Investor meeting

September 2021
Introduction to Thales

Key priorities for 2019-23

Proposed disposal of transport segment

H1 2021 results

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

Product mix
- 25% Aerospace
- 18% Digital identity & security
- 10% Transport
- 48% Defense & security

Customer mix
- 17% Commercial customers
- 47% Military customers
- 23% Private operators of critical infrastructures
- 13% Government agencies

Geographical mix
- 56% Europe
- 19% Asia-Pacific
- 11% North America
- 14% Rest of world
- 2020 sales

Defense sensors & mission systems #1 in Europe
Air Traffic Management #1 worldwide
Rail signaling and supervision #2 worldwide
Data protection #1 worldwide
Civil satellites #2 worldwide
Flight avionics #3 worldwide
Thales: a pure player focused on intelligent systems and digital solutions

Addressing some of the most demanding end markets…

…leveraging a unique portfolio of key common technologies

Critical decision chain

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

Examples of solutions: sensors, mission systems, communications, command and control systems, digital identity and security solutions
Thales builds on 4 key strengths

<table>
<thead>
<tr>
<th>Cutting edge R&amp;D</th>
<th>Deep domain knowledge</th>
<th>Large digital asset base</th>
<th>Global presence</th>
</tr>
</thead>
<tbody>
<tr>
<td>€3.5bn+, ~20% of sales</td>
<td>Top 3 globally or #1 in Europe across businesses</td>
<td>Thales portfolio: digital “by nature”</td>
<td>Presence in 50+ countries and sales in 100+ countries</td>
</tr>
<tr>
<td>~70% customer-funded</td>
<td>Leverage across 5 end markets with many technological similarities</td>
<td>Significant organic and inorganic initiatives, targeting 4 key digital technologies</td>
<td>Proven ability to address complex markets and partnerships</td>
</tr>
<tr>
<td>29,000+ engineers</td>
<td>Top 100 global innovator for 7th consecutive year</td>
<td>Large integrated network of digital native talents</td>
<td>Capitalizing on 40+ year presence</td>
</tr>
</tbody>
</table>

Thales portfolio: digital “by nature”

Significant organic and inorganic initiatives, targeting 4 key digital technologies

Large integrated network of digital native talents

Presence in 50+ countries and sales in 100+ countries

Proven ability to address complex markets and partnerships

Capitalizing on 40+ year presence

Thales builds on 4 key strengths:

- **Cutting edge R&D**
  - €3.5bn+, ~20% of sales
  - ~70% customer-funded
  - 29,000+ engineers
  - Top 100 global innovator for 7th consecutive year

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

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

- **Global presence**
  - Presence in 50+ countries and sales in 100+ countries
  - Proven ability to address complex markets and partnerships
  - Capitalizing on 40+ year presence
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Outlook
Ambition 10: a solid framework to capitalize on Thales’s unique positioning, further strengthened in the post Covid-19 world

Continued focus on operational performance

1. Reinforce customer-centric organization and culture
2. Relentlessly optimize operational performance

Strong development levers

3. Accelerate R&D investments to drive technological excellence
4. Lead in digital transformation of markets
5. Execute on transformative acquisition of Gemalto
Sustainably deliver on operational performance initiatives

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

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Margin</th>
<th>G&amp;A Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>23.6%</td>
<td>3.8%</td>
</tr>
<tr>
<td>2016</td>
<td>23.8%</td>
<td>3.6%</td>
</tr>
<tr>
<td>2017</td>
<td>24.0%</td>
<td>3.6%</td>
</tr>
<tr>
<td>2018</td>
<td>25.4%</td>
<td>3.5%</td>
</tr>
<tr>
<td>2019</td>
<td>26.1%</td>
<td>3.4%</td>
</tr>
</tbody>
</table>

2.9 point EBIT margin expansion achieved over 4 years

Focus on 4 high impact initiatives

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

\(^{(a)}\) At constant scope: 2015-2018 adjusted for disposal of GP HSM business, 2019 excluding Gemalto.
Investments focused on core digital technologies

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

New R&D investment areas

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

Self-funded R&D

€m and as % of sales

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>695</td>
<td>638</td>
<td>879</td>
<td>1,115</td>
<td>1,163</td>
<td>1,025</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>%</td>
<td>4.9%</td>
<td>5.5%</td>
<td>6.1%</td>
<td></td>
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<td></td>
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</tr>
</tbody>
</table>

Pro forma Gemalto

6.0% to 6.5% of sales
Digital technology leadership enhances long-term growth profile

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

Design of new services and business models delivering more recurring revenues

Breakthrough innovations boosting longer-term growth

Digital innovations driving mid to long-term growth
Digital investments drive key successes across all markets

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

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

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

- **Digital identity & Security**
  - Data security and privacy partnership with Google cloud
  - 50%+ market share on eSIM management platforms
  - Strong growth in digital payments and biometric EMV cards

Enhancing growth profile through digital investments
Gemalto acquisition: accelerating Thales’s digital strategy

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

3 key technological capabilities
- Digital identity - biometrics
- Secure connectivity - IoT
- Data protection - encryption

Opportunities already materializing in 80% of existing business lines

Access to large pool of digital talents

Reinforcing unique and differentiated market position
Gemalto acquisition: expanding portfolio in highly synergistic growth market

Global leader in fast-growing digital identity and security market

Multiple growth engines, addressing major societal aspirations

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

Leveraging Thales’s extensive technology portfolio

Maximizing value in mature businesses

### Multiple fast-growing markets

<table>
<thead>
<tr>
<th>Market</th>
<th>2023 Market Size</th>
<th>2019-23 Forecasted Market Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data protection</td>
<td>~€9bn</td>
<td>x2</td>
</tr>
<tr>
<td>IoT connectivity &amp; security (b)</td>
<td>€6bn+</td>
<td>x2</td>
</tr>
<tr>
<td>Biometrics</td>
<td>~€5bn</td>
<td>x1.5</td>
</tr>
<tr>
<td>eSIM shipments</td>
<td>~800 million units</td>
<td>x6</td>
</tr>
</tbody>
</table>

(a) Pre Covid-19 crisis forecasts
(b) IoT cellular modules and IoT security
Sources: ABI Research, Gartner, IDC, Counterpoint, Thales
Solid progress on Gemalto synergies

Revenue synergies in line with plan

- Strong growth of combined data protection solution portfolio, combining industry-leading capabilities from Thales and Gemalto

- Sale of DIS solutions through Thales global sales network

- Progressive insertion of DIS key technologies in Thales solutions
  - New “fly-to-gate” airport security offerings
  - Drone identification and geo-localization
  - Private 5G networks

- 49 projects won in H1 2021, in line with 2023 revenue synergy target (€300-500m)

Cost synergies ahead of plan

- Strong growth of combined data protection solution portfolio, combining industry-leading capabilities from Thales and Gemalto

- Sale of DIS solutions through Thales global sales network

- Progressive insertion of DIS key technologies in Thales solutions
  - New “fly-to-gate” airport security offerings
  - Drone identification and geo-localization
  - Private 5G networks

- 49 projects won in H1 2021, in line with 2023 revenue synergy target (€300-500m)
Transport: solid progress achieved over past 5 years

**Recovery and transformation**

- 2015: -2.4%
- 2020: 5.3%
- 2021: >7%

**Global growth**

- EBIT margin:
  - 2015: €1.5
  - 2021: €1.7
  - CAGR(a): ~+3.5%

**Investing in future products**

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

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

(a) Organic: at constant scope and exchange rates

Investor meeting - 16
Rail control market: integrating vertically

Railway digitalization driving tighter integration between rolling stock and signaling

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

Increased customer preference for “turnkey” suppliers in greenfield projects

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

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

Top 5 rail companies outside China

€bn, 2020

<table>
<thead>
<tr>
<th>Company</th>
<th>Signaling</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alstom</td>
<td>14.0</td>
</tr>
<tr>
<td>Siemens</td>
<td>8.7</td>
</tr>
<tr>
<td>Hitachi</td>
<td>4.2</td>
</tr>
<tr>
<td>Stadler</td>
<td>2.4</td>
</tr>
<tr>
<td>CAF</td>
<td>1.8</td>
</tr>
</tbody>
</table>

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Investor meeting - 17
Scope: entire transport operating segment

- Transport segment treated as “discontinued operations” in Full Year 2021 financial statements

Robust valuation achieved

- Enterprise value: €1,660m

Next steps

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

Expected closing: end 2022 / early 2023

<table>
<thead>
<tr>
<th>Transaction details</th>
<th>Valuation benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Scope: entire transport operating segment</strong></td>
<td><strong>Ev/Announcement year EBIT</strong>(a)</td>
</tr>
<tr>
<td>➤ Transport segment treated as “discontinued operations” in Full Year 2021 financial statements</td>
<td><strong>Proposed transaction</strong></td>
</tr>
<tr>
<td><strong>Robust valuation achieved</strong></td>
<td>13.8</td>
</tr>
<tr>
<td>➤ Enterprise value: €1,660m</td>
<td></td>
</tr>
<tr>
<td><strong>Next steps</strong></td>
<td></td>
</tr>
<tr>
<td>➤ Consultation of employee representatives</td>
<td></td>
</tr>
<tr>
<td>➤ Carve-out of business</td>
<td></td>
</tr>
<tr>
<td>➤ Usual closing conditions: antitrust, foreign direct investment...</td>
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<td><strong>Expected closing: end 2022 / early 2023</strong></td>
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</table>

Valuation benchmark

<table>
<thead>
<tr>
<th>EV/Announcement year EBIT**(a)**</th>
</tr>
</thead>
<tbody>
<tr>
<td>13.8</td>
</tr>
</tbody>
</table>

Net debt and leverage**(b)**

<table>
<thead>
<tr>
<th>Net debt and leverage**(b)**</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>End 2019</strong></td>
</tr>
<tr>
<td>3.3</td>
</tr>
<tr>
<td>1.2x</td>
</tr>
</tbody>
</table>

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

**Sales mix**

- **Aerospace**: ~28%
- **Defense & Security**: ~53%
- **Digital Id. & Security**: ~19%

**Self-funded R&D**

- 2015: 4.9%
- 2019: 6.1%
- Medium-term target: >6.5%

**EBIT margin**

- 2015: 8.6%
- 2019: 10.6%
- Medium-term target: 12%

(a) 2022 pro forma post proposed disposal, based on 16 July 2021 consensus.
(b) 2019 pro forma Gemalto over 12 months.

Investor meeting - 19
H1 2021 highlights

- Record order intake, significantly above H1 2019 in spite of Covid-19

- Major rebound in sales and EBIT following heavy Covid-19 disruptions during Q2 2020

- Free operating cash flow significantly ahead of plan

- Strong sales performance year-to-date drives guidance upgrade
H1 2021 key figures

**Order intake**
- H1 2020: €6,092
- H1 2021: €8,244
  - Increase of 35% and +37%

**Sales**
- H1 2020: €7,751
- H1 2021: €8,423
  - Increase of +8.7% and +9.8%

**Adjusted net income**
- H1 2020: €232
- H1 2021: €591
  - Increase of +155%

**Free operating cash-flow**
- H1 2020: (€471)
- H1 2021: €420

**EBIT and EBIT margin**
- H1 2020: 4.5%
- H1 2021: 9.1%
  - Increase of +121%

**Net cash (debt) position**
- June 2019: (€4,397)
- Dec 2019: (€3,311)
- June 2020: (€2,549)
- Dec 2020: (€3,928)
- June 2021: (€2,496)

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

Investor meeting - 22
**H1 2021 order intake**

**Continued strong commercial activity**
- Q1 2021 reported growth: +28%
- Q2 2021 reported growth: +41%

3 large\(^{(a)}\) orders booked in Q2 2021, for a total of 7 in H1 2021
- 4 in Defense & Security, 3 in Space
- Across many geographies: France, Greece, Italy, Canada and Indonesia

**Small orders\(^{(b)}\) up 5% despite continuous impact on civil aero and biometrics**

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\(^{(a)}\) With a unit value over €100m
\(^{(b)}\) With a unit value of less than €10m

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**Order intake by contract unit value**

<table>
<thead>
<tr>
<th>€m</th>
<th>H1 2019</th>
<th>H1 2020</th>
<th>H1 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit value  (&lt;$10m)</td>
<td>3,796</td>
<td>4,059</td>
<td>4,258</td>
</tr>
<tr>
<td>Unit value  (\geq$10m &lt;$100m)</td>
<td>1,546</td>
<td>1,474</td>
<td>2,281</td>
</tr>
<tr>
<td>Unit value  (\geq$100m)</td>
<td>1,653</td>
<td>560</td>
<td>1,705</td>
</tr>
</tbody>
</table>

+35% growth from H1 2020 to H1 2021
H1 2021 sales growth

Solid sales recovery
- Moderating negative currency impact: -0.7 point in Q2 vs -1.4 point in Q1 2021 and -1.9 point in Q4 2020
- Organic growth of +9.8% despite civil aero and biometrics still impacted by Covid-19

Q2 sales rebounding strongly from Covid-19 crisis trough
- Q2 2020 sales drop driven by decline of demand in civil aeronautics and disruption of operations in other businesses

Rebound driven by Europe
- France: +14%
- Rest of Europe: +22%

H1 sales growth drivers

<table>
<thead>
<tr>
<th></th>
<th>H1 2020</th>
<th>H1 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency</td>
<td>7,751€</td>
<td>8,423€</td>
</tr>
<tr>
<td>Organic growth</td>
<td></td>
<td>+752€</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+9.8%</td>
</tr>
</tbody>
</table>

Reported growth: +8.7%
Q1: +1.9%
Q2: +17.8%
H1 2020 to H1 2021 EBIT bridge

- **Gross margin**: +393
- **R&D**: -19
- **Marketing & sales**: +17
- **G&A**: -5
- **Restructuring**: -12
- **Equity affiliates**: +47
- **Naval Group**: +49
- **Tax one-off**: -9
- **Other**: +11

**Scope, currency and pensions**
- **Scope**: 0
- **Currency**: 2
- **Pensions**: -3

**H1 2020 EBIT**: 348
**H1 2021 EBIT**: 768


Aerospace: H1 2021 key figures

<table>
<thead>
<tr>
<th></th>
<th>H1 2021</th>
<th>H1 2020</th>
<th>Change total</th>
<th>Change organic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>2,886</td>
<td>1,625</td>
<td>+78%</td>
<td>+80%</td>
</tr>
<tr>
<td>Sales</td>
<td>2,112</td>
<td>1,946</td>
<td>+8.6%</td>
<td>+10.2%</td>
</tr>
<tr>
<td>EBIT</td>
<td>69</td>
<td>-109</td>
<td>nm</td>
<td>nm</td>
</tr>
</tbody>
</table>

Material growth in order intake driven by strong momentum of Thales Alenia Space

- Tranche 2 of Galileo booked in Q2 for €650m (total contract ~€750m)
- Italian secure telecommunications satellites SICRAL 3 booked for ~€150m
- Progressive recovery of civil aero demand

Sales growth driven by significant rebound of Space and progressive recovery of Flight Avionics aftermarket

EBIT improvement driven by higher sales, global adaptation plan and civil aero structural cost adaptation plan
## Transport: H1 2021 key figures

<table>
<thead>
<tr>
<th></th>
<th>H1 2021</th>
<th>H1 2020</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Order intake</strong></td>
<td>579</td>
<td>442</td>
<td>+31%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>+32%</td>
</tr>
<tr>
<td><strong>Sales</strong></td>
<td>756</td>
<td>717</td>
<td>+5.4%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>+6.0%</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>39</td>
<td>4</td>
<td>+771%</td>
</tr>
<tr>
<td>in % of sales</td>
<td>5.2%</td>
<td>0.6%</td>
<td>+833%</td>
</tr>
</tbody>
</table>

Order intake strongly up vs H1 2020 thanks to robust mainline signaling demand

Sales organically up thanks to strong momentum on mainline projects

- Continuous phasing down effects on 3 major Urban Rail projects\(^{(a)}\), as planned

Solid EBIT margin progression, in line with mid-term target

- Transformation plan continues to deliver margin improvement

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\(^{(a)}\) London, Doha, Hong Kong
## Defense & Security: H1 2021 key figures

### Continued strong order intake momentum
- H1 2020 orders affected by start of Covid-19 crisis
- 4 contracts above €100m in H1 21, of which 1 in Q2 (tactical radars in Canada)

### Solid sales recovery
- H1 2021 sales 7% above H1 2019
- Broad-based organic sales growth: electronic warfare systems, networks and infrastructure, sonars...

### EBIT margin recovery after a weak H1 2020 due to health crisis productivity impact

<table>
<thead>
<tr>
<th></th>
<th>H1 2021</th>
<th>H1 2020</th>
<th>Change total</th>
<th>organic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>3,374</td>
<td>2,425</td>
<td>+39%</td>
<td>+39%</td>
</tr>
<tr>
<td>Sales</td>
<td>4,152</td>
<td>3,588</td>
<td>+15.7%</td>
<td>+14.9%</td>
</tr>
<tr>
<td>EBIT</td>
<td>497</td>
<td>359</td>
<td>+38.5%</td>
<td>+40.7%</td>
</tr>
</tbody>
</table>

in % of sales
- 12.0% (H1 2021)
- 10.0% (H1 2020)
Digital Identity & Security (DIS): H1 2021 key figures

Order intake structurally aligned with sales for most businesses

Sales decline due to high comps in smart cards and ongoing travel restrictions
- Passport business (biometrics) still affected by travel restrictions
- Strong growth momentum in cybersecurity and IoT
- Smart card sales slightly down organically vs. H1 2020

EBIT margin progression in line with plan, despite on-going health crisis impact on biometrics
- Positive impact of cost synergies (target at €110m in 2021) and tight cost control
- Leverage on strong cyber sales growth

<table>
<thead>
<tr>
<th></th>
<th>H1 2021</th>
<th>H1 2020</th>
<th>Change total</th>
<th>Change organic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>1,370</td>
<td>1,587</td>
<td>-14%</td>
<td>-9%</td>
</tr>
<tr>
<td>Sales</td>
<td>1,370</td>
<td>1,472</td>
<td>-6.9%</td>
<td>-2.2%</td>
</tr>
<tr>
<td>EBIT</td>
<td>152</td>
<td>140</td>
<td>+8.2%</td>
<td>+6.6%</td>
</tr>
</tbody>
</table>

in % of sales
11.1% 9.5%
H1 2021 Free operating cash-flow

**Improved H1/H2 balance of working capital**

**Cash management: a key focus across the Group**
- Internal “CASH” project continues to deliver positive outcomes, with further progress at reducing overdues
- Tight control of supply chain
- Payments anticipated by some customers

**Capex increase in line with progressive normalization**

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

Key priorities for 2019-23

Proposed disposal of transport segment

H1 2021 results

Outlook
Defense & Security: a world class defense business

Defense budget growth confirmed across key Thales markets
- Geopolitical tensions and terrorism
- Greater variety of threats

Positioning on intelligent systems and digital solutions driving faster growth and opening new markets
- Sensors and mission systems
- Secured networks
- Command and control solutions

Industry-leading margins
- Differentiated technologies
- Strict focus on cost and execution

Illustrative value of intelligent systems in platforms

Peer defense business EBIT margin\(^{(a)}\)

\[^{(a)}\] 10 largest US/UK/EU listed defense companies. Defense segment margin for non pure defense companies. 2020 margin if disclosed as of 3 March 2021, 2019 otherwise
Space: major commercial wins underpin return to sustained growth

Technology leadership enables major wins across key institutional markets

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

Capitalizing on best-in-class telecom product range

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

R&D investments sustained

Key institutional wins since July 2020

Space sales trend \( ^{(a)} \)

€bn

\[
\begin{array}{|c|c|c|c|c|c|}
\hline
\text{Year} & 2019 & 2020 & 2021 & 2022 & 2023 & 2024 \\
\hline
\text{Sales} & 2.1 & 1.85 & 1.85 & 1.85 & 1.85 & \sim 2.5 \\
\hline
\end{array}
\]

\( ^{(a)} \) Trajectory does not assume the booking of a major telecom constellation
Avionics and IFE: prepared for upcoming rebound

Comprehensive recovery action plan implemented since April 2020
- On-going structural cost adaptation
- Further deployment of best practices in lean manufacturing and inventory management
- Creation of single global services business line
- R&D efforts focused on green, digital and connected air transport opportunities

Progressive sales improvement starting from Q2 2021
- Full Year avionics & IFE sales expected organically down mid single digit
- Gradual ramp up of commercial aftermarket as air travel restrictions are lifted
- Lower commercial widebody OE production rates

Avionics and IFE: structural cost adjustment targets (2021 vs 2019)
- Direct costs: ~-37%
- R&D: ~-30%
- Sales & Marketing: ~-27%
- G&A: ~-35%

Global air traffic scenarios
- Billion RPKs
- Source: IATA
- Pre Covid forecast
- Latest IATA update (April 2021)
- 2010-19 CAGR: +6%
- Range of uncertainty
- Latest IATA update (April 2021)
Relentless focus on operational performance and EBIT margin expansion

Avionics and IFE: structural cost adaptation

Gemalto cost synergies

4 groupwide operational performance initiatives
- Procurement performance
- Engineering competitiveness
- Support function efficiency
- Excellence in delivery

EBIT margin trend

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBIT</td>
<td>8.0%</td>
<td>10.0%</td>
<td>10.6%</td>
<td>8.0%</td>
<td>Medium-term target 12%</td>
</tr>
</tbody>
</table>

Pro forma Gemalto
Solid cash conversion confirmed, driving upgraded 2019-2023 target

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

2019-2023 cash conversion target upgraded: now targeting 95% on a reported basis
- Natural year-on-year volatility due to cut-off effects and down-payments on large export contracts
- 2021-23: balance of ~€500m to unwind

Reported cash conversion

<table>
<thead>
<tr>
<th>Year</th>
<th>Adjusted net income</th>
<th>Free operating cash flow</th>
<th>Cash conversion ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>€1,405</td>
<td>€1,372</td>
<td>98%</td>
</tr>
<tr>
<td>2020</td>
<td>€937</td>
<td>€1,057</td>
<td>113%</td>
</tr>
</tbody>
</table>

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

(a) Previous target: “around 95% before one-offs on average over the 2019-2023 period”
Sustainability: accelerating growth and competitiveness

Portfolio addresses key societal needs

Safer: 55%+
- Defense
- Digital security
- Infrastructure security

Greener: 25%+
- Rail signaling
- Optimization of aircraft operations and ATM
- Environmental monitoring satellites

25% Aerospace

More inclusive: 15%+
- Telecom satellites
- ID documents
- e-Government
- Medical solutions

10% Transport

48% Defense & security

Significant sustainability-related growth opportunities

- “Clean tech” solutions
  - Greener air transport
  - Efficient rail infrastructures
  - Environmental monitoring satellites

- “Inclusive” solutions
  - Digital government solutions
  - Foundational ID systems: legal identity for all
  - Satellites to bridge the digital divide

- Data security and privacy

Comprehensive sustainability commitments embedded in strategy

Dedicated event on 5 October 2021
2021 perspectives and priorities

Business environment assumptions

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

Strategic priorities

- Continued focus on growth initiatives
  - Further ramp up of DIS synergies
  - Digital innovation opportunities
- Implementation of structural cost adaptation plan in civil aero
- Sustained high level of R&D investments, while increasing selectiveness
2021 financial objectives
adjusted for proposed transport segment disposal

Order intake

Sales

EBIT margin\(^{(b)}\)

Book-to-bill above 1

€15.8 to 16.3 billion\(^{(a)}\)

9.8% to 10.3%\(^{(a)}\)

Adjustments for the accounting treatment of the transport segment as “discontinued operations”

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

(b) Non-GAAP measure: see definition in appendix
Summary: enhanced investment thesis, unchanged strategy

Strategic focus on 3 best-in-class high tech BtoB/BtoG businesses
- Simplified exposure to fewer long-term growth markets
- Pure player positioning on intelligent systems and digital solutions, able to sustainably deliver double-digit margins
- Significant sustainability-related growth opportunities

Strengthened balance sheet with substantial cash optionality

Continued implementation of key Ambition 10 strategic levers
- Further acceleration of R&D investments
- Constant focus on operational performance
- Strong financial discipline

Sustainable value creation, with enhanced resilience
Appendix
A strong set of focused businesses

<table>
<thead>
<tr>
<th>Segment</th>
<th>Sub-segment</th>
<th>Civil</th>
<th>Military</th>
<th>2020 sales(^{(a)}) (€m)</th>
<th>Market position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aerospace</td>
<td>Flight avionics including cockpit avionics, communications, electrical systems, training and simulation (of which civil: ~€900m, military: ~€650m)</td>
<td></td>
<td></td>
<td>~1,550</td>
<td>#3 worldwide (flight avionics)</td>
</tr>
<tr>
<td></td>
<td>Connected in-flight entertainment (IFE)</td>
<td></td>
<td></td>
<td>~400</td>
<td>#2 worldwide</td>
</tr>
<tr>
<td></td>
<td>Microwave tubes for satellite, medical, scientific and military applications</td>
<td></td>
<td></td>
<td>~400</td>
<td>#1 worldwide</td>
</tr>
<tr>
<td></td>
<td>Space solutions for telecom, observation, navigation and exploration</td>
<td></td>
<td></td>
<td>~1,850</td>
<td>#2 worldwide (civil satellites)</td>
</tr>
<tr>
<td></td>
<td>Rail signaling and supervision including passenger payment collection systems</td>
<td></td>
<td></td>
<td>~1,600</td>
<td>#2 worldwide</td>
</tr>
<tr>
<td>Transport</td>
<td>Sensors and mission systems including radars, sonars, optronics, mission systems for aircraft, ships and submarines, missiles and armored military vehicles</td>
<td></td>
<td></td>
<td>~4,200</td>
<td>#1 in Europe</td>
</tr>
<tr>
<td></td>
<td>Communications, command and control systems including military communications and networks, military command and control systems (C4I), cybersecurity, Air Traffic Management, and homeland security solutions</td>
<td></td>
<td></td>
<td>~3,900</td>
<td>#2 worldwide (military tactical communications)</td>
</tr>
<tr>
<td>Defense &amp; security</td>
<td>Sensors and mission systems including radars, sonars, optronics, mission systems for aircraft, ships and submarines, missiles and armored military vehicles</td>
<td></td>
<td></td>
<td>~4,200</td>
<td>#1 in Europe</td>
</tr>
<tr>
<td></td>
<td>Communications, command and control systems including military communications and networks, military command and control systems (C4I), cybersecurity, Air Traffic Management, and homeland security solutions</td>
<td></td>
<td></td>
<td>~3,900</td>
<td>#2 worldwide (military tactical communications)</td>
</tr>
<tr>
<td></td>
<td>Digital identity and security solutions including identity management &amp; data protection, biometrics, analytics &amp; Internet of Things, mobile connectivity solutions (removable SIM and eSIM), EMV payment cards</td>
<td></td>
<td></td>
<td>~3,000</td>
<td>#1 worldwide</td>
</tr>
</tbody>
</table>
Global leader in flight avionics and connected in-flight entertainment

Sales by solutions

€1.95bn (2020)

- 80% Flight avionics and other aircraft equipment and services
- 20% Connected in-flight entertainment

Sales by platform type

€1.95bn (2020)

- 27% Widebody platforms
- 26% Narrowbody platforms
- 13% Regional aircraft, business jets and civil helicopters
- 33% Military platforms

Commercial sales by activity type

€1.3bn (2020)

- 51% Original equipment
- 49% Aftermarket support and services

Main avionics platforms

Air transport
- A320
- A330/340
- A350
- B787
- B747
- ATR
- Dash 8
- CRJ
- SSJ 100

Business jets
- Bombardier
- Cessna
- Dassault
- Gulfstream

Helicopters
- Airbus helicopters
- Airbus Tiger
- NHI NH90
- Bell Cobra/Huey
- Sikorsky

Military aircraft
- Airbus 400M
- Airbus MRTT
- Boeing F/A-18
- Dassault Rafale
- Dassault Mirage 2000
- LM F-16

Connected in-flight entertainment (IFE)

Main platforms
- A330/A340
- A350
- B787
- B777
- A320
- B737
Highly diversified Defense & Security customer base

Defense & Security sales by region, 2020

- **41%** outside Europe
- **38%** France
- **10%** Australia/NZ
- **11%** Asia
- **6%** North America
- **8%** United Kingdom
- **13%** Rest of Europe
- **9%** Middle East
- **4%** Rest of world
## Organic sales growth per quarter

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Aerospace</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q1</td>
<td>+2%</td>
<td></td>
<td>-12%</td>
<td>+34%</td>
</tr>
<tr>
<td>Q2</td>
<td>+9%</td>
<td></td>
<td>-38%</td>
<td></td>
</tr>
<tr>
<td>Q3</td>
<td>-3%</td>
<td>-7%</td>
<td>-18%</td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td></td>
<td>-6%</td>
<td>-26%</td>
<td></td>
</tr>
<tr>
<td><strong>Transport</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q1</td>
<td></td>
<td>+1%</td>
<td>-13%</td>
<td>+1%</td>
</tr>
<tr>
<td>Q2</td>
<td>+29%</td>
<td></td>
<td>-14%</td>
<td>+11%</td>
</tr>
<tr>
<td>Q3</td>
<td>+17%</td>
<td>+19%</td>
<td>-9%</td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td>+11%</td>
<td></td>
<td>-9%</td>
<td></td>
</tr>
<tr>
<td><strong>Defense &amp; Security</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q1</td>
<td>+10%</td>
<td>+1%</td>
<td>+2%</td>
<td>+12%</td>
</tr>
<tr>
<td>Q2</td>
<td></td>
<td>+12%</td>
<td>+5%</td>
<td>+17%</td>
</tr>
<tr>
<td>Q3</td>
<td>+8%</td>
<td>+10%</td>
<td>+2%</td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td>+8%</td>
<td>+4%</td>
<td>+2%</td>
<td></td>
</tr>
<tr>
<td><strong>Digital Identity &amp; Security</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q1</td>
<td>+7%</td>
<td>+1%</td>
<td>-15%</td>
<td></td>
</tr>
<tr>
<td>Q2</td>
<td>+7%</td>
<td>+1%</td>
<td></td>
<td>+3%</td>
</tr>
<tr>
<td>Q3</td>
<td>+10%</td>
<td>+3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td>+0%</td>
<td>-2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>+7%</td>
<td>+1%</td>
<td>-5%</td>
<td>+2%</td>
</tr>
<tr>
<td>Q1</td>
<td>+7%</td>
<td>+1%</td>
<td>-20%</td>
<td>+18%</td>
</tr>
<tr>
<td>Q2</td>
<td>+10%</td>
<td>+3%</td>
<td>-4%</td>
<td></td>
</tr>
<tr>
<td>Q3</td>
<td>+0%</td>
<td>+3%</td>
<td>-10%</td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td></td>
<td>+3%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Pre Covid-19 crisis organic sales growth targets

Group organic sales growth target

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

- Lower growth in first part of period
  - Impact of space market slowdown
  - High comps in transport
- Progressively accelerating thereafter
  - Recovery of space market
  - DIS revenue synergies
  - New digital services and breakthrough innovations

Market trend

<table>
<thead>
<tr>
<th>Aerospace</th>
<th>Organic sales growth target</th>
</tr>
</thead>
<tbody>
<tr>
<td>~+1.5%(^{(a)})</td>
<td>+2-3%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Transport</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>~+3%</td>
<td>Flat(^{(b)}) (2018-23: ~+2%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Defense &amp; Security</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>~+3.5%</td>
<td>+4-6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Digital identity &amp; security</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Smart cards</td>
<td>Flat(^{(c)}) +4-6%</td>
</tr>
<tr>
<td>Digital services and solutions</td>
<td>~+13%</td>
</tr>
</tbody>
</table>

(a) Composite market trend adjusted to take into account lower growth in commercial space market
(b) 2018-23 transport growth above 2% taking into account exceptional outperformance in 2018 (+18%)
(c) 2020-23 growth target
Pre Covid-19 crisis medium-term margin targets by segment

**Pre Covid-19 crisis targets**

<table>
<thead>
<tr>
<th>Segment</th>
<th>2018</th>
<th>2023 target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aerospace</td>
<td>10.0%</td>
<td>10% to 11%</td>
</tr>
<tr>
<td>Transport</td>
<td>4.4%</td>
<td>8% to 8.5%</td>
</tr>
<tr>
<td>Defense &amp; security</td>
<td>12.4%(a)</td>
<td>12% to 13%</td>
</tr>
<tr>
<td>Digital identity &amp; security</td>
<td>7.3%</td>
<td>12.5%(b) to 13.5%</td>
</tr>
</tbody>
</table>

(a) Excluding €20m one-off
(b) Only 2/3 of cost synergies and 1/3 of revenue synergies are expected to be recorded within DIS

Investor meeting - 47
### H1 2021 order intake by destination

<table>
<thead>
<tr>
<th>Region</th>
<th>H1 2021</th>
<th>H1 2020</th>
<th>Total Change</th>
<th>Organic Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>1,931</td>
<td>1,270</td>
<td>52%</td>
<td>52%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>365</td>
<td>393</td>
<td>-7%</td>
<td>-8%</td>
</tr>
<tr>
<td>Rest of Europe</td>
<td>2,977</td>
<td>1,304</td>
<td>128%</td>
<td>128%</td>
</tr>
<tr>
<td><strong>Europe</strong></td>
<td>5,273</td>
<td>2,967</td>
<td>78%</td>
<td>78%</td>
</tr>
<tr>
<td>North America</td>
<td>1,186</td>
<td>1,198</td>
<td>-1%</td>
<td>5%</td>
</tr>
<tr>
<td>Australia / NZ</td>
<td>277</td>
<td>402</td>
<td>-31%</td>
<td>-35%</td>
</tr>
<tr>
<td><strong>Mature markets</strong></td>
<td>6,736</td>
<td>4,566</td>
<td>47%</td>
<td>49%</td>
</tr>
<tr>
<td>Asia</td>
<td>918</td>
<td>705</td>
<td>30%</td>
<td>35%</td>
</tr>
<tr>
<td>Middle East</td>
<td>254</td>
<td>439</td>
<td>-42%</td>
<td>-40%</td>
</tr>
<tr>
<td>Rest of the world</td>
<td>336</td>
<td>381</td>
<td>-12%</td>
<td>-9%</td>
</tr>
<tr>
<td><strong>Emerging markets</strong></td>
<td>1,508</td>
<td>1,526</td>
<td>-1%</td>
<td>3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>8,244</td>
<td>6,092</td>
<td>35%</td>
<td>37%</td>
</tr>
</tbody>
</table>
H1 2021 sales by destination

<table>
<thead>
<tr>
<th>Destination</th>
<th>H1 2021</th>
<th>H1 2020</th>
<th>Total Change</th>
<th>Organic Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>2,298</td>
<td>2,014</td>
<td>14.1%</td>
<td>14.2%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>546</td>
<td>562</td>
<td>-2.8%</td>
<td>-3.7%</td>
</tr>
<tr>
<td>Rest of Europe</td>
<td>2,041</td>
<td>1,676</td>
<td>21.8%</td>
<td>21.7%</td>
</tr>
<tr>
<td>Europe</td>
<td>4,885</td>
<td>4,251</td>
<td>14.9%</td>
<td>14.8%</td>
</tr>
<tr>
<td>North America</td>
<td>913</td>
<td>955</td>
<td>-4.4%</td>
<td>1.7%</td>
</tr>
<tr>
<td>Australia / NZ</td>
<td>525</td>
<td>480</td>
<td>9.4%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Mature markets</td>
<td>6,324</td>
<td>5,687</td>
<td>11.2%</td>
<td>11.6%</td>
</tr>
<tr>
<td>Asia</td>
<td>1,045</td>
<td>1,012</td>
<td>3.2%</td>
<td>6.3%</td>
</tr>
<tr>
<td>Middle East</td>
<td>546</td>
<td>553</td>
<td>-1.2%</td>
<td>1.7%</td>
</tr>
<tr>
<td>Rest of the world</td>
<td>509</td>
<td>500</td>
<td>1.8%</td>
<td>5.1%</td>
</tr>
<tr>
<td>Emerging markets</td>
<td>2,099</td>
<td>2,064</td>
<td>1.7%</td>
<td>4.8%</td>
</tr>
<tr>
<td>Total</td>
<td>8,423</td>
<td>7,751</td>
<td>8.7%</td>
<td>9.8%</td>
</tr>
</tbody>
</table>
### H1 2021 EBIT by operating segment

<table>
<thead>
<tr>
<th></th>
<th>€m / % of sales</th>
<th>H1 2021</th>
<th>H1 2020</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>total</td>
<td>organic</td>
</tr>
<tr>
<td>Aerospace</td>
<td>€m</td>
<td>-109</td>
<td>-109</td>
<td>+163%</td>
</tr>
<tr>
<td>Transport</td>
<td>€m</td>
<td>4</td>
<td>4</td>
<td>+771%</td>
</tr>
<tr>
<td>Defence &amp; Security</td>
<td>€m</td>
<td>359</td>
<td>359</td>
<td>+38.5%</td>
</tr>
<tr>
<td>Digital Identity &amp; Security</td>
<td>€m</td>
<td>140</td>
<td>140</td>
<td>+8.2%</td>
</tr>
<tr>
<td><strong>EBIT - operating segments</strong></td>
<td></td>
<td>756</td>
<td>395</td>
<td>+92.5%</td>
</tr>
<tr>
<td>Other</td>
<td>€m</td>
<td>-32</td>
<td>-32</td>
<td></td>
</tr>
<tr>
<td><strong>EBIT - excluding Naval Group</strong></td>
<td>€m</td>
<td>734</td>
<td>363</td>
<td>+102%</td>
</tr>
<tr>
<td>Naval Group</td>
<td>€m</td>
<td>-15</td>
<td>-15</td>
<td></td>
</tr>
<tr>
<td><strong>EBIT - total</strong></td>
<td>€m</td>
<td>768</td>
<td>348</td>
<td>+121%</td>
</tr>
</tbody>
</table>
### Summary adjusted P&L: from sales to EBIT

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

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

\(^{(a)}\) Includes €51m non cash one-off items related to tax law changes in Italy and the UK. Tax rate excluding one-offs: 22.4\% 
\(^{(b)}\) Minorities excluding €(15)m impact of tax one-offs: €(10)m.
Adjusted EPS and dividend

Adjusted EPS and dividend per share

€

- 2016: Adjusted EPS 4.25, Dividend 1.60, Pay-out ratio 38%
- 2017: Adjusted EPS 4.64, Dividend 1.75, Pay-out ratio 38%
- 2018: Adjusted EPS 5.55, Dividend 2.08, Pay-out ratio 38%
- 2019: Adjusted EPS 6.61, Dividend 2.65, Pay-out ratio 40%
- 2020: Adjusted EPS 4.40, Dividend 1.76, Pay-out ratio 40%

Adjusted EPS affected by Covid-19 crisis

Return to pre-Covid-19 distribution policy

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

(a) Initial amount and pay-out ratio. Adjusted in April 2020 in context of Covid-19 crisis
Movement in net debt over H1 2021

Net debt at 30 June 20: 3,928
Net debt at 31 Dec 20: 2,549
Net debt at 30 June 21: 2,496

- Free operating cash-flow: +2,549
- Deficit payment on UK pensions: -420
- Acquisitions & disposals: +49
- Dividends paid: +10
- New leases (IFRS16): +54
- Other: -35

Net debt at 31 Dec 20: 3,928

Definition of non-GAAP measures and other remarks

Rounding of amounts in euros

In the context of this presentation, the amounts expressed in millions of euros are rounded to the nearest million. As a result, the sums of the rounded amounts may differ very slightly from the reported totals. All ratios and variances are calculated based on underlying amounts, which feature in the consolidated financial statements.

Definitions

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

Non-GAAP measures

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

- **EBIT**: income from operations; *plus* the share of net income or loss of equity affiliates *less*: amortization of acquired assets (PPA), expenses recorded in the income from operations that are directly related to business combinations. See also notes 13-a and 2 of the consolidated financial statements at 31 December 2020.

- **Adjusted net income**: net income, *less* the following elements, net of the corresponding tax effects: (i) amortization of acquired assets (PPA), (ii) expenses recorded in the income from operations or in “financial results” which are directly related to business combinations, which by their nature are unusual, (iii) disposal of assets, change in scope of consolidation and other, (iv) impairment of non-current assets, (v) changes in the fair value of derivative foreign exchange instruments (recognized under “other financial income and expenses” in the consolidated financial statements), (vi) actuarial gains or losses on long-term benefits (recognized under “finance costs on pensions and employee benefits” in the consolidated financial statements). See note 13-a of the consolidated financial statements at 31 December 2020. This definition implies the definition of several other adjusted financial measures, such as adjusted gross margin, adjusted tax, adjusted EPS... See page 14 and 15 of the 2020 results press release for detailed calculation of these other indicators.

- **Free operating cash flow**: net cash flow from operating activities, *less*: capital expenditures, *less*: deficit payments on pensions in the United Kingdom. See notes 13-a and 6.3 of the consolidated financial statements at 31 December 2020.

- **Net cash (debt)**: difference between the sum of “cash and cash equivalents” and “current financial assets” items and short and long-term borrowings, after deduction of interest rate derivatives. See note 6.2 of the consolidated financial statements at 31 December 2020.
This presentation contains certain forward-looking statements. Although Thales believes that its expectations are based on reasonable assumptions, actual results may differ significantly from these forward-looking statements due to various risks and uncertainties, as described in the Company’s Universal Registration Document, which has been filed with the French financial markets authority (Autorité des marchés financiers – AMF).

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