



ACTIONS TO ADAPT TO THE CURRENT CRISIS: SAFRAN

News / Finance, Manufacturer



The Board of Directors of Safran (Euronext Paris: SAF) under the Chairmanship of Ross McInnes, met on March 26, 2020 to consider an action plan prepared by Executive Management in response to the impact of the Covid-19 pandemic. CEO Philippe Petitcolin commented: "In this critical period, our attention is focused on taking care of our employees and monitoring our customers and suppliers. While preserving cash in the very short term, we are preparing to re-establish and strengthen operations when the situation recovers. As demonstrated in past crisis thanks to its agility and resilience, I am convinced that Safran will overcome these challenges and further consolidate its position in the future."

The Group regularly and proactively coordinates the efforts of all subsidiaries and sites in all countries in order to ensure priorities in reaction to the crisis:

- Protection of employees through specific organization of working practices;
- Response to customer needs, particularly for delivery schedules;
- Resilience and flexibility of the supply chain;

- **Managing the Group's cash and liquidity, while low debt is already an asset**

Executive Management welcomes the mobilization and responsiveness of all employees, giving confidence in the company's ability to meet current challenges. Chinese plants are already fully operational and European sites are gradually restarting. The actions implemented since December 2019 in response to Boeing's decision to shut down the Boeing 737MAX assembly line are now enhanced. Very significant measures are implemented such as a pause in Capex, the definition of new objectives for R&D and the reduction of direct and indirect costs. Safran will also use all schemes set up by governments, particularly short time working.

2020 guidance

Given the unprecedented nature of the situation and the remaining uncertain impact for its customers of worldwide measures taken to contain the pandemic, Safran is withdrawing its 2020 guidance previously announced. When impacts on the business and the adjustment measures can be assessed with sufficient precision, Safran will share them with the financial community.

2019 Dividend

Safran's Board of Directors has decided not to propose to the Annual General Meeting of shareholders the payment of a dividend in 2020 for the 2019 financial year.

The previously announced dividend of € 2.38 per share reflected Safran's very good performance in 2019 and the outlook for 2020 as it prevailed last February when the Board met. Based on the number of shares in circulation, the payment of the dividend would have represented an outflow of around € 1 billion in June 2020.

In a spirit of responsibility vis-à-vis Safran's stakeholders, this decision preserves the Group's resources in order to protect employees, maintain continuity of its operations, notably for its suppliers, support its customers and ensure liquidity in uncertain times.

Annual General Meeting

Safran's Annual General Meeting will be called on May 28, 2020 at the Safran Campus – 32, rue de Vilgénis, 91300 Massy (France). The date, venue and conditions of shareholder attendance are likely to change for public health reasons and/or regulatory/legal reasons. In particular, it may be necessary to hold the Meeting behind closed doors, without any shareholders being physically present. We will therefore strongly encourage shareholders to vote by post (or online before the Meeting), or to give proxy to the Chairman of the Meeting.

We will also invite shareholders to regularly check the 2020 Annual General Meeting section of the Company's website to obtain the latest information: <https://www.safran-group.com/finance/general-meeting>.

Liquidity

As of December 31, 2019, the Group's net financial debt was as follows:

- Cash and cash equivalents at €2,632M,
- interest-bearing financial liabilities at €(6,779)M,
- and debt hedging instruments at €33M.

Between January 1, 2020 and March 24, 2020, net financial debt improved by around € 900m

(data not audited). To date, cash and cash equivalents amount to €3.1bn (unaudited data), of which

€ 2.8bn (unaudited data) are available immediately or within 90 days.

Safran's commercial paper program (NEU CP) outstanding is €1,802M and €419m subscribed by a corporate mutual fund of the Group savings plan, maturing end of April to mid-May 2020.

Two debt instruments will mature in 2020: a floating rate bond with a nominal amount of €500M on July 13th and another fixed-rate debt with a nominal amount of €99M on July 27th, representing a total of €599M.

Safran is in the process of setting up of a new credit line of € 3 billion, with a term of up to two years, in addition to its current Revolving Credit Facility of € 2,520 million currently undrawn and available until December 2022,

Based on these elements and taking into account the withdrawal of the 2019 dividend, the Group has sufficient liquidity to fund continuity of operations. Given the performance of Safran's share price, Safran's Board of Directors will consider a new share buyback program when conditions permit.

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