

FY 2016/2017 Results Presentation

ZODIAC AEROSPACE

Monday 30th October 2017

Safe Harbour statement

Certain statements contained in this document are forward-looking statements. These statements includes, without limitation, statements that are predictions of or indicate future events, trends, plans, expectations or objectives, based on current beliefs of management as well as assumptions made by, and information currently available to, management. Examples of forward-looking statements include statements relating to business strategy, objectives, delivery schedules or future performance. Words such as “anticipates”, “believes”, “estimates”, “seeks”, “intends”, “may”, “plans”, “could,” “would,” “guidance”, “possible,” “potential” and similar phrases or expressions are used to identify these forward-looking statements.

Such statements are, by their nature, subject to known and unknown risks and uncertainties. These uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements as these are dependent on risk factors such as the variation of the exchange rates, program delays, industrial risks relating to safety, the evolution of regulations and the general economic and financial conditions and other matters of national, regional and global scale, including those of a political, economic, competitive and regulatory nature. Please refer to the section “Risks management” of the latest Zodiac Aerospace’s Annual Report, for a description of certain important factors, risks and uncertainties that may affect Zodiac Aerospace’s business. Many of these risks and uncertainties relate to factors that are beyond Zodiac Aerospace’s control. Therefore, investors and shareholders should not place undue reliance on such statements,

Forward-looking statements speak only as of the date they are made. Zodiac Aerospace makes no commitment to update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise.

Highlights

 **Industrial recovery and transformation plan on track**

 **€218m Current Operating Income**

- In the high end of the €200-€220m guidance for 2016/17

 **Strong improvement in cash flow**

- €249m free cash flow generation
- Net debt at year end down to €847m vs. €1,057m at end Aug. 2016
- Net debt / Ebitda ratio at 2.28 at year end...well below 3x

 **A strong H2 performance**

- €229m Current Operating Income in H2, following a €(11)m operating loss in H1
- €445m free cash flow generation in H2

Agenda

FY 2016/2017 results

FY 2016/2017 results by activity

A strong improvement in cash flow generation

Strategic roadmap

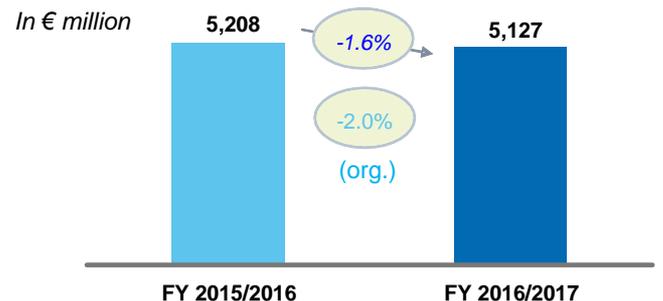
Outlook

FY 2016/2017 results

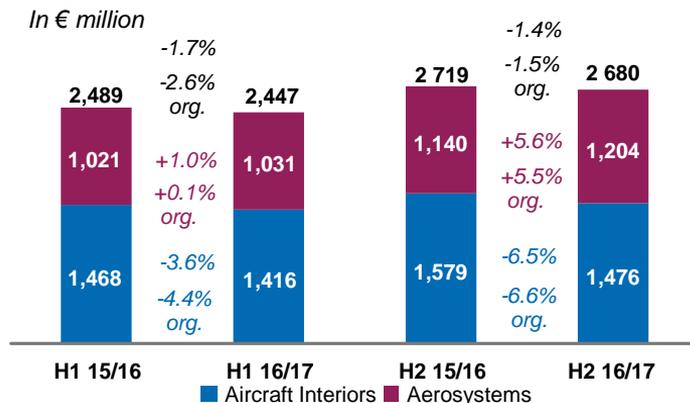
Group sales - FY 2016/17

- **FY sales -1.6% to €5.1bn**
 - -2.0% organic growth
 - +0.4% exchange rate impact
- **Sales acceleration and recovery in H2 driven by Aerosystems**
 - Group -1.5% organic in H2 after -2.6% in H1
 - Strong H2 for **Aerosystems**
 - +3.0% organic growth of sales for full year
 - H2 +5.5% yoy organic (+18.7% above H1)
 - **Aircraft Interiors** still weak
 - -5.6% organic decrease for full year
 - -6.6% organic in H2 following -4.4% in H1
 - Seats is weak while Cabin is stabilizing

FY'17 sales



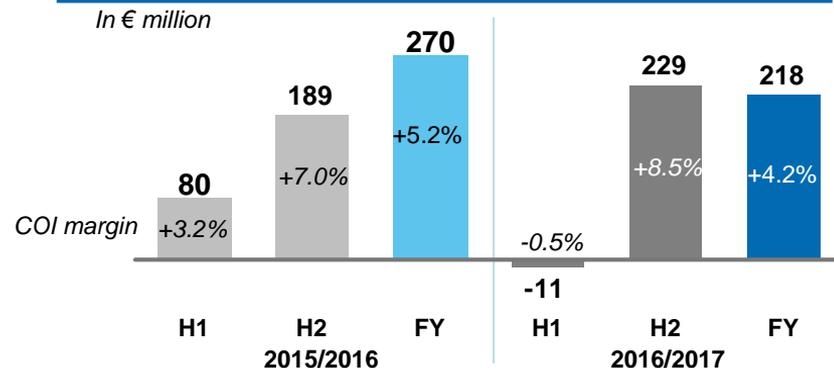
Sales acceleration in H2



COI significantly improving in H2

- **Current Operating Income (COI) amounted to €218m in FY 16/17**
 - In the high end of the €200-220m April guidance
 - +4.2% COI margin
- **A strong second half**
 - €229m Current Operating Income in H2, following a €(11)m operating loss in H1
 - +8.5% COI margin
- **Improvement in both Aerosystems and Aircraft Interiors**
 - Aerosystems reported a strong H2 thanks to sales acceleration
 - Aircraft interiors significantly reduced its losses, owing to operational performance improvement

COI evolution



H1 and H2 COI evolution by activity

In € million (rounded)	COI H1 2016/2017	COI H2 2016/2017	H1/H2 Variation
Aircraft Interiors	(130)	(15)	+116
Aerosystems	131	235	+105
Holding	(12)	8	+20
Group	(11)	229	+240

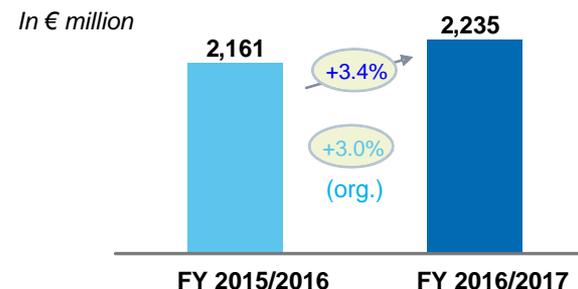


FY 2016/2017 results by activity

Aerosystems – overall a good year

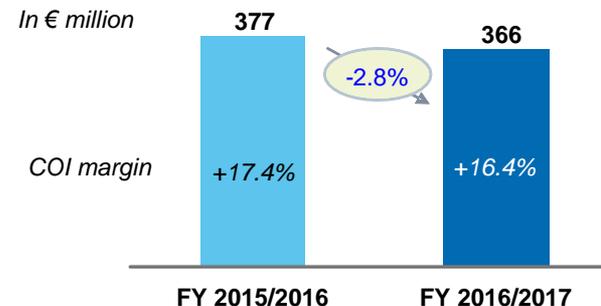
- **FY sales amounted to €2,235m (+3.4%)**
 - +3.0% organic growth ; +0.4% exchange rate impact

FY'17 sales



- **FY COI of €366m**
 - €(4)m exchange rate impact (only transaction)
 - +16.4% Operating margin

FY'17 COI



Aerosystems – A strong H2 performance

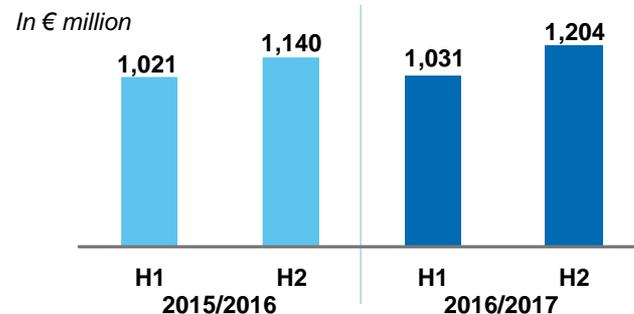
▪ Strong growth of sales in H2

- Acceleration of growth, as expected
- +5.5% in H2 organic vs. 15/16 (+18.7% vs. H1 16/17)
- +6.4% organic growth for the Q4
- Successful ramp up of A350XWB, particularly for the Electrical Power Systems activities
- Strong sales of IFE following gains of market share
- Despite weak business & regional jets market

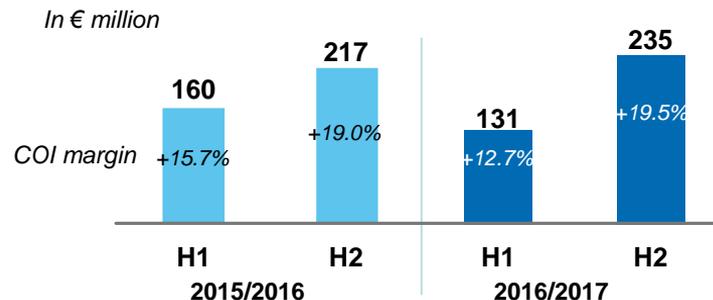
▪ Leading to a strong performance in terms of Current Operating Income: €235m in H2

- +19.5% operating margin vs. +12.7% in H1 and +19.0% in H2 15/16

Stronger level of sales in H2



Half-year COI evolution



Aircraft Interiors – Full year impacted by H1

- **FY sales amounted to €2,892m (-5.1%)**

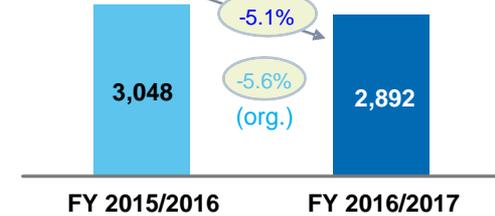
- -5.6% organic decrease
- +0.5% exchange rate impact
- Cabin: €1,646m (-0.8% ; -2.1% organic)
- Seats: €1,246m (-10.2% ; -9.6% organic)

- **FY COI of €(145)m**

- Down 45.4% vs. FY 2015/16 of €(100)m
- A high level of overrun costs in H1, recovering in H2

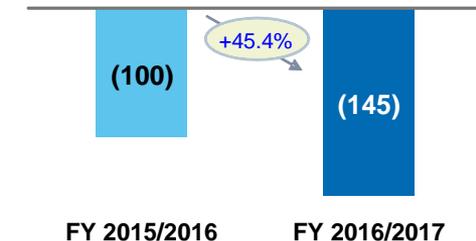
Aircraft Interiors FY'17 sales

In € million



FY'17 COI

In € million



Aircraft Interiors – a turnaround in H2

▪ Sales: +4.2% H2 vs H1

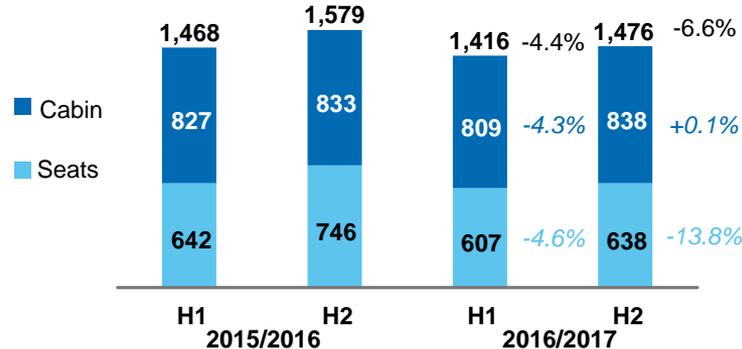
- Cabin is showing improvement at year end
 - +0.1% org. in H2 and +3.2% org. in Q4
 - Owing to catch up of delays and successful ramp up of A350XWB and galleys
 - And despite weak business and regional jets market
- Seats is declining
 - Weak industrial performance impacting current market share

▪ COI significantly improving in H2

- €(15)m vs €(130)m in H1
- Direct effect of improvement in operations, following improvements in OTD (On Time Delivery)
- Cabin is returning to profitability

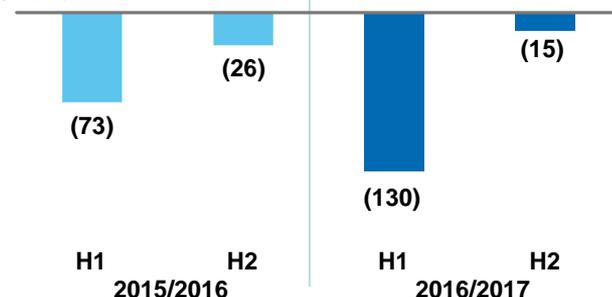
FY'17 sales evolution

In € million / % change organic (H/H N-1)



Half-year COI evolution

In € million





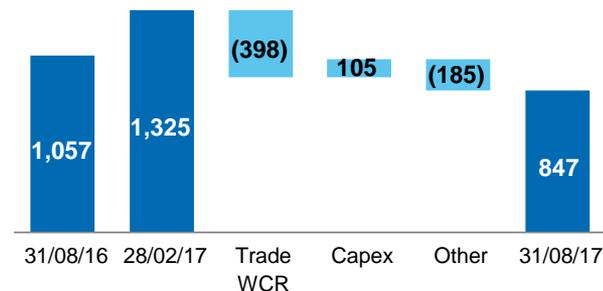
A strong improvement in cash flow generation

Very strong free cash flow in H2: €+445m

- Free cash flow amounts to €249m for the full year
- Very strong free cash flow in H2
 - €445m free cash flow generation in H2
 - Strong improvement of WCR in H2
 - Total improvement of €398m
 - Decrease in inventories and strong improvement on receivables
 - Trade working capital back to 30% level at year end
 - Disciplined Capex management

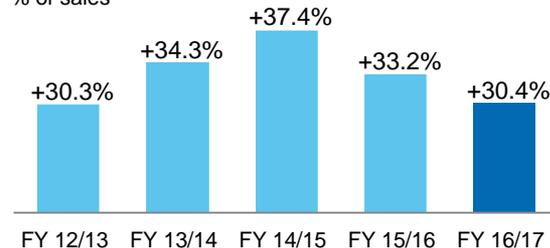
H2'17 Net debt evolution

In € million



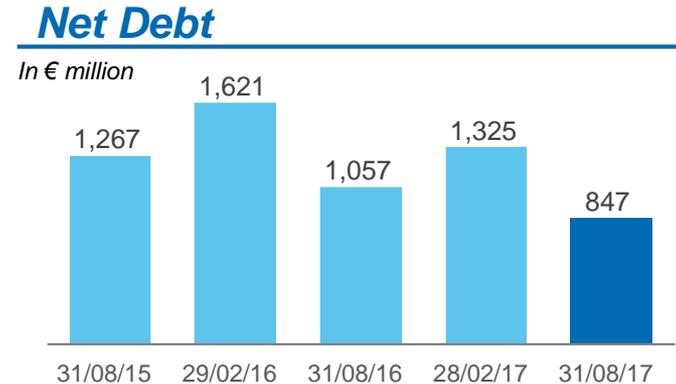
Trade Working Capital

% of sales



Resulting in a significant decrease of net debt at year end to €847m

- **A significant decrease in net debt**
 - €847m at end Aug. 17 vs €1,057m at the end of August 16 and €1,325m at the end of February 17
 - Net debt / Ebitda ratio at year end is 2.28x
- **A strong financing position**
 - Strong liquidity position: €1,537m
 - €853m available committed credit facility
 - €684m Cash



Strategic roadmap

Restore our relationship with our customers

- **Customers are our first priority**
- **We have improved the relationship**
 - With both airlines and OEM
 - Significant improvements regarding delivery and quality issues with Seats and Cabin
- **Additional steps in progress to further improve performance and meet our customers expectations**
 - Reach operational excellence for on-time delivery (OTD) and quality

Accelerating our operational recovery and transformation to ensure sustainable performance

- **Deploying the Zodiac Aerospace Operating System (ZAOS)**
 - A practical approach, applied with rigor and discipline
 - Selection of priority sites and programs for rapid implementation of ZAOS Essentials
 - Targeting performance in manufacturing, engineering and program management
- **Business transformation engaged**
 - Engineering and manufacturing footprint rationalization focused on North America
 - Reduction of manufacturing sites
 - Creation of center of excellence for engineering
 - Leveraging on Mexican low cost base
 - Capital expenditure acceleration to modernize manufacturing base
 - Tiger teams on critical sites addressing efficiency
 - Zodiac Aerospace Services moving forward to the leading edge of market efficiency

Reboost Innovation and Technology

- **A priority to meet customers expectations**
 - Environmental performance, energy-efficiency, comfort and safety, revenue generation and differentiation
- **Innovation & Technology roadmap**
 - To prepare future technologies, products and processes
 - To develop, complete and rationalize our range of products

Outlook

Outlook

- **Industrial recovery and transformation plan on track**
- **Sales expected to be slightly down in 2017/18**
 - Aerosystems expected to grow on the same trend
 - Cabin to stabilize
 - Seats is still burdened by past weak operational performance
 - As for the two previous years, H2 is expected stronger than H1
- **Operating profitability expected to further improve**
 - As for sales, H2 expected significantly stronger than H1
- **Strong free cash flow generation**
 - Industrial actions to further reduce inventories
 - Allowing industrial investments and increase in manufacturing capital expenditures

Appendix

Hedging policy

- **Currency hedging in place for 2017/2018**
 - Zodiac Aerospace has hedged 90% of estimated EUR/USD net exposure at 1.0941\$/€ (spot rate)
 - And 54% of USD/CAD, 68% of USD/GBP, 85% of USD/MXN and 65% of USD/THB exposure
- **Sensitivity is estimated at 168 bps for 10 cents change in the euro/dollar exchange rate**

IFRS 15 outlook

- **IFRS 15 "Revenue from contracts with customers" will replace IAS 11 and IAS 18 for financial years beginning on or after January 1, 2018. The Group will apply this new standard from September 1, 2018.**
- **Zodiac Aerospace has conducted an analysis of the differences between the current income recognition principles and the new provisions of IFRS 15 by type of contract.**
- **The main impacts of the application of this standard should be:**
 - Mixed contracts (especially those with a development phase combined with serial deliveries): the recognition of revenues at cost progress as currently applied will be impacted by IFRS 15, leading to a shift in study revenues to the serial life period.
 - A decrease in revenues due to the reclassification of certain expenses (provisions for penalties and concessions) as a deduction from revenues.
 - Maintenance of our flight hour contracts will also be impacted: transition from revenue recognition at the rate of invoicing to revenue recognition at the rate of cost advancement.
- **The Group will communicate on the impact of the standard in its half-year results and will confirm the transition procedures.**

French Sapin 2 law outlook

- **The Group take into account the new anti-corruption regulation “Loi relative au Devoir de vigilance” (June 2017)**
- **Creation of an Ethics and Compliance Committee which has defined an action plan**
- **Examples of work in progress:**
 - risk mapping
 - update of the Code of Ethics

Consolidated sales by quarter

In millions of euros	1st quarter 2016/2017	2nd quarter 2016/2017	3rd quarter 2016/2017	4th quarter 2016/2017
<i>Aerosystems Activities</i>	477.3	553.6	585.9	618.2
<i>Aircraft Interiors Activities</i>	724.6	691.5	756.4	719.6
<i>Zodiac Seats</i>	306.5	300.9	336.2	302.2
<i>Zodiac Cabin</i>	418.1	390.6	420.2	417.4
<i>Group Total</i>	1,201.9	1,245.1	1,342.3	1,337.8
€/ \$ conversion	1.10	1.06	1.08	1.15

In millions of euros	1st quarter 2015/2016	2nd quarter 2015/2016	3rd quarter 2015/2016	4th quarter 2015/2016
<i>Aerosystems Activities</i>	505.9	514.7	549.6	590.3
<i>Aircraft Interiors Activities</i>	732.0	736.4	803.1	776.0
<i>Zodiac Seats</i>	320.8	320.8	385.6	360.6
<i>Zodiac Cabin</i>	411.2	415.6	417.5	415.4
<i>Group Total</i>	1,237.9	1,251.1	1,352.7	1,366.3
€/ \$ conversion	1.11	1.09	1.13	1.12

Quarterly sales in percentage

(Compared with the same quarter of the previous year)

Based on reported data	Q1	Q2	Q3	Q4
<i>Aerosystems Activities</i>	-5.7%	+7.6%	+6.6%	+4.7%
<i>Aircraft Interiors Activities</i>	-1.0%	-6.1%	-5.8%	-7.3%
<i>Zodiac Seats</i>	-4.4%	-6.2%	-12.8%	-16.2%
<i>Zodiac Cabin</i>	+1.7%	-6.0%	+0.7%	+0.5%
<i>Group Total</i>	-2.9%	-0.5%	-0.8%	-2.1%
Aerospace activities *	-2.3%	+0.0%	-0.8%	-2.1%

Based on organic revenue	Q1	Q2	Q3	Q4
<i>Aerosystems Activities</i>	-6.0%	+6.1%	+4.7%	+6.4%
<i>Aircraft Interiors Activities</i>	-0.5%	-8.3%	-8.6%	-4.5%
<i>Zodiac Seats</i>	-1.9%	-7.2%	-14.5%	-13.0%
<i>Zodiac Cabin</i>	+0.6%	-9.2%	-3.0%	+3.2%
<i>Group Total</i>	-2.8%	-2.4%	-3.2%	+0.2%
Aerospace activities *	-2.1%	-1.8%	-3.3%	+0.2%

Cumulative consolidated sales

In millions of euros	1st quarter 2016/2017	1st half 2016/2017	9 months 2016/2017	Full year 2016/2017
Aerosystems Activities	477.3	1,030.9	1,616.8	2,235.0
Aircraft Interiors Activities	724.6	1,416.1	2,172.5	2,892.1
<i>Zodiac Seats</i>	306.5	607.4	943.6	1,245.8
<i>Zodiac Cabin</i>	418.1	808.7	1,228.9	1,646.3
Group Total	1,201.9	2,447.0	3,789.3	5,127.1
€/ \$ conversion	1.10	1.08	1.08	1.10
€/ \$ transaction	1.11	1.10	1.10	1.11

In millions of euros	1st quarter 2015/2016	1st half 2015/2016	9 months 2015/2016	Full year 2015/2016
Aerosystems Activities	505.9	1,020.7	1,570.3	2,160.6
Aircraft Interiors Activities	732.0	1,468.4	2,271.5	3,047.6
<i>Zodiac Seats</i>	320.8	641.6	1,027.2	1,387.9
<i>Zodiac Cabin</i>	411.2	826.8	1,244.3	1,659.7
Group Total	1,237.9	2,489.1	3,841.8	5,208.2
€/ \$ conversion	1.11	1.10	1.11	1.11
€/ \$ transaction	1.12	1.11	1.11	1.11

Quarterly sales in percentage

(Compared with the same period of the previous year)

Based on reported data	1st quarter	1st half	9 months	Full year
<i>Aerosystems Activities</i>	-5.7%	+1.0%	+3.0%	+3.4%
<i>Aircraft Interiors Activities</i>	-1.0%	-3.6%	-4.4%	-5.1%
<i>Zodiac Seats</i>	-4.4%	-5.3%	-8.1%	-10.2%
<i>Zodiac Cabin</i>	+1.7%	-2.2%	-1.2%	-0.8%
<i>Group Total</i>	-2.9%	-1.7%	-1.4%	-1.6%
Aerospace activities *	-2.3%	-1.2%	-1.0%	-1.3%

Based on organic revenue	1st quarter	1st half	9 months	Full year
<i>Aerosystems Activities</i>	-6.0%	+0.1%	+1.7%	+3.0%
<i>Aircraft Interiors Activities</i>	-0.5%	-4.4%	-5.9%	-5.6%
<i>Zodiac Seats</i>	-1.9%	-4.6%	-8.3%	-9.6%
<i>Zodiac Cabin</i>	+0.6%	-4.3%	-3.9%	-2.1%
<i>Group Total</i>	-2.8%	-2.6%	-2.8%	-2.0%
Aerospace activities *	-2.1%	-2.0%	-2.4%	-1.7%

P&L Statement

Income Statement	2016/2017	2015/2016	Var %
Revenue	5,127.1	5,208.2	-1.6%
Depreciation charge	147.4	138.7	
Charges to provisions	96.6	86.0	
Current operating income	217.6	269.6	-19.3%
Non-current operating income	-47.5	-75.7	
Operating income	170.1	193.9	-12.3%
Cost of net debt	-61.7	-39.3	+56,9%
Other financial income and expenses	-1.9	-2.4	
Income taxes	-31.2	-39.6	-21.1%
Results of companies accounted for using the equity method	-1.7	-4.7	
Net income from continuing operations	73.4	107.9	-31.9%
Net income from discontinued operations	-	-	
Net income	73.4	107.9	-31.9%
Net income attributable to Non Group shareholders	0.0	-0.2	
Net income attributable to Group shareholders	73.4	108.1	-32.1%

Balance Sheet

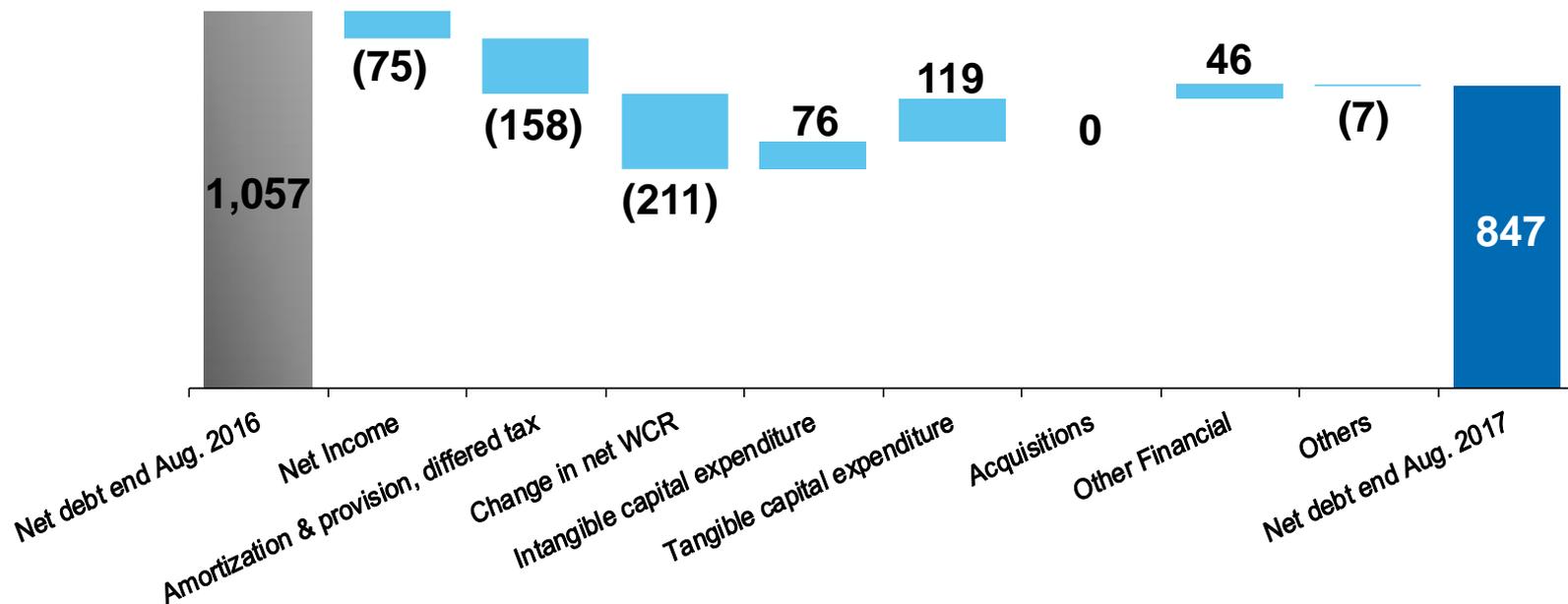
Condensed balance sheet					
In millions euros	8/31/2017	8/31/2016		8/31/2017	8/31/2016
			<u>Equity</u>		
Goodwill	1,915.3	1,994.7	Capital	3,112.1	3,109.5
Intangible assets	651.7	653.6	Income	73.4	108.1
Property, plant & equipment	496.7	493.0	Net Equity	3,185.5	3,217.6
Other, including deferred taxes	68.9	44.5	Prov. and deferred taxes	280.8	300.6
Non-current assets	3,132.6	3,185.7	Financial liabilities	599.9	984.7
			Non-current liabilities	880.7	1,285.3
Inventories	1,181.8	1,360.1	Prov. Risks & Contingencies	165.2	165.4
Trade receivables	971.8	1,046.5	Financial liabilities	934.4	361.3
Other	215.5	210.3	Accounts payables	506.2	542.1
Cash and cash equivalents	683.8	268.8	Employees	248.2	228.7
Current assets	3,052.9	2,885.7	Other	265.2	271.8
Assets held for sale	0	0.7	Current liabilities	2,119.2	1,569.3
Total assets	6,185.5	6,072.1	Total liabilities	6,185.5	6,072.1

Cash Flow Statement

Cash flow statement		
In millions euros	2016/2017	2015/2016
OPERATING ACTIVITIES		
Cash flow from operations	233.4	326.5
Change in WCR	210.5	-68.5
Cash flow generated from continuing operations	443.9	258.0
INVESTMENT OPERATIONS		
Acquisition of intangible fixed assets	-76.1	-84.8
Acquisition of tangible fixed assets and other	-130.9	-120.3
Changes to the scope of consolidation	0	0.5
Cash flow from investments in continuing operations	-207.0	-204.6
FINANCING OPERATIONS		
Change in financial debt	187.3	-115.3
Hybrid loan	-5.0	248.0
Increase in equity	10.8	1.1
Treasury stock	2.2	5.8
Dividends	-53.5	-88.5
Cash flow from the financing of continuing operations	141.8	51.2
Currency translation adjustments, beginning of period	21.4	-8.2
Change in cash position	400.1	96.4

Evolution of debt

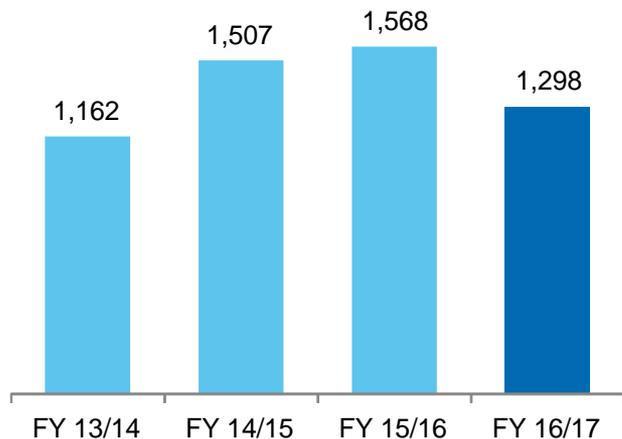
In € million



Total Working Capital and Capex

Total Working Capital

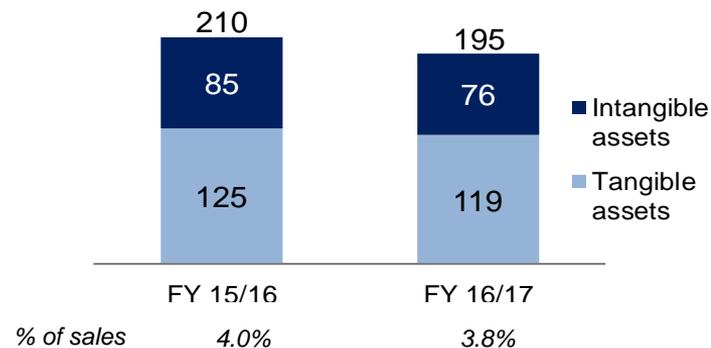
In € million



€/ \$ closing rate 1.32 1.12 1.11 1.18

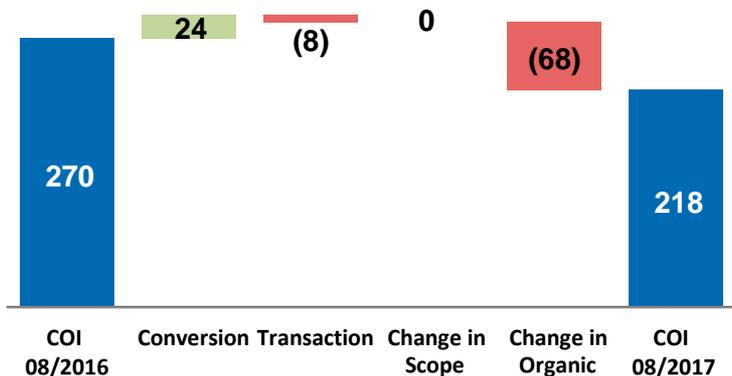
Capex

In € million

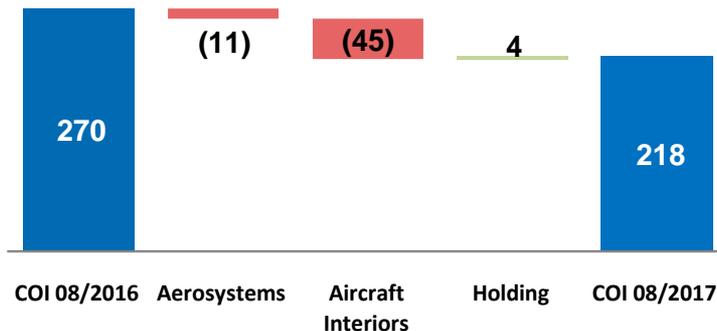


COI by activity and nature

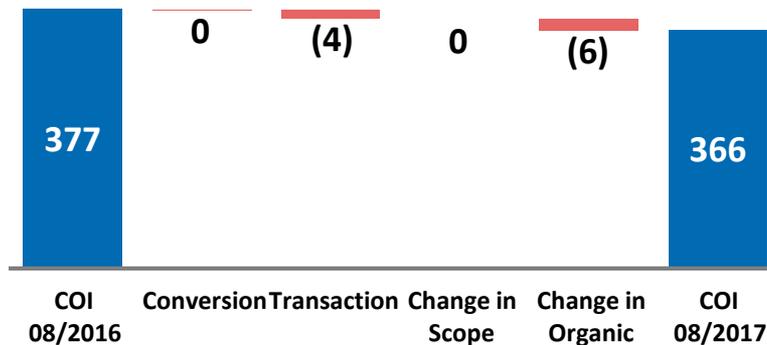
COI Group by nature



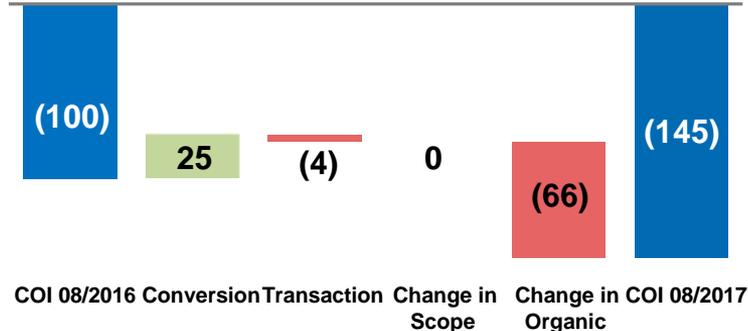
COI Group by activity



COI Aerosystems by nature



COI Aircraft Interiors by nature



Important additional information

This communication is not intended to and does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction in connection with the proposed acquisition of Zodiac Aerospace (the “Transaction”) or otherwise, nor shall there be any sale, issuance or transfer of securities in any jurisdiction in contravention of applicable law.

The tender offer in connection with the Transaction is subject to execution of definitive documentation and obtaining of required regulatory and other customary authorizations. The tender offer documentation would only be filed in France after such and other conditions have been fulfilled. These materials must not be published, released or distributed, directly or indirectly, in any jurisdiction where the distribution of such information is restricted by law.

It is intended that Safran and Zodiac Aerospace will file with the French Market Authority (“AMF”) a prospectus and other relevant documents with respect to the tender offer to be made in France. Pursuant to French regulations, the documentation with respect to the tender offer which, if filed, will state the terms and conditions of the tender offer will be subject to the review by the French Market Authority (AMF). Investors and shareholders in France are strongly advised to read, if and when they become available, the prospectus and related offer materials regarding the tender offer referenced in this communication, as well as any amendments and supplements to those documents as they will contain important information regarding Safran, Zodiac Aerospace, the contemplated transactions and related matters.

Additional US Information

The information contained herein do not, and will not, constitute an offer to purchase or the solicitation of an offer to sell, securities of Zodiac Aerospace, Safran or any other entity in the United States of America or any other jurisdiction where restrictions may apply. Securities may not be offered or sold in the United States of America absent registration or an applicable exemption from registration under the U.S. Securities Act. Safran does not intend to register securities or conduct a public offering in the United States of America.

Forward-looking statements

This communication contains forward-looking statements relating to Safran, Zodiac Aerospace and their combined businesses, 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, plans, events, results of operations or financial condition, or state other information relating to Safran, Zodiac Aerospace and their combined businesses, 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," "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 or Zodiac Aerospace'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: the ability obtain the approval of the transaction by shareholders; failure to satisfy other closing conditions with respect to the transaction on the proposed terms and timeframe; the possibility that the transaction does not close when expected or at all; 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 or Zodiac Aerospace's ability to successfully implement and complete its plans and strategies and to meet its targets; and the benefits from Safran's or Zodiac Aerospace's (and their combined businesses) plans and strategies being less than anticipated. The foregoing list of factors is not exhaustive. Forward-looking statements speak only as of the date they are made. Safran and Zodiac Aerospace do not assume any obligation to update any public information or forward-looking statement in this communication to reflect events or circumstances after the date of this communication, except as may be required by applicable laws.

About Zodiac Aerospace

Zodiac Aerospace is a world leader in aerospace equipment and systems for commercial, regional and business aircraft and for helicopters and spacecraft. It develops and manufactures state-of-the-art solutions to improve comfort and facilities on board aircraft and high-technology systems to increase aircraft performance and flight safety. Zodiac Aerospace has 35,000 employees worldwide and generated revenue of €5.1bn in 2016/2017.

www.zodiacaerospace.com

Next meetings:

Q1 2017/18 sales
Shareholder's meeting

December 13, 2017 (after stock exchange closing)
January 9, 2018

INVESTOR RELATIONS CONTACTS

Pierre-Antony VASTRA

Tel: +33 (0)1 61 34 25 68

Florent DEFRETIN

Tel: +33 (0)1 61 34 03 34

Isabelle DELHOM (Investor meetings)

Tel: +33 (0)1 61 34 19 86

investisseurs@zodiacaerospace.com

61, rue Pierre Curie – CS20001 - 78373 PLAISIR CEDEX

MEDIA/PRESS CONTACTS

IMAGE 7

Grégoire LUCAS

Tel: +33 (0)1 53 70 74 61

gregoire.lucas@image7.fr

ZODIAC AEROSPACE

press@zodiacaerospace.com