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AIRBUS

Member States Shareholder Meeting

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Toulouse
4 October 2017

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.

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H1 Results
2017

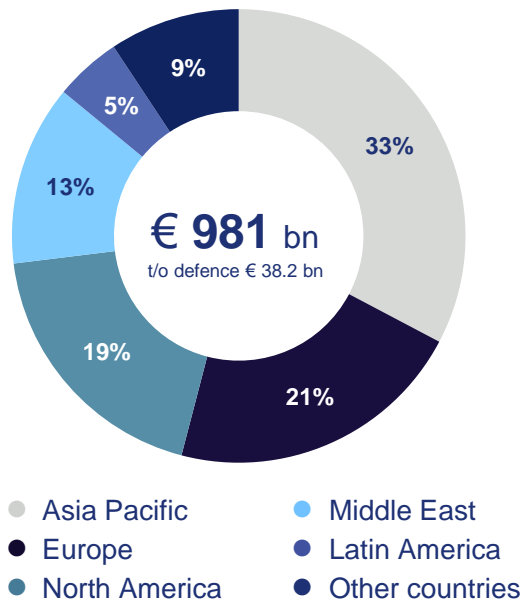
Business
Update

Strategy
Update



- Healthy commercial aircraft environment; robust backlog of 6,771 a/c supports ramp-up plans
- H1 financials reflect delivery pattern mainly impacted by engine issues
- Continued focus on ramp-up, operations and integration
- 2017 Guidance maintained

Airbus Order Book* by Region (by value)



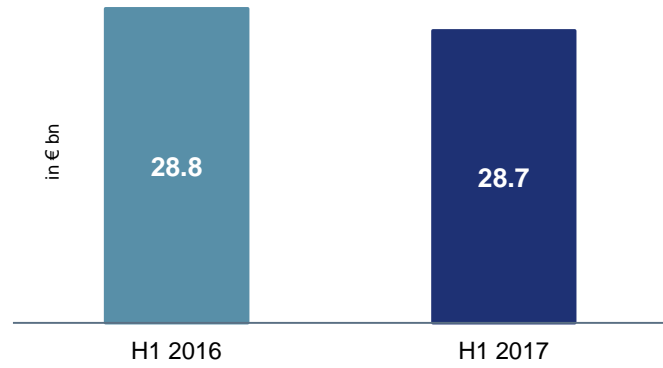
Airbus External Revenue Split by Division



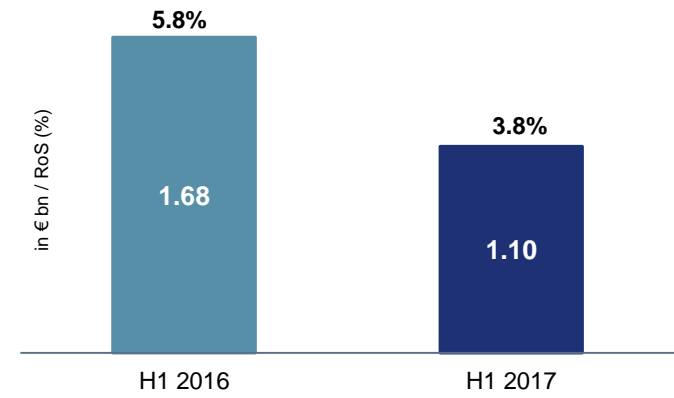
- **COMMERCIAL AIRCRAFT:** 248 gross orders, 203 net of cancellations including 4 A350 Qatar. Backlog: 6,771 a/c
- **HELICOPTERS:** 151 net orders, including 30 H225 military for Kuwait
- **DEFENCE AND SPACE:** Order book reflects perimeter change (€ 1.9 bn). 19 Light and Medium booked in Military Aircraft

* Commercial Order Intake and Order Book based on list prices

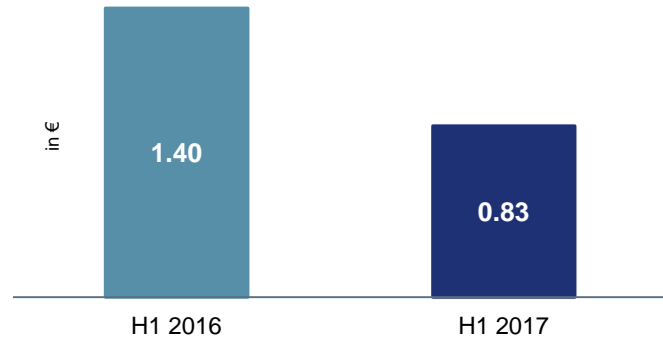
Revenues



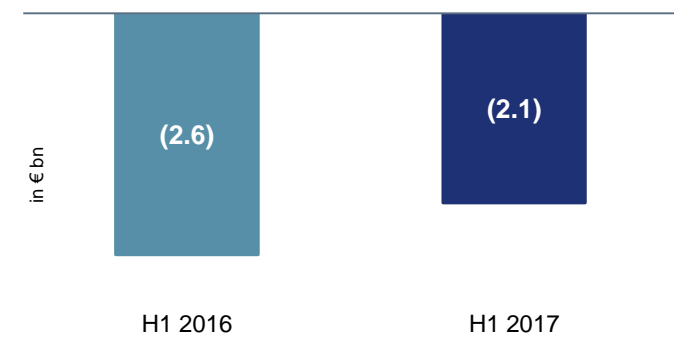
EBIT Adjusted



EPS⁽¹⁾ Adjusted

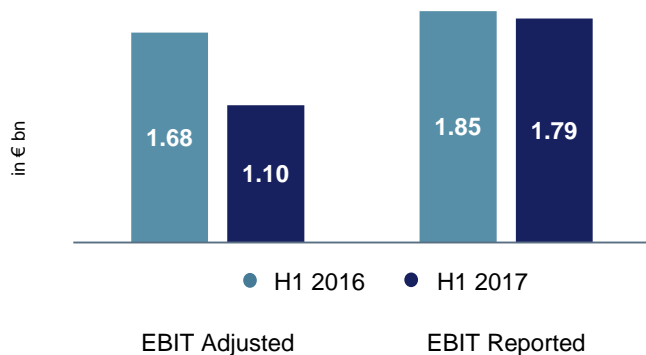


FCF before M&A and Customer Financing



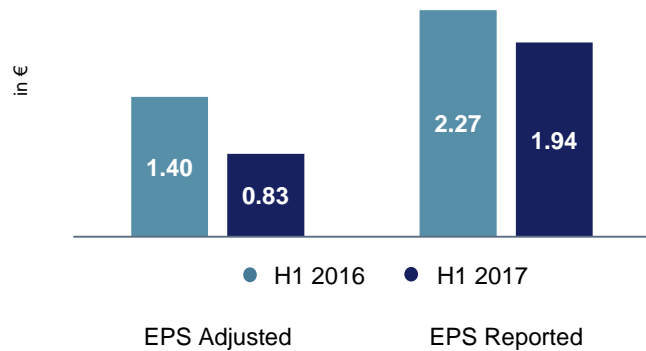
(1) H1 2017 Average number of shares: 773,223,614 compared to 775,116,098 in H1 2016. Capitalised R&D: € 149 m in H1 2017 and € 112 m in H1 2016.

EBIT Performance



- H1 2017 EBIT reported of € 1.79 bn
- H1 2017 Adjustments resulting from:
 - € - 70 m A400M LMC
 - € + 174 m \$ PDP mismatch / BS Revaluation
 - € + 28 m Other AD Portfolio
 - € + 560 m Defence Electronics net capital gain
- **€ + 692 m Net Adjustments**

EPS Performance



- H1 2017 Net Income of € 1.5 bn
- H1 2017 Net Income Adjusted of € 0.6 bn
- H1 2017 tax rate on core business is 28 %

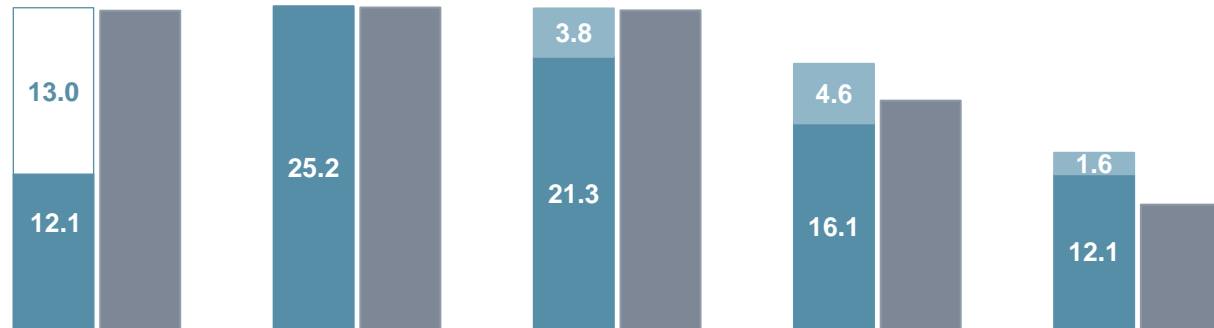
Average number of shares: H1 2017= 773,223,614 , H1 2016= 775,116,098

CURRENCY HEDGE POLICY

IN \$ BILLION

Net Exposure

- Forward Sales as of June 2017
- Collars as of June 2017
- Forward Sales and Collars as of Dec. 2016



Average hedge rates

€ vs \$

Forwards/Collars ⁽²⁾

£ vs \$

| Period | 2017 remaining 6 months | 2018 | 2019 | 2020 | 2021 and beyond |
|---------|-------------------------|------|------|------|-----------------|
| € vs \$ | 1.26 | 1.25 | 1.24 | 1.22 | 1.22 |
| £ vs \$ | 1.52 | 1.55 | 1.46 | 1.37 | 1.35 |

(1.29 in Dec. 16)

(1.25 in Dec. 16)

(1.24 in Dec. 16)

(1.23 in Dec. 16)

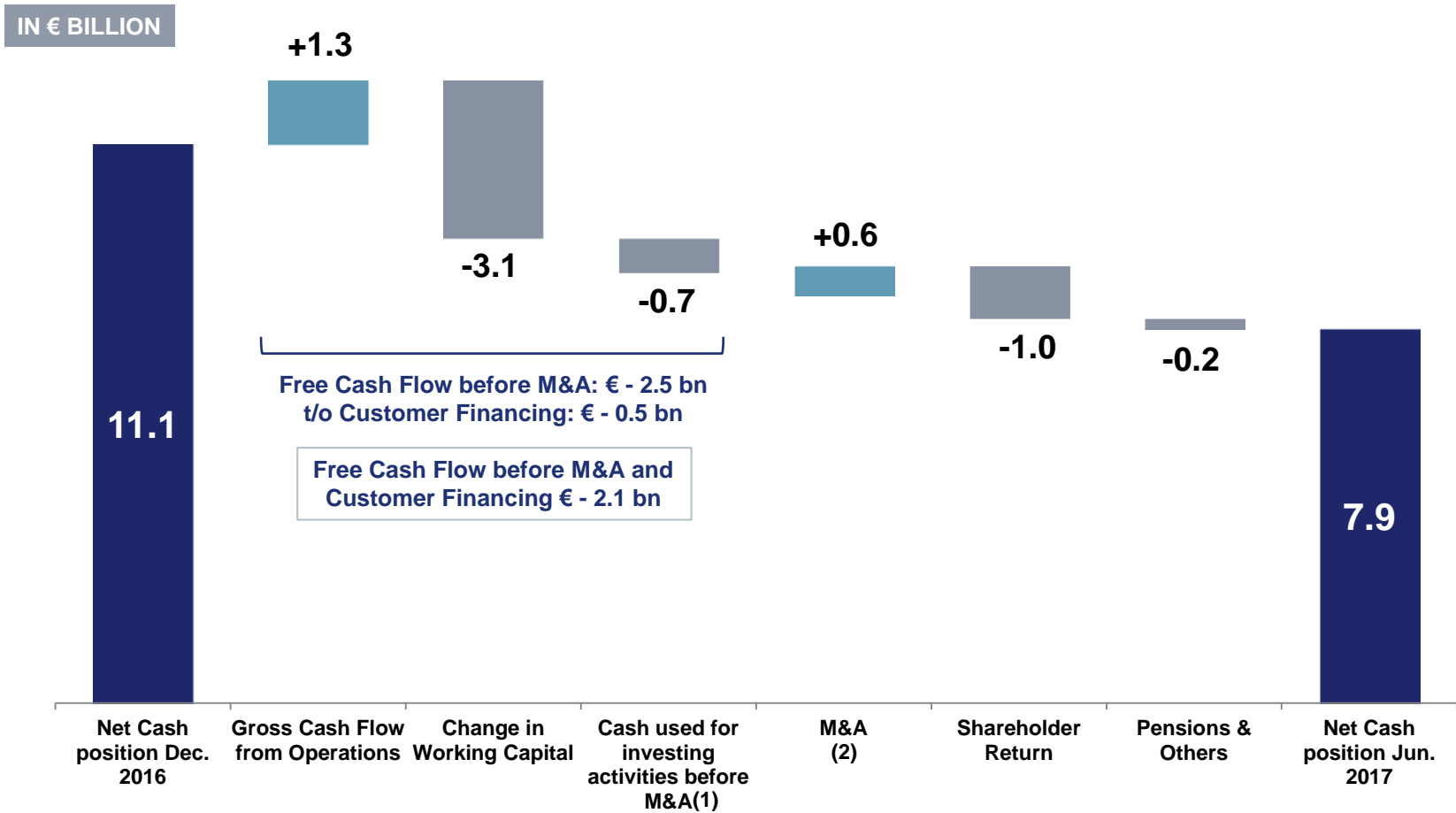
(1.22 in Dec. 16)

Mark-to-market value incl. in AOCI = € - 2.6 bn
Closing rate @ 1.14 € vs. \$

- In H1 2017, new hedge contracts of \$ 7.4 bn were added at an average rate of € 1 = \$ 1.19 ⁽¹⁾ of which \$ 6.8 bn Forwards at € 1 = \$ 1.18 and \$ 0.6 bn Zero-cost Collars
- \$ 13.0 bn of hedges matured at an average rate of € 1 = \$ 1.31
- Hedge portfolio ⁽¹⁾ 30 June 2017 at \$ 96.8 bn (vs. \$ 102.4 bn in Dec. 2016), at an average rate of \$ 1.24 ⁽²⁾

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

H1 2017 CASH EVOLUTION



(1) Thereof Capex of € - 1.1 bn; (2) M&A transactions include acquisitions and disposals of subsidiaries and businesses

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

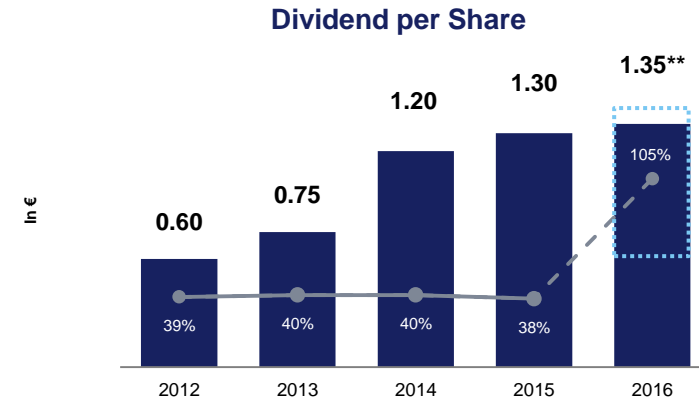
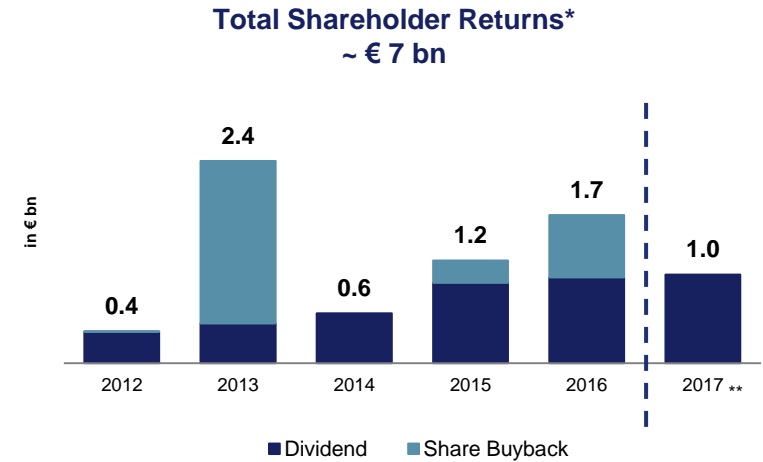
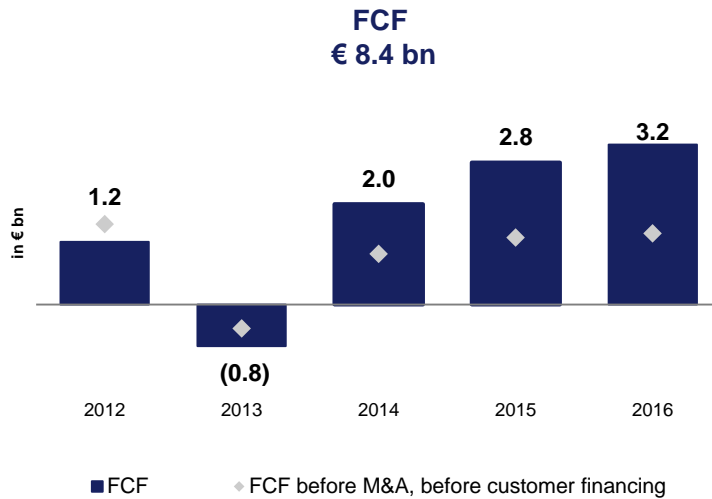
Airbus 2017 earnings and FCF guidance is based on a constant perimeter

- Airbus expects to deliver more than 700 commercial aircraft which depends on engine manufacturers meeting commitments
- Before M&A, Airbus expects mid-single-digit % 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

- Focus on key programmes
- Drive innovation and digitalisation for the longer term to secure our future
- Work to secure EPS / FCF as platform to deliver 2018 / 2019 growth

INCREASING SHAREHOLDER RETURNS



Dividend policy since 2013, Total Shareholder Returns 2012-2017 ~ € 7 bn

* Actual cash out each year
 ** 2016 Dividend paid: April 2017

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H1 Results
2017

**Business
Update**

Strategy
Update





A320

- SA remains healthy: essentially sold out until 2022, which protects our ramp-up plans
- Deliveries end August: 310 A320 family delivered, t/o 76 A320/A321neo
- Neo ramp-up remains challenging. Customers are still experiencing a number of in-service engine issues
- We still target total A320neo deliveries to be ~200 but in view of these engine issues, this target becomes more challenging



A350

- Good progress on A350 industrial ramp-up (43 deliveries end August 2017)
- Confident that we are on track for our FY ramp-up and the rate 10 target by end 2018
- -1000 Flight Test campaign well underway – First delivery target remains end of 2017
- We remained focused on Recurring Cost convergence and we made progress on the ramp-up curve in line with our latest programme targets



A380

- A380plus development study presented during Paris Air Show
- Deliveries end August: 8 aircraft
- We continue our efforts on fixed cost reduction
- Considering our A380 current booking situation, we will adjust our 2019 deliveries to 8



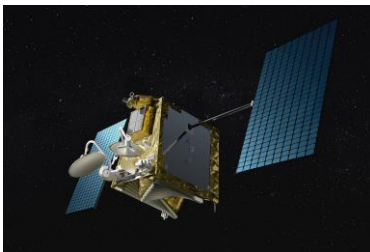
A400M

- 10 a/c delivered end August 2017
- Challenges remain; discussions with customers to de-risk the programme are ongoing
- Adjustment of production levels to absorb inventory



H225

- H225 ban lift announced by UK and Norway authorities
- Working with customers on return to service



OneWeb

- JV to design and build the 900 satellites for OneWeb's low Earth orbit (LEO) satellite
- March 2017 : groundbreaking of the manufacturing facility in Florida
- June 2017 : inauguration of the assembly line in Toulouse



Brexit

- All current business agreements remain intact and will do so until conclusion of UK / EU exit agreement
- We will reconsider our investment plans in the UK, like any other company will do

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H1 Results
2017

Business
Update

Strategy
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Strategy Pillars

Innovation



Digitalisation



Globalisation



Progress & Achievements

- R&T and Demonstrators to **drive and deliver on Advanced Technology Roadmaps**
- **A³** and **Shenzhen** to challenge and disrupt
- **Airbus Ventures** and **BizLab** to seize opportunities
- New commercial drone start-up **Airbus Aerial in Atlanta** to develop new imagery services

Quantum platform used as a digital accelerator across our businesses to:

- **Secure seamless digital continuity** from design to manufacturing to in-service operations
- **Establish the digital shop floor** to increase quality and efficiency of manufacturing operations
- **Use data analytics** to further improve the in-service performance and accelerate the feedback loop to our operations
- **Strengthen the link** between our supply chain and our industrial system

- **A³** and **Airbus Ventures** headquartered in Silicon Valley
- **A330 Completion and Delivery Centre** in Tianjin, China

Strategy Pillars

Profitability
Value Creation
Market Position



Value Chain



Progress & Achievements

Portfolio reshaping

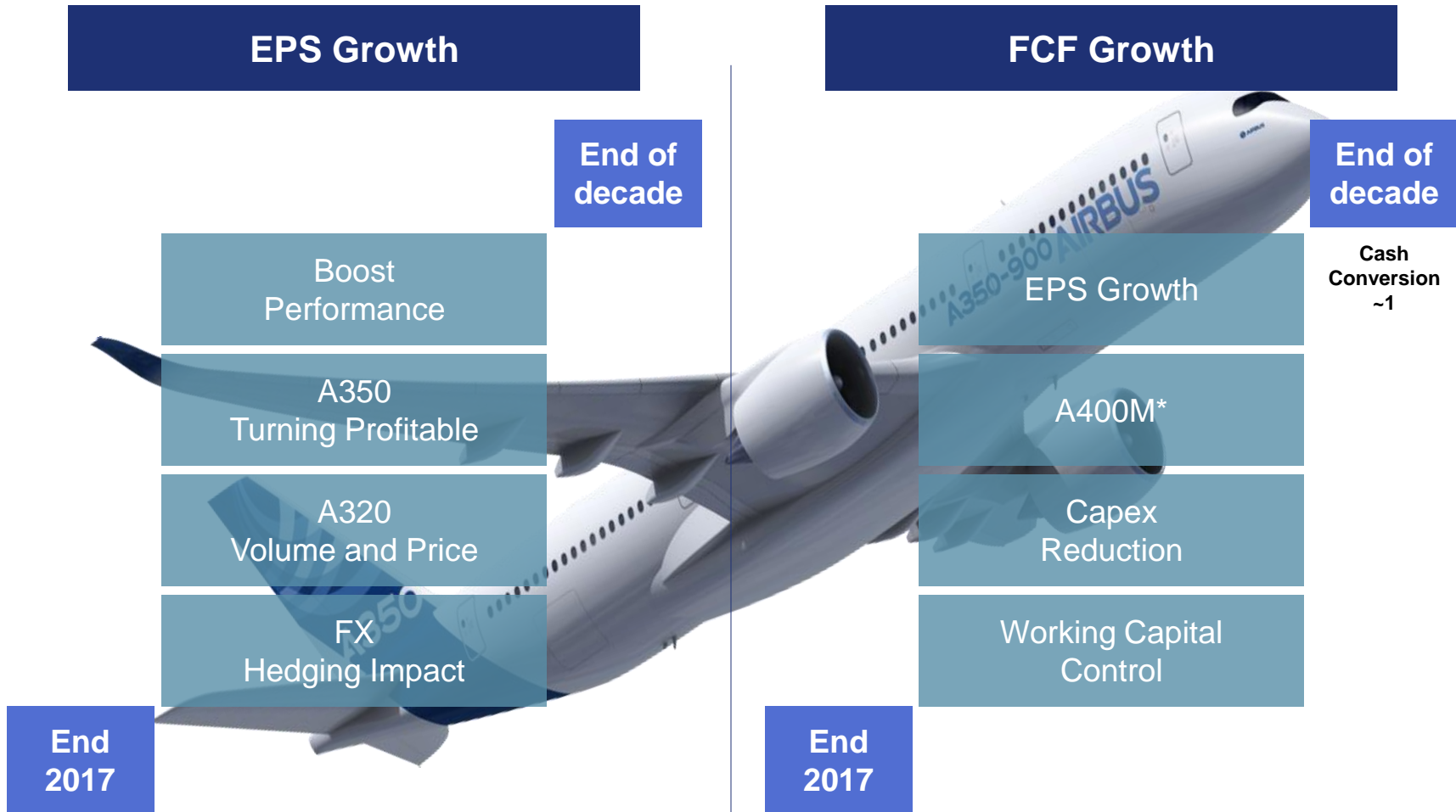
- Largely completed the repositioning of our business in line with our strategy
- Defence Electronics divestment to KKR closed in February 2017
- In July 2017, we entered into exclusive negotiations with StandardAero regarding the acquisition of **Vector Aerospace**
- Motorola to buy **Airbus DS communications business in the USA**

Gemini

- To simplify the governance and allow for faster decision making in the future, as the company will be united under one brand
- Implementation in progress

- **Nacelle Insourcing** : strategic decision for competitiveness as well as to improve aircraft performance & efficiency and bring added value to customers
- **Services** : powered by Digital Revolution and Industry 4.0

- Focus on compliance process, policies and organisation
- Self-disclosure of misstatements and omissions and full cooperation with authorities in investigations
- Independent Compliance Review Panel (ICRP)
- Airbus is committed to implement the most effective global standards



* A400M will continue to weigh significantly in 2017 & 2018 in particular

FCF Conversion of 1 including A400M by end of decade