

Thales reports its 2024 half-year results

- Order intake: €10.8 billion, up 26% (+23% on an organic basis¹)
- Order book: €47 billion, a new record high
- Sales: €9.5 billion, up 8.9% (+6.0% on an organic basis)
- EBIT²: €1,096 million, up 10.4% (+4.7% on an organic basis)
- Adjusted net income, Group share²: €866 million, up 6%
- Consolidated net income, Group share: €1,017 million, up 57%
- Free operating cash flow^{2, 3}: €23 million
- 2024 targets confirmed. Ranges narrowed:
 - Book-to-bill ratio⁴ above 1⁵
 - Organic sales growth between +5% and +6%⁶
 - EBIT margin: 11.7% to 11.8%⁷

Thales' Board of Directors (Euronext Paris: HO) met on July 22, 2024 to review the financial statements for the first half of 2024⁸.

"We once again achieved strong sales growth in the first half of the year, with record orders including three contracts with a unit value in excess of €500 million. This reflects strong demand from our customers and the quality of the Group's solutions.

Organic sales growth came to +6%, thanks to the good performance of the Aeronautics and Defence & Security businesses.

The Group's EBIT margin continued to rise, reaching a new all-time high for a first half, at 11.5%. In this context, we are continuing to invest to increase our production capacity and support the sustainable growth of our business. We are also accelerating our investments in innovation to strengthen our technological leadership.

Other priorities for the year include the continued integration of recent acquisitions Imperva and Cobham Aerospace Communications. This integration is proceeding as planned. We are also committed to restoring sustainably profitability in the space business with the implementation of the Thales Alenia Space adaptation plan.

We confirm our annual outlook and have refined it based on the improved visibility we have regarding the rest of the year.

I would like to thank our 81,000 employees for their unwavering commitment to serving our customers."

Patrice Caine, Chairman & Chief Executive Officer

¹ In this press release, "organic" means "at constant scope and exchange rates". See note on methodology on page 11 and calculation on page 16.

² Non-GAAP financial indicators, see definitions in the appendices, page 11.

³ Free operating cash flow from continuing operations, excluding the Transport activity sold on May 31, 2024.

⁴ Book-to-bill ratio: ratio of order intake to sales.

⁵ Target unchanged.

⁶ i.e. between €19.9 billion and €20.1 billion based on the scope and exchange rates of July 2024, compared with initial guidance of 4% to 6% announced in March 2024.

⁷ Compared with initial guidance of 11.7% to 12% announced in March 2024.

⁸ At the date of this press release, the limited review of the financial statements has been completed and the statutory auditors' report has been issued following the meeting of the Board of Directors.

Key figures

<i>In € millions except earnings and dividend per share (in €)</i>	H1 2024	H1 2023	Total change	Organic change
Order intake	10,767	8,563	+26%	+23%
Order book at end of period	46,958	40,651	+16%	+15%
Sales	9,493	8,716	+8.9%	+6.0%
EBIT⁹	1,096	993	+10.4%	+4.7%
<i>as a % of sales</i>	<i>11.5%</i>	<i>11.4%</i>	+0.2 pts	-0.1 pts
Adjusted net income, Group share⁹	866	819	+6%	
Adjusted net income, Group share, per share⁹	4.21	3.91	+8%	
Consolidated net income, Group share	1,017	649	+57%	
Free operating cash flow from continuing operations^{9, 11}	23	253	(229)	
Net cash (debt) at end of period^{9, 10}	(4,594)	(781)	(3,813)	

Order intake in the first half of 2024 amounted to **€10,767 million**, up 26% from H1 2023 (+23% on an organic basis, i.e. at constant scope and exchange rates). The Group continued to record excellent sales momentum in most of its businesses. At June 30, 2024, the consolidated **order book** totaled **€47 billion**, up 16% compared to the first half of 2023, reaching a new all-time high.

Sales totaled **€9,493 million**, up 8.9% from H1 2023, and up **6.0%** at **constant scope and exchange rates**. Sales growth was driven in particular by the robust performance of Avionics and Defence & Security.

In the first half of 2024, the Group posted **EBIT** of **€1,096 million** (11.5% of sales), compared to €993 million (11.4% of sales) in the first half of 2023, an increase of 10.4% (+4.7% on an organic basis).

At **€866 million, adjusted net income, Group share** rose by 6%, taking into account the increase in debt servicing following the acquisitions made over the past year.

Consolidated net income, Group share amounted to **€1,017 million**, up 57% compared to H1 2023, driven by the increase in adjusted net income and the capital gain on the disposal of the Transport activity.

Free operating cash flow from continuing operations¹¹ (excluding the Transport business following its disposal), was positive at **€23 million** compared with €253 million in the first half of 2023. As announced, in the first half of 2024, the Group recorded a significant increase in its working capital requirement compared to the first half of 2023.

Net debt reached **-€4,594 million at June 30, 2024** compared with -€4,190 million at December 31, 2023.

⁹ Non-GAAP financial indicators, see definitions in the appendices, page 11.

¹⁰ "Cash and cash equivalents" no longer includes the assets transferred from the pension fund in the United Kingdom.

¹¹ Free operating cash flow from continuing operations, excluding the Transport activity sold on May 31, 2024.

Order intake

In € millions	H1 2024	H1 2023	Total change	Organic change
Aerospace	2,688	2,349	+14%	+16%
Defence & Security	6,120	4,498	+36%	+36%
Digital Identity & Security	1,931	1,693	+14%	-1%
Total – operating segments	10,739	8,540	+26%	+23%
Other	29	23		
Total	10,767	8,563	+26%	+23%
Of which mature markets ¹²	7,328	6,931	+6%	+3%
Of which emerging markets ¹²	3,439	1,633	+111%	+109%

Order intake in H1 2024 amounted to **€10,767 million, up 26%** compared to H1 2023 (+23% at constant scope and exchange rates¹³). The book-to-bill ratio was 1.13, a substantial increase compared to the first half of 2023, when it was 0.98.

This strong order intake was driven by large orders (orders with a unit value of more than €100 million), the cumulative amount of which came to **€3,602 million**, up 116% compared with the first half of 2023 (€1,671 million). Three orders in excess of €500 million were recorded during the period.

Thales recorded a total of 12 large orders with a unit value of more than €100 million in the first half of 2024, compared to nine in the first half of 2023, as follows:

- Four large orders booked in Q1 2024:
 - The entry into force of the third phase of the order placed by Indonesia in 2022 for the purchase of 42 Rafale aircraft (18 aircraft and support services);
 - Order of an air surveillance system for a military customer in the Middle East;
 - Second tranche of the contract signed in 2023 between France and Italy for the production of 400 ASTER B1NT ground-to-air missiles;
 - Phased contract with the French Defence Procurement Agency (DGA) to develop the next generation of sonars to equip French nuclear-powered ballistic-missile submarines (SSBN).
- Eight large orders booked in Q2 2024:
 - Order of two new F126 frigates by the German Navy. This additional contract brings the number of F126 frigates acquired by the German Navy to six in the past four years;
 - Exomars 2028, a contract signed between industrial prime contractor Thales Alenia Space and the European Space Agency (ESA) to relaunch the European space mission dedicated to the exploration of the Red Planet;
 - Order by SKY Perfect JSAT to Thales Alenia Space of JSAT-31, a new generation of satellite reconfigurable in orbit using Space INSPIRE technology;
 - Order by France's Joint Munitions Command (SiMu) of tens of thousands of 120mm rifled ammunition;
 - Order for a next generation cloud native "FLYTEDGE" InFlight Entertainment System for a major worldwide airline;
 - Order by an Asian customer of latest-generation Ground Master 400 Alpha long-range air surveillance radars;
 - Order by the Dutch Ministry of Defence of seven additional Ground Master 200 multi-mission compact radars;
 - Service contract for the maintenance of the Royal Australian Navy fleet.

¹² Mature markets: Europe, North America, Australia, New Zealand. Emerging markets: all other countries. See table on page 15.

¹³ Taking into account a negative scope effect of -€263 million and a negative currency scope effect of -€17 million.

At **€7,165m**, order intake **with a unit value of less than €100 million** also increased by 4% compared to the first half of 2023.

Geographically¹⁴, order intake in emerging markets amounted to €3,439 million, up by +111%. At €7,328 million, order intake in mature markets continued to grow (+6%).

Order intake in the **Aerospace** segment totaled **€2,688 million**, versus €2,349 million in H1 2023 (+16% at constant scope and exchange rates). This double-digit increase reflects two contrasting trends:

- On the one hand, the avionics market remains strong, with order intake recording organic growth of 31%;
- On the other hand, the order intake in the space business declined slightly over the period. The two major orders signed with the ESA and SKY Perfect JSAT in the second quarter of 2024 did not fully offset the weakness of the first quarter, which was penalized by a high basis for comparison.

At **€6,120 million** compared with €4,498 million in the first half of 2023, i.e. a 36% increase at constant scope and exchange rates, order intake in the **Defence & Security** segment reflected strong sales momentum. This segment recorded nine new orders with a unit value of more than €100 million in the first half of the year. The order book therefore increased to **€36.5 billion** (versus €30.7 billion in the first half of 2023), representing more than 3.7 years of sales.

At **€1,931 million**, order intake in the **Digital Identity & Security** segment was in line with sales, as most of the activities in this segment operate on short cycles. The order book is therefore not significant.

¹⁴ See table on page 15.

Sales

In € millions	H1 2024	H1 2023	Total change	Organic change
Aerospace	2,582	2,469	+4.6%	+4.8%
Defence & Security	4,938	4,544	+8.7%	+8.5%
Digital Identity & Security	1,934	1,672	+15.6%	+0.4%
Total – operating segments	9,454	8,685	+8.8%	+5.9%
Other	39	30		
Total	9,493	8,716	+8.9%	+6.0%
Of which mature markets ¹⁵	7,545	6,864	+9.9%	+6.9%
Of which emerging markets ¹⁵	1,947	1,852	+5.1%	+2.7%

Sales for the first half of 2024 amounted to **€9,493 million**, compared with €8,716 million in the first half of 2023, an increase of 8.9% as reported, or +6.0% at constant scope and exchange rates.

Geographically¹⁵, this increase in sales was mainly driven by mature countries (+6.9% in organic growth). Emerging markets posted organic growth of +2.7% over the period.

Sales in the **Aerospace** segment amounted to **€2,582 million**, up 4.6% compared to H1 2023 (+4.8% at constant scope and exchange rates). This change reflects mixed trends:

- Double-digit growth in aeronautics;
- Stable activity in the space segment.

Sales in the **Defence & Security** segment totaled **€4,938 million**, up 8.7% compared to H1 2023 (+8.5% at constant scope and exchange rates). After a very strong first quarter (+13.4% at constant scope and exchange rates), as expected, activity recorded more moderate growth in the second quarter (+4.5% at constant scope and exchange rates). Organic growth in this segment's sales over the half-year is ahead of the confirmed annual target of "mid-single digit plus" organic growth in activity.

In the **Digital Identity & Security** segment, sales were up 0.4% at constant scope and exchange rates to **€1,934 million**. Following a decline in the first quarter (-2.5% at constant scope and exchange rates), the second quarter came back to positive organic growth (+3.1%). The continued ramp-up of product digitalization (including connectivity solutions in mobile) and the good momentum of the Biometric and Cybersecurity businesses more than offset the slowdown in Banking and Payment solutions markets compared with a particularly high base in the first half of 2023 in terms of both volume and pricing.

¹⁵ Mature markets: Europe, North America, Australia, New Zealand. Emerging markets: all other countries. See table on page 15.

Results

EBIT	H1 2024	H1 2023	Total change	Organic change
<i>In € millions</i>				
Aerospace	167	169	-1.5%	-10.2%
<i>as a % of sales</i>	6.5%	6.9%	-0.4 pts	-1.0 pts
Defence & Security	639	576	+10.9%	+11.0%
<i>as a % of sales</i>	12.9%	12.7%	+0.3 pts	+0.3 pts
Digital Identity & Security	272	246	+10.7%	-7.4%
<i>as a % of sales</i>	14.1%	14.7%	-0.6 pts	-1.2 pts
Total – operating segments	1,078	992	+8.7%	+2.8%
<i>as a % of sales</i>	11.4%	11.4%	0.0 pts	-0.3 pts
Other – excluding Naval Group	(26)	(42)		
Total – excluding Naval Group	1,052	949	+10.8%	+4.9%
<i>as a % of sales</i>	11.1%	10.9%	+0.2 pts	-0.1 pts
Naval Group (share at 35%)	44	44		
Total	1,096	993	+10.4%	+4.7%
<i>as a % of sales</i>	11.5%	11.4%	+0.2 pts	-0.1 pts

In H1 2024, the Group posted EBIT¹⁶ of **€1,096 million (11.5% of sales)**, compared with €993 million (11.4% of sales) in H1 2023.

The **Aerospace** segment posted EBIT of **€167 million (6.5% of sales)**, versus EBIT of €169 million (6.9% of sales) in H1 2023. The segment's EBIT margin was driven by the strong performance of avionics activities, which posted a double-digit EBIT margin. However, it was impacted by the negative EBIT margin in space, resulting from i) a lack of growth in the business and ii) an increase in Research and Development expenses.

In the **Defence & Security** segment, EBIT amounted to **€639 million**, versus €576 million in H1 2023 (+11.0% at constant scope and exchange rates). The segment's margin was up slightly against last year, at 12.9% (12.7% in the first half of 2023).

At **€272 million (14.1% of sales)** compared with €246 million (14.7% of sales) in the first half of 2023, the EBIT margin of the **Digital Identity & Security (“DIS”)** segment was still strong. This illustrates DIS' ability to maintain its commercial margins in the competitive markets of Banking and Payment Services and Mobile Connectivity Solutions.

Excluding Naval Group, **unallocated EBIT** amounted to **-€26 million**, compared with -€42 million in H1 2023.

At **€44 million** in the first half of 2024, **Naval Group's** contribution to EBIT was fully aligned with the one of last year.

¹⁶ Non-GAAP financial indicator, see definition in the appendices on page 11 and the calculation on pages 13 and 14.

As expected, **cost of net financial debt (-€87 million** compared with €13 million in the first half of 2023) rose sharply given the substantial increase in the amount of debt following recent acquisitions. **Other adjusted financial income¹⁷** stood at **+€32 million** over the first six months of 2024, compared with -€13 million in the first half of 2023, reflecting the exceptional positive impact of dividend payments from non-consolidated investments as well as positive foreign exchange results. **The adjusted financial expense on pensions and other long-term employee benefits¹⁷** improved from -€38 million to **-€28 million** in the first half of 2024, due to the removal of the interest expense following the transfer of pension obligations in the United Kingdom carried out in December 2023.

At **€19 million** compared with €36 million in H1 2023, the **adjusted net income, Group share, from discontinued operations** was in line with trends in the Transport business, which was sold on May 31, 2024.

Adjusted net income, Group share¹⁷ thus amounted to **€866 million**, compared to €819 million in H1 2023, after an adjusted income tax charge¹⁷ of -€193 million, compared to -€175 million in H1 2023. The effective tax rate stood at **20.4%** at June 30, 2024, compared with 20.0% at June 30, 2023.

Adjusted net income, Group share, per share¹⁷ amounted to **€4.21**, up 8% compared to H1 2023 (€3.91).

Consolidated net income, Group share amounted to **€1,017 million**, up **57%** compared to June 30, 2023 (€649 million), including the capital gain on the disposal of the Transport business.

¹⁷ Non-GAAP financial indicator, see definition in the appendices on page 11 and the calculation on pages 13 and 14.

Financial position at June 30, 2024

<i>in € millions</i>	H1 2024	H1 2023	Change
Operating cash flow before interest and tax	1,472	1,319	+153
+ Change in working capital and provisions for contingencies	(995)	(686)	(310)
+ Payment of pension contributions, excluding contributions related to the reduction of the United Kingdom pension deficit	(57)	(68)	+11
+ Net financial interest received (paid)	(74)	(25)	(48)
+ Income tax paid	(54)	(16)	(38)
+ Net operating investments	(270)	(272)	+2
Free operating cash flow, continuing operations	23	253	(229)
Free operating cash flow, discontinued operations	(108)	(153)	+45
Free operating cash flow	(85)	99	(184)
+ Net balance of disposals (acquisitions) of subsidiaries and affiliates	528	(7)	+535
+ Contribution to the reduction of pension financing deficits in the United Kingdom	(11)	(51)	+41
+ Dividends paid	(534)	(468)	(66)
+ Share buybacks under the program approved in March 2022	(176)	(210)	+34
+ New lease liabilities (IFRS 16)	(95)	(49)	(46)
+ Exchange rates and other	(31)	(60)	+29
Change in net cash (debt)	(404)	(746)	+342
Net cash (debt) at start of period	(4,190)	(35)	(4,155)
+ Change in net cash (debt)	(404)	(746)	+342
Net cash (debt) at end of period	(4,594)	(781)	(3,813)

Free operating cash flow from continuing operations (excluding the Transport business following its disposal), was positive at **€23 million** compared with **€253 million** in the first half of 2023. As announced, in the first half of 2024, the Group recorded a significant increase in its working capital requirement compared to the first half of 2023, due to the voluntary build-up of inventories of products for which Thales wants to increase its resilience. The Group's debt servicing also rose sharply given the increase in the amount of the Group's net debt between end-June 2023 and end-June 2024.

In the first half of the year, the **net balance of disposals and acquisitions of subsidiaries** amounted to **€528 million**. The Group completed the sale of its Transport business to Hitachi Rail on May 31, 2024 and the acquisition of Cobham Aerospace Communications on April 2, 2024.

Under the **share buyback** program covering a maximum of 3.5% of the capital announced in March 2022, which ended on March 31, 2024, 1,245,757 shares were purchased between January 1, 2024 and June 30, 2024, for a total of **-€176 million**. Over the total period of the program, Thales bought back 7,469,396 shares, representing a gross buyback amount of **-€966 million**.

At June 30, 2024, **net debt** amounted to **-€4,594 million** compared with **-€4,190 million** at December 31, 2023. This item was mainly impacted by net balance of disposals and acquisitions of subsidiaries for a positive amount of **€528 million** (acquisition of Cobham Aerospace Communications and disposal of the Transport business), dividend payments for **-€534 million**

(-€468 million in the first half of 2023), new lease liabilities **-€95 million** (-€49 million in the first half of 2023) and the share buyback program for **-€176 million**.

Shareholders' equity, Group share amounted to **€7,283 million**, compared with €6,830 million at December 31, 2023. This increase reflects the contribution of consolidated net income, Group share (+€1,017 million) less the dividend payout (-€534 million) and share buybacks (-€176 million).

Outlook

As illustrated by the record order intake in the first half of the year, Thales has a solid positioning in each of its major markets.

In the second half of 2024, Thales' sales should therefore continue to benefit from the good momentum of its activities.

With regard to the EBIT margin, Thales confirms its expectation of continuous growth in its profitability compared to 2023, driven by the double-digit profitability of the Aeronautics and Defence & Security activities. However, the EBIT margin of the Space business is expected to be negative for the full year, due to the combination of: i) the fall in commercial telecommunications activity over the year, ii) the Group's decision to maintain a high level of Research and Development investments in a market where demand remains solid in the medium term, and iii) the impact of restructuring costs linked to the business adaptation plan.

As a result, assuming there are no major new disruptions in the global economy, in the health context or in the global supply chains, Thales confirms its 2024 annual objectives, as announced in March, refining them as follows:

- A **book-to-bill ratio unchanged, above 1**;
- **Organic sales growth** of between **+5%** and **+6%**¹⁸, corresponding to sales in the range of €19.9 billion to €20.1 billion¹⁹;
- An **EBIT margin** between **11.7%** and **11.8%**²⁰.

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).

¹⁸ Compared with +4% and +6% initially announced.

¹⁹ Based on July 2024 scope and exchange rates.

²⁰ Compared to the range of 11.7% to 12.0% initially announced.

About Thales

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

Thales has nearly 81,000 employees in 68 countries. In 2023, the Group generated sales of €18.4 billion.

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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 16.

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

Defining EBIT and adjusted net income involves defining other aggregates 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 and expenses, 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 13 and 14.

Net cash (debt) corresponds to the difference between the sum of the “cash and cash equivalents” and “current financial assets” items and short- and long-term borrowings, after deduction of interest rate hedging derivatives. It incorporates the lease liability recorded in the balance sheet pursuant to IFRS 16. Its calculation appears in Note 6.3 to the consolidated financial statements.

Please note that only the consolidated financial statements as at 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 6.2 "Net cash (debt)", and free operating cash flow, the definition and calculation of which are specified in Note 6.3 "Changes in net cash". Adjusted financial information other than that provided in the notes to the consolidated financial statements is subject to the verification procedures applicable to all information included in this press release.

The impact of these adjustment entries on the income statements at June 30, 2024 and June 30, 2023 is detailed in the tables on pages 13 and 14. The calculation of free operating cash flow is detailed on page 8.

Adjusted income statement, EBIT and adjusted net income – H1 2024

In € millions except earnings per share (in €)	Consolidated income statement H1 2024	Adjustments				Adjusted income statement H1 2024
		(1)	(2)	(3)	(4)	
Sales	9,493	—	—	—	—	9,493
Cost of sales	(6,985)	263	—	—	—	(6,722)
Research and development costs	(599)	—	—	—	—	(599)
Marketing and selling expenses	(776)	—	—	—	—	(776)
General and administrative expenses	(335)	—	—	—	—	(335)
Restructuring costs	(32)	—	—	—	—	(32)
Income from operations	765	263	—	—	—	1,029
Share in net income of equity affiliates	59	8	—	—	—	67
Income from operating activities after share in net income	825	—	—	—	—	N/A
EBIT	N/A	271	—	—	—	1,096
Gains and losses on disposals of assets, changes in scope and other	(20)	—	20	—	—	—
Impairment of non-current assets	—	—	—	—	—	—
Net financial interest	(87)	—	—	—	—	(87)
Other financial income and expenses	30	—	—	2	—	32
Finance costs on pensions and other long-term employee benefits	(30)	—	—	—	2	(28)
Income tax	(124)	(66)	(3)	—	(1)	(193)
<i>Effective income tax rate*</i>	18.8%	—	—	—	—	20.4%
Net income from continuing operations	595	206	17	2	1	820
Net income from discontinued operations	392	(12)	(363)	1	—	19
Net income	987	194	(346)	4	1	839
Non-controlling interests	31	(4)	—	—	—	27
Net income, Group share	1,017	190	(346)	4	1	866
Average number of shares (thousands)	205,818	—	—	—	—	205,818
Net income, Group share per share (in €)	4.94	—	—	—	—	4.21

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

Adjustments (see definitions on pages 11 and 12):

- (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) Gains and losses on disposals of assets, changes in scope and other.
- (3) Change in fair value of foreign exchange derivatives.
- (4) Actuarial differences on long-term employee benefits.

Adjusted income statement, EBIT and adjusted net income – H1 2023

In € millions except earnings per share (in €)	Consolidated income statement H1 2023	Adjustments				Adjusted income statement H1 2023
		(1)	(2)	(3)	(4)	
Sales	8,716	—	—	—	—	8,716
Cost of sales	(6,438)	179	—	—	—	(6,259)
Research and development costs	(513)	—	—	—	—	(513)
Marketing and selling expenses	(690)	—	—	—	—	(690)
General and administrative expenses	(306)	—	—	—	—	(306)
Restructuring costs	(35)	—	—	—	—	(35)
Income from operations	735	179	—	—	—	914
Share in net income of equity affiliates	65	14	—	—	—	79
Income from operating activities after share in net income	799	—	—	—	—	N/A
EBIT	N/A	194	—	—	—	993
Gains and losses on disposals of assets, changes in scope and other	(1)	—	1	—	—	—
Impairment of non-current assets	—	—	—	—	—	—
Net financial interest	13	—	—	—	—	13
Other financial income and expenses	(37)	—	—	24	—	(13)
Finance costs on pensions and other long-term employee benefits	(36)	—	—	—	(3)	(38)
Income tax	(125)	(45)	—	(5)	1	(175)
<i>Effective income tax rate*</i>	18.6%	—	—	—	—	20.0%
Net income from continuing operations	614	149	1	19	(2)	780
Net income from discontinued operations	28	5	2	2	—	36
Net income	642	153	3	21	(2)	816
Non-controlling interests	7	(4)	—	—	—	3
Net income, Group share	649	149	3	21	(2)	819
Average number of shares (thousands)	209,349	—	—	—	—	209,349
Net income, Group share per share (in €)	3.10	—	—	—	—	3.91

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

Adjustments (see definitions on pages 11 and 12):

(1) Impact of business combinations: amortization of assets valued as part of the purchase price allocation, other expenses directly related to acquisitions.

(2) Gains and losses on disposals of assets, changes in scope and other.

(3) Change in fair value of foreign exchange derivatives.

(4) Actuarial differences on long-term employee benefits.

Order intake by destination – H1 2024

<i>In € millions</i>	H1 2024	H1 2023	Total change	Organic change	2024 weighting as a %
France	2,099	2,058	+2%	+2%	19%
United Kingdom	571	577	-1%	-4%	5%
Rest of Europe	2,884	2,771	+4%	+4%	27%
Subtotal Europe	5,554	5,406	+3%	+2%	52%
United States and Canada	1,274	1,048	+22%	+9%	12%
Australia and New Zealand	501	477	+5%	-3%	5%
Total mature markets	7,328	6,931	+6%	+3%	68%
Asia	1,823	1,005	+81%	+79%	17%
Near and Middle East	1,124	294	+282%	+280%	10%
Rest of the world	492	333	+48%	+46%	5%
Total emerging markets	3,439	1,633	+111%	+109%	32%
Total all markets	10,767	8,563	+26%	+23%	100%

Sales by destination – H1 2024

<i>In € millions</i>	H1 2024	H1 2023	Total change	Organic change	2024 weighting as a %
France	2,940	2,639	+11.4%	+11.4%	31%
United Kingdom	624	573	+8.9%	+4.9%	7%
Rest of Europe	2,250	2,057	+9.4%	+8.8%	24%
Subtotal Europe	5,814	5,268	+10.4%	+9.6%	61%
United States and Canada	1,268	1,215	+4.4%	-7.0%	13%
Australia and New Zealand	463	380	+21.9%	+12.8%	5%
Total mature markets	7,545	6,864	+9.9%	+6.9%	79%
Asia	929	848	+9.6%	+6.2%	10%
Near and Middle East	554	562	-1.4%	-2.6%	6%
Rest of the world	464	442	+4.9%	+2.7%	5%
Total emerging markets	1,947	1,852	+5.1%	+2.7%	21%
Total all markets	9,493	8,716	+8.9%	+6.0%	100%

Order intake and sales – Q2 2024

Order intake	Q2 2024	Q2 2023	Total change	Organic change
<i>In € millions</i>				
Aerospace	1,685	1,150	+47%	+46%
Defence & Security	2,998	3,127	-4%	-4%
Digital Identity & Security	1,028	848	+21%	+4%
Total – operating segments	5,711	5,124	+12%	+8%
Other	19	18		
Total	5,730	5,142	+11%	+8%

Sales

Sales	Q2 2024	Q2 2023	Total change	Organic change
<i>In € millions</i>				
Aerospace	1,400	1,314	+6.6%	+4.6%
Defence & Security	2,633	2,506	+5.0%	+4.5%
Digital Identity & Security	1,017	854	+19.1%	+3.1%
Total – operating segments	5,050	4,674	+8.0%	+4.3%
Other	21	16		
Total	5,071	4,690	+8.1%	+4.4%

Organic change in sales by quarter

	2023 sales	Exchange rate effect	Impact of disposals	2024 sales	Impact of acquisitions	Total change	Organic change
<i>In € millions</i>							
1st quarter	4,026	(17)	(32)	4,421	+131	+9.8%	+7.9%
2nd quarter	4,690	1	(34)	5,071	+211	+8.1%	+4.4%
1st half	8,716	(16)	(66)	9,493	+342	+8.9%	+6.0%

Main scope effects:

Acquisitions:

- Tesseract
- Imperva
- Cobham Aerospace Communications

Disposals:

- Aeronautical Electrical Systems
- Ground Transportation Systems