



Thales SA (HO:PA)

HOLD: € 265.16 (-1.87%)

Equity Research Division

02nd May 2025

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Market Cap	€55,475mn
Basic Shares O/S	205.94mn
52-Wk High	€134.20
52-Wk Low	€276.40
Fiscal Year End	31 Dec. 2025

€ million	FY 21	FY 22	FY 23	FY 24
Gross profit	4,033	4,455	4,766	5,373
EBITDA	2,050	2,270	2,386	2,691
EBIT	1,213	1,438	1,575	1,765
Net Income	483	1,088	1,120	1,023

Key Executives

Patrice Caine	Group CEO
Pascal Bouchiat	Group CFO
Isabelle Simon	Group CLO, Secretary

Investment Thesis

Thales is a leader in aerospace, defense, and security, offering a wide range of advanced technology solutions. The company has strong financials, with solid profitability and manageable debt levels.

The market outlook is positive, driven by increased defense spending in Europe, especially following EU initiatives to reduce dependency on the US. However, Thales faces risks, particularly with the potential delays in defense contracts and production ramp-up, which could impact short-term growth.

Given Thales' strong market position, solid financials, and the current geopolitical climate, we assess the risk-reward profile as balanced. Accordingly, we recommend a HOLD rating for Thales, expecting steady growth with some potential for upside, while also acknowledging the risks tied to geopolitical uncertainties.

Valuation

We are valuing Thales using a 50/50 blend of intrinsic value (DCF) and relative valuation, arriving at a target price of €265.16, a 1.87% decrease from its closing price on 02 May 2025.

Key Risks

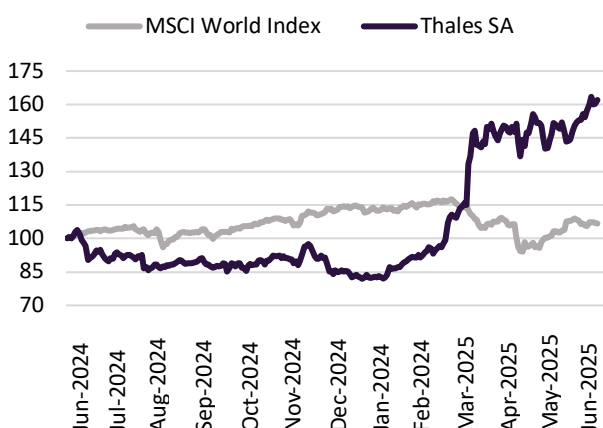
Downside risks: Thales faces macroeconomic uncertainty, particularly regarding European defense spending. Additionally, Thales is exposed to production ramp-up risks, as an increase in defense production may face delays due to supply chain complexities and the time required for full production capacity.

Upside risks: Thales could capitalize on an increased consolidation in the European defense market and secure larger and longer-term contracts. Furthermore, Thales could experience more growth if it were to fully realize its synergies from the recent Imperva and Cobham acquisitions.

Basic Information

Last Closing Price	€270.20
Target Price	€265.16
+/- Potential	-1.87%
Bloomberg Ticker	HO FP
GICS Sector	Industrials
GICS Sub-Industry	Aerospace & Defense

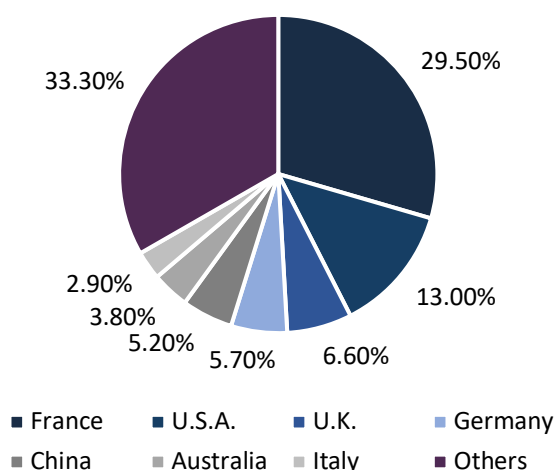
1Y Cumulative Returns (re-based to 100)



Company Overview

Thales S.A., also known as Thales Group, was formally established in 2000 following a merger of the electronics divisions of Compagnie Française Thomson-Houston and Compagnie Générale de la Télégraphie sans fil. It is a French multinational company specializing in defense, aerospace, and high-tech electronics, with a growing focus on enterprise security and digital identity. Rather than being limited to a single combat environment, Thales designs systems that integrate across all military branches—air force, navy, army, and even space operations. It has secured major contracts with national governments, including France, the United Kingdom, and the United States. Today, Thales employs approximately 83,000 individuals and operates in 68 countries, positioning itself as a cornerstone of both the European and global defense ecosystem.

Figure 1.1: Revenue Exposure by Region (FY 2023)



Source: Company Filings

Business Segments

Aerospace: In the aerospace sector, Thales provides advanced avionics systems, including flight decks, cockpit displays, navigation instruments, and onboard software for both civilian and military aircraft. The company also develops in-flight entertainment and connectivity systems, as well as air traffic management solutions and simulation software. Two out of every three operational aircraft use Thales equipment. Around 40% of the world's airspace is managed through its systems, and two million passengers use Thales' in-flight entertainment platforms daily.

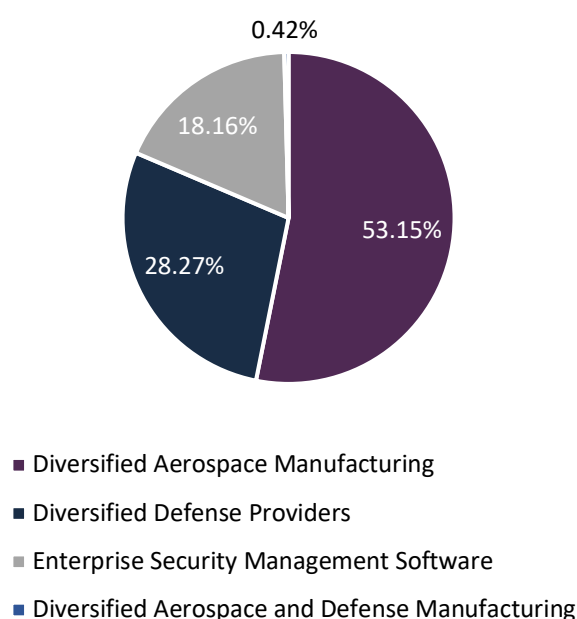
Defense. The company's defense division spans ground, maritime, aerospace, and cyberspace domains. Its portfolio includes high-precision sensors, secure communication networks, cybersecurity infrastructure, command and control platforms, and surveillance systems. Most of the defense-related revenue comes from NATO member states, with France being the largest single client. Thales supports more than 50 military forces globally and has over 800,000 tactical radios

currently deployed. Additionally, it has delivered more than 1,200 air defense radar systems to 26 countries. These systems enable threat detection, data sharing, operational coordination, and mission readiness through simulation technologies.

Cyber and Digital: Thales' digital security arm plays a critical role in enabling secure financial transactions, biometric identity verification at borders, and data processing for industries like energy. The acquisition of Gemalto in 2019 expanded its leadership in digital identity and data protection. Thales also acquired cybersecurity firm Imperva in 2023, further strengthening its capabilities. Today, over 30,000 organizations depend on Thales for secure banking, identity and biometric verification, cyber defense, and mobile network solutions.

Space. Thales leverages space technology to provide secure communication systems, environmental monitoring, and Earth observation. Military clients use its high-resolution optical and radar systems for intelligence and defense operations. Civilian applications include climate risk tracking and planetary exploration. Thales Alenia Space, a joint venture with Leonardo (67% owned by Thales, 33% by Leonardo), develops satellite-based systems for both civil and defense customers. Projects include Earth-mapping satellites, deep-space communication antennas, and low-orbit planetary observation missions.

Figure 1.2: Revenue Exposure by Sector Exposure (FY 2024)



Source: Company Filings

Key Recent Developments

Cybersecurity Expansion: Thales has increasingly emphasized cybersecurity in response to rising geopolitical tensions and escalating digital threats. The integration of Gemalto and Imperva has enabled it to serve commercial banks, governments, and infrastructure providers with a more comprehensive suite of digital defense tools. This focus is especially relevant amid intensifying cyber conflicts involving

NATO countries and their geopolitical adversaries.

Corruption Investigation: On November 22, 2024, the UK Serious Fraud Office and France's Parquet National Financier launched a joint investigation into allegations of bribery involving Thales. Although details remain limited, raids were conducted at the company's offices in France, Spain, and the Netherlands in June 2024. Following the announcement, Thales' stock declined by 7%. The full implications of the investigation remain unclear due to limited public information.

Geopolitical Dynamics and EU Defense Spending: Renewed emphasis on NATO's defense spending target of 2% of GDP—driven by U.S. policy shifts—has pressured European countries to increase military investment. In response, the European Union proposed a €157.76 billion loan facility in March 2025 for member-state defense upgrades. Germany separately approved legislation to borrow €1 trillion, with €500 billion earmarked for military spending. While this could benefit Thales, national governments may favor domestic suppliers. Additionally, countries like Germany and the Netherlands, with lower debt-to-GDP ratios, have more fiscal room than France or the UK, Thales' largest clients, to ramp up spending.

Industry Positioning: Thales is a leading provider of defense, aerospace, and cybersecurity solutions, with a strong focus on innovation and strategic partnerships, notably with Leonardo. As Europe redefines its defense posture, Thales' broad product portfolio and technological leadership position it well to benefit from the rising demand for military and digital sovereignty.

Industry Outlook

Aerospace Industry outlook

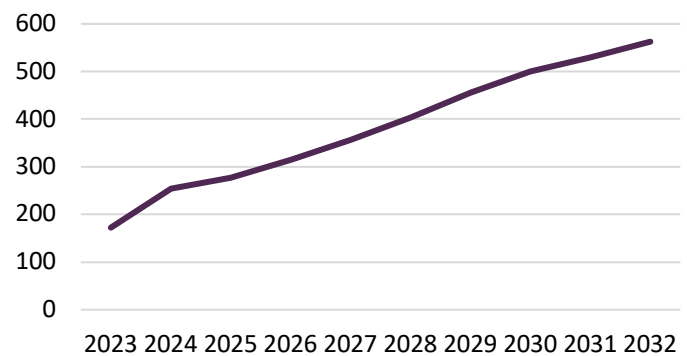
The Aerospace industry is experiencing a transformative rebound after the pandemic-induced slump, propelled by increasing demand for sustainable aviation, rising defense procurement, and technological innovation. The global aerospace market is valued at \$701 billion in 2024 (*Statista*) and is projected to grow at a CAGR of 4.0% (*PwC's Global aerospace and defense industry performance and outlook report*). Commercial aviation is set to fully recover to pre-pandemic levels by 2025, with strong order backlogs from major OEMs. Environmental regulations and fuel cost pressures are accelerating investment in Sustainable Aviation Fuels (SAF), expected to surpass \$15 billion by 2030 (*MarketsandMarkets*). Additionally, hybrid-electric and hydrogen-powered aircraft are gaining traction, projected to make up 5–8% of new aircraft deliveries by the end of the decade.

Cyber-security Industry Outlook

Cybersecurity continues to be a key pillar of global digital infrastructure, powered by the expansion of remote work, e-commerce, and decentralized cloud environments. As cyber threats grow in sophistication, safeguarding critical infrastructure, national assets, and private data is paramount.

The global cybersecurity market, valued at approx. \$245.62 billion in 2024 (*Grand View Research*), is projected to reach \$500.7 billion by 2030, at a robust CAGR of 12.59% (*Fortune Business Insights*). North America dominates with 43.76% of global share (*Fortune Business Insights*) due to its high level of digital maturity and cyber threat exposure, while the Asia-Pacific region is expected to witness the highest growth, driven by digital adoption and increasing regulatory initiatives.

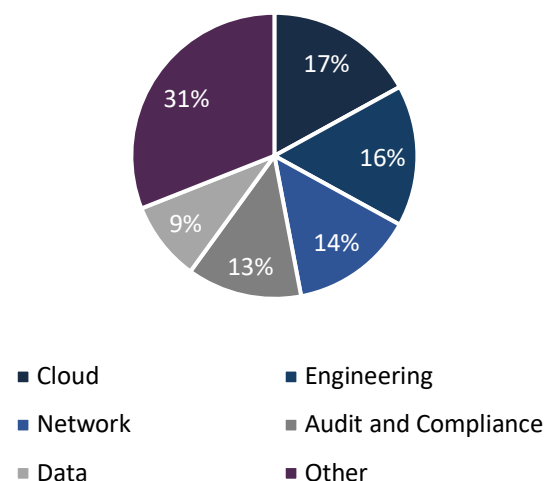
Figure 2.1: Projected Cybersecurity Revenue Growth (2023-2032)



Source: Minerva Investment Management Society

Key trends such as AI- and ML-driven threat detection, zero-trust architecture, cloud-native platforms, and early investments in quantum-resilient cryptography are redefining cybersecurity architecture. However, the sector faces persistent challenges, notably a global talent shortage exceeding 4.8 million professionals (*Grand View Research*) and rising system complexity from IoT and fragmented IT ecosystems. High-profile incidents like the Colonial Pipeline and SolarWinds attacks continue to drive demand for AI-integrated security solutions.

Figure 2.2: Global Sources of Cybersecurity Spending by Sub-Sector



Source: Company Filings

Defense Industry outlook

Defense spending is also on the rise, driven by heightened global instability, modernization of military fleets, and investment in cyber and electronic warfare capabilities. The global defense market, valued at approximately \$630 billion in

2024, is expected to reach \$800 billion by 2030 (*The Business Research Company*). NATO member states are increasing defense spending toward the 2% GDP target, with particular focus on unmanned systems, integrated air defense, and hypersonic missile deterrence. Cross-domain interoperability and cyber-hardening of defense infrastructure are becoming standard procurement criteria.

Space Industry outlook

The Space industry is entering a new era of commercialization and strategic importance. Valued at \$546 billion in 2024, the global space economy is expected to surpass \$1 trillion by 2030 (*Precedence Research*), with satellite communications, Earth observation, and space-based defense applications driving growth. Governments are significantly expanding their space budgets—NASA's FY2024 budget alone is over \$27 billion (NASA), with similar trends in China, the EU, and India. Meanwhile, private sector players are accelerating satellite constellations, launch platforms, and lunar exploration missions. The proliferation of low-Earth orbit (LEO) satellites is creating both opportunity and risk, necessitating the rise of space traffic management and space cybersecurity protocols.

Porter's 5 Forces

Threat of Entrants: **Moderate**. Aerospace and defense face high entry barriers, including capital intensity, regulatory complexity, and technological requirements. However, startups supported by venture capital are leveraging AI, cybersecurity, and cloud technologies to enter niche areas. In Thales' cybersecurity and digital segments, competition is fiercer due to lower entry barriers and fast-paced innovation. Nonetheless, Thales' established reputation and trusted relationships help defend its market position. **Overall, while entry barriers remain high, the rise of agile and tech-driven startups is gradually reshaping the competitive landscape to Thales.**

Bargaining Power of Suppliers: **Moderate to High**. Thales relies on a complex global supply chain for specialized components like semiconductors, secure communication modules, and space-grade electronics. The limited number of suppliers for these critical inputs, combined with geopolitical factors such as export controls and raw material dependencies, increases supplier leverage. This vulnerability is most acute during geopolitical disruptions or raw material shortages, potentially leading to delivery delays and cost inflation. While Thales' scale and long-term procurement strategies mitigate risks, its dependence on key suppliers, especially in defense and space, gives them considerable bargaining power. **Thales' reliance on specialized suppliers for advanced components exposes the company to supply chain risks, particularly in regulated and defense-related markets.**

Bargaining Power of Buyers: **High**. Thales' primary clientele comprises governments and large institutional entities that exercise significant bargaining power through public tenders, budget constraints, and stringent regulatory oversight. The increasing demand for integrated, full-stack solutions and

heightened expectations for transparency and performance further amplifies buyer influence. Additionally, the availability of alternative providers offering flexible and cost-effective solutions intensifies pressure on Thales to deliver value-added offerings. **Thales faces growing pressure from powerful institutional buyers who demand customizable and cost-efficient solutions, which impacts profitability.**

Rivalry among Existing Competitors: **High**. Thales faces intense competition from major global players such as BAE Systems, Leonardo, Airbus Defence & Space, RTX (Raytheon), and Lockheed Martin. The competitive landscape is defined by overlapping product portfolios, aggressive bidding in defense contracts, and rapid technological advancements in areas like artificial intelligence, quantum computing, and cybersecurity. Furthermore, market saturation in mature segments such as radar systems and avionics increases pricing pressure and limits margin expansion. Shifting geopolitical alliances and the race for innovation further exacerbate the competitive pressures. **Intense rivalry with major global defense and tech players accelerates innovation cycles and compresses margins, making differentiation and IP protection critical for Thales.**

Threat of Substitutes: **Moderate**. In traditional defense, aerospace, and critical infrastructure sectors, Thales provides mission-critical systems with limited direct substitutes. However, in cybersecurity and digital platforms, alternative solutions from technology firms such as Palantir, AWS, and Microsoft offer flexible, cloud-native services. These alternatives are increasingly attractive to clients seeking rapid deployment, scalability, and cost efficiency, gradually raising the threat of substitution in certain digital domains. **Emerging digital alternatives and integrated tech platforms threaten to replace traditional defense systems, especially in command and cybersecurity solutions pressuring, Thales to adapt quickly.**

Figure 4.1: Thales' Tailwinds and Headwinds

Tailwinds	Headwinds
Strong barriers to entry due to capital intensity and regulatory complexity	Intense rivalry with major global defense and tech firms compressing margins
Growing demand for advanced technologies (AI, quantum, cloud)	High dependency on specialized suppliers
Strategic importance of defense and national security	Increasing bargaining power of institutional buyers
Long-term geopolitical tensions driving sustained investment in defense	Disruptive potential of agile, tech-driven startups
Strong intellectual property and mission-critical systems reputation	Increasing substitution by flexible, cloud-native tech providers

Source: Minerva Investment Management Society

SWOT Analysis

Strengths

Strong commitment to R&D and Innovation: Thales demonstrates a consistent dedication to technological advancement, with annual R&D investments exceeding €700 million and more than 25,000 employees engaged in research initiatives. Holding over 16,500 patents and maintaining partnerships with 50+ research centers worldwide, the group sustains a continuous innovation pipeline across defense, aerospace, and cybersecurity domains.

Global Brand Presence and Institutional Trust: Operating in over 50 countries, Thales has established a strong global footprint, underpinned by longstanding contracts with military and aerospace institutions. This widespread market presence enhances brand recognition and reinforces the company's position as a reliable partner in mission-critical systems.

Diverse Product Portfolio Across Segments: Thales benefits from multiple revenue streams operating across a broad range of sectors including defense, aerospace, cybersecurity, and transportation. This diversification allows the company to access both governmental and commercial contracts, balancing cyclical fluctuations and increasing resilience to sector specific downturns.

Talent Development and Organizational Capability: Thales invests in internal human capital through comprehensive development frameworks such as its corporate university, SimLeads leadership programs, and a digital learning platform. These initiatives enhance employee competencies, strengthen leadership pipelines, and promote long-term workforce engagement and retention.

Financial Resilience and Growth in Strategic Sectors: In 2024, Thales exceeded financial expectations with over €20.58 billion in revenues and €1.77 billion in operating income, driven primarily by a 12% year-over-year increase in defense sector revenues amid rising European military expenditures. A sustained book-to-bill ratio of 1.23 for the fourth consecutive year underscores robust demand and a solid future order pipeline, though analysts note that performance will depend on the materialization of governmental defense commitments.

Weaknesses

Underinvestment in the U.S. Market and Digital Identity Segment: Thales has limited strategic exposure in the U.S., the world's largest defense and cybersecurity market. Compared to competitors such as BAE Systems or DRS, Thales' operations lack scale and visibility. In parallel, the Digital Identity & Security (DIS) segment has received less investment attention, particularly in North America, where the market for payment solutions and identity technologies is rapidly expanding.

Limited Organizational Agility in Emerging Tech Segment:

Thales' large and complex structure can hinder responsiveness in rapidly evolving sectors such as AI-based security, commercial space, and digital platforms. The company's reliance on long public procurement cycles limits its ability to compete with more agile, tech-native firms.

Supply Chain Exposure to Geopolitical and Industrial Disruptions:

Ongoing geopolitical tensions (e.g. war in Ukraine, US-China trade friction), export controls, and raw material shortages have made sourcing components more complex, costly, and unpredictable.

Reliance on Acquisitions to Build Cybersecurity Capabilities:

Thales has expanded its cybersecurity business primarily through major acquisitions such as Gemalto and Imperva. While this expands the portfolio rapidly, the integrations have generated internal dis-synergies (such as overlapping product lines, fragmented systems, and cultural misalignments) that limit operational efficiency and reduce the coherence of its cybersecurity offering.

Challenges in Talent Retention and Internal Mobility:

Thales faces challenges in retaining top talent, particularly in high-demand areas such as cybersecurity and digital engineering. While the company has implemented initiatives like the Smart Working program and internal training platforms, employee feedback indicates limited internal mobility opportunities and career progression paths.

Opportunities

Cybersecurity Portfolio Diversification: The acquisition of Imperva expands Thales' presence in the high-growth cybersecurity market, particularly in North America. By combining Imperva's expertise in application and data security with Thales' capabilities in cloud protection, digital identity, and critical infrastructure, the company enhances its ability to deliver integrated, end-to-end solutions. This strategy creates operational and technological synergies, while also boosting cross-selling opportunities among enterprise and government clients.

Emerging AI-Driven Defense Initiatives: Thales' collaboration with defense organizations, such as Singapore's Defense Science and Technology Agency (DSTA), supports the development of AI-driven autonomous systems and mission planning tools. These initiatives align with the growing demand for intelligent, next-generation defense technologies.

Rising Demand for Trusted AI in Critical Sectors:

Governments and regulated industries increasingly demand AI solutions that are secure, explainable, and ethically sound, particularly in defense, aerospace, and critical infrastructure. Thales addresses this growing demand through its cortAIx initiative, which consolidates over 600 AI experts and has integrated AI into more than 100 products. By focusing on trusted and transparent AI, Thales positions itself to meet the needs of clients operating in regulated and mission-critical environments.

Digital Transformation in the Space Industry: Thales Alenia Space—a joint venture between Thales Group (67%) and Leonardo S.p.A. (33%), specializing in the design and manufacturing of space systems—is adapting to the evolving space industry by integrating AI, cybersecurity, and automation into both satellite and ground systems. This transformation creates opportunities in areas such as Earth observation, secure communications, and space-based data services, while reinforcing Thales’ role in the development of sovereign and dual-use space capabilities.

Regulatory Push for Trusted Digital Infrastructure: European Union initiatives, such as the Digital Operational Resilience Act (DORA), the AI Act, and the ReArm Europe plan, are accelerating investment in sovereign and secure digital systems. This regulatory shift directly supports demand in sectors where Thales is active (defense, aerospace, cybersecurity, and critical infrastructure), positioning the company to benefit from targeted EU funding and procurement programs aimed at enhancing strategic autonomy and digital resilience.

Threats

Growing Competition from Private Satellite Operators: The rapid expansion of commercial satellite constellations, such as SpaceX’s Starlink and Amazon’s Project Kuiper, is reshaping the space communications landscape. These private entities offer faster deployment, lower costs, and global coverage, attracting both commercial clients and government agencies seeking agile connectivity solutions. This shift challenges Thales’ traditional role as a supplier of secure, state-run communications infrastructure, potentially leading to contract erosion and pricing pressures.

Ongoing Corruption Investigations in the UK and France: In November 2024, the UK’s Serious Fraud Office (SFO) and France’s National Financial Prosecutor’s Office (PNF) launched a joint investigation into alleged bribery and corruption involving Thales in relation to defense contracts in Asia. This could severely damage Thales’ reputation and impact future public sector contract eligibility.

Quantum Computing Threat to Cryptography: Advancements in quantum computing pose a long-term risk to current encryption methods. While post-quantum cryptography is under development, a slow transition could expose Thales’ defense systems and secure communications infrastructure to future decryption threats, potentially undermining client trust and system integrity.

Rising Global Tech Fragmentation and Export Control Complexities: Geopolitical tensions, particularly between Western powers and China, are driving more restrictive and fragmented export regimes for sensitive technologies such as AI, cryptography, and satellite systems. For Thales, which operates across multiple jurisdictions with dual-use products, this creates a complex regulatory environment that may slow international deployments and increase compliance costs.

Exhibit 4.2: Thales SWOT Analysis

S STRENGTHS	Strong commitment to R&D and Innovation Global Brand Presence and Institutional Trust Diverse Product Portfolio Across Segments Talent Development and Organizational Capability Financial Resilience and Growth in Strategic Sectors
W WEAKNESSES	Underinvestment in the U.S. Market and Digital Identity Segment Organizational Agility in Emerging Tech Segment Supply Chain Exposure to Geopolitical and Industrial Disruptions Reliance on Acquisitions to Build Cybersecurity Capabilities Talent Retention and Internal Mobility
O OPPORTUNITIES	Cybersecurity Portfolio Diversification Emerging AI-Driven Defense Initiatives Rising Demand for Trusted AI in Critical Sectors Digital Transformation in the Space Industry
T THREATS	Growing Competition from Private Satellite Operators Ongoing Corruption Investigations in the UK and France Quantum Computing Threat to Cryptography Rising Global Tech Fragmentation and Export Control Complexities

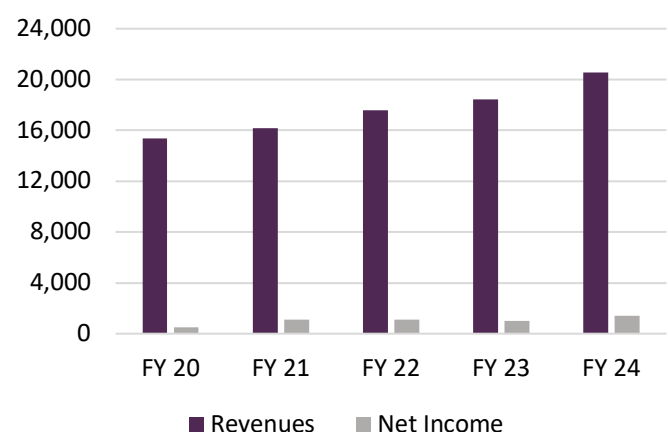
Source: Minerva Investment Management Society

Financial Analysis

Thales has been consistently able to achieve steady growth both in revenue and in profitability. Revenues have grown at a CAGR of 7.6% in the last five years, with FY 24 growing by 11.7% YoY thanks to increased organic growth in the Defense segment and higher, inorganic, growth for Cyber & Digital, primarily due to the acquisition of Imperva in December 2023. Aerospace, while lagging slightly with 4.8% growth, recorded a substantial increase in order intakes in 2024, suggesting higher growth potential in the coming years.

Figure 5.1: Stable revenues and profitability growth

Revenues and Net Income (FY 2020 - FY 2024) (€ millions)

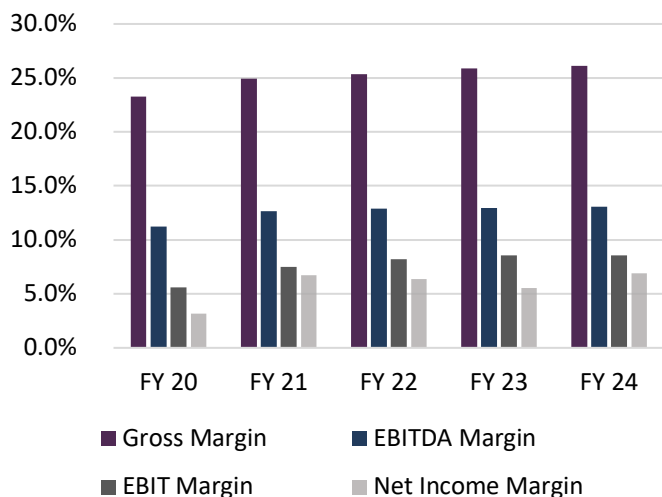


Source: Minerva Investment Management Society

Profitability

Thales' profitability has been steadily growing, signalling improved operational efficiency and profitability margins expansion.

Figure 5.2: Profitability margins



Source: Minerva Investment Management Society

Thales' profitability has followed a positive trajectory, underpinned by rising operational efficiency and the company's ability to scale. Over the years, the company has consistently improved its gross, EBITDA, and EBIT margins. The main factor behind this trend has been a steady increase in gross margin, signaling stronger pricing power and supply chain control, which reduce cost of goods sold relative to revenue.

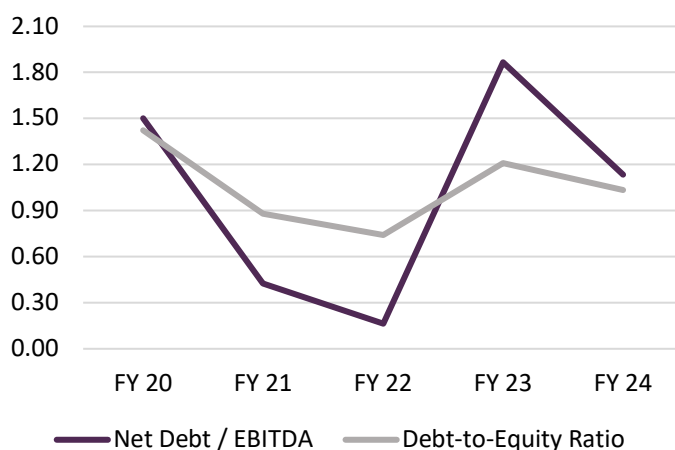
However, FY 2024's net income margin stood out as particularly high compared to the expansion in gross margin. This was not driven by a decrease in financing costs, but rather by a sharp increase in earnings from discontinued operations. Historically, this line item contributes around €60 million, but in FY 2024 it reached €412 million—an unusually high and non-recurring figure. Adjusting for this anomaly, the underlying net income margin would have been closer to 4.9%, slightly below the 5.6% reported in FY 2023. This decline is primarily due to a doubling of interest expenses, linked to increased debt following acquisitions completed in late 2023.

Solvency and capital structure

Thales' capital structure remains relatively sound, with a Net Debt-to-EBITDA ratio of 1.37x and a Debt-to-Equity ratio of 1.12x. These figures suggest the company is not overleveraged. That said, the significant increase in net debt observed in FY 2023 is notable. This was largely due to pre-financing for the acquisitions of Imperva and Cobham Aerospace Communications, with debt raised ahead of the deals' completion. As the financial contributions from these acquisitions only begin to be reflected in FY 2024, the spike in leverage metrics in FY 2023 temporarily overstated the company's indebtedness.

Figure 5.3: Capital Structure

Recent acquisitions worsened Thales' capital balance



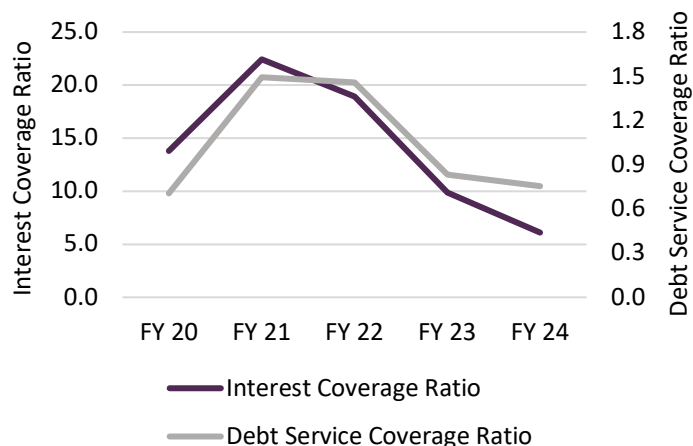
Source: Minerva Investment Management Society

Nonetheless, solvency indicators are beginning to show signs of strain. The Interest Coverage Ratio has declined to 6.1x, and the Debt Service Coverage Ratio has dropped below 1.0x. This means Thales is currently unable to meet its short-term financial obligations using EBITDA alone and is instead relying on existing cash reserves. While this is manageable in the short term, it is not sustainable over multiple years.

Thales will likely need to consider deleveraging or refinancing some of its debt over longer maturities, moves that would help relieve short-term pressure but may come at the cost of higher interest payments and lower coverage ratios. Still, this situation is likely temporary, reflecting the integration phase of recent acquisitions.

Figure 5.4: Solvency ratios

Steep decline in solvency metrics since FY 2021



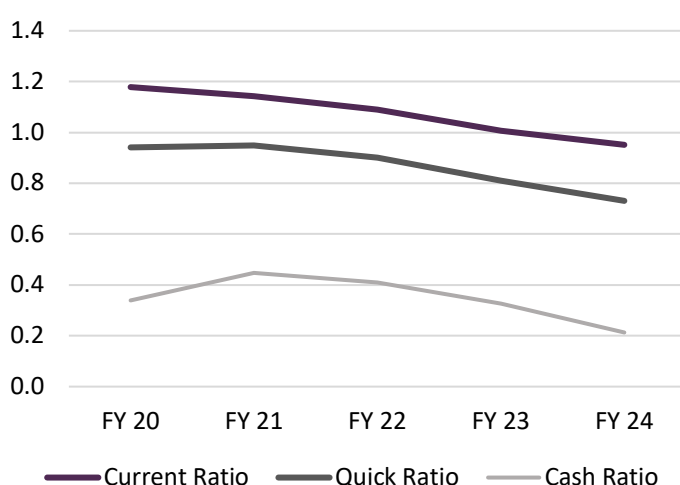
Source: Minerva Investment Management Society

Liquidity

Thales' liquidity profile has weakened in FY 2024, largely due to post-acquisition deleveraging efforts.

The company recorded a net cash outflow of €997 million in FY 2024, primarily driven by debt repayments following the prior year's financing activities. In comparison, FY 2023 saw a significant net inflow of €2.75 billion from new debt issuance to support M&A activity. This substantial swing in financing flows has led to a sharp decline in available cash, a trend further confirmed by a deterioration in the company's cash ratio, signaling increased pressure on liquidity and the company's greater reliance on external financing in the short term.

Figure 5.5: Liquidity ratios



Source: Minerva Investment Management Society

A more refined assessment of liquidity emerges from the Sources-to-Uses ratio, defined as:

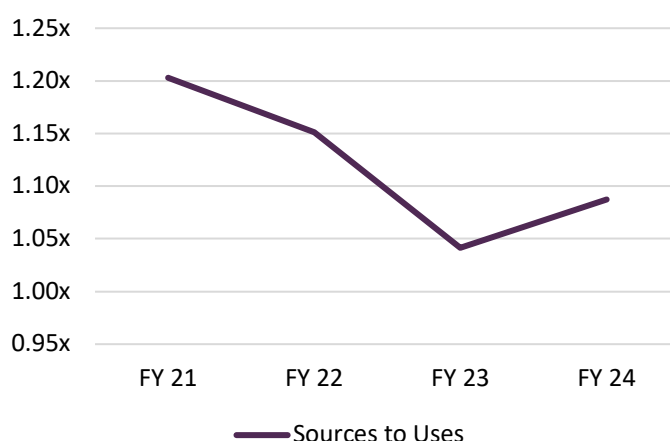
$$\frac{(Current\ assets + FCFF)}{(Current\ Liabilities + Dividends\ \&\ Buybacks)}$$

In FY 2024, the Sources-to-Uses ratio showed a modest recovery, primarily driven by a temporary increase in working capital, which boosted Free Cash Flow to the Firm (FCFF). While this dynamic provided a short-term cushion, it is unlikely to be sustainable in the longer term. When adjusted for normalized working capital trends, the ratio declines to approximately 1.02x, a decrease from the prior year.

This indicates a weakening liquidity position, as the ratio now stands just above the critical 1.0x threshold. Although the ratio remains above 1.0x, the downward trend points to mounting pressure on Thales' internal cash resources. As the company shifts focus from an acquisition-driven growth phase to one centered on integration and operational execution, effective working capital management and disciplined capital allocation will become even more critical. To maintain financial flexibility and preserve balance sheet strength, Thales will need to prioritize careful liquidity management moving forward.

Figure 5.6: Sources to Uses

Unusually high sources to uses ratio in FY 2024



Source: Minerva Investment Management Society

Valuation: Discounted Cash Flow

Cost of Equity: Assumptions

The Capital Asset Pricing Model (CAPM) was utilized to estimate the cost of equity. The risk-free rate was assumed to be the current 10-year French government bond yield (3.24%). French government bonds were chosen due to Thales' headquarters location and projected yield curve movements.

The equity risk premium (ERP) was assumed at 5.60%, estimated using Fernandez's analysis of US MRP.

Beta

A bottom-up approach was employed to determine Thales' beta. Given that the revenue originates from the defense, aerospace and digital security industries, the unlevered beta calculated was an average of the adjusted betas of comparable companies operating in the industries.

Subsequently, the raw betas were adjusted using the Blume's Adjustment:

$$\beta_{adj} = \beta_{raw} \times 2/3 + 1/3$$

By applying a capital structure re-leverage, taking into account Thales' historical debt-to-equity ratio, marginal tax rate (20.96%), and significant short-term liabilities, the resulted beta was 1.081.

The cost of equity was then calculated as follows:

$$Cost\ of\ Equity = R_f + \beta \times (R_m - R_f)$$

This calculation resulted in a Cost of Equity of 9.29%.

Cost of Debt

The weighted average yield to maturity (YTM) of Thales' outstanding bonds was used to determine the cost of debt. This resulted in a cost of debt of 2.88%.

This finding, however, falls short of the current risk-free rate, and we consider it unreasonable for the current economic conditions. Thus, the actual cost of debt was estimated using the Synthetic rating approach, in which a credit spread based on the company's financial ratios was added to the risk-free rate. Using 2025 Damodaran's tables, we conclude a spread of 0.85%, resulting in a cost of debt of 4.09%.

Weighted Average Cost of Capital (WACC)

Finally, the WACC was calculated by applying weights to the cost of equity and cost of debt:

$$WACC = E/(D + E) \times k_e + D/(D + E) \times k_d \times (1 - t)$$

Based on the chosen assumptions outlined above, the WACC for Thales is estimated to be 8.95%.

Again, this estimate is strongly dependent on beta adjustments. Sensitivity analysis should be relied upon to make the results more accurate and reliable.

Figure 4.1: The discount rate (WACC) calculation

WACC	
Cost of Equity - CAPM	
Risk-Free Rate (10Y)	3.24%
Re-levered Beta	1.081
ERP	5.60%
WACC Calculations	
Cost of Equity	9.29%
Net Debt	3,506
Market Value of Equity	50,282
E/(D+E)	94.27%
Cost of Debt	4.09%
D/(D+E)	5.73%
Tax Rate	20.96%
WACC	8.95%

Source: Minerva Investment Management Society

Sales Forecast

Forecasting net sales is a crucial step for any Discounted Cash Flow valuation. Our approach combines management expectations, analyst street estimates, historical data and industry evolution expectations. The analysis is conducted separately for each of Thales' core business segments: Defense & Security, Aerospace, and Digital Identity & Security.

A top-down approach was employed for the Defense & Security and Aerospace segments, while a bottom-up approach, grounded in Thales' historical performance, was applied to the Digital Identity & Security segment.

Defense & Security: To forecast revenues, we have first analyzed the evolution of the Defense & Security market and derived the 2024 market share of Thales. Then, using the estimated CAGR of the overall market, we modeled a market share gain phase over the first five years of the initial forecast period, based on previous years' market share growth. This implies an increase in revenues from €10.97 bn in 2024 to €17.80 bn in 2029, in line with management expectations. This is due to Thales' strong and strategic presence within the industry, which position the company to effectively capitalize on the increasing defense spending and sustained demand driven by current geopolitical and macroeconomic conditions. After that, we see the next 5 years in which Thales continues to gain market share, however, at a decreasing rate, leading to revenues reaching €27.04 bn by 2034. Thereafter, we estimate that the company will enter a mature stage, with a stable market share and future growth aligned with the terminal growth rate (assumed at 2.5%).

Aerospace: A similar approach was used for the Aerospace business segment. After analyzing the evolution of the Aerospace market and deriving Thales' 2024 market share, we computed the market share gain stage over the first five years of the forecast. This implies an increase in revenues from 5.47 bn in 2024 to €7.13 bn in 2029, in line with management expectations corresponding to a 7% increase in Thales' market share over the period. In fact, the global aerospace industry is projected to grow steadily in the coming years, driven by increasing demand for both civil aviation and defense aerospace products. Thales' established presence in both sectors, particularly in avionics, satellite communications, and air traffic management, positions it to capture a larger share of the expanding market. In the subsequent five years, Thales is expected to continue gaining market share, but at a slower pace, with revenues reaching €9.11 bn in 2034. Thereafter, we estimate that the company will enter a mature stage, with a stable market share and future growth aligned with the terminal growth rate (assumed at 2.5%).

Digital identity & Security: To forecast revenues, we have assumed a CAGR of 7.5% for the first 5 years of the initial forecast period. This implies an increase in revenues from €4.02 bn in 2024 to €5.78 bn in 2029, in line with management expectations and Thales' strategic positioning within the digital identity and security market, which enables the company to capture a larger share of the expanding sector. In the subsequent five years, we estimate revenues to grow to €7.64 bn in 2034, reflecting a lower growth rate. Thereafter, we estimate that the company will enter a mature stage, with a stable market share and future growth aligned with the terminal growth rate (assumed at 2.5%).

Profitability

Profitability is projected to increase over time due to economies of scale and synergies from past acquisitions. As the company grows, operating expenses such as will decrease as a percentage of revenue, driven by more efficient production, procurement,

and administrative processes. The realization of synergies from integrating acquired businesses will further reduce costs, especially in SG&A and R&D, by eliminating redundancies and streamlining operations. These factors will lead to improved EBIT margins, reflecting greater profitability as the company scales.

Financial Assumptions

Our 10-year goals for various financial items are closely aligned with those of management and analysts.

Capex has been forecasted as a constant percentage of revenue, based on the company's capital expenditure practices over the last few years. Similarly, D&A has been forecasted as a constant percentage of revenue, reflecting the company's historical D&A, taking into account that the company partially substitutes CAPEX with external growth from acquisitions.

The change in Net Working Capital was projected by forecasting individual balance sheet items, using ratios such as Days Sales Outstanding, Days Payables Outstanding, and Days Inventory on Hand.

Free Cash Flow and Intrinsic Price

By summing the FCFF for all the projected years calculated with the formula:

$$FCFF = EBIT \times (1 - t) + D\&A - CAPEX - \Delta NWC$$

We can discount it to the present using the WACC calculated in the previous section, add the terminal value discounted in a similar way and we arrive at the Enterprise Value of €56.14 bn. Subsequently, by adjusting the value using the equity bridge and dividing by the share count, we arrive at our implied share price of €257.55 per share, implying a downside of 4.68% over closing price as of 02 May.

Also, we have applied a sensitivity analysis for our DCF valuation, to have a better understanding of how the implied price would change considering a variation in the calculated discount rate or the terminal growth rate.

Figure 4.3: Sensitivity analysis of the price

Thales' price sensitivity to variations in WACC or TGR (€)

	TGR				
	1.9%	2.2%	2.5%	2.8%	3.1%
WACC					
7.9%	291.25	301.29	312.43	324.87	338.85
8.4%	265.55	273.69	282.66	292.57	303.61
8.9%	243.55	250.24	257.55	265.58	274.43
9.4%	224.51	230.06	236.10	242.68	249.88
9.9%	207.88	212.53	217.56	223.02	228.95

Source: Minerva Investment Management Society

Valuation: Multiples

To complement our assessment, we approached Thales' valuation through the market multiples method, incorporating a set of comparable international companies.

These firms were selected primarily based on market capitalization, geographical presence, and business model similarity. Furthermore, considering Thales' operations across multiple sectors, we prioritized companies with substantial exposure to the defense, aerospace, and cybersecurity industries.

In addition, a smoothed average, eliminating the highest and lowest values, was used to avoid the biasing effects on the average caused by possible outliers.

Figure 4.4: Comparable companies analysis

Company name	Region	EV/Sales Actual	EV/Sales Forward	EV/EBITDA Actual	EV/EBITDA Forward
Thales	France	2.59x	2.43x	19.84x	18.17x
Leonardo	Italy	1.68x	1.60x	15.98x	12.59x
BAE Systems	UK	2.24x	2.28x	18.16x	16.37x
Rolls-Royce Holdings	UK	3.36x	3.89x	22.33x	20.25x
Rheinmetall AG	Germany	6.84x	5.28x	38.03x	27.67x
Safran SA	France	3.47x	3.11x	18.09x	15.41x
Kongsberg Gruppen ASA	Norway	5.74x	4.96x	38.67x	29.92x
MTU Aero Engines AG	Germany	2.25x	1.95x	14.86x	10.88x
Saab AB	Sweden	3.80x	3.26x	36.29x	23.86x
Airbus SE	France	1.59x	1.48x	16.23x	11.21x
Dassault Aviation société anonyme	France	2.57x	2.32x	24.20x	19.33x
Average		3.1x	2.9x	23.7x	18.3x
Median		3.0x	2.7x	20.2x	17.9x

Source: Minerva Investment Management Society

In assessing Thales' value, we examined industry benchmarks, specifically focusing on EV/Sales and EV/EBITDA. We decided not to focus on Equity Value multiples due to the capital structure differences among the comparable companies, which could have affected the accuracy of the valuation.

When considering the EV/Sales actual and forward multiples, Thales' figure is 2.59x and 2.43x respectively, under the group average of 3.1x and 2.9x, and the median of 3.0x and 2.7x. This suggests that Thales' sales are valued less highly in the market, possibly indicating that Thales is undervalued.

The average EV/EBITDA actual multiple among the peer group is 23.7x, while the median is lower at 20.2x. The average EV/EBITDA forward multiple is 18.3x, with the median lower at 17.9x. Thales stands below the average with an EV/EBITDA multiple of 19.8x, suggesting a discount valuation compared to its peers.

By multiplying the implied multiples by Thales' relative financial measures, we estimated the implied Enterprise Value. Subsequently, by adjusting the value using the equity bridge and dividing by the share count, we arrive at our implied share price.

Figure 4.5: Comparable companies analysis

Metric	Enterprise value	Equity value	Equity value per share
EV/Sales A Average	€64,627.2 m	€61,528.0 m	€298.8
EV/Sales A Median	€61,092.9 m	€57,993.7 m	€281.6
EV/Sales F Average	€64,236.5 m	€61,137.3 m	€296.9
EV/Sales F Median	€59,721.1 m	€56,621.9 m	€274.9
EV/EBITDA A Average	€63,677.9 m	€60,578.7 m	€294.2
EV/EBITDA A Median	€54,490.9 m	€51,391.7 m	€249.5
EV/EBITDA F Average	€53,875.1 m	€50,775.9 m	€246.6
EV/EBITDA F Median	€52,452.6 m	€49,353.4 m	€239.6

Source: Minerva Investment Management Society

Final Valuation Methodology

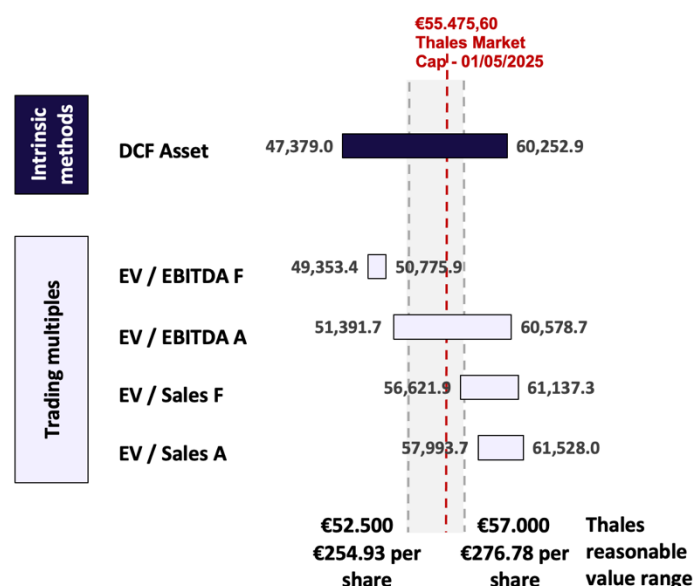
In the valuation of Thales, we secured our assessment of the company by analyzing both its actual and forward multiples, as this allows us to capture the current market expectations and future potential. This choice ensures that our valuation reflects both historical and certain performance and anticipated growth. Using only Enterprise Value multiples, we multiplied the implied multiple by the corresponding measure to find the enterprise value. We then subtracted the net debt and minority interests to arrive at the equity value. Finally, by dividing the implied equity value by the total number of diluted shares outstanding, we determined an intrinsic share price. This calculation provides a clear view of the company's potential value based on both current performance and future growth expectations. The implied equity value per share from the comps has been derived as an average of the EV/Sales and EV/EBITDA, both actual and forward, using the median and average values. We then combined this share price with our DCF valuation, giving equal weight to both the intrinsic value calculated from the company's cash flows and the market-based value indicated by the multiples analysis.

The equal weighting of DCF and multiples valuation in our final computation allows us to capture a comprehensive view of Thales' worth, both from an intrinsic standpoint and relative to its peers. This methodologically robust approach led us to a

target price that, when contrasted with the closing price of Thales on 02 May 2025, reveals a modest discrepancy, suggesting the potential for a modest overvaluation in the market.

Figure 4.6: Final valuation and football field

Method	Equity value per share	Weights
DCF Valuation	€257.55	50%
Multiples Valuation	€272.76	50%
Final Valuation	€265.16	



Source: Minerva Investment Management Society

Investment Risks

Downside risks

Macroeconomic uncertainty risk: Thales' current valuation reflects expectations of significant revenue growth, partly driven by recent announcements from the European Commission encouraging up to €800 billion in defense investments to support Ukraine and reduce Europe's dependence on the United States. However, given the fluid geopolitical context, there is a substantial risk that if EU-US tensions ease or the Russia-Ukraine conflict reaches a more durable resolution, the actual increase in defense spending could fall short of initial projections. In the best-case scenario, European countries may remain committed to enhancing strategic autonomy regardless of the conflict's resolution, but implementation could face delays as the immediate urgency subsides. More realistically, we expect European governments to increase defense budgets only moderately—to meet NATO's 2% of GDP threshold, a longstanding point of contention, particularly raised by former U.S. President Donald Trump. According to 2023 data, 10 of 32 NATO members had not yet met this threshold. Excluding Canada, 9 EU countries would

need to increase military spending by a combined \$32.4 billion annually—far below the headline €800 billion investment target by 2030. Our view that the full implementation of this plan is unlikely is reinforced by Europe's sluggish economic growth, persistent industrial challenges, and traditionally cautious stance on sovereign debt expansion.

Production ramp-up risk: A sharp rise in defense budgets would require a proportional expansion in industrial capacity, entailing significant execution risks. As highlighted by Thales' CEO in the most recent earnings call, converting budget allocations into binding contracts typically takes two years. While this delay offers a buffer for planning, Thales has indicated it will wait for firm order visibility before committing to major capacity investments. Even once investments are initiated, reaching full production capacity would take an additional 2–3 years, involving coordination across a highly complex supply chain. Given the technical and logistical challenges involved, any ramp-up may be slower than anticipated. Notably, if such a timeline extends beyond the current U.S. political cycle, and Trump does not remain in office, the strategic momentum behind European defense spending could further weaken, adding an additional layer of uncertainty to Thales' medium-term growth trajectory.

Upside risks

Long-term market consolidation potential: Thales may profit from a quicker consolidation in the European defense industry. Governments frequently give preference to working with larger and more established suppliers during periods of geopolitical uncertainty and growing defense budgets. This should cause smaller firms to exit the market and allow Thales to win larger and longer contracts. While production ramp-up remains constrained in the near future, securing larger or longer-term contracts would enhance order backlog visibility and support long-term revenue growth. If given enough time, these potential long-term contracts could be achievable over the next few years despite Thales' production ramp-up risk. Additionally, Thales may be able to improve pricing power, fortify supplier relationships, and pursue targeted acquisitions.

Unrealized synergies: The recent acquisitions of both Imperva (December 2023) and Cobham Aerospace Communications (2023) could unlock significant synergies for Thales, which has only just begun integration efforts. Imperva strengthens Thales' capabilities within data and application security. Cobham expands Thales' portfolio in aerospace connectivity and communication systems. Cross-selling opportunities, unified platform development and operational cost efficiencies may result in margin expansion and increased production ramp-up capabilities. If these synergies are realized ahead of expectations, they could materially improve Thales' financial performance and strategic positioning across its core segments.

Appendix

Exhibit 1: Restated Balance Sheet

(EUR m)	2020	2021	2022	2023	2024
Balance sheet					
Accounts Receivable	7,974	7,921	8,221	9,166	10,389
Accounts Payables	(5,998)	(6,067)	(6,919)	(7,644)	(8,333)
Inventory	3,509	3,336	3,672	4,251	4,936
Other Current Assets	941	3,398	4,021	4,260	1,204
Unearned revenue	(6,454)	(7,069)	(8,314)	(9,789)	(11,541)
Deferred taxes	(658)	(491)	(397)	(319)	(635)
Long term provisions	(2,052)	(1,772)	(1,752)	(1,727)	(1,965)
Other Current Liab.	(283)	(2,342)	(2,278)	(2,352)	(546)
Noncash working capital	(3,022)	(3,086)	(3,745)	(4,153)	(6,491)
Tangible assets	3,570	3,399	3,479	3,596	3,716
Others	972	955	1,043	1,183	1,367
Goodwill and trademarks	8,319	7,146	7,036	10,228	11,432
Fixed assets	12,861	11,500	11,558	15,007	16,514
Core capital employed	9,839	8,414	7,813	10,854	10,023
Investments	1,374	1,480	1,717	1,778	1,809
Employee severance	(3,404)	(2,447)	(1,908)	(1,553)	(1,589)
Other non-operational assets	125	144	132	344	372
Surplus assets	(1,905)	(824)	(59)	569	591
Net capital employed	7,933	7,591	7,753	11,423	10,614
ST financial debt	2,389	1,319	1,480	2,713	3,273
Bank loans	5,210	4,602	3,991	5,720	4,551
Gross financial debt	7,598	5,921	5,471	8,434	7,823
Excess cash & equivalents	(5,004)	(5,049)	(5,100)	(3,980)	(4,767)
Net debt	2,595	872	372	4,454	3,056
Common Stock - Par Value	5,464	6,729	7,815	7,676	7,716
Treasury Stock - Common	(39)	(38)	(382)	(476)	(93)
Other Comprehensive Income	(283)	(217)	(258)	(370)	(109)
Group equity	5,142	6,474	7,174	6,830	7,515
Minorities	197	244	208	139	43
Total equity	5,339	6,719	7,382	6,969	7,558
Total funds invested	7,933	7,591	7,753	11,423	10,614

Exhibit 2: Restated Income Statement

(EUR m)	2020	2021	2022	2023	2024
Income statement					
Sales	15,371	16,192	17,569	18,428	20,577
Growth		5.3%	8.5%	4.9%	11.7%
Cost of goods sold (COGS)	(11,791)	(12,159)	(13,113)	(13,662)	(15,203)
Gross Profit	3,580	4,033	4,455	4,766	5,374
Selling General & Admin Exp. (excluding D&A)	(908)	(956)	(1,121)	(1,272)	(1,409)
R & D Exp.	(943)	(1,027)	(1,064)	(1,108)	(1,274)
EBITDA	1,729	2,051	2,271	2,386	2,691
Margin	11.2%	12.7%	12.9%	12.9%	13.1%
D&A for EBITDA	(871)	(837)	(833)	(811)	(925)
EBIT	858	1,213	1,438	1,576	1,766
Margin	5.6%	7.5%	8.2%	8.6%	8.6%
Interest Expense	(62)	(54)	(76)	(160)	(289)
Interest and Invest. Income	7	(3)	26	161	124
Net Interest Exp.	(55)	(57)	(50)	2	(166)
Income from Affiliates	45	104	180	147	95
Other Non-Operating Inc.	(77)	(53)	(99)	(65)	39
EBT Excl Unusual Items	770	1,208	1,469	1,660	1,734
Restructuring Charges	(165)	(92)	(99)	(91)	(118)
Other Unusual Items	(91)	49	(24)	(388)	(437)
EBT Incl. Unusual Items	514	1,165	1,347	1,181	1,180
Income Tax Expense	(65)	(148)	(225)	(252)	(247)
Earnings from Cont. Ops.	450	1,017	1,122	929	932
Earnings of Discontinued Ops.	42	118	9	74	412
Net Income to Company	492	1,134	1,131	1,003	1,344
Minority Int. in Earnings	(9)	(46)	(10)	21	75
Net Income	483	1,089	1,121	1,023	1,420

Exhibit 3: Thales Revenues Forecast (€ millions)

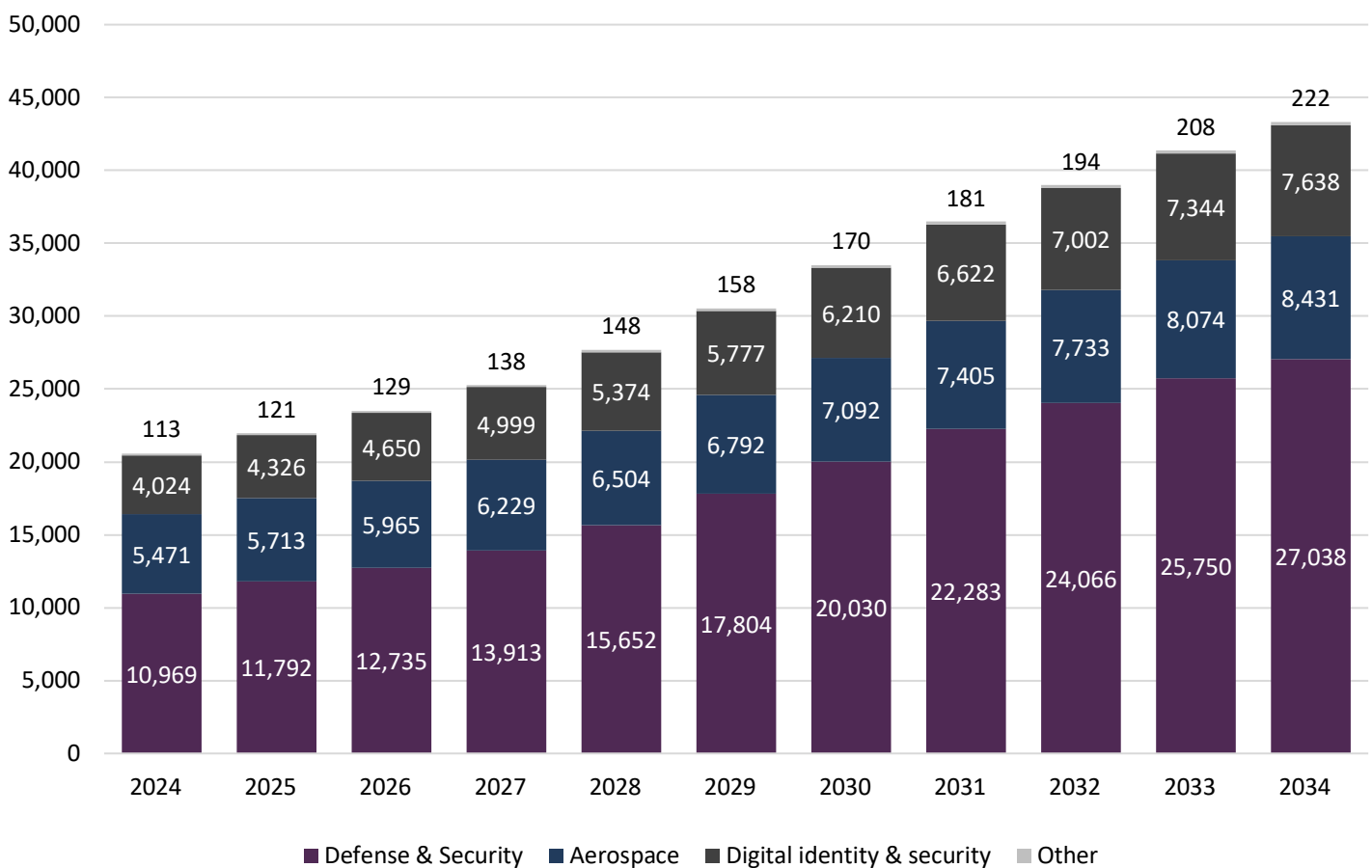


Exhibit 4: DCF Model – Summary

(EUR m)	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Sales to FCFF											
Sales	20,577	21,951	23,480	25,279	27,678	30,531	33,502	36,492	38,995	41,376	43,329
Growth	11.7%	6.7%	7.0%	7.7%	9.5%	10.3%	9.7%	8.9%	6.9%	6.1%	4.7%
COGS	(15,203)	(16,196)	(17,900)	(18,601)	(20,339)	(22,405)	(24,851)	(26,705)	(28,498)	(30,197)	(31,579)
Gross Profit	5,374	5,755	6,179	6,678	7,340	8,127	8,951	9,786	10,497	11,179	12,837
SG&A	(1,409)	(1,503)	(1,596)	(1,708)	(1,854)	(2,030)	(2,214)	(2,390)	(2,554)	(2,809)	(2,897)
R&D Exp.	(1,274)	(1,317)	(1,409)	(1,517)	(1,661)	(1,832)	(2,010)	(2,189)	(2,340)	(2,483)	(2,600)
EBITDA	2,691	2,935	3,474	3,456	3,825	4,265	4,730	5,207	5,603	5,987	6,313
Margin	13.1%	13.4%	13.5%	13.7%	13.8%	14.0%	14.1%	14.3%	14.4%	14.5%	14.6%
D&A	(925)	(1,032)	(1,104)	(1,188)	(1,301)	(1,435)	(1,575)	(1,716)	(1,833)	(1,945)	(2,037)
EBIT	1,766	1,903	2,071	2,267	2,524	2,830	3,155	3,770	4,042	4,276	4,526
Margin	8.6%	8.7%	8.7%	9.0%	9.1%	9.3%	9.4%	9.6%	9.7%	9.8%	9.9%
(Operat. taxes)	(370)	(399)	(434)	(475)	(529)	(593)	(662)	(732)	(790)	(847)	(896)
NOPAT	1,396	1,504	1,636	1,792	1,995	2,237	2,494	2,760	2,980	3,194	3,379
D&A	925	1,032	1,104	1,188	1,301	1,435	1,575	1,716	1,833	1,945	2,037
Change in NWC	2,337	(619)	397	467	625	743	789	873	606	491	306
CapEx	(540)	(681)	(591)	(621)	(669)	(732)	(808)	(886)	(965)	(1,031)	(1,148)
FCFF	4,118	1,337	2,516	2,779	3,188	3,607	3,953	4,283	4,423	4,652	4,762

Exhibit 5: Multiple Analysis

Companies	Country	EV/Sales Actual	EV/Sales Forward	EV/EBITDA Actual	EV/EBITDA Forward
Thales SA (ENXTPA:HO)	France	2.59	2.43	19.84	18.17
Leonardo S.p.a. (BIT:LDO)	Italy	1.68	1.60	15.98	12.59
BAE Systems plc (LSE:BA.)	United Kingdom	2.24	2.28	18.16	16.37
Rolls-Royce Holdings plc (LSE:RR.)	United Kingdom	3.36	3.89	22.33	20.25
Rheinmetall AG (XTRA:RHM)	Germany	6.84	5.28	38.03	27.67
Safran SA (ENXTPA:SAF)	France	3.47	3.11	18.09	15.41
Kongsberg Gruppen ASA (OB:KOG)	Norway	5.74	4.96	38.67	29.92
MTU Aero Engines AG (XTRA:MTX)	Germany	2.25	1.95	14.86	10.88
Saab AB (publ) (OM:SAAB B)	Sweden	3.80	3.26	36.29	23.86
Airbus SE (ENXTPA:AIR)	France	1.59	1.48	16.23	11.21
Dassault Aviation société anonyme (ENXTPA:AM)	France	2.57	2.32	24.20	19.33
Average (smoothed)		3.1x	2.9x	23.7x	18.3x
Median		3.0x	2.7x	20.2x	17.9x

Exhibit 6: Multiple Valuation

Method	EV/Sales Actual	EV/Sales Actual	EV/Sales Forward	EV/Sales Forward	EV/ EBITDA Actual	EV/ EBITDA Actual	EV/ EBITDA Forward	EV/ EBITDA Forward
Multiple choice	Average	Median	Average	Median	Average	Median	Average	Median
	Actual	Actual	Forward	Forward	Actual	Actual	Forward	Forward
Thales' corresponding metric (€ m)	20,576.6	20,576.6	21,975.3	21,975.3	2,691.0	2,691.0	2,938.0	2,938.0
Multiple	3.1x	3.0x	2.9x	2.7x	23.7x	20.2x	18.3x	17.9x
Enterprise value (€ m)	64,627.2	61,092.9	64,236.5	59,721.1	63,677.9	54,490.6	52,875.1	52,452.6
(Net debt) (€ m)	(3,056.3)	(3,056.3)	(3,056.3)	(3,056.3)	(3,056.3)	(3,056.3)	(3,056.3)	(3,056.3)
(Minorities) (€ m)	(42.9)	(42.9)	(42.9)	(42.9)	(42.9)	(42.9)	(42.9)	(42.9)
Equity value (€ m)	61,528.0	57,993.7	61,137.3	56,621.9	60,578.7	51,391.7	50,775.9	49,335.4
Implied Equity value per share (€)	298.8	281.6	296.9	274.9	294.2	249.5	246.6	239.6
Implied multiples - DCF asset side	2.6x	2.6x	2.5x	2.5x	20.1x	20.1x	18.4x	18.4x

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