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Safran: record 2014 results

- **Adjusted revenue up 6.9% at Euro 15,355 million**
- **Adjusted recurring operating income grew 17.4% at Euro 2,089 million, or 13.6% of revenue**
- **Adjusted net income - Group share - rose 4.6% at Euro 1,248 million**
- **2015 should be yet another year of growth in profitability**

All figures in this press release represent Adjusted [1] data, except where noted. Please refer to definitions and reconciliation between 2014 consolidated income statement and adjusted income statement provided in the Notes on page 13 and following of this press release. The 2013 financial statements have been restated to reflect the changes induced by the application of IFRS 11, Joint Arrangements. Please refer to the Annex for detailed explanations.

KEY FIGURES FOR FULL-YEAR 2014

- **Full-year 2014 adjusted revenue was Euro 15,355 million**, up 6.9% (5.8% organic).
- **Adjusted recurring [2] operating income of Euro 2,089 million (13.6% of revenue)**, rose 17.4%. After a net charge of Euro (107) million for one-off items, adjusted profit from operations was Euro 1,982 million.
- **Adjusted net income - group share of Euro 1,248 million (Euro 3.00 per share)** compared with Euro 1,193 million in 2013 which included a capital gain of Euro 131 million from the sale of Ingenico shares.
- Consolidated (non-adjusted) net income – group share at Euro (126) million including a non-cash charge of Euro (1,922) million, before related deferred tax impact, resulting from the large adverse change in fair value of the portfolio of currency derivatives used to hedge future cash flows (see Note 1 on page 13).
- **Net debt position of Euro 1,503 million** as of December 31, 2014, with free cash flow generation of **Euro 740 million** (35% of adjusted recurring operating income).
- **2014 civil aftermarket [3] was up 11.3% in USD terms** driven by first overhauls of recent CFM56 and GE90 engines.
- A **dividend payment of Euro 1.20 per share** (+7.1%) will be proposed to the shareholders' vote at the Annual General Meeting on April 23, 2015 (to include the Euro 0.56 per share interim dividend payment paid in December 2014).
- **Full-year 2015 guidance**: Safran expects adjusted revenue to increase by a percentage in the high-single digits and adjusted recurring operating income to grow yet again significantly (in low double digits) compared to 2014. Free cash flow 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.

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KEY RECENT BUSINESS HIGHLIGHTS

- CFM56 & LEAP: the total CFM International (CFMI) order backlog amounts to close to 13,000 engines (firm orders and commitments). In 2014, 1,527 new orders and commitments were received for CFM56 engines, bringing the order book to more than 4,500 engines. 2,717 new orders for LEAP engines were also booked bringing the LEAP order book to close to 8,500 engines. **1,560 CFM56 engines were delivered** in 2014, setting a new production record (up from 1,502 in 2013).

- Continued momentum in civil aftermarket: aftermarket services, consisting of spare parts sales and maintenance, repair and overhaul activities on civil aircraft engines grew by 11.3% in USD terms in 2014. This strong performance was driven notably by first overhauls of recent CFM56 and GE90 engines. Catch-up of previously deferred maintenance also contributed to growth as airlines' financial health generally improved.

- Airbus Group and Safran announced that their new Joint Venture, named Airbus Safran Launchers, has entered its operational phase with an initial workforce of around 450. In a second phase, all activities of Airbus Group and Safran dealing with space launchers, should be integrated in the Joint Venture.

- Boeing selected Aircelle (Safran) to supply exhaust systems for engines on the 777X. Safran had already announced its participation in GE's GE9X programme, the engine which will power the 777X.

- Safran inaugurated a new plant in Malaysia specialized in the production and renovation of latest-generation carbon braking systems for commercial aircraft, especially the Boeing 737 and Airbus A320. The plant adds production capacity in the Asia Pacific region where demand is strongly growing.

- Safran was selected to supply several dozen Matis SP thermal imagers for Simbad Remote Control surface-to-air launcher stations. Delivery will start in the first quarter of 2015.

- Through its Egyptian partner AOI, Safran signed an exclusive 10-year contract for Phase II of the Egyptian National ID project. Phase I had already been awarded to Safran in 2012. These new state-of -the-art ID cards will be among the most modern and secure in the world thanks to the introduction of a smartchip with several applications. Equipped with the latest security features, these cards will allow a great number of e-government and other applications for citizens.

- Safran was awarded 3-year contracts to supply the Slovak Republic electronic identity cards and secure driving licences. With these contracts, Safran becomes the sole supplier for official identity documents for Slovakia.

- Safran signed a major multi-biometric e-Border contract with the United Arab Emirates Ministry of Interior. The contract covers the implementation of a fully integrated multi-biometric border control system, including the delivery of 96 e-Gates and 94 e-Counters, in five major airports across the UAE. Abu Dhabi airport will be the first, in spring 2015.

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Paris, February 25, 2015 - The Board of Directors of Safran (Euronext Paris: SAF) met in Paris on February 24, 2015 to approve the financial statements for the full year 2014.

EXECUTIVE COMMENTARY

Chairman and CEO Jean-Paul Herteman commented:

"Safran once again made strong progress in 2014. Backlog is at a record level, revenue grew 7% and profitability increased 17%, as we hit record production rates in many areas. Free cash flow grew year on year even as we are dedicating unprecedented resources to meet the operational challenges of that commercial success and as we intensively prepare our medium to long term future.

Safran's past investments were rewarded this year with a number of significant successes on prestigious platforms for our helicopter turbines, our civil aero engine technologies or our nacelles.

Though the CFM56 is far from over, with 4,500 units in our backlog today and a robustly growing spares business, its follower the Leap is already an outstanding commercial success. Orders for the Leap family of engines now amount to almost 8,500 engines, giving us a market share above 70% of future medium range aircraft. The progression of the development and testing program makes us very confident that the expectations of the customers who put their faith in CFM will be met or exceeded.

In Defence, though the environment remains highly constrained, we continued to invest to ensure we maintain our technological leadership. Security provided profitable growth as customer-oriented organisation and cost-cutting measures bore fruit.

We announced that we intend to unite our space launcher businesses with those of Airbus in order to pursue the remarkable success of the Ariane programme and to continue to guarantee independent access to space for Europe.

Since 2009 our adjusted recurring operating income had trebled and 2014 provided once again evidence of Safran's strengths and solid fundamentals; Safran is on track to deliver continued earnings growth in 2015, mostly driven by sustained demand in the commercial aviation sector for new aircraft and the maturing installed base of civil aircraft engines."

FULL-YEAR 2014 RESULTS

Safran delivered strong commercial and operational performance in full-year 2014.

Record backlog. New order intake during 2014 was Euro 23 billion, providing evidence of robust and resilient demand. The backlog grew to Euro 64 billion compared to Euro 55 billion last year. This does not include future flows from CFM56 spares and services provided on a "time and materials" basis which will provide significant high-margin revenue streams in future decades.

Strong revenue growth. For full-year 2014, Safran's revenue was Euro 15,355 million, up 6.9%, or Euro 992 million, compared to Euro 14,363 million in the same period a year ago. On an organic basis (excluding the effects of acquisitions, disposals and currency variations), Group revenue increased by 5.8%, or Euro 835 million, reflecting continued momentum in most Aerospace activities (OE and services). The identification business in Security and Avionics also contributed to this performance.

Organic revenue was determined by applying constant exchange rates and by excluding the effects of changes in structure. Hence, the following calculations were applied:

Reported growth			**6.9%**
Impact of acquisitions, newly consolidated activities and disposals	Euro (98) million	(0.7)%	
Currency impact	Euro (59) million	(0.4)%	
Organic growth			**5.8%**

Currency variations positively impacted revenue in the amount of Euro 59 million for full-year 2014. A positive transaction impact resulting from an improvement in the Group's hedged rate (USD1.26 to the Euro in 2014 vs USD1.28 in 2013) offset a slightly negative translation effect on the revenue exposed to foreign currencies, notably in CAD and Chilean peso. The Group's average spot rate was USD1.33 to the Euro in 2014, stable compared to the year-ago period.

Recurring operating margin increased by 1.2 pt to 13.6% of sales. For full-year 2014, Safran's recurring operating income increased Euro 309 million or 17.4% compared to 2013 and stood at Euro 2,089 million, or 13.6% of revenue (Euro 1,780 million and 12.4% of revenue in 2013). After taking into account the positive transaction currency impact (Euro 100 million) and the impact of acquisitions, newly consolidated activities and disposals (Euro 9 million), organic year-over-year improvement was Euro 200 million or 11.2%.

The improvement was primarily driven by the aerospace activities (Propulsion and Equipment), which saw solid OE growth and positive trends in civil aftermarket, as well as by a confirmation of the return to growth in Security.

One-off items totalled Euro (107) million during full-year 2014, including depreciation of capitalised development following the decision by Bombardier to pause the Learjet 85 programme, charges taken in Security and Propulsion (Turbomeca) to adapt the industrial footprint in response to operational challenges as well as acquisition and integration costs.

In Euro million	**FY 2013 restated**	**FY 2014**
Adjusted recurring operating income	**1,780**	**2,089**
% of revenue	12.4%	13.6%
Total one-off items	**(34)**	**(107)**
Capital gain (loss) on disposals	*39*	*-*
Impairment reversal (charge)	*(17)*	*(45)*
Other infrequent & material non-operational items	*(56)*	*(62)*
Adjusted profit from operations	**1,746**	**1,982**
% of revenue	12.2%	12.9%

Adjusted net income - group share was Euro 1,248 million (Euro 3.00 per share) compared with Euro 1,193 million (Euro 2.87 per share) in 2013 which included a capital gain of Euro 131 million from the sale of Ingenico shares. In addition to the rise in recurring operating income, this improved performance includes:

- Net financial expense of Euro (165) million, including Euro (42) million of cost of debt.
- Tax expense of Euro (522) million. The drop in effective tax rate (to 28.7%) was due mainly to the reduced tax base at Techspace Aero after deduction of revenue from patents for 2013 and 2014.

The reconciliation between 2014 consolidated income statement and adjusted income statement is provided and commented in the Notes on page 13.

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CASH FLOW AND BALANCE SHEET

Operations generated Euro 740 million of Free Cash Flow (35% of recurring operating income) and Euro 41 million higher than in 2013**.**

Free cash flow generation of Euro 740 million results from cash from operations of Euro 2,468 million partially offset by an increase of working capital needs of Euro 111 million – moderate considering the increases in production volumes in aerospace – and rising R&D and capital expenditure in preparation for future growth. Good progress was made in containing working capital requirements in the second half, despite overdue payment from the French government amounting to Euro 186 million at the end of the year.

Major cash outflows in the year were a 2013 final dividend payment (€0.64 per share) as well as an interim 2014 dividend payment (€0.56 per share) for a total of Euro 500 million, in addition to acquisitions (principally Euro 197 million for Eaton's power distribution management and cockpit integration activities).

As of December 31, 2014, Safran had cash and cash equivalents of Euro 1.63 billion and Euro 2.55 billion of secured and undrawn facilities available.

The net debt position was Euro 1,503 million as of December 31, 2014 compared to Euro 1,220 million as of December 31, 2013.

EQUITY SHAREHOLDING

Subsequent to the placings made by the French state in 2013, 3.6 million shares belonging to the French state were offered to Safran employees via a subscription offer which closed on October 3rd. Approximately 1.7 million shares were subscribed by 16,000 employees (26% of all employees). At December 31, 2014 the French state held 22.0% of Safran share capital compared with 22.4% a year prior.

DIVIDEND PROPOSAL

A dividend payment of Euro 1.20 per share, representing a 7.1% increase compared with 2013, will be proposed to the shareholders' vote at the next Annual Shareholders' Meeting on April 23, 2015. In line with customary practice, the dividend payout represents approximately 40% of Group adjusted net income. An interim payment having been made in December 2014 (Euro 0.56 per share), the final dividend payment would be Euro 0.64 per share in 2015 (approximately Euro 267 million). This balance would be paid from April 29, 2015 (ex-dividend date: April 27, 2015).

EMPLOYEES

More than 8,200 people were hired in 2014 (of which more than 2,800 in France). Total headcount stood at 68,945 at end 2014, a net gain during the year of over 2,600 people, of which over 1,200 in France. Safran will continue to recruit in 2015, though at a lower rate than 2014, to ensure generation renewal and accompany the increase in activity.

In 2014, the Group's total contribution to employee profit-sharing and incentive schemes including social contributions totalled Euro 430 million, up 26% year-over-year.

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RESEARCH & DEVELOPMENT

Total R&D expenditures, including customer funded R&D, reached Euro 2 billion in 2014.

The self-funded R&D effort before research tax credit was Euro 1,464 million or 9.5% of revenue in full-year 2014, up Euro 175 million compared to full-year 2013 restated for IFRS 11. The increase reflects notably the intensification of the LEAP development and testing, in line with the business plan. The impact on recurring operating income after tax credit, capitalization and amortization was Euro 747 million, an increase of Euro 211 million compared to last year, including R&D spending on Silvercrest which is fully expensed since April 1st, 2014.

CAPITAL EXPENDITURES

Capital expenditure, including the proceeds of the sale of assets, amounted to Euro 674 million compared to Euro 489 million in the year ago period. The increase is principally due to preparation of the transition to LEAP, to the investments to bring new technologies into production (notably in Rochester and Commercy) and increase production capacity (notably carbon for latest-generation braking systems in Malaysia). It also reflects upward revisions to the production level of CFM56 and LEAP engines to be fulfilled as previously announced.

AIRBUS SAFRAN LAUNCHERS ENTERS OPERATIONAL PHASE

The initial phase of the integration of Safran's and Airbus's space launcher businesses has been completed. Airbus Safran Launchers has entered its operational phase. An initial workforce of around 450 employees, previously at Airbus Defence and Space, Herakles and Snecma, have joined the new company to which Airbus Group and Safran have also contributed their civil programme contracts and participations related to civil launcher activities. The new company will focus primarily on the development of the new Ariane 6 launcher and the continuation of production of Ariane 5 launchers.

Safran intends to contribute activities and assets related to strategic and civil space propulsion, with the exception of electric satellite propulsion activities, and adjacent businesses which generated revenue of approximately Euro 0.8 billion in 2013 with a recurring operating margin in line with that of the Group. In addition, Safran would need to make an economic compensation to Airbus Group amounting to Euro 800 million in order to obtain a 50% share in Airbus Safran Launchers. Safran estimates[1] that this economic compensation represents approximately 9x the proforma supplemental[2] EBITA[3] in 2014, or approximately 6x to 7x proforma supplemental EBITA in 2016, on a debt free, cash free basis.

Key terms and conditions of the implementation of the second phase, including usual adjustments notably regarding working capital positions and the nature and timing of the compensation, are still to be finalized between the parties. The impacts on Safran's accounts will depend, inter alia, on the legal and financial structure of Airbus Safran Launchers.

Binding agreements relating to phase 2 will be entered into after consultation of the relevant employee representative bodies and closing will be subject to customary approvals and formalities.

Safran and Airbus will communicate as required in the coming months.

[1] Safran's estimation (unaudited), based on February 2015 projection of combined businesses, excluding integration costs and conditional on achieving certain cost synergies.

[2] Assuming a 50% interest in Airbus Safran Launchers, "supplemental" EBITA is the difference between half the estimated EBITA of Airbus Safran Launchers and the estimated EBITA of the businesses contributed by Safran on a stand-alone basis.

[3] EBITA: Earnings Before Interest, Taxes and Amortisation of intangibles arising from the business combination.

ANNUAL SHAREHOLDERS' MEETING, APRIL 23, 2015

Safran's board examined the resolutions to be put to Safran's shareholders' meeting which will be held on April 23, 2015, notably the proposals:

- to pay a cash dividend of €1.20 per share;
- to modify the bylaws (*statuts*) to set the length of new Directors' terms of office at 4 years (currently 5 years);
- Following Safran's press statement of December 5, 2014, to nominate Ross McInnes and Philippe Petitcolin to Safran's Board of Directors;
- to nominate Patrick Gandil and Vincent Imbert, pursuant to the implementation of Ordonnance 2014-948 relating to the governance of corporations with partial state ownership;
- to renew financial authorisations for 26 months;
- of limitations to the use by the Board of Directors of the same authorisations.

2015 OUTLOOK

Safran's 2015 outlook is applicable to the Group's current structure and 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 2015-18 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.

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2015: Increased exposure fully hedged at the rate of USD 1.25.
2016: Increased exposure almost completed at a hedged rate of USD 1.25 (including through knock out option strategies) as long as €/$ remains below 1.38 up to end 2015. Accumulators are in place to hedge the additional exposure. Knock out options barriers are set at various levels above USD 1.38.
2017: Coverage increased to USD 5.9 billion at an improved achieved rate of USD 1.25 (including through knock out option strategies). Accumulators will allow hedging to grow to a total of USD 7.3 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 3.0 billion at an improved achieved rate of USD 1.18 (mainly through knock out option strategies). Coverage will increase to a maximum of USD 8.0 billion at USD 1.21 through option strategies and accumulators as long as €/$ remains below USD 1.28 up to end 2015. Knock out options barriers are set at various levels between 1.32 and USD 1.45 with maturities ranging between 1 and 2 years.

Due to the use of knock out option strategies in 2016-2018 portfolios, effective coverage for the period will be secured in the course of 2015-16 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 at USD 1.21

BUSINESS COMMENTARY

- **Aerospace Propulsion**

Commercial activity in civil propulsion was once again particularly strong as the outlook for growth in the air transport industry fuelled airlines' investments. Total CFM56 and LEAP orders and commitments now stand at close to 13,000 engines, more than 8 years of production at current rates.

Full-year 2014 revenue was Euro 8,153 million, an increase of 7.4%, or 6.2% on an organic basis, compared to revenue of Euro 7,589 million in the year-ago period. Revenue growth resulted from rising sales of services and spares particularly on the installed base of narrow body and wide body aircraft. Civil OE deliveries also grew, with CFM56 reaching record production rates (1,560 units sold, 58 units more than in 2013) and favourable mix. Military OE revenues increased with higher volumes of M88 and TP400 deliveries. Deliveries of helicopter turbines accelerated in the fourth quarter and caught up partially the drop seen over the first nine months. Space & missile propulsion revenue was flat in the year.

In propulsion services, civil aftermarket revenue grew by 11.3% in USD terms, lifted by positive aftermarket trends, in particular the first overhauls of recent CFM56 and GE90 engines. Helicopter turbine maintenance revenues strengthened over the year, driven by improving volume and mix with the contribution from notably the RTM322 and Makila fleets. Military engines aftermarket grew at a mid-single digit percentage rate. Overall service revenue in Aerospace Propulsion grew by 11.3% in Euro terms and represents a 50.0% share of revenue (48.3% in 2013).

Full-year 2014 recurring operating income was Euro 1,633 million (20.0% of revenue), up 20.3% compared to Euro 1,358 million in the year-ago period (17.9% of revenue). This improvement resulted from healthy activity in civil aftermarket, in particular robust growth of sales of spare parts, as well as from increased OE volume and favourable mix on commercial engine programmes. The impact of R&D on recurring operating income increased in 2014, primarily due to the Silvercrest programme spending which was capitalised only during the first quarter 2014. Currency hedging had a positive impact on profitability.

- **Aircraft Equipment**

The Aircraft Equipment segment reported full-year 2014 revenue of Euro 4,446 million, up 8.7% (7.3% on an organic basis), compared to Euro 4,091 million in the year-ago period.

Increases in production rates (notably the Boeing 787 and the A350) boosted OE revenue (up 9.1%). The harnessing and landing gear activities saw strong growth in shipments driven by this production ramp. The nacelle activity recorded an increase in A380 nacelle deliveries (112 units, 4 more than in 2013).

On a full-year basis, service revenue grew by 7.6% in Euro terms and represents 28.8% of segment revenue. This increase is principally driven by aftermarket growth in wheels & brakes (including carbon brakes) and nacelles.

Full-year 2014 recurring operating income was Euro 426 million (9.6% of revenue), up 13.3% compared to Euro 376 million in the year-ago period (9.2% of revenue). As expected, this improvement was lower than last year as OE revenue grew faster than services. The increase in profitability was driven by high returns from the carbon brakes business and increased volumes (wiring, nacelles), partially offset by higher R&D charges. Currency hedging had a positive impact on profitability.

- **Defence**

Full-year 2014 revenue was up 2.0% at Euro 1,221 million, or slightly down (0.1)% on an organic basis, compared to Euro 1,197 million in the previous year. Avionics revenue grew on the back of higher deliveries of navigation systems and seeker kit modules. In Optronics, higher shipments of infra-red goggles in France only partially offset steeper declines in export deliveries. The final deliveries of Felin equipment were made to the French armed forces. Safran will continue to provide support service and upgrades on the Felin installed base.

Full-year 2014 recurring operating income at Euro 71 million (5.8% of revenue) was down (15.5)% compared to Euro 84 million (7.0% of revenue) in full-year 2013. Safran continues to invest in its leading portfolio of products. Increased spending on R&D and a drop in capitalisation impacted the recurring operating income in 2014. Optronics delivered lower profit than last year, due to lower deliveries of night vision equipment. The continued turnaround of profitability in Avionics resulted from a combination of favourable volume, price and mix effect.

- **Security**

The Security activity reported full-year 2014 revenue of Euro 1,530 million, up 3.2% compared to Euro 1,482 in the previous year. On an organic basis, it grew 4.5% reflecting positive momentum in Identification. MorphoTrust continued its robust growth, driven by US Federal activities, including TSA Pre✓™, and State enrolment contracts. Government Solutions returned to growth thanks to increasing volumes in most regions. The smartchip telco and banking segments continue to be subject to intensified price pressure, offsetting significantly higher volumes. In Detection, despite an acceleration of CTX deliveries in the fourth quarter, annual shipments were below last year due to a strong comparison base and delays in airport construction which pushed some installations into 2015. Service revenues in Detection increased, notably at the TSA (US).

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Full-year 2014 recurring operating income increased by 11.7% at Euro 134 million (8.8% of revenue) compared to Euro 120 million (8.1% of revenue) in the year-ago period. Adverse currency variations partially offset very solid organic growth in profitability. Increases in volumes and the benefit of strong cost cutting initiatives taken in 2014 contributed to a significant improvement in Identification. In Business solutions, cost reductions did not entirely offset margin declines due to pricing pressure in smart cards. Detection margins improved mainly due to cost reductions.

UPCOMING EVENTS

Q1 2015 revenue	April 22, 2015
Annual Shareholders' Meeting	April 23, 2015
H1 2015 results	July 30, 2015

* * * * *

Safran will host today a conference call open to analysts and investors at 8:45 am CET which can be accessed at +33 (0)1 70 77 09 46 from France, +44 (0)203 367 9454 from the UK and +1 866 907 5924 from the US. A replay will be available until May 19, 2015 at +33 (0)1 72 00 15 00, +44 (0)203 367 9460 and +1 877 642 3018 (access code 291993#).

A webcast will be available via Safran's website after registration using the following link:
http://event.onlineseminarsolutions.com/r.htm?e=933771&s=1&k=2CC2C32BCEC3047CF02B3CCD0E3F4702

Audience members will have access to the webcast 15 minutes before the start of the conference.

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

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KEY FIGURES

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

Adjusted income statement *(In Euro million)*	FY 2013 restated	FY 2014	% change
Revenue	**14,363**	**15,355**	**6.9%**
Other recurring operating income and expenses	(12,635)	(13,311)	
Share in profit from joint ventures	52	45	
Recurring operating income	**1,780**	**2,089**	**17.4%**
% of revenue	12.4%	13.6%	+1.2 pt
Other non-recurring operating income and expenses	(34)	(107)	
Profit from operations	**1,746**	**1,982**	**13.5%**
% of revenue	12.2%	12.9%	+0.7 pt
Net financial income (expense)	(138)	(165)	
Income tax expense	(529)	(522)	
Share in profit from associates	15	18	
Gain on disposal of Ingenico shares	131	-	
Profit for the period attributable to non-controlling interests	(32)	(65)	
Profit for the period attributable to owners of the parent	**1,193**	**1,248**	**4.6%**
EPS (in €)	2.87*	3.00**	4.5%

(*) based on a weighted average number of shares of 416,292,736 as of December 31, 2013
(**) based on a weighted average number of shares of 416,413,368 as of December 31, 2014

Balance sheet - Assets *(In Euro million)*	Dec. 31, 2013 restated	Dec.31, 2014
Goodwill	3,399	3,420
Tangible & Intangible assets	7,083	8,464
Investments in joint ventures and associates	680	771
Other non-current assets	585	674
Derivatives assets	864	406
Inventories and WIP	3,998	4,265
Trade and other receivables	4,967	5,827
Cash and cash equivalents	1,547	1,633
Other current assets	575	673
Total Assets	**23,698**	**26,133**

Balance sheet - Liabilities *(In Euro million)*	Dec. 31, 2013 restated	Dec 31, 2014
Equity	6,813	6,478
Provisions	2,958	3,329
Borrowings subject to sp. conditions	670	713
Interest bearing liabilities	2,736	3,165
Derivatives liabilities	186	1,636
Other non-current liabilities	1,404	829
Trade and other payables	8,668	9,638
Other current liabilities	263	345
Total Equity & Liabilities	**23,698**	**26,133**

Cash Flow Highlights *(In Euro million)*	FY 2013 restated	FY 2014
Adjusted attributable net profit	**1,193**	**1,248**
Depreciation, amortization and provisions	653	906
Others	100	314
Cash flow from operations	**1,946**	**2,468**
Changes in working capital	174	(111)
Capex (tangible assets)	(489)	(674)
Capex (intangible assets)	(212)	(267)
Capitalisation of R&D*	(720)	(676)
Free cash flow	**699**	**740**
Dividends paid	(481)	(511)
Divestments/acquisitions and others	(381)	(512)
Net change in cash and cash equivalents	**(163)**	**(283)**
Net debt at beginning of period	(1,057)	(1,220)
Net debt at end of period	**(1,220)**	**(1,503)**

*Of which capitalised interest: Euro (32) million in 2014 and (26) million in 2013

Segment breakdown of revenue *(In Euro million)*	FY 2013 restated	FY 2014	% change	% change organic
Aerospace Propulsion	7,589	8,153	7.4%	6.2%
Aircraft Equipment	4,091	4,446	8.7%	7.3%
Defence	1,197	1,221	2.0%	(0.1)%
Security	1,482	1,530	3.2%	4.5%
Others	4	5	na	na
Total Group	**14,363**	**15,355**	**6.9%**	**5.8%**

Segment breakdown of recurring operating income *(In Euro million)*	FY 2013 restated	FY 2014	% change
Aerospace Propulsion % of revenue	**1,358** 17.9%	**1,633** 20.0%	20.3%
Aircraft Equipment % of revenue	**376** 9.2%	**426** 9.6%	13.3%
Defence % of revenue	**84** 7.0%	**71** 5.8%	(15.5)%
Security % of revenue	**120** 8.1%	**134** 8.8%	11.7%
Others	(158)	(175)	na
Total Group % of revenue	**1,780** 12.4%	**2,089** 13.6%	**17.4%**

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

2014 revenue by quarter *(In Euro million)*	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	FY 2013	FY 2014
Average spot rate	1.33	1.33
Spot rate (end of period)	1.38	1.21
Hedge rate	1.28	1.26

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NOTES

[1] Adjusted data
To reflect the Group's actual economic performance and enable it to be monitored and benchmarked against competitors, Safran prepares an adjusted income statement alongside its consolidated financial statements.

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

- purchase price allocations with respect to business combinations. Since 2005, this restatement concerns the amortization charged against intangible assets relating to aircraft programmes revalued at the time of the Sagem-Snecma merger. With effect from the first-half 2010 interim financial statements, the Group has decided to restate the impact of purchase price allocations for business combinations. In particular, this concerns the amortization of intangible assets recognized at the time of the acquisition, and amortized over extended periods, due to the length of the Group's business cycles, along with the gain resulting from the remeasurement of the Group's previously held interests in a business combination achieved in stages.

- the mark-to-market of foreign currency derivatives, in order to better reflect the economic substance of the Group's overall foreign currency risk hedging strategy:
  - revenue net of purchases denominated in foreign currencies is measured using the effective hedged rate, i.e., including the costs of the hedging strategy,
  - all mark-to-market changes on foreign currency derivatives hedging future cash flows are neutralized.

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

2014 consolidated net income was a loss of Euro 126 million, highly impacted by the large adverse change in fair value of the portfolio of currency derivatives used to hedge future cash flows. The hedging instrument portfolio was marked to market using a EUR/USD exchange rate of 1.21 on December 31, 2014 compared to 1.38 on December 31, 2013.

FY 2014		Currency hedging		Business combinations		
(In Euro million)	**Consolidated data**	Remeasurement of revenue	Deferred hedging gain / loss	Amortization of intangible assets -Sagem-Snecma merger	PPA impacts - other business combinations	**Adjusted data**
Revenue	**15,044**	**311**	**-**	**-**	**-**	**15,355**
Other operating income and expenses	(13,589)	5	(33)	147	159	(13,311)
Share in profit from joint ventures	45	-	-	-	-	45
Recurring operating income	**1,500**	**316**	**(33)**	**147**	**159**	**2,089**
Other non-recurring operating income and expenses	(107)	-	-	-	-	(107)
Profit (loss) from operations	**1,393**	**316**	**(33)**	**147**	**159**	**1,982**
Cost of debt	(42)	-	-	-	-	(42)
Foreign exchange gains (losses)	(1,654)	(316)	1,922	-	-	(48)
Other financial income and expense	(75)	-	-	-	-	(75)
Financial income (loss)	**(1,771)**	**(316)**	**1,922**	**-**	**-**	**(165)**
Income tax expense	292	-	(717)	(51)	(46)	(522)
Share in profit from associates	18	-	-	-	-	18
Profit (loss) from continuing operations	**(68)**	**-**	**1,172**	**96**	**113**	**1,313**
Attributable to non-controlling interests	**(58)**	**-**	**(5)**	**(2)**	**-**	**(65)**
Attributable to owners of the parent	**(126)**	**-**	**1,167**	**94**	**113**	**1,248**

Readers are reminded that only the consolidated financial statements are audited by the Group's statutory auditors. The consolidated financial statements include "revenue" and "operating profit indicators" set out in the adjusted data in Note 5, "Segment information" of the 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 Registration Document.

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The audit procedures on the consolidated financial statements have been completed. An audit opinion will be issued after the Board of Directors' meeting of March 17, 2015, once specific verifications and a review of events subsequent to February 24, 2015 have been performed**.**

[2] **Recurring operating income**
In order to better reflect the current economic performance, this subtotal named "recurring operating income" excludes income and expenses which are largely unpredictable because of their unusual, infrequent and/or material nature such as: impairment losses/reversals, capital gains/losses on disposals of operations and other unusual and/or material non-operational items.

[3] **Civil aftermarket** (expressed in USD)
This non-accounting indicator (non-audited) comprises spares and MRO (Maintenance, Repair & Overhaul) revenue for all civil aircraft engines for Snecma and its subsidiaries and reflects the Group's performance in civil aircraft engines aftermarket compared to the market.

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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.*

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