

Thales: revenues and order intake at 31 December 2011

- **Order intake: €13.21bn (+1% organic growth¹)**

Book-to-bill: 1.01

- Defence & Security: increase in orders driven by the Mirage 2000 upgrade contract in India
- Aerospace & Transport: strong performance in civil aeronautics, mitigating the impact of reduced space orders after the exceptional level of 2010

- **Revenues: €13.03bn, organically stable¹** compared with 2010

- Defence & Security: solid resilience of the business in a context of confirmed budget pressures in Europe and North America
- Aerospace & Transport: growth driven by civil aeronautics business

Neuilly-sur-Seine, 7 February 2012 – Thales (NYSE Euronext Paris: HO) today released its revenues and order intake figures at December 31, 2011².

<i>(in € million)</i>	2011	2010	Reported change	Organic change
Order intake	13,214	13,081	+1%	+1%
Revenues	13,028	13,125	-1%	-0%

Order intake

New orders booked in 2011 amounted to **€13,214m, up +1%**. Over the year, the **book-to-bill** ratio **came to 1.01**, in line with the full-year target set by the Group for 2011.

As budget pressures in Europe are confirmed, this favourable change reflects the continuing positive trend throughout the year in the civil aeronautics business, while the signature of the Mirage 2000 upgrade contract in India, worth more than €1bn, made up for the reduction in space orders after the exceptional level achieved in 2010 (which saw the booking of 81 satellites for the Iridium NEXT constellation in the amount of €1.1bn for Thales's share).

¹ In this press release, "organic" means "on a like-for-like basis and at constant exchange rates."

² At the date of this financial release, the audit of financial statements is ongoing

The impact of foreign exchange rate fluctuations on orders booked was negative for -€52m, primarily as a result of the conversion into euros of the orders of subsidiaries based outside the euro zone. These fluctuations were primarily driven by the decline of the US dollar (-€62m) and sterling pound (-€23m) against the euro, partially offset by a stronger Australian dollar (+€38m). Changes in the scope of consolidation¹ impacted revenues by +€23m.

Several major orders (over €100m unit value) were notified during the year in all the Group's major businesses. These contracts included the Indian Mirage 2000 upgrade already mentioned, the secure communications network for the future headquarters of the French Ministry of Defence, the maintenance in operational condition for the Rafale aircraft, in-flight entertainment for Qatar Airways, the ground segment of the European Galileo space programme, and the heavy goods vehicle eco-tax collection and control system in France ("Ecomouv" project).

Orders with a unit value of less than €10m rose slightly compared with 2010 and continue to represent more than half the orders received in terms of value.

The **total order book**, taking into account the consolidation of DCNS under the proportionate method at 35% at 31 December 2011, amounted to €30,715m. Restated to exclude this impact, the order book was up **+2%** and stood at **€25,841m** at year-end 2011, representing nearly 2 years of revenues.

Order intake by business sector

<i>Order intake</i> <i>(in millions of euros)</i>	2011	2010	<i>Reported change</i>	<i>Organic change</i>	Book-to-bill
Defence & Security	7,210	6,173	+17%	+17%	0.99
Aerospace & Transport	5,953	6,845	-13%	-13%	1.05
<i>Other</i>	51	63	-18%	-17%	n/a
Order intake	13,214	13,081	+1%	+1%	1.01

Defence & Security order intake amounted to at **€7,210m**, an increase of **+17%** compared with 2010. The Defence Mission Systems activities, which booked the contract to upgrade the Mirage 2000 aircraft in India, logically show a significant increase in orders booked. Land Defence order intake also increased sharply, with the signature of several contracts in Australia (order for 101 Bushmaster vehicles), the Middle East (air defence) and France. C4I Systems orders were stable compared with the previous year, with several contracts for secure communications networks, including the project for the new headquarters of the

¹ And, in particular, the consolidation from 31 December 2010 of AAC (Advanced Acoustic Concepts, Inc) in the United States and the sale, retroactive to 1 January, 2011, of the IT services business in Switzerland.

Ministry of Defence in France. In contrast, Air Operations orders were down significantly, despite several successes in air traffic management in Europe (particularly the 4-Flight contract to upgrade the French en-route control systems).

Orders in the **Aerospace & Transport** sector reached **€5,953m**, down **-13%** from 31 December 2010. This decrease reflects the reduction in orders in the Space segment, despite a major contract for the Galileo programme and several payload orders in Russia, after an historically exceptional year in 2010 (with the order for the Iridium NEXT satellite constellation). In contrast, orders booked for Transport Systems were significantly higher, driven by several export successes in rail signalling for main lines (Poland, Hungary...) or urban lines (Brazil, Malaysia, South Korea, Hong Kong...) and the award of the Ecomouv contract in France. The Avionics segment also recorded very strong growth in order intake throughout the year, driven by Airbus and by growth in support services and in-flight entertainment, particularly for airlines in emerging countries.

Order intake by geographical area of origin

<i>Order intake</i> <i>(in millions of euros)</i>	2011	2010	<i>Reported change</i>	<i>Organic change</i>	Book-to-bill
Area A	3,694	3,637	+2%	+2%	0.87
Area B	2,353	2,561	-8%	-8%	0.89
France	7,167	6,880	+4%	+4%	1.16
<i>Other</i>		3	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
Order intake	13,214	13,081	+1%	+1%	1.01

Orders from affiliates located in **Area A** totalled **€3,694m**, up **+2%** compared with 2010. Good performances were recorded in Australia (Bushmaster vehicles, armaments, naval support) and in Canada (with several domestic and export successes in Transport). New orders remained stable in the United Kingdom as several urban transport contracts were booked, which mitigated the impact of budget pressures on military orders. In contrast, orders from the Netherlands dipped sharply after the major export naval contracts won in 2010.

Affiliates based in **Area B** registered lower orders, at **€2,353m**, down **-8%** compared to the previous year. Italy in particular, which benefited last year from major contracts in the Space segment (Galileo), and Spain, which won a number of domestic and export bids in rail signalling, posted the sharpest reductions. Order intake remained broadly stable in Germany, but rose significantly in Saudi Arabia, in both civil and defence activities.

Orders intake of group companies based in **France** rose **+4%** over the year. The increase in defence mission systems (upgrade of the Indian Mirage 2000 aircraft, sonar) and C4I systems, in particular, offset the decline in air operations activities. Order intake for companies active in avionics, tubes and imaging sub-systems and critical information systems all increased. On the other hand, the space business, as projected, recorded a very strong decrease in new orders.

Revenues

Revenues amounted to **€13,028m** at 31 December 2011, a level almost unchanged from 2010 (€13,125m), taking into account a negative impact of foreign exchange fluctuations (-€52m) primarily reflecting the conversion into euros of the revenues from subsidiaries based outside the euro zone. This negative exchange variation primarily represents the decline of the US dollar (-€61m) and sterling pound (-€30m) against the euro, partially offset by a stronger Australian dollar (+€44m). Changes in the scope of consolidation¹ impacted revenues by +€21m.

Revenues by business sector

<i>Revenues</i> <i>(in millions of euros)</i>	2011	2010	Reported change	Organic change
Defence & Security	7,253	7,515	-3%	-3%
Aerospace & Transport	5,682	5,539	+3%	+3%
<i>Other</i>	93	71	n/a	n/a
Revenues	13,028	13,125	-1%	-0%

Revenues of the **Defence & Security** sector dipped only moderately, to **€7,253m** compared with €7,515m at 31 December 2010 (-3%). Revenues generated by Defence Mission Systems decreased slightly, as lower activity on several export naval programmes was only partially offset by an increase in sonar activities. The reduction in C4I Systems revenues was sharper, particularly in radiocommunications and security systems. The Land Defence activities, in contrast, posted stable revenues (armaments contracts for France and Australia), as did Air Operations (a slight increase in military systems making up for a less favourable trend in air traffic control).

In the **Aerospace & Transport** sector, revenues reached **€5,682m, up +3%** compared with 2010. Revenues from Avionics rose sharply, driven by the Airbus business (cockpit and cabin equipment, support) and by the first deliveries for the regional aircraft certified during the year (ATR 600, SSJ). Revenues for

¹ In particular, the consolidation since 31 December, 2010 of AAC (Advanced Acoustic Concepts, Inc) in the United States and the sale of IT services business in Switzerland, retroactive to 1 January, 2011.

tubes and imaging sub-systems were almost stable during the year. Revenues from Space improved, particularly in the observation segment (CSO, Meteosat), but also driven by the ramp-up of the Iridium NEXT project. In contrast, Transport Systems revenues were down versus 2010, mainly due to less revenues from main lines activities in Saudi Arabia and Europe, as well as from the London Underground projects.

Revenues by geographic area of origin

<i>Revenues</i> <i>(in millions of euros)</i>	2011	2010	<i>Reported change</i>	<i>Organic change</i>
Area A	4,230	4,370	-3%	-3%
Area B	2,633	2,764	-5%	-4%
France	6,163	5,987	+3%	+3%
<i>Other</i>	2	4	<i>n/a</i>	<i>n/a</i>
Revenues	13,028	13,125	-1%	-0%

Revenues recorded by the group companies based in **Area A** amounted to **€4,230m**, -3% less than in the previous year. The decline was particularly sharp in the Netherlands, with a decrease in revenues from naval contracts, and in the United States, which recorded lower revenues in defence. This reduction was partially offset by higher revenues in Australia, mainly due to armaments contracts for the Australian army and for air traffic control in Asia. Revenues for the Canadian entities remained stable, as did revenues for the UK entities, where higher revenues in defence made up for a contraction in the rail transport.

Affiliates based in **Area B** posted revenues of **€2,633m**, a decline of -4% in organic terms from the previous year (-5% in reported data). Revenues rose in Italy, driven by space contracts, while transport revenues fell. The Group's German companies posted higher revenues, mainly in avionics and air traffic control. Conversely, group companies in Switzerland and Saudi Arabia recorded lower revenues than in 2010, particularly in transport and civil security.

The companies based in **France** recorded +3% growth in revenues, which rose to **€6,163m**. This improvement primarily reflects the performance of avionics, driven by an increase in sales to Airbus and a marked upturn in support activities. Revenues also improved in the space, sonar (FREMM, Barracuda), tubes and armaments segments. In contrast, air defence, air traffic control and military communications recorded a reduction in revenues.

Next event

Thales will release its annual results for 2011 on **6 March 2012** after stock market closure.

The good resilience of order intake and revenues recorded over the year, although the economic environment worsened more markedly than expected (particularly in defence activities) and the continuing rollout of the Probasis performance plan further consolidate the ability of Thales to achieve a 5% EBIT¹ margin in 2011 and 6% in 2012.

Press:

Jérôme Dufour

Tel: +33 (0)1 57 77 86 26

pressroom@thalesgroup.com

Analysts / Investors:

Jean-Claude Climeau / Romain Chérin

Tel: +33 (0)1 57 77 89 02

ir@thalesgroup.com

For more information: <http://www.thalesgroup.com>

This press release may contain forward-looking statements. Such forward-looking statements represent trends or objectives, and cannot be construed as constituting forecasts regarding the Company's results or any other performance indicator. These statements are by nature subject to risks and uncertainties as described in the Company's registration document ("Document de Référence") filed with the AMF. These statements do not therefore reflect future performance of the Company, which may be materially different.

¹ After restructuring and before impact of purchase price allocation (PPA)

APPENDIX

> Segment definitions

Business sectors (IFRS8 operating segments)

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

Geographic areas of origin

- **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 book by destination – 2011

<i>(in millions of euros)</i>	2011	2010	<i>Organic change</i>	2011 in %
France	3,470	3,083	+13%	26%
United Kingdom	1,094	1,301	-15%	9%
Rest of Europe	3,074	3,462	-11%	23%
Europe	7,638	7,846	-2%	58%
North America	1,204	2,226	-46%	9%
Asia-Pacific	2,884	1,478	+92%	22%
Middle East	857	870	+1%	6%
Rest of the World	631	661	-3%	5%
Emerging countries	4,372	3,009	+45%	33%
Total order	13,214	13,081	+1%	100%

Revenues by destination - 2011

<i>(in millions of euros)</i>	2011	2010	<i>Organic change</i>	2011 in %
France	3,407	2,931	+16%	26%
United Kingdom	1,492	1,500	+1%	11%
Rest of Europe	3,457	3,419	+1%	27%
Europe	8,356	7,850	+7%	64%
North America	1,269	1,315	-3%	10%
Asia-Pacific	1,849	1,888	-4%	14%
Middle East	947	1,257	-24%	7%
Rest of the World	607	815	-25%	5%
Emerging countries	3,403	3,960	-14%	26%
Total Revenues	13,028	13,125	-0%	100%

> Order book by destination excluding DCNS impact – 31 December 2011

<i>(in millions of euros)</i>	31 Dec 2011	31 Dec 2010	31 Dec 2011 in %
France	7,121	6,815	28%
United Kingdom	3,813	4,053	15%
Rest of Europe	5,818	6,214	22%
Europe	16,752	17,082	65%
North America	2,274	2,300	9%
Asia-Pacific	4,053	2,986	16%
Middle East	1,651	1,755	6%
Rest of the World	1,111	1,295	4%
Emerging countries	6,815	6,036	26%
Total order book (excluding DCNS impact)	25,841	25,418	100%