



# 2022 Full-Year results

8 March 2023



# Full-Year 2022 highlights



## Results

Strong commercial momentum across portfolio, driving new record order intake and backlog

Sales growth at top of guidance range

Record level of profitability, above 2019 in spite of operational headwinds

Significant outperformance on free operating cash-flow

## Strategy

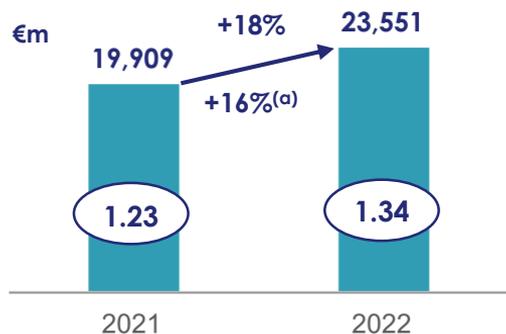
Active portfolio management

Accelerated capital deployment

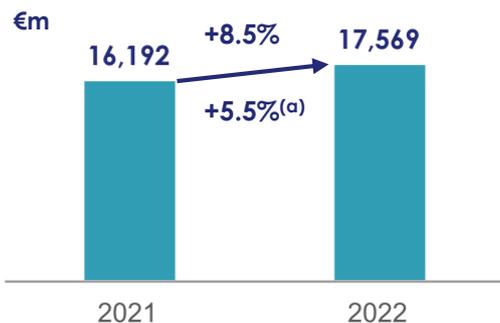
Solid progress towards ESG leadership

# 2022 key figures

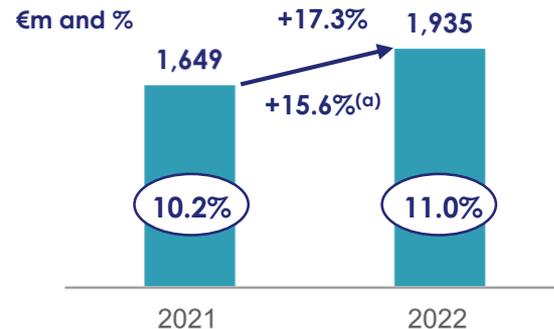
## Order intake and book-to-bill



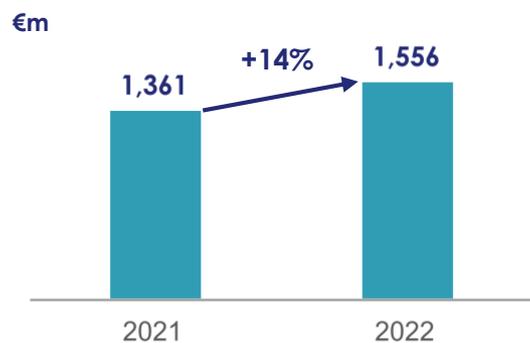
## Sales



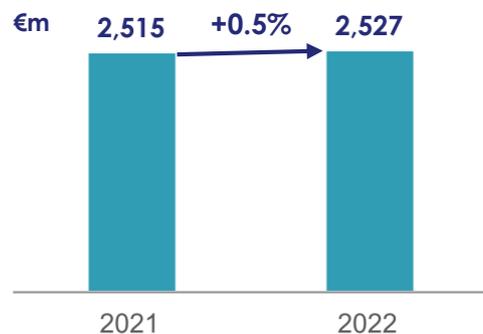
## EBIT and EBIT margin<sup>(b)</sup>



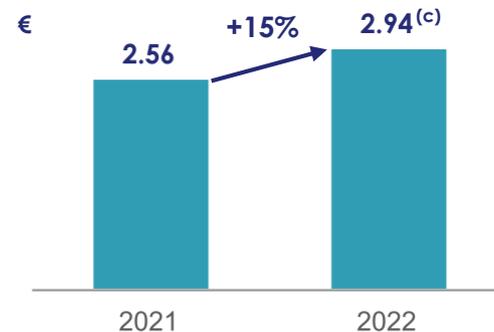
## Adjusted net income<sup>(b)</sup>



## Free operating cash-flow<sup>(b)</sup>



## Dividend



(a) Organic: at constant scope and exchange rates

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

(c) Proposed to the 10<sup>th</sup> May 2023 Annual General Meeting

# 2022 key non-financial figures

## Targets



### Strategy for a low-carbon future

**35%** reduction of operational CO<sub>2</sub> emissions<sup>(a)</sup> by 2023



**100%** of new developments incorporating **eco-design** by 2023



**100%** of exposed employees trained on **anticorruption** every 2 years



### Ethics & compliance

(a) Scope 1+ Scope 2 + Scope 3 business travel, target in absolute terms vs 2018 reference including Gemalto

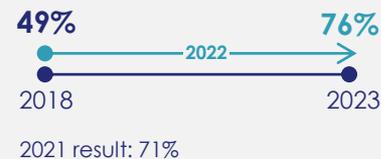
(b) 2021 boosted by low level of business travel due to Covid-19 crisis, 2022 boosted by progressive recovery of business travel

## Targets



### Diversity & inclusion

**75%** of management committees with at least 3 women by 2023



**20%** of women in senior management<sup>(c)</sup> by 2023



**30%** reduction of frequency rate of accidents at work with subsequent lost work time<sup>(d)</sup> by 2023



### Health & safety at work

(c) Top 13% of global workforce. Percentage of women in total workforce: 27%

(d) Compared to 2018 frequency rate

(e) 2021 boosted by high level of work-from-home due to Covid-19 crisis, 2022 partly boosted by work-from-home

# 2022 order intake

**Record-high order intake driven by very strong commercial activity along the year, including jumbo UAE Rafale order**

- 13 large<sup>(a)</sup> orders booked in Q4 2022
- 29 large<sup>(a)</sup> orders booked in 2022 (vs. 21 in 2021)

**2022 book-to-bill of 1.34, and 1.43 excluding DIS, whose book-to-bill is structurally equal to 1**

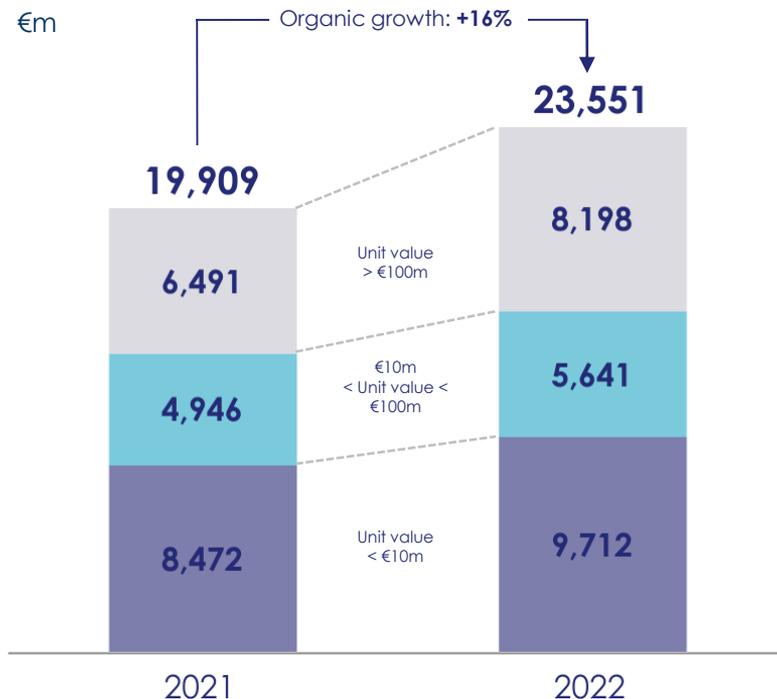
**Strong performance in emerging markets, up +68% organically**

**Small orders<sup>(b)</sup> up by 15%, growing across all 3 segments**

(a) With a unit value over €100m

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

## Order intake by contract unit value



# 2022 sales growth

## Significant currency impact

- Q4: €82m, +1.7% of sales
- FY2022: €364m, +2.3% of sales

## Scope effect due to acquisitions

## Organic sales growth at top of guidance range

- Q4: all operating segments progressing vs. Q4 2021, including double-digit growth at DIS

## Strong performance in mature markets, up by 6.3%

- Europe: +7.2%, North America: +9.4%

## Drivers of sales change

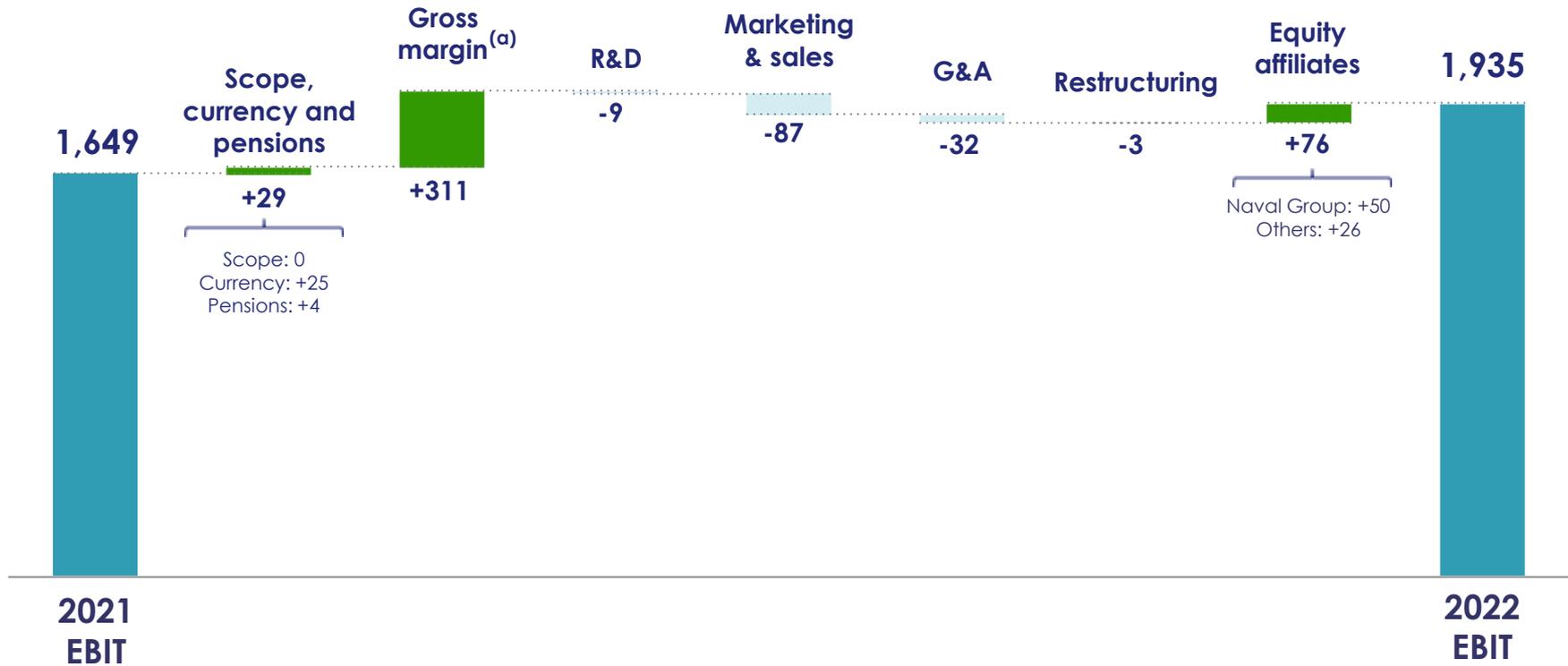


# Summary adjusted P&L: from sales to EBIT

	2022		2021		Change	
	€m	% of sales	€m	% of sales	total	organic
<b>Sales</b>	<b>17,569</b>		<b>16,192</b>		<b>+8.5%</b>	<b>+5.5%</b>
Gross margin	4,836 <sup>(a)</sup>	27.5%	4,405	27.2%	+9.8%	+7.0%
Indirect costs	(3,013)	-17.1%	(2,797)	-17.3%	+7.7%	+4.4%
o/w R&D expenses	(1,064)	-6.1%	(1,027)	-6.3%	+3.6%	+0.8%
o/w Marketing & Sales expenses	(1,350)	-7.7%	(1,226)	-7.6%	+10.2%	+6.9%
o/w General & Administrative expenses	(599)	-3.4%	(545)	-3.4%	+9.8%	+5.7%
Restructuring costs	(99)		(91)		+8.2%	+2.8%
Share in net result of equity-accounted affiliates, excluding Naval Group	90		63			
<b>EBIT, excluding Naval Group</b>	<b>1,816</b>	<b>10.3%</b>	<b>1,580</b>	<b>9.8%</b>	<b>+14.9%</b>	<b>+13.2%</b>
Share in net result of Naval Group	119		69			
<b>EBIT</b>	<b>1,935</b>	<b>11.0%</b>	<b>1,649</b>	<b>10.2%</b>	<b>+17.3%</b>	<b>+15.6%</b>

(a) Including €52m of non-recurring expenses due to the economic and trade sanctions imposed on Russia

# 2021 to 2022 EBIT bridge



(a) Including €52m of non-recurring expenses due to the economic and trade sanctions imposed on Russia recorded in 2022



# Aerospace: 2022 key figures



€m	2022	2021	Change	
			total	organic
<b>Order intake</b>	<b>5,892</b>	<b>5,631</b>	+5%	+3%
<b>Sales</b>	<b>4,705</b>	<b>4,463</b>	+5.4%	+2.4%
<b>EBIT</b>	<b>235</b>	<b>202</b>	+16.1%	+18.3%
in % of sales	5.0%	4.5%		

## Order intake driven by strong rebound of Flight Avionics and In-Flight Entertainment

- Aeronautics: 2 large<sup>(a)</sup> orders booked in 2022, civil aftermarket order intake up 32%
- Solid momentum in space: book-to-bill significantly above 1 thanks to 11 large<sup>(a)</sup> orders

## Sales growth impacted by Russia, high comps and softness of widebody market

- End of sales to Russia (~€80m impact)
- High comps in Space and microwave tubes (down 11% organically vs high level in 2021)
- Aeronautics sales up 9%, of which civil aftermarket up 23% organically

## EBIT margin progression slowed down by Russian one-off and supply chain constraints

(a) With a unit value over €100m



# Defense & Security: 2022 key figures



€m	2022	2021	Change	
			total	organic
<b>Order intake</b>	<b>13,955</b>	<b>11,185</b>	+25%	+23%
<b>Sales</b>	<b>9,154</b>	<b>8,633</b>	+6.0%	+3.8%
<b>EBIT</b>	<b>1,179</b>	<b>1,111</b>	+6.1%	+2.7%
in % of sales	12.9%	12.9%		

## Fourth year record-high order intake with a backlog now at 3.4 years of revenues

- 16 large<sup>(a)</sup> orders in 7 countries, including the jumbo Rafale contract in UAE
- Book-to-bill up from 1.30 in 2021 to 1.52 in 2022
- New record high backlog of €31bn, up 19% vs. 2021, providing solid visibility

## Organic sales growth affected by operational headwinds

- Ongoing ramp-up of capacity to address strong demand
- Supply-chain tensions (total impact estimated at ~€100m over FY22)

## EBIT margin confirmed in upper range of medium-term guidance range

(a) With a unit value over €100m



# Digital Identity & Security (DIS): 2022 key figures



€m	2022	2021	Change	
			<i>total</i>	<i>organic</i>
<b>Sales</b>	<b>3,618</b>	<b>2,995</b>	+20.8%	+14.9%
<b>EBIT</b>	<b>494</b>	<b>358</b>	+38.2%	+37.9%
in % of sales	13.7%	11.9%		

## Order intake structurally aligned with sales

### Sales organically up by almost 15% despite persisting supply-chain tensions

- Strong double digit growth in cybersecurity and Smart Cards, benefiting from pricing effect on higher purchasing costs
- Biometrics up high-single digit, on-going recovery despite supply-chain bottlenecks

### Ongoing EBIT margin progression driven by operating leverage on strong top line growth, exceeding medium term EBIT margin target one year in advance

- Gross margin improvement across all businesses
- Leverage on higher cybersecurity and smart card sales

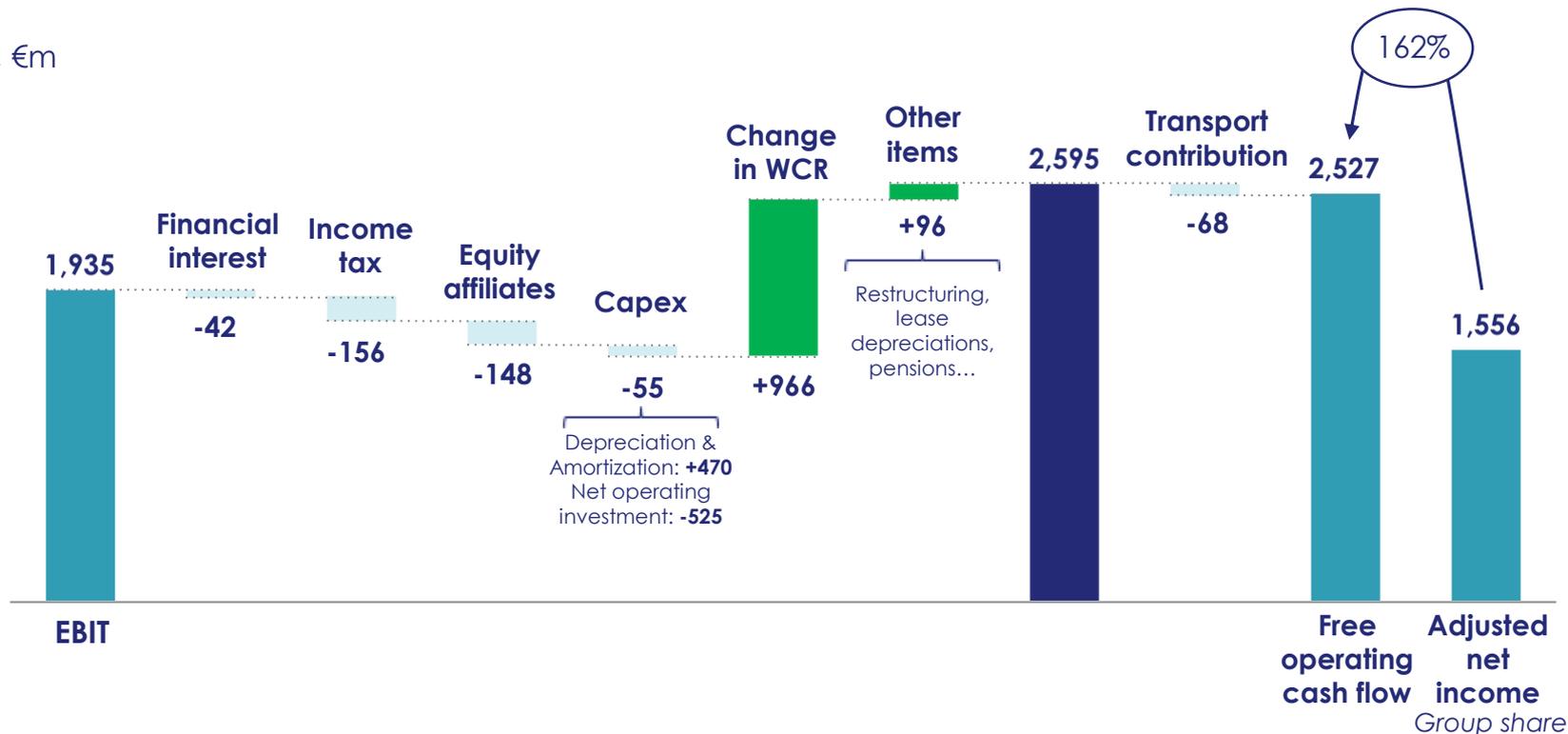
# Summary adjusted P&L: from EBIT to adjusted net income

€m	2022	2021
<b>EBIT</b>	1,935	1,649
Cost of net financial debt and other financial results	(84)	(78)
Finance costs on pensions and other employee benefits	(35)	(30)
Income tax	(331)	(244) <sup>(a)</sup>
<i>Effective tax rate</i>	20.6%	17.3%
<b>Adjusted net income - discontinued operations</b>	90	117
<b>Adjusted net income</b>	1,574	1,414
Minus, Minorities	(18)	(53)
<b>Adjusted net income, Group share</b>	1,556	1,361
<b>EPS: Adjusted net income, Group share, per share (in €)</b>	7.35	6.39

(a) Includes €46m non cash one-off items related to tax law changes in Italy and UK. Tax rate excluding one-offs: 20.6%

# Cash conversion: from EBIT to Free Operating Cash Flow

2022, €m



# 2019-2023 cash conversion target upgraded again

## 2022: second year of massive outperformance on free cash flow

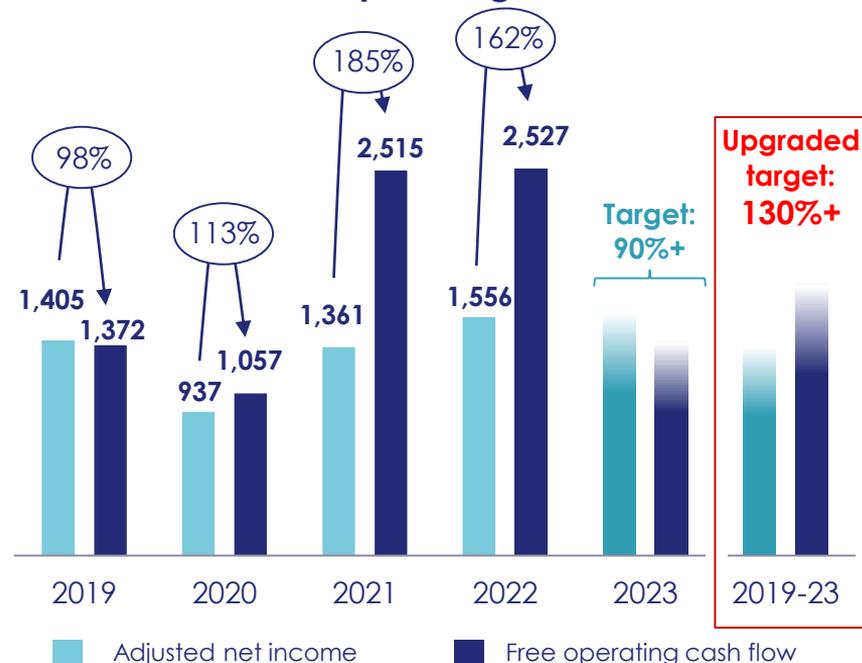
- Very strong order intake, especially in emerging markets
- Early payments from customers
- Internal CA\$H! initiative

## Further upgrade to 2019-2023 cash conversion target

- Now targeting 130%+ on a reported basis<sup>(a)</sup>
- Equivalent to ~€6.5bn free operating cash-flow over 2021-2023
- 2023: expecting 90%+ conversion ratio

(a) Previous target (March 2022): "115% on average over the 2019-2023 period, on a reported basis"

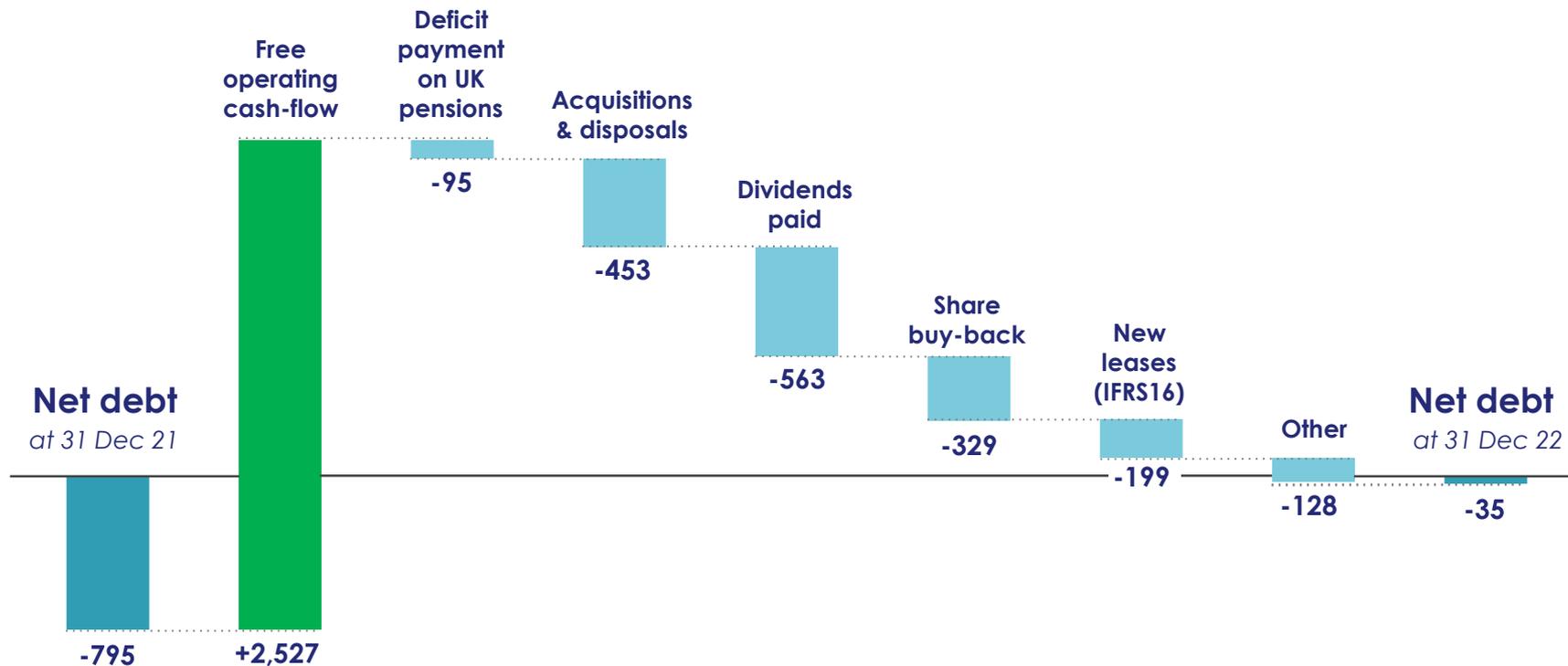
## Adjusted net income conversion into Free operating cash flow



xx% Cash conversion ratio: Free operating cash flow / Adjusted net income

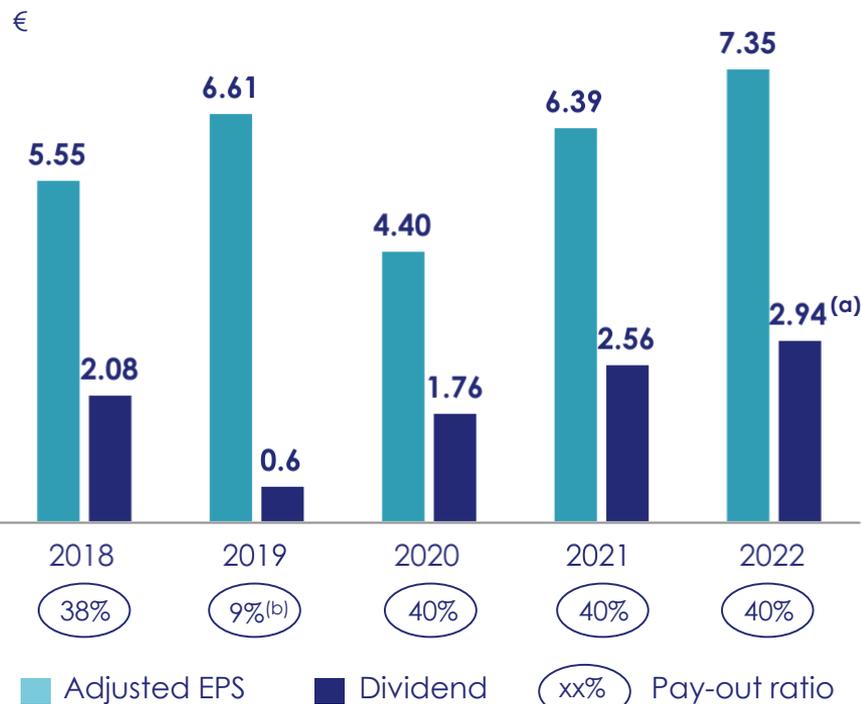
# Movement in net debt over 2022

€m



# Adjusted EPS and dividend per share

## Adjusted EPS and dividend per share



(a) Subject to approval by the 10<sup>th</sup> May 2023 Annual General Meeting

(b) Pay-out adjusted in April 2020 in the context of the Covid-19 crisis. Initial ratio: 38%

### Adjusted EPS 11% above 2019

- Up 6% per year since 2018

### Proposed 2022 dividend: €2.94 per share<sup>(a)</sup>

- Pay-out ratio confirmed at 40%
- Up 7% per year since 2018

2022 Full-Year results  
**Strategy**



# Key 2023 priorities

- 1 Ramp-up capacity to address strong demand
- 2 Sustain R&D investments to reinforce technology leadership
- 3 Take our sustainability performance to the next level
- 4 Leverage consistently high cash generation

# 1 Ramp-up staffing to address strong demand

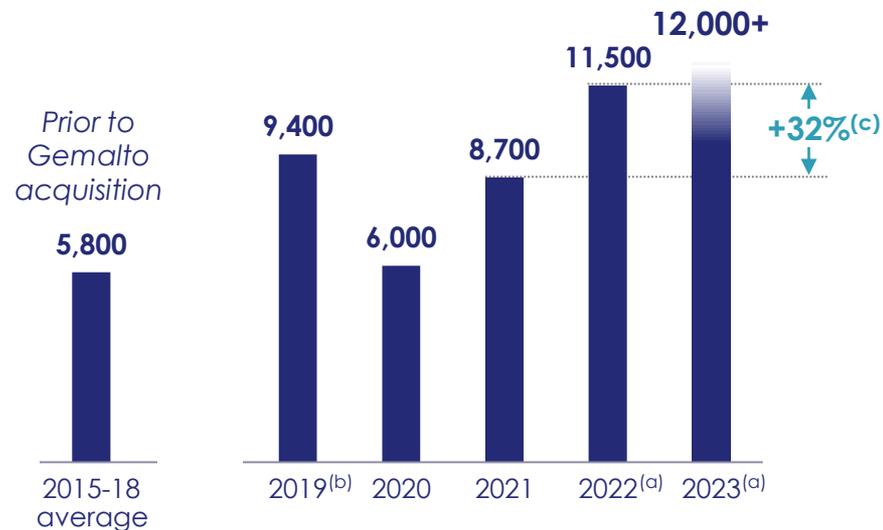
## Step change in recruitment actions initiated in 2022

- Global talent acquisition function integrated and scaled up
- New employee value proposition
- Solid retention performance sustained
- 11,500 recruitments achieved in 2022<sup>(a)</sup>

## Recruitment efforts sustained in 2023

- Targeting 12,000+ recruitments<sup>(a)</sup> in 2023
- Further development of engineering centers in Romania and India
- Make-or-Buy: leveraging partnerships with external engineering companies

## Global recruitment volumes



(a) 2022 and 2023 data excluding Transport  
(b) 2019 data with Gemalto over 12 months  
(c) +49% at constant scope

# 1 Ramp-up capex and supply chains to address strong demand

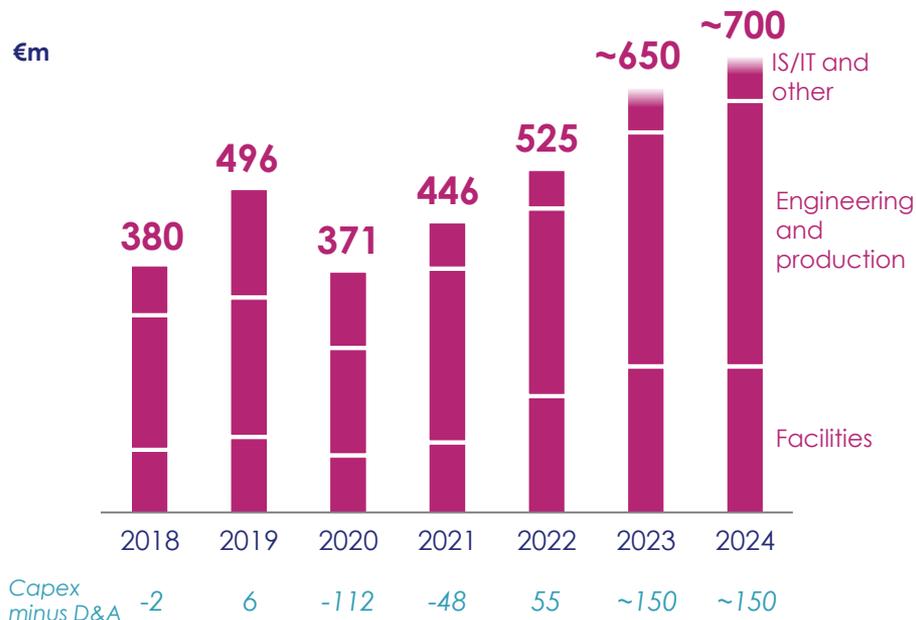
## Large increase in capex over 2023 and 2024

- 14 site extension projects to be delivered by end 2024
- Large increase in engineering and production capacity

## Broad action plan in place to secure supply chain ramp-up

- Anticipation: extension of firm orders, safety stocks
- Diversification: alternative sourcing channels, design changes...
- Optimization: internal lead times

## Capex ramp-up plan



NB: 2020-2024: continued operations (excluding Transport)

## More than ever at the forefront of research and technology

- Among Clarivate's "top 100 global innovators" in 10 of the past 12 years
- Algorithm selected by US NIST as new standard for post-quantum cryptography

## Leveraging multiple funding sources

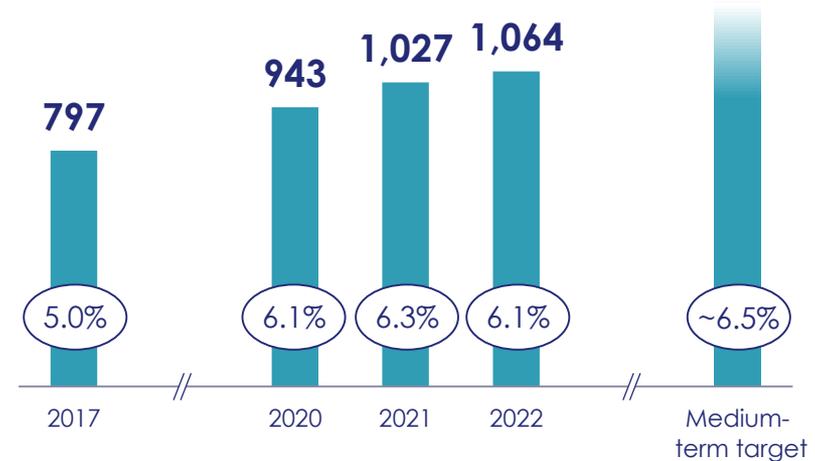
- €70m in collaborative R&D grants through European Defense Fund
- Robust 2022 performance on upstream research funding by French MoD

## Accelerating R&D investment areas

- Quantum technologies
- Edge computing, open source hardware
- Brain computer interface
- 6G

## Self-funded R&D

€m and % of sales



NB: 2020-2022 and medium-term: continued operations (excluding Transport)

3

# Take our sustainability performance to the next level: high value contributions in 2022 through portfolio of solutions

## Safer: ~60%

Keep citizens safe in both physical and digital worlds



Air defense solutions for Ukraine



Almost ~€1.5bn in cybersecurity sales

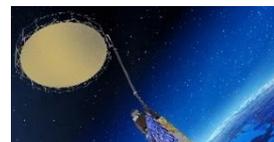


Parade: system to protect big events against drones

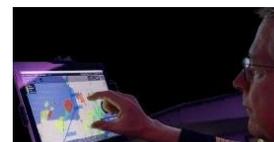


## Greener: ~20%

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



Major contributor to 5 Copernicus missions



New "Pureflyt" FMS selected by Airbus

## More inclusive: ~20%

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



SATRIA satellite connecting 17,500 Indonesian islands



Voice Payment card for visually impaired people

Percentage based on 2022 sales (excluding Transport, as per IFRS5)

# Take our sustainability performance to the next level: 2023 priorities

## Deliver on all key objectives

- Achieve all quantitative 2023 targets
- Accelerate low carbon strategy: focus on energy efficiency and suppliers
- Expand Diversity & Inclusion action plans

## Define new medium-term roadmap

- Further embed sustainability in Thales's growth strategy
- Set ambitious new targets
- Drive cultural change across Group

**Sustaining progress towards ESG leadership**

## 4 Leverage consistently high cash generation

### Balanced capital allocation to support sustainable value creation

- Continued investment in own business
- M&A
- Dividend
- Share buyback
- Pension de-risking



### Updated M&A strategy

- Strategic focus on bolt-on acquisitions, ready to go above €500m enterprise value
- Priority areas:
  - Digital solutions/technologies, cybersecurity
  - Expanding geographical footprint
- No intention to diversify into markets other than those already served
- Rigorous assessment of financial criteria
  - Contribution to growth
  - Potential for synergies
  - Valuation

## Thales cyber business focused on 3 leadership areas

- Global security products: data protection, Identity & Access Management (IAM)
- Sovereign protection products
- Projects and services to critical enterprise customers in Europe

## Two acquisitions closed in 2022

- OneWelcome, uniquely broadening global IAM business
- S21Sec and Excellium, adding 500+ cyber-experts for projects and services

## Portfolio sustainably delivering double-digit sales growth

## Thales cybersecurity portfolio



NB: €1bn reported within DIS and ~€500m in other segments

2022 Full-Year results

# Outlook



# Aerospace: robust growth over 2023 and 2024

## Multiple levers to support High-Single Digit organic sales growth over 2023/24

- Further recovery of air traffic and ramp-up of commercial aircraft production
- Robust demand for military avionics
- Space backlog, market growth and Thales product positioning
- Disposal of aeronautical electrical systems expected by mid 2023

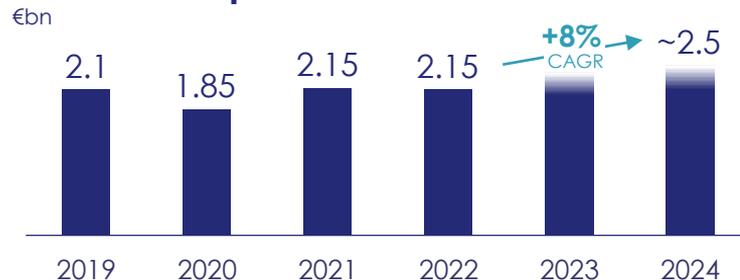
## Margin on track to reach 8.5-9% in 2024, close to 2019 level

- Margin leverage on sales growth
- Sustained R&D investments

## Avionics shipset deliveries by Thales



## Space sales trend(a)



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

# Defense & Security: ramping up to deliver on new record backlog and address sustained demand growth

## Unique demand context

- Geopolitical situation driving sustained budget growth in main Thales geographies
- Leading portfolio on attractive market segments
- Record backlog

## Sales growth to accelerate as operational bottlenecks are addressed

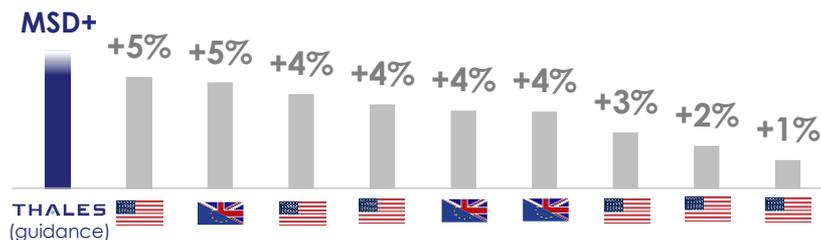
- Ramp-up of recruitment, Capex and supply chains
- Targeting Mid-Single-Digit organic sales growth in 2023, accelerating to Mid-Single-Digit+ in 2024

## Sustaining industry-leading margins (~13%)

## Defense & Security end-year backlog



## Defense business 2023/24 sales growth vs peers<sup>(a)</sup>



(a) 10 largest US/UK/EU listed defense companies. Defense segment for non pure defense companies. Sales CAGR based on Bloomberg consensus at 27 February 2023. MSD: Mid-Single Digit

# DIS: global leader on digital identity and security market

## Compelling positions on attractive, growing markets

- Cybersecurity leadership extended to Identity & Access Management (IAM)
- Profitable growth in biometrics
- Transition of legacy SIMs and banking cards to cloud-based business models
- Further development of revenue synergies

## 2023 and 2024: consolidating after exceptional 2022 performance

- Uncertain demand and supply chain contexts
- Margin sustained in 13.5-14.5% range<sup>(a)</sup>

(a) Taking into account the deconsolidation of the IoT connectivity module business

## Main ongoing revenue synergy opportunities



Sales of DIS biometric solutions through Thales global sales network



Drone management and surveillance



"Fly-to-gate" touchless passenger solutions



SENS: integration of cybersecurity products and improved go-to-market

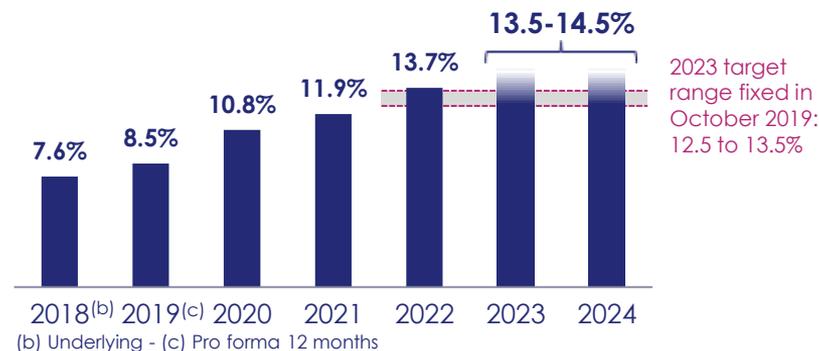


5G applications in civil and military markets



First integration of DIS technologies in defense solutions

## DIS EBIT margin evolution



# 2023 financial objectives

**Order intake**

**Book-to-bill above 1**

**Sales**

**+4% to +7% organic growth<sup>(a)</sup>**  
corresponding to €18.0 to €18.5 billion<sup>(b)</sup>

**EBIT margin<sup>(c)</sup>**

**11.5% to 11.8%<sup>(a)</sup>**

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

(b) Based on February 2023 scope and foreign exchange rates

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

# Appendix



# Upcoming events

**Q1 2023 order intake and sales**

**5<sup>th</sup> May 2023**

(before market)

**Annual General Meeting**

**10<sup>th</sup> May 2023**

**Dividend payment (a)**

**25<sup>th</sup> May 2023**

**H1 2023 results**

**21<sup>st</sup> July 2023**

(before market)

**Q3 and 9m 2023 order intake  
and sales**

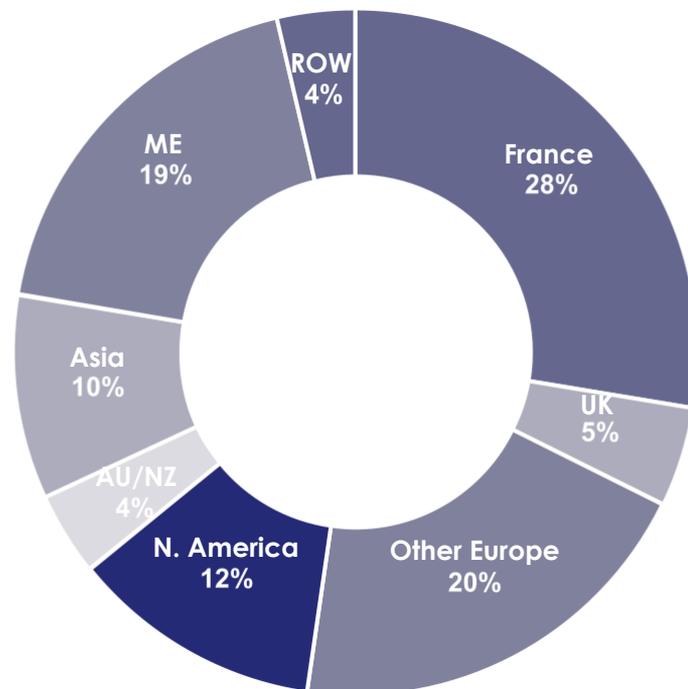
**31<sup>st</sup> October 2023**

(before market)

(a) Subject to approval by the 10<sup>th</sup> May 2023 Annual General Meeting. Ex-dividend date: 23<sup>rd</sup> May 2023

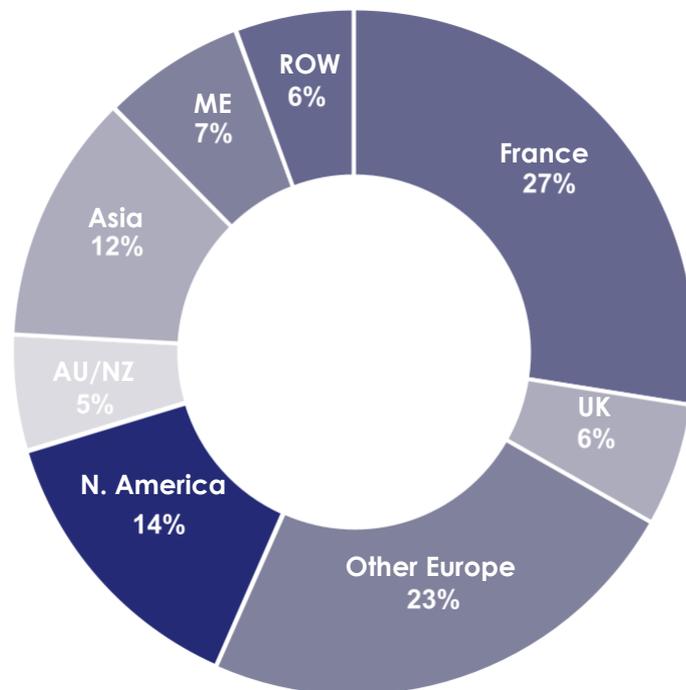
# 2022 order intake by destination

In € millions	FY	FY	Change	
	2022	2021	Total	Organic
France	6,504	6,455	+1%	+1%
United Kingdom	1,100	955	+15%	+14%
Rest of Europe	4,708	5,300	-11%	-12%
<b>Europe</b>	<b>12,312</b>	<b>12,711</b>	<b>-3%</b>	<b>-4%</b>
North America	2,794	2,230	+25%	+12%
Australia / NZ	927	586	+58%	+52%
<b>Mature markets</b>	<b>16,034</b>	<b>15,527</b>	<b>+3%</b>	<b>+1%</b>
Asia	2,263	1,829	+24%	+24%
Middle East	4,378	856	+411%	+389%
Rest of the world	875	1,696	-48%	-50%
<b>Emerging markets</b>	<b>7,516</b>	<b>4,381</b>	<b>+72%</b>	<b>+68%</b>
<b>Total</b>	<b>23,551</b>	<b>19,909</b>	<b>+18%</b>	<b>+16%</b>



# 2022 sales by destination

<i>In € millions</i>	FY	FY	Change	
	2022	2021	Total	Organic
France	4,827	4,545	+6.2%	+6.1%
United Kingdom	1,019	940	+8.4%	+7.8%
Rest of Europe	4,101	3,719	+10.3%	+8.3%
<b>Europe</b>	<b>9,947</b>	<b>9,204</b>	<b>+8.1%</b>	<b>+7.2%</b>
North America	2,415	1,952	+23.7%	+9.4%
Australia / NZ	958	994	-3.6%	-7.3%
<b>Mature markets</b>	<b>13,320</b>	<b>12,150</b>	<b>+9.6%</b>	<b>+6.3%</b>
Asia	2,068	2,057	+0.5%	+0.4%
Middle East	1,189	1,084	+9.7%	+6.3%
Rest of the world	991	901	+10.0%	+4.3%
<b>Emerging markets</b>	<b>4,248</b>	<b>4,042</b>	<b>+5.1%</b>	<b>+2.9%</b>
<b>Total</b>	<b>17,569</b>	<b>16,192</b>	<b>+8.5%</b>	<b>+5.5%</b>



# 2022 adjusted net result

€m	Consolidated P&L 2022	Impact of business combinations	Disposal of assets and others	Change in fair value of derivative FX instruments	Actuarial gains/losses on other long term benefits	Adjusted P&L 2022
<b>Sales</b>	<b>17,569</b>	—	—	—	—	<b>17,569</b>
Cost of sales	-13,113	381	—	—	—	-12,732
R&D	-1,064	—	—	—	—	-1,064
Selling costs	-1,350	—	—	—	—	-1,350
G&A costs	-599	—	—	—	—	-599
Restructuring costs	-99	—	—	—	—	-99
<b>Income from operations</b>	<b>1,344</b>	<b>381</b>	—	—	—	<b>1,726</b>
Share in net income (loss) of equity affiliates	180	29	—	—	—	209
Income of operating activities	1,524	—	—	—	—	N/A
incl. share in net income of equity affiliates						
<b>EBIT</b>	<b>N/A</b>	<b>410</b>	—	—	—	<b>1,935</b>
Result of disposal of assets, change in scope and others	-24	—	24	—	—	—
Impairment loss on assets	—	—	—	—	—	—
Cost of net financial debt	-50	—	—	—	—	-50
Other financial income (expense)	-99	—	—	65	—	-34
Finance costs on pensions and other employee benefits	-5	—	—	—	-30	-35
Income tax	-225	-97	-3	-14	8	-331
Net income from continuing operations	1,122	313	21	50	-22	1,485
Net income from discontinued operations	9	80	1	—	—	90
<b>Net income (loss)</b>	<b>1,131</b>	<b>393</b>	<b>22</b>	<b>50</b>	<b>-22</b>	<b>1,574</b>
Minorities	-10	-8	—	—	—	-18
<b>Net income (loss), Group share</b>	<b>1,121</b>	<b>385</b>	<b>22</b>	<b>50</b>	<b>-22</b>	<b>1,556</b>

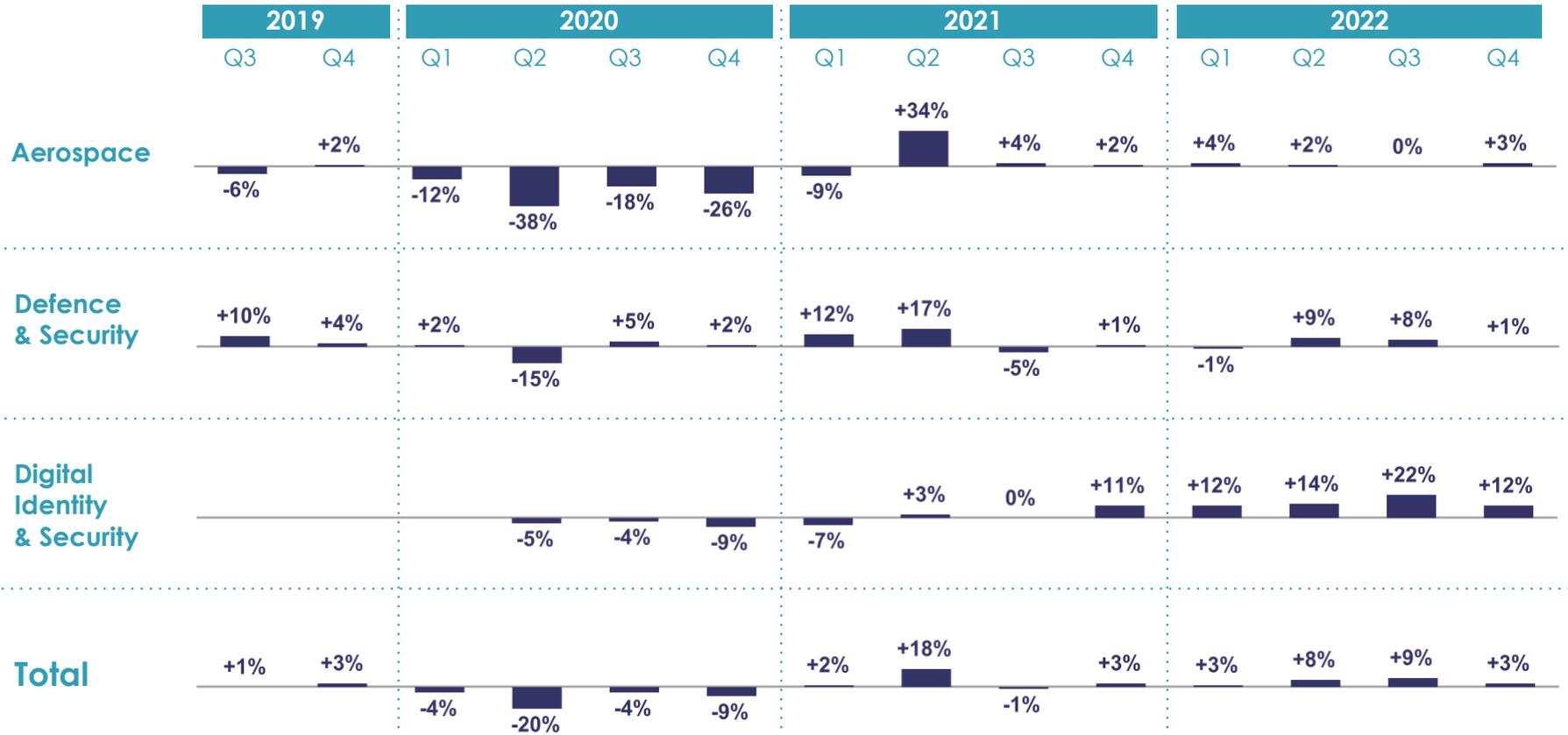
# 2021 adjusted net result

€m	Consolidated P&L 2021	Impact of business combinations	Disposal of assets and others	Change in fair value of derivative FX instruments	Actuarial gains/losses on other long term benefits	Adjusted P&L 2021
<b>Sales</b>	<b>16,192</b>	—	—	—	—	<b>16,192</b>
Cost of sales	-12,159	372	—	—	—	-11,787
R&D	-1,027	—	—	—	—	-1,027
Selling costs	-1,226	—	—	—	—	-1,226
G&A costs	-545	—	—	—	—	-545
Restructuring costs	-92	1	—	—	—	-91
<b>Income from operations</b>	<b>1,144</b>	<b>373</b>	—	—	—	<b>1,517</b>
Share in net income (loss) of equity affiliates	104	28	—	—	—	132
Income of operating activities incl. share in net income of equity affiliates	1,247	—	—	—	—	N/A
<b>EBIT</b>	<b>N/A</b>	<b>402</b>	—	—	—	<b>1,649</b>
Result of disposal of assets, change in scope and others	49	—	-49	—	—	—
Impairment loss on assets	—	—	—	—	—	—
Cost of net financial debt	-57	—	—	—	—	-57
Other financial income (expense)	-53	—	—	32	—	-21
Finance costs on pensions and other employee benefits	-22	—	—	—	-8	-30
Income tax	-148	-102	12	-8	2	-244
Net income from continuing operations	1,017	300	-37	23	-6	1,297
Net income from discontinued operations	118	8	-1	-7	—	117
<b>Net income (loss)</b>	<b>1,134</b>	<b>308</b>	<b>-38</b>	<b>16</b>	<b>-6</b>	<b>1,414</b>
Minorities	-46	-8	—	—	—	-53
<b>Net income (loss), Group share</b>	<b>1,089</b>	<b>300</b>	<b>-38</b>	<b>16</b>	<b>-6</b>	<b>1,361</b>

# EBIT by operating segment

€m / % of sales	2022		2021		Change	
					total	organic
Aerospace	235	5.0%	202	4.5%	+16.1%	+18.3%
Defence & Security	1,179	12.9%	1,111	12.9%	+6.1%	+2.7%
Digital Identity & Security	494	13.7%	358	11.9%	+38.2%	+37.9%
<b>EBIT - operating segments</b>	<b>1,908</b>	<b>10.9%</b>	<b>1,671</b>	<b>10.4%</b>	<b>+14.2%</b>	<b>+12.4%</b>
Other	-92		-91			
<b>EBIT - excluding Naval Group</b>	<b>1,816</b>	<b>10.3%</b>	<b>1,580</b>	<b>9.8%</b>	<b>+14.9%</b>	<b>+13.2%</b>
Naval Group	119		69			
<b>EBIT - total</b>	<b>1,935</b>	<b>11.0%</b>	<b>1,649</b>	<b>10.2%</b>	<b>+17.3%</b>	<b>+15.6%</b>

# Organic sales growth per quarter



## Q4 2022 order intake by operating segment

€m	Q4	Q4	Change	
	2022	2021	Total	Organic
Aerospace	2,247	1,954	+15%	+13%
Defense & Security	4,780	6,359	-25%	-26%
Digital Identity & Security	1,032	889	+16%	+12%
Other	43	49		
<b>Total</b>	<b>8,102</b>	<b>9,252</b>	<b>-12%</b>	<b>-14%</b>

## Q4 2022 sales by operating segment

€m	Q4	Q4	Change	
	2022	2021	Total	Organic
Aerospace	1,435	1,355	+5.9%	+3.1%
Defense & Security	2,768	2,685	+3.1%	+0.8%
Digital Identity & Security	1,034	889	+16.3%	+11.9%
Other	33	40		
<b>Total</b>	<b>5,271</b>	<b>4,970</b>	<b>+6.1%</b>	<b>+3.3%</b>



# Transport: 2022 key figures



€m	2022	2021	Change	
			total	organic
<b>Order intake</b>	<b>2,191</b>	<b>1,947</b>	+13%	+9%
<b>Sales</b>	<b>1,772</b>	<b>1,665</b>	+6.4%	+4.3%
<b>EBIT</b>	<b>132</b>	<b>161</b>	-17.8%	-18.7%
in % of sales	7.4%	9.6%	-2.2 pts	-2.1 pts

Strong order intake, organically up by 9%, driving the book-to-bill above 1.2

Sales organically up by 4.3% in spite of supply chain challenges

Profitability impacted by supply chain tensions and cost inflation

# 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 2022.
- **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 2022. This definition implies the definition of several other adjusted financial measures, such as adjusted gross margin, adjusted tax, adjusted EPS .... See page 15 of the 2022 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 2022.
- **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 2022.

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Building a future we can all trust

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