

Airbus reports Nine-Month (9m) 2020 results

- Global air travel recovery slower than anticipated
- Cash containment and business adaptation on track
- 9m revenues € 30.2 billion; 9m EBIT Adjusted € -0.1 billion
- 9m EBIT (reported) € -2.2 billion; 9m loss per share (reported) € -3.43
- Restructuring provision of € -1.2 billion recognised in EBIT (reported)
- 9m free cash flow before M&A and customer financing € -11.8 billion
- Strong liquidity underpins business resilience and flexibility
- Q3 performance: convergence of production and deliveries, free cash flow before M&A and customer financing € +0.6 billion
- Guidance issued on FCF before M&A and customer financing for fourth quarter 2020

Amsterdam, 29 October 2020 – Airbus SE (stock exchange symbol: AIR) reported consolidated financial results for the nine months ended 30 September 2020.

“After nine months of 2020 we now see the progress made on adapting our business to the new COVID-19 market environment. Despite the slower air travel recovery than anticipated, we converged commercial aircraft production and deliveries in the third quarter and we stopped cash consumption in line with our ambition,” said Airbus Chief Executive Officer Guillaume Faury. “Furthermore, the restructuring provision booked shows our discussions with social partners and stakeholders have advanced well. Our ability to stabilise the cash flow in the quarter gives us confidence to issue a free cash flow guidance for the fourth quarter.”

Net commercial aircraft orders totalled 300 (9m 2019: 127 aircraft) with the order backlog comprising 7,441 commercial aircraft as of 30 September 2020. Airbus Helicopters booked 143 net orders (9m 2019: 173 units), including 8 H160s and 1 H215 during the third quarter. Airbus Defence and Space’s order intake increased to € 8.2 billion, with the third quarter including an additional A330 MRTT as well as contract wins in telecommunications satellites.

Consolidated **revenues** decreased to € 30.2 billion (9m 2019: € 46.2 billion), driven by the difficult market environment impacting the commercial aircraft business with around 40% fewer deliveries year-on-year. A total of 341 commercial aircraft were delivered (9m 2019: 571 aircraft), comprising 18 A220s, 282 A320 Family, 9 A330s and 32 A350s. During the third quarter of 2020, a total of 145 commercial aircraft were delivered including 57 deliveries in September. Airbus Helicopters reported broadly stable revenues, reflecting lower deliveries of 169 units (9m 2019: 209 units) partially compensated by higher services. Revenues at Airbus Defence and Space mainly reflected lower volumes in Space Systems and for the A400M as well as the impact of COVID-19 on business phasing. A total of 5 A400M military airlifters were delivered over the nine month period with Luxembourg becoming a new operator.

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 € -125 million (9m 2019: € 4,133 million).

Airbus' EBIT Adjusted of € -641 million (9m 2019: € 3,593 million⁽¹⁾) mainly reflected the reduced commercial aircraft deliveries and lower cost efficiency. It also included € -1.0 billion of COVID-19 related charges. The necessary steps have been taken to adapt the cost structure to the new levels of production and the benefits are materialising as the plan is executed. At the end of September, the number of commercial aircraft that could not be delivered due to COVID-19 had reduced to around 135.

Airbus Helicopters' EBIT Adjusted increased to € 238 million (9m 2019: € 205 million), reflecting a favourable mix, higher services, a positive contribution from programme execution as well as lower Research & Development (R&D) expenses. During Q3, the first five-bladed H145 helicopter was delivered following certification by the European Union Aviation Safety Agency in Q2.

EBIT Adjusted at Airbus Defence and Space decreased to € 266 million (9m 2019: € 355 million), mainly reflecting the lower volume in Space Systems, especially in the launcher business due to the impact of COVID-19, partly offset by cost reduction measures. The Division's restructuring plan updated in H1 2020 is underway and negotiations with the social partners are progressing. The related provision has been recorded in Q3 as part of the EBIT Adjustments.

Consolidated **self-financed R&D expenses** totalled € 2,032 million (9m 2019: € 2,150 million).

Consolidated **EBIT** (reported) was € -2,185 million (9m 2019: € 3,431 million), including Adjustments totalling a net € -2,060 million. These Adjustments comprised:

- € -1,200 million booked in Q3 related to the Company-wide restructuring plan, of which € -981 million were for Airbus and € -219 million for Airbus Defence and Space. The amount takes into account government support measures. It reflects the latest status of the negotiations with social partners, and therefore may be reassessed;
- € -358 million related to the A380 programme cost, of which € -26 million were in Q3;
- € -374 million related to the dollar pre-delivery payment mismatch and balance sheet valuation, of which € -209 million were in Q3;
- € -128 million of other costs including compliance, of which € -11 million were in Q3.

The consolidated reported **loss per share** of € -3.43 (9m 2019 earnings per share: € 2.81) includes the financial result of € -712 million (9m 2019: € -233 million). The financial result mainly reflects a net € -291 million related to Dassault Aviation financial instruments, as well as a Repayable Launch Investment (RLI) re-measurement of € -236 million, mainly from

amending the French and Spanish contracts to what the World Trade Organisation considers the appropriate interest rate and risk assessment benchmarks. It also includes the impairment of a loan to OneWeb, recognised in Q1. The consolidated **net loss**⁽²⁾ was € -2,686 million (9m 2019 net income: € 2,186 million).

Consolidated **free cash flow before M&A and customer financing** amounted to € -11,798 million (9m 2019: € -4,937 million) of which € +0.6 billion were in the third quarter. The Q3 2020 free cash flow performance reflects the higher level of deliveries compared to the prior quarter, cash containment efforts and the strong focus on working capital management.

Capital expenditure in the nine month period was around € 1.2 billion, down by around € 0.3 billion year-on-year, driven by a reduction in spending in the third quarter in line with the Company's cash containment efforts. Consolidated **free cash flow** was € -12,276 million (9m 2019: € -5,127 million). The consolidated **net debt position** was € -242 million on 30 September 2020 (year-end 2019 net cash position: € 12.5 billion) with a **gross cash position** of € 18.1 billion (year-end 2019: € 22.7 billion).

Outlook

The Company's Full-Year 2020 guidance was withdrawn in March. Given the continued impact of COVID-19 on the business and the associated risks, no new guidance is issued on commercial aircraft deliveries or EBIT.

As the basis for its Q4 2020 guidance for free cash flow before M&A and customer financing, the Company assumes no further disruptions to the world economy, air traffic, Airbus' internal operations, and to its ability to deliver products and services.

On that basis, the Company targets at least breakeven free cash flow before M&A and customer financing in the fourth quarter of 2020.

Key post-closing events

On 21 October 2020, the Company signed a new € 6 billion Revolving Syndicated Credit Facility partially terming out the € 15 billion credit facility by € 3 billion and in order to refinance its existing € 3 billion Revolving Syndicated Facility.

Note to editors: Live Webcast of the Analyst Conference Call

At **08:15 CET** on 29 October 2020, you can listen to the **9m 2020 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.

About Airbus

Airbus is a global leader in aeronautics, space and related services. In 2019, it generated revenues of € 70 billion and employed a workforce of around 135,000. 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.

Contacts for the Investors**Thorsten Fischer**

Institutionals and Analysts

+33 5 67 19 02 64

thorsten.t.fischer@airbus.com**Philippe Gossard**

Institutionals and Analysts

+33 5 31 08 59 43

philippe.gossard@airbus.com**Goesta Klammt**

Institutionals and Analysts

+33 5 81 76 80 41

goesta.klammt@airbus.com

Consolidated Airbus – Nine-Month (9m) Results 2020

(Amounts in Euro)

Consolidated Airbus	9m 2020	9m 2019	Change
Revenues , in millions	30,161	46,168	-35%
thereof defence, in millions	6,116	6,231	-2%
EBIT Adjusted , in millions	-125	4,133	-
EBIT (reported) , in millions	-2,185	3,431	-
Research & Development expenses , in millions	2,032	2,150	-5%
Net Income/Loss⁽²⁾ , in millions	-2,686	2,186	-
Earnings/Loss Per Share (EPS)	-3.43	2.81	-
Free Cash Flow (FCF) , in millions	-12,276	-5,127	-
Free Cash Flow before M&A , in millions	-11,756	-4,902	-
Free Cash Flow before M&A and Customer Financing , in millions	-11,798	-4,937	-

Consolidated Airbus	30 Sept 2020	31 Dec 2019	Change
Net Cash/Debt position , in millions	-242	12,534	-
Employees	134,071	134,931	-1%

For footnotes please refer to page 10.

By Business Segment	Revenues			EBIT (reported)		
	9m 2020	9m 2019 ⁽¹⁾	Change	9m 2020	9m 2019 ⁽¹⁾	Change
(Amounts in millions of Euro)						
Airbus	20,271	35,572	-43%	-2,399	3,165	-
Airbus Helicopters	3,623	3,712	-2%	238	203	+17%
Airbus Defence and Space	6,936	7,706	-10%	-36	83	-
Eliminations	-669	-822	-	12	-20	-
Total	30,161	46,168	-35%	-2,185	3,431	-

By Business Segment	EBIT Adjusted		
	9m 2020	9m 2019 ⁽¹⁾	Change
(Amounts in millions of Euro)			
Airbus	-641	3,593	-
Airbus Helicopters	238	205	+16%
Airbus Defence and Space	266	355	-25%
Eliminations	12	-20	-
Total	-125	4,133	-

By Business Segment	Order Intake (net)			Order Book		
	9m 2020	9m 2019	Change	30 Sept 2020	30 Sept 2019	Change
Airbus, in units	300	127	+136%	7,441	7,133	+4%
Airbus Helicopters, in units	143	173	-17%	669	681	-2%

Airbus Defence and Space, in millions of Euro	8,214	6,064	+35%	N/A	N/A	N/A
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For footnotes please refer to page 10.

Consolidated Airbus – Third Quarter (Q3) Results 2020

(Amounts in Euro)

Consolidated Airbus	Q3 2020	Q3 2019	Change
Revenues , in millions	11,213	15,302	-27%
EBIT Adjusted , in millions	820	1,604	-49%
EBIT (reported) , in millions	-626	1,338	-
Net Income/Loss⁽²⁾ , in millions	-767	989	-
Earnings/Loss Per Share (EPS)	-0.98	1.27	-

By Business Segment	Revenues			EBIT (reported)		
	Q3 2020	Q3 2019 ⁽¹⁾	Change	Q3 2020	Q3 2019 ⁽¹⁾	Change
(Amounts in millions of Euro)						
Airbus	7,738	11,529	-33%	-591	1,159	-
Airbus Helicopters	1,290	1,341	-4%	86	79	+9%
Airbus Defence and Space	2,385	2,691	-11%	-109	98	-
Eliminations	-200	-259	-	-12	2	-
Total	11,213	15,302	-27%	-626	1,338	-

By Business Segment	EBIT Adjusted		
	Q3 2020	Q3 2019 ⁽¹⁾	Change
(Amounts in millions of Euro)			
Airbus	666	1,400	-52%
Airbus Helicopters	86	80	+8%
Airbus Defence and Space	80	122	-34%
Eliminations	-12	2	-

Total	820	1,604	-49%
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For footnotes please refer to page 10.

Q3 2020 revenues decreased by 27%, mainly driven by lower deliveries at Airbus and lower revenues at Airbus Defence and Space.

Q3 2020 EBIT Adjusted of € 820 million mainly reflects lower commercial aircraft deliveries and lower activities in the space business.

Q3 2020 EBIT (reported) of € -626 million included net Adjustments of € -1,446 million, of which € -1,200 million relate to the restructuring provision. Net Adjustments in the third quarter of 2019 amounted to € -266 million.

Q3 2020 Net Loss of € -767 million mainly reflects the EBIT (reported), € -283 million from the financial result and the low effective tax rate.

EBIT (reported) / EBIT Adjusted Reconciliation

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

Consolidated Airbus (Amounts in millions of Euro)	9m 2020
EBIT (reported)	-2,185
thereof:	
Restructuring provision	-1,200
A380 programme cost	-358
\$ PDP mismatch/balance sheet revaluation	-374
Others	-128
EBIT Adjusted	-125

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, 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 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 the Universal Registration Document, MD&A section 2.1.6.
FCF	For the definition of the alternative performance measure free cash flow, see the Universal 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 Universal 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 occasionally by the Company in its financial guidance, especially when there is higher uncertainty around customer financing activities.

Footnotes:

- 1) Previous year figures are restated to reflect the adoption of a new segment reporting structure for “Transversal” activities as of 1 January 2020. Activities related to innovation and digital transformation, which were formerly reported in “Transversal”, are now included in the business segment “Airbus” under the new segment structure. “Eliminations” continue to be reported separately.
- 2) Airbus SE continues to use the term Net Income/Loss. It is identical to Profit/Loss for the period attributable to equity owners of the parent as defined by IFRS Rules.

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 the spread of disease or 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;
- The full impact of the COVID-19 pandemic and the resulting health and economic crisis.

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 Airbus SE’s “2019 Universal Registration Document” dated 23 March 2020, including the Risk Factors section. For more information about the impact of the COVID-19 pandemic, see Note 2 “Impact of the spread of the COVID-19 pandemic” of the Notes to the Airbus SE Unaudited Condensed Interim IFRS Consolidated Financial Information for the nine-month period ended 30 September 2020 published 29 October 2020.

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.