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Aerospace & Defense Market Report

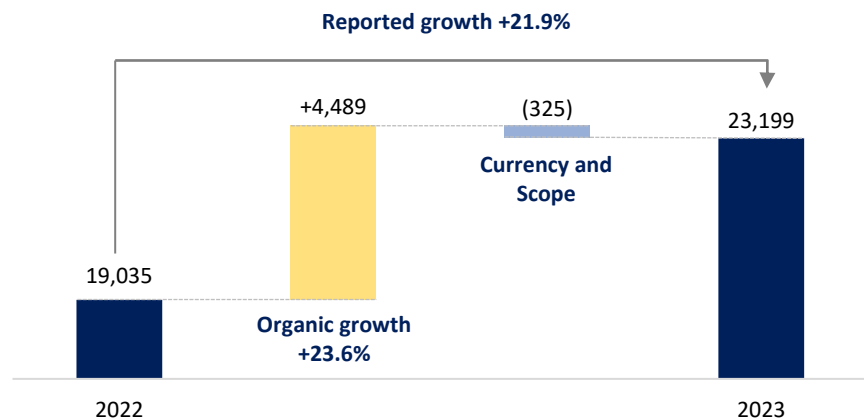
Q1 2024



Summary

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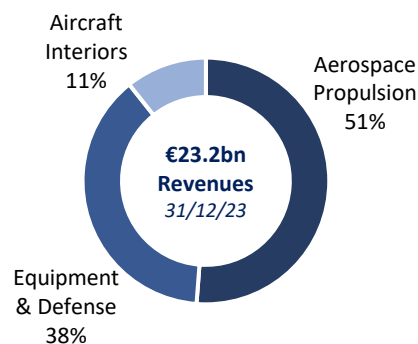
FY23 Revenues - €m



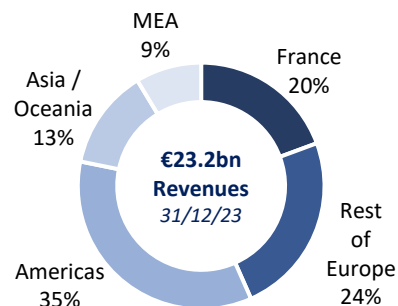
FY24 objectives

- Adjusted net sales forecast: €27.4bn
- Adjusted EBIT of: €4.0bn
- Free cash-flow of €3.0bn at least

Consolidated FY23 Revenues by Division



Consolidated FY23 Revenues by Geography



Q1 main headlines

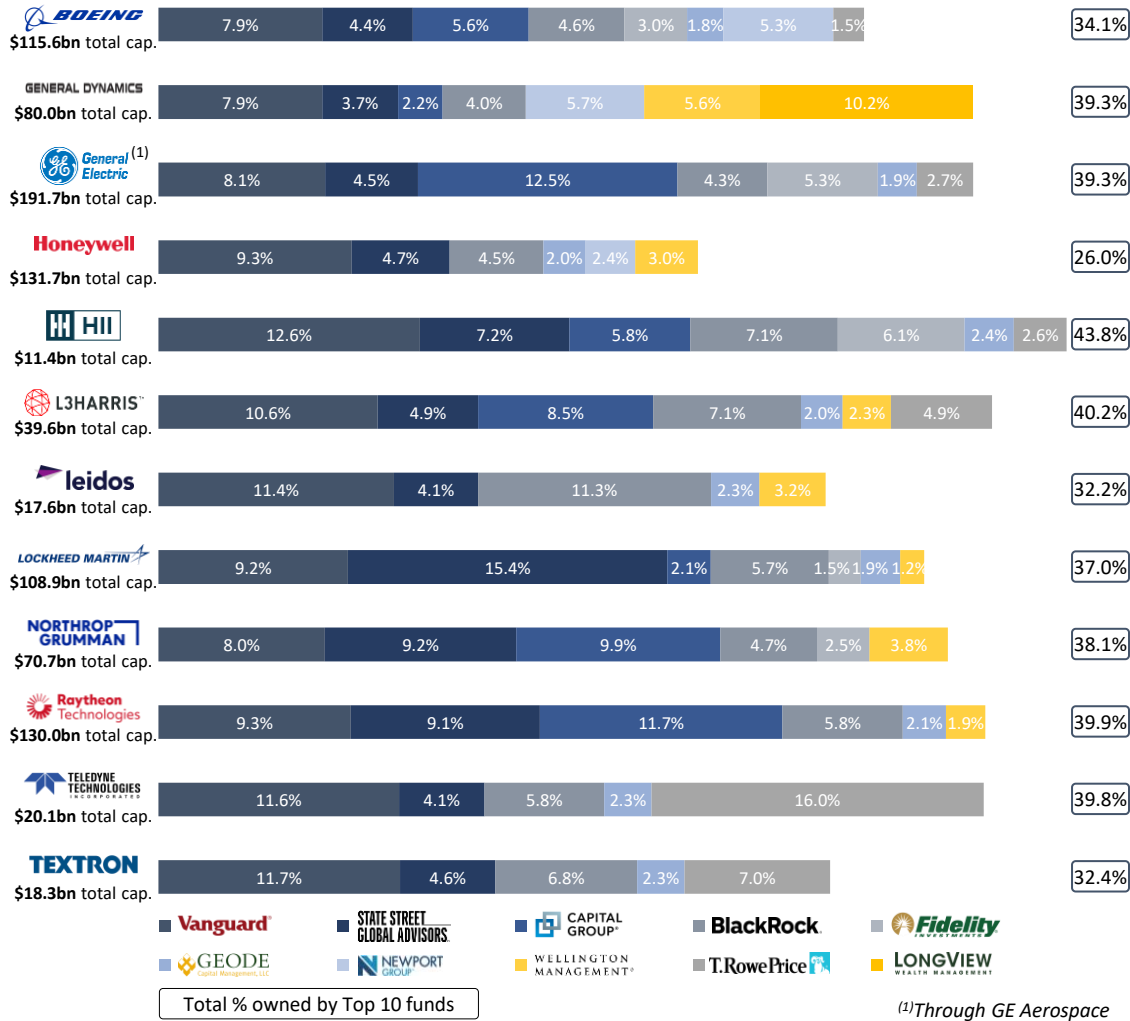
- 01.03.2024:** Safran has completed the acquisition of 3D Metal Forming, a Dutch company specialized in high-energy hydro forming (HEHF) of metal parts. This will reinforce Safran Nacelles' capabilities in development and production of nacelle and engine parts
- 07.02.2024:** During the World Defense Show 2024, Safran introduced ACE (Advanced Cognitive Engine), its own artificial intelligence built for defense equipment, which will benefit optronic and navigation systems to offload the cognitive load of field operators
- 31.01.2024:** Safran has successfully carried out the first ground tests on a small propeller aircraft of a 100% hydrogen-fueled gas turbine. In addition, the Group is also working with GE and Air Liquide on liquid hydrogen propulsion projects to power Airbus' small and medium-haul planes
- 19.01.2024:** Safran has been conducting the first wave of testing on its future engine "Rise", an open fan engine allowing for up to 80% carbon emissions savings when using SAF. Rise is expected to equip the new generations of Airbus and Boeing medium-haul planes by 2035

Original Equipment and Services distribution by activity

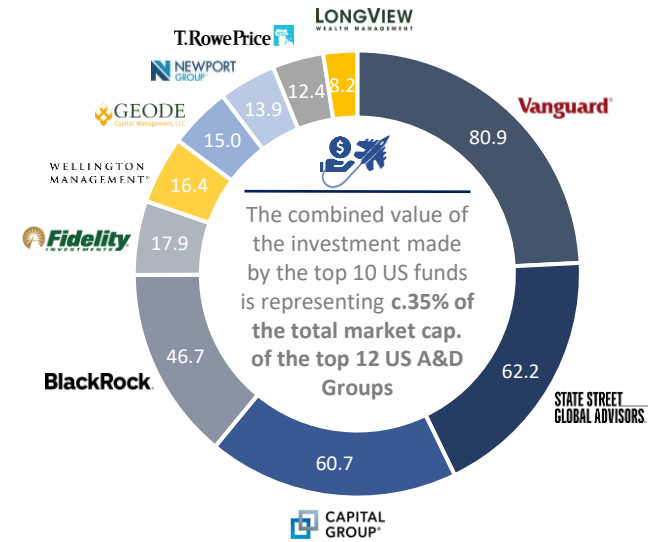
| In €m | FY23 | | FY22 | |
|--------------------------------|--------------|--------------|--------------|--------------|
| | OE | Services | OE | Services |
| Aerospace Propulsion | 4,565 | 7,311 | 3,515 | 5,991 |
| <i>% of revenue</i> | <i>38.4%</i> | <i>61.6%</i> | <i>37.0%</i> | <i>63.0%</i> |
| Equipment & Defense | 5,368 | 3,467 | 4,710 | 2,825 |
| <i>% of revenue</i> | <i>60.8%</i> | <i>39.2%</i> | <i>62.5%</i> | <i>37.5%</i> |
| Aircraft interiors | 1,597 | 880 | 1,389 | 589 |
| <i>% of revenue</i> | <i>64.5%</i> | <i>35.5%</i> | <i>70.2%</i> | <i>29.8%</i> |

#8 Focus – Major U.S. Defense Groups : the omnipresence of the Tier 1 financial investors

Top 12 U.S. A&D Groups – % owned by the Top 10 funds investing in defense



Total held by Top 10 U.S. funds in Top 12 U.S. defense groups - \$bn



A strong predominance of private financial investors on the U.S. A&D market

\$935bn

Total groups' capitalization

c.\$335bn

Total owned by the Top 10 funds

36.85%

Average % of ownership within the top 12 Groups (combined stake)

3/4

Each funds of the Top 10 is on average involved in 9 of top 12 Groups

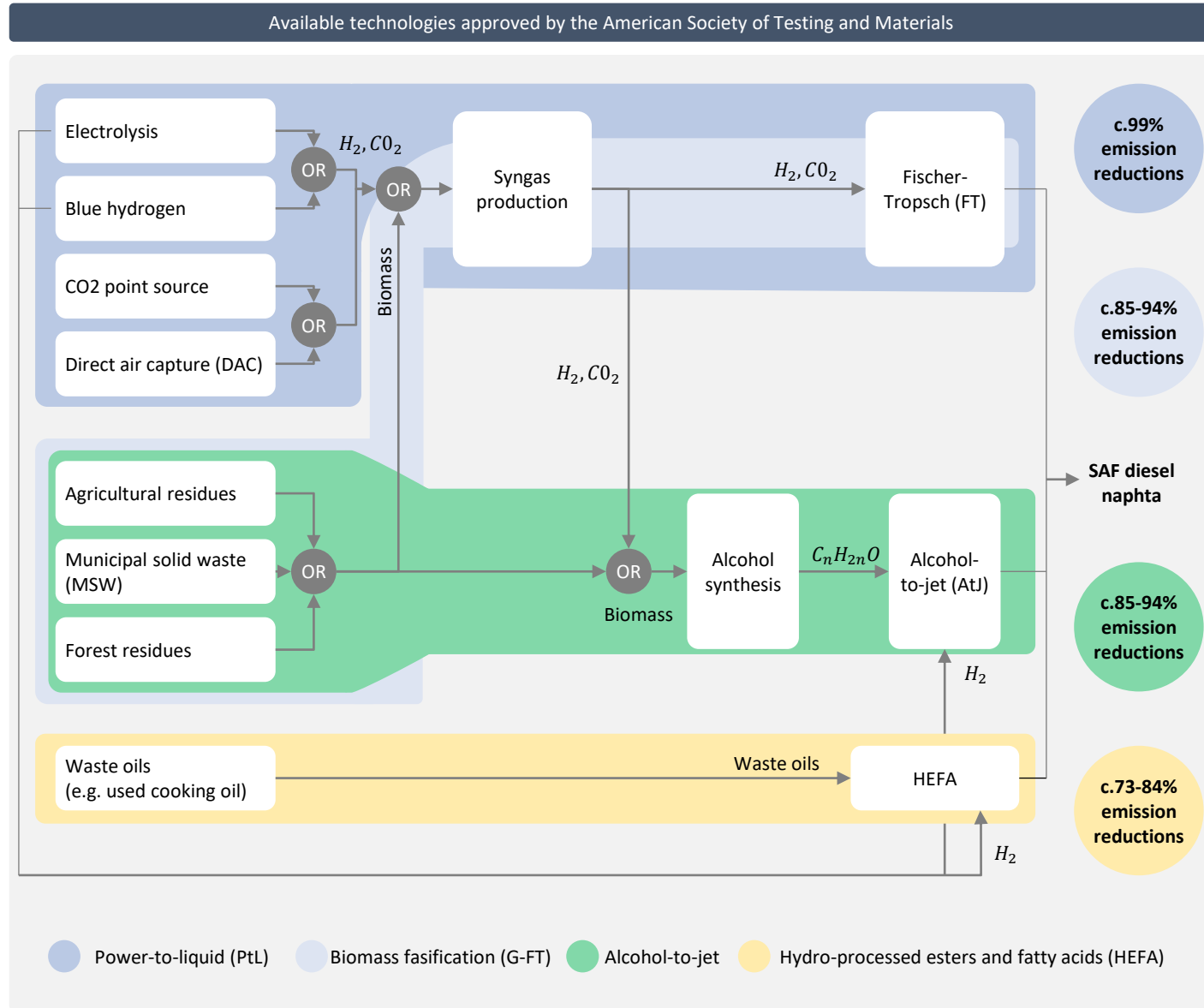
Not a single

State-owned shareholder in the groups' Top 10

We have analyzed the shareholding structure of the 12 listed U.S. defense groups referenced in the 2024 edition of the DGA Calepin to underline the high concentration of the U.S. defense market in terms of the shareholding links between the main market players, confirmed by the predominance of the same major financial investors in the capital of these groups

#12 Focus – Scaling Up Sustainable Aviation Fuel Supply

- Projected demand for aviation fuel should **surge by over 50% by 2050** and compared to 2019
- Despite recognition of the importance of SAF in decarbonizing the industry, **global production remains insufficient**
 - ◆ Announced project as of today in the world covers only 30-40% of the aspirational 10% of global fuel supply in 2030
- Solving this supply shortage requires hinges on:
 - ◆ deploying existing and developing novel technologies in regions with favourable conditions
 - Promising technologies have yet been identified as shown in the opposite table
 - ◆ Appropriate and supportive regulations and policies to create a viable SAF market, especially considering that SAF production is currently 5x costlier than fossil jet fuel
 - ◆ The establishment of strategic partnerships
 - ◆ Last but not least the implementation of efficient financing mechanism
- Although emerging solutions such as improves efficiency, deployment of the H2 supply chain and electric aviation might be key to help decarbonize the industry, the consensus highlighted in the report in that these activities will, for the next decades at least, be insufficient to advance achieve the Net-Zero Transition
- Taking also into account that SAF requires seamless integration into existing infrastructure. IATA has estimated that SAF will weight for c.65% of the energy mix for aviation in 2050





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