

**L PRESS RELEASE****Safran 2024 Capital Markets Day (CMD'24)  
Safran is poised to deliver  
a further period of profitable growth**

Paris, December 5, 2024

***Capitalizing on its leadership positions on fast-growing platforms and markets, Safran is committed to delivering sustainable growth in earnings and cash flows, and to increasing shareholder returns.***

- *2024 guidance confirmed*
- *Preliminary 2025 outlook (at constant scope): ~10% revenue growth, €4.7-4.8bn recurring operating income and €2.8-3.0bn Free Cash Flow (FCF) generation*
- *2028 ambition (at constant scope): set to deliver record performance with high single digit CAGR '24-'28 revenue growth, €6 to €6.5bn recurring operating income in 2028 and €15-17bn cumulated FCF generation '24-'28*
- *Increasing shareholder returns, representing ~70% of FCF over '24-'28: 40% dividend payout and further €5bn share buybacks to be cancelled over '25-'28*
- *Gradual LEAP RPFH<sup>1</sup> profit recognition from 2025; ensuring smooth aftermarket transition between CFM56 and LEAP; and fostering long-term value creation*

*All figures in this press release represent adjusted data, except where noted (for definitions see Notes).*

CEO Olivier Andriès said: “Since the 2021 CMD, Safran has demonstrated agility and resilience in a challenging environment and has over-delivered on its key metrics providing a solid return to shareholders. With leadership positions on fast-growing markets in both civil aerospace and defense and state-of-the-art technology and services Safran is uniquely positioned to start a further period of profitable growth. Our 2028 financial ambition reflects our confidence in sustained value creation, driven by the ramp-up for both OE and MRO markets, the smooth aftermarket transition from CFM56 to LEAP, and the profitable growth trajectory for both Equipment & Defense and Aircraft Interiors. Our robust Free Cash Flow generation will enable us to increase shareholder return while investing in growth and innovation to prepare for next-generation aircraft and decarbonization.”

**Safran (Euronext Paris: SAF)** is today hosting its 2024 Capital Markets Day at Safran Campus with investors and financial analysts.

Ross McInnes, Chairman of the Board of Directors, will open the event hosted by Olivier Andriès, Chief Executive Officer, with the participation of certain members of the Executive Committee.

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<sup>1</sup> Revenue Per Flight Hour

## Strategic overview

Safran will present its strategic priorities and levers to deliver growth in earnings and cash flows:

- Ensuring safety and quality as an overarching priority;
- Enhancing supply chain resilience through a proactive action plan;
- Executing the ramp-up for both Original Equipment (OE) and Maintenance, Repair and Overhaul (MRO) services;
- Ensuring a smooth aftermarket transition from the CFM56 engine to the LEAP engine;
- Scaling up Defense & Space equipment activities in an evolving battlefield;
- Leveraging on innovation to position Safran at the forefront of decarbonization and to prepare for next-generation aircraft;
- Pursuing a disciplined and targeted M&A strategy, as well as portfolio pruning.

## Financial ambition

### ➤ Fx assumptions

€/€	2024	2025	2026	2027	2028
Spot rate	1.10	1.10	1.15	1.15	1.15
Hedge rate	1.12	1.12	1.12	1.12	1.12

### ➤ LEAP RPFH profit recognition methodology

As a reminder, Safran has opted not to recognize any profit on LEAP RPFH contracts up to 2024. Safran will start recognizing profits in 2025 for the LEAP-1A, and expects to recognize profits in 2026 for LEAP-1B. The trigger used is the availability of mature engines, specifically those incorporating the new high pressure turbine blade which will significantly improve the time on wing between repairs.

Contract by contract, Safran will recognize profit based on the individual contract margin, while including a layer of contingency which will be gradually reduced once cumulated cost reaches ~80% of total expected costs.

As the profits recognized over '25-'28 are related to the initial contracts with lower margins and to conservative contingency releases, more than 80% of the LEAP RPFH portfolio margin will be recognized after 2030.

### ➤ New Civil Aftermarket indicators

To better reflect the increasing share of service contracts for the civil engine aftermarket, Safran has decided from 2025 to split its historical Civil Aftermarket into two separate indicators:

- "Spare parts" revenue (in USD terms) for all civil aircraft engines (CFM56, LEAP, high-thrust engines)
- "Services" revenue (in USD terms) for all civil aircraft engines (CFM56, LEAP, high-thrust engines; RPFH and internal T&M)

"Spare parts" and "Services" will be non-accounting indicators (non-audited). 5-year restated historical data is presented in annex.

### ➤ Full-year 2024 guidance

Safran reaffirms its full-year 2024 guidance:

- Revenue **around €27.1 billion**;
- Recurring operating income **around €4.1 billion**;
- Free Cash Flow **around €3.0 billion**, subject to payment schedule of some advance payments and the rhythm of payments by state-clients.

As a reminder, this guidance is based notably, but not exclusively, on the following assumptions:

- LEAP engine deliveries: around -10% compared to 2023;
- Civil aftermarket revenue (in USD): up mid-twenties;

### ➤ Full-year 2025 preliminary outlook

Safran expects to achieve for full-year 2025 (at constant scope, i.e. excluding the contemplated acquisition of Collins Aerospace's actuation & flight controls business):

- Revenue growth **around 10%**;
- Recurring operating income **between €4.7 and €4.8 billion**;
- Free Cash Flow **between €2.8 and €3.0 billion**, of which €(320) to €(340) million estimated impact from the French corporate surtax and subject to payment schedule of some advance payments and the rhythm of payments by state-clients.

This outlook is based notably, but not exclusively, on the following assumptions:

- LEAP engine deliveries: up 15% to 20% compared to 2024;
- "Spare parts" revenue (in USD): up mid to high single digit;
- "Services" revenue (in USD): up mid-teens;

The main risk factor is the supply chain production capability.

### ➤ 2028 ambition

At constant scope, i.e. excluding the contemplated acquisition of Collins Aerospace's actuation & flight controls business:

- **Revenue growth over '24-'28 is expected to reach high-single digit CAGR** driven by air traffic growth, defense budgets, production ramp and pricing.
- **Recurring operating income should reach €6.0 to €6.5 billion by 2028**, representing a low-double digit CAGR expansion from 2024, with operating margin targets by division:
  - Propulsion: Low twenties% each year (2024-2028) benefitting from a smooth CFM56-LEAP aftermarket transition
  - Equipment & Defense: Mid-teens% in 2028
  - Aircraft Interiors: c.10% in 2028.
- **Cumulated Free Cash Flow generation over '24-'28 should reach €15-17bn, representing an EBIT to FCF ratio of 65 to 70%** driven by EBITDA growth while improving inventory turns, utilizing net Rafale advance payments, investing in capex and paying the French corporate surtax for an estimated amount approximating half a billion euros over two years.

## Capital deployment over '24-'28

Safran will also outline its capital allocation framework to maximize shareholder value:

- **Maintain a strong investment grade profile**
- **Invest in growth & innovation:** R&D to prepare new aircraft programs and Capex;
- **Return cash to shareholders:** based on cumulated €15 to 17 billion of cash generation over '24-'28, Safran expects to return about 70% of FCF to shareholders in the form of:
  - **Dividends** (40% payout<sup>2</sup>);
  - **Share buybacks** with a €5 billion program from 2025 to 2028 to reduce share count, on top of €750M executed in 2024<sup>3</sup>.
- **M&A:** targeted M&A strategy aimed at seizing bolt-on opportunities aligned with our core businesses and Safran's DNA, while applying rigorous financial discipline and pruning the portfolio.

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## Agenda

FY 2024 results	February 14, 2025
Q1 2025 revenue	April 25, 2025
Annual General Meeting	May 22, 2025
H1 2025 results	July 31, 2025

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### Live webcast and replay

The event will start at 2pm CET in Safran Campus (Vilgénis) on December 5, 2024 and will be live webcasted at the following address: <https://www.safran-group.com/calendar/capital-markets-day-2024>

The presentation and press release may be downloaded and subsequently a replay will be made available at: [www.safran-group.com/finance](http://www.safran-group.com/finance)

Press release and presentation are available on Safran's website at [www.safran-group.com](http://www.safran-group.com) (Finance section).

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<sup>2</sup> Subject to Annual General Meeting approvals

<sup>3</sup> Implementation beyond May 2025 is subject to authorizations from the successive shareholders' general meetings, respectively for the repurchase of shares and the cancellation of shares

## Annex

### 1. New Civil Aftermarket indicators

<i>y/y USD revenue growth</i>	FY'19	FY'20	FY'21	FY'22	FY'23	Q1'24	Q2'24	Q3'24	FY'24 guidance	FY'25 guidance
<b>Civil aftermarket</b> (as published)	9.9%	(43.2)%	7.1%	29.3%	32.9%	27.3%	32.4%	20.4%	Mid 20's	
Index #1 <b>Spare parts</b>	11.2%	(48.6)%	3.6%	43.2%	30.9%	13.4%	22.8%	11.4%	Mid-teens	MSD-HSD
Index #2 <b>Services</b>	7.2%	(30.7)%	13.0%	7.8%	37.0%	55.6%	53.4%	39.1%	~40%	Mid-teens

## 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.

Readers are reminded that Safran:

- is the result of the May 11, 2005 merger of Sagem SA and Snecma, accounted for in accordance with IFRS 3, "Business Combinations" in its consolidated financial statements;
- recognizes, as of July 1, 2005, all changes in the fair value of its foreign currency derivatives in "Financial income (loss)", in accordance with the provisions of IFRS 9 applicable to transactions not qualifying for hedge accounting (see Note 2.f, "Translation of foreign currency transactions and foreign currency derivatives").

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 remeasured 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 and depreciation charged against intangible assets and property, plant and equipment recognized or remeasured at the time of the transaction and amortized or depreciated 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;
- 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.

### [2] Adjusted recurring operating income

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

### [3] Free cash flow

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

### [4] 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** 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 92 000 employees and sales of 23.2 billion euros in 2023, 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.

For more information : [www.safran-group.com](http://www.safran-group.com)



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#### FORWARD-LOOKING STATEMENTS

*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 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.*

*This press release contains information that may have characterized, before becoming public, inside information within the meaning of Regulation (EU) No 596/2014 dated Avril 16, 2024.*

#### 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.*

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