

Thales: revenues and order intake at 31 March 2012

- **Order intake: €2.62bn**, up 35% (**€2.58bn**, i.e. +33% excluding DCNS impact¹)
 - Strong growth in Aerospace & Transport (+65%) with the recording of several major rail contracts
 - Slight increase in Defence & Security (+3%)
- **Revenues: €2.68bn** increasing by 7% (**€2.48bn**, i.e. -1% excluding DCNS impact¹)
 - Growth in Aerospace & Transport driven by civil aeronautics activities
 - Good resilience of the Defence & Security activities

Neuilly-sur-Seine, 10 May 2012 – Thales (NYSE Euronext Paris: HO) is today releasing its revenues and order intake for the first quarter of 2012. Group Chairman and Chief Executive Officer Luc Vigneron stated: **"At the end of this first quarter, our order intake is up, supported by major contracts in Transport and the continued positive momentum of civil aeronautics. Moreover, our revenues remain virtually stable at constant scope. On this basis, and despite a persistent context of strong budget pressures in its main domestic markets, Thales is confirming its objectives for 2012."**

Key figures at 31 March 2012 in millions of euros	Q1 2012	Q1 2011	Total change	Organic change ²
Order intake				
<i>excluding DCNS impact</i>	2,584	1,943	+33%	+32%
<i>reported</i>	2,624	1,943	+35%	+32%
Revenues				
<i>excluding DCNS impact</i>	2,484	2,519	-1%	-2%
<i>reported</i>	2,683	2,519	+7%	-2%

It should be noted that quarterly fluctuations in revenues (a significant percentage of which is booked as technical milestones are achieved pursuant to the terms of the different contracts) and order intake cannot be extrapolated and may differ markedly from long-term trends. This applies even more when considering a single business sector in isolation.

¹ In this press release, "excluding DCNS impact" means "excluding the impact of the 35% proportionate consolidation of DCNS"

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

Order intake

New orders recorded in the order book in the first quarter of 2012 reached **€2,624 million** in total and **€2,584 million** (+33%) excluding DCNS impact. This change was primarily the result of the signature of several Transport contracts and the continued positive trend observed throughout last year in civil aeronautics, while the defence markets in Europe and North America continue to be impacted by budget pressures.

Several large orders, each valued at more than €100 million, have been notified in this first quarter, whereas this had not been the case in the first quarter of last year. In particular, the Group won a major contract to install a state-of-the-art European signalling system (ETCS) on more than half of Denmark's main railway lines. Thales was also awarded the contract for signalling on the Compass line of the Singapore underground. Finally, a significant order for in-flight entertainment systems has been received from a major North American airline. Furthermore, orders with a unit value of less than €10 million have been stable and continued to represent more than half the orders received in terms of value in the first quarter of 2011.

At 31 March 2012, the ratio of order intake to revenues ("book-to-bill" ratio) was **1.04** (excluding DCNS impact¹) and the **order book** totalled **€25,913 million** (excluding DCNS² impact), and still represented approximately 24 months of revenues.

<i>Order intake in millions of euros</i>	Q1 2012	Q1 2011	Total change	Organic change	Book-to-bill
Defence & Security	986	959	+3%	+1%	0.74
Aerospace & Transport	1,576	957	+65%	+64%	1.38
<i>Other and unallocated</i>	22	27	n/a	n/a	n/a
Order intake excluding DCNS impact	2,584	1,943	+33%	+32%	1.04
DCNS	39	-	n/a	n/a	n/a
Total order intake	2,624	1,943	+35%	+32%	0.98

Order intake for the **Defence & Security** sector was up +3% over the first quarter of 2011 at **€986 million**. Thus, C4I Systems recorded substantial growth in order intake, supported by contracts in radios and protection systems. Orders received by Defence Mission Systems also increased, driven primarily by sonar

¹ Including the impact of the 35% proportionate consolidation of DCNS, the book-to-bill ratio at the end of March was 0.98 and the order book totalled €30,605 million

activities and an order for naval electronic systems in the United Kingdom. By contrast, order intake for Air Operations was down in the first quarter, both in air defence and air traffic management activities. Land Defence also recorded a decline in its order intake, despite good resilience of the armaments segment in Australia.

Orders in the **Aerospace & Transport** sector totalled **€1,576 million**, an increase of +65% over the first quarter of 2011. This strong growth was primarily the result of the large orders recorded in ground transport described above. Avionics continued to benefit from the positive trend seen last year, with the impact of the increase in Airbus deliveries, steady aftermarket operations and several in-flight entertainment orders, as well as the positive contribution from the Tubes and Imaging systems segment. Finally, order intake for space activities remained stable over the first quarter.

Revenues

Revenues reached **€2,683 million**, an increase of 7% linked to the proportionate consolidation of DCNS. Excluding this impact, revenues were almost unchanged from the same period last year at **€2,484 million** compared with €2,519 million (-1%).

<i>Revenues in millions of euros</i>	Q1 2012	Q1 2011	<i>Total change</i>	<i>Organic change</i>
Defence & Security	1,329	1,363	-2%	-4%
Aerospace & Transport	1,139	1,120	+2%	+1%
<i>Other and unallocated</i>	16	36	<i>n/a</i>	<i>n/a</i>
Revenues excluding DCNS impact	2,484	2,519	-1%	-2%
DCNS	199	-	<i>n/a</i>	<i>n/a</i>
Consolidated revenues	2,683	2,519	+7%	-2%

Defence & Security revenues declined slightly to **€1,329 million** compared with €1,363 million in the first quarter of 2011 (**-2%**). Revenues generated by Defence Mission Systems were down, as declining revenues on several export naval programmes were only partially offset by an increase in intelligence, surveillance & reconnaissance activities. The C4I Systems business sector also reported slightly lower revenues, particularly in radio-communications. Revenues generated by Air Operations rose slightly. Land

Defence also improved its revenues, driven by optronics and missile electronics.

In **Aerospace & Transport**, revenues totalled **€1,139 million**, up +2% compared with the same period last year. Avionics recorded sharply higher revenues, driven by the increase in Airbus deliveries and the growth in support. The space segment also reported improved revenues, with the ramp-up of the Iridium programme. By contrast, the completion of several contracts in the Middle East and the relative easing off of order registered in 2010 generated lower revenues in Transport Systems compared with the first quarter of 2011.

Views for the current year¹

Despite the favourable evolution of order intake during the first quarter, Thales confirms that, for the full year, it expects that the increase in civil orders will only partially offset the decline in military orders (excluding any exceptional export contract).

Therefore, Thales continues to assume a book-to-bill² ratio slightly below 1, also taking into consideration the expected increase in revenues related to the execution of the order book.

In this context, the Group is resolutely pursuing the implementation of the Probasis performance plan and confirms its objective of a 6% EBIT margin³ in 2012.

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¹ Excluding DCNS impact

² Ratio of order intake / revenues

³ After restructuring and before impact of Purchase Price Allocation (PPA)

APPENDIX

> Definition of the business sectors (*IFRS 8 operating segments*)

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

> Order intake by destination – Q1 2012 – excluding DCNS impact

<i>in millions of euros</i>	Q1 2012	Q1 2011	Total change	Organic change	Q1 2012 as %
France	487	435	+12%	+12%	19%
United Kingdom	202	228	-12%	-14%	8%
Rest of Europe	836	560	+49%	+52%	32%
Europe	1,525	1,223	+25%	+25%	59%
North America	445	338	+32%	+32%	17%
Asia-Pacific	429	246	+74%	+65%	17%
Middle East	99	85	+17%	+15%	4%
Rest of the World	86	51	+68%	+72%	3%
Emerging countries	614	382	+61%	+57%	24%
Order intake – excluding DCNS impact	2,584	1,943	+33%	+32%	100%

> Consolidated revenues by destination – Q1 2012 – excluding DCNS impact

<i>in millions of euros</i>	Q1 2012	Q1 2011	Total change	Organic change	Q1 2012 as %
France	689	645	+7%	+7%	28%
United Kingdom	316	314	+1%	-2%	13%
Rest of Europe	611	656	-7%	-5%	25%
Europe	1,616	1,615	+0%	+0%	66%
North America	284	266	+7%	+4%	11%
Asia-Pacific	355	349	+2%	-3%	14%
Middle East	118	173	-32%	-32%	5%
Rest of the World	111	116	-4%	-4%	4%
Emerging countries	584	638	-8%	-11%	23%
Revenues – excluding DCNS impact	2,484	2,519	-1%	-2%	100%

> Order book by destination – Q1 2012 - excluding DCNS impact

<i>in millions of euros</i>	March 31, 2012	March 31, 2011	Q1 2012 as %
France	7,009	7,189	27%
United Kingdom	3,738	3,813	15%
Rest of Europe	5,982	5,762	23%
Europe	16,729	16,764	64%
North America	2,423	2,274	9%
Asia-Pacific	4,103	4,046	16%
Middle East	1,609	1,649	6%
Rest of the World	1,049	1,108	4%
Emerging countries	6,761	6,803	26%
Order book - excluding DCNS impact	25,913	25,841	100%

> Order book by business sector – Q1 2012

<i>in millions of euros</i>	March 31, 2012	December 31, 2011	<i>Total change</i>	<i>Organic change</i>
Defence & Security	14,027	14,374	-2%	-2%
Aerospace & Transport	11,807	11,372	+4%	+4%
<i>Other & unallocated</i>	<i>79</i>	<i>95</i>	<i>n/a</i>	<i>n/a</i>
Order book-excluding DCNS impact	25,913	25,841	+0%	+0%
DCNS	4,692	4,855	-3%	<i>n/a</i>
Total order book	30,605	30,696	-0%	-0%