

# Capital Markets Day

November 14<sup>th</sup>, 2024

[www.thalesgroup.com](http://www.thalesgroup.com)



# CEO PERSPECTIVE

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**PATRICE CAINE**

Chairman and CEO

# OUR JOURNEY SO FAR

## TODAY

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



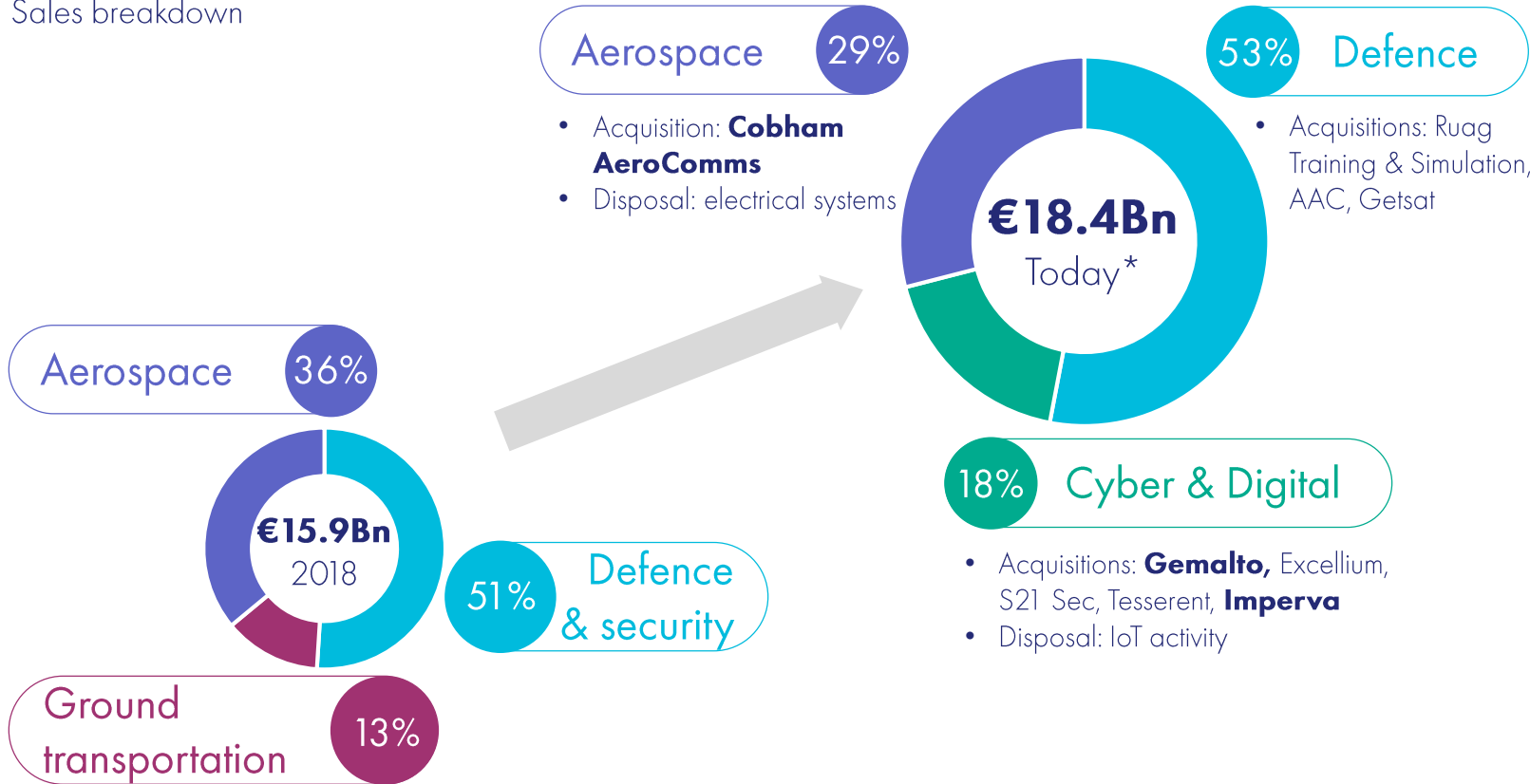


# TRANSFORMING OUR PORTFOLIO

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

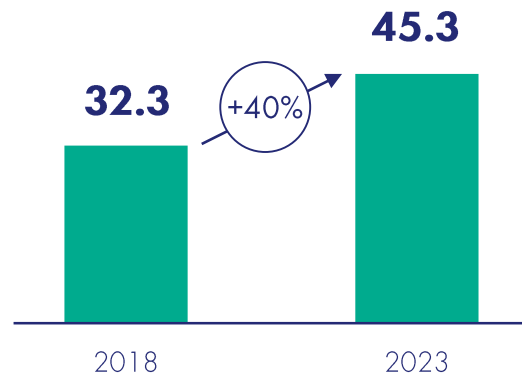
Note: only major acquisitions and disposals over 2019-2024 represented.

\* Based on reported 2023 sales.

# A STRONG TRACK RECORD OF DELIVERY SINCE 2018

## BACKLOG

Backlog in €Bn

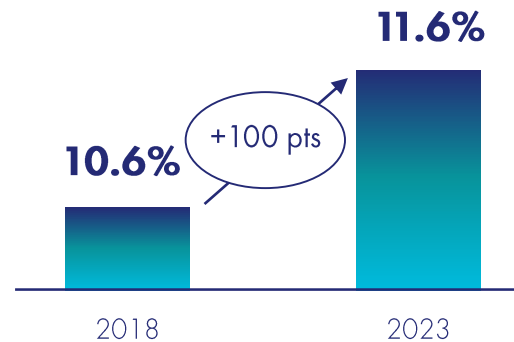


Book to bill ratio >1x every year since 2018

- ✓ Strong commercial performance and long-term visibility

## EBIT MARGIN

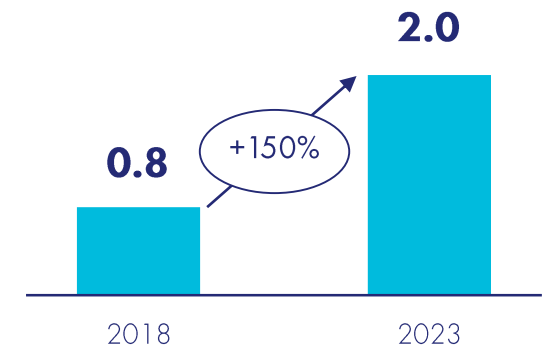
In % of sales



- ✓ 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\*

Banking  
& Payment

Secure  
Connectivity

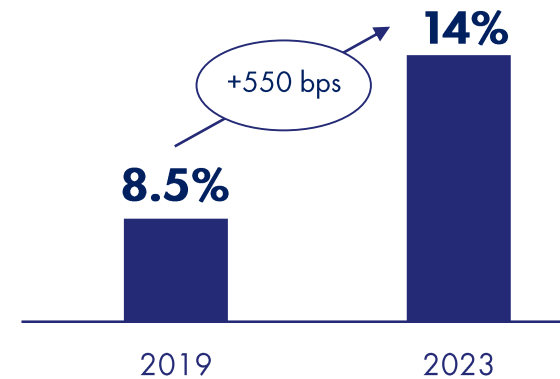
Biometry

Cyber  
security



## 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

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.

# 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\*

A COMBINATION OF ORGANIC GROWTH AND SUCCESSFUL INTEGRATIONS



Note:

\*Including Tesseract and Imperva, acquired in 2023.

\*\*Gemalto Cyber activities.



# 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

Long-term visibility in aero  
Cockpit solutions  
Leading European player in OEN\*  
E2E cybersecured portfolio in avionics  
Market leader  
Benefiting from Airbus leading position



FLIGHT  
AVIONICS

#3

WORLDWIDE



INSTITUTIONAL  
SATELLITES

#1

IN EUROPE

### CYBER & DIGITAL

Global leader  
"Rule of 30"  
Ability to scale  
Fast growing  
Worldwide platform  
High margin  
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

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

#### LONG-TERM VISIBILITY

### AEROSPACE



Avionics ~8%

Space ~2%

- Civil avionics: growth driven by **commercial aircraft production**
- Observation & exploration: rise in **government investments**
- Military space: **growing demand**
- Avionics: **visibility for >10 years** driven by commercial traffic evolution
- Space: **long-term** institutional contracts

### 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**



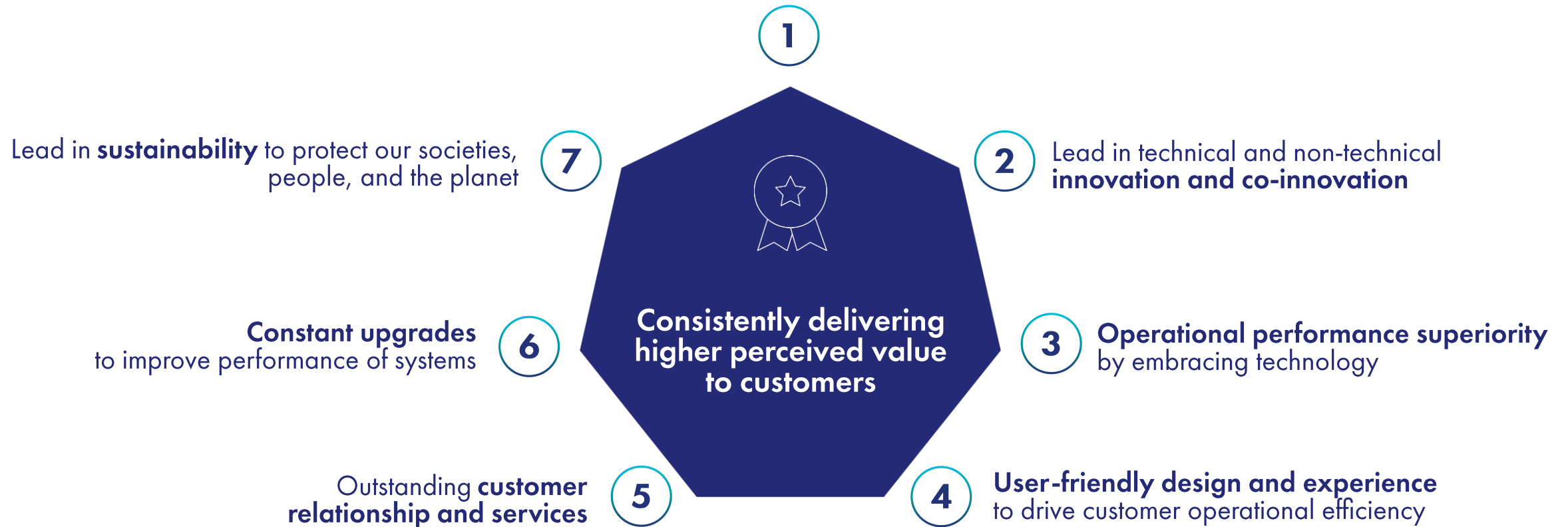
### CYBER & DIGITAL

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



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

**Delivery excellence:** industrial capacity  
ramp-up, supply chain securitization



# 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

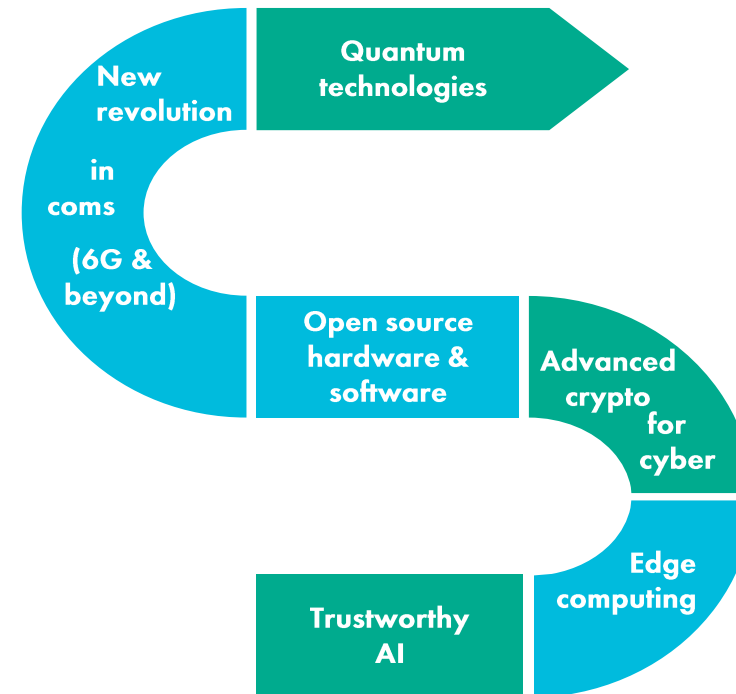


### SCALE ENABLING TO WORK ON A WIDE SPAN OF SELECTED TECHNOLOGIES

LONG TERM

SHORT TERM

NOW



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

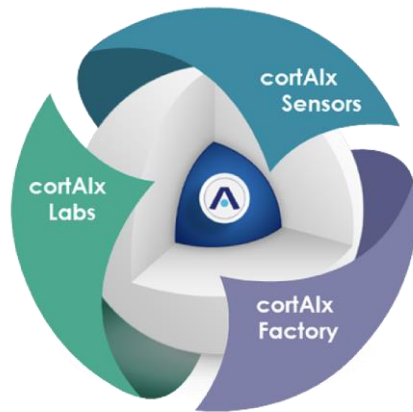
**THALES WILL MAINTAIN ITS UNDISPUTED TECHNOLOGICAL LEADERSHIP IN THE FUTURE**

\* Science, Technology, Engineering and Mathematics.

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

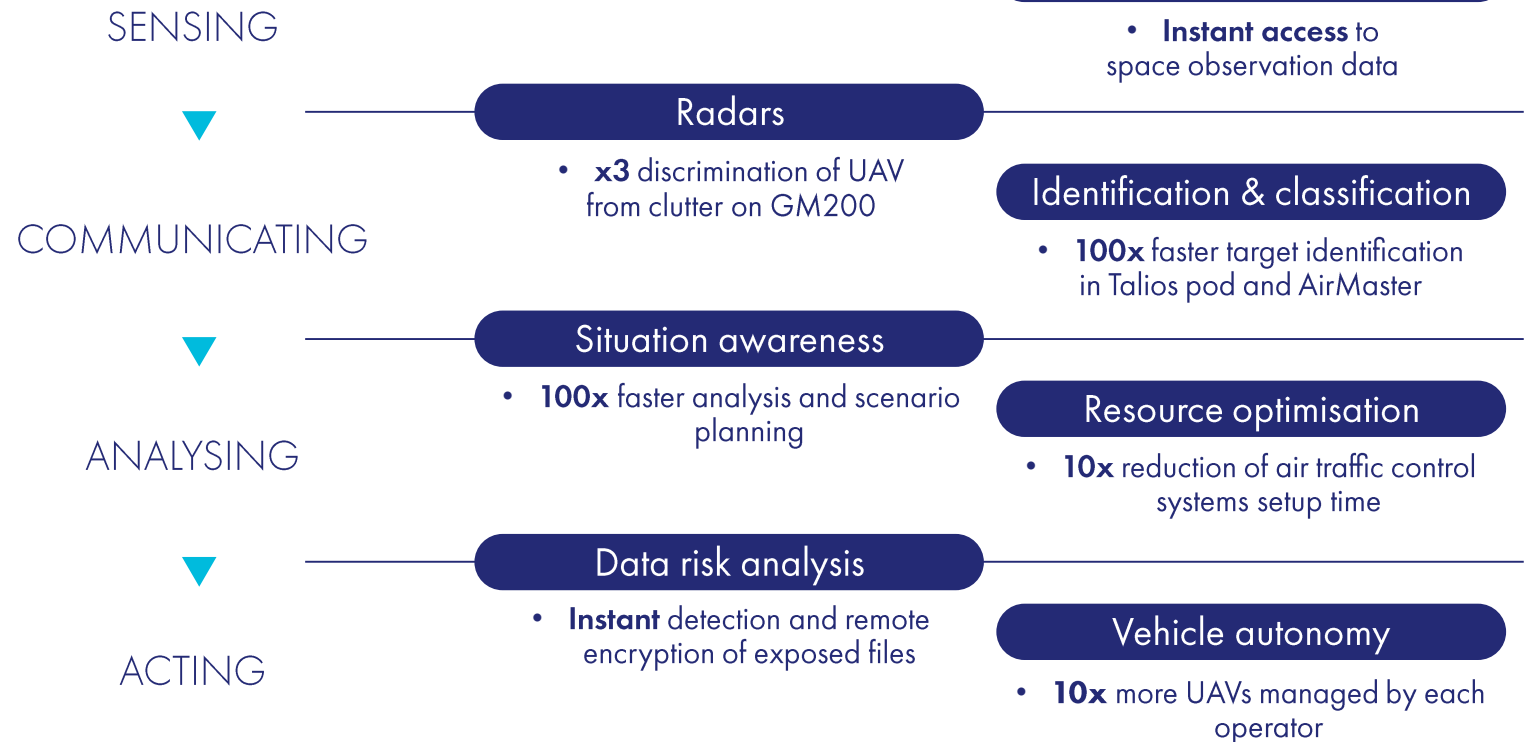
TOMORROW, AI WILL BE EMBEDDED IN ALL SOLUTIONS TO THE BENEFIT OF OUR CLIENTS

## THALES CAPABILITIES IN AI NOW



- ✓ 600 AI experts and ~100 doctoral students
- ✓ cortAlx: 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



## 4. ATTRACTING AND RECRUITING THE BEST TALENT

### A PURPOSE-DRIVEN COMPANY...



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



**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

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

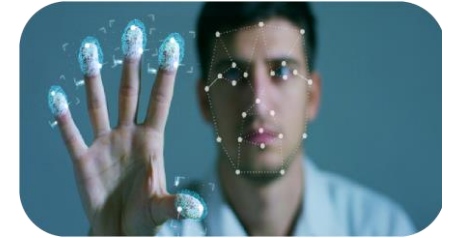
## GREENER



Reduce the environmental impact of our customers

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

## MORE INCLUSIVE



Grant universal and unbiased access to ID and digital services

- **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



**Ambition**  
Address major societal issues through our unique portfolio of solutions

**Action plan**  
Strong ESG commitments

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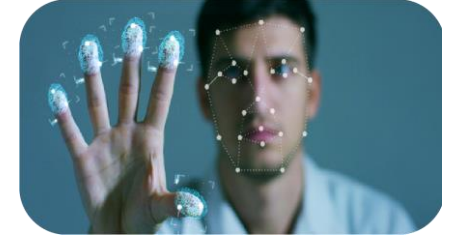
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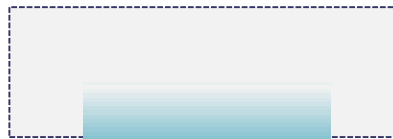
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# MEDIUM-TERM GROUP FINANCIAL TARGETS

## ORGANIC SALES CAGR\* In %

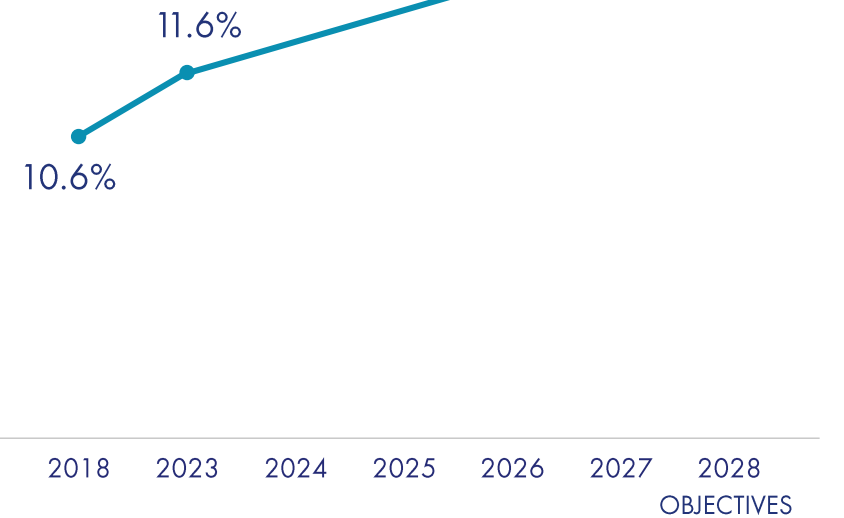
**5% to 7%**



2024-2028

## EBIT MARGIN In % of sales

**13% to 14%**



\*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

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**Hervé Dammann**

Executive Vice-President, Land and Air Systems

# THALES DEFENCE

## ID CARD

**€9.8Bn**

2023 SALES

**35,400**

EMPLOYEES

**13%**

2023 EBIT MARGIN (\*)

**36**

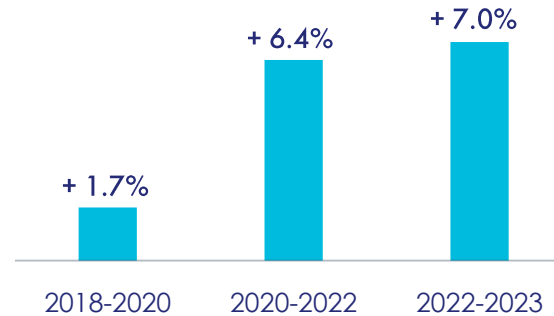
COUNTRIES

### > Global industrial footprint

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

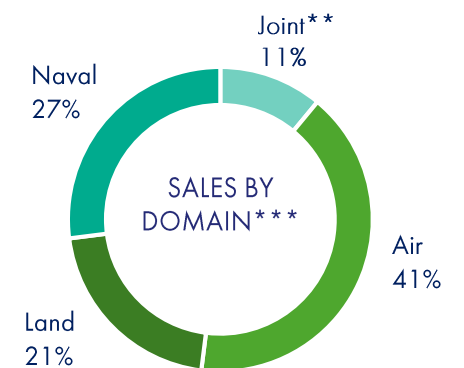
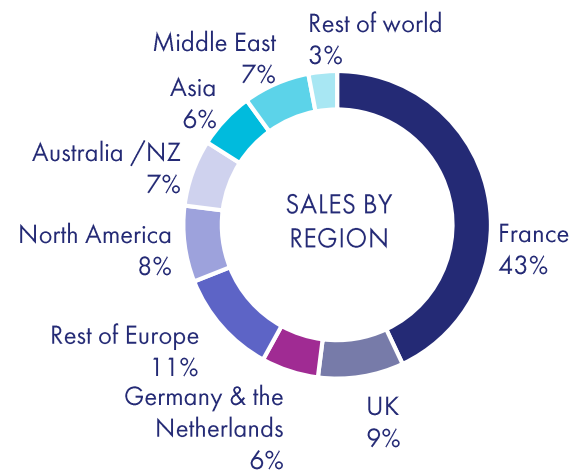
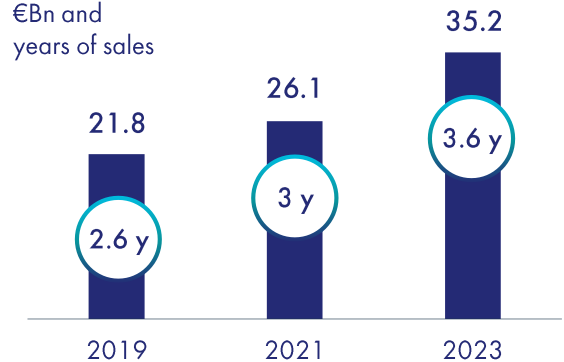
### SALES GROWTH

Average YoY growth



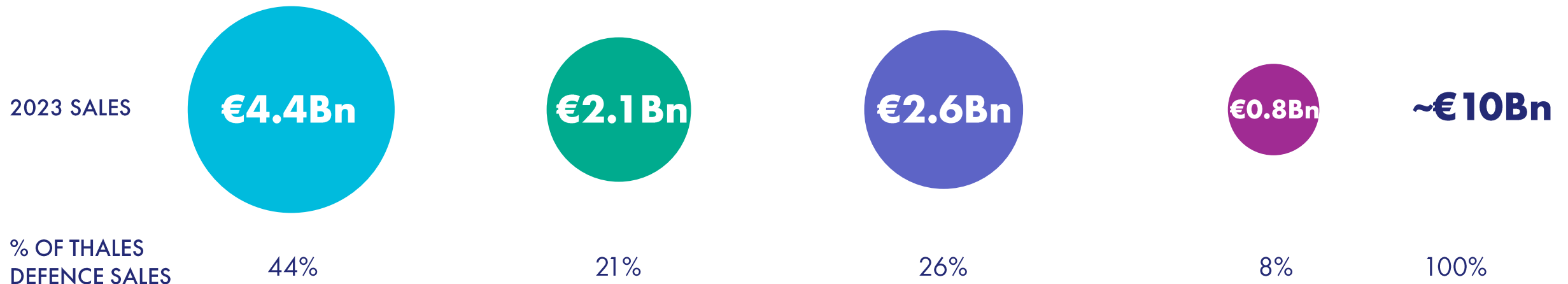
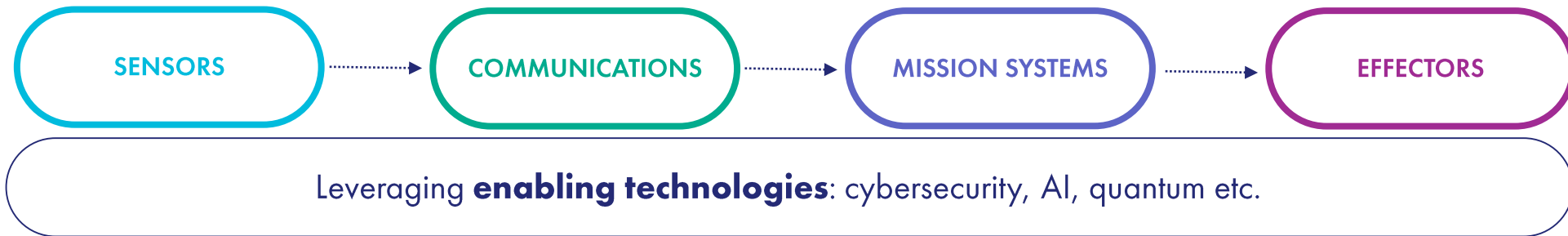
### BACKLOG

€Bn and years of sales



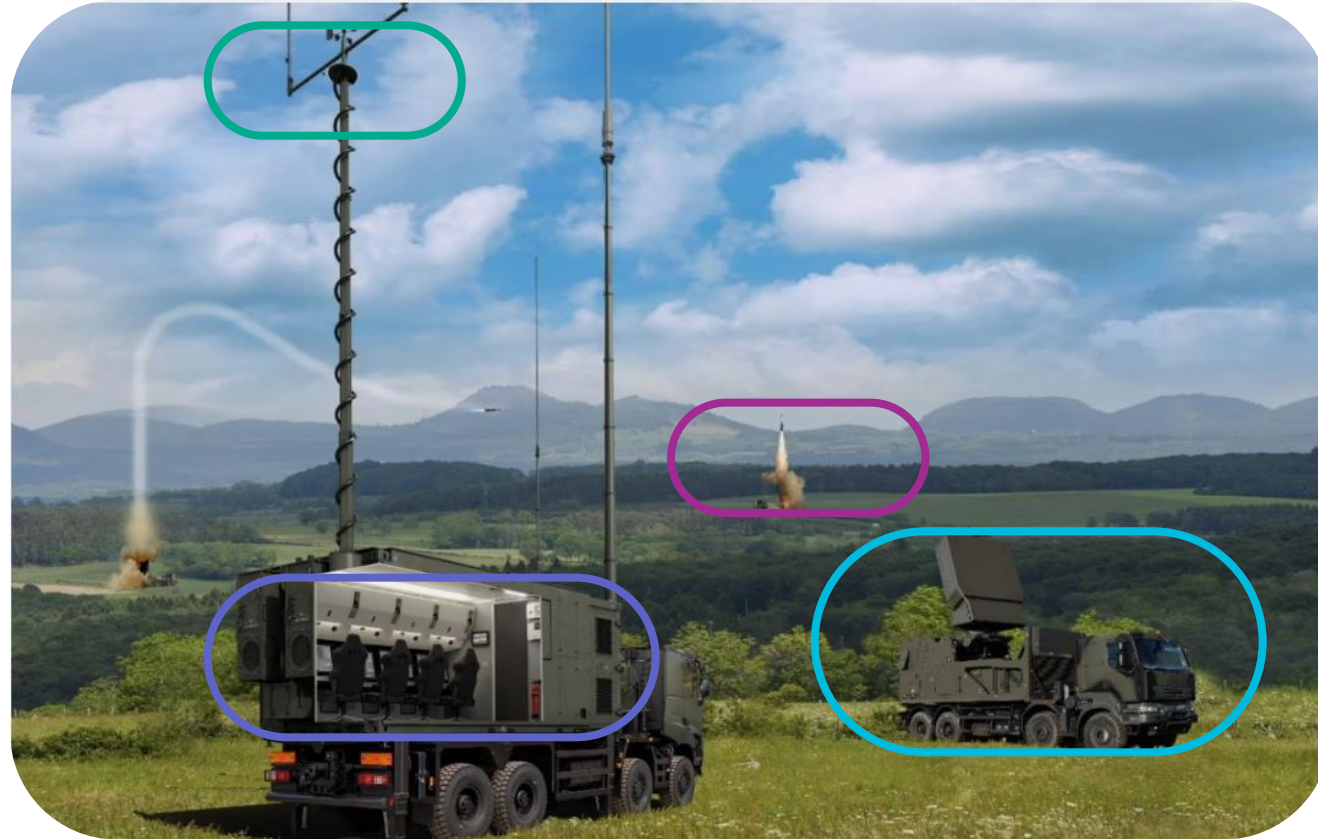
\*2023 figures are restated for the Cyber civil activities transferred from Defence to Cyber & Digital. \*\*Coordination among different branches of armed forces. \*\*\*Excluding civil activities.

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



**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

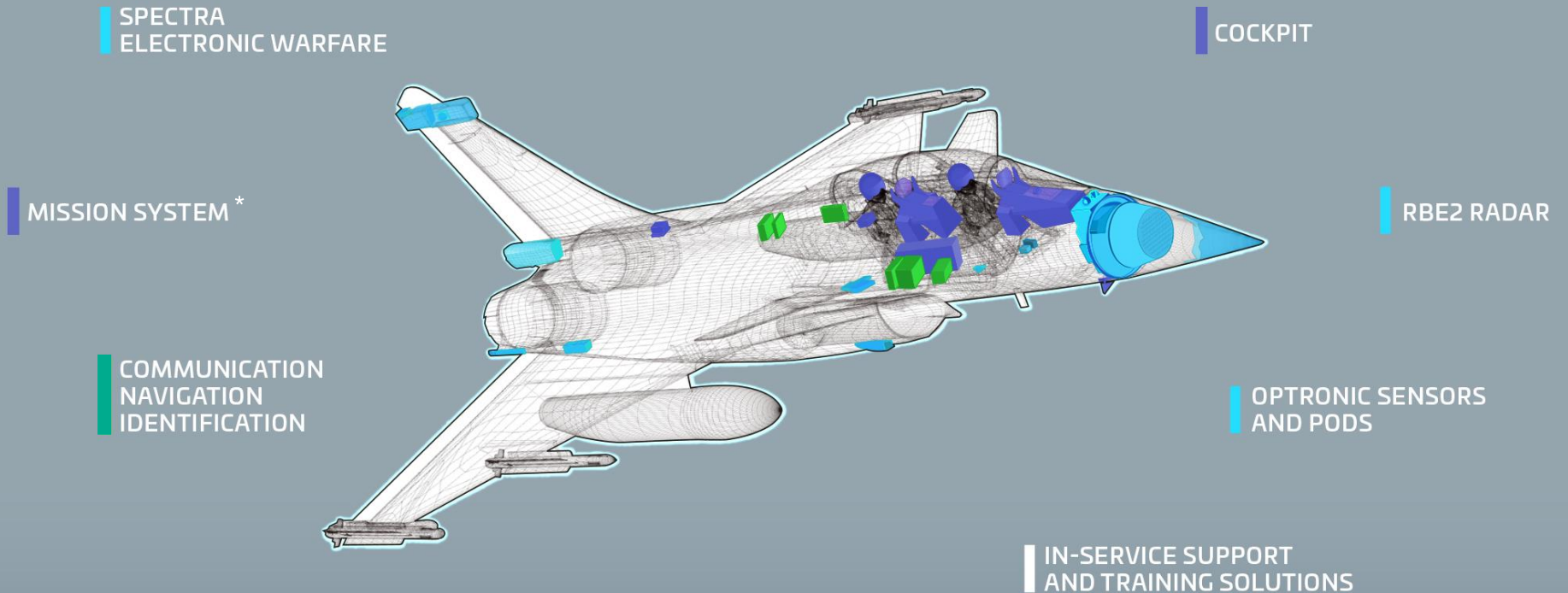
MISSION SYSTEMS

EFFECTORS

# PROVIDING INDUSTRY-LEADING EQUIPMENT

## ON BOARD THE DASSAULT AVIATION RAFALE AIRCRAFT

**~25%**  
Share of Thales  
equipment in  
Rafale's value



\* in partnership with Dassault Aviation

**SENSORS**

**COMMUNICATIONS**

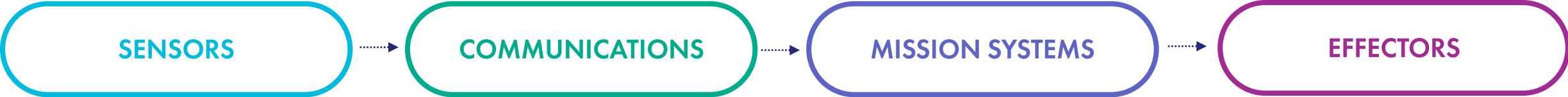
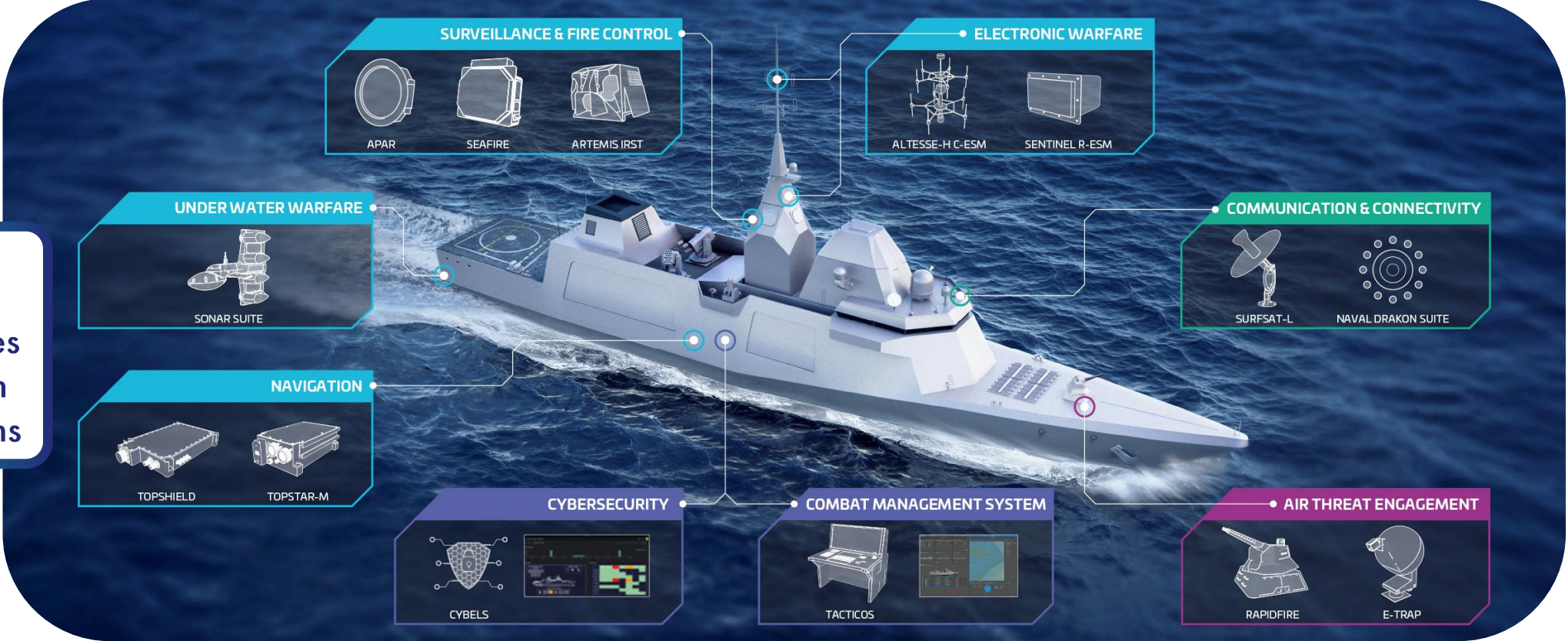
**MISSION SYSTEMS**

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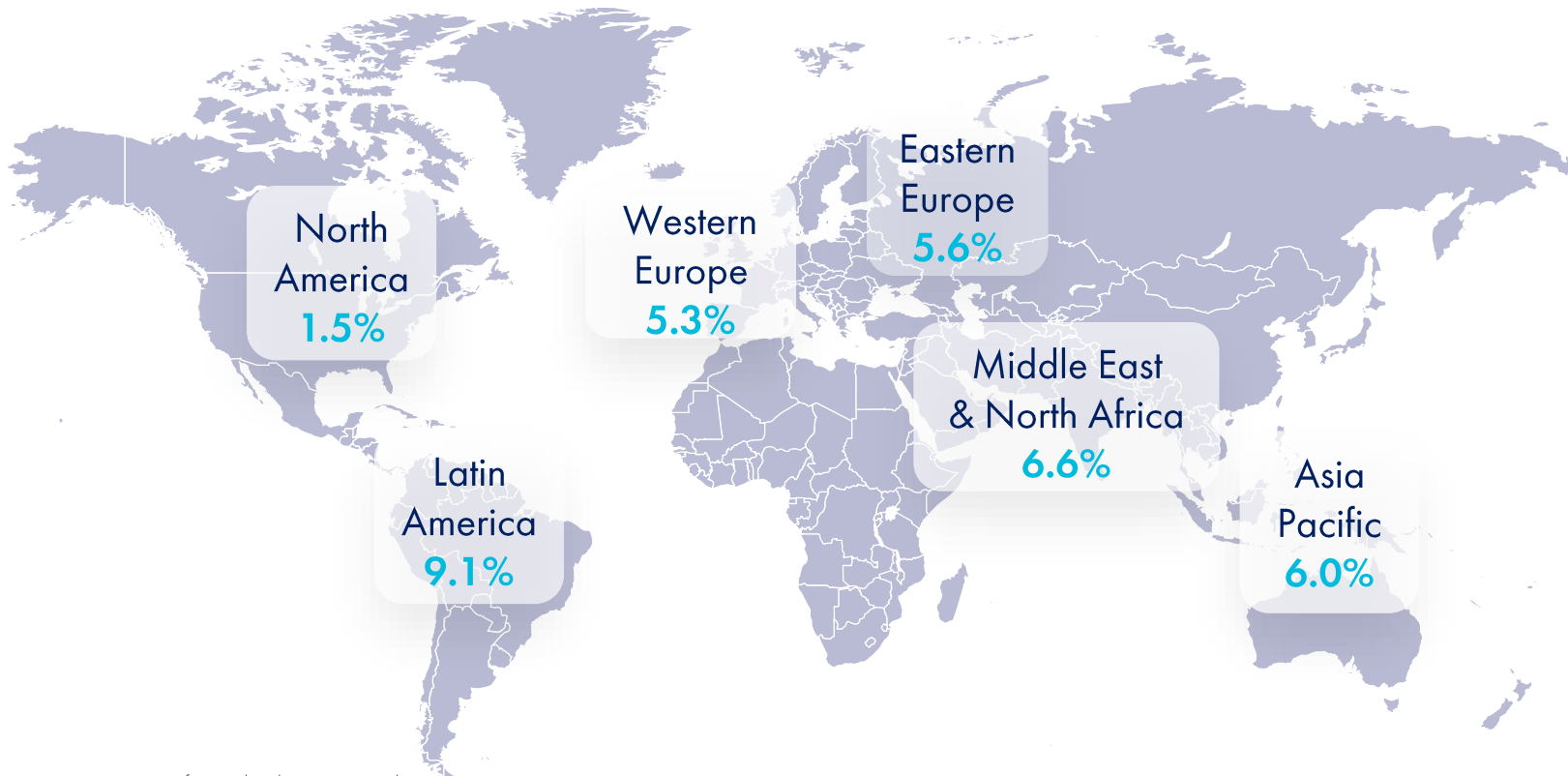
# ENSURING NAVAL SUPERIORITY

~20%  
Share of Thales  
equipment on  
naval platforms



# 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

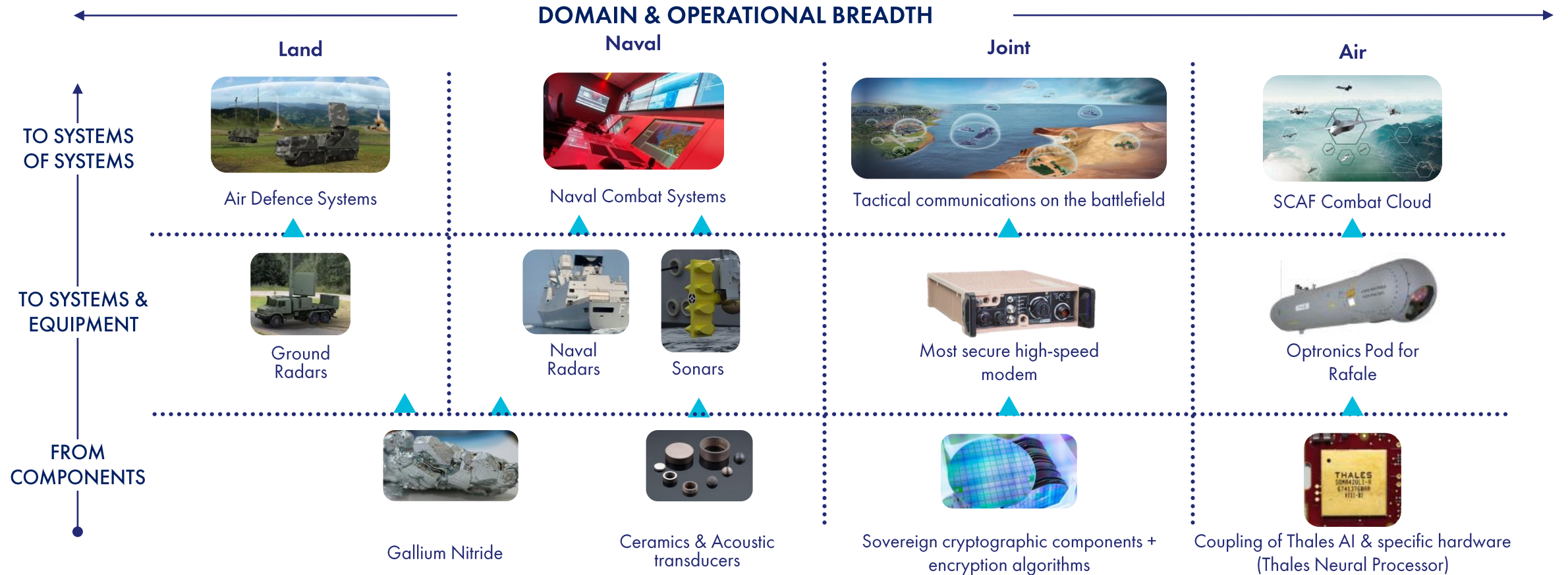
**Preparing our star products of tomorrow**

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



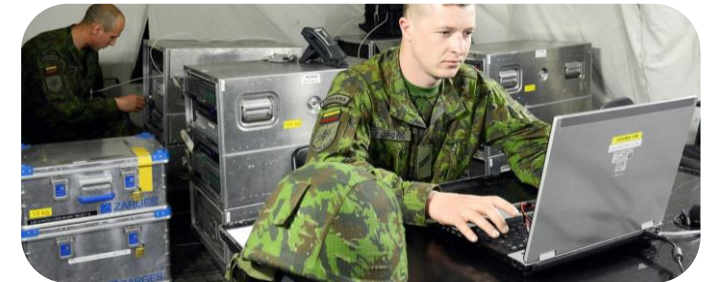
## Mission system integrator for UK Royal Navy

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



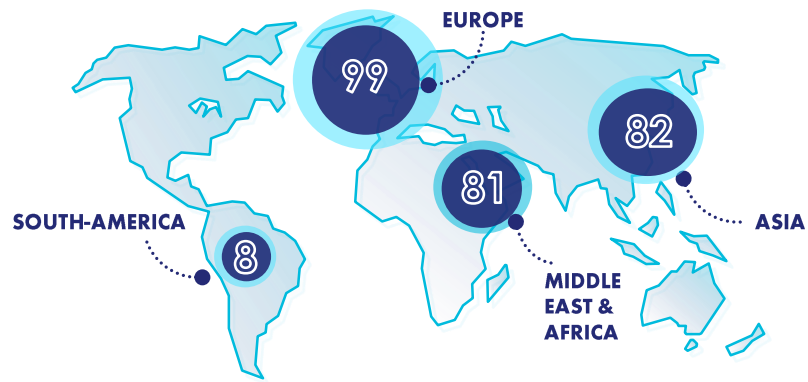
## NATO Defence Cloud

- 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**

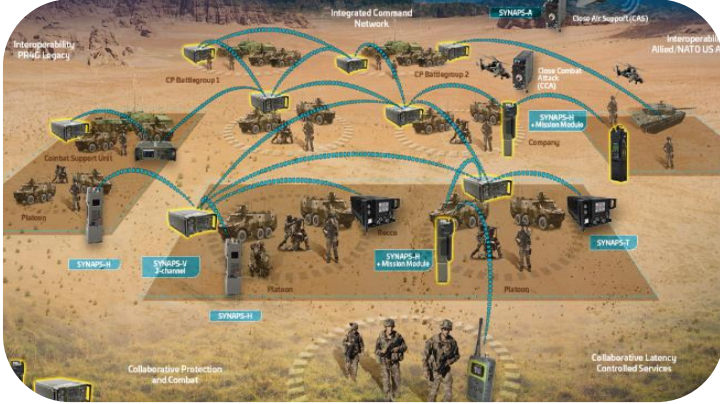
contract with Royal Navy (MSET - 2024)

### 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 **cortAlx Labs**

## cortAlx | SENSORS



### Sensing

Using AI to enhance identification capabilities of air defence radar

Discriminate drones from birds



### Detection

Using AI in Talios pod on board Dassault Rafale

100x faster detection

## cortAlx | FACTORY



### Decision-making

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

Reduce operator cognitive burden



### 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

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**Hervé Derrey**

Executive Vice-President, Space

# THALES SPACE ID CARD



INFRASTRUCTURES

**~€2.2Bn**  
TAS SALES IN 2023

**8,600**  
EMPLOYEES

**JV STRUCTURE**  
67% Thales / 33% Leonardo

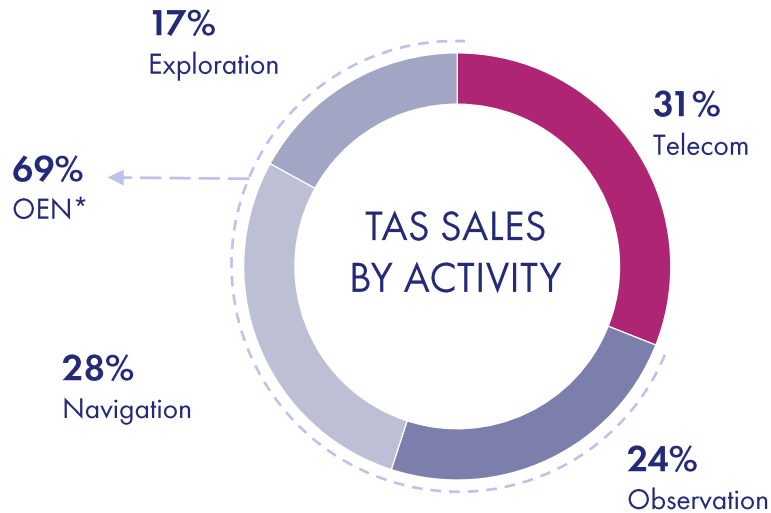


SERVICES

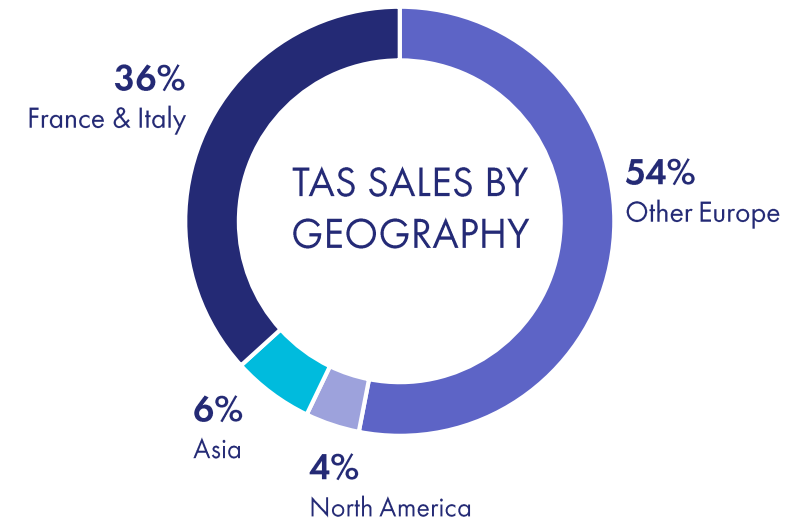
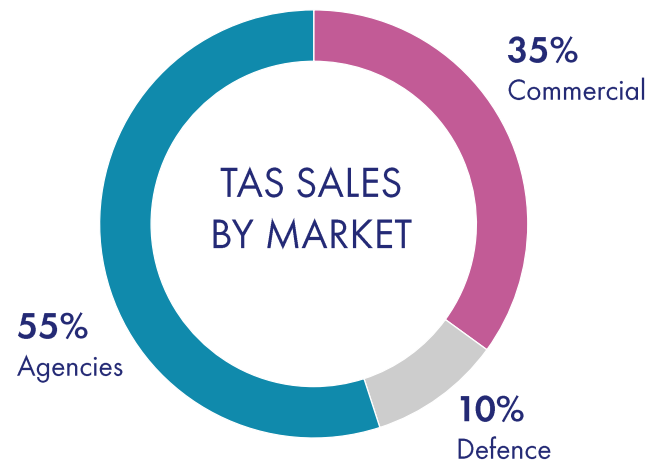
**~€0.7Bn**  
TPZ SALES IN 2023

**3,300**  
EMPLOYEES

**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

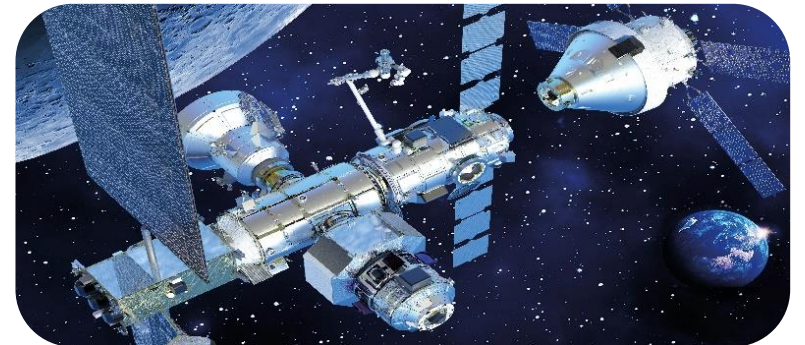


> Size and optimize to restore profitability from a baseline trajectory...

> ...while selectively targeting additional 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





# 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   |
|--|--|---|---------------|--|
| <b>Earth<br/>Observation<br/>€6Bn</b>          |   | Systems contributing to both: <ul style="list-style-type: none"> <li>Monitoring the environment</li> <li>and protecting national sovereignty for defence purpose</li> </ul>           | →             |       |
| <b>Navigation<br/>€1Bn</b>                     |   | Systems making online maps & navigation applications a reality for e.g. geolocation, aircraft landing & take-off, agriculture...  | →             |    |
| <b>Exploration &amp;<br/>Science<br/>€8+Bn</b> |  | Systems for universe exploration, pressurized habitable volumes for stations, landing and reentry systems, on-orbit servicing...<br>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

=

- European leader in Environment monitoring (Copernicus) and Defence
- Unique integrated offer (radar + optical)

- Future Observation (Europe)
- Export Defence (Asia, Middle East)



Navigation

0.5

=

- European leader (Galileo 2<sup>nd</sup> Generation)
- Satellites and Ground Solutions

- LEO\*\* PNT (Positioning, Navigation and Timing) systems
- Export (Asia, Middle-East)



Exploration &  
Science

0.4

+~€150m  
(7% CAGR\*)



- Worldwide leader in LEO\*\* stations (pressurized modules & cargo resupply for NASA and ESA)
- Lunar and Mars Exploration

- Next gen private stations
- Artemis export
- On Orbit Servicing

2% CAGR\*  
@ OEN level

\* CAGR over 2024-2028, base year 2023.

\*\* Low Earth Orbit.

# 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

## Average project size

### GEO

36,000 km

€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

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

#### GEO

36,000 km

Average project size

€150-500m

- Syracuse, KVHTS, Sicral 3, SES-24

#### MEO

5,000-12,000 km

€1-2Bn

- O3b, IRIS<sup>2</sup>

#### LEO

600 – 1,200 km

€2-10Bn

- Globalstar, Iridium NEXT, IRIS<sup>2</sup>, Starlink, Kuiper2

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

TAS projects

# TELECOM - STRONG HISTORICAL POSITION AND BACKLOG, UPSIDE OPPORTUNITIES



\* CAGR over 2024-2028, base year 2023.

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



SPACE INSPIRE  
(SDS)



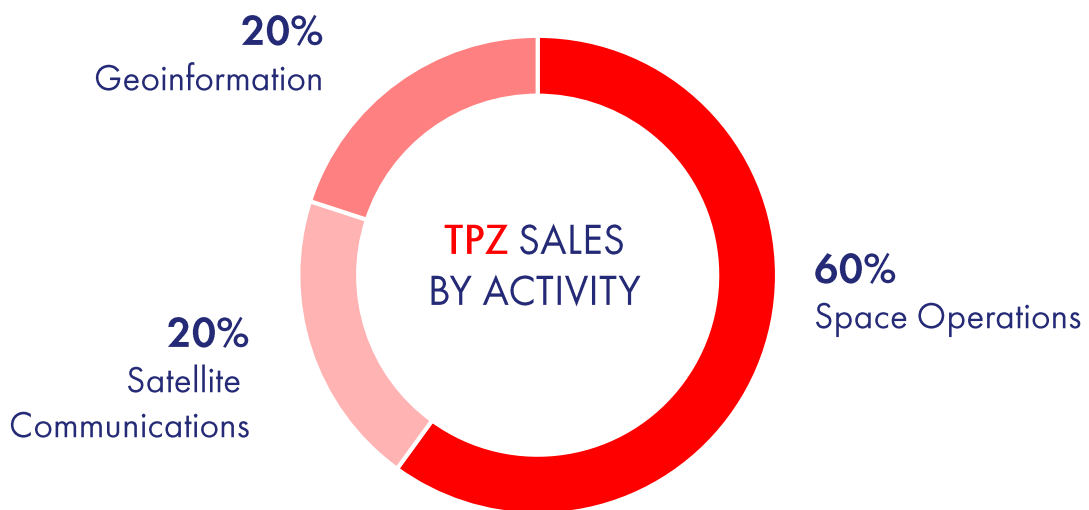
Digital Transparent  
Processor

# TELESPAZIO

## SOLID PERFORMANCE WITH HIGH GROWTH PERSPECTIVE

Telespazio total  
2023 sales

~€0.7Bn



2023 – 2028 Services Market Growth (CAGR)\*:

**+7.6%**

~€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

\*Source: LEONARDO – CMD 2024.

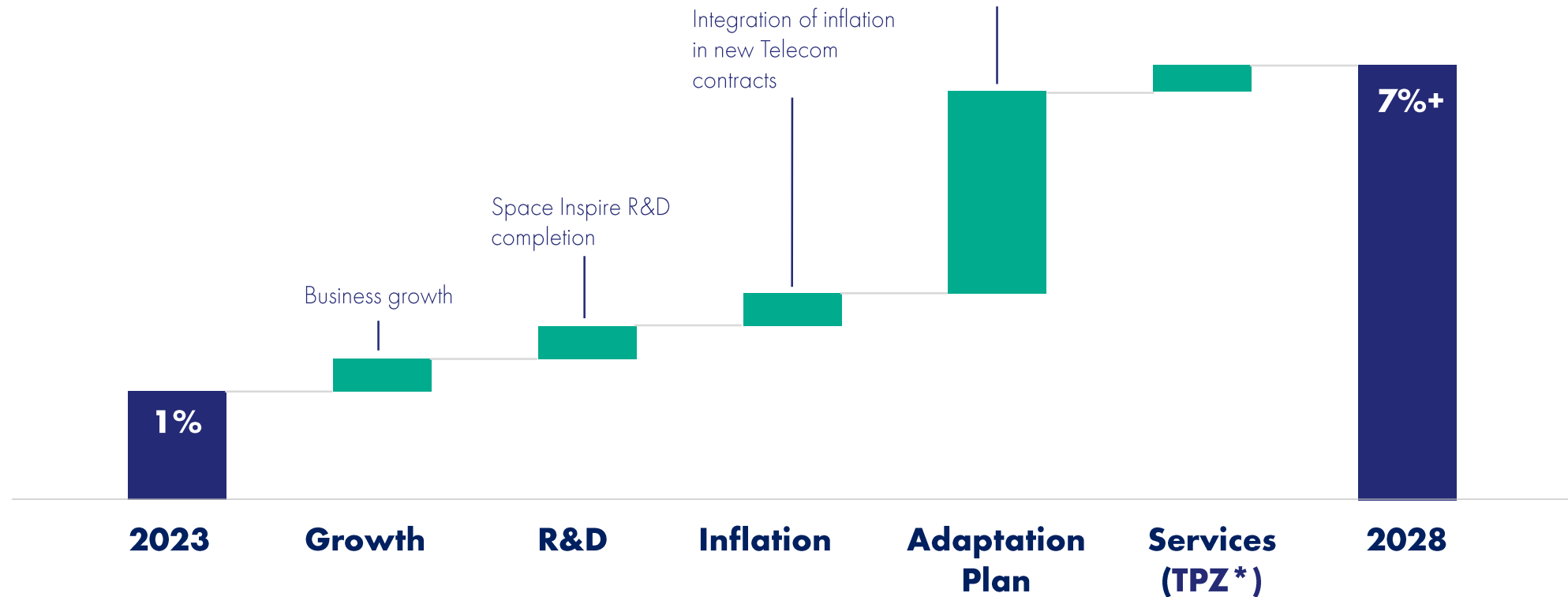
\*\* Return on Sales (ROS) is calculated as the ratio of EBITA to revenue as per LEONARDO definition.



# SPACE PATH BACK TO PROFITABILITY

## EBIT MARGIN %

- Adaptation plan concerning 1,300 jobs
- Teams redeployment (Engineering, Industry)
- Cost savings (Structure, Supply Chain)



\*Telespazio.

# 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

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**Yannick Assouad**

Executive Vice-President, Avionics

# THALES AVIONICS

## ID CARD

**€3.0Bn**

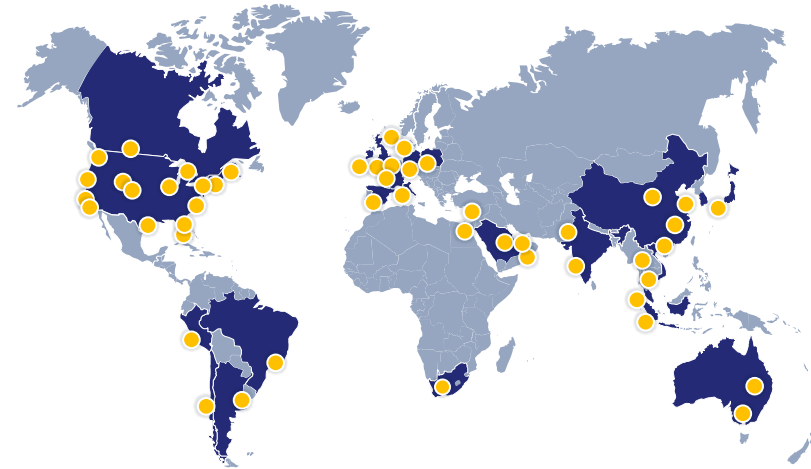
SALES IN 2023

**12,500**

EMPLOYEES

**38**

SITES



**A GLOBAL  
FOOTPRINT**

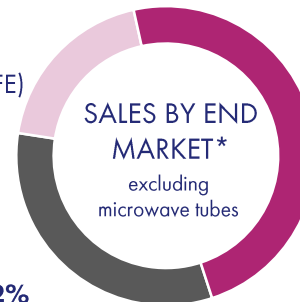
**69%**  
Flight avionics  
and other  
-equipment and  
services



**16%**  
Connected  
in-flight  
entertainment

**15%**  
Microwave tubes

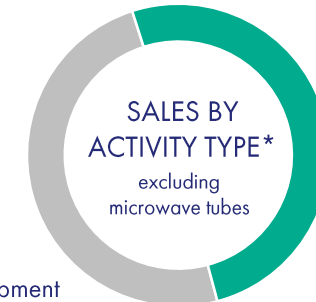
**19%**  
Airlines  
(connected IFE)



**32%**  
Military Platforms

**48%**  
Civil Platforms






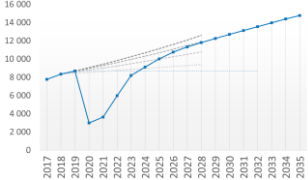
**49%**  
Original  
aircraft equipment



**51%**  
Aftermarket  
support and services  
and other

\* 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"> <li>Large OEM backlog</li> <li>Production rates recovering from pandemic; expected to increase until 2030</li> <li>Supply chain constraints</li> </ul> | <ul style="list-style-type: none"> <li>Market shift towards bigger aircraft</li> <li>Steady growth over the period</li> </ul> | <ul style="list-style-type: none"> <li>Slow recovery – 2018 production levels reached by 2025-2026</li> <li>Super Medium segment replacing Heavy platforms</li> </ul> | <ul style="list-style-type: none"> <li>Rafale export successes vs. F-35 fighter market leader</li> <li>US doctrine evolving towards autonomy</li> <li>Increased simulation to optimize asset use</li> </ul> | <ul style="list-style-type: none"> <li>Emerging market with both legacy players and start-ups</li> <li>Push to autonomy and green propulsion systems</li> </ul> | <ul style="list-style-type: none"> <li>Dynamic aftermarket business due to new aircraft delays and passenger traffic sustained growth</li> </ul> |

**THALES IS WELL POSITIONED FOR SUSTAINED GROWTH ACROSS ALL MARKET SEGMENTS**

\* CAGR over 2024-2028, base year 2023.

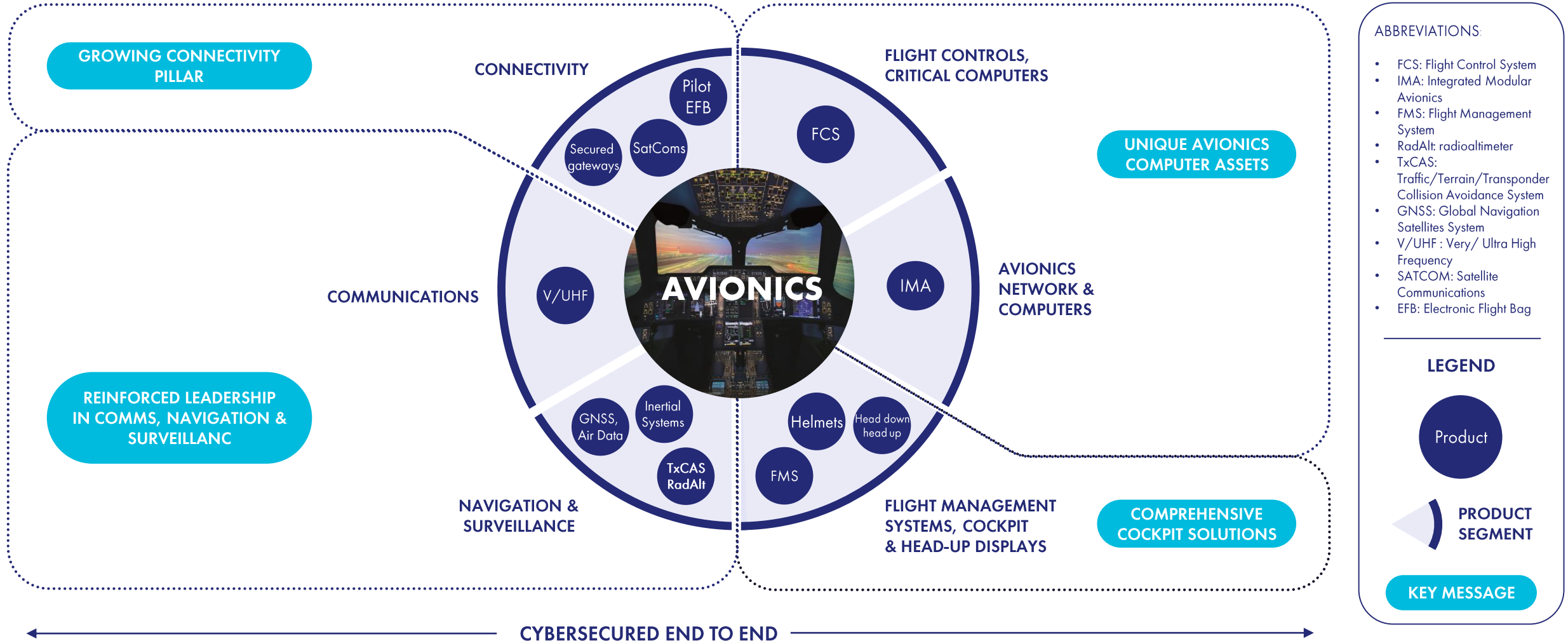
# AVIONICS KEY PRIORITIES

- 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...

Radio-navigation  
antennas



Digital Audio/  
Radio controls



Glass cockpit



L-Band SATCOM  
Communications



Computers/Cyber



Navigation



COBHAM AERO COMMS

THALES

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

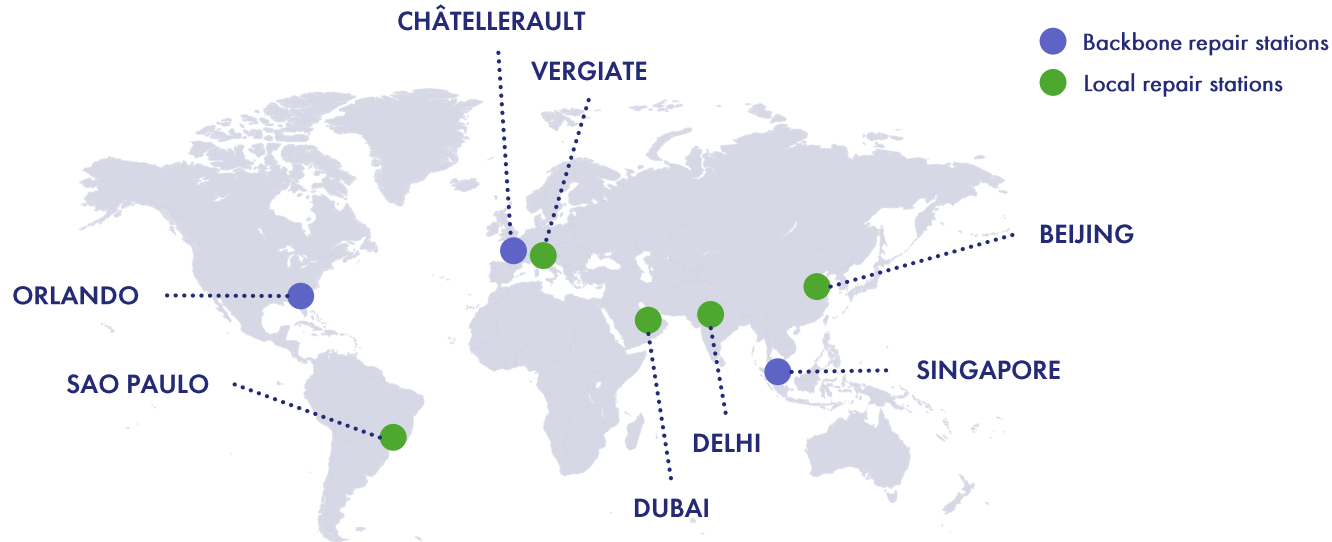
**REGAINING VOLUME AND INCREASING PROFITABILITY THANKS TO A RENEWED AND INNOVATIVE OFFERING**

\* 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:

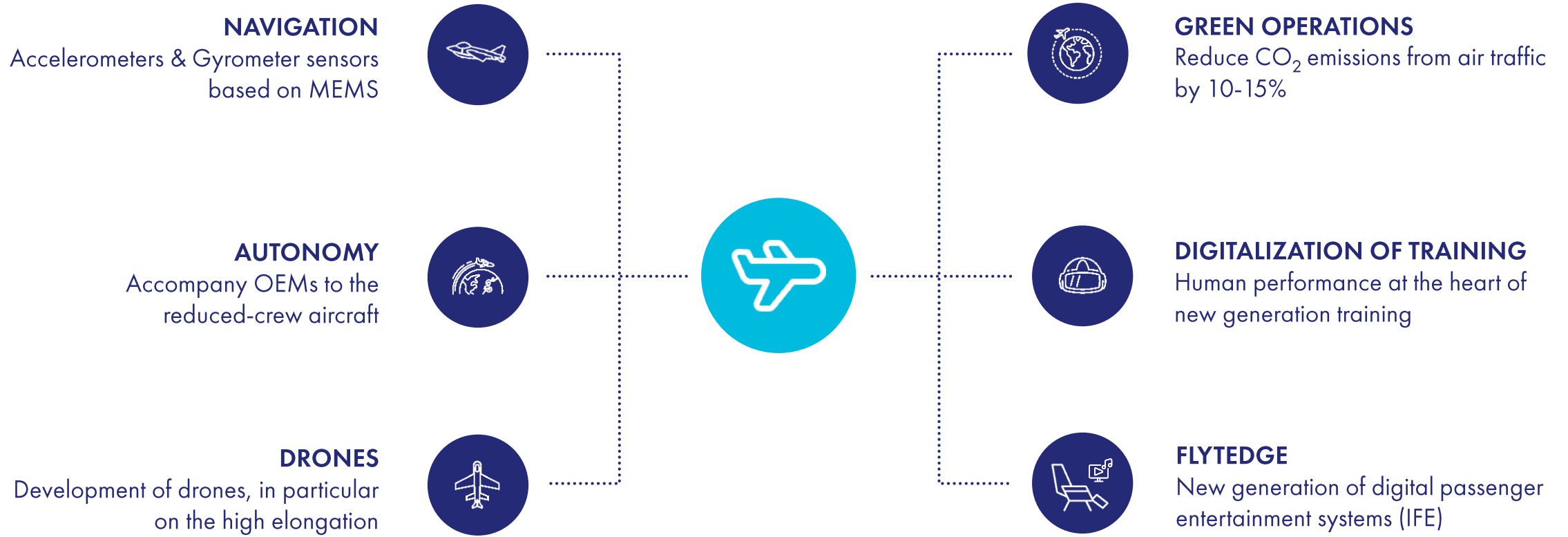
- on the flight deck
- in network operations center

**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

- Digital
- Automation
- Verticalization

INDUSTRY

ENGINEERING

- Offshoring
- Tools/Automation
- AI
- Competencies/Academy

- Double sourcing
- Anticipation: Safety stocks
- Visibility: Multi-year contracts

SUPPLY CHAIN

IS/IT

- More global
- Move to secured Cloud
- Common APS (ERP + PLM)



**OPERATIONAL EXCELLENCE DRIVING MARGIN IMPROVEMENT**

Abbreviations:

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



# 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

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**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

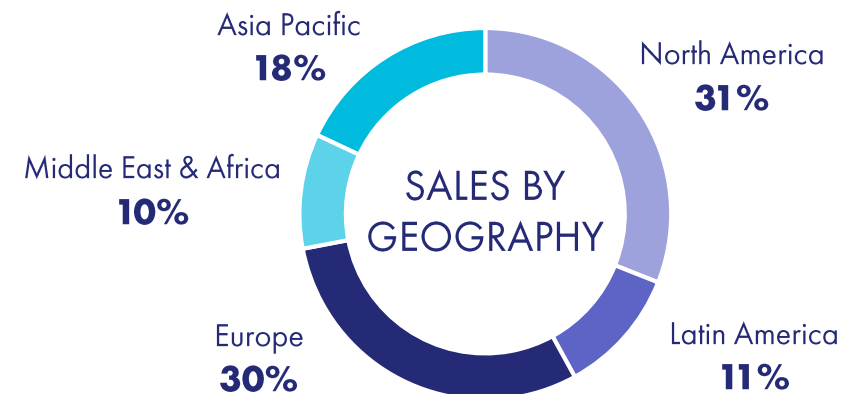
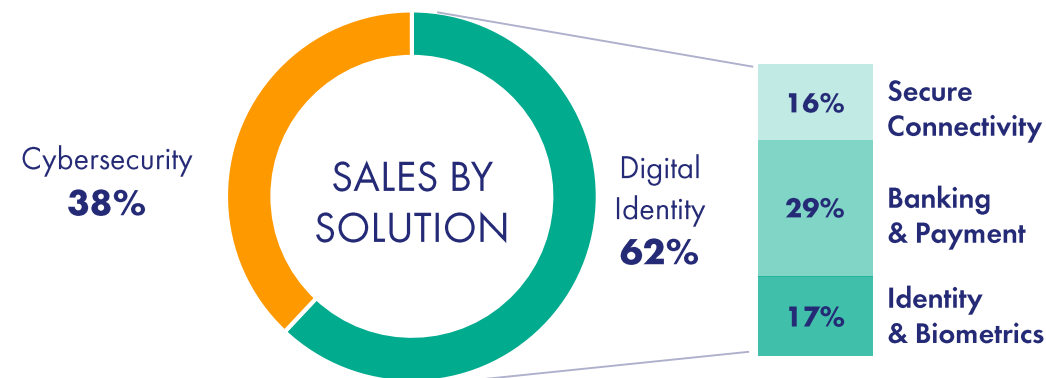
**17,800**

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.

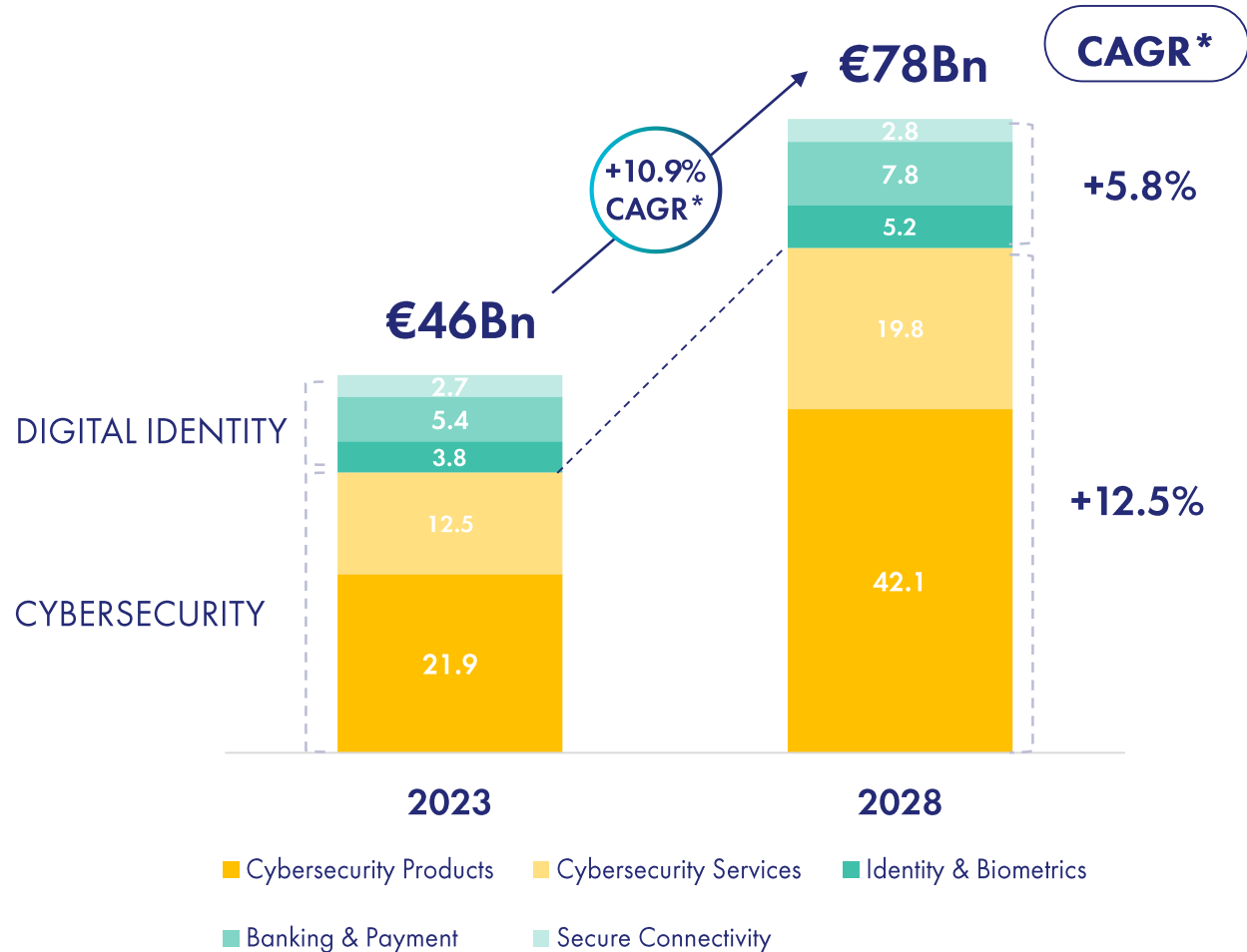
## SERVING CUSTOMERS WITH THE MOST DEMANDING SECURITY NEEDS

- **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



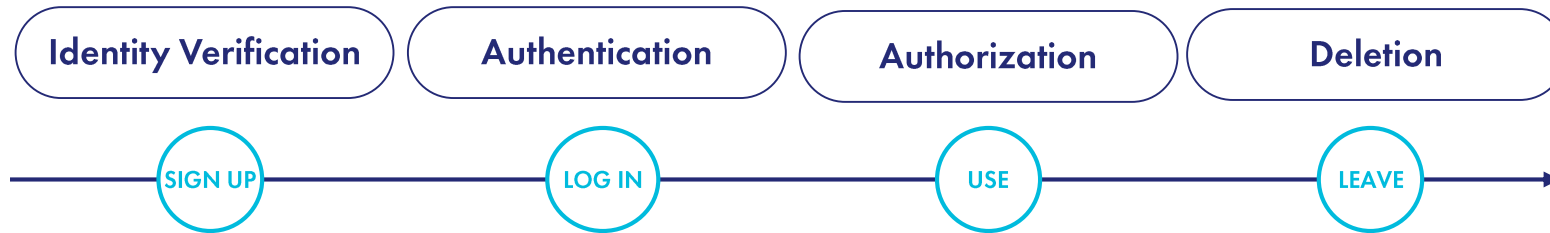
## Megatrends sustaining long term growth

- > 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

Sources: Gartner, IDC, Accenture, ABI research.

\* CAGR over 2024-2028, base year 2023.

# 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

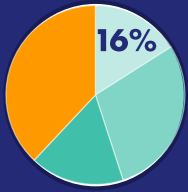
- > Securing the cloud
- > Securing data and all the paths to data
- > Enabling privacy and sovereignty

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



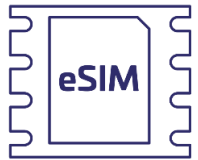
**FOUNDATIONAL TECHNOLOGIES**  
**ENCRYPTION, HARDWARE SECURITY, SOFTWARE SECURITY, APPLICATIONS SECURITY**





# DIGITAL IDENTITY - SECURE CONNECTIVITY WELL POSITIONED FOR THE TRANSITION TO CONNECTIVITY SOLUTIONS

## CONNECTIVITY SOLUTIONS



### ON-DEMAND CONNECTIVITY PLATFORMS



One eSIM per device  
Hardware + Software  
Or Software

One transaction fee  
per subscription downloaded

Higher margin revenues  
than removable SIM

Recurring revenues

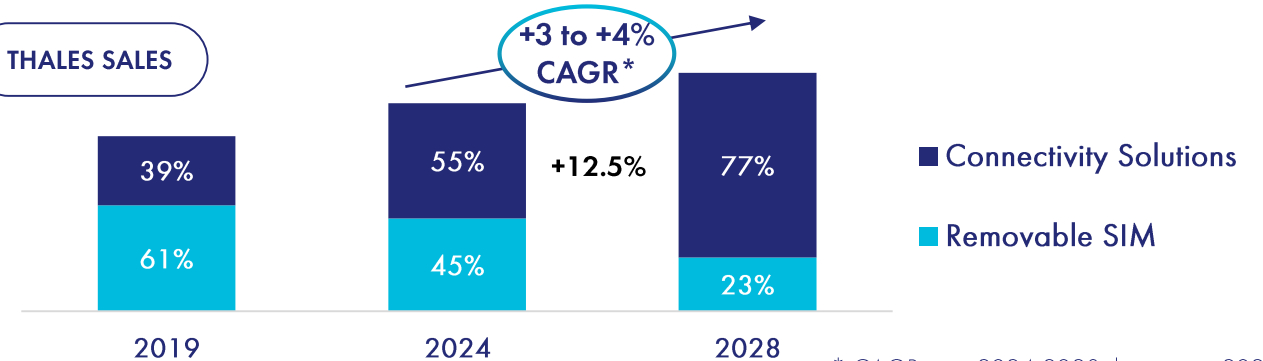
### > eSIM penetration is accelerating

- 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

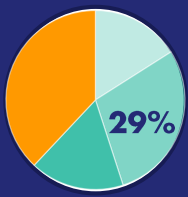
### > Thales is leading the transition from removable SIM to Connectivity Solutions

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

#### THALES SALES



\* CAGR over 2024-2028, base year 2023.

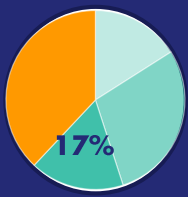


# DIGITAL IDENTITY – BANKING & PAYMENT

## 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:

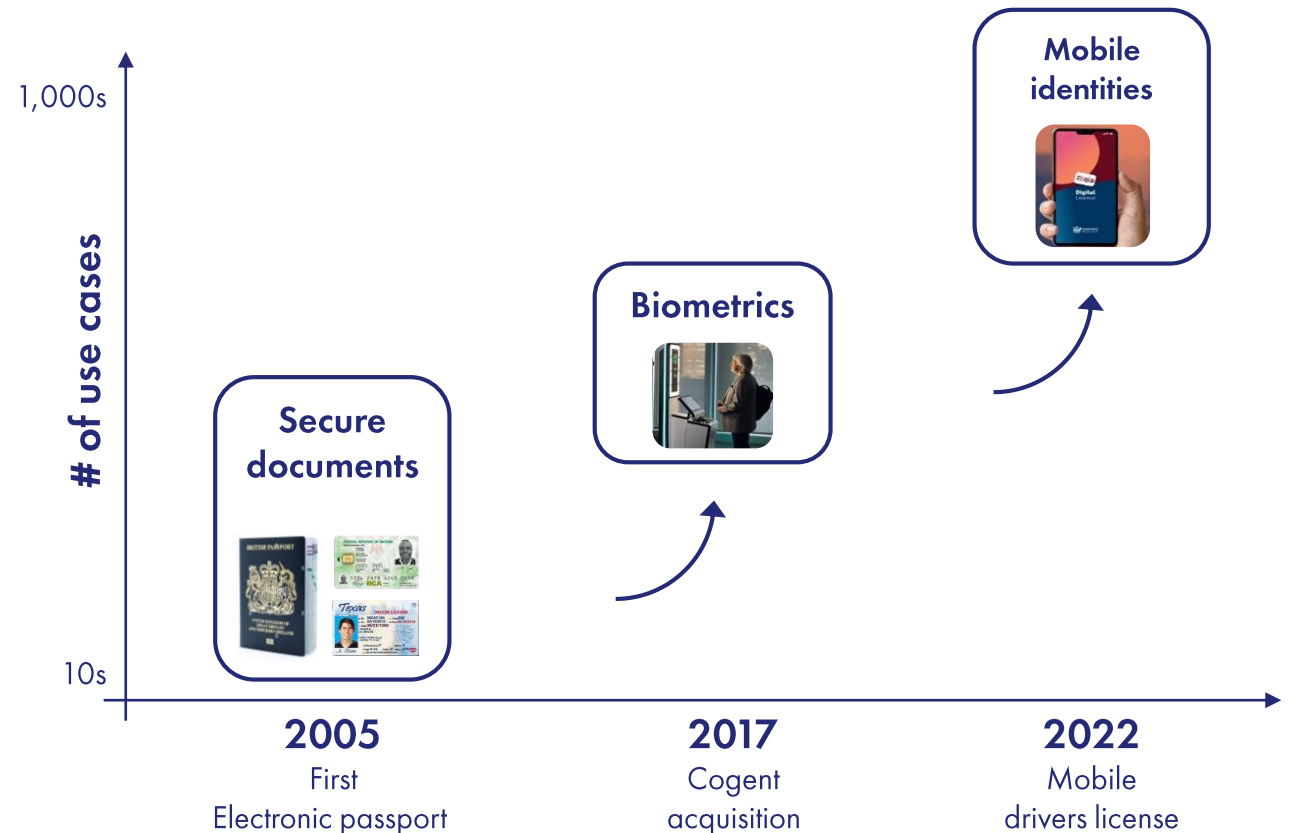
- Stronger passport security and reinforced border control
- Growth of international travel and airport passengers
- Identity for all UN mandate for 2030

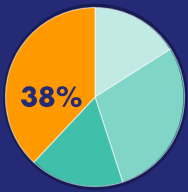
## > Global leader in the mature market of chip secured documents: biometric passports, eID cards, drivers licenses,....

## > 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

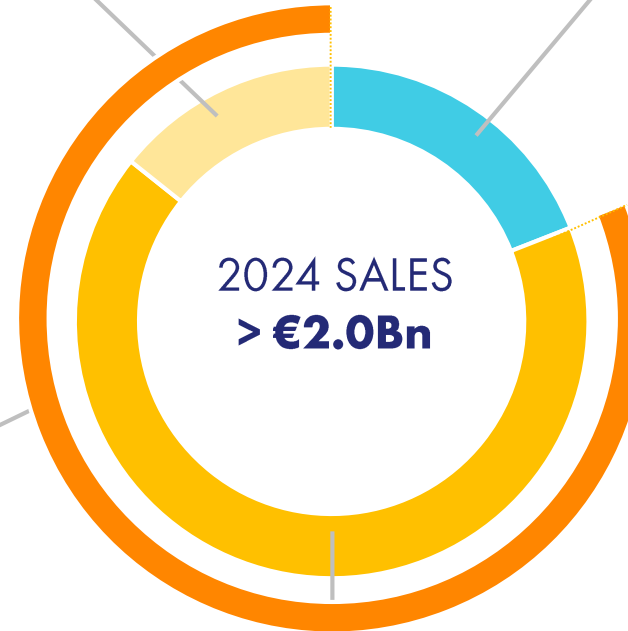
## PREMIUM SERVICES

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

## CYBER DEFENCE - *Reported in Defence* SOVEREIGN PRODUCTS

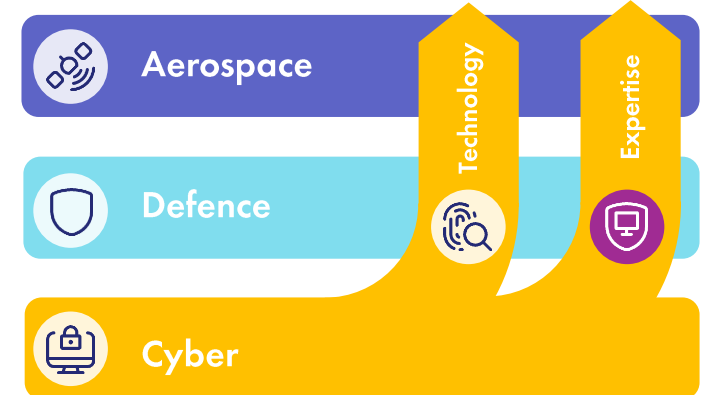
- High assurance products & technologies
- Trusted by key countries and international organisations (NATO, EU)
- Single digit growth
- Double digit margin

**CYBER**  
From 2025, will be reported separately from DIGITAL



## GLOBAL PRODUCTS\*

**Rule of "30" =**  
Low double-digit topline growth  
+ high teens EBIT



**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.

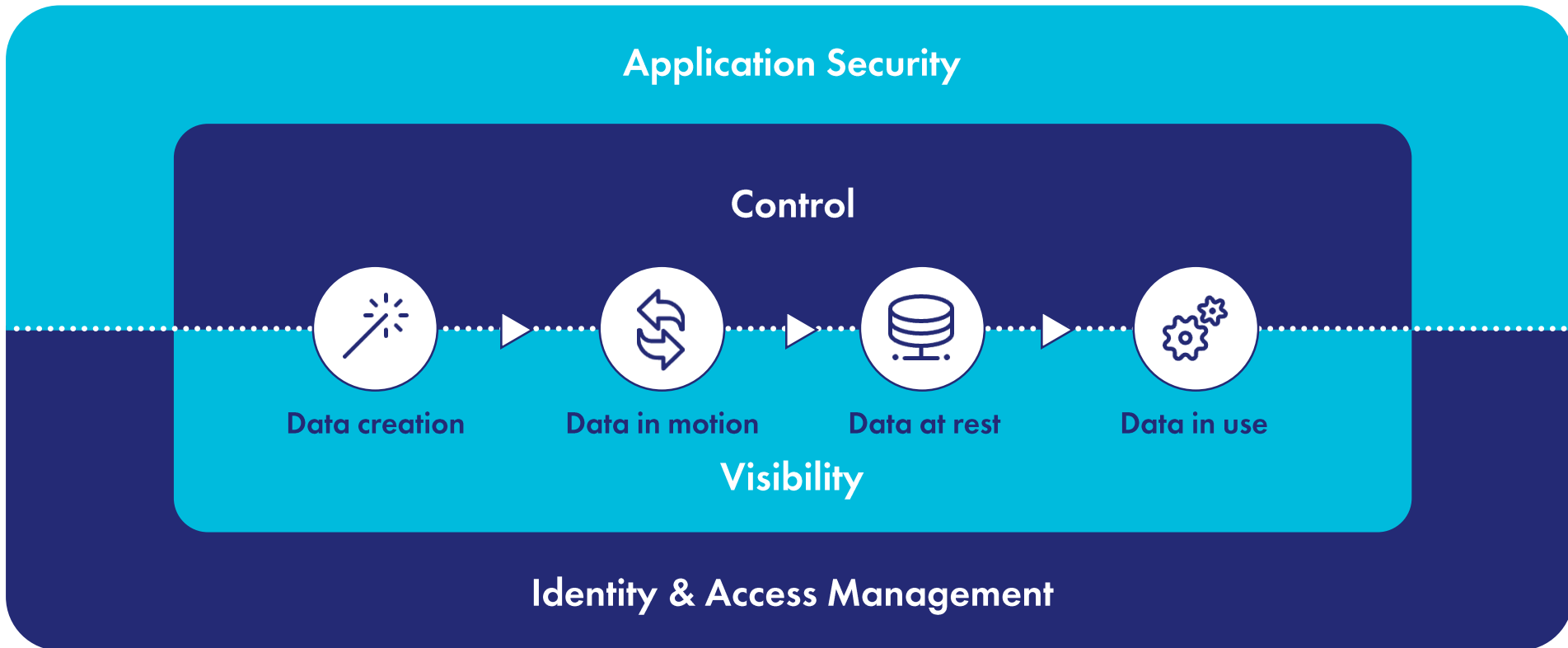


- > With the adoption of Cloud computing perimeter security is not enough
- > Organizations must protect broader digital surface areas, with more attack vectors and risks
- > Security is increasingly focused on the Data



# 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



Tokenization



Key & Secrets  
Management



Hardware  
Security  
Modules



Data Access  
Monitoring



Data Discovery  
& Classification



Data  
Governance



Threat  
Detection

## APPLICATIONS



Web App. Firewall



DDoS  
Protection



Advanced Bot  
Protection



API Security

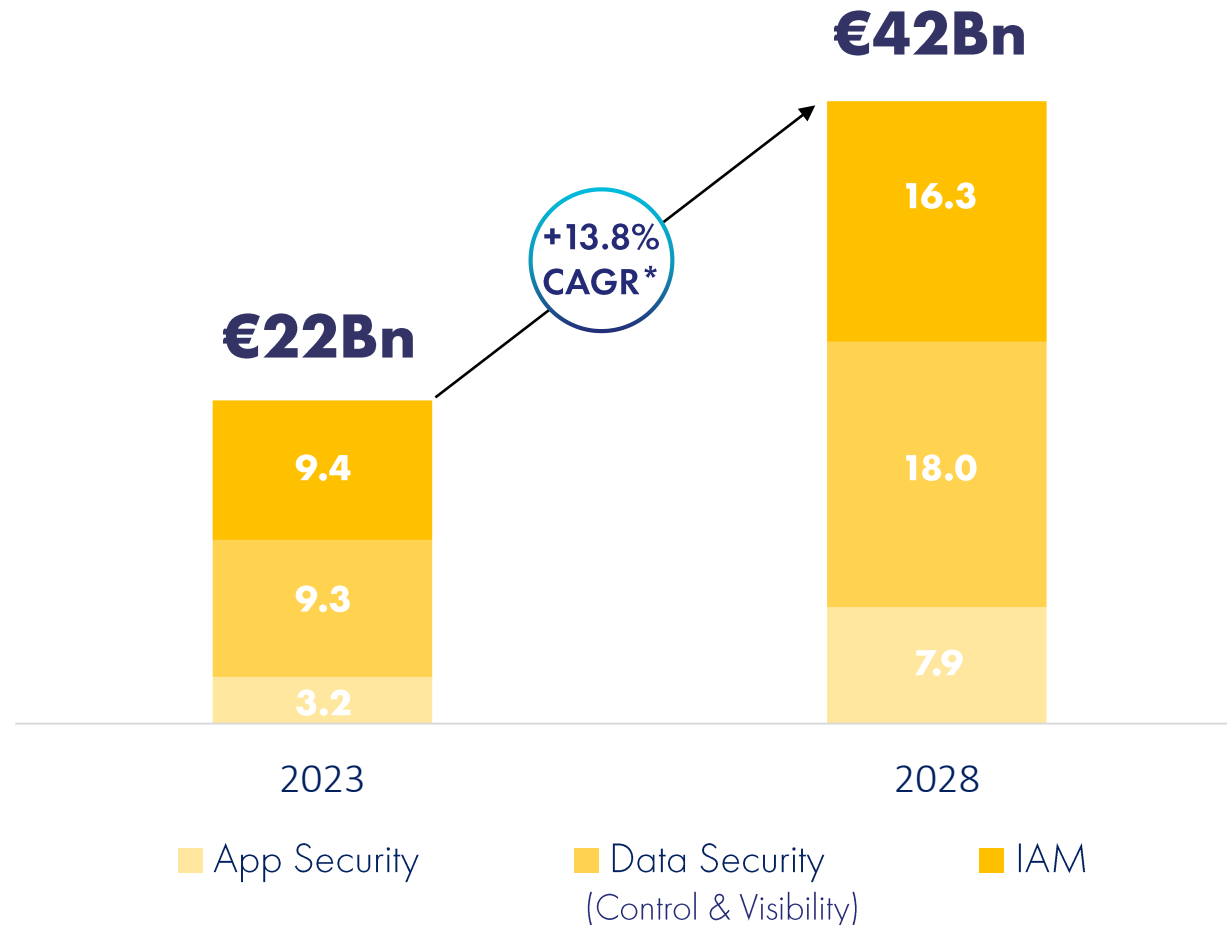


Thales



Imperva

# A LARGE AND FAST GROWING DATA CENTRIC SECURITY PRODUCTS MARKET

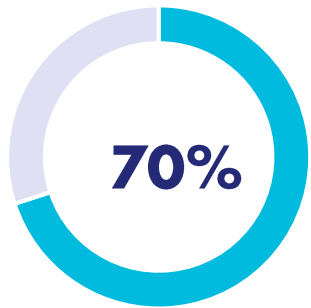


- > Strong tailwinds from the **digital transformation of enterprises and governments**
- > **Cybersecurity** market further accelerated by an increasingly **AI** and data-driven world, and, therefore, the call for **data-centric security**
- > Increasing **Regulation and Sovereignty** demands

Sources: Gartner, IDC, Accenture.

\* CAGR over 2024-2028, base year 2023.

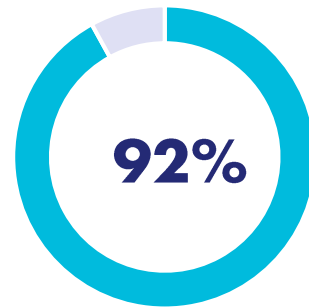
# THALES PROTECTS 30,000+ ENTERPRISES AND BILLIONS OF PEOPLE DAILY



**70%** Of the Top 10 Telcos

**275+**

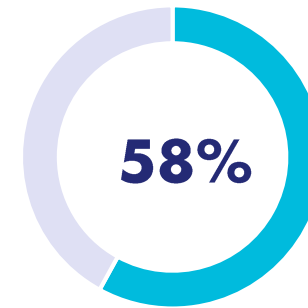
Government Agencies  
and Departments



**92%** Of the world's  
100 largest  
banks

**80%**

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



**58%** Of the Fortune  
Global 500

**6,700+**

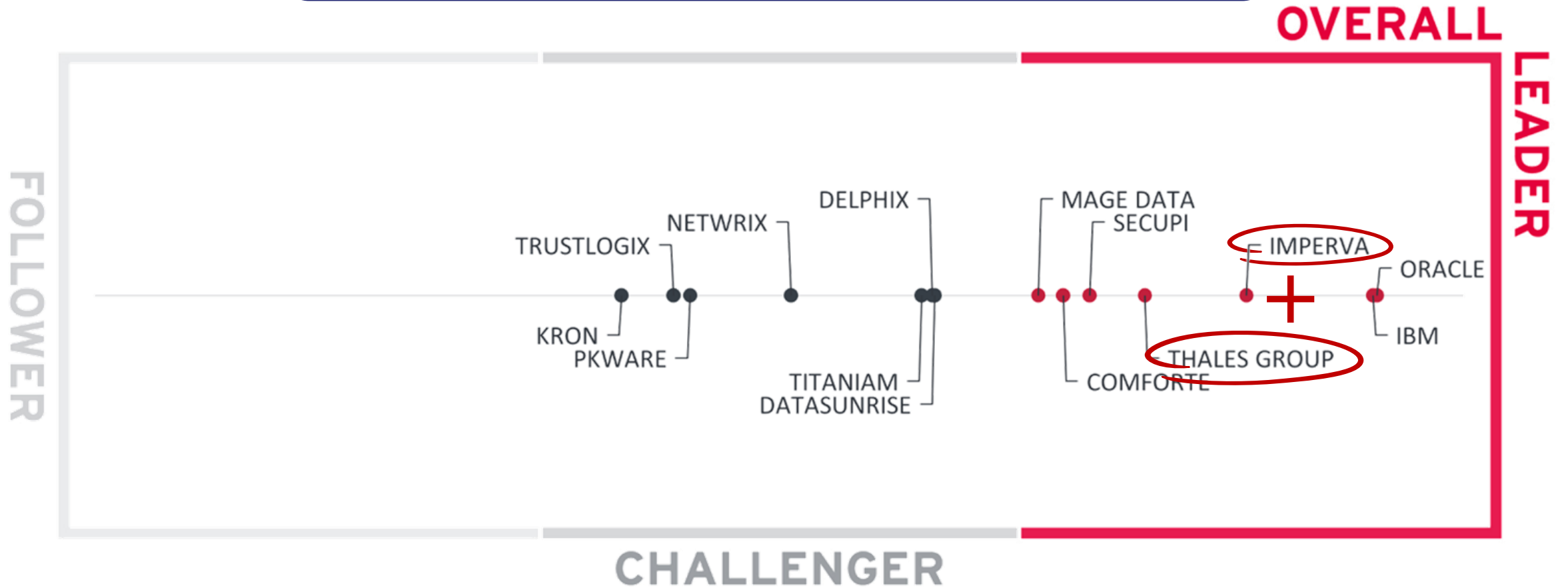
Cloud. Reseller, and  
Technology Partners



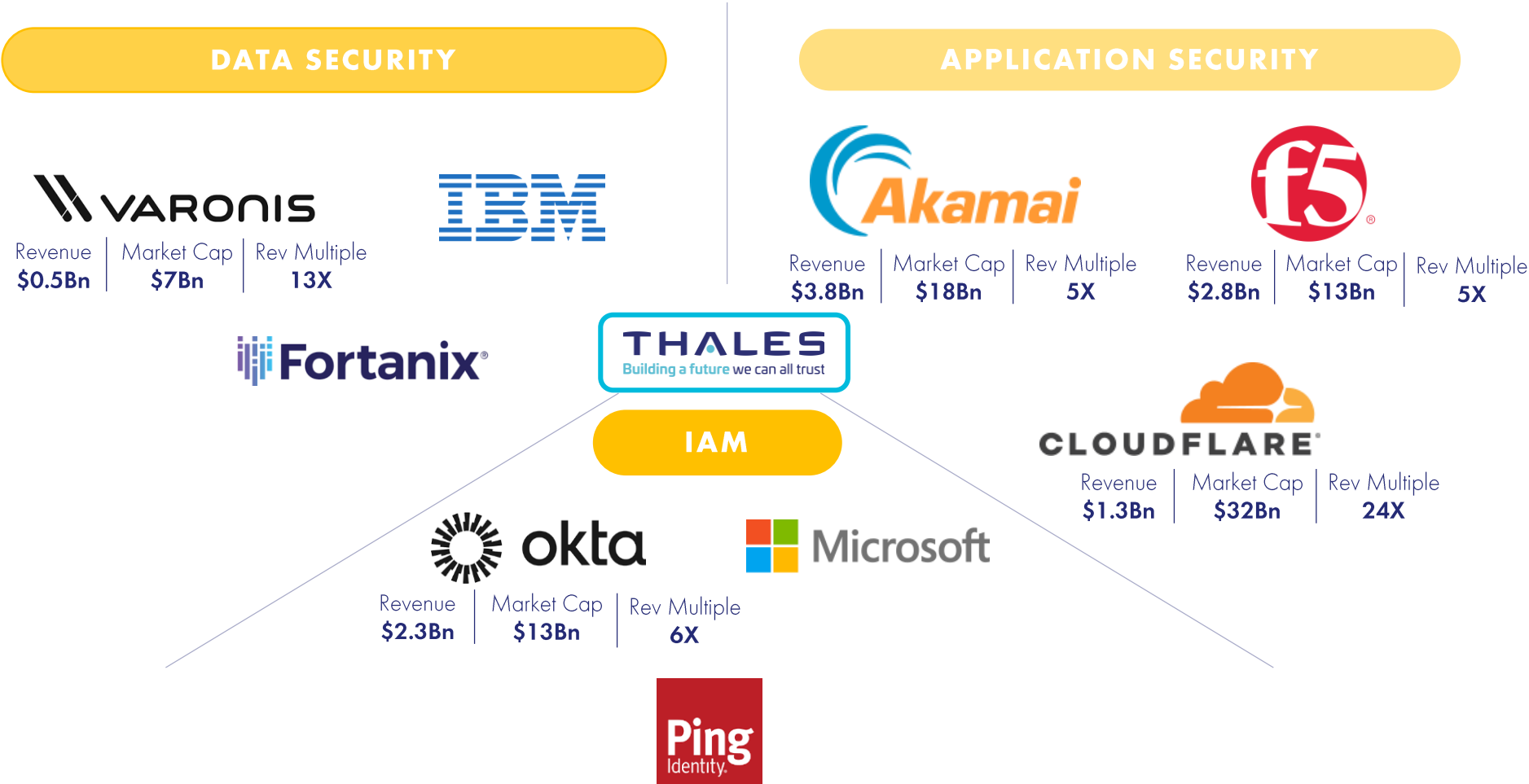
Imperva was named as  
a Customers' Choice  
for Cloud Web  
Application and API  
Protection

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

KUPPINGERCOLE LEADERSHIP COMPASS FOR DATA SECURITY PLATFORMS (2023)



# OUR COMPETITIVE POSITION IN A FRAGMENTED LANDSCAPE



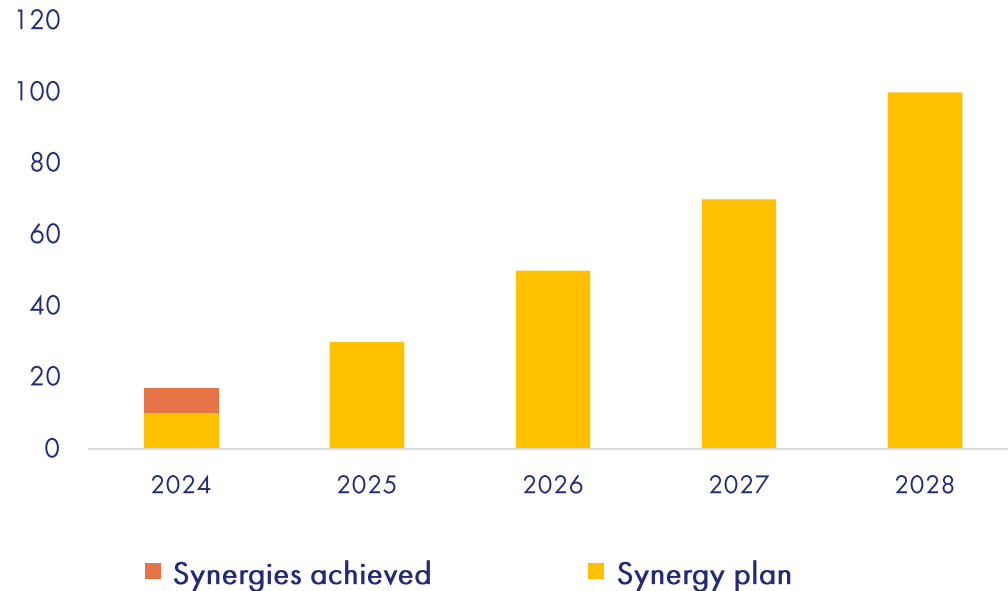


# IMPERVA INTEGRATION IN FULL SWING

## > Synergies are on track

### Cost & Revenue synergies

\$m EBIT impact



## > 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"

=

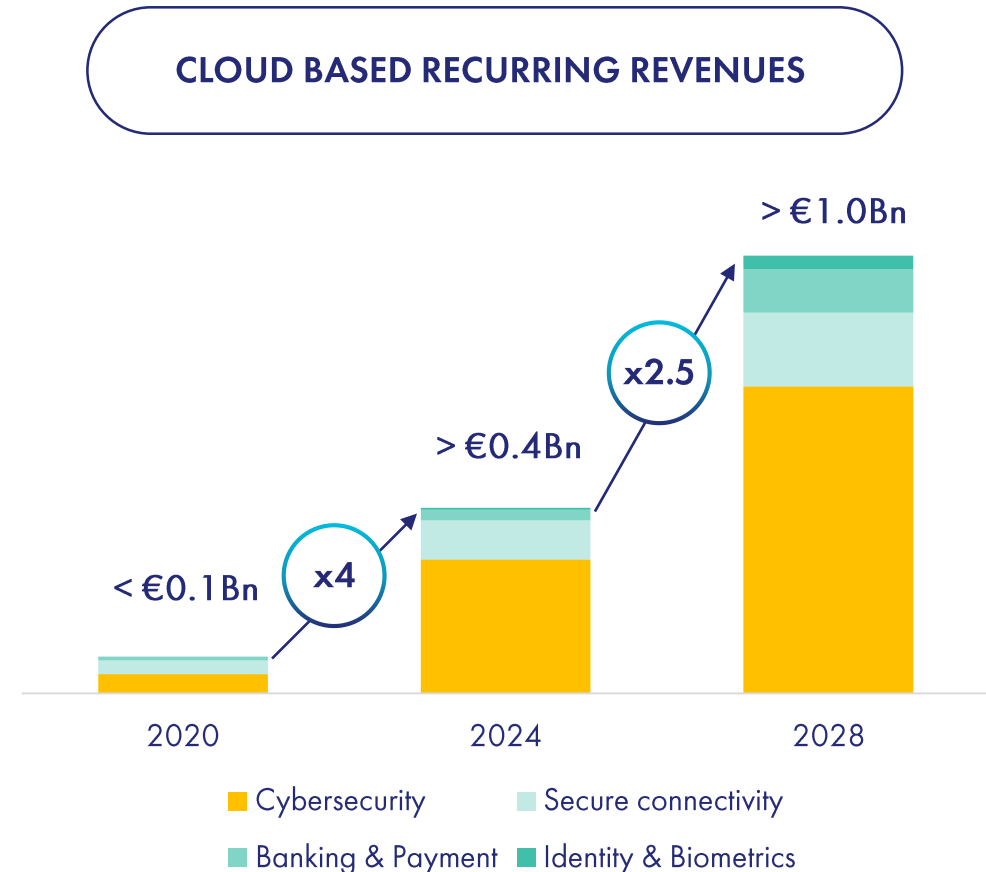
- Low double-digit topline growth

+

- 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 €1 Bn 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%         |                    |
| <b>Gross margin</b> | 4,088   | <b>25.8%</b> | 5,599          | <b>29.3%</b> | <b>+3.5 pt</b>     |
| SFRD                | (879)   | 5.5%         | (1,216)        | 6.4%         | +0.9 pt            |
| SG&A                | (1,647) | 10.4%        | (2,217)        | 11.6%        | +1.2 pt            |
| <b>EBIT</b>         | 1,685   | <b>10.6%</b> | 2,242          | <b>11.7%</b> | <b>+1.1 pt</b>     |

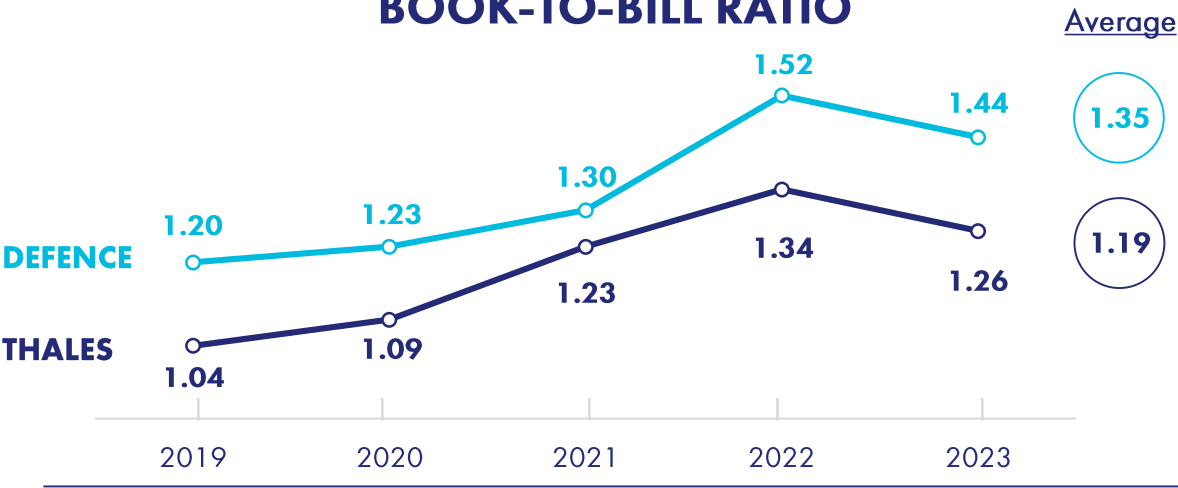
\* Proforma including full-year impact from the acquisitions and disposal finalized in 2023 and 2024 (of which Imperva and Cobham AeroComms).

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

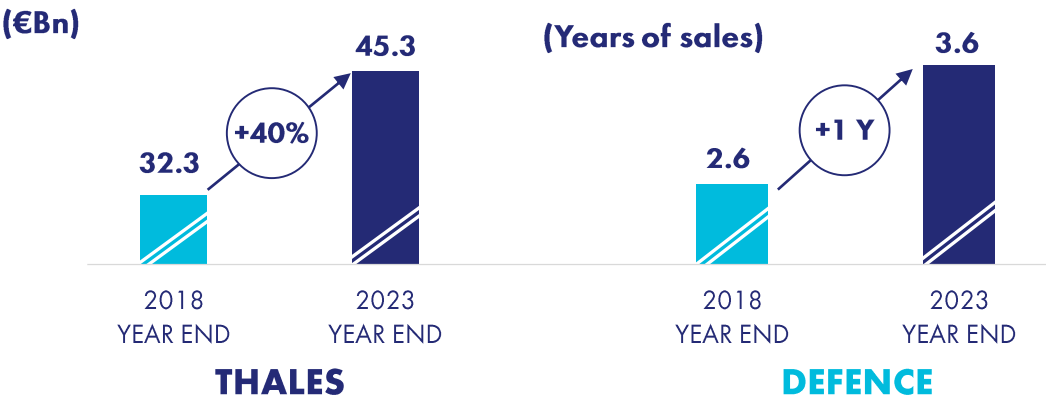
- Relentless efforts to enhance value proposition and drive higher margins
- Higher added-value portfolio
- Increase in technology-driven set of businesses

# STRONG COMMERCIAL PERFORMANCE BRINGING VISIBILITY

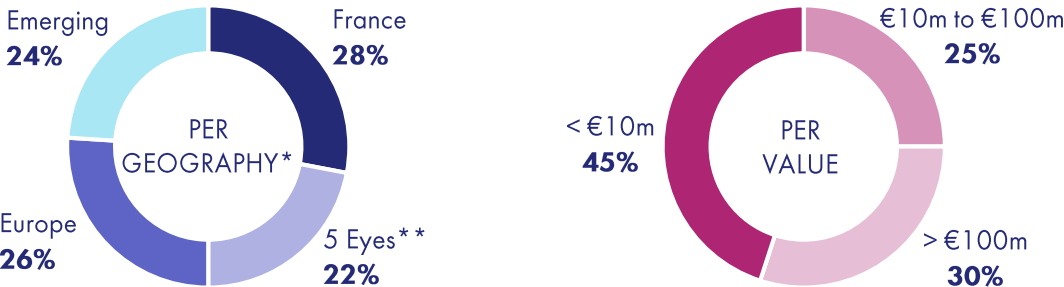
## BOOK-TO-BILL RATIO



## BACKLOG



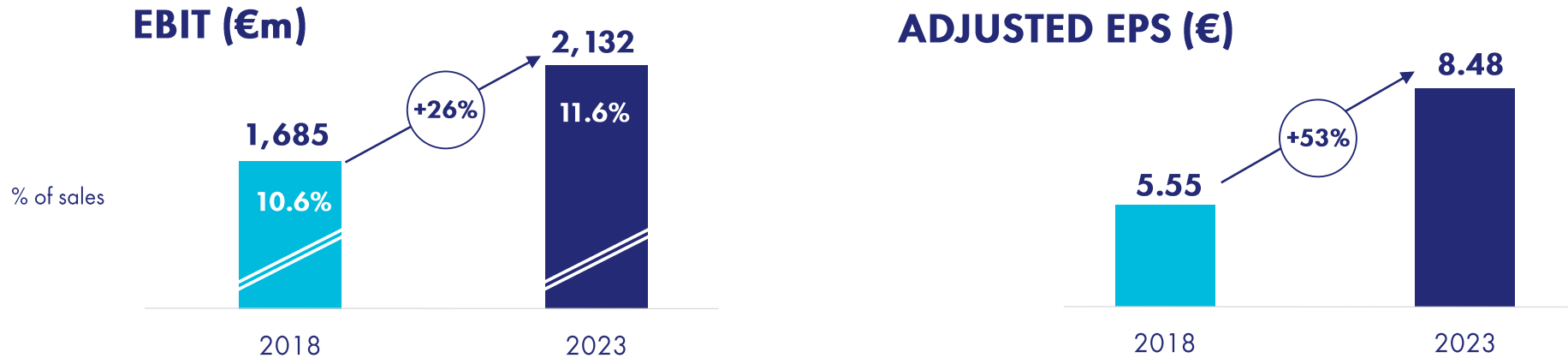
## ORDER INTAKE 2019-2023



- 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

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

# SOLID INCREASE IN PROFITABILITY



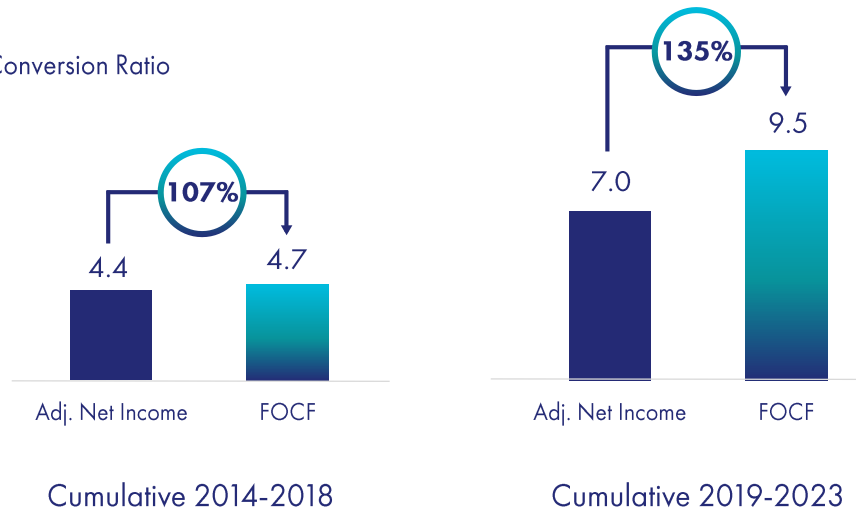
| % EBIT Margin   | 2018  | 2023* * | Current Status                           |
|-----------------|-------|---------|--|
| DEFENCE         | 12.6% | 13.0%   | • At best-in-class level                 |
| AVIONICS        | 11.4% | 11.6%   | • Fully recovered to pre-COVID level     |
| SPACE           | 8.0%  | 1%      | • Profitability plan in place            |
| CYBER & DIGITAL | 7.4%* | 14.0%   | • Successful integration and development |
| TRANSPORT       | 4.4%  | -       | • 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.

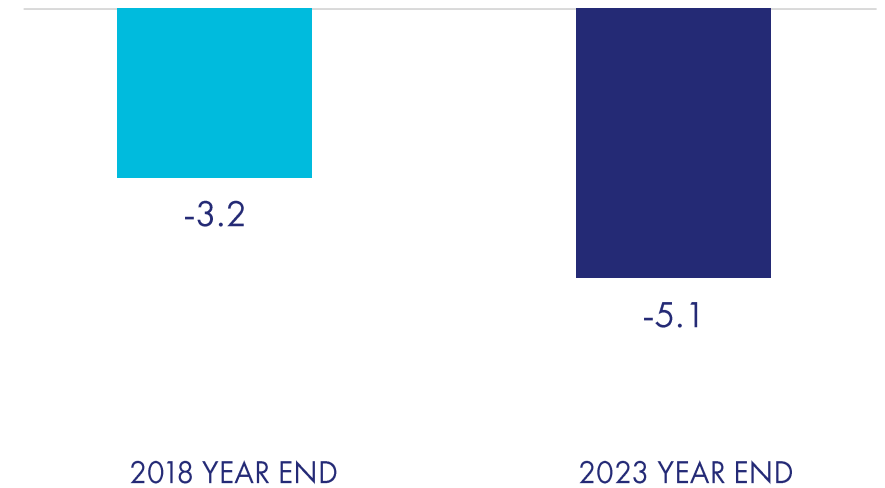
# OUTSTANDING CASH-FLOW PERFORMANCE WHILE INVESTING FOR THE FUTURE

## FREE OPERATING CASH FLOW (€Bn)

○ Conversion Ratio

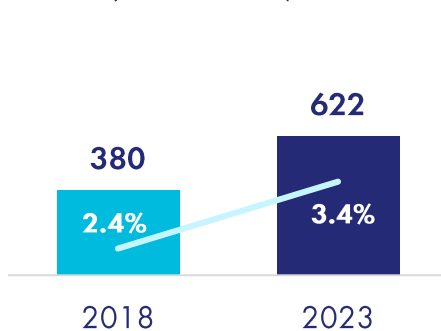


## WORKING CAPITAL (€Bn)



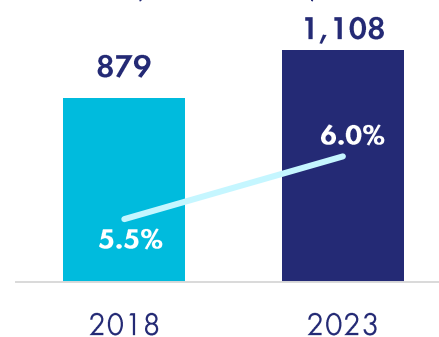
## CAPEX

(€m & % of sales)



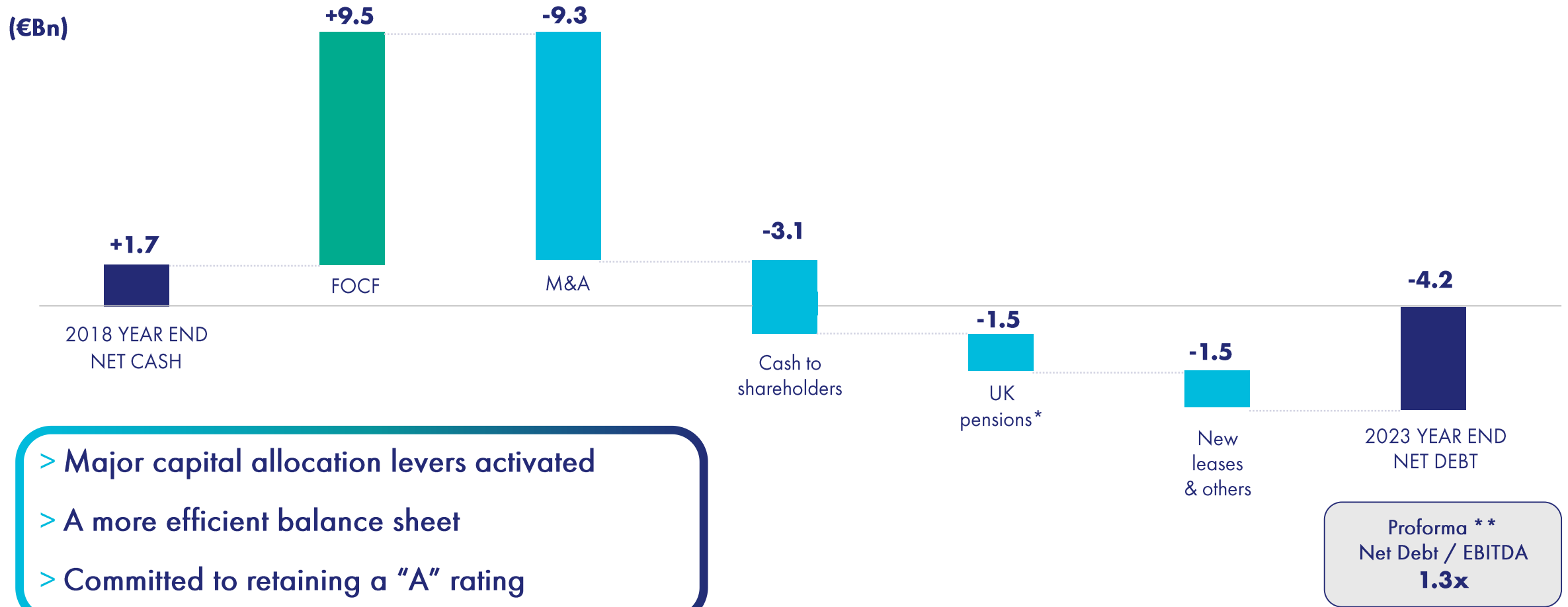
## SFRD

(€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

  
Defence

  
Avionics

  
Space

  
Cyber & Digital

**Thales**  
CAGR  
**5-7%**

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

18.4

**M&A**

**+0.7**

19.1

2023 SALES

2023 SALES Proforma

2028 SALES

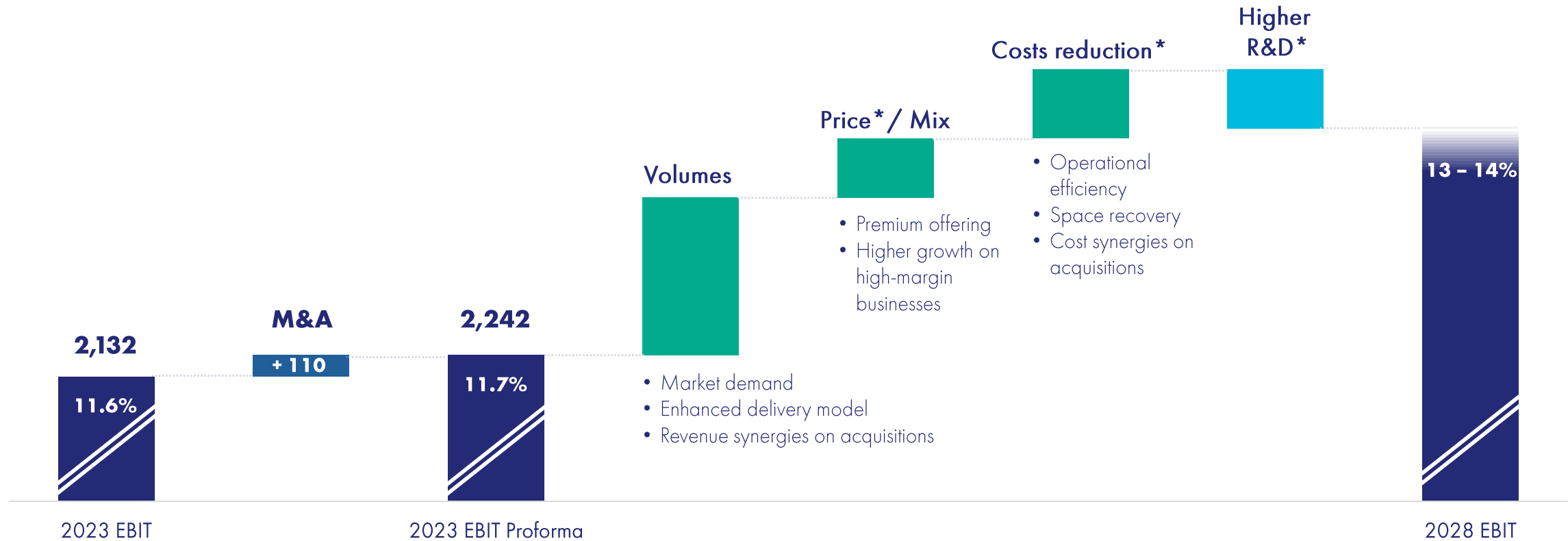
Note: CAGR over 2024-2028, base year 2023.

# MULTIPLE LEVERS TO **DRIVE HIGHER EBIT**

(€m)

## EBIT GROWTH

### Further margin increase



Note: % are indicating the EBIT Margin.

\* Net of inflation on costs.

# PROFITABILITY

## MOSTLY DRIVEN BY CYBER & DIGITAL EXPANSION AND SPACE RECOVERY

### EBIT MARGIN %



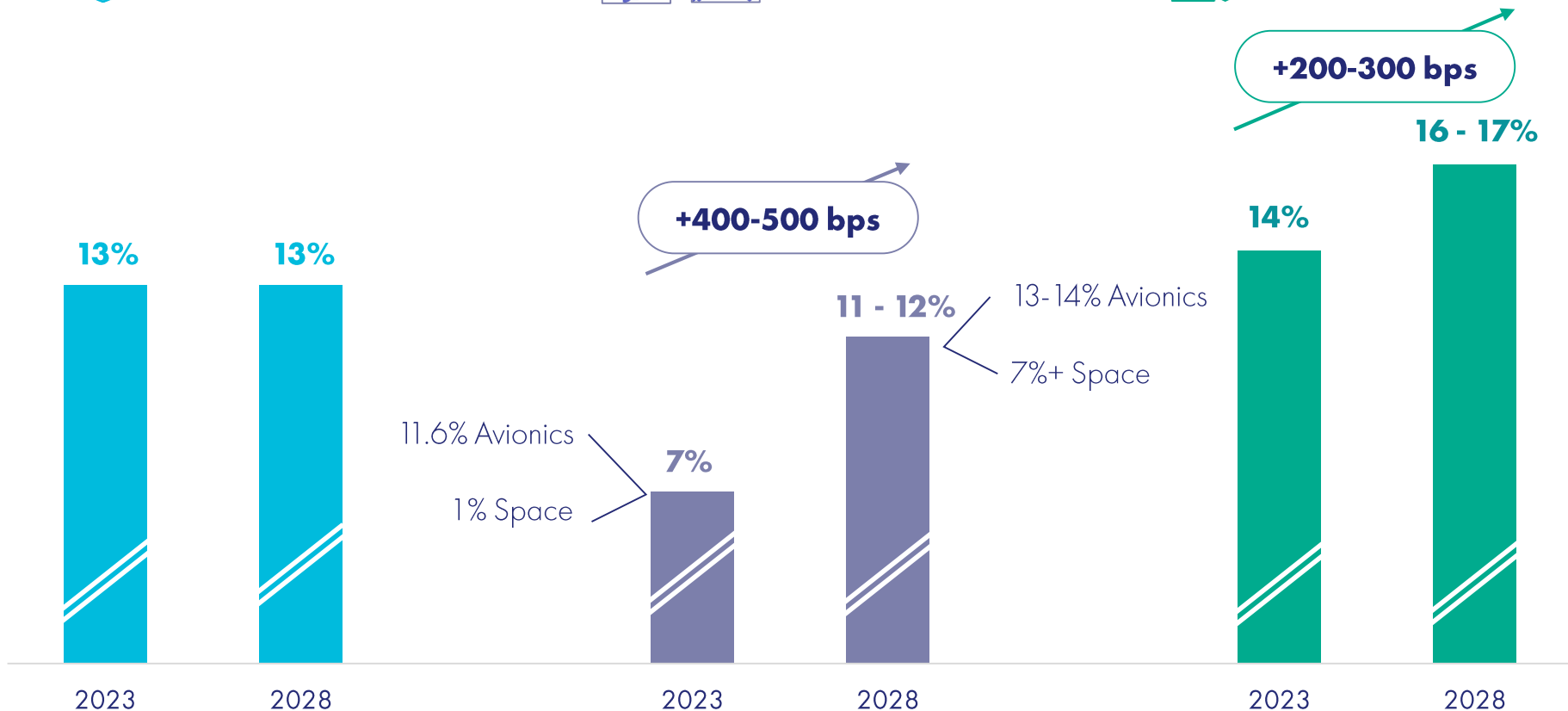
DEFENCE



AEROSPACE

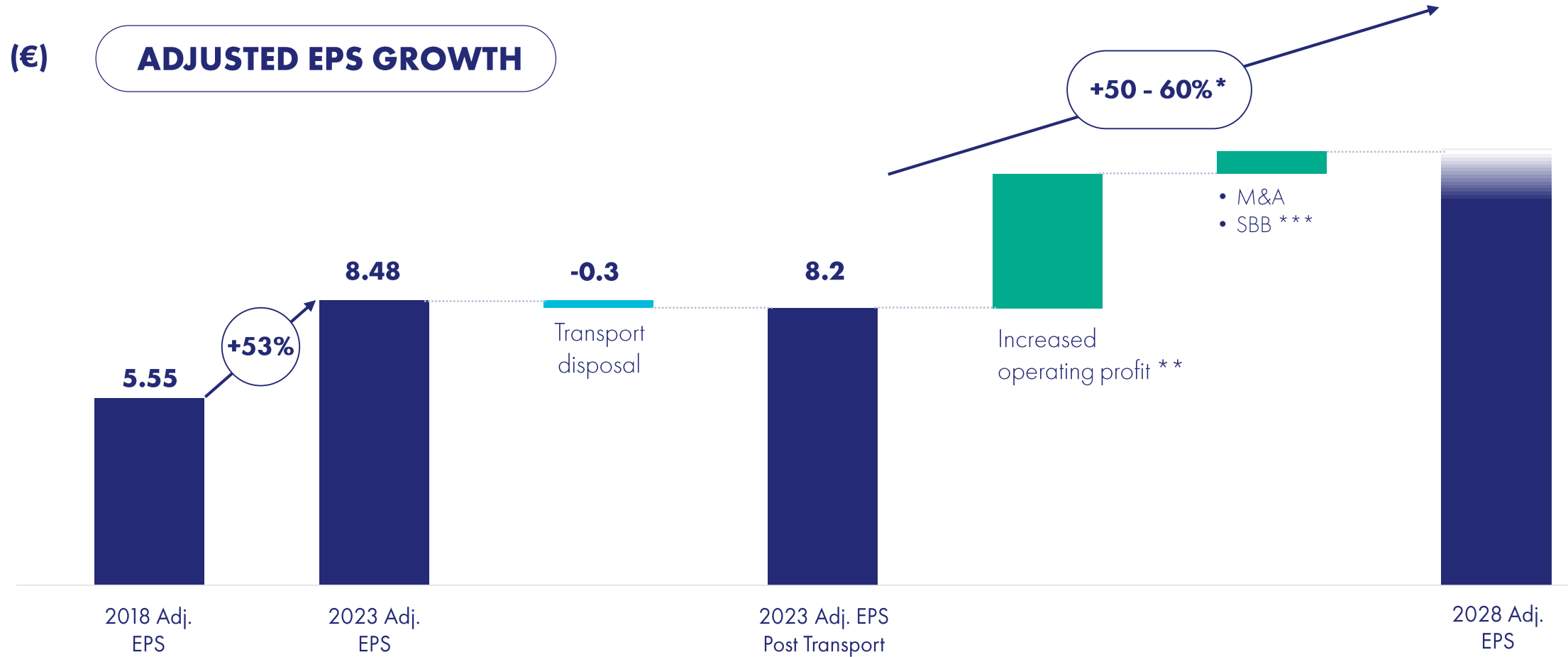


CYBER & DIGITAL



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

# OPERATING PROFIT TO BOOST ADJUSTED EPS



\* Assuming stable tax regulations vs. 2023 in the countries where Thales operates.

\*\* Post interest and tax.

\*\*\* Share buy back.

# 2024-2028

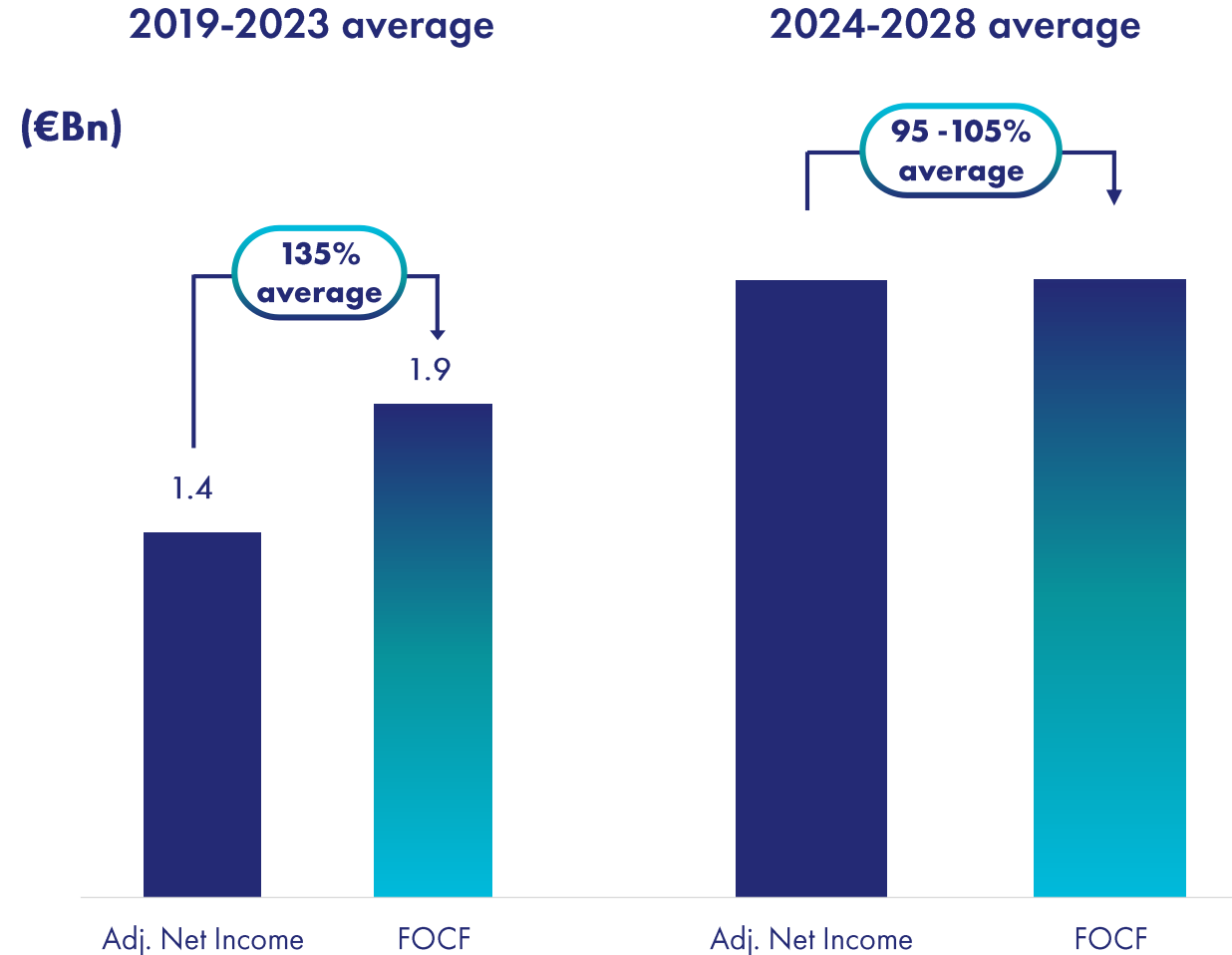
## FOCF CONVERSION CLOSE TO 100%

### 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



# ACTIVE CAPITAL ALLOCATION POLICY

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

\* 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



## Thales

4 rue de la verrerie  
92160 Paris Meudon  
France

[ir@thalesgroup.com](mailto:ir@thalesgroup.com)

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

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

