Business Update 2026

Transcript

AIRBUS

Jean-Christophe Henoux: Here we go. Good afternoon, ladies and gentlemen. Very warm welcome to the 2026 Airbus business update. It's fantastic to see so many familiar faces in the room. On behalf of Airbus top management, we are delighted to host you today in London. This event is also broadcasted live. So good morning to the participants connected from the US. Good afternoon or good evening to all others from around the world.

Before we start, let me go through a few practicalities and starting with safety first. (Event Instructions)

During the presentation, but also during the Q&A, we will be making some forward-looking statements. Please review the Safe Harbor statement that is displayed behind me and also accessible on the Airbus website. Furthermore, please note that we are in our quiet period ahead of our midyear financial results next week. As a consequence, speakers won't comment recent financial performance of Airbus.

Now let's have a quick look at our agenda for today. This event is planned to last two hours and will conclude at 7:30 PM UK time. We'll start with our CEO, Guillaume Faury, who will set the scene globally before handing over to our CFO, Thomas Toepfer, who will guide us through our financial outlook.

It will be followed by business perspectives delivered in the following sequence: first, Lars Wagner, our Commercial Aircraft CEO; then Mike Schoellhorn, our Airbus Defence and Space CEO; and then Matthieu Louvot our Airbus Helicopter CEO. Guillaume will then come back on stage to deliver the final wrap-up, leading us to 30 minutes joint Q&A session.

Let's get started. Ladies and gentlemen, please welcome to the stage Guillaume.

Guillaume Faury, Airbus SE: Hi, everyone. It's a great pleasure to be here today with you at the Farnborough Airshow. Airshows are always an exciting moment for us for plenty of reasons. Aircraft and helicopters flying in the skies, opportunity to meet with customers, partners, suppliers as well.

This year had a very good start yesterday, and it looks like a very good edition. And I'm very happy to be here and to be here with the team. Of course, Thomas Toepfer, our CFO, that you know him well; and Mike Schoellhorn, whom you know well as well.

But it's a pleasure to be for the first time with Lars Wagner. Lars, if you can stand up. The CEO of our Commercial Aircraft business, for the first time with us. But also Matthieu. Matthieu Louvot, in charge of helicopters was formerly the Head of Strategy for Airbus. So I guess he is known already, but it is the first time at least in this capacity as the Head of Airbus Helicopters. So very happy to be with them, especially because they will be giving a lot of color and the bulk of the work is for them.

But I'm obviously happy to introduce and be in a position to share with you a midterm target for the company, for the group. Also, the fact that we will go for a share buyback.

We are today at Airbus in a place in the market where demand is very strong. We have a level of visibility we've never had before. We've put behind us a lot of challenges, and we've cleared the skies to move forward and we think we're in a good place to give an outlook to give a target for the midterm, a place we have never been before.

We have a business that has shown resilience that keeps going, keeps moving forward and actually in the different businesses we're in. You see on the slide that has not yet appeared that you see already that we think we enjoy a level of visibility we've not had so far. And obviously, against the backdrop of the world as we know it, we are all experiencing -- sorry, a lot of changes and disruptions, but there are some midterm, long-term trends, which are strong underlying trends, and we are working in this environment for our businesses.

We are also now having ticked a lot of important boxes when it comes to our ability to supply. So basically, what I'm saying is we have a very strong demand. This is the case for commercial division. That's the case for defence.

We've done a lot as well on space. I will come back to it. And we are now in a market where space comes with a lot of demand, especially when it comes to space for defence, and we keep moving forward with the Helicopter business that is strong.

So strong demand. We have a backlog of more than 9,200 commercial aircraft, but we have very strong backlogs as well in Defence and Space and Helicopters, and we've had in the past years, record order book supporting the growth moving forward.

So the markets we are working in are strong, but our ability to supply has also made a lot of progress. We have invested significantly to be fully prepared to deliver in a few quarters at rate 75 for the A320. We have recently inaugurated the last of the 10 FALs, which are fully designed to support the ramp-up till rate 75 with a high percentage of A321s. So all those 10 FALs are fully A321 capable. So we are fully prepared now to assemble those aircraft.

The supply chain that was heavily impacted by COVID and after difficulties of recovery in the post-COVID environment is now in a much better place and you have seen through the deliveries that we have achieved in the first half of this year but we are progressing well and we are progressing according to the trajectory we have given to ourselves and we see that the level of preparedness, what we call the enablement of production is also in a good place.

We have closed the acquisition of Spirit, Spirit AeroSystems, end of last year. And so when we look at the make and the buy, we think -- and we observe we're in a good place to deliver on this very strong demand that I was mentioning before.

We've done also a lot in our Defence and Space businesses. Defence has been for Airbus coming with challenges in the past. We've been discussing A400M for many, many years, and we had a level of profitability we were not satisfied with. So a lot of transformation has been led by Mike, and Mike will say things about it.

But we've also entered into a significant deep turnaround of our space activities. And I'm very happy to share with you that we are ahead of the trajectory we have given to ourselves. So space is also moving forward in a very high way.

Helicopters, there's nothing new except that Helicopters keep growing profitably at a pace that is a good pace given the support from defence. But as you know, we are the world leaders in helicopters on the civil side and we're also the world leader when it comes to civil plus military. Military is for us a good boost.

So we are today with the level of visibility that we have not enjoyed before, with a level of visibility on the demand side and on the supply side. So these things come well together and this is a good moment for us to give midterm targets for the group. And we are very happy to share with you that we target for the EBIT adjusted 2029 between € 12 billion to € 13 billion.

We are a long-term company, where we are today, thanks to the investments that have been made over the years and over the decades, and we continue to be a long-term oriented company. Thomas will share with you the fact that in those numbers, we have factored in the ability to continue to invest and we have significant investment in front of us as we want to continue to grow. And as we are preparing the next generation of products that are so important for our different businesses.

We've been able to operate so far with this level of growth and delivering a cash conversion of one. And moving forward, we continue to see the ability to deliver free cash flows. And given the fact that we come with this level of visibility that we look at 2029 with a team that will deliver on this growth and on those results, we have a level of visibility that gives us the opportunity that's been supported by Airbus Board to announce a share buyback of € 5 billion over a period of three years, starting later in the year.

So the midterm target, the midterm visibility, comes also with the use of a tool and we had said that there was a tool in the toolbox that we want to use now that is called a share buyback. So this is an outlook of what we are looking at for the years to come.

There's nothing that can be done without leaders at the helm of the businesses. That's why I'm so happy to have the team we have at Airbus today. That is a very strong team, very committed high level of skills, competencies and solidarity in the team.

They're here today. They will indicate, they will show, they will share with you important strategic elements of what we intend to do, where we are, why we believe in this. We are at a place, and at the moment, that is very exciting for us to see the fruits of a lot of efforts and commitments we've had so far to be in that place and to enjoy the visibility we have. And that's why we are so excited to share this with you today and to take the time to explain how we're going to do this and why this is something we are -- we believe in and we are excited to deliver.

So Thomas, I think it's now on you to come and give more color on this. So Thomas, please come on stage. Thank you for coming here and sharing with the audience what it means in terms of financials. Thomas, the floor is yours.

Thomas Toepfer: Well, yes. Thank you, Guillaume, and hello, everyone. I'm really happy to be here. It's a pleasure to walk you through our financials for the business update. And starting with our performance today, which of course, is the anchor for the target that we will communicate.

So you remember, in 2025, we delivered a highly resilient performance despite some intense headwinds, we delivered 793 aircraft, yielding a strong € 7.1 billion in EBIT adjusted and € 4.6 billion of free cash flow before customer financing, and capitalising on our industry-leading value proposition enables our trajectory for future growth.

Now turning into 2026. I would like to emphasise, first of all, that our guidance for the year remains unchanged. And so for the full year, we're targeting around 870 commercial deliveries and EBIT adjusted of around € 7.5 billion and a free cash flow before customer financing of around € 4.5 billion. And I would just like to emphasise that achieving these 2026 targets will actually represent historic highs for both deliveries and for EBIT adjusted, alongside one of the strongest cash performances in our history and with this, we kick off our midterm trajectory from a position of strength.

Now I know that you and the market has been waiting for Commercial Aircraft midterm outlook for some time, and today we're delivering that clarity with a balanced plan for the group that sets the ambition for future performance.

So our midterm plan moves the EBIT adjusted from € 7.1 billion in 2025 to € 12 billion to € 13 billion in 2029. And this would represent a profitability increase of around 75%, looking at the midpoint in '29 versus the 2025 EBIT adjusted, which again I recall, was a historic high for Airbus.

Now looking at the components that make up that company target, you have them on the right-hand side. Commercial Aircraft steps up from € 5.5 billion to around € 10 billion in '29. Airbus Defence and Space grows from € 0.8 billion to around € 1.3 billion in 2029 and Helicopters increases from € 0.9 billion to around € 1.2 billion. And this trajectory is obviously underpinned by a set of base assumptions, which I would like to make very clear.

So first of all, on the macro front, while we do not model a world which is frictionless, we do assume no major disruptions to global air traffic, supply chains or internal operations. And we also assume that trade regulations remain stable versus today and our framework as usually it excludes any potential M&A impacts.

And secondly, you also have it in the fine print, our euro-US dollar currency rate is modeled at $1.22 for 2029. So for your models, our FX sensitivity will mechanically increase step by step along our trajectory as deliveries ramp up, reaching plus or minus € 250 million EBIT impact per 1 point of dollar deviation by 2029. And we have anchored our midterm targets in 2029 as this year represents the horizon where all our programmes should be at their targeted rates.

Now let's look at the specific program building blocks driving this trajectory. Starting with the A320 family. By 2029, we expect the program will be operating at full rates, unlocking profitability through fixed cost absorption and positive operating leverage. And this margin expansion is further supported by a favorable product mix with the A321 variant now comprising approximately 75% of our A320 family backlog.

Secondly, if you turn to our Widebody programmes, the strong market demand continues to drive momentum across both platforms. And for the record, both programmes reached breakeven post-COVID in 2022.

Now first on the A350, as we scale to more than double our deliveries by 2029, we are restoring our trajectory towards structural margin expansion. As we drive that forward, let me highlight two near-term headwinds for the A350.

First of all, we will see a temporary negative impact from the initial learning curve on the A350 freighters. And at the same time, our overall margin potential is still constrained by the lingering impact of the launch customer contracts, which is the second reason. Because of those two, the true financial, what I would call sweet spot, for the A350 programme actually sits beyond the midterm horizon of 2029.

Secondly, on the A330, our focus is on steady industrial execution to capture sustained global demand. And while it remains a solid contributor, its mature life cycle naturally limits further cost reductions, making its margin expansion per aircraft structurally lower than the one for the A350.

So if you take the Widebody platforms as a whole, the combined profitability will surpass historical benchmarks crossing the line of € 1 billion EBIT pre-R&D in the coming years. And looking beyond 2029, we expect further acceleration in bottom line growth as the backlog matures.

Now on the A220, our teams are focused on reaching breakeven on the path to rate 13, driven by ongoing improvements in our cost structures and scaling effects. And across all programs, we are leveraging all possible profitability levers. And beyond volume, we are actively focused on value. Now given the visibility that our backlog provides, the financial upside of these efforts will materialize in a few years, and Lars will, of course, expand in a few minutes further on the topic.

Complementing the programme building blocks, we are targeting $10 billion in Commercial Aircraft Services revenues by 2030. And alongside this, we now expect to cross the line of double-digit profitability for services in the midterm. And importantly, this is an upgraded target driven by efficiency and profitability improvements we have made across the business. And just to clarify what is the service business, the segment is made up of two parts. The first one includes our highly profitable trading services, such as spare parts, training and digital solutions. And the second covers our core support costs, ensuring that the aircrafts operate as promised throughout their life cycle.

Now I would like to turn to our divisions, starting with Airbus Defence and Space. The division's comprehensive reorganisation and operational turnaround have already yielded tangible financial results, and in addition, the business is currently leveraging strong defence momentum in the market, which is reflected in our record order intake, and we are sharply focused on converting the strong demand into incremental margins.

And moving to Helicopters, the division continues its strong performance while advancing its industrial transformation to capture broader market growth. And like Defence and Space, Helicopters is well positioned to capitalise on military exports. So going forward, for Helicopters, its profitability trajectory will be driven by three factors: the ramping up the product portfolio and cost optimisation; secondly, expanding the services business; and thirdly, capturing the defence upside.

Now we are encouraged by the commercial acceleration and enhanced competitiveness of both divisions, and this sustained momentum will deliver a combined EBIT adjusted of around € 2.5 billion by 2029, providing a diversified pillar of profitability to the company.

Simultaneously, we're making targeted investments in our future. As we said last year, R&D continues to remain stable in the mid-single-digit range as a percentage of revenue, meaning in absolute spend, the absolute spend will grow trending towards € 5 billion per year by the end of the decade. And this funding supports continuous platform development, next-generation technology and proactive life cycle management. And crucially, we're pairing R&D with strict internal efficiency levers such as procurement optimisation, digitalisation to ensure our margins remain structurally protected as we grow.

Now let me quickly speak on FX. As I said, our 2029 target incorporates a known headwind, which is shifting from the $1.19 blended EBIT rate that we've seen in 2025 to $1.22, which is the baseline assumption for 2029. And to be very clear, the $1.22 is a working assumption based on today's market conditions and our current hedge book. And as mentioned earlier, macro shifts can certainly impact the actual rates, meaning the $1.22 assumption could naturally evolve as we go.

And in terms of hedging, I would say, while we are rather well covered in the short term, we are proactively managing the outer years, looking for the right balance between locking in rates while at the same time, reducing hedging costs for the company.

So these parameters underpin a disciplined approach to value creation and diversification of our profitability levers. And as we scale our operations to cross the 1,100 delivery milestone and surpass the triple-digit revenue threshold, we project an EBIT adjusted of €12 billion to €13 billion in 2029. And looking ahead, as deliveries trend towards a steady cadence, we plan to shift the focus of our annual guidance to core financial KPIs because this approach, so focusing on core financial KPIs in terms of guidance, better reflects our broader revenue base which extends well beyond Commercial Aircraft deliveries only. But I want to be very clear and for the avoidance of doubt, this transition in terms of guidance will not apply for 2026. And furthermore, Commercial Aircraft deliveries will still be provided as an underlying assumption and reported on regularly so that we are ensuring that the market visibility remains completely unchanged in terms of our delivery trajectory.

Now turning now to how these earnings translate into cash. As a reminder, our cash conversion is defined as net income to Free Cash Flow before Customer Financing. During the last four years, our execution has yielded a cumulative cash conversion of around 1, and this strong track record was supported by robust order momentum across all businesses and a favorable working capital contribution. And this was a major achievement given our intense phase of industrial acceleration. Looking forward, our ambition is to sustain a high-quality cash conversion ratio of around 1 over a five-year time horizon while increasing, of course, nominal free cash flow generation.

So let me walk you through the key puts and takes that will drive this cash generation moving forward. The profitability upside we outlined earlier will translate directly into cash. Alongside this, unlike most industrial companies, we have the capacity to fund our growth without deteriorating our working capital. And this is primarily due to our predelivery payment scheme, which naturally finances our inventory needs. And as a result, we expect working capital to remain neutral over this projected horizon.

On CapEx, going forward, we project a moderate increase driven notably by the need to support our industrial ramp-up as well as the continuous upgrading of our industrial system. Ultimately, this free cash flow generation supports our commitment to disciplined, balanced capital allocation, and it secures our operational resilience, preserves strategic optionality and ensures we continue to deliver attractive, consistent returns to our shareholders.

And with this, now to capital allocation, where our priorities remain exactly as we outlined last year, rooted in strict discipline. So that means organic investments to support future growth always comes first. And then comes our commitment to growing shareholder returns. And finally, we maintain the flexibility to accelerate growth through targeted bolt-on M&A.

Anchoring this entire framework is our unchanged policy on our net cash balance, which we will maintain at levels consistent with recent years. And because of our strong financial trajectory, we believe it's now the right time to accelerate shareholder returns. Therefore, we are launching a €5 billion share buyback programme to be executed over a three-year time horizon, subject of course to continued shareholder approval. And this marks clearly a significant step change.

Over the past four years, we returned €7.2 billion to our investors through regular and special dividends. And with this new programme, we are expanding that commitment. We expect total cash returns over the 2026 to 2029 period to represent around 60% of our cumulated Free Cash Flow generation. And importantly, I would like to emphasise, of course, this share buyback is a targeted tactical move based on our current strength rather than a permanent recurring annual commitment, and so thereby ensuring that we continuously drive long-term shareholder value while fully preserving our strategic flexibility.

So to conclude, these strategic levers mark our transition into a value-driven phase for Airbus. And as we scale past 1,100 deliveries and surpass the triple-digit revenue mark, our success is driven by disciplined execution across Commercial Aircraft, Defence and Space and Helicopters alike.

Our structural cash generation enables us to invest in our future while accelerating shareholder returns at the same time, and we're delivering on this through our continued commitment to a progressive dividend policy, which will be complemented by the €5 billion share buyback programme. And these actions demonstrate our focus on consistent value.

So I would like to leave it here. And with that, hand over to you Lars, for further details on Commercial Aircraft. Thank you.

Lars Wagner: Thank you, Thomas. Good evening. Back to the community of capital markets. Good to be back with you after one year now with a different badge. I'm happy to talk to you about the Commercial Aircraft agenda for 2029 and sometimes even beyond 2029.

And I thought about it, how do I structure that with four elements. One is where I see the current demand. We are a long-term industry. So demand is not tomorrow, not next year, not by the end of the decade. We think about demand in 10, 15, 20 years' timeframe. The second cluster will be how do I fulfill this demand. So what I think about is supply. Third cluster is how do I think about profitability in our business. And then the fourth, as we are a long-term industry, is about how we prepare for the future.

So coming out of the air show, there's a lot of demand. There's really a lot of demand on all product families. And you see here the result of our recently published general market forecast that gives roughly a 4% CAGR on both the new aircraft market but also the services market.

We said we see a demand of 42,000 new aircraft in the year by 2045. That's probably around 60% new aircraft and 40% replacement of aircraft. And we believe we have the right product, we have the right platform, and it's superior platforms.

You see here what we have recently communicated in our rate trajectory. So we are serving the market on the 220 with a rate ambition of 13 going into the year 2028. We have said rate 70 to 75 because we had to delay our ramp-up of the engine supply, mainly from Pratt & Whitney. So we said 70 to 75 by the end of 2027 and then moving into the rate 75 shortly after the beginning of 2028.

What we see, we already were very strong on the market share in single-aisle. We see an even higher demand on the Widebody, where we usually have a smaller market share than our competition, and we want to tap this market share, meaning we want to increase our market share.

I look at the 330neo and I look at the 350, both of them are targeted to be - one is the rate 5 on the 330neo in 2029. And the 350, so far, we have said rate 12 in 2028. As we see the Widebody demand going up, we are actually investigating on both platforms, how to increase the rate to supply the demand that's out there, and that could go higher on both 330 and the 350.

We have a superior platform. We're serving the market with the -900. We're serving the market with more demand now on the -1000. We have the A350 freighter having its first flight towards the end of the summer. And we flew the 350 ULR, the ultra-long range, on June 2. And both of these new platforms will see the entry into service in the course of the year 2027.

So adding up on the Widebody demand, especially on the A350, I see a possibility to increase the rate well beyond rate 12. That's what we're investigating right now, and we will communicate it once this has been decided.

More aircraft also means more services. And the services market also grows by 4% CAGR. We are going to have roughly 50,000 aircraft in the sky in 2044. That's PAX & Freighter. And the annual revenue in services for this year is supposed to be slightly north of $300 billion. If you look at the lower bottom, we have an ambition of 10 billion revenues in 2030 [post-event edit *in $*]. We're coming from roughly 5 billion in 2025. So comparing these figures, it's natural we need to tap into this market.

We want to use the position of our superior platform to sell more services to our customers. That's why we've given ourselves the ambition to double the revenues by 2030. And obviously, 2030, we don't stop. So we want to tap into this market. We want to have an even greater ambition beyond 2030.

And here, we look into spare parts, we look into operational excellence. We look into data, obviously. We are owning the data of the 15,000 aircraft currently out there. And how do we transform the data into knowledge that we can sell and that we can offer to our customers with the aircraft or even without the aircraft.

We will not do that just by organic growth. We have a radar on the market for M&A. And one of the examples recently, we have acquired Unical that is showing that we have ambition, that we have an appetite to go into an M&A market, even a significant M&A market, to fulfill these $10 billion revenues. We are targeting a double-digit profitability on these services going into the next few years. But the ambition, as I said, is very high even going beyond 2030.

So again, coming out of the airshow, you've seen the orders that we have signed yesterday and today. Now it's about execution. When I think about execution, I think about both. One is obviously the output, but the other one is also the improved quality.

That's what I'm hearing when I talk to customers, Lars, you have to step up your output, but you have to step up your quality as well. I'm going to talk about it both because that's super important. That's priority number one for 2026 and beyond is to deliver on what the market is expecting.

And that goes with four subclusters. One is the supply chain resilience. We have invested a lot at Airbus into our own capacity to deliver. And I'm super comfortable with what I've seen after coming in at the beginning of the year, how Airbus Commercial Aircraft is invested into its own capacity to fulfill the rates I've previously said on the different programs.

But we need to embrace the whole supply chain, and that has been an off and on topic since COVID. So we are looking into our supply chain. We are embracing them. We're looking into multi-sources and multi-sites for critical parts because we have seen during COVID and post-COVID that if you rely on a single supplier, a single partner, then sometimes you can get into difficulties.

So we're watching the performance, both financially, but also operationally of our partners and the suppliers. And we look strategically where we need to source, where we need to find multi-sources. And when we have suppliers, let's make sure they have multi-sites as well given the geopolitical uncertainties we have in the world, so that is securing our ramp-up.

Then we're investing into a digital system. We call it Aero Excellence. That's both a kind of an assessment for our supply chains, the multi-thousand suppliers we have in our network. I'd like to follow their value stream. And ideally, I connect that digitally with Aero Excellence into our systems. So at every point of their value chain, I have visibility on quality and quantity.

And as I said earlier, we are ramping up all different -- all four product lines. So it's super important to have the suppliers with us, to have them connected digitally and to be all the time in a position to say, we know what's coming, we know the quality, we know the quantity coming.

Guillaume talked a little bit about our own capacity. So we have now 10 FALs operating on the single-aisle, all of them 321 capable. We've seen that doubling in the US. We've seen that doubling in China, and we just opened the last one in Toulouse. So the FALs, and that's only single-aisle what I mentioned, but also on the 350, also on the 220 and also on the 330, the capacity that we need is actually installed, and we are ramping up the rates in that capacity as described.

But it's not only the FALs. It's also the subassembly, the pre-FALs section as we call them, and that is sometimes internal, sometimes external. And that goes again with the supply chain resilience. And one of the examples where we wanted to create a better reactivity and visibility and operational control is the former Spirit AeroSystems packages, where we're now investing into the five different sites and specifically in the US for the Section 15 of the A350.

And we bring in our own people, and we make this operation an Airbus operation, and we have the visibility that this Section 15 is now delivering what we needed and going up the rate towards 12 and then later beyond 12. So that's more the capacity and the supply chain.

On the quality, let me start with operational excellence. When I get the feedback from the customer, you need to step up in your quality. We have launched a so-called quality moonshot to reduce the non-quality in our own operations by 50%, that's 25% in 2026 and 25% in 2027. It's safety relevant as well, and it eases the entry into service for our products. For us, it's less resources, less rework, more profitability and a delivery on time.

But also the culture needs to change towards execution. So we're using our support functions to really think about what needs to happen so that we can deliver basically four aircraft a day. That's the currency we're bringing in. If you want to go to the numbers of 1,000 or even beyond and you divide it by the working days, that's the currency. So it's four aircraft a day.

It could be five, it could be three, but it's a lot of aircraft per day. And we need to streamline the culture in our operations and in our support functions to make sure that we have lead time, that we have faster decisions, that we have digital enablement to really be able to bring the aircraft out of the door to the expected time that the customer wants it.

For that, we are automated. We have robotics, but we rely on our people. We rely on the skills and the competencies of our people. So we are hiring people. We are hiring people ahead of the time to make sure they have the right skill set that is needed in the aerospace environment.

We have an academy - an operations academy where we bring in our people to be ready on the spot when we need them for the rate. And we are increasing their certification. We've seen a lot of movements across the aviation supply chain after COVID. So we make sure we have skilled people.

We call them Level 3 people where they can actually self-qualify and self-attest their work result. Level 4 would be an external quality provider. So ramping up the competencies and the skill set of our people to a higher level to make sure we satisfy both, not only the technical output from a capacity perspective, but also the improved quality and the culture to make it happen to deliver on the amount of aircraft.

You've seen demand, you've seen supply. So how does that translate into profitability ambitions? Thomas and Guillaume talked about it. We have closed the year 2025 with €5.5 billion on EBIT adjusted, and we're targeting a €10 billion EBIT adjusted for 2029.

How is that materialising? I've said -- we've shown here three different elements -- four different elements. One is the additional volume. You've seen the rate figures. So more volume is obviously beneficial for top line and for bottom-line growth.

We see the mix benefit the customers are asking for larger aircraft, for more capacity aircraft for more longer-range aircraft. You can see that trend both in the single-aisle environment, where we're now focusing more into the 321 as a larger aircraft, but even in this segment, more into the long range and the extra long range.

And you see the same trend on the 350 where we had the 900 and now there's a good momentum, probably even balancing between 900 and 1,000 for longer range, longer capacity. So when we offer these longer-range aircraft, that creates more yield and more benefit, more value for our customer. And inherently, that needs to create more value for us as a producer.

And then I talked about the operating efficiency in the slide previously. That will kick in. The more we do it, the more we focus on it, that will kick in as well. And we need to invest, what's hampering a little bit this figure is a post-R&D figure. So we obviously invest in the future as we are a long-term business.

This one is €10 billion for 2029, but I'm looking into the next decade already. And what I see materialising is more or less along the line of what we promised here, additional volume, especially on the Widebody, especially on the services, as I outlined the ambition on services. The mix benefit will continue, and we are investigating even more larger aircraft, stretched aircraft as this is probably pretty public.

We're investigating a stretched version of the A220, and we are investigating a stretched version of the 350, even larger than the 1,000. So all these three elements, more value-driven focus will contribute to an even growing profitability beyond 2029.

Then when I say post R&D/investment into the future, that's a storyline of how I see the future. I have three time horizons in mind. When I think about Commercial Aircraft on execution, we talked a little bit today, enabling tomorrow, you see the incremental developments, as I said, the 350 freighter, the 350 ULR, the investigation on the feasibility on the 220 stretch and also the 350 stretch.

We're working obviously on the technology of the next-generation products. So we're investing into the wing of tomorrow and the fuselage material. We call the engine technology brick. We call the connectivity technology brick. So all that goes then into launching next-gen single-aisle as we have said here in the show as well, launching it towards, when the technology is ready, launching it towards the end of this decade and the entry into service towards the latter half of the next decade.

The technology brick, by the way, is also hydrogen. As you've seen, roughly two weeks ago, we announced a joint venture with MTU on a hydrogen fuel cell propulsion system. I'm a strong believer that hydrogen will play a role in our industry in the decades to come. So that's a technology brick that we also want to propel and give it some time to investigate how this is working and how big the aircraft could be that's fueled by hydrogen and the fuel cell.

And when I think about -- and maybe let me close with that one, when I think about the next-gen single aisle, it's not only technology bricks. It's also the industrial setup that we need to be quickly at rate to be as efficient as possible, as automated as possible, supported by robotics and AI. And the third one is how do I rebalance the business model. There's probably a once-in-a-lifetime opportunity to rebalance the business model and to participate in the aftermarket in the three to four decades of aftermarket, and this goes together with the technology bricks I mentioned.

So all of that shapes the storyline in the Commercial Aircraft agenda for 2029. But when I talk about preparing the future, it's more 2035, seeing all this opportunity, seeing all this growth. We have launched in the commercial ExCom team a 2035 growth transformation plan.

How do we prepare this division to double its size going into the next decade? And how do I want this to be? And then looking right to left and how do we structure the different streams of this growth transformation plan that's obviously supported by a lot of digital, a lot of technology and artificial intelligence. So in a short nutshell, these were the four clusters, demand, supply, profitability and investing into the future.

And with that, I'm handing over to my colleague, Mike, for Defence and Space. Thank you very much.

Michael Schoellhorn: Good afternoon, everybody. It's good to be with you again one year after the air show in Paris, which was the last time that we talked about the midterm outlook for Defence and Space.

And as Guillaume has already mentioned, quite a lot has happened since, and I want to take you a bit on a journey from what did we accomplish in '25, what are we focusing now internally and externally to benefit from the growth that we're all seeing and witnessing on the defence and the space side, and what does that lead to in terms of the major transformation that we continue of Defence and Space, including the space business and the Joint Venture that we aim to create with two partners in Europe.

So with that, let's look into 2025. I'm quite proud of what my team has accomplished and building on what I told you one year ago, we had a record order intake in FY’25 with €17.7 billion. That leads us to a backlog of, in total, €50 billion-plus. Securing the growth for the future, but obviously, we need to deliver on that growth.

The EBIT result was much improved against the difficult year before that was under the cloud of the space write-offs that we had to take in 2024. So €798 million precisely in EBIT Adjusted [FY’25 EBIT Adjusted result of Defence and Space]. And we have, as a result of the space results, but also actually started before, formed the end-to-end business units with a full accountability through the whole business in a major transformation, organizational transformation of the division. That has turned out to be very successful. That has created the entrepreneurial ownership that we wanted to see.

We have really taken the lessons learned from the space mishaps before in terms of the discipline on the order intake, the quality of the order intake, the risk management of project management, the ability to deliver and to be ready to deliver when the project starts. All these have been very valuable and have been applied across the board into the whole division, and that has helped us reap the benefits that we're seeing today. So that puts us in a good position and right on time to continue to capitalize on the growth in Defence and Space.

Europe, as we all know, is recognizing Europe needs to be much better in taking care of its own security than in the past. That is obviously playing in our favor. We have the widest portfolio in Air and Space in Europe, and that puts us in a good position. We're working on the right products for the future. So continuing to propose best-in-class solutions will have to be part of our recipe for success.

And the defence budgets are increasing. It doesn't look like the planet is going to take a different trajectory anytime soon in terms of becoming more peaceful. That obviously leads Europe and other nations that we serve to do more for defence.

So with that, focusing on what we're doing precisely on a selection of our important programs.

MRTT, you heard Lars talk about the A330. The A330 is the base for the MRTT tanker and transport aircraft. Meanwhile, of the A330 neo, calling it the MRTT+. We are in the process of doubling the production. That is the conversion capacity that we have to turn the civil green aircraft into a militarised version.

We are continuing to ramp up on the Eurofighter coming from a rate 10 per year a few years ago, aiming at more than a rate 20 in 2028 on a very good trajectory as we speak. And we prepare a scenario for a rate 30 depending on continued export success, which is not a given, but it is possible.

On the UAS, if you see the air shows here in Farnborough or in other areas, you see how jointly with our colleagues from Airbus Helicopters, we have worked on our UAS, on our drone portfolio and especially in the important area of the so-called CCAs, the Collaborative Combat Aircraft, the fighting drones, if you will, unmanned fighter aircraft. This is something that we're banking on and that will be important for the future.

One thing that people sometimes forget because we talk a lot about products and the OEM parts that we do, but we're also a big service company. Usually, our products go with the in-service support. In addition, we have services that are growing nicely like drone as a service. A lot of organizations like police forces, border forces, Frontex really don't want to own a drone. They want the service. They want the results out of it.

FCAS is a complex story to be summarized in one sentence, but I'll try it with the decision that was taken in June to end the cooperation with Dassault on the manned fighter jet. It opens a new chapter for us, opens new opportunities for us. Spain and Germany as the two countries that we had represented in the old FCAS programme continue to be adamant about their need for a sixth-gen fighter and want their own industries to play a leading role in that. And we are positioning ourselves in that regard, and we're quite optimistic to get to a good solution.

Space, I would say there couldn't have been a better time to fix the Space business and to be ready for the significant order and demand that we're currently seeing, largely coming - well, actually coming from both, from the institutional business. ESA has declared and has made available a record budget for the three-year cycle that they have. That was decided in Bremen at the ESA Ministerial Conference last fall.

And on the defence side, you hear it all over the place. Europe is really doubling down with constellations. You hear IRIS², you hear military constellations, you hear Earth Observation. And even in the very institutional exploration business, there's significant traction.

My smallest business, Connected Intelligence, creates the digital fabric that connects all these platforms, whether it's a satellite or a flying platform or an aircraft, and is very successful currently in the much-needed integrated air and missile defence. We're seeing lots of new threats that need answers coming from swarms of drones, coming from ballistic missiles. So it's been extended to the lower end counter UAS and to the high end ballistic missiles that actually leave the atmosphere and then come back. So this is something that countries need to protect themselves from, and that's where we play a major role in terms of the so-called command and control system.

So we are one of the few providers in Europe that actually have a NATO-certified open and modular C2 architecture that integrates agnostically almost any kind of effector, meaning missile. That's a business that's really taken off. And the other part in Connected Intelligence that finds it very difficult to satisfy all the demand that's currently happening is the Earth Observation business.

Whenever there's a crisis, people want pictures of that crisis, and we scramble to deliver those pictures. We're quite good at it, but we're thinking about increasing the capacity as well. So all of this said, this is something that helps us to unlock more value going forward.

You see the three business units on the left-hand side, this is our current structure. We have successfully created in the past two important Joint Ventures that Europe needs to defend itself.

One is MBDA, the missile maker. It is maybe the only way we can create as Europeans scale at a European standard or level, if you will, because with the countries having vested interest in their defence companies, it is very difficult that there's just a normal consolidation happening. So this is probably the best way to create scale in Europe when each and individual company in each country would be too small to compete against American and more and more Asian competitors.And the other important joint venture is Ariane, our launcher company that we have a 50% stake in and the other shareholder is Safran.

I jump to the right side of the slide. So this is what we want to create from 2027 on. We want to add a third major strategic Joint Venture to this. You know it potentially under the nickname Bromo, which is not going to be the final company name, but that is the space Joint Venture that we want to create jointly with Thales and with Leonardo.

You see that this leads to a significant revenue if you add all the three Joint Ventures together of about €15 billion. So it's really a strategic business that we're taking a lot of organisational measures also to govern that and to reap the benefits from these participations, including Boards and strategic cooperation.

And if we then zoom in on the center of the slide, which is the remaining division of Airbus Defence and Space, it will be very much an Air Power division. It will be very Air Power-centric, meaning the military aircraft, but it will be - and you see it wrapped around the digital fabric, the data-centric solutions that we provide through the Connected Intelligence business will be part of that.

So we have a clear plan and a clear vision of where we want to continue on a bigger scale, the transformation of Defence and Space. Specialise more, create the end-to-end accountability and the specialisation that you need and move away, moving even further away from the old hodgepodge of putting everything in one bowl and then maybe not having the grip on the business as we want it.

And that leads me to my final slide of explaining a bit more in detail of what Thomas presented to you already. Last year, I reported to you the ambition to have a €1 billion+ EBIT adjusted by 2028. I'm happy to say we are ahead of the curve. We're now seeing that we could be in 2029 at around €1.3 billion.

Some of you might ask, and I anticipate the question, is that with or without Bromo? My answer will be it is robust against both scenarios. What is helping us in this is everything that I try to get across in terms of how we work on efficiency, how do we keep the discipline, how do we not grow at any price, but keep our focus on selectivity in the bids.

We want to invest in a targeted way. The typical model in defence is you get customer money to invest, you get early cash and then you can work with that. That works for the most part. But in some areas, especially in the drone sector, where things are moving very fast, we need to pre-invest, do that in a very targeted fashion. As I said, that puts us in a better position to win the business later on.

And we continue to work on the transformation of the business, of competitiveness. We have kept our SG&A spending flat over the last years. We will try to continue that. That obviously is good for the percentage of the turnover in terms of SG&A and good for the profitability. And the volumes will be going up because we are geared to deliver on the promises that we made through our orders, and we don't see any relaxation anytime soon.

So with that, I'm basically done with my presentation, and I welcome on stage Matthieu. Thanks very much.

Matthieu Louvot: Good evening, ladies and gentlemen. Last least, but hopefully fascinating, I will walk you through a few slides about helicopters. Starting by the market, then going to the ramp-up and the execution, the profitability and finishing by the future and the innovation.

So first, a few words about the market. The market for helicopters is civil and military. The military is bigger, roughly 4 times bigger than the civil. And we are present, of course, in both with a dual business model, which has proven to be very successful for us.

On the civil market, which is on the left part of this slide, we have a very large market share, roughly half of the market. It's in units here, but it's the same in value. We have a very wide range, which has proven to be very successful with the many customers we have. And you know the civil market, it's many segments. It goes from firefighting to oil and gas to air ambulance, police, utility work.

And it's a growing market. You see almost 6% CAGR forecasted till 2031 because there is a positive trend in the commodities, especially oil, which offshore oil is a big part of it, but also the government is investing more and more in their police services or ambulance services.

On the military side, also very great success last year. Market share, 28%. It's not the average number. It's a record number. Well, our aim would be, of course, to stay there for a while, but it will be a change because our historic market share was closer to

18%, 20%. Nonetheless, we see a very good trend, thanks to a very large range as well, mostly successful military versions of our civil aircraft.

For instance, the H145M, which Germany has bought, 82 executive units. The HIL, which is the H160M, the military version of the 160, France, about 169 of them. So we've got a lot of success with the aircraft and not only in our home countries, also on export market, for instance, the H225M, which was sold to the Netherlands, to Iraq to Morocco.

This military market, 4%, a bit more than 4% anticipated of growth. Actually, you might find the number a bit underwhelming, but the reference here is '25, which was a record year for bookings, not just for us, for the whole market. If you're starting from '24, you would find 15% growth. So it's really -- if we keep the good numbers of '25 and expand on them, it's also a very good market.

Our business model, and you see it on the right, balanced civil and military, which is good because it's contracyclic. And when the military goes well, the civil might not or the other way around. I must say no, the two trends are positively synchronized. And split between platforms and services, a big half for platforms, a small half for services which is very resilient.

Helicopters, they fly low. They absorb a lot of stuff when they fly close to the ground. And they have rotary parts, rotating parts, which require some regular maintenance, a bit like engines, which is why services is a very important part of the business model and builds a lot of profitability and resilience to it.

What is our ambition? Of course, staying number one in the civil and para-public market, and I think we're in a very strong position to do that with a very large product range, ranging from 2 tonnes helicopters to 12-tonne helicopters. Continued growth in military exports, and this year starts successfully. You've seen the sale to Romania, for instance, of 12 H225Ms. We sold H145Ms recently to Armenia, for instance, or to Uzbekistan.

Becoming a leader of uncrewed solutions, not all uncrewed solutions, but it's drones and it's also unmanned helicopters, which is why we took this word of uncrewed solutions. And it's in the drones, it's rotary wing drones, vertical lift of a certain size, which is the area where we're relevant with our skills. And it's, of course, the unmanned versions of helicopters and the teaming between the drones and the helicopters, I'll come back to it. And finally, number one in services, and I would tend to say not only in the business, but also in the satisfaction of the customers, which is, of course, crucial to sell the platforms down the road.

How do we plan to execute on our ramp-up? The ramp-up is a bit different from last numbers. Actually, it really depends on the platforms. One platform which undergoes a very strong ramp-up and it's positive because it's a very -- it's the best seller and a very profitable platform, it's the H145. You see it went from deliveries around 68, so close to 70 in 2023 to 120 this year, which is a very large growth. And the top end of that blue bar is close to 140 actually in the next years. So we are doubling the production of that -- so of course, it means a large expansion of the production capacity and a draw on the supply chain.

The supply chain situation is getting better. It was very difficult post-COVID. Now the most difficult supplier situations have been solved. It doesn't mean, of course, there is no problem, but there is a steady improvement in the quality and including our own production.

Perhaps we have more vertical business model than in airplanes. We produce ourselves our own gearboxes or on rotors or own blades. And we have invested in our facilities, in the quality system, in the digitization of our production in a new facility, for instance, to assemble the gearboxes, which delivers very strong quality, steady quality and allows us to ramp up efficiently the production.

We're also expanding worldwide. We opened a new assembly line in India, which is very important, of course, to both expand our production capacity, but also to address the very large Indian market where helicopter sales are really taking off, military and civil alike.

Very resilient setup. We increased our workforce, and it's largely linked to engineering workload. I'll come to it. And we have a global footprint with 10 industrial sites, but also an industrial organization that has been optimized a few years ago, where we have like Airbus Commercial Aircraft, an organization which splits the work between the main European countries, which all built together with helicopters, structures, main aerostructures in Germany, the blades and the gearboxes in France, the tail boom in Spain and assembly mostly in France and Germany. But we also have assembly lines in the US and Brazil and now India.

We upgrade our platforms continuously, which is why we have, for instance, this very large market share in the civil market. And it has really accelerated in the last year. So the ramp-up for us is also a strong ramp-up in engineering workload. We doubled the engineering hours in the last five years. This is due to very large military developments. I mentioned the military version of the H160 for France and later for the export market.

The 82 military H145 that we sold to Germany, also very large development, the upgrade of the Tiger called Tiger MKIII, plus very large two to five contracts such as the 38 aircraft we sold to the Federal Police in Germany or the 16 aircraft we sold to the Netherlands. All these require a lot of customization. Customers want to install their own systems, new systems on the aircraft, and that drives a lot of workload as well as the new developments. I'll speak a bit later about the H140. And we have 13 product families when you include the drones. So it's quite a large portfolio, which requires a lot of constant care and work.

On our profitability ambition, how will we achieve it? Perhaps I will start by the numbers. So as Thomas mentioned, we were close to €900 million EBIT last year. We want to grow this number to around €1.2 billion. How will we achieve that?

First, ramping up the production, I mentioned it, but also optimizing costs, and there are several ways to do that. Artificial intelligence will be important. It can really help us in software development. I mentioned the large engineering workload. This will really help in optimizing, for instance, the simulation tools to have lower flight test times and more efficient test to automate the inspections, which are a large part of the production cost.

So many ideas to optimize them, leveraging on the partnerships we have both with Google and Mistral AI. Support and services growth will continue alongside the growth of the market, very steady. We have a very large market share, more than half of the accessible market of the service of our platforms, and we plan to keep and continue to gradually increase it and the upward trend of the military market I was mentioning.

We must invest. It's part of the game. We must invest in upgrades of our platforms or on preparing the next generation of platforms. I'll say a bit more in the next slide. It's the guarantee of the long-term success of the company. And the ramp-up in itself, of course, will help optimize cost by absorbing the fixed costs, which will contain continuously on the larger revenue base.

If we go about where we want to go in the future, a few important themes of our innovation, our long-term future. Crewed-uncrewed teaming and drones. So all is important in there. Unmanned versions of our helicopters. Here on the show, we exposed the U145, which will be the unmanned version of the H145 for dull, dirty, dangerous missions, a very large market appetite for this. Of course, when you unmanned the helicopter, you also gain more cabin capacity, removing the controls.

So you can put much larger loads within the helicopter. So a lot of interest for that program starting on the military -- US military version of the 145 and soon, hopefully, in Europe. Also HTeaming. It's our teaming solution to team any kind of drone with helicopters. It can be launch effectors. It can be loitering ammunitions. It can also be observation drones.

We created the drone center to be extremely agile in this development, which is a kind of separate entity working with different development processes, much faster, much more agile, and they developed this teaming solution in 6 months, which was demonstrated in Singapore between this aircraft, the H225 that you see and the Flexrotor on the top right corner of the slide. So it has proven to be extremely effective, and we now continue with many drone companies to do that.

We also have our own drones. We have made acquisitions, the Aerovel company in the US, which is the Flexrotor you see here and our own drones developed in-house, such as the VSR700, (inaudible), which we recently renamed.

We continue, of course, to invest in developing our helicopters. The H-140 will be the newest light twin helicopter. It was unveiled last year at the Annual Helicopter Show in the US. It has a very large order book already, a lot of expectation by the customers. It will be the most -- by far, the most performing platform in its category.

We have a much more efficient water and tail boom and we have a larger cabin, which is important, especially for the medical services, which want always more room to take care of the patients or to accommodate larger patients.

We have also ENGRT and NGRC, sorry for the soup of acronyms. These are the names of the new military programs for the future of helicopters in Europe. So a few new helicopters. NGRC is the NATO project. ENGRT is the European Union project. They will both converge to define and fund the next generation of military helicopters.

They can be conventional helicopters. And there, they can be an upgrade of the NH90 with more weapons, more connectivity, software defined in order to upgrade the systems very fast, team with drones probably with more endurance. So this is one possibility. It can be perhaps a new conventional helicopter, clean sheet or it could be high-speed concept. And here, we have unveiled in the last years and months our racer prototype, which achieves very high-speed performance while keeping very good hover and stationary performance and very optimized costs for this concept.

So we are exploring them, exploring the space of possibilities. We are doing R&D to mature the technologies in the last years of this decade before we hope for a full program launch in Europe, beginning of the '30s that will either upgrade or replace the NH90.

And finally, operational optimization. There is a lot of innovation in what we want to do. AI will be central here, and it will be both to optimize our processes, our development processes, our production processes and maintenance processes and to optimize our platforms, especially our drones, for instance. You can team one helicopter with one drone without too much AI. If you want to team a helicopter with dozens of drones, there, you need AI. So our strategic priorities to conclude, it's at the bottom part of this slide.

Customer loyalty. As I was saying, maintenance is an important part of the life of helicopter and unfortunately. So we need to be extremely good and continue to focus on improving it to keep the very large market shares that we have acquired.

Innovation, I don't come back to it. It was a point of this slide, continue to grow our market share in Defence and Security higher than what it was. And I think we know we have the range, both of manned and unmanned platforms to do it. And sustainability remains a priority. And sustainability is not only mitigation of climate change, it's also adaptation to climate change and their helicopters, which are extremely essential for disaster relief, for firefighting are key tools to adapt to climate change. So we have a mission there.

That's it. Thank you very much. And now I have the pleasure to give back the floor to Guillaume for a conclusion.

Guillaume Faury: Thank you very much, Thomas, Lars, Mike and Matthieu. Thank you for your attention. I think there was a lot of information and background on our different businesses. Again, we are at a point where the company has visibility, visibility on demand, visibility on supply, visibility on how to get there, and you've heard a lot from our CEOs, visibility as well on the team to make it happen and visibility on the commitment.

At Airbus, we like to say what we do and do what we say. That's not necessarily obvious in the current environment, but we are happy to come with an outlook that goes to 2029, with an outlook that is backed by strong backlogs. So we have a level of certainty when it comes to what we have to deliver at a point where a lot of progress has been made, as it was explained earlier, on the make and on the buy that is required to deliver on those numbers.

Having the possibility to have an outlook till 2029 and share that outlook in so-called mid-term targets was and is for us an opportunity to use the share buyback to return cash to shareholders, and we think that paves the way for a clear execution for all our teams and also for our partners and suppliers.

So we think we're in a good place here at Farnborough to look forward. It's honestly quite exciting to be working for Airbus in the current environment where the demand for our products is so strong. That gives a very strong sense of meaning of belonging also into a community of customers, be it for the Commercial Aircraft business, for the helicopters and all the missions that are served by our products, but also in defence in the current environment in this world that is a fast-changing and unpredictable and not such a safe world as the one we have experienced before. So that really gives a lot of meaning to all our teams on what they're doing, and that's convergence of what we want to do in terms of targets, but also why we come to work every morning.

With this, I'd like to thank you for your attention. There's been a lot of data and information shared. I just want to conclude basically wrapping up with the few figures that I think count for today, the EUR12 billion to EUR13 billion EBIT adjusted that we are targeting for 2029 with a cash conversion rate maintained at 1. As Thomas highlighted before, that's something we have delivered and we want to continue to deliver, and the EUR5 billion share buyback program over three years.

That's in a nutshell, the summary of what the different businesses have as a plan and will deliver. And I suggest we go to the Q&A, giving you the opportunity to ask your questions and try our very best to give answers. So I would be happy to call on stage the speakers, Thomas, Lars, Mike and Matthieu, and we will do our very best to address your questions. So now JC, I guess you are orchestrating this. Thank you.

QUESTIONS AND ANSWERS
Jean-Christophe Henoux: Thank you, Guillaume, for wrapping up those key takeaways, and thank you for the whole team to share both strategic and financial insights.
So we will start the Q&A. We have a solid 30 minutes ahead of us. So plenty of time to answer your questions. Before that, a few rules of engagement. If you want to ask a question, please raise your hand, give your name and institution once you get the mic. And please limit yourself to 2 questions, including sub-questions. Now let's start and get the first question from the room. Ben, do you want to start?

Question 1. Benjamin Heelan, Bank of America: Can I ask two on the A350? First of all, you mentioned you're investigating going beyond Rate 12 per month. Can you talk a little bit more about that? What are the rates that you're considering? And when do you want to make a decision? And then Thomas, you said the sweet spot for the A350 is beyond 2029. What does the sweet spot look like?

Lars Wagner: Let me start with the A350. When I summarise, there's a lot of demand on the already existing platforms we have on the -900, -1000 on the freighter, on the ULR, we're investigating a stretch version. And with that comes a thought, how do I enable earlier slots. And we see now that we need to be able to offer earlier slots to the customers. And when I said it's a rate beyond 12, significantly beyond rate, then you can do the math, and it's not going to be 20. So it's somewhere in between. And the decision ideally, I would like to do it with Guillaume with the Board in the course of the year, to decide on a rate scenario.

Thomas Toepfer: I was not expecting that the first question when you give the 2029 outlook would be what comes beyond 2029, but you did it. No problem. So let me remind again, why is the sweet spot not yet in 2029. Because we have two things. One is we have the freighter that is in its infancy, if you like. And secondly, we still have the launch contracts for the A350, and that will be with us until the end of this decade.

So I would say the sweet spot really comes in the 2030s. And I would say that we can do significantly better in the next decade with the A350 than what we have today. I will not give you an exact number. That is when we talk about the 2030s, but it's not an incremental ramp-up or the incremental improvement, it's a significant improvement that we can do with that platform.

Jean-Christophe Henoux: David? And again, please stand up and say your name and institution, please.

Question 2. David Perry, JP Morgan: First question for you, Thomas, if I may. I mean you're guiding to a lot of profit and a lot of Free Cash Flow. So I'm just wondering why you decided €5 billion for the share buyback and not something perhaps bigger. And maybe I'll ask Mike one. Could you just talk about your preferred options or what the options are now for FCAS without Dassault?

Thomas Toepfer: Let me start with the first one. We think it is the right balance in terms of our capital allocation. You've seen that our first step was to step up the dividend policy from 30% to 50%. I think that gives us quite a bit of flexibility in light of the fact that also our net income will increase.

And secondly, if you add on top of that for the next 3 years, the share buyback, as I said, that gives us a payout of roughly 60% of our cash flow that we're expecting. We think that is the right balance between the cash that we would like to preserve for investments and also for a buffer in the company. And at the same time, a 60% payout ratio, we think that is what the company should target for.

And lastly, I would say, the share buyback, of course, gives us the flexibility to accelerate, decelerate depending on how the environment develops. So therefore, there's always flexibility built in to react to how the environment will develop in the next 3 years.

Michael Schoellhorn: On the question of the preference, I would say it's not only my preference that will decide on what might happen, but you need three things to align. One is you need the respective countries to want to work together. You need the respective Air Forces to want to work together and then you need the industry to want to work together.

So my preference, I'm not going to give you a specific answer, but my preference does entail that we find a solution that gives Airbus a significant positioning in a 6th gen fighter in our Spanish and German footprint and set up. And it will have to be something where we have the feeling from day one that the industry actually is pulling at the same rope in the same direction, and that will give us the, say, recipe for success.

There's a few options in Europe to work together. We're currently setting ourselves up to not lose time to continue to do the work that we know already has to be done and be open for others to join. And you know that we have partners in Spain and in Germany that have also come together around the Berlin Air Show and declared that they're ready to support us in that.

Jean-Christophe Henoux: Ross, do you want to take the next one?

Question 3. Ross Law, Morgan Stanley: The first one on the Airbus target €10 billion EBIT. Out with FX, where would you say is there the most conservatism baked in across sort of volumes, pricing, operating leverage, for example? And then secondly, on the NextGen Single Aisle, the image of the aircraft on Slide 18, it looks like it has a ducted fan engine. Should we assume that you are becoming less confident on the merits of the open rotor?

Lars Wagner: I haven't seen the image in the back of my mind. But no, you should not assume something out of the image. We're investigating both technologies. You've seen us going live yesterday with the flying test bed for the RISE concepts. But I said this is one technology brick that we need to mature, and we're investigating both of them.

Guillaume Faury: Well, on the question of conservatism, we always have to strike a balance between ambition and ability to deliver on objectives. So I would say it's realistic. It's something that is consistent with "we say what we do, we do what we say" three or four years ahead.

Jean-Christophe Henoux: Next question here, please. Doug.

Question 4. Douglas Harned, Sanford C Bernstein & Co LLC: Doug Harned, Bernstein. Two questions. First one, going back to the A350 and looking toward that 12-month rate. So you talked about the longer term. But in terms of getting from the current rate to that 12 a month, what are the hurdles you have to get through at this point?

And then second, if you look at the stretch for the A220 and the A350, presumably, that requires a new engine. How do you think about the engine technology for that?

Lars Wagner: So on the current rate, we are somewhere in the ecosystem, let's say, between 8 and 9. When I look at the path towards 12, I'm looking more or less into the supply chain and there in the cabin environment, so lavatories and galleys, linings. That's what we are currently short of. So that needs to be secured, embraced, as I said, we're doing with the supply chain. But on the pre-FAL, on the material, on the sub-assemblies, I don't see a risk to go to 12. We talked about Kinston in the US, our Section 15 that has been an issue in the past. We have sent people. We are now progressing. We're performing. So it's about the cabin interior supply chain where I'm after.

And on the A220, the engine is actually pretty good. So the engine, the 1500 developed quite well over the past two to three years. We believe we don't need a new center engine. So we can walk this A220 stretch with an improved but similar engine as we have it right now from Pratt & Whitney. So I'm not concerned on the engine. It's a little bit heavier, the aircraft, obviously, because it's stretch that will limit a bit the range, but the customers are very fine with them, more capacity, less range.

Jean-Christophe Henoux: Sam for the next one.

Question 5. Samuel Burgess, Goldman Sachs: Samuel Burgess, Goldman Sachs. You spoke about A350, if I could just come to that. It sounds like your thinking on that is actually quite mature in the idea of doing a stretch or moving to higher rates. If you made that decision, what would that CapEx commitment look like? And is that incorporated into the current guidance on cash conversion? And have you accounted for that?
And then secondly, just on Engine technologies, you talked about the desire to increase aftermarket exposure and part of that being the engine technology brick. Could you just give us any color or sense of what that might look like? Is that just a capital commitment to the next engine program or something different?

Thomas Toepfer: I mean I think, first of all, to be clear, we have not yet taken a decision on the A350 stretch, but we're looking into it. I think it could certainly be a very, very interesting aircraft because it would be the reference in the market in terms of, I would say, technology, but then also size. So therefore, I think it could be in a very, very interesting spot for the customer, but also for us.

And I think you said it, the reason why the decision, of course, has to be investigated very carefully is not only the development work for the aircraft itself, but also what does it mean in terms of commitments for the production systems. That is, I would say, slightly more complex, and therefore, we're looking into it very carefully.

Generally, the assumptions that we have taken in our midterm ambition for 2029 also in terms of the CapEx investments that we want to make do comprise, let's say, the production program and the product portfolio that we want to develop. There is no precise decision, but so that we are building some room left or right. But I would say, intellectually and conceptually, we should be able to cover sensible expansion of our product range and also of our, I would say, industrial system within the envelope that we have given ourselves. That's the base assumption.

Lars Wagner: Maybe on the second question, I didn't -- as far as I remember, didn't link it specifically to the engine. I talked about when I look about -- when I think about the Next Gen aircraft, I think about technology, I think about the industrial setup and I think about the new business model.

Right now, we are mostly exposed to a linefit to an OE sales-driven company, but there are a couple of players that are involved into a 30-year aftermarket exposure. And we're discussing with them how could the merge of this business model look like. So we participate also from the aftermarket exposure.

Jean-Christophe Henoux: Ken?

Question 6. Ken Herbert, RBC Capital Markets: Hi good evening, Ken Herbert with RBC. Maybe two questions. First, on the cadence from the € 5.5 billion to € 10 billion within Airbus Commercial, how does that pace as we think about the progression? And anything we should keep in mind on the timing between 2026, 2027, 2029?

And then maybe, Lars, specifically, you called about a target of 50% improvement in quality. And I'd imagine quality is an important piece of the margin and obviously, the delivery cadence. Can you just give a little more detail on what's changed now since you've been running the business for a period? And what gives you more confidence in supplier quality and execution and what you put in place to ensure that sticks?

Thomas Toepfer: I mean we will not give you intermediate targets on a year-by-year basis. What I would say is that the key driver, specifically for commercial is, of course, the ramp-up. I think we've been clear that in 2026 and to some degree also in 2027, we will be slightly be held back by deliveries of the Pratt engines relative to what our industrial system could have delivered and what we would like to have received in terms of engines but there's no change since our communication in February of this year.

So things with Pratt, I would say, in terms of the delivery numbers that they will give to us are stable, albeit the fact that they're not exactly what they are. Having said that, the real ramp-up will come in terms of profitability once we are at a stable rate. So I would say the trajectory is not fully linear, but with a slight back-end loading pattern specifically into 2028, 2029.

Lars Wagner: Well, then maybe to the quality question to maybe start with make sure we didn't start that to drive margin. We started to drive customer satisfaction in the first hand. So it gets back to first-line principles of how do our people think about their own accountability when they finish their day-to-day activities. And we've seen a lot of issues that happens in the value stream of the aircraft, especially in the final assembly line, but you just need to react to a customer feedback when they take delivery of the aircraft and they mention, I don't like this, I don't like this, I have seen this.

And then there needs to be a quality feedback loop back to the supply chain. And it's -- I spoke about it in the context of a cultural change. So we're obviously starting that within our own company, and we want to put the quality. And by the way, that's feeding into the safety that we mentioned all the time, the quality will be at the same level of people safety. So that's a DNA thing that we want to establish. And the 50% is an ambition for 2026, 2027.

But we see already that the teams are super engaged. They want to -- no one is here to create non-quality. So they want to focus on quality. The management, the teams, they're all engaged on delivering that. And when we think about a moonshot quality, we also talk to our suppliers, obviously.

And quality in our industry is not something that we change from one day to the other or from 1 month to the other. So it's really a cultural change, but it's first and foremost of shortening lead time, reducing rework and then focusing on the final delivery date that the customer is expecting and the quality.

Guillaume Faury: Maybe one word on my side. As we ramp up volumes and as we produce much more, the regularity and the predictability of what we are doing is really important. You remember what happened last year when we had the panel issues, it created indeed a lot of disturbances in the system. So as we move up, it's really important to have this regularity that a better quality would enable.

Jean-Christophe Henoux: Ian?

Question 7. Ian Douglas-Pennant, UBS AG: Yes, it's Ian Douglas Pennant with UBS. Firstly, on the pricing, a lot of aircraft that you're delivering today were ordered before COVID when I would assume that pricing is not as attractive as it is today. Does that mean that you've got further pricing upside after 2029?

And secondly, does that mean that you're rethinking the size of the backlog, like the target size of the backlog and how far forward customers need to order and to give you better flexibility?

And the second is kind of maybe half a question, but there's been a couple of comments I picked up on over this presentation when you talk about rebalancing the business model towards the aftermarket. Do you want to be involved in some kind of partnership with engine players? Just to ask the question directly.

Guillaume Faury: You take the two Lars, pricing and the business model --

Lars Wagner: Well, guys, we're not going to talk about pricing here. You've seen the impact of pricing delivering into 2029, whatever we have sold post-COVID is going to be delivered as we speak, '26, '27. What we are selling, for example, today at the air show is benefiting our top line and bottom line post 2030, in 2032, '23. We spoke about value creation. And we create value for our customers by enlarging the plane, by giving them more yields for more premium seats, etc. And if the customer has more yield and more value, we want to have more value as well.

Second one, business model, it's premature. It's premature. We think about the NextGen Single Aisle launching it towards the end of the decade, and service in the latter half of the next decade. So you need to think creatively.

You need to think different than the business model we have right now. This is a once-in-a-lifetime opportunity when you come up with a new platform to think about the actors, to think about new partnerships, to think about the business model, and that's what we're doing. And when the time is right, we talk about it.

Guillaume Faury: So Lars is very humble, but he spent 10 years in the engine industry. So we think it's an opportunity to have views and ideas on how we could also embark our engine partners on a different way of doing business moving forward and where we could do better on tapping into the long-term value created by aircraft and engines and systems and equipment going into service. But indeed, as Lars explained, we are in the preparation of all of this, but that's something we have very high on our priority list.

Jean-Christophe Henoux: Do we have a question from the buy side? No, you're not from the buy side.

Question 8. Chloe Lemarie, Jefferies LLC: Chloe Lemarie with Jefferies. I have a follow-up on Sam's question on the A350. At what rate would you need to add a new FAL on that program? And the second question is, could you actually talk about your -- how you see your competitive positioning evolve given that your competitor is looking to certify an aircraft closer to the A321 positioning and obviously adding the 777X to their portfolio. So what's your priority in terms of market share versus pricing going forward?

Lars Wagner: Sorry, I believe I didn't get the first question because of quality and then I was thinking about that one I didn't get the second either. So could you repeat.

Chloe Lemarie: The first question was on the A350 rates. What rate would force you to add a new FAL to the existing setup?

Lars Wagner: Well, that's easy to answer. The FAL currently is maxed out at rate 12.

Chloe Lemarie: Very clear. And the second one was on how you think about the evolution of your competitive positioning given your -- how your competitor is adding the MAX 10 to their portfolio and the 777X? And what's your strategy and your priorities between pricing versus market share on those kind of segments?

Lars Wagner: Well, I believe what I said is we have a very competitive product family and platform. I believe the competitor is just now following us with our successful positioning of the A321, the LR and the XLR and we have the A320. We're going to the A220.

So I believe we are first mover on the positioning of our platforms, and now we see the competition going afterwards. And it's on us to incrementally improve our products, like I said, on possible stretches to close the gap from A220 to A320 to A321. So at the end, we have one product family lined up from 120 seats to whatever, 350, 380 seats.

Question 9. Sash Tusa, Agency Partners: Sash Tusa from Agency Partners. Just a question for Thomas on your comments about your net cash position or your net cash positioning. You talked about aiming for net cash levels consistent with recent years. So let's say that's in a €10 billion to € 15 billion range. But over the next 4, 5 years, your revenue is going to grow from € 75 billion to € 115 billion. Should we take from that, that you think that you can run the company with a smaller capital buffer as a percentage of your revenues than you have done in the past?

Thomas Toepfer: I'm not sure whether I would use exactly that wording, but let me try to repeat, but maybe slightly rephrase what I said. So we have defined the €10 billion net cash as a minimum for the company in terms of threshold. I would say, in the last years, we have seen values that were consistent that we said. So we exceeded or slightly exceeded those €10 billion. And we think going forward, that policy we will maintain.

So therefore, I would say that indeed, things should not move automatically in line with the size of the company because size, to some degree, can also give us protection. So therefore, our view is the policy and the way we deal with the policy should be unchanged going forward.

Jean-Christophe Henoux: Yes. Here in the front.

Question 10. Steven Binetter, Balyasny Asset Management LP: Two questions if I may. The first one, in the past, you've talked about targeting a less back-end loaded delivery profile. Is this something that you are still targeting? And will this only be achieved towards the end of the plan or possibly even earlier with the supply chain improving?

And then another question, possibly also for Lars. If my math is correct, the services growth you're targeting is about a 14% CAGR, which is quite strong. Can you elaborate to what extent that is just driven by the installed base growing or also new solutions that you're offering to customers?

Lars Wagner: Backloaded all over the place, but let's talk about Commercial. Because you cannot come in into this position and think about the back loading of the delivery profile. We need to be able to optimise it ideally to a string of pearls along the line. Now in 2026 and potentially in '27, we know that the Pratt & Whitney engine delivery is not what we expected at the speed of what we actually wanted. So I believe for 2026, this ship has sailed.

For 2027, we are targeting, let's say, a smaller step to have quarter-by-quarter a similar amount of aircraft. And then towards 2028 when the engine situation should be eased up, then we think about month by month. And then at the end, ultimately, if we come to a Swiss clock system that's delivering four or five aircraft per day. That's the ultimate goal, and that most likely will only happen towards the end of this.

The second one was services. Well, I said we'd like to continue growing stronger than the market. I believe we have a competitive advantage because we know the aircraft. We know what the customer wants. We have a fleet of 16,000 and counting in the air that we want to connect digitally in our Skywise platform to be able to predict what the customer actually needs and how do we influence this operational excellence and efficiency, how do we manage crew management. So there are a couple of items, spare parts, obviously will grow.

But I also said we're looking at M&A. So it's a combination of organic and inorganic growth going forward. And that continues into the next decade because we're delivering so many aircraft. You've seen the figures on services revenue in 2044. So there's a lot of market to tap into.

Jean-Christophe Henoux: Maybe the center here.

Question 11. Joscha Desai, Marshall Wace LLP: I have two questions. One on the A320. What will be the theoretical constraints to push beyond rate 75? I mean you've done two new FALs, one in China, one in the US, probably both more automated. So just wondering on potential rate increase on the A320 beyond 75.

And then two on working capital, you have a lot of capital locked up in inventory. And I guess, as you ramp the rates, that's difficult to unlock. But when you're in 2029 at steady rates, do you see inventory staying at the current levels? Or could there be an inventory release?

Lars Wagner: So here, again, this rate 75 has been announced and ambition since several years already. That means we have focused our investment in the industrial capacity we have in place, both internally and externally on the rate 75. That's a strong ambition we are achieving towards the beginning of 2028. And then we'll see it needs either another investment to go up the rate or we try to squeeze out a little bit by operational efficiency. But our ambition first is to go to rate 75 and see what the demand, what the flight level looks like and then think about further steps.

But that also comes into play when we think about the NextGen aircraft. So we need to see what's the feasibility, what's the business case to go beyond rate 75, why you have in mind the launching NextGen aircraft towards the end of the decade. So it's a little bit seeing how we get there first and then what's about the next aircraft, the next-generation aircraft.

Thomas Toepfer: So maybe on the inventory topic, yes, indeed, we're sitting on elevated levels of inventory, €45 billion or so. That is however, I think, to be accepted at this point because we're still in the ramp-up phase. So the company is still growing. We're doubling the output on the widebodies. The A320 is still on the ramp-up to rate 75. And we're in a situation where the supply chain is significantly improving, but not yet at the level of stability that we would ideally like to see.

And so therefore, for me, at this point, to start with, I accept this level of inventory. And I would not expect it to be reduced by 2029 because, again, the ramp-up will continue at this point, and then we are in a stabilization phase. I think starting 2029, into the 2030s, there should be opportunities in terms of reducing inventory. So I think there's another, let's say, source of cash when the company is at a stable rate. But we have not modeled in any significant amount because I think that will be premature.

And also from my experience, inventory reduction is not the easiest thing. So sometimes it takes a little longer than half a year. So I would say there is no major assumption baked in, in terms of cash coming from inventory reduction.

Jean-Christophe Henoux: Charles in the middle of the room.

Question 12. Charles Armitage, Citi: Production engineers love flat production and hate ramp-ups. Carrying on from the inventory, there's a whole bunch of cost from ramping up, which you can hopefully will disappear once you achieve rate 75, quality goes up, things turn up when you want them to, rework comes down, et cetera. Is there any way to -- you can help us quantify the excess costs that will then start coming out over the next few years post flat production?

Thomas Toepfer: I would say, Charles, the way how we have characterized this excess cost in terms of what is with us think the big -- the best proxy we were able to give you is this excess workforce that we're carrying relative to the output that we have.

And when we were hiring a lot of people in 2023, we said the order of magnitude is around 10,000 people, which equals almost €1 billion of extra costs that we're incurring because of training the people, because of rework, because of inefficiencies, because of throughput times that, as you said, are longer than what they ideally should be in a steady state. And we're continuously now reducing these extra costs because you've seen that our hiring has come down quite significantly. And our view is that hiring should be decelerated further.

So essentially, these two curves intellectually from the people that we prehire and the production that comes will cross in, let's say, 2027-28 when we come to a stable rate. So the total amount of inefficiencies 2 years ago, we would have said is roughly €1 billion. We have since then reduced that by, I would say, a small but not insignificant amount, and the majority is yet to come on the way to 2029. But that's, of course, fully baked into the € 12 billion to € 13 billion that we've given you as a midterm ambition for the company.

Guillaume Faury: And with the assumption that we could still be ramping up on the Widebodies depending on the decisions to come.

Jean-Christophe Henoux: We have a question right there.

Question 13. Steve Friedman, Darsana Capital: Two questions. One, Thomas, you asked -- or you said on rate that you were assuming about 1,100 deliveries, if I heard correctly, for the 2029 ambition. And if I just do the basic 75 plus 13 plus 5 plus 12 and multiply by the 11.5 months, I think the number is kind of over 1,200. So can you just clarify what the number of deliveries is?

And then on inflation, I think you had talked about in the past that there is a potential to recover some lost ground on inflation depending on what happens. Can you just comment on what's kind of assumed in the € 10 billion?

Lars Wagner: Well, my honest answer will be we just wanted to slide away from giving unit guidance towards the outer years. I think your math totally is right, but we haven't communicated on the new rates. So we want to guide financially in the future and not on units, and we'll see how the units support the way we are trajecting here, but it could be more than 1,100.

Thomas Toepfer: Maybe I'll just take the question on inflation. So you know that all our contracts have escalation clauses that protect us within certain, I would say, brackets, and they are linked to both labor cost inflation baskets and also material cost inflation baskets. And so far, that has worked extremely well, including, I would say, some learnings that we took out of the COVID times where when inflation went so high that we introduced what we now call hyperinflation clauses in all the contracts that we have.

Our assumption is that inflation will be in, I would say, in the normal range also as being, let's say, targeted by the central banks in Europe and also in the United States. So a level that is, let's say, consistent with what we're seeing currently. And that is also a level where we feel well protected through the contracts that we have. So that is essentially the assumption that is baked into the projections that we're making.

Jean-Christophe Henoux: We now have a final question. Yes.

Question 14. Herve Drouet, CIC Corporate & Institutional Banking: The first one is on cash return to shareholders to come back on that. I see you give this dividend payout flexibility plus the share buyback. But is the way you think more based on cumulative free cash flow and maybe 60% is what you have in mind?

And the second one is, should there be any one-off significantly on cash flow, let's say, coming from, for example, Pratt & Whitney for the issue with the contract or maybe some compensation with Bromo that may potentially come. Should shareholders expect as well potentially maybe a 60% cut on that?

Thomas Toepfer: So thank you very much for the question. That gives me the opportunity to clarify. The intention was not to make the 60% a, let's say, guiding principle target number or anything. It was a backward calculation of what we think we will do in the next years or what we could be doing in the next years, and we feel this is a relatively, let's say, attractive number from a shareholder perspective. But our concept is more anchored in our net cash level that we want to have, which I gave you is unchanged, both in terms of principle and way how we deal with it.

Secondly, I think the share buyback program that we have announced gives us a lot of flexibility. So therefore, we would be able to deal with cash -- also cash situations where more cash is coming in than what we had projected because we have the, as I said, flexibility to accelerate, decelerate. So that, I think, is one other aspect that we find makes sense to have in the overall framework that we've given you.

Jean-Christophe Henoux: Ladies and gentlemen, that brings this event to an end right on time. Thank you very much to the executive team for their time. Thank you also to all the teams who behind the scene made this event possible. And to our guests connected online, thank you for tuning in, and goodbye.