PRESS RELEASE

H1 2021: recovery of sales in Q2 and continued discipline on costs and cash. FY 2021 outlook confirmed.

Paris, July 28, 2021

- *H1 2021 earnings still affected by the effects of the crisis, bottoming out in Q1*
- *FY 2021 outlook confirmed implying a meaningful H2 ramp-up. Free cash flow target raised*

Adjusted data

- *Revenue at Euro 6,876 million, down (21.6)% on a reported basis and down (17.3)% on an organic basis*
- *Recurring operating income at Euro 659 million down (30.4)% on a reported basis and down (29.3)% on an organic basis*
- *Operating margin impacted across all divisions. Group operating margin down in H1 2021 at 9.6% but improved versus H2 2020*
- *Free cash flow generation at Euro 701 million*

Consolidated data

- *Revenue was Euro 6,769 million*
- *Recurring operating income at Euro 351 million*
- *Profit from operations at Euro 156 million*
- *Profit for the period attributable to owners of the parent at Euro 674 million*
- *Free cash flow at Euro 701 million*

The Board of Directors of Safran (Euronext Paris: SAF), under the Chairmanship of Ross McInnes, at their meeting in Paris on July 28, 2021, adopted and authorised the publication of Safran's financial statements and adjusted income statement for the six-month period ended June 30, 2021.

Foreword

- All figures in this press release represent adjusted [1] data, except where noted. Please refer to the definitions and reconciliation between H1 2021 consolidated income statement and adjusted income statement. Please refer to the definitions contained in the Notes on page 11 of this press statement.
- Organic variations exclude changes in scope and currency impacts for the period.

Executive commentary

CEO Olivier Andriès commented:
"*Safran's results for the first half of 2021 remain affected by the effects of the crisis and an unfavorable basis of comparison in Q1. They also show a start of the recovery in the second quarter. As anticipated, the second half of the year will be essential to see if the effects of the anticipated strong recovery in air traffic in Q3 and Q4 are reflected in the full-year results. We are preparing for the recovery while maintaining strong discipline on costs and cash in line with the efforts achieved in 2020.*"

Air traffic data in H1 2021

The recovery in traffic was mixed during the first half of 2021 and remained soft with global upsurge in new Covid-19 variants during the first months of the year. The vaccine rollout across the world led to a traffic rebound through the second part of the semester but at a different pace across regions.

- **Narrowbody ASK[1] in H1**

After starting the year at around 50% of their 2019 levels, narrowbody ASK reached a trough in February. From March on, narrowbody ASK have been improving. In June, narrowbody ASK were at 59.4% versus 2019.

- **Most recent trends in narrowbody traffic**

Since June, trends in traffic compared to 2019 show strong improvement in Europe and stability in North America after a steady increase since the end of February. In Asia excluding China, the deteriorating sanitary situation resulted in decreasing traffic, with CFM engines cycles down by (71)% compared to 2019. In China, weekly cycles of CFM engines were lower than 2019 in June but have regained their 2019 levels mid-July.

- **Weekly CFM engines flight cycles**

As of July 18, 2021, weekly cycles compared to the same week in 2019:
- CFM56 fleet cycles are down (35)% improving from (46)% at April 25, 2021;
- LEAP fleet cycles are up 101% improving from 56% at April 25, 2021.

Safran continues to adapt

To cope with the uncertainty in the pace of air traffic recovery, Safran is pursuing the efforts started in 2020:
- Continuing decrease in labor costs consolidating savings achieved in FY 2020
  - Headcount decrease from 31st December 2020: 2,250 (including temporary workers);
  - Short time working continued in H1 2021 but halved compared to last year: 7.9% on average worldwide and 10.4% on average in France in the first five months, aligned with FY 2021 assumptions.
- Continuous industrial footprint rationalization:
  - Site closures announced at Aircraft Interiors (Bellingham and Ontario (US)) and Electrical & Power (Santa Rosa (US));
  - Industrial plan optimization (Electrical & Power and Nacelles).
- Cost control still very tight in H1:
  - R&D Expenses down (5)% compared to H1 2020 and flat compared to H2 2020;
  - OPEX in H1 2021 down (13)% versus H1 2020 and still 28% below H1 2019 level despite an increase compared to H2 2020 notably due to lower short time working;
  - CAPEX commitments kept under control, allowing a decrease in cash out compared to H1 2020.

[1] Available Seat Kilometers

Key business highlights

1- Aerospace Propulsion

Narrowbody engine deliveries
At the end of June 2021, combined shipments of CFM56 and LEAP engines reached 448 units, compared with 534 in H1 2020.

In H1 2021, CFM International delivered:

- 399 LEAP engines compared with 450 engines in the year ago period;
- 49 CFM56 engines (as planned) compared with 84 engines in H1 2020.

CFM International LEAP-1A engines has been selected to power IndiGo's fleet of 310 new Airbus A320neo, A321neo, and A321XLR aircraft. This agreement includes 620 new installed engines and associated spare engines, as well as a multi-year service agreement.

United Airlines announced that it will expand its Boeing 737 orders by purchasing an additional 200 737 MAX jets powered by CFM International LEAP-1B engines.

On June 14, 2021, GE Aviation and Safran announced a bold technology development program targeting more than 20% lower fuel consumption and CO_2 emissions compared to current LEAP engines as well as ensuring 100% compatibility with alternative energy sources such as sustainable aviation fuels. The CFM RISE (Revolutionary Innovation for Sustainable Engines) program will demonstrate and mature a range of new, disruptive technologies for future engines that could enter service by the mid-2030s.
Safran and GE Aviation also signed an agreement extending the CFM International 50/50 partnership to the year 2050, declaring their intent to lead the way for more sustainable aviation in line with the industry's commitment to halve CO_2 emissions by 2050.

Civil aftermarket [2]
H1 2021 civil aftermarket revenue was down (25.5)% in USD terms due to:

- Lower spare parts sales for the latest generation of CFM56 engines, slightly down compared to H2 2020 which benefited from year-end sales;
- Decrease in high thrust engines spare parts;
- Slight decrease in service contracts activity.

In Q2, civil aftermarket revenue rebounded by 55% compared with Q2 2020 and by 15% compared with Q1 2021.

Helicopter turbines
Safran received FAA type certification for its Arrano 1A engine, installed in the Airbus H160 helicopter. The engine is now certified in both Europe and United States.

2- Aircraft Equipment, Defense and Aerosystems

Safran has been chosen by Singapore Airlines (SIA) to provide wheels and carbon brakes for its entire fleet of Boeing 777-9 through a tailored brake landing Service contract (31 aircraft are currently on order). Safran currently supports wheels and carbon brakes for 126 Airbus and Boeing aircraft at SIA and Scoot, the low-cost airline of the SIA Group, including A320, A350, 737-800 NG, 737-8 MAX and 787.

Safran signed a 12-year NacelleLife™ service contract with Corsair for the nacelles of its 5 Airbus A330neo. With this contract, the Group commits to the repair of the nacelles and the general service of the thrust reverser at the time of their programmed removals with the support of its network of experts for on-site nacelle inspections and its Maintenance, Repair and Overhaul (MRO) centres.

[2] Civil aftermarket (expressed in USD): this non-accounting indicator (non-audited) comprises spare parts 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.

Safran launches Geonyx M, a new inertial unit for fast boats and amphibious vehicles. It complements the Geonyx land range as well as the Argonyx and Black-Onyx ranges intended respectively for first-rank surface vessels and submarines.

3- Aircraft Interiors

Despite a low point which in all likelihood has been reached for Aircraft Interiors' revenue in H1 2021, Safran is regaining customer interest in its products and achieved several commercial successes, in particular with:

- A German airline to provide the crew rest areas (LDMCR - Lower Deck Mobile Crew Rest) and Skylounge Core business class seats of its future fleet of 16 A330neo aircraft;
- A Middle East airline to provide Vue new business class seats for its Boeing 737 MAX;
- An Indian airline to provide linefit Z200 economy class seats for 75 A320/A321.

First-half 2021 results

H1 2021 revenue amounted to Euro 6,876 million, a decrease of (21.6)%, or Euro (1,891) million, compared to the year ago period. Changes in scope had a net impact of Euro (4) million. The net impact of currency variations was Euro (366) million, reflecting a negative translation effect on non-Euro revenues, notably USD. The average EUR/USD spot rate was 1.21 to the Euro in H1 2021, compared to 1.10 in the year-ago period. The Group's hedge rate was flat at USD 1.16 to the Euro in H1 2021, compared to H1 2020. On an organic basis, revenue decreased by (17.3)% which is made by a (34.6)% drop in Q1 2021 and a 10.0% growth in Q2 2021.
Q2 2021 revenue improved by 6.0% on an organic basis compared to Q1 2021, coming from all divisions.

H1 2021 recurring operating income[3] reached Euro 659 million, down (30.4)% compared to H1 2020. It includes scope changes of Euro (4) million as well as a negative currency impact of Euro (7) million. On organic basis, recurring operating income decreased by (29.3)% due to lower volumes and despite savings from the adaptation plan. One-off items, which amounted to Euro (195) million, are related to impairment for several programs (Euro (180) million) and to restructuring costs (Euro (31) million). **The Group recurring operating income margin stood at 9.6% of sales, above H2 2020 underlying margin, which was at 8.2%.**

H1 2021 Adjusted net income – Group share was Euro 269 million (basic EPS of Euro 0.63 and diluted EPS of Euro 0.61) compared with Euro 501 million in H1 2020 (Basic EPS of Euro 1.18 and diluted EPS of Euro 1.14).
It includes:

- Net adjusted financial loss of Euro (84) million, including foreign exchange losses of Euro (28) million and cost of debt of Euro (51) million;
- An adjusted tax expense of Euro (100) million (26.2% apparent tax rate);

The reconciliation between H1 2021 consolidated income statement and adjusted income statement is provided and commented in the Notes on page 12.

[3] Operating income before capital gains or losses on disposals / impact of changes of control, impairment charges, transaction and integration costs and other items.

▪ **Aerospace Propulsion**

First-half 2021 revenue was Euro 3,249 million, down (19.7)% compared to Euro 4,047 million in 2020. On an organic basis, revenue decreased by (15.7)% compared to H1 2020. Q2 2021 revenue showed a 8.5% organic improvement compared to Q1 2021.

➢ **OE revenue** dropped by (15.6)% (or (11.1)% organically) compared with H1 2020, due to lower narrowbody engines deliveries (LEAP and CFM56).
Installed engines deliveries decreased compared to H1 2020 and spare engines remained flat compared to the year ago period. High thrust engines volumes were down by 30% during the first half 2021 compared to H1 2020.
As planned, M88 engines deliveries were up and amounted to 31 units in H1 2021 compared with 19 in H1 2020 notably thanks to export contracts. Helicopter turbines OE sales faced a slight headwind during the first-half of the year.

➢ **Services revenue** decreased by (22.2)% (in Euro, or (18.5)% organically) and represented 60.1% of sales. Civil aftermarket revenue decreased during the first half 2021 by (25.5)% (in USD). This drop was mainly due to lower spare parts sales for the latest generation of CFM56 engines and for widebody platforms. Military services also faced a headwind compared to the year ago period due to a high comparison basis created by an export contract in H1 2020. Helicopter turbines support activities (Per Hour contracts as well as Time & Material) contributed positively during the semester.

Recurring operating income was Euro 504 million, a decrease of (27.9)% compared with Euro 699 million in H1 2020. Recurring operating margin dropped from 17.3% to 15.5%, close to end of year 2020 margin. The decrease in profitability was driven by the lower level of sales and despite the effect of the adaptation plan's measures and an exceptional positive impact from repayable advances.

▪ **Aircraft Equipment, Defense and Aerosystems**

First-half 2021 revenue was Euro 2,972 million, down (18.3)% compared with Euro 3,638 million in the year ago period. On an organic basis, revenue was down (13.9)% compared to H1 2020. Q2 2021 revenue slightly improved (+3.0% organic) compared to Q1 2021.

➢ **OE revenue** decreased by (20.1)% (or (15.6)% organically) in H1 2021 mainly driven by wiring and power distribution activities, landing gears for Boeing 787 and A350 and nacelles for A330neo. Deliveries of nacelles for LEAP-1A powered A320neo increased at 264 units in H1 2021 (248 units in H1 2020). Aerosystems (fluid, evacuation, oxygen) and Avionics activities impacted negatively the division sales, partially offset by an increase in Fadec activities and in fuel control systems. Defense activities (notably sighting, guidance systems and optronics) decreased slightly during H1 2021.

➢ **The decline in services** of (14.5)% (or (10.3)% organically) in H1 2021 was driven by carbon brakes, landing gear MRO activities, nacelles support activities and to a lesser extent Aerosystems. Defense services activities increased during the first half of the year.

Recurring operating income was Euro 270 million, a decrease of (21.3)% compared to Euro 343 million in H1 2020. Recurring operating margin was at 9.1% from 9.4% in H1 2020. The decrease in profitability during H1 2021 was driven by lower sales and despite a positive impact from the adaptation plan's measures and lower R&D impact on P&L.

▪ **Aircraft Interiors**

First-half 2021 revenue was Euro 646 million, down (39.7)% compared to Euro 1,072 million in H1 2020. On an organic basis, revenue decreased by (35.2)%. Sales for Q2 2021 were up 8.0% on an organic basis compared to Q1 2021.

➢ **OE revenue** dropped by (37.6)% (or (32.1)% organically) in H1 2021. Seats was impacted by a strong decrease on business seats programs and Cabin activities by lower volumes for galleys and lavatories (A320 and A350 programs), floor to floor activity (Boeing 787), catering and inserts.

➢ **Services revenue** decreased by (44.8)% (or (42.3)% organically) in H1 2021, mainly due to Seats aftermarket as well as Cabin spare sales and MRO activities.

Recurring operating income was Euro (110) million, a decrease of Euro (9) million compared to Euro (101) million in H1 2020. Cabin profitability strongly decreased due to the drop in volumes both for OE and services. Despite a negative contribution Seats improved its performance compared to H1 2020 thanks to the positive impacts coming from restructuring plan started in 2020 and extended in 2021.

Cash flow and net debt

Operations generated Euro 701 million of free cash flow[4]. Free cash flow generation was driven by cash from operations of Euro 733 million, an improvement of Euro 297 million in working capital and lower investments (at Euro 329 million down 22% vs H1 2020). The working capital evolution was essentially driven by a strong decrease in receivables and final payment received in H1 2021 for some Leap-1B engines delivered in 2019. This positive impact has been partially offset by lower prepayments. Inventories were stable in H1 2021.

Net Debt

The net debt was Euro 2,566 million as of June 30, 2021 compared to a net debt of Euro 2,792 million as of December 31, 2020. This decrease results primarily from positive free cash flow generation.

Research & Development

Total R&D, including R&D sold to customers, reached Euro (640) million, compared with Euro (597) million in H1 2020. This increase of Euro 43 million, notably due to an increase of works carried out with public funding, will ensure that we continue to foster the environmental priorities of Safran's Research & Technology (R&T) and Innovation roadmap in order to contribute to the decarbonization of aviation.

R&D expenses before research tax credit was Euro (426) million, compared with Euro (447) million for H1 2020, a decrease of Euro (21) million. Given the back-end weighting of the Group's activity and profitability, self-funded R&D expenses were carefully managed and decreased by (5)% compared with H1 2020.

Gross capitalised R&D was Euro 133 million compared with Euro 124 million for H1 2020.

Amortisation and depreciation of R&D was Euro (110) million compared with Euro (124) million for H1 2020.

The impact on recurring operating income of expensed R&D was Euro (321) million compared with Euro (373) million in the year ago period.

[4] This non-accounting indicator (non-audited) is equal to cash flow from operating activities less change in working capital and acquisitions of property, plant and equipment and intangible assets.

Financing

At end of June, Safran cash and cash equivalent stood at Euro 3,927 million. It was Euro 3,747 million at the end of December 2020.

During the first half of the year, Safran continued to diversify and optimize its debt maturity profile with several new transactions:

- A new Euro 500 million bank loan signed with the European Investment Bank on March 4, 2021 dedicated to Safran research into innovative propulsion systems for the next generation of single-aisle commercial aircraft, a core part of Safran's roadmap towards carbon-free air transport.
  It remains undrawn as at July 28, 2021 and is available for drawdown until September 2022, at Safran's option. It has a maturity up to ten years, at Safran's option, starting when funds are made available.

- First rated bond issue of Euro 1.4 billion across 5 and 10 years maturities: a Euro 700 million 5-year tranche bearing a 0.125% coupon and a Euro 700 million 10-year tranche bearing a 0.750% coupon. The transaction was oversubscribed 3.2x. The Bonds are rated BBB+ and listed on Euronext Paris.
  Consequently, Safran cancelled on March 16, 2021 the Euro 1.4 billion remaining amount of the Euro 3 billion bridge facility set up in April 2020 which had remained undrawn since inception.

- Restructuring of its Euro 700 million bonds convertible into new shares and/or exchangeable for existing shares (OCEANEs) due June 2023 into Euro 730 million OCEANEs due 1 April 2028 via a repurchase and new issue offer launched on 8 June 2021.
  The hit ratio of the repurchase was 96.2% and the remaining 3.8% were early redeemed on 19 July 2021. The new issue has a conversion price of Euro 180.89 with a (0.50)% YTM. This restructuring provides an additional 5-year maturity (from 2023 to 2028) with excellent financial conditions and replaces the original transaction with much more favorable terms for existing shareholders, including lower dilution.

Currency hedges

The EUR/USD rate stabilised since February, with a stronger USD lately. Safran continued to add hedges for 2024 and lower risk of knock-out. The book is composed of options with knock-out barriers spanning from 1.2350 to 1.31, representing a risk on the size of the book and on targeted rates in case of sudden increase of the euro.

<u>2021 is hedged</u> at a targeted hedge rate of USD 1.16 through knock-out options, for an estimated net exposure of USD 8.5 billion.

<u>2022 is hedged</u> at a targeted hedge rate from USD 1.14 to USD 1.16 through knock-out options, for an estimated net exposure of USD 9.0 billion.

<u>2023 is hedged</u> at a targeted hedge rate from USD 1.14 to USD 1.16 through knock-out options, for an estimated net exposure of USD 10.0 billion.

<u>2024 is partially hedged</u> through knock-out options; USD 5.9 billion hedged out of an estimated net exposure of USD 11.0 billion.

Full-year 2021 outlook confirmed for sales and profitability, raised for free cash flow

Safran confirms its full-year 2021 outlook and its underlying assumptions in a context in which the level of uncertainty over the timing of recovery continues to prevail. A delay in the pace of civil aftermarket recovery during the second half of the year constitutes an element of risk to this outlook.

As a reminder, Safran expects for FY 2021 (compared with FY 2020 figures):

- **Adjusted revenue to decrease in the low single digits in organic terms.** At an estimated spot rate of USD 1.22 to the Euro, adjusted revenue to decrease in the high single digits;
- **Adjusted recurring operating margin to increase above 100 bps, at least a 300 bps improvement versus H2 2020** (based on a hedge rate of USD 1.16 to the Euro and an adjusted revenue based on a spot rate at USD 1.22 to the Euro), thanks to structural savings already achieved and additional measures to be implemented.

Safran now expects:

- **Free cash flow generation to increase above 2020 level** (previously *"at least at the same level as in 2020")* including Rafale export contracts advance payments recently announced.

* * * *

Agenda

Q3 2021 revenue	October 29, 2021
Capital Markets Day 2021	December 2, 2021
FY 2021 earnings	February 24, 2022

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Safran will host today a conference call open to analysts, investors and media at 7.30 pm CET which can be accessed at +33 (0)1 72 72 74 03 (France), +44 (0)207 194 3759 (UK) and +1 646 722 4916 (US) (access code for all countries: 57566586#).
Please ask for the "Safran" conference and state your name. We advise you to dial in 10 minutes before the start of the conference.

The webcast will be available via Safran's website after registration using the following link: https://onlinexperiences.com/Launch/QReg/ShowUUID=335EDB3E-5B64-4DC4-978E-A92B01DF3B91
Participants will have access to the webcast 15 minutes before the start of the conference.
Please make sure you have the latest version of your OS and of any browsers installed on the device you will used before attending this event.

A replay of the conference webcast will be available until October 26, 2021 by using this same link.
A replay of the conference call will be available until October 28, 2021 at +33 (0)1 70 71 01 60, +44 (0) 203 364 5147 and +1 646 722 4969 (access code for all countries: 425011286#).

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

Key figures

1. Adjusted income statement, balance sheet and cash flow

Adjusted income statement *(In Euro million)*	H1 2020	H1 2021	% change
Revenue	**8,767**	**6,876**	**(21.6)%**
Other recurring operating income and expenses	(7,868)	(6,268)	
Share in profit from joint ventures	48	51	
Recurring operating income	**947**	**659**	**(30.4)%**
% of revenue	10.8%	9.6%	(1.2)pts
Other non-recurring operating income and expenses	(144)	(195)	
Profit from operations	**803**	**464**	**(42.2)%**
% of revenue	9.2%	6.7%	(2.5)pts
Net financial income (expense)	(117)	(84)	
Income tax expense	(169)	(100)	
Profit for the period	**517**	**280**	**(45.8)%**
Profit for the period attributable to non-controlling interests	**(16)**	**(11)**	
Profit for the period attributable to owners of the parent	**501**	**269**	**(46.3)%**
Earnings per share attributable to owners of parent (basic in €)	**1.18***	**0.63****	**(46.6)%**
Earnings per share attributable to owners of parent (diluted in €)	**1.14*****	**0.61******	**(46.5)%**

** Based on the weighted average number of shares of 425,155,180 as of June 30, 2020*
*** Based on the weighted average number of shares of 426,622,547 as of June 30, 2021*
**** Based on the weighted average number of shares after dilution of 437,745,244 as of June 30, 2020*
***** Based on the weighted average number of shares after dilution of 440,790,653 as of June 30, 2021*

Balance sheet - Assets *(In Euro million)*	Dec. 31, 2020	June 30, 2021
Goodwill	5,060	5,086
Tangible & Intangible assets	12,731	12,552
Investments in joint ventures and associates	2,126	2,049
Right of use	623	609
Other non-current assets	751	846
Derivatives assets	746	1,374
Inventories and WIP	5,190	5,270
Contracts costs	486	524
Trade and other receivables	5,769	5,281
Contracts assets	1,695	1,768
Cash and cash equivalents	3,747	3,927
Other current assets	607	697
Total Assets	**39,531**	**39,983**

Balance sheet - Liabilities *(In Euro million)*	Dec. 31, 2020	June 30, 2021
Equity	12,750	13,451
Provisions	2,847	2,791
Borrowings subject to sp. conditions	426	328
Interest bearing liabilities	6,591	6,532
Derivatives liabilities	1,262	1,173
Other non-current liabilities	1,287	1,469
Trade and other payables	4,353	4,501
Contracts Liabilities	9,838	9,594
Other current liabilities	177	144
Total Equity & Liabilities	**39,531**	**39,983**

Cash Flow Highlights *(In Euro million)*	H1 2020	FY 2020	H1 2021
Recurring operating income	**947**	**1,686**	**659**
One-off items	(144)	(466)	(195)
Depreciation, amortization, provisions (excluding financial)	613	1,256	610
EBITDA	**1,416**	**2,476**	**1,074**
Income tax and non-cash items	(262)	(602)	(341)
Cash flow from operations	**1,154**	**1,874**	**733**
Changes in working capital	168	(8)	297
Capex (tangible assets)	(273)	(449)	(183)
Capex (intangible assets)	(21)	(57)	(10)
Capitalisation of R&D	(127)	(287)	(136)
Free cash flow	**901**	**1,073**	**701**
Dividends paid	(3)	(4)	(188)
Divestments/acquisitions and others	134	253	(287)
Net change in cash and cash equivalents	**1,032**	**1,322**	**226**
Net cash / (Net debt) at beginning of period	(4,114)	(4,114)	(2,792)
Net cash / (Net debt) at end of period	**(3,082)**	**(2,792)**	**(2,566)**

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2. Segment breakdowns

Segment breakdown of adjusted revenue (In Euro million)	H1 2020	H1 2021	% change	% change in scope	% change currency	% change organic
Aerospace Propulsion	4,047	3,249	(19.7)%	-	(4.0)%	(15.7)%
Aircraft Equipment, Defense and Aerosystems	3,638	2,972	(18.3)%	n/s	(4.4)%	(13.9)%
Aircraft Interiors	1,072	646	(39.7)%	(0.3)%	(4.2)%	(35.2)%
Holding company & Others	10	9	n/s	n/s	n/s	n/s
Total Group	**8,767**	**6,876**	**(21.6)%**	**n/s**	**(4.3)%**	**(17.3)%**

2021 revenue by quarter (In Euro million)	Q1 2021	Q2 2021	H1 2021
Aerospace Propulsion	1,561	1,688	3,249
Aircraft Equipment, Defense and Aerosystems	1,464	1,508	2,972
Aircraft Interiors	313	333	646
Holding company & Others	4	5	9
Total Group	**3,342**	**3,534**	**6,876**

2020 revenue by quarter (In Euro million)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020
Aerospace Propulsion	2,497	1,550	1,559	2,057	7,663
Aircraft Equipment, Defense and Aerosystems	2,187	1,451	1,461	1,794	6,893
Aircraft Interiors	694	378	357	493	1,922
Holding company & Others	5	5	5	5	20
Total Group	**5,383**	**3,384**	**3,382**	**4,349**	**16,498**

Segment breakdown of recurring operating income (In Euro million)	H1 2020	H1 2021	% change
Aerospace Propulsion	**699**	**504**	(27.9)%
% of revenue	17.3%	15.5%	
Aircraft Equipment, Defense and Aerosystems	**343**	**270**	(21.3)%
% of revenue	9.4%	9.1%	
Aircraft Interiors	**(101)**	**(110)**	(8.9)%
% of revenue	(9.4)%	(17.0)%	
Holding company & Others	6	(5)	na
Total Group	**947**	**659**	(30.4)%
% of revenue	10.8%	9.6%	

One-off items (In Euro million)	*H1 2020*	*H1 2021*
Adjusted recurring operating income	**947**	**659**
% of revenue	10.8%	9.6%
Total one-off items	**(144)**	**(195)**
Capital gain (loss) on asset disposal	*-*	*19*
Impairment reversal (charge)	*(66)*	*(180)*
Other infrequent & material non-operational items	*(78)*	*(34)*
Adjusted profit from operations	**803**	**464**
% of revenue	9.2%	6.7%

Euro/USD rate	H1 2020	FY 2020	H1 2021
Average spot rate	1.10	1.14	1.21
Spot rate (end of period)	1.12	1.23	1.19
Hedge rate	1.16	1.16	1.16

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 income statement in addition to 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 programs revalued at the time of the Sagem-Snecma merger. With effect from the first-half 2010 interim financial statements, the Group decided to restate:
    - the impact of purchase price allocations for business combinations, particularly amortization charged against intangible assets recognized at the time of the transaction and amortized over extended periods due to the length of the Group's business cycles and the impact of remeasuring inventories, as well as
    - gains on remeasuring any previously held equity interests in the event of step acquisitions or asset contributions to joint ventures;

  Safran has also applied these restatements to the acquisition of Zodiac Aerospace with effect from 2018.
- 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 instruments hedging future cash flows are neutralized.

The resulting changes in deferred tax have also been adjusted.

H1 2021 reconciliation between consolidated income statement and adjusted consolidated income statement:

H1 2021 *(In Euro million)*	Consolidated data	Currency hedging: Remeasurement of revenue (1)	Currency hedging: Deferred hedging gain / loss (2)	Business combinations: Amortization of intangible assets -Sagem-Snecma merger (3)	Business combinations: PPA impacts - other business combinations (4)	Adjusted data
Revenue	**6,769**	**107**	**-**	**-**	**-**	**6,876**
Other operating income and expenses	(6,454)	6	(2)	20	162	(6,268)
Share in profit from joint ventures	36	-	-	-	15	51
Recurring operating income	**351**	**113**	**(2)**	**20**	**177**	**659**
Other non-recurring operating income and expenses	(195)	-	-	-	-	(195)
Profit (loss) from operations	**156**	**113**	**(2)**	**20**	**177**	**464**
Cost of debt	(51)	-	-	-	-	(51)
Foreign exchange gains / losses	860	(113)	(775)	-	-	(28)
Other financial income and expense	(5)	-	-	-	-	(5)
Financial income (loss)	**804**	**(113)**	**(775)**	**-**	**-**	**(84)**
Income tax expense	(273)	-	221	(6)	(42)	(100)
Profit (loss) from continuing operations	**687**	**-**	**(556)**	**14**	**135**	**280**
Attributable to non-controlling interests	**(13)**	**-**	**2**	**-**	**-**	**(11)**
Attributable to owners of the parent	**674**	**-**	**(554)**	**14**	**135**	**269**

(1) Remeasurement of foreign-currency denominated revenue net of purchases (by currency) at the hedged rate (including premiums on unwound options) through the reclassification of changes in the fair value of instruments hedging cash flows recognized in profit or loss for the period.
(2) Changes in the fair value of instruments hedging future cash flows that will be recognized in profit or loss in future periods (a negative €775 million excluding tax), and the impact of taking into account hedges when measuring provisions for losses on completion (a negative €2 million at June 30, 2021).
(3) Cancellation of amortization/impairment of intangible assets relating to the remeasurement of aircraft programs resulting from the application of IFRS 3 to the Sagem-Snecma merger.

(4) Cancellation of the impact of remeasuring assets at the time of the Zodiac Aerospace acquisition for €145 million excluding deferred tax and cancellation of amortization/impairment of assets identified during other business combinations.

Readers are reminded that the condensed interim consolidated financial statements are subject to review by the Group's Statutory Auditors. The condensed interim consolidated financial statements include the 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.

***Safran** is an international high-technology group, operating in the aviation (propulsion, equipment and interiors), defense and space markets. Its core purpose is to contribute to a safer, more sustainable world, where air transport is more environmentally friendly, comfortable and accessible. Safran has a global presence, with 76,000 employees and sales of 16.5 billion euros in 2020, and holds, alone or in partnership, world or regional leadership positions in its core markets. Safran undertakes research and development programs to maintain the environmental priorities of its R&T and Innovation roadmap.*
Safran is listed on the Euronext Paris stock exchange and is part of the CAC 40 and Euro Stoxx 50 indices.

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IMPORTANT ADDITIONAL INFORMATION

This document contains forward-looking statements relating to Safran, 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, 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 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 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 ability to successfully implement and complete its plans and strategies and to meet its targets; the benefits from Safran's plans and strategies being less than anticipated; the risks described in the Universal Registration Document (URD); the full impact of the outbreak of the COVID-19 disease.
The foregoing list of factors is not exhaustive. Forward-looking statements speak only as of the date they are made. Safran does 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.

USE OF NON-GAAP FINANCIAL INFORMATION

This document contains supplemental non-GAAP financial information. Readers are cautioned that these measures are unaudited and not directly reflected in the Group's financial statements as prepared under International Financial Reporting Standards and should not be considered as a substitute for GAAP financial measures. In addition, such non-GAAP financial measures may not be comparable to similarly titled information from other companies.