

↳ Paris La Défense, 21 October 2015

## Order intake and sales at 30 September 2015

Thales (Euronext Paris: HO) is today releasing its order intake and sales figures as at 30 September 2015.

Patrice Caine, Chairman and Chief Executive Officer, stated: *“Thales achieved very good commercial performance in the first nine months of the year. The strong growth in order intake, particularly in defence and ground transportation, confirms the Group’s return to a position of growth. This positive development enables us to confirm all of our objectives.”*

### Key points

- **Order intake : €10.31 billion (+37%),** up 42% in emerging markets
- **Sales up 9%, to €9.13 billion**
- **Book-to-bill ratio<sup>1</sup>: 1.13** (compared to 0.90 at 30 September 2014)
- **Full year objectives confirmed**

<i>in millions of euros</i>	9m 2015	9m 2014	Total change	Organic change <sup>2</sup>
<b>Order intake</b>	<b>10,312</b>	7,539	+34%	+32%
<b>Sales</b>	<b>9,131</b>	8,414	+8%	+4%

<i>in millions of euros</i>	Q3 2015	Q3 2014	Total change	Organic change
<b>Order intake</b>	<b>4,088</b>	2,319	+76%	+74%
<b>Sales</b>	<b>2,785</b>	2,719	+2%	0%

<sup>1</sup> Ratio of orders received to sales

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

<b>Order intake</b>	<b>9m 2015</b>	<b>9m 2014</b>	<b>Total change</b>	<b>Organic change</b>
<i>in millions of euros</i>				
<b>Aerospace</b>	<b>3,151</b>	<b>3,155</b>	0%	-5%
<b>Transport</b>	<b>2,486</b>	<b>825</b>	+202%	+192%
<b>Defence &amp; Security</b>	<b>4,642</b>	<b>3,526</b>	+32%	+28%
Other	33	33		
<b>Total</b>	<b>10,312</b>	<b>7,539</b>	<b>+37%</b>	<b>+32%</b>

<b>Sales</b>	<b>9m 2015</b>	<b>9m 2014</b>	<b>Total change</b>	<b>Organic change</b>
<i>in millions of euros</i>				
<b>Aerospace</b>	<b>3,584</b>	<b>3,283</b>	9%	2%
<b>Transport</b>	<b>862</b>	<b>847</b>	2%	-3%
<b>Defence &amp; Security</b>	<b>4,636</b>	<b>4,237</b>	9%	6%
Other	49	47		
<b>Total</b>	<b>9,131</b>	<b>8,414</b>	<b>9%</b>	<b>4%</b>

## Order intake

**New orders** during the first nine months of 2015 totalled **€10,312 million, up 37%** compared with the first nine months of 2014 (+32% on a like-for-like basis and at constant exchange rates<sup>1</sup>). At 30 September 2015, the consolidated **order book** totalled **€28,567 million**, which represents more than two years of sales. The book-to-bill ratio stood at 1.13 for the first 9 months of the year, compared to 0.90 in the same period last year.

Nine **major orders**, each for more than €100 million, were booked during this nine-month period:

- Three contracts for space programs: Ceres, a French military intelligence satellite system, Euclid, a scientific satellite for the European Space Agency and 2<sup>nd</sup> generation Cosmo-Skymed, an observation satellite system led by the Italian Space Agency
- Three supervision and signalling contracts for urban rail relating to the metro networks of Doha (Qatar), Hong Kong and London, the latter contract totalling €1 billion
- A systems and equipment contract as part of the 24 Egyptian Rafale combat aircraft order
- A security contract for Muscat and Salalah Airports in Oman
- An optronics land systems contract as part of the United Kingdom's SV Scout programme

Orders with a unit value of less than €10 million grew 11% and represented slightly over 40% of the orders intake in terms of value.

Thanks in particular to the Egyptian Rafale contract, the **order intake in emerging markets<sup>2</sup>** grew **42%** compared to the first nine months of 2014 and totalled **€3,214 million**, which represents 31% of total order intake.

Order intake for the **Aerospace** segment was almost unchanged at **€3,151 million**, compared with €3,155 million in the first nine months of 2014. Order intake for commercial avionics, both in onboard avionics and in-flight entertainment (IFEC), continued its positive momentum, further supported by the integration of Live TV and a favourable currency impact. However, space activities saw a decline in order intake compared with the high level the first nine months of 2014, despite the major orders mentioned previously.

In the **Transport** segment, order intake reached an exceptional level, three times higher than at 30 September 2014, at **€2,486 million** compared to €825 million, thanks in particular to the three major contracts awarded by London Underground for the renovation of the signalling for four major lines of its network, as well as contracts for the metros in Doha (Qatar) and Hong Kong.

Order intake in the **Defence & Security** segment also showed strong growth, at **€4,642 million**, compared to €3,526 million at 30 September 2014 (+32%). This increase, driven primarily by the large order of 24 Rafale combat aircraft for Egypt, is particularly striking in the activities of Defence Mission Systems. Order intake for Secure Communications and Information Systems also rose thanks to civil security

<sup>1</sup> Taking into account a positive currency impact of €248 million, mainly due to the depreciation of the euro against the dollar and the pound sterling, and a positive scope impact of €47 million related to the consolidation of Live TV since 1 July 2014 (Aerospace segment).

<sup>2</sup> In this press release, "emerging markets" refers to all countries in Asia, the Middle East, Latin America and Africa.

(security of Oman airports, in particular) and cybersecurity. Lastly, the Land and Air Systems activities recorded an increase in order intake, particularly in optronics.

## Sales

**Sales** for the Group in the first nine months of the year were up 9% to **€9,131 million**, compared to €8,414 million for the same period in 2014 (+4% on a like-for-like basis and at constant exchange rates<sup>1</sup>).

In the **Aerospace** segment, sales amounted to **€3,584 million**, up 9% compared to the first nine months of 2014 (+2% at constant scope and exchange rate). The Avionics business continued to benefit from a favourable currency impact and the acquisition of Live TV, as well as the increase in commercial avionics and in-flight entertainment, while sales of helicopter avionics and of tubes and imaging systems were down. Space sales increased, particularly in the field of observation satellites, following significant orders recorded last year.

**Transport** recorded sales up 2%, to **€862 million** compared to €847 million in the first nine months of 2014 (-3% on a like-for-like basis and at constant exchange rates), as lower ticketing sales due to the completion of several projects were offset by increased sales in rail signalling both in main line and metro activities.

Sales in the **Defence & Security** segment were up 9% at **€4,636 million** compared to €4,237m in the first nine months of 2014 (+6% on a like-for-like basis and constant exchange rates). Defence Mission Systems activities reported increased sales, thanks in particular to the Indian Mirage modernisation programs and naval activities. Secure Communication and Information Systems sales also recorded growth, particularly in radio communications (France, Middle East) and cybersecurity. Finally, the Land and Air Systems activities also recorded an increase in sales, driven by air traffic control (ramp-up of the Marshall programme in the United Kingdom), air defence as well as armaments and protected vehicles.

## Outlook

In 2015, after an order growth of almost 20% over the last two years, order intake should see yet another increase, beyond the levels reached in 2014, with a new increase in order intake expected from emerging markets.

The continued growth in order intake over the last two years should result in a low-single digit increase in sales in 2015.

This positive trend, combined with the continued efforts to improve competitiveness and the expected return to breakeven at DCNS should enable Thales to show an increased EBIT<sup>2</sup> of around 15% compared to 2014 (based on exchange rates of February 2015), totalling €1,130 million to €1,150 million.

<sup>1</sup> Taking into account a positive currency effect of €309 million and a positive scope effect of €77 million related to the integration of Live TV on 1 July 2014 (Aerospace segment).

<sup>2</sup> Non-GAAP measure, see definitions in appendix.

Over the medium term, Thales confirms its objectives of a moderate increase in sales and an improvement in its EBIT margin<sup>2</sup> to reach a rate of 9.5-10% by 2017/2018.

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. The actual results may differ significantly from the forward-looking statements due to various risks and uncertainties, as described in the company's Registration Document, which has been filed with the *Autorité des Marchés Financiers*, the French financial markets regulator.

## About Thales

Thales is a global technology leader for the Aerospace, Transportation, Defence and Security markets. With 61,000 employees in 56 countries, Thales reported sales of €13 billion in 2014. With over 20,000 engineers and researchers, Thales has a unique capability to design and deploy equipment, systems and services to meet the most complex security requirements. Its unique international footprint allows it to work closely with its customers all over the world.

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## Appendices

### ↳ Operating segments

<b>Aerospace</b>	Avionics, Space
<b>Transport</b>	Ground Transportation Systems
<b>Defence &amp; Security</b>	Secure Communications and Information Systems, Land & Air Systems, Defence Mission Systems

### ↳ Definitions of non-GAAP financial indicators

In order to enable a better monitoring and benchmark of its financial and operating performance, Thales prepares two main non-GAAP indicators, excluding non-operating and non-recurring items. They are determined as follows:

- **EBIT**, an adjusted operating metric, corresponds to income from operations plus the share of the net income (loss) of equity-accounted companies, excluding the amortisation of intangible assets acquired (purchase price allocation, “PPA”) recorded as part of business combinations.
- **Adjusted net income** corresponds to the net income attributable to shareholders of the parent company, excluding the following items, net of the corresponding tax effects:
  - amortisation of intangible assets;
  - results of disposals of assets, change in scope of consolidation and others;
  - change in fair value of derivative foreign exchange instruments (recorded in “other financial results” in the consolidated accounts);
  - actuarial gains on long-term benefits (accounted within the “finance cost on pensions and other long-term benefits” in the consolidated accounts).

### Order intake by destination - 9m 2015

<i>in millions of euros</i>	9m 2015	9m 2014	Total change	Organic change	9m 2015 in %
France	1,912	1,600	+19%	+19%	18%
United Kingdom	1,723	680	+153%	+134%	17%
Other European countries	2,067	1,749	+18%	+17%	20%
<b>Europe</b>	<b>5,702</b>	<b>4,029</b>	<b>+42%</b>	<b>+39%</b>	<b>55%</b>
<b>United States and Canada</b>	<b>816</b>	<b>694</b>	<b>+18%</b>	<b>-3%</b>	<b>8%</b>
<b>Australia and New Zealand</b>	<b>580</b>	<b>552</b>	<b>+5%</b>	<b>+5%</b>	<b>6%</b>
Asia	952	1,067	-11%	-15%	9%
Middle East	1,990	773	+157%	+149%	19%
Rest of the World	272	423	-36%	-36%	3%
<b>Emerging markets</b>	<b>3,214</b>	<b>2,263</b>	<b>+42%</b>	<b>+37%</b>	<b>31%</b>
<b>Order intake</b>	<b>10,312</b>	<b>7,539</b>	<b>+37%</b>	<b>+32%</b>	<b>100%</b>

### ↳ Sales by destination - 9m 2015

<i>in millions of euros</i>	9m 2015	9m 2014	Total change	Organic change	9m 2015 in %
France	2,255	2,291	-2%	-2%	25%
United Kingdom	929	905	+3%	-7%	10%
Other European countries	1,829	1,823	0%	-1%	20%
<b>Europe</b>	<b>5,012</b>	<b>5,019</b>	<b>0%</b>	<b>-2%</b>	<b>55%</b>
<b>United States and Canada</b>	<b>1,081</b>	<b>883</b>	<b>+22%</b>	<b>+3%</b>	<b>12%</b>
<b>Australia and New Zealand</b>	<b>499</b>	<b>511</b>	<b>-2%</b>	<b>-3%</b>	<b>6%</b>
Asia	1,189	1,123	+6%	+1%	13%
Middle East	950	559	+70%	+59%	10%
Rest of the World	400	320	+25%	+23%	4%
<b>Emerging markets</b>	<b>2,539</b>	<b>2,002</b>	<b>+27%</b>	<b>+21%</b>	<b>27%</b>
<b>Sales</b>	<b>9,131</b>	<b>8,414</b>	<b>+9%</b>	<b>+4%</b>	<b>100%</b>

### ↳ Order intake and sales - Q3 2015

<i>in millions of euros</i>	Q3 2015	Q3 2014	Total change	Organic change
<b>Order intake</b>				
<b>Aerospace</b>	<b>1,302</b>	1,078	+21%	+17%
<b>Transport</b>	<b>1,289</b>	187	+588%	+588%
<b>Defence &amp; Security</b>	<b>1,489</b>	1,041	+43%	+43%
Other	7	13		
<b>Total</b>	<b>4,088</b>	2,319	+76%	+74%
<b>Sales</b>				
<b>Aerospace</b>	<b>1,073</b>	1,067	+1%	-4%
<b>Transport</b>	<b>293</b>	276	+6%	+3%
<b>Defence &amp; Security</b>	<b>1,407</b>	1,364	+3%	+2%
Other	12	12		
<b>Total</b>	<b>2,785</b>	2,719	+2%	+0%