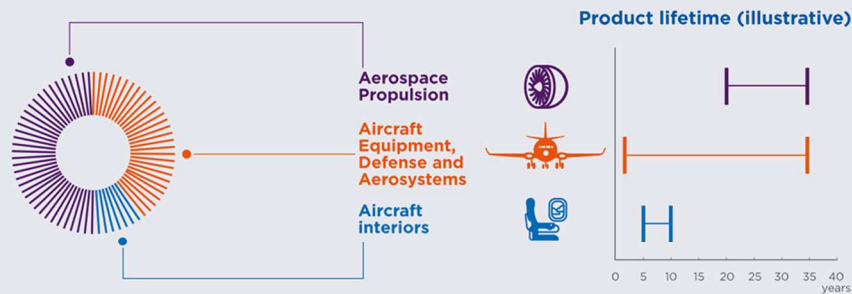
Safran at a glance

OUR BUSINESS MODEL SERVING OUR CUSTOMERS

OUR BUSINESS MODEL



A BALANCED BUSINESS PORTFOLIO



OUR STRENGTH: SIMULTANEOUSLY PREPARING THE SHORT- AND LONG-TERM

4 ASSETS

SUSTAINABLE INNOVATION	AGILITY
OPERATIONAL EXCELLENCE	RESPONSIBLE CONDUCT

An international Group of ~92,000, completely focused on Aerospace since Zodiac Aerospace acquisition in 2018

- 3rd WW Aerospace Group (excl. airframers)
- 2nd WW Aerospace Equipment supplier

3 activities:

- Aerospace Propulsion
- Aircraft Equipment, Defense & Aerosystems
- Aircraft Interiors

A very resilient business model, with Services generating ~46% of Revenue and different product lifetime

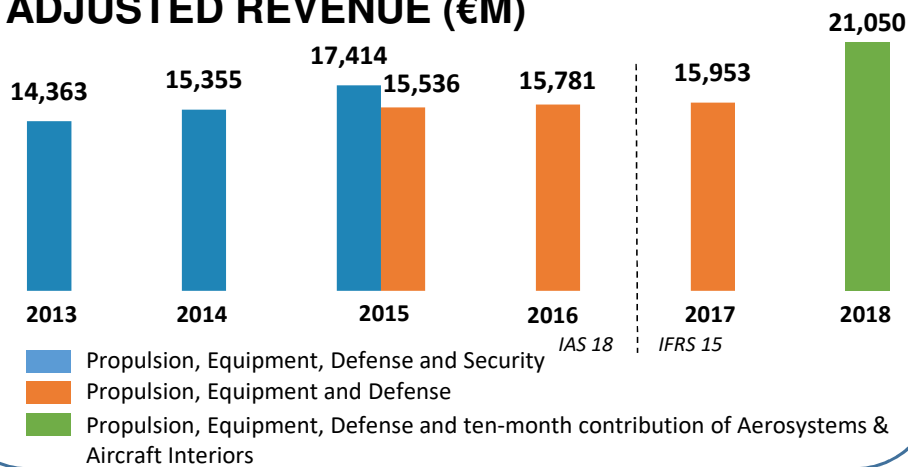
A clear ambition:

- Become the world's leading aircraft equipment supplier within the next 15 years

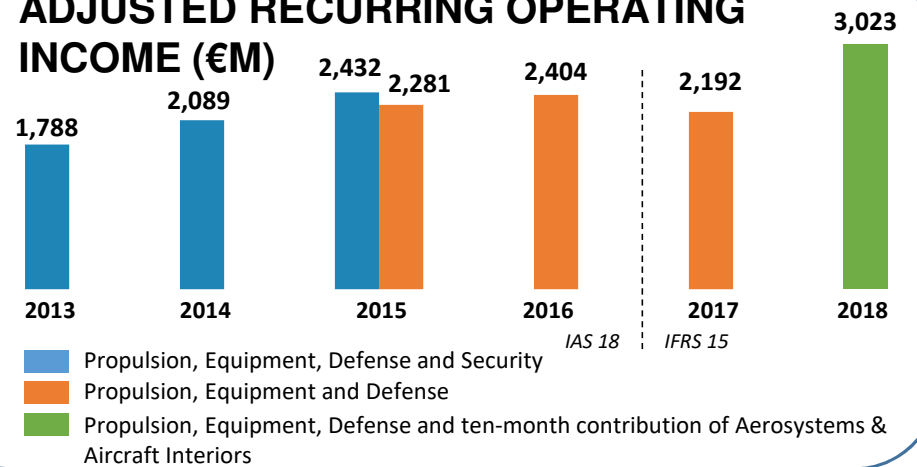
Key figures

FY 2017 restated for the application of IFRS 15
Aerosystems and Aircraft Interiors are fully consolidated in Safran's financial statements starting March 1, 2018

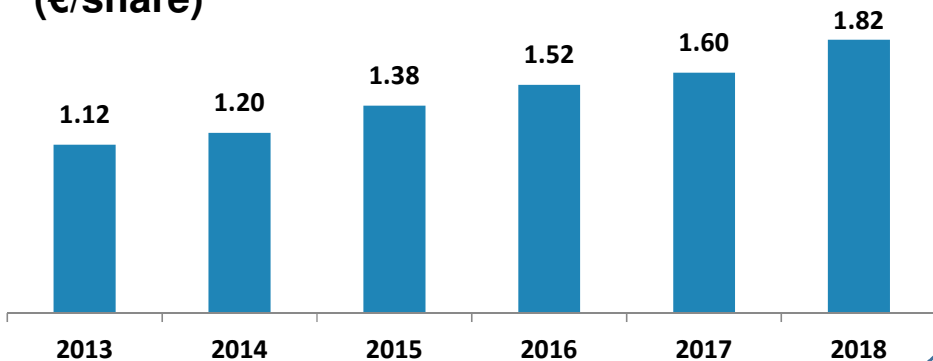
ADJUSTED REVENUE (€M)



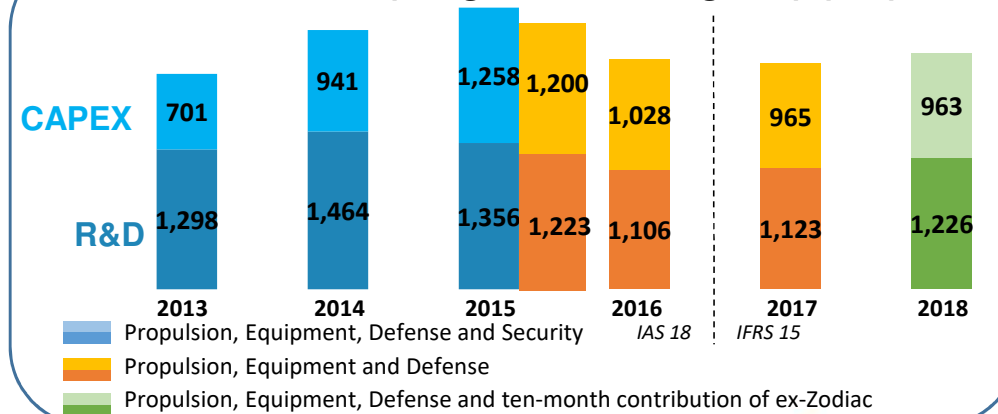
ADJUSTED RECURRING OPERATING INCOME (€M)



DIVIDEND (€/share)

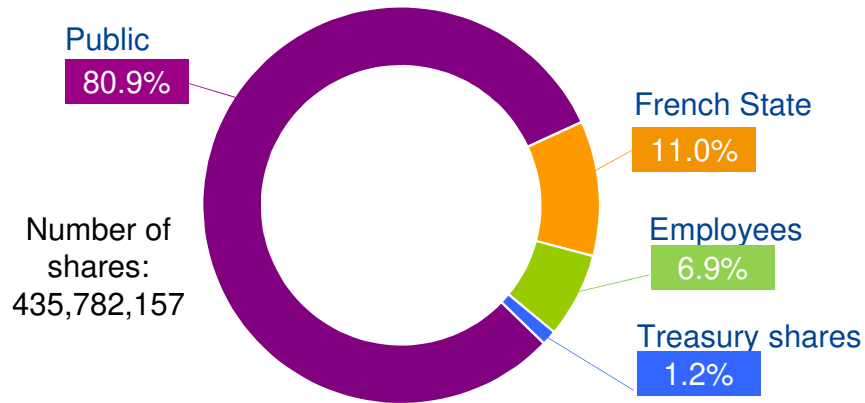


R&D + CAPEX (tangible + intangible) (€M)



Safran and the capital market

Equity as of June 30, 2019



Number of shares:
435,782,157

Share price
(2005-2019)



Institutional from USA and UK represent more than 70% of shareholding

Diversified institutional shareholding

- High foreign ownership (essentially US and UK)
- Biggest shareholders by aggregate: The Capital Group Companies, BlackRock, TCI, Lone Pine Capital, State Street, Amundi, Wellington, Egerton, CDC
- Institutional Shares by Investment Style: Growth (29%), Value (17%), Index (16%), Growth At Reasonable Price (GARP; 16%), Hedge Funds (14%), Others (8%)

Trust-based relationship with financial markets

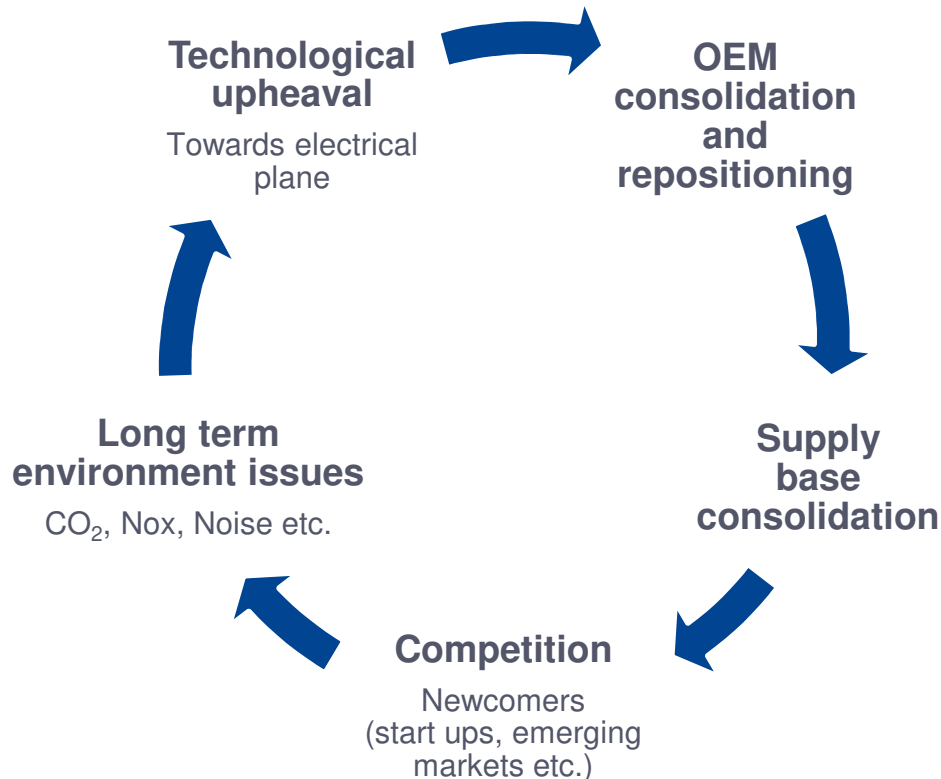
- Transparency
- Performance



STRATEGIC ORIENTATIONS

A changing industrial landscape

Rapid changes



Safran's responses

OEM partner of choice

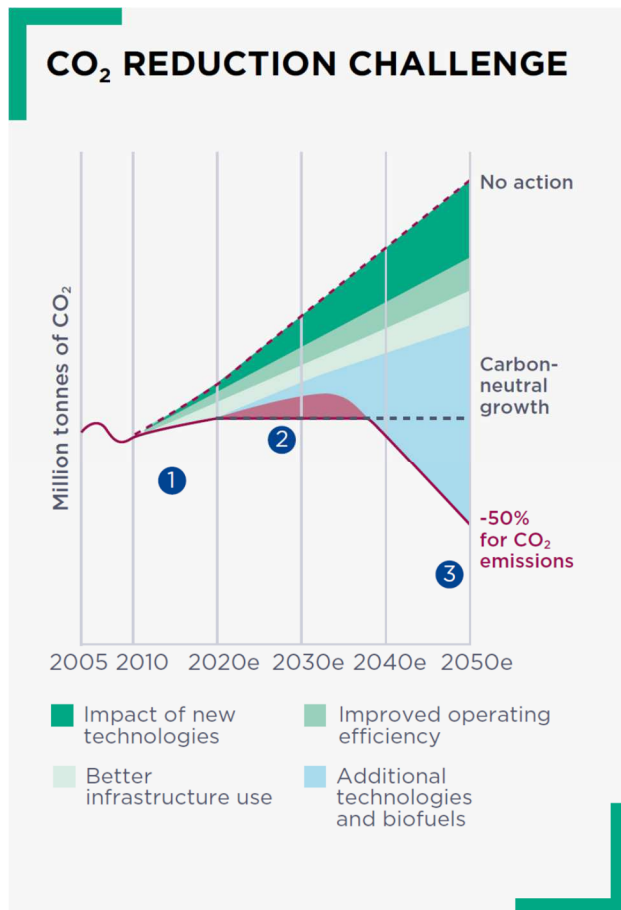
- Continued cost competitiveness (productivity, Low Cost Countries, etc.)
- Technological excellence and IP protection

Define the next Aerospace state of the art

- R&D
- Disruptive technologies
- Selected partnerships

► Confirming Leadership

Long term environment issues, major challenges...



Global aviation industry: ~2% of global CO₂ emissions

CORSIA agreement (2016) established challenging targets for the industry:

- Between 2009 and 2020, improving fleet fuel efficiency by 1.5% annually;
- From 2021 to 2035, capping net emissions at 2020 levels to ensure carbon-neutral growth;
- From 2050, target reduction in net aviation emissions of 50% relative to 2005 levels

Substantial part of the path remains to be documented

Tomorrow's success will depend on managing disruptive innovation and technological excellence

▶ Investing today in disruptive technologies is key

... which are completely embedded in Safran R&T roadmap and strategy

+€600M

Of R&T in 2022, vs.
€317M in 2014

75%

of R&T focused on
environmental efficiency

3,000

R&T employees

1,200

PhD graduates in the
Group

+1,050

Initial patent requests
filed WW in 2018

Develop high-performance materials and processes

- Optimizing the propulsion fuel consumption
- Reducing the weight of aircraft engines or equipment

Optimize the aircraft energy chain

- Towards more electrical aircraft
- Adaptation of propulsion systems to alternative fuels, from bio-fuels to hydrogen or synthetic fuels

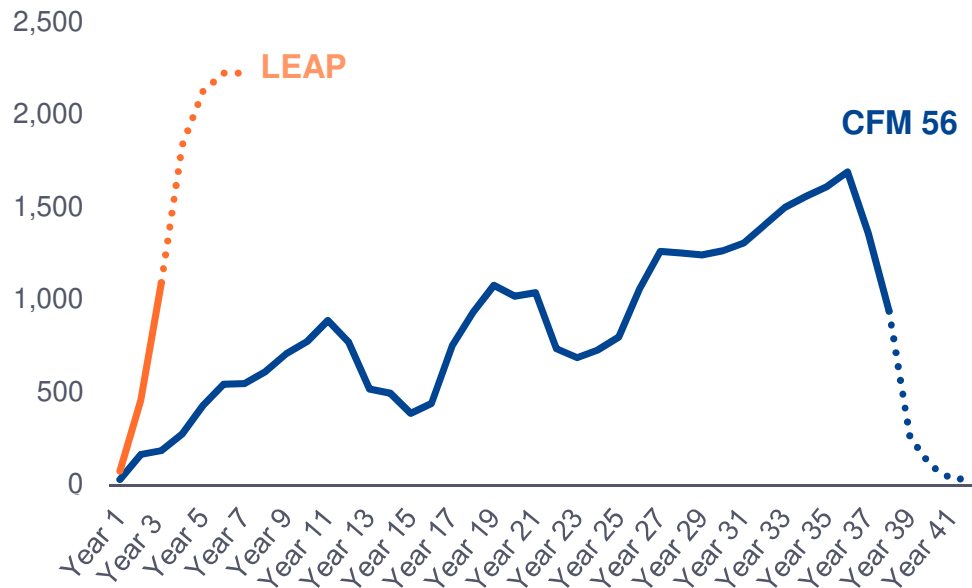
Work on disruptive technology in engine architecture and aircraft integration

- Working on VTOL demonstrators for short distance
- Developing hybrid propulsion solutions and electrical propulsion solutions (for regional aircraft)
- For the next generation of narrow bodies: several avenues are being explored, such as the Open Rotor concept

▶ **Aiming at developing the next Aerospace state of the art**

Propulsion OE – LEAP, the most challenging ramp-up in the Aerospace history

CFM engine deliveries p.a.



LEAP: an unparalleled and ground breaking ramp-up

Meeting all its technological targets: -15% CO₂ emissions, -50% noise and NO_x emissions

The customer's choice: 61% of market share in the A320 family (100% in the 737 MAX family)

Engine designed for reliability, matching CFM56 standards

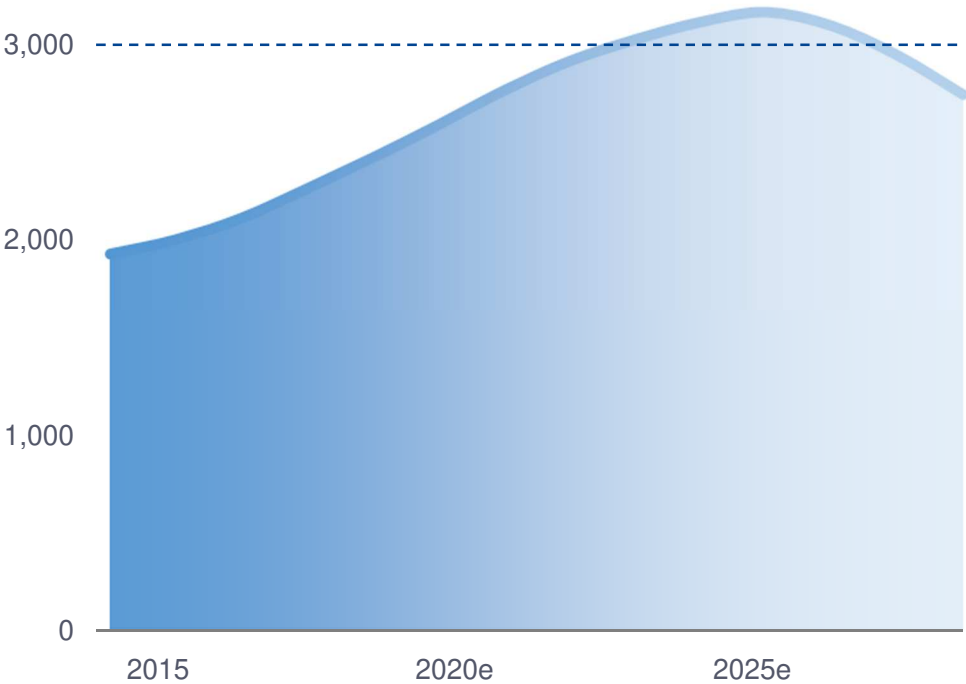
► Upside for our aftermarket perspectives beyond 2025

Note: « Year # » stands for the number of production years for each engine. For instance, after 5 years of production, ~600 CFM56 were delivered (in 1985) vs ~2,000+ LEAP (in 2020).

Propulsion Aftermarket - A large and young fleet of installed CFM56 engines

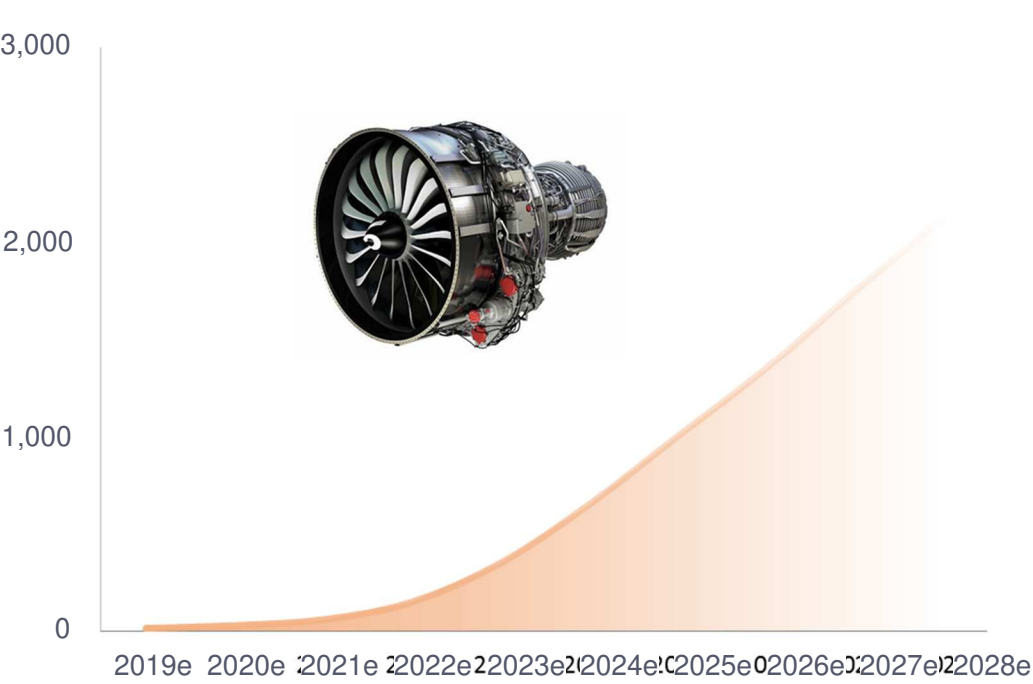
CFM56 -5B/-7B Worldwide shop visits

Source: CFM fleet data



▶ In 2018, 60% of CFM56 -5B/-7B had no shop visit

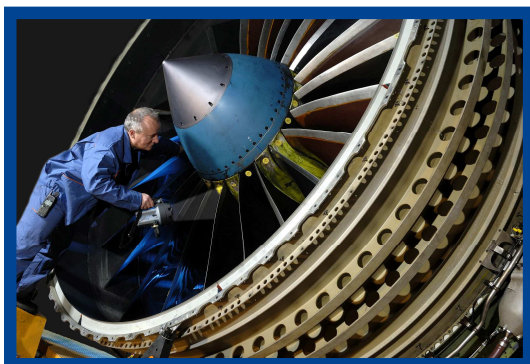
LEAP Worldwide shop visits



▶ Preparing for LEAP MRO ramp-up



Propulsion – supplying the full spectrum of propulsion technologies



Widebodies

- Risk and revenue sharing partner of GE
- CF6 (between 10% and 19.4%), GE90 (23.7%), GEnX (between 7.3% and 7.7%), GE9X (11.2%) etc.



Niche segments

- Regional aircraft: SaM146 engine (core)
- Bizjet: Silvercrest (full engine)



Helicopters

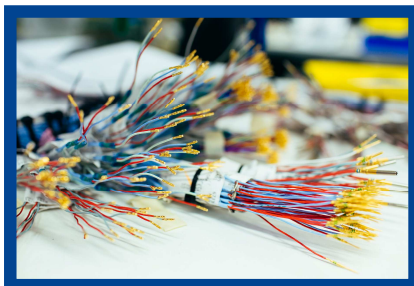
- #1 WW
- Objective to reach 50% of market share by 2025



Military

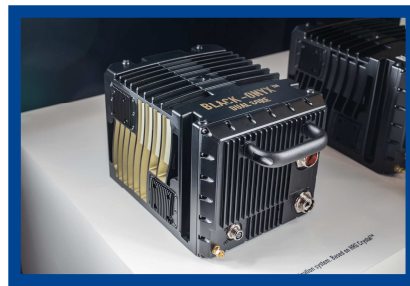
- M88 for Rafale (full engine)
- Participation to TP400 turboprop for A400M
- Preparing the Future Combat Aircraft with European partners

Aircraft Equipment, Defense and Aerosystems – a comprehensive offering and leadership positions in almost all business segments



Electrical & Power

- #1 WW for wiring
- #2 WW for power generation
- #2 for electrical distribution systems
- #1 WW for primary distribution



Electronics & Defense

- #3 WW for inertial navigation systems
- #1 European for optronics
- #1 European for tactical drones



Nacelles

- #2 WW



Aerosystems

- #1 WW for evacuation slides
- #1 WW for oxygen systems



Landing systems

- #1 WW for landing gear
- #1 WW for wheels and carbon brakes (100+ seater aircraft)

Aircraft Interiors – a new business with upcoming growth opportunities



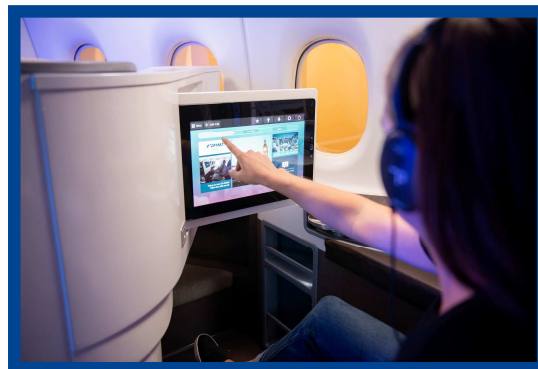
Seats

- #1 WW with 30% market share for commercial aircraft passenger seats



Cabins

- #1 WW for galleys, lateral partition panels, carts, containers and cabin interiors for regional and business aviation (22% of market share)



Passenger solutions

- #1 WW for onboard water and waste management systems
- #3 WW for In-Flight Entertainment

Strategy wrap-up (1/2): Safran is well-positioned for success

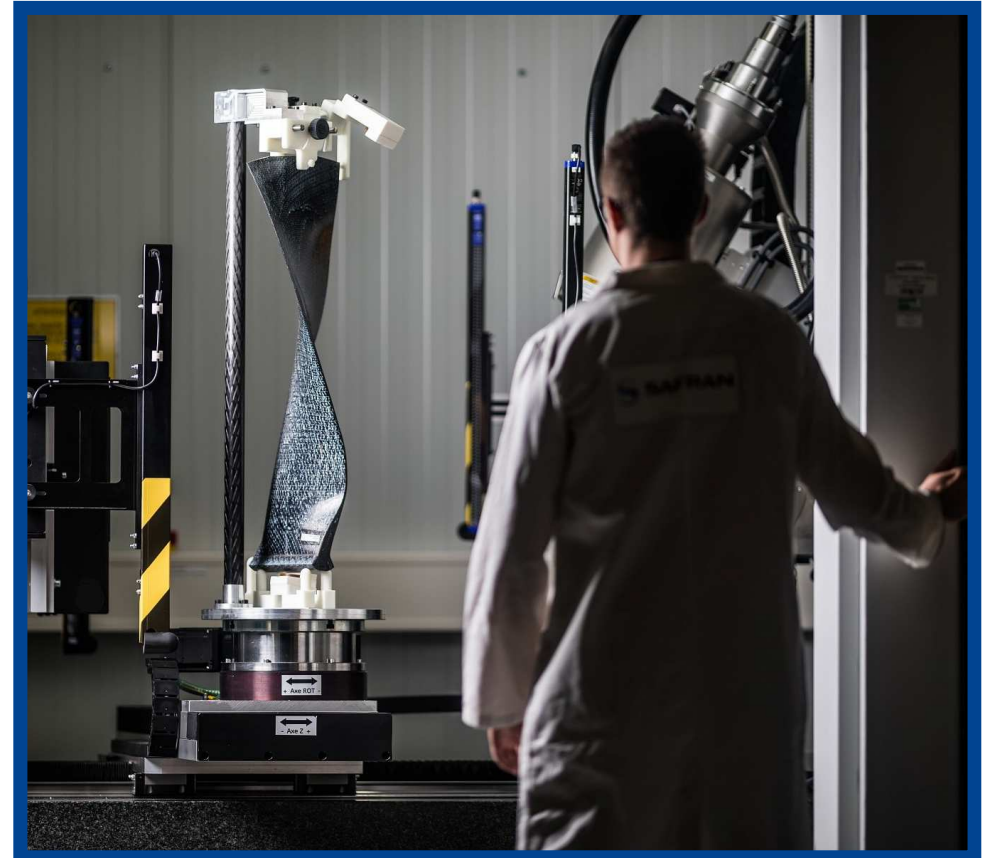
**WE HAVE THE KNOW-HOW
AND OPERATIONAL EXCELLENCE**

**WE HAVE
A BALANCED AND WINNING PORTFOLIO**

WE HAVE TALENTED PEOPLE

**WE HAVE A CLEAR ROADMAP
FOR THE NEXT 15 YEARS**

- ▶ **New ambitions ahead: leading the industry and preparing the next decades of the Aerospace and Defense industry**



Strategy wrap-up (2/2): a clear road map

- ▶ **Complete the LEAP success story with best-in-class OE and aftermarket, in cooperation with our partner GE Aviation**
- ▶ **Successfully integrate Zodiac Aerospace and deliver planned synergies**
- ▶ **Invest in technologies to bolster our key-leading position as a full-fledged civil & military engine manufacturer and to become #1 WW Aerospace Equipment supplier in the next 15 years**



FINANCIAL ORIENTATIONS

Summary: our financial guidelines for the Group

Strong organic growth, further growth in profitability and cash generation:

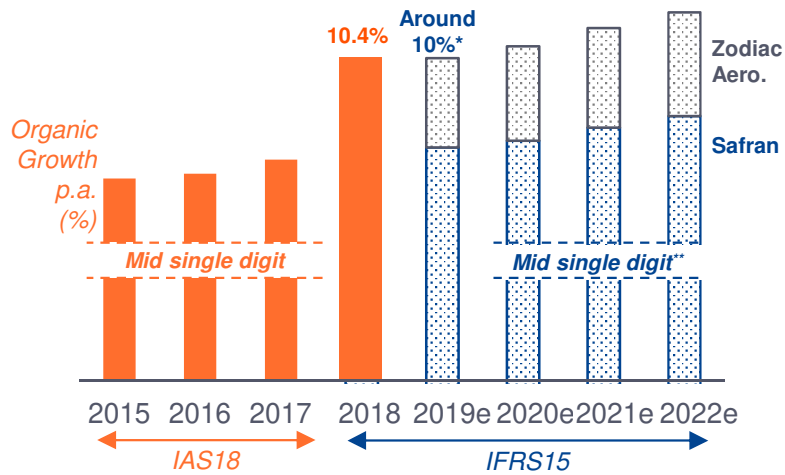
- Mid-single digit revenue growth over 2019-2022 with civil aftermarket growing on average at high-single digit
- Recurring Operating Margin trending to a 16%-18% range by 2022
- Former Zodiac Aerospace divisions recovery and €250M cost synergies confirmed
- Strong cash generation driven by an EBITDA increase of 50% between 2018 and 2022: EBIT to Free Cash Flow conversion above 50% each year and trending above 60% in 2022

Balanced and disciplined capital allocation:

- Increase in self-funded R&D and investments to fuel future growth
- Increase returns to shareholders:
 - Execution of the entire €2.3bn share buyback program by year end 2019;
 - The Board of Directors will review the practice in 2020 in order to ensure growing and attractive equity return for shareholders, incl. the opportunity to launch a new share buyback program of €700M

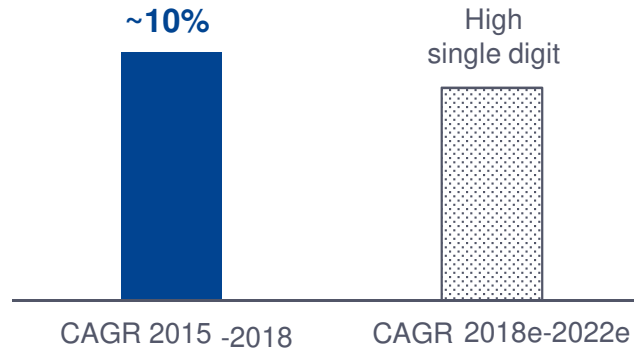
Growth

Adjusted Revenue (€m) and Organic Growth (%)

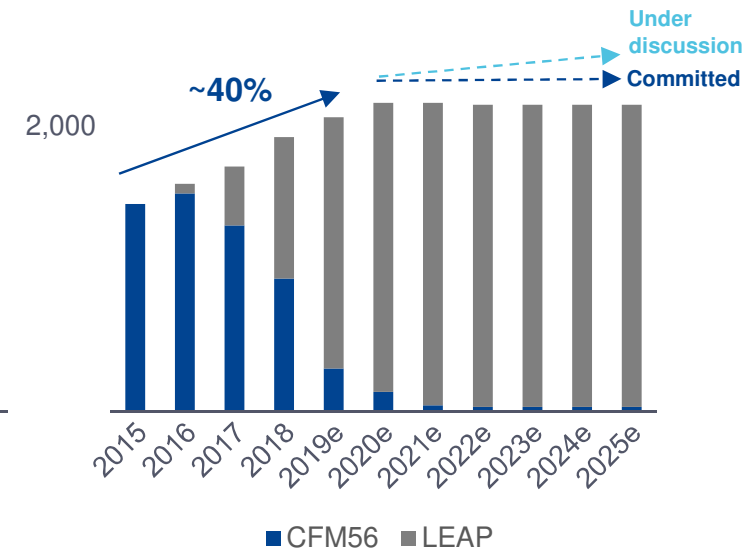


Note: Excluding Zodiac Aerospace for FY15, FY16 and FY17 published and restated; Previous accounting standards for FY15, FY16 and FY17 published
 * At an estimated average spot rate of USD 1.13 to the Euro in 2019 and based on our assumption for LEAP-1B deliveries
 ** At an estimated average spot rate of USD 1.25 between 2019-2022

Civil Aftermarket Revenue (Growth in \$)



CFM engines deliveries

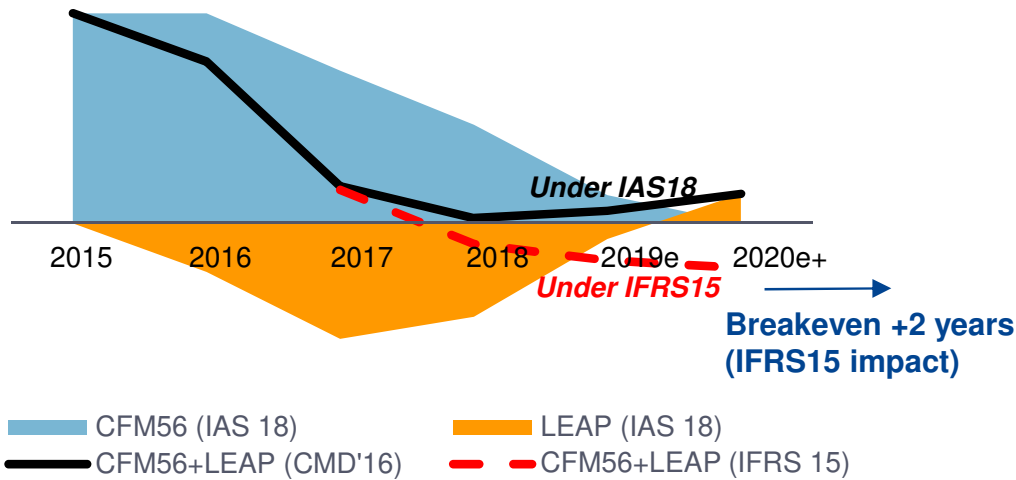


► All businesses are growing

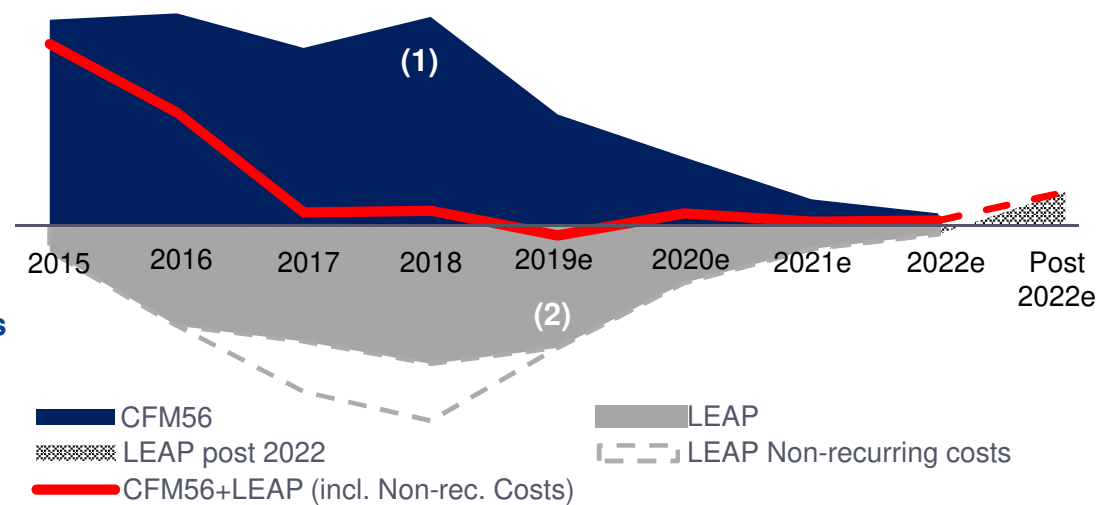
The CFM56-LEAP transition

CFM56 / LEAP Original Equipment (OE) contribution

Impact of IFRS15 on transition profile planned (CMD'16)



CMD'18



In IAS18, Gross Margin LEAP OE breakeven planned at the end of the decade

In IFRS15, Gross Margin LEAP OE breakeven planned after 2020:

- Guarantees are deducted from Revenues
- Gross Margin is calculated with specific prices for OE/spare engines

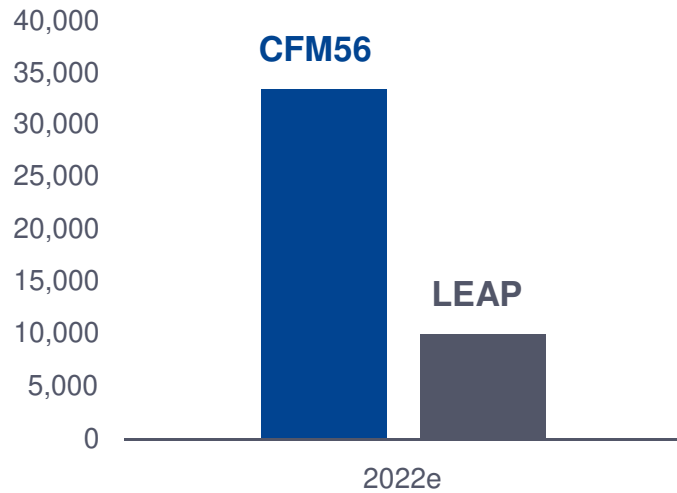
(1) More CFM56 sold at a better price: positive impact of the CFM56 lasting longer than expected + positive product-mix

(2) LEAP cost reduction trajectory in line with initial ambition

► Transition impact better than initially anticipated

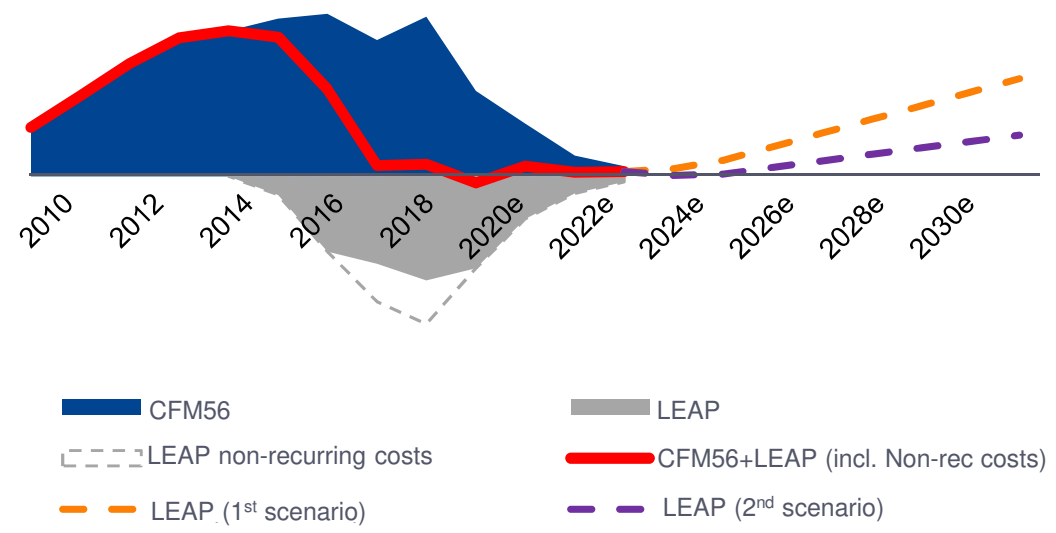
CFM56 / LEAP transition: what's next?

Cumulative number of engine deliveries



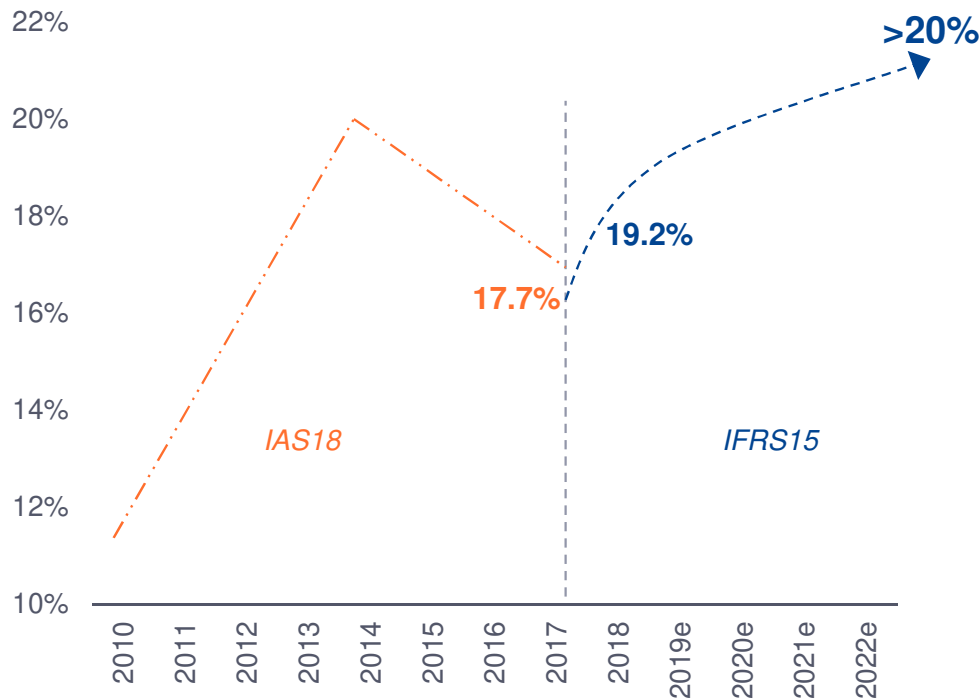
Illustrative impact of price and cost evolution

CFM56 / LEAP OE contribution to Gross Margin



2018-2022 ambition for Propulsion

Propulsion Recurring Operating Margin

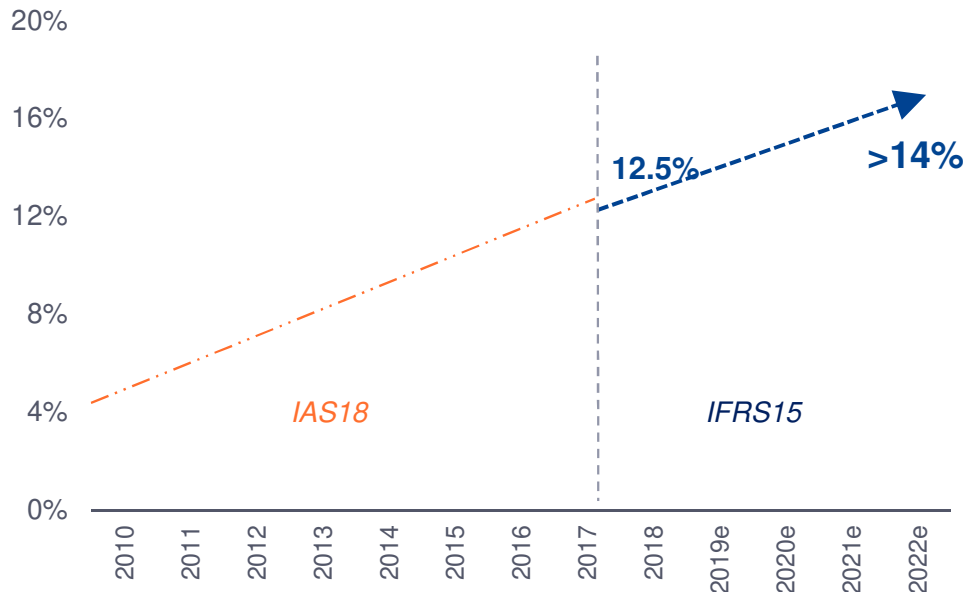


Assumptions

- Civil Aftermarket growth**
- Completion of the CFM56 / LEAP transition**
- Narrowbody production rate as committed to airframers**
- RTDI: increased impact on P&L (headwind)**
- Helicopters: recovery over the period**

Equipment, Defense and Aerosystems / 2018-2022 ambition

Equipment, Defense & Aerosystems Recurring Operating Margin



Assumptions

Service Revenue Growth

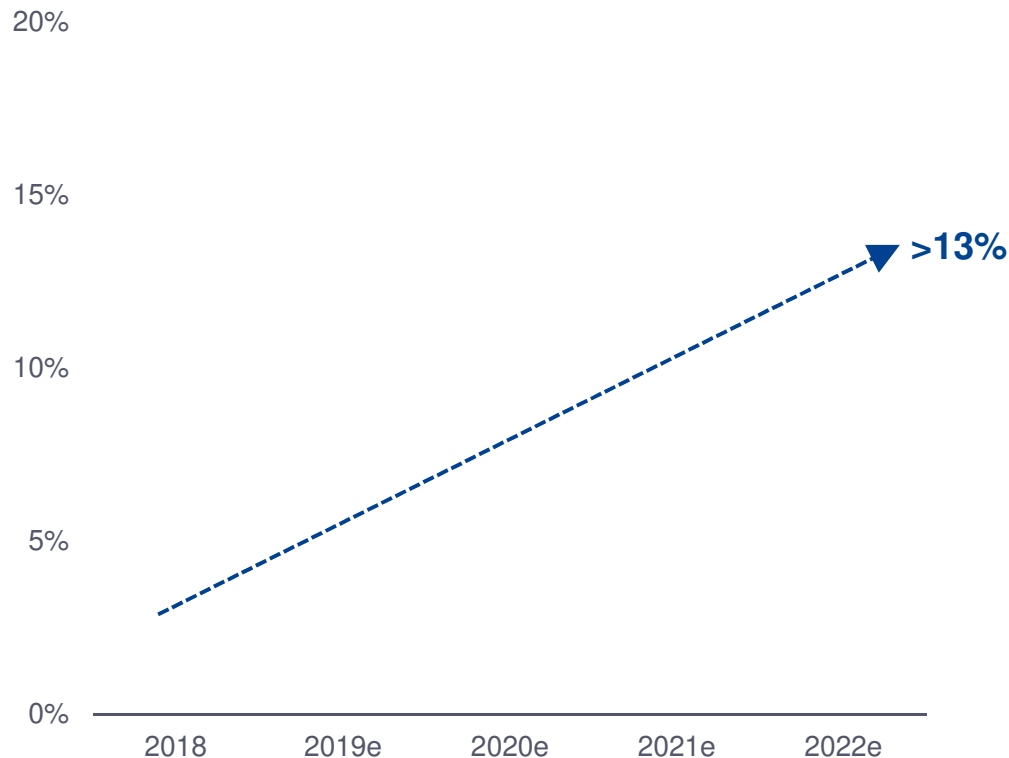
Cost reductions

Executing on contracts win

Cost synergies thanks to complementary portfolio brought by Aerosystems

Aircraft Interiors/ 2018-2022 ambition

Aircraft Interiors Recurring Operating Margin

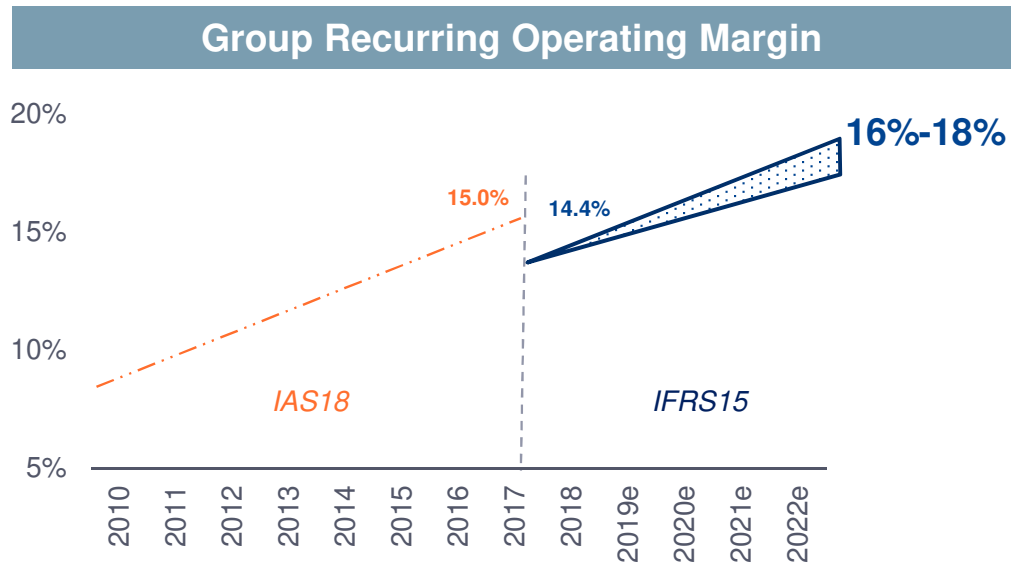


Assumptions

Confirmation of Aircraft Interiors recovery by 2022

- Mid-single digit Revenue growth p.a.
- Current operating margin up to 13% in 2022

2018-2022 adjusted operating margin growth



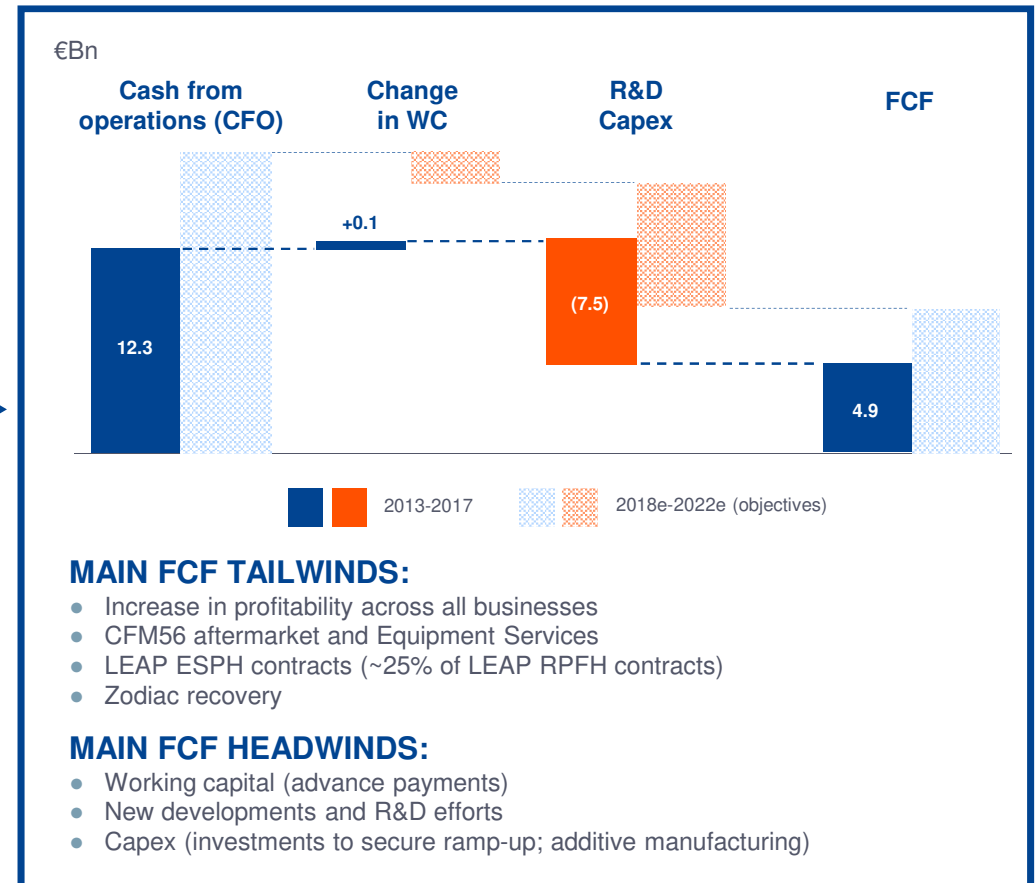
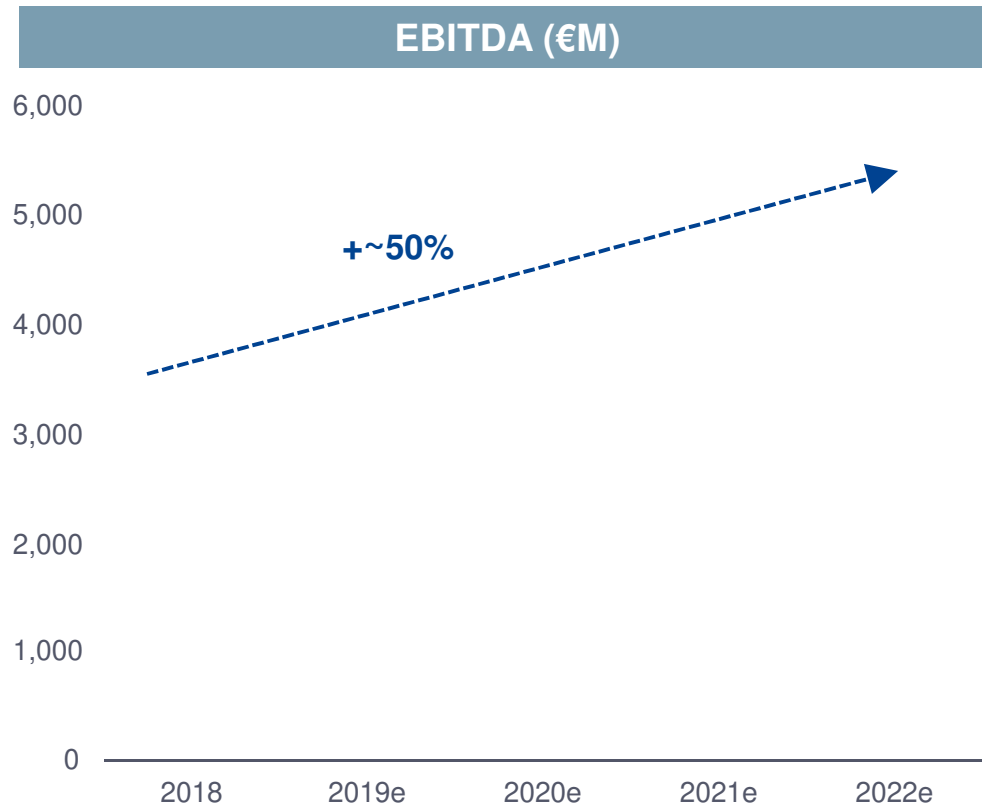
Opportunities:

- LEAP OE Gross Margin and LEAP Services Margins
- Civil Aftermarket trend
- Euro / Dollar hedge rate

Risks:

- LEAP ramp-up execution
- Aircraft Interiors recovery
- World Economy

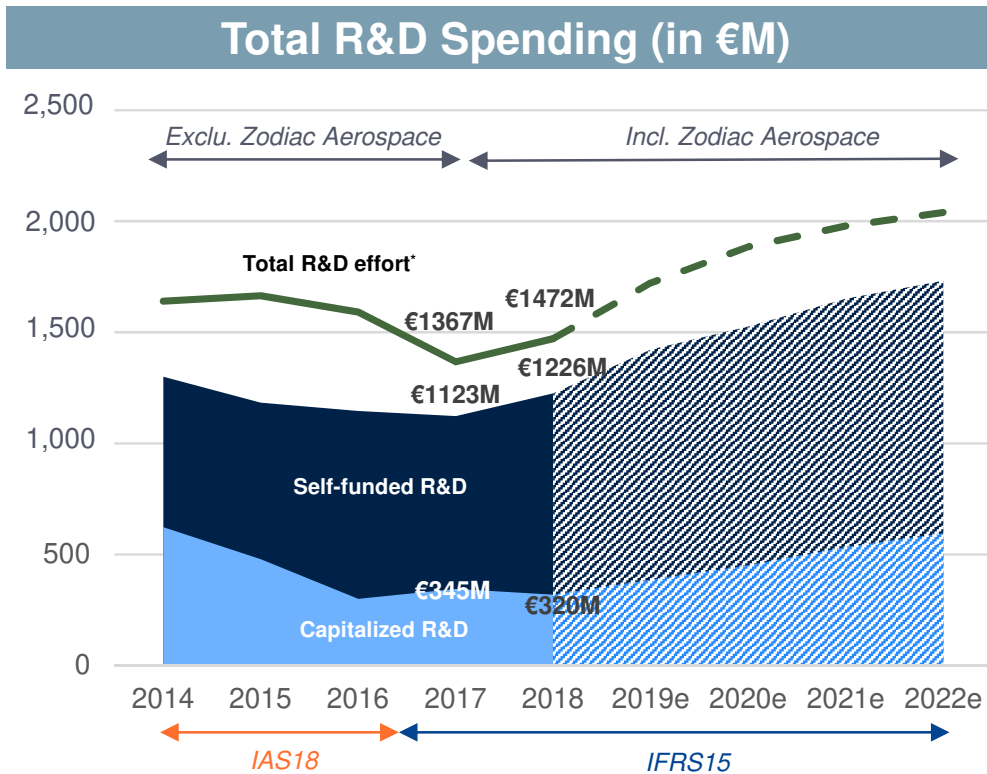
2018-2022 strong cash flows from operations projected at CMD 2018; as a consequence of the 737 MAX grounding, the EBITDA increase should be less linear



Note: at a hedged rate of 1.18 and at a spot rate of 1.25 over the period 2019-2022

Note: ESPH= Engine Service Per Hour; RPFH= Rate Per Flight Hour

Focus on R&D: new cycle ahead



From 2018, new cycle of R&D spending:

- Assumption: NMA launched
- Catch up on Zodiac

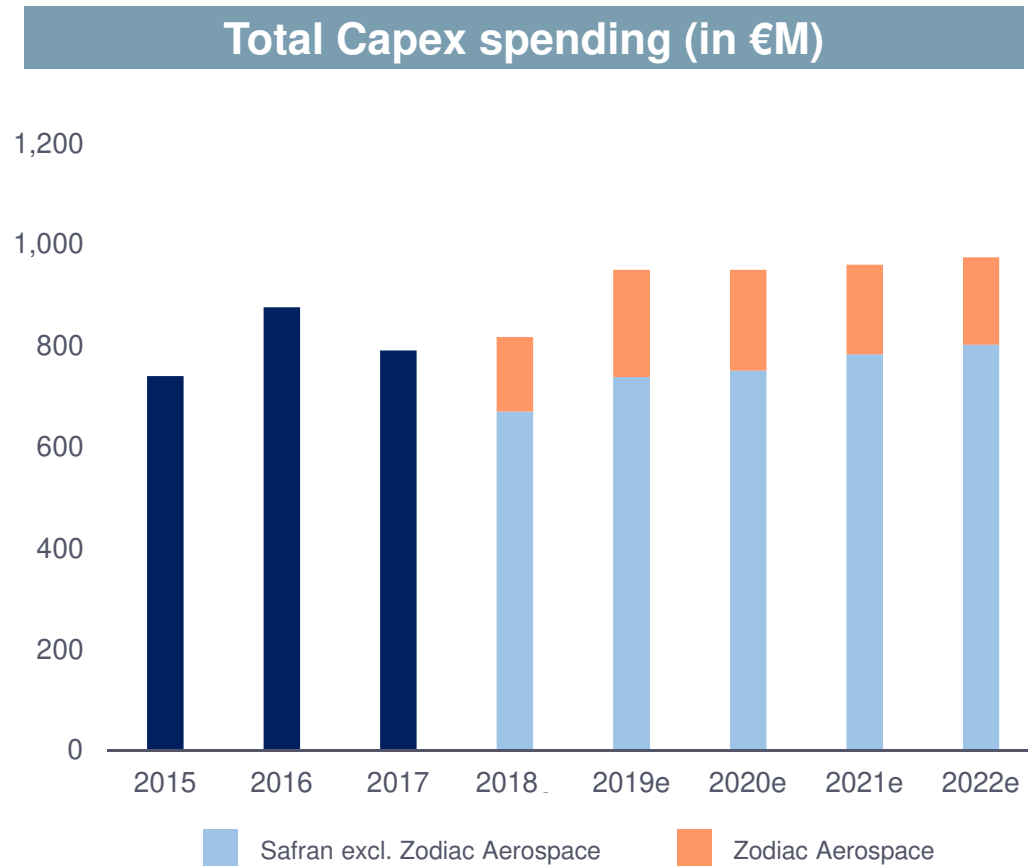
**Increased self-funded R&T:
from €460M in 2018 to ~€600M in 2022**

**Self-funded R&D spending between
6% and 7% of sales over 2018-2022**

Note: Restated figures for 2014-2016 (exclusion of Space and Security)

* Total R&D effort includes R&D sold to third parties, self-funded R&D and capitalized R&D

Focus on Capex



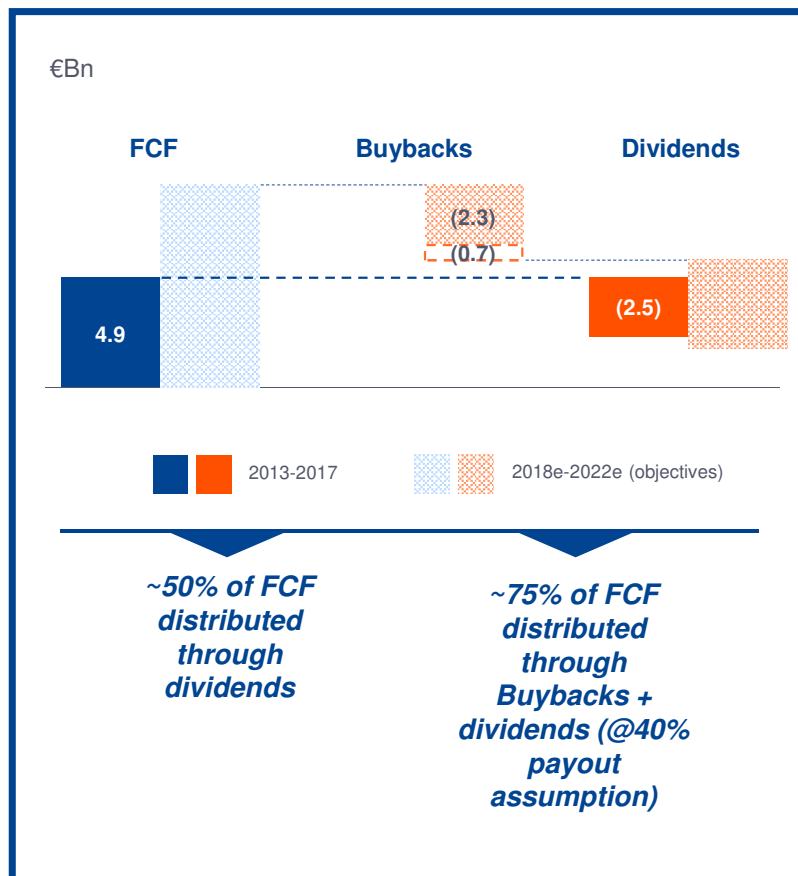
**MRO network development
for LEAP**

**Accelerated development
of additive manufacturing**

Catch up on Zodiac

**Total Capex spending around 4%
of sales over 2018-2022**

Increased cash returns by 2018-2022



More dividends driven by higher results

Over 50% of the €2.3bn buyback program already executed, with €1.1bn to go in the next 12/18 months

- €522M through 2 buyback tranches announced on March 27th and June 29th
- Repurchase of the outstanding convertible bonds (OCEANEs) due Dec 31st, 2020. Treasury shares acquired in 2016 and 2017 to cover exchangeable debt securities reassigned to the €2.3bn share buyback program (6.25 million shares for a total value of €702M)
- New price limit set at the Nov. 27th AGM at €140 / share

Intention to increase the share buyback program by another €700M (to avoid potential dilution of June 2023 OCEANEs)

- ▶ The Board of Directors will review the practice in 2020 in order to ensure growing and attractive equity return for shareholders
- ▶ Over 75% of cumulated FCF to be returned to shareholders over 2018-2022 through buyback, existing dividend practice and a new possible buyback program



H1 2019 RESULTS

H1 2019 overview

Operations

Strong sales organic growth

CFM56-LEAP transition on track. New orders and commitments for more than 1,150 LEAP engines, along with long-term services agreement, announced during 2019 Paris Air Show

Reorganization of the Equipment businesses, reflecting ex-Zodiac Aerospace integration

Finance

Significant increase in profitability across all divisions

2019 outlook raised for revenue and recurring operating income. Updated FCF conversion rate based on an assumption of return to service for Boeing 737MAX in Q4

New strategic partnerships

Safran and MTU Aero Engines join forces for the next-generation European fighter engine

Daher, Airbus and Safran team-up to develop EcoPulse™, a distributed hybrid propulsion aircraft demonstrator



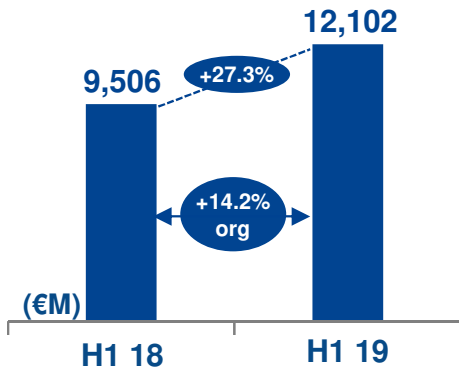
LEAP-1A at Paris Air Show



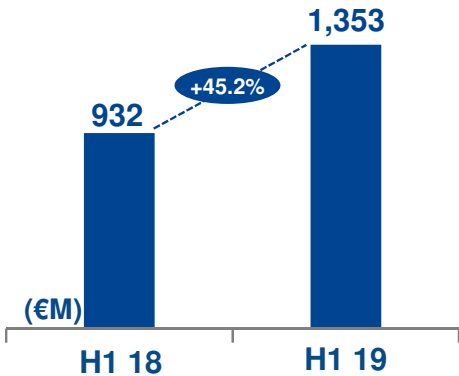
Next-generation European fighter

H1 2019 financial highlights

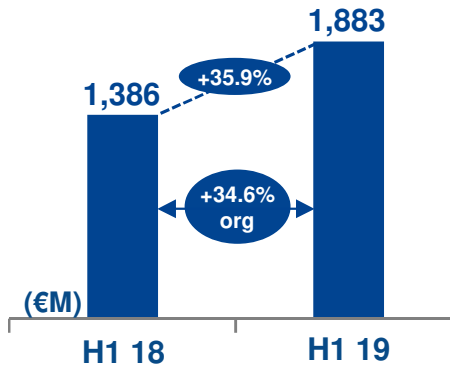
Adjusted revenue⁽¹⁾ growth of 27.3%
Strong organic growth of 14.2%



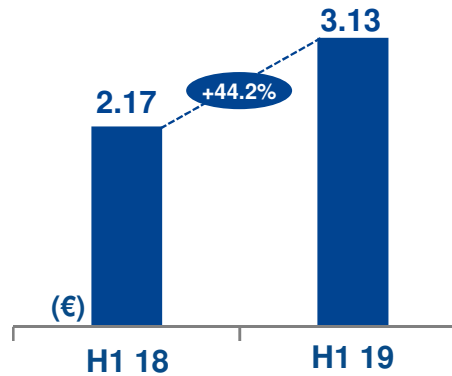
Adjusted net profit⁽¹⁾ (group share)



Adjusted recurring operating income⁽¹⁾ growth of 35.9%

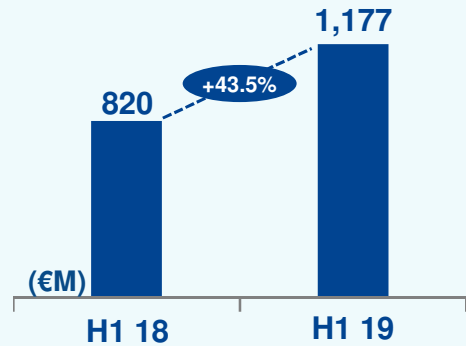


Basic earnings per share (group share)

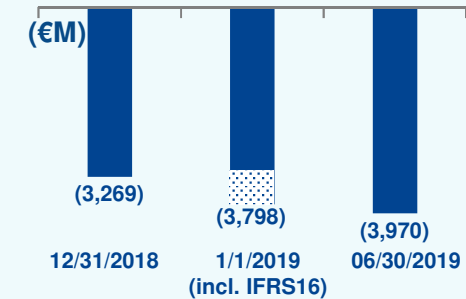


(1) See slide 14 for bridge with consolidated figures
To be noted: Safran H1 2018 earnings includes four months of earnings from Aerosystems and Aircraft Interiors

Strong free cash flow generation at €1,177M



Net debt position



H1 2019 income statement

<i>(In €M)</i>	H1 2018	H1 2019
Revenue	9,506	12,102
Other recurring operating income and expenses	(8,202)	(10,303)
Share in profit from joint ventures	82	84
Recurring operating income	1,386	1,883
<i>% of revenue</i>	14.6%	15.6%
Total one-off items	(26)	32
Profit from operations	1,360	1,915
<i>% of revenue</i>	14.3%	15.8%
Net financial income (expense)	(114)	(32)
Income tax expense	(272)	(496)
Profit for the period	974	1,387
Profit for the period attributable to non-controlling interests	(42)	(34)
Profit attributable to owners of the parent	932	1,353
EPS (basic in €)	2.17*	3.13**
EPS (diluted in €)	2.11***	3.09****

Mainly capital gains on a building disposal

Of which cost of debt of €(21)M

Apparent tax rate of 26.3%

* Based on the weighted average number of shares of 428,935,570 as of June 30, 2018

** Based on the weighted average number of shares of 432,218,259 as of June 30, 2019

*** Based on the weighted average number of shares after dilution of 441,222,853 as of June 30, 2018

**** Based on the weighted average number of shares after dilution of 437,834,002 as of June 30, 2019

H1 2019 results by activity

<i>(In €M)</i>	H1 2019	Aerospace Propulsion	Aircraft Equipment, Defense & Aerosystems	Aircraft Interiors	Holding & others
Revenue	12,102	5,902	4,553	1,640	7
<i>Year-over-year growth in %</i>	<i>27.3%</i>	<i>22.8%</i>	<i>22.7%</i>	<i>67.3%</i>	<i>na</i>
<i>Year-over-year organic growth in %</i>	<i>14.2%</i>	<i>19.0%</i>	<i>8.6%</i>	<i>11.9%</i>	<i>na</i>
Recurring operating income	1,883	1,227	588	85	(17)
<i>as a % of revenue</i>	<i>15.6%</i>	<i>20.8%</i>	<i>12.9%</i>	<i>5.2%</i>	<i>na</i>
<i>Recurring operating margin variation (vs H1 2018)</i>	<i>+1.0pt</i>	<i>+1.8pt</i>	<i>+1.0pt</i>	<i>+1.9pt</i>	<i>na</i>

H1 2019 Free Cash Flow

<i>(in €M)</i>	H1 2018	H1 2019
Recurring operating income	1,386	1,883
One-off items	(26)	32
Amortization, provisions and depreciation (excl. financial)	449	517
EBITDA	1,809	2,432
Income tax and non cash items	(90)	162
Cash from operating activities before change in WC	1,719	2,594
Change in WC	(299)	(863)
Cash from operating activities after change in WC	1,420	1,731
Capex (tangible assets)	(387)	(332)
Capex (intangible assets)*	(213)	(222)
Free cash flow	820	1,177

Of which

- Amortization €513M
- Provisions €(17)M
- Depreciation €21M

34% increase in EBITDA, driven by strong organic growth and margin improvements in all businesses

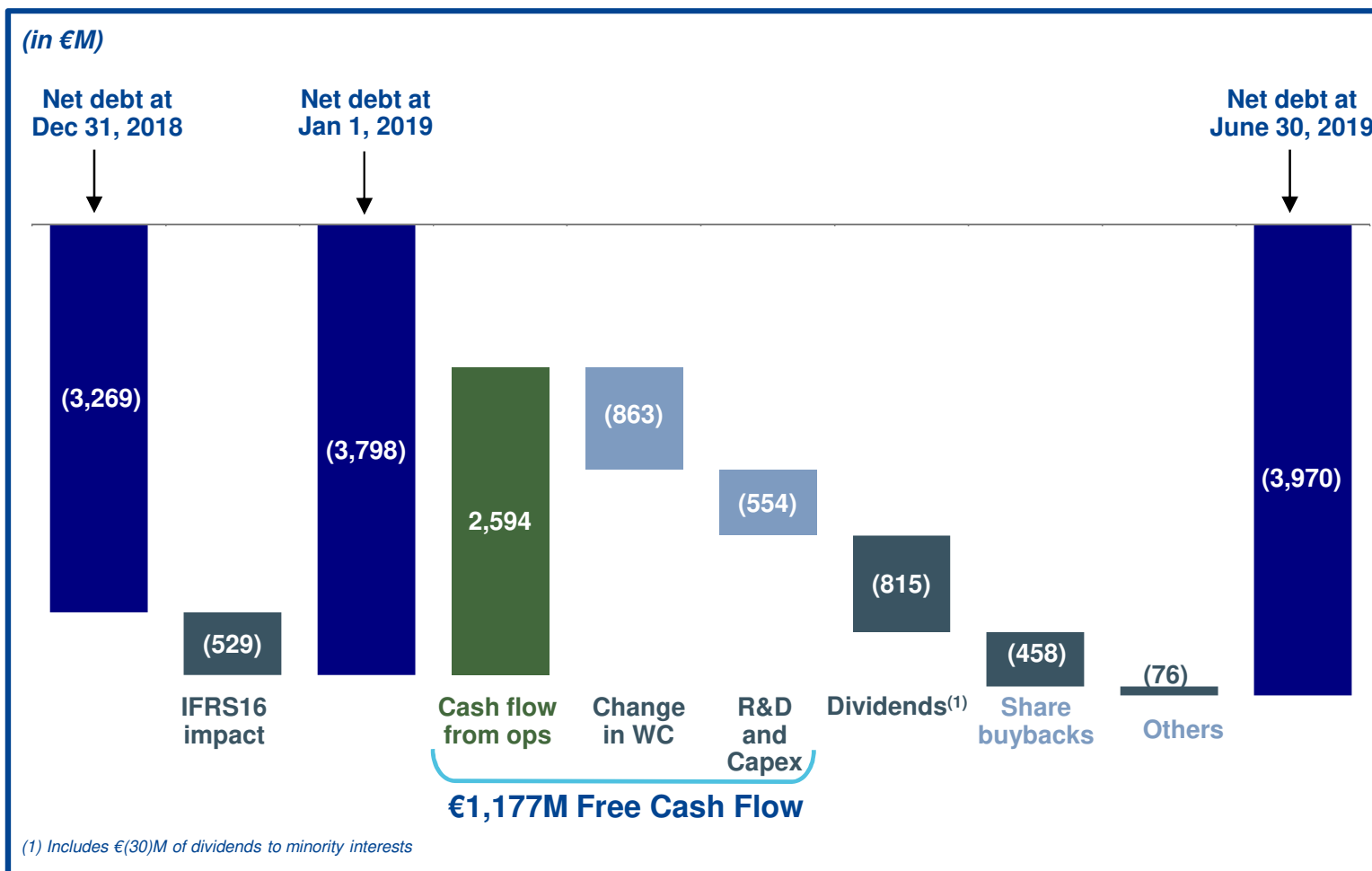
Including H1 2019 regularisations on tax paid in H2 2018 in France

Increase of working capital requirements in the context of the ramp-up of new programs

Stability of Capex spendings; exceptional cash-in from the disposal of a building

* Of which €139M capitalised R&D in H1 2018 vs €152M capitalised in H1 2019

Net debt position



IFRS16 impact

- > €(529)M of liabilities in net debt position, corresponding to the value of the rents still to be paid

2018 dividend of €1.82 per share to parent holders

- > €785M entirely paid in May 2019

Share buybacks

- > Repurchased a total amount of €458M worth of shares during H1 2019
- > Between July 1st, and August 30, 2019, execution of a new tranche of €400M worth of shares
- > To date, the 2017 program is executed for a total of €2.08bn (a 90% completion rate)

2019 key assumptions adjusted

2019 outlook is established considering the full application of the new IFRS16 standard. As reminder IFRS16 main impacts are:

- Euro (529) million impact of liabilities that are included in net debt position and that represent discounted future lease payments on the 2019 opening balance sheet;*
- Euro 47 million impact on cash from operations in H1 2019 and Euro (47) million impact on cash from financing activities in H1 2019.*

2019 outlook is based notably on the following assumptions:

- **Increase in aerospace OE deliveries and notably of military engines;**
- **Civil aftermarket growth around 10% (previously in the high single digits);**
- **Transition CFM56 – LEAP: overall negative impact on Propulsion adjusted recurring operating income variation in the range Euro 50 to 100 million:**
 - Lower CFM56 OE volumes;
 - Negative margin on LEAP deliveries.
- **Aircraft Interiors: 2019 to show stronger organic revenue growth. Continuing improvement of recurring operating income margin;**
- **Increase of R&D expenses in the range of Euro 150 to 200 million. Negative impact on recurring operating income after activation and amortisation of capitalized R&D;**
- **Increase in tangible investments.**

FY 2019 guidance revised upwards for revenue and recurring operating income; FCF refined in a context of uncertainty

2019 guidance is established considering the full application of the new IFRS16 standard and is based on continuing operations (Aerospace propulsion; Aircraft Equipment, Defense & Aerosystems; Aircraft Interiors ; Holding & Others) at the Group's scope as of January 1, 2019.

Safran raises its FY 2019 revenue and recurring operating income outlook:

- At an estimated average spot rate of \$1.13 to the Euro in 2019, **adjusted revenue is expected to grow by around 15% in 2019** compared with 2018 (*previously in the range 7% to 9%*). **On an organic basis, based on our assumption for LEAP-1B deliveries to Boeing, adjusted revenue is expected to grow by around 10% (previously by around 5%)**.
- **Adjusted recurring operating income is expected to grow comfortably above 20% (previously in the low teens)** at a hedged rate of USD 1.18 to the Euro.

Safran refines its free cash flow outlook:

- From June 30, 2019, Safran revises the **free cash flow impact of the Boeing 737MAX situation to approximately €(300)M per quarter** to reflect the decrease of pre-payments for future deliveries.
- Based on an assumption of return to service for Boeing 737MAX in Q4 2019, **free cash flow is expected to be in the range 50% to 55% of adjusted recurring operating income (previously around 55%)** as recurring operating income outlook is raised.
- In case of a grounding of the Boeing 737MAX until the end of 2019, free cash flow to adjusted recurring operating income should be below 50%. Current Boeing 737Max grounding's impact on Safran free cash flow and any extension in 2019 is a deferral in cash collection and should reverse in the following quarters.



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