SAFRAN
AEROSPACE · DEFENCE · SECURITY

Communiqué de presse . Press release

Safran: record 2013 results

- **Adjusted revenue up 8.4% at Euro 14.7 billion**
- **Adjusted recurring operating income grew 23.8% at Euro 1,788 million, or 12.2% of revenue**
- **Adjusted net income - Group share - rose 22% at Euro 1,193 million**
- **2014 should be yet another year of significant growth in profitability**

All figures in this press release represent Adjusted [1] data, except where noted. Please refer to definitions and reconciliation between 2013 consolidated income statement and adjusted income statement provided in the Notes on page 12 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 FULL-YEAR 2013

- **Full-year 2013 adjusted revenue was Euro 14,695 million**, up 8.4% year-on-year (8.2% organic).
- **Adjusted recurring [2] operating income of Euro 1,788 million (12.2% of revenue)**, rose 23.8% year-on-year. After a net charge of Euro (31) million for one-off items, adjusted profit from operations was Euro 1,757 million.
- **Adjusted net income - Group share - up 22%** from FY 2012 at **Euro 1,193 million** (Euro 2.87 per share). Consolidated (non-adjusted) net income - Group share - at Euro 1,386 million (Euro 3.33 per share).
- **Net debt position of Euro 1,089 million** as of December 31, 2013, with free cash flow generation of **Euro 712 million** (40% of adjusted recurring operating income).
- **2013 civil aftermarket [3] was up 19.2% in USD terms** driven notably by first overhauls of recent CFM56 and GE90 engines.
- A **dividend payment of Euro 1.12 per share** (+17%) will be proposed to the shareholders' vote at the Annual General Meeting on May 27, 2014 (to include the Euro 0.48 per share interim dividend payment paid in December 2013).
- **Full-year 2014 guidance**: Safran expects adjusted revenue to increase by a percentage in the mid-single digits and adjusted recurring operating income to grow yet again significantly (in the low double digits) compared to 2013. Free cash flow is expected to represent close to 40% of adjusted recurring operating income. *The application of IFRS11 in 2014 will lead to a restatement of 2013 figures of slightly more than Euro (300) million to revenue and slightly less than Euro (10) million to adjusted recurring operating income. 2014 performance will be measured relative to the restated 2013 accounts.*

KEY BUSINESS HIGHLIGHTS FOR FOURTH QUARTER AND FULL YEAR 2013

- CFM56 & LEAP: the total CFM International (CFMI) order backlog amounts to close to 10,800 engines (firm orders and commitments). In 2013, 1,330 new orders and commitments were received for CFM56 engines, bringing the order book to over 5,000 engines. 1,393 new orders for LEAP engines were also booked bringing the LEAP order book to more than 5,700 engines. **1,502 CFM56 engines were delivered** in 2013, setting a new production record (up from 1,406 in 2012).

- Strong growth in civil aftermarket: aftermarket services, consisting of spare parts sales and maintenance, repair and overhaul activities on civil aircraft engines grew by 19.2% in USD terms in 2013. This particularly strong performance was driven notably by first overhauls of recent CFM56 and GE90 engines. Catch-up of previously deferred maintenance also contributed to growth as airlines' financial health generally improved.

- "More electric" aircraft: Safran has taken important steps forward to implement its strategy over the electrical energy chain:

  - During 2013, building on the successful integration of the Goodrich Electrical Power Systems activities, Safran prepared the regrouping of all its on-board electrical power system activities into Labinal Power Systems (LPS), placing the Group in a strong position to continue its successful breakthrough in the expanding market for "more electric" aircraft. LPS is included in Aircraft Equipment businesses.
  - Early in 2014, Safran signed a definitive agreement to acquire the Aerospace Power Distribution Management Solutions of Eaton, bringing key contactor and circuit breaker technologies to Safran. This acquisition reinforces Labinal Power Systems' comprehensive expertise over the overall electrical energy chain.
  - Following the successful demonstration at the Paris airshow of its electric green taxiing system, which allows aircraft to taxi autonomously without use of the main engines, EGTS International (a partnership of Safran and Honeywell) signed an agreement with Airbus to develop an electric taxiing solution for the A320 Family marking the selection of the Electric Green Taxiing System as a new option to be evaluated on the A320 Family.

- Space engines: Airbus Defence & Space (ex Astrium) signed contracts with Snecma (Safran) and Europropulsion for the production of the cryogenic rocket engines and solid rocket motors for 18 new Ariane 5 launchers. Snecma will deliver 18 Vulcain®2 rocket engines, plus 13 HM7B cryogenic engines, and equipment for the propulsion systems. The new launchers will be delivered from 2017 to 2019.

- Defence: Optrolead (50/50 Joint Venture between Safran and Thales) signed an upstream study programme (PEA) for the development of a 4th generation of airborne electro-optical gyrostabilized systems.

- Security: Commercial successes in e-Documents

  - Production began in Chili where Morpho (Safran) has issued the first million e-ID cards and e-Passports. Under a 10-year contract with Chile's national records administration signed in 2012. Morpho provides end-to-end secure ID management and document production based on its latest-generation identity management solution.
  - Morpho was selected to continue providing identity document management services to Albania. The Government of the Republic of Albania extended for an additional period of ten years the identity document production and distribution concession set up in 2008. The agreement also includes the provision of a platform giving access to e-Services.

Paris, February 20, 2014 - The Board of Directors of Safran (NYSE Euronext Paris: SAF) met in Paris on February 19, 2014 to approve the financial statements for the full year 2013.

EXECUTIVE COMMENTARY

Chairman and CEO Jean-Paul Herteman commented:

"Safran strongly progressed again in 2013, meeting or exceeding our targets. Revenue grew by 8%, we delivered 24% growth in recurring operating income and 26% growth in free cash flow. In addition to the very strong backlog (5,000 units) of CFM56 engines, LEAP orders now amount to almost 6,000 engines, a market share of 70% of future medium range aircraft. CFM56 and high thrust engine production rates reached record levels and our civil aftermarket growth exceeded expectations. Thanks in part to export markets, our defence activities showed resilience in 2013, as the domestic market remains dependent on highly constrained military spending. In security, our performance is mixed and measures to take full advantage of the outstanding potential have been taken.

We devoted unprecedented resources to preparing Safran for the challenges of the next few years and seized opportunities to position the Group more strongly for the longer term in propulsion and aircraft equipment.

The GEPS assets, successfully integrated in 2013, are now combined with Safran's activities under one management at Labinal Power Systems, to which we will add Eaton's power distribution management business, to form a world leader in aeronautical electrical power systems. Mastering the energy chain will be critical for the next generations of aircraft, and Safran with a complete offering in onboard electrical power systems is now very well positioned to lead.

Building on 2013 success, which provides further evidence of the Group's strengths and solid fundamentals, Safran is on track for continuing sustained earnings growth next year, thanks to increasing aircraft assembly rates and to the maturing installed base of civil aircraft engines."

FULL-YEAR 2013 RESULTS

Safran delivered strong operational performance in full-year 2013.

Record backlog. New order intake during 2013 was Euro 20.8 billion, providing evidence of robust and resilient demand. The backlog grew to Euro 56.2 billion compared to Euro 48.5 billion last year. It does not include future flows from CFM56 spares and services provided on a "time and materials" basis which will provide significant high-margin revenue streams in future decades. Approximately Euro 0.8 billion of orders in the backlog relate to joint arrangements which will not contribute to Safran's revenue under IFRS 11. Thus, the backlog indicative of Safran's future revenue was Euro 55.4 billion at December 31, 2013.

Strong revenue growth. For full-year 2013, Safran's revenue was Euro 14,695 million, a 8.4% year-on-year increase (8.2% organic growth), compared to Euro 13,560 million in 2012.

Full-year 2013 revenue increased by Euro 1,135 million on a reported basis, notably highlighting performance in the Group's aerospace businesses. On an organic basis, revenue increased by Euro 1,118 million with higher aerospace original equipment (OEM) volumes, strong civil aftermarket trends, stability in the security business and resilience in the defence activities (avionics).

Organic revenue was determined by applying constant exchange rates and by excluding the effects of changes in structure. Hence, the following calculations were applied:

Reported growth			**8.4%**
Impact of acquisitions, newly consolidated activities and disposals	Euro (183) million	(1.4)%	
Currency impact	Euro 166 million	1.2%	
Organic growth			**8.2%**

Currency variations negatively impacted revenue in the amount of Euro 166 million for full-year 2013, reflecting the combination of opposing translation and transaction impacts. A global negative translation effect on the revenue exposed to foreign currencies, notably in USD, GBP, CAD, BRL, offset a positive transaction impact with a significant improvement in the Group's hedged rate (USD1.28 to the Euro in 2013 vs. USD1.32 in 2012).

Recurring operating margin increased by 1.6 pt to 12.2% of sales. For full-year 2013, Safran's recurring operating income increased Euro 344 million or 23.8% compared to 2012 and stood at Euro 1,788 million, or 12.2% of revenue (1,444 million and 10.6% of revenue in 2012). After taking into account the positive transaction currency impact (Euro 103 million) and the impact of acquisitions, newly consolidated activities and disposals (Euro 7 million), organic year-over-year improvement was Euro 234 million or 16.2%.

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

One-off items totalled Euro (31) million during full-year 2013, including capital gains on the disposal of Globe Motors Inc. and an office building in Paris; impairments on capitalised development related to a legacy engine programme and other charges principally related to past service costs of a defined benefits supplemental retirement plan for which a population of currently approximately 400 managers of the Safran would be eligible.

In Euro million	**FY 2012 restated**	**FY 2013**
Recurring operating income	**1,444**	**1,788**
% of revenue	10.6%	12.2%
Total one-off items	**(50)**	**(31)**
Capital gain (loss) on disposals	*1*	*39*
Impairment reversal (charge)	*(1)*	*(17)*
Other infrequent & material non-operational items	*(50)*	*(53)*
Profit from operations	**1,394**	**1,757**
% of revenue	10.3%	12.0%

Adjusted net income - group share - grew by 22% year-over-year. It was Euro 1,193 million or Euro 2.87 per share, compared to Euro 979 million (Euro 2.36 per share) in full-year 2012 (restated). In addition to the rise in recurring operating income, this improved performance includes:

- Net financial expense of Euro 138 million, including Euro 42 million of cost of debt.
- Tax expense of Euro 540 million, resulting in a higher effective tax rate than in 2012 when the Group's tax expense had included notably the favourable impact of the absorption by Safran of subsidiaries which had been involved in loss making activities divested several years ago. In 2013, an exceptional, temporary (2013-14) tax surcharge increased the applicable corporate tax rate to 38% of taxable income of the French tax integration.

The reconciliation between 2013 consolidated income statement and adjusted income statement is provided and commented in the Notes on page 12.

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BALANCE SHEET AND CASH FLOW

Operations generated Euro 712 million of Free Cash Flow (40% of recurring operating income) and Euro 148 million higher than in 2012**.** The net debt position was Euro 1,089 million as of December 31, 2013 compared to Euro 932 million as of December 31, 2012.

Free cash flow generation of Euro 712 million results from cash from operations of Euro 1,984 million, a decrease in working capital needs of Euro 155 million – obtained despite the rise in production volumes – and rising R&D and capital expenditure in preparation for future growth. During the year there had been some uncertainty on year-end free cash flow. However, continuous and consistent management of working capital needs and low customer payment delays at year-end contributed to a satisfactory level of cash generation.

Major cash outflows in the year were a 2012 final dividend payment (€0.65 per share) as well as an interim 2013 dividend payment (€0.48 per share) for a total of Euro 471 million, in addition to acquisitions (principally Euro 301 million for Goodrich Electrical Power Systems and Euro 293 million for Rolls-Royce's 50% stake in the RTM322 programme, previously jointly owned with Turbomeca).

Safran's sale of 6.6 million Ingenico shares brought proceeds of Euro 287 million, and the disposal of Globe Motors Inc. was completed for a cash consideration of Euro 68 million.

As of December 31, 2013, Safran had cash and cash equivalents of Euro 1.7 billion and Euro 2.55 billion of secured and undrawn facilities available.

EQUITY SHAREHOLDING

The French state sold 7.8% of Safran's share capital to institutional investors via placings on March 27 and November 15, 2013. At December 31, 2013 the French state held 22.4% of Safran share capital compared with 30.2% a year prior. Safran's share thus benefits from a larger free float (62.8% of the shares outstanding at December 31, 2013) and greater liquidity.

Pursuant to current legislation, a further 3.6 million shares belonging to the French state will be offered to Safran employees.

DIVIDEND PROPOSAL

A dividend payment of Euro 1.12 per share, representing a 17% increase compared with 2012, will be proposed to the shareholders' vote at the next Annual Shareholders' Meeting on May 27, 2014. In line with customary practice, the total of the dividend payout and the 3% tax on dividends represents approximately 40% of Group adjusted net income. An interim payment having been made in December 2013 (Euro 0.48 per share), the final dividend payment would be Euro 0.64 per share in 2014 (approximately Euro 267 million). This balance would be paid from June 3, 2014 (ex-dividend date: May 29, 2014).

EMPLOYEES

Employee number increase

More than 8,400 people were hired in 2013 (of which around 3,100 in France). Total headcount stood at 66,241 at end 2013, a net gain during the year of over 3,600 people, of which over 1,500 in France. Safran will continue to recruit in 2014, though at a lower rate than 2013, to ensure generation renewal, accompany the increase in activity and add to the R&D teams.

In 2013, the Group's total contribution to employee profit-sharing and incentive schemes including social contributions totalled Euro 346 million, up 18% year-over-year.

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RESEARCH & DEVELOPMENT

Total R&D expenditures, including customer funded R&D, reached Euro 1.8 billion in 2013.

The self-funded R&D effort before research tax credit was Euro 1,299 million or 8.8% of revenue in full-year 2013, up Euro 196 million compared to full-year 2012 in line with guidance. It reflects notably the ramp up of the LEAP development and testing completely in line with the business plan. The impact on recurring operating income after tax credit, capitalization and amortization was Euro 541 million, a decrease of Euro 2 million compared to last year.

2014 OUTLOOK

Safran expects on a full-year basis:

- Adjusted revenue to increase by a percentage rate in the mid-single digits compared to 2013 revenue restated for IFRS 11 (at an estimated average rate of USD 1.30 to the Euro).
- Adjusted recurring operating income to increase by low double digits compared to 2013 recurring operating income restated for IFRS 11 (at a hedged rate of USD 1.26 to the Euro).
- Free cash flow to represent close to 40% of adjusted recurring operating income, subject to usual uncertainties on the timing of advance payments.

The full-year 2014 outlook is based on the following underlying assumptions:

- Restatements of slightly more than Euro (300) million to 2013 revenue and slightly less than Euro (10) million to 2013 adjusted recurring operating income related to IFRS 11
- Healthy increase in aerospace OE deliveries
- Civil aftermarket increase by a percentage in the low to mid-teens
- Stable level of self-funded R&D with a lower level of capitalisation compared to 2013
- Stable level of tangible capex
- Profitable growth for the Security business
- Continued benefits from the on-going Safran+ plan to enhance the cost structure and reduce overhead.

CURRENCY HEDGES

Due to the strong growth of USD denominated sales, in particular civil aerospace OE and aftermarket, the Group has revised upward its estimations for its net USD exposure from USD 5.4 billion to 5.8 billion in 2014, and from 5.4 billion to 6.0 billion annually for 2015-2017.
During the year 2013, the Group has finalized its hedging for 2014 and 2015 while improving the 2014 rate by a further cent. The 2014 hedging is now complete with USD 5.8 billion achieved at an improved rate of USD 1.26 to the Euro. The 2015 hedging is finalized with USD 6.0 billion achieved at USD 1.26. The 2016 hedging is well advanced with USD 4.3 billion achieved at USD 1.25 to rise to USD 4.9 billion at USD 1.25 as long as €/$<1.42 up to the end of 2014. The 2017 hedging is initiated with USD 4.0 billion achieved at USD 1.25 up to the end of 2014 as long as €/$<1.42 for half and €/$<1.40 for the other half. At February 4, 2014, the firm hedge book amounted to USD 19 billion.

Hedged rates are now:

- 2014: USD 1.26 to the Euro (new)
- 2015: targeted hedged rate at USD 1.26 to the Euro (unchanged)
- 2016: targeted hedged rate at USD 1.25 to the Euro (unchanged)
- 2017 targeted hedge rate at 1.25 (new)

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BUSINESS COMMENTARY

- **Aerospace Propulsion**

Full-year 2013 revenue grew by 11.2% at Euro 7,791 million, or 11.3% on an organic basis, compared to revenue of Euro 7,005 million in the year-ago period. Revenue growth resulted from rising civil OE deliveries, with CFM56 reaching record production rates (1,502 units, 96 units more than in 2012) and favourable mix and pricing. Total CFM56 and LEAP orders and commitments now stand at close to 10,800 engines, more than 7 years of production at current rates. Military propulsion revenues declined slightly as revenue from TP400 deliveries almost offset the decline in M88 sales. Helicopter turbine OE revenues also showed robust growth due to favourable mix. Space & missile propulsion revenue was flat in the year. In September 2013, Safran finalised a transaction with Rolls-Royce resulting in the extension to 100% of Safran's ownership of the RTM322 helicopter turbine programme, which was previously jointly owned. Full ownership of the programme extends Turbomeca's range into large turbines for the high-growth heavy helicopter market, enabling growth for military applications and accelerating time to market for heavy commercial engines. Support contracts previously fulfilled by Rolls-Royce have been transferred and the internalisation of Rolls-Royce's workshare has been initiated.

Aftermarket trends were particularly positive and civil aftermarket revenue grew by 19.2% in USD terms, driven by first overhauls of recent CFM56 and GE90 engines. Helicopter turbine maintenance and military engines aftermarket both grew at a mid-single digit percentage rate. Overall service revenue in Aerospace Propulsion grew by 14% in Euro terms and represents a 48.1% share of revenue.

Full-year 2013 recurring operating income was Euro 1,359 million (17.4% of revenue), up 26.3% compared to Euro 1,076 million in the year-ago period (15.4% of revenue). This improvement resulted from healthy activity in civil aftermarket, as well as from increased OE volume and favourable mix and pricing on commercial engine programmes. R&D costs grew in 2013, primarily due to increased LEAP and Silvercrest development spending, essentially all of which is capitalised. Currency hedging had a positive impact on profitability.

- **Aircraft Equipment**

The Aircraft Equipment segment reported full-year 2013 revenue of Euro 4,121 million, up 11.6% (9.8% on an organic basis), compared to the year-ago period.

Increases in OE production rates (notably the Boeing 787, A330 and A380 programmes) and a continued recovery of the regional jets market segment drove revenue increases in all activities. The nacelle activity recorded increases in A330 and A320 thrust reversers and in small nacelles. The number of A380 nacelles delivered (108) was stable compared to 2012. The harnessing and landing gear activities saw a robust performance driven by a production ramp up in all their civil programmes including the first shipments to the A350 programme. Shipments began in 2013 on the A400M programme to which Safran supplies landing systems.

On a full-year basis, service revenue grew by 15.2% in Euro terms and represents 29.5% of segment revenue. Excluding GEPS, the increase in service revenue was 8.9%. This increase is principally driven by aftermarket growth in wheels & brakes (including carbon brakes), gearboxes and nacelles. The increase of service revenue in the sales mix has a favourable impact on profitability.

Full-year 2013 recurring operating income was Euro 380 million (9.2% of revenue), up 32.9% compared to Euro 286 million in the year-ago period (7.7% of revenue). This significant improvement was driven by a favourable volume impact and productivity gains. The increased service activity wheels & brakes also contributed to this performance. Currency hedging had a positive impact on profitability.

- **Defence**

Full-year 2013 revenue was down 2.8% at Euro 1,278 million, or down 2.2% on an organic basis, compared to the previous year. Avionics revenue grew on the back of higher deliveries of seeker kit modules and a solid flight control systems activity. This trend was offset by softer revenue in Optronics due primarily to the continued decline in shipments of long-range infra-red goggles to the US armed forces. Against this backdrop, Safran continued to leverage its leadership in cutting edge technologies in optronics: Optrolead (50/50 Joint Venture between Safran and Thales) signed an upstream study programme (PEA) for the development of a 4th generation of airborne electro-optical gyrostabilized systems.

Full-year 2013 recurring operating income at Euro 87 million (6.8% of revenue) was up 10.1% (+3.8% organically) compared to Euro 79 million (6.0% of revenue) in full-year 2012. The continued turnaround of profitability in Avionics resulted from a combination of favourable volume, price and mix effect and cost reductions. Optronics continued to deliver satisfactory profits, although lower than last year, thanks to continued deliveries of the Felin infantry combat system and the first maintenance and upgrade activity on the French Army's Felin equipment. Budgetary constraints impacted Felin requirements at the French DoD. Consequently, OE deliveries will cease after 2014 instead of after 2015 as initially expected, however export potential for soldier modernisation programmes remains strong.

- **Security**

The Security activity reported full-year 2013 revenue of Euro 1,502 million, down 2.8% compared to the year-ago period. Stable revenue on an organic basis reflects a mixed situation in Identification, slow growth in Detection and stability in e-Documents. In Identification, MorphoTrust continued its robust growth, driven by US Federal activities. Persistent softness in Morpho's biometric activities (excluding MorphoTrust) offset this growth as governmental contracts were subject to budgetary constraints or political instability. The e-Documents activity has been significantly impacted in its smartchip telco and banking segments due to intensified price pressure and late introduction of NFC technology. Nevertheless, Safran regained traction in the telco and banking market as deliveries of NFC and LTE technology-enabled devices commenced. Detection ended 2013 with strong momentum, notably delivering CTX tomographic detection systems to the TSA (US), CATSA (Canada) and other export markets.

Full-year 2013 recurring operating income decreased by 17.2% at Euro 120 million compared to Euro 145 million in the year-ago period. The decline is principally due to the run-off of a few biometric identification projects which had been profitable in their latter years, not yet offset by new contracts, and to an unfavourable evolution of project volumes. In e-Documents, cost reductions did not entirely offset margin declines due to pricing pressure. Detection margins improved on higher CTX volumes.

Management and organisational changes in the second half of 2013 will result in the adaptation of the cost base and refocussing resources on significant growth prospects characteristic of the security business.

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UPCOMING EVENTS

Q1 2014 revenue	April 23, 2014
Annual Shareholders Meeting	May 27, 2014
H1 2014 results	July 31, 2014

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Safran will host today a conference call open to analysts and investors at 8:30 am CET which can be accessed at +33 (0)1 70 77 09 46 from France, +44 (0)203 367 9453 from the UK and +1 866 907 5928 from the US. A replay will be available until May 19, 2014 at +33 (0)1 72 00 15 00, +44 (0)203 367 9460 and +1 877 642 3018 (access code 285446#).

A webcast will be available via Safran's website after registration using the following link: http://event.onlineseminarsolutions.com/r.htm?e=745718&s=1&k=D1A3C555FCB9CEB4E3691438D13139D3

Audience members will have access to the webcast 15 minutes before the start of the conference.

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 2012 restated	FY 2013	% change
Revenue	**13,560**	**14,695**	8.4%
Recurring operating income	**1,444**	**1,788**	23.8%
% of revenue	10.6%	12.2%	+1.6 pt
Profit from operations	**1,394**	**1,757**	26.0%
% of revenue	10.3%	12.0%	+1.7 pt
Net financial income (expense)	(154)	(138)	(10.4)%
Income tax expense	(254)	(540)	+113%
Income from associates	19	15	(21)%
Capital gain from the sale of Ingenico shares	-	131	n/a
Minority interests	(26)	(32)	+23%
Net income - group share	**979**	**1,193**	22%
EPS (in €)	2.36*	2.87**	+51 cents

(*) based on a weighted average number of shares of 415,280,826 as of December 31, 2012
(**) based on a weighted average number of shares of 416,292,736 as of December 31, 2013

Balance sheet - Assets *(In Euro million)*	Dec. 31, 2012 restated	Dec. 31,2013
Goodwill	3,078	3,495
Intangible assets and PPE	6,476	7,381
Non-current Derivatives assets	62	-
Other non-current assets	818	734
Current derivatives assets	585	864
Inventories and WIP	4,131	4,135
Trade and other receivables	5,025	5,102
Cash and cash equivalents	2,193	1,672
Other current assets	597	590
Total Assets	**22,965**	**23,973**

Balance sheet - Liabilities *(In Euro million)*	Dec. 31, 2012 restated	Dec. 31, 2013
Equity	5,997	6,814
Provisions	2,887	2,975
Borrowings subject to sp. conditions	670	670
Interest bearing liabilities	3,175	2,730
Non-current derivatives liabilities	12	36
Other non-current liabilities	1,088	1,412
Trade and other payables	8,767	8,920
Other current liabilities	369	416
Total Equity & Liabilities	**22,965**	**23,973**

Cash Flow Highlights *(In Euro million)*	FY 2012 restated	FY 2013
Adjusted attributable net profit	**979**	**1,193**
Depreciation, amortization and provisions	700	678
Others	23	113
Elimination of discontinued operations	-	-
Cash flow from operations	**1,702**	**1,984**
Changes in working capital	(85)	155
Capex (tangible assets)	(419)	(492)
Capex (intangible assets)	(122)	(215)
Capitalisation of R&D*	(512)	(720)
Free cash flow	**564**	**712**
Dividends paid including minority interests	(300)	(481)
Divestments/acquisitions and others	(199)	(283)
Net change in net debt	**65**	**(157)**
Net debt at beginning of period	(997)	(932)
Net debt at end of period	**(932)**	**(1,089)**

*Of which capitalised interest: Euro (26) million in 2013 and (8) million in 2012

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Segment breakdown of adjusted revenue *(In Euro million)*	**FY 2012 restated**	**FY 2013**	% change reported	% change organic
Aerospace Propulsion	7,005	7,791	11.2%	11.3%
Aircraft Equipment	3,691	4,121	11.6%	9.8%
Defence	1,315	1,278	(2.8)%	(2.2)%
Security	1,546	1,502	(2.8)%	(0.5)%
Holding & others	3	3	na	na
Total Group	**13,560**	**14,695**	**8.4%**	**8.2%**

Segment breakdown of adjusted recurring operating income *(In Euro million)*	**FY 2012 restated**	**FY 2013**	% change
Aerospace Propulsion	**1,076**	**1,359**	26.3%
% of revenue	15.4%	17.4%	
Aircraft Equipment	**286**	**380**	32.9%
% of revenue	7.7%	9.2%	
Defence	**79**	**87**	10.1%
% of revenue	6.0%	6.8%	
Security	**145**	**120**	(17.2)%
% of revenue	9.4%	8.0%	
Others	(142)	(158)	na
Total Group	**1,444**	**1,788**	**23.8%**
% of revenue	10.6%	12.2%	

2012 adusted 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 adjusted revenue by quarter *(In Euro million)*	**First quarter 2013**	**Second quarter 2013**	**Third quarter 2013**	**Fourth quarter 2013**	**Full year 2013**
Aerospace Propulsion	1,831	1,942	1,815	2,203	7,791
Aircraft Equipment	924	1,037	990	1,170	4,121
Defence	304	294	278	402	1,278
Security	344	389	354	415	1,502
Others	1	-	-	2	3
Total revenue	**3,404**	**3,662**	**3,437**	**4,192**	**14,695**

Euro/USD rate	**FY 2012**	**FY 2013**
Average spot rate	1.29	1.33
Spot rate (end of period)	1.32	1.38
Hedge rate	1.32	1.28

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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 aircraft programmes 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, due to the length of the Group's business cycles, along with the gain resulting from the remeasurement of the Group's previously held interests in a business combination achieved in stages.
-
- the mark-to-market of foreign currency derivatives, in order to better reflect the economic substance of the Group's overall foreign currency risk hedging strategy:
  - revenue net of purchases denominated in foreign currencies is measured using the effective hedged rate, i.e., including the costs of the hedging strategy,
  - all mark-to-market changes on on foreign currency derivatives hedging future cash flows is neutralized.

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

FY 2013 (In Euro million)	Consolidated data	Currency hedging		Business combinations		Adjusted data
		Remeasurement of revenue	Deferred hedging loss / gain	Amortization intangible assets -Sagem-Snecma merger	PPA impacts - other business combinations	
Revenue	**14,490**	**205**	**-**	**-**	**-**	**14,695**
Other operating income (expense)	(13,195)	(2)	13	150	127	(12,907)
Recurring operating income	**1,295**	**203**	**13**	**150**	**127**	**1,788**
Other non current operating income (expense)	185	-	-	-	(216)	(31)
Profit (loss) from operations	**1,480**	**203**	**13**	**150**	**(89)**	**1,757**
Cost of debt	(42)	-	-	-	-	(42)
Foreign exchange financial income (loss)	551	(203)	(374)	-	-	(26)
Other finance costs / income	(70)	-	-	-	-	(70)
Net finance costs / income	**439**	**(203)**	**(374)**	**-**	**-**	**(138)**
Income tax expense	(650)	-	110	(52)	52	(540)
Income from associates	15	-	-	-	-	15
Gain on disposal of Ingenico shares	131	-	-	-	-	131
Profit (loss) from continuing operations	**1,415**	**-**	**(251)**	**98**	**(37)**	**1,225**
Profit (loss) from discontinued operations	-	-	-	-	-	-
Attributable to non-controlling interests	**(29)**	**-**	**(1)**	**(2)**	**-**	**(32)**
Attributable to equity holders of the parent	**1,386**	**-**	**(252)**	**96**	**(37)**	**1,193**

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 5, "Segment information" of the 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 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 20, 2014, once specific verifications and a review of events subsequent to February 19, 2014 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.

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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 66,200 employees and generated sales of 14.7 billion euros in 2013. 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 1.8 billion Euros in 2013. 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

Press

Catherine Malek	+33 (0)1 40 60 80 28	catherine.malek@safran.fr

Investor Relations

Peter Campbell	+33 (0)1 40 60 35 96	peter.campbell@safran.fr
Frédéric Lucand	+33 (0)1 40 60 82 19	frederic.lucand@safran.fr

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