

PRESS CONFERENCE

July 23rd 2020



CONTEXT

COVID-19 A MAJOR SANITARY AND ECONOMIC CRISIS (1/3)

The Covid-19 epidemic triggered an unprecedented global crisis as to its sanitary and economic consequences, its magnitude, its geographic scope and its duration.

Contribution of Dassault Aviation Group to the national effort in France by providing our Falcons :

- operation called “Résilience”, with the French Ministry of Armed Forces, to fly healthcare workers and medical equipment within France and worldwide,
- operation organized by Aviation Without Borders (ASF) to repatriate and transport healthcare personnel or medical equipment on request.

Operational process adapted to ensure employee safety:

- Dassault Aviation Parent Company : suspension of production activities on March 18 and tertiaries on March 23, then resumption in successive steps from April 3 (in an ongoing dialogue with staff representative bodies in accordance with health and social constraints), by focusing on remote work and deploying furlough measures when unavoidable. As of June 8, on site presence is the norm, together with remote working to cope with the workspace occupancy rate,
- Subsidiaries : implementation of sanitary measures, use of remote working and temporary furlough. Some sites were temporarily shut down.

COVID-19 A MAJOR SANITARY AND ECONOMIC CRISIS (2/3)

Launch of a Business Continuity Plan that prioritized our efforts :

- customer support (Armed forces in priority),
- production and delivery of Rafale and Falcons,
- development of the Falcon 6X.

Cancellation of the dividend proposal and suspension of our 2020 guidance on April 1st.

Support and assistance to our sub-contractors and suppliers throughout this crisis. The Aeronautics Support Plan announced by the French government on June 9, drafted in collaboration with GIFAS, structures support to the sector's ecosystem and investment in the future, among which the future “decarbonized” aircraft within the frame of the Civil Aviation Research Council (CORAC).

COVID-19 A MAJOR SANITARY AND ECONOMIC CRISIS (3/3)

Covid-19 crisis consequences :

- decrease of Falcon deliveries which leads to a new 2020 guidance of 30 Falcons whereas 40 were initially guided,
- beyond this lag in net sales, 1st half results negatively impacted by costs associated with unworked hours and sanitary measures, partially offset by government support, alleviated charges and SG&A reduction at Dassault Aviation Group.

The effects of the crisis are likely to be long-lasting as numerous economic sectors are impacted. Our Falcon market is directly impacted (the lag in Falcon deliveries and orders leads to a lowering adjustment of Falcon production rates) and a potential new Rafale Export contract is postponed.

CRISIS RECOVERY STRATEGY

UNCHANGED AMBITION IN A HARSH AND UNCERTAIN ECONOMIC ENVIRONMENT

- Sell and deliver Falcons
 - Falcon 6X: comply with our schedule (entry into service in 2022)
 - Rafale: negotiate an additional batch for France, and pursue export prospection
 - Pursue the future Falcon development
 - Pursue our developments in the multi-mission Falcon field
 - CORAC environmental transition technologies
 - Bring forward the FCAS/NGF program and contribute to the MALE program
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- High self-financed Research & Development (vs. net sales)
 - Continuity of our transformation plan (digital, extended engineering platform and sites): rescheduled
 - Adjustment of workforce to the planned workload rescheduled in accordance with backlog

ACTIVITIES & PROGRAMS

RAFALE DELIVERIES

7 Rafale (India and Qatar) delivered during the 2020 1st half



Rafale Qatar



Rafale India

RAFALE

- Negotiation of an additional batch for France
- Ongoing works on the F4-Standard
- No Rafale delivery to France in 2020 and 2021 in accordance with the French Military Procurement Law
- Resumption of deliveries in 2022 of the 28 Rafale out of 180 ordered by France
- Ongoing discussions with Export prospects despite travel restrictions



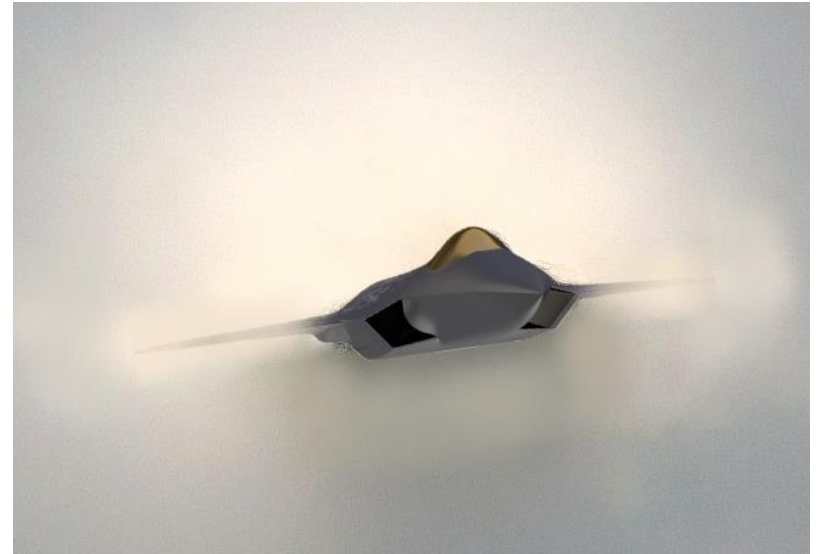
FUTURE COMBAT AIR SYSTEM (FCAS)

February 20, 2020 : French and German governments awarded Dassault Aviation, Airbus, together with their partners MTU Aero Engines, Safran, MBDA and Thales, the initial framework contract (Phase 1A), which launches the demonstrator phase for the FCAS, including the demonstrator of the New Generation Fighter (NGF)

This framework contract covers a first period of 18 months with the ambition to begin flight tests in 2026.

Next major step of the program: integration of Spain and involvement of additional suppliers, that will require a new notification by governments in 2021.

As of today, first works performed on the NGF demonstrator project in partnership with Airbus Defence and Space have been focused on the aerodynamic design.



EURODRONE

Final contract negotiations are ongoing between the OCCAR (Organization for Joint Armament Cooperation) and Airbus Defense & Space (lead contractor), Leonardo and Dassault Aviation (main subcontractors)



MULTI-MISSION AIRCRAFT

Falcon

- Launch of the strategic intelligence program “Archange” based on a Falcon 8X platform (2 ordered, 1 option)
- Design study of maritime surveillance and intervention Falcon 2000 AVSIMAR for the “Albatros” contract
- Delivery of the 3rd Falcon 50SurMar equipped with hatches for dropping SAR (Search and Rescue) kits
- Delivery of the Falcon 2000LX to DLR (German Aerospace Center)

Atlantique 2

Release, early April, of the 3rd upgraded ATL2 out of 7 to be performed by Dassault Aviation



FALCON CONTEXT

Travel restrictions related to the Covid-19 epidemic and the serious economic consequences of the health crisis are deeply impacting the business jet market.

During the crisis, priority was given to the :

- client support continuity
- aircraft deliveries
- Falcon 6X ongoing development



Business jet flight hours in the United-States went up and business jet flight safety level could be an opportunity.

Nevertheless orders and deliveries are lagged and tensions rise up on prices.

→Global economic conditions evolution is to be examined and we have to ensure Falcon 6X is on time for the crisis recovery.

FALCON 6X

Falcon 6X development was part of our core priorities during this period

Nominal program advancement : maiden flight planned in 2021, entry into service in 2022

- aircraft #1 assembly completed in Mérignac and powered-up performed for the 1st time
- start of aircraft #1 ground tests
- aircraft #2 and #3 assembly in progress
- PW812D Engine : nominal development
 - ✓ over 2,000 hours of tests and 16,000 hours of tests on the high-pressure system
 - ✓ 2nd batch of flying test bench in progress with aircraft #1 engine
 - ✓ full compliance with the CO₂ emissions' regulation and largely above noise performance requirements

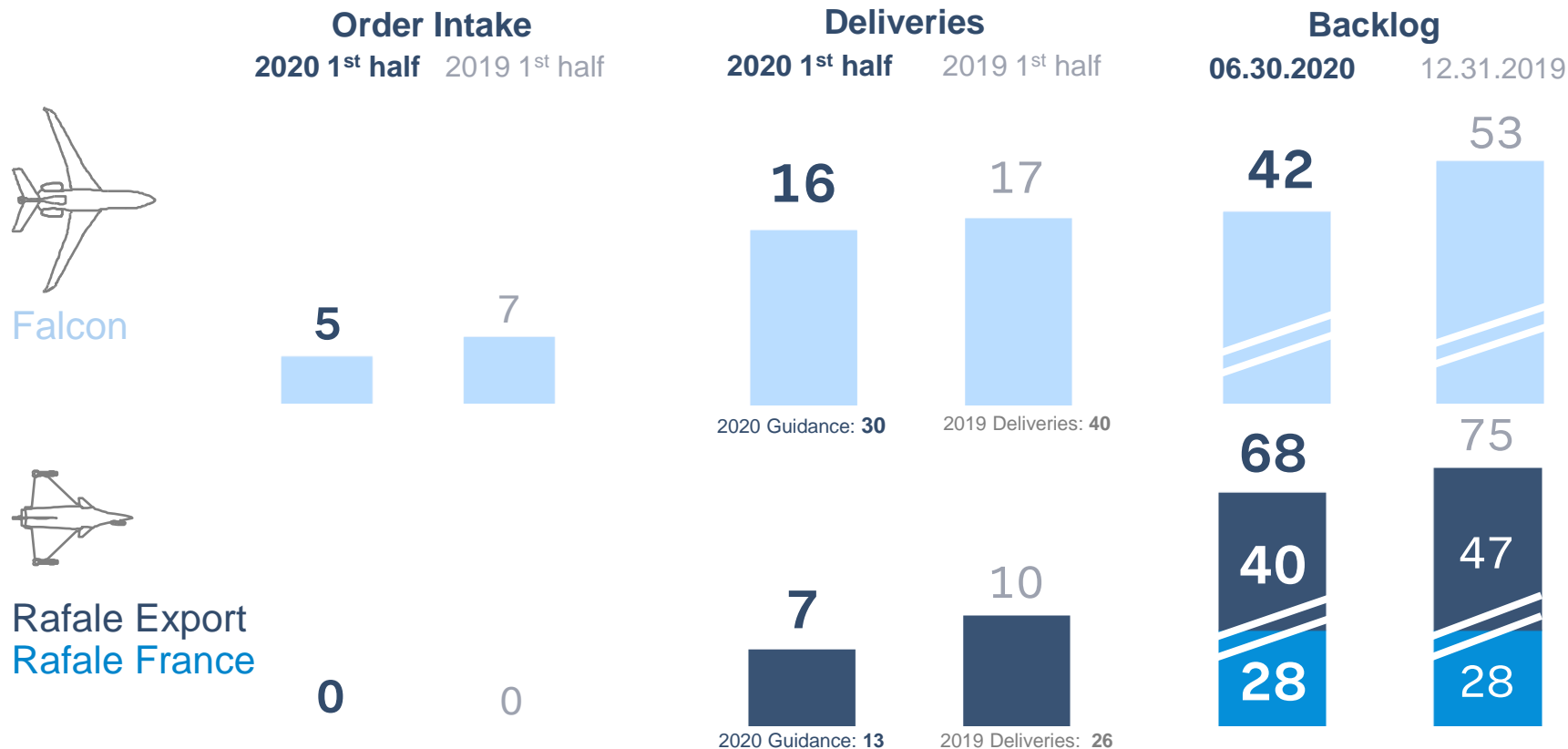


FUTURE FALCON

Pursuing the development of the Falcon family.
Announcement postponed.

2020 1st HALF RESULTS

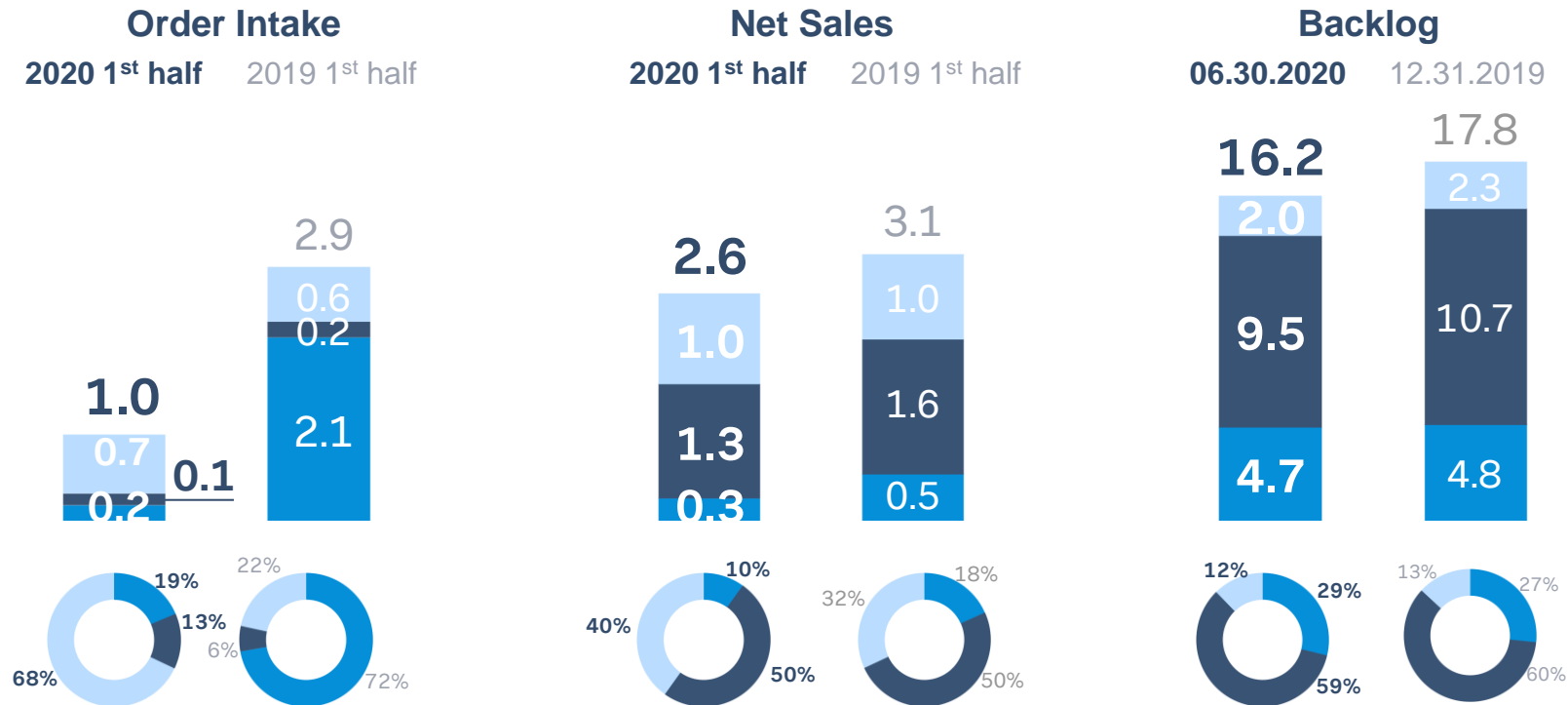
ORDER INTAKES, DELIVERIES AND BACKLOG IN UNITS



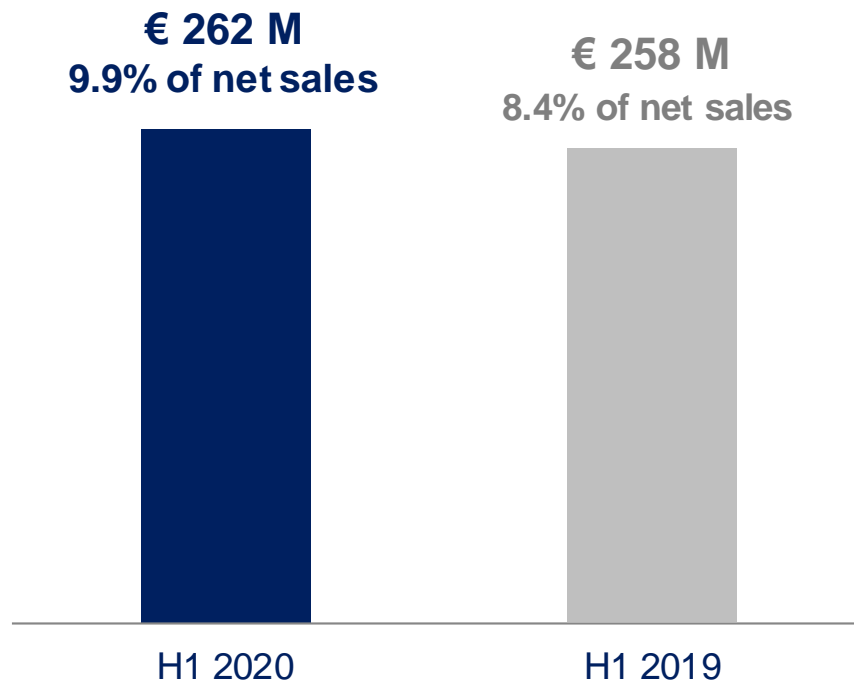
ORDER INTAKE, NET SALES AND BACKLOG IN € BILLION

p.m. : Dassault Aviation recognizes the Rafale Export contracts in their entirety (with the Thales and Safran parts)

■ Falcon ■ Defense Export ■ Defense France



CONSOLIDATED SELF-FUNDED R&D IN € MILLION AND IN % OF NET SALES



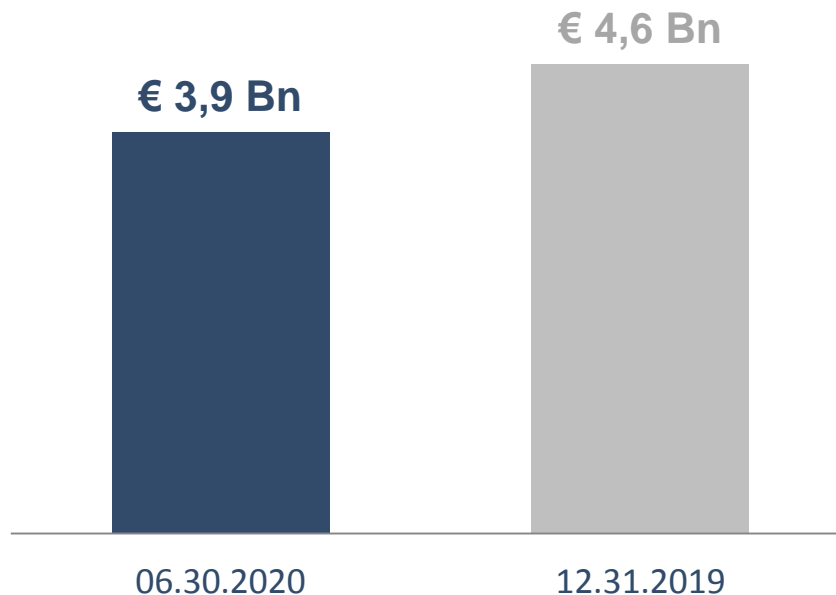
ADJUSTED CONSOLIDATED INCOME STATEMENT

<i>in € million</i>	1 st half	
	2020	2019
NET SALES	2,641	3,058
OPERATING INCOME	55	250
<i>Operating margin</i>	2.1%	8.2%
FINANCIAL INCOME	-19	-26
THALES and other equity affiliates	60	143
TAXES	-9	-81
NET INCOME	87	286
<i>Net margin</i>	3.3%	9.3%

CONSOLIDATED AVAILABLE CASH

Available cash stands at € 3.9 Bn including Rafale Export downpayments received for ongoing contracts.

The decrease is mainly due to the increase of working capital (decrease of downpayments received on Export contracts further to deliveries and raise in inventories and work-in-progress).



REVISED 2020 GUIDANCE

In an uncertain Covid-19 context, and its economic consequences, our new guidance is:

- **Delivery of 30 Falcon** (vs 40 planned before Covid)
- **Delivery of 13 Rafale** (same as before Covid)
- **Decrease of net sales**