

Safran enters into a definitive agreement for the purchase of the Rolls-Royce share of the joint RTM322 helicopter engine programme

Paris, April 23, 2013 - Safran (NYSE Euronext Paris: SAF) today announced that it has reached an agreement with Rolls-Royce to acquire Rolls-Royce's 50% share in their joint RTM322 helicopter engine programme.

Upon closing, Turbomeca (Safran's world leading helicopter engine business) will assume global responsibility for the design, production, product support and services for the RTM322 engine, a 2,100-2,600 shp engine family equipping the Apache, EH101 and NH90 helicopters. Rolls-Royce will provide full support during a transition phase enabling progressive transfer of all their activities to Turbomeca under this programme.

Strategic rationale

The RTM322 is a priority programme for Turbomeca and the company is committed to the continued technical and commercial development of this programme to improve its global performance, as well as to investments to serve the market in the long term. The agreement also covers the aftermarket business opportunity (spares and MRO services - maintenance, repair, overhaul) related to the existing fleet, cumulating nearly one million equivalent flying hours to date.

This transaction will enable Turbomeca autonomously to further innovate and develop new engines, to the benefit of its customers in the more powerful 3,000 shp and beyond helicopter engine segment (segment in which Turbomeca is not present at the moment).

Several new heavy helicopter programmes are currently being planned or developed by various aircraft manufacturers worldwide for which Turbomeca will be able to provide future state-of-the-art and efficient propulsion solutions, in particular in the high power segment.

In the next 15 years, Turbomeca aims to supply about 3,500 engines, on existing military platforms as well as future civilian and military platforms in the 8-13 tons range, with continuous requirement for higher engine power.

Financial aspects and terms of the transaction

The revenue related to the Rolls-Royce share of RTM322 amounts to approximately Euro 85 million per annum, a majority of which is generated by services. Upon closing, Turbomeca will assume leadership of the RTM322 programme, including the critical roles of supporting the existing fleet of helicopter engines and developing aftermarket and export opportunities. Turbomeca will derive increasing synergies with the 50% of the programme it already owns by streamlining the organization and processes and progressively taking full responsibility over the production and MRO services with the full support of Rolls-Royce. After this transition period, Safran expects the benefits of owning the entire programme - including synergies and new commercial opportunities - to represent an additional contribution to operating income of over Euro 30 million per annum.

The cash consideration for the transaction amounts to Euro 293 million.

Apart from Rolls-Royce's 50% share in the RTM322 programme, the transaction also includes the intellectual property rights (IPR) related to this programme as well as Rolls-Royce's 50% share in the RRTM (Rolls-Royce-Turbomeca) joint-venture. The Adour engine programme cooperation between Rolls-Royce and Turbomeca, which powers the Hawk and Jaguar aircraft, is unaffected by this transaction, as are the other helicopter engine programmes that Rolls-Royce and Turbomeca manage independently.

The transaction, which is expected to close before year end, is subject to regulatory approvals and satisfaction of other customary closing conditions.

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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 62,500 employees and generated sales of 13.6 billion euros in 2012. 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 1.6 billion Euros in 2012. Safran is listed on NYSE Euronext Paris and is part of the CAC40 index.

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