

Thales reports its order intake and sales at September 30, 2023

- **Order intake: €12.4 billion, down 18% on an organic basis¹ (total change: -20%)**
- **Sales: €12.9 billion, up 7.5% on an organic basis (total change: +4.5%)**
- **Confirmation of 2023 guidance:**
 - **Book-to-bill ratio above 1**
 - **Organic sales growth between +5% and +7%²**
 - **EBIT margin between 11.5% and 11.8%**

Thales (Euronext Paris: HO) reported today its order intake and sales for the period ending September 30, 2023.

Order intake <i>In € millions</i>	9m 2023	9m 2022	Total change	Organic change
Aerospace	3,392	3,646	-7%	-7%
Defense & Security	6,542	9,177	-29%	-29%
Digital Identity & Security	2,403	2,584	-7%	+7%
Total – operating segments	12,337	15,406	-20%	-18%
Other	34	42		
Total	12,370	15,449	-20%	-18%
Of which mature markets ³	9,933	9,649	+3%	+6%
Of which emerging markets ³	2,437	5,800	-58%	-57%

Sales <i>In € millions</i>	9m 2023	9m 2022	Total change	Organic change
Aerospace	3,628	3,270	+10.9%	+10.9%
Defense & Security	6,770	6,387	+6.0%	+6.2%
Digital Identity & Security	2,405	2,584	-6.9%	+6.9%
Total – operating segments	12,803	12,240	+4.6%	+7.6%
Other	51	58		
Total	12,854	12,298	+4.5%	+7.5%
Of which mature markets ³	10,224	9,595	+6.5%	+9.3%
Of which emerging markets ³	2,630	2,703	-2.7%	+1.2%

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

² Corresponding to €17.9 billion to €18.2 billion based on July 2023 scope and exchange rates.

³ Mature markets: Europe, North America, Australia, New Zealand; emerging markets: all other countries. See table on page 6.

“Our results for the first nine months of 2023 are fully in line with full year 2023 guidance. The Group recorded organic growth in sales in all its businesses in the first nine months of the year, despite the expected slowdown in the Digital Identity & Security operating segment in the third quarter. The recovery in civil avionics continued and the outlook for growth remains robust for the Defense & Security segment. In addition, the Group pursued its profitable growth strategy, announcing the acquisition of Imperva at the end of July, with the aim of creating a global leader in cybersecurity. We are also very pleased to have joined the CAC SBT 1.5° climate index – a new step that confirms the relevance of our CSR strategy. We are confident that we will achieve our annual financial targets thanks to our teams’ unwavering commitment.”

Patrice Caine, Chairman & Chief Executive Officer

Order intake

Order intake in the first nine months of 2023 totaled **€12,370 million, an organic decline of 18%⁴** compared to the first nine months of 2022 (total change -20%). The Group continued to enjoy strong sales momentum in all of its businesses, with the decline in order intake explained by the jumbo contract for the supply of Rafale aircraft to the United Arab Emirates recorded in the second quarter of 2022.

Over this period, Thales booked **12 large orders with a unit value of over €100 million**, representing a total of **€2,427 million**:

- 3 large orders booked in Q1 2023:
 - The order of satellites for the Italian Earth observation constellation IRIDE;
 - The order of a new tranche of the I-HAB module for the lunar orbital station;
 - The order of a submarine subsystem for a military customer.
- 6 large orders booked in Q2 2023:
 - The order of an autonomous robotic vehicle for an In Orbit Servicing demonstration mission, on behalf of the Italian Space Agency (ASI);
 - Three amendments to the contracts related to the Galileo European navigation satellites;
 - The order of a sensor suite and Above Water Warfare System for the new Belgian and Dutch frigates;
 - An order linked to the production of Aster anti air defense missiles for France;
 - The order by Indonesia of 13 GM400 Alpha radars and a Skyview Air Command and Control System;
 - An amendment to the contract for the supply and support of CONTACT next-generation tactical radios for the French Army.
- 3 large orders booked in Q3 2023:
 - An order for the ground mission segment and technical engineering support for the Galileo 2nd Generation program (G2G);
 - A contract for the mid-life upgrade of the French and Italian Horizon class frigates;
 - An export contract for the mid-life extension of a multifunctional radar system for a military client.

⁴ Taking into account a negative currency effect of -€182 million and a negative net scope effect of -€150 million.

Orders with a **unit value of less than €100 million** totaled **€9,943 million**, up 6% on an organic basis compared to the first nine months of 2022, while orders with a **unit value of less than €10 million** recorded organic growth of 8% at September 30, 2023.

From a **geographical**⁵ point of view, the order intake in mature markets increased by 6% on an organic basis, to €9,933 million, driven mainly by strong sales momentum in the United Kingdom (organic growth of 18%) and the rest of Europe outside France (organic growth of 27%). Order intake in emerging markets amounted to €2,437 million, down by 57% over nine months on an organic basis, with a very high basis for comparison following the signing of the jumbo contract for the supply of Rafale to the United Arab Emirates in the second quarter of 2022.

Order intake in the **Aerospace** segment stood at **€3,392 million** compared to €3,646 million over the first nine months of 2022 (-7% at constant scope and exchange rates). This decline is due to the high basis for comparison and comes despite strong business momentum in civil aeronautics, up double digit organically. In the space domain, the total amount of the five major contracts signed over the first nine months of 2023 in the observation, exploration and navigation businesses was not enough to compensate the five major contracts signed in the telecommunications business over the same period of 2022.

The 29% organic decrease in the order intake in the **Defense & Security** segment reflects the jumbo contract for the supply of Rafale to the United Arab Emirates recorded in the second quarter of 2022. At **€6,542 million** (versus €9,177 million in the first nine months of 2022), order intake remains strong, with seven large orders with a unit value of more than €100 million from both mature and emerging countries (versus nine major contracts in the first nine months of 2022).

At **€2,403 million**, order intake in the **Digital Identity & Security** segment was in line with sales over the same period, since most businesses in this segment do not book long-term orders.

Sales

Sales over the first nine months of 2023 amounted to **€12,854 million**, compared to €12,298 million over the same period in 2022, an increase of 7.5% at constant scope and exchange rates.

Geographically⁵, solid sales growth was recorded in mature markets (+9.3% in organic growth), driven in particular by North America (+12.5%), the United Kingdom (+17.4%), and France (+8.8%). Emerging markets posted organic growth of +1.2% over the period.

Sales in the **Aerospace** segment amounted to **€3,628 million**, an organic increase of 10.9% compared with the first nine months of 2022. The rebound in this segment was driven by the civil aeronautics activities, with double-digit growth in both original equipment and aftermarket sales in the third quarter of 2023. Space sales remained affected by supply-chain challenges and third quarter 2023 sales were close to those recorded in the third quarter of 2022.

Sales in the **Defense & Security** segment totaled **€6,770 million**, up 6.2% on an organic basis compared to the same period in 2022. The strong momentum in this segment was confirmed in the third quarter (+8.1% organic growth versus third quarter of 2022), due to the strong performance of most product lines. Growth was driven by the Rafale programs, network infrastructure systems, surface radars, critical information systems and cyber defense solutions. This segment continues to have a robust outlook thanks to its order book of nearly €31 billion at September 30, 2023, representing 3.4 years of sales.

At **€2,405 million**, sales for the **Digital Identity & Security** segment were up 6.9% at constant scope and exchange rates. As expected, the third quarter recorded a slight dip of 1.5% in organic growth compared to the third quarter of 2022, with two contrasting trends:

- Double-digit organic growth in the segment excluding EMV⁶ payment cards and SIM cards (mainly cybersecurity solutions and biometrics);

⁵ See table on page 6.

⁶ Europay Mastercard Visa.

- Double-digit negative organic growth in EMV payment cards (volume effect) and SIM cards (combined negative volume and price effects, particularly in Asia, due to competition from local players).

These contrasting trends in the segment's various activities are expected to continue in the fourth quarter of 2023.

Outlook

Medium-term demand prospects remain solid in all the Group's markets and the order book remains strong, at €40.1 billion at end-September 2023.

As a result, in the absence of major new disruptions in the geopolitical context, the global economy, or global supply chains, Thales confirms its targets for 2023:

- A **book-to-bill ratio above 1**;
- **Organic sales growth** of between **+5%** and **+7%**, corresponding to sales in the range of €17.9 billion to €18.2 billion⁷;
- An **EBIT margin** between **11.5%** and **11.8%**, up 50 to 80 basis points from 2022.

This press release contains forward-looking statements. Although Thales believes that these declarations are based on reasonable assumptions, actual results may differ significantly from these 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).

About Thales

Thales (Euronext Paris: HO) is a global leader in advanced technologies specialized in three business domains: Aeronautics & Space, Defense, and Digital Identity & Security. It develops solutions that help make the world safer, greener and more inclusive. The Group invests close to €4 billion a year in Research & Development, particularly in key innovation areas such as quantum technologies, cloud technologies, 6G, and cybersecurity.

Thales has 77,000¹ employees in 68 countries. In 2022, the Group generated sales of €17.6 billion.

¹ Excluding the Transport business, which is currently being divested.

⁷ Based on July 2023 scope and exchange rates.

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FINANCIAL CALENDAR

Ex-interim dividend date	5 th December 2023
Interim dividend payment	7 th December 2023
Full Year 2023 results	5 th March 2024 (before market)
Q1 2024 order intake and sales	30 th April 2024 (before market)
Annual General Meeting	15 th May 2024

Order intake by destination – 9 months 2023

Order intake In € millions	9 months 2023	9 months 2022	Total change	Organic change	Weighting 9m 2023 as a %
France	3,142	3,143	— %	— %	25%
United Kingdom	752	656	+15%	+18%	6%
Rest of Europe	3,739	2,994	+25%	+27%	30%
Sub-total Europe^(a)	7,632	6,794	+12%	+14%	62%
United States and Canada	1,690	2,147	-21%	-19%	14%
Australia and New Zealand	610	709	-14%	-1%	5%
Total mature markets	9,933	9,649	+3%	+6%	80%
Asia	1,442	1,269	+14%	+20%	12%
Near and Middle East	466	4,004	-88%	-88%	4%
Rest of the world	529	526	+1%	+6%	4%
Total emerging markets^(a)	2,437	5,800	-58%	-57%	20%
Total all markets	12,370	15,449	-20%	-18%	100%

Sales by destination – 9 months 2023

Sales In € millions	9 months 2023	9 months 2022	Total change	Organic change	Weighting 9m 2023 as a %
France	3,880	3,576	+8.5%	+8.8%	30%
United Kingdom	841	736	+14.2%	+17.4%	7%
Rest of Europe	3,099	2,879	+7.6%	+10.3%	24%
Sub-total Europe^(a)	7,819	7,191	+8.7%	+10.3%	61%
United States and Canada	1,826	1,678	+8.9%	+12.5%	14%
Australia and New Zealand	578	726	-20.4%	-8.8%	4%
Total mature markets	10,224	9,595	+6.5%	+9.3%	80%
Asia	1,205	1,280	-5.9%	-0.4%	9%
Near and Middle East	760	762	-0.3%	+0.7%	6%
Rest of the world	665	660	+0.7%	+4.9%	5%
Total emerging markets^(a)	2,630	2,703	-2.7%	+1.2%	20%
Total all markets	12,854	12,298	+4.5%	+7.5%	100%

(a) 2022 figures have been restated for the transfer of certain countries from "Emerging markets" to "Europe".

Order intake and sales – Q3 2023

Order intake	Q3 2023	Q3 2022	Total change	Organic change
<i>In € millions</i>				
Aerospace	1,048	1,252	-16%	-15%
Defense & Security	1,939	2,027	-4%	-4%
Digital Identity & Security	809	952	-15%	-2%
Total – operating segments	3,797	4,231	-10%	-7%
Other	10	9		
Total	3,807	4,240	-10%	-6%

Sales

<i>In € millions</i>				
Aerospace	1,163	1,059	+9.8%	+12.7%
Defense & Security	2,144	2,007	+6.8%	+8.1%
Digital Identity & Security	811	952	-14.9%	-1.5%
Total – operating segments	4,118	4,019	+2.5%	+7.3%
Other	21	23		
Total	4,138	4,042	+2.4%	+7.2%

Organic change in sales per quarter

	Sales 2022	Impact of exchange rates	Impact of disposals	Sales 2023	Impact of acquis.	Total change	Organic change
<i>In € millions</i>							
Q1	3,730	-6	-103	4,026	+64	+7.9%	+9.4%
Q2	4,526	-73	-96	4,690	+58	+3.6%	+6.3%
H1	8,256	-79	-199	8,716	+122	+5.6%	+7.7%
Q3	4,042	-103	-91	4,138	+14	+2.4%	+7.2%
9 months	12,298	-183	-290	12,854	+136	+4.5%	+7.5%

Main scope effects:

Acquisitions:

- OneWelcome
- S21sec and Excellium
- Advanced Acoustic Concepts
- Ruag S&T

Disposals:

- Deconsolidation of IoT module activity

Performance of the Transport business

	9m 2023	9m 2022	Total change	Organic change
<i>In € millions</i>				
Order intake	1,415	1,132	+25%	+27%
Sales	1,263	1,186	+6.5%	+8.5%

	Q3 2023	Q3 2022	Total change	Organic change
<i>In € millions</i>				
Order intake	512	291	+76%	+78%
Sales	410	408	+0.3%	+2.5%

Note: In accordance with IFRS 5, the financial data of the "transport" operating segment have been classified as "discontinued operations" following the entry into exclusive negotiations with Hitachi Rail with a view to the sale of this activity.