

## 2.1.4 Results of Operations

The following table summarises the IFRS Company's Consolidated Income Statements for the past three years:

<i>(In € million)</i>	<b>2019</b>	2018	2017 <sup>(1)</sup>
<b>Revenue</b>	<b>70,478</b>	<b>63,707</b>	<b>59,022</b>
Cost of sales	(59,973)	(54,920)	(52,149)
<b>Gross margin</b>	<b>10,505</b>	<b>8,787</b>	<b>6,873</b>
Selling and administrative expenses	(6,125)	(2,435)	(2,439)
Research and development expenses	(3,358)	(3,217)	(2,807)
Other income	370	1,656	981
Other expenses	(356)	(182)	(336)
Share of profit from investments accounted for under the equity method and other income from investments	303	439	393
<b>Profit before finance costs and income taxes</b>	<b>1,339</b>	<b>5,048</b>	<b>2,665</b>
Interest result	(111)	(232)	(328)
Other financial result	(164)	(531)	1,489
Income taxes	(2,389)	(1,274)	(1,462)
<b>(Loss) Profit for the period</b>	<b>(1,325)</b>	<b>3,011</b>	<b>2,364</b>
Attributable to			
Equity owners of the parent (Net income)	(1,362)	3,054	2,361
Non-controlling interests	37	(43)	3
<b>Earnings per share</b>	<b>€</b>	<b>€</b>	<b>€</b>
Basic	(1.75)	3.94	3.05
Diluted	(1.75)	3.92	3.04

(1) 2017 figures are restated due to the application of IFRS 15.

### 2.1.4.1 Revenues

The following table presents a breakdown of the Company's revenues by business segment for the past three years:

<i>(In € million)</i>	<b>2019</b>	2018	2017 <sup>(1)</sup>
Airbus	54,775	47,970	43,486
Airbus Helicopters	6,007	5,934	6,335
Airbus Defence and Space	10,907	11,063	10,596
<b>Subtotal segmental revenue</b>	<b>71,689</b>	<b>64,967</b>	<b>60,417</b>
Transversal / Eliminations	(1,211)	(1,260)	(1,395)
<b>Total</b>	<b>70,478</b>	<b>63,707</b>	<b>59,022</b>

(1) 2017 figures are restated due to the application of IFRS 15.

For 2019, revenues increased by 10.6%, from €63.7 billion for 2018 to €70.5 billion for 2019, reflecting higher commercial aircraft deliveries and a favourable mix at Airbus.

For 2018, revenues increased by 7.9%, from €59.0 billion for 2017 (restated) to €63.7 billion for 2018, reflecting record commercial aircraft deliveries at Airbus, and supported by Space Systems and Military Aircraft activities at Airbus Defence and Space, partly offset by the perimeter change in Airbus Helicopters resulting from the disposal of Vector Aerospace.

## REVENUE BY GEOGRAPHICAL AREAS

	2019		2018		2017 <sup>(1)</sup>	
	(In € billion)	(In percentage) <sup>(2)</sup>	(In € billion)	(In percentage) <sup>(2)</sup>	(In € billion)	(In percentage) <sup>(2)</sup>
Asia / Pacific	22.6	32.1%	23.3	36.6%	21.3	36.1%
Europe	22.6	32.1%	17.8	27.9%	15.8	26.8%
North America	12.0	17.0%	11.1	17.4%	10.8	18.3%
Other countries <sup>(3)</sup>	13.3	18.8%	11.5	18.1%	11.1	18.8%
<b>Total</b>	<b>70.5</b>	<b>100%</b>	<b>63.7</b>	<b>100%</b>	<b>59.0</b>	<b>100%</b>

(1) 2017 figures are restated due to the application of IFRS 15.

(2) Percentage of total revenue after eliminations.

(3) Including the Middle East.

## Airbus

The following table presents a breakdown of deliveries of commercial aircraft by product type for the past three years.

(In units)	2019	2018	2017
A220 <sup>(1)</sup>	48	20	-
A320 Family	642	626	558
A330	53	49	67
A350 XWB	112	93	78
A380	8	12	15
<b>Total</b>	<b>863</b>	<b>800</b>	<b>718</b>

(1) A220 consolidated into Airbus as of 1 July 2018.

Airbus' revenues increased by 14.2%, from €48.0 billion for 2018 to €54.8 billion for 2019. This was due to record deliveries of 863 aircraft (compared to 800 deliveries in 2018) including 112 A350 XWBs and 48 A220s.

For 2018, Airbus' revenues increased by 10.3%, from €43.5 billion for 2017 (restated) to €48.0 billion for 2018. This was due to record deliveries of 800 aircraft (compared to 718 deliveries in 2017) including 93 A350 XWBs and 20 A220s supported by solid operational performance.

## Airbus Helicopters

The following table presents a breakdown of deliveries of helicopters by product type for the past three years.

(In units)	2019	2018	2017
Light	159	156	166
Medium	122	137	178
Heavy	47	54	48
<i>thereof NH90</i>	32	36	40
Tiger	4	9	17
<b>Total</b>	<b>332</b>	<b>356</b>	<b>409</b>

Airbus Helicopters' revenues amounted to €6.0 billion in 2019 (2018: €5.9 billion). This stability was supported by growth in services, which offset lower deliveries of 332 units (2018: 356 units).

For 2018, Airbus Helicopters' revenues decreased by 6.3%, from €6.3 billion for 2017 (restated) to €5.9 billion in 2018. Revenues on a comparable perimeter were stable, despite lower deliveries of 356 units (2017: 409 units). The perimeter reduction following the disposal of Vector Aerospace had a negative impact of approximately €-0.5 billion.

## Airbus Defence and Space

The following table presents a breakdown of deliveries of Airbus Defence and Space by product type for the past three years.

<i>(In units)</i>	2019	2018	2017
A400M	14	17	19
A330 MRTT (Tanker)	7	6	1
Light & Medium aircraft	8	6	7
Telecom satellites	2	2	4
<b>Total</b>	<b>31</b>	<b>31</b>	<b>31</b>

Airbus Defence and Space's revenues of €10.9 billion in 2019 (2018: €11.1 billion) remained broadly stable compared to the previous year.

For 2018, Airbus Defence and Space's revenues increased by 4.4% from €10.6 billion for 2017 (restated) to €11.1 billion in 2018, supported by Space Systems and Military Aircraft activities.

### 2.1.4.2 Cost of Sales

Cost of sales increased by 9.2% from €54.9 billion for 2018 to €60.0 billion for 2019. This was principally due to higher deliveries and provisions recognised on the A400M programme of €1.2 billion.

For 2018, cost of sales increased by 5.3% from €52.1 billion for 2017 (restated) to €54.9 billion for 2018. The increase was principally due to impairments and provisions recognised on the A380 programme of €1,257 million. It also included a positive impact from a lower net charge related to the A400M programme in the amount of €436 million (2017 (restated): €992 million) at Airbus Defence and Space.

### 2.1.4.3 Selling and Administrative Expenses

For 2019, selling and administrative expenses increased from €2.4 billion for 2018 to €6.1 billion for 2019. This was driven by the €3.6 billion penalties recognised as a consequence of the final agreements reached with the French Parquet National Financier ("PNF"), the U.K. Serious Fraud Office ("SFO") and the U.S. Department of State ("DoS").

For 2018, selling and administrative expenses remained stable versus 2017 at €2.4 billion.

### 2.1.4.4 Research and Development Expenses

Research and development expenses increased by 4.4%, from €3.2 billion for 2018 to €3.4 billion for 2019, particularly related to the DDMS project ramp-up and A350 XWB programme. In addition, an amount of €133 million of development costs has been capitalised, mainly linked to Airbus programmes. See "2.1.2.2 Capitalised Development Costs".

For 2018, research and development expenses increased by 14.6%, from €2.8 billion for 2017 to €3.2 billion for 2018, mainly reflecting development cost on the A320neo. In addition, an amount of €91 million of development costs were capitalised, mainly relating to Airbus Helicopters programmes.

### 2.1.4.5 Other Income and Other Expenses

Other income and other expenses typically include gains and losses on disposals of investments, of fixed assets and income from rental properties.

For 2019, other income and other expenses was €14 million net as compared to €1,474 million net for 2018. The decrease is mainly related to the release of liabilities on the A380 programme in 2018, partly compensated by the capital gains from the sale of PFW Aerospace GmbH and Alestis Aerospace S.L in 2019.

For 2018, other income and other expenses was €1,474 million net as compared to €645 million net for 2017. In 2018, the increase is mainly related to the release of liabilities on the A380 programme and the gain of €159 million following the disposal of Plant Holdings, Inc.

### 2.1.4.6 Share of Profit from Investments Accounted for under the Equity Method and Other Income from Investments

Share of profit from investments accounted for under the equity method and other income from investments principally include results from companies accounted for under the equity method and the dividends attributable to unconsolidated investments. Please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 8: Investments Accounted for under the Equity Method" and "– Note 14: Share of Profit from Investments Accounted for under the Equity Method and Other Income from Investments".

For 2019, the Company recorded €303 million in share of profit from investments accounted for under the equity method and other income from investments as compared to €439 million for 2018.

For 2018, the Company recorded €439 million in share of profit from investments accounted for under the equity method and other income from investments as compared to €393 million for 2017 (restated).

### 2.1.4.7 Interest Result

Interest result reflects the net of interest income and expense arising from financial assets and liabilities, including the interest expense on refundable advances provided by European governments to finance R&D activities. Please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 16: Total Financial Result".

For 2019, the Company recorded a net interest expense of €-111 million, as compared to €-232 million for 2018. The decrease in net interest expense was principally due to a continued lower interest expense relating to the European governments' refundable advances.

For 2018, the Company recorded a net interest expense of €-232 million, as compared to €-328 million for 2017. The decrease in net interest expense was principally due to lower interest expense related to the European governments' refundable advances.

### 2.1.4.8 Other Financial Result

Other financial result includes the impact from the revaluation of financial instruments, the effect of foreign exchange valuation of monetary items and the unwinding of discounted provisions. Please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 2: Significant Accounting Policies" and "– Note 16: Total Financial Result" and "– Note 25: Other Financial Assets and Other Financial Liabilities".

Other financial result increased from €-531 million for 2018 to €-164 million for 2019. This is mainly due to a positive impact from the revaluation of financial instruments of €+408 million and foreign exchange valuation of monetary items of €+169 million. The financial result includes €-112 million on hedge ineffectiveness relating to the defence export licences to Saudi Arabia. In 2018, it included an impact due to the European governments' refundable advances revaluation related to the update of the A380 programme.

For 2018, other financial result decreased from €1,489 million for 2017 (restated) to €-531 million for 2018. This is due to a negative impact from the revaluation of financial instruments of €-732 million and foreign exchange valuation of monetary items, partly compensated by the net effect of the change of treatment of certain financial instruments under IFRS 9. In addition, in 2017 it included the impact of the refundable advances release.

### 2.1.4.9 Income Tax

For 2019, income tax expense was €-2,389 million as compared to €-1,274 million for 2018. The increase, despite the lower income before tax recorded in 2019 (€1,064 million) as compared to 2018 (€4,285 million), was mainly driven by the non-deductibility of the penalties, deferred tax impairments and tax risk updates, partially offset by the sales of PFW Aerospace GmbH and Alestis Aerospace S.L at a reduced tax rate. Please refer to the "Notes to the IFRS Consolidated Financial Statements – Note 17: Income Tax".

For 2018, income tax expense was €-1,274 million as compared to €-1,462 million for 2017 (restated). The decrease, despite the higher income before tax recorded in 2018 (€4,285 million) as compared to 2017 (€3,826 million, restated), was mainly driven by a lesser volume of deferred tax asset impairment than in 2017. The effective tax rate was 30% in 2018, mainly impacted by non-realised tax losses in the period leading to additional deferred tax asset impairment. This was partially offset by the tax-free sale of Plant Holdings Inc. Without these impacts, the effective tax rate would be approximately 26%.

### 2.1.4.10 Non-Controlling Interests

For 2019, profit for the period attributable to non-controlling interests was €37 million, as compared to €-43 million for 2018.

### 2.1.4.11 Profit for the Period Attributable to Equity Owners of the Parent (Net Income)

As a result of the factors discussed above, the Company recorded a net loss of €-1,362 million for 2019, as compared to the net income of €3,054 million for 2018.

### 2.1.4.12 Earnings per Share

Basic earnings were €-1.75 per share in 2019, as compared to €3.94 per share in 2018. The denominator used to calculate earnings per share was 777,039,858 shares (2018: 775,167,941), reflecting the weighted average number of shares outstanding during the year. In 2017, the Company reported basic earnings of €3.05 per share (restated), based on a denominator of 773,772,702 shares.

	2019	2018	2017 <sup>(1)</sup>
Profit for the period attributable to equity owners of the parent (Net income)	€ (1,362) million	€ 3,054 million	€ 2,361 million
Weighted average number of ordinary shares	777,039,858	775,167,941	773,772,702
<b>Basic earnings per share</b>	<b>€ (1.75)</b>	<b>€ 3.94</b>	<b>€ 3.05</b>

(1) 2017 figures are restated due to the application of IFRS 15.

Diluted earnings were €-1.75 per share in 2019, as compared to €3.92 per share in 2018. The denominator used to calculate diluted earnings per share was 777,039,858 (2018: 780,943,038), reflecting the weighted average number of shares outstanding during the year, adjusted to assume the conversion of all

potential ordinary shares. In 2017, the Company reported diluted earnings of €3.04 per share (restated), based on a denominator of 779,301,228 shares. As there is a loss in 2019, the effect of potentially dilutive ordinary shares is anti-dilutive.

	2019	2018	2017 <sup>(1)</sup>
Profit for the period attributable to equity owners of the parent (Net income), adjusted for diluted calculation	€ (1,362) million	€ 3,061 million	€ 2,368 million
Weighted average number of ordinary shares (diluted)	777,039,858	780,943,038	779,301,228
<b>Diluted earnings per share</b>	<b>€ (1.75)</b>	<b>€ 3.92</b>	<b>€ 3.04</b>

(1) 2017 figures are restated due to the application of IFRS 15.

For further information, please refer to the “Notes to the IFRS Consolidated Financial Statements – Note 18: Earnings per Share”.

## 2.1.5 Changes in Total Equity (Including Non-Controlling Interests)

The following table sets forth a summary of the changes in total equity for the period 1 January 2019 through 31 December 2019.

<i>(In € million)</i>	
<b>Balance at 31 December 2018, as reported</b>	<b>9,719</b>
Restatements <sup>(1)</sup>	(122)
<b>Balance at 1 January 2019, restated<sup>(1)</sup></b>	<b>9,597</b>
Loss for the period	(1,325)
Other comprehensive income	(3,021)
<i>thereof foreign currency translation adjustments</i>	50
Capital increase	621
Cash distribution to shareholders / Dividends paid to non-controlling interests	(1,280)
Equity transactions (IAS 27)	1,353
Share-based payment (IFRS 2)	76
Change in treasury shares	(31)
<b>Balance at 31 December 2019</b>	<b>5,990</b>

(1) Opening balance figures are restated due to the application of IFRIC 23.

The number of shares issued as of 31 December 2019 was 783,173,115. Please refer to the “Airbus SE IFRS Consolidated Financial Statements – IFRS Consolidated Statements of Changes in Equity for the years ended 31 December 2019 and 2018” and to the “Notes to the IFRS Consolidated Financial Statements – Note 34: Total Equity”.

### 2.1.5.1 Cash Flow Hedge Related Impact on AOCI

As of 31 December 2019, the notional amount of the Company's portfolio of outstanding cash flow hedges amounted to US\$97.1 billion, hedged against the euro and the pound sterling. The year-end mark to market valuation of this portfolio required under IFRS 9 (2017 under IAS 39) resulted in a negative pre-tax accumulated other comprehensive income (“AOCI”) valuation change of €-1.4 billion as of 31 December 2019 compared to 31 December 2018, based on a closing rate of €/US\$1.12 as compared to a pre-tax AOCI valuation change of €-3.0 billion as of 31 December 2018 compared to 31 December 2017, based on a closing rate of €/US\$1.15. For further information on the

measurement of the fair values of financial instruments, please refer to the “Notes to the IFRS Consolidated Financial Statements – Note 37: Information about Financial Instruments”.

Positive pre-tax mark to market values of cash flow hedges are included in other financial assets, while negative pre-tax mark to market values of cash flow hedges are included in other financial liabilities. Year-to-year changes in the mark to market value of effective cash flow hedges are recognised as adjustments to AOCI. These adjustments to AOCI are net of corresponding changes to deferred tax assets (for cash flow hedges with negative mark to market valuations) and deferred tax liabilities (for cash flow hedges with positive mark to market valuations).