Airbus Group Reports Half-Year (H1) 2016 Results

- Robust and diversified commercial backlog supporting ramp-up
- H1 financials driven by back-loaded aircraft delivery schedule
- Revenues € 29 billion; EBIT* before one-off € 1.7 billion; Earnings per share € 2.27
- Significant progress on strategy to focus on core activities with material capital gains
- A400M and A350 XWB programme charges recognised in Q2 2016
- 2016 guidance confirmed**

Amsterdam, 27 July 2016 – Airbus Group SE (stock exchange symbol: AIR) reported half-year 2016 results and confirmed its guidance for the full year**.

"The first-half underlying financial performance reflects our well-flagged back-loaded aircraft delivery schedule this year," said Tom Enders, Airbus Group Chief Executive Officer. "We continue to see good demand for our products as shown by the brisk order intake at the Farnborough Airshow, with the production ramp-up supported by our robust and diversified commercial backlog. Our operational focus remains squarely on the A320 and A350 ramp-ups and transition to the new engine version of the A320. Unfortunately, we have to cope with new charges on the A400M and A350 programmes. Significant capital gains from the portfolio reshaping mitigated these programme losses but that does not make them more acceptable! Industrial efficiency and the stepwise introduction of the A400M's military functionalities are still lagging behind schedule and remain challenging. But we are making good progress and the A400M, servicing already five air forces with its impressive performance, proves more and more to be an exceptional aircraft. In the second quarter, we successfully finalised the Airbus Safran Launchers Joint Venture and exited from Dassault Aviation. In summary, despite our near term challenges, we remain committed to delivering our earnings and cash growth story."

Group **order intake**(1) in the first six months of 2016 was € 39.1 billion (H1 2015: € 53.9 billion), with the **order book**(1) value totalling € 978 billion as of 30 June 2016 (year-end 2015: € 1,006 billion). The order book of Airbus Defence and Space decreased by € 4.6 billion due to perimeter changes. Airbus received 183 net commercial aircraft orders (H1 2015: 348 net orders) with gross orders of 227 aircraft including 27 A350 XWBs. The second half of the year started positively with 279 orders and commitments announced at Farnborough, including firm contracts for eight A350-1000s from

**On a constant perimeter

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Virgin Atlantic Airways and for 100 A321neos from AirAsia. Airbus Helicopters received 127 net orders (H1 2015: 135 net orders) and was selected as the aircraft service provider for the UK's Military Flying Training System contract. It also signed an agreement with a Chinese consortium for 100 H135 helicopters. Order intake was stable at Defence and Space with good momentum seen in Space Systems driven by Earth observation and telecommunication satellites.

Group **revenues** were stable at € 28.8 billion (H1 2015: € 28.9 billion). Despite lower deliveries of 298 aircraft (H1 2015: 304 aircraft), revenues were stable at Airbus Commercial supported by the strengthening US dollar hedge rate. Helicopters' revenues declined nine percent, reflecting an unfavourable mix despite higher deliveries of 163 units (H1 2015: 152 units). Airbus Defence and Space's revenues were broadly stable.

Group **EBIT* before one-off**[(3)] – an indicator capturing the underlying business margin by excluding material non-recurring charges or profits caused by movements in provisions related to programmes and restructurings or foreign exchange impacts – totalled € 1,684 million (H1 2015: € 1,883 million). Airbus Commercial's EBIT* before one-off was € 1,270 million (H1 2015: € 1,533 million), driven mainly by the back-loaded delivery profile, lower A330 production and transition pricing on the A320 and A330. Helicopters' EBIT* before one-off totalled € 144 million (H1 2015: € 162 million), mainly reflecting a less favourable mix. Defence and Space's EBIT* before one-off rose 22 percent to € 325 million (H1 2015: € 267 million), driven by good programme execution, its portfolio re-focus and efficiency measures.

Group **self-financed R&D expenses** decreased to € 1,309 million (H1 2015: € 1,506 million).

On the A380, delivery planning is being adjusted to 12 deliveries a year from 2018 with traffic growth supporting the programme's long-term perspective. On the A320 programme, preparation for the ramp-up continues with temporary issues, mainly linked to the supply chain, expected to be recovered by year-end. In the half-year, eight A320neos were handed over to three customers while in July the first aircraft fitted with CFM engines was delivered. Twelve A350s were delivered in the first half of 2016 with the production ramp-up progressing. The A350 Loss Making Contract provision has been stable since the Full Year 2013 results - throughout the aircraft's certification, entry-into-service and ramp-up phase. As the ramp-up accelerates challenges are being faced on supply chain capability and performance, with the cabin still the critical pacing item and outstanding work causing some slower progress on recurring cost convergence than planned. Due to this, a charge of € 385 million was taken in the second quarter as an addition to the LMC provision. This also includes lower escalation and delivery phasing. The target for a monthly production rate of ten A350s by the end of 2018 remains unchanged.

On the A400M programme, five aircraft were delivered in the first half of 2016. The European Aviation Safety Agency certified an interim fix to the engine propeller gearbox (PGB) which, once available, will give air forces at least 650 flight hours before initial inspections of the affected parts of the PGB. The first major development milestone of the mission capability roadmap defined with customers earlier this year was successfully completed in June with certification and delivery of 'MSN 33', the 9th aircraft for the French customer. Industrial efficiency and military capability remain a challenge for the A400M programme. Furthermore, the EASA's Airworthiness Directive, linked to the PGB on the engine, and various PGB quality issues have strongly impacted the customer delivery programme. Management has subsequently reviewed the programme evolution and estimated contract result incorporating the implications at this time of the revised engine programme and its associated recovery plan, technical issues related to the aluminium alloy used for some parts within the aircraft, recurring cost convergence issues and finally some delays, escalation and cost overruns in the development programme. As a result of the review, including an updated assumption of export orders during the launch contract phase, Defence and Space recorded an additional net charge of € 1,026 million. Commercial negotiations with OCCAR and the Nations are yet to take place with regard to the revised delivery schedule and its implications. As of today, the outcome of these negotiations cannot be reliably estimated. The potential impacts on the financial statements could be significant.

At Helicopters, the investigation into April's H225 accident in Norway is ongoing while the financial impact cannot be reliably estimated at this stage.

Reported EBIT*(3) of € 1,856 million (H1 2015: € 2,229 million) included net one-offs totalling € 172 million which comprised:

- The net charge of € 1,026 million related to the A400M programme;
- The € 385 million net charge on the A350 programme;
- A negative impact of € 509 million related to the dollar pre-delivery payment mismatch and balance sheet revaluation;

- A net capital gain of € 1,139 million linked to the creation of the Airbus Safran Launchers Joint Venture;
- A net capital gain of € 868 million related to the sale of shares in Dassault Aviation and a mark-to-market of the remaining shares;
- A total net capital gain of € 85 million related to portfolio adjustments at Airbus Commercial and Defence and Space.

Net income[(4)] rose to € 1,761 million (H1 2015: € 1,524 million) with **earnings per share** of € 2.27 (H1 2015: € 1.94) further supported by an accretion of around two percent related to the share buyback. The finance result was € -148 million (H1 2015: € -344 million).

Free cash flow before mergers and acquisitions amounted to € -3,236 million (H1 2015: € -1,025 million), reflecting the focus on the production ramp-up and transition. **Free cash flow** was € -1,119 million (H1 2015: € 549 million) and included € 1.2 billion from the sale of Dassault Aviation shares, € 750 million from the implementation of the second phase of the Airbus Safran Launchers JV and € 310 million from the sale of the Business Communications activities. The **net cash position** on 30 June 2016 was € 7.2 billion (year-end 2015: € 10.0 billion) with a gross cash position of € 19.5 billion (year-end 2015: € 19.1 billion).

Outlook

As the basis for its 2016 guidance, Airbus Group expects the world economy and air traffic to grow in line with prevailing independent forecasts, which assume no major disruptions.

Airbus Group confirms its 2016 earnings and free cash flow guidance based on a constant perimeter:

- Airbus expects to deliver more than 650 aircraft and the commercial order book is expected to grow.
- Before M&A, Airbus Group expects stable EBIT* before one-off and EPS* before one-off compared to 2015.
- Before M&A, Airbus Group expects to deliver stable free cash flow compared to 2015, although the A400M industrial situation and delivery re-scheduling makes the achievement of the 2016 free cash flow guidance more difficult. Export Credit Agency financing is targeted to resume in the fourth quarter of 2016.

The perimeter change in Airbus Defence and Space implemented at H1 2016 is expected to reduce EBIT* before one-off and free cash flow before M&A by around € 200 million and EPS* before one-off by around 20 cents.

* Airbus Group uses **EBIT pre-goodwill impairment and exceptionals** as a key indicator of its economic performance. The term "exceptionals" refers to such items as depreciation expenses of fair value adjustments relating to the former EADS merger and Airbus Combination, as well as impairment charges thereon.

About Airbus Group

Airbus Group is a global leader in aeronautics, space and related services. In 2015, the Group – comprising Airbus, Airbus Defence and Space and Airbus Helicopters – generated revenues of € 64.5 billion and employed a workforce of around 136,600.

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Note to editors: Live Transmission of the Airbus Group Analyst Conference Call

You can listen to the **Half-Year 2016 Results Analyst Conference Call** with Chief Executive Officer Tom Enders and Chief Financial Officer Harald Wilhelm at 08:30 a.m. CEST today via the Airbus Group website: www.airbusgroup.com/H12016. A recording will be made available in due course. A video interview with CFO Harald Wilhelm is also available on the website.

Airbus Group – Half-Year (H1) Results 2016
(Amounts in euro)

Airbus Group	**H1 2016**	H1 2015	Change
Revenues, in millions	**28,755**	28,893	0%
thereof defence, in millions	**4,731**	4,869	-3%
EBITDA [2], in millions	**2,924**	3,295	-11%
EBIT before one-off [3], in millions	**1,684**	1,883	-11%
EBIT [3], in millions	**1,856**	2,229	-17%
Research & Development expenses, in millions	**1,309**	1,506	-13%
Net Income [4], in millions	**1,761**	1,524	+16%
Earnings Per Share (EPS) [4]	**2.27**	1.94	+17%
Free Cash Flow (FCF), in millions	**-1,119**	549	-
Free Cash Flow before M&A, in millions	**-3,236**	-1,025	-
Free Cash Flow before Customer Financing, in millions	**-532**	612	-
Order Intake [1], in millions	**39,135**	53,919	-27%

Airbus Group	**30 June 2016**	31 Dec 2015	Change
Order Book [1], in millions	**978,087**	1,005,864	-3%
thereof defence, in millions	**37,055**	38,411	-4%
Net Cash position, in millions	**7,196**	10,003	-28%
Employees	**136,890**	136,574	0%

For footnotes please refer to page 9.

by Division	Revenues			EBIT [3]		
(Amounts in millions of Euro)	**H1 2016**	H1 2015	Change	**H1 2016**	H1 2015	Change
Commercial Aircraft	**21,061**	21,081	0%	**421**	1,424	-70%
Helicopters	**2,687**	2,950	-9%	**144**	162	-11%
Defence and Space	**5,440**	5,531	-2%	**478**	-26	-
Headquarters / Eliminations	**-433**	-669	-	**813**	669	+22%
Total	**28,755**	28,893	0%	**1,856**	2,229	-17%

by Division	EBIT before one-off[3]		
(Amounts in millions of Euro)	**H1 2016**	H1 2015	Change
Commercial Aircraft	**1,270**	1,533	-17%
Helicopters	**144**	162	-11%
Defence and Space	**325**	267	+22%
Headquarters / Eliminations	**-55**	-79	-
Total	**1,684**	1,883	-11%

by Division	Order Intake [1]			Order Book [1]		
(Amounts in millions of Euro)	**H1 2016**	H1 2015	Change	**30 June 2016**	31 Dec 2015	Change
Commercial Aircraft	**32,302**	46,334	-30%	**930,885**	952,450	-2%
Helicopters	**2,338**	2,726	-14%	**11,421**	11,769	-3%
Defence and Space	**5,189**	5,371	-3%	**37,665**	42,861	-12%
Headquarters / Eliminations	**-694**	-512	-	**-1,884**	-1,216	-
Total	**39,135**	53,919	-27%	**978,087**	1,005,864	-3%

For footnotes please refer to page 9.

Airbus Group – Second Quarter Results (Q2) 2016

Airbus Group	**Q2 2016**	Q2 2015	Change
Revenues, in millions	**16,572**	16,815	-1%
EBIT before one-offs (3), in millions	**1,183**	1,232	-4%
EBIT (3), in millions	**1,491**	988	+51%
Net Income (4), in millions	**1,362**	732	+86%
Earnings Per Share (EPS) (4)	**1.76**	0.93	+89%

by Division	**Revenues**			**EBIT** (3)		
(Amounts in millions of Euro)	**Q2 2016**	Q2 2015	Change	**Q2 2016**	Q2 2015	Change
Commercial Aircraft	**12,393**	12,516	-1%	**131**	1,005	-87%
Helicopters	**1,529**	1,665	-8%	**111**	110	+1%
Defence and Space	**2,906**	2,928	-1%	**388**	-159	-
Headquarters / Eliminations	**-256**	-294	-	**861**	32	-
Total	**16,572**	16,815	-1%	**1,491**	988	+51%

by Division	**EBIT before one-off**(3)		
(Amounts in millions of Euro)	**Q2 2016**	Q2 2015	Change
Commercial Aircraft	**863**	964	-10%
Helicopters	**111**	110	+1%
Defence and Space	**216**	177	+22%
Headquarters / Eliminations	**-7**	-19	-
Total	**1,183**	1,232	-4%

For footnotes please refer to page 9.

Q2 2016 revenues decreased by one percent compared to Q2 2015, mainly reflecting an unfavourable mix at helicopters despite higher deliveries.

Q2 2016 EBIT* before one-off decreased slightly, driven mainly by Airbus Commercial, and partially compensated by good momentum at Airbus Defence and Space. Airbus Commercial

EBIT* before one-off mainly reflects the back-loaded delivery profile, lower A330 production and transition pricing, partially compensated by a small R&D tailwind.

Q2 2016 reported EBIT* increased by 51 percent to € 1,491 million. It reflects net "one-offs" of approximately € 300 million. Net programme charges were booked in Q2 on A400M (€ -1,026 million) and A350 (€ -385 million) and a negative one-off from foreign exchange from the dollar pre-delivery payment mismatch and balance sheet revaluation (€ -0.5 billion). In Q2, positive one-offs were recorded from the creation of the Airbus Safran Launchers JV (€ 1,139 million), the sale of shares in Dassault Aviation (€ 868 million) and other smaller portfolio adjustments mainly related to Defence and Space. In Q2 2015, a net charge was booked related to A400M programme (€ -290 million).

Q2 2016 net income was positively influenced by a low Q2 effective tax rate which reflected net programme charges and the gains from the creation of the Airbus Safran Launchers JV, Dassault Aviation and other divestments in Defence and Space.

Footnotes:

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

2) Earnings before interest, taxes, depreciation, amortisation and exceptionals.

3) Earnings before interest and taxes, pre goodwill impairment and exceptionals.

4) Airbus Group 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 Group's 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 Group's 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 Group's 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 5 April 2016. For more information, please refer to www.airbusgroup.com.