



Dassault Aviation

2020 Annual Results

Friday 5th March 2021

List of MAIN speakers	Company	Job title
Éric Trappier	Dassault Aviation	CEO
Mathieu Durand	Dassault Aviation	

**PRESS CONFERENCE
2020 ANNUAL RESULTS – MARCH 5, 2021**

Éric Trappier
CEO

Good morning, I don't know if you heard me the first time. A little technical glitch.

So, we're doing this press conference remotely because of COVID-19. We will be giving you the presentations by video conference and an unusual organisation for questions. The first part will be as usual, and I suggest right away you watch the film for 2020 events summing up the highlights of the year.

Video Speaker

The French Air Force and Navy announced at the end of 2019 the first operational capability of the Rafale F33 Standard, a major step towards the implementation of two new capabilities offered by this tender: the TALIOS laser targeting pod and the METEOR air dominance missile.

On January 15, Éric Trappier inaugurated the expansion of the Dassault Falcon Service H3 maintenance hangar at Le Bourget, which can now accommodate four Falcon aircraft at once. Dassault Aviation took part in their first *La Fabrique Défense* Trade Show in Paris on January 17 and 18. Florence Parly inaugurated the show, which is aimed at promoting the spirit of defence, strengthening the connection between the armed forces and the French nation and encouraging the emergence of a European strategic culture.

On February 20, 2020, the French Ministry of Armed Forces in Paris, France, Germany and Spain officially signed the contract on the launch of a demonstrator for the FCAS - Future Combat Air System - in the presence of the major manufacturers. The aim is to fly a demonstrator of the future next generation fighter, NGF, in 2026. This programme is under the responsibility of Dassault Aviation.

Confronted with the unprecedented COVID-19 pandemic crisis, and to comply with government guidelines, our CEO, Éric Trappier, requested that an Emergency Measures Plan be set up on March 16, prioritising the health and safety of employees and their families.

As soon as this crisis hit us, we took emergency measures. We asked vulnerable people to work from home. We halted production and even stopped on-site work for development while determining the Best Measures we needed to adopt. The Best Measures were defined and presented to our social partners, which even resulted in a Central Works Council. After much discussion, our unions overwhelmingly approved this start-up plan provided that our measures are properly implemented and are trusting us to launch it.

To support Dassault Aviation, the Board of Directors decided that no dividend will be paid to shareholders but employee profit sharing incentive schemes will be maintained.

Our crisis task force, chaired by the CEO, met twice a day. It was supported by dedicated crisis task forces. Employees quickly adapted to working from home, which became the norm and became more effective and efficient. 2,200 laptops were distributed. More than 1,500 teleconferences were held on a daily basis. To guarantee the safety of our on-site employees, all measures were taken. Masks were supplied and distributed on our sites and it is now mandatory to wear these masks.

Providing support to the forces, in particular for ongoing operations, but also to maintain the missions of the permanent Air Defence posture, was one of the top priorities for Dassault Aviation. The company's efforts and determination guaranteed that our essential tasks quickly resulted in the resumption of air activities and the fulfilment of contractual commitments in the Military and Civil domains.

The Minister of Armed Forces visited the company headquarters on May 15. This really highlighted State support in this crisis period.

Thank you all for your work mobilisation and conscientiousness, and for the climate of trust in which our relations have continued. I am pleased to see that you have found the ways and means to create completely different working conditions. This is a fundamental resource. You have taken into consideration our urgent needs. Thank you very much and we will continue to work together with great confidence in the coming weeks and months.

I have two priorities relating to these topics: the short and medium term priority is the Rafale and the short and medium term priority that requires long term action is the NGF programme. We really need to work well together in these two areas to ensure longevity and they will ultimately ensure that we always have a manufacturing base in France and an effective design office to help with this in the future.

Dassault Aviation is committed to the fight against the pandemic by making two Falcon aircraft available to the French Armed Forces to transport medical personnel quickly as part of the operation resilience. Flights were also provided for the Aviation Without Borders charity. One hour flight to [? 00:06:23]. Nice weather, thank you.

The company gave 130,000 masks to regional healthcare agencies at the beginning of the crisis. Dassault Aviation employees were also involved in different charitable operations supported by the company.

Dassault Aviation has been fully committed within GIFAS [ph 00:06:56] to establish a plan to support the aviation industry with the government. This plan helps limit the disaster that could have occurred without it.

Secondly, we set up a fund with our four major contractors. The Big Four are allocating money; about 200 million euros, and the State is also giving 200 million euros. And using the 400 million euros, we will raise private capital to release around 1 billion euros, not only to prevent the bankruptcy of certain companies, but also to help modernise because the supply chain must be even stronger at the end of the crisis to be competitive. We need to accelerate the digital transformation of our supply chain and the Big Four. We are working from now up to one or two years in the future because the crisis will last this long but also keeping an eye on the future, keeping an eye on decarbonized aircraft and everything digital with our design offices.

Thanks to the cohesion, responsiveness and determination of our employees and a constructive dialogue with the staff representatives, Dassault Aviation is in the best position to manage this crisis

in the short, medium, and long term. We can this pursue the activities that ensure our company's future and continue deploying the Leading Our Future Transformation plan.

In the first half year, the company also pumped up resources into developing the F4 Standard of the Rafale. The training sessions for Indian pilots and mechanics continued in Mérignac, as did acceptance of completed Rafales. The delivery of a new upgraded ATL2 took place in Easter [ph 00:08:41].

In the Civilian domain, Dassault Aviation made the Falcon 6X a priority. The development schedule for this new aircraft still has the objective of entering into service in 2022. Éric Trappier signed a patronage agreement with General Christian Baptiste, National Delegate for the Order of Liberation, on June 18. Created by Charles de Gaulle in 1940 to reward the stakeholders in the French liberation, this order now aims to develop the spirit of defence. This is an essential quality when dealing with this unprecedented global crisis.

For the second consecutive year, Dassault Aviation came in first in AI and satisfaction survey on business aircraft fleet support. On July 27, the first five Indian Air Force Rafale aircraft operated by Indian pilots flew from Mérignac to the Ambala Air Base.

To help Lebanon after the tragic explosion in Beirut on August 4, 2020, and in response to the call to arms made by the French President, Dassault Aviation established a support agreement with the Lebanese NGO, Nawraj. On December 22, medical equipment worth 150,000 euros was handed over to the Soeurs du Rosaire Hospital in Beirut.

The layout of the Falcon 6X cabin won the Private Jet Design award. This cabin, the largest on the market with smooth curves, redefines the passengers' flight experience. The company came in first in the Aviation, Marine, Space category of the Challenges prize for the most virtuous companies in reducing greenhouse gases.

Dassault Aviation co-organizes the Paris Region Challenge AI for Industry 2020 with the Ile-de-France region, in which a dozen start-ups took part. The goal was to use AI algorithms to develop virtual sensors.

Just like in 2019, in 2020, Dassault Aviation was the third most popular company for students and engineering graduates from all sectors, according to an Epoka/Harris Interactive study. The Ministry of Armed Forces visited our Seclin plant, near Lille, in November 19 at the presence of the Chairs of the Defence Committees of the French National Assembly and Senate.

On those occasions, Florence Parly announced an order contract for the Maritime Surveillance and Intervention Aircraft, AVSIMAR, program named Albatros. A symbol of the civil-military duality of Dassault Aviation, this aircraft is based on the Falcon 2000LXS. It includes a multifunction radar under the fuselage, high-performance optronic turret, observation windows, a search and rescue kit release system, and dedicated communication systems.

On December 8 in Mérignac, the first e-rollout in history took place: the Falcon 6X e-rollout. With the COVID-19 crisis, this ceremony was original in terms of content, form, and distribution.

Just four months after the Intention to Purchase stated by Greece, on January 25 in Athens, Éric Trappier and Theodoros Lagios, the General Director of the General Directorate for Defence Investments and Arms at the Greek Ministry of National Defence, signed two contracts for the purchase of 18 Rafale aircraft and related logistics support. A ceremony was held with the French Minister of Armed Forces and the Greek Minister of Defence in attendance. The order for the 18 Rafale

aircraft covers 12 aircraft currently in service in the French Air and Space Force and six new aircraft manufactured in Dassault Aviation's production plants. To satisfy the Greek authorities' urgent needs, deliveries will start in the summer 2021 for two years.

The arrival of Rafales at the Hellenic Air Force illustrates the quality of the strategic ties between Greece and France. It highlights the continuing good relations with the Dassault Aviation and its industrial partners, which have been going strong for 45 years. During her tour of our Argonay plant in the Haute-Savoie region, where the flight control systems for all Dassault aircraft have been produced since 1963, Florence Parly, Minister of Armed Forces, announced the decision to order 12 Rafale aircraft to replace those sold to the Greek Air Force. This order means that the French Air and Space Force will be equipped with 129 Rafale aircraft by the end of 2025.

POST YEAR-END EVENTS

Éric Trappier
CEO

And now after the film presenting 2020 highlights, let's present our results.

Like you saw in the film, there are post year-end events not included in the figures. We'll be showing you the Greek contract, the 12 aircraft pre-owned by the French Air Force we're selling to Greece, and new ones, 12 aircraft to replace these aircraft going to Greece.

2020 CONTEXT

2020 was marked by the COVID-19 crisis, of course, which is a global crisis. I'll come back to it. And for France and Dassault Aviation, in particular, international tensions all over the place, which remain a concern for governments. Terrorism, still hitting France and other countries and the rise of environmental concerns in France, Europe, and the world.

2021 will continue with these uncertainties, with more hope with COVID-19, with vaccines coming in and the ramping up of vaccination throughout the year. And this should enable a return to quasi-normal conditions by the end of the year and the years to come. The aeronautics crisis, the industry crisis may last a bit longer.

FRENCH AVIATION SUPPORT PLAN

So French aviation support plan. So, French aviation remains the main topic between different companies: Airbus, Safran, Dassault and Safran, to a lesser extent. So, we need a plan to ensure and support the supply chain because behind these big companies, there are 500 companies in France that suffered and are still suffering from a lower workload because airlines are buying fewer aircraft and have not commissioned a lot of aircraft.

So, there's a plan. It started with GIFAS [ph 00:16:05]. It was negotiated with the Ministry of Economy, and it was announced this past June beyond partial furlough, temporary unemployment plans which allowed our companies to keep employees on board and maintain skills in-house instead of laying off people for the most part, even though some [? 00:16:33] are happening.

There were the State-guaranteed loans to cover a cash shortage in SMEs, mostly. And we ourselves worked on a fund to be able to look a bit further into the future. This investment fund was implemented by Airbus, Dassault, Thales and Safran and co-funded by the French government.

We chose Aerofund. We raised funds on the institutional market as well. This is an operational fund, and it started working with watch towers defined - GIFAS that identified the entire supply chain and initiated the same for the defence industries to be able to access the fund. It has a twofold aim. One, offer capital, if needed, because we have to modernise the supply chain, like we mentioned, to be competitive in the future. It's not just about surviving today and waiting out the crisis, we also have to be future-ready, be ready for things to pick up again.

And lastly, other funds were rolled out by the Ministry of the Economy to modernise the economy. And then CORAC, that's the preparation of the future of commercial aviation as well as helicopters and business jets and airport equipment.

It's about looking into the future with breakthrough technology and getting ready for what the French government and Europe want with the plan developed and the Paris Conference and the issues presented to decarbonate part of aviation in the years to come. So that's 1.5 billion euros for three years. That's the CORAC package. And this prevents the collapse of the supply chain.

I am not saying everything is fine. There are problems and there will still be problems when things get better, i.e., when State support stops with the guaranteed loans or a temporary furlough plan, and it remains to be seen how we will organise the reimbursement. So, the fund will be there to help.

Dassault Aviation benefited from part of these aids but not much: 6 million euros of State temporary furlough allowance. And right now, as we speak, that has ended at Dassault, mostly thanks to the Rafale contracts. We also received 8 million euros from CORAC, and we'll get more in the future. And we ourselves paid 1 million euros into the investment fund out of our 13 million euros commitment in the coming months.

DASSAULT AVIATION FACING COVID-19

So, therefore, throughout this crisis, we have set up the health protocol, which was fundamental, protect our employees and the ability to go back to work, thanks to this health protocol. We were very much helped by the various federations, the UMM, the MEDEF, so as to harmonise all these measures vis-à-vis the health measures announced by the public authorities.

And then we resumed our authorities. Flights were resumed, as you saw in the film. So, to say that we did not have any delays, that everything went off well, no. It was a difficult year. We started working again progressively. And very quickly, right from April, we resumed work little by little until the summer where things became almost normal, almost normal with a lot of working from home. The fact that a lot of people were working from home and that the resumption was done gradually, this generated a lot of delays in our programmes.

We could negotiate this with the Ministry, but we had a priority plan. Our priority plan was to support our Armed Forces, which was done without any further ado, without any [? 00:21:34] support. And our teams remained on the spot abroad to support our aircrafts at the other end of the world, and we could deliver our aircraft, the Rafale, which was done throughout 2020.

For India, particularly, right on time in spite of the COVID, and our Falcons, as you will see, they trend with our figures with a slight drop because some of the clients put off their deliveries. But the delivery plan was more or less on time, the 6X also. I'll talk about this.

And the work was pursued with our subcontractors, not just with Dassault but our entire subcontracting chain. The French one and the foreign ones were to pursue their activities. And so, they did their work so that we could pursue our preparation and the development of the 6X.

RAFALE EXPORT

As for the Rafale export, we delivered 13 Rafale in 2020. We'll go back to the figures later on. The major fact that was well described in the film was the arrival of the Rafale in India. There was the first ferry and others afterwards, and the Rafale aircraft are operational in the Indian Air Force. And this was really awaited for by our Indian friends. We also pursued, in spite of the travel restrictions, in spite of the issues with travelling, we could pursue prospection abroad. And one of the results was Greece.

RAFALE FRANCE

As for France, we pursued with the standard F4. The F3R is being installed in the French aircraft. This is underway. The F4 is being developed for the future years. That will be the standard in a few years from now. No Rafale deliveries. There's still a production delivery gap in France because of France's Military Procurement Law. This will be the case again next year.

We will resume deliveries to France from 2022 onwards, not only for the 28, we're talking about the 42, the 22 aircraft from '22 onwards, but the 12 additional ones that were ordered at the beginning of this year. So, that means 40 Rafales to be delivered from 2022 onwards. Until we have the fifth batch in France, which will be delivered from 2027 onwards with orders planned in 2023. But we've already begun some work to prepare the arrival of this fifth batch, and the work will be pursued in 2021.

MILITARY SUPPORT (1/2)

RAFALE

Support, that is very important. This is very dear to our Armed Forces Ministry. And the RAVEL France, the RAVEL contract, which is the MC vertical means that Dassault takes the responsibility of the entire support chain for all the equipment, apart from the engine, that is the subject of a separate contract. So, therefore, the RAVEL is deployed within the French Air Force. This contract was signed in 2019, over 10 years, with the notable element is the setting up of a big data platform that we are going to implement with the help of our Dassault system partner and with the common use, the joint use, between the Armed Forces and industrialists.

Rafale export, you've seen it, too. The important point is that we could continue training our pilots. Part of this training is done in the French Air Force. Another part is done in Mérignac where we've built a conversion training centre where we can carry out this training for the pilots and mechanics, for both.

Deploying technical support personnel in the countries using the Rafale, this was pursued. They pursued all their assignments, including during the COVID-19 crisis, which did not only impact France.

MILITARY SUPPORT (2/2)

ATLANTIQUE 2

As for the ATL2, we are pursuing the modernisation of ATL2. This was announced, and now we are implementing the modernisation of ATL2.

We have signed with the DME verticalized [ph 00:26:24] MCO contract, which is called OCEAN, and this contract arrived in 2020. It is the same principle. We take the entire chain of suppliers, and we have the engines elsewhere. It is the same principle, and this is a ten-year commitment.

MULTI-MISSION FALCON

The multi-mission Falcons. So, we have the Albatros. Seven Falcon 2000LXS for maritime surveillance were ordered, and there is an option for five more. We are pursuing the development of the Archange, which is the electronic war programme, which will replace the Transall Gabriel. Two were ordered in 2019, and there's one in option.

We have pursued our work on the Falcon 50. Falcon 50 is continuing its operations until the arrival of the Falcon 2000, with modifications in the aircraft so that it can drop SAR kits. So therefore, we will add dropping hatches. Japan has ordered six Falcon 2000 maritime surveillance aircraft, and we delivered the fifth one in 2020.

Germany, we delivered the DLR. The DLR is the German Aerospace Research Centre. We delivered one Falcon 2000 to the DLR, and this will be useful so that they can carry out a certain number of experiments.

FUTURE COMBAT AIR SYSTEM (FCAS)

Future Combat Air System. I'd like to remind you that the JCS, the joint concept studies, this is pursued. The contract was signed beforehand. We signed the contract for Phase 1A for the studies on the demonstrators and especially the NGF, new generation fighter, and throughout 2020. First, it was difficult to work because of the COVID stopped the work. But work was pursued, and we could move forward in this Phase 1A.

The arrival of Spain. The NGF was two countries first. France, and Germany and Spain has arrived, and we'll talk about it again. And it has asked for one third of the work. So now we have a rationale where each country has one third of the work. And France is the leader of SCAF, of FCAS, and Dassault is the leader in the Phase 1 NGF.

I am going to take your questions later on, but it's true that right now, we have a difficulty to develop Phase 1B. When I mean develop, that is come up with a proposal that would be agreed upon by all the partners and that would enable us to have a contract before this summer. But there are a lot of hurdles. The breakdown - one third, one third, one third - has led the three manufacturers - actually, the two, Dassault on the one hand that will have one third; and Airbus that has its share in Germany and its share in Spain, and that will have two thirds.

So, one third for Dassault; two thirds for Airbus. That's the first difficulty. But this is a difficulty that Dassault has accepted. Then we have to share the work packages, and there's a strong will from Airbus to have a lot more joint packages. Joint, that means no one is liable. We're doing it together. And here, we have agreed on one third of the work packages are joint. And the other half was shared equally between the three. That means that Dassault has less responsibility in the remaining 50% than the other two.

And we have an additional request, that is to balance out qualitatively the work packages that are sensitive or strategic. And here again, there are a few hurdles. So, therefore, we are carrying out discussions, and I'll take your questions later on. So, this is an additional difficulty in finding the right

contracts on how we can be the leaders or prime contractors in this organisation. And secondly, we have other issues related to intellectual property.

EURODRONE

The Eurodrone is the opposite. Airbus is the prime leader. Dassault is the subcontractor with a certain number of responsibilities. We were partners in the upstream definition study. Now we are pure subcontractors. This does not pose any problem to me [ph 00:31:25], and we are faithful subcontractors, and Airbus is the prime contractor. We're waiting for this contract to be finalised, and this will be done in 2021.

FALCON MARKET CONTEXT

As for the Falcon, the year was more difficult in terms of delivery. You remember that in July, I had modified the objectives. So, we had gone from 40 Falcons to 30 Falcons. And finally, we would have delivered 34 Falcons in 2020 compared to the 40 at the beginning of the year and 30, which was the revised figure in July. This is explained by the fact that clients did not really travel much in 2020 because of the COVID, which restricted traveling.

And this also generated an economic crisis, a lot of uncertainties about the future. And these uncertainties led our clients to not order new aircraft. They came and collected their aircraft. There was a slight gap. There was this passage from 40 to 30 and then 34, and some aircraft were not sold.

So, it was very difficult in terms of orders for us. So, 15 orders in 2020, out of which the seven for the French authorities, the National Navy, and seven Albatros. That means eight Falcon aircraft sold in 2020.

FALCON 6X

As for the 6X, we did our best to maintain our plans. I'm not saying we didn't have difficulties. I'm not saying we generated delays. There were delays, especially at the beginning of the crisis. It was difficult for everybody. But finally, we managed to hold our programme, and we wanted to start and have an entry into service at the end of 2022. But it remains difficult because the situation is still quite difficult with our subcontractors.

Yesterday and today, we have 6X rolling. The rolling is the phase just before the maiden flight, and I had indicated that the first maiden flight would take place in the first quarter of 2021. And so therefore, I think we will keep this promise. The 6X is 5,000 aeronautical aircraft with the largest cabin in the market, and we have a certain number of orders and discussions underway with clients.

FUTURE FALCON

The future of Falcon. I think this is the last time I'll be frustrating you. We have prepared the announcement for this new aircraft. It will be done in presence, if the conditions are better, but I will not wait for more months to make the announcement. We have tested with the e-rollout of the 6X. We can still keep working in our marketing presentations remotely. And if the conditions are not proper, we will not do it in presence, and we will do it as an e-announcement in the coming months or in the coming weeks.

FALCON CUSTOMER SERVICES

As for customer support, this is very important. We have done a lot of efforts since a number of years. We're still number one, according to the AIN Specialized Magazine, which is an American magazine specialised in this area and in many areas. So, we are very satisfied. For two running years, we could win this competition of the best company in the area of business jets.

FalconCare, that is the other part of the MCO with associated Falcon services, and we have signed our 500th FalconCare contract. I think that our clients are very satisfied by this type of support for their aircraft with all the reactivity required.

FALCON: ECO-RESPONSIBILITY

Eco-responsibility. I said it at the beginning, environment, it's very important. And what I think is the quickest to implement are the biofuels or the alternative fuels. Our aircraft today can only use 50% of biofuels. We're working so that they might be compatible at 100% with biofuels, and we are going to set up a biofuel [ph 00:36:15] line. We already wish it. This is not only in France, it's in the whole of Europe. And all the majors in the world would like to produce in a green way.

We don't want to have deforestation to produce biofuels. Everything has to be compatible with the environment and environment-friendly. And we should be able to distribute the biofuels, equip airports with this biofuel capacity and begin as soon as possible to introduce biofuels, not only in the commercial aviation but in our business jets. This is something in the short term that can really bring down carbon emissions in aviation, which account for 2% or 3% of the carbon emissions in the world.

Another eco-responsible approach in the entire aircraft cycle, we talk about recycling a lot. And right from the beginning of the design of an aircraft, we will try to design the recycling through the different lines - the metal line, the battery line, et cetera - so that we can choose this equipment or that equipment because then it could be recycled.

This process of extended design offers [ph 00:37:42] has encompassed this, too, which is eco-responsibility. Active participation in the French, European and international environmental research programs. Clean aviation, we are in Clean Sky and SESAR, so we'll be able to prepare these future technologies in certain number of areas.

Reducing our carbon footprint by the way in which we navigate, the way in which the Falcon crews can use software that optimise flight plans according to the fuel utilisation. If you have optimised routes, if you are on time, then you can more easily reduce your consumption during a trip and this for each flight, for each crew.

And the last point, we are, of course, part of the hydrogen - the new breakthrough technologies, and we want to lighten our aircraft and consume less also.

TRANSFORMATION PLAN (1/3)

The transformation plan, I'd just say one word. It was pursued in spite of the COVID crisis. It was slowed down, but we are still developing our new digital tools, for example, Big Data with the verticalized MCO [ph 00:39:10] and with our armies. This is being deployed. And we are pursuing the integration of new Dassault system tools like 3DExperience so as to generalise this in the company.

The industrial performance, we are preparing for the future. We want to be better in all areas. And the infrastructure upgrades that I've already mentioned, and this is being pursued.

TRANSFORMATION PLAN (2/3)
GEOGRAPHICAL FOOTPRINT FALCON SERVICE CENTRES NOT INCLUDED

This was slowed down because the entire public sector was at a standstill for a certain number of months. So, there are certain delays in the setting up of this infrastructure, but we are following all this.

And all our sites, as you can see, are affected by this upgrading, and this will allow the company to probably work in all these different lines with these different tools so that we can prepare for the future. This is true in France. This is true within Dassault Aviation and also at Le Bourget, in our subsidiaries. It's also true in our foreign subsidiaries at DFJ, in India where we are developing. And you'll see a film which would show you where we have reached in India because we talked a lot about India in the past few years, and you're going to see the first results.

TRANSFORMATION PLAN (3/3)
GLOBAL NETWORK OF FALCON MRO SERVICE CENTRES: + 60 LOCATIONS

And the plan covers the integration of our new service centres. We suffered about that in 2020 because of the drop in air traffic.

MAKE IN INDIA

And I'm going to show you the film, which will be a very good illustration rather than this slide. You're going to see the results we've acquired.

[video presentation 00:40:48 to 00:42:06]

CORPORATE SOCIAL RESPONSIBILITY
HIGHLIGHTS 2020

So, you see work in progress. Our ambition is to go all the way to the final assembly of a Falcon 2000. And we already started making Rafale parts. So, ramping up Indian [? 00:42:24] is always too long. But as you see in the film, it's not just images. It's not just pictures. It's really happening. We're very happy with the workforce.

And when COVID hit, we repatriated our French teams from Nagpur because it was a bit more complicated there than on Indian Air Force bases, and they were kept up. And we have already integrated parts made in Nagpur in our aircraft certified by the same principles as all our parts for Falcons.

As to CSR, we are interested in social impact in Dassault, too. We're very honoured and proud to say we were ranked number one of French aviation, navy, and space companies in terms of GHG reduction. So, our determination to pay attention to those areas is paying off. It's an effort, a significant effort, that we are making on all of our sites. For example, Mérignac, we planted hundreds, if not thousands, of trees to offset buildings we built.

ORDER INTAKE, DELIVERIES AND BACKLOG
IN UNITS

And now to the financials. You can see the 15 Falcons I mentioned here, the 34 deliveries I mentioned, which gives us a backlog of 34. Rafale, no additional order because the Greeks came in and the French

delta came in, in early '21. So, it will be in this year's results. 13 deliveries planned will go up in the coming year. It adds up to 22 [ph 00:44:30], but this does not include the Greek and other aircraft we already delivered to India and the French orders.

ORDER INTAKE, NET SALES AND BACKLOG IN € BILLION

So, 3.5 billion euros for our order intake, net sales of 5.5 billion euros and a backlog of 15.9 billion euros at the end of 2020. What's most representative of the business and the balance between our business is what you see in the middle, the net sales. You see it's basically 10% of what we do is in France; 40% from Falcons and 50% from exports. So, you see this civilian-military balance 60-40, and France, international is - 10% for France, 90% international.

INVESTMENTS

Investments, in spite of the prices and in agreement with our shareholders as recommended by the Board, we did not reduce our investments, be it in terms of getting ready for the future, technology investments or modernising our infrastructures, i.e., our industrial investments.

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

R&D. Self-funded R&D, 538 million euros, similar to the previous year. So, we did not reduce our effort. And in spite of the crisis, we kept up the effort, thanks to 6X and the new Falcon, I can't tell you about yet as well as technologies to be future-ready.

THALES

Thales published its results yesterday. 937 adjusted net result, and part of that feeds into dividend. This net margin is 5.5% for 2020, which is down compared to 2019, like for many of us. And on that basis, we are calculating our net income.

ADJUSTED CONSOLIDATED INCOME STATEMENT

So, operating income, 261 million euros. So, that's 4.8% operating margin, which is down from 2019, of course.

So, after reducing taxes and computing the link with Thales, the net income is 396 million euros, a net margin of 7.2%, earnings per share of 47.6 euros, down from 2019. Once again, we didn't pay any dividends, not even any instalment, while we kept paying incentives and profit-sharing.

CONSOLIDATED AVAILABLE CASH

Cash. We're using the cash to deliver Rafales. So, it's natural it goes down, that's the way the working capital works.

DIVIDENDS

Dividends, we paid 103 million euros in 2020 and zero for 2019 when we were supposed to pay 212 million euros. The payout is still the same. So, the dividend per share is 12.3 euros.

Next to that, in 2019, we kept paying profit-sharing and incentives to employees. And in 2020, it will be 85 million euros.

SPLIT OF THE PAR VALUE OF THE SHARE

Split of the par value of the share. We've been wondering or people have asked us about this for years. So, with the agreement of the Board, we're going to propose a split by 10, so we can align our share value with our peers in the industry. So, if it's 930 euros, I'm not sure exactly what it is today, if you divide it by 10, it will be just below 100 euros. And when it goes up, it will be just above 100 euros. Sometimes, it's gone up to above 1,000 euros. So, this will allow small investors to buy our shares. So, it will make the share more liquid. This will happen in the second half year. This takes time.

OUTLOOK AND STRATEGY

One of the conclusions for 2020 is that, first of all, our dual model is quite relevant and resilient in such an extraordinary crisis. For 2021, our top actions will be to keep exporting Rafales. It's fully mature, and the advent of the first export contracts - Egypt, India, Qatar and now Greece - are giving rise to more demand from other countries, and we would like to honour these as soon as possible. I know you'll ask me when. It's harder to say.

Secondly, we're going to go back to selling Falcons. It will depend on how the crisis pans out and its aftermath. After the end of the health crisis, will we see an economic recovery, in which case sales will pick up again quite naturally. Otherwise, it might take a bit longer. And for us, Dassault and Falcons, we're looking at the new aircraft coming in with the Falcon 6X, and the new aircraft we'll be presenting soon, which will drive recovery.

Military developments. The new Falcon; that's underway, keeping our engineers busy, our design team busy. And we are wondering about SCAF and NGF, will we be able to launch this future phase? Will Airbus secure the Eurodrone contract is another question. We have. We'll keep supporting our aircraft. And I hope we stay at the top of the pyramid in terms of support ranking. Might be harder to achieve because we flew less, and we'll continue with our Make in India, developing the activities referred to DRAL.

Our guidance for 2021, delivery of 25 Rafale. That's the contracts we signed. And as usual, a careful guidance of 25 Falcon. And there's still a lot of uncertainty because of the COVID crisis and its impact on the business jet market. But sales will be going up this year.

PRESS CONFERENCE 2020 ANNUAL RESULTS – MARCH 5, 2021

That's what I wanted to share with you by way of introduction. And now we can take your questions.

QUESTIONS AND ANSWERS

Éric Trappier (Dassault Aviation): We'll do this a bit differently. We have Mathieu Durand, who's going to be sharing the questions you sent ahead of time and in real time, and I'll answer them. Mathieu, you have the floor.

Mathieu Durand (Dassault Aviation): A question from Thierry Dubois, Aviation Week, for the Rafale. Where have you reached in Switzerland, in Finland, in Indonesia and in Croatia?

Éric Trappier (Dassault Aviation): The question as such is very interesting. There are already 4 countries that are mentioned. And I'd like to confirm that they are under discussions with us. There are countries where it is a standardised discussion. There's a call for tender, which is the case for Switzerland and Finland.

There are other countries where it is a bilateral discussion. As you know, you're used to this, I won't say more, but I have hopes that among these four countries, we will have results in 2021.

Mathieu Durand (Dassault Aviation): Question from Véronique Guillermand, Figaro; and [? 00:54:23]. What about the global business aviation market: North American, Chinese, et cetera?

Éric Trappier (Dassault Aviation): It was very difficult in 2020 at the beginning, but it's less difficult than commercial aviation, civil aviation. The air activity of the business jets took off more easily than civil aviation. We observed 80% compared to a normal year. A lot of domestic flights, of course, for business aviation.

And secondly, we do not sell a lot of new aircraft. And there was a strong drop among our competitors in terms of percentage or drop in the activity, around 30%. Preowned aircraft; the market did very well. You have the new arrivals in business jets. They don't want to have a new aircraft because they don't want to wait for it. And they're ready to put in a little money to have a preowned aircraft and fly immediately with the business jet considering the crisis in civil aviation. So, that is encouraging for us. This means that the number of potential global clients in business aviation is increasing, and that is positive.

Geographically speaking, it's difficult to say as very often, when you come out of a crisis, you see it coming from the West when you live here in Europe. And we observe in the United States a slight recovery. It's quite recent because the United States were very strongly hit by the COVID crisis, but they have an ability to rebound. They are very flexible, and so therefore, they recover very quickly. And in the United States, we observe a slight brightness in the field of business jets.

In Asia, things are more difficult because China; things are highly controlled. It's always been so, but it's even worse today. And the rest of the Asian countries, it is picking up, but this is just the beginning. The crisis did not improve all this. But some countries are interested in Asia.

Europe is the continent that is most affected. Everything stopped and halted in Europe. The crisis was the most difficult for the European countries where aviation stopped. We even saw, considering the increase in the environmental pressures, some internal flights were stopped, whereas other countries are developing domestic transport because that is a sector that helps create more momentum in the economy.

So, to do that, you have to have more air transport, not to mention train and the other modes of transportation. So, this is what I wanted to tell you about the market. Throughout 2021, we will

observe this hope, which is coming from the United States, and I hope that Europe will pick up soon after.

Mathieu Durand (Dassault Aviation): Question from Michel Cabirol, La Tribune, on NGF. How can Dassault be a leader if Airbus is two thirds of the load? Are you expecting the best athlete principle?

Éric Trappier (Dassault Aviation): I'm sure we'll have questions on NGF. This is a good question. I've already accepted it. We can handle the project with this one third/two third workload. It's possible where architects, if the roles are distributed well, if we manage the project - we can manage the project, we can do this. What would be more difficult will be one third, one third for all packages, then it would not work anymore because I need the tools to be able to manage the project.

So, one third, one third, one third is complicated. But it should also apply to the work packages and even the strategic work packages, for example, that's the flight controls. If I'm told there's no leader in flight controls, they can't work. You need someone in charge. I'm just mentioning that example, there are several. That's the issue today.

If we have too much joint work, so there's no leader anymore, or if we give too much responsibility to Airbus, who is counting Spain and Germany, then it becomes difficult for Dassault to play the role of the prime contractor. Airbus accepts Dassault is the prime contractor, but we also need to be able to commit to the three countries to play that role. That's a difficulty now.

Mathieu Durand (Dassault Aviation): Question from Pierre Tran, SLDinfo; and Thomas Halgoff from Handelsblatt on the NGF. As for intellectual property, the French say that the German want access to all the know-how from their partners, but the Germans want access only to the work carried out together. What is the reality according to you? What would be the compromises? And how can we reach such compromises?

Éric Trappier (Dassault Aviation): We must not caricature this issue regarding intellectual property. First of all, as in any area, the one who creates is the owner of his technology. The creator must be protected, not the one paying. Although we confuse the one paying and the one creating, the creator remains the owner of his intellectual property.

And especially the background, as we call it, that is for Dassault. 70 years of experience, that is our property in terms of technology. That doesn't mean that we are not ready to use this intellectual capacity to build a future programme. No. But it cannot force me to give intellectual property. It belongs to me. I can share it if I wish to share it, but I remain the owner.

As for the studies that will be carried out from tomorrow onwards together, this is the foreground. In the field of foreground, there are no problems regarding the topic. We have clauses that allow us to protect the foreground, considering third parties that would not be part of the foreground. So that is done. And so, from that point of view, the issue is not between Airbus and Dassault. We share the same values as industrialists. It is between the states. And that is where we have certain issues.

I have to reassure those who mix up intellectual property, those who talk about the black box. The black box is an American aircraft. It's a black box. You cannot look into the box and find our orders inside. There will be no black box in the FCAS from Dassault. Everything will be open. All the companies developing our programmes, even if some responsibilities are strictly Dassault or strictly Airbus, states will have access. They will know what is in the black box. So, there's no black box. It's got nothing to do with intellectual property.

Mathieu Durand (Dassault Aviation): Question from Thomas Hanke from Handelsblatt for NGF. Dassault is talking about its technological superiority vis-à-vis Airbus. But what about flight controls, stealthiness, et cetera? I mean, is it that easy?

Éric Trappier (Dassault Aviation): It's not very easy to know who is superior compared to the other. This question was never there. This is just imagination. It does not exist. The topic today is to ensure a proper implementation. We need to have levers. I need to take responsibility to commit myself vis-à-vis the states. And it is within this responsibility and the sharing of tasks [ph 01:03:18] that we have this problem.

As for superiority or no superiority, I cannot measure. It's not up to me to do that. I just know that for the past 70 years, I built flight controls for fighters, and I built flight controls for my Falcon aircraft alone. I do this alone. And this gives me a certain amount of experience. Maybe others have other experience. I have a lot of respect for Airbus and the flight controls of Airbus. But that's the design office that is in Toulouse.

And we can talk about all the different topics like that. So, there is no comparison as such. There is an experience that we're trying to highlight. But the issue right now is the sharing of the workload to have a proper control of all this.

Mathieu Durand (Dassault Aviation): A question from Dominic Perry and Ann [? 01:04:08], Les Echos. The German trade unions would like to build a second NGF demonstrator in Germany. Do you think there is a possibility or a need for that to happen?

Éric Trappier (Dassault Aviation): Well, the question is generating a lot of other questions. So, I'll answer all these issues one after the other. First, if we build a demonstrator and if we were to build another one, which is not planned today, this is not asked for by the states, but if we were to build a second one, we would build it in the same way.

We're not going to have a manufacturing plant for a demonstrator. That would be shared between France, Germany and Spain. And the second demonstrator done differently. So, it would be a second identical demonstrator. Then the problem is not from Dassault. If I'm paid for a second demonstrator, I'm very happy. It's the question of the different states. So, it's an issue between the different nations, between the different states.

Mathieu Durand (Dassault Aviation): A question from Pierre Tran. The Franco-German discussions on the FCAS, are they on - this question regarding exports.

Éric Trappier (Dassault Aviation): The answer is no. There was this entire issue of the continuation of the [? 01:05:22] agreements. So today, there is nothing of all that in the FCAS. That is on the topic.

There's a fact. The perception in Germany and the perception in France can be different, but there were agreements signed between the states for the ability to export a fighter done together. But now we're not just two, we are three. We're talking about the French and the German, but now we have the Spanish also.

Mathieu Durand (Dassault Aviation): Question from Mathieu Rabechault, AFP. The current discussions on NGF and FCAS, does it allow us to have an agreement signed in time for the validation of the electoral constraints in Germany?

Éric Trappier (Dassault Aviation): Well, each country has its own constraints. A cooperation fighter aircraft or programme in the defence industry, these are programmes that will take place over 30 to 40 years. So, to just look at the elections in each country - because not only in Germany; we will have elections in France, we'll have elections in Spain, too. So that is a difficulty.

We need to have a governance process that can do - I mean, the elections will take place. The governments will stand from the results of these elections, but we need to have a certain amount of resilience and persistence in the decisions. We shouldn't have a strategic and industrial calendar based on the electoral calendar.

So, there are elections in Germany. We know that. It's going to be in 2021. There'll be another one in 2022 in France. Fine. But we have to agree, of course, but we cannot agree and, especially if there are disagreements, solve the disagreements just because there are elections in Germany.

Mathieu Durand (Dassault Aviation): Question from Michel Cabirol. How are the French specificities managed for the FCAS? The nuclear, navy, who's going to pay?

Éric Trappier (Dassault Aviation): Well, listen, as a leader of NGF, I have a clear request to take into account in the future an aircraft that will be on an aircraft carrier, and the aircraft carrier that was launched a few months ago in France. So, I have an imperative from my government so as to put that aircraft on the aircraft carrier. So, therefore, we need certain choices, we need certain arbitrations, we need to make certain number of decisions. As for the nuclear, it's the same thing. And I won't say anymore.

Mathieu Durand (Dassault Aviation): Question from Dominic Perry from Flight. Dassault and France; could they do FCAS and NGF alone?

Éric Trappier (Dassault Aviation): Well, you have to ask France. It would be a political decision. But on technical terms, Dassault can make aircraft alone. Of course, we make Rafale and Falcons alone every day. Secondly, Safran can make fighter plane engines. They've done it for Rafale. And third, Thales can make radars, countermeasures, a number of electronic equipment.

So, if you add Dassault, Safran and Thales and that MBDA for missiles, the answer technically is yes. But the real question, the real challenge here is efficacy. Do we want to make a fighter plane cooperation, a fighter plane that meets the operational needs of three countries for 2040? And that's effective that we can export because it's competitive compared to American and Chinese even competition.

If I listen to Americans fairing [ph 01:09:21] Chinese and Russian competition, and at what price for each country, you see, what's the budget for each country. That's the question that each country needs to ask. We're working in cooperation to be more effective, not just for the fun of it.

There's an operational need. We feel a commitment to keep and - budgets and the DGA reminds us every day that we have to lead to keep to budget. So, can I be the prime contractor [ph 01:09:56] when I'm told who the subcontractor should be, how we should work. And there are three of us deciding, that's hard because I'm alone facing two.

Mathieu Durand (Dassault Aviation): Question from Dominic Perry, Thomas Hanke. Do you think that the FCAS and the British Tempest could merge at a later stage? And if so, don't you think you'll have the same intellectual property issues with the British, and this will be made worse because of the links between the British and the American links?

Éric Trappier (Dassault Aviation): This gives me an opportunity to talk about the British. The cooperation between the United States and the British on the F-35, I don't know if the intellectual property is with the Lockheed. The Americans, their technology, the stealth technologies are very well locked, especially the black box vision generated in Germany that must have this vision of the black box by the American experience and not by the French experience.

So, yes, we have to know that there will be difficulties with the British in that area. But we have begun with the studies with the British. And we can work with the British also. Merge the FCAS and the Tempest, that is not on our agenda.

Mathieu Durand (Dassault Aviation): A question from [? 01:11:28] Mr. Cabirol and [? 01:11:31]. Don't you think that the FCAS might die in the near future? And don't you think we need to have something else? The Americans have the F-15, which is regularly upgraded, and which will remain operational for decades to come.

Éric Trappier (Dassault Aviation): Well, I do not know. I don't think that it's going to die soon, but I cannot say that the patient is not in a difficult state. So, that is where we are, but we still believe in it. We still believe that we can succeed.

And if we don't succeed, the question would be what is our plan B. And our plan B, well, I'll not talk about that today, but it must integrate the ability of states to have plan Bs. Each company always has a plan B. It does everything so that plan A might succeed. But the day when plan A does not succeed, it needs to have a plan B. So, either plan A works, or you go directly to plan B.

Mathieu Durand (Dassault Aviation): Question from Stephan [? 01:12:45]. What about the FCAS reported parts?

Éric Trappier (Dassault Aviation): Well, Germans are responsible for the Eurodrone and they are responsible for remote carriers and the system of systems. We don't have any responsibility in those areas.

Mathieu Durand (Dassault Aviation): And now to the Eurodrone from Dominic Perry. There are questions about Spain being able to honour its part in development costs of Eurodrone. What would happen if Spain pulled out of the programme?

Éric Trappier (Dassault Aviation): I'm not saying this for Spain because Spain is a respected and respectable partner. But let me say this. Generally speaking, when you have a cooperation of several countries, each country wants more for its own country. It's only natural. And so, they say they can put a lot of money into it.

Right now, there are three of us, so at least one third of the development and the whole program because then it will be - when the aircraft come out, each will say they want more, as many as possible. And then you have to be able to come up with a budget. And once you start over the certain architecture and workload sharing, it's very hard to say, 'Okay, you're not going to have the budget a couple of years from now, then we can switch things around.' No, it's too late. So, it's really at the start. Everything is decided. And right now, it's three thirds.

Mathieu Durand (Dassault Aviation): Question from Ann [? 01:14:29], Les Echos, and Dominic Perry. The first deliveries of the Eurodrone will arrive later than planned; 2029, according to Airbus. How can you be sure that the plane will have the right technical levels?

Éric Trappier (Dassault Aviation): Well, I suggest you ask this question to the person building the Eurodrone, that is Airbus.

Mathieu Durand (Dassault Aviation): Maurice Pierre, [? 01:14:53]. The Franco-German project, will it follow the same winding road as the FCAS?

Éric Trappier (Dassault Aviation): No, I don't think so because the major difference today between the Franco-German programme, maritime surveillance, is that we have Mr. [? 01:15:10] who knows what he's talking about outside - that is Dassault. Who has the experience since 1958 of the maritime surveillance aircraft? Who else?

We had Atlantic 1, Breguet. We had Atlantique 2, that was Dassault. We had the upgrading of ATL2, that was Dassault and still the case. We have OCEAN. The verticalized support of our maritime surveillance and patrols, and that's our skill. And so, this topic is different. Is it on a better path? I'll let you analyse that.

Mathieu Durand (Dassault Aviation): Question from Mathieu Rabechault, AFP. What do you think about the competition with the Rafale in the midterm with the new American projects of fighter aircraft to take over the F-16?

Éric Trappier (Dassault Aviation): Well, I think it's very bright. We have an operational aircraft fighter [ph 01:16:12] demonstrated by the French Army or the National Navy. We are successful in exports. The first feedback we can have from the countries that have bought the Rafale is also very positive.

We have a compact aircraft that can do everything, air-air, air-ground, air-sea, because this is in the hands of the Navy, too. It is the smallest aircraft that can do all this with the range, with drag, which is very good with the payload which is very good.

So, the smallest versatile aircraft that is the Rafale, and this is why it is going to please and the passages were also known. It's had never been exported. But now we can say that it's a success for France. It's a success in terms of export, and it has a bright future for the French industry.

Mathieu Durand (Dassault Aviation): Question from Thierry Dubois. Egypt, India and Qatar, could they make new Rafale orders?

Éric Trappier (Dassault Aviation): We wish so, but you have to ask them the question.

Mathieu Durand (Dassault Aviation): A question from Véronique Guillermand of Figaro and [? 01:17:19]. What are the assets of the business jet market in the current context? Could this push some companies to invest in your aircraft?

Éric Trappier (Dassault Aviation): Well, its strength is flexibility, modularity, the ability to go through much less crowded airports. So, you can save time. We're going to have fewer trips as a consequence of COVID. The business travels will go down because for the use of video conferencing. Even though I believe seeing people for real is key when you want to see your customers or providers and work together, but it will be more effective.

So, business jets meet this, and the Americans have known this for a while, and the Europeans are starting to realise it. So, it will develop responsibly. And we'll be able to introduce ways of decarbonising through biofuel or new clean technologies.

The business jet market compared to the rest of the aviation market is very small compared to the global aviation, which accounts for 2% to 3% of carbon emissions. So, it's a tool. And the series of companies to continue developing relationships and being touched with people is something we really need and miss today.

Mathieu Durand (Dassault Aviation): A question from Dominic Perry. What is your road map for the green plan in 2035?

Éric Trappier (Dassault Aviation): We - talking here as Dassault, not GIFAS. So, we're a part of the CORAC programme. But the technology we're looking at need to meet certain programmes. The 6X programme is consuming less because the use of past technologies comes into play today. So, we're seeing a jump in the carbon footprint. And this will also apply to the new Falcon. Breakthrough technologies, that's for later, and we'll discuss a few years from now.

Mathieu Durand (Dassault Aviation): Question from Thierry Dubois. What is the role of Dassault Aviation in the biofuel line?

Éric Trappier (Dassault Aviation): Well, we are not going to create the biofuels. So, we are encouraging to use them because we can use them already today. I'd like to repeat, 50% right from today, we can easily go to 100% use of biofuels. Our clients are ready to do that.

Of course, you're going to pay a little bit more. You're going to pay a little bit more for the fuel. Our clients in business aviation and Falcons are ready to pay a little more for their fuels to fly with biofuels. So, therefore, we're encouraging the big ones, and we're working with some of majors in this area so that we can do that very quickly. This will happen before the breakthrough technologies.

Mathieu Durand (Dassault Aviation): Question from [? 01:20:45]. What about the preowned business jet market?

Éric Trappier (Dassault Aviation): Very well, they're doing very well, as I said earlier on. It developed during the crisis. A lot of clients went to business jets because civil aviation had halted. They didn't want to go into airports that are less crowded today, but that were still crowded. So, there's a greater health safety which is brought through the use of business jets.

Mathieu Durand (Dassault Aviation): A question from Thierry Dubois. All the French Rafales, are they at the F3-R standard?

Éric Trappier (Dassault Aviation): Yes, they will follow that standard. As far as I remember, this should be in 2022. This is underway. The retrofitting is underway. It should be ready by 2022.

Mathieu Durand (Dassault Aviation): Last two questions. Michel Cabirol, La Tribune, for the Rafale. Could you increase your production if you obtain new orders?

Éric Trappier (Dassault Aviation): This is a question I've been hearing for the past 10 years. 10 years ago, the question was the number of orders. And today, some believe that if we have too many orders, we won't be able to do this. But I don't care. It's going to give a headache to our producers because we have to increase the speed, and it's a lot of work. But this is not the same type of issues as we had one year ago where we thought that the chains [ph 01:22:08] would stop.

Yes, we can increase the speed of our lines. We were at speed one, and now we're at speed two. We can go to speed three. Not that simply, we would need more time. Maybe we would need more tools. Maybe the people would have to be repositioned at the right stations, but we can reach speed three.

Mathieu Durand (Dassault Aviation): And last question, Véronique Guillermand, Le Figaro. The Aubert & Duval dossiers, do you want them to be solved quickly? How come that company is strategic for Dassault?

Éric Trappier (Dassault Aviation): That company is strategic for the entire French aviation sector. It's true for Airbus, Safran, Dassault Aviation. All our subcontractors use this equipment. This material, the way we qualify material to be used in aeronautics, that is vital for the French aeronautical sector.

So, it is very important to stabilise this company in the coming weeks. It's been too long. We've been talking about the difficulties with this company. We are in favour of a sustainable solution with this company, and we really wish to have a solution so that we can keep manufacturing going through this company.

Well, time is flying. Although you're not here in front of me, but I have a screen in front of me, and I can see a few faces, and that's very nice. I'd like to wish you a very pleasant day. And we'll have the opportunity to talk again, particularly for the first flight of the 6X, which will be in the near future. Thank you very much.