Airbus SE
Unaudited Condensed
IFRS Consolidated Financial Information
for the year ended 31 December 2019

Contents

1

Airbus SE
Unaudited Condensed
IFRS Consolidated Financial Statements

Unaudited Condensed
IFRS Consolidated Income Statement

(In € million)	Note	**2019**	2018
Revenue	**6**	**70,478**	**63,707**
Cost of sales		(59,973)	(54,920)
Gross margin	**6**	**10,505**	**8,787**
Selling expenses		(908)	(861)
Administrative expenses	7	(5,217)	(1,574)
Research and development expenses	8	(3,358)	(3,217)
Other income	10	370	1,656
Other expenses	10	(356)	(182)
Share of profit from investments accounted for under the equity method	9	299	330
Other income from investments	9	4	109
Profit before financial result and income taxes		**1,339**	**5,048**
Interest income		228	208
Interest expense		(339)	(440)
Other financial result		(164)	(531)
Total financial result	11	(275)	(763)
Income taxes	12	(2,389)	(1,274)
(Loss) Profit for the period		**(1,325)**	**3,011**
Attributable to:			
Equity owners of the parent (Net income)		(1,362)	3,054
Non-controlling interests		37	(43)
Earnings per share		**€**	**€**
Basic	13	(1.75)	3.94
Diluted	13	(1.75)	3.92

The accompanying notes are an integral part of these Unaudited Condensed IFRS Consolidated Financial Statements.

Unaudited Condensed
IFRS Consolidated Statement of Comprehensive Income

(In € million)	Note	**2019**	2018
(Loss) Profit for the period		**(1,325)**	**3,011**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurement of the defined benefit pension plans		(2,669)	(552)
Change in fair value of financial assets		267	(249)
Share of change from investments accounted for under the equity method		(130)	3
Income tax relating to items that will not be reclassified		410	(2)
Items that may be reclassified to profit or loss:			
Foreign currency translation differences for foreign operations		54	108
Change in fair value of cash flow hedges		(1,434)	(2,959)
Change in fair value of financial assets		136	(80)
Share of change from investments accounted for under the equity method		3	(11)
Income tax relating to items that may be reclassified		342	728
Other comprehensive income, net of tax		**(3,021)**	**(3,014)**
Total comprehensive income for the period		**(4,346)**	**(3)**
Attributable to:			
Equity owners of the parent		(4,364)	72
Non-controlling interests		18	(75)

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Unaudited Condensed
IFRS Consolidated Statement of Financial Position

(In € million)	Note	**2019**	2018
Assets			
Non-current assets			
Intangible assets	14	16,591	16,726
Property, plant and equipment	14	17,294	16,773
Investment property		2	3
Investments accounted for under the equity method	15	1,626	1,693
Other investments and other long-term financial assets	16	4,453	3,811
Non-current contract assets		91	65
Non-current other financial assets	19	1,033	1,108
Non-current other assets	20	522	888
Deferred tax assets		5,008	4,835
Non-current securities	22	11,066	10,662
Total non-current assets		**57,686**	**56,564**
Current assets			
Inventories	17	31,550	31,891
Trade receivables		5,674	6,078
Current portion of other long-term financial assets	16	449	489
Current contract assets		1,167	789
Current other financial assets	19	2,060	1,811
Current other assets	20	2,423	4,246
Current tax assets		1,784	1,451
Current securities	22	2,302	2,132
Cash and cash equivalents	22	9,314	9,413
Total current assets		**56,723**	**58,300**
Assets and disposal group of assets classified as held for sale	3	0	334
Total assets		**114,409**	**115,198**

(In € million)	Note	**2019**	2018
Equity and liabilities			
Equity attributable to equity owners of the parent			
Capital stock		784	777
Share premium		3,555	2,941
Retained earnings		2,241	5,923
Accumulated other comprehensive income		(523)	134
Treasury shares		(82)	(51)
Total equity attributable to equity owners of the parent		**5,975**	**9,724**
Non-controlling interests		15	(5)
Total equity	**21**	**5,990**	**9,719**
Liabilities			
Non-current liabilities			
Non-current provisions	18	12,542	11,571
Long-term financing liabilities	22	8,189	7,463
Non-current contract liabilities		16,980	15,832
Non-current other financial liabilities	19	7,498	8,009
Non-current other liabilities	20	384	460
Deferred tax liabilities		398	1,318
Non-current deferred income		54	40
Total non-current liabilities		**46,045**	**44,693**
Current liabilities			
Current provisions	18	6,372	7,317
Short-term financing liabilities	22	1,959	1,463
Trade liabilities		14,808	16,237
Current contract liabilities		26,426	26,229
Current other financial liabilities	19	2,647	2,462
Current other liabilities	20	6,817	5,288
Current tax liabilities		2,780	732
Current deferred income		565	626
Total current liabilities		**62,374**	**60,354**
Disposal group of liabilities classified as held for sale	3	0	432
Total liabilities		**108,419**	**105,479**
Total equity and liabilities		**114,409**	**115,198**

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Unaudited Condensed
IFRS Consolidated Statement of Cash Flows

(In € million)	Note	**2019**	2018
Operating activities:			
(Loss) Profit for the period attributable to equity owners of the parent (Net income)		(1,362)	3,054
(Loss) Profit for the period attributable to non-controlling interests		37	(43)
Adjustments to reconcile profit for the period to cash provided by operating activities:			
Interest income		(228)	(208)
Interest expense		339	440
Interest received		151	186
Interest paid		(187)	(292)
Income tax expense		2,389	1,274
Income tax paid		(1,476)	(897)
Depreciation and amortization		2,927	2,444
Valuation adjustments		600	(1,849)
Results on disposals of non-current assets		(77)	(261)
Results of investments accounted for under the equity method		(299)	(330)
Change in current and non-current provisions		475	1,952
Contribution to plan assets		(1,752)	(2,519)
Change in other operating assets and liabilities:		**2,216**	**(633)**
Inventories		117	(671)
Trade receivables		29	(881)
Contract assets and liabilities		1,297	(684)
Trade liabilities		(1,625)	2,294
Other assets and liabilities and others		2,398	(691)
Cash provided by operating activities [(1)]		**3,753**	**2,318**
Investing activities:			
Purchases of intangible assets, property, plant and equipment, investment property		(2,340)	(2,285)
Proceeds from disposals of intangible assets, property, plant and equipment and investment property		112	213
Acquisitions of subsidiaries, joint ventures, businesses and non-controlling interests (net of cash)	3	8	129
Payments for investments accounted for under the equity method, other investments and other long-term financial assets		(952)	(707)
Proceeds from disposals of investments accounted for under the equity method, other investments and other long-term financial assets	3	358	597
Dividends paid by companies valued at equity		210	191
Disposals of non-current assets and disposal groups classified as assets held for sale and liabilities directly associated		137	320
Payments for investments in securities		(2,861)	(2,010)
Proceeds from disposals of securities		2,464	1,917
Cash (used for) investing activities		**(2,864)**	**(1,635)**

(In € million)	Note	**2019**	2018
Financing activities:			
Increase in financing liabilities		402	103
Repayment of financing liabilities		(562)	(2,411)
Cash distribution to Airbus SE shareholders	21	(1,280)	(1,161)
Dividends paid to non-controlling interests		0	0
Payments for liability for puttable instruments		319	179
Changes in capital and non-controlling interests	21	194	117
Change in treasury shares		(31)	(49)
Cash (used for) financing activities		**(958)**	**(3,222)**
Effect of foreign exchange rate changes on cash and cash equivalents		(45)	(54)
Net (decrease) in cash and cash equivalents		**(114)**	**(2,593)**
Cash and cash equivalents at beginning of period		**9,428**	**12,021**
Cash and cash equivalents at end of period	22	**9,314**	**9,428**
thereof presented as cash and cash equivalents	22	*9,314*	*9,413*
thereof presented as part of disposal groups classified as held for sale	3	*0*	*15*

(1) In 2018, cash provided by operating activities has been positively impacted by certain agreements reached with the Company's suppliers and customers relating to the settlement of claims and negotiation on payment terms. Such measures do not have a material impact in 2019.

The accompanying notes are an integral part of these Unaudited Condensed IFRS Consolidated Financial Statements.

Unaudited Condensed IFRS Consolidated Statement of Changes in Equity

	Equity attributable to equity holders of the parent									
				Accumulated other comprehensive income						
(In € million)	Capital stock	Share premium	Retained earnings	Financial assets at fair value	Cash flow hedges	Foreign currency translation adjustments	Treasury shares	Total	Non-controlling interests	Total equity
Balance at 1 January 2018	**775**	**2,826**	**4,586**	**772**	**776**	**999**	**(2)**	**10,732**	**2**	**10,734**
Profit for the period	0	0	3,054	0	0	0	0	3,054	(43)	3,011
Other comprehensive income	0	0	(569)	(280)	(2,249)	116	0	(2,982)	(32)	(3,014)
Total comprehensive income for the period	0	0	2,485	(280)	(2,249)	116	0	72	(75)	(3)
Capital increase	2	115	0	0	0	0	0	117	0	117
Share-based payment (IFRS 2)	0	0	62	0	0	0	0	62	0	62
Cash distribution to Airbus SE shareholders / Dividends paid to non-controlling interests	0	0	(1,161)	0	0	0	0	(1,161)	0	(1,161)
Equity transaction (IAS 27)	0	0	(49)	0	0	0	0	(49)	68	19
Change in treasury shares	0	0	0	0	0	0	(49)	(49)	0	(49)
Balance at 31 December 2018	**777**	**2,941**	**5,923**	**492**	**(1,473)**	**1,115**	**(51)**	**9,724**	**(5)**	**9,719**
Restatements [(1)]	0	0	(122)	0	0	0	0	(122)	0	(122)
Balance at 1 January 2019, restated [(1)]	**777**	**2,941**	**5,801**	**492**	**(1,473)**	**1,115**	**(51)**	**9,602**	**(5)**	**9,597**
(Loss) Profit for the period	0	0	(1,362)	0	0	0	0	(1,362)	37	(1,325)
Other comprehensive income	0	0	(2,345)	327	(1,048)	64	0	(3,002)	(19)	(3,021)
Total comprehensive income for the period	0	0	(3,707)	327	(1,048)	64	0	(4,364)	18	(4,346)
Capital increase	7	614	0	0	0	0	0	621	0	621
Share-based payment (IFRS 2)	0	0	76	0	0	0	0	76	0	76
Cash distribution to Airbus SE shareholders / Dividends paid to non-controlling interests	0	0	(1,280)	0	0	0	0	(1,280)	0	(1,280)
Equity transaction (IAS 27)	0	0	1,351	0	0	0	0	1,351	2	1,353
Change in treasury shares	0	0	0	0	0	0	(31)	(31)	0	(31)
Balance at 31 December 2019	**784**	**3,555**	**2,241**	**819**	**(2,521)**	**1,179**	**(82)**	**5,975**	**15**	**5,990**

(1) Opening balance figures are restated due to the application of IFRIC 23.

The accompanying notes are an integral part of these Unaudited Condensed IFRS Consolidated Financial Statements.

2

Notes to the Airbus SE Unaudited Condensed IFRS Consolidated Financial Statements

1. The Company

The accompanying Unaudited Condensed IFRS Consolidated Financial Statements present the financial position and the results of operations of **Airbus SE** together with its subsidiaries referred to as "the Company", a European public limited-liability company (*Societas Europaea*) with its seat (*statutaire zetel*) in Amsterdam, The Netherlands, its registered address at Mendelweg 30, 2333 CS Leiden, The Netherlands, and registered with the Dutch Commercial Register (Handelsregister) under number 24288945. The Company's reportable segments are Airbus, Airbus Helicopters and Airbus Defence and Space (see "– Note 5: Segment Information"). The Company is listed on the European stock exchanges in Paris, Frankfurt am Main, Madrid, Barcelona, Valencia and Bilbao. The Unaudited Condensed IFRS Consolidated Financial Statements were authorised for issue by the Company's Board of Directors on 12 February 2020.

2. Accounting Policies

The Unaudited Condensed Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB") as endorsed by the European Union ("EU"). They are prepared and reported in euro ("€") and all values are rounded to the nearest million appropriately. Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

On 1 January 2019, the Company has implemented the new standard IFRS 16 "Leases" and the new interpretation IFRIC 23 "Uncertainty over Income Tax Treatments". As a result, the Company has changed its accounting policy for leases accounting and for classification and measurement of certain liabilities linked to uncertainty over income tax as detailed below.

The implementation of other amendments has no material impact on the Unaudited Condensed IFRS Consolidated Financial Statements as of 31 December 2019.

IFRS 16 "Leases"

In May 2016, the IASB published the new standard IFRS 16, which replaces the previous guidance on leases, including IAS 17 "Leases", IFRIC 4 "Determining Whether an Arrangement Contains a Lease", SIC-15 "Operating Leases—Incentives", and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". IFRS 16 introduces a uniform lessee accounting model. Applying that model, a lessee is required to recognise a right-of-use asset representing the lessee's right to use the underlying asset and a financial liability representing the lessee's obligation to make future lease payments.

There are exemptions for short-term leases and leases of low-value assets. Lessor accounting remains comparable to that provided by the previous leases standards (IAS 17) and hence lessors will continue to classify their leases as operating leases or finance leases.

The Company adopted the new standard IFRS 16 on 1 January 2019 using the modified retrospective method and therefore the cumulative effect of adopting IFRS 16 has been recognised as an adjustment to the opening balance of retained earnings which is nil at 1 January 2019, with no restatement of comparative information.

Identifying a lease

Under IFRS 16, the Company assesses whether a contract is or contains a lease based on the definition of a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a specified period of time in exchange for consideration.

On transition to IFRS 16, the Company elected to apply the practical expedient according to which it is not required to reassess whether a contract is, or contains, a lease. The previous determination pursuant to IAS 17 and IFRIC 4 of whether a contract is, or contains, a lease is thus maintained for existing contracts.

The Company as a lessee

As a lessee, the Company previously classified leases as operating or finance leases based on assessment of whether the risks and rewards incidental to ownership of the underlying asset were transferred. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most of its leases. Leases which were classified as operating leases under IAS 17 are now recognised on the balance sheet.

When applying IFRS 16 for the first time, the Company has used the following practical expedients for leases previously classified as operating leases under IAS 17:

- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- to generally measure the right of use relating to the leased asset at the amount of the lease liability, using the discount rate at 1 January 2019. Where accrued lease liabilities existed, the right-of-use asset has been adjusted by the amount of the accrued lease liability under IFRS 16. At initial application of IFRS 16, the measurement of the right-of-use does not include initial direct costs. In some cases, the value of right-of-use assets may differ from the value of the liabilities due to offsetting against existing provisions or as a result of valuation allowances; and
- not to apply the new recognition requirements to short-term leases and to leases of low value assets as soon as the new standard is effective.

The Company's operating leases mainly relate to real estate assets, company cars and equipment. The most significant impact identified by the Company relates to its operating leases of real estate assets (such as land, warehouses, storage facilities and offices).

For leases that were classified as finance leases under IAS 17, the Company did not change the carrying amount of the right-of-use asset and the lease liability as of 31 December 2018, measured under IAS 17.

The Company as a lessor

The Company is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor as IFRS 16 compared to previous leases standards does not trigger any change from previous accounting treatment.

Impacts on financial statements

The Company has presented right-of-use assets within "Property, plant and equipment" and lease liabilities within "Financing liabilities" and classified the principal portion of lease payments within financing activities and the interest portion within operating activities. When measuring lease liabilities, the Company discounts lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 1.23%. At 1 January 2019, the impact of renewal options that are reasonably certain to be exercised has been assessed as not significant for the Company.

(In € million)	**1 January 2019**
Operating lease commitment at 31 December 2018 as disclosed in the Company's consolidated financial statements	**1,494**
Short-term and low-value leases recognised on a straight-line basis as expenses	(29)
Discounted effect using the incremental borrowing rate at 1 January 2019	(113)
Finance lease liabilities recognised as at 31 December 2018	330
Lease liabilities recognised at 1 January 2019	**1,682**

IFRIC 23 "Uncertainty over Income Tax Treatments"

In 2017, the IASB issued IFRIC 23 "Uncertainty over Income Tax Treatments". The interpretation clarifies the recognition and measurement requirements when there is uncertainty over income tax treatments. In assessing the uncertainty, an entity shall consider whether it is probable that a taxation authority will accept the uncertain tax treatment.

The Company adopted the interpretation on 1 January 2019 and has elected to apply the limited exemption in IFRIC 23 relating to transition for classification and measurement, and accordingly has not restated comparative periods in the year of initial application. As a consequence, any adjustments to the carrying amounts of tax liabilities are recognised at the beginning of the reporting period, with the difference recognised in opening equity. The impact is € 122 million as at transition date.

In addition, the uncertain tax liabilities formerly included under provisions have been reclassified to current income tax liabilities for € 326 million.

IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"

Following the financial crisis, the reform and replacement of benchmark interest rates such as interbank offered rates ("IBORs") has become a priority for global regulators. There is currently uncertainty around the timing and precise nature of these changes.

The Company has elected to early adopt the "Amendment to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform" issued in September 2019 by the IASB. The amendment provides temporary relief from applying specific accounting requirements to hedging relationships directly affected by IBOR reform. The reliefs have the effect that IBOR reform should not cause hedge accounting to terminate. The Company has mainly hedged its debts in bonds and loans with interest rate swaps based on Euribor and US-Libor. In assessing whether the hedges are expected to be highly effective on a forward-looking basis, the Company has therefore assumed that Euribor and US-Libor interest rates are not altered by IBOR reform and has not discontinue the hedges.

Use of Estimates and Judgements

In preparing the Unaudited Condensed IFRS Consolidated Financial Statements, management makes assumptions and estimates. These estimates are revised if the underlying circumstances have evolved or in light of new information. The underlying assumptions used for the main estimates are similar to those described in the Company's IFRS Consolidated Financial Statements as of 31 December 2018.

The exception is estimates used to perform employee benefits valuation (see "– Note 18: Provisions").

3. Acquisitions and Disposals

Acquisitions

In March 2019, the Company became party to a Debt Financing facility under a Note Purchase Agreements with **OneWeb Communications** for an amount of $ 200 million. The new financing was funded in three equal tranches and has been fully drawn during 2019. Based on the latest developments, a re-assessment of the OneWeb financial assets was performed in December 2019 leading to a decrease in the fair value of the equity investment by € 45 million recorded through OCI, and a depreciation of a loan by € 31 million recorded through financial result. The Company will continue to assess the recoverability of the One-Web investment.

On 16 October 2017, Airbus, Bombardier Inc. ("Bombardier") and Investissement Québec ("IQ") signed an agreement that brings together Airbus' global reach and scale with Bombardier's newest, state-of-the-art jet aircraft family. Under the agreement, Airbus provides procurement, sales and marketing, and customer support expertise to the **C Series Aircraft Limited Partnership ("CSALP")**, newly named **Airbus Canada Limited Partnership ("ACLP"),** the entity that manufactures and sells the A220. The partnership brings together two complementary product lines. On 8 June 2018, having received all required regulatory approvals, Airbus, Bombardier and IQ closed the C Series transaction effective on 1 July 2018.

On 1 July 2018, Airbus has obtained control of ACLP when it acquired 50.01% Class A ownership units in ACLP. Bombardier and IQ owned at this date 33.55% and 16.44%, respectively. Airbus has consolidated ACLP using the full integration method effective from 1 July 2018. At closing, Airbus paid US$ 1 per share to assume a net liability. Technology and inventories are the main assets acquired. Airbus has assumed the liabilities of ACLP which are mainly related to customer contracts in the backlog, trade payables, advance payments received and refundable advance liabilities. The functional currency of ACLP is the US dollar.

Bombardier continues with its current funding plan of ACLP and funded the second half of 2018 and 2019 cash shortfalls of ACLP for a total amount of $ 575 million. Bombardier has further agreed to continue to fund any cash shortfall up to a maximum aggregate amount of $ 350 million over 2020 and 2021. Bombardier funding is performed in consideration for non-voting participating Class B common units in ACLP. Airbus has the choice to reimburse Bombardier's funding for the lower of the nominal amount plus a yearly 2% interest or an amount equal to the fair value of the shares of ACLP at the purchase date of Class A ownership units.

As at 31 December 2019, the shareholding structure is the following:

Shareholder	Voting rights	Non-voting right	Total in %
	Class A common units in %	Class B common units in %	
Airbus	50.26 %	0 %	46.02 %
Bombardier	33.72 %	100 %	39.31 %
IQ	16.02 %	0 %	14.67 %

Airbus benefits from a call right in respect of all of Bombardier's interests in ACLP at fair market value, with the amount for Class B shares subscribed by Bombardier capped at the invested amount plus accrued interests if any, exercisable no earlier than 7.5 years following the closing, except in the event of certain changes in the control of Bombardier, in which case the right is accelerated. Airbus also benefits from a call right in respect of all IQ's interests in ACLP at fair market value no earlier than 4.5 years following the closing.

Bombardier benefits from a corresponding put right whereby it could require Airbus to acquire its interest at fair market value after the expiry of the same period. IQ will also benefit from tag along rights in connection with a sale by Bombardier of its interests in the partnership.

Airbus used the full goodwill approach to account for this transaction. Bombardier's and IQ's interests in ACLP are measured at their estimated fair value. The fair value measurement of the assets acquired and liabilities assumed has been performed by an independent expert. According to IFRS 3, the fair values of acquired assets and assumed liabilities have been determined excluding Airbus specific synergies (mainly with respect to volumes sold and manufacturing costs).

The transaction has been approved by the Boards of Directors of both Airbus and Bombardier, as well as the Cabinet of the Government of Québec. The partnership's head office, primary assembly line and related functions are based in Mirabel, Québec (Canada).

The opening balance sheet of ACLP has not been adjusted in 2019 and has been completed on 1 July 2019 in accordance with IFRS 3 "Business Combinations" after the one year period.

The following table summarises the final allocation of the purchase price to the acquired assets and the assumed liabilities at the acquisition date:

(In € million)	**Total**
Intangible assets (1)	1,377
Property, plant and equipment	252
Deferred tax assets	86
Inventories (2)	660
Trade receivables	8
Other financial assets	350
Other assets	93
Cash and cash equivalents	129
Total assets acquired	**2,955**
Provisions / Acquired customer contracts (3)	2,609
Deferred tax liabilities	77
Trade liabilities	270
Contract liabilities	685
Other financial liabilities	827
Other liabilities	356
Total liabilities assumed	**4,824**
Net assets assumed	**1,870**
Non-controlling interests (at fair value, i.e. including synergies provided by the acquirer) (4)	2,246
Consideration transferred (5)	(225)
Goodwill arising on acquisition (6)	**3,891**

(1) Intangible assets: Mainly include the acquired technology for the A220 programme. The fair value of the programme was measured using the "multi-excess earnings method" and is equal to the present value of the after-tax cash flows attributable to future deliveries excluding existing contracts in the backlog which are valued separately. The technology will be amortised over the expected number of aircraft to be delivered over the programme useful life.

(2) Inventories: The fair value of the inventories has been measured considering net contractual selling prices.

(3) Acquired customer contracts: This represents the present value of the excess of expected fulfilment costs over contractual selling prices for all acquired customer contracts in the backlog. Estimated fulfilment costs include both direct costs that will be recognised in gross margin and contributory asset charges to reflect the return required on other assets that contribute to the generation of the forecasted cash flows. This liability will be released as a reduction in cost of sales based on the delivered aircraft considered in the measurement of the liability.

(4) Non-controlling interests: Airbus has recognised a financial liability at fair value for the estimated exercise price of the written put options on non-controlling interests (Bombardier put option and IQ tag along). According to the accounting policy of the Company, changes in the fair value of the liability are recognised directly in equity.

(5) Consideration transferred: Airbus paid US$ 1 per share (754 shares) to acquire 50.01% of ACLP and received 100,000,000 warrants which are each entitled to one Class B Bombardier common share at a strike price equal to the US equivalent of Can$ 2.29. The fair value amounted to US$ 263 million as at 1 July 2018. As a result, the consideration transferred is negative.

(6) Goodwill: The goodwill mostly represents Airbus specific synergies expected from the acquisition, which have been excluded from the fair value measurement of the identifiable net assets. These synergies mainly relate to higher expected volumes of aircraft sold and lower manufacturing costs. ACLP is part of the cash generating unit ("CGU") Airbus and is tested for impairment on an annual basis. The opening balance sheet after purchase price allocation of ACLP has been audited as at 1 July 2018.

Disposals

On 23 December 2019, the Company finalised the sale of **PFW Aerospace GmbH** to Hutchinson Holding GmbH. Since 2011, Airbus held 74.9 % in PFW Aerospace GmbH, a key supplier in the aerospace industry, while Safeguard held the remaining 25.1%. Airbus received a consideration of € 103 million and recognised a gain of € 57 million, reported in other income. Assets and liabilities of the disposed company were previously classified as held for sale.

On 29 March 2019, the Company confirmed the agreement to sell its shares in **Alestis Aerospace S.L.** to Aciturri Aeronáutica S.L., a company headquartered in Miranda de Ebro, Spain. The closing of the transaction occurred on 30 July 2019. The Company recognised a gain for an amount of € 45 million in Airbus. Assets and liabilities of the disposed company were previously classified as held for sale.

On 1 October 2018, the Company completed the disposal of its subsidiary **Compañía Española de Sistemas Aeronáuticos, S.A. ("CESA")** to Héroux-Devtek Inc. ("Héroux-Devtek"), for a purchase price of € 114 million.

On 7 March 2018, the Company finalised the sale of **Plant Holdings, Inc.**, held by the Airbus DS Communications Inc. business, to Motorola Solutions after receiving the required regulatory approvals. Airbus Defence and Space recognised a gain of € 159 million, reported in other income.

Assets and Disposal Groups Classified as Held for Sale

As of 31 December 2019, the Company accounted for **assets and disposal group of assets classified as held for sale** in the amount of € 0 million (2018: € 334 million) and for **disposal group of liabilities classified as held for sale** in the amount of € 0 million (2018: € 432 million), following the disposals of PFW Aerospace GmbH and Alestis Aerospace S.L.

4. Related Party Transactions

The Company has entered into various transactions with related entities; carried out in the normal course of business.

5. Segment Information

The Company operates in three reportable segments which reflect the internal organisational and management structure according to the nature of the products and services provided.

- **Airbus** — Development, manufacturing, marketing and sale of commercial jet aircraft of more than 100 seats; aircraft conversion and related services; development, manufacturing, marketing and sale of regional turboprop aircraft and aircraft components. It also includes the holding function of the Company and its bank activities.
- **Airbus Helicopters** — Development, manufacturing, marketing and sale of civil and military helicopters; provision of helicopter related services.
- **Airbus Defence and Space** — Military Aircraft design, development, delivery, and support of military aircraft such as combat, mission, transport and tanker aircraft and their associated services. Space Systems design, development, delivery, and support of full range of civil and defence space systems for telecommunications, earth observations, navigation, science and orbital systems. Connected Intelligence provision of services around data processing from platforms, secure communication and cyber security. In addition, the main joint ventures design, develop, deliver, and support missile systems as well as space launcher systems. Unmanned Aerial Systems design, development, delivery and service support.

The following tables present information with respect to the Company's business segments. As a rule, inter-segment transfers are carried out on an arm's length basis. Inter-segment sales predominantly take place between Airbus and Airbus Defence and Space and between Airbus Helicopters and Airbus. Other activities not allocable to the reportable segments, together with consolidation effects, are disclosed in the column "Transversal/Eliminations".

The Company uses EBIT as a key indicator of its economic performance.

Business segment information for the year ended 31 December 2019 is as follows:

(In € million)	Airbus	Airbus Helicopters	Airbus Defence and Space	Transversal / Eliminations	**Consolidated Airbus**
Total revenue	54,775	6,007	10,907	0	71,689
Internal revenue	(696)	(429)	(86)	0	(1,211)
Revenue	**54,079**	**5,578**	**10,821**	**0**	**70,478**
thereof:					
sales of goods at a point in time	*50,577*	*2,924*	*3,457*	*0*	*56,958*
sales of goods over time	*21*	*278*	*3,942*	*0*	*4,241*
services, including sales of spare parts	*3,481*	*2,376*	*3,422*	*0*	*9,279*
Profit (loss) before financial result and income taxes (EBIT)	**2,205**	**414**	**(881)**	**(399)**	**1,339**
thereof research and development expenses	*(2,405)*	*(291)*	*(302)*	*(360)*	*(3,358)*
Interest result					(111)
Other financial result					(164)
Income taxes					(2,389)
Loss for the period					**(1,325)**

Business segment information for the year ended 31 December 2018 is as follows:

(In € million)	Airbus	Airbus Helicopters	Airbus Defence and Space	Transversal / Eliminations	**Consolidated Airbus**
Total revenue	47,970	5,934	11,063	0	64,967
Internal revenue	(771)	(411)	(78)	0	(1,260)
Revenue	**47,199**	**5,523**	**10,985**	**0**	**63,707**
thereof:					
sales of goods at a point in time	*44,175*	*2,917*	*3,080*	*0*	*50,172*
sales of goods over time	*23*	*362*	*4,579*	*0*	*4,964*
services, including sales of spare parts	*3,001*	*2,244*	*3,326*	*0*	*8,571*
Profit (loss) before financial result and income taxes (EBIT)	**4,295**	**366**	**676**	**(289)**	**5,048**
thereof research and development expenses	*(2,214)*	*(315)*	*(328)*	*(360)*	*(3,217)*
Interest result					(232)
Other financial result					(531)
Income taxes					(1,274)
Profit for the period					**3,011**

6. Revenue and Gross Margin

Revenue increased by € +6,771 million to € 70,478 million (2018: € 63,707 million), mostly at Airbus (€ +6,880 million) driven by higher deliveries of 863 aircraft (in 2018: 800 aircraft), and a favourable foreign exchange impact.

Revenue by geographical areas based on the location of the customer is as follows:

(In € million)	**2019**	2018
Asia-Pacific	22,625	23,297
Europe	22,591	17,780
North America	12,036	11,144
Middle East	7,053	6,379
Latin America	1,851	1,437
Other countries	4,322	3,670
Total	**70,478**	**63,707**

The **gross margin** increased by € +1,718 million to € 10,505 million compared to € 8,787 million in 2018, mainly driven by higher deliveries, favourable mix and improved performance at Airbus, partly offset by Airbus Defence and Space performance and provisions recognised on the A400M programme. The gross margin rate increased from 13.8% to 14.9%.

In 2019, Airbus has delivered 112 A350 XWB aircraft. New order intakes, cancellations, delivery postponements and other contractual agreements to the end of December 2019 have been reflected in the financial statements.

Risks continue to be closely monitored in line with the schedule, aircraft performance and overall cost envelope, as per customer commitments. Despite the progress made, challenges remain with recurring cost convergence.

As of 31 December 2018, the Company's largest A380 operator reviewed its aircraft fleet strategy going forward and concluded it is forced to restructure and reduce its A380 order by 39 aircraft. The Company entered into discussions with the customer in late 2018 which finally resulted in the signature of a head of agreement on 11 February 2019. Without this customer's A380 order, the Company has no substantial order backlog and no basis to sustain A380 production, despite all sales and marketing efforts in recent years. As a consequence of this decision, deliveries of the A380 will cease in 2022.

At year-end 2018, in view of the above, the Company reassessed accordingly the expected market assumptions and the recoverability and depreciation method of specific assets allocated to the A380 programme. As a result, the Company impaired specific A380 assets in the amount of € 167 million, recognised an onerous contract provision for an amount of € 1,257 million and updated the measurement of refundable advances including interest accretion for a total amount of € 1,426 million. As a consequence, the recognition of the onerous contract provision as well as other specific provisions and the remeasurement of the liabilities affected the consolidated income statement before taxes by a net € 463 million in EBIT and positively impacted the other financial result by € 177 million as of 31 December 2018.

In 2019, the Company recorded an additional net charge of € 99 million in EBIT as part of its continuous assessment of assets recoverability and quarterly review of onerous contract provision assumptions.

As of 31 December 2019, the Company has delivered a total of 88 A400M aircraft including 14 in 2019.

On 13 June 2019, the Company concluded together with OCCAR and the Nations the negotiations on a global re-baselining of the programme. A contract amendment has been signed by all parties, providing a revised aircraft delivery schedule, an updated technical capability roadmap and a revised retrofit schedule.

The Company continued with development activities toward achieving the revised capability roadmap. Important certification milestones have been achieved in 2019, in particular on critical Paratrooper Simultaneous Dispatch and Helicopter Air to Air refuelling capabilities. Technical modifications corresponding to NSOC2 contractual standard have been certified and qualified. However NSOC2 Type Acceptance initially planned in 2019 is still pending due to on-going discussions on some operational limitations.

Retrofit activities are progressing in line with the customer agreed plan.

In the fourth quarter 2019, an update of the contract estimate at completion has been performed and an additional charge of € 1,212 million has been recorded. This reflects mainly the updated estimates on the export scenario during the launch contract phase based of a revision of the market perspectives taking into account the current environment, including the suspension of the export licenses by the German Government and its consequences on potential prospects. It reflects as well some cost increases in particular for retrofit and an updated view on applicable escalation.

Risks remain on development of technical capabilities and the associated costs, on aircraft operational reliability in particular with regard to powerplant, on cost reductions and on securing export orders in time as per the revised baseline.

Due to the repeatedly prolonged suspension of defence export licences to Saudi Arabia by the German Government, and the consequential inability of the Company to execute a customer contract, a revised Estimate at Completion (EAC) was performed. As a result a € 221 million impairment charge mainly on inventories on top of a € 112 million financial expense related to hedge ineffectiveness, have been recognised as of 30 September 2019. The Company is engaging with its customer to agree a way forward on this contract. The outcome of these negotiations is presently unclear but could result in significant further financial impacts.

7. Administrative Expenses

Administrative expenses increased by € +3,643 million to € 5,217 million (2018: € 1,574 million), mainly due to the final agreements reached with the French Parquet National Financier (PNF), the U.K. Serious Fraud Office (SFO) and the U.S. Department of State (DoS). For further information, see "– Note 23: Litigation and Claims".

8. Research and Development Expenses

Research and development expenses increased by € +141 million to € 3,358 million compared to € 3,217 million in 2018, primarily reflecting research and development activities on the A320 and A350 programmes. In addition, an amount of € 133 million of development costs has been capitalised, mainly related to Airbus programmes.

9. Share of Profit from Investments Accounted for under the Equity Method and Other Income from Investments

Share of profit from investments under the equity method and **other income from investments** decreased by € -136 million to € 303 million compared to € 439 million in 2018.

10. Other Income and Other Expenses

Other income decreased by € -1,286 million to € 370 million compared to € 1,656 million in 2018. This decrease is mainly related to the exceptional release of liabilities on the A380 programme in 2018, partly compensated by the capital gains from the sale of PFW Aerospace GmbH and Alestis Aerospace S.L in 2019. For more details, see "– Note 3: Acquisitions and Disposals".

Other expenses increased by € +174 million to € -356 million compared to € -182 million in 2018.

11. Total Financial Result

Total financial result improved by € +488 million to € -275 million compared to € -763 million in 2018. This is mainly due to the positive impact from foreign exchange valuation of monetary items for an amount of € 169 million and the revaluation from financial instruments of € 408 million. The financial result includes the financial expense of € 112 million on hedge ineffectiveness (see "– Note 6: Revenue and Gross Margin").

12. Income Taxes

The **income tax** expense amounts to € -2,389 million in 2019 (2018: € -1,274 million). The high effective tax rate in 2019 is mainly driven by the non-deductibility of the penalties accounted for in the 2019 accounts (see "– Note 23: Litigation and claims"). It also comprises deferred tax impairments and tax risk updates partially offset by the sales of PFW Aerospace GmbH and Alestis Aerospace S.L. at a reduced tax rate (see "– Note 3: Acquisitions and Disposals").

In 2018, the effective tax rate was mainly impacted by non-realised tax losses in the period leading to additional deferred tax asset impairment. This was partially offset by the tax-free sale of Plant Holdings Inc. (see "– Note 3: Acquisitions and Disposals").

13. Earnings per Share

	2019	2018
(Loss) Profit for the period attributable to equity owners of the parent (Net income)	€ (1,362) million	€ 3,054 million
Weighted average number of ordinary shares	777,039,858	775,167,941
Basic earnings per share	**€ (1.75)**	**€ 3.94**

Diluted earnings per share – The Company's categories of dilutive potential ordinary shares are share-settled Performance Units relating to **Long-Term Incentive Plans ("LTIP")** and the **convertible bond** issued on 1 July 2015.

As there is a loss in 2019, the effect of potentially dilutive ordinary shares is anti-dilutive.

During 2018, the average price of the Company's shares exceeded the exercise price of the share-settled Performance Units and therefore 752,107 shares were considered in the calculation of diluted earnings per share. The dilutive effect of the convertible bond was also considered in the calculation of diluted earnings per share in 2018, by adding back € 7 million of interest expense to the profit for the period attributable to equity owners of the parent and by including 5,022,990 of dilutive potential ordinary shares.

As at 30 December 2019, the convertible bond has been converted into 5,020,942 newly issued shares (see "– Note 21: Total Equity").

	2019	2018
(Loss) Profit for the period attributable to equity owners of the parent (Net income), adjusted for diluted calculation	€ (1,362) million	€ 3,061 million
Weighted average number of ordinary shares (diluted) [(1)]	777,039,858	780,943,038
Diluted earnings per share	**€ (1.75)**	**€ 3.92**

(1) In 2018, dilution assumes conversion of all potential ordinary shares.

14. Intangible Assets and Property, Plant and Equipment

Intangible assets decreased by € -135 million to € 16,591 million (2018: € 16,726 million). Intangible assets mainly relate to goodwill of € 13,019 million (2018: € 13,039 million). The decrease is primarily due to the disposal of PFW Aerospace GmbH (see "– Note 3: "Acquisitions and Disposals").

The annual impairment tests performed in 2019 led to no impairment charge.

Property, plant and equipment increased by € +521 million to € 17,294 million (2018: € 16,773 million), mainly due to the application of IFRS 16 offset by depreciation in the period. Property, plant and equipment include right-of-use assets for an amount of € 1,543 million as of 31 December 2019.

15. Investments Accounted for under the Equity Method

Investments accounted for under the equity method decreased by € -67 million to € 1,626 million (2018: € 1,693 million). They mainly include the equity investments in ArianeGroup, MBDA and ATR GIE.

16. Other Investments and Other Long-Term Financial Assets

	31 December	
(In € million)	**2019**	2018
Other investments	2,516	2,267
Other long-term financial assets	1,937	1,544
Total non-current other investments and other long-term financial assets	**4,453**	**3,811**
Current portion of other long-term financial assets	**449**	**489**
Total	**4,902**	**4,300**

Other investments mainly comprise the Company's participations. The significant participations at 31 December 2019 include the remaining investment in Dassault Aviation (9.90%, 2018: 9.89%) amounting to € 968 million (2018: € 999 million).

Other long-term financial assets and the **current portion of other long-term financial assets** include other loans in the amount of € 2,036 million as of 31 December 2019 (2018: € 1,523 million), and the sales financing activities in the form of finance lease receivables and loans from aircraft financing.

17. Inventories

Inventories of € 31,550 million (2018: € 31,891 million) decreased by € -341 million. This is driven by Airbus (€ -338 million) and Airbus Defence and Space (€ -651 million), partly offset by an increase at Airbus Helicopters (€ +578 million). In Airbus, the decrease reflects a lower work in progress associated with the widebody programmes partly compensated by a higher work in progress associated with A320 programme. In Airbus Defence and Space, the reduction is mainly driven by a decrease in work in progress for the A400M reflecting the netting inventories with the respective portion of the loss making contracts provision. In Airbus Helicopters, the increase reflects higher inventory associated with the Super Puma programme.

18. Provisions

	31 December	
(In € million)	**2019**	2018
Provisions for pensions	8,353	7,072
Other provisions	10,561	11,816
Total	**18,914**	**18,888**
thereof non-current portion	*12,542*	*11,571*
thereof current portion	*6,372*	*7,317*

Provisions for pensions

As of 31 December 2019, the changes in actuarial assumptions resulted overall in a total net increase in pension liability of € 2,687 million, principally reflecting the weakening of interest rates in Germany, France, Canada and the UK, partly compensated by the contributions made into the various pension vehicles of € 1,758 million.

In light of the prolonged decline in interest rates and without any sign of change in this trend in a foreseeable future coupled with experience gained over recent years, management revised its demographic assumptions related to the behaviour of beneficiaries under the German pension plan. This resulted in a net increase in pension liability of € 1,793 million as of 30 June 2019, shown as part of the total changes in actuarial assumptions. These changes in accounting estimates have been recognised through other comprehensive income.

The decrease in **other provisions** is mainly due to the release, utilisation and net presentation of the A380 and A220 programme losses against inventories, partly compensated by the A400M net charge recorded in 2019 (see "– Note 6: “Revenue and Gross Margin”).

An additional provision of € 103 million related to restructuring measures has been recorded at year-end 2019 following the announcement in December 2019 to the Works Council of the main features that will be carried out to increase future competitiveness.

19. Other Financial Assets and Other Financial Liabilities

Other Financial Assets

	31 December	
(In € million)	**2019**	2018
Positive fair values of derivative financial instruments	996	1,031
Others	37	77
Total non-current other financial assets	**1,033**	**1,108**
Receivables from related companies	1,148	1,082
Positive fair values of derivative financial instruments	444	286
Others	468	443
Total current other financial assets	**2,060**	**1,811**
Total	**3,093**	**2,919**

Other Financial Liabilities

	31 December	
(In € million)	**2019**	2018
Liabilities for derivative financial instruments	2,434	1,132
European Governments' refundable advances	3,725	4,233
Others	1,339	2,644
Total non-current other financial liabilities	**7,498**	**8,009**
Liabilities for derivative financial instruments	1,560	1,623
European Governments' refundable advances	552	344
Liabilities to related companies	159	175
Others	376	320
Total current other financial liabilities	**2,647**	**2,462**
Total	**10,145**	**10,471**

The total net fair value of derivative financial instruments deteriorated by € -1,116 million to € -2,554 million (2018: € -1,438 million) as a result of the strengthening of the US dollar versus the euro associated with the mark to market valuation of the hedge portfolio.

As of 31 December 2019, the total hedge portfolio with maturities up to 2026 amounts to US$ 97.1 billion (2018: US$ 81.9 billion) and covers a major portion of the foreign exchange exposure expected over the period of the operative planning. The average US$/€ hedge rate of the US$/€ hedge portfolio until 2026 amounts to 1.23 US$/€ (2018: 1.24 US$/€) and for the US$/£ hedge portfolio until 2023 amounts to 1.37 US$/£ (2018: 1.40 US$/£).

The allocation of European Governments' refundable advances between non-current and current presented in the Unaudited Condensed IFRS Consolidated Financial Statements ended 31 December 2019 is based on the applicable contractual repayment dates. The European Governments' refundable advances decreased by € -300 million to € 4,277 million (2018: € 4,577 million), primarily related to the payments made on the A380 programme (see "– Note 6: Revenue and Gross Margin").

The financial liabilities measured at fair value and classified as Level 3 consist mainly of the written put options on non-controlling interests ("NCI puts") relating to ACLP (see"- Note 3: Acquisitions and Disposals").The fair value of these NCI puts are derived from a discounted cash flow analysis using the latest operating plan and a projection over the lifetime of the A220 programme.

In addition a post-tax WACC of 7.5% is used to discount the forecasted cash flows, taking into account the specificities of the programme (2018: 6.95%).

The decrease in the fair value of the NCI puts reflects the latest projections on funding needs, ramp-up phasing and market projections.

20. Other Assets and Other Liabilities

Other Assets

	31 December	
(In € million)	**2019**	2018
Cost to fulfil a contract	351	777
Prepaid expenses	86	33
Others	85	78
Total non-current other assets	**522**	**888**
Value added tax claims	1,252	3,255
Cost to fulfil a contract	626	464
Prepaid expenses	147	121
Others	398	406
Total current other assets	**2,423**	**4,246**
Total	**2,945**	**5,134**

Other Liabilities

	31 December	
(In € million)	**2019**	2018
Others	384	460
Total non-current other liabilities	**384**	**460**
Tax liabilities (excluding income tax)	614	2,706
Others	6,203	2,582
Total current other liabilities	**6,817**	**5,288**
Total	**7,201**	**5,748**

21. Total Equity

The Company's shares are exclusively ordinary shares with a par value of € 1.00. The following table shows the development of the number of shares issued and fully paid:

(In number of shares)	**2019**	2018
Issued as at 1 January	**776,367,881**	**774,556,062**
Issued for ESOP	1,784,292	1,811,819
Issued for convertible bond	5,020,942	-
Issued at 31 December	**783,173,115**	**776,367,881**
Treasury shares	(862,610)	(636,924)
Outstanding at 31 December	**782,310,505**	**775,730,957**

Holders of ordinary shares are entitled to dividends and to one vote per share at general meetings of the Company.

Equity attributable to equity owners of the parent (including purchased treasury shares) amounts to € 5,975 million (2018: € 9,724 million) representing a decrease of € -3,749 million. This is due to a net loss for the period of € -1,362 million and a decrease in other comprehensive income, principally related to a change in actuarial gains and losses of € -2,345 million and the mark to market revaluation of the hedge portfolio of € -1,048 million, a dividend payment of € -1,280 million (€ 1.65 per share), partly compensated by the decrease of € 1,318 million in the valuation of the puttable liability relating to ACLP (see "– Note 19: "Other Financial Assets and Other Financial Liabilities").

The **non-controlling interests ("NCI")** from non-wholly owned subsidiaries increased to € 15 million as of 31 December 2019 (2018: € -5 million). These NCI do not have a material interest in the Company's activities and cash flows.

22. Net Cash

The net cash position provides financial flexibility to fund the Company's operations, to react to business needs and risk profile and to return capital to the shareholders.

	31 December	
(In € million)	**2019**	2018
Cash and cash equivalents	9,314	9,413
Current securities	2,302	2,132
Non-current securities	11,066	10,662
Gross cash position	**22,682**	**22,207**
Short-term financing liabilities	(1,959)	(1,463)
Long-term financing liabilities	(8,189)	(7,463)
Total	**12,534**	**13,281**

The **net cash** position on 31 December 2019 amounted to € 12,534 million (2018: € 13,281 million), with a gross cash position of € 22,682 million (2018: € 22,207 million).

Cash and Cash Equivalents

Cash and cash equivalents are composed of the following elements:

	31 December	
(In € million)	**2019**	2018
Bank account and petty cash	1,649	1,862
Short-term securities (at fair value through profit and loss)	7,014	6,576
Short-term securities (at fair value through OCI)	652	984
Others	(1)	6
Total cash and cash equivalents	**9,314**	**9,428**
Recognised in disposal groups classified as held for sale	0	15
Recognised in cash and cash equivalents	**9,314**	**9,413**

Only securities with a maturity of three months or less from the date of the acquisition, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, are recognised in cash equivalents.

Securities

The Company's securities portfolio amounts to € 13,368 million and € 12,794 million as of 31 December 2019 and 2018, respectively. The security portfolio contains a non-current portion of € 11,066 million (2018: € 10,662 million), and a current portion of € 2,302 million (2018: € 2,132 million).

Financing Liabilities

	31 December	
(In € million)	**2019**	2018
Bonds and commercial papers	6,491	6,659
Liabilities to financial institutions	244	267
Loans	156	229
Lease liabilities	1,298	307
Others (1)	0	1
Total long term financing liabilities	**8,189**	**7,463**
Liabilities to financial institutions	106	86
Loans	127	70
Lease liabilities	262	23
Others (1)	1,464	1,284
Total short term financing liabilities	**1,959**	**1,463**
Total	**10,148**	**8,926**

(1) Included in "others" are financing liabilities to joint ventures.

Long-term financing liabilities, mostly comprising bonds and lease liabilities, increased by € +726 million to € 8,189 million (2018: € 7,463 million), mainly due to the application of IFRS 16 (see "– Note 2: Accounting Policies"). It was partly offset by the conversion of the convertible bond issued in 1 July 2015 for an amount of € 500 million. The conversion price was € 99.54 per ordinary share.

Short-term financing liabilities increased by € +496 million to € 1,959 million (2018: € 1,463 million). The increase in short-term financing liabilities is mainly related to the application of IFRS 16.

23. Litigation and Claims

The Company is involved from time to time in various legal and arbitration proceedings in the ordinary course of its business, the most significant of which are described below. Other than as described below, the Company is not aware of any material governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened), during a period covering at least the previous twelve months which may have, or have had in the recent past significant effects on Airbus SE's or the Company's financial position or profitability.

If the Company concludes that the disclosures relative to contingent liabilities can be expected to prejudice seriously its position in a dispute with other parties, the Company limits its disclosures to the nature of the dispute.

WTO

Although the Company is not a party, the Company is supporting the European Commission in litigation before the WTO. Following its unilateral withdrawal from the 1992 EU-US Agreement on Trade in Large Civil Aircraft, the US lodged a request on 6 October 2004 to initiate proceedings before the WTO. On the same day, the EU launched a parallel WTO case against the US in relation to its subsidies to Boeing.

Following a series of interim WTO panel decisions, in May 2018 the WTO held that the EU achieved compliance in respect of the majority of the subsidies at issue but considered that some remaining obligations required adjustments. The Company and the EU took corrective actions that were reviewed by a WTO panel. The decision of that panel is currently being appealed. In the meantime, the US requested authority to impose countermeasures worth US$ 11.2 billion per year, commensurate with its estimate of the adverse effects caused by the EU subsidies. The WTO did not agree with the US estimate and authorised the US to impose US$ 7.5 billion in annual countermeasures. The United States Trade Representative ("USTR") imposed tariffs on a range of imports to the US from the EU including 10% on the importation of large civil aircraft from the EU. Those tariffs went into effect on 18 October 2019.

The tariffs could have a material impact on the financial statements, business and operations of the Company. At this stage it is too early to determine the full extent of any financial impact on the Company. Duties on the importation of Airbus products into the US could result in (i) increased costs for the aerospace and airline industries as well as other industries that rely on air transport, (ii) weakening demand for new aircraft and negatively affecting the financial condition of air carriers and lessors, (iii) decisions to defer, reject or reschedule the delivery of new aircraft or limit the routes upon which new aircraft will be used, (iv) increased costs to consumers, (v) retaliation by the EU with its own import duties to be applied to US products, and/or (vi) damage to the Company's business or reputation via negative publicity adversely affecting the Company's prospects in the commercial market place.

Several years of proceedings also identified significant unlawful support to Boeing. In its most recent decision on the matter in March 2019, the WTO found that the steps by the US to address US subsidies to Boeing were inadequate. The WTO Appellate Body also found that additional US federal and state programmes, such as the Foreign Sales Corporation ("FSC") and Washington State tax reductions constitute illegal subsidies. Consequently, the EU initiated its request for the authorisation of annual countermeasures amounting to up to US$ 12 billion and published a preliminary list of products from the US on which the EU may take countermeasures, which includes US aircraft. The actual amount of duties to which the EU may be entitled will be determined at the conclusion of WTO arbitration proceedings. The imposition of equivalent or greater tariffs on aircraft imports into Europe is likely.

Exact timing of further steps in the WTO litigation process is subject to further rulings and to negotiations between the US and the EU.

GPT

In August 2012, the UK Serious Fraud Office ("SFO") announced that it had opened a formal criminal investigation in relation to GPT Special Project Management Ltd ("GPT"), a subsidiary operating in Saudi Arabia that the Company acquired in 2007. The investigation relates to issues initially raised by a whistleblower concerning contractual arrangements originating prior to GPT's acquisition and continuing thereafter. The Company has engaged with the SFO throughout and continues to actively cooperate with the investigation.

Eurofighter Austria

In 2017, the Austrian Federal Ministry of Defence raised criminal allegations against Airbus Defence and Space GmbH and Eurofighter Jagdflugzeug GmbH for wilful deception and fraud in the context of the sale of the Eurofighter aircraft to Austria and respective damage claims. After the Austrian Federal Ministry of Defence raised its criminal allegations, the Austrian public prosecutor opened investigations against Airbus Defence and Space GmbH, Eurofighter Jagdflugzeug GmbH and former and current employees of the two entities including related to the corresponding offset obligations. The Company has filed several submissions to the Austrian public prosecutor in response to the allegations of deception in the procurement of Eurofighter combat aircraft made by the Austrian Defence Minister. The Company is cooperating fully with the authorities.

Investigation by the UK SFO, France's PNF, US Departments of State and Justice and Related Commercial Litigation

The Company reached final agreements ("the agreements") with the French Parquet National Financier ("PNF"), the UK Serious Fraud Office ("SFO"), and the US Department of Justice ("DoJ") resolving the authorities' investigations into allegations of bribery and corruption, as well as with the US Department of State ("DoS") and the DoJ to resolve their investigations into inaccurate and misleading filings made with the DoS pursuant to the US International Traffic in Arms Regulations (ITAR). The agreements were approved and made public on 31 January 2020.

Under the terms of the agreements, the Company has agreed to pay penalties of € 3,597,766,766 plus interest and costs to the French, UK and US authorities. This is recognised in the Company's 2019 accounts. The settlements with each authority are as follows: PNF € 2,083,137,455, the SFO € 983,974,311, the DoJ € 526,150,496 and the DoS € 9,009,008 of which € 4,504,504 may be used for approved remedial compliance measures.

Under the terms of the *Convention Judiciaire d'Intérêt Public* ("CJIP") with the PNF, the Company has an obligation to submit its compliance programme to targeted audits carried out by the Agence Française Anticorruption ("AFA") over a period of three years.

Under the terms of the Deferred Prosecution Agreement ("DPA") with the SFO, no independent compliance monitor will be imposed on the Company in light of the continuing monitorship to be conducted by the AFA.

Under the terms of the DPA with the DoJ, no independent compliance monitor will be imposed on Airbus under the agreement with the DoJ, but the Company will periodically report on its continuing compliance enhancement progress during the three year term of the DPA and carry out further reviews as required by the DoJ.

The agreements result in the suspension of prosecution for a duration of three years whereupon the prosecutions will be extinguished if the Company complies with their terms throughout the period, including the payment of penalties.

Under the terms of the Consent Agreement with the DoS, the DoS has agreed to settle all civil violations of the ITAR outlined in the Company's voluntary disclosures identified in the Consent Agreement, and the Company has agreed to retain an independent export control compliance officer, who will monitor the effectiveness of the Company's export control systems and its compliance with the ITAR for a duration of three years.

Any breach of the terms of the agreements by the Company could lead to rescission by the authorities of the terms of the agreements and reopening of the prosecutions. Prosecution could result in the imposition of further monetary penalties or other sanctions including additional tax liability and could have a material impact on the financial statements, business and operations of the Company.

In addition to any pending investigation in other jurisdictions, the factual disclosures made in the course of reaching the agreements may result in the commencement of additional investigations in other jurisdictions. Such investigations could also result in (i) civil claims or claims by shareholders against the Company, (ii) adverse consequences on the Company's ability to obtain or continue financing for current or future projects, (iii) limitations on the eligibility of group companies for certain public sector contracts, and/or (iv) damage to the Company's business or reputation via negative publicity adversely affecting the Company's prospects in the commercial market place.

Airbus will continue to cooperate with the authorities in the future, pursuant to the agreements and to enhance its strong Ethics & Compliance culture within the Company.

Several consultants and other third parties have initiated commercial litigation and arbitration against the Company seeking relief. The agreements reached with authorities may lead to additional commercial litigation and arbitration against the Company and tax liability in the future, which could have a material impact on the financial statements, business and operations of the Company.

ECA Financing

The Company and the ECAs reached agreement on a process under which it is able to make applications for ECA-backed financing for its customers across the Company on a case-by-case basis.

Other Investigations

The Company is cooperating fully with the authorities in a judicial investigation in France related to Kazakhstan. In this spirit, the Company asked to be interviewed by the investigating magistrates and has been granted the status of “assisted witness” in the investigation.

On 17 September 2019, the Company self-reported to German authorities potentially improper advance receipt and communication of confidential customer information by employees of Airbus Defence and Space GmbH. The information concerned relates to two future German government procurement projects in the programme line Communications, Intelligence and Security. The self-disclosure by the Company follows an ongoing internal review with the support of an external law firm. Both the German Ministry of Defence and the Munich public prosecutor announced their intention to open an investigation into the matter. The Company will continue to fully cooperate with relevant authorities. The investigation could have an impact on Airbus Defence and Space GmbH’s ability to participate in future public procurement projects in Germany and may have other legal consequences.

Other Disputes

In the course of a commercial dispute, the Company received a statement of claim by the Republic of China (Taiwan) alleging liability for refunding part of the purchase price of a large contract for the supply of missiles by subsidiary Matra Défense S.A.S., which the customer claims it was not obliged to pay. An arbitral award was rendered on 12 January 2018 with a principal amount of € 104 million plus interest and costs against Matra Défense S.A.S. Post-award proceedings are currently underway.

24. Number of Employees

	Airbus	Airbus Helicopters	Airbus Defence and Space	**Consolidated Airbus**
31 December 2019	80,985	20,024	33,922	**134,931**
31 December 2018	80,924	19,745	33,002	133,671

25. Events after the Reporting Date

On 31 January 2020 the Company reached final agreements with the French Parquet National Financier (PNF), the U.K. Serious Fraud Office (SFO) and the U.S. Department of State (DoS) (see “– Note 23: Litigation and Claims").

The UK formally exited the EU on 31 January 2020. From 1st February, both parties enter the 'transition period' during which the EU and UK will negotiate additional relationship arrangements. The transition period runs until 31 December 2020.

The Company is monitoring the situation regarding the Coronavirus and evaluating any potential impacts to production and deliveries, and will try to mitigate via alternative plans where necessary. There is no impact as of 31 December 2019.

On 12 February 2020, the Company and IQ have agreed to acquire Bombardier’s remaining stake in ACLP. This brings their holdings to 75% and 25% respectively. As part of this transaction, Airbus, via its wholly owned subsidiary Stelia Aerospace, has also acquired the A220 and A330 work package production capabilities from Bombardier in Ville Saint-Laurent, Quebec. Airbus will pay a total consideration of $ 0.6 bn, of which $ 0.5 bn would be paid on closing. With this transaction Bombardier is released of its future funding capital requirement to ACLP. The Company is assessing the impacts of the transaction on its 2020 financial statements.