



Dassault Aviation – 2023 First half-year results

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List of MAIN speakers	Company	Job title
Éric Trippier	Dassault Aviation	CEO

Press Conference 20 July 2023

Éric Trippier
CEO

Welcome to the report of our half-year result. We'll start as usual with a short video featuring the highlights since January 1st.

Highlights

On December 29th, 2022, DG took delivery of the Rafale B359 in Merignac. This event marks the resumption of Rafale deliveries to France after a four-year interruption. Dassault Group [ph 00:00:40] presented both its military and civil know-how at the 2023 edition of the Aero India show held in Bangalore from 13 to 17th of February. On display at our stand were the Air and Navy versions of the Rafale Falcon 8X and a front section of a Falcon 2000 produced in the Franco-Indian Nagpur plant. The Indian Air Force showcased the Rafale in flight.

Our company took part in the IDEX show from 20th to 24th of February 2023 in Abu Dhabi. The United Arab Emirates ordered 80 Rafale fighter jets. Our combat aircraft demonstrates its efficiency, versatility and reliability every day in many theatres of operation. It continuously integrates feedback from the armed forces and the latest innovations to stay at the cutting edge of technology.

The 2023 edition of the Course du Coeur marked another success for the Dassault Group team which topped the leaderboard for the third year running. The 16 runners demonstrated great team spirit over the 750 kilometres covered between Paris and Les Arcs in four days and four nights. This sporting event aims to promote organ donation.

For the third year running, Dassault Aviation has been named by the Financial Times climate leaders ranking, which rewards European companies with the best result in terms of environmental performance.

On May 20th and 21st, the *Patrouillerie de France* celebrated its 70th anniversary at the air base 701 in Salon, Provence, attended by the CEO, their famous Alphajet aircraft also celebrating 50 years of loyal service. Its maiden flight was on October 26, 1973, in east, piloted by Jean-Marie Sajet.

The Falcon saga celebrates its 60th anniversary this year. The Falcon's maiden flight, named [ph 00:02:45] *Mystère 20*, was on May 4th, 1963 in Merignac. It marked the first in a long line of business jets, which will continue with the imminent entry into service of the Falcon 6X and the development of the 10X. Since 1963, the company has delivered over 2,700 business jets, clocking up over 20 million flight hours.

The EBACE took place in Geneva from 23rd to 25th of May. A full-size Falcon 10X cabin was on display at our stand. This attracted numerous visitors, all impressed by the new aircraft interior and the high-quality features. The Falcon 6X was presented to our customers and the press. The aircraft was exhibited at the static display area alongside the XS and the 2000 LXS.

Dassault Aviation has supported the *Rêves de Gosse* aerial tour for over 20 years. The 2023 edition featured ten stages from May 19th to May 27th, organised by the association the Chevalier de Ciel. It aims to give extraordinary children who are experiencing major difficulties, underprivilege, or suffering from disabilities or illness, an opportunity to fly alongside ordinary children.

Dassault Aviation is the only major French aerospace company in the 2023 ranking of France's 200 leading innovation company. This ranking is published by *Les Echos* and Statista [ph 00:04:16] and recognises the know-how and strategies implemented by France's most innovative companies.

The Swedish research firm Universum has named Dassault the fourth most popular company, maintaining our position amongst the most attractive employers for French students and recent graduates across all industries.

The 54th edition of the Paris air show was a huge success among both professionals and the public, demonstrating the appeal and vitality of our sector.

On Day One, French President Emmanuel Macron took in extensive presentations of Dassault Aviation's military innovations. He also visited the Falcon 6X and 10X. Prime Minister Élisabeth Borne met with the employees present at their careers plane [ph 00:05:24] area. Members of the French government were also shown the full scope of Dassault Aviation's expertise and know-how in numerous areas.

Our CEO presented our innovations and solutions for the armed forces to its minister, Sébastien Lecornu. Many military delegations and civilian customers visited our static display and innovative exhibition stand, particularly popular with many coming up.

During the show, Bernard Charlès CEO of Dassault Systèmes, and Éric Trappier, announced the launch of a sovereign cloud, based on the 3D experience platform. It is designed to ensure the highest levels of security and sovereignty for major defence programmes. To secure our future, we need to master these data. This involved identifying it, knowing what we want to do with it, and we need to structure and store it in order to use it. And therefore, it's called the cloud. It's a physical cloud for the storage of data internally at Dassault Aviation, and then we can decide how we can share this cloud with others. And that's the point of this programme - to know that we can rely on tools that are specific to the Group that are made in France, and therefore in Europe.

During this 54th edition, the Rafale showcases handling qualities daily in the hands of Air Force captain Bernard Butain [ph 00:07:03], also known as Bubu [ph 00:07:04].

The Rafale is continuing its transformation and adapting to operational needs, based on experience feedback, which is taken on board by our companies to develop standards, both successive and iterative. Today we are working on the F4 standard. The aircraft operates on the F3 standard, but we have already started to prepare the F5 standard for 2323. So, it will be the Rafale F5 that will most certainly see the development of the UCAV [? 00:07:39] to reinforce the capacities of the aerial warfare.

The Rafale was also presented to various foreign delegations throughout the week. They discovered our numerous innovations in the military support customer service space. A brand-new collaborative combat simulator also demonstrated Dassault Aviation's expertise in the field.

The visit of the Minister of the Armed Forces saw the official announcement of the creation of a teaching and research chair with the *Institut Polytechnique de Paris* in the architecture of complex

systems. It will involve Dassault Aviation, Dassault Systèmes, Naval Group, NEXTOR, as well as France's defence innovation agency.

Falcon 6X has demonstrated its handling qualities just like the Rafale. One of our new aircraft was also presented at our starting display alongside the Falcon 2000, the Falcon 8X and a full-scale mock-up of the Falcon 10X cabin.

As a part of the plan to recruit 1,000 employees by 2023, we actively took part in the careers plane [ph 00:09:03], welcoming young visitors to its recruitment area. The company was also present at the Paris air lab, organised to discover techniques for decarbonising the industry. Our specialist explained how to optimise flight path with Falcon ways and how we can use augmented reality in production.

There was an opportunity to promote the use of sustainable alternative fuels - SAF - already used by Dassault Aviation to considerably reduce the carbon footprint of our aircraft. We are also showcasing that these planes are already flying with alternative fuels - 30% - because that's what is available, but they can handle up to 50%, and we are working with the future 10X to reach 100% alternative fuel. So, we're fully committed to decarbonisation and to achieving zero-net carbon objectives by 2050.

In early July, India officially selected the Rafale Marine to equip the Indian Navy, a decision that coincided with the conclusive test campaign as part of an international tender launched by the Indian authorities. The Rafale Marine meets the operational needs of the Indian Navy and is compatible with its aircraft carriers. Ultimately, 26 Rafale Marine aircraft will join the 36 Rafale fighter jets already in operation by the Indian Air Force. This new success attests to the excellence and versatility of our combat aircraft.

Context

We're going to go on to the results, and the context is the same, the context of war at the door of the EU in Ukraine against Russia, an energy transition that is very significant, and the unpleasant side of it, which is aviation bashing, and the Bourget air show is a good response to that, and the supply chain that has a certain number of difficulties recruiting people and the ability to supply face inflation, the drift of the energy prices which is creating quite a number of problems in deliveries.

Post-closing events 1/2

India has announced the acquisition and future negotiations on 26 aircraft for the Indian Navy. This contract will be negotiated between the two governments, as was the case for the Indian Air Force. It's a great satisfaction for the company, for our partners Thales, Safran, and all the 500 companies contributing to build the Rafale, and especially the Navy Rafale.

Post-closing events 2/2

The military programming law, this law was voted. If there was no such law, we wouldn't have a plan going from 2024 to 2030. In 2027, there would be an event. It would question a certain number of things, but it is important to have this military programming law, as done with 413 [ph 00:12:25] billions of EUR, including the 13 from the exceptional earnings to be still one. So, we are in this rationale of the military programming law, with the objectives to finalise the order for health [ph

00:12:42] to have Rafales for the Air Force. We said 137 in 2030, added to the 41 from the Navy. So, here we are delivering the Rafales of the fourth tranche - the second part - and we will deliver the fifth tranche that has been ordered. The developments are being pursued with the standard F4. We're preparing the standard F5 with future work on the UAVs, the beginning of the FCAS. We have installed a platform here at Saint-Cloud. We have engineers from Germany and Spain, who will join us, and they will prepare this combat demonstrator. We are in phase 1B. We will have a phase two that will have to be contractualised before the first flight in 2029. We're also working to deliver the retrofits of ATL 2, the maritime patrol that has to fit standard six. We're working on maritime surveillance aircraft, and in this law we have 12 aircraft that will have to be delivered. Five are out of [ph 00:13:57] condition, and the Albatross with 8X. So, all this has been clearly identified in the LPM.

Paris air show

The air show, just a few words to say that it was a real success, the success of the Rafale. Of course, all our delegations, all the Falcon users in the world went to the air show, visited it and said that they wanted to meet the French authorities and they wanted to meet us too. A lot of the delegations there are still not equipped with the Rafale. We could meet them, therefore. A great attraction for our Falcon aircraft, especially a new attraction for the 6X because the 6X is in flight, and on the ground you can see it in flight, and you can also see it, visit the cabin with its internal design, the mock-up of the 10X, which is very popular. And all this can help us prepare for the future, and the Bourget air show was a place where we could talk about this.

Now, as for decarbonisation, as you saw in the film, SAF, business jets are ahead of commercial aircraft in terms of SAF because we're using a lot of our fuels with this sustainable aviation fuel. Recruitment operations, which are highly specific, because we need to recruit and hire more people - we'll talk about this later on - and we set up the *Avion des métiers*; it was set up by the GIFAS, and we want young people to join Dassault. There was a small office next to our stand. We received 500 applications, and we are working on them to help us hire people because we have a lot of tension in terms of employment.

Activities and programmes

Rafale 1st half 2023

Now, our activities and programmes in Greece. We delivered two new aircraft and four pre-owned Rafale. These are aircraft from the French Air Force, and they have been transformed; they're as good as new. We have pursued our prospection. We are holding discussions with some countries. One of them is going to come true, 26 for the Indian Navy. As for France, we've delivered two Rafales and we're continuing the development of our standards. MISSION

FUTURE COMBAT AIR SYSTEM (FCAS)

As for the future combat air system, FCAS we have a physical platform here at Saint Cloud. We've begun by setting up the common tools that will allow us to work in proper industrial teams, and the study has begun. It's pursuing all the studies we had begun in phase 1A.

Mission aircraft

Now, the mission aircraft. The programme is taking place normally for the maritime surveillance planes, *Archange*. We've delivered the seventh aircraft for ATL 2, which has been upgraded, and we're working, as I told you last March, we're working on a project, future maritime patrol aircraft, based on the Falcon 10X. As for exports for Falcons, we have delivered the first of the four Falcons ordered last year from Korea, an aircraft for electronic war.

Falcon context

As for the Falcon context, at the end of 2022, things had slowed down. We had a very good '22 in terms of sales, with 64 orders taken. Now, it is slightly slower. Since the beginning of the year, 12 orders have been received in the first half, and in the meantime we have delivered nine aircraft in H1 2023.

As for the Falcon 6X, the first point is that we're waiting for its certification. It will probably take place this summer. We are continuing the development of the Falcon 10X, and we're continuing improving the Falcons in service. We've validated a new cockpit EASy IV. That will be proposed on the 7X and the 8X. We also have new modules available on our Falcons that we have installed and which is proposed on Falcon 6X and to be proposed on the Falcon 10X, also.

Aviation bashing and taxonomy

As for aviation bashing, as I told you earlier on, I'd like to repeat, and you'll hear me repeat this, 2% of CO2 emissions for global aviation, 2% for business jets. That is 0.04% of global CO2 emissions. This is what we're talking about. We are committed, as I said in the small film, to reach carbon neutrality by 2050, considering the obligations we've all taken. A year's use of all our Falcons, that's roughly 2,000 Falcons, roughly 24 hours of global video streaming, five hours of global HGV traffic, or 2.5 days of German power plant operation. So, that is to give you the perspective and show you how much business aviation costs in terms of CO2 emissions

And we were a bit surprised that commercial aviation has been excluded from the green taxonomy determined in Brussels. They've only taken into account commercial aviation when we had engaged the decarbonisation of the sector because we use SAF. It's not just us, it's the entire commercial aviation in the world. Our major competitors in the US and Canada and the United States and in Brazil are doing just as us, and they're quite fast. They're going to use SAF.

We're organising ourselves in Europe, and in France we've held meetings with the President of the Republic to develop SAF lines, and we're using our SAF in-house. So, we're really engaged in this decarbonisation. Seen from us, this green taxonomy, we don't understand why we are excluded from it in Europe, and we will prepare legal recourse to understand. We'll take legal action to understand why we are not part of this taxonomy. It can handicap some of our subcontractors, especially SME's in France. But in general, if I compare the United States and France, the United States are going very fast in decarbonisation, with incentive systems, and Europe is using a hyper regulation vote, and this is something we'd like to denounce because we don't see inefficiency in this hyper regulation. And this is not just limited to the aeronautical industry, but there are other industries that are highly affected by this hyper regulation, and we were all very happy to hear the president say that there are

enough regulations, and we have to try to be more efficient and more pragmatic, rather than trying to always prepare texts and standards.

FALCON: FOUR LEVERS TO DECARBONISE AVIATION

As for the SAF, we are still doing research and technology in the framework of our companies. We have aerodynamical formulae, we're working on the maths and engine performance, and the future aerodynamic performance of an aircraft can be improved. We're working with those who are manufacturing the engines, and we want to be more sober with our engines, consume less. So, if we have SAF and we consume less, we are on the right track. And we have to optimise our air operations. Our clients, users, pilots can fly along traffic lines that don't consume a lot of fuel. They have the freedom to choose if they want to use more kerosene or less, or use more SAF or less. It's up to them to decide. And we have decided to buy forests, to reforest, to plant more trees and store the CO2 emissions.

FALCON 6X

As for the 6X, we're waiting for certification. It's a question of a few days. We hope that it will happen this summer. There are always a few minutes before we sign all kinds of papers, when we have to deliver. We have to study these papers, and this is the moment that is the most important, and we've been waiting for this for quite a number of weeks now. At the same time, we are ramping up with the 6X, and as soon as we have received a certification, we will commission this aircraft and we will begin deliveries to our first clients, and there'll be a demonstrator, and the future clients will be able to assess the 6X in flight, and this will definitely boost the sales of 6X.

FALCON 10X

Falcon 10X, we are pursuing our work. We are very careful about the development of the engine. This engine exists, it equips the Gulf stream, but we're adapting it to our 10X Falcon with greater thrust, and we are continuing this development with great attention, and the results are very good. So, we're quite confident about this engine, and this is very important for an aircraft, especially considering what we have seen in the past.

We're working on the cabin, the modularity of the cabin, the new size of the cabin. We can imagine all kinds of new things. And the other technological aspect is the carbon wings, and we are ready to develop the wing service, and the production of this wing surface, the first series, you see the pictures here from Biarritz. And they are at Martignas before they go to Merignac.

HUMAN RESOURCES

Human resources: this is very important. Last year, we recruited a lot. This year, also, we're going to hire a lot of people – 1,400 employees – in the group, 1000 in France, and it's quite a large number. It's not very easy to find them. We were quite attractive. We can't find them quick enough. We're trying to find them everywhere, apprentices, engineers, and our workload is quite heavy with the ramping up in the design offices and all the *ad hoc* services. To make our aircraft fly, we need a lot of

people. The sharing of the value in France: there was an agreement between the trade unions and the MEDEF. At the beginning of the year, we at Dassault Aviation, we have this profit-sharing, this participation, and in 2023 it will represent four months of wages. This is the right thing to do, and we are right at the top in terms of value-sharing. We've signed agreements with the trade union organisations this year in terms of their wages. We've increased their wages, although some say don't fuel inflation by increasing the wages too much, but inflation was quite high, so therefore the average increase was 6.2%. This agreement was signed by the CGC, CFDT and the UNSA. A few agreements on disabilities, disabled people, to improve the situation of some of the future employees.

One of the major topics is the deployment of the new job typology in the metallurgy branch. This will have to be there in all the metallurgy branches, right from the 1st of January 2024, whether it's in the large companies or small companies. This is very important because we have to requalify each job and put each employee in each box in each job. So, this is a major job which is underway, and we are quite confident about the time. We are also discussing with the trade unions to obtain an agreement on the methodology and to properly label these jobs.

H1 2023 results

Order intake, net sales and backlog

Business results: 1.6 billion order intake for this first half, with 12 Falcons, but also some additions.

Regarding our pricing revision, on the export market, sales 2.3 billion, nine Falcons, two exported Rafales. New, the two French Rafales and four pre-owned Rafales from the French Defence. So, that's three thirds: a third for export, a small third for French defence forces, and another third for the Falcons. The backlog is now standing at €34.4 billion, excluding the 26 aircrafts planned for the Indian army. Without the Indonesian army, we're waiting for the first instalment for the first 18 aircraft out of the 36 to be delivered, and we're still waiting for an order intake of 42 aircraft for France, so our backlog should increase by the end of this year

ADJUSTED CONSOLIDATED INCOME STATEMENT

Now, adjusted consolidated income statement: 151 operating income, 2,295 million for net sales. We have a financial income which went up. Our cash has helped us to invest in instruments with higher earning. The role of Thales and other equity affiliates: 210 million; taxes 66 million. So, net income €405 million, a net income margin of 17.6%.

Self-financing is still high because our sales are bit lower in this first half. So, that's 10.8% for self-finance. We still have the 6X and 10X, and we're still working on the nitty-gritty of the 10X.

DISCLAIMER

That's all from me for this first half year results. Now, I'm waiting for your questions.

QUESTIONS AND ANSWERS

Nicholas Awehr [ph 00:30:20] (Frankfurter Allgemeine Zeitung): Thank you, Mr Trippier. Nicholas Awehr [ph 00:30:22] from Frankfurter Allgemeine Zeitung. What about Berlin's decision to export euro fighters to Saudi Arabia. This decision, according to you, is it understandable? And are you more worried as for the opportunities to export SAF [ph 00:30:50]?

Éric Trippier (Dassault Aviation): It's a country's sovereign decision, made by a country called Germany. I will not dare and make a comment because I don't want to be the object of comments in your national papers.

This exports decision is a sovereign decision by member states, and that's very good. And of course, I'm worried. France has expressed its concern as well. We have a business model to produce and sell jet fighters, giving preference to France. So, if there is cooperation in the future, we will give preference to those countries cooperating with France for their development, but if there is no export, we will not go for the future development of such programmes. So, that's a concern we will have, and this will be in the hands of policymakers. Such decisions will be in the hands of policymakers.

Unnamed (Le Point): I'm from Le Point magazine. Do you think that the recent orders from India will lead you to increase the production?

Éric Trippier (Dassault Aviation): The answer is yes. Even though we were proactive, we anticipated we were at less than one. Our pace will be three. Some of the parts are already at this phase three in order, indeed, to meet the challenge of these expected orders. So, it is going to increase the pace of production for Rafale, for India, and for Indonesia alike, since we're waiting for the entry to force of the contract with Indonesia for 18 aircrafts in the coming days and another 18 aircrafts in the future.

Thierry Dubois (Aviation Week): I have three questions on the SAF, the sustainable alternative fuels, you see that you're better than commercial aircraft. Could you give us some figures? Still talking about SAF, are Falcon customers ready to pay more for that? And regarding the supply chain, you said that there were some problems in hiring, that you were struggling with the commodities and raw material, that it was disrupting the deliveries. Is it visible up to the stage of delivery to your customers?

Éric Trippier (Dassault Aviation): Why am I saying that business aviation is ahead, and internally we use 30% of SAF. It's mandatory to use 30% of SAF for Falcons that are flying internally. Our customers are free to make their decision, but we know that they want to rely also on SAF, but I have no statistics because we do not collect this data in a systematic fashion, unlike commercial aircraft or airliners. Now, they are subject to 10%, I think, share of SAF by Brussels regulations. So, we are ahead of them because our customers are ready to pay a higher price for this alternative fuel, a 30% blend, because they want to move on with decarbonisation and because they're aware that it is the solution for the future and we've discussed it with our American colleagues and counterparts, and everybody is on the same wavelength, so we are all confident that since these alternative fuels are available in the airports, but we know we only account for small volumes, and these small volumes can be used for business jets.

You go to Le Bourget, and you can fuel your aircraft with this 30% blend, and some airports in the US, and when we say we use it inside the company, we use it often in Little Rock, when we fly our customers. For our customers, we also have a SAF supplier, and 30% of SAF for the maiden flights before delivery to our customers. So, we're confident that our customers, particularly in Europe, our European customers really want to go for this decarbonisation effort, and they will rely heavily on SAF.

Now, regarding disruption on the supply chain, of course it's put the producers and manufacturers under pressure. We are a bit late in some areas, but we're very agile because every time we have a part missing, we carry on assembling and make sure that we will get the part at the right time eventually for the final assembly. Our Falcon customers are fully aware of that, and they understand our problems, and we discuss with them every time there is a small delay, so that everybody will accept it – no problem.

Vincent Ami (Challenge) [ph 00:36:56]: What about the Rafales delivery windows? I wonder whether you will deliver for the French market '28 or '29. We've recently read also that Dassault is getting prepared to have a Plan B for SCAF. Dassault Systèmes, and some see that it's a kind of an incipient programme for the SCAF.

Éric Trippier (Dassault Aviation): For Falcons, we do anticipate the orders because we know there will be so many orders. It's always difficult, but for the Rafale, we take the contract as a function of our production capacity. We say we'll move on to production phase three or maybe more because and then there are problems with the subcontractors and hiring people *etc.*, but when we sign a contract we say to our customers when we think we will be able to deliver. It's from T0 of the contract. It's 38 months approximately, and then there's one aircraft delivered per month. So, for the 26 Indian aircrafts, if the entry into force is in 2024, we will deliver them at the end of 2027 approximately. We still are able to keep up with the pace.

Now, if there are many more contracts coming up they will be difficult, but these are problems of a rich company, and our Plan B, some have said that we shouldn't have a Plan B. I've always said we should have a Plan B. It's not a Plan B, we are Plan A, which is to develop the F5 standard for the Rafale for 2035 roughly approximately and maybe a fighter drone by 2035. And it's not a substitute for a SCAF. SCAF will carry on with its pathway. It is currently in the demonstration phase. We are working on the technology, and in 2029, if everything goes fine, the first flight will happen in 2029.

Now, if we sign an agreement for phase two of the contract – because we're still in phase 1B – now, if everything is aligned, we should reach phase two, and we will have to make sure that the governments of the three countries agree upon a programme. So, then it will lead to a development, *etc.*, and I've already said, it won't be before 2045. Some say it will be 2044. Before they said 2040. When I was not happy, I used to say 2050, but it should be around 2045. So, we have the Rafale, and then the SCAF. Rafale to 2035 and then the SCAF.

Unnamed (Unnamed): Can you tell us a little more about the launching of the architecture studies for the Falcon 2X, adapted to the Patmar, and the schedule that you have for this programme for this project?

Éric Trippier (Dassault Aviation): This is the beginning of our work. We have a contract from the French armed forces to propose a project. So, we are working on that. We have a few months ahead of us – six more months – before we show what we can do. Airbus is doing the same at the same time because we're in competition with them, and after, we'll see the next phase. And then, the Navy, their topic is to replace ATL 2 at a certain date, but I'll let them communicate about that. It's not up to me to say when they will replace their ATLs. And right now, we're still delivering ATLs. It's an aircraft that is not too young now any more, with engines that are also quite old. So, we shouldn't take too long before we replace these ATLs.

And the Patmar is absolutely key for us, the French, because that is for the protection of the SL and E and the fleet, and these are used in certain operations currently.

Unnamed (Unnamed): Four questions. You're talking about sovereignty. Does that mean that you don't believe in cooperation in this area, and you'd rather do it on your own?

Second question, regarding aviation bashing. Don't you think that the profession is a bit sluggish, that we're not reacting because every evening on the second channel, in its climate weather forecast, they really bash the aviation industry. And I think the aeronautical industry should complain about that because the second channel is the national channel. So, to destroy the aeronautical industry on our national channel it's a bit strange.

And the third question, which is not as grave, you said you would announce some good news. Can't you announce bad news so that the stock price might go down? Small shareholders cannot invest any more; the share price is too high.

And my last question, on the hiring of new people: I saw a lot of women on your pictures. That's not the message of the founding father, Marcel Dassault, is it? Because he'd rather have women in their kitchens rather than in the offices. So, maybe you've discovered that they had particular abilities. Or is it that the men are failing, and they're failing in terms of decarbonisation?

Éric Trippier (Dassault Aviation): As for the cloud, I'd like to answer the previous question because I forgot to answer it. You must not confuse the combat cloud - that's totally different. That is how we go to war with information circulating between different platforms, whether it's the aircraft, the ships on ground, and these generate data. How we store this data, how to carry out operations with that data, that is the combat cloud. That is different from collaborative combat. Collaborative combat, you put aircraft together; they go together on a mission. That's done in a micro-second that's nearly real time, whereas the cloud combat is different. If you can do intelligence, you can do all kinds of things.

Now, what we announced at the Bourget air show is totally different. We said there can be companies or institutions or administrations that need in their everyday life to store information, to use data, and to store them. What do they do exactly? It's got nothing to do with defence, OK? Forget about that. You can be in the medical sector. For example, I have data from all my patients in a large hospital, etc.. What do I do with that data? I have to put that in the cloud because I have all kinds of features so that I can retrieve the information and know my patient better and take care of the patient better. Where do I put all this information? I put it in the cloud. What does the cloud mean? If you have a cloud today, it will be a cloud which will be based on GAFAs (Google, Microsoft, Amazon, etc.), and we believe that some data should be confidential.

You know that there are laws of extraterritoriality in the USA. There's the data act in Europe. We have to protect this information and be able to say that for our sovereignty this information should be stored in a given place, and this is what we're launching with Dassault Systèmes. It can be used by the defence companies even in the framework of the FCAS because here, for the production, etc., we will need it. And that's the sovereign cloud that is based on the hardware that is stored in a particular place in France or in Europe and based on software that will not depend on the GAFAs. That is the sovereign cloud, and it's got nothing to do with the combat cloud, which is a totally different topic. And in the FCAS, the combat cloud is led by Airbus, although there will be interfaces with our combat aircraft because we'll have to see what information will be available, how we will exchange them between the different players of a large system, of systems, and here we will let Airbus do whatever it has to do. These are tools, and Dassault Aviation is one of the first to use the tools of Dassault Systèmes.

Now, as for aviation bashing, I don't know if there's anybody from the second channel here, France television, here in this room. I don't know if the country is interested in aviation, but simple data - remember at the time of the GIFAS, before COVID, we contributed to the trade balance with the aeronautical industry at 90%. So, it is us, we export 100% of our aircraft. We are one of the leaders. It's true for Airbus, Dassault, and all these subcontractors, Safran, which also supplies some of the Boeing aircraft. So, that's our wealth, and since we are engaged in decarbonisation, we confuse the fact that decarbonising an aircraft means no more aircrafts any more. So, we have to explain things better. We are trying to do that. GIFAS is one of the leaders to provide this information, and some of you, whatever you might do, and even some journalists say we're going to decarbonise aviation and we'll make sure that there are no more planes any more. That's not reasonable. Even the young people who are in favour of decarbonisation, they want to travel. Some will say you will be allowed to fly four times in your life. That's ridiculous. So, therefore, if decarbonisation should be credible, you have to stop caricaturing it, and we're not caricaturing it, we're working. And as I say from time to time in certain platforms, decarbonisation, it depends on the industry. If we shoot the industry, some will rub their hands, and they are on the other side of the Atlantic. So, we definitely have to improve our communication. Maybe we need to also improve the culture of certain journalists - not you, because you're here, so you're listening to us - but improve the knowledge of some of the journalists in France television. So, I'm sure that they'll hear me and they will invite me to one of their programmes.

Now, the third topic - I don't remember – yes, the share price. You're right. The share price is increasing, but I divided the share by ten so that small shareholders might be able to buy the shares. So, we haven't gone back up to the 'multiply by ten' that we had at a certain time. Our share is between €180 - €190 roughly, and for a small shareholder, I think, if you buy some ten shares, you will pay €2,000, which is the price of one share if we hadn't divided by ten. So, the small shareholders, I think, can keep buying this type of share, which is slightly above that of the profession – Airbus, Thales - which are around 130, I think.

Now, women: I would say, at Dassault, we're deeply attached to our founder, we're deeply attached to our values. But at Dassault, we're living in our times, and that's not 50 years or 60 years ago, it's today. And therefore, today, we are lucky, I'm saying we're lucky to be able to recruit women, and we're trying to hire more women, and there's one in front of me here, who is the human resources manager of the company, and she went through the design office, through manufacturing, and she is totally capable. She has a great culture, a different culture. She's a woman. She has a great performance, maybe a different type of performance. I don't know - we're not all the same. And we really would like to welcome young women to join the aeronautical industry; we're just not reserved to men and this mixture of culture. I'm not saying a man is equivalent to a woman; it's a different culture. Women are different, and they have different sensitivities, and that's great, and we're going to do our best to attract them in our company. It's not that easy. Here, we're talking about culture, we're talking about equality between men and women. But right from school, we're saying, 'Don't go into industry,' and then there's the family culture, 'industry is meant for men,' etc., but you have to stop with those stereotypes and say yes. And there were times when you had to carry heavy weights, but now when you go to plants, everything is done in such a way that people can lift weights without breaking their backs. So, we have women apprentices in all our plants, we have engineers who are female, we have female staff in all our departments. One fourth are women in the company. We have not yet reached the one fourth, but we're almost there, and I really believe that it's not related to decarbonisation, not at all, but if it can help decarbonisation, why not?

Leila Murr (Independent Arabia): I'm the correspondent for Independent Arabia. You've talked about the IDEX air show in Abu Dhabi, and as far as I remember, countries who would take orders with companies such as you had transfer contracts, a transfer of something to the buying country. Do you have such contracts which do include transfers? And I'm new in this area of the industry - you've talked about SAF. What is it made of? And what about its performance as opposed to standard kerosene? And finally, I think there was an order placed by Egypt, and they pulled back so that Greece could order its aircraft.

Éric Trippier (Dassault Aviation): For the last question now, Egypt has ordered, and there is no going back. Greece also has put orders and they will be delivered. There are two aircrafts for Greece: pre-owned crafts from the French air defence, which will be refurbished and sold to Greece, and new aircrafts will be sold to Greece. So, that's for the third question.

Regarding the transfers, you're thinking about offsets. In some countries indeed, when we sign a contract, we are bound to bring technology or jobs because the country has spent some money in buying our aircraft. That's why, for instance, we have an assembly line in India for Falcons, and not for Rafales. And we have some projects underway so as to fuel these transfer needs. There was also an offset with the United Arab Emirates for Mirage 2000, not with the Rafale, but it doesn't mean that there won't be anything included in the contract. We do control the transfer and we do that under the scrutiny and approval of the French government authorities and the ordering country.

And the third question on the SAF: you have two types of SAF that can be used from biomass oils, for instance. So, it's up to the oil companies to produce these types of alternative fuels from biomass and in the future. But there are already very available. You have fuels that are made from hydrogen. So, it's a pseudo-capturing [ph 00:56:30] at the same time, and they will be providing the same performance as kerosene standard fuels, but it is an equivalent type of performance, and we're very optimistic. We've received a report from the Academy of Technologies that does confirm it. The only thing is that you have to have a scale effect on the prices so that the price of staff will be comparable to that of standard kerosene. The challenge for these alternative fuels is the pricing. That's why the business jets will succeed earlier because our customers are ready to pay a higher price for the fuels, if those fuels generate fewer JG [ph 00:57:28] emissions.

Now, for the commercial airlines, they will have to increase the price of the fares. The problem of decarbonisation is that it has to be decided internationally. It could be a global standard, not France on its own or Europe on its own, otherwise it will disrupt competition.

Unnamed (Unnamed): Still talking about SAF, you said that there is a hyper-European regulation, as opposed to the US incentives. Don't you think that the European regulation at least has the advantage of giving us some visibility by 2030, 2050 regarding the integration of SAF? And another question on the Falcon market, could you please describe the current situation of the business jets per region?

Éric Trippier (Dassault Aviation): What I was criticising was the European taxonomy. If you go for a decarbonisation pathway from 2050 down to today, that's included in the Green Deal, but you cannot always speed up to please the decision-makers. We need some time to decarbonise it, and it's 2050 for the industry which was considered as a deadline. So, you go back in time from 2050 to try and see what can be done until then. There could be incentives, but if you set a date, a deadline, and then there is a penalty, and if you go out of the European Union and there is no penalty, then it doesn't work. Hyper-regulation is the following: because you have an aircraft of less than 19 seats, you are not included in the taxonomy while Europe is sovereign. OK, but what about the rest of the world? It's

not done elsewhere. As the French President said, it has to be a global standard or a global regulation. Of course, Europe can set the example and the model. OK, fair enough, but we have to make sure that the decarbonisation is paid for. There's a huge cost implied by decarbonisation. So, don't kill today those who will be the first one decarbonising, be it the taxpayers or the companies that are also paying taxes and who are searching for solutions to decarbonise. So, it shouldn't be in the hands of the bureaucracy. It has to be led in a pragmatic fashion at a global way and it has to be managed by the international aviation organisation based in Canada and IATA. And we only focus on Europe, and we don't care about what is happening in China and the United States, and we don't even look at what is done by the British, who are no longer in the European Union. It doesn't make sense. So, I'm not very happy, indeed, about this European taxonomy and this over-regulation imposed upon us by Europe, which doesn't take into account the industry.

The Falcon market is easy to understand - Europe and the US. And then there are a few ones in the Middle East in Asia and a few ones in Africa. It was quite buoyant last year in North America and in Europe, and it slowed down a bit in the US earlier this year and now it's catching up. And in Europe, we're doing fine. China was a bit dormant and will wake up - with no pun on words. Asia is also developing. It's a developing market, so they will need business jets to be more efficient to run their business and to improve their business model. So, we also have a strong presence in Asia. It's a bit behind Europe and the United states, but they will be catching up. These are our traditional markets.

Since the end of last year there was a fear of a recession. Everybody says that there is currently a recession. It may be a source of concern for our business. When our business is doing well, the economy is doing well. When we're not doing so well, some people have some concerns about the global economy. There were some concerns because of the high interest rates and the inflation rates. Indeed, when money is more expensive, but there are less investments, maybe that's an impact. I'm not an economist - far from it. I listen to them, but not always, because sometimes they make mistakes. It is indeed to make prediction in a world where there is so much uncertainty. If we keep on selling Falcons in the forthcoming weeks, it seems that the economy is doing well.

I'd like to wish you a nice summer for those who will go on a holiday, which would be my case. So, have a nice holiday, and hope to see you soon.