



# 2021 Full-Year results

3 March 2022



# Full-Year 2021 highlights



## Results

New record order intake

Back to significant sales growth

Double-digit EBIT margin

Unprecedented level of free operating cash-flow...

...driving major upgrade to 2019-23 cash conversion target

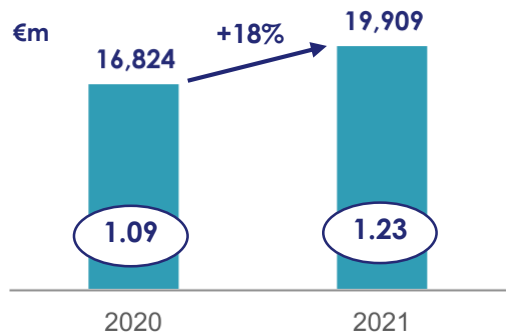
## Strategy

Announcement of transport disposal

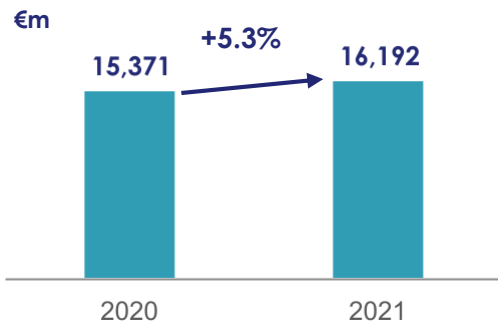
Acceleration of sustainability strategy

# 2021 key financial figures

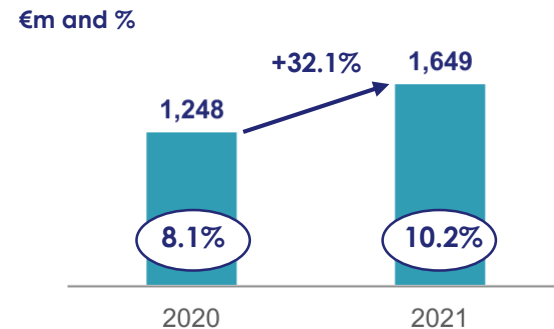
## Order intake and book-to-bill<sup>(a)</sup>



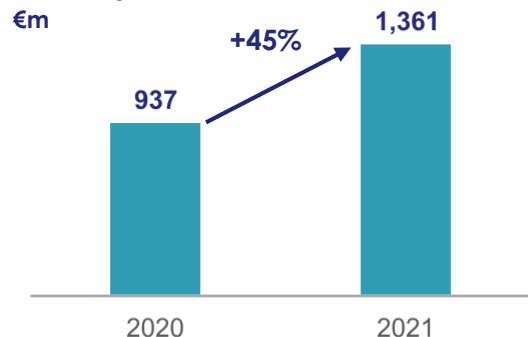
## Sales<sup>(a)</sup>



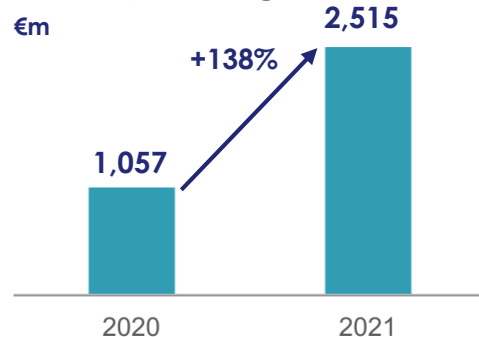
## EBIT and EBIT margin<sup>(a) (b)</sup>



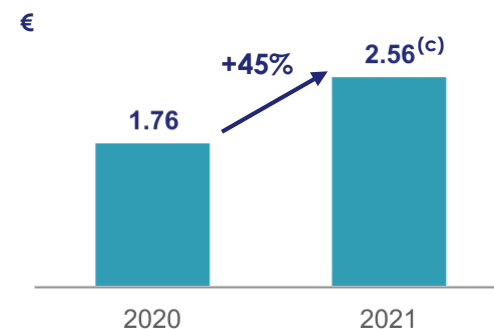
## Adjusted net income<sup>(b)</sup>



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



## Dividend



(a) 2020 figures have been adjusted to reflect the application of IFRS5 (transport disposal)

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

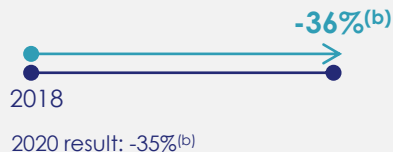
(c) Proposed to the 11 May 2022 Annual General Meeting

# 2021 key non-financial figures

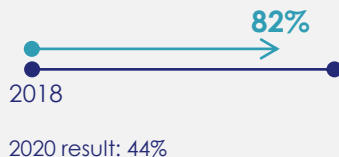
## Strategy for a low-carbon future

### Targets

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

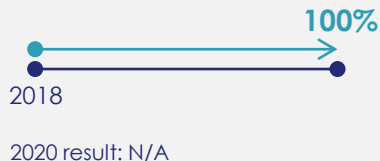


**100%** of new developments incorporating **eco-design** by 2023



## Ethics & compliance

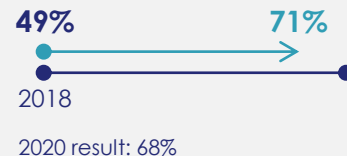
**100%** of exposed employees trained on **anticorruption** every 2 years



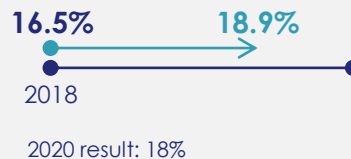
## Diversity & inclusion

### Targets

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

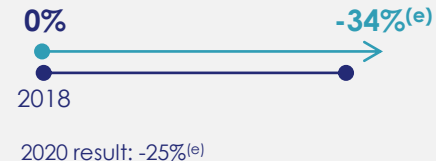


**20%** of women in senior management<sup>(c)</sup> by 2023



## Health & safety at work

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



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

(b) 2020 and 2021 boosted by low level of business travel due to Covid-19 crisis

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

(d) Compared to 2018 frequency rate

(e) 2020 and 2021 boosted by high level of work-from-home due to Covid-19 crisis

# 2021 order intake

## Record high order intake despite ongoing Covid-19 impacts, driven by a strong Q4

- 12 large<sup>(a)</sup> orders booked in Q4 2021
- 21 large<sup>(a)</sup> orders booked in 2021

## 2021 book-to-bill of 1.23 and 1.28 excluding DIS, whose book-to-bill is structurally equal to 1

## Strong performance across geographies

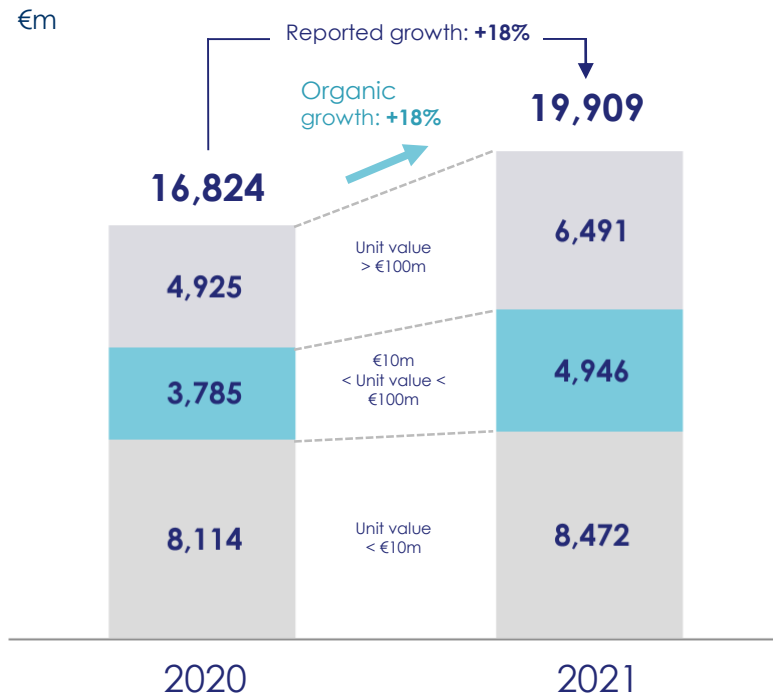
- Fourth year in a row of record order intake in mature markets
- +38% rebound in emerging markets

## Small orders<sup>(b)</sup> up by 4%, growing across the 3 segments and driven by Aerospace at +6%

(a) With a unit value over €100m

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

## Order intake by contract unit value



# 2021 organic sales growth

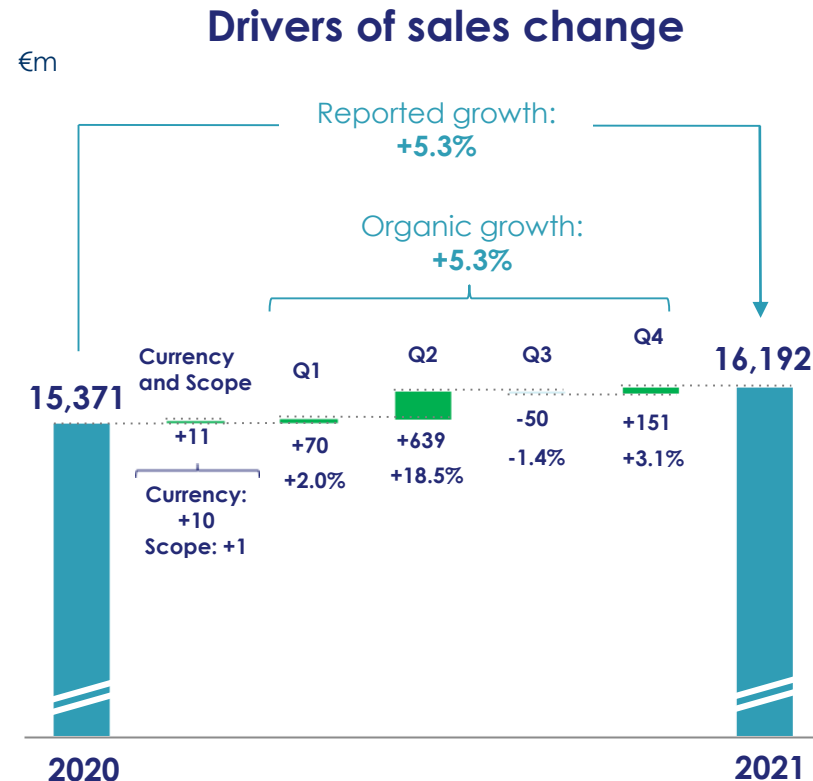
## Positive currency impacts in Q4 offset H1 2021 headwind

- Q4: €59m, +1.2% of sales
- FY2021: €10m, +0.1%% of sales

## Organic sales growth reflecting on-going recovery

- Q4: all operating segments progressing vs. Q4 2020, including double-digit growth at DIS
- FY2021: progressive recovery driven by Space and Defense
  - Flight avionics and IFE sales down by 8%

## Mature markets up by 7.1% while emerging markets remain flat vs. 2020

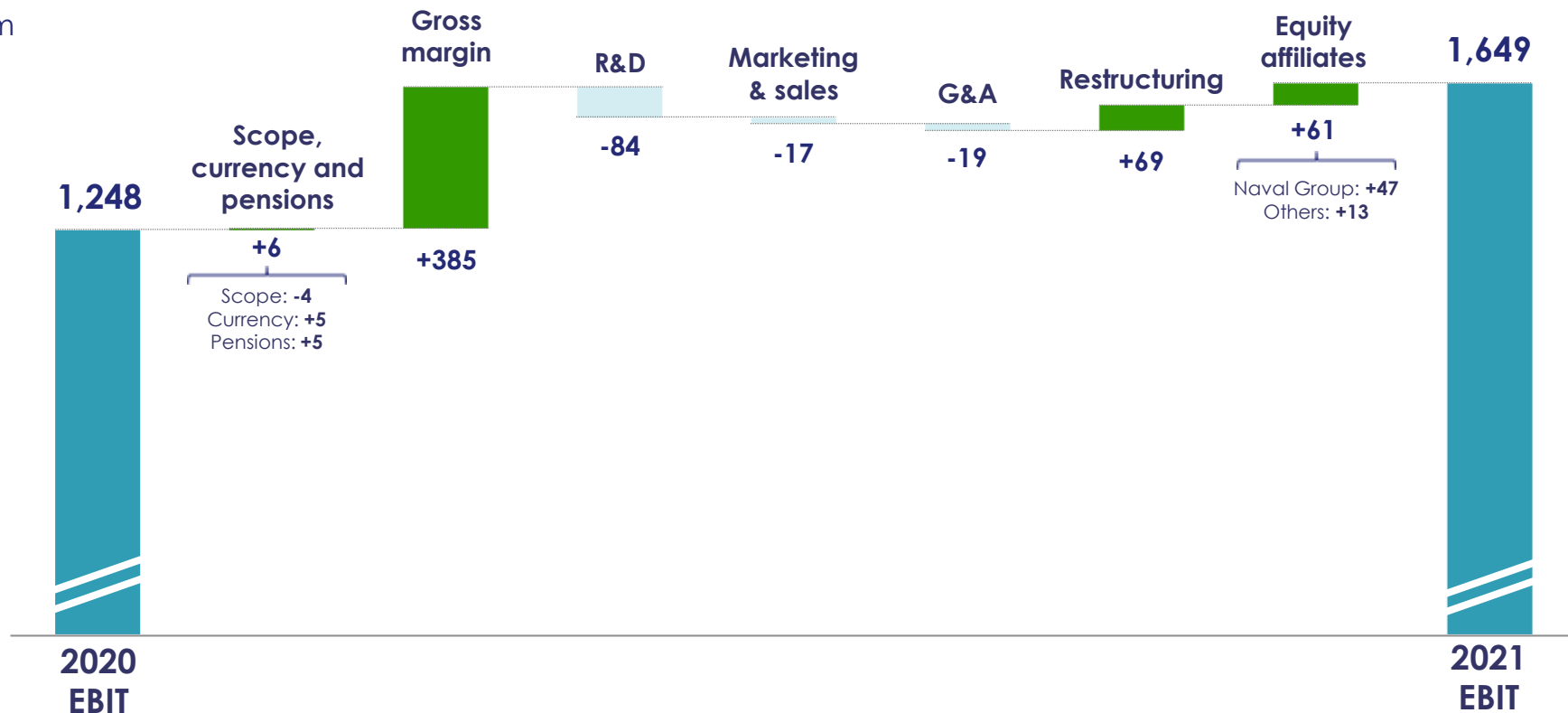


# Summary adjusted P&L: from sales to EBIT

	2021		2020		Change	
	€m	% of sales	€m	% of sales	total	organic
<b>Sales</b>	<b>16,192</b>		<b>15,371</b>		<b>+5.3%</b>	<b>+5.3%</b>
Gross margin	4,405	27.2%	4,016	26.1%	+9.7%	+9.7%
Indirect costs	(2,797)	-17.3%	(2,680)	-17.4%	+4.4%	+4.5%
o/w R&D expenses	(1,027)	-6.3%	(943)	-6.1%	+8.9%	+8.9%
o/w Marketing & Sales expenses	(1,226)	-7.6%	(1,210)	-7.9%	+1.3%	+1.4%
o/w General & Administrative expenses	(545)	-3.4%	(527)	-3.4%	+3.5%	+3.6%
Restructuring costs	(91)		(160)		-43.1%	-43.1%
Share in net result of equity-accounted affiliates, excluding Naval Group	63		50			
<b>EBIT, excluding Naval Group</b>	<b>1,580</b>	<b>9.8%</b>	<b>1,227</b>	<b>8.0%</b>	<b>+28.8%</b>	<b>+28.7%</b>
Share in net result of Naval Group	69		22			
<b>EBIT</b>	<b>1,649</b>	<b>10.2%</b>	<b>1,248</b>	<b>8.1%</b>	<b>+32.1%</b>	<b>+31.9%</b>

# 2020 to 2021 EBIT bridge

€m







# Aerospace: 2021 key figures



€m	2021	2020	Change	
			total	organic
<b>Order intake</b>	<b>5,631</b>	<b>3,822</b>	+47%	+48%
<b>Sales</b>	<b>4,463</b>	<b>4,217</b>	+5.8%	+6.1%
<b>EBIT</b>	<b>202</b>	<b>-76</b>	NM	NM
in % of sales	4.5%	-1.8%		

## Very strong growth in order intake driven by record high Space and a progressive rebound of Flight Avionics and In-Flight Entertainment

- Strong momentum in both institutional space projects and commercial telecom activities
- Avionics up 33% in Q4 (including new Rafale orders in military avionics)

Organic sales growth resulting from exceptionally strong Space growth, and Avionics still slightly down at ~-3%, despite Flight Avionics aftermarket up by 13%

EBIT back to positive contribution



# Defense & Security: 2021 key figures



€m	2021	2020	Change	
			total	organic
<b>Order intake</b>	<b>11,185</b>	<b>9,922</b>	+13%	+12%
<b>Sales</b>	<b>8,633</b>	<b>8,085</b>	+6.8%	+5.7%
<b>EBIT</b>	<b>1,111</b>	<b>1,039</b>	+7.0%	+8.6%
in % of sales	12.9%	12.9%		

## Third year record high order intake with a backlog now over 3 years of revenues

- 13 large (€100m+) orders in 6 countries, including jumbo contracts in France and Egypt
- Book-to-bill up from 1.23 in 2020 to 1.30 in 2021
- New record high backlog of €26.1bn, providing extended visibility

## Solid organic growth vs. Covid-disrupted FY2020, +3.5% organic growth vs. high comps FY 2019

## EBIT margin once again in upper range of medium-term guidance range

- Additional R&D efforts (+50bps) to support future growth



# Digital Identity & Security (DIS): 2021 key figures



€m	2021	2020	Change	
			total	organic
<b>Order intake</b>	<b>2,995</b>	<b>3,023</b>	-1%	+1%
<b>Sales</b>	<b>2,995</b>	<b>2,992</b>	+0.1%	+2.0%
<b>EBIT</b>	<b>358</b>	<b>324</b>	+10.3%	+6.2%
in % of sales	11.9%	10.8%		

## Order intake structurally aligned with sales for most businesses

### Full Year organic sales up by 2% despite on-going disruptions in biometrics and supply chain tensions

- Strong double digit growth in cybersecurity
- Smart cards up 2.5% organically, with a strong Q4 despite chips shortage
- Biometrics at ~-6% organically but with encouraging signs of recovery in Q4

### Strong EBIT margin progression, fully aligned with medium term target

- Commercial margin improvement across all businesses
- Leverage on higher cybersecurity and smart cards sales
- Full impact of cost synergies

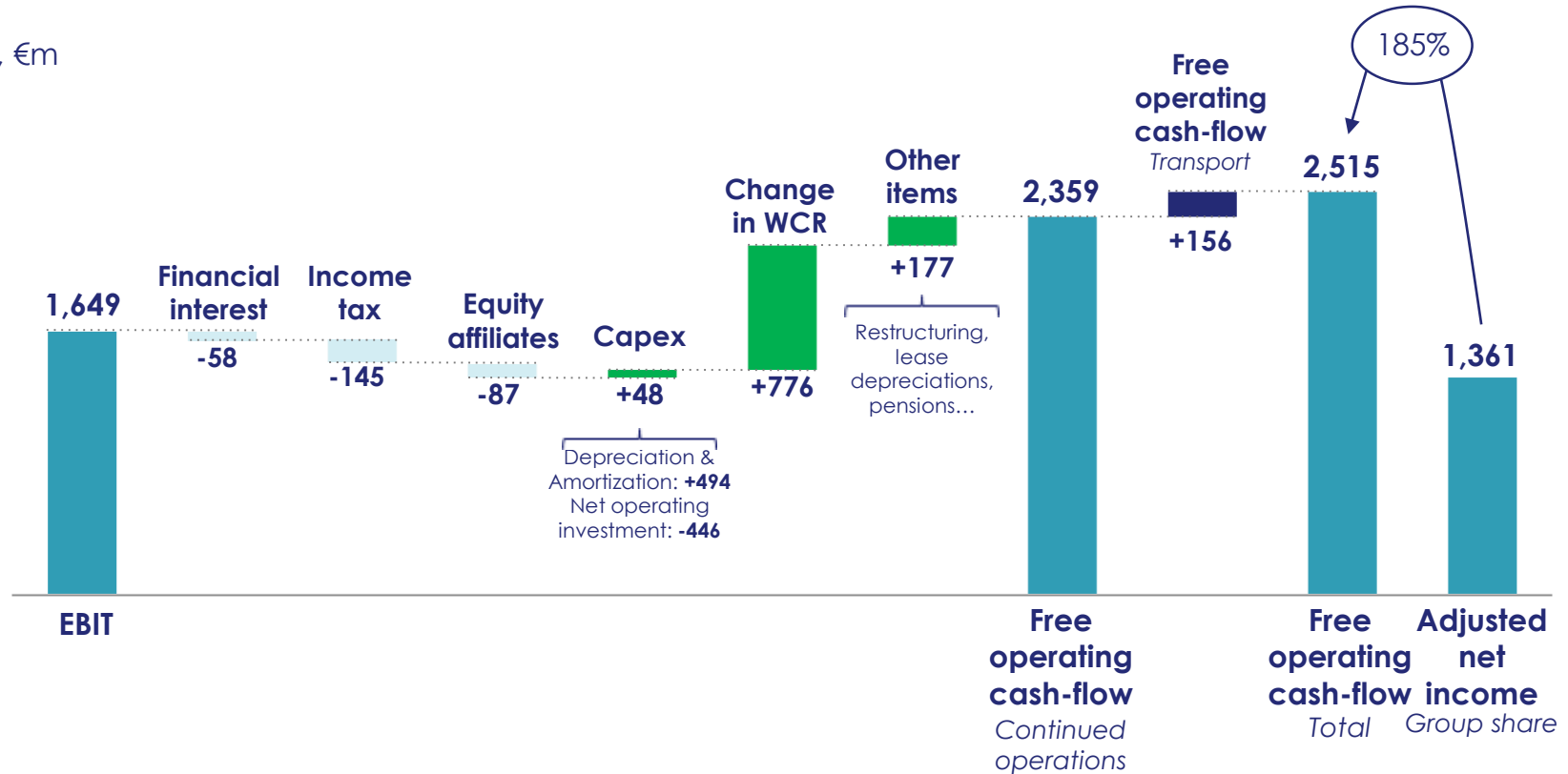
## Summary adjusted P&L: from EBIT to adjusted net income

€m	2021	2020
<b>EBIT</b>	1,649	1,248
Cost of net financial debt and other financial results	(78)	(84)
Finance costs on pensions and other employee benefits	(30)	(37)
Income tax	(244) <sup>(a)</sup>	(232)
<i>Effective tax rate</i>	17.3%	22.0%
<b>Adjusted net income - discontinued operations</b>	117	58
<b>Adjusted net income</b>	1,414	953
Minus, Minorities	(53)	(16)
<b>Adjusted net income, Group share</b>	1,361	937
<b>EPS: Adjusted net income, Group share, per share (in €)</b>	6.39	4.40

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

# Cash conversion: from EBIT to Free Operating Cash Flow

2021, €m



# Sustained and sustainable cash conversion, driving major upgrade to 2019-2023 target

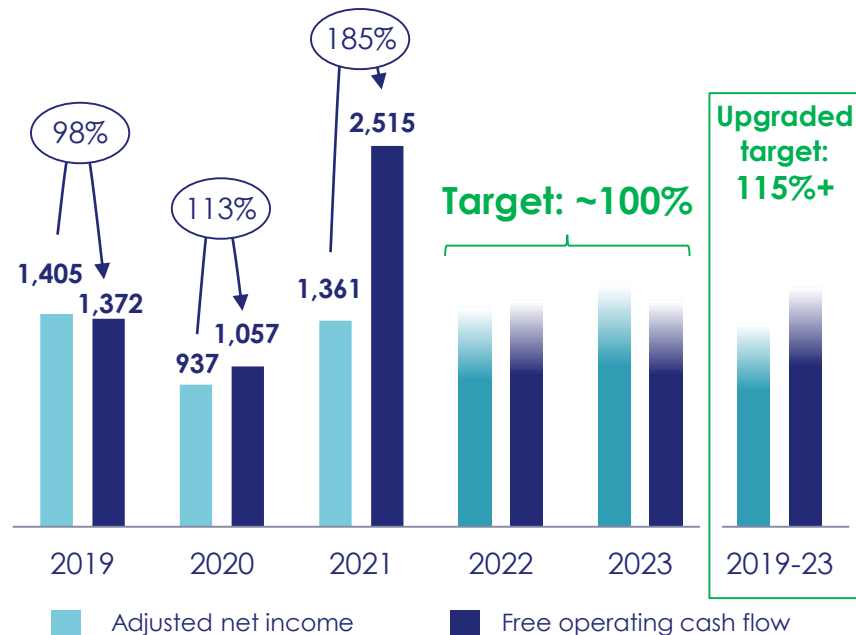
## 3 factors driving 2021 outperformance

- Very strong order intake, especially in emerging markets
- Internal cash initiatives and positive one-offs
- Cut-off effects

## 20-point upgrade to 2019-2023 cash conversion target

- Now targeting 115%+ on a reported basis<sup>(a)</sup>
- Equivalent to ~€5.5bn free operating cash-flow over 2021-2023
- 2022: unwinding of 2021 cut-off effects fully offset by expected downpayments

## Adjusted net income conversion into Free operating cash flow



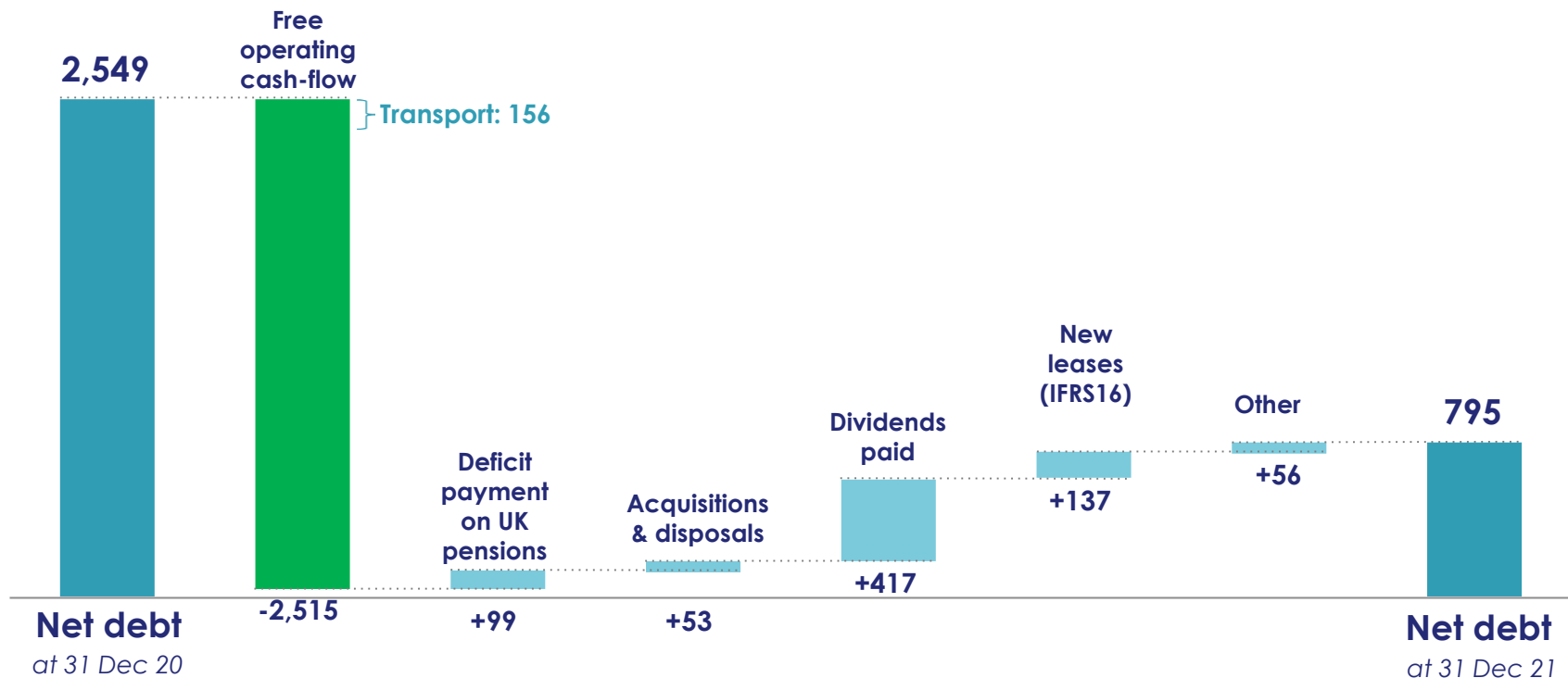
xx%

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

(a) Previous target: "around 95% on average over the 2019-2023 period, on a reported basis"

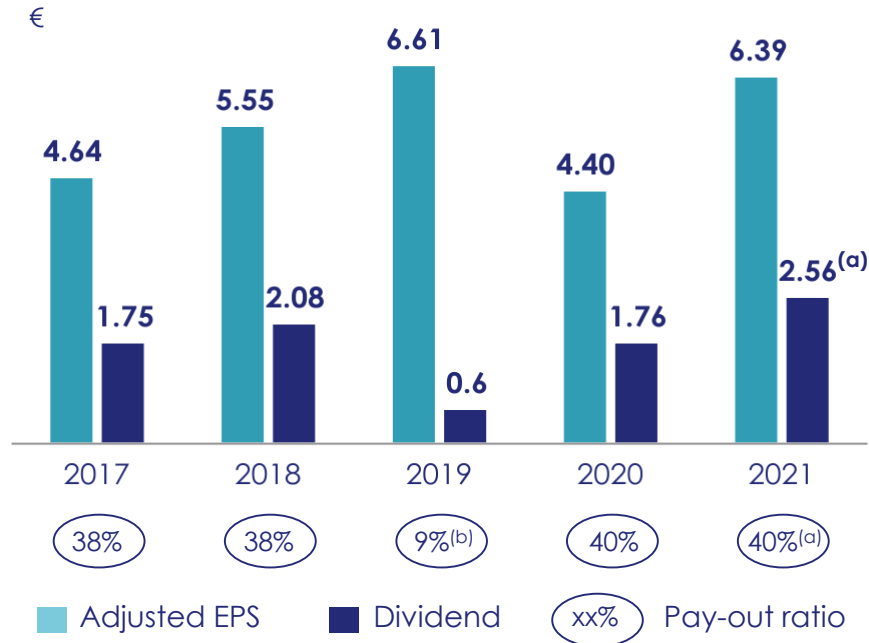
# Movement in net debt over 2021

€m



# Adjusted EPS and cash returns

## Adjusted EPS and dividend per share



(a) Subject to approval by the 11 May 2022 Annual General Meeting

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

(c) Approximately 7.47 million shares

## Adjusted EPS only 3% below 2019

- Up 8% per year since 2017

## Proposed 2021 dividend: €2.56 per share<sup>(a)</sup>

- Pay-out ratio confirmed at 40%
- Up 10% per year since 2017

## Share buy back program on 3.5% of the share capital<sup>(c)</sup>



**THALES**

2021 Full-Year results

# Strategy and outlook



# Executing full-speed on value-maximizing strategy

- 1 Refocus portfolio on 3 leading and highly synergistic businesses
- 2 Accelerate R&D investments to reinforce technology leadership
- 3 Take our sustainability performance to the next level
- 4 Constantly roll out new operational performance action plans
- 5 Leverage sustainably high cash generation

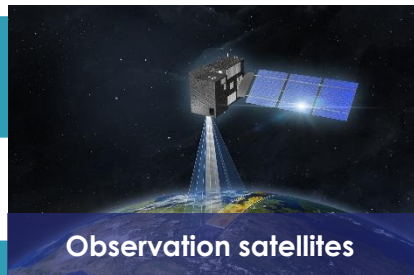
# 1 Portfolio focused on 3 leading and highly synergistic businesses

← Critical decision chain →

Sensing and data gathering

Data transmission and storage

Data processing and decision making



Aerospace



Defense & Security



Digital identity & Security

# 1 Aerospace: a solid multi-year recovery

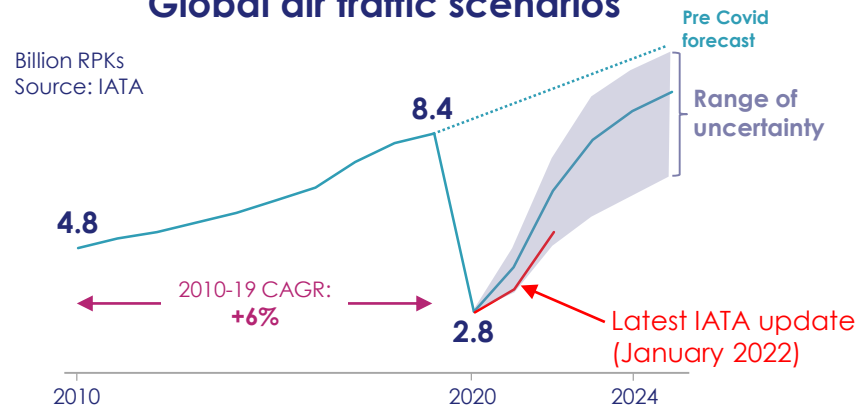
## Avionics and IFE benefiting from multi-year air transport rebound

- Structural cost adaptation completed
- Margin leverage on sales recovery and development of a single global services business line

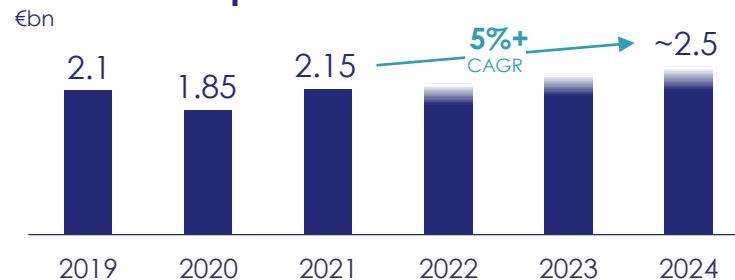
## Space: record 2021 order intake underpins sustained 5%+ growth

- Major wins across key institutional markets
- Flexible telco satellite product line Space Inspire selected by SES and Intelsat
- R&D investments sustained

## Global air traffic scenarios



## Space sales trend(a)



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

# 1 Defense & Security: a compelling growth and margin profile

## Sustained defense budget growth across key Thales markets

## Leading positions on many faster growing market segments

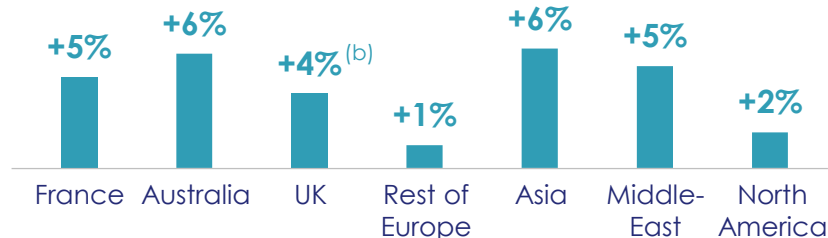
- Radars and sonars
- Secured networks and connectivity
- Command and control solutions

## New growth opportunities

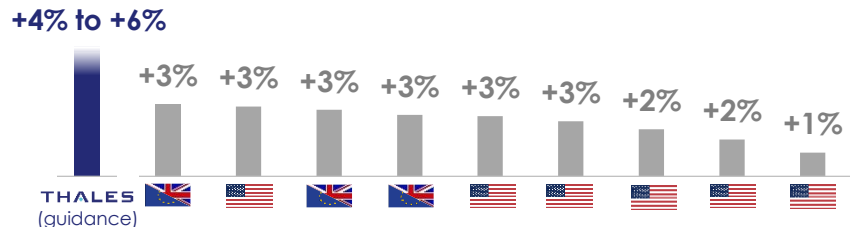
- New generation air surveillance, including counter UAV
- Defense cloud solutions
- Collaborative combat

## Industry-leading margins

### 2022-24 defense budget growth in key Thales markets<sup>(a)</sup>



### Defense business 2022-24 sales growth vs peers<sup>(c)</sup>



(a) Source: Jane's Defence Budget, February 2022. Asia: India, South Korea and Singapore, Middle-East: Saudi Arabia, UAE, Qatar and Egypt

(b) 2021-24, +6% real equipment procurement and support CAGR from 20/21 to 24/25 as described in February 2022 Defense equipment plan

(c) 10 largest US/UK/EU listed defense companies. Defense segment for non pure defense companies. Sales CAGR based on Bloomberg consensus at 23 February 2022.

# 1 DIS: delivering in line with strategic ambition

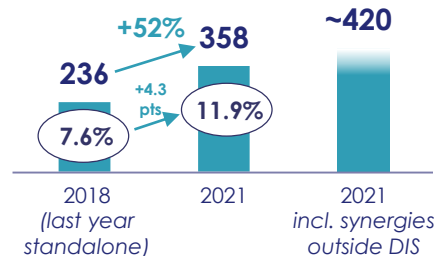
## Compelling delivery on EBIT and free operating cash flow

- Cost synergies above plan
- Disciplined focus on costs and cash
- Rigorous management of chip shortage
- Maximizing value of smart card businesses

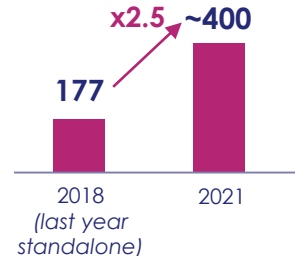
## Adding several growth platforms to Group portfolio

- Data protection, IoT and cloud security
- Identity & Access Management
- 5G SIM and eSIM
- Public and commercial biometrics
- Product revenue synergies

### DIS EBIT and EBIT margin



### DIS Free operating cash flow



### Selected DIS fast-growing markets

	2025 market size	2020-25 forecasted market growth
Data protection	~€9bn	x2
Identity and Access Management	~€15bn	x2
5G SIM and eSIM shipments	~1.2bn units	x3

Sources: Gartner, IDC, ABI

## Core digital technologies now systematically integrated in products

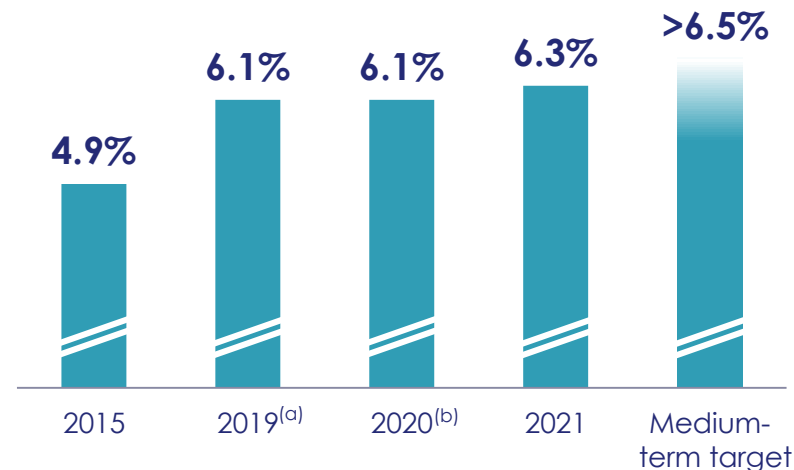
- Cybersecurity
- Big data analytics and artificial intelligence
- Connectivity, IoT
- Digital identity, biometrics

## Accelerating R&D investment areas

- Edge and far edge computing
- Quantum sensors and communication
- Cloud security

## Self-funded R&D

% of sales



(a) 2019 pro forma Gemalto over 12 months

(b) 2020, 2021 and medium-term: continued operations (excl. transport)

## Sustainability drives growth

- Double-digit growth in cybersecurity
- Major satellite projects in navigation, environmental monitoring, and to reduce the digital divide
- Research funding for “green” aircraft/airport operations

## Solid progress on key internal initiatives

- Comprehensive action plan, focused on 4 priority areas
- Submission of climate targets to SBTi on track
- Step change in governance

## Best-in-class ethics & compliance practices

## Portfolio addresses major societal issues





## Groupwide operational performance initiatives

**Procurement performance**

**Engineering competitiveness**

**Support function efficiency**

**Excellence in delivery**

## Key 2022 priorities

- Engineering transformation
- Manufacturing competitiveness, Industry 4.0
- Deployment of Sales & Operation Planning (S&OP) best practices
- Fixed cost adaptation post transport disposal

## 5 Leverage sustainably high cash generation

### Highly cash generative businesses, with diversified cash cycles

- Large projects with downpayments vs short-cycle flow businesses
- Commercial vs institutional customers

2019-2023 cash generation significantly above cumulative adjusted net result

Cash-in from transport disposal



### Balanced capital allocation to support sustainable value creation

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

## 5 Disciplined M&A strategy

### Strategic focus on bolt-on acquisitions, up to €500m enterprise value

- Reinforcing group technology portfolio
- Expanding geographical footprint

### No intention to diversify into markets other than those already served

### Key financial criteria

- Contribution to growth
- Potential for synergies
- Valuation

### Examples of recent acquisitions

#### RUAG S&T

- Simulation & training solutions for security organizations and armed forces
- ~€90m sales, ~500 employees
- Strong complement to Thales's simulation and training portfolio
- Creates European leader in niche segment
- Expected closing: H1 2022

#### Moog's navigation aids business

- Navigation aids for military air traffic control
- ~€25m sales, ~50 employees
- Complements Thales's navigation aid offer
- Strengthens Thales's presence in the US
- Closed in December 2021

## Business environment assumptions

- Improving health situation driving gradual air traffic recovery
- Supply chain challenges and inflation picking up (wages, energy, logistics)
- Degrading geopolitical context
  - Economic sanctions and disruptions induced by Russian invasion of Ukraine
  - Higher defense spending

## Key priorities

- Addressing short-term operational challenges: staffing, supply chain, consequences of economic sanctions...
- Continued focus on growth initiatives
  - Further ramp up of DIS synergies
  - Digital innovation opportunities
- Execution of transport disposal
- Further implementation of ESG strategy

# 2022 financial objectives

<b>Order intake</b>	<b>Book-to-bill above 1</b>
<b>Sales</b>	<b>€16.6 to 17.2 billion<sup>(a)</sup></b> corresponding to +2% to +6% organic growth
<b>EBIT margin<sup>(b)</sup></b>	<b>10.8% to 11.1%<sup>(a)</sup></b>

(a) Assuming no new major disruptions of the health situation, of the economic context, and of global supply chains. Current assessment of the impact of the Russia-Ukraine crisis on 2022 sales to both countries: ~€100m. Based on February 2022 scope and foreign exchange rates

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

## Focus on 3 leading high tech ESG-aligned businesses

- Simplified exposure to 3 long-term growth markets
- Able to sustainably deliver double-digit margins

## Continued implementation of key Ambition 10 strategic levers

- Further acceleration of R&D investments
- Constant focus on operational performance

## Leveraging sustainably high cash generation

- Strict M&A discipline
- Cash returns to shareholders

AMBITION

Sustainable  
value creation



# Appendix



# Upcoming events

**Q1 2022 sales**

**28<sup>th</sup> April 2022**  
(before market)

**Annual General Meeting**

**11<sup>th</sup> May 2022**

**Dividend payment<sup>(a)</sup>**

**19<sup>th</sup> May 2022**

**H1 2022 results**

**22<sup>rd</sup> July 2022**  
(before market)

**Q3 and 9m 2022 sales**

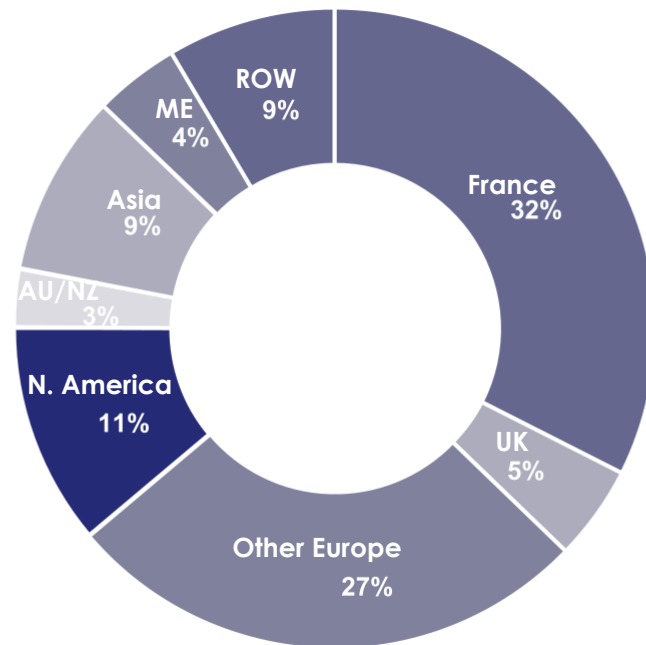
**26<sup>th</sup> October 2022**  
(before market)

(a) Subject to approval by the 11<sup>th</sup> May 2022 Annual General Meeting. Ex-dividend date: 17<sup>th</sup> May 2022.



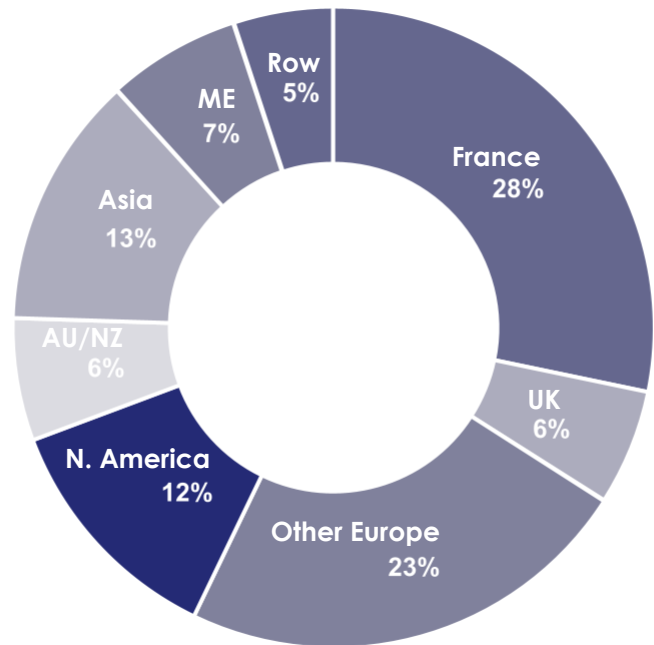
# 2021 order intake by destination

In € millions	FY	FY	Change	
	2021	2020	Total	Organic
France	6,455	4,487	44%	44%
United Kingdom	955	1,162	-18%	-20%
Rest of Europe	5,300	5,257	1%	1%
<b>Europe</b>	<b>12,711</b>	<b>10,905</b>	<b>17%</b>	<b>16%</b>
North America	2,230	1,930	16%	18%
Australia / NZ	586	770	-24%	-27%
<b>Mature markets</b>	<b>15,527</b>	<b>13,605</b>	<b>14%</b>	<b>14%</b>
Asia	1,829	1,497	22%	24%
Middle East	856	999	-14%	-13%
Rest of the world	1,696	723	135%	137%
<b>Emerging markets</b>	<b>4,381</b>	<b>3,219</b>	<b>36%</b>	<b>38%</b>
<b>Total</b>	<b>19,909</b>	<b>16,824</b>	<b>18%</b>	<b>18%</b>



# 2021 sales by destination

In € millions	FY	FY	Change	
	2021	2020	Total	Organic
France	4,545	4,168	9%	9%
United Kingdom	940	968	-3%	-6%
Rest of Europe	3,719	3,331	12%	11%
<b>Europe</b>	<b>9,204</b>	<b>8,467</b>	<b>9%</b>	<b>8%</b>
North America	1,952	1,887	3%	5%
Australia / NZ	994	944	5%	1%
<b>Mature markets</b>	<b>12,150</b>	<b>11,298</b>	<b>8%</b>	<b>7%</b>
Asia	2,057	2,079	-1%	0%
Middle East	1,084	1,039	4%	5%
Rest of the world	901	954	-6%	-4%
<b>Emerging markets</b>	<b>4,042</b>	<b>4,073</b>	<b>-1%</b>	<b>0%</b>
<b>Total</b>	<b>16,192</b>	<b>15,371</b>	<b>5%</b>	<b>5%</b>



# 2021 adjusted net result

€m	Consolidated	Amortization of acquired assets (PPA)	Expenses related to acquisitions	Disposal of assets and others	Change in fair value of derivative FX instruments	Actuarial gains/ losses on other long term benefits	Expenses related to the disposal of transport	Income related to the disposal of transport	Adjusted
	P&L								P&L
	2021								2021
<b>Sales</b>	<b>16,192</b>	—	—	—	—	—	—	—	<b>16,192</b>
Cost of sales	-12,159	372	—	—	—	—	—	—	-11,787
R&D	-1,027	—	—	—	—	—	—	—	-1,027
Selling costs	-1,226	—	—	—	—	—	—	—	-1,226
G&A costs	-545	—	—	—	—	—	—	—	-545
Restructuring costs	-92	—	1	—	—	—	—	—	-91
<b>Income from operations</b>	<b>1,144</b>	<b>372</b>	<b>1</b>	—	—	—	—	—	<b>1,517</b>
Share in net income (loss) of equity affiliates	104	28	—	—	—	—	—	—	132
Income of operating activities incl. share in net income of equity affiliates	1,247	—	—	—	—	—	—	—	N/A
<b>EBIT</b>	<b>N/A</b>	<b>401</b>	<b>1</b>	—	—	—	—	—	<b>1,649</b>
Result of disposal of assets, change in scope and others	49	—	—	-49	—	—	—	—	—
Impairment loss on assets	—	—	—	—	—	—	—	—	—
Cost of net financial debt	-57	—	—	—	—	—	—	—	-57
Other financial income (expense)	-53	—	—	—	32	—	—	—	-21
Finance costs on pensions and other employee benefits	-22	—	—	—	—	-8	—	—	-30
Income tax	-148	-101	—	12	-8	2	—	—	-244
Net income from continuing operation	1,017	299	1	-37	23	-6	—	—	1,297
Net income from discontinued operations	118	—	—	-1	-7	—	19	-11	117
<b>Net income (loss)</b>	<b>1,134</b>	<b>299</b>	<b>1</b>	<b>-38</b>	<b>16</b>	<b>-6</b>	<b>19</b>	<b>-11</b>	<b>1,414</b>
Minorities	-46	-8	—	—	—	—	—	—	-53
<b>Net income (loss), Group share</b>	<b>1,089</b>	<b>291</b>	<b>1</b>	<b>-38</b>	<b>16</b>	<b>-6</b>	<b>19</b>	<b>-11</b>	<b>1,361</b>

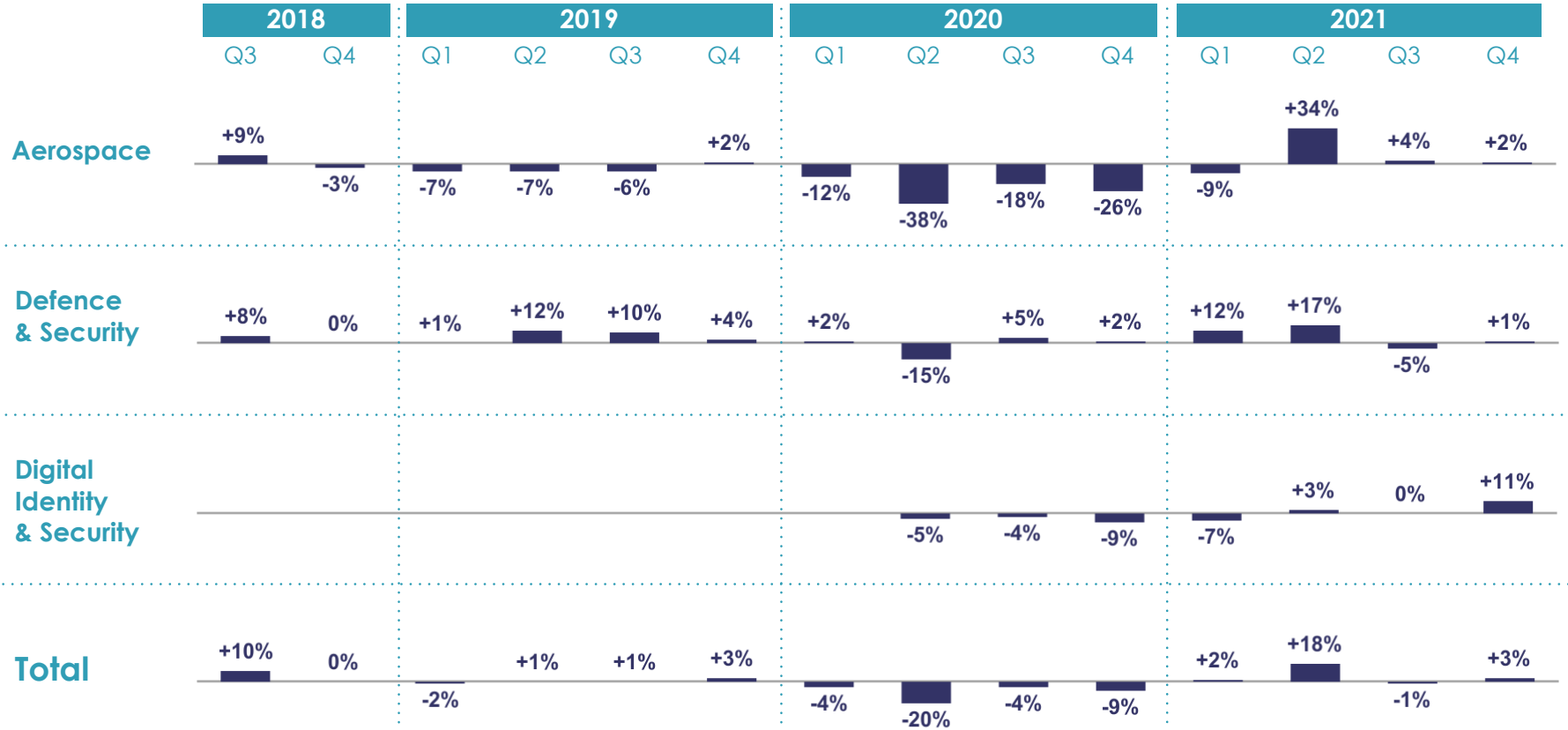
# 2020 adjusted net result

€m	Consolidated P&L	Amortization of acquired assets (PPA)	Expenses related to acquisitions	Disposal of assets and others	Change in fair value of derivative FX instruments	Actuarial gains/losses on other long term benefits	Adjusted P&L
	2020						2020
<b>Sales</b>	<b>15,371</b>	—	—	—	—	—	<b>15,371</b>
Cost of sales	-11,791	435	1	—	—	—	-11,355
R&D	-943	—	—	—	—	—	-943
Selling costs	-1,211	—	1	—	—	—	-1,210
G&A costs	-527	—	—	—	—	—	-527
Restructuring costs	-165	—	5	—	—	—	-160
<b>Income from operations</b>	<b>734</b>	<b>435</b>	<b>7</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,176</b>
Share in net income (loss) of equity affiliates	45	27	—	—	—	—	72
Income of operating activities incl. share in net income of equity affiliates	779	—	—	—	—	—	N/A
<b>EBIT</b>	<b>N/A</b>	<b>463</b>	<b>7</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,248</b>
Result of disposal of assets, change in scope and others	44	—	—	-44	—	—	—
Impairment loss on assets	-135	—	—	135	—	—	—
Cost of net financial debt	-55	—	—	—	—	—	-55
Other financial income (expense)	-77	—	—	—	49	—	-29
Finance costs on pensions and other employee benefits	-42	—	—	—	—	4	-37
Income tax	-65	-124	—	-27	-15	-1	-232
Net income from continuing operation	450	338	6	65	33	3	895
Net income from discontinued operations	42	14	—	2	-1	—	57
<b>Net income (loss)</b>	<b>492</b>	<b>353</b>	<b>6</b>	<b>66</b>	<b>32</b>	<b>3</b>	<b>953</b>
Minorities	-9	-8	—	—	—	—	-16
<b>Net income (loss), Group share</b>	<b>483</b>	<b>345</b>	<b>6</b>	<b>66</b>	<b>32</b>	<b>3</b>	<b>937</b>

# EBIT by operating segment

€m / % of sales	2021		2020		Change	
					<i>total</i>	<i>organic</i>
Aerospace	202	4.5%	-76	-1.8%	<i>n.m</i>	<i>n.m</i>
Defence & Security	1,111	12.9%	1,039	12.9%	+7.0%	+8.6%
Digital Identity & Security	358	11.9%	324	10.8%	+10.3%	+6.2%
<b>EBIT - operating segments</b>	<b>1,671</b>	<b>10.4%</b>	<b>1,287</b>	<b>8.4%</b>	<b>+29.9%</b>	<b>+29.7%</b>
Other	-22		-39			
<b>EBIT - excluding Naval Group</b>	<b>1,580</b>	<b>9.8%</b>	<b>1,227</b>	<b>8.0%</b>	<b>+28.8%</b>	<b>+28.7%</b>
Naval Group	69		22			
<b>EBIT - total</b>	<b>1,649</b>	<b>10.2%</b>	<b>1,248</b>	<b>8.1%</b>	<b>+32.1%</b>	<b>+31.9%</b>

# Organic sales growth per quarter



## Q4 2021 order intake by operating segment

€m	Q4	Q4	Change	
	2021	2020	Total	Organic
Aerospace	1,954	1,554	+26%	+25%
Defense & Security	6,359	6,069	+5%	+4%
Digital Identity & Security	889	796	+12%	+10%
Other	49	30		
<b>Total</b>	<b>9,252</b>	<b>8,449</b>	<b>+10%</b>	<b>+9%</b>

## Q4 2021 sales by operating segment

€m	Q4	Q4	Change	
	2021	2020	Total	Organic
Aerospace	1,355	1,319	+2.7%	+1.7%
Defense & Security	2,685	2,616	+2.6%	+1.2%
Digital Identity & Security	889	791	+12.4%	+10.8%
Other	40	32		
<b>Total</b>	<b>4,970</b>	<b>4,758</b>	<b>+4.4%</b>	<b>+3.1%</b>





# Transport: 2021 key figures



€m	2021	2020	Change	
			total	organic
<b>Order intake</b>	<b>1,947</b>	<b>1,652</b>	+18%	+17%
<b>Sales</b>	<b>1,665</b>	<b>1,618</b>	+2.9%	+2.4%
<b>EBIT</b>	<b>161</b>	<b>104</b>	+54.6%	+54.8%
in % of sales	9.6%	6.4%	+3.2 pts	+3.3 pts

**Order intake up 18%, driven by main line**

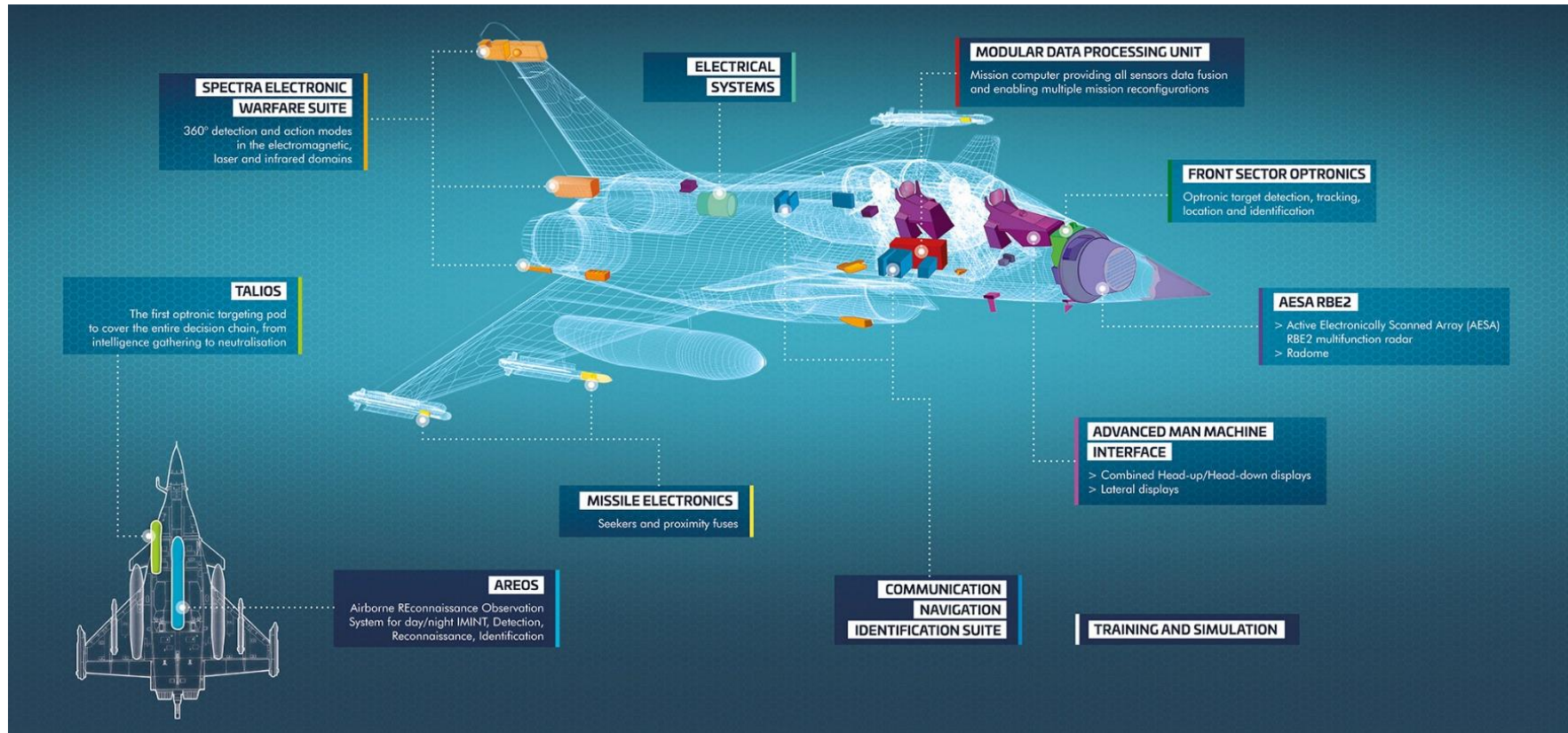
**Sales growth driven by strong main line business performance**

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

- Transformation plan continues to deliver margin improvement
- Reported EBIT margin boosted by reallocation of costs due to IFRS5<sup>(a)</sup>

(a) Following the classification of the Transport business as discontinued operation, certain costs have been reallocated to the operating segment "Other, Eliminations, Unallocated". Adjusted for these items, the EBIT margin would have reached 7.5% in 2021 (reported 2020 EBIT margin: 5.3%).

# Thales on board the Rafale



# Definition of non-GAAP measures and other remarks

## Rounding of amounts in euros

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

## Definitions

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

## Non-GAAP measures

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

- **EBIT:** income from operations; *plus* the share of net income or loss of equity affiliates *less:* amortization of acquired assets (PPA), expenses recorded in the income from operations that are directly related to business combinations. See also notes 13-a and 2 of the consolidated financial statements at 31 December 2021.
- **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 2021. This definition implies the definition of several other adjusted financial measures, such as adjusted gross margin, adjusted tax, adjusted EPS .... See page 16 and 17 of the 2021 results press release for detailed calculation of these other indicators.
- **Free operating cash flow:** net cash flow from operating activities, *less:* capital expenditures, *less:* deficit payments on pensions in the United Kingdom. See notes 13-a, 6.3 (continued operations) and 1.4 of the consolidated financial statements at 31 December 2021.
- **Net cash (debt):** difference between the sum of "cash and cash equivalents" and "current financial assets" items and short and long-term borrowings, after deduction of interest rate derivatives. See note 6.2 of the consolidated financial statements at 31 December 2021.

# THALES

Building a future we can all trust

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