

Airbus reports Half-Year (H1) 2017 results

- Revenues €29bn; EBIT Adjusted €1.1bn; EBIT (reported) €1.8bn; EPS (reported) €1.94
- Commercial aircraft environment healthy, robust backlog supports ramp-up plans
- H1 financials reflect delivery pattern mainly impacted by engine issues
- 2017 guidance maintained

Amsterdam, 27 July 2017 – Airbus SE (stock exchange symbol: AIR) reported half-year 2017 financial results and maintained its guidance for the full year.

“The commercial aircraft environment remains healthy while the robust order backlog continues to support our production ramp-up plans. However, we are facing challenges due to ongoing engine issues but we have a clear road-map in place and have maintained our full-year guidance. Achieving the aircraft delivery target depends on the engine suppliers meeting their commitments,” said Airbus Chief Executive Officer Tom Enders. “Our focus in the second half remains squarely on programme execution and delivering the ramp-up. In Helicopters, resolving the H225 situation while supporting our customers is a top priority and at Defence and Space we continue our efforts to de-risk the A400M programme. Over the longer term, Airbus will benefit from its strong focus on innovation and more efficient and integrated structure.”

Order intake⁽¹⁾ totalled € 37.2 billion (H1 2016: € 39.1 billion) with the **order book**⁽¹⁾ valued at € 981 billion as of 30 June 2017 (year-end 2016: € 1,060 billion). A total of 203 net commercial aircraft orders were received (H1 2016: 183 aircraft), with the order backlog comprising 6,771 aircraft at the end of June. During June’s Paris Air Show, 144 firm orders and 202 commitments were announced. Net helicopter orders increased to 151 (H1 2016: 127 net orders), including 30 H225Ms for Kuwait. Defence and Space’s order intake was impacted by the perimeter changes from portfolio reshaping and some slowdown in

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telecommunication satellites. Good order momentum was seen in Military Aircraft with orders for 19 Light and Medium aircraft booked.

Revenues were stable at € 28.7 billion (H1 2016: € 28.8 billion) despite the perimeter changes in Defence and Space. Commercial Aircraft revenues rose three percent with deliveries of 306⁽²⁾ aircraft (H1 2016: 298 aircraft) comprising 239 A320 Family, 30 A350 XWBs, 31 A330s and six A380s. Helicopters' revenues increased nine percent with deliveries of 190 units (H1 2016: 163 units). Revenues at Defence and Space reflected a negative impact of around € 1.2 billion from the perimeter changes.

EBIT Adjusted – an alternative performance measure and key indicator capturing the underlying business margin by excluding material charges or profits caused by movements in provisions related to programmes, restructuring or foreign exchange impacts as well as capital gains/losses from the disposal and acquisition of businesses – totalled € 1,099 million (H1 2016: € 1,679 million).

Commercial Aircraft's EBIT Adjusted was € 954 million (H1 2016: € 1,269 million), reflecting the aircraft delivery mix and phasing as well as transition pricing.

Good progress was made on the A350 industrial ramp-up with 30 deliveries compared to 12 in the first half of 2016. The A350 programme is on track to meet the monthly production rate target of 10 aircraft by the end of 2018. The level of outstanding work has improved in the industrial system and supply chain bottlenecks are improving. In the second quarter, Qatar Airways cancelled four A350 delivery slots. The focus remains on recurring cost convergence. On the A320neo programme, 59 aircraft were delivered compared to eight in the first half of 2016. The A320neo ramp-up remains challenging and customers are still experiencing a number of in-service engine issues. Engine supplier Pratt & Whitney has introduced some fixes but these improvements have not come through yet on a reliable basis under normal service conditions. Close to 200 A320neo deliveries are still targeted for 2017 but this objective is more challenging given these engine issues. Considering the current A380 order booking situation, 2019 deliveries will be adjusted to eight aircraft.

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Helicopters' EBIT Adjusted totalled € 93 million (H1 2016: € 144 million), reflecting an unfavourable mix mainly from lower commercial flight hours in services as well as the impact from the partial H225 grounding. In July, UK and Norwegian aviation authorities lifted the H225 flight ban. However, the implementation of enhanced safety measures will require a plan of checks, modifications and preventive inspections. Airbus will continue to support its customers, as and when required, to progressively bring the H225 fleet back into operations.

Defence and Space's EBIT Adjusted declined to € 248 million (H1 2016: € 322 million), reflecting the perimeter change and was broadly stable on a comparable basis.

Eight A400Ms were delivered compared to five aircraft in the first half of 2016. Airbus has continued with A400M development activities toward achieving the revised capability roadmap shared with the customer. However, achievement of the contractual technical capabilities and associated costs remain highly challenging. Challenges also remain on securing sufficient export orders in time, on cost reductions, industrial efficiency and commercial exposure, which could all impact significantly the programme. Discussions to de-risk the A400M programme are ongoing with the Nations and OCCAR.

Group **self-financed R&D expenses** declined to € 1,288 million (H1 2016: € 1,309 million).

EBIT (reported) of € 1,791 million (H1 2016: € 1,851 million) included Adjustments totalling a net € +692 million compared to net Adjustments of € +172 million in the first half of 2016. The H1 2017 Adjustments comprised:

- A net charge of € 70 million on the A400M programme mainly reflecting price escalation;
- A positive impact of € 174 million related to the dollar pre-delivery payment mismatch and balance sheet revaluation;
- A net capital gain of € 560 million from the divestment of the Defence Electronics business in the first quarter;
- A net positive impact of € 28 million related to other portfolio changes at Defence and Space.

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Net income⁽³⁾ amounted to € 1,503 million (H1 2016: € 1,761 million) after the EBIT Adjustments with **earnings per share** of € 1.94 (H1 2016: € 2.27). EPS and net income included a positive impact mainly from the revaluation of financial instruments and balance sheet items. The finance result was € 66 million (H1 2016: € -148 million).

Free cash flow before M&A and customer financing improved to € -2,093 million (H1 2016: € -2,649 million), although its development has been impacted by the aircraft delivery profile as well as the recently cancelled A350 delivery slots. **Free cash flow** of € -1,956 million (H1 2016: € -1,119 million) included net proceeds of around € 600 million from the Defence Electronics disposal in the first quarter. The **net cash position** on 30 June 2017 was € 7.9 billion (year-end 2016: € 11.1 billion) after the 2016 dividend payment of € 1.0 billion in the second quarter with a gross cash position of € 19.3 billion (year-end 2016: € 21.6 billion).

Outlook

As the basis for its 2017 guidance, Airbus expects the world economy and air traffic to grow in line with prevailing independent forecasts, which assume no major disruptions.

Airbus' 2017 earnings and Free Cash Flow guidance is based on a constant perimeter:

- Airbus expects to deliver more than 700 commercial aircraft which depends on engine manufacturers meeting commitments.
- Before M&A, Airbus expects mid-single-digit percentage growth in EBIT Adjusted and EPS Adjusted compared to 2016.
- Free Cash Flow is expected to be similar to 2016 before M&A and Customer Financing.

The perimeter change in Defence and Space is expected to reduce EBIT Adjusted and Free Cash Flow before M&A and Customer Financing by around € 150 million and EPS Adjusted by around 14 cents.

About Airbus

Airbus is a global leader in aeronautics, space and related services. In 2016, it generated revenues of € 67 billion and employed a workforce of around 134,000. Airbus offers the most comprehensive range of passenger airliners from 100 to more than 600 seats. Airbus is also a European leader providing tanker, combat, transport and mission aircraft, as well as Europe's number one space enterprise and the world's second largest space business. In helicopters, Airbus provides the most efficient civil and military rotorcraft solutions worldwide.

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Note to editors: Live Webcast of the Analyst Conference Call

At 08:30 a.m. CEST today, you can listen to the **Half-Year 2017 Results Analyst Conference Call** with Chief Executive Officer Tom Enders and Chief Financial Officer Harald Wilhelm via www.airbus.com. The analyst call presentation can also be found on the company website. A recording will be made available in due course. For a reconciliation of Airbus' KPIs to "reported IFRS" please refer to the analyst presentation.

Press Release

Airbus – Half-Year (H1) 2017 Results

(Amounts in Euro)

Airbus	H1 2017	H1 2016	Change
Revenues , in millions	28,709	28,755	0%
thereof defence, in millions	4,563	4,731	-4%
EBIT Adjusted , in millions	1,099	1,679	-35%
EBIT (reported) , in millions	1,791	1,851	-3%
Research & Development expenses , in millions	1,288	1,309	-2%
Net Income⁽³⁾ , in millions	1,503	1,761	-15%
Earnings Per Share (EPS)	1.94	2.27	-15%
Free Cash Flow (FCF) , in millions	-1,956	-1,119	-
Free Cash Flow before M&A , in millions	-2,547	-3,236	-
Free Cash Flow before M&A and Customer Financing , in millions	-2,093	-2,649	-
Order Intake⁽¹⁾ , in millions	37,164	39,135	-5%

Airbus	30 June 2017	31 Dec 2016	Change
Order Book⁽¹⁾ , in millions	980,857	1,060,447	-8%
thereof defence, in millions	38,168	39,811	-4%
Net Cash position , in millions	7,899	11,113	-29%
Employees	130,402	133,782	-3%

For footnotes please refer to page 12.

Press Release

By Business Segment	Revenues			EBIT (reported)			
	(Amounts in millions of Euro)	H1 2017	H1 2016	Change	H1 2017	H1 2016	Change
Commercial Aircraft		21,789	21,061	+3%	1,078	420	+157%
Helicopters		2,921	2,687	+9%	93	144	-35%
Defence and Space		4,625	5,440	-15%	816	475	+72%
Headquarters / Eliminations		-626	-433	-	-196	812	-
Total		28,709	28,755	0%	1,791	1,851	-3%

By Business Segment	EBIT Adjusted			
	(Amounts in millions of Euro)	H1 2017	H1 2016	Change
Commercial Aircraft		954	1,269	-25%
Helicopters		93	144	-35%
Defence and Space		248	322	-23%
Headquarters / Eliminations		-196	-56	-
Total		1,099	1,679	-35%

By Business Segment	Order Intake ⁽¹⁾			Order Book ⁽¹⁾			
	(Amounts in millions of Euro)	H1 2017	H1 2016	Change	30 June 2017	31 Dec 2016	Change
Commercial Aircraft		30,272	32,302	-6%	932,291	1,010,200	-8%
Helicopters		3,630	2,338	+55%	11,996	11,269	+6%
Defence and Space		3,616	5,189	-30%	38,708	41,499	-7%
Headquarters / Eliminations		-354	-694	-	-2,138	-2,521	-
Total		37,164	39,135	-5%	980,857	1,060,447	-8%

For footnotes please refer to page 12.

Press Release

Airbus – Second Quarter Results (Q2) 2017

(Amounts in Euro)

Airbus	Q2 2017	Q2 2016	Change
Revenues, in millions	15,721	16,572	-5%
EBIT Adjusted, in millions	859	1,181	-27%
EBIT (reported), in millions	939	1,489	-37%
Net Income ⁽³⁾ , in millions	895	1,362	-34%
Earnings Per Share (EPS)	1.16	1.76	-34%

By Business Segment	Revenues			EBIT (reported)		
	Q2 2017	Q2 2016	Change	Q2 2017	Q2 2016	Change
(Amounts in millions of Euro)						
Commercial Aircraft	11,964	12,393	-3%	742	131	+466%
Helicopters	1,630	1,529	+7%	95	111	-14%
Defence and Space	2,511	2,906	-14%	196	387	-49%
Headquarters / Eliminations	-384	-256	-	-94	860	-
Total	15,721	16,572	-5%	939	1,489	-37%

By Business Segment	EBIT Adjusted		
	Q2 2017	Q2 2016	Change
(Amounts in millions of Euro)			
Commercial Aircraft	673	863	-22%
Helicopters	95	111	-14%
Defence and Space	185	215	-14%
Headquarters / Eliminations	-94	-8	-
Total	859	1,181	-27%

For footnotes please refer to page 12.

Press Release

Q2 2017 revenues decreased by five percent, due to the delivery pattern in Commercial Aircraft and the perimeter changes at Defence and Space.

Q2 2017 EBIT Adjusted decreased by 27 percent, mainly driven by a decrease in Commercial Aircraft reflecting unfavourable delivery and phasing impact, transition pricing and ramp-up costs, partly mitigated by an R&D tailwind.

Q2 2017 EBIT (reported) decreased to € 939 million. It reflects net positive Adjustments of € 80 million booked in Q2 related to a net charge of € -70 million on the A400M programme, portfolio Adjustments in Defence and Space of € 31 million and the impact from foreign exchange resulting from the dollar pre-delivery payment mismatch and balance sheet revaluation of € 119 million. Q2 2016 Adjustments amounted to approximately € 300 million.

In addition, the **Q2 2017 net income** decreased due to higher income taxes, partially compensated by positive foreign exchange effects.

(At the end of the 2016 financial year, Airbus implemented the European Securities and Markets Authority's guidelines on Alternative Performance Measures. As a result, certain items are no longer labelled as "one-offs". Such items are now labelled as "Adjustments". Airbus no longer measures and communicates its performance on the basis of "EBIT*" but on the basis of "EBIT" (reported) as the difference between the two KPIs, the so called "pre-goodwill and exceptionals", has become less relevant. There is no change to the substance of the guidance. Terminology has changed such that "EBIT* before one-offs" has been replaced by "EBIT Adjusted" and "EPS* before one-offs" replaced by "EPS Adjusted". Please refer to the Glossary on page 11 for definitions of the Alternative Performance Measures.)

EBIT (reported) / EBIT Adjusted Reconciliation

The table below reconciles EBIT (reported) with EBIT Adjusted.

Airbus	H1 2017
EBIT (reported) , in millions	1,791
thereof:	
A400M charge , in millions	-70
\$ PDP mismatch/Balance Sheet revaluation , in millions	174
Defence Electronics divestment , in millions	560
Other net portfolio changes at Defence and Space , in millions	28
EBIT Adjusted , in millions	1,099

Reconciliation of H1 2016 EBIT* before one-off to EBIT Adjusted

Airbus	H1 2016
EBIT* before one-off , in millions	1,684
Exceptionals , in millions	-5
EBIT Adjusted , in millions	1,679

*Pre-goodwill impairment and exceptionals.

Glossary

KPI	DEFINITION
EBIT	The Company continues to use the term EBIT (Earnings before interest and taxes). It is identical to Profit before finance cost and income taxes as defined by IFRS Rules.
Adjustments	Adjustments, an alternative performance measure , is a term used by the Company which includes material charges or profits caused by movements in provisions related to programmes, restructuring or foreign exchange impacts as well as capital gains/losses from the disposal and acquisition of businesses.
EBIT Adjusted	EBIT Adjusted – an alternative performance measure and key indicator capturing the underlying business margin by excluding material charges or profits caused by movements in provisions related to programmes, restructuring or foreign exchange impacts as well as capital gains/losses from the disposal and acquisition of businesses.
EPS Adjusted	EPS Adjusted is an alternative performance measure of basic earnings per share as reported whereby the net income as the numerator does include Adjustments. For reconciliation, see slide 18 of the Analyst presentation.
Gross cash position	The Company defines its consolidated gross cash position as the sum of (i) cash and cash equivalents and (ii) securities (as all recorded in the consolidated statement of financial position).
Net cash position	For definition of the alternative performance measure net cash position, see Registration Document, MD&A section 2.1.6.
FCF	For the definition of the alternative performance measure free cash flow, see Registration Document, MD&A section 2.1.6.1. It is a key indicator which allows the Company to measure the amount of cash flow generated from operations after cash used in investing activities.
FCF before M&A	Free cash flow before mergers and acquisitions refers to free cash flow as defined in the Registration Document, MD&A section 2.1.6.1 adjusted for net proceeds from disposals and acquisitions. It is an alternative performance measure and indicator that is important in order to measure FCF excluding those cash flows from the disposal and acquisition of businesses.
FCF before M&A and customer financing	Free cash flow before M&A and customer financing refers to free cash flow before mergers and acquisitions adjusted for cash flow related to aircraft financing activities. It is an alternative performance measure and indicator that may be used from time to time by the Company in its financial guidance, esp. when there is higher uncertainty around customer financing activities, such as during the suspension of ECA financing support.

Footnotes:

- 1) Contributions from commercial aircraft activities to Order Intake and Order Book based on list prices.
- 2) Thereof 304 deliveries with revenue recognition.
- 3) Airbus 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' 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' 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' 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 4 April 2017. For more information, please refer to www.airbus.com