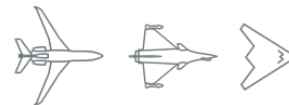




Saint-Cloud
February 28, 2019



PRESS CONFERENCE

2018 HIGHLIGHTS

2018 Highlights



- Serge Dassault 1925 - 2018
- Falcon 6X launch to replace the Falcon 5X and signature of an amicable agreement with Safran
- Qatar : entry into force of the 12 additional Rafale option
- Notification of the Rafale F4 standard contract

2018 ACTIVITIES & PROGRAMS

- Will to relaunch a European defense policy
- French Defense Procurement Law for 2019 - 2025
- Environment uncertainties :
 - Geopolitics
 - Geopolitics tensions and terrorism
 - Trade war between China and the United States
 - Europe : the rise of the populism and European elections
 - Risk of a no deal Brexit
 - India : electoral period
 - Economy
 - Uncertainty on the global growth
 - Inflationary risks and volatility of \$/€ exchange rate

- Delivery of 3 Rafale in 2018 bringing the total delivered up to 152
 - resumption in 2022 of the last 28 Rafale deliveries out of the 180 ordered
- Qualification of the F3-R standard
- Delivery of the last 2 Rafale Navy retrofitted to the F3 standard out of the 10 ordered
- F4 standard contract notification, firm and optional batches
 - ongoing efforts to improve the Rafale
 - innovative connectivity (new satellite and intra-patrol connections, communication server, software radio)
 - new capabilities (enhanced radar sensors and optronic frontal sector) and incorporation of new weapons (Mica NG air-to air missile and 1,000 kg modular air-to-ground weapons)



Florence Parly, Minister of the Armed Forces, on January 14, 2019, in Mérignac for the Rafale F4 standard

French Defense Procurement Law (2019-2025)

- Batch of 30 additional Rafale, reaffirmation by the French Minister of the Armed Forces on January 14, 2019, in Mérignac, notification expected in 2023
- Launch of the European MALE drone program in 2019 (cooperation between Airbus, Dassault Aviation and Leonardo)
- Choice by the Ministry of the Armed Forces of the Falcon platform to carry the Universal Electronic Warfare Capacity (CUGE) : studies notified
- Upgrade of 18 ATL2 instead of the 15 initially planned, and initialization of the ATL2 replacement program (futur PATMAR)
- Renewal of the MARitime SURveillance aircraft fleet based on the Falcon 2000LXS platform : first study notified
- Confirmation of the airborne component upgrade



Rafale Egypt and Qatar

- **Egypt**

- Delivery of 9 Rafale in 2018, bringing the total delivered up to 23
- Fleet support (technical assistance, spare parts, training, ...)

- **Qatar**

- Execution of the 36 Rafale contract
- Pilots training, support implementation
- February 6, 2019 : official acceptance of the first Qatari Rafale



Rafale India

- Execution of the 36 Rafale contract
- Indian Air Force are getting ready for the entry into service of the Rafale
- Important needs in India for combat aircraft
 - answer in May 2017 to the *Request For Information* for the supply of 57 combat aircraft for the Indian Navy
 - answer in July 2018 to the *Request For Information* for the supply of 110 combat aircraft for the Indian Air Force
- Elections in 2019



Nirmala Sitharaman, Indian Defense Minister, in our plant located in Argenteuil, on October 12, 2018

Make in India :

Set up of industrial chain in India

- Dassault Reliance Aerospace Ltd (Nagpur) : start of the industrial operations, plant ramp-up
 - Production of the first Falcon 2000 subassemblies :
 - December 2018 : T3 front tank
 - February 2019 : T1 front section
 - Launch of the construction of final buildings (delivery scheduled mid 2019)
- Expansion of a local industrial ecosystem : primary parts, tools, pylons, containers, etc.
 - Delivery to Dassault Aviation of first primary parts and tools
- Establishment of an engineering center in Pune



Mirage 2000

- **France**

- Continued upgrades works on Mirage 2000D
- Mirage 2000N, entered into service in 1988, retired from French Air Forces

- **United Arab Emirates (UAE)**

- Negotiation with their Armed Forces to upgrade their Mirage 2000-9 fleet



Main checks in UAE, Qatar and support of all Mirage 2000 fleet

Start of a new nEUROn flight test campaign dedicated to stealthiness demonstration with the French Defense Procurement Agency, the French Air Force, and the French Navy, in the frame of a contract for studies and flight tests over 2018-2020



Futur Combat Air System (FCAS)



In June 2018, in Meseberg, at the Franco-German council, in the presence of the French President and the German Chancellor, France and Germany signed a Letter of Intent materializing their will to build together the future weapon systems and act towards the construction of the Europe of Defense.

This Letter of Intent was followed, on November 19 2018, by a joint statement to launch the initial works on the Future Combat Air System (FCAS) :

- on January 31 2019, a 2-year conception and architecture study was notified under the leadership of Dassault Aviation and Airbus
- demonstrators for the combat aircraft and its engine are to be launched at the 2019 Paris Air Show
- Dassault Aviation leader of the New Generation Fighter (NGF)

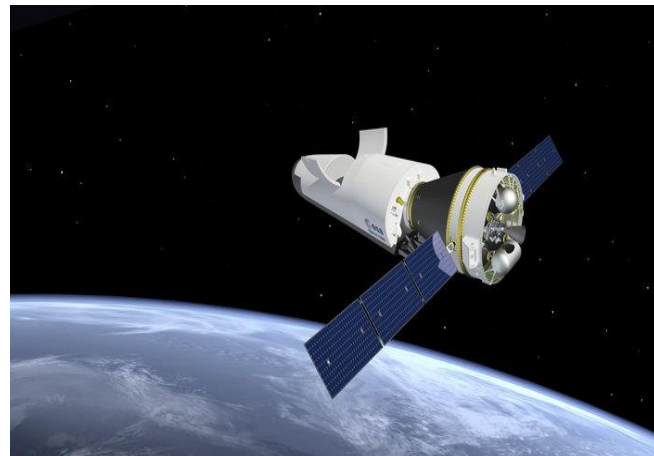
- **Space vehicles**

- New batch of the study contract for the reusable orbital vehicle « Space Rider » from the European Space Agency (ESA) (1st flight in 2021)
- Dassault Aviation in charge of the vehicle shape design

- **Pyrodigital**

- 2 studies with the French Defense Procurement Agency and the French Space Agency for the use of a securitized digital bus to convey the pyrotechnic order for both Callisto demonstrator and Rafale

- **Interest in the new Defense space policy**



MARitime SURveillance

- **Japan**

- Notification by the Japanese Coast Guard of the purchase of a 5th MARitime SURveillance Falcon 2000
- 1st deliveries scheduled in the 1st half 2019



- **France**

- Delivery of the 1st retrofitted MARitime SURveillance Falcon 50 with additional dropping capacity of SAR (Search And Rescue) chains



**Official program launch early 2018
entry into service in 2022**

Program development in line with schedule :

- primarily development stage completed and first structural parts are being manufactured
- PW812D engine tests are on time :
 - 4 engines tested
 - 120 hours run on flying test bench
- Design platforms set up in Saint-Cloud and Mérignac in cooperation with our industrial partners



- Constant improvement in performance and comfort :
 - « FalconEye » : EFVS certification up to 100 feet for approaches under poor weather conditions
 - « Falcon Connect » launch, an integrated management solution to facilitate the in-flight use of connected devices
 - Development of high speed (Ka) connectivity for aircraft in service
- Falcon 8X :
 - Long range demonstrated : Singapore – London in 14 hours
 - Unmatched aircraft in terms of comfort and acknowledged for being the most silent aircraft on the market



Falcon Family



8X (6 450 NM)



7X (5 950 NM)



6X (5 500 NM)



900LX (4 750 NM)



2000LXS (4 000 NM)



2000S (3 350 NM)

Future Falcon

In progress : marketing and technical studies are ongoing

Falcon Customer Service

- 1st in the following categories of the Aviation International News (AIN) annual survey regarding customer satisfaction

#1 Overall Average*	#1 Parts Availability
#1 AOG Response*	#1 Overall Aircraft Reliability**
#1 Warranty Fulfillment	#1 Technical Reps

- Falcon Response :
 - 2 dedicated aircraft
 - 191 missions (1 395 flight hours)

*ex aequo Gulfstream

**ex aequo Gulfstream & Embraer



Dassault Aviation aims to develop its footprint and its worldwide Falcon maintenance capacities :

- bring back Falcon aircraft maintenance in a company owned network to control quality and to directly manage customer relationship over the entire maintenance life cycle of our aircraft
- strengthen our commercial footprint in particular in Europe, Africa, Middle-East and Asia-Pacific
- remediate the risk that a competitor becomes the main maintenance contractor of our aircraft.

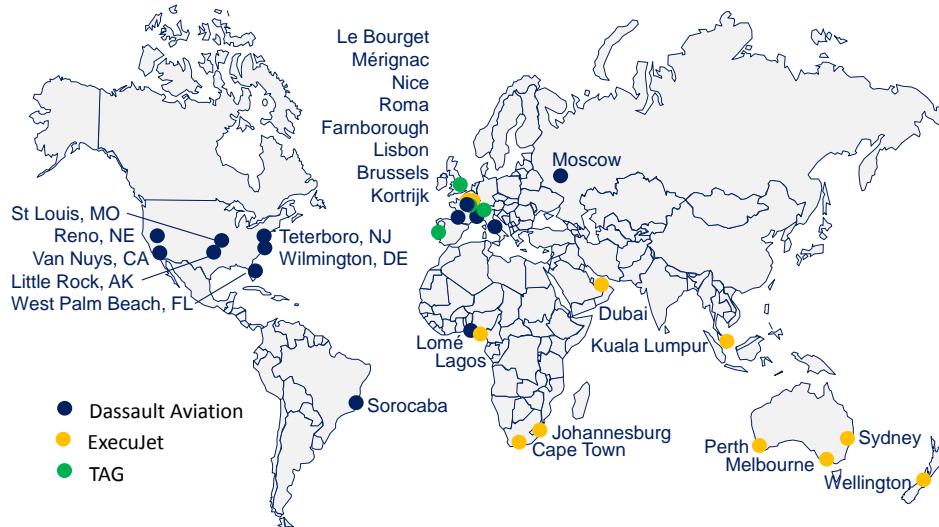
In this context, Dassault Aviation acquired the maintenance activities of two aerospace maintenance companies (ExecuJet and TAG Aviation).

The acquisition of these service centers will allow us to increase our available maintenance capacity and to spread our company owned network.

Falcon Customer Support : acquisition of ExecuJet's and TAG Aviation's maintenance activities

**Develop a high-quality customer support network,
and increase our market share in Falcon maintenance**

- **Acquisition of 15 service centers of ExecuJet and TAG Aviation**, located in Africa, Middle-East, Asia-Pacific and Europe
- Integration of ExecuJet's and TAG Aviation's maintenance activities in 2019, after appropriate authorizations obtained

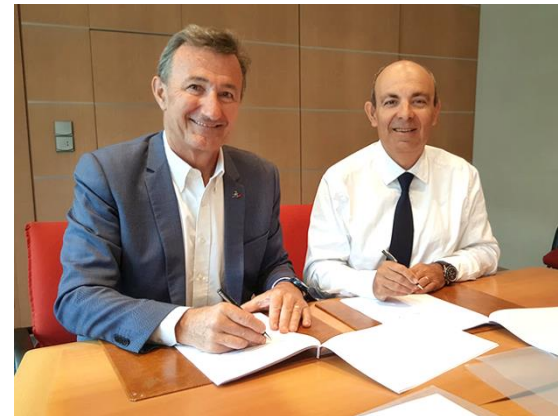


Transformation Plan (1/2)

Digital Transformation

Strategic partnership signed between Dassault Aviation and Dassault Systèmes

- 3DEXperience™ collaborative engineering platform implementation :
 - 1st implementation : new Falcon and FCAS
 - then implementation on all programs
- Big Data policy in order to :
 - improve and offer additional products and services
 - make all management tools available based on data sharing
- Decision to implement SAPRISO for all production steps



Transformation Plan (2/2)

Locations

ARGENTEUIL / PROJET CERGY 2021

- Complex piping
- Forward fuselage assembly
- Equipped skin panels
- Rafale fuselage outfitting

BRUZ (SOGITEC)

- Simulation

MÉRIGNAC

- Final assembly of Rafale & Falcon
- Painting and Rafale delivery
- Falcon interiors layout
- Special mission aircraft
- Pre-delivery runway & flight testing of production aircraft
- Test and new technologies laboratories
- Conception, industrialization, support
- Functional and operational departments
- (DFS) Falcon maintenance

MARTIGNAS

- Wing assembly
- Flat products assembly
- Pyrotechnical operations

SECLIN

- Shaped and machined metallic parts

LE BOURGET

- Showroom, Falcon deliveries
- (DFS) Falcon maintenance and chartering

SAINT-CLOUD/SURESNES

- Headquarter, management et engineering department
- (SOGITEC) Simulation

POITIERS

- Canopies (manufacturing, parts and repair)
- Loads
- Aerostructure repairs

ARGONAY

- Flight control systems (manufacturing, parts and repair)
- Additive Layer Manufacturing (ALM)

ISTRES

- Runway & flight testing of development
- Test benches
- Aircraft renovation works
- Weapons testing (Cazaux)

BIARRITZ

- Composites parts
- Fuselage sections
- Fuselage mating

RENO (DFJ)

- Service center

TETERBORO (DFJ)

- Falcon sales
- Spare parts
- Marketing

WILMINGTON (DFJ)

- Service center

LITTLE ROCK (DFJ)

- Falcon interiors and painting (integration, development)
- Pre-delivery flights
- Falcon deliveries

NEW DELHI (DASI)

- Headquarter

NAGPUR (DRAL)

- Assembly Falcon 2000 & Rafale

PUNE (DASI)

- Engineering center

Corporate Responsibility

Environment : constantly reducing our environmental footprint

- member of the Civilian Aerospace Research and Orientation Council ("Grenelle de l'environnement")
- ↘ 11% of gas consumption over the last 5 years
- 79% of waste recovered

Societal :

- support of a large network of French aeronautical SME and midcaps (member of the SME Defense Pact)
- tax expenses amounting € 178 M in 2018 in France (93% of Group-level taxes paid in France)
- cooperation with the academic community (working method conventions, production facilities visits, chairs...)
- active role in several charities (organ donations, community service projects...)
- Code of Ethics defining a Code of Conduct with our clients, partners, suppliers and employees

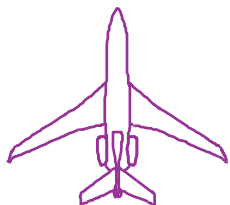
Social :

- € 168 M of profit-sharing and incentives schemes including correlated social tax
- average gross annual salary amounting € 57,100 excluding profit-sharing and incentives schemes
- 856 new hires in 2018
- strong-willed policy for female staff recruitment
- agreement in favor of the recruitment of disabled workers

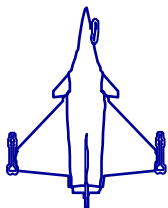
2018 RESULTS
DASSAULT AVIATION GROUP

Order Intake, Deliveries and Backlog

in units



FALCON



RAFALE Export

RAFALE France

ORDER INTAKE

2018

2017

42

38

52

41

-10 F5X

-3 F5X

12

0

DELIVERIES

2018

2017

41

49

12

9

9
3

8
1

BACKLOG

12.31.2018

12.31.2017

53

52

101

101

73

70

28

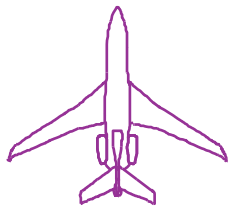
31

Incl. 5X not cancelled

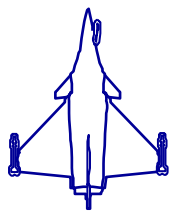
Order Intake, Net Sales and Backlog

in € Bn- 2017 IFRS 15 pro forma

N.B. : Dassault Aviation recognizes the Rafale Export contracts in their entirety (i.e. including the Thales and Safran parts), whereas for France, only the Dassault Aviation part is recognized.



FALCON



Defense Export

Defense France

ORDER INTAKE

2018

2017

5.0

2.3

1.7

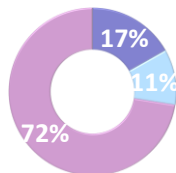
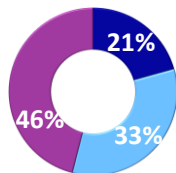
1.0

3.3

2.4

0.4

0.5



NET SALES

2018

2017

5.1

2.6

1.4

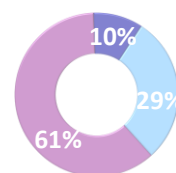
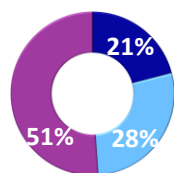
1.1

4.9

3.0

1.4

0.5



BACKLOG

12.31.2018

12.31.2017

19.4

2.2

14.2

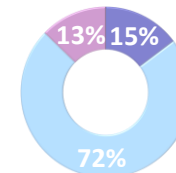
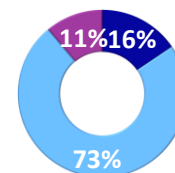
3.0

19.5

2.5

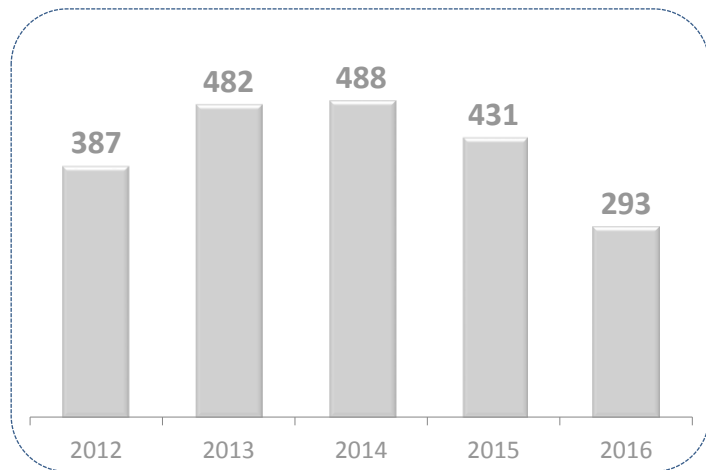
14.0

3.0



Self-funded R&D

in € million and in % of net sales



on average 10 % of net sales

€ 392 M

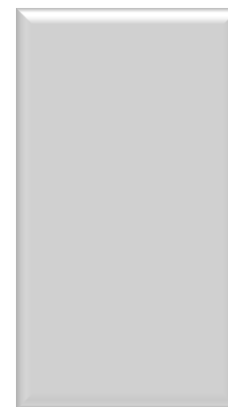
7.7% of Net Sales



2018

€ 313 M

6.4% of Net Sales



2017

- Dassault Aviation has been a shareholder of Thales since 2009 and as a leading industrial shareholder Dassault Aviation has entered into a shareholders' agreement with the French State
- The change in adjusted net income since 2009 is as follows :

<i>in € million</i>	2009	2010	2011	2012	2013	2014	2015	2016	2017 ^(*)	2018
Adjusted net result	-128	-45	517	570	642	562	809	897	840	1,178
<i>Adjusted net margin</i>	-1.0%	-0.3%	4.0%	4.0%	5.1%	4.3%	5.8%	6.0%	5.5%	7.4%

- Gemalto takeover bid launched in 2018 to be finalized in the 1st half of 2019

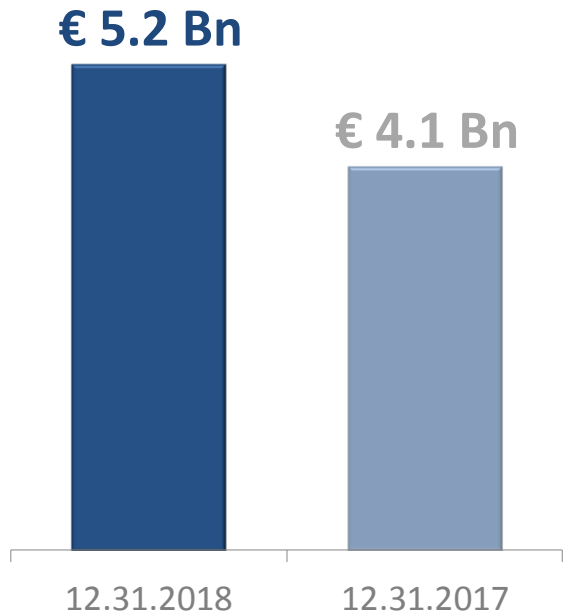
(*) IFRS15 *pro forma*

Group Adjusted Income Statement

<i>in € millions</i>	2018 (*)	2017 IFRS 15 Restated
NET SALES	5,084	4,876
OPERATING INCOME	669	357
<i>Operating margin</i>	<i>13.2%</i>	<i>7.3%</i>
FINANCIAL INCOME	-77	-57
THALES and other equity affiliates	294	210
TAXES	-205	-100
NET INCOME	681	410
<i>Net income margin</i>	<i>13.4%</i>	<i>8.4%</i>
<i>Earning per share</i>	<i>€ 82.1</i>	<i>€ 49.8</i>

(*) including Safran compensation on the Silvercrest engine ; without Safran compensation, operating margin would be 9.2% of net sales instead of 13.2% et and net margin 10.8% instead of 13.4%

Available Cash



The € 5,2 Bn cash amount includes, in particular, Rafale Export down payments received for ongoing contracts.

N.B: Rafale Export contract execution, two Falcon programs development and large investments for the transformation plan in the coming years should result in the decrease of available cash.

Dividend's proposal €21.2 / share
to be submitted to the Annual General Meeting on May 16, 2019

	2018	2017
<i>Dividends</i>	€ 177 M	€ 127 M
<i>Payout</i>	26%	26% (*)
<i>Dividend per share</i>	€ 21.2	€ 15.3

(*) on published adjusted Group net income

N.B.: in terms of earnings distribution policy, Group employees will receive, under profit-sharing and incentives schemes, **140 million euros** i.e. **168 millions euros including correlated social tax** (whereas the legal formula would have led to an amount of 30 million euros excluding the specific correlated social tax)

2019 Outlook and Strategy

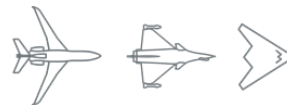
- Continue promotion and sale of our Falcon and Rafale
- Complete FCAS studies and obtain the launch of a demonstrator for the future combat aircraft at the Paris Air Show
- Continue the Falcon 6X development for an entry into service in 2022
- Confirm the future Falcon launch
- Start of the Rafale F4 standard development
- Perform the Falcon and Rafale contracts in terms of quality, time and cost objectives
- Participate in the response to the “Invitation To Tender” for a contract launching the MALE RPAS program
- Continue to work on preparing the Falcon MARitime SURveillance and CUGE order with France
- Deliver the ATL2 upgrade in 2019
- Finalize the new Rafale France Maintenance in Operational Conditions contract
- Increase the effectiveness of Falcon support and continue to develop a network of high-quality service centers
- Continue the development of the “Make in India ” industrial line
- Promote our skills in space
- Continue to implement the Transformation Plan

Guidance 2019

- **45 Falcon** deliveries
- **26 Rafale Export** deliveries
- ➔ **Significant rise of net sales in 2019**



Saint-Cloud
February 28, 2019



PRESS CONFERENCE