

Airbus reports Nine-Month (9m) 2018 financial results

- Focus on deliveries and securing production ramp-up
- 9m financials reflect A350 XWB performance and aircraft delivery profile
- Revenues € 40 billion; EBIT Adjusted € 2.7 billion; Free Cash Flow Before M&A and Customer Financing € -4.2 billion
- EBIT (reported) € 2.7 billion; EPS (reported) € 1.88
- 2018 guidance updated to reflect latest delivery outlook

Amsterdam, 31 October 2018 – Airbus SE (stock exchange symbol: AIR) reported Nine-Month (9m) 2018 consolidated financial results and provided updated full-year guidance.

“The nine-month results mainly reflect the good performance on the A350 and the aircraft delivery profile. Even though we delivered more aircraft than a year earlier, we still have a lot to do to meet our commitments,” said Airbus Chief Executive Officer Tom Enders. “On the A400M, we are progressing with the military capabilities, deliveries and retrofit. The contract amendment discussions are advancing, but a bit slower than planned. Our primary operational focus remains on commercial aircraft deliveries and securing the A320neo ramp-up.”

As of 1 July 2018, the A220 aircraft programme has been consolidated into Airbus.

Net commercial aircraft orders totalled 256 (9m 2017: 271 aircraft) with gross orders of 311 aircraft including 58 A350 XWBs. Industry fundamentals remain solid with the Airbus order backlog totalling 7,383 commercial aircraft as of 30 September 2018⁽³⁾. Net helicopter orders increased to 230 units (9m 2017: 210 units), including 6 Super Puma Family and 36 H145s in the third quarter alone. Airbus Defence and Space’s 9m 2018 order intake of around € 5.0 billion included the contract for Heron TP drones from Germany.

Consolidated **revenues** increased to € 40.4 billion (9m 2017: € 38.0 billion⁽¹⁾), mainly driven by Airbus and including the perimeter changes. At Airbus, a total of 503 commercial aircraft were delivered (9m 2017: 454 aircraft), comprising 8 A220s, 395 A320 Family, 31 A330s, 61 A350 XWBs and 8 A380s. Airbus Helicopters delivered 218 units (9m 2017: 266 units) with revenues stable on a comparable basis. On a reported basis, Helicopters’ revenues reflected the perimeter change from the sale of Vector Aerospace in late 2017. Revenues at Airbus

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Defence and Space reflected a stable core business and the perimeter change mainly related to the divestment of Defence Electronics in February 2017 and Airbus DS Communications, Inc. in March 2018.

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, restructuring or foreign exchange impacts as well as capital gains/losses from the disposal and acquisition of businesses – totalled € 2,738 million (9m 2017: € 1,208 million⁽¹⁾).

Airbus' EBIT Adjusted of € 2,340 million (9m 2017: € 806 million⁽¹⁾) was driven by the A350 performance and higher deliveries, particularly for the A320neo.

On the A320neo programme, a total of 222 aircraft were delivered compared to 90 in the first nine months of 2017. On the A330neo programme, the A330-900 received Type Certification from the European Aviation Safety Agency in September with the first delivery expected shortly. Meanwhile, the A350 programme is progressing well, with the targeted monthly production rate of 10 aircraft expected by the end of 2018. Good progress continues to be made on A350 programme recurring cost with the A350-1000 benefitting from the A350-900 learning curve.

Airbus Helicopters' EBIT Adjusted increased to € 202 million (9m 2017: € 161 million⁽¹⁾), reflecting solid underlying programme execution which compensated for the lower deliveries.

Airbus Defence and Space's EBIT Adjusted totalled € 409 million (9m 2017: € 397 million⁽¹⁾), reflecting the stable core business and solid programme execution. On a comparable basis, the Division's EBIT Adjusted was broadly stable.

On the A400M programme, Airbus is progressing on the military capabilities and with the delivery and retrofit plan. Airbus is delivering against the objectives set in February 2018 as part of the Declaration of Intent (DoI) framework which was agreed with OCCAR and the Nations, but progress to convert the DoI into a contract amendment is a bit slower than planned. Risks remain, in particular on the development of technical capabilities, securing sufficient exports on time, on aircraft operational reliability in particular with regard to engines, and on cost reductions as per the revised baseline.

Consolidated **self-financed R&D expenses** totalled € 2,103 million (9m 2017: € 1,918 million).

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Consolidated **EBIT** (reported) amounted to € 2,683 million (9m 2017: € 1,673 million⁽¹⁾), including Adjustments totalling a net € -55 million and largely unchanged from 30 June, 2018.

These Adjustments comprised:

- A € 105 million A400M provision update mainly reflecting price escalation, up by € 7 million compared to the € 98 million provision for the first-half of 2018;
- A negative € 23 million resulting from the first H160 helicopters;
- A negative € 109 million related to compliance and other costs;
- A positive impact of € 26 million from the dollar pre-delivery payment mismatch and balance sheet revaluation;
- A net capital gain of € 156 million from divestments at Airbus Defence and Space.

Consolidated **net income**⁽²⁾ of € 1,453 million (9m 2017: € 1,398 million⁽¹⁾) and **earnings per share** of € 1.88 (9m 2017: € 1.81⁽¹⁾) included a negative impact from the foreign exchange revaluation of financial instruments partly offset by the positive revaluation of certain equity investments. The finance result was € -413 million (9m 2017: € +101 million⁽¹⁾). Net income also reflects a higher effective tax rate from the reassessment of tax assets and liabilities.

Consolidated **free cash flow before M&A and customer financing** amounted to € -4,169 million (9m 2017: € -3,344 million) and now includes the A220. It reflects progress on aircraft deliveries but also the on-going ramp-up and some finished aircraft. Consolidated **free cash flow** of € -3,928 million (9m 2017: € -3,208 million) included around € 0.4 billion of net proceeds from divestments at Airbus Defence and Space. Cash flow for aircraft financing was limited.

The consolidated **net cash position** on 30 September 2018 was € 7.2 billion (year-end 2017: € 13.4 billion) after pension funding of € 1.0 billion in the third quarter. The gross cash position was € 18.3 billion (year-end 2017: € 24.6 billion).

With regard to full-year deliveries, the A320neo ramp-up is ongoing but the level of disruption resulting from the late availability of engines in the first half of 2018 as well as some internal industrial challenges make the full-year 2018 target a greater stretch. A lot remains to be done before the end of the year to fulfill commitments. The A330neo delivery schedule has been adjusted to reflect the engine partner's latest 2018 outlook. Furthermore, Airbus is actively working to resolve certain commercial challenges on the A330ceo and A380 programmes that are targeted for completion by the year-end.

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Outlook

As the basis for its 2018 guidance, the Company expects the world economy and air traffic to grow in line with prevailing independent forecasts, which assume no major disruptions.

The 2018 earnings and guidance are prepared under IFRS 15.

The 2018 earnings and Free Cash Flow guidance is before M&A. It now includes the A220 integration.

- Airbus targets to deliver around 800 commercial aircraft in 2018, now including around 18 A220 aircraft and the updated commercial aircraft delivery schedule.
- On that basis:
 - Before M&A, the Company maintains expected EBIT Adjusted of approximately € 5 billion in 2018. This includes a lower expected reduction in EBIT Adjusted from the A220 than estimated in H1 2018.
 - Airbus expects Free Cash Flow before M&A and Customer Financing to be lower than the 2017 level of € 2.95 billion. This also reflects an expected reduction of approximately € -0.3 billion from the A220.

In 2018, the Company expects the net cash impact of the A220 integration to be largely covered by the funding arrangement as laid out in the terms of the C Series Aircraft Limited Partnership, meaning limited cash dilution.

About Airbus

Airbus is a global leader in aeronautics, space and related services. In 2017 it generated revenues of € 59 billion restated for IFRS 15 and employed a workforce of around 129,000. 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 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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Airbus Consolidated – Nine-Month (9m) Results 2018

(Amounts in Euro)

Airbus Consolidated	9m 2018	9m 2017	Change
Revenues , in millions	40,421	38,007 ⁽¹⁾	+6%
thereof defence, in millions	6,141	6,554 ⁽¹⁾	-6%
EBIT Adjusted , in millions	2,738	1,208 ⁽¹⁾	+127%
EBIT (reported) , in millions	2,683	1,673 ⁽¹⁾	+60%
Research & Development expenses , in millions	2,103	1,918	+10%
Net Income ⁽²⁾ , in millions	1,453	1,398 ⁽¹⁾	+4%
Earnings Per Share (EPS)	1.88	1.81 ⁽¹⁾	+4%
Free Cash Flow (FCF) , in millions	-3,928	-3,208	-
Free Cash Flow before M&A , in millions	-4,342	-3,781	-
Free Cash Flow before M&A and Customer Financing , in millions	-4,169	-3,344	-

Airbus Consolidated	30 Sept 2018	31 Dec 2017	Change
Net Cash position , in millions	7,188	13,390 ⁽¹⁾	-46%
Employees	132,358	129,442	+2%

For footnotes please refer to page 10.

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By Business Segment	Revenues			EBIT (reported)		
(Amounts in millions of Euro)	9m 2018	9m 2017 ⁽¹⁾	Change	9m 2018	9m 2017 ⁽¹⁾	Change
Airbus	30,478	27,579	+11%	2,238	779	+187%
Airbus Helicopters	3,755	4,197	-11%	179	161	+11%
Airbus Defence and Space	7,051	7,052	0%	479	889	-46%
Transversal & Eliminations	-863	-821	-	-213	-156	-
Total	40,421	38,007	+6%	2,683	1,673	+60%

By Business Segment	EBIT Adjusted		
(Amounts in millions of Euro)	9m 2018	9m 2017 ⁽¹⁾	Change
Airbus	2,340	806	+190%
Airbus Helicopters	202	161	+25%
Airbus Defence and Space	409	397	+3%
Transversal & Eliminations	-213	-156	-
Total	2,738	1,208	+127%

By Business Segment	Order Intake (net)			Order Book		
	9m 2018	9m 2017	Change	30 Sept 2018	30 Sept 2017	Change
Airbus, in units	256	271	-6%	7,383	6,691	+10%
Airbus Helicopters, in units	230	210	+10%	704	710	-1%
Airbus Helicopters, in millions of Euro	3,523	4,729	-26%	12,594	11,636	+8%
Airbus Defence and Space, in millions of Euro	4,988	5,714	-13%	35,880	38,551	-7%

For footnotes please refer to page 10.

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Airbus Consolidated – Third Quarter (Q3) Results 2018

(Amounts in Euro)

Airbus Consolidated	Q3 2018	Q3 2017 ⁽¹⁾	Change
Revenues, in millions	15,451	12,832	+20%
EBIT Adjusted, in millions	1,576	655	+141%
EBIT (reported), in millions	1,563	462	+238%
Net Income ⁽²⁾ , in millions	957	307	+212%
Earnings Per Share (EPS)	1.23	0.40	+208%

By Business Segment	Revenues			EBIT (reported)		
(Amounts in millions of Euro)	Q3 2018	Q3 2017 ⁽¹⁾	Change	Q3 2018	Q3 2017 ⁽¹⁾	Change
Airbus	11,932	9,397	+27%	1,465	398	+268%
Airbus Helicopters	1,367	1,481	-8%	65	81	-20%
Airbus Defence and Space	2,399	2,152	+11%	97	57	+70%
Transversal & Eliminations	-247	-198	-	-64	-74	-
Total	15,451	12,832	+20%	1,563	462	+238%

By Business Segment	EBIT Adjusted		
(Amounts in millions of Euro)	Q3 2018	Q3 2017 ⁽¹⁾	Change
Airbus	1,473	549	+168%
Airbus Helicopters	67	81	-17%
Airbus Defence and Space	100	99	+1%
Transversal & Eliminations	-64	-74	-
Total	1,576	655	+141%

For footnotes please refer to page 10.

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Q3 2018 revenues increased by 20 percent, mainly driven by commercial aircraft deliveries, and partly reduced by the perimeter change at Airbus Helicopters related to the Vector disposal.

Q3 2018 EBIT Adjusted increased by 141 percent, reflecting mainly the A320neo ramp-up, and progress on the A350 XWB programme.

Q3 2018 EBIT (reported) increased by 238 percent to € 1,563 million. It reflected net negative Adjustments of € -13 million booked in the quarter. Adjustments in the third quarter of 2017 amounted to a net € -193 million.

Q3 2018 Net Income increased by 212%, mainly driven by higher EBIT. Q3 2017 Net Income included positive foreign exchange effects.

EBIT (reported) / EBIT Adjusted Reconciliation

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

Airbus Consolidated	9m 2018
EBIT (reported) , in millions of Euro	2,683
thereof:	
A400M provision update , in millions of Euro	-105
First H160s , in millions of Euro	-23
Compliance costs/others , in millions of Euro	-109
\$ PDP mismatch/Balance Sheet revaluation , in millions of Euro	+26
Airbus Defence and Space capital gain , in millions of Euro	+156
EBIT Adjusted , in millions of Euro	2,738

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 basic earnings per share as reported whereby the net income as the numerator does include Adjustments. For reconciliation, see slide 19 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 2.1.3.
FCF	For the definition of the alternative performance measure free cash flow, see Registration Document, MD&A section 2.1.3. 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 2.1.3 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.

Footnotes:

- 1) Where applicable, 2017 figures have been restated to reflect the adoption of the IFRS 15 accounting standard and new segment reporting as of 1 January, 2018. The new segment reporting reflects the merger of Headquarters into Airbus. Where applicable, 'Airbus' refers to commercial aircraft and the integrated functions while 'Airbus Consolidated' or 'the Company' refers to Airbus SE.
- 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) The Full-Year 2018 backlog value will be prepared under IFRS 15. A significant reduction in order backlog value is expected mainly due to the adjustment for net prices versus list prices. The 2017 backlog will not be restated.

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 Airbus SE "Registration Document" dated 28 March 2018, 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.

IFRS 15

The Company has adopted the IFRS 15 standard as of 1 January 2018. 2017 figures are pro-forma, amended with IFRS 15 restatement and new segment reporting.