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# AIRBUS

## FY 2018

## ROADSHOW PRESENTATION

February 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 Airbus “Registration Document” dated 28 March 2018, 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.

### **IFRS 15 Disclaimer:**

The Company has adopted the IFRS 15 standard as of 1<sup>st</sup> January 2018. 2017 figures are pro forma, amended with IFRS15 restatements and new segment reporting.

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## FY 2018 HIGHLIGHTS

- Strong 2018 performance, Guidance delivered
- A380 deliveries cease in 2021
- A400M re-baselining negotiated
- Dividend proposal: € 1.65 / share, +10% vs. FY 2017
- 2019 Guidance confirms growth trajectory

# AIRBUS AT A GLANCE – AS OF FY18

## Consolidated Airbus

External Revenue by Division



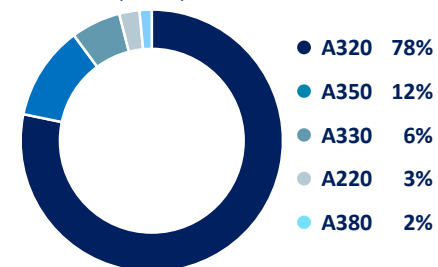
● Airbus	74%
● Helicopters	9%
● Defence and Space	17%

## Airbus



Passenger Aircraft,  
Freighter Conversion,  
Services

## Deliveries by Programme (units)

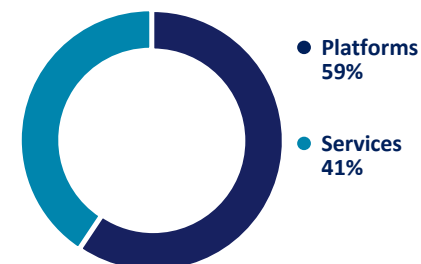


## Helicopters



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

## External Revenue Split

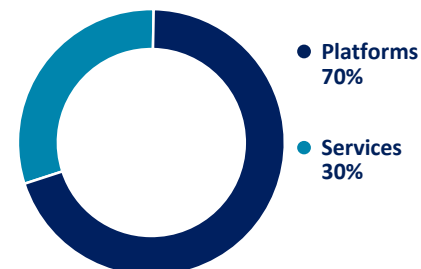


## Defence and Space



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

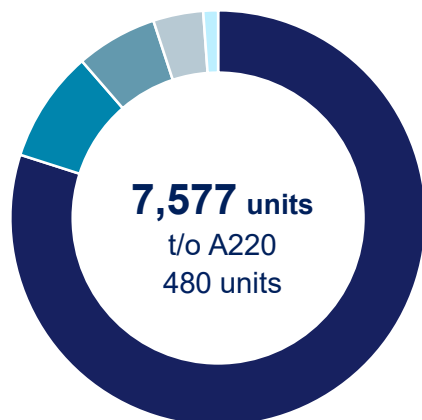
## External Revenue Split



## COMMERCIAL POSITIONING – AS OF FY18

### Airbus Commercial Aircraft

Order Book in units by Programme



● A320	80%	● A330	4%
● A350	9%	● A380	1%
● A220	6%		

### Consolidated Airbus

Order Book in value by Region



● Asia Pacific	30%	● Middle East	8%
● Europe	28%	● Latin America	6%
● North America	19%	● Other	9%

*Order Book units reflect contractual view. Order Book value measured under IFRS 15 reflects assessment of recoverability and net transaction price, including engines*

- **AIRBUS:** Gross orders: 831 a/c; net orders: 747 a/c, incl. 40 A350, 27 A330 and 135 A220; Backlog: 7,577 a/c
- **HELICOPTERS:** Net book to bill > 1; 381 net orders including 15 H160, 51 Lakota LUH, 29 NH90, 8 H215M, and 4 H225M
- **DEFENCE AND SPACE:** Net book to bill of ~0.8. Key contract wins include EF Qatar, 4 MRTTs, Heron TP drones for Germany, 2 satellites and first contract for Ariane 6 signed with Eutelsat

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# AIRBUS

FY 2018

## ROADSHOW PRESENTATION

Market  
Demand

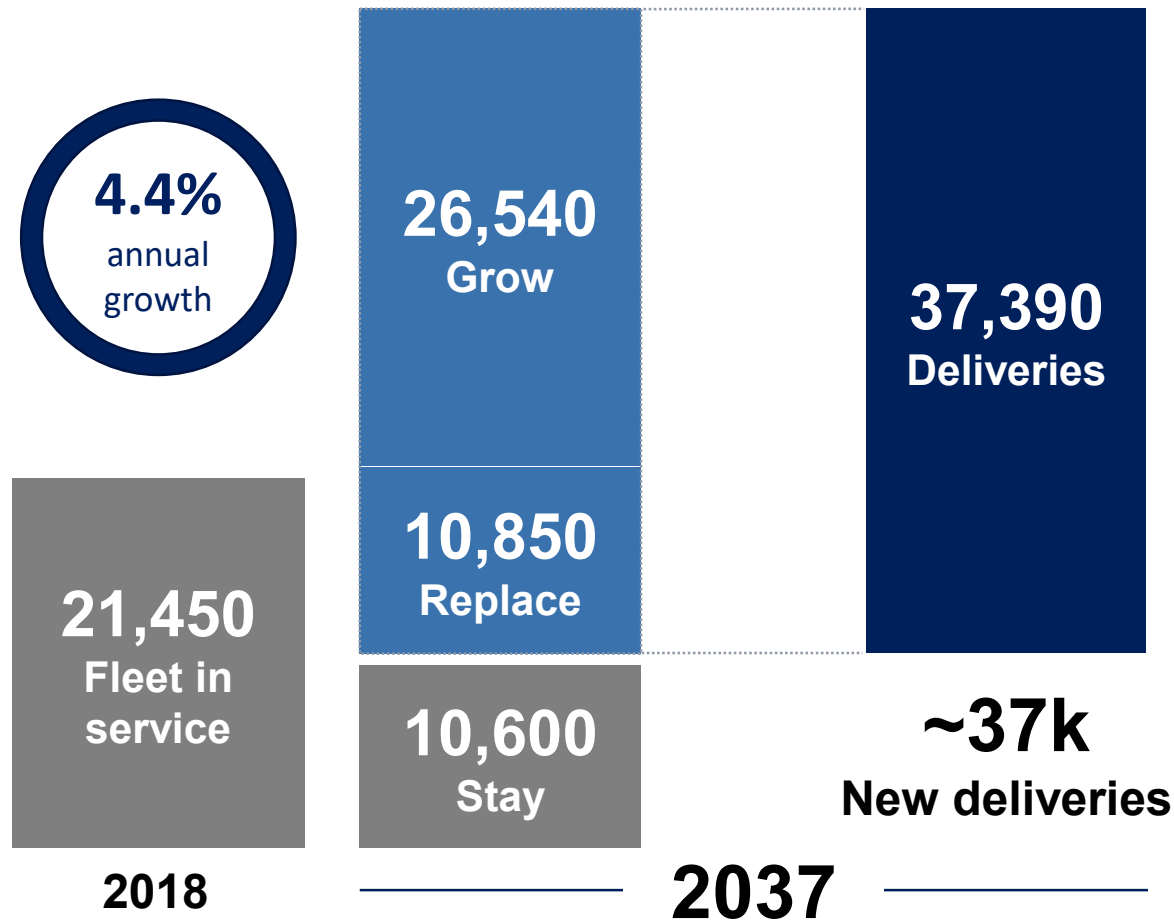
Product  
Positioning

FY18  
Review



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## WORLD FLEET TO DOUBLE OVER NEXT 20 YEARS



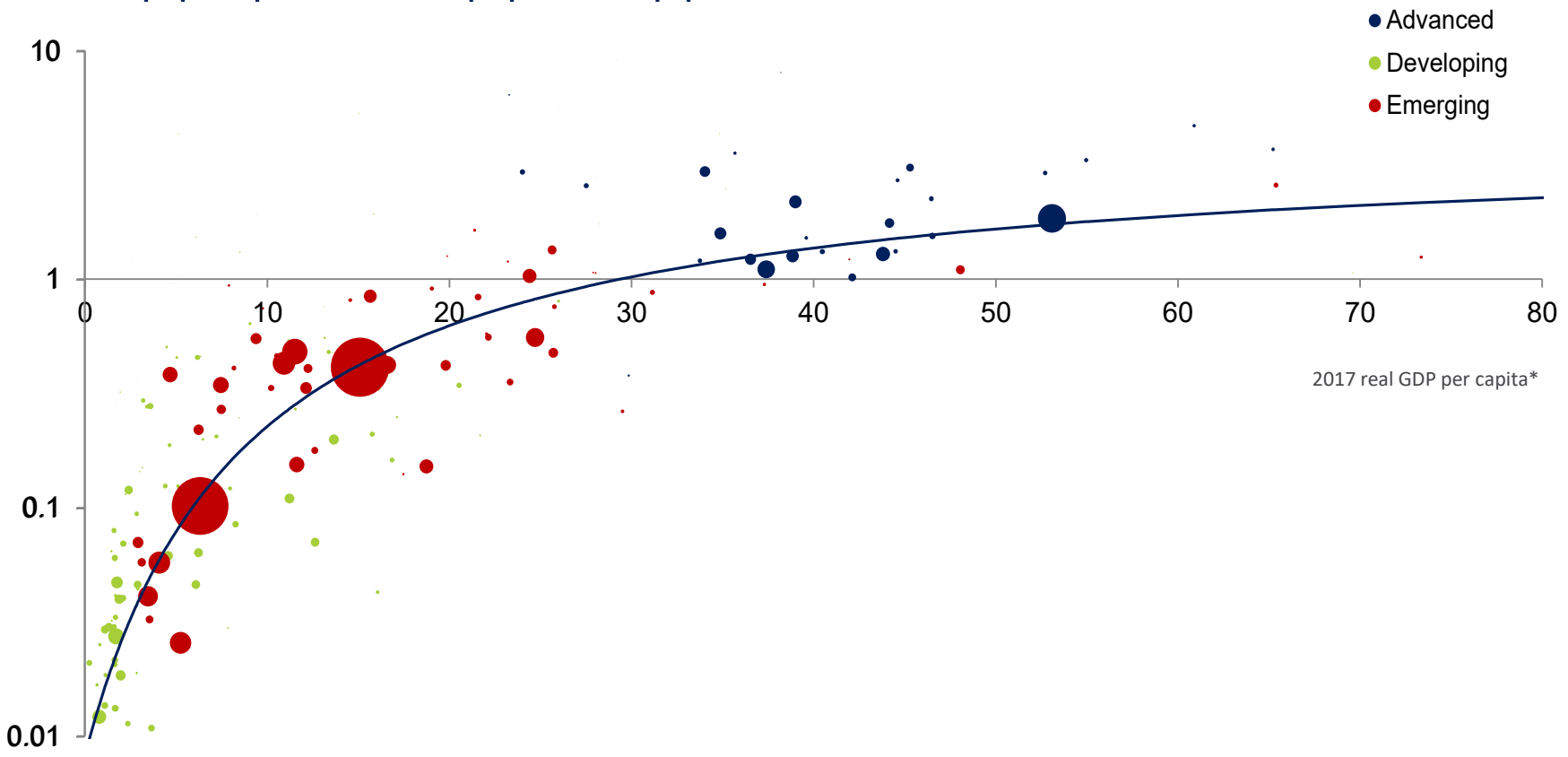
- Continued healthy traffic growth in 2018: RPK growth +6.7%, Record Load Factor 82%, +260 million passengers

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

FY 2018

## ROADSHOW PRESENTATION

Market  
Demand

Product  
Positioning

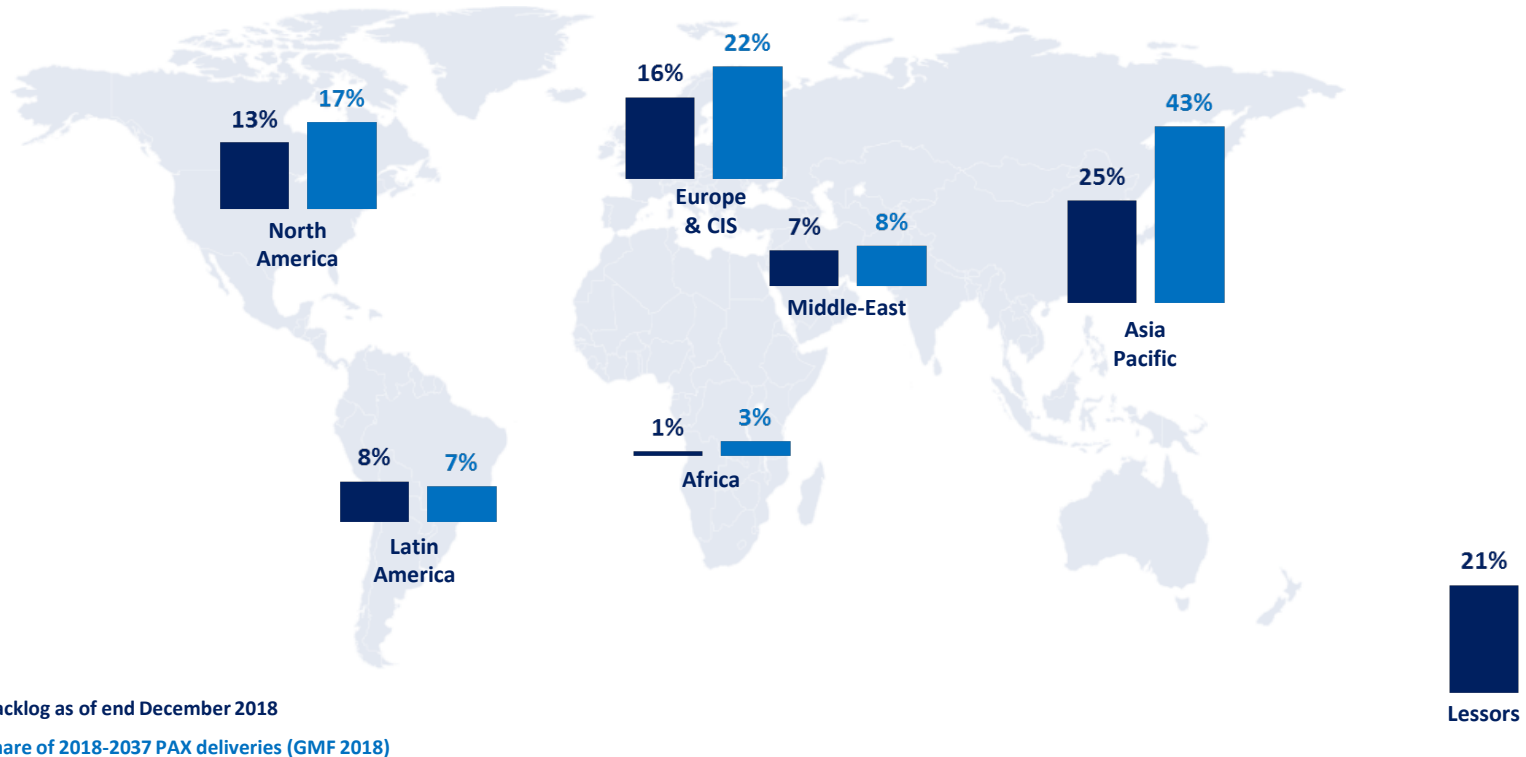
FY18  
Review



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# COMPETITIVE AIRCRAFT PORTFOLIO UNDERPINS RECORD BACKLOG

Solid and well diversified Backlog\*  
7,577 aircraft

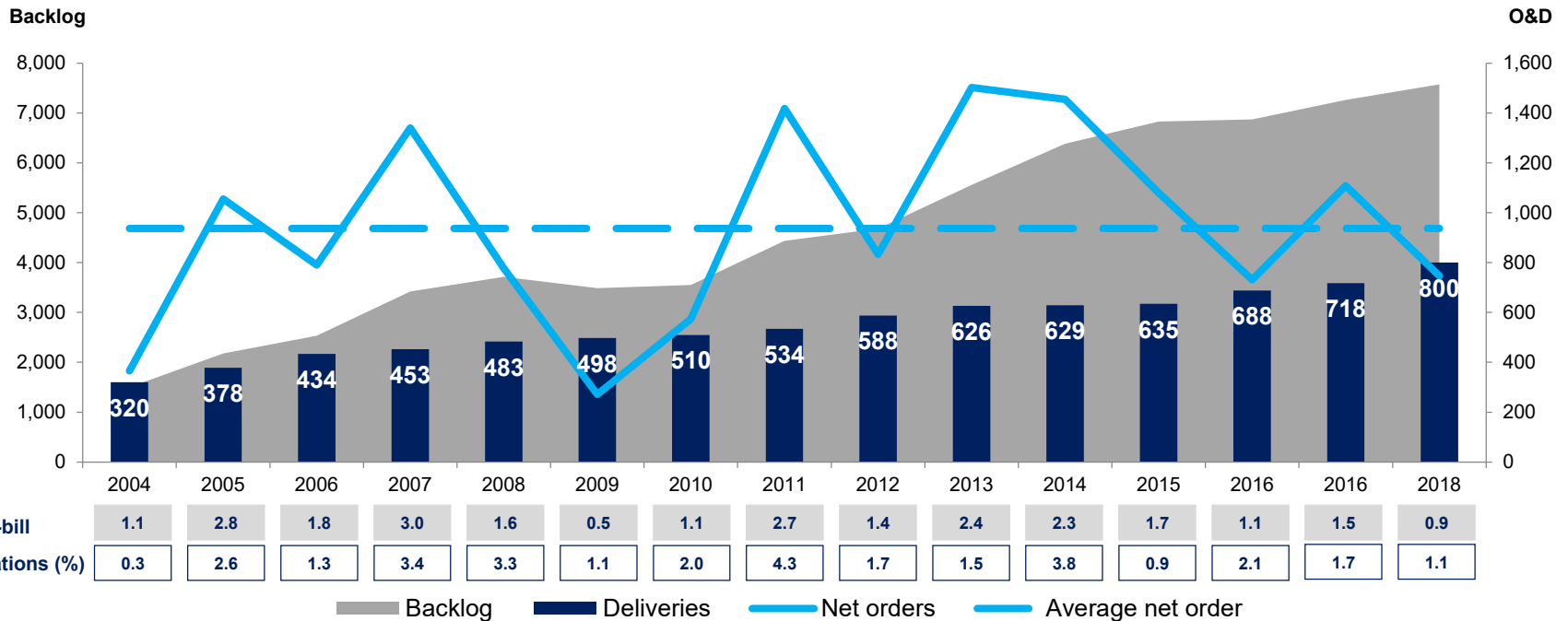


Airbus backlog\* aligned with  
regional needs and demand forecast

\* Commercial aircraft  
8% of undisclosed customers

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# STEADY RAMP-UP IN A HEALTHY COMMERCIAL ENVIRONMENT



Growing backlog while ramping-up deliveries to meet customer demand

# 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



## SPACE SYSTEMS



## CIS / UAS / OTHERS



### MARKET

- Geopolitical instability
- Growth in defence spending
- Increasing need for security

- Growth in space spending
- More connected world
- Increasing need for services

- Big data / analytics / digital
- Cyber protection
- Increasing need for autonomy and reactivity

### PRODUCT

- Multi-mission military aircraft
- Integrated combat systems
- Services around platforms

- Telecom satellites, ENS
- OneWeb (small satellites)
- Space services (SpaceTug - Space Utility Vehicle)

- Cyber Protection (Stormshield, 3 Cyber Defence Centres)
- Digital services and secured connectivity (HAPS)
- Unmanned Aerial Systems (Airbus Aerial, European MALE)

Successful repositioning  
through portfolio reshaping

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# LEVERAGING DIGITAL IN ALL AREAS OF OUR BUSINESS

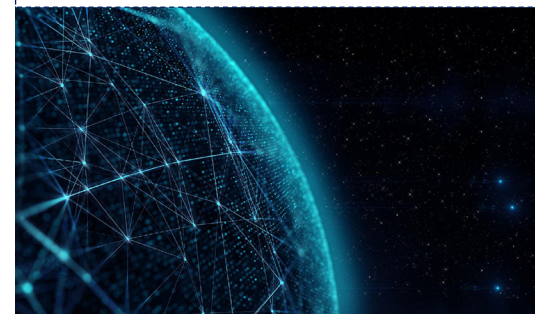
## Skywise



## 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

FY 2018

## ROADSHOW PRESENTATION

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## KEY PROGRAMME UPDATE



### A220

- Programme now fully consolidated and integrated into Airbus since July 1<sup>st</sup> 2018
- Good commercial momentum: 135 orders since July 2018. FY18 Backlog: 480 aircraft
- Focus on commercial momentum, production ramp-up and cost reduction



### A320

- Backlog of 6,000+ aircraft supports our ramp-up plans to rate 60 by mid-year and beyond as we target rate 63 in 2021
- First A321ACF and first A321LR delivered in 2018
- ACF deliveries will increase in 2019, ramp-up remains challenging



### A330

- Successful A330neo EIS with TAP – 3 A330neo delivered in 2018
- A330-800 achieved First flight in Q4'18
- A330neo ramp-up continuing in 2018 – working closely with engine partner to deliver in line with customer commitment



### A350

- Reached Rate 10 in Q4'18: 93 deliveries in 2018, incl. 14 A350-1000. OR>99%
- Backlog supports rate 10 going forward, including latest commercial discussions
- A350 breakeven in 2019 – improving margins beyond



### A380

- A380 deliveries cease in 2021
- 8 deliveries in 2019, 7 in 2020 and the remaining 2 in 2021



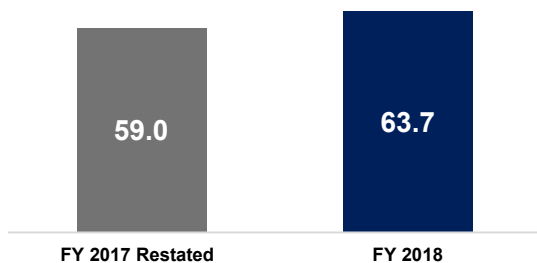
### A400M

- A400M Re-baselining negotiated
- Update of contract estimate at completion triggered a net additional charge of € 436 m
- 17 aircraft delivered in FY18 – development and retrofit activities progressing in line with agreed roadmap

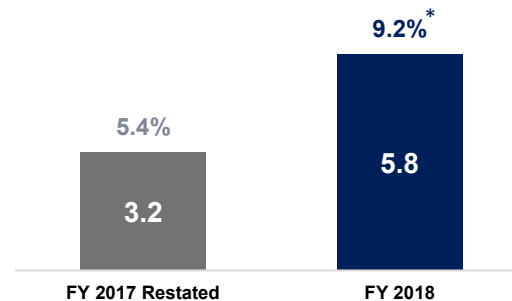


# FY 2018 FINANCIAL PERFORMANCE

## Revenues in € bn

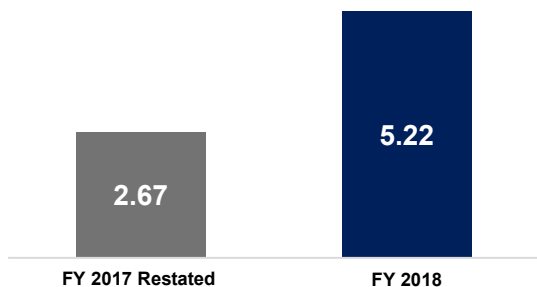


## EBIT Adjusted in € bn / RoS (%)

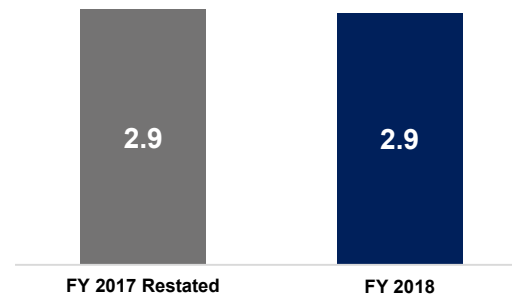


\* Airbus RoS 10%

## EPS<sup>(1)</sup> Adjusted in €



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

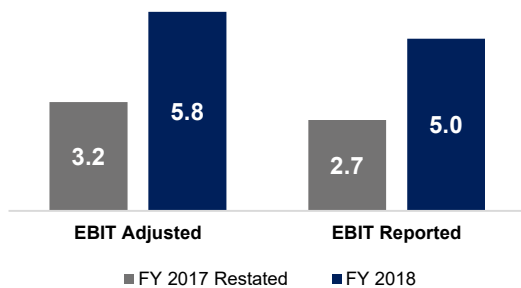


(1) FY 2018 Average number of shares: 775,167,941 compared to 773,772,702 in FY 2017  
Capitalised R&D: € 91 m in FY 2018 and € 219 m in FY 2017  
2018 figures include A220, consolidated into Airbus as of July 1<sup>st</sup> 2018  
2017 figures are amended with IFRS15 restatements

# FY 2018 PROFITABILITY

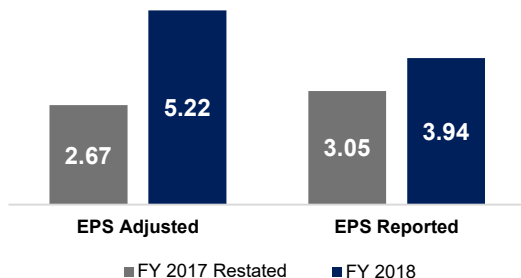
## EBIT Performance

in € bn



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

in €



■ FY 2018 **EBIT Reported** of € 5.0 bn

■ FY 2018 EBIT Adjustments resulting from:

- € – 463 m A380
- € – 436 m A400M provision
- € – 123 m Compliance costs
- € + 188 m M&A
- € + 129 m PDP mismatch / BS revaluation
- € – 81 m Others

■ FY 2018 **Net Adjustments** of € – 786 m

■ FY 2018 Net Income of € 3.1 bn

■ FY 2018 Finance Result adjustments of € – 0.5 bn

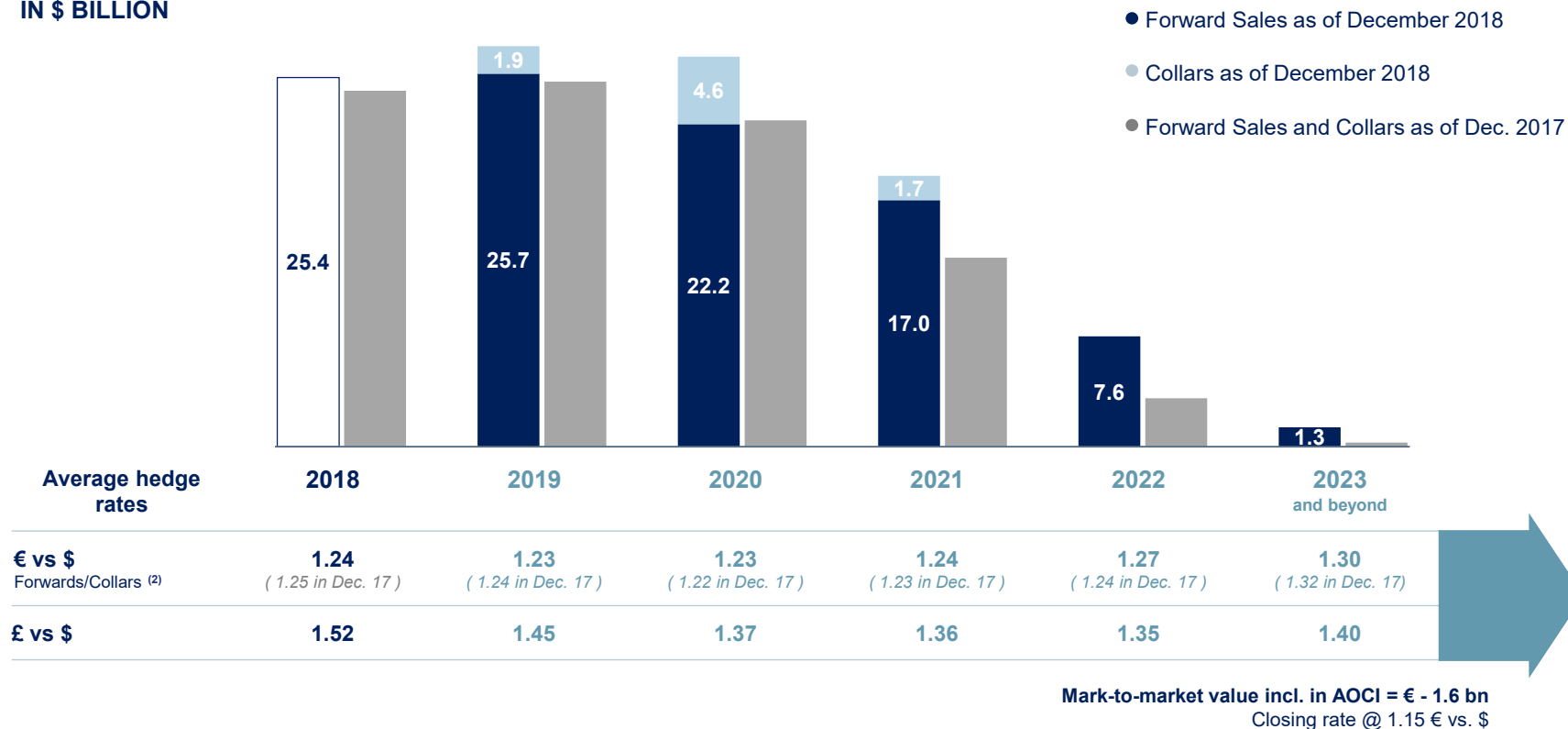
■ FY 2018 Net Income Adjusted of € 4.0 bn

■ FY 2018 tax rate on core business is 26%

(1) FY 2018 Average number of shares: 775,167,941 compared to 773,772,702 in FY 2017  
 Capitalised R&D: € 91 m in FY 2018 and € 219 m in FY 2017  
 2018 figures include A220, consolidated into Airbus as of July 1<sup>st</sup> 2018  
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# CURRENCY HEDGE POLICY

IN \$ BILLION



- In FY 2018, \$ 19.0 bn<sup>(1)</sup> of new Forwards were added at an average rate of € 1 = \$ 1.25
- \$ 25.4 bn<sup>(1)</sup> of hedges matured at an average rate of € 1 = \$ 1.24
- Hedge portfolio<sup>(1)</sup> 31 December 2018 at \$ 81.9 bn (vs. \$ 88.7 bn in Dec. 2017), at an average rate of \$ 1.24<sup>(2)</sup>

2018 figures include A220, consolidated into Airbus as of July 1<sup>st</sup> 2018

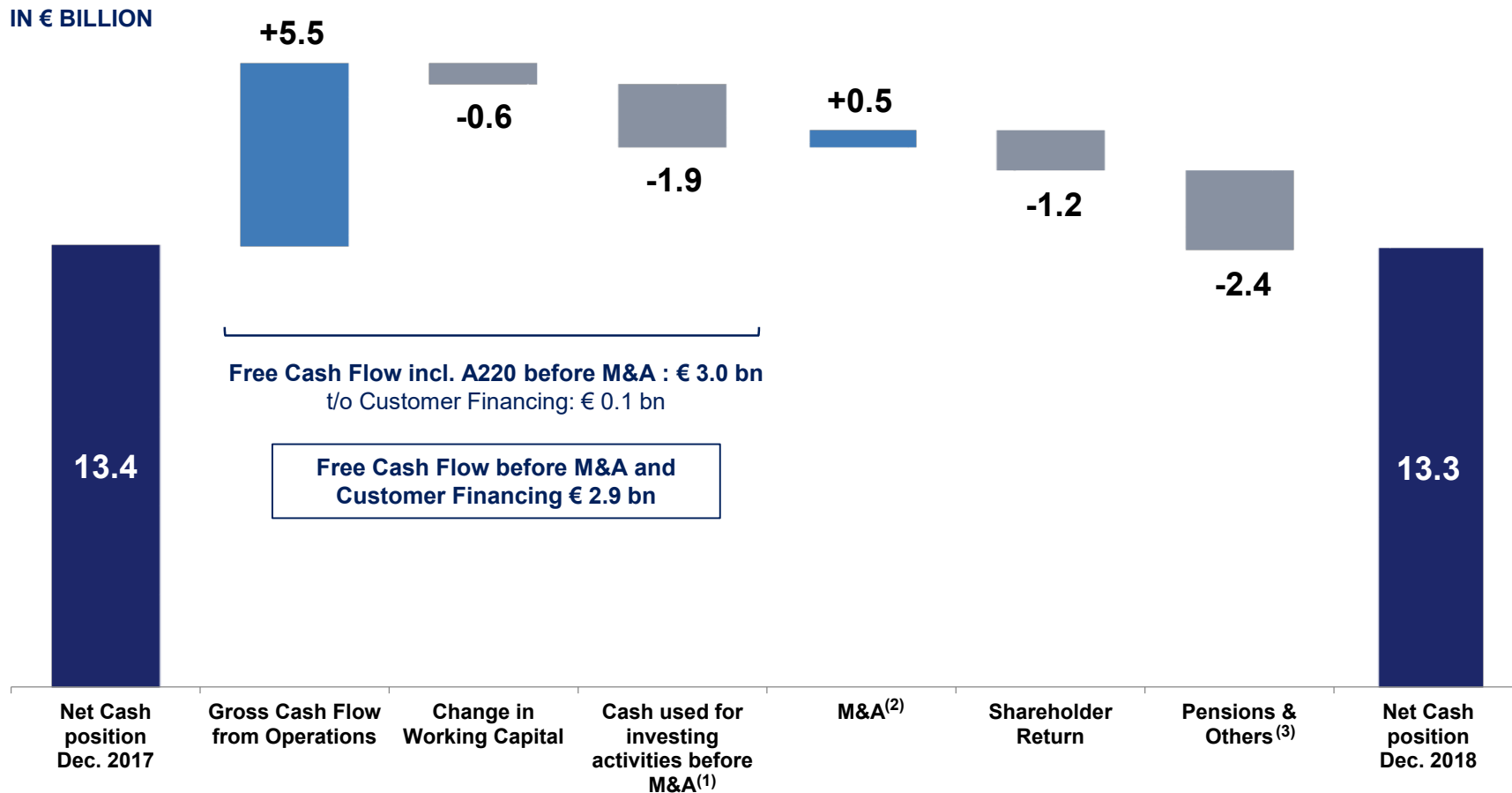
Approximately 60% of Airbus US\$ revenues are naturally hedged by US\$ procurement. Graph shows US\$ Forward Sales and Collars

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

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# FY 2018 CASH EVOLUTION

IN € BILLION



- A220 impact on FCF: ~ € -0.2 bn, net cash impact limited after funding agreement

2018 figures include A220, consolidated into Airbus as of July 1<sup>st</sup> 2018

(1) Thereof Capex of -2.3 bn; (2) M&A transactions include acquisitions and disposals of subsidiaries and businesses

(3) Including C-Series A/C Ltd. Partnership (C-SALP) funding agreement

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## 2019 GUIDANCE AND DIVIDEND PROPOSAL

*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*

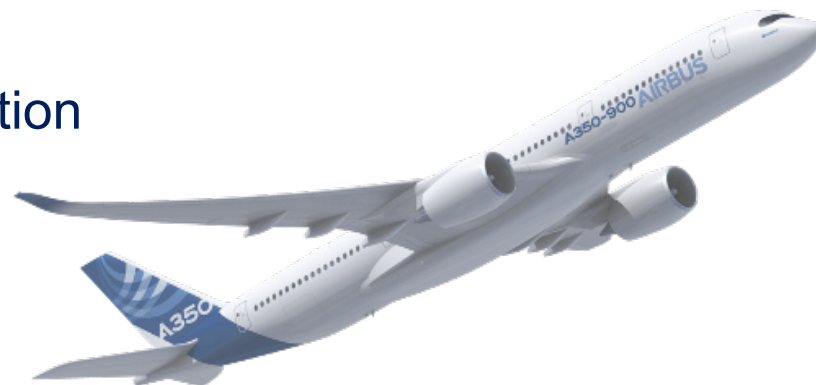
- Airbus targets 880 to 890 commercial aircraft deliveries in 2019
- On that basis:  
Airbus expects to deliver an increase in EBIT Adjusted of approximately +15% compared to 2018 and FCF before M&A and Customer Financing of approximately € 4 bn

2018 Dividend Proposal:

- Airbus proposes a dividend for 2018 of € 1.65 / share, +10% vs. FY 2017

## KEY PRIORITIES

- Deliver on 2019 commitments
- Ramp-up A320
- Improve A350 margins
- Leverage military portfolio
- Services, Digital and Innovation



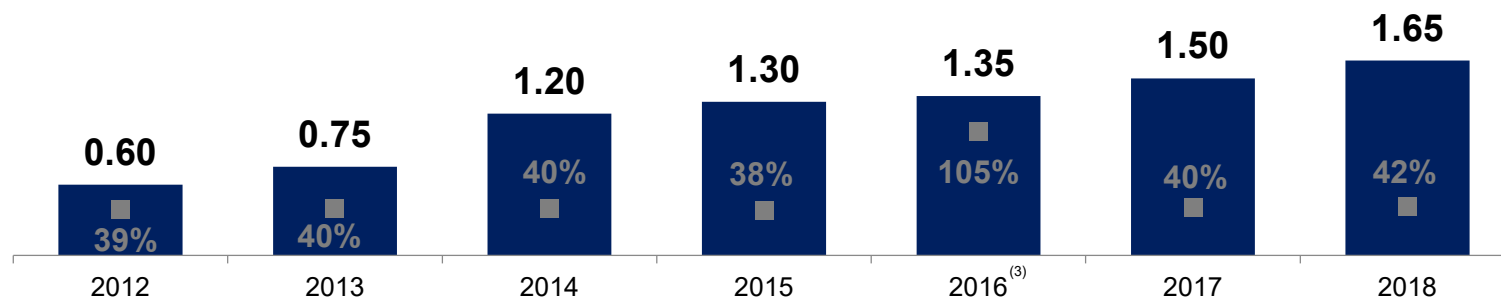
**Deliver Earnings and FCF growth potential**

# COMMITMENT TO CASH GENERATION & SHAREHOLDER RETURNS

2012 - 2018



## Dividend per Share



Financial flexibility protected: Net Cash of € 13 bn  
Increased liquidity: Gross Cash of € 22 bn<sup>(4)</sup>

(1) incl. € 5 bn M&A  
(2) of which € 6 bn of Dividend and € 3 bn of Share Buyback. Before 2018 Dividend Proposal  
(3) Increased exceptionally to deliver sustained dividend growth per share  
(4) as of 31 Dec 2018

# DELIVER EPS & FCF GROWTH POTENTIAL



\* A400M will continue to weigh in 2019 and 2020  
Box sizes for illustration purpose only