

PRESS RELEASE

Paris, October 27, 2017

Safran : Strong sales for third quarter and first nine months 2017 Focus on LEAP ramp-up

Adjusted data (organic)

- *Adjusted revenue increase of 11.3% in Q3 2017*
- *Adjusted revenue increase of 5.1% in 9M 2017*
- *Outlook for 2017 revenue raised*

Consolidated data

- *Consolidated revenue was Euro 3,852 million in Q3 2017*
- *Consolidated revenue was Euro 12,234 million for 9M 2017*

All revenue figures in this press release refer to Adjusted^[Note 1] revenue. Please refer to definitions contained in the Notes on page 9 of this press release. The disposal of Safran Identity & Security was completed in the first half of 2017. In application of IFRS 5, comparisons to revenues in 2016 exclude these businesses from the first half of 2017 and the first nine months of 2016.

Executive commentary

CEO Philippe Petitcolin commented:

“As expected, all of our businesses are up and our top line grew over 11% on an organic basis in Q3.

The production of LEAP engines continues to accelerate in Q3. We are on track to deliver our target of over 450 engines in 2017. Year to date, our total deliveries of CFM56 and LEAP engines is 1 333, a record level.

Our equipment businesses delivered steady growth thanks to our programme mix and services. In Defense, revenue growth accelerated with contributions from guidance, navigation and optronics.

We see the trend of the first nine months enduring to the end of the year. Thus, we are raising our revenue growth forecast and confirming our guidance for recurring operating income and free cash flow for 2017.”

Key figures for third quarter and first nine months of 2017

Organic variations exclude notably the effects of significant changes in scope: the classification of Safran I&S as discontinued operations and the adoption of equity accounting for ArianeGroup.

- **Third-quarter 2017 adjusted revenue was Euro 3,815 million**, up 8.5% on a reported basis year-on-year. Adjusted revenue increased 11.3% on an organic basis.
- **Adjusted revenue in the first nine months of 2017 was Euro 11,853 million**, an increase of 3.0% on a reported basis, up 5.1% on an organic basis, compared to 2016.
- **In Q3 2017, civil aftermarket ^[Note 2] increased 14.5%** in USD compared to 2016 driven notably by service activity and spare parts for CFM56 engines. **In the first nine months of 2017, civil aftermarket grew 10.4%** in USD.

Key business highlights

Production and backlog of narrowbody aircraft engines

At the end of September, combined shipments of CFM56 and LEAP engines reached a record level of 1 333 units in 2017, compared with 1 326 in 2016. In addition to 2 192 LEAP orders and commitments taken in the first nine months of 2017, CFM received orders and commitments for 424 CFM56 engines, for which demand remains strong. The combined backlog for the two engine programmes amounts to 14 777 engines, more than 7 years of production.

LEAP program

CFM continued to ramp-up production of the LEAP engines as planned. During the quarter, in total 110 engines were delivered bringing deliveries to 257 units at the end of September. In 2016, 33 engines had been delivered at the same point in the year of which 22 in the third quarter. CFM maintains its target of delivering at least 450 LEAP engines in 2017.

CFM56 program

The production rate of CFM56 engines remains high with 1 076 units shipped in the first nine months of 2017, of which 366 in the third quarter. In line with the planned production ramp down, deliveries so far in 2017 are 217 units lower than in 2016.

Silvercrest

As announced at NBAA in Las Vegas, complementary developments which it is necessary to engage on the Silvercrest engine will further delay its certification. Safran reiterated its commitment to the programme and is working to define the revised timetable. Cessna, which has chosen Silvercrest to power its Hemisphere business jet, indicated that its entry into service is unaffected.

First flight of A330neo

On October 19, 2017, Airbus's reengineed A330 successfully performed its first flight. Safran is a major partner on the programme, notably as the supplier of the nacelle for the exclusive engine. In addition, Safran provides the landing gear, wheels and carbon brakes and cabling and electrical systems. Aero Gearbox International, a 50/50 partnership between Safran Transmission Systems and Rolls Royce, supplies the accessory gearbox for the Rolls Royce Trent 7000 engine.

Carbon brakes: Safran signed several significant carbon brakes contracts during the quarter, notably with United Airlines, Ethiopian and GOL to equip Boeing 737 NG and MAX fleets and Interjet for A320neo aircraft.

Helicopter turbines: Safran presented its brand-new Aneto high power engine family designed for new super-medium and heavy helicopter market. Aneto family will feature several models covering 2500 to over 3000 shp power range. First 2,500 shp model, named Aneto-1K, was selected by Leonardo to power its twin-engine AW189K. First flight of the Aneto-1K fitted to this helicopter has taken place on March 2017 and entry into service is scheduled for Q4 2018.

Defense: Safran signed its first sales contract for the latest-generation PASEO NS (Naval System), which will outfit new frigates deployed by an Asian navy. Due to be delivered at the end of 2018, these PASEO NS sights will offer day/night target designation and surveillance capabilities.

Revenue for third-quarter 2017

Q3 2017 revenue amounted to Euro 3,815 million, an increase of 8.5% or Euro 298 million, compared to the year-ago period. On an organic basis, revenue grew 11.3% as all activities contributed to growth.

Organic revenue was determined by excluding the effect of changes in scope of consolidation (negligible in Q3 2017). The net impact of currency variations was Euro (103) million reflecting a negative translation effect on non-Euro revenues, principally USD. The average USD/EUR spot rate was 1.17 to the Euro in Q3 2017, compared to 1.12 in the year-ago period. The Group's hedge rate improves to USD 1.21 to the Euro in Q3 2017 from USD 1.24 in Q3 2016.

Euros millions	Propulsion	Aircraft Equipment	Defense	Holding & Others	Safran
Q3 2016	2,056	1,208	253	0	3,517
Q3 2017	2,303	1,225	281	6	3,815
Reported growth	12.0%	1.4%	11.1%	n/s	8.5%
Impact of changes in scope	-	0.2%	-	-	0.1%
Currency impact	(2.4)%	(4.1)%	(1.5)%	-	(2.9)%
Organic growth	14.4%	5.3%	12.6%	n/s	11.3%

Revenue for first nine months 2017

In the first nine months of 2017, revenue amounted to Euro 11,853 million, an increase of 3% or Euro 349 million compared to the year-ago period. On an organic basis, revenue grew 5.1% driven by broad-based growth in all activities.

Organic revenue was determined by excluding the effect of changes in scope of consolidation (Euro (296) million, of which Euro (312) million in H1 2016 for the space launcher activities since contributed to ArianeGroup).

The net impact of currency variations was Euro 58 million reflecting an improvement of the hedge rate, principally USD. The Group's hedge rate improves to USD 1.21 to the Euro in 9m 2017 from USD 1.24 in 9M 2016.

The average USD/EUR spot rate was 1.11 to the Euro in 9m 2017, compared to 1.12 in the year-ago period.

Euros millions	Propulsion	Aircraft Equipment	Defense	Holding & Others	Safran
9M 2016	6,913	3,750	837	4	11,504
9M 2017	6,994	3,940	905	14	11,853
Reported growth	1.2%	5.1%	8.1%	n/s	3.0%
Impact of changes in scope	(4.4)%	0.3%	-	-	(2.6)%
Currency impact	0.7%	0.2%	0.2%	-	0.5%
Organic growth	4.9%	4.6%	7.9%	n/s	5.1%

Currency hedges

Following the rally of the Euro during the third quarter some options were knocked out. Safran concentrated its efforts on replacing and improving the coverage of the group's future currency exposure. The Euro's rally had no impact on the Group's communicated target rates and ranges. Safran's hedging portfolio totalled USD 15.9 billion on October 19, 2017.

2017, 2018: no changes to the Group's foreign exchange coverage are to be noted since the disclosures in the half yearly results announcement (July 28, 2017).

2019: coverage of net USD/EUR exposure increased to USD 2.9 billion (USD 2.8 billion in July) and should rise to 8.0 billion by mid-2018 as long as USD/EUR remains below 1.25. Some instruments have knock-out barriers set at various levels between USD 1.21 and USD 1.40 with maturities up to one year. The target hedge rate lies in a range between 1.15 and 1.18 USD/EUR (unchanged).

2020: coverage of net USD/EUR exposure increased to USD 3.7 billion (USD 2 billion in July) and should rise to 7.1 billion by end-2018 as long as USD/EUR remains below 1.25. Some instruments have knock-out barriers set at various levels between USD 1.21 and USD 1.40 with maturities up to one year. The target hedge rate lies in a range between 1.13 and 1.18 USD/EUR (unchanged).

Dividend

As announced on May 24, 2017, in the context of the contemplated acquisition of Zodiac Aerospace, Safran will forego payment of an interim dividend with respect to 2017 at the end of this year. Safran confirms its existing payout practice for the future.

Full-year 2017 outlook

Safran completed the disposal of its Security activities during the first half of 2017 and these businesses are classified as "discontinued operations". As a result, the comparison to 2016 and guidance for 2017 are based on continuing operations: Aerospace Propulsion, Aircraft Equipment, Defense, Holding & Others.

In addition, starting on July 1, 2016, Safran accounts for its share in ArianeGroup using the equity method and no longer records revenue from space activities. In 2017 the change impacted revenue by Euro (312) million corresponding to the first half of 2016.

Safran raises its expectation for 2017 adjusted revenue on a full-year basis:

- Reported adjusted revenue to grow above 3% at an average rate of USD 1.10 to the Euro (previously +2% to 3%). Excluding the effect of the equity accounting of ArianeGroup from July 1, 2016, revenue growth is expected to be in the mid-single digits (previously low to mid-single digits).

The total headwind to 2017 adjusted recurring operating income from the CFM56 – LEAP transition, including potential additional actions to ensure time on wing, is likely to fall in a range Euro 350 million and Euro 400 million, slightly higher than the previous assumption.

- Safran confirms its previous expectation for 2017 adjusted recurring operating income to be close to the 2016 level

Safran also confirms its previous guidance for free cash flow:

- Free cash flow should represent above 45% of adjusted recurring operating income, an element of uncertainty being the rhythm of payments by state-clients.

The other assumptions on which the guidance is based are unchanged compared to those outlined on February 24, 2017.

Business commentary for the third quarter and first nine months 2017

▪ Aerospace Propulsion

In the third quarter of 2017, Aerospace Propulsion reported revenue of Euro 2,303 million, up 12.0% compared to Euro 2,056 million in the year ago period. On an organic basis, revenue grew 14.4% driven by increased contribution of civil and military engine programs.

Services revenue increased 11.1% as momentum was broad-based. The civil aftermarket (measured in USD) grew 14.5% compared to a low third quarter 2016, driven by service activity and spare parts for CFM56 engines. Helicopter turbine support activities resumed growth – albeit also compared to a low base – thanks to increased contribution of support contracts, notably for military customers.

OE revenue grew 13.3%. Sales from civil engines increased, driven by LEAP production ramp up with 110 engines delivered in Q3 2017, compared with 22 units in the year-ago period. As planned, CFM56 volumes were down 10% to 366 deliveries in Q3 2017 compared to 407 in Q3 2016. High thrust engine module deliveries, notably GE90, were also lower. OE revenues from military engines grew strongly thanks to higher volumes of M88 engines: 12 deliveries M88, of which 4 for export contracts, were recognized in Q3 2017, whereas no deliveries had been made in the year ago period. A decline in revenue from helicopter turbines was mostly due to a shift in mix towards smaller engines.

In the first 9 months of 2017, revenue growth of the Propulsion activities was 1.2%, or 4.9% on an organic basis, thanks to services. Civil aftermarket grew 10.4% in USD. The momentum is driven notably by services and recent CFM56 and GE90 engine overhauls. Services for military engines were also up.

The transition from CFM56 to LEAP continued. In unit terms, the increase in LEAP production more than offset the fall in CFM56 volumes and the total number of narrowbody aircraft engines deliveries increased from 1 326 to 1 333, a record level. As of September 30 2017, deliveries of LEAP amount to 257 engines and those of CFM56 amount to 1 076 engines.

- **Aircraft Equipment**

In the third quarter of 2017, Aircraft Equipment reported revenue of Euro 1,225 million, up 1.4% compared to Euro 1,208 million in the year ago period. On an organic basis, revenue was up 5.3%.

OE revenue grew 7.2% organically in Q3 2017. Deliveries of wiring shipsets and landing gear to Airbus for the A350 programme grew strongly compared to the year-ago period. Shipments related to the A330 and Boeing 787 programmes also increased compared to 2016. Deliveries of nacelles for A320neo grew to 38 units (18 units in Q3 2016), tracking higher LEAP-1A deliveries. As expected, 12 nacelles for A380 were delivered in Q3 2017 compared to 24 units in the year-ago period.

Service revenue grew 1.3% organically, driven by continuing momentum mainly in carbon brakes.

In the first 9 months of 2017, growth of the Aircraft Equipment activities was 5.1%, driven by growth in carbon brakes and nacelles aftermarket, as well as by higher shipments of equipment for A320neo and A350 programmes offsetting notably lower A380 volumes and A320ceo thrust reversers. On an organic basis, revenue was up 4.6%.

- **Defense**

In the third quarter of 2017, Defense reported revenue of Euro 281 million, up 11.1% compared to Euro 253 million in the year ago period. On an organic basis, revenue was up 12.6%.

Growth was mostly driven by military sales with increases in guidance systems, drones and optronics equipment, particularly for export. Avionics activities also grew thanks to higher sales of on-board equipment systems.

Revenue in the Defense activities increased 8.1% in the first 9 months of 2017. On an organic basis, revenue increased 7.9% driven by military sales.

Agenda

2017 annual results February 27, 2018

Annual shareholders meeting May 25, 2018

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Safran will host today a conference call open to analysts, investors and media at 8:30 CET which can be accessed with the pin code 14713060# at +33 1 72 72 74 03 (France), +44 207 194 3759 (UK) and +1 844 286 0643 (US).

A replay will be available at +33 1 70 71 01 60, +44 203 364 5147 and +1 646 722 4969 (access code 418706936#).

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

Key figures

<i>Segment breakdown of revenue (In Euro million)</i>	Q3 2016	Q3 2017	% change reported	% change organic
Aerospace Propulsion	2,056	2,303	12.0%	14.4%
Aircraft Equipment	1,208	1,225	1.4%	5.3%
Defense	253	281	11.1%	12.6%
Holding & Others	-	6	na	na
Safran	3,517	3,815	8.5%	11.3%

<i>Segment breakdown of revenue (In Euro million)</i>	9m 2016	9m 2017	% change reported	% change Organic
Aerospace Propulsion	6,913	6,994	1.2%	4.9%
Aircraft Equipment	3,750	3,940	5.1%	4.6%
Defense	837	905	8.1%	7.9%
Holding & Others	4	14	Na	Na
Safran	11,504	11,853	3.0%	5.1%

<i>2017 revenue by quarter (In Euro million)</i>	Q1 2017	Q2 2017	Q3 2017
Aerospace Propulsion	2,360	2,331	2,303
Aircraft Equipment	1,335	1,380	1,225
Defense	284	340	281
Holding & Others	3	5	6
Safran	3,982	4,056	3,815

<i>2016 adjusted revenue by quarter (In Euro million)</i>	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016
Aerospace Propulsion	2,301	2,556	2,056	2,478	9,391
Aircraft Equipment	1,219	1,323	1,208	1,395	5,145
Defense	269	315	253	401	1,238
Holding & Others	2	2	0	3	7
Safran	3,791	4,196	3,517	4,277	15,781

<i>Euro/USD rate</i>	Q3 2016	Q3 2017	9m 2016	9m 2017
Average spot rate	1.12	1.17	1.12	1.11
Spot rate (end of period)	1.12	1.18	1.12	1.18
Hedge rate	1.24	1.21	1.24	1.21

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,

Third-quarter 2017 and 9m 2017 reconciliation between consolidated revenue and adjusted revenue:

Q3 2017 <i>(In Euro million)</i>	Consolidated revenue	Hedge accounting		Business combinations		Adjusted revenue
		Remeasurement of revenue	Deferred hedging gain (loss)	Amortization intangible assets - Sagem- Snecma	PPA impacts - other business combinations	
Revenue	3,852	(37)	n/a	n/a	n/a	3,815

9m 2017 <i>(In Euro million)</i>	Consolidated revenue	Hedge accounting		Business combinations		Adjusted revenue
		Remeasurement of revenue	Deferred hedging gain (loss)	Amortization intangible assets - Sagem- Snecma	PPA impacts - other business combinations	
Revenue	12,234	(381)	n/a	n/a	n/a	11,853

[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 Safran Aircraft Engines and its subsidiaries and reflects the Group's performance in civil aircraft engines aftermarket compared to the market.

Safran is an international high-technology group and tier-1 supplier of systems and equipment in the Aerospace and Defense markets. Operating worldwide, Safran has nearly 58,000 employees and generated sales of 15.8 billion euros in 2016. Working alone or in partnership, Safran holds world or European leadership positions in its core markets. Safran undertakes Research & Development programs to meet fast-changing market requirements, with total R&D expenditures of 1.7 billion euros in 2016. Safran is listed on the Euronext Paris stock exchange, and its share is part of the CAC 40 and Euro Stoxx 50 indices.

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Pursuant to French regulations, the documentation with respect to the tender offer which, if filed, will state the terms and conditions of the tender offer will be subject to the review by the AMF. Investors and shareholders in France are strongly advised to read, if and when they become available, the prospectus and related offer materials regarding the tender offer referenced in this document, as well as any amendments and supplements to those documents as they will contain important information regarding Safran, Zodiac Aerospace, the contemplated transactions and related matters.

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This document contains forward-looking statements relating to Safran, Zodiac Aerospace and their combined businesses, which do not refer to historical facts but refer to expectations based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from those included in such statements. These statements or disclosures may discuss goals, intentions and

expectations as to future trends, synergies, value accretions, plans, events, results of operations or financial condition, or state other information relating to Safran, Zodiac Aerospace and their combined businesses, based on current beliefs of management as well as assumptions made by, and information currently available to, management. Forward-looking statements generally will be accompanied by words such as "anticipate," "believe," "plan," "could," "would," "estimate," "expect," "forecast," "guidance," "intend," "may," "possible," "potential," "predict," "project" or other similar words, phrases or expressions. Many of these risks and uncertainties relate to factors that are beyond Safran's or Zodiac Aerospace's control. Therefore, investors and shareholders should not place undue reliance on such statements. Factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to:

uncertainties related in particular to the economic, financial, competitive, tax or regulatory environment; the ability to obtain shareholder approval; failure to satisfy other closing conditions with respect to the transaction on the proposed terms and timeframe; the possibility that the transaction does not close when expected or at all; the risks that the new businesses will not be integrated successfully or that the combined company will not realize estimated cost savings and synergies; Safran's or Zodiac Aerospace's ability to successfully implement and complete its plans and strategies and to meet its targets; and the benefits from Safran's or Zodiac Aerospace's (and their combined businesses) plans and strategies being less than anticipated. The foregoing list of factors is not exhaustive. Forward looking statements speak only as of the date they are made. Safran and Zodiac Aerospace do not assume any obligation to update any public information or forward-looking statement in this document to reflect events or circumstances after the date of this document, except as may be required by applicable laws.

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