

## Thales reports its order intake and sales at 30 September 2021

- Order intake: €10.7 billion, up 28% on an organic basis<sup>1</sup> (total change: +27%)
- Sales: €11.2 billion, up 6.2% on an organic basis (total change: +5.7%)
- Confirmation of all 2021 financial objectives

Thales (Euronext Paris: HO) reported today its order intake and sales for the period ending 30 September 2021.

As announced on 4<sup>th</sup> August 2021, following the launch of exclusive negotiations with Hitachi Rail for the disposal of the "Ground Transportation Systems" business, the Transport operating segment is now treated as discontinued operations (IFRS 5 standard). All values that appear in this press release therefore exclude the Transport business, both in 2020 and in 2021.

Order intake (in € millions)	9m 2021	9m 2020	Total change	Organic change
Aerospace	3,676	2,268	+62%	+63%
Defence & Security	4,826	3,853	+25%	+24%
Digital Identity & Security	2,105	2,227	-5%	-3%
<b>Total – operating segments</b>	<b>10,607</b>	<b>8,348</b>	<b>+27%</b>	<b>+28%</b>
Other	49	27		
<b>Total</b>	<b>10,656</b>	<b>8,375</b>	<b>+27%</b>	<b>+28%</b>
Mature markets <sup>2</sup>	8,669	6,426	+35%	+35%
Emerging markets <sup>3</sup>	1,987	1,949	+2%	+4%

<sup>1</sup> In this press release, "organic" means "at constant scope and currency".

<sup>2</sup> Mature markets: Europe, North America, Australia, New Zealand. Emerging markets: all other countries. See table on page 6.

<sup>3</sup> Mature markets: Europe, North America, Australia, New Zealand. Emerging markets: all other countries. See table on page 6.

Sales (in € millions)	9m 2021	9m 2020	Total change	Organic change
Aerospace	3,108	2,898	+7.3%	+8.1%
Defence & Security	5,948	5,469	+8.8%	+7.9%
Digital Identity & Security	2,105	2,201	-4.3%	-1.3%
<b>Total – operating segments</b>	<b>11,161</b>	<b>10,567</b>	<b>+5.6%</b>	<b>+6.1%</b>
Other	61	46		
<b>Total</b>	<b>11,222</b>	<b>10,613</b>	<b>+5.7%</b>	<b>+6.2%</b>
Mature markets <sup>4</sup>	8,501	7,911	+7.5%	+7.5%
Emerging markets <sup>5</sup>	2,720	2,702	+0.7%	+2.5%

*"Thanks to its teams mobilising all over the world, Thales has had very good commercial momentum over the first nine months of 2021, with order intake up by more than 25% and sales up by 6%.*

*We confirm all our full year financial targets. The slight decrease in sales in the third quarter is due to a high basis of comparison: Q3 2020 benefited from the rebound of activity following the end of the first Covid-19-related lockdowns in Q2 2020.*

*In parallel, we are continuing to implement the proposed sale of our rail transport business. This important strategic move will enable us to focus on the development of three major long-term growth businesses in which Thales holds leadership positions: Aerospace, Defence & Security, and Digital Identity & Security. "*

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

## Order intake

In the first nine months of 2021, order intake stood at **€10,656 million, up 28% organically** compared to the first nine months of 2020 (up 27% in total change). Over this period, Thales booked **nine large orders with a unit value of over €100 million**, representing a total amount of **€2,024 million**:

- 4 large orders booked in Q1 2021:
  - 2 contracts related to the supply of Rafale combat aircraft to Greece and France
  - the new generation of the French-Italian SAMP/T NG ground-based air defence system
  - SATRIA, a telecommunications satellite aimed at reducing the digital divide in Indonesia

<sup>4</sup> Mature markets: Europe, North America, Australia, New Zealand. Emerging markets: all other countries. See table on page 6.

<sup>5</sup> Mature markets: Europe, North America, Australia, New Zealand. Emerging markets: all other countries. See table on page 6.

- 3 large orders booked in Q2 2021:
  - the second generation of Europe's Galileo navigation satellites
  - two secure telecommunications satellites for Italy (SICRAL 3)
  - the modernisation and support of three tactical control radars in Canada
- 2 large orders booked in Q3 2021:
  - a contract for the security facility and mission segment of Galileo
  - a contract to support the French air defence system

At **€8,633 million**, orders **with a unit value of less than €100 million** posted growth of 15% over the first nine months of 2020, with a sharp increase of 39% in orders with a unit value of between €10 million and €100 million. Orders of less than €10 million were up 5% over nine months; despite the ongoing effects of the health crisis on the civil aeronautics and biometrics markets, they grew 9% in the third quarter.

From a **geographical** standpoint<sup>6</sup>, order intake in emerging markets stood at €1,988 million, representing an organic growth of 4%. At €8,669 million, order intake in mature markets recorded organic growth of 35%, driven particularly by five large military contracts in Europe and North America and by three large space contracts in Europe.

Order intake in the **Aerospace** segment stood at **€3,676 million** versus **€2,268 million** over the first nine months of 2020 (+63% at constant scope and currency). This strong growth was driven by the commercial successes of Thales Alenia Space since the beginning of the year, with an additional large contract in the third quarter, as well as a gradual recovery in the civil aeronautics aftermarket.

At **€4,826 million** compared with €3,853 million over the first nine months of 2020, order intake in the **Defence & Security** segment rose by 24% at constant scope and currency. This solid performance was due to both the booking of five contracts of over €100 million since the beginning of the year and to easy comps in 2020 (impacted by the health crisis).

At **€2,105 million**, order intake in the **Digital Identity & Security** segment was as usual in line with sales, with most of the businesses in this segment operating over short cycles.

## Sales

**Sales** over the first nine months of 2021 stood at **€11,222 million**, compared to €10,613 million over the same period in 2020, an increase of 6.2% at constant scope and currency, despite civil aeronautics and biometrics businesses still being affected by travel restrictions.

The organic decline by 1.4% in the third quarter essentially reflects the rebound during the third quarter last year, at the end of the lockdown phase, which heavily impacted operations in certain countries in the second quarter of 2020, during the peak of the health crisis.

From a **geographical**<sup>7</sup> standpoint, the increase in sales was driven by mature markets (+7.5% on an organic basis), primarily thanks to France and the major contracts that entered the order book in the last twelve months, both in the defence and in the space domains, despite the impact of the decrease in aeronautics. Emerging markets grew +2.5% on an organic basis over the period, notably supported by a 5% recovery in Asia.

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<sup>6</sup> See table on page 6.

<sup>7</sup> See table on page 6

Sales in the **Aerospace** segment amounted to **€3,108 million**, up 8.1% over the first nine months of 2020 at constant scope and currency. The segment has benefitted from the solid momentum of the space businesses since the beginning of 2021. As expected, civil aeronautics is seeing only a gradual improvement at this stage.

Sales in the **Defence & Security** segment reached **€5,948 million**, up 7.9% compared with the first nine months of 2020 at constant scope and currency, underlining the solid momentum of the Group's solutions. The organic decline by 5.3% in the third quarter essentially reflects the strong rebound in the business during the summer of 2020, at the end of the lockdown period that severely disrupted operations in some countries. The outlook for this segment is unchanged, driven in particular by a record order book, up 13% over one year.

At **€2,105 million**, sales in the **Digital Identity & Security** segment were down 1.3% at constant scope and currency. This decrease reflects the impact of the health crisis on passport demand, as well as a high basis of comparison in EMV payment cards, which recorded solid momentum in the first half of 2020. In the third quarter, sales showed slight organic growth due to the start of a recovery in biometrics and the continued steady momentum in cybersecurity. Q3 sales were however affected by delivery delays due to the semiconductor shortage.

## Outlook

The public health and macro-economic context remains highly uncertain in the short term and could affect the pace of air traffic recovery and the investment plans of our customers.

The social processes required within the framework of the proposed disposal of the Transport business are progressing as planned and should enable the signing of a definitive agreement in the first quarter of 2022.

Consequently, assuming an economic and public health situation that does not experience any new major disruptions, and no further deterioration of global semiconductor supply chains, the Group confirms its full year financial outlook as it was updated on 4<sup>th</sup> August of this year in order to integrate the treatment of Transport as discontinued operations:

- As in 2019 and 2020, a book-to-bill ratio above 1;
- Sales between €15.8 et €16.3 billion<sup>8</sup>,
- An EBIT margin between 9.8% and 10.3%, an increase of 180 to 230 basis points over 2020.

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<sup>8</sup> Based on the August 2021 scope and exchange rates.

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This press release contains forward-looking statements. Although Thales believes that these declarations 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 technology leader, which invests in innovations in digital and "deep tech"—connectivity, big data, artificial intelligence, cybersecurity and quantum—to build a future of trust, essential for the development of our societies. The Group provides solutions, services and products that assist its customers—companies, organisations and governments—in the domains of defence, aeronautics, space, transport, and digital identity and security, to fulfil their critical missions by placing humanity at the heart of its decisions.

Thales employs 81,000 people in 68 countries. In 2020, the Group recorded sales of €17 billion.

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## Order intake by destination – 9 months 2021

Order intake <i>In € millions</i>	9 months 2021	9 months 2020	Total change	Organic change	Weight 9m 2021 as %
France	2,638	2,159	+22%	+22%	25%
United Kingdom	485	452	+7%	+5%	5%
Other European countries	3,445	1,711	+101%	+101%	32%
<b>Sub-total Europe</b>	<b>6,569</b>	<b>4,323</b>	<b>+52%</b>	<b>+52%</b>	<b>62%</b>
United States and Canada	1,686	1,499	+12%	+17%	16%
Australia and New Zealand	415	604	-31%	-35%	4%
<b>Total mature markets</b>	<b>8,669</b>	<b>6,426</b>	<b>+35%</b>	<b>+35%</b>	<b>81%</b>
Asia	1,159	940	+23%	+26%	10%
Near and Middle East	313	502	-38%	-36%	3%
Rest of the world	515	507	+2%	+4%	5%
<b>Total emerging markets</b>	<b>1,987</b>	<b>1,949</b>	<b>+2%</b>	<b>+4%</b>	<b>19%</b>
<b>Total all markets</b>	<b>10,656</b>	<b>8,375</b>	<b>+27%</b>	<b>+28%</b>	<b>100%</b>

## Sales by destination – 9 months 2021

Sales <i>In € millions</i>	9 months 2021	9 months 2020	Total change	Organic change	Weight 9m 2021 as %
France	3,282	2,877	+14.1%	+14.1%	29%
United Kingdom	656	714	-8.0%	-10.1%	6%
Other European countries	2,490	2,212	+12.6%	+12.5%	22%
<b>Sub-total Europe</b>	<b>6,429</b>	<b>5,803</b>	<b>+10.8%</b>	<b>+10.5%</b>	<b>57%</b>
United States and Canada	1,326	1,413	-6.2%	-2.6%	12%
Australia and New Zealand	747	694	+7.6%	+2.4%	7%
<b>Total mature markets</b>	<b>8,502</b>	<b>7,911</b>	<b>+7.5%</b>	<b>+7.5%</b>	<b>76%</b>
Asia	1,419	1,380	+2.8%	+4.6%	13%
Near and Middle East	673	666	+1.2%	+2.9%	6%
Rest of the world	628	656	-4.4%	-2.3%	6%
<b>Total emerging markets</b>	<b>2,720</b>	<b>2,702</b>	<b>+0.7%</b>	<b>+2.5%</b>	<b>24%</b>
<b>Total all markets</b>	<b>11,222</b>	<b>10,613</b>	<b>+5.7%</b>	<b>+6.2%</b>	<b>100%</b>

## Order intake and sales – Q3 2021

Order intake	Q3 2021	Q3 2020	Total change	Organic change
<i>In € millions</i>				
Aerospace	791	643	+23%	+22%
Defence & Security	1,451	1,428	+2%	+1%
Digital Identity & Security	736	640	+15%	+13%
<b>Total – operating segments</b>	<b>2,978</b>	<b>2,712</b>	<b>+10%</b>	<b>+9%</b>
Other	14	13		
<b>Total</b>	<b>2,992</b>	<b>2,725</b>	<b>+10%</b>	<b>+9%</b>

### Sales

<i>In € millions</i>				
Aerospace	996	952	+4.6%	+4.0%
Defence & Security	1,796	1,881	-4.5%	-5.3%
Digital Identity & Security	736	728	+1.0%	+0.4%
<b>Total – operating segments</b>	<b>3,527</b>	<b>3,561</b>	<b>-0.9%</b>	<b>-1.7%</b>
Other	28	18		
<b>Total</b>	<b>3,555</b>	<b>3,578</b>	<b>-0.7%</b>	<b>-1.4%</b>

## Organic change in sales per quarter

	Sales 2020	Impact of exchange rates	Impact of disposals	Sales 2021	Impact of acquis.	Total change	Organic change
<i>In € millions</i>							
Q1	3,552	-49	0	3,573	0	+0.6%	+2.0%
Q2	3,482	-26	0	4,094	0	+17.6%	+18.5%
<b>H1</b>	<b>7,034</b>	<b>-76</b>	<b>0</b>	<b>7,667</b>	<b>0</b>	<b>+9.0%</b>	<b>+10.2%</b>
Q3	3,578	+26	0	3,555	0	-0.7%	-1.4%
<b>9 months</b>	<b>10,613</b>	<b>-49</b>	<b>0</b>	<b>11,222</b>	<b>0</b>	<b>+5.7%</b>	<b>+6.2%</b>

#### Main effects of the sphere of operation:

- Disposals: no significant disposal; Transport is removed from all figures pursuant to IFRS 5
- Acquisitions: no significant acquisition since 1<sup>st</sup> January 2021

## Performance of the Transport business

	9m 2021	9m 2020	Total change	Organic change
<i>In € millions</i>				
Order intake	963	805	+20%	+20%
Sales	1,121	1,102	+1.7%	+1.7%

	Q3 2021	Q3 2020	Total change	Organic change
<i>In € millions</i>				
Order intake	384	364	+5%	+5%
Sales	365	385	-5.2%	-6.3%