



ISSUER RATING
LongTerm

OUTLOOK
Stable



ISSUER RATING
ShortTerm

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Rating Action and Rationale

- EthiFinance Ratings affirms the long-term corporate rating of Safran at A+, maintaining its Stable outlook. EthiFinance Ratings also reaffirms its short-term corporate rating at EF1+.
- Headquartered in France, Safran SA designs, develops, and manufactures aircraft engines for both commercial and military use, as well as various aerospace and defence equipment.
- Safran reported revenues of €31.2bn for 2025 (from €27.7bn in 2024), for adjusted EBITDA (adjusted for capitalised R&D) of €6.3bn (€5.0bn in 2024), equivalent to a margin of 20.2%, YoY. While reported net debt has been negative for several years, the EthiFinance-adjusted net debt has been positive, on the back of adjustments for employee benefits, borrowings subject to specific conditions, factoring and most importantly, part of advances received by the company. As a matter of fact, advances can represent up to c.50% of Safran's total accounting revenues for the following year, which exceeds the maximum threshold we consider acceptable under a normal course of business (around 30%). Consequently, we adjust for the difference and bring back part of advances perceived as debt-like items. This results in an adjusted net debt in the range €3-5bn between 2024 and 2028e, and a net adjusted leverage ratio between nil and 1.0x over the same timeframe. Despite significant M&A over the past few years - in particular the Collins deal - and ongoing buyback and dividend policies (Safran has set a payout ratio target of 40% of adjusted net income), such contained levels of leverage highlight the group's excellent financial risk profile. The latter is also characterized by excellent capitalisation as well as interest coverage. Additionally, Safran benefits from a very good business risk profile. The group exhibits a leading global market position - which places the company among the top 10 in the sector in terms of revenue - favourable geographic diversification, with 42% of 2025 sales in Europe, 29% in the Americas, 19% in APAC, and 10% in Africa and Middle East.
- Our ratings remain mainly constrained by our industry risk assessment (BBB+), although growth perspectives for the defence industry have improved YoY on the back of rising tensions worldwide. Yet, geopolitical tensions and regulatory uncertainties further contribute to the industry's inherent risks, potentially affecting demand dynamics and supply chain operations, mild volatility of profitability, and medium-to-high ESG risk stemming from its industry's environmental impact.
- The capital goods industry has medium-to-high ESG risks under our methodology (sector heatmap score between 3.5 and 4), slightly constraining our industry assessment. Heavy industries have a high impact on climate as they are highly energy-intensive in the production process and generate high levels of GHG on all scope measures. The capital goods sector has also a significant impact on resources, consuming a large amount of raw materials. However, impact on biodiversity is medium as this can vary depending on the land use and the production process. Regarding suppliers, raw materials are increasingly problematic given geopolitical uncertainties, and the sector is also affected by human rights issues.
- On a more positive note, the company has a favourable ESG score (between 1.0 and 1.5), which offsets the industry risk, resulting in a slight positive impact on the final rating from ESG aspects. The company's favourable ESG score is primarily attributed to its robust governance framework, including the clear separation of the roles of Chairman and CEO and a strategic focus on ESG priorities, although this pillar has weakened slightly with the proportion of independent Board members falling below 50%. On the social front, the group has shown broad-based improvement, with the turnover rate declining to 10.6% from 12.9%, the share of women in senior management positions rising to 24.6% from 22% (above the 24% target set for 2025), and a further reduction in the accident frequency rate. On the environmental front, Scope 1 & 2 emissions (location-based) declined by c.2% yoy in 2025, bringing the cumulative reduction versus the 2018 baseline to 25.2%. This still falls short of the group's 2025 interim target of a 35% reduction. In 2025, total energy consumption edged slightly higher at +1.2% yoy, while hazardous and radioactive waste declined despite higher revenue, resulting in a lower waste intensity ratio than in the two preceding years.

Issuer Description

Headquartered in France, Safran SA is a Tier 1 supplier with leading positions in its markets. Within its three divisions, Safran designs, manufactures, and sells engines for commercial and military aircraft, other defence equipment, as well as commercial aircraft interiors. It also generates a significant proportion of its sales and profitability from maintenance, repair, and related services, as well as the sale of spare parts for its products.

The company is notably recognized for its collaboration with General Electric Aviation in developing the CFM56 aircraft engine, and more recently the LEAP engine, a crucial component utilized in major aircraft models such as the Boeing 737 Max, the Airbus A320neo, and the Comac C919. In 2025, the group generated revenues of €31.2bn, with EthiFinance ratings' adjusted EBITDA of €6.3bn (EBITDA margin of 20%). The EthiFinance Ratings-adjusted net leverage ratio (NFD/EBITDA ratio) was 0.9x at end-2025.

Safran is listed on the Euronext Paris stock exchange, and is part of the CAC 40 index. As of December 31, 2025, the French State remained the main shareholder with an 11.72% stake (18.35% of voting rights). Safran's market capitalisation as of April 7, 2026, lies around €118bn.

Liquidity

We assess the liquidity profile of Safran as 'Superior' reflecting its high level of liquidity at end-2025 (cash available and committed credit lines), in addition to a strong refinancing profile.

Credit Metrics Expected Evolution (CMEE)

We expect the group's credit ratios to remain broadly unchanged over the next 12 months, resulting in a Stable CMEE.

Main Financial Figures

Main financial figures. millions of EUR						
	FY24	FY25	FY26e	FY27e	FY28e	25vs24
Turnover	27 716,0	31 189,0	35 401,8	38 941,9	42 836,1	12,5%
Adj EBITDA ⁽¹⁾	4 993,0	6 294,0	7 107,0	7 788,3	8 538,8	26,1%
Adj EBITDA Margin	18,0%	20,2%	20,1%	20,0%	19,9%	2,2pp
EBIT	4 119,0	5 197,0	5 861,9	6 418,6	7 031,1	26,2%
EBIT Margin	14,9%	16,7%	16,6%	16,5%	16,4%	1,8pp
EBT	- 859,0	10 269,0	5 647,0	6 189,3	6 801,3	1295,5%
Total Assets	55 012,0	61 814,0	66 286,3	70 905,9	75 643,8	12,4%
Equity	10 725,0	15 461,0	16 516,6	17 755,4	18 775,5	44,2%
Adj Total Financial Debt ⁽²⁾	11 378,5	12 369,9	12 325,4	13 041,9	13 070,1	8,7%
Adj Net Financial Debt	4 864,5	5 580,9	5 023,9	4 501,9	3 496,8	14,7%
Equity/TFD	94,3%	125,0%	134,0%	136,1%	143,7%	30,7pp
Adj NFD/Adj EBITDA	1,0x	0,9x	0,7x	0,6x	0,4x	-0,1x
Adj Funds From Operations	3 914,0	3 805,0	5 381,1	5 908,4	6 501,3	-2,8%
Adj FFO/Adj NFD	80,5%	68,2%	107,1%	131,2%	185,9%	-12,3pp
Adj EBITDA/Adj Interest	54,3x	63,6x	74,9x	71,2x	77,8x	9,3x

(1) Adjusted for capitalised R&D, currency hedges, impact of business combinations, dividends received from equity-accounted companies

(2) Adjusted for employee benefits, borrowings subject to specific conditions, factoring and part of advances received

Credit Rating

Credit Rating	
Business Risk Profile	A-
Industry risk assessment	BBB+
Industry's ESG	Negative
Competitive Positioning	A
Governance	BBB+
Financial Risk Profile	AA
Cash flow and leverage	AA
Solvency	A-
Company's ESG	Positive
Anchor Rating	A±
Modifiers	-
Rating	A±

Rating Sensitivity

- **Long-term and short-term rating positive factors (↑)**

Already at an excellent level, the improvement in our LT rating would mainly derive from an improvement in our assessment of the industry risk, something which is not expected at present. Additionally, should our adjusted net leverage ratio turn negative, this could also drive a potential upgrade to AA-. The ST rating is already positioned in the highest rating category, as per our methodology.

- **Long-term and short-term rating negative factors (↓)**

A downgrade of our LT rating could occur if the company's results deviate materially from our forecasts, for instance in the event of a debt-funded acquisition, reinforcement of the use of advances, resulting in a sustained adjusted net debt ratio above 1.0x. A downgrade of our short-term rating would imply a downgrade of our long-term rating, as well as a change in the CMEE from Stable to Negative, which seems unlikely at present, as this would occur in a severe downturn scenario for the aerospace & Defence sector.

Sources of information

The credit rating issued in this report is unsolicited. The credit rating is based exclusively on public information, being the main sources the following:

1. Annual Audit Report.
2. Corporate Governance Report.
3. Corporate Website.
4. Information published in the Official Bulletins.

The information was thoroughly reviewed to ensure that it is valid and consistent, and is considered satisfactory. Nevertheless, EthiFinance Ratings assumes no responsibility for the accuracy of the information and the conclusions drawn from it.

Level of the rated entity participation in the rating process

Unsolicited Credit Rating	
With Rated Entity or Related Third Party Participation	NO
With Access to Internal Documents	NO
With Access to Management	NO

Additional information

- The rating was carried out in accordance with Regulation (EC) N°1060/2009 of the European Parliament and the Council of 16 September 2009, on credit rating agencies. Principal methodology used in this research are :
 - Corporate Rating Methodology - General : <https://www.ethifinance.com/download/corporate-rating-methodology-general/?wpdmdl=35203>
 - Corporate Rating Methodology - General : <https://www.ethifinance.com/download/corporate-rating-methodology-general/?wpdmdl=35203>
- The rating scale used in this report is available at <https://www.ethifinance.com/en/ratings/ratingScale>.
- EthiFinance Ratings publishes data on the historical default rates of the rating categories, which are located in the central statistics repository CEREP, of the European Securities and Markets Authority (ESMA).
- In accordance with Article 6 (2), in conjunction with Annex I, section B (4) of the Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009, it is reported that during the last 12 months EthiFinance Ratings has not provided ancillary services to the rated entity or its related third parties.
- The issued credit rating has been notified to the rated entity, and has not been modified since.

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