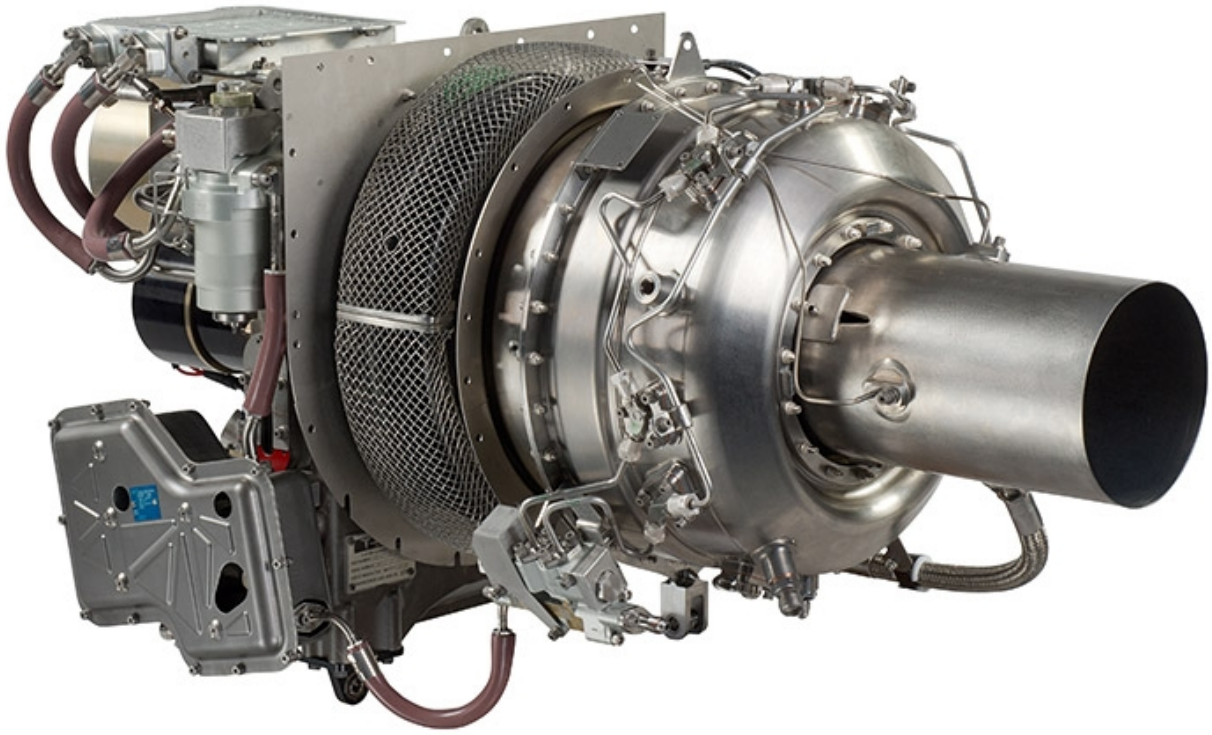
# BOEING, SAFRAN AGREE TO DESIGN, BUILD AND SERVICE AUXILIARY POWER UNITS

**News / Manufacturer**



**New joint venture will leverage capabilities of two aerospace leaders to combine the best technologies and services for customers**

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**Proposed long-term partnership will create a competitive offering designed to meet market needs**

**Boeing and Safran have agreed to jointly design, build and service Auxiliary Power Units (APUs), creating better value for customers and for both companies. An APU is an onboard engine that is used to primarily start the main engines and power aircraft systems on the ground and, if necessary, in flight.**

**The agreement will establish an important relationship between two of the world's leading aerospace companies to work together on products and expanded service capabilities to benefit both customers and the industry at large. Both companies will have a 50 percent stake in the partnership, which will be based in the United States. The completion of the transaction is subject to customary conditions including regulatory and antitrust clearance. The deal is expected to close in the second-half of 2018.**

**"This strategic partnership will leverage Boeing's deep customer and airplane knowledge along with Safran's experience in designing and producing complex propulsion assemblies to deliver expanded, innovative services solutions to our customers," said Stan Deal, President and CEO, Boeing Global Services.**

Safran currently supplies a wide range of components to Boeing commercial and defense programs, including as a partner to produce CFM's LEAP-1B engine for the 737 MAX (through CFM International, a 50/50 JV between Safran Aircraft Engines and GE). Boeing and Safran also are partners in MATIS, a joint venture in Morocco producing wiring products for several airframe and engine companies.

"This will represent a new step in the long-lasting and fruitful partnership between Safran and Boeing. We are extremely proud of the continued confidence that Boeing has placed in our company. Safran has contributed to prestigious international military and civil programs, providing reliable, high-performance APU systems since 1962. Together we are committed to delivering advanced APUs and world-class support to our customers," said Philippe Petitcolin, Chief Executive Officer of Safran. "This partnership will have no impact on our 2018 guidance nor on our plan to return Euro 2.3 billion cash to shareholders over 18 to 24 months."

"This move will strengthen Boeing's vertical capabilities as we continue to expand our services portfolio and make strategic investments that accelerate our growth plans," said Greg Smith, Boeing Chief Financial Officer and Executive Vice President of Enterprise Performance & Strategy. "The establishment of the joint venture will have no impact on Boeing's 2018 guidance or on our commitment to returning approximately 100 percent of free cash flow to shareholders."

Safran is an international high-technology group, operating in the aircraft propulsion and equipment, space and defense markets. Safran has a global presence, with more than 58,000 employees and sales of 16.5 billion euros in 2017. Working alone or in partnership, Safran holds world or European leadership positions in its core markets. Safran undertakes Research & Development programs to meet fast-changing market requirements, with total R&D expenditures of around 1.4 billion eurosin 2017. Safran is listed on the Euronext Paris stock exchange, and is part of the CAC 40 and Euro Stoxx 50 indices. In February 2018, Safran took control of Zodiac Aerospace, significantly expanding its aircraft equipment activities. Zodiac Aerospace has 32,500 employees and generated sales of 5.1 billion euros for its fiscal year ended August 31, 2017.

Boeing is the world's largest aerospace company and leading manufacturer of commercial

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airplanes and defense, space and security systems. Boeing is also the world leader in combined commercial airlines and government services with customers in more than 150 countries. The company's products and tailored services include commercial and military aircraft, satellites, weapons, electronic and defense systems, launch systems, advanced information and communication systems, and performance-based logistics and training. Boeing employs approximately 140,000 people across the United States and in more than 65 countries.

Forward-Looking Information Is Subject to Risk and Uncertainty

Certain statements in this release may be "forward-looking" within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding the expected timetable for completing the transaction, future business prospects, and benefits and synergies of the transaction, as well as any other statement that does not directly relate to any historical or current fact. Forward-looking statements are based on current assumptions about future events that may not prove to be accurate. These statements are not guarantees and are subject to risks, uncertainties and changes in circumstances that are difficult to predict. Many factors could cause actual results to differ materially from these forward-looking statements. As a result, these statements speak only as of the date they are made and we undertake no obligation to update or revise any forward-looking statement, except as required by law. Specific factors that could cause actual results to differ materially from these forward-looking statements include the effect of global economic conditions, the ability of the parties to consummate the transaction and receive antitrust clearance, and other important factors disclosed previously and from time to time in reports filed by Boeing and Safran with their respective agencies.

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