



Safran

Exane 24th CEO Conference 2022

June 15, 2022

Pascal BANTEGNIE
Chief Financial Officer

Disclaimer & foreword

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements relating to Safran, 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, 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 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 ability to successfully implement and complete its plans and strategies and to meet its targets; the benefits from Safran's plans and strategies being less than anticipated; the risks described in the Universal Registration Document (URD); the full impact of the outbreak of the COVID-19 disease; the full impact of Russia-Ukraine situation.

The foregoing list of factors is not exhaustive. Forward-looking statements speak only as of the date they are made. Safran does 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 the Group's financial statements as prepared under International Financial Reporting Standards and should not be considered as a substitute for GAAP financial measures. In addition, such non-GAAP financial measures may not be comparable to similarly titled information from other companies.

ADJUSTED DATA

All revenue figures in this presentation represent adjusted data (except where noted). 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 programs revalued at the time of the Sagem-Snecma merger. With effect from the first half 2010 interim financial statements, the Group decided to restate:
 - the impact of purchase price allocations for business combinations, particularly amortization and depreciation charged against intangible assets and property, plant and equipment recognized or remeasured at the time of the transaction and amortized or depreciated over extended periods due to the length of the Group's business cycles and the impact of remeasuring inventories, as well as
 - gains on remeasuring any previously held equity interests in the event of step acquisitions or asset contributions to joint ventures
- 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 instruments hedging future cash flows are neutralized
- The resulting changes in deferred tax have also been adjusted.

ORGANIC GROWTH

- Organic variations were determined by excluding the effect of changes in scope of consolidation and the impact of foreign currency variations.

An international high technology group in Aerospace & Defense

76,800

employees

€15.3bn

2021 adjusted revenues

125 years

of history

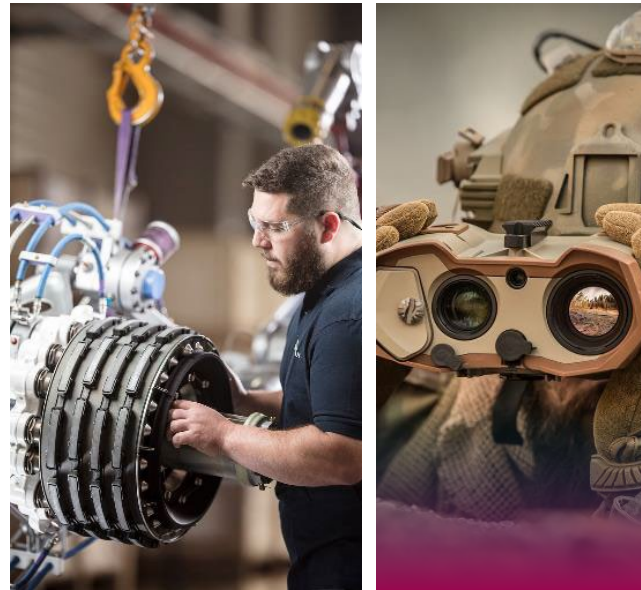
No.3

WW aerospace company
(excluding aircraft manufacturers)*

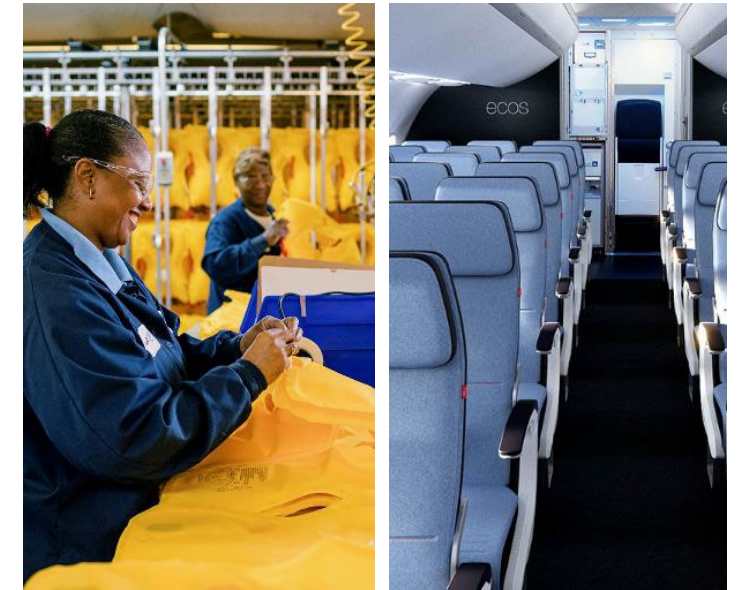
Aerospace Propulsion



Equipment & Defense



Aircraft Interiors



Source Safran * Classification criteria: revenue

Strong leadership positions

2021 adjusted revenue (€15.3bn)
by division

Aerospace Propulsion

€7.4bn

#1 WW through CFMI for narrowbody engines

#1 WW in helicopter turbine engines

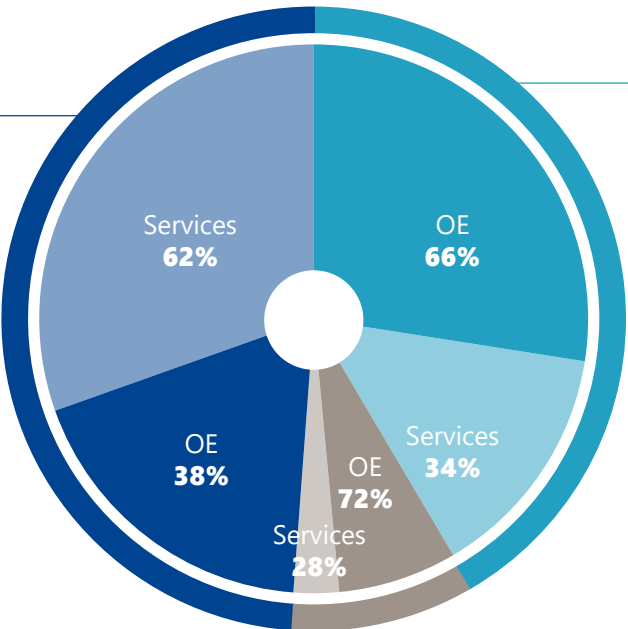
Strong positions in European military programs:
fighter and transport

#2 WW in Seats (BFE**) with strong presence
on business/high end

#1 WW in cabin interiors (mainly SFE***)

Aircraft Interiors

€1.5bn



Equipment & Defense

€6.3bn

#1 WW

- Landing gear, carbon brakes
- Electrical power distribution
- Electrical wiring
- Evacuation slides

#2 WW

- Oxygen systems
- Engine nacelles & gearbox

#1 Europe

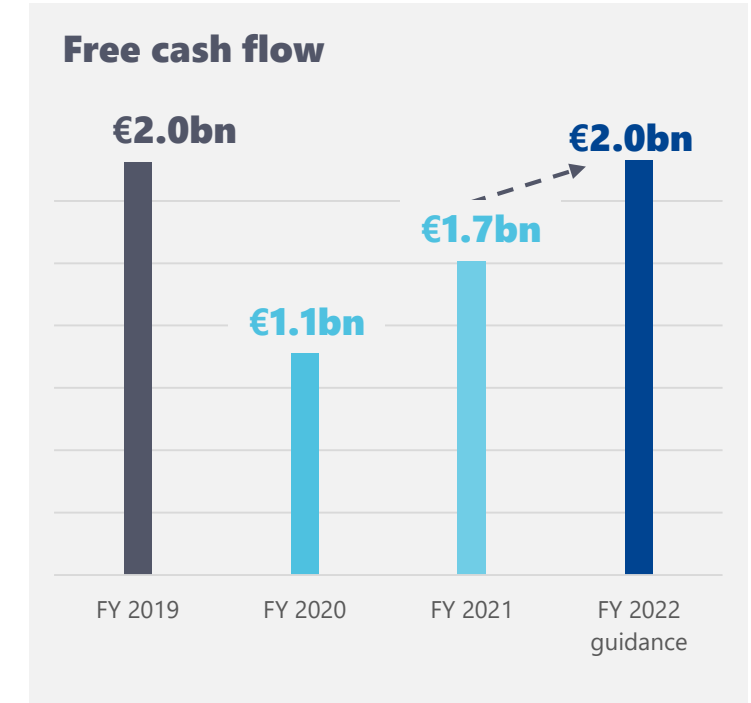
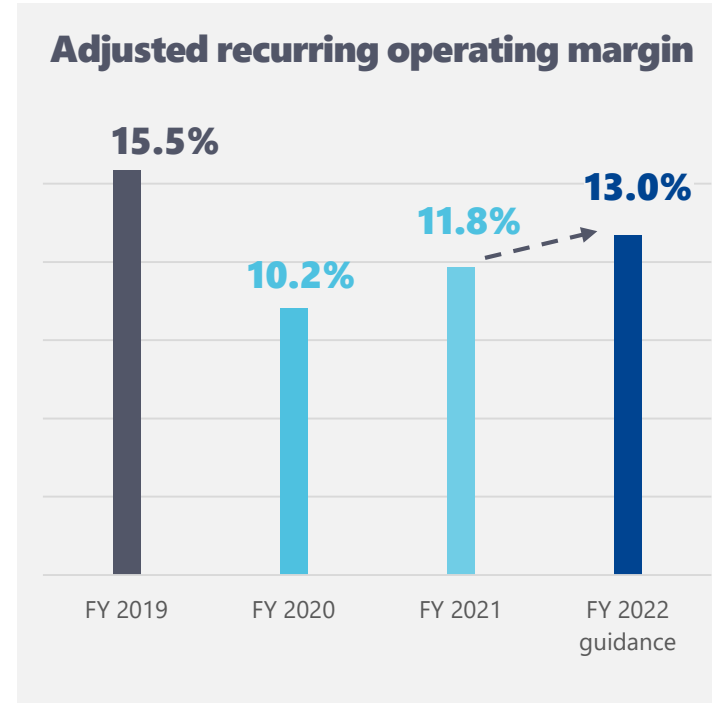
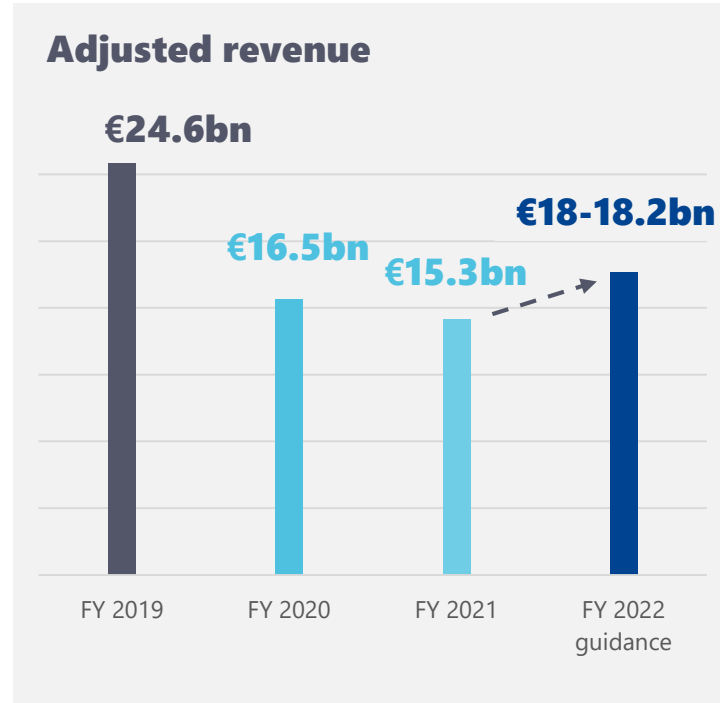
- Navigation & Optronics

■ ■ ■ Original Equipment ■ ■ ■ Services

Source Safran

* including retrofit activities **BFE: buyer-furnished equipment ***SFE: supplier-furnished equipment

Robust business model performing throughout crisis



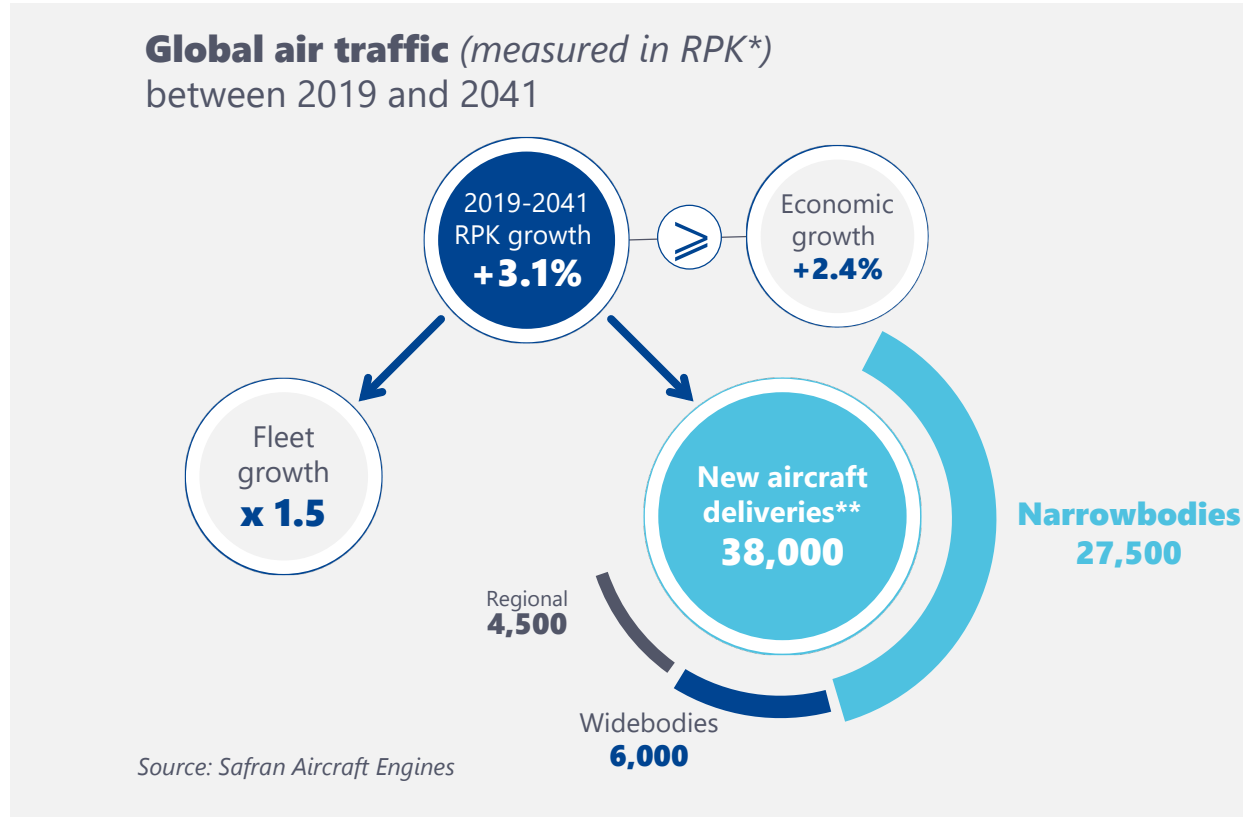
CONTROL OVER COST BASE AND CASH OUTFLOWS

+ 2020-2021: operating margin maintained **above 10%** and free cash flow at **€1+bn/year** throughout the crisis

Safran well positioned to meet accelerating trends



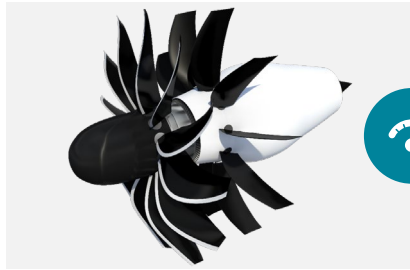
Favorable long term market dynamics



AIR TRAFFIC TO GROW FASTER THAN GDP IN THE NEXT 20 YEARS
Solid momentum, especially for narrowbodies

* RPK: Revenue Passenger Kilometers. Annual growth (reference 2019) ; ** Between end 2021 and end 2041 ; ***ASK: Available Seat Kilometers

Safran is committed to net zero aviation by 2050 (Scope 3*)



1. Deliver technologies for an ultra-efficient NB aircraft with (30)% fuel burn by 2035



- › RISE program: disruptive technologies for future narrowbody engine providing 20% fuel burn savings
- › Lightweight materials
- › More electric aircraft



2. Enable the transition to low-carbon fuels



- › Current engines: push the certification from 50% towards 100% SAF blend
- › Deliver technologies compatible with 100% drop-in SAF
- › Prepare hydrogen solutions



3. Unlock the potential of electric/hybrid propulsion



- › Mature hybrid and electric propulsion technologies for new air mobility, helicopters, commuters and regional



MATURING TECHNOLOGY BUILDING BLOCKS to meet market demand

* Mainly product usage. Disclosure of all categories of scope 3 emissions and objective of reduction in 2022.

Defense & space activities: resilience and cross-fertilization

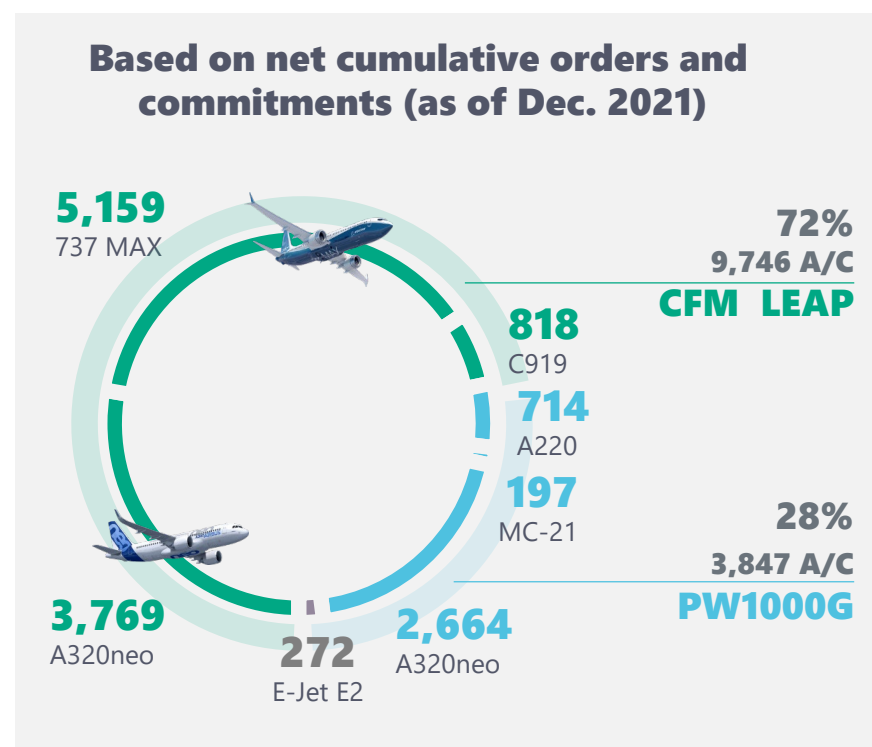
- Geopolitical tensions
 - Rising defense and space budgets (US, UK, France, Germany, India...)
 - Defense activities held up well through 2020-2021
 - Civil/military duality of:
 - Technologies
 - Supply chain
 - Talents
- Strong positions in defense & space programs
 - Rafale fighter export dynamics
 - Other European, UK and US programs: A400M, Typhoon, C17, F18, V22, CH47
 - Recognized state of the art technologies (navigation, optronics...)
 - Leading architecture, integration and hot section of the 6th gen European fighter engine (FCAS)
 - Space: 50% ownership of ArianeGroup; instrumentation for testing, telemetry and communications (Safran Data Systems)
 - Helicopter engines, sighting system, flight control: H225, NH90, Tiger



SOVEREIGNTY PROGRAMS NURTURE SAFRAN'S TECHNOLOGY ROOTS

CFM LEAP, leveraging the successes and experience of the CFM56

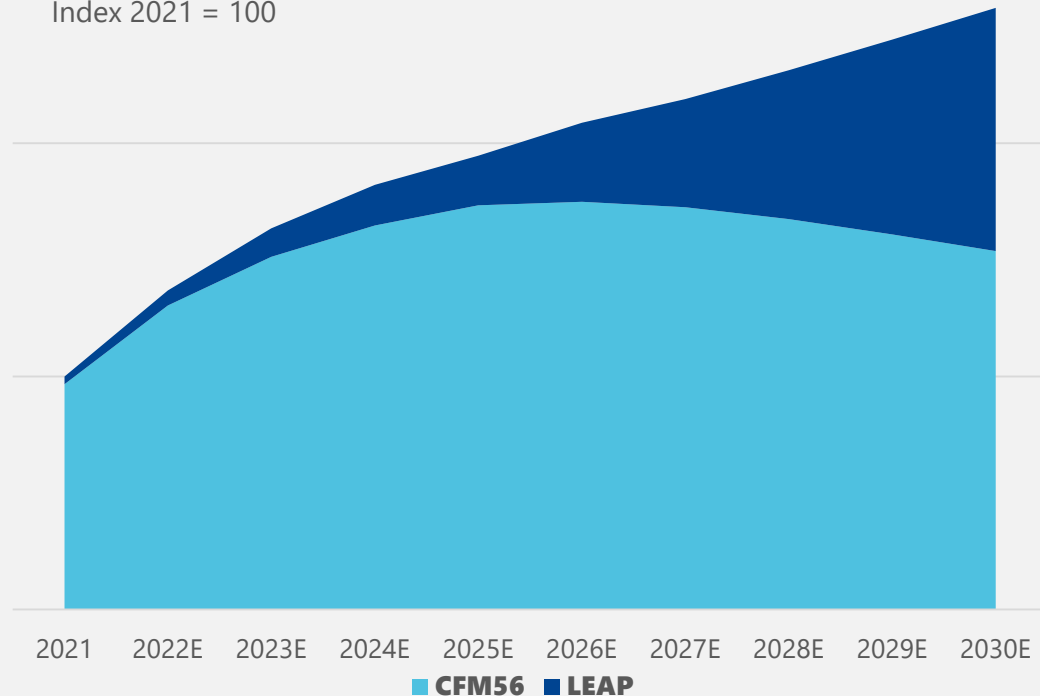
- LEAP-1A/-1B/-1C market share of 72% of the entire narrowbody market & ~60% on A320neo family
- Firm backlog: c.9.700 engines (as of end of December 2021)



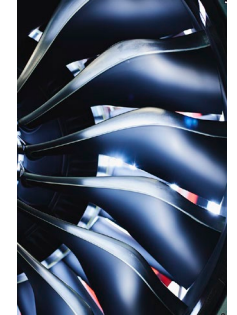
CFM56 and LEAP contribution to Civil Aftermarket

Sales in USD for spare parts and service contracts for CFM56 (all generations) and LEAP engines contributing to Safran's Civil Aftermarket Index*

Index 2021 = 100



* excl. high thrust engines and others

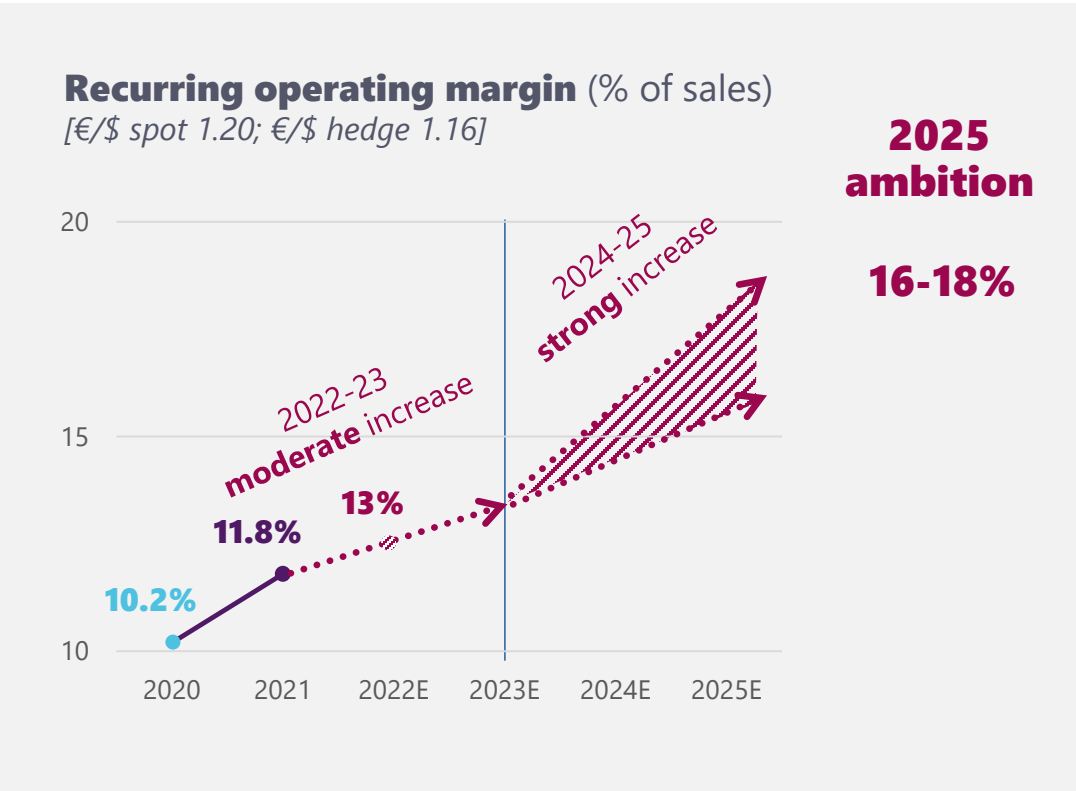
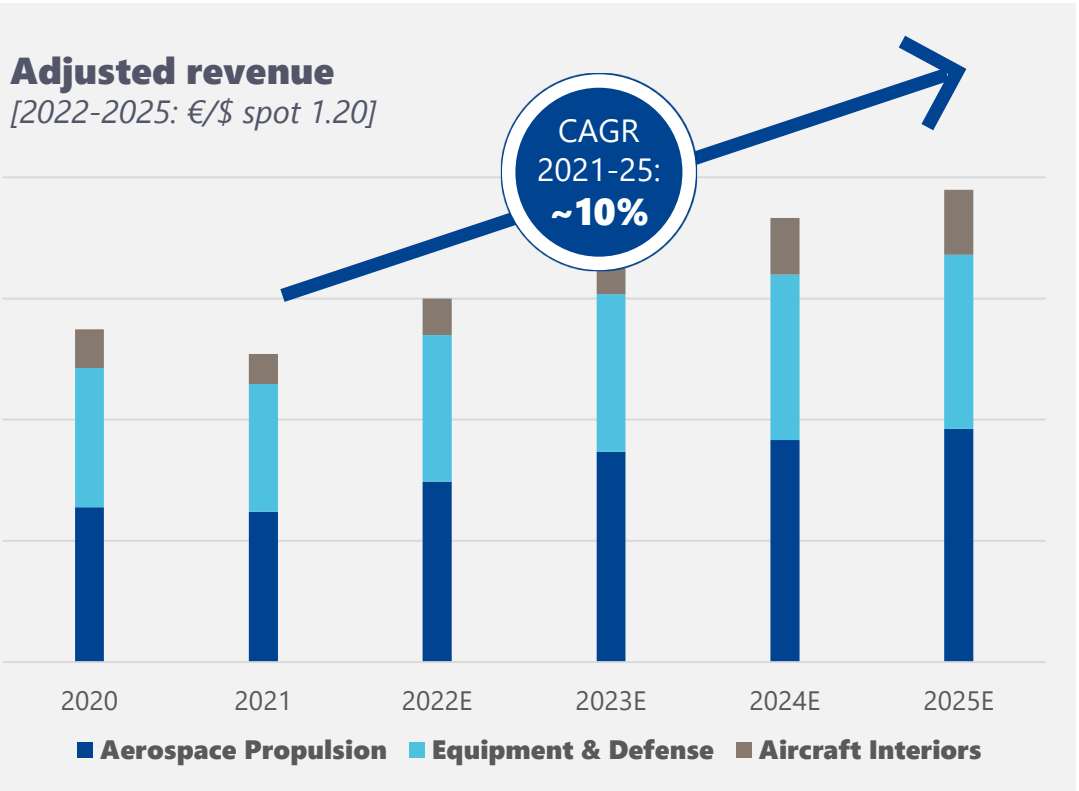


LEAP relaying CFM56 growth from 2025

**Robust increase going forward:
high single digit CAGR over 2022-2030**

Business model driving performance over 2021-2025 (1/2)

As per CMD'21

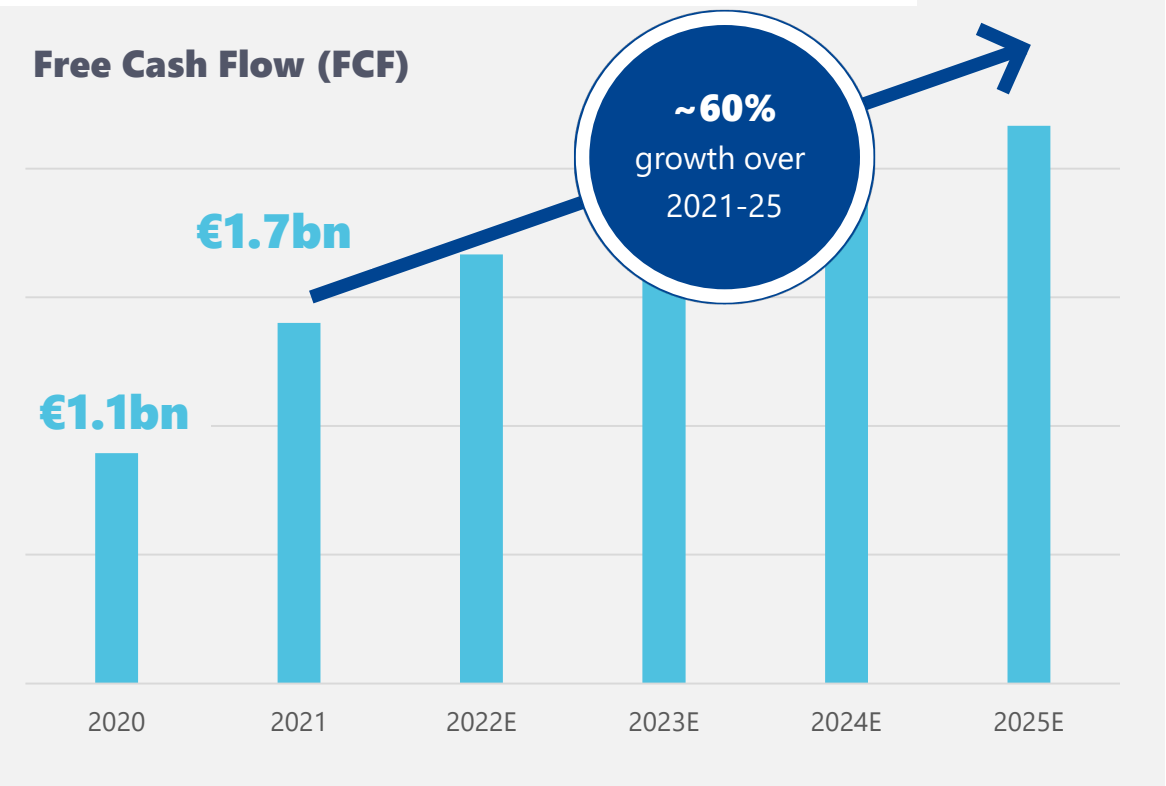


Civil aftermarket revenue growing c. 15% CAGR

Quality assets with solid aftermarket potential to drive margins up on a resized cost base

Business model driving performance over 2021-2025 (2/2)

As per CMD'21



***Around €10bn FCF generation across 2021-25
70% EBIT conversion ratio on average***

Priorities for capital allocation

ACTIVE PORTFOLIO MANAGEMENT

- 30% of former Zodiac Aerospace activities not meeting Safran's DNA
- Selective bolt-on acquisitions
 - Technology bricks and critical supply chain
 - Financial discipline

ORGANIC INVESTMENT

- Accelerate growth in a decarbonized world and drive operational efficiency
- Maintain low leverage to preserve flexibility to fund any development of new programs (organic investment) and/or additional WC needs

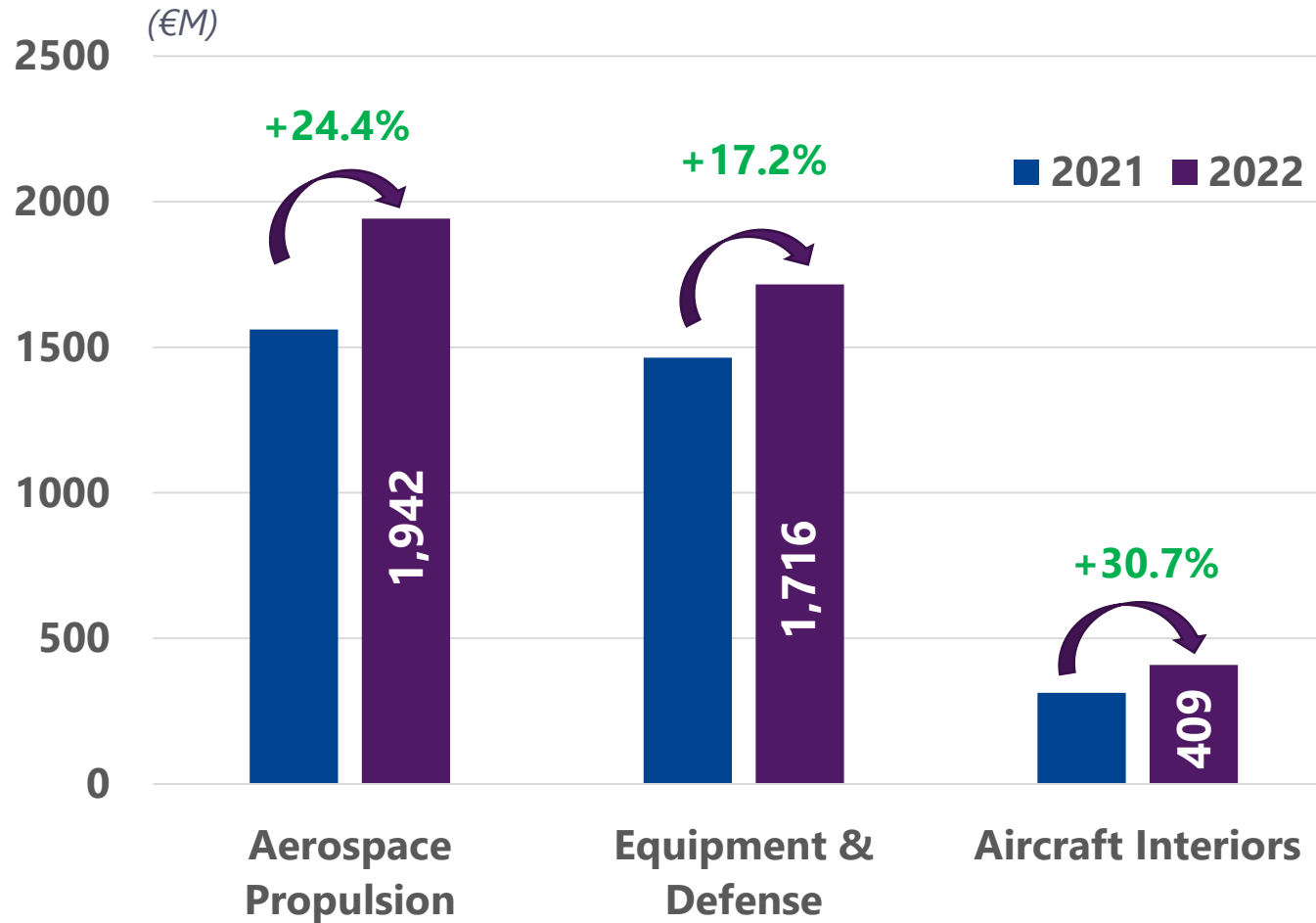
SHAREHOLDER RETURN

- FY2021 dividend : 0.50€ per share (28% payout ratio)
- Safran's Board of directors will review its practice in order to ensure growing and attractive returns to shareholders and notably reconfirms its objective to resume historical practice of 40% dividend payout ratio

FY 2022 environment: impacts of Russia-Ukraine conflict

- Suspension of all commercial exports (products and services) to Russia and all operations in Russia
 - Loss of activity amounts to c.2% of sales and estimated c.70bps on margin
- Increasing pressure on supply chain and Russia-Ukraine conflict-induced inflation
 - Further inflation on raw materials, freight and energy: an additional estimated c.80 bps impact on margin
- ➡ *Additional and vigorous cost savings, commercial measures and deferral of some expenses are implemented to offset the c.150bps impact of on Safran's 2022 recurring operating margin*
- Balance sheet exposure, for Safran and companies accounted for under the equity method, to be further assessed as the Russia-Ukraine conflict evolves:
 - ArianeGroup: Roscosmos' decision to suspend Soyouz launches through Arianespace
 - Shannon Engine Support: 12 CFM56 & LEAP leased engines stranded in Russia

Q1 2022 adjusted revenue : consistent with FY outlook



Adjusted revenue at €4,071M, organic growth +17%

■ Aerospace propulsion

- Civil aftermarket growth (+53 %) driven by CFM56 spare parts sales
- Increase in LEAP production rate (+51 engines)

■ Equipment & Defense

- Good dynamics in services (+31%), notably in landing gears, carbon brakes and emergency slides
- Low widebody production rate impacting OE

■ Aircraft Interiors

- Strong growth, driven by services in Seats and Cabin and OE in Cabin

A clear ambition for the benefit of our stakeholders

- Deliver earnings and cash growth trajectory towards 2025
 - Execute new ramp-up in LEAP OE deliveries and ensure smooth aftermarket transition from CFM56 to LEAP
 - Leverage our strengths in Equipment & Defense to grow organically and expand further our portfolio
 - Provide unequalled passenger experience
- Be at the forefront of air transport decarbonization



**POWERED
BY TRUST**
