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Safran reports first-quarter 2015 adjusted revenue growth of 14.3% (2.4% organic) mostly driven by Aerospace services and Security activities

All revenue figures in this press release represent adjusted[1] revenue. Please refer to definitions contained in the Notes on page 7.

KEY FIGURES FOR THE FIRST QUARTER OF 2015

- **First-quarter 2015 adjusted revenue was Euro 3,935 million**, up 14.3% year-on-year including significant positive currency impacts mainly due to the considerable strengthening of the USD. The average USD/EUR spot rate in Q1 2015 was 1.13 compared with 1.37 a year ago. Adjusted revenue growth was 3.4% at constant currency or 2.4% on an organic basis.

- Organic revenue growth was driven by continued momentum in Aerospace services and Security activities.

- **Civil aftermarket[2] grew 17.8% in USD terms**, and continues to be driven by first overhauls of recent CFM56 and GE90 engines.

- **Full-year 2015 outlook is confirmed:** Safran expects adjusted revenue to increase by a percentage in the high-single digits (at an estimated average rate of USD 1.20 to the Euro) and adjusted recurring operating income to grow yet again significantly in low double digits compared to 2014 at a hedged rate of USD 1.25 to the Euro. Free cash flow is expected to represent 35% to 45% of adjusted recurring operating income, an element of uncertainty being the amount of advance payments and the rhythm of payments by state-clients.

BUSINESS HIGHLIGHTS

- On April 13, 2015, **the first LEAP-powered A320neo was rolled out of final assembly**. The aircraft will undergo ground tests and be prepared for its first flight.
- **CFM backlog remains strong.** The total CFM International (CFMI) order backlog amounts to more than 13,200 engines (firm orders and commitments) and notably contains orders and commitments for more than 8,900 next-generation LEAP engines.
- **Vueling chose Safran wheels and carbon brakes for its A320ceo fleet.** The contract covers the support for wheels and brakes on Vueling's current in-service fleet as well as all future additions, including the 30 aircraft currently on order.
- **Safran inaugurated a facility at Indianapolis, Indiana, dedicated to MRO for its nacelles that are operational across North and South America**. Future coverage will enable to handle other Safran produced nacelles, such as those for the A330neo and for the Airbus A320neo equipped with LEAP-1A.
- **The French defence procurement agency DGA (Direction générale de l'armement) announced a contract with Safran for "FELIN V1.3"** concerning the integration of operational improvements in the FELIN infantry soldier modernization system already in service with the French army.
- **The US Coast Guard chose Safran's BlueNaute® system for maritime navigation.** BlueNaute is based on hemispherical resonator gyros (HRG) bringing precision, reliability and operational readiness and was chosen by the Norwegian Coast Guard in 2014.
- **Safran will supply London Heathrow Airport Ltd**. with 45 high-speed CTX 9800 DSi explosives detection systems (EDS). The CTX systems will ensure Heathrow's compliance with UK DoT regulations mandating Standard 3 screening of hold baggage.

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Paris, April 22, 2015 - Safran (Euronext Paris: SAF) today reports revenue for the first quarter of 2015.

EXECUTIVE COMMENTARY

Chairman and CEO Jean-Paul Herteman commented:

"In the first quarter, Safran's growth is principally driven by the continuing momentum of service activities across our propulsion businesses. Commercial aviation traffic continues to increase, driving our civil aftermarket revenues and our helicopter support activities have returned to growth.

Progress of the certification and test programme for the LEAP family of engines is excellent and we are very confident that our breakthrough engine will fulfil expectations. LEAP continues to demonstrate its outstanding commercial success with more than 8,900 engines in backlog, giving us a market share of 75% of future medium range aircraft. In addition, the current-generation programme CFM56 remains in very high demand, as our increasing market share demonstrates.

Our targets for 2015 are confirmed. Safran's strong positioning and sustained market trends give us full confidence in delivering sustained profitable growth. That confidence is further reinforced by a smooth and efficient management transition."

FIRST-QUARTER 2015 REVENUE

Safran's revenue in the first quarter was Euro 3,935 million, a 14.3% increase compared to Euro 3,443 million in the same period a year ago. This Euro 492 million increase reflects growth in Aerospace (Propulsion and Equipment), Security and Defence revenue.

On an organic basis (excluding the effects of acquisitions, disposals and currency variations), Group revenue increased by Euro 82 million, or 2.4%. 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			**14.3%**
Impact of acquisitions, newly consolidated activities and disposals	Euro (36) million	(1.0)%	
Currency impact	Euro (374) million	(10.9)%	
Organic growth			**2.4%**

Currency variations favourably impacted revenue in the amount of Euro 374 million in the first quarter 2015, reflecting a globally positive translation effect on non-Euro revenues, notably on the portion of the USD-denominated revenue naturally hedged via USD procurements. The Group's average USD/EUR spot rate was 1.13 to the Euro in the first quarter 2015 compared to 1.37 in the year-ago period. The Group's hedge rate improved to USD1.25 to the Euro in the first quarter 2015 from USD1.27 in the year-ago period.

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BUSINESS COMMENTARY

- **Aerospace Propulsion**

First-quarter 2015 revenue was Euro 2,070 million, a 13.4% increase (3.7% on an organic basis) compared to revenue in the year-ago period of Euro 1,825 million. The increase in revenue was primarily driven by services the strong underlying growth of which was boosted by the higher USD in Q1 2015.

Overall service revenue in Aerospace Propulsion grew by 25.6% in Euro terms and represents a 56% share of revenue in the quarter. Civil aftermarket revenue grew by 17.8% in USD terms, and continues to be driven by first overhauls of recent CFM56 and GE90 engines. Helicopter turbines aftermarket and military engines aftermarket also grew at healthy rates.

402 CFM56 engines were delivered in Q1 2015, the same number as in Q1 2014. Total new firm orders and commitments for CFM56 and LEAP were received for over 700 engines in the first quarter. At March 31, 2015 the total backlog for these engines stood at above 13,200 units and notably contains orders and commitments for more than 8,900 next-generation LEAP engines.

Revenue of the helicopter turbine businesses grew slightly as growth of support activities more than offset a slight decline in new engine shipments, impacted by the temporary effects of production delays and soft OE demand. Military OE revenues declined as M88 deliveries were lower this quarter, as expected.

- **Aircraft Equipment**

First-quarter 2015 revenue of Euro 1,172 million increased 15.4% compared to Euro 1,016 million in the year-ago period. Service revenue grew by 19.0%, including the effect of the stronger USD, and accounts for 27.3% of total sales. On an organic basis, revenue was stable.

Shipments for the 787 programme, which had driven strong OE growth throughout 2014, were broadly flat as Boeing’s assembly rates plateaued in Q1 2015. Deliveries of wiring shipsets and landing gear to Airbus for the A350 programme compared favourably to the level of a year ago, accelerating from a very low base. Lower deliveries of large nacelles drove a decline in OE revenues at that business. Shipments of A320 thrust reversers should catch up over the course of the year.

Growth in services was driven by the carbon brakes and landing gear activities.

- **Defence**

First-quarter 2015 revenue was Euro 278 million, up 8.2% compared to Euro 257 million in the previous year (down 1.2% on an organic basis). Optronics revenue was down as shipments remained soft, notably due to the end of FELIN equipment deliveries to the French army. This decline was not entirely offset by growth in Avionics. The annual outlook for stability in Defence remains unchanged on the basis of the encouraging order intake in 2014.

- **Security**

First-quarter 2015 revenue of Euro 414 million increased 20.0% compared to Euro 345 million in the year-ago period. On an organic basis, revenue grew by 6.1%.

Identification revenues increased, driven by broad-based growth from public sector customers in the Americas (US Federal contracts, Chile) and Europe (France, Holland, Albania), partially offset by declines in the Middle East Africa region. As expected, detection revenues declined compared to the year-ago quarter, primarily due to delays in airport construction which caused some deliveries to slip out of the quarter. Business Solutions activities recovered and grew in line with the division as card shipments increased, particularly to banking sector customers.

EQUITY SHAREHOLDING

The French state sold 4% of Safran's share capital to institutional investors via a placing on March 2, 2015, following which it held 18.0% of Safran share capital. Safran's share thus benefits from a larger free float (67.8% of the shares outstanding at March 31, 2015) and greater liquidity.

2015 OUTLOOK

Full-year 2015 outlook is confirmed and is applicable to the Group's current structure. It does not take into account any potential impact in 2015 of notably the finalisation of the regrouping of its space launcher activities with those of Airbus Group in their joint venture, Airbus Safran Launchers.

Safran expects on a full-year basis:

- Adjusted revenue to increase by a percentage rate in the high single digits compared to 2014 (at an estimated average rate of USD 1.20 to the Euro).
- Adjusted recurring operating income to increase by a percentage in low double digits compared to 2014 recurring operating income (at a hedged rate of USD 1.25 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 to 45% of adjusted recurring operating income, an element of uncertainty being the amount of advance payments and the rhythm of payments by state-clients.

The full-year 2015 outlook is based on the following underlying assumptions:

- Healthy increase in aerospace OE deliveries
- Civil aftermarket growth of approximately 10%
- Reduction of self-funded R&D of the order of Euro 100 - 150 million with a lower level of capitalisation compared to 2014 with less spending on Leap, A350, helicopters as they come closer to certification and entry into service
- Sustained level of tangible capex, around Euro 700 million, as requested by production transitioning and ramp-up
- Profitable growth for the Security business
- Continued benefits from the on-going Safran+ plan to improve direct costs and reduce overhead.

CURRENCY HEDGES

Safran now expects annual net USD exposure for 2015-2020 to range between USD 7.3 billion and USD 8.0 billion due to strong growth of businesses with exposed USD-denominated revenues. The Group took advantage of the stronger USD to secure the overall increased exposure at a favorable rate.

2015 / 2016: Increased exposure fully hedged at the rate of USD 1.25.
2017: Coverage increased to USD 6.1 billion at an achieved rate of USD 1.25 (including through knock out option strategies). Accumulators will allow hedging to grow to a total of USD 7.7 billion as long as €/$ remains below 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 above USD 1.38.
2018: Coverage increased to USD 6.0 billion at an achieved rate of USD 1.18 (through forward sales and short dated knock out option strategies). Coverage will increase to a total of USD 8.0 billion at an improved target rate below USD 1.20 through accumulators as long as €/$ remains below USD 1.28 up to end 2015. Knock out options barriers are set at various levels between 1.12 and USD 1.45 with maturities ranging between 1 month and 2 years.

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Due to the use of knock out option strategies in 2017-2018 portfolios, effective coverage for the period will be secured in the course of 2015-17 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.

Hedged rates are now:

- 2015: targeted hedged rate at USD 1.25 to the Euro (unchanged)
- 2016: targeted hedged rate at USD 1.25 to the Euro (unchanged)
- 2017 targeted hedge rate at USD 1.25 to the Euro (unchanged)
- 2018 new targeted hedge rate below USD 1.20

At April 10, 2015, the firm hedge book amounted to USD 24.2 billion.

UPCOMING EVENTS

Annual Shareholders Meeting	April 23, 2015
H1 2015 results	July 30, 2015

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Safran will host today a conference call open to analysts and investors at 8:00 am CET which can be accessed at +33 1 70 77 09 44 from France, +44 203 367 9453 from the UK, +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 293297#).

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

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KEY FIGURES

Segment breakdown of adjusted revenue *(In Euro million)*	Q1 2014	Q1 2015	% change reported	% change Organic
Aerospace Propulsion	1,825	2,070	13.4%	3.7%
Aircraft Equipment	1,016	1,172	15.4%	(0.5)%
Defence	257	278	8.2%	(1.2)%
Security	345	414	20.0%	6.1%
Others	-	1	na	na
Total Group	**3,443**	**3,935**	**14.3%**	**2.4%**

2014 adjusted revenue by quarter *(In Euro million)*	Q1 2014	Q2 2014	Q3 2014	Q4 2014	FY 2014
Aerospace Propulsion	1,825	1,938	1,944	2,446	8,153
Aircraft Equipment	1,016	1,121	1,021	1,288	4,446
Defence	257	327	256	381	1,221
Security	345	377	368	440	1,530
Others	-	2	-	3	5
Total revenue	**3,443**	**3,765**	**3,589**	**4,558**	**15,355**

Euro/USD rate	Q1 2014	Q1 2015
Average spot rate	1.37	1.13
Spot rate (end of period)	1.38	1.08
Hedged rate	1.27	1.25

NOTES

[1] Adjusted revenue
To reflect the Group's actual economic performance and enable it to be monitored and benchmarked against competitors, Safran prepares an adjusted revenue.

Safran's consolidated revenue has been adjusted for the impact of:

- 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.

First-quarter 2015 reconciliation between consolidated revenue and adjusted revenue:

Q1 2015		Currency hedging		Business combinations		
(In Euro million)	**Consolidated revenue**	Remeasurement of revenue	Deferred hedging gain (loss)	Amortization intangible assets - Sagem-Snecma merger	PPA impacts - other business combinations	**Adjusted revenue**
Revenue	**4,075**	(140)	na	na	na	**3,935**

[2] 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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ANNEX – IMPACTS OF IFRIC 21

IFRIC 21 "Levies" is an Interpretation that provides guidance on when to recognize a liability for a levy (other than income tax), and specifies that the obligating event giving rise to this liability is the activity that triggers the payment of the levy, as identified by the legislation.
Changes in accounting methods result to the fact that the obligation to pay certain levies, mostly French and US levies, generally exists on January 1 and thus has to be recognized as a liability at this date. Previously, recognition of the liability and the charge was spread out over a year.
The Group has applied this Interpretation from the accounting period beginning on January 1, 2015.
As a result, Safran restated its H1 2014 income statement and its FY 2014 balance sheet for comparison purposes. The application of IFRIC 21 has no impact on FY 2014 income statement.

Restated H1 2014 adjusted income statement

Adjusted income statement *(In Euro million)*	**H1 2014**	***Impact of IFRIC 21***	**H1 2014 restated**
Revenue	**7,208**	-	**7,208**
Other recurring operating income and expenses	**(6,245)**	*(25)*	**(6,270)**
Share in profit from joint ventures	**18**	-	**18**
Recurring operating income	**981**	*(25)*	**956**
% of revenue	13.6%	*(0.4)pt*	13.2%
Other non-recurring operating income and expenses	**(10)**	-	**(10)**
Profit from operations	**971**	*(25)*	**946**
% of revenue	13.5%	*(0.4)pt*	13.1%
Net financial income (expense)	(11)	-	(11)
Income tax expense	(313)	*9*	(304)
Share in profit from associates	7	-	7
Loss for the period attributable to non-controlling interests	(22)	-	(22)
Profit for the period attributable to owners of the parent	**632**	*(16)*	**616**
EPS (in €)	1.52*	*(0.04)*	1.48*

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

Restated operating segment information (H1 2014)

H1 2014 *(In Euro million)*	**Aerospace Propulsion**	**Aircraft Equipment**	**Defense**	**Security**	**Total operating segments**	**Holding company and other**	**Total adjusted data**	**Currency hedges**	**Impacts of business combinations**	**Total consolidated data**
Recurring operating income	745	202	44	65	1,056	(75)	981	(244)	(155)	582
Impact of IFRIC 21	(18)	(5)	(1)	(1)	(25)	-	(25)	-	-	(25)
Restated recurring operating income	**727**	**197**	**43**	**64**	**1,031**	**(75)**	**956**	**(244)**	**(155)**	**557**

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Restated consolidated balance sheet (FY 2014)

Balance sheet - Assets *(In Euro million)*	**Dec. 31, 2014**	***Impacts of IFRIC 21***	**Dec.31, 2014 restated**
Goodwill	3,420	-	3,420
Tangible & Intangible assets	8,464	-	8,464
Investments in joint ventures and associates	771	-	771
Other non-current assets	674	-	674
Derivatives assets	406	-	406
Inventories and WIP	4,265	-	4,265
Trade and other receivables	5,827	-	5,827
Cash and cash equivalents	1,633	-	1,633
Other current assets	673	-	673
Total Assets	**26,133**	**-**	**26,133**

Balance sheet - Liabilities *(In Euro million)*	**Dec. 31, 2014**	***Impacts of IFRIC 21***	**Dec 31, 2014 restated**
Equity	6,478	*13**	6,491
Provisions	3,329	-	3,329
Borrowings subject to sp. conditions	713	-	713
Interest bearing liabilities	3,165	-	3,165
Derivatives liabilities	1,636	-	1,636
Other non-current liabilities	829	*7*	836
Trade and other payables	9,638	*(20)*	9,618
Other current liabilities	345	-	345
Total Equity & Liabilities	**26,133**	**-**	**26,133**

**Impact on retain earnings*

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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 69,000 employees and generated sales of 15.4 billion euros in 2014. 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 2 billion euros in 2014. Safran is listed on Euronext Paris and is part of the CAC40 index.*

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

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