

Thales reports its order intake and sales at September 30, 2022

- **Order intake¹: €15.4 billion, +41% on an organic basis² (total change: +45%)**
- **Sales: €12.3 billion, +6.4% on an organic basis (total change: +9.6%)**
- **2022 organic sales growth expected in upper part of the range set in July 2022 (between +3.5% and +5.5%³)**

Thales (Euronext Paris: HO) reported today its order intake and sales for the period ending September 30, 2022.

Order intake, in € millions	9m 2022	9m 2021	Total change	Organic change
Aerospace	3,646	3,676	-1%	-3%
Defense & Security	9,175	4,826	+90%	+86%
Digital Identity & Security	2,584	2,105	+23%	+16%
Total – operating segments	15,404	10,607	+45%	+41%
Other	45	49		
Total	15,449	10,656	+45%	+41%
Of which mature markets ⁴	9,525	8,669	+10%	+7%
Of which emerging markets ⁴	5,924	1,987	+198%	+189%

Sales, in € millions	9m 2022	9m 2021	Total change	Organic change
Aerospace	3,270	3,108	+5.2%	+2.1%
Defense & Security	6,385	5,948	+7.4%	+5.2%
Digital Identity & Security	2,584	2,105	+22.7%	+16.2%
Total – operating segments	12,239	11,161	+9.7%	+6.5%
Other	59	61		
Total	12,298	11,222	+9.6%	+6.4%
Of which mature markets ⁴	9,457	8,502	+11.2%	+7.9%
Of which emerging markets ⁴	2,842	2,720	+4.5%	+1.8%

¹ In accordance with standard IFRS 5, the financial data for the "transport" operating segment have been classified under "discontinued operations" following entry into exclusive negotiations with Hitachi Rail with a view to disposing of this business.

² In this press release, "organic" means "at constant scope and exchange rates".

³ Corresponding to €17.2 billion to €17.6 billion based on October 2022 scope and exchange rates.

⁴ Mature markets: Europe, North America, Australia, New Zealand; emerging markets: all other countries. See table on page 6.

“In the first nine months of 2022, Thales achieved a very solid commercial performance, with order intake up 41%.

Despite an operating environment marked by supply chains tensions and the geopolitical context, the Group is keeping pace with respect to sales growth, driven in particular by the momentum of the digital identity and security segment (DIS, formerly Gemalto).

In spite of the current uncertainties, we confirm all our Full Year objectives. All Thales teams remain mobilized to serve our customers and to implement our strategic initiatives.”

Patrice Caine, Chairman & Chief Executive Officer

Order intake

In the first nine months of 2022, order intake stood at **€15,449 million, up 41% organically⁵** compared to the first nine months of 2021 (up 45% in total change). Over this period, Thales booked **16 large orders with a unit value of over €100 million**, representing a total amount of **€5,765 million**:

- 2 large orders booked in Q1 2022:
 - the order of two Space Inspire satellites by Intelsat
 - the order of an additional Space Inspire satellite by SES
- 10 large orders booked in Q2 2022: the jumbo contract related to the supply of the Rafale to the United Arab Emirates (80 aircraft), as well as 9 orders with a unit value of between €100 million and €500 million:
 - the order of a Space Inspire satellite by Arabsat
 - an amendment to the contract for the development and qualification of the payloads of the first two satellites for the CO2M mission, which aims to measure the quantity of CO2 produced by human activity (European Copernicus program)
 - a contract related to the supply of 6 additional Rafale aircraft to Greece
 - a contract to supply the Sea Fire digital radar for three defense and intervention frigates (FDI) sold to Greece
 - the order of a secure communications system by a military customer
 - an amendment to the contract guaranteeing the supply of munitions to the Australian Defence Force for 10 years (SDMM)
 - the order by a Middle Eastern country of 3 radars and associated support
 - a new tranche of the Scorpion program for the French Army
 - an amendment to the contract for the supply and support of CONTACT next-generation tactical radios for the French Army
- 4 large orders booked in Q3 2022:
 - a contract to install next-generation in-flight entertainment systems on Emirates' future Airbus A350 fleet
 - an amendment to the contract for the development of the SICRAL 3 satcom system for the Italian Ministry of Defense, including the associated ground segment

⁵ Taking into account a positive currency effect of €278 million and a positive net scope effect of €34 million.

- the order of the KOREASAT 6A communications satellite from the operator KT SAT
- the order of Sea Fire naval radars by a major military customer

At **€9,684 million**, order intake with a unit value of **less than €100 million** was up 12% compared to the first nine months of 2021. Orders with a unit value of between €10 million and €100 million were up 9%, while orders with a unit value of less than €10 million were up 14%, with a growth of 20% in Q3.

Geographically⁶, order intake in emerging markets amounted to €5,924 million, up 189% organically over the first nine months, thanks to the jumbo contract related to the supply of the Rafale to the United Arab Emirates. At €9,525 million, order intake in mature markets recorded organic growth of 7%, driven particularly by five large military contracts in Europe and Australia and by four large space contracts in Europe and the United States.

Order intake in the **Aerospace** segment stood at **€3,646 million** compared to €3,676 million over the first nine months of 2021 (-3% at constant scope and exchange rates). This decrease is due to the high basis of comparison, since Thales Alenia Space booked the second generation of Galileo European navigation satellites in H1 2021. Commercial momentum remained solid in Q3, with three additional large contracts: two large contracts related to space activities and one large contract related to civil aerospace activities.

At **€9,175 million** compared with €4,826 million over the first nine months of 2021, order intake in the **Defense & Security** segment rose by 86% at constant scope and exchange rates. This solid performance was achieved thanks to the booking of nine contracts of over €100 million since the beginning of the year, including the major contract related to the supply of the Rafale to the United Arab Emirates. Strong commercial momentum in this sector continued in Q3, with organic growth in order intake of +34%.

At **€2,584 million**, order intake in the **Digital Identity & Security** segment was in line with sales in the same period, considering that most businesses in this segment do not book long-term orders.

Sales

Sales over the first nine months of 2022 stood at **€12,298 million**, compared to €11,222 million over the same period in 2021, an increase of 6.4% at constant scope and exchange rates.

Geographically⁷, solid sales growth was recorded in mature markets (+7.9% organically), driven in particular by North America (+11.9%), the United Kingdom (+10.4%), and France (+8.7%). Emerging markets grew by 1.8% on an organic basis over the period, notably supported by the Middle East (+9.5%).

Sales in the **Aerospace** segment amounted to **€3,270 million**, up 2.1% on organically over the first nine months of 2021. The sector's recovery has been slowed by the cessation of activities in Russia (total impact estimated at around €70m for 2022), as well as a high basis of comparison for both Space and Microwave tube businesses, and the slow recovery of the wide-body aircraft market.

⁶ See table on page 16.

⁷ See table on page 6.

Sales in the **Defense & Security** sector totaled **€6,385 million**, up 5.2% compared to the same period in 2021 at constant scope and exchange rates. This performance benefited from the strong momentum of most product lines. It was driven in particular by activities related to the Rafale, on-board and tactical radios and communication solutions, information, command, and intelligence systems for armed forces, and integrated airspace protection systems, which offset the gradual ramp-down in production of Hawkei vehicles in Australia, which began in 2022. The solid outlook for this segment remains unchanged thanks to its record order book of €29.1 billion, up 11.5% compared to 31 December 2021.

At **€2,584 million**, sales for the **Digital Identity & Security** segment were up 16.2% at constant scope and exchange rates. This performance reflects in particular the robust momentum in cybersecurity, with organic growth of more than 15%, as well as a price effect with respect to EMV payment cards and SIM cards, helping to offset the significant increase in purchasing costs. The rebound in the biometrics business continued, with double-digit growth over nine months, despite persistent production challenges, in particular regarding chip deliveries.

Outlook

All Group markets benefit from robust medium-term perspectives, and the Group's order book is reaching a new record high.

The global environment remains nevertheless marked by the continuing tension affecting supply chains, in particular regarding semiconductors, as well as the significant rise in inflation, the weakening of the euro against the dollar, and the consequences of Russia's invasion of Ukraine.

Thales continues to focus its short-term efforts on managing the operational factors that are holding back its growth – strengthening the resilience of its supply chains, scaling up its recruitment teams – and on passing the increases in its purchasing costs to its customers. The Group continues to implement all the levers of its Ambition 10 strategic plan, which will generate profitable and sustainable growth.

The strong performance of the first nine months of the year has led the Group to refine its sales target for 2022.

As a result, in the absence of major new disruptions in the global economy, the public health context, or global supply chains, Thales has set the following targets for 2022:

- A **book-to-bill ratio significantly above 1**;

- **Organic sales growth in the upper part of the range** set in July 2022, i.e., **+3.5%** and **+5.5%**, corresponding to sales in the range of €17.2 to 17.6 billion⁸;
- An **EBIT margin** between **10.8%** and **11.1%**, up 60 to 90 basis points from 2021.

This press release contains forward-looking statements. Although Thales believes that these declarations are based on reasonable assumptions, actual results may differ significantly from these forward-looking statements due to various risks and uncertainties, as described in the Company's Universal Registration Document, which has been filed with the French financial markets authority (Autorité des marchés financiers – AMF).

About Thales

Thales (Euronext Paris: HO) is a global technology leader, which invests in innovations in digital and "deep tech" - connectivity, big data, artificial intelligence, cybersecurity and quantum - to build a future of trust, essential for the development of our societies. The Group provides solutions, services and products that assist its customers - companies, organizations and governments - in the domains of defense, aeronautics, space, transport, and digital identity and security, to fulfill their critical missions by placing humanity at the heart of its decisions.

Thales employs 81,000 people in 68 countries. In 2021, the Group generated sales of €16.2 billion.

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⁸ Based on October 2022 scope and exchange rates. Based on July 2022 scope and exchange rates, the organic growth range (+3.5% to +5.5%) corresponded to sales of between €17.1 and €17.5 billion

Order intake by destination – 9 months 2022

Order intake, In € millions	9 months 2022	9 months 2021	Total change	Organic change	Weighting 9 months 2022 as a %
France	3,143	2,638	+19%	+19%	20%
United Kingdom	656	485	+35%	+33%	4%
Rest of Europe	2,870	3,445	-17%	-17%	19%
Sub-total Europe	6,669	6,569	+2%	+1%	43%
United States and Canada	2,147	1,686	+27%	+14%	14%
Australia and New Zealand	709	415	+71%	+63%	5%
Total mature markets	9,525	8,669	+10%	+7%	62%
Asia	1,394	1,159	+20%	+20%	9%
Near and Middle East	4,004	313	NM	NM	26%
Rest of the world	526	515	+2%	-5%	3%
Total emerging markets	5,924	1,987	+198%	+189%	38%
Total all markets	15,449	10,656	+45%	+41%	100%

Sales by destination – 9 months 2022

Sales, in € millions	9 months 2022	9 months 2021	Total change	Organic change	Weighting 9 months 2022 as a %
France	3,576	3,282	+8.9%	+8.7%	29%
United Kingdom	736	656	+12.2%	+10.4%	6%
Rest of Europe	2,741	2,490	+10.0%	+8.6%	22%
Sub-total Europe	7,053	6,429	+9.7%	+8.8%	57 %
United States and Canada	1,678	1,326	+26.5%	+11.9%	14%
Australia and New Zealand	726	747	-2.8%	-7.6%	6%
Total mature markets	9,457	8,502	+11.2%	+7.9%	77%
Asia	1,419	1,419	— %	-0.9%	12%
Near and Middle East	762	673	+13.1%	+9.5%	6%
Rest of the world	660	628	+5.2%	-0.4%	5%
Total emerging markets	2,842	2,720	+4.5%	-1.8%	23 %
Total all markets	12,298	11,222	+9.6%	+6.4%	100%

Order intake and sales – Q3 2022

Order intake	Q3 2022	Q3 2021	Total change	Organic change
<i>In € millions</i>				
Aerospace	1,252	791	+58%	+54%
Defense & Security	2,025	1,451	+40%	+34%
Digital Identity & Security	952	736	+29%	+22%
Total – operating segments	4,229	2,978	+42%	+36%
Other	11	14		
Total	4,240	2,992	+42%	+36%

Sales	Q3 2022	Q3 2021	Total change	Organic change
<i>In € millions</i>				
Aerospace	1,059	996	+6.3%	+0.2%
Defense & Security	2,007	1,796	+11.8%	+7.8%
Digital Identity & Security	952	736	+29.4%	+21.8%
Total – operating segments	4,018	3,527	+13.9%	+8.7%
Other	24	26		
Total	4,042	3,553	+13.7%	+8.5%

Organic change in sales per quarter

	Sales 2021	Impact of exchange rates	Impact of disposals	Sales 2022	Impact of acquis.	Total change	Organic change
<i>In € millions</i>							
Q1	3,573	+54	0	3,730	+6	+4.4%	+2.7%
Q2	4,096	+103	0	4,526	+2	+10.5%	+7.8%
H1	7,669	+157	0	8,256	+7	+7.7%	+5.4%
Q3	3,553	+126	-13	4,042	+62	+13.7%	+8.5%
9 months	11,222	+282	-13	12,298	+70	+9.6%	+6.4%

Main scope effects:

- Acquisitions: Ruag Simulation and Training business, AAC.
- Disposals: not significant.

Performance of the Transport business

	9m 2022	9m 2021	Total change	Organic change
<i>In € millions</i>				
Order intake	1,132	963	+18%	+14%
Sales	1,186	1,121	+5.8%	+3.2%

	Q3 2022	Q3 2021	Total change	Organic change
<i>In € millions</i>				
Order intake	291	384	-24%	-28%
Sales	408	366	+11.5%	+8.5%