HY 2026 Airbus Earnings Release
Analyst call transcript

AIRBUS

00:00:01 - 00:00:35

Operator (Laura): Ladies and gentlemen, thank you for standing by. Welcome to the Airbus Half Year 2026 Earnings Release conference call. I am Laura, the operator for this conference. Please note that for the duration of the presentation, all participants will be in listen only mode and the conference is being recorded. After the presentation, there will be an opportunity to ask questions at this time. I would like to turn the conference over to Jean-Christophe Henoux, Head of Investor Relations. Please go ahead.

00:00:36 - 00:01:40

Jean Christophe Henoux : Thank you, Laura, and welcome to everyone joining us today to dive into our half year 2026 results. I am in sunny Amsterdam with our CEO Guillaume Faury and our CFO, Thomas Toepfer, and we are here to break down the numbers and take your questions. This call is planned to last one hour, including Q&A and the replay transcripts will be available on our website. Also on the Airbus website, you can already find today's presentation and the detailed financial statements. Before we start, let me remind you that we will be making some forward looking statements. I encourage you to take a look at our safe harbor statements in our presentation slides. So please have a quick read. And with that, let's get things started. Guillaume, the floor is yours.

00:01:40 - 00:08:42

Guillaume Faury : Thank you. And good evening, ladies and gentlemen. As said by JC, we're here in Amsterdam with Thomas to run you through our H1 2026 results. Let me start by saying that we were very happy to see many of you at the occasion, the Farnborough Air Show and at our 2026 Business Update last week. Today we returned to our quarterly disclosure cycle with a presentation of the H1 results. Before that, I want to spend a moment to share my thoughts with all those affected by the devastating wildfires in Europe and also in Canada. From our side, we are focused on doing our share, keeping our helicopters, aircraft and firefighting solutions working to ensure they can best assist where they are most needed. While the global landscape remains complex and fast changing, we maintain a strong upward trajectory across our civil and defence businesses to meet the rising demands. Our immediate focus is on steady execution and ramp up. Our commercial aircraft deliveries that we achieved in Q2 are at a record number of 237 aircraft. This brings our H1 deliveries to 351 aircraft as compared to 306 last year. I'm pleased with the progress made by Team Airbus and by the entire ecosystem. We are actually where we want it to be and that confirms our trajectory. This is directly reflected in our financial results, with EBIT Adjusted standing at €2.7 billion and the Free Cash Flow before Customer Financing at -€1.2 billion, following a strong inflow in the second quarter of 2026. Guidance remains unchanged.

So let's now look at our commercial environment, starting with the commercial aircraft business. So recently, the passenger traffic declined slightly due to the Middle East conflict and higher oil prices, although the rate of contraction appears to be easing. We have not seen any order cancellations nor deferral requests, and the demand for our aircraft remains strong.

Looking at our long term trajectory, the commercial momentum we observed at Farnborough underscores the robust demand across the entire product portfolio, product and services portfolio. During H1, we booked 886 gross orders.

On the A220, we booked 178 gross orders, as we welcome the landmark order from AirAsia for 158 A220s. That's a very strong endorsement of the A220 by AirAsia.

Looking at the A320 family, we booked 605 gross orders. This brings our backlog for the A320 family to 7,467 aircraft, of which approximately 75% are for the A321.

Moving to the widebodies: on the A330 we booked 37 gross orders, including the latest order from Scandinavian Airlines, SAS for 18 A330s, and finally on the A350, we booked 66 gross orders.

As the family continues to evolve, the dash 1000 ULR, ultra long range, the world's longest range aircraft recently completed its first flight, and you saw yesterday the record breaking Airbus flight of over 24 hours. Actually, to be precise, 24 hours and 24 minutes. Meanwhile, the A350 freighter remains right on track for its first flight by the end of this year. Net orders amounted to 821 aircraft, including 65 cancellations, which were largely embedded in our backlog valuation at the full year. Our backlog in units stood at 9,222 aircraft at the end of June of this year.

Moving to helicopters in H1, we booked 215 net orders, compared to 171 in the first half of 2025. During the ILA Berlin Airshow, Airbus Helicopters signed a contract with the Ministry of Internal Affairs of Romania under the European initiative SAFE, Security Action for Europe. This acquisition for 12 multirole helicopters includes seven H160 and five H145. Earlier this year, two subsidiaries of the Vietnam Helicopter Corporation placed an order for three Airbus H225 helicopters, and it's important because it supports the ongoing expansion of their oil and gas offshore operations with this helicopter. Overall, we continue to see good momentum on all our

platforms in both the civil and military markets. And we remain fully, fully focused on delivering on expectations.
Finally, on Defence and Space. Here, we continue to see a very strong commercial momentum across all business lines, with order intake reaching €9.3 billion in H1'26.
On Air Power, the commercial performance is driven by several important contracts across the portfolio. Notably, we observe good traction related to the C295 with six orders year to date, including four from Thailand.
On A400M, seven NATO nations have launched a strategic initiative to establish a Multinational A400m fleet, and meanwhile, Airbus is working closely with the French Air Force and the French security civil, deploying the A400m firefighting kit to support during the ugly wildfires that we see currently in the southwest of France.
Moving to Space Systems, Airbus was selected to develop and produce two advanced next generation radar instruments for the Copernicus Sentinel-1 NG constellation, as well as the Aeolus-2 wind sensing satellite. Importantly, we continue to foster partnerships and collaboration, notably with European startups, to benefit from their increased speed and agility in the defence sector. We are also advancing AI applications across the sector and beyond, not only through the recent partnership with Mistral AI. That's it for me. Now, Thomas will take you through our financials. Yes, thank you very much.

00:08:43 - 00:14:57
Thomas Toepfer: Hello, ladies and gentlemen, welcome to the call. I'm now on page six of the presentation, and I'd like to take you through our financial performance. So, as you can see on the left hand side, our H1 2026 revenues increased to €33.2 billion. That's up 12% year on year. And it's mainly reflecting higher commercial aircraft deliveries, as well as a higher contribution from our Defence and Space division, partially offset by the weaker US dollar in 2026 as compared to the first half of last year. On R&D and you can see that on the right hand side, our expenses slightly increased versus H1 of last year. And they stood at €1.5 billion. And let me just remind you that our R&D expenses are expected to increase in 2026, including to support the defense portfolio acceleration. If you turn the page, we can come to EBIT adjusted. So our H1 2026 EBIT adjusted increase to 2.7 billion from 2.2 billion in the first half of last year. And that increase reflects the higher commercial aircraft deliveries, a strong performance in defence and space, partially offset by a less favourable hedge rate. And let me now come to the EBIT adjustments, which you have on the right hand side of the page, in which we are

broadly neutral overall in the first half of this year. And as you can see, they included a positive 124 million impact from the dollar working capital mismatch and balance sheet revaluation, mainly reflecting the mechanical impact coming from the difference between transaction date and delivery date, of which positive 166 million in the second quarter. Secondly, a -123 million related to the integration of the former Spirit AeroSystems work packages, of which -91 million in Q2 and then again a positive 60 million linked to the Airbus Defence and Space Workforce Adaptation Plan, where we released a provision, but where the plan is proceeding as intended and out of the provision release 46 million concerned Q2 and finally a -43 million of other costs, including M&A, of which -27, in the second quarter. So this takes our H1 2036 EBIT reported to €2.7 billion. So almost the same number as the EBIT adjusted. The financial result was positive 186 million and mainly reflects the revaluation of certain equity investments and of the participations held in the venture capital funds managed by Airbus Ventures. And these are partially offset by the revaluation of financial instruments and the evolution of the US dollar. The tax rate on the core business continues to be around 27%. The effective tax rate for the half year is roughly 26%, including the tax effect on the revaluation of certain equity investments, partially offset by the effect of the French surtax. And for 2026, we expect the French surtax to be broadly in line with 2025, which, as you recall, was roughly €0.2 billion. So with all of that, the resulting net income is €2.2 billion, with earnings per share of €2.84, and our H1 2026 EPS adjusted stood at €2.61, based on an average of 789 million shares.

So let's go to page eight and on to our US dollar exposure in H1 2026. $11 billion of forwards matured with the associated EBIT impact and Euro conversions realised at a blended rate of $1.21 versus $1.18. In H1'25 and in the first half of 2026, we implemented 9.5 billion USD in new coverage over a five year horizon with a mix of instruments, including collars and the blended rate of $1.22. For this first half, additions reflect in particular, the least favourable rate of our collars, which are primarily weighted towards the outer years of our hedging horizon. So as a result, our total US dollar coverage portfolio in US dollar stands at 74.3 billion, with an average blended rate of $1.22, as compared to 75.8 billion USD at $1.22 at the end of 2025.

So now on to a more detailed look at the free cash flow on page nine. Our Free Cash Flow before Customer Financing was -€1.2 billion in the first half of this year, and this outflow was mainly driven by the change in working capital. And notably, it of course reflects the planned inventory buildup to support our ramp up across our businesses. As you can see in our CapEx in H1 of this year was -1.5 billion. And to support our ramp up and the successful integration of the former Spirit AeroSystems work packages, we expect our CapEx to continue to increase in 2026. The Free Cash Flow was -€1 billion, including customer financing of positive 0.1 billion. And just as a general comment, we continue to see a diverse and competitive finance landscape in the first half of this year, and currently we expect sufficient liquidity to support our 2026 deliveries. So with all of that, as you can see on the right hand side of the chart, our net cash position stood at €8.4 billion as at the end of June, also reflecting the dividend payment as well as the acquisition of Unical, slightly offset by the strength strengthening dollar environment. And overall, our liquidity remains strong above €30 billion. And with that, I would like to hand it back to Guillaume.

00:14:58 - 00:20:52

Guillaume Faury : Thank you. Coming to the divisional highlights and starting with commercial aircraft. In the first half we delivered, as already said, 351 aircraft to 77 customers. I am pleased where we stand at the end of H1 with a good, if not a very good second quarter that allowed us to recover from the low deliveries we had in Q1. Looking at the situation by aircraft family: on the A220, we delivered 44 aircraft. The ramp up is ongoing, and we continue to target a monthly production rate of 13 aircraft in 2028, so that's no change compared to what you know. On the A320, we delivered 271 aircraft, of which 167 A321 representing 62% of the deliveries for the A320 family. The administrative delay that affected the delivery of nearly 20 aircraft to Chinese customers has been resolved, and aircraft have been delivered. And the panel quality issue is largely behind us, as anticipated. Our production rate trajectory remains unchanged. As a result, again, no change for the A320, we expect to reach a rate of between 70 and 75 aircraft a month by the end of 2027, stabilising at rate 75 thereafter. On widebodies, we delivered 36 aircraft, of which 10 A330s and 26 A350s - that makes 36. On the A330 - no change - we target to reach rate 5 in 2029 to meet customer demand. And on the A350 - no change either - we continue to target rates 12 in 2028. Our target ramp up rates for our widebodies have not changed, even though the strong market demand could support even more. Now let's look at the financials for our commercial aircraft business. The revenues increased 15% year on year, mainly reflecting the higher deliveries, increased services and partially offset by the US dollar

depreciation. EBIT adjusted increased to €2 billion from €1.7 billion in H1 2025, driven by the higher deliveries and partly offset again by a less favourable hedge rate.
Looking at Helicopters, in H1 2026 we delivered 144 helicopters, which is six more than in the first half of 2025. Revenues were broadly stable at €3.7 billion, reflecting a slightly less favourable delivery mix in the first six months. As a result, EBIT adjusted stood at €240 million, reflecting a solid performance from programmes offset by higher R&D expenses.
And let's complete our review with Defense and Space. Revenues increased 9% year on year to €6.3 billion, driven by higher volumes across all business units. This includes deliveries of three A400M in the first half, which is plus two compared to the first half of 2025. This resulted in an EBIT Adjusted of €487 million, supported by favourable cost phasing, improved profitability and higher volumes. Let me highlight that the yearly performance is somewhat front loaded - to manage expectations.

Onto our guidance, which remains unchanged. As the basis for its 2026 guidance, the Company assumes no additional disruptions to global trade or the world economy, air traffic, the supply chain, its internal operations and ability to deliver products and services. The company's 2026 guidance is before M&A and includes the impact of currently applicable tariffs. On that basis, the company targets to achieve in 2026 around 870 commercial aircraft deliveries, an EBIT Adjusted of around €7.5 billion and a Free Cash Flow before Customer Financing of around €4.5 billion.

We will conclude with our key priorities, which have not changed since the last quarter and since the Farnborough Airshow. We remain highly focused on ramping up across all programmes, utilising our strong portfolio to deliver to our commercial and military customers. We will continue to be guided by the core pillars of Airbus that underpin our company: safety, quality, integrity, compliance and security. That's paramount to me. Against a complex geopolitical backdrop, we draw strength from our global footprint and our multi-year diverse backlog. I see strong momentum now and ahead of us as we embark on the phase highlighted at the business update, with a clear focus on advancing our sustainability ambition. We will continue to deliver profitable growth while driving our key priorities forward. And now, on this positive note, I hand over to you, Jean Christophe, to open the Q&A.

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00:20:54 - 00:21:30

Jean Christophe Hennoux: Thank you Guillaume and Thomas. In order to allow an efficient Q&A session, let me state a couple of guidelines. First, please introduce yourself and your company before you dive in. Second, we ask you to limit yourself to two questions so that we can keep things fair for everyone in the queue. And finally, a small favour for the speakers, please try to keep a steady pace and speak clearly. It really helps us and everyone listening in to fully capture your questions. And now, Laura. could you please explain the Q&A procedure for participants?

00:21:31 - 00:21:48

Operator (Laura): Thank you. We will now begin the question and answer session. If you want to ask a question, please press hashtag five on your telephone keypad. We have a first question from Ross Law from Morgan Stanley. Please go ahead.

00:21:50 - 00:22:34

Question 1 Ross Law, Morgan Stanley, Analyst: Hi. Good evening. Thanks very much for taking my questions. So the first one on the defense margin in Q2, very strong above 10%. And were there any one offs in that number? You obviously mentioned profit is a bit front loaded this year. If you can maybe just explain exactly what's driving that and your expectations for margins through the second half. And then moving to commercial, I know you don't tend to like speaking about monthly production rates. But can you maybe just give us a broad sense of where you are on the core A320 and A350 programmes at the moment? It looks as though you're maybe around the 60 on the A320 and 6 on the A350. And so when should we expect the next rate break? Thank you.

00:22:36 - 00:23:26

Guillaume Faury: So I start by the second one. And as you have rightly noticed, I don't like to be commenting on monthly production rates. I more believe in, well, at least quarterly production rates, if not yearly ones. So we're in ramp up trajectory, that's what counts to me. We delivered a number of aircrafts in the first half of the year that is very consistent with the trajectory. We managed to recover in Q2 the missing deliveries of Q1, for a number of reasons I indicated in my introduction and that really what matters from my perspective. Please consider we are on the trajectory we need for this year and with the mid-term targets. And, on defense margins, Thomas, any one off, what do you say about the Q2 margin?

00:23:26 - 00:24:39
Thomas Toepfer: Well, Ross, I was sure that you would spot that. So, the way I would characterise it. No, there is no specific one off in H1 or in Q2. However, as I said many times, also at other occasions, never over interpret a single quarter in terms of margin trajectory. Indeed, I would say the first half for defense, was a semester where many things just aligned very positively. So we had the export of the A400M, for example. We are planning to increase R&D, but that has not fully materialised yet. Same is true for headcount, there will be an increase, but it has not materialised so much in the first half. So I would say it's just many things coming together that produced a very good margin, despite the absence of any, let's say, accounting one off. But I think we should not get ahead of ourselves. So, it's not indicative for a continuation of that margin in the second half of the year. But of course, we feel it's a good sign that we're on track to the mid-term target that we have communicated for defence [Defence and Space] last week.

00:24:41 - 00:24:42 Question 1 : Very helpful. Thank you.

00:24:47 - 00:24:55
Operator (Laura): We have a question from Benjamin Heelan from Bank of America. Please go ahead.

00:24:57 - 00:25:35
Question 2 Ben Heelan, BofA, Analyst: Good evening guys. I hope you're both well. Thank you for the question. The first question was on the A400M and Guillaume you mentioned the announcement around the multinational force. Could you give us a little bit of guidance and colour about what that could mean potentially from an audit perspective? And then secondly, on Spirit. You've owned the business now for a while. Can you just give us a bit of an update? What are you seeing? How is that business performing? Where are you on the trajectory to drive the improvements there for the 350? Thank you.

00:25:37 - 00:27:06

Guillaume Faury: Thanks, Ben. And I think, yes, I can say we are both well. And I hope you're well, too. A400M: yes, it's a good endorsement of the A400M when it comes to the European needs for airlift. Actually, we see a good momentum on A400M on different fronts and that's really what matters to me. So we feel confident with the short term / mid-term trajectory for the A400M. And we also hear good feedbacks on the A400M where it is used in operation and I was really happy with the first feedback from operations of test, the use of the A400M for firefighting operations. That's something we were targeting and we were considering now for a few years. But that's now something that has been tested in real conditions. So good momentum for A400M. The multinational force is indeed for us a good opportunity. It follows the path of the MRTT where we have the same pattern, the same frame. And that gives a lot of satisfaction to the European countries, which are part of the multinational force. So I see it as a real strong potential for the use of A400M. Spirit?

00:27:06 - 00:28:19

Thomas Toepfer: On Spirit, I would say we own the business since December 8th last year. No real major surprise. And that means we also confirm the financial assessment for what it means for 2026 and 2027, namely, a negative low triple digit EBIT [Adjusted] impact this year, but a high negative triple digit impact in terms of Cash Flow [FCF]. Why is cash flow so much more negative? Because we're front loading the investments that we have to make. Secondly, working capital is an issue. We want to build some buffer stocks. We are paying our suppliers in time to stabilise the supply chain. And of course the integration costs also flow into the Cash Flow. So quite frankly, no change with respect to what we have given you as financial indication earlier this year at the Full Year call. And the other thing that I would say also no change in terms of Integration. It progresses well. Of course, challenging in both key locations, but I would say it's in line with our ramp up ambition that we have for the A350 and the A220. So therefore nothing to report that is off track with respect to the ramp up.

00:28:21 - 00:28:23

Question 2: Very clear. Thank you.

00:28:26 - 00:28:31

Operator (Laura): We have now a question from Milene Kerner from Barclays. Please go ahead.

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00:28:33 - 00:29:34

Question 3 Milene Kerner, Barclays, Analyst: Yes. Good evening. Guillaume, Thomas and Jean-Christophe. I have also two questions, please. The first one on the Free Cash Flow. Your guidance implies around €5.7 billion of Free Cash Flow in the second part of this year. Last year you generated €6.2 on lower delivery volume. And your inventory are nearly at €7 billion higher than what they were at the end of December. Excluding the Spirit impact, can you help us reconcile what is preventing a higher level of cash flow this year. And then my second question is on FX and hedging. Last year you mentioned that you were looking to optimise your hedging policy and potentially introducing more options. And yet, the €9.5 billion of new hedges you added in H1 were again stuck around $1.22 dollar / euro. Can you update us where you are in that process, and whether we should expect any change in the hedging strategy going forward? Thank you.

00:29:36 - 00:29:41

Thomas Toepfer: Okay. So I think those two questions go both to me.

00:29:41 - 00:29:46

Guillaume Faury: They are too difficult for me, Thomas, and I'd like to hear the answer of the first one.

00:29:46 - 00:32:03

Thomas Toepfer: So on the first one, I think what I said for the EBIT and the single quarter also applies for cash flow. So cash flow of course, is not only is not always fully linear so we were very pleased with the positive €1.3 billion that we had in Q2. But again, things are not super steady. I think with what we have achieved in the first half of the year, we are on a good way for the full year in terms of the guidance. But I would also say let's not get ahead of ourselves. Inventory buffer is an important thing because we have to cater for the ramp up not only for 2026, but then also we want to have a much smoother transition into 2027. And secondly, as you indicated, Spirit, a lot of the things in terms of cash flow are still ahead of us. So I would say the numbers that we're seeing are consistent with the Guidance for the full year cash performance of the company. On the second one, the hedging policy, indeed, we have said that we have also used options. That was what I was referring to when I said we have also implemented collars in our hedging strategy. These collars are reflected with the least favourable rate. So meaning using collars does not necessarily lead to a, let's say, optically better hedge rate in the portfolio that we have because we give you the most conservative number. But of course, they provide the optionality that if the dollar is strengthening, that we can exercise those collars at a more favourable rate. And by the way, that also what we have already been doing on a small scale in the first half of this year, which encourages us to increase or to go down that path even further and increase the share of options or collars, as you might call them in our total portfolio. So again, I think the optics of what I've given you, the 1.22, maybe it doesn't fully reflect the optionality and the opportunity that we have here. And currently, I would say we are we're pleased with what we're seeing. And we will continue that hedging policy gradually, but no fundamental change. I think that was also your question.

00:32:05 - 00:32:06 Question 3: Thank you Thomas.

00:32:11 - 00:32:18
Operator (Laura): The next question comes from Chloe Lemarié from Jefferies. Please go ahead.

00:32:20 - 00:32:56
Question 4 Chloé Lemarié, Jefferies, Analyst: Good evening, Guillaume, Thomas, and thank you for taking my question. I have a first one on the number of gliders. Previously you said you were no longer building any, so I'm just checking whether this is still the case. And if you had any in your inventory at the end of the first time. And the second question is a follow up on Ben's question on Spirit. I was wondering if you'd be able to maybe refine the range of the lower three digit million impact you mentioned for the full year, or at least share what it looked like so far in H1, please. Thank you.

00:33:00 - 00:33:14
Thomas Toepfer So maybe on the on Spirit. No, I think I would leave it here with the guidance in terms of Spirit impact. So therefore I think no further. No further comment on this one. And maybe Guillaume, you take it on the gliders.

00:33:14 - 00:33:52

Guillaume Faury: We have no gliders in the sense of aircraft not being delivered solely because of engines. So we are in a normalised situation. We don't have buffers of engines, so we don't have engines ahead of what we need from Pratt and Whitney. We don't have aircraft non delivered because of missing engines. We have few other reasons why we don't deliver engines. Aircraft without engines. But I would not call them gliders in the sense of aircraft ready to deliver but not delivered because of engines. So that's an important information indeed.

00:33:55 - 00:34:07
Chloé Lemarié - Jefferies: I can just maybe just add one question on the panel and interiors and how it impacts production?

00:34:09 - 00:34:13
Guillaume Faury: Panels issue is behind us. If that's the question. It's resolved. Okay.

00:34:28 - 00:34:34
Operator (Laura): The next question comes from Sam Burgess from Goldman Sachs. Please go ahead.

00:34:36 - 00:35:18
Question 5 San Burgess, GS, Analyst: Thank you very much. Good evening, Guillaume, Thomas and Jean-Christophe, thank you very much for the question. Firstly, coming back to A400M, do you see any potential for additional countries to join that initiative? And is it mainly about shared services and support, or following on from what Ben was saying, do you see demand there for incremental orders? And then the second question is just whether there's any additional color you can offer in terms of the discussions with Pratt and any update you can give us there in terms of 27 and 28 picture. Thanks.

00:35:21 - 00:37:16
Guillaume Faury: So the short answer to your second question is I don't have much more to say than, we think will continue to get from Pratt and Whitney for 26, 27 and beyond, the number of engines that have been finally agreed, and which are the current basis for the 2026 delivery guidance and consistent with the mid-term targets that we have given before. So, nothing very significant to report with Pratt, except that we continue to negotiate the dispute

when it comes to the outcomes of the revised downwards number for 26 and 27. When it comes to the A400M, yes, indeed there could be more countries joining the initiative for the multinational European force, the pooling and sharing. I'm not in the details of this, so I know it's open for other countries, but it's already very significant. And yes, indeed, it opens the why. It's consistent with the market dynamics that we see on the A400M. It's slowly moving, but it's moving in the right direction for more customers ordering A400M. So that's something that we will be happy to report as things move forward. But as you know with military customers, we are not commenting on, well not with civil customers either, but even less with military customers. We are not commenting before things become official from the customer perspective because it's defense matters. So good momentum. Hope for more orders moving forward. And the very concrete multinational force that is something that is actually public already.

00:37:16 - 00:37:17
Question 5: Very helpful. Thank you very much.

00:37:18 - 00:37:19
Guillaume Faury: Pleasure.

00:37:20 - 00:37:26
Operator (Laura): Next question comes from Olivier Brochet from Rothschild and Co. Please go ahead.

00:37:28 - 00:38:13
Question 6 Olivier Brochet, Rothschild and Co, Analyst: Yes. Good evening. Guillaume. Good evening Thomas. Thanks for taking my questions. I have two, two small ones actually. The first one is: in the press release you call out Airbus venture and a revaluation there, could you maybe give us a bit of colour on what drove that revaluation? What assets are behind that? And the second one: another detail is you recently made the acquisition of a small component manufacturing company in Spain, Masa. Could you just share the rationale of why you did that? And if there is anything else to happen in aerostructures for the company? Thanks.

00:38:15 - 00:39:42

Thomas Toepfer: Yes. Let me maybe start with, with Masa. And I think what I would say is that it's not indicative of any change in our strategy with respect to vertical integration. To be very clear, we are happy with the way how we are integrated in our supply chain and how the split of work is. So therefore, the thing is not to be over interpreted. But there's always sometimes situation where as such an acquisition from a more defensive perspective can make sense. So can be a succession problem or it can be other things. And here we felt it would be good if we are in control of this business. But again I would say no strategic change of direction to be interpreted into the acquisition. Secondly, yes, on Airbus ventures. We have invested in, Airbus ventures exists since a number of years. And they are investing into various startup companies in the field of aerospace. And that has been a successful journey so far. And so therefore, as part of the normal recurring revaluation of the portfolio, we're recognising also the gains that they have in their portfolio. But of course, I should clearly say those gains have not been realised to the biggest extent. But those are gains in terms of valuation and not yet in terms of cash returns.

00:39:45 - 00:39:49

Question 6: Thomas, is this related to the space industry by any chance?

00:39:51 - 00:39:56

Thomas Toepfer: Yes. Aerospace in the broadest sense. But also some specific space investments.

00:39:58 - 00:40:00

Question 6: Okay. Very clear. Thank you very much.

00:40:04 - 00:40:11

Operator (Laura): The next question comes from Sebastian Grohe from BNP Paribas. Please go ahead.

00:40:12 - 00:41:11

Question 7 Sebastian Grohe, BNP Paribas: Yes. Good evening. Sebastian from BNP. Hi Guillaume, hi Thomas and hi Jean-Christophe. So for me then, the first one is on commercial.

Guillaume on a prior call today you seemingly pointed to deliveries in the range of 850 to 890 aircraft in ‘26 on the wires today. So my question is if you can provide more colour, whether your engine supply has improved as of late. And the second question goes to Thomas. The guidance implies adjusted EBIT for the group in the second half that is about 100 million lower compared to ‘25. I heard your comments to not extrapolate the strong H1 trajectory at defense and space, but are there any other building blocks that you might want to call out in order to explain why the decline in the guidance for adjusted EBIT?

00:41:13 - 00:42:45

Guillaume Faury: Okay, I'll take the first question, and I'm surprised it makes news because actually, at Airbus and now for many, many, many years, when we give a guidance, a number of deliveries for the year, and we say around 870, for example, for this year, it means, around means plus/minus 20. And that was the case for the previous year, where we had the delivery guidance for 2025 of around 820 that we changed in the back end of the year for around 790. And we finally delivered, as you remember, 793. So the guidance for this year is unchanged. It's around 870 aircraft. And if you apply the plus/minus 20 that we consider is consistent with around that's going from 870 minus 20 equals 850 to the upper part of the range which is 870 plus 20 that makes 890. So this is exactly no news. It's just explaining with the numbers what's around 870 means or repeating it. But apparently it was useful to repeat it because it is surprising to some. I look at you, Thomas, for the answer on the second question on EBIT.

00:42:45 - 00:44:31

Thomas Toepfer: Yes, I think, Sebastian, I mean, essentially your question is on what is the remain to do for the year and how does it align? So I think what the key building blocks that play a role here of course is the deliveries. First of all. So if you want to bring it to the midpoint of the guidance, so the 870 in Guillaume explained always it's plus/minus 20 ,but if you want to bring it to the midpoint, that would mean an additional 32 deliveries in the second half of the year. I would say, however, that not all of these aircraft will be A320s. So therefore not all of them with margin. So please deduct a certain number and then you can multiply with I would say the contribution that most of you have in your models, let's assume that brings you to 0.3 positive. Then you have a couple of things against that. One is the FX hedging, let's say negative impact of roughly $0.01 degradation. Secondly, you have the spirit effect where we only have digested half or even maybe less than half in the first half of the year. And thirdly, remember R&D, we pointed to an increase, but that has not materialised to the full extent in the first half of the year. So you should expect some further increase in the second half. So three headwinds, I would say against the positive volume development. And then of course, you do have, you do have some positive contribution, I would say from the divisions. So slight positive. But if you take all of these together, that should bring you to the midpoint of the guidance also in terms of EBIT.

00:44:33 - 00:44:35
Question 7: Thank you very much for this.

00:44:38 - 00:44:45
Operator (Laura): Next question comes from Christophe Menard from Deutsche Bank. Please go ahead.

00:44:48 - 00:45:45
Question 8 Christophe Menard, Deutsche Bank, Analyst: Good evening. Thank you for taking my question. I have two. First one: Can you elaborate a little bit more into the Defence and Space performance for H1. Obviously, I understood what you said, but is there any element related to space which is structural? And that could explain also that solid margin performance? And another detail question, more of a detail, but, the H1 or the Q2 performance in Airbus Commercial was actually slightly better than expected. Is it purely mix? Or did you, for instance, manage to retrieve some of the tariff you had to pay last year and you could repatriate, so to say, in Q2. Thank you.

00:45:48 - 00:47:25
Thomas Toepfer: So, I mean, is there anything specific in Defense and Space and you ask for space? Nothing other than we are very pleased with the, I would say, turnaround that we're doing in space and that is materializing. So, we are on plan if not ahead of plan with the improvements that we wanted to make. And so therefore I will not disclose now individual numbers for the, for the subdivisions. But what we're doing in space is better than what we probably were, slightly better than what we had in our internal plans. And therefore, I think it's a reconfirmation that the turnaround that the new management team has done in space is actually working. And then on commercial. No. In the second quarter there was no positive

effect on tariffs. We're claiming of course tariffs that we have paid, but we have not booked anything positive in our results in the second quarter of the year. What I would point to though, is that indeed, as you indicated, the mix of course was pretty positive. So if you look at the 45 aircraft that we are ahead of last year, they are mostly, there's only 320. So they all carry almost a margin. And so therefore that was of course helpful for the first half of the year in terms of mix. And so I indicated that for the second half that mix might be slightly less positive. And I think that goes back to the remain to do bridge that I tried to answer in the previous question.

00:47:27 - 00:47:28

Question 8: Thank you very much. Very clear.

00:47:31 - 00:47:37

Operator (Laura): The next question comes from Ian Douglas Pennant from UBS. Please go ahead.

00:47:40 - 00:48:43

Question 9 Ian Douglas Pennant, UBS: Thanks very much. I hope you can hear me. It's, Ian Douglas, UBS. First question is on the next generation of aircraft, some of the engine players have been making comments on the business structure or potential business structure of the next generation aircraft. After the comments that you made last week, emphasizing the significant upfront costs of developing an engine. Is there anything that you'd like to add to that conversation, especially around your willingness and ability to support them with the costs early in the next engine program? And the second question is on cost control. We're now two years after LEAD, roughly with six months on from Pratt and Whitney communication to you on 2026 engines. Is the cost structure now in the right place going into the second half, or is there still an opportunity or, you know, work done, conversations to be had at this point? Thanks very much.

00:48:46 - 00:49:21

Guillaume Faury: No, I'll be short. No, there's nothing I'd like to add to the conversation when it comes to changing or adapting the business structure as we move to the future aircraft. Nothing else than we see opportunities to tap more into the life cycle, revenues and margins of the airplanes and the equipment. And I'm not specific to certain equipment. And for the second question, Thomas.

00:49:22 - 00:50:03

Thomas Toepfer: And maybe in terms of cost. I would say yes. I mean, LEAD was quite successful in 2024 and 2025. And we are continuing, I would say, to monitor costs very strictly, but I would rather see this as an exercise of cost containment and not so much cost reduction. So therefore I would if I was you, not plug in anything specific as a tailwind in your models. But of course we're very, very focused that costs are increasing way slower than our revenue line. And that's how I would characterize it. So nothing specific on the horizon in terms of a cost tailwind that I would put in the models.

00:50:06 - 00:50:07

Question 9: Thank you very much.

00:50:11 - 00:50:16

Operator (Laura): We have now a question from Douglas Harned from Bernstein. Please go ahead.

00:50:20 - 00:51:14

Question 10 Doug Harned, Bernstein: Good morning. Good evening. Thank you. I want to first go back to the earlier question on production rates. In the Business Update I asked Lars about getting to 12 per month on the A350, and he said that you were already at a production rate of 8 to 9 per month. But that is higher than what we've seen in terms of deliveries. So first, perhaps you can explain that difference, what creates that gap and should we expect it to close. And then second, you also talked a lot about building a services business and seeing a good growth opportunity there, both organic and through acquisitions. And so how do you envision the steps going forward to grow services, and when should we expect the material contribution to overall growth?

00:51:17 - 00:54:01

Guillaume Faury: Okay. Thank you Doug. On the A350, as far as I can recall, Lars said that the ecosystem which, using my words would have been the supply chain, was operating at rates around 8 to 9 a month at the moment of the comment. And as you know, the supply chain is ahead of the FAL [Final Assembly Line]. So, in a ramp up phase we are always in a situation where the supply chain and what Lars called the ecosystem, as far as I can remember, is, of course, at higher rates than the rates we have for assembly. You know that we measure the rates at the so-called station 40 at Airbus - the station where we put the wings on the fuselage, which also comes significantly ahead of the time of delivery of the aircraft. So in a ramp up you have the supply chain operating at higher rates than the station 40, where we measure the rate that is itself operating at a higher rate than the deliveries. And this is, of course, on average, because when you have a situation like what we had in the first quarter of this year, we had a production rate that was rather linear, but we had aircraft that could not been delivered either because of industrial challenges, namely the panels, or for administrative reasons, namely, the issue we faced with the delivery of aircraft in China for certification items / reasons. So there's always a non-linearity on deliveries that is significantly higher, generally speaking, than production, especially when production runs reasonably well and the supply chain is operating at higher rates than the Airbus deliveries. And I think the reason why Lars made the comment is to highlight the fact that our production system and in the external parts in the supply part, is on track to support the rate increase that we want to demonstrate at Airbus. It's our way to check that the supply chain is actually delivering on the expectations for higher rates moving forward. So I hope it clarifies the comment made by Lars. And again, that's the top of my head of what Lars said, I think at the Business Update

00:54:05 - 00:55:43

Thomas Toepfer: So maybe let me clarify on the service topic. So, what we are targeting is 10 billion in commercial aircraft services revenues by 2030. And in terms of profitability, we're expecting to cross the line of double digit profitability in the mid-term. And as we said in the Business Update last week that is clearly an upgraded target because we focused on the efficiency of that business and also cost reductions. Now, how will we get there? It's a combination of both organic growth and efficiency improvement, but also some inorganic potential acquisitions. You've seen that we have closed the Unical acquisition in H1 of this year. So that is definitely playing into that. Now it's very difficult to plan of course for M&A. But part of the growth path is also potential for the Bolt-ons in the next years to come. And maybe just to remind everyone, what are the commercial aircraft service businesses? In our case, it really consists of two parts. One is the highly profitable trading services and that is things like spare parts, trading, digital solutions, etc. And the other one, the second one covers the core support costs, which we have to ensure that the aircraft that we have delivered are operating as promised to their life cycle. So it's really two very different businesses that are grouped in here. And the main growth, of course, should come through the highly profitable part where also all the acquisitions should play into.

00:55:46 - 00:55:48

Jean-Christophe Henoux: This might be our last question depending on how complex it is to answer.

00:55:51 - 00:55:59

Operator (Laura): Thank you. Next question is from Ken Herbert from RBC. Please go ahead.

00:56:01 - 00:56:45

Question 11 Ken Herbert, RBC, Analyst: Yes. Hi. Good evening. I'll keep these two questions relatively simple. Thank you for the time. The first is you typically see, at least last year, a significant step up in Helicopter margins, profitability from or profitability, I should say EBIT from first to second half. Is there any reason we shouldn't see that this year again in 2026? And then my second question on the A350, on the freighter, you called out the first flight this year. Can you just give a little more detail, Guillaume, as to your schedule for the freighter beyond first flight, in terms of when you'd expect entry into service, and how quickly you expect to ramp production on that variant of the A350? Thank you.

00:56:47 - 00:57:19

Guillaume Faury: I'll start with this one. Yes, I confirm we expect the first flight before the end of this year, which means start of flight test immediately and a very dense flight test programme, targeting certification and first delivery, ideally by the end of next year and then the ramp up. So delivery of aircraft in rather significant numbers as soon as 2028.

00:57:19 - 00:57:55

Thomas Toepfer: So yeah. And so maybe on the Helicopter topic. So I mean yes, your observation is right. Margins are increasing in the second half of the year relative to the first. What is driving that is that Helicopters last year had a very back-end loaded delivery profile.

And I mean, without making any too precise of a prediction, I would say the profile will not materially change this year. So since the delivery profiles are similar, I think that could be a good indication that also the margin trajectory could be relatively similar to last year.

00:58:00 - 00:58:10
Jean-Christophe Henoux: Thank you for the remaining two minutes. If not, we conclude.

00:58:10 - 00:58:18
Operator (Laura): We have a next question from Robert Stallard from Vertical Research. Please go ahead.

00:58:20 - 00:58:21
Question 12 Rob Stallard, Vertical Research, Analyst: Thanks so much. Good evening.

00:58:22 - 00:58:24
Guillaume Faury: Good evening. How are you, Robert?

00:58:25 - 00:58:49
Question12: Not too bad. You sneak me in. Thank you very much. A couple of quick ones for you, Guillaume. First of all, these very serious forest fires you've seen in France and Spain, have they had any impact on the Airbus business? And then secondly, Lars talked last week about potentially raising A350 production beyond 12 a month, which would require another FAL. Where would you put it? Thank you.

00:58:51 - 01:00:13
Guillaume Faury: So on the first one, no material impact so far, on the business, but we've had employees, who no longer can access their place. And actually even some employees losing their house, their house has burned. So it's really a very tragic situation when it comes to individual situations. We are in the period where most of the activities were about to pause for the summer break, or had already paused on the Friday. So that's the current situation. And it's very important for us that the security, civil forces, and the firemen managed to contain the fire

in areas, not impacting, large industrial activities, not only ours, but, one of the others. So which is the case for the moment. Well, no, no comment on the second one we are investigating what we could do potentially beyond rate 12, we are not advanced enough to be able to give indications of what it will be, specifically how much, buy when, and even less where that would take place. This is for later.

01:00:15 - 01:00:15
Question12: Okay.

01:00:15 - 01:00:36
Jean-Christophe Henoux: Thank you. Thank you everyone. Thank you for taking the time to join us today. If you have any further questions, please reach out to Victoria, Olivier or myself and we'll get back to you as quickly as we can. As we close a special thank you to Edouard for his last disclosure today. Best of luck in your new challenge. Excellent one, bravo. And please bring your session to close for today. Have a great evening, everyone.

01:00:47 - 01:00:48
Guillaume Faury: Thank you everyone.

01:00:48 - 01:00:49
Thomas Toepfer: Thank you. Bye.

01:00:49 - 01:00:59
Operator (Laura): Ladies and gentlemen, the conference is now concluded and you may disconnect your telephone. Thank you for joining and have a pleasant evening. Goodbye.

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