

# PRESS CONFERENCE

*Saint-Cloud – July, 26<sup>th</sup> 2017*



***ACTIVITIES and PROGRAMS***  
***1<sup>st</sup> half 2017***



- New President of the French Republic, new Prime Minister and new Defense Minister,
- Defense strategic review,
- new Defense Procurement Law in 2019,
- India : execution of the 36 RAFALE contract, need of the « make in India » to win new orders,



- FALCON 5X 1<sup>st</sup> flight,
- business jet market still difficult.



- Delivery of 1 RAFALE, bringing the total delivered to 149 out of 180 ordered,
- delivery of 1 naval RAFALE retrofitted to standard F3,
- continuation of development works on the F3-R standard, including the final validation firing of the METEOR missile,
- RAFALE support, in regards of many theater of operations.

*Defense Procurement Law for records :*  
*1 RAFALE in 2017, 3 in 2018, 0 in 2019, 0 in 2020 then 28 from 2021*

# RAFALE Export (1/2)

## EGYPT

- delivery of 3 RAFALE during the 1<sup>st</sup> half 2017 (\*) bringing to 9 the total delivered out of 24 ordered,
- continuation on Egyptian RAFALE support in accordance with the contract.

(\*) 2 RAFALE Egypt were delivered in July 2017.



# RAFALE Export (2/2)

## QATAR

- 24 RAFALE contract under execution.

## INDIA

- 36 RAFALE contract under execution,
- answer to the Request For Information to supply 57 naval RAFALE to the Indian Navy.



**Continuing promotion of Export RAFALE**



# Dassault Reliance Aerospace Limited

## DRAL (1/2)



- Material needs for combat aircraft in India :
  - ✓ additional batches for the Air forces,
  - ✓ 57 aircraft for the navy,
- imperative need of success of the « Make in India » to hope winning those contracts,
  - ➔ creation of the DRAL JV on February 10, 2017, located in NAGPUR (central India), capital 51% Reliance - 49% Dassault Aviation, Indian CEO and Dassault Aviation Industrial Director,
- the DRAL JV (corporate purpose: civil and military aeronautical activities) shall enable us to :
  - ✓ fulfill our offsets' commitments in accordance with the contract signed to supply 36 RAFALE,
  - ✓ build the foundations to reach our commercial goals in India,
  - ✓ improve our competitiveness in manufacturing FALCON 2000's parts in India.

# Dassault Reliance Aerospace Limited

## DRAL (2/2)



- Progressive ramp up, over 5 years, from the start of production, scheduled for late 2017, to the manufacture of FALCON 2000 components and RAFALE sub-assemblies, in order to :
  - ✓ build the required infrastructures,
  - ✓ hire and train staff,
  - ✓ ensure procurements,
  - ✓ check each step.

For Dassault Aviation, the impact on the workload is positive, for the 36 RAFALE contract, as well as for potential future contracts.



# MIRAGE 2000



- INDIA : continuation of support to HAL in India for the upgrade of the aircraft,
- FRANCE : continuation of upgrade works for the MIRAGE 2000D,
- support to MIRAGE 2000 fleet, all countries.



## ATLANTIQUE 2

Continuation of test in flight and on ground of the upgraded combat system of the ATLANTIQUE 2,

use of process with tools « PLM Systèmes » enabling main partners, SIAé, Naval Group (ex-DCNS), Thales and Dassault Aviation to collaborate on a common platform type V6.

# Maritime Surveillance

## JAPAN

Notification by the Japan Coast Guards of the purchase of a 4<sup>th</sup> Maritime Surveillance FALCON 2000.

## FRANCE

Continuation of works on additional capacity for dropping chains on four FALCON 50 Maritime Surveillance.



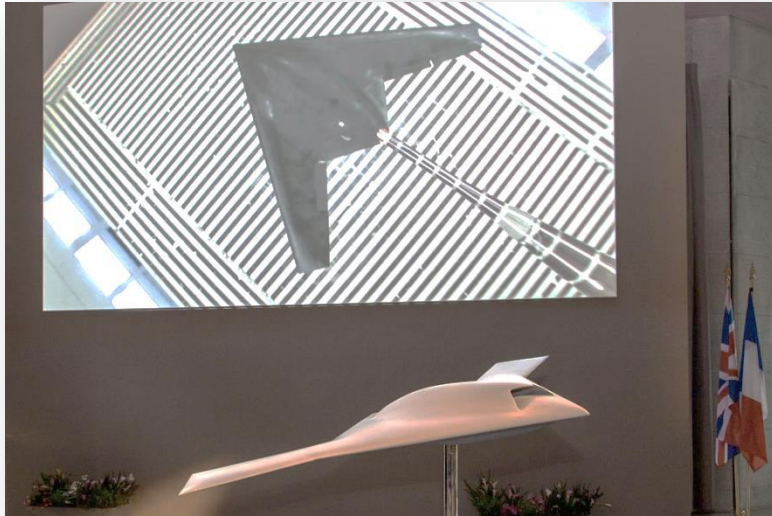
- 2017 test campaign for France : radar signature measurements by DGA (French Defense Procurement Agency).
- Contract in negotiation for a new flight test campaign in the 2<sup>nd</sup> half of 2017.





# FRANCO-BRITISH PROGRAM / FCAS

FCAS (*Future Combat Air System*)



In the frame of the Franco-British treaty of Lancaster House :

- continuation of the feasibility phase,
- preparation with our industrial partners BAE Systems, Thales, Leonardo, Rolls-Royce, and Safran of a proposal for a launch, by the end of 2017, of an operational demonstrator Unmanned Combat Air System (UCAS).

# MALE RPAS

*(Medium Altitude Long Endurance Remotely Piloted Aircraft System)*



- Airbus Defense & Space, Leonardo and Dassault Aviation carry on the definition study in order to develop a drone MALE,
- this study was notified in 2016 by the OCCAR (Organization for Joint Armament Cooperation), in conjunction with the French, German, Italian, and Spanish Ministries of Defense,
- announcement of the choice of a twinjet model at the Franco-German summit on July 13,
- continuation of studies to prepare an offer of a program launch in 2018.

- Persistent difficulties on the business jet market with intense price competition and a weak demand,
- geopolitical uncertainties (US taxes, institutional crisis in Brazil...),
- pre-used aircraft high inventory, recent increase of number of deals but at historically low prices.





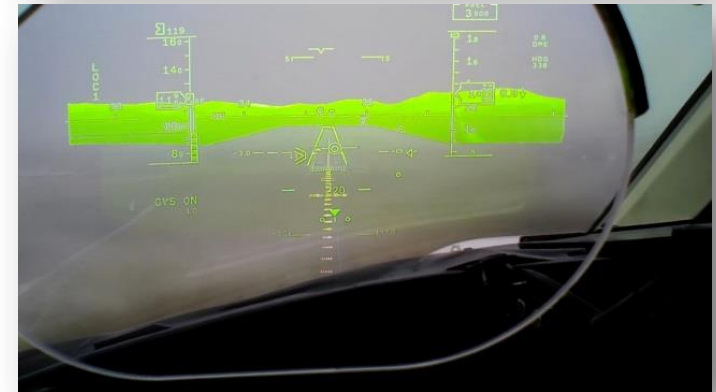
## July 5<sup>th</sup> 2017 : FALCON 5X 1<sup>st</sup> flight

- 2-hour flight performed with a preliminary version of the Safran Silvercrest engines, because design issues have delayed the power plant development 4 years beyond the initial schedule (the entry into service of the FALCON 5X was moved from 2017 to 2020),
- limited number of test flights during few weeks, in order to collect data concerning the airframe and systems,
- flight validation and certification tests will start in 2018, once Safran delivers certifiable engines meeting Dassault Aviation's specifications.

# FALCON 8X

## Mature aircraft and well appreciated from its entry into service

- Comfortable and silent cabin,
- London City Airport certification : February 2017,
- long range demonstration :
  - ✓ Singapour - London : 6,300 nm,
  - ✓ Flight duration : 14 hours,
- certification of the FalconEye pilot assistance system,
- High speed Satcom certification (for all FALCON family).



# FALCON Family



# FALCON Customer Support

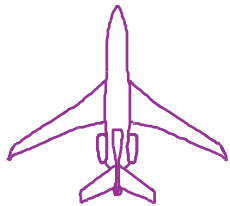
- Expansion of our FALCON after sales network (2 new Service Centers approved in Malaysia and Austria).
- Services improvement :
  - ✓ Falcon Sphere II, flight preparation assistance,
  - ✓ Falcon Immersive Training, training for mechanics using virtual reality,
  - ✓ Falcon Broadcast, connected fault-identification support system.
- Improvement in annual customer satisfaction surveys (AIN and ProPilot) :
  - ✓ 1<sup>st</sup> place for support on aircraft entering into service,
  - ✓ 1<sup>st</sup> place for service quality, availability and guarantee for all aircraft.



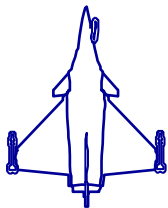
# ***1<sup>st</sup> half 2017 Results***

# Order intake, deliveries and backlog

*in units*

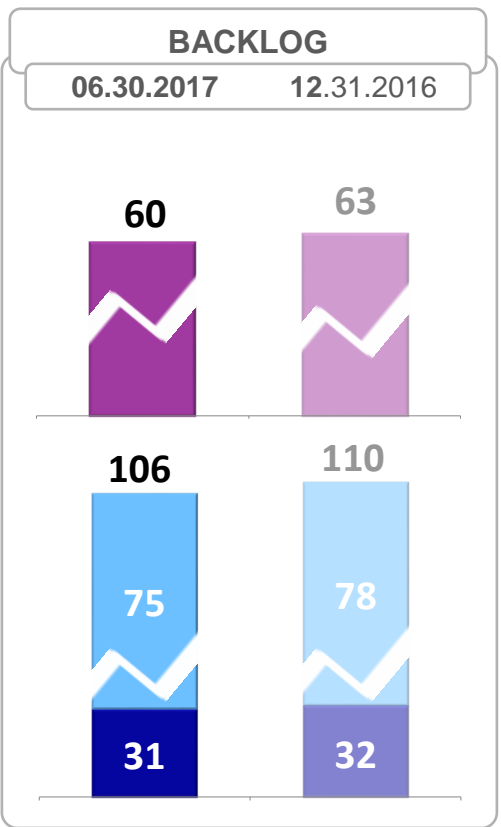
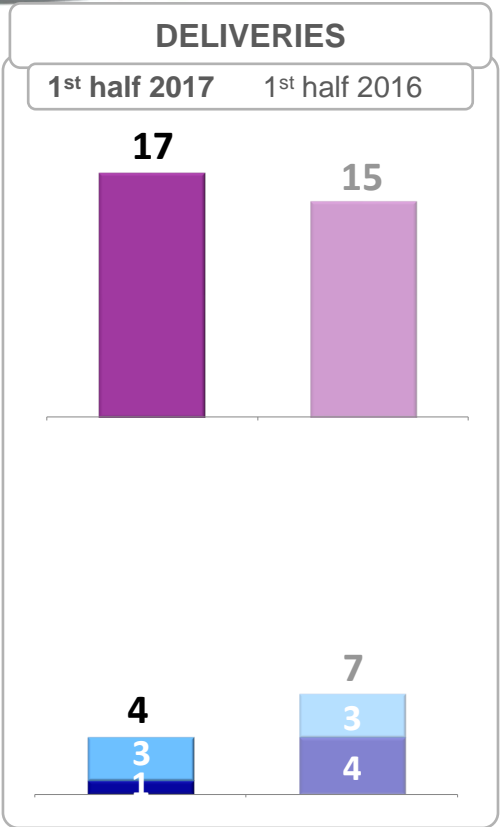
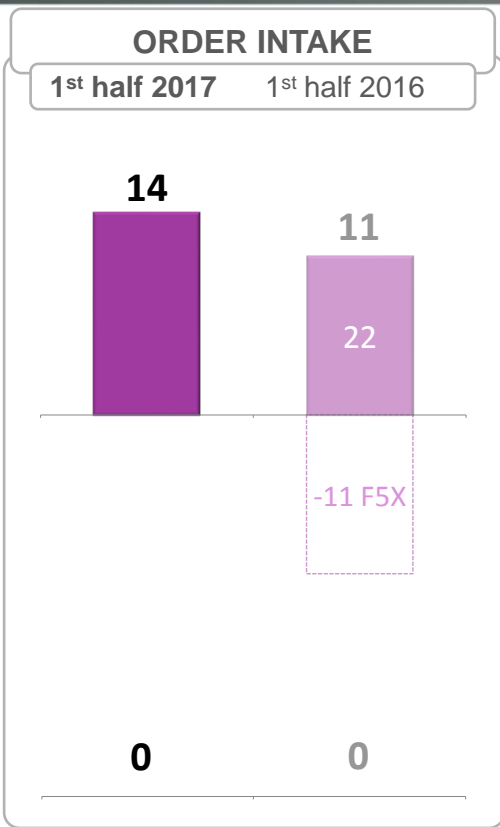


FALCON



RAFALE Export

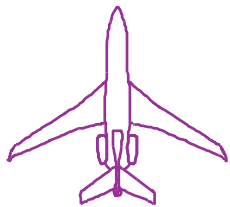
RAFALE France



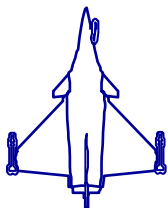
# Order intake, net sales and backlog

in € Bn

N.B.: DASSAULT AVIATION recognizes the RAFALE Export contracts in their entirety (i.e. including the THALES and SNECMA parts), whereas for France, only the DASSAULT AVIATION part is recognized.

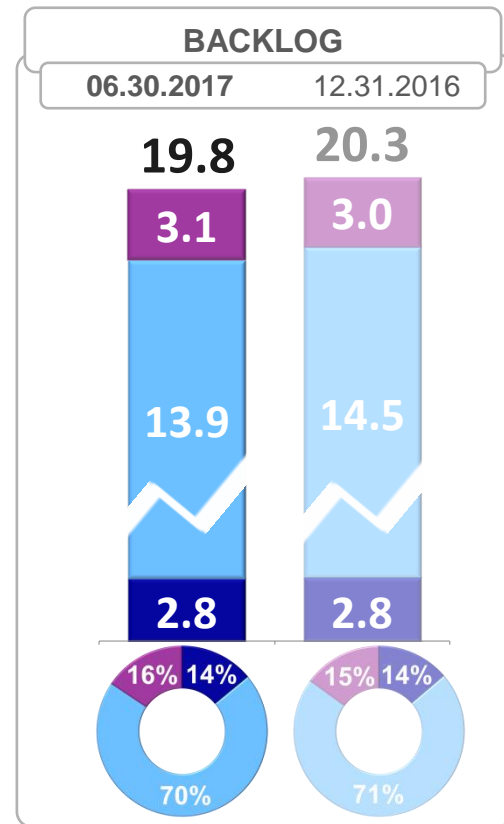
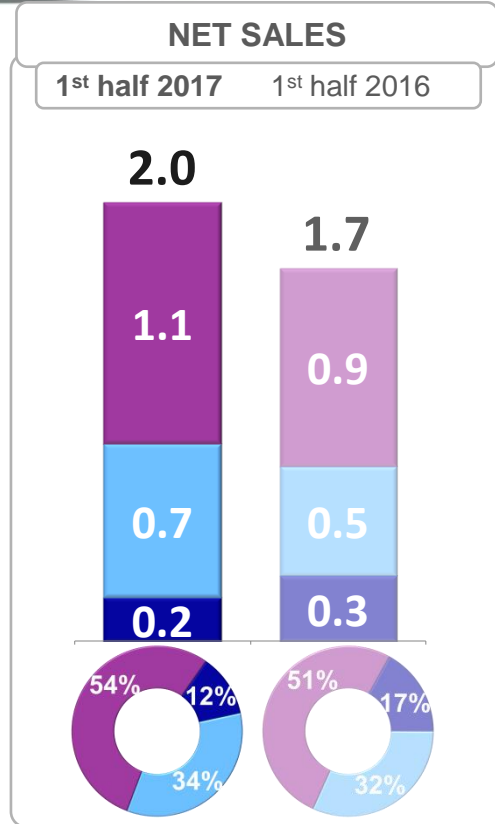
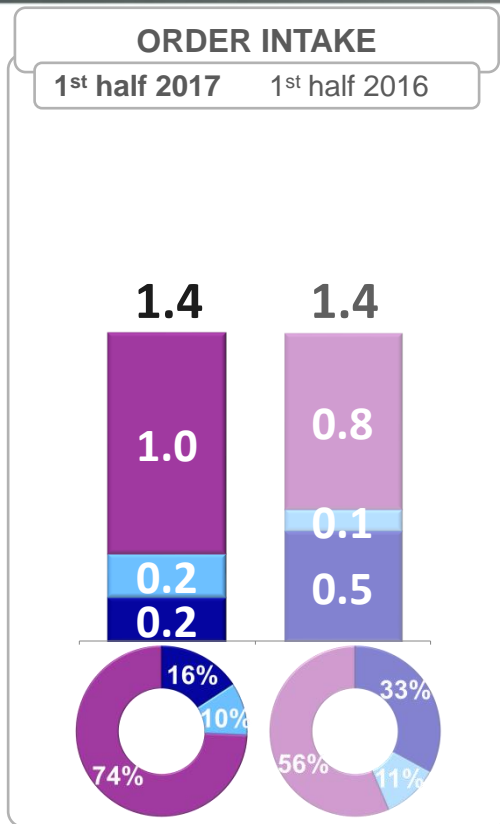


FALCON



DEFENSE Export

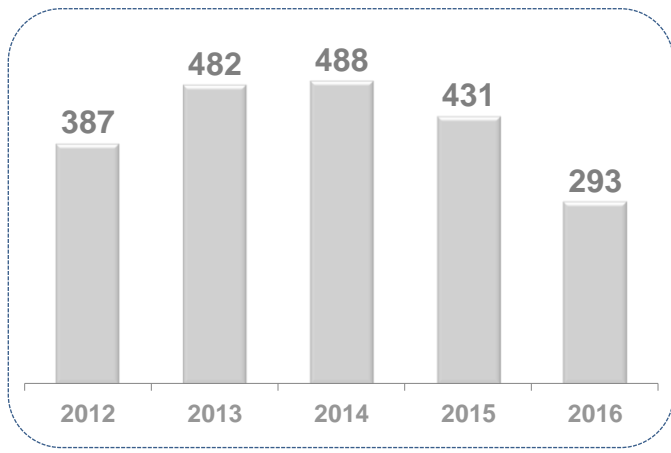
DEFENSE France





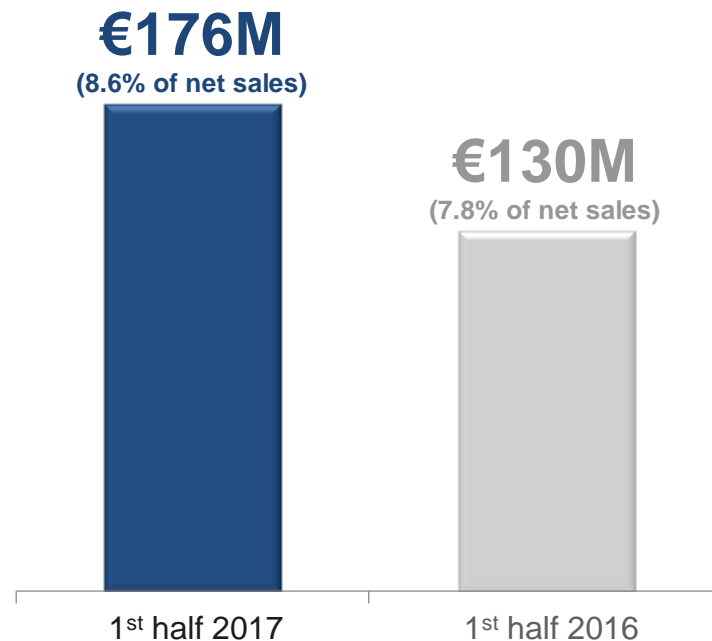
# Self-funded R&D

in € million



10.4 % of average net sales

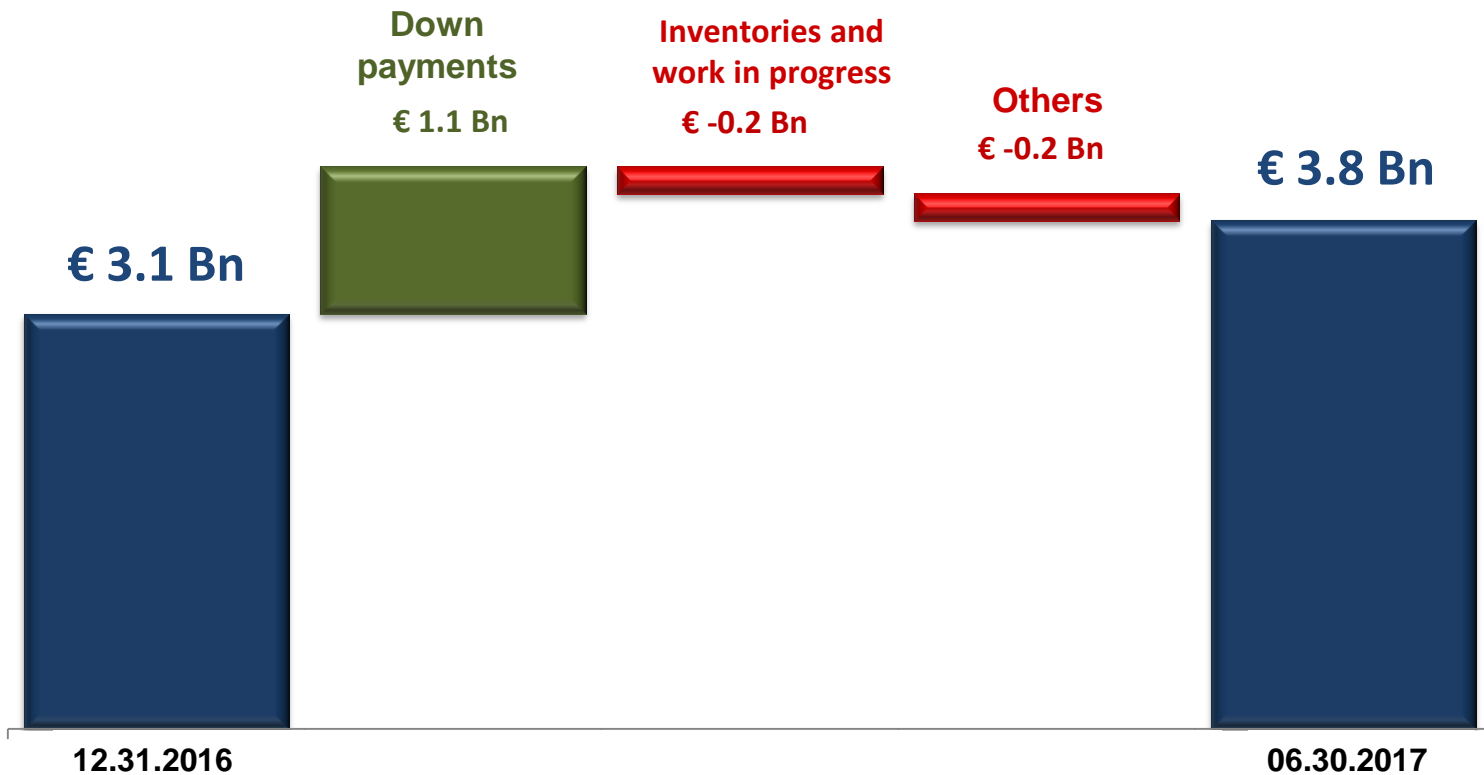
Self-funded R&D increased due to FALCON 5X



# Group adjusted income statement

<i>in € million</i>	1 <sup>st</sup> half	
	2017	2016
<b>NET SALES</b>	<b>2,050</b>	1,662
<b>OPERATING INCOME</b>	<b>123</b>	125
<i>Operating margin</i>	6.5%	7.5%
FINANCIAL RESULT	16	17
THALES and other equity affiliates	106	91
TAXES	-46	-48
<b>NET INCOME</b>	<b>199</b>	185
<b><i>Net margin</i></b>	<b>9.7%</b>	11.1%
<i>nb: earnings per share</i>	24.32 €	21.4 €

# Available cash in € Bn



# Changes in capital after dividend payment in shares

- To pay the dividend in shares, 61,136 new shares were created and distributed on June 21<sup>st</sup> 2017,
- our main shareholder, GIMD, opted to receive 100% of its dividend in shares, 47% of the free float decided to be paid in shares, and Airbus opted to be paid in cash,
- Dassault Aviation paid € 24 M of dividends in cash for a full amount of dividend of €100 M.

Changes in capital, shareholders' structure and voting rights is as followed :

	12/30/2016			06/30/2017		
	Shares	% Capital	% Voting Rights	Shares	% Capital	% Voting Rights
<b>GIMD</b>	5,118,240	62.0%	76.8%	5,167,580	62.2%	76.8%
<b>FREE FLOAT</b>	2,267,811	27.5%	17.0%	2,280,557	27.4%	17.0%
<b>AIRBUS</b>	825,184	10.0%	6.2%	825,184	9.9%	6.2%
<b>DASSAULT AVIATION</b>	39,550	0.5%	0.0%	38,600	0.5%	0.0%
<b>TOTAL</b>	<b>8,250,785</b>	<b>100.0%</b>	<b>100.0%</b>	<b>8,311,921</b>	<b>100.0%</b>	<b>100.0%</b>

# Transformation plan follow-up

## « Leading our future »

- Plan in 4 points (culture and organization, digital transformation, industrial transformation, program management) scheduled to be run over several years,
- first decisions taken :
  - ✓ launch of digital transformation projects (including 3DExperience platform, in collaboration with Dassault Systèmes, to set up a development manufacturing and support process at a target cost, ...),
  - ✓ launch of the built of a new building in Mérignac in order to accommodate service sector teams,
  - ✓ plants specialization by large industrial clusters with transfers of people on a voluntary basis.

# Outlook and Strategy

In this uncertain environment, we have to :

- insure FALCON sales of all models,
- prepare new contracts for RAFALE and successfully implement the essential “Make in India”,
- obtain development contracts in France and/or in cooperation (F4, FCAS, MALE, ...) to ensure our future by maintaining the skills of our teams,
- succeed in the FALCON 5X development program, to respect the first deliveries to customers scheduled for 2020, subject to Safran fulfilling its new development schedule commitment,
- make sure we are ready to launch a new FALCON program, in order to enlarge our FALCON family,
- mobilize all of our resources to successfully achieve our transformation and guarantee the sustainability of the Company. This is precisely the challenge of the “Leading our Future” plan, which will enable us to in-crease our competitiveness and flexibility.”

We confirm our 2017 forecast, namely our higher net sales in 2017 compared to 2016 and the delivery of 45 FALCON and 9 RAFALE.

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