

Airbus Group Reports First Quarter (Q1) 2016 Results

- 2016 guidance maintained, commercial aircraft order backlog robust
- Revenues €2 billion; EBIT* before one-off €01 million; Earnings per share €0.51
- Q1 financials driven by back-loaded delivery schedule
- Continued focus on programme ramp-up and NEO transition

Amsterdam, 28 April 2016 – Airbus Group SE (stock exchange symbol: AIR) reported first quarter 2016 results and maintained its guidance for the full year.

“2016 turns out to be the challenging year we anticipated. Overall, we expect a stable financial performance but deliveries, cash and earnings will be heavily loaded towards the end of the year. And that already shows in our first quarter performance,” said Tom Enders, Airbus Group Chief Executive Officer. “Operationally, we continue to focus on the production ramp-ups of our Airbus A350 and A320 programmes and on the change-over to the new engine versions of the A320 and A330. On the military side, we are now facing a serious challenge for production and customer deliveries of the A400M due to new, unexpected issues on the engine propeller gearbox. It’s very frustrating but we’ll have to work through this with our engine partners. So, in a nutshell, despite these challenges we maintain our 2016 guidance and also our earnings and cash growth story for the coming years based on our strong commercial order backlog and the robust, well-resourced production ramp-ups underway.”

Group **order intake**⁽¹⁾ in the quarter was €2 billion (Q1 2015: €1 billion), with the **order book**⁽¹⁾ value totalling €957 billion as of 31 March 2016 (year-end 2015: €1,006 billion).

Airbus received 10 net commercial aircraft orders (Q1 2015: 101 net orders) with gross orders of 32 aircraft including 14 A330neos and two A380s for Emirates Airline. Fourteen of the 22 cancellations in the quarter were CEO (current engine option) to NEO (new engine option) conversions for the A320 and A330. Airbus Helicopters received 51 net orders (Q1 2015: 86 units), including 38 Ecureuil light rotorcraft. Order intake by value rose five percent at Airbus Defence and Space, driven mainly by earth observation satellites and defence contracts.

Group **revenues** were stable at €2.2 billion (Q1 2015: €2.1 billion). Despite lower deliveries of 125 aircraft (Q1 2015: 134 aircraft), revenues were stable at Commercial Aircraft supported by

the strengthening average U.S. dollar rate. Helicopters' revenues declined 10 percent, reflecting lower deliveries of 56 units (Q1 2015: 62 units) and an unfavourable mix.

Group **EBIT* before one-off⁽³⁾** – an indicator capturing the underlying business margin by excluding material non-recurring charges or profits caused by movements in provisions related to programmes and restructurings or foreign exchange impacts – was €501 million (Q1 2015: €651 million). Commercial Aircraft's EBIT* before one-off totalled €407 million (Q1 2015: €569 million), driven mainly by the back-loaded profile of deliveries and A330 rate adjustment but partly compensated by lower research and development (R&D) costs. Helicopters' EBIT* before one-off declined to €33 million (Q1 2015: €52 million), mainly reflecting lower volumes and an unfavourable mix. Defence and Space's EBIT* before one-off increased 21 percent to €109 million (Q1 2015: €90 million), supported by programme execution, portfolio focusing and efficiency measures.

Group **self-financed R&D expenses** declined to €547 million (Q1 2015: €701 million).

The A350 XWB ramp-up is progressing with the focus on bottlenecks in the supply chain, reducing outstanding work and controlling recurring costs. This is increasingly challenging. The target for a monthly production rate of 10 A350s by the end of 2018 remains unchanged. Five A320neos were delivered in the first quarter to two customers. Pratt & Whitney is committed to supplying new engines for aircraft delivery from the summer of 2016. The engines are expected to be delivered to the right level of maturity to enable the NEO ramp-up in the second half of 2016. Overall, the A320 ramp-up preparation continues despite temporary supply chain challenges that are expected to be recovered by year-end.

In the context of its internal compliance improvement programme, Airbus Group discovered certain mistakes and omissions relating to information provided in respect to consultants and other third parties in applications for export credit financing for Airbus customers and as a result has informed the relevant U.K. authorities. Some Export Credit Agency (ECA) financing has been temporarily suspended. The Group is cooperating with the relevant ECAs to resolve this issue as soon as possible and hopes to obtain financing or refinancing in the near future.

On the A400M, following a recent Airworthiness Directive from the European Aviation Safety Agency linked to the propeller gearbox on the engine, a thorough technical and industrial evaluation has been launched to secure both short- and long-term solutions. The expected

impact on aircraft in service and how they can be supported, implications on the delivery schedule and ongoing discussions with customers are under assessment. Furthermore, industrial efficiency and military capability remain a challenge during the ramp-up phase. The Company is working with customers to agree a schedule of military capability enhancement and deliveries. Overall, the cost at completion assessment will need to be adapted accordingly, but at this stage there is not a sufficiently mature view of the technical, commercial and industrial consequences and their potential impact on the financial statements, which could be significant.

As part of the portfolio reshaping, an agreement was signed during the first quarter regarding the sale of the Defence Electronics business.

Reported EBIT*⁽³⁾ of €365 million (Q1 2015: €1,241 million) included net one-offs totalling €136 million, representing the negative impact from the dollar pre-delivery payment mismatch and balance sheet revaluation. The first quarter of 2015 included a net gain of €97 million from the sale of shares in Dassault Aviation.

Net income⁽⁴⁾ in the first quarter of 2016 was €99 million (Q1 2015: €92 million) with **earnings per share** of €0.51 (Q1 2015: €1.01). The finance result of €93 million (Q1 2015: €366 million) included a positive revaluation of over €280 million mainly linked to the strengthening of the euro. In the first quarter of 2015, this revaluation had a negative impact.

Free cash flow before mergers and acquisitions amounted to €2,986 million (Q1 2015: €1,136 million), reflecting the back-loaded delivery profile in 2016 and the ramp-up preparation for the A320, A320neo and A350. **Free cash flow** was €3,131 million (Q1 2015: €452 million). The **net cash position** on 31 March, 2016 was €6.4 billion (year-end 2015: €0.0 billion) with a gross cash position of €8.0 billion (year-end 2015: €9.1 billion).

Outlook

As the basis for its 2016 guidance, Airbus Group expects the world economy and air traffic to grow in line with prevailing independent forecasts and assumes no major disruptions.

2016 earnings and free cash flow guidance is based on a constant perimeter.

In 2016, Airbus expects to deliver more than 650 aircraft and the commercial order book is expected to grow.

In 2016, before M&A, Airbus Group expects stable EBIT* before one-off and EPS* before one-off compared to 2015.

In 2016, before M&A, Airbus Group expects to deliver stable free cash flow compared to 2015.

* Airbus Group uses **EBIT pre-goodwill impairment and exceptionals** as a key indicator of its economic performance. The term "exceptionals" refers to such items as depreciation expenses of fair value adjustments relating to the former EADS merger and Airbus Combination, as well as impairment charges thereon.

About Airbus Group

Airbus Group is a global leader in aeronautics, space and related services. In 2015, the Group – comprising Airbus, Airbus Defence and Space and Airbus Helicopters – generated revenues of €64.5 billion and employed a workforce of around 136,600.

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Note to editors: Live Transmission of the Airbus Group Analyst Conference Call

You can listen to the **First Quarter 2016 Results Analyst Conference Call** with Chief Financial Officer Harald Wilhelm today at 08:30 a.m. CET via the Airbus Group website: www.airbusgroup.com/Q12016. A recording of the call will be made available in due course.

Airbus Group – First Quarter (Q1) Results 2016
(Amounts in euro)

Airbus Group	Q1 2016	Q1 2015	Change
Revenues , in millions	12,183	12,078	+1%
thereof defence, in millions	2,290	2,284	0%
EBITDA ⁽²⁾ , in millions	874	1,757	-50%
EBIT before one-offs ⁽³⁾ , in millions	501	651	-23%
EBIT ⁽³⁾ , in millions	365	1,241	-71%
Research & Development expenses , in millions	547	701	-22%
Net Income ⁽⁴⁾ , in millions	399	792	-50%
Earnings Per Share (EPS) ⁽⁴⁾	0.51	1.01	-50%
Free Cash Flow (FCF) , in millions	-3,131	452	-
Free Cash Flow before M&A , in millions	-2,986	-1,136	-
Free Cash Flow before Customer Financing , in millions	-2,876	483	-
Order Intake ⁽¹⁾ , in millions	7,245	20,994	-65%

Airbus Group	31 March 2016	31 Dec 2015	Change
Order Book ⁽¹⁾ , in millions	956,980	1,005,864	-5%
thereof defence, in millions	38,151	38,411	-1%
Net Cash position , in millions	6,438	10,003	-36%
Employees	135,801	136,574	-1%

For footnotes please refer to page 7.

by Division	Revenues			EBIT ⁽³⁾		
(Amounts in millions of Euro)	Q1 2016	Q1 2015	Change	Q1 2016	Q1 2015	Change
Commercial Aircraft	8,668	8,565	+1%	290	419	-31%
Helicopters	1,158	1,285	-10%	33	52	-37%
Defence and Space	2,534	2,603	-3%	90	133	-32%
Headquarters / Eliminations	-177	-375	-	-48	637	-
Total	12,183	12,078	+1%	365	1,241	-71%

by Division	EBIT before one-offs ⁽³⁾		
(Amounts in millions of Euro)	Q1 2016	Q1 2015	Change
Commercial Aircraft	407	569	-28%
Helicopters	33	52	-37%
Defence and Space	109	90	+21%
Headquarters / Eliminations	-48	-60	-
Total	501	651	-23%

by Division	Order Intake ⁽¹⁾			Order Book ⁽¹⁾		
(Amounts in millions of Euro)	Q1 2016	Q1 2015	Change	31 March 2016	31 Dec 2015	Change
Commercial Aircraft	4,311	17,217	-75%	904,589	952,450	-5%
Helicopters	1,004	1,428	-30%	11,615	11,769	-1%
Defence and Space	2,515	2,390	+5%	42,596	42,861	-1%
Headquarters / Eliminations	-585	-41	-	-1,820	-1,216	-
Total	7,245	20,994	-65%	956,980	1,005,864	-5%

For footnotes please refer to page 7.

Footnotes:

- 1) Contributions from commercial aircraft activities to Order Intake and Order Book based on list prices.
- 2) Earnings before interest, taxes, depreciation, amortisation and exceptionals.
- 3) Earnings before interest and taxes, pre goodwill impairment and exceptionals.
- 4) Airbus Group continues to use the term Net Income. It is identical to Profit for the period attributable to equity owners of the parent as defined by IFRS Rules.

Safe Harbour Statement:

Certain statements contained in this press release are not historical facts but rather are statements of future expectations and other forward-looking statements that are based on management's beliefs. These statements reflect Airbus Group's views and assumptions as of the date of the statements and involve known and unknown risk and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

When used in this press release, words such as "anticipate", "believe", "estimate", "expect", "may", "intend", "plan to" and "project" are intended to identify forward-looking statements.

This forward looking information is based upon a number of assumptions including without limitation: assumption regarding demand, current and future markets for Airbus Group's products and services, internal performance, customer financing, customer, supplier and subcontractor performance or contracts negotiations, favourable outcomes of certain pending sales campaigns. Forward looking statements are subject to uncertainty and actual future results and trends may differ materially depending on variety of factors including without limitation: general economic and labour conditions, including in particular economic conditions in Europe, North America and Asia, legal, financial and governmental risk related to international transactions, the cyclical nature of some of Airbus Group's businesses, volatility of the market for certain products and services, product performance risks, collective bargaining labour disputes, factors that result in significant and prolonged disruption to air travel worldwide, the outcome of political and legal processes, including uncertainty regarding government funding of certain programs, consolidation among competitors in the aerospace industry, the cost of developing, and the commercial success of new products, exchange rate and interest rate spread fluctuations between the euro and the U.S. dollar and other currencies, legal proceeding and other economic, political and technological risk and uncertainties. Additional information regarding these factors is contained in the Company's "Registration Document" dated 5 April 2016. For more information, please refer to www.airbusgroup.com.