SAFRAN
AEROSPACE · DEFENCE · SECURITY

Communiqué de presse . Press release

Safran reports strong performance for first-half 2014 results

Adjusted revenue grew 4.4%, adjusted operating income up 16.5% driven by a strong performance in civil aviation

Full year operating income outlook upgraded

All revenue figures in this press release represent adjusted[1] revenue. Please refer to definitions contained in the Notes on page 11. Comparisons are established against 2013 figures restated for the application of IFRS 11, Joint Arrangements.

KEY FIGURES FOR FIRST-HALF 2014

- **First-half 2014 adjusted revenue was Euro 7,208 million**, up 4.4% year-on-year **(5.3% organic)**.
- **Adjusted recurring [2] operating income at Euro 981 million (13.6% of revenue)**, up 16.5% year-on-year. After one-off items totalling Euro (10) million, profit from operations was Euro 971 million.
- **Adjusted net income - group share of Euro 632 million (Euro 1.52 per share)** compared with Euro 658 million in 2013 which included a capital gain of Euro 131 million from the sale of Ingenico shares**.**
- Consolidated (non-adjusted) net income - group share at Euro 650 million (Euro 1.56 per share).
- **Net debt position of Euro 1,797 million** as of June 30, 2014, with positive free cash flow generation (Euro 41 million) while heavily investing in R&D and the transition to LEAP.
- A dividend of Euro 1.12 per share was approved by the shareholders at the Annual General Meeting of May 27, 2014. An interim payment having been made in December 2013 (Euro 0.48 per share), a final payment of Euro 0.64 per share was made in June 2014.
- **H1 2014 civil aftermarket [3] was up 9.4%** in USD terms driven by first overhauls of recent CFM56 and GE90 engines. Growth in Q2 2014 was 6.5% compared to a strong level of business in Q2 2013. Full-year expectation for low to mid-teens growth is unchanged.
- **Full-year 2014 outlook revised on the basis of strong first-half activity**, especially in civil aviation, Safran now expects:
  - o As previously, for adjusted revenue to increase by a percentage rate in the mid-single digits compared to 2013.
  - o Adjusted recurring operating income to increase by a percentage **approaching the mid-teens** (previously low double digits) compared to 2013 (at a hedged rate of USD 1.26 to the Euro).
  - o Free cash flow representing 35% of adjusted recurring operating income remains achievable (previously close to 40%) on the basis of updated assumptions for higher recurring operating income, increased self-funded R&D and tangible capex, an element of uncertainty being the amount of advance payments and the rhythm of payments by state-clients in the second half.

Communiqué de presse . Press release

KEY BUSINESS HIGHLIGHTS FOR FIRST-HALF 2014

- During the Farnborough Air Show, CFM recorded orders for 1,062 new engines (862 LEAP & 200 CFM56), in addition to LEAP and CFM56 services agreements, at a combined value of USD 21.4 billion at list price. **Following the air show, the LEAP order book stands at over 7,500 engines** (orders and commitments).

- **Safran will participate in GE's new engine, the GE9X, selected by Boeing as the exclusive powerplant on its new 777X long-range.** Safran will have a total stake in this new engine programme of slightly more than 11%.

- **Safran was selected by Airbus** to supply the nacelle for the future A330neo. These nacelles will use Safran's expertise in the use of composite materials, acoustic treatment and system architecture incorporated in the Airbus A380 nacelles.

- **CFM International has initiated ground testing of the first LEAP-1B engine for the 737 MAX.** The LEAP-1B engine fired for the first time on June 13th, three days ahead of the schedule set when the program was launched in 2011. After a series of break-in runs, the engine has successfully reached full take-off thrust.

- **Safran and Airbus Group have agreed to create a 50-50 joint venture to gather ultimately into a single corporate entity the launcher systems from Airbus Group and the space propulsion systems from Safran.** Signing of the programme joint venture transaction and initial start of operations (phase 1) are expected before the end of 2014.

- **Safran completed the acquisition of the Aerospace Power Distribution Management Solutions and Integrated Cockpit Solutions business of Eaton**. The business is consolidated with effect from May 9, 2014.

- At the Eurosatory 2014 international defense show near Paris, **Safran showcased PASEO, a new generation of combat vehicle sights**, which offers unrivaled performance in the detection, identification and designation of air-land threats, based on the integration of very-high-resolution digital optronic sensors.

- **The TSA Pre✓™ programme continued to grow and is now fully operational in 29 out of the 45 major airports** participating in the programme. Under its Universal Enrolment Services (UES) contract with TSA, MorphoTrust USA is the only authorized provider of the TSA Pre✓™ application programme which enables trusted travellers to speed through airport screening.

Paris, July 31, 2014 - The Board of Directors of Safran (Euronext Paris: SAF) met in Paris on July 30, 2014 to approve the financial statements for the first-half of 2014.

EXECUTIVE COMMENTARY

Chairman and CEO Jean-Paul Herteman commented:

"Safran posted record profitability in the first half 2014 with recurring operating income up 16.5%, standing at 13.6% of turnover, demonstrating once again our ability to deliver across all our businesses.

In addition, the excellent commercial activity, topped off by the Farnborough air show, continued to provide comfort in the demand for our technologies. The CFM56 programme is lasting longer, the LEAP programme is selling faster and we scored successes on new programmes such as the GE9X and the A330neo which will bolster our long term standing.

The very healthy and profitable growth we are experiencing in civil aerospace allows us to raise our profitability guidance for 2014 while bringing more resources to bear in order to strengthen our supply chain and increase our development capacity to manage the ever higher programme volumes and rhythms as well as additional opportunities. We now expect our R&D and capex in 2014 each to be somewhat higher this year than last, as a consequence of the outstanding commercial success of these programmes. However, a decline in cash consuming investments (capex, R&D) is confirmed for 2015/16.

Favourable aftermarket indicators and strong original equipment output, underpinned by growing air traffic and aircraft programme rates, provide a strong foundation for our medium and long term forecasts."

FIRST-HALF 2014 RESULTS

Safran delivered very good progress in performance in first-half 2014.

Solid growth in revenue. For first-half 2014, Safran's revenue was Euro 7,208 million, compared to Euro 6,907 million in the same period a year ago, a 4.4% year-on-year increase. On an organic basis, revenue grew by 5.3%.

First-half 2014 revenue increased by Euro 301 million on a reported basis, or by Euro 365 million on an organic basis. Organic growth was driven primarily by continued momentum in most Aerospace activities (OE and services). Avionics and the Security business also contributed to this performance.

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			**4.4%**
Impact of acquisitions, newly consolidated activities and disposals	Euro (55) million	(0.8)%	
Currency impact	Euro 119 million	1.7%	
Organic growth			**5.3%**

The unfavourable currency impact on revenue of Euro (119) million for first-half 2014 reflected a globally negative translation effect on revenue generated in foreign currencies, notably in USD, CAD and Brazilian Real. The Group's average spot rate was USD 1.37 to the Euro in the first half 2014 vs. USD 1.31 in the year-ago period. The Group's hedge rate improved to USD 1.26 to the Euro in the first half 2014 from USD 1.29 in the year-ago period, somewhat mitigating the translation effect on revenue. The achieved hedged rate for 2014 is USD 1.26.

SAFRAN
AEROSPACE · DEFENCE · SECURITY

Communiqué de presse . Press release

Recurring operating margin reached 13.6% of revenue. For first-half 2014, Safran's recurring operating income was Euro 981 million, up 16.5% compared to first-half 2013 restated figure of Euro 842 million, (12.2% of revenue). After taking into account the positive currency hedge impact (Euro 44 million) and the slight impact of acquisitions and newly consolidated activities net of disposals (Euro 14 million), organic improvement was Euro 81 million, representing 9.6% year-over-year growth.

This improvement was primarily driven by aerospace aftermarket activities in the Propulsion and Equipment businesses. Recurring operating income at the Defence and Security businesses was stable compared to the year-ago period.

One-off items totalled Euro (10) million during first-half 2014, including acquisition and integration costs, notably related to the activities acquired from Eaton in the period.

In Euro million	**H1 2013 restated**	**H1 2014**
Adjusted recurring operating income	**842**	**981**
% of revenue	12.2%	13.6%
Total one-off items	**(23)**	**(10)**
Capital gain (loss) on disposals	-	-
Impairment reversal (charge)	*(15)*	-
Other infrequent & material non-operational items	*(8)*	*(10)*
Adjusted profit from operations	**819**	**971**
% of revenue	11.9%	13.5%

Adjusted net income - group share was Euro 632 million (Euro 1.52 per share) compared with Euro 658 million (Euro 1.58 per share) in 2013 which included a capital gain of Euro 131 million from the sale of Ingenico shares.
In addition to the rise in profit from operations, this improved performance includes:

- Net financial expense of Euro (11) million, including Euro (21) million of cost of debt.
- Tax expense of Euro (313) million (32.6% effective tax rate).

DIVIDEND TO SHAREHOLDERS

A dividend of Euro 1.12 per share was approved by the shareholders at the Annual General Meeting of May 27, 2014. An interim payment having been made in December 2013 (Euro 0.48 per share), a final payment of Euro 0.64 per share was made in June 2014.

EQUITY SHAREHOLDING

Pursuant to current legislation, subsequent to the placings made by the French state in 2013, a further 3.6 million shares belonging to the French state will be offered to Safran employees and former employees via a specific subscription offer. The relevant documentation will be made available in due course.

BALANCE SHEET AND CASH FLOW

Operations generated Euro 41 million of Free Cash Flow. The net debt position was Euro 1,797 million as of June 30, 2014 compared to a net debt position of Euro 1,220 million as of December 31, 2013. Free cash flow generation of Euro 41 million was driven by the cash from operations of Euro 1,140 million, devoted to an increase in working capital needs of Euro (319) million to sustain rising production rates, and increased capital expenditures (Euro (299) million) and continued R&D investment. Other major cash outflows in the semester were a 2013 final dividend payment of Euro (266) million (€0.64 per share) to parent holders, and the acquisition of Eaton's power distribution management and cockpit integration activities (Euro (197) million).

Communiqué de presse . Press release

As of June 30, 2014, Safran had cash & cash equivalents of Euro 1.5 billion and Euro 2.55 billion of secured and undrawn facilities available.

CAPITAL EXPENDITURE

Capital expenditure amounted to Euro (299) million in the first half of 2014, an increase of (72) million Euros compared to the year-ago period. The increase in capital expenditure is principally due to the intensification of the test and certification phase of the LEAP engine programme, and to the increase in carbon brakes production capacity (notably in Malaysia).

The level of investment in the first half and revisions to the production level of CFM56 and LEAP engines to be fulfilled now lead Safran to expect tangible capital expenditure in 2014 to increase by between Euro (70) million and Euro (100) million compared to 2013. In 2013, capital expenditure amounted to Euro (544) million excluding the proceeds of the sale of assets, principally an office building in Paris.

RESEARCH & DEVELOPMENT

Total R&D expenditures, including customer-funded, reached Euro (982) million.

The self-funded R&D effort before research tax credit was Euro (709) million or 9.8% of revenue in first-half 2014, up Euro (122) million compared to first-half 2013. It reflects notably an intensification of the ramp-up in spending on LEAP development. The impact on recurring operating income after tax credit, capitalization and amortization was Euro (320) million, an increase of Euro (49) million compared to last year, including R&D expenditure on Silvercrest which is fully expensed since April 1, 2014.

Safran revises its forecast of R&D for 2014 given the level of spending in the first half and:

- the intensification and acceleration of the LEAP test and certification campaign;
- spending on the GE9X engine programme commencing in 2014 rather than 2015;
- higher spending on Silvercrest.

The level of self-funded R&D spending should increase by Euro (50) million to Euro (100) million compared to 2013 with a lower level of capitalisation.
The additional resources committed to these programmes reflect the strong demand for CFM and Safran aircraft engine technologies, attested by their outstanding commercial success.

OUTLOOK

On the basis of the positive momentum seen in the first half of 2014 in its commercial aerospace businesses and the evolution of capex and R&D, Safran has revised some key assumptions underpinning the full-year 2014 outlook:

- A healthy increase in aerospace OE deliveries.
- Civil aftermarket increase by a percentage in the low to mid-teens.
- Revised: an increase of self-funded R&D of the order of Euro 50 million to Euro 100 million compared with 2013 with a lower level of capitalisation.
- Revised: an increase in tangible capex of the order of Euro 70 million to Euro 100 million compared with 2013.
- Profitable growth for the Security business, characterized, unlike other activities, by significant exposure to translation effect.
- Continued benefits from the on-going Safran+ plan to enhance the cost structure and reduce overhead.

In line with these assumptions Safran has adjusted profit and free cash flow guidance, detailed below:

Safran expects on a full-year basis:

- **As previously, for 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).** If the average EUR/USD spot rate of 1.37 were to remain throughout 2014 the mid-single digit growth objective for adjusted revenue would remain achievable, the positive effect of the improving hedge rate partially offsetting the adverse translation effect.

- **Adjusted recurring operating income to increase a percentage approaching the mid-teens (previously low double digits) compared to 2013 recurring operating income restated for IFRS 11 (at a hedged rate of USD 1.26 to the Euro)**. The hedging policy isolates adjusted recurring operating income from current EUR/USD variations except for the part generated in USD by activities located in the US, subject to the translation effect when converted into Euro.

- **Free cash flow representing 35% of adjusted recurring operating income remains achievable** (previously close to 40%) on the basis of updated assumptions for higher recurring operating income, increased self-funded R&D and tangible capex, an element of uncertainty being the amount of advance payments and the rhythm of payments by state-clients in the second half.

CURRENCY HEDGES

Safran now expects annual net USD exposure for 2015-17 to range between USD 6.2 billion and USD 6.5 billion due to strong growth of businesses with exposed USD-denominated revenues.
2014: Hedging is finalised at a hedged rate of USD 1.26.
2015: Hedging is almost completed at a hedged rate of USD 1.25. Accumulators are in place to hedge the additional exposure.
2016: Exposure of USD 5.0 billion is hedged at a rate of USD 1.25 (including knock out option strategies). Hedging of an additional USD 1 billion will be added through accumulators as long as €/$<1.38 up to end 2015. Knock out options barriers are set at various levels between USD 1.40 and USD 1.44 for limited periods of time in 2014.
2017: Exposure of USD 4.8 billion is hedged at a rate of USD 1.26 (mainly through knock out option strategies). Accumulators will allow coverage to grow to a total of USD 5.4 billion as long as €/$<1.42 up to end 2015. The target hedge rate remains unchanged at USD 1.25. Knock out options barriers are set at various levels between USD 1.40 and USD 1.46 for limited periods of time in 2014.

Due to the use of knock out option strategies in 2016 and 2017 portfolios, effective coverage for the period will be secured in the course of 2014 depending on forex market conditions. If all or part of the options were to be knocked out the optional strategies would be adapted to new market conditions.

At July 17, 2014, the firm hedge book amounted to USD 18.3 billion.

Targeted hedged rates are as follows:

- 2014: USD 1.26 to the Euro
- 2015-17: USD 1.25 to the Euro.

Communiqué de presse . Press release

BUSINESS COMMENTARY

- **Aerospace Propulsion**

First-half 2014 revenue, at Euro 3,763 million, grew by 2.5% compared to the year-ago period revenue of Euro 3,671 million, or 2.3% on an organic basis. The increase in revenue was primarily driven by strong growth in services, particularly for both high-thrust engines and CFM56. Increased volume and better mix drove civil original equipment sales modestly higher, whereas military OE dropped slightly. Sales from helicopter engine deliveries were down by a percentage in the mid-teens as the delays incurred in the first quarter were only partially resorbed.

In the first-half 2014, civil aftermarket grew by 9.4% in USD terms, driven by first overhauls of recent CFM56 and GE90 engines. Individual quarters can include significant variations induced by comparison bases and variability in airline behaviour. The additional contribution of the RTM322 programme and the gradual recovery of EC225 support activities contributed to helicopter support revenue growth. Military engines aftermarket was flat. Thus, overall service revenue in Aerospace Propulsion grew by 7.1% in Euro terms and represents a 49.5% share of revenue.

First-half 2014 recurring operating income, at 19.8% of revenue, was Euro 745 million, up 18.1% compared to Euro 631 million (17.2% of revenue) in the year-ago period. This improvement reflects the favourable trends in civil aftermarket and the ramp-up of the helicopter turbine support activity. It also reflects the positive contribution from higher volume and improved mix of civil engines original equipment. Currency hedging had a positive impact on profitability.

- **Aircraft Equipment**

The Aircraft Equipment segment reported first-half 2014 revenue of Euro 2,137 million, up 9.9% (11.6% on an organic basis), compared to the year-ago period. The 2-month contribution of the power systems business acquired from Eaton was not significant in the first half 2014.

The increase in revenue was primarily attributable to higher OE deliveries on Boeing 787 (landing gear and wiring systems), large nacelles (A380, A330) and nacelles for regional jets. 57 nacelles for A380 were delivered in the first half, compared to 52 in the year-ago period.

Compared to first half 2013, service revenue grew by 6.3%, driven by carbon brakes and nacelles aftermarket.

First-half 2014 recurring operating income, at 9.5% of revenue, was Euro 202 million, up 16.1% compared to Euro 174 million (8.9% of revenue) in the year-ago period. This improvement was driven by a favourable volume on electrical harnesses, notably the Boeing 787 programme. Increased volume and productivity gains boosted the profitability of the nacelles activity. 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.

- **Defence**

First-half 2014 revenue was up 3.2% at Euro 584 million, or 3.4% on an organic basis, compared to the year-ago period. The 2-month contribution of the cockpit integration business acquired from Eaton was not significant in the first half 2014.

Revenue growth was once again driven by solid increase in the avionics activity, notably in navigation activities. Optronics revenues were stable in the first half, despite a sharp decline in the first quarter. FELIN infantry soldier equipment was delivered to two new regiments of the French Army, at the same rhythm as last year. Safran Electronics benefitted from the increasing activity linked to navigation equipment.

First-half 2014 recurring operating income, at 7.5% of revenue, was Euro 44 million a decrease of (2.2)% compared to Euro 45 million (8% of revenue) in first-half 2013 as the favourable effects of higher volume and better mix almost offset higher R&D expenses which preserve the technological edge, in a context of budgetary constraints. Avionics and Optronics maintained satisfactory levels of profitability thanks to favourable volume in navigation equipment as well as maintenance and upgrade activity on French Army FELIN equipment. The on-board electronics activity (Safran Electronics) maintained its operating breakeven level.

- **Security**

The Security activity reported first-half 2014 revenue of Euro 722 million, slightly down (0.3)% compared to the year-ago period. On an organic basis, it was up 5% driven by strong growth of the US Federal activity at MorphoTrust and of Government Solutions, particularly in Chile. The Detection business showed satisfactory growth in the first half. The Business Solutions activity reported a mixed performance in both banking and telecom markets. The strong increase in shipment volume was largely offset by competitive pressure on prices.

First-half 2014 recurring operating income was stable at Euro 65 million (9.0% of revenue) compared to Euro 65 million (9.0% of revenue) in first-half 2013. Organic growth of recurring operating income in all divisions, achieved principally through cost reductions, was offset by a negative impact of currency variations, principally CLP, BRL, INR.

AGENDA

Q3 2014 revenue	October 23, 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 46 from France, +44 203 367 9453 from the UK and +1 866 907 5928 from the US. A replay will be available at +33 1 72 00 15 00, +44 203 367 9460 and +1 877 642 3018 (access code 288361#).

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

* * * * *

Communiqué de presse . Press release

KEY FIGURES

The 2013 financial statements have been restated to reflect the changes induced by IFRS 11.

Adjusted income statement *(In Euro million)*	**H1 2013 restated**	**H1 2014**	**% change**
Revenue	**6,907**	**7,208**	**4.4%**
Other recurring operating income and expenses	(6,087)	(6,245)	
Share in profit from joint ventures	22	18	
Recurring operating income	**842**	**981**	**16.5%**
% of revenue	12.2%	13.6%	1.4 pt
Other non-recurring operating income and expenses	(23)	(10)	
Profit from operations	**819**	**971**	**18.6%**
% of revenue	11.9%	13.5%	1.6 pt
Net financial income (expense)	(67)	(11)	
Income tax expense	(226)	(313)	
Share in profit from associates	10	7	
Gain on disposal of Ingenico shares	131	-	
Profit for the period attributable to non-controlling interests	(9)	(22)	
Profit for the period attributable to owners of the parent	**658**	**632**	**(4)%**
EPS (in €)	1.58*	1.52**	(0.06)

*Based on the weighted average number of shares of 416,151,726 as of June 30, 2013

**Based on the weighted average number of shares of 416,440,876 as of June 30, 2014

Balance sheet - Assets *(In Euro million)*	**Dec. 31, 2013 restated**	**June 30, 2014**
Goodwill	3,399	3,322
Tangible & Intangible assets	7,083	7,800
Investments in joint ventures and associates	680	687
Other non-current assets	585	627
Current derivatives assets	864	1,025
Inventories and WIP	3,998	4,365
Trade and other receivables	4,967	5,331
Cash and cash equivalents	1,547	1,523
Other current assets	575	641
Total Assets	**23,698**	**25,321**

Balance sheet - Liabilities *(In Euro million)*	**Dec. 31, 2013 restated**	**June 30, 2014**
Equity	6,813	7,236
Provisions	2,958	3,084
Borrowings subject to sp. conditions	670	669
Interest bearing liabilities	2,736	3,320
Non-current derivatives	36	5
Other non-current liabilities	1,404	1,552
Trade and other payables	8,668	9,061
Other current liabilities	413	394
Total Equity & Liabilities	**23,698**	**25,321**

Cash Flow Highlights *(In Euro million)*	**H1 2013 restated**	**FY 2013 restated**	**H1 2014**
Adjusted attributable net profit	**658**	**1,193**	**632**
Depreciation, amortization and provisions	286	654	376
Others	68	99	132
Cash flow from operations	**1,012**	**1,946**	**1,140**
Changes in working capital	(218)	174	(319)
Capex (tangible assets)	(227)	(489)	(299)
Capex (intangible assets)	(103)	(212)	(107)
Capitalisation of R&D*	(297)	(720)	(374)
Free cash flow	**167**	**699**	**41**
Dividends paid	(280)	(481)	(276)
Divestments/acquisitions and others	(147)	(381)	(342)
Net change in cash and cash equivalents	**(260)**	**(163)**	**(577)**
Net debt at beginning of period	(1,057)	(1,057)	(1,220)
Net debt at end of period	**(1,317)**	**(1,220)**	**(1,797)**

**In first-half 2014, this includes €(19) million in capitalized interest compared to €(7) million in first-half 2013*

SAFRAN
AEROSPACE · DEFENCE · SECURITY

Communiqué de presse . Press release

Segment breakdown of revenue *(In Euro million)*	**H1 2013 restated**	**H1 2014**	% change	% change organic
Aerospace Propulsion	3,671	3,763	2.5%	2.3%
Aircraft Equipment	1,945	2,137	9.9%	11.6%
Defence	566	584	3.2%	3.4%
Security	724	722	(0.3)%	5.0%
Others	1	2	na	na
Total Group	**6,907**	**7,208**	**4.4%**	**5.3%**

Segment breakdown of recurring operating income *(In Euro million)*	**H1 2013 restated**	**H1 2014**	% change
Aerospace Propulsion % of revenue	**631** 17.2%	**745** 19.8%	18.1%
Aircraft Equipment % of revenue	**174** 8.9%	**202** 9.5%	16.1%
Defence % of revenue	**45** 8.0%	**44** 7.6%	(2.2)%
Security % of revenue	**65** 9.0%	**65** 9.0%	=
Others	(73)	(75)	Na
Total Group % of revenue	**842** 12.2%	**981** 13.6%	**16.5%**

Restated 2013 adjusted revenue by quarter *(In Euro million)*	**Q1 2013 restated**	**Q2 2013 restated**	**Q3 2013 restated**	**Q4 2013 restated**	**FY 2013 restated**
Aerospace Propulsion	1,785	1,886	1,771	2,147	7,589
Aircraft Equipment	915	1,030	982	1,164	4,091
Defence	292	274	258	373	1,197
Security	340	384	349	409	1,482
Others	1	-	1	2	4
Total revenue	**3,333**	**3,574**	**3,361**	**4,095**	**14,363**

2014 revenue by quarter *(In Euro million)*	**First quarter 2014**	**Second quarter 2014**	**First half 2014**
Aerospace Propulsion	1,825	1,938	3,763
Aircraft Equipment	1,016	1,121	2,137
Defence	257	327	584
Security	345	377	722
Others	-	2	2
Total revenue	**3,443**	**3,765**	**7,208**

Euro/USD rate	**H1 2013**	**FY 2013**	**H1 2014**
Average spot rate	1.31	1.33	1.37
Spot rate (end of period)	1.31	1.38	1.37
Hedged rate	1.29	1.28	1.26

SAFRAN
AEROSPACE · DEFENCE · SECURITY

Communiqué de presse . Press release

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 foreign currency derivatives hedging future cash flows are neutralized.

H1 2014 reconciliation between consolidated income statement and adjusted consolidated income statement:

H1 2014		Currency hedging		Business combinations		
(In Euro million)	**Consolidated data**	Remeasurement of revenue	Deferred hedging gain / loss	Amortization of intangible assets -Sagem-Snecma merger	PPA impacts - other business combinations	**Adjusted data**
Revenue	**6,972**	**236**	**-**	**-**	**-**	**7,208**
Other operating income and expenses	(6,408)	(7)	15	74	81	(6,245)
Share in profit from joint ventures	18	-	-	-	-	18
Recurring operating income	**582**	**229**	**15**	**74**	**81**	**981**
Other non-recurring operating income and expenses	(10)	-	-	-	-	(10)
Profit (loss) from operations	**572**	**229**	**15**	**74**	**81**	**971**
Cost of debt	(21)	-	-	-	-	(21)
Foreign exchange gains (losses)	455	(229)	(206)	-	-	20
Other financial income and expense	(10)	-	-	-	-	(10)
Financial income (loss)	**424**	**(229)**	**(206)**	**-**	**-**	**(11)**
Income tax expense	(335)	-	81	(29)	(30)	(313)
Share in profit from associates	7	-	-	-	-	7
Profit (loss) from continuing operations	**668**	**-**	**(110)**	**45**	**51**	**654**
Attributable to non-controlling interests	**(18)**	**-**	**(3)**	**(1)**	**-**	**(22)**
Attributable to owners of the parent	**650**	**-**	**(113)**	**44**	**51**	**632**

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.

Communiqué de presse . Press release

[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 66,300 employees and generated sales of 14.4 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 Euronext Paris and is part of the CAC40 index.*

**Restated for the impact of IFRS11*

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