

Thales: Revenues and order intake at 30 September 2011

- **Revenues: €8.61 billion**, globally **stable** vs. 30 September 2010
 - Resilience in the Defence & Security segment¹
 - Growth in the Aerospace & Transport segment¹, driven by the civil aeronautics business
- **Order intake: €8.46 billion**, up **15%**
 - Increase in Defence & Security, driven by the Mirage 2000 upgrade contract in India
 - Stability in Aerospace & Transport, with strong performance in civil aeronautics offsetting the decrease in space activities following major orders in 2010

Neuilly-sur-Seine, 8 November 2011 – Thales (NYSE Euronext Paris: HO) today released its revenues and order intake as at 30 September 2011. Group Chairman and CEO, Luc Vigneron stated : ***"Over the first nine months of the year our revenues showed a good resilience and our order intake was up, thanks to a continuing positive momentum in civil aeronautics and the signing of the major contract to upgrade Mirage 2000 aircraft in India. This performance, along with the continuing rollout of our Probasis performance plan, allows us to confirm the objectives we set ourselves for 2011 and 2012."***

Key figures at 30 September 2011 (in millions of euros)	9m 2011	9m 2010	Reported change	Organic change ²
Order intake	8 455	7 384	+15%	+15%
Order book	25,120	25,418 (*)	-1%	-1%
Revenues	8,614	8,661	-0.5%	0%

(*) At 31 December 2010

¹ Please refer to appendix for the definition of the business sectors.

² In this press release, "organic" means "on a like-for-like basis with constant exchange rates".

Order intake

New orders booked in the first nine months of 2011 amounted to **€8,455 million, up 15%**. As budget constraints in Europe are confirmed, this positive change reflects partly the continuing favourable trend evident since the start of the year in civil aeronautics, and, above all, the impact of the signing of the major contract to upgrade Mirage 2000 aircraft in India in the third quarter. It is reminded that Iridium NEXT, the biggest order in 2010, was booked in the fourth quarter of that year.

Exchange rate fluctuations impacted order intake negatively by -€52 million, primarily as a result of the conversion into euros of the order intake of subsidiaries based outside the euro zone. These fluctuations mainly reflected the weakening of the US dollar (-€61 million) and sterling (-€20 million) against the euro, partially offset by a strengthening Australian dollar (+€32 million). Changes in the scope of consolidation¹ impacted order intake by +€25m.

The book-to-bill ratio stood at 0.98 at 30 September 2011, in line with the full-year target set by the Group. The consolidated order book amounted to €25,120 million at the end of September, continuing to represent 23 months of revenues.

Order intake by business

<i>(in millions of euros)</i>	9m 2011	9m 2010	<i>Reported change</i>	<i>Organic change</i>	Book-to-bill
Defence & Security	4,784	3,702	+29%	+29%	1.01
Aerospace & Transport	3,635	3,646	-0%	+1%	0.95
<i>Other</i>	36	36	+0%	+1%	n/a
Order intake	8,455	7,384	+15%	+15%	0.98

Defence & Security order intake amounted to **€4,784 million, up 29%** on the first nine months of 2010. This rise in order intake was particularly evident in Defence Mission Systems, which benefited most from the Mirage 2000 upgrade contract in India. Land Defence order intake also clearly increased, thanks to the signing of several contracts in the United States, in Australia (order for 101 Bushmaster vehicles), in the Middle East and in France. C4I Systems also experienced significant growth in order intake, with several orders for secure communications networks, including the “Balard” project for the French defence ministry.

¹ And, in particular, the consolidation since 31 December 2011 of the company AAC (Advanced Acoustic Concepts, Inc.) in the United States

Only the Air Operations activities posted a slight decline in order intake, despite the signing of a military radar contract in the United States as well as several successes in air traffic control in Europe and Asia.

Orders for the **Aerospace & Transport** sector amounted to **€3,635 million**, almost unchanged from 30 September 2010. This overall stability, however, masks varying developments in individual segments. As expected, order intake for the Space business declined sharply from the already high level achieved in the first nine months of last year. Transportation Systems orders fell short of the levels achieved in the same period 2010, despite successes in Poland, Hungary and Canada. In contrast, the Avionics business continued to show a strongly rising order intake, driven by Airbus and growth in support activities and in-flight entertainment.

Order intake by geographical area of origin

<i>(in millions of euros)</i>	9m 2011	9m 2010	Reported change	<i>Organic change</i>	Book-to-bill
Area A	2,330	2,440	-5%	<i>-4%</i>	<i>0.79</i>
Area B	1,528	1,627	-6%	<i>-6%</i>	<i>0.89</i>
France	4,597	3,314	+39%	<i>+39%</i>	<i>1.16</i>
<i>Other</i>	<i>-</i>	<i>3</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
Order intake	8,455	7,384	+15%	<i>+15%</i>	<i>0.98</i>

The order intake for entities based in **Area A** was **€2,330 million, down 5%** compared to the first nine months of 2010. The decline was particularly concentrated in the United Kingdom, where budget pressures affected the level of military orders despite an additional order on the aircraft carriers earlier in the year. In contrast, good performance was posted in Australia (Bushmaster armoured vehicles, armaments, and air traffic management) as well as in Canada (Transport activities).

Entities based in **Area B** also registered a lower order intake, at **€1,528 million, down 6%** compared to the same period last year. Italy, in particular, which benefited last year from major contracts in the space activities (Galileo), and Spain, which had won a number of domestic and export orders in railway signalling, posted the sharpest declines. Order intake remained relatively stable in Germany, but rose strongly in Saudi Arabia, in the civilian as well as military business.

Order intake for companies based in **France** was up sharply (**+39%**) in the first nine months. This strong rise was essentially due to the contract to upgrade India's Mirage 2000 aircraft, but most other defence segments also showed rising order intake, especially in communications (Balard project), armaments and

sonars. Order intake for companies active in Avionics, Tubes & Imaging Systems, and Critical Information Systems also continued to rise. In contrast, order intake in the Space segment did not reach the high levels of 2010.

Revenues

Revenues remained virtually unchanged at **€8,614 million** at 30 September 2011 vs. €8,661 million at 30 September 2010. Exchange rate fluctuations impacted revenues negatively by -€54 million, mainly resulting from the conversion into euros of revenues of subsidiaries based outside the euro zone. These fluctuations essentially reflected the weakening of the US dollar (-€55 million) and sterling (-€28 million) against the euro, partially offset by a strengthening Australian dollar (+€32 million). Changes in the scope of consolidation¹ impacted revenues by +€19 million.

Revenues by business

<i>(in millions of euros)</i>	9m 2011	9m 2010	Reportet change	Organic change
Defence & Security	4,737	4,896	-3%	-3%
Aerospace & Transport	3,820	3,717	+3%	+4%
<i>Other</i>	57	48	N/A	N/A
Revenues	8,614	8,661	-0.5%	0%

Revenues in the **Defence & Security** sector decreased by **3%** to **€4,737 million**, compared to €4,896 million at 30 September 2010. Defence Mission Systems revenues rose slightly, driven by an increase in Rafale and Watchkeeper business, offsetting lower revenues on several naval export programmes. Land Defence Systems posted virtually stable revenues (armament contracts for France and Australia). Air Operations revenues were down, both in military systems and air traffic control. The decrease in C4I Systems revenues was sharper, particularly in radio-communications and security systems.

In the **Aerospace & Transport** sector revenues reached **€3,820 million, up 3%** on the first nine months of 2010. Revenues from Avionics rose strongly, driven by the Airbus business (cockpit and cabin equipment, support) and by the first deliveries for recently certified regional aircraft (ATR 600, SSJ). Revenues for Tubes & Imaging Systems continued to grow. Revenues from Space activities also rose, in particular with the ramp-up of the Iridium NEXT and CSO programmes. In contrast, Transport Systems revenues were

¹ In particular, the consolidation as of December 31, 2010 of the company AAC (Advanced Acoustic Concepts, Inc) in the United States

down compared to the same period last year, mainly due to less revenues from main lines activities in Saudi Arabia and Switzerland as well from London Underground projects.

Revenues by geographic area of origin

<i>(in millions of euros)</i>	9m 2011	9m 2010	Reported change	<i>Organic change</i>
Area A	2,943	3,023	-3%	-2%
Area B	1,721	1,745	-1%	-1%
France	3,950	3,890	+2%	+2%
<i>Other</i>	–	3	<i>N/A</i>	<i>N/A</i>
Consolidated revenues	8,614	8,661	-0.5%	0%

Revenues for entities based in **Area A**, revenues amounted to **€2,943 million, 3% less** than in the same period the previous year (down 2% in organic terms). The decline was particularly sharp in the Netherlands, with revenues down on several naval contracts, and in the United Kingdom where defence-related revenues were also down. This decrease was partially offset by growth in revenues in Australia (armament contracts for the Australian army and air traffic control contracts in Asia), and in Canada, which benefited from revenue growth in a number of transportation projects in the Middle East and Asia.

Area B entities posted consolidated revenues of **€1,721 million**, virtually unchanged compared with the first nine months of 2010 (-1% organic change). Italy saw revenues grow on the back of space activities, while the higher revenues in Germany were mainly linked to the Avionics business. These positive changes offset lower revenues in Switzerland and Saudi Arabia, especially in transport activities.

With revenues of **€3,950 million**, companies based in **France** posted a **2% rise**. This evolution reflects in particular the performance of avionics, driven by an increase in sales to Airbus and a marked upturn in support activities. Revenues were also up in airborne mission systems (Rafale), naval systems (FREMM, Barracuda) and armaments. In contrast, the space, air traffic control and military communications activities posted lower revenues.

Views for the current year

Thales's performance during the third quarter confirms the trends already experienced over the first six months of the year and is in line with the views for this year announced last February.

Against this backdrop, Thales confirms that, for the full year 2011, it expects a book-to-bill ratio of about 1 and revenues slightly up on last year.

These elements, combined with the continuing rollout of the Probasis performance plan, further consolidate the ability of Thales to reach the 5% EBIT margin target set for 2011. The EBIT margin objective for 2012 remains unchanged at 6%.

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NOTES

> Segment definitions

Businesses (IFRS8 operating sectors)

- **Defence & Security:** Defence & Security C4I systems, Defence Mission Systems, Land Defence, Air Operations
- **Aerospace & Transport:** Avionics, Transportation Systems, Space

Geographical areas

- **Area A:** USA, Canada, UK, Netherlands, Norway, South Korea, Australia, Northern and Central Europe, Northern Asia
- **Area B:** Germany, Austria, Switzerland, Italy, Spain, Singapore, Latin America, Rest of Europe, Middle East & Africa, Western Asia, Southern Asia
- **France**

> Order intake by business – Q3 2011

<i>in millions of euros</i>	Q3 2011	Q3 2010	Reported change	<i>Organic change</i>
Defence & Security	2,253	1,096	+106%	+106%
Aerospace & Transport	945	1,132	-17%	-16%
<i>Other</i>	16	12		
Total	3,214	2,240	+43%	+44%

> Revenues by business – Q3 2011

<i>in millions of euros</i>	Q3 2011	Q3 2010	Reported change	<i>Organic change</i>
Defence & Security	1,449	1,495	-3%	-2%
Aerospace & Transport	1,180	1,198	-2%	0%
<i>Other</i>	17	13		
Total	2 646	2 706	-2%	-1%

> Order intake by destination – 9m 2011

<i>(in millions of euros)</i>	9m 2011	9m 2010	Organic change	9m 2011 in %
France	1,939	1,530	+27%	23%
United Kingdom	542	802	-31%	6%
Rest of Europe	2,001	2,142	-7%	24%
Europe	4,482	4,474	+0%	53%
North America	871	880	+1%	10%
Asia-Pacific	2,180	970	+120%	26%
Middle East	610	672	-6%	7%
Rest of World	312	388	-19%	4%
Emerging countries	3,102	2,030	+53%	37%
Order intake	8,455	7,384	+15%	100%

> Consolidated revenues by destination – 9m 2011

<i>(in millions of euros)</i>	9m 2011	9m 2010	Organic change	9m 2011 in %
France	2,239	1,848	+21%	26%
United Kingdom	1,024	1,091	-4%	12%
Rest of Europe	2,218	2,245	-2%	26%
Europe	5,481	5,184	+6%	64%
North America	865	912	-3%	10%
Asia-Pacific	1,288	1,213	+5%	15%
Middle East	612	853	-27%	7%
Rest of the World	368	499	-25%	4%
Emerging countries	2,268	2,565	-11%	26%
Consolidated revenues	8,614	8,661	0%	100%

> Order book by destination – 30 September 2011

<i>(in millions of euros)</i>	30 September 2011	31 December 2010	30 Sep 2011 in %
France	6,754	6,815	27%
United Kingdom	3,587	4,053	14%
Rest of Europe	5,877	6,214	23%
Europe	16,218	17,082	64%
North America	2,305	2,300	9%
Asia-Pacific	3,768	2,986	15%
Middle East	1,686	1,755	7%
Rest of the World	1,143	1,295	5%
Emerging countries	6,597	6,036	27%
Order book	25,120	25,418	100%

> Order book by business – 9m 2011

<i>(in millions of euros)</i>	30 September 2011	31 December 2010	<i>Reported change</i>	<i>Organic change</i>
Defence & Security	14,267	14,310	-0%	+0%
Aerospace & Transport	10,782	11,022	-2%	-2%
<i>Other</i>	<i>71</i>	<i>86</i>	<i>-17%</i>	<i>-11%</i>
Total	25,120	25,418	-1%	-1%