
# Equity Valuation: Airbus SE

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**Abstract**

This document provides a commercial, financial, and valuation analysis of Airbus, one of Europe's leading manufacturers of commercial and military aircraft, satellites, and helicopters.

The core of this report is centered around an intrinsic valuation, primarily using a Discounted Cash Flow (DCF) model.

Two approaches have been adopted to estimate the Terminal Value (TV): the perpetuity growth method and the exit multiple method based on EV/EBITDA.

Additionally, a relative valuation based on comparable companies has been included, though given less weight, utilizing EV/EBITDA and EV/Sales multiples. The weighted average of these methodologies yields a fair value of **€147.29**, essentially aligned with Airbus' market share price of **€147.14** as of the valuation date (April 30, 2025). This supports a **Hold** recommendation for investors.

The valuation is underpinned by Airbus's anticipated production ramp-up, driven by the substantial backlog of orders accumulated post-pandemic. The analysis suggests that company's expected growth is already reflected in the current market price.

Lastly, these findings have been contrasted with an independent equity report by AlphaValue, which recommends a **Buy**, although their valuation incorporates different methods and underlying assumptions.

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**Title:** Equity Valuation: Airbus SE

**Keywords:** Valuation,DCF;Airbus,Aviation,Share Price, Relative Valuation, Aerospace &Defense, Terminal Value

**Resumo**

Este documento apresenta uma análise comercial, financeira e de avaliação da Airbus, uma das principais empresas europeias na produção de aeronaves comerciais e militares, satélites e helicópteros.

O foco central deste relatório recai numa avaliação intrínseca, realizada sobretudo através de um modelo de Discounted Cash Flow (DCF). Foram utilizados dois métodos diferentes para estimar o valor terminal (TV): o método de crescimento perpétuo e o método de múltiplo de saída baseado no EV/EBITDA.

Além disso, foi também efetuada uma avaliação relativa, com menor ponderação, através de múltiplos de empresas comparáveis, nomeadamente EV/EBITDA e EV/Sales. A média ponderada destes métodos resultou num valor justo (*fair value*) de **147,29€**, praticamente alinhado com o preço de mercado da ação da Airbus de **147,14€**, na data de avaliação (30 de abril de 2025). Assim, recomenda-se uma posição de **Hold** para os investidores.

A avaliação tem por base o aumento esperado na produção da Airbus, impulsionado pela significativa carteira de encomendas acumuladas após a pandemia. Os resultados sugerem que o crescimento já se encontra refletido no preço atual das ações.

Por último, estes resultados foram comparados com um relatório independente da AlphaValue, que recomenda um **Buy**, embora essa avaliação utilize diferentes métodos e pressupostos.

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To my family, who never needed to understand everything I was doing, but believed in me anyway, and that made all the difference.

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# 1 Introduction

Corporate valuation has always sparked debates in the financial environment as it is strongly based on the assumption that markets are not fully efficient, thus not discounting all available information in advance.
During the pandemic, one of the hardest-hit sectors has certainly been civil aviation, and by extension the upstream manufacturing business, as it is strongly (but indirectly) exposed to demand for flights.
This analysis will focus on deepening and estimating the fair price of Airbus, a company whose main business is B2B and focuses on the production and sale of aircraft for commercial use. Its exposure to the defense and helicopter segments shields Airbus from the direct risks faced by airlines, such as high leverage and full exposure to air travel demand.
In addition, the defense coverage makes it possible to explore the consequences of the outbreak of war in Ukraine, which has acted as a catalyst toward increased defense budgets by European states.
Airbus benefits from a large order backlog and defined production schedules, which make its cash flows easier to forecast unlike airlines, whose earnings fluctuate with fuel prices, seasonality, and discounting.
The structure of this paper will consist of a brief description and overview of the most commonly used valuation methods, proceeding with an analysis of the subject company's business, with a focus on products sold, as well as market trend.
The core valuation will rely on an asset-side DCF. A secondary approach will complement this by deriving terminal value through a blend of industry and historical Airbus multiples.
The key assumption in the DCF model is the production ramp-up launched in 2024, aimed at clearing the pandemic-era order backlog.
Forecasted production rates are based on FY24 and 1Q25 company guidance, adjusted for internal dynamics. Financial items are modeled accordingly.
Valuation is subjected to a sensitivity analysis and ultimately support a Hold recommendation, as the estimated fair value aligns closely with the current share price. These findings are compared with AlphaValue's equity report, which used a different methodology, suggesting a higher fair value and issued a Buy recommendation.

# 2 Literature Review

Among the Market Efficiency theories put forward by Fama in 1970[1], the semi-strong form appears to align most closely with real-world conditions.
This hypothesis suggests that stock prices fully reflect all publicly accessible information, Leading any analysis of such information effectively pointless for gaining an edge.
Equity Researches, however, challenges this principle by attempting to discover discrepancies

between intrinsic value estimates and market prices, and use them to generate higher returns and beat the market.
The business valuation methods used to obtain an effective analysis are currently a subject of discussion due to the discretionary component common in many analysis methodologies.
Identifying discretionary components is crucial, as different valuation methods could land at different target price, as each method could evaluate a company either too generously or too pessimistically and make comparison challenging.
According to what is stated by Young et al (1999).[2], "different approaches make different aspects of the valuation problem clear at the expense of obscuring other aspects."
Damodaran (2012)[3] divided valuation methods into four macro-areas: DCF, Relative Valuation, Asset-based valuation, and Contingent claim models. This document will focus primarily on the the DCF and Relative Valuation models.

## 2.1 Discounted Cash Flow

Certainly, the most academic and widely used valuation method over the last 20 years is the DCF approach, even considered by some as the only conceptually correct method for analyzing a company (Fernandez, 2023)[4]. The goal is to estimate a company's future cash flows to derive its true intrinsic value, adjusting for relative risk through discounting.
FCF serves as an indicator of a company's ability to generate liquidity and can be used for paying dividends, repurchasing shares, reducing debt, or reinvesting in the company.
Since every company consists of both equity and debt, as Damodaran (2012) indicates[3], there are two types of FCF used for valuation, differing mainly in perspective. FCFF represents the cash flow available to all investors in the company, whether equity holders or debt holders, thus reflecting the total value of the company. On the other hand, FCFE represents the cash flow available only to shareholders, after all financial obligations have been met.
This distinction implies that discount rates vary depending on the perspective: for FCFF, WACC is used, representing a company's average cost of capital, which includes both debt and equity. WACC is calculated by weighting the cost of debt and the cost of equity according to their proportion in the company's funding mix.
For discounting FCFE, the Cost of Equity is used, which represents the return required by shareholders on their investment in the company.
The forecast period typically spans 5-10 years. It is important to consider that the longer the period, the less reliable the resulting projection will be.
At the end of the forecasted period, a terminal value is calculated, representing an estimate of the company's value.
This is essential as detailed forecasts over an indefinite timeframe are basically impossible. Therefore, TV captures the present worth of all cash flows beyond the forecast period.
In order to identify the concept of FCFF, it is important to highlight the concept of EV, which

represents the overall value of the company, taking into account both Debt and Equity. This measure is therefore given by the following formula (Berk and DeMarzo, 2014)[5]:

$$Enterprise\ Value = Market\ Value\ of\ equity + Total\ Debt - Cash \tag{1}$$

Cash is subtracted as it represents a positive value that the acquirer can use to reduce the cost. It's worth noting that only excess cash (not necessary for company's operations) has to be subtracted.
Debt is added as, when calculating the entire value of the firm, the acquisition cost must also account for liabilities. As stated by (Damodaran, 2011)[6], (Damodaran 2014)[7]:

$$Enterprise\ Value = \sum_{t=1}^{T} \frac{FCFF_t}{(1+WACC)^t} + \frac{TV}{(1+WACC)^T} \tag{2}$$

The FCFF is therefore computed as follows:

$$FCFF = EBIT \times (1 - Tax\ Rate) + Depreciation\ \&\ Amortisation - Capex - Change\ in\ Net\ Working\ Capital \tag{3}$$

Where CAPEX represents investments made to acquire, maintain, or improve long-term assets such as property, plants, equipment, and machinery.

### 2.1.1 Terminal value

As previously mentioned, TV is used as a final valuation measure for the long-term perspective of the business. Various methods exist to determine its value. A *going concern* approach assumes that the company grows at a constant rate, defined by $g$.
Alternatively, a multiples-based approach will be used, in order to include the market sentiment in the analysis.

$$TV = \frac{FCFF}{WACC - g} \tag{4}$$

### 2.1.2 WACC

As mentioned earlier, WACC represents the discount rate at which the market willing to invest in the company. It is, therefore, a measure of perceived risk and will be used to discount future

cash flows in the FCFF calculation. Its composition is defined as follows:[8]

$$WACC = \frac{MV_e}{MV_e + MV_d} \times Ke + \frac{MV_d}{MV_e + MV_d} \times Kd \times (1 - Tax) \tag{5}$$

Where:

- $Ke$ = Cost of Equity
- $MV_e$ = Market Value of Equity
- $MV_d$ = Market Value of Debt
- $Tax$ = Corporate Tax Rate

### 2.1.3 Cost of Equity and Cost of Debt

Investors can hold either the debt or the equity of a company; in the first case, they are referred to as debt-holders, while in the second, as equity-holders. Debt is generally considered safer by investors as it is repaid first in the event of the company's default and generates stable cash flows.
In contrast, equity is perceived riskier as it is more volatile and depends on the company's cash flows (dividends), which may be reduced or completely suspended during difficult periods or even reinvested into the business.
For this reason, the required returns vary depending on whether the investors are debt-holders or equity-holders. These rates are represented by Kd and Ke, respectively.
The CAPM, developed by William Sharpe in 1964[9], remains the preferred method among analysts for calculating Cost of Equity. It is a model that estimates the expected return of an investment based on its systematic risk, represented by the beta.
The formula combines the risk-free rate and a market risk premium proportional to the investment's beta.

$$E(R_i) = R_f + \beta_i \left[E(R_m) - R_f\right] \tag{6}$$

Where:

- $E(R_i)$ = Expected return on asset $i$
- $R_f$ = Risk-free rate
- $\beta_i$ = Beta of asset $i$
- $E(R_m)$ = Expected return on the market portfolio

Regarding the cost of debt, this represents the expense a company incurs to finance itself through loans. It is primarily influenced by the interest rates set by central banks and the default risk associated with the company.

Companies can use bond instruments for financing; therefore, as mentioned by Damodaran (2012) [3], the cost of debt can be calculated using the yields on outstanding bonds, provided the company is liquid and the bonds are converted in the same currency.

## 2.2 Relative Valuation through comparable companies

The underlying idea of Relative Valuation is that comparable companies, within the same industry or with similar characteristics, should have proportional valuations.
This method relies on comparing a company to similar firms through market multiples as price/earnings ratio, Enterprise value to EBITDA , Enterprise value to Sales.
The value of a company is then estimated by applying these multiples to the suggested item.
Time efficiency is surely one advantage of this method over the DCF. As a result, it has gained popularity due to its simplicity and ease of presentation to clients. Additionally, valuation by multiples allows market sentiment to be integrated into the analysis, which is particularly useful in cases of lack of stable cash flows.
However, this method also presents disadvantages. The analysis and results are extremely dependent on the sample of comparables used, as well as not fully considering the peculiarities of the company being analyzed. In addition, this method is very sensitive to macro economical trends and speculative bubbles that may be created in the market.

### 2.2.1 Multiples choice

Damodaran (2012)[3] divided multiples into four main categories: Earnings Multiples, Book-value Multiples, Revenue Multiples, and Industry-Specific Multiples. However, studies show mixed results regarding the optimal type of multiples to use for Relative Valuation.
Damodaran (2007) [10] argues that most analysts identify comparable firms primarily within the same industry, assuming that this ensures similarity in terms of cash flows, growth, and risk profiles.
In another study, Damodaran (2002) [11] categorizes commonly used multiples by industry. He highlights that Enterprise Value/EBITDA multiples are more frequently used for heavy infrastructure companies, while price multiples such as P/E or Price to Book are more common in financial services.
Liu, Nissim & Thomas (2002) [12]: A study on multiples, concluded the forward P/E are best performers in terms of accuracy. Considering, sales and operating cash flow multiples as less reliable, while those based on EBITDA and book value rank in between.

According to Kaplan and Ruback (1995) [13], EV/EBITDA multiple shows more accuracy to the DCF valuation. It is the most widely used multiple among enterprise value multiples, with the advantage of including non-cash expenses and being suitable for mature companies. However, it has the disadvantage of not accounting for CAPEX.

## 2.3 Valuation Methods Presented

According to Bancel and Mittoo (2014) [14], the most commonly used valuation methods are Discounted Cash Flow and Relative Valuation.
In the case of Airbus, we are dealing with a mature company operating within a highly cyclical market. Despite the nature of its environment and disruptions such as global pandemics, demand for aircraft, especially Airbus brand is and will remain strong at least for the period considered for DCF.
Historically, The company has experienced fluctuating cash flows; however, the DCF approach is particularly effective here because it isolates Airbus's valuation purely based on its operational performance and ability to generate future cash flows independently.
DCF model also easily accommodates growth scenarios, effectively integrating potential projects as production ramp up
Complementing the DCF, Relative Valuation through comparable companies provides a critical perspective by enabling comparison against competitors.

# 3 Company Overview

Airbus is a multinational corporation with €69b revenues in 2024 and a market capitalization of more than €130b at the end of 2024.
The company today enjoys a global reputation for the safety and comfort of its aircraft, and is the world leader in both commercial aircraft and helicopter deliveries. A more detailed historical overview is available in Appendix A.1

## 3.1 Share price Performance

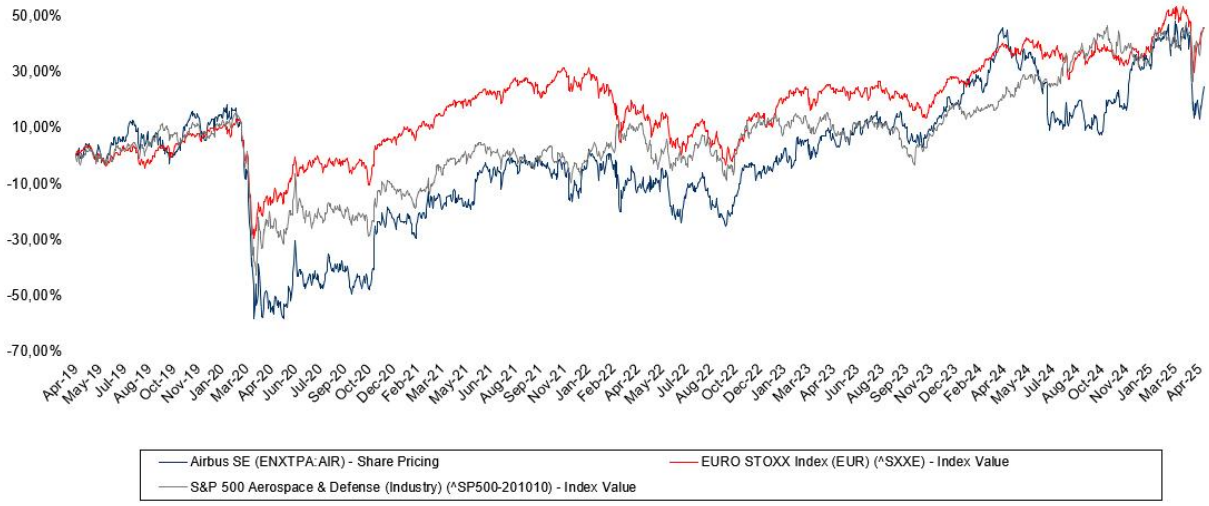


Figure 1: Normalized 5-year share price performance of Airbus, Euro Stoxx index and S&P 500 Aerospace & Defence industry (Apr 2019 – Apr 2025).


Figure 2: Normalized 5-year share price performance of Airbus and Boeing (Apr 2019 – Apr 2025).

When the group was created in 2000, Aerospatiale Matra was already listed on the Paris Stock Exchange. Its shares were then swapped on a one-to-one basis and new shares were issued. In January 2014, EADS was renamed Airbus Group. As a result, its listing name (Airbus Group) and stock exchange symbol (AIR) were changed. However, its ISIN and Euronext codes remained unchanged.

Airbus Group changed its stock market listing name to Airbus in January 2017. Its stock exchange symbol, ISIN and Euronext codes remain unchanged. On 12 April 2017 Airbus Group was renamed Airbus after approval of the respective resolution at the Annual General Meeting of Shareholders. Airbus is currently listed on Euronext Paris and included in the following major indices:

- CAC 40 (French key index)
- DAX 40 (German key index)
- EURO STOXX 50
- STOXX Europe 600
- MSCI World
- FTSE All-World
- MSCI A&D

Airbus stock has exhibited significant volatility since 2019, reaching a low point during the COVID crisis, followed by a steady recovery driven by its commercial backlog and the rebound in global air traffic. After peaking in 2024, the share price experienced a slight correction, but maintains a positive medium- to long-term trajectory thanks to the strength of its order book and its leadership in the narrow-body aircraft market.
Over the selected period, the company failed to outperform either of the two benchmarks considered. This is primarily attributable to the impact of the COVID-19 pandemic, compounded by the company's limited business diversification (over 70% of its revenues stem from the commercial aircraft segment).
Additionally, the slowdown in A320 production and the tariffs imposed by the Trump administration further pressured the stock, amplifying its decline compared to the market trend.
However, when compared with competitor Boeing, Airbus' share return appear way higher over the period under consideration, due to the reasons explained in Appendix B.1.

## 3.2 Ownership

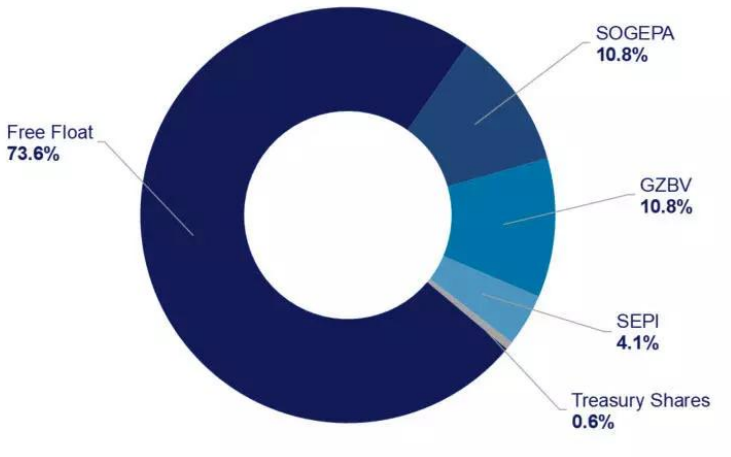


Figure 3: Ownership Structure

Airbus's shareholder structure reflects a hybrid governance model, combining public ownership and market-based float. The largest portion of shares (approximately 74%) is held by the public, meaning institutional and retail investors without a controlling interest. However, the presence of state-owned entities such as SOGEPA (France), SEPI (Spain), and the joint vehicle GZBV MBH & Co. KG highlights the company's strategic importance for European industrial policy. A small portion of shares is held in treasury ("self owned") to support employee incentive plans or potential acquisitions.

## 3.3 Business Segments

The company has 3 main business segments.

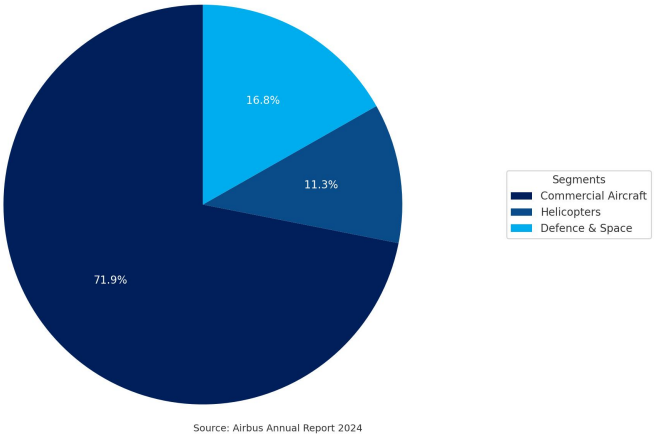


Figure 4: Business Segment Share of Revenue in 2024 (Net of Eliminations)

- **Airbus Commercial Aircraft**. This is by far the most important segment, accounting for over 73% of revenues in FY24. It produces commercial aircraft for airlines, leasing companies and governments.
  Revenues in this segment were around €50 billion in FY24[15], marking an increase of 6%.
  The company is keeping working to meet post-COVID demand, not only through sales, but also through after-sales support and aircraft maintenance to increase operational efficiency.
  Thanks to these numbers, the company can currently be considered the world leader in the commercial aircraft market.
  Currently, the biggest challenges remain the transition to sustainable fuels and the increasingly complete digitization of aircraft, as well as the efficiency of production lines.
  Despite the drastic drop in net orders (-61%) in 2024 (826 vs 2,094 in 2023) [15], Airbus can count on a backlog of orders of 8,658 aircrafts (1Q-25), enough to keep this segment going for years.

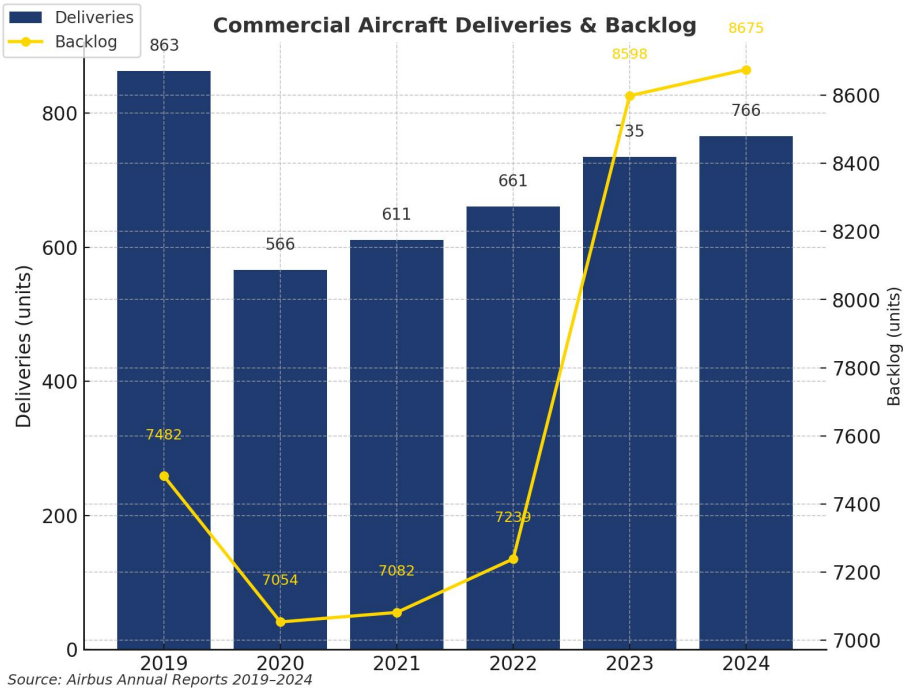


Figure 5: Commercial Aicraft Deliveries & Backlog 2019-2024

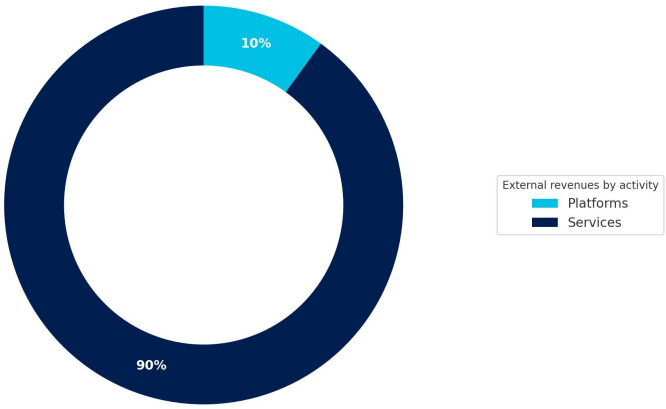


Figure 6: Commercial Aircraft Revenue by Activity in 2024

- **Airbus Helicopters**. Airbus has a market share of over 50% in Europe in this sector. This segment made up 8.2% of revenues in FY24, and sells helicopters for civil and military use. Here too, the company provides after-sales and maintenance services.
  The performance in 2024 was also surprising, with almost €8b segment revenue reached, 361 deliveries (2023: 346) and a net order intake of 450 units (2023: 393) The company also focused more on post-sales services, which have higher margins.
  The helicopter sector is less cyclical than commercial aircraft, ensuring a certain stability in revenues for the company.

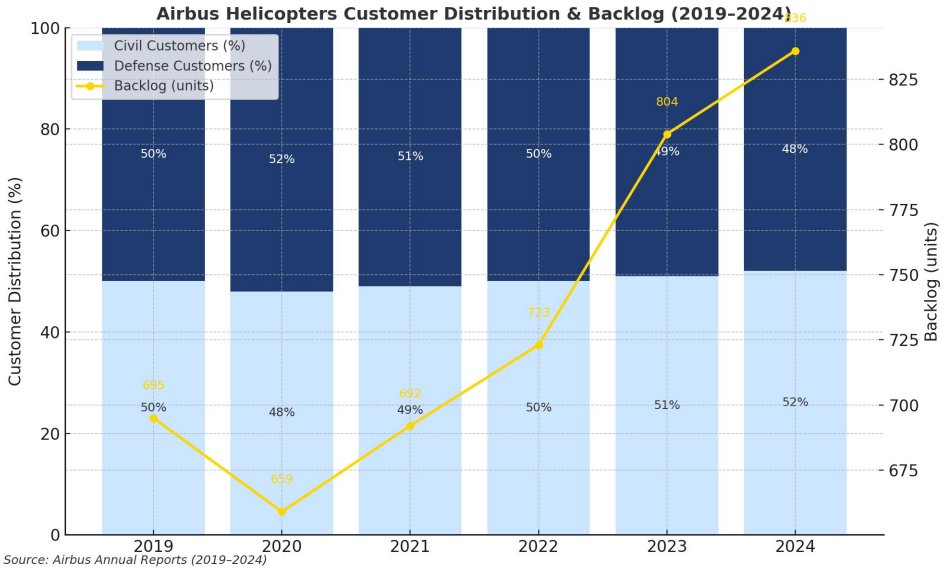


Figure 7: Airbus Helicopters Customer Distribution and Backlog (2019-2024)

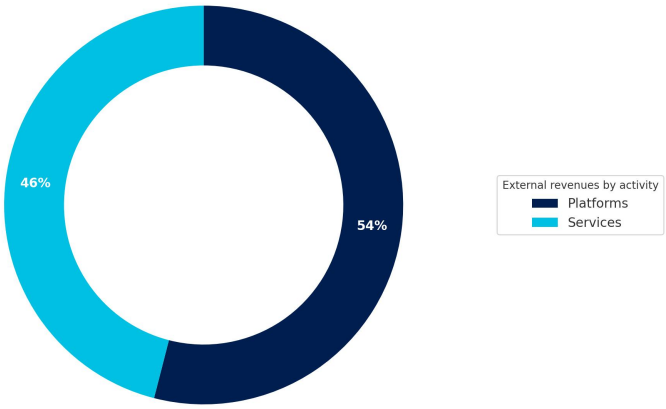


Figure 8: Airbus Helicopters Revenue by Activity in 2024

- **Airbus Defense & Space** This segment designs and produces military aircraft, satellites, defense systems and space solutions. The war in Ucraine led the growth in the past years (2022: €11.26b, +10.5% YoY 2023: €11.5b, 5.1% YoY).
  In 2024, revenues rose further to €12.1b (+5%), but the division reported an EBIT Adjusted loss of €566m. This was largely attributable to cost revisions and charges in ongoing Space projects.
  However, order intake in 2024 reached a record €16.7b (2023: 15.7b), which led into a book-to-bill ratio of 1.4.
  As a result, Airbus launched a transformation programme aimed at simplifying operations, increasing agility, and improving customer focus within the division.

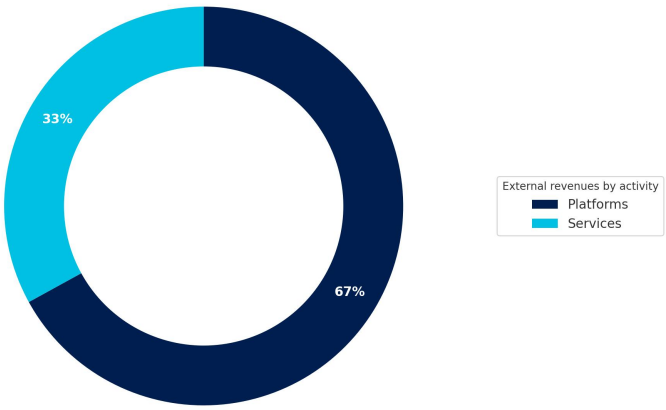


Figure 9: Defence & Space Revenue by Activity in 2024

### 3.3.1 Commercial Aicrafts Product overview

The company has focused in recent years on a diversified portfolio. Airbus has invested heavily in his models with the NEO (New Engine Option) Version, providing lower fuel consumptions.

Models offered include:

**A220 Family** This family of airplanes includes models with passenger capacity between 100 and 150, and a route target bound mainly on short-and medium-haul.
The two main versions include The A220-100 and the A220-300.
In 2024 the company delivered 75 of these aircraft, the main strengths being lower fuel consumption and on improved passenger comfort. This family, along with that of the A320, is the main competitor to Boeing's 737 max.

**A320 Family (A319, A320, A321)** This aircraft currently represents Airbus' main delivery player and main driver of the segment, with 602 aircraft delivered in 2024
The range of this aircraft is up to 6,300km. However, Airbus is introducing LR and XLR models, each with a 15% greater range than the classic variant. This provides intercontinental routes for airlines with the flexibility and efficiency of single aisle and it is the lowest risk solution for airlines to open new long haul routes.
All models in this family can be equipped with a first class section.

**A330 Family** The type is a wide body with 120-200 passengers capacity. being part of widebody family, it is equipped with twin-aisle, higher capacity and larger cargo deck, This aircraft is the main candidate for high-demand routes which do not require A350s or B777s. Airbus delivered 32 models in 2024.

**A350 Family** Falling into Widebody group as well, this plane represents the premium version of Airbus on long haul, with a passenger capacity of up to 400 and a range of up to 16,000km. It is the logical successor to the A380, now discontinued as expensive and inefficient.
57 units have been delivered in 2024, and the customers for this family are top tier (Singapore Airlines, Qatar, Lufthansa, Air France, Cathay)

Figure 10: A220, A321, A330 and A350 size comparison

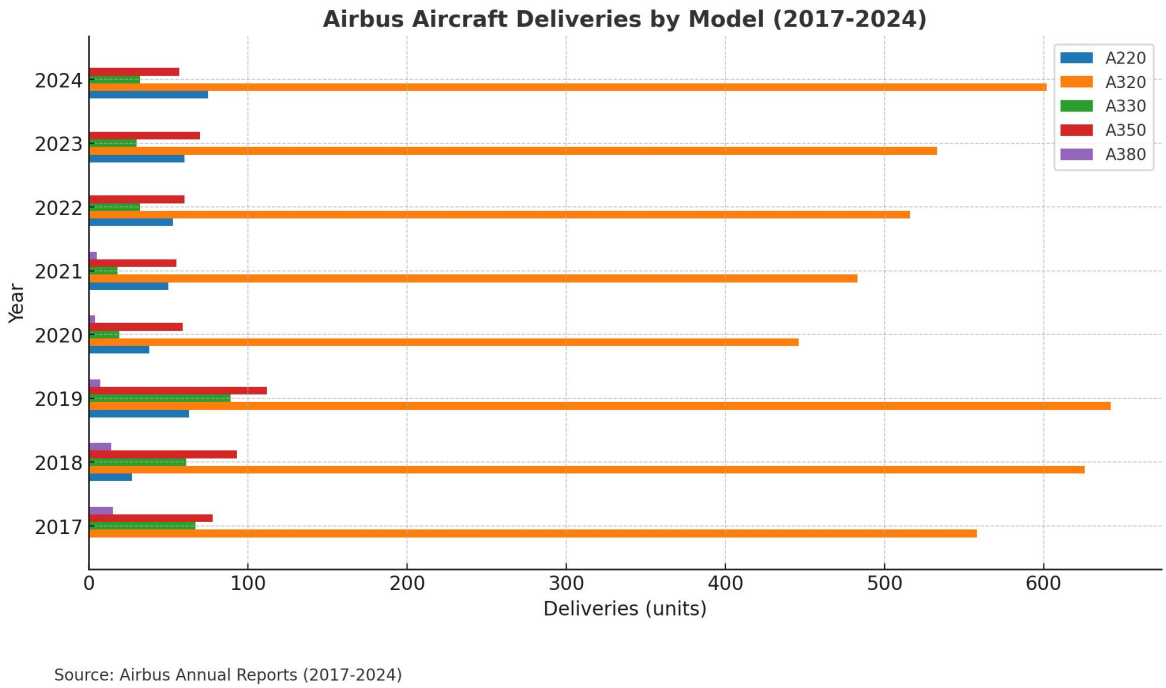


Figure 11: Plane Deliveries by Model

### 3.3.2 Airbus Helicopters

**Single engine light utility** This group includes single-engine light utility helicopters, including models such as the H125 and H130, often used in civilian settings for short-range operations.

**Twin engine light utility** Includes twin-engine light utility helicopters such as the H135 and H145, both of which are designed for intensive, multidisciplinary use.

They are widely adopted in the helicopter-rescue industry (HEMS), by police, government services and private companies for passenger transport.

**Medium and super medium** Intermediate-class platforms such as the H160 and H175 are allocated in this section.
These helicopters are designed to meet more complex needs typical of the oil & gas, offshore transport, search and rescue (SAR), and high-end VIP transport sectors.

**Heavy lift and multi-role** Including heavy helicopters with high transport capacity, long range, and endurance to extreme operating conditions.
Major models include the H215 and H225, both derived from the historic Super Puma family.

**Military dedicated and combat** Helicopters designed specifically for military use include models such as the H145M, H225M, NH90 and Tiger. The H145M is an armed and armored version of the civilian model, ideal for light support, reconnaissance and rapid assault missions.

**Innovative and future platforms** Experimental and advanced technological solutions fall into this category. The VSR700 is an example. A remotely piloted helicopter intended primarily for naval surveillance and intelligence missions.
Another example is the CityAirbus NextGen, an electric vertical takeoff and landing (eVTOL) aircraft designed for future urban mobility.

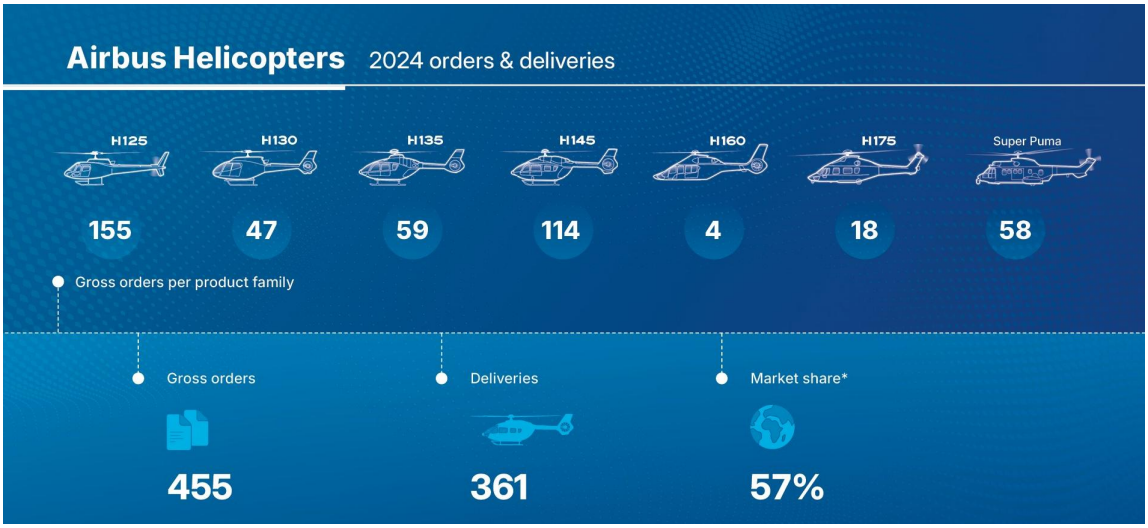


Figure 12: 2024 Helicopters performance

### 3.3.3 Airbus Defense & Space

**Military Aircraft** This family includes tactical and strategic transport aircraft, multirole combat jets, and aerial refueling platforms.

Key programmes are the A400M, a heavy airlifter used by several NATO countries, the Eurofighter Typhoon, a fourth-generation fighter jet developed in partnership with BAE Systems and Leonardo, and the A330 MRTT, a multi-role tanker transport aircraft based on the civilian A330.
It's worth noting that these projects are largely funded through long-term governmental contracts and multinational defence programmes, which provide revenue stability but with relatively lower margins due to huge development costs.

**Space Systems** The division combines commercial and institutional clients . Airbus is indeed a major European player in satellite manufacturing and space infrastructure, delivering systems for Earth observation, communications, and navigation.
Playing a central role in programmes such as Galileo (GNSS) and Copernicus, and being co-leader of the ArianeGroup, which develops the Ariane 6 launch vehicle, the company results to be well positioned in this segment.

**Future Defence and Strategic Programmes** This area includes Airbus's involvement in next-generation defence platforms, such as the Future Combat Air System (FCAS) and the Eurodrone project.
These long-horizon programmes arise from Europe's need to gain strategic independence in defence and integrate emerging technologies such as artificial intelligence, autonomous systems, and secure communications.
While not yet revenue-generating, they're significantly affecting R&D spending and expected to be key growth drivers beyond 2030.

## 3.4 Industry Analysis

### 3.4.1 Industry trend

According to Airbus, total demand of about 42,430 new aircraft over the next 20 years will mostly consist of single-aisle models, which will account for approximately 80% of the new orders.
This demand is mostly driven by the replacement of old aircraft. Out of the total demand number, 18,460 will meet the replacement of the existing fleets, while the rest would accommodate the growth in international aviation.
Being in that scenario, the aeronautics industry as a whole is backlogged by about 4,000 aircraft on actual deliveries in the last five years as opposed to what was originally projected owing to supply chain betting and pandemic-related production cutting in the past five years.
While waiting for new deliveries, life extension has now created in many operators increasing requests for maintenance and spare parts. Airbus consider this imbalance is likely to last for a few more years until production capacity is settled back down to full stability.

Passenger traffic is expected to grow at an average yearly rate of 3.6% until 2043, while the growth in the cargo market would continue on a similar trend, but at a rate of 3.1%. The development of cargo transportation would translate into a demand for approximately 2,470 new freighters.

It is important to note, however, that the sale of Aircraft for cargo use only represents a small part of the "Commercial Aircraft" BU, and that Most Airbus freighters today are P2F (Passenger to Freighter) conversions, made by partners such as ST Engineering and not sold directly by Airbus in large numbers.

Airbus focuses its manufacturers on speeding up the transition to more sustainable fleets, given currently only 34% of aircraft in service belong to the new generation of more efficient modal categories. .[15]

As seen from Figures 14 and 15, no major changes are expected in the forecast of trips expected in 2033. Total number is expected to rise to 6.7b, up 69% from 2019 (3.9b).

From the figures, one can also notice a slight decrease in the concentration in USA, and conversely, a slight increase in the Asian regions, particularly China and India. The concentration of travel in the Middle East and Europe is expected to increase over 2019, although in much smaller amounts.

Airbus therefore identifies China as its main bet as far as commercial aviation is concerned, but the Chinese environment could change due to COMAC's competition, as described in appendix B.3

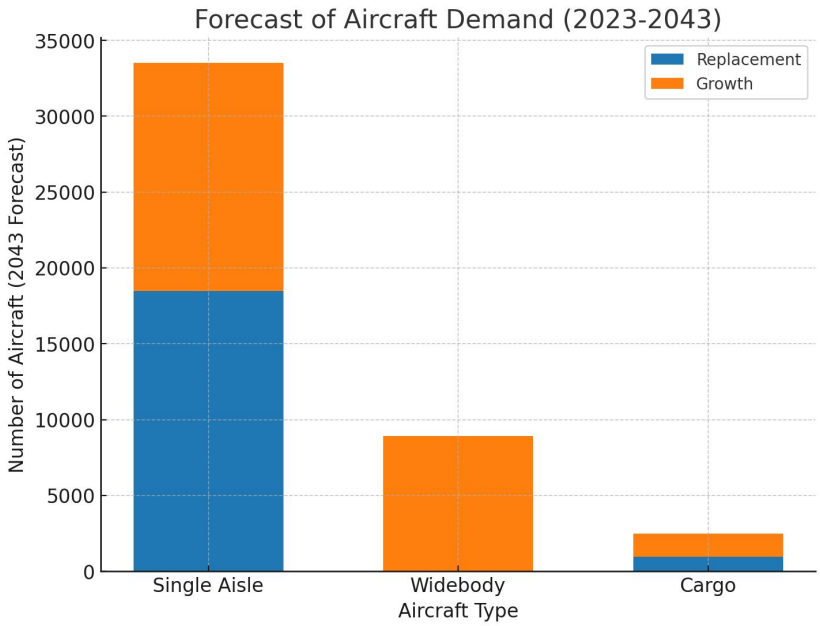


Figure 13: Future Demand Forecast for Airbus (2023-2043)

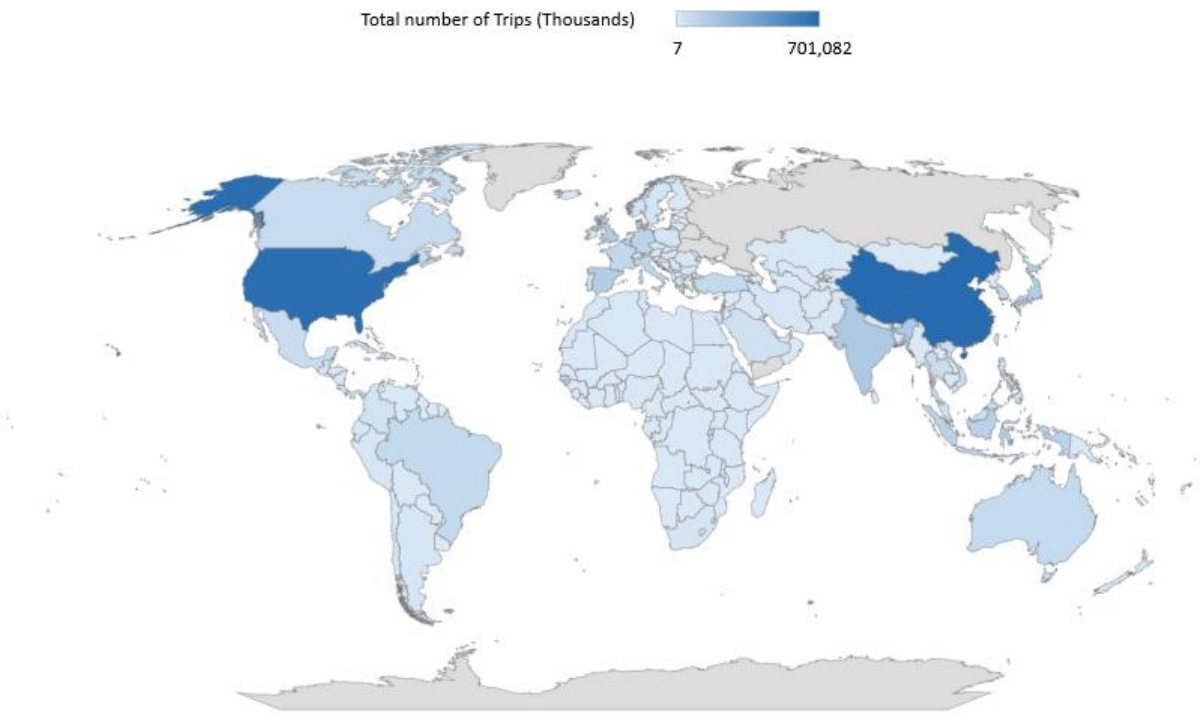


Figure 14: Number of trips worldwide as of 2019

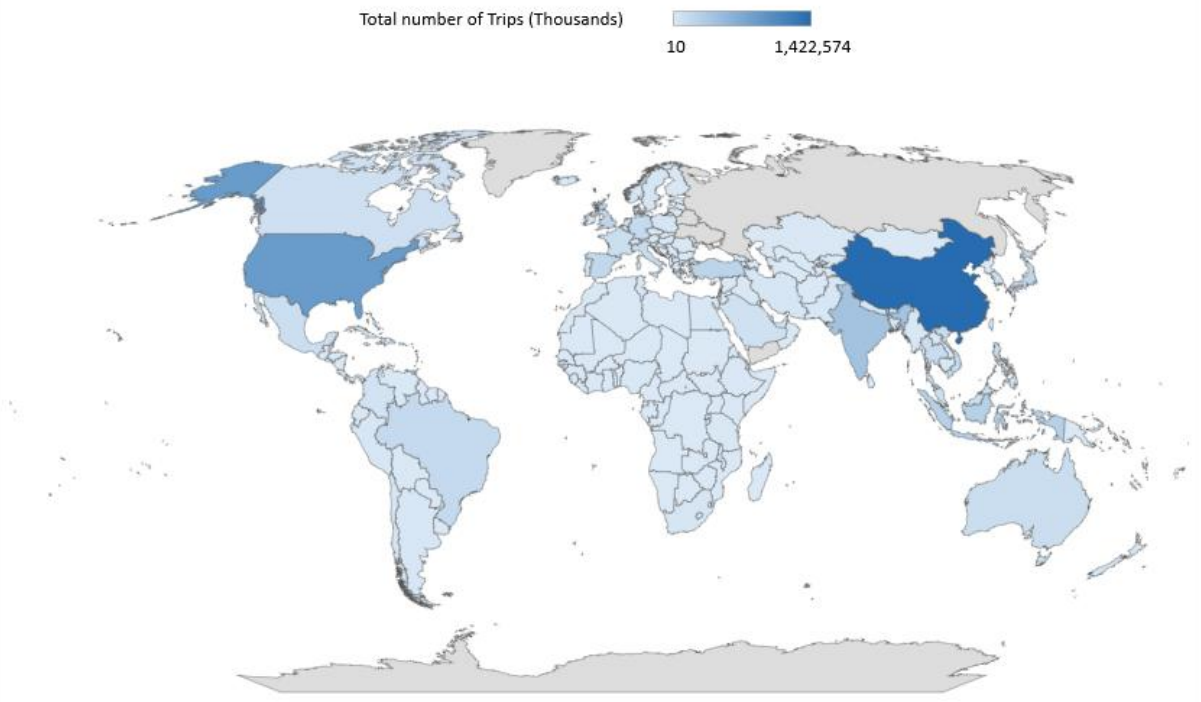


Figure 15: Forecasted number of trips as of 2033

# 4 Financial Analysis & Forecasting of Financial Statements

This section will analyze Airbus' financial statements and present rationale to support the assumptions made in projecting the items in the statements.
Historical data are based on the years FY2019 to FY2024, while the period for the forecast covers FY25 to FY29. The need to have an additional year for the historical part stems from the need to have a pre-pandemic Benchmark on the basis of which to make considerations. The starting point behind the assumptions made is based primarily on corporate guidance as expressed through annual reports, particularly the ramp up initiated by the company before covid and explained in Reports FY23, FY24 and Q125, which at the time of writing this paper are the most recent.
An additional year after 2029 was forecasted for the purpose of Terminal Value calculation, so as to have an estimate that is not distorted by the benefits of the production cycle. Assumptions for 2030 are available in appendix C.1

## 4.1 Income Statement

Airbus has seen its revenues slowly return to pre-pandemic levels, with fluctuating but steady growth. Margin are growing overall, with a slight decrease of EBITDA in the last 2 years, mainly due to higher cost of production due to ramp up preparation.
Also worth noting is the significant increase in interest expenses due to rising interest rates in the eurozone, offset, however, by an uptick in interest income, which was possible due to the company's strategy of investing a significant net cash position. Company's restated financial statements are available in the appendix F
Revenue Projections and related assumptions, crucial for valuation purposes, have been divided by operating segment, allowing to consider their inherent peculiarities and make consistent forecasting decisions.

### 4.1.1 Revenue Growth Assumption


Figure 16: Backlog breakdown by Segment

| €m | 2019 A | 2020 A | 2021 A | 2022 A | 2023 A | 2024 A | 2025 E | 2026 F | 2027 F | 2028 F | 2029 F | 2030 F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Revenues** | **70,478** | **49,912** | **52,149** | **58,763** | **65,446** | **69,230** | **75,654** | **84,878** | **95,757** | **103,278** | **107,588** | **111,612** |
| YoY | 10.6% | (29.2%) | 4.5% | 12.7% | 11.4% | 5.8% | 9.3% | 12.2% | 12.8% | 7.9% | 4.2% | 3.7% |
| **o/w Commercial Aircraft** | **54,775** | **34,250** | **36,164** | **41,428** | **47,763** | **50,646** | **55,211** | **63,145** | **72,749** | **79,364** | **83,046** | **86,445** |
| YoY | 12.4% | (37.5%) | 5.6% | 14.6% | 15.3% | 6.0% | 9.0% | 14.4% | 15.2% | 9.1% | 4.6% | 4.09% |
| % | 77.7% | 68.6% | 69.3% | 70.5% | 73.0% | 73.2% | 73.0% | 74.4% | 76.0% | 76.8% | 77.2% | 77.5% |
| **o/w Helicopters** | **6,007** | **6,251** | **6,509** | **7,048** | **7,337** | **7,941** | **8,418** | **8,967** | **9,416** | **9,794** | **9,991** | **10,166** |
| YoY | (5.3%) | 4.1% | 4.1% | 8.3% | 4.1% | 8.2% | 6.0% | 6.5% | 5.0% | 4.0% | 2.0% | 1.8% |
| % | 8.5% | 12.5% | 12.5% | 12.0% | 11.2% | 11.5% | 11.1% | 10.6% | 9.8% | 9.5% | 9.3% | 9.1% |
| **o/w Defense & Space** | **10,907** | **10,446** | **10,186** | **11,259** | **11,495** | **12,082** | **13,110** | **13,832** | **14,663** | **15,250** | **15,709** | **16,103** |
| YoY | (2.1%) | (4.2%) | (2.5%) | 10.5% | 2.1% | 5.1% | 8.5% | 5.5% | 6.0% | 4.0% | 3.0% | 2.5% |
| % | 15.5% | 20.9% | 19.5% | 19.2% | 17.6% | 17.5% | 17.3% | 16.3% | 15.3% | 14.8% | 14.6% | 14.4% |
| **Eliminations** | **(1,211)** | **(1,035)** | **(710)** | **(972)** | **(1,149)** | **(1,439)** | **(1,086)** | **(1,065)** | **(1,070)** | **(1,130)** | **(1,157)** | **(1,102)** |

Figure 17: Revenue Projections

**Commercial Aircrafts** Airbus had a backlog countervalue of €628.9b in FY24, up 13.5% from €553.9b in 2023.

In the Global Market Forecast[16], 820 deliveries are expected for 2025. Although Revenues are affected by different product mix and global inflation, the number of deliveries is the main driver of BU Commercial growth (in FY24, Revenue from services accounted for only 10% in this BU).

The Commercial Aircraft division continues to drive Airbus'results. According to IATA, In 2024 global passenger demand not only reached, but exceeded the pre-pandemic levels of 2019. Deloitte estimates a continuation in global RPKs (Revenue Passenger Kilometers, calculated as Number of passengers x distance (km)) which increased by 11.6% in 2024[17].

Airbus is responding to this trend by increasing production of its best models.[15]
In 2023-24, Boeing struggled on some fronts as described in Appendix B.1. The U.S. competitor has also suffered orders cancellation from Chinese airlines as a result of the trade war with the United States.
In general, landscape is beginning to change. China's COMAC has begun deliveries of the C919 in China and is largely supported by Chinese government.
In the short term, the impact is limited and eventually restricted to China, but in the long run COMAC could become threatening.
For now, in Airbus' 2024-2030 forecasts, such a drastic effect does not seem taken into consideration, but it is a latent risk.
According to the company's guidance, the production targets by family are as follows:
A320: Target 2026-2027 toward 75 models per month
A220: 14 aircraft per month by 2026
A330: Stabilized at 4 aircraft per month by 2024
A350: Aimed at 10 planes per month by 2026 and 12 by 2028
All A320 family assembly sites have been made eligible to produce the A321, but the real short-term challenge is internal: it is not sure Airbus will be able to produce 75 A320s per month without compressing margins, and even in case, suppliers of engines and components may not be able to keep up.
For this analysis, it will be estimated that Airbus will be able to manage suppliers during ramp-up, although with some delays, setting the peak of ramp-up in 2027.
For simplicity, it is assumed that the produced aircraft are delivered in the same year, given the huge demand and high backlog. An overview of historical deliveries per month can be found in Figure 18, while an overview of the production rates forecast by family can be found in Figure 19.

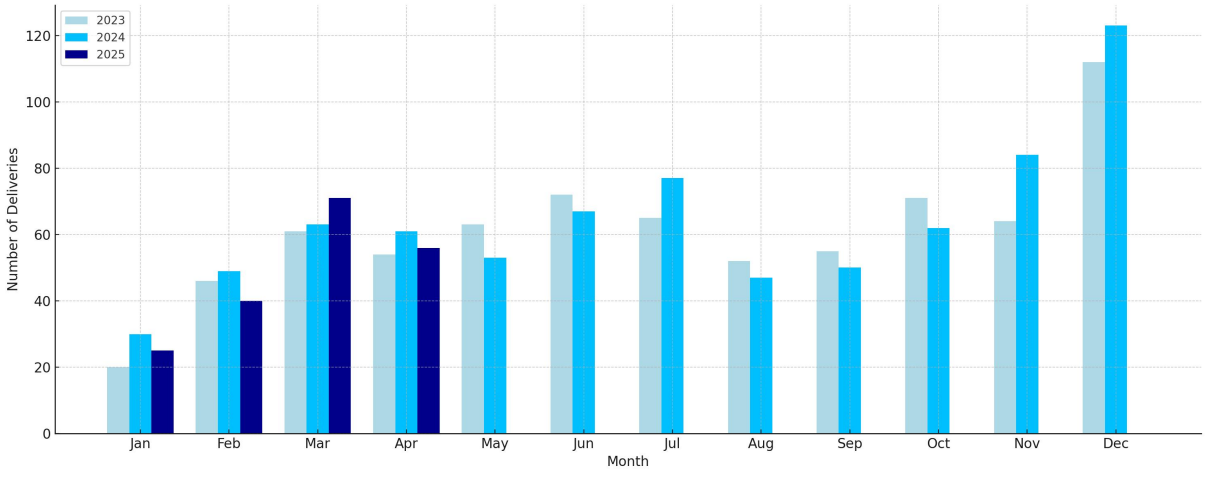


Figure 18: Deliveries breakdown per month 2023-2025

Since 2018, Airbus has stopped publishing its official price list, as it no longer reflects actual

selling prices. This point is supported by the implied average unit price observed between 2019 and 2024, ranging from €57m to €59m. These figures reflect the financial pressure on airlines in the post-COVID-19 period, which limited Airbus's ability to raise prices despite growing demand.

Although list prices are outdated and not indicative of actual transactions, they remain the only consistent reference available. For the purpose of this analysis, the 2018 list price was used as a starting point and adjusted by 3.5% to reflect 2019 headline inflation [18], in order to align the estimate more closely with pre-pandemic economic conditions, period where most accumulated orders were likely made.

It is important to stress that the adjusted list price serves only as a baseline. Airbus applies substantial discounts to airlines, historically around 50% [19], due to the large volume of orders and strong buyer bargaining power. In this paper, a discount of 56% was applied for the first two years, reflecting the high proportion of pre-COVID orders and limited pricing flexibility. From 2027 onward, the discount is expected to gradually decline to 54%, driven by improved order intake and a higher share of optional-equipped delivery models, such as the A321XLR.

A weighted average price was thus calculated each year by combining the expected production share of individual models and their adjusted prices. This average was discounted accordingly as above and multiplied by the projected number of aircraft deliveries to estimate total revenue. All values were initially computed in USD and subsequently converted into EUR using the 10-year average of monthly EUR/USD exchange rates. This rate was assumed constant over the forecast horizon, based on the mean-reverting nature of the forex market.

This method led to an average implied selling price of €59–60m in 2025, in line with historical levels, rising to €62m in 2029. Revenues from services are estimated to account for 10% of aircraft revenues through 2028, increasing to 12% in 2029 as a result of stronger aftermarket activity following the ramp-up phase, and are eventually added to the segment's total.

**2025 Estimated Growth: 9%** The company estimated 820 deliveries in 2025, a figure that seems consistent with the projected ramp-up.

In these early years, Airbus' focus will be primarily on A320 family, which accounts for over 70% of production. Production is expected to reach 54 units per month, but the company will face congestion and blockages in the supply chain, as well as delays in manufacturers who may not be able to keep up with the expected volume increase.

As seen in Figure 18 and described in Q1 Report, FY25 deliveries in 2025 are 136 as of 30 April. Although this may raise some concerns about meeting the annual target, it should be noted that Airbus systematically increases deliveries at the end of the year.

This behavior is largely driven by contractual and strategic considerations, as many deliveries are scheduled in December for accounting and customer planning reasons.

**2026 Estimated Growth: 14.4%** 2026 could be a strong growth year for Airbus, which will begin to manage the A320 ramp-up more efficiently, albeit with some delays. Production is expected to approach 60 units per month. However, significant supply chain problems are ex-

pected to persist for the A220 and A350, which continue to proceed slower toward the target.
**2027 Estimated Growth: 15.2%** ramp-up of A320 is still far from the target due to delays in suppliers, especially engine deliveries. However, production is growing.
A220 production is struggling at 9/months due to resources deployed in the A320 and dependence on suppliers such as Spirit Aerosystems.
On the other hand, the A350 is expected to meet the production target, albeit a year late, as Airbus will prefer to allocate resources in this program, which is more profitable than the A220.
**2028-2029 Estimated Growth: 9.1%, 4.6%** In 2028, ramp-up of the A320 family will be almost completed, with production continuing at 70 units per month. Airbus will then be able to concentrate resources on struggling models.
The A220 will begin to achieve higher profitability through increased production, but it is likely that the target will never be fully reached due to delays in previous years.
The A350 family will be close to the target of 12 monthly units in 2029, but production of the A330 will decline, given decreasing demand and increasing focus on the A350, which better meets the needs of premium airlines. In 2029, almost all models will be very close to production targets.

| Year | A220_m | A220_y | Weight | A320_m | A320_y | Weight | A330_m | A330_y | Weight | A350_m | A350_y | Weight | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2025 | 6 | 72 | 8.6% | 54 | 648 | 77.1% | 4 | 48 | 5.7% | 6 | 72 | 8.6% | 840 |
| 2026 | 8 | 96 | 10.1% | 59 | 708 | 74.7% | 4 | 48 | 5.1% | 8 | 96 | 10.1% | 948 |
| 2027 | 9 | 108 | 10.1% | 66 | 792 | 74.2% | 4 | 48 | 4.5% | 10 | 120 | 11.2% | 1,068 |
| 2028 | 11 | 132 | 11.6% | 70 | 840 | 73.7% | 3 | 36 | 3.2% | 11 | 132 | 11.6% | 1,140 |
| 2029 | 12 | 144 | 12.2% | 72 | 864 | 73.5% | 3 | 36 | 3.1% | 11 | 132 | 11.2% | 1,176 |
| 2030 | 13 | 156 | 12.9% | 73 | 876 | 72.3% | 3 | 36 | 3.0% | 12 | 144 | 11.9% | 1,212 |

Figure 19: Production rates forecast

| Family | List Price 2018 ($m) | List Price 2025E ($) (2019 Inflation) |
|---|---|---|
| A220 | 84.5 | 87.5 |
| A320 | 120.5 | 124.7 |
| A330 | 266.0 | 275.3 |
| A350 | 341.95 | 353.9 |

Figure 20: Price List Airbus

| Year | Deliveries | Revenues (net of Services) (€m) | Implied Average prc (€m) |
|---|---|---|---|
| 2019 | 863 | 51,489 | 59.66 |
| 2020 | 566 | 31,853 | 56.28 |
| 2021 | 611 | 33,994 | 55.64 |
| 2022 | 661 | 38,114 | 57.66 |
| 2023 | 735 | 43,464 | 59.14 |
| 2024 | 766 | 45,581 | 59.51 |

Figure 21: Historical implied Price

| Year | Average prc ($m) | EURUSD | Discounted price ($m) | Discounted price (€m) | Revenue ($m) | Revenue (€m) | % Services | Revenue Total | Growth |
|---|---|---|---|---|---|---|---|---|---|
| 2025 | 149.8 | 1.11406 | 65.9 | 59.2 | 55,357 | 49,689 | 10% | 55,210.09 | 9.0% |
| 2026 | 151.8 | 1.11406 | 66.8 | 59.9 | 63,310 | 56,828 | 10% | 63,142.48 | 14.4% |
| 2027 | 153.5 | 1.11406 | 68.3 | 61.3 | 72,938 | 65,471 | 10% | 72,745.21 | 15.2% |
| 2028 | 151.7 | 1.11406 | 69.0 | 62.0 | 78,686 | 70,629 | 11% | 79,358.88 | 9.1% |
| 2029 | 150.5 | 1.11406 | 69.2 | 62.1 | 81,410 | 73,075 | 12% | 83,039.54 | 4.6% |
| 2030 | 152.0 | 1.11406 | 69.9 | 62.8 | 84,741 | 76,065 | 12% | 86,437.39 | 4.1% |

Figure 22: From Production to Revenues

**Airbus Helicopters** Demand for civil and para public helicopters has started to grow again in 2024.

According to the Airbus report of the boards, global civil market recorded a +10% in units and +32% in value compared to 2023.

Commercial operations (off-shore transport, tourism, utilities) marked a +29% in demand after years of economic uncertainty.

The EMS (air rescue) segment also shown +20% worldwide, thanks above all to investments in US.

**2025: Estimated growth**: **6%**. The Helicopters division benefits from a growing order book (450 net orders in 2024, +15% vs. 2023)

**2026: Estimated growth**: **6.5%** Regular growth is expected to continue: the fleet of Airbus helicopters in service worldwide continues to expand, among with the more profitable aftermarket market.

While Civil demand remains solid, growth rates remain subdued due to limited production capacity and stable government budgets in some regions.

**2027: Estimated growth**: **5%** The entry into service of new generation helicopters (such as the H160 in civil and military versions) is starting to contribute to revenues, but the segment as a whole starts to see a decrease in growth due to budget issues.

**2028: Estimated growth**: **4%**. In 2028, helicopter revenue growth tends to normalize at lower levels. After the increases due to new programs, demand is proceeding more linearly: ongoing projects continue, but without extraordinary peaks.

**2029: Estimated growth 2%**. At the end of the period, the Helicopters division should record a slight but stable increase, mainly supported by services and the maintenance of a leading market share

**Defence & Space** As mentioned above, war in Ukraine has acted as a catalyst here: Indeed, Germany has allocated an extraordinary fund of €100b for the Bundeswehr[20], in 2023 France has launched a military programme 2024-2030 with a budget of over €400b[21]; countries such as Poland[22], the UK[23], and Italy[24] have also increased their funds. Most importantly, In 2025, EU has proposed a plan that aims to collectively mobilize around €800b in defense spending by 2030, named Rearm/Rediness.

**2025: Estimated growth 8.5%**. Key Air Power programs, such as the Eurofighter, A400M transport, A330 MRTT tanker, continue to lead deliveries. Q1-25 segment Revenues are already

up to more than 10% compared to Q1-24, not only driven by Air Power, but also by Space Systems and Connected Intelligence.

**2026: Estimated growth 5.5%**. FY25 Momentum is expected to continue. Full execution of European defense programs is starting to bring benefits and translating into higher production, although not still generating revenue but only advance payments. The 25 additional Eurofighters for Spain signed at the end of 2024 are starting to generate profits.

**2027: Estimated growth 6%**. Defence and Space segment is experiencing a continuation of strong growth, supported by high deliveries and beginning benefits from Rearm programme. New telecommunications and observation satellites are entering the delivery phase, improving segment revenues and diversificating the business unit

**2028-2039: Estimated growth 4-3%**. By the end of the decade, growth tends to slow down. Many defense programs continue on a multi-year basis but without further acceleration: deliveries of aircraft ordered in previous years continue, contributing to slightly increasing revenues. Some space programs are reaching maturity, improving profitability but without jumps in turnover.

### 4.1.2 Operating Expenses

| €m | 2019 A | 2020 A | 2021 A | 2022 A | 2023 A | 2024 A | 2025 E | 2026 F | 2027 F | 2028 F | 2029 F | 2030 F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| COGS as a % of Revenues | 80.9% | 83.0% | 77.1% | 77.4% | 81.2% | 80.5% | 80.9% | 81.2% | 80.9% | 80.1% | 79.2% | 79.2% |
| R&D as % of Revenues | 4.8% | 5.7% | 5.3% | 5.2% | 5.0% | 4.7% | 4.5% | 4.3% | 4.2% | 4.6% | 5.0% | 5.1% |
| SG&A as % of Revenues | 8.7% | 4.3% | 3.9% | 3.8% | 3.9% | 3.8% | 3.6% | 4.0% | 4.0% | 3.8% | 3.6% | 3.6% |

Figure 23: Operating Expenses Forecast

**COGS:** Producing an airplane incur many direct and indirect costs which can also differ between the airplane model took into consideration. Because of that, for a Company like Airbus, COGS represents an crucial part of the operating expenses. Between FY19 and FY24 COGS averaged 80.3% of the revenues. In detail, COGS includes Material & Components, Direct Labor,Warranty and post sales support costs, impact on revaluations...

It is worth noting that a part of costs is included in Forex, since the company receives USD but supports costs in EUR.

Airbus has a production that, even within the same business line, includes a variety of products, with extremely different production costs between them.

The approach used will therefore be to consider previous year COGS (as % of revenues) as a starting point, applying adjustments that are able to reflect projects and programs declared by the board and global macroeconomic conditions.

**2025-2026**: Increasing in production is the backbone of revenue growth, and ramping up production lines will take at least 2 years to reach efficiency.

It's true that it costs more to produce more, but the company has implemented a plan whose purpose is precisely to protect margins during ramp up, the "LEAD!" program.

This plan is not exempt from contingencies, but if implemented perfectly, it should be able to protect the COGS/Revenues ratio. This comes through an headcount freeze and a reorganization of logistics to reduce extraordinary expenses.
Ramp up Expenses will bring up COGS in nominal value, growing faster than revenue, but with the latter and "LEAD!" Programme partially offsetting the ratio. A positive deviation by 0.4% from 2024 ratio during 2025 is forecasted, and 0.3% increase is forecasted in 2026. This increase is also influenced by restructuring phase in Space programmes, aiming to reach full profitability.
**2027-2029**: From 2027 the benefits of industrial investments done and the optimizing procedure begin to be reflected. The company will produce more and will see the peak of ramp up, but in a highly efficient way.
Production starting costs are already amortised, therefore a 0.3% decrease in COGS/Revenues ratio is forecasted for FY27.
By 2028, the weight of revenues from services (which have a lower marginal cost) increases. Moreover, by the end of year, Ramp up is supposed to approach the end. Materials purchased at premium prices to mitigate emergencies will decrease, workforce effort will return to more normal rates, reducing overtime time or temporary hiring processes. There will be fewer errors and scrap, and most importantly, the extraordinary expenses given by the reorganization of some production facilities will be ended.
Therefore, it is reasonable to expect that the ratio will drop significantly between 2028 and 2029, reaching 79.2%.

**Research & Development** For Airbus, R&D expenses are what allow it to remain competitive in such highly specialized environment. These expenses unlocked Fly-by-wire technology, Airbus's game changer.
Only non-capitalized expenses are shown in the income statement, for assets with a life of less than 12 months, others are capitalized as intangible assets in the BS and included in cash flow as Capital Expenditures.(Capex).
Airbus has maintained an average ratio of R&D expenses-to-revenue of around 5% in the FY19-FY24 period.
In the reports, management has repeatedly expressed the intention to increase research spending, focusing on the first hydrogen aircraft by 2030, hybrid electric and digital innovations.
Driven by the focus on deliveries for the first three years, a a gradual reduction of 0.2% per year is forecasted until FY27, followed by a smaller decline of 0.1%
Indeed, the company is well placed in the market and has no real need in the short term to revolutionize its airplane technology as in the case of Boeing. Thus, is likely that R&D spending will be increasingly directed toward. A decrease in R&D spending is already evident in Q1-25 report, compared to Q1-24.
However, towards the end of the decade is possible to see an higher increase of the funds allo-

cated, in order to maintain competitiveness and complete the above mentioned ambitious programmes. An increase with of 0.4% per year in the ratio is forecasted in the final 2 years.

**SG&A** These expenses include structural overheads, management, administrative and compliance costs , technical commercial support and part of the digital & transformation cost base, and expressing them as a percentage of revenue serves as a management efficiency KPI, widely accepted by investors.

From 2019 to 2024, Airbus maintained an average SGA-to-revenue ratio below 4.7%.

However, 2019 value (8.7%) is an outlier. The company has in fact paid €3.6b in fines to judicial authorities in France, the United Kingdom and the United States following investigations into corruption practices and regulatory violations related to exports.

The 2020 value (4.3%) is also considered atypical, as SGA costs do not adjust immediately in response to black swan events: Reducing workforce, especially in a partly public company, is often delayed due to the reputational risk it implies.

The SG&A forecast is therefore based on the historical average of the ratio between the costs and the revenues (3.8%), excluding 2019 and 2020.

In fact, in the long run, these expenses offer significant potential for structural cost optimization. This will be one of the main targets of the ”LEAD!” program, which includes, among other efficiency measures, a hiring freeze. Although an end date for this headcount freeze has not been specified, it is assumed to continue until mid-2025.

Airbus has recognized the need to improve administrative efficiency through an increased focus on digitization. As part of this strategy, the company also aims to strengthen its presence in lower cost-of-living countries, with the goal of moving some non-core or support functions to these locations to optimize cost structure and improve operational scalability.

These initial investments are likely to raise administrative costs in the short term, despite their long-term benefits. For example, the company’s expansion plan in India, although primarily focused on production, will affects administrative, legal, and compliance costs.

The ratio is projected to decrease by 0.2% in 2025, driven by the hiring freeze under the LEAD program and restructuring within the Defence division.

However, it is projected to rise by 0.2% in 2026 and 2027 compared to 2024, due to the ramp-up phase, before returning to the historical average from 2028 onward.

## 4.2 Cash Flow

| €m | 2019 A | 2020 A | 2021 A | 2022 A | 2023 A | 2024 A | 2025 E | 2026 F | 2027 F | 2028 F | 2029 F | 2030 F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Tangible CAPEX as a % of Revenues** | **4.1%** | **3.5%** | **3.6%** | **3.8%** | **3.9%** | **5.6%** | **5.6%** | **5.2%** | **4.7%** | **4.1%** | **3.8%** | **3.7%** |
| **Intangible CAPEX as a % of Revenues** | **0.6%** | **0.1%** | **0.9%** | **1.4%** | **0.8%** | **1.6%** | **1.2%** | **1.2%** | **1.2%** | **1.4%** | **1.6%** | **1.6%** |
| Maintenance Tangible Capex | | | | | | | 40% | 50% | 70% | 75% | 80% | 90% |
| Expansion Tangible Capex | | | | | | | 60% | 50% | 30% | 25% | 20% | 10% |
| Maintenance Intangible Capex | | | | | | | 90% | 90% | 90% | 75% | 70% | 70% |
| Expansion Intangible Capex | | | | | | | 10% | 10% | 10% | 25% | 30% | 30% |
| Useful life Expansion Capex (Years) | | | | | | | 8 | 8 | 8 | 8 | 8 | 8 |
| Useful life R&D (Years) | | | | | | | 5 | 5 | 5 | 5 | 5 | 5 |
| **Depreciation % of Gross PPE** | **5.7%** | **5.7%** | **4.8%** | **5.5%** | **4.3%** | **4.3%** | **4.3%** | **4.3%** | **4.4%** | **4.5%** | **4.7%** | **4.9%** |
| **Gross PPE** | **41,312** | **41,852** | **42,270** | **41,269** | **42,654** | **45,542** | **49,787** | **54,211** | **58,723** | **62,969** | **67,070** | **71,213** |
| **Amortisation % of Gross Intangible Assets & Gross Goodwill** | **3.0%** | **2.4%** | **1.7%** | **2.3%** | **2.0%** | **4.4%** | **4.6%** | **4.7%** | **4.7%** | **4.5%** | **4.2%** | **4.1%** |
| **Gross Intangibles & Goodwill** | **18,847** | **18,846** | **19,115** | **19,555** | **19,488** | **20,124** | **21,042** | **22,072** | **23,234** | **24,694** | **26,429** | **28,230** |

Figure 24: Investment Forecast

### 4.2.1 Tangible and Intangible CAPEX

Aircraft manufacturing, like most industrial sectors, is highly asset-intensive, with assembly lines requiring regular capital investment.

Tangible Capex refers to investments in production facilities, such as warehouses and manufacturing equipment.

Intangible Capex covers capitalized investments in software, IT systems, and R&D activities that meet IAS 38 criteria

Airbus is planning to ramp up production on several models. Given the uncertainty caused by U.S. tariffs under the Trump administration, investment plans for the Mobile (Alabama) facility may be postponed

The Q1 2025 report does not reflect tariff impacts in its guidance, although they remain a latent risk.

Most industrial investments began in FY2024, with tangible Capex reaching 5.6% of revenue. Spending is expected to remain elevated in 2025 to support the ongoing production ramp-up.

In Q1-25 report, Investments in tangible assets are already up by 20% compared to Q1-24. Starting in 2026, the ratio is expected to decline by 0.4%, eventually reaching a 0.6% drop in 2028. This reflects the wind-down of major industrial expansion programs

Over time, fewer investments will be needed for new production lines. Most capital spending will shift toward maintenance, expected to account for up to 80% of total Capex. A reduction in Capex, in absolute terms, is not expected before 2028, when production growth should begin to decelerate.

Regarding intangible Capex, Airbus saw an increase to 1.6% of revenues in FY24, mainly driven by end-to-end digitalization of operations, development of industrial digital twins, strengthening cybersecurity and AI/ML initiatives related to design and predictive maintenance.

This trend is expected to continue, with intangible Capex stabilizing around 1.2% of revenue over the next three years, in line with the 2021–2024 average.

Indeed, Most available resources are likely to be allocated to tangible Capex in the short term. In the early years, intangible Capex will likely be driven by Defence & Space programs such as FCAS.

A gradual 0.2% increase in the ratio is expected toward the end of the decade, reflecting Airbus's focus on innovation, including CityAirbus NextGen and SAF-powered aircraft..
The projected Capex pattern reflects the cyclical nature of the aircraft industry. That said, Airbus's business is partly shielded by its Helicopters and Defence divisions. Indeed, Aircraft demand rises during expansions and falls sharply in downturns. It's a classic macro-driven cycle. Airbus's current ramp-up is a direct response to the pandemic-driven contraction, which reduced demand and delayed investments in manufacturing.

### 4.2.2 Depreciation & Amortisation

D&A was modeled as a percentage of Gross PPE and intangible assets (including goodwill), to reflect how these assets depreciate over time. The aim is to capture the response in the ratio to changes of gross asset base
An overview of the useful life of investments made by Airbus is presented in Appendix G.
Despite the ramp-up in capital spending, depreciation is expected to remain stable throughout those years. The gradual rise in the Depreciation/PPE ratio reflects the slowdown in new tangible investments over time.
The Amortisation-to-Intangibles ratio is expected to rise in 2025–2026, mainly due to the shrinking intangible asset base following the 2024 drop in capitalised spending.
From 2028, the ratio is likely to dip, since new programmes like the hydrogen aircraft will push intangible assets back up.

### 4.2.3 Operating Capital Requirement

| €m | 2019 A | 2020 A | 2021 A | 2022 A | 2023 A | 2024 A | 2025 E | 2026 F | 2027 F | 2028 F | 2029 F | 2030 F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Trade Receivables** | **5,674** | **5,132** | **4,957** | **4,953** | **4,725** | **5,293** | **6,162** | **8,187** | **9,715** | **9,703** | **8,495** | **8,143** |
| % of Revenues | 8.1% | 10.3% | 9.5% | 8.4% | 7.2% | 7.6% | 8.1% | 9.6% | 10.1% | 9.4% | 7.9% | 7.3% |
| **Inventory** | **31,550** | **30,401** | **28,538** | **32,202** | **33,741** | **37,745** | **42,615** | **49,021** | **53,552** | **52,638** | **50,812** | **50,769** |
| % of COGS | 55.3% | 73.4% | 71.0% | 70.8% | 63.5% | 67.8% | 69.7% | 71.2% | 69.2% | 63.7% | 59.7% | 57.5% |
| **Trade Payables** | **(14,808)** | **(8,722)** | **(9,693)** | **(13,261)** | **(14,323)** | **(13,791)** | **(16,369)** | **(19,122)** | **(21,880)** | **(21,711)** | **(20,660)** | **(21,168)** |
| % of COGS | 26.0% | 21.1% | 24.1% | 29.2% | 26.9% | 24.8% | 26.8% | 27.8% | 28.3% | 26.3% | 24.3% | 24.0% |
| **Core Operating Working Capital** | **22,416** | **26,811** | **23,802** | **23,894** | **24,143** | **29,247** | **32,408** | **38,086** | **41,386** | **40,630** | **38,647** | **37,744** |
| **Other operational assets & liabilities** | **(11,762)** | **(7,880)** | **(6,154)** | **(5,193)** | **(5,165)** | **(4,796)** | **(5,998)** | **(6,304)** | **(6,155)** | **(5,606)** | **(5,840)** | **(6,393)** |
| % of Revenues | 16.7% | 15.8% | 11.8% | 8.8% | 7.9% | 6.9% | 7.9% | 7.4% | 6.4% | 5.4% | 5.4% | 5.7% |
| **Contract Assets & Liabilities** | **(42,148)** | **(42,765)** | **(41,122)** | **(44,386)** | **(46,649)** | **(54,173)** | **(55,795)** | **(55,384)** | **(54,343)** | **(55,512)** | **(57,292)** | **(57,872)** |
| % of Revenues | 59.8% | 85.7% | 78.9% | 75.5% | 71.3% | 78.3% | 73.8% | 65.3% | 56.8% | 53.8% | 53.3% | 51.9% |
| **Operating Capital Requirement** | **(31,494)** | **(23,834)** | **(23,474)** | **(25,685)** | **(27,671)** | **(29,722)** | **(29,385)** | **(23,602)** | **(19,112)** | **(20,488)** | **(24,484)** | **(26,521)** |
| | | | | | | | | | | | | |
| **Metrics** | | | | | | | | | | | | |
| **Days Revenues Outstanding** | **29** | **38** | **35** | **31** | **26** | **28** | **30** | **35** | **37** | **34** | **29** | **27** |
| **Days Payable Outstanding** | **95** | **77** | **88** | **106** | **98** | **90** | **98** | **101** | **103** | **96** | **89** | **87** |
| **Days Inventory Outstanding** | **202** | **268** | **259** | **258** | **232** | **247** | **254** | **260** | **252** | **232** | **218** | **210** |

Figure 25: Operating Working Capital Assumptions

A key component of DCF construction is Operating Capital Requirement, which represents the capital needed to sustain day-to-day operations (excluding cash).
Airbus operates in a highly complex environment, marked by long production cycles and multi-year contracts. Its supply chain spans across multiple business segments and is largely driven by made-to-order production.

As a result, the company benefits from substantial advance payments from customers, particularly on large-scale programmes.
As a result, figures directly related to the company's short-term commercial cycle (Core Operating Working Capital), which rotates frequently with revenues and operating costs, have been separated from those that are operational in nature but do not follow a typical trade cycle.
In FY24, Airbus reported a Core Operating Working Capital of €29.2 billion, an increase of nearly €5 billion over the previous year, mainly due to higher inventories and receivables. This trend aligns with the ramp-up phase, which involves a rise in production levels, growing demand for parts, and slower customer payments

**Days Sales Outstanding**: Airbus has notably improved its cash collection efficiency, with Days Sales Outstanding falling to 26 in 2023 from 29 in 2019,a clear sign that payments from customers are arriving more quickly. In 2024, the company saw the first effects of the ramp up, with DSO increasing again to 28.

**Days Payables Outstanding**: Days Payables Outstanding peaked in FY22 at 106 corresponding to the supply chain peak. In FY24 the value has dropped back to 90
. This trend is consistent with the period of supply chain stress, to which Airbus responded by deferring payments to suppliers.

**Days Inventory Outstanding**: Airbus recorded a very high DIO during FY21 (259) and FY22 (258). After a brief decline in FY23, the DIO value began rising again due to the production increase.
This metric is particularly relevant, as it signals delivery delays and product backlogs. In confirmation of this, the value of Airbus' inventory increased by €4b in FY24.

**Trade Receivables** In the forecast, trade receivables are tied directly to customer invoicing and thus move in line with revenues.
With the production ramp-up and the entry into service of new models (e.g. A321XLR), there will be a progressive increase in trade receivables.
During this phase, deliveries accelerate, but receivables outpace revenues, as many customers defer payments.
The ramp-up in 2019, which resulted in a record 836 deliveries, was actually accompanied by a drop in the Receivables/Sales ratio compared to the previous year. However, the environment has changed, and many airlines are still under financial distress from the pandemic, which likely impacts their ability to pay on time.
Therefore, an increase in this metric in relation to revenues of approximately 0.5% for 2025 and 1.5% for 2026 is expected (also considering impact of defence clients). 2025 will see a lower increase as Q1-25 is actually seeing a downtrend YoY, even though deliveries are still low compared to annual target.
The trend is expected to improve gradually in the following years: +0.5% in FY27, -0.75% in

FY28, and -1.5% in FY29, as Airbus begins collecting remaining balances from both airline and defence customers.

**Inventories** Inventories reflect the value of goods that have yet to be sold or completed; they are recorded at purchase price, not sales price, making them a part of "future overhead" awaiting recognition. Following this logic, they will be considered as % of the COGS. Excluding FY20, Airbus consistently reports elevated Inventories/COGS levels—averaging 67%,highlighting persistent supply chain inefficiencies.

The company's goal is to clear inventories accumulated over the years, but as production increases, more raw materials will be purchased and more aircraft will remain in warehouses awaiting delivery.

Following the start of the ramp-up in 2024, the Inventories/COGS ratio increased by 5 percentage points. As of Q1-25, inventories already reached €41.5b. A reduction is unlikely to happen before the end of production increase.

ndeed, building up inventory buffers will be crucial to compensate for underperforming suppliers unable to meet the increased demand. The company cannot afford bottlenecks, as even a small component failure can jeopardize the entire delivery of the aircraft.

For this reason, inventory is expected to grow for FY25 and FY26, (Inv/COGS +1.9% for FY25 and +1.5% for FY26). From 2027, the ratio is expected to decline as the ramp-up preparation phase ends. However, a reduction in nominal inventory levels is unlikely before FY28–FY29, when the need for inventory buffers will ease as production stabilises.

**Trade Payables** Trade payables directly reflect purchases of materials and services included in COGS. For this reason, this item will be linked to this metric.

In the 2023 report, Airbus stated its intention to maintain stable payment terms with key suppliers to ensure production continuity.

The company no longer has the same bargaining power with creditors, as claimed in the report. In 2024, Airbus shortened payment times and reduced DPOs to support the initial ramp-up phase, likely due to its weaker bargaining position.

Delaying payments is a deliberate strategy to sustain free cash flow, especially as purchased volumes surge during the ramp-up. The effect is expected to intensify over the next two years. The Q1-25 report has yet to confirm this trend, but a shift is likely as 2025 deliveries catch up with the 2024 total.

Consequently, Airbus is expected to pressure suppliers to absorb the production ramp-up, while selectively advancing payments to those facing financial difficulties. Trade payables are projected to grow faster than COGS in FY25, FY26, and FY27, with respective increases of +2%, +1%, and +0.5%. This pattern will reverse in FY28 and FY29, as Airbus loses bargaining leverage and the ramp-up cycle comes to an end, leading to a -2% adjustment in each of those years.

### 4.2.4 Contract Assets & Liabilities and Other Operational Assets & Liabilities

**Contract Assets & Liabilities** This item represents the backbone of Airbus' Capital employed, with over 95% of its value consisting of contract liabilities, namely advance payments received by the manufacturer for products to be delivered.
Airbus receives payments for aircraft on a milestone schedule, starting about two years before delivery, a period that does not always coincide with the year in which the order is placed. This explains why the sharp increase in 2023 orders was not reflected in the same year's value, but in the following one.
Although the company does not disclose a detailed breakdown,and terms may vary across contracts,it is generally assumed that payments remain stable until delivery, when Airbus collects the majority of payments.
In contrast, payments for the defense and space sector follow different dynamics, and are more spread out from the start, with longer production lead times.
Subsequently, a portion of these advances are gradually transformed into revenues, with the remainder flowing into current contract liabilities as the delivery date approaches.
Although these items fall outside of core working capital as they do not follow the typical production-sales-collection cycle, their impact on operating free cash flow is significant.
For this reason, the net balance of contract assets and liabilities is modeled as a single working capital item, regardless of maturity. In this way:

- An increase in the balance reflects advances exceeding deliveries, resulting in cash inflows
- A decrease reflects deliveries exceeding advances leading to a cash absorption

In FY2024, Airbus received a substantial number of new orders from airlines: 826 units, down significantly from the exceptional 2,094 recorded in 2023. Many of these had been previously deferred during the pandemic. FY2025 is also expected to bring an inflow of new orders (in Q1-25 order intake is increasing by 20%, 58% 30% YoY for Commercial aviation, Helicopters and Defence & Space respectively), although this is likely to be less than in 2024, as the first 3 months are not representative due to order inflows not being uniform throughout the year.
2025 will continue to benefit, albeit to a lesser extent, from payments related to 2023 orders, and to some extent from 2024 orders. With 840 deliveries expected in 2025, the year-on-year increase remains insufficient to fully offset the volume of advances received.
From FY2026, the volume of new orders is expected to decrease due to market saturation, and the company's strategic focus will likely shift towards reducing the existing backlog.
The value of Contract Assets and Liabilities is expected to decrease slightly, but with a substantial balance between what is delivered and what is received as an advance.
According to the estimates in this paper, 2027 will bring another increase in deliveries. However, this will no longer be offset by the surge in orders seen in previous years. This will bring a decrease in Contract Assets & Liabilities, although partially offset by payments in the defense

sector
Starting from FY2028, Airbus is expected to begin accumulating new orders. Indeed, by then, Airbus' expanded production capacity will help reduce lead times for airlines that had postponed orders due to tariffs, making new aircraft purchases more appealing.
The financial impact of these new advances will likely emerge in 2029, combined with rising defense sector payments.

**Other Operational Assets & Liabilities** This line item consists of current tax assets and liabilities, with the bulk attributable to short-term provisions.
The amount is forecasted to increase until 2026, consistent with a phase where the company will set aside more provisions.
Thereafter, is likely to decrease as the latter being used or reversed.

# 5 Valuation

## 5.1 DCF

### 5.1.1 WACC

WACC was calibrated to the peculiarities of the company and the distribution of its revenue.

**Net Cash & Debt position** According to Airbus' balance sheet, gross debt in Q1 2025 amounts to €14.269b, with about 60% in the form of Bonds and commercial papers, 14% in Lease liabilities, 5% in the form of Loans & Liabilities to financial institutions, and the remaining 21% classified as "Other," which includes financial liabilities to joint ventures. Regarding cash, Airbus records €13.7b in Cash & Cash equivalents as of Q1-25, broken down into:

- €3.76b Bank Account and petty cash
- €9.91b in Short term securities

The firm also holds €2.96b in current securities and €9.46b in non-current securities, mainly consisting of corporate and government bonds investment grade, which are liquid and therefore included in the gross cash position.
The amount registered as Bank Account and petty cash have been assumed as Operational cash, needed to cover operational expenses, leading to an excess cash amount of €22.33b. Thus, the total of the net cash position (subtracting the total amount of debt as stated above) is €8.05b. This implies a negative net debt of the same amount.

**Beta** : For the Beta calculation, the same list of 8 competitor companies from the relative valuation section was considered, 4 in the Commercial Aviation sector, and 4 in the defense sector. It is important to note that Leonardo SpA was considered in the defense sector, as more than 72% of its clients come from government and defense actors, despite its exposure to commercial aircraft and helicopters.

Five-year betas were retrieved from Refinitiv Eikon, based on each company's performance relative to its benchmark index. These betas were then unlevered using their debt-to-equity ratio and the value of the "Wacc tax rate" computed by Refinitiv. For companies with stable tax rates, this corresponds to the median rate reported over the past five years.

For companies with more variable tax rates, it is a blend of the company median tax rate over the last 5 years and the country or region median effective tax rate.

Of the companies considered, the ones operating in the defense sector have a lower average unlevered beta (0.47 vs 0.994) due to the amount of government contracts and therefore less cyclical business.

It is worth noting that Leonardo has the highest beta among the defense group (1.10) due to recent volatility caused from positive earning surprises.

A weighted average of the peers' unlevered betas was then considered, based on % of revenues of Airbus Aviation and Helicopters segment (82.55%) for commercial sector companies, and % of Defense segment (17.45%) for those operating in the Defense sector.

This weighted beta was then relevered using Airbus' debt-to-equity ratio and the WACC tax rate, based on the company's gross debt. The final relevered beta for Airbus is 0.990 (Figure 28).

| Peer | Country | Converted Currency | Market. cap. | Net debt | Minority Int. | Preferred Shares | EV | Leverage | Beta (5yrs) | Wacc Tax rate | Unlevered beta |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Boeing Co | US | EURm | 121,978.1 | 27,682.3 | - | 5.8 | 149,666 | 22.7% | 1.43 | 21.8% | 1.212 |
| MTU Aero Engines AG | DE | EURm | 16,357.3 | 231.0 | (9.0) | - | 16,579 | 1.4% | 1.04 | 27.4% | 1.031 |
| Embraer SA | Brazil | EURm | 7,471.9 | 751.3 | (4.1) | - | 8,219 | 10.1% | 0.50 | 20.1% | 0.462 |
| Safran SA | France | EURm | 98,706.4 | (1,699.0) | (92.0) | - | 96,915 | (1.7%) | 1.26 | 26.9% | 1.272 |
| Lockheed Martin Corp | US | EURm | 98,821.7 | 17,087.9 | - | - | 115,910 | 17.3% | 0.28 | 14.5% | 0.242 |
| General Dynamics Corp | US | EURm | 64,479.8 | 7,727.9 | - | - | 72,208 | 12.0% | 0.47 | 16.0% | 0.427 |
| Northrop Grumman Corp | US | EURm | 61,818.1 | 12,098.5 | - | - | 73,917 | 19.6% | 0.13 | 16.1% | 0.112 |
| Leonardo SpA | Italy | EURm | 26,479.3 | 2,144.0 | (85.0) | - | 28,538 | 8.1% | 1.17 | 15.9% | 1.099 |
| | | | | | | | | | | | |
| Airbus SE | France | EURm | 116,576.6 | (8,052) | 159.0 | - | 108,683.6 | (6.9%) | 1.47 | 21.4% | 0.903 |

Figure 26: Beta Computation

**Market risk premium** : The market risk premium was derived from an equity risk premium approach.

Although Airbus operates globally, the French equity risk premium from Damodaran[25] was used as the baseline, reflecting the risk associated with the company's headquarters location.

A weighted average of country risk premiums by continent—based on Airbus' revenue distribution—was then added to reflect regional exposure. Final amount computed was 7.6%

| Country | Country risk premium | % Revenue Airbus (FY24) |
|---|---|---|
| Europe | 2.7% | 40% |
| China/Japan,India | 2.0% | 26% |
| USA/Canada | 0.0% | 24% |
| Latin America | 6.7% | 2% |
| Middle East | 9.6% | 4% |
| Other Countries (Africa) | 7.9% | 3% |

Figure 27: Market Risk Premium

**Cost of equity** All the components above were used to compute the cost of equity, estimated using the CAPM framework. The risk-free rate was set as the average yield of 10-year German bonds from Jan-25 to Apr-25. This benchmark is preferred over the U.S. Treasury as Airbus generates most of its revenue in Europe, and German bonds are widely used as the Eurozone reference.

| **Cost of equity** | |
|---|---|
| Market cap (MV of equity) at the valuation date | 116,576.6 |
| Gross debt at the valuation date | 14,279.0 |
| Cash and equivalents + Short term + LT Securities | 26,093 |
| Cash used for Operations | 3,762 |
| Excess Cash | 22,331 |
| Net debt | (8,052.0) |
| Gross Leverage D/E: | 12.2% |
| | |
| Risk Free Rate (German Bund 10Y (Issue Date Jan-25)) | 2.5% |
| Unlevered Beta (Industry average) | 0.903 |
| Tax Rate (applicable to tax shields) | 21.4% |
| Re-Levered Beta | 0.990 |
| Market Risk Premium (Source: Damodaran 2025 France) | 5.1% |
| Country Risk Premium (Source: Damodaran 2025+ Weight % Rev. FY24) | 2.5% |
| Levered cost of equity | 10.07% |
| | |
| Unlevered cost of equity | 9.41% |

Figure 28: Cost of Equity computation

**Cost of Debt** Airbus' cost of debt was calculated based on its outstanding bonds. As of Apr-25, the company holds 10 public bonds with maturity between 2026-2047.

A weighted average of the current yields was computed based on the outstanding amounts. The two USD-denominated bonds were converted into EUR using the currency spread between German and U.S. government bonds with matching maturities.

Outstanding USD amount was then converted using EURUSD ratio as of the valuation date.

Calculations led to a final cost of debt amount of 2.98%

| Airbus' Bonds Outstanding | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Security Description | Maturity | Currency | Amt Issued (M) | Debt Gtd | Price | Spread | Yield | Cpn | Business Struct |
| AIRFP 0.875 05/13/26 | May-26 | EUR | 460.55 | N | 98.56 | 28.971 | 2.358 | 0.875 | Holdco |
| AIRFP 1.375 06/09/26 | Jun-26 | EUR | 894.37 | N | 98.88 | 38.639 | 2.451 | 1.375 | Holdco |
| AIRFP 3.15 04/10/27 | Apr-27 | USD | 586.12 | N | 97.69 | 61.105 | 2.526 | 3.150 | Holdco |
| AIRFP 2 04/07/28 | Apr-28 | EUR | 610.83 | N | 98.58 | 36.737 | 2.515 | 2.000 | Holdco |
| AIRFP 2.125 10/29/29 | Oct-29 | EUR | 500.00 | N | 97.61 | 41.547 | 2.699 | 2.125 | Holdco |
| AIRFP 1.625 06/09/30 | Jun-30 | EUR | 1,250.0 | N | 94.22 | 53.311 | 2.867 | 1.625 | Holdco |
| AIRFP 1.375 05/13/31 | May-31 | EUR | 900.00 | N | 91.74 | 49.827 | 2.896 | 1.375 | Holdco |
| AIRFP 2.375 04/07/32 | Apr-32 | EUR | 1,000.0 | N | 95.63 | 63.364 | 3.088 | 2.375 | Holdco |
| AIRFP 2.375 06/09/40 | Jun-40 | EUR | 1,000.0 | N | 81.60 | 128.438 | 4.028 | 2.375 | Holdco |
| AIRFP 3.950 04/10/47 | Apr-47 | USD | 586.12 | N | 96.97 | 59.674 | 3.893 | 3.950 | Holdco |

Figure 29: Bonds Overview

| Security Description | Maturity | Currrency | Yield | Yield Treasury Eq. | Yield Bund Eq. | Spread | Yield EUR Equivalent |
|---|---|---|---|---|---|---|---|
| AIRFP 3.15 04/10/27 | Apr-27 | USD | 4.4260 | 3.5916 | 1.6920 | 1.8997 | 2.526329 |
| AIRFP 3.950 04/10/47 | Apr-47 | USD | 5.7450 | 4.6941 | 2.8419 | 1.8522 | 3.89279 |

Figure 30: USD Bonds Conversion

| Cost of debt | |
|---|---|
| Risk Free Rate (German Bund 10Y Issue Date Jan-25) | 2.5% |
| Bonds | 2.98% |
| Cost of debt | 2.98% |

Figure 31: Final Cost of Debt

**Return on cash** Airbus has a negative debt position and is actively investing its cash reserves. In the reports, the company explicit stated it holds corporate and government bonds. While not explicit disclosed, it is reasonable to assume that all the securities are within the investment grade spectrum (especially corporate bonds). Therefore, to model the implied reduction in perceived risk, valuation date IBoxx € Corporates and Iboxx € Sovereigns yields are considered in a simulated portfolio consisting of 60% Sovereign bonds and 40% corporate bonds.

These indices model a pool made of all European government bonds, and investment grade corporate worldwide bonds. Corporate bonds higher yield reflects the carried higher unsystematic risk and USD exposure and for this reason were assumed with a lower weight, as the company invest in these securities to mitigate interest expense and keeping liquid reserves at the same time and doesn't really need to expose itself to higher risk.

The choice to include European bonds with a bigger weight arises from the already great exposure of the company in USD, as it receives dollars but supports costs in EUR.

| Airbus Simulated Portfolio | | | |
|---|---|---|---|
| Type | Weight | Rating | YTM (As of 30/04/25) |
| Governative | 60% | Inv.Grade | 3.05 |
| Corporate | 40% | Inv. Grade | 3.35 |

| Cash | |
|---|---|
| Average return on Cash | 3.17% |

Figure 32: Return on Cash

**WACC computation** After all this considerations, the WACC computation consists of an additional parameter for taking into account the return on Cash invested.

$$WACC = \frac{E-C}{E+D} \cdot K_e + \frac{D}{E+D} \cdot K_d \cdot (1-t) + \frac{C}{E+D} \cdot r_c$$

Where t represents the marginal tax rate, D the gross debt, and rc the return on cash mentioned earlier.

Separating the latter from the value of equity is indeed crucial to reflect investors' perceived level of risk when faced with a company like Airbus, which invests some of its cash to generate returns while retaining the tax benefits of debt.

The higher is the cash component, the lower will be the contribution to WACC decrease, as an higher return on cash would either mean an increase in interest rates or an higher risk on securities held by Airbus.

The above calculation shows a WACC for Airbus of 8.05%.

### 5.1.2 FFCF

The calculation of Free Cash flow to the Firm is based on equation (3), using the amounts previously forecasted in section 4 of this paper and the 2030 forecast described in Appendix C.1

The assumptions made on Revenue, COGS, Research & Development, SG&A contribute to the construction of EBIT, which is then considered net of the effective tax rate (assumed to be the same as in 2024 and constant for all 5 years thereafter).

Subsequently, Depreciation & Amortization have been added back in, as non-cash expenses, tangible, intangible CAPEX (net of D&A) and Change in working capital have been subtracted (the inverse of the change has been added for visualization purposes).

The discounting was done considering the valuation date as April 30, 2025. As a result, the Free cash Flow Value is discounted by 0.67 for the first year, by 1.67 for the second, and so on.

| €m | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|---|---|---|---|---|---|---|
| EBIT | 5,202.7 | 5,583.3 | 6,806.7 | 7,980.5 | 8,913.6 | 8,909.9 |
| (Operational taxes) | (1,290.3) | (1,384.7) | (1,688.1) | (1,979.2) | (2,210.6) | (2,209.7) |
| NOPAT | 3,912.4 | 4,198.6 | 5,118.6 | 6,001.3 | 6,703.0 | 6,700.3 |
| Depreciation | 2,158.0 | 2,349.8 | 2,604.0 | 2,855.3 | 3,175.4 | 3,514.0 |
| Amortization | 961.2 | 1,030.3 | 1,084.5 | 1,103.3 | 1,101.6 | 1,148.4 |
| Gross cash flows | 7,031.6 | 7,578.7 | 8,807.2 | 9,960.0 | 10,980.0 | 11,362.6 |
| | | | | | | |
| Change in Core Operating Working Capital | (3,160.9) | (5,678.4) | (3,300.1) | 756.3 | 1,983.4 | 903.0 |
| Change in Contract Assets & Liabilities | 1,622.0 | (411.4) | (1,040.6) | 1,169.4 | 1,779.2 | 580.0 |
| Change in Other Operational Assets & Liabilities | 1,201.5 | 306.9 | (149.5) | (549.4) | 234.0 | 553.2 |
| Tangible CAPEX | (4,245.5) | (4,423.6) | (4,511.8) | (4,246.5) | (4,101.0) | (4,142.7) |
| Intangible CAPEX | (918.0) | (1,029.9) | (1,161.9) | (1,459.7) | (1,735.8) | (1,800.8) |
| FCFO | 1,530.8 | (3,657.8) | (1,356.7) | 5,630.0 | 9,139.8 | 7,455.4 |

Figure 33: FCFO Output

### 5.1.3 Terminal Value

In order for an appropriate Terminal Value to be considered, it is important to estimate a sustainable long-term growth rate for Airbus, given its significant impact on the overall valuation outcome.

Airbus is a mature company, operating in a cyclical market (at least for the commercial aviation sector, which however covers most of the sales) and a leader in its industry.

While the company is seeing an outstanding growth projection, it is worth noting that this comes from a period of economic expansion and recovery from pandemic. Cyclical firms are highly exposed to economic downturns, during which revenue growth can contract significantly.

According to this analysis, According to this analysis, Airbus exits 2029 positively influenced by the benefits of the post-ramp-up phase. The company has significantly improved its production efficiency, leading to a reduction in the COGS-to-revenue ratio through streamlined operations. It has relocated the workforce to countries with lower costs, managing to further reduce the SG&A/Revenue ratio from the previous year.

Core working capital continues to benefit from reduced investment in inventory, stable tangible CapEx requirements, and a decline in receivables, driven by the collection of overdue payments from airlines. Core Operating Working Capital is also negatively impacted by accelerated payments to suppliers, following prior deferrals made during the ramp-up phase.

The company is also benefiting from a steady inflow of new orders, while the stabilization of production processes has reduced the need for additional provisions.

Assuming a context of continued economic expansion, and especially given the substantial highlighted in this paper, it is likely that the company will prepare for another production ramp-up if demand is confirmed to be as in the Global Forecast.

Alternatively, a phase of intensified R&D investment aimed at significant advancements in aviation technology could be anticipated.

Consequently, for companies like Airbus, it is difficult to identify a stable growth year suitable for terminal value calculation. Production cycles are,in fact, significantly influenced by global

economic dynamics, the average lifespan of aircraft in operation, and the degree of innovation demanded by the market.

To prevent short-term cyclical dynamics from skewing the Terminal Value, this valuation follows Damodaran's [26] recommended method for cyclical companies, selecting 2030 as the forecast year for Terminal Value calculation. This year assumes Airbus will neither expand production capacity significantly nor embark on substantial R&D investment, as explicitly detailed in Appendix C.1.

This year was then used for Terminal Value computation, applying a long term growth rate of 2.25%. A detailed explanation of the reasons behind *g* choice is shown in Appendix C.2.

Terminal value was then calculated using the perpetual growth method, as explained in equation (4), resulting in a value of €128.5b. This value was subsequently discounted by WACC and combined with prior's year cash flows, resulting in an Enterprise value of €90.6b and an Implied EV/EBITDA (LTM 1Q-25) Multiple of 11.6x

With the goal of having a benchmark for comparison, a second calculation method based on a final EV/EBITDA NTM multiple for TV was considered.

As of the valuation date, the average peers' EV/EBITDA multiple for the next twelve months, derived from the Relative Valuation analysis and excluding Boeing as an outlier, stands at 12.2x

This multiple appears lower than the corresponding actual multiple of 14.0x, updated with first-quarter figures and again excluding Boeing due to its limited comparability. This discrepancy indicates that the market anticipates sustained growth in the next twelve months.

To project this multiple into the future, peer data was combined with a trend analysis of Airbus's historical average EV/EBITDA NTM over the past twelve years.

As can be seen from the results obtained in Figure 34, the upward trend in valuations is gradually decelerating, a sign that the market is approaching a phase of stabilizing expectations.

Combining this information with the previously identified peer multiple, a final multiple of 11.2 is considered a realistic long-term estimate for Airbus.

Applying this multiple to the forecasted 2030 EBITDA yields a Terminal Value of €152.0 billion, corresponding to an Enterprise Value of €105.8 billion, which is 16.7% higher than the Enterprise Value derived from the perpetual growth DCF.

| | **Multiple** | **Increase** |
|---|---|---|
| Average 12Yrs EV/EBITDA NTM | 9.09x | |
| Average 10Yrs EV/EBITDA NTM | 9.72x | 6.9% |
| Average 8Yrs EV/EBITDA NTM | 10.37x | 6.8% |
| Average 6Yrs EV/EBITDA NTM | 10.77x | 3.9% |
| Average 4Yrs EV/EBITDA NTM | 10.89x | 1.1% |

Figure 34: Historical EV/EBITDA NTM

### 5.1.4 From Enterprise value to Equity Value

Once the Enterprise Value is obtained, a series of adjustments must be performed in order to migrate towards the Equity Value, which is essential for calculating the forecasted share price.
The net debt value as of 1Q-25 has been added back since Airbus has a negative net debt position from an accounting perspective, including all securities within its gross cash position.
In particular, it becomes necessary to add all the non operational assets and subtract the non operational liabilities not captured in the DCF, but from which shareholders ultimately benefit. This includes investments in associates, other non- operational assets & liabilities and deferred income tax.
Additionally, **Minority interests** have been subtracted, as they are not attributable to shareholders.
This results in an Equity Value of €101.5b, which, divided by the fully diluted number of shares (As of April 30, 2025), yields a share price of €128.9
The DCF computed with terminal value derived from the multiple described earlier, yields an Equity value of €116.6b, resulting in a price per share of €148.1.

| | **0.667** | **1.67** | **2.67** | **3.67** | **4.67** | **5.67** |
|---|---|---|---|---|---|---|
| Year | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
| FCFO | 1,530.8 | (3,657.8) | (1,356.7) | 5,630.0 | 9,139.8 | 7,455.4 |
| Discount factor (WACC) | 0.950 | 0.879 | 0.813 | 0.753 | 0.697 | 0.645 |
| Present value of FCFO | 1,453.8 | (3,214.9) | (1,103.6) | 4,238.4 | 6,368.0 | |
| Terminal value (Perpetual) | | | | | | 128,519.9 |
| Terminal value (Multiple-Neutral) | | | | | | 152,009.6 |
| PV of FCFO | 7,741.6 | | | | | |
| PV of TV (Perpetual) | 82,872.0 | | | | | |
| PV of TV (Multiple-Neutral) | 98,018.6 | | | | | |
| | | | | | | |
| Enterprise value (Perpetual) | 90,613.6 | | | | | |
| Enterprise value (Multiple-Neutral) | 105,760.1 | | | | | |
| | | | | | | |
| (Net debt) | 8,052.0 | | | | | |
| Surplus assets, and other liabilities | 2,921.0 | | | | | |
| (Minorities) | (91.0) | | | | | |
| | | | | | | |
| Equity value (Perpetual) | 101,495.6 | | | | | |
| Equity value (Multiple-Neutral) | 116,642.1 | | | | | |
| | | | | | | |
| Fully diluited shares (m) | 787.4 | | | | | |
| **Equity value per share (Perpetual) (€)** | **128.9** | | | | | |
| **Equity value per share (Multiple-Neutral) (€)** | **148.1** | | | | | |
| | | | | | | |
| Implied EV / EBITDA LTM1Q-25 multiple | 11.6x | | | | | |
| Share Price At the Valuation Date | 147.14 | | | | | |

Figure 35: DCF Output

## 5.2 Relative Valuation

As opposed to the DCF's intrinsic method, an alternative valuation using multiples from comparable companies was also considered.
The comparable companies were chosen to reflect Airbus' exposure to the commercial business

(Commercial aviation & Helicopters), and the defense business (Defense & Space).
However, the commercial aircraft manufacturing market remains dominated by Airbus and Boeing, creating a duopoly. As a result, identifying comparable companies with similar business models and intrinsic risk profiles is notably challenging. An explanation of the peers' business model and the rationale for their inclusion can be found in Appendix D.1.

### 5.2.1 Comparison

Once the group of comparable companies was identified, two main multiples were analyzed: **EV/EBITDA (Actual & Forward), EV/Sales (Actual & Forward)**. Forward multiples refer to the next twelve months, while actual multiples are based on the most recent available data, corresponding to Q1 2025.
Given the volatility on the markets in April 2025 due to The Trump administration, these two multiples were considered more valid and reliable for valuation purposes as they are more structural and based on fundamental data and less affected to price changes.
Furthermore, the choice to also include the forward multiple is justified by the fact that, considering April 30, 2025 as the valuation date, it is plausible that the market is more oriented towards future expectations rather than focused on past results.
The aforementioned multiples were downloaded from Refinitiv on 05/05/25. For each multiple, a weighted average was calculated based on the revenue split by Airbus segment as of December 31, 2024.
This approach accounts for possible distortions in Q1 2025 data, particularly in Defense & Space, where revenue recognition is less consistent.
Commercial Aviation and Helicopters were grouped together, while Defense & Space was treated separately
To exclude outliers, median values were also calculated for each peer group. The resulting Enterprise Values were then summed and compared with the DCF outcome.
Boeing's EV/EBITDA multiple was excluded from both actual and forward calculations, as the company posted a negative EBITDA in 2024. In addition, its NTM multiple of 30.7x, driven by company-specific factors, lies well outside the peer range.
The average value of the weighted actual EV/EBITDA is 14.0x, significantly higher than the same forward multiple, which records 12.2x.
Looking at the median actual values, the Commercial group shows a multiple of 13.1x, while Defense & Space stands at 14.8x. Forward medians are lower in both cases: 10.7x for Commercial and 12.9x for Defense & Space
EV/Sales Multiples record an Actual value of 2.3x for the average, compared to a forward value of 2.0x. The median actual multiple is 2.3x for Commercial and 1.8x for Defense & Space. Forward medians are again lower, at 1.9x and 1.7x, respectively.

| Sector | Peers | Country | Converted currency | Mrkt Cap | EV | EV/EBITDA | F EV/EBITDA | EV/SALES | F EV/SALES |
|---|---|---|---|---|---|---|---|---|---|
| Commercial | Boeing Co | US | EURm | 121,978.1 | 160,457.8 | | 30.7x | 2.4x | 1.9x |
| Commercial | MTU Aero Engines AG | DE | EURm | 16,357.3 | 16,176.2 | 13.1x | 10.7x | 2.2x | 1.9x |
| Commercial | Embraer SA | Brazil | EURm | 7,471.9 | 7,286.3 | 10.5x | 10.1x | 1.5x | 1.2x |
| Commercial | Safran SA | France | EURm | 98,706.4 | 93,912.2 | 18.0x | 15.2x | 3.5x | 3.0x |
| Defence | Northrop Grumman Corp | US | EURm | 61,818.1 | 71,711.5 | 15.7x | 13.8x | 2.1x | 1.9x |
| Defence | Lockheed Martin Corp | US | EURm | 98,821.7 | 110,568.4 | 14.5x | 12.3x | 1.8x | 1.7x |
| Defence | General Dynamics Corp | US | EURm | 64,479.8 | 73,587.2 | 13.7x | 13.0x | 1.7x | 1.6x |
| Defence | Leonardo SpA | Italy | EURm | 26,479.3 | 28,898.9 | 15.1x | 12.9x | 1.7x | 1.6x |
| | **Average** | | | | | **14.0x** | **12.2x** | **2.3x** | **2.0x** |
| | **Median Commercial** | | | | | **13.1x** | **10.7x** | **2.3x** | **1.9x** |
| | **Median Defence** | | | | | **14.8x** | **12.9x** | **1.8x** | **1.7x** |

Figure 36: Peers' multiples

### 5.2.2 Multiples Observations

Defense peers tend to trade at higher EV/EBITDA multiples. This reflects their more stable revenues and margins, supported by long-term government contracts and limited exposure to broader economic cycles.

Commercial peers trade at slightly lower multiples. Even so, their valuations remain elevated. The market appears to recognize their long-term growth potential, although profitability is still stabilizing.

In both segments, forward multiples appear lower. This trend reflects anticipated improvements in EBITDA. Revenue growth expectations also contribute, but with a more limited impact. This compression is more pronounced in the commercial segment, where a more visible recovery in margins is expected, particularly driven by the contribution of aftermarket activities and the gradual absorption of post-pandemic inefficiencies.

By contrast, forward multiples in the defense segment remain relatively stable. The reason lies in a growth profile that is more predictable and structurally anchored.

### 5.2.3 From Multiple To Share price

The actual multiple-based valuation used LTM figures updated to Q1 2025. For forward multiples, consensus forecasts from Refinitiv were applied,75% weighting to FY25 and 25% to FY26,ensuring consistency across the analysis.

Figure 39 illustrates the per-share values resulting from the different methods, after applying the same adjustments to Enterprise Value as in the DCF.

Median-based multiples were matched to Airbus's two divisional EBITDA figures, segmented by revenue contribution. The corresponding Enterprise Values were calculated independently, then aggregated.

| Metric | 2025 | 2026 |
|---|---|---|
| EBITDA | 9,920 | 11,373 |
| Revenue | 75,074 | 83,943 |
| Net Income | 5,088 | 6,258 |

Figure 37: Consensus Refinitiv

| Method | EV / EBITDA A | EV / EBITDA A | EV / EBITDA A | EV / EBITDA F | EV / EBITDA F | EV / EBITDA F |
|---|---|---|---|---|---|---|
| Multiple choice | Average | Median Commercial | Median Defence | Average | Median Commercial | Median Defence |
| Airbus Metric | EBITDA 2024 | EBITDA 2024 | EBITDA 2024 | EBITDA Apr 2026 | EBITDA Apr 2026 | EBITDA Apr 2026 |
| Metric DCF | 7,786.0 | 6,427.2 | 1,358.8 | 8,463.5 | 6,986.4 | 1,477.0 |
| Metric Consensus | | | | 10,283.3 | 8,488.6 | 1,794.6 |
| Multiple | 14.0x | 13.1x | 14.8x | 12.2x | 10.7x | 12.9x |
| Enterprise value | 109,298.5 | 84,457.0 | 20,133.5 | 125,071.7 | 90,421.6 | 23,204.4 |

Figure 38: From Multiple to EV(EBITDA)

| Method | EV/Sales A | EV/Sales A | EV/Sales A | EV/Sales F | EV/Sales F | EV/Sales F |
|---|---|---|---|---|---|---|
| Multiple choice | Average | Median Commercial | Median Defence | Average | Median Commercial | Median Defence |
| Airbus Metric | Sales 2024 | Sales 2024 | Sales 2024 | Sales Apr 2026 | Sales Apr 2026 | Sales Apr 2026 |
| Metric DCF | 69,230 | 58,587 | 12,082 | 77,787.07 | 77,787.07 | 77,787.07 |
| Metric Consensus | | | | 77,291.25 | 63,802.4 | 13,488.8 |
| Multiple | 2.3x | 2.3x | 1.8x | 2.0x | 1.9x | 1.7x |
| Enterprise value | 159,851.6 | 136,773.8 | 21,164.8 | 151,588.5 | 121,595.4 | 22,441.0 |

Figure 39: From Multiple to EV(Sales)

| Method | EV/EBITDA A | EV/EBITDA A | EV/EBITDA F | EV/EBITDA F |
|---|---|---|---|---|
| Multiple | Average | Median | Average | Median |
| EV (total) | 109,298.5 | 104,590.5 | 125,071.7 | 113,626.0 |
| (Net debt) | 8,052.0 | 8,052.0 | 8,052.0 | 8,052.0 |
| Surplus assets, and other liabilities | 2,921.0 | 2,921.0 | 2,921.0 | 2,921.0 |
| (Minorities) | (91.0) | (91.0) | (91.0) | (91.0) |
| Equity value | 120,180.5 | 115,472 | 135,953.7 | 124,508.0 |
| Fully diluted Shares outstanding (m) | 787.4 | 787.4 | 787.4 | 787.4 |
| Value per share | € 152.62 | € 146.64 | € 172.65 | € 158.12 |

Figure 40: From EV to Share Price(EBITDA)

| Method | EV/SALES A | EV/SALES A | EV/SALES F | EV/SALES F |
|---|---|---|---|---|
| Multiple | Average | Median | Average | Median |
| EV (total) | 159,851.6 | 157,938.7 | 151,588.5 | 144,036.4 |
| (Net debt) | 8,052.0 | 8,052.0 | 8,052.0 | 8,052.0 |
| Surplus assets, and other liabilities | 2,921.0 | 2,921.0 | 2,921.0 | 2,921.0 |
| (Minorities) | (91.0) | (91.0) | (91.0) | (91.0) |
| Equity value | 170,733.6 | 168,870.7 | 162,470.5 | 154,918.4 |
| Fully diluted Shares outstanding (m) | 787.4 | 787.4 | 787.4 | 787.4 |
| Value per share | € 216.82 | € 214.39 | € 206.33 | € 196.74 |

Figure 41: From EV to Share Price(Sales)

## 5.3 Sensitivity Analysis

In order to test the sensitivity of the model to changes in the main parameters, an analysis varied both the WACC and the perpetual growth rate by steps of 0.5%, to explore the combined impact on valuation.

For the Terminal Value based on the long-term EV/EBITDA multiple, both Optimistic and Pessimistic cases were tested. These reflect a ±20% deviation from the Neutral scenario used in the base valuation

The Optimistic case assumes a highly favorable environment: Structural improvements and a more efficient business mix lead to stronger margins and deeper penetration into emerging markets.
In the Pessimistic scenario, Airbus loses market share to Boeing and COMAC. Rising production costs tied to the introduction of new aircraft models weigh on performance. Despite a strong backlog supporting deliveries and cash flow until 2030, the company's long-term outlook deteriorates due to increased competition and potential market saturation.
The Optimistic scenario returned a valuation per share of €173.3, while the Pessimistic one drops to €123.2.

| | **Perpetual growth** | | | | |
|---|---|---|---|---|---|
| **WACC** | **1.25%** | **1.75%** | **2.25%** | **2.75%** | **3.25%** |
| **7.05%** | 135.0 | 145.5 | 158.2 | 173.7 | 193.4 |
| **7.55%** | 123.3 | 131.9 | 142.1 | 154.4 | 169.6 |
| **8.05%** | 113.4 | 120.5 | 128.9 | 138.8 | 150.8 |
| **8.55%** | 104.9 | 110.9 | 117.8 | 126.0 | 135.6 |
| **9.05%** | 97.5 | 102.6 | 108.4 | 115.2 | 123.1 |

Figure 42: Sensitivity Analysis, Share Price to WACC and TV

| | **Optimistic Scenario** | **Neutral Scenario** | **Pessimistic Scenario** |
|---|---|---|---|
| Final EV/EBITDA | 13.44x | 11.20x | 8.96x |
| Final EBITDA (2030) (€m) | 13,572 | 13,572 | 13,572 |
| Terminal Value (€m) | 182,412 | 152,010 | 121,608 |
| PV of Terminal Value (€m) | 117,622 | 98,019 | 78,415 |
| PV of FCFO (€m) | 7,742 | 7,742 | 7,742 |
| EV (€m) | 125,364 | 105,760 | 86,156 |
| Equity Value (€m) | 136,246 | 116,642 | 97,038 |
| **Share Price (€)** | **173.0** | **148.1** | **123.2** |

Figure 43: Sensitivity Analysis, DCF-Multiple Scenarios

## 5.4 Football Field & Valuation Results

The following methodologies have been considered in the construction of the football field:

- **EV/Sales Forward (NTM)** – peer-based, with the same percentile range applied.
- **EV/EBITDA Forward (NTM)** – based on the median multiple of peers, with the 25th–75th percentile range capturing market dispersion.
- **DCF – Perpetual Growth Method** – asset-side valuation, with sensitivity to WACC and terminal growth rate driving the range.

- **DCF – Terminal Value via Exit Multiple** – asset-side, using pessimistic, neutral, and optimistic EBITDA-based scenarios.


Figure 44: Football Field

Figure 44 highlights that the EV/Sales method is clearly an outlier, as it does not take into account profit margins, fixed costs, or operational efficiency, thus failing to reflect the company's underlying profitability.
To determine the final fair value, a weighted average of the four approaches was used. Lower weights were assigned to market-based multiples, especially EV/Sales, given its weak comparability and outlier behavior
Specifically:

- DCF – Growth: 40%
- DCF – Multiple: 30%
- EV/EBITDA (NTM): 20%
- EV/Sales (NTM): 10%

The results suggest a fair price of **€147.29**, broadly in line with the market price at the valuation date (**€147.14**), supporting a **Hold** recommendation for investors. A comparison with Alphavalue's professional report is shown in Appendix E

# 6 Conclusion & Valuation Summary

Through the assessments performed by this analysis, it was possible to reconstruct Airbus' outlook, incorporating geopolitical and strategic issues for the company.

The company remains the market leader, supported by a massive order backlog built up during the pandemic-induced crisis in commercial aviation.
The most relevant driver for future forecasts is the ongoing production ramp-up, aimed at clearing the backlog of orders and deliveries.
This initiative has cascading effects on the entire business ecosystem, affecting not only growth, but costs, investments, how Airbus will pay its suppliers, and margins.
The challenges facing the European manufacturer are several, chief among them the dubious sustainability of the ramp-up program. Aircraft manufacturing leaves no room for error. The absence of a single component can halt production entirely, and the disruption caused by Spirit Aerosystems has already required Airbus' financial intervention to stabilize the situation and avoid bottlenecks. Moreover, the company's margins are at risk if the ramp-up is not efficiently organized.
Assuming no major disruptions, competition from Boeing does not pose a significant threat, as discussed in Appendix B.1.
Airbus also continues to hold a positive net cash position, allowing it to maintain a good credit rating and cope with supply chain emergencies related to bottlenecks
The valuation methods used lead to a weighted average valuation of €147.29 per share. Thus indicating a Hold recommendation for investors and suggesting that as of the valuation date the company is correctly valued.
However, it is important to note that, based on the intrinsic valuation methods and the sensitivity analysis performed, the resulting range (€110.9–€173.03) is relatively wide, but appears skewed to the downside when compared to the current share price.

# Appendix

## A Company Overview

### A.1 Historical Environment and Airbus birth

By the late 1960s, the commercial aircraft manufacturing industry was dominated by the major U.S. players, Boeing, Douglas, and Lockheed, forming an oligopoly.
The European countries did not have sufficient resources to compete with the economies of scale of their American competitors.
This led to the foundation of Airbus Industrie, a consortium formed through a collaboration between France, Germany, Spain, and initially the United Kingdom. The founding members included Aérospatiale (France), Deutsche Airbus (Germany), CASA (Spain), and British Aerospace (UK), which later exited the consortium in 1979
The aim was to design a more efficient and lighter airplane than the Boeing 707 and the DC-10, dominant models in the market at the time.
A major technological breakthrough came in 1988 with the launch of the Airbus A320 and fly-by-wire technology. This technology allowed the pilot's commands to be transferred as electronic signals to the aircraft, eliminating heavy steel cables, optimizing the movement of flight surfaces, reducing the risk of human error and freed up additional space within the aircraft structure.
This innovation gave Airbus a real competitive advantage over Boeing, which was forced to adopt the full-blown fly-by-wire system in 1995 with the 777.
The company became unified in 2000 under the name "European Aeronautic Defense and Space Company".

# B Industry Trend

## B.1 Boeing & Airbus


Figure 45: Annual aircraft deliveries by Airbus and Boeing (2006–2024).

As of 2025, the commercial aircraft manufacturing industry is effectively dominated by two key players: Boeing and Airbus.

For Airbus, Gaining a foothold in a market historically shaped by Boeing was no trivial task. Airbus had to overcome substantial industrial and strategic hurdles to offer a credible alternative to the 737 family, which had long set the standard in the single-aisle segment.

The European manufacturer ultimately outperformed its rival by combining forward-looking business strategies with early adoption of advanced technologies.

While Airbus produced innovations that brought concrete benefits to airlines (flybywire, wider fuselage, fuel efficiency, similar cockpits in order to lower training expenses for pilots), Boeing did not respond with real technical innovation, but pursued a more conservative strategy, focusing more on shareholder return and less on R&D.

When Airbus launched the A320neo program in August 2010, Boeing responded with the 737 MAX,a project developed on an accelerated timeline to retain market share. The design called for two new engines, which were too large to fit under the wing and therefore shifted further forward, leading the plane to unintentionally lift off during some phases of flight.

To avoid the costs and delays associated with a complete airframe redesign, Boeing introduced the MCAS software. The system was intended to correct abnormal pitch behavior automatically, but was implemented without sufficient pilot training requirements, largely to preserve the aircraft's common-type certification. Design flaws in the MCAS system were later identified as

the primary cause of two fatal crashes in 2018 and 2019, resulting in the loss of 346 lives. These incidents prompted global aviation authorities to suspend all 737 MAX operations from March 2019 until late 2020.
As a result, Boeing entered the COVID-19 pandemic in a significantly weakened position, both financially and reputationally. The company's diminished credibility led to market share gains for Airbus, which was increasingly perceived as a more reliable and fuel-efficient alternative by both operators and stakeholders.
In January 2024, another accident undermined the 737's reputation, where a fuselage panel detached in flight, causing explosive decompression.
Boeing continues to deal with the aftermath of past strategic missteps, while Airbus has consolidated its position as the dominant player in the narrow-body aircraft segment.
However, it is worth noting the complexity of an airline transition from one provider to another. Having a single-brand fleet allows more bargaining power when purchasing both models and maintenance parts. Moreover, Airbus' extensive backlog limits its ability to meet new orders within short timeframes.

## B.2 Embraer & Airbus

Embraer is a Brazilian aerospace company, currently considered the third largest manufacturer in the world, after Airbus and Boeing. It occupies a different, albeit significant, position in the commercial aircraft building industry.
In 2023, Embraer delivered 181 aircraft, but only 64 were commercial jets. The remainder comprised business and military aircraft, underscoring the market dominance of Airbus and Boeing.
While Embraer is a leader in its category, it remains a niche player, focusing on aircraft with fewer than 150 seats. Its core operations lie in the regional jet segment and short-to-medium haul routes. Big part of the catalog is also composed by business jets, including the Phenom and Praetor jets, demand for which has grown in recent years.
In 2018, Boeing sought to acquire an 80% stake in Embraer's commercial aviation division, aiming to integrate it into its own product portfolio. The deal collapsed in April 2020, following Boeing's unilateral withdrawal.
Today, for Airbus, the Brazilian manufacturer poses a fairly limited competitive threat on the lower edge of its range, but not on the rest. In fact, Airbus does not operate aircraft under 100 seats, and to date the E190/E195-E2 (closest competitor to the A220) remains competitive only on carriers that historically use its jets and require extremely low operating costs.
Should Boeing and Embraer revive their partnership, the resulting synergies could give rise to a serious competitor in the sub-150-seat market.

## B.3 COMAC & Airbus

COMAC (Commercial Aircraft Corporation of China) is a Chinese state-owned aircraft manufacturer founded in 2008 with the strategic goal of reducing the country's dependence on Airbus and Boeing. Its main offerings include the ARJ21, an approximately 90-seat regional jet, and the C919, a single-aisle aircraft designed to compete directly with the A320 and 737 in the medium-haul market.

Backed by substantial state funding, COMAC remains unlisted, and therefore lacks publicly available financials. Nevertheless, the firm,still relatively small,is expanding. In 2025, it expects to deliver around 30 aircraft.[27]

COMAC, however, offers a much narrower and more focused product range than Airbus, which focuses not only on small single aisles but also on wide-bodies. The catalog is set to expand, though: the company plans stretched and shortened variants of the C919 in the future, and the Chinese industry has also announced plans for regional turboprop aircraft.

COMAC's penetration to date is almost exclusively in China. According to Reuters,[28] the three major Chinese airlines (Air China, China Eastern, China Southern) each have fleet plans of at least 100 C919s by 2031.

While the threat remains long-term, COMAC's rise is strategically more relevant than Embraer's, due to China's critical weight in Airbus's future growth.

It should be mentioned that Airbus has been working with local industry for some time (it has had a final assembly line in Tianjin since 2008, recently expanded to double production in China). This strategy has helped Airbus soften the impact of nationalist preferences in favour of COMAC. Still, as C919 output scales up, a gradual erosion of Airbus's Chinese market share remains likely.

# C Terminal value and 2030 Steady Growth FCF Forecast

As explained in Section 5.1.3, it is necessary to construct a Steady FCF, which can simulate steady, perpetual growth for Airbus. It is important to note, however, that the assumptions below do not represent an actual projection of events for 2030, but more a cash flow representative of a steady growth situation for the company, assuming perpetual stabilization after the projected ramp-up.

## C.1 Revenue Growth Assumptions

### C.1.1 Commercial Aviation

By 2030, demand for commercial aircraft remains high, but does not justify further investment in production lines.

In this scenario, Airbus has cleared a portion of its delivery backlog through the ramp-up, reach-

ing a book-to-bill ratio close to 1. The remaining backlog is bound to drop a little more over the years, but never to run out, as a key tool to show solidity to investors.
A production rate of roughly 1,200 aircraft per year is considered sustainable. Airbus continues to benefit from ramp-up investments, enabling it to raise monthly output of the A350, A320, and A220 by one unit each,without major expansionary capex, relying instead on improved efficiency and residual capacity from past investments.
The average selling price is up 1% due to the stable macroeconomic situation, which has allowed Airbus to negotiate higher selling prices over the past year. With the same discounting, and the weight of revenue from services, The commercial aviation segment is expected to register a growth of 4.09%.

### C.1.2 Helicopters and Defence & Space

The two complementary segments continue in the wake of the previous year.
The Helicopters sector is now increasingly influenced by the sale of services, which make up for lower demand than in the previous year. The segment is expected to register growth of 1.75%.
In Defence & Space, Airbus continues to benefit from revenue recognition on multi-year programs. New orders align with GDP growth across states, while emerging space initiatives provide a steady funding pipeline for future activities
The projected growth is 2.5% in this segment.

### C.1.3 Operating Expenses

After the marked improvement in 2029, COGS/Sales are expected to remain stable as the company has now reached the maximum efficiency required.
It is more reasonable to assume that further improvements will be used to improve production by a few units per year, but not further reduce COGS/ Revenue as this would not be feasible without sacrificing safety in aircraft production.
R&D spending is expected to rise further, supporting both Airbus's competitive positioning and its long-term innovation agenda, particularly in urban mobility and sustainability. The R&D /Sales ratio is projected to increase by 0.1% over 2029.
As for COGS, the SG&A/Revenues ratio is projected to remain flat through 2030, reflecting the full realization of efficiency gains achieved during the ramp-up.

### C.1.4 Capex and D&A

Spending related to production lines is now almost only related to maintenance. Capex related to expansion is now only to be attributed to the remaining two segments.
However, such high production rates still require high maintenance investments. Tangible capex is thus expected to remain broadly in line with 2029 levels. Depreciation to Gross PPE ratio is expected to continue to increase corresponding to the lower capex investments of the past years

As for intangible capex, the R&D expenditures continue to contribute to the increase already seen in the 2028-2029 biennium, but without seeing an increase in relation to revenues.
Amortisation to gross intangibles continues its downward trend as a result of the increase in higher R&D expenses capitalized since 2028

### C.1.5 Core Operating Working Capital

Trade receivables are expected to decline slightly as a result of the improved financial conditions of airlines, which can then afford faster payments, also pressured by Airbus.
Nonetheless, the value remains close to that of the previous year due to larger orders and the resulting greater bargaining power.
Inventory, after witnessing sharp declines in 2029 due to the disposal of the production parts buffer, is expected to stabilize, net of a slight decrease given improved production efficiency. Overall, since ramp-up in 2023, Airbus has accumulated over €14b of inventory in 2030, but this is consistent with a production capacity increased by over 60%.
Trade Payables are expected to rise slightly in nominal value from 2029. Although the company has no real need to delay payments, the improved mix of suppliers consequent to ramp up does indeed allow for better terms of trade for Airbus

### C.1.6 Contract Assets & Liabilities and Other Operational Assets & Liabilities

Contract liabilities are expected to remain stable, as the spike observed in 2029 already captures the surge in orders linked to higher production rates.
Other Current Assets & Liabilities are expected to increase slightly to reflect a higher provision, due to increased operational prudence.

## C.2 Terminal growth explaination

For the purpose of calculating the growth rate, the trend of world growth in terms of GDP over the past 60 years was considered[29] as a starting point. Although Airbus is particularly exposed to developed countries in terms of Revenue, Although Airbus derives the majority of its revenue from developed economies, its global reach suggests future growth will increasingly come from emerging markets.
As a result, global growth trends are considered a good proxy for assessing its future growth.
As can be seen from figure 42, the historical trend of global GDP has experienced several positive and negative shocks over the years, marking a CAGR of 3.4% in Real terms.
This historical CAGR is skewed by post-war population booms, which are unlikely to repeat.
In contrast, the same assumption regarding real growth cannot be extended to the next 50 years.
A Goldman Sachs[30] survey found world growth to be at 2.8% through 2029 in real terms, with a downward trend for the following years, mainly due to reduced population growth, which has halved since 1960.

Based on these projections, a long-term global real CAGR of 2.2–2.5% appears reasonable, assuming 2% inflation aligned with central bank targets.
The long-term growth of Airbus follows the same logic of trends in the world economy, seeing cycles of expansion and cycles of contraction, but is not expected to grow at the same rates.
Airbus is a company whose production capacity is in fact limited due to structural constraints, and demand for commercial aircraft and helicopters cannot grow forever but more likely alternate.
On the defense side, growth is driven by individual states' spending, and although tied to geopolitical conditions it is reasonable to expect it to remain stable as % of GDP between 1.5% and 4% depending on the state. However, most of the market share is in the hands of US companies. Space side government spending might actually increase in the long run in % of GDP corresponding to space exploration missions, but the contribution this segment makes to total revenues will still remain marginal.
The company does not and will not own the entire market share of the segments on which it operates. Although operating in an industry with high barriers to entry, competition with Boeing will remain a constant in the long term.
In addition, the growth value must be purposely conservative to discount any emissions-related regulations in the commercial aviation sector, which in 2023 accounted for 2.5% of global energy-related CO [31]
For these reasons, a terminal growth of 2.25% in nominal values is considered reasonably reliable and sustainable, indicating growth slightly above the annual world inflation target.


Figure 46: 60 Years Historic Growth

# D Relative Valuation

## D.1 Peers Business Model

### D.1.1 Commercial Aviation

**Boeing Co** Boeing is Airbus' main direct competitor in the global commercial aviation market. Its core business is the production of narrow- and wide-body passenger aircraft, such as the 737 and 787, but it also includes a significant defense and aerospace division.
Airbus comparison is direct because of overlap in core (Commercial aviation) products and the presence of an integrated model that includes defense, space, and aftermarket services.
Shared risks involve volatile global aviation demand, supply chain disruptions, aircraft certification issues, currency exchange rates (USD/EUR), and international geopolitical tensions which are affecting both civil and military orders.

**Embraer SA** Embraer is the world leader in the regional jet segment (70-130 seats), with secondary activities in business jets and defense. The core business is the design and production of regional aircraft for airlines.
Comparison with Airbus airses particularly in the entry-level segment, that competes with the A220 family, and for presence in the defense sector.
Shared risks include production delays, inflationary dynamics on raw materials, access to government financing, and dependence on airline financial health.

**MTU Aero Engines AG** MTU Aero Engines AG is a German company specializing in the design, manufacture, and maintenance of civil and military aviation engines. Its core business is centered on participation in engine programs (such as those with GE and Pratt & Whitney) and the MRO (Maintenance, Repair & Overhaul) segment, which provides it with long-term recurring revenues and is a key component of profitability.
It is partially comparable with Airbus as a strategic supplier in the commercial and military aviation value chain, and is exposed to the same industry cycles.
It shares with Airbus the risks associated with aircraft program delays, dependence on a few large OEM customers, and the cyclical nature of global air traffic.

**Safran SA** Safran is a French conglomerate whose core business revolves around the production of aircraft engines (in joint venture with GE), aircraft systems and components, and defense technologies.
Its comparability with Airbus is based on industrial complementarity (systems and propulsion supplier), exposure to the civil aviation cycle, and involvement in the same European military programs.

Common risks include the fragility of the aerospace supply chain, long and delay-prone investment cycles, and exposure to government defense programs.

**Defense & Space**

**Northrop Grumman Corp** Northrop Grumman is a leading U.S. defense company with a model focused exclusively on the military market. It operates in segments such as space defense, advanced radar, autonomous systems, and stealth bombers (famously the new B-21 Raider).
Its exposure is almost entirely tied to U.S. government contracts, with a high degree of technological specialization and heavy reliance on government budgets.
It is partially comparable with Airbus for the Defense & Space component, particularly in satellite and military programs.
It shares risks related to dependence on government budgets, technological complexity of programs, and export regulations.

**Lockheed Martin Corp** Lockheed Martin is the world's largest military contractor. Its main business is the development of advanced weapon systems, combat aircraft (such as the F-35) and space solutions. It is comparable with Airbus in the military and space segments, but not in the commercial segment.
Shared risks include dependencies on government orders, political pressures on strategic programs, ITAR regulation, and potential disruptions in multinational programs (e.g., Tempest, FCAS).

**General Dynamics Corp** General Dynamics combines land defense activities, nuclear submarines, military IT, and a significant presence in luxury commercial aviation through Gulfstream.
Its core business is balanced between government defense and civil aviation. It is comparable to Airbus in its exposure to government contracts and the aviation segment, albeit in a different premium segment (business jets).
It shares with Airbus the risks associated with slowdowns in government spending, trends in global economic cycles, and technological innovation.

**Leonardo SpA** Leonardo is Italy's leading defense group, active in the production of helicopters, radars, avionics systems, aerostructures, and space technologies.
Its core business is the supply of military systems, with a significant presence in industrial collaborations (Eurofighter, Tempest) and an aerostructures division tied to both Airbus and Boeing.
Comparability with Airbus is direct both on the industrial front (as a subcontractor) and on the strategic level (through joint programs).

Shared risks include the instability of European defense programs, reliance on government funding, and technological delays in integrated defense systems.

# E Comparison with professional Report

The results obtained from this analysis were compared with a professional valuation report from Alpha Value, an independent financial research firm based in Paris that specializes in fundamental analysis of European equities.
AlphaValue has no investment banking divisions or brokerage activities, eliminating conflicts of interest and ensuring unbiased recommendations
Their report sets a target price of €190, as the weighted average of the valuation methods used. A comparative table of the main financial figures can be found in table 1.
Different evaluation methods were used by the company. In particular, the DCF returned an implied value per share of €148, more in line with what this analysis reported for the fair value but still high compared to this paper's DCF.
The approach used for terminal value by AlphaValue is to estimate a steady growth of 4% from 2027 onward in order to normalize the cash flow assumed in a steady growth phase.
Interestingly, AlphaValue adopted a different approach to WACC: it did not adjust for Airbus's net cash, thus overlooking its role in mitigating investor risk. On the contrary, WACC was assumed equal to the cost of equity unlevered (9.05%), because of the net cash position.
The projected value for capex (which includes both tangible and intangible assets) appears misaligned with Airbus' business plans and the upcoming aggressive ramp-up of production.
Notably, in the Alpha Value report, change in FCFO does not strictly include the non-current contract liabilities, as these are instead incorporated within the change in current contract liabilities, contrary to this analysis, which considers both figures separately to avoid distorting the time span over which advances are received.
The valuation by comparables was performed in their case over a forecast period of 18 months, resulting in an average EV/EBITDA of 16.3x. It is important to note that Boeing was not excluded from the average despite the very high value of the multiplier (29.4x) and that no sector division was made in the calculation of the average.
The valuation using multiples thus resulted in a value of €210, which is significantly different from the value determined by DCF.

Table 1: Key Financial Metrics: Own Analysis vs AlphaValue

| Metric | 2025F | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| **Revenue (€m)** | 74,653 / 75,401 | 84,878 / 81,641 | 95,754 / 86,893 | 103,277 / 90,369 |
| **EBITDA (€m)** | 8,321 / 9,213 | 8,963 / 10,251 | 10,495 / 11,228 | 11,939 / 11,677 |
| **EBITDA Margin (%)** | 11.0 / 12.2 | 10.6 / 12.6 | 11.0 / 12.9 | 11.6 / 12.9 |
| **CapEx/Revenue (%)** | (5.6) / (3.4) | (5.2) / (3.4) | (4.7) / (3.4) | (4.1) / (3.4) |

*Note: Values reported as Own Analysis / AlphaValue. Negative values are shown in parentheses to reflect cash outflows.*

# F Airbus Restated Financial Statements

| Income statement (€m) | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | | LTM 1Q24 | LTM 1Q25 |
|---|---|---|---|---|---|---|---|---|---|
| Sales | 70,478.0 | 49,912.0 | 52,149.0 | 58,763.0 | 65,446.0 | 69,230.0 | | 66,513.0 | 69,942.0 |
| Growth | 10.6% | (29.2%) | 4.5% | 12.7% | 11.4% | 5.8% | | | 5.2% |
| | | | | | | | | | |
| Cost of goods sold (COGS) | (57,046.0) | (41,419.0) | (40,193.0) | (45,476.0) | (53,160.0) | (55,702.0) | | (56,196.0) | (56,356.0) |
| Research and Development | (3,358.0) | (2,858.0) | (2,746.0) | (3,079.0) | (3,257.0) | (3,250.0) | | (3,317.0) | (3,180.0) |
| Selling, general & administrative expenses (SGAs) | (6,125.0) | (2,140.0) | (2,052.0) | (2,240.0) | (2,521.0) | (2,621.0) | | (2,600.0) | (2,620.0) |
| EBITDA | 3,949.0 | 3,495.0 | 7,158.0 | 7,968.0 | 6,508.0 | 7,657.0 | | 4,400.0 | 7,786.0 |
| Margin | 5.6% | 7.0% | 13.7% | 13.6% | 9.9% | 11.1% | | | |
| | | | | | | | | | |
| Depreciation | (2,364.0) | (2,377.0) | (2,008.0) | (2,268.0) | (1,848.0) | (1,974.0) | | 0.0 | (2,966.0) |
| Amortisation | (563.0) | (454.0) | (317.0) | (448.0) | (394.0) | (879.0) | | n.a. | n.a. |
| EBIT | 1,022.0 | 664.0 | 4,833.0 | 5,252.0 | 4,266.0 | 4,804.0 | | 4,400.0 | 4,820.0 |
| Margin | 1.5% | 1.3% | 9.3% | 8.9% | 6.5% | 6.9% | | | |
| | | | | | | | | | |
| Interest income | 228.0 | 140.0 | 88.0 | 180.0 | 728.0 | 802.0 | | 812.0 | 794.0 |
| Interest expenses | (339.0) | (411.0) | (334.0) | (412.0) | (753.0) | (900.0) | | (800.0) | (876.0) |
| Investment income | 303.0 | 152.0 | 116.0 | 192.0 | 303.0 | 394.0 | | 311.0 | 395.0 |
| Other Non Operating income (expense) | (150.0) | (1,675.0) | 324.0 | (137.0) | 225.0 | 325.0 | | 345.0 | 548.0 |
| EBT | 1,064.0 | (1,130.0) | 5,027.0 | 5,075.0 | 4,769.0 | 5,425.0 | | 5,068.0 | 5,681.0 |
| | | | | | | | | | |
| Income taxes | (2,389.0) | (39.0) | (853.0) | (939.0) | (1,156.0) | (1,347.0) | | (1,341.0) | (1,410.0) |
| Minority Interest | (37.0) | 36.0 | 39.0 | 111.0 | 176.0 | 154.0 | | 191.0 | 159.0 |
| Net income to company | (1,325.0) | (1,169.0) | 4,174.0 | 4,136.0 | 3,613.0 | 4,078.0 | | 3,727.0 | 4,271.0 |
| Net income | (1,362.0) | (1,133.0) | 4,213.0 | 4,247.0 | 3,789.0 | 4,232.0 | | 3,918.0 | 4,430.0 |
| Margin | (1.9%) | (2.3%) | 8.1% | 7.2% | 5.8% | 6.1% | | | |
| | | | | | | | | | |
| Dividend distribution | 1,280.0 | 0.0 | 0.0 | 1,181.0 | 1,421.0 | 2,215.0 | | 1,421.0 | 2,215.0 |
| Retained portion | (2,605.0) | (1,169.0) | 4,174.0 | 2,955.0 | 2,192.0 | 1,863.0 | | 2,306.0 | 2,056.0 |
| Weighted nominal tax rate | 25% | 25% | 25% | 25% | 25% | 25% | | 25% | 25% |

Figure 47: Airbus'historical restated Income Statement

| Balance sheet (€m) | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | | LTM 1Q24 | LTM 1Q25 |
|---|---|---|---|---|---|---|---|---|---|
| Trade receivables | 5,674.0 | 5,132.0 | 4,957.0 | 4,953.0 | 4,725.0 | 5,293.0 | | 4,959.0 | 5,028.0 |
| Trade payables | (14,808.0) | (8,722.0) | (9,693.0) | (13,261.0) | (14,323.0) | (13,791.0) | | (14,202.0) | (14,134.0) |
| Inventory | 31,550.0 | 30,401.0 | 28,538.0 | 32,202.0 | 33,741.0 | 37,745.0 | | 37,656.0 | 41,530.0 |
| Core Operating Working Capital | 22,416.0 | 26,811.0 | 23,802.0 | 23,894.0 | 24,143.0 | 29,247.0 | | 28,413.0 | 32,424.0 |
| Contract Assets & Liabilities | (42,148.0) | (42,765.0) | (41,122.0) | (44,386.0) | (46,649.0) | (54,173.0) | | (48,680.0) | (56,122.0) |
| Other operational assets & liabilities | (11,762.0) | (7,880.0) | (6,154.0) | (5,193.0) | (5,165.0) | (4,796.0) | | (4,935.0) | (5,182.0) |
| Operating Capital Requirement | (31,494.0) | (23,834.0) | (23,474.0) | (25,685.0) | (27,671.0) | (29,722.0) | | (25,202.0) | (28,880.0) |
| | | | | | | | | | |
| Tangible assets | 17,294.0 | 16,674.0 | 16,536.0 | 16,505.0 | 17,201.0 | 19,112.0 | | 17,360.0 | 19,126.0 |
| Goodwill and Intangible Assets | 16,591.0 | 16,199.0 | 16,367.0 | 16,768.0 | 16,929.0 | 17,179.0 | | 17,055.0 | 17,099.0 |
| Fixed assets | 33,885.0 | 32,873.0 | 32,903.0 | 33,273.0 | 34,130.0 | 36,291.0 | | 34,415.0 | 36,225.0 |
| | | | | | | | | | |
| | | | | | | | | | |
| Core capital employed | 2,391.0 | 9,039.0 | 9,429.0 | 7,588.0 | 6,459.0 | 6,569.0 | | 9,213.0 | 7,345.0 |
| | | | | | | | | | |
| Associates | 1,626.0 | 1,578.0 | 1,672.0 | 2,067.0 | 2,228.0 | 2,433.0 | | 2,269.0 | 2,439.0 |
| Other non-operational assets & liabilities | (10,163.0) | (8,022.0) | (9,142.0) | (7,334.0) | (2,283.0) | (1,620.0) | | (2,518.0) | 798.0 |
| Deferred income Tax | (398.0) | (451.0) | (116.0) | (164.0) | (361.0) | (271.0) | | (249.0) | (316.0) |
| Surplus Assets | (8,935.0) | (6,895.0) | (7,586.0) | (5,431.0) | (416.0) | 542.0 | | (498.0) | 2,921.0 |
| | | | | | | | | | |
| Net capital employed | (6,544.0) | 2,144.0 | 1,843.0 | 2,157.0 | 6,043.0 | 7,111.0 | | 8,715.0 | 10,266.0 |
| | | | | | | | | | |
| ST financial debt | 1,959.0 | 3,013.0 | 1,946.0 | 2,142.0 | 3,389.0 | 3,924.0 | | 3,393.0 | 3,963.0 |
| Long Term Debt & Leasing | 8,189.0 | 14,082.0 | 13,094.0 | 10,631.0 | 10,202.0 | 10,355.0 | | 10,286.0 | 10,306.0 |
| Gross financial debt | 10,148.0 | 17,095.0 | 15,040.0 | 12,773.0 | 13,591.0 | 14,279.0 | | 13,679.0 | 14,269.0 |
| Cash and Cash Equivalents | 9,314 | 14,439 | 14,572 | 15,823 | 16,469 | 15,003 | | 13,615 | 13,676 |
| Short term investments | 2,302.0 | 1,618.0 | 1,317.0 | 1,762.0 | 1,301.0 | 2,829.0 | | 1,845.0 | 2,958.0 |
| Long Term investments | 11,066.0 | 5,350.0 | 6,794.0 | 6,013.0 | 7,508.0 | 9,032.0 | | 7,964.0 | 9,459.0 |
| Net debt | (12,534.0) | (4,312.0) | (7,643.0) | (10,825.0) | (11,687.0) | (12,585.0) | | (9,745.0) | (11,824.0) |
| | | | | | | | | | |
| Share capital | 4,257.0 | 4,342.0 | 4,454.0 | 4,558.0 | 4,384.0 | 4,205.0 | | 4,699.0 | 4,103.0 |
| Retained earnings | 2,241.0 | 250.0 | 6,834.0 | 13,408.0 | 15,616.0 | 18,687.0 | | 16,674.0 | 19,889.0 |
| OCI | (523.0) | 1,853.0 | (1,822.0) | (5,016.0) | (2,305.0) | (3,286.0) | | (2,949.0) | (1,993.0) |
| Group equity | 5,975.0 | 6,445.0 | 9,466.0 | 12,950.0 | 17,695.0 | 19,606.0 | | 18,424.0 | 21,999.0 |
| Minorities | 15.0 | 11.0 | 20.0 | 32.0 | 35.0 | 90.0 | | 36.0 | 91.0 |
| Total equity | 5,990.0 | 6,456.0 | 9,486.0 | 12,982.0 | 17,730.0 | 19,696.0 | | 18,460.0 | 22,090.0 |
| | | | | | | | | | |
| Total funds invested | (6,544.0) | 2,144.0 | 1,843.0 | 2,157.0 | 6,043.0 | 7,111.0 | | 8,715.0 | 10,266.0 |
| | | | | | | | | | |
| Check | - | - | - | - | - | - | | - | - |

Figure 48: Airbus'historical restated Balance Sheet

| Cash flows | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | | LTM 1Q25 | |
|---|---|---|---|---|---|---|---|---|---|
| EBIT | 1,022.0 | 664.0 | 4,833.0 | 5,252.0 | 4,266.0 | 4,804.0 | | 4,820.0 | |
| (Operational taxes) | (258.4) | (167.9) | (1,221.8) | (1,327.7) | (1,078.4) | (1,214.5) | | (1,218.5) | |
| NOPAT | 763.6 | 496.1 | 3,611.2 | 3,924.3 | 3,187.6 | 3,589.5 | | 3,601.5 | |
| Depreciation | 2,364.0 | 2,377.0 | 2,008.0 | 2,268.0 | 1,848.0 | 1,974.0 | | 2,966.0 | D&A |
| Amortization | 563.0 | 454.0 | 317.0 | 448.0 | 394.0 | 879.0 | | n.a. | |
| Gross cash flows | 3,690.6 | 3,327.1 | 5,936.2 | 6,640.3 | 5,429.6 | 6,442.5 | | 6,567.5 | |
| | | | | | | | | | |
| Change in Core Operating Working Capital | (684.0) | (4,395.0) | 3,009.0 | (92.0) | (249.0) | (5,104.0) | | (4,011.0) | |
| Change in Contract Assets & Liabilities | 941.0 | 617.0 | (1,643.0) | 3,264.0 | 2,263.0 | 7,524.0 | | 7,442.0 | |
| Change in Other Operational Assets & Liabilities | 4,122.0 | (3,882.0) | (1,726.0) | (961.0) | (28.0) | (369.0) | | 247.0 | |
| Tangible CAPEX | (2,885.0) | (1,757.0) | (1,870.0) | (2,237.0) | (2,544.0) | (3,885.0) | | (4,776.0) | Total Capex |
| Intangible CAPEX | (428.0) | (62.0) | (485.0) | (849.0) | (555.0) | (1,129.0) | | n.a. | |
| FCFO | 4,756.6 | (6,151.9) | 3,221.2 | 5,765.3 | 4,316.6 | 3,479.5 | | 5,469.5 | |
| | | | | | | | | | |
| Tax shields | (2,130.6) | 128.9 | 368.8 | 388.7 | (77.6) | (132.5) | | (191.5) | |
| Interest income | 228.0 | 140.0 | 88.0 | 180.0 | 728.0 | 802.0 | | 794.0 | |
| Interest expenses | (339.0) | (411.0) | (334.0) | (412.0) | (753.0) | (900.0) | | (876.0) | |
| Investment income | 303.0 | 152.0 | 116.0 | 192.0 | 303.0 | 394.0 | | 395.0 | |
| Other non operating income (expense) | (150.0) | (1,675.0) | 324.0 | (137.0) | 225.0 | 325.0 | | 548.0 | |
| Change in gross debt | 1,222.0 | 6,947.0 | (2,055.0) | (2,267.0) | 818.0 | 688.0 | | 590.0 | |
| Change in surplus assets and other liabilities | (1,011.0) | (2,040.0) | 691.0 | (2,155.0) | (5,015.0) | (958.0) | | (3,419.0) | |
| FCFE | 2,879.0 | (2,910.0) | 2,420.0 | 1,555.0 | 545.0 | 3,698.0 | | 3,310.0 | |
| | | | | | | | | | |
| Dividends | (1,280.0) | 0.0 | 0.0 | (1,181.0) | (1,421.0) | (2,215.0) | | (2,215.0) | |
| FX effect | (45.0) | (414.0) | 392.0 | 191.0 | (201.0) | 358.0 | | (95.0) | |
| Other movements in group equity | (1,062.0) | 2,017.0 | (1,584.0) | 227.0 | 2,578.0 | (464.0) | | 1,455.0 | |
| Change in minorities | 20.0 | (4.0) | 9.0 | 12.0 | 3.0 | 55.0 | | 55.0 | |
| Profit from Minorities | (37.0) | 36.0 | 39.0 | 111.0 | 176.0 | 154.0 | | 159.0 | |
| | | | | | | | | | |
| Change in Cash & Equivalents & Securities | 475.0 | (1,275.0) | 1,276.0 | 915.0 | 1,680.0 | 1,586.0 | | 2,669.0 | |
| Change in Cash | (99.0) | 5,125.0 | 133.0 | 1,251.0 | 646.0 | (1,466.0) | | 61.0 | |
| Change in Securities | 574.0 | (6,400.0) | 1,143.0 | (336.0) | 1,034.0 | 3,052.0 | | 2,608.0 | |
| Check | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | 0.0 | |

Figure 49: Airbus'historical restated Cash flow

# G Additional

| | 2019A | 2020A | 2021A | 2022A | 2023A | 2024A | 2025F | 2026F | 2027F | 2028F | 2029F |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue (€m)** | 134,931 | 131,349 | 126,496 | 134,267 | 147,893 | 156,921 | 158,490 | 161,660 | 163,277 | 164,093 | 164,913 |
| **Growth** | | -3% | -4% | 6% | 10% | 6% | 1.0% | 2.0% | 1.0% | 0.5% | 0.5% |

Figure 50: Headcount Projection

## 20. Property, Plant and Equipment

Property, plant and equipment is valued at acquisition or manufacturing costs less accumulated depreciation and impairment losses. Items of property, plant and equipment are generally depreciated on a straight-line basis. The following useful lives are assumed:

| | |
|---|---|
| Buildings | 10 to 50 years |
| Site improvements | 6 to 30 years |
| Technical equipment and machinery | 2 to 20 years |
| Jigs and tools[1] | 5 years |
| Other equipment, factory and office equipment | 2 to 10 years |

Figure 51: Useful Life overview

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