

Thales: revenues and order intake at 30 September 2012

Neuilly-sur-Seine, 25 October 2012 – Thales (NYSE Euronext Paris: HO) today released its revenues and order intake figures at 30 September 2012.

- **Order intake: €9.04 bn**, up 7% (+1% excluding DCNS¹ impact)
- **Revenues: €9.30 bn**, up 8% (+1% excluding DCNS¹ impact)
- **Roll-out of Probasis and portfolio optimisation continue**
- **2012 objectives confirmed**

<i>in millions of euros</i>	9m 2012	9m 2012 excl. DCNS ¹ impact	9m 2011	Total change	Change excl. DCNS ¹ impact	Organic change ²
Order intake	9,040	8,547	8,455	+7%	+1%	-1%
Revenues	9,300	8,662	8,613	+8%	+1%	-2%
Book-to-bill	0.97	0.99	0.98			

NB: the third-quarter figures are provided in the appendix

Commenting on these figures, Luc Vigneron, the Group's Chairman and CEO, stated:

***“In the first nine months of this year, our order intake exceeded the level achieved in the same period last year, when we benefited from the exceptional contract to upgrade Mirage 2000 aircraft in India. Our revenues are resilient, and growth in our civil business is mitigating the less favourable environment in defence.*”**

Thales has put in a robust performance in an uncertain economic climate since the start of the year. These results allow us to confirm our objectives for 2012.”

¹ In this press release, “DCNS impact” means “impact of the 35% proportionate consolidation of DCNS vs. consolidation under the equity method at 35%”.

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

Key figures at 30 September 2012
(in millions of euros)

	9m 2012	9m 2011	Total change	Organic change
Order intake				
Defence & Security	4,251	4,737	-10%	-13%
Aerospace & Transport	4,235	3,634	+17%	+14%
Other and discontinued operations	61	84		-
Total excl. DCNS impact	8,547	8,455	+1%	-1%
DCNS impact	493	-		
Total	9,040	8,455	+7%	-1%
Revenues				
Defence & Security	4,683	4,682	0%	-4%
Aerospace & Transport	3,911	3,818	+2%	0%
Other and discontinued operations	68	113		
Total excl. DCNS impact	8,662	8,613	+1%	-2%
DCNS impact	638	-		
Total	9,300	8,613	+8%	-2%

Order intake

New orders totalled **€9,040 million** in the first nine months of 2012, up **7%** on the same period of 2011 (and up 1% excluding DCNS impact). On a like-for-like basis and at constant exchange rates¹, order intake at 30 September 2012 was therefore largely comparable to that of last year, even though the Group benefited from an exceptional contract to upgrade Indian Mirage 2000 fighters in the third quarter of 2011.

The book-to-bill ratio was therefore **0.99** (excluding DCNS impact) over the first nine months of the year. At 30 September 2012, the consolidated order book totalled €30,582 million, representing more than 26 months of revenues (€25,838 million excluding DCNS impact, or nearly two years of revenues).

Several **large orders, each valued at more than €100 million**, were notified in the first nine months of the year. In the civil business, in addition to contracts already won in the first half-year (a mainline signalling

¹ The foreign exchange impact on order intake was positive at +€209 million, primarily because of the appreciation of the US dollar, the Australian dollar and the pound sterling against the euro.

contract in Denmark, a metro contract in Singapore and an in-flight entertainment systems contract for a major North American airline), Thales was also awarded a telecommunications satellite contract by an Asian operator in the third quarter. In defence, large orders in the third quarter included another tranche of Bushmaster armoured vehicles in Australia, and a contract to upgrade and maintain French submarines, in addition to contracts already signed in the first six months of the year, such as the Contact contract to develop new-generation software radios in France and radar systems in the Netherlands.

Furthermore, **orders with a unit value of less than €10 million** grew by 10% compared with the first nine months of 2011, and still account for more than half the total order intake in terms of value.

Order intake in the **Defence & Security** segment was **€4,251 million**, compared with €4,737 million at the end of September 2011. The decrease of 10% was due to the registration in the third quarter of last year of the contract to upgrade Indian Mirage 2000, which was worth over €1 billion.

Therefore, as expected, order intake in Defence Mission Systems dropped substantially, despite a number of commercial successes in the naval business, particularly in the Middle East and the UK. Land Defence, meanwhile, registered an increase in orders, driven mainly by a new tranche of Bushmaster vehicles in Australia, optronics export contracts and missile electronics contracts in France and India. At the same time, order intake for C4I Systems was up, driven by radio communications in Europe and for export, and by protection systems. Lastly, Air Operations recorded significant growth in orders, with the radar systems contract for the Dutch navy mentioned above and air defence contracts for both the UK and for export.

Aerospace & Transport orders stood at **€4,235 million**, up **17%** compared with 30 September 2011.

This positive performance mainly reflects the sharp rise in orders in Transportation Systems, on the back of the main lines contract in Denmark and several urban transport contracts, particularly in Asia (Singapore, Kuala Lumpur and Nanjing metro systems). Avionics continued to benefit from a positive momentum, with the impact of increased Airbus deliveries, orders for regional (SSJ) and business aircraft, several in-flight entertainment contracts and a positive contribution from Tubes and Imaging Systems. Order intake was also up in the Space business, due to two telecommunications satellite contracts (one for Eutelsat and the other for an Asian operator) and further tranches of the Exomars programme for the European Space Agency (ESA).

DCNS accounted for **€493 million** of the Group's total order intake at 30 September 2012. The key orders registered in this period related to FREMM multi-mission frigates and upgrading and maintaining French submarines.

Revenues

Total revenues amounted to **€9,300 million** at 30 September 2012, an increase of **8%**, because of the impact of the proportionate consolidation of DCNS at 35%. Excluding this impact, revenues for the first nine months of 2012 totalled €8,662 million, up 1% (-2% at constant exchange rates¹).

Defence & Security revenues totalled **€4,683 million** in the first nine months of the year, unchanged compared with the same period of 2011, due to a favourable foreign exchange impact (-4% in organic terms). Revenues for the Defence Mission Systems segment were down, with the ending of several naval export contracts only partially offset by the increase from the contract to upgrade India's Mirage 2000 fighters. Air Operations registered a decline in revenues due to reduced air traffic management activities. Revenues in Land Defence, however, were largely unchanged on last year, with growth in optronics and armaments. Lastly, C4I Systems recorded slight revenue growth, with increased business in secure networks, cyber security and civil security compensating for lower revenues from tactical radios.

In **Aerospace & Transport**, revenues totalled **€3,911 million**, up **2%** on the first nine months of 2011 (unchanged in organic terms). Avionics revenues, in particular, were boosted by increased Airbus and regional aircraft deliveries and growth in the support and helicopters businesses. Revenues from Space activities grew slightly, with the progressive ramp-up of the Iridium Next and O3b constellation programmes, the Meteosat and GMES Sentinel observation satellites and the European Exomars programme. The Transportation Systems business, meanwhile, registered a decrease in revenues compared with 30 September 2011, since revenues generated on recent orders do not yet offset the ending of several contracts in the Middle East and the lower level of orders seen in 2010.

DCNS made a **€638 million** contribution to Group consolidated revenues at 30 September 2012, with the execution of programmes in France (Barracuda submarines, FREMM frigates, maintenance) and internationally (Brazil, India and Russia).

¹ The foreign exchange impact on revenues was +€241 million, resulting from appreciation of the pound sterling and US and Australian dollars against the euro.

Outlook for the current year¹

The Group confirms that, over the full year, it expects a decline in military orders, which commercial orders are expected to offset only partially. Under this assumption, the book-to-bill ratio could come to slightly less than 1, while revenues should increase slightly at constant scope.

In this context, as the implementation of the Probasis performance plan continues, the Group confirms its objective of a 6% EBIT margin² in 2012.

Press:

Alexandre Perra

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

pressroom@thalesgroup.com

Investor relations:

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 may not 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 Excluding DCNS impact.

² After restructuring and before the impact of Purchase Price Allocation (PPA).

APPENDIX

> Order intake and revenues by geographical area – Q3 2012

<i>(in millions of euros)</i>	Q3 2012	Q3 2011	Total change	Organic change
<u>Order intake</u>				
Defence & Security	1,213	2,238	-46%	-47%
Aerospace & Transport	1,476	945	+56%	+52%
Other and discontinued operations	19	31		-
Total excl. DCNS impact	2,708	3,214	-16%	-17%
DCNS impact	231	-		
Total	2,939	3,214	-9%	-17%
<u>Revenues</u>				
Defence & Security	1,455	1,431	+2%	-3%
Aerospace & Transport	1,219	1,179	+3%	0%
Other and discontinued operations	25	35		
Total excl. DCNS impact	2,699	2,645	+2%	-1%
DCNS impact	188	-		
Total	2,887	2,645	+9%	-1%

> Order intake by destination – 9m 2012 – excluding DCNS impact

<i>(in millions of euros)</i>	9m 2012	9m 2011	Total change	Organic change	9m 2012 in %
France	1,982	2,001	-1%	-1%	23%
United Kingdom	517	563	-8%	-14%	6%
Rest of Europe	2,452	2,007	+22%	+22%	29%
Europe	4,951	4,571	+8%	+8%	58%
North America	911	828	+10%	+5%	11%
Asia-Pacific	1,726	2,188	-21%	-24%	20%
Middle East	701	610	+15%	+9%	8%
Rest of the World	258	258	0%	+1%	3%
Emerging countries	2,685	3,056	-12%	-16%	31%
Order intake – excluding DCNS impact	8,547	8,455	+1%	-1%	100%

> Consolidated revenues by destination – 9m 2012 – excluding DCNS impact

<i>(in millions of euros)</i>	9m 2012	9m 2011	Total change	Organic change	9m 2012 in %
France	2,316	2,239	+3%	+3%	27%
United Kingdom	1,077	1,024	+5%	-2%	12%
Rest of Europe	2,192	2,218	-1%	-1%	25%
Europe	5,585	5,481	+2%	+1%	64%
North America	939	865	+9%	+4%	11%
Asia-Pacific	1,352	1,288	+5%	-1%	16%
Middle East	446	611	-27%	-29%	5%
Rest of the World	340	368	-8%	-8%	4%
Emerging countries	2,138	2,267	-6%	-10%	25%
Consolidated revenues – excl. DCNS impact	8,662	8,613	+1%	-2%	100%

> Order book by operating segment – 30 September 2012

<i>in millions of euros</i>	30 Sept. 2012	31 Dec. 2011 ¹	Total change	Organic change
Defence & Security	14,085	14,375	-2%	-3%
Aerospace & Transport	11,687	11,372	+3%	+2%
Other and discontinued operations	66	94		
Order book excl. DCNS impact	25,838	25,841	0%	-1%
DCNS impact	4,744	4,855		
Total	30,582	30,696	0%	-1%

> Order book by destination – 30 September 2012 – excluding DCNS impact

<i>in millions of euros</i>	30 Sept. 2012	31 Dec. 2011	30 Sept. 2012 in %
France	6,862	7,189	27%
United Kingdom	3,411	3,813	13%
Rest of Europe	6,013	5,762	23%
Europe	16,286	16,764	63%
North America	2,249	2,274	9%
Asia-Pacific	4,384	4,046	17%
Middle East	1,901	1,649	7%
Rest of the World	1,018	1,108	4%
Emerging countries	7,303	6,803	28%
Total order book – excl. DCNS impact	25,838	25,841	100%

¹ Reclassification in the first half of 2011 of the discontinued operations in Navigation Solutions and IT services businesses in Switzerland, Austria, Argentina and Spain in the "Defence & Security" operating segment as "Other and discontinued operations", and civil simulation activities in the "Aerospace & Transport" operating segment as "Other and discontinued operations". 8

> Order intake by geographical area of origin – 9m 2012

<i>in millions of euros</i>	9m 2012	9m 2011 ¹	Total change	Organic change
Zone A²	3,294	2,310	+43%	+31%
Zone B³	1,634	1,501	+9%	+8%
France	3,580	4,576	-22%	-22%
<i>Other and discontinued operations</i>	39	68		
Order intake excluding DCNS impact	8,547	8,455	+1%	-1%
DCNS impact	493			
Total order intake	9,040	8,455	+7%	-1%

> Revenues by geographical area of origin – 9m 2012

<i>in millions of euros</i>	9m 2012	9m 2011	Total change	Organic change
Zone A²	2,940	2,923	+1%	-7%
Zone B³	1,614	1,685	-4%	-6%
France	4,067	3,922	+4%	+3%
<i>Other and discontinued operations</i>	41	83		
Revenues excluding DCNS impact	8,662	8,613	+1%	-2%
DCNS impact	638			
Consolidated revenues	9,300	8,613	+8%	-2%

¹ Reclassification in the first half of 2011 of the discontinued operations in Navigation Solutions and IT services businesses in Switzerland, Austria, Argentina and Spain in the "Defence & Security" operating segment as "Other and discontinued operations", and civil simulation activities in the "Aerospace & Transport" operating segment as "Other and discontinued operations".

² Area A: USA, Canada, UK, Netherlands, Norway, South Korea, Australia, Northern and Central Europe, Northern Asia

³ Area B: Germany, Austria, Switzerland, Italy, Spain, Singapore, Latin America, Rest of Europe, Middle East & Africa, Western Asia, Southern Asia