



FUNDAMENTALS

MAY 2014



AEROSPACE



DEFENSE



SECURITY

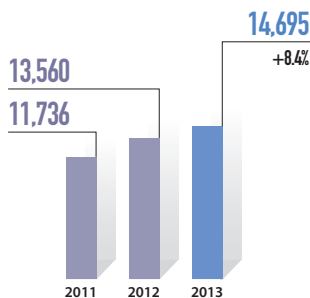


SAFRAN IS A LEADING INTERNATIONAL HIGH-TECHNOLOGY GROUP

and Tier-1 supplier of systems and equipment for aerospace, defense and security. Operating worldwide, Safran has 66,300 employees and generated sales of 14.7 billion euros in 2013. Through our global presence, Safran not only enhances competitiveness, but also builds industrial and commercial relations with the world's leading prime contractors and operators, while providing fast, local service to customers around the world. Working alone or in partnership, Safran holds world or European leadership positions in its core markets.

BENCHMARKS

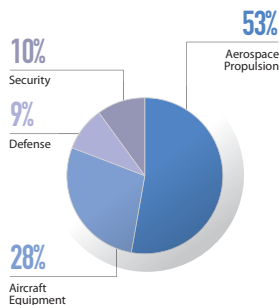
AS OF DECEMBER 31, 2013



SALES

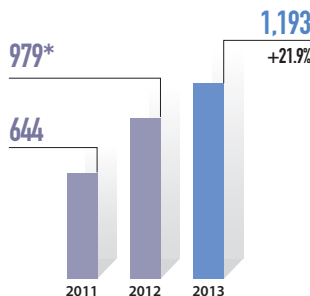
(adjusted data, millions of euros)

Safran posted sales of 14,695 million euros in 2013, a year-to-year increase of 8.4%. This strong growth reflected performance in the aerospace business, especially solid growth in original equipment sales and buoyant growth in commercial engine support services.



SALES BY BUSINESS SECTOR

The aerospace propulsion and aircraft equipment businesses logged strong growth in 2013, of 11.2% and 11.6%, respectively. Sales by the defense and security businesses each slipped by 2.8%.

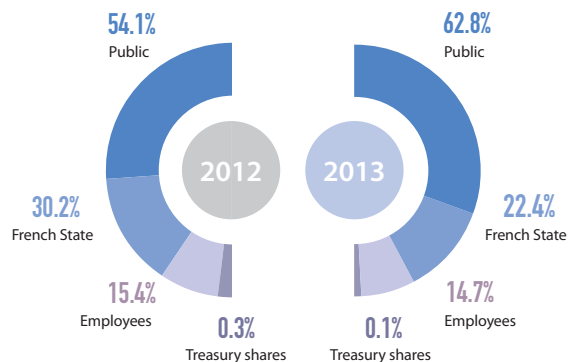


NET INCOME (GROUP SHARE)

(adjusted data, millions of euros)

The Group share of adjusted net income grew 21.9% over 2012, reaching 1,193 million euros in 2013, or 2.87 euros per share. This figure includes net financial expenses of 138 million euros and a tax charge of 540 million euros.

* Restated to reflect impact of revised IAS 19 standard.

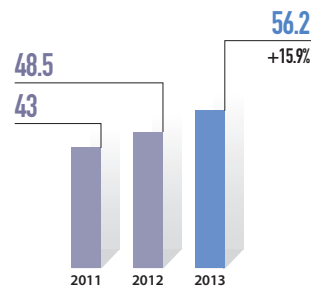


CAPITAL SHAREHOLDING STRUCTURE at December 31

The increase in Safran's float (publicly-held shares) improves the liquidity of the Safran share. The large number of employee shareholders, which boosts employee motivation and loyalty, is also a factor in ensuring the Group's stability.

€14.7 bn
SALES IN 2013

2nd AMONG CAC 40
COMPANIES IN EMPLOYEE
SHAREHOLDING RATE



ORDER BOOK

(billions of euros)

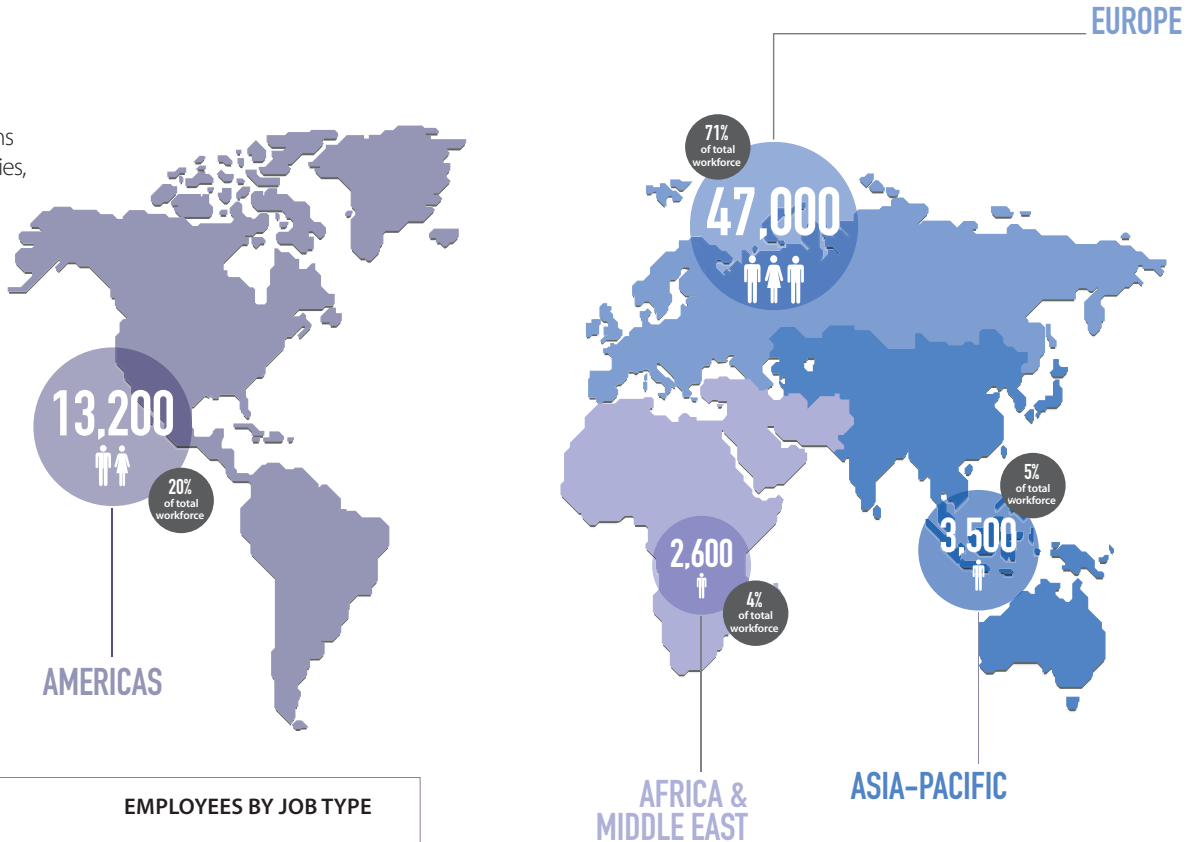
Safran booked 20.8 billion euros worth of orders in 2013, 2.7 billion euros more than the previous year, increasing the order book by 15.9% to 56.2 billion euros at December 31, 2013.

BENCHMARKS

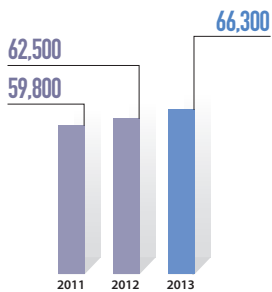
AS OF DECEMBER 31, 2013

66,300 EMPLOYEES WORLDWIDE

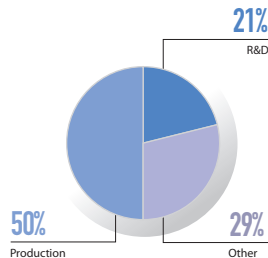
Safran operates in the global aerospace, defense and security markets. With operations in more than 50 countries, we provide fast, local service to all of our customers.



TOTAL EMPLOYEES



EMPLOYEES BY JOB TYPE



AEROSPACE

A WORLD LEADER
IN AEROSPACE PROPULSION

No. 1 worldwide

- engines for mainline commercial aircraft with more than 100 seats (in partnership with GE)
- helicopter turbine engines

No. 2 worldwide

- cryogenic rocket engines and solid propulsion

No. 4 worldwide

- military aircraft engines

Safran covers the entire life cycle of engines powering civil and military fixed and rotary-wing aircraft, from design, development and testing, to production, sales and support.

We are also a world leader in space propulsion, as prime contractor for the cryogenic propulsion systems on the Ariane 5 launch vehicle, and supplier of other systems and equipment for launchers and spacecraft.

AIRCRAFT ENGINES

Carrying on the CFM56 tradition, Safran and GE⁽¹⁾ have launched the new LEAP engine, which will power the Airbus A320neo, Boeing 737 MAX and Comac C919. Safran offers the SaM146⁽²⁾ engine for regional jets and is developing the Silvercrest® for business jets. In the military sector, Safran makes the M88 engine for the Rafale and the TP400 turboprop for the Airbus A400M, through the Europrop International GmbH consortium. We also provide MRO services for our engines.

(1) Through CFM International, a 50/50 joint company between Snecma (Safran) and GE

(2) Through PowerJet, a 50/50 joint company between Snecma (Safran) and NPO Saturn

HELICOPTER TURBINE ENGINES

Safran makes the Arrius and Arriel turboshaft engines for light to medium helicopters (by Airbus Helicopters, Bell Helicopter, Sikorsky, AgustaWestland, etc.), and is developing the Arrano. Our engines power the Airbus Helicopters Tiger and the HAL Dhruv, and we have designed the Ardiden 3 for new helicopters in the 6- to 8-ton class (by Kamov, Avic, etc.). Safran also makes the Makila and RTM322 engines for heavy helicopters. In other words, Safran makes turbine engines for all major helicopter manufacturers, and provides associated MRO services.

SPACE

Safran makes the Vulcain®2 and HM7B cryogenic engines for Ariane 5, along with its solid rocket motors. We are developing the new Vinci® upper-stage engine for Ariane 5 ME and Ariane 6, and we are prime contractor, along with Avio, for the solid rocket motors on the first stage of Vega and on Ariane 6. Safran also provides satellite equipment, including plasma thrusters, liquid propellants, pyrotechnic devices, etc.



LEAP: TOMORROW'S AERO-ENGINE

The LEAP engine will power the new generation of single-aisle commercial jets, the Airbus A320neo, Boeing 737 MAX and Comac C919. Incorporating a number of innovations, this engine offers a significant improvement in economic and environmental performance compared to current engines. Its proven architecture will ensure operational reliability and reduced maintenance costs for all operators.

AEROSPACE

A MAJOR PLAYER
IN AIRCRAFT EQUIPMENT

No. 1 worldwide

- landing gear
- wheels and carbon brakes⁽¹⁾
- power transmissions⁽¹⁾

No. 1 worldwide

- aircraft electrical interconnection systems

A world leader

- aircraft engine nacelles

(1) Mainline commercial jets with more than 100 seats.

Safran is a major supplier of systems and equipment for both civil and military fixed and rotary-wing aircraft. Our products are used on most types of aircraft, not only in service, but also under development, including business and regional aircraft, and single-aisle and widebody commercial jets.

We leverage our technological expertise to offer integrated packages – such as propulsion systems including the nacelle, and complete electrical or landing systems – to both aircraft manufacturers and operators.

LANDING AND BRAKING SYSTEMS

Safran designs, produces and supports landing gear, wheels, carbon brakes and related systems for civil and military fixed and rotary-wing aircraft. These systems are used on many different aircraft, including the Airbus A320, A350 XWB, A380 and A400M, the Boeing Next-Generation 737, 737 MAX, 767, 777 and 787 Dreamliner, the Rafale, Eurofighter Typhoon, F-18, etc.

ENGINE SYSTEMS AND EQUIPMENT

Safran is the sole nacelle systems integrator for the Airbus A380. Working alone or in partnership with GE, Safran is developing nacelles for LEAP engines (Airbus A320neo and Comac C919) and for the Silvercrest® and GE Passport business jet engines. We also offer mechanical power transmission systems for civil and military airplanes, as well as helicopters.

ELECTRICAL SYSTEMS AND ENGINEERING

Safran has developed expertise in all aircraft electrical systems, including power generation, distribution and conversion, wiring, load management and ventilation. We provide wiring harnesses and electrical cabinets for many different Airbus and Boeing models, and we are developing the electrical distribution system for Embraer's upcoming KC-390 transport. We also offer engineering services, covering aerostructures, mechanical systems and onboard software.



egts: ECONOMICAL, ECOLOGICAL TAXIING

The electric green taxiing system (egts), developed by Safran and Honeywell, allows airplanes to taxi without using their jet engines, thanks to electric motors driving the wheels on the main landing gear. Several major airlines – Air France, easyJet, TUIfly, GoAir and Interjet – are participating in the development of this system, and we also signed an agreement with Airbus concerning this program. The egts will enter service in 2016 as original equipment on single-aisle commercial jets, and will then be offered as a retrofit option on aircraft already in service.

DEFENSE

THE EUROPEAN LEADER
IN OPTRONIC SYSTEMS

No. 1 worldwide

- helicopter flight controls

No. 1 worldwide

- engine control units⁽¹⁾

No. 1 in Europe

- tactical drones
- optronic systems
- inertial navigation

(1) For commercial aircraft, in partnership with BAE Systems.

Safran offers a complete range of systems and equipment in the key sectors of optronics, avionics, navigation, electronics and safety-critical software, for both civil and military applications. We design products for a wide range of missions, including homeland security, police, customs, and sea or mountain search & rescue. Our solutions enhance the capabilities of armies, navies and air forces in many countries.

OPTRONICS

Safran is in charge of the FELIN infantry soldier modernization system, offering enhanced observation, communications, mobility and other capabilities. We design portable observation systems and optronic (electro-optical) systems for land vehicles, aircraft and submarines. We also make the Sperwer tactical drone, we are developing the Patroller™ long-endurance drone, and we offer high-performance space optics (for Helios, Meteosat, Spot and other satellites).

AVIONICS

Safran offers inertial or hybrid navigation systems, along with sensors. We are the prime contractor for the AASM Hammer guided missile, deployed by Rafale fighters. We also supply the seekers for the Mistral and Mica IR missiles, and we are developing the seeker and sight for the upcoming MMP medium-range missile system. Also under development are various flight control systems for Airbus Helicopters' new X4. Our Cassiopée offering groups a wide range of flight data analysis services.

ELECTRONICS AND SAFETY-CRITICAL SOFTWARE

Safran provides processing units and printed circuit boards for the Airbus A380 and A400M, Boeing 787 Dreamliner, Rafale, the NH90 and Caracal helicopters and other aircraft, to handle engine control, flight control, landing and braking functions and more. We are developing sophisticated new safety-critical software for different onboard systems.



JIM LR BINOCULARS, A GLOBAL BENCHMARK

JIM LR (Long Range) infrared multifunction binoculars have largely proven their effectiveness in theaters of operation around the world. Several different versions of this portable optronic system are available to meet a variety of needs. More than 6,000 JIM LR binoculars are in service or on order from over 30 countries, including France and NATO armed forces.

SECURITY

THE WORLD LEADER
IN BIOMETRIC IDENTIFICATION

No. 1 worldwide

- biometric ID solutions
- automated identification systems based on fingerprint, iris and facial recognition

No. 1 worldwide

- computed-tomography explosive detection systems (EDS) for checked baggage

No. 4 worldwide

- smart cards

Safran develops solutions that ensure the security of people, goods, businesses and countries, while guaranteeing safe transportation and transactions.

In particular, we apply all technologies needed for airport security, including explosive detection, biometric identification, secure travel documents, border control, and more.

CIVIL IDENTIFICATION

Safran helps governments protect citizens' unique identity through identity management solutions and secure ID documents. We are also developing authentication platforms to provide secure online services.

DIGITAL ID AND SMART TRANSACTIONS

Safran is a world leader in digital identity and secure online transactions, thanks to our strong authentication software platforms, smart cards and tokens. These technologies are used by the banking and telecom sectors, as well as for digital identity management.

PUBLIC SAFETY

Through our unrivaled expertise in multibiometric identification technologies and explosives and narcotics detection systems, Safran helps police forces and other law enforcement organizations protect people and society in general.

CRITICAL INFRASTRUCTURES

Safran helps protect high-risk facilities by offering advanced detection and biometric access control systems.

TRANSPORT AND BORDER CONTROL

Safran ensures the security of transportation sites through our identification, detection and border control solutions.



DETECTION SYSTEMS TO ENHANCE AIRPORT SECURITY

Nearly 2,000 explosive detection systems (EDS) from Safran are now deployed worldwide. We have signed long-term contracts with the US Transportation Security Administration (TSA), and the Canadian Air Transport Security Authority (CATSA), to provide CTX 5800™ and CTX 9800 DSI™ systems for the inspection of checked baggage. The international airports at Nice-Côte d'Azur (a first in Europe) and Narita, Japan also opted for the CTX 9800 DSI™, which can handle 1,000 bags per hour.

INNOVATION & INDUSTRIAL EXCELLENCE

Safran applies a strategy based on innovation and continuous improvement in competitiveness, working closely with our suppliers and partners to address today's pressing economic, societal and environmental challenges.

OVER **12%**
OF SALES INVESTED
IN R&D

800
PATENTS FILED
IN 2013



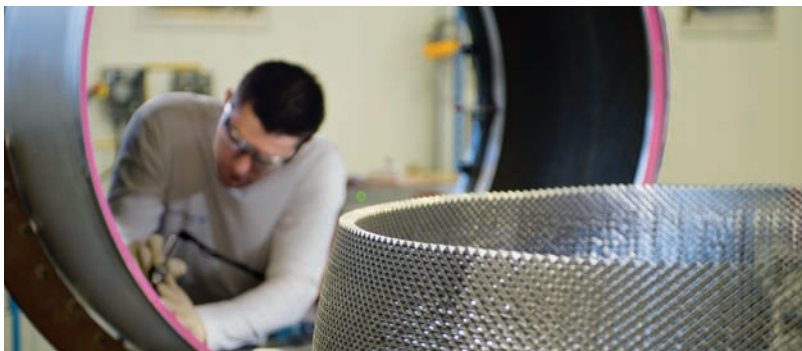
EXTENSIVE CAPITAL EXPENDITURES

Safran invests heavily in industrial facilities around the world to keep pace with rising production rates, confirm our technological leadership and move even closer to our customers.

We remain deeply anchored in France, which counts 60% of our workforce and is the strategic core of our R&D and production capabilities.

AN AMBITIOUS R&D POLICY

A culture based on innovation is an integral part of our DNA and a key to Safran's success. Our market success has always been the fruit of technological developments that kicked off decades earlier. Our Research & Development expenditures equal more than 12% of total sales. This strategy is also based on targeted acquisitions, plus long-term relationships with laboratories and research organizations from around the world, as well as leading engineering schools and universities. Safran files hundreds of patents every year, and since 2011 we have been ranked among the "Top 100 Global Innovators" by Thomson Reuters.



A STRUCTURED APPROACH TO PERFORMANCE IMPROVEMENT

Safran focuses on continuous improvement at all levels to improve our competitiveness, performance and service delivered to customers. We aim for industrial and technological excellence throughout the design and production cycle, coupled with optimized costs.

We deploy Lean-Sigma methodologies to improve our processes, not only in our production plants, but also in our design departments and support functions.

Another major thrust is a participative innovation approach applied Group-wide, enabling each and every employee to be a change agent.

OUR COMMITMENTS

Safran's corporate social responsibility (CSR) policy is based on long-term commitments and values shared by all employees and supported at the highest level of corporate management. To better meet our stakeholders' expectations, we have set up a dedicated CSR governance structure and built our CSR strategy around six objectives.

6 STRATEGIC OBJECTIVES

- **Develop innovative products and processes with minimal environmental impact.**
- **Aim for excellence in the safety and protection of people and property.**
- **Develop people's potential.**
- **Foster the involvement of suppliers and partners in this initiative.**
- **Sustain a culture of integrity.**
- **Guarantee optimum communications with all stakeholders.**

Safran's CSR approach is applied Group-wide and concerns all stakeholders, including business partners (customers, suppliers, shareholders, etc.), internal stakeholders (employees, employee representatives), civil society (neighbors, associations, NGOs, media), observers (financial analysts, ratings agencies) and public partners (federal and local governments, local communities, schools, laboratories).



ETHICS

Safran is fully committed to upholding the values of integrity and honesty, along with all laws and regulations applicable to our international operations. We have formally expressed our pledge to fight corruption in an ethics charter, plus a far-reaching trade compliance program. We have also deployed an effective export control organization.

SUPPLIERS

We build sustainable, responsible and balanced partnerships with our suppliers. With purchases amounting to some 60% of our sales, we fully support our suppliers' growth, their rise up the skills chain and the development of their ability to innovate.



HEALTH, SAFETY AND ENVIRONMENT

Safran's health, safety and environment (HSE) policy reflects our corporate citizenship and values. We are strongly committed to protecting everybody's health and safety, ensuring the security of our facilities and protecting the environment. HSE requirements are integrated throughout the life cycle of our products. To further improve our performance in this vital area, we have deployed very demanding guidelines and set up management systems that facilitate local support and the circulation of best practices.



UNITED NATIONS GLOBAL COMPACT

Safran has signed the United Nations' Global Compact, confirming the international reach of our commitment to corporate social responsibility (CSR), especially in favor of sustainable development and responsible trade practices.

OUR TALENTS

In our high-tech businesses, today's innovations, and the talent behind them, drive tomorrow's successes. Developing our people's potential is one of Safran's top priorities, based on recruiting a diversified workforce, dynamic training and mobility policies, constantly strengthened social foundations, and more.

8,500
NEW HIRES
IN 2013

1.5 MILLION
HOURS OF TRAINING
PROVIDED IN 2013

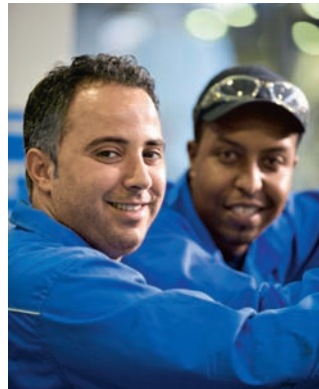


ATTRACTING TOP TALENT

Safran is shaping its future by attracting top talent at all levels, and offering them motivating career opportunities. We also invest heavily to effectively integrate these new employees in our Group. And we continue to support the professional integration of young people, by welcoming a large number of interns and students on work-study programs every year.

ENCOMPASSING A WEALTH OF DIVERSITY

Safran is fully committed to diversity and equal opportunity, both considered key performance drivers. Our actions focus on the employment of young people and seniors, the social and professional inclusion of underserved populations, gender equality in the workplace and the sustained employment of disabled persons.



AFFIRMING OUR SOCIAL MODEL

Safran's social model is based on the firm conviction that employees are our primary assets. They are stakeholders in our strategy, and they have a clear stake in our performance, through an effective labor-management dialog, an active policy of employee shareholding, profit-sharing, savings plans, etc.

A UNIVERSITY FOR ALL EMPLOYEES

Safran applies an ambitious training policy to develop skills and expertise, strengthen employability and promote shared values to meet motivating objectives. Safran University offers Business, Gateways and Leadership training programs, intended for all employees worldwide. The Safran Campus, located in Massy, near Paris, will host training sessions, seminars, orientation days and other events. The University has two other locations, in Dallas and Beijing.



RECRUITMENT 2.0

Check out Safran on social networks



All of our job offers can be consulted at www.safran-talent.com

PHILANTHROPY AND FOUNDATIONS FOSTERING SOCIAL UNITY, ENCOURAGING YOUNG ARTISTS

Safran has supported nearly 450 corporate philanthropy projects since 2005, either directly or via our two foundations, targeting social and professional inclusion, equal opportunity, support for artistic creativity, etc. Based on long-term partnerships, these actions are an integral part of Safran's corporate citizenship and clearly convey our values on a global stage.



SPONSORSHIP CONVEYING OUR VALUES AND TECHNOLOGIES ON THE SEVEN SEAS

Safran has sponsored an ocean racing team since 2005. We have now reenergized this unifying project, which has always incorporated technologies, processes and methods developed by Group companies. At the end of 2014, skipper Marc Guillemot will pass the helm to Morgan Lagravière, who will be the skipper of a new IMOCA Open 60 class monohull ocean racer.



SAFRAN COMPANIES

Aircelle

Complete nacelle systems for aircraft engines, associated support services, composite materials for aerostructures.

Herakles

Solid rocket motors for launchers and missiles, as well as energetic materials, pyrotechnic equipment, thermostuctural and organic composite materials for the aerospace, defense, automobile and manufacturing industries.

Hispano-Suiza

Power transmissions for commercial and military airplane and helicopter engines. Associated support services.

Labinal Power Systems

Electrical systems for the aerospace market, covering all onboard electrical functions (power generation, distribution and conversion, wiring, load management, ventilation). Engineering solutions for the aerospace, automobile and rail industries.

Messier-Bugatti-Dowty

Aircraft landing and braking systems. Capabilities covering the entire product cycle, from design and production to maintenance, repair and overhaul (MRO).

Morpho

Multibiometric identification technologies (fingerprint, iris and facial recognition), identity management solutions. Secure smart cards, documents and transactions. Explosives and narcotics detection solutions.

Sagem⁽¹⁾

Optronics, avionics and navigation systems and equipment, electronics and critical software for both civil and defense markets, covering land, sea, air and space applications. A full range of product support services.

Snecma

Engines for commercial and military aircraft, maintenance, repair and overhaul (MRO) services. Liquid-propellant rocket propulsion systems for launch vehicles and plasma propulsion systems for satellites and space vehicles.

Techspace Aero

Low-pressure compressors for aircraft engines. Equipment for aircraft and spacecraft. Test cells and equipment for engine testing.

Turbomeca

Turboshaft engines for civil and military helicopters, power systems for new-generation aircraft and propulsion systems for missiles, target drones and unmanned aerial vehicles (UAV). Maintenance, repair and overhaul (MRO) and associated services.

(1) Sagem is the commercial name of the company Sagem Défense Sécurité.

Safran Corporate Communications – I IAVAS WORLDWIDE PARIS – May 2014.

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Photos: Front cover Philippe Stroppa/Aircelle/Safran – Eric Drouin/Snecma/Safran – Pascal Le Doaré/MBD/Safran – Brenton Bartay/CAPA Pictures/Safran – **Inside front cover** Alain Ernout/Snecma/Safran – Eric Drouin/Safran – Jonathan May/Morpho/Safran – p. 6 CFM – p. 8 bnpw/Safran – p. 10 Alexandre Paringaux/Safran – p. 12 Piotr Riedlinski/Morpho/Safran – p. 14-15 Porter Gifford/CAPA Pictures/Safran – Philippe Stroppa/Aircelle/Safran – Daniel Linares/Sagem/Safran – p. 16-17 Philippe Stroppa/Microturbo/Safran – Stewart Cohen/CAPA Pictures/Safran – Pierre Soissons/Safran – Ricardo Funari/CAPA Pictures/Safran – p. 18-19 Eric Drouin/Snecma/Safran – Philippe Stroppa/Aircelle/Safran – Eric Forterre/Safran – p. 20-21 Thierry Mamberti/Safran – Pierrick Contin/DPPI/Safran.



KEY MISSIONS, KEY TECHNOLOGIES, KEY TALENTS