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Safran reports strong progress for first-half 2013 results

with adjusted revenue up 10.2% and adjusted recurring operating income up 23% on favourable aftermarket trends

Full-year 2013 profit outlook upgraded

All figures in this press release represent Adjusted [1] data, except where noted. Please refer to definitions and reconciliation between H1 2013 consolidated income statement and adjusted income statement provided in the Notes on page 10 and following of this press release. The 2012 financial statements have been restated to reflect the changes induced by Amended IAS19. Please refer to the Annex for detailed explanations.

KEY FIGURES FOR FIRST-HALF 2013

- **First-half 2013 adjusted revenue was Euro 7,066 million**, up 10.2% year-on-year (9.7% organic).
- **Adjusted recurring [2] operating income at Euro 847 million (12.0% of revenue)** at a hedged rate of USD1.29 to the Euro, up 23% year-on-year. After one-off items totalling Euro (23) million, profit from operations was Euro 824 million.
- **Adjusted net income - group share up 59%** from first-half 2012 restated **at Euro 658 million** (Euro 1.58 per share). It includes a Euro 131 million one-off post-tax capital gain from the sale of 12.57% of Ingenico share capital.
- Consolidated (non-adjusted) net income - group share at Euro 470 million (Euro 1.13 per share).
- **Net debt position of Euro 1,202 million** as of June 30, 2013, with free cash flow generation of **Euro 157 million**. A dividend of Euro 0.96 per share was approved by the shareholders during the Annual General Meeting and the remaining portion of Euro 0.65 was paid in June, a Euro 0.31 interim payment having been made in December 2012.
- **H1 2013 civil aftermarket [3] was up 16.8%** in USD terms (+24.4% in Q2 compared to a sluggish quarter in 2012); Full-year expectation raised to low-teens percentage growth (previously high single digits growth).
- **Full-year 2013 profit outlook upgraded** reflecting solid first-half performance, improved Euro/USD hedging and healthy civil aftermarket. It also takes into account the improvement in the basis of comparison induced by the restatement of 2012 (Amended IAS19). Safran now expects adjusted revenue to increase by a percentage in the mid-to-high single digits at an estimated average spot rate of USD 1.29 to the Euro while adjusted **recurring operating income should increase by around 20%** at an improved hedged rate of USD 1.28 to the Euro. Furthermore, the objective for free cash flow to represent about 40% of the adjusted recurring operating income remains achievable, yet challenging: the major uncertainty being the amount of advance payments and the rhythm of payments by State-clients in the second half.

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KEY BUSINESS HIGHLIGHTS FOR FIRST-HALF 2013

- During the Paris Air Show CFM recorded orders for 660 new engines (468 LEAP & 192 CFM56), in addition to LEAP and CFM56 services agreements, at a combined value of USD15 billion at list price. **As of June 30, 2013, LEAP order book stands at close to 5,200 engines** (orders and commitments).
- **Bell Helicopter's** new five-seat, short light single-engine helicopter will be powered by Turbomeca's **Arrius 2R engine**.
- Honeywell and Safran made a **public demonstration of their new electric green taxiing system** (egts) during the Paris Air Show and extended their collaboration on the EGTS development to include Air France. **Air France will provide valuable assistance** in refining estimated savings of the system and quantifying other operational benefits.
- To simplify and streamline the various pre-boarding controls step in airports, Morpho is developing **MorphoPass™, an integrated airport security system** that converges technologies which enable biometric identification and detect illicit and dangerous substances.

Paris, July 26, 2013 - The Board of Directors of Safran (NYSE Euronext Paris: SAF) met in Paris on July 25, 2013 to approve the financial statements for the first-half of 2013.

EXECUTIVE COMMENTARY

Chairman and CEO Jean-Paul Herteman commented:

"*The 2013 Paris Air Show continued to provide comfort in our production ramp-up, as CFM's LEAP engine family logged significant new orders and commitments, thus further bolstering our long term standing. Favourable aftermarket indicators and strong original equipment output provide strong evidence underpinning our short and medium term outlook.*

Our first-half 2013 performance with 12% recurring operating margin demonstrates once again our ability to deliver. In addition, full-year profit guidance is raised.

In parallel, Safran is pursuing its development strategy. Announced in June of this year, the consolidation of the Group's electrical activities (Labinal, Safran Power and Goodrich Electrical Power Systems) within a single entity will configure us in the best way possible for a breakthrough in the future market for more electric aircraft. A concrete illustration was the brilliant demonstration during the Paris air show of the electric green taxiing system (egts) which also enjoys the growing support of airlines. "

FIRST-HALF 2013 RESULTS

Safran delivered strong progress in performance in first-half 2013.

Solid growth in revenue. For first-half 2013, Safran's revenue was Euro 7,066 million, compared to Euro 6,413 million in the same period a year ago, a 10.2% year-on-year increase (9.7% organic growth).

First-half 2013 revenue increased by Euro 653 million on a reported basis, notably highlighting a good performance in aerospace (both organic and from acquisitions). On an organic basis, revenue increased by Euro 621 million as a result of record production rates in aerospace original equipment, as well as favourable aftermarket trends. Avionics and biometric identification activities also contributed to this performance.

Organic revenue was determined by applying constant exchange rates and by including the revenue in 2013 of acquired activities only for the comparable periods to the period in 2012 for which they are included in 2012 reported revenue. Hence, the following calculations were applied:

Reported growth			**10.2%**
Impact of acquisitions & newly consolidated activities	Euro 56 million	(0.9)%	
Currency impact	Euro (24) million	0.4%	
Organic growth			**9.7%**

The modest unfavourable currency impact on revenue of Euro (24) million for first-half 2013 reflected a global negative translation effect on revenue generated in foreign currencies, notably in USD, GBP and Brazilian Real, partly offset by a positive transaction impact with a significant improvement in the Group's hedged rate (USD 1.29 to the Euro vs. USD 1.32 in the year-ago period).

Recurring operating margin reached 12%. For first-half 2013, Safran's recurring operating income was Euro 847 million (12.0% of revenue), up 23% compared to first-half 2012 restated figure of Euro 687 million, (10.7% of revenue). After taking into account the positive currency hedge impact (Euro 35 million) and the slight impact of acquisitions and newly consolidated activities (Euro 3 million), organic improvement was Euro 122 million, +18% year-over-year.

This improvement was primarily driven by the aerospace activities in propulsion and equipment benefiting from solid original equipment growth and favourable trends in aftermarket, as well as growing profits in the avionics activity (Defence).

One-off items totalled Euro (23) million during first-half 2013, including acquisition and integration costs, notably related to GEPS.

In Euro million	**H1 2012 restated**	**H1 2013**
Adjusted recurring operating income	**687**	**847**
% of revenue	10.7%	12.0%
Total one-off items	**(19)**	**(23)**
Capital gain (loss) on disposals	-	-
Impairment reversal (charge)	-	*(15)*
Other infrequent & material non-operational items	*(19)*	*(8)*
Adjusted profit from operations	**668**	**824**
% of revenue	10.4%	11.7%

Adjusted net income - group share grew by 59% year-over-year. It was Euro 658 million or Euro 1.58 per share, compared to Euro 414 million (Euro 1.00 per share) in first-half 2012 (restated). In addition to the rise in recurring operating income, this improved performance includes:

- Net financial expense of Euro (67) million, including Euro (15) million of cost of debt.
- Tax expense of Euro (231) million (31% effective tax rate).
- A one-off Euro 131 million post-tax capital gain from the sale of 12.57% of Ingenico share capital.

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DIVIDEND TO SHAREHOLDERS

A dividend of Euro 0.96 per share was approved by the shareholders at the Annual General Meeting of May 28, 2013. An interim payment having been made in December 2012 (Euro 0.31 per share), a final payment of Euro 0.65 per share was made in June 2013.

BALANCE SHEET AND CASH FLOW

Operations generated Euro 157 million of Free Cash Flow. The net debt position was Euro 1,202 million as of June 30, 2013 compared to a net debt position of Euro 932 million as of December 31, 2012. Free cash flow generation of Euro 157 million was driven by the cash from operations of Euro 1,011 million, devoted to a moderate increase in working capital needs of Euro (223) million to sustain rising production rates, and increased capital expenditures (Euro (228) million) and growing R&D investment. Other major cash outflows in the semester were a 2012 final dividend payment of Euro 271 million (€0.65 per share) to parent holders, and the acquisition of Goodrich Electrical Power Systems (Euro 301 million). The net proceeds of the disposal of 12.57% of Ingenico share capital amounted to Euro 287 million.

As of June 30, 2013, Safran had cash & cash equivalents of Euro 1.7 billion and Euro 2.55 billion of secured and undrawn facilities available.

RESEARCH & DEVELOPMENT

Total R&D expenditures, including customer-funded, reached Euro (853) billion.

The self-funded R&D effort before research tax credit was Euro (590) million or 8.3% of revenue in first-half 2013, up Euro (114) million compared to first-half 2012. It reflects the expected ramp-up in spending on new engine developments (LEAP and Silvercrest) and on A350 program equipment. The impact on recurring operating income after tax credit, capitalization and amortization was Euro (272) million, an increase of Euro (35) million compared to last year.

OUTLOOK

Full-year 2013 profit guidance is upgraded reflecting solid first-half performance, improved Euro/USD hedging and healthy civil aftermarket. It also takes into account the improvement in the basis of comparison induced by the restatement of 2012 (Amended IAS19).

Safran now expects adjusted revenue to increase by a percentage in the mid-to-high single digits at an estimated average spot rate of USD 1.29 to the Euro and adjusted recurring operating income to increase by around 20% (previously mid-teens) at an improved hedged rate of USD 1.28 to the Euro (previously USD 1.29). Furthermore, the objective for free cash flow to represent about 40% of the adjusted recurring operating income remains achievable, yet challenging: the major uncertainty being the amount of advance payments and the rhythm of payments by State-clients in the second half.

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

- Healthy increase in aerospace OE deliveries
- Civil aftermarket increase by a percentage in the low-teens (previously high single digits)
- Incremental R&D cash effort of around Euro 200 million (vs. 2012)
- Increase in tangible capex of around Euro 200 million (vs. 2012)
- 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 first-half 2013, the Group made further progress to improve its hedging rates for 2013, 2014 and 2016. Safran also continued to increase the volumes for 2015 and 2016 while increasing the global expected net exposure to Euro 5.4 billion. At July 15, 2013, the firm hedge book amounted to USD 15.4 billion.

Annual details are:

- 2013 is fully hedged: estimated net exposure rose by Euro 300 million to Euro 5.3 billion with an improved hedged rate of USD 1.28 to the Euro (previously USD1.29)
- 2014 is fully hedged: estimated net exposure rose by Euro 200 million to Euro 5.4 billion with an improved targeted hedged rate of USD 1.27 to the Euro (previously USD1.28)
- 2015 is almost finalized: on the basis of an estimated USD 5.4 billion net exposure, USD 4.9 billion was hedged at a rate of USD1.25 to rise to USD 5.4 billion at USD1.26 as long as Euro/USD <1.42 for 2013.
- 2016 is progressing well: on the basis of an estimated USD 5.4 billion net exposure, USD 2.7 billion was hedged at a rate of USD1.25 to rise to USD 4.7 billion as long as Euro/USD <1.39 up to the end of 2014. The targeted 2016 hedged rate is now expected to be USD 1.25 (previously ≤USD 1.26).

BUSINESS COMMENTARY

- **Aerospace Propulsion**

First-half 2013 revenue grew by 15.5% at Euro 3,773 million, or 15.6% on an organic basis, compared to the year-ago period revenue at Euro 3,266 million. The increase in revenue was primarily driven by strong growth in civil original equipment and spare parts, both for CFM56 and high-thrust engines. The strength of helicopter engine deliveries activity also contributed to revenue growth. Military revenue (original equipment and spares) was strongly up compared to an unusually soft first-half 2012 for the Rafale engine activity, and now benefitting from initial A400M engine deliveries. Space & missile propulsion revenue was slightly up in the first-half.

In the first-half 2013, civil aftermarket grew by 16.8% in USD terms, driven by first overhauls of recent CFM56 and GE90 engines. Individual quarters can include significant variation induced by comparison bases and variability in airline behaviour. Overall service revenue in Aerospace Propulsion grew by 15.7% in Euro terms and represents a 47.4% share of revenue. Military engines aftermarket reported a 2-digit revenue growth compared to a soft comparison base.

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First-half 2013 recurring operating income was Euro 634 million (16.8% of revenue), up 23% compared to Euro 515 million (restated) in the year-ago period (15.8% of revenue). This improvement reflects the favourable trends in civil aftermarket, the ramp-up of the helicopter turbine support activity and the increased maintenance revenue for military engines. It also reflects the positive contribution from higher volume and increased unit revenues on civil engines original equipment. Currency hedging had a positive impact on profitability.

- **Aircraft Equipment**

The Aircraft Equipment segment reported first-half 2013 revenue of Euro 1,961 million, up 9.7% (7.6% on an organic basis), compared to the year-ago period.

The increase in revenue was primarily attributable to the landing gear business, with higher deliveries notably on Boeing 787, A400M, A330 and A320 programs coupled with a growing MRO activity. The nacelle business recorded a slight revenue increase. Indeed, the increase in service contracts and OE deliveries on A320 thrust reversers and small nacelles was partly mitigated by lower A380 nacelles deliveries in the first-half 2013 (52 units compared to 60 nacelles in the year-ago period). The electrical harnessing activity saw a good performance driven by a production ramp up in its product lines, notably the Boeing 787 and A350 programs.

On a first-half 2013 basis, service revenue grew by 13.6%, compared to the same period last year, driven by higher civil aftermarket, notably in carbon brakes where Safran continues to win market share, particularly on the Boeing 737NG fleet.

First-half 2013 recurring operating income was Euro 175 million (8.9% of revenue), up 29% compared to Euro 136 million (restated) in the year-ago period (7.6% of revenue). This significant improvement was primarily driven by a favourable mix/volume impact on harnesses and landing systems with the ramp-up of OEM volumes, notably the Boeing 787 program, coupled with significant productivity gains. The impact of favourable pricing evolution in nacelles was offset by lower A380 and A330 volumes. The carbon brake business continued to produce high returns, as a result of a larger installed base and continued air traffic growth. Currency hedging had a positive impact on profitability.

The 3-month contribution of Goodrich Electrical Power Systems (GEPS) was Euro 47 million in revenue and Euro 3 million in recurring operating income (6.4% of revenue).

- **Defence**

First-half 2013 revenue was down (6.6)% at Euro 598 million, or (6.3)% on an organic basis, compared to the previous year. In a tighter economic environment, this performance was driven by solid revenue growth in the avionics activity, notably in Flight Control Systems and guidance activities and by softer revenue in Optronics given the expected decline in optical gyro-stabilized observation systems and the tough year-over-year comparison base for the long-range infrared goggles on domestic and export markets in the U.S.. FELIN infantry soldier equipment were delivered to two new regiments of the French Army, at the same rhythm as last year. Safran Electronics benefitted from the increasing activity of its digital engine control system (FADEC) for the LEAP engine.

First-half 2013 recurring operating income at Euro 45 million (7.5% of revenue) was flat compared to Euro 45 million (7.0% of revenue) in first-half 2012 (restated). This stable operating profit was achieved through strict cost controls, while preserving the technological edge, in a context of budgetary constraints. Avionics reached a satisfactory level of profitability thanks to favourable volume in guidance activities and a reduction in manufacturing costs, while Optronics continued to deliver solid, though lower, profits as a result of significant decreases in volume of infrared goggles. The on-board electronics activity (Safran Electronics) maintained its operating breakeven level from last year.

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- **Security**

The Security activity reported first-half 2013 revenue of Euro 733 million, up 1.9% compared to the year-ago period. On an organic basis, it was up 2.4% driven by renewed momentum in biometric identity solutions with additional activity in countries such as Kenya, Egypt and Mali. The activity also benefitted from the sales of biometric terminals in India in the wake of the Aadhaar programme. MorphoTrust (ex-L1 Identity Solutions activities under proxy) had a strong semester in the U.S., with increased volumes in driving licences and passports, as well as the ongoing nationwide implementation of the federal Unified Enrolment System (UES). The e-Documents (smart cards) activity reported a mixed performance in both banking and telecom markets. Detection suffered from temporarily low Trace volumes and unfavourable mix on Explosive Detection Systems but recorded significant new orders that will lead to some acceleration in revenue in the second part of the year.

First-half 2013 recurring operating income was flat at Euro 66 million (9.0% of revenue) compared to Euro 66 million (9.2% of revenue) in first-half 2012 (restated). MorphoTrust (proxy structure) reached a 2-digit operating margin in line with expectations of the acquisition of L1-Identity Solutions, as a result of solid volumes and full cost synergy achievements. More globally, Identification posted promisingly growing profits this semester. This incremental contribution was offset by a temporary unfavourable volume/mix in smart cards and detection, which should reverse in the second half (introduction of contactless technologies for smart cards and renewed orders from the TSA for detection). More globally, the steps undertaken to invigorate the activity and increase margins should also produce positive effects starting in the second part of the year.

AGENDA

Q3 2013 revenue	October 24, 2013
FY 2013 results	February 20, 2014

* * * * *

Safran will host today a conference call open to analysts, investors and media at 8:30 am CET which can be accessed at +33 1 70 77 09 35 from France, +44 203 367 9454 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 282387#).

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

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KEY FIGURES

The 2012 financial statements have been restated to reflect the changes induced by Amended IAS19.

Adjusted income statement *(In Euro million)*	**H1 2012 restated**	**H1 2013**	% change
Revenue	**6,413**	**7,066**	10.2%
Recurring operating income	**687**	**847**	23%
% of revenue	10.7%	12.0%	+1.3 pt
Profit from operations	**668**	**824**	23%
% of revenue	10.4%	11.7%	+1.3 pt
Net financial income (expense)	(80)	(67)	
Income tax expense	(172)	(231)	
Income from associates	11	10	
Gain on disposal of Ingenico shares	-	131	
Profit (loss) from discontinued op.	-	-	
Minority interests	(13)	(9)	
Net income - group share	**414**	**658**	59%
EPS (in €)	1.00*	1.58**	+58 cents

(*) based on a weighted average number of shares of 414,658,530 as of June 30, 2012
(**) based on a weighted average number of shares of 416,151,726 as of June 30, 2013

Balance sheet - Assets *(In Euro million)*	**Dec. 31, 2012 restated**	**June 30, 2013**
Goodwill	3,078	3,306
Intangible assets and PPE	6,476	6,764
Derivatives assets	62	15
Other non-current assets	818	755
Current derivatives assets	585	518
Inventories and WIP	4,131	4,485
Trade and other receivables	5,025	5,118
Cash and cash equivalents	2,193	1,663
Other current assets	597	612
Total Assets	**22,965**	**23,236**

Balance sheet - Liabilities *(In Euro million)*	**Dec. 31, 2012 restated**	**June 30, 2013**
Equity	5,997	6,167
Provisions	2,887	2,965
Borrowings subject to sp. conditions	670	665
Interest bearing liabilities	3,175	2,851
Derivatives liabilities	12	28
Other non-current liabilities	1,088	1,069
Trade and other payables	8,767	8,943
Other current liabilities	369	548
Total Equity & Liabilities	**22,965**	**23,236**

Cash Flow Highlights *(In Euro million)*	**H1 2012 restated**	**FY 2012 restated**	**H1 2013**
Adjusted attributable net profit	**414**	**979**	**658**
Depreciation, amortization and provisions	357	700	299
Others	104	23	54
Elimination of discontinued operations	-	-	-
Cash flow from operations	**875**	**1,702**	**1,011**
Changes in working capital	(305)	(85)	(223)
Capex (tangible assets)	(199)	(419)	(228)
Capex (intangible assets)	(267)	(634)	(403)
Free cash flow	**104**	**564**	**157**
Dividends paid	(168)	(300)	(279)
Divestments/acquisitions and others	(68)	(199)	(148)
Net change in cash and cash equivalents	**(132)**	**65**	**(270)**
Net debt at beginning of period	(997)	(997)	(932)
Net debt at end of period	**(1,129)**	**(932)**	**(1,202)**

Segment breakdown of revenue (In Euro million)	H1 2012	H1 2013	% change	% change organic
Aerospace Propulsion	3,266	3,773	15.5%	15.6%
Aircraft Equipment	1,787	1,961	9.7%	7.6%
Defence	640	598	(6.6)%	(6.3)%
Security	719	733	1.9%	2.4%
Others	1	1	na	na
Total Group	**6,413**	**7,066**	**10.2%**	**9.7%**

Segment breakdown of recurring operating income (In Euro million)	H1 2012 restated	H1 2013	% change
Aerospace Propulsion	**515**	**634**	23%
% of revenue	15.8%	16.8%	
Aircraft Equipment	**136**	**175**	29%
% of revenue	7.6%	8.9%	
Defence	**45**	**45**	-
% of revenue	7.0%	7.5%	
Security	**66**	**66**	-
% of revenue	9.2%	9.0%	
Others	(75)	(73)	na
Total Group	**687**	**847**	**23%**
% of revenue	10.7%	12.0%	

2012 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**

2013 revenue by quarter (In Euro million)	First quarter 2013	Second quarter 2013	First half 2013
Aerospace Propulsion	1,831	1,942	3,773
Aircraft Equipment	924	1,037	1,961
Defence	304	294	598
Security	344	389	733
Others	1	0	1
Total revenue	**3,404**	**3,662**	**7,066**

Euro/USD rate	H1 2012	FY 2012	H1 2013
Average spot rate	1.30	1.29	1.31
Spot rate (end of period)	1.26	1.32	1.31
Hedged rate	1.32	1.32	1.29

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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.

H1 2013 reconciliation between consolidated income statement and adjusted consolidated income statement:

H1 2013		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	**7,020**	**46**	**-**	**-**	**-**	**7,066**
Other operating income (expense)	(6,345)	-	-	75	51	(6,219)
Recurring operating income	**675**	**46**	**-**	**75**	**51**	**847**
Other non current operating income (expense)	(23)	-	-	-	-	(23)
Profit (loss) from operations	**652**	**46**	**-**	**75**	**51**	**824**
Cost of debt	(15)	-	-	-	-	(15)
Foreign exchange financial income (loss)	(126)	(46)	166	-	-	(6)
Other finance costs / income	(46)	-	-	-	-	(46)
Net finance costs / income	**(187)**	**(46)**	**166**	**-**	**-**	**(67)**
Income tax expense	(129)	-	(59)	(26)	(17)	(231)
Income from associates	10	-	-	-	-	10
Gain on disposal of Ingenico shares	131	-	-	-	-	131
Profit (loss) from continuing operations	**477**	**-**	**107**	**49**	**34**	**667**
Profit (loss) from discontinued operations	-	-	-	-	-	-
Attributable to non-controlling interests	**(7)**	**-**	**-**	**(2)**	**-**	**(9)**
Attributable to equity holders of the parent	**470**	**-**	**107**	**47**	**34**	**658**

Readers are reminded that only the consolidated financial statements are reviewed by the Group's statutory auditors. The consolidated financial statements include revenue and operating profit indicators set out in the adjusted data in Note 5, "Segment information" of the half-year consolidated financial statements.

Adjusted financial data other than the data provided in Note 5, "Segment information" of the consolidated financial statements, are subject to verification procedures applicable to all of the information provided in the half-year financial report.

[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.

ANNEX - AMENDED IAS19

Amended IAS19, as published in June 2011 by the IASB and adopted by the European Union, is effective for accounting periods beginning on or after January 1, 2013.

This amendment will mainly impact the recognition of employee benefits in the following three ways:

1. Discontinuation of the corridor method: all actuarial gains and losses are now recognized directly in equity and not subsequently taken to profit or loss.

2. Direct recognition of past service costs in profit or loss for the period in the event of a change in plan. These costs were previously recognized over the residual term of the plan.

3. Alignment of the expected return on plan assets with the discount rate: the financial component is calculated based on defined benefit obligations, fair value of plan assets and the discount rate, all as of the beginning of the year. Previously, the financial component related to plan assets was calculated based on the expected return on assets.

Amended IAS19 has the same impact on consolidated and adjusted data in Safran's accounts. Comprehensive and detailed information, in particular with respect to the non-adjusted consolidated financial statements (balance sheet, statement of changes in shareholders' equity, income statement), is presented in the 2013 half-year financial report.

Restated income statement (H1 2012)

Adjusted income statement *(In Euro million)*	**H1 2012**	**Impact of amended IAS19**	**H1 2012 restated**
Revenue	**6,413**	-	**6,413**
Recurring operating income	**681**	6	**687**
% of revenue	**10.6 %**		**10.7 %**
Profit from operations	**662**	6	**668**
% of revenue	**10.3 %**		**10.4 %**
Net financial income (expense)	**(79)**	(1)	**(80)**
Income tax expense	**(170)**	(2)	**(172)**
Profit (loss) from discontinued op.	**-**	-	**-**
Minority interests	**(13)**	-	**(13)**
Income from associates	**11**	-	**11**
Net income - group share	**411**	3	**414**
EPS (in €)	**0.99***	0.01	**1.00***

(*) based on a weighted average number of shares of 414,658,530 as of June 30, 2012

The Euro 6 million increase in recurring operating income results from the discontinuation of the amortisation of actuarial gains and losses and of past service costs previously not recognised (which were recognised directly in equity in the 2012 opening balance sheet).

Restated income statement (FY 2012)

Adjusted income statement *(In Euro million)*	FY 2012	Impact of amended IAS19	FY 2012 restated
Revenue	**13,560**	-	**13,560**
Recurring operating income	**1,471**	(27)	**1,444**
% of revenue	10.8%		10.6%
Profit from operations	**1,421**	(27)	**1,394**
% of revenue	10.5%		10.3%
Net financial income (expense)	(152)	(2)	(154)
Income tax expense	(263)	9	(254)
Profit (loss) from discontinued op.	-		-
Minority interests	(26)	-	(26)
Income from associates	19	-	19
Net income - group share	**999**	(20)	**979**
EPS (in €)	2.41*	(0.05)	2.36*

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

The Euro (27) million decrease in recurring operating income results from the discontinuation of the amortisation of actuarial gains and losses and past service costs previously not recognised (Euro 10 million impact) and the direct recognition in 2012 of past service costs relating to two agreements entered into in the second half of 2012 (Euro (37) million impact).

Segment breakdown of recurring operating income *(In Euro million)*	FY 2012	FY 2012 restated
Aerospace Propulsion	**1,099**	**1,076**
% of revenue	15.7%	15.4%
Aircraft Equipment	**287**	**286**
% of revenue	7.8%	7.7%
Defence	**81**	**79**
% of revenue	6.2%	6.0%
Security	**145**	**145**
% of revenue	9.4%	9.4%
Others	(141)	(142)
Total Group	**1,471**	**1,444**
% of revenue	10.8%	10.6%

Restated balance sheet (FY 2012)

Balance sheet - Assets *(In Euro million)*	Dec. 31, 2012	Impact of Amended IAS 19	Dec. 31, 2012 restated
Goodwill	3,078	-	3,078
Intangible assets and PPE	6,476	-	6,476
Derivatives assets	62	-	62
Other non-current assets	788	30	818
Current derivatives assets	585	-	585
Inventories and WIP	4,131	-	4,131
Trade and other receivables	5,025	-	5,025
Cash and cash equivalents	2,193	-	2,193
Other current assets	597	-	597
Total Assets	**22,935**	**30**	**22,965**

Balance sheet - Liabilities *(In Euro million)*	Dec. 31, 2012	Impact of Amended IAS 19	Dec. 31, 2012 restated
Equity	6,228	(231)	5,997
Provisions	2,579	308	2,887
Borrowings subject to sp. conditions	670	-	670
Interest bearing liabilities	3,175	-	3,175
Derivatives liabilities	225	(213)	12
Other non-current liabilities	1,135	(47)	1,088
Trade and other payables	8,767	-	8,767
Other current liabilities	156	213	369
Total Equity & Liabilities	**22,935**	**30**	**22,965**

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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 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.*

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