

Thales reports its order intake and sales for the first quarter of 2024

- **Order intake: €5.0 billion, up 47% (+46% on an organic basis¹)**
- **Sales: €4.4 billion, up 9.8% (+7.9% on an organic basis)**
- **All financial objectives confirmed**

Thales (Euronext Paris: HO) today announced its order intake and sales for the first quarter of 2024.

Order intake <i>in € millions</i>	Q1 2024	Q1 2023	Total change	Organic change
Aerospace	1,003	1,199	-16%	-13%
Defence & Security	3,122	1,371	+128%	+127%
Digital Identity & Security	903	846	+7%	-7%
Other	10	6	nm	nm
Total	5,037	3,422	+47%	+46%
Of which mature markets ²	2,855	2,769	+3%	+1%
Of which emerging markets ²	2,182	652	+235%	+237%

Sales <i>in € millions</i>	Q1 2024	Q1 2023	Total change	Organic change
Aerospace	1,182	1,156	+2.3%	+5.1%
Defence & Security	2,305	2,037	+13.1%	+13.4%
Digital Identity & Security	916	818	+12.0%	-2.5%
Other	18	15	nm	nm
Total	4,421	4,026	+9.8%	+7.9%
Of which mature markets ²	3,515	3,197	+9.9%	+8.1%
Of which emerging markets ²	907	828	+9.4%	+7.0%

“Thales had a very good start to the year in the first quarter with particularly strong sales momentum. Organic sales growth was ahead of the annual guidance, driven by the Defence & Security business, which recorded a particularly strong performance over the quarter.

Those results reflect Thales’ teams unwavering commitment and the quality of its portfolio of solutions, which is more than ever adapted to worldwide current challenges.

The Group is further accelerating in leading-edge technology, as demonstrated by the launch of cortAix, our new organization gathering our talents and strengthening our capacities in Artificial Intelligence.

We remain focused on our growth strategy in growing markets and confirm all our financial targets for 2024.”

Patrice Caine, Chairman and Chief Executive Officer

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

² Mature markets: Europe, North America, Australia, New Zealand; emerging markets: all other countries. See table on page 5.

Order intake

Order intake for the first quarter of 2024 amounted to **€5,037 million, up 46%** compared to the first quarter of 2023 at constant scope and exchange rates, and up +47% on a reported basis.

During the quarter, the Group recorded four large orders worth over €100 million each, for a total of €1,612 million, compared to three large orders in Q1 2023:

- The entry into force of the third tranche 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).

At €1,206 million, order intake with a unit value between €10 million and €100 million recorded strong organic growth, both in Aerospace (+56%) and Defence & Security (+50%). Orders for a unit amount of less than €10 million were down 2% organically compared to the first quarter of 2023, in particular for EMV payment cards and SIM cards.

Geographically¹, the order intake increased by 1% on an organic basis in mature markets and 237% in emerging markets, thanks in particular to the orders above €100 million in Indonesia and the Middle East mentioned above.

At **€1,003 million** (compared with €1,199 million in the first quarter of 2023), the order intake in the **Aerospace segment** fell by 13% on an organic basis, with the good performance of aeronautics (which maintained double-digit organic growth) being hidden by a high comparison base in the space segment, which recorded two major contracts in the first quarter of 2023.

At **€3,122 million**, compared with €1,371 million in the first quarter of 2023, the order intake in the **Defence & Security segment** was up 127% on an organic basis, benefiting from four orders in excess of €100 million for a total of €1.6 billion, and strong orders between €10 million and €100 million. Only one order in excess of €100 million was recorded in the first quarter of 2023.

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

Sales

Sales for the first quarter of 2024 reached **€4,421 million**, compared with €4,026 million in the first quarter of 2023, up 9.8% on a reported basis and up 7.9% at constant scope and exchange rates, including exchange rates and scope effects of -€17 million and +€99 million respectively.

From a **geographical** perspective¹, growth was driven by mature markets, which recorded organic growth of 8.1%, due in particular to strong dynamics in France (+15.5%), the United Kingdom (+9.0%) and Australia (+11.2%). Emerging markets posted organic growth of 7.0% over the period.

In the **Aerospace segment**, sales amounted to **€1,182 million**, up 5.1% compared to the first quarter of 2023 at constant scope and exchange rates. This increase was due to the good momentum in the Aeronautics business, and in particular the original equipment business in civil aeronautics, which continued to post double-digit growth. Space activities rose slightly in the first quarter, in line with expectations for FY 2024.

Sales in the **Defence & Security segment** reached **€2,305 million**, up 13.4% compared to the first quarter of 2023 at constant scope and exchange rates, in line with the organic growth objective for the whole year.

In the **Digital Identity and Security segment**, sales amounted to **€916 million**, down -2.5% at constant scope and exchange rates compared to the first quarter of 2023, with contrasting trends: the EMV

¹ See table on page 5.

payment cards and SIM cards businesses were down compared to a very high basis for comparison in the first quarter of 2023, while digital activities are in line with expectations for the full year. The increase in reported data (+12.0%) includes a positive scope effect of €130 million following the consolidation of Tesserent since October 1, 2023 and Imperva since December 4, 2023. The transfer of civil cybersecurity activities from the Defence and Security segment to the Digital Identity and Security segment is not considered as a change in scope, as the accounts for the first quarter of 2023 have been restated to reflect this transfer.

Outlook

Order intake and sales for the first quarter of 2024 are in line with expectations. In this context, Thales confirms all of its annual objectives, as listed below.

- 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 billion³;
- An **EBIT⁴ 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 ratio⁵** 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, 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: 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 AI, cybersecurity, quantum technologies, cloud technologies and 6G.

Thales has close to 81,000¹ employees in 68 countries. In 2023, the Group generated sales of €18.4 billion.

¹ Excluding the Transport business, which is being divested

³ Based on the exchange rates of February 2024.

⁴ Non-GAAP financial indicator, see definition in the 2023 Universal Registration Document, page 40.

⁵ Free operating cash flow divided by adjusted net income, Group share.

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Order intake by destination – Q1 2024

	Q1 2024	Q1 2023	Total change	Organic change	2024 weighting as a %
<i>In € millions</i>					
France	1,010	786	+28%	+33%	20%
United Kingdom	314	393	-20%	-23%	6%
Rest of Europe	928	995	-7%	-7%	18%
Subtotal Europe	2,252	2,175	+4%	+4%	45%
United States and Canada	457	487	-6%	-17%	9%
Australia and New Zealand	145	108	+35%	+29%	3%
Total mature markets	2,855	2,769	+3%	+1%	57%
Asia	1,226	364	+236%	+238%	24%
Near and Middle East	769	134	+475%	+474%	15%
Rest of the world	187	154	+21%	+19%	4%
Total emerging markets	2,182	652	+235%	+237%	43%
Total all markets	5,037	3,422	+47%	+46%	100%

Sales by destination – Q1 2024

	Q1 2024	Q1 2023	Total change	Organic change	2024 weighting as a %
<i>In € millions</i>					
France	1,439	1,262	+14.0%	+15.5%	33%
United Kingdom	290	255	+13.7%	+9.0%	7%
Rest of Europe	1,013	944	+7.3%	+6.8%	23%
Subtotal Europe	2,742	2,461	+11.4%	+11.5%	62%
United States and Canada	566	560	+1.1%	-7.9%	13%
Australia and New Zealand	206	176	+17.2%	+11.2%	5%
Total mature markets	3,515	3,197	+9.9%	+8.1%	79%
Asia	433	383	+13.0%	+9.8%	10%
Near and Middle East	255	254	+0.4%	-0.7%	6%
Rest of the world	219	192	+14.1%	+11.9%	5%
Total emerging markets	907	828	+9.4%	+7.0%	21%
Total all markets	4,421	4,026	+9.8%	+7.9%	100%

Organic change in sales

<i>in € millions</i>	2024 sales	Exchange rate effect	Impact of disposals	2023 sales	Impact of acquisitions	Total change	Organic change
Q1	4,421	-17	-32	4,026	+131	+9.8%	+7.9%

Main scope effects:

Acquisitions:

- Imperva
- Tesserent

Disposals:

- Aeronautics Electrical Systems

Performance of the Transport business

<i>in € millions</i>	Q1 2024	Q1 2023	Total change	Organic change
Order intake	637	503	+27%	+27%
Sales	430	385	+11.4%	+11.0%