9m 2026 Airbus Earnings Release

Analyst call transcript

AIRBUS

00:00:06 - 00:00:39

Operator: Ladies and gentlemen, thank you for standing by. Welcome to the Airbus 9m 2026 Earnings Release conference call. I am Laura, the operator of 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.

00:00:40 - 00:07:16

JC Henoux: Thank you, Laura, and welcome to everyone joining us today to dive into our 9m 2026 results. I'm in 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 plus transcripts will be available on our website. Today's presentation and the detailed financial statements are already available on the Airbus website. Before we start, let me remind you that we will be making some forward looking statements. I encourage you to take a look at the Safe Harbor statement in our presentation of slides. It's important stuff, so please have a quick read. And with that, let's get things started. Guillaume, the floor is yours.

Guillaume Faury: Thank you, JC and hello, ladies and gentlemen. Hello, everyone. Thank you for joining us today for the 9m 2026 earnings call. Thomas and I, joined by JC, are here in Amsterdam to run you through our results.

To begin, I want to express my most sincere sympathies to everyone affected by the train accident in Spain, the devastating train accident in Spain earlier today. Our thoughts are with the victims, with their families and also with the first responders who are managing the accident. It took place on a line connecting Madrid and Seville, two cities which are very close to our heart.

Here at Airbus, moving forward, the global geopolitical and operating environment remains complex for Airbus and its customers who are navigating volatile jet fuel prices.

Against this backdrop, we maintain our upward trajectory, driving forward our civil and military ramp up to deliver on our strong backlog. Looking at our Divisions, defence momentum remains strong in Europe and globally. Our portfolio continues to prove its essential role in ensuring sovereignty and security.

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In our Commercial business, we delivered 196 aircraft in Q3, bringing our year-to-date deliveries to 547, up from 507 over the same period last year, so 40 more. While achieving this, we are addressing two quality topics that I will detail later.

Our delivery profile is again back-end loaded as we speak. Our teams are fully mobilised for our successful year-end rally. With this in mind, EBIT adjusted stood at €4.5 bn and Free Cash Flow before Customer Financing at -€1.3 bn. And our 2026 Guidance remains unchanged. Now let's look at our commercial environments, starting with commercial aircraft. Passenger traffic was largely resilient against the volatile backdrop while air cargo maintains an upward trend. We continue to closely monitor how the macroeconomic environment could impact air traffic and our customers. Our robust and diversified backlog supports our own company resilience. During 9m'26, we booked 1,174 gross orders of which 182 A220s, 830 for the A320 Family and 67 A330s. On the A350, we booked 95 gross orders, including 34 A350 Freighters, which underpins our strong widebody order momentum.

Net orders amounted to 1,105 a/c including 69 cancellations, which were largely embedded in our backlog valuation at FY'25. Our backlog in units stood at 9,310 a/c at the end of September 2026.

Let me highlight the growth we anticipate for the services market, as outlined in our latest Global Services Forecast, which projects the market demand will double over the next 20 years. Airbus provides a full range of services across the aircraft lifecycle, and we have strong ambitions there.

Looking at Helicopters in the nine months, we booked 311 net orders, compared with 306 in the nine months of 2025. The order intake includes 10 UH-72B Lakota helicopters for the US Army to modernise its fleet, which are based on the widely successful H145 helicopter. On the H225M, the government of Romania has signed a contract for the procurement of 12 Airbus multirole helicopters. This contract is the second one signed by Romania and Airbus Helicopters in the context of the European Union SAFE initiative. Finally, we celebrated the official start of the series production of the H140 in Germany. The excellent H140 helicopter with the first airframe successfully manufactured on the newly set up assembly line earlier this quarter. Overall, we continue to see good momentum in both the civil and military markets and remain fully focused on delivering on expectations. Finally, on Defence and Space, we continue to observe very strong order dynamics for the division, with Order Intake standing at €11.5bn across all segments.

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That's very strong. In Q3, we secured strong wins in Space Systems, driven by the growing momentum toward European strategic autonomy. Notably, Airbus was selected by Eutelsat to build a further 229 OneWeb low Earth orbit (LEO) satellites, completing the replacement of the original constellation. Furthermore, we are pleased to see IRIS2 moving forward as a European programme, and we will support by producing platforms for at least 66 LEO satellites. Now, Thomas will take you through our financials. Thomas.

00:07:17 - 00:13:42

Thomas Toepfer: Yes, thank you very much, Guillaume. And hello, ladies and gentlemen, welcome to the call. I'm now on page six of the presentation, and I'll be happy to take you through our financial performance.

So let's start with the revenues that you can see on the left hand side of the chart. As you can see, our 9m 2026 Revenues increased to € 50.6 bn, up +7% year-on-year. And that is mainly reflecting the higher commercial aircraft deliveries, as well as a higher contribution from our Defence and Space division, however, partially offset by the weaker US dollar as compared to the 9m 2025. And as you can see on the right hand side of the chart, our R&D expenses continue to increase in line with expectation. Notably, to support the Defence portfolio acceleration. R&D amounted to €2.3 bn as of the end of September 2026.

On to EBIT adjusted; on the next page, our nine month 2026 EBIT adjusted increased 8% to €4.5 bn, coming from €4.1 bn in the 9m 2025. And it reflects the higher commercial aircraft deliveries, a strong performance in Defence and Space, partially offset by a less favorable hedge rate and the higher R&D expenses that I was already referring to.

Now, coming to the EBIT adjustments, which stood at positive €55 m for the nine months of 2026, and you can see them on the right hand side of the page. And these €55 m included positive +€270 m impact from the $ Working Capital mismatch and balance sheet revaluation, mainly reflecting the mechanical impact coming from the difference between transaction date and delivery date, of which +€146 m in Q3. As well as that, a -€235 m related to the integration of the former spirit AeroSystems work packages, of which -112 m in Q3. Then positive again +€60 m linked to the Airbus Defence and Space workforce adaptation plan, unchanged since Q2. And last but not least, a -€40 m of other costs, including M&A, of which +€3 m in Q3. Now, this takes our 9m 2026 EBIT Reported to +€4.6 bn. And the Financial Result, as you can see on

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the lower right hand side of the page, was +€155 m, and it mainly reflects the revaluation of certain equity investments and 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, however, is around 25%, including the non-taxable impact from the revaluation of certain financial 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 might recall, was roughly €0.2 bn. So the resulting Net Income increased 36% to €3.6 bn for the first nine months of the year, and that means earnings per share of €4.54. And our 9m 2026 EPS adjusted stood at €4.26, based on an average of 790 m shares.

Now let's turn the page and look at the US dollar exposure coverage in the 9m of 2026. $17.1 bn of forwards matured with the associated EBIT impact and Euro conversions realised at a blended rate of $1.20 vs $1.18 in 9m 2025. And in the first nine months of 2026, we implemented $15.7 billion in new coverage over a five-year horizon with a mix of instruments, including collars. The blended rate of $1.21 for additions reflects in particular the least favourable rate of our collars, which are primarily weighted toward the outer years of our hedging period. As a result, our total USD coverage portfolio in USD, stands at $74.4 bn with an average blended rate of $1.22 as compared to $75.8 bn at $1.22 at the end of 2025.

Now on to a more detailed look at our Free Cash Flow in the next page. Our FCF before Customer Financing was €-1.3 bn in 9m 2026 , and this outflow was mainly driven by the change in working capital. And as you recall, this notably reflects the inventory buildup linked to our back-end loaded delivery profile, as well as the planned ramp up to support our businesses.

Our 9m 2026 CapEx was €-2.4 bn, and to support our ramp up in the successful integration of the former spirit AeroSystems work packages, we expect our CapEx to continue to increase in 2026, as previously mentioned. So no change. The Free Cash Flow €-1.1 bn, including Customer Financing for €+0.2 bn. And we continue to see a diverse and competitive financing landscape in the 9m of 2026. And currently, we expect sufficient liquidity to support our 2026 deliveries. So overall and as you can see on the right hand side of the page, our Net Cash position stood at €7.0 bn as of the end of September, also reflecting the dividend payment as well as the acquisition of Unical, slightly offset by the strengthening dollar environment. Our

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liquidity remains strong, at around €30 bn. And with that, I would like to hand it back to Guillaume.

00:13:43 - 00:20:00

Guillaume Faury: Thanks, Thomas. And let's start with commercial aircraft.

In 9m 2026, we delivered 547 a/c to 84 customers, an increase of 40 aircraft over the same period last year, including 68 A220s, 428 a/c from the A320 family and 51 Widebodies. We have no change in our targeted production rates, and we continue to drive the ramp up. Our second A320 Family FALs in both the US and China are now delivering. And we recently inaugurated a new delivery centre in Toulouse, marking key milestones in the development of our global footprint. When it comes to the A350 freighter, I want to highlight the successful completion of its maiden flight, which brings us one major step closer to delivering this game-changing aircraft for the air cargo market. This now marks the start of the flight test campaign prior entry-into-service in H2 2027, no change.

For the engines, the situation is also largely unchanged for the A320 family. The Pratt and Whitney engines remain the main so-called pacing item for the ramp up, but we anticipate we will get what we need to reach our 2026 objectives.

On Spirit, almost a year after the acquisition of the former Spirit AeroSystems work packages, the integration remains challenging, but our teams are on it.

I would also like to update you on two quality issues.

First, on the A321, the surface protection deviation on a specific stringer was identified and is causing a short term phasing impact in our operational flow. Sorry on specific stringers, not just one series of stringers. The issue is contained, remedies available and all newly coated stringers conform to requirements. We are delivering the relevant aircraft. It is not a safety issue and the flying fleet continues to operate.

Another quality issue I would like to update you on impacts the A330. We have inspected all in production aircraft following a finding in a horizontal tail plane. We took immediate action. We reinforced our controls and all aircraft coming now out of production have been inspected and can be delivered.

Overall, we continue to produce in line with the plan and our commercial ramp up continues.

Now let's look at the financials for the commercial aircraft business.

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Revenues increased 8% year-on-year, mainly reflecting the higher deliveries, increased services, partially offset by the weaker US Dollar. EBIT Adjusted increased to €3.4 bn from €3.3 bn in 9m 2025, driven by the higher deliveries partly offset by higher R&D and a less favourable hedge rate.

Looking at Helicopters in the 9m 2026 we delivered 226 helicopters, 8 more than in the 9m 2025. Revenues were broadly stable at €5.6 bn, and EBIT adjusted stood at €445 m, with both figures reflecting a less favorable delivery mix.

Let's complete our review with Defence and Space. Revenues increased 5% year-on-year to €9.3 bn, driven by higher volumes across all Business Units. This volume, along with better overall profitability, resulted in an EBIT Adjusted of €672 m. On R&D, the operational ramp-up continues at a gradual pace. The Q3 increase reflects in part a one-off catch-up effect.

Now, looking at our 2026 Guidance, which is unchanged, 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 bn and a Free Cash Flow before Customer Financing of around €4.5 bn. With that, and it's the last slide, we will conclude with our key priorities, before handing over to you for the Q&A.

Let me summarise what is driving Team Airbus as we enter the final stretch of the year. Across our businesses, our focus is to deliver on the strong demand and expectations of our customers, with safety and quality at the core of what we do in this complex, and what I call a fast changing environment. Our priorities are clear. Our teams are fully mobilised to meet our objectives. And I guess with that, Thomas and I are now ready to take your questions. And for this I will hand over to JC. JC the floor is yours.

JC Henoux: Thank you Guillaume. And thank you, Thomas. In order to allow an efficient Q&A session, let me set 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 everyone can have a chance to ask a question. And finally, please try to keep a steady pace and speak clearly. With that, Laura, could you please explain the Q&A procedure for participants?

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00:20:01 - 00:20:19

Operator: 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. The first question is from Mr. Ross Law from Morgan Stanley. Please go ahead.

00:20:21 - 00:21:07

Ross Law: Hi. Good evening. Thanks very much for taking my questions. The first is on the supply chain and where the current bottlenecks are. You mentioned engines are tracking broadly to plan, but on seats, Safran last week flagged a risk of delivery delays from the end of this year into 2027. So I am interested in whether this may impact your ability to meet this year's guidance, or whether this risk is already embedded in your planning assumptions. And then the second is on the buyback you mentioned, a €5 bn buyback back in July with an ambition to start this in the second half. So it'd be great to get your updated thoughts on the timing of the launch here. Given your confidence in full year guidance and the fact the stock has pulled back since the summer? Thanks.

00:21:09 - 00:22:25

Guillaume Faury: Yes, thank you very much for the questions. I'll take the first one and handover to Thomas for the share buyback question. When it comes to the risks and the bottlenecks, they are indeed factored in the delivery guidance that we have confirmed. And in the supply chain, we flagged the engines because they are indeed the pacing item, the one that creates the tension the most on the A320 family.

For the others, I mean, we continue to face challenging situations with the former Spirit AeroSystems work packages; you remember and it's still the case that the section 15 for the A350 is on the critical path. But again, all of this is factored in the year-end outlook. And we feel we have what we need to continue to ramp up at the pace we have highlighted before towards the production rates, given for the A220 A320 A330 and A350. So nothing new on that front as we speak now. And I think with this, I hand over to you for the share buyback question. Thomas.

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00:22:25 - 00:23:02

Thomas Toepfer: I mean, as you said, we announced the share buyback during the airshow this summer, and we said the ambition would be to start it in the second half of this year. I will not want to pre-empt any potential official announcement, of course, of the share buyback, but what I can tell you is nothing has changed in our view. The ambition is the same and so therefore we see no reason to deviate from that. But again, I don't want to pre-empt and jump to anything which would sound like an official announcement. Stay tuned. And again, our ambition is unchanged.

00:23:05 - 00:23:15

Operator: The next question. Thank you. The next question comes from Benjamin Heelan of Bank of America. Please go ahead.

00:23:18 - 00:23:38

Benjamin Heelan: Yes. Good evening guys. I hope you're all well. First question, you do sound more negative on Spirit. Has something happened? Can you give us a bit of an update there? And secondly, where are you on discussions with Pratt for engine deliveries next year? Thank you.

00:23:41 - 00:24:54

Guillaume Faury: Well. Hi, Ben. Thank you. We're good. I hope you're well as well. Well, actually, be it for Spirit or Pratt, there's no change in the situation. Spirit was and remains a difficult, integration and quite complex. So I don't know if I sound more negative than I was before, but we knew when we entered into this acquisition that we were taking on challenging work packages. The section 15 is on the critical path of the A350. So that remains the case. Pratt, no change either. We continue to work with the same assumptions. There's nothing I can report in that core on rather negative or positive. We think we have what we need for 2026, and the numbers have not changed for 2027. So we continue to base our assumptions on the same number of engines from the two engine manufacturers, including Pratt, for next year. So basically no change in the substance.

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00:24:57 - 00:25:03

Operator: The next question is from Chloe Lemarie from Jefferies. Please go ahead.

00:25:04 - 00:25:35

Chloe Lemarie: Yes. Good evening, Guillaume, Thomas and JC. Thank you for taking my question. The first one would be on the A321 stringers issue. It seems to still be sort of a pacing item there. Could you maybe share how many aircraft are currently held back by this issue? The second one would be on project Bromo. Could you share data on the timeline from your perspective and pacing item and any of the proposed remedies submitted to the authorities? Thank you.

00:25:38 - 00:26:28

Guillaume Faury: Thank you for the questions. I will leave the second one to Thomas. On the stringers. Well, as I said, it's changing the timing and the speed of execution in the short term. It will, it should not, It will not result in any non delivered aircraft from that perspective. From the technical angle of it this year: that's the current expectation. And that's the best I can share with you. So it's an operational difficulty that we are managing. This leads to additional work and will lead to additional constraints in the life of the aircraft that we are managing with customers. But for the 2026 deliveries, I don't expect any or significant impact on the deliveries.

00:26:30 - 00:28:13

Thomas Toepfer: So let me maybe comment on Bromo. So I would say also no fundamental change here. So let me remind you what is on our plate for 2026 and what is ahead of us into 2027. So for 2026, essentially we have three major tasks to complete. One is the agreement and the discussion with the antitrust authorities. They are constructive but have not yet been concluded. I'll come back to it in a moment. Secondly, we have the negotiations with our social partners. Here we have broadly concluded the negotiations. And so we are well on track on this front, which obviously we control largely ourselves. And number three, as we always said, 2026 will be characterised by some heavy work on carve out specifically for Airbus because the assets that we want to contribute into Bromo are spread across several legal entities. So there's quite a bit of carve out work to be done that is also progressing according to plan. So

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with that being said, what we do not fully control in terms of timing obviously. The antitrust process, as I said, it's constructive. We are replying to all the requests that we're getting out of Brussels, but it has not been concluded yet. So therefore I would say our ambition is completely unchanged. We want to ideally come to a signing of a definitive agreement in 2026, and that would then be the condition for a closing of the transaction in 2027. But again, not everything is fully under our control, but we remain positive with respect to the transaction.

00:28:16 - 00:28:23

Operator: The next question comes from Sam Burgess from Goldman Sachs. Please go ahead.

00:28:24 - 00:29:10

Sam Burgess: Good afternoon Guillaume, Thomas and JC. Good to be on the call. So the first question is just back to the stringer issue. Can I just confirm: is the rework being done post final assembly line and therefore maybe a way to think about it is it's causing some delivery delay but it's not impacting the underlying production? And just on Spirit integration costs, I think you've now booked around 235 million of one-off charges through 9m, as you mentioned earlier on the call, Thomas, but there's been quite a step up in that quarterly increase. Could you just give us your expectation for the full year cost here, and maybe the trajectory of these one off charges into 27? Thanks.

00:29:12 - 00:30:31

Guillaume Faury: Yeah. So for the stringers, when the issue has been identified, we had aircraft, or we had components, parts, MCAs in production, we had aircraft in the FAL, in the final assembly line process, and we had also aircraft being already delivered. I don't have the number of aircraft or items for each of the different categories, but basically it's not a safety issue for aircraft in service. So this has to be managed through the way the maintenance will be carried out moving forward and is work ongoing and discussion with customers on how to deal with this. I don't think it's really critical, but it needs to be managed. For aircraft which are in the production process at different stages of production, we are correcting the topic and aircraft continue to be delivered. It takes time, so it has had a short term impact as we had to understand the situation, to do the investigation, to understand the criticality and then find the appropriate measures. So as I said earlier, we took the appropriate measures, we correct the

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situation, and aircraft would be delivered. And when it comes to the full year 2026 deliveries, we don't expect impact on the deliveries, or at least not that I know and in any case, not significant impact.

00:30:33 - 00:31:32

Thomas Toepfer: And let me maybe take the one on Spirit. So key message is of course the integration remains a challenge but nothing fundamentally new. And that means also our financial view of the transaction is unchanged. So let me just reiterate how we look at things. We're expecting a low triple digit EBIT effect in 2026. And so I would say what you see after nine months is in line with that trajectory. We also said the cash effect would be significantly higher and would be a high triple digit effect in 2026. Why is that? Because on top of the integration cost, of course, we're building up working capital in order to smoothen the production flow, and we have to make some investments in order to prepare Spirit for the ramp up specifically for the A350. Also, for this number, I would say we're on track and therefore no news with respect to our financial projections with respect to Spirit.

00:31:34 - 00:31:41

Operator: The next question comes from Ian Douglas from UBS. Please go ahead.

00:31:44 - 00:32:43

Ian Douglas: Hi. Thank you. Ian Douglas at UBS. Maybe you could help us think about 2026, what are the headwinds that you expect to see? In Q4 the EBIT is going to be roughly flat this year, which is not what your guidance implies when deliveries will be up year over year, as implied by your delivery guidance. Secondly, I understand that engines are pacing items today. And it seems likely, given your commentary before, that it will continue at least through most of 2027 but thereafter, it seems at least engines won't be a pacing item. If not, you'll have a surplus of engines. Do you need to increase your inventory levels? And then again in 2027 to be ready for that moment so that you can increase production rapidly thereafter? Or is that not the right way to think about it? Thank you.

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00:32:45 - 00:34:17

Guillaume Faury: Maybe I'll take the second question first and hand it over to Thomas. The engines will continue to be the pacing item indeed for 2027. The sum of Pratt and Whitney and CFM engines, there's no change compared to the assumptions we have taken previously and is consistent with the business outlook we gave at the Farnborough Airshow. So there's no change in the assumptions, but indeed the delivery profile for 2026 and 2027 has been built, with the engine delivery profile given by Pratt and Whitney and CFM at the beginning of this year. If there is change on the fact that we would get more engines or we would have a commitment for more engines. We would prepare for more aircraft delivery. We adapt the number of aircraft we produce to the number of engines we expect to get. In other words, we are not building and we will not be building in 2027 additional inventories and so-called gliders, assuming we would then get many more engines in 2028. We have adapted the delivery profile to the number of engines we would get from Pratt and Whitney and CFM. I hope that that clarifies the plan we produce according to the number of engines we expect to get.

00:34:18 - 00:36:23

Thomas Toepfer: So maybe let me take the one on the remain to do for the last three months of the year. So to put it into perspective, last year our EBIT adjusted in Q4 was 3 bn. What are the changes that we're expecting in Q4 of 2026 relative to 2035? So obviously, the most important one is the uplift of our deliveries. So if we want to take the midpoint of the guidance, so 870 deliveries, that means 37 more aircraft in Q4. However, I would caution you a little bit. Those 37 aircraft contain a slightly higher proportion of A220 relative to the uplift that we had in the first nine months. So not all of the 37 carry the full margin. So make a deduction of, I would say, a small double digit number, an absolute. and then you multiply with the usual 15 m. And that brings you to roughly the right amount that you should put into your model in terms of the volume and efficiency uplift that we have in Q4. And then you ask specifically, what are the headwinds that we have? I think we already touched on the topic of Spirit. So Spirit would be one thing that is a headwind in the order of magnitude that I indicated for Q4. And secondly, R&D is also slightly back end loaded. You've seen that in Q3, R&D accelerated. We're absolutely on the trajectory that we have foreseen for R&D. But that also means a slight step up in Q4. And finally, you've seen that we also recruited some people. So it's a minor effect. But if you take those three together that brings you to the uplift for Commercial. And last

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but not least for the other two divisions. So Helicopters and Defence and Space, if you take them together, I would not put in a big uplift. So you can take them as broadly stable or a slight uplift. So with all that together, we feel that we are on the right trajectory, not only for the deliveries but also for the corresponding financials.

00:36:25 - 00:36:31

Operator: The next question comes from Milène Kerner from Barclays. Please go ahead.

00:36:33 - 00:37:10

Milène Kerner: Yes. Thank you. Bonsoir Guillaume, Thomas and Jean-Christophe. So, Milène Kerner from Barclays, I have a first question on the A320 family. Outside of the engine, I found that you sound more comfortable on ramp up today. What has specifically improved over the last few months to drive the change of your tone, Guillaume? And then the second question is for Thomas, on the inventory, looking across the A220, A350, A320 family, where do you carry the most excess inventory and what would it take to remove it without increasing delivery risk? Thank you.

00:37:14 - 00:39:57

Guillaume Faury: Bonsoir Milène, So what drives my... I don't know if it's a more optimistic tone or a more positive tone on the supply chain... is that basically the general state of the supply chain in supporting the ramp up of the A320 mainly is indeed improved compared to previous years. That's not inconsistent with what we have said already. Still, we are limited by engines. That's the pacing item. We've been discussing this already earlier in this call, and as there's no change on the perspective of a number of engines, we continue to be on the same trajectory that supports the confidence we have for the ramp up and confirming, the outlook for, for this year also on the A320. So yes, it took years to get to that point to have the recovery of the supply chain. We are not yet there everywhere and we have other difficulties and seats were mentioned earlier. Interiors in general are a bit of a challenge. You know that we are suffering in the ramp up on the A350 because of the section 15 of the A350, and therefore the acquisition of Spirit, and what I commented on already earlier on the call, A220 is going through a very steep ramp up, quite satisfied with the outcome, and we are on trajectory. So an overall better situation in the supply chain, but still a large number of topics where we are working to iron out

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challenges. And what remains on watch is the quality. We need a better quality environment to be more regular, to be more predictable. I commented on two quality issues earlier around the call. One is an internal and self-generated topic with an FOD on the A330, the other one being on the stringers. Highlighting the challenges of transfer of work and managing a supply chain with the perspective of increasing the resilience in this complex environment. So we are active and we are moving things, but it comes with some challenges. Overall, we feel comfortable with the ramp up. As you see, we are confirming the outlook for this year. We were comfortable enough at the Farnborough Airshow to give a 2029 mid-term target. So it is supported by the view we have, the confidence we have in the ability of the supply chain to serve us and support us in this ramp up. The previous question.

00:39:57 - 00:41:34

Thomas Toepfer: With respect to inventory, Milène, so let me try to characterise it in the right way. So as you've seen from our balance sheet, we have built up roughly $10 bn of inventory if you compare the nine month point with 51 bn relative to the starting point of the year 41. I would not call it excess inventory. I would say relative to the situation that we're in, which is a steep ramp up. This is the inventory that we would like to have and which we think makes sense to have, because we don't want to create additional bottlenecks internally because we are scrutinising too much the inventory. So I think the good the positive message is that we have what we need to have in our production lines to manage the steep ramp up that we have ahead of us in Q4. But of course, this inventory level is not the right level if you look at it from a steady state perspective. So I would clearly say that once we are at a stable rate 75 for the A320, there should be potential to reduce inventory and squeeze out some cash. But that is not yet the case. We have to be stable at that rate for a certain while, and now I'm not going to be too detailed with respect to your question. But of course, the biggest potential in terms of eventual inventory reduction is for the programme where we have the steepest ramp up, and that is clearly the A320 and to some smaller degree in absolute terms, the A350. But again, currently our view is this is the inventory level that we should have. And the potential then comes later once we are at a stable state.

00:41:36 - 00:41:42

Operator: The next question comes from David Perry from JPMorgan. Please go ahead.

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David Perry: Good evening Guillaume, Thomas and JC. Two questions, please. First one is we've had a nice move in the dollar, and it comes and goes. But if I just tapped today's dollar rate into my model, it would throw out for me an EBIT number above your €12 to €13 bn range in 2029. That might be because my model doesn't work. I don't know, but is there any reason why you're hard capped at €13 bn? Are there any negatives that might offset a better FX rate? That's the first question. And then the second one, and I'm sorry to be a bit pedantic and come back on the stringers. Just a clarification, so you said it won't impact deliveries this year. You always say your delivery guidance is +/- 20. So I just wonder, does the stringer issue take you to the lower end of 850 to 890? And also you very specifically said it wouldn't impact deliveries this year. So I just wondered does it have any potential impact on 2027? Thank you.

00:43:01 - 00:44:17

Guillaume Faury: No, it will not have an impact on 2026 or no significant impact. I mean, very minor if any. And I'm not suggesting it will take from midpoint to low point. I mean, generally speaking, we're happy to have this +/- 20 as there are uncertainties in our ability to deliver and what will really come out of the FALs by the 31st of December. But as you have understood, I think we feel reasonably comfortable to be somewhere in the 870 +/-20 with what we see and what we have today. So no, don't take this as a trick. There's no trick behind and there's no trick for 2027 either. We don't intend to have this impact in 2027, so don't take the stringer quality issue as something having a similar impact of what we had with a panel last year. It's of a completely different nature and completely different type of impact on the product and on the deliveries, meaning much smaller, easier to manage, less impactful for customers and not changing the view we have on 2026 deliveries and 2027 deliveries either.

Thomas Toepfer: And so with respect to the 2029 midterm guidance, as we don't have a crystal ball where the dollar will be in 2029 and how it will evolve in the meantime. What we have said, David, is we take an assumption of a dollar rate of 1.22 for 2029. And then that gives you the flexibility to put it as an input factor in your model. And we also in the summer gave you the flexibility that would each cent variance [imply] at roughly €250m in the model. So why did we do it this way? Simply because we don't have the visibility. And where does the 1.22 come from? It might sound conservative from today's perspective, but when we put those numbers

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together before the summer, the assumption was if we had hedged the entire exposure by two of 2029 with forward, that would have roughly been the rate that would have led to 1.22. So you can say it's a theoretical exercise and the reality will look different. And I would agree to that. But we simply had to take an assumption. And then I think that gives you the input factors that you can put into your model. And I have full confidence that your model works perfectly. And I think with that you have the ingredients that you need.

00:45:44 - 00:45:53

Operator: The next question comes from Doug Harned from Bernstein. Please go ahead.

00:45:56 - 00:46:51

Doug Harned: Thank you. Two questions. First, I'd like to go back to Spirit. And if we think back to pre-COVID, Spirit was producing section 15 at a ten month rate. They were actually doing it. They said it was cash positive. You know, now that everything's gone through all of these transitions. Can you talk about, you know, what is wrong today in terms of labor, supply chain, anything that has led to the much more difficult Spirit and how you're addressing it. And then, um, the second question is, can you comment on the status of the new planned variants, the A220 500, A350 2000, and specifically any update you can give us on engine choice there?

00:46:55 - 00:51:45

Guillaume Faury: So starting with the latter. I think a lot has been said on this. I don't know where to start to make a reasonably short answer. We have two programmes where we are looking at potential stretch versions. One is the A220, the 500 being the potential stretch version, and the A350-2000, or whatever you call it, being a potential stretch version of the A350. We are working towards a potential decision, which doesn't mean that there will be a positive decision. We are looking at the opportunity at what the product would look like, checking with partners and suppliers that we would have the ability to do the programme, that there is a business case that makes sense, engaging with customers on what the product would look like, what it would mean for them. So we are in the phase of analysis pre-launch and not suggesting that the launch decision has been taken. It's not the case. Still, we are looking at the opportunity.

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When it comes to engines: well, I don't want to be specific. Engine makers, engine partners are important partners we're speaking with to make the decision. And obviously the choice of engine drives a lot of assumptions and has a lot of implications on what the business case looks like, what the aircraft looks like or the performance of the aircraft looks like. So it's an important piece of what we're looking at. So that's basically it.

I think we are also looking at a potential additional ramp up on the A350. That's something that Lars Wagner has been quite specific on, as we see a very strong demand for the A350 family. And we think there's potentially an opportunity to look at further increasing the rates beyond the rate 12 that we are working towards at the moment.

That may be the opportunity to go to Spirit. Well, What was it before Covid? I mean, going through Covid. A lot of companies have made very significant decisions to scale down their operations, to reduce their cost base. And that has come with a lot of mid-term and long term consequences. And we have a large number of suppliers who are to rebuild very significant part of their operations as they moved out of Covid, having survived the crisis. Spirit is a company that was not only serving Airbus. They were serving, mostly, our dear competitor, Boeing, when this competitor was going through difficult times, especially on the one programme that was making Spirits money. So they have suffered big time in this time. And we have both of us, our competitor and ourselves, been facing the situation of a company that was in a very difficult place as we were starting to ramp up. And you know what has happened in the meantime, with the decision from Boeing and therefore afterwards of Airbus to do the acquisition of for us certain work packages and for Boeing a large part of the company, we've done this at a time where what we found and what we have to repair, what we have to is very significant. But it's mostly coming from the history of the company, from what has happened between 2018 and 2019 and where we are today. And indeed it's difficult work to do, the ramp up, having in mind that we've gone through the ups and downs of the programme, we were indeed close to rate 10 before Covid, not more. And we went down to rate 4 actually below rate 4 for some months or some quarters, then stabilising at rate 4. And we are now targeting rate 12. As you can imagine, it's a significant effort to put the production system back on track with the right level of speed of quality for the A350. And I guess your question was mostly on the A350. So I tried to do my best answering your detailed question on those two two points.

JC Henoux: And Laura will go through the final question, please.

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00:51:45 - 00:51:53

Operator: The last question comes from Ken Herbert from RBC Capital Markets. Please go ahead.

00:51:56 - 00:52:48

Ken Herbert: Yes. Hi. Good afternoon or good evening. I appreciate taking the question. If I could just two final questions. The first, really strong bookings, the trend continuing through the third [quarter] and obviously nine months straight in the defense business. Can you talk about expectations for continued strength in defence bookings into the fourth quarter and into 2027, and how we think, or how we should model the conversion of the bookings to the revenue growth? And could we be seeing maybe better revenue growth in the defence business than what you've previously been communicating? And then second, on the A321 XLR, there's been a fair amount written on the extra weight on that programme to accommodate the fuel tank. Can you talk about momentum on that programme? And if we should start to see maybe an upturn in orders on the A321 XLR? Thank you.

00:52:50 - 00:54:39

Thomas Toepfer: Let me maybe start with the first one. So yes, I would agree with you. We are happy and pleased with the order intake that we see for the first nine months of the year. So that's a 70% uplift. But I think maybe more importantly, I think the message is the order momentum we see is very sustained. And we as Airbus in our Defence and Space division, we are taking advantage of this momentum. So the customers trust us, they want us to play a big role when it comes to European sovereignty. So I think all that is reflected in this order intake. It's a little difficult to make a prediction for Q4 because order intake and defence can be lumpy. And we're talking sometimes big orders, and it's difficult to, let's say, project or promise what exactly will happen in Q4. But I would not exclude, indeed, that we're moving into another, that 2026 will be another real record year for Defence and Space. Remember, we had a record year in terms of order intake in 2025, and that was beating the record of 2024. So that shows we were really on a good trajectory. And I think the overall message is we're confident that the momentum will continue irrespective of what the exact number in Q4 will be. I think that also shows that AD has potential to increase the margin. That is what we're expecting. But I will

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certainly not give any new guidance with respect to their EBIT trajectory. So I would say we're confident that they are on a good track to achieve the around €1.3 bn that we have modeled into the overall guidance for 2029. I would say the environment that we're currently seeing is clearly supporting that.

00:54:40 - 00:57:26

Guillaume Faury: When it comes to the XLR, I have not looked at the recent percentage of A320 family aircraft, which are XLR what I can tell you, is that the percentage, I mean, the share going to the A321 is very high, is getting higher, and the vast majority of the backlog is now on the A321. And I think we have around 500 XLR in the backlog. I'm looking at the team to see if they can get the exact figure, but that's the order of magnitude. So we continue to see interesting momentum for the product. And indeed there's positive feedback from customers on the product. On the use of the XLR. It works really well. Long distance flights on the A321 XLR really feels good from a passenger experience perspective. So that's something that pleases very much the airlines, uh, airline customers and the economics of the XLR on such types of routes is coming back to us as something very, very efficient. So I think we will see a continued success and momentum on the XLR. But being one share of the A321 family. We take it as part of the A321 family. You know, we also have the LR, we have the regular A321. So that's a family of products not mentioning the A320 as well. That makes sense as a whole. But this latest member of the family is performing well and we expect will continue to perform well.

JC Henoux: Thank you, Guillaume and Thomas. And thank you, everyone. We really appreciate you taking the time to join us today. Before we close, let me end with a personal note regarding Olivier Prebay, who is in the room with us, because today this is his last disclosure. You all know him and obviously appreciate him. And he has been an award winning interface to the markets for several years at Airbus. So thank you, Olivier, for your outstanding contribution and amazing support to Investor Relations in the last years. And as you prepare for your next challenge at Airbus, know that you leave with our deepest gratitude and warmest wishes. Thank you all. As usual, if you have any further questions, please don't hesitate to reach out. Just drop an email to Victoria, to Olivier for a few weeks or myself, and we'll get back to you as quickly as we can. That brings our session to a close call today. Have a great evening, everybody.

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00:57:30 - 00:57:38

Operator: 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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