

Airbus reports First Quarter (Q1) 2018 results, confirms guidance

- Backlog and commercial momentum support ramp-up plans
- Q1 financials reflect engine and aircraft delivery phasing
- Revenues € 10 billion; EBIT Adjusted € 14 million
- EBIT (reported) € 199 million; EPS (reported) € 0.37
- 2018 guidance confirmed

Amsterdam, 27 April 2018 – Airbus SE (stock exchange symbol: AIR) reported First Quarter 2018 consolidated financial results and confirmed its guidance for the full year.

“The first quarter performance reflects the shortage of A320neo engines and back-loaded aircraft deliveries as we indicated in the full-year disclosure. This is clearly shown in the financials,” said Airbus Chief Executive Officer Tom Enders. “It’s a challenging situation for all but based on the confidence expressed by the engine makers and their ability to deliver on commitments, we can confirm our full-year outlook. This still leaves us with plenty to do this year to reach the target of around 800 commercial aircraft deliveries.”

A total of 45 net commercial aircraft orders were received (Q1 2017: six aircraft) with gross orders of 68 aircraft including 20 A380s for Emirates Airline. The backlog by units totalled 7,189 commercial aircraft as of 31 March, 2018. Net helicopter orders increased to 104 units (Q1 2017: 60 units), including 10 H160s and 51 additional Lakota UH-72As for the US Army to bring the total orders in the programme above 450 helicopters. Airbus Defence and Space’s order intake included an additional A330 MRTT following Belgium’s participation in the multinational European NATO tanker fleet.

Consolidated **revenues** totalled € 10.1 billion (Q1 2017: € 11.4 billion⁽¹⁾), mainly reflecting lower commercial aircraft and helicopter deliveries. Airbus deliveries totalled 121 commercial aircraft (Q1 2017: 136 aircraft), comprising 95 A320 Family, 8 A330s, 17 A350 XWBs and one A380. Airbus Helicopters delivered 52 units (Q1 2017: 78 units) with its revenues also reflecting the deconsolidation of services business Vector Aerospace in late 2017. Revenues

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at Airbus Defence and Space were slightly lower, reflecting the perimeter change from the sale of Defence Electronics in February 2017.

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 €14 million (Q1 2017: €-19 million⁽¹⁾).

Airbus' EBIT Adjusted of €-41 million (Q1 2017: €-103 million⁽¹⁾) mainly reflected the back-loaded aircraft delivery phasing, compensated by A350 improvements in both unit cost and price.

On the A320neo programme, new engines with a knife edge seal fix have started to be received from supplier Pratt & Whitney and GTF-powered aircraft deliveries have resumed. Airbus is also working closely with the other A320neo engine supplier, CFM International, which is working to catch-up on the production delays it encountered. Given the significant demand for the A320neo and the robust backlog, Airbus has started a feasibility study with the supply chain to investigate higher production rates. Airbus and its engine manufacturers are committed to delivering in line with the full year overall delivery objective of around 800 commercial aircraft, which leaves a lot to do in the second half of 2018. On the A330 programme, the transition to the NEO version continues with the first delivery expected this summer. Based on the current programme assessment, Airbus has decided to reduce A330 deliveries to around 50 per year in 2019. The A350 programme continues to make good progress on the ramp-up to the targeted monthly rate of 10 aircraft by year-end. The focus remains on further recurring cost convergence. Deliveries in the first quarter included the first A350-1000 while the first flight of the A350-900 ULR (Ultra Long Range) version took place in April.

Airbus Helicopters' EBIT Adjusted was stable at €-3 million (Q1 2017: €-6 million⁽¹⁾), supported by the Division's transformation efforts compensating market softness.

Airbus Defence and Space's EBIT Adjusted was broadly stable at €112 million (Q1 2017: €118 million⁽¹⁾).

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Four A400M aircraft were delivered in the first quarter. The A400M launch customer programme is being baselined to eight aircraft per year from 2020. The Company is focused on securing export orders, achieving military capabilities, the new delivery plan and retrofit of in-service aircraft as agreed with the Nations. Following the Declaration of Intent reached with customers in February 2018, finalising the contract amendment and delivering in line with commitments are key priorities for this year.

Consolidated **self-financed R&D expenses** totalled €616 million (Q1 2017: €548 million).

Consolidated **EBIT** (reported) was € 199 million (Q1 2017: € 575 million⁽¹⁾) including Adjustments totalling a net positive € 185 million. These comprised:

- A net capital gain of € 159 million from the divestment of Plant Holdings, Inc., which held the Airbus DS Communications Inc. business;
- A positive impact of € 46 million from the dollar pre-delivery payment mismatch and balance sheet revaluation;
- € 20 million of other costs including compliance and M&A costs.

Consolidated **net income**⁽²⁾ totalled € 283 million (Q1 2017: € 409 million⁽¹⁾) with **earnings per share** of € 0.37 (Q1 2017: € 0.53⁽¹⁾) also including a positive impact mainly from the revaluation of certain equity investments. The finance result was € 39 million (Q1 2017: € -206 million).

Consolidated **free cash flow before M&A and customer financing** amounted to € -3,839 million (Q1 2017: € -1,269 million), reflecting the back-loaded delivery profile and continuing production ramp-up. Consolidated **free cash flow** of € -3,656 million (Q1 2017: € -1,116 million) included net proceeds of € 191 million from the sale of the Airbus DS Communications Inc. business.

Cash flow for aircraft financing was very limited in the quarter at € -7 million. Export Credit Agency cover resumed in the first quarter and Airbus anticipates ECA cover for a limited number of transactions in 2018. The appetite for commercial financing remains high.

The consolidated **net cash position** on 31 March 2018 was € 9.8 billion (year-end 2017: € 13.4 billion) with a gross cash position of € 20.9 billion (year-end 2017: € 24.6 billion).

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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 Free Cash Flow guidance is based on a constant perimeter, before M&A.

- Airbus expects to deliver around 800 commercial aircraft, which depends on engine manufacturers meeting commitments.

Based on around 800 deliveries:

- Compared to 2017 EBIT Adjusted of € 4.25 billion as reported, pre-IFRS 15, the Company expects, before M&A:
 - An increase in EBIT Adjusted of approximately 20 percent.
 - IFRS 15 is expected to further increase EBIT Adjusted by an estimated € 0.1bn.
 - Therefore, the Company expects to report EBIT Adjusted of approximately € 5.2 billion prepared under IFRS 15 in 2018.
- 2017 Free Cash Flow before M&A and Customer Financing was € 2,949 million. Free Cash Flow is expected to be at a similar level as 2017, before M&A and Customer Financing.

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 08:00 CEST today, you can listen to the **First Quarter 2018 Results Analyst Conference Call** with 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 – First Quarter (Q1) Results 2018

(Amounts in Euro)

Airbus Consolidated	Q1 2018	Q1 2017	Change
Revenues , in millions	10,119	11,442 ⁽¹⁾	-12%
thereof defence, in millions	1,771	1,963 ⁽¹⁾	-10%
EBIT Adjusted , in millions	14	-19 ⁽¹⁾	-
EBIT (reported) , in millions	199	575 ⁽¹⁾	-65%
Research & Development expenses , in millions	616	548	+12%
Net Income ⁽²⁾ , in millions	283	409 ⁽¹⁾	-31%
Earnings Per Share (EPS)	0.37	0.53 ⁽¹⁾	-30%
Free Cash Flow (FCF) , in millions	-3,656	-1,116	-
Free Cash Flow before M&A , in millions	-3,846	-1,599	-
Free Cash Flow before M&A and Customer Financing , in millions	-3,839	-1,269	-

Airbus Consolidated	31 March 2018	31 Dec 2017	Change
Net Cash position , in millions	9,769	13,390 ⁽¹⁾	-27%
Employees	129,208	129,442	0%

For footnotes please refer to page 9.

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By Business Segment	Revenues			EBIT (reported)		
	Q1 2018	Q1 2017 ⁽¹⁾	Change	Q1 2018	Q1 2017 ⁽¹⁾	Change
(Amounts in millions of Euro)						
Airbus	7,222	8,166	-12%	-2	-48	-
Airbus Helicopters	961	1,176	-18%	-10	-6	-
Airbus Defence and Space	2,217	2,340	-5%	265	657	-60%
Transversal & Eliminations	-281	-240	-	-54	-28	-
Total	10,119	11,442	-12%	199	575	-65%

By Business Segment	EBIT Adjusted		
	Q1 2018	Q1 2017 ⁽¹⁾	Change
(Amounts in millions of Euro)			
Airbus	-41	-103	-
Airbus Helicopters	-3	-6	-
Airbus Defence and Space	112	118	-5%
Transversal & Eliminations	-54	-28	-
Total	14	-19	-

By Business Segment	Order Intake (net)			Order Book		
	Q1 2018	Q1 2017	Change	31 March 2018	31 March 2017	Change
Airbus, in units	45	6	+650%	7,189	6,744	+7%
Airbus Helicopters, in units	104	60	+73%	744	748	-1%
Airbus Helicopters, in millions of Euro	1,288	1,417	-9%	13,176	12,921 ⁽¹⁾	+2%
Airbus Defence and Space, in millions of Euro	1,581	1,521	+4%	37,303	39,159 ⁽¹⁾	-5%

For footnotes please refer to page 9.

EBIT (reported) / EBIT Adjusted Reconciliation

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

Airbus Consolidated	Q1 2018
EBIT (reported) , in millions of Euro	199
thereof:	
Airbus DS Communications Inc. net capital gain , in millions of Euro	159
\$ PDP mismatch/Balance Sheet revaluation , in millions of Euro	46
Other costs including compliance and M&A costs , in millions of Euro	-20
EBIT Adjusted , in millions of Euro	14

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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.

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.