

H1 2024 results

July 31, 2024

Olivier ANDRIES
Chief Executive Officer

Pascal BANTEGNIE
Chief Financial Officer



Disclaimer & foreword

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.

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.

ADJUSTED DATA

All revenue figures in this presentation represent adjusted data⁽¹⁾ (except where noted). 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 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.**

ORGANIC GROWTH

- **Organic variations were determined by excluding the effect of changes in scope of consolidation and the impact of foreign currency variations.**

(1) See slide 7 for bridge with consolidated revenue

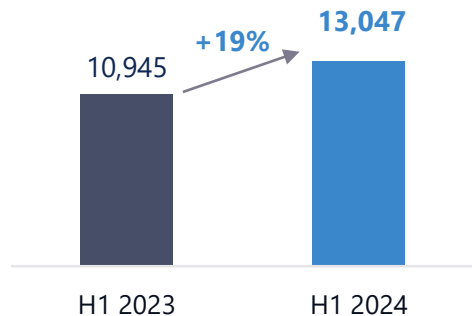
Key highlights

- **Solid performance in H1 2024**
 - 19% revenue growth
 - Civil aftermarket +29.9% (in \$)
 - Soft LEAP deliveries in Q2
 - 15.1% EBIT margin, (+230bps), o/w Aircraft Interiors operating breakeven
 - €1.5bn cash generation
- **FY 2024 outlook confirmed**
- **Unlocking supply chain constraints**
- **Portfolio management**
 - Agreement signed to acquire Preligens, a leader in AI

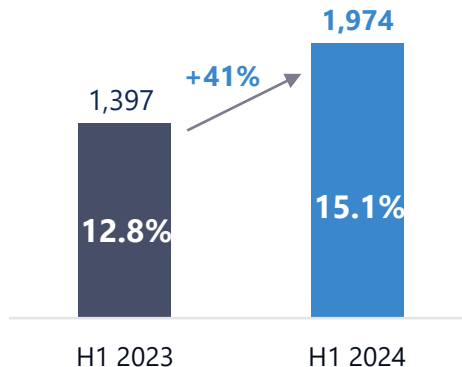


H1 2024 financial performance

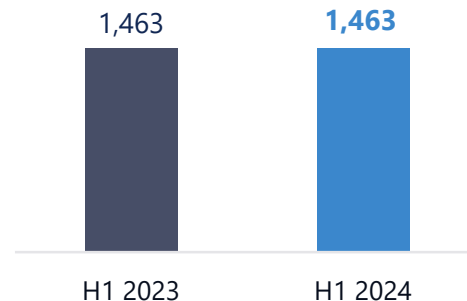
Adjusted revenue⁽¹⁾
in €M



Adjusted recurring operating income⁽¹⁾
in €M and margin⁽²⁾



Free cash flow generation
in €M



⁽¹⁾ See slide 7 for bridge with consolidated figures

⁽²⁾ Adjusted recurring operating income as a % of adjusted revenue

Business highlights





H1 2024 RESULTS

Consolidated and adjusted income statements

Change in Mark-to-Market of instruments hedging future cash flows

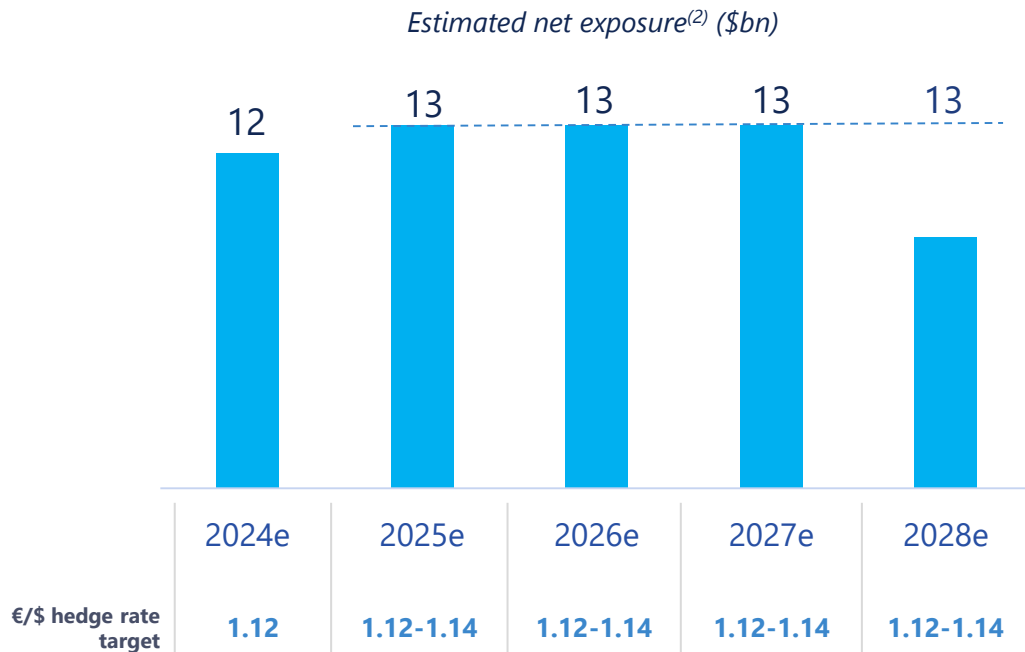
H1 2024 reconciliation (In €M)	Consolidated data	CURRENCY HEDGING		BUSINESS COMBINATIONS		Adjusted data
		Re-measurement of revenue ⁽¹⁾	Deferred hedging gain/loss ⁽²⁾	Amortization of intangible assets - Sagem/Snecma merger ⁽³⁾	PPA impacts – other business combinations ⁽⁴⁾	
Revenue	13,204	(157)				13,047
Other operating income and expenses	(11,287)	(4)	1	21	134	(11,135)
Share in profit from joint ventures	51				11	62
Recurring operating income	1,968	(161)	1	21	145	1,974
Other non-recurring operating income and expenses	(24)					(24)
Profit (loss) from operations	1,944	(161)	1	21	145	1,950
Cost of debt	84					84
Foreign exchange gain / loss	(1,961)	161	1,681			(119)
Other financial income and expense	1					1
Financial income (loss)	(1,876)	161	1,681	-	-	(34)
Income tax expense	38		(434)	(5)	(34)	(435)
Profit (loss) from continuing operations	106	-	1,248	16	111	1,481
Attributable to non-controlling interests	(49)	-	-	-	-	(49)
Attributable to owners of the parent	57	-	1,248	16	111	1,432

(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 (€1,681 million excluding tax), and the impact of taking into account hedges when measuring provisions for losses on completion (a positive €1 million at June 30, 2024).

(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 €91 million excluding deferred tax and cancellation of amortization/impairment of assets identified during other business combinations.



- 2024 hedge rate set at \$ 1.12 (1-cent improvement from 2023)
- \$54.4bn hedge book⁽¹⁾ as of June 2024 (\$51.7bn as of March 2024)

Spot rate		
€/\$	H1'23	H1'24
Average spot rate	1.08	1.08
June 30 th rate	1.09	1.07

- (1) The hedge book includes barrier options with knock-out triggers ranging from \$1.15 to \$1.28, representing a risk to the size of the book and to targeted hedge rates from 2024 onwards in case of sudden and significant exchange rates fluctuations
- (2) Annual estimated net exposure capped by construction at \$13bn from 2025 onwards

Note: Approx. 45% of Safran US\$ revenue is naturally hedged by US\$ procurement

H1 2024 income statement

(In €M)	H1 2023	H1 2024	
Revenue	10,945	13,047	+19%
Other recurring operating income and expenses	(9,609)	(11,135)	
Share in profit from joint ventures	61	62	
Recurring operating income	1,397	1,974	+41%
% of revenue	12.8%	15.1%	
Total one-off items	(57)	(24)	
Profit from operations	1,340	1,950	
% of revenue	12.2%	14.9%	
Net financial income (expense)	63	(34)	
Income tax expense	(318)	(435)	
Profit for the period	1,085	1,481	
Profit for the period attributable to non-controlling interests	(42)	(49)	
Profit attributable to owners of the parent	1,043	1,432	+37%
EPS (basic in €)	2.48⁽¹⁾	3.37⁽³⁾	
EPS (diluted in €)	2.40⁽²⁾	3.27⁽⁴⁾	

Of which €84M of financial interests and €(119)M FX revaluation of positions in the balance sheet

Apparent tax rate of 22.7%

(1) Based on the weighted average number of shares of 420,447,865 as of June 30, 2023

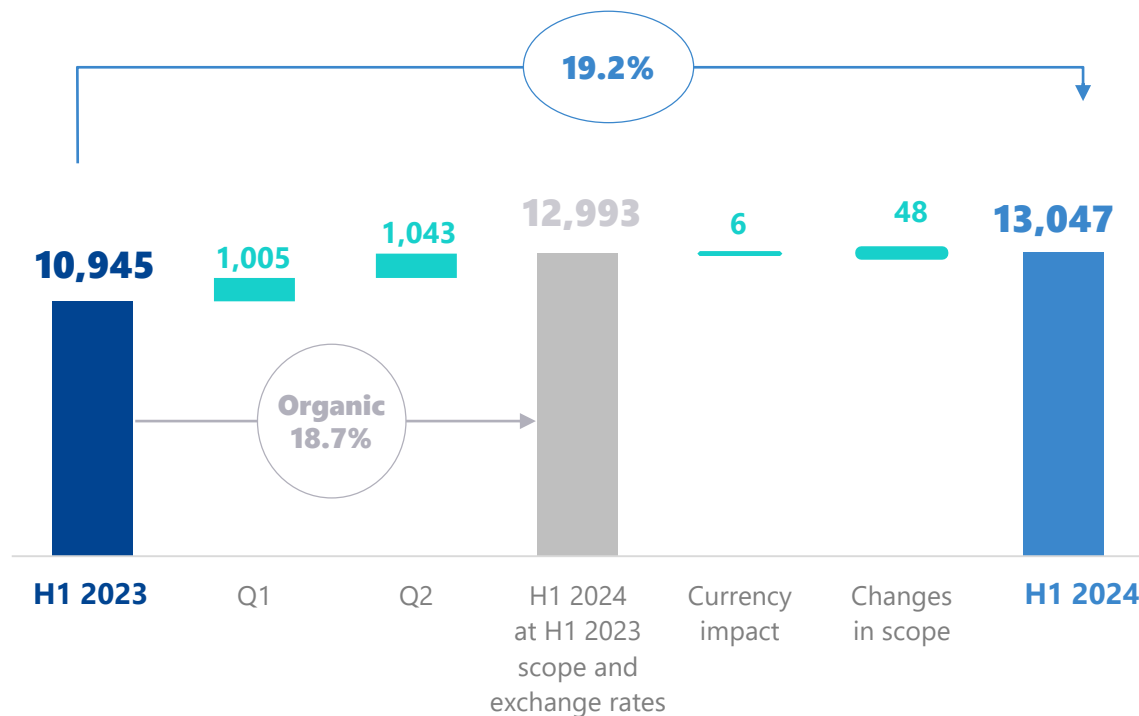
(2) Based on the weighted average number of shares after dilution of 434,534,351 as of June 30, 2023

(3) Based on the weighted average number of shares of 424,913,983 as of June 30, 2024

(4) Based on the weighted average number of shares after dilution of 430,780,170 as of June 30, 2024

H1 2024 revenue

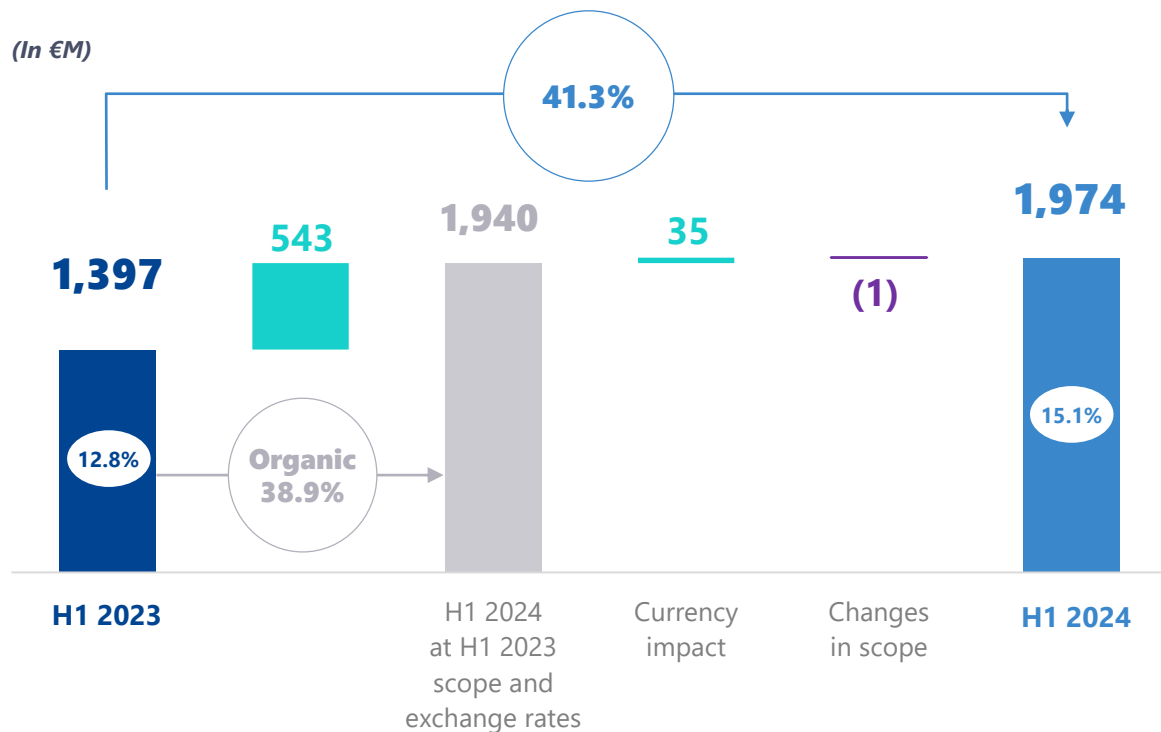
(In €M)



- **Organic: +18.7%**
 - Strong growth in services (+22%) in all divisions
 - Solid growth in OE (+16%) attributable to Equipment & Defense and Aircraft Interiors
- **Currency: +0.1%**
 - €/ \$ spot rate unchanged at 1.08
- **Scope: +0.4%**
 - Disposal of Cargo and Catering activities in May 2023 (from Aircraft Interiors)
 - Acquisition of Thales Aeronautical Electrical Systems activities in October 2023 and Air Liquide aeronautical oxygen and nitrogen activities in Feb. 2024 (within Equipment & Defense)

H1 2024 recurring operating income

(In €M)



- Recurring operating income up €577M
- Operating margin up by 230bps
- Main drivers
 - Growth in services across the board
 - OE ramp-up in Equipment and Aircraft Interiors
 - Management of overheads costs

Aerospace Propulsion

■ Civil engines

- OE deliveries
 - 664 LEAP (down 121 units yoy, -15% ; Q1 flat yoy and Q2 -30% yoy)
 - High-thrust engines: 91 units (up 8 units vs. H1'23)
- Civil aftermarket revenue growth (up 29.9% in \$)
 - +27.3% in Q1, +32.3% in Q2
 - Driven by strong growth in CFM platforms RPFH contracts (LEAP service contracts with no profit recognition)

■ Helicopter turbines

- OE deliveries: 305 units (up 31 yoy)
- Services activity up despite supply chain constraints

■ Military engines

- Lower M88 deliveries, services up

■ 140bps margin expansion

(In €M)	H1 2023	H1 2024	Change	Organic Change
Revenue	5,677	6,461	13.8%	14.0%
Recurring operating income	1,051	1,285	234	
% of revenue	18.5%	19.9%	1.4pt	
<i>One-off items</i>	(5)	1		
Profit (loss) from operations	1,046	1,286		
% of revenue	18.4%	19.9%		

OE: 1.6%
Services: 22.9%

Equipment & Defense

Equipment

- Significant increase in OE volumes
 - Nacelles (G700, A320neo)
 - Landing gears (787, A320neo)
 - Electrical systems (787, A320neo)
 - Avionics (FADEC for LEAP)
- Strong growth in services in all activities

Defense

- Significant growth led by guidance systems and optronics

- 130bps operating margin growth supported by higher volumes and strong aftermarket**

(In €M)	H1 2023	H1 2024	Change	Organic Change
Revenue	4,100	5,170	26.1%	23.1%
Recurring operating income	466	657	191	
% of revenue	11.4%	12.7%	1.3pt	
<i>One-off items</i>	(7)	(12)		
Profit (loss) from operations	459	645		
% of revenue	11.2%	12.5%		

OE: 26.9%
Services: 17.5%

Aircraft Interiors

- **Strong organic revenue growth, but still 14% below H1 2019 revenue**
- **Cabin**
 - Solid growth both in OE and services
- **Seats**
 - Significant growth in OE led by business class seats deliveries recovery
 - 750 business class seats delivered (up 314 vs. H1'23), Q2 sequential improvement (+266 vs. Q1'24)
 - Strong growth in services (notably with Asian and US airlines)
- **Significant profitability growth with operating breakeven reached**

(In €M)	H1 2023	H1 2024	Change	Organic Change
Revenue	1,163	1,411	21.3%	26.6%
Recurring operating income	(100)	10	110	
% of revenue	(8.6)%	0.7%	9.3pts	
<i>One-off items</i>	(38)	(9)		
Profit (loss) from operations	(138)	1		
% of revenue	(11.9)%	breakeven		

OE: 23.5%
Services: 32.5%

H1 2024 Free Cash Flow

(In €M)	H1 2023	H1 2024	
Recurring operating income	1,397	1,974	
One-off items	(57)	(24)	
Amortization, provisions and depreciation (excl. financial)	610	571	Stable level with amortization at €542M, depreciation at €(47)M and provisions at €76M
EBITDA	1,950	2,521	
Income tax and non cash items	(32)	(161)	
Cash from operating activities before change in WC	1,982	2,360	Negative cash impact from working capital change due to inventory level build-up (OE deliveries lower than expected across the board notably LEAP) partially offset by customer advance payments (Rafale)
Change in WC	81	(140)	
Cash from operating activities after change in WC	2,063	2,220	
Capex (tangible assets)	(348)	(512)	Capex increase to support growth
Capex (intangible assets)*	(252)	(245)	
Free cash flow	1,463	1,463	

* Of which €151M capitalised R&D in H1 2024 vs €149M in H1 2023

Share repurchase programs and debt management

- **€560M of shares repurchased in H1 2024 (2.9 m shares)**
 - To finalize the hedging of the potential dilution related to the 2028 OCEANEs and for long term incentive plans
- **Launch of the €1.0 billion share buyback for cancellation to be carried out in 2024 and 2025**
 - First tranche of €250M, launched on June 28, to be completed by mid-September
- **Debt management**
 - \$505M USPP and €200M EuroPP repaid in Q1-Q2 2024
 - Soft call of the 2027 OCEANEs on June 28 resulting in 9.3M treasury shares delivered to bondholders and a net debt positive impact of €961M



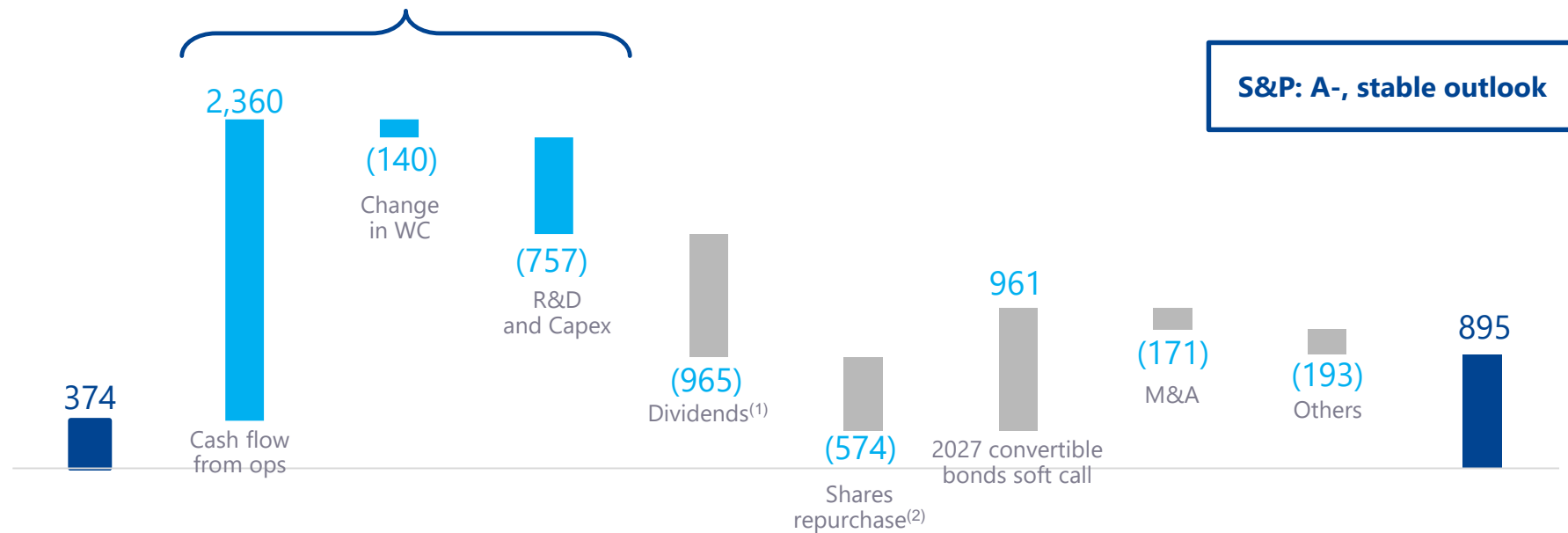
H1 2024 net cash evolution

(In €M)

Net cash
at Dec 31, 2023

€1,463M Free Cash Flow

Net cash
at June 30, 2024



S&P: A-, stable outlook

(1) Including €(54)M of dividends to minority interests

(2) Including liquidity agreement



FY 2024 OUTLOOK

FY 2024 outlook confirmed

SAFRAN EXPECTS TO ACHIEVE FOR FY 2024⁽¹⁾

(€/ \$ spot rate of 1.10 and hedge rate of 1.12)

- **Revenue around €27.4bn**
- **Recurring operating income close to €4.0bn**
- **Free Cash Flow around €3.0bn subject to schedule of some advance payments**

Watch item: Supply chain production capabilities

Safran's main underlying assumptions

	Feb. 2024	April 2024	July 2024
LEAP engine deliveries	+20-25%	+10-15%	+0-5%
Civil aftermarket revenue	~+20%	~+20%	Up mid-twenties

(1) At constant scope of consolidation, adjusted data



APPENDIX

Number of products delivered on major aerospace programs

<i>Number of units delivered</i>	H1'23	H1'24	<i>Units</i>	<i>%</i>
LEAP engines	785	664	(121)	(15)%
CFM56 engines	24	28	4	17%
High thrust engines	83	91	8	10%
Helicopter engines	274	305	31	11%
M88 engines	31	14	(17)	(55)%

<i>Number of units delivered</i>	H1'23	H1'24	<i>Units</i>	<i>%</i>
A320neo landing gear sets	271	304	33	12%
A320neo nacelles	275	297	22	8%
A320neo emergency slides	1,457	1,962	505	35%
A330neo nacelles	26	29	3	12%
A350 landing gear sets	23	26	3	13%
A350 lavatories	220	193	(27)	(12)%
787 landing gear sets	10	20	10	x2
787 primary power distribution systems	127	169	42	33%
Small nacelles (bizjet & regional jets)	270	396	126	47%
Business class seats	436	750	314	72%

OE / Services revenue split

REVENUE Adjusted data (in Euro million)	H1 2023		H1 2024	
	OE	Services	OE	Services
Aerospace Propulsion % of revenue	2,385 42.0%	3,292 58.0%	2,431 37.6%	4,030 62.4%
Equipment & Defense % of revenue	2,426 59.2%	1,674 40.8%	3,152 61.0%	2,018 39.0%
Aircraft Interiors % of revenue	763⁽¹⁾ 65.6%	400 34.4%	880⁽¹⁾ 62.4%	531 37.6%

(1) Retrofit is included in OE

H1 2024: Research & Development

<i>(In €M)</i>	H1 2023	H1 2024	Change
Total R&D	(862)	(936)	(74)
R&D sold to customers	287	290	3
R&D expenses	(575)	(646)	(71)
<i>as a % of revenue</i>	5.3%	5.0%	(0.3)pt
Tax credit	77	88	11
R&D expenses after tax credit	(498)	(558)	(60)
Gross capitalized R&D	149	151	2
Amortization and depreciation of R&D	(124)	(140)	(16)
R&D in recurring operating income (P&L impact)	(473)	(547)	(74)
<i>as a % of revenue</i>	4.3%	4.2%	(0.1)pt

R&D expenses at €646M in H1 2024

- R&T self-funded expenses at €333M (€262M in H1 2023) up 27%, focused on decarbonation (RISE program)
- Development expenses at €313M (€313M in H1 2023), mainly for Defense and Aircraft Interiors programs

Gross capitalized R&D

- Mainly on helicopter engines, Defense and Aircraft Interiors programs

R&D in recurring operating income impact stable as % of revenue

H1 2024: Research & Development by activity

(In €M)	H1 2024	Aerospace Propulsion	Equipment & Defense	Aircraft Interiors
R&D expenses <i>as a % of revenue</i>	(646) 5.0%	(296) 4.6%	(251) 4.9%	(99) 7.0%
Tax credit	88	37	48	3
R&D expenses after tax credit	(558)	(259)	(203)	(96)
Gross capitalized R&D	151	45	58	48
Amortization and depreciation of R&D	(140)	(61)	(56)	(23)
P&L R&D in recurring operating income <i>as a % of revenue</i>	(547) 4.2%	(275) 4.3%	(201) 3.9%	(71) 5.0%

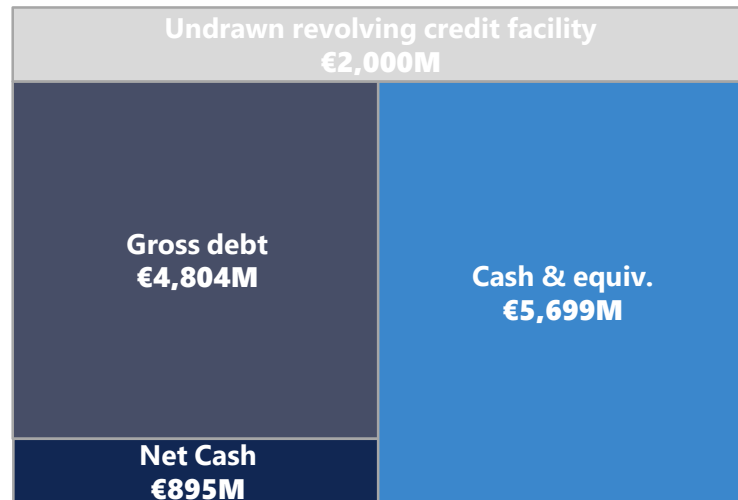
Balance sheet as of June 30, 2024

(In €M)	Dec 31, 2023	June 30, 2024
Goodwill	4,706	4,687
Tangible & Intangible assets and right of use	12,533	12,989
Investments in joint ventures and associates	1,928	1,923
Other non current assets	2,126	3,240
Operating Working Capital	(3,450)	(3,256)
Net cash (debt)	374	895
Assets available for sale	-	-
Shareholders' equity - Group share	11,577	11,218
Minority interests	511	509
Non current liabilities (excl. net cash (debt))	1,352	1,682
Provisions	2,611	2,786
Other current liabilities / (assets) net	2,166	4,283

Liquidity as of June 30, 2024

- **Net cash positive**
- **Cash and cash equivalent of €5,699 million (down €(977) million vs. December 31, 2023)**
- **On February 9, 2024, Safran reimbursed with cash in hand the \$505 million matured last tranche of USPP notes issued in 2012**
- **On April 11, 2024, Safran also reimbursed with cash-in-hand the €200 million Euro Private Placement issued in 2014.**
- **Soft call of the 2027 OCEANEs on June 28 resulting in 9,314,153 treasury shares delivered to bondholders and a net debt positive impact of €961M**
- **On April 19, 2024, Safran extended by 1 more year the maturity of its revolving credit facility of €2 billion to May 4, 2029. As of June 30, 2024, the credit line remains undrawn**

June 30, 2024



Definitions

- **Civil aftermarket (expressed in \$)**

- This non-accounting indicator (non-audited) comprises spares and MRO (Maintenance, Repair & Overhaul) revenue for all civil aircraft engines for Safran Aircraft Engines and its subsidiaries and reflects the Group's performance in civil aircraft engines aftermarket compared to the market.

- **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.

- **Free cash flow**

- Free cash flow represents cash flow from operating activities less any disbursements relating to acquisitions of property, plant and equipment and intangible assets.

- **EBITDA**

- EBITDA represents the sum of profit (loss) from operations and the net recurring and non-recurring charge to depreciation, amortization, impairment and provisions.

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