

## Q2 2024

### 1. Earnings guidance and projections

- **Narrative:** Management discussed updates to the 2024 guidance, particularly focusing on the production ramp-up for the A320 family, targeting a rate of 75 by 2027. They also provided delivery targets for commercial aircraft and financial projections, indicating a strategic focus on balancing production challenges with financial performance goals. The guidance reflects cautious optimism about achieving substantial deliveries and maintaining strong EBIT and cash flow, despite ongoing challenges.

- **Management's Guidance:**

- 1. The company plans to achieve approximately 770 commercial aircraft deliveries in 2024, with an EBIT adjusted target of around €5.5 billion and a free cash flow before customer financing of around €3.5 billion. 2. The A320 family production rate target of 75 has been confirmed for 2027. 3. Capital expenditures (CapEx) are expected to continue increasing in 2024, albeit at a slower pace. 4. Airbus anticipates that the delivery targets for 2024 are slightly conservative, aligning with the guidance of 770 deliveries for the year. 5. The production ramp-up in subsequent years (2026-2027) is expected to translate into double-digit growth rates for certain years.

- **Actual Results:**

['Q2', '2024']:

- Data Not Available

['Q3', '2024']:

- Nine-month 2024 EBIT reported to €2.7 billion.

- **Evaluation:**

- Insufficient Info: Data not available.

### 2. New aircraft models

- **Narrative:** Management highlighted the successful achievement of a significant milestone with the European Union Aviation Safety Agency (EASA) type certification for the A321 XLR, specifically for the CFM engine version. This development is crucial as it sets the stage for the anticipated entry into service by the end of the upcoming summer, signifying a pivotal advancement in their new aircraft model offerings.

- **Management's Guidance:**

- Management anticipates the entry into service of the A321 XLR by the end of the upcoming summer following the EASA type certification.

- **Actual Results:**

['Q2', '2024']:

- Data Not Available

['Q3', '2024']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

### 3. R&D investment priorities

- **Narrative:** Management's discussion highlighted a commitment to maintaining robust R&D investments to drive future product development and innovation. The focus remains on sustaining a competitive edge through consistent funding in research and development initiatives.

- **Management's Guidance:**

- Management indicated that R&D expenditure will be maintained at around €3 billion for the full year, with only a slight increase expected compared to last year.

- **Actual Results:**

['Q2', '2024']:

- R&D Expenses were €155 million and €145 million, constituting 4.9% and 4.5% of revenues, respectively.

['Q3', '2024']:

- 0afafbb2b2d05be96d9a08a4f72dfefb --> [R&D Expenses 3.0% 23% 38.2%]

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- ca516c077ef4c4cd5ef46c2bb81ba855 --> R&D Expenses: €227 million for 9m 2024 and €223 million for 9m 2023

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- ca516c077ef4c4cd5ef46c2bb81ba855 --> R&D Expenses in % of Revenues: 4.7% for 9m 2024 and 4.8% for 9m 2023

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- 4871dfb1ff5a0e0ef71a55a531ec59e6 --> R&D Expenses 1,919 million

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- 4871dfb1ff5a0e0ef71a55a531ec59e6 --> R&D Expenses 1,798 million

- **Evaluation:**

- **Expectations Not Met: The management expected R&D expenditure to be maintained around €3 billion for the year, but the actual figures for the first nine months of 2024 indicate a total significantly below this target, suggesting that the commitment was not upheld as planned.**

### 4. Production rate adjustments

- **Narrative:** Airbus management has outlined a strategic approach to adjust production rates, addressing both operational efficiency and supply chain constraints. The company is taking measured steps to extend timelines for production targets, thereby alleviating supplier pressure and aligning production capabilities with current supply chain realities. This approach is intended to stabilize and optimize the production process as they progress towards long-term output goals.

- **Management's Guidance:**

- Airbus has decided to adjust the production rate of 75 A320 aircraft per month to 2027, allowing key suppliers additional time to meet production requirements, thus easing the tension within the supply chain. Additionally, they are on track to deliver 720 aircraft by the end of 2024, with plans to increase the A320 family production rate to 75 aircraft per month by 2026. The company is also targeting specific production rates for the A330 this year and aiming for a production rate of 12 A350 aircraft per month by 2028. For the A350, a monthly production rate target of 14 aircraft is set for 2026.

- **Actual Results:**

['Q2', '2024']:

- 323 Commercial aircraft delivered, comprising 28 A220, 261 A320 Family, 13 A330, and 21 A350. Deliveries by Programme (% of units delivered) A330: 4%,

A320: 81%, A350: 6%, A220: 9%. Deliveries Units decreased by 14.5%. We delivered 323 aircraft to 65 customers. On the A220, we delivered 28 aircraft. On A320, we delivered 261 aircraft, of which 147 were A321, representing now 56% of deliveries.

**['Q3', '2024']:**

- In Q3, 2024, Airbus delivered 174 commercial aircrafts, bringing the year-to-date deliveries to 497 aircrafts, compared to 488 last year. The deliveries included 45 A220, 396 A320 Family, 20 A330, and 36 A350 aircraft.

**- Evaluation:**

- **Expectations Met:** Airbus' strategic adjustments to extend production timelines and align supply capabilities resulted in a steady delivery pace, with 497 aircraft delivered year-to-date by Q3 2024, aligning with their management guidance and long-term production targets.

## 5. Supply chain enhancements

- **Narrative:** Management emphasized the alignment of engine volumes with suppliers for the years 2024 and 2025 as a key focus area to enhance supply chain efficiency. This alignment is expected to streamline operations and mitigate supply chain disruptions, thereby contributing positively to operational efficiency.

**- Management's Guidance:**

- Management indicated that the engine volumes for 2024 and 2025 are strategically aligned with suppliers, suggesting a proactive approach to ensuring supply chain robustness and efficiency improvements.

**- Actual Results:**

**['Q3', '2024']:**

- Data Not Available

**['Q2', '2024']:**

- Data Not Available

**- Evaluation:**

- Insufficient Info: Data not available.

## 6. Cost management strategies

- **Narrative:** Management has outlined plans to enhance cost management through strategic workforce optimization. This includes a deliberate approach to adjusting hiring practices in response to market conditions and operational requirements. The focus is on maintaining financial discipline while ensuring that the company can adapt to fluctuating demands within the aerospace sector.

**- Management's Guidance:**

- Management has indicated an intention to decelerate hiring in 2024 as part of their cost management strategy. This move is aimed at maintaining operational efficiency and managing expenses in alignment with projected market conditions.

**- Actual Results:**

**['Q3', '2024']:**

- Data Not Available

**['Q2', '2024']:**

- Data Not Available

**- Evaluation:**

- Insufficient Info: Data not available.

## 7. Space systems development

- **Narrative:** Management highlighted the advancement in space systems development through the strategic initiative to design and construct two telecommunication satellites for Yahsat. This project emphasizes Airbus's commitment to technological innovation, specifically in enabling in-orbit reconfiguration of satellite coverage areas and communication frequencies, which is poised to strengthen its competitive position in the aerospace sector.

**- Management's Guidance:**

- Airbus will design and build two telecommunication satellites for Yahsat, allowing in-orbit reconfiguration of coverage area capacity and communication frequency.

**- Actual Results:**

**['Q3', '2024']:**

- No further charges recorded in Q3 2024.

**['Q2', '2024']:**

- Data Not Available

**- Evaluation:**

- Insufficient Info: Data not available.

## 8. Military aircraft contracts

- **Narrative:** Management highlighted the continued demand and strategic importance of military aircraft contracts, emphasizing the significance of securing additional contracts to bolster their presence in key markets. The discussion focused on the ongoing efforts to finalize contracts and expand the military aircraft portfolio.

**- Management's Guidance:**

- Management anticipates the official addition of four new MRTT contracts with Saudi Arabia to the backlog once all necessary administrative processes are completed.

**- Actual Results:**

**['Q2', '2024']:**

- Data Not Available

**['Q3', '2024']:**

- Data Not Available

**- Evaluation:**

- Insufficient Info: Data not available.

## 9. Emission reduction strategies

- **Narrative:** Management is focused on sustainability and decarbonization through structured emission reduction strategies. Their efforts are directed towards

achieving significant reductions in carbon emissions, aligning with broader environmental goals and regulatory requirements.

- **Management's Guidance:**

- Management has set a target to achieve a 10% reduction in carbon emissions by the year 2025.

- **Actual Results:**

**['Q3', '2024']:**

- Data Not Available

**['Q2', '2024']:**

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.