

FIRST-QUARTER 2018 REVENUE



> 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 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 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

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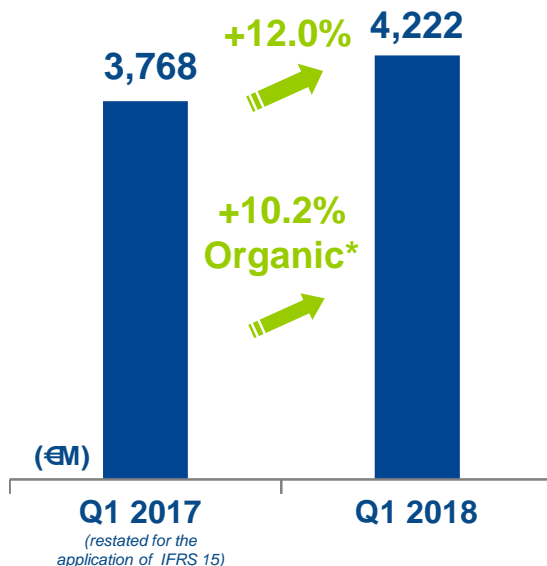


1

Q1 2018 HIGHLIGHTS

Philippe PETITCOLIN - CEO

Q1 2018 revenue highlights



Revenue growth of 12.0%, including the one-month contribution from Zodiac Aerospace

- ◆ Zodiac Aerospace is fully consolidated starting March 1, 2018, and contributed €369M to Q1 2018 revenue
- ◆ At constant scope (excluding Zodiac Aerospace's contribution), revenue grew 2.3%

Negative FX impact, notably due to the weakening of the USD

Organic growth of 10.2%, thanks to positive momentum in Propulsion, Aircraft Equipment and Defense

Strong start to the year
2018 guidance, at Group's scope as of January 1, 2018, confirmed

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

Update on CFM56 and LEAP programs

Executing on the transition in production from CFM56 to LEAP

- ◆ LEAP production ramp-up:
 - > 186 LEAP delivered in Q1 18, up from 81 engines in Q1 2017
 - > Targeting around 1,100 deliveries LEAP in 2018 and further cut in production cost
- ◆ CFM56 production ramp down:
 - > 312 CFM56 deliveries in Q1 2018, down from 345 in Q1 2017
 - > Sustained demand: around 1,000 CFM56 deliveries expected in 2018

LEAP-1A

- ◆ 169 aircraft in operations at 19 airlines with more than 780,000 flight hours accumulated to date
- ◆ Validation of Type Certificate by Chinese Agencies (CAAC) on March 30, 2018

LEAP-1B

- ◆ In operations at 23 airlines with more than 200,000 flight hours accumulated to date
- ◆ 737 MAX 9 entry into commercial service at Lion Air on March 5, 2018

LEAP-1C

- ◆ 66 hours of test flights to date

LEAP commercial success

- ◆ 827 orders and commitments received in Q1 2018
- ◆ Total backlog (orders and commitments) of 14,278 LEAP
- ◆ 59% market share on A320neo family at March 31, 2018



LEAP pulse line



LEAP module fan

Q1 2018 business highlights

16.4% growth for civil aftermarket (USD) in Q1 2018, mainly driven by CFM56

- ◆ Growing spare parts sales to airlines' customers in Q1 2018
- ◆ Strong seasonal increase in revenue recognition for service contracts in Q1 2018
- ◆ Confirmation of the high-single digits growth outlook for 2018 based on:
 - > A positive momentum in spare parts sales, which make up most of the civil aftermarket
 - > A contribution of service contracts expected to be similar to 2017

Qatar selected Safran as engine supplier of its new NH90 fleet

- ◆ The 28 NH90 military helicopters will all feature RTM322 engines

Signature of several carbon brakes contracts including:

- ◆ Flynas for 60 A320neo; ANA for 11 A320neo; Shandong for 34 Boeing 737 MAX

Electrical & Power: Safran will open a factory to manufacture electrical wiring interconnection systems based in Hyderabad, in the Indian state of Telangana.

Beginning of the share buyback program of €2.3Bn over 18-24 months

- ◆ Following the completion of the acquisition of Zodiac Aerospace, launch of an initial repurchase tranche of up to Euro 230 million. Several subsequent tranches will follow on to complete the program



Maintenance of CFM56 (Belgium)



NH90 of Airbus Helicopters

Integration of Zodiac Aerospace

In Q1 2018, completion of Zodiac Aerospace acquisition

- ◆ Zodiac Aerospace is now a Safran company, held at 97.67% of the capital and at least 96.61% of voting rights
- ◆ Zodiac Aerospace shares have been delisted with effect from March 23, 2018

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 integration in different capacities

Implementation of a detailed work plan on synergies. Safran maintains its target of €200m annual pre-tax run rate cost synergies of which around 90% should be achieved by 2020



The acquisition of Zodiac Aerospace should improve Safran's 2018 earnings per share by between 5% and 10%.

(on the basis of a Zodiac Aerospace contribution of 10 months in 2018 and the share repurchase program which started at the end of March)

2

Q1 2018 REVENUE

Bernard DELPIT – Group CFO



Adjusted data

All revenue figures in this presentation represent Adjusted¹ revenue, except where noted.

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,

Application of IFRS 15

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 in Appendix.

Consolidation of Zodiac Aerospace

Zodiac Aerospace is fully consolidated in Safran's financial statements starting March 1, 2018.

Safran Q1 2018 revenue includes one month of revenue from Zodiac Aerospace

Organic growth

Organic variations were determined by excluding the effect of changes in scope of consolidation (notably the one-month contribution of Zodiac Aerospace) and the impact of foreign currency variations.

¹ See annex for bridge with consolidated revenue

Foreign exchange effects

Translation effect: foreign currencies translated into €

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

Average spot rate

Q1 2017	Q1 2018
\$1.06	\$1.23

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

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

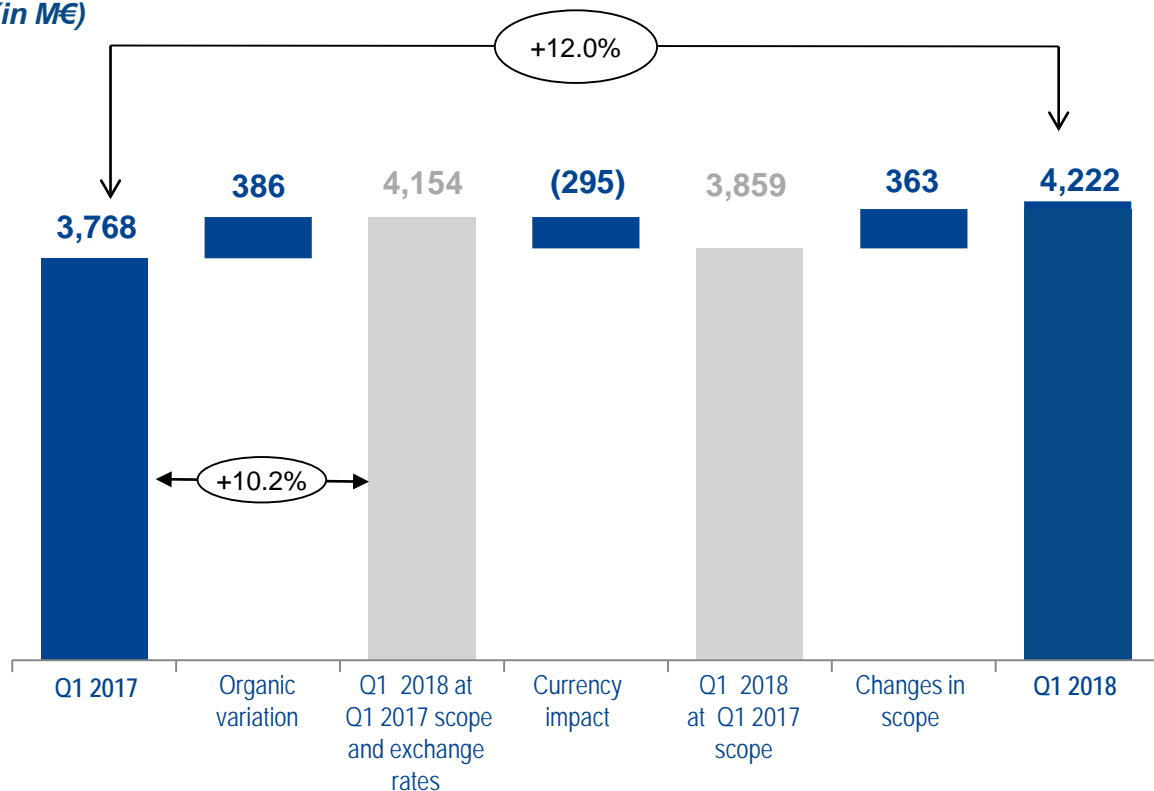
Hedge rate

Q1 2017	Q1 2018
\$1.21	\$1.18

**Negative translation effect on Q1 revenue from the adverse evolution of the €/ \$ spot rate
Hedging policy protects recurring operating income from adverse variations of the €/ \$ spot rate**

Q1 2018 revenue

(in M€)



Organic change: +10.2%

- ◆ Propulsion: +12.1% organic
- ◆ Aircraft Equipment: +6.6% organic
- ◆ Defense: +12.0% organic

Currency impact: (7.8)%

- ◆ Negative translation effect mainly from the weakening of the USD

Scope: +9.6%

- ◆ €369M related to the one-month contribution from Zodiac Aerospace to Q1 2018 revenue

Q1 2018 revenue by activity

Adjusted data (in Euro million)	Q1 2017	Q1 2018	Change reported	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	n/s	n/s
Safran	3,768	4,222	12.0%	10.2%

Growth drivers

◆ Aerospace Propulsion

- > Higher sales of narrowbody engines (498 deliveries compared with 426 in Q1 2017), driven by growing volumes of LEAP (186 deliveries compared with 81 in Q1 2017) and progressive ramp down of CFM56 (312 units compared with 345 in Q1 2017)
- > Civil aftermarket up 16.4% (in USD) thanks to positive momentum in spare parts sales (low double digits growth) and to a sharp seasonal increase in the contribution of service contracts, which is expected to reverse over the course of 2018

◆ Aircraft equipment

- > Organic growth in OE driven by higher shipments for A320 family (notably nacelles for LEAP-1A powered A320neo), for 787 (landing gear and wiring) and by a non recurring catch up effect in nacelles deliveries for A380
- > Organic growth in services driven by carbon brakes and nacelles aftermarket

◆ Defense: higher volumes of guidance and sighting systems, positive contribution of the tactical drone programme (Patroller), growth in Avionics

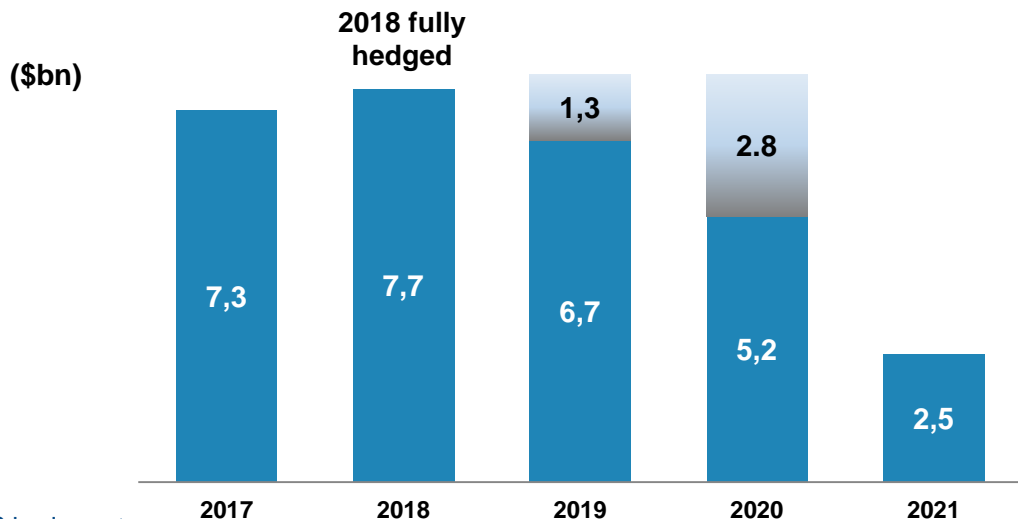
Offsetting impacts

- ◆ Lower volumes of high thrust engines modules, as flagged in 2018 assumptions
- ◆ Lower helicopter turbines OE sales
- ◆ Decrease in services and OE sales for military engines

FX Hedging: \$20.3bn hedge portfolio* (April 17, 2018)

Yearly exposure: \$7.7bn to \$8.0bn

Increasing level of net USD exposure for 2018-21 in line with the growth of businesses with exposed USD revenue



€/ \$ hedge rate

Target	1.21	1.18	1.16-1.18	1.16-1.18	1.16-1.20
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*Approx. 45% of Safran US\$ revenue are naturally hedged by US\$ procurement

2019

- \$6.7bn achieved through forward sales and short dated knock out option strategies to rise to a maximum of \$8.0bn at a target rate between \$1.16 and \$1.18
- Knock out options barriers set at various levels between \$1.26 and \$1.31 with maturities up to 18 months

2020

- \$5.2bn achieved through forward sales and knock out option strategies to rise to a maximum of \$8.0bn at a target rate between \$1.16 and \$1.18
- Knock out options barriers set at various levels between \$1.27 and \$1.32 with maturities up to end 2019

2021

- \$2.5bn achieved through knock out option strategies. Knock out options barriers set at various levels between \$1.29 and \$1.32 with maturities up to end 2019.



3

OUTLOOK

Philippe PETITCOLIN - CEO

2018 key assumptions unchanged

Reminder

2018 assumptions are established considering the full application of the new IFRS15 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.

Increase in aerospace OE deliveries despite a fall in high thrust engines modules

Civil aftermarket growth in the high-single digits

Transition CFM56 – LEAP: overall negative impact on Propulsion adjusted recurring operating income variation in the range €150 to 200 million, which represents a significant reduction compared to 2017

- ◆ Lower CFM56 OE volumes
- ◆ Negative margin on LEAP deliveries

Reduction of self-funded R&D of around €150M

- ◆ Positive impact on recurring operating income after activation and amortisation of capitalized R&D

Capex outflows of a similar level to 2017

Continued benefits from productivity improvements

Full-year 2018 outlook confirmed

Reminder:

2018 guidance is established considering the full application of the new IFRS15 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.

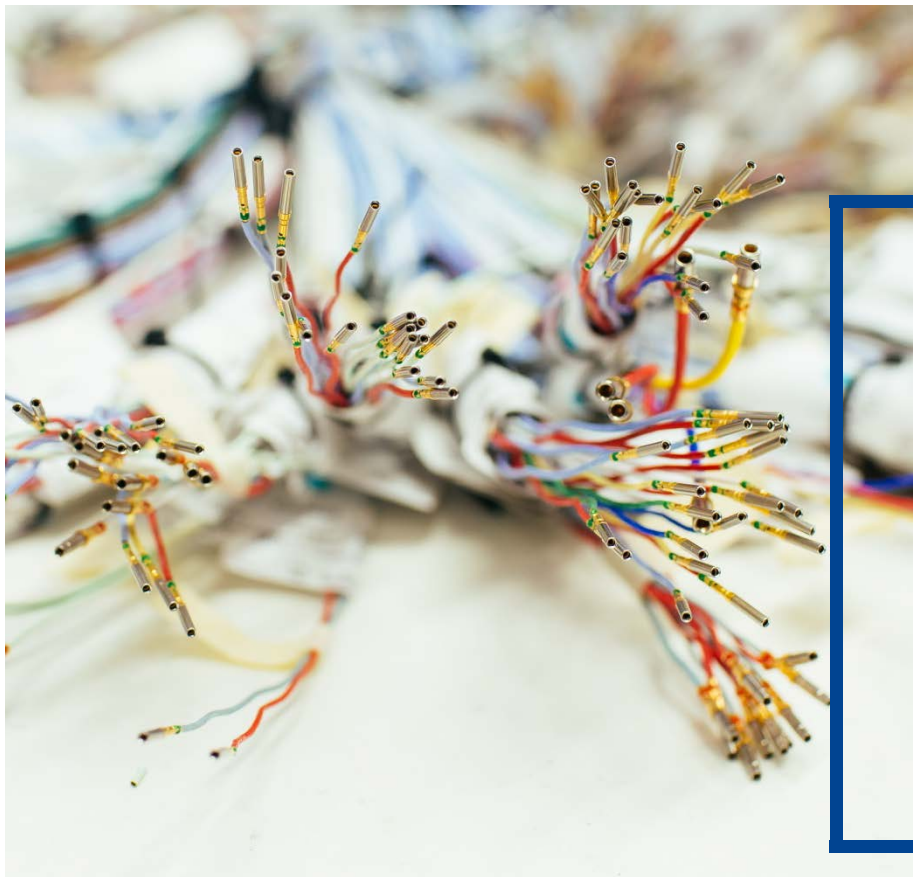
Safran confirms its expectations for 2018. Compared to its 2017 estimated restated key metrics for the application of IFRS 15, Safran expects :

- **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 USD 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**

4

Q&A





5

ADDITIONAL INFORMATION

Q1 2018 consolidated and adjusted revenue

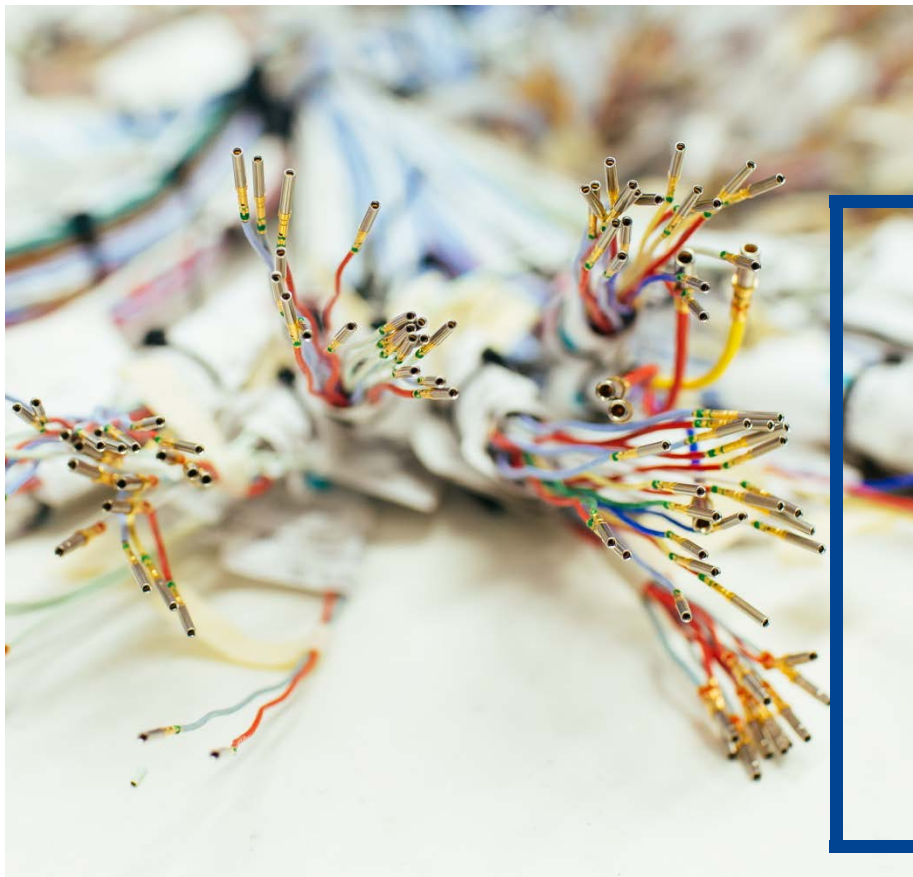
Q1 2018 (In Euro million)	Consolidated revenue	Hedge accounting		Business combinations		Adjusted revenue
		Re-measurement of revenue	Deferred hedging gain (loss)	Amortization of intangible assets - Sagem/Snecma	PPA impacts - other business combinations	
Revenue	4,168	54	na	na	na	4,222

Aerospace OE / Services revenue split

Revenue	Q1 2017		Q1 2018		% change	
	OE	Services	OE	Services	OE	Services
Adjusted data (in Euro million)						
Aerospace Propulsion	888	1,298	949	1,337	6.9%	3.0%
% of revenue	40.6%	59.4%	41.5%	58.5%		
Aircraft Equipment	907	397	858	405	(5.4)%	2.0%
% of revenue	69.6%	30.4%	67.9%	32.1%		

Quantities of major aerospace programs

<i>Number of units delivered</i>	Q1 2017	Q1 2018	%
CFM56 engines	345	312	(10)%
LEAP engines	81	186	x2.3
High thrust engines	137	92	(33)%
Helicopter engines	147	127	(14)%
M88 engines	7	3	(57)%
787 landing gear sets	32	38	19%
A350 landing gear sets	21	20	(5)%
A380 nacelles	13	16	23%
A330 thrust reversers	23	25	9%
A320neo nacelles	41	66	61%
A320ceo thrust reversers	119	86	(28)%
Small nacelles (<i>biz & regional jets</i>)	96	143	49%



6

APPENDIX: IFRS 15 RESTATED SEGMENT INFORMATION

Quarterly segment information restated for the application of IFRS 15

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

H1 2017 segment information restated for the application of IFRS 15

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 free cash flow

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.



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