

Thales reports its order intake and sales for the first quarter of 2023

- Order intake: €3.4 billion, up 13% (+14% on an organic basis¹)
- Sales: €4.0 billion, up 7.9% (+9.4% on an organic basis)
- All financial objectives confirmed

Thales (Euronext Paris: HO) today announced its order intake and sales for the first quarter of 2023.

Order intake, in € millions	Q1 2023	Q1 2022	Total change	Organic change
Aerospace	1,197	1,182	+1%	-3%
Defense & Security	1,441	1,099	+31%	+31%
Digital Identity & Security	778	740	+5%	+20%
Other	6	11	Nm	Nm
Total	3,422	3,033	+13%	+14%
Of which mature markets ²	2,769	2,596	+7%	+8%
Of which emerging markets ²	652	436	+49%	+55%

Sales, in € millions	Q1 2023	Q1 2022	Total change	Organic change
Aerospace	1,153	1,025	+12.4%	+10.2%
Defense & Security	2,079	1,950	+6.6%	+5.4%
Digital Identity & Security	779	740	+5.2%	+20.1%
Other	15	15	Nm	Nm
Total	4,026	3,730	+7.9%	+9.4%
Of which mature markets ²	3,197	3,002	+6.5%	+7.7%
Of which emerging markets ²	828	728	+13.8%	+16.2%

¹ In this press release, "organic" means "at constant scope and exchange rates".

² Mature markets: Europe, North America, Australia, New Zealand; emerging markets: all other countries. See table on page 5.

“The beginning of 2023 confirms the robust momentum of all our businesses, with organic sales growth ahead of the annual target, driven in particular by the civil aeronautics and biometrics businesses. Order intake for the first quarter of 2023 was solid.

As we committed to do as part of our ESG roadmap, we obtained the validation of our CO₂ emission reduction targets by the SBTi.

We remain focused on our growth strategy in buoyant markets and confirm all our financial targets for 2023.”

Patrice Caine, Chairman and Chief Executive Officer

Order intake

Order intake for the first quarter of 2023 amounted to **€3,422 million, up 14%** compared to the first quarter of 2022 at constant scope and exchange rates, and up 13% on a reported basis.

During the quarter, the Group recorded three large orders worth over €100 million each, for a total of €401 million, compared to two large orders in Q1 2022:

- The order of satellites for the Italian earth observation constellation IRIDE;
- The order of a new tranche of the I-HAB module for the lunar orbital station;
- The order of a submarine subsystem for a military customer.

At €2,194 million, order intake of less than €10 million was up 17% compared to the first quarter of 2022, thanks in particular to the momentum of the civil aeronautics and biometrics businesses, which continued their post Covid-19 health crisis rebound.

From a geographical perspective², order intake was up 8% on an organic basis in mature markets and 55% in emerging markets.

At €1,197 million versus €1,182 million in Q1 2022, order intake in the Aerospace segment was down 3% on an organic basis. The good performance in aeronautics was offset by a high base of comparison in space, where the two major contracts recorded in the first quarter of 2022 were larger than the two recorded in the first quarter of 2023.

At €1,441 million compared to €1,099 million in Q1 2022, order intake in the Defense & Security segment was up 31% on an organic basis, benefiting in particular from one order of more than €100 million in 2023.

Order intake in the Digital Identity and Security segment was, as in every quarter, very close to sales, as most of the activities in this segment operate on short cycles.

²See the table on page 5.

Sales

Sales for the first quarter of 2023 were **€4,026 million**, compared with €3,730 million in the first quarter of 2022, up 7.9% on a reported basis and up 9.4% at constant scope and exchange rates, including negative exchange rate and scope effects of €6 million and €39 million respectively.

From a geographical perspective², growth was driven both by mature markets, which recorded an increase of 7.7% on an organic basis, due in particular to strong dynamics in Europe (+9.9%) and North America (+9.8%), and by emerging markets, up 16.2% on an organic basis.

In the Aerospace segment, sales amounted to €1,153 million, up 10.2% compared to the first quarter of 2022 at constant scope and exchange rates. This increase is explained by the good momentum in the Aeronautics business, and in particular the civil aeronautics business, which continued to rebound, driven by support and services, which increased by 45% over the first quarter. As expected, space activities were stable over the first quarter, with an expectation for growth to resume during the rest of 2023.

Sales in the Defense & Security segment reached €2,079 million, up 5.4% compared to the first quarter of 2022 at constant scope and exchange rates, in line with the organic growth target for the full year.

Sales in the Digital Identity and Security (DIS) segment amounted to €779 million, up 20.1% at constant scope and exchange rates compared to the first quarter of 2022. In addition to the ongoing rebound in biometrics (high demand for secure documents, particularly passports), this performance can be explained by a new quarter of double-digit organic growth in EMV payment cards and SIM cards. The increase on a reported basis (+5.2%) includes a negative scope effect of €94 million following the transfer of cellular IoT activities to Telit as of December 31, 2022 in exchange for a 25% stake in the new entity, known as Telit Cinterion.

Outlook

Order intake and sales for the first quarter of 2023 are in line with expectations. In this context, Thales confirms all of its annual objectives, as listed below.

- As in 2021 and 2022, a **book-to-bill ratio of over 1**;
- Organic **sales growth of between +4% and +7%**, corresponding to sales of between €18.0 billion and €18.5 billion³;
- An **EBIT margin**⁴ between **11.5%** and **11.8%**, up 50 to 80 basis points from 2022.

² See the table on page 5.

³ Based on the scope and exchange rates of February 2023.

⁴ Non-GAAP financial indicator, see definition on page 35 of the 2022 Universal Registration Document.

This press release contains certain forward-looking statements. Although Thales believes that its expectations are based on reasonable assumptions, actual results may differ significantly from the 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 leader in advanced technologies within three domains: Defense & Security, Aeronautics & Space, and Digital identity & Security. It develops products and solutions that help make the world safer, greener and more inclusive.

The Group invests close to €4 billion a year in Research & Development, particularly in key areas such as quantum technologies, Edge computing, 6G and cybersecurity.

Thales has 77,000^(a) employees in 68 countries. In 2022, the Group generated sales of €17.6 billion.

^(a) These figures do not include the Transport business, which is currently being divested.

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Order intake by destination – Q1 2023

	Q1 2023	Q1 2022	Total change	Organic change	2023 weighting as a %
<i>In € millions</i>					
France	786	558	+41%	+42%	23%
United Kingdom	393	229	+71%	+80%	11%
Rest of Europe	995	781	+27%	+29%	29%
Subtotal Europe	2,175	1,569	+39%	+41%	64%
United States and Canada	487	860	-43%	-44%	14%
Australia and New Zealand	108	168	-36%	-31%	3%
Total mature markets	2,769	2,596	+7%	+8%	81%
Asia	364	219	+66%	+78%	11%
Near and Middle East	134	79	+69%	+67%	4%
Rest of the world	154	138	+12%	+14%	5%
Total emerging markets	652	436	+49%	+55%	19%
Total all markets	3,422	3,033	+13%	+14%	100%

Sales by destination – Q1 2023

	Q1 2023	Q1 2022	Total change	Organic change	2023 weighting as a %
<i>In € millions</i>					
France	1,262	1,188	+6.2%	+6.4%	31%
United Kingdom	255	217	+17.6%	+23.9%	6%
Rest of Europe	944	869	+8.6%	+11.6%	23%
Subtotal Europe	2,461	2,274	+8.2%	+9.9%	61%
United States and Canada	560	495	+13.3%	+9.8%	14%
Australia and New Zealand	176	233	-24.5%	-19.3%	4%
Total mature markets	3,197	3,002	+6.5%	+7.7%	79%
Asia	383	316	+21.3%	+27.4%	10%
Near and Middle East	254	202	+25.3%	+24.2%	6%
Rest of the world	192	210	-8.7%	-7.8%	5%
Total emerging markets	828	728	+13.8%	+16.2%	21%
Total all markets	4,026	3,730	+7.9%	+9.4%	100%

Organic change in sales

	Sales 2022	Exchange rate effect	Impact of disposals	Sales 2023	Impact of acquisitions	Total change	Organic change
<i>in € millions</i>							
1 st quarter	3,730	-6	-103	4,026	+64	+7.9%	+9.4%

Main scope effects:

Acquisitions:

- OneWelcome
- S21sec and Excellium
- Advanced Acoustic Concepts
- Ruag S&T

Disposals:

- Deconsolidation of IoT module business

Performance of the Transport business

	Q1 2023	Q1 2022	Total change	Organic change
<i>in € millions</i>				
Order intake	503	349	+44%	+45%
Sales	385	377	+2.3%	+4.0%