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# AIRBUS

## H1 2019

## ROADSHOW PRESENTATION

August 2019



**AIRBUS**

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# 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 2018 Airbus SE Registration Document dated 29 July 2019, 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.

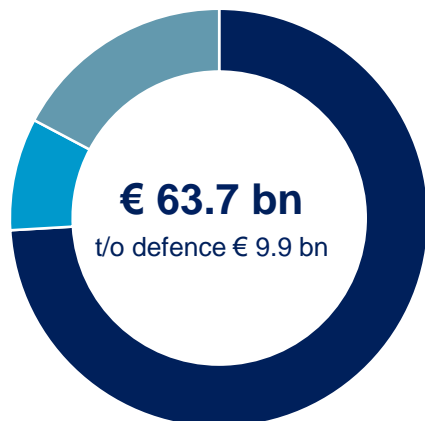
**Rounding disclaimer:**

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

# AIRBUS AT A GLANCE – AS OF FY18

## Consolidated Airbus

External Revenue by Division



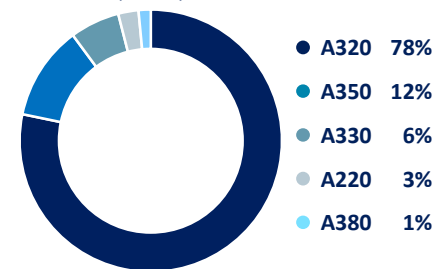
- Airbus 74%
- Helicopters 9%
- Defence and Space 17%

### Airbus



Passenger Aircraft,  
Freighter Conversion,  
Services

### Deliveries by Programme (units)

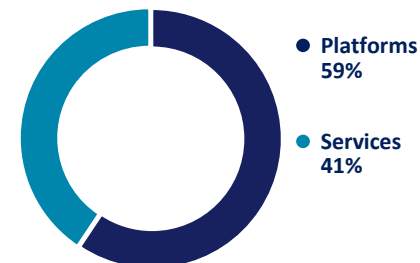


### Helicopters



Civil / Parapublic and  
Military Helicopters  
for a wide range of  
missions, Support and  
Services

### External Revenue Split

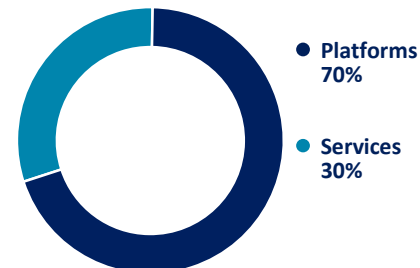


### Defence and Space



Military Aircraft, Space  
Systems, Comms,  
Intelligence and  
Security, Unmanned  
Aerial Systems

### External Revenue Split



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## H1 2019 HIGHLIGHTS

- Robust commercial aircraft environment
- H1 2019 financials mainly reflect A320 ramp-up and neo transition
- Focus on securing FY deliveries, which remains challenging
- On that basis, 2019 Guidance maintained

# H1 2019 COMMERCIAL POSITIONING

## Consolidated Airbus Order Book

by Division

		H1 2019
Airbus (in units)	Order Intake (net)	88
	Order Book	7,276
Helicopters (in units)	Order Intake (net)	123
	Order Book	697
Defence and Space (in € m)	Order Intake (net)	4,220

## Consolidated Airbus External Revenue

by Division



● Airbus	77%
● Helicopters	7%
● Defence and Space	16%

- **AIRBUS:** 213 gross orders, incl. 151 new orders at Le Bourget. 88 net orders. Backlog: 7,276 a/c
- **HELICOPTERS:** 123 net orders incl. 23 NH90 and 11 H145 in Q2
- **DEFENCE AND SPACE:** Order intake € 4.2 bn, incl. A400M DIRCM for German Air Force and Global Support Step 2. Key contract win in Space

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# AIRBUS

H1 2019

## ROADSHOW PRESENTATION

Market  
Demand

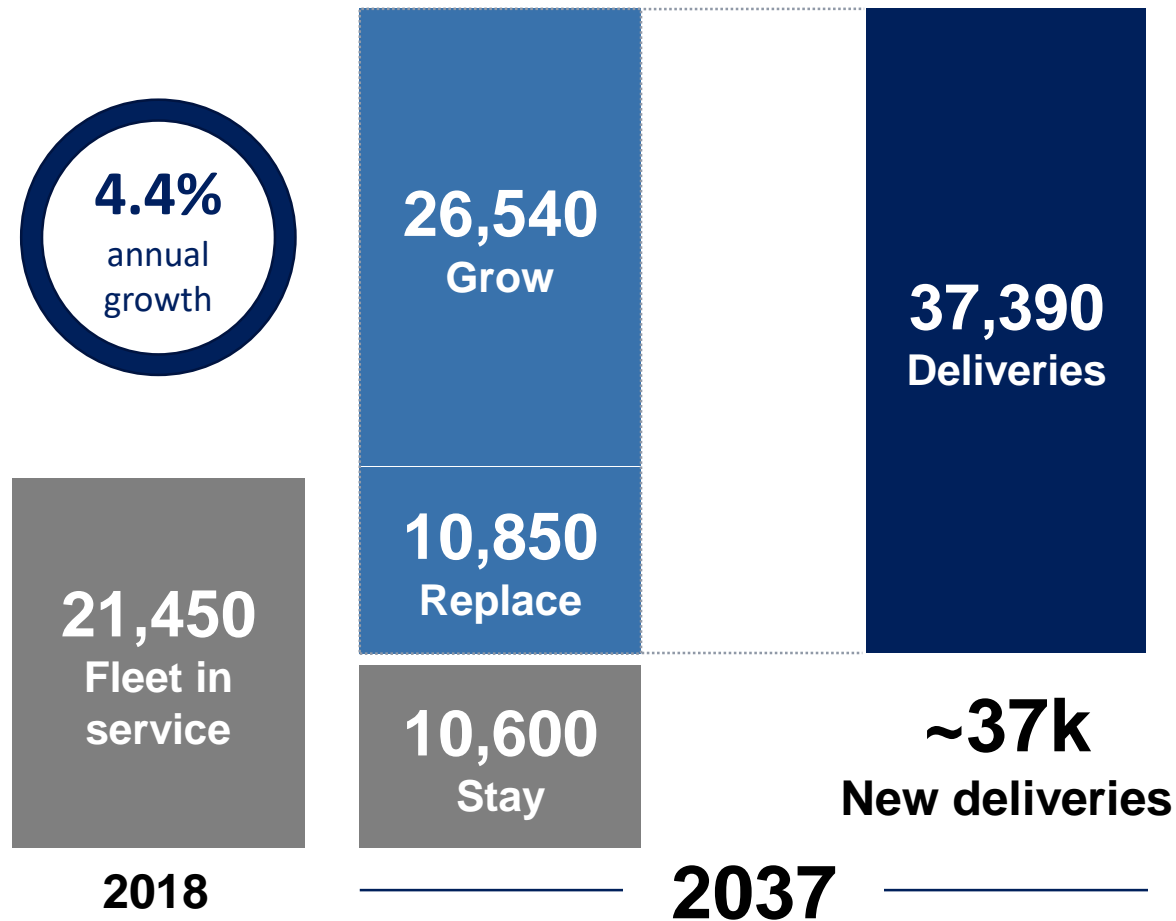
Product  
Positioning

H1 2019  
Review



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## WORLD FLEET TO DOUBLE OVER NEXT 20 YEARS



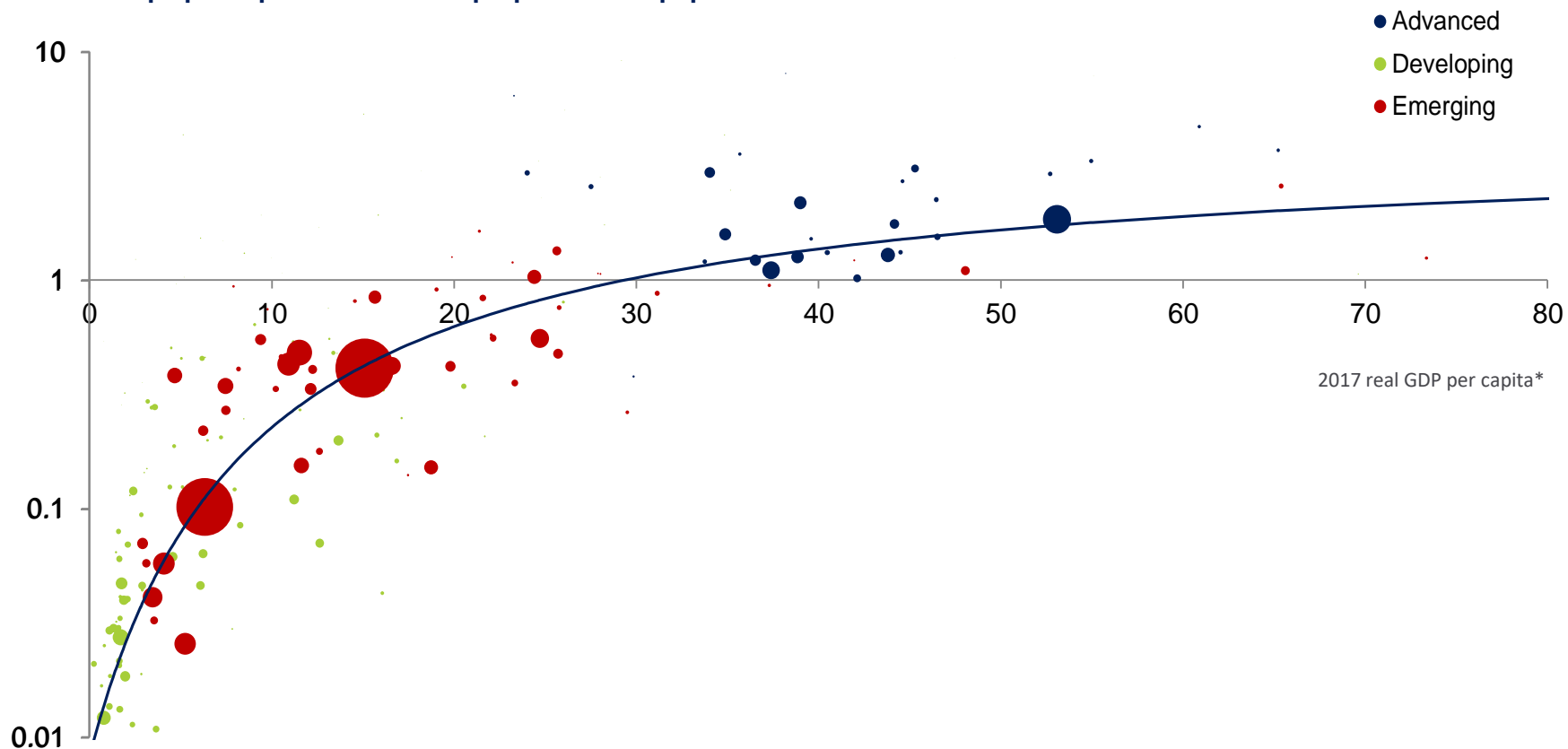
**Continued healthy traffic growth in 2018:** RPK growth +6.7%, Record Load Factor 82%, +260 million passengers

Notes: Passenger aircraft (≥ 100 seats) | Jet freight aircraft (>10 tons), Rounded figures to the nearest 10 – Assuming same rules as today  
 Source: Airbus GMF 2018  
 Box sizes for illustrative purposes only

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# LONG-TERM GROWTH FUELLED BY MIDDLE-CLASS EXPANSION IN EMERGING ECONOMIES

2017 Trips per capita - Bubble size proportional to population



Source: Sabre, IHS Economics, Airbus GMF 2018  
Equivalent amount of passengers flying from/to/within the country  
\* 2010 \$US at Purchasing Power Parity



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# AIRBUS

H1 2019

## ROADSHOW PRESENTATION

Market  
Demand

Product  
Positioning

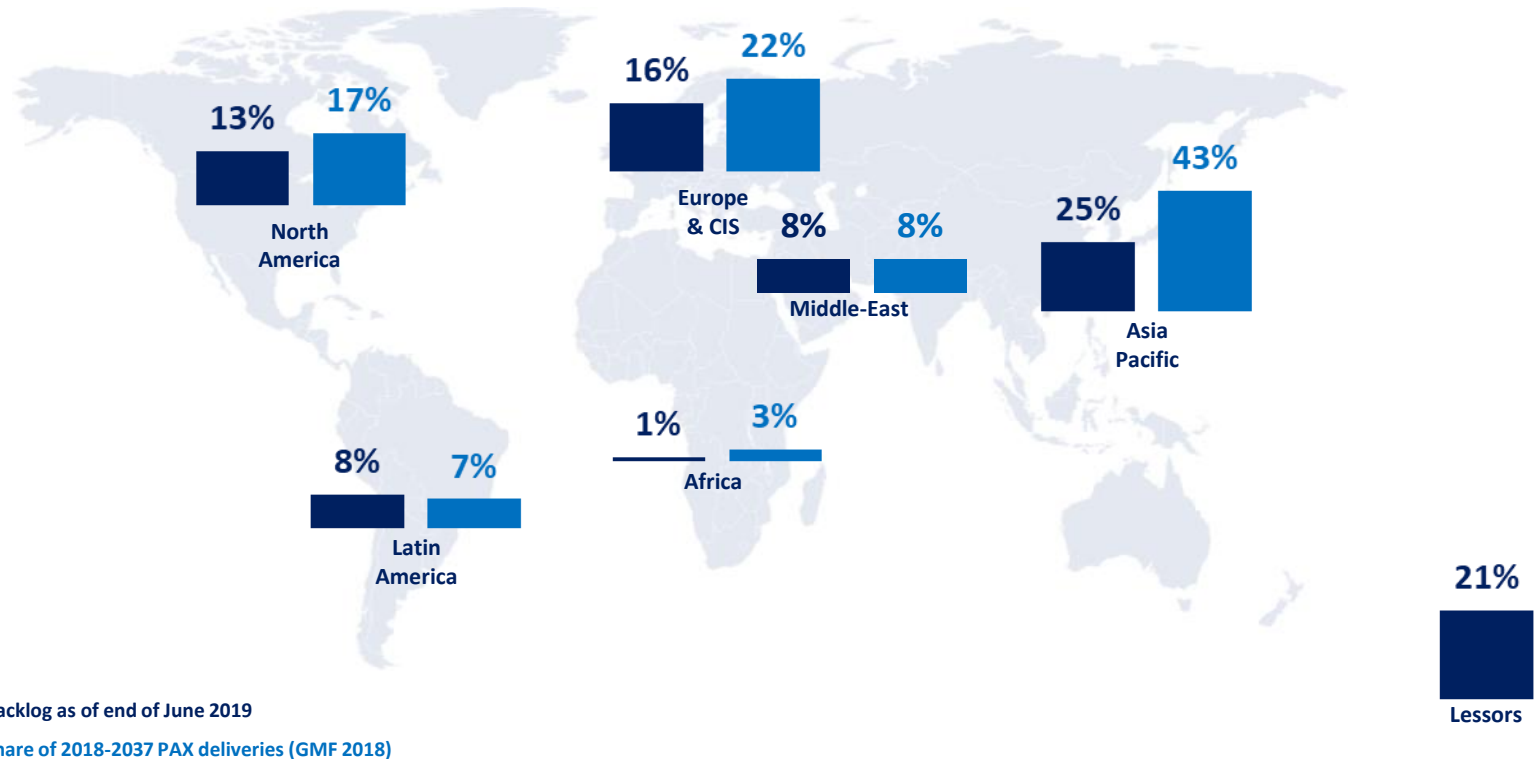
H1 2019  
Review



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# COMPETITIVE AIRCRAFT PORTFOLIO UNDERPINS RECORD BACKLOG

Solid and well diversified Backlog\*  
7,276 aircraft



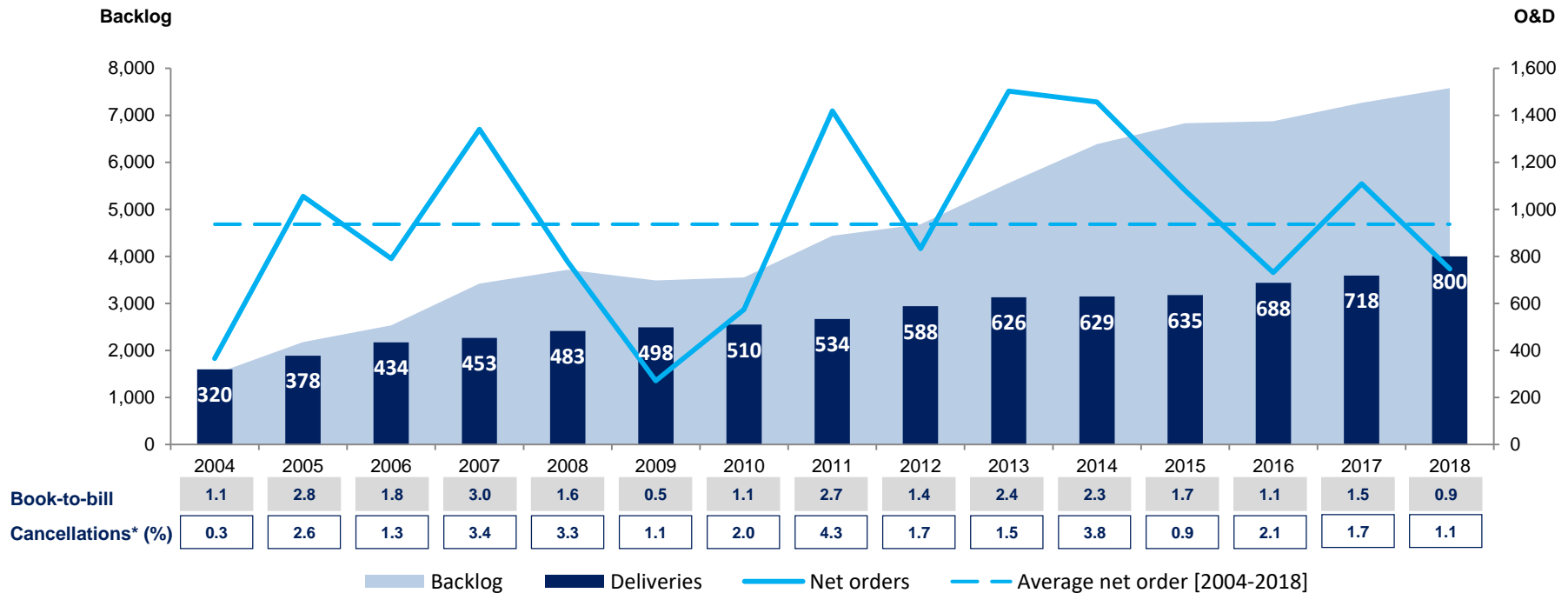
% Backlog as of end of June 2019  
 % Share of 2018-2037 PAX deliveries (GMF 2018)

21%  
 Lessors

Airbus backlog\* aligned with regional needs and demand forecast

\* Commercial aircraft  
8% of undisclosed customers

# STEADY RAMP-UP IN A ROBUST COMMERCIAL ENVIRONMENT



**Growing backlog while ramping-up deliveries  
to meet customer demand**

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# HELICOPTERS: MARKET AND PRODUCT POSITIONING

## CIVIL & PARAPUBLIC



## MILITARY AIRCRAFT



### MARKET

- Demand impacted by softness in O&G
- LT market potential: ~ 22k new h/c in next 20 years
- UAM new market

- Military market supported by growing Defence budgets
- Successful campaigns in 2018

### PRODUCT

- Product renewal strategy: H135, H145, H160, H175
- Wide mission coverage

- Unique product offering addressing wide range of missions and classes
- Military offers based on proven Civil technology

Renewed product portfolio and global market presence

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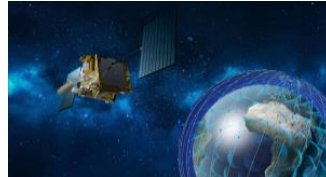
# DEFENCE AND SPACE: MARKET AND PRODUCT POSITIONING

## MILITARY AIRCRAFT



- Geopolitical instability leading to increased security needs
- Defence spending at all time high with further growth expected
- Defence investment cycles to kick-start in European markets

## SPACE SYSTEMS



- Space spending on the rise
- Dynamic shift of space market (new space economy, constellations, exploration)
- Future ambitions of national space agencies and ESA

## CIS\*



- National sovereignty demands digital solutions, secured connectivity and cyber protection
- Security and information as a service
- Disruptive business driven by AI, Big Data and Advanced Analytics

## UAS\*



- Strong need for investment and promising growth potential
- New multi-national European collaborative programme
- Services verticals will offer increasingly interesting prospects

### MARKET

### PRODUCTS

- Strategic Air Mobility, Tactical and Multi-Mission Military Aircraft
- Evolution of Combat Air Systems (Future Combat Air Systems)
- Expanding services business with focus on digitalisation

- Telecommunications, Earth Observation, Navigation and Science Satellites
- Constellations (e.g. OneWeb)
- Manned and unmanned space systems for orbital infrastructure
- On-Orbit Services Solutions

- Develop and scale digital services and solutions
- Cyber Security (Stormshield)
- Intelligence (C5ISR, Pléiades Neo & OneAtlas)
- Secure Connectivity (Network For The Sky)

- MALE Intelligence, Surveillance & Reconnaissance needs (European Male)
- Solar powered High Altitude Pseudo Satellite (Zephyr)
- UAS turnkey service solution
- Urban Air Mobility

Strengthening core product portfolio and expanding the smart-digital services business

\*CIS: Communication, Intelligence and Security

\*UAS: Unmanned Aerial Systems

# LEVERAGING DIGITAL IN ALL AREAS OF OUR BUSINESS

## Skywise



## Data exploitation



## Connectivity



**Driving further industrial efficiency**



**Improving reliability of assets in use for customer benefit**



**Generating new business opportunities**

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# AIRBUS

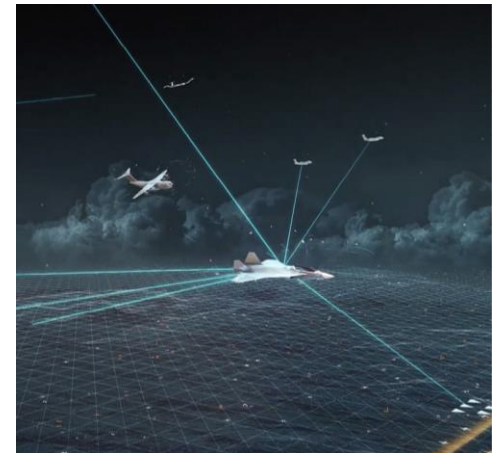
H1 2019

## ROADSHOW PRESENTATION

Market  
Demand

Product  
Positioning

H1 2019  
Review



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# KEY PROGRAMME UPDATE



## A220

- Programme fully consolidated into Airbus since July 1<sup>st</sup> 2018
- 78 aircraft now in operation. Customer interest confirmed with 95 firm orders and commitments at Le Bourget
- Focusing on commercial momentum, production ramp-up and cost reduction



## A320

- Backlog of 5,800+ aircraft supports our ramp-up. Preparing for rate 63 in 2021
- Continuing to study potential further rate increases beyond 2021
- ACF ramp up in H2'19 remains challenging



## A330

- Progressing on Neo transition– working closely with engine partner and suppliers to deliver in line with customer commitments
- A330-800 flight test campaigns progressing



## A350

- Rate 10 reached in Q4'18 – stabilising production at current rates including -1000 ramp-up
- A350 breakeven targeted in 2019. Continuing our journey toward cost convergence.



## A380

- Progressing on Programme wind-down and securing in-service support for the next decades



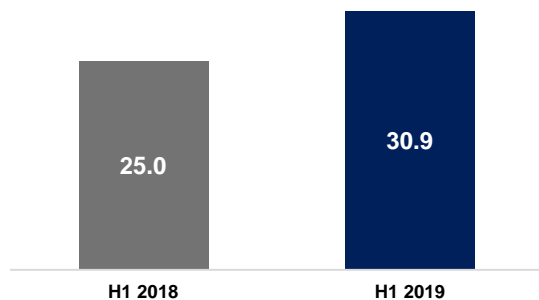
## A400M

- Continuing with development activities as agreed in the revised capability roadmap
- Retrofit activities advancing in line with customer agreed plan
- Contract Amendment signed with OCCAR. Anticipated impact reflected in FY'18 results.

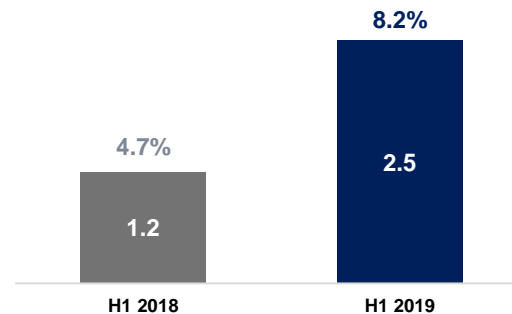


# H1 2019 FINANCIAL PERFORMANCE

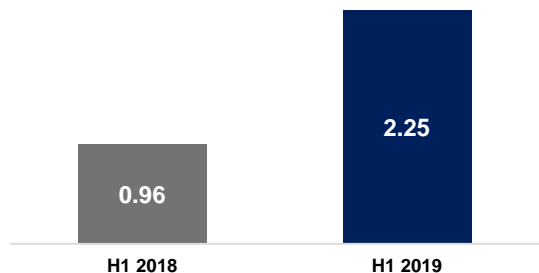
**Revenues**  
in € bn



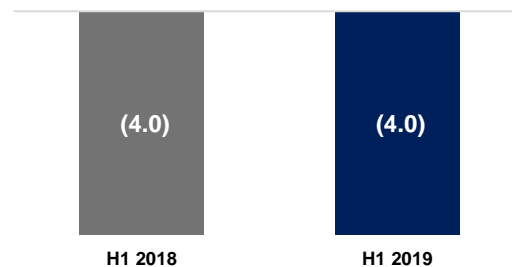
**EBIT Adjusted**  
in € bn / RoS (%)



**EPS<sup>(1)</sup> Adjusted**  
in €



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

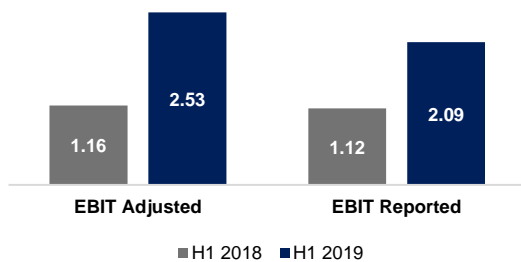


(1) H1 2019 Average number of shares: 776,291,117 compared to 774,129,413 in H1 2018  
Capitalised R&D: € 45 m in H1 2019 and € 40 m in H1 2018  
H1 2019 figures include A220, consolidated into Commercial Aircraft as of July 1<sup>st</sup>, 2018

# H1 2019 PROFITABILITY

## EBIT Performance

in € bn



■ H1 2019 **EBIT Reported** of € 2.1 bn

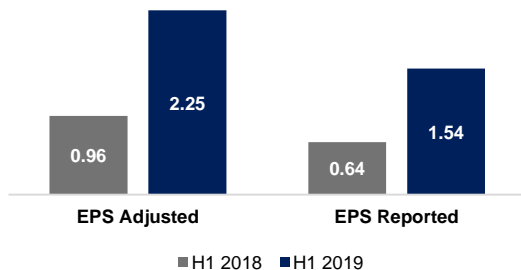
■ H1 2019 EBIT Adjustments resulting from:

- € – 208 m Defence export ban
- € – 136 m A380 programme cost
- € – 90 m Others
- € – 2 m PDP mismatch / BS revaluation

■ H1 2019 **Net Adjustments** of € – 436 m

## EPS<sup>(1)</sup> Performance

in €



■ H1 2019 **Net Income** of € 1,197 m

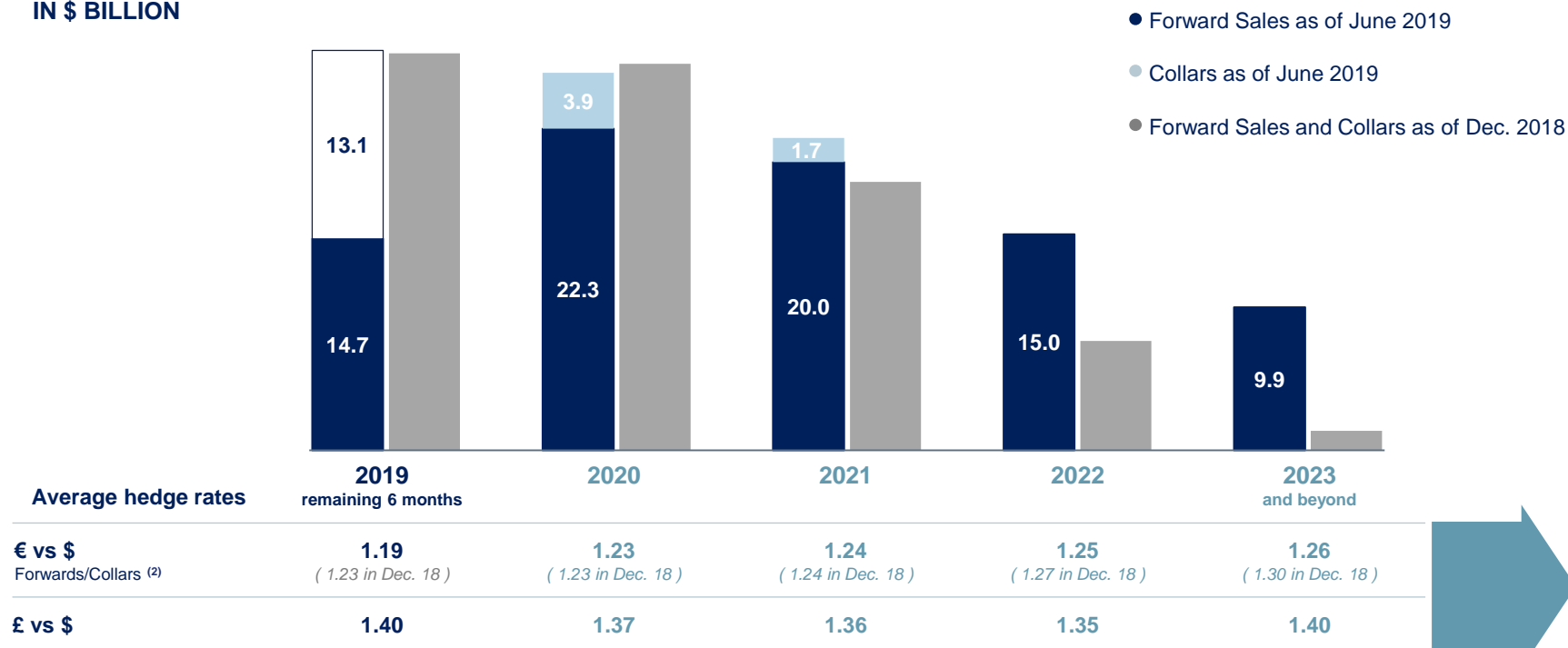
■ H1 2019 **Net Income Adjusted** of € 1,750 m

■ H1 2019 tax rate on core business is 27%

(1) H1 2019 Average number of shares: 776,291,117 compared to 774,129,413 in H1 2018  
 Capitalised R&D: € 45 m in H1 2019 and € 40 m in H1 2018  
 H1 2019 figures include A220, consolidated into Commercial Aircraft as of July 1<sup>st</sup>, 2018

# CURRENCY HEDGE POLICY

IN \$ BILLION



Mark-to-market value incl. in AOCI = € - 1.9 bn  
Closing rate @ 1.14 € vs. \$

- In H1 2019, \$ 19.6 bn<sup>(1)</sup> of new Forwards were added at an average rate of € 1 = \$ 1.22
- \$ 13.1 bn<sup>(1)</sup> of hedges matured at an average rate of € 1 = \$ 1.27
- Hedge portfolio<sup>(1)</sup> 30 June 2019 at \$ 87.4 bn (vs. \$ 81.9 bn in Dec. 2018), at an average rate of \$ 1.23<sup>(2)</sup>
- In H1, \$ 4.1 bn of hedges rolled-over intra-year to align with backloaded delivery profile

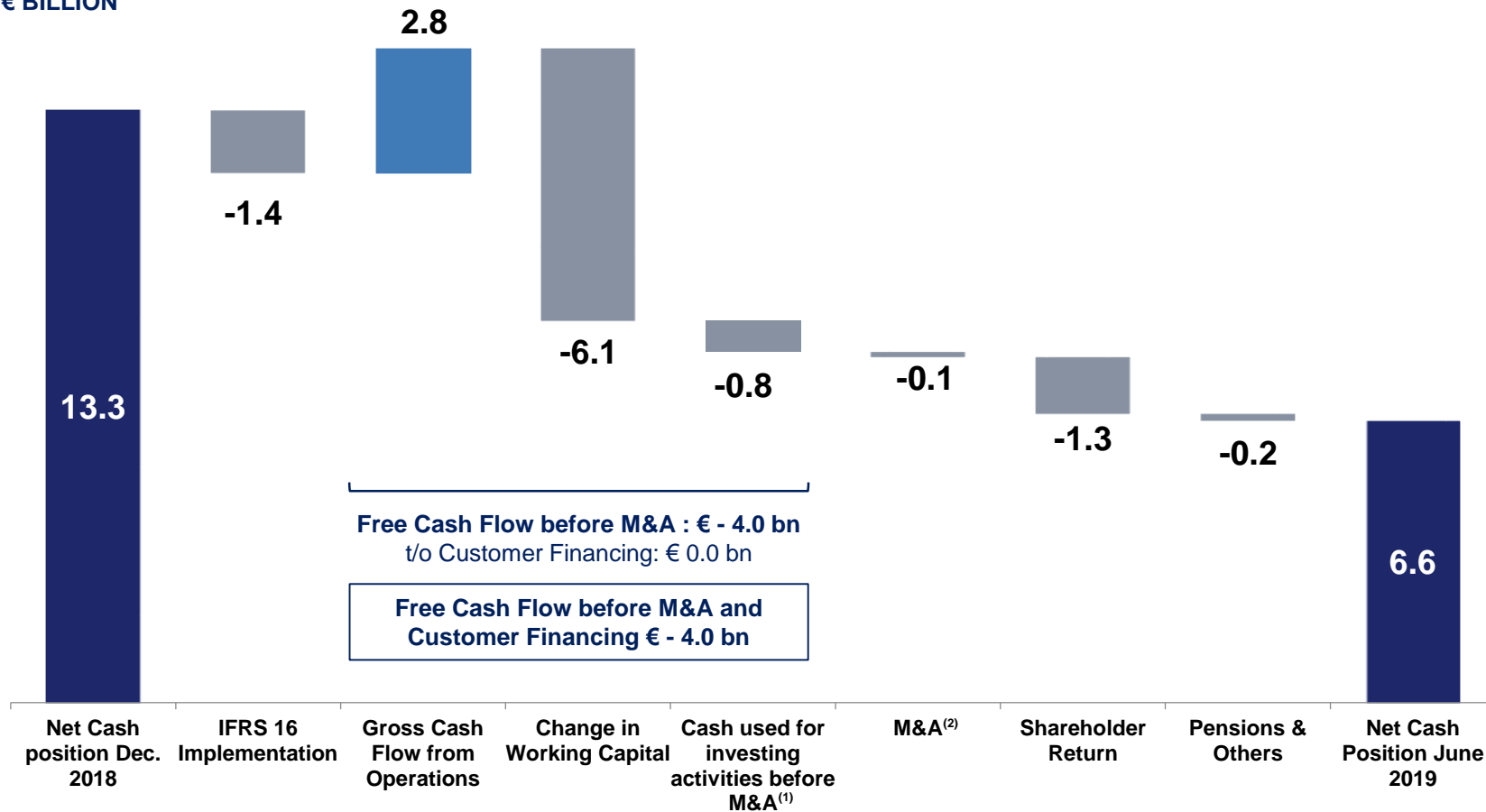
Approximately 60% of Airbus US\$ revenues are naturally hedged by US\$ procurement. Graph shows US\$ Forward Sales and Collars  
Hedge rates reflect EBIT impact of the US\$ hedge portfolio

(1) Total hedge amount contains \$/€ and \$/£ designated hedges; (2) Blended Forwards and Collars rate includes Collars at least favourable rate

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# H1 2019 CASH EVOLUTION

IN € BILLION



■ IFRS 16 implemented January 1<sup>st</sup>, 2019

(1) Thereof Capex of € - 0.9 bn

(2) M&A transactions include acquisitions and disposals of subsidiaries and businesses

## 2019 GUIDANCE

*As the basis for its 2019 guidance, Airbus expects the world economy and air traffic to grow in line with prevailing independent forecasts, which assume no major disruptions*

*Airbus 2019 Earnings and FCF guidance is before M&A*

- Airbus targets 880 to 890 commercial aircraft deliveries in 2019
- On that basis:  
Airbus expects to deliver an increase in EBIT Adjusted of approximately +15% compared to 2018 and FCF before M&A and Customer Financing of approximately € 4 bn

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## KEY PRIORITIES

- Deliver on 2019 commitments
- Ramp-up A320
- Improve A350 margins
- Improve programme execution across businesses
- Services, Digital and Innovation



**Deliver Earnings and FCF growth potential**

# DELIVER EPS & FCF GROWTH POTENTIAL

2018 - 2021



- \* A400M will continue to weigh until 2021.
  - \*\* A220 will continue to weigh until 2021. Partnership funding arrangement not included in FCF
- Box sizes for illustration purpose only