Collective intelligence for a safer world

Whenever critical decisions need to be made, Thales has a role to play. In all its markets (aerospace, space, ground transportation, defence and security) Thales solutions help customers to make the right decisions at the right time and act accordingly.

World-class technology, the combined expertise of 64,000 employees and operations in 56 countries have made Thales a key player in keeping the public safe and secure, guarding vital infrastructure and protecting the national security interests of countries around the globe.

Employees
64,000

Global presence
56 countries

Self-funded R&D*
2016
731 million euros

* Does not include therefore R&D undertaken with external funding.

A balanced revenue structure

<table>
<thead>
<tr>
<th>Defence</th>
<th>Civil</th>
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<td>50%</td>
<td>50%</td>
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Revenues in 2016
14.9 billion euros

Shareholders
(at 31 December 2016)

- French State 25.8%
- Dassault Aviation 24.8%
- Float 49.4%
- of which employee-owned 2.7%
Markets we serve

DUAL MARKETS
Military & Civil

AEROSPACE
SPACE
GROUND TRANSPORTATION
DEFENCE
SECURITY

TRUSTED PARTNER FOR A SAFER WORLD
Team members based in Australia, France, UK and North America to:

- Identify opportunities for Australian SME’s within the Thales global organisation
- Identify and engage with Australian SME’s potentially suited to Thales product lines
- Introduce/present Australian SME capability to Thales key decision makers
- Encourage diversification in SME’s by seeking opportunities in Thales Civil and Defence market segments
Thales Offsets Management

▌ VP Group Offsets Based in Thales HQ France

➢ Offsets Directors Nominated for each Global Business Unit
➢ Offsets POCs nominated by Country

▌ Group Offsets Committee

➢ Meets regularly in Thales HQ, Paris
➢ Reviews activities by country and by business unit
➢ Allocates priorities, redistributes commitments, balances requirements
GSC Example – Radar considered for Production in Australia

- Pressure Tight Motor Assembly
  - Complex mechanical & electrical assembly
- Motor Drive Unit
  - Inboard controller of PRIMOSS
- Radar Imaging & Data Server
- Auxiliary Video Switch
Initial Selection of Australian Industries

Jan 2016 – Identification of “likely” companies

- Data Package sent to each company identified

Feb 2016 – 2 week round trip to visit companies with Product Manager

- Reviewed capabilities, focused on data packages sent.

Visited:

- Mechanical
- Electronics
- Cabling
Outcome of Initial Visit

- Some companies eliminated as unsuitable or not interested
- ROM proposals invited from
  - Ferra
  - Axiom Precision Manufacturing
  - SRX
  - CABLEX
  - Micreco
- ROM prices received compared favourably to existing supplier costs
  - Production in Australia Feasible
  - Senior management briefed – permission to continue given
  - New “Full” data packages and RFP issued
  - Emphasis on single source of supply in Australia, delivering complete sub-assemblies. No desire by Thales to manage different suppliers in Australia
Axiom, Ferra and Cablex expressed interest in taking a lead role

- Micreo and SRX decided not to bid
- Axiom subsequently dropped out, having decided that the Project Management was too risky for them

Left with two bids - Ferra and Cablex

- Both developed local supply chains covering the full scope of mechanical, electronics, assembly, test etc.

Offers received in Oct 2016.
Final Outcome

November 2016 – Second Visit to Australia by Product Manager

- Focused on clarification and understanding the cost drivers of offers received
- Also reviewed local supply chains
- Both companies agreed to provide revised formal offers based on new level of understanding

New “mature” offers received Jan 2017

- Project handed over to Purchasing/legal to negotiate final details and conditions
- BAFOs delivered in May
- Winner selected and contract awarded to Ferra in June 2017
- Production now ongoing
Questions ?