



AIRBUS REPORTS NINE-MONTH 2020 RESULTS

News / Finance, Manufacturer



- Global air travel recovery slower than anticipated
- Cash containment and business adaptation on track
- 9m revenues € 30.2 billion; 9m EBIT Adjusted € -0.1 billion
- 9m EBIT (reported) € -2.2 billion; 9m loss per share (reported) € -3.43
- Restructuring provision of € -1.2 billion recognised in EBIT (reported)
- 9m free cash flow before M&A and customer financing € -11.8 billion
- Strong liquidity underpins business resilience and flexibility
- Q3 performance: convergence of production and deliveries, free cash flow before M&A and customer financing € +0.6 billion
- Guidance issued on FCF before M&A and customer financing for fourth quarter 2020

Airbus SE reported consolidated financial results for the nine months ended 30 September 2020. “After nine months of 2020 we now see the progress made on adapting our business to the new COVID-19 market environment. Despite the slower air travel recovery than anticipated, we converged commercial aircraft production and deliveries in the third quarter and we stopped cash consumption in line with our ambition,” said Airbus Chief Executive

Officer Guillaume Faury. “Furthermore, the restructuring provision booked shows our discussions with social partners and stakeholders have advanced well. Our ability to stabilise the cash flow in the quarter gives us confidence to issue a free cash flow guidance for the fourth quarter.”

Net commercial aircraft orders totalled 300 (9m 2019: 127 aircraft) with the order backlog comprising 7,441 commercial aircraft as of 30 September 2020. Airbus Helicopters booked 143 net orders (9m 2019: 173 units), including 8 H160s and 1 H215 during the third quarter. Airbus Defence and Space's order intake increased to € 8.2 billion, with the third quarter including an additional A330 MRTT as well as contract wins in telecommunications satellites.

Consolidated **revenues** decreased to € 30.2 billion (9m 2019: € 46.2 billion), driven by the difficult market environment impacting the commercial aircraft business with around 40% fewer deliveries year-on-year. A total of 341 commercial aircraft were delivered (9m 2019: 571 aircraft), comprising 18 A220s, 282 A320 Family, 9 A330s and 32 A350s. During the third quarter of 2020, a total of 145 commercial aircraft were delivered including 57 deliveries in September. Airbus Helicopters reported broadly stable revenues, reflecting lower deliveries of 169 units (9m 2019: 209 units) partially compensated by higher services. Revenues at Airbus Defence and Space mainly reflected lower volumes in Space Systems and for the A400M as well as the impact of COVID-19 on business phasing. A total of 5 A400M military airlifters were delivered over the nine month period with Luxembourg becoming a new operator.

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 € -125 million (9m 2019: € 4,133 million).

Airbus' EBIT Adjusted of € -641 million (9m 2019: € 3,593 million(1)) mainly reflected the reduced commercial aircraft deliveries and lower cost efficiency. It also included € -1.0 billion of COVID-19 related charges. The necessary steps have been taken to adapt the cost structure to the new levels of production and the benefits are materialising as the plan is executed. At the end of September, the number of commercial aircraft that could not be delivered due to COVID-19 had reduced to around 135.

Airbus Helicopters' EBIT Adjusted increased to € 238 million (9m 2019: € 205 million), reflecting a favourable mix, higher services, a positive contribution from programme execution as well as lower Research & Development (R&D) expenses. During Q3, the first five-bladed H145 helicopter was delivered following certification by the European Union Aviation Safety Agency in Q2.

EBIT Adjusted at Airbus Defence and Space decreased to € 266 million (9m 2019: € 355 million), mainly reflecting the lower volume in Space Systems, especially in the launcher business due to the impact of COVID-19, partly offset by cost reduction measures. The Division's restructuring plan updated in H1 2020 is underway and negotiations with the social partners are progressing. The related provision has been recorded in Q3 as part of the EBIT Adjustments.

Consolidated **self-financed R&D expenses** totalled € 2,032 million (9m 2019: € 2,150 million).

Consolidated **EBIT** (reported) was € -2,185 million (9m 2019: € 3,431 million), including Adjustments totalling a net € -2,060 million. These Adjustments comprised:

- € -1,200 million booked in Q3 related to the Company-wide restructuring plan, of which € -

981 million were for Airbus and € -219 million for Airbus Defence and Space. The amount takes into account government support measures. It reflects the latest status of the negotiations with social partners, and therefore may be reassessed;

- € -358 million related to the A380 programme cost, of which € -26 million were in Q3;
- € -374 million related to the dollar pre-delivery payment mismatch and balance sheet valuation, of which € -209 million were in Q3;
- € -128 million of other costs including compliance, of which € -11 million were in Q3.

The consolidated reported **loss per share** of € -3.43 (9m 2019 earnings per share: € 2.81) includes the financial result of € -712 million (9m 2019: € -233 million). The financial result mainly reflects a net € -291 million related to Dassault Aviation financial instruments, as well as a Repayable Launch Investment (RLI) re-measurement of € -236 million, mainly from amending the French and Spanish contracts to what the World Trade Organisation considers the appropriate interest rate and risk assessment benchmarks. It also includes the impairment of a loan to OneWeb, recognised in Q1. The consolidated net loss(2) was € -2,686 million (9m 2019 net income: € 2,186 million).

Consolidated **free cash flow before M&A and customer financing** amounted to € -11,798 million (9m 2019: € -4,937 million) of which € +0.6 billion were in the third quarter. The Q3 2020 free cash flow performance reflects the higher level of deliveries compared to the prior quarter, cash containment efforts and the strong focus on working capital management.

Capital expenditure in the nine month period was around € 1.2 billion, down by around € 0.3 billion year-on-year, driven by a reduction in spending in the third quarter in line with the Company's cash containment efforts. Consolidated **free cash flow** was € -12,276 million (9m 2019: € -5,127 million). The consolidated **net debt position** was € -242 million on 30 September 2020 (year-end 2019 net cash position: € 12.5 billion) with a **gross cash position** of € 18.1 billion (year-end 2019: € 22.7 billion).

Outlook

The Company's Full-Year 2020 guidance was withdrawn in March. Given the continued impact of COVID-19 on the business and the associated risks, no new guidance is issued on commercial aircraft deliveries or EBIT.

As the basis for its Q4 2020 guidance for free cash flow before M&A and customer financing, the Company assumes no further disruptions to the world economy, air traffic, Airbus' internal operations, and to its ability to deliver products and services.

On that basis, the Company targets at least breakeven free cash flow before M&A and customer financing in the fourth quarter of 2020.

Key post-closing events

On 21 October 2020, the Company signed a new € 6 billion Revolving Syndicated Credit Facility partially terming out the €15 billion credit facility by €3 billion and in order to refinance its existing €3 billion Revolving Syndicated Facility.

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