AIRBUS GROUP REPORTS STRONG NINE-MONTH (9M) 2015 RESULTS

News / Finance

Commercial aircraft market robust with book-to-bill above 1
Single-aisle aircraft production rate to increase to 60/month in mid-2019
Board of Directors approves € 1 billion share buyback for completion by mid-2016**

Airbus Group SE (stock exchange symbol: AIR) reported **strong nine-month results** and confirmed its 2015 guidance.

“We again increased revenues, profitability and cash generation due to a good operational performance. We’re on track to deliver on our full year guidance,” said Tom Enders,

Airbus Group Chief Executive Officer. “The healthy commercial aircraft market, robustness of our backlog and supply chain capability allows us to raise the single-aisle production rate to 60 a month in mid-2019. We are strongly focused on programme execution given our key operational challenges with the A350 and A400M production ramp-ups and A320neo. Based on operational progress, divestments materialised and the expected cash position this year, the Board has decided to launch a € 1 billion share buyback which will begin immediately and be completed by the end of June 2016.”

Group order intake(1) in the first nine months of 2015 rose 42 percent to € 112 billion (9m 2014:€ 79 billion), with the order book(1) value reaching € 967 billion as of 30 September 2015 (year-end 2014: € 858 billion). Airbus received 815 net commercial aircraft orders (9m 2014:791 net orders), including 87 A330 Family aircraft. The full year target of a book-to-bill ratio above 1 is now secured. Airbus Helicopters received 181 net orders (9m 2014: 208 units) after 50 governmental helicopter cancellations. New orders included 38 H175s and 67 H145s.

Order intake by value rose three percent at Airbus Defence and Space, with third quarter bookings including additional satellites and four A330 MRTTs for South Korea.

Group revenues increased six percent to € 43.0 billion (9m 2014: € 40.5 billion), reflecting the strengthening U.S. dollar and a favourable mix at Airbus. Revenues at Commercial Aircraft rose eight percent with 446 aircraft(6) delivered (9m 2014: 443 units), including 19 A380s and five A350 XWBs. Despite lower overall deliveries of 237 units (9m 2014: 295 units), Helicopters’ revenues rose four percent due mainly to higher government programme and services activity. Defence and Space’s revenues were broadly stable despite the de-consolidation of launcher revenues with the creation of the Airbus Safran Launchers Joint Venture’s first phase.

Group EBIT* before one-off(3) – an indicator capturing the underlying business margin by excluding material non-recurring charges or profits caused by movements in provisions related to programmes and restructurings or foreign exchange impacts – rose eight percent to € 2,804 million (9m 2014: € 2,590 million). Commercial Aircraft’s EBIT* before one-off rose 25 percent to € 2,226 million (9m 2014: € 1,780 million), driven by operational improvement with a strong contribution from the A380 programme. It also reflected some favourable cost phasing, including research & development (R&D) and A350 support costs. Helicopters’ EBIT* before one-off was € 241 million (9m 2014: € 241 million), with lower deliveries and unfavourable mix offset by services activity and progress on the transformation plan. Defence and Space’s EBIT* before one-off increased to € 431 million (9m 2014: € 370 million), driven by good programme execution and its transformation plan.

Group self-financed R&D expenses decreased to € 2,287 million (9m 2014: € 2,376 million).

The A350 industrial ramp-up is progressing with Finnair becoming the third operator in October. As the production rate increases, the focus is on supply chain performance, controlling the level of outstanding work and the convergence of recurring costs to target. This remains challenging. Several interruptions have been experienced on the A320neo flight test programme with the Pratt & Whitney engine. Certification and first deliveries are still targeted in the fourth quarter of 2015. The focus is on the delivery of mature aircraft and the industrial ramp-up. Breakeven on the A380 is on track for 2015. Flight tests for the H160 helicopter are progressing as per schedule for the planned entry-into-service in 2018. Five A400M transport aircraft were delivered in the first nine months of 2015. The focus remains on A400M programme execution, and addressing the challenges of military capabilities and the industrial ramp-up.

Reported EBIT*(3) rose 14 percent to € 2,946 million (9m 2014: € 2,583 million), with net one-offs totalling a positive € 142 million and comprising:

A net charge of € 360 million related to the dollar pre-delivery payment mismatch and balance sheet revaluation driven by the strong devaluation of the euro versus the dollar compared to historical rates;

A € 290 million net charge related to the A400M programme which is unchanged compared to the first half 2015 results disclosure;
A € 748 million net gain from the sale of an 18.75% stake in Dassault Aviation(5) in the first half of 2015;
A net gain of € 44 million mainly linked to divestments in Defence and Space.
Net income(4) increased 36 percent to € 1,900 million (9m 2014: € 1,399 million) while earnings per share (EPS) rose 35 percent to € 2.42 (9m 2014: € 1.79). The finance result was € -536 million (9m 2014: € -612 million) and included one-offs totalling € -156 million mainly from the revaluation of financial instruments.

Free cash flow before mergers and acquisitions improved to € -1,751 million (9m 2014:€ -2,090 million), despite the ramp-up on programmes and reflected continued tight cash control and the seasonality of the defence and institutional business. Proceeds of around € 1.7 billion in the first half of 2015 from the sale of Dassault Aviation shares boosted nine-month free cash flow to € -112 million (9m 2014: € -2,120 million). The net cash position at the end of September 2015 was € 7.8 billion (year-end 2014: € 9.1 billion) after a 2014 dividend payment of € 945 million (2013: € 587 million). The gross cash position on 30 September 2015 was € 17.2 billion (year-end 2014: € 16.4 billion).

Outlook

As the basis for its 2015 guidance, Airbus Group expects the world economy and air traffic to grow in line with prevailing independent forecasts and assumes no major disruptions.

Airbus deliveries should be slightly higher than in 2014, and the commercial aircraft order book is again expected to grow.

In 2015, before mergers & acquisitions (M&A), Airbus Group expects an increase in revenues and targets a slight increase in EBIT* before one-off.

Based on its current view of the industrial ramp-up, Airbus Group targets breakeven free cash flow in 2015 before M&A.

Airbus Group targets its EPS and dividend per share to increase further in 2015.

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