

PRESS CONFERENCE

February 27, 2020



ACTIVITIES & PROGRAMS

HIGHLIGHTS



Delivery of 26 Rafale Export



**FCAS launch and unveiling of the mock-ups
February 20, 2020 : launch of the demonstrators**



Falcon :

- **40 deliveries, 40 orders**
- **Dassault Aviation #1 in Support (AIN & ProPilot)**



Falcon 6X program development on schedule

CONTEXT

- Geopolitical & economical uncertainties :
 - Geopolitical tensions and terrorism
 - Trade wars: China / United States; Europe / United States,... WTO role
 - U.S. elections in 2020

- Which model for Europe? (Brexit, ...)

- Rise of environmental concerns, Green deal, International Civil Aviation Organization, ...

RAFALE EXPORT

Delivery of 26 Rafale in line with the guidance
(as of December 31, 2019 : 49 delivered, 47 in backlog)



Guidance 2020 : 13 Rafale deliveries

FUTUR COMBAT AIR SYSTEM (FCAS)

June 2019: first mock-ups of the New Generation Fighter (NGF) and its support drones unveiled

- The industrial agreement covers demonstrator programs for the main components of the Future Combat Air System: New Generation Fighter and its support drones
- Submission of a joint industrial proposal for the initial phase of the demonstrators to the French Defense Procurement Agency (DGA) by the manufacturers (Dassault Aviation, Airbus Defence and Space)
- « Joint Concept Study » notified in January 2019, then extended for 18 additional months in October

France has been designated lead nation and Dassault Aviation industrial leader for the fighter.

February 20, 2020 : launch of the FCAS demonstrators phase with the award by governments of France and Germany to Dassault Aviation and Airbus together with their partners MTU Aero Engines, Safran, MBDA and Thales, of the initial framework contract (Phase 1A).

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

Next major step of the program: integration of Spain and association of additional suppliers from phase 1B that will be launched following the success of Phase 1A.



RAFALE FRANCE (1/2)

No deliveries in 2019 in accordance with the French Military Procurement Law

- Delivery of the 28 Rafale remaining out of the 180 ordered will resume in 2022
- Potential 5th batch (French Military Procurement Law): deliveries starting from 2027
- Start of the F4-standard development and order of additional capacity development in late 2019 (including new connectivity features for the Rafale)



RAFALE FRANCE (2/2) - RAVEL

Signature of RAVEL, a fully integrated support contract for French Rafale

Dassault Aviation is the single contractor for:

- aircraft equipment (excluding engines and seats),
- enhanced technical and logistical services,
- a 10 year term.

Support activities will be based on a Dassault Aviation/Dassault Systèmes “Big Data” platform.



EURODRONE

Airbus Defence and Space (prime contractor), with Leonardo and Dassault Aviation as Main Subcontractors, started negotiations with OCCAR (Organization for Joint Armament Cooperation) in order to contractualize in 2020 the development, the production and the initial support of a Medium Altitude Long Endurance (MALE) drone.



nEUROn

Continuing the nEUROn flight test campaign 2018-2021 dedicated to stealthiness with the French Defense Procurement Agency, the French Air Force, and the French Navy



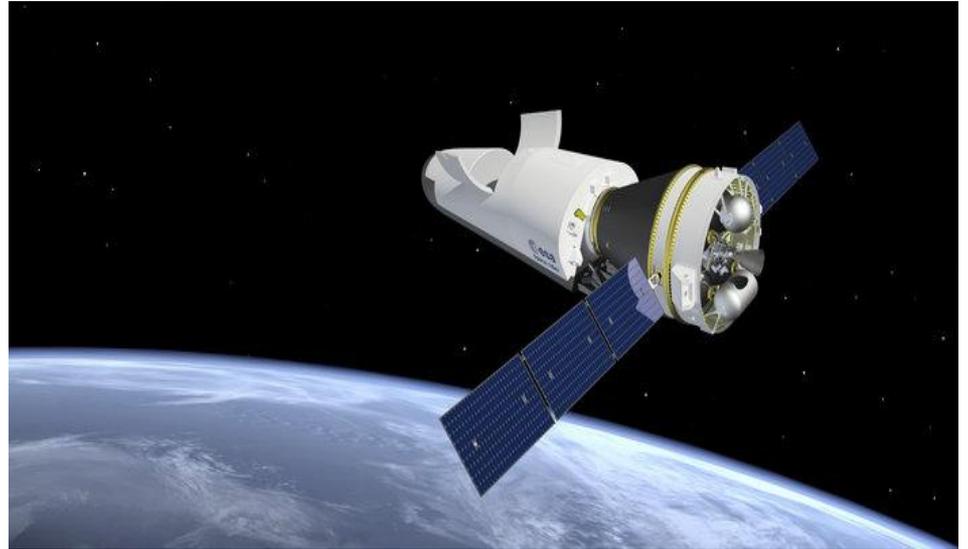
SPACE PROGRAMS

Space Vehicles

Pursuit of the studies for the reusable orbital vehicle « Space Rider » from the ESA

Dassault Aviation is responsible for the vehicle design

Interest in the new Defense space policy



MARITIME PATROL AIRCRAFT

Delivery of the ATL2 upgrade and of the 2 first modernized aircraft (out of 18)

- Dassault Aviation: system architect
- Thales: radar and acoustic detection
- Naval Group: core system software



MULTI-MISSION FALCON

Japan

- Delivery of the first 4 aircraft
- Order of a 6th Falcon for maritime surveillance by the Japanese Coast Guards in 2019

France

Following the announcement by the French Armed Forces Minister on June 17, 2019 :

- Order at the end of 2019 of 2 Falcon 8X « Archange » for the Universal Electronic Warfare Capability (CUGE) (a 3rd aircraft is in option)
- Preparation for a potential order of maritime surveillance and intervention aircraft « Albatros »

Delivery of the 2nd Falcon 50SurMar retrofitted with hatches for dropping Search and Rescue (SAR) kits



FALCON

- 2019: 40 deliveries, 40 orders, 53 Falcon in Backlog as of December 31
- Challenging market, continued competitive pressure
- Falcon Family extension
 - Falcon 6X: entry into service in 2022
 - Future Falcon: to be announced in 2020
- Guidance 2020: 40 deliveries



FALCON FAMILY



8X (6,450 NM)



7X (5,950 NM)



6X (5,500 NM) from 2022



900LX (4,750 NM)



2000LXS (4,000 NM)



2000S (3,350 NM)

FALCON 6X

Program development on schedule for a 2022 entry into service

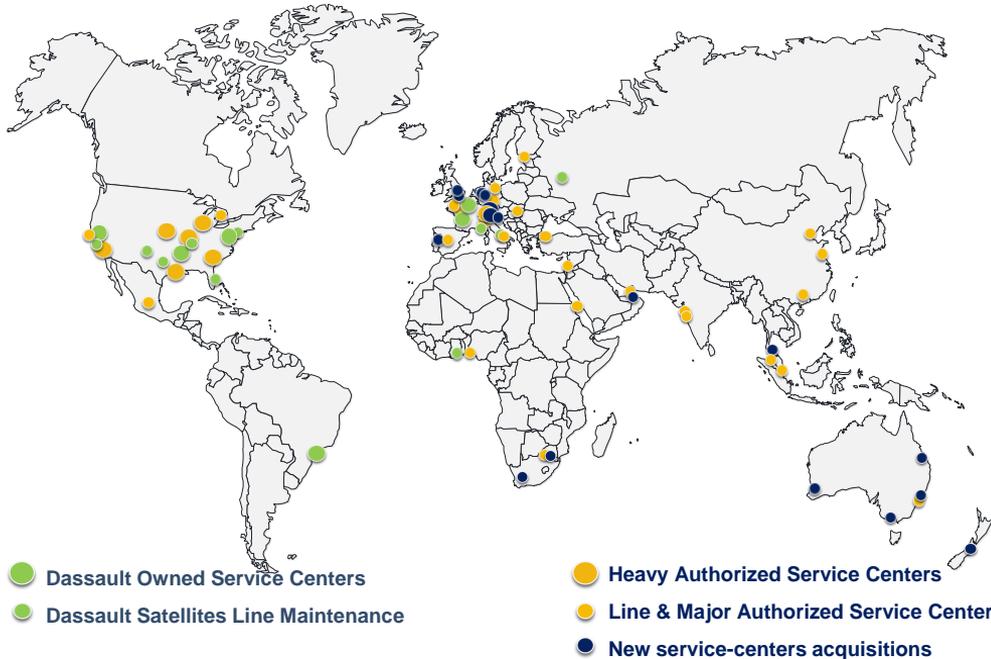
- Wing assembly in process in Martignas
- Fuselage assembly of aircraft #1 finished in Biarritz
- Testbeds in activity (Istres, Saint-Cloud, suppliers...)
- Nominal PW812D engine testings:
 - 6 engines in test phase: 1,400 test hours conducted
 - More than 150 hours carried out on a flying testbed
 - 1st flight of the first standard engine



FALCON CUSTOMER SERVICE (1/2)

Continuing development of a network of excellence while expanding our market share in Falcon maintenance: +17 service centers worldwide

Post-acquisitions worldwide network of service-centers : + 60 sites



2019 Acquisitions

● **January 2019** (closing in March 2019 except Dubai Jan. 2020)
Acquisition of ExecuJet MRO Services
11 sites in Europe, Middle-East, Africa, Asia and Australia

● **February 2019** (closing in September 2019)
Acquisition of TAG Maintenance Services (TMS)
4 sites in France, Portugal, United-Kingdom and Switzerland

● **July 2019** (closing in July 2019)
Acquisition of RUAG (FBO comprised)
2 sites in Switzerland

FALCON CUSTOMER SERVICE (2/2)

In 2019, considering the effort made in Falcon support since a few years (Falcon Response, parts availability, service center network...), the business jet market acknowledged Dassault Aviation's great results:

#1 overall (AIN and ProPilot)

#1 parts availability (AIN and ProPilot)

#1 parts cost (AIN)

#1 AOG support (AIN)

#1 overall aircraft availability (AIN)

#1 service satisfaction (ProPilot)

Continued improvement in security and performance of aircraft operations

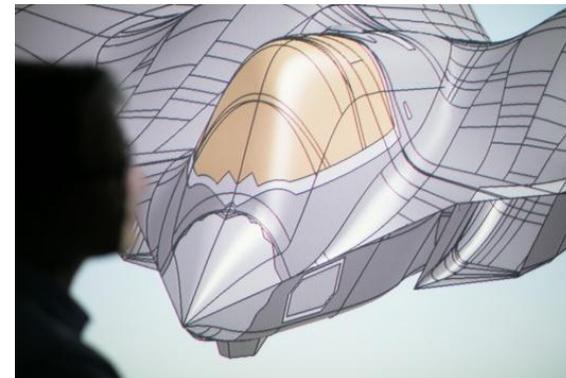


Falcon Response : ~800 missions, ~5,200 flight hours since the launch of the service in 2015



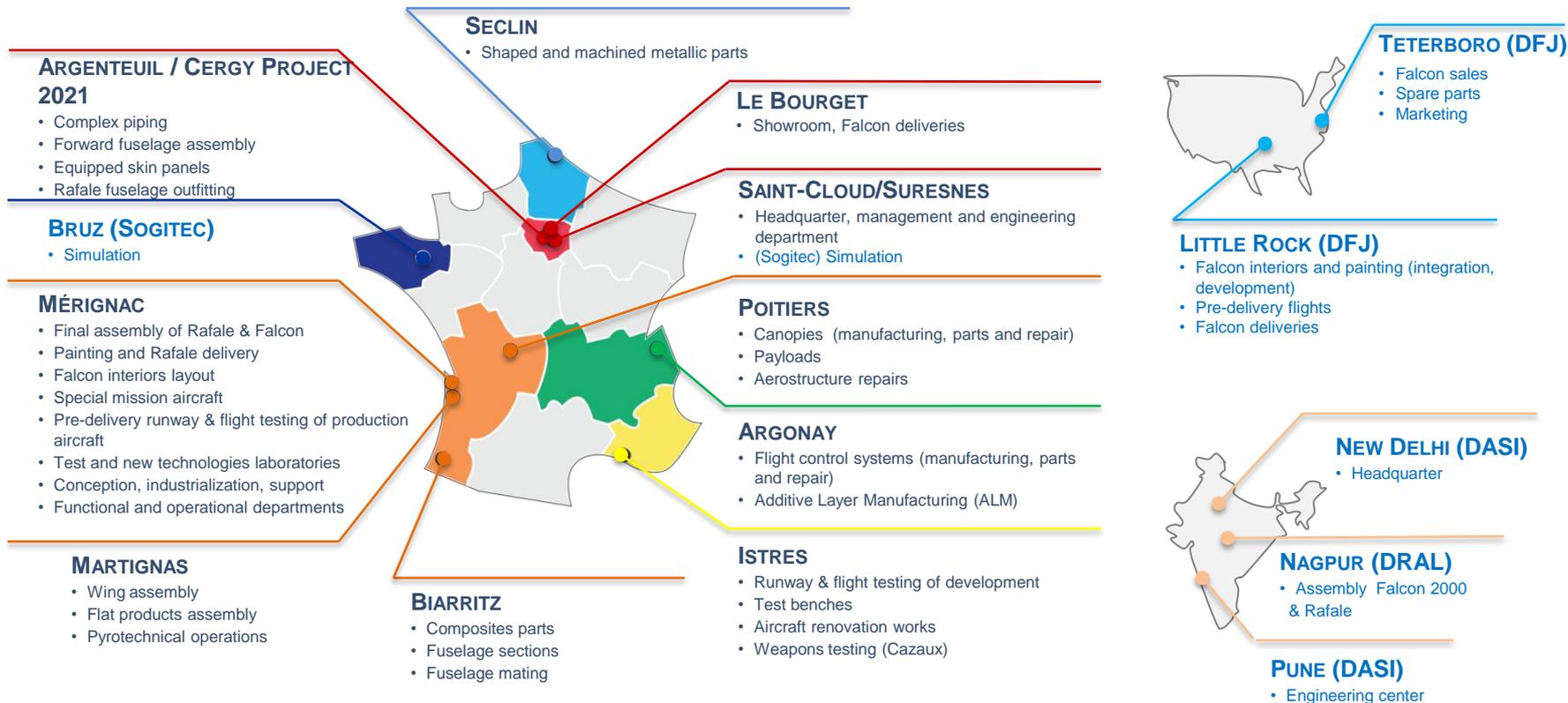
Falcon Spares : commissioning of the new Falcon spares center in 2019 in Paris-CDG

- Ramp-up of the Dassault Systèmes 3DEXperience™ collaborative engineering platform: Dassault Aviation / Dassault Systèmes strategic partnership
- The future Falcon program is the 1st to use 3DEXperience™
- Big Data:
 - implementation of a Dassault Aviation/Dassault Systèmes platform to meet the commitments made under the Rafale integrated support contract, that will be extended to all Group departments
 - Development of the “aircraft health book”
- Management of Industrial and Supply Chain Performance: improvement of planning and manufacturing systems; SAP implementation completed on a later stage by APRISO



GEOGRAPHICAL FOOTPRINT

FALCON SERVICE CENTERS NOT INCLUDED



MAKE IN INDIA – RAFALE OFFSET AND FALCON 2000 IN INDIA

Dassault Reliance Aerospace Ltd in Nagpur: progressive ramp up

- Commissioning of the new 12,000 m² production hangar
- 2 new buildings construction to start in 2020
- Production ramp up of the Falcon 2000 assemblies and first Rafale assemblies (engine doors)
- First T1 front sections and front tanks mounted on Falcon 2000 in assembly line

Development of an Indian supply chain: primary parts, tools, pylons, tanks, etc.

- Delivery to Dassault Aviation of the first primary parts and tools

Local human resources - training and skill development:

- Ramp up of the engineering center in Pune
- Creation of the « Dassault Skill Academy »
- Implementation of vocational training programs for aircraft structure and equipment assembly



Dassault Reliance Aerospace Ltd in Nagpur

CORPORATE SOCIAL RESPONSIBILITY (1/2)

Dassault Aviation strengthens its approach by setting up a CSR Group policy regarding 5 major themes:

- Attractive and motivating social model
- Healthy and secure workplace
- Environmental performance of our activities and products
- Compliance to the regulations and to the Client's expectations
- Responsible approach



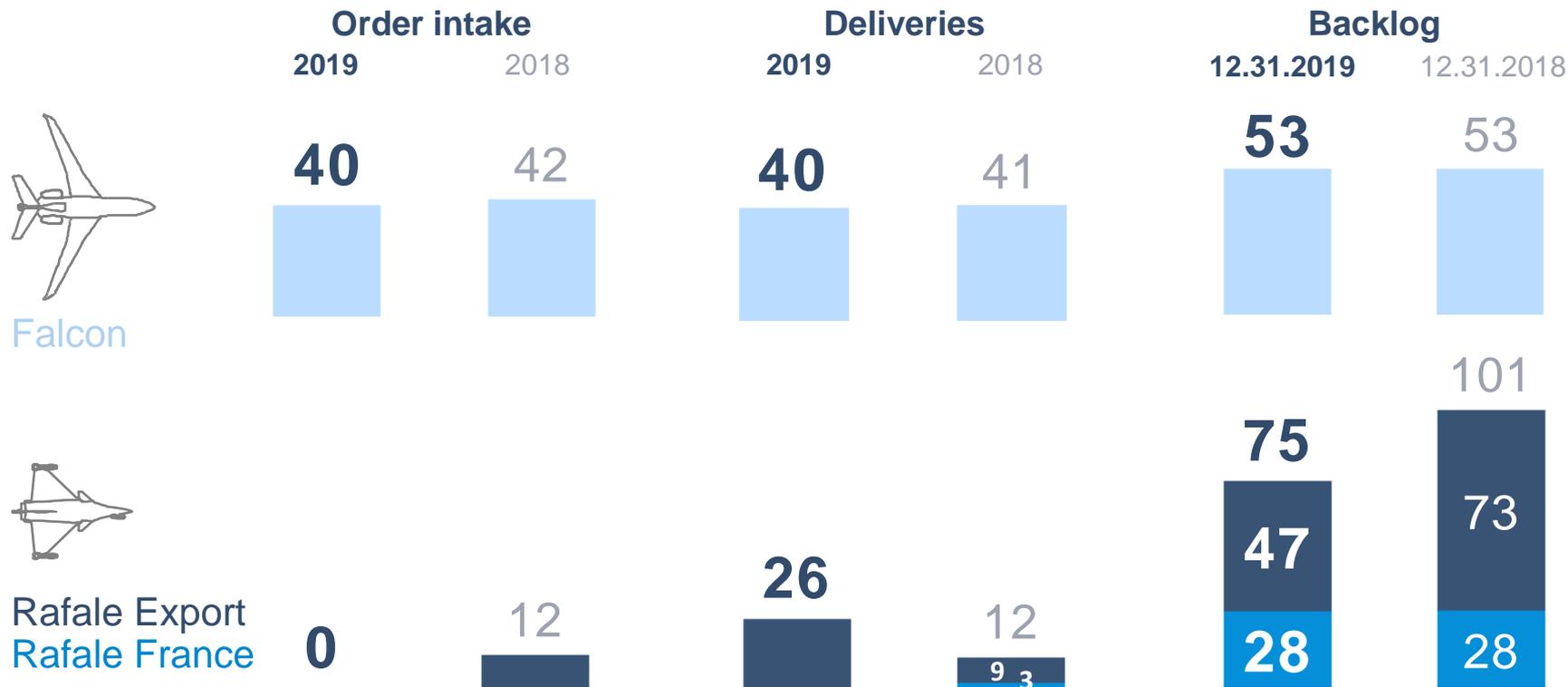
CORPORATE SOCIAL RESPONSIBILITY (2/2)

2019 HIGHLIGHTS

- **Recruitment and diversity: numerous recruiting in 2019, 23% of which are women**
- **Quality of life at work: (teleworking, nurseries, concierge services)**
- **Carbon footprint: strengthening low carbon actions**
 - Falcon Service Advisory, biofuels, flight plan optimization
 - Contributions to the Cleansky and CORAC initiatives
- **Industrial footprint**
 - Energy savings by integration of environmental standards for design and construction of new buildings
 - Switch from chemical industrial processes with strong environmental impact to mechanical industrial processes
- **REACH: qualification and pursuit of the substitutions**
- **Responsible procurement**
 - New procurement policy strengthening EHS requirements applied to suppliers
 - Duty of Care: more than 1,000 suppliers assessed

2019 RESULTS

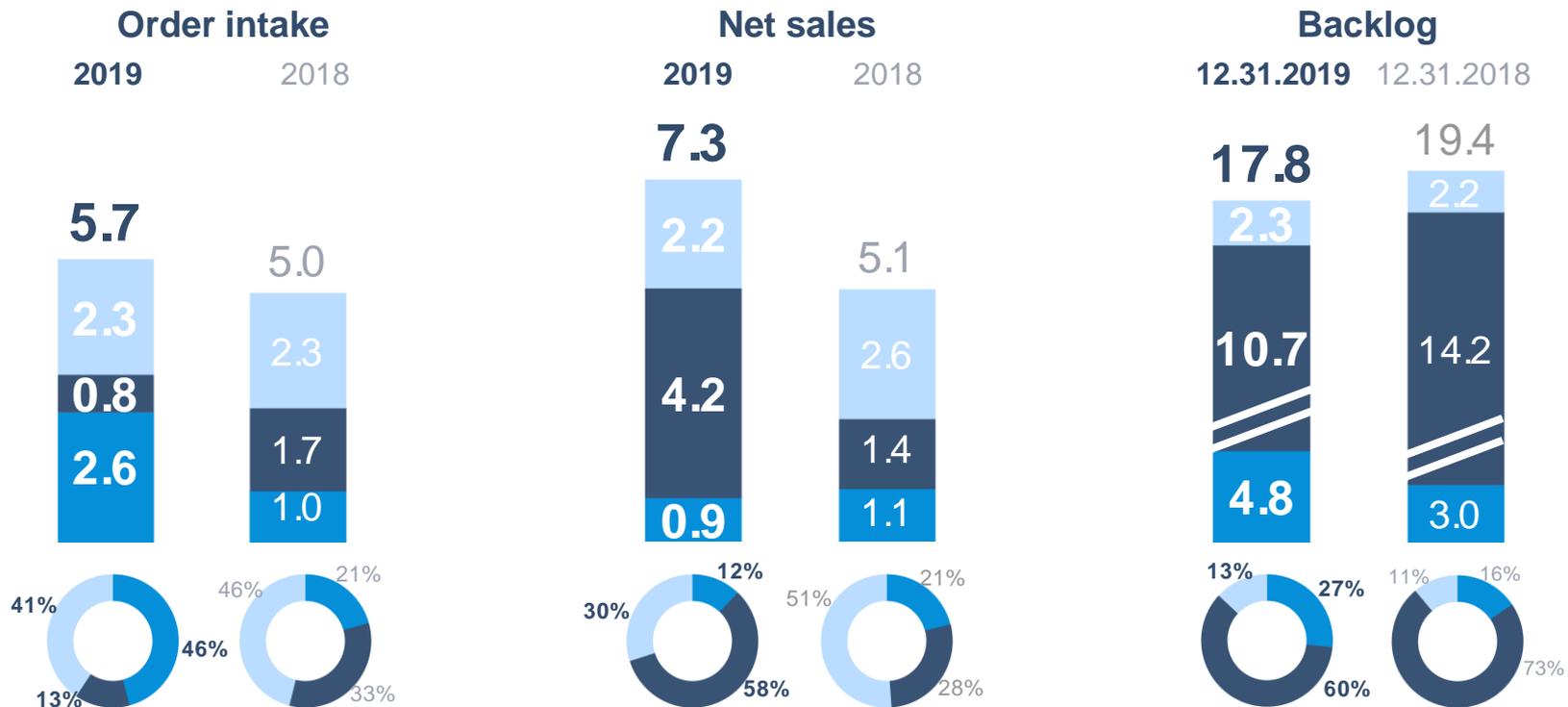
ORDER INTAKE, DELIVERIES AND BACKLOG IN UNITS



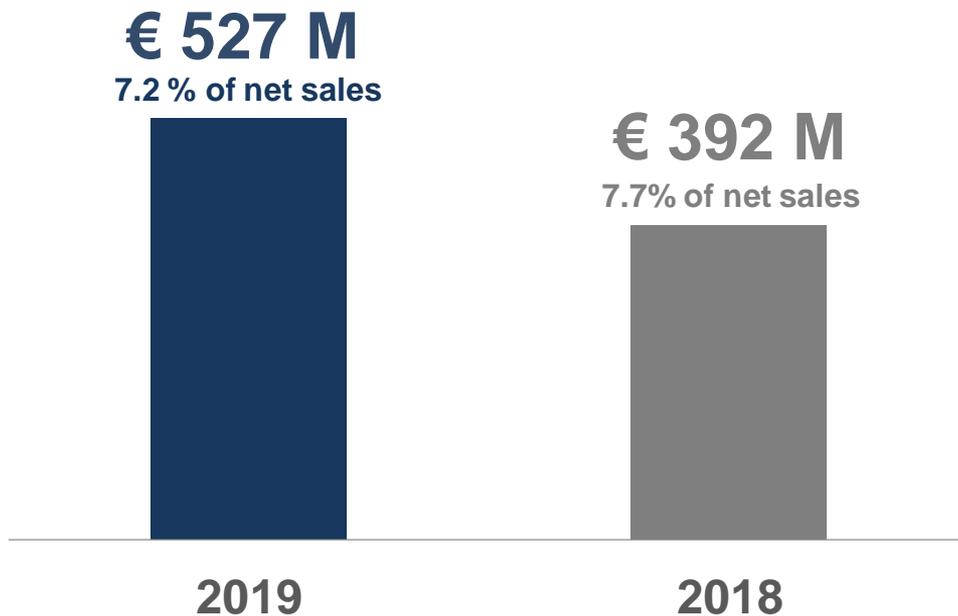
ORDER INTAKE, NET SALES AND BACKLOG IN € BILLION

Note: 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



THALES

- 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:

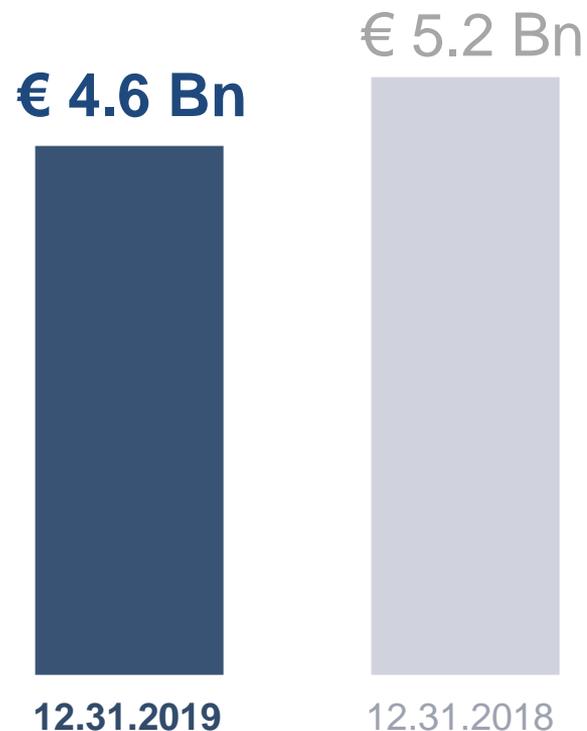
<i>in € millions</i>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Adjusted net result	-128	-45	517	570	642	562	809	897	840	1.178	1.405
<i>Adjusted net margin</i>	-1.0%	-0.3%	4.0%	4.0%	5.1%	4.3%	5.8%	6.0%	5.5%	7.4%	7.6%

- As of December 31, 2019, Thales owns 100% of Gemalto.

CONSOLIDATED AVAILABLE CASH

The € 4.6 Bn cash includes in particular, Rafale Export down payments received for ongoing contracts.

This decrease in line with forecast is correlated to the Rafale Export contract execution in backlog.



GROUP ADJUSTED INCOME STATEMENT

<i>in € millions</i>	2019	2018 published (*)
NET SALES	7,341	5,084
OPERATING INCOME	765	669
<i>Operating margin</i>	10.4%	13.2%
FINANCIAL INCOME	-52	-77
THALES and other equity affiliates	351	294
TAXES	-250	-205
NET INCOME	814	681
<i>Net income margin</i>	11.1%	13.4%
<i>Earning per share</i>	97.9 €	82.1 €

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

DIVIDEND

Dividend's proposal 25.4 €/share to be submitted to the Annual General Meeting on May 12, 2020

	2019	2018
<i>Dividends</i>	€ 212 M	€ 177 M
<i>Payout</i> (*)	26%	26%
<i>Dividend per share</i>	€ 25.4	€ 21.2

(*) on Group adjusted net income

Whereas the legal formula would have led for 2019 to an amount of € 38 M for profit-sharing and incentives schemes (including the specific correlated social tax), the Group will allocate **€ 187 M for profit-sharing and incentives schemes** (including the specific correlated social tax), vs € 168 M in 2018,

For 2019, the Group will pay corporate taxes of **€ 215 M** of which **€ 210 M (98%)** in France.

2020 OUTLOOK AND STRATEGY

- Meet our Rafale Export and Falcon delivery commitments in terms of quality and schedule,
- Sell our Falcon,
- Continue Rafale promotional and prospecting activities in India, Finland, Switzerland and other countries,
- Continue the Falcon 6X development for an entry into service in 2022,
- Continue to develop a future Falcon and prepare its launch,
- Launch studies for the NGF demonstrator,
- Contractualize the development of the EuroDrone,
- Continue the development of the French Rafale F4 standard and start studying the future F5 standard,
- Implement the RAVEL contract and sign new global integrated support contracts for other military aircraft,
- Start work on the Archange Falcon, and prepare the Albatros Falcon 2000 contract
- Prepare the future 5th batch of French Rafale,
- Develop the “Make in India” industrial network,
- Promote our space skills,
- Continue the Transformation Plan in a Big Data and data protection environment to gain competitiveness, flexibility and responsiveness,
- Continue innovation efforts and explore solutions for better environmental consideration,
- Develop measures to help improve the quality of life at work (teleworking, nurseries, concierge services).

2020 objectives :

- **Delivery of 40 Falcon** (iso 2019) **and 13 Rafale** (vs 26 in 2019)
- **Lower net sales**