Full-Year 2017 results: Airbus overachieved on all key performance indicators

- **Strong underlying business performance**
- **Revenues €67bn; EBIT Adjusted €4.3bn; EBIT (reported) €3.4bn; EPS (reported) €3.71**
- **Proposed 2017 dividend €1.50 per share, up 11 percent from 2016**
- **Solid commercial environment: book-to-bill of 1.5, record backlog supporting ramp-up**
- **Free cash flow before M&A and customer financing € 2.9 billion**
- **A400M charge € 1.3 billion in 2017; clear roadmap mitigating future risk**
- **Airbus expects around a 20 percent increase in EBIT Adjusted in 2018**

Airbus SE (stock exchange symbol: AIR) reported 2017 financial results and provided an outlook for 2018. It overachieved on its 2017 guidance for all key performance indicators, driven by a strong underlying performance.

“We overachieved on all our 2017 KPIs thanks to a very good operational performance, especially in the last quarter,” said Airbus Chief Executive Officer Tom Enders. “Despite persistent engine issues on the A320neo, we continued the production ramp-up and finally delivered a record number of aircraft. On A400M, we made progress on the industrial and capabilities front and agreed a re-baselining with government customers which will significantly reduce the remaining programme risks. This is reflected in a substantial one-off charge. Overall, the strength of our 2017 achievements is reflected in our dividend proposal which is up 11 percent against last year. This also endorses our earnings and cash growth story for the future.”

Order intake(1) increased to € 158 billion (2016: € 134 billion) with the**order book**(1) valued at € 997 billion as of 31 December 2017 (year-end 2016: € 1,060 billion). A total of 1,109 net commercial aircraft orders were received (2016: 731 aircraft), with a book-to-bill ratio of 1.5. The backlog by units reached a record year-end level of 7,265 commercial aircraft.

Net helicopter orders totalled 335 units (2016: 353 units), including 48 Super Puma Family rotorcraft and 17 H175s. By value in euros, the book-to-bill ratio in Helicopters was around 1.

At Defence and Space, good momentum was seen in military aircraft with the order intake including 22 light and medium transport aircraft, five A330 MRTT tankers and the Eurofighter contract with Kuwait. Two all-electric telecommunication satellites were booked in the fourth quarter despite a soft market environment. Defence and Space’s perimeter changes had a negative impact of € 1.9 billion on the order book and € 1.5 billion on order intake.

Revenues were stable at € 66.8 billion (2016: € 66.6 billion) with higher aircraft deliveries offset by a reduction in revenues of around € 2 billion from the perimeter changes. CommercialAircraft revenues rose by 3.5 percent with record deliveries of 718 aircraft (2016: 688 aircraft) comprising 558 A320 Family, 78 A350 XWBs, 67 A330s and 15 A380s. Helicopters' revenues were slightly lower with deliveries of 409 units (2016: 418 units). Revenues at Defence and Space reflected the Division's perimeter changes of around € 1.7 billion but were seven percent higher on a comparable basis driven mainly by military aircraft.

EBIT Adjusted – an alternativeperformance 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 – increased to € 4,253 million (2016: € 3,955 million).

Commercial Aircraft's EBIT Adjusted of € 3,554 million (2016: € 2,811 million) reflected the strong delivery performance supported by improved foreign exchange rates.

A total of 181 A320neo Family aircraft were delivered, up from 68 during 2016. Supplier Pratt & Whitney introduced new engine fixes in the fourth quarter which have been certified. A new issue has arisen recently, the impact of which is under assessment with respect to 2018 deliveries. CFM International meanwhile experienced some maturity issues in 2017 on some batches of the LEAP-1A engine. The A320neo ramp-up remains challenging and requires that the engine suppliers deliver in line with commitments. On the A350, good progress was made with the industrial ramp-up, recurring cost convergence and the reduction of outstanding work in the Final Assembly Line, which has been significantly reduced. The A350 programme is preparing to reach the targeted monthly production rate of 10 by the end of 2018. Meanwhile, Emirates Airline's latest order provides increased visibility on the A380 programme for the years to come.

Helicopters' EBIT Adjusted declined to € 337 million (2016: € 350 million) but was broadly stable on a comparable basis. Lower deliveries, an unfavourable mix and lower commercial flight hours in services were compensated by transformation efforts which have globally supported the Division's competitiveness in a challenging market. The sale of the maintenance, repair and overhaul business Vector Aerospace was closed in November.

Defence and Space's EBIT Adjusted amounted to € 872 million (2016: € 1,002 million), reflecting the perimeter changes but was broadly stable on a comparable basis.

On the A400M programme, good progress was made on the industrial side with 19 aircraft delivered compared to 17 in 2016. The production rate was adjusted to recalibrate inventory levels while the military capability roadmap was re-baselined. In 2017, Airbus entered into discussions with OCCAR and the customer Nations that resulted in the signature of a Declaration of Intent (DoI) in February agreeing on a global re-baselining of the contract, including a revised aircraft delivery schedule, an updated technical capability roadmap and a revised retrofit schedule. The DoI represents an important step towards reaching a contractually binding agreement also mitigating the commercial exposure while satisfying customer needs with regard to capabilities and availability of the aircraft. With a clear roadmap in place, Airbus' remaining exposure going forward is expected to be more limited. A detailed review of the programme concluded in the fourth quarter of 2017 including an estimate of the financial impact of the adaptions on schedule, capabilities and retrofit resulted in an update of the Loss Making Contract provision of € 1,299 million for the year.

Group **self-financed R&D expenses** declined to € 2,807 million (2016: € 2,970 million).

EBIT(reported) increased to € 3,421 million (2016: € 2,258 million) including Adjustments totalling a net € -832 million compared to net Adjustments of € -1,697 million in 2016. The 2017 Adjustments mainly comprised:

- The total charge of € 1,299 million related to the A400M programme, including € 1,149 million in the fourth quarter
- A negative impact of € 117 million related to compliance, comprising an administrative penalty notice connected to the termination of the Eurofighter Austria investigation by the Munich Public Prosecutor and some legal costs incurred in the fourth quarter related to ongoing investigations;
- A net loss of € 20 million related to other M&A activities;
- A net capital gain of € 604 million from the divestment of the Defence Electronics business, which is unchanged from the Nine-Month 2017 disclosure.

Net income[(2)] increased to € 2,873 million (2016: € 995 million) after the EBIT Adjustments with **earnings per share** of € 3.71 (2016: € 1.29). EPS also included a strong positive impact mainly from the revaluation of financial instruments and balance sheet items, reflecting the euro/dollar rate evolution as well as an adjustment on the A380 Refundable Launch Investment following a review of the commercial assumptions. The finance result was € 1,149 million (2016: € -967 million).

The Board of Directors will propose to the Annual General Meeting the payment of a 2017 dividend of € 1.50 per share on 18 April 2018 (2016: € 1.35 per share). The date of record is 17 April 2018.

Free cash flow before M&A and customer financing improved significantly to € 2,949 million (2016: € 1,408 million), supported by the earnings performance and record aircraft deliveries although the A400M continued to weigh significantly. **Free cash flow** of € 3,735 million (2016: € 3,181 million) includednet proceeds of around € 600 million from the Defence Electronics disposal and around € 400 million from the Vector Aerospace sale.

The aircraft financing environment remains healthy with a high level of liquidity available in the market at good rates for Airbus aircraft. In 2017, Export Credit Agency (ECA) financing had not been made available to Airbus but Airbus and the ECAs have now reached agreement on a process under which Airbus is able to resume making applications for ECA-backed financing for its customers across the group on a case-by-case basis. Airbus anticipates a return to ECA cover in 2018 for a limited number of transactions while the level of appetite for commercial financing remains high.

The **net cash position** on 31 December 2017 was € 13.4 billion (year-end 2016: € 11.1 billion) after the 2016 dividend payment of € 1.0 billion and around € 500 million in pension fund contributions. The gross cash position was € 24.6 billion (year-end 2016: € 21.6 billion).

Airbus' 2018 guidance is issued considering the full implementation of IFRS 15, which is now the standard for revenue recognition[4].

Outlook
As the basis for its 2018 guidance, Airbus expects the world economy and air traffic to grow in line with prevailing independent forecasts, which assume no major disruptions.

Airbus' 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 € 4,253 million, Airbus expects, before M&A:

Ø An increase in EBIT Adjusted of approximately 20 percent.
Ø IFRS 15 is expected to further increase EBIT Adjusted by an estimated € 0.1bn.

- 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 € 67 billion 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.

Note to editors: Live Webcast of the Analyst Conference Call and Annual Press Conference

At 07:45 a.m. CET today, you can listen to the **Full-Year 2017 Results Analyst Conference Call** with Chief Executive Officer Tom Enders and Chief Financial Officer Harald Wilhelm via http://www.airbus.com/newsroom/events/apc2018.html.. 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.

The **Annual Press Conference** on the 2017 Results starts at 09:45 a.m.CET and is webcast live at http://www.airbus.com/newsroom/events/apc2018.html

Airbus – Full-Year (FY) Results 2017

(Amounts in Euro)

Airbus	FY 2017	FY 2016	Change
Revenues, in millions	**66,767**	66,581	0%
thereof defence, in millions	**9,892**	11,102	-11%
EBIT Adjusted, in millions	**4,253**	3,955	+8%
EBIT (reported), in millions	**3,421**	2,258	+52%
Research & Development expenses, in millions	**2,807**	2,970	-5%
Net Income(2), in millions	**2,873**	995	+189%
Earnings Per Share (EPS)	**3.71**	1.29	+188%
Free Cash Flow (FCF), in millions	**3,735**	3,181	+17%
Free Cash Flow before M&A, in millions	**2,849**	1,156	+146%
Free Cash Flow before M&A and Customer Financing, in millions	**2,949**	1,408	+109%
Dividend per share(3)	**1.50**	1.35	+11%
Order Intake(1), in millions	**157,690**	134,480	+17%
Airbus	**31 Dec 2017**	31 Dec 2016	Change
Order Book(1), in millions	**996,822**	1,060,447	-6%
thereof defence, in millions	**36,921**	39,811	-7%
Net Cash position, in millions	**13,391**	11,113	+20%
Employees	**129,442**	133,782	-3%

For footnotes please refer to page 13.

By Business Segment	Revenues	EBIT(reported)

(Amounts in millions of Euro)	**FY 2017**	FY 2016	Change	**FY 2017**	FY 2016	Change
Commercial Aircraft	**50,958**	49,237	+3%	**3,428**	1,543	+122%
Helicopters	**6,450**	6,652	-3%	**337**	308	+9%
Defence and Space	**10,804**	11,854	-9%	**212**	-93	-
Headquarters / Eliminations	**-1,445**	-1,162	-	**-556**	500	-
Total	**66,767**	66,581	0%	**3,421**	2,258	+52%

By Business Segment	**EBIT Adjusted**		
(Amounts in millions of Euro)	**FY 2017**	FY 2016	Change
Commercial Aircraft	**3,554**	2,811	+26%
Helicopters	**337**	350	-4%
Defence and Space	**872**	1,002	-13%
Headquarters / Eliminations	**-510**	-208	-
Total	**4,253**	3,955	+8%

By Business Segment	**Order Intake**(1)			**Order Book**(1)		
(Amounts in millions of Euro)	**FY 2017**	FY 2016	Change	**31 Dec 2017**	31 Dec 2016	Change
Commercial Aircraft	**143,361**	114,938	+25%	**950,354**	1,010,200	-6%
Helicopters	**6,544**	6,057	+8%	**11,201**	11,269	-1%
Defence and Space	**8,893**	15,393	-42%	**37,407**	41,499	-10%
Headquarters / Eliminations	**-1,108**	-1,908	-	**-2,140**	-2,521	-
Total	**157,690**	134,480	+17%	**996,822**	1,060,447	-6%

For footnotes please refer to page 13.

Airbus – Fourth Quarter Results (Q4) 2017

(Amounts in Euro)

Airbus	**Q4 2017**	Q4 2016	Change
Revenues, in millions	**23,814**	23,876	0%
EBIT Adjusted, in millions	**2,457**	1,547	+59%
EBIT (reported), in millions	**1,109**	-98	-
Net Income[(2)], in millions	**1,022**	-816	-
Earnings Per Share (EPS)	**1.32**	-1.06	-

By Business Segment	**Revenues**			**EBIT (reported)**		
(Amounts in millions of Euro)	**Q4 2017**	Q4 2016	Change	**Q4 2017**	Q4 2016	Change
Commercial Aircraft	**18,315**	17,726	+3%	**1,910**	770	+148%
Helicopters	**2,062**	2,370	-13%	**172**	108	+59%
Defence and Space	**4,071**	4,140	-2%	**-688**	-672	-
Headquarters / Eliminations	**-634**	-360	-	**-285**	-304	-
Total	**23,814**	23,876	0%	**1,109**	-98	-

By Business Segment	**EBIT Adjusted**		
(Amounts in millions of Euro)	**Q4 2017**	Q4 2016	Change
Commercial Aircraft	**2,009**	975	+106%
Helicopters	**172**	150	+15%
Defence and Space	**515**	566	-9%
Headquarters / Eliminations	**-239**	-144	-

Total	**2,457**	1,547	+59%

For footnotes please refer to page 13.

Q4 2017 revenues were stable. Increases at Commercial Aircraft linked to the higher deliveries were reduced mainly by lower deliveries and services in Helicopters

Q4 2017 EBIT Adjusted increased by 59% mainly driven by the strong delivery performance at Commercial Aircraft, improvement in A350 losses and lower R&D expenses. Defence and Space's EBIT Adjusted included the perimeter changes.

Q4 2017 EBIT (reported) increased to € 1,109 million, including net Adjustments to EBIT of around € -1.3 billion. Q4 2016 included net Adjustments to EBIT of € -1.6 billion.

Q4 2017 net income also included around € 1.1 billion of positive Adjustments mainly driven by strong positive foreign exchange revaluation as well as the positive adjustment related to A380 Refundable Launch Investment following a review of the commercial assumptions.

(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 12 for definitions of the Alternative Performance Measures.)*

EBIT (reported) / EBIT Adjusted Reconciliation

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

Airbus	**FY 2017**
EBIT (reported),in millions	**3,421**
thereof:	
A400M charge, in millions	**-1,299**
Compliance, in millions	**-117**
$ PDP mismatch/Balance Sheet revaluation, in millions	**-7**
Other net portfolio changes at Defence and Space, in millions	**7**

Other M&A, in millions	**-20**
Defence electronics net capital gain, in millions	**604**
EBIT Adjusted, in millions	**4,253**

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 21 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) 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.

3) To be proposed to the 2018 Annual General Meeting.

4) For more detailed information on IFRS 15 please refer to the Full-Year 2017 Results Analyst Presentation and the Unaudited Condensed IFRS Consolidated Financial Information.

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.