

Thales reports its order intake and sales for the first quarter of 2021

- Solid order intake: €3.4 billion, up 31% on an organic basis¹ (up 28% on a reported basis)
- Sales: €3.9 billion, up 1.9% on an organic basis (up 0.5% on a reported basis)
- Return to growth despite on-going significant impact of the health crisis on civil aeronautics and biometrics
- All financial objectives confirmed

Thales (Euronext Paris: HO) announced today its order intake and sales for the first quarter of 2021.

Order intake <i>in € millions</i>	Q1 2021	Q1 2020	Total change	Organic change
Aerospace	998	778	+28%	+31%
Transport	259	156	+66%	+67%
Defence & Security	1,513	960	+58%	+57%
Digital Identity & Security	636	761	-16%	-11%
Other	10	7	nm	nm
Total	3,416	2,663	+28%	+31%
Sales <i>in € millions</i>				
Aerospace	971	1,083	-10.3%	-8.7%
Transport	344	347	-0.8%	+0.5%
Defence & Security	1,949	1,724	+13.1%	+12.3%
Digital Identity & Security	636	727	-12.5%	-7.4%
Other	16	18	nm	nm
Total	3,917	3,899	+0.5%	+1.9%
Of which mature markets ²	3,005	2,895	+3.8%	+4.5%
Of which emerging markets ²	912	1,004	-9.2%	-5.9%

“Q1 2021 sales and order intake were in line with our expectations. Order intake grew particularly strongly in the space and defence businesses. Despite the health crisis still heavily impacting civil aeronautics and biometrics, sales were already back to organic growth. This performance shows

¹ In this press release, “organic” means at constant scope and exchange rates.

² Mature markets: Europe, North America, Australia, New Zealand. Emerging markets: all other countries. See table on page 6.

the great efforts of Thales teams, and I am grateful for their constant commitment to our customers. We confirm all our financial objectives for 2021.”

Patrice Caine, Chairman and Chief Executive Officer

Order intake

In the first quarter of 2021, order intake stood at €3,416 million, up 31% compared to Q1 2020 at constant scope and exchange rates, and up 28% on a reported basis, taking into account a negative exchange rate effect of almost €60 million.

During the quarter, the Group recorded four large orders worth more than €100 million, representing a total amount of €622 million³, compared to a single large order in the first quarter of 2020:

- Two contracts related to the supply of Rafale aircraft to Greece and France
- The new generation of the Franco-Italian SAMP/T NG ground based air defense system
- SATRIA, a telecommunications satellite aimed at reducing the digital divide in Indonesia

Orders with a unit value of less than €10 million totalled €2,006 million, up 4% from Q1 2020, excluding avionics and in-flight entertainment businesses.

From a **geographical**⁴ perspective, order intake was up 47% on an organic basis in mature markets and down 4% on an organic basis in emerging markets.

Order intake in the **Aerospace** segment was up 31% on an organic basis to €998 million versus €778 million in Q1 2020. This improvement was driven by the sharp increase in orders in the space business.

Order intake in the **Transport** segment was up 67% on an organic basis to €259 million, benefitting from a catch-up in contract signatures and a favourable basis of comparison.

Order intake in the **Defence & Security** segment was up 57% on an organic basis to €1,513 million, versus €960 million in Q1 2020, with three contracts over €100 million.

Order intake in the **Digital Identity & Security** segment was, as in every quarter, close to sales, as most businesses in this segment operate on short cycles.

³ This amount did not include the contract relating to the second generation of the Galileo constellation. The first phase of this contract, booked in the first quarter, is for an amount of just under €100 million. The remaining phases, totalling around €650 million, are expected to be booked by the end of 2021.

⁴ See table on page 6.

Sales

Q1 2021 sales came in at €3,917 million versus €3,899 million in Q1 2020, up 0.5% on a reported basis and up 1.9% at constant scope and exchange rates.

From a **geographical**⁵ perspective, this growth was driven by mature markets, which recorded organic growth of 4.5%, propelled for the most part by the strong performance of the European (+6.8%) and Australian (+18.9%) markets. This performance was partially offset by the decline in emerging markets (organic growth: -5.9%)

In the **Aerospace** segment, sales totalled €971 million, down 8.7% compared to Q1 2020 at constant scope and exchange rates. This decline was due to the 30% drop in avionics and in-flight entertainment sales, still heavily impacted by the health crisis. Space business sales recorded a sharp rebound, with organic growth of +24%, thanks in particular to the institutional orders booked in 2020.

In the **Transport** segment, sales came in at €344 million, up 0.5% compared to Q1 2020 at constant scope and exchange rates. The decline in sales on major urban rail signalling contracts signed in 2015 and 2016 was offset by more sustained activity on mainline rail projects. Travel limitations linked to the pandemic continued to create occasional difficulties for on-site deployments.

Sales in the **Defence & Security** segment were €1,949 million, up 12.3% from Q1 2020 at constant scope and exchange rates. Almost all product lines recorded organic growth over the quarter, including in particular surface radars, naval businesses (with contracts such as F126 in Germany, T31 in the United Kingdom and MMCM in France and the United Kingdom), network and infrastructure systems, and military cybersecurity.

Sales in the **Digital Identity & Security** segment totalled €636 million, down 7.4% compared to Q1 2020 at constant scope and exchange rates. This decline results from a strong performance in payment cards and SIM cards in Q1 2020, as well as the ongoing impact of the health crisis on biometric solutions (passports). The decline on a reported basis (-12.5%) takes into account a 4.9 point negative exchange rate effect (€36 million).

⁵ See table on page 6.

Outlook

Q1 2021 order intake and sales are in line with expectations. In this context, the Group confirms all of its 2021 objectives, as set out below.

Assuming an economic and public health situation that does not experience any new, major disruptions, and a rapid normalisation of global supply chains for semiconductors, Thales has set the following objectives for 2021:

- As in 2019 and 2020, a **book-to-bill ratio above 1**;
- **Sales** in the range of **€17.1 billion to €17.9 billion**,⁶ taking into account the significant ongoing disruptions in civil aeronautics and the recovery of growth in other segments;
- An **EBIT margin** in the range of **9.5% to 10%**, up 150 to 200 basis points from 2020, thanks to the full effect of the global crisis adaptation plan, ongoing Ambition 10 competitiveness initiatives and the further ramp up Gemalto-related cost synergies.

This press release contains certain forward-looking statements. Although Thales believes that its expectations are based on reasonable assumptions, actual results may differ significantly from the forward-looking statements due to various risks and uncertainties, as described in the Company's Universal Registration Document, which has been filed with the French financial markets authority (Autorité des marchés financiers – AMF).

⁶ Based on the scope and exchange rates of March 2021.

About Thales

Thales (Euronext Paris: HO) is a global leader in advanced technologies, investing in digital and “deep tech” innovations – connectivity, big data, artificial intelligence, cybersecurity and quantum computing – to build a confident future crucial for the development of our societies. The Group provides its customers – businesses, organisations and governments – in the defence, aeronautics, space, transport, and digital identity and security domains with solutions, services and products that help them fulfil their critical role, consideration for the individual being the driving force behind all decisions.

Thales has 81,000 employees in 68 countries. In 2020, the Group generated sales of €17 billion.

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Order intake by destination – Q1 2021

	Q1 2021	Q1 2020	Total change	Organic change	Q1 2021 weighting as a %
<i>(in € millions)</i>					
France	892	568	+57%	+57%	26%
United Kingdom	162	139	+17%	+18%	5%
Rest of Europe	946	581	+63%	+63%	28%
Sub-total Europe	2,001	1,289	+55%	+56%	59%
United States and Canada	503	446	+13%	+20%	4%
Australia and New Zealand	130	76	+71%	+58%	15%
Total mature markets	2,634	1,811	+45%	+47%	77%
Asia	551	407	+35%	+40%	2%
Near and Middle East	83	303	-73%	-72%	16%
Rest of the world	149	142	+4%	+11%	4%
Total emerging markets	782	852	-8%	-4%	23%
Total all markets	3,416	2,663	+28%	+31%	100%

Sales by destination – Q1 2021

	Q1 2021	Q1 2020	Total change	Organic change	Q1 2021 weighting as a %
<i>(in € millions)</i>					
France	1,160	1,105	+5.0%	+5.1%	29.6%
United Kingdom	263	263	-0.1%	+1.0%	6.7%
Rest of Europe	913	823	+11.0%	+11.1%	16.9%
Sub-total Europe	2,337	2,192	+6.6%	+6.8%	59.7%
United States and Canada	410	503	-18.6%	-13.0%	10.5%
Australia and New Zealand	258	200	+29.4%	+18.9%	6.6%
Total mature markets	3,005	2,895	+3.8%	+4.5%	76.7%
Asia	467	515	-9.2%	-6.3%	11.9%
Near and Middle East	227	257	-11.7%	-8.7%	5.8%
Rest of the world	217	232	-6.2%	-2.0%	5.5%
Total emerging markets	912	1,004	-9.2%	-5.9%	23.3%
Total all markets	3,917	3,899	+0.5%	+1.9%	100%

Organic change in sales

	2020 sales	Exchange rate effect	Impact of disposals	2020 sales	Impact of acquisitions	Total change	Organic change
<i>(in € millions)</i>							
Q1	3,899	-54	-	3,917	-	+0.5%	+1.9%

Main scope effects: none.