

## Safran reports strong progress for 2011 results

- § **Euro 1.2 billion recurring operating income up 35% at 10.1% of revenue**
- § **Net income - Group share up 27% (Euro 644 million)**
- § **Record orders leading to a Euro 43 billion backlog**
- § **Excellent 2012 outlook**

All figures in this press release represent Adjusted <sup>[1]</sup> data, except when noted. Please also refer to definitions and reconciliation between 2011 consolidated income statement and adjusted income statement provided in the Notes on pages 10 and 11 of this press release.

### KEY NUMBERS FOR FULL-YEAR 2011

- § **Full-year 2011 adjusted revenue was Euro 11,736 million**, up 9.1% year-on-year (6.3% organic).
- § **Adjusted recurring <sup>[2]</sup> operating income at Euro 1,189 million (10.1% of revenue)** at a hedged rate of USD1.37 to the Euro, up 35% year-on-year. There were Euro 29 million of net one-off items, mainly related to M&A transaction and integration costs, therefore adjusted profit from operations was Euro 1,160 million.
- § **Adjusted net income - group share up 27%** from FY 2010 at **Euro 644 million** (Euro 1.59 per share).
- § Consolidated (non-adjusted) net income - group share at Euro 478 million (Euro 1.18 per share).
- § **Net debt position of Euro 997 million** as of December 31, 2011, with free cash flow generation of **Euro 532 million**.
- § A **dividend payment of Euro 0.62 per share** will be proposed to the shareholders' vote at the next Annual General Meeting on May 31, 2012 (Euro 0.25 interim dividend payment was paid in December 2011).
- § **Full-year 2012 guidance:** Safran expects revenue to increase by around 10% and recurring operating income by around 20%. Free cash flow is expected to represent about a third of the recurring operating income.

### KEY BUSINESS HIGHLIGHTS FOR FULL-YEAR 2011

- § **Exceptional 2011 year setting a new record for CFM** with USD 52 billion in orders and commitments at list price (record of twice the previous one): 1,500 CFM56 engine orders and 3,056 LEAP orders/commitments.
- § **2011 civil aftermarket was up 8.4% in USD terms** (Q4 2011 up 4.3%). **2011 global CFM International spare parts revenue** was up 8.0% in USD terms (Q4 2011 up 14% vs. Q3 2011 and up 3.0% year-over-year).
- § Safran acquired both **L-1 Identity Solutions** to consolidate the Group world leadership in biometric solutions and **SNPE Matériaux Energétiques** to create a unified entity in solid rocket propulsion.
- § **Safran and Thales** to combine their respective areas of expertise for future Defence **optronic equipment** and expand their offering of products and services to cover emerging needs for new defence systems, through an equally-owned JV, and to reinforce their jointly owned subsidiary in infrared detectors, Sofradir.
- § **Safran and Honeywell** have started the first rolling tests for their electric **green taxiing** system designed to significantly improve airline operational efficiency and provide environmental benefits.
- § Safran to supply the **electrical power distribution system and electrical integration** for the **Embraer KC-390**.
- § **100 million India's Aadhaar enrolment milestone** has been crossed at end 2011, enrolling 1 million additional people every day.

**Paris, February 23, 2012** - The Board of Directors of Safran (NYSE Euronext Paris: SAF) met in Paris on February 22, 2012 to approve the financial statements for the full year 2011.

## EXECUTIVE COMMENTARY

Chairman and CEO Jean-Paul Herteman commented:

*“ Safran demonstrated its growth potential despite the current financial and confidence crisis in Europe, delivering 35% growth in recurring operating income while also generating significant operating cash flows to support increasing investment in its businesses. We are investing in new products and technology, expanding our growth market footprint and consolidating our worldwide leadership in next-generation single aisle aircraft market.*

*2011 was a record year for CFM across the board. The LEAP engine made a perfect takeoff recording more than 3,000 orders on A320neo, B737MAX and C919. CFM logs record commitments and is also achieving record production rates for the CFM56 product line, building for aftermarket services in the future.*

*We’ve also successfully completed several strategic moves strengthening our position: the acquisition of SNPE Matériaux Energétiques (SME) in solid propulsion; the acquisition of L-1 Identity Solutions in biometric solutions; the partnership with Honeywell in green taxiing and the combination of optronics capabilities with Thales for certain new generation Defence equipment.*

*In what is likely to remain an unstable environment, we are confident we are on track for further solid earnings growth in 2012 and in future years while resolutely investing in technology and breakthrough products on the long term. ”*

## FULL-YEAR 2011 RESULTS

Safran delivered solid operational performance in full-year 2011.

**Record orders and backlog.** New order intake during 2011 improved by 60% to Euro 21 billion, providing some evidence of robust and resilient demand. The backlog grew to Euro 43 billion, containing recent CFM56 and LEAP firm orders. It does not include flows of non-contractual future CFM56 spares activity structurally deemed to provide significant revenue streams in the future decades.

**Solid growth in revenue.** For full-year 2011, Safran’s revenue was Euro 11,736 million, compared to Euro 10,760 million in the same period a year ago, a 9.1% year-on-year increase (6.3% organic growth).

Full-year 2011 revenue increased by Euro 976 million on a reported basis, notably highlighting performance in aerospace and security. On an organic basis, revenue increased by Euro 681 million as a result of higher aerospace OEM volumes and improving aftermarket trends in aerospace, continuing strength in the defence business (optronics) and momentum in security (biometry, e-Documents).

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

<b>Reported growth</b>			<b>9.1%</b>
Impact of acquisitions & newly consolidated activities	Euro 422 million	(3.9)%	
	Currency impact	Euro (127) million	1.1%
<b>Organic growth</b>			<b>6.3%</b>

The unfavourable currency impact on revenue of Euro 127 million for full-year 2011 reflected a global negative translation effect on the revenue exposed to foreign currencies, notably in USD. It was partly offset by a positive transaction impact with a significant improvement in the Group's hedged rate (USD1.37 to the Euro vs. USD1.44 in the year ago period).

**Double-digit recurring operating margin.** For full-year 2011, Safran's recurring operating income was Euro 1,189 million (10.1% of revenue), up 35% compared to full-year 2010 figure of Euro 878 million, 8.2% of revenue. After taking into account the positive currency impact (Euro 138 million) and the impact of acquisitions and newly consolidated activities (Euro 26 million), organic improvement was Euro 147 million or 17% year-over-year.

This improvement was primarily driven by the aerospace activities in propulsion and equipments benefiting from solid original equipment growth and trends in aftermarket while realizing the benefits of a leaner cost structure.

There were one-off items during full-year 2011: Euro (37) million of M&A transaction and integration costs mainly related to the L-1 Identity Solutions and SME, and Euro (15) million impact from claims and litigations not attributed to the normal course of operations, partly offset by an impairment reversal of Euro 23 million related to the A380 engine program.

<i>In Euro million</i>	<b>FY 2010</b>	<b>FY 2011</b>
<b>Recurring operating income</b>	<b>878</b>	<b>1,189</b>
% of revenue	8.2%	10.1%
<b>Total one-off items</b>	<b>(13)</b>	<b>(29)</b>
<i>Capital gain (loss) on disposals</i>	-	-
<i>Impairment reversal (charge)</i>	-	23
<i>Other infrequent &amp; material non operational items</i>	(13)	(52)
<b>Profit from operations</b>	<b>865</b>	<b>1,160</b>
% of revenue	8.0%	9.9%

**Adjusted net income - group share grew by 27% year-over-year.** It was Euro 644 million or Euro 1.59 per share, compared to Euro 508 million (Euro 1.27 per share) in full-year 2010. In addition to the rise in recurring operating income, this improved performance includes:

- § Net financial expense of Euro 215 million, including Euro 42 million of cost of net debt.
- § Tax expense of Euro 289 million (31% effective tax rate).

The reconciliation between 2011 consolidated income statement and adjusted income statement is provided and commented in the Notes on page 10.

## BALANCE SHEET AND CASH FLOW

**Operations generated Euro 532 million of Free Cash Flow.** The net debt position was Euro 997 million as of December 31, 2011 compared to a net cash position of Euro 24 million as of December 31, 2010. Free cash flow generation of Euro 532 million was driven by the cash from operations of Euro 1,185 million and a decrease in working capital needs of Euro 62 million partly devoted to higher R&D spend and industrial investment. Major cash outflows in the year were a 2010 dividend payment of Euro 202 million (€0.50 per share) as well as an interim 2011 dividend payment of Euro 102 million (€0.25 per share), in addition to acquisitions (principally SME for Euro 277 million and L-1 Identity Solutions for Euro 786 million). The net proceeds of the disposal of 6.5 million treasury shares were Euro 180 million in 2011.

As of December 31, 2011, Safran had cash of Euro 1.4 billion and Euro 2.6 billion of secured and undrawn facilities available.



## **DIVIDEND TO SHAREHOLDERS**

A dividend payment of Euro 0.62 per share will be proposed to the shareholders' vote at the next Annual General Meeting on May 31, 2012. An interim payment having been made in December 2011 (Euro 0.25 per share), the remaining dividend payment would be Euro 0.37 per share in 2012 (approximately Euro 150 million). This balance would be paid from June 8, 2012 (ex-dividend date: June 5, 2012).

## **EMPLOYEES**

### **Employee number increase**

More than 6,000 people were hired in 2011 (of which around 3,000 in France) to ensure generation renewal, accompany the expected increase in activity and add to the R&D teams. The Group expects to hire an additional 6,000 people in 2012, leading to a net increase of headcount, including in France.

### **Profit sharing**

As per the new French legislation passed in 2011, the Group agreed with employee representatives to pay a Euro 500 profit sharing bonus to all eligible employees in the French entities. The accounting impact, Euro 20 million, is included in 2011 accounts. Concomitantly, Safran decided to implement a leveraged employee shareholding plan to have employees more closely associated with the future objectives, successes and performances of the Group. 16,000 persons, half of these employees, have signed on to the plan demonstrating their confidence in the future of the Group. The IFRS2 cost of this plan was Euro 8 million in 2011.

In 2011, the total amount of the Group's contribution to employee profit-sharing and incentive schemes (including the share grants plan and the above) totalled Euro 209 million, up 30% on an organic basis.

## **RESEARCH & DEVELOPMENT**

Total R&D expenditures, including customer funded, reached Euro 1.3 billion.

The self-funded R&D effort before research tax credit was Euro 808 million or 6.9% of revenue in full-year 2011, up Euro 171 million compared to full-year 2010. It reflects the increasing spending on new developments (notably the LEAP and Silvercrest engines, as well as A350 equipments), while some programs are tailing off (A400M, SJ100). The impact on recurring operating income after tax credit and capitalization was up by Euro 89 million at Euro 495 million compared to last year.

## **OUTLOOK**

Despite continued volatility to remain in 2012, Safran expects on a full-year basis:

- § Revenue to increase by around 10% (at an estimated average spot rate of USD 1.37 to the Euro).
- § Recurring operating income to increase by around 20% (at a hedged rate of USD 1.32 to the Euro).
- § Free cash flow to represent about a third of the recurring operating income taking into account the expected increase in R&D investments and capex.

The full-year 2012 outlook is based on the following underlying assumptions:

- § Healthy increase in aerospace OE deliveries
- § Civil aftermarket up in the high single digits
- § Incremental R&D cash effort of around Euro 200 million
- § Strong and profitable growth for the Security business, notably MorphoTrust (ex- L-1 ID)
- § Profitability improvement in Defence, notably in Avionics
- § Continued improvement in Equipment
- § On-going Safran+ plan to enhance the cost structure and reduce overhead.

## CURRENCY HEDGES

During the year 2011, the Group has finalized its hedging for 2012 and 2013 while improving the 2012 rate by another cent. The 2014 hedging is almost completed with USD 4.2 billion achieved at USD 1.29 to rise to USD 4.8 billion at USD 1.28 as long as Euro/USD < 1.52 for 2012. The 2015 hedging is well advanced with USD 1.5 billion achieved at USD 1.30 to rise to USD 2.6 billion at USD 1.29 as long as Euro/USD < 1.52 from 2012 to first half of 2013. At February 15, 2012, the firm hedge book amounted to USD 14.8 billion.

Hedged rates are now:

- § 2012: new hedged rate of USD 1.32 to the Euro (vs. USD 1.33)
- § 2013: USD 1.29 to the Euro (unchanged)
- § 2014: targeted hedged rate of USD 1.28 to the Euro (unchanged)
- § 2015: targeted hedged rate below USD 1.30 to the Euro (unchanged)

## BUSINESS COMMENTARY

### § Aerospace Propulsion

Full-year 2011 revenue grew by 9.0% at Euro 6,110 million, or 5.8% on an organic basis, compared to the year-ago period revenue at Euro 5,604 million. Revenue evolution resulted from growing civil aftermarket activity in CFM and high-thrust engines, as well as in helicopter turbines, in addition to a rise in OEM deliveries. OEM CFM56 engine deliveries at 1,308 units were up by 57 units compared to the same period a year ago. After an exceptional year, total CFM56 and LEAP orders and commitments now stand at more than 9,400 engines, about 7 years of production. Excluding the contribution of SME, space & missile propulsion revenue was flat in the year.

On a full-year 2011 basis, service revenue share reached 49.0% of Aerospace Propulsion revenue. Global CFM International spare parts revenue was up 8.0% in USD terms, with gradual improvement in value throughout the year driven by second generation engines. In the fourth quarter 2011, CFM International spare parts revenue was up 14% when compared to third-quarter 2011 in USD terms (and up 3.0% year-over-year). The estimated\* total number of shop visits in full-year 2011 for CFM-equipped civil aircraft increased to 2,329 as compared to 2,131 in full-year 2010.

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

Full-year 2011 recurring operating income was Euro 909 million (14.9% of revenue), up 37% compared to Euro 663 million in the year-ago period (11.8% of revenue). This improvement resulted from healthy activity in civil aftermarket and the ramp-up of recent Support-By-The-Hour maintenance contracts in helicopter engines, as well as from increased unit revenues on CFM56 original equipment. Profits were also driven by Safran+ cost reduction efforts. Higher R&D expenses, primarily on LEAP engines, had an impact on profitability. The currency hedging had a positive impact on profitability.

The contribution of SNPE Matériaux Energétiques (consolidated since April 5) was Euro 202 million in revenue and Euro 18 million in recurring operating income.

### § Aircraft Equipment

The Aircraft Equipment segment reported full-year 2011 revenue of Euro 3,097 million, up 9.3% (8.7% on an organic basis), compared to the year-ago period.

The increase in revenue was primarily attributable to 2-digit growth in the nacelle and wheels & brakes businesses in both OE and civil aerospace services. The nacelle activity recorded a significant increase in small nacelles deliveries (up 37%), as well as higher deliveries of A380 nacelles (104 units in the full-year 2011 compared to 74 nacelles in the year-ago period). The harnessing activity saw a robust performance driven by a production ramp up in all its product lines.





On a full-year 2011 basis, service revenue grew by 8% driven by higher civil aftermarket, notably in nacelles, but its share of Aerospace Equipment revenue slightly decreased from 31.3% to 31.0% as a result of higher revenue growth in original equipment.

Full-year 2011 recurring operating income was Euro 202 million (6.5% of revenue), up 59% compared to Euro 127 million in the year-ago period (4.5% of revenue). This significant improvement was driven by the expected turnaround in nacelles, which returned to profitability for the first time in many years, and mix/volume impact on harnesses and landing systems. The nacelle activity recorded a slight profit benefitting from the effect of lower production costs on higher A380 volumes, a recovery in the small nacelle business and more service activity. The currency hedging also had a positive impact on profitability.

#### § **Defence**

Full-year 2011 revenue was up 1.9% at Euro 1,264 million, or up 2.7% on an organic basis, compared to the previous year. The performance was mainly driven by 2-digit revenue growth 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 on export markets). This trend was partly mitigated by a slowdown in Avionics revenue with low volume in aircraft modernisation programs and in infrared seekers.

Full-year 2011 recurring operating income at Euro 58 million (4.6% of revenue) was up 5% compared to Euro 55 million (4.4% of revenue) in full-year 2010. Optronics delivered solid profits thanks to a favourable volume and mix while Avionics declined due to low volume in some legacy programs. Safran Electronics reached operating breakeven for the first time after the costs incurred at its creation.

#### § **Security**

The Security activity reported full-year 2011 revenue of Euro 1,249 million, up 20.0% compared to the year-ago period. On an organic basis, it was up 9.6% driven by a particularly strong year in e-Documents, notably in the telecommunication and banking market segments in Latin America, and by a good performance of identification activities in emerging countries. In the fourth quarter 2011, the Detection business has fully caught up from a low 9-month performance and revenue ended 3% organically over previous year level.

Full-year 2011 recurring operating income increased by 9% (11% organically) at Euro 139 million (11.1% of revenue) compared to Euro 128 million (12.3% of revenue) in the year-ago period. The incremental contribution in profitability was driven by the identification solutions with higher margins contracts and the favourable volume and mix effect in the e-Documents activity. The detection business recorded solid profits but somewhat below last year level due to a negative price impact in the U.S. market.

The contribution of L-1 Identity Solutions (consolidated since July 26) was Euro 134 million in revenue and Euro 4 million in recurring operating income.

### **SUBSEQUENT EVENTS**

#### **Treasury shares**

In January 2012, Safran disposed 6 million treasury shares (Euro 104 million) within the frame of the implementation of the leveraged employee shareholding plan.

#### **U.S. debt Private Placement**

In February 2012, Safran successfully closed a USD 1.2 billion U.S. Private Placement of senior unsecured notes issue with long term maturities of 7, 10 and 12 years. This transaction enables Safran to diversify its funding sources at attractive conditions, to lengthen the maturity of its debt profile and to provide long term funding for the acquisitions made in the past 3 years, notably in the U.S.

#### UPCOMING EVENTS

Q1 2012 revenue	April 26, 2012
AGM	May 31, 2012
H1 2012 results	July 31, 2012
Q3 2012 revenue	October 25, 2012

\* \* \* \* \*

Safran will host today a conference call open to analysts and investors at 8:45 am CET which can be accessed at +33 1 70 77 09 39 from France, +44 203 367 9459 from the UK. A replay will be available at +33 1 72 00 15 00, +44 203 367 9460 and +1 877 642 3018 (access code 275687#).

The press release, presentation and consolidated financial statements are available on the website at [www.safran-group.com](http://www.safran-group.com).

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**KEY FIGURES**

<i>Adjusted income Statement</i> <i>(In Euro million)</i>	FY 2010	FY 2011	% change
<b>Revenue</b>	<b>10,760</b>	<b>11,736</b>	9.1%
<b>Recurring operating income</b>	<b>878</b>	<b>1,189</b>	35%
% of revenue	8.2%	10.1%	+1.9 pt
	<b>(13)</b>	<b>(29)</b>	
<b>Profit from operations</b>	<b>865</b>	<b>1,160</b>	34%
% of revenue	8.0%	9.9%	+1.9 pt
Net financial income (expense)	(168)	(215)	
Income tax expense	(173)	(289)	
Profit (loss) from discontinued op.	(5)	3	
Minority interests	(20)	(25)	
Income from associates	9	10	
<b>Net income - group share</b>	<b>508</b>	<b>644</b>	27%
EPS (in €)	1.27*	1.59**	+0.32 cents

(\*) based on a weighted average number of shares of 399,552,920 as of December 31, 2010

(\*\*) based on a weighted average number of shares of 404,735,461 as of December 31, 2011

<i>Balance sheet - Assets</i> <i>(In Euro million)</i>	Dec. 31, 2010	Dec. 31, 2011
Goodwill	2,298	3,126
Intangible assets and PPE	5,383	5,984
Other non-current assets	657	762
Financial instruments at fair value	230	279
Inventories and WIP	3,508	3,799
Trade and other receivables	4,219	5,005
Cash and cash equivalents	2,062	1,431
Other current assets	256	316
<b>Total Assets</b>	<b>18,613</b>	<b>20,702</b>

<i>Balance sheet - Liabilities</i> <i>(In Euro million)</i>	Dec. 31, 2010	Dec. 31, 2011
Equity	4,705	5,122
Provisions	2,424	2,438
Borrowings subject to sp. conditions	701	682
Interest bearing liabilities	2,051	2,445
Other non-current liabilities	871	917
Trade and other payables	7,236	8,348
Other current liabilities	625	750
<b>Total Equity &amp; Liabilities</b>	<b>18,613</b>	<b>20,702</b>

<i>Cash Flow Highlights</i> <i>(In Euro million)</i>	FY 2010	FY 2011
<b>Adjusted attributable net profit</b>	<b>508</b>	<b>644</b>
Depreciation, amortization and provisions	462	455
Others	167	90
Elimination of discontinued operations	5	(4)
<b>Cash flow from operations</b>	<b>1,142</b>	<b>1,185</b>
Changes in working capital	317	62
Capex (tangible assets)	(271)	(352)
Capex (intangible assets)	(254)	(363)
<b>Free cash flow</b>	<b>934</b>	<b>532</b>
Dividends paid	(161)	(317)
Divestments/acquisitions and others	(251)	(1,236)
<b>Net change in cash and cash equivalents</b>	<b>522</b>	<b>(1,021)</b>
Net debt at beginning of period	(498)	24
<b>Net debt at end of period</b>	<b>24</b>	<b>(997)</b>



<i>Segment breakdown of revenue (In Euro million)</i>	FY 2010	FY 2011	% change reported	% change organic
Aerospace Propulsion	5,604	6,110	9.0%	5.8%
Aircraft Equipment	2,834	3,097	9.3%	8.7%
Defence	1,240	1,264	1.9%	2.7%
Security	1,041	1,249	20.0%	9.6%
Others	41	16	na	na
<b>Total Group</b>	<b>10,760</b>	<b>11,736</b>	<b>9.1%</b>	<b>6.3%</b>

<i>Segment breakdown of recurring operating income (In Euro million)</i>	FY 2010	FY 2011	% change
<b>Aerospace Propulsion</b>	<b>663</b>	<b>909</b>	37%
% of revenue	11.8%	14.9%	
<b>Aircraft Equipment</b>	<b>127</b>	<b>202</b>	59%
% of revenue	4.5%	6.5%	
<b>Defence</b>	<b>55</b>	<b>58</b>	5%
% of revenue	4.4%	4.6%	
<b>Security</b>	<b>128</b>	<b>139</b>	9%
% of revenue	12.3%	11.1%	
Others	(95)	(119)	na
<b>Total Group</b>	<b>878</b>	<b>1,189</b>	35%
% of revenue	8.2%	10.1%	

<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
<b>Total revenue</b>	<b>2,426</b>	<b>2,771</b>	<b>2,593</b>	<b>2,970</b>	<b>10,760</b>

<i>2011 revenue by quarter (In Euro million)</i>	First quarter 2011	Second quarter 2011	Third quarter 2011	Fourth quarter 2011	Full year 2011
Aerospace Propulsion	1,423	1,554	1,459	1,674	6,110
Aircraft Equipment	729	775	697	896	3,097
Defence	292	332	251	389	1,264
Security	233	276	317	423	1,249
Others	4	4	4	4	16
<b>Total revenue</b>	<b>2,681</b>	<b>2,941</b>	<b>2,728</b>	<b>3,386</b>	<b>11,736</b>

## NOTES

### [1] 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.

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 aeronautical programs that were 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, justified by the length of the Group's business cycles;
- § 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,
  - the recognition of all mark-to-market changes on non-settled hedging instruments at the closing date is neutralized.

FY 2011 reconciliation between consolidated income statement and adjusted consolidated income statement:

FY 2011  (In Euro million)	Consolidated data	Currency hedging		Business combinations		Adjusted data
		Remeasurement of revenue	Deferred hedging gain (loss)	Amortization intangible assets - Sagem-Snecma merger	PPA impacts - other business combinations	
<b>Revenue</b>	<b>11,658</b>	<b>78</b>				<b>11,736</b>
Other operating income (expense)	(10,794)	(2)	20	158	71	(10,547)
<b>Recurring operating income</b>	<b>864</b>	<b>76</b>	<b>20</b>	<b>158</b>	<b>71</b>	<b>1,189</b>
Other non current operating income (expense)	(29)			-	-	(29)
<b>Profit (loss) from operations</b>	<b>835</b>	<b>76</b>	<b>20</b>	<b>158</b>	<b>71</b>	<b>1,160</b>
Cost of debt	(42)					(42)
Foreign exchange financial income (loss)	19	(76)	11			(46)
Other finance costs / income	(127)					(127)
<b>Net finance costs / income</b>	<b>(150)</b>	<b>(76)</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>(215)</b>
Income from associates	10					10
Income tax expense	(201)		(11)	(52)	(25)	(289)
<b>Profit (loss) from continuing operations</b>	<b>494</b>	<b>0</b>	<b>20</b>	<b>106</b>	<b>46</b>	<b>666</b>
Profit (loss) from discontinued operations	3			-	-	3
<b>Attributable to non-controlling interests</b>	<b>(19)</b>			<b>(3)</b>	<b>(3)</b>	<b>(25)</b>
<b>Attributable to equity holders of the parent</b>	<b>478</b>	<b>0</b>	<b>20</b>	<b>103</b>	<b>43</b>	<b>644</b>

Readers are reminded that only the consolidated financial statements are audited by the Group's statutory auditors. The consolidated financial statements include revenue and operating profit indicators set out in the adjusted data in Note 4, "Segment information" of the consolidated financial statements. Adjusted financial data other than the data provided in Note 4, "Segment information" of the consolidated financial statements, are subject to verification procedures applicable to all of the information provided in the Registration Document.

The audit procedures on the consolidated financial statements have been completed. An audit opinion will be issued after the Board of Directors' meeting of April 11, 2012, once specific verifications and a review of events subsequent to February 22, 2012 have been performed.

**[2] Recurring operating income**

In order to better reflect the current economic performance, this subtotal named “recurring operating income” excludes income and expenses which are largely unpredictable because of their unusual, infrequent and/or material nature such as: impairment losses/reversals, capital gains/losses on disposals of operations and other unusual and/or material non operational items.

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*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 close to 60,000 employees and generated sales of 11.7 billion euros in 2011. 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 1.3 billion euros in 2011. Safran is listed on NYSE Euronext Paris and is part of the CAC40 index.*

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