

Order intake	27 FALCON compared to 25 in the first half-year 2012
Deliveries	29 FALCON and 5 RAFALE compared to 34 FALCON and 4 RAFALE in the first half-year 2012
Net sales	EUR 1,826 million
Adjusted net income*	EUR 165 million
Adjusted net margin*	9.0%

* In order to enable a better monitoring and benchmarking of its economic performance, DASSAULT AVIATION presents **an adjusted net income**. The Group consolidated net income is adjusted with :

- neutralizing amortization of THALES purchase price allocation (PPA),
- neutralizing change in fair value of derivative exchange instruments not eligible to hedge accounting.

Cf. Appendix : Table of reconciliation between consolidated income and adjusted income.

Saint-Cloud, 25 July 2013 – The Board of Directors, chaired by Mr. Éric Trappier, closed yesterday the financial statements for the first half-year 2013. These consolidated condensed interim financial statements were reviewed by the Statutory Auditors who expressed an unqualified opinion.

Éric TRAPPIER, Chairman and CEO of DASSAULT AVIATION, stated :

« We are going through times of hopes and uncertainties :

- after its maiden flight, last December, nEUROn demonstrated the exceptional know-how of France and Europe, but the Public Authorities are looking overseas to purchase MALE drones. We have to obtain the launching of a UCAS (Unmanned Combat Air Systems) program and a European MALE (Medium Altitude Long Endurance) program.
- RAFALE carries our hopes with export and its operational successes, especially in Mali. However, interrogations weigh on budgetary policies concerning French programs. It is important to sign the RAFALE contract with India,
- FALCON market, subject to worldwide macro-economic evolutions, shows an uncertain recovery.

Thus, we must keep on fighting in three fields : sales, support and innovation. By innovation, we mean completion as well as on-going modifications in our current fleet and, of course, the SMS.

We must maintain and even intensify efforts to sell RAFALE and FALCON, while preparing the future with the new RAFALE standards, drones, the SMS and the next FALCONS. »

Order intake and backlog

2013 first half-year orders amounted to **EUR 1,410 million** compared to EUR 1,424 million in the first half-year 2012. Export represented 93% of the total order intake.

New orders, net of cancellations, stood at **27 FALCON** in the first half-year 2013 compared to 25 FALCON in the first half-year 2012. FALCON order intake reached EUR 1,242 million in the first half-year 2013 compared to EUR 1,048 million in the first half-year 2012.

Defense orders include support and development contracts. 2012 first half-year was marked by a significant order of simulators.

As of June 30, 2013, consolidated backlog amounted to EUR **7,517 million** compared to EUR 7,991 million as of December 31, 2012, down by 6%.

Net sales

Consolidated net sales amounted to EUR **1,826 million** in the first half-year 2013 compared to EUR 1,929 million in the first half-year 2012, down by 5%. Export net sales represented **74%** of total net sales.

FALCON net sales decreased by 8%, reaching EUR 1,329 million in the first half-year 2013 from EUR 1,437 million in the first half-year 2012. **29 FALCON were delivered in the first semester 2013**, compared to 34 in the first half-year 2012.

FALCON net sales represented 73% of the total net sales.

5 RAFALE were delivered to French Air Force and Navy in the first half-year 2013 vs. 4 in the first half-year 2012. Nevertheless, net sales remain stable because of a decrease in support and development activities.

The book-to-bill ratio reached 0.77.

Operating income

2013 first half-year **operating income** amounted to EUR **187 million** compared to EUR 244 million in the first half-year 2012.

Operating margin stood at **10.3%** compared to 12.7% in the first half-year 2012. This decrease is mainly due to the increase of research and development costs.

The increase of research and development costs (EUR 237 million in the first half-year 2013, corresponding to 13.0% of net sales, compared to EUR 206 million in the first half-year 2012, corresponding to 10.7% of net sales) contributes to a decrease of the operating margin.

Adjusted financial income

2013 first half-year adjusted financial income amounted to EUR 2 million vs. EUR 1 million in the first half-year 2012.

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Adjusted net income

Adjusted net income (excluding THALES) amounted to **EUR 122 million** compared to EUR 164 million in the first half-year 2012. **Adjusted** net margin **(excluding THALES)** reached 6.7% vs. 8.5% in the first half-year 2012.

THALES contribution to the Group net income, before amortization of Purchase Price Allocation, amounted to EUR 43 million in the first half-year 2013 compared to EUR 41 million in the first half-year 2012.

Adjusted net income amounted to **EUR 165 million** compared to EUR 205 million in the first half-year 2012. **Adjusted** net margin reached 9.0% vs. 10.6% in the first half-year 2012.

In IFRS, 2013 first half-year net income amounted to EUR 135 million compared to EUR 187 million in the first half-year 2012.

Financial situation

The Group has defined a specific indicator, « available cash », that reflects the Group's total liquidities net of borrowings.

Consolidated available cash reached **EUR 3,577 millions as of June 30, 2013** compared to EUR 3,760 million as of December 31, 2012, down by EUR 183 million.

This decrease is mainly due to an increase in working capital (EUR -271 million) and dividends payment (EUR - 94 million), partially offset by the first half-year consolidated net cash from operating activities (EUR + 192 million).

Attributable equity amounted to EUR 4,792 million as of June 30, 2013 compared to EUR 4,747 million as of December 31, 2012 restated.

Group activities

Regarding business jets, FALCON 2000LXS and FALCON 2000S have both been certified in the first half-year 2013. FALCON 2000S deliveries also started on the first half-year.

Defense programs were marked by the publication of the French Government "Livre Blanc" on Defense and National Safety which in the long term reduces the fleet of fighters in the French Air and Navy Forces from 300 to 225. French Military Program Law will be enacted in the coming months with its budgetary transcription. They will have a direct impact on our Defense programs.

RAFALE program was marked, in the first half-year 2013, by the negotiations of the contract following on RAFALE selection in 2012 by the Government of India. Prospecting continues in other countries.

In addition, the Indian MIRAGE 2000 modernization program is on track. First flight is planned in the second half of 2013.

Concerning UCAV (Unmanned Combat Air Vehicles), it has to be noted :

- the « Radar Cross Section » measurement campaign of the nEUROn demonstrator and the display of the aircraft at the Paris Air Show. DASSAULT AVIATION is prime contractor of this program, with five European industrial partners,

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- the pursue of the preparatory study for the launching of an Unmanned Combat Air System (UCAS) demonstrator, in cooperation with BAE Systems.

Concerning MALE (Medium Altitude Long Endurance) UAV, we have started discussions with European industrial partners to examine the possibilities of designing and producing together a European MALE drone. A common declaration of intent was made at the opening of the Paris Air Show.

2013 outlook

DASSAULT AVIATION Group expects to deliver around 70 FALCON (compared to 66 in 2012) and 11 RAFALE in 2013. 2013 net sales should be higher than 2012 net sales.

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Appendix : table of reconciliation between consolidated income and adjusted income

The impact in the first half-year 2013, of the THALES PPA amortization and the change in fair value of derivative exchange instruments adjustments on income statement is detailed below :

(EUR thousands)	1^{er} half-year 2013 Consolidated data	THALES PPA amortization (1)	Change in fair value of derivative exchange instruments (2)	1^{er} half- year2013 Adjusted data
Financial income / expense	- 799		2 797	1 998
Share of income of equity affiliates	14 329	28 269		42 598
Income tax	- 66 311		- 963	- 67 274
Net income	134 699	28 269	1 834	164 802

(1) neutralization of THALES Purchase Price Allocation (PPA) amortization, net of income tax.

(2) neutralization of the change in fair value, net of income tax, of derivative exchange instruments which do not qualify for hedge accounting under the specific rules of IAS 39 « Financial Instruments ».

The impact in the first half-year 2012, of the THALES PPA amortization and the change in fair value of derivative exchange instruments adjustments on income statement is detailed below :

(EUR thousands)	1^{er} half-year 2012 Consolidated data (*)	THALES PPA amortization (1)	Change in fair value of derivative exchange instruments (2)	1^{er} half- year2012 Adjusted data (*)
Financial income	23 922		-22 506	1 416
Share of income of equity affiliates	8 288	32 702		40 990
Income tax	-89 203		7 749	-81 454
Net income	187 109	32 702	-14 757	205 054

(*) IAS 19 revised restated data.

(1) neutralization of THALES Purchase Price Allocation (PPA) amortization, net of income tax.

(2) neutralization of the change in fair value, net of income tax, of derivative exchange instruments which do not qualify for hedge accounting under the specific rules of IAS 39 « Financial Instruments ».

Readers are reminded that only the consolidated financial statements are reviewed by the Statutory Auditors as of June 30, 2013. Adjusted financial data are subject to the verification procedures applicable to all of the information provided in this press release.