



Dassault Aviation 2024 First half-year results

23 July 2024

List of MAIN speakers	Company	Job title
Éric Trappier	Dassault Aviation	Chief Executive Officer
Loïk Segalen	Dassault Aviation	Chief Operating Officer

PRESS CONFERENCE

Éric Trappier

Chief Executive Officer

Good afternoon. Thank you for coming for this presentation of our half-yearly accounts. And thanks to those who are online who are not here on the barge. So, as usual, we're going to begin with a short film telling you about the highlights of this first half of 2024.

Movie

Dassault Aviation has received the order for batch 5 of 42 Rafale meant to equip the French Air Force. This contract was awarded at the end of December 2023 by the Defence Procurement Agency. These 42 aircraft will be delivered between 2027 and 2032. The Rafale was designed to be upgraded as new standards are developed so as to adapt the latest technologies to the needs of the users. Standard 4 is geared towards connectivity. Standard 5, which is in preparation, will provide new capacities, particularly in terms of sensors, collaborative warfare and armament, particularly for nuclear missions. Export orders are underway, to which this fifth batch is added, and will render the production of Rafale more sustainable for the next ten years. The last batch of 18 Rafale for Indonesia came into force on 8th of January. It is a follow-up of the first and second batches of 6 and 18 Rafale, and will complete the number of aircraft ordered by Indonesia in the contract signed on February 2022 for the acquisition of 42 Rafales. Rafale's technical operation and commercial successes with seven client countries will allow France to maintain its sovereignty in aviation in the decades to come.

Dassault Aviation is one of the most attractive companies in France. Classified this year under Statista, our company is recognised number one. Dassault Aviation is part of the top three of the preferred companies among students and young graduates, according to the EPOKA 2024 ranking. We are second as an employer of choice among young graduates. Dassault Aviation is among the top five of the favourite companies according to the engineering schools, whatever the sector of activity, in 2024.

Dassault Aviation, Dassault Falcon Services and the ADP Group have partnered to make Paris-Le Bourget a pioneer in the field of sustainable aviation. We're going to strengthen decarbonisation at the airport in many areas, as in the distribution, the utilisation of sustainable aviation fuel, the use of electric means for all the operations on ground, refuelling, taxi and towing. We're going to use geothermal energy to supply the buildings and hangars of the airport. The protocol also has a section to increase the attractiveness of Paris-Le Bourget as a labour pool.

Dassault Aviation was awarded the very prestigious Aviation Week Laureate Award during a ceremony organised in Washington on 14th of March. This prize, attributed to the FalconWays application in the Business Jet category, was given to our company, represented by Carlos Brana. This route optimisation software will allow us to choose the best itinerary and reduce the fuel consumption. This will be a

prize for several years of work from our DGT team. It was also developed in collaboration with the operational centre and our pilots.

The annual charity sale allowed us to collect more than €31,000 for the Entraide Marine Adosm, an association for the development of social work by the navy. Our CEO gave a cheque to the Vice Admiral, Philippe Hello. The Adosm provides aid to the widows, orphans and former navy members who are facing serious difficulties.

The very first safety award event was held in Saint-Cloud on April 9. Five people who have improved industrial safety were rewarded by valuing the virtuous behaviour at every level in our company that we give the best example in safety culture. Once again, the team of the Dassault group has won the Course du Coeur, a quite demanding sporting event where employees of our various sites will display and demonstrate the values of our company, tenacity, performance, surpassing oneself and team spirit.

Further to the acquisition in November 2021 of 12 Rafale by the Croatian Air Force, the first six Rafales, operated by pilots who were trained in France, took off on April 25 in Mérignac and set course to the operational base 91, next to Zagreb. They joined the 191 Squadron of the Croatian Air Force, and the next aircraft will be delivered as from the end of 2024, completing the squadron by mid-2025.

The Rêves de Gosse 2024 tour, in partnership with Dassault Aviation, took off from Strasbourg on May 10 and landed in Perpignan on May 18. It's a Tour de France in the air, serving the cause of underprivileged children and children with disabilities. Crews of our sites in Saint-Cloud and Istres have taken part in this event.

Dassault was present at the Epace airshow in Geneva last May. The Falcon 2000 LXS, Falcon 8X and Falcon 6X, our latest models, were displayed. It's a new aircraft, which is pretty much appreciated by our customers and pilots for its impressive flight qualities and unique cabin comfort. Visitors could also admire the full-size mock-up of the Falcon 10X, as well as various booths dedicated to the layout of our aircrafts.

Dassault Aviation is carrying on its recruitment plan, with 2,000 people planned for recruitment this year. We have taken part in Icarus' Dream event in Royan. Our booth was displaying technological workshops and offered the opportunity to discuss with our employees. It was a nice opportunity for the young who were interested in a career in aeronautics.

On June 27 and 28, the French Air and Space Force celebrated its 90 years in Versailles, where it was created in 1934. We were partners of the light and sound show led by Bruno Sellier in the Petites Écuries of Versailles, which was displaying the institution, its evolution and our aircraft.

One has to move up. It's time for a response. The response calls for Ouragan. It's the first jet of the French Air Force. The first line of the Dassault House with the Eclair propeller, which was put on the Spad VII of Guynemer.

We also presented a Battle Lab, presenting our unique expertise in collaborative warfare, and our booth offered many visitors, including many young people in HR area with the Immersive Reality Centre and a helmet of mixed-reality HoloLens, which is used in our sites for assembly. The demonstrations, which were taking place above the Versailles palace gardens, were led by Richard Esnon, a member of the Mérignac staff, and the celebrations ended up with fireworks and a drone light show.

CONTEXT

Éric Trappier

Chief Executive Officer

So we're going to go back to Earth, to the sea, or on rivers. The war is still at our doors in Ukraine. It is still in the Middle East, which is creating this tension, and therefore this war economy that was willed by the French President of the Republic, and we are part of it. We are prioritising the production of Rafale in France and for the armed forces for export. There were elections in Europe and in France. And today there is an idea of this government. We don't know what's going to happen. There's a lot of uncertainty, a lot of concern. We're waiting for the coming weeks. The elections in the United States are disturbed by the fact that President Biden has decided not to represent himself. And here again, there'll be a lot of things happening in the coming months.

HIGHLIGHTS (1/2)

Now let's go back to aeronautics. The highlights, the entry into force. We've said this several times. We said at the beginning of the year, the 18 extra Indonesian Rafales, so 495 Rafales, have been ordered altogether, and the delivery of the first 6X after certification in 2023 and the entry into force at the end of 2023. We'll see the first 6Xs soon.

HIGHLIGHTS (2/2)

The highlights for 2024. These are the difficulties that we still have with our supply chain, especially in our aerostructures, but also the supply of small equipment is difficult and this is mobilising our teams to come out of these difficulties and this is destabilising our production. So therefore, we are subjected to delays in our assembly lines. We're trying to do our best to deliver our clients on time, but it is difficult and this is going to continue.

This is not just for Dassault. You've seen the announcements from Airbus and the difficulties of this aeronautical supply chain in all the different areas. And we're here to help our suppliers, the SMEs, discuss the price increases because there are also financial issues behind all this and we are there to help them up to a certain point. But of course, this is causing delays and this is the major point in the delivery of aircraft.

ACTIVITY AND PROGRAMS

The activities.

RAFALE

Rafale. As you saw in the film, we've delivered six Rafales to France during the first half. We have 18 more Rafales for Indonesia in our backlog. A continuous evolution of the Rafale; we're working on the F4 standard and we are preparing the Rafale F5. This is an ongoing discussion with the armies and the DGA in order to obtain a first contract for the preparation of this future F5 standard with a combat drone.

We are continuing our export prospections and there are discussions right now in certain number of countries.

FUTURE COMBAT AIR SYSTEM (FCAS)

Future Combat Air Systems here in Saint-Cloud. We have our German, Spanish and French teams and we are assuming our role as prime contractor. We are in Phase B; we are carrying out the studies. We finalised the formal studies, the wind tunnels, and we are beginning Phase II to build the first demonstrator. But first we'll have to agree on the sharing of the construction, the manufacturing with our partners.

FALCON H1 2024

As for the Falcon, 11 orders versus 12 last year. So we have a sluggish market as far as we are concerned. The main reasons for this is that we are changing our range. The 6X is arriving. It went through a certain number of delays because of the delays in certification, and the first deliveries are not easy because of the problems in the supply chain. And since the backlog is full in terms of 6X, it is delaying things and not promoting orders. The second thing, the 10X, our competitors already have a range that the 10X is going to arrive. So we have changed our programme, considering the difficulties we had with our supply chain so as to be able to deliver by 2027 for this 10X, therefore.

FALCON 6X: WORLD TOUR

Now, to go back to the 6X. The demonstration flights that were carried out around the world, you see more than 400 flights, 600 flying hours. A very good reliability, which is very good for new aircraft. We had more difficulties for the last aircraft, which was the 7X, and the clients really appreciate the reliability, the comfort, the silence. It's highly appreciated. And this white cabin, which makes the comfort really extraordinary with the performances of this new aircraft, which is equipped with very powerful engines compared to the 5X that we had to replace with Pratt & Whitney.

FALCON 10X

Falcon 10X – I talked about this. The schedule that we had changed at the beginning of the year is such that now the deliveries are planned for 2027.

FALCON SUPPORT: CONTINUED DEVELOPMENT OF THE MRO NETWORK

The manufacturing of the first aircraft is underway in our plants, and we are continuing, and we are strengthening the support of our Falcons around the world. There's a new maintenance centre, which is called MRO, which was opened in Malaysia to cover the Southeast Asia sector.

We've also changed the maintenance centre in Brazil. We are in Catarina, which is a larger, more modern centre to welcome our future aircraft. And in the USA, as I had said, we are still manufacturing a new centre in Melbourne, in Florida, which will welcome the whole maintenance for the eastern coast of the United States, and a little more, because Florida is a place that is very attractive for all our Falcon clients and for their maintenance.

And the opening will be in 2025 for the centre in Florida. For the other two, it will be done in the first half of 2024.

BUSINESS AVIATION AND TAXONOMY

Business aviation. We are still committed to be carbon neutral. You saw it in the film. We've worked with the Paris airports to reduce our CO2 emissions with the SAF during our flights, and also on the ground by using electricity. We're trying to work with the commission to promote SAF with the Refuel and New Aviation programme. We want to have a stronger ambition in this sector and this will help us improve things with the SAF because there's a volume issue. We're going to use SAF more often. We'll save for the Dassault flights 900 tonnes of CO2, which is positive. It will cost us a little more, but we are doing it with pleasure and we are continuing our procedure with the European Commission because, as you know, we were not accepted in terms of the European taxonomy, unlike the civil aviation. And we are going to have a recourse to say that this isn't very fair because we are committed to reduce our carbon emissions by 2050, just as everybody else in aviation. We have a good performance because we are already using SAFs. And so why aren't we identified in the taxonomy? I'm going to maintain this procedure vis-à-vis the European Commission.

CSR: HUMAN RESOURCES – RECRUITMENT

HR. Strong recruitment effort because of the Rafale production pace and also many of our employees who are going to retire. So for 2024, it is planned to recruit 2,000 people. More than 1,000 have already been recruited in the first half of this year. And the challenge, of course, is the induction of these young people. So we are reinforcing the support to these young people. Not all of them are very young, but there are newcomers at Dassault with tutorship, mentorship programmes. That's part of the DNA of the company, particularly for the technical aspect, to make sure that the more experienced and more senior people will train the new employees. And we want to make sure that we have the right level of labour. We also have specific induction days to help them understand Dassault, its commitment in defence, because we are producing jet fighters for the French Air Force, and this is reinforced through this recruitment effort.

CSR: HUMAN RESOURCES – 2024 PAY POLICY (PARENT COMPANY)

We've had a pay policy agreement with the French unions, CFDT, CGC-CFE, and Unsa. So you can read a pay rise, which was significant from my standpoint, where in spite of the slowing down of inflation, we've also increased the lowest salaries by €80 gross per month, particularly for this bracket of the lowest salaries, which is far from the minimum wage, which was pretty much discussed nowadays. We also share the value at Dassault, share the profits, and for 2023 the incentives paid will amount to 2.9 months of extra wages for all employees of the parent company. And here again, since there is a cap, it's also more beneficial to the lowest wages.

MODERNIZING OF THE INDUSTRIAL INFRASTRUCTURE

We're still upgrading and modernising our industrial infrastructure. You will remember from previous sessions that we have built a new facility in Mérignac for the civil aviation, military aviation support with integration benches, some research labs for technical or industrial labs in the warehouses at

Mérignac, close to where the aircrafts are being assembled. Some aero structures like T15 for Falcon 10x and other aircrafts will be in Mérignac. That's the building you see in the middle.

And we also have composite in Biarritz. We have some land available in Mérignac so we take this opportunity to build up a new facility. And for the 10X, which will be bigger than the other aircrafts of the range so we need a bigger building. Cergy was also discussed. There were some challenges with the suppliers and fitters of this building. This is history now. We have started the transfers from Argenteuil to Cergy, and this will be completed by the end of 2024.

MAKE IN INDIA

Make in India. We are still building our partnerships with Indian based companies. We already had the joint venture. Now we are signing partnership agreements such as Tata, Dynamatic, Aerolloy, so that all the subcontractors and structures will be in India close to the local manufacturing needs, also provides training with the Dassault Skill Academy to train people locally. There is skilled labour there, and we also have an engineering centre in Pune which is fully operational, close to Mumbai. It's an important topic. We need to keep on developing this because in case of problems with our subcontractors and manufacturers of aerostructures, we can rely on our partners in India.

H1 RESULTS

Now, the actual business result.

IN EUR BILLIONS

Falcon, 11 aircrafts, €1 billion; Export, €3.9 billion, mainly the Indonesian contract. €200 million for France. For the net sales, 1 billion. That's the delivery of the 12 Falcons. €0.5 billion, that's the delivery of support services. We did not deliver exported Falcons over the first half. We mainly delivered in France. And 1 billion in France for the delivery of the six aircrafts with a backlog of 83 aircraft as opposed to 84 last year. 159 Rafales – that's 27.3 billion up compared with 2023. And €9.1 billion for France, 64 aircrafts.

It's going down. We have not received other orders except for the tranche, batch five, that we received last year. So you see €41.2 billion in our backlog, which has been on the rise for quite some time now.

CONSOLIDATED SELF-FINANCED R&D

Now, the self-financed R&D. The 6X being now completed, we are focusing on the 10X. Therefore, the decrease that you can see for R&D, €200 million versus €247 million first half last year.

ADJUSTED CONSOLIDATED INCOME STATEMENT

Net sales, €2.533 billion, and operating income at €170 million, also up compared with last year. The operating margin +0.1%, standing at 6.7%. Financial income which is almost equivalent to 106 versus 110. Thales and other equity affiliates, €236 million. Thales has also reported its business results yesterday, slightly up compared with the 210 of 2023, and 442 net income, with a net income margin at 17.4%, which is quite stable compared with last year's sales.

CONSOLIDATED AVAILABLE CASH IN EUR BILLIONS

Cash is going up because we've received the down payments for the exported Falcons. This is allowing us to have the cash to manufacture these aircrafts. Therefore, the cash has been up, particularly the free cash flow.

2024 OBJECTIVES

As you can read in the press release, our guidance remains unchanged for 2024. We're still confident as to the delivery of 20 Rafales, 35 Falcons and to achieve 6 billion revenue approximately.

BREAKDOWN OF CAPITAL AND VOTING RIGHTS

As you know, we have had some share buyback programme. The board has met today, this afternoon before this press conference, and has allowed this new buyback programme, and we have to wait till 26th. GMID will be at 66.11%; free float, 23.11%; Airbus, 10.53%; and equity Dassault Aviation 0.25%. Now the voting rights will be at 79.62%; the free float, 14.04%; and Airbus at 6.34%.

Well, that's all I had for you, and now I'm ready to entertain your questions. Thank you.

QUESTIONS AND ANSWERS

Éric Trappier: The first question is always the most difficult to put. Mr Tran, I must have been too clear or too fast today.

Pierre Tran: Thank you, Mr Trappier. Pierre Tran. You talked about discussions for the demonstrator. Can you give us more details? The demonstrator for which you're sharing the manufacturing.

Éric Trappier: No details. To manufacture an aircraft fighter demonstrator, we have to decide on who makes what. For the moment we've had common studies. Each one has his responsibilities about these studies. It's phase one. It's still not completed, and now we have to finalise the discussion on who's going to do what. But I won't tell you more for this moment.

Pierre Tran: And you have a schedule?

Éric Trappier: We have a phase two that should begin in 2026. That's theory. If you look there are political schedules for 2027, etc., and we'll see if the countries around the table can mobilise their policies and obtain authorisations. You know, in Germany it's the Bundestag that decides. And here again, we will need an executive for the execution of the military programme law. So theoretically, it's 2026.

Pierre Tran: And you have observed this uncertainty in France since a few weeks, a few more months of uncertainty. What do you think?

Éric Trappier: I don't know, I can tell you for the next few weeks ahead of us, I don't know. We will wait to see what the president of the Republic will say tonight. There'll probably be a truce during the Olympic Games, but it's in September that we will really have to know what's going to happen. Which government, what programme for the government, what measures, what laws. There's no absolute

majority in parliament. So what relative majority can govern the country for the coming months and years? It is a concern for us, industrialists in general because, well, we at Dassault Aviation, we are protected. We have a family that is investing its money in the Dassault Aviation tool, but for the others it's not the same.

According to the investors, according to the taxation, the changes in the tax laws standards, we've been going through this for months. We will see how investors will behave. Family investors, mainly, because here at UMM it's 90% of SMEs, a lot of family companies, and they're all worried. And the others, these are foreign investors, and they can be worried too. And you know, when people worry, they don't spend.

Pierre Tran: You might have seen next to the channel, there's an uncertainty on the Tempest project. What do you think about that?

Éric Trappier: Yeah, I saw that. I saw the presentation of their mock-up. I reread the statements. They're trying to promote their aircraft, and we felt some reservations on whether it's going to be launched or not, but it's up to them to answer your questions. It's not up to me.

Unidentified speaker 1: Can you go back on the supply chain? Because that's a major issue. And are you confident about the fact that you will deliver? And can you confirm your net sales? And if you look further, can you go back on the schedule of deliveries of export Rafales? What could lead us to increase our net sales next year?

Éric Trappier: So to answer your second question, we're not guiding the future deliveries. As you know, I'm saying it again, we have a full backlog, a full order book. And for the Rafale, our orders have been signed. So we have to deliver on time. That's what we're doing until today. We had a little bit of delay for our aircraft last year, but we're trying to keep up with this pace. We have a lot of aircraft to deliver in the coming years. We're in the middle of it all. We have to check our subcontractors and ourselves. We shouldn't underestimate the disorganisation. Because of what is missing, this has caused some catch-up plans which are difficult to implement and you have to be careful about that. But I'm optimistic. I think that we'll be able to deliver all the Rafales in our orders, and I'm ready to take in new orders, so that should reassure you. And as for our subcontractors, well, we have teams that go to our subcontractors that help them do their jobs because there are difficulties with the labour, with process. And in the negotiations we have with them, we try to help them too. We can make prepayments so that their working capital requirements are covered. That's the role of the banks. But, you know, with the inflation that skyrocketed, banks were a bit more tense. We have the funds, the fund that we set up, the aero fund, with the four major partners who are Airbus, Thales, Safran and ourselves. And we have funds that will allow us to increase the equity of some companies so that we can face this ramping up. This is not only at Dassault, but it's also at Airbus.

So we have all kinds of resources, but we're in the middle. It's slightly harder for the Falcon, to tell you the truth, because we have an additional factory in the US in Little Rock, and when the aircraft is still not yet fully completed and we send it there, we have to continue making certain changes. There are delays. We use the equipment in the US and from France. It's creating a lot of disorder. It's going to go on for some more time. I hope that the current situation won't get worse for all our suppliers, though. And I'm saying this without really knowing what's going to happen in the future. But if the investors are hesitating, that's not very positive. There has to be stability in all our measures so that the investors might want to invest. So, we're right in the middle of it all right now.

Unidentified speaker 1: And as for the Falcon total sales, you're talking about the American elections. Is that a risk?

Éric Trappier: As for the Falcon market, we've made a bet. We're going to keep selling Falcon 2000 and 8X, but our bet is to sell a lot of 6Xs and in the future, a lot of 10Xs. So this is a turning point right now with the older range and the very modern range. It was difficult for us to develop these two aircraft at the same time. There was Covid in the middle of it all. We had the difficulties with the supply chain, but we are very happy to have these two aircraft in our portfolio. We hope that this will boost our sales in the coming years.

Unidentified speaker 1: And don't you think that the elections might slow down things on the market?

Éric Trappier: You know, we are always so afraid of all kinds of things when you're at the top of a company. We don't have a choice. So we will have problems. We will have other problems too. But what worries me most right now is the local environment in France.

Unidentified speaker 2: Good evening. As for the combat drones, what is the positioning of your project considering the FCAS? Is it a question of export? And as for the FCAS, for the drones, what is your—

Éric Trappier: At the beginning of your question, you were asking a question on the drones. As for the drone, it's not in the FCAS. There are small drones in the FCAS, which are the remote carriers, small support drones. But that's part of the studies. We are just carrying out the technological studies and there are demonstrations for the FCAS, small drones. What we are proposing to France is a combat drone, which will accompany the Rafale with the standard F5, and it should be ready by 2030. So it is totally unrelated to the FCAS.

Unidentified speaker 3: And as for the SCAF demonstrator, don't you think that we're in the fog? Because it was a difficult project. We do not know what the users wish to have. I've noticed a few details. Your partner, Airbus, the CEO, was questioned by the press very lengthily and they didn't talk about the FCAS at all. And here at Dassault you are living in peace with the FCAS. Now, your German partner is busy by other affairs by the future elections, and they're not talking much about that either. And the FCAS/SCAF partners are not stimulated by the British competition because this morning at Farnborough we saw a picture of their aircraft, and a lot of people in Saint-Cloud must have smiled at that.

Éric Trappier: Well, we are committed with a contract to carry out demonstration studies. That's phase 1B. We're doing that job, honestly. As always, at Dassault, when we say we're going to do something, we do it. We are preparing ourselves to the phase 2 to manufacture the demonstrator, but we are far from saying that we're going to launch a new programme, a new combat aircraft, a new system, etc. We will see. We have a lot of work to do on the Rafale, as I've indicated, with the future standards, with the development of a combat drone. We're beginning these studies on the F5. We have a certain number of topics. We'll see what the states will decide, because it's up to the different countries to decide. We are trying to drive things further, and we're doing the work because we've signed the contracts. But there'll be further discussions and further discussions and negotiations and further contracts signed, and we'll see how all this will evolve.

The British, we haven't smiled because we have a lot of work, and we're not looking on the other side of the channel to see what's happening there. One thing is certain is that this aircraft will not fit on an aircraft carrier.

It seems that it's the closing statement. This aircraft won't be fit for an aircraft carrier. NGF will have to be fitted on an aircraft carrier.

Unidentified speaker 3: Now, regarding Cergy, it's another question. Selecting Cergy in the Paris area is coming as a surprise while everybody is going to Bordeaux or Toulouse for production facilities. What was the driver for this decision? And I've understood that the transfers from Argenteuil were to be made. And that's my next question. You didn't mention this. Is it going to help ramp up the manufacturing pace of the Rafales? Once again, about Cergy, it seems to me that you have been forced to plant a whole forest to justify the CO2 emissions of this plant. 1,000 hectares, I read. Is it going to calm down the Greens and the ecologists and that they're going to stop bashing business aviation? Final question about Cergy. What's going to happen at Argenteuil once the transfer is completed?

Éric Trappier: Well, we had a modernising project. It is primary pieces which are to be manufactured. We needed to upgrade our manufacturing tool. It's always very complex to do that as you work. So we've had some modernisation and upgrading projects which were completed, and we could have said, well, we close Argenteuil and let's go to Mérignac or Biarritz or elsewhere, but then we would have had to discuss it with the workers' representatives. The skills were mainly located in Argenteuil so we decided to go for a 50/50 solution. So the primary pieces went to Saint-Cloud. It's a beautiful plant which was also upgraded. A lot of upgrading works were made there. So the big pieces are manufactured there.

Few people followed suit, so we've had to recruit locally. Many people went to Bordeaux for their engineering studies, but it was more difficult to have our employees from Argenteuil to go to Saint-Cloud. And now we have this small modern plant with the assembly capacity for the Rafale fuselage, which is the sensitive part which is done in Argenteuil. This was done in consultation with the workers' representatives. It was an open and well-run dialogue with them, and everybody is happy to have a more modern plant and facility. And it was easier. It's smaller and it's more modern.

As to the trees that were planted, we decided to do it because it's part of our CSR policy. We say, well, since we are in the aeronautic sector, we manufacture plants, we build up plants. We also wanted to have some trees planted in Mérignac. It's mandatory. We cut down trees in Mérignac to build and modernise the plant in Mérignac to produce more and to recruit more people so we've had to plant trees. It's an obligation. In Val-d'Oise, in Cergy, it was not an obligation; it was a deliberate CSR decision on our side. And also, all this is well understood by your employees.

What's going to happen with Argenteuil? Ask me the question again in January. It's no longer the problem at Dassault Aviation. Jokingly, no. We have one year to remediate the site because we're not going to leave brownfields in Argenteuil. So we will have to clean up the area and this surface area will be handed back to GIMD once we will have fully depolluted, decontaminated and remediated the site in Argenteuil. And then it will be GIMD to see what they want to do with it. Some discussions are underway with the Lord Mayor of Argenteuil. These discussions are not always easy, to tell you the truth, but it's no longer my remit. But it might, you know, come back to me later, so I'm careful about it.

Pierre Tran: Pierre Tran, once again, as a shareholder. What about a 5% drop in the stock price of Thales this morning further to their business results?

Éric Trappier: Well, I'll be careful because I don't know whether Dassault is going to go up and down tomorrow, depending on what we're going to talk about today. And I'll tell you the truth, I believe in Thales. So the stock price goes down slightly, the market is slightly disappointed. Maybe a cash position. This is what my financial people say. The value of Thales and the stock prices are rather good. From where I stand, we're very pleased with our investment in Thales. We cash-in dividends, 50% of

the net income comes from Thales, and it's a company that is growing with a growing operating margin. So I will encourage the market to invest in Thales. No problem if it goes down slightly.

Pierre Tran: Now, the Rafale production pace is three aircrafts per month this year.

Éric Trappier: Well, it's always the same answer that I will give you. If you consider Saint-Cloud, it's more than three for some instances, but it's more complicated for the final assembly. It's just like Lego: when a small brick is missing, then it's more difficult to move up to three at Mérignac. So this year it's been on the rise. We have 20 aircraft to deliver, so it's not a pace of three per month, but rather two. So we'll be ramping up the upstream plants for the primary pieces of equipment, and all subcontractors are getting ready to deliver the Rafale as per our contracts' requirements. And we still have the capacity to take in new contracts. So the production pace, the problem is mainly the final stage of the assembly.

Pierre Tran: In 2023, you had planned one extra aircraft, but there was some delay.

Éric Trappier: That's what I said. Indeed, there was a slight delay. It was not such a big delay.

Unidentified speaker 1: Taking up Pierre's question, as a shareholder. Would you be favourable, is there any strategic interest, are there any discussions as to Thales and Airbus getting closer for this purpose?

Éric Trappier: No, no. No comment about this. I won't make any comment. No comment doesn't mean that you are not allowed to ask any further questions, of course.

Okay, well, thank you for coming and for attending this half-yearly results. Have a nice holiday. We won't take many holidays because September is going to be a very busy month. Thank you, and hope to see you soon again.