

## Thales: Revenues and order intake at 30 September 2009

- **Revenues: €8.3 billion**, an organic<sup>1</sup> increase of **+1%**
- **Order intake: €8.5 billion**
  - **Strong growth in Space and sustained performance in Security**
  - **Defence orders lower after major contract awards in 2008**
  - **Aerospace impacted by the crisis in the air transport sector**
- **Persistent difficulties on certain programmes, mainly in Aerospace, will impact profitability in second half**

**Neuilly-sur-Seine, 10 November 2009** – Thales (NYSE Euronext Paris: HO) today released its revenue and order intake figures for the nine months to 30 September 2009. Thales Chairman & Chief Executive Officer Luc Vigneron commented: *“In the first nine months of 2009, Thales’s overall order intake and revenues held firm. The defence and ground transportation businesses, in particular offset a market environment which remained difficult in civil aerospace and industry. In addition, we are resolutely pursuing the necessary actions to resolve the persistent difficulties on certain programmes, which will continue to impact profitability for the rest of the year.”*

Key figures at 30 September (in millions of euros)	9m 2009	9m 2008	Total change	Organic change
Order intake	8,489	9,060	–6%	–5%
Revenues	8,330	8,303	+0%	+1%

### Order intake

**New order intake** for the first nine months of 2009 stood at **€8,489 million**, representing a decrease of -5% in organic terms compared with the same period of 2008, when new order intake had been particularly strong. The book-to-bill ratio stood at 1.02 at 30 September 2009.

The order intake figure includes several orders with unit values greater than €100 million — the *FIST* future soldier programme in the United Kingdom, the *Sentinel* 3 Earth observation programme for the European Space Agency, the North-South rail link in Saudi Arabia and Mexico City’s urban security programme, etc.

<sup>1</sup> In this press release, “organic” means “on a like-for-like basis with constant exchange rates”. Unless stated otherwise, all percentage changes mentioned in this release are organic changes.

— for a total of €1,573 million. However, the drop in orders with a unit value of less than €100 million, which was already registered at 30 June 2009, reflects the impact of the global economic crisis on certain non-government customers.

Order intake at 30 September (in millions of euros)	9m 2009	9m 2008	Organic change	Book- to-bill
<b>Aerospace &amp; Space</b>	<b>2,494</b>	<b>2,706</b>	<b>-11%</b>	<b>0.93</b>
<b>Defence</b>	<b>3,682</b>	<b>4,149</b>	<b>-9%</b>	<b>1.01</b>
<b>Security</b>	<b>2,259</b>	<b>2,124</b>	<b>+8%</b>	<b>1.15</b>
<i>Others and divested revenues</i>	<i>54</i>	<i>81</i>		
<b>Consolidated order intake</b>	<b>8,489</b>	<b>9,060</b>	<b>-5%</b>	<b>1.02</b>

## > Aerospace & Space

In **Aerospace & Space**, order intake stood at €2,494 million, down -11% on the same period of 2008.

- **Aerospace** orders fell sharply (-23%) to €1,415 million, with civil and military business down by similar proportions. Civil business continued to suffer from the ongoing crisis in the air transport sector, with a significant drop in orders for regional and business aircraft avionics (*Dash*, *Global Express*) and in-flight entertainment (IFE) and a continued reduction in support business (-13% at 30 September). Despite several military contract awards, most notably in electronic warfare and support (*Rafale*, *ATL2* upgrade), the volume of new orders did not reach the levels achieved in the same period of 2008, which included the *FSTA* contract.
- By contrast, order intake by the **Space** business was markedly higher (+11%) at €1,079 million, with several significant contracts booked for Earth observation satellites (*Sentinel 3* for the European Space Agency) and telecommunication satellites (*Eutelsat W3B*, *Globalstar*) as well as modules for the International Space Station (*Cygnus*).

## > Defence

**Defence** orders decreased by -9% to €3,682 million, compared with €4,149 million for the first nine months of 2008, when the naval business benefited from a volume of major orders (*CVF* aircraft carrier programme in the United Kingdom, corvettes for Morocco and *FREMM* frigates for Italy), that was not repeated this year, despite significant successes including the minehunter upgrade programme in Singapore. Air Systems orders were also lower, although *ACCS LOC1* replication orders for NATO and air defence radars for Finland partially offset the decline in orders in other segments including air traffic control. By contrast, new orders booked by the Land & Joint Systems business increased significantly, with growth driven in particular

by the *FIST* future soldier system contract in the United Kingdom as well as tactical communication contracts in export markets and vehicle systems for Switzerland and Australia. The government stimulus plan in France also helped to sustain new orders.

## > Security

**Security** orders increased in the first nine months to €2,259 million, up +8% in organic terms compared with the same period of 2008. Order intake from institutional customers remained strong. Several key orders were booked in rail signalling and rail traffic management, for both urban transportation projects (Mecca, Dubai, Cairo, etc.) and main line projects (North-South rail link in Saudi Arabia, Barcelona-Figueras high speed line in Spain). In security systems, Thales won the major *Ciudad Segura* contract for urban security in Mexico City. However, businesses whose customers are directly affected by the global economic environment — such as in industry and services (critical information systems, special components, etc.) as well as civil aircraft simulation — recorded a lower volume of orders compared with the same period last year.

## Revenues

**Consolidated revenues** for the nine months to 30 September 2009 stood at **€8,330 million**, compared with €8,303 million at 30 September 2008, representing an organic increase of **+1%**. **Exchange rate fluctuations** impacted revenues by –€128 million, primarily as a result of the conversion into euros of the revenues of subsidiaries based outside the euro zone. The main fluctuations involved the weakening of the pound sterling (–€147m) and the Australian dollar (–€35m) against the euro, partially offset by the stronger dollar (+€75m). Changes in the scope of consolidation<sup>1</sup> correspond to a net increase in revenues of €112 million.

Revenues at 30 September (in millions of euros)	9m 2009	9m 2008	Organic change
<b>Aerospace &amp; Space</b>	<b>2,687</b>	<b>2,629</b>	<b>–2%</b>
<b>Defence</b>	<b>3,633</b>	<b>3,603</b>	<b>+3%</b>
<b>Security</b>	<b>1,967</b>	<b>1,973</b>	<b>+1%</b>
<i>Others and divested businesses</i>	<i>43</i>	<i>98</i>	
<b>Consolidated revenues</b>	<b>8,330</b>	<b>8,303</b>	<b>+1%</b>

<sup>1</sup> Primarily the disposal of IT services businesses in Germany in January 2009 and the consolidation of nCipher and Diehl Aircabin from 1 January 2009.

## > Aerospace & Space

In **Aerospace & Space**, revenues stood at €2,687 million, down –2% compared with the same period of 2008.

- **Aerospace** revenues decreased by –3% to €1,752 million, both in the civil sector (regional aircraft, avionics maintenance) and in military markets (military avionics, helicopter systems). The downturn in civil business worsened in the third quarter, particularly in regional aircraft and helicopters, whereas support activities have stabilised for the moment.
- **Space** revenues remained virtually unchanged at €935 million, primarily due to the impact of the earthquake in L'Aquila, Italy, in early April, which damaged Thales Alenia Space's facilities and prevented the company from fully realising the potential of a business with substantial underlying strengths.

## > Defence

**Defence** revenues stood at €3,633 million, up +3% on the same period of 2008. Growth in naval revenues is mainly attributable to increased activity on the *CVF* aircraft carrier programme in the United Kingdom as well as contracts to equip patrol vessels for Denmark and *FREMM* frigates for France, Italy and Morocco. Air Systems sales were also higher, particularly in air traffic management systems (Nigeria, *COOPANS* programme for Sweden, Denmark and Ireland). Land & Joint Systems recorded a more moderate increase in revenues, despite solid growth in optronics and communication networks.

## > Security

The **Security** segment recorded a slight increase in revenues, up +1% to €1,967 million. Revenues in rail signalling systems continued to grow, thanks in particular to the Spanish high-speed rail lines and Dubai metro projects. However, the global economic crisis affected sales across the rest of the sector. In particular, the sharp decrease in revenues in critical information systems and the more moderate decrease in security systems and special components (for industrial and medical applications) was confirmed at 30 September, reflecting the drop in orders in recent months in these short-cycle segments.

## Views for the year

The global economic environment remains depressed, with no noticeable indications of an upturn in the third quarter.

Thales nonetheless continues to anticipate a sustained level of business with institutional customers, governments and infrastructure operators, in the months to come. The civil aerospace market remains difficult, however, with limited visibility for the next few months. In this respect, Thales reiterates that the value of certain capitalised research and development costs may be adjusted later this year as part of the

systematic review of the value of assets recognised in the balance sheet. Lastly, business in industrial markets is not expected to improve this year.

In addition, Thales is stepping up its risk management measures in response to persistent difficulties in the execution of certain programmes, primarily in aerospace, which are expected to lead to the recognition of additional charges in the second half. These charges will have an impact on full-year operating margin, and, as a result, the Group does not expect second-half pre-restructuring EBIT margin to be back in line with the performance achieved in the corresponding periods of recent years.

On the basis of the reviews now in progress, the details and scope of the action plans that Thales intends to implement to improve programme management, reduce costs and optimise its portfolio of businesses will be defined later this year, or in early 2010 at the latest.

**Press contacts:**

Sylvie Dumaine  
Thales Corporate Communications  
Tel: +33 (0)1 57 77 86 26  
[press.office@thalesgroup.com](mailto:press.office@thalesgroup.com)

**Investor Relations contacts:**

Jean-Claude Climeau / Eric Chadeyras  
Thales Investor Relations  
Tel: +33 (0)1 57 77 89 02  
[ir@thalesgroup.com](mailto:ir@thalesgroup.com)

## APPENDIX

### Third-quarter order intake

Q3 order intake (in millions of euros)	Q3 2009	Q3 2008	Organic change	Book- to-bill
Aerospace & Space	673	703	–9%	0.84
Defence	1,385	1,569	–8%	1.22
Security	537	709	–25%	0.84
Others and divested businesses	33	28		
Consolidated order intake	2,628	3,009	–12%	1.02

### Third-quarter revenues

Q3 revenues (in millions of euros)	Q3 2009	Q3 2008	Organic change
Aerospace & Space	800	839	–8%
Defence	1,137	1,141	+0%
Security	640	620	+4%
Others and divested businesses	9	35	
Consolidated revenues	2,586	2,635	–2%

## Order intake at 30 September by destination

<i>(in millions of euros)</i>	9m 2009	9m 2008	Organic change	9m 2009 as %
France	1,868	1,693	+10%	22%
United Kingdom	903	1,837	-46%	11%
Other Europe	2,341	2,173	+6%	27%
<b>Total Europe</b>	<b>5,112</b>	<b>5,703</b>	<b>-9%</b>	<b>60%</b>
North America	851	813	-2%	10%
Asia-Pacific	1,079	1,319	-16%	13%
Near & Middle East	783	514	+52%	9%
Rest of world	664	711	-7%	8%
<b>Total outside Europe</b>	<b>3,377</b>	<b>3,357</b>	<b>+0%</b>	<b>40%</b>
<b>Order intake</b>	<b>8,489</b>	<b>9,060</b>	<b>-5%</b>	<b>100%</b>

## Consolidated revenues at 30 September by destination

<b>Revenues 9m</b> <i>(in millions of euros)</i>	9m 2009	9m 2008	Organic change	9m 2009 as %
France	1,893	1,989	-6%	23%
United Kingdom	985	1,156	-6%	12%
Other Europe	2,315	2,171	+5%	27%
<b>Total Europe</b>	<b>5,193</b>	<b>5,316</b>	<b>-2%</b>	<b>62%</b>
North America	784	807	-9%	9%
Asia-Pacific	1,088	1,172	-4%	13%
Near & Middle East	783	683	+15%	9%
Rest of world	482	325	+48%	6%
<b>Total outside Europe</b>	<b>3,137</b>	<b>2,987</b>	<b>+5%</b>	<b>38%</b>
<b>Consolidated revenues at 30 June</b>	<b>8,330</b>	<b>8,303</b>	<b>+1%</b>	<b>100%</b>