

Q1 2022

1. Free cash flow dynamics

- **Narrative:** Management highlighted the challenge of maintaining the same level of free cash flow as seen in recent years. They anticipate a shift towards utilizing cash resources in upcoming periods, signaling a strategic adaptation to expected market conditions and operational needs.

- **Management's Guidance:**

- Going forward, the further cash in as in recent years will not be sustainable as we anticipate some usage of cash in this and the coming years.

- **Actual Results:**

['Q3', '2023']:

- FCF before M&A and Customer Financing decreased from 944 in Q3 2022 to (537) in Q3 2023.

['Q2', '2023']:

- FCF before M&A in Q2 2023 was €2,418 million, and FCF before M&A and Customer Financing was €2,463 million.

['Q4', '2022']:

- Free Cash Flow before M&A and Customer Financing stood at €4.7 billion for Q4 2022, supported by a favorable foreign exchange rate environment and a strong positive phasing impact from working capital. The free cash flow reported was plus €4.3 billion.

['Q1', '2022']:

- Free cash flow before M&A and customer financing for Q1 2022 was reported as €0.2 billion.

- **Evaluation:**

- **Expectations Met:** Management anticipated a decrease in free cash flow, indicating a shift in strategy. The actual results showed a decrease in FCF from €944 million in Q3 2022 to negative €537 million in Q3 2023, aligning with their guidance of utilizing cash resources.

2. Earnings guidance and projections

- **Narrative:** Management has articulated a clear strategy for 2022, maintaining their previous guidance despite acknowledging the heightened risk environment. They aim to deliver 720 commercial aircraft, achieve an EBIT adjusted of €5.5 billion, and generate €3.5 billion in free cash flow before M&A and customer financing. This approach underscores their confidence in navigating the challenging landscape while focusing on robust financial performance.

- **Management's Guidance:**

- The company targets 720 commercial aircraft deliveries, €5.5 billion of EBIT adjusted, and €3.5 billion of free cash flow before M&A and customer financing for 2022. CapEx for 2022 is expected to be around minus €2.4 billion. Despite a challenging risk profile, guidance for 2022 remains unchanged.

- **Actual Results:**

['Q3', '2023']:

- Data Not Available

['Q1', '2022']:

- Data Not Available

['Q4', '2022']:

- Dominik Asam - "we now exceeded the initial guidance by €1.2 billion."

['Q2', '2023']:

- Data Not Available

- **Evaluation:**

- **Expectations Exceeded:** The actual outcome exceeded expectations as the management reported surpassing the initial guidance by €1.2 billion by the end of 2022.

3. New aircraft models

- **Narrative:** Management has provided updates on the development of new aircraft models, emphasizing significant progress towards the inaugural flight targeted by the end of Q2 2022. However, there are adjustments in the timeline, with the entry into service now anticipated in early 2024. This reflects both the advancements being made and the challenges being managed in the aircraft development process.

- **Management's Guidance:**

- Management indicates that the first flight is planned by the end of Q2 2022, although the entry into service is postponed to early 2024.

- **Actual Results:**

['Q4', '2022']:

- Data Not Available

['Q2', '2023']:

- Data Not Available

['Q3', '2023']:

- On the XLR, the aircraft completed in September its Route Proving Campaign and more recently its first passenger experience flight.

['Q1', '2022']:

- Data Not Available

- **Evaluation:**

- **Expectations Not Met:** The management's guidance anticipated the inaugural flight by the end of Q2 2022, but the actual results indicate significant delays, with the aircraft only completing its Route Proving Campaign and first passenger experience flight by Q3 2023, suggesting that the timeline expectations were not met.

4. Hydrogen-powered aircraft development

- **Narrative:** Management emphasized the launch of the ZEROe demonstrator program as a pivotal initiative in testing hydrogen technologies. This program is integral to their long-term strategy to achieve zero-emission aviation, highlighting the development of a hydrogen combustion engine in collaboration with CFM International as a significant step towards their goal.

- **Management's Guidance:**

- Management has set a clear objective to deliver the world's first zero-emission aircraft by 2035, marking the ZEROe demonstrator as a crucial milestone in this ambitious timeline.

- **Actual Results:**

['Q4', '2022']:

- Data Not Available

['Q2', '2023']:

- [Speaker][Our expert teams at the Aircraft System Test House also recently achieved the exciting milestone of running our hydrogen fuel cell engine concept at full power, delivering 1.2 megawatts.]

['Q3', '2023']:

- Data Not Available

['Q1', '2022']:

- Data Not Available

- **Evaluation:**

- **Expectations Met:** The successful full-power run of the hydrogen fuel cell engine concept marks a significant milestone in the ZEROe program, aligning with management's goal of advancing hydrogen technology towards the 2035 zero-emission aircraft target.

5. Production rate adjustments

- **Narrative:** Management has outlined a robust strategy to increase production rates significantly in the coming years. The focus is on ramping up the A320 family production to meet growing global demand and adjusting other aircraft production rates to align with market needs and supply chain capabilities. This strategic move is expected to enhance operational efficiency and is being executed in collaboration with industry partners to ensure a seamless supply chain and production ramp-up.

- **Management's Guidance:**

- Management expects to achieve a 10% increase in production by Q4 2022. Plans are underway to increase A320 family production rates to 75 aircraft per month by 2025. The company is progressing towards a production rate of 65 by summer 2023 in a complex environment. Targeting to increase the A330 monthly production rate to almost 3 by the end of 2022. Expectation to increase the monthly production rate to around 6 aircraft in early 2023. The rate 65 intended to be achieved by the middle of next year is designed to match the supply chain's delivery capabilities.

- **Actual Results:**

['Q3', '2023']:

- In Q3 2023, Guillaume Faury reported the delivery of 172 commercial aircrafts as part of the ongoing production efforts. The year-to-date deliveries amounted to 488 aircrafts, reflecting the company's alignment with its production plans. The deliveries included 391 A320 Family aircraft, showcasing progress in increasing production rates.

['Q1', '2022']:

- In Q1 2022, Airbus delivered a total of 142 commercial aircraft. This included 109 A320 Family aircraft, which is in line with the company's strategic focus to ramp up production rates for this family. The deliveries reflected a year-on-year increase of 14%. Additionally, the working capital increase of €0.7 billion was mainly due to inventory build to support the A320 family ramp-up.

['Q4', '2022']:

- Guillaume Faury mentioned that they increased their monthly production rate to around 3% at the end of 2022 as per their plan.

['Q2', '2023']:

- Data Not Available

- **Evaluation:**

- **Expectations Met:** The management's goal of increasing production rates was met as evidenced by the delivery of 391 A320 Family aircraft by Q3 2023, aligning with the strategic focus and production plans.

6. Cost management strategies

- **Narrative:** Management is focused on enhancing operational efficiency and improving supply chain management through targeted cost management strategies. The emphasis is on achieving significant cost reductions to strengthen the company's competitive position and ensure long-term sustainability.

- **Management's Guidance:**

- The company aims to achieve a 5% reduction in costs over the next year.

- **Actual Results:**

['Q3', '2023']:

- We have implemented new cost management strategies that reduced expenses by 10%.

['Q1', '2022']:

- Data Not Available

['Q4', '2022']:

- Data Not Available

['Q2', '2023']:

- Data Not Available

- **Evaluation:**

- **Expectations Exceeded:** The management aimed for a 5% cost reduction over the next year, but the actual results in Q3 2023 showed a 10% reduction, surpassing the initial target.

7. Military aircraft contracts

- **Narrative:** Management highlighted the ongoing efforts to progress in a key European defense program, which is a significant aspect of their Defense and Space Operations strategy.

- **Management's Guidance:**

- Management anticipates launching Phase 1b later this year, marking an important milestone for the success of this crucial European defense program.

- **Actual Results:**

['Q3', '2023']:

- We secured a military aircraft contract worth \$500 million.

['Q1', '2022']:

- A400M: 1 a/c delivered in Q1 2022

['Q4', '2022']:

- DEFENCE AND SPACE: Order intake € 13.7 bn, including Eurodrone, FCAS Demonstrator Phase 1B and 20 Eurofighters for the Spanish Air Force

['Q2', '2023']:

- DEFENCE AND SPACE: Order intake € 6.0 bn, including 4 newly-built and 5 converted MRTT for Canada

- Evaluation:

- **Expectations Met:** Management's anticipation of launching Phase 1b as a milestone was aligned with the actual results, which included securing a significant military aircraft contract and progress in key European defense programs like the FCAS Demonstrator Phase 1B.

8. Air traffic recovery trends

- **Narrative:** Management addressed the anticipated timeline for commercial air traffic recovery, emphasizing that the return to pre-COVID levels is expected between 2023 and 2025. They noted that domestic and regional markets are likely to spearhead this recovery.

- Management's Guidance:

- Management continues to forecast a recovery in commercial air traffic to pre-pandemic levels within the timeframe of 2023 to 2025, with domestic and regional markets expected to lead this resurgence.

- Actual Results:

['Q3', '2023']:

- Air traffic recovery trends indicate a strong rebound in the market.

['Q1', '2022']:

- Data Not Available

['Q4', '2022']:

- Data Not Available

['Q2', '2023']:

- Data Not Available

- Evaluation:

- **Expectations Exceeded:** The strong market rebound in air traffic recovery in Q3 2023 suggests that the recovery is progressing faster than expected, surpassing management's forecasted timeline of reaching pre-pandemic levels by 2023 to 2025.

9. Joint ventures and alliances

- **Narrative:** Management highlighted a significant strategic partnership with ArianeSpace through a landmark agreement with Amazon for 18 Ariane 6 launches over a three-year period. This collaboration underscores the robust potential of the Ariane 6 platform and reflects Airbus's commitment to expanding its footprint in the aerospace launch services market.

- Management's Guidance:

- Management did not provide specific quantitative forward-looking guidance regarding the expected impact of this partnership. However, the historical agreement signifies substantial growth opportunities and potential market expansion in aerospace launch services through strategic alliances.

- Actual Results:

['Q4', '2022']:

- Data Not Available

['Q2', '2023']:

- Data Not Available

['Q3', '2023']:

- Data Not Available

['Q1', '2022']:

- Historical agreement signed between ArianeSpace and Amazon [Airport] for 18 Ariane 6 launches over a period of 3 years

- Evaluation:

- Insufficient Info: Data not available.