

DIRECTION DES RELATIONS EXTÉRIEURES ET DE LA COMMUNICATION

## 2010 RESULTS

### 2010 KEY FIGURES

- **Orders:**

- ✓ - **9 FALCONS** (negative orders for 98 FALCONS corporate and 65 NetJets in 2009)

- **Deliveries:**

- ✓ **Historical record for FALCONS: 95** (77 in 2009)

- ✓ **11 RAFALEs** (14 in 2009)

- **Net sales** : **EUR 4,187 million**, up by 22% compared to 2009
- **Operating income** : **EUR 591 million**, up by 39% compared to 2009\*
- **Operating margin** : **14.1%** (12.5% in 2009\*)
- **Net income** (excluding THALES): **EUR 395 million**, up by 23% compared to 2009

*(including THALES, net income before amortization of Purchase Price Allocation is EUR 371 million, and net income after amortization of Purchase Price Allocation amounts to EUR 267 million)*

- **Net margin** (excluding THALES): **9.4%** (9.4% in 2009)

\* 2009 restated of research-based tax credits

Saint-Cloud, March 17, 2011 – The Board of Directors, which met the day before, chaired by Mr. Charles EDELSTENNE, approved the financial statements for the year 2010. These consolidated financial statements were certified by the statutory auditors who issued an unmodified conclusion.

### **1. Message from the Chairman**

"The Group presents good financial results in 2010:

- Net sales are up by 22% compared to 2009, thanks to record-breaking FALCONS deliveries (95 delivered aircraft),
- Operating margin reaches 14.1% (compared to 12.5% in 2009 – restated of research-based tax credits),
- Net margin (excluding THALES) stands at 9.4%, unchanged from 2009.

Even though FALCON orders cancellation pace is decreasing compared to 2009, new orders are taking time to pick-up again: 2010 orders for new aircraft minus cancellation are negative by 9 FALCONS.

2011 appears as a contrasted year.

Experts expect a global economic slowdown and Dollar fluctuations around a low value, impacting negatively our competitiveness.

Moreover, we will have to face fierce competition in the business jet activities and cope with reduced Defense budgets in many countries.

As regards RAFALE, we are discussing with several export prospects. They recognized our military aircraft's qualities during its evaluation and we are looking forward to concluding deals.

Concerning drones, the recent agreement between France and the United Kingdom paves the way for cooperation with BAE Systems.

The unpredictability of the worldwide economy has reinforced us in our policy of prudence. It also urges us to prepare for the market recovery with the best possible assets: an even more improved competitiveness, cutting edge products and ambitious processes."

## **2. Consolidated results**

### **2.1 Orders**

2010 consolidated orders amount to **EUR 1,266 million** compared to EUR -1,322 million in 2009.

The trend over the last five years is as follows **in EUR millions**:

Year	Defense France	Defense Export	Falcon	Total	% Export
2006	391	142	4,762	<b>5,295</b>	90%
2007	644	239	5,382	<b>6,265</b>	89%
2008	956	241	4,625	<b>5,822</b>	81%
2009	2,276	253	-3,851	<b>-1,322</b>	NS
<b>2010</b>	<b>606</b>	<b>186</b>	<b>474</b>	<b>1,266</b>	<b>43%</b>

### **FALCON programs**

Even though FALCON orders cancellation pace is decreasing compared to 2009, new orders are taking time to pick-up again : 2010 orders for new aircraft minus cancellation are negative by 9 FALCONS. In 2009, they were negative: -98 FALCONS corporate and -65 FALCONS NetJets.

Euro amount of FALCON orders is positive thanks to support orders and to a favourable €/€ effect. Indeed, our backlog is valued using the closing €/€ exchange rate and includes currency hedging. As €/€ parity had favourably developed between December 31, 2009 (1.44 \$/€) and December 31, 2010 (1.34 \$/€), a favourable differential was taken into account through the Euro amount of new orders.

### **DEFENSE programs**

Defense orders amount to EUR 792 million in 2010, compared to EUR 2,529 million in 2009. In 2010, new orders mainly correspond to military support and development programs. They decrease by 69% compared to 2009, as 60 RAFALEs France have been ordered last year.

## 2.2 Net sales

Consolidated 2010 net sales amount to **EUR 4,187 million, up by 22%** compared to EUR 3,421 million in 2009.

The trend over the last five years is as follows **in EUR millions**:

Year	Defense France	Defense Export	Falcon	Total	% Export
2006	974	275	2,053	<b>3,302</b>	67%
2007	883	855	2,347	<b>4,085</b>	77%
2008	1,166	269	2,313	<b>3,748</b>	66%
2009	739	242	2,440	<b>3,421</b>	74%
<b>2010</b>	<b>723</b>	<b>236</b>	<b>3,228</b>	<b>4,187</b>	<b>80%</b>

### **FALCON programs**

FALCON net sales are up by 32% compared to 2009. In particular, **95 brand new aircraft** (historical record) **were delivered in 2010** (77 in 2009).

### **DEFENSE programs**

DEFENSE France net sales decrease by 2% compared to 2009. In accordance with the delivery schedule, 11 RAFALEs were delivered to the French State, compared to 14 in 2009. The decrease in RAFALE deliveries is offset by a rise in net sales linked to French military support and development programs.

## 2.3 Change in accounting presentation

Until now, the Group posted the research-based tax credits of its French companies as a reduction of its income taxes. Noting other French listed groups practice, the Group has decided, from now on, to post them in operating income, into Other revenue heading.

In order to provide comparable figures, in accordance with IFRS norms, 2009 consolidated financial data are not the published ones but are restated. These restated figures have been calculated as if the Group had always applied this presentation policy to research-based tax credits. 2009 net income is unchanged: the EUR 33 million increase of the operating income is offset by an increase for the same amount of the income tax.

### **2.4 Operating income**

**2010 Consolidated operating income** amounts to **EUR 591 million, up by 39%** compared to 2009 restated figure (EUR 426 million).

Operating margin stands at **14.1%**, compared to 12.5% in 2009 (restated of research-based tax credits).

These improvements are mainly explained by the growth in net sales (and incidentally by better currency hedging: 1.27 \$/€ in 2010 compared to 1.32 \$/€ in 2009).

### **2.5 Net income**

Excluding THALES, 2010 **net income** <sup>(\*)</sup> (total Group and net attributable Group profit) is **EUR 395 million, up by 23%** compared to 2009 (EUR 322 million).

**Net margin**<sup>(\*)</sup> stands at **9.4%**, as in 2009.

Net income includes a EUR 27 million net financial expense, compared to a EUR 29 million net financial income in 2009. This degradation results from the following factors:

- in 2009, mainly due to THALES acquisition, the Group sold some available-for-sale marketable securities that made a profit of EUR 43 million;
- borrowing costs are EUR 29 million compared to EUR 22 million in 2009.

<sup>(\*)</sup> *net income including THALES:*

- *2010 net income before amortization of Purchase Price Allocation: EUR 371 million, compared to EUR 315 million in 2009.*
- *2010 net income after amortization of Purchase Price Allocation: EUR 267 million, compared to EUR 257 million in 2009.*

### **3. Financial structure and balance sheet items**

The Group has defined a specific indicator, "Available cash", that reflects the Group's total liquidities minus borrowings. It covers the following balance sheet headings:

- cash and cash equivalents;
- available-for-sale marketable securities (at market value),
- borrowings.

**Consolidated available cash amounts to EUR 3.06 billion as of December 31, 2010** compared to EUR 1.98 billion as of December 31, 2009.

This rise (+ EUR 1.08 billion) is notably due to consolidated net cash from operating activities before working capital changes shown in 2010 (EUR 0.65 billion) and to a decrease in working capital (+EUR 0.52 billion) related to a fall in inventories and work-in-progress.

Apart from working capital and "available cash", the major change in the balance sheet is linked to hedging instruments, which market value dropped by EUR 0.36 billion. This is related to the variation in €/€ closing rate: 1.34 \$/€ as of December 31, 2010 compared to 1.44 \$/€ as of December 31, 2009.

### **4. Group activities**

2010 was marked furthermore by:

- FALCON 7X 100th delivery, and its first deliveries in India and China,
- FALCON 2000LX automatic braking system certification and compliance approval for London City Airport operations,
- FALCON 900LX certification, followed by its first deliveries,
- continued developments in progress (SMS, EASy cockpit step 2),
- F3 Standard retrofits ending for RAFALs initially delivered with F2 standard,
- qualification and operational coming into service of the "shooter and laser" capability of the laser-guided weapons with the DAMOCLES Laser Designation Pod (LDP),
- coming into service of the reconnaissance capability with the AEROS pod,
- Air Force and Navy RAFALs participation in tryouts and operations (ATCL, Cruzex, Agapanthe),
- GBU-12 and GBU-24 laser-guided bombs Integration on the UAE MIRAGE 2000-9,
- MIDS-L16 Data link qualification and integration on MIRAGE 2000D France,
- Notification of the two last work packages for nEUROn Unmanned Combat Aircraft Vehicle (UCAV) demonstration program. This program, led by DASSAULT AVIATION as the project manager, includes five other European partners.

## **5. Dividends**

The Board of Directors will submit for the approval of the General Meeting of the shareholders on May 18, 2011, a resolution to distribute a total **dividend** of EUR 108 million, i.e **EUR 10.70 by share** (compared to 8.80 in 2010).

## **6. Outlook**

Owing to the significant number of available-for-sale pre-owned aircraft on a worldwide scale, the Group does not predict a business aviation market recovery in the short term.

In 2011, The Group expects to deliver around 70 FALCONS (compared to 95 in 2010) and 11 RAFALEs (as in 2010). Net sales should decrease significantly.

\* \* \*

The Group's financial statements are available at our website: [www.dassault-aviation.com](http://www.dassault-aviation.com)

**Contact:** Stéphane FORT +33 (0)1 47 11 86 90