

## Thales reports its order intake and sales for the first quarter of 2022

- Order intake: € 3.0 billion, down 4% (-6% on an organic basis<sup>1</sup>)
- Sales: € 3.7 billion, up 4.4% (+2.7% on an organic basis)
- All financial objectives confirmed

Thales (Euronext Paris: HO) today announced its order intake and sales for the first quarter of 2022.

Order intake <i>in € millions</i>	Q1 2022	Q1 2021	Total change	Organic change
Aerospace	1,182	998	+19%	+17%
Defense & Security	1,100	1,513	-27%	-29%
Digital Identity & Security	739	636	+16%	+12%
Other	12	10	NM	NM
<b>Total</b>	<b>3,033</b>	<b>3,157</b>	<b>-4%</b>	<b>-6%</b>
Of which mature markets <sup>2</sup>	2,566	2,409	+7%	+5%
Of which emerging markets <sup>2</sup>	466	748	-38%	-39%

Sales <i>in € millions</i>	Q1 2022	Q1 2021	Total change	Organic change
Aerospace	1,025	971	+5.6%	+4.2%
Defense & Security	1,950	1,949	+0.0%	-1.1%
Digital Identity & Security	739	636	+16.1%	+12.0%
Other	15	16	NM	NM
<b>Total</b>	<b>3,730</b>	<b>3,573</b>	<b>+4.4%</b>	<b>+2.7%</b>
Of which mature markets <sup>2</sup>	2,951	2,756	+7.1%	+5.4%
Of which emerging markets <sup>2</sup>	779	817	-4.7%	-6.3%

<sup>1</sup> In this press release, "organic" means "at constant scope and exchange rates".

<sup>2</sup> Mature markets: Europe, North America, Australia, New Zealand; emerging markets: all other countries. See table on page 5.

*“Q1 2022 sales and order intake are in line with our expectations. Order intake is logically lower than in Q1 2021, which included four large contracts worth more than €100 million each. The strong dynamics of our space and DIS businesses offset the slight decline in Defense & Security revenues, which is only due to a high basis of comparison. Despite supply chain tensions and uncertainties about the strength of air traffic recovery, we are confirming all our financial targets for 2022.”*

**Patrice Caine, Chairman and Chief Executive Officer**

## Order intake

**Order intake** for the first quarter of 2022 amounted to **€ 3,033 million, down 6%** compared to the first quarter of 2021 at constant scope and exchange rates, and down 4% on a reported basis, including a positive exchange rate effect of €50 million.

During the quarter, the Group recorded **two large orders worth over €100 million each**, for a total of **€387 million**, compared to four large orders in Q1 2021:

- the order of two Space Inspire satellites by Intelsat
- the order of an additional Space Inspire satellite by SES

At **€1,878 million**, intake of orders of **less than €10 million** was up 6% compared to Q1 2021, even though the civil aeronautics business remained affected by the public health crisis.

From a **geographical** perspective<sup>2</sup>, order intake was up 5% on an organic basis in mature markets and down 39% on an organic basis in emerging markets. Q1 2021 included the booking of the SATHIA telecommunications satellite in Indonesia.

At **€1,182 million**, compared to €998 million in the first quarter of 2021, **Aerospace** order intake grew by 17% on an organic basis, driven by the performance of the space business, with the two orders over €100 million mentioned above.

At **€1,100 million**, compared to €1,513 million in Q1 2021, **Defense & Security** order intake was down by 29% on an organic basis, as Q1 2021 included 3 orders of over €100 million each. The jumbo contract for the supply of 80 Rafale fighter jets to the United Arab Emirates will be booked in Q2 2022.

Order intake in the **Digital Identity and Security** segment is, as in every quarter, very close to sales, as most of the activities in this segment operate on short cycles.

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<sup>2</sup> See the table on page 5.

## Sales

**Sales** for the first quarter of 2022 were **€3,730 million**, compared with €3,573 million in the first quarter of 2021, up 4.4% on a reported basis and **up 2.7%** at constant scope and exchange rates.

From a **geographical** perspective<sup>2</sup>, growth was driven by mature markets, which recorded growth of 5.4% on an organic basis, driven in particular by strong market dynamics in Europe (+4.5%) and North America (+16.7%), partly offset by the decline in emerging markets (negative organic growth of -6.3%).

In the **Aerospace** segment, sales amounted to **€1,025 million**, up 4.2% compared to the first quarter of 2021 at constant scope and exchange rates. This increase is explained by the good dynamics of the Space business, which had already benefited from a strong increase in the first quarter of 2021. The civil aeronautics business continues to rebound gradually, driven by support and services, up 15% in the first quarter.

Sales in the **Defense & Security** segment reached **€1,950 million**, down -1.1% compared to the first quarter of 2021 at constant scope and exchange rates. This slight decrease is explained by the expected phasing effects on several contracts, with high growth (+12%) having been recorded in the first quarter of 2021. Growth is expected to accelerate from Q2 2022.

Sales in the **Digital Identity and Security** (DIS) segment amounted to **€739 million**, up 12.0% at constant scope and exchange rates compared to the first quarter of 2021. In addition to the gradual recovery in biometrics (passports) and the dynamics of the cybersecurity solutions business, this growth is explained by precautionary purchases and a price effect on EMV payment cards and SIM cards reflecting the significant increase in purchasing costs. The increase on a reported basis (+16.1%) includes a positive currency effect of 4.2 points (€24 million).

## Outlook

Order intake and sales for the first quarter of 2022 are in line with expectations. In this context, Thales confirms all of its annual objectives<sup>3</sup>, as listed below.

- As in 2020 and 2021, a **book-to-bill ratio above 1**;
- **Sales** in the range of **€16.6 billion** and **€17.2 billion**<sup>4</sup>; corresponding to organic growth between +2% and +6% compared to 2021;
- An **EBIT margin** between **10.8%** and **11.1%**, up 60 to 90 basis points from 2021.

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This press release contains certain forward-looking statements. Although Thales believes that its expectations are based on reasonable assumptions, actual results may differ significantly from the 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).

<sup>3</sup> Assuming there are no new major disruptions in the global economy, public health and global supply chains, and based on the current assessment of the effects of the Ukrainian crisis, particularly the economic sanctions taken against Russia.

<sup>4</sup> Based on the scope and exchange rates of February 2022

### About Thales

Thales (Euronext Paris: HO) is a global leader in advanced technologies, investing in digital and “deep tech” innovations – connectivity, big data, artificial intelligence, cybersecurity and quantum computing – to build a confident future crucial for the development of our societies. The Group provides its customers – businesses, organizations and governments – in the defense, aeronautics, space, transport, and digital identity and security domains with solutions, services and products that help them fulfill their critical role, consideration for the individual being the driving force behind all decisions.

Thales has 81,000 employees in 68 countries. In 2021, the Group generated sales of €16.2 billion.

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## Order intake by destination – Q1 2022

	Q1 2022	Q1 2021	Total change	Organic change	2022 weighting in %
<i>In € millions</i>					
France	558	881	-37%	-37%	18%
United Kingdom	229	143	+60%	+54%	8%
Rest of Europe	751	781	-4%	-4%	25%
<b>Subtotal Europe</b>	<b>1,539</b>	<b>1,805</b>	<b>-15%</b>	<b>-15%</b>	<b>51%</b>
United States and Canada	860	476	+81%	+69%	28%
Australia and New Zealand	168	128	+31%	+30%	6%
<b>Total mature markets</b>	<b>2,566</b>	<b>2,409</b>	<b>+7%</b>	<b>+5%</b>	<b>85%</b>
Asia	249	520	-52%	-52%	8%
Near and Middle East	79	82	-4%	-8%	3%
Rest of the world	138	146	-6%	-11%	5%
<b>Total emerging markets</b>	<b>466</b>	<b>748</b>	<b>-38%</b>	<b>-39%</b>	<b>15%</b>
<b>Total all markets</b>	<b>3,033</b>	<b>3,157</b>	<b>-4%</b>	<b>-6%</b>	<b>100%</b>

## Sales by destination – Q1 2022

	Q1 2022	Q1 2021	Total change	Organic change	2022 weighting in %
<i>In € millions</i>					
France	1,188	1,144	+3.9%	+3.9%	32%
United Kingdom	217	206	+5.4%	+1.7%	6%
Rest of Europe	819	768	+6.6%	+6.2%	22%
<b>Subtotal Europe</b>	<b>2,224</b>	<b>2,118</b>	<b>+5.0%</b>	<b>+4.5%</b>	<b>60%</b>
United States and Canada	495	393	+25.8%	+16.7%	13%
Australia and New Zealand	233	245	-4.8%	-6.2%	6%
<b>Total mature markets</b>	<b>2,951</b>	<b>2,756</b>	<b>+7.1%</b>	<b>+5.4%</b>	<b>79%</b>
Asia	366	420	-12.9%	-13.4%	10%
Near and Middle East	202	209	-3.0%	-4.7%	5%
Rest of the world	210	188	+11.6%	+7.1%	6%
<b>Total emerging markets</b>	<b>779</b>	<b>817</b>	<b>-4.7%</b>	<b>-6.3%</b>	<b>21%</b>
<b>Total all markets</b>	<b>3,730</b>	<b>3,573</b>	<b>+4.4%</b>	<b>+2.7%</b>	<b>100%</b>

## Organic change in sales

	Sales 2022	Exchange rate effect	Impact of disposals	Sales 2021	Impact of acquisitions	Total change	Organic change
<i>in € millions</i>							
1 <sup>st</sup> quarter	3,730	+54	-	3,573	+6	+4.4%	+2.7%

## Transport (discontinued operations)

<i>in € millions</i>	Q1 2022	Q1 2021	Total change	Organic change
Order intake	349	259	+35%	+32%
Sales	377	344	+9.6%	+7.1%

At €349 million, order intake in the Transport business was organically up 32%, driven by urban signaling and ticketing systems.

The Transport business recorded sales of €377 million, up 7.1% compared to the first quarter of 2021 at constant scope and exchange rates. It benefited from robust dynamics in both mainline and urban signaling.