

Safran reports 10.5% revenue growth in first-quarter 2011 driven by healthy recovery in civil aftermarket

Full-year 2011 outlook confirmed

All revenue figures in this press release represent Adjusted revenue. Please refer to definitions contained in the Notes on page 5 of this press release.

KEY NUMBERS FOR THE FIRST QUARTER 2011

- **First-quarter 2011 adjusted revenue was Euro 2,681 million**, up 10.5% year-on-year, or 7.1% on an organic basis.
- **2-digit revenue growth contribution** from **Equipment** (Nacelles) and **Defence** (Optronics).
- **Civil aftermarket up 12.3% within the 10-15% guidance**, with significant strength in widebody engines services and a lagging recovery in narrowbody.
- **The Aerospace Propulsion services grew by 17%** with share of revenue up from 48.2% to 51.8%. **Services in Aircraft Equipment grew by 8%** but share in revenue decreased from 34.4% to 32.3% of revenue as a result of stronger growth in Original Equipment.
- **Full-year 2011 outlook is confirmed**

KEY BUSINESS HIGHLIGHTS FOR THE FIRST QUARTER 2011

- On April 5, Safran closed the **acquisition of SNPE Matériaux Energétiques** creating a unified entity in French solid rocket propulsion.
- **Safran and COMAC to create aircraft wiring JV**, strengthening partnership on C919, the new Chinese 150 passenger short-to-medium range aircraft powered by LEAP-X.
- **India delivered the first secure identification numbers** to 4.5 million residents based on Safran's latest biometric technology.
- **Morpho's Explosive detection solutions meet Standard 3 European Union requirements**, a major milestone toward implementation across European airports.

Paris, April 28, 2011 - Safran (NYSE Euronext Paris: SAF) today reported its revenue for the first quarter of 2011.

EXECUTIVE COMMENTARY

Chairman and CEO Jean-Paul Herteman commented:

“ During the first quarter, the fundamental drivers of new aircraft demand remained strong and our global civil aftermarket performed well at 12.3% growth, within our guidance. We saw significant strength in widebody engines services, with a lagging recovery in the narrowbody market segment where operational plans are already geared for stronger growth for the latter part of the year.

Hence, Safran recorded 2-digit revenue growth in the first quarter 2011. Based on this performance and current positive trends in our businesses, we confirm our full-year guidance for 2011 and our renewed confidence in our outlook for 2012 and beyond.

We also continued to develop and enhance the LEAP technologies to offer our customers the most advanced technology in the industry available at the time they introduce their new single-aisle applications. Several active sales campaigns are in progress for the A320neo and we are confident that we will be announcing very significant orders in the coming weeks and months.”

FIRST-QUARTER 2011 REVENUE

Solid growth in revenue. For first-quarter 2011, Safran’s revenue was Euro 2,681 million, compared to a Euro 2,426 million in the same period a year ago, a 10.5% year-on-year increase. Group revenue grew by 7.1% organically.

First-quarter 2011 revenue increased by Euro 255 million on a reported basis, highlighting a healthy recovery in civil aftermarket. It also resulted from over 15% growth in both Defence (notably in optronics) and in Aircraft Equipment (primarily nacelles) businesses. On an organic basis, revenue grew by Euro 173 million.

Organic revenue was determined by deducting from 2011 figures the contribution of activities acquired in 2010 and activities newly consolidated when compared to 2010 scope of consolidation and by applying constant exchange rates. Hence, the following calculations were applied:

Reported growth			10.5%
Impact of acquisitions & activities newly consolidated	Euro 46 million	(1.9)%	
Currency impact	Euro 36 million	(1.5)%	
Organic growth			7.1%

The favourable currency impact in revenue of Euro 36 million for first-quarter 2011 reflected a global positive transaction impact with a strong improvement in the Group’s hedged rate (USD1.38 to the Euro vs. USD1.46 in the year ago period) and a slight positive translation effect on the revenue from foreign subsidiaries, notably in USD, CHF, GBP and Brazilian real.

BUSINESS COMMENTARY

▪ **Aerospace Propulsion**

First-quarter 2011 revenue was Euro 1,423 million, up 8.5% or a 6.0% on an organic basis, compared to the year-ago period revenue at Euro 1,311 million. Revenue evolution was driven by both original equipment and services. Aftermarket revenue grew in all segments, with significant strength in recent high-thrust civil and helicopter engines, a lagging recovery in CFM, and a slight growth in military engines services.

OEM CFM56 engine deliveries at 322 units were flat compared to the same period a year ago but orders were strongly up at 412 units, for a global backlog totalling 6,353 engines.

For the first-quarter 2011, service revenue share was up 17.1% at 51.8%, benefiting from a robust contribution from civil aftermarket (+12.3%) as well as from helicopter and military engines. Worldwide CFM International spare parts revenue was up 6.3% in USD terms with considerable volatility within the quarter. The estimated* total number of shop visits for CFM-equipped civil aircraft increased to 589 as compared to 529 in the first quarter of 2010.

[() shop visit numbers are estimates; these can be revised marginally in the future as airlines finalise reports].*

▪ **Aircraft Equipment**

The segment reported first-quarter 2011 revenue of Euro 729 million, up 15.2%, or 9.8% on an organic basis, compared to the year-ago period at Euro 633 million.

The increase in revenue primarily resulted from production ramp-up in the nacelle and landing systems businesses. The nacelle activity recorded a production ramp-up for the A380 program (24 units in the first-quarter 2011 compared to 9 nacelles in the year-ago period), as well as a recovery (+57%) in the small nacelles deliveries for the regional jets market. The landing systems activity performed well in original equipment with higher deliveries on large programs and in civil services. Revenues from braking systems increased by 15% as fleet usage continued to pick-up and as installed base continued to grow.

On a first-quarter 2011 basis, service share of revenue decreased from 34.4% to 32.3%.

Labinal Salisbury (ex-Harvard Customs Manufacturing) revenue contribution was Euro 19 million in the quarter.

▪ **Defence**

First-quarter 2011 revenue was up 19.2% at Euro 292 million, or up 15.1% on an organic basis, compared to the previous year driven by program revenue recognition. The performance was mainly driven by revenue growth exceeding 50% in the Optronics activity on the basis of a robust order backlog (Felin soldier integrated equipment suites for French Army, long-range infra-red goggles for France and export markets). This trend was partly mitigated by a decline in Avionics revenue with lower volume in inertia navigation and guidance systems.

▪ **Security**

The Security activity reported first-quarter 2011 revenue of Euro 233 million, up 4.5% compared to the year-ago period. On an organic basis, it was up 2.3% driven by a strong quarter in e-Documents, notably in the telecommunication market segment, and by a good performance of identification activities that offset the impact of the end of the identification government contract in Ivory Coast. Apart from the Ivory Coast contract, revenue has increased organically by 7% in the first quarter 2011. Product mix and regulatory pricing pressure in detection held revenue back in this specific quarter.

CURRENCY HEDGES

Hedging portfolio increased. The Group has put in place currency hedges for the next 3 years, spanning from 2011 to 2014. The portfolio was further increased during the first quarter 2011, notably for the period 2012-2014, and the firm hedging portfolio amounted to USD 13.9 billion as of April 18, 2011. The 2011 hedge rate has now been secured at USD 1.38 to the Euro, hence securing the expected tailwind in profits. 2014 hedge volumes have also increased substantially at USD 2.7 billion, to rise to USD 4.4 billion at a hedge rate of USD 1.28 to the Euro as long as the Euro/USD rate remains below 1.52 for most of 2011 and 2012.

UPCOMING EVENTS

Paris Air Show	June 20, 2011
H1 2011 results	July 28, 2011

* * * * *

Safran will host today a conference call open to analysts at 8:30 am CET which can be accessed at +33 1 70 77 09 34 from France and +44 203 367 9459 from the UK. A replay will be available until July 28, 2011 at +33 1 72 00 15 00 (France), +44 203 367 9460 (U.K.) and +1 877 642 3018 (other countries) - access code 272984#.

The press release and presentation are available on the website at www.safran-group.com.

* * * * *

KEY FIGURES

<i>Segment breakdown of revenue (In Euro million)</i>	First quarter 2010	First quarter 2011	% change reported	% change organic
Aerospace Propulsion	1,311	1,423	8.5%	6.0%
Aircraft Equipment	633	729	15.2%	9.8%
Defence	245	292	19.2%	15.1%
Security	223	233	4.5%	2.3%
Others	14	4	-	-
Total Group	2,426	2,681	10.5%	7.1%

<i>2010 revenue by quarter (In Euro million)</i>	First quarter 2010	Second quarter 2010	Third quarter 2010	Fourth quarter 2010	Full year 2010
Aerospace Propulsion	1,311	1,452	1,329	1,512	5,604
Aircraft Equipment	633	741	696	764	2,834
Defence	245	313	280	402	1,240
Security	223	256	279	283	1,041
Others	14	9	9	9	41
Total revenue	2,426	2,771	2,593	2,970	10,760

<i>Euro/USD rate</i>	First quarter 2010	First quarter 2011
Average spot rate	1.38	1.37
Spot rate (end of period)	1.35	1.42
Hedge rate	1.46	1.38

NOTES

Adjusted data

To reflect the Group's actual economic performance and enable it to be monitored and benchmarked against competitors, Safran prepares an adjusted income statement alongside its consolidated financial statements.

Particularly, Safran recognizes, all changes in the fair value of its foreign currency derivatives in "financial income (loss)", in accordance with the provisions of IAS 39 applicable to transactions not qualifying for hedge accounting.

Accordingly, Safran's consolidated income statement is adjusted for the impact in financial income (loss) 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 hedging rate, i.e., including the costs of the hedging strategy;
- the recognition of all mark-to-market changes on non-settled hedging instruments at the closing date is neutralized in the net result, including the "ineffective" portion with effect, given that the Group's hedging strategy includes optional hedging instruments and optimization measures combined with highly volatile market inputs used to mark to market.

First-quarter 2011 reconciliation between consolidated revenue and adjusted revenue.

Q1 2011 (In Euro million)	Consolidated revenue	Hedge accounting		Business combinations		Adjusted revenue
		Remeasurement of revenue	Deferred hedging gain (loss)	Amortization intangible assets - Sagem-Snecma	PPA impacts - other business combinations	
Revenue	2,687	(6)	-	n/a	n/a	2,681

* * * * *

Safran is a leading international high-technology group with three core businesses: Aerospace (propulsion and equipment), Defence and Security. Operating worldwide, the Safran group has more than 54,000 employees and generated sales of 10.8 billion euros in 2010. Working alone or in partnership, Safran holds world or European leadership positions in its core markets. The Group invests heavily in Research & Development to meet the requirements of changing markets, including expenditures of 1.2 billion euros in 2010. Safran is listed on NYSE Euronext Paris and its share is part of the CAC Large 60 index. For more information, www.safran-group.com

Press

Catherine Malek

+33 (0)1 40 60 80 28

catherine.malek@safran.fr

Investor Relations

Pascal Bantegnie

+33 (0)1 40 60 80 45

pascal.bantegnie@safran.fr

Antoine-Pierre de Grammont

+33 (0)1 40 60 80 47

antoine-pierre.degrammont@safran.fr

Safran group
 2, bd du Général Martial Valin
 75724 Paris Cedex 15 - France