

# AIRBUS

FY 2017

ROADSHOW PRESENTATION

February 2018



# SAFE HARBOUR STATEMENT

## DISCLAIMER

This presentation includes forward-looking statements. Words such as “anticipates”, “believes”, “estimates”, “expects”, “intends”, “plans”, “projects”, “may” and similar expressions are used to identify these forward-looking statements. Examples of forward-looking statements include statements made about strategy, ramp-up and delivery schedules, introduction of new products and services and market expectations, as well as statements regarding future performance and outlook.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances and there are many factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.

### **These factors include but are not limited to:**

- Changes in general economic, political or market conditions, including the cyclical nature of some of Airbus’ businesses;
- Significant disruptions in air travel (including as a result of terrorist attacks);
- Currency exchange rate fluctuations, in particular between the Euro and the U.S. dollar;
- The successful execution of internal performance plans, including cost reduction and productivity efforts;
- Product performance risks, as well as programme development and management risks;
- Customer, supplier and subcontractor performance or contract negotiations, including financing issues;
- Competition and consolidation in the aerospace and defence industry;
- Significant collective bargaining labour disputes;
- The outcome of political and legal processes including the availability of government financing for certain programmes and the size of defence and space procurement budgets;
- Research and development costs in connection with new products;
- Legal, financial and governmental risks related to international transactions;
- Legal and investigatory proceedings and other economic, political and technological risks and uncertainties.

As a result, Airbus’ actual results may differ materially from the plans, goals and expectations set forth in such forward-looking statements.

For a discussion of factors that could cause future results to differ from such forward-looking statements, see the Airbus “Registration Document” dated 4 April 2017, including the Risk Factors section.

Any forward-looking statement contained in this presentation speaks as of the date of this presentation. Airbus undertakes no obligation to publicly revise or update any forward-looking statements in light of new information, future events or otherwise.

### **Rounding disclaimer:**

Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

- **Solid long-term growth drivers:** traffic growth 4.4% p.a. over next 20 years
- **Attractive product portfolio:** adapted to growing demand
- **Investment in Digital and Innovation:** securing the future



### **Earnings and FCF taking off**

entering harvesting season after heavy investment in product portfolio and ramp-up

# FY 2017 Roadshow Presentation

Airbus  
Strategy

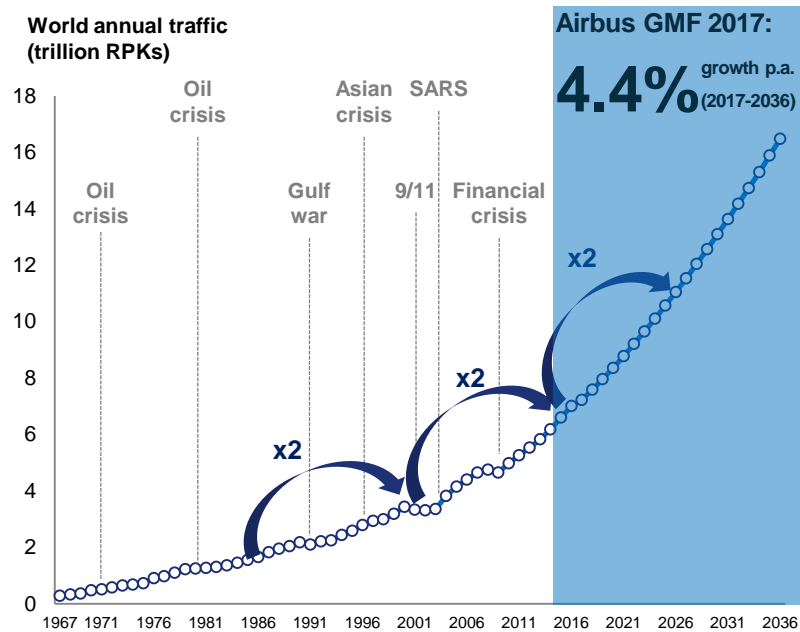
FY17 Financial  
Performance

Equity  
Story

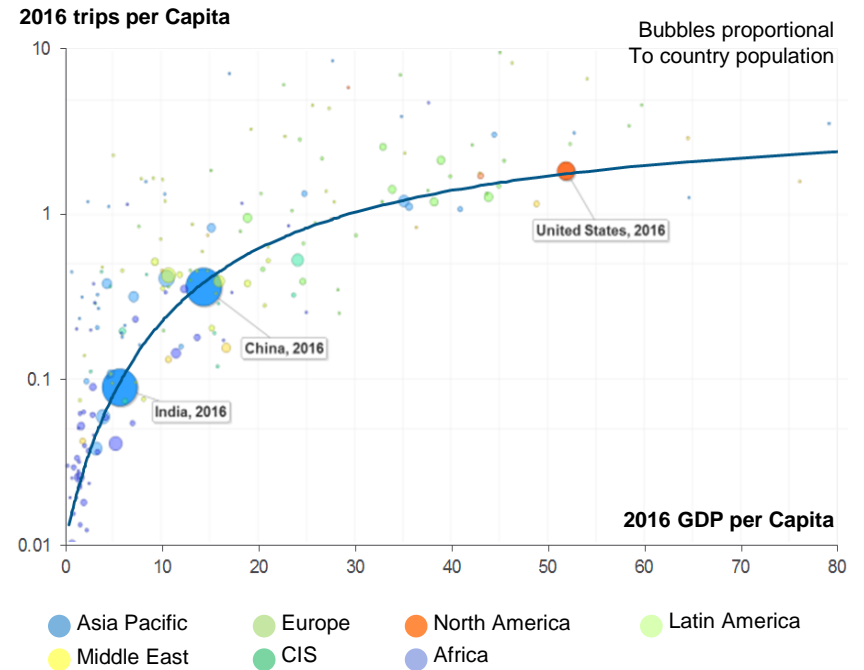


# ROBUST LONG TERM FUNDAMENTALS BEHIND GROWING DEMAND

## Traffic growth

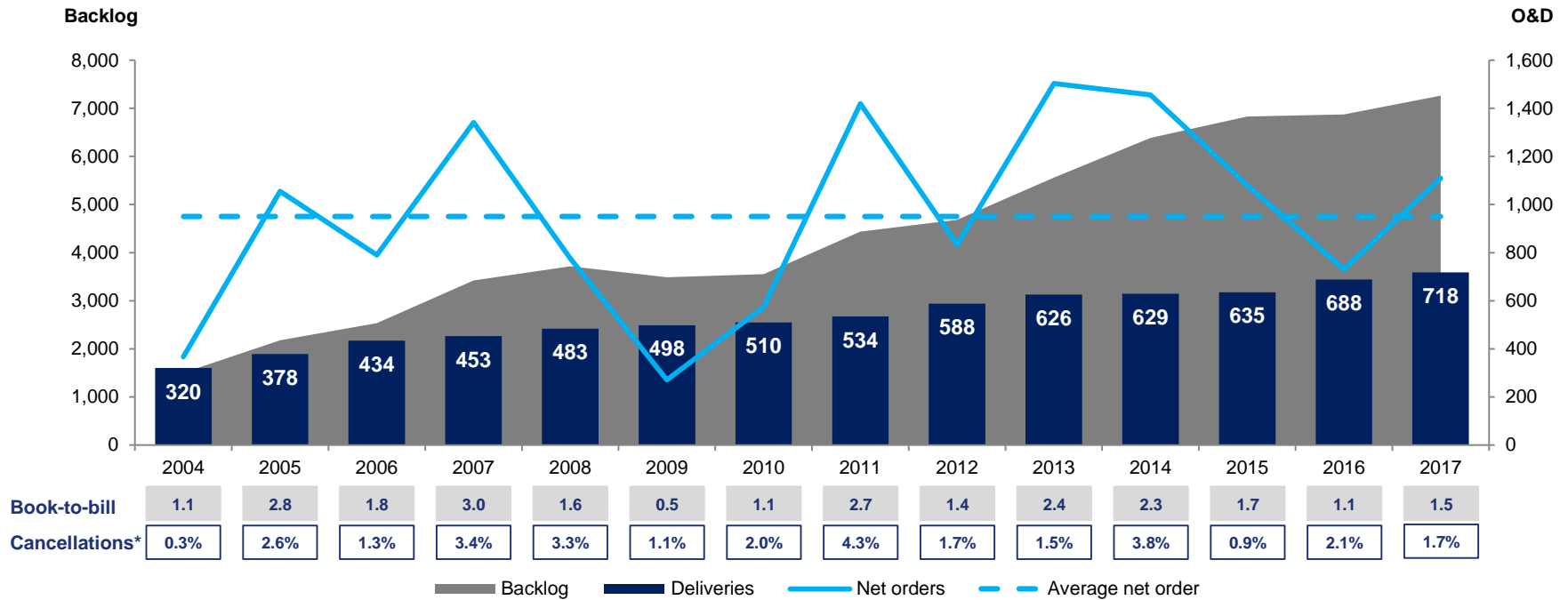


## Propensity to travel



**Traffic doubles every 15 years, resilient to external shocks**

# STRONG BACKLOG AND STEADY INCREASE IN DELIVERIES

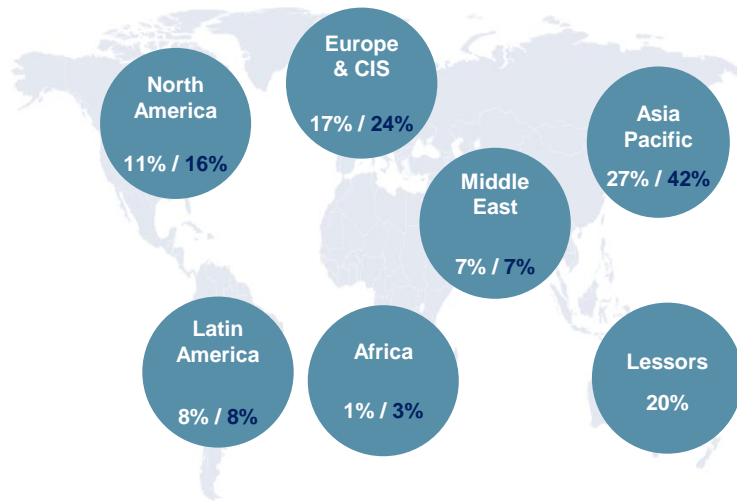


**Steady and robust build up of backlog and deliveries**  
**Order intake averaging ~1,000 aircraft per year**

\* Cancellations (excluding Ceo-Neo conversions) / backlog

# GLOBAL MARKET PRESENCE

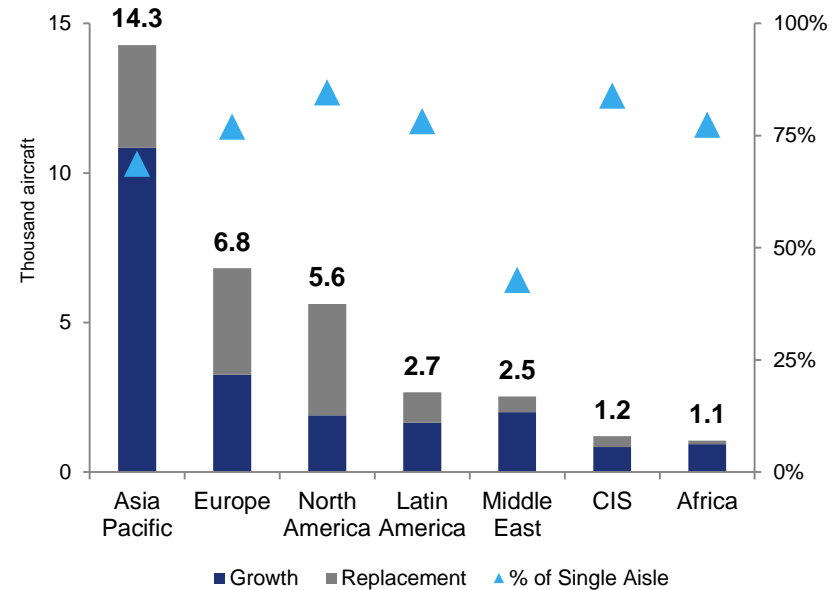
Backlog\* – 7,265 aircraft



% Backlog as of end of December 2017  
 % Share of 2017-2036 PAX deliveries (GMF 2017)

Airbus backlog\* aligned with regional needs and demand forecast

2017-2036 demand for > 34,000 aircraft



- **Asia-Pacific** will be a **key driver** for growth in the next 20 years (40% of demand)
- **>60%** of future demand to come from **growth, with strong SA potential in most regions**

**Strong and well diversified backlog, aligned with demand**

\*9% of undisclosed customers

# AIRBUS COMMERCIAL AIRCRAFT



## Complementary product portfolio of commercial aircraft

Typical in-service seating capacity



# DEFENCE & SPACE / HELICOPTERS KEY PROGRAMME STATUS

## A400M



- Declaration of Intent signed with customer nations on 05/02/2018
- Important step towards reaching binding agreement in 2018 to mitigate risks and to ensure the future of the programme
- Remaining exposure significantly reduced

## Eurofighter



- Good momentum on Eurofighter
- Potential growth in Services

## H175



- 17 Net Orders in FY17; market leadership in the super-medium segment
- 22 H175 in operation (offshore and VIP transport)
- Public Service will soon enter into service

## Competitive product portfolio

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## Divestments / M&A

- Group structure set: Airbus, AH, ADS
- Portfolio reshaping in ADS complete



## C Series Agreement – pending closing

- Combination of Airbus' global reach and scale with Bombardier's innovative new aircraft
- Significant long term value creation



## Services

- Maintenance & Engineering Solutions, Training, Upgrades and Flight Ops
- Investments in digitalisation and innovation with positive impact on services going forward

**Product portfolio underpinning our growing topline**

## Electrification



- <100 seats aircraft could use hybrid propulsion systems by 2030

## Urban Air Mobility



- Increasing congestion in our cities
- 2 entirely new autonomous fully-electric urban flying vehicles to be tested in 2018

## Data exploitation



- Leveraging data from the aircraft
- Connected aircraft providing immediate operational feedback

## Connectivity



- Interconnection of products to deliver value-add services
- Back-end connectivity between Airbus and airlines

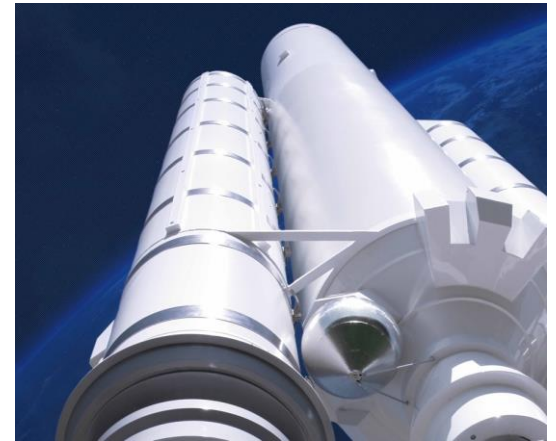
Exploring new business opportunities

# FY 2017 Roadshow Presentation

Airbus  
Strategy

FY17 Financial  
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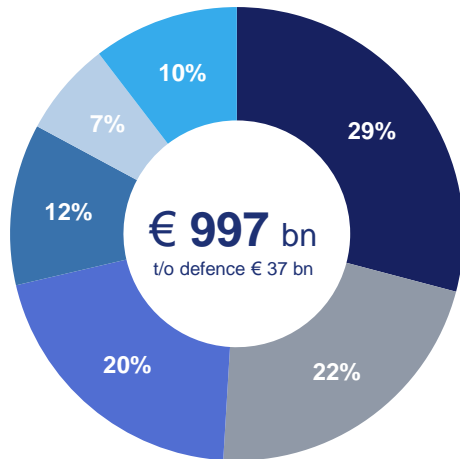
Equity  
Story



**AIRBUS**

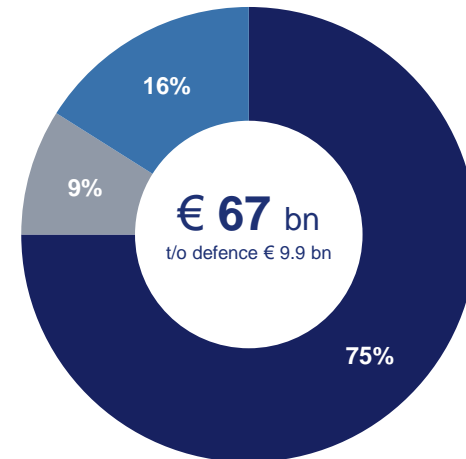
- **2017 KPIs:** overachieved, driven by strong underlying business performance
- **Solid commercial environment:** book to bill 1.5; record backlog supporting ramp-up plans
- **A400M:** FY17 €1.3 bn charge; remaining exposure significantly reduced
- **Dividend:** proposal of €1.50 per share, +11% v FY16, at upper end of policy
- **2018 Guidance:** supports EPS / FCF growth potential
- **Ready for the future**

**Airbus Order Book\***  
by Region (by value)



- Asia Pacific
- Europe
- North America
- Middle East
- Latin America
- Other countries

**Airbus External Revenue**  
by Division



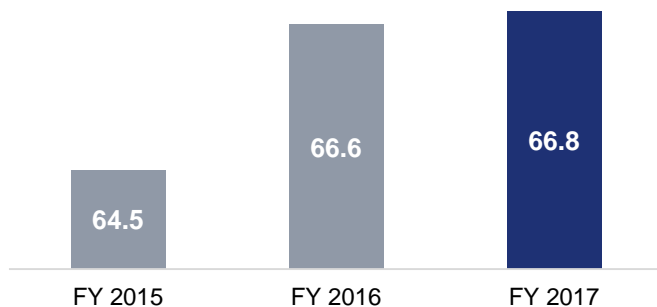
- Commercial Aircraft
- Helicopters
- Defence and Space

- **COMMERCIAL AIRCRAFT:** Net book to bill of 1.5; 1,109 net orders (1,229 gross). Backlog: 7,265 a/c
- **HELICOPTERS:** Net book to bill > 1; 335 net orders, including 48 Super Pumas and 17 H175
- **DEFENCE AND SPACE:** Net book to bill of ~0.8. Good momentum in military aircraft. 2 Telecom Satellites booked in a soft market environment. Order book perimeter change of €1.9 bn

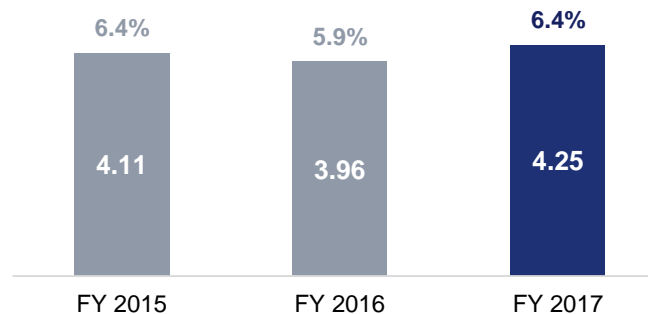
\* Commercial Order Intake and Order Book based on list prices

# FY 2017 FINANCIAL PERFORMANCE

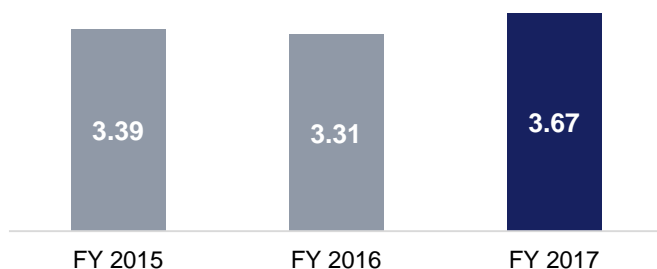
**Revenues**  
in € bn



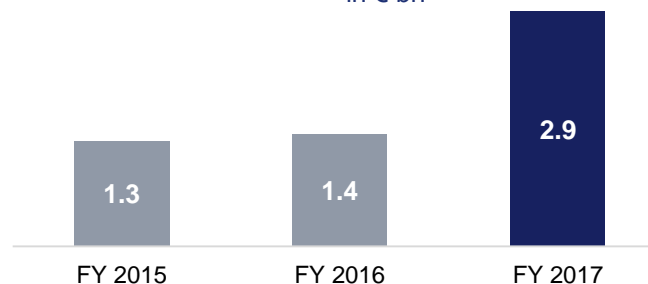
**EBIT Adjusted**  
in € bn / RoS (%)



**EPS<sup>(1)</sup> Adjusted**  
in €



**FCF before M&A and Customer Financing**  
in € bn



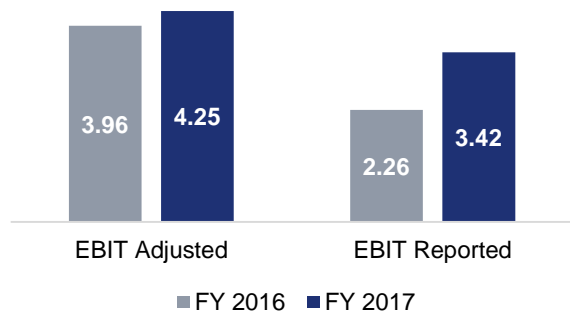
- Strong underlying business performance
- Cumulative perimeter changes vs. 2015 compensated: Revenues: ~ - € 3 bn; EBIT Adjusted: ~ - € 0.3 bn

(1) FY 2017 Average number of shares: 773,772,702 compared to 773,798,837 in FY 2016  
Capitalised R&D: € 219 m in FY 2017 and € 311 m in FY 2016. All figures before IFRS15

# FY 2017 PROFITABILITY

## EBIT Performance

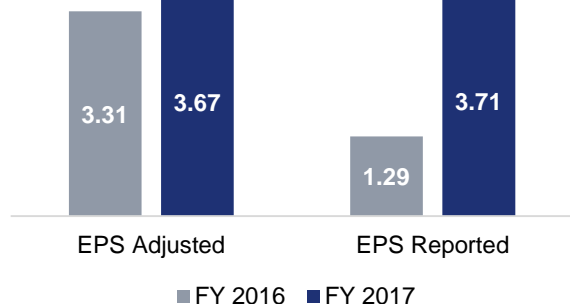
in € bn



- FY 2017 EBIT Reported of € 3.4 bn
- FY 2017 Adjustments resulting from:
  - € - 1,299 m A400M LMC
  - € - 117 m Compliance
  - € - 7 m \$ PDP mismatch / BS revaluation
  - € + 7 m Other AD Portfolio
  - € - 20 m Other M&A
  - € + 604 m Defence Electronics net capital gain Unchanged since 9m17
- € - **832 m Net Adjustments**

## EPS Performance

in €

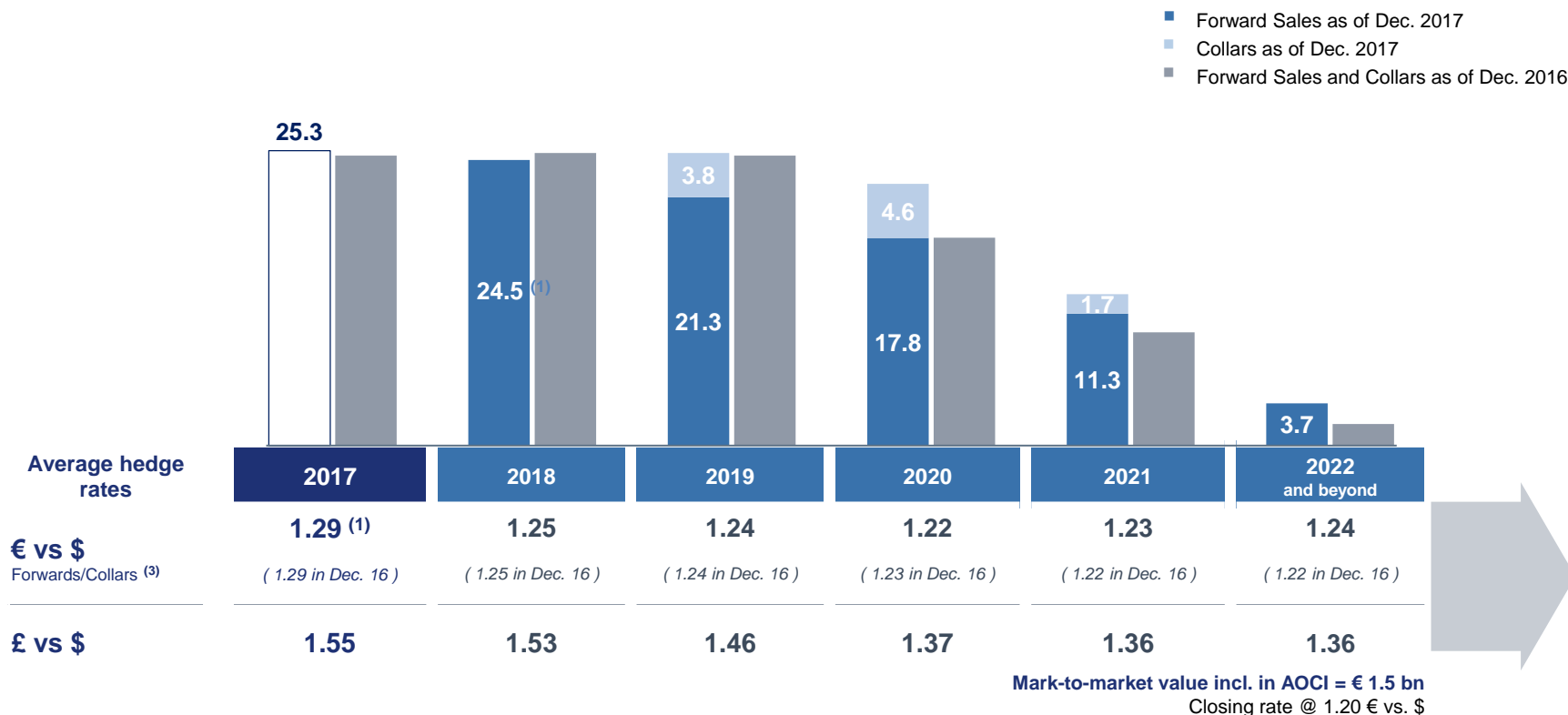


- FY 2017 Net Income of € 2.9 bn
- Other Financial Result incl. € 1.5 bn of Adjustments
- FY 2017 Net Income Adjusted of € 2.8 bn
- FY 2017 tax rate on core business is 26 %



# CURRENCY HEDGE POLICY

IN \$ BILLION

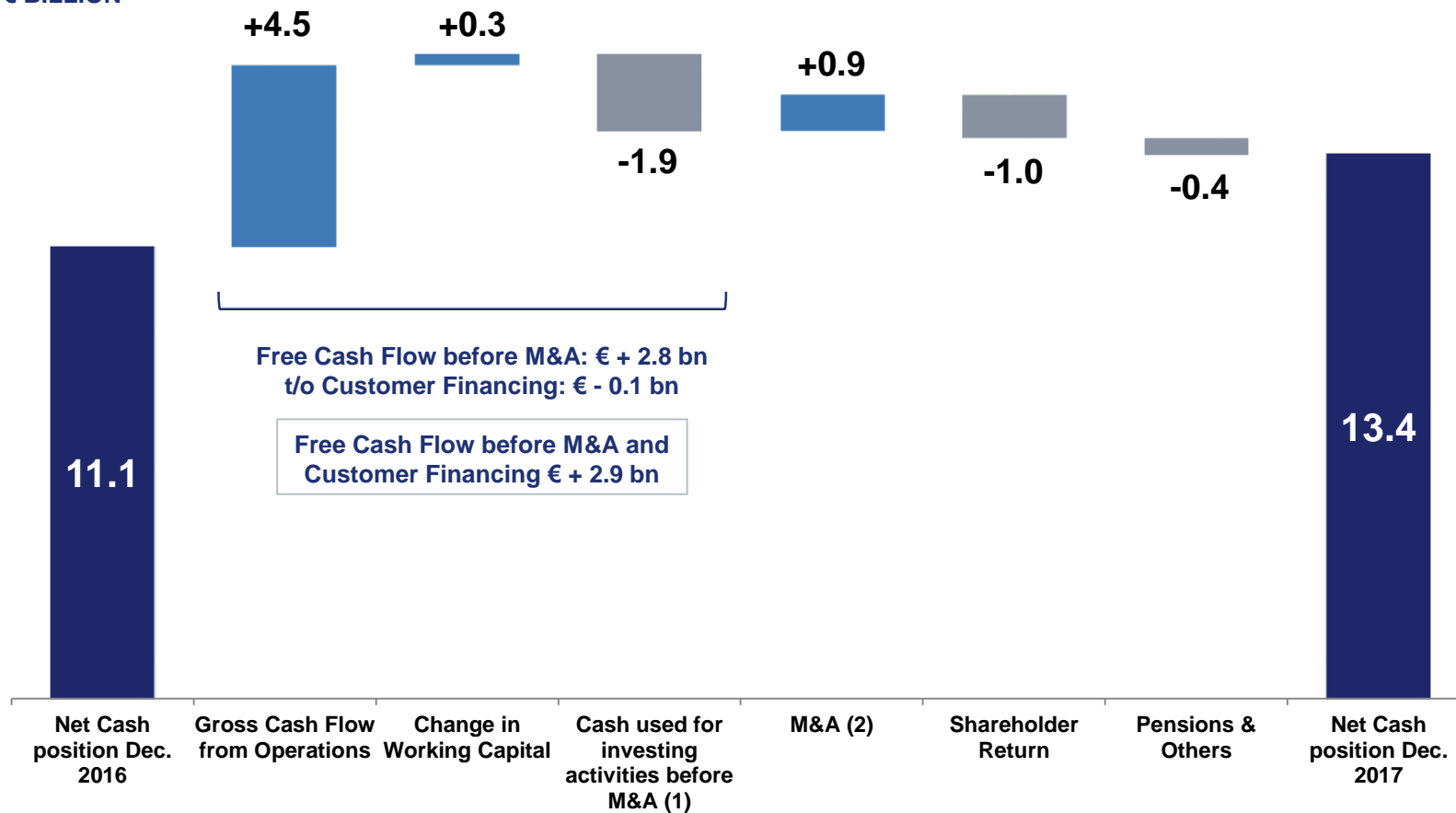


- In FY 2017, new hedge contracts of \$ 12.4 bn were added at an average rate of € 1 = \$ 1.22<sup>(2)</sup> of which \$ 11.8 bn Forwards at € 1 = \$ 1.21 and \$ 0.6 bn Zero-cost Collars
- \$ 25.3 bn of hedges matured at an average rate of € 1 = \$ 1.29
- Hedge portfolio<sup>(2)</sup> 31 December 2017 at \$ 88.7 bn (vs. \$ 102.4 bn in Dec. 2016), at an average rate of \$ 1.23<sup>(3)</sup>

Approximately 60% of Airbus US\$ revenues are naturally hedged by US\$ procurement. Graph shows US\$ Forward Sales and Collars, net exposure trend for illustrative purposes  
(1) Excluding \$ 0.8 bn of hedges closed out due to delivery phasing ; (2) Total hedge amount contains \$/€ and \$/£ designated hedges; (3) Blended Forwards and Collars rate includes Collars at least favourable rate

# FY 2017 CASH EVOLUTION

IN € BILLION



(1) Thereof Capex of € - 2.6 bn; (2) M&A transactions include acquisitions and disposals of subsidiaries and businesses

# FY 2017 Roadshow Presentation

Company  
Highlights

FY17 Financial  
Performance

Equity  
Story



**AIRBUS**

## INTRODUCING IFRS 15 “REVENUE FROM CONTRACTS WITH CUSTOMERS”

- IFRS15 effective from January 1<sup>st</sup> 2018, now the standard for revenue recognition, measurement, and disclosure
- IFRS 15 will not impact cumulative profit or cash over the lifetime of a contract
- FY 2018 will be prepared under full application of IFRS 15, with FY 2017 restated
- Airbus has chosen the full retrospective method of implementation. Cumulative estimated catch-up adjustment to opening equity balance as of 1st January 2017 of € -2.1 bn
- Revenues now recorded net of engine concessions for **all** Commercial Aircraft programmes, resulting in an estimated reduction in 2017 revenues and cost of sales of ~ € -7 bn, with **no impact to EBIT**
- **2018 Earnings guidance is issued under IFRS 15; the application of IFRS 15 is expected to bring an increase of ~ € 0.1 bn to 2018 EBIT Adjusted**

## 2018 GUIDANCE AND DIVIDEND PROPOSAL

*As the basis for its 2018 guidance, Airbus expects the world economy and air traffic to grow in line with prevailing independent forecasts, which assume no major disruptions*

*Airbus 2018 earnings and FCF guidance is based on a constant perimeter, before M&A*

- Airbus expects to deliver around 800 commercial aircraft which depends on engine manufacturers meeting commitments

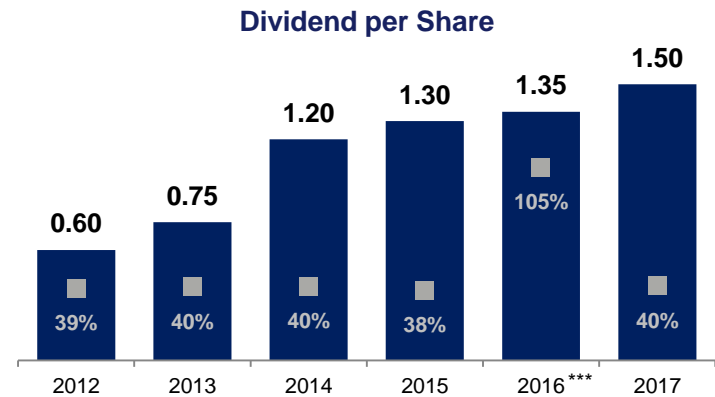
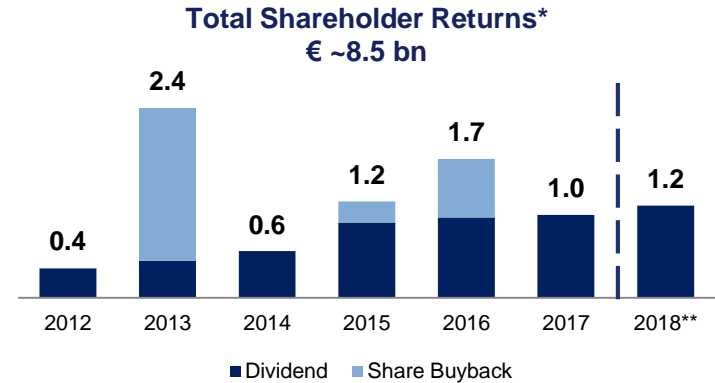
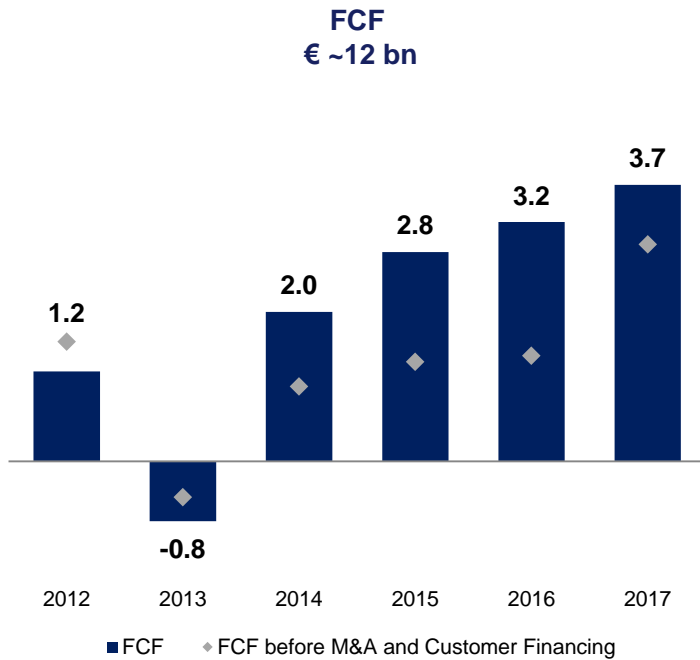
### Based on around 800 deliveries:

- Compared to 2017 EBIT Adjusted of € 4,253m, Airbus expects, before M&A:
  - An increase in EBIT Adjusted of approximately 20%
  - IFRS15 is expected to further increase EBIT Adjusted by an estimated € 0.1bn
- 2017 Free Cash Flow before M&A and Customer Financing was € 2,949m  
Free Cash Flow is expected to be at a similar level as 2017, before M&A and Customer Financing

### 2017 Dividend Proposal:

- Airbus proposes a dividend for 2017 of € 1.50 per share, +11% vs. FY'16
- Pay-out ratio at the upper end of the dividend policy

# INCREASING SHAREHOLDER RETURNS



**Dividend policy since 2013**  
**30%-40% pay-out ratio – Constant increase in DPS**

\* Actual cash out per year  
 \*\* 2017 Dividend proposal – To be paid in April 2018  
 \*\*\* Increased exceptionally to deliver sustained dividend growth per share

# EARNINGS AND FCF TAKING OFF

## EPS Growth

End of decade

Boost Performance

A350 Turning Profitable

A320 Volume and Price

FX Hedging Impact

End 2017

## FCF Growth

End of decade

Cash Conversion ~1

EPS Growth

A400M\*

Working capital Control

End 2017

\* A400M will continue to weigh in 2018 and 2019