

# H1 2025 results

23<sup>rd</sup> July 2025

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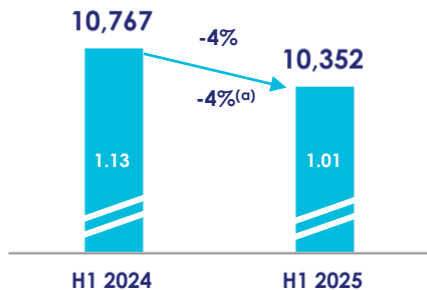
# H1 2025 highlights

- > **Sales up high-single digit, driven by Avionics and Defence**
- > **Supportive context in Defence offering further mid-term opportunities for Thales**
  - > Order of 26 Rafale Marine by the Indian Navy booked in Q2 2025
  - > £1.16bn Air Defence contract with the UK MoD for the supply of 5,000 LMM missiles booked in July 2025
  - > ReArm Europe plan to enhance Defence capabilities in Europe
  - > France planning to exceed the military programming law by increasing spending from €50bn in 2025 to €64bn in 2027
- > **Strong increase in Adjusted EBIT margin**

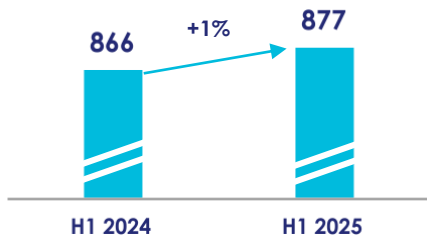


# H1 2025 key figures

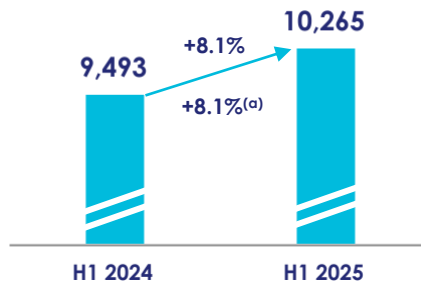
Order intake and book-to-bill (€m)



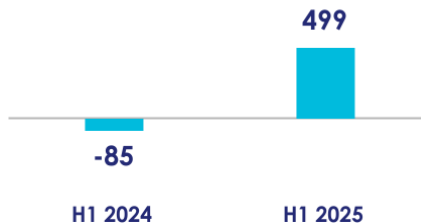
Adjusted net income, Group share<sup>(b)</sup> (€m)



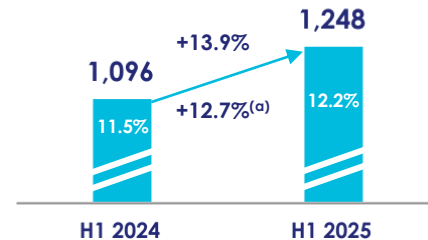
Sales (€m)



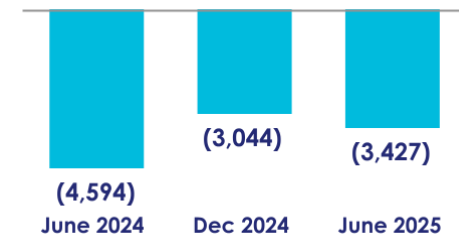
Free operating cash-flow<sup>(b)</sup> (€m)



Adjusted EBIT<sup>(b)</sup> (€m and %)



Net cash (debt) position<sup>(b)</sup> (€m)



a. Organic: at constant scope and exchange rates  
b. The definition of all non-GAAP measures can be found in appendix

# H1 2025 order intake

## > Solid H1 order intake

- > Order of 26 Rafale by the Indian Navy with a unit value above €1 billion in H1 2025
- > 3 orders with unit value above €500m in H1 2024

## > 10 large orders<sup>(a)</sup> booked in H1 2025

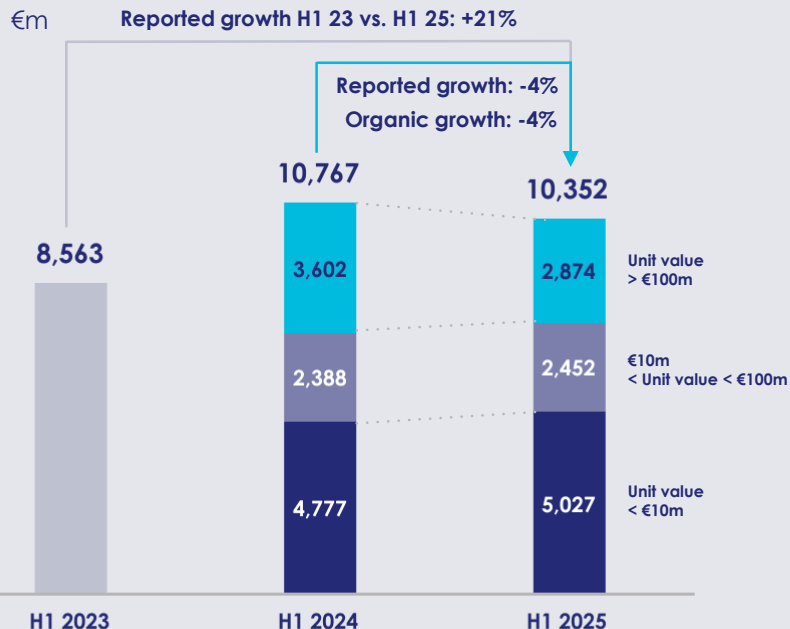
- > Continued strong momentum in Defence with 6 large orders
- > 4 large orders in Aerospace, of which 3 in Space and 1 in Avionics

## > Small orders<sup>(b)</sup> up 5%

a. With a unit value over €100m

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

## > Order intake by contract unit value



# H1 2025 organic sales growth

## > Scope and currency impact

- > Positive scope impact, mainly resulting from Cobham Aerospace Communications acquisition
- > Negative currency impact, mainly linked to EUR/USD and EUR/AUD evolutions

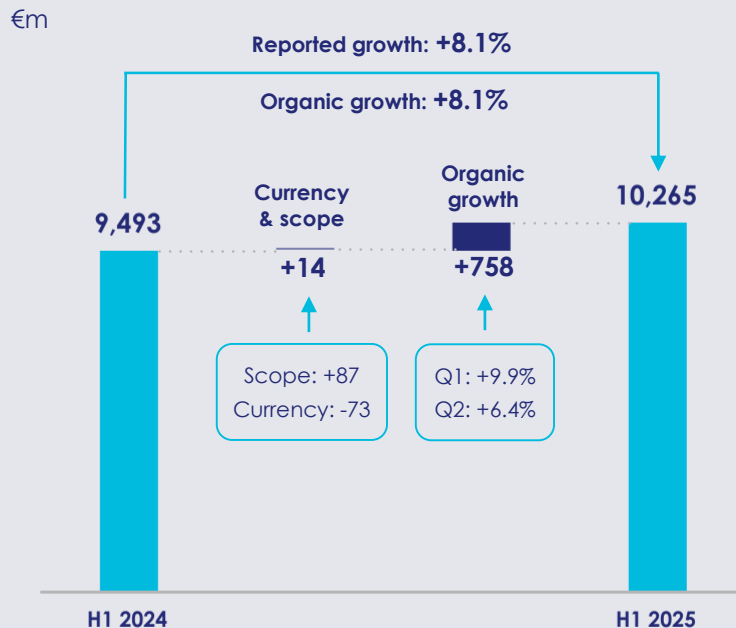
## > H1 sales up 8.1% organically

- > Good momentum in Aerospace, driven by Avionics
- > Defence delivering double-digit organic growth in a supportive context
- > Cyber & Digital slightly down, progressive ramp up expected in H2

## > Solid growth from both mature and emerging markets

- > Europe: +8.9%
- > Emerging markets: +10.7%

## > H1 sales growth drivers



# H1 2024 to H1 2025 Adjusted EBIT bridge

€m





## Aerospace: H1 2025 key figures

€m	H1 2025	H1 2024	Change	
			Total	Organic
Order intake	2,658	2,688	-1%	-3%
Sales	2,759	2,582	+6.8%	+5.8%
Adjusted EBIT	252	167	+50.9%	+36.4%
in % of sales	9.1%	6.5%	+2.7 pts	+1.9 pts

### > Order intake broadly stable vs. H1 2024

- > Solid underlying demand in Avionics
- > Space orders slightly down, 3 large orders signed in H1 2025 (2 in Telco, 1 in Exploration)

### > Sales growth driven by Avionics

- > Sustained growth in Avionics, with strong performance in aftermarket and military activities
- > Space sales still impacted by last two years' low demand in Telco business

### > Sharp increase in Adjusted EBIT margin

- > Robust double-digit margin in Avionics
- > Improvement in Space margin, on track to deliver positive 2025 Adj. EBIT before restructuring costs





# Defence: H1 2025 key figures

€m	H1 2025	H1 2024	Change	
			Total	Organic
Order intake	5,751	6,120	-6%	-6%
Sales	5,581	4,938	+13.0%	+12.7%
Adjusted EBIT	720	639	+12.6%	+13.5%
in % of sales	12.9%	12.9%	0.0 pts	+0.1 pts

## > Order intake facing tough comparison basis, strong underlying momentum remains

- > 6 large contracts booked in H1 2025 vs. 9 in H1 2024
- > Continued supportive momentum, notably on small orders
- > Additional large contracts expected in H2, including Air Defence contracts with UK & German governments

## > Sales growth ahead of full-year expectations

- > Continued double-digit growth in Q2, supported by production ramp-up
- > Strong momentum in most of the activities

## > Stable Adjusted EBIT margin around 13% as expected







# Cyber & Digital: H1 2025 key figures

€m	H1 2025	H1 2024	Change	
			Total	Organic
<b>Sales</b>	<b>1,862</b>	<b>1,934</b>	-3.7%	-1.9%
o/w Cyber	708	746	-5.0%	-3.5%
o/w Digital Identity	1,153	1,188	-2.9%	-0.8%
<b>Adjusted EBIT</b>	<b>265</b>	<b>272</b>	-2.5%	-0.6%
<i>In % of sales</i>	<i>14.2%</i>	<i>14.1%</i>	<i>+0.2 pts</i>	<i>+0.2 pts</i>
o/w Cyber	97	102	-5.6%	-3.4%
o/w Digital Identity	168	170	-0.7%	+1.0%

## > Cyber sales down organically, hampered by short term disturbances

- > Disturbances in Cyber Products activity in Q2 linked to the now completed merger of Thales & Imperva sales forces. Progressive ramp up expected in H2
- > Low market dynamic in Cyber Services. On-going execution of premiumization strategy

## > Digital Identity sales up in Q2 after slow Q1

- > Slow semester in Identity & Biometrics
- > Solid profitable growth in Secure Connectivity Solutions driven by full digital solutions
- > Further vigorous performance of Digital Banking solutions

## > Margin protected thanks to continued disciplined pricing policy



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

€m	H1 2025	H1 2024
<b>Adjusted EBIT</b>	<b>1,248</b>	<b>1,096</b>
Cost of net financial debt and other financial results	(86)	(55)
Finance costs on pensions and other employee benefits	(26)	(28)
Income tax	(277)	(193)
Effective tax rate	26.7% <sup>1</sup>	20.4%
Adjusted net income from discontinued operations	N/A	19
<b>Adjusted net income</b>	<b>859</b>	<b>839</b>
Minorities	18	27
<b>Adjusted net income, Group share</b>	<b>877</b>	<b>866</b>
<b>Adjusted net income, Group share, per share (in €)</b>	<b>4.27</b>	<b>4.21</b>
Temporary additional corporate tax in France	(60)	N/A
<b>Adjusted net income, Group share</b> excluding temporary additional corporate tax in France	<b>937</b>	<b>866</b>

<sup>1</sup> Excluding additional temporary tax surcharge in France in H1 2025, the effective tax rate is 21.0%.

# H1 2025 Free operating cash-flow

## > Improvement in WCR variance compared to last year

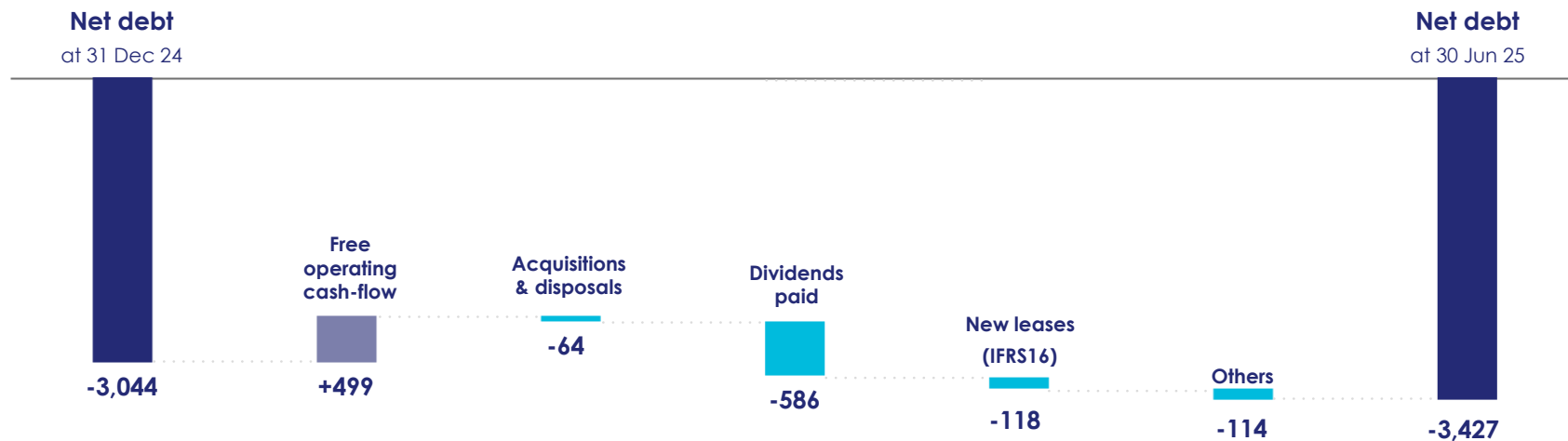
- > Continued satisfactory payment profile from customers
- > Ongoing action plans to optimize stocks

## > 2025 Adjusted Net Income to FOCF conversion ratio confirmed at 95%-100%

€m	H1 2025	H1 2024
<b>Operating cash flow before WCR changes, interest and tax</b>	<b>1,526</b>	<b>1,472</b>
+ Change in WCR and reserves for contingencies	(530)	(995)
+ Pension cash out	(76)	(57)
+ Net financial interests	(40)	(74)
+ Income tax paid	(71)	(54)
+ Net operating investments	(310)	(270)
+ Free operating cash-flow, discontinued operations	N/A	(108)
<b>= Free operating cash-flow</b>	<b>499</b>	<b>(85)</b>

# Movement in net debt over H1 2025

€m



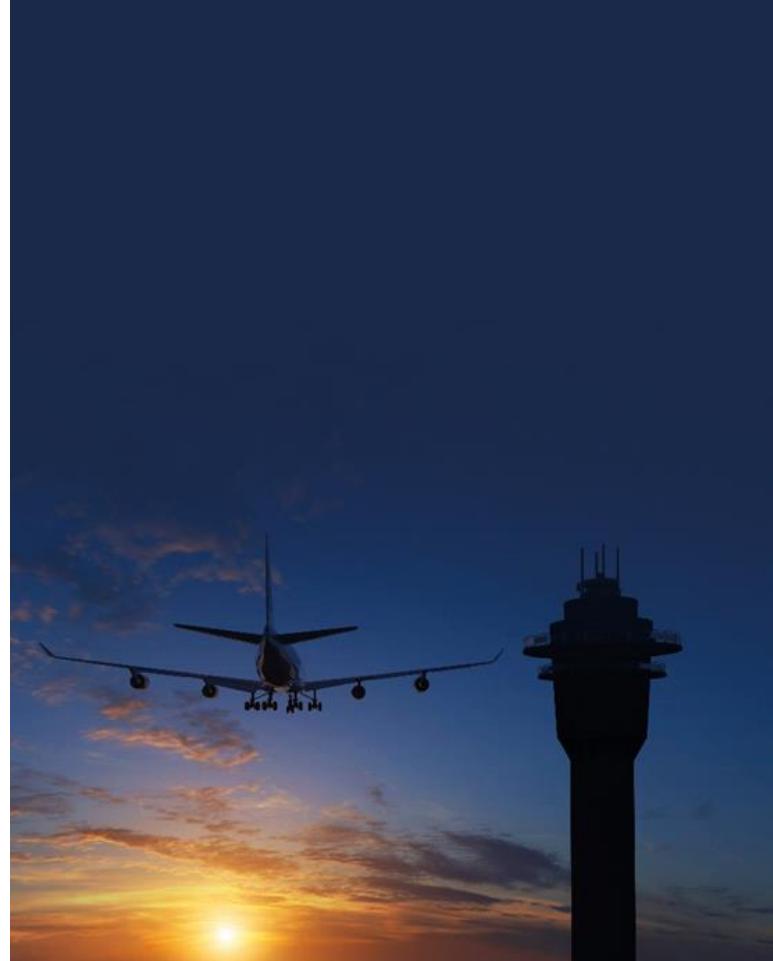
2025 half-year results

# Strategy and outlook



## Key 2025 priorities

- 1 Continued ramp up to capture market growth
- 2 Maintained innovation leadership
- 3 Space recovery plan
- 4 Integration of acquisitions



# Solid progress in H1 2025



Thales delivering  
on full year  
priorities



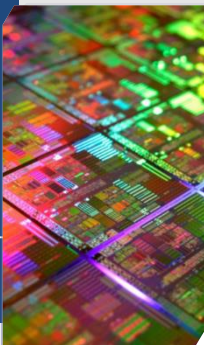
## 1 Continued ramp up to capture market growth

- ▶ **Further capacity expansions** (e.g., Cholet, Hengelo, Gdansk)
- ▶ Recruitments: **Thales** ranked **#1 company for young engineers** in France



## 2 Restoring Space profitability

- ▶ **Adaptation plan:** 75% of positions redeployed
- ▶ Recent commercial wins supporting profitability recovery



## 3 Sustained differentiation through innovation

- ▶ **Deploying cortAlx worldwide:** UK, Singapore
- ▶ Signing of a MoU with Foxconn<sup>(a)</sup> to create the first **System in Package assembly and test facility** in Europe



## 4 Delivering strong value creation from recent acquisitions

- ▶ Launch of new solutions combining Thales and **Imperva's** best technologies (e.g. File Activity Monitoring)
- ▶ **Cobham AeroComms** strong performance



a. The MoU initiates preliminary discussions between Thales, Radiall and FoxConn.

# 2025 financial objectives: sales organic growth guidance upgraded

## 1



**Order intake**  
Book-to-bill  
**above 1**

## 2



**Sales**  
**+6% to +7%<sup>(a)</sup>**  
organic growth,  
vs. +5 to +6% previously  
corresponding to €21.8 to €22.0 billion



**Upgraded**

## 3



**Adjusted EBIT margin<sup>(b)</sup>**  
**12.2% to 12.4%<sup>(a)</sup>**

Assuming no new disruptions of the macroeconomic and geopolitical context.

a. Based on end of June 2025 scope, average foreign exchange rates for H1 2025 and an assumption of average EUR/USD at 1.17 for H2 2025. **Regarding tariffs, the guidance is valid on the basis of reciprocal tariffs of 10% from Europe and 25% from Mexico, and on the assumption that Europe takes no retaliatory measures.**

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



# Appendix





## Upcoming events

**23 October 2025**

(before market opening)

**Q3 and 9m 2025 sales**



# Considerations on US tariffs (Q1 2025)

## > Global considerations for Thales

- > Multi-local business protective by nature
- > Defense activities still exempt from tariffs
- > Favorable incoterms in some export contracts

## > 3 main areas that could be impacted

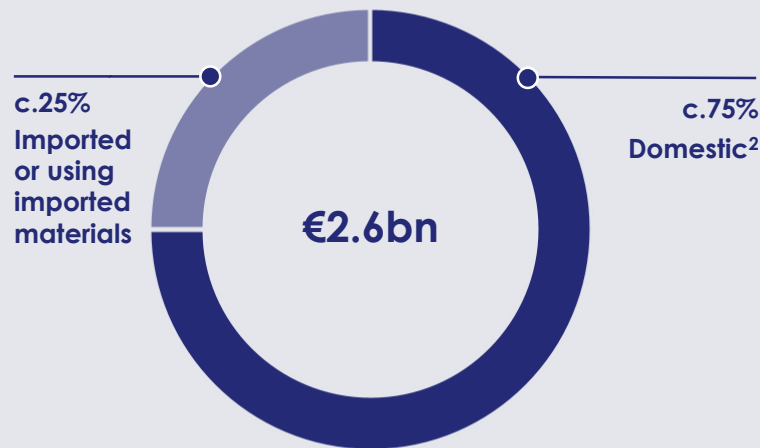
- > Avionics aftermarket business: mainly imported from France
- > IFE business importing screens from China
- > Payment cards sold to US, manufactured in other countries, mainly Mexico and Singapore

## > Mitigation actions under implementation

- > Specific customs programs (Duty drawback or Temporary Importation under Bonds)
- > Redirecting production flows
- > Supply chain optimization (i.e. alternative sourcing)
- > Transfer prices
- > Customer surcharging

**At this stage, contained direct net impact**

## > Thales 2024 sales to the US<sup>1</sup>

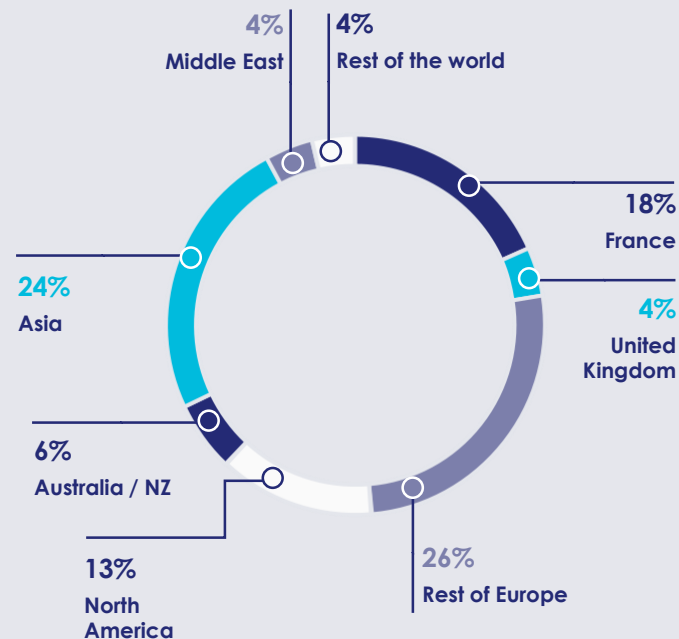


<sup>1</sup> Sales by destination.

<sup>2</sup> Sold by a Thales US entity to a US customer.

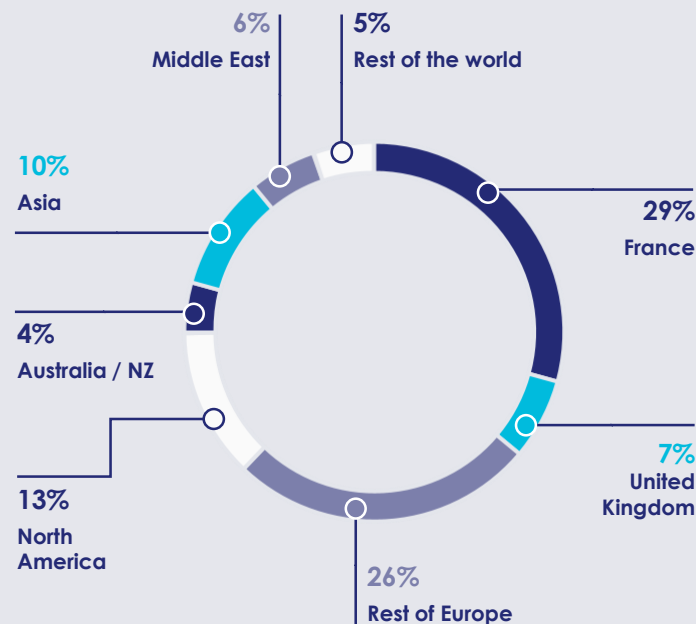
# H1 2025 order intake by destination

In € millions	H1	H1	Change	
	2025	2024	Total	Organic
France	1,899	2,099	-10%	-10%
United Kingdom	433	571	-24%	-25%
Rest of Europe	2,706	2,884	-6%	-7%
<b>Europe</b>	<b>5,037</b>	<b>5,554</b>	<b>-9%</b>	<b>-10%</b>
North America	1,376	1,274	+8%	+6%
Australia / NZ	618	501	+23%	+30%
<b>Mature markets</b>	<b>7,031</b>	<b>7,328</b>	<b>-4%</b>	<b>-5%</b>
Asia	2,516	1,823	+38%	+38%
Middle East	424	1,124	-62%	-62%
Rest of the world	381	492	-22%	-20%
<b>Emerging markets</b>	<b>3,321</b>	<b>3,439</b>	<b>-3%</b>	<b>-3%</b>
<b>Total</b>	<b>10,352</b>	<b>10,767</b>	<b>-4%</b>	<b>-4%</b>



# H1 2025 sales by destination

	H1	H1	Change	
In € millions	2025	2024	Total	Organic
France	3,002	2,940	+2.1%	+1.2%
United Kingdom	708	624	+13.5%	+11.7%
Rest of Europe	2,669	2,250	+18.6%	+18.3%
<b>Europe</b>	<b>6,378</b>	<b>5,814</b>	<b>+9.7%</b>	<b>+8.9%</b>
North America	1,312	1,268	+3.4%	+2.3%
Australia / NZ	445	463	-3.9%	+1.2%
<b>Mature markets</b>	<b>8,135</b>	<b>7,545</b>	<b>+7.8%</b>	<b>+7.4%</b>
Asia	999	929	+7.6%	+7.8%
Middle East	593	554	+7.1%	+7.9%
Rest of the world	537	464	+15.8%	+20.0%
<b>Emerging markets</b>	<b>2,130</b>	<b>1,947</b>	<b>+9.4%</b>	<b>+10.7%</b>
<b>Total</b>	<b>10,265</b>	<b>9,493</b>	<b>+8.1%</b>	<b>+8.1%</b>



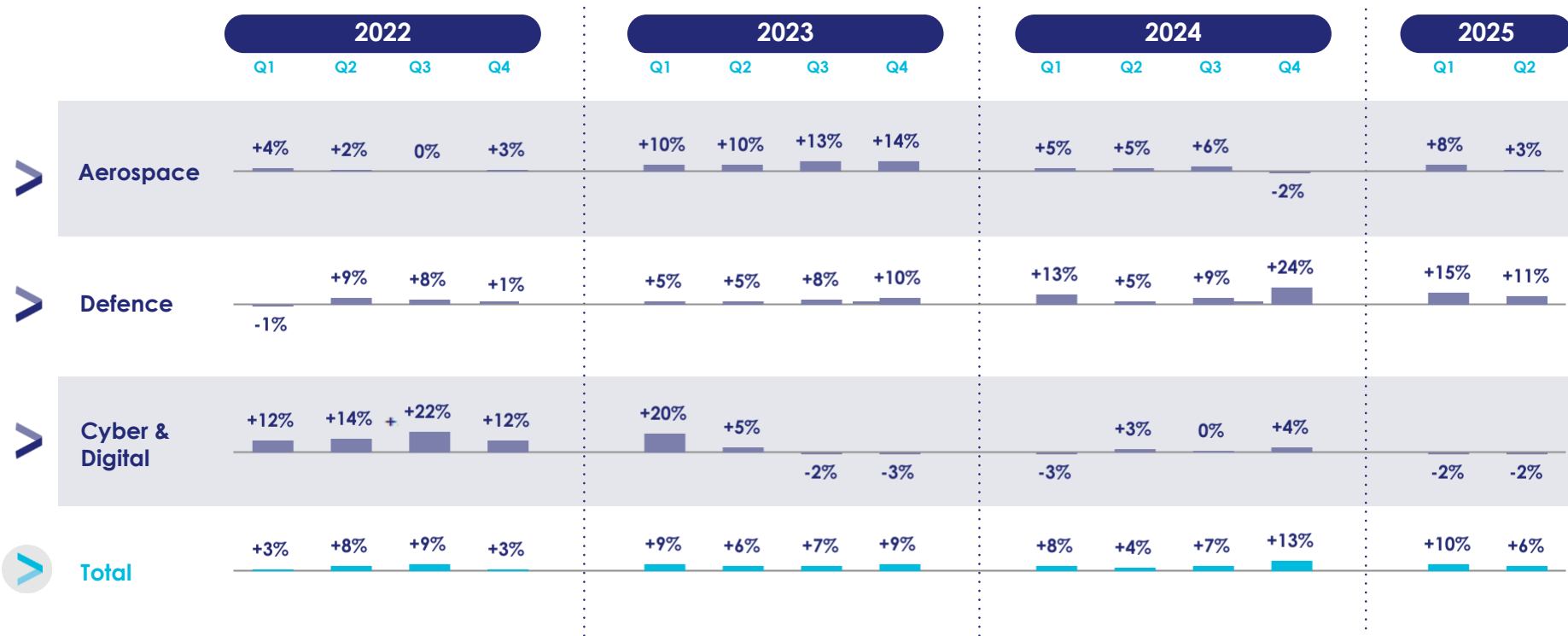
# Summary adjusted P&L: from sales to Adjusted EBIT

	H1 2025		H1 2024		Change	
	€m	% of sales	€m	% of sales	total	organic
<b>Sales</b>	<b>10,265</b>		<b>9,493</b>		<b>+8.1%</b>	<b>+8.1%</b>
Gross margin	2,958	28.8%	2,771	29.2%	+6.8%	+5.8%
Indirect costs	(1,756)	-17.1%	(1,710)	-18.0%	+2.7%	+1.5%
o/w R&D expenses	(627)	-6.1%	(599)	-6.3%	+4.7%	+2.2%
o/w Marketing & Sales expenses	(774)	-7.5%	(776)	-8.2%	+0.3%	-0.0%
o/w General & Administrative expenses	(355)	-3.5%	(335)	-3.5%	+6.0%	+3.6%
Restructuring costs	(55)	-0.5%	(32)	-0.3%	+71.0%	+72.4%
Share in net result of equity-accounted, affiliates, excluding Naval Group	66		23			
<b>Adj. EBIT, excluding Naval Group</b>	<b>1,213</b>	<b>11.8%</b>	<b>1,052</b>	<b>11.1%</b>	<b>+15.3%</b>	<b>+14.1%</b>
Share in net result of Naval Group	35		44			
<b>Adj. EBIT</b>	<b>1,248</b>	<b>12.2%</b>	<b>1,096</b>	<b>11.5%</b>	<b>+13.9%</b>	<b>+12.7%</b>

# H1 2025 Adjusted EBIT by operating segment

€m / % of sales	H1		H1		Change	
	2025		2024		Total	Organic
Aerospace	252	9.1%	167	6.5%	+50.9%	+36.4%
Defence	720	12.9%	639	12.9%	+12.6%	+13.5%
Cyber & Digital	265	14.2%	272	14.1%	-2.5%	-0.6%
<b>Adj. EBIT – operating segments</b>	<b>1,237</b>	<b>12.1%</b>	<b>1,078</b>	<b>11.4%</b>	<b>+14.7%</b>	<b>+13.6%</b>
Other	(24)		(26)			
<b>Adj. EBIT – excluding Naval Group</b>	<b>1,213</b>	<b>11.8%</b>	<b>1,052</b>	<b>11.1%</b>	<b>+15.3%</b>	<b>+14.1%</b>
Naval Group	35		44			
<b>Adj. EBIT – total</b>	<b>1,248</b>	<b>12.2%</b>	<b>1,096</b>	<b>11.5%</b>	<b>+13.9%</b>	<b>+12.7%</b>

# Organic sales growth per quarter





## Q2 2025 order intake by operating segment

€m	Q2	Q2	Change	
	2025	2024	Total	Organic
Aerospace	1,128	1,685	-33%	-32%
Defence	4,449	2,998	+48%	+50%
Cyber & Digital	975	1,028	-5%	-1%
Other	22	19		
<b>Total</b>	<b>6,574</b>	<b>5,730</b>	<b>+15%</b>	<b>+17%</b>

## Q2 2025 sales by operating segment

€m	Q2	Q2	Change	
	2025	2024	Total	Organic
Aerospace	1,417	1,400	+1.2%	+3.5%
Defence	2,896	2,633	+10.0%	+10.6%
Cyber & Digital	959	1,017	-5.8%	-1.6%
<i>dont Cyber</i>	351	394	-11.0%	-7.0%
<i>dont Digital</i>	608	623	-2.4%	+1.8%
Other	32	21		
<b>Total</b>	<b>5,305</b>	<b>5,071</b>	<b>+4.6%</b>	<b>+6.4%</b>

# 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.

- > **Adjusted EBIT:** income from operations; plus the share in net income of equity affiliates, excluding (i) expenses related to business combinations (amortization of assets valued as part of the purchase price allocation, other expenses directly linked business combinations) (ii) the impact of changes in the Thales share price on the expense recognized in the income statement in respect of LTI plans. See also notes 13-a and 2 of the consolidated financial statements at 31 December 2024.

- > **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), (vii) impact of changes in the Thales share price on the expense recognized in the income statement in respect of LTI plans. See note 13-a of the consolidated financial statements at 31 December 2024. This definition implies the definition of several other adjusted financial measures, such as adjusted gross margin, adjusted tax, adjusted EPS. See pages 14 and 15 of the H1 2025 results press release for detailed calculation of these other indicators.

The definition of those two indicators has changed as of 30 June 2025 and now excludes the impact of changes in the Thales share price on the expense recognized in the income statement in respect of LTI plans.

- > **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 2024.
- > **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 2024.

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