



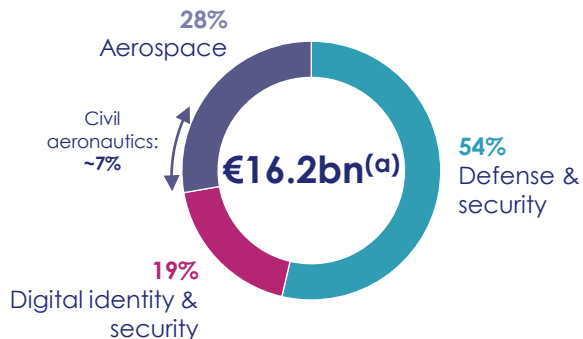
# Présentation à l'AGPP

19 mai 2022

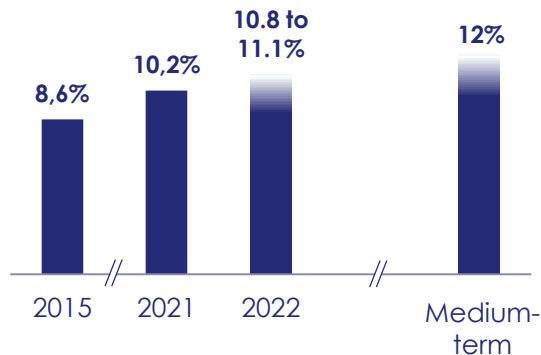


# Thales today: a set of focused, technology-driven businesses

## Sales by segment



## EBIT margin



## R&D total spend



Flight  
avionics

**#3**  
worldwide



Civil  
satellites

**#2**  
worldwide



Defense sensors  
& mission systems

**#1**  
in Europe



Air Traffic  
Management

**#1**  
worldwide



Data  
protection

**#1**  
worldwide



Smart payment  
and SIM cards

**#1**  
worldwide

(a) 2021. Excluding transport, treated as discontinued operations (IFRS5)

# Executing full-speed on value-maximizing strategy

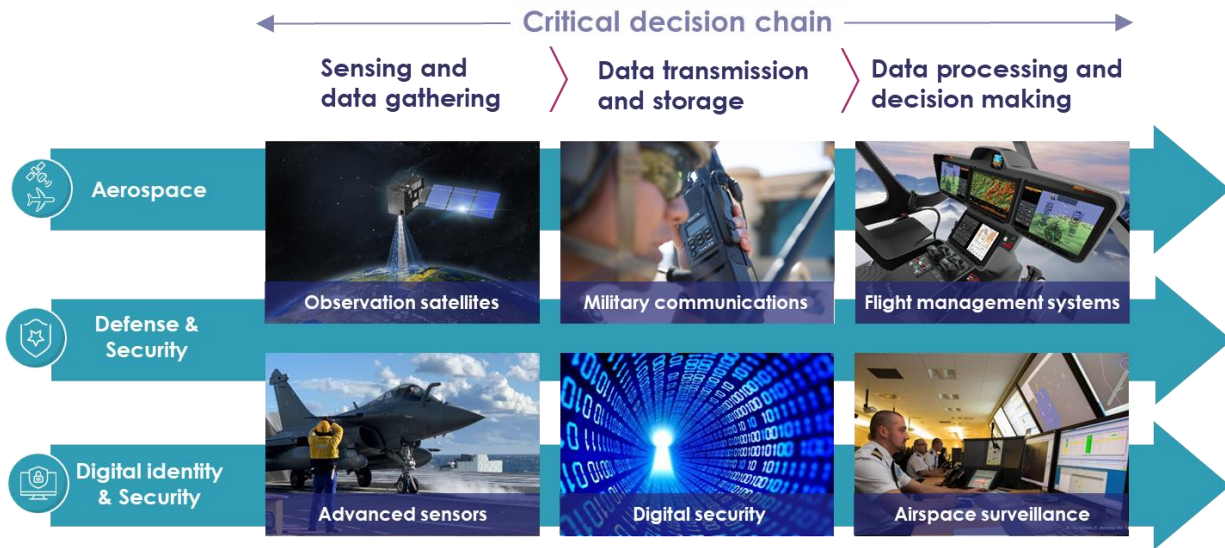
- 1 Refocus portfolio on 3 leading and highly synergistic businesses
- 2 Accelerate R&D investments to reinforce technology leadership
- 3 Take our sustainability performance to the next level
- 4 Constantly roll out new operational performance action plans
- 5 Leverage sustainably high cash generation

April 2019

**Acquisition of  
Gemalto**

End 2022/early 2023

**Disposal of  
transport**



# Aerospace: a solid multi-year recovery

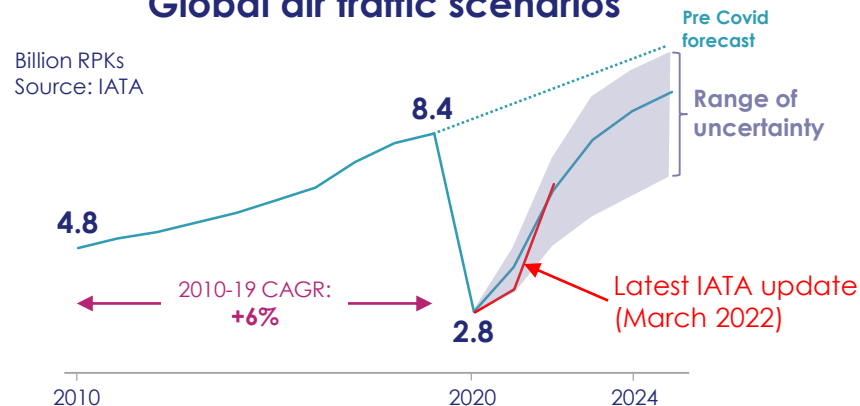
## Avionics and IFE benefiting from multi-year air transport rebound

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

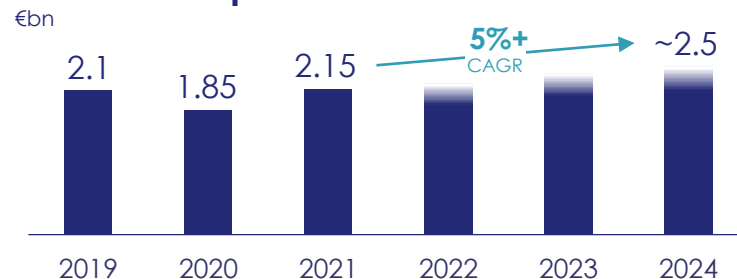
## Space: record 2021 order intake underpins sustained 5%+ growth

- 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<sup>(a)</sup>



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

# Defense & Security: a compelling growth and margin profile

## Sustained defense budget growth across key Thales markets

## Leading positions on many faster growing market segments

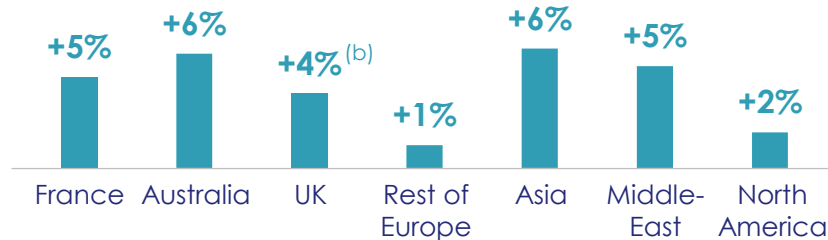
- Radars and sonars
- Secured networks and connectivity
- Command and control solutions

## New growth opportunities

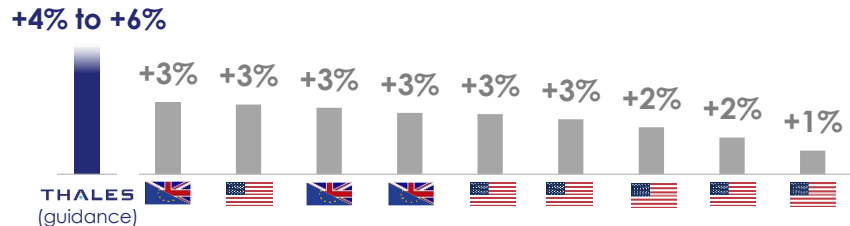
- New generation air surveillance, including counter UAV
- Defense cloud solutions
- Collaborative combat

## 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 Defense 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.

# DIS: delivering in line with strategic ambition

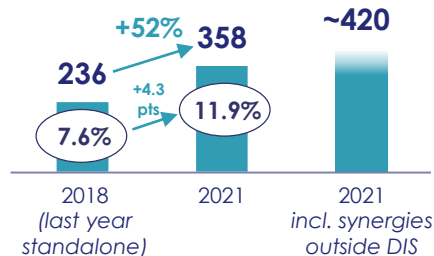
## Compelling delivery on EBIT and free operating cash flow

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

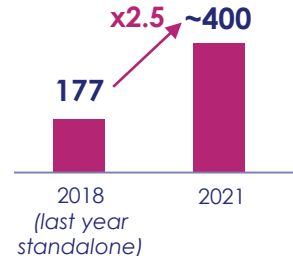
## Adding several growth platforms to Group portfolio

- 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

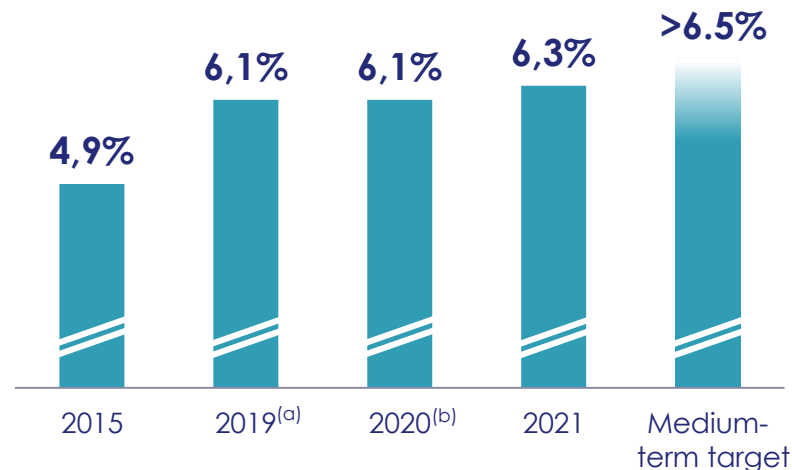
- Cybersecurity
- Big data analytics and artificial intelligence
- Connectivity, IoT
- Digital identity, biometrics

## 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)



Maximize the sustainability impact of our portfolio of solutions

Embed ambitious sustainability commitments in all processes

## Portfolio addresses major societal issues



# Defense is essential to safe, stable and prosperous societies



We live in a globalised and increasingly unpredictable world, facing emerging threats



Combining military capability, diplomacy and development assistance is necessary to achieve stability, resolve disputes non-violently and prevent conflicts



The protection offered by Defense to wider society provides the foundation for sustainability and protection of the planet

**39% of asset owners believe that the recent geopolitical developments will lead to adjustments to their ESG approach**

## 5 Leverage sustainably high cash generation

Highly cash generative businesses, with diversified cash cycles

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

# Summary

## 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



## Tour Carpe Diem

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