

PRESS RELEASE

Safran enters into exclusive negotiations with Thales to acquire its aeronautical electrical systems activities

Paris, September 5, 2022

Safran announced that it has entered into negotiations with Thales to acquire its aeronautical electrical systems business. This electric power conversion activity, also plays a role in power generation and electric motors in the civil and military aeronautics sector.

Thales's aeronautical electrical systems business employs nearly 600 people and generated revenues of €124 million in 2021.

The proposed acquisition includes Thales Avionics Electrical Systems and Thales Avionics Electrical Motors companies in France, with sites in the Paris region in Chatou, Meru, and Conflans-Sainte-Honorine, as well as the support, maintenance and production activities for aeronautical electrical equipment in Orlando (USA) and Singapore.

With this acquisition, Safran Electrical & Power aims to pursue its strategy as an equipment manufacturer positioned across the whole electrical chain. The electrical conversion business would make a significant contribution to Safran's portfolio of activities, which would expand further in the area of electrical power generation, particularly in the defense and helicopter markets.

For Thales, the potential sale is part of the Group's strategy to refocus on its core businesses in aerospace, defense and security, and digital identity and security.

Stéphane Cueille, Chief Executive Officer of Safran Electrical & Power, said: *"We are delighted with the prospect of joining forces with Thales's electrical teams, which will give us even greater competences over the electrical chain, thanks in particular to their leading skills in electrical conversion. The complementary nature of our expertise will also enable us to provide the market with ever more relevant and effective solutions."*

"This project would provide our aeronautical electrical systems teams with an excellent environment in which to develop and would enable them to bring their leading expertise in electrical conversion, power generation and motors to Safran Electrical & Power. In consequence, the proposed acquisition would provide these activities with solid prospects in a market that is showing dynamic growth. More than ever, it would allow Thales to focus on developing its world-class critical avionics solutions." Yannick Assouad, Executive Vice-President, Avionics of Thales.

The proposed transaction is subject to the information and consultation procedure with the relevant employee representative bodies of Thales and Safran, as well as the usual regulatory approvals. The transaction is expected to take place in 2023.

Safran is an international high-technology group, operating in the aviation (propulsion, equipment and interiors), defense and space markets. Its core purpose is to contribute to a safer, more sustainable world, where air transport is more environmentally friendly, comfortable and accessible. Safran has a global presence, with 76,800 employees and sales of 15.3 billion euros in 2021, and holds, alone or in partnership, world or regional leadership positions in its core markets.

Safran is listed on the Euronext Paris stock exchange and is part of the CAC 40 and Euro Stoxx 50 indices.

Safran Electrical & Power is one of the world's leaders in aircraft electrical systems. The company is a key player in equipment electrification and in the electric and hybrid propulsion sector. It has 11,500 employees across 13 different countries.

For more information: www.safran-group.com



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Thales (Euronext Paris: HO) is a high technology global leader who invests in digital and “deep tech” innovations — connectivity, big data, artificial intelligence, cybersecurity and quantum technology — to build a future we can all trust. This is vital in the development of our societies, which is why the company provides solutions, services and products that help its customers, who are in the form of businesses, organisations and states. These cover several key markets including defence, aeronautics, space, transportation and digital identity and security, allowing them to fulfil their principal missions by placing humans at the heart of the decision-making process.

Thales has 81,000 employees in 68 countries. In 2021, the Group generated sales of €16.2 billion.

For more information: www.thalesgroup.com



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