Airbus Group 2013 Results: Another Year Of Operational And Financial Improvement

- Revenues increase 5 percent to € 59.3 billion
- EBIT* before one-off rises 21 percent to € 3.6 billion
- Net income rises 22 percent to € 1.5 billion, despite one-off charges
- Proposed 2013 dividend € 0.75 per share, up 25 percent from € 0.60 in 2012
- Airbus to increase single-aisle production rate to 46 per month in 2016
- Airbus Group expects moderate RoS growth in 2014 and confirms 2015 RoS objective
- Breakeven free cash flow before acquisitions targeted for 2014

Amsterdam, 26 February 2014 – Airbus Group (stock exchange symbol: AIR), known as EADS until 31 December 2013, reported improved full year revenues and profits, driven by increased aircraft deliveries and operational improvement across the Group.

Group **order intake**(4) in 2013 rose sharply to € 218.7 billion (FY 2012: € 102.5 billion), reflecting strong commercial momentum at Airbus and major contracts in the space business. As of 31 December 2013, the **order book**(4) was worth € 686.7 billion (year-end 2012: € 566.5 billion). The defence order book was worth € 47.3 billion (year-end 2012: € 49.6 billion).

“2013 was an important and eventful year for the Group, not least because of the far-reaching make-over of our governance, shareholder structure and strategy. On the business and operational side we again increased revenues and profits, achieved record aircraft deliveries, the A350 XWB’s first flight and initial A400M deliveries,” said Airbus Group CEO Tom Enders. “Order intake was particularly strong for our Airbus commercial aircraft and provides a solid platform for the future growth of our Group. Strong demand allows us now to increase the single-aisle production rate. The restructuring and transformation efforts of Airbus Defence and Space as well as Airbus Helicopters are progressing well and will enhance the competitiveness and profitability of these businesses. We remain strongly focused on programme execution across the whole company.”

In 2013, **revenues** increased five percent to € 59.3 billion (FY 2012: € 56.5 billion), mainly reflecting higher commercial aircraft deliveries and the A400M ramp-up. Defence revenues were stable and reflected the portfolio mix of development and long-term defence contracts.

Group **EBIT* before one-off** – an indicator capturing the underlying business margin by excluding material non-recurring charges or profits caused by movements in provisions related to programmes and restructurings or foreign exchange impacts – increased to € 3.6 billion (FY 2012: € 3.0 billion) and to € 2.3 billion for Airbus (FY 2012: € 1.8 billion). The overall improvement was driven by Airbus, which achieved good margin evolution despite the ramp up in A350 XWB support costs while the transformation efforts launched at the former Cassidian and Astrium Divisions have started to deliver results. The Group EBIT* before one-off margin increased to 6.0 percent.

Reported EBIT*(2) increased to € 2,661 million (FY 2012: € 2,144 million[a]) despite € 913 million in total one-off charges for the year. The fourth quarter of 2013 included a € 434 million net charge to reflect the higher level of costs on the A350 XWB programme as well as a € 292 million provision related to the restructuring of the Airbus Defence and Space Division and Headquarters. The finance result was € -630 million (FY 2012: € -453 million) while **net income(3)** increased to € 1,465 million (FY 2012: € 1,197 million[a]), or **earnings per share** of € 1.85 (earnings per share FY 2012: € 1.46[a]). **Self-financed research & development** (R&D) expenses were stable at € 3,160 million (FY 2012: € 3,142 million).

Based on earnings per share (EPS) of € 1.85, the Airbus Group Board of Directors will propose to the Annual General Meeting the payment to shareholders of a dividend of € 0.75 per share on 3 June 2014 (FY 2012: € 0.60 per share). The record date should be 2 June 2014.

“In December we announced our dividend policy and we are now implementing this following the solid progress we made during the year,” said Harald Wilhelm, CFO of Airbus Group. “For our shareholders, this proposed dividend represents a pay-out ratio of 40 percent and a year-on-year dividend per share growth of 25 percent.”

Free cash flow before acquisitions amounted to € -818 million (FY 2012: € 1,449 million) and reflected the increased investment required to support programmes in production and development. The last quarter of 2013 benefited from a very strong cash performance.

Capital expenditure of € 2.9 billion was mainly driven by progress on A350 XWB development aircraft and includes development costs capitalised under IAS 38 of € 354 million for the A350 XWB. The **net cash position** at the end of 2013 was € 9.1 billion (year-end 2012: € 12.3 billion) after taking into account the € 1.9 billion invested in the share buyback programme and a dividend payment of € 469 million. The gross cash balance at the end of 2013 was € 14.7 billion, providing financial flexibility and security.

Outlook

As the basis for its 2014 guidance, Airbus Group expects the world economy and air traffic to grow in line with prevailing independent forecasts and assumes no major disruptions.

In 2014, Airbus deliveries should be about the same level as in 2013, including the first A350 XWB delivery. Gross commercial aircraft orders should be above the level of deliveries.

Assuming an exchange rate of € 1 = $ 1.35, Airbus Group revenues should be stable compared to 2013.

In 2014, using EBIT* before one-off, Airbus Group expects moderate return on sales growth and confirms its 2015 return on sales target of 7-8 percent(7). The EBIT* and EPS* performance of Airbus Group will depend on the Group's ability to limit "one-off" charges. Going forward, from today's point of view, the one-offs should be limited to potential charges on the A350 XWB programme and foreign exchange effects linked to the pre-delivery payment (PDP) mismatch and balance sheet revaluation.

The A350 XWB programme remains challenging. Any change to the schedule and cost assumptions could lead to an increasingly higher impact on provisions.

Airbus Group is targeting breakeven free cash flow before acquisitions in 2014.

Divisional Performance In 2013

In 2013, **Airbus** achieved a new industry record of 1,619 gross commercial orders (FY 2012: 914 gross orders) with net orders of 1,503 aircraft (FY 2012: 833 net orders), excluding ATR. Gross orders comprised 1,253 A320 Family aircraft, 77 A330s, 239 A350 XWBs and 50 A380s. Fourth-quarter orders included Emirates Airline's agreement for 50 A380s and Etihad Airways' order for 50 A350 XWBs, 36 A320neos and one A330-200F. **Airbus Military (now part of Airbus Defence and Space)** received 17 net orders (FY 2012: 32 net orders).

Airbus' net order intake increased sharply to € 202.3 billion (FY 2012: € 88.9 billion[a]). At the end of 2013, Airbus' consolidated order book was valued at € 647.4 billion (year-end 2012: € 525.5 billion[a]). The Airbus Commercial backlog was worth € 627.1 billion (year-end 2012: € 505.3 billion[a]), comprising 5,559 Airbus aircraft (year-end 2012: 4,682 units) and representing over eight years of production. Airbus Military's order book was worth € 20.8 billion (year-end 2012: € 21.1 billion). Airbus series aircraft deliveries increased to 626 aircraft (FY 2012: 588 aircraft, including three A330s without revenue recognition). Airbus Military delivered 31 aircraft (FY 2012: 29 aircraft).

The strong on-going market demand for the A320ceo (current engine option) and the long-term demand for the A320neo (new engine option) triggered a decision to increase single-aisle aircraft production to 46 aircraft a month in 2016.

The A350 XWB programme is progressing towards certification, with more than 1,000 flight test hours accumulated. The ultimate load test of the wing has now been completed and the programme remains on track to achieve entry-into-service by the end of 2014. Airbus is now in the most critical phase of the A350 XWB programme. The fourth quarter charge of € 434 million reflects a re-assessment of actual and estimated unit cost. Improvement actions have been launched to converge on cost targets. The industrial ramp-up preparation is underway and associated risks will continue to be closely monitored in line with the schedule, aircraft performance and overall cost envelope, as per customers' commitments.

The initial two A400Ms were delivered to the French Air Force during 2013 while the third aircraft, for Turkey, is awaiting acceptance in the delivery centre. The industrial ramp-up is well underway. Progressive enhancement of military capability will follow with upgrades to be agreed and concluded with customers.

Airbus' consolidated revenues increased seven percent to € 42,012 million (FY 2012: € 39,273 million[a]), reflecting higher commercial and military aircraft deliveries. The Division's consolidated EBIT* rose to € 1,710 million (FY 2012: € 1,252 million[a]). Airbus Commercial's revenues rose to € 39,889 million (FY 2012: € 37,624 million[a]). The Airbus Commercial reported EBIT* was € 1,595 million (FY 2012: € 1,147 million[a]) with the EBIT* before one-off at € 2,216 million (FY 2012: € 1,669 million[a]). Airbus Commercial's EBIT* before one-off benefitted from the improved operational performance, including favourable volume, some better pricing and an improvement in A380 losses. It also included higher A350 XWB programme support costs. Revenues at Airbus Military rose to € 2,893 million (FY 2012: € 2,131 million), driven by the A400M ramp-up and higher volumes from both light and medium transport planes and tankers. The EBIT* at Airbus Military was € 166 million (FY 2012: € 93 million).

Order intake at **Eurocopter (now Airbus Helicopters)** rose seven percent to € 5,775 million (FY 2012: € 5,392 million) with the number of net bookings declining to 422 units (FY 2012: 469 units). As of 31 December 2013, the Eurocopter order book was worth € 12.4 billion (year-end 2012: € 12.9 billion), comprising 995 helicopters (year-end 2012: 1,070 helicopters). Deliveries during 2013 rose to 497 helicopters (FY 2012: 475 helicopters). The EC225 returned to service with all operators worldwide. In January 2014, certification was received from the European Aviation Safety Agency for the new EC175 model, allowing entry-into-service to follow later in 2014.

Eurocopter's revenues were stable at € 6,297 million (FY 2012: € 6,264 million) while EBIT* increased to € 397 million (FY 2012: € 309 million[a]), with the year-earlier figure including a € 100 million charge for governmental programme renegotiations. EBIT* before one-off was broadly stable. A transformation plan has been launched to improve profitability and competitiveness, customer satisfaction, productivity, quality and safety.

Order intake at **Astrium (now part of Airbus Defence and Space)** rose significantly in 2013 to € 6.2 billion (FY 2012: € 3.8 billion) with the order book worth € 13.1 billion as of December 31, 2013 (year-end 2012: € 12.7 billion). The book-to-bill ratio was above 1. In the final quarter of 2013, Astrium received a frame contract from Arianespace for 18 higher capacity Ariane 5 ECA launchers, while the European Space Agency awarded a contract related to operating and maintaining the International Space Station (ISS). Four Ariane 5 launches were conducted in 2013, bringing the number of successful consecutive launches to 57. Six Astrium-built satellites were successfully delivered during the year with fourth-quarter satellite launches including the Gaia space telescope and the Swarm constellation. The fourth Automated Transfer Vehicle completed its mission to service the ISS.

Astrium's revenues were € 5,784 million (FY 2012: € 5,817 million) with an EBIT* of € 347 million (FY 2012: € 311 million[a]), reaching a six percent return on sales for the first time. The EBIT* improvement was driven by volume and productivity in the launchers, defence and satellites businesses as well as margin improvement from the early deployment of the AGILE transformation programme. These positive factors mitigated lower services activity.

Net order intake at **Cassidian (now part of Airbus Defence and Space)** was stable at € 5.0 billion (FY 2012: € 5.0 billion) while at the end of December 2013, its order book was worth € 14.3 billion (year-end 2012: € 15.6 billion). During the fourth quarter, the 400th aircraft in the Eurofighter Typhoon programme was delivered to the German Air Force while Austria placed an order for six Tracker mini unmanned aerial systems. In addition, MBDA received an important contract for a new anti-tank weapon from France and secured further business in the Middle East. Revenues increased to € 5,976 million (FY 2012: € 5,740 million) with an EBIT* of € 432 million (FY 2012: € 128 million[a]), representing more than a seven percent return on sales. The operational performance at Cassidian reflected a strong increase in underlying profitability driven by volume, productivity and the transformation efforts launched in December 2012. The 2012 EBIT* included € 198 million in charges linked to restructuring and portfolio de-risking.

* Airbus Group uses **EBIT pre-goodwill impairment and exceptionals** as a key indicator of its economic performance. The term "exceptionals" refers to such items as depreciation expenses of fair value adjustments relating to the EADS merger, the Airbus Combination and the formation of MBDA, as well as impairment charges thereon.

a. Certain year-end 2012 figures have been restated to reflect the change to pension accounting under IAS 19 while Airbus' figures also reflect the inclusion of ATR and Sogerma within Airbus Commercial. ATR and Sogerma were formerly included in Other Businesses.

Airbus Group

Airbus Group is a global leader in aerospace, defence and related services. In 2013, the Group – comprising Airbus, Airbus Defence and Space and Airbus Helicopters – generated revenues of € 59.3 billion and employed a workforce of around 144,000.

(The legal name change from European Aeronautic Defence and Space Company EADS N.V. ("EADS N.V.") to Airbus Group N.V. is subject to the approval of the Annual General Meeting).

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Note to editors: Live-Transmission of the Airbus Group Analyst Conference Call on the Internet

You can listen to the **Full-Year 2013 Results Analyst Conference Call** today at 10:30 a.m. CET with Chief Executive Officer Tom Enders and Chief Financial Officer Harald Wilhelm on the Airbus Group website: www.airbus-group.com. Please click on the front page banner. A recording of the call will be made available in due course.

Full-Year (FY) Results 2013

(Amounts in euro)

Airbus Group (EADS In 2013)	**FY 2013**	FY 2012	Change
Revenues, in millions	**59,256**	56,480	+5%
thereof defence, in millions	**12,076**	11,605	+4%
EBITDA [(1)], in millions	**4,575**	4,142[a]	+10%
EBIT [(2)], in millions	**2,661**	2,144[a]	+24%
Research & Development expenses, in millions	**3,160**	3,142	+1%
Net Income [(3)], in millions	**1,465**	1,197[a]	+22%
Earnings Per Share (EPS) [(3)]	**1.85**	1.46[a]	+27%
Free Cash Flow (FCF), in millions	**-834**	1,248	-
Free Cash Flow before Acquisitions, in millions	**-818**	1,449	-
Free Cash Flow before Customer Financing, in millions	**-515**	1,394	-
Dividend per share[(6)]	**0.75**	0.60	+25%
Order Intake [(4)], in millions	**218,681**	102,471	+113%

Airbus Group (EADS In 2013)	**31 Dec 2013**	31 Dec 2012	Change
Order Book [(4)], in millions	**686,734**	566,493	+21%
thereof defence, in millions	**47,250**	49,570	-5%
Net Cash position, in millions	**9,054**	12,292	-26%
Employees	**144,061**	140,405	+3%

For footnotes please refer to page 12.

by EADS Division	Revenues			EBIT [2]		
(Amounts in millions of Euro)	**FY 2013**	FY 2012	Change	**FY 2013**	FY 2012	Change
Airbus Division [5]	**42,012**	39,273[a]	+7%	**1,710**	1,252[a]	+37%
Airbus Commercial	**39,889**	37,624[a]	+6%	**1,595**	1,147[a]	+39%
Airbus Military	**2,893**	2,131	+36%	**166**	93	+78%
Eurocopter	**6,297**	6,264	+1%	**397**	309[a]	+28%
Astrium	**5,784**	5,817	-1%	**347**	311[a]	+12%
Cassidian	**5,976**	5,740	+4%	**432**	128[a]	+238%
Headquarters / Eliminations	**-1,222**	-1,200[a]	-	**-218**	142[a]	-
Other Businesses	**409**	586[a]	-30%	**-7**	2[a]	-
Total	**59,256**	56,480	+5%	**2,661**	2,144[a]	+24%

by EADS Division	Order Intake [4]			Order Book [4]		
(Amounts in millions of Euro)	**FY 2013**	FY 2012	Change	**31 Dec 2013**	31 Dec 2012	Change
Airbus Division [5]	**202,260**	88,909[a]	+127%	**647,410**	525,482[a]	+23%
Airbus Commercial	**199,867**	87,283[a]	+129%	**627,113**	505,333[a]	+24%
Airbus Military	**2,592**	1,901	+36%	**20,814**	21,139	-2%
Eurocopter	**5,775**	5,392	+7%	**12,420**	12,942	-4%
Astrium	**6,169**	3,761	+64%	**13,077**	12,734	+3%
Cassidian	**4,974**	5,040	-1%	**14,296**	15,611	-8%
Headquarters / Eliminations	**-785**	-1,103[a]	-	**-823**	-770[a]	-
Other Businesses	**288**	472[a]	-39%	**354**	494[a]	-28%
Total	**218,681**	102,471	+113%	**686,734**	566,493	+21%

For footnotes please refer to page 12.

Fourth Quarter Results (Q4) 2013

Airbus Group (EADS In 2013)	**Q4 2013**	Q4 2012	Change
Revenues, in millions	**19,290**	19,222	0%
EBIT (2), in millions	**515**	561[a]	-8%
Net Income (3), in millions	**270**	317[a]	-15%
Earnings Per Share (EPS) (3)	**0.34**	0.39[a]	-13%

By EADS Division	**Revenues**			**EBIT** (2)		
(Amounts in millions of Euro)	**Q4 2013**	Q4 2012	Change	**Q4 2013**	Q4 2012	Change
Airbus Division (5)	**13,242**	13,222[a]	0%	**208**	408[a]	-49%
Airbus Commercial	**12,337**	12,469[a]	-1%	**74**	324[a]	-77%
Airbus Military	**1,124**	937	+20%	**158**	85	+86%
Eurocopter	**2,165**	2,148	+1%	**180**	34[a]	+429%
Astrium	**1,770**	1,883	-6%	**142**	121[a]	+17%
Cassidian	**2,478**	2,256	+10%	**279**	-17[a]	-
Headquarters / Eliminations	**-478**	-412[a]	-	**-291**	5[a]	-
Other Businesses	**113**	125[a]	-10%	**-3**	10[a]	-
Total	**19,290**	19,222	0%	**515**	561[a]	-8%

Q4 2013 revenues were flat compared to the fourth quarter of 2012.

Q4 EBIT* decreased by eight percent. Despite an improved underlying performance in the four Divisions, the decline reflected the higher “one-off” charges booked in the fourth quarter of 2013 compared to the fourth quarter of 2012.

For footnotes please refer to page 12.

Appendix – Airbus Defence and Space Full-Year (FY) Results 2013 (restated)

Airbus Defence and Space	**FY 2013**	FY 2012	Change
Order Intake, in millions	**13,454**	10,512	+28%
Order Book, in millions	**47,845**	49,219	-3%
Revenues, in millions	**14,422**	13,520	+7%
Research & Development expenses, in millions	**382**	374	+2%
EBIT(2) **before one-off,** in millions	**942**	720	+31%
EBIT(2), in millions	**690**	522	+32%

For footnotes please refer to page 12.

Footnotes:

1) Earnings before interest, taxes, depreciation, amortisation and exceptionals.
2) Earnings before interest and taxes, pre goodwill impairment and exceptionals.
3) Airbus Group continues to use the term Net Income. It is identical with Profit for the period attributable to equity owners of the parent as defined by IFRS Rules.
4) Contributions from commercial aircraft activities to Order Intake and Order Book based on list prices.
5) The reportable Segments Airbus Commercial and Airbus Military form the Airbus Division. Eliminations are treated at the Division level.
6) To be proposed to the Annual General Meeting.
7) Return on sales for EBIT* before one-off, including A350 XWB dilution with a €/$ exchange rate of 1.35.

Safe Harbour Statement:

Certain statements contained in this press release are not historical facts but rather are statements of future expectations and other forward-looking statements that are based on management's beliefs. These statements reflect Airbus Group's views and assumptions as of the date of the statements and involve known and unknown risk and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

When used in this press release, words such as "anticipate", "believe", "estimate", "expect", "may", "intend", "plan to" and "project" are intended to identify forward-looking statements.

This forward looking information is based upon a number of assumptions including without limitation: assumption regarding demand, current and future markets for Airbus Group's products and services, internal performance, customer financing, customer, supplier and subcontractor performance or contracts negotiations, favourable outcomes of certain pending sales campaigns.

Forward looking statements are subject to uncertainty and actual future results and trends may differ materially depending on variety of factors including without limitation: general economic and labour conditions, including in particular economic conditions in Europe, North America and Asia, legal, financial and governmental risk related to international transactions, the cyclical nature of some of Airbus Group's businesses, volatility of the market for certain products and services, product performance risks, collective bargaining labour disputes, factors that result in significant and prolonged disruption to air travel worldwide, the outcome of political and legal processes, including uncertainty regarding government funding of certain programs, consolidation among competitors in the aerospace industry, the cost of developing, and the commercial success of new products, exchange rate and interest rate spread fluctuations between the euro and the U.S. dollar and other currencies, legal proceeding and other economic, political and technological risk and uncertainties. Additional information regarding these factors is contained in the Company's "registration document" dated 3 April 2013. For more information, please refer to www.airbus-group.com.