

## Thales reports its 2021 half-year results

- Order intake: €8.2 billion, up 35% (+37% on an organic basis<sup>1</sup>)
- Sales: €8.4 billion, up 8.7% (+9.8% on an organic basis)
- EBIT<sup>2</sup>: €768 million, up 121% (+119% on an organic basis)
- Adjusted net income, Group share<sup>2</sup>: €591 million, up 155%
- Consolidated net income, Group share: €433 million, up 565%
- Free operating cash flow<sup>2</sup>: €420 million
- 2021 sales target upgraded: sales now expected between €17.5 billion and €18.0 billion<sup>3</sup>

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Thales's Board of Directors (Euronext Paris: HO) met on 22 July 2021 to review the financial statements for the first half of 2021<sup>4</sup>.

*“Thales's H1 2021 results recorded a sharp rebound, once again demonstrating the resilience of our business model and the relevance of the strategic choices - both technological and industrial - implemented.*

*Commercial momentum was especially strong in space, defense and cybersecurity.*

*On a pro forma basis, EBIT was already close to its 2019 level. The robust improvement in Transport and Digital Identity and Security (DIS – formerly Gemalto) almost entirely offset the steep decline in Aerospace, which remained affected by the consequences of the health crisis on the civil aeronautics market.*

*Free operating cash flow was well ahead of plan.*

*These results illustrate the commitment and professionalism of Thales teams, whom I want to thank warmly.*

*Given the robustness of growth over the first months of 2021, we are raising our sales target for the year. We now expect sales of between €17.5 billion and €18 billion.*

*The world of tomorrow requires digital solutions contributing to a safer, more sustainable, and more inclusive world, which widens the scope of growth opportunities for Thales. All Group teams are mobilized to support our customers in this transformation.”*

*Patrice Caine, Chairman & Chief Executive Officer*

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<sup>1</sup> In this press release, “organic” means at constant scope and exchange rates. See note on methodology on page 11 and calculation on page 16.

<sup>2</sup> Non-GAAP financial indicators, see definitions in the appendices, page 11.

<sup>3</sup> Previous target, set on 3 March 2021: €17.1 billion to €17.9 billion.

<sup>4</sup> 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 2021	H1 2020	Total change	Organic change
<b>Order intake</b>	<b>8,244</b>	<b>6,092</b>	+35%	+37%
<b>Order book at end of period</b>	<b>34,629</b>	<b>31,662</b>	+9%	
<b>Sales</b>	<b>8,423</b>	<b>7,751</b>	+8.7%	+9.8%
<b>EBIT<sup>5</sup></b>	<b>768</b>	<b>348</b>	+121%	+119%
<i>as a % of sales</i>	9.1%	4.5%	+4.6 pts	+4.6 pts
<b>Adjusted net income, Group share<sup>5</sup></b>	<b>591</b>	<b>232</b>	+155%	
<b>Adjusted net income, Group share, per share<sup>5</sup></b>	<b>2.78</b>	<b>1.09</b>	+155%	
<b>Consolidated net income, Group share</b>	<b>433</b>	<b>65</b>	+566%	
<b>Free operating cash flow<sup>7</sup></b>	<b>420</b>	<b>-471</b>	+891	
<b>Net cash (debt) at end of period<sup>5</sup></b>	<b>-2,496</b>	<b>-3,928<sup>6</sup></b>	+1,432	

**Order intake** in the first half of 2021 totalled **€8,244 million**, up 35% from H1 2020 (**+37% on an organic basis**, i.e., at constant scope and exchange rates). The Group continued to benefit from strong commercial momentum during the second quarter, especially in Defense & Security and Space. At 30 June 2021, the consolidated **order book** stood at **€34.6 billion**, a new all-time record.

**Sales** totalled **€8,423 million**, up 8.7% from H1 2020, and up **9.8% at constant scope and exchange rates**. The increase in sales reflects the sharp rebound in most of the businesses that were affected by the health crisis in 2020, with the exception of civil aeronautics and biometrics.

In the first half of 2021, the Group posted **EBIT** of **€768 million** (9.1% of sales), compared to €348 million (4.5% of sales) in H1 2020, a rise of **121%** (119% on an organic basis).

At **€591 million**, the **adjusted net income, Group share** was up by 155%.

**Consolidated net income, Group share** came to **€433 million**, up sharply compared to H1 2020, boosted by the strong increase in adjusted net income.

**Free operating cash flow<sup>7</sup>** was **€420 million**, versus -€471 million in H1 2020, on the back of the recovery in profitability, the internal measures implemented, and a reduced seasonality of WCR. **Net debt** stood at **€2,496 million** at 30 June 2021, a decrease of €1,432 million year-on-year.

<sup>5</sup> Non-GAAP financial indicators, see definitions in the appendices, page 11.

<sup>6</sup> Net debt at 30 June 2020.

<sup>7</sup> Non-GAAP financial indicator; see definition in the appendices, page 11.

## Order intake

<i>In € millions</i>	H1 2021	H1 2020	Total change	Organic change
Aerospace	2,886	1,625	+78%	+80%
Transport	579	442	+31%	+32%
Defense & Security	3,374	2,425	+39%	+39%
Digital Identity & Security	1,370	1,587	-14%	-9%
<b>Total – operating segments</b>	<b>8,209</b>	<b>6,078</b>	<b>+35%</b>	<b>+37%</b>
Other	35	14		
<b>Total</b>	<b>8,244</b>	<b>6,092</b>	<b>+35%</b>	<b>+37%</b>
Of which mature markets <sup>8</sup>	6,736	4,566	+48%	+49%
Of which emerging markets <sup>8</sup>	1,508	1,526	-1%	+3%

H1 2021 **order intake** amounted to **€8,244 million, up 35%** compared to H1 2020 (+37% at constant scope and exchange rates). The book-to-bill ratio was 0.98 versus 0.78 in H1 2020. Over 12 months, it worked out at a high 1.17.

In H1 2021, Thales booked **7 large orders with a unit value of over €100 million**, for a total amount of **€1,705 million** (€560 million in H1 2020):

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

At **€6,539 million**, orders with a **unit value of less than €100 million** were up 18% compared to the first half of 2020. This increase reflects a 55% rise in orders with a unit value of between €10 million and €100 million, buoyed by strong commercial momentum in the Space and Defense businesses in mature countries.

Geographically<sup>9</sup>, order intake in emerging markets amounted to €1,508 million, up 3% at constant scope and exchange rates. At €6,736 million, order intake in mature markets rebounded strongly (+49% at constant scope and exchange rates), driven primarily by four large military contracts and two large space contracts.

<sup>8</sup> Mature markets: Europe, North America, Australia, New Zealand. Emerging markets: all other countries. See table on page 15.

<sup>9</sup> See table on page 15.

Order intake in the **Aerospace** segment totalled **€2,886 million**, versus **€1,625 million** in H1 2020 (+80% at constant scope and exchange rates). This performance reflected mainly Thales Alenia Space's new commercial successes during the first half of the year (including the three large orders with a unit value of over €100 million mentioned above), as well as the gradual recovery of demand in the civil aeronautics market. At 30 June 2021, the segment's order book stood at **€7.4 billion**, up 13% from 31 December 2020.

At **€579 million**, order intake in the **Transport** segment was up 32% from H1 2020 at constant scope and exchange rates. This growth attests to the strong momentum of the mainline rail business.

Order intake in the **Defense & Security** segment totalled **€3,374 million** compared to €2,425 million in H1 2020, up 39% at constant scope and exchange rates, including the four large orders with a unit value of over €100 million mentioned above. The segment's order book totalled **€22.7 billion**, or 2.8 years of sales, further strengthening visibility for the years ahead.

At **€1,370 million**, order intake in the **Digital Identity & Security** segment was in line with sales, considering that most businesses in this segment do not book long-term orders.

## Sales

<i>In € millions</i>	H1 2021	H1 2020	Total change	Organic change
Aerospace	2,112	1,946	+8.6%	+10.2%
Transport	756	717	+5.4%	+6.0%
Defense & Security	4,152	3,588	+15.7%	+14.9%
Digital Identity & Security	1,370	1,472	-7.0%	-2.2%
<b>Total – operating segments</b>	<b>8,390</b>	<b>7,723</b>	<b>+8.6%</b>	<b>+9.8%</b>
Other	33	28		
<b>Total</b>	<b>8,423</b>	<b>7,751</b>	<b>+8.7%</b>	<b>+9.8%</b>
Of which mature markets <sup>10</sup>	6,323	5,687	+11.2%	+11.6%
Of which emerging markets <sup>10</sup>	2,099	2,064	+1.7%	+4.8%

**Sales** in the first half of 2021 totalled **€8,423 million**, compared with €7,751 million in the first half of 2020, up 8.7% despite the civil aeronautics and biometrics businesses still being affected by travel restrictions. At constant scope and exchange rates,<sup>11</sup> the organic increase of 9.8% mainly reflects the rebound of most business lines after Q2 2020 was heavily impacted by the onset of the health crisis. In addition to the collapse in demand in civil aeronautics, this crisis resulted in temporary operational disruptions across all Group activities.

**Geographically**<sup>12</sup>, this sales growth was driven by mature markets (+11.6% on an organic basis). France and Rest of Europe achieved the strongest performances. The recovery was weaker in emerging markets (+4.8% on an organic basis), which were notably impacted by phasing effects on large Transport contracts.

Sales in the **Aerospace** segment amounted to **€2,112 million**, up 8.6% from H1 2020 (+10.2% at constant scope and exchange rates). This increase reflects the strong rebound in the space business resulting from the many commercial successes achieved since mid-2020, as well as the gradual recovery in demand for civil aeronautics, particularly in the aftermarket.

In the **Transport** segment, sales totalled **€756 million**, up 5.4% compared to H1 2020 (+6.0% at constant scope and exchange rates). This rise was mainly driven by the strong commercial momentum of mainline rail, which was partially offset by the phasing effects on large urban rail signalling contracts (particularly in Doha (Qatar) and London).

Sales in the **Defense & Security** segment came to **€4,152 million**, up 15.7% compared to H1 2020 (+14.9% at constant scope and exchange rates) and 7% higher than in H1 2019. This strong rebound attests to the solid momentum of the Group's solutions: at end-June 2021, the Group had a backlog of close to €23 billion.

<sup>10</sup> Mature markets: Europe, North America, Australia, New Zealand. Emerging markets: all other countries. See table on page 15.

<sup>11</sup> The calculation of the organic change in sales is shown on page 16.

<sup>12</sup> See table on page 15.

In the **Digital Identity & Security** segment, sales were down 2.2% at constant scope and exchange rates to **€1,370 million**. This decline reflects the continued impact of the health crisis on demand for passports since Q2 2020, as well as a high base of comparison for EMV payment cards, which had seen strong growth in H1 2020. The cybersecurity business recorded double-digit growth, backed by a unified portfolio of Thales and Gemalto solutions.

## Results

<b>EBIT</b>	<b>H1 2021</b>	<b>H1 2020</b>	<b>Total change</b>	<b>Organic change</b>
<i>In € millions</i>				
<b>Aerospace</b>	<b>69</b>	<b>-109</b>	<b>n.m.</b>	<b>n.m.</b>
<i>as a % of sales</i>	3.2%	-5.6%	+8.8 pts	+8.6 pts
<b>Transport</b>	<b>39</b>	<b>4</b>	<b>+771%</b>	<b>+832%</b>
<i>as a % of sales</i>	5.2%	0.6%	+4.5 pts	+4.6 pts
<b>Defense &amp; Security</b>	<b>497</b>	<b>359</b>	<b>+38.5%</b>	<b>+40.7%</b>
<i>as a % of sales</i>	12.0%	10.0%	+2.0 pts	+2.0 pts
<b>Digital Identity &amp; Security</b>	<b>152</b>	<b>140</b>	<b>+8.2%</b>	<b>+6.6%</b>
<i>as a % of sales</i>	11.1%	9.5%	+1.6 pts	+1.5 pts
<b>Total – operating segments</b>	<b>756</b>	<b>395</b>	<b>+91.5%</b>	<b>+90.7%</b>
<i>as a % of sales</i>	9.0%	5.1%		
Other – excluding Naval Group	-22	-32		
<b>Total – excluding Naval Group</b>	<b>734</b>	<b>363</b>	<b>+102%</b>	<b>+101%</b>
<i>as a % of sales</i>	8.7%	4.7%		
Naval Group (35% share)	34	-15		
<b>Total</b>	<b>768</b>	<b>348</b>	<b>+121%</b>	<b>+119%</b>
<i>as a % of sales</i>	9.1%	4.5%	+4.6 pts	+4.6 pts

In H1 2021, the Group posted **EBIT<sup>13</sup> of €768 million (9.1% of sales)**, compared with €348 million (4.5% of sales) in H1 2020.

The **Aerospace** segment posted EBIT of **€69 million (3.2% of sales)**, versus an EBIT loss of €109 million (-5.6% of sales) in H1 2020. The return to a positive EBIT margin is the result of the recovery in sales, combined with the effects of the crisis adaptation plans.

<sup>13</sup> Non-GAAP financial indicator, see definition in the appendices, page 11, and calculation, pages 13 and 14.

EBIT for the **Transport** segment continued to rise, reaching **€39 million (5.2%** of sales), versus €4 million (0.6% of sales) in H1 2020. Despite the health crisis, the measures implemented as part of the segment's transformation plan resulted in an increase in the EBIT margin in line with medium-term objectives (EBIT margin of 8% to 8.5%).

In the **Defense & Security** segment, EBIT stood at **€497 million**, versus €359 million in H1 2020 (+40.7% at constant scope and exchange rates). The EBIT margin for this segment came to **12.0%**, versus 10.0% in H1 2020. The health crisis had caused operational disruptions in this segment during the second quarter of 2020.

At **€152 million (11.1%** of sales), EBIT for the **Digital Identity & Security** segment continued to improve in line with the plan, despite the ongoing adverse impact of the health crisis on the biometrics business. The segment benefited from additional cost synergies and strict cost control, as well as leverage on cybersecurity sales growth.

At **€34 million** in H1 2021, **Naval Group's** contribution to EBIT returned to its pre-health crisis level (versus a negative €15 million contribution in H1 2020).

**Net financial interest** was stable at **-€30 million** in H1 2021. **The other adjusted financial income and expenses item<sup>14</sup>** was less affected by foreign exchange losses than in H1 2020 (**-€7 million** in H1 2021 versus -€15 million in H1 2020). The change in **adjusted financial expense on pensions and other long-term employee benefits<sup>14</sup>** (**-€16 million** versus -€20 million in H1 2020) was due to a further decrease in discount rates.

As a result, **adjusted net income, Group share<sup>14</sup>** came to **€591 million**, versus €232 million in H1 2020, after an adjusted income tax charge<sup>14</sup> of -€99 million, vs. -€65 million in H1 2020. At 14.7% at 30 June 2021 compared to 23.2% at 30 June 2020, the effective tax rate benefited from changes to tax rules in Italy and the United Kingdom. Restated for these items, the effective tax rate was 22.4%.

**Adjusted net income, Group share, per share<sup>14</sup>** came to **€2.78**, up 155% compared to H1 2020 (€1.09).

**Consolidated net income, Group share** came to **€433 million**, up sharply compared to 30 June 2020 (€65 million), on the back of the strong increase in adjusted net income.

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<sup>14</sup> Non-GAAP financial indicator, see definition in the appendices, page 11, and calculation, pages 13 and 14.

## Financial position at 30 June 2021

<i>In € millions</i>	H1 2021	H1 2020	Change
<b>Operating cash flow before interest and tax</b>	<b>1,137</b>	<b>709</b>	<b>+428</b>
+ Change in working capital and provisions for contingencies	(435)	(832)	+397
+ Pension expense, excluding contributions related to the reduction of the UK pension deficit	(83)	(87)	+5
+ Net financial interest received (paid)	(38)	(46)	+7
+ Income tax paid	29	(55)	+84
+ Net operating investments	(190)	(161)	(29)
<b>Free operating cash flow</b>	<b>420</b>	<b>(471)</b>	<b>+891</b>
+ Net balance of disposals (acquisitions) of subsidiaries and affiliates	(10)	(4)	(6)
+ Contributions related to the reduction of the UK pension deficit	(49)	(49)	(1)
+ Dividends paid	(290)	—	(290)
+ New lease liabilities (IFRS 16)	(54)	(95)	+41
+ Changes in exchange rates and other	35	1	+34
<b>Change in net cash (debt)</b>	<b>53</b>	<b>(617)</b>	<b>+670</b>
Net cash (debt) at beginning of period	(2,549)	(3,311)	+761
+ Change in net cash (debt)	53	(617)	+670
<b>Net cash (debt) at end of period</b>	<b>(2,496)</b>	<b>(3,928)</b>	<b>+1,432</b>

**Free operating cash flow**<sup>15</sup> was **€420 million**, versus -€471 million in H1 2020, on the back of the recovery in profitability, the internal measures implemented, and a reduced seasonality of WCR compared to previous years.

At 30 June 2021, **net debt** amounted to **€2,496 million**, down by €1,432 million year-on-year, after taking into account new lease liabilities totalling €54 million (€95 million at 30 June 2020) and after the payment of €290 million in dividends (no dividend payout in H1 2020).

At 30 June 2021, **shareholders' equity, Group share** totalled **€5,664 million**, versus €5,115 million at 31 December 2020. Consolidated net income, Group share (€433 million) and the decrease in net pension obligations (€394 million net of tax) largely offset the dividend payout (€290 million).

<sup>15</sup> Non-GAAP financial indicator; see definition in the appendices, page 11.

## 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.

Thales will continue to implement all the levers of its Ambition 10 strategic plan, designed to generate profitable and sustainable growth, combined with the structural adaptation plan in its civil aeronautics-exposed businesses, which will be impacted by this crisis over several years.

However, the solid H1 2021 performance has led the Group to upgrade its full-year sales target.

Consequently, assuming an economic and public health situation that does not experience any new major disruptions, and a normalization of the global semiconductor supply chain, Thales has set the following 2021 objectives:

- As in 2019 and 2020, a **book-to-bill ratio above 1**;
- **Sales** in the range of **€17.5 billion to €18.0 billion<sup>16</sup>**, taking into account the significant ongoing disruptions in civil aeronautics and the recovery of growth in other segments;
- An **EBIT margin** in the range of **9.5% to 10%**, up 150 to 200 basis points from 2020, thanks to the full effect of the global crisis adaptation plan, ongoing Ambition 10 competitiveness initiatives and the further ramp up of Gemalto-related cost synergies.

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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).

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<sup>16</sup> Based on the July 2021 scope and exchange rates. Previous target, set on 3 March 2021: €17.1 billion to €17.9 billion

## About Thales

Thales (Euronext Paris: HO) is a global leader in advanced technologies, investing in digital and “deep tech” innovations – connectivity, big data, artificial intelligence, cybersecurity and quantum computing – to build a confident future crucial for the development of our societies. The Group provides its customers – businesses, organisations and governments – in the defense, aeronautics, space, transport, and digital identity and security domains with solutions, services and products that help them fulfil their critical role, consideration for the individual being the driving force behind all decisions.

Thales has 81,000 employees in 68 countries. In 2020, the Group generated sales of €17 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 defined as the difference between (i) the indicator for the prior financial year (y-1), recomputed at the exchange rates applicable for year y to entities whose reporting currency is not the euro, less the contribution of entities divested during year y, and (ii) the value of the indicator for year y less the contribution of entities acquired during the year y. 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 (amortisation 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:
  - amortisation of assets valued when determining the purchase price allocation (business combinations);
  - expenses recognised 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 of consolidation and other;
  - impairment of non-current assets;
  - changes in the fair value of derivative foreign exchange instruments (recognised under “Other financial income and expenses” in the consolidated financial statements);
  - actuarial gains (losses) on long-term benefits (recognised 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 operating indicators in the **adjusted income statement**, specifically, 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 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. From 1 January 2019, 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 31 December 2020 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 30 June 2021 and 30 June 2020 is detailed in the tables on pages 13 and 14. The calculation of free operating cash flow is outlined on page 8.

## Adjusted income statement, EBIT and adjusted net income – H1 2021

<i>In € millions except earnings per share (in €)</i>	Consolidated income statement	Adjustments				Adjusted income statement
	H1 2021	(1)	(2)	(3)	(4)	H1 2021
<b>Sales</b>	<b>8,423</b>	—	—	—	—	<b>8,423</b>
Cost of sales	(6,389)	185	—	—	—	(6,204)
Research and development expenses	(503)	—	—	—	—	(503)
Marketing and selling expenses	(645)	—	—	—	—	(645)
General and administrative expenses	(310)	—	—	—	—	(310)
Restructuring costs	(41)	1	—	—	—	(40)
<b>Income from operations</b>	<b>535</b>	<b>187</b>	—	—	—	<b>721</b>
Share in net income of equity affiliates	33	14	—	—	—	47
Income from operations after share in net income of equity affiliates	568					N/A
<b>EBIT</b>	<b>N/A</b>	<b>201</b>	—	—	—	<b>768</b>
Disposal of assets, changes in scope and other	(7)	—	7	—	—	—
Impairment of non-current assets	—	—	—	—	—	—
Net financial interest	(30)	—	—	—	—	(30)
Other financial income and expenses	(22)	—	—	15	—	(7)
Finance costs on pensions and other long-term employee benefits	(9)	—	—	—	(7)	(16)
Income tax	(46)	(51)	(2)	(2)	2	(99)
<i>Effective income tax rate*</i>	9.8%					14.7%
<b>Net income</b>	<b>454</b>	<b>150</b>	<b>5</b>	<b>13</b>	<b>(5)</b>	<b>616</b>
Non-controlling interests	(21)	(4)	—	—	—	(25)
<b>Net income (loss), Group share</b>	<b>433</b>	<b>146</b>	<b>5</b>	<b>13</b>	<b>(5)</b>	<b>591</b>
Average number of shares (in thousands)	212,933					212,933
<b>Net income, Group share, per share (in €)</b>	<b>2.03</b>					<b>2.78</b>

(\*) 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: amortisation of assets valued as part of the purchase price allocation, other expenses directly related to acquisitions

(2) Income from disposals, 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 2020

<i>In € millions except earnings per share (in €)</i>	Consolidated income statement	Adjustments				Adjusted income statement
	H1 2020	(1)	(2)	(3)	(4)	H1 2020
<b>Sales</b>	<b>7,751</b>	—	—	—	—	<b>7,751</b>
Cost of sales	(6,156)	252	—	—	—	(5,904)
Research and development expenses	(491)	—	—	—	—	(491)
Marketing and selling expenses	(672)	1	—	—	—	(671)
General and administrative expenses	(310)	2	—	—	—	(308)
Restructuring costs	(30)	—	—	—	—	(30)
<b>Income from operations</b>	<b>92</b>	<b>255</b>	—	—	—	<b>347</b>
Share in net income of equity affiliates	(13)	14	—	—	—	1
Income from operations after share in net income of equity affiliates	80					N/A
<b>EBIT</b>	<b>N/A</b>	<b>(269)</b>	—	—	—	<b>348</b>
Disposal of assets, changes in scope and other	45	—	(45)	—	—	—
Net financial interest	(30)	—	—	—	—	(30)
Other financial income and expenses	(49)	—	—	34	—	(15)
Finance costs on pensions and other long-term employee benefits	(18)	—	—	—	(2)	(20)
Income tax	20	(74)	—	(12)	1	(65)
<i>Effective income tax rate*</i>	<i>(49.6%)</i>					<i>23.2%</i>
<b>Net income</b>	<b>47</b>	<b>195</b>	<b>(45)</b>	<b>22</b>	<b>(1)</b>	<b>218</b>
Non-controlling interests	18	(4)	—	—	—	14
<b>Net income (loss), Group share</b>	<b>65</b>	<b>191</b>	<b>(45)</b>	<b>22</b>	<b>(1)</b>	<b>232</b>
<i>Average number of shares (in thousands)</i>	<i>212,704</i>					<i>212,704</i>
<b>Net income, Group share, per share (in €)</b>	<b>0.31</b>					<b>1.09</b>

(\*) 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: amortisation of assets valued as part of the purchase price allocation, other expenses directly related to acquisitions
- (2) Income from disposals, 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 2021

	H1 2021	H1 2020	Total change	Organic change	H1 2021 weighting in %
<i>In € millions</i>					
France	1,931	1,270	+52%	+52%	23%
United Kingdom	365	393	-7%	-8%	4%
Rest of Europe	2,977	1,304	+128%	+128%	36%
<b>Sub-total Europe</b>	<b>5,273</b>	<b>2,967</b>	<b>+78%</b>	<b>+78%</b>	<b>64%</b>
United States and Canada	1,186	1,198	-1%	+5%	14%
Australia and New Zealand	277	402	-31%	-35%	3%
<b>Total mature markets</b>	<b>6,736</b>	<b>4,566</b>	<b>+48%</b>	<b>+49%</b>	<b>82%</b>
Asia	918	705	+30%	+35%	11%
Near and Middle East	254	439	-42%	-40%	3%
Rest of the world	336	381	-12%	-9%	4%
<b>Total emerging markets</b>	<b>1,508</b>	<b>1,526</b>	<b>-1%</b>	<b>+3%</b>	<b>18%</b>
<b>Total all markets</b>	<b>8,244</b>	<b>6,092</b>	<b>+35%</b>	<b>+37%</b>	<b>100%</b>

## Sales by destination – H1 2021

	H1 2021	H1 2020	Total change	Organic change	H1 2021 weighting in %
<i>In € millions</i>					
France	2,298	2,014	+14.1%	+14.2%	27%
United Kingdom	546	562	-2.7%	-3.7%	6%
Rest of Europe	2,041	1,676	+21.8%	+21.7%	24%
<b>Sub-total Europe</b>	<b>4,885</b>	<b>4,251</b>	<b>+14.9%</b>	<b>+14.8%</b>	<b>58%</b>
United States and Canada	913	955	-4.4%	+1.7%	11%
Australia and New Zealand	525	480	+9.4%	+2.4%	6%
<b>Total mature markets</b>	<b>6,324</b>	<b>5,687</b>	<b>+11.2%</b>	<b>+11.6%</b>	<b>75%</b>
Asia	1,045	1,012	+3.2%	+6.3%	12%
Near and Middle East	546	553	-1.2%	+1.7%	6%
Rest of the world	509	500	+1.8%	+5.1%	6%
<b>Total emerging markets</b>	<b>2,099</b>	<b>2,064</b>	<b>+1.7%</b>	<b>+4.8%</b>	<b>25%</b>
<b>Total all markets</b>	<b>8,423</b>	<b>7,751</b>	<b>+8.7%</b>	<b>+9.8%</b>	<b>100%</b>

## Order intake and sales – Q2 2021

Order intake	Q2 2021	Q2 2020	Total change	Organic change
<i>In € millions</i>				
Aerospace	1,888	846	+123%	+125%
Transport	320	286	+12%	+12%
Defense & Security	1,861	1,465	+27%	+26%
Digital Identity & Security	733	826	-11%	-7%
<b>Total – operating segments</b>	<b>4,802</b>	<b>3,423</b>	<b>+40%</b>	<b>+42%</b>
Other	26	7		
<b>Total</b>	<b>4,828</b>	<b>3,429</b>	<b>+41%</b>	<b>+42%</b>

### Sales

<i>In € millions</i>				
Aerospace	1,141	862	+32.2%	+33.9%
Transport	412	370	+11.2%	+11.2%
Defense & Security	2,203	1,864	+18.2%	+17.2%
Digital Identity & Security	733	745	-1.6%	+2.8%
<b>Total – operating segments</b>	<b>4,489</b>	<b>3,842</b>	<b>+16.8%</b>	<b>+17.6%</b>
Other	17	11		
<b>Total</b>	<b>4,506</b>	<b>3,852</b>	<b>+17.0%</b>	<b>+17.8%</b>

## Organic change in sales by quarter

	2020 sales	Exchange rate effect	Impact of disposals	2021 sales	Impact of acquisitions	Total change	Organic change
<i>In € millions</i>							
Q1	3,899	-54	0	3,917	0	+0.5%	+1.9%
Q2	3,852	-26	0	4,506	0	+17.0%	+17.8%
<b>H1</b>	<b>7,751</b>	<b>-80</b>	<b>0</b>	<b>8,423</b>	<b>0</b>	<b>+8.7%</b>	<b>+9.8%</b>

#### Main scope effects:

- None