

Airbus reports Half-Year (H1) 2020 results

- Industrial system adjusted to new production levels, cash containment and business resizing on track
- H1 financials reflect COVID-19 impact mitigated by adaptation measures
- Revenues € 18.9 billion; EBIT Adjusted € -0.9 billion, including € -0.9 billion COVID-19 related charges
- EBIT (reported) € -1.6 billion; loss per share (reported) € -2.45
- Free cash flow before M&A and customer financing € -12.4 billion, € -4.4 billion in Q2
- Strong liquidity underpins business resilience and flexibility

Amsterdam, 30 July 2020 – Airbus SE (stock exchange symbol: AIR) reported consolidated financial results for the Half-Year (H1) ended 30 June 2020.

“The impact of the COVID-19 pandemic on our financials is now very visible in the second quarter, with H1 commercial aircraft deliveries halving compared to a year ago,” said Airbus Chief Executive Officer Guillaume Faury. “We have calibrated the business to face the new market environment on an industrial basis and the supply chain is now working in line with the new plan. It is our ambition to not consume cash before M&A and customer financing in H2 2020. We face a difficult situation with uncertainty ahead, but with the decisions we have taken, we believe we are adequately positioned to navigate these challenging times in our industry.”

Net commercial aircraft orders totalled 298 (H1 2019: 88 aircraft), including 8 aircraft in Q2, with the order backlog comprising 7,584 commercial aircraft as of 30 June 2020. Airbus Helicopters booked 75 net orders (H1 2019: 123 units), including 3 H145s, 1 Super Puma and 1 H160 during the second quarter alone. Airbus Defence and Space’s order intake increased to € 5.6 billion.

Consolidated **revenues** decreased to € 18.9 billion (H1 2019: € 30.9 billion), driven by the difficult market environment impacting the commercial aircraft business with around 50% fewer deliveries year-on-year. This was partly offset by more favourable foreign exchange rates. A total of 196 commercial aircraft were delivered (H1 2019: 389 aircraft), comprising 11 A220s, 157 A320 Family, 5 A330s and 23 A350s. Airbus Helicopters reported stable revenues, reflecting lower deliveries of 104 units (H1 2019: 143 units) partially compensated by higher services. Revenues at Airbus Defence and Space were impacted by lower volume and mix, in particular at Space Systems, as well as delays in some programmes caused by the COVID-19 situation.

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 € -945 million (H1 2019: € 2,529 million).

Airbus' EBIT Adjusted of € -1,307 million (H1 2019: € 2,193 million⁽¹⁾) mainly reflected the reduced commercial aircraft deliveries and lower cost efficiency. Steps have been taken to adapt the cost structure to the new levels of production, the benefits of which are materialising as the plan is executed. Also included in the EBIT Adjusted is € -0.9 billion of COVID-19 related charges.

Commercial aircraft are now being produced at rates in accordance with the new production plan announced in April 2020, in response to the COVID-19 situation. The current market situation has led to a slight adjustment in the A350 rate from 6 to 5 aircraft a month for now. On the A220, the Final Assembly Line (FAL) in Mirabel, Canada, is expected to progressively return to pre-COVID levels at rate 4 while the new FAL in Mobile, US, opened as planned in May. At the end of June, around 145 commercial aircraft could not be delivered due to COVID-19.

Airbus Helicopters' EBIT Adjusted increased to € 152 million (H1 2019: € 125 million), reflecting a favourable mix, mainly in military, and higher services partially offset by the lower deliveries. The five-bladed H145 and H160 helicopters were recently certified by the European Union Aviation Safety Agency.

EBIT Adjusted at Airbus Defence and Space decreased to € 186 million (H1 2019: € 233 million), reflecting the COVID-19 impact, mainly in Space Systems, partly offset by cost reduction measures. The Division's restructuring plan was updated to also reflect the impact of the coronavirus pandemic.

Three A400M transport aircraft were delivered in H1 2020. The certification of automatic low-level flight capability and simultaneous paratrooper dispatch were achieved in H1 2020, marking major milestones towards the aircraft's full development. A400M retrofit activities are progressing in close alignment with customers.

Consolidated **self-financed R&D expenses** totalled € 1,396 million (H1 2019: € 1,423 million).

Consolidated **EBIT** (reported) was € -1,559 million (H1 2019: € 2,093 million), including Adjustments totalling a net € -614 million. These Adjustments comprised:

- € -332 million related to A380 programme cost, of which € -299 million was in Q2;
- € -165 million related to the dollar pre-delivery payment mismatch and balance sheet valuation, of which € -31 million was in Q2;
- € -117 million of other costs, including compliance, of which € -82 million was in Q2.

The consolidated reported **loss per share** of € -2.45 (H1 2019 earnings per share: € 1.54) includes the financial result of € -429 million (H1 2019: € -215 million). The financial result reflects a net € -212 million related to Dassault Aviation as well as the impairment of a loan to OneWeb, recorded in Q1 2020 for an amount of € -136 million. The consolidated **net loss**⁽²⁾ was € -1,919 million (H1 2019 net income: € 1,197 million).

Consolidated **free cash flow before M&A and customer financing** amounted to € -12,440 million (H1 2019: € -3,981 million) of which € -4.4 billion was in Q2. The corresponding figure for Q1 2020 excluding the penalty payments - related to January's compliance settlement with the authorities - was also at € -4.4 billion, demonstrating that cash containment measures including the adjustment of incoming supply started to become effective. These measures partially compensated for the reduced cash inflow from the low number of commercial aircraft deliveries in Q2.

Capital expenditure in H1 was stable year-on-year at around € 0.9 billion with Full-Year 2020 capex still expected to be around € 1.9 billion. Consolidated **free cash flow** was € -12,876 million (H1 2019: € -4,116 million). The consolidated **net debt position** was € -586 million on 30 June 2020 (year-end 2019 net cash position: € 12.5 billion) with a **gross cash position** of € 17.5 billion (year-end 2019: € 22.7 billion).

The Company's Full-Year 2020 guidance was withdrawn in March. The impact of COVID-19 on the business continues to be assessed and given the limited visibility, in particular with respect to the delivery situation, no new guidance is issued.

Key post-closing events

In the frame of COVID-19, discussions are progressing with social partners. A restructuring provision is expected to be recognised once the necessary conditions are fulfilled. The amount is expected to be between € 1.2 billion and € 1.6 billion.

The UK Serious Fraud Office (SFO) has requisitioned GPT Special Project Management Ltd (GPT) to appear in court for prosecution on a single corruption-related charge. GPT is a UK company that operated in Saudi Arabia which was acquired by Airbus in 2007 and ceased operations in April 2020. The SFO's investigation related to contractual arrangements originating prior to GPT's acquisition and continuing thereafter. A resolution of GPT, whatever its form, will not affect the 31 January 2020 UK Deferred Prosecution Agreement and a value has been provisioned in the Airbus accounts⁽³⁾.

On 24 July 2020, the Company announced it had agreed with the governments of France and Spain to make amendments to the A350 Repayable Launch Investment (RLI) contracts to end the long-standing World Trade Organisation (WTO) dispute and remove any justification for US tariffs. After 16 years of litigation at the WTO, this final step removes the last contentious point by amending the French and Spanish contracts to what the WTO considers the appropriate interest rate and risk assessment benchmarks⁽³⁾.

Note to editors: Live Webcast of the Analyst Conference Call

At **08:15 CEST** on 30 July 2020, you can listen to the **H1 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.

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Consolidated Airbus – Half-Year (H1) Results 2020

(Amounts in Euro)

Consolidated Airbus	H1 2020	H1 2019	Change
Revenues , in millions	18,948	30,866	-39%
thereof defence, in millions	4,092	4,085	0%
EBIT Adjusted , in millions	-945	2,529	-
EBIT (reported) , in millions	-1,559	2,093	-
Research & Development expenses , in millions	1,396	1,423	-2%
Net Income/Loss⁽²⁾ , in millions	-1,919	1,197	-
Earnings/Loss Per Share	-2.45	1.54	-
Free Cash Flow (FCF) , in millions	-12,876	-4,116	-
Free Cash Flow before M&A , in millions	-12,373	-3,998	-
Free Cash Flow before M&A and Customer Financing , in millions	-12,440	-3,981	-

Consolidated Airbus	30 June 2020	31 Dec 2019	Change
Net Cash/Debt position , in millions	-586	12,534	-
Employees	135,154	134,931	0%

For footnotes please refer to page 10.

By Business Segment	Revenues			EBIT (reported)		
	H1 2020	H1 2019 ⁽¹⁾	Change	H1 2020	H1 2019 ⁽¹⁾	Change
(Amounts in millions of Euro)						
Airbus	12,533	24,043	-48%	-1,808	2,006	-
Airbus Helicopters	2,333	2,371	-2%	152	124	+23%
Airbus Defence and Space	4,551	5,015	-9%	73	-15	-
Eliminations	-469	-563	-	24	-22	-
Total	18,948	30,866	-39%	-1,559	2,093	-

By Business Segment	EBIT Adjusted		
	H1 2020	H1 2019 ⁽¹⁾	Change
(Amounts in millions of Euro)			
Airbus	-1,307	2,193	-
Airbus Helicopters	152	125	+22%
Airbus Defence and Space	186	233	-20%
Eliminations	24	-22	-
Total	-945	2,529	-

By Business Segment	Order Intake (net)			Order Book		
	H1 2020	H1 2019	Change	30 June 2020	30 June 2019	Change
Airbus, in units	298	88	+239%	7,584	7,276	+4%
Airbus Helicopters, in units	75	123	-39%	666	697	-4%

Airbus Defence and Space, in millions of Euro	5,588	4,220	+32%	N/A	N/A	N/A
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For footnotes please refer to page 10.

Consolidated Airbus – Second Quarter (Q2) Results 2020

(Amounts in Euro)

Consolidated Airbus	Q2 2020	Q2 2019	Change
Revenues , in millions	8,317	18,317	-55%
EBIT Adjusted , in millions	-1,226	1,980	-
EBIT (reported) , in millions	-1,638	1,912	-
Net Income/Loss⁽²⁾ , in millions	-1,438	1,157	-
Earnings/Loss Per Share (EPS)	-1.84	1.49	-

By Business Segment	Revenues			EBIT (reported)		
	Q2 2020	Q2 2019 ⁽¹⁾	Change	Q2 2020	Q2 2019 ⁽¹⁾	Change
(Amounts in millions of Euro)						
Airbus	4,964	14,346	-65%	-1,865	1,687	-
Airbus Helicopters	1,131	1,364	-17%	99	115	-14%
Airbus Defence and Space	2,440	2,903	-16%	126	102	+24%
Eliminations	-218	-296	-	2	8	-75%
Total	8,317	18,317	-55%	-1,638	1,912	-

By Business Segment	EBIT Adjusted		
	Q2 2020	Q2 2019 ⁽¹⁾	Change
(Amounts in millions of Euro)			
Airbus	-1,498	1,730	-
Airbus Helicopters	99	110	-10%
Airbus Defence and Space	171	132	+30%
Eliminations	2	8	-75%
Total	-1,226	1,980	-

For footnotes please refer to page 10.

Q2 2020 revenues decreased by 55%, mainly driven by lower deliveries at Airbus and Airbus Helicopters, and lower revenues at Airbus Defence and Space.

Q2 2020 EBIT Adjusted of € -1,226 million reflected low commercial aircraft deliveries and COVID-19 related charges.

Q2 2020 EBIT (reported) of € -1,638 million included net Adjustments of € -412 million. Net Adjustments in the second quarter of 2019 amounted to € -68 million.

Q2 2020 Net Loss of € -1,438 million mainly reflected EBIT (reported) 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)	H1 2020
EBIT (reported)	-1,559
thereof:	
A380 programme cost	-332
\$ PDP mismatch/balance sheet revaluation	-165
Others	-117
EBIT Adjusted	-945

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 Universal Registration Document, MD&A section 2.1.6.
FCF	For the definition of the alternative performance measure free cash flow, see 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.
- 3) For more details on these legal developments, please refer to the Financial Statements and, in particular, note 24, “Litigation and claims” of the Unaudited Condensed Interim IFRS Consolidated Financial Information of Airbus SE for the six-month period ended 30 June 2020 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 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 six-month period ended 30 June 2020 published 30 July 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.