

Capital Markets Day

November 14th, 2024

www.thalesgroup.com



CEO PERSPECTIVE

PATRICE CAINE

Chairman and CEO

OUR JOURNEY SO FAR

TODAY

Transforming Thales into A GLOBAL TECH LEADER in Defence, Aerospace, and Cyber & Digital

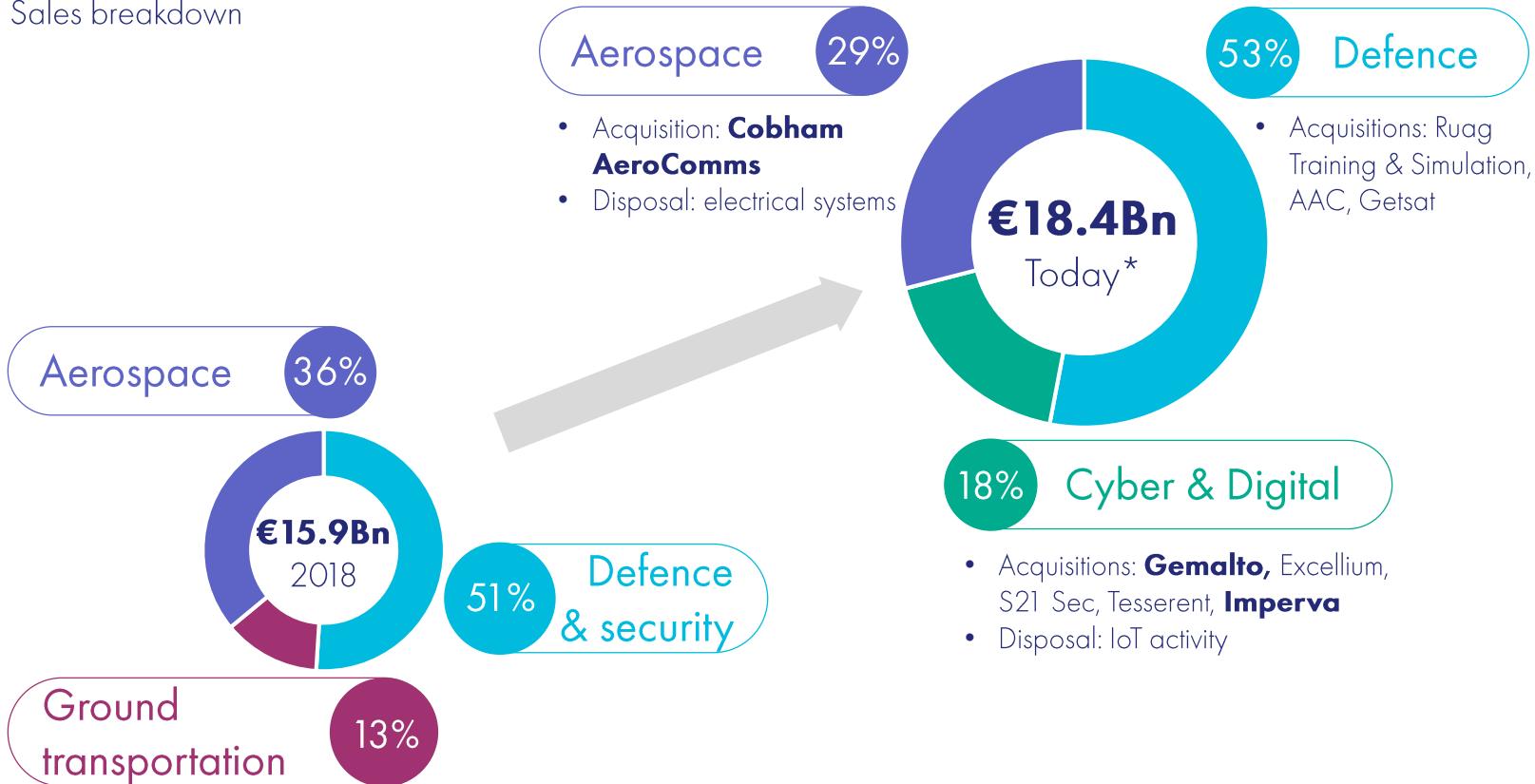


TRANSFORMING OUR PORTFOLIO

TO ANCHOR THALES AS A GLOBAL TECH LEADER IN DEFENCE, AEROSPACE, AND CYBER & DIGITAL

PORTFOLIO EVOLUTION

Sales breakdown



ACTIVE PORTFOLIO MANAGEMENT SINCE 2018

- Improved portfolio quality: acquisitions and disposals of non core assets
- Scaled Cyber & Digital
- Reinforced Defence as a core market
- Strengthened Aerospace organically and through M&A

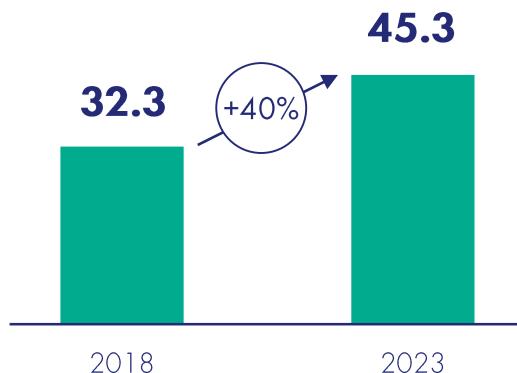
Note: only major acquisitions and disposals over 2019-2024 represented.

* Based on reported 2023 sales.

A STRONG TRACK RECORD OF DELIVERY SINCE 2018

BACKLOG

Backlog in €Bn



Book to bill ratio >1x every year since 2018

- Strong commercial performance and long-term visibility

EBIT MARGIN

In % of sales



- Sustained profitability growth

CASH FLOW

Free operating cash flow in €Bn

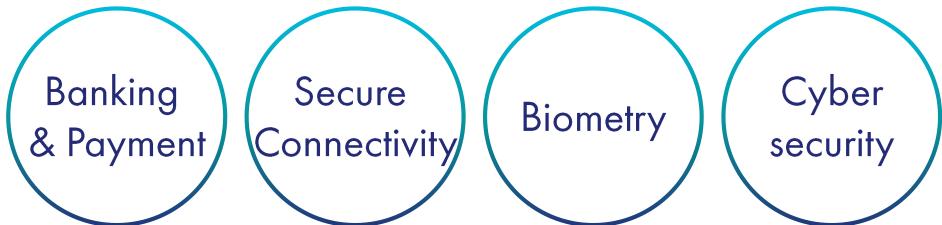


- Strong improvement in cash generation

A NEW CORE TECH SECTOR: **CYBER & DIGITAL**



€4Bn
Proforma revenues in 2023*



Note:

* Proforma, including full-year impact from the acquisitions finalized in 2023 (of which Imperva and Tesserent) and restated for the Cyber civil activities transferred from Defence to Cyber & Digital.

** Restated for the Cyber civil activities transferred from Defence to Cyber & Digital.

*** Transaction adjusted ROCE calculated as the ratio between:

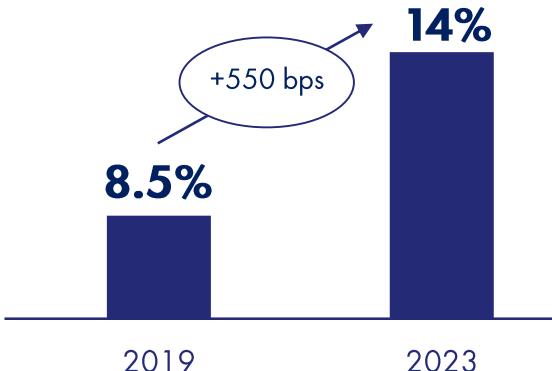
1/ At the numerator, EBIT of the acquisition plus impact of synergies less income taxes incurred on EBIT including synergies;

2/ At the denominator, the net enterprise value of the acquired asset.



SUCCESSFUL FINANCIAL TURNAROUND OF GEMALTO

EBIT MARGIN **



VALUE CREATION

ROCE*
above WACC
since 2022**

Access to new fast growing markets

- Cybersecurity, cloud-based business, connectivity platforms

Enhanced technology mindset and agility

- Agile and fast developing business model fueling the rest of Thales

Technology and business synergies across the Group

- Revenue synergies across Gemalto and other Thales entities

TECHNOLOGY AND BUSINESS SYNERGIES ACROSS THE GROUP



BUILDING A GLOBAL TOP 5 CYBERSECURITY PLAYER

WITH A COMPREHENSIVE RANGE OF PREMIUM PRODUCTS

A CONSTANT STRATEGIC
INTENT TO EXPAND INTO
CYBERSECURITY

Revenues

x4 since 2016

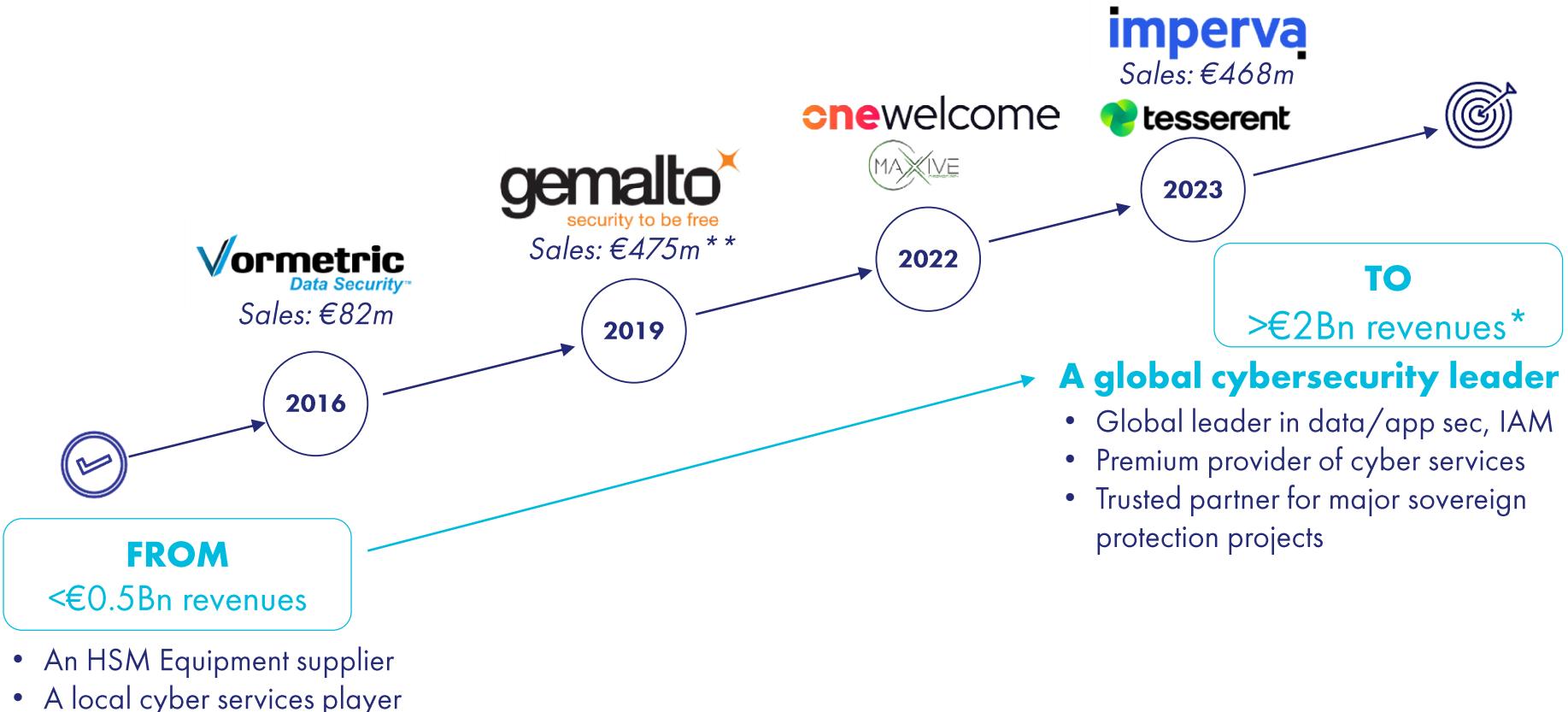
More than
€2Bn in 2024*

Note:

* Including Tesserent and Imperva, acquired in 2023.

** Gemalto Cyber activities.

A COMBINATION OF ORGANIC GROWTH AND SUCCESSFUL INTEGRATIONS



A STRONG PLATFORM

WITH LEADERSHIP POSITIONS IN OUR MARKETS

DEFENCE

Strong position

Platform agnostic
Diversified portfolio
Long-term visibility
Multiple geographies
Differentiated technologies
Resilience
Best in class products



DEFENCE
SENSORS

#1

IN EUROPE



DEFENCE MISSION
SYSTEMS

#1

IN EUROPE

AEROSPACE

Benefiting from Airbus leading position

Market leader

E2E cybersecured portfolio in avionics

Long-term visibility in aero
Cockpit solutions
Leading European player in OEN*



FLIGHT
AVIONICS

#3

WORLDWIDE



INSTITUTIONAL
SATELLITES

#1

IN EUROPE

CYBER & DIGITAL

Global leader
“Rule of 30”
Ability to scale

Cyber products & services
Long-term trend for growing digitalization



DATA
SECURITY

#1

IN EUROPE



DATA
IDENTITY

#1

WORLDWIDE

*Note: OEN = Observation, Exploration, Navigation.

STRATEGIC PRIORITIES

TOMORROW

STRATEGIC PRIORITIES

1

LEVERAGE
PREMIUM PORTFOLIO
TO DELIVER GROWTH

- Maintained leadership on growing markets
- Resilient business model
- Active portfolio management

2

REINFORCE
PREMIUM
POSITIONING

- Combined delivery excellence & innovation
- Value creation for Thales and customers
- Leveraging enabling technologies

3

DIFFERENTIATE
THROUGH
TECHNOLOGY

- Embracing technology disruptions
- Staying ahead of the competition
- Acceleration in AI, sustained investments in quantum

4

REINFORCE
EMPLOYER
ATTRACTIVENESS

- Investment in our human capital
- Recruiting the best talent
- Becoming a *Learning Company*

5

STRENGTHEN
OUR ESG
LEADERSHIP

- Protecting our societies, people, and the planet
- Delivering on our ESG ambition
- New 2030 flagship objectives to be revealed in 2025

1. 80-90% OF REVENUES EXPOSED TO FAST GROWING MARKETS

WITH LONG-TERM VISIBILITY...

DEFENCE



Defence ~5.5%

- Increased **defence budgets and focus on sovereignty**
- Long-term effort to build **credible military capabilities**

GROWTH

AEROSPACE



Avionics ~8%

- Civil avionics: growth driven by **commercial aircraft production**
- Observation & exploration: rise in **government investments**
- Military space: **growing demand**

LONG-TERM
VISIBILITY

- **4-year backlog** as of end 2024 expected
- Contracts with **visibility over 10 years**

CYBER & DIGITAL



Cybersecurity ~12.5% Digital Identity ~6%

- Increasing incidence of **cyber attacks**
- **Digitalization** of SIM, payment cards, and ID documents

- **Structural tailwinds** with companies & governments' digital transformations
- **Increasing importance** of regulation on data privacy

Legend: % represents Total Addressable Market (TAM) CAGR for 2024-2028, base year 2023.

1. ...WHICH COMBINED WITH RESILIENCE ENABLES TO HAVE **STRONG DEVELOPMENT AMBITIONS**

RESILIENCE

Wide-range portfolio in all domains

- > Presence in land, air, naval, joint, cyber, and space

Platform

- > Agnostic from platforms / integrators

Geography

- > Diversified customer base, each export country accounting for <5% of sales

Contract size

- > 45% of order intake contracts worth less than €10m over 2019-2023

DEVELOPMENT OPPORTUNITIES



DEFENCE

- > Accelerate revenue growth through faster conversion of backlog into sales



AEROSPACE

- > Leverage extensive portfolio in avionics to expand growth
- > Deliver space action plan to restore profitability



CYBER & DIGITAL

- > Leverage new global platform in cybersecurity to drive profitable growth

2. REINFORCING OUR PREMIUM POSITION TO THE BENEFIT OF OUR CLIENTS



3. ANTICIPATING TECHNOLOGICAL DISRUPTIONS

TO WIN BUSINESS REVOLUTIONS AND ENHANCE DIFFERENTIATION

SUSTAINED TECHNOLOGICAL LEADERSHIP

Critical mass in R&D

> 33,000 Thales employees

> €4.1Bn financing (20% of sales)

Collaborations with the brightest minds in STEM *

> **Albert Fert**, 2007 Physics Nobel, Ex-Thales

> **Gérard Mourou**, 2018 Physics Nobel

> **Alain Aspect**, 2022 Physics Nobel

Top 100
Global
Innovator
2023

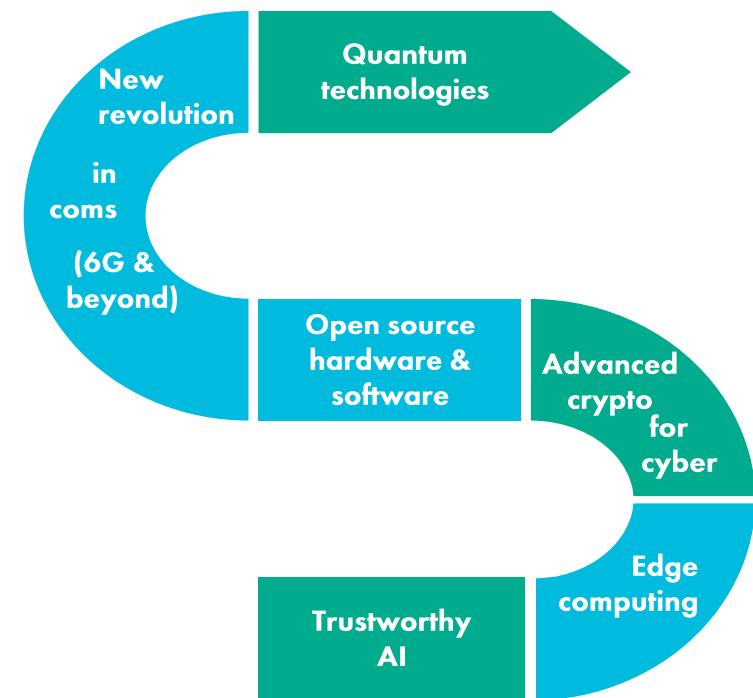
 Clarivate™

SCALE ENABLING TO WORK ON A WIDE SPAN OF SELECTED TECHNOLOGIES

LONG TERM

SHORT TERM

NOW



- Thales as creator of technology
- Thales as integrator of technology

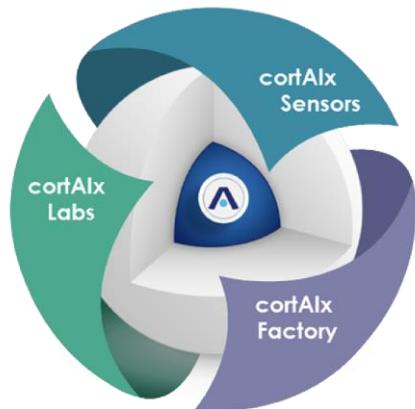
TALES WILL MAINTAIN ITS UNDISPUTED TECHNOLOGICAL LEADERSHIP IN THE FUTURE

* Science, Technology, Engineering and Mathematics.

3. TODAY, THALES IS A FRONT RUNNER IN TRUSTWORTHY AI

TOMORROW, AI WILL BE EMBEDDED IN ALL SOLUTIONS TO THE BENEFIT OF OUR CLIENTS

THALES CAPABILITIES IN AI NOW



- ✓ 600 AI experts and ~100 doctoral students
- ✓ cortAIx: Thales AI accelerator
- ✓ 100+ products and services with Thales AI
- ✓ Europe's top patent applicant in the field of AI for critical applications

AI USE CASES IN THALES PRODUCTS / SYSTEMS

SENSING
▼
COMMUNICATING
▼
ANALYSING
▼
ACTING

Space-based sensors

- Instant access to space observation data

Radars

- **x3** discrimination of UAV from clutter on GM200

Situation awareness

- **100x** faster analysis and scenario planning

Data risk analysis

- Instant detection and remote encryption of exposed files

Resource optimisation

- **10x** reduction of air traffic control systems setup time

Vehicle autonomy

- **10x** more UAVs managed by each operator

4. ATTRACTING AND RECRUITING THE BEST TALENT

A PURPOSE-DRIVEN COMPANY...

BUILDING
A FUTURE
WE CAN
ALL TRUST

Our purpose



Thales among the **most attractive** employers in several countries

60 partnerships with top universities and academic labs in more than **10** countries

...ATTRACTING...

1,000,000 candidates
in 2024, +55% vs. 2020

...AND RECRUITING TALENT

>30,000 recruitments
from 2022 to 2024

4. STRATEGIC FOCUS ON TALENT DEVELOPMENT

TO REACH OUR DELIVERY AMBITION

WHAT WE'VE DONE **SO FAR**

WHAT WE **PLAN TO DO**

Rethink the way we learn

to combine new technology potential and on-the-job learning pedagogy

Allocate time

Training as a key investment
to accelerate delivery

>50% of learning by doing in **2028**

Ramp up learning capabilities

27 domain knowledge academies in place

40 academies in 2025

Measure results

Innovative **competence index**
being deployed

Measure improvement
with a set of KPIs

5. AMBITION TO BECOME AN ESG LEADER, WITH A POSITIVE CONTRIBUTION TO SOCIETY AND THE ENVIRONMENT

BUILDING
A FUTURE
WE CAN
ALL TRUST

Ambition

Address major societal issues through our unique portfolio of solutions

Action plan

Strong ESG commitments

SAFER



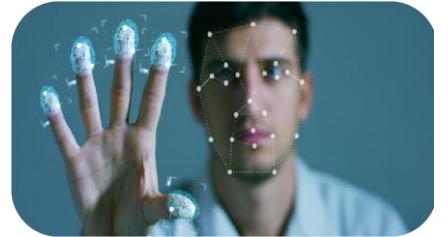
Keep citizens safe in both physical and digital worlds

GREENER



Reduce the environmental impact of our customers

MORE INCLUSIVE



Grant universal and unbiased access to ID and digital services

- TrUE Artificial Intelligence
- Human rights policy
- No controversial weapons
- Zero tolerance for corruption
- Digital Ethics Charter

- SBTi-validated 2030 carbon trajectory
- Energy efficient operations and sourcing of renewable energy
- Eco-design deployment at scale
- Action plans agreed with suppliers

- Community engagement on STEM for ALL
- Ambitious gender action plan
- Zero tolerance for discrimination
- Inclusive working conditions
- ~30% of international leaders as part of the top management

NEW 2030 FLAGSHIP OBJECTIVES WILL BE REVEALED IN 2025

5. AMBITION TO BECOME AN ESG LEADER, THROUGH INTERNAL ACTIONS

BUILDING
A FUTURE
WE CAN
ALL TRUST

Ambition

Address major societal issues through our unique portfolio of solutions

Action plan

Strong ESG commitments

SAFER



Keep citizens safe in both physical and digital worlds

GREENER



Reduce the environmental impact of our customers

MORE INCLUSIVE



Grant universal and unbiased access to ID and digital services

- **TrUE Artificial Intelligence**
- Human rights policy
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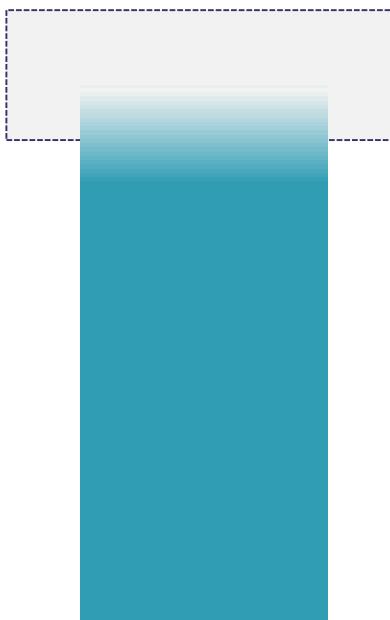
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NEW 2030 FLAGSHIP OBJECTIVES WILL BE REVEALED IN 2025

MEDIUM-TERM GROUP FINANCIAL TARGETS

ORGANIC SALES CAGR*
In %

5% to 7%



2024-2028

EBIT MARGIN
In % of sales

13% to 14%



2018 2023 2024 2025 2026 2027 2028
OBJECTIVES

*CAGR over 2024-2028, base year 2023.

BALANCED CAPITAL ALLOCATION

DRIVING FURTHER VALUE CREATION

DEPLOYING ALL LEVERS OF CAPITAL ALLOCATION

- > Continued investment in organic growth
- > M&A
- > Dividends
- > Share buyback



CONSISTENT M&A STRATEGY GOING FORWARD

Focus on successful integration of recent large acquisitions

- Imperva, Cobham AeroComms

Selective and pragmatic M&A

- Clear strategic fundamentals: strategic and cultural fit, easy integration
- Strong investment thesis: enabling fast growth, accelerating innovation, expanding international footprint
- Strict financial criteria: value creation, synergies

IN SUMMARY:

THALES, A GLOBAL TECH LEADER IN DEFENCE, AEROSPACE, AND CYBER & DIGITAL



>€25Bn revenues
by 2028



Attractive employer
for top talent



€5Bn annual R&D budget
by 2028



100% premium
and unique portfolio



Active portfolio management
& capital allocation



Sustainability leader

BUSINESS REVIEWS

DEFENCE

Hervé Dammann

Executive Vice-President, Land and Air Systems

THALES DEFENCE

ID CARD

€9.8Bn

2023 SALES

13%

2023 EBIT MARGIN (*)

35,400

EMPLOYEES

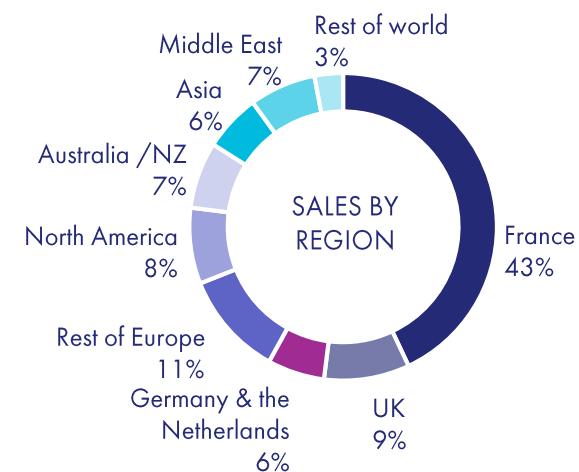
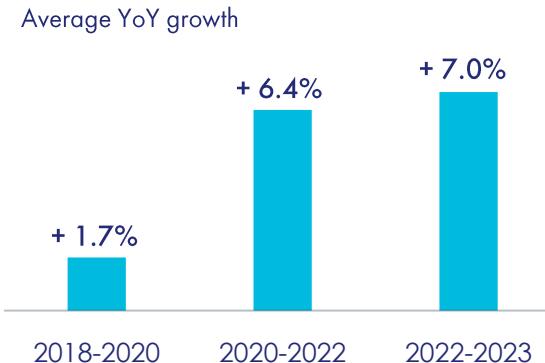
36

COUNTRIES

> Global industrial footprint

- ACCELERATING SALES GROWTH
- HIGH VISIBILITY ON DEMAND
- DIVERSE AND RESILIENT

SALES GROWTH



BACKLOG

€Bn and years of sales

21.8

2.6 y

26.1

3 y

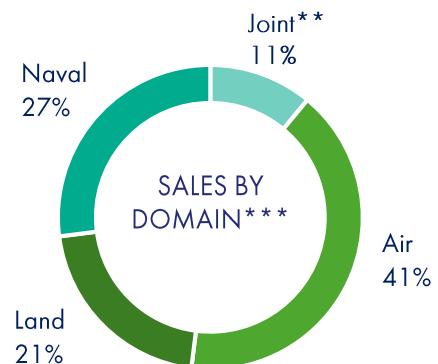
35.2

3.6 y

2019

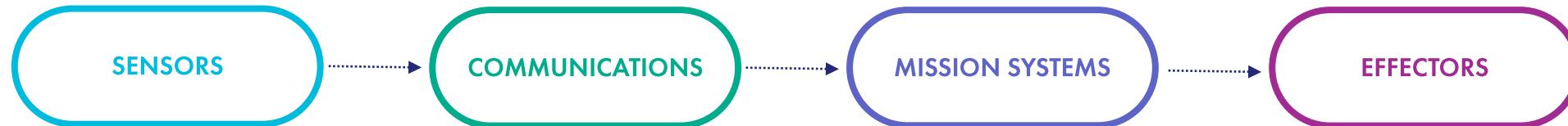
2021

2023

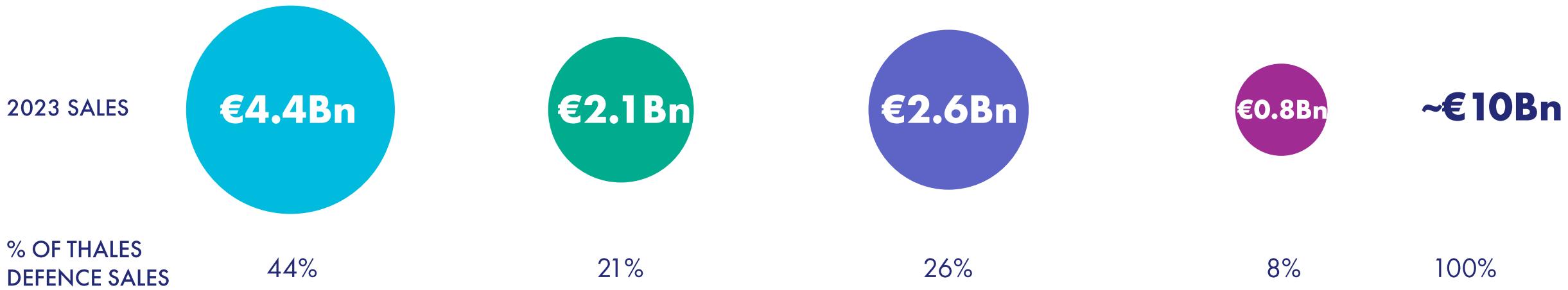


*2023 figures are restated for the Cyber civil activities transferred from Defence to Cyber & Digital. **Coordination among different branches of armed forces. ***Excluding civil activities.

UNIQUE POSITION ACROSS ALL THE VALUE CHAIN WITH A BALANCED AND DIVERSIFIED PORTFOLIO

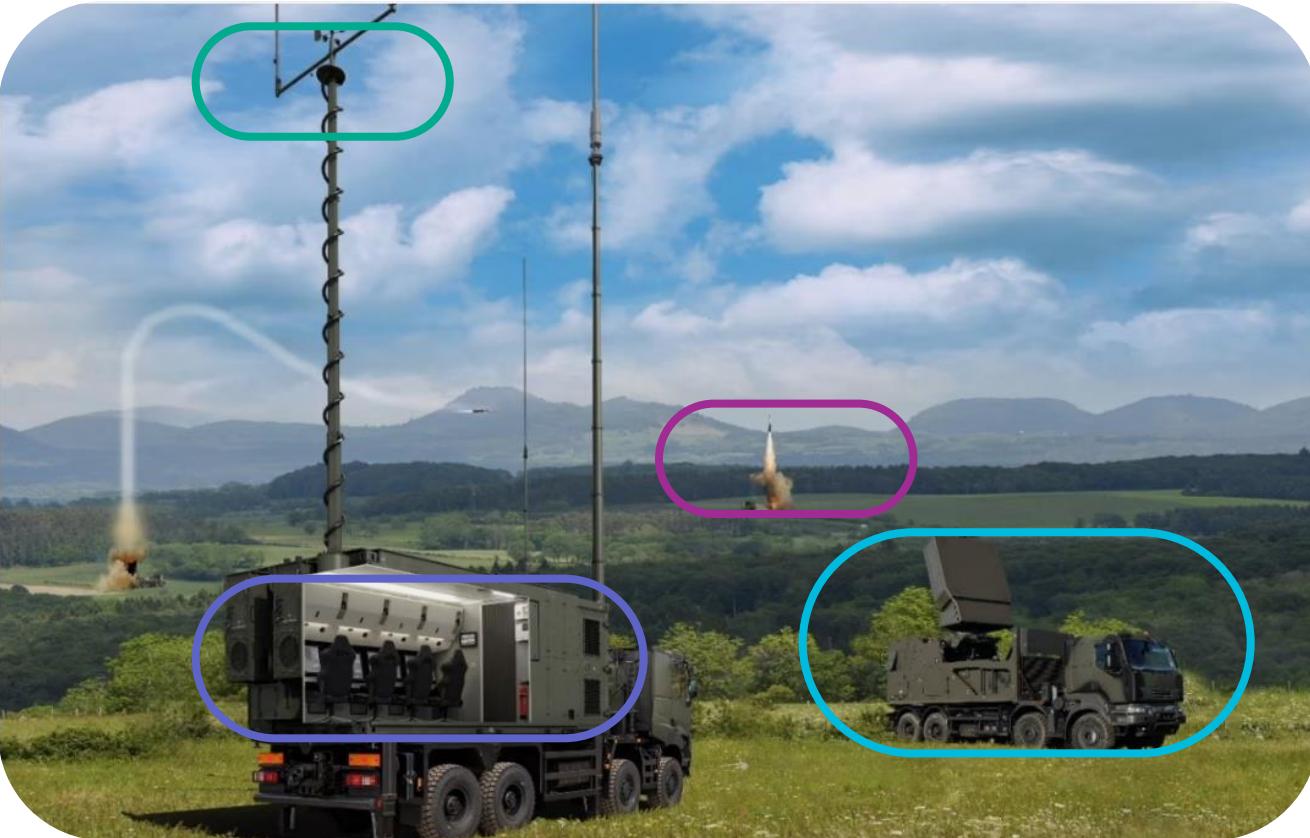


Leveraging **enabling technologies**: cybersecurity, AI, quantum etc.



**SUPPORTING ARMED FORCES ACROSS ALL DOMAINS IN THEIR DECISIVE MOMENTS
THROUGH A UNIQUE COMBINATION OF SOLUTIONS**

SECURING AIRSPACE SOVEREIGNTY WITH ADVANCED AIR DEFENCE SOLUTIONS



SENSORS

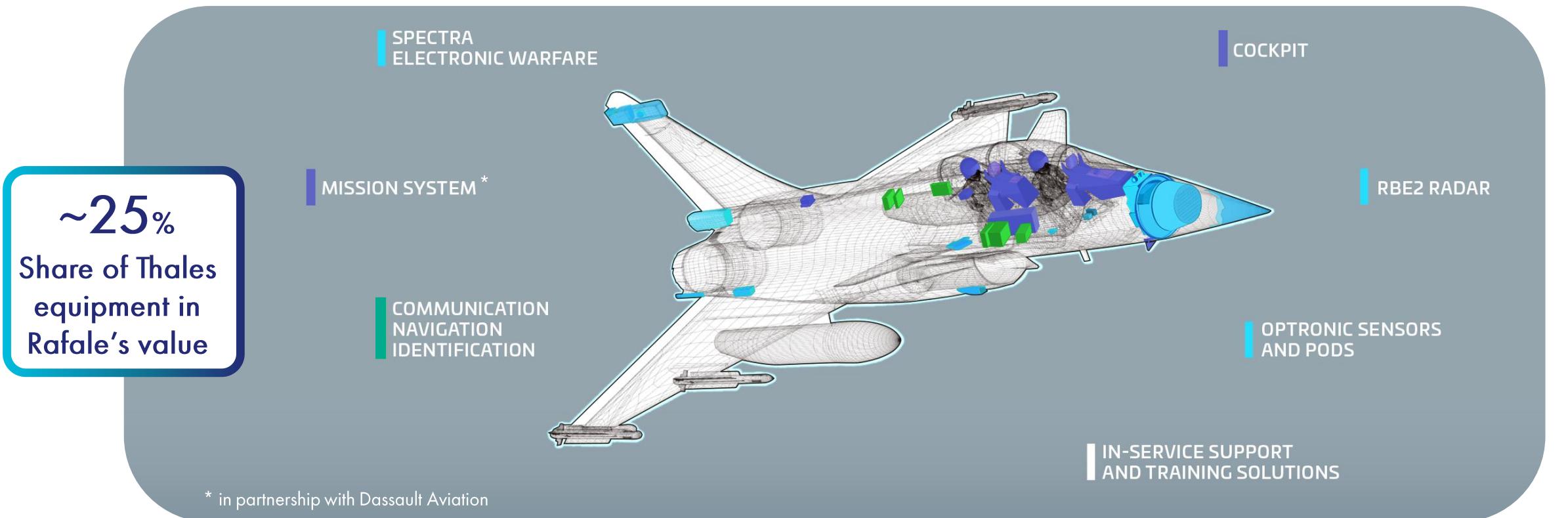
COMMUNICATIONS

MISSION SYSTEMS

EFFECTORS

PROVIDING INDUSTRY-LEADING EQUIPMENT

ON BOARD THE  RAFALE AIRCRAFT



SENSORS

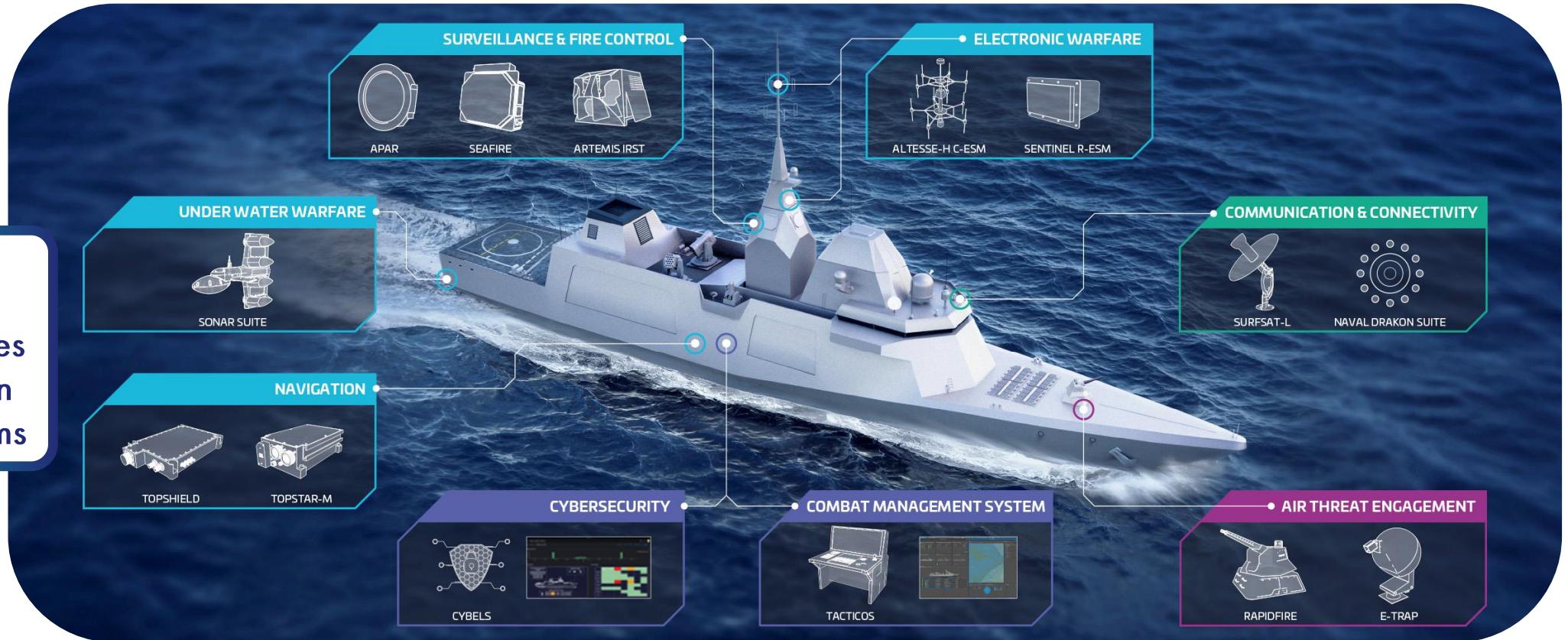
COMMUNICATIONS

MISSION SYSTEMS

EFFECTORS

ENSURING NAVAL SUPERIORITY

~20%
Share of Thales
equipment on
naval platforms



SENSORS

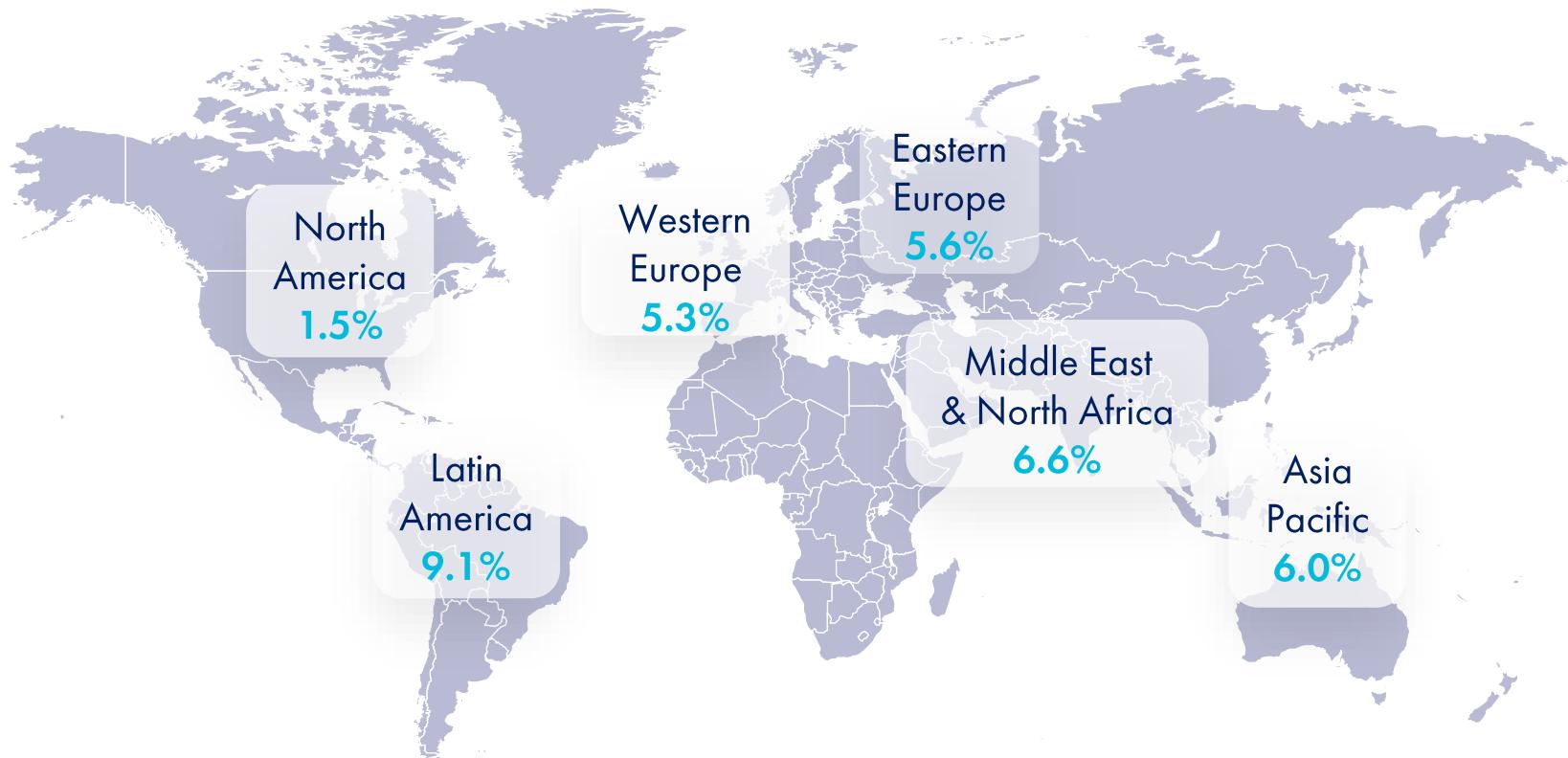
COMMUNICATIONS

MISSION SYSTEMS

EFFECTORS

THALES IS FAVORABLY POSITIONED ON THE GROWING MARKETS

GLOBAL TENSIONS HAVE TRIGGERED AN **INCREASE IN LONG-TERM DEFENCE SPENDING**



2024-2028 Defence budget CAGR, base year 2023.
Source: Jane's Defence budget (Sept 2024).

GROWTH DRIVERS

- > Expect **steady market growth** to (re)build long-term capacities
- > **Increasing needs** to prepare for a possible high-intensity conflict

WORLDWIDE DEFENCE BUDGET GROWTH **4.1%**

GLOBAL BUDGET GROWTH WEIGHTED WITH THALES EXPOSURE TO GEOGRAPHIES **5.5%**

THALES **PREMIUM** POSITIONING IN DEFENCE RELIES ON A **UNIQUE COMBINATION OF STRENGTHS**

1

Unique technological depth & breadth

2

World-class combat-proven products

3

Ability to rapidly step up production rates

4

Premium customer services

5

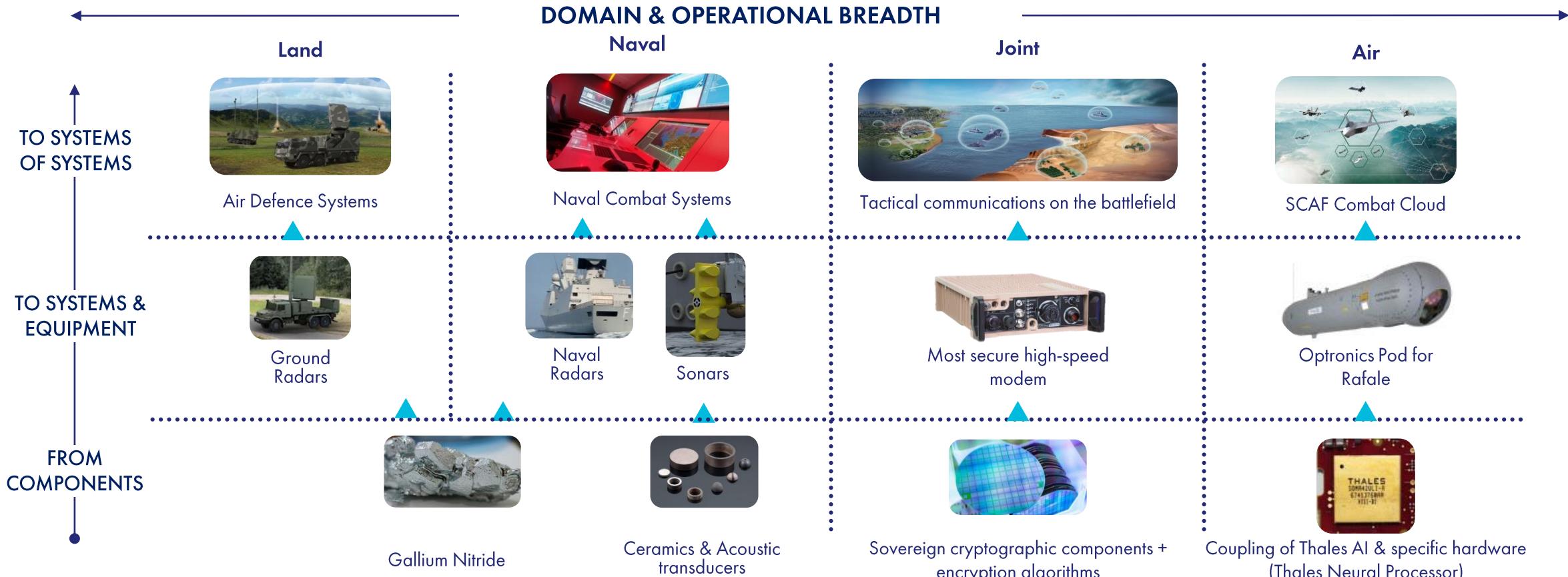
Preparing our star products of tomorrow

6

Anticipating new and disruptive technologies

1. A UNIQUE TECHNOLOGICAL DEPTH & BREADTH

PUTTING THALES AT THE HEART OF OUR CUSTOMERS OPERATIONS: MASTERING THE WHOLE VALUE CHAIN



VERTICAL INTEGRATION – WHEN NEEDED – TO KEEP DIFFERENTIATION AND FREEDOM OF OPERATIONS

2. THALES PRODUCTS' PERFORMANCE RECOGNIZED BY THE WORLD'S MOST DEMANDING CUSTOMERS

3 RECENT ILLUSTRATIONS



Sonars to US Navy

- First variable-depth sonar delivered in 2024 ahead of schedule
- Won the US Navy's "Hook'em" award - third time in a row
- World leader in sonars



Mission system integrator for UK Royal Navy

- Providing combat management system, communications and navigation systems for T31 Frigates
- 6 units to be delivered, starting in 2025



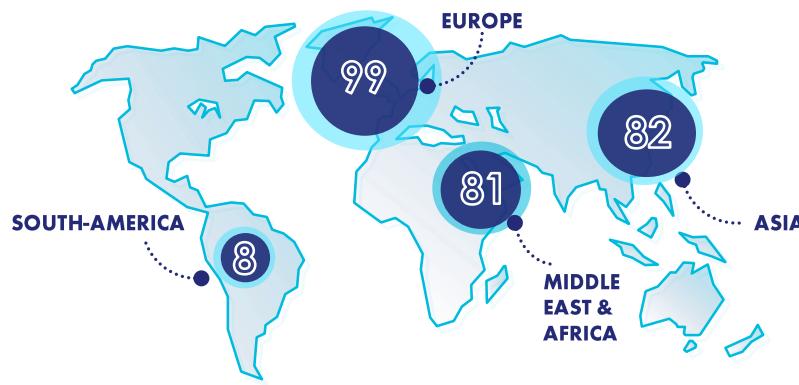
NATO Defence Cloud

- First ever NATO Deployable Defence Cloud fully accepted in 2024
- Now ready to be deployed in NATO countries



2. A COMBAT-PROVEN & RENEWED PRODUCT PORTFOLIO

THE SUCCESS STORY OF THALES GROUND MASTER RADAR



- > More than **270** Ground Master radars sold worldwide since 2010
- > More than **35** customers



UNIQUE END-TO-END CONNECTIVITY TO SECURE COMMUNICATIONS ON THE BATTLEFIELD



- > World-class Thales solution thanks to:
 - Cutting-edge products (modem, antenna ...)
 - Mastering of **cyber** and **cloud** technologies
 - Synergies with Thales **Cyber & Digital** and **Space** activities
- > Major customer references: e.g. France, NATO, US, Middle East

3. PRODUCTION STEP UP

TO MEET GROWING CUSTOMERS NEEDS



GROUND MASTER
RADARS PRODUCTION
x3

France, Netherlands



SUPPORTING RAFALE
PRODUCTION RAMP-UP
x3

France



EFFECTORS PRODUCTION
CAPACITY
x4

France, UK, Belgium

- > **Accelerating revenue growth** with industrially mastered products
- > **Mastering of supply chain** and mitigation of disruption
 - ✓ Double sourcing
 - ✓ Anticipation with safety stock for critical components
 - ✓ Visibility given to suppliers through multi-year contracts

4. ACCELERATING IN DEFENCE SERVICES WITH SIGNIFICANT RECURRING REVENUE GROWTH

DELIVERING BEST VALUE FOR MONEY TO OUR CUSTOMERS THROUGH PREMIUM SERVICES



€1.5Bn 10-year

contract with French Armed Forces (VASSCO - 2022)



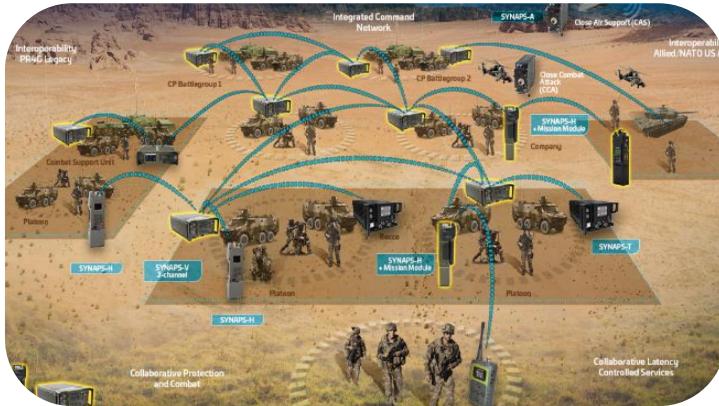
£1.8Bn 15-year

contract with Royal Navy (MSET - 2024)

PROVIDING LONG-TERM REVENUE VISIBILITY AND REINFORCING CUSTOMER INTIMACY

- **Through-life support** on installed base, on top of maintenance model
- Providing **predictive maintenance** through AI innovations and data management
- **Increasing equipment availability**
- Ability to **provide new services** and increase customer satisfaction

5. PREPARING OUR STAR PRODUCTS OF TOMORROW



Next Generation of Software-Defined Radios

- Enhanced radio performance
- With unique electromagnetic warfare features
- Leveraging Thales large installed base (over 850,000 radios in service in more than 50 countries)



New Generation of multi-layer Air Defence system

- Most sophisticated Air Defence solution in the world
- Order secured for France and Italy
- High demand for export



Future Generation of Airborne Radar

- New Airborne Radar for next generation fighters
- Air superiority facing all types of aerial threats even in contested environment
- Ready for next Rafale standard

6. PUTTING DISRUPTIVE TECHNOLOGIES

AT THE HEART OF DEFENCE - FOCUS ON AI

- Developing **new business opportunities** and reinforcing our **premium positioning**
- Creating **trusted and cybersecure AI** solutions through the utilization of in-house innovations from **cortAIx Labs**

cortAIx | SENSORS



Sensing

Using AI to enhance identification capabilities of air defence radar

Discriminate drones from birds

cortAIx | FACTORY



Decision-making

Using AI to assist command center operators in the decision-making process

Reduce operator cognitive burden



Detection

Using AI in Talios pod on board Dassault Rafale

100x faster detection



Mine warfare

Using AI to help operate surface drones in mine warfare

Autonomy

2024-2028 FINANCIAL TRAJECTORY FOR THALES ON DEFENCE IS **STRONG AND ROBUST**

- > A decade of steady market growth ahead
- > World-class combat-proven premium products & services across all domains
- > Wide international presence with strong customer intimacy
- > Faster conversion of backlog into sales
- > Pioneering in innovation leveraging Group technological leadership



SALES ORGANIC GROWTH:
**6-7% CAGR* over
2024-2028**

EBIT MARGIN 2028:
Maintained at 13%
*Comparable with best in class
US players*

* CAGR over 2024-2028, base year 2023.

BUSINESS REVIEWS SPACE

Hervé Derrey
Executive Vice-President, Space

THALES SPACE ID CARD



ThalesAlenia Space
a Thales / Leonardo company

~€2.2Bn
TAS SALES IN 2023

8,600
EMPLOYEES

INFRASTRUCTURES

JV STRUCTURE
67% Thales / 33% Leonardo

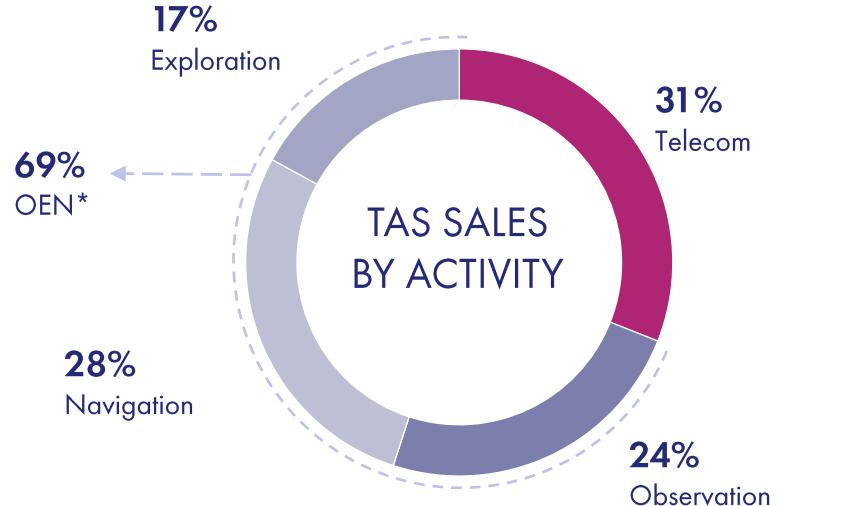
TELESPAZIO
a LEONARDO and THALES company

~€0.7Bn
TPZ SALES IN 2023

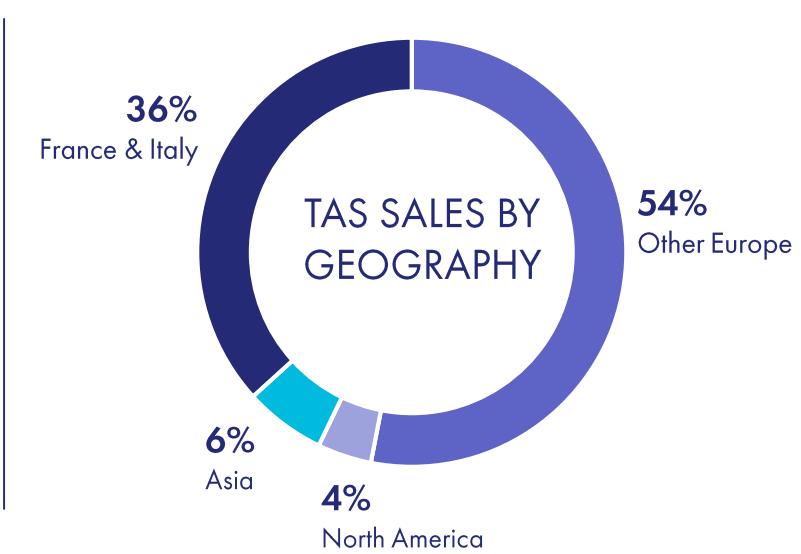
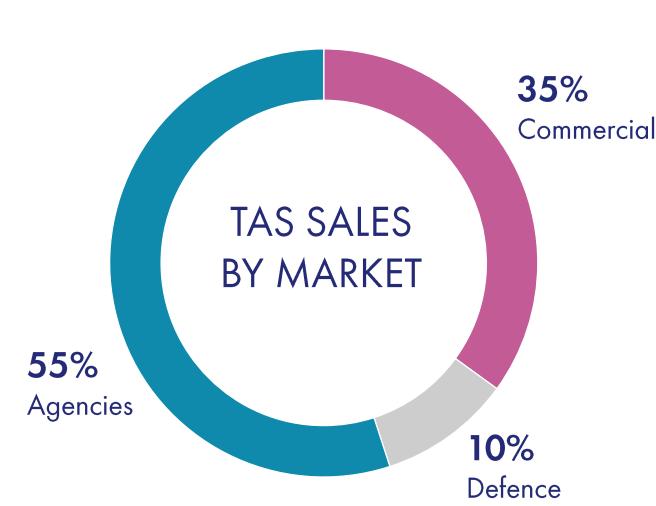
3,300
EMPLOYEES

SERVICES

JV STRUCTURE
67% Leonardo / 33% Thales



* Observation, Exploration & Science and Navigation.



FOCUS ON PROFITABILITY WHILE PURSUING SELECTED ADDITIONAL GROWTH OPPORTUNITIES



Observation – Exploration – Navigation (OEN)

- Strong growth over past 3 years in Europe (11% CAGR)
- Stable revenues expected in baseline scenario
- Selected growth opportunities



Telecom

- Telecom commercial operators disrupted by Starlink, leading to a decreased demand for traditional GEO satellites
- Additional growth opportunities in constellations
- Peak in R&D investment related to Space Inspire development in 2024

- > Size and optimize to restore profitability from a baseline trajectory...
- > ...while selectively targeting additional growth opportunities



OBSERVATION – EXPLORATION – NAVIGATION (OEN) MARKETS

MARKET EXPECTED TO STABILIZE AFTER A STRONG GROWTH

Accessible
Market
€15+Bn
(2028)

CAGR*
2024-28
+1%

		MARKET TRENDS	CLIENTS SERVED
Earth Observation €6Bn		Systems contributing to both: <ul style="list-style-type: none">Monitoring the environmentand protecting national sovereignty for defence purpose	→   
Navigation €1Bn		Systems making online maps & navigation applications a reality for e.g. geolocation, aircraft landing & take-off, agriculture...	→  
Exploration & Science €8+Bn		Systems for universe exploration, pressurized habitable volumes for stations, landing and reentry systems, on-orbit servicing... Emerging technologies like Space Domain Awareness	→   

* CAGR over 2024-2028, base year 2023.



Government/Institution



Defence



Commercial

OEN – UNIQUE SELLING PROPOSITIONS AND OPPORTUNITIES TO EXPAND BEYOND CORE

	TAS' REVENUES (€Bn)	CURRENT BASELINE POSITION	ADDITIONAL GROWTH OPPORTUNITIES
	2023	2024-2028 Trend (baseline scenario)	
 Earth Observation	0.6	=	<ul style="list-style-type: none"> European leader in Environment monitoring (Copernicus) and Defence Unique integrated offer (radar + optical) <ul style="list-style-type: none"> Future Observation (Europe) Export Defence (Asia, Middle East)
 Navigation	0.5	=	<ul style="list-style-type: none"> European leader (Galileo 2nd Generation) Satellites and Ground Solutions <ul style="list-style-type: none"> LEO** PNT (Positioning, Navigation and Timing) systems Export (Asia, Middle-East)
 Exploration & Science	0.4	+~€150m (7% CAGR*) 	<ul style="list-style-type: none"> Worldwide leader in LEO** stations (pressurized modules & cargo resupply for NASA and ESA) Lunar and Mars Exploration <ul style="list-style-type: none"> Next gen private stations Artemis export On Orbit Servicing
2% CAGR* @ OEN level			

* CAGR over 2024-2028, base year 2023.

** Low Earth Orbit.

TELECOM

MARKET MOVING TO A COMPLEMENTARY MULTI-ORBIT STRATEGY

END-USER'S SERVICES

Broadcast

- TV (video)

Broadband

- Connectivity in unserved areas
- Secured & resilient communications

Wideband/narrowband

- Direct to device (5G)
- IoT

GEO
36,000 km

Average project size

€150-500m



MEO
5,000-12,000 km

€1-2Bn



LEO
600 – 1,200 km

€2-10Bn



- Adapted to hotspot
- Continental coverage
- High latency
- Exposure to radiation

- Low latency
- Global coverage
- Strong exposure to radiation

- Low latency
- Global coverage
- Limited exposure to radiation on LEO low segment
- Huge investment

Notes: GEO: geostationary,
LEO: Low Earth Orbit,
MEO: Medium Earth Orbit.

**RECOGNISED LEADER IN CIVIL & DEFENSE GEO
SOLID TRACK RECORD ON CONSTELLATIONS**

TELECOM

MARKET MOVING TO A COMPLEMENTARY MULTI-ORBIT STRATEGY

END-USER'S SERVICES

Broadcast

- TV (video)

Broadband

- Connectivity in unserved areas
- Secured & resilient communications

Wideband/narrowband

- Direct to device (5G)
- IoT

GEO
36,000 km

Average project size

€150-500m

- Syracuse, KVHTS, Sicral 3, SES-24

MEO
5,000-12,000 km

€1-2Bn

- O3b, IRIS²

LEO
600 – 1,200 km

€2-10Bn

- Globalstar, Iridium NEXT, IRIS², Starlink, Kuiper2

TAS projects

Notes: GEO: geostationary,
LEO: Low Earth Orbit,
MEO: Medium Earth Orbit.

**RECOGNISED LEADER IN CIVIL & DEFENSE GEO
SOLID TRACK RECORD ON CONSTELLATIONS**

TELECOM - STRONG HISTORICAL POSITION AND BACKLOG, UPSIDE OPPORTUNITIES

		TAS' REVENUES (€Bn)	CURRENT BASELINE POSITION	ADDITIONAL GROWTH OPPORTUNITIES
2023		2024-2028 Trend (baseline scenario)		
TELECOM	0.7	+~€150m (3% CAGR* from a low 2023 base)	<p>TAS recognized as a leader in digital and flexible solutions</p> <ul style="list-style-type: none">• 33% market share of the GEO market• 7 Space Inspire satellites in backlog• Domestic (France + Italy) Military GEO	<ul style="list-style-type: none">• Export Military GEO• Broadband Constellations (IRIS², MEO projects)• Direct-to-Device LEO Constellations

* CAGR over 2024-2028, base year 2023.

Notes: GEO: geostationary,
LEO: Low Earth Orbit,
MEO: Medium Earth Orbit.

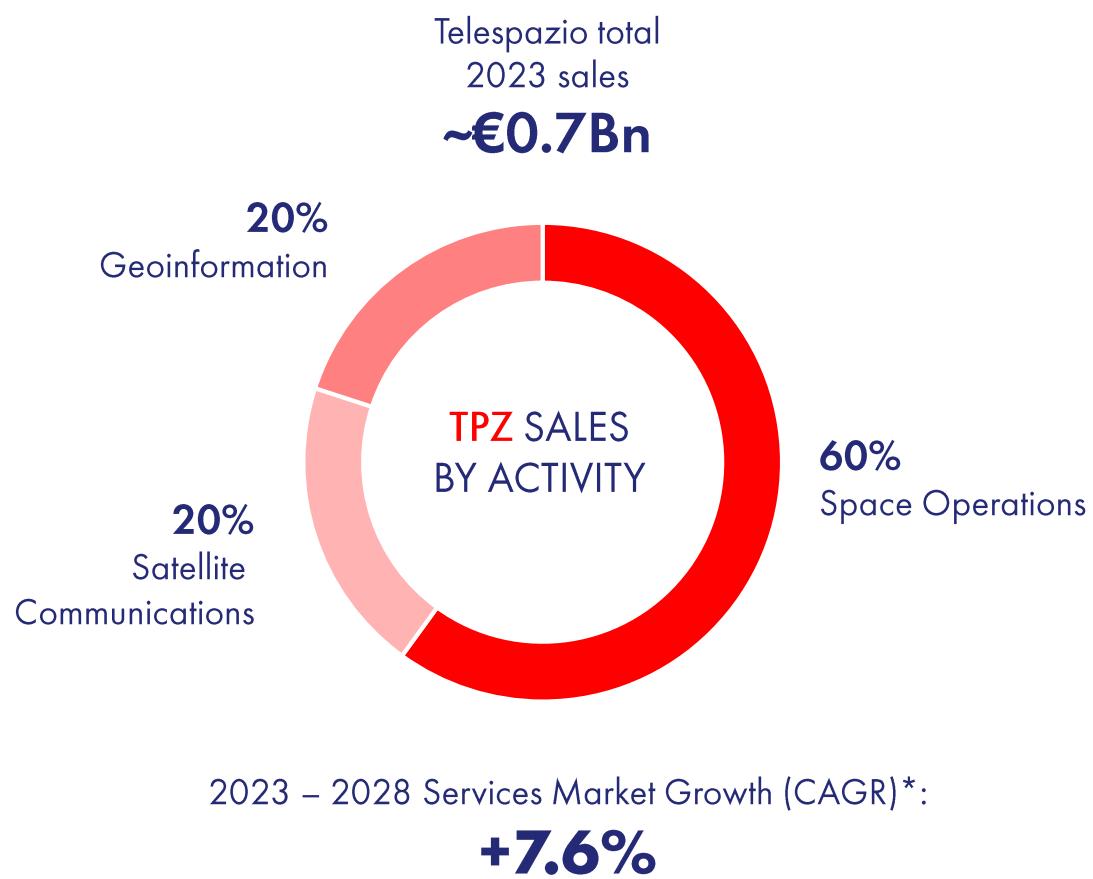


SPACE INSPIRE
(SDS)



Digital Transparent
Processor

TELESPAZIO SOLID PERFORMANCE WITH HIGH GROWTH PERSPECTIVE



*Source: LEONARDO – CMD 2024.

** Return on Sales (ROS) is calculated as the ratio of EBITA to revenue as per LEONARDO definition.

~€0.7Bn

TPZ SALES IN 2023

3,300

EMPLOYEES

JV STRUCTURE
67% Leonardo / 33% Thales

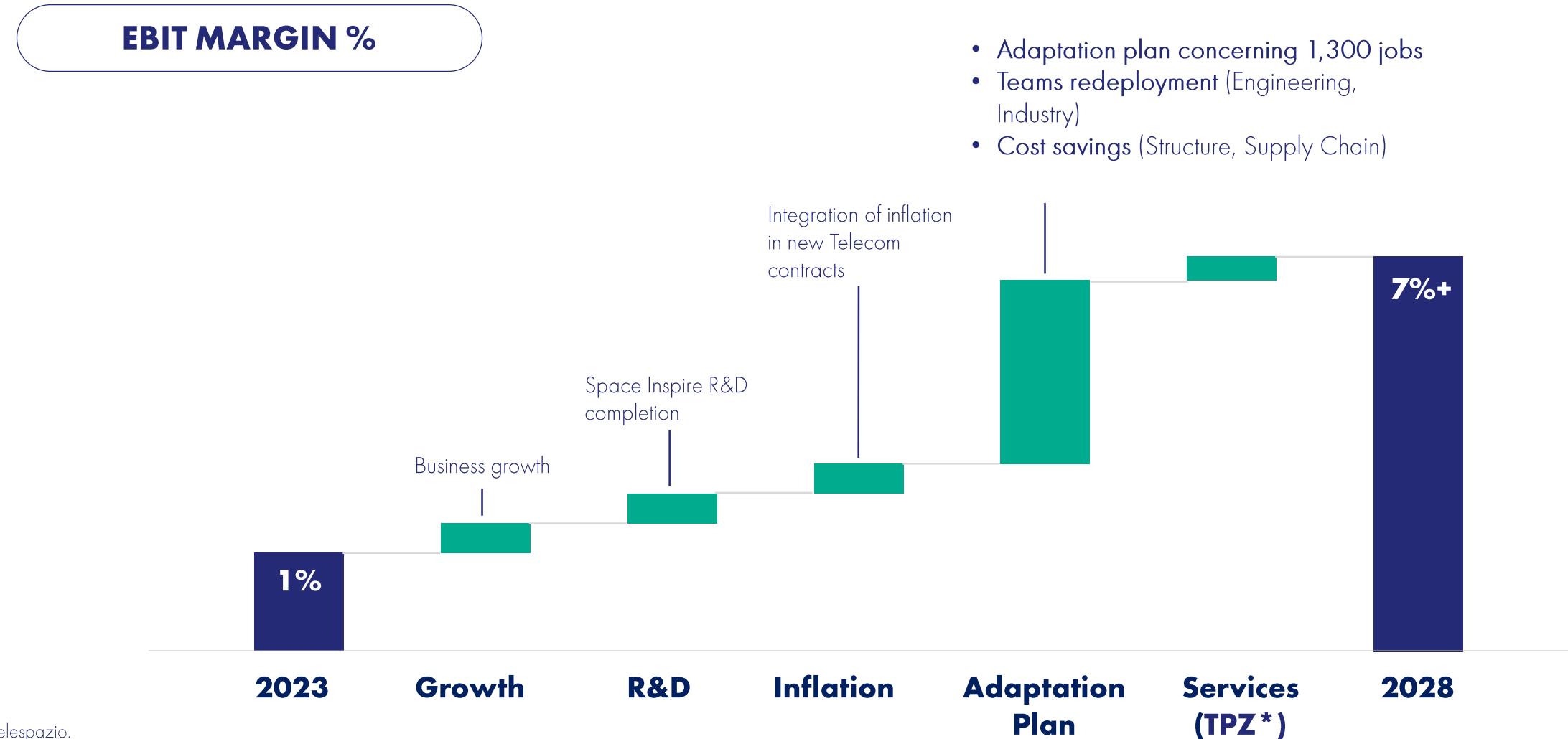
Strategic objectives...

- Consolidate positioning as provider of global data and downstream services in selected vertical segments, adapting to market evolution
- Confirm leading role in EU and domestic missions operations and ground segment, positioning as well in new domains (f.i. exploration, space logistics, Space Traffic Management/Space Situational Awareness)

... and continued performance

- High growth coming from satellite services
- Solid profitability, 11% forecasted ROS** in 2028

SPACE PATH BACK TO PROFITABILITY



2024-2028 FINANCIAL TRAJECTORY FOR THALES ON SPACE: RESTORING PROFITABLE GROWTH

- > Focus on restoring profitability through TAS recovery plan
- > Identified growth opportunities beyond our baseline scenario
- > OEN: Leverage strong leadership to capture export opportunities outside Europe and new commercial opportunities
- > Telecom: Adapt business line to the new “market normal” in GEO and leverage Constellations to rebound



SALES ORGANIC GROWTH:
**2% CAGR* over
2024-2028**

EBIT MARGIN 2028:
Improving to 7%+

* CAGR over 2024-2028, base year 2023.

BUSINESS REVIEWS

AVIONICS

Yannick Assouad

Executive Vice-President, Avionics

THALES AVIONICS

ID CARD

€3.0Bn

SALES IN 2023

12,500

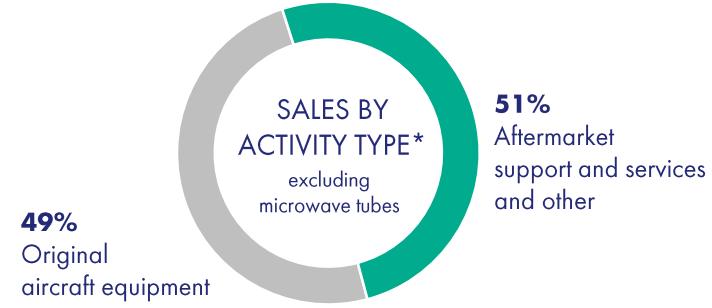
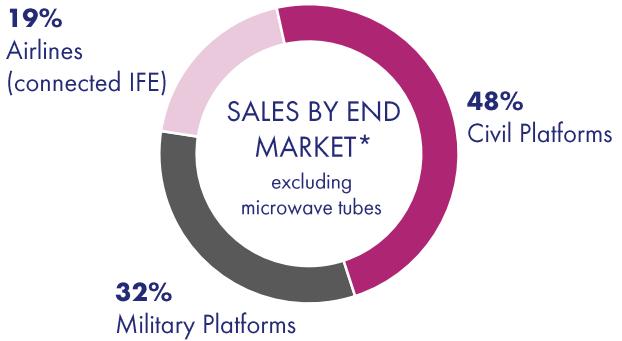
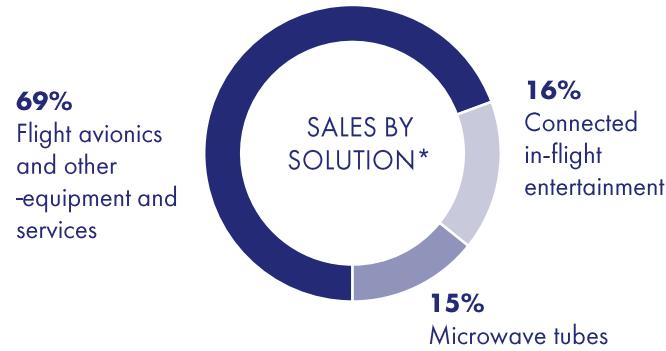
EMPLOYEES

38

SITES



A GLOBAL FOOTPRINT



* Sales breakdown 2023.

THALES POSITIONED ON ATTRACTIVE MARKETS DRIVEN BY COMMERCIAL AND MILITARY DEMAND GROWTH

	COMMERCIAL	BUSINESS JETS	CIVIL TURBINE HELICOPTERS	MILITARY	ADVANCED AIR MOBILITY	SUPPORT & SERVICES
Accessible market	\$8.0Bn	\$800m	\$300m	\$2.0Bn	<\$100m	\$4.5Bn
2024-2028 CAGR *	11%	4-5%	5-6%	7-8%	Double digit	3-5%
Growth	<ul style="list-style-type: none"> Large OEM backlog Production rates recovering from pandemic; expected to increase until 2030 Supply chain constraints 	<ul style="list-style-type: none"> Market shift towards bigger aircraft Steady growth over the period 	<ul style="list-style-type: none"> Slow recovery – 2018 production levels reached by 2025-2026 Super Medium segment replacing Heavy platforms 	<ul style="list-style-type: none"> Rafale export successes vs. F-35 fighter market leader US doctrine evolving towards autonomy Increased simulation to optimize asset use 	<ul style="list-style-type: none"> Emerging market with both legacy players and start-ups Push to autonomy and green propulsion systems 	<ul style="list-style-type: none"> Dynamic aftermarket business due to new aircraft delays and passenger traffic sustained growth

THALES IS WELL POSITIONED FOR SUSTAINED GROWTH ACROSS ALL MARKET SEGMENTS

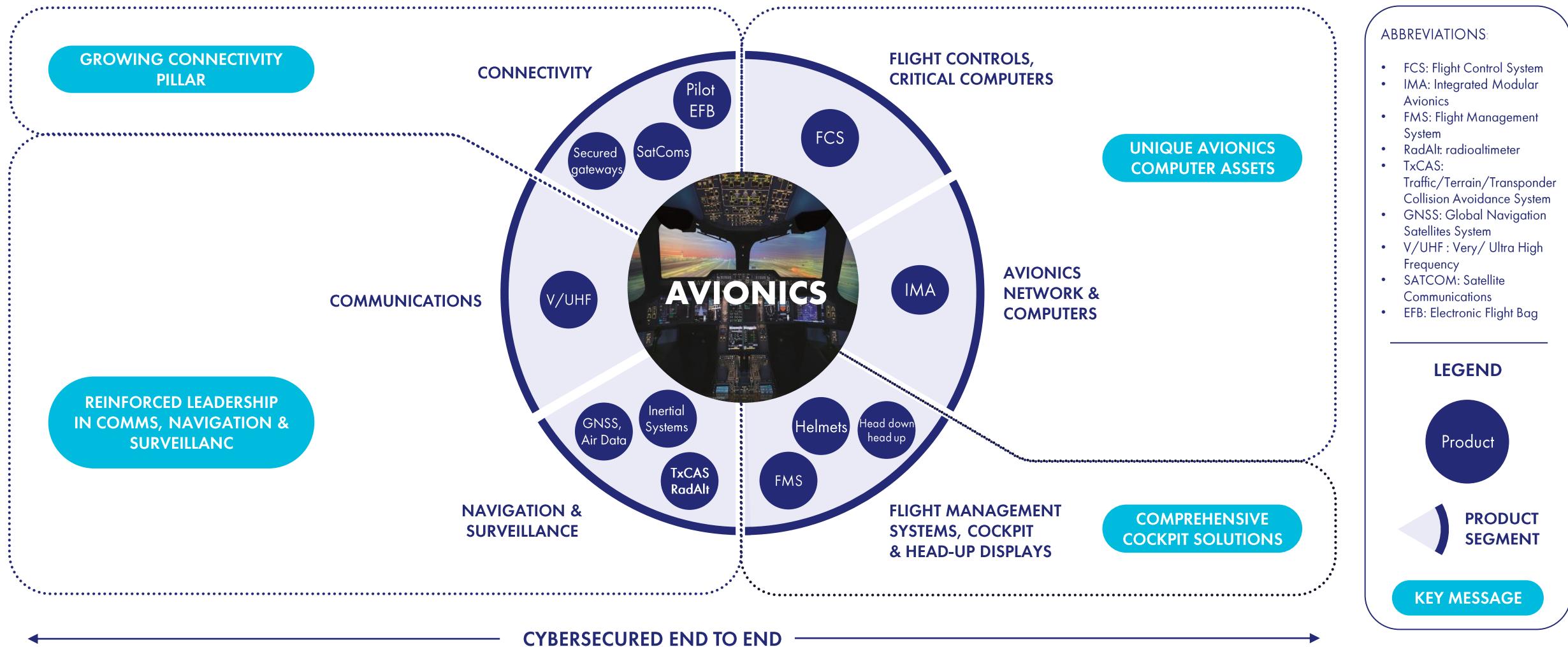
* CAGR over 2024-2028, base year 2023.

AVIONICS KEY PRIORITIES

- 1 Leverage our extensive portfolio in Flight Avionics to expand our customers reach
 - In advanced air mobility, regional aviation, light helicopters
- 2 Deliver Cobham AeroComms high growth business plan in cockpit communications
 - And meet the challenges of autonomy and green aviation
- 3 Drive the active rebound of the IFE business (*In Flight Entertainment*)
 - With new innovative solutions
- 4 Grow our services business further
 - With extended digital solutions to airlines
- 5 Continue delivering world-class innovation and premium services
 - Including advances in navigation, flight autonomy and training
- 6 Drive strong industrial performance and profitability improvement
 - With an ambitious transformation plan



1. AN EXTENSIVE E2E CYBERSECURED PORTFOLIO, EXPANDING OUR ADDRESSABLE MARKET



2. DELIVERING **COBHAM AEROCOMMS** BUSINESS PLAN IN COCKPIT COMMS AND ADDRESSING THE **CHALLENGES OF AUTONOMY AND GREEN AVIATION**

Reinforcing the complementarity of Thales' product portfolio...

...to address key challenges



10-15%
REDUCTION IN EMISSIONS AND
FUEL CONSUMPTION
Through real-time access to weather
databases and optimized trajectory

MORE AUTOMATION
Through cyber-secured navigation
and surveillance systems

3. DRIVING THE ACTIVE REBOUND OF IFE

STRONG MARKET DEMAND, CATCHING UP POST COVID-19

ACCESSIBLE MARKET:

\$2.3Bn

2024-2028 CAGR*:

+10-12%

IFE systems & support market growth

THALES PRODUCTS:



AVANT Up

- New 4K HDR screens
- 30% lighter, better reliability
- Already selected by prestigious customers (American Airlines, Emirates, Air India, etc.)



FlytEDGE Apps & Services

- The 1st true Connected, cloud-based, digital IFE
- On-board data center
- Future proof capabilities beyond IFE
- Selected by some major customers (Qatar Airways, confidential)



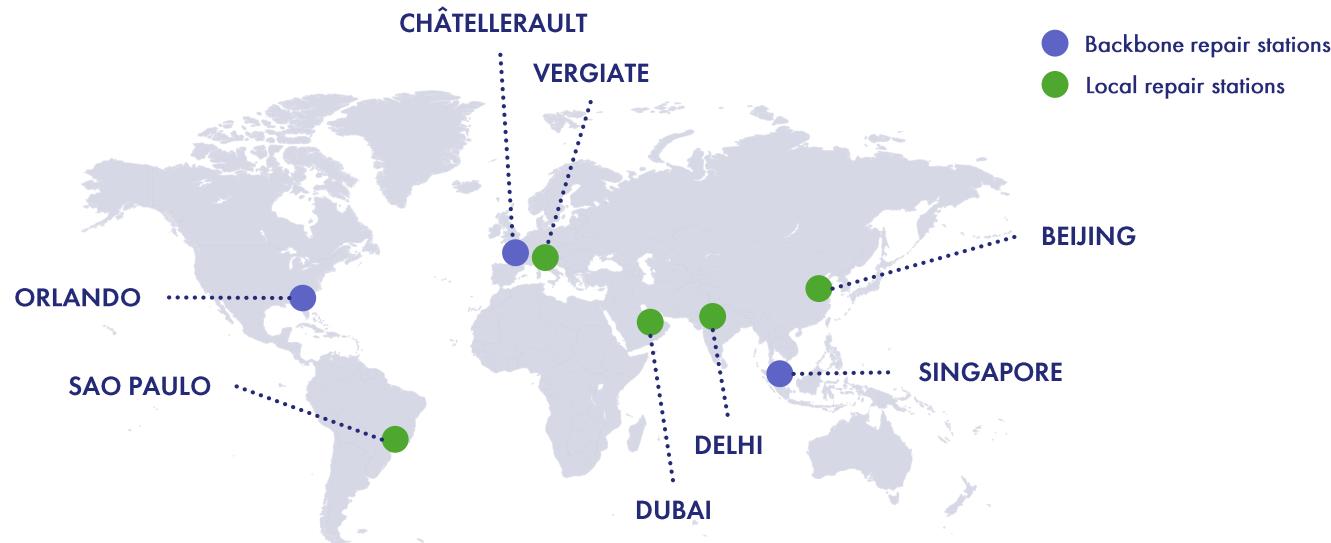
REGAINING VOLUME AND INCREASING PROFITABILITY THANKS TO A RENEWED AND INNOVATIVE OFFERING

* CAGR over 2024-2028, base year 2023.

4. PREMIUM AFTERMARKET SERVICES BUSINESS

SUPPORTING A GLOBAL, LARGE AND GROWING AIRLINES CUSTOMER BASE

A growing worldwide network of repair stations



- Supporting ca. 50,000 civil aircraft with ca. 10,000 equipment shipped per month worldwide
- New repair capabilities being set up in India
- Ranked #1 MRO by Airbus*

Extended digital offering: connected & secure applications suite to support pilots on-board



- Installed base: 4,000 aircraft
- 65 airlines as customers

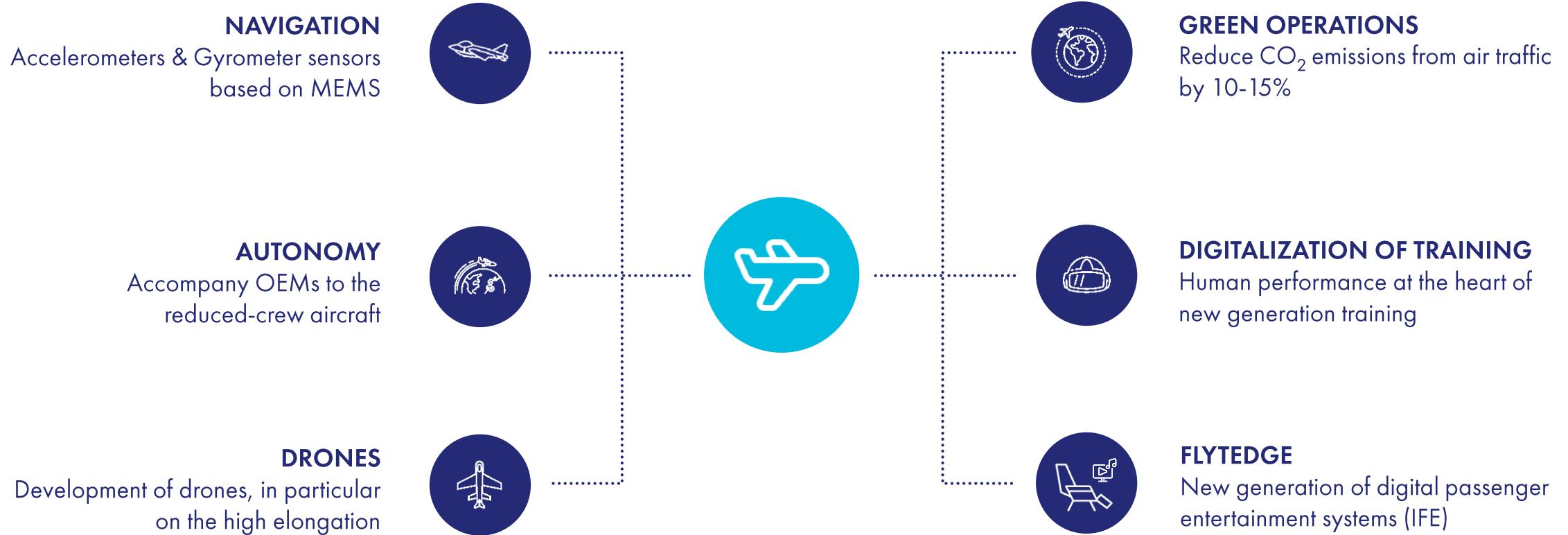
Increasing intimacy with airlines:
• on the flight deck
• in network operations center

THALES IS A TOP PLAYER IN AFTERMARKET WITH BEST IN CLASS SERVICE OFFERING

*Excl. Airbus internal support activity.

5. BREAKTHROUGH INNOVATION

FOR A SUSTAINABLE FUTURE



PRESENCE ON THE COMPLETE VALUE CHAIN, FROM SENSORS TO SERVICES

Abbreviations:

- MEMS: micro-electromechanical systems.
- OEM: Original Equipment Manufacturer.

6. ACCELERATING THALES AVIONICS TRANSFORMATION PLAN



Abbreviations:

- APS: advanced planning and scheduling.
- ERP: enterprise resource planning.
- PLM: product line management.

OPERATIONAL EXCELLENCE DRIVING MARGIN IMPROVEMENT

2024-2028 FINANCIAL TRAJECTORY FOR THALES AVIONICS: SHAPING THE FUTURE OF AVIATION

- > Leadership position in Avionics and IFE
- > Growing recurring aerospace business through linefit, retrofit and after-market services
- > First class complete solution offering for a connected and green aviation
- > Breakthrough innovations, leveraging Thales' wider assets in AI and cyber
- > Multiple competitiveness initiatives in industry 4.0, AI and Cloud driving operational excellence and efficiency



SALES ORGANIC GROWTH:
**5-7% CAGR* over
2024-2028**

EBIT MARGIN 2028:
Improving to 13-14%

* CAGR over 2024-2028, base year 2023.

BUSINESS REVIEWS

CYBER & DIGITAL

Philippe Vallée

Executive Vice-President, Cyber and Digital

Sébastien Cano

Senior Vice-President, Cloud Protection & Licensing (Cybersecurity Products)

CYBER & DIGITAL ID CARD

€4.0Bn *

SALES IN 2023

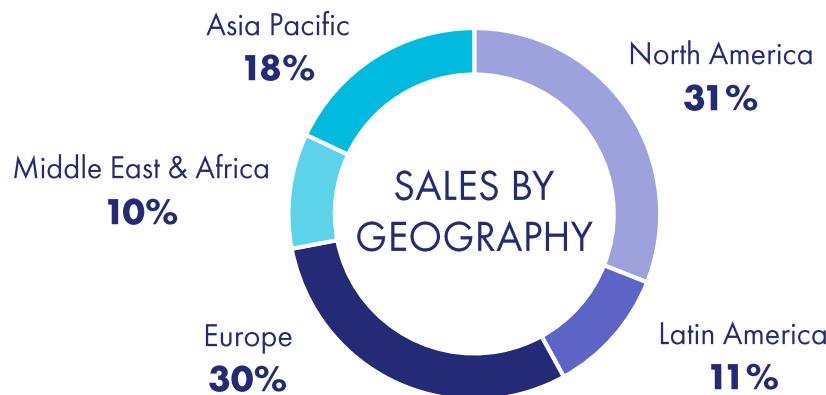
17,800

EMPLOYEES

* Sales 2023 Proforma, including full-year impact from the acquisitions finalized in 2023 (of which Imperva and Tesserent) and restated for the Cyber civil activities transferred from Defence to Cyber & Digital.

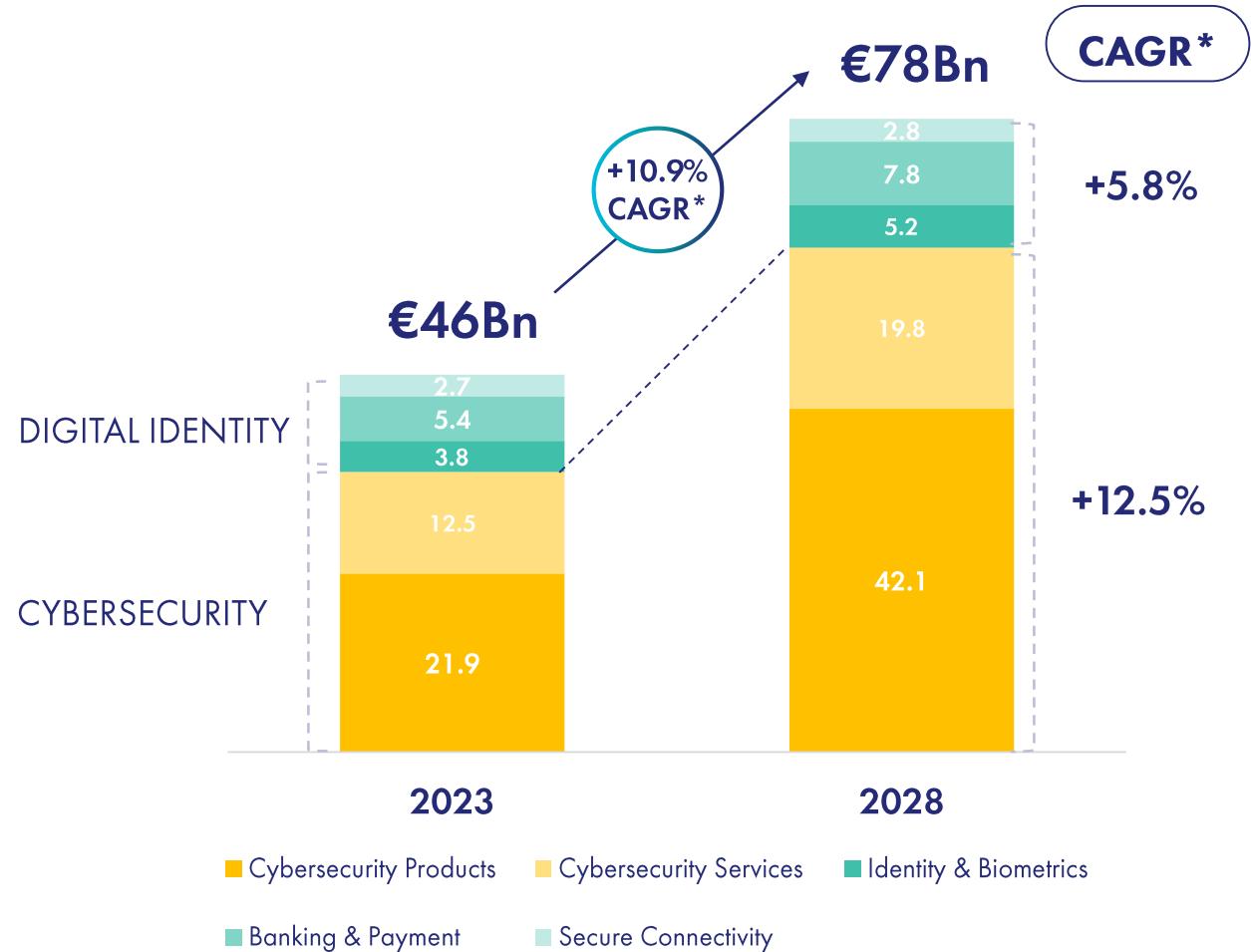
SERVING CUSTOMERS WITH THE MOST DEMANDING SECURITY NEEDS

- 30,000+ Enterprises**
Including 4,000 Banks and 400 Mobile Network Operators
- Over 100 Countries**



A GLOBAL LEADER IN CYBER SECURITY & DIGITAL IDENTITY
GLOBAL #1 FOR 73% OF REVENUES / TOP3 FOR 88% OF REVENUES

ADDRESSING A LARGE AND FAST GROWING MARKET



Sources: Gartner, IDC, Accenture, ABI research.

* CAGR over 2024-2028, base year 2023.

Megatrends sustaining long term growth

- > Digital transformation of enterprises and governments
- > Increasing Regulation and Sovereignty demands
- > Digital Identity providing trusted access for digital and digitally enabled services
- > Cybersecurity accelerated by increasing use of AI and data-driven world, requiring data-centric security

CYBERSECURITY AND DIGITAL IDENTITIES BRING TRUST TO DIGITAL JOURNEYS



In the first half of 2024 alone, 1.1 Billion people have been affected by data breaches, a 4.9 fold increase versus 2023

1.5 Trillion requests analyzed per month and 63 Billion attacks blocked per month by Imperva



SECURING THE MOST CRITICAL ASSETS:
PEOPLE'S AND OBJECTS' IDENTITIES, DATA AND APPLICATIONS THEY RELY ON

Source: Identity Theft Research Center.

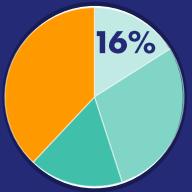
CYBERSECURITY AND DIGITAL IDENTITIES BRING TRUST TO DIGITAL JOURNEYS

- > Securing the cloud
- > Securing data and all the paths to data
- > Enabling privacy and sovereignty

- > 20 years of experience delivering **secure digital identities**

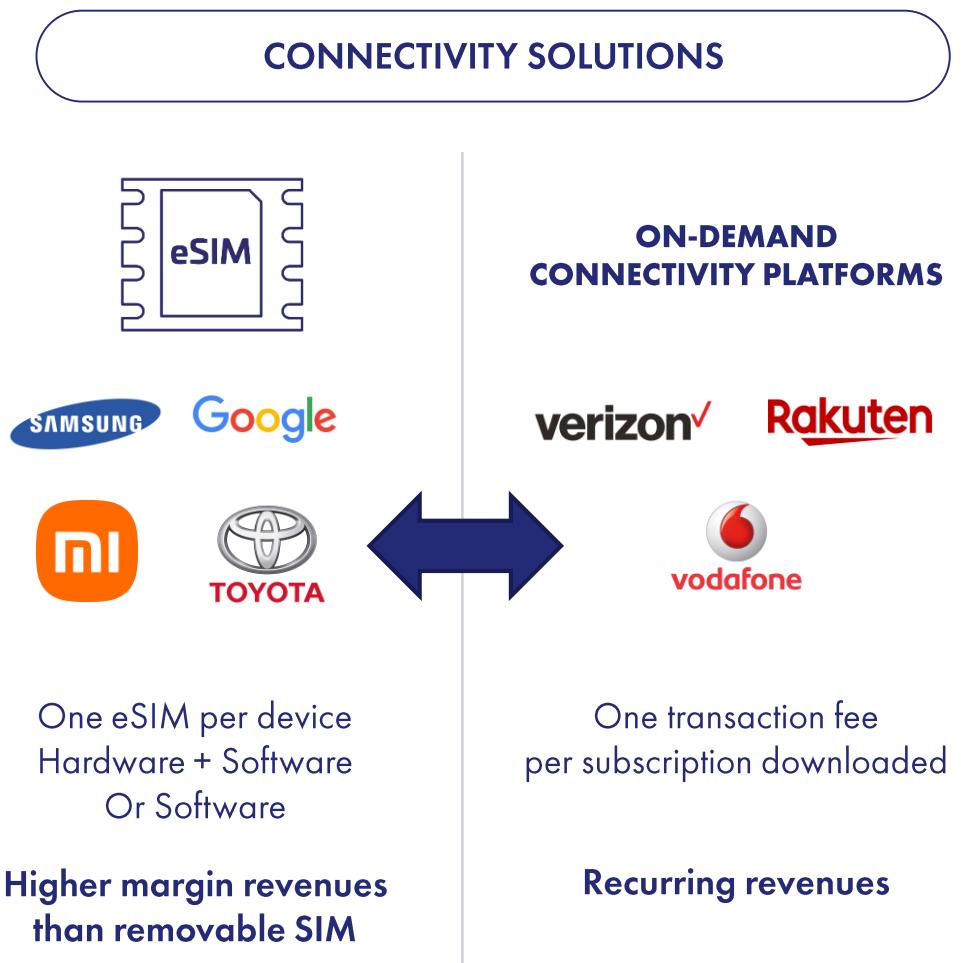


FOUNDATIONAL TECHNOLOGIES
ENCRYPTION, HARDWARE SECURITY, SOFTWARE SECURITY, APPLICATIONS SECURITY



DIGITAL IDENTITY - SECURE CONNECTIVITY

WELL POSITIONED FOR THE TRANSITION TO CONNECTIVITY SOLUTIONS

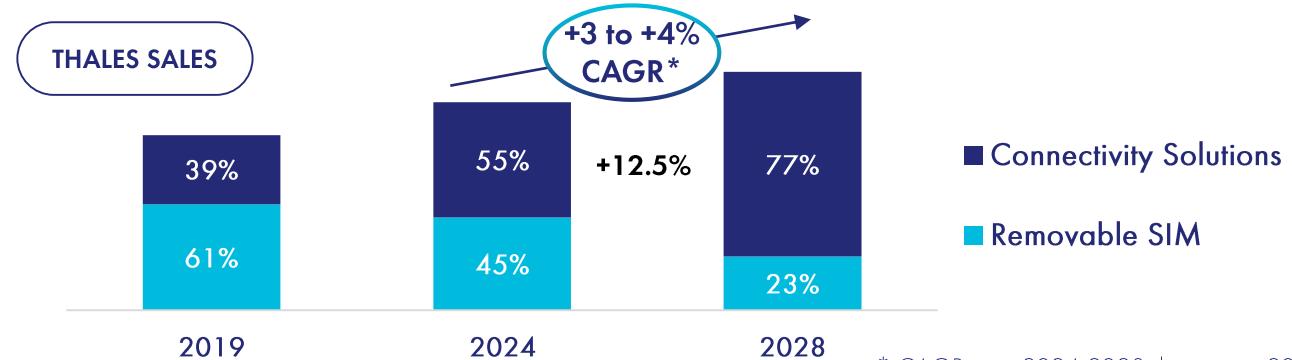


> eSIM penetration is accelerating

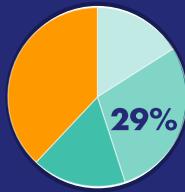
- eSIM enabled phones ~300 Mu in 2024, to reach ~700 Mu in 2028, 57% of total phones shipped with a lot of growth potential in later years
- Increasing universe of eSIM connected objects: cars, smart meters

> Thales is leading the transition from removable SIM to Connectivity Solutions

- A solid presence with major smartphone vendors
- The largest number of installed On-Demand Connectivity platforms worldwide at Mobile Network Operators



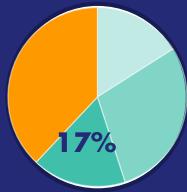
* CAGR over 2024-2028, base year 2023.



DIGITAL IDENTITY – BANKING & PAYMENT GLOBAL LEADER IN MODERN CARD ISSUANCE

- > World leader for payment cards: working with 14 of the top 20 banks
- > Continuous introduction of innovative and eco-friendly cards
- > Physical payment cards will be complemented and not replaced by their digital forms or other forms of payment
- > Thales in pole position for the ramp-up of digital card based payments, a mid-term growth opportunity:
 - Over 100 customers on Thales modern card issuance platform
 - A per (digital) card / per year business model
- > Sales low single digit growth rate, managing for value





DIGITAL IDENTITY - IDENTITY & BIOMETRICS: A COMPREHENSIVE PORTFOLIO OF SOLUTIONS IN GROWING MARKETS

> Key drivers of the market:

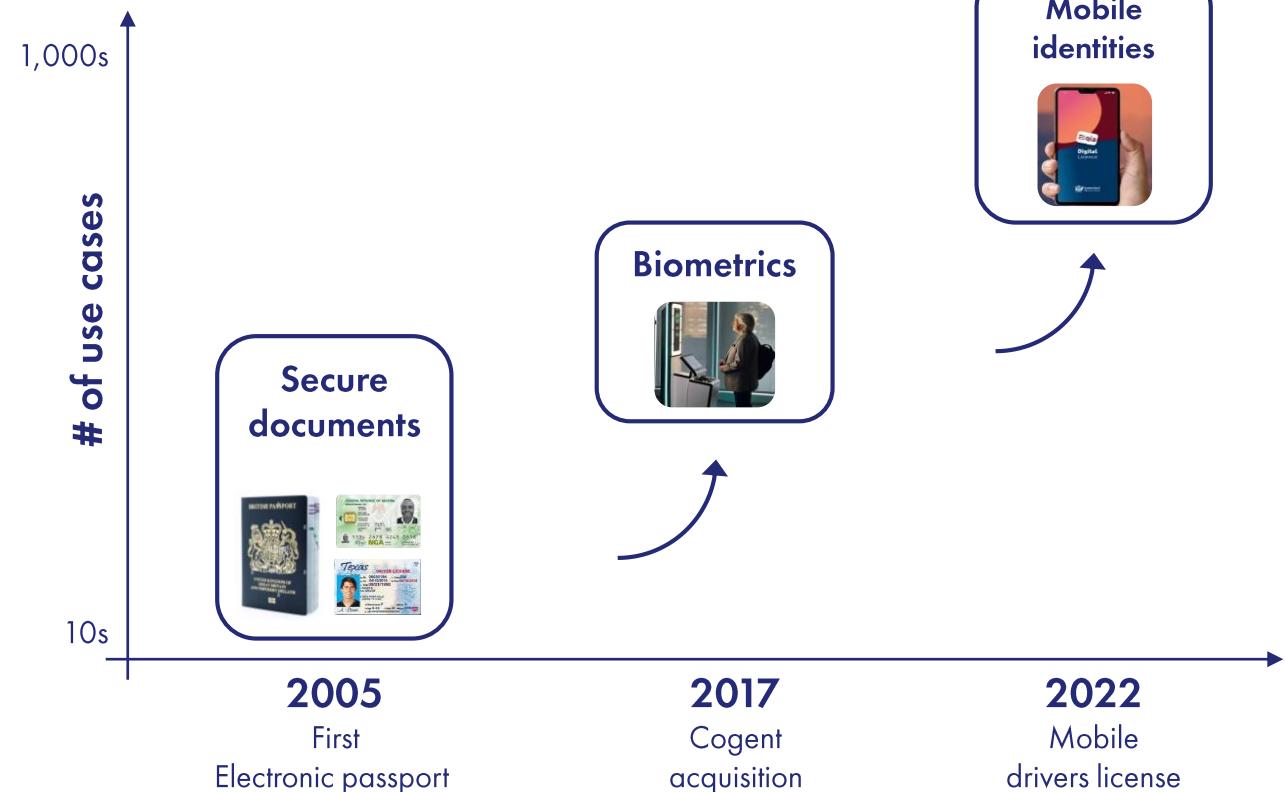
- Stronger passport security and reinforced border control
- Growth of international travel and airport passengers
- Identity for all UN mandate for 2030

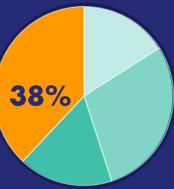
> Global leader in the mature market of chip secured documents: biometric passports, eID cards, drivers licenses,....

> Fast growing biometrics solutions for border & travel, civil identity and public safety

> Increasing opportunities in digital identities through mobile drivers licenses, EU digital wallet

> Managing for high single digit growth and profit





A GLOBAL CYBERSECURITY LEADER IN A NEW LEAGUE SINCE 2024

- > Solid positions in key products and services markets
- > 5,800+ cybersecurity experts
- > >10% of Thales employees

PREMIUM SERVICES

- Threat & risk evaluation
- Training & simulation
- Detection & response
- Integration projects
- Double digit growth
- Single digit margin

CYBER

From 2025, will be reported separately from DIGITAL

2024 SALES
> €2.0Bn

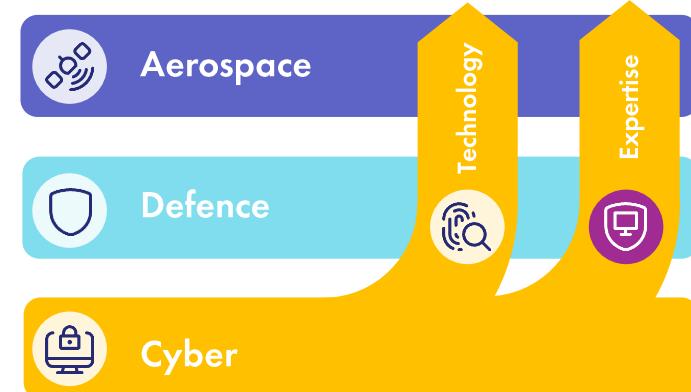
GLOBAL PRODUCTS*

Rule of "30" =

Low double-digit topline growth
+ high teens EBIT

CYBER DEFENCE - *Reported in Defence* SOVEREIGN PRODUCTS

- High assurance products & technologies
- Trusted by key countries and international organisations (NATO, EU)
- Single digit growth
- Double digit margin



ENABLER ACROSS
ALL THALES BUSINESSES

* Including Imperva.

BUSINESS REVIEWS

FOCUS ON CYBERSECURITY GLOBAL PRODUCTS

Sébastien Cano

Senior Vice-President, Cloud Protection & Licensing

CLOUD COMPUTING

THE PROBLEMS WE SOLVE

INCREASED COMPLEXITY

55%

of IT pros say it is **more difficult to manage privacy and regulation** in the cloud.



LESS VISIBILITY

**ONLY
24%**

of organizations have **complete knowledge of where all their data is stored.**



LACK OF CONTROL

**ONLY
29%**

of organizations have **complete control of their encryption keys** to data in the cloud.

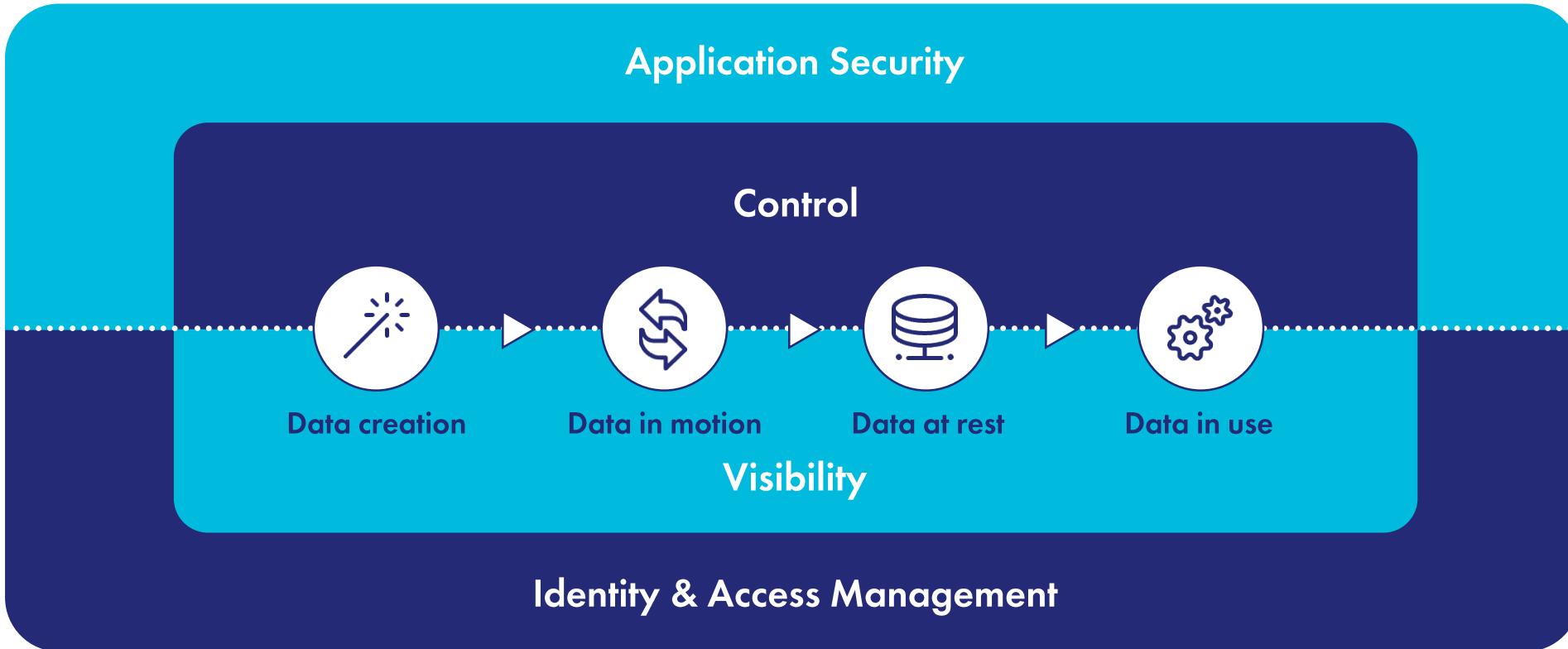


- > With the adoption of Cloud computing perimeter security is not enough
- > Organizations must protect broader digital surface areas, with more attack vectors and risks
- > Security is increasingly focused on the Data



THALES SECURES YOUR MOST SENSITIVE DATA

...AND ALL PATHS TO IT



THALES PROVIDES A BROAD RANGE OF CAPABILITIES TO HELP YOU ACHIEVE A STRONGER DATA SECURITY POSTURE

IDENTITIES



Customer Identity & Access Management



Workforce Identity & Access Management



Broad Range of Authenticators

DATA SECURITY PLATFORM

CONTROL + VISIBILITY



Encryption



Data Access Monitoring



Tokenization



Data Discovery & Classification



Key & Secrets Management



Data Governance



Hardware Security Modules



Threat Detection

APPLICATIONS



Web App. Firewall



DDoS Protection



Advanced Bot Protection



API Security

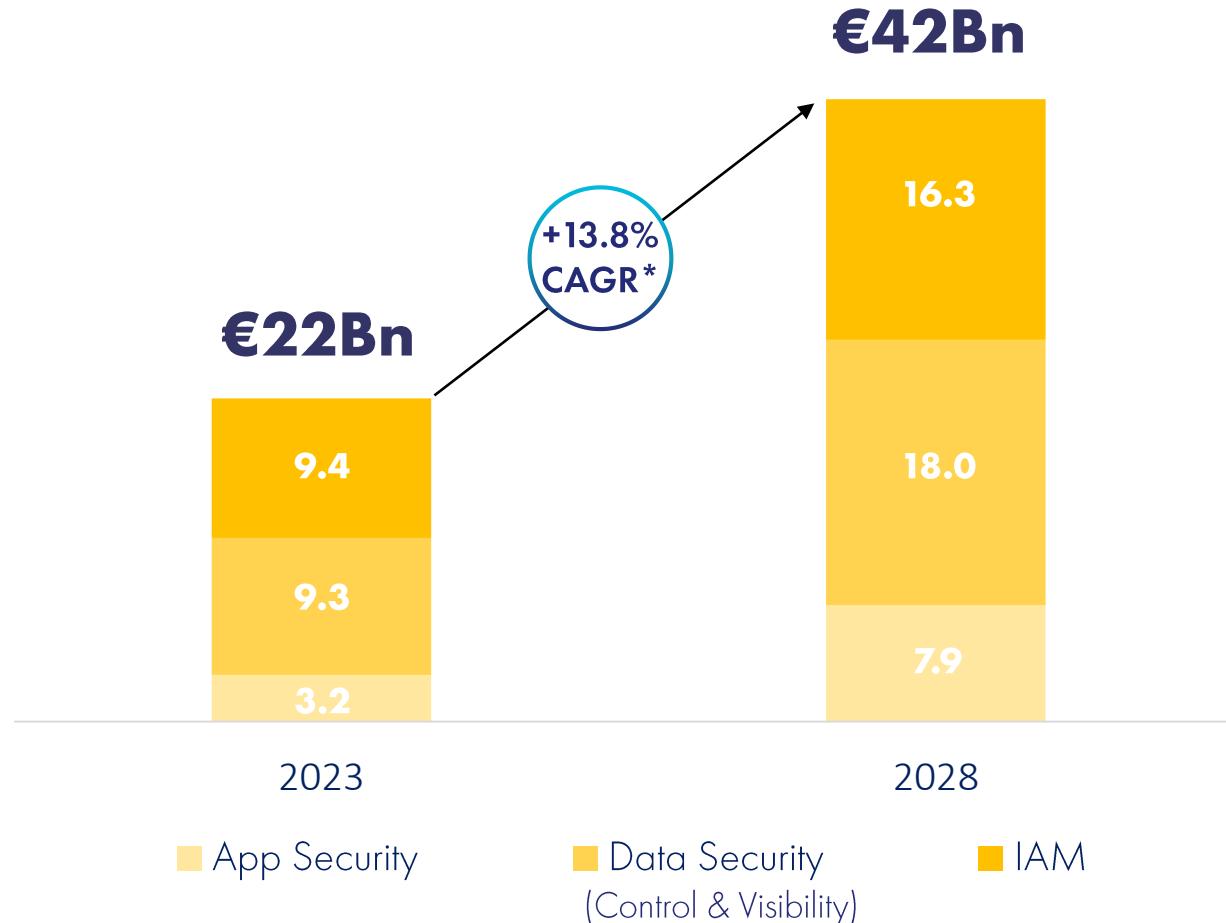


Thales



Imperva

A LARGE AND FAST GROWING DATA CENTRIC SECURITY PRODUCTS MARKET



- > Strong tailwinds from the digital transformation of enterprises and governments
- > Cybersecurity market further accelerated by an increasingly AI and data-driven world, and, therefore, the call for data-centric security
- > Increasing Regulation and Sovereignty demands

Sources: Gartner, IDC, Accenture.

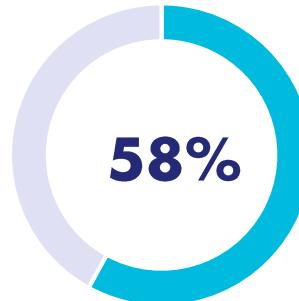
THALES PROTECTS 30,000+ ENTERPRISES AND BILLIONS OF PEOPLE DAILY



Of the Top 10 Telcos



Of the world's
100 largest
banks



Of the Fortune
Global 500

275+

Government Agencies
and Departments

80%

of all global banking and point of sale
transactions secured by Thales

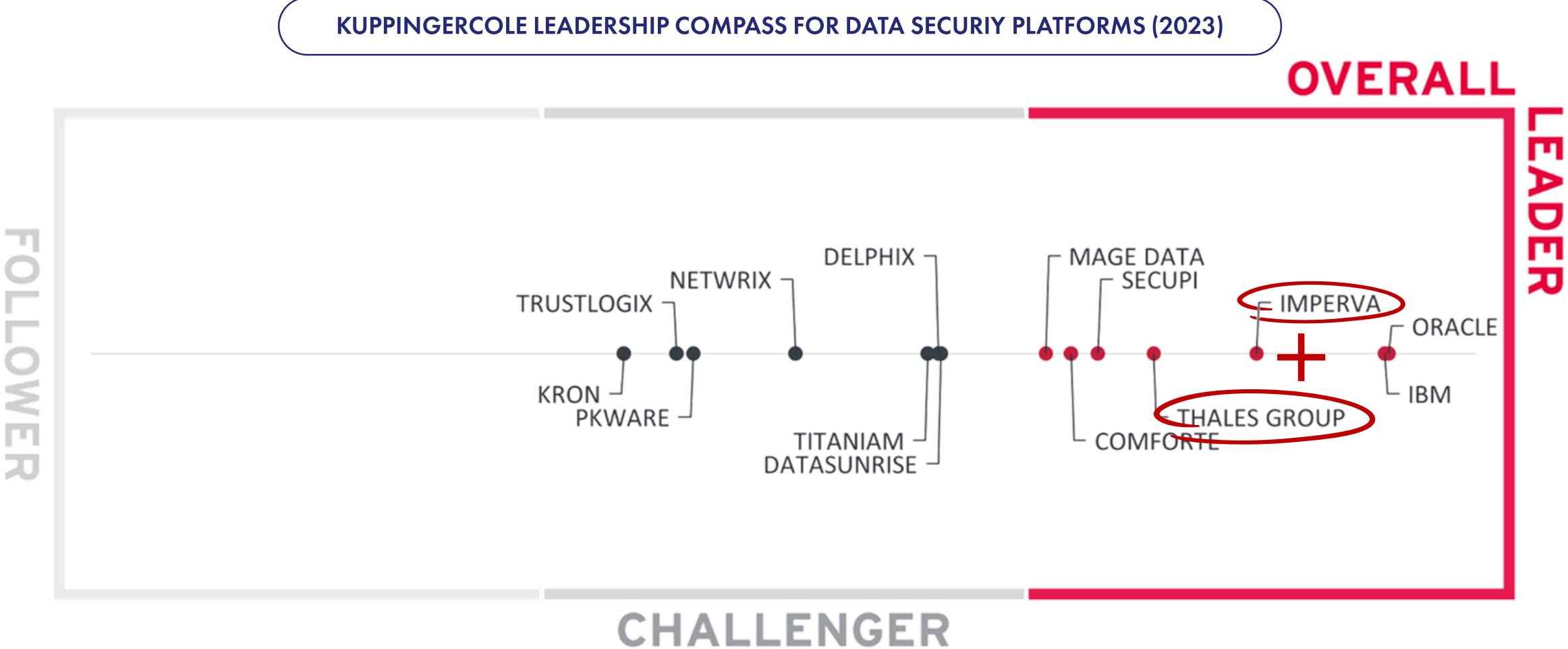
6,700+

Cloud, Reseller, and
Technology Partners

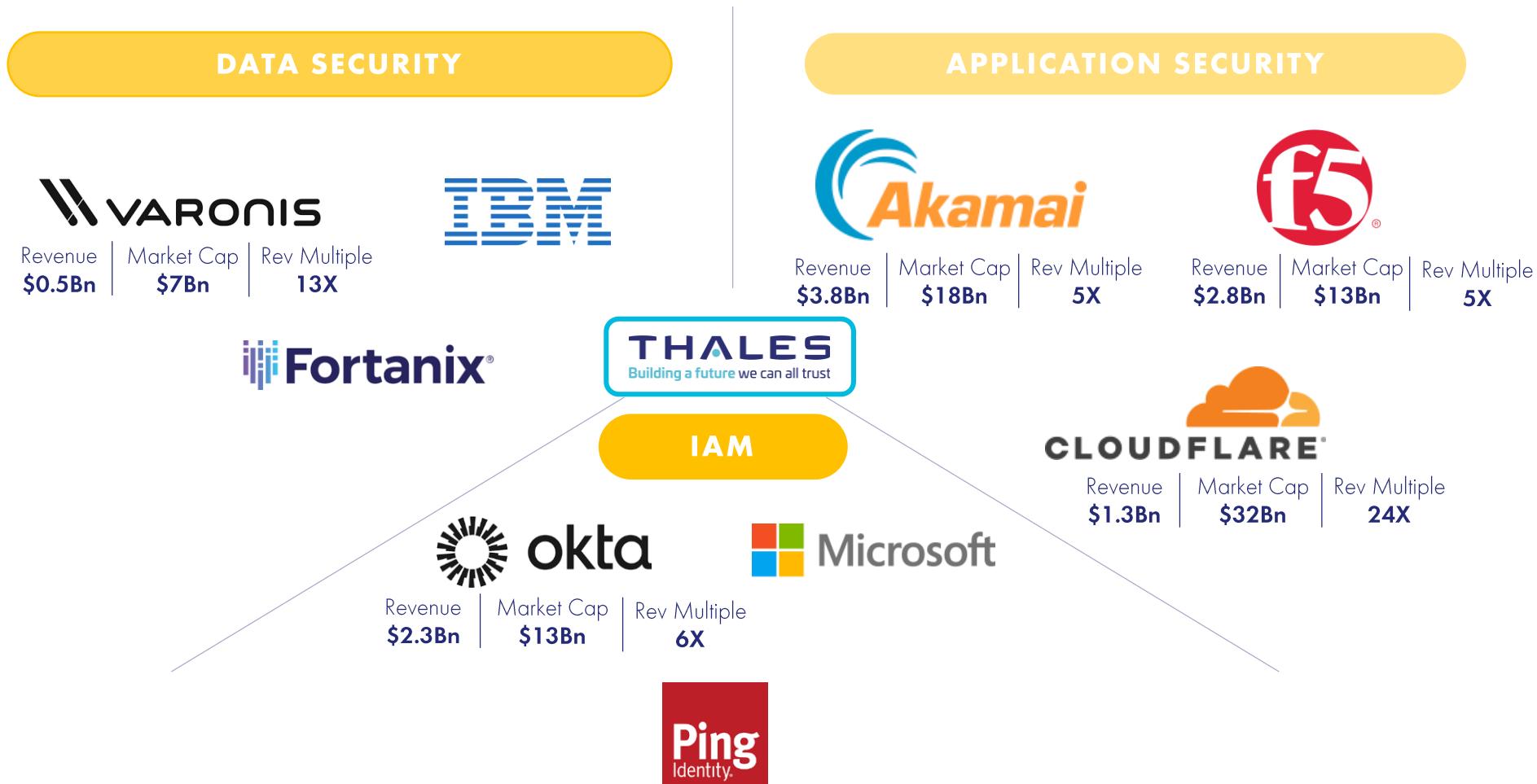


Imperva was named as
a Customers' Choice
for Cloud Web
Application and API
Protection

A RECOGNIZED LEADER BY INDUSTRY ANALYSTS ACROSS APPSEC, DATASEC & IAM

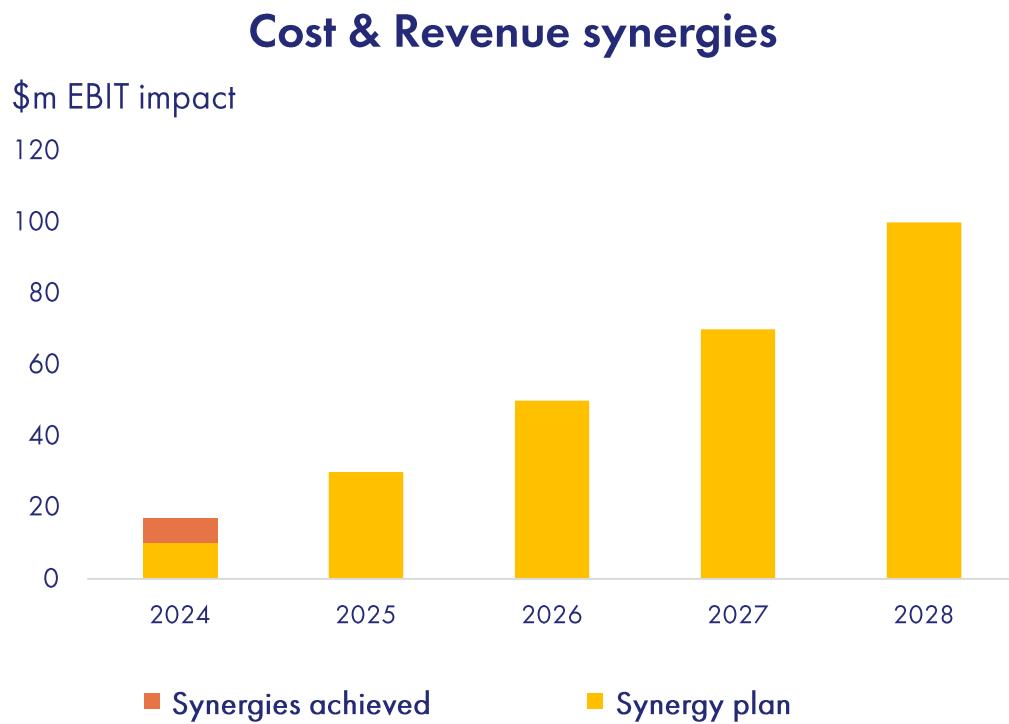


OUR COMPETITIVE POSITION IN A FRAGMENTED LANDSCAPE



IMPERVA INTEGRATION IN FULL SWING

> Synergies are on track



> Merging our go-to-market teams

- Imperva and Thales are serving similar market segments with very complementary offers
- Sales teams are merging to fuel cross-selling

> Building the best Data Security Platform in the industry

- New functionalities are under development
- Built on Data Observability, Encryption capabilities and AI

OUR STRATEGY IS TO DELIVER RULE OF “30” IN CYBER GLOBAL PRODUCTS



OUR VISION



OUR SCALE



OUR WORLD-CLASS PRODUCT PORTFOLIO



OUR GREAT SYNERGY OPPORTUNITIES

Rule of “30”

=

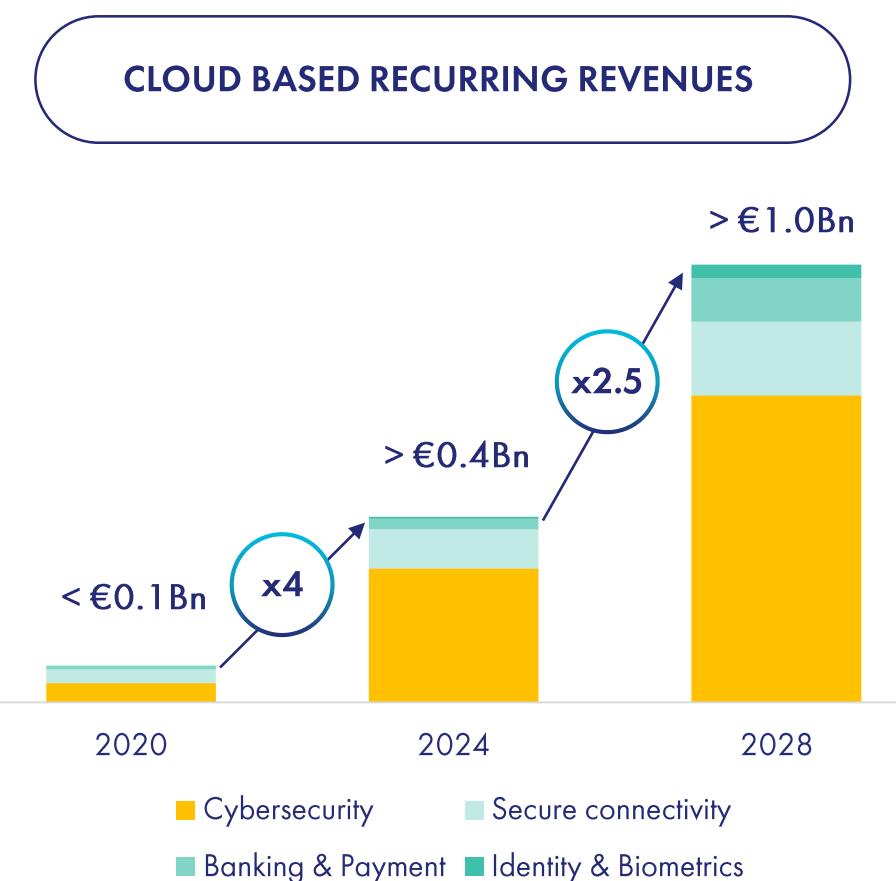
- Low double-digit topline growth

+

- High teens EBIT

A CLOUD BASED PLATFORM DRIVING RECURRING REVENUES GROWTH

- > Sustained market tailwinds with move to cloud, increasing issuance and usage of digital identities
- > A key driver of Cyber & Digital growth ambition:
 - Leveraging unique ability to **secure cloud platforms** and their access
 - Targeting over **€1Bn** of recurring revenues in 2028 (18% of revenues vs 10% in 2024)
- > Shift to subscription/SaaS model provides positive impact on margins and cash-flow



2024-2028 FINANCIAL TRAJECTORY FOR THALES CYBER & DIGITAL

- > A €46Bn fast growing market where Cyber & Digital is leading globally for 90% of its revenues
- > **6 to 7% CAGR* over 2024-2028 supported by:**
 - Mid-single digit growth in digital identity
 - Low double-digit growth in cybersecurity
 - High growth of cloud based services revenues
- > **Targeting 16 to 17% EBIT in 2028:**
 - Cybersecurity margin expansion including Imperva synergies
 - Scaling up digital identities and biometrics



SALES ORGANIC GROWTH:
**6-7% CAGR* over
2024-2028**

EBIT MARGIN 2028:
Improving to 16-17%

* CAGR over 2024-2028, base year 2023.

2028 FINANCIAL AMBITION

Pascal Bouchiat

Senior Executive Vice-President, Chief Financial Officer

WHAT WE HAVE DONE, WHAT WE WILL DO

2018 - 2023

- > Built a stronger portfolio
- > Delivered on our commitments
 - Robust commercial performance
 - Solid increase in profitability
 - Outstanding cash flow performance
- > Active capital allocation



A STRONGER PORTFOLIO

(€m)	2018		2023 Proforma*		2018-2023 (change)
		% of sales		% of sales	
Sales	15,855	100%	19,104	100%	
Gross margin	4,088	25.8%	5,599	29.3%	+3.5 pt
SFRD	(879)	5.5%	(1,216)	6.4%	+0.9 pt
SG&A	(1,647)	10.4%	(2,217)	11.6%	+1.2 pt
EBIT	1,685	10.6%	2,242	11.7%	+1.1 pt

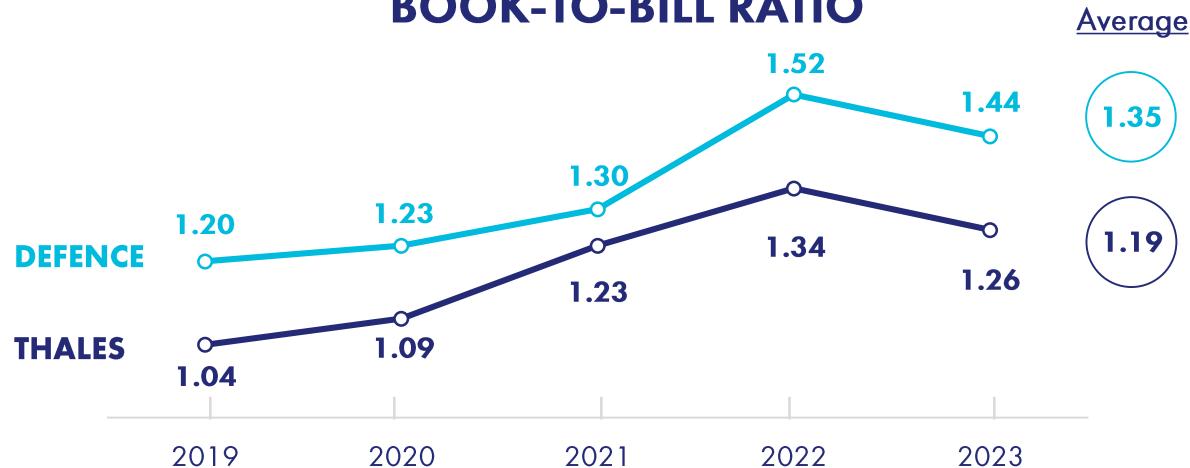
* Proforma including full-year impact from the acquisitions and disposal finalized in 2023 and 2024 (of which Imperva and Cobham AeroComms).

	Transport	Cyber & Digital
Sales	€2Bn (2018)	€3.5Bn (2023)
Annual organic growth	-2% (2018 – 2023)	6 – 7% (2023 – 2028)
% EBIT	4.4% (2018)	14% → 16 – 17% (2023) (2028)

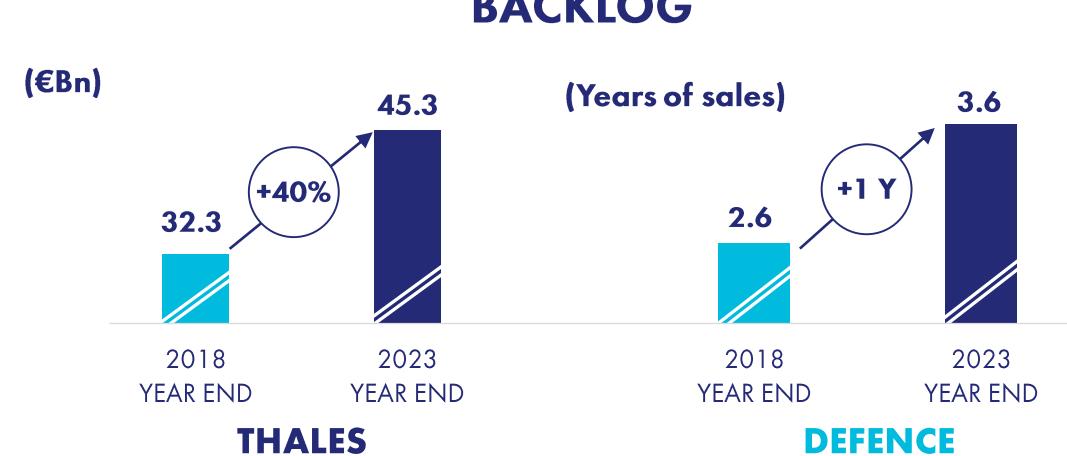
- Relentless efforts to enhance value proposition and drive higher margins
- Higher added-value portfolio
- Increase in technology-driven set of businesses

STRONG COMMERCIAL PERFORMANCE BRINGING VISIBILITY

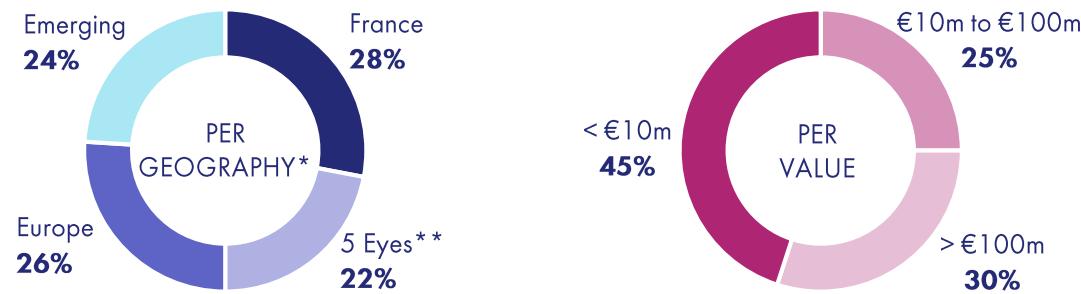
BOOK-TO-BILL RATIO



BACKLOG



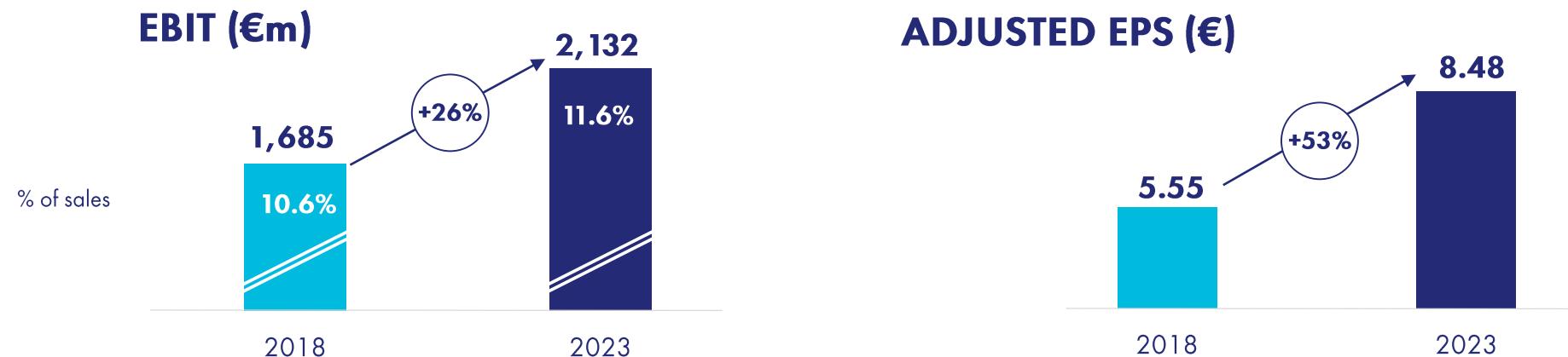
ORDER INTAKE 2019-2023



*By destination. **5 Eyes: Australia, Canada, New Zealand, United Kingdom, United States.

- Market growth and Thales quality of positioning
- Record backlog expected to grow further
- In addition, benefiting from Aero OEM clients record backlog
- High contract diversification by geographies, size and end-markets creates visibility and resilience

SOLID INCREASE IN PROFITABILITY



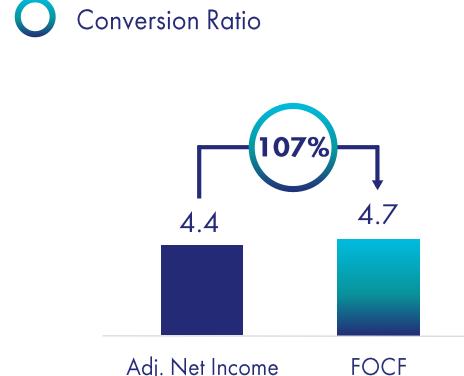
% EBIT Margin	2018	2023 * *	Current Status
DEFENCE	12.6%	13.0%	<ul style="list-style-type: none"> At best-in-class level
AVIONICS	11.4%	11.6%	<ul style="list-style-type: none"> Fully recovered to pre-COVID level
SPACE	8.0%	1%	<ul style="list-style-type: none"> Profitability plan in place
CYBER & DIGITAL	7.4%*	14.0%	<ul style="list-style-type: none"> Successful integration and development
TRANSPORT	4.4%	-	<ul style="list-style-type: none"> Low margin Transport divested

*Proforma: Gemalto consolidated in Thales accounts since April 2019.

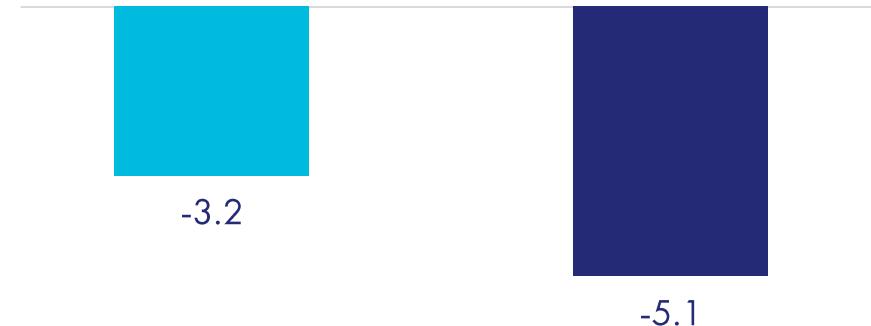
**2023 figures are restated for the Cyber civil activities transferred from Defence to Cyber & Digital.

OUTSTANDING CASH-FLOW PERFORMANCE WHILE INVESTING FOR THE FUTURE

FREE OPERATING CASH FLOW (€Bn)

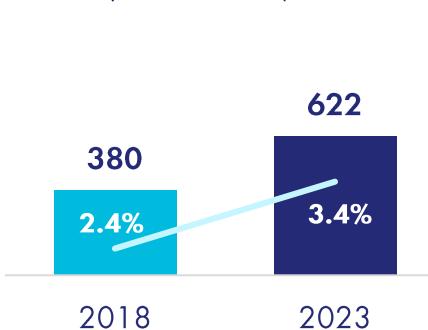


WORKING CAPITAL (€Bn)



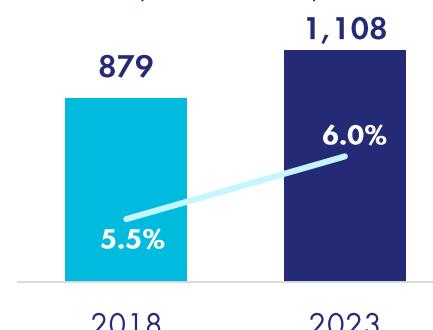
CAPEX

(€m & % of sales)



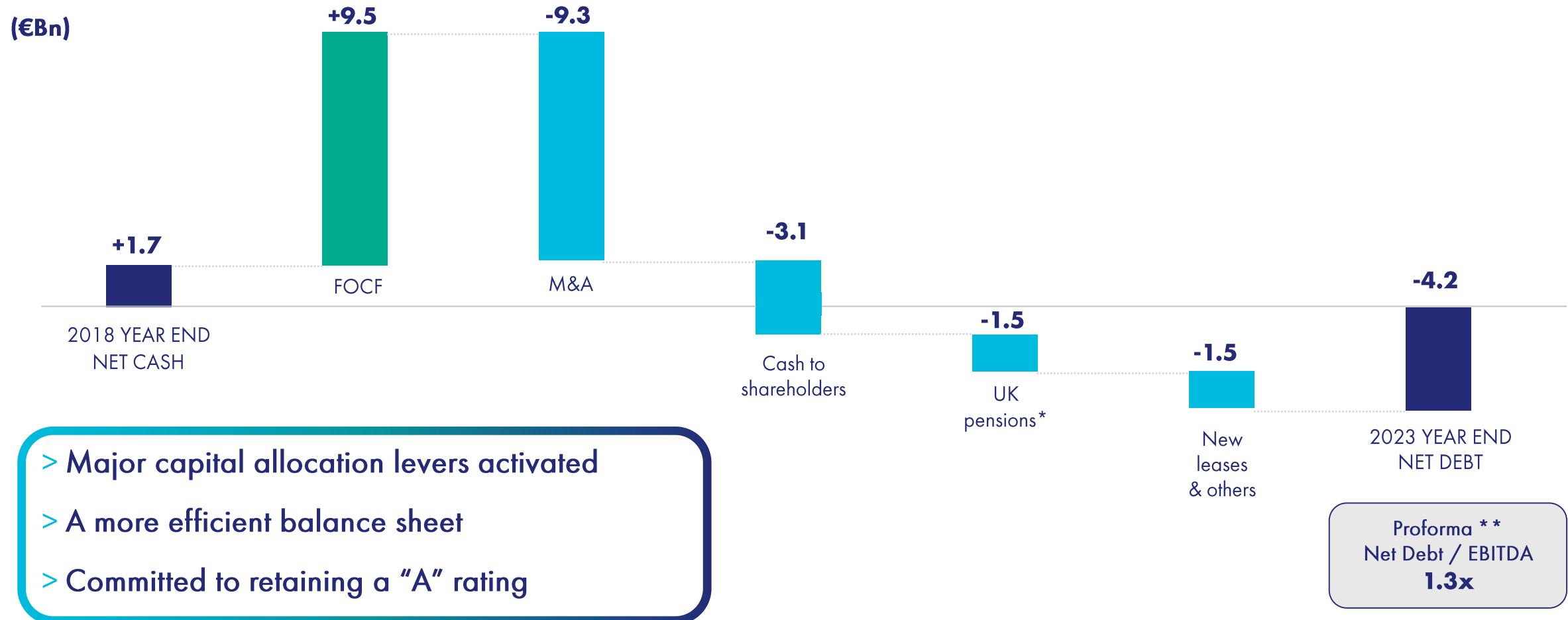
SFRD

(€m & % of sales)



- Step up in conversion rate driven by
 - Sustained down-payments policy
 - CA\$H optimization program
 - ... while ramping up production capabilities and R&D spend

ACTIVE CAPITAL ALLOCATION



* Including the annual cash contribution to the Thales UK Pension scheme that amounted to ~£75million each year.

** Proforma including full-year impact from the acquisitions finalized in 2023 and 2024 (of which Imperva and Cobham AeroComms).

FROM THAT WHAT WE WILL DO

**STILL A LARGE POTENTIAL
TO UNLEASH**

WHAT WE HAVE DONE

2018 - 2023

- > Built a stronger portfolio
- > Delivered on our commitments
 - Robust commercial performance
 - Solid increase in profitability
 - Outstanding cash flow performance
- > Active capital allocation

WHAT WE WILL DO

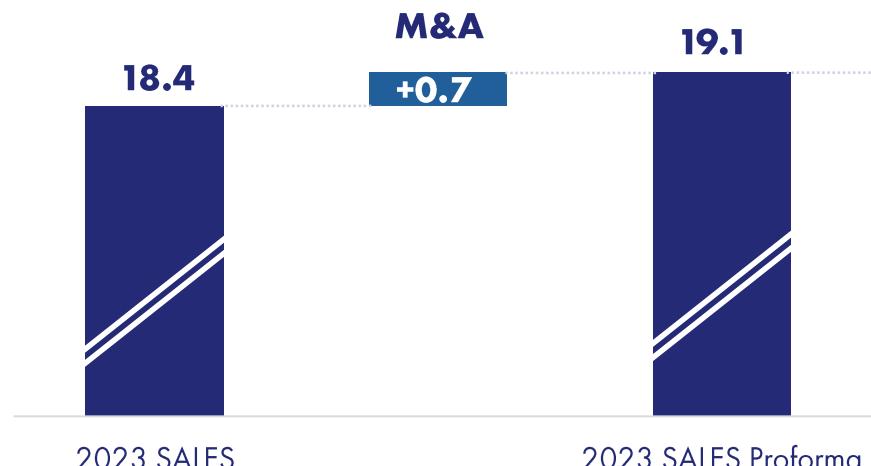
2024 - 2028

- > Harvest premium product portfolio to foster organic growth
- > Restore Space profitability above WACC
- > Successfully deliver on Imperva and Cobham AeroComms integrations and business development
- > Maintain strong cash-flow performance and active capital allocation

A PORTFOLIO OF BUSINESSES DELIVERING ATTRACTIVE GROWTH

(€Bn)

ORGANIC SALES GROWTH



Note: CAGR over 2024-2028, base year 2023.



CAGR
6-7%

- Backlog
- Visibility on future order intake
- Ramp up of production capabilities
- Supply chain enhancement



CAGR
5-7%

- OEM ramp up
- IFE demand
- Cobham AeroComms growth



CAGR
2%

- Focus on margin restoration



CAGR
6-7%

- Growth in cybersecurity
- Fast growing biometrics solutions
- Acceleration of cloud based recurring revenues
- Transition to digital secured connectivity

Thales
CAGR
5-7%



MULTIPLE LEVERS TO DRIVE HIGHER EBIT

(€m)

EBIT GROWTH



Note: % are indicating the EBIT Margin.

* Net of inflation on costs.

Further margin increase

Volumes

- Market demand
- Enhanced delivery model
- Revenue synergies on acquisitions

Price* / Mix

- Premium offering
- Higher growth on high-margin businesses

Costs reduction*

- Operational efficiency
- Space recovery
- Cost synergies on acquisitions

Higher R&D*

- Premium offering
- Higher growth on high-margin businesses

13 - 14%

PROFITABILITY

MOSTLY DRIVEN BY CYBER & DIGITAL EXPANSION AND SPACE RECOVERY

EBIT MARGIN %



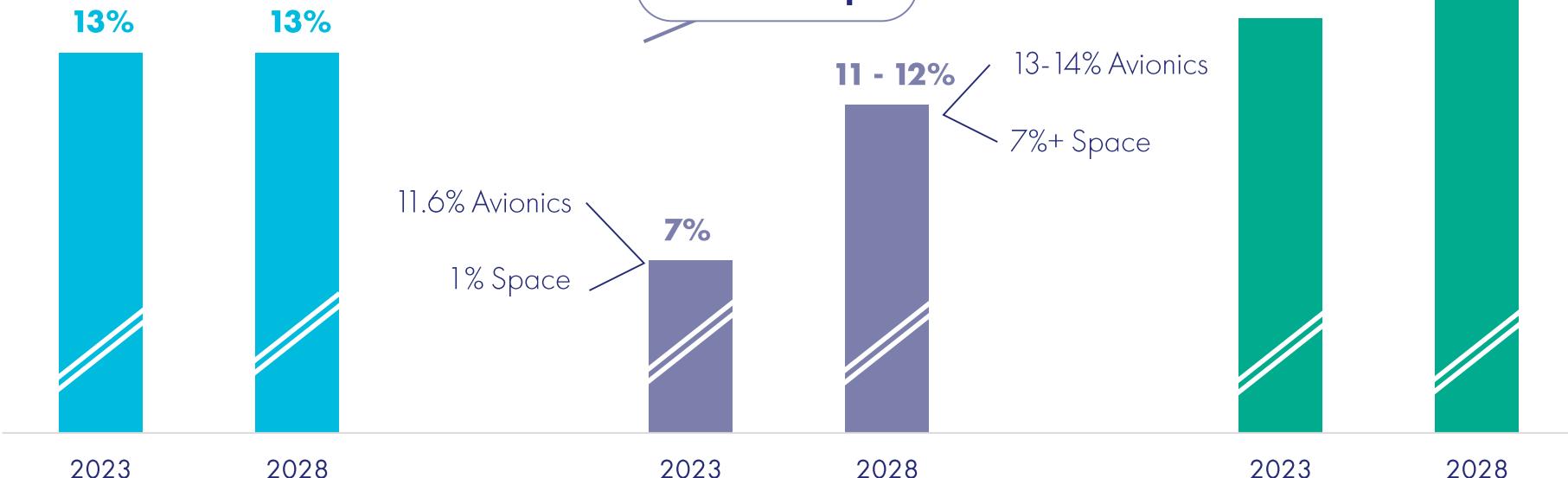
DEFENCE



AEROSPACE

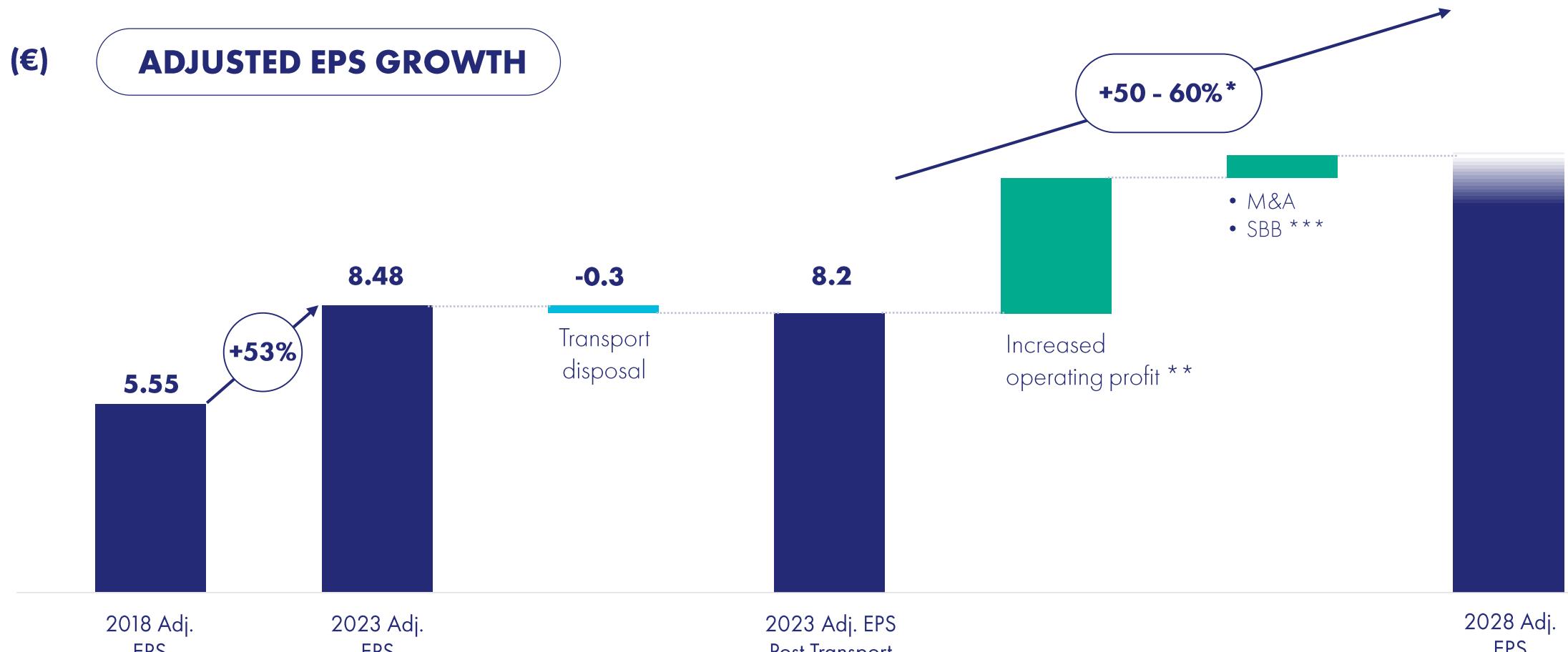


CYBER & DIGITAL



Note: 2023 figures are restated for the Cyber civil activities transferred from Defence to Cyber & Digital.

OPERATING PROFIT TO BOOST ADJUSTED EPS



2024-2028 FOCF CONVERSION CLOSE TO 100%

2019-2023

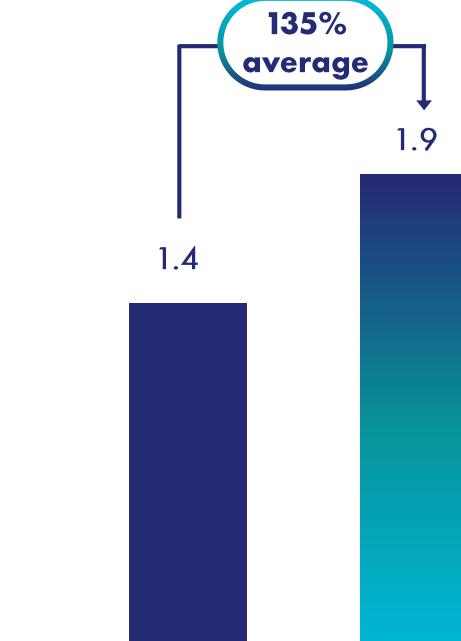
- Outstanding FOCF performance
- Large down-payments on new large contracts
- CA\$H program delivering

2024-2028

- Down-payments on new projects to compensate for reversal of previous down-payments
- Estimated capex: ~3-3.5% of sales
- Progressive normalization of supply chain conditions

2019-2023 average

(€Bn)



2024-2028 average

95 - 105%
average

Adj. Net Income

FOCF

Adj. Net Income

FOCF

ACTIVE CAPITAL ALLOCATION POLICY

CAPITAL ALLOCATION	OBJECTIVE	HOW
ORGANIC GROWTH	<ul style="list-style-type: none"> Sustain growth through innovation leadership, enhanced delivery capabilities and competitiveness 	<ul style="list-style-type: none"> Self funded R&D/Sales ~6.5% Capex/Sales ~3 to 3.5%
LEVERAGE	<ul style="list-style-type: none"> Sustain solid "A" rating while keeping financial flexibility 	<ul style="list-style-type: none"> Quick deleveraging to reach Net debt/EBITDA <0.8
DIVIDENDS	<ul style="list-style-type: none"> Grow dividend in line with net income 	<ul style="list-style-type: none"> 40% pay out ratio*
M&A	<ul style="list-style-type: none"> Keep strengthening Group portfolio in markets served by Thales 	<ul style="list-style-type: none"> Selective M&A based on stringent criteria o.w. short term EPS accretion and mid-term ROCE>WACC Constant review of portfolio
SHARE BUY BACK	<ul style="list-style-type: none"> Manage efficiency of capital structure 	<ul style="list-style-type: none"> Share buy back*: <ul style="list-style-type: none"> To prevent excessive deleveraging To signal company's perception of mismatch on Group valuation

*Subject to Board of Directors' decision.

CONCLUSION

- > Solid growth and visibility across our portfolio
- > Clear roadmap per business
 - ✓ Defence: accelerate delivery to capture high market demand
 - ✈ Avionics: leverage market demand with renewed product portfolio
 - 📡 Space: focus on restoring profitability while considering selective business opportunities
 - 👤 Cyber & Digital: leverage market growth in digital and cybersecurity with best-in-class solutions
- > Financial discipline and active capital allocation



**Deliver on
our full potential
to maximise
value creation!**

DEFINITION OF NON-GAAP MEASURES AND OTHER REMARKS

> Rounding of amounts in euros

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

> Definitions

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

> Non-GAAP measures

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

- > **EBIT:** income from operations plus the share of net income or loss of equity affiliates less i) amortization of acquired assets (PPA), ii) expenses recorded in the income from operations that are directly related to business combinations. See also notes 13-a and 2 of the consolidated financial statements at 31 December 2023.

> **Adjusted net income:** net income, less the following elements, net of the corresponding tax effects: (i) amortization of acquired assets (PPA), (ii) expenses recorded in the income from operations or in "financial results" which are directly related to business combinations, which by their nature are unusual, (iii) disposal of assets, change in scope of consolidation and other, (iv) impairment of non-current assets, (v) changes in the fair value of derivative foreign exchange instruments (recognized under "other financial income and expenses" in the consolidated financial statements), (vi) actuarial gains or losses on long-term benefits (recognized under "finance costs on pensions and employee benefits" in the consolidated financial statements). See note 13-a of the consolidated financial statements at 31 December 2023. This definition implies the definition of several other adjusted financial measures, such as adjusted gross margin, adjusted tax, adjusted EPS. See page 18 of the 2023 press release for detailed calculation of these other indicators.

> **Free operating cash flow:** net cash flow from operating activities, less: capital expenditures, less: deficit payments on pensions in the United Kingdom. The calculation of free operating cash flow is detailed in notes 13-a of the consolidated financial statements at 31 December 2023.

> **Net cash (debt):** difference between the sum of "cash and cash equivalents" and "current financial assets" items and short and long-term borrowings, after deduction of interest rate derivatives. See note 7 of the condensed consolidated financial statements as of 30 June 2024.

DISCLAIMER



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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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APPENDIX

SUMMARY OF FINANCIAL TARGETS

	2023 – Base Year	2028 / Plan period
ORGANIC SALES GROWTH CAGR*		+5-7%
Defence		+6-7%
Avionics		+5-7%
Space		+2%
Cyber & Digital		+6-7%
EBIT Margin (%)	11.6%	13-14%
Defence	13%	13%
Aerospace (Avionics/Space)	7% (11.6%/1%)	11-12% (13-14% / 7%+)
Cyber & Digital	14%	16-17%
CAPEX in % of sales	3.4%	3-3.5%
Self-funded R&D in % of sales	6.0%	~6.5%
Dividend Payout Ratio	40%	40%
Average FOCF conversion	135% over 2019-2023	95-105% over 2024-2028

Note: 2023 figures are restated for the Cyber civil activities transferred from Defence to Cyber & Digital.

*CAGR over 2024-2028, base year 2023.

GLOBAL PASSENGER TRAFFIC EVOLUTION

BILLION RPKs - SOURCE: IATA

