



Press Conference – July, 21st 2016
Éric TRAPPIER, Chairman & CEO



ACTIVITY and PROGRAMS

First half of 2016 was still marked by instability :

- sluggish economy of emerging countries,
- “wait and see” attitude before US elections,
- political, economic and monetary uncertainties within European Union,
- continued worldwide terrorist threat,
- weakness in oil prices.



EGYPT

3 deliveries bringing total deliveries to 6 out of 24 ordered.

QATAR

Reminder : 24 ordered.

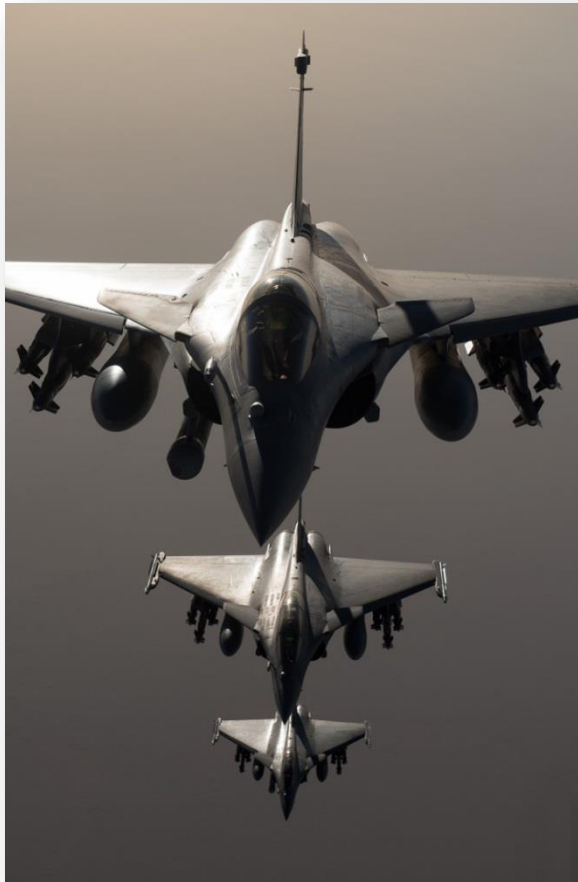
INDIA

Execution of an inter-governmental agreement preparing the finalization of a contract for the sale of 36 RAFALE to India. Ongoing negotiations.

Continuation of prospecting activities in other countries.



RAFALE FRANCE



- Delivery of 4 RAFALE, bringing total deliveries to 146 out of 180 ordered,
- Delivery of the 6th Naval RAFALE retrofitted to the F3 standard,
- Continued the development of the F3-R standard,
- Continued supporting the RAFALE, in the context of various out-of-area operations.

MIRAGE 2000



FRANCE

Notification of the MIRAGE 2000D upgrade contract.
One-year extension to the MIRAGE CARE in-service support contract.

INDIA

Ongoing support to HAL in INDIA with the development of the final standard and works under its responsibility, in accordance with the contract of modernization.

QATAR

Beginning of Major Inspections (in customer's facility) and support.

SUPPORT TO OTHER COUNTRIES

UNITED ARAB EMIRATES, EGYPT,...

Maritime Patrol and Maritime Surveillance

ATLANTIQUE 2

Continuation of upgrade works on the ATLANTIQUE 2 combat system.

Notification of a new two-years in-service support contract for the ATLANTIQUE 2 (ATL2 CARE).



FALCON SURMAR

Japanese Coastguards : sale of a 3rd FALCON 2000LXS.



Drones - nEUROn



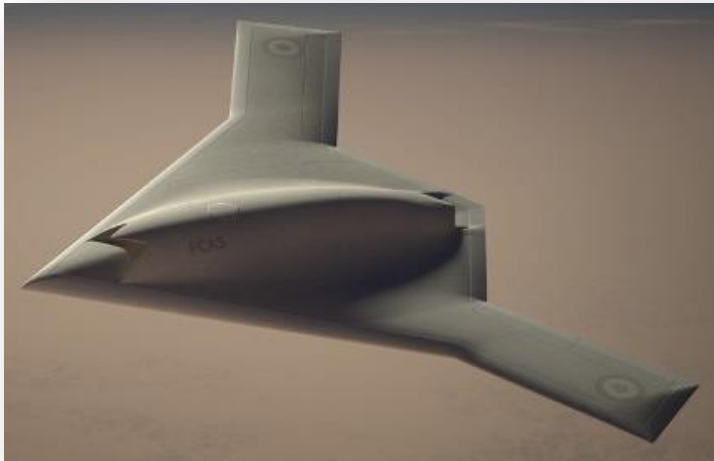
Award of a new flight test campaign for FRANCE :

- additional confrontations to air-air and ground-based air defense systems,
- assessment in a naval environment.



First in the history of global aviation :

nEUROn flight, in formation with a RAFALE and a FALCON 8X, during an air show.



FCAS (Futur Combat Air System)

Continuation of the feasibility phase to prepare a demonstration program.

Preparation with our industrial partners of a proposal to launch the first phase of the development of an operational UCAS demonstrator, following the UK-France summit in Amiens on March 3, 2016.

MALE (Medium Altitude Long Endurance)



AIRBUS DEFENCE & SPACE, LEONARDO-FINMECCANICA and DASSAULT AVIATION are negotiating, with the OCCAR (Organization for Joint Armament Cooperation) in liaison with the French, German, Italian, and Spanish defense ministries, a contract for a definition phase.

FALCON 8X



FALCON Ultra-Long Range : 6,450 NM

Certification EASA : June 24, 2016

Certification FAA : June 27, 2016

1st deliveries scheduled : 4th quarter 2016



Demonstration of the aircraft's reliability and technical performance thanks to a worldwide intensive flight campaign.

FALCON 5X



Further to the announcement by SAFRAN AIRCRAFT ENGINES of its rescheduling in the development of the SilverCrest engine, the new schedule for the FALCON 5X program has been defined, leading to the postponement of 1st deliveries to customers from end-2017 to early-2020.

FALCON product line



FALCON 2000S

3,350 NM



FALCON 2000LXS

4,000 NM



FALCON 900LX

4,750 NM



FALCON 5X

5,200 NM



FALCON 7X

5,950 NM



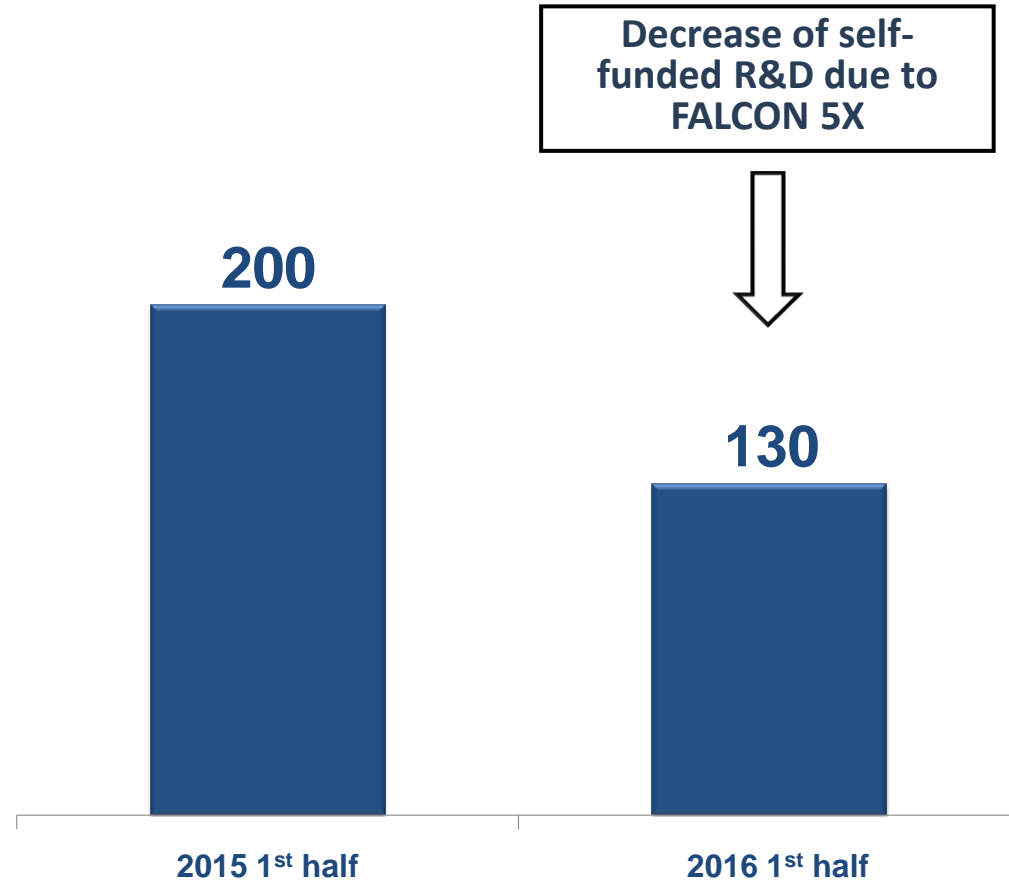
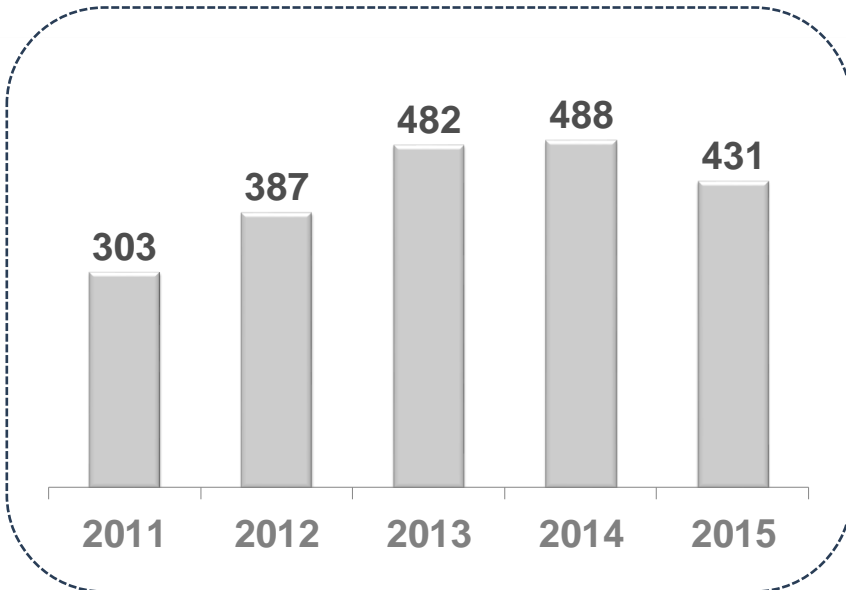
FALCON 8X

6,450 NM



Self-funded R&D

in € million



Shareholders (1/2)



AIRBUS GROUP sold on June 10, 2016 1,327,466 DASSAULT AVIATION shares, at a price of EUR 950 per share (825,184 to institutional investors and 502,282 to DASSAULT AVIATION) and simultaneously issued bonds exchangeable into 825,184 DASSAULT AVIATION shares.


Thus, DASSAULT AVIATION bought back 502,282 shares (5.5% of its capital) for a total amount of € 477 million.

After the cancellation already decided by the board of Directors, the GROUPE INDUSTRIEL MARCEL DASSAULT will hold 62% of our capital.

In the event of the exchange in full of the bonds or the exercise of its share redemption option, AIRBUS GROUP will no longer hold any share nor voting right in DASSAULT AVIATION.

Shareholders (2/2)

After the AIRBUS GROUP operation, DASSAULT AVIATION shareholding structure is as follows :



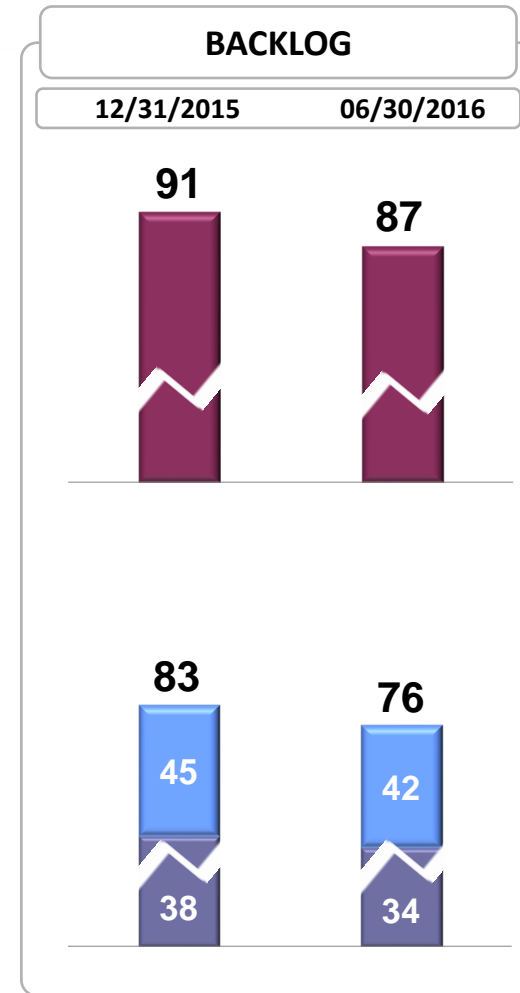
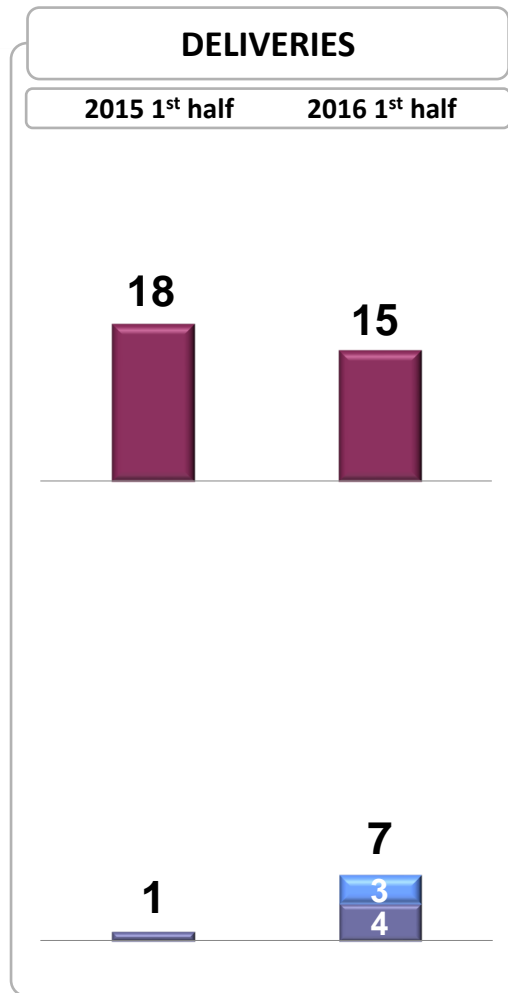
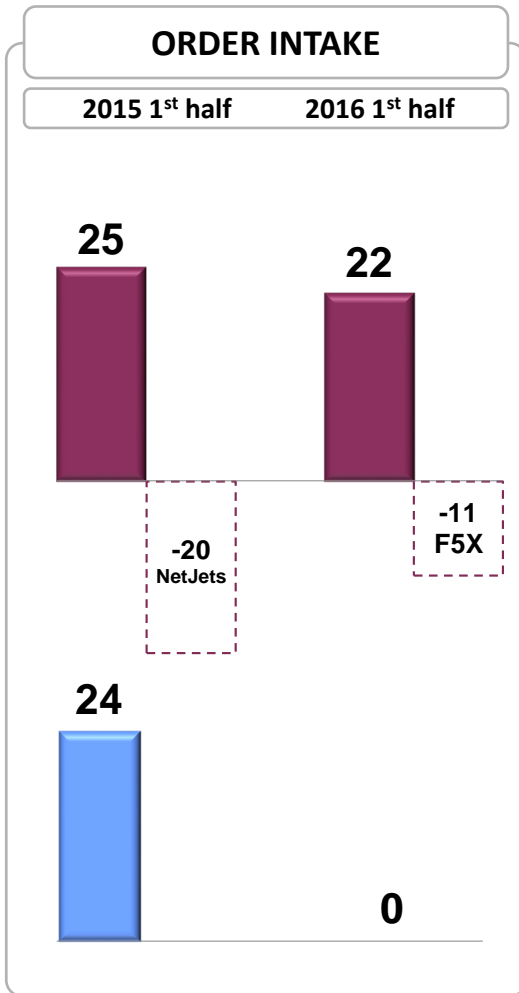
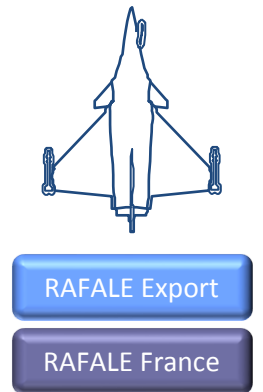
	12/31/2015			06/30/2016		
	Shares	% Capital	% Voting rights	Shares	% Capital	% Voting rights
GIMD	5,118,240	56.1%	58.7%	5,118,240	56.1%	73.2%
FREE FLOAT	1,441,671	15.8%	16.6%	2,266,861	24.9%	16.2%
DASSAULT AVIATION	409,971	4.5%	0.0%	912,253	10.0%	0.0%
AIRBUS GROUP	2,152,656	23.6%	24.7%	825,184	9.0%	10.6%
TOTAL	9,122,538	100.0%	100.0%	9,122,538	100.0%	100.0%

NB :

- Since April 3, 2016, shares held in registered accounts over two years are entitled to double voting rights,
- 871,753 treasury shares hold by DASSAULT AVIATION (included in the 912,253) will be cancelled from December 23, 2016.

2016 1st HALF YEAR RESULTS

Order intake, deliveries, and backlog in units



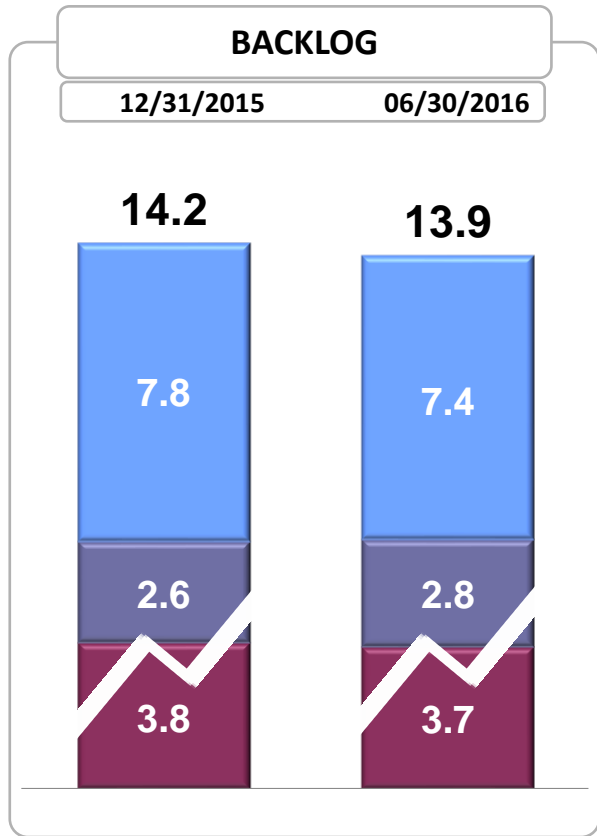
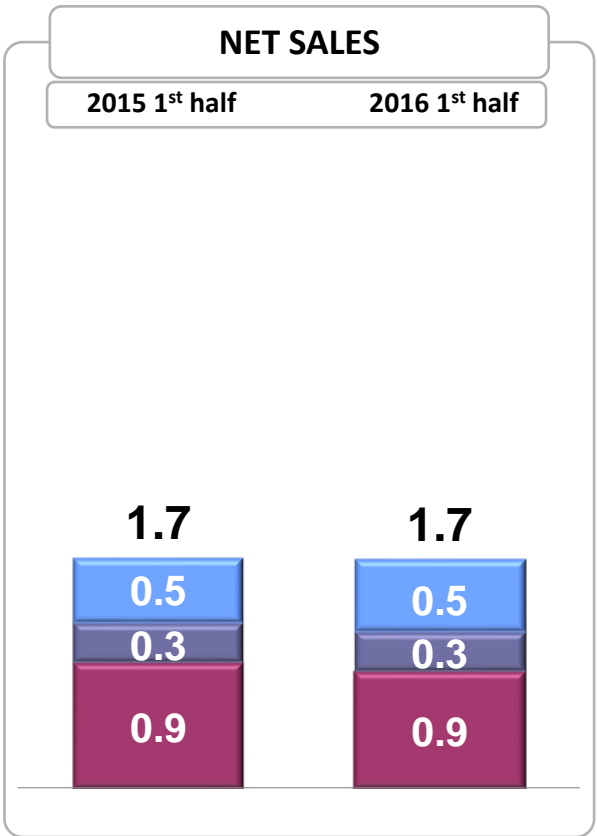
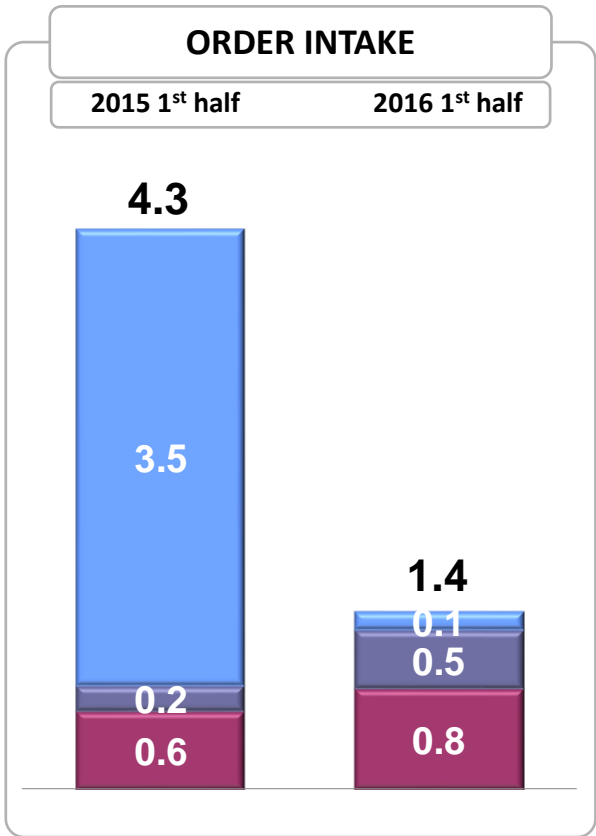
Order intake, deliveries, and backlog

in €bn

DEFENSE Export

DEFENSE France

FALCON



Export part
95%

Export Part
64%

Export Part
79%

Export Part
81%

Export Part
81%

Export Part
79%

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.



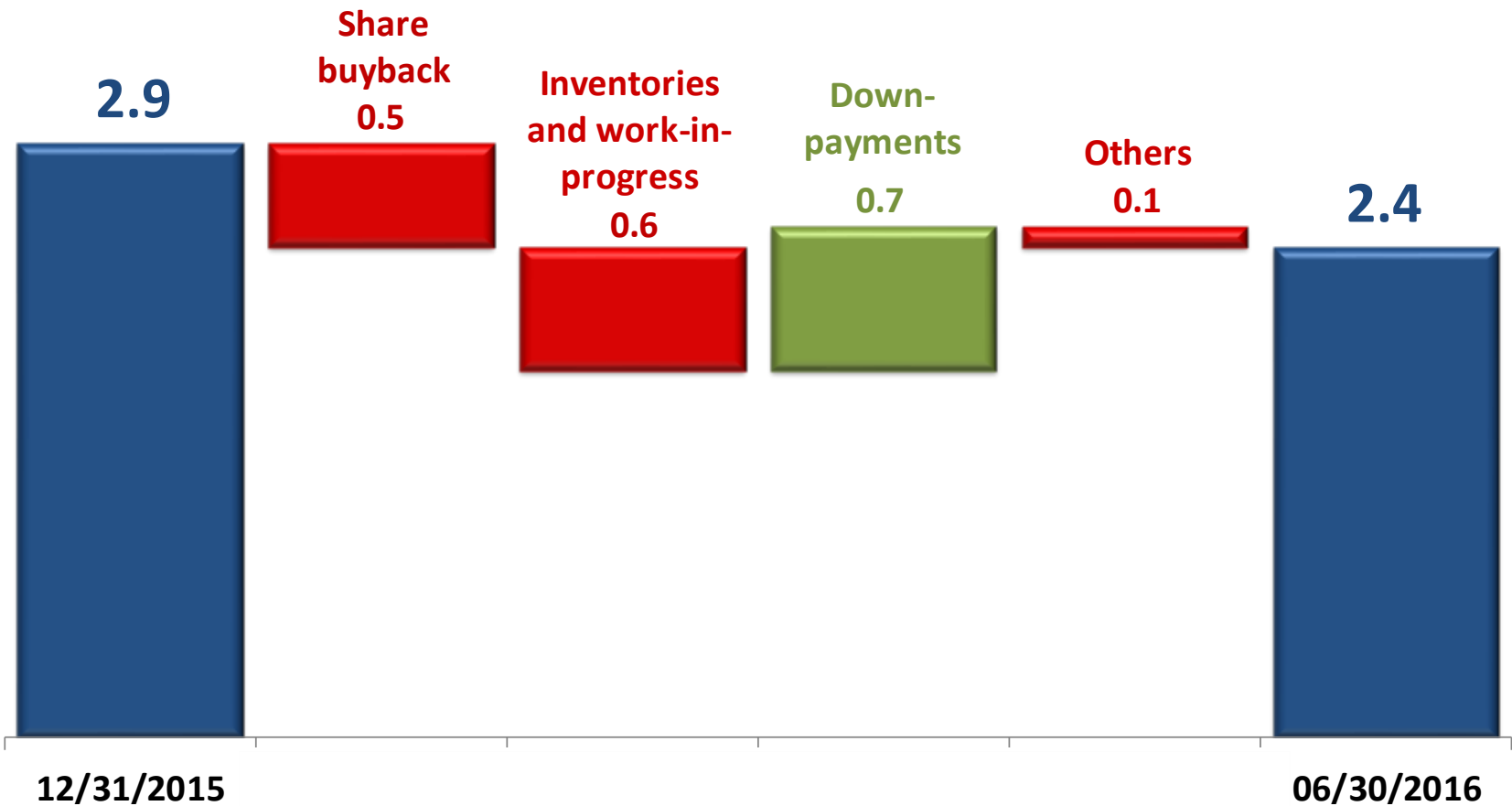
- Hedging rate improvement :
 - ✓ **1.23 \$/€ in the 1st half of 2016,**
 - ✓ 1.25 \$/€ in the 1st half of 2015,
- Consequence of the conversion into EUR of USD balance sheet items :
 - ✓ **adverse impact in the 1st half 2016** (1.11 \$/€ as of June 30, 2016 compared to 1.09 \$/€ as of December 31, 2015),
 - ✓ favorable impact in the 1st half 2015 (1.12 \$/€ as of June 30, 2015 compared to 1.21 \$/€ as of December 31, 2014).

The change in this conversion impacts the income statement without being indicative of the financial performance over the period.

Group adjusted income statement

<i>in € million</i>	1 st Half	
	2015	2016
Net Sales	1,675	1,662
Operating income	144	125
<i>Operating margin</i>	8.6%	7.5%
Adjusted financial income	16	17
Adjusted income tax	-55	-48
THALES	72	89
Other equity affiliates	2	2
Adjusted net income	179	185
<i>Adjusted net margin</i>	10.7%	11.1%
<i>Adjusted net income per share</i>	20.1 €/share	21.4 €/share

Available cash in € bn



Outlook for 2016

The current weakness in the business jet market leads us to reduce our 2016 delivery forecast from 60 to 50 FALCON.

Delivery forecast for 2016 :

- 50 FALCON (vs 55 delivered in 2015),
- 9 RAFALE : 6 FRANCE and 3 EGYPT (vs 8 delivered in 2015, 5 FRANCE and 3 EGYPT).

2016 net sales should be below the 2015 level, in particular, due to the impact of the Indian MIRAGE 2000 modernization program in 2015.

Our strategy :

- selling the RAFALE to INDIA and pursuing opportunities with our other prospects,
- selling the whole FALCON range because, apart from the competitiveness issue, we believe in the business aviation market,
- developing the FALCON 5X and, despite the challenging environment, preparing the launch of a new FALCON program,
- getting FRANCE to clarify its position (drafting of the 2020 - 2025 Military Procurement Act) on the future of the RAFALE and drones,
- being at the cutting edge of technology including suborbital flight expertise and stay at the forefront of pyrotechnics.

Execution of this strategy

In order to execute this strategy, we are currently considering a progressive transformation plan in the following fields:

- corporate culture, quality and organization,
- digital tools, processes and innovation,
- program management,
- rationalization of our industrial tools, specialization per location depending on strategic sectors.

We have already taken measures to this effect like gathering our FALCON completion activity (previously made partially in Bordeaux/Mérignac and Little-Rock) in our specialized facility in Little-Rock (USD zone advantage), gathering our machining activities in Seclin, ...



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