

## Thales: Order intake and sales at 31 March 2013

Neuilly-sur-Seine, 25 April 2013 – Thales (NYSE Euronext Paris: HO) is today releasing its order intake and sales figures for the first quarter of 2013.

- **Order intake:** **€2.05 billion**, down 21% organically due to several major orders having been received in the first quarter of 2012
- **Sales:** **€2.76 billion**, up 5% organically<sup>1</sup>
- **2013 objectives confirmed:** Slight growth in order intake, stable sales and 5-8% increase in EBIT<sup>2</sup> compared to 2012

Key figures at 31 March 2013 (in millions of euros)	Q1 2013	Q1 2012	Total change	Organic change
<b><u>Order intake</u></b>				
Aerospace	904	951	-5%	-1%
Transport	310	626	-50%	-51%
Defence & Security	740	976	-24%	-24%
DCNS	77	49	+57%	+58%
Others	19	22	-14%	-14%
<b>Total</b>	<b>2,050</b>	<b>2,624</b>	<b>-22%</b>	<b>-21%</b>
<b><u>Sales</u></b>				
Aerospace	859	884	-3%	+3%
Transport	240	255	-6%	-5%
Defence & Security	1,383	1,314	+5%	+6%
DCNS	257	215	+20%	+20%
Others	16	15	+7%	+7%
<b>Total</b>	<b>2,755</b>	<b>2,683</b>	<b>+3%</b>	<b>+5%</b>

*It should be noted that quarterly fluctuations in sales (a significant percentage of which is booked as technical milestones achieved pursuant to the terms of the different contracts) and order intake cannot be extrapolated for a single quarter and may differ markedly from long-term trends. This applies even more when considering a single business segment in isolation.*

<sup>1</sup> In this press release, “organic” means “on a like-for-like basis and at constant exchange rates”

<sup>2</sup> After restructuring and before impact of purchase price allocation (“PPA”).

## Order intake

**New orders** in the first quarter of 2013 totalled **€2,050 million**, down **22%** compared to the same period in 2012, largely due to the concentration of large orders in the Transport segment in the first quarter of 2012 (renovation of signalling for main lines in Denmark, Compass metro line in Singapore). At 31 March 2013, the **consolidated order book** amounted to **€28,989 million**, representing over two years of sales.

Only one **order with a unit value of over €100 million** was recorded in the period (multi-annual contract for simulation and training services for British A400M crews), compared to three in the first quarter of 2012. **Orders with a unit value of less than €10 million** continued to represent more than half the orders received in terms of value.

New orders for the **Aerospace** segment amounted to **€904 million**, compared to €951 million at the end of March 2012 (-1% organically). Avionics activities benefited from the above-mentioned contract for over €100 million and the continued growth in commercial avionics on-board activities for Airbus as well as for business and regional aviation, but in-flight entertainment orders did not match the high level of the first quarter of 2012. Space activities saw a growth in orders, mainly in observation and exploration satellites (Exomars and Cosmo-Skymed NG programmes, for the European and Italian space agencies respectively).

In the **Transport** segment, new orders came to **€310 million**, compared to €626 million in the first quarter of 2012, which had seen a concentration of major orders. Several commercial successes should be noted in the first quarter, especially urban signalling contracts in Canada, main lines in Poland and Spain, and revenue collection systems in New Zealand.

The **Defence & Security** segment recorded new orders totalling **€740 million** compared to €976 million at the end of March 2012. New orders for Secure Communications and Information Systems were down, especially in radio and protection systems. New orders for Defence Mission Systems were also down following major orders obtained in the first quarter of 2012 (electronic combat systems in the UK and sonars in Australia). On the other hand, new orders for Land and Air Systems were up, thanks to air traffic management contracts in Africa and air defence in Asia.

New orders at **DCNS** totalled **€77 million** at 31 March 2013, compared to €49 million at 31 March 2012. The main orders during the quarter were for additions to the FREMM multi-purpose frigate programme in France and the Mistral-class projection and command ship (BPC) for Russia.

## Sales

Group sales came to **€2,755 million** at 31 March 2013, up **5%** at constant scope and exchange rates<sup>1</sup>.

Sales in the **Aerospace** segment came to **€859 million**, up **3%** organically compared to the first quarter of 2012. Avionics were up, due to original equipment commercial activities (Airbus, Bombardier and Gulfstream), aftermarket and in-flight entertainment. Space activities recorded stable sales overall, with an increase in observation and exploration activities.

The **Transport** segment generated sales of **€240 million**, down compared to 31 March 2012 (€255 million), with the activity generated on recent orders in urban rail and in ticketing not fully offsetting lower sales in main lines activity, especially in Europe, over the first quarter.

Sales in the **Defence & Security** segment came to **€1,383 million** in the first three months of the year, up **6%** organically. This positive trend is due mainly to Defence Mission Systems activities, thanks to an increase in billing on the Rafale programmes in France (ramp up of the 4<sup>th</sup> tranche, ordered in 2009), Watchkeeper in the UK and Mirage 2000 in India. Sales of Secure Communications and Information Systems were stable in the first quarter of 2013, while Land & Air Systems decreased (particularly in armaments).

**DCNS** sales came to **€257 million** at 31 March 2013, up 20% compared to 31 March 2012; in particular sales were higher for the FREMM multi-purpose frigate in France and the Mistral-class projection and command ship (BPC) for Russia.

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<sup>1</sup> Foreign exchange had a negative impact of €7 million on sales and was mainly due to the depreciation of the pound sterling against the euro.

## Outlook for 2013<sup>1</sup>

Thales confirms the outlook communicated on 28 February 2013 along with the release of the full-year results for 2012.

Despite the continuing unfavourable economic environment in Europe, the Group is anticipating a slight upturn in orders in 2013, largely due to the expected performance in the emerging countries.

Sales are likely to remain stable, with the growth in civil activities offsetting a less favourable situation in defence.

A continuing drive to improve performance should enable the Group to post a further increase in EBIT<sup>2</sup>, which should increase by 5-8% compared to 2012.

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<sup>1</sup> Excluding exceptional export contract.

<sup>2</sup> After restructuring and before impact of purchase price allocation ("PPA").

## APPENDIX

### > Definition of segments (IFRS 8 Operating Segments)

- **Aerospace:** Avionics, Space
- **Transport:** Ground Transportation Systems
- **Defence & Security:** Secure Communications and Information Systems, Land & Air Systems, Defence Mission Systems
- **DCNS:** DCNS proportionally consolidated at 35%

### > Order intake by destination – Q1 2013

<i>(in millions of euros)</i>	Q1 2013	Q1 2012	Reported change	Organic change	Q1 2013 in %
France	438	539	-19%	-17%	21%
United Kingdom	288	208	+38%	+41%	14%
Other European countries	482	793	-39%	-35%	24%
<b>Europe</b>	<b>1,208</b>	<b>1,540</b>	<b>-22%</b>	<b>-18%</b>	<b>59%</b>
<b>United States and Canada</b>	<b>209</b>	<b>446</b>	<b>-53%</b>	<b>-54%</b>	<b>10%</b>
<b>Australia and New Zealand</b>	<b>164</b>	<b>109</b>	<b>+50%</b>	<b>+52%</b>	<b>8%</b>
Asia	320	368	-13%	-14%	16%
Middle East	67	102	-34%	-32%	3%
Rest of the World	82	59	+39%	+40%	4%
<b>Emerging markets</b>	<b>469</b>	<b>529</b>	<b>-11%</b>	<b>-11%</b>	<b>23%</b>
<b>Order intake</b>	<b>2,050</b>	<b>2,624</b>	<b>-22%</b>	<b>-21%</b>	<b>100%</b>

## > Consolidated sales by destination – Q1 2013

<i>(in millions of euros)</i>	Q1 2013	Q1 2012	<i>Reported change</i>	<i>Organic change</i>	Q1 2013 in %
France	877	830	<b>+6%</b>	+8%	32%
United Kingdom	324	316	<b>+3%</b>	+5%	12%
Other European countries	450	523	<b>-14%</b>	-9%	16%
<b>Europe</b>	<b>1,651</b>	<b>1,669</b>	<b>-1%</b>	<b>-2%</b>	<b>60%</b>
<b>United States and Canada</b>	<b>299</b>	<b>284</b>	<b>+5%</b>	<b>+2%</b>	<b>11%</b>
<b>Australia and New Zealand</b>	<b>157</b>	<b>132</b>	<b>+19%</b>	<b>+20%</b>	<b>6%</b>
Asia	392	333	<b>+18%</b>	+20%	14%
Middle East	159	123	<b>+29%</b>	+30%	6%
Rest of the World	97	142	<b>-32%</b>	-31%	3%
<b>Emerging markets</b>	<b>648</b>	<b>598</b>	<b>-8%</b>	<b>+9%</b>	<b>23%</b>
<b>Sales</b>	<b>2,755</b>	<b>2,683</b>	<b>+3%</b>	<b>+5%</b>	<b>100%</b>