AIRBUS

Press Release

Airbus reports Nine-Month (9m) 2017 results

- Revenues €43bn; EBIT Adjusted €1.8bn; EBIT (reported) €2.3bn; EPS (reported) €2.39
- Commercial aircraft market healthy, robust backlog supports ramp-up plans
- Engine delays impact 9m results, focus on fourth quarter deliveries and ramp-up
- 2017 guidance confirmed

Amsterdam, 31 October 2017 – Airbus SE (stock exchange symbol: AIR) reported nine-month 2017 financial results and confirmed its guidance for the full year.

"The strong backlog and a healthy market environment continue to support our commercial aircraft production ramp-up plans," said Airbus Chief Executive Officer Tom Enders. "We confirm our outlook even though this year's delivery schedule is extremely back-loaded, largely due to the well-known engine problems plaguing our A320neo Family."

Order intake(1) totalled € 50.8 billion (9m 2016: € 73.2 billion) with the **order book**(1) valued at € 945 billion as of 30 September 2017 (year-end 2016: € 1,060 billion). A total of 271 net commercial aircraft orders were received (9m 2016: 380 aircraft), with the order backlog comprising 6,691 aircraft at the end of September. Net helicopter orders totalled 210 units (9m 2016: 211 units), including 14 H175s in the third quarter. At Defence and Space, the good order momentum continued in Military Aircraft with five A330 MRTTs booked in total for Germany and Norway in the third quarter. The overall order intake at the division was impacted by perimeter changes from portfolio reshaping and the slow telecommunications satellite market.

Revenues were stable at € 43.0 billion (9m 2016: € 42.7 billion) despite the perimeter changes at Defence and Space and were higher on a comparable basis. Commercial Aircraft revenues rose four percent with deliveries of 454(2) aircraft (9m 2016: 462 aircraft) comprising 350 A320 Family, 50 A350 XWBs, 45 A330s and nine A380s. Helicopters' revenues were slightly higher with deliveries of 266 units (9m 2016: 258 units). Revenues at Defence and Space reflected the negative impact of around € 1.4 billion from the perimeter changes.

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 € 1,796 million (9m 2016: € 2,408 million).

Commercial Aircraft's EBIT Adjusted of € 1,545 million (9m 2016: € 1,836 million) reflected the aircraft delivery mix and phasing as well as transition pricing.
The industrial ramp up on the A350 continues to make good progress, with the programme well on track to meet the monthly production target rate of 10 aircraft by the end of 2018. Progress was also made on A350 recurring cost convergence. An agreement was signed with Qatar Airways following the cancellation of four A350 delivery slots to continue to take delivery of four associated finished aircraft by year-end. On the A320neo programme, 90 aircraft were delivered to 19 customers. The A320neo ramp-up remains challenging with the delivery profile very much loaded into the fourth quarter. Priority is being given to engine deliveries to customers to be used for spares, as agreed with the engine manufacturers. At the beginning of 2017, around 200 A320neo deliveries were targeted for the full year. Due to engine availability issues and allocation between the OEM and spare pools, A320neo deliveries are now expected to be slightly below that target. The A330neo programme reached an important milestone in October with the successful maiden flight.

Helicopters' EBIT Adjusted declined to € 165 million (9m 2016: € 200 million), reflecting the unfavourable mix mainly from lower commercial flight hours in services and the impact associated with the past grounding of the H225. This was partially mitigated by the division's transformation efforts. Airbus continues to work with its customers on bringing the civil H225 fleet back into full operation.

Defence and Space's EBIT Adjusted was € 357 million (9m 2016: € 436 million), reflecting the perimeter change and was broadly stable on a comparable basis.
Twelve A400Ms were delivered compared to 11 aircraft in the first nine months of 2016. The operational and commercial assumptions that were retained in 2016 remain the management's best current assessment. However, in the meantime, production levels were

adjusted to absorb inventory with delivery schedules still in discussion with customers. Development activities continued toward achieving the revised capability roadmap. However, achievement of the contractual technical capabilities and associated costs remain highly challenging. There are also challenges remaining on securing sufficient export orders in time, on cost reductions, industrial efficiency and commercial exposure, which could all impact the programme significantly. Discussions to de-risk the A400M programme are ongoing with the Nations and OCCAR.

Group **self-financed R&D expenses** declined to € 1,918 million (9m 2016: € 2,015 million).

EBIT (reported) of € 2,312 million (9m 2016: € 2,356 million) included Adjustments totalling a net € +516 million compared to net Adjustments of € -52 million in the first nine months of 2016. The 9m 2017 Adjustments comprised:

- A charge of € 150 million on the A400M programme, including € 80 million in the third quarter reflecting the production adjustment and liquidated damages incurred;
- A positive impact of € 43 million related to the dollar pre-delivery payment mismatch and balance sheet revaluation;
- An updated net capital gain of € 604 million from the divestment of the Defence Electronics business;
- A net positive impact of € 19 million related to other portfolio changes at Defence and Space.

Net income[(3)] amounted to € 1,851 million (9m 2016: € 1,811 million) after the EBIT Adjustments with **earnings per share** of € 2.39 (9m 2016: € 2.34). EPS and net income included a positive impact mainly from the revaluation of financial instruments and balance sheet items. The finance result was € 92 million (9m 2016: € -342 million).

Free cash flow before M&A and customer financing improved to € -3,344 million (9m 2016: € -4,184 million), although its development was impacted by inventory build-up related to the ramp-up and NEO engine delays. **Free cash flow** of € -3,208 million (9m 2016: € -2,649 million) included net proceeds of around € 600 million from the Defence Electronics disposal.

Cash flow for aircraft financing improved year-on-year by approximately € 100 million to around € -440 million. The overall aircraft financing environment remains healthy with a high level of liquidity available in the market. Airbus continues to work constructively with the Export Credit Agencies (ECAs) to return to some ECA backed financing.

The **net cash position** on 30 September 2017 was € 6.7 billion (year-end 2016: € 11.1 billion) after the 2016 dividend payment of € 1.0 billion in the second quarter with a gross cash position of € 18.0 billion (year-end 2016: € 21.6 billion).

The investigations initiated by the UK's Serious Fraud Office (SFO) and France's Parquet National Financier (PNF) following self-disclosure by Airbus to the UK authorities are ongoing. Airbus is cooperating fully with both authorities, including in respect of potential issues across Airbus' business. The SFO and PNF investigations and any penalties potentially levied as a result could have negative consequences for Airbus. The potential imposition of any monetary penalty (and the amount thereof) or other sanction arising from the SFO and PNF investigations will depend on the ultimate factual and legal findings of the investigation, and could have a material impact on the financial statements, business and operations of Airbus. However, at this stage it is too early to determine the likelihood or extent of any such possible consequence(4).

Following a review of its US regulatory compliance procedures, Airbus has discovered and subsequently informed relevant US authorities of its findings concerning certain inaccuracies in filings made with the US Department of State pursuant to Part 130 of the US International Traffic in Arms Regulations (ITAR). Airbus is cooperating with the US authorities. Airbus is unable to reasonably estimate the time it may take to resolve the matter or the amount or range of potential loss, penalty or other government action, if any, that may be incurred in connection with this matter.

Outlook

As the basis for its 2017 guidance, Airbus expects the world economy and air traffic to grow in line with prevailing independent forecasts, which assume no major disruptions.

Airbus' 2017 earnings and Free Cash Flow guidance is based on a constant perimeter:

- Airbus expects to deliver more than 700 commercial aircraft, which depends on engine manufacturers meeting commitments.
- Before M&A, Airbus expects mid-single-digit percentage growth in EBIT Adjusted and EPS Adjusted compared to 2016.
- Free Cash Flow is expected to be similar to 2016 before M&A and Customer Financing.

The perimeter change in Defence and Space is expected to reduce EBIT Adjusted and Free Cash Flow before M&A and Customer Financing by around € 150 million and EPS Adjusted by around 14 cents.

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Note to editors: Live Webcast of the Analyst Conference Call

At 08:30 a.m. CET today, you can listen to the **Nine-Month 2017 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.

Airbus – Nine-Month (9m) 2017 Results

(Amounts in Euro)

Airbus	**9m 2017**	9m 2016	Change
Revenues, in millions	**42,953**	42,705	+1%
thereof defence, in millions	**6,408**	7,190	-11%
EBIT Adjusted, in millions	**1,796**	2,408	-25%
EBIT (reported), in millions	**2,312**	2,356	-2%
Research & Development expenses, in millions	**1,918**	2,015	-5%
Net Income[3], in millions	**1,851**	1,811	+2%
Earnings Per Share (EPS)	**2.39**	2.34	+2%
Free Cash Flow (FCF), in millions	**-3,208**	-2,649	-
Free Cash Flow before M&A, in millions	**-3,781**	-4,729	-
Free Cash Flow before M&A and Customer Financing, in millions	**-3,344**	-4,184	-
Order Intake[1], in millions	**50,790**	73,218	-31%

Airbus	**30 Sept 2017**	31 Dec 2016	Change
Order Book[1], in millions	**945,186**	1,060,447	-11%
thereof defence, in millions	**38,153**	39,811	-4%
Net Cash position, in millions	**6,718**	11,113	-40%
Employees	**130,917**	133,782	-2%

For footnotes please refer to page 12.

By Business Segment	Revenues			EBIT (reported)		
(Amounts in millions of Euro)	**9m 2017**	9m 2016	Change	**9m 2017**	9m 2016	Change
Commercial Aircraft	**32,643**	31,511	+4%	**1,518**	773	+96%
Helicopters	**4,388**	4,282	+2%	**165**	200	-18%
Defence and Space	**6,733**	7,714	-13%	**900**	579	+55%
Headquarters / Eliminations	**-811**	-802	-	**-271**	804	-
Total	**42,953**	42,705	+1%	**2,312**	2,356	-2%

By Business Segment	EBIT Adjusted		
(Amounts in millions of Euro)	**9m 2017**	9m 2016	Change
Commercial Aircraft	**1,545**	1,836	-16%
Helicopters	**165**	200	-18%
Defence and Space	**357**	436	-18%
Headquarters / Eliminations	**-271**	-64	-
Total	**1,796**	2,408	-25%

By Business Segment	Order Intake[1]			Order Book[1]		
(Amounts in millions of Euro)	**9m 2017**	9m 2016	Change	**30 Sept 2017**	31 Dec 2016	Change
Commercial Aircraft	**40,814**	63,103	-35%	**897,128**	1,010,200	-11%
Helicopters	**4,729**	3,588	+32%	**11,636**	11,269	+3%
Defence and Space	**5,714**	8,189	-30%	**38,551**	41,499	-7%
Headquarters / Eliminations	**-467**	-1,662	-	**-2,129**	-2,521	-
Total	**50,790**	73,218	-31%	**945,186**	1,060,447	-11%

For footnotes please refer to page 12.

Airbus – Third Quarter Results (Q3) 2017

(Amounts in Euro)

Airbus	**Q3 2017**	Q3 2016	Change
Revenues, in millions	**14,244**	13,950	+2%
EBIT Adjusted, in millions	**697**	729	-4%
EBIT (reported), in millions	**521**	505	+3%
Net Income[(3)], in millions	**348**	50	+596%
Earnings Per Share (EPS)	**0.45**	0.06	+650%

By Business Segment	**Revenues**			**EBIT (reported)**		
(Amounts in millions of Euro)	**Q3 2017**	Q3 2016	Change	**Q3 2017**	Q3 2016	Change
Commercial Aircraft	**10,854**	10,450	+4%	**440**	353	+25%
Helicopters	**1,467**	1,595	-8%	**72**	56	+29%
Defence and Space	**2,108**	2,274	-7%	**84**	104	-19%
Headquarters / Eliminations	**-185**	-369	-	**-75**	-8	-
Total	**14,244**	13,950	+2%	**521**	505	+3%

By Business Segment	**EBIT Adjusted**		
(Amounts in millions of Euro)	**Q3 2017**	Q3 2016	Change
Commercial Aircraft	**591**	567	+4%
Helicopters	**72**	56	+29%
Defence and Space	**109**	114	-4%
Headquarters / Eliminations	**-75**	-8	-
Total	**697**	729	-4%

For footnotes please refer to page 12.

Q3 2017 Revenues increased by two percent mainly driven by Commercial Aircraft, offset by lower revenues from lower deliveries and services at Helicopters and the perimeter change at Defence and Space.

Q3 2017 EBIT Adjusted decreased by four percent, reflecting a stable performance at Commercial Aircraft as the unfavourable delivery and phasing impact, transition pricing and ramp-up costs were offset by R&D tailwind and progress on the A350 industrial ramp-up. Airbus also continued its investment in innovation at Headquarters.

Q3 2017 EBIT (reported) increased to € 521 million. It reflects net negative Adjustments of € -176 million booked in Q3 2017 related to a charge of € -80 million on the A400M programme, reflecting the production adjustment and liquidated damages incurred, portfolio Adjustments in Defence and Space of € 35 million and the impact from foreign exchange resulting from the dollar pre-delivery payment mismatch and balance sheet revaluation of € -131 million. Q3 2016 adjustments amounted to € -224 million.

In addition**,** the **Q3 2017 net income** increased to € 348 million mainly driven by positive foreign exchange effects.

(At the end of the 2016 financial year, Airbus implemented the European Securities and Markets Authority's guidelines on Alternative Performance Measures. As a result, certain items are no longer labelled as "one-offs". Such items are now labelled as "Adjustments". Airbus no longer measures and communicates its performance on the basis of "EBIT" but on the basis of "EBIT" (reported) as the difference between the two KPIs, the so called "pre-goodwill and exceptionals", has become less relevant. There is no change to the substance of the guidance. Terminology has changed such that "EBIT* before one-offs" has been replaced by "EBIT Adjusted" and "EPS* before one-offs" replaced by "EPS Adjusted". Please refer to the Glossary on page 11 for definitions of the Alternative Performance Measures.)*

EBIT (reported) / EBIT Adjusted Reconciliation

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

Airbus	**9m 2017**
EBIT (reported), in millions	**2,312**
thereof:	
A400M charge, in millions	**-150**
$ PDP mismatch/Balance Sheet revaluation, in millions	**43**
Defence Electronics divestment, in millions	**604**
Other net portfolio changes at Defence and Space, in millions	**19**
EBIT Adjusted, in millions	**1,796**

Reconciliation of 9m 2016 EBIT* before one-off to EBIT Adjusted

Airbus	**9m 2016**
EBIT* before one-off, in millions	**2,415**
Exceptionals, in millions	**-7**
EBIT Adjusted, in millions	**2,408**

*Pre-goodwill impairment and exceptionals.

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 20 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 2.1.6.
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 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) Contributions from commercial aircraft activities to Order Intake and Order Book based on list prices.
2) Thereof 452 deliveries with revenue recognition.
3) Airbus 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.
4) For more details on these investigations and the other litigation and claims, please refer to the Financial Statements and, in particular, note 20, "Litigation and claims" of the Unaudited Condensed Interim Financial Information of Airbus SE for the nine-month period ended 30 September 2017 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' 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 "Registration Document" dated 4 April 2017, including the Risk Factors section.
Any forward-looking statement contained in this press release speaks as of the date of this press release. Airbus 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.