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Safran: record 2012 results

- **Adjusted revenue up 15.5% at Euro 13.6 billion**
- **Adjusted recurring operating income grew 23.7% at 1,471 million, or 10.8% of revenue**
- **Adjusted net income - Group share - rose strongly 55% at Euro 999 million**
- **Solid 2013 outlook**

All figures in this press release represent Adjusted [1] data, except where noted. Please also refer to the definitions and the reconciliation between 2012 consolidated income statement and adjusted income statement provided in the Notes on pages 10 and 11 of this press release.

KEY FIGURES FOR FULL-YEAR 2012

- **Full-year 2012 adjusted revenue was Euro 13,560 million**, up 15.5% year-on-year (8.6% organic).
- **Adjusted recurring [2] operating income of Euro 1,471 million (10.8% of revenue)**, rose 23.7% year-on-year. After a net charge of Euro (50) million for one-off items, mainly related to M&A transaction and integration costs, adjusted profit from operations was Euro 1,421 million.
- **Adjusted net income - group share up 55%** from FY 2011 at **Euro 999 million** (Euro 2.41 per share). Consolidated (non-adjusted) net income - group share at Euro 1,302 million (Euro 3.14 per share).
- **Net debt position of Euro 932 million** as of December 31, 2012, with free cash flow generation of **Euro 564 million** (38% of recurring operating income).
- A **dividend payment of Euro 0.96 per share** (40% payout) will be proposed to the shareholders' vote at the Annual General Meeting on May 28, 2013 (to include the Euro 0.31 per share interim dividend payment paid in December 2012).
- **Full-year 2013 guidance**: Safran expects adjusted revenue to increase by around 5% and adjusted recurring operating income to grow again by a percentage in the mid-teens. Free cash flow is expected to represent about 40% of adjusted recurring operating income.

KEY BUSINESS HIGHLIGHTS FOR FULL-YEAR 2012

- **2012 civil aftermarket [3] was up 9.4% in USD terms** driven by first overhauls of recent CFM56 engines.
- LEAP & CFM56: the total CFM International (CFMI) order backlog amounts to 9,943 engines (firm orders and commitments) of which 4,352 latest generation LEAP (1,096 new orders in 2012); **1,406 CFM56 engines were delivered** in 2012 (vs. 1,308 in 2011), setting a new production record.
- Business jets: Safran has started development tests of the new **Silvercrest** business jet engine which is expected to enter into service in 2017. The engine was selected by a second customer, Cessna on its new Citation Longitude program.
- Electrical technologies: the announced **acquisition of Goodrich Electrical Power Systems** will reinforce Safran's on-board electrical power generation and distribution technologies and skills and create a European-based leader in aerospace electrical power systems.
- Security: Safran acquired for Euro 90 million General Electric's residual **19% stake in Morpho Detection** Inc., which is now wholly owned. **Morpho Detection received a 5-year non-exclusive contract** from the TSA with a maximum value of USD 528 million for its explosives detection system at airports.

SAFRAN
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Paris, February 21, 2013 - The Board of Directors of Safran (NYSE Euronext Paris: SAF) met in Paris on February 20, 2013 to approve the financial statements for the full year 2012.

EXECUTIVE COMMENTARY

Chairman and CEO Jean-Paul Herteman commented:

“Following a successful 2011, Safran once again made considerable progress during 2012, delivering strong 24% growth in recurring operating income while also generating a 42% increase in operating cash flows, supporting significantly increased investment in its businesses. We reached record levels of total R&D expenditure and our industrial investment increased by close to 20% to adapt to higher production rates and new technologies. Our competitiveness continued to improve, on both the industrial level and with regard to our cost structure with the streamlining of our support functions.

We also took major steps forward on our strategic development of more-electric aircraft, by kicking off the development of the electric green taxiing system with Honeywell and acquiring the power generation and distribution businesses of Goodrich.

2012 was again a record year for CFM across the board. The LEAP engine prolongs the leadership of CFM in its category, recording more than 4,300 orders and commitments to date on Airbus A320neo, Boeing 737 MAX and Comac C919. CFM is also achieving record production rates for the CFM56 product line, growing the value of future highly profitable services.

MorphoTrust successfully delivered the expected financial performance while launching and completing numerous initiatives that enable future profitable growth. Commercial momentum remained strong, notably in the driving license business where MorphoTrust delivers full solutions in 42 U.S. States out of 50, covering 80% of all U.S drivers.

Overall, we are particularly confident we are on track for further solid earnings growth in 2013 and in future years while resolutely investing in technology and breakthrough products for the long term. ”

FULL-YEAR 2012 RESULTS

Safran delivered solid operational performance in full-year 2012.

Record backlog. New order intake during 2012 was Euro 18.1 billion, providing evidence of robust and resilient demand. The backlog grew to Euro 48.5 billion compared to Euro 43.0 billion last year. It does not reflect future flows from CFM56 spares and services provided on a “time and materials” basis which will provide significant revenue streams and high margin flows in future decades.

Strong revenue growth. For full-year 2012, Safran’s revenue was Euro 13,560 million, a 15.5% year-on-year increase (8.6% organic growth), compared to Euro 11,736 million in 2011.

Full-year 2012 revenue increased by Euro 1,824 million on a reported basis, notably highlighting performance in aerospace and security. On an organic basis, revenue increased by Euro 1,009 million with higher aerospace original equipment (OEM) volumes , improving civil aftermarket trends, resilience in the defence business (avionics) and momentum in security (biometric identification, e-Documents).

Organic revenue was determined by applying constant exchange rates and by including the revenue in 2012 of acquired activities only for the comparable periods to the period in 2011 for which they are included in 2011 reported revenue. Hence, the following calculations were applied:

Reported growth			**15.5%**
Impact of acquisitions & newly consolidated activities	Euro 286 million	(2.4)%	
Currency impact	Euro 529 million	(4.5)%	
Organic growth			**8.6%**

Currency variations favorably impacted revenue in the amount of Euro 529 million for full-year 2012, reflecting a global positive translation effect on the revenue exposed to foreign currencies, notably in USD, as well as a positive transaction impact with a significant improvement in the Group's hedged rate (USD1.32 to the Euro in 2012 vs. USD1.37 in 2011).

Recurring operating margin increased by 23.7% and represented 10.8% of sales. For full-year 2012, Safran's recurring operating income was Euro 1,471 million, or 10.8% of revenue, up 23.7% compared to 1,189 million (10.1% of revenue) in full-year 2011. After taking into account the positive currency impact (Euro 131 million) and the impact of acquisitions and newly consolidated activities (Euro 23 million), organic year-over-year improvement was Euro 128 million or 10.8%. This also includes an increase (announced in August 2012) by Euro (29) million due to a higher rate of social contributions payable on employee profit sharing.

The improvement was primarily driven by the aerospace propulsion and equipment activities, which saw solid OEM growth and positive trends in civil aftermarket, as well as by a turnaround of avionics in Defence.

One-off items totalled Euro (50) million during full-year 2012, of which Euro (34) million of acquisition and integration costs mainly related to MorphoTrust, as well as a net charge of Euro (16) million related to our customer, Hawker Beechcraft, which had filed for Chapter 11 bankruptcy protection in May 2012.

In Euro million	**FY 2011**	**FY 2012**
Recurring operating income	**1,189**	**1,471**
% of revenue	10.1%	10.8%
Total one-off items	**(29)**	**(50)**
Capital gain (loss) on disposals	*-*	*1*
Impairment reversal (charge)	*23*	*(1)*
Other infrequent & material non-operational items	*(52)*	*(50)*
Profit from operations	**1,160**	**1,421**
% of revenue	9.9%	10.5%

Adjusted net income - group share - grew by 55% year-over-year. It was Euro 999 million or Euro 2.41 per share, compared to Euro 644 million (Euro 1.59 per share) in full-year 2011. In addition to the rise in recurring operating income, this improved performance includes:

- Net financial expense of Euro 152 million, including Euro 54 million of cost of debt.
- Tax expense of Euro 263 million, resulting in a lower effective tax rate than in 2011, due to the change in mix of tax rates applicable in countries where the Group does business. The Group's tax expense includes the favourable impact of the absorption by Safran of subsidiaries which had been involved in loss making activities divested several years ago.

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The reconciliation between 2012 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 564 million of Free Cash Flow (38% of recurring operating income)**.** The net debt position was Euro 932 million as of December 31, 2012 compared to Euro 997 million as of December 31, 2011.

Free cash flow generation of Euro 564 million results from cash from operations of Euro 1,702 million partially offset by an increase in working capital needs of Euro 85 million - very moderate considering the rise in production volumes - and R&D spend and industrial investments higher respectively by 37 % and 19 %. Good progress was made in containing working capital requirements in the second half of 2012, despite overdue payments from the French Ministry of Defence amounting to Euro 164 million at the end of the year.

Major cash outflows in the year were a 2011 final dividend payment (€0.37 per share) as well as an interim 2012 dividend payment (€0.31 per share) for a total of Euro 283 million, in addition to acquisitions (principally Euro 90 million for the 19% stake in Morpho Detection Inc. which GE had retained in 2009, and Euro 24 million for an additional 10% in Sofradir, the subsidiary specialized in infrared matrices, jointly owned with Thales). Net proceeds of the sale to employees of treasury shares upon implementation of the leveraged employee shareholding plan were Euro 118 million in 2012.

The U.S. Private Placement notes of USD 1.2 billion had a negative non-cash currency translation impact of Euro (6) million on the net debt level expressed in Euros (compared to a negative impact of Euro (50) million at the end of June 2012)

As of December 31, 2012, Safran had cash and cash equivalents of Euro 2.2 billion and Euro 2.55 billion of secured and undrawn facilities available.

DIVIDEND PROPOSAL

A dividend payment of Euro 0.96 per share (40% payout) will be proposed to the shareholders' vote at the next Annual Shareholders' Meeting on May 28, 2013. The proposed dividend represents a 55% increase compared with 2011. An interim payment having been made in December 2012 (Euro 0.31 per share), the final dividend payment would be Euro 0.65 per share in 2013 (approximately Euro 270 million). This balance would be paid from June 6, 2013 (ex-dividend date: June 3, 2013).

On that basis, the new French 3% tax levied on dividend distributions will lead to a charge of approximately Euro (12) million. The total dividend payment, including tax, amounts to 41% of 2012 net income.

EMPLOYEES

Employee number increase

More than 7,000 people were hired in 2012 (of which around 3,200 in France) to ensure generation renewal, accompany the increase in activity and add to the R&D teams. The Group expects to hire an additional 7,000 people in 2013, leading to a net increase of nearly 2,800 in headcount, including 1,600 in France.

In 2012, the Group's total contribution to employee profit-sharing and incentive schemes including social contributions totalled Euro 293 million, up 38% year-over-year.

RESEARCH & DEVELOPMENT

Total R&D expenditures, including customer funded R&D, reached Euro 1.6 billion.

The self-funded R&D effort before research tax credit was Euro 1,103 million or 8.1% of revenue in full-year 2012, up Euro 295 million compared to full-year 2011. It reflects the acceleration of the LEAP milestones, the second application for the Silvercrest business jet engine and increased spending related to the A350 program, while spending on some programs is tailing off (A400M, Boeing 787). The impact on recurring operating income after tax credit, capitalization and amortization was Euro 543 million, an increase of Euro 48 million compared to last year.

2013 OUTLOOK

Safran expects on a full-year basis:

- Revenue to increase by around 5% (at an estimated average rate of USD 1.29 to the Euro).
- Adjusted recurring operating income to increase by a percentage in the mid-teens (at a hedged rate of USD 1.29 to the Euro).
- Free cash flow to represent about 40% of the adjusted recurring operating income taking into account the expected increase in capex and R&D to cope with rising production rates and new business opportunities.

The full-year 2013 outlook is based on the following underlying assumptions:

- Healthy increase in aerospace OE deliveries
- Civil aftermarket increase in the high single digits
- Incremental R&D cash effort of around Euro 200 million
- Increase in tangible capex of around Euro 200 million
- Continued margin improvement in Equipment
- Stable profitability in Defence
- Profitable growth for the Security business
- Continued benefits from the on-going Safran+ plan to enhance the cost structure and reduce overhead.

CURRENCY HEDGES

During the year 2012, the Group has finalized its hedging for 2012 to 2014 while improving the 2014 rate by a further cent. The 2014 hedging is now completed with USD 5.2 billion achieved at an improved rate of USD 1.28 to the Euro. The 2015 hedging is almost finalized with USD 3.9 billion achieved at USD 1.25 to rise to USD 4.8 billion at USD 1.25 as long as €/$<1.40 up to mid-2013. The 2016 hedging is well advanced with USD 1.3 billion achieved at USD 1.28 to rise to USD 2.7 billion at USD1.24 as long as €/$<1.39 up to mid-2014. At February 15, 2013, the firm hedge book amounted to USD 15.1 billion.

Hedged rates are now:

- 2013: USD 1.29 to the Euro (unchanged)
- 2014: USD 1.28 to the Euro (new)
- 2015: targeted hedged rate at USD 1.26 to the Euro (unchanged)
- 2016: targeted hedged rate at or below USD 1.26 to the Euro (new)

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BUSINESS COMMENTARY

- **Aerospace Propulsion**

Full-year 2012 revenue grew by 14.6% at Euro 7,005 million, or 9.2% on an organic basis, compared revenue of Euro 6,110 million in the year-ago period revenue. Revenue evolution resulted from a strong rise in civil OEM deliveries, with CFM56 reaching record production rates, and solid trends in aftermarket for CFM56 engines and helicopter turbines. CFM56 engine deliveries amounted to 1,406 units, 98 units more than in 2011. Total CFM56 and LEAP orders and commitments now stand at 9,943 engines, about 7 years of production at current rates. Excluding the contribution of newly acquired SNPE Materiaux Energétiques (SME), space & missile propulsion revenue was flat in the year.

On a full-year 2012 basis, civil aftermarket revenue grew by 9.4% in USD terms, driven by first overhauls of recent CFM56 engines. Overall service revenue in Aerospace Propulsion grew by 9.9% in Euro terms and represents a 46.9% share of revenue. The strength of helicopter engines maintenance activity also contributed to the service revenue growth. In contrast that related to military engines aftermarket reported lower revenue compared to a high comparison base.

Full-year 2012 recurring operating income was Euro 1,099 million (15.7% of revenue), up 20.9% compared to Euro 909 million in the year-ago period (14.9% of revenue). This improvement resulted from healthy activity in civil aftermarket and helicopter engines maintenance, as well as from increased volume on all military and commercial OEM engines. Profits were also driven by significant productivity gains from the transverse Safran+ cost reduction program. R&D expenses grew, primarily on LEAP and Sivercrest engines development. The currency hedging had a positive impact on profitability.

The 12-month contribution of SME was Euro 273 million in revenue and Euro 24 million (8.8% of sales) in recurring operating income.

- **Aircraft Equipment**

The Aircraft Equipment segment reported full-year 2012 revenue of Euro 3,691 million, up 19.2% (12.5% on an organic basis), compared to the year-ago period.

Increases in OEM production rates (notably the Boeing 787, A330 and A380 programs) and a recovery of the regional jets market segment drove revenue increases in all activities. The nacelle activity recorded a significant increase in small nacelles deliveries (up 24%), as well as higher deliveries of A380 nacelles and of A330 thrust reversers. The harnessing and landing gear activities saw a robust performance driven by a production ramp up in all their product lines.

On a full-year basis, service revenue grew by 9.9% in Euro terms in 2012, driven by growth in carbon brakes where the Group continues to win market share.

Full-year 2012 recurring operating income was Euro 287 million (7.8% of revenue), up 42.1% compared to Euro 202 million in the year-ago period (6.5% of revenue). This significant improvement was driven by a favourable mix/volume impact and productivity gains on harnesses and landing systems with the ramp-up of OEM volumes. The increased activity in carbon brakes and auxiliary power transmission spares also contributed to this performance. The currency hedging had a positive impact on profitability.

- **Defence**

Full-year 2012 revenue was up 4.0% at Euro 1,315 million, or up 1.0% on an organic basis, compared to the previous year. Avionics revenue grew on the back of higher deliveries of Mistral seeker kit modules and a solid inertial navigation activity. This trend was partially offset by softer revenue in Optronics given the tough year-over-year comparison base for the long-range infra-red goggles on export markets. Deliveries of portable optronic devices were down in the year, as a consequence notably of U.S. military budget contraction. Safran Electronics benefitted from the increasing deliveries of its digital engine control system (FADEC) for the CFM56 engines.

Full-year 2012 recurring operating income at Euro 81 million (6.2% of revenue) was up 39.7% (+27.6 % organically) compared to Euro 58 million (4.6% of revenue) in full-year 2011. The expected turnaround of profitability in Avionics resulted from a combination of favourable volume, price and mix effect, a significant reduction in SG&A, a drastic reduction in manufacturing costs and an improvement in production quality. Optronics continued to deliver solid profits, although lower than last year, thanks to robust deliveries of the Felin soldier integrated equipment.

- **Security**

The Security activity reported full-year 2012 revenue of Euro 1,546 million, up 23.8% compared to the year-ago period. On an organic basis, moderate growth of 4.6% reflects increasing momentum in biometric identification in some emerging countries and in e-Documents activities, partially offset by temporary adjustments of government budgets in other countries. The e-Documents activity continued to gain traction in the high-end banking market segment in Latin America as the technology migrates to the EMV standard (Europay, Mastercard and Visa) with higher unit prices. MorphoTrust grew its contribution showing strong U.S. Federal sales and higher than expected volumes in driving licence programs and enrolment services. Detection had a flat performance reflecting renewed TSA orders for large CTX devices across the United States being offset by lower Trace equipment deliveries.

Full-year 2012 recurring operating income increased by 4.3% at Euro 145 million compared to Euro 139 million in the year-ago period. The relatively slight incremental contribution was driven by the migration to high-end products in e-Documents and the increasingly positive contribution of MorphoTrust, fully achieving the synergies expected at the start of integration. This performance was partially offset in biometric identification (outside the former L-1 ID businesses) which suffered from an unfavourable contract mix. The detection business recorded solid profits, though somewhat below last year level, notably due to higher R&D expenses in preparation of a major breakthrough in liquid explosives detection and the integrated access control checkpoint in airports.

The 12-month contribution of L-1 Identity Solutions (MorphoTrust and non-proxy businesses) was Euro 335 million in revenue and Euro 48 million in recurring Earnings before Interest, Taxes, Depreciation, and Amortization (EBITDA). In USD terms, revenue was USD 431 million and recurring EBITDA USD 62 million (14% of sales).

UPCOMING EVENTS

Q1 2013 revenue	April 23, 2013
Annual Shareholders Meeting	May 28, 2013
H1 2013 results	July 26, 2013

* * * * *

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 38 from France, +44 203 367 9459 from the UK and +1 855 402 7764 from the US. A replay will be available until May 20, 2013 at +33 1 72 00 15 00, +44 203 367 9460 and +1 877 642 3018 (access code 280035#).

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

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KEY FIGURES

Adjusted income Statement *(In Euro million)*	**FY 2011**	**FY 2012**	% change
Revenue	**11,736**	**13,560**	15.5%
Recurring operating income	**1,189**	**1,471**	23.7%
% of revenue	10.1%	10.8%	+0.7 pt
	(29)	**(50)**	
Profit from operations	**1,160**	**1,421**	22.5%
% of revenue	9.9%	10.5%	+0.6 pt
Net financial income (expense)	(215)	(152)	
Income tax expense	(289)	(263)	
Profit (loss) from discontinued op.	3	-	
Minority interests	(25)	(26)	
Income from associates	10	19	
Net income - group share	**644**	**999**	55.1%
EPS (in €)	1.59*	2.41**	+82 cents

(*) based on a weighted average number of shares of 404,735,461 as of December 31, 2011
(**) based on a weighted average number of shares of 415,280,826 as of December 31, 2012

Balance sheet - Assets *(In Euro million)*	**Dec. 31, 2011**	**Dec. 31, 2012**
Goodwill	3,126	3,078
Intangible assets and PPE	5,984	6,476
Other non-current assets	762	788
Derivatives assets	279	647
Inventories and WIP	3,799	4,131
Trade and other receivables	5,005	5,025
Cash and cash equivalents	1,431	2,193
Other current assets	316	597
Total Assets	**20,702**	**22,935**

Balance sheet - Liabilities *(In Euro million)*	**Dec. 31, 2011**	**Dec. 31, 2012**
Equity	5,122	6,228
Provisions	2,438	2,579
Borrowings subject to sp. conditions	682	670
Interest bearing liabilities	2,445	3,175
Derivatives liabilities	658	225
Other non-current liabilities	917	1,135
Trade and other payables	8,348	8,767
Other current liabilities	92	156
Total Equity & Liabilities	**20,702**	**22,935**

Cash Flow Highlights *(In Euro million)*	**FY 2011**	**FY 2012**
Adjusted attributable net profit	**644**	**999**
Depreciation, amortization and provisions	455	671
Others	101	32
Elimination of discontinued operations	-	-
Cash flow from operations	**1,200**	**1,702**
Changes in working capital	47	(85)
Capex (tangible assets)	(352)	(419)
Capex (intangible assets)	(363)	(634)
Free cash flow	**532**	**564**
Dividends paid including minority interests	(317)	(300)
Divestments/acquisitions and others	(1,236)	(199)
Net change in cash and cash equivalents	**(1,021)**	**65**
Net debt at beginning of period	24	(997)
Net debt at end of period	**(997)**	**(932)**

Segment breakdown of adjusted revenue (In Euro million)	FY 2011	FY 2012	% change reported	% change organic
Aerospace Propulsion	6,110	7,005	14.6%	9.2%
Aircraft Equipment	3,097	3,691	19.2%	12.5%
Defence	1,264	1,315	4.0%	1.0%
Security	1,249	1,546	23.8%	4.6%
Holding & others	16	3	na	na
Total Group	**11,736**	**13,560**	**15.5%**	**8.6%**

Segment breakdown of adjusted recurring operating income (In Euro million)	FY 2011	FY 2012	% change
Aerospace Propulsion	**909**	**1,099**	20.9%
% of revenue	14.9%	15.7%	
Aircraft Equipment	**202**	**287**	42.1%
% of revenue	6.5%	7.8%	
Defence	**58**	**81**	39.7%
% of revenue	4.6%	6.2%	
Security	**139**	**145**	4.3%
% of revenue	11.1%	9.4%	
Holding & others	(119)	(141)	na
Total Group	**1,189**	**1,471**	**23.7%**
% of revenue	10.1%	10.8%	

2011 adusted revenue by quarter (In Euro million)	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
Holding & others	4	4	4	4	16
Total revenue	**2,681**	**2,941**	**2,728**	**3,386**	**11,736**

2012 adjusted revenue by quarter (In Euro million)	First quarter 2012	Second quarter 2012	Third quarter 2012	Fourth quarter 2012	Full year 2012
Aerospace Propulsion	1,585	1,681	1,635	2,104	7,005
Aircraft Equipment	883	904	850	1,054	3,691
Defence	307	333	276	399	1,315
Security	332	387	371	456	1,546
Others	1	0	2	0	3
Total revenue	**3,108**	**3,305**	**3,134**	**4,013**	**13,560**

Euro/USD rate	FY 2011	FY 2012
Average spot rate	1.39	1.29
Spot rate (end of period)	1.29	1.32
Hedge rate	1.37	1.32

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 2012 reconciliation between consolidated income statement and adjusted consolidated income statement:

FY 2012		Currency hedging		Business combinations		
(In Euro million)	Consolidated data	Remeasurement of revenue	Deferred hedging gain (loss)	Amortization intangible assets -Sagem-Snecma merger	PPA impacts - other business combinations	Adjusted data
Revenue	**13,615**	**(55)**	**-**	-	-	**13,560**
Other operating income (expense)	(12,345)	-	3	156	97	(12,089)
Recurring operating income	**1,270**	**(55)**	**3**	**156**	**97**	**1,471**
Other non current operating income (expense)	(56)	-	-	-	6	(50)
Profit (loss) from operations	**1,214**	**(55)**	**3**	**156**	**103**	**1,421**
Cost of debt	(54)	-	-	-	-	(54)
Foreign exchange financial income (loss)	709	55	(742)	-	-	22
Other finance costs / income	(120)	-	-	-	-	(120)
Net finance costs / income	**535**	**55**	**(742)**	**-**	**-**	**(152)**
Income from associates	19	-	-	-	-	19
Income tax expense	(442)	-	270	(54)	(37)	(263)
Profit (loss) from continuing operations	**1,326**	**-**	**(469)**	**102**	**66**	**1,025**
Profit (loss) from discontinued operations	-	-	-	-	-	-
Attributable to non-controlling interests	**(24)**	**-**	**1**	**(3)**	**-**	**(26)**
Attributable to equity holders of the parent	**1,302**	**-**	**(468)**	**99**	**66**	**999**

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 March 21, 2013, once specific verifications and a review of events subsequent to February 20, 2013 have been performed.

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[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.

[3] Civil aftermarket (expressed in USD)
This non-accounting indicator (non-audited) comprises spares and MRO (Maintenance, Repair & Overhaul) revenue for all civil aircraft engines for Snecma and its subsidiaries and reflects the Group's performance in civil aircraft engines aftermarket compared to the market.

* * * * *

Safran *is a leading international high-technology group with three core businesses: Aerospace (propulsion and equipment), Defence and Security. Operating worldwide, the Group has 62,500 employees and generated sales of 13.6 billion euros in 2012. 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 1.6 billion Euros in 2012. Safran is listed on NYSE Euronext Paris and is part of the CAC40 index.*

For more information, www.safran-group.com / Follow @SAFRAN on Twitter

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