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Airbus reports Nine-Month (9m) 2019 results; delivery and FCF outlook updated, EBIT Adjusted guidance maintained

- Solid commercial aircraft environment
- 9m financials mainly reflect A320neo ramp-up and A350 progress
- Revenues € 46.2 billion, +14% YoY; EBIT Adjusted € 4.1 billion, +51% YoY
- EBIT (reported) € 3.4 billion; EPS (reported) € 2.81
- 2019 guidance updated for delivery outlook of around 860 commercial aircraft: FCF before M&A and Customer Financing now approximately € 3 billion, EBIT Adjusted guidance maintained

Amsterdam, 30 October 2019 – Airbus SE (stock exchange symbol: AIR) reported Nine-Month (9m) 2019 consolidated financial results and provided full-year guidance.

“Our nine-month results are mainly driven by the performance in commercial aircraft, reflecting both the A320neo ramp-up and progress on the A350,” said Airbus Chief Executive Officer Guillaume Faury. “We are focused on the A320neo ramp-up and improving the industrial flow while managing the higher level of complexity on the A321 ACF in particular. Our nine-month delivery numbers and the updated delivery outlook for the year reflect the underlying actions to secure a more efficient delivery flow in the next years as we progress to rate 63 per month for the A320 Family in 2021. The full-year free cash flow guidance has been adjusted to reflect the revised delivery outlook while the EBIT Adjusted target is maintained. We are focused on meeting our customer commitments and preparing the production system for the future.”

Gross commercial aircraft orders totalled 303 (9m 2018: 311 aircraft), including 20 A330neos and 22 A350 XWBs in the third quarter alone, with net orders of 127 aircraft (9m 2018: 256 aircraft). The order book stood at 7,133 commercial aircraft as of 30 September 2019. Net helicopter orders of 173 units (9m 2018: 230 units) included 12 H135s in the third quarter. Airbus Defence and Space’s order intake by value totalled € 6.1 billion, with third quarter bookings supported by key contract wins in Space Systems.

Consolidated **revenues** increased to € 46.2 billion (9m 2018: € 40.4 billion), mainly driven by higher deliveries, a favourable mix and foreign exchange rate development. A total of 571 commercial aircraft were delivered (9m 2018: 503 aircraft), comprising 33 A220s, 422 A320

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Family, 34 A330s, 77 A350s and 5 A380s. Airbus Helicopters delivered 209 units (9m 2018: 218 units) with its stable revenues supported by growth in services and reduced by programme phasing. In September, the 1,000th Super Puma helicopter was delivered. Higher revenues at Airbus Defence and Space were mainly driven by Military Aircraft activities.

Consolidated **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, restructurings or foreign exchange impacts as well as capital gains/losses from the disposal and acquisition of businesses – increased to € 4,133 million (9m 2018: € 2,738 million), mainly reflecting the commercial aircraft performance at Airbus.

Airbus' EBIT Adjusted increased sharply to € 3,833 million (9m 2018: € 2,340 million), largely driven by the A320 ramp-up and NEO premium, progress on the A350 financial performance and foreign exchange improvement which already materialised in H1 2019.

On the A320 programme, NEO aircraft represented 338 out of the total 422 deliveries. The production ramp-up continued for the Airbus Cabin Flex (ACF) version of the A321, which remains challenging. The ACF programme will further ramp up in Q4 2019 with efforts continuing throughout 2020 to improve the industrial maturity of the programme. Airbus also continues to study different options to increase the share of the A321 in current A320 Family production capacity. The ramp-up of the A330neo continued and represented 26 of the total 34 A330 deliveries over the nine-month period. Airbus continued to make good progress on A350 recurring cost convergence with the programme on track to reach the breakeven target for the year.

Airbus Helicopters' EBIT Adjusted was stable at € 205 million (9m 2018: € 202 million), reflecting an increased contribution from services which was reduced by a less favourable delivery mix.

EBIT Adjusted at Airbus Defence and Space totalled € 355 million (9m 2018: € 409 million), mainly reflecting efforts to support ongoing and future campaigns. The Division's focus is on performance improvement across its businesses.

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Ten A400M military transport aircraft were delivered, bringing the in-service fleet to 84 as of 30 September 2019. During the third quarter several key milestones were achieved towards the aircraft's full capability, including the successful deployment of 58 paratroopers through a single side door and 80 simultaneously from both side doors as well as in-flight refuelling contacts with an H225M helicopter. While the A400M cash consumption is reducing, it is not at the pace being targeted. Airbus will continue with development activities towards achieving the revised capability roadmap. Retrofit activities are progressing in line with the customer agreed plan. Challenges remain, particularly on exports.

Consolidated **self-financed R&D expenses** totalled € 2,150 million (9m 2018: € 2,103 million).

Consolidated **EBIT** (reported) increased to € 3,431 million (9m 2018: € 2,683 million), including Adjustments totalling a net € -702 million. These Adjustments comprised:

- A negative € -253 million related to the dollar pre-delivery payment mismatch and balance sheet revaluation;
- A negative € -221 million related to the suspension of defence export licences to Saudi Arabia by the German government, now prolonged to March 2020, of which € -13 million were booked in Q3 2019;
- A negative € -158 million related to A380 programme cost, of which € -22 million were booked in Q3 2019, as part of Airbus' continuous assessment of asset recoverability and the quarterly review of onerous contract provision assumptions;
- A total of € -70 million of other costs.

Consolidated reported **earnings per share** of € 2.81 (9m 2018: € 1.88) included a negative impact from the financial result, affected by the recognition of a loss on foreign exchange hedges as a result of the defence export licence suspension already booked as of Q2 2019. The financial result was € -233 million (9m 2018: € -413 million). The effective tax rate also reflected charges related to the defence export licence suspension, as well as the reassessment of tax assets and liabilities. Consolidated **net income**⁽¹⁾ was € 2,186 million (9m 2018: € 1,453 million).

Consolidated **free cash flow before M&A and customer financing** of € -4,937 million (9m 2018: € -4,169 million) mainly reflected the working capital build to support future deliveries, including advanced stage aircraft close to delivery. Consolidated **free cash flow** was € -5,127 million (9m 2018: € -3,928 million).

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The consolidated **net cash position** was € 5.6 billion on 30 September 2019 (year-end 2018: € 13.3 billion) after the 2018 dividend payment of € 1.3 billion in the second quarter. The **gross cash position** on 30 September was € 17.8 billion (year-end 2018: € 22.2 billion).

In response to developments in the WTO dispute, the United States Trade Representative (USTR) decided to impose tariffs on Airbus commercial aircraft imported from the EU into the US from 18 October 2019. The tariffs, as announced, do not include components delivered to Mobile, US, from Europe. Airbus is working with its US customers to manage the consequences of these tariffs. The potential decision of the EU to impose tariffs on US products should come at a later stage. Airbus continues to support an outcome through a negotiated solution⁽²⁾.

Outlook

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

The 2019 earnings and Free Cash Flow guidance is before M&A.

- Airbus now targets around 860 commercial aircraft deliveries in 2019, which reflects the updated delivery schedule.
- On that basis:
Airbus maintains its expected increase in EBIT Adjusted of approximately +15% compared to 2018.
Airbus now expects FCF before M&A and Customer Financing of approximately € 3 billion.

About Airbus

Airbus is a global leader in aeronautics, space and related services. In 2018, it generated revenues of € 64 billion and employed a workforce of around 134,000. Airbus offers the most comprehensive range of passenger airliners. Airbus is also a European leader providing tanker, combat, transport and mission aircraft, as well as one of the world's leading space companies. 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 08:15 CET on 30 October, you can listen to the **9m 2019 Results Analyst Conference Call** with **Chief Executive Officer Guillaume Faury** and **Chief Financial Officer Dominik Asam** via the Airbus website. 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 Consolidated – Nine-Month (9m) Results 2019

(Amounts in Euro)

Airbus Consolidated	9m 2019	9m 2018	Change
Revenues , in millions	46,168	40,421	+14%
thereof defence, in millions	6,231	6,141	+1%
EBIT Adjusted , in millions	4,133	2,738	+51%
EBIT (reported) , in millions	3,431	2,683	+28%
Research & Development expenses , in millions	2,150	2,103	+2%
Net Income⁽¹⁾ , in millions	2,186	1,453	+50%
Earnings Per Share (EPS)	2.81	1.88	+49%
Free Cash Flow (FCF) , in millions	-5,127	-3,928	-
Free Cash Flow before M&A , in millions	-4,902	-4,342	-
Free Cash Flow before M&A and Customer Financing , in millions	-4,937	-4,169	-

Airbus Consolidated	30 Sept 2019	31 Dec 2018	Change
Net Cash position , in millions	5,576	13,281	-58%
Employees	135,978	133,671	+2%

For footnotes please refer to page 10.

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By Business Segment	Revenues			EBIT (reported)		
	9m 2019	9m 2018	Change	9m 2019	9m 2018	Change
(Amounts in millions of Euro)						
Airbus	35,572	30,478	+17%	3,405	2,238	+52%
Airbus Helicopters	3,712	3,755	-1%	203	179	+13%
Airbus Defence and Space	7,706	7,051	+9%	83	479	-83%
Transversal & Eliminations	-822	-863	-	-260	-213	-
Total	46,168	40,421	+14%	3,431	2,683	+28%

By Business Segment	EBIT Adjusted		
	9m 2019	9m 2018	Change
(Amounts in millions of Euro)			
Airbus	3,833	2,340	+64%
Airbus Helicopters	205	202	+1%
Airbus Defence and Space	355	409	-13%
Transversal & Eliminations	-260	-213	-
Total	4,133	2,738	+51%

By Business Segment	Order Intake (net)			Order Book		
	9m 2019	9m 2018	Change	30 Sept 2019	30 Sept 2018	Change
Airbus, in units	127	256	-50%	7,133	7,383	-3%
Airbus Helicopters, in units	173	230	-25%	681	704	-3%
Airbus Defence and Space, in millions of Euro	6,064	4,988	+22%	N/A	N/A	N/A

For footnotes please refer to page 10.

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Airbus Consolidated – Third Quarter (Q3) Results 2019

(Amounts in Euro)

Airbus Consolidated	Q3 2019	Q3 2018	Change
Revenues , in millions	15,302	15,451	-1%
EBIT Adjusted , in millions	1,604	1,576	+2%
EBIT (reported) , in millions	1,338	1,563	-14%
Net Income⁽¹⁾ , in millions	989	957	+3%
Earnings Per Share (EPS)	1.27	1.23	+3%

By Business Segment	Revenues			EBIT (reported)		
	Q3 2019	Q3 2018	Change	Q3 2019	Q3 2018	Change
(Amounts in millions of Euro)						
Airbus	11,529	11,932	-3%	1,254	1,465	-14%
Airbus Helicopters	1,341	1,367	-2%	79	65	+22%
Airbus Defence and Space	2,691	2,399	+12%	98	97	+1%
Transversal & Eliminations	-259	-247	-	-93	-64	-
Total	15,302	15,451	-1%	1,338	1,563	-14%

By Business Segment	EBIT Adjusted		
(Amounts in millions of Euro)	Q3 2019	Q3 2018	Change
Airbus	1,495	1,473	+1%
Airbus Helicopters	80	67	+19%
Airbus Defence and Space	122	100	+22%
Transversal & Eliminations	-93	-64	-
Total	1,604	1,576	+2%

For footnotes please refer to page 10.

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Q3 2019 revenues were stable as lower commercial aircraft deliveries were compensated by favourable foreign exchange rates and higher revenues at Airbus Defence and Space.

Q3 2019 EBIT Adjusted was stable as lower commercial aircraft deliveries were compensated by the transition to the NEO and progress on the A350 XWB programme.

Q3 2019 EBIT (reported) decreased by 14%. This reflected Net Adjustments of € -266 million booked in the quarter. Net Adjustments in the third quarter of 2018 amounted to € -13 million.

Q3 2019 Net Income was stable, reflecting the lower EBIT (reported) and offset by an improved financial result and a lower effective tax rate.

EBIT (reported) / EBIT Adjusted Reconciliation

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

Airbus Consolidated (Amounts in millions of Euro)	9m 2019
EBIT (reported)	3,431
thereof:	
\$ PDP mismatch/Balance Sheet revaluation	-253
Defence export ban	-221
A380 programme cost	-158
Others	-70
EBIT Adjusted	4,133

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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 result and income taxes as defined by IFRS Rules.
Adjustment	Adjustment, 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	The Company uses an alternative performance measure , EBIT Adjusted, as a key indicator capturing the underlying business margin by excluding material charges or profits caused by movements in provisions related to programmes, restructurings 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 basic earnings per share as reported whereby the net income as the numerator does include Adjustments. For reconciliation, see 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 (all as recorded in the consolidated statement of financial position).
Net cash position	For the 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 key indicator that reflects free cash flow excluding those cash flows resulting from acquisitions and disposals 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, especially when there is higher uncertainty around customer financing activities.

Footnotes:

1. Airbus SE 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.
2. For more details on the WTO dispute, please refer to the Financial Statements and, in particular, note 23, "Litigation and Claims" of the Unaudited Condensed Interim Financial Information of Airbus SE for the nine-month period ended 30 September 2019 available on Airbus' website (www.airbus.com).

Safe Harbour Statement:

This press release 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 SE's 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 press release speaks as of the date of this press release. Airbus SE undertakes no obligation to publicly revise or update any forward-looking statements in light of new information, future events or otherwise.

Rounding

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