

Q3 2020

1. Free cash flow dynamics

- **Narrative:** Management outlined their strategic focus on extending funding maturities and maintaining a strong emphasis on cash containment. The company has taken significant steps to refinance its credit facility, which is expected to support their cash flow objectives.

- **Management's Guidance:**

- Management is targeting at least breakeven free cash flow before mergers and acquisitions (M&A) and customer financing in the fourth quarter of 2020. They are committed to strong cash containment to achieve this guidance.

- **Actual Results:**

['Q3', '2021']:

- Data Not Available

['Q3', '2020']:

- In the third quarter of 2020, Airbus reported a positive free cash flow before M&A and customer financing of €0.6 billion, aligning with management's guidance of targeting at least breakeven free cash flow.

['Q1', '2021']:

- FCF before M&A and Customer Financing in Q1 2021 was €1.2 billion.

['Q4', '2020']:

- In Q4 2020, the Free Cash Flow before M&A and customer financing was reported as a positive €4.9 billion.

- **Evaluation:**

- **Expectations Exceeded:** Management targeted at least breakeven free cash flow in Q4 2020, and the actual result was a significant positive free cash flow of €4.9 billion, surpassing the guidance.

2. Earnings guidance and projections

- **Narrative:** Management provided insights into the financial trajectory of the company, highlighting their commitment to maintaining robust capital expenditure levels and achieving financial stability by the end of the year.

- **Management's Guidance:**

- On a full year basis, management still expects CapEx to be around €1.9 billion. Management aims to achieve at least breakeven in Q4.

- **Actual Results:**

['Q1', '2021']:

- Data Not Available

['Q3', '2021']:

- Data Not Available

['Q3', '2020']:

- Data Not Available

['Q4', '2020']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

3. New aircraft models

- **Narrative:** Management highlighted the launch of the ACJ TwoTwenty business jet, aiming to capture a new segment within the extra-large business jet market. This move is part of their broader strategy to innovate and expand their product offerings.

- **Management's Guidance:**

- Management anticipates the entry into service of the ACJ TwoTwenty by early 2023, with six aircraft already ordered, indicating a positive reception and initial demand in this new market segment.

- **Actual Results:**

['Q1', '2021']:

- Data Not Available

['Q3', '2021']:

- Delivered 4 aircraft in the first 9 months of 2021.

['Q3', '2020']:

- Data Not Available

['Q4', '2020']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

4. Production rate adjustments

- **Narrative:** Management outlined their strategy to maintain stability in production rates in the face of current market conditions, with a focus on aligning delivery and production rates to ensure a steady flow. They emphasized the importance of adjusting production rates based on market demands and contractual obligations, while anticipating a ramp-up in production rates starting in Q3 2021.

- **Management's Guidance:**

- The production rate is expected to remain at rate 40 till the end of the first half of 2021, with an anticipated increase to rate 47 starting in Q3 2021. The ramp-up timeline has been adjusted from the beginning of Q2 to the beginning of Q3 2021. Management is maintaining a production rate of around 5 for the A350 and 2 for the A330, which they consider sustainable, and they will monitor and update these rates as necessary.

- **Actual Results:**

['Q1', '2021']:

- Data Not Available

['Q3', '2021']:

- Data Not Available

['Q3', '2020']:

- In Q3 2020, management reported that they were stable at rate 40 for production. The A350 production was adjusted to a rate of around 5, and the A330 was maintained at a rate of 2.

['Q4', '2020']:

- On A320, production rates will gradually increase from 40 aircraft per month currently to 43 in the third quarter and 45 in the fourth quarter 2021, which represents a slower ramp-up than the previously anticipated 47 aircraft per month from July.

- Evaluation:

- Expectations Not Met: Management expected to increase production rates to 47 per month starting Q3 2021, but actual reports indicate a slower ramp-up to 43 by Q3 and 45 by Q4 2021, not meeting the anticipated rate of 47.

5. Supplier partnerships enhancement

- **Narrative:** Management discussed the strategic initiatives aimed at enhancing partnerships with suppliers to ensure readiness for future production ramp-ups.

- Management's Guidance:

- Management expects suppliers to be prepared for a production ramp-up within the next nine months.

- Actual Results:

['Q1', '2021']:

- Data Not Available

['Q3', '2021']:

- Data Not Available

['Q3', '2020']:

- Data Not Available

['Q4', '2020']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

6. Air traffic recovery trends

- **Narrative:** Management has articulated a cautiously optimistic view on the recovery of air traffic, indicating a phased return to pre-pandemic levels. They highlighted the gradual improvement patterns witnessed in the industry, which are expected to continue as global travel restrictions ease and passenger confidence returns.

- Management's Guidance:

- Management continues to expect that air traffic will reach its 2019 level again between 2023 and 2025.

- Actual Results:

['Q1', '2021']:

- Data Not Available

['Q3', '2021']:

- Guillaume Faury reported that domestic travel is at 70% of its pre-crisis level.

['Q3', '2020']:

- Data Not Available

['Q4', '2020']:

- Overall passenger air traffic, measured in RTK, declined by 66% in 2020 versus 2019, according to IATA.

- Evaluation:

- Insufficient Info: Data not available.

7. Sustainable aviation initiatives

- **Narrative:** Management emphasized their commitment to sustainability by investing in decarbonized technologies as a key strategic initiative. They plan to advance the development of climate-neutral, zero-emission passenger aircraft, highlighting the company's dedication to reducing its environmental impact and leading innovation in sustainable aviation.

- Management's Guidance:

- Management aims to develop the first climate-neutral zero-emission passenger aircrafts.

- Actual Results:

['Q3', '2021']:

- Data Not Available

['Q3', '2020']:

- Data Not Available

['Q4', '2020']:

- Data Not Available

['Q1', '2021']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.