

Airbus reports First Quarter (Q1) 2017 results

- Revenues €13bn; EBIT Adjusted €240m; EBIT (reported) €852m; EPS (reported) €0.79
- Q1 financials reflect delivery phasing and divestments
- Strong commercial aircraft backlog supporting ramp-up plans
- 2017 guidance confirmed

Amsterdam, 27 April 2017 – Airbus SE (stock exchange symbol: AIR) reported first quarter 2017 results and confirmed its guidance for the full year.

“Our first quarter performance doesn’t offer any big surprises: we are on track for our full year EBIT and free cash flow objectives and we took a nice uptick in cash proceeds from the sale of Defence Electronics,” said Airbus Chief Executive Officer Tom Enders. “New order activity was low in Q1 as predicted but let’s not forget that our strong order book of over 6,700 commercial aircraft supports our ongoing production ramp-up. Programme execution remains key for all our businesses!”

Order intake⁽¹⁾ totalled € 3.8 billion (Q1 2016: € 7.2 billion) with the **order book**⁽¹⁾ valued at € 1,030 billion as of 31 March 2017 (year-end 2016: € 1,060 billion) and supporting the ramp-up plans. Net commercial aircraft orders amounted to six aircraft (Q1 2016: 10 aircraft), with the backlog comprising 6,744 aircraft as of 31 March. Net helicopter orders rose to 60 (Q1 2016: 51 net orders), including 10 Super Puma family helicopters and 14 H145s. Defence and Space’s order intake was impacted by the perimeter changes from portfolio reshaping.

Revenues increased seven percent to € 13.0 billion (Q1 2016: € 12.2 billion). Commercial Aircraft’s revenues rose 13 percent, with deliveries of 136 aircraft (Q1 2016: 125 aircraft) including a higher proportion of A350 XWBs. Helicopters’ revenues increased by 11 percent with deliveries of 78 units (Q1 2016: 56 units). Lower revenues at Defence and Space were

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mainly driven by the perimeter change impact from portfolio reshaping but were stable on a comparable basis. The sale of the Defence Electronics business took place in the first quarter.

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 € 240 million (Q1 2016: € 498 million).

Commercial Aircraft's EBIT Adjusted was € 281 million (Q1 2016: € 406 million), mainly reflecting the aircraft delivery mix, transition pricing and some higher ramp-up costs.

Good progress was made on the A350 XWB with 13 aircraft delivered in the quarter. The programme is on track to reach the monthly production 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 also beginning to improve. A key area of focus remains recurring cost convergence, which is challenging, as the ramp-up pace accelerates.

On the A320neo programme, a total of 26 aircraft were delivered to 14 customers. The first delivery of an A321neo occurred in April. Flight testing of the A319neo is now underway. The A320neo is exceeding expectations, however customers are experiencing a number of in-service issues which need to be resolved, in particular with the Pratt & Whitney GTF engine. The ramp-up will again be back-loaded this year to reflect the necessary time for the implementation of product improvements.

Despite higher deliveries and revenues, Helicopters' EBIT Adjusted totalled € -2 million (Q1 2016: € 33 million). This reflected an unfavourable mix and lower commercial flight hours in services as well as impacts associated with the partial H225 grounding. The Company continues to work with the investigation authorities and customers to resume flights and services in all regions.

Defence and Space's EBIT Adjusted declined to € 63 million (Q1 2016: € 107 million), mainly reflecting the perimeter change with the underlying business performing as expected.

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Four A400Ms were delivered compared to two aircraft in the first quarter of 2016. Discussions were entered into with customers as planned. Challenges remain on meeting contractual capabilities, securing sufficient export orders in time, cost reduction and commercial exposure, which could be significant.

Group **self-financed R&D expenses** were stable at € 548 million (Q1 2016: € 547 million).

EBIT (reported) of € 852 million (Q1 2016: € 362 million) included Adjustments totalling a net € +612 million. These Adjustments comprised:

- A net capital gain of € 560 million from the divestment of the Defence Electronics business;
- A positive impact of € 55 million related to the dollar pre-delivery payment mismatch and balance sheet revaluation;
- A net negative impact of € 3 million related to other portfolio changes at Defence and Space.

Net income⁽²⁾ increased to € 608 million (Q1 2016: € 399 million) after the EBIT Adjustments with **earnings per share** of € 0.79 (Q1 2016: € 0.51). EPS and net income included a significant negative impact mainly from the revaluation of financial instruments. The finance result was € -206 million (Q1 2016: € 193 million).

Free cash flow before M&A and customer financing was € -1,269 million (Q1 2016: € -2,731 million), reflecting the strong focus on working capital amid the production ramp-up and back-loaded deliveries. **Free cash flow** of € -1,116 million (Q1 2016: € -3,131 million) included net proceeds of around € 600 million from the Defence Electronics disposal. The **net cash position** on 31 March 2017 was € 9.8 billion (year-end 2016: € 11.1 billion) with a gross cash position of € 20.3 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.

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Airbus' 2017 earnings and free cash flow guidance is based on a constant perimeter:

- Airbus expects to deliver more than 700 commercial aircraft.
- 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 **First Quarter 2017 Results Analyst Conference Call** with Chief Financial Officer Harald Wilhelm via the Airbus website: www.airbusgroup.com/Q12017. 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.

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Airbus – First Quarter (Q1) 2017 Results

(Amounts in Euro)

Airbus	Q1 2017	Q1 2016	Change
Revenues , in millions	12,988	12,183	+7%
thereof defence, in millions	1,897	2,290	-17%
EBIT Adjusted , in millions	240	498	-52%
EBIT (reported) , in millions	852	362	+135%
Research & Development expenses , in millions	548	547	0%
Net Income⁽²⁾ , in millions	608	399	+52%
Earnings Per Share (EPS)	0.79	0.51	+55%
Free Cash Flow (FCF) , in millions	-1,116	-3,131	-
Free Cash Flow before M&A , in millions	-1,599	-2,986	-
Free Cash Flow before M&A and Customer Financing , in millions	-1,269	-2,731	-
Order Intake⁽¹⁾ , in millions	3,823	7,245	-47%

Airbus	31 March 2017	31 Dec 2016	Change
Order Book⁽¹⁾ , in millions	1,030,158	1,060,447	-3%
thereof defence, in millions	37,696	39,811	-5%
Net Cash position , in millions	9,750	11,113	-12%
Employees	130,289	133,782	-3%

For footnotes please refer to page 9.

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By Division	Revenues			EBIT (reported)			
	(Amounts in millions of Euro)	Q1 2017	Q1 2016	Change	Q1 2017	Q1 2016	Change
Commercial Aircraft		9,825	8,668	+13%	336	289	+16%
Helicopters		1,291	1,158	+11%	-2	33	-
Defence and Space		2,114	2,534	-17%	620	88	+605%
Headquarters / Eliminations		-242	-177	-	-102	-48	-
Total		12,988	12,183	+7%	852	362	+135%

By Division	EBIT Adjusted			
	(Amounts in millions of Euro)	Q1 2017	Q1 2016	Change
Commercial Aircraft		281	406	-31%
Helicopters		-2	33	-
Defence and Space		63	107	-41%
Headquarters / Eliminations		-102	-48	-
Total		240	498	-52%

By Division	Order Intake ⁽¹⁾			Order Book ⁽¹⁾			
	(Amounts in millions of Euro)	Q1 2017	Q1 2016	Change	31 March 2017	31 Dec 2016	Change
Commercial Aircraft		1,153	4,311	-73%	981,958	1,010,200	-3%
Helicopters		1,417	1,004	+41%	11,392	11,269	+1%
Defence and Space		1,521	2,515	-40%	39,421	41,499	-5%
Headquarters / Eliminations		-268	-585	-	-2,613	-2,521	-
Total		3,823	7,245	-47%	1,030,158	1,060,447	-3%

For footnotes please refer to page 9.

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(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 8 for definitions of the Alternative Performance Measures.)

EBIT (reported) / EBIT Adjusted Reconciliation

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

Airbus	Q1 2017
EBIT (reported) , in millions	852
Defence Electronics divestment , in millions	560
\$ PDP mismatch/ Balance Sheet revaluation , in millions	55
Other net portfolio changes at Defence and Space , in millions	-3
EBIT Adjusted , in millions	240

Reconciliation of Q1 2016 EBIT* before one-off to EBIT Adjusted

Airbus	Q1 2016
EBIT* before one-off , in millions	501
Exceptionals , in millions	-3
EBIT Adjusted , in millions	498

*Pre-goodwill impairment and exceptionals.

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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 a basic earnings per share as reported whereby the net income as the numerator does include Adjustments. For reconciliation, see slide 20 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.

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Footnotes:

- 1) Contributions from commercial aircraft activities to Order Intake and Order Book based on list prices.
- 2) 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.airbusgroup.com