



Investor meeting

November 2021

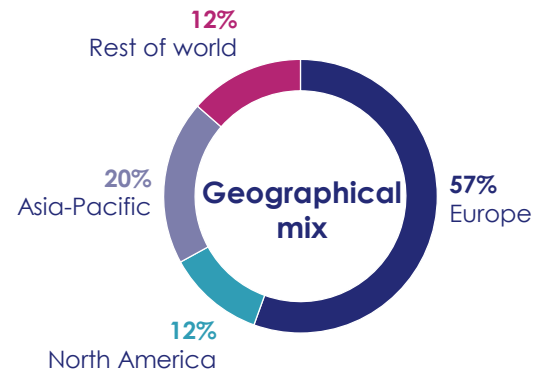
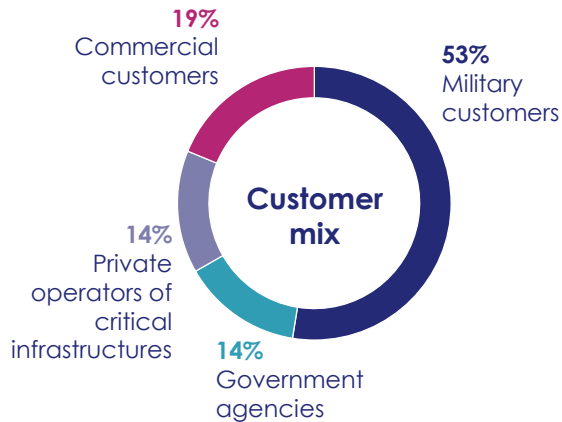
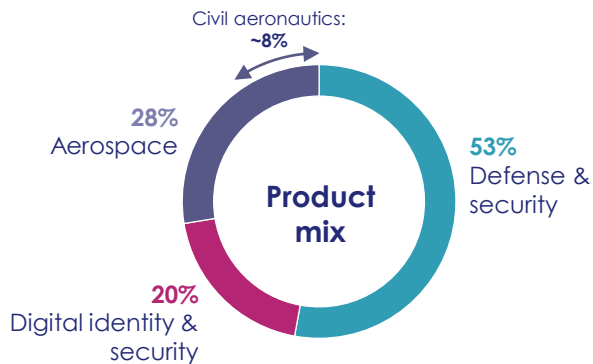


- **Introduction to Thales**
- Key priorities for 2019-23
- Sustainability: safer, greener and more inclusive
- Proposed disposal of transport segment
- H1 and 9m 2021 results
- Outlook



Thales today: a set of focused, technology-driven businesses

2020 sales^(a)



**Flight
avionics**

#3

worldwide



**Civil
satellites**

#2

worldwide



**Defense sensors
& mission systems**

#1

in Europe



**Air Traffic
Management**

#1

worldwide



**Data
protection**

#1

worldwide



**Smart payment
and SIM cards**

#1

worldwide

(a) Excluding transport, now treated as discontinued operations (IFRS5)

Thales: a pure player focused on intelligent systems and digital solutions

Addressing
some of the most
demanding
end markets...



...leveraging a
unique portfolio
of key common
technologies

Aeronautics



Space



Defense



Security



Critical decision chain

Sensing and
data gathering

*Hardware +
software*

Data
transmission
and storage

*Hardware +
software*

Data processing
and decision
making

*Software +
systems*

*Examples of solutions: sensors, mission systems, communications,
command and control systems, digital identity and security solutions*

Thales builds on 4 key strengths

Top 100
Global
Innovator
2021

Clarivate™



nature

Cutting edge R&D

- €3bn+, ~20% of sales
- ~70% customer-funded
- 29,000+ engineers
- Top 100 global innovator for 7th consecutive year



Deep domain knowledge

- Top 3 globally or #1 in Europe across businesses
- Leverage across 5 end markets with many technological similarities

Connectivity
Mobility, IoT



Big data
analytics

Cyber-
security



Artificial
intelligence

Large digital asset base

- Thales portfolio: digital “by nature”
- Significant organic and inorganic initiatives, targeting 4 key digital technologies
- Large integrated network of digital native talents



Global presence

- Presence in 50+ countries and sales in 100+ countries
- Proven ability to address complex markets and partnerships
- Capitalizing on 40+ year presence

THALES

Building a future we can all trust

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Ambition 10: a solid framework to capitalize on Thales's unique positioning, further strengthened in the post Covid-19 world



Continued focus on operational performance



1

Reinforce customer-centric organization and culture



2

Relentlessly optimize operational performance

Strong development levers



3

Accelerate R&D investments to drive technological excellence



4

Lead in digital transformation of markets



5

Execute on transformative acquisition of Gemalto

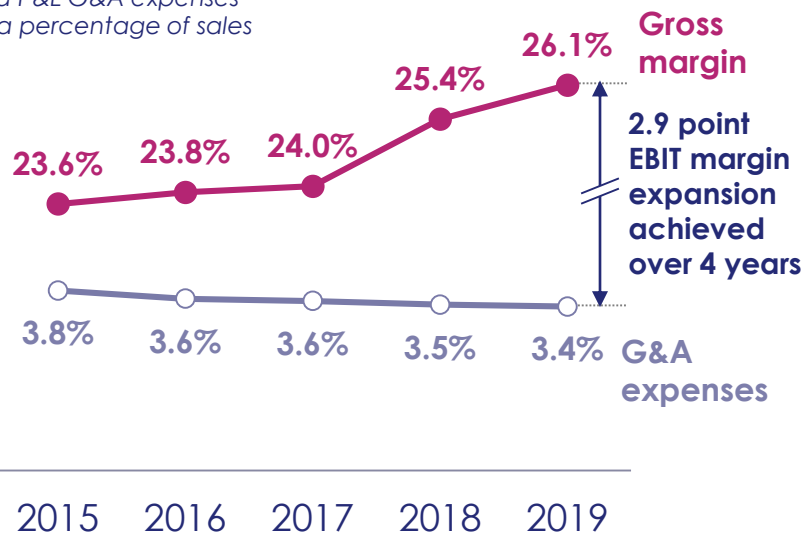


2

Sustainably deliver on operational performance initiatives

Significant improvement in gross margin and G&A expenses achieved since 2015

Adjusted gross margin^(a)
and P&L G&A expenses
as a percentage of sales



(a) At constant scope: 2015-2018 adjusted for disposal of GP HSM business, 2019 excluding Gemalto.

Focus on 4 high impact initiatives

Procurement performance

Engineering competitiveness

Support function efficiency

Excellence in delivery



3

Further R&D step-up to drive technological excellence

Investments focused on core digital technologies

- Cybersecurity
- Big data analytics and artificial intelligence
- Connectivity, IoT
- Digital identity, biometrics

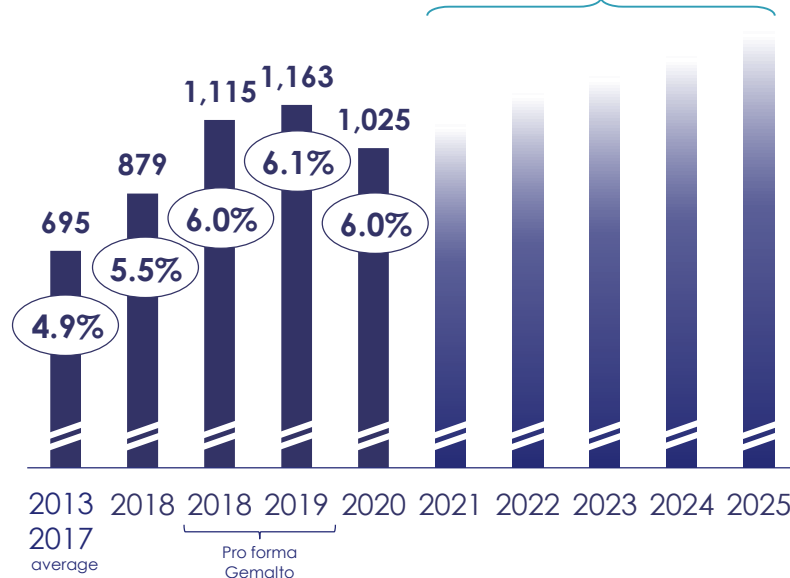
New R&D investment areas

- Edge and far edge computing
- Quantum sensors
- Quantum communications
- Post-quantum cryptography

Self-funded R&D

€m and
as % of sales

6.0% to 6.5%
of sales





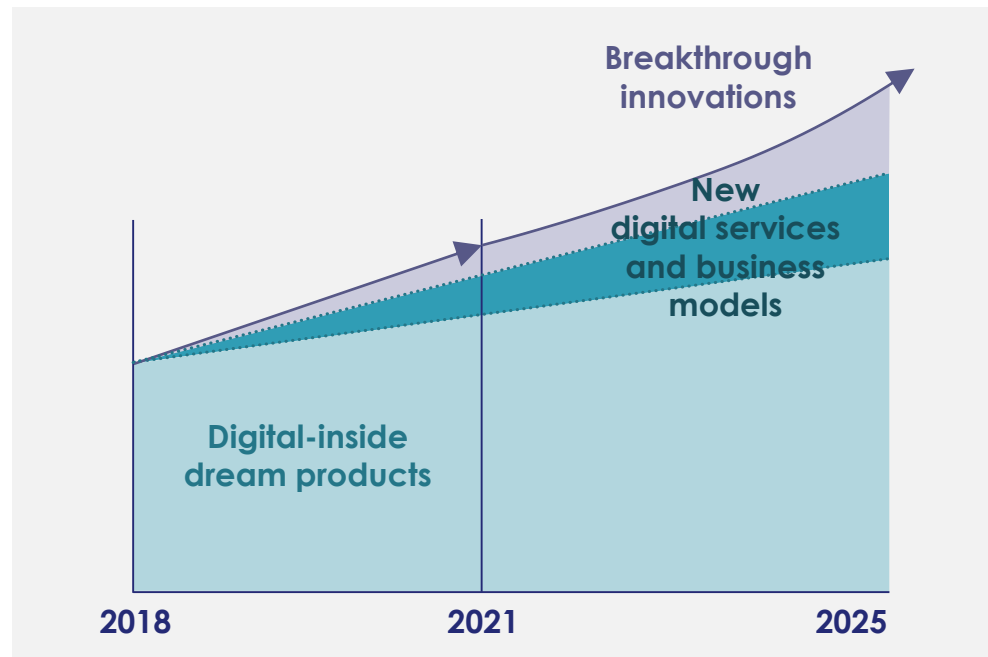
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Digital technology leadership enhances long-term growth profile

Quick adoption of digital technologies inside dream products to support top-line growth

Design of new services and business models delivering more recurring revenues

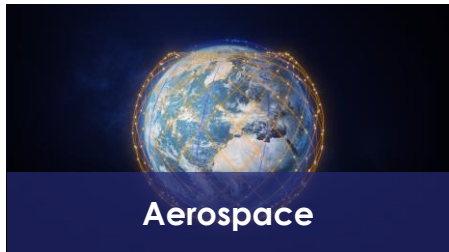
Breakthrough innovations boosting longer-term growth



Digital innovations driving mid to long-term growth

**4**

Digital investments drive key successes across all markets



Aerospace

- Telesat: flexible capacity allocation and end-to-end security
- Blacksky: big data enabled observation constellation
- FlytX: cyber-secured and connected avionics suite



Transport

- Deutsche Bahn: first major digital signaling contract in Germany
- Norway: country-wide digital traffic management system



Defense & Security

- F126 frigates: digital mission system and cyber-defense
- NATO: deployable defense cloud
- UK and French MoD: autonomous mine-hunting



Digital identity & Security

- Strategic partnerships with Google cloud
- 50%+ market share on eSIM management platforms
- Strong growth in digital payments and biometric EMV cards

Enhancing growth profile through digital investments



5

Gemalto acquisition: accelerating Thales's digital strategy

Digital security: a unique differentiator to stay at the forefront of intelligent systems

3 key technological capabilities



Digital identity - biometrics



Secure connectivity - IoT



Data protection - encryption

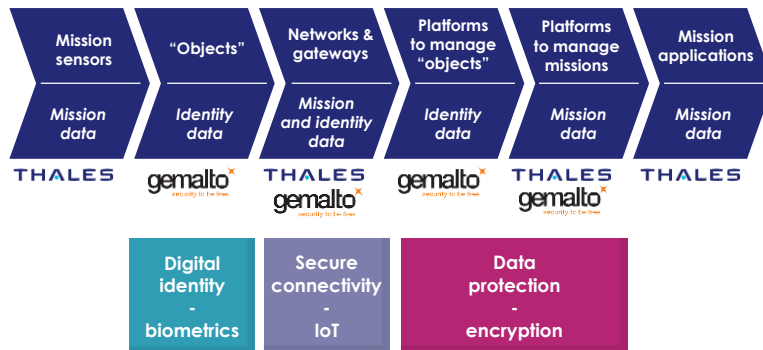
Opportunities already materializing in 80% of existing business lines

Access to large pool of digital talents

Critical decision chain

Sensing and data gathering > Data transmission and storage > Data processing and decision making

Critical digital decision chain



Reinforcing unique and differentiated market position



5

Gemalto acquisition: expanding portfolio in highly synergistic growth market

Global leader in fast-growing digital identity and security market

Multiple growth engines, addressing major societal aspirations

Significant cross-selling opportunities, capitalizing on Thales's global sales force

Leveraging Thales's extensive technology portfolio

Maximizing value in mature businesses

Multiple fast-growing markets

		2023 market size	2019-23 forecasted market growth ^(a)
	Data protection	~€9bn	x2
	IoT connectivity & security ^(b)	€6bn+	x2
	Biometrics	~€5bn	x1.5
	eSIM shipments	~800 million units	x6

(a) Pre Covid-19 crisis forecasts

(b) IoT cellular modules and IoT security

Sources: ABI Research, Gartner, IDC, Counterpoint, Thales



5

Solid progress on Gemalto synergies

Revenue synergies in line with plan

- Strong growth of combined data protection solution portfolio, combining industry-leading capabilities from Thales and Gemalto
- Sale of DIS solutions through Thales global sales network
- Progressive insertion of DIS key technologies in Thales solutions
 - New “fly-to-gate” airport security offerings
 - Drone identification and geo-localization
 - Private 5G networks
- 49 projects won in H1 2021, in line with 2023 revenue synergy target (€300-500m)

Cost synergies ahead of plan



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Sustainability ambitions anchored in our purpose

Our purpose

*“Building a future
we can all trust”*



Our ambitions

**Maximize the sustainability impact
of our portfolio of solutions**

**Embed ambitious sustainability
commitments in all processes**

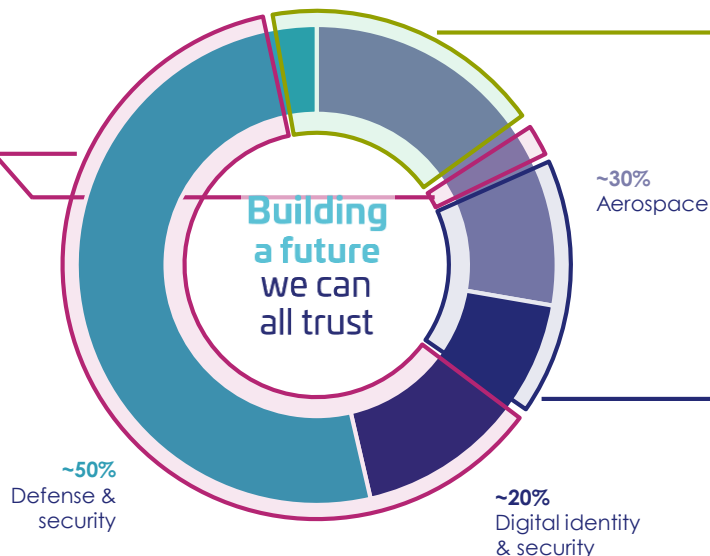
Working to make the world safer, greener and more inclusive

Addressing major societal issues through a unique portfolio of solutions

Safer: ~60%

Keep citizens safe in both physical and digital worlds

- Defense
- Digital security
- Infrastructure security



Greener: ~20%

Design solutions to observe and understand climate phenomena and to reduce the environmental impact of our customers

- Environmental monitoring and navigation satellites
- Optimization of aircraft operations
- Air Traffic Management
- Training and simulation

More inclusive: ~20%

Grant universal access to fundamental rights: legal identity, bridging the digital divide

- Telecom satellites
- Identity documents
- e-Government

Percentage based on 2022 consensus sales, excluding transport

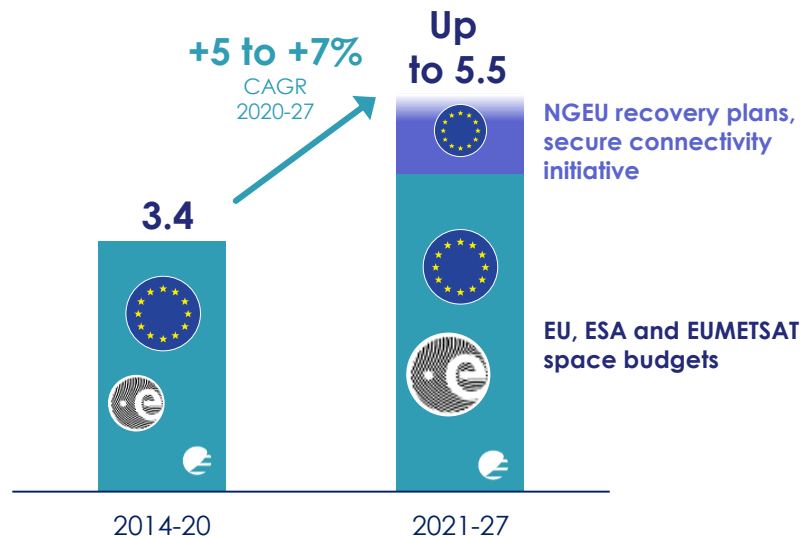
Sustainability: a strong space market growth driver, notably in Europe

Space projects at the heart of European Union political priorities, driving significant budget increases

- Unprecedented European Space Agency and EU budgets already secured
- Additional opportunities arising from new plans
 - 30% of Next Generation EU recovery plans to be dedicated to sustainability initiatives
 - "Secure connectivity initiative" under discussion, targeting space-based high-speed connectivity everywhere

Double-digit market growth forecasts for space-based commercial Internet connectivity market

Sustainability-focused European space budgets (€bn per year)



Sources: ESA Financial Obligations (ESA Stakeholders), EC MFF; estimates for NGEU recovery plans and EC's secure connectivity initiative; EUMETSAT; national agencies.
Scope: navigation, observation, telecom, space situational awareness

Optimization of aircraft operations: a major CO₂ reduction opportunity for aviation

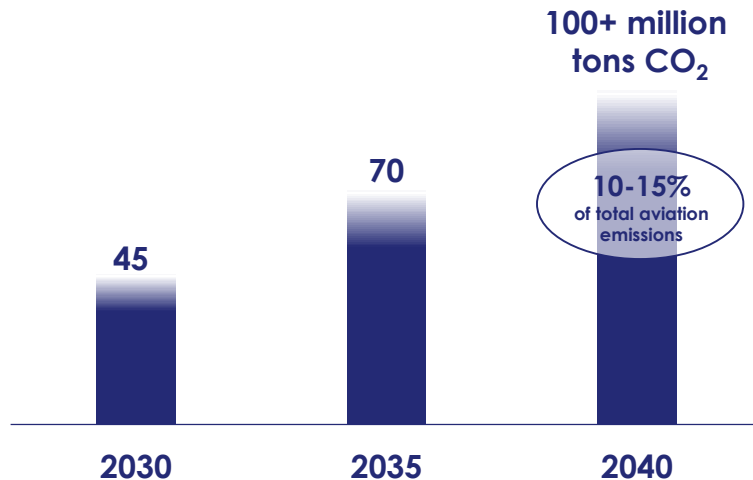
Major CO₂ emission reduction achievable through operations optimization

- 10 to 15% CO₂ reduction
 - CO₂-optimized trajectories
 - Weather-related optimization ("windsurfing")
 - Other optimization levers: ground, fuel load
- Non-CO₂-related benefits: condensation trails

Lever: combined digital transformation of avionics and Air Traffic Control systems

- Development of breakthrough AI-based tools
- Adoption of new flight and ATC procedures
- Applicable to existing in-service aircrafts
- Cumulative with other initiatives

Possible CO₂ emission reduction via aircraft operations optimization (avoided emissions, million tons of CO₂)



Thales is uniquely positioned to address this massive opportunity

Addressing aircraft operations optimization through continuous innovations in both avionics and Air Traffic Control



Purpose

- Improve flight trajectories (climb, cruise, descent) via end-to-end optimization functionalities/applications from both certified avionics and non-certified sources

Contributions

- Digitally-connected avionics & cloud-based services delivering up-to-date traffic and weather data
- Climate-based route design
- Certification and first sales expected in 2024



- Deliver civil Air Traffic Control solutions that promote safe, orderly and expeditious air traffic flow while minimizing environmental impacts

- Green airspace optimization solutions
- Collaborative optimization tools
- Secure digital air/ground data exchange
- First capabilities introduced in TopSky ATC One as of 2025

Capitalizing on Thales' capabilities to deliver on this opportunity

Cybersecurity: trusted digital identities and data privacy for all

Cybersecurity is key to sustainability

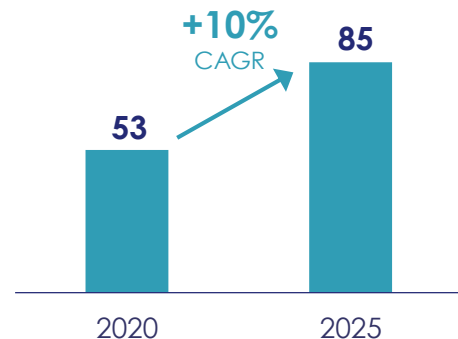
- Increasingly impacting identity thefts, data leaks, ransomware attacks undermine trust in digital transformation
- Privacy and sovereignty build trust

Thales: recognized global leader in data protection and identity & access management

- Total cybersecurity sales: €1bn+ in 2020
- 2,800+ cybersecurity engineers

€500m+ high margin incremental growth opportunity by 2025

Cybersecurity product market growth (€bn)



Source: Gartner, IDC

NIST Cybersecurity framework



Defense is essential to safe, stable and prosperous societies



We live in a globalised and increasingly unpredictable world, facing emerging threats



Combining military capability, diplomacy and development assistance is necessary to achieve stability, resolve disputes non-violently and prevent conflicts



The protection offered by Defense to wider society provides the foundation for sustainability and protection of the planet

Thales supports nations around the world to achieve these aims and counter the physical and virtual threats they face

Thales: leading in one of the most regulated global industries

What we stand for

Operating ethically; selling our products and services responsibly

Strict compliance with laws of the countries and regions in which we operate

Core priority to **be proactive** with developing and sharing best practice; striving for continuous improvement



Strict export controls

Committed and certified to stringent export control regulations

Processes integrated in day-to-day business through training, audit, and focus on continuous improvement



Zero-tolerance on corruption

Clearly defined policy, shared with all employees and audited regularly

ISO 37001 certification



Involvement in nuclear and controversial weapons

White phosphorous phase out by mid 2022

French nuclear missile program: < 0.1% of group sales



Making AI trustworthy

Transparent, Understandable, Ethical and Environmentally-friendly AI - putting humans at the center

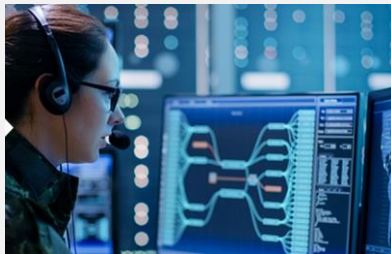


The changing nature of Defense requires new operational capabilities

Changing nature of warfare



International forces cooperating pan-domain



Hybrid warfare

- International forces cooperating to resolve conflict
- Economic statecraft, disinformation, proxy forces and offensive cyber as new threats in the realm of hybrid warfare

Creation of social value and prosperity



- Economic prosperity
- Economic equality
- Fighting climate change
- Humanitarian assistance and disaster relief

Defense and sustainability



- Climate change impacting the operational environment
- Sustainable Defense solutions that give operational advantage

**Thales' smart and digital solutions
positioned to address these emerging needs**

Thales' solutions deliver both enhanced performance and reduced environmental footprint

Sales to defense customers by product type, 2020

Increasing mission performance whilst reducing size, weight, power and logistics



Sonoflash sonobuoy

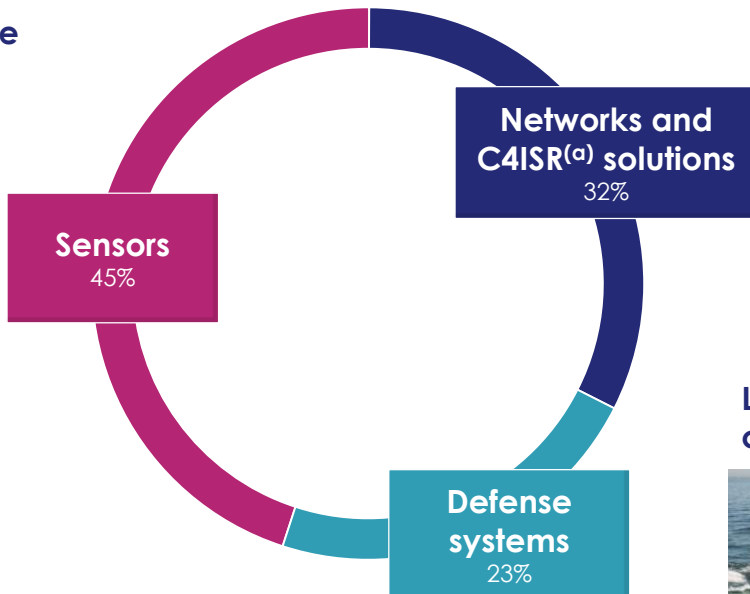


Sophie Ultima thermal imager



Talios multi-function pod

(a) C4ISR: Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance



Increased efficiency through improved asset collaboration across all domains



Collaborative combat



Synaps-H radios

Lower fuel burn and resource consumption



Autonomous mine warfare



Synthetic training & flight simulators

Taking our sustainability performance to the next level

Strategy for a low-carbon future

Reduction of operational CO₂ emissions^(a)



*Boosting product innovation
and eco-design across portfolio*

Robust engagement plan with supply chain

Action plan to be submitted to SBTi certification

Diversity & inclusion



(b) Top 13% of global workforce.
Percentage of women in total workforce: 26%

Ethics & compliance

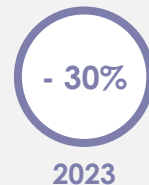
Anticorruption



*ISO 37001
certification*
.....
*New digital ethics
charter*

Health & safety at work

*Frequency rate of
accidents at work
with subsequent
lost work time^(c)*



(c) Compared to 2018
frequency rate

(a) Scope 1+ Scope 2 + Scope 3 business travel, target in absolute terms vs 2018 reference including Gemalto. Previous target: -20% by 2023 and -40% by 2030

70% of workforce incentivized on sustainability KPIs

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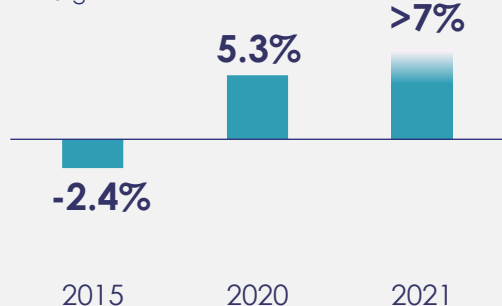


Transport: solid progress achieved over past 5 years



Recovery and transformation

EBIT margin

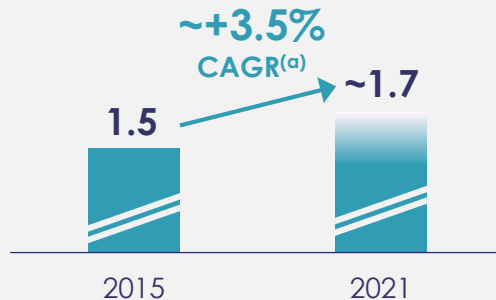


- Strong program execution discipline
- Competitiveness focus: procurement, engineering, and contract management
- Product policy: structured approach across all projects



Global growth

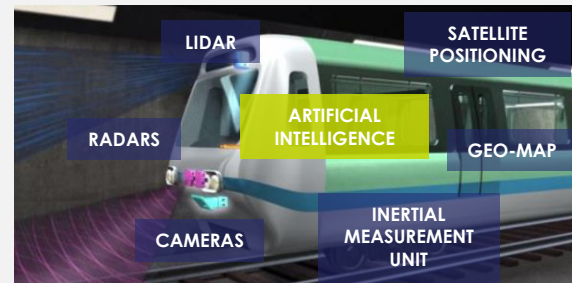
€bn



- Main line in Europe
- Major urban city markets
- Chinese urban rail market through JV
- New growth cycle initiated in 2021



Investing in future products



- Autonomous train (AI)
- Smart infrastructures (rail IoT)
- Digitalization of railways (AI and big data analytics)
- Solutions cyber-secured by design

(a) Organic; at constant scope and exchange rates

Rail control market: integrating vertically

Railway digitalization driving tighter integration between rolling stock and signaling

- Growing on board “intelligence” vs trackside equipment
- Operations control centers to cover all aspects of infrastructure, and not just signaling

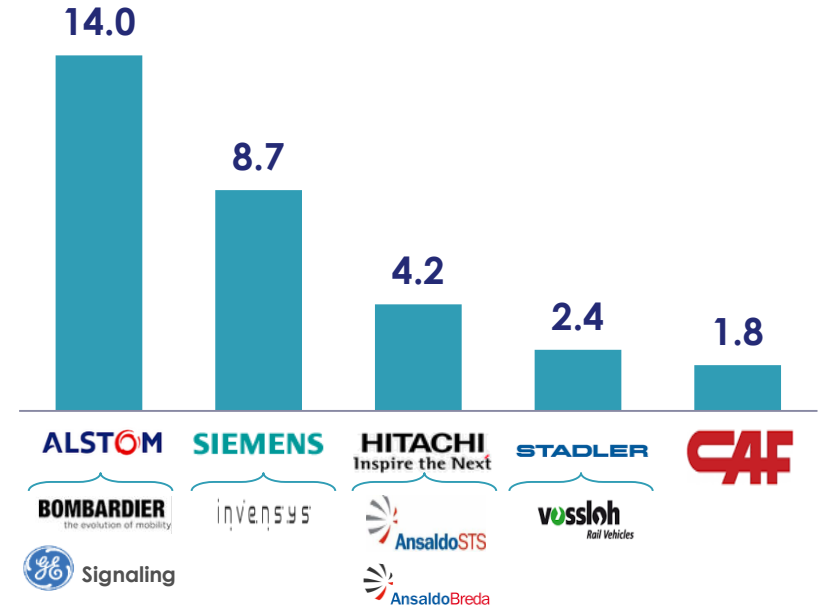
Increased customer preference for “turnkey” suppliers in greenfield projects

- From ~40% of urban rail projects to ~70% today

Emergence of large, vertically-integrated players, thus meeting customer trends

Top 5 rail companies outside China

€bn, 2020



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Transaction details

Scope: entire transport operating segment

- Transport segment treated as “discontinued operations”

Robust valuation achieved

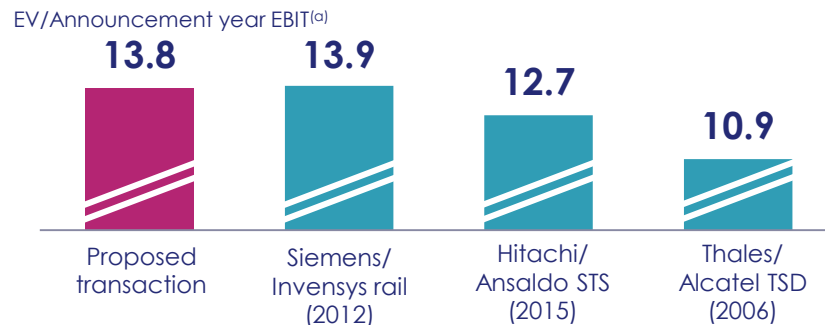
- Enterprise value: €1,660m

Next steps

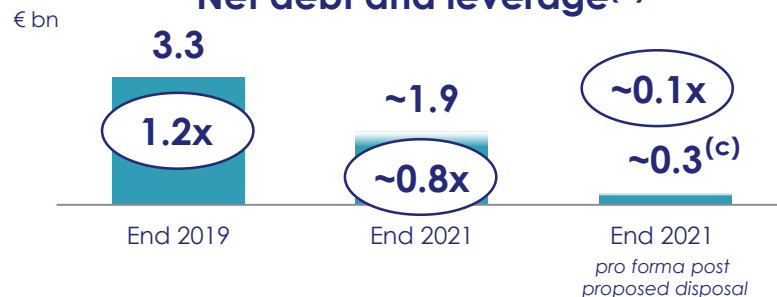
- Consultation of employee representatives
- Carve-out of business
- Usual closing conditions: antitrust, foreign direct investment...

Expected closing: end 2022 / early 2023

Valuation benchmark



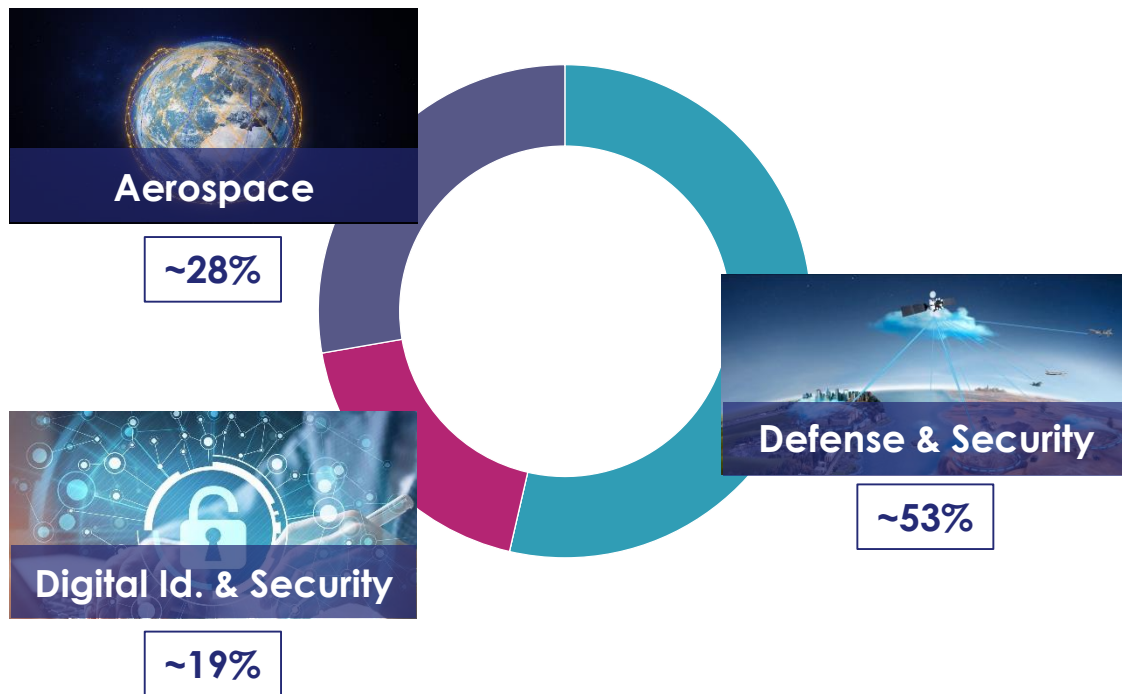
Net debt and leverage^(b)



- (a) Proposed transaction: reported EBIT over last 12 months
- (b) End 2021 net debt based on 16 July 2021 consensus. Leverage: EBITDA/net debt.
- (c) Excluding the transfer of net pension obligations considered as debt-like items

Thales post proposed transport disposal

Pro forma 2022 sales mix^(a)



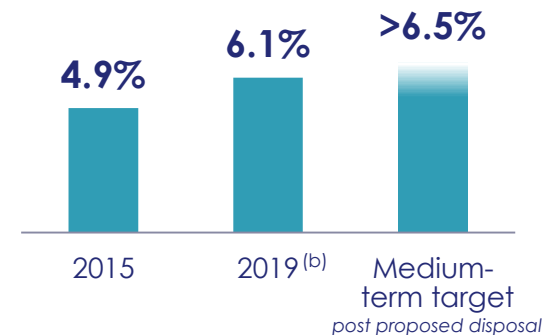
(a) 2022 pro forma post proposed disposal, based on 20 October 2021 consensus.

(b) 2019 pro forma Gemalto over 12 months.

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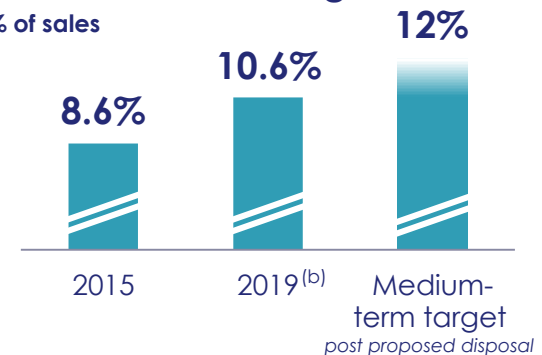
Self-funded R&D

% of sales



EBIT margin

% of sales



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9m 2021 order intake – excluding Transport^(a)

Continued strong commercial activity

- Q3 organic growth: +9%
- 9m organic growth: +28%

2 large^(b) orders booked in Q3 2021, for a total of 9 in 9m 2021

- 5 in Defense & Security, 4 in Space
- Across many geographies: France, Greece, Italy, Canada and Indonesia

Small orders^(c) up 5% despite continuous impact on civil aero and biometrics

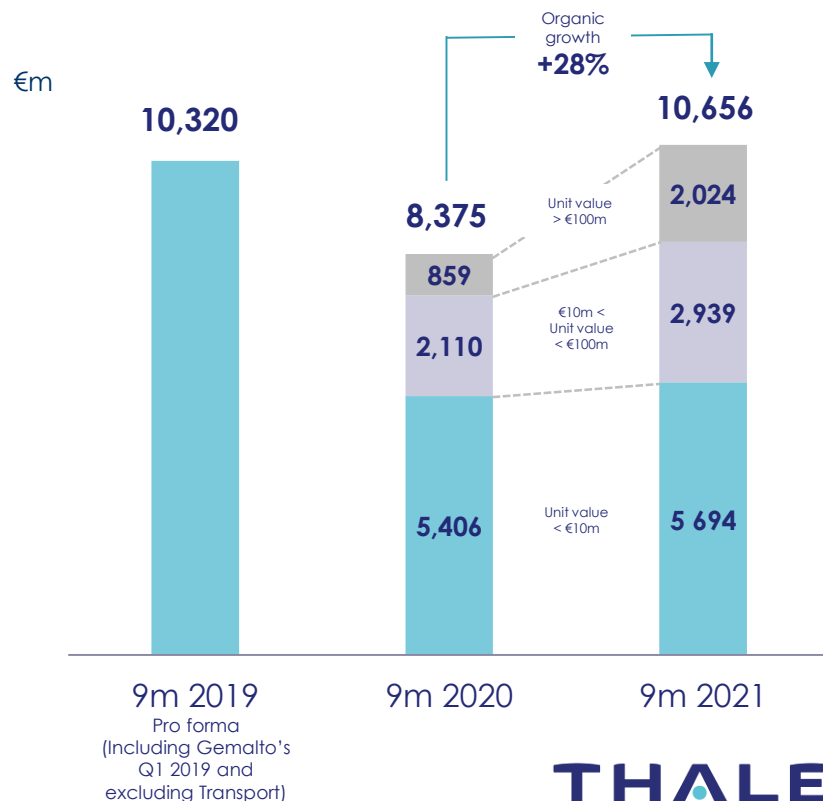
- +9% in Q3

(a) Transport treated as discontinued operations (IFRS5)

(b) With a unit value over €100m

(c) With a unit value of less than €10m

Order intake by contract unit value



9m 2021 sales growth – excluding Transport^(a)

Slightly positive currency impact in Q3

- Q3: +€26m, +0.7% of sales
- 9m: -€49m, -0.4% of sales

9m organic sales growth: +6.2%

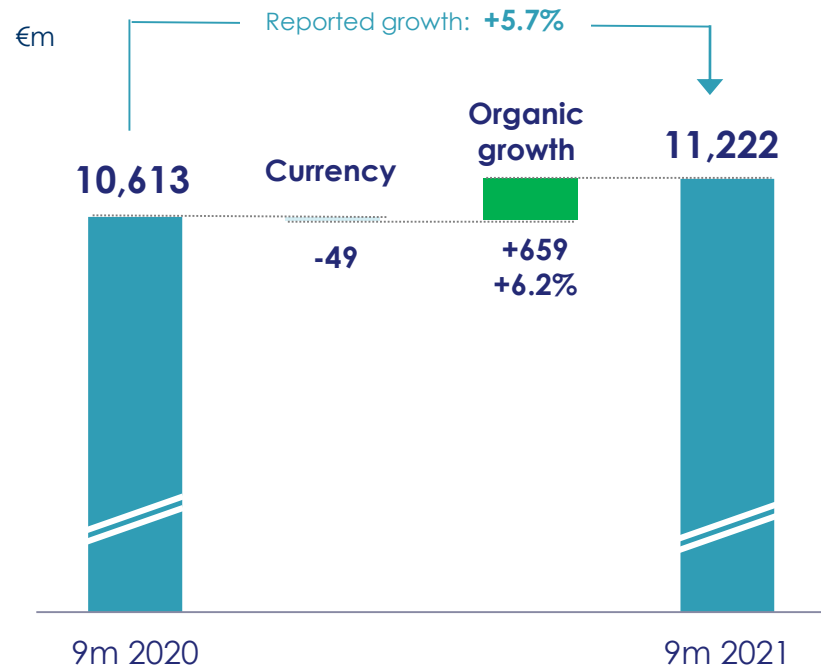
- Strong recovery against 9m 2020 Covid-19-related disruptions
- Slightly negative Q3 organic sales growth due to high comps (catch-up effect after Q2 2020 affected by the sanitary crisis)

Rebound driven by Europe

- France: +14%
- Rest of Europe (excluding UK): +13%
- Emerging countries: +3%

(a) Transport treated as discontinued operations (IFRS5)

9m sales growth drivers





Aerospace: 9m 2021 key figures

€m	9m 2021	9m 2020	Change	
			total	organic
Order intake	3,676	2,268	+62%	+63%
Sales	3,108	2,898	+7.3%	+8.1%

Order intake strongly up thanks to on-going momentum of Space

- Further significant orders in navigation (new tranche of Galileo ground mission and security facility) and exploration (Axiom space station)
- Aeronautics orders organically up 8% in Q3

Sales growth driven by strong recovery of Space

- Space sales up 27% over 9m
- Progressive recovery of aeronautics sales driven by aftermarket





Defense & Security: 9m 2021 key figures

€m	9m 2021	9m 2020	Change	
			total	organic
Order intake	4,826	3,853	+25%	+24%
Sales	5,948	5,469	+8.8%	+7.9%



Continued strong order intake momentum

- 1 large order above €100m in Q3 (support contract for French MoD)

Robust on-going sales growth

- Broad based organic sales growth confirmed
- Q3 2021 slightly negative vs Q3 2020 due to high comps (catch-up effect following a weak Q2 2020 during the trough of the sanitary crisis)





Digital Identity & Security: 9m 2021 key figures

€m	9m 2021	9m 2020	Change	
			total	organic
Order intake	2,105	2,227	-5%	-3%
Sales	2,105	2,201	-4.3%	-1.3%



Order intake structurally aligned with sales for most businesses

Sales remains slightly behind 9m 2020 due to on-going travel restrictions, and despite a strong performance on Cyber

- Biometrics sales negative over 9 months, but starting to recover in Q3
- Cybersecurity business up 11% organically vs 9m 2020
- Limited impact from semiconductor shortage, weighing on Q3 growth



H1 2020 to H1 2021 EBIT bridge



H1 2021 Free operating cash-flow

Improved H1/H2 balance of working capital

Cash management: a key focus across the Group

- Internal “CASH” project continues to deliver positive outcomes, with further progress at reducing overdues
- Tight control of supply chain
- Payments anticipated by some customers

Capex increase in line with progressive normalization

€m	H1 2021	H1 2020
Operating cash flow before WCR changes, interest and tax	1,137	709
+ Change in WCR and reserves for contingencies	(435)	(832)
+ Pension cash out, excluding deficit payment on UK pensions	(83)	(87)
+ Net financial interests	(38)	(46)
+ Income tax received (paid)	29	(55)
= Net cash flow from operating activities	610	(310)
+ Net operating investments	(190)	(161)
= Free operating cash-flow	420	(471)

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- ESG priorities: safer, greener and more inclusive
- Proposed disposal of transport segment
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Defense & Security: a world class defense business

Defense budget growth confirmed across key Thales markets

- Geopolitical tensions and terrorism
- Greater variety of threats

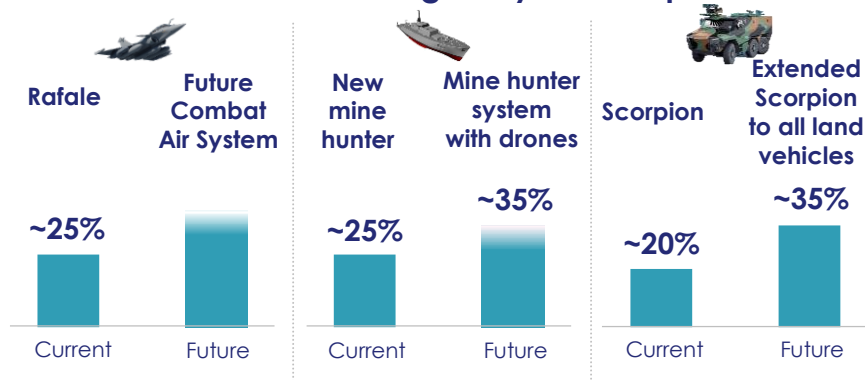
Positioning on intelligent systems and digital solutions driving faster growth and opening new markets

- Sensors and mission systems
- Secured networks
- Command and control solutions

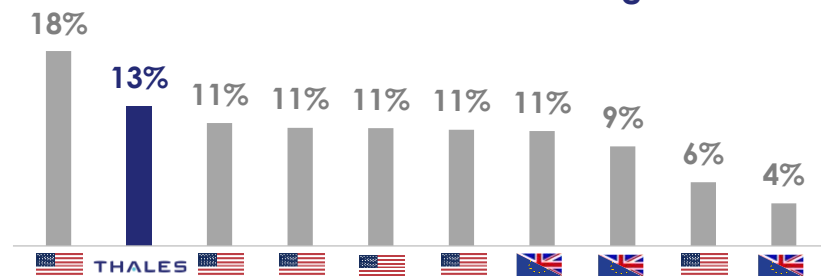
Industry-leading margins

- Differentiated technologies
- Strict focus on cost and execution

Illustrative value of intelligent systems in platforms



Peer defense business EBIT margin^(a)



(a) 10 largest US/UK/EU listed defense companies. Defense segment margin for non pure defense companies. 2020 margin if disclosed as of 3 March 2021, 2019 otherwise

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Space: major commercial wins underpin return to sustained growth

Technology leadership enables major wins across key institutional markets

- Copernicus
- Moon and Mars missions
- New generation Galileo satellites

Capitalizing on best-in-class telecom product range

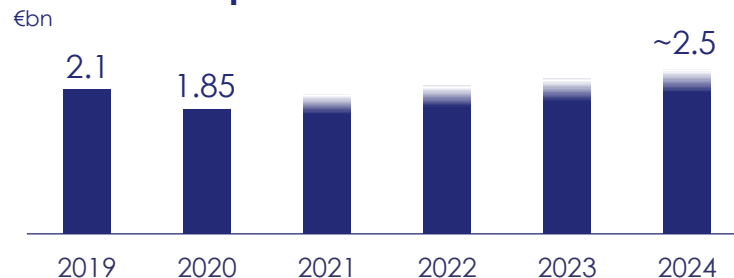
- Flexible GEO satellites: first customer award for *Space Inspire*
- Telesat selection demonstrating global constellation leadership

R&D investments sustained

Key institutional wins since July 2020



Space sales trend^(a)



(a) Trajectory does not assume the booking of a major telecom constellation

Avionics and IFE: prepared for upcoming rebound

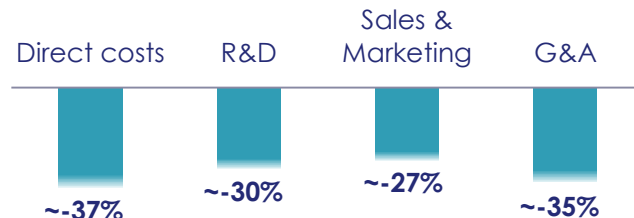
Comprehensive recovery action plan implemented since April 2020

- On-going structural cost adaptation
- Further deployment of best practices in lean manufacturing and inventory management
- Creation of single global services business line
- R&D efforts focused on green, digital and connected air transport opportunities

Progressive sales improvement starting from Q2 2021

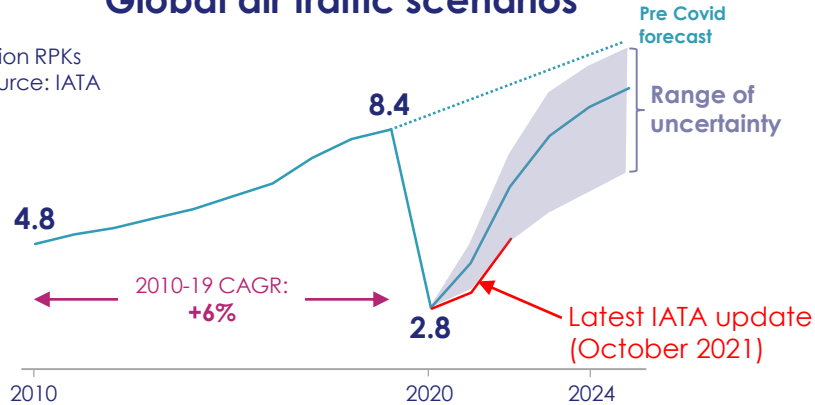
- Full Year avionics & IFE sales expected organically down mid single digit
- Gradual ramp up of commercial aftermarket as air travel restrictions are lifted
- Lower commercial widebody OE production rates

Avionics and IFE: structural cost adjustment targets (2021 vs 2019)



Global air traffic scenarios

Billion RPKs
Source: IATA



Relentless focus on operational performance and EBIT margin expansion

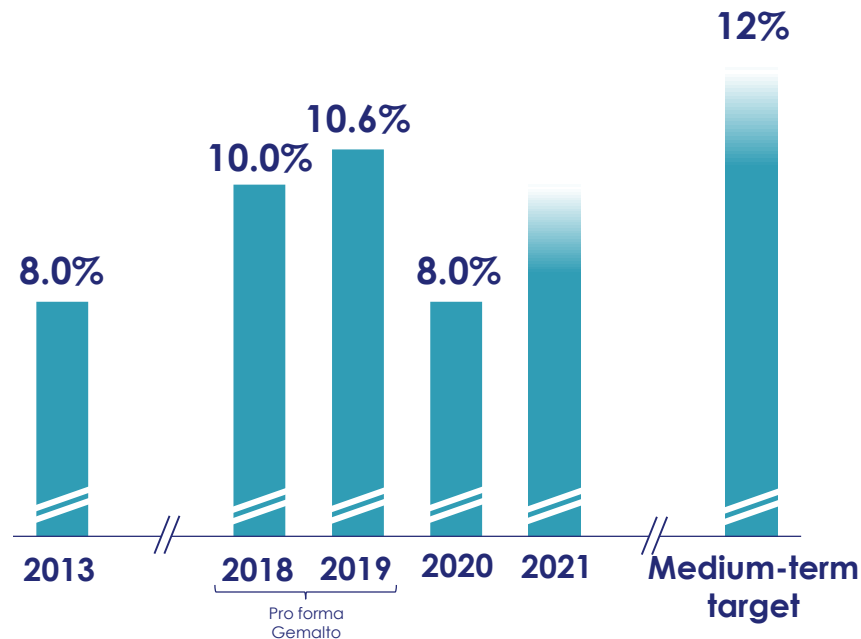
Avionics and IFE: structural cost adaptation

Gemalto cost synergies

4 groupwide operational performance initiatives

- Procurement performance
- Engineering competitiveness
- Support function efficiency
- Excellence in delivery

EBIT margin trend



Solid cash conversion confirmed, driving upgraded 2019-2023 target

Strong focus on cash delivers

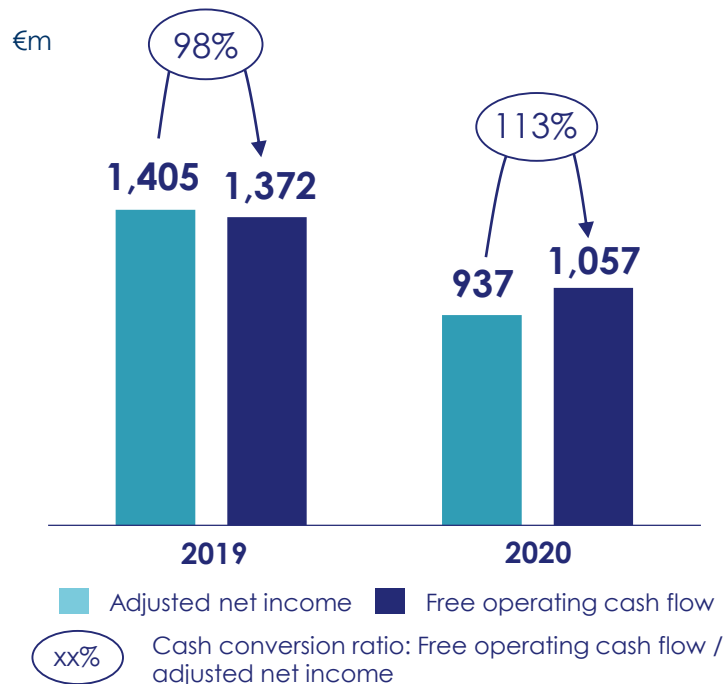
- CA\$H! initiative launched in 2019
- Effect of global crisis adaptation plan: cash focus, 25% capex cut
- Support from institutional and governmental customers
- Lower than planned unwinding of down-payments

2019-2023 cash conversion target upgraded: now targeting 95% on a reported basis^(a)

- Natural year-on-year volatility due to cut-off effects and down-payments on large export contracts
- 2021-23: balance of ~€500m to unwind

(a) Previous target: "around 95% before one-offs on average over the 2019-2023 period"

Reported cash conversion



Business environment assumptions

- Improving health and macro-economic context
- High near-term uncertainty
 - Pace of air traffic recovery
 - Corporate investment plans
- Improvement in almost all end markets expected over full year

Strategic priorities

- Continued focus on growth initiatives
 - Further ramp up of DIS synergies
 - Digital innovation opportunities
- Implementation of structural cost adaptation plan in civil aero
- Implementation of proposed disposal of transport business
- Sustained high level of R&D investments, while increasing selectiveness

2021 financial objectives

adjusted for proposed transport segment disposal

Order intake

Book-to-bill above 1

Sales

€15.8 to 16.3 billion^(a)

EBIT margin^(b)

9.8% to 10.3%^(a)

Adjusted for the accounting treatment of transport as “discontinued operations”

(a) Based on August 2021 scope and foreign exchange rates. Assuming no new major disruptions of the health and economic context, and no further deterioration of global semi-conductor supply chains.

(b) Non-GAAP measure: see definition in appendix

Summary: enhanced investment thesis, unchanged strategy

Strategic focus on 3 best-in-class high tech BtoB/BtoG businesses

- Simplified exposure to fewer long-term growth markets
- Pure player positioning on intelligent systems and digital solutions, able to sustainably deliver double-digit margins
- Significant sustainability-related growth opportunities

Strengthened balance sheet with substantial cash optionality

Continued implementation of key Ambition 10 strategic levers

- Further acceleration of R&D investments
- Constant focus on operational performance
- Strong financial discipline



**Sustainable
value creation,
with enhanced
resilience**

Appendix



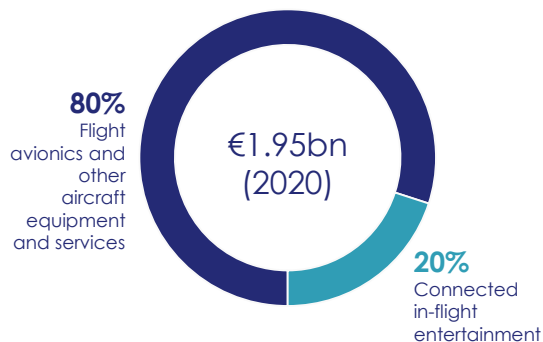
A strong set of focused businesses

Segment	Sub-segment		Civil	Military	2020 sales ^(a) (€m)	Market position
Aerospace 27% of 2020 sales ^(a)	Flight avionics including cockpit avionics, communications, electrical systems, training and simulation (of which civil: ~€900m, military: ~€650m)				~1,550	#3 worldwide (flight avionics)
	Connected in-flight entertainment (IFE)				~400	#2 worldwide
	Microwave tubes for satellite, medical, scientific and military applications				~400	#1 worldwide
	Space solutions for telecom, observation, navigation and exploration				~1,850	#2 worldwide (civil satellites)
Defense & security 53% of 2020 sales ^(a)	Sensors and mission systems including radars, sonars, optronics, mission systems for aircraft, ships and submarines, missiles and armored military vehicles				~4,200	#1 in Europe
	Communications, command and control systems including military communications and networks, military command and control systems (C4I), cybersecurity, Air Traffic Management, and homeland security solutions				~3,900	#2 worldwide (military tactical communications)
Digital identity & security 19% of 2020 sales ^(a)	Digital identity and security solutions including identity management & data protection, biometrics, Internet of Things connectivity modules, mobile connectivity solutions (removable SIM and eSIM) and EMV payment cards				~3,000	#1 worldwide

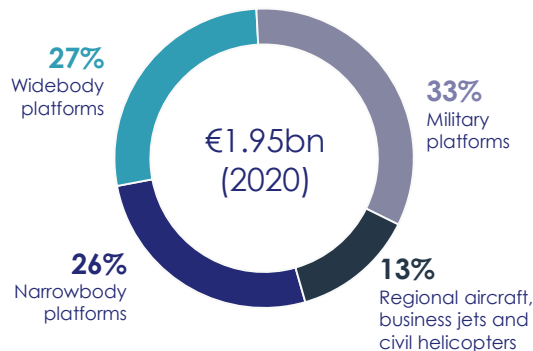
(a) Transport treated as discontinued operations (IFRS5)

Global leader in flight avionics and connected in-flight entertainment

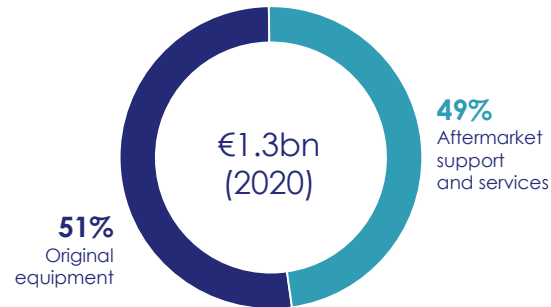
Sales by solutions



Sales by platform type



Commercial sales by activity type



Main avionics platforms



Air transport

A320
A330/340
A350
B787
B747

ATR
Dash 8
CRJ
SSJ 100



Business jets

Bombardier
Cessna
Dassault
Gulfstream



Helicopters

Airbus helicopters
Airbus Tiger
NHI NH90
Bell Cobra/Huey
Sikorsky



Military aircraft

Airbus 400M
Airbus MRTT
Boeing F/A-18

Dassault Rafale
Dassault Mirage 2000
LM F-16

Connected in-flight entertainment (IFE)



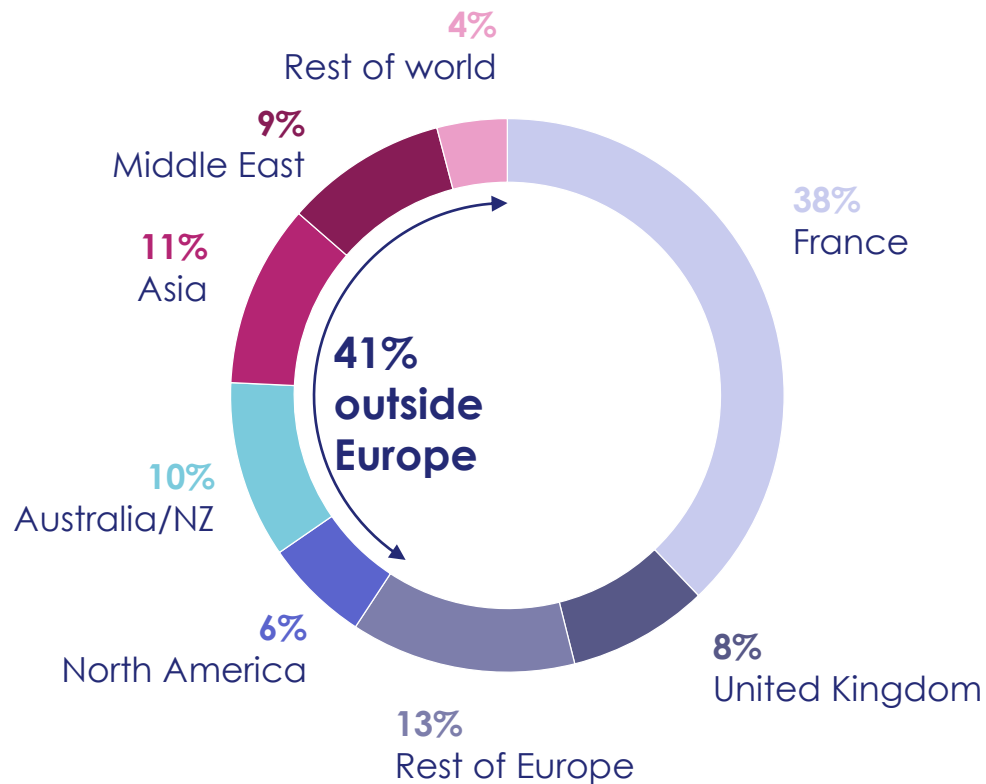
Main platforms

A330/A340
A350
B787
B777

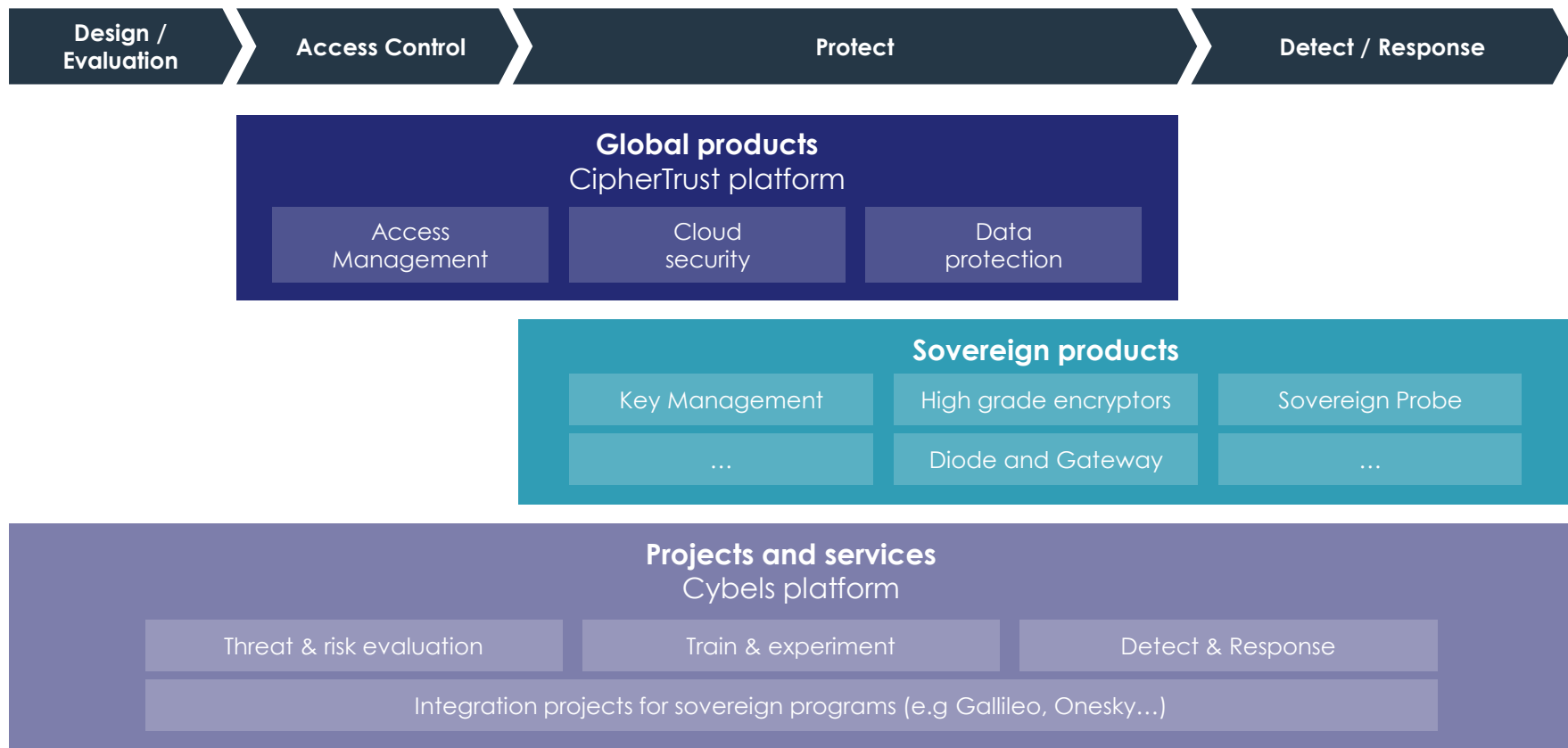
A320
B737

Highly diversified Defense & Security customer base

Defense & Security sales by region, 2020



Thales cybersecurity businesses: €1bn+ in 3 different markets



Involvement in controversial and nuclear weapons

Thales does not manufacture:

- **Nuclear weapons**
- **Controversial weapons as defined in all treaties signed by the majority of European countries**

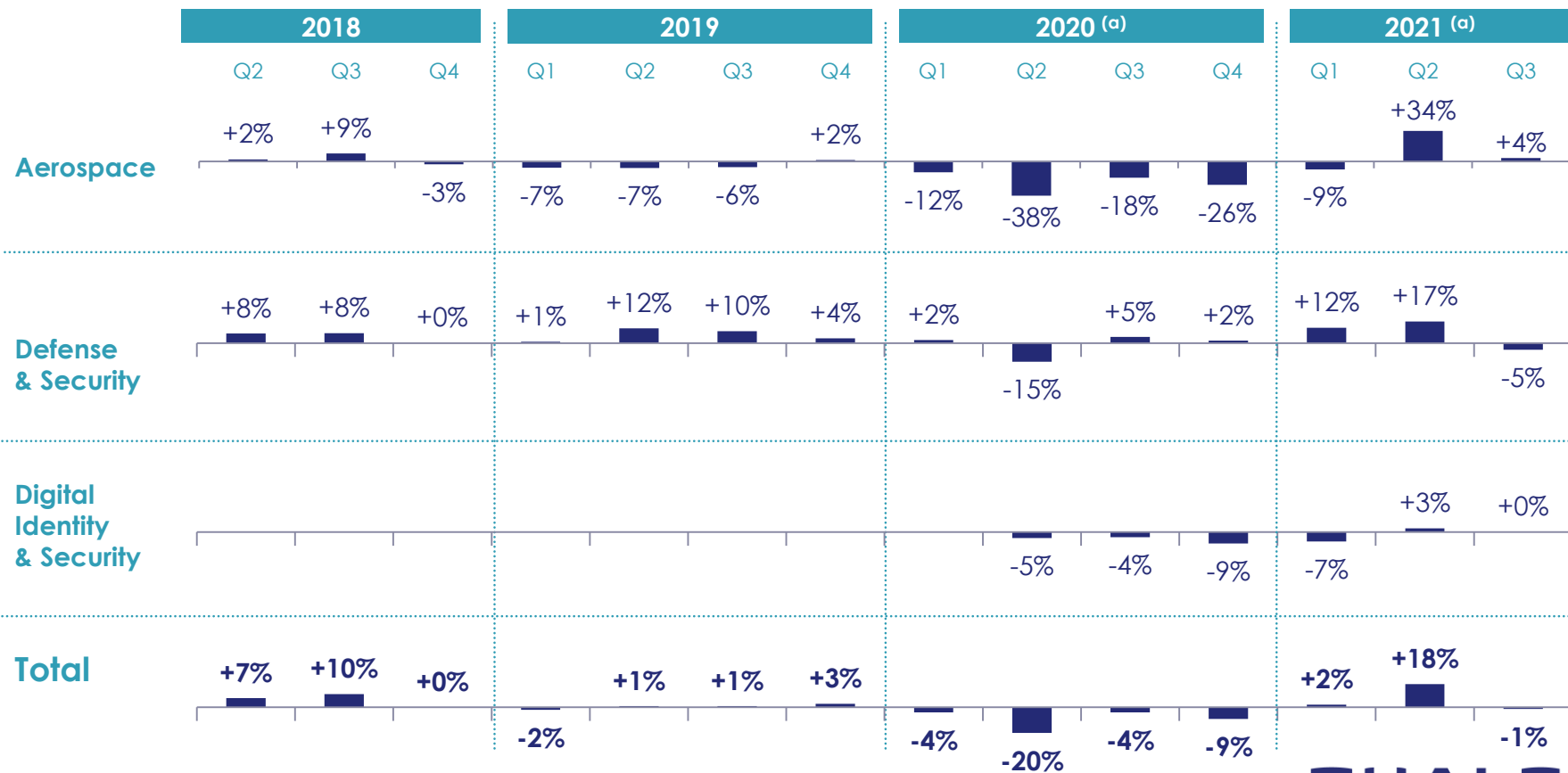
Responsible policy regarding controversial topics

- White phosphorous: complete phase-out by mid-2022
 - Production of final batch of smoke shells to protect French army
 - Less than 0.1% of total group sales
- Proactive position on use of Artificial Intelligence in weapon systems
- Digital ethics charter

Thales: one of the 140+ direct suppliers on the French nuclear missile program

- Electronic systems in line with main areas of expertise
- Not specific to nuclear nature of missile
- Less than 0.1% of total group sales

Organic sales growth per quarter



(a) Transport treated as discontinued operations (IFRS5)

Pre Covid-19 crisis organic sales growth targets

Pre Covid-19 crisis targets

Group organic sales growth target

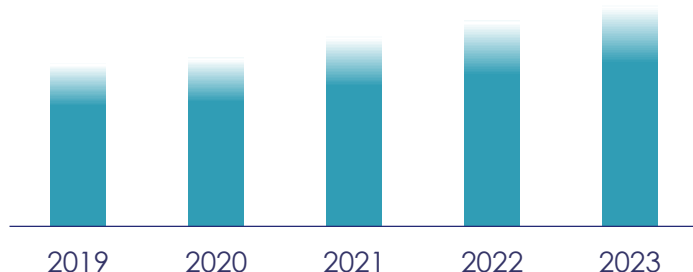
3% to 5% growth
on average over 2019-23

Lower growth in first part of period

- Impact of space market slowdown
- High comps in transport

Progressively accelerating thereafter

- Recovery of space market
- DIS revenue synergies
- New digital services and breakthrough innovations



Aerospace

Market trend

~+1.5%^(a)

Organic sales growth target 2019-23

+2-3%



Transport

~+3%

Flat^(b)

(2018-23: ~+2%)



Defense & Security

~+3.5%

+4-6%



Digital identity & security

Smart cards

Flat

Digital services and solutions

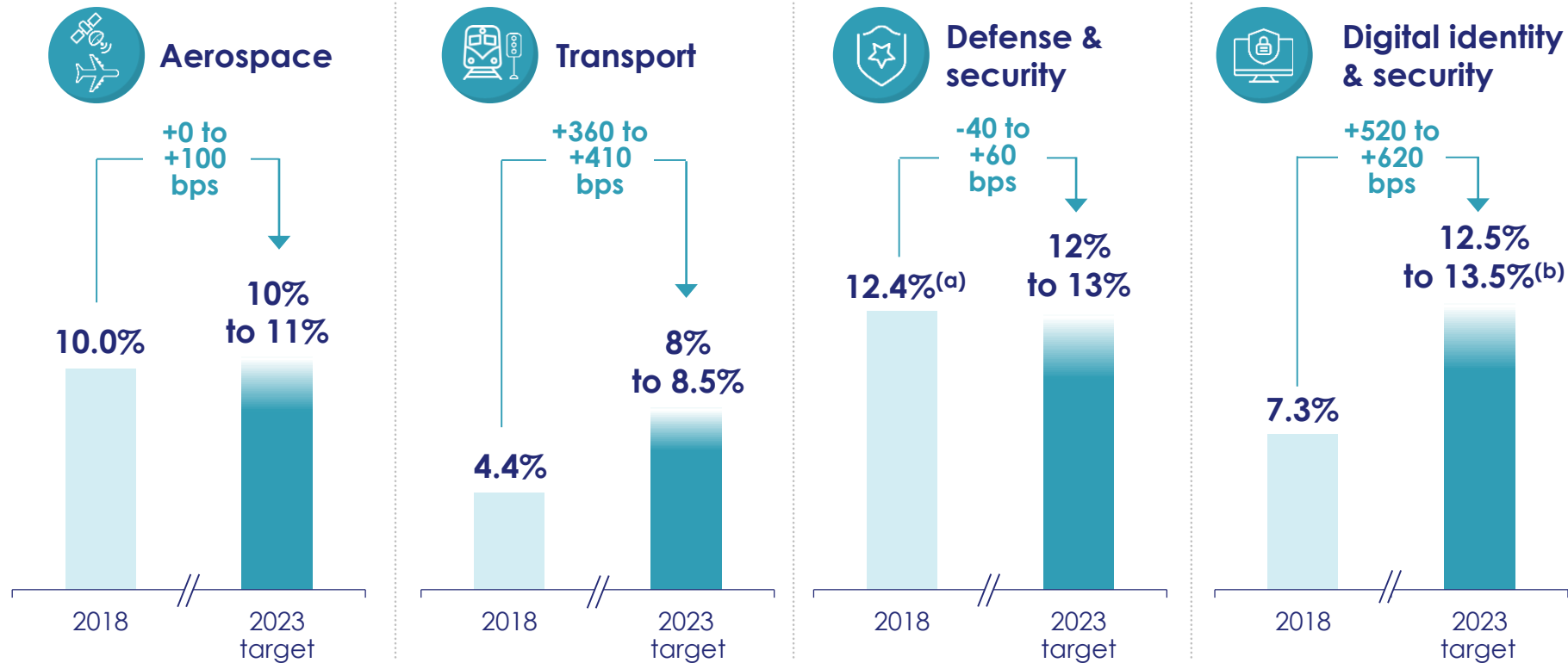
~+13%

+4-6%^(c)

(a) Composite market trend adjusted to take into account lower growth in commercial space market
(b) 2018-23 transport growth above 2% taking into account exceptional outperformance in 2018 (+18%)
(c) 2020-23 growth target

Pre Covid-19 crisis medium-term margin targets by segment

Pre Covid-19 crisis targets

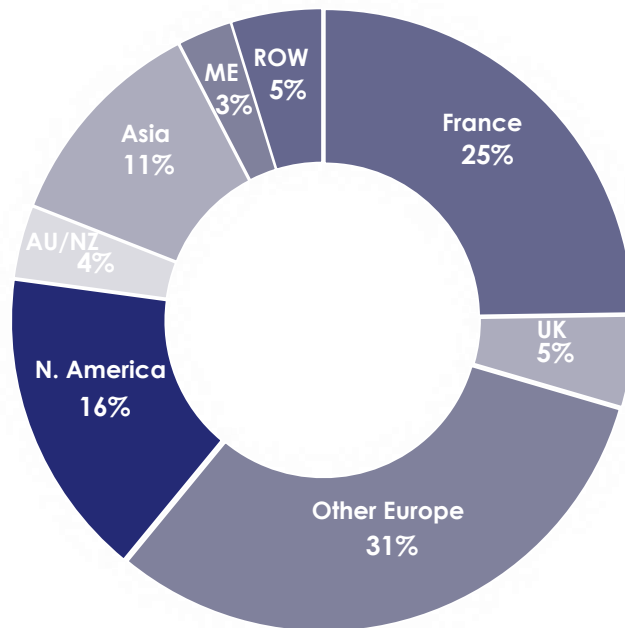


(a) Excluding €20m one-off

(b) Only 2/3 of cost synergies and 1/3 of revenue synergies are expected to be recorded within DIS

9m 2021 order intake by destination – excluding Transport^(a)

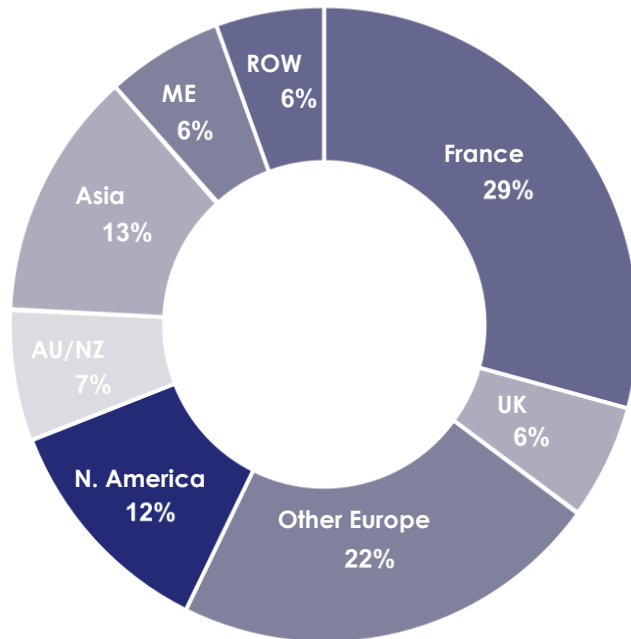
In € millions	9m	9m	Change	
	2021	2020	Total	Organic
France	2,638	2,159	22%	22%
United Kingdom	485	452	7%	5%
Rest of Europe	3,445	1,711	101%	101%
Europe	6,569	4,323	52%	52%
North America	1,686	1,499	12%	17%
Australia / NZ	415	604	-31%	-35%
Mature markets	8,669	6,426	35%	35%
Asia	1,159	940	23%	26%
Middle East	313	502	-38%	-36%
Rest of the world	515	507	2%	4%
Emerging markets	1,987	1,949	2%	4%
Total	10,656	8,375	27%	28%



(a) Transport treated as discontinued operations (IFRS5)

9m 2021 sales by destination – excluding Transport^(a)

In € millions	9m	9m	Change	
	2021	2020	Total	Organic
France	3,282	2,877	14.1%	14.1%
United Kingdom	656	714	-8.0%	-10.1%
Rest of Europe	2,490	2,212	12.6%	12.5%
Europe	6,429	5,803	10.8%	10.5%
North America	1,326	1,413	-6.2%	-2.6%
Australia / NZ	747	694	7.6%	2.4%
Mature markets	8,502	7,911	7.5%	7.5%
Asia	1,419	1,380	2.8%	4.6%
Middle East	673	666	1.2%	2.9%
Rest of the world	628	656	-4.4%	-2.3%
Emerging markets	2,720	2,702	0.7%	2.5%
Total	11,222	10,613	5.7%	6.2%



(a) Transport treated as discontinued operations (IFRS5)

H1 2021 EBIT by operating segment

€m / % of sales	H1		H1		Change	
	2021		2020		total	organic
Aerospace	69	3.2%	-109	-5.6%	+163%	+167%
Transport	39	5.2%	4	0.6%	+771%	+833%
Defense & Security	497	12.0%	359	10.0%	+38.5%	+40.7%
Digital Identity & Security	152	11.1%	140	9.5%	+8.2%	+6.6%
EBIT - operating segments	756	9.0%	395	5.1%	+92.5%	+90.7%
Other	-22		-32			
EBIT - excluding Naval Group	734	8.7%	363	4.7%	+102%	+101%
Naval Group	34		-15			
EBIT - total	768	9.1%	348	4.5%	+121%	+119%

Summary adjusted P&L: from sales to EBIT

	H1 2021		H1 2020		Change	
	€m	% of sales	€m	% of sales	total	organic
Sales	8,423		7,751		+8.7%	+9.8%
Gross margin	2,219	26.3%	1,847	23.8%	+20.1%	+21.3%
Indirect costs	(1,458)	-17.3%	(1,470)	-19.0%	-0.9%	+0.4%
o/w R&D expenses	(503)	-6.0%	(491)	-6.3%	+2.5%	+3.9%
o/w Marketing & Sales expenses	(645)	-7.7%	(671)	-8.7%	-3.9%	-2.6%
o/w General & Administrative expenses	(310)	-3.7%	(308)	-4.0%	+0.5%	+1.5%
Restructuring costs	(40)		(30)		+34.9%	+40.6%
Share in net result of equity-accounted affiliates, excluding Naval Group	13		16			
EBIT, excluding Naval Group	734	8.7%	363	4.7%	+102%	+101%
Share in net result of Naval Group	34		(15)			
EBIT	768	9.1%	348	4.5%	+121%	+119%

Summary adjusted P&L: from EBIT to adjusted net income

€m	H1 2021	H1 2020
EBIT	768	348
Cost of net financial debt and other financial results	(37)	(45)
Finance costs on pensions and other employee benefits	(16)	(20)
Income tax	(99) ^(a)	(65)
<i>Effective tax rate</i>	14.7%	23.2%
Adjusted net income	616	218
Minorities	(25) ^(b)	15
Adjusted net income, Group share	591	232
EPS: Adjusted net income, Group share, per share (in €)	2.78	1.09

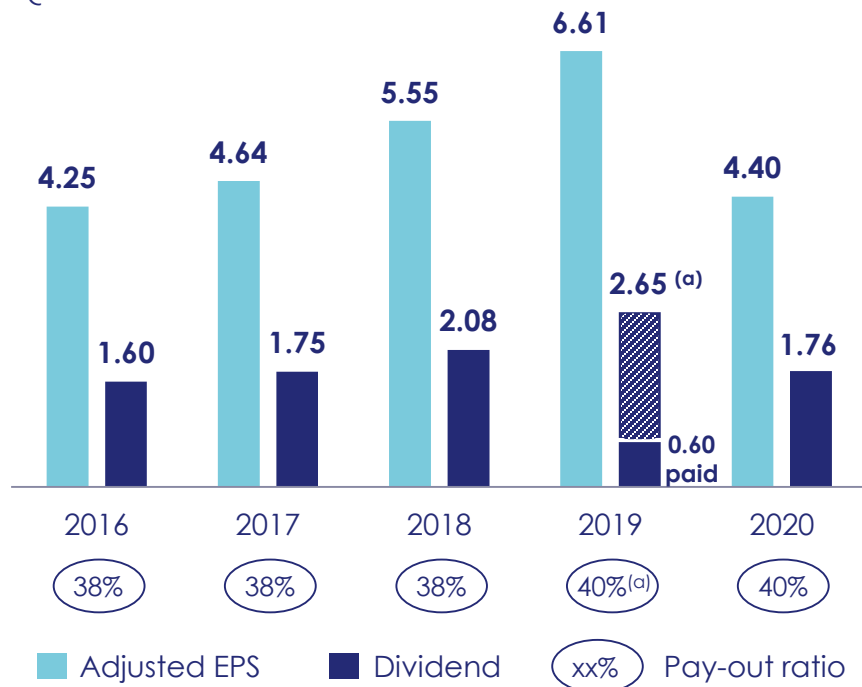
(a) Includes €51m non cash one-off items related to tax law changes in Italy and the UK. Tax rate excluding one-offs: 22.4%

(b) Minorities excluding €(15)m impact of tax one-offs: €(10)m.

Adjusted EPS and dividend

Adjusted EPS and dividend per share

€



(a) Initial amount and pay-out ratio. Adjusted in April 2020 in context of Covid-19 crisis

Adjusted EPS affected by Covid-19 crisis

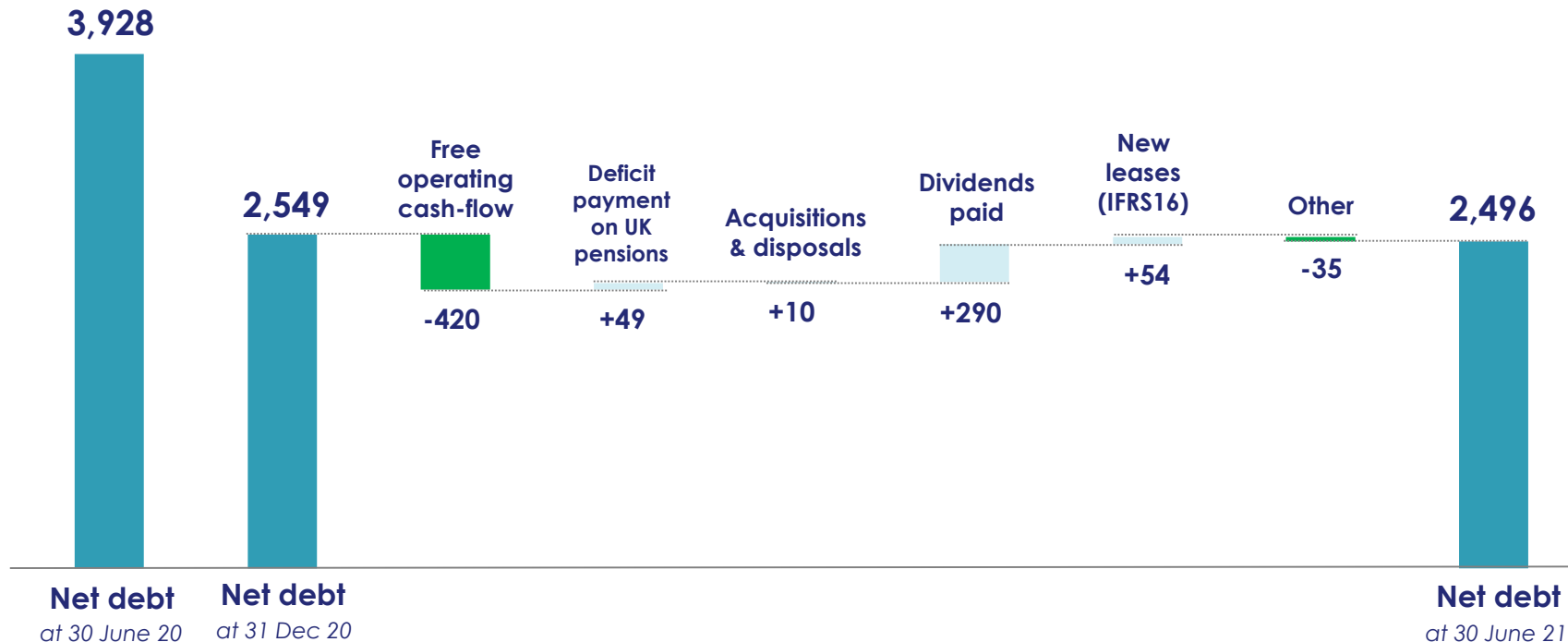
Return to pre-Covid-19 distribution policy

- 2020 dividend: €1.76 per share
- Pay-out ratio confirmed at 40%

Interim dividend of €0.60 to be paid in December 2021

Movement in net debt over H1 2021

€m



Definition of non-GAAP measures and other remarks

Rounding of amounts in euros

In the context of this presentation, the 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 variances are calculated based on underlying amounts, which feature in the consolidated financial statements.

Definitions

- **Organic:** at constant scope and exchange rates;
- **Book-to-bill ratio:** ratio of orders received to sales;
- **Mature markets:** All countries in Europe excluding Russia and Turkey, North America, Australia and New Zealand;
- **Emerging markets:** All other countries, i.e. Middle East, Asia, Latin America and Africa.

Non-GAAP measures

This presentation contains non-Generally Accepted Accounting Principles (GAAP) financial measures. Thales regards such non-GAAP financial measures as relevant operating and financial performance indicators for the Group, as they allow non-operating and non-recurring items to be excluded. Thales definitions for such measures may differ from similarly titled measures used by other companies or analysts.

- **EBIT:** income from operations; *plus* the share of net income or loss of equity affiliates *less*: amortization of acquired assets (PPA), expenses recorded in the income from operations that are directly related to business combinations. See also notes 13-a and 2 of the consolidated financial statements at 31 December 2020.
- **Adjusted net income:** net income, *less* the following elements, net of the corresponding tax effects: (i) amortization of acquired assets (PPA), (ii) expenses recorded in the income from operations or in "financial results" which are directly related to business combinations, which by their nature are unusual, (iii) disposal of assets, change in scope of consolidation and other, (iv) impairment of non-current assets, (v) changes in the fair value of derivative foreign exchange instruments (recognized under "other financial income and expenses" in the consolidated financial statements), (vi) actuarial gains or losses on long-term benefits (recognized under "finance costs on pensions and employee benefits" in the consolidated financial statements). See note 13-a of the consolidated financial statements at 31 December 2020. This definition implies the definition of several other adjusted financial measures, such as adjusted gross margin, adjusted tax, adjusted EPS... See page 14 and 15 of the 2020 results press release for detailed calculation of these other indicators.
- **Free operating cash flow:** net cash flow from operating activities, *less*: capital expenditures, *less*: deficit payments on pensions in the United Kingdom. See notes 13-a and 6.3 of the consolidated financial statements at 31 December 2020.
- **Net cash (debt):** difference between the sum of "cash and cash equivalents" and "current financial assets" items and short and long-term borrowings, after deduction of interest rate derivatives. See note 6.2 of the consolidated financial statements at 31 December 2020.

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