

## Thales reports its 2023 full-year results

- Order intake<sup>1</sup>: €23.1 billion, slightly down 2% (+0.2% on an organic basis<sup>2</sup>)
- Sales: €18.4 billion, up 4.9% (+7.9% on an organic basis)
- EBIT<sup>3</sup>: €2,132 million, up 10.2% (+10.9% on an organic basis)
- Adjusted net income, Group share<sup>3</sup>: €1,768 million, up 14%
- Consolidated net income, Group share: €1,023m, down 9% due to an exceptional expense linked to the transfer of risk relating to pension obligations in the United Kingdom to a third party
- Free operating cash flow<sup>3</sup>: €2,026 million, 115% of adjusted net income, Group share
- Dividend<sup>4</sup> of €3.40, up 16%
- Non-financial performance: Thales achieved or over-achieved all its 2023 targets
- 2024 objectives:
  - Book-to-bill<sup>5</sup> above 1
  - Organic sales growth of between +4% and +6%, corresponding to sales of between €19.7 billion and €20.1 billion
  - EBIT margin between 11.7% and 12%
- Cash flow generation target: conversion ratio of adjusted net income to free operating cash flow close to 100% in 2024

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Thales's Board of Directors (Euronext Paris: HO) met on March 4, 2024 to review the 2023 financial statements<sup>6</sup>.

*“Once again this year, Thales has achieved remarkable performances.*

*Our excellent sales momentum continued in 2023, with the order intake once again exceeding €23 billion and the order book reaching an all-time high.*

*Organic growth in sales was higher than expected at 7.9%, driven in particular by the dynamism of the civil aeronautics activities.*

*This strong growth resulted in an even stronger EBIT improvement, which grew by nearly 11%, reflecting the quality of the Group's business model and of its operating leverage.*

*Finally, Thales once again generated high levels of cash, in excess of €2 billion.*

*These results reflect the trust our customers place in us, the commitment of our employees and the excellence of our technologies. I would like to thank all our teams for their contribution and dedication.*

*Building on these strengths, the Group worked hard in 2023 to prepare for the future.*

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<sup>1</sup> In accordance with standard IFRS5, the financial data for the "transport" operating segment for 2022 and 2023 have been classified under "discontinued operations" following entry into exclusive negotiations with Hitachi Rail with a view to disposing of this business.

<sup>2</sup> In this press release, "organic" means "at constant scope and exchange rates". See note on methodology on page 18 and calculation on page 23.

<sup>3</sup> Non-GAAP financial indicators, see definitions in the appendices, page 18.

<sup>4</sup> Proposed to the Annual General Meeting on May 15, 2024.

<sup>5</sup> Ratio of order intake to sales.

<sup>6</sup> At the date of this press release, the audit procedures for the financial statements was completed and the statutory auditors' report issued.

*In this regard, two major acquisitions will enable us to further strengthen our offers in key markets. Cobham Aerospace Communications in avionics, and Imperva in cybersecurity will provide Thales with very high added value technological bricks that are strongly complementary with our current portfolio of solutions.*

*Preparing for the future also means setting ever-more-ambitious CSR goals. The year 2023 marked the end of an extremely positive cycle in which we achieved or exceeded all our multi-year objectives and obtained recognition from leading non-financial rating agencies. We will announce our new ambitions in this area in the second half of 2024.*

*Finally, preparing for the future means continuing to increase our R&D investments so we can continue to develop our skills and technologies, which are our greatest asset.*

*We are therefore looking ahead to 2024 with optimism, confident in the quality of our fundamentals, the strength of our positioning and the importance of our contribution to the major societal challenges of our time.”*

**Patrice Caine, Chairman and Chief Executive Officer**

## Key figures

<i>In € millions except earnings and dividend per share (in €)</i>	2023	2022	Total change	Organic change
<b>Order intake</b>	<b>23,132</b>	<b>23,551</b>	-2%	+0.2%
<b>Order book at end of period</b>	<b>45,251</b>	<b>40,957</b>	+10%	+11%
<b>Sales</b>	<b>18,428</b>	<b>17,569</b>	+4.9%	+7.9%
<b>EBIT<sup>7</sup></b>	<b>2,132</b>	<b>1,935</b>	+10.2%	+10.9%
<i>as a % of sales</i>	<i>11.6%</i>	<i>11.0%</i>	<i>+0.6 pts</i>	<i>+1.0 pts</i>
<b>Adjusted net income, Group share<sup>7</sup></b>	<b>1,768</b>	<b>1,556</b>	+14%	
<b>Adjusted net income, Group share, per share<sup>7</sup></b>	<b>8.48</b>	<b>7.35</b>	+15%	
<b>Consolidated net income, Group share</b>	<b>1,023</b>	<b>1,121</b>	-9%	
<b>Free operating cash flow<sup>7</sup></b>	<b>2,026</b>	<b>2,527</b>	-502	
<b>Net cash (debt) at end of period<sup>7</sup></b>	<b>(4,000)</b>	<b>(35)</b>	-3,965	
<b>Dividend per share<sup>8</sup></b>	<b>3.40</b>	<b>2.94</b>	+0.46	

In accordance with standard IFRS5, the financial data for the "transport" operating segment for 2022 and 2023 have been classified under "discontinued operations" following entry into exclusive negotiations with Hitachi Rail with a view to disposing of this business.

**Order intake** for the 2023 financial year was slightly down 2% compared with 2022 at **€23,132 million** but rose by **0.2%** on an **organic** basis (i.e. at constant scope and exchange rates). As a reminder, in 2022 the Group benefited from signing a major contract for the supply of 80 Rafale aircraft to the United Arab Emirates. Sales momentum remained strong in 2023, with continued robust demand in the Defence & Security segment and a significant recovery in Aeronautics, particularly in aftermarket sales. The Group won a major £1.8 billion contract with the UK Ministry of Defence to ensure the long-term availability and resilience of Thales equipment on the UK fleet – the MSET (Maritime Sensor Enhancement Team) contract. At December 31, 2023, the consolidated **order book** stood at **€45 billion**, a new all-time high, up more than €4.5 billion year-on-year.

**Sales** reached **€18,428 million**, up 4.9% from 2022 in total change, and up 7.9% in organic change, driven in particular by strong momentum in civil aeronautics activities.

For 2023, the Group posted **EBIT<sup>7</sup> of €2,132 million** (11.6% of sales), compared to €1,935 million (11.0% of sales) in 2022, up 10.2% in total change, and 10.9% in organic change.

At **€1,768 million, adjusted net income, Group share<sup>7</sup>** was up 14% compared to 2022.

**Consolidated net income, Group share** amounted to **€1,023 million**, down 9% from 2022. This fall was due to a non-recurring expense of £349 million recorded in 2023 for the implementation of insurance coverage for its obligations under the Thales UK Pension Scheme as part of the agreement entered into with Rothesay in December 2023 concerning the transfer of these obligations.

The **free operating cash flow<sup>7</sup>** stood at **€2,026 million** compared to €2,527 million in 2022. The conversion ratio of adjusted net income, Group share to free operating cash flow was 115% (162% in 2022). This once again exceptional performance reflects the excellent order intake, phasing effects on cash inflows related to contract execution, and continued progress in the action taken since 2020 under the "CA\$H!" initiative.

<sup>7</sup> Non-GAAP financial indicators, see definitions in the appendices, page 18.

<sup>8</sup> Proposed to the Annual General Meeting on May 15, 2024.

In this context, the Board of Directors decided to propose the payment of a **dividend** of **€3.40** per share, corresponding to a payout ratio of 40% of the adjusted net income, Group share, per share, an increase of 16% compared to 2022.

## Order intake

In € millions	2023	2022	Total change	Organic change
Aerospace	5,592	5,892	-5%	-5%
Defence & Security	14,139	13,959	+1%	+2%
Digital Identity & Security	3,342	3,616	-8%	+4%
<b>Total – operating segments</b>	<b>23,073</b>	<b>23,467</b>	<b>-2%</b>	<b>+0.3%</b>
Other	58	84		
<b>Total</b>	<b>23,132</b>	<b>23,551</b>	<b>-2%</b>	<b>+0.2%</b>
Of which mature markets <sup>9</sup>	18,683	16,305	+15%	+17%
Of which emerging markets <sup>9</sup>	4,449	7,245	-39%	-37%

**Order intake** for the 2023 financial year totaled **€23,132 million, slightly down by 2%** from 2022 in total change, but up 0.2% at constant scope and exchange rates<sup>10</sup>. For the third consecutive year, the order intake was more than 20% higher than sales (book-to-bill). The book-to-bill ratio was 1.26 (compared to 1.34 in 2022) and 1.31 excluding the Digital Identity & Security business, where the order intake is structurally very close to sales.

Thales signed **25 large orders with a unit value of over €100 million**, representing a total of **€7,764 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 defence 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.
- 12 large orders were booked in Q4 2023 in addition to the £1.8 billion MSET contract in the United Kingdom mentioned above:

<sup>9</sup> Mature markets: Europe, North America, Australia, New Zealand; emerging markets: all other countries. See table on page 22.

<sup>10</sup> Taking into account a positive currency effect of -€264 million and a positive net scope effect of -€210 million.

- A contract with SOGITEC for the supply of simulation systems for the Emirates' Rafale pilot training center
- A contract to install next-generation in-flight entertainment systems on Emirates' future Boeing 777X fleet
- A contract for the supply of payloads for navigation satellites to a country in Asia
- Notification by the French Defence Procurement Agency (DGA) of the fifth production phase of the Rafale program, for the supply of 42 aircraft intended for the French Air and Space Force
- A contract for the installation of the TACTICOS combat management system, sonars, air-surveillance and fire-control radars and 360° infrared sensor for the Polish Navy's MIECZNIK Frigate program
- Entry into force of the second tranche of the order placed by Indonesia in 2022 for the purchase of 42 Rafale aircrafts (18 aircrafts)
- A contract for the financing by the DGA of one of the development phases of the Rafale program to the F4 standard (covering certain functionalities of the RBE2 radar and the SPECTRA electronic warfare suite) and the development of the future RBE2 XG radar intended for the Rafale F5 standard
- An agreement with the Swedish Defence Materiel Administration (FMV) for the delivery and installation of SMART-L Multi Mission Fixed (MM/F) long-range radars
- The next phase in the renewal of several French Armed Forces radars and the order for a new Aerospace Operations Command and Control System under stage five of the SCCOA program
- A new contract under the French military telecommunications program Syracuse IV for the supply of "On-The-Move" satcom stations to be integrated into SCORPION armored vehicles (GRIFFON and SERVAL)
- A contract under the SCORPION/EBMR program (France's multi-role armored vehicle program) for the supply of on-board electronics for new vehicles ordered from the temporary consortium comprising Nexter, Arquus and Thales
- A new amendment to the aeronautical component of the CONTACT contract (complete digital tactical and theater communications) with the DGA.

At **€15,368 million**, order intake with a **unit value of less than €100 million** was stable against 2022 with an increase of 0.1%, despite the transfer of IoT activities to Telit as of December 31, 2022, for a total of €374 million.

**Geographically**<sup>11</sup>, order intake in mature markets rose sharply to €18,683 million (+17% at constant scope and exchange rates), benefiting in particular from the MSET contract in the United Kingdom. Order intake in emerging markets amounted to €4,449 million, down 37% at constant scope and exchange rates, with a high basis for comparison in 2022 due to the Rafale contract in the United Arab Emirates.

Order intake in the **Aerospace** segment totaled **€5,592 million** compared to €5,892 million in 2022 (-5% at constant scope and exchange rates). This decrease reflects two contrasting trends. On the one hand, strong sales activity in aeronautics activities (avionics and in-flight entertainment (IFE)), linked to a 32% increase in order intake in the civil aftermarket and the IFE Emirates contract mentioned above. On the other hand, while Thales Alenia Space recorded new commercial successes in observation (IRIDE, I-HAB) and navigation (Galileo), it did not record any new large orders in commercial telecommunications. At December 31, 2023, the segment's order book stood at €9.3 billion, up 2% from 2022.

At **€14,139 million** compared to €13,959 million in 2022, order intake in the **Defence & Security** segment set a new record (+2% at constant scope and exchange rates). The book-to-bill ratio was 1.44, above 1.2 for the fifth consecutive year. This high level is explained by the recording of 17 contracts of more than €100 million, including the MSET contract. The segment's order book consequently reached a new record at **€35.2 billion** (up 14%), corresponding to 3.6 years of sales, strengthening visibility for the years ahead.

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<sup>11</sup> See table on page 22.

At **3,342 million**, order intake in the **Digital Identity & Security** (DIS) segment was structurally very close to sales as most business lines in this segment operate on short sales cycles. The order book is therefore not significant.

## Sales

In € millions	2023	2022	Total change	Organic change
Aerospace	5,211	4,705	+10.7%	+11.7%
Defence & Security	9,796	9,156	+7.0%	+7.5%
Digital Identity & Security	3,347	3,618	-7.5%	+4.1%
<b>Total – operating segments</b>	<b>18,353</b>	<b>17,478</b>	<b>+5.0%</b>	<b>+8.0%</b>
Other	75	90	-16.6%	-12.2%
<b>Total</b>	<b>18,428</b>	<b>17,569</b>	<b>+4.9%</b>	<b>+7.9%</b>
Of which mature markets <sup>12</sup>	14,615	13,567	+7.7%	+10.6%
Of which emerging markets <sup>12</sup>	3,814	4,002	-4.7%	-1.2%

**Sales** for the 2023 financial year totaled **€18,428 million**, compared to €17,569 million in 2022, up 4.9% in total change and 7.9% in organic terms (at constant scope and exchange rates<sup>13</sup>), driven particularly by the Aerospace segment.

**Geographically**<sup>14</sup>, sales growth was stronger in mature markets (+10.6% on an organic basis), which posted double-digit growth, particularly in France, the United Kingdom and North America, while emerging markets posted a slight decline in organic growth of -1.2%.

Sales in the **Aerospace** segment totaled **€5,211 million**, up 10.7% from 2022 (+11.7% at constant scope and exchange rates). As for the order intake, momentum in this sector was mixed:

- Organic growth in all avionics activities was above 20%, despite a decline in sales for the microwave tubes business. Civil aviation activities were particularly strong (organic growth of more than 30%), with the original equipment business benefiting from an increase in aircraft manufacturers' production rates, while aftermarket sales were driven by the recovery in air traffic;
- Sales in the space segment were stable compared to 2022. OEN (Observation, Exploration and Navigation) activities posted a high-single digit increase in sales over the year, but commercial telecommunications (which account for one-third of sales in the Space segment) were affected by delays in the execution of several contracts due mainly to supply difficulties with the propulsion system. In addition, an overall fall in demand impacted the market for geostationary communications satellites in 2023.

Sales in the **Defence & Security** segment totaled **€9,796 million**, up 7.0% from 2022 (+7.5% at constant scope and exchange rates). This growth reflects the gradual increase in our production capacity as well as the dynamism of many product lines, in particular intelligence, surveillance and reconnaissance systems, critical information systems, integrated systems for airspace protection, surface radars, surface ship systems and cyber defence solutions. The Group had a record order book of nearly €35.2 billion (3.6 years of sales) at end-December 2023 to support its growth in the coming years.

At **€3,347 million**, sales in the **Digital Identity & Security** sector increased by 4.1% at constant scope and exchange rates (down 7.5% in total change following the transfer of IoT activities to Telit as of December 31, 2022). As expected, the second half of the year recorded a slight dip of 2.2% in organic growth compared to the second half of 2022, with two contrasting trends:

- High-single digit organic growth in digital activities (DIS segment excluding EMV payment cards<sup>[1]</sup> and SIM cards), mainly corresponding to cybersecurity solutions and biometrics,

<sup>12</sup> Mature markets: Europe, North America, Australia, New Zealand; emerging markets: all other countries. See table on page 22.

<sup>13</sup> The calculation of the organic change in sales is shown on page 23.

<sup>14</sup> See table on page 22.



- Negative high-single digit organic growth against a high basis for comparison for EMV and SIM cards in the second half of 2022, with the decision having been made to preserve the profitability of these activities.

[1] Europay Mastercard Visa.

## Results

EBIT	2023	2022	Total change	Organic change
<i>In € millions</i>				
<b>Aerospace</b>	<b>371</b>	<b>235</b>	<b>+58.2%</b>	<b>+60.9%</b>
<i>as a % of sales</i>	7.1%	5.0%	+2.1 pts	+2.2 pts
<b>Defence &amp; Security</b>	<b>1,251</b>	<b>1,179</b>	<b>+6.1%</b>	<b>+7.3%</b>
<i>as a % of sales</i>	12.8%	12.9%	-0.1 pts	+0.0 pts
<b>Digital Identity &amp; Security</b>	<b>508</b>	<b>494</b>	<b>+2.7%</b>	<b>+1.5%</b>
<i>as a % of sales</i>	15.2%	13.7%	+1.5 pts	+3.2 pts
<b>Total – operating segments</b>	<b>2,130</b>	<b>1,908</b>	<b>11.6%</b>	<b>+12.4%</b>
<i>as a % of sales</i>	11.6%	+10.9%	+0.7 pts	+1.1 pts
Other – excluding Naval Group	-89	-93		
<b>Total – excluding Naval Group</b>	<b>2,041</b>	<b>1,816</b>	<b>+12.4%</b>	<b>+13.1%</b>
<i>as a % of sales</i>	11.1%	10.3%		
Naval Group (share at 35%)	91	119		
<b>Total</b>	<b>2,132</b>	<b>1,935</b>	<b>+10.2%</b>	<b>+10.9%</b>
<i>as a % of sales</i>	11.6%	11.0%		

For 2023, the Group posted **EBIT<sup>15</sup> of €2,132 million**, or 11.6% of sales, compared to €1,935 million (11.0% of sales) in 2022.

The **Aerospace** segment recorded EBIT of **€371 million** (7.1% of sales), compared with €235 million (5.0% of sales) in 2022. The rise in the sector's EBIT margin was driven by the avionics segment, where the margin was back to pre-covid level thanks to both positive volume and price effects. As mentioned above, the space segment is experiencing delays in the execution of several telecommunications contracts, mainly due to supply difficulties relating to the propulsion system. This accentuated the negative impact of inflation on the profitability of the space segment, which recorded an EBIT margin at break-even at December 31, 2023.

In the **Defence & Security** segment, EBIT stood at **€1,251 million**, compared to €1,179 million in 2022 (**+7.3%** at constant scope and exchange rates). The margin for this sector was **12.8%**, compared to 12.9% in 2022.

At **€508 million** (15.2% of sales), EBIT in the **Digital Identity & Security** sector continued to grow sharply in absolute value and margin (+3.2 points), benefiting from the improved commercial margin arising from strong pricing, the impact of cost improvement plans and a scope effect (transfer to Telit of the IoT cellular product business as of December 31, 2022).

Excluding Naval Group, **unallocated EBIT** was stable at **-€89 million** compared with -€93 million in 2022, including, like last year, the reallocation of certain costs following the classification of Transport as a discontinued operation.

**Naval Group's** contribution to the Group's EBIT amounted to **€91 million** in 2023, compared with €119 million in 2022, which had recorded €45 million in non-recurring income related to the compensation agreement signed between Australia and Naval Group in 2022.

At **€2 million** compared with -€50 million in 2022, **net financial interest** mainly benefited from higher average cash level than in 2022, which was invested at higher interest rates. **Other adjusted**

<sup>15</sup> Non-GAAP financial indicator, see definition in the appendices, page 18 and calculation, pages 20 and 21.

**financial income and expenses**<sup>16</sup> (-€37 million in 2023 versus -€34 million in 2022) were stable. The deterioration in the **adjusted financial expense on pensions and other long-term employee benefits**<sup>16</sup> (-€76 million versus -€35 million in 2022) reflects the sharp increase in discount rates, which was partially offset by the decrease in commitments.

At **€105 million** compared with €90 million in 2022, the **adjusted net income, Group share, from discontinued operations** reflects the strong operating performance of the Transport business and the reduction in the costs incurred to separate this activity from the rest of the Group in anticipation of its disposal.

As a result, **adjusted net income, Group share**<sup>16</sup> was **€1,768 million**, compared to €1,556 million in 2022, after an adjusted income tax charge<sup>17</sup> of -€370 million compared to -€331 million in 2022. At 20.1% in 2023 compared to 20.6% in 2022, the effective tax rate was stable.

The **adjusted net income, Group share, per share**<sup>16</sup> amounted to €8.48, up **15%** from 2022 (€7.35).

**Consolidated net income, Group share** amounted to **€1,023 million**, down **9%** from 2022. As mentioned above, this decrease was explained by a non-recurring expense of £349 million recorded in 2023 following the agreement entered into to insure all obligations under the Thales UK Pension Scheme.

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<sup>16</sup> Non-GAAP financial indicator, see definition in the appendices, page 18 and calculation, pages 20 and 21.

## Financial position at December 31, 2023

In € millions	2023	2022	Change
<b>Operating cash flow before interest and tax</b>	2,704	2,490	+215
+ Change in working capital and provisions for contingencies	173	966	-794
+ Payment of pension contributions, excluding contributions related to the reduction of the UK pension deficit	(103)	(137)	+33
+ Net financial interest received (paid)	11	(42)	+54
+ Income tax paid	(195)	(156)	-39
+ Net operating investments	(622)	(525)	-96
<b>Free operating cash flow, continuing operations</b>	1,968	2,595	-627
<b>+ Free operating cash flow, discontinued operations</b>	57	(68)	+125
<b>Free operating cash flow</b>	2,026	2,527	-502
+ Net balance of disposals (acquisitions) of subsidiaries and affiliates	(3,464)	(453)	-3,011
+ Contributions related to the reduction of the UK pension deficit	(1,078)	(95)	-983
+ Dividends paid	(634)	(563)	-70
+ Share buyback (program approved in March 2022)	(461)	(329)	nm
+ New lease liabilities (IFRS 16)	(166)	(199)	+33
+ Other	(187)	(128)	-58
<b>Change in net cash (debt)</b>	(3,965)	760	-4,725
Net cash (debt) at start of period	(35)	(795)	+760
+ Change in net cash (debt)	(3,965)	760	-4,725
<b>Net cash (debt) at end of period</b>	(4,000)	(35)	-3,965

**Free operating cash flow**<sup>17</sup> amounted to **€2,026 million** compared to €2,527 million in 2022. It included a contribution of €1,968 million from continuing operations and €57 million from discontinued operations. The conversion ratio of adjusted net income, Group share to free operating cash flow was 115% (162% in 2022). As in 2022, this once again exceptional performance reflects the excellent order intake, phasing effects on cash inflows related to contract execution, and continued progress in the action taken since 2020 under the "CA\$H!" initiative.

The **net balance of acquisitions and disposals of subsidiaries and affiliates** amounted to **-€3,464 million**. Under its acquisition strategy, the Group completed two acquisitions in 2023:

- **Tesserent** (on October 1, 2023), one of the leading cybersecurity players in Australia and New Zealand with sales of around €110 million in 2022 (see press releases of June 13, and October 4, 2023);
- **Imperva** (on December 4, 2023, earlier than expected), a leading cybersecurity company specialized in data and application security based in the United States and generating sales of around \$500 million in 2022 (see press releases of July 25, and December 4, 2023).

In 2024, the Group anticipates the completion of two transactions: the acquisition of Cobham Aerospace Communications (in accordance with the terms described in the press release published on July 25, 2023) and the sale of the Transport activity to Hitachi Rail.

<sup>17</sup> Non-GAAP financial indicator, see definition in the appendices, page 18.

As part of the **share buyback program** covering a maximum of 3.5% of the capital announced in March 2022, 3,458,535 shares were repurchased during 2023, i.e. 1.6% of the share capital, for **€461 million**. As of February 23, 2024, the Group had purchased 6,903,364 million shares since the start of the program, representing 3.2% of the share capital. This program will end by March 31, 2024 at the latest.

At December 31, 2023, **net debt** amounted to **€4,000 million** compared with €35 million at December 31, 2022. This increase reflects the impact of acquisitions and disposals for €3,464 million (€453 million in 2022), the exceptional contribution in connection with the transfer of pension obligations in the United Kingdom described above, including insurance costs for a total of €1,078 million (€95 million in 2022), the distribution of €634 million in dividends (€563 million in 2022), new lease liabilities for €166 million (€199 million in 2022), and the share buyback program.

**Equity, Group share** amounted to **€6,830 million** compared with €7,174 million at December 31, 2022. This decrease takes into account an actuarial expense of €267 million relating to the discounting of net pension obligations.

## Non-financial performance

	Target	2023	2022
Reduction of operational CO <sub>2</sub> emissions	2023: -35% compared to 2018	-52%	-40%
New developments incorporating eco-design	2023: 100%	100%	83%
Management committees with at least 3 women	2023: 75%	87%	76%
Percentage of women at the highest levels of responsibility	2023: 20%	20.4%	19.4%
Anti-corruption training for relevant persons	2023: 100%	100%	100%
Reduction in frequency of accidents at work with consecutive days off	2023: -30% compared to 2018	-37%	-31%

In line with its corporate purpose of “Building a future we can all trust”, Thales has set itself an ambition in terms of Corporate Social Responsibility (CSR): to contribute to a safer, greener and more inclusive world. First, the Group will seek to maximize the contribution of its portfolio of solutions to the planet and society. Secondly, Thales has set itself ambitious targets on four main priorities:

- The fight against global warming
- Strengthening inclusion and diversity
- The permanent implementation of the best standards in terms of ethics and compliance
- Strengthening the health and safety at work of employees

Target quantitative objectives for 2023 were set for each of these priorities in 2019 and strengthened in 2021. Progress is measured and published annually. These indicators have also been included in the compensation of all employees eligible for variable compensation (more than 60% of the workforce). Thales achieved or over-achieved all its 2023 targets.

As regards the fight against global warming, **operational CO<sub>2</sub> emissions**<sup>18</sup> for FY 2023 were down 20% compared to 2022. This achievement was the result of the reduction in energy consumption (down 14% between 2018 and 2023 and 4% between 2022 and 2023) thanks to efforts to reduce energy use and improve energy efficiency and the increased use of renewable energies. Renewable electricity accounted for 90% of electricity purchases in 2023, compared with 75% in 2022. As a result, the drop compared to 2018 was -52%, well ahead of the 2023 target (-35%).

The implementation of eco-design best practices has also been stepped up, with 100% of **new product developments integrating an eco-design approach** in 2023, in line with the target set.

The Group also pursued its commitment to work **alongside suppliers** with the highest emissions to define emission reduction trajectories that are aligned with and based on jointly approved action plans.

With regard to the strengthening of diversity, at the end of 2023, 87% of the **Group's management committees** included **at least three women**, compared with 76% at the end of 2022 and 49% at the end of 2018. The improvement continues while the target of 75% in 2023 was reached one year ahead of schedule. Women accounted for 20.4% of the **highest levels of responsibility**<sup>19</sup> at the end of 2023, which is in line with the 20% target (compared to 19.4% at the end of 2022 and 16.5% at the end of 2018). The achievement of these objectives was based on the launch of a new action plan in July 2023 integrating a new partnership strategy with the educational community and a series of initiatives aimed at implementing an inclusive culture within the Group and supporting women's careers. Examples of initiatives include communications on gender diversity through the “Women

<sup>18</sup> Scope 1, scope 2 and scope 3 business travel.

<sup>19</sup> Grades NR10 to 12, representing around 13% of the Group's total workforce. Percentage of women in the total workforce: 27%.

in Tech" campaign and the renewal of the "Women Inspiring Women" program to disseminate portraits of female role models within Thales.

In the area of ethics and compliance, the Group is focusing on team training and certification. As a result, in 2023 as in 2022, **100% of potentially exposed employees**, i.e. more than 8,000 people, were trained in the fight against corruption. In March 2021, Thales received ISO 37001 "anti-bribery management systems" certification for its main French subsidiaries. This certification was extended to Canada and the United States in 2023, after the United Kingdom and the Netherlands in 2022.

The frequency rate of workplace accidents<sup>20</sup> (down -37% compared to 2018) is also better than the target set for 2023 (-30%). This reflects the enhancement of the workplace safety culture through specific action plans including the deployment of proactive approaches and the analysis of risk situations.

Thales' CSR policy was increasingly acknowledged by its stakeholders in 2023. The Group obtained the "Platinum" rating from Ecovadis (companies among the top 1% best performers in terms of CSR), the CDP awarded it an "A" rating for its climate policy, and the SBTi validated its CO<sub>2</sub> reduction objectives through to 2030. Thales also joined the CAC SBTi 1.5 index in April alongside the best-performing listed companies in terms of climate change.

Details of all action plans and associated metrics can be found in the non-financial performance statement that will be included in the 2023 Universal Registration Document scheduled for publication at the end of March 2024.

The Group will announce its new ESG roadmap through to 2030, with new medium-term objectives for non-financial performance, in the second half of 2024.

## Proposed dividend

The Board of Directors decided to propose to the shareholders, who will convene at the Annual General Meeting on May 15, 2024, payment of a **dividend of €3.40** per share. This corresponds to a payout ratio of 40% of the adjusted net income, Group share, per share.

If approved, the ex-dividend date will be May 21, 2024, and the payment date will be May 23, 2024. This dividend will be paid fully in cash and will amount to €2.60 per share, after deducting the interim dividend of €0.80 per share paid in December 2023.

## Outlook

The medium-term outlook for all of the Group's major markets remains very robust. After a very strong year in aeronautics in 2023, the original equipment business should again be driven by the expected continued ramping-up of commercial aircraft production. Air traffic should also continue to rise, fostering further growth in the aftermarket, though at a slower pace than in 2023, which benefited from a catch-up effect. The space segment benefits from favorable growth prospects for most of its activities, in particular observation, exploration, navigation, military telecommunications and services. However, the commercial telecommunications business is facing challenges due to structurally weaker demand. For this reason, the Group is announcing a project of an adaptation plan at Thales Alenia Space concerning around 1,300 jobs, including 1,000 in France, which will be redeployed within the Group, with no forced departure. Those redeployments will take place over 2024 and 2025, in consultation with employee representative bodies. Over the same period, 7,000 recruitments are planned in France to address the expected strong growth in the Group's other business segments. This plan should restore sustainably the profitability of the space business with the objective of an EBIT margin of around 7% in the medium term while maintaining the skills needed to pursue commercial opportunities. Accordingly, the **Aerospace** segment should record organic growth in sales, but at a slower pace than in 2023.

The announced increases in the military budgets of the Group's major customers are continuing to drive demand in the defence sector. As a leading player in its various activities and with a geographical presence aligned with the most dynamic markets, the **Defence & Security** segment

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<sup>20</sup> Frequency rate of accidents at work with consecutive days off (Tf1)

has an order book that is unprecedented in the Group's history. This segment will continue to grow in 2024 while maintaining an EBIT margin that is among the highest in the sector (around 13%).

Lastly, the **DIS** global business unit has an exceptional positioning in cybersecurity and digital identity. Its cybersecurity business was considerably strengthened in 2023, allowing Thales to offer the most comprehensive offering in data, applications and identity security. After seeing its growth normalize in 2023 following a very strong year in 2022, organic growth should continue in 2024, in line with that recorded in 2023. The margin should further improve compared with the 2023 level of 14%, taking into account the transfer of cybersecurity services activities from the Defence & Security segment.

One of Thales' main priorities in 2024 is to successfully complete the integration of the two structuring acquisitions, namely Imperva and Cobham Aerospace Communications (the closing of which is scheduled for the first half of 2024). These two activities will significantly strengthen the Group's business portfolio.

In response to this buoyant environment, the Group is continuing to invest to ramp up its production capabilities. Net operating investments are expected to further increase, reaching around €720 million in 2024, after €622 million in 2023. Recruitment will remain strong in 2024 (around 8,500 recruitments planned after 10,900 in 2023 and 12,000 in 2022). This reflects the higher retention rate, which has returned to pre-Covid levels, and will be accompanied by the strengthening of skills development actions for engineers who have recently joined the Group.

Moreover, the Group will continue to monitor closely the persistent tensions in its supply chain.

Assuming there are no new major disruptions in the global economy, in the health context, or in the global supply chains, Thales has set the following targets for 2024:

- As in 2023, a **book-to-bill** ratio above 1;
- Organic **sales** growth of between **+4% and +6%**, corresponding to sales in the range of €19.7 billion to €20.1 billion<sup>21</sup>;
- An **EBIT margin** between **11.7%** and **12.0%**, up 10 to 40 basis points from 2023.

Based on the outlook for 2024, particularly in terms of order intake and advance payments to be received, the Group sets its **cash conversion ratio**<sup>22</sup> target at close to 100% of adjusted net income, Group share.

\*\*\*\*

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 filed with the French financial markets authority (Autorité des marchés financiers – AMF).

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<sup>21</sup> Based on the exchange rates of February 2024 and taking into account the completion of the acquisition of Cobham Aerospace Communications in April 2024.

<sup>22</sup> Free operating cash flow divided by adjusted net income, Group share.



### About Thales

Thales (Euronext Paris: HO) is a global leader in advanced technologies specialized in three business domains: Defence & Security, Aeronautics & Space, and Digital identity & Security. It develops products and 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 AI, quantum technologies, cloud technologies, 6G, and cybersecurity.

Thales has close to 81,000<sup>1</sup> employees in 68 countries. In 2023, the Group generated sales of €18.4 billion.

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<sup>1</sup> Excluding Transport business, which is being divested

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# Appendices

## Note on methodology

In this press release, amounts expressed in millions of euros are rounded to the nearest million. As a result, the sums of the **rounded amounts** may differ very slightly from the reported totals. All ratios and changes are calculated based on underlying amounts.

“**Organic change**” measures the movement in monetary indicators excluding the effects of changes in exchange rates and scope of consolidation. It is obtained by calculating the difference between the indicator for the previous year discounted at the exchange rates applicable for the current year for entities whose reporting currency is not the euro, less the contribution of entities divested during the current year, and the value of the indicator for the current year, less the contribution of entities acquired during the current year. The calculation of organic change in sales is detailed on page 23.

## Definitions of non-GAAP financial indicators

In order to facilitate the monitoring and benchmarking of its financial and operating performance, the Group presents three key non-GAAP indicators, which exclude non-operating and/or non-recurring items. They are determined as follows:

- **EBIT**, an adjusted operating indicator, corresponds to income from operations plus the share in the net income of equity affiliates, before the impact of entries recorded as part of business combinations (amortization of assets valued when determining the purchase price allocation, other expenses directly related to acquisitions). In application of IFRS5, it does not include the contribution to EBIT from discontinued operations.
- **Adjusted net income** corresponds to net income, excluding the following items and net of the corresponding tax effects:
  - Amortization of assets valued when determining the purchase price allocation (business combinations);
  - Expenses recognized in income from operations or in finance costs that are directly related to business combinations;
  - Gains and losses on disposals of assets, changes in scope and other;
  - Impairment of non-current assets;
  - Changes in the fair value of derivative foreign exchange instruments (recognized under “Other financial income and expenses” in the consolidated financial statements);
  - Actuarial gains (losses) on long-term benefits (recognized under “Finance costs on pensions and other long-term employee benefits” in the consolidated financial statements).

In accordance with IFRS5, this indicator includes net income from discontinued operations, after deduction of the corresponding adjustment items.

- **Free operating cash flow** corresponds to the net cash flow from operations before contributions to reduce the pension deficit in the United Kingdom, and after deducting net operating investments.

To facilitate comparison with adjusted net income, free operating cash flow is obtained by summing free cash flow from continuing operations and free cash flow from discontinued operations.

Defining EBIT and adjusted net income involves defining other indicators in the **adjusted income statement**: adjusted cost of sales, adjusted gross margin (corresponding to the difference between sales and the adjusted cost of sales), adjusted indirect costs, other adjusted financial income, adjusted financial income on pensions and long-term employee benefits, adjusted income tax, adjusted net income, Group share, per share, calculated as described on pages 20 and 21.

**Net cash (debt)** corresponds to the difference between the sum of the “cash and cash equivalents” (including investment assets transferred from the UK pension fund) and “current financial assets”

items and short and long-term borrowings, after deduction of interest rate derivatives. From January 1, 2019, it has included lease liabilities recorded on the balance sheet pursuant to standard IFRS 16. Its calculation appears in Note 6.2 to the consolidated financial statements.

Please note that only the consolidated financial statements as of December 31, 2023 are audited by the statutory auditors, including EBIT, the calculation of which is outlined in Note 2 "Segment information", net cash (debt), the definition and calculation of which appear in Note 13 a) "Presentation of the financial statements" and Note 6.2 "Net cash (borrowings)", free operating cash flow from continuing operations, the definition and calculation of which are specified in Note 13 a) "Presentation of the financial statements" and Note 6.3 "Changes in net debt", and free operating cash flow from discontinued operations, the calculation of which is set out in Note 1.3 "Classification of the Transport business as discontinued operations". Adjusted financial information other than that provided in these notes is subject to the verification procedures applicable to all information included in this press release.

The impact of these adjustment entries on the profit and loss accounts at December 31, 2023, and at December 31, 2022, is detailed in the tables on pages 20 and 21. The calculation of free operating cash flow is detailed on page 12.

## Adjusted income statement, EBIT and adjusted net income – 2023

In € millions except earnings per share (in €)	Consolidated income statement 2023	Adjustments				Adjusted income statement 2023
		(1)	(2)	(3)	(4)	
<b>Sales</b>	<b>18,428</b>	—	—	—	—	<b>18,428</b>
Cost of sales	(13,662)	390	—	—	—	(13,272)
Research and development expenses	(1,108)	—	—	—	—	(1,108)
Marketing and selling expenses	(1,384)	—	—	—	—	(1,384)
General and administrative expenses	(621)	—	—	—	—	(621)
Restructuring costs	(91)	—	—	—	—	(91)
<b>Income from operations</b>	<b>1,562</b>	<b>390</b>	—	—	—	<b>1,952</b>
Share in net income of equity affiliates	147	32	—	—	—	180
Income from operations, including net income of equity affiliates	1,710	—	—	—	—	N/A
<b>EBIT</b>	<b>N/A</b>	<b>422</b>	—	—	—	<b>2,132</b>
Gains and losses on disposals of assets, changes in scope and other	(388)	—	388	—	—	—
Impairment of non-current assets	—	—	—	—	—	—
Net financial interest	2	—	—	—	—	2
Other financial income and expenses	(65)	—	—	28	—	(37)
Finance costs on pensions and other long-term employee benefits	(78)	—	—	—	2	(76)
Income tax	(252)	(97)	(14)	(5)	—	(370)
<i>Effective income tax rate*</i>	24.4%	—	—	—	—	20.1%
Net income from continuing operations	929	325	373	22	1	1,651
Net income from discontinued operations	74	14	6	11	—	105
<b>Net income</b>	<b>1,003</b>	<b>339</b>	<b>380</b>	<b>33</b>	<b>1</b>	<b>1,756</b>
Non-controlling interests	21	(8)	—	—	—	13
<b>Net income, Group share</b>	<b>1,023</b>	<b>331</b>	<b>380</b>	<b>33</b>	<b>1</b>	<b>1,768</b>
<i>Average number of shares (thousands)</i>	208,507	—	—	—	—	208,507
<b>Net income, Group share, per share (in €)</b>	<b>4.91</b>	—	—	—	—	<b>8.48</b>

(\*) Income tax divided by net income before income tax and before share in net income of equity affiliates

### Adjustments (see definitions on pages 18 and 19):

- (1) Impact of business combinations: amortization of assets valued as part of the purchase price allocation, other expenses directly related to acquisitions and disposals
- (2) Income from disposals of assets, changes in scope and other, and impairment losses on non-current assets
- (3) Change in fair value of foreign exchange derivatives
- (4) Actuarial gains (losses) on long-term benefits

## Adjusted income statement, EBIT and adjusted net income – 2022

In € millions except earnings per share (in €)	Consolidated income statement 2022	Adjustments				Adjusted income statement 2022
		(1)	(2)	(3)	(4)	
<b>Sales</b>	<b>17,569</b>	—	—	—	—	<b>17,569</b>
Cost of sales	(13,113)	381	—	—	—	(12,732)
Research and development expenses	(1,064)	—	—	—	—	(1,064)
Marketing and selling expenses	(1,350)	—	—	—	—	(1,350)
General and administrative expenses	(599)	—	—	—	—	(599)
Restructuring costs	(99)	—	—	—	—	(99)
<b>Income from operations</b>	<b>1,344</b>	<b>381</b>	—	—	—	<b>1,726</b>
Share in net income of equity affiliates	180	29	—	—	—	209
Income from operations, including net income of equity affiliates	1,524	—	—	—	—	N/A
<b>EBIT</b>	<b>N/A</b>	<b>410</b>	—	—	—	<b>1,935</b>
Gains and losses on disposals of assets, changes in scope and other	(24)	—	24	—	—	—
Impairment of non-current assets	—	—	—	—	—	—
Net financial interest	(50)	—	—	—	—	(50)
Other financial income and expenses	(99)	—	—	65	—	(34)
Finance costs on pensions and other long-term employee benefits	(5)	—	—	—	(30)	(35)
Income tax	(225)	(97)	(3)	(14)	8	(331)
Effective income tax rate*	19.3%	—	—	—	—	20.6%
Net income from continuing operations	1,122	313	21	50	(22)	1,485
Net income from discontinued operations	9	80	1	—	—	90
<b>Net income</b>	<b>1,131</b>	<b>393</b>	<b>22</b>	<b>50</b>	<b>(22)</b>	<b>1,574</b>
Non-controlling interests	(10)	(8)	—	—	—	(18)
<b>Net income, Group share</b>	<b>1,121</b>	<b>385</b>	<b>22</b>	<b>50</b>	<b>(22)</b>	<b>1,556</b>
Average number of shares (thousands)	211,833	—	—	—	—	211,833
<b>Net income, Group share, per share (in €)</b>	<b>5.29</b>	—	—	—	—	<b>7.35</b>

(\*) Income tax divided by net income before income tax and before share in net income of equity affiliates

### Adjustments (see definitions on pages 18 and 19):

- (1) Impact of business combinations: amortization of assets valued as part of the purchase price allocation, other expenses directly related to acquisitions and disposals
- (2) Income from disposals of assets, changes in scope and other, and impairment losses on non-current assets
- (3) Change in fair value of foreign exchange derivatives
- (4) Actuarial gains (losses) on long-term benefits

## Order intake by destination<sup>1</sup> – 2023

	2023	2022	Total change	Organic change	2023 weighting as a %
<i>In € millions</i>					
France	6,132	6,504	-6%	-5%	27%
United Kingdom	3,095	1,100	+181%	+188%	+13%
Rest of Europe	6,248	4,979	+25%	+28%	27%
<b>Subtotal Europe</b>	<b>15,476</b>	<b>12,583</b>	<b>+23%</b>	<b>+25%</b>	<b>67%</b>
United States and Canada	2,368	2,794	-15%	-13%	10%
Australia and New Zealand	839	927	-10%	+2%	4%
<b>Total mature markets</b>	<b>18,683</b>	<b>16,305</b>	<b>+15%</b>	<b>+17%</b>	<b>81%</b>
Asia	2,403	1,992	+21%	+27%	10%
Near and Middle East	1,246	4,378	-72%	-71%	+5%
Rest of the world	799	875	-9%	-5%	3%
<b>Total emerging markets</b>	<b>4,449</b>	<b>7,245</b>	<b>-39%</b>	<b>-37%</b>	<b>19%</b>
<b>Total all markets</b>	<b>23,132</b>	<b>23,551</b>	<b>-2%</b>	<b>+0.2%</b>	<b>100%</b>

## Sales by destination<sup>1</sup> – 2023

	2023	2022	Total change	Organic change	2023 weighting as a %
<i>In € millions</i>					
France	5,437	4,827	+12.6%	+13.4%	30%
United Kingdom	1,208	1,019	+18.5%	+21.1%	+7%
Rest of Europe	4,578	4,348	+5.3%	+8.3%	25%
<b>Subtotal Europe</b>	<b>11,223</b>	<b>10,194</b>	<b>+10.1%</b>	<b>+12.0%</b>	<b>61%</b>
United States and Canada	2,581	2,415	+6.9%	+10.3%	+14%
Australia and New Zealand	812	958	-15.3%	-5.3%	4%
<b>Total mature markets</b>	<b>14,615</b>	<b>13,567</b>	<b>+7.7%</b>	<b>+10.6%</b>	<b>79%</b>
Asia	1,728	1,822	-5.1%	+0.3%	9%
Near and Middle East	1,111	1,189	-6.5%	-5.6%	6%
Rest of the world	974	991	-1.7%	+1.5%	+5%
<b>Total emerging markets</b>	<b>3,814</b>	<b>4,002</b>	<b>-4.7%</b>	<b>-1.2%</b>	<b>21%</b>
<b>Total all markets</b>	<b>18,428</b>	<b>17,569</b>	<b>+4.9%</b>	<b>+7.9%</b>	<b>100%</b>

(1) a part of "Asia" activities has been added to "Rest of Europe"

## Order intake and sales – Q4 2023

Order intake	Q4 2023	Q4 2022	Total change	Organic change
<i>In € millions</i>				
Aerospace	2,200	2,247	-2%	0%
Defence & Security	7,598	4,782	+59%	+60%
Digital Identity & Security	939	1,032	-9%	-3%
<b>Total – operating segments</b>	<b>10,737</b>	<b>8,060</b>	<b>+33%</b>	<b>+36%</b>
Other	25	41		
<b>Total</b>	<b>10,761</b>	<b>8,102</b>	<b>+33%</b>	<b>+35%</b>

Sales	Q4 2023	Q4 2022	Total change	Organic change
<i>In € millions</i>				
Aerospace	1,583	1,435	+10.3%	+13.7%
Defence & Security	3,025	2,769	+9.3%	+10.4%
Digital Identity & Security	942	1,034	-8.9%	-2.7%
<b>Total – operating segments</b>	<b>5,550</b>	<b>5,238</b>	<b>+6.0%</b>	<b>+9.0%</b>
Other	24	32		
<b>Total</b>	<b>5,574</b>	<b>5,271</b>	<b>+5.8%</b>	<b>+8.8%</b>

## Organic change in sales by quarter

	Sales 2022	Exchange rate effect	Impact of disposals	Sales 2023	Impact of acquisitions	Total change	Organic change
<i>In € millions</i>							
1st quarter	3,730	(6)	+103	4,026	+64	+7.9%	+9.4%
2nd quarter	4,526	(73)	+96	4,690	+58	+3.6%	+6.3%
<b>1st half</b>	<b>8,256</b>	<b>(79)</b>	<b>+199</b>	<b>8,716</b>	<b>+122</b>	<b>+5.6%</b>	<b>+7.7%</b>
Q3	4,042	(103)	+91	4,138	+14	+2.4%	+7.2%
4th quarter	5,271	(73)	+139	5,574	+70	+5.8%	+8.8%
<b>Full year</b>	<b>17,569</b>	<b>(256)</b>	<b>+429</b>	<b>18,428</b>	<b>+206</b>	<b>+4.9%</b>	<b>+7.9%</b>

## Main scope effects on sales

	Q1	Q2	Q3	Q4	2023
<i>In € millions</i>					
<b>Acquisitions</b>					
<b>Aerospace</b>	<b>18</b>	<b>17</b>	<b>-11</b>		<b>24</b>
Ruag	18	17	-11		24
<b>Defence &amp; Security</b>	<b>43</b>	<b>38</b>	<b>21</b>		<b>101</b>
Advanced Acoustic Concepts	22	18			40
S21 Sec and Excellium	21	19	21		61
<b>Digital Identity &amp; Security</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>70</b>	<b>80</b>
One Welcome	3	4	4		10
Tesseract				17	17
Imperva				53	53
<b>Total acquisitions</b>	<b>64</b>	<b>58</b>	<b>14</b>	<b>70</b>	<b>206</b>
<b>Disposals</b>					
<b>Aerospace</b>				<b>(32)</b>	<b>(32)</b>
Aeronautical electrical systems business				(32)	(32)
<b>Defence &amp; Security</b>	<b>(6)</b>	<b>(8)</b>	<b>(8)</b>	<b>(1)</b>	<b>(23)</b>
Other	(6)	(8)	(8)	(1)	(23)
<b>Digital Identity &amp; Security</b>	<b>(97)</b>	<b>(88)</b>	<b>(84)</b>	<b>(106)</b>	<b>(374)</b>
Activities in Russia	(9)	(4)	1		(12)
Telit Cinterion	(88)	(85)	(86)	(103)	(362)
Other	1	1	1	(3)	0
<b>Total disposals</b>	<b>(103)</b>	<b>(96)</b>	<b>(91)</b>	<b>(139)</b>	<b>(429)</b>
<b>Net impact</b>	<b>(39)</b>	<b>(38)</b>	<b>(77)</b>	<b>(69)</b>	<b>(223)</b>

## Performance of the Transport business

	2023	2022	Total change	Organic change
<i>In € millions</i>				
Order intake	2,313	2,191	+6%	+7%
Sales	1,822	1,772	+2.8%	+4.4%
EBIT	112	132	-15.5%	-14.4%
as a % of sales	6.1%	7.4%	-1.3 pts	-1.3 pts