

H1 2024 results

23rd July 2024

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BATTLEFIELD TRANSPORT

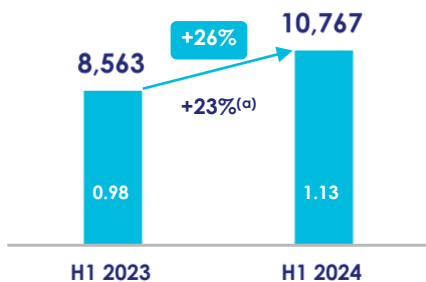
H1 2024 highlights

- > Strong H1 order intake, driven by excellent momentum for large orders, notably in Defence & Security
- > Robust organic sales growth both in Avionics and in Defence & Security
- > Slight improvement in EBIT margin while increased R&D expenses in Space and unfavourable base effect for DIS
- > Completion of Cobham Aerospace acquisition
- > Finalization of the sale of the Ground Transportation Systems business

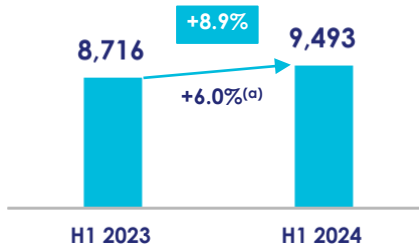


H1 2024 key figures

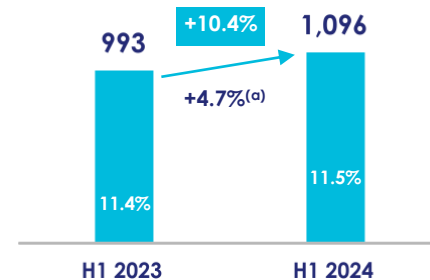
Order intake and book-to-bill (€m)



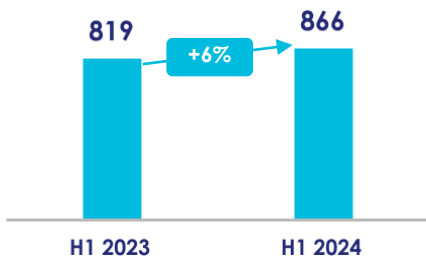
Sales (€m)



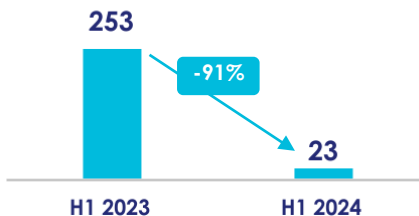
EBIT and EBIT margin^(b) (€m and %)



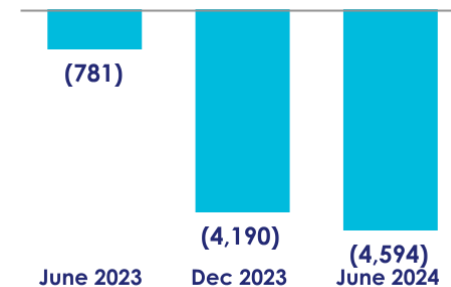
Adjusted net income^(b) (€m)



Free operating cash-flow^(b) (€m) (From continued activities - excl. Transport)



Net cash (debt) position^{(b)(c)} (€m)



a. Organic: at constant scope and exchange rates

b. The definition of all non-GAAP measures can be found in appendix

c. The cash and cash equivalent considered do not include anymore investment assets transferred from the UK pension fund

H1 2024 order intake

> Strong H1 order intake, driven by excellent momentum for orders above €100m

> 3 orders above €500m

> 12 large^(a) orders booked in H1 2024

> 9 in Defence & Security (in the Netherlands, Germany, Asia, Australia & France)

> 2 in Space (Japan and ESA)

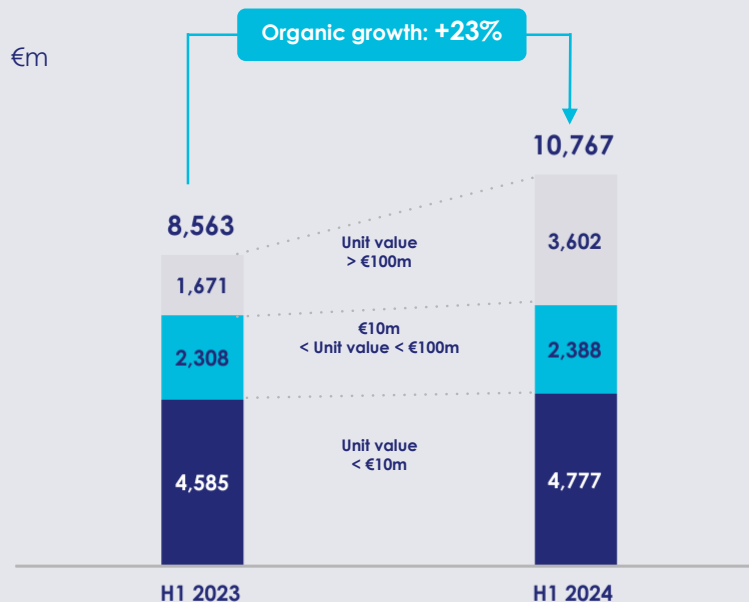
> 1 in Civil Avionics

> Small orders^(b) up 4%

a. With a unit value over €100m

b. With a unit value of less than €10m

> Order intake by contract unit value



H1 2024 organic sales growth

> Scope and currency impact

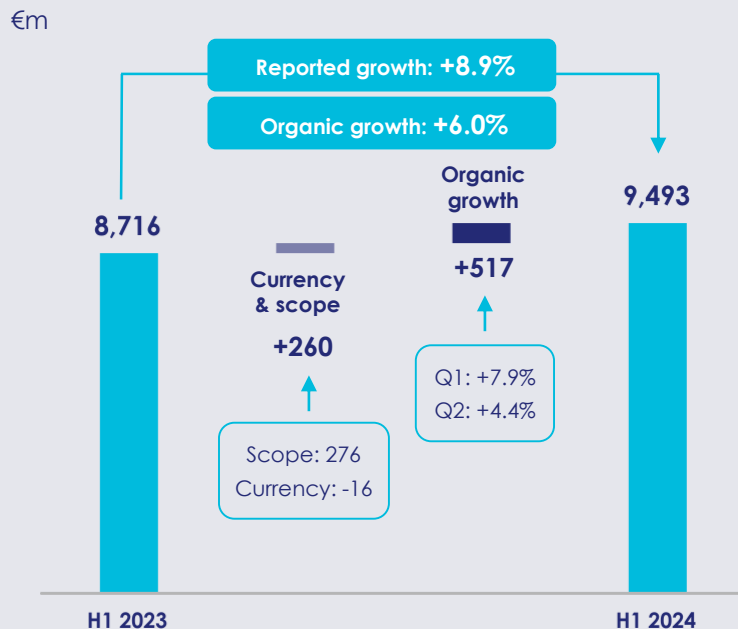
- > Scope impact resulting from:
 - acquisitions of Cobham (Aero), Imperva and Tesseract (DIS): +€342m
 - divestment of Aeronautical Electrical Systems (Aero): -€66m

> H1 sales organically up 6.0%

- > Aerospace: stable Space sales ; continued solid growth for Aeronautics
- > Defence & Security delivering high-single digit organic growth
- > DIS back to positive organic growth in Q2

> Solid growth from Mature markets

> H1 sales growth drivers



Summary adjusted P&L: from sales to EBIT

	H1 2024		H1 2023		Change	
	€m	% of sales	€m	% of sales	total	organic
Sales	9,493		8,716		+8.9%	+6.0%
Gross margin	2,771	29.2%	2,457	28.2%	+12.8%	+4.3%
Indirect costs	(1,710)	18.0%	(1,509)	17.3%	+13.4%	+3.4%
<i>o/w R&D expenses</i>	<i>(599)</i>	<i>6.3%</i>	<i>(513)</i>	<i>5.9%</i>	<i>+16.9%</i>	<i>+7.6%</i>
<i>o/w Marketing & Sales expenses</i>	<i>(776)</i>	<i>8.2%</i>	<i>(690)</i>	<i>7.9%</i>	<i>+12.4%</i>	<i>+0.7%</i>
<i>o/w General & Administrative expenses</i>	<i>(335)</i>	<i>3.5%</i>	<i>(306)</i>	<i>3.5%</i>	<i>+9.5%</i>	<i>+2.3%</i>
Restructuring costs	(32)	0.3%	(35)	0.4%	-7.4%	-10.6%
Share in net result of equity-accounted, affiliates, excluding Naval Group	23		35			
EBIT, excluding Naval Group	1,052	11.1%	949	10.9%	+10.8%	+4.9%
Share in net result of Naval Group	44		44		—	—
EBIT	1,096	11.5%	993	11.4%	+10.4%	+4.7%



Aerospace: H1 2024 key figures

€m	H1	H1	Change	
	2024	2023	Total	Organic
Order intake	2,688	2,349	+14%	+16%
Sales	2,582	2,469	+4.6%	+4.8%
EBIT	167	169	-1.5%	-10.2%
<i>in % of sales</i>	6.5%	6.9%	-0.4 pts	-1.0 pts

> Order intake above H1 2023, with contrasted dynamics

- > Double digit growth for Avionics with a large contract in IFE (Next generation of cloud native "FLYTEDGE")
- > Space orders slightly down due to high comps (2 large contracts in Q1 2023) and despite 2 large orders booked in Q2 2024 (JSAT-31 and Exomars 2028)

> Sales growth driven by Aeronautics

- > Aeronautics up double-digit
- > Space sales flat in H1 2024 vs H1 2023

> EBIT margin impacted by Space

- > Robust double digit margin in Avionics
- > Negative EBIT margin for Space (increase in R&D expenses)





Defence & Security: H1 2024 key figures

€m	H1	H1	Change	
	2024	2023	Total	Organic
Order intake	6,120	4,498	+36%	+36%
Sales	4,938	4,544	+8.7%	+8.5%
EBIT	639	576	+10.9%	+11.0%
<i>in % of sales</i>	12.9%	12.7%	+0.3 pts	+0.3 pts

> Robust order intake

- > 9 large contracts in H1 including an order for 2 additional F126 frigates from the German Navy and the third tranche of the 42 Rafale aircraft order placed by Indonesia in 2022

> Organic sales growth ahead of the annual expectation

- > Strong organic growth in Q1, anticipated slowdown in Q2 as cut-off effects between Q1 and Q2
- > H1 2024 organic growth ahead of the confirmed mid-single digit+ full year guidance

> EBIT margin slightly up vs. H1 2023





Digital Identity & Security (DIS): H1 2024 key figures

€m	H1	H1	Change	
	2024	2023	Total	Organic
Sales	1,934	1,672	+15.6%	+0.4%
EBIT	272	246	+10.7%	-7.4%
<i>in % of sales</i>	14.1%	14.7%	-0.6 pts	-1.2 pts

- > H1 2023 figures restated to include the cyber civil activities transferred from Defence & Security
- > Significant scope impact linked to the acquisitions of Tesseract and Imperva
- > Flat organic growth in H1, with a positive growth in Q2 in an easing basis of comparison
 - > Banking payments down in H1 on the back of challenging comps from last year, both on volumes and prices
 - > High speed ramp up of the digital products (incl. Connectivity solutions in mobile growing double-digit)
 - > Good dynamics in Cybersecurity and Biometrics
- > Good EBIT margin performance
 - > Reflecting DIS ability to protect its commercial margins in a competitive landscape



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

€m	H1 2024	H1 2023
EBIT	1,096	993
Cost of net financial debt and other financial results	(55)	1
Finance costs on pensions and other employee benefits	(28)	(38)
Income tax	(193)	(175)
<i>Effective tax rate</i>	20.4%	20.0%
Adjusted net income – discontinued operations	19	36
Adjusted net income	839	816
Minus, Minorities	27	3
Adjusted net income, Group share	866	819
EPS: Adjusted net income, Group share, per share (in €)	4.21	3.91

H1 2024 Free operating cash-flow

> Significant negative H1 WCR variance due to higher stocks

- > Additional stocks to mitigate supply chain difficulties

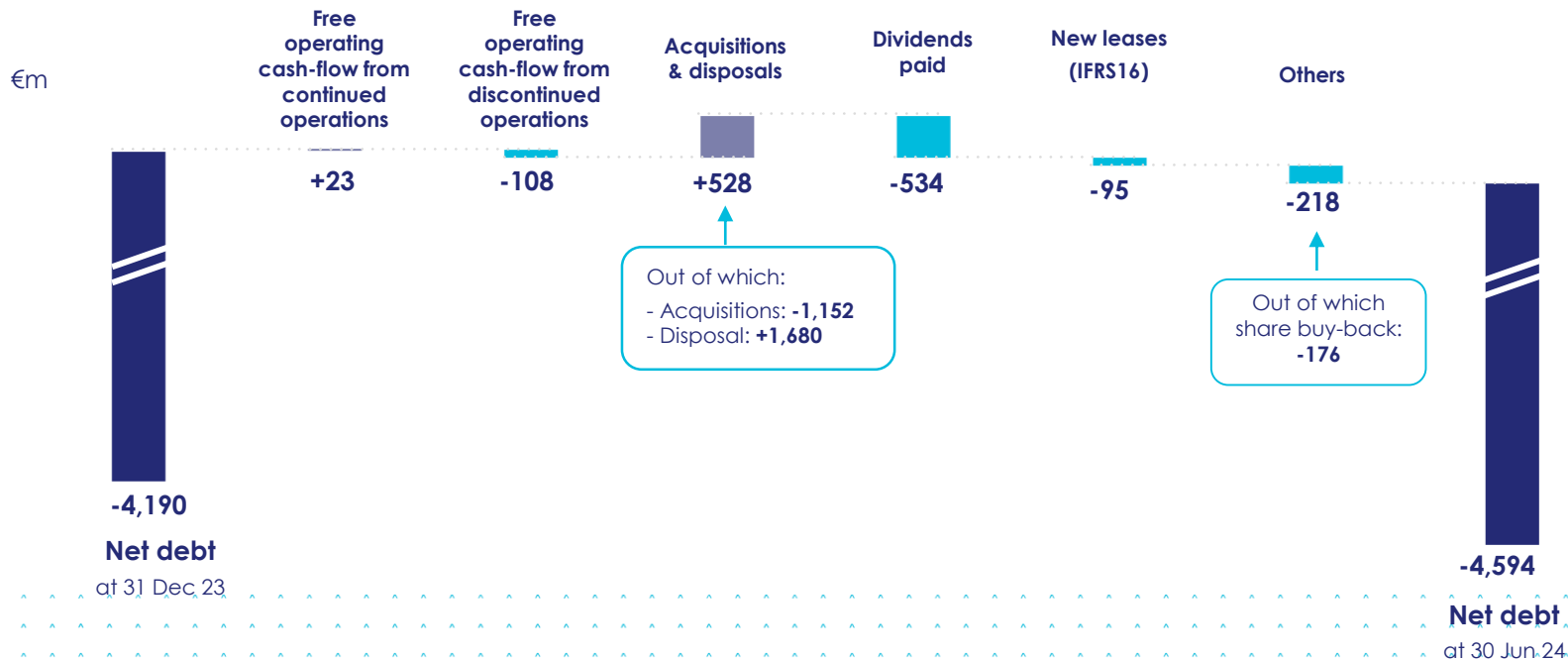
> Capex at the level of 2023

- > €720m target over full year 2024 confirmed

> Cash management remains a key focus across the Group

€m	H1 2024	H1 2023
Operating cash flow before WCR changes, interest and tax	1,472	1,319
+ Change in WCR and reserves for contingencies	(995)	(686)
+ Pension cash out, excluding deficit payment on UK pensions	(57)	(68)
+ Net financial interests	(74)	(25)
+ Income tax received (paid)	(54)	(16)
+ Net operating investments	(270)	(272)
= Free operating cash-flow from continued operations	23	253
+ Free operating cash-flow, discontinued operations	(108)	(153)
= Free operating cash-flow	(85)	99

Movement in net debt over H1 2024



Note: the cash and cash equivalent considered do not include anymore investment assets transferred from the UK pension fund

2024 half-year results

Strategy and outlook



Key 2024 priorities

- > Continued ramp up to capture market growth
- > Maintained innovation leadership
- > Space recovery plan
- > Integration of acquisitions



↑ Solid progress in H1 2024

1

Capacity ramp-up

- > 3,900 recruitments completed in H1 2024
- > Several capacity expansions announced in H1

2

Innovation leadership

- > Trusted AI accelerator
- > 600 experts and around 100 doctoral students in AI

3

Space recovery plan

- > Internal redeployment of the jobs actively initiated

4

Acquisitions' integration

- > Imperva integration progressing as planned
- > Cobham now a business line within Avionics



2024 Financial objectives refined

1



Order Intake

Book-to-bill
above 1

→ **Unchanged**

2



Sales

+5% to +6%^(a)
organic growth,
corresponding to
€19.9 to 20.1 billion^(b)

→ **Narrowed Range**

3



EBIT Margin^(c)

11.7% to 11.8%^(a)

→ **Narrowed Range**

a. Assuming no new major disruptions of the health situation, of the economic context, and of global supply chains.

b. Based on July 2024 foreign exchange rates.

c. Non-GAAP measure: see definition in appendix.



Capital Markets Day

Save the date!



14 November 2024



Paris - 75009



11am to 9.30pm CET



Invitations to be sent shortly



Appendix



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Upcoming events

31 October 2024

(before market opening)

Q3 and 9m 2024 sales

14 November 2024

Capital Markets Day

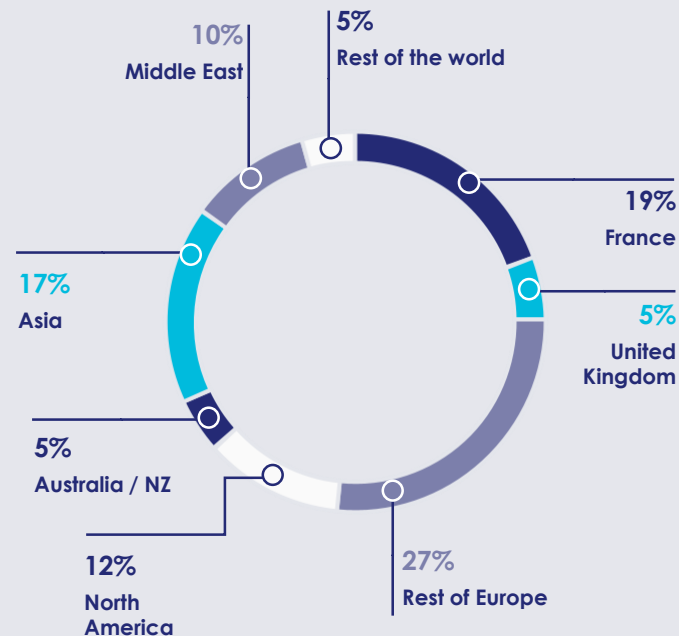
Combat Digital Platform (CDP)
for Collaborative Observation

BMP3

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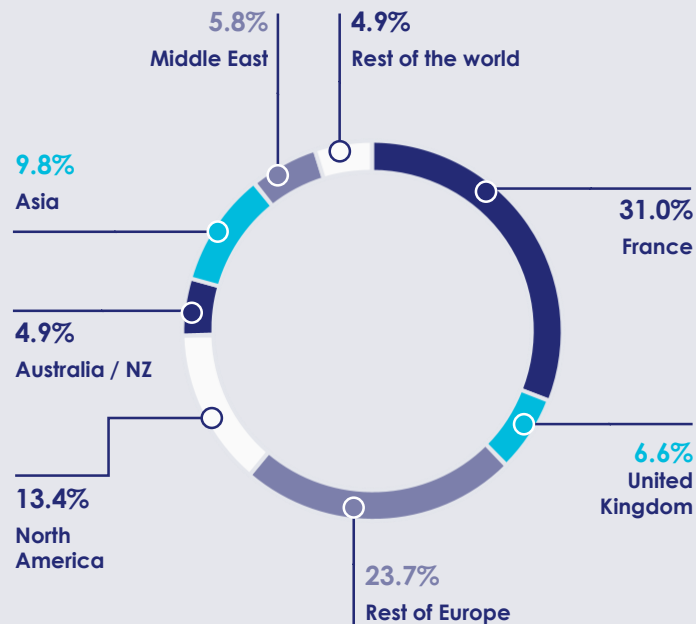
H1 2024 order intake by destination

In € millions	H1	H1	Change	
	2024	2023	Total	Organic
France	2,099	2,058	+2.0%	+2.1%
United Kingdom	571	577	-1.0%	-4.2%
Rest of Europe	2,884	2,771	+4.0%	+3.7%
Europe	5,554	5,406	+2.7%	+2.2%
North America	1,274	1,048	+21.5%	+9.2%
Australia / NZ	501	477	+5.1%	-3.0%
Mature markets	7,328	6,931	+5.7%	+2.9%
Asia	1,823	1,005	+81.4%	+79.3%
Middle East	1,124	294	+282.2%	+280.0%
Rest of the world	492	333	+47.6%	+46.1%
Emerging markets	3,439	1,633	+110.7%	+109.4%
Total	10,767	8,563	+25.7%	+23.2%



H1 2024 sales by destination

In € millions	H1	H1	Change	
	2024	2023	Total	Organic
France	2,940	2,639	+11.4%	+11.4%
United Kingdom	624	573	+8.9%	+4.9%
Rest of Europe	2,250	2,057	+9.4%	+8.8%
Europe	5,814	5,268	+10.4%	+9.6%
North America	1,268	1,215	+4.4%	-7.0%
Australia / NZ	463	380	+21.9%	+12.8%
Mature markets	7,545	6,864	+9.9%	+6.9%
Asia	929	848	+9.6%	+6.2%
Middle East	554	562	-1.4%	-2.6%
Rest of the world	464	442	+4.9%	+2.7%
Emerging markets	1,947	1,852	+5.1%	+2.7%
Total	9,493	8,716	+8.9%	+6.0%



H1 2024 adjusted net result

€m	Consolidated P&L	Impact of business combination	Disposal of assets and others	Change in fair value of derivative FX instruments	Actuarial gains/losses on other long term benefits	Adjusted P&L
	H1 2024					H1 2024
Sales	9,493	—	—	—	—	9,493
Cost of sales	(6,985)	263	—	—	—	(6,722)
R&D	(599)	—	—	—	—	(599)
Selling costs	(776)	—	—	—	—	(776)
G&A costs	(335)	—	—	—	—	(335)
Restructuring costs	(32)	—	—	—	—	(32)
Income from operations	765	263	—	—	—	1,029
Share in net income (loss) of equity affiliates	59	8	—	—	—	67
Income of operating activities incl. share in net income of equity affiliates	825	—	—	—	—	N/A
EBIT	N/A	271	—	—	—	1,096
Result of disposal of assets, change in scope and others	(20)	—	20	—	—	—
Impairment loss on assets	—	—	—	—	—	—
Cost of net financial debt	(87)	—	—	—	—	(87)
Other financial income (expense)	30	—	—	2	—	32
Finance costs on pensions and other employee benefits	(30)	—	—	—	2	(28)
Income tax	(124)	(66)	(3)	—	(1)	(193)
Net income from continuing operations	595	206	17	2	1	820
Net income from discontinued operations	392	(12)	(363)	1	—	19
Net income (loss)	987	194	(346)	4	1	839
Minorities	31	(4)	—	—	—	27
Net income (loss), Group share	1,017	190	(346)	4	1	866

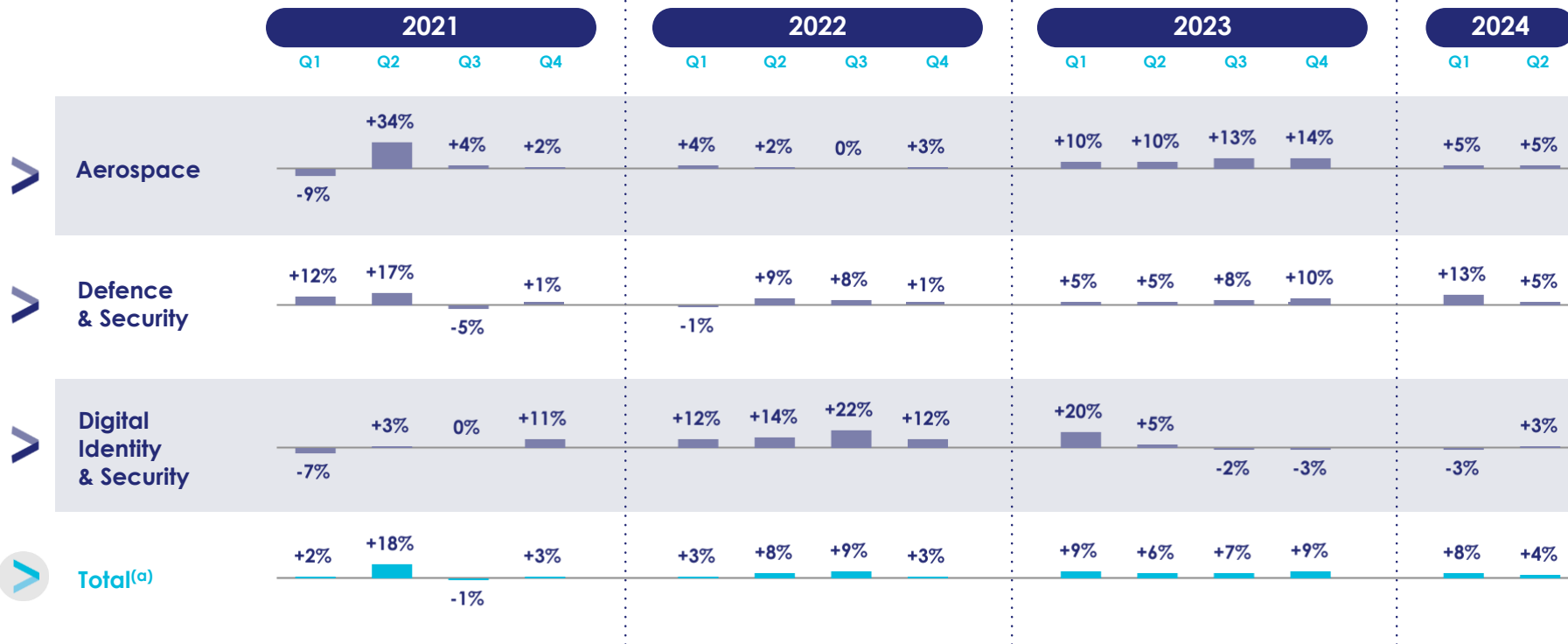
H1 2023 adjusted net result

€m	Consolidated P&L	Impact of business combination	Disposal of assets and others	Change in fair value of derivative FX instruments	Actuarial gains/losses on other long term benefits	Adjusted P&L
	H1 2023					H1 2023
Sales	8,716	—	—	—	—	8,716
Cost of sales	(6,438)	179	—	—	—	(6,259)
R&D	(513)	—	—	—	—	(513)
Selling costs	(690)	—	—	—	—	(690)
G&A costs	(306)	—	—	—	—	(306)
Restructuring costs	(35)	—	—	—	—	(35)
Income from operations	735	179	—	—	—	914
Share in net income (loss) of equity affiliates	65	14	—	—	—	79
Income of operating activities	799	—	—	—	—	N/A
incl. share in net income of equity affiliates						
EBIT	N/A	194	—	—	—	993
Result of disposal of assets, change in scope and others	(1)	—	1	—	—	—
Impairment loss on assets	—	—	—	—	—	—
Cost of net financial debt	13	—	—	—	—	13
Other financial income (expense)	(37)	—	—	24	—	(13)
Finance costs on pensions and other employee benefits	(36)	—	—	—	(3)	(38)
Income tax	(125)	(45)	—	(5)	1	(175)
Net income from continuing operations	614	149	1	19	(2)	780
Net income from discontinued operations	28	5	2	2	—	36
Net income (loss)	642	153	3	21	(2)	816
Minorities	7	(4)	—	—	—	3
Net income (loss), Group share	649	149	3	21	(2)	819

H1 2024 EBIT by operating segment

€m / % of sales	H1		H1		Change	
	2024		2023		Total	Organic
Aerospace	167	6.5%	169	6.9%	-1.5%	-10.2%
Defence & Security	639	12.9%	576	12.7%	+10.9%	+11.0%
Digital Identity & Security	272	14.1%	246	14.7%	+10.7%	-7.4%
EBIT – operating segments	1,078	11.4%	992	11.4%	+8.7%	+2.8%
Other	(26)		(42)			
EBIT – excluding Naval Group	1,052	11.1%	949	10.9%	+10.8%	+4.9%
Naval Group	44		44			
EBIT – total	1,096	11.5%	993	11.4%	+10.4%	+4.7%

Organic sales growth per quarter



a. Excluding Transport in all periods (Transport business classified as "discontinued operations" as of 01/01/2021 and disposed as of 31/05/2024).

Q2 2024 order intake by operating segment

€m	Q2	Q2	Change	
	2024	2023	Total	Organic
Aerospace	1,685	1,150	+47%	+46%
Defence & Security	2,998	3,127	-4%	-4%
Digital Identity & Security	1,028	848	+21%	+4%
Other	19	18		
Total	5,730	5,142	+11%	+8%

Q2 2024 sales by operating segment

€m	Q2	Q2	Change	
	2024	2023	Total	Organic
Aerospace	1,400	1,314	+6.6%	+4.6%
Defence & Security	2,633	2,506	+5.0%	+4.5%
Digital Identity & Security	1,017	854	+19.1%	+3.1%
Other	21	16		
Total	5,071	4,690	+8.1%	+4.4%

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 i) amortization of acquired assets (PPA), ii) 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 2023.

- > **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 2023. This definition implies the definition of several other adjusted financial measures, such as adjusted gross margin, adjusted tax, adjusted EPS. See page 13 and 14 of the 2024 half-year 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. The calculation of free operating cash flow is detailed on slide 11 of the current presentation.
- > **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 7 of the condensed consolidated financial statements as of 30 June 2024.

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