

Airbus reports Half-Year 2018 (H1) financial results

- Commercial aircraft environment robust, backlog underpins ramp-up plans
- H1 financials reflect mainly A350 XWB performance and delivery phasing
- Revenues € 25 billion; EBIT Adjusted € 1.2 billion
- EBIT (reported) € 1.1 billion; EPS (reported) € 0.64
- 2018 guidance maintained

Amsterdam, 26 July 2018 – Airbus SE (stock exchange symbol: AIR) reported Half-Year (H1) 2018 consolidated financial results and maintained its guidance for the full year.

“The first half financials reflect the back-loaded deliveries due to A320neo engine shortages, while on the positive side there was a strong improvement on the A350 programme,” said Airbus Chief Executive Officer Tom Enders. “A320neo aircraft deliveries picked up during the second quarter but challenges remain to meet our full year targets. Market demand remains strong for the expanded Airbus portfolio that now includes the A220 at the smaller end. The recent Farnborough Airshow underlined this, with new business for over 400 single-aisle and wide-body aircraft announced. Our operational focus in commercial aircraft remains squarely on securing the production ramp-up. On our largest military programme, the A400M, we are making progress operationally, on improving capabilities as well as in negotiations with governments for the necessary contract amendment.”

Net commercial aircraft orders increased to 206 (H1 2017: 203 aircraft) with gross orders of 261 aircraft including 50 A350 XWBs and 14 A330s. The order backlog by units totalled 7,168 commercial aircraft as of 30 June 2018. During July’s Farnborough Airshow, Airbus announced orders and commitments for a total of 431 aircraft although these are not yet reflected in the order book. Net helicopter orders totalled 143 units (H1 2017: 151 units). Airbus Defence and Space saw good order momentum, particularly in Space Systems, while there

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are encouraging prospects for European military cooperation programmes in Military Aircraft and Unmanned Aerial Systems.

Consolidated **revenues** were stable at € 25.0 billion (H1 2017: € 25.2 billion⁽¹⁾), reflecting the commercial aircraft delivery mix and perimeter changes as well as the weakening of the US dollar. Deliveries totalled 303 commercial aircraft (H1 2017: 306 aircraft), comprising 239 A320 Family, 18 A330s, 40 A350 XWBs and six A380s. Airbus Helicopters delivered 141 units (H1 2017: 190 units) with revenues mainly reflecting the perimeter change from the sale of Vector Aerospace in late 2017. Revenues at Airbus Defence and Space reflected the stable core business and solid programme execution as well as 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 € 1,162 million (H1 2017: € 553 million⁽¹⁾).

Airbus' EBIT Adjusted of € 867 million (H1 2017: € 257 million⁽¹⁾), reflected mainly the strong improvement on the A350 programme and the A320neo ramp-up and transition.

A total of 110 A320neo aircraft were delivered (H1 2017: 59 aircraft) with more NEO (new engine option) versions delivered than CEO (current engine option) versions in the second quarter. The ramp-up is ongoing. Engine manufacturers are working to meet their commitments and resources and capabilities have been mobilised internally. A recovery plan is in place and the number of stored aircraft has started to decline from the end of May peak but risks remain to meet the 800 aircraft delivery target, which is challenging. On the A350 programme, the first A350-1000s were delivered to Qatar Airways and Cathay Pacific in the half-year. Good progress was made on the recurring cost curve compared to a year earlier as the programme ramps up to the targeted monthly production rate of 10 aircraft by year-end. The A350's industrial system is now reaching a mature level with the focus remaining on

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recurring cost convergence. Route proving flights have now been completed on the A330neo with more than 1,000 flight hours accumulated by the test aircraft fleet. The first delivery is expected end summer. In July, the BelugaXL transport aircraft completed its maiden flight.

Airbus Helicopters' EBIT Adjusted increased to € 135 million (H1 2017: € 80 million⁽¹⁾), reflecting solid underlying programme execution which compensated the lower deliveries.

Airbus Defence and Space's EBIT Adjusted was € 309 million (H1 2017: € 298 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, a total of eight aircraft were delivered compared to eight in the first half of 2017. A provision update of € 98 million during the first half of 2018 mainly reflected price escalation. Progress was made toward achieving military capabilities. Airbus continues to work with the Launch Customer Nations to finalise a contract amendment by year-end.

Consolidated **self-financed R&D expenses** totalled € 1,403 million (H1 2017: € 1,288 million).

Consolidated **EBIT** (reported) was stable at € 1,120 million (H1 2017: € 1,211 million⁽¹⁾), including Adjustments totalling a net € -42 million. These comprised:

- The € 98 million A400M provision increase due to an update for escalation assumptions;
- A negative € 21 million resulting from the first H160 helicopters;
- A negative impact of € 40 million from the dollar pre-delivery payment mismatch and balance sheet revaluation;
- A total of € 40 million in other costs, including compliance and merger and acquisition costs;
- A net capital gain of € 157 million from divestments in Airbus Defence and Space.

Consolidated **net income**⁽²⁾ of € 496 million (H1 2017: € 1,091 million⁽¹⁾) and **earnings per share** of € 0.64 (H1 2017: € 1.41⁽¹⁾) included a negative impact from the foreign exchange revaluation of financial instruments partly offset by the positive revaluation of certain equity instruments. The finance result was € -303 million (H1 2017: € +72 million⁽¹⁾). Net income also reflects a higher effective tax rate from the reassessment of tax assets and liabilities.

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Consolidated **free cash flow before M&A and customer financing** amounted to € -3,968 million (H1 2017: € -2,093 million), reflecting the continued ramp-up while deliveries reflect the engine situation. Consolidated **free cash flow** of € -3,797 million (H1 2017: € -1,956 million) included around € 0.3 billion of net proceeds from divestments at Airbus Defence and Space. Cash flow for aircraft financing was limited in the first half of 2018.

The consolidated **net cash position** on 30 June 2018 was € 8.1 billion (year-end 2017: € 13.4 billion) with a gross cash position of € 17.8 billion (year-end 2017: € 24.6 billion).

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⁽³⁾ integration.

- Airbus targets to deliver around 800 commercial aircraft, without the A220 Family.
- On top, around 18 A220 deliveries are targeted for H2.
- Before M&A, the Company expects EBIT Adjusted of approximately € 5.2 billion in 2018:
 - The A220⁽³⁾ integration is expected to reduce EBIT Adjusted by an estimated € -0.2 billion.
 - Therefore, including A220⁽³⁾, the Company expects EBIT Adjusted to be approximately € 5.0 billion.
- Compared to 2017 Free Cash Flow before M&A and Customer Financing of € 2.95 billion, the Company expects Free Cash Flow to be at a similar level in 2018 before the A220 integration.
 - The A220⁽³⁾ integration is expected to reduce Free Cash Flow before M&A and Customer Financing by an estimated € -0.3 billion⁽³⁾.
 - 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.

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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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Note to editors: Live Webcast of the Analyst Conference Call

At 08:30 CEST today, you can listen to the **Half-Year 2018 Results Analyst Conference Call** with Chief Executive Officer Tom Enders and Chief Financial Officer Harald Wilhelm via www.airbus.com. 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 2018

(Amounts in Euro)

Airbus Consolidated	H1 2018	H1 2017	Change
Revenues , in millions	24,970	25,175 ⁽¹⁾	-1%
thereof defence, in millions	4,041	4,619 ⁽¹⁾	-13%
EBIT Adjusted , in millions	1,162	553 ⁽¹⁾	+110%
EBIT (reported) , in millions	1,120	1,211 ⁽¹⁾	-8%
Research & Development expenses , in millions	1,403	1,288	+9%
Net Income ⁽²⁾ , in millions	496	1,091 ⁽¹⁾	-55%
Earnings Per Share (EPS)	0.64	1.41 ⁽¹⁾	-55%
Free Cash Flow (FCF) , in millions	-3,797	-1,956	-
Free Cash Flow before M&A , in millions	-4,069	-2,547	-
Free Cash Flow before M&A and Customer Financing , in millions	-3,968	-2,093	-

Airbus Consolidated	30 June 2018	31 Dec 2017	Change
Net Cash position , in millions	8,068	13,390 ⁽¹⁾	-40%
Employees	129,450	129,442	0%

For footnotes please refer to page 11.

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By Business Segment	Revenues			EBIT (reported)			
	(Amounts in millions of Euro)	H1 2018	H1 2017 ⁽¹⁾	Change	H1 2018	H1 2017 ⁽¹⁾	Change
Airbus		18,546	18,182	+2%	773	381	+103%
Airbus Helicopters		2,388	2,716	-12%	114	80	+43%
Airbus Defence and Space		4,652	4,900	-5%	382	832	-54%
Transversal & Eliminations		-616	-623	-	-149	-82	-
Total		24,970	25,175	-1%	1,120	1,211	-8%

By Business Segment	EBIT Adjusted			
	(Amounts in millions of Euro)	H1 2018	H1 2017 ⁽¹⁾	Change
Airbus		867	257	+237%
Airbus Helicopters		135	80	+69%
Airbus Defence and Space		309	298	+4%
Transversal & Eliminations		-149	-82	-
Total		1,162	553	+110%

By Business Segment	Order Intake (net)			Order Book			
	(Amounts in millions of Euro)	H1 2018	H1 2017	Change	30 June 2018	30 June 2017	Change
Airbus, in units		206	203	+1%	7,168	6,771	+6%
Airbus Helicopters, in units		143	151	-5%	694	727	-5%
Airbus Helicopters, in millions of Euro		2,068	3,630	-43%	12,537	11,996	+5%
Airbus Defence and Space, in millions of Euro		3,184	3,616	-12%	36,462	38,708	-6%

For footnotes please refer to page 11.

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Airbus Consolidated – Second Quarter Results (Q2) 2018

(Amounts in Euro)

Airbus Consolidated	Q2 2018	Q2 2017 ⁽¹⁾	Change
Revenues, in millions	14,851	13,733	+8%
EBIT Adjusted, in millions	1,148	572	+101%
EBIT (reported), in millions	921	636	+45%
Net Income ⁽²⁾ , in millions	213	682	-69%
Earnings Per Share (EPS)	0.27	0.88	-69%

By Business Segment	Revenues			EBIT (reported)		
	Q2 2018	Q2 2017 ⁽¹⁾	Change	Q2 2018	Q2 2017 ⁽¹⁾	Change
(Amounts in millions of Euro)						
Airbus	11,324	10,016	+13%	775	429	+81%
Airbus Helicopters	1,427	1,540	-7%	124	86	+44%
Airbus Defence and Space	2,435	2,560	-5%	117	175	-33%
Transversal & Eliminations	-335	-383	-	-95	-54	-
Total	14,851	13,733	+8%	921	636	+45%

By Business Segment	EBIT Adjusted		
	Q2 2018	Q2 2017 ⁽¹⁾	Change
(Amounts in millions of Euro)			
Airbus	908	360	+152%
Airbus Helicopters	138	86	+60%
Airbus Defence and Space	197	180	+9%
Transversal & Eliminations	-95	-54	-
Total	1,148	572	+101%

For footnotes please refer to page 11.

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Q2 2018 revenues increased by eight percent, driven by commercial aircraft deliveries, partly compensated by perimeter changes at Airbus Helicopters and Airbus Defence and Space.

Q2 2018 EBIT Adjusted increased by 101 percent, reflecting the strong improvement from the A350 XWB programme, A320neo ramp-up and transition as well as solid programme execution at Airbus Helicopters and Airbus Defence and Space.

Q2 2018 EBIT (reported) increased by 45 percent to € 921 million. It reflected net negative Adjustments of € -227 million booked in the quarter. Adjustments in the second quarter of 2017 amounted to a net € +64 million.

Q2 2018 Net Income decreased by 69 percent, mainly driven by negative foreign exchange effects and a higher effective tax rate.

EBIT (reported) / EBIT Adjusted Reconciliation

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

Airbus Consolidated	H1 2018
EBIT (reported) , in millions of Euro	1,120
thereof:	
A400M provision update , in millions of Euro	-98
First H160s , in millions of Euro	-21
\$ PDP mismatch/Balance Sheet revaluation , in millions of Euro	-40
Compliance costs/others , in millions of Euro	-40
Airbus Defence and Space perimeter change , in millions of Euro	157
EBIT Adjusted , in millions of Euro	1,162

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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 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) Based on preliminary data.

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.