

Thales: Order intake and sales at 30 September 2013

Neuilly-sur-Seine, 24 October 2013 – Thales (NYSE Euronext Paris: HO) is today releasing its order intake and sales figures at 30 September 2013.

- **Order intake:** €8.18bn, a 6% organic¹ decline compared to 30 September 2012
- **Sales:** €9.49bn, a 6% organic¹ increase compared to 30 September 2012
- **2013 objectives confirmed:** slight growth in order intake, stable sales and 5-8% increase in EBIT² compared to 2012

Key figures at 30 September 2013 (in millions of euros)	9m 2013	9m 2012	Total change	Organic change
Order intake				
Aerospace	2,475	3,101	-20%	-15%
Transport	955	1,137	-16%	-15%
Defence & Security	4,209	4,210	0%	+3%
DCNS	491	535	-8%	-9%
Other and discontinued activities	49	61		
Total	8,179	9,044	-10%	-6%
Sales				
Aerospace	3,032	2,974	+2%	+9%
Transport	900	937	-4%	-2%
Defence & Security	4,654	4,627	+1%	+3%
DCNS	823	694	+19%	+19%
Other and discontinued activities	76	68		
Total	9,485	9,300	+2%	+6%

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

² After restructuring and before impact of purchase price allocation ("PPA").

Order intake

New orders in the first nine months of 2013 totalled **€8,179 million**, down **6%** at constant scope and exchange rate compared to the same period in 2012. At 30 September 2013, the consolidated **order book** amounted to **€28,872 million**, still representing around two years of sales. The book-to-bill ratio came to 0.86 in the first nine months of 2013.

Nine large **orders, each for an amount of over €100 million**, were booked at 30 September 2013. In Aerospace, the Group won two major contracts: one for simulation and training services for UK A400M crews and the other from the European Space Agency (ESA) as prime contractor for the 2016 and 2018 missions of the Exomars scientific programme. In Transport, two major main line rail signalling orders were signed, in South Africa and Egypt. In Defence & Security, the Group won a sensor system service support contract for the UK Royal Navy, a contract for a military communication network in France, and three contracts in the Middle East, for naval systems, air defence and critical infrastructure security. **Orders with a unit value of less than €10 million** continued to represent more than half the orders received in terms of value.

Over the first nine months of 2013, **order intake in emerging markets** rose by 5% organically, reaching **€2,496 million** and representing 31% of total order intake, vs. 27% over the same period of 2012.

New orders for the **Aerospace** segment amounted to **€2,475 million**, compared to €3,101 million at the end of September 2012 (-15% organically). Avionics activities were down, as the continued growth of on-board avionics activities, support and simulation activities did not fully compensated lower orders in in-flight entertainment and tubes & imaging. Space activities have seen a marked downturn in orders, especially in the Telecom segment, even though several contracts have been booked in observation and exploration satellites for institutional clients (Exomars programmes and Cosmo-Skymed). Moreover, Thales has been selected for significant space projects, in Brazil and the UAE in particular, which are not yet registered in the backlog but should be in the coming months.

In the **Transport** segment, order intake came to **€955 million** versus €1,137 million at 30 September 2012, which had benefited a year earlier from major orders (main line rail in Denmark and urban rail in Asia). Nonetheless, several sales successes should be noted during these first nine months, especially in emerging markets, with contracts for main line rail signalling in South Africa (Cape region) and Egypt (Cairo-Alexandria), and for urban rail in China (Hong Kong).

Order intake in **Defence & Security**, at **€4,209 million** versus €4,210 million at the end of September 2012, represented organic growth of 3%. This evolution reflects the sharp rise in orders for Defence Mission Systems, driven in particular by the sensor system service support contract for the UK Royal Navy. By

contrast, orders for Secure Communications and Information Systems were down, especially in radios, as the new tranche of the Contact software radio contract in France was only booked in October 2013. Similarly, Land & Air Systems saw a decline in orders compared to the first nine months of 2012, despite recent successes in air defence in the Middle East and for NATO, in armaments and ammunitions in Australia and in air traffic management in the Philippines and Africa.

New orders at **DCNS** came to **€491 million** at 30 September 2013 compared to €535 million at 30 September 2012. The main orders during the period were the modernisation contract for 4 frigates and 2 patrol-supply vessels for the Royal Saudi Navy and amendments to the French FREMM frigate and submarine programmes.

Sales

Group sales came to **€9,485 million** at 30 September 2013, up **6%** at constant scope and exchange rates¹.

Sales in the **Aerospace** segment totalled **€3,032 million**, up by **9%** in organic terms compared to the first nine months of 2012. Avionics continued to rise sharply in the first nine months of the year, particularly flight avionics, both for original equipment and support activities, as well as in-flight entertainment and military simulation activities (A400M, FSTA). Lastly, tubes and imaging activities also made a positive contribution to sales, boosted by a significant volume of deliveries for the space industry. Sales for Space activities rose slightly, with good progress in particular of Telecom activities (Iridium, Eutelsat, Arabsat programmes).

The **Transport** segment recorded sales of **€900 million**, vs. €937 million at 30 September 2012 (-2% organically), as recent rail signalling orders have not yet had a significant impact on sales, whereas ticketing activities enjoyed a positive evolution.

Sales in the **Defence & Security** segment came to **€4,654 million** in the first nine months of the year, up **3%** organically. In particular, sales of Defence Mission Systems saw a major advance over the period, thanks particularly to increased sales for the Rafale programme in France, the Indian Mirage 2000 upgrade and sonars. Secure Communications and Information Systems sales were globally stable in the period, with an increase of radio communication (ramp up of the Contact contract in France) and cybersecurity activities. By contrast, Land & Air Systems recorded lower sales at 30 September 2013, particularly in armaments and air defence activities.

¹ The foreign exchange impact on sales was negative at -€145 million, primarily because of the depreciation of the Australian dollar and the pound sterling against the euro.

DCNS sales came to **€823 million** at 30 September 2013, up 19% compared to 30 September 2012. This evolution was due to the execution of programmes both in France – FREMM frigates, Barracuda submarines – and internationally.

Outlook for the current year¹

For the current year, Thales confirms the outlook communicated last February when the 2012 annual results were released.

Despite the continuing unfavourable economic environment in Europe, the Group continues to anticipate a slight upturn in orders and stable sales overall.

A continuing drive to improve performance should enable the Group to post a further improvement in EBIT², which should increase by 5-8% compared to 2012.

Media relations:

Matt Potheary / 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: <https://www.thalesgroup.com>

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¹ Excluding any exceptional export contract.

² After restructuring and before impact of purchase price allocation ("PPA").

> Operating segments (*IFRS 8*)

- **Aerospace:** Avionics, Space
- **Transport:** Ground Transportation Systems
- **Defence & Security:** Secure Communications and Information Systems, Land & Air Systems, Defence Mission Systems
- **DCNS:** DCNS proportionally consolidated at 35%

> Order intake by destination – 9 months 2013

<i>(in millions of euros)</i>	9m 2013	9m 2012	Total change	Organic change	9m 2013 in %
France	1,787	2,384	-25%	-22%	22%
United Kingdom	1,061	517	+105%	+114%	13%
Other European countries	1,620	2,031	-20%	-15%	20%
Europe	4,468	4,932	-9%	-5%	55%
United States and Canada	680	916	-26%	-25%	8%
Australia and New Zealand	535	783	-32%	-25%	6%
Asia	1,043	1,436	-27%	-26%	13%
Middle East	1,134	711	+59%	+61%	14%
Rest of the World	319	266	+20%	+23%	4%
Emerging markets	2,496	2,413	+3%	+5%	31%
Order intake	8,179	9,044	-10%	-6%	100%

> Consolidated sales by destination – 9 months 2013

<i>(in millions of euros)</i>	9m 2013	9m 2012	Total change	Organic change	9m 2013 in %
France	2,805	2,761	+2%	+5%	30%
United Kingdom	1,072	1,077	0%	+4%	11%
Other European countries	1,761	1,880	-6%	0%	19%
Europe	5,638	5,718	-1%	+3%	60%
United States and Canada	1,044	939	+11%	+12%	11%
Australia and New Zealand	549	529	+4%	+14%	6%
Asia	1,331	1,230	+8%	+10%	14%
Middle East	522	465	+12%	+14%	5%
Rest of the World	401	419	-4%	-3%	4%
Emerging markets	2,254	2,114	+7%	+8%	23%
Sales	9,485	9,300	+2%	+6%	100%

> Order intake and sales – Q3 2013

<i>(in millions of euros)</i>	Q3 2013	Q3 2012	Total change	Organic change
<u>Order intake</u>				
Aerospace	709	1,174	-40%	-36%
Transport	219	292	-25%	-22%
Defence & Security	1,215	1,192	+2%	+8%
DCNS	288	252	+15%	+14%
Other and discontinued activities	19	19		
Total	2,450	2,929	-16%	-12%
<u>Sales</u>				
Aerospace	1,005	923	+9%	+16%
Transport	297	297	+0%	+4%
Defence & Security	1,426	1,438	-1%	+4%
DCNS	252	204	+23%	+23%
Other and discontinued activities	32	25		
Total	3,012	2,887	+4%	+10%