

Airbus reports Half-Year (H1) 2019 results

- Commercial aircraft environment robust
- H1 financials mainly reflect A320 Family ramp-up and NEO transition
- Revenues € 30.9 billion; EBIT Adjusted € 2.5 billion
- EBIT (reported) € 2.1 billion; EPS (reported) € 1.54
- 2019 guidance maintained

Amsterdam, 31 July 2019 – Airbus SE (stock exchange symbol: AIR) reported Half-Year (H1) 2019 consolidated financial results⁽¹⁾ and maintained its guidance for the full-year.

“The half-year financial performance mainly reflects the ramp-up in production of A320 Family aircraft and transition to the more efficient NEO version, as well as further progress on the A350 financial performance,” said Airbus Chief Executive Officer Guillaume Faury. “We continue to see good demand for our competitive product portfolio, including the new A321XLR, as shown by the strong market endorsement at June’s Le Bourget airshow. Our operational focus is mainly on the A320neo Family ramp-up. The second half of the year in terms of deliveries and in particular free cash flow continues to be challenging. In defence and space, we signed the important contract amendment for the A400M programme.”

Gross commercial aircraft orders totalled 213 (H1 2018: 261 aircraft) with net orders of 88 aircraft (H1 2018: 206 aircraft). The order book stood at 7,276 commercial aircraft as of 30 June 2019. Net helicopter orders of 123 units (H1 2018: 143 units) included 23 NH90s for Spain and 11 H145s in the second quarter. Airbus Defence and Space’s order intake by value totalled € 4.2 billion, with second quarter bookings including the A400M Global Support Step 2 contract with OCCAR and next generation geostationary Ka-band communications satellites.

Consolidated **revenues** increased to € 30.9 billion (H1 2018: € 25.0 billion), mainly reflecting higher commercial aircraft deliveries and favourable foreign exchange. At Airbus, a total of 389 commercial aircraft were delivered (H1 2018: 303 aircraft), comprising 21 A220s, 294 A320 Family, 17 A330s, 53 A350s and 4 A380s. Airbus Helicopters delivered 143 units (H1 2018: 141 units) with stable revenues driven by programme phasing compensated by growth

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in services. Higher revenues at Airbus Defence and Space were supported 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 – more than doubled to € 2,529 million (H1 2018: € 1,162 million), driven by commercial aircraft activities at Airbus.

Airbus' EBIT Adjusted increased to € 2,338 million (H1 2018: € 867 million), mainly reflecting the A320 ramp-up and NEO premium, further progress on the A350 financial performance and an improvement in foreign exchange rates in the second quarter.

On the A320 programme, NEO aircraft represented 234 out of the total 294 deliveries. The ramp-up in production of the Airbus Cabin Flex (ACF) version of the A321 remains challenging. Given the recent commercial success of the A321 ACF and XLR as demonstrated at Le Bourget, Airbus is studying different options to increase the share of the A321 in current A320 Family production capacity. On the A330 programme, the focus is on the ramp-up of the NEO version to secure deliveries in the second half of 2019. A330neo deliveries totalled 13 in the half-year. Good progress was made on A350 recurring cost convergence and the programme is on track to reach the breakeven target for the year. Meanwhile, progress was made in preparing the winding down of the A380 programme and securing in-service support for the next decades.

Airbus Helicopters' EBIT Adjusted totalled € 125 million (H1 2018: € 135 million), reflecting a less favourable delivery mix partially compensated by an increased contribution from services.

EBIT Adjusted at Airbus Defence and Space totalled € 233 million (H1 2018: € 309 million), mainly reflecting efforts to support ongoing campaigns.

Seven A400M military transport aircraft were delivered in the half-year, bringing the in-service fleet to 81 as of 30 June. The A400M contract amendment was signed with OCCAR during the second quarter, concluding the discussions on the programme's Global

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Rebaselining. With this contract amendment, an agreement has been reached on a new capabilities development plan, a new production delivery schedule, a new retrofit delivery schedule and new financial terms. The anticipated impact of the Global Rebaselining was reflected in the 2018 results.

Consolidated **self-financed R&D expenses** totalled € 1,423 million (H1 2018: € 1,403 million).

Consolidated **EBIT** (reported) amounted to € 2,093 million (H1 2018: € 1,120 million), including Adjustments totalling a net € -436 million. These Adjustments mainly comprised:

- A negative € -208 million related to the prolonged suspension of defence export licences to Saudi Arabia by the German government, of which € -18 million were booked in Q2 2019;
- A negative € -136 million related to A380 programme cost, of which € -75 million was booked in Q2 2019, as part of Airbus' continuous assessment of assets recoverability and the quarterly review of onerous contract provision assumptions;
- A total of € -90 million of other costs, including compliance.

Consolidated reported **earnings per share** of € 1.54 (H1 2018: € 0.64) included a negative impact from the financial result, mainly driven by losses on foreign exchange hedges recognised in the context of the prolonged suspension of defence export licences. The financial result was € -215 million (H1 2018: € -303 million). The effective tax rate included the impact from charges related to the prolonged suspension of defence export licences, as well as the reassessment of tax assets and liabilities. Consolidated **net income**⁽²⁾ was € 1,197 million (H1 2018: € 496 million).

Consolidated **free cash flow before M&A and customer financing** of € -3,981 million (H1 2018: € -3,968 million) mainly reflected the working capital build supporting deliveries in the second half of 2019. Consolidated **free cash flow** was € -4,116 million (H1 2018: € -3,797 million).

The consolidated **net cash position** was € 6.6 billion on 30 June 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 June was € 17.8 billion (year-end 2018: € 22.2 billion).

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Following a review of demographic and underlying assumptions, the pension provision increased in the second quarter. This reflected the global decrease in the discount rate as well as the change in management's estimates for the valuation of employee benefits in Germany.

In response to developments in the WTO dispute, the United States Trade Representative (USTR) in April published a list of EU products upon which the USTR intends to apply tariffs, which included new aircraft and helicopters as well as major components for aircraft manufacturing in the US. If the USTR decides to impose tariffs on Airbus products and other products from the EU, this could significantly affect the delivery of new Airbus aircraft and helicopters to the US market and have a negative effect on Airbus' financial condition and results of operations. The potential decision of the EU to impose tariffs on US products could come at a later stage. Airbus continues to support an outcome through a negotiated solution⁽³⁾.

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 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 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 CEST on 31 July, you can listen to the **H1 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 – Half-Year (H1) Results 2019

(Amounts in Euro)

Airbus Consolidated	H1 2019	H1 2018	Change
Revenues , in millions	30,866	24,970	+24%
thereof defence, in millions	4,085	4,041	+1%
EBIT Adjusted , in millions	2,529	1,162	+118%
EBIT (reported) , in millions	2,093	1,120	+87%
Research & Development expenses , in millions	1,423	1,403	+1%
Net Income⁽²⁾ , in millions	1,197	496	+141%
Earnings Per Share (EPS)	1.54	0.64	+141%
Free Cash Flow (FCF) , in millions	-4,116	-3,797	-
Free Cash Flow before M&A , in millions	-3,998	-4,069	-
Free Cash Flow before M&A and Customer Financing , in millions	-3,981	-3,968	-

Airbus Consolidated	30 June 2019	31 Dec 2018	Change
Net Cash position , in millions	6,565	13,281	-51%
Employees	136,343	133,671	+2%

For footnotes please refer to page 10.

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By Business Segment	Revenues			EBIT (reported)			
	(Amounts in millions of Euro)	H1 2019	H1 2018	Change	H1 2019	H1 2018	Change
Airbus		24,043	18,546	+30%	2,151	773	+178%
Airbus Helicopters		2,371	2,388	-1%	124	114	+9%
Airbus Defence and Space		5,015	4,652	+8%	-15	382	-
Transversal & Eliminations		-563	-616	-	-167	-149	-
Total		30,866	24,970	+24%	2,093	1,120	+87%

By Business Segment	EBIT Adjusted			
	(Amounts in millions of Euro)	H1 2019	H1 2018	Change
Airbus		2,338	867	+170%
Airbus Helicopters		125	135	-7%
Airbus Defence and Space		233	309	-25%
Transversal & Eliminations		-167	-149	-
Total		2,529	1,162	+118%

By Business Segment	Order Intake (net)			Order Book			
	(Amounts in millions of Euro)	H1 2019	H1 2018	Change	30 June 2019	30 June 2018	Change
Airbus, in units		88	206	-57%	7,276	7,168	+2%
Airbus Helicopters, in units		123	143	-14%	697	694	0%
Airbus Defence and Space, in millions of Euro		4,220	3,184	+33%	N/A	N/A	N/A

For footnotes please refer to page 10.

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Airbus Consolidated – Second Quarter (Q2) Results 2019

(Amounts in Euro)

Airbus Consolidated	Q2 2019	Q2 2018	Change
Revenues, in millions	18,317	14,851	+23%
EBIT Adjusted, in millions	1,980	1,148	+72%
EBIT (reported), in millions	1,912	921	+108%
Net Income ⁽²⁾ , in millions	1,157	213	+443%
Earnings Per Share (EPS)	1.49	0.27	+452%

By Business Segment	Revenues			EBIT (reported)		
	Q2 2019	Q2 2018	Change	Q2 2019	Q2 2018	Change
(Amounts in millions of Euro)						
Airbus	14,346	11,324	+27%	1,759	775	+127%
Airbus Helicopters	1,364	1,427	-4%	115	124	-7%
Airbus Defence and Space	2,903	2,435	+19%	102	117	-13%
Transversal & Eliminations	-296	-335	-	-64	-95	-
Total	18,317	14,851	+23%	1,912	921	+108%

By Business Segment	EBIT Adjusted		
(Amounts in millions of Euro)	Q2 2019	Q2 2018	Change
Airbus	1,802	908	+98%
Airbus Helicopters	110	138	-20%
Airbus Defence and Space	132	197	-33%
Transversal & Eliminations	-64	-95	-
Total	1,980	1,148	+72%

For footnotes please refer to page 10.

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Q2 2019 revenues increased by 23%, mainly driven by higher commercial aircraft deliveries, favourable foreign exchange and higher revenues at Airbus Defence and Space.

Q2 2019 EBIT Adjusted increased by 72%, mainly driven by the A320 ramp-up and transition, progress on the A350 XWB programme, and favourable foreign exchange.

Q2 2019 EBIT (reported) increased by 108%. It reflected net Adjustments of € -68 million booked in the quarter. Net Adjustments in the second quarter of 2018 amounted to € -227 million.

Q2 2019 Net Income increased by 443%, mainly driven by the higher EBIT, the positive impact from the revaluation of financial instruments and the 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)	H1 2019
EBIT (reported)	2,093
thereof:	
Defence export ban	-208
A380 programme cost	-136
Others	-90
\$ PDP mismatch/Balance Sheet revaluation	-2
EBIT Adjusted	2,529

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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) H1 2019 figures include the A220 programme, which was consolidated into Airbus on 1 July 2018.
- 2) 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.
- 3) 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 six-month period ended 30 June 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.