



Dassault Aviation

2018 HY Results

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List of MAIN speakers	Company	Job title
Eric Trappier	Dassault Aviation	Chairman & CEO

PRESS CONFERENCE

Eric Trappier
Chairman & CEO

Good evening. Welcome to this presentation of the half-yearly accounts of Dassault. Before beginning we will have a look at a very short film. Thank you.

(Film plays in French 00:14-02:30). So, last December, after getting more information about the engine development status, I had no choice but to stop the 5X development and to look for the best possible alternative engine. We have selected the Pratt & Whitney 12D engine, which was the closest match, and designed an aircraft that could take benefit from this more powerful engine in a very short time. This resulted in an aircraft slightly bigger than the 5X, offering more range and a longer passenger cabin, and retaining the same wing aerodynamic shape, which proved very efficient during our short flight test programme with the 5X. In short, you will discover an aircraft which is the optimum combination of advanced technologies, not for the sake of technology, but for mission capability, for comfort, reliability, and above all for safety. So, ladies and gentlemen, it is now time for me and for you to discover this new and roomiest and most advanced twin jet in the long-range market. We will call it the Falcon 6X.

Film Voiceover

Imagination is the raw material of innovation. Fired by passion, fuelled by dedication, guided by experience, details are combined, designs unfold, and perfection is pursued. A new paradigm is born, takes off, and points the way to something wider, taller, smarter. The Falcon 6X. It's a class all its own. (Film continues in French 04:42-11:08).

ACTIVITIES & PROGRAMS

1st HALF 2018

Eric Trappier
Chairman & CEO

So now, we're going to talk about this first half.

2018 CONTEXT

The economic context, as you know, is marked by a certain number of trends, trade war between the United States and China and Europe, the volatility of the dollar, the rise in oil prices, which has come up. In terms of geopolitics, the vote of the French Defence Procurement Law, and the Franco German partnership I'll talk about this a little later. The European Commission has launched the European Defence Fund that prefigures some financial help for research and technology and for programs in European cooperation, the Brexit. You can follow whatever is happening every day, and what could be the new conditions next year between the UK and the EU. The questioning of the agreements, the withdrawal from the agreement with Iran by the United States and a certain number of conflicts in the Middle East.

RAFALE FRANCE AND FRENCH PROCUREMENT LAW (2019-2025)

As for Rafale France, we have delivered two Rafales in the first half of 2018. Two aircraft for France, two of the three that were there to refund the deliveries to Egypt. The third aircraft will be delivered in the second half of 2018. So, then we will have 28 Rafales to be delivered to France out of the 180 orders. So, this is the second part of the fourth tranche, and it will be only in 2022 because there will be no deliveries in 2019, 2020, nor in 2021. The delivery of the ninth Rafale retro-fitted to F3, the tenth to be delivered. They were following some former standards, now they've been retro-fitted. We've just finished with the ninth one and the tenth will be delivered in the second half. The F3-R Standard will be delivered in the second half of the year, when we will begin our next standard, the standard F4. So, this contract was signed, is being executed, and we are working on the fourth standard of the Rafale which is expected by the end of this year. The military program law, there'll be an additional tranche, tranche five, with some 30 aircraft, after the signature in 2023 for deliveries before 2030. The launching of the MALE program, we talked about this in the film, now we're going to potential contracts after the studies, between the four countries, that is Germany, France, Spain and Italy, between these four countries. Germany has been mentioned as a leading nation, and we will have offers at the end of the year, and the contract won't be signed before the beginning of next year.

As for the Maritime Surveillance fleet, the program law has confirmed that we will have eighteen ATL2 to be retro-fitted with the new standard, instead of the fifteen with the previous LPM. We'll be there for replacing the Maritime Surveillance aircraft. Right now, these are Falcon 20, and little by little, they'll be replaced and we will be selling Maritime Surveillance aircraft. This is to be added to the electronic war aircraft that has been contracted based on 7X and 8X with the equipment of Thales, and in the Military Program Law they'll be an important appointment which will be the renovation of the nuclear component of the airborne component.

FUTURE COMBAT AIR SYSTEM (FCAS)

Just a few words about the FCAS, the Future Combat Air System. As you've seen, based on the declarations made a year ago by the Chancellor and the President of the French Republic, Mr Macron, a lot of progress has been made in this partnership because, in the ILA show, the operational people have agreed on an envelope to prepare this area. There will be operational exchanges and there'll be operational simulations, and then an agreement has been signed between Dassault and Airbus to share this work for the future. It's an agreement on principle. It's a partnership, so that we can have a Franco-German partnership. There was a board of ministers chaired by the Chancellor and the President of the Republic in Berlin in April. A letter of intent was signed between the two Ministers of Defence to determine a roadmap so as to develop this combat system that, of course, includes a new combat aircraft for the year 2040.

MALE RPAS

As for the MALE, I've said a few words about this. We hope to receive the contract. We are building the offer, and we hope to sign it at the end of this year or the beginning of next year.

NEURON

The Neuron is still flying. You remember the Neuron cooperation between six countries launched in 2013. It is pursuing its flight tests. There are improvements in stealth, and especially the counter measures. So, we have obtained new markets, and this will allow us to see the Neuron fly for two or three more years.

RAFALE EGYPT AND QATAR

As for the exports of Rafale, Egypt will pursue the delivery of the aircraft. Four aircraft are operational in the Egyptian Air Force, and ten more Rafale will have to be delivered this year, in the second half, because no export aircraft was delivered in the first half. Qatar, the execution of the contract is being pursued. No particular problem. A major training activity, the training of pilots in the French Air Force, the training of the technicians in the French Air Force, and with the industrialists of the Rafale program, everything is fine. The Qataris have come to visit their teams and everything is being prepared to prepare the delivery of the first aircraft which will take place at the beginning of next year.

RAFALE INDIA

India, the contract is being executed normally. We are on time. We are working on some additional needs. We have answered a request for information for the Indian Navy. As you know, the Indian Navy would like to replace its current aircraft to equip the current aircraft carrier and the future aircraft carriers. So, there was a request for information for the supply of 57 fighters, and we answered the questions. The Indian Air Force sent us a request for information for the supply of 110 fighters, and we've just answered that.

MAKE IN INDIA

One of the keys is the 'Make in India', that's the political will of Prime Minister Modi to develop their capacity in India. So, we're working in that area. As far as we are concerned, we've chosen the site in Nagpur. We are allied with Reliance. We've set up a joint venture. The work has begun. The construction of the hangar is underway and we are training the future people who'll be manufacturing these parts, whether these are parts of Falcons or Rafales. We hope to obtain the first parts at the end of the year. As you saw in the film, I set up a first executive board committee outside of France, outside of Saint-Cloud, so that we can develop partnerships, not only in the field of manufacturing but also in the field of support and services with Indian partners. It was not just Dassault Aviation, because with the GIFAS the entire supply chain went to India to find partnerships with large companies, but also with these SMEs and ETIs. I've been following this mission and there are a lot of small companies that are forming real partnerships in India to supply the supply chain. It's not only Dassault that is doing that there.

MIRAGE 2000

For the Mirage 2000, we are pursuing the renovation of the Mirage 2000D for France. In India, we are pursuing the modernisation of the Mirage 2000 in India from the Bangalore site, with HAL. In the United Arab Emirates, after the announcement a little less than a year ago to re-modernise the Mirage 2000-9, we are pursuing our discussions, our negotiations, with the Emirates Air Force, and in all the teams we have support teams to help fly the Mirage 2000.

MISSION AIRCRAFT

The mission aircraft, Japan has ordered a fifth aircraft for the Japanese coastguards. We are pursuing our work for the first aircrafts that have been ordered. Germany, as you saw in the film, we've sold a Falcon 2000 for the DLR. DLR is a large research centre that will help us to make this aircraft a real testbed airplane to carry out some experiments that was wished by the [inaudible 21:55] laboratory. France, Atlantic 2 is being renovated. They're on time. I hope that we will obtain a contract with the

state for the electronic warfare capacity Falcon. We will have a Falcon 7X or 8X, and the payload for the electronic war with Thales, and we're pursuing the improvement of the Falcon 15. We are adding or a dropping capacity on four Naval Falcon 50.

BUSINESS JET MARKET

Business jet market, as I told you last time when we met, things are improving. You can see it on the pre-owned aircraft market. We're selling a lot of aircraft. We have a lot of trouble finding a pre-owned 7X on that market, on the pre-owned market. So, this market is more alert and more efficient in its sales. The new aircraft market has recovered, and this mainly is thanks to the United States, the United States has a good economy, as well as thanks to the Asia-Pacific zone. I must say that there is a lot of pressure from the competition. We aren't alone, and we have our friends from Bombardier who are also coming out of this crisis and selling a lot of aircraft.

FALCON 6X

The 6X launched at the start of the year. This development has started. There is additional design work being done to integrate the new Pratt & Whitney engine, that's continuing. We're developing our adaptation, our retro-fitting of the engine to fit out 6X in Pratt & Whitneys. We're really keeping a close watch on that and it's going forward very well. We hope to be able to stick to our commitments in terms of delivering these airplanes by 2022. The market is very much in favour of this. The market has taken the advent of the 6X very well. There are 5X clients moving on to 6X, but also clients directly wanting to purchase the 6X.

FALCON FAMILY

So, our current range, the 2000LXS still up for sale. The 900 being sold, the 6X started its commercial career. The 7X is pursuing its career as well, and the 8X, that is our flagship at the moment.

NEW FALCON FEATURES

The new features, then. Quite apart from the sale of the new aeroplanes, we keep on improving our aeroplanes the whole time with services like the Falcon Connect service which is a new feature. So that, clients who acquire this equipment can communicate at high speed using their telephone, their tablet, their smartphone, communicate with the outside world. This, of course, is a key point in our pursuit of development work so as to make Falcon aircraft real flying offices. Sometimes flying houses, even. So, on the cabin side, in terms of the cockpit as well, we've still continued with the Falcon Eye testing. This is a thermal camera that enables us to see at night time and in bad weather. We have now validated and certified operational gains that'll enable our planes to see in the night time and in bad weather conditions until, more or less, they arrive at the runway.

FUTURE FALCON

So, the future Falcon, I'll be frustrating you here. I've put on the slide here just to frustrate you, sorry. Anyway, ongoing specifications, that's all. I won't say any more about that for now. We'll come back to it later on, but not today.

TRANSFORMATION PLAN FOLLOW-UP (1/2)

Then, the transformation plan that's underway, supporting our competitiveness efforts here in the company. It is first and foremost, as I said earlier, the main driver of things digital, digital

developments. We have, of course, decided to implement the 3D Experience, that's a systems platform. This is going to be key to launch a new plane I won't talk about, but it will be using the 3D Experience platform. It won't be just to launch that new plane, this 3D Experience platform will become our reference platform, more and more, for our engineers going forward to design planes, to produce them, but also for all of the other services after that. So as to make for a digital continuum so that we can develop, in parallel, lots of big data, artificial intelligence. That will bring us forward in many, many area, especially services.

TRANSFORMATION PLAN FOLLOW-UP (2/2)

In parallel, we have the industrial transformation plan going on, pursuing the work there too, in terms of transferring certain workloads from one plant to another to specialise them more. The primary parts, going from Argenteuil to Seclin for example. We're rethinking also, some of plants, some of our facilities, to revamp them. This transformation plan integrates upgrading of our facilities too, and this work is continuing at pace within the company.

2018 1ST HALF RESULTS

I will now move on to the actual financial results of the first half of this year.

ORDER INTAKE, DELIVERIES AND BACKLOG IN UNITS

In terms of order intake, eighteen Falcon airplanes in the first half. I should point out that the eighteen airplanes, it's written in small writing here, but it's important, we went through the 5X order book. There are no longer any in the order book anymore. So, we are taking on 6X orders of course. The first orders, and we're still engaged in talks with many clients regarding 6X. So, in the eighteen you have the first 6Xs, but the 55 is the new order intake, well, we don't have 5Xs in there anymore. So, we sold more airplanes than eighteen, but we also cancelled the 5Xs. So, that is to be compared with the fourteen we had last year. For military purposes, you've got the twelve Rafale aircraft. The lifting of the Qatari option. Last year, there wasn't a contract for Rafales. Deliveries, we delivered fifteen Falcons, to be compared with seventeen last year, in the first half. Two Rafales for France out of the three French ones to be delivered this year, so there'll be just one other one to deliver. Then, we'll have to deliver Egyptian aircraft in the second half of this year, compared with the four that were delivered last year. So, the backlog, 55 Falcon aircraft, compared with 52 at the end of last year. 111 Rafales compared with 101 last year. So, the backlog is going up.

ORDER INTAKE, NET SALES AND BACKLOG IN € BN – 2017 IFRS 15 PRO FORMA

In terms of figures then, the order intake, you'll see the order intake €2.8 billion. This is all pro forma IFRS 15-based, because we're using the new accounting standard there. €1.2 billion for the Falcons. €1.4 billion, the order intake for Rafales, the Qatari ones, and some support to be provided in the military segment. Then, €0.2 billion for France. Regarding the sales, €1.7 billion is achieved, €1.2 billion in Falcon, €0.2 billion for the military export markets. It was not Rafales, it was some support services we did. Then €0.3 billion for France. So, the backlog goes to €20.5 billion. €2.4 billion Falcons, €15.1 billion Rafales for export, and €3 billion for France, including in particular for France, the 28 airplanes we haven't yet delivered, that we won't deliver until 2022.

SELF-FUNDED R&D IN € MILLION

Regarding self-funded R&D, €143 million for the first six months of the year. Mainly due to the fact that we slowed down a little bit, our development work when we went from 5X to 6X. We had to

redo some design work. So, a little bit less work in terms of cost for R&D, compared to the €176 million that we spent on self-funded R&D last year.

GROUP ADJUSTED INCOME STATEMENT

Then, the actual income statement, you see the net sales, €1.709 billion, compared with €2.068 billion last year, restated as per I4S-15, by the way, these figures are restated. So, the operating results, then, €111 million, which will be compared with the €121 million the previous year, last year. That gives us an increase in the operating margin, going to 6.5%. It was only 5.9% in the same period last year. Financial result, then, minus €38 million. The equity affiliates, Thales and other equity affiliates, well, you see, Chair, the figure, so we'll talk a bit more about it tomorrow, but regarding us, for our part, it's €134 million worth in our net income. That was in the other equity affiliates, if we take out the taxes, €21 million, we get a net result of €186 million, to be compared to the €166 million last year in the same period. The net sales, a bit lower, and that gives us a net result margin 10.9% compared with 8% last year in the same period. That's an earning per share, a net earnings per share of €22.4 compared with €20.2 last year.

AVAILABLE CASH IN € BN

Regarding available cash, the Qatari contract brought in down payments, and we were starting in parallel to actually make the aeroplanes, so the inventories and work in progress will be going up in the coming few years. It's still increasing our available cash at the moment, and in the cash position, we have a lot of down payments that will be made to enable us to produce the aeroplanes. So, the cash is at that level thanks to the exporting of Rafales in particular. Now, I haven't changed our outlook and our objectives, they're the same ones as I presented when we reported the full year results for 2017, in particular, we're retaining the same objectives for 2018.

2018 OUTLOOK AND STRATEGY SAME AS PUBLISHED IN MARCH 2018

The delivery of 40 Falcons, the delivery of twelve Rafales, nine exports and three for France. You will have seen we've delivered two already, so that's nine exports to be delivered, and one Rafale. That's ten Rafales in the second half of this year. Also, we have to deliver the F3R. Revenues for 2018, the sales should be close to the sales figure we had for 2017, the full year. So, that sums up our report on the half yearly results, and I will take some questions, if you like.

QUESTIONS AND ANSWERS

Eric Trappier (Dassault Aviation): I must have been very clear. I don't see any hands raised, no questions.

M1 (CRPA Reuters): CRPA Reuters, good afternoon. Monday, Great Britain announced a future combat aircraft project. I wanted to know your opinion about this. There are groups like Rolls Royce and Airbus, they have said that they were concerned about the consequences of the Brexit on their activity. So, what about you, what do you think about this?

Eric Trappier (Dassault Aviation): Well, as for the announcement of the Tempus on Monday, well that's good news, you know, that means that there are countries in Europe that are interested in fighter aircraft, which is extraordinary. I remember the British said, in the beginning of the year 2000, 'We'll never have fighter aircraft any more,' and that's why they bought the F-35. So, the British are awakening, and that is good news for the fighter aircraft in general. We are pursuing a road that was traced through our political will. We are in fighter aircraft, so we are in defence. The political road was made by Angela Merkel, the Chancellor, and the President of the Republic, Emmanuel Macron, he wanted to build a Franco-German combat aircraft to prepare 2040. So, we are following those lines, and there are two roads at this stage, when we are talking. As for the Brexit, yes, I could measure since a few months already, as the President of the ASD, the concern of the British industrialists. They weren't fans of the Brexit, I must say, and the closer the Brexit is coming, we're getting closer to the date, and the British industrialists are worried. The non-British ones are also worried, the European ones, because they have assets in the UK. So, what is creating this concern is this uncertainty. Right now, we do not know, and the recent developments in the last few weeks won't help that, we do not know what will happen during the negotiations between the EU and the UK.

So, this uncertainty is playing on important fields like civil aviation, which are the agencies in the future that will control air control, the certification, etc. Will it still be AT-SA [inaudible 35:42], or not? So, this is the question nobody can answer. The customs duties etc. and the large companies like Airbus, Rolls, BA etc. I expressed, myself, under the G4S, we're extremely concerned with this date, the final date, and the absence of concrete negotiations on a certain number of important points, and the AST publish this concern, and talked about all that was related to the Brexit and talked about aviation space and defence.

M2: Hello, I have a question, please, on the competition situation, referring to the competition in business jets, especially the newcomers, Bombardier. Now, what about the C Series being picked up by Airbus, will that give more room for manoeuvre to Bombardier on prices and other aspects? How do you perceive these new aircraft, compared to their own offering, knowing that they won't be on the market until 2020, but they will be on the market, nonetheless, before the airplane that you're currently developing, that's in 2020, they'll be there already?

Eric Trappier (Dassault Aviation): Well, Bombardier, in their agreement with Airbus, in a way, helped us out because it enabled us to save the C Series, in a way, so as to turn what was a deficit into something of a commercial success. At the moment, there is still no agreement between Airbus and Bombardier, apart from that. I mean, that's the only thing, we have to see how it works out. Bombardier is indeed a sound competitor, no doubt about that. They're selling lots of aeroplanes, they've just brought out the 6500 and the 7500. They're doing a new engine of the Global 6000. It remains a Global 6000, it's not a new aeroplane, Global 6000 it is, with a new engine, that's what it is, but that will be ready fairly quickly. We've taken a different option, that is the 6X, 5,600 nautical miles, with a wide cabin, much more modern, and that will come out a bit later on. You know the

reasons why it's behind just now, but anyway, it should have arrived on the market a bit earlier, but anyway, the market can wait once it knows the product is worth waiting for, and that seems to be the case. So, we are really keeping a close watch on what the competition is doing, but we're quite confident about the fact that we have a 6X and other aeroplanes in the pipeline. We have loyalty by our clients, who have already been so happy with their Falcons, because they know our aeroplanes offer them something additional, there are plus points.

Mr Tren: Mr Tren. Good afternoon. The future air combat system, there is a film from Dassault, that talks about the new generation aircraft, and there is a mock up on the computer of this aircraft. Can you say a few things about that?

Eric Trappier (Dassault Aviation): Well, don't believe what you see when you see a mock up. I've seen the mock-up of the Tempest, and according to my specialists, and myself, we had seen that some ten or fifteen years ago. So, a mock up is a mock up, that's just for a communication. Then the reality, what the new fighter aircraft, Franco-German aircraft will look like, well, we're still writing our operational needs, we're still drafting the specifications, so there's still no precise mock up that we can show right now. Even though we might have one, we might not show it because we have a lot of competitors in Europe, and in Great Britain, because Great Britain might not be in Europe in a few months.

Mr Tren: Your project, this roadmap, the FCAS, according to the film, it would be Dassault that would be the prime contractor for this fighter aircraft. So, who'd be the global architect of the system?

Eric Trappier (Dassault Aviation): Well, in the agreement with Airbus, Airbus is going to think about the system as a whole, in terms of communication, should we have future AWACS [inaudible 40:44]? As for the fighter aircraft, we will take the leadership, but what is important is to have a leadership when we know how to do things. So, why do we have cooperation programmes? That's so that we can share the burden, so that we can increase the number of aircraft we can sell, so long as this cooperation is efficient. So, the leadership that we were asking for, that we might obtain, we'll see what it will look like in the future, that is so that we can master the technologies, the skills, and so that we can have an operational aircraft, because we have experience in this domain. The British also feel the same on their end, and we've worked together on the combat drones. It didn't work out, and now we have two teams.

M3: A question. If Belgium opt for the F-35, will it rule it out from a possible participation in the F class?

Eric Trappier (Dassault Aviation): It's not up to me to say that, I'm Mr Trappier, everybody must shoulder their responsibility and draw the consequences from decisions that are taken by others.

M4: Another question. Just to go back to the Tempest project, is it not a despairing attempt by the UK to still exist, and won't it, kind of, you know, muddy the waters a bit? It was decided to not have so many projects in Europe anymore and have a more European project, not individual ones, and what might be the engine then, ultimately, of that combat aircraft?

Eric Trappier (Dassault Aviation): On the Franco-German side, there is no muddying of any water. The two heads of state gave their opinion just a month ago, so the path is being sketched out ahead of us. It's a long road, I mean, it will be operational in 2040, so this is only 2018, and that's a long way away, but we're starting even to hear about demonstrators. It will be a long path, but it's been sketched out very well, and I won't make any comments on the British. They understand certain

things. As I said earlier, I'm enthusiastic because I see the British are not satisfied with an F-35, so that's good news, isn't it? So, maybe operationally, it's just not quite right, and maybe industrially, they just don't feel it's the right thing for them, but these are only suppositions. It's up to you to do your own investigation.

Chloe LeMarniex (Exxon): Hello, I have three questions. The first is on the Tempest project. Airbus has done a lot of lobbying so that the UK might join the FCAS project. What's your point of view about that, considering your leadership in fighter aircraft? The same question is in R&D. How will we be able to develop things in the 6X? Will there be more R&D during the year, in spite of the drop we posted in H1? The third question is the possibility of compensating for Safran, for the 5X.

M5: Can you please introduce yourself?

Chloe LeMarniex (Exxon): Chloe LeMarniex, Exxon.

Eric Trappier (Dassault Aviation): So, the first question, well, I've forgotten it now. Yes, the lobbying. Well, the Airbus lobbying, I'm going to tell you exactly what Airbus said, that's not what we heard here and there, but Airbus said, 'Well, why shouldn't the British join us one day?' So, they're not closing the door to the British. That doesn't mean that they are asking the British to come and join the Franco-German project, and as for the 6X, you are going to see, gradually, the development of the self-funding through the 6X, but also because we are starting a new Falcon aircraft. So, R&D is a bit low in terms of self-funding this first half, but it is going to develop in the second half, and especially in the future. The third point, Safran, we are discussing with Safran about the consequences of the withdrawal of Safran from the 5X project, and the stopping of the 5X project. For us, the 6X project is completely separate, and discussions are underway, and when we will reach a conclusion, we will let you know. Or not, it's not that we won't tell you, but either there will be an agreement, or there'll be no agreement.

M6 (RFI): Yes, I'm from RFI. I'd like to know about the combat aircraft, please. I'd like to know if you are designing, or thinking already about what will happen after the Rafale F4? I remember in the past, you know, you were thinking of the next generation. Are you just focussing all your efforts on the project with Germany at the moment? Are you thinking about after that?

Eric Trappier (Dassault Aviation): No, we keep on thinking the whole time, you know, it's good to think ahead. With the F4 contract that would be good, but what's already ahead of us is a bigger revamping, upgrading of the Rafale half way through its life. The F4 is a standard, but we're giving thought to that. We're thinking of it. Will we do it or not? We'll see. We're working on it, we'll have some maybe heavy-duty changes that might have to be made to the Rafale, midlife. Also, I said earlier that we would give thought to the upgrading of the components to do with weapons, and some other parts. So, we're giving thought to it, yes, we're continuing. For export, we're not just thinking, we're developing. The Indian standard is not quite the same as the French standard, so we're already talking about development work there, and doing development work. We keep on thinking about new projects, and the Rafale, we'll for a long time be building on these additional developments, additional contracts, including the new export contracts. So, we will be living off all this design and development work, learning from what we'll be doing with the Rafale. What we're seeing right now is that we've already got to set ourselves a roadmap for 2040, for a new plane. 22 years ahead of time now, you know, we're starting to think about it, but it's not that far off when you look at the cycle times here, in this industry, to start off a thinking process.

We're working in cooperation, so that takes a bit longer, too. You've got to learn to work together, and, you know, when you're alone you take decisions faster. So, with two, it's a bit longer, with

three, it's a bit more, but, you know, all these things can take place in part [inaudible 47:45], and that's what we intend to do.

M7: Good afternoon. Two questions. The first on services. You talked about it earlier on. How can the digital help you in service portfolio? Do you have an objective? Do you know what's going to happen in five to ten years from now? Can we have a leverage effect on the install base, or should we wait for the arrival of the new aircraft to have an acceleration in this area? The second traditional question, can you go around all the discussions on the Rafale? Thank you.

Eric Trappier (Dassault Aviation): So, as for the first point, yes. The big data services, we're trying to imagine them, but we will imagine them while we keep working, as the IT will grow. As all this will become more concrete, we will improve our services. We've already started. I'll give you an example. Tomorrow, we'll be working on additional contracts in the field of military support, for example, the Faymills [inaudible 48:56], Rafale, KMCO, etc. and we have been asked not only the verticalisation but also support services, in terms of data management, and what are we going to do with all this data? So, we are working in all these areas of military support, we are already providing services to the new entity in charge of supporting the aircraft. So, this has already begun. Now, in Falcons, well, it's the same thing, for the support we've already started setting up services. It goes through the digital because we are, for example, if you have an aircraft at the other end of the world, you can already consult the maintenance manuals through some IT tools that we are developing, and so on and so forth. So, right now, this is just the beginning of all that we'll be able to do thanks to digitalisation of the company, of our subcontractors too, because we're not on our own, there has to be a digital continuity with our partners. So, this is just the very beginning, and we'll have more and more services that we'll be able to develop, and this was presented to you in the previous years.

In the field of support, relations with our partners, relations with our clients, gradually there'll be more interaction and connection based on these common databases, and the services we'll be able to provide. As for the second topic, yes, the Rafale export, well, I can't say much. We have already sold to India. We hope to sell more to India. We'll have to work on this, and you have probably seen that in Belgium, we are trying to do so, but it's going to be difficult because we do not know if they are interested in our offer, but it's the French authorities that are dealing with this. All this is very cloudy, and Switzerland was launching a new call for a tender. So, we're going to prepare ourselves to win this contract in Switzerland. We will be one of the persons interested. We'll be serious, as we've done since a long time, to meet the needs of Switzerland, in terms of fighter aircraft. Other countries, there are other countries, but we'll talk about them at a later stage.

M8 (Reuters): Hello, I'm from Reuters. Concerning the annual objective concerning the deliveries of Falcons, you say the market is picking up, are you prudent in your object, then? That's one question, and secondly, on the export prospects for the Rafale. Recently, we gathered, in the Tribune newspaper, that on the Egyptian side, things are getting a bit better. Have you started talking again about new and more favourable prospects on Falcon?

Eric Trappier (Dassault Aviation): Yes, the company is very prudent in the way it manages things, that is just the way we've always done things. Yes, the objective we set of 40 Falcons for 2018 is the result of two things. Firstly, we brought down our production pace when the market was low because there's no point in making aircraft if you're not selling them. So, that's one thing, and then secondly, we're prudent with this figure of 40, when it comes to deliveries for 2018. So, we're cautious, twice around, but we like to manage wisely, and take care of the company well, and when we quote figures, usually we stick to them. Regarding Egypt, you talked about improvement. I haven't seen the decline myself, so we delivered our Rafales in 2017. As you heard, we support the Egyptian Air Force. Every single day, there's a large team over there, the climate is good, the working

atmosphere is good. We're in line with our contracts, and fulfilling our contracts, so there is no improvement or deterioration. We have a relationship of trust with the Egyptians, I'm speaking for Dassault, and of course as partners to Safran and Thales.

Christophe Minere: Christophe Minere. A question on the mix of business jet orders, is the mix different? Do you have more 7X, 8X, and when will this actually happen in your sales? Will it be in H2, right from 2019?

Eric Trappier (Dassault Aviation): You know, we don't give you this information, so we can't it to you now. As for what we have delivered, you'll know gradually, because we know what we deliver, but we cannot forecast our mix. What we hope is to sell more 8X, 6X, 900 and 2000, so we can't give you the mix. At the end of the year, we draw a line, and you get the figure.

M9: Yes, Mr Chairman, I'd like to know please, where such courage and confidence comes from that you have accepted to take the lead for this Franco-German military aircraft. You talked about the F Class, I mean, according to what we read in the newspapers, it's headwinds we're up against in this whole context, you know, the crosswinds and headwinds. The European countries seem to be wanting to purchase the F-35, the chiefs of staff don't seem to agree on the objective. The governments don't seem to be in agreement either, on the export situation, and the skillsets of the two countries are totally offset, one compared with the other, and I wonder, we wonder, how on earth you're going to get some balance into the situation with Germany? As you mentioned yourself, there's this storm in a teacup, really, with the English, but you keep on saying you are going to make a success of this, I think you're very courageous, very daring.

Eric Trappier (Dassault Aviation): Well, you've got to be tenacious in life and stick with things, you know? Marcel Dassault suggests, so everybody has been, Charles Edelstenne, they've always been tenacious. What you say is true. I mean, what you say is true, there will be roadblocks, obstacles, it's not going to be just a bed of roses, and, you know, some people in the past wanted Franco-German partnerships, and they're saying the opposite now. Those who didn't want such partnerships are saying the opposite too, but the real issue is the following. Do we want to see a future for French combat aircraft, French and European, or do we want to buy US aircraft in 20, 30, 40, 50 years hence? That's the question we've got to answer. Our obligation, our bond and duty is to prepare the future. We've got the Rafale right now. As I said earlier, it'll be around for ten, fifteen, twenty, 30 years, we'll be supporting it more and more, but our obligation, our bonds and duty to the upcoming generation is to prepare the future. If we have to do it on a Franco-German basis, you know, our capabilities, we'll say yes. The politicians, be they from the right, the left, or the centre, won't talk about the others, they are encouraging us to go for cooperation. They're the ones who grant the budgets, they'll grant us the budget if we do cooperation, so we said the first time, 'Okay. We dare you.'

So, we looked at the Neuron possibilities, and they said, 'We'll only give you 50% of the money, then you've got find the funding, matched funding.' We found the matched funding, and people thought Dassault couldn't cooperate, but we did. Look at the Neuron. Overall, it's stealthy, it's achieving the performance levels set for it. We had the €400 million in total that we received with the other countries, so we got the budget together. If we were American, it would cost much more. There were six entities that did it. It's complicated to work as a six-entity grouping, but we believed in it. If there's political will in two states, at least, we'll see in the future if it's more, at least two states, if they've got political will to do it, well, then it'll get done. I mean, Germany didn't buy F-35s, don't forget, even though the German Air Force sometimes said the F-35 was good. The Belgians, if we're optimistic, won't purchase F-35s. The Europeans want to buy American sometimes. We are not resigning ourselves to that fact. We want to preserve the skillsets, the competencies, and the

strategic autonomy in this country, as we heard from our prime minister, in his tribute paid to Serge Dassault. If we develop it with neighbours, be they German, English or Italian, it's not up to us to choose, that's politicians who choose. We bring our competence to bear, our technical know-how. That's why we're optimistic. We've got to pursue the work that was started before us.

So, it's being tenacious, I'm sure there will be lots of obstacles, though, but we're still tenacious. We also said, as you know, that we won't be stopping the export Rafales. Charles is smiling over there, I can see that. Okay then, I would like to thank you all, and we'll meet you soon. We'll talk all the same topics again. Thank you very much and hope to see you soon.