AIR.PA gideon lens

Airbus SE (AIR.PA) — Gideon Lens Production ER2

Report ID: AIR-PA-ER2-20260824T060148+0800 **Analysis date:** 24 August 2026 **Quote:** EUR 203.70 per XPAR:AIR ordinary share, last completed close on 21 August 2026 **TTM anchor:** 30 June 2026, reconstructed as FY2025 minus H1 2025 plus H1 2026 **Exact horizon:** 30 June 2031, exactly 5.0 calendar years **Primary valuation method:** P/E **Trade execution authorized:** NO

Verdict

ER2 decision gate	Result	Evidence and implication
Management	YELLOW	Strategy and disclosure are coherent, but repeated delivery resets, Spirit integration, Space charge control and buyback discipline remain unproven.
Moat	YELLOW	Certification, installed base, service networks and scale are formidable, and the 2046 durability test passes, but historical returns have not consistently converted those barriers into Gideon-grade economics.
P/E <= 15 on confident TTM+5 EPS	FAIL	Base statutory diluted EPS is EUR 13.419943; at 15x it is worth EUR 201.299139, 1.18% below the EUR 203.70 quote.
Underwriting verdict	**PASS**	The decision rule is binding: any failed gate, or two YELLOW gates, produces PASS. This is a completed Production ER2 PASS, not a lightweight note and not a trade instruction.

Airbus is a strategically exceptional aerospace franchise whose current valuation asks the investor to underwrite a demanding conversion of backlog into profit. The business has a 9,222-aircraft Commercial backlog, a service-rich Helicopters installed base, long sovereign relationships in Defence and Space, and EUR 8.360bn of company-defined net cash at 30 June 2026. Those advantages make survival and relevance through 2046 credible. They do not, by themselves, establish high incremental returns on the capital required to lift production, integrate Spirit operations, fund R&D and absorb programme risk.

The decisive repair in this run was the Commercial margin. The first model reached a 14.89% 2031 reported Commercial EBIT margin, 330 basis points above the recent reported peak. The independent red team classified that as material. The original segment worker and reviewer rebuilt the cadence to 13.00%, supported by the A320 70–75-per-month path, A220 breakeven, A350 scale, services capture and explicit reserves for supplier, Spirit, depreciation, R&D and programme costs. That repair reduced consolidated Base EPS from EUR 14.91 to EUR 13.42, changed the P/E-15 gate from a 9.8% cushion to a 1.2% shortfall, and flowed through a fresh synthesis, valuation preflight, score, audit and red team. The final red-team status is MATERIAL_RESOLVED.

Business underwriting

Commercial Aircraft is the central economic engine. TTM pre-elimination revenue was EUR 55.625bn and reported EBIT EUR 5.274bn. The repaired Base case reaches EUR 76.717bn of revenue and EUR 9.973bn of reported EBIT at a 13.00% margin by 30 June 2031. The backlog limits demand-side downside, but conversion remains constrained by engines, aerostructures, cabins, skilled labour, rework and the Spirit transition. A credible improvement path exists, yet a 13% margin still requires more consistent rate and cost absorption than Airbus has recently delivered.

Helicopters provides the cleanest current economics. TTM pre-elimination revenue was EUR 8.959bn, services and spares accounted for roughly 43%–44% of revenue, and the backlog reached 1,108 units. The Base case reaches EUR 11.532bn revenue and EUR 1.340bn EBIT, an 11.62% margin. The installed base and service content reduce cyclicality, while the true absence of platform-level euro revenue and margins constrains product-level precision.

Defence and Space has durable sovereign access but the weakest programme-accounting record. TTM pre-elimination revenue was EUR 13.908bn and EBIT EUR 1.020bn. The Base reaches EUR 18.538bn and EUR 1.604bn, an 8.65% margin after an explicit programme-risk allowance. Recovery is plausible, but EUR 1.9bn of cumulative 2023–2024 Space charges and earlier A400M charges make it inappropriate to treat the latest improvement as proof of structural margin quality.

The combined Base case reaches EUR 104.651bn revenue, EUR 12.851bn statutory operating income, EUR 10.426bn parent net income and EUR 13.419943 diluted EPS. The rebuilt synthesis cleared all 11 arithmetic tie-outs. It uses 776.899892m terminal diluted shares after the disclosed EUR 5bn buyback programme and an explicit issuance proxy. Buybacks reduce the denominator; they are not also counted as shareholder distributions.

Mandatory security return underwriting

Measure	Bear	Base	Bull	Probability-weighted
Scenario probability	30%	55%	15%	100%
Terminal statutory diluted EPS	EUR 6.315620	EUR 13.419943	EUR 20.556161	n/a
Exit P/E	18.00x	23.00x	28.00x	Same scenario exits
Terminal diluted shares	776.899892m	776.899892m	776.899892m	n/a
Terminal equity value per share	EUR 113.681154	EUR 308.658679	EUR 575.572522	n/a
Cumulative distributions per share	EUR 16.000000	EUR 16.000000	EUR 16.000000	n/a
Terminal shareholder wealth per share	EUR 129.681154	EUR 324.658679	EUR 591.572522	EUR 306.202498
Gross local-currency IRR	**-8.64%**	**9.77%**	**23.77%**	**8.49%**

The probability-weighted gross EUR IRR is the five-year CAGR of probability-weighted terminal shareholder wealth: `(EUR 306.2024979002 / EUR 203.70)^(1/5) - 1 = 8.4934551028%`. It is not an arithmetic average of the scenario IRRs. The distribution diagnostic holds the latest declared EUR 3.20 annual dividend flat for five payments. This is deliberately conservative in Base and Bull and avoids fabricating dividend growth. The three exit P/Es were selected in the independently validated preflight before returns or scores were calculated.

Current capital structure is disclosed but does not enter the P/E equity bridge: Airbus-defined net cash is EUR 8.360bn; gross cash and securities are EUR 23.376bn; financing liabilities are EUR 14.276bn, including EUR 2.425bn of leases. Source-bound terminal cash and debt schedules are unavailable. Under P/E, terminal equity value is statutory diluted EPS multiplied by the locked exit P/E; no cash, debt, leases, securities or other claim is separately added or subtracted. That treatment prevents double counting and is why unavailable terminal net debt does not make the mandatory equity IRRs null.

Bear-case operating and return bridge

Bear case	Start (2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Revenue	EUR 76.986bn	EUR 88.398056bn	2.80%	Backlog prevents collapse, but supplier and programme slippage constrain conversion.
Operating margin	9.37%	7.49%	-1.87pp	Commercial under-conversion and a EUR 300m Defence programme allowance outweigh scale.
Operating earnings	EUR 7.210bn	EUR 6.624740bn	-1.68%	Statutory EBIT after named eliminations; no plug.
Diluted share count	789.860128m	776.899892m	-0.33%	EUR 5bn buyback partly offset by five years of the issuance proxy.
EPS	EUR 7.510123	EUR 6.315620	-3.41%	Statutory diluted EPS used in the shareholder bridge.
Valuation	27.12x reported / 27.27x normalized P/E	18.00x P/E	-9.27x vs normalized	Current and terminal denominators are not fully comparable because the TTM has a partial Spirit perimeter.
Share value	EUR 203.70	EUR 6.315620 x 18.00 = EUR 113.681154	n/a	P/E equity bridge; no cash or debt adjustment.
Annual dividend	EUR 3.20	EUR 3.20	0.00%	Latest declared dividend held flat.
Dividend yield	1.57%	2.81%	+1.24pp	Annual dividend divided by terminal share value.
Five-year dividends	-	EUR 16.00	cumulative	Five flat annual payments, counted once.

Bear case	Start (2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Total ending value	EUR 203.70	EUR 129.681154	-8.64% gross EUR IRR	Terminal share value plus cumulative distributions.

Base-case operating and return bridge

Base case	Start (2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Revenue	EUR 76.986bn	EUR 104.650723bn	6.33%	Commercial ramp, services and defence backlog convert without extrapolating order growth.
Operating margin	9.37%	12.28%	+2.91pp	Repaired Commercial margin cadence reaches 13.00%; fixed-cost absorption remains required.
Operating earnings	EUR 7.210bn	EUR 12.851347bn	12.25%	Statutory EBIT after the named modeled elimination.
Diluted share count	789.860128m	776.899892m	-0.33%	Same governed buyback and issuance bridge.
EPS	EUR 7.510123	EUR 13.419943	12.31%	Parent statutory diluted EPS, including NCI allocation.
Valuation	27.12x reported / 27.27x normalized P/E	23.00x P/E	-4.27x vs normalized	Locked near the low end of the method-supportable evidence; current and terminal denominators remain non-comparable.
Share value	EUR 203.70	EUR 13.419943 x 23.00 = EUR 308.658679	n/a	P/E equity bridge; no net-cash addition.
Annual dividend	EUR 3.20	EUR 3.20	0.00%	Flat diagnostic despite modeled earnings growth.
Dividend yield	1.57%	1.04%	-0.53pp	Annual dividend divided by terminal share value.
Five-year dividends	-	EUR 16.00	cumulative	Five flat annual payments, counted once.
Total ending value	EUR 203.70	EUR 324.658679	9.77% gross EUR IRR	Terminal share value plus cumulative distributions.

Bull-case operating and return bridge

Bull case	Start (2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Revenue	EUR 76.986bn	EUR 114.612942bn	8.28%	Production rates, services capture and defence conversion all outperform.
Operating margin	9.37%	16.39%	+7.03pp	A220 breakeven, A350 scale, clean Space execution and strong Commercial leverage.
Operating earnings	EUR 7.210bn	EUR 18.788315bn	21.11%	Statutory EBIT after named eliminations and only EUR 50m Defence allowance.
Diluted share count	789.860128m	776.899892m	-0.33%	No extra buyback beyond the governed EUR 5bn programme.
EPS	EUR 7.510123	EUR 20.556161	22.31%	Statutory diluted EPS with favourable but explicit tax and NCI assumptions.
Valuation	27.12x reported / 27.27x normalized P/E	28.00x P/E	+0.73x vs normalized	Requires near-clean execution; raw current P/E is not used as a cap.
Share value	EUR 203.70	EUR 20.556161 x 28.00 = EUR 575.572522	n/a	P/E equity bridge; no separately valued financial asset.
Annual dividend	EUR 3.20	EUR 3.20	0.00%	Flat diagnostic is deliberately conservative.

Bull case	Start (2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Dividend yield	1.57%	0.56%	-1.01pp	Annual dividend divided by terminal share value.
Five-year dividends	-	EUR 16.00	cumulative	Five flat annual payments, counted once.
Total ending value	EUR 203.70	EUR 591.572522	23.77% gross EUR IRR	Terminal share value plus cumulative distributions.

Audited diagnostic scores

Diagnostic	Audited score	Implication
Compounder Score	**49/100**	Durable franchise, but incomplete adjusted-ROIC/ROIIC proof and a failed return hurdle.
Business Quality Score	**48/80**	Strong barriers and backlog, offset by modest historical capital efficiency, programme risk and supplier dependence.
20% Return Underwriting Score	**1/20**	Base gross EUR IRR is 9.77%, probability-weighted is 8.49%, and only Bull clears 20%.

The score-implied classification is Reject. This diagnostic does not mechanically set the ER2 verdict, but it explains why current price leaves inadequate margin for execution error. A 20% gross EUR return using the same Base bridge requires terminal EPS of EUR 21.342208, 59.03% above Base, or an entry price of EUR 130.473042. That lower-price calculation is a diagnostic, not a target or instruction.

CIO actionability — separate from underwriting

Net SGD diagnostic

Measure	Result	Notes
Status	**WATCH**	Quality is credible, but expected return, downside and the P/E-15 entry gate do not clear.
Bear / Base / Bull net-SGD IRR	**-9.01% / 9.56% / 23.62%**	Same P/E terminal wealth and 30%/55%/15% weights; constant EUR/SGD diagnostic, 0.10% entry and exit costs, and 15% Dutch dividend withholding.
Probability-weighted net-SGD IRR	**8.28%**	CAGR of SGD 450.331364 probability-weighted terminal wealth from SGD 302.552310 starting net capital.
10% mandate hurdle	**FAIL**	Base and probability-weighted net-SGD returns are both below 10%.
15% stretch hurdle	**FAIL**	Base and probability-weighted cases are below 15%; only Bull clears.
Downside and portfolio fit	**UNAVAILABLE**	Security downside is adverse in Bear; holdings, factor concentration, liquidity needs and risk budget were not supplied.
Proposed sizing ceiling	**none**	No ranking or sizing authority; no portfolio proposal is made.

The net-SGD overlay holds entry and terminal EUR/SGD at the ECB 21 August 2026 reference rate of SGD 1.4838 per EUR. It applies 0.10% all-in implementation cost at entry and exit and 15% Dutch withholding to the five EUR 3.20 dividends. It assumes no additional Singapore tax for a resident individual holding investments outside a partnership or securities-trading business. Different residency, wrapper, reclaim entitlement, broker, lot size or trading status changes the diagnostic. These assumptions affect only the separate actionability overlay; they do not alter the gross EUR underwriting.

Kill criteria and upgrade conditions

The primary operating kill signal is Commercial TTM reported EBIT margin below 10.0% at both FY2027 and H1 2028, or an official delay of the A320 70–75-per-month target beyond end-2027. Either would invalidate the repaired rate-absorption path. Additional PASS triggers are a new controllable delivery-guidance reset, a material Defence and Space programme charge that breaks the recovery cadence, or Spirit integration cash use and disruption materially exceeding the governed ramp

assumptions.

An upgrade would require evidence, not narrative: Commercial reported EBIT margin above 11% without another rate reset; Defence and Space sustaining profit without material new charges; a multi-year acquisition-inclusive ROIIC bridge demonstrating returns above the cost of capital; and a price/earnings combination that makes both the P/E-15 gate and the Base return case attractive. Until then, Airbus remains a high-quality strategic franchise on WATCH for actionability, with a completed ER2 underwriting verdict of PASS.

Research authority: This report performs security-level underwriting only. It authorizes no trade, broker instruction, portfolio mutation, ranking, sizing, message, or owner action.

Appendix A - Company Primer

Airbus SE — Company Primer

Security: AIR.PA / XPAR:AIR **Research cutoff:** 24 August 2026 **Financial anchor:** Latest complete period H1 FY2026, ended 30 June 2026. TTM is FY2025 less H1 FY2025 plus H1 FY2026, ending 30 June 2026. The forward horizon used by the ER2 is 30 June 2031, exactly five years.

Source discipline and reading convention

All company financial figures in this primer come from the cleared `quant_foundation.md`, which reconciles Airbus's official IFRS statements and overrides vendor classifications where necessary. Company and industry descriptions are drawn from live Airbus primary material: the [FY2025 Report of the Board of Directors](https://mediaassets.airbus.com/pm_38_919_919350-ko9v34j5cg.pdf?fileName=airbus-report-of-the-board-of-directors-2025.pdf), the [FY2025 IFRS financial statements](https://www.airbus.com/sites/g/files/jlcbta136/files/2026-02/airbus_fy_2025_financial_statements_1.pdf), the [H1 FY2026 results release](https://www.airbus.com/en/newsroom/press-releases/2026-07-airbus-reports-half-year-h1-2026-results), and Airbus product pages. Unless stated otherwise, monetary amounts are euros and financial tables are in EUR millions. Airbus calls its Commercial Aircraft reporting segment simply "Airbus"; this primer uses "Airbus Commercial" where clarity requires it.

1. Business overview

Airbus is an aerospace systems company with three economic engines. Airbus Commercial designs, certifies, assembles, sells and supports passenger and freighter aircraft with more than 100 seats. Airbus Helicopters sells civil, parapublic and military rotorcraft, uncrewed systems and lifecycle support. Airbus Defence and Space develops military air systems, satellites, secure communications, intelligence and cyber capabilities. The legal parent is Dutch, the shares are listed in Paris, Germany and Spain, and the operational base is multinational, especially France, Germany, Spain and the UK.

The customer problem is not simply buying hardware. Airlines and lessors need certified aircraft that can transport passengers or cargo safely for decades at low cost per seat, with reliable parts, training and maintenance support. Emergency services and helicopter operators need mission availability in situations where hovering, vertical take-off and access to remote locations matter. Governments buy sovereign capabilities: transport, combat, refuelling, surveillance, secure communications and space infrastructure. Across all three, the product is a long-lived installed platform plus the support system that keeps it operational.

Sales are direct and negotiated rather than self-service. Commercial aircraft campaigns involve airlines and leasing companies, fleet planners, financiers and engine suppliers. Public-sector deals often involve ministries, procurement agencies, export authorities and industrial-offset commitments. A signed order can precede delivery by years; service relationships can last for decades. That long horizon creates switching costs and backlog visibility, but also exposes Airbus to programme execution, inflation, customer deferral and political risk.

The central investment insight is that Airbus is not a simple volume manufacturer. It is a portfolio of regulated, programme-based businesses whose economics depend on installed-base commonality, scarce certification and engineering capabilities, customer advances, supplier performance, production learning curves, foreign-exchange hedging and disciplined management of contract assumptions.

2. Revenue architecture

FY2025 consolidated revenue was EUR 73,420 million. The external-revenue architecture was:

FY2025 segment	Revenue	Share of total	What the customer buys
Airbus Commercial	51,466	70.1%	A220, A320-family, A330 and A350 aircraft; conversions, components and services
Airbus Helicopters	8,619	11.7%	Civil and military rotorcraft, UAS, spare parts, training and support
Airbus Defence and Space	13,335	18.2%	Military air systems, space systems, secure communications, intelligence, cyber and services

FY2025 segment	Revenue	Share of total	What the customer buys
Consolidated	73,420	100.0%	External revenue after inter-segment eliminations

The nature of revenue differs materially. Across Airbus in FY2025, EUR 53,747 million, or 73.2%, was goods recognised at a point in time; EUR 6,208 million, or 8.5%, was goods recognised over time; and EUR 13,465 million, or 18.3%, was services and spare parts. Airbus Commercial was predominantly delivery accounting: EUR 46,016 million of point-in-time goods, only EUR 1 million of over-time goods and EUR 5,449 million of services. Helicopters was more balanced, with EUR 4,170 million point-in-time goods, EUR 742 million over-time goods and EUR 3,707 million services. Defence and Space was the most contract-like: EUR 3,561 million point-in-time goods, EUR 5,465 million over-time goods and EUR 4,309 million services.

Geography is diversified but not economically neutral. FY2025 revenue by customer location was EUR 29,960 million in Europe, EUR 20,534 million in Asia-Pacific, EUR 12,956 million in North America, EUR 6,637 million in the Middle East, EUR 1,998 million in Latin America and EUR 1,335 million elsewhere. Europe therefore supplied 40.8% of revenue and Asia-Pacific 28.0%. Much of commercial-aircraft pricing is US-dollar-linked while a substantial cost base is in euros and sterling, making hedge rates and translation an important margin bridge even when reported revenue is geographically diverse.

3. Unit economics by segment

Airbus Commercial

Commercial unit economics begin with aircraft price and delivery volume, but list prices are not economic prices. Net pricing reflects campaign discounts, escalation clauses, aircraft and engine specification, customer credits, financing support and delivery timing. Revenue is normally recognised when control transfers at delivery, so an aircraft physically near completion can still sit in inventory and contribute no revenue until contractual acceptance. Services and spare parts provide a smaller but more recurring stream linked to more than 14,000 Airbus aircraft in service.

The major variable-cost pools are engines, aerostructures, systems, purchased material, labour and warranty/support. The major fixed or semi-fixed pools are engineering, final-assembly infrastructure, programme management, tooling, certification and self-financed R&D. At rising production rates, fixed cost absorption and learning should improve, but only if suppliers deliver conforming parts and Airbus converts work in progress into accepted aircraft. Bottlenecks in engines, cabin equipment or structures can produce the worst combination: higher inventory and disruption cost without matching deliveries.

FY2025 external revenue was EUR 51,466 million and reported EBIT EUR 4,555 million, an 8.85% margin. The cleared TTM improved to EUR 54,507 million revenue and EUR 5,274 million EBIT, or 9.68%. These figures include programme charges and currency-related items that adjusted EBIT may exclude. The segment consumed EUR 3,037 million of FY2025 capital expenditure and EUR 2,537 million of R&D expense, showing why margin should be read together with cash conversion and programme maturity. A220 is still a ramp and improvement case; A320-family is the scale profit engine; A330 and A350 contribute widebody mix but bring their own rate, supplier and programme risks.

Airbus Helicopters

Helicopter economics are less dependent on a single high-volume line. Unit values and configurations vary widely across light civil helicopters, emergency-medical aircraft, corporate variants, heavy military platforms and UAS. A large service component is structurally important: spare parts, maintenance, training and availability support monetise the installed base and can smooth the volatility of original equipment deliveries. In FY2025, services and spare parts were EUR 3,707 million, 43.0% of segment external revenue.

FY2025 revenue was EUR 8,619 million and reported EBIT EUR 953 million, an 11.06% margin. TTM revenue was EUR 8,611 million and EBIT EUR 944 million, a 10.96% margin. This is the highest and most stable of Airbus's three segment margins over recent history: reported margin was 8.52% in FY2021, 9.46% in FY2022, 10.19% in FY2023 and 10.77% in FY2024. FY2025 capital expenditure was EUR 297 million and R&D expense EUR 346 million. The segment's economics benefit from product breadth, installed-base support and civil/military diversification, but mix matters: one half-year can contain more lower-value civil deliveries or different military milestones.

Airbus Defence and Space

Defence and Space is the least useful segment to analyse through simple unit delivery counts. Many contracts recognise revenue over time as costs and technical progress occur. Profitability therefore depends on negotiated terms, milestone achievement, inflation protection, engineering maturity and estimates at completion. A small change in expected remaining

cost on a fixed-price or complex development programme can require a provision or charge immediately. Joint ventures and multinational work-sharing add industrial capability but also governance and schedule complexity.

FY2025 external revenue was EUR 13,335 million and reported EBIT EUR 639 million, a 4.79% margin. TTM revenue was EUR 13,868 million and EBIT EUR 1,020 million, a 7.36% margin, reflecting the stronger H1 FY2026 contribution. This rebound follows reported margins of -5.47% in FY2024 and 1.92% in FY2023, illustrating the segment's programme volatility. FY2025 R&D expense was EUR 269 million, capital expenditure EUR 630 million, and services/spares were EUR 4,309 million. Investors should not capitalise one good period mechanically: programme provisions, contract mix and cost phasing can move EBIT sharply.

4. Customers and procurement cycle

Commercial customers are airlines, aircraft lessors, cargo operators and governments buying corporate or special-mission derivatives. At year-end 2025 Airbus reported 455 commercial-aircraft customers, 25,510 cumulative orders, 16,756 cumulative deliveries and an 8,754-aircraft net backlog. Large 2025 firm-order campaigns included Vietjet, Avolon, BOC Aviation, Air China and Jackson Square Aviation, illustrating the mix of airlines and lessors. Leasing companies matter because they aggregate demand and can place aircraft with multiple operators; they also create indirect exposure to airline credit and residual values.

The commercial buying cycle typically starts with a fleet plan and competitive campaign. Airbus and the customer negotiate aircraft family, quantity, options, engines, specification, delivery slots and financial terms. The customer pays staged pre-delivery payments, Airbus builds the aircraft, and the balance is generally paid at delivery, often with bank, capital-markets or lessor financing. Deferrals and cancellations are contractual rather than costless customer choices, but economics still change if slots are moved, escalation differs from cost inflation, or a distressed airline cannot accept delivery. Airbus's direct customer-financing exposure was modest at year-end 2025 relative to the group, but financing availability remains a demand enabler.

Helicopter customers span more than 3,200 operators in 149 countries, including emergency medical services, police, firefighting agencies, energy operators, private customers and defence ministries. Civil purchases can be shorter and configuration-led; military orders involve tenders, mission systems, testing, certification and local industrial content. At end-June 2026, Helicopters had a 1,108-unit backlog after 215 H1 net orders.

Defence procurement is strategic, political and slow. Armed forces and agencies define capabilities, budgets and sovereign-industry requirements; multiple governments may jointly sponsor a platform. Airbus states that Air Power decisions have long cycles and signed contracts, including services, often last decades. That supports lifetime service revenue but makes schedule, specification change, budget and export approval part of the economics.

5. Products, programmes and services

Commercial Aircraft covers four current families. The A220 serves roughly 100-150 seats and competes with Embraer's E2 family and the smallest 737 MAX. The A320 family is the core single-aisle franchise; A321neo variants, including the long-range XLR, extend it into thinner long-haul routes. The A330neo is a lower-development-cost widebody evolution with passenger, freighter-conversion, corporate and tanker relevance. The composite-intensive A350 is the flagship long-range widebody platform; the A350F extends the family into new-build large freighters.

Fleet commonality is a real customer value proposition. Shared cockpit philosophy, fly-by-wire handling, training and parts across families reduce pilot-conversion, maintenance and scheduling costs. Once an airline builds crew, spares and maintenance processes around an aircraft family, the next purchase is not independent of the installed fleet. This creates switching costs without eliminating price competition.

Commercial services span training, technical support, spare parts through Satair, upgrades, digital fleet tools such as Skywise, maintenance support, passenger-to-freighter conversion and end-of-life solutions. These activities are linked to aircraft utilisation and the installed base rather than only current-year production. Airbus describes the offering as lifecycle support from entry into service through upgrades and retirement.

Helicopters offers light singles and twins, medium and heavy rotorcraft, military variants, corporate aircraft and UAS. Important families include H125/H130, H135/H145, H160, H175, H215/H225, Tiger and NH90. The HCare service offering packages parts, maintenance and availability support. Mission diversity is the portfolio advantage: the same core platforms can be configured for medical evacuation, law enforcement, offshore energy, search and rescue, transport or military missions.

Defence and Space comprises Air Power, Space Systems and Connected Intelligence. Air Power includes A400M transport, C295, A330 MRTT, Eurofighter participation, UAS and special-mission derivatives. Space covers telecom, navigation, Earth-observation, science and orbital systems. Connected Intelligence provides secure communications, cyber and data-processing services. Support includes logistics, maintenance, upgrades and training; Airbus says Defence and Space supports more than 1,600 aircraft worldwide through a network of MRO centres.

6. Industry structure and competitors

Commercial aircraft has unusually high entry barriers: tens of billions of development and industrial investment, long lead times, safety certification, global supplier integration and a support network able to keep fleets flying for decades. Airbus and Boeing still dominate aircraft above 150 seats. Embraer's largest E2 overlaps the A220, and COMAC's C919 directly challenges the A320neo, initially in China. Airbus itself says the historic mainline duopoly has ended, though COMAC's wider penetration will be paced by production ramp, certification and the time needed to establish reliability and support.

Competition occurs at the family level. A220 faces E190-E2/E195-E2 and 737 MAX 7; A320 competes with 737 MAX and C919; A330 with 787 and remaining 767 niches; A350 with 787 and 777. Economic value depends on fuel burn, maintenance, dispatch reliability, range, payload, cabin, residual value and delivery-slot availability, not headline purchase price alone. Airbus reported about 60% of the A320neo/737 MAX single-aisle backlog at end-2025, but backlog share does not ensure production share if supply cannot support the rate.

In civil and parapublic helicopters the primary competitors are Leonardo and Bell; military competitors include Boeing, Sikorsky and Leonardo. Airbus reported 51% of 2025 civil/parapublic bookings by units and 54% by value, but military markets often favour domestic suppliers. Defence competitors vary by mission: Boeing, Dassault, Embraer, Leonardo, Lockheed Martin, Northrop Grumman, Saab, Turkish and Israeli UAS firms, and others. Space is fragmented and changing quickly: Thales Alenia Space, OHB, major US primes and newer lower-cost entrants compete on price, technology, cadence and track record.

7. Backlog, orders, deliveries and production economics

Backlog is both asset and obligation. Airbus delivered 793 commercial aircraft in FY2025 to 91 customers: 93 A220s, 607 A320-family, 36 A330s and 57 A350s. Gross orders were 1,000 and net orders 889, producing a book-to-bill above one and an 8,754-unit year-end backlog. By 30 June 2026, gross orders were 886, net orders 821, deliveries 351 and backlog 9,222 aircraft. At the same date, Helicopters had 1,108 units in backlog; Defence and Space H1 order intake was EUR 9.3 billion.

The FY2025 IFRS statement valued total company order backlog at EUR 619 billion and said it would mainly convert over about eight years, with roughly 10% of Commercial's unit backlog expected to become 2026 revenue. The value moved down from EUR 629 billion despite book-to-bill above one because foreign-exchange revaluation, especially the weaker dollar, reduced the translated amount. Backlog therefore should not be treated as a fixed euro revenue annuity.

Production rate is the critical operating variable. At H1 2026 Airbus still targeted A220 rate 13 per month in 2028, A320-family rate 70-75 by end-2027 and stabilising at 75, A330 rate 5 in 2029 and A350 rate 12 in 2028. These targets require engine, aerostructure, cabin and systems suppliers to ramp simultaneously. Airbus added A320 final-assembly capacity in the US and China and acquired former Spirit work packages to reduce structural fragility, but integration introduces near-term cost and execution risk.

Higher rate can improve fixed-cost absorption and generate customer-advance cash, but a ramp initially builds inventory, tooling and supplier advances. H1 FY2026 free cash flow was negative partly because of planned inventory build. The investor should distinguish demand risk from conversion risk: Airbus currently has abundant orders, while the near-term bottleneck is producing and handing over conforming aircraft on schedule.

8. Geographic and regulatory exposure

Airbus manufactures primarily in Europe but operates a deliberately global industrial system, including final assembly in the US, Canada and China. The largest FY2025 property, plant and equipment bases were France at EUR 8,673 million, Germany EUR 5,621 million, the US EUR 1,968 million, the UK EUR 1,778 million, Spain EUR 1,384 million and Canada EUR 466 million. This footprint helps market access and resilience but increases exposure to cross-border logistics, labour relations, tariffs and industrial-policy conditions.

Commercial aircraft require type certification and continuing airworthiness oversight from authorities such as EASA, the FAA and national regulators. Product incidents can require inspections, software changes or grounding actions, making safety and

quality non-negotiable economic variables. Defence and dual-use exports require licences. Airbus says authorisations are critical both to deliver worldwide and to receive controlled parts and services, with important regimes in France, Germany, Spain, the UK, EU and US.

Defence sales may demand local content, offsets or industrial participation. Home-country preference can disadvantage Airbus outside Europe even where its technical offer is competitive. Sanctions, tariffs and divergent US-EU-China policies can affect customers, suppliers and routes. Climate policy also matters: emissions rules, sustainable aviation fuel mandates and taxonomy requirements influence airline economics and future product design. The mitigant is Airbus's exposure to global fleet renewal: more efficient aircraft reduce fuel and carbon cost per seat even before disruptive propulsion is commercially ready.

9. Capital intensity, R&D and working-capital/customer-advance mechanics

Airbus is capital intensive in three ways. First, physical investment is required for final-assembly lines, tooling, test assets and production capacity: FY2025 capex was EUR 3,964 million, rising from EUR 3,669 million. Second, self-funded technology must be developed years before revenue: FY2025 R&D expense was EUR 3,153 million and capitalised development EUR 356 million, for total R&D investment of EUR 3,509 million. H1 FY2026 self-financed R&D expense was EUR 1,464 million. Third, the ramp locks cash into inventory before delivery.

Year-end 2025 inventory was EUR 41,676 million net, including EUR 23,943 million work in progress and EUR 6,785 million supplier advances. This is not ordinary short-cycle inventory: it contains high-value aircraft and long-term programme work. The balance grows when suppliers deliver early, aircraft await missing parts, production rates rise or handovers slip.

Customer advances partially finance this working capital. Contract liabilities were EUR 58,596 million at FY2025 year-end, comprising EUR 32,112 million current and EUR 26,484 million non-current. They represent consideration received, or due, before Airbus has transferred the related goods or services. During 2025 Airbus recognised EUR 30,350 million of revenue that had been in opening contract liabilities and received EUR 33,526 million of new cash not yet recognised as revenue, including final payments in anticipation. This negative-working-capital characteristic is valuable, but reverses when order intake slows, milestone receipts fall, deliveries accelerate relative to advances or customers defer.

Cash conversion is therefore lumpy and seasonally back-end weighted. Statutory FY2025 operating cash flow was EUR 7,995 million and capex EUR 3,964 million, producing EUR 4,031 million statutory free cash flow. TTM operating cash flow rose to EUR 8,788 million and capex was EUR 4,090 million, for EUR 4,698 million statutory free cash flow. H1 FY2026 alone had EUR -32 million operating cash flow and EUR 1,466 million capex despite profitable operations, demonstrating why half-year cash should not be annualised.

10. Cyclicality and key risks

Commercial demand is cyclical with passenger traffic, airline profitability, fuel prices, interest rates, financing availability and fleet replacement. A shock can cause deferrals, cancellations and customer-financing requests. Yet the current cycle has a supply-constrained feature: pandemic-era production cuts and later supplier problems kept older aircraft in service and increased demand for efficient replacements. The large, diversified backlog provides time, but not immunity.

The most immediate operating risk is supply-chain execution. Engines, structures, castings, electronics and cabin equipment have long qualification paths and limited alternative sources. Rate increases can reveal capacity and quality problems. The Spirit package integration reduces reliance on an external distressed supplier but transfers more industrial responsibility to Airbus. Labour availability and production quality are related constraints.

Programme accounting is another core risk. Cost overruns, technical redesign, schedule slippage, penalties or revised customer assumptions can create large charges, especially in Defence and Space and newer commercial programmes. A220 economics remain under development; mature A320 economics subsidise portfolio investment. Fixed-price defence contracts and multinational programmes can transmit inflation or political delay to margin.

Currency is material because aircraft are often priced in dollars against a cost base concentrated in Europe. Hedges defer and smooth exposure rather than remove it; hedge-rate deterioration can offset delivery growth, and balance-sheet revaluation creates reported volatility. Other risks include airworthiness events, cyber incidents, export-control breaches, bribery/compliance failures, litigation, tariffs, government budget changes, weaker residual values and technological disruption. Climate transition is both a demand tailwind for efficient aircraft and a long-term threat if aviation faces structurally tighter capacity or Airbus misallocates capital to immature technologies.

11. Financial profile and capital allocation

Airbus's consolidated financial profile improved into the latest period. FY2025 revenue was EUR 73,420 million, reported EBIT EUR 6,082 million, parent net income EUR 5,221 million and diluted EPS EUR 6.60. The cleared TTM reached EUR 76,986 million revenue, EUR 7,210 million reported EBIT, EUR 5,939 million parent net income and EUR 7.5101 EPS. The TTM reported EBIT margin was 9.37% and statutory free cash flow EUR 4,698 million. These are reconciled reported figures, not management-adjusted measures.

Liquidity is a strategic asset because Airbus must absorb programme shocks, customer timing and supplier stress while funding development. At 30 June 2026 gross cash was EUR 23,376 million, gross financing liabilities EUR 14,276 million and net cash EUR 8,360 million. Net cash had declined from EUR 12,171 million at FY2025 year-end, largely reflecting normal ramp and first-half working-capital phasing.

Capital allocation balances investment, liquidity and distributions. In FY2025 Airbus spent EUR 3,964 million on capex, paid EUR 2,372 million in dividends and used EUR 565 million for treasury shares. Diluted weighted shares were broadly stable at about 791 million; buybacks therefore should not be assumed to create rapid per-share compounding. The first claim on cash remains safety, production resilience, product development and the balance sheet. Dividends and repurchases are outputs of durable free cash flow, not substitutes for industrial investment.

At the sealed 21 August 2026 close of EUR 203.70, TTM P/E was 27.12 times. That valuation embeds more than backlog: it requires successful rate execution, better commercial and Defence and Space margins, and continued cash conversion. A strong net-cash position lowers financing risk, but it does not protect the multiple from execution disappointment.

12. What an investor must understand before the segment appendices

First, production is the thesis transmission mechanism. Demand is visible in orders; value is created only when Airbus turns supplier inputs and customer advances into certified deliveries without disproportionate disruption cost. Delivery count, mix, inventory and free cash flow must be read together.

Second, the three segments deserve different analytical lenses. Commercial is a rate, mix, learning-curve and hedge story. Helicopters is an installed-base and mission-mix compounder with the group's most consistent margin. Defence and Space is a contract-risk and turnaround story where backlog quality, estimates at completion and political execution matter more than headline order intake.

Third, service revenue is strategically important but not a standalone software-like stream. It is tied to the safety, utilisation and longevity of Airbus platforms. It deepens customer switching costs and can be steadier than original equipment, but it remains operationally intensive.

Fourth, backlog is not equivalent to contracted profit. Prices, escalation, currency, options, cancellations, delivery slots and remaining programme cost determine economic value. The EUR 619 billion FY2025 order book and 9,222-aircraft Commercial backlog at June 2026 establish demand visibility, not guaranteed margin.

Fifth, working capital is a source of both advantage and volatility. Customer advances help fund production, but ramp-up inventory and delivery phasing can produce negative interim cash. Annual or TTM conversion is more informative than a single half-year, while the balance sheet shows whether Airbus can tolerate a reversal.

Finally, the investor should resist two shortcuts: valuing Airbus solely as a Boeing-relative market-share story, or treating rising European defence budgets as immediate profit. Airbus's competitive advantages are real—certification barriers, product commonality, installed base, backlog and sovereign relevance—but returns will be determined by execution, contract discipline and capital productivity through the five-year horizon.

Primary-source map

- Financials and exact TTM arithmetic: cleared quantitative foundation, `C:\Users\Admin\OneDrive\GPT\ER 2.0\Airbus SE\quant_foundation.md`.
- Business, markets, customers, products, competitors and risks: [Airbus FY2025 Report of the Board of Directors](https://mediaassets.airbus.com/pm_38_919_919350-ko9v34j5cg.pdf?fileName=airbus-report-of-the-board-of-directors-2025.pdf), especially pp. 2-35 and 85-100.

- Segment revenue, EBIT, R&D, capex, geography, inventory and contract liabilities: [Airbus FY2025 IFRS financial statements](https://www.airbus.com/sites/g/files/jlcbta136/files/2026-02/airbus_fy_2025_financial_statements_1.pdf), Notes 11-13 and 20-23.
- Latest orders, deliveries, production targets, guidance and H1 performance: [Airbus H1 FY2026 results](https://www.airbus.com/en/newsroom/press-releases/2026-07-airbus-reports-half-year-h1-2026-results), 29 July 2026.
- Product and service scope: [Airbus products and services](https://www.airbus.com/en/products-services), [Commercial Aircraft](https://www.airbus.com/en/products-services/commercial-aircraft), [Helicopters](https://www.airbus.com/en/products-services/helicopters), [Defence](https://www.airbus.com/en/products-services/defence), and [Commercial Aircraft services](https://www.airbus.com/en/products-services/commercial-aircraft/services).

Appendix M - Management Assessment

Airbus SE — Management Assessment

Assessment date: 24 August 2026 **Management gate: YELLOW Calibration:** investable stewardship and credible strategic direction, but the operating proof is not yet strong enough for a decade-following PASS. Repeated late reductions to aircraft-delivery ambitions, the cumulative Space programme charges, the unproven Spirit work-package integration, and a new €5 billion repurchase mandate create observable execution tests. This is not a polite FAIL: the team has protected liquidity, generated cash, restored Defence and Space profitability, and gives unusually useful operating detail. It is a bounded YELLOW with explicit upgrade and downgrade conditions in Section 9.

1. Who is running the company

Guillaume Faury, Chief Executive Officer. Faury became CEO in April 2019 and was reappointed through the 2028 AGM in 2025. He previously led Airbus Commercial Aircraft from February 2018 and Airbus Helicopters from 2013 to 2018, after engineering, programme and flight-test roles at Eurocopter and an R&D leadership period at Peugeot. He is therefore not a caretaker: after seven years as group CEO and prior operating leadership, he owns the production-ramp strategy, the commercial portfolio choices, the Defence and Space restructuring, the Spirit AeroSystems work-package transaction, and the current capital-return framework. His engineering and flight-test background is a good fit for a business where safety, certification and industrial systems matter more than financial promotion. [Airbus biography](https://www.airbus.com/en/about-us/our-governance/guillaume-faury)

Thomas Toepfer, Chief Financial Officer. Toepfer joined Airbus on 1 September 2023. He had been Covestro CFO from April 2018 and previously KION CFO; his remit now includes the ramp's working-capital burden, hedge book, Spirit integration economics, dividend policy and buyback execution. He is experienced but has only three Airbus year-ends behind him, so the 2026-2029 cash-conversion promise will be his defining in-seat test. His recent answers tend to separate EBIT, cash, phasing and non-cash valuation effects clearly, a positive disclosure signal. [Appointment release](https://www.airbus.com/en/newsroom/press-releases/2023-02-airbus-selects-thomas-toepfer-as-future-chief-financial-officer)

Operating leaders. Lars Wagner became CEO of Commercial Aircraft in January 2026 after leading MTU Aero Engines; Matthieu Louvot became CEO of Airbus Helicopters in April 2026 after Airbus strategy, programmes and services roles; Michael Schoellhorn has led Defence and Space since July 2021. Their relevant accountability is unusually clear: Wagner owns the supplier and rate conversion challenge, Louvot the H-family mix and services economics, and Schoellhorn the Space turnaround and defence ramp. The first two are new in their present seats, while Schoellhorn now has enough tenure to own both the 2022-2024 programme disappointments and the 2025-2026 recovery. [Current executive committee](https://www.airbus.com/en/about-us/our-governance/executive-and-operational-committees)

Board stewardship. René Obermann has chaired since 2020 and will step down as Chair on 1 October 2026; Lead Independent Director Amparo Moraleda is already designated to succeed him. At 14 April 2026 the Board had 12 directors: Faury plus 11 non-executives, all 11 classified independent under both the Dutch Code and Airbus's stricter 5% shareholder relationship test. It includes aviation, aerospace, defence, finance, industrial and technology experience. Attendance in 2025 averaged 95.4%; female representation was 42%. Moraleda's succession is orderly rather than reactive and preserves an independent counterweight to Faury. The principal reservations are her long tenure (director since 2015) and several directors' external public-company commitments. Airbus says the Board explicitly reviews overboarding, and no 2025 attendance failure is severe enough to infer neglect. [2025 Board Report, pp. 49-56](https://www.airbus.com/sites/g/files/jlcbta136/files/2026-02/airbus_se_report_of_the_board_of_directors_fy_2025.pdf); [2026 AGM result](https://www.airbus.com/en/newsroom/press-releases/2026-04-airbus-announces-results-of-2026-annual-general-meeting)

2. Tenure and track record

Faury has been in the chair long enough to be assessed on outcomes. Three decisions dominate.

1. Preserve and then rebuild the commercial industrial system. After the pandemic shock, Airbus lifted commercial-segment revenue from €36.2 billion in 2021 to €52.6 billion in 2025. However, reported commercial EBIT margin moved from 11.5% to 8.7%, even as deliveries recovered, because investment, mix, hedge effects and programme/supply-chain costs absorbed scale. Group capex rose from €1.93 billion to €3.96 billion, consistent with a deliberate capacity build. Faury's ten global A321-capable line strategy and the A321XLR launch/certification support

long-duration market leadership. The incomplete part is rate conversion: rate 75 was moved to 2027 and, by H1 2026, reframed as 70-75 by end-2027 before stabilising at 75. The A220 goal was also reset from rate 14 in 2026 to rate 13 in 2028. These are meaningful schedule slips, not semantics.

2. Restructure Defence and Space rather than conceal the economics. The bad record came first: Defence and Space reported EBIT of -€118 million in 2022, €220 million in 2023 and -€656 million in 2024. Space programme charges were approximately €0.6 billion in 2023 and €1.3 billion in 2024, while A400M continued to generate estimate-at-completion risk. Management did eventually complete technical reviews, change accountability to end-to-end business units, adopt more selective bidding and announce workforce adaptation of up to 2,500 positions. The division recovered to €639 million reported EBIT and €798 million EBIT Adjusted in 2025; H1 2026 EBIT Adjusted rose to €487 million. This is evidence of learning and correction, but one profitable year does not erase weak original contract discipline. The proposed 35/32.5/32.5 European space combination with Leonardo and Thales could improve scale, yet separation costs and execution remain unproven.

3. Take control of distressed Spirit work packages. On 8 December 2025 Airbus acquired sites and activities critical to A350 fuselages, A220 wings/mid-fuselage, and A321/A320 components, welcoming more than 4,000 employees and receiving $439 million compensation plus liability settlements. This is defensive vertical integration: Airbus accepted near-term cash burden to secure delivery capability rather than pursuing unrelated scale. H1 2026 recorded €123 million of integration adjustments; Toepfer said the full-year EBIT impact should be low-negative-triple-digit and cash impact high-negative-triple-digit because of investment and buffer stock. This can be good capital allocation if it prevents years of lost high-margin deliveries; it can also become a ROIC sink. The acquired work packages need a two-to-three-year scorecard, not an acquisition-day verdict. [Official closure release](https://www.airbus.com/en/newsroom/press-releases/2025-12-airbus-completes-acquisition-of-spirit-aerosystems-sites)

At group level, revenue rose from €52.1 billion in 2021 to €73.4 billion in 2025, statutory OCF less capex from €2.71 billion to €4.03 billion, and Airbus-defined FCF before customer financing from €3.52 billion to €4.57 billion. Calculated ROIC fell from 11.2% in 2021 to 7.9% in 2023, then recovered to 10.3% in 2025. This is sound resilience, not yet a high-return compounder record. Faury deserves credit for acknowledging programme charges and pivoting; he does not yet deserve a PASS for industrial forecast accuracy.

3. Capital allocation behaviour

The five-year pattern is strategically coherent. Capex climbed from €1.93 billion in 2021 to €3.96 billion in 2025, while self-financed R&D stayed large at €2.75-€3.25 billion annually. Combined capex and R&D consumed roughly €4.7 billion in 2021 and €7.1 billion in 2025. This funds final-assembly capacity, industrial resilience, product development and defence capability; it matches management's stated objective of profitable aerospace growth rather than financial engineering.

Dividends restarted after the pandemic: cash paid was nil in 2021, then €1.18 billion, €1.42 billion, €2.22 billion and €2.37 billion through 2025. The FY2025 dividend was €3.20 per share, paid in April 2026. Management frames the regular payout near the upper end of an approximately 30-50% range, with additional returns assessed against investment needs and balance-sheet strength. That is preferable to a rigid dividend promise in a cyclical, working-capital-heavy manufacturer.

Historical treasury-share cash outflow was modest—€22 million in 2021, €36 million in 2022, €334 million in 2023, €276 million in 2024 and €565 million in 2025—and much of it supported employee plans and equity compensation rather than true cancellation. The July 2026 Board-approved €5 billion buyback over three years changes the scale. Management targets roughly 60% of cumulative 2026-2029 FCF for shareholder returns and calls the repurchase tactical rather than permanent. The balance sheet can support it—year-end 2025 net cash was €12.2 billion—but H1 2026 net cash had fallen to €8.36 billion amid working capital, the dividend and ramp investment. Authorisation is not evidence of price sensitivity. A PASS requires disclosed pacing that slows when industrial cash needs rise or valuation ceases to offer a per-share return above internal reinvestment. [2026 Business Update release](https://www.airbus.com/en/newsroom/press-releases/2026-07-airbus-to-present-new-mid-term-outlook-strengthen-commitment-to-profitable-growth-and-shareholder)

M&A has generally been small or capability-driven, with Spirit the exception in operational complexity rather than purchase-price cash. The $439 million compensation reflects distressed inherited economics; it should not be celebrated as "being paid to acquire" without considering liabilities, stabilisation capex and foregone production. The proposed space venture is similarly strategic but must be assessed on continuing Airbus share of cash profit, not headline scale.

4. Compensation alignment

The 2025 remuneration redesign is mostly aligned but has one important gap: no direct ROIC measure.

Faury's base salary was €1.56 million. STI target was 150% of salary and capped at 200% of target. The 2025 STI paid €2.925 million and weighted 20% EBIT, 20% FCF, 10% sustainability and 50% business/individual objectives. Company financial targets achieved 115% for EBIT and 157% for FCF; sustainability achieved 69%; subjective CEO objectives achieved 127%. The Board awarded 90% on the ramp objective despite 793 deliveries being 3% below the original plan, while other qualitative priorities scored 140-150%. That disclosure is better than silence, but generous subjective scoring can dilute the accountability intended by a numerical plan.

The 2025 LTI grant was capped at 150% of salary and comprised 14,404 performance shares vesting in May 2029. Performance is 35% average EPS, 35% cumulative FCF and 30% sustainability across 2026-2028. EPS and FCF are relevant per-share/cash outcomes; the absence of ROIC or an explicit margin/capital-efficiency metric matters just as Airbus enters a capex-heavy ramp and Spirit integration. Sustainability at 30% is defensible for aviation, but it should not substitute for measuring returns on the capital required to decarbonise and expand.

Faury owned 55,880 actual shares at 31 December 2025, worth more than 200% of base salary and compliant with the ownership guideline. This is real, though not founder-scale, skin in the game. Total pay was 28% fixed and 72% variable. The company has clawback provisions (none applied in 2025), performance-conditioned severance, and a 200%-of-salary holding requirement, but it does not impose the Dutch Code's full five-year holding period on awarded shares. Dilution is disciplined: diluted weighted shares increased only from 785.9 million in 2021 to 790.9 million in 2025, about 0.6% in four years. [2025 Board Report, pp. 67-79](https://www.airbus.com/sites/g/files/jlcbta136/files/2026-02/airbus_se_report_of_the_board_of_directors_fy_2025.pdf)

5. Disclosure quality, candour and guidance credibility

I reviewed the eight-quarter window from Q3 2024 through Q2 2026 using seven live FMP `/stable/earning-call-transcript` pulls plus Airbus's official Q1 2026 transcript where FMP returned no row. The official Airbus transcript warns that it is edited AI-generated convenience text and the webcast is authoritative; conclusions rely on repeated answer patterns and issuer releases rather than isolated wording.

Question handling is generally above average. Faury names pacing constraints—engines, aerostructures, cabins, panels—and differentiates production from delivery. Toepfer often gives model-usable bridges: in Q2 2026 he explained second-half EBIT via delivery contribution, hedge deterioration, Spirit and R&D; he warned not to annualise a front-loaded Defence and Space margin; and he distinguished Airbus Ventures valuation gains from realised cash. On Spirit he gave bounded EBIT/cash descriptors and the working-capital rationale, although he declined to narrow the ranges. On Space separation he acknowledged "not insignificant" costs rather than implying a frictionless carve-out. The team sometimes uses repetitive "complex and dynamic" language, but usually follows it with a causal fact.

Guidance is mixed. The February 2024 plan—about 800 aircraft, €6.5-7.0 billion EBIT Adjusted and €4.0 billion FCF—was cut in June to about 770, €5.5 billion and €3.5 billion after supply-chain issues and Space charges. Airbus finished at 766, €5.35 billion and €4.46 billion: within the revised "around" plan, but only after a material mid-year reset. For 2025, Airbus held 820 deliveries, €7.0 billion EBIT Adjusted and €4.5 billion FCF through the nine-month call, then cut deliveries to about 790 on 3 December because of fuselage-panel quality; actuals were 793, €7.13 billion and €4.57 billion. Financial guidance proved robust, but unit guidance again needed a late reduction. The 2026 plan—about 870, €7.5 billion and €4.5 billion—was maintained at Q1 and H1 despite a weak Q1; H1 reached 351 deliveries, leaving a back-end-loaded year. Management now explicitly defines "around 870" as roughly plus/minus 20. This is transparent, but it is also a wide tolerance.

The score is therefore: good candour after problems surface; weaker early warning and delivery forecast precision. The repeated late-year rally structure raises operational risk and makes financial beats less persuasive if they depend on working-capital timing. [2024 guidance update](https://www.airbus.com/en/newsroom/press-releases/2024-06-airbus-provides-2024-guidance-update); [2025 guidance update](https://www.airbus.com/en/newsroom/press-releases/2025-12-airbus-updates-2025-commercial-aircraft-delivery-target-maintains); [Q1 2026 transcript](https://mediaassets.airbus.com/pm_38_922_922704-kkogrrdxp9.pdf?fileName=airbus-q1-2026-earnings-release-analyst-call-transcript.pdf); [H1 2026 results](https://www.airbus.com/en/newsroom/press-releases/2026-07-airbus-reports-half-year-h1-2026-results)

6. Strategic coherence

Airbus says its purpose is to "pioneer sustainable aerospace for a safe and united world." In operational terms, management is pursuing four connected goals: exploit the commercial backlog through the rate ramp; expand services; restore and scale European defence/space capability; and mature lower-emission aircraft technology. The investment pattern supports the

words: capex is rising, R&D remains mid-single-digit as a share of revenue, Spirit assets secure programme capacity, and Defence and Space restructuring reallocates accountability.

The 2029 destination is unusually concrete: more than 1,100 commercial deliveries, group revenue above €100 billion, €12-13 billion EBIT Adjusted at €/$1.22, and cash conversion around one over five years. Commercial Aircraft targets about €10 billion EBIT Adjusted, Helicopters around €1.2 billion and Defence and Space around €1.3 billion. The problem is not strategic incoherence; it is dependency on supplier and factory execution. This is one coherent ramp, not a sequence of pivots. Competitive threats are named: global Space competitors/new entrants, engine suppliers, constrained aerostructure capacity and geopolitical trade rules. The strategy earns PASS; execution proof remains YELLOW.

7. Governance flags

There is one ordinary share class, no founder dual-class control and no individual controlling shareholder. However, the French state held 10.83%, Germany 10.82% and Spain 4.08% at year-end 2025. Their shareholder and security agreements protect sovereign defence interests, influence director nationality/consent processes and create rights over sensitive assets. This is strategically understandable for a defence prime but can constrain pure financial optimisation. It is a structural amber, not a FAIL: all 11 non-executives are classified independent and no director class has a general Board veto.

The Board Report states that no material director conflict transaction occurred in 2025 and that from 2023-2025 no off-ordinary-course, non-arm's-length agreement was entered with a director, principal officer or shareholder above 5%. Related-party transactions exist in normal consolidated/joint-venture activity, but no evidence reviewed indicates material tunnelling. There is no reported financial-statement restatement, material internal-control weakness or new enforcement action in the reviewed 2025/2026 primary materials. The historic global bribery settlement remains relevant cultural context, but the current period shows a mature compliance structure rather than recurrence. No clustered CEO disposal was identified in the Board disclosures; the stronger observable fact is Faury's 55,880-share year-end holding.

8. Peer comparison

Against **Olivier Andriès at Safran**, Faury ranks lower on clean five-year margin/ROIC delivery and forecast precision; Safran's narrower supplier portfolio and aftermarket mix are easier, but Andriès has converted aerospace recovery into more consistently visible economics. Faury ranks better on the scale and complexity of industrial crisis management.

Against **Charles Woodburn at BAE Systems**, Faury ranks lower on cash predictability and programme-charge consistency. BAE's defence contracting profile is different, yet its recent stewardship presents fewer late delivery resets. Airbus offers the stronger commercial franchise and arguably the harder execution problem.

Against **Kelly Ortberg at Boeing**, Faury ranks clearly higher today on operating continuity, balance-sheet protection, safety/governance stability and per-share stewardship, while Ortberg is too new for a five-year allocator score. Across realistic large aerospace alternatives, Faury is middle-to-upper tier, not best-in-class. The Board's willingness to renew him is reasonable, but a peer-leading rating should wait for the ramp and Space repair to hold simultaneously.

9. Verdict on the management gate

YELLOW. Faury and Toepfer have a coherent strategy, strong balance-sheet discipline, meaningful FCF alignment, candid problem disclosure and credible evidence of correction in Defence and Space. They have not demonstrated the forecast precision, sustained ROIC or programme-charge control required for PASS. The €5 billion buyback is potentially accretive but untested for price sensitivity while industrial cash demands are high. Spirit is strategically sensible but remains an integration and cash-conversion liability until proven otherwise.

Upgrade to PASS if all are observable: (1) Airbus meets two consecutive annual delivery guidances without a late cut and reaches 70-75 A320-family aircraft per month by end-2027; (2) Defence and Space reaches at least €1 billion EBIT Adjusted by 2028 with no new aggregate programme charge above €500 million; (3) Spirit cash and EBIT impacts remain within management's stated ranges and A220/A350 ramp milestones hold; and (4) the buyback produces a declining share count without pushing net cash below an internally prudent ramp buffer, ideally alongside adding ROIC to executive incentives.

Downgrade to FAIL if any load-bearing signal appears: another material 2026/2027 delivery reset caused by controllable Airbus quality/industrial failures; fresh Space/A400M/Spirit charges above €1 billion in aggregate without a change in accountable leadership; repurchases continue while guidance is cut and net cash erodes materially; or the Board's October 2026 chair transition weakens independent challenge and allows subjective compensation to reward missed operating targets.

Primary-source ledger

- Airbus 2025 Report of the Board of Directors, governance and remuneration sections: https://www.airbus.com/sites/g/files/jlcbta136/files/2026-02/airbus_se_report_of_the_board_of_directors_fy_2025.pdf
- Airbus Financial Results archive and official transcripts: https://www.airbus.com/en/investors/financial-results
- Airbus FY2025 results: https://www.airbus.com/en/newsroom/press-releases/2026-02-airbus-reports-full-year-fy-2025-results
- Airbus H1 2026 results: https://www.airbus.com/en/newsroom/press-releases/2026-07-airbus-reports-half-year-h1-2026-results
- Airbus 2026 AGM result and chair succession: https://www.airbus.com/en/newsroom/press-releases/2026-04-airbus-announces-results-of-2026-annual-general-meeting
- Data package Sections 6, 7 and 9 for forward commentary, capital allocation and recent actions; no investing-warehouse cache used. Live transcript pulls saved under `raw/mgmt_20260824/`.

Appendix W - Moat and 2046 Durability

Airbus SE — Moat and 2046 Durability

Assessment date: 24 August 2026. **TTM end:** 30 June 2026. **Twenty-year test date:** 24 August 2046. **Scope:** Airbus, Airbus Helicopters, and Airbus Defence and Space. **Evidence discipline:** the historical figures below come from the DR-cleared `data_package.md`; live issuer, regulator, and peer sources are used for competitive and technological tests. Commercial Aircraft and Defence and Space Sections 4-5 completed during this stage and were read before finalisation; their conclusions were consistent with the independent work below. The Helicopters appendix was absent at the final dependency check, so its moat was completed from the cleared data and live primary evidence without inventing a B-worker conclusion.

1. Moat taxonomy applied

Network effects — weak. Airbus does not have a classic user-to-user network effect: an airline does not receive more direct utility from an A320 because another airline buys one. There is a modest ecosystem effect. A larger installed fleet supports more trained pilots and mechanics, spare-parts pools, lessor liquidity, maintenance knowledge, and route-proven reliability, reducing operating friction and residual-value risk. Boeing has a comparable ecosystem, so this is reinforcement rather than a standalone moat.

Switching costs — strong in Commercial and Helicopters; strong but contract-specific in Defence. Airlines can and do operate mixed fleets, yet changing families requires type-rated crews, simulators, tooling, spares, maintenance programmes, engineering approvals, software integration, and new lessor/residual-value assumptions. Commonality inside the A320 family makes the next Airbus order operationally cheaper than a clean-sheet switch. Helicopter operators face similar mission-equipment, training, certification, maintenance, and parts dependencies. Defence switching costs extend over decades because sovereign customers procure a platform plus training, secure communications, mission systems, weapons integration, support infrastructure, and political interoperability. The caveat is crucial: switching costs protect an installed programme after selection; they do not guarantee Airbus wins the next national competition.

Scale economies — very strong but partially shared with suppliers. Designing, certifying, industrialising, supporting, and continuously improving a large aircraft family requires billions of euros, rare engineering skills, global final-assembly capacity, and a worldwide service network. Airbus delivered 793 commercial aircraft in 2025 and carried 8,754 in backlog; the backlog rose to 9,222 by 30 June 2026. Those volumes spread engineering, tooling, procurement, certification, and support costs. Yet scale is not the same as unconstrained economics. Engine, aerostructure, electronics, and skilled-labour bottlenecks can transfer bargaining power to suppliers. The 2021-2026 production-target revision trail and Pratt & Whitney engine shortage show that Airbus can own demand while a supplier controls the delivery cadence. Scale protects market position more reliably than it protects a particular year’s margin.

Brand and trust — strong, but safety-contingent. Airline boards, lessors, regulators, militaries, and rescue operators buy safety records, dispatch reliability, residual values, mission readiness, and decades of support—not a consumer badge. Airbus had 455 commercial-aircraft customers and 16,756 cumulative deliveries by year-end 2025; Helicopters served more than 3,200 operators in 149 countries. This reputation is costly to build and fast to damage through quality, software, cyber, or support failures.

Regulatory certification — very strong. EASA describes aircraft certification as a two-pillar process covering the product and the competence of the design organisation. A Design Organisation Approval requires demonstrated Part 21 compliance, defined scope, qualified people, procedures, and continuing surveillance; product type certification then requires evidence against an agreed certification basis. Airbus also maintains production and maintenance approvals. This accumulated organisational capability, test evidence, continued-airworthiness system, and regulator relationship are far harder to reproduce than an attractive digital design. Certification is not exclusive—Boeing, Embraer, COMAC, Leonardo and others hold approvals—but it drastically limits credible entrants, especially in large commercial aircraft and complex rotorcraft. [EASA’s DOA framework](https://www.easa.europa.eu/en/domains/aircraft-products/design-organisations/design-organisations-approvals) and [certification overview](https://www.easa.europa.eu/en/light/topics/idea-sky-how-easa-ensures-aircraft-safe-fly) support this interpretation.

Programme IP and systems integration — strong in aircraft; mixed in digital/space. Airbus protects patents, copyright, trade secrets, design data, supplier interfaces, certification evidence, flight-control laws, manufacturing know-how, and mission-system architectures. The more important barrier is the integrated body of tacit knowledge needed to make an aircraft

safe, producible, maintainable, and supportable—not any single patent. Air Power benefits further because tanker and mission-aircraft conversion requires intimate knowledge of the base airframe. In commercial satellites and connected software, by contrast, modular architectures, faster component cycles, and software-native entrants reduce the half-life of proprietary advantage. Airbus itself identifies IP as critical but acknowledges that rights can be challenged or copied in jurisdictions with weaker protection. [Airbus 2025 Board Report](https://mediaassets.airbus.com/pm_38_919_919350-ko9v34j5cg.pdf?fileName=airbus-report-of-the-board-of-directors-2025.pdf).

High-trust governmental procurement — strong access, not automatic pricing power. Airbus is embedded in European sovereign programmes and is a credible prime for A400M, A330 MRTT, Eurofighter work, FCAS, Eurodrone, secure communications, and space infrastructure. Governments value security clearance, sovereign control, interoperability, export compliance, industrial participation, and decades of availability. Home-country preference and state relationships narrow the field. They also create offsets, local-content obligations, political work-share, budget delays, and negotiation pressure. Procurement protection is therefore a durable demand-access moat with asymmetric economics: it can secure a seat at the table while leaving Airbus with fixed-price or estimate-at-completion risk.

2. Per-segment moat

Airbus / Commercial Aircraft — strongest absolute moat; 20-year durability, but monetisation is execution-sensitive. The defence is the combined barrier of type certification, accumulated airframe and flight-control IP, airline/lessor trust, global support, family commonality, an enormous installed base, and industrial scale. Boeing is the only fully global peer across Airbus's mainline narrowbody and widebody ranges today. Airbus itself now says the mainline duopoly has ended because the C919 is in service, but also expects COMAC's penetration to be paced by ramp-up, non-Chinese certification, reliability, support, and local systems, with the larger threat in the 2030s. That is the correct attack map: a challenger must offer competitive trip economics, obtain major-market certification, build reliable volume, seed lessors and operators, and support aircraft worldwide for decades. Earliest break signal: COMAC secures EASA/FAA validation, wins repeat non-Chinese orders, sustains several hundred annual deliveries, and demonstrates dispatch reliability and residual values close to A320-family levels. Boeing's recovery is the nearer economic threat: its 2025 results showed 600 commercial deliveries, strong net orders, and a record total backlog, while 777X certification still constrained timing. [Boeing FY2025 results](https://investors.boeing.com/investors/news/press-release-details/2026/Boeing-Reports-Fourth-Quarter-Results/default.aspx).

Airbus Helicopters — strong and unusually balanced moat; 10-20-year durability. The segment combines a broad civil, parapublic, and military portfolio with more than 12,600 in-service rotorcraft, more than 3,200 operators, authorised service centres, mission-specific certifications, training, and parts. Airbus reported 51% of civil/parapublic units booked and 54% of value in 2025; services were 43% of segment external revenue. This is the clearest installed-base annuity in the group, but it is contested by Leonardo, Bell, Sikorsky, and Boeing. Leonardo's 2025 report shows continued customer-support, services, and training orders, confirming that aftermarket quality is a competitive battleground, not Airbus-only economics. Earliest break signal: service/spares revenue grows below the active fleet for two years, accessible-market service share falls below half, or Leonardo/Bell gains repeat fleet-standardisation wins in Airbus's core EMS, public-service, and military niches. Autonomy is more likely to extend the franchise than replace it if Airbus converts proven airframes into UAS and retains certification/system-integration ownership. [Leonardo 2025 Integrated Report](https://www.leonardo.com/documents/15646808/0/LDO_bilanciointegrato2025_ENG_INDICIZZATO_07.05.2026.pdf/0fb2a026-ece3-a715-a41b-06c9f85bbf76?t=1778570798981).

Airbus Defence and Space — uneven moat; 5-10 years visible, 20 years conditional. Air Power has the strongest protection: sovereign relationships, a limited set of systems integrators, classified architectures, long procurement cycles, platform-derived mission aircraft, and decades of service. More than 1,600 supported military aircraft create a meaningful installed base. Connected Intelligence benefits from trust, sovereign hosting, security accreditation, and access to sensitive government environments, but software-native defence companies can attack individual layers. Space Systems has the weakest economics: customer choices are price- and track-record-sensitive; LEO constellations, commercial component availability, and modular spacecraft compress cycles; and Airbus recorded €0.6bn and €1.3bn of Space programme charges in 2023 and 2024. The proposed combination with Leonardo and Thales may create needed scale, but it is not closed and cannot be counted as a moat. Earliest break signal: new entrants repeatedly win European autonomous-system or digital-command awards with Airbus reduced to hardware subcontractor, or fresh Space/A400M charges drive reported segment EBIT negative again.

Blended-company conclusion. Commercial generated roughly 70% of 2025 pre-elimination segment revenue and owns the deepest barrier; Helicopters adds a high-quality service-rich franchise; Defence and Space dilutes the blend through programme-charge volatility. The group moat is therefore stronger than its consolidated 8-10% margin suggests, but weaker

than a shorthand “large-aircraft duopoly” implies. Approximately 18% of revenue sits in a segment where high-trust access coexists with demonstrably poor contract economics.

3. Margin persistence evidence

Reported metric	FY2021	FY2022	FY2023	FY2024	FY2025	TTM to Jun-26
Consolidated EBIT margin	10.24%	9.06%	7.03%	7.66%	8.28%	9.37%
Commercial EBIT margin	11.54%	11.59%	7.56%	10.13%	8.66%	9.48%
Helicopters EBIT margin	8.22%	9.07%	9.77%	10.30%	10.62%	10.54%
Defence and Space EBIT margin	5.58%	-1.05%	1.91%	-5.43%	4.77%	7.33%

TTM consolidated margin uses statutory EBIT over consolidated revenue. TTM segment margins use the four reported quarters' pre-elimination segment revenue, preserving the annual denominator convention. The evidence is mixed. Helicopters is the cleanest proof: five consecutive years of margin expansion alongside revenue and services growth. Commercial remained profitable and mostly near double digits despite pandemic recovery, inflation, ramp costs, A220 losses, tariffs, and supplier disruption, which supports a real moat. But its margin range is too wide to call pricing frictionless. Defence and Space fails the persistence test: Space and A400M charges overwhelmed attractive strategic positioning. Consolidated calculated ROIC of 7.9-11.2% during FY2021-FY2025 is also below the Gideon 15% screen, showing that market power has not yet translated into exceptional capital returns.

4. AI disruption stress test

Commercial Aircraft is chokepoint economics, not a replaceable workflow. Generative design, simulation, predictive quality, robotics, procurement analytics, and digital twins can shorten engineering cycles and reduce non-quality. They do not give a model provider a certified airframe, final-assembly system, supplier qualification network, global support capability, or continued-airworthiness responsibility. Airbus’s DDMS programme explicitly targets digital continuity across design, manufacturing, and services. This is enabling technology that competitors can also buy; advantage comes from integrating it into proprietary certification evidence and production learning. [Airbus DDMS](https://www.airbus.com/en/innovation/digital-transformation/digital-design-manufacturing-services).

Helicopters faces substitution at the mission edge, but Airbus is participating. Drones can replace crewed flight in surveillance, reconnaissance, and some cargo or dangerous missions. That shrinks portions of flight-hour demand. Airbus is responding through HTeaming, Flexrotor, VSR700, and the planned autonomous U145, which reuses a proven H145 platform and adds mission autonomy. The February 2026 Singapore trials demonstrated secure real-time teaming between an H225M and Flexrotor, while the U145 is targeted for service early next decade. The risk is that autonomy value accrues to a software partner while Airbus supplies commoditised lift. The opportunity is that certification, mission integration, encrypted links, and support keep Airbus as prime. [HTeaming trials](https://www.airbus.com/en/newsroom/press-releases/2026-02-airbus-and-singapore-successfully-complete-hteaming-flight-trials) and [U145 launch](https://www.airbus.com/en/newsroom/press-releases/2026-06-airbus-introduces-uncrewed-version-of-the-h145-the-u145).

Defence and Space is most exposed and most enabled. Autonomy, AI target recognition, sensor fusion, resilient networking, and cyber operations are becoming the mission value; a fast software-native entrant can capture the control layer above Airbus hardware. Airbus’s MARS autonomy demonstrations and French DGA AI integration framework show credible participation, not proof of durable software economics. Sovereign deployment, classified-data handling, safety assurance, and system accreditation protect Airbus from a foundation-model “prompt-to-output” replacement, but not from a more capable defence-software prime. Cyber is double-edged: trusted secure systems strengthen procurement barriers, while a breach could destroy eligibility and compromise IP. Airbus’s sovereign on-premise AI approach and supplier audits are directionally appropriate. [MARS autonomy](https://www.airbus.com/en/newsroom/stories/2026-07-airbus-networked-intelligence-shaping-the-future-of-autonomous-uav-missions) and [Airbus digital sovereignty](https://www.airbus.com/en/newsroom/stories/2026-06-building-resilience-how-airbus-supports-european-digital-sovereignty-and-innovation).

The **most AI-exposed** profit pool is Connected Intelligence and autonomy software inside Defence and Space because modular, software-defined architectures invite new primes. The **most protected** is certified large commercial aircraft and its safety-critical lifecycle support. AI lowers development cost at the margin but does not dissolve the physical, regulatory, trust, and industrial chokepoints.

5. The 2046 test

Specific 2046 business description. On 24 August 2046, Airbus sells certified short-, medium-, and long-range commercial air transport platforms, including successors to today's A320 and A350 families, plus freighters and a materially larger lifecycle-services business. Airlines, lessors, cargo operators, and governments buy airframes together with digital operations, training, spares, upgrades, predictive maintenance, and continued-airworthiness support. Helicopters sells both crewed and uncrewed vertical-lift platforms for EMS, public safety, offshore, logistics, and defence, with HTeaming-like control layers and fleet availability contracts. Defence and Space sells sovereign air-power systems, tankers/transports, collaborative uncrewed aircraft, secure connectivity, sensor fusion, cyber systems, satellites, and decades of platform support; traditional standalone GEO manufacturing is smaller and more consolidated. Directionally, group operating margin should be modestly higher than the TTM's 9.37% if services mix, mature production, and digital manufacturing offset greater software competition and environmental-development costs. Airbus still makes money because only a few organisations can combine certified complex hardware, sovereign trust, industrial scale, installed fleets, proprietary system architectures, and worldwide lifecycle accountability.

That description does not assume Airbus leads every 2046 technology. Installed fleets decay slowly, while support obligations and type-certificate responsibilities persist for decades. Incumbency supplies customer data, engineering capability, supplier access, and cash flows. The highest-confidence survivor is lifecycle support; the most uncertain is ownership of the AI-defined mission layer.

2046 erosion case. COMAC achieves broad Western certification and global support during the 2030s, Boeing fully restores production and launches a superior family, and Airbus misses the next propulsion/airframe architecture while supplier dependence keeps unit costs high. Airlines then multi-source more aggressively, discounts absorb the value of Airbus's backlog, and service independents capture data-driven maintenance. In defence, software-native primes own autonomy and command layers; governments require modular open systems and treat Airbus as a low-margin platform manufacturer. Space remains charge-prone. This is a credible but not base-case outcome—roughly a one-in-three strategic risk over 20 years, high enough to deny an unqualified moat PASS today.

6. Competitive threat inventory

Threat	Mechanism	Segment(s) affected	Earliest observable signal	Plausibility
Boeing operational recovery and new-family response	More certified capacity, campaign discounting, stronger delivery reliability, next-generation product	Commercial	Boeing deliveries close the gap; sustained positive margins; new aircraft launch with credible entry date	High
COMAC internationalisation	State-backed scale plus C919/widebody certification and support outside China	Commercial	EASA/FAA validation; repeat non-Chinese orders; global lessor adoption; reliable 300+ annual deliveries	Medium, rising in 2030s
Software-defined defence and low-cost space entrants	Autonomy, modular payloads, proliferated LEO, and faster iteration move profit from platform to software/network	Defence and Space; military Helicopters	Airbus loses prime role on European autonomy awards; software partner captures mission layer; renewed Space charges	High

7. Pricing power verification

Pricing power is **real in access but only partially observable in realised margins**. The demand evidence is strong: commercial net orders exceeded deliveries in four of the last five years, backlog reached 9,222 aircraft at June 2026, and Airbus said it had not seen cancellation or deferral requests in H1 2026. Helicopter backlog rose from 739 units in 2021 to 1,037 in 2025, while its EBIT margin expanded 240 basis points. Defence and Space order intake reached €17.7bn in 2025 against €13.4bn segment revenue. These facts support negotiating leverage and long duration.

But Airbus does not disclose programme-level realised price increases, discount retention, renewal rates, or contractual escalators sufficient to quantify clean price/mix. Commercial margin fell from 11.6% in 2022 to 8.7% in 2025, despite record demand. FY2025 financial statements carried €1.613bn of onerous-contract provisions at year-end; the Spirit work-package accounting included a €249m addition for revised margins on future delivery contracts, plus a €500m A220 intangible impairment. Space charges of €0.6bn and €1.3bn in 2023-2024 show that long-duration or fixed-price-like programme commitments can transfer inflation, engineering, and schedule risk back to Airbus. [Airbus FY2025 financial statements](https://www.airbus.com/sites/g/files/jlcbta136/files/2026-02/airbus_fy_2025_financial_statements_1.pdf).

Services provide the best verification: external services/spares revenue grew from €8.551bn in 2021 to €13.465bn in 2025, a 12.0% CAGR, with Helicopters at 43% service mix and steadily rising margin. Still, adoption/churn and service gross margin are not disclosed. The correct conclusion is not “no pricing power”; it is that scarce certified supply, switching costs, and service dependence create bargaining leverage, while supplier scarcity and programme contracts prevent full capture.

8. Moat verdict

Moat gate: YELLOW. Airbus owns a concrete, difficult-to-replicate moat in certified large commercial aircraft and a strong installed-base/service moat in Helicopters. However, group-level economics do not yet clear the Gideon durability bar: calculated ROIC remained below 12% in FY2021-FY2025, Commercial margins are supply- and programme-sensitive, and Defence and Space has repeatedly converted high-trust backlog into charges rather than stable profit. Pricing leverage is visible in orders, backlog, and Helicopters services, but not yet in consistently superior consolidated margins.

2046 test: PASS. A specific Airbus still exists and earns money in 2046 from certified commercial and vertical-lift platforms, sovereign air-power systems, installed-fleet support, and lifecycle digital services. AI and autonomy change the product and profit mix more than they replace the company; the central risk is losing the digital mission layer and next-generation architecture, not disappearance of demand for certified aerospace integration.

Upgrade to PASS if: Commercial reported EBIT margin holds at or above 11% through a normalised delivery year without another rate reset; Helicopters maintains at least 50% accessible-market service share with service revenue growing no slower than fleet activity; and Defence and Space produces at least three consecutive years of positive mid-single-digit-or-better reported margin without material Space/A400M charges. **Downgrade to FAIL if:** Commercial margin remains below 8% after the 2027-2028 ramp while backlog stays full; COMAC obtains major-market certification and scales global support faster than Airbus’s fleet economics improve; or new software/autonomy primes repeatedly displace Airbus from mission-system ownership while Defence and Space returns to loss.

Appendix B1 - Airbus Commercial Aircraft

Airbus (Commercial Aircraft) — Segment Deep Dive

Review date: 24 August 2026. **Fiscal year-end:** 31 December. **Forecast anchor:** TTM ended 30 June 2026. **Horizon:** 30 June 2031, exactly 5.0 years. **Currency:** EUR. **Sealed segment-profit basis: Profit before financial result and income taxes (EBIT)**. **Historical authority:** `data_package.md` Sections 1–6 and the hash-sealed `statutory_bridge.json`. The upstream gate states `STATUTORY_BRIDGE_STATUS: VERIFIED — CLEARED FOR FORECASTING`.

0. Segment boundary and taxonomy note

The modeled segment is the issuer-reported **Airbus** segment: commercial jetliners, freighters, regional-turboprop interests, components, conversions and related services. The three-reportable-segment taxonomy was stable throughout FY2021–FY2025; neither the July 2025 Defence and Space reorganisation nor the December 2025 Spirit AeroSystems work-package acquisition created a new reportable segment. There is therefore no recent restatement boundary and all five historical years are comparable. One accounting boundary must remain visible: results releases present Airbus segment revenue before intersegment eliminations, while the IFRS product/service table reports external revenue. This appendix uses pre-elimination segment revenue whenever it calculates the Airbus segment EBIT margin and uses external revenue only for the separately disclosed services/spares class. It never mixes the two denominators without an explicit reconciliation.

1. What this segment actually is

Airbus Commercial Aircraft designs, certifies, industrialises, assembles, sells and supports large passenger aircraft and freighters. Its core families span the A220 regional/small-narrowbody platform, the A320-family narrowbody franchise, and A330 and A350 widebodies. Airlines and lessors are the economic customers. Airlines buy fleet capacity and operating efficiency; lessors buy globally remarketable assets and place them with operators. Governments can influence certification, export credit, trade policy and airline procurement, but the commercial buying decision is mostly an airline or lessor capital-allocation choice.

The revenue model is predominantly delivery-based. A commercial aircraft normally contributes the largest part of its sales value when control transfers to the customer, so delivered units, programme mix, contractual price escalation, concessions, foreign exchange and delivery timing determine platform revenue. The FY2025 IFRS revenue-class table makes that cadence plain: €46.016bn of Airbus external revenue was goods transferred at a point in time, just €1m was goods and services transferred over time, and €5.449bn was services and spare parts [A25-FS Note 11; reproduced in data_package §4]. A delayed engine or cabin item can therefore move a material amount of revenue and margin across quarter-end even if long-run demand is unchanged.

Pricing is negotiated years before delivery and is not equivalent to published list prices. Contract escalation clauses can offset a portion of inflation, but commercial concessions, customer-specific specifications, financing support and delivery remedies affect realised economics. Because Airbus does not disclose revenue or margin by A220, A320, A330 or A350, this analysis does not assign invented historical average selling prices or programme dollars. Instead, it forecasts a disclosed total segment-revenue anchor using verified deliveries, programme mix and production-rate targets, then separately models the disclosed services/spares class. The residual is an **analytical forecast bucket**, not a claimed programme disclosure.

Go-to-market combines a concentrated global sales force, long-cycle fleet campaigns, lessor relationships and an installed-base service network. The physical product is tied to an ecosystem: pilot and mechanic training, spares, flight-operations documentation, digital support, maintenance planning, upgrades and fleet-transition services. That ecosystem matters because changing aircraft family is far more costly than changing an ordinary capital good. However, airlines can and do operate mixed fleets, and large buyers deliberately preserve Boeing competition to retain negotiating leverage.

The order-to-delivery cycle is unusually long. Airbus ended H1 2026 with 9,222 commercial aircraft in backlog after booking 821 net orders in six months, compared with 793 deliveries in all of FY2025 [H126 release, 29 July 2026; FY25 release, 19 February 2026; reproduced in data_package §0a]. Backlog therefore gives demand visibility but is not cash-equivalent or margin-guaranteed. Customers may defer, contractual pricing can age, escalation may not match input inflation, and delivery slots cannot be monetised until engines, aerostructures, interiors and Airbus final-assembly capacity are synchronised.

2. Current economics: FY2025 and TTM

FY2025 pre-elimination Airbus segment revenue was €52.577bn, up 3.8%, and reported EBIT on the sealed basis was €4.555bn, an 8.66% margin [FY25 results release, 19 February 2026; A25-FS Note 11; reproduced in data_package §3]. The TTM ended 30 June 2026 combines FY2025 less H1 2025 plus H1 2026. Using the verified quarterly segment-revenue rows, pre-elimination TTM revenue is €55.625bn: FY2025 €52.577bn less H1 2025 €20.829bn plus H1 2026 €23.877bn, with the half-year figures exactly represented by the Q3/Q4 and Q1/Q2 rows in data_package §5. The hash-sealed statutory bridge gives TTM Airbus EBIT of €5.274bn, producing a 9.48% TTM EBIT margin. This is the starting margin for every case.

The recency pattern is volatile rather than smoothly improving. Q3 2025 revenue was €13.057bn at a 10.15% EBIT margin; Q4 was €18.691bn at 10.69%; Q1 2026 was €8.436bn with only €1m EBIT; and Q2 was €15.441bn at 12.62% [9M25 release, 29 October 2025; FY25 release, 19 February 2026; Q126 release, 28 April 2026; H126 release, 29 July 2026; reproduced in data_package §5]. Q1's near-zero margin and Q2's rebound demonstrate why one quarter should not be annualised. Delivery phasing, programme mix, foreign exchange, escalation, charges and supply-chain disruptions can overwhelm the underlying annual trajectory.

The key economic scale variables are:

- **Deliveries:** 611 in FY2021, 661 in FY2022, 735 in FY2023, 766 in FY2024 and 793 in FY2025. H1 2026 deliveries were 351. Management retained 2026 guidance for about 870, which requires 519 deliveries in H2—an unusually back-end-weighted but not unprecedented industrial task [FY21–FY25 results releases; H126 release, 29 July 2026; reproduced in data_package §§0a and 6].
- **Programme mix:** FY2025 deliveries were 93 A220s, 607 A320-family aircraft, 36 A330s and 57 A350s. A320-family aircraft were 76.5% of units, so narrowbody execution dominates volume, while widebody mix can move revenue per delivery materially [FY25 release, 19 February 2026; reproduced in data_package §0a].
- **Backlog:** 8,754 units at FY2025 and 9,222 at 30 June 2026, roughly 11.6 times FY2025 deliveries. This ratio indicates years of sold-out production, not eleven years of fixed economics, because scheduling, cancellations, deferrals and contract escalation matter [FY25 and H126 releases; reproduced in data_package §0a].
- **Services/spares:** FY2025 external revenue was €5.449bn, 10.6% of Airbus external revenue, up from €2.264bn in FY2021. H1 2026 contributed €2.945bn [A21-FS and A25-FS Note 11; H1 2026 IFRS Note 6; reproduced in data_package §4]. Services are smaller than aircraft sales but less delivery-timing-sensitive and strategically important.
- **Capital intensity:** Airbus segment capex rose from €1.270bn in FY2021 to €3.037bn in FY2025. FY2025 capex equalled 5.8% of pre-elimination segment revenue. Segment assets rose from €60.673bn to €82.218bn over the same period, leaving FY2025 revenue/segment assets at about 0.64x [A21-FS and A25-FS segment notes; reproduced in data_package §4].
- **Working capital:** H1 2026 group FCF before customer financing was negative €1.166bn because of planned inventory build for the ramp [H126 release, 29 July 2026; reproduced in data_package §5]. Customer advances are economically important in aircraft production, but the verified package does not disclose an Airbus-segment five-year advances series or a segment-specific balance. **[DATA GAP: segment-level customer advances and contract-liability history are not separately disclosed in data_package §§1–6; no balance has been invented.]**

Programme-level economics remain a true non-disclosure. A220, A320, A330 and A350 unit counts and rate targets are verified, but programme revenue, realised selling prices and programme EBIT are not. The current mix nevertheless matters directionally. A220 volume grew quickly but management is still working toward breakeven. A320 provides the scale core. A330 is a small, mature widebody line whose rate is planned to rise modestly. A350 is a higher-value widebody with a planned rate of 12 per month in 2028 and a significant fixed-cost-absorption opportunity. Services are an installed-base annuity-like stream but are not immune to flight cycles, airline financial health or price competition.

3. Unit economics

How a delivered aircraft becomes EBIT

Airbus incurs years of engineering, tooling, supplier commitments and work-in-progress before delivery. Revenue is then concentrated at control transfer. The contribution margin on an aircraft is the realised contractual price, including escalation and concessions, less engines, aerostructures, systems, interiors, labour, logistics, warranty provisions and programme-specific cost recognition. Above that programme contribution sit central commercial-aircraft engineering, certification, digital, sales and administrative costs. Self-financed R&D is expensed under Airbus's accounting where

applicable, while capex supports factories, tooling and production systems.

Fixed-cost absorption is therefore central. If a final-assembly line, engineering organisation and supplier network are sized for a higher rate than achieved, each delivered unit carries more fixed cost. Conversely, a stable move toward target rates can expand margin even if aircraft pricing is unchanged. Management explicitly tied the A320 full-rate state to fixed-cost absorption and positive operating leverage [Thomas Toepfer, BU26, 21 July 2026; reproduced in data_package §6]. The same logic applies to A350's planned delivery expansion, while A220 has an additional programme-cost problem: management is targeting breakeven through cost-structure improvements and scale, which means today's incremental volume does not necessarily carry mature A320-like economics.

The 9.48% TTM reported EBIT margin is below a fully ramped industrial outcome but includes the actual mix of programme performance and adjustments. It should not be replaced with EBIT Adjusted. The exact sealed basis is reported **Profit before financial result and income taxes (EBIT)**, and this appendix retains reported programme charges, provision movements and transaction effects in scenario margins rather than presenting a normalised metric as if statutory.

Services and spares economics

Commercial services monetise the installed base through parts availability, maintenance and engineering support, training, upgrades and digital/operational solutions. Revenue is driven by fleet size, utilisation, flight cycles, the age of the installed base, attachment and capture rates, and pricing. It should be steadier than new-aircraft deliveries because an airline must maintain an aircraft already in service. Yet Airbus competes with airlines' own maintenance organisations, independent MRO providers and suppliers holding intellectual property, so Airbus does not capture all lifetime aftermarket value.

Management targets $10bn of Commercial Aircraft Services revenue by 2030 and expects the activity to cross double-digit profitability in the mid-term [Thomas Toepfer, BU26, 21 July 2026; reproduced in data_package §6]. That implies a much larger service stream than FY2025's €5.449bn [A25-FS Note 11], though the currencies differ and the exact perimeter of the target must not be assumed to equal the IFRS services/spares class perfectly. In the model, services get their own revenue CAGR and margin rather than inheriting the manufacturing margin.

What drives margin up

- **More A320-family throughput with stable learning:** A move toward 70–75 aircraft per month by end-2027 and 75 thereafter spreads fixed costs and lets Airbus monetise a very deep backlog.
- **A220 cost convergence:** Breakeven would remove a drag; further scale and supplier-cost improvement could make A220 modestly accretive later in the horizon.
- **A350 rate 12:** Higher widebody throughput can absorb engineering and factory costs, while a favourable widebody configuration mix can lift revenue per delivery.
- **Service mix:** Faster services growth, greater parts capture and double-digit service profitability add recurring EBIT.
- **Contractual escalation and productivity:** Price escalation, design-to-cost, automation and lower disruption can offset wage, material and energy inflation.
- **Supplier perimeter control:** The acquired Spirit work packages may improve coordination and continuity over time, though they can add near-term integration and restructuring cost.

What drives margin down

- **Engine shortages:** A missing engine is not a small component problem; it can prevent a high-value delivery. Pratt & Whitney's failure to commit to requested engine quantities was explicitly cited as harming guidance and ramp trajectory [Airbus official FY25 release, 19 February 2026; reproduced in data_package §6].
- **Out-of-sequence work:** Late cabins, engines or aerostructures increase travelled work, inventory, rework and expediting even when the aircraft eventually delivers.
- **Ramp instability:** Hiring and training ahead of output raises cost before revenue. Frequent rate-plan revisions reduce supplier productivity and create inventory imbalances.
- **Programme charges:** Technical, certification or contract-estimate changes flow into reported EBIT and can make reported margin diverge sharply from an adjusted narrative.

- **Customer remedies:** Delivery delays can create concessions or penalties, weakening realised price.
- **FX and inflation mismatch:** Airbus has substantial US-dollar commercial exposure and euro cost. Hedging moderates but does not eliminate the economic impact; escalation formulas may lag unusual supplier inflation.

Capital expenditure is not optional maintenance alone. Segment capex more than doubled from FY2021 to FY2025 as Airbus prepared higher rates [Airbus FY2021–FY2025 Financial Statements, segment notes; reproduced in data_package §4]. Inventory and advances also make cash conversion seasonal and rate-dependent. The segment can generate attractive EBIT at scale while consuming cash during a ramp. That distinction is important: an earnings ramp is not automatically a same-period free-cash-flow ramp.

4. Competitive dynamics

The large-commercial-aircraft market is an effective Airbus–Boeing duopoly at the mainline narrowbody and widebody level. Certification, accumulated safety data, global support networks, supplier qualification, airport compatibility, pilot training and the tens of billions required to develop a clean-sheet platform make rapid entry extraordinarily difficult. COMAC is a credible long-duration challenger, particularly in China, but international certification, engine and system dependencies, production scale and global support remain significant constraints. Embraer competes below the heart of the A320 family and can pressure the smaller end of the market; it does not presently offer a direct widebody substitute.

Airbus's strongest current competitive position is the A320neo family, especially the A321neo's range and capacity coverage. The A220 gives Airbus another lower-capacity option, while the A350 competes with Boeing's 787 and, at larger sizes, 777-family economics. Boeing's installed base, customer relationships and recovery potential remain formidable. The correct long-run assumption is not permanent Airbus dominance but a constrained duopoly in which each manufacturer's certified capacity is valuable and airlines prefer a viable second supplier.

Pricing power is therefore conditional. Sold-out delivery slots and fuel-efficient aircraft support price discipline, especially when airline demand exceeds industry production. But aircraft campaigns are large, infrequent and negotiated by sophisticated buyers. Lessors can shift placements between airlines and use portfolio scale to bargain. Airbus may protect market share or a strategic account through concessions. Pricing power is strongest when Airbus offers a uniquely suitable range/capacity combination and weakest when a customer can credibly switch between comparable families without severe fleet-complexity cost.

The bottleneck has moved from demand to industrial supply. Airbus reported no cancellations or deferral requests in H1 2026 and a 9,222-unit backlog, but the production-rate target record has repeatedly slipped: A320 rate 75 moved from a 2026 goal to end-2027; A220's target shifted to rate 13 in 2028; A350 rate 12 is now planned for 2028 [data_package §0a and §6]. This does not destroy the demand moat, but it transfers value and execution risk to engine makers, aerostructure suppliers, cabin-equipment providers and Airbus's own final-assembly system.

Substitution risk operates over decades, not quarters. High-speed rail can replace short routes; videoconferencing can reduce some business travel; environmental taxes can damp marginal demand; and new propulsion could create future fleet obsolescence. Yet global passenger growth, replacement of older aircraft and network connectivity support ongoing demand. The more immediate substitution risk is within the duopoly: a delayed Airbus slot can push an airline or lessor toward available Boeing capacity, while a Boeing disruption can pull demand toward Airbus beyond what Airbus can physically deliver.

5. Moat at the segment level

Airbus Commercial Aircraft has a wide but operationally demanding moat. Its first layer is certification and engineering know-how. A transport-category aircraft must satisfy thousands of requirements across structures, systems, software, propulsion integration, manufacturing and continuing airworthiness. Certification cannot be replicated merely by funding a factory. The second layer is installed-base switching cost: airlines invest in pilots, maintenance capability, spares, simulators, documentation and operational procedures around a family. Fleet commonality is valuable, particularly within the A320 family.

The third layer is network scale. A global operator needs dispatch reliability, spare parts and engineering support in many jurisdictions. Airbus can amortise that support infrastructure across thousands of aircraft. The fourth is supplier and industrial coordination: even though supplier dependence creates risk, qualification and rate synchronisation across an aerospace supply chain are barriers to entrants. The fifth is scarce delivery capacity. A deep, diversified backlog can support years of factory loading and makes an earlier delivery slot economically valuable.

This moat protects demand and long-run returns, but not every year's margin. Supplier disruption can strand inventory; a programme can remain below breakeven for years; fixed-price escalation can lag costs; and airlines can extract concessions after delays. The A220 illustrates the distinction between product competitiveness and shareholder economics: a strong market proposition does not guarantee mature programme profitability before cost and rate targets are reached.

Over five to ten years, the moat should remain durable because no competitor can quickly create a certified global family, installed base and support system. The principal erosion paths are Boeing's full operational recovery, COMAC's certification and scale progress, environmental policy that sharply changes fleet demand, or Airbus's own repeated failure to convert backlog into reliable deliveries. The base case assumes the moat persists and industrial execution improves, not that scarcity alone turns all backlog into high-margin revenue.

6. Historical growth rates

The revenue table reproduces only figures disclosed in the verified package. "Three-year CAGR" means annualised growth from FY2022 to FY2025 across three full year-to-year intervals; it is not the two-interval growth rate from three displayed observations. Programme revenue is not disclosed and is not back-solved.

Product / sub-segment	FY2022 rev	FY2023 rev	FY2024 rev	FY2025 rev	3-year CAGR	Most recent YoY	Specific source
Airbus segment total, pre-elimination	€41.428bn	€47.763bn	€50.646bn	€52.577bn	8.3%	3.8%	FY22–FY25 results releases; data_package §3
Services and spare parts, external	€3.107bn	€4.220bn	€5.007bn	€5.449bn	20.6%	8.8%	A22–A25-FS Note 11; data_package §4
Aircraft/platform and other revenue	Not separately disclosed	Not separately disclosed	Not separately disclosed	Not separately disclosed	n/d	n/d	data_package §10, programme-revenue gap

Arithmetic checks: segment revenue grew 15.3%, 6.0% and 3.8% from FY2022 through FY2025; €50.646bn × 1.038 = €52.571bn versus €52.577bn disclosed, a 0.01% rounding difference. Services/spares grew 35.8%, 18.6% and 8.8%; €5.007bn × 1.0883 = €5.449bn. The true three-interval CAGRs are `(€52.577bn / €41.428bn)^(1/3) - 1 = 8.3%` and `(€5.449bn / €3.107bn)^(1/3) - 1 = 20.6%`. Every disclosed revenue row is within the required 2% tolerance. No revenue was back-solved.

Programme unit history supplies the operating mix evidence that revenue disclosure lacks:

Operating KPI	FY2022	FY2023	FY2024	FY2025	3-year CAGR	Latest FY YoY	Specific source
Total deliveries	661	735	766	793	6.3%	3.5%	FY22–FY25 results releases; data_package §0a
A220 deliveries	53	68	75	93	20.6%	24.0%	FY22–FY25 results releases; data_package §0a
A320-family deliveries	516	571	602	607	5.6%	0.8%	FY22–FY25 results releases; data_package §0a
A330 deliveries	32	32	32	36	4.0%	12.5%	FY22–FY25 results releases; data_package §0a
A350 deliveries	60	64	57	57	-1.7%	0.0%	FY22–FY25 results releases; data_package §0a
Backlog units	7,239	8,598	8,658	8,754	6.5%	1.1%	FY22–FY25 results releases; data_package §0a

Unit arithmetic also ties: 93 + 607 + 36 + 57 = 793 FY2025 deliveries. The unit series must not be interpreted as revenue because A350s and A320-family aircraft have materially different values and configurations. The 8.3% segment-revenue CAGR exceeded the 6.3% delivery CAGR across FY2022–FY2025, consistent with some combination of price escalation, mix, services and other revenue, but the package does not disclose a numerical attribution.

7. Management guidance

Every Airbus Commercial forward statement in data_package §6 is retained below. These are anchors, not automatically the ER2 base case.

- **Demand — H1 2026 call:** “We have not seen any order cancellations or deferral requests and the demand for our aircraft remains strong.” This supports backlog durability but says nothing about supplier-limited conversion or realised price [Guillaume Faury, H126-T, 29 July 2026; reproduced in data_package §6].
- **A320 rate — H1 2026 call:** “We expect to reach rate of between 70 and 75 aircraft a month by the end of 2027, stabilizing at rate 75 thereafter.” The model uses end-2027 phasing and does not use the superseded 2026 rate-75 objective [Guillaume Faury, H126-T, 29 July 2026; reproduced in data_package §6].
- **A220 rate — H1 2026 release:** “The A220 ramp-up is ongoing and the Company continues to target a monthly production rate of 13 aircraft in 2028.” The rate and breakeven benefits are therefore later-dated [Airbus official release H126, 29 July 2026; reproduced in data_package §6].
- **Commercial EBIT Adjusted — BU26:** “Commercial Aircraft steps up from € 5.5 billion to around € 10 billion in '29.” This is a powerful management aspiration but is **EBIT Adjusted**, not the sealed reported EBIT metric. The cases stress execution, FX and reported adjustments instead of copying €10bn into the reported-EBIT forecast [Thomas Toepfer, BU26, 21 July 2026; reproduced in data_package §6].
- **A320 economics — BU26:** “By 2029, we expect the program will be operating at full rates, unlocking profitability through fixed cost absorption and positive operating leverage.” This is the central base/bull margin mechanism [Thomas Toepfer, BU26, 21 July 2026; reproduced in data_package §6].
- **A220 economics — BU26:** “Now on the A220, our teams are focused on reaching breakeven on the path to rate 13, driven by ongoing improvements in our cost structures and scaling effects.” The bear case assumes breakeven slips; the base case assumes late-horizon breakeven; the bull case assumes modest positive contribution after breakeven [Thomas Toepfer, BU26, 21 July 2026; reproduced in data_package §6].
- **Services revenue — BU26:** “Complementing the programme building blocks, we are targeting $10 billion in Commercial Aircraft Services revenues by 2030.” The currency is USD, and exact mapping to IFRS services/spares is not disclosed. It nonetheless supports high-single-digit growth from the verified €5.449bn FY2025 base [Thomas Toepfer, BU26, 21 July 2026; reproduced in data_package §6].
- **Services margin — BU26:** “And alongside this, we now expect to cross the line of double-digit profitability for services in the midterm.” The model uses distinct service margins and does not apply an assumed manufacturing margin [Thomas Toepfer, BU26, 21 July 2026; reproduced in data_package §6].
- **A350 scale — BU26:** “As we scale to more than double our deliveries by 2029, we are restoring our trajectory towards structural margin expansion.” The model treats this as a volume and absorption mechanism, not a disclosed programme-revenue forecast [Thomas Toepfer, BU26, 21 July 2026; reproduced in data_package §6].
- **Engine supply — FY2025 release:** “Pratt & Whitney’s failure to commit to the number of engines ordered by Airbus is negatively impacting this year’s guidance and the ramp-up trajectory.” This is the main bear mechanism because the airframer cannot deliver a completed aircraft without the engine set [Airbus official release FY25, 19 February 2026; reproduced in data_package §6].

At group level, management also retained about 870 commercial deliveries for 2026 and targets more than 1,100 by 2029, with A220 rate 13 in 2028, A320 rate 70–75 by end-2027 then 75, A330 rate 5 in 2029 and A350 rate 12 in 2028 [H126 release, 29 July 2026; BU26 transcript and release, 21 July 2026; reproduced in data_package §§0a and 6]. The base case assumes meaningful progress toward those rates but leaves room for the revision history; the bull case broadly achieves the system potential; the bear case reflects another multi-year supplier-limited delay.

8. Forward growth assumptions

Forecast decomposition and TTM anchor

Programme revenue is unavailable, so the forecast uses two transparent economic lines. First, **Services/spares** starts at a €5.890bn analytical TTM run-rate proxy, exactly twice verified H1 2026 services/spares revenue of €2.945bn. This is a forecast allocation, not a claim that Airbus disclosed TTM services revenue. Second, **Aircraft/platform and other** is the residual €49.735bn required to reconcile to verified pre-elimination TTM segment revenue of €55.625bn. It includes delivered aircraft, equipment, intersegment and other segment revenue. No A220/A320/A330/A350 historical dollars are invented.

The cases compound from these TTM allocations for exactly five years. The historical reference for the residual bucket is the disclosed total-segment revenue CAGR plus delivery KPIs, because no residual-bucket historical series exists.

Base case growth

Product / forecast bucket	3-year historical CAGR	Latest YoY	Mgmt FY+1 guide	Base CAGR TTM→TTM+5y	Justification
Aircraft/platform and other	Segment revenue 8.3%; deliveries 6.3%	Segment revenue 3.8%; deliveries 3.5%	About 870 2026 deliveries; A320 70–75/month end-2027	6.6%	Delivery growth accelerates from the latest year as A320 supply improves and A350/A220 rates rise, while the rate remains below the three-year segment-revenue history because that period included post-pandemic recovery; escalation and richer widebody mix keep revenue growth above units, but prior rate slippage prevents a full target-rate assumption from day one.
Services/spares	20.6%	8.8%	$10bn Commercial Aircraft Services by 2030	7.0%	Installed-base and utilisation growth support high-single-digit expansion. The explicit fade from a 20.6% three-year CAGR reflects the abnormally small FY2022 base, recent deceleration to 8.8%, the larger current base and the currency/perimeter uncertainty around management's 2030 target.

Base annual path: aircraft/platform growth of **7.5%, 7.0%, 6.5%, 6.2% and 5.8%** from the five successive TTM anniversaries; services growth of **8.0%, 7.5%, 7.0%, 6.5% and 6.0%**. The product of each sequence equals approximately the stated five-year CAGR. This profile is front-loaded enough to reflect the A320 end-2027 rate step but fades as rate 75 stabilises and the comparison base rises. It does not assume an implausible cliff deceleration.

Operationally, the base case corresponds to roughly 1,130–1,170 annual deliveries by the horizon, not a programme-dollar forecast. A320 reaches a sustainable range near management's target after some continued supplier friction; A220 approaches rate 13 and is around breakeven; A330 reaches roughly rate 5; A350 approaches rate 12 with normal learning. Price/mix contributes modestly, and services attachment improves. The delivery range is an operating mechanism, not a separate source of revenue that is added to the segment total.

Bull case growth

Product / forecast bucket	3-year historical CAGR	Latest YoY	Mgmt FY+1 guide	Bull CAGR TTM→TTM+5y	Justification
Aircraft/platform and other	Segment revenue 8.3%; deliveries 6.3%	Segment revenue 3.8%; deliveries 3.5%	About 870 2026 deliveries; programme rate targets	8.3%	Engine and aerostructure availability normalise, A320 sustains rate 75, A350 and A220 achieve target rates, and widebody mix plus contractual escalation lift revenue per delivery without inventing programme ASPs.
Services/spares	20.6%	8.8%	$10bn services by 2030; double-digit profitability	9.0%	Airbus captures more spares and digital/support work from a growing installed base, bringing the model close to the management service target despite the EUR/USD perimeter caveat; it remains far below the recovery-inflated three-year historical rate.

Bull annual path: aircraft/platform growth of **9.5%, 9.0%, 8.5%, 7.8% and 6.8%**; services growth of **10.0%, 9.5%, 9.0%, 8.5% and 8.0%**. The deceleration reflects a larger base after the rate catch-up. The case roughly corresponds to 1,230–1,280 deliveries by the horizon, with better widebody mix and fewer out-of-sequence aircraft. It requires the supplier system to meet—not merely promise—the revised rate plan. The bull probability is therefore below the base probability.

Bear case growth

Product / forecast bucket	3-year historical CAGR	Latest YoY	Mgmt FY+1 guide	Bear CAGR TTM→TTM+5y	Justification
Aircraft/platform and other	Segment revenue 8.3%; deliveries 6.3%	Segment revenue 3.8%; deliveries 3.5%	Guidance acknowledges engine constraint	3.0%	Recurrent engine/cabin/aerostructure shortages postpone A320 and A350 rates, A220 breakeven slips and delivery remedies dilute escalation; backlog prevents collapse but cannot produce revenue without completed aircraft.
Services/spares	20.6%	8.8%	$10bn target remains aspirational	4.5%	Lower fleet additions, softer utilisation and weaker capture slow services below both the recovery-inflated three-year history and the latest year, although mandatory support and the installed base keep growth positive.

Bear annual path: aircraft/platform growth of **4.0%, 3.5%, 3.0%, 2.5% and 2.0%**; services growth of **5.5%, 5.0%, 4.5%, 4.0% and 3.5%**. This corresponds to roughly 950–1,000 deliveries by the horizon, with continued inventory accumulation and uneven quarterly handovers. It is not a demand-collapse case: the verified backlog and absence of current cancellations argue against that. It is an industrial-conversion case in which rate plans keep moving right and inflation/remedies absorb part of price escalation.

Thesis-consistency check

There is no disclosed 39%-type product-revenue growth rate that the model abruptly cuts. The fastest verified series is A220 deliveries, 20.6% annualised across FY2022–FY2025 and 24.0% in FY2025, but A220 revenue is not disclosed and the programme is still targeting breakeven. The base segment forecast can therefore grow more slowly than A220 units because the A220 was only 11.7% of FY2025 deliveries, while A320-family units—76.5% of deliveries—grew only 0.8% in FY2025. Services decelerate from a recovery-inflated 20.6% three-year rate and 8.8% latest-year growth to a 7.0% base CAGR as the base expands; the year-by-year schedule fades from 8.0% to 6.0%, so the forward path is anchored to recent growth rather than falsely treating the FY2022 recovery base as steady state.

9. Forward Profit before financial result and income taxes (EBIT) margin assumptions

The sealed metric is **Profit before financial result and income taxes (EBIT)**, not EBIT Adjusted and not a relabelled operating-income proxy. TTM reported Airbus EBIT is €5.274bn on €55.625bn pre-elimination segment revenue, a 9.48% margin. Product margins are not disclosed, so the line-level future margins below are explicit analytical assumptions used only to calculate the weighted segment outcome.

Case	Forecast bucket	TTM margin disclosure	TTM+5y EBIT margin	Specific mechanism
Bear	Aircraft/platform and other	Not separately disclosed	7.8%	Continued supplier disruption, A220 losses, delivery remedies and out-of-sequence work offset modest fixed-cost absorption.
Bear	Services/spares	Not separately disclosed	11.5%	Service activity remains profitable but misses capture and pricing targets as utilisation and fleet growth slow.
Bear	Segment weighted	9.48% reported EBIT	8.22%	A 126bp contraction reflects platform execution costs partly cushioned by the steadier service mix.
Base	Aircraft/platform and other	Not separately disclosed	13.12%	A320 and A350 rate absorption plus learning lift the platform bucket, but supplier/Spirit costs, depreciation and programme-risk leakage prevent a full adjusted-margin conversion.

Case	Forecast bucket	TTM margin disclosure	TTM+5y EBIT margin	Specific mechanism
Base	Services/spares	Not separately disclosed	12.0%	Revenue scale and capture clear management's double-digit threshold, while the non-identical management target perimeter and competitive MRO market cap the assumption.
Base	Segment weighted	9.48% reported EBIT	13.00%	A 352bp expansion is above the FY2021–FY2025 reported peak by 141bp, but only source-bound conversion levers are credited.
Bull	Aircraft/platform and other	Not separately disclosed	17.8%	Rate targets are achieved, widebody mix improves, A220 turns positive and productivity/escalation exceed disruption costs.
Bull	Services/spares	Not separately disclosed	17.0%	Strong attachment, pricing and parts availability create high-teens incremental economics on faster growth.
Bull	Segment weighted	9.48% reported EBIT	17.71%	An 823bp expansion is reserved for unusually clean industrial execution and bounded reported adjustments.

Base-margin underwriting

The **13.00% Base reported EBIT margin** is not selected merely because it is conservative. It is the point at which the disclosed industrial upside and the disclosed conversion risks balance. The 9.48% TTM starting margin is unusually disrupted, while the historical reported peak of 11.59% predates the planned A320/A350 rate state. Management explicitly links A320 full rates to fixed-cost absorption, targets A350 rate 12, and targets A220 breakeven and double-digit services profitability [H126 release and H126-T, 29 July 2026; BU26 transcript, 21 July 2026; reproduced in data_package §§0a and 6]. Those anchors support a margin above the historical peak by the horizon. They do not support assuming that all adjusted-profit leverage reaches reported EBIT: rate targets have moved right [FY21–FY25 and H126 rate history, data_package §0a]; Pratt & Whitney has not committed all requested engines [Airbus official FY25 release, 19 February 2026]; Spirit added more than 4,000 employees and acquired work packages [Airbus official Spirit closure release, 8 December 2025; data_package §9]; capex rose to €3.037bn in FY2025 [A25-FS segment note; data_package §4]; and the disclosed €10bn 2029 Commercial target is EBIT Adjusted rather than reported EBIT [Thomas Toepfer, BU26, 21 July 2026; data_package §6].

The Base assigns 13.12% to aircraft/platform and other and 12.0% to services. The platform assumption gives meaningful credit for A320/A350 scale and for A220 moving toward breakeven while retaining a substantial burden for supplier rent, Spirit integration, depreciation and programme-risk leakage. The service margin is set only modestly above management's "double-digit" threshold because the $10bn target perimeter does not map exactly to the IFRS services/spares class and Airbus competes with airline, supplier and independent MRO capacity.

The source-bound base margin bridge is deliberately bounded rather than presented as issuer attribution: roughly **+215bp** from A320/A350 rate and mix absorption; **+45bp** from A220 moving from loss toward breakeven, not mature profitability; **+30bp** from service capture and mix; **+70bp** from learning and fewer out-of-sequence costs; and **+45bp** from contractual pricing, hedge realisation and productivity. These gross benefits are offset by roughly **-30bp** for persistent supplier/Spirit integration cost and **-23bp** for incremental depreciation, R&D and residual programme-risk burden. Net improvement is 352bp, taking 9.48% to 13.00%. The basis-point decomposition is an analyst underwriting bound using disclosed mechanisms; it is not a disclosed programme-margin bridge. Airbus does not disclose Commercial Aircraft depreciation or R&D by forecast bucket, so no basis-point component is presented as an issuer-reported historical allocation.

The cadence prevents the model from crediting full-rate economics before the rate plan is reached:

Base margin cadence	TTM Jun-2026	Jun-2027	Jun-2028	Jun-2029	Jun-2030	Jun-2031
Reported Airbus EBIT margin	9.48%	9.9%	10.8%	11.7%	12.4%	13.0%
Dominant source-bound lever	Verified anchor	Ramp cost before benefit	A320 70–75/month conversion	A220/A350 target-rate learning	Services capture and Spirit stabilisation	Mature absorption net of depreciation/programme reserve

This cadence assumes the A320 system reaches the revised 70–75 rate range only around end-2027, so most absorption arrives after June 2028; A220 and A350 benefits appear after their 2028 targets rather than in advance. Services clear double-digit profitability during the mid-term but do not carry the segment. Pricing and hedges are treated as an offset to inflation and disruption, not a standalone windfall. Capex/depreciation and programme risk remain explicit drags through the horizon.

The margin path is reported-metric-aware. Management's roughly €10bn Commercial Aircraft target for 2029 is EBIT Adjusted [Thomas Toepfer, BU26, 21 July 2026; reproduced in data_package §6], while this appendix forecasts reported EBIT of approximately €9.973bn on a larger June-2031 revenue base. In other words, Base allows reported EBIT to reach roughly the nominal adjusted target two years later; it does not assume the adjusted-to-reported gap disappears immediately. No corporate/unallocated line, eliminations or below-the-line adjustments are inserted into Airbus margins. Those items belong in the synthesis-stage statutory bridge. Programme charges and other Airbus-segment reported effects remain captured through the scenario margin.

The Base case now requires positive evidence rather than perfect execution: sustainable A320 output near the revised target, A220 at least at breakeven, A350 around rate 12, services above a 10% margin, no persistent widening of the adjusted-to-reported gap, and Spirit costs moving from integration burden toward operational control. Failure to clear 10% reported Commercial margin at both FY2027 and H1 2028, or another official delay to the A320 target, would invalidate this cadence and move the forecast toward Bear. Bull remains the scenario for unusually clean industrial execution and high-teens margins.

10. Segment rollup

The rollup compounds the analytical TTM buckets for exactly five years using the explicit annual paths in Section 8 and computes EBIT as revenue multiplied by the explicit line margin. The displayed CAGRs are rounded summaries of those annual paths, not alternate compounding inputs. Totals reconcile exactly; rounding differences are below 0.1%.

Case	Forecast bucket	TTM revenue anchor	5y CAGR	TTM+5y revenue	TTM+5y EBIT margin	TTM+5y EBIT
Bear	Aircraft/platform and other	€49.735bn	3.0%	€57.650bn	7.8%	€4.497bn
Bear	Services/spares	€5.890bn	4.5%	€7.339bn	11.5%	€0.844bn
Bear	**Airbus segment total**	**€55.625bn**	**3.16%**	**€64.989bn**	**8.22%**	**€5.341bn**
Base	Aircraft/platform and other	€49.735bn	6.6%	€68.456bn	13.12%	€8.981bn
Base	Services/spares	€5.890bn	7.0%	€8.260bn	12.0%	€0.991bn
Base	**Airbus segment total**	**€55.625bn**	**6.64%**	**€76.717bn**	**13.00%**	**€9.973bn**
Bull	Aircraft/platform and other	€49.735bn	8.3%	€74.152bn	17.8%	€13.199bn
Bull	Services/spares	€5.890bn	9.0%	€9.062bn	17.0%	€1.540bn
Bull	**Airbus segment total**	**€55.625bn**	**8.39%**	**€83.213bn**	**17.71%**	**€14.740bn**

Arithmetic tie-outs:

- Bear: €57.650bn + €7.339bn = €64.989bn; €4.497bn + €0.844bn = €5.341bn; €5.341bn / €64.989bn = 8.22%.
- Base: €68.456bn + €8.260bn = €76.716bn versus €76.717bn from unrounded components; €8.981bn + €0.991bn = €9.972bn versus €9.973bn unrounded; €9.973bn / €76.717bn = 13.00%.
- Bull: €74.152bn + €9.062bn = €83.214bn versus €83.213bn from unrounded components; €13.199bn + €1.540bn = €14.739bn versus €14.740bn unrounded; €14.740bn / €83.213bn = 17.71%.

The analytical starting split is the only non-disclosed decomposition. The total TTM revenue and EBIT are verified. The services proxy is transparently annualised from the verified H1 2026 external class, and the residual is forced to the segment total. The model does not claim a historical programme split, does not assign ASPs, and does not count individual programme volumes in addition to the residual revenue bucket.

Scenario interpretation and probabilities

The **base case receives 55% probability** because the demand evidence is unusually strong, management has revised rather than abandoned the rate plan, and installed industrial capacity should enable improvement, but the revision history and engine constraint argue against treating the full-rate plan as certain. The **bear case receives 25%** because supply-chain slippage has repeatedly occurred and a backlog cannot be delivered without supplier synchronisation. The **bull case receives 20%** because it requires simultaneous rate achievement, A220 breakeven, A350 scale, service capture and contained reported adjustments.

The probability-weighted outcome is approximately €75.084bn of TTM+5y segment revenue and €9.768bn of Airbus reported EBIT, implying a 13.01% weighted EBIT margin. This expected value is not a fourth scenario and should not be presented as management guidance.

11. Key risks and wildcards

Industrial and supplier risks

- **Engine availability — Bear:** Pratt & Whitney's disclosed failure to commit to required quantities directly affects the A320-family ramp. CFM and the wider engine supply chain also face aerospace capacity constraints. Engines arriving late create gliders, inventory and rework, delaying revenue and cash.
- **Aerostructures and interiors — Bear/Base:** Fuselage sections, seats, galleys and cabin equipment can disrupt completion even when final assembly is ready. Supplier financial weakness can force Airbus to provide support or internalise work at unattractive near-term cost.
- **Spirit integration — Bear/Bull:** Bringing acquired work packages and more than 4,000 employees into the Airbus perimeter may improve control and continuity, but it also brings integration, labour and restructuring risk. Bull assumes coordination benefits; bear assumes near-term inefficiency.
- **Ramp labour and quality — Bear:** Hiring and training at speed can increase non-conformities, travelled work and inspection burden. A nominal monthly rate is not economically valuable if aircraft remain incomplete or require expensive rework.

Programme risks

- **A220 breakeven — Bear/Base:** Management's language confirms breakeven is still a target. Supplier contracts, learning and rate 13 must align. A competitive aircraft can continue losing money if fixed-cost absorption or unit cost misses plan.
- **A320 rate durability — All cases:** The A320 family is the volume core. Base needs 70–75 per month by end-2027 and stable output thereafter; bull needs clean sustainability; bear assumes another push-out. Small changes affect many units and substantial fixed-cost absorption.
- **A350 volume and mix — Bull/Base:** More than doubling deliveries by 2029 offers strong leverage but requires engines, cabins and widebody demand to remain aligned. Widebody campaigns are lumpy, and configuration mix can make units a poor revenue proxy.
- **A330 niche durability — Bear:** The planned rate 5 is modest in group terms but still depends on freighter, replacement and selected passenger demand. A smaller programme has less room to absorb disruption.
- **Certification or safety event — Bear:** A design, manufacturing or in-service issue can cause inspection, retrofit, delivery stop or compensation. The direct charge can be compounded by lost rate and reputational damage.

Commercial and macro risks

- **Airline and lessor financial health — Bear:** Recession, fuel shock, pandemic-like disruption or credit tightening can cause deferrals and concessions even if formal cancellations remain low. Customer advances help financing at group level, but the package does not disclose a segment-specific advance schedule.
- **Backlog quality and escalation — Bear/Base:** A large backlog is only as valuable as its contract economics. Older contracts may have escalation formulas that do not fully cover abnormal supplier and labour inflation. Deferrals can also disrupt optimal sequencing.

- **Boeing recovery — Bear/Base:** A healthy competitor can restore delivery availability and sharpen campaign pricing. Airbus's moat survives, but scarcity pricing and unusually favourable share may normalise.
- **COMAC progress — Bear, long duration:** Certification expansion and production learning could create a more meaningful third competitor, initially in China. The five-year financial effect may be limited by capacity, but the strategic effect on future campaigns and pricing can begin earlier.
- **Trade and tariff policy — Bear:** Aerospace supply chains cross borders multiple times. Tariffs, export restrictions or political retaliation can raise cost, interrupt components or influence airline orders.
- **Environmental policy and technology — Bear/Bull:** Carbon pricing and flight restrictions can curb demand; conversely, replacement demand for more efficient fleets can favour new Airbus aircraft. Sustainable aviation fuel compatibility and next-generation propulsion also require sustained R&D.

Financial and accounting wildcards

- **EUR/USD — All cases:** Commercial aircraft pricing and a portion of costs are dollar-linked, while Airbus reports in euros. Hedging smooths timing, not ultimate economics. The management 2029 framework uses €/$1.22, so a materially different rate can change both reported revenue and margin.
- **Programme charges — Bear:** This appendix forecasts reported EBIT, not adjusted EBIT. Technical issues, contract-estimate changes, workforce actions or acquisition effects can create reported charges even when delivery operations improve.
- **Working-capital conversion — Bear/Base:** Inventory is intentionally rising ahead of deliveries. If missing parts delay handovers, EBIT may improve later than cash investment, and customer-advance movements can amplify seasonality. **[DATA GAP: no verified Airbus-segment customer-advance balance or five-year movement series is available.]**
- **Services perimeter — Base/Bull:** Management's $10bn Commercial Aircraft Services target may not map exactly to the IFRS "services and spare parts" class. The model therefore uses it as a directional anchor rather than a mechanical currency conversion.

The central underwriting judgement is that demand is not the scarce resource; reliable industrial conversion is. The backlog, product position and service installed base make a five-year revenue decline unlikely absent a severe macro shock. The range of EBIT outcomes is much wider because fixed-cost absorption, A220 breakeven, disruption cost, programme charges and service capture determine how much of that demand becomes reported profit.

Summary

Case	Segment TTM+5y Revenue	Exact profit metric	Segment TTM+5y Profit Margin	Segment TTM+5y Profit	Probability
Bear	€64.989bn	Profit before financial result and income taxes (EBIT)	8.22%	€5.341bn	25%
Base	€76.717bn	Profit before financial result and income taxes (EBIT)	13.00%	€9.973bn	55%
Bull	€83.213bn	Profit before financial result and income taxes (EBIT)	17.71%	€14.740bn	20%

The base case is earned by conversion, not demand extrapolation: Airbus must turn a 9,222-unit backlog into stable A320, A220, A330 and A350 throughput, cross A220 breakeven, improve service capture and avoid material reported charges. The bear case preserves positive growth because the backlog and installed base are real, while denying structural margin expansion because rate slippage keeps cost and working capital elevated. The bull case recognises the powerful fixed-cost leverage available if the revised programme rates finally become sustained physical output.

Appendix B2 - Airbus Defence and Space

Airbus Defence and Space — Segment Deep Dive

Information cutoff: 24 August 2026. **Forecast anchor:** TTM ended 30 June 2026. **Forecast horizon:** 30 June 2031, exactly 5.0 calendar years. **Currency:** euro. **Scale:** € billions unless stated otherwise. **Profit basis: Profit before financial result and income taxes (EBIT)**, the exact Airbus-reported segment metric sealed in `statutory_bridge.json`. **Trade execution authorised:** false.

The verified upstream package states `STATUTORY_BRIDGE_STATUS: VERIFIED — CLEARED FOR FORECASTING`. The FY2025 Defence and Space EBIT of €639m and TTM EBIT of €1,020m therefore enter this appendix without reclassification. Corporate eliminations remain outside the segment model and are to be forecast once in synthesis. The model also respects a critical disclosure boundary: Airbus does **not** disclose revenue or margin for Air Power, Space Systems, or Connected Intelligence, and it does **not** disclose a Defence and Space order book at 30 June 2026. None is estimated here. [`statutory_bridge.json`, FY2025 and TTM periods, sealed SHA-256 `dc939f5532c9715ee8fd1155656a189452c993fc55510a857eebdf47ec55b81f`; data_package §3a]

0. Segment boundary and taxonomy note

Airbus Defence and Space has remained one of Airbus SE's three reportable segments throughout FY2021-FY2025. Its present operating description comprises Air Power, Space Systems and Connected Intelligence. The internal reorganisation effective 1 July 2025 and the workforce-adaptation programme changed management structure and cost responsibility, but neither created a new reportable segment nor caused a restatement of the five-year segment series. The proposed European space combination with Leonardo and Thales had not closed by the information cutoff, so it is not included in the reporting perimeter or the forecast. The historical comparison is therefore taxonomy-consistent. [data_package §1, Taxonomy investigation; §9, Defence and Space transformation and proposed Space combination]

1. What this segment actually is

Defence and Space is a government- and institution-facing portfolio of military aircraft, satellites, secure communications, intelligence, surveillance, cyber and data services. The customer is commonly a national defence ministry, a multinational procurement body such as OCCAR, a civil space agency, an intelligence or border-security authority, or a prime contractor in a consortium. A smaller portion of the customer base is commercial, particularly in satellite and geospatial services. Unlike a consumer product business, the sales process is measured in budget cycles, competitions, parliamentary approvals and contract negotiations. Awards may take years, while performance and support obligations can last decades.

Air Power covers crewed and uncrewed military air systems and associated services. Its visible programmes include Eurofighter, A400M airlift, A330 Multi Role Tanker Transport, C295, mission systems and emerging uncrewed collaborative combat aircraft. These products combine design authority, systems integration, regulated military certification, final assembly, upgrades, training and through-life support. A new platform order can create point-in-time revenue at delivery, over-time revenue during development or customer-controlled production, and services revenue over the installed fleet's operating life. The accounting category is determined by contract terms, not by business-unit name.

Space Systems supplies civil and defence spacecraft, payloads and space infrastructure. Economics vary sharply by contract: a mature recurring satellite platform can earn an acceptable margin, while a bespoke fixed-price programme with immature technology can generate estimate-at-completion losses long before final delivery. This is the source of the segment's recent volatility. The €0.6bn of Space programme charges in FY2023 and €1.3bn in FY2024 show that backlog is not automatically profitable. The proposed Airbus-Leonardo-Thales combination may eventually change industry structure, but a non-binding or unclosed transaction cannot be used as forecast revenue, cost synergy or margin. [Airbus FY2023 results release, 15 February 2024; Airbus FY2024 results release, 20 February 2025; data_package §3]

Connected Intelligence provides secure communications, cyber, intelligence, geospatial data processing and related services. Its outputs are less physically visible than an aircraft, yet often sit inside sovereign command-and-control and security workflows. The economic attractions are potentially better recurrence, lower incremental capital intensity and customer integration. The constraints are continuing software investment, security accreditation, data-sovereignty requirements and competition from specialised defence-technology and commercial-space entrants.

Pricing is negotiated rather than posted. A sole-source upgrade or sovereign mission system can carry pricing power because switching would require recertification, retraining and re-integration. A competitive new-platform bid can instead transfer substantial schedule, inflation and technical risk to Airbus. Contracts may include escalation clauses, milestone payments, customer advances, penalties, availability commitments and cost-sharing arrangements. Revenue recognition can be at a point in time, over time, or as services and spare parts. That mix is why this appendix models the three disclosed accounting classes rather than inventing Air Power, Space Systems and Connected Intelligence revenue.

Go-to-market depends on political sponsorship, long-term customer relationships and multinational workshare. Airbus often competes and cooperates with the same firms: Leonardo and Thales are potential Space partners and competitors; BAE Systems and Leonardo are Eurofighter partners; Dassault is both a European aerospace peer and an FCAS stakeholder. In the United States and export markets, Lockheed Martin, Boeing, Northrop Grumman, RTX, General Dynamics and L3Harris cover overlapping mission sets. In European space, Thales Alenia Space and OHB are direct competitors, while lower-cost launch and satellite entrants alter customer expectations. The segment therefore possesses high barriers to entry but not uniform bargaining power.

2. Current economics

The exact TTM build is FY2025 less H1 FY2025 plus H1 FY2026. External revenue is €13.868bn: €3.686bn of goods transferred at a point in time, €5.811bn of goods and services transferred over time, and €4.371bn of services and spare parts. Pre-elimination segment revenue is €13.908bn after adding €40m of TTM intersegment revenue. The difference matters because Airbus presents segment EBIT against pre-elimination revenue. TTM Airbus-reported EBIT is €1.020bn, giving a 7.33% margin on the correct €13.908bn denominator. [Airbus FY2025 IFRS Financial Statements, Note 11; Airbus HY2026 Interim IFRS Financial Information, Note 6, including the H1 FY2025 comparatives; quant_foundation P1 and P4; data_package §1 denominator warning]

H1 FY2026 pre-elimination revenue rose 9% to €6.316bn from €5.813bn, driven by higher volumes across all business units. H1 EBIT was €542m versus €161m. The stronger quarter should not be annualised: CFO Thomas Toepfer explicitly said the Q2 margin was not indicative of a continuation in the second half. [Airbus H1 2026 results release, 29 July 2026, H1 and Q2 By Business Segment tables; data_package §5 and §6]

Demand visibility is unusually strong. Net order intake increased from €13.656bn in FY2021 to €17.729bn in FY2025, a 6.7% four-year CAGR. The year-end order book rose from €36.131bn to €50.771bn, an 8.9% CAGR, and represented roughly 3.8 times FY2025 segment revenue. H1 FY2026 order intake reached €9.293bn, 83% above H1 FY2025's €5.084bn. The 30 June 2026 Defence and Space order book was **not supplied**, however, so this model uses the verified €50.771bn year-end value and the current intake signal without manufacturing a half-year backlog. [data_package §0a, Aerospace KPI history; §4 Defence and Space programme disclosure]

The current earnings number needs a disciplined normalisation bridge. FY2025 adjusted EBIT was €798m, while reported EBIT was €639m. Airbus disclosed a €105m workforce-adaptation charge and a €73m A400M charge among reported adjustments. In H1 FY2026, adjusted EBIT was €487m and reported EBIT €542m; the latter included a positive €60m workforce-provision release. H1 FY2025 adjusted EBIT was €265m and reported EBIT €161m. Therefore the TTM adjusted calculation is €798m minus €265m plus €487m = **€1.020bn**, and the TTM reported calculation is €639m minus €161m plus €542m = **€1.020bn**. The equality is coincidental, not evidence that charges have disappeared. It means the TTM reported anchor and an Airbus-adjusted diagnostic currently coincide, while future reported EBIT must still absorb programme charges or releases as they occur. [Airbus FY2025 results release, 19 February 2026; Airbus H1 2026 results release, 29 July 2026; quant_foundation P4; data_package §3]

Capital intensity is meaningful but not extreme for an aerospace prime. Segment capex rose from €483m in FY2021 to €630m in FY2025, a 6.9% CAGR, while segment revenue grew 7.1%. Capex stayed close to 4.7% of revenue at both endpoints. Segment assets increased from €17.081bn to €23.507bn, an 8.3% CAGR, faster than revenue; simple asset turnover slipped from 0.60x to 0.57x. The business must finance test equipment, production tools, secure facilities, intellectual property and working capital. Customer advances can help cash conversion, but they do not make loss-making fixed-price work economically attractive. [data_package §4, Segment capital expenditure and Segment assets tables]

[DATA GAP: Airbus does not disclose Air Power, Space Systems or Connected Intelligence revenue or margin, and it did not supply a Defence and Space order book at 30 June 2026.] Airbus only states that FY2025 growth and H1 FY2026 growth were broad across business units. It also discloses that services and spare parts were €4.309bn in FY2025, or 32.3% of Defence and Space external revenue, but it does not allocate this class among Air Power, Space Systems and Connected Intelligence. The forecast preserves that limit. [Airbus FY2025 IFRS Financial Statements, Note 11; Airbus H1 2026 results

release, 29 July 2026; data_package §4]

3. Unit economics

The segment's unit economics begin with contract selection. Winning an order brings political relevance and backlog, but economic value depends on bid discipline, escalation protection, maturity of requirements, supplier terms and the share of non-recurring development funded by the customer. A competitive fixed-price development contract can have attractive headline value and poor expected return. Conversely, an installed platform with funded upgrades and support can create recurring, higher-confidence profit for decades.

For goods transferred at a point in time, revenue is usually recognised when control passes, often on delivery or acceptance. Profit therefore depends on delivery mix, accumulated production cost, supplier performance, learning-curve achievement and the release of prior contingencies. A400M is the cautionary example: even after serial production and operational maturity, revised capability roadmaps, delivery phasing and contractual negotiations have repeatedly altered estimate-at-completion assumptions. Eurofighter and MRTT can be more mature, but consortium workshare and government negotiation constrain unilateral pricing.

For goods and services transferred over time, Airbus recognises progress as performance obligations are satisfied. This smooths revenue relative to final delivery but increases reliance on cost-to-complete estimates. If engineering hours, supplier cost, certification effort or schedule worsen, the entire expected loss on an onerous contract can be recognised promptly. The €0.6bn FY2023 and €1.3bn FY2024 Space charges are not merely timing noise; they reveal how a few long-duration programmes can overwhelm normal annual segment profit. The correct economic response is a scenario-specific programme-risk reserve, not a blanket deletion of all charges. [Airbus FY2023 results release, 15 February 2024; Airbus FY2024 results release, 20 February 2025; data_package §3]

Services and spare parts should be the most durable class. Revenue comes from fleet support, spares, maintenance, upgrades, training, secure communications, data processing and cyber work. Installed platforms, classified integration, certification and sovereign-data requirements raise switching costs. Labour and software investment remain material, but repeat work should need less programme-specific development than a new satellite or aircraft. Services external revenue grew from €3.498bn in FY2021 to €4.309bn in FY2025, a 5.35% CAGR. H1 FY2026 services revenue was €1.972bn versus €1.910bn in H1 FY2025, only 3.2% growth, so the model does not extrapolate a double-digit service trajectory. [data_package §4, Services and spare parts table; quant_foundation P1]

Scale leverage is real but conditional. Management says SG&A has been kept flat and intends to continue that discipline. If revenue grows while central bid, compliance and administrative cost rises more slowly, the incremental EBIT margin can exceed the current average. Yet engineering, cyber, security and product-development spending cannot simply remain flat. R&D and capability investment are part of the franchise. A margin forecast that assumes cost containment without reinvestment would borrow from the future.

Working capital can amplify cash volatility. Defence contracts often receive customer advances, but inventory, work in progress and milestone timing can consume cash. Programme charges are non-cash when provisions are created and cash when remedial work is performed. A provision release can raise reported EBIT without creating a new sale or proving that the underlying programme earned a higher gross margin. That distinction is particularly important for H1 FY2026's €60m workforce-plan release. [Airbus H1 2026 results release, 29 July 2026, EBIT reported/adjusted reconciliation; data_package §3]

In the base case, underlying class economics improve through Space execution, mix and SG&A leverage, but reported EBIT carries a €150m horizon-year programme-risk allowance. This is not a forecast of a named charge. It is an expected-cost representation of an activity with repeated adverse estimate revisions. The bear case assumes €300m of horizon-year charges and weaker underlying class margins. The bull retains €50m because even a favourable defence procurement cycle does not eliminate programme risk.

4. Competitive dynamics

Air Power competes in markets where sovereign alignment matters almost as much as specification. Eurofighter competes with Rafale, F-35 and other export fighters; A400M competes against a mixture of tactical and strategic airlifters rather than a perfect like-for-like substitute; MRTT competes with Boeing tanker offerings; C295 competes in light transport and special-mission roles. Airbus's advantage is a European industrial footprint, mission-system integration, certification history and installed fleets. Its weakness is consortium complexity and the risk that multinational governance slows decisions.

The A400M illustrates both moat and fragility. [OCCAR's programme overview](https://occar.int/our-work/programmes/a400m-a-tactical-and-strategic-airlifter/general-information) describes a multinational programme for 170 aircraft across participating states and an in-service support ecosystem. [Germany received the final aircraft under its current 53-aircraft order in April 2026](https://occar.int/news/a400m-programme-reaches-key-milestone-with-delivery-of-final-german-aircraft), while OCCAR's 2026 business plan says production is secured into early 2029. The installed base supports sustainment and upgrade revenue, and the platform combines strategic range with tactical-field capability. At the same time, completion of existing national orders raises the importance of exports, follow-on orders and support. A protected installed base is not the same as an automatically growing production line.

Space Systems faces Thales Alenia Space, OHB, Lockheed Martin, Northrop Grumman and a widening group of commercial-space manufacturers and software-led entrants. Airbus has heritage, security credentials and access to European institutional programmes. New entrants pressure cost, cycle time and vertical integration. The [European Commission's IRIS² concession notice](https://defence-industry-space.ec.europa.eu/iris2-european-commission-awards-concession-contract-spacerise-consortium-2024-10-31_en) describes an architecture of more than 290 satellites and includes Airbus Defence and Space in the core subcontractor team, but awards are spread across an ecosystem and future funding depends partly on post-2027 appropriations. It supports demand visibility, not a proprietary revenue pool.

Connected Intelligence competes with large defence electronics firms and specialist cyber, analytics and geospatial providers. Thales, Leonardo, L3Harris and RTX overlap across secure communications and mission systems, while commercial cloud and Earth-observation companies can substitute for some data-processing layers. Airbus has an advantage where the solution must integrate tightly with its aircraft, satellites or sovereign networks. It has less protection where software is modular and procurement shifts toward best-of-breed components.

Procurement-cycle upside is distinct from execution upside. European defence budgets, geopolitical urgency and sovereign-capability priorities can increase order intake. They cannot by themselves raise Airbus's reported EBIT if capacity, engineering talent and suppliers cannot execute. Indeed, urgency can lower near-term margins if Airbus accelerates hiring, buys scarce components at premium prices or accepts immature requirements. The bull case requires both strong awards and controlled conversion. The base case assumes demand remains favourable but conversion is paced. The bear case does not require demand collapse: it is chiefly an execution case in which strong backlog coexists with charges and low profit.

Pricing power is strongest on upgrades, support and deeply integrated sovereign systems; it is weakest at initial competitive bid and when governments can impose workshare or affordability constraints. Barriers to entry include security clearances, certification, export-control infrastructure, systems-integration knowledge, production assets and decades of customer trust. Substitution risk is therefore low at the platform level but higher in software, payloads, analytics and small-satellite components.

5. Moat at the segment level

The segment has a real but uneven moat. Its strongest protection is not a patent or consumer brand. It is the combination of sovereign trust, installed platforms, regulated design authority, classified integration, multinational programme positions and through-life obligations. Once a country operates Eurofighter, A400M, MRTT or an Airbus-built satellite architecture, switching the prime contractor for upgrades and support can require technical-data access, recertification and political renegotiation. This supports recurring service revenue and creates long-lived customer relationships.

Systems integration is the second layer. Airbus can combine airframes, mission systems, satellites, sensors, communications and data. In high-complexity procurements, the customer is buying assured integration and accountability rather than a collection of components. The emerging uncrewed combat-aircraft offer illustrates the strategy: Airbus can combine an external air vehicle with its sovereign European mission system, aiming to deliver operational capability more quickly than a clean-sheet platform. That can deepen the franchise if Airbus owns the integration layer.

The third layer is industrial sovereignty. European governments want critical defence and space capabilities located within Europe. Airbus's facilities, national workshare and workforce can be a strategic asset even when they are economically inefficient. This raises entry barriers, but it also limits restructuring freedom and can preserve duplicate cost. Political relevance is therefore both moat and constraint.

The moat is weaker in programme economics. FY2022's approximately €0.5bn A400M charge, FY2023's €0.6bn Space charges and FY2024's €1.3bn Space charges demonstrate that incumbency does not guarantee pricing discipline or cost control. A business can be difficult to displace and still earn poor returns. The transformation's early results are encouraging,

but one recovered year and a favourable half-year do not prove a durable margin floor. [Airbus FY2022, FY2023 and FY2024 results releases; data_package §3]

Over five to ten years, the service and integration portions should retain high switching costs. New-platform manufacturing and bespoke Space development remain vulnerable to cost overruns and political bargaining. Commercial-space cycle times and lower-cost architectures may erode heritage advantages. The segment-level moat verdict is therefore **moderate and conditional**: strong franchise durability, weaker evidence of durable high returns. The economic moat earns credibility only if Airbus converts the procurement upcycle into repeated reported EBIT without another large charge cycle.

6. Historical growth rates reproduced from the verified data package

The table uses only euro-disclosed, taxonomy-consistent rows. Air Power, Space Systems and Connected Intelligence revenue is not disclosed and is not back-solved. Every historical value carries the specific data-package table row that supplies it.

Product / sub-segment	FY2023 revenue	FY2024 revenue	FY2025 revenue	3-year CAGR	Most recent YoY	Data-package cite
Defence and Space pre-elimination segment	€11.495bn [§3 D&S revenue row]	€12.082bn [§3 D&S revenue row]	€13.405bn [§3 D&S revenue row]	7.98% [§3 D&S revenue row]	H1 2026 +9% [§5 D&S Q1/Q2 rows]	data_package §3, Airbus Defence and Space revenue row; §5
Services and spare parts external revenue	€3.855bn [§4 services row]	€4.016bn [§4 services row]	€4.309bn [§4 services row]	5.73% [§4 services row]	H1 2026 +3.2% [§4 and QF P1]	data_package §4, Services and spare parts, Defence and Space row
Air Power	Not separately disclosed [§4 programme row]	Not separately disclosed [§4 programme row]	Not separately disclosed [§4 programme row]	Not disclosed	Higher volumes; no BU rate [§4]	data_package §4, Defence and Space programme row
Space Systems	Not separately disclosed [§4 programme row]	Not separately disclosed [§4 programme row]	Not separately disclosed [§4 programme row]	Not disclosed	Improved; no BU rate [§6]	data_package §4 programme row; §6 Space turnaround rows
Connected Intelligence	Not separately disclosed [§4 programme row]	Not separately disclosed [§4 programme row]	Not separately disclosed [§4 programme row]	Not disclosed	Higher volumes; no BU rate [§4]	data_package §4, Defence and Space programme row

For clarity, the displayed “3-year CAGR” covers the two intervals from FY2023 to FY2025, matching the three annual observations. The segment arithmetic checks: €11.495bn × 1.051 = €12.081bn, which rounds to €12.082bn; €12.082bn × 1.110 = €13.411bn, within 0.05% of the disclosed €13.405bn because the displayed growth rate is rounded. The service row checks: €3.855bn × 1.042 = €4.017bn versus €4.016bn, and €4.016bn × 1.073 = €4.309bn. All differences are well inside the mandatory 2% tolerance. No figure was back-solved.

The longer history reinforces the distinction between revenue and profit. Segment revenue rose from €10.186bn in FY2021 to €13.405bn in FY2025, a 7.11% CAGR. Airbus-reported EBIT moved from €568m to negative €118m, €220m, negative €656m and €639m over the same years. The historical margin range of negative 5.43% to positive 5.58% is much wider than the revenue range. [data_package §3, Airbus Defence and Space table]

7. Management guidance from data-package Section 6

Demand and backlog — BU26, Michael Schoellhorn: “We had a record order intake in FY’25 with €17.7 billion. That leads us to a backlog of, in total, €50 billion-plus.” This is strong visibility, corroborated by the verified €50.771bn FY2025 order book. It is not a revenue-growth rate and does not disclose H1 FY2026 backlog. [data_package §6, Defence and Space row 1]

2029 profit target — BU26, Michael Schoellhorn: “Last year, I reported to you the ambition to have a €1 billion+ EBIT adjusted by 2028. I'm happy to say we are ahead of the curve. We're now seeing that we could be in 2029 at around €1.3 billion.” This is the central management benchmark. It is **EBIT Adjusted**, whereas this appendix's exact sealed profit metric is reported EBIT. The model therefore tests the adjusted target but deducts scenario-specific programme charges to reach reported EBIT. [data_package §6, Defence and Space row 2]

Cost discipline — BU26, Michael Schoellhorn: “We have kept our SG&A spending flat over the last years. We will try to continue that.” This supports operating leverage, but the wording is an intention rather than a quantified cost guarantee. Base and bull allow SG&A leverage; bear assumes engineering and execution costs offset it. [data_package §6, Defence and Space row 3]

Space direction — BU26, Guillaume Faury: “We are ahead of the trajectory we have given to ourselves. So space is also moving forward in a very high way.” The language supports turnaround direction but gives no Space revenue or margin. It cannot justify a business-unit forecast. [data_package §6, Defence and Space row 4]

Current orders — H1 2026, Guillaume Faury: “Here, we continue to see a very strong commercial momentum across all business lines, with order intake reaching EUR 9.3 billion in the first half.” The verified €9.293bn value is an acceleration signal across the portfolio. Base growth remains below intake growth because government awards convert over years. [data_package §6, Defence and Space row 5]

Do not annualise Q2 — H1 2026, Thomas Toepfer: “So it's not indicative for a continuation of that margin in the second half of the year.” This warning is embedded directly in the margin cases. No case treats Q2's 11.71% reported EBIT margin as the run rate. [data_package §6, Defence and Space row 6]

Space execution — H1 2026, Thomas Toepfer: “Nothing other than we are very pleased with the, I would say, turnaround that we're doing in Space, and that is materializing.” This adds evidence of operational progress, but the absence of business-unit figures and the charge history require a continuing downside reserve. [data_package §6, Defence and Space row 7]

FY2025 recovery — official release: “EBIT Adjusted at Airbus Defence and Space increased to € 798 million (2024: € -566 million), reflecting higher volumes and improved profitability, as the Division sees the results of its transformation plan.” This establishes recovery, not a normal-cycle margin. The base case requires further execution before reaching management's 2029 adjusted target. [data_package §6, Defence and Space row 8]

8. Forward growth assumptions

Because Air Power, Space Systems and Connected Intelligence revenue are not disclosed, the only auditable bottom-up revenue model uses the TTM accounting classes. Each class is cross-cutting: Air Power, Space and Connected Intelligence can contribute to more than one class. The drivers are nonetheless explicit. Point-in-time revenue responds mainly to platform and equipment deliveries; over-time revenue responds to long-duration programme conversion; services and spare parts respond to installed fleets, secure communications, data and support. Intersegment revenue is shown separately so class revenue ties to the correct pre-elimination EBIT denominator.

Base case growth

Revenue class	Historical CAGR	Latest YoY	Management FY+1 guide	Base CAGR TTM to TTM+5y	Concise mechanism
Goods transferred at a point in time	Not separately disclosed	H1 2026 +7.0%	No class guide	5.5%	Air Power deliveries and mature platform demand rise, paced by capacity and A400M profile
Goods and services transferred over time	Not separately disclosed	H1 2026 +16.9%	No class guide	6.5%	Backlog conversion and Space recovery, below current intake growth
Services and spare parts	FY2021-FY2025 5.35%	H1 2026 +3.2%	No exact rate	5.5%	Installed base, upgrades, secure communications and data recur
Intersegment revenue	Not material	H1 2026 lower	No guide	3.0%	Kept near current tiny share; no value attributed to eliminations

The base case converts the €50.771bn FY2025 backlog gradually rather than treating it as a one-year pipeline. Point-in-time growth of 5.5% is below the segment's FY2021-FY2025 7.1% revenue CAGR and H1's 9% growth because production cadence and customer acceptance are binding. Over-time growth of 6.5% is supported by the 8.9% historical backlog CAGR and H1 intake, but remains far below the 83% H1 intake increase. Services grow near their 5.35% four-year historical rate. Annual segment growth follows a deliberately smooth 5.9%-6.0% cadence from €13.908bn at June 2026 to €18.538bn at June 2031. [Airbus FY2021-FY2025 results releases; Airbus H1 2026 results release, 29 July 2026; data_package §0a, §3 and §4]

Bear case growth

Revenue class	Historical CAGR	Latest YoY	Management FY+1 guide	Bear CAGR TTM to TTM+5y	Concise mechanism
Goods transferred at a point in time	Not separately disclosed	H1 2026 +7.0%	No class guide	2.0%	Procurement remains but delivery slippage and A400M run-down slow conversion

Revenue class	Historical CAGR	Latest YoY	Management FY+1 guide	Bear CAGR TTM to TTM+5y	Concise mechanism
Goods and services transferred over time	Not separately disclosed	H1 2026 +16.9%	No class guide	2.5%	Space remediation consumes engineering capacity and milestones slip
Services and spare parts	FY2021-FY2025 5.35%	H1 2026 +3.2%	No exact rate	2.5%	Support is resilient but budgets and customer readiness defer upgrades
Intersegment revenue	Not material	H1 2026 lower	No guide	0.0%	Held flat to avoid artificial contribution

The bear is an execution case, not a defence-budget collapse. Orders can remain healthy while acceptance, supplier throughput and programme economics disappoint. The segment grows only 2.3% annually to €15.630bn, below inflation in some cost categories. It captures the historical lesson that large backlog did not prevent negative EBIT in FY2022 or FY2024. [Airbus FY2022 and FY2024 results releases; data_package §3]

Bull case growth

Revenue class	Historical CAGR	Latest YoY	Management FY+1 guide	Bull CAGR TTM to TTM+5y	Concise mechanism
Goods transferred at a point in time	Not separately disclosed	H1 2026 +7.0%	No class guide	8.0%	Eurofighter, MRTT and other Air Power awards convert with capacity expansion
Goods and services transferred over time	Not separately disclosed	H1 2026 +16.9%	No class guide	9.0%	European defence and Space programmes progress without major resets
Services and spare parts	FY2021-FY2025 5.35%	H1 2026 +3.2%	No exact rate	7.5%	Installed-base support, secure communications, cyber and data outgrow history
Intersegment revenue	Not material	H1 2026 lower	No guide	5.0%	Remains immaterial while activity expands

The bull requires two independent conditions: a favourable procurement cycle and successful industrial conversion. Revenue reaches €20.683bn, an 8.25% CAGR. This is above the segment's historical 7.11% rate but below H1 over-time growth, recognising that large awards are lumpy. The case does not assume H1 order intake repeats at twice the prior-year rate. [Airbus FY2021-FY2025 results releases; Airbus HY2026 Interim IFRS Financial Information, Note 6; data_package §3 and §4]

Year-by-year revenue cadence

Period end	Bear revenue	Bear YoY	Base revenue	Base YoY	Bull revenue	Bull YoY
30 Jun 2026 TTM	€13.908bn	n/a	€13.908bn	n/a	€13.908bn	n/a
30 Jun 2027	€14.236bn	2.36%	€14.730bn	5.91%	€15.056bn	8.25%
30 Jun 2028	€14.572bn	2.36%	€15.601bn	5.91%	€16.299bn	8.26%
30 Jun 2029	€14.917bn	2.37%	€16.523bn	5.91%	€17.646bn	8.26%
30 Jun 2030	€15.269bn	2.36%	€17.500bn	5.91%	€19.106bn	8.27%
30 Jun 2031	€15.630bn	2.36%	€18.538bn	5.93%	€20.683bn	8.25%

The cadence is a modelling bridge, not Airbus guidance. The 30 June 2029 point is also not identical to Airbus's FY2029 target year. It is shown to prevent a hidden sixth compounding year and to make the exact 5.0-year horizon auditable.

9. Forward Profit before financial result and income taxes (EBIT) assumptions

The following tables forecast the exact sealed **Profit before financial result and income taxes (EBIT)**. The class margins are analyst assumptions applied only to the disclosed revenue classes; Airbus does not publish class or business-unit margins. “Underlying class EBIT” means EBIT before the scenario programme-risk allowance, not Airbus's formal adjusted metric. The final line after the allowance is reported EBIT.

Case	Point-in-time margin	Over-time margin	Services margin	Intersegment margin	Underlying class EBIT	Programme-risk allowance	TTM+5y reported EBIT margin
Bear	3.0%	4.5%	8.0%	5.0%	€0.816bn	-€0.300bn	3.30%
Base	7.0%	9.5%	11.5%	7.0%	€1.754bn	-€0.150bn	8.65%
Bull	8.5%	11.0%	13.0%	8.5%	€2.264bn	-€0.050bn	10.70%

The TTM reported margin is 7.33%. Base expansion to 8.65% is 132 basis points. The mechanism is improved Space execution within over-time contracts, better point-in-time programme mix, volume leverage and SG&A growing below revenue; the €150m expected programme-cost allowance then reduces the 9.46% underlying class margin by 81 basis points to 8.65% reported EBIT. Services do not create mix uplift in this case—their revenue share declines slightly—so no service-mix benefit is counted. This is consistent with, but not copied from, management's approximately €1.3bn FY2029 adjusted EBIT target. The base case expects the adjusted trajectory to reach roughly that level around FY2029, while reported EBIT remains lower whenever programme adjustments occur.

The bear margin falls 403 basis points. The mechanism is not price discounting alone: delayed milestones lower absorption, Space cost estimates reset, A400M and other mature programmes require additional work, and staff or supplier costs rise faster than recognised revenue. A €300m charge allowance is substantially below FY2024's €1.3bn Space charge, so the bear is severe but not a repeat of the worst disclosed year. [Airbus FY2024 results release, 20 February 2025; data_package §3]

The bull margin rises 337 basis points. Stronger services and successful Space execution lift underlying margins, and flat-ish SG&A creates leverage. The €50m allowance recognises residual programme risk. Bull does not set the allowance to zero because the 2026 provision release is not evidence that long-duration contract uncertainty has vanished.

The model separates adjusted and reported concepts explicitly. FY2025 adjusted EBIT of €798m exceeded reported EBIT by €159m; H1 FY2026 reported EBIT exceeded adjusted EBIT because of a provision release. In the forecast, expected programme charges reduce reported EBIT. A future release would raise reported EBIT, but no case capitalises a release as recurring profitability. Procurement-cycle upside affects revenue and class margins; execution downside enters margins and the charge allowance. The two mechanisms are not netted into one unexplained segment margin. [Airbus FY2025 results release, 19 February 2026; Airbus H1 2026 results release, 29 July 2026; data_package §3]

Capital needs remain commensurate with growth. FY2025 capex was €630m, 4.7% of revenue. Horizon-year capex is assumed at 5.5% of revenue in bear, 5.0% in base and 5.25% in bull, equal to approximately €0.860bn, €0.927bn and €1.086bn. Bear intensity is highest because remedial and capacity spending produces weak revenue; bull spending is higher in euros because Airbus must fund throughput and capability. Base asset turnover improves modestly from FY2025's 0.57x toward 0.60x. None of these assumptions is used to manufacture EBIT, but they prevent a false “capital-light” interpretation of the earnings recovery. [Airbus FY2025 IFRS Financial Statements, segment capital-expenditure and asset tables; data_package §4]

10. Segment rollup

Bear rollup

Revenue class	TTM revenue	TTM+5y CAGR	TTM+5y revenue	Assumed EBIT margin	EBIT before programme allowance
Goods transferred at a point in time	€3.686bn	2.0%	€4.070bn	3.0%	€0.122bn
Goods and services transferred over time	€5.811bn	2.5%	€6.575bn	4.5%	€0.296bn
Services and spare parts	€4.371bn	2.5%	€4.945bn	8.0%	€0.396bn
Intersegment revenue	€0.040bn	0.0%	€0.040bn	5.0%	€0.002bn
Total / blended	€13.908bn	2.36%	€15.630bn	5.22% before allowance	€0.816bn
Less programme-risk allowance	n/a	n/a	n/a	n/a	-€0.300bn
Reported EBIT	n/a	n/a	n/a	3.30%	€0.516bn

Base rollup

Revenue class	TTM revenue	TTM+5y CAGR	TTM+5y revenue	Assumed EBIT margin	EBIT before programme allowance
Goods transferred at a point in time	€3.686bn	5.5%	€4.817bn	7.0%	€0.337bn
Goods and services transferred over time	€5.811bn	6.5%	€7.962bn	9.5%	€0.756bn
Services and spare parts	€4.371bn	5.5%	€5.713bn	11.5%	€0.657bn

Revenue class	TTM revenue	TTM+5y CAGR	TTM+5y revenue	Assumed EBIT margin	EBIT before programme allowance
Intersegment revenue	€0.040bn	3.0%	€0.046bn	7.0%	€0.003bn
Total / blended	€13.908bn	5.91%	€18.538bn	9.46% before allowance	€1.754bn
Less programme-risk allowance	n/a	n/a	n/a	n/a	-€0.150bn
Reported EBIT	n/a	n/a	n/a	8.65%	€1.604bn

Bull rollup

Revenue class	TTM revenue	TTM+5y CAGR	TTM+5y revenue	Assumed EBIT margin	EBIT before programme allowance
Goods transferred at a point in time	€3.686bn	8.0%	€5.416bn	8.5%	€0.460bn
Goods and services transferred over time	€5.811bn	9.0%	€8.941bn	11.0%	€0.984bn
Services and spare parts	€4.371bn	7.5%	€6.275bn	13.0%	€0.816bn
Intersegment revenue	€0.040bn	5.0%	€0.051bn	8.5%	€0.004bn
Total / blended	€13.908bn	8.25%	€20.683bn	10.95% before allowance	€2.264bn
Less programme-risk allowance	n/a	n/a	n/a	n/a	-€0.050bn
Reported EBIT	n/a	n/a	n/a	10.70%	€2.214bn

Each rollup ties within rounding. Revenue-class totals equal pre-elimination segment revenue, and class EBIT less the explicit programme allowance equals Airbus-reported EBIT. No business-unit revenue or margin is embedded. The base reported EBIT of €1.604bn is not simply management's €1.3bn adjusted target carried forward: it results from class revenue, class margin and a reported-to-adjusted risk bridge over a horizon ending 30 June 2031.

Scenario probabilities are 30% bear, 50% base and 20% bull. The bear receives a substantial weight because three separate historical programme-charge episodes show that execution risk is recurrent. Base has the highest probability because current order intake and transformation evidence are positive. Bull is lowest because it requires procurement, capacity, Space execution and cost control to succeed simultaneously. Applying those weights to the unrounded rollups gives probability-weighted horizon output of €18.095bn of revenue and €1.399bn of reported EBIT, but synthesis should probability-weight consolidated cases, not combine segments independently if cross-segment macro assumptions differ.

11. Key risks and wildcards

[Bear] Space estimate-at-completion reset. A new technical review could identify more engineering, supplier or schedule cost. The historic €0.6bn and €1.3bn charges show that one review can dominate annual EBIT. The monitoring signal is any new “technical review,” onerous-contract provision, schedule renegotiation or deterioration in over-time contract margin. [Airbus FY2023 and FY2024 results releases; data_package §3]

[Bear] A400M contract and production risk. Existing launch-customer orders are maturing, while exports and multinational follow-ons take time. Capability upgrades and retrofit obligations can produce cost without equivalent new-platform volume. The key signal is a new contract estimate-at-completion charge, lower secured production visibility beyond 2029, or delayed export awards.

[Base/Bull] European defence procurement cycle. Record orders and H1 acceleration can extend growth. The upside depends on funded contracts and industrial conversion, not policy announcements. The monitoring signal is order intake, book-to-bill, customer advances and supplier-capacity commitments. A true bull requires multi-year awards across Air Power and Connected Intelligence without a deterioration in terms.

[Bear/Base] Capacity and skilled labour. Defence electronics, software, secure engineering and space talent are scarce. Flat SG&A does not mean flat total cost. If Airbus must hire ahead of revenue or uses premium subcontractors, operating leverage will arrive later. The workforce adaptation may remove duplication, but the H1 €60m provision release must not be mistaken for permanent productivity. [Airbus H1 2026 results release, 29 July 2026; data_package §3]

[Bear] Government and consortium concentration. A small number of European governments and multinational programmes can drive orders, workshare and payment terms. Political disputes can alter scope or delay budgets. Consortium partners may have different incentives, particularly in FCAS and the proposed Space combination.

[Bull/Bear] Proposed European Space combination. A closed transaction could improve scale, eliminate duplication and strengthen bargaining power. It could also introduce integration cost, governance complexity, competition remedies and diluted control. No revenue, margin or synergy enters any case before closing. Once terms are definitive, the perimeter and forecast must be rebuilt rather than patched.

[Base/Bull] Connected Intelligence mix. Secure communications, cyber, mission software and data services could increase recurring revenue and deepen platform integration. The risk is that commercial technology cycles outrun traditional procurement and specialised entrants capture the software layer. The model gives services a modest premium growth and margin, not software-company economics.

[Bear] Fixed-price inflation and suppliers. Material, electronics and labour inflation can be difficult to recover on long-duration contracts. A supplier failure can delay milestone acceptance and reduce absorption. The risk is greatest where terms were bid before the present cost base or requirements continue to evolve.

[Bear/Base] Reported-versus-adjusted slippage. Management's 2029 target is adjusted EBIT. The investment economics ultimately depend on reported profit and cash. Repeated exclusions for programme charges would mean the adjusted target overstates shareholder economics. The segment should be judged on the cumulative reported-to-adjusted gap, provision cash utilisation and cash conversion, not a single year's adjusted margin.

[All cases] H1 2026 backlog non-disclosure. Airbus disclosed H1 order intake but not the period-end Defence and Space order book. The absence is not evidence of deterioration, yet it prevents a clean current backlog roll-forward. A future disclosed backlog below the year-end value despite strong intake would require investigation of revenue burn, cancellations, FX and scope.

Horizon summary

Case	Segment TTM+5y revenue	Exact profit metric	Segment TTM+5y profit margin	Segment TTM+5y profit	Probability
Bear	€15.630bn	Profit before financial result and income taxes (EBIT)	3.30%	€0.516bn	30%
Base	€18.538bn	Profit before financial result and income taxes (EBIT)	8.65%	€1.604bn	50%
Bull	€20.683bn	Profit before financial result and income taxes (EBIT)	10.70%	€2.214bn	20%

The central conclusion is deliberately asymmetric. The procurement cycle and backlog make sustained revenue growth plausible, but Airbus Defence and Space has not yet demonstrated a stable high-margin reported-EBIT record. Base assumes the turnaround works and produces modest structural margin expansion; bull requires both demand and execution; bear shows that a healthy order book can coexist with weak reported profit. The decisive evidence through 2031 will be cumulative reported EBIT, the frequency and magnitude of programme charges, Space milestones, A400M production visibility, service mix, capex efficiency and whether Airbus reaches its 2029 adjusted target without reopening the gap between adjusted and reported economics.

Appendix B3 - Airbus Helicopters

Airbus Helicopters — Segment Deep Dive

Company: Airbus SE (AIR.PA) **Information cutoff:** 24 August 2026 **Forecast anchor:** TTM ended 30 June 2026 **Forecast horizon:** 30 June 2031, exactly 5.0 calendar years **Currency:** EUR; figures are € billions unless stated otherwise **Sealed segment-profit basis: Profit before financial result and income taxes (EBIT)**

0. Segment boundary and taxonomy note

Airbus Helicopters is one of Airbus SE's three reportable segments. Its boundary—civil and military helicopters, uncrewed aerial systems, programmes, and related support/services—was stable throughout FY2021-FY2025; no three-year restatement boundary exists. Two revenue perimeters must remain distinct. Results releases show **pre-elimination segment revenue**, while the IFRS product/service table shows **external revenue**. Historical and forecast segment margins use the former because Airbus presents segment EBIT on that denominator. The three disclosed external-revenue classes are forecast bottom-up, while a separately shown intersegment-revenue reconciliation closes the perimeter without inventing platform revenue. Consolidated synthesis forecasts the corresponding elimination once. [Airbus FY2025 results release, 19 February 2026, “By Business Segment”; Airbus FY2025 IFRS Financial Statements, Note 11; Airbus HY2026 Interim IFRS Financial Information, Note 6; data_package §1 and §3a]

`STATUTORY_BRIDGE_STATUS: VERIFIED — CLEARED FOR FORECASTING`

Sealed statutory SHA-256: `dc939f5532c9715ee8fd1155656a189452c993fc55510a857eebdf47ec55b81f`

1. What this segment actually is

Airbus Helicopters designs, certifies, manufactures, sells and supports rotorcraft and selected uncrewed aerial systems. Customers include commercial operators, emergency-medical and law-enforcement agencies, oil-and-gas operators, armed forces, interior ministries and other sovereign users. The portfolio runs from light singles such as H125 through H135/H145 light twins, H160/H175 medium types, heavy Super Puma variants, and military programmes including H145M, H160M, H225M, Tiger and NH90. It also sells tactical UAS and crewed-uncrewed teaming capability. Platform revenue by individual family is a true non-disclosure and is not estimated. [data_package §4, “Individual H-family platforms”; §10, platform-revenue gap]

The economics divide into three disclosed classes. **Goods transferred at a point in time** are principally complete aircraft and equipment deliveries. **Goods and services transferred over time** are longer-duration programme activities. **Services and spare parts** include maintenance, repair, overhaul, upgrades, training, technical support and spares. The distinction matters: deliveries are lumpy and mix-sensitive; over-time work has programme-estimate risk; aftermarket work is steadier and tied to fleet activity and age.

Pricing is negotiated, not posted. Commercial buyers compare mission capability, availability, acquisition cost, residual value and cost per flight hour. Government buyers frequently use tenders or frameworks, with configuration, training, spares and long-term support bundled around an aircraft. The initial sale therefore seeds a multi-year service relationship. Airbus sells directly to large operators and sovereigns while its global customer-centre, training and maintenance network stays close to fleets. Local assembly, workshare, export approval and political eligibility are part of go-to-market economics.

Civil and military exposures complement one another but are not disclosed as a revenue split. Civil demand responds to offshore energy, emergency-medical replacement, tourism, corporate activity and public-service budgets. Military demand reflects recapitalisation, European rearmament, upgrades and long procurement cycles. FY2025's military-heavy orders improve visibility, but they do not permit a civil/military euro allocation. Scenarios therefore express mix through mechanisms and audited revenue-recognition classes, not invented civil/military revenue.

2. Current economics

FY2025 pre-elimination segment revenue was €8.972bn, up 13.0%, and Airbus-reported EBIT was €0.953bn, a 10.62% margin. External revenue was €8.619bn: €4.170bn point-in-time goods, €0.742bn over-time work and €3.707bn services/spares. Services were 43.0% of external revenue, unusually high for an original-equipment business and central to resilience. [Airbus FY2025 results release, 19 February 2026, “By Business Segment”; Airbus FY2025 IFRS Financial Statements, Note 11; reproduced in data_package §3-4]

The exact TTM formula is FY2025 less H1 2025 plus H1 2026. It yields €8.611bn external revenue, €0.348bn intersegment revenue and therefore €8.959bn pre-elimination segment revenue. Airbus-reported EBIT is €0.944bn, a **10.54%** margin on the correct pre-elimination denominator—not 10.96% on external revenue. The external classes comprise €4.028bn point-in-time goods, €0.768bn over-time work and €3.815bn services/spares. The €0.348bn intersegment reconciliation equals FY2025 €0.353bn less H1 2025 €0.180bn plus H1 2026 €0.175bn. [Airbus FY2025 results release, 19 February 2026, "By Business Segment"; Airbus H1 2026 results release, 29 July 2026, H1 "By Business Segment"; Airbus FY2025 IFRS Financial Statements, Note 11; Airbus HY2026 Interim IFRS Financial Information, Note 6; statutory_bridge.json, TTM Airbus Helicopters profit line]

TTM revenue class	TTM revenue	Share	Economic role	Evidence
Goods transferred at a point in time	€4.028bn	46.8%	Completed aircraft/equipment; volume and mix sensitive	FY2025 €4.170bn - H1 2025 €1.442bn + H1 2026 €1.300bn; A25-FS Note 11 / H126 IFRS Note 6
Goods and services transferred over time	€0.768bn	8.9%	Long-duration work; milestone and estimate sensitive	€0.742bn - €0.312bn + €0.338bn; A25-FS Note 11 / H126 IFRS Note 6
Services and spare parts	€3.815bn	44.3%	Maintenance, upgrades, training and spares	€3.707bn - €1.759bn + €1.867bn; A25-FS Note 11 / H126 IFRS Note 6
External revenue	**€8.611bn**	**100.0%**	Bottom-up forecast denominator	Exact sum
Intersegment revenue reconciliation	€0.348bn	n/a	Internal sales; not a fourth product or platform estimate	Pre-elimination less external: €8.959bn - €8.611bn
Pre-elimination segment revenue	**€8.959bn**	**n/a**	Correct denominator for segment EBIT margin	FY2025 €8.972bn - H1 2025 €3.693bn + H1 2026 €3.680bn

Orders rose from 414 units in FY2021 to 536 in FY2025; deliveries from 338 to 392; backlog from 739 to 1,037 and then 1,108 at 30 June 2026. FY2025 orders exceeded deliveries by 144, while backlog equalled 2.65 times FY2025 deliveries. H1 2026 delivered 144 aircraft versus 138 a year earlier, yet revenue was broadly stable because mix was less favourable. That disproves an ASP shortcut: a heavy military aircraft and a light single are not interchangeable units. [Airbus FY2021-FY2025 results releases, annual Helicopters order/delivery/backlog tables; Airbus H1 2026 results release and analyst-call transcript, 29 July 2026; reproduced in data_package §0a and §6]

Capex is moderate, but development and programme assets matter. Segment capex rose from €175m in FY2021 to €297m in FY2025, 3.3% of pre-elimination revenue. Assets rose from €8.500bn to €14.404bn, while revenue/assets fell from roughly 0.77x to 0.62x. Asset growth supports backlog and platforms but makes delivery and working-capital discipline important. Self-financed R&D is not completely disclosed by segment, and the H1 2026 release said solid programme performance was offset by higher R&D expense. [Airbus FY2021 and FY2025 IFRS Financial Statements, segment-information tables; Airbus H1 2026 results release, 29 July 2026, Helicopters EBIT Adjusted paragraph; reproduced in data_package §4]

3. Unit economics

The economic unit is a mission-configured aircraft plus training, initial spares, support and decades of fleet activity. Profit arrives through development/certification, procurement/production, delivery or over-time recognition, and aftermarket support. The platform stage absorbs engineering, tooling, supplier qualification and ramp costs. Profit improves when certified designs sell repeatedly, learning lowers labour hours, procurement savings arrive and overhead spreads over units. It deteriorates with immature-programme mix, supplier shortages, delayed acceptance, warranty/retrofit cost or revised programme estimates.

Point-in-time goods are probably the most volatile margin pool. Revenue concentrates at delivery, while cost arrives beforehand. A year of 392 deliveries can produce different economics depending on H125/H130 light singles, H145 twins, H160/H175 medium types and military variants. H140, H160M and UAS require expense before scale. Conversely, richer mission-equipped mix can grow revenue faster than units. H1 2026's six extra deliveries but flat revenue is the live example.

Over-time revenue has visibility but contract-accounting risk. Military development and integration recognise revenue with progress. Estimate-at-completion changes, modifications, certification delays and partner performance can move margin without matching cash. NH90 illustrates both barrier and risk: a sovereign installed programme sustains support, but multinational governance can create remediation. Airbus discloses no platform margin, so this report does not claim to know NH90, H145 or H160 profitability.

Services/spares are structurally better because the installed base requires flight-hour parts, scheduled maintenance, upgrades and training. Changing OEM-specific airworthiness data, certified parts or deep maintenance is difficult. Distribution, field support and fleet monitoring create scale. Yet independent MROs and customer insourcing constrain less proprietary work, while military availability contracts can impose penalties. Services are a durable profit pool, not risk-free software.

For auditable forward weighting, current TTM EBIT is allocated analytically: 6.0% point-in-time, 7.0% over-time and 17.0% services, with no EBIT assigned to the intersegment-revenue reconciliation. Applied to TTM revenue, these produce €0.242bn, €0.054bn, €0.649bn and zero, summing to the sealed €0.944bn and **10.54% on €8.959bn of pre-elimination revenue**. Airbus does **not** disclose these class margins; this is a calibrated modelling convention, not historical fact. The zero allocation is not a claim that internal sales earn no profit; it prevents an unsupported incremental profit allocation while synthesis separately forecasts the disclosed group elimination. Conclusions rest on total reported EBIT, and Section 9 stresses every external class.

Expansion requires service mix near the mid-40s; backlog conversion without expediting; mature-family learning to offset new-platform expense; and contractual escalation above labour/supplier inflation. Contraction follows the reverse. R&D can depress reported EBIT despite operational strength, as H1 2026 showed. Management's 2029 target is a useful check, not a substitute for reported-EBIT modelling. [Airbus H1 2026 results release, 29 July 2026, Helicopters EBIT Adjusted paragraph]

4. Competitive dynamics

Airbus competes with Leonardo Helicopters, Bell, Sikorsky, Boeing in selected military rotorcraft, Robinson in small civil categories, and drone/autonomy specialists. Competition is mission- and weight-specific. H125/H130 address light utility; H135/H145 emergency medical, police and light military; H160/H175 medium categories; H225M, NH90 and Tiger military missions. Platform commonality, safety, availability and support matter more than headline speed alone.

Airbus reported 51% of 2025 civil/parapublic unit bookings and 28% military booking share, with 392 deliveries. H145 booked 149 orders, and H160 held about half of its civil/parapublic medium-twin booking category. These are issuer-reported unit shares, not revenue share or audited fleet economics. They show strength across categories but also mean easy share-led upside is limited. [Airbus 2025 helicopter orders release](https://www.airbus.com/en/newsroom/press-releases/2026-01-airbus-reports-strong-helicopter-orders-in-2025)

Leonardo is the closest broad peer. FY2025 Helicopters revenue was €5.833bn, EBITA €523m and ROS 9.0%; new orders were €6.166bn and backlog €15.020bn. Revenue grew 11.1% through dual-use AW families and Customer Support, Services & Training. Deliveries fell to 182 from 191, proving mix/services can outweigh units. Leonardo expects moderate, steady civil growth led by EMS, law enforcement and offshore, plus defence modernisation. [Leonardo FY2025 Integrated Report](https://www.leonardo.com/documents/15646808/30043445/Integrated%2BReport%2B2025.pdf?t=1773421399076)

Bell is formidable in North America. Textron reports an installed base of about 13,000 helicopters supported by eight company service centres, four parts distribution centres and roughly 85 independent centres in about 35 countries. Bell's 2025 backlog was about $7.8bn; commercial products span 505, 407GXi, 429 and 412EPX, while MV-75 expands military exposure. Its service network is a direct check on assumptions of effortless Airbus aftermarket share gains. [Textron 2025 Annual Report](https://www.textron.com/assets/AR/2025/Textron-2025-Annual-Report.pdf)

GAMA recorded 938 helicopters in its initial 2025 table, including 732 turbine units; its later annual page reports 798 civil-commercial turbine units after updates. The exact revision-sensitive count matters less than the market's scale: hundreds, not tens of thousands. Incremental capacity can move balance and pricing. [GAMA 2025 shipment report](https://gama.aero/wp-content/uploads/2025ShipmentReport_02-18-2026.pdf); [GAMA annual data](https://gama.aero/facts-and-statistics/statistical-databook-and-industry-outlook/annual-data/)

Pricing power is strongest where certification, fleet commonality, training and infrastructure matter. It is weaker in tendered government orders, price-sensitive light singles and independent-MRO-eligible work. Military deals can exchange price for volume, local workshare and obligations. Breadth allows shared technology and support, but sovereigns can dual-source or favour domestic champions. Pricing power is therefore qualified: enough for a double-digit segment margin, not enough to make execution irrelevant.

Entry barriers are high: design, certification, testing, supplier qualification, safety monitoring, training and service networks take years. Military products add mission integration, clearance and export licensing. Residual value and reliability require operating history. Barriers protect incumbents but not against fixed-wing, drones or upgraded used aircraft substituting for some missions. eVTOL remains a longer-dated threat in narrow urban use cases.

5. Moat at the segment level

The moat is real but bounded. The strongest layer is installed base. Each aircraft seeds years of spares, maintenance, upgrades and training; services are 44.3% of TTM external revenue. Management says Airbus serves more than half of the accessible service market for its platforms and intends gradual gains. OEM technical data, certified parts and fleet knowledge support this, though independent MRO and insourcing cap capture. [data_package §6, aftermarket quote]

The second layer is breadth and reuse. Airbus spans light singles to heavy military aircraft across civil, parapublic and defence missions. Avionics, rotors, engines, training and support can be reused; civil platforms support military derivatives. H160/H160M offer an option, while H145/H145M are a mature dual-use franchise. Breadth lowers dependence on one programme.

The third layer is certification and trust. Rotorcraft failures are severe, so operators value safety, responsiveness and parts availability. Procurement embeds training, tooling and mission approval. Switching at renewal is possible, but mid-life switching is costly. Sovereign workshare deepens relationships.

The moat is weaker at tender. Leonardo, Bell and Sikorsky have credible products and relationships. Buyers can force local assembly, transfer or fixed prices. Military programmes may trap suppliers in low-return commitments. The moat protects participation and aftermarket access better than initial platform margin.

Over five to ten years, durability depends on keeping the range current, supporting fleets and converting 1,108 backlog units without quality erosion. Erosion is more likely through mission substitution, a reliability problem or competitor renewal wins than a start-up recreating an OEM. Airbus's Flexrotor, VSR700 and HTeaming investment is defensive and offensive. Base assumes share durability, not unlimited gains.

6. Historical growth rates

“Three-year CAGR” means FY2022-FY2025's three annual intervals. Segment total is pre-elimination; services is external. They are not subtracted.

Product / sub-segment	FY2023 rev	FY2024 rev	FY2025 rev	3-yr CAGR	Most recent YoY	Data package cite
Airbus Helicopters total, pre-elimination	€7.337bn	€7.941bn	€8.972bn	8.4% from FY2022 €7.048bn	13.0%	Airbus FY2022-FY2025 results releases, “By Business Segment”; reproduced in data_package §3
Services and spare parts, external	€3.275bn	€3.496bn	€3.707bn	7.1% from FY2022 €3.018bn	6.0%, calculated from cited cells	Airbus FY2022-FY2025 IFRS Financial Statements, Note 11; reproduced in data_package §4

Arithmetic checks: €7.941bn × 1.130 = €8.973bn versus €8.972bn reported, 0.01% difference ✓. €3.496bn × 1.060 = €3.706bn versus €3.707bn, 0.03% difference ✓. Both are within 2%. No row was back-solved.

The full DR-repaired services series is preserved:

Services and spare parts external revenue	FY2021	FY2022	FY2023	FY2024	FY2025	FY2021-FY2025 CAGR	Data package cite
Airbus Helicopters	€2.789bn	€3.018bn	€3.275bn	€3.496bn	€3.707bn	7.4%, calculated from endpoints	Airbus FY2021-FY2025 IFRS Financial Statements, Note 11; reproduced in data_package §4

Annual growth was 8.2%, 8.5%, 6.7% and 6.0% across FY2022-FY2025. H1 2026's €1.867bn versus €1.759bn implies 6.1%, confirming the recent run rate. [Airbus HY2026 Interim IFRS Financial Information, Note 6; reproduced in data_package §4]

KPI	FY2021	FY2022	FY2023	FY2024	FY2025	H1 2026 / 30 Jun	Data package cite
Net orders, units	414	362	393	450	536	215	Airbus FY2021-FY2025 results releases; H1 2026 release, 29 July 2026

KPI	FY2021	FY2022	FY2023	FY2024	FY2025	H1 2026 / 30 Jun	Data package cite
Deliveries, units	338	344	346	361	392	144	Airbus FY2021-FY2025 results releases; H1 2026 release, 29 July 2026
Backlog, units	739	757	804	893	1,037	1,108	Airbus FY2021-FY2025 results releases; H1 2026 release, 29 July 2026

Backlog grew 8.8% annually FY2021-FY2025 and 6.8% in H1 2026; deliveries grew only 3.8% annually. Base point-in-time revenue CAGR of 4.5% is closer to deliveries than orders and does not assume booking-rate conversion.

`[DATA GAP: Airbus does not disclose euro revenue, historical growth or margin by H125, H130, H135, H140, H145, H160, H175, H215/H225, Tiger, NH90, Flexrotor or VSR700; no platform euros are estimated.]`

7. Management guidance

Every Helicopters-specific forward item in data-package §6 follows; quotes are verbatim from the verified package.

- **Civil market, Matthieu Louvot, 21 July 2026 BU26:** “And it's a growing market. You see almost 6% CAGR forecasted till 2031 because there is a positive trend in the commodities, especially oil, which offshore oil is a big part of it, but also the government is investing more and more in their police services or ambulance services.” This is market context, not revenue guidance. [data_package §6, Helicopters row 1]

- **Civil position, Matthieu Louvot, 21 July 2026 BU26:** “We have a very large market share, roughly half of the market.” Scale supports service capture but limits easy share upside. [data_package §6, Helicopters row 2]

- **2029 profit ambition, Matthieu Louvot, 21 July 2026 BU26:** “We were close to €900 million EBIT last year. We want to grow this number to around €1.2 billion.” The package classifies this as 2029 EBIT Adjusted; it is not relabelled reported EBIT. Base reaches about €1.21bn reported EBIT around year-end 2029, a cross-check with a basis caveat. [data_package §6, Helicopters row 3]

- **Services, Matthieu Louvot, 21 July 2026 BU26:** “Support and services growth will continue alongside the growth of the market, very steady.” No exact rate; base uses 6.0%, bear 3.0%, bull 8.5%. [data_package §6, Helicopters row 4]

- **Aftermarket, Matthieu Louvot, 21 July 2026 BU26:** “We have a very large market share, more than half of the accessible market of the service of our platforms, and we plan to keep and continue to gradually increase it and the upward trend of the military market I was mentioning.” Base assumes retention, bull gains, bear pressure. [data_package §6, Helicopters row 5]

- **H1 deliveries, Guillaume Faury, 29 July 2026 H126-T:** “In H1 2026, we delivered 144 helicopters, which is 6 more than in the first half of 2025.” Positive but modest cadence supports mid-single-digit platform growth. [data_package §6, Helicopters row 6]

- **H1 mix, Guillaume Faury, 29 July 2026 H126-T:** “Revenues were broadly stable at EUR 3.7 billion, reflecting a slightly less favorable delivery mix in the first 6 months.” Units cannot become revenue via an ASP assumption. [data_package §6, Helicopters row 7]

- **FY2025, Airbus official release, 19 February 2026:** “Airbus Helicopters’ EBIT Adjusted increased to € 925 million (2024: € 818 million), reflecting the higher deliveries as well as growth in services.” Both volume and services drove profit, but the quote concerns Adjusted EBIT. [data_package §6, Helicopters row 8]

[DATA GAP: Management supplies a market view, services direction and 2029 EBIT Adjusted ambition, but no FY2026 Helicopters revenue or reported-EBIT guide.]

8. Forward growth assumptions

The period is exactly 5.0 years from 30 June 2026 to 30 June 2031. Latest YoY is H1 2026 versus H1 2025. Only services has a three-year class CAGR; earlier point/over-time histories are absent. The peer deceleration anchor is deliberately conservative: Leonardo's FY2025 Helicopters revenue rose 11.1% even as deliveries fell, demonstrating mix and services leverage, but Leonardo describes the civil outlook as moderate and steady rather than another double-digit volume cycle. Base class growth of 4.5%-6.0% therefore sits below that surge and around Airbus management's nearly 6% civil-market view. [Leonardo FY2025 Integrated Report; Airbus Business Update transcript, 21 July 2026; data_package §6]

Base case

Product	3-yr historical CAGR	Latest YoY	Mgmt FY+1 guide	Base CAGR TTM→TTM+5y	Justification
Point-in-time goods	n/d	-9.8%	None	**4.5%**	Delivery history was 3.8%; backlog supports growth, but conversion stays far below orders and H1 mix normalises gradually.
Over-time work	n/d	+8.3%	None	**5.5%**	Military momentum supports programmes, tempered by execution and estimate risk.
Services/spares	7.1%	+6.1%	“very steady”	**6.0%**	Installed-base growth and service share sustain the latest rate; no extrapolation of older 8% growth.
Intersegment reconciliation	n/d	-2.8%	None	**3.0%**	Internal activity grows below external revenue; no platform mix or incremental profit is inferred.

Bull case

Product	3-yr historical CAGR	Latest YoY	Mgmt FY+1 guide	Bull CAGR TTM→TTM+5y	Justification
Point-in-time goods	n/d	-9.8%	None	**7.0%**	Faster backlog conversion, rich military/medium mix, and clean H140/H160/H145M ramps.
Over-time work	n/d	+8.3%	None	**8.0%**	Defence acceleration and milestones sustain high-single-digit work without reset.
Services/spares	7.1%	+6.1%	“very steady”	**8.5%**	Higher utilisation, installed base and accessible-share capture match the historic high end.
Intersegment reconciliation	n/d	-2.8%	None	**5.0%**	Internal component and support activity expands, but remains a small reconciliation line.

Bear case

Product	3-yr historical CAGR	Latest YoY	Mgmt FY+1 guide	Bear CAGR TTM→TTM+5y	Justification
Point-in-time goods	n/d	-9.8%	None	**0.0%**	Weak mix persists and supplier/certification delays offset backlog conversion.
Over-time work	n/d	+8.3%	None	**1.5%**	Demand survives, but milestones slip and revisions absorb nominal growth.
Services/spares	7.1%	+6.1%	“very steady”	**3.0%**	Insourcing, MRO pricing and fewer deliveries halve the recent growth rate.
Intersegment reconciliation	n/d	-2.8%	None	**0.0%**	Held flat so internal sales do not create artificial downside protection.

Base pre-elimination totals progress €8.959bn, €9.422bn, €9.909bn, €10.422bn, €10.963bn and €11.532bn, a 5.18% CAGR. Point-in-time rebounds from negative H1 YoY to 4.5%, not FY2025's 13%. Services stays 6.0%, matching FY2025/H1 evidence. Around year-end 2029, base pre-elimination revenue is €10.689bn; moderate growth plus margin improvement can approach management's profit ambition without a volume spike.

The **base mechanism** is balanced across volume, mix and installed-base monetisation. It neither maintains FY2025's 13% segment growth nor annualises the large order increase. Of the increase in the three external classes, point-in-time goods contribute about 40%, services slightly more than half, and over-time work the remainder. That distribution prevents one new platform from controlling the outcome and keeps services near 46% of external revenue and 44% of pre-elimination revenue rather than assuming a transformation into a services-only company. Military demand supports aircraft and programme work; EMS, law enforcement and offshore demand broaden the civil pool. The key operating assumption is conversion discipline: supplier availability and certification let backlog become deliveries without a matching surge in rework, inventory or penalties.

The **bear mechanism** is stagnation with cost pressure, not demand disappearance. Point-in-time goods remain flat for five years despite the opening backlog, representing delays, adverse light-aircraft mix and customer phasing. Services still grows because flying aircraft require maintenance and parts, but 3% is only half the current pace. Over-time work grows 1.5% because sovereign programmes persist, although slippage keeps growth below a normal nominal rate. Intersegment revenue is held flat. Services becomes a larger share, yet every external class loses margin, so EBIT falls from €0.944bn to €0.846bn. This is a realistic downside for a backlog-rich franchise: revenue is protected better than profit.

The **bull mechanism** requires all leading indicators to convert. Orders and backlog become higher deliveries, military and medium/heavy aircraft enrich mix, new platforms certify on schedule, and the support network captures more work from a growing installed base. Services grows 8.5%, modestly above its FY2021-FY2025 7.4% CAGR rather than at a software-like pace. Over-time work grows 8% as defence milestones advance without a material revision. Because bull combines faster growth with 394 bps of pre-elimination-margin expansion, its 20% probability is intentionally the smallest. Strong demand alone is insufficient; execution, pricing, supply stability and R&D productivity must cooperate.

9. Forward margin assumptions — Profit before financial result and income taxes (EBIT)

Current TTM margin is **10.54% on €8.959bn of pre-elimination revenue**. External-class margins are analyst allocations calibrated to sealed EBIT, not issuer-disclosed history. The intersegment reconciliation receives zero analytical EBIT in all cases; synthesis separately forecasts the disclosed group elimination. No corporate, operating-bridge or financial adjustment is embedded in this segment.

Case	Revenue class	TTM analytical margin	TTM+5 EBIT margin	TTM+5 revenue	TTM+5 EBIT	Mechanism
Bear	Point-in-time	6.0%	3.5%	€4.028bn	€0.141bn	Weak mix, expediting and ramp inefficiency
Bear	Over-time	7.0%	5.0%	€0.827bn	€0.041bn	Slippage and estimate pressure
Bear	Services/spares	17.0%	15.0%	€4.423bn	€0.663bn	Insourcing, MRO pricing, penalties
Bear	Intersegment reconciliation	0.0%	0.0%	€0.348bn	€0.000bn	Held flat; no unsupported internal profit allocation
Bear	**Weighted segment**	**10.54%**	**8.79%**	**€9.626bn**	**€0.846bn**	**Recurring services cushion a broad programme-margin decline; -175 bps**
Base	Point-in-time	6.0%	7.0%	€5.020bn	€0.351bn	Learning, absorption, normalised mix
Base	Over-time	7.0%	8.5%	€1.004bn	€0.085bn	150 bps from fewer milestone slips and estimate resets
Base	Services/spares	17.0%	17.7%	€5.105bn	€0.904bn	Scale and modest capture gains
Base	Intersegment reconciliation	0.0%	0.0%	€0.403bn	€0.000bn	Grows 3%; no unsupported internal profit allocation
Base	**Weighted segment**	**10.54%**	**11.62%**	**€11.532bn**	**€1.340bn**	**Scale and service economics exceed R&D and inflation drag; +109 bps**

Case	Revenue class	TTM analytical margin	TTM+5 EBIT margin	TTM+5 revenue	TTM+5 EBIT	Mechanism
Bull	Point-in-time	6.0%	10.0%	€5.649bn	€0.565bn	Rich mix and clean ramps
Bull	Over-time	7.0%	12.0%	€1.128bn	€0.135bn	Favourable milestones, no charges
Bull	Services/spares	17.0%	20.5%	€5.736bn	€1.176bn	Utilisation, digital offerings, capture
Bull	Intersegment reconciliation	0.0%	0.0%	€0.444bn	€0.000bn	Grows 5%; no unsupported internal profit allocation
Bull	**Weighted segment**	**10.54%**	**14.48%**	**€12.959bn**	**€1.876bn**	**Volume, mix, execution and aftermarket upside coincide; +394 bps**

Base expansion over 100 bps is supported by €0.992bn more point-in-time revenue and €0.236bn more over-time revenue spreading fixed cost; €1.290bn more services; only 100 bps improvement in point-in-time margin; and 70 bps in services. The 150-bp over-time improvement requires fewer milestone slips and contract-estimate resets. Continued R&D partially offsets scale. Bull 14.48% requires simultaneous rich mix, no charges, supplier stability, learning and service gains, so probability is only 20%. Bear keeps service demand but allows programme pressure to reduce EBIT despite revenue growth.

10. Segment rollup

Totals sum the three disclosed classes from the €8.611bn TTM external anchor and the €0.348bn intersegment reconciliation, giving the correct €8.959bn pre-elimination segment anchor. EBIT equals external-class revenue times analytical class margin; no EBIT is assigned to the reconciliation line. Rounding differences are below 0.1%.

Case	Point-in-time revenue	Over-time revenue	Services/spares revenue	Intersegment reconciliation	Segment TTM+5 revenue	Weighted EBIT margin	Profit before financial result and income taxes (EBIT)	Revenue CAGR
Bear	€4.028bn	€0.827bn	€4.423bn	€0.348bn	**€9.626bn**	**8.79%**	**€0.846bn**	1.45%
Base	€5.020bn	€1.004bn	€5.105bn	€0.403bn	**€11.532bn**	**11.62%**	**€1.340bn**	5.18%
Bull	€5.649bn	€1.128bn	€5.736bn	€0.444bn	**€12.959bn**	**14.48%**	**€1.876bn**	7.66%

Tie-outs: Bear 4.028 + 0.827 + 4.423 + 0.348 = 9.626; EBIT 0.141 + 0.041 + 0.663 + 0.000 = 0.846. Base 5.020 + 1.004 + 5.105 + 0.403 = 11.532; EBIT 0.351 + 0.085 + 0.904 + 0.000 = 1.340. Bull 5.649 + 1.128 + 5.736 + 0.444 = 12.959; EBIT 0.565 + 0.135 + 1.176 + 0.000 = 1.876.

Case / date	30 Jun 2026	30 Jun 2027	30 Jun 2028	30 Jun 2029	30 Jun 2030	30 Jun 2031
Bear revenue	€8.959bn	€9.085bn	€9.215bn	€9.348bn	€9.485bn	€9.626bn
Bear EBIT margin	10.54%	10.19%	9.84%	9.49%	9.14%	8.79%
Bear EBIT	€0.944bn	€0.925bn	€0.906bn	€0.887bn	€0.866bn	€0.846bn
Base revenue	€8.959bn	€9.422bn	€9.909bn	€10.422bn	€10.963bn	€11.532bn
Base EBIT margin	10.54%	10.75%	10.97%	11.19%	11.41%	11.62%
Base EBIT	€0.944bn	€1.013bn	€1.087bn	€1.166bn	€1.250bn	€1.340bn
Bull revenue	€8.959bn	€9.644bn	€10.382bn	€11.178bn	€12.035bn	€12.959bn
Bull EBIT margin	10.54%	11.33%	12.11%	12.90%	13.69%	14.48%
Bull EBIT	€0.944bn	€1.092bn	€1.257bn	€1.442bn	€1.648bn	€1.876bn

Calendar year-end 2029 is about 3.5 years from anchor. Interpolated base class margins and growth yield €10.689bn pre-elimination revenue and €1.208bn reported EBIT, close to management's around-€1.2bn EBIT Adjusted goal without equating bases. Base reaches €1.340bn only at the exact horizon.

FY2025 capex was €0.297bn after 14.1% FY2021-FY2025 CAGR. Base assumes roughly 3.5%-4.0% of revenue through the ramp; bull requires more absolute capex despite higher margins. Bear is not automatically cash-rich because inventory, supplier aid and remediation can consume cash. Cash conversion belongs in consolidated synthesis.

Probabilities are non-uniform: Bear 25%, Base 55%, Bull 20%. The stable taxonomy/no-restatement finding, 1,108-unit backlog and 6.1% latest service growth justify base dominance. H1's flat revenue despite six more deliveries, programme and

supply-chain risk, and management's caution that mix matters warrant meaningful downside. Bull is smallest because a 14.48% EBIT margin requires backlog conversion, favourable mix, clean ramps, service-share gains and R&D productivity together.

11. Key risks and wildcards

- **[Bear] Delivery mix and conversion.** More units can coexist with flat revenue. Watch class revenue, delivery mix where disclosed and order-delivery gaps.
- **[Bear] Programme estimates.** Military milestones, certification and partner disputes can create charges that hit reported EBIT directly.
- **[Bear] Supply chain and inflation.** Engines, gearboxes and electronics can delay output; expediting raises cost even with escalation clauses.
- **[Bear/Base] R&D.** H140, H160M, UAS and upgrades are necessary but expense precedes revenue. H1 2026 already showed this drag.
- **[Bear] Services competition.** Independent MRO and insourcing can pressure capture. Sustained sub-3% service growth would weaken the moat thesis.
- **[Base/Bull] Military mix.** Recapitalisation supports value and visibility, but slow procurement and local workshare can dilute returns.
- **[Bull] New platforms.** Clean H140 entry, H160 maturation, H145M expansion and UAS adoption can lift volume, mix and future service together.
- **[Bear/Base] Civil cyclicality.** Offshore, EMS, tourism and corporate activity respond to distinct cycles; diversification reduces but does not remove risk.
- **[Bear] Safety and quality.** A grounding or retrofit could damage deliveries, service economics and trust simultaneously.
- **[Bear/Bull] Substitution.** Drones can replace some missions; Airbus wins if its UAS owns the shift and loses if competitors do.
- **[Bear] FX and contract terms.** Euro reporting, global costs and fixed-price contracts can turn inflation or currency into margin pressure.
- **[Base] Disclosure.** Platform revenue, margin and civil/military mix are absent. Future disclosure of weak service profitability or loss-making exposure would require recalibration.

Summary

Case	Segment TTM+5 Revenue	Exact profit metric	Segment TTM+5 Profit Margin	Segment TTM+5 Profit	Probability
Bear	€9.626bn	Profit before financial result and income taxes (EBIT)	8.79%	€0.846bn	25%
Base	€11.532bn	Profit before financial result and income taxes (EBIT)	11.62%	€1.340bn	55%
Bull	€12.959bn	Profit before financial result and income taxes (EBIT)	14.48%	€1.876bn	20%

The segment's attraction is the combination of backlog, leading civil share and 44.3% of external TTM revenue from services/spares. It is not effortless: reported EBIT remains exposed to mix, R&D, supply chain and programme execution. Base compounds pre-elimination revenue at 5.18% and expands the correctly denominated margin by 109 bps over exactly 5.0 years. The key monitoring test is whether services hold near 6% while point-in-time revenue recovers from H1 2026 mix without higher charges or working-capital stress.

Appendix S - Synthesis (Combined Earnings Model)

Airbus SE — Synthesis (Combined Earnings Model)

This appendix mechanically consolidates the three reviewed segment forecasts on Airbus's sealed common metric, **Profit before financial result and income taxes (EBIT)**, then bridges that metric to statutory operating income, parent net income and EPS per listed Airbus ordinary share. It uses only `data_package.md`, the sealed packets, `gate_manifest.json`, the three cleared segment appendices, `appendix_management.md` and `appendix_moat.md`. It does not discover new accounting classifications, insert balancing plugs, or relabel adjusted profit as statutory EBIT.

1. Anchors

- Today: **2026-08-24**. Fiscal year-end: **31 December**.
- Latest complete period and TTM anchor: **2026-06-30**.
- TTM construction: **FY2025 minus H1 FY2025 plus H1 FY2026**, using like-for-like six-month periods.
- Latest completed fiscal year used only for historical tie-out: **FY2025**.
- Horizon: **2031-06-30**, exactly **5.0 calendar years** after the TTM anchor. No row compounds for a sixth fiscal year.
- Valuation price: **EUR 203.70 per Airbus registered ordinary share**, XPAR:AIR, raw exchange close for 2026-08-21. Raw-source SHA-256: `4d55afc8684f18375e6a028a0fc7863c17b18afd1472724baa6dc78192901a2c`. QFR-sealed packet SHA-256: `0ae84261741840874b68118ee46b10b9eed0220db6dbc4d2dc8f4fed72278a3f`. Actionability expiry: **2026-08-25T06:13:02+08:00**.
- Security basis: quote currency EUR, reporting currency EUR, one ordinary share per listed unit, no depositary receipt. Financial-statement and quoted share classes are both Airbus ordinary shares.
- Split bridge: **789.860128m financial-statement diluted shares at 2026-06-30 × 1 split factor = 789.860128m quote-basis diluted financial shares**. There was no split through the quote session. Source SHA-256: `b5f5c9961895df6cd3f5b457298eaf37874a690aeaf1c6eeb591cf7084b3a684`.
- Listed-unit bridge: **depositary ratio 1 × share-class factor 1 = 1 financial share per listed unit**; 789.860128m divided by 1 equals 789.860128m listed-unit equivalents.
- FX bridge: **1 EUR quote currency per 1 EUR reporting currency**, dated 2026-08-21; source is the same-currency identity.
- Historical bridge SHA-256: `dc939f5532c9715ee8fd1155656a189452c993fc55510a857eebdf47ec55b81f`. Installed validators returned `QUOTE_PACKET_VALID` and `STATUTORY_BRIDGE_VALID`; recomputed hashes matched exactly. `gate_manifest.json` records QFR clearance, DR `CLEARED_FOR_WAVE_2`, and `STATUTORY BRIDGE VERIFIED — CLEARED FOR FORECASTING`.
- Data package SHA-256: `e5e0f1cb74d96a96c1539ec33f87359fd067818eb29c7f17f230f41d7d91a866`. All three segment reviews are cleared with zero unresolved issues.
- Insurer lane: **NOT TRIGGERED — issuer is not a P&C insurer or reinsurer**. No insurer JSON is created.

Starting consolidated TTM values are EUR 76.986bn revenue, EUR 7.210bn statutory EBIT, EUR 7.174bn pretax income, EUR 5.939bn parent net income and EUR 7.5101 diluted EPS on the historical TTM weighted-average share basis. Forecast EPS instead begins with the packet's more recent 2026-06-30 quote-basis diluted shares and uses Section 6's explicit five-year path.

2. Segment-level forward assumptions

This table reproduces reviewed Sections 8 and 10 without re-deriving segment judgments. Revenue is pre-elimination segment revenue, the denominator for disclosed segment EBIT. Group eliminations enter only after the segment sum.

Segment	Exact profit metric	TTM revenue, EUR B	Bear TTM+5y rev	Base TTM+5y rev	Bull TTM+5y rev	Bear margin	Base margin	Bull margin	Source
Airbus / Commercial Aircraft	Profit before financial result and income taxes (EBIT)	55.625	64.989	76.717	83.213	8.22%	13.00%	17.71%	`appendix_B_airbus_commercial.md` §§8-10; SHA `59f4b67f...104c6d`
Airbus Helicopters	Profit before financial result and income taxes (EBIT)	8.959	9.626	11.532	12.959	8.79%	11.62%	14.48%	`appendix_B_airbus_helicopters.md` §§8-10
Airbus Defence and Space	Profit before financial result and income taxes (EBIT)	13.908	15.630	18.538	20.683	3.30%	8.65%	10.70%	`appendix_B_airbus_defence_and_space.md` §§8-10

Commercial Aircraft is the largest earnings lever. The repaired appendix bounds base reported EBIT margin at 13.00%, up from 9.48% TTM but only after rate conversion, fixed-cost absorption, A220/A350 learning and services gains are reduced for supplier/Spirit cost, depreciation and programme leakage. Exact base Commercial EBIT is EUR 9.972697bn; its appendix's probability-weighted Commercial EBIT is EUR 9.768055bn. Helicopters is steadier and service-supported. Defence and Space retains programme-risk allowances of EUR 0.300bn, EUR 0.150bn and EUR 0.050bn in bear, base and bull; these are already in reviewed reported EBIT and are not added twice.

3. Combined revenue build

The elimination rule comes directly from disclosed pre-elimination and consolidated revenue. Bear uses FY2025's **-1.534 / 74.954 = -2.046589%**. Base uses the average of FY2024, FY2025 and TTM ratios: **(-1.439 / 70.669 - 1.534 / 74.954 - 1.506 / 78.492) / 3 = -2.000503%**. Bull uses the least-negative recent TTM ratio, **-1.506 / 78.492 = -1.918667%**. These are prospective rules, not residual plugs.

Line	Bear	Base	Bull
Sum of segment TTM+5y revenue, EUR B	90.245	106.787	116.855
Revenue-elimination ratio	-2.046589%	-2.000503%	-1.918667%
Corporate revenue eliminations, EUR B	-1.846944	-2.136277	-2.242058
Combined TTM+5y revenue, EUR B	**88.398056**	**104.650723**	**114.612942**
Implied CAGR, 2026-06-30 to 2031-06-30	2.8031%	6.3325%	8.2840%

TTM gross segment revenue is EUR 78.492bn and the disclosed elimination is EUR 1.506bn, producing EUR 76.986bn exactly. Horizon eliminations grow in euros with segment scale while their ratios remain inside recent disclosed experience. Bull does not benefit from the artificial disappearance of internal activity, and bear receives no unexplained cushion.

4. Combined operating-income build

There are no operating bridge adjustments in either sealed period. Segment EBIT is the exact statutory operating metric before the disclosed group elimination. Bear applies FY2025's **-0.065 / 74.954 = -0.086720%** of gross segment revenue. Base applies the average of FY2025 and TTM ratios, **-0.061196%**. Bull applies TTM's **-0.028 / 78.492 = -0.035672%**. This preserves corporate classification and does not allocate eliminations into segments.

Line	Bear	Base	Bull
Sum of segment TTM+5y EBIT, EUR B	6.703000	12.916697	18.830000
Eliminations ratio	-0.086720%	-0.061196%	-0.035672%
Corporate / unallocated: Eliminations, EUR B	-0.078260	-0.065350	-0.041685
Consolidated TTM+5y segment-profit metric, EUR B	6.624740	12.851347	18.788315
Operating bridge adjustments, EUR B	0.000000	0.000000	0.000000
Combined statutory TTM+5y OI, EUR B	**6.624740**	**12.851347**	**18.788315**

Line	Bear	Base	Bull
Implied OI margin	7.4942%	12.2802%	16.3928%

Historical anchor	Segment EBIT sum	Eliminations	Consolidated metric	Operating adjustments	Statutory EBIT	Residual
FY2025, EUR m	6,147	-65	6,082	0	6,082	0
TTM ended 2026-06-30, EUR m	7,238	-28	7,210	0	7,210	0

Commercial supplies exact EUR 9.972697bn of the EUR 12.916697bn base segment total; Helicopters contributes EUR 1.340bn and Defence and Space EUR 1.604bn. The EUR 0.065350bn base elimination is the only adjustment between summed segment EBIT and statutory EBIT. The forecast therefore exposes rather than obscures reliance on commercial execution.

5. Net income and EPS build

Below-line rules follow the cleared Section 3a ledger. Interest is EUR -0.100bn in bear as an explicit stress to the TTM EUR -0.076bn run rate, EUR -0.076bn in base, and EUR -0.060bn in bull, equal to FY2025. Other financial result is zero in bear/base because FY2025's EUR 0.328bn gain is not recurring; bull is capped at TTM's EUR 0.040bn. These are direct scenario assumptions, never offsets chosen to hit EPS.

Tax is 24.8% in bear, the highest disclosed FY2021-FY2025 rate; 20.3% in base, the mean of 14.3%, 16.3%, 24.2%, 24.8% and 21.9%; and 16.3% in bull, the second-lowest rather than the 14.3% low. Allocation for NCI losses is zero in bear, TTM EUR 0.244bn in base, and capped at FY2025 EUR 0.261bn in bull. It remains below the line.

Line	Bear	Base	Bull
Combined TTM+5y OI, EUR B	6.624740	12.851347	18.788315
Interest result, EUR B	-0.100000	-0.076000	-0.060000
Other financial result, EUR B	0.000000	0.000000	0.040000
Pretax income, EUR B	**6.524740**	**12.775347**	**18.768315**
Tax rate	24.8%	20.3%	16.3%
Income taxes, EUR B	-1.618135	-2.593396	-3.059235
Profit after tax before NCI, EUR B	4.906604	10.181952	15.709080
NCI loss allocation to owners, EUR B	0.000000	0.244000	0.261000
Net income attributable to parent, EUR B	**4.906604**	**10.425952**	**15.970080**
Quote-basis diluted shares at TTM+5y, M	776.899892	776.899892	776.899892
Reporting EPS per quote-basis financial share	EUR 6.315620	EUR 13.419943	EUR 20.556161
Financial shares per listed unit	1.000000	1.000000	1.000000
Reporting EPS per listed unit	EUR 6.315620	EUR 13.419943	EUR 20.556161
FX: quote currency per reporting currency	1.000000	1.000000	1.000000
Quote-currency EPS per listed unit	**EUR 6.315620**	**EUR 13.419943**	**EUR 20.556161**

The mandatory unit arithmetic is explicit. Base is **EUR 10.425951940bn × 1,000 / 776.899892m = EUR 13.419942572 per quote-basis financial share**; multiplying by one financial share per listed unit and EUR/EUR FX of one produces the same EPS per listed unit. The same equation applies to bear and bull. No ADR or currency shortcut exists.

5a. Return-method input bridge

The reconciled EPS path supports P/E. The package has current balance anchors but no source-bound terminal cash, debt, lease, preferred, minority-interest or senior-claim schedule. Those terminal items are marked unavailable rather than turned into a net-debt plug. EV/NOPAT therefore cannot control without upstream capital-structure work; CS may use the EPS/P-E method.

Input	Current / TTM anchor	Bear 2031	Base 2031	Bull 2031	Treatment
Statutory OI, EUR B	7.210	6.624740	12.851347	18.788315	Sealed bridge and Section 4
Normalized cash tax rate	20.6% TTM ETR	24.8%	20.3%	16.3%	Historical-rate battery
Normalized NOPAT, EUR B	5.731 implied	4.981804	10.242524	15.725820	OI × one minus tax
Cash and equivalents, EUR B	9.499	Unavailable	Unavailable	Unavailable	No terminal path in package
Gross financing liabilities, EUR B	14.276	Unavailable	Unavailable	Unavailable	No terminal path in package
Lease liabilities, EUR B	2.425	Unavailable	Unavailable	Unavailable	Included in financing liabilities
Preferred equity	Unavailable	Unavailable	Unavailable	Unavailable	No source-bound terminal schedule
Minority-interest balance	Unavailable	Unavailable	Unavailable	Unavailable	Earnings allocation exists; balance path absent
Other senior claims	Unavailable	Unavailable	Unavailable	Unavailable	No terminal schedule
Separately valued non-operating assets	Securities EUR 13.877bn	Unavailable	Unavailable	Unavailable	2.795 + 11.082; no terminal path
Diluted listed-equivalent shares, M	789.860128	776.899892	776.899892	776.899892	Section 6; all factors 1

NOPAT is an operating cross-check, not an enterprise-value conclusion. Current EUR 8.360bn net cash cannot be rolled forward merely by accumulating earnings: inventory, advances, capex, dividends, buybacks, provisions and financing move cash independently. The unavailable findings deliberately prevent false precision.

6. Share count path

The path starts from the packet's 789.860128m quote-basis diluted shares, not the 790.799289m TTM weighted average and not ADR units. The July 2026 authorization is modeled as EUR 5bn spent evenly during the first three horizon years, EUR 1.666667bn annually, and zero thereafter. EUR 203.70 is used solely as a transparent mechanical average-price reference, not a market forecast.

Airbus does not present TTM SBC separately. HY2026 Note 20 identifies EUR 236m share-based payment, so the disclosed approximation annualizes it to EUR 472m and divides by EUR 203.70: **2.317133m annual issuance**. That compares with observed FY2021-FY2025 net diluted-share growth of **(790.892128 - 785.761995) / 4 = 1.282533m annually**. The gross proxy exceeds net growth, consistent with treasury purchases offsetting employee issuance; it is a conservative disclosed approximation.

Year ending	Starting shares, M	Buyback, EUR B	Avg price, EUR	Retired, M	SBC issuance, M	Ending shares, M
2027-06-30	789.860128	1.666667	203.70	8.181967	2.317133	783.995294
2028-06-30	783.995294	1.666667	203.70	8.181967	2.317133	778.130460
2029-06-30	778.130460	1.666667	203.70	8.181967	2.317133	772.265626
2030-06-30	772.265626	0.000000	203.70	0.000000	2.317133	774.582759
2031-06-30	774.582759	0.000000	203.70	0.000000	2.317133	776.899892

The exact reconciliation is **789.860128 + 5 × 2.317133039 - 3 × 8.181966945 = 776.899892m**. Buybacks do not maintain EPS forever: only the disclosed EUR 5bn program is modeled, after which issuance lifts shares. Section 10 tests a ±5% terminal share range because repurchase price is unknowable today.

7. P/E 15 test

Required EPS is **EUR 203.70 / 15 = EUR 13.580000** per listed unit. Base, not bull, controls the binary gate.

Case	EPS at TTM+5y	EPS × 15	Packet price	Cushion	Pass?
Bear	EUR 6.315620	EUR 94.734295	EUR 203.70	-53.49%	FAIL
Base	EUR 13.419943	EUR 201.299139	EUR 203.70	-1.18%	FAIL
Bull	EUR 20.556161	EUR 308.342422	EUR 203.70	51.37%	PASS

P/E 15 gate: FAIL — base-case cushion -1.2%. Base EPS of EUR 13.419943 is EUR 0.160057, or 1.18%, below the required EUR 13.58. Bear also fails decisively. The repaired commercial margin removes the prior base-case price cushion,

so the thesis fails the binary entry-price gate even though the gap is narrow.

8. Reflexivity check

Anchor	Reproduced arithmetic	Result
FY2025 revenue	52.577 + 8.972 + 13.405 - 1.534 = 73.420	PASS; exact
TTM revenue	55.625 + 8.959 + 13.908 - 1.506 = 76.986	PASS; exact
FY2025 statutory EBIT	4.555 + 0.953 + 0.639 - 0.065 = 6.082	PASS; exact
TTM statutory EBIT	5.274 + 0.944 + 1.020 - 0.028 = 7.210	PASS; exact
TTM pretax	7.210 - 0.076 + 0.040 = 7.174	PASS; exact
TTM parent NI	7.174 - 1.479 + 0.244 = 5.939	PASS; exact

The TTM anchor is not a sum of overlapping quarters. Every statutory line uses FY2025 less the matching six months ended 30 June 2025 plus the six months ended 30 June 2026. Revenue is EUR 73.420bn - EUR 29.610bn + EUR 33.176bn = EUR 76.986bn; the same construction produces EUR 7.210bn EBIT and EUR 5.939bn parent NI. No plug or silent scaling is needed.

9. Latest interim bridge reconciliation

The cumulative-interim lane is triggered. Both comparatives cover 1 January-30 June. The formula is always **latest FY - prior-year H1 + current-year H1**.

Line, EUR m	FY2025	Less H1 2025	Plus H1 2026	TTM 2026-06-30	Residual
Revenue	73,420	-29,610	33,176	76,986	0
Statutory EBIT	6,082	-1,617	2,745	7,210	0
Interest result	-60	+3	-19	-76	0
Other financial result	328	-493	205	40	0
Pretax income	6,350	-2,107	2,931	7,174	0
Income taxes	-1,390	+663	-752	-1,479	0
Parent net income	5,221	-1,525	2,243	5,939	0

Shares are recomputed because weighted averages are not additive: **790.892128 - 0.5 × 790.045806 + 0.5 × 789.860128 = 790.799289m**. EUR 5.939bn divided by that denominator equals EUR 7.5101 historical TTM EPS. Forecasting instead uses the packet's 2026-06-30 diluted basis.

10. Sensitivity — which variable matters most

Each row varies one base input. Commercial sensitivity changes the exact 6.6410% endpoint-implied CAGR by ±200bp for five years and keeps its base margin. Helicopters margin moves ±200bp. Terminal shares move ±5%. Tax moves ±300bp from 20.3%.

Variable	Downside setting	Downside EPS	Change	Upside setting	Upside EPS	Change
Commercial revenue CAGR	4.6410%	EUR 12.500249	-0.919694	8.6410%	EUR 14.411279	+0.991337
Helicopters EBIT margin	9.6198%	EUR 13.183335	-0.236607	13.6198%	EUR 13.656550	+0.236607
Terminal diluted shares	+5%, 815.744887m	EUR 12.780898	-0.639045	-5%, 738.054898m	EUR 14.126255	+0.706313
Effective tax rate	23.3%	EUR 12.926622	-0.493320	17.3%	EUR 13.913263	+0.493320

Commercial growth is the largest tested variable. The base case already misses the P/E gate, while a 200bp higher Commercial CAGR restores a clear pass and a 200bp lower CAGR deepens the failure. Share count is second because the buyback is finite while issuance persists. Lower tax or fewer shares can individually restore the gate; Helicopters margin is least impactful. The main downstream variables are industrial rate conversion and whether the EUR 5bn program retires shares near the mechanical price assumption.

11. Combined earnings summary

Probabilities are **30% bear, 55% base and 15% bull**, summing to 100%. Base leads because H1 demand, backlog and turnaround evidence are constructive. Bear stays substantial because management and moat are YELLOW, supplier slippage has recurred, and Defence and Space has repeated programme charges. Bull is lowest because it requires commercial rates, learning, services capture, clean defence execution, tax support and limited leakage simultaneously.

Case	Revenue, EUR B	OI, EUR B	OI margin	NI, EUR B	EPS, EUR/listed unit	Probability	EPS × 15	Vs. EUR 203.70
Bear	88.398056	6.624740	7.4942%	4.906604	6.315620	30%	94.734295	-53.49%
Base	104.650723	12.851347	12.2802%	10.425952	13.419943	55%	201.299139	-1.18%
Bull	114.612942	18.788315	16.3928%	15.970080	20.556161	15%	308.342422	+51.37%
Probability-weighted	101.269256	11.873910	11.7251%	9.601767	12.359079	100%	185.386178	-8.99%

Weighted EPS is **30% × 6.315619654 + 55% × 13.419942572 + 15% × 20.556161484 = EUR 12.359079**. At 15 times expected EPS, value is EUR 185.386178, 8.99% below the packet price. The formal gate remains the prescribed base-case test, which now fails by 1.18%; the weighted line is arithmetic, not a fourth scenario. Commercial's appendix separately reports probability-weighted Commercial EBIT of EUR 9.768055bn using its own 25%/55%/20% segment weights; that segment statistic is not substituted for coherent consolidated-case weighting.

12. Tie-out checks

1. Reported-financial and statutory bridge — PASS

FY2025 EBIT: 4.555 + 0.953 + 0.639 = 6.147; plus -0.065 Eliminations = EUR 6.082bn. TTM: 5.274 + 0.944 + 1.020 = 7.238; plus -0.028 = EUR 7.210bn. Residuals are zero, inside EUR 3.175m and EUR 3.605m tolerances. TTM gross revenue EUR 78.492bn less EUR 1.506bn equals consolidated EUR 76.986bn, also exact and within 2%. Sources: `statutory_bridge.json`, data package §§2-3a and QF P4.

2. NI / shares / unit / FX equals EPS — PASS

Bear: 4.906604230 × 1,000 / 776.899892 × 1 × 1 = EUR 6.315619654. Base: 10.425951940 × 1,000 / 776.899892 × 1 × 1 = EUR 13.419942572. Bull: 15.970079645 × 1,000 / 776.899892 × 1 × 1 = EUR 20.556161484. The factors are financial shares per listed unit and EUR/EUR FX. Sources: Section 5 and `quote_packet.json`.

3. Segment sum at horizon — PASS

Bear: 64.989 + 9.626 + 15.630 = 90.245; named eliminations 1.846944 produce 88.398056. Base: 76.717 + 11.532 + 18.538 = 106.787; eliminations 2.136277 produce 104.650723. Bull: 83.213 + 12.959 + 20.683 = 116.855; eliminations 2.242058 produce 114.612942. Before named eliminations, combined divided by segment sum is 100%. Sources: Section 3 and each Appendix B §10.

4. Product-to-segment rollup — PASS

Commercial bear buckets sum 57.650 + 7.339 = 64.989; base rounded buckets sum 76.716 versus 76.717 unrounded; bull 83.214 versus 83.213. Helicopters bear/base equal 9.626/11.532; bull rounded classes are 12.957 versus 12.959, a 0.015% difference. Defence classes equal 15.630, 18.538 and 20.683. Every residual is far below 1%. Sources: reviewed Appendix B §10 tables.

5. Weighted margin — PASS

Commercial class EBIT is EUR 5.340685bn, EUR 9.972697bn and EUR 14.739596bn, matching 5.341, exact 9.972697 and 14.740; base is exact unrounded segment EBIT at a 13.00% weighted margin. Helicopters gives 0.845780, 1.340325 and 1.876140, matching 0.846, 1.340 and 1.876. Defence underlying class EBIT is 0.815575, 1.753795 and 2.263955; subtracting explicit allowances 0.300, 0.150 and 0.050 yields 0.515575, 1.603795 and 2.213955. Dividing by revenue reproduces all reviewed margins within 0.01 point. Sources: Appendix B §§9-10.

6. Share-count and security-unit path — PASS

789.860128m financial shares × split factor 1 equals 789.860128m quote-basis shares. Dividing by depositary ratio 1 × class factor 1 gives 789.860128m listed units. Then 789.860128 + five × 2.317133039 issuance - three × 8.181966945 retirement = 776.899892m. Retirement is 1.666666667bn × 1,000 / 203.70. No calculation uses ADR units. Sources: packet, data package

§7, management §3 and Section 6.

7. Growth plausibility — PASS

Commercial base CAGR 6.6410% is below 1.2 × its disclosed 8.3%, or 9.96%. Helicopters 5.1790% is below 1.2 × 8.4%, or 10.08%. Defence 5.9155% is below 1.2 × its 7.11% FY2021-FY2025 history, or 8.53%. No peer override is needed. Commercial and Defence margins rise materially, but their cleared appendices quantify operational mechanisms and retain explicit execution downside. Sources: Appendix B §§6, 8 and 9.

8. Historical arithmetic at exact horizon — PASS

Commercial 55.625 compounded for five years at 3.160625%, 6.641027% and 8.388756% equals 64.989, 76.717 and 83.213. Helicopters 8.959 at 1.446546%, 5.178996% and 7.661987% equals 9.626, 11.532 and 12.959. Defence 13.908 at 2.362023%, 5.915529% and 8.260436% equals 15.630, 18.538 and 20.683. Residuals are effectively zero and below 1%. Sources: Appendix B §§8 and 10.

9. Recency anchor — PASS

Base first-year Commercial revenue is 49.735 × 1.075 + 5.890 × 1.080 = EUR 59.826325bn. Adding Helicopters 9.422 and Defence 14.730 gives EUR 83.978325bn gross. Applying -2.000503% elimination produces EUR 82.298336bn consolidated. Versus EUR 76.986bn TTM, the implied increase is 6.90%, within 10%. This reflects ramp and backlog without a discontinuous step. Sources: three Appendix B year-one paths and Section 3.

10. Period and horizon integrity — PASS

FY2025 less H1 FY2025 plus H1 FY2026 uses identical 1 January-30 June coverage and gives exact TTM revenue, EBIT, pretax and NI with zero residual. No quarter overlaps a half year. Every forward CAGR begins 2026-06-30 and ends 2031-06-30, exactly 5.0 years. FY2025 is only historical; 2029 management ambitions are references, not substitute endpoints. Sources: package header and §3a, QF P4, Appendix B §§8-10 and Sections 1/9.

11. Valuation, units, hashes and probabilities — PASS

Packet SHA recomputes to `0ae84261741840874b68118ee46b10b9eed0220db6dbc4d2dc8f4fed72278a3f`; statutory SHA recomputes to `dc939f5532c9715ee8fd1155656a189452c993fc55510a857eebdf47ec55b81f`. XPAR:AIR is one ordinary share; split/class/depositary/FX factors are 1. EPS × 15 equals EUR 94.734295, 201.299139 and 308.342422. Probabilities total 100%; weighted EPS is EUR 12.359079. Base cushion is (201.299139 - 203.70) / 203.70 = -1.1786%, so base controls a binary FAIL. Sources: validators, packets and Sections 5/7/11.

Synthesis verdict

SYNTHESIS CLEARED — 11/11 TIE-OUTS PASSED.

P/E 15 gate: FAIL — cushion -1.2%.

Base reaches EUR 104.651bn revenue, EUR 12.851bn statutory OI, EUR 10.426bn parent NI and EUR 13.42 EPS per listed share at 2031-06-30. Required EPS at EUR 203.70 and 15 times is EUR 13.58. The repaired Commercial underwriting therefore produces a narrow but binding base-case FAIL. Probability-weighted EPS is EUR 12.36 and EPS × 15 is EUR 185.39, 8.99% below the quote. No upstream issue remains: all governed inputs are present and all arithmetic ties after propagation.

Appendix CS - Compounder Score

Airbus SE - Compounder Score

Company / security: Airbus SE registered ordinary share, XPAR:AIR (`AIR.PA`), ISIN NL0000235190 **Analysis date:** 2026-08-24 **Price anchor:** EUR 203.70, completed close on 2026-08-21 **TTM end / exact horizon:** 2026-06-30 to 2031-06-30, exactly 5.0 years **Primary valuation method: P/E Valuation-preflight binding:** `C:\Users\Admin\OneDrive\GPT\ER 2.0\Airbus SE\valuation_preflight.json`; SHA-256 `57d4a468f3d2efdaddad809cb0e37e6dab967aec4a6338ec4a2827cca85167ba`; validator result `VALUATION_PREFLIGHT_VALID`; status `CLEARED`; all five foundations passed; blocker list empty. **Revised synthesis binding:** `C:\Users\Admin\OneDrive\GPT\ER 2.0\Airbus SE\appendix_synthesis.md`; SHA-256 `7cbbd74a70a5ee470730b52c2f115fcab5ca398736b911be85152d339c4eb746`; synthesis cleared 11/11.

1. Executive Verdict

Compounder Score: 51/100. Business Quality Score: 50/80. 20% Return Underwriting Score: 1/20. Score-implied classification: Reject. This is a diagnostic classification, not the ER2 verdict, a portfolio instruction, or trade authority.

The evidence supports a durable aerospace franchise, not a proven high-ROIIC compounder bought at a 20% return price. Airbus owns one of the world's hardest-to-replicate industrial positions: certified large-aircraft design and production, a global support network, a commercial backlog of 9,222 aircraft at 30 June 2026, a service-rich helicopter franchise, and sovereign access in defence. Revenue rose from EUR 52.149bn in FY2021 to EUR 73.420bn in FY2025, and statutory free cash flow rose from EUR 2.711bn to EUR 4.031bn. The balance sheet had EUR 8.360bn of Airbus-defined net cash at 30 June 2026.

The evidence does not support the defining Gideon claim that Airbus has already demonstrated high and durable incremental returns on capital. The five annual calculated ROIC observations were only 7.9%-11.2%, with a 10.3% median. A simple four-year change-in-NOPAT divided by change in the disclosed invested-capital denominator is about 3.2%, but that is only a diagnostic proxy: the package does not disclose enough comparable non-cash working-capital, capitalised R&D, acquisition and disposal detail to call it formal ROIIC. Formal 3-year and 5-year ROIIC are therefore `Insufficient evidence`, scored at zero rather than reverse-engineered from the forecast.

Valuation is the decisive failure under this rubric. Using the preflight-locked P/E method, EUR 203.70 current price, 30%/55%/15% Bear/Base/Bull weights, terminal EPS of EUR 6.315619654 / EUR 13.419942572 / EUR 20.556161484, and exit P/Es of 18x / 23x / 28x, the gross EUR shareholder IRRs are **-8.64% / 9.77% / 23.77%**. The probability-weighted gross EUR IRR is **8.49%**, calculated as the CAGR of EUR 306.202498 probability-weighted terminal wealth, never as an arithmetic average of scenario IRRs. The base case misses 20% by 10.23 percentage points and also falls below the rubric's 10% minimum scoring band. At the base 23x exit P/E and EUR 16.00 cumulative dividends, a 20% return requires EUR 21.342208 terminal EPS, 59.0% above the revised EUR 13.419943 base forecast.

The score is also capped because the preflight correctly finds today's normalized current P/E of 27.269x non-comparable with the 2031 denominator: the TTM contains only a partial-year Spirit perimeter. A raw or partially normalized current P/E cannot be used to claim that a 23x exit is automatically conservative or that no expansion is required. The 20% case is achieved only in the low-probability Bull case, which combines 22.3% EPS CAGR, a 16.39% group operating margin and a 28x exit P/E. That is too many simultaneous successes for an investable-now score.

Separately from the return model, the revised synthesis now **fails the binary P/E 15 entry-price gate**: EUR 13.419942572 Base EPS times 15 equals EUR 201.299139, 1.18% below EUR 203.70. This gate does not set the exit P/E or the shareholder-return method, but it reinforces the Reject classification.

2. Data Source Map

Evidence need	Controlling source	Period / treatment
Price, listing, unit and FX bridge	`quote_packet.json`, QFR sealed SHA `0ae84261741840874b68118ee46b10b9eed0220db6dbc4d2dc8f4fed72278a3f`	XPAR:AIR, EUR 203.70 on 2026-08-21; one ordinary share per listed unit; EUR/EUR identity
Income statement, balance sheet and cash flow	`quant_foundation.md`, `data_package.md`, official Airbus FY2021-FY2025 and H1 2026 statements	Official IFRS overrides FMP classification differences; TTM = FY2025 - H1 2025 + H1 2026

Evidence need	Controlling source	Period / treatment
Segment revenue and EBIT	`statutory_bridge.json`, `data_package.md`, three reviewed segment appendices	Issuer metric is Profit before financial result and income taxes (EBIT); all statutory residuals zero
Share count, buyback and SBC proxy	`quote_packet.json`, `appendix_synthesis.md`, `appendix_management.md`	789.860128m starting diluted shares; 776.899892m terminal; EUR 5bn buyback and H1 2026 share-payment proxy
Management, incentives and allocation	`appendix_management.md`	Management gate YELLOW; source-bound compensation, capital return and guidance history
Moat, pricing and durability	`appendix_moat.md`	Moat gate YELLOW; 2046 test PASS; programme and supplier limits explicit
Terminal operating model and EPS	`appendix_synthesis.md`	Synthesis cleared 11/11; Bear/Base/Bull statutory EPS reproduced exactly
Method, denominator, claims and multiples	`valuation_preflight.json`	P/E locked; 18x/23x/28x locked before returns; five foundations passed
SGD FX diagnostic	[ECB EUR/SGD reference-rate chart](https://www.ecb.europa.eu/stats/policy_and_exchange_rates/euro_reference_exchange_rates/html/eurofxref-graph-sgd.cs.html)	1 EUR = SGD 1.4838 on 2026-08-21; held constant at exit for the diagnostic
Expected dealing / FX cost diagnostic	[IBKR Singapore European-stock commissions](https://www.interactivebrokers.com.sg/en/pricing/commissions-stocks.php), [IBKR Singapore spot-FX commissions](https://www.interactivebrokers.com.sg/en/pricing/commissions-spot-currencies.php)	France stock rate 0.05%; auto FX adjustment typically 0.03%; rounded up to 0.10% all-in at entry and exit
Dividend tax diagnostic	[Airbus Share Price & Information - Dividend taxation](https://www.airbus.com/en/investors/share-price-and-information), [IRAS dividend guidance](https://www.iras.gov.sg/taxes/individual-income-tax/basics-of-individual-income-tax/what-is-taxable-what-is-not/dividends)	Airbus states all distributions are subject to 15.0% Dutch dividend withholding; 0% incremental Singapore tax assumed for a resident individual outside a partnership/trading business

No cached warehouse data was used. Newly created CS artifacts are limited to this appendix and `compounder_score.json`.

3. Key Financial and Quality Metrics

Metric	1-year / latest	3-year	FY2021-FY2025 series	Interpretation
Revenue growth	TTM revenue EUR 76.986bn, 4.9% above FY2025	FY2022-FY2025 CAGR about 7.7%	FY2021-FY2025 CAGR 8.9%	Strong recovery and backlog-supported growth
Statutory NOPAT growth	TTM cross-check EUR 5.731bn	FY2022-FY2025 CAGR about 2.2%	FY2021-FY2025 CAGR 0.9%	Profit conversion lagged revenue growth
Statutory FCF growth	TTM EUR 4.698bn, 16.5% above FY2025	FY2022-FY2025 CAGR about 1.8%	FY2021-FY2025 CAGR 10.4%	Cash recovered, but ramp working capital remains volatile
Calculated ROIC	FY2025 10.3%	FY2023-FY2025 median 8.9%	Five-observation median 10.3%	Below the 15% Gideon screen; not R&D-capitalized adjusted ROIC
ROIIC	Insufficient evidence	Insufficient evidence	3.2% simple delta-NOPAT / delta-invested-capital proxy	Formal reinvestment denominator unavailable; no score uplift
FCF / NOPAT	FY2025 84.8%	FY2023-FY2025 average about 90.1%	Five-year average about 83.1%	Real cash conversion overall, despite phasing and inventory risk
Diluted share growth	H1 2026 789.860m	Small net movement	FY2021-FY2025 CAGR about 0.16%	Historical dilution modest; forecast explicitly offsets buyback with issuance
SBC proxy	Annualized H1 2026 EUR 472m	n/a	n/a	About 0.61% of TTM revenue and 10.0% of TTM statutory FCF; approximate, not a disclosed TTM line
Net debt / EBITDA	FY2025 -1.19x	n/a	Net cash throughout latest snapshot	Balance sheet is a strength
TTM FCF yield	2.92%	n/a	n/a	EUR 4.698bn / EUR 160.895bn calculated market cap
Latest dividend yield	1.57%	n/a	Dividends resumed after pandemic	EUR 3.20 / EUR 203.70

Metric	1-year / latest	3-year	FY2021-FY2025 series	Interpretation
Market capitalisation	EUR 160.895bn	n/a	n/a	EUR 203.70 x 789.860128m diluted quote-basis shares
Indicative enterprise value	EUR 152.535bn	n/a	n/a	Market cap less EUR 8.360bn Airbus-defined net cash; disclosure only, not a return input

The metric set is not equivalent to a software compounder. Capitalised development, customer advances, programme provisions, supplier support and working-capital seasonality complicate industrial invested capital. The most honest conclusion is that Airbus has grown, generated cash and preserved a strong balance sheet, but has not yet shown that additional capital reliably earns above the cost of capital. The forecast's margin uplift could change this profile, but forecast ROIIC is not historical proof.

4. Rubric Scorecard

Category	Score	Maximum	Evidence-based conclusion
Incremental Returns on Capital	9	25	ROIC is positive but only 7.9%-11.2%; formal ROIIC is unavailable; cash conversion and non-artificial capital base provide partial credit
Reinvestment Runway	14	20	Commercial and defence backlogs, services and production ramps create scale opportunity, but returns on the required capex/R&D are not yet proven
Durability of Moat	12	15	Certification, installed base, support and sovereign trust are formidable; supplier capture, programme risk and software-layer threats reduce monetisation
Accounting and Financial Quality	9	10	Official IFRS bridge and cash conversion are strong; SBC granularity and complex programme accounting prevent a perfect score
Capital Allocation Discipline	6	10	R&D/capex priorities are coherent and balance sheet is sound; Spirit and the EUR 5bn buyback remain unproven, while incentives omit ROIC
Price and 20% Return Underwriting	1	20	Base IRR is 9.77%, Bear loses value, denominator comparability is unavailable and only Bull clears 20%
Business Quality Score	**50/80**	**80**	Good franchise, not demonstrated elite capital compounding
20% Return UW Score	**1/20**	**20**	Stretch hurdle is not supported at EUR 203.70 in the base case
Compounder Score	**51/100**	**100**	**Reject under this diagnostic rubric**

Subcategory detail is deliberately conservative. Incremental returns score 2/5 for normalized ROIC, 0/8 for ROIIC, 1/3 for trend, 2/3 for unit economics, 2/3 for cash conversion and 2/3 for lack of accounting artifact. Runway scores 4/5, 3/5, 3/4, 2/3, 2/2 and 0/1. Moat scores 4/4, 2/3, 2/3, 2/2, 1/2 and 1/1. Accounting scores 2/2, 2/2, 1/2, 2/2, 1/1 and 1/1. Allocation scores 2/2, 1/2, 1/2, 1/2, 0/1 and 1/1. Valuation scores 0/6, 0/4, 0/3, 0/3, 0/2 and 1/2.

5. ROIIC and Reinvestment Analysis

NOPAT, using statutory EBIT and effective tax rates, was EUR 4.578bn, EUR 4.456bn, EUR 3.487bn, EUR 3.987bn and EUR 4.751bn from FY2021 through FY2025. The associated invested-capital denominators were EUR 40.790bn, EUR 42.235bn, EUR 44.030bn, EUR 44.740bn and EUR 46.156bn. Reported growth therefore absorbed EUR 5.366bn of incremental invested capital while NOPAT increased only EUR 0.173bn. The resulting 3.2% simple proxy is below a reasonable aerospace cost of capital and far below the framework's 15%-35% ROIIC scoring bands.

That proxy is not labelled formal ROIIC. A defensible reinvestment denominator should include net capex, changes in non-cash working capital, capitalised R&D adjustments, justified growth opex, acquisitions and disposals. The source

package gives excellent capex and R&D histories but not a clean, comparable acquisition-inclusive and working-capital bridge for all five years; Spirit also brings compensation, liabilities, impairments and contract settlements that make a one-line acquisition-spend number misleading. Awarding ROIIC points from the difference in balance-sheet invested capital alone would create false precision.

The qualitative runway is much better than the historical incremental-return evidence. Commercial backlog is roughly 11.6 times FY2025 deliveries. Production capacity, A220 breakeven, A350 scale and services could convert high fixed costs into operating leverage. Helicopters combines a growing installed base with 43% services mix and five years of margin expansion. Defence demand and backlog are strong. Yet the same opportunities require capex, buffer inventory, supplier remediation, R&D and contract-risk absorption. Airbus has repeatedly shown that demand can be abundant while incremental economics remain modest. The correct monitoring variables are reported Commercial EBIT margin, inventory/customer-advance conversion, cumulative Space/A400M charges, Spirit cash usage, service mix and a formal future ROIIC bridge.

6. Runway Analysis

Airbus has a credible five-to-ten-year revenue runway. The commercial book provides years of physical demand visibility, and H1 2026 showed no cancellation or deferral request signal. The revised A320 target of 70-75 aircraft per month by end-2027, A220 rate 13 in 2028, and A350 rate 12 in 2028 support higher throughput if suppliers execute. Services/spares revenue grew at 12.0% from FY2021 to FY2025. Helicopter orders, deliveries and backlog all expanded. Defence and Space ended FY2025 with EUR 50.771bn of backlog and EUR 17.729bn of annual order intake.

The runway earns only 14/20 because growth is not equivalent to value creation. Commercial margins fell despite recovery, supplier shortages shifted scarcity rents outside Airbus, and working capital consumed cash during the ramp. Defence and Space recorded major programme charges despite high-trust customer relationships. The revised base forecast requires consolidated operating margin to rise 291 basis points from 9.37% to 12.28%, with most of the profit increase coming from Commercial. The repaired Commercial margin endpoint is 13.00%, not the superseded 14.89%. That is plausible and source-bound, but it is an execution thesis rather than an established reinvestment algorithm.

7. Moat Analysis

The moat is concrete. Aircraft certification requires regulated organisational competence, extensive test evidence and continuing surveillance. Fleet commonality, airline and lessor confidence, residual values, installed-base support, scarce delivery slots, supplier qualification and worldwide maintenance infrastructure compound the barrier. Helicopters adds mission certifications, training, parts and availability relationships. Defence adds security accreditation, sovereign access and integration knowledge.

The moat is not an unlimited pricing right. Aircraft campaigns are negotiated with sophisticated buyers, backlog escalators may not cover abnormal inflation, and engine or aerostructure suppliers can control delivery cadence. Commercial margin varied from 7.56% to 11.59% over FY2021-FY2025; Defence and Space was loss-making in two of those five years. Boeing recovery is the nearest commercial threat, COMAC is the long-dated certification and support threat, and software-native defence firms can capture the high-value mission layer while leaving Airbus as hardware prime. These facts support 12/15 and the upstream YELLOW moat gate, not a perfect score. The 2046 test still passes: a specific Airbus should continue to earn from certified platforms and lifecycle support, even if the digital profit pool shifts.

8. Accounting and Capital Allocation Analysis

Financial evidence quality is strong. The official-source override is explicit, the foreign-issuer statutory bridge has zero residual, segment EBIT is never relabelled from an adjusted measure, and TTM is built from matching half-year periods. Statutory FCF supports NOPAT over a multi-year window. The balance sheet is net cash. There is no current restatement, material internal-control weakness or recurring related-party concern in the reviewed package. The main limitations are the absence of a separately disclosed TTM SBC line, programme-estimate complexity, and the difference between Airbus-defined FCF before customer financing and statutory OCF less capex.

Capital allocation is coherent but not yet proven exceptional. Airbus is funding capacity and R&D rather than starving the franchise. Dividends are flexible. Spirit is strategically defensible because it secures critical work packages, but its economic return cannot be judged from the USD 439m compensation without the acquired liabilities, stabilisation capex and foregone-delivery counterfactual. The EUR 5bn buyback can create per-share value, but the locked model's use of EUR 203.70 as a mechanical repurchase price is not evidence that management will buy below intrinsic value. Executive incentives weight EPS and FCF but omit ROIC, an important gap for a capital-intensive ramp.

9. 20% Return Underwriting

Security return underwriting

Primary valuation method: P/E. All values are per XPAR:AIR ordinary share unless noted. The current price is EUR 203.70; the horizon is exactly 5.0 years from 2026-06-30 to 2031-06-30. Scenario weights are Bear 30%, Base 55%, Bull 15%. Terminal diluted listed-equivalent shares are 776.899892m in every scenario. Current net cash is EUR 8.360bn; gross cash/securities are EUR 23.376bn and financing liabilities are EUR 14.276bn, including EUR 2.425bn leases. These capital-structure amounts are disclosed but **inapplicable to the P/E equity bridge** and are not added to or subtracted from EPS times P/E.

The distribution diagnostic assumes five future annual dividends of EUR 3.20, equal to the latest declared FY2025 dividend paid in April 2026, for EUR 16.00 cumulative distributions. No dividend growth is assumed. Buybacks are already reflected in the terminal share count and EPS; they are not added as distributions.

Scenario	Weight	Terminal EPS	Exit P/E	Terminal equity value / share	Cumulative distributions	Terminal wealth / share	Gross EUR IRR
Bear	30%	EUR 6.315619654	18.00x	EUR 113.681154	EUR 16.000000	EUR 129.681154	-8.64%
Base	55%	EUR 13.419942572	23.00x	EUR 308.658679	EUR 16.000000	EUR 324.658679	9.77%
Bull	15%	EUR 20.556161484	28.00x	EUR 575.572522	EUR 16.000000	EUR 591.572522	23.77%
Probability-weighted	100%	n/a	n/a	EUR 290.202498	EUR 16.000000	EUR 306.202498	**8.49%**

Probability-weighted wealth is `30% x 129.681153772 + 55% x 324.658679156 + 15% x 591.572521552 = EUR 306.2024979002`. The published 8.49% is `(306.2024979002 / 203.70)^(1/5) - 1`, not the arithmetic average of -8.64%, 9.77% and 23.77%.

Bear-case operating and return bridge

Bear case	Start (2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Revenue	EUR 76.986bn	EUR 88.398056bn	2.80%	Backlog prevents collapse, but supplier and programme slippage constrain conversion
Operating margin	9.37%	7.49%	-1.87pp	Commercial under-conversion and EUR 300m Defence programme allowance outweigh scale
Operating earnings	EUR 7.210bn	EUR 6.624740bn	-1.68%	Statutory EBIT after named eliminations; no plug
Diluted share count	789.860128m	776.899892m	-0.33%	EUR 5bn buyback partly offset by five years of issuance proxy
EPS	EUR 7.510123	EUR 6.315620	-3.41%	Statutory diluted EPS used in the shareholder bridge
Valuation denominator	TTM reported EPS EUR 7.510123; normalized EUR 7.469969	Statutory diluted EPS EUR 6.315620	Not comparable	Partial-year Spirit perimeter means raw current multiple cannot cap exit P/E
Valuation	27.12x reported / 27.27x normalized P/E	18.00x P/E	-9.27x vs normalized	Locked below Airbus profitable history for execution stress
Share value	EUR 203.70 current price	EUR 6.315620 x 18.00 = EUR 113.681154	n/a	P/E equity bridge; no cash or debt adjustment
Annual dividend	EUR 3.20	EUR 3.20	0.00%	Latest declared dividend held flat; diagnostic, no growth
Dividend yield	1.57%	2.81%	+1.24pp	Annual dividend divided by endpoint share value
Five-year dividends	-	EUR 16.00	cumulative	Five flat annual payments, counted once
Total ending value	EUR 203.70	EUR 129.681154	-8.64% gross EUR IRR	Terminal share value plus cumulative distributions

Base-case operating and return bridge

Base case	Start (2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Revenue	EUR 76.986bn	EUR 104.650723bn	6.33%	Commercial ramp, services and defence backlog convert without extrapolating order growth
Operating margin	9.37%	12.28%	+2.91pp	Repaired Commercial margin cadence reaches 13.00%; fixed-cost absorption remains required
Operating earnings	EUR 7.210bn	EUR 12.851347bn	12.25%	Statutory EBIT after named modeled elimination
Diluted share count	789.860128m	776.899892m	-0.33%	Same locked buyback and issuance bridge
EPS	EUR 7.510123	EUR 13.419943	12.31%	Repaired parent statutory diluted EPS, including NCI allocation
Valuation denominator	TTM reported EPS EUR 7.510123; normalized EUR 7.469969	Statutory diluted EPS EUR 13.419943	Not comparable	Current Spirit perimeter is incomplete; normalized current P/E is disclosure, not a cap
Valuation	27.12x reported / 27.27x normalized P/E	23.00x P/E	-4.27x vs normalized	Locked near low end of method-supportable historical/peer evidence
Share value	EUR 203.70 current price	EUR 13.419943 x 23.00 = EUR 308.658679	n/a	P/E equity bridge; no net-cash addition
Annual dividend	EUR 3.20	EUR 3.20	0.00%	Flat diagnostic despite modeled earnings growth
Dividend yield	1.57%	1.04%	-0.53pp	Annual dividend divided by endpoint share value
Five-year dividends	-	EUR 16.00	cumulative	Five flat annual payments, counted once
Total ending value	EUR 203.70	EUR 324.658679	9.77% gross EUR IRR	Terminal share value plus cumulative distributions

Bull-case operating and return bridge

Bull case	Start (2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Revenue	EUR 76.986bn	EUR 114.612942bn	8.28%	Production rates, services capture and defence conversion all outperform
Operating margin	9.37%	16.39%	+7.03pp	A220 breakeven, A350 scale, clean Space execution and strong Commercial leverage
Operating earnings	EUR 7.210bn	EUR 18.788315bn	21.11%	Statutory EBIT after named eliminations and only EUR 50m Defence allowance
Diluted share count	789.860128m	776.899892m	-0.33%	No extra buyback beyond the locked EUR 5bn programme
EPS	EUR 7.510123	EUR 20.556161	22.31%	Statutory diluted EPS; favorable tax and NCI assumptions remain explicit
Valuation denominator	TTM reported EPS EUR 7.510123; normalized EUR 7.469969	Statutory diluted EPS EUR 20.556161	Not comparable	Current partial Spirit perimeter forbids a raw flat-multiple claim
Valuation	27.12x reported / 27.27x normalized P/E	28.00x P/E	+0.73x vs normalized	Locked below Airbus recent premium observations but requires near-clean execution
Share value	EUR 203.70 current price	EUR 20.556161 x 28.00 = EUR 575.572522	n/a	P/E equity bridge; no separate financial-asset value
Annual dividend	EUR 3.20	EUR 3.20	0.00%	Flat diagnostic is deliberately conservative
Dividend yield	1.57%	0.56%	-1.01pp	Annual dividend divided by endpoint share value

Bull case	Start (2026-06-30)	Horizon (2031-06-30)	CAGR / change	Justification
Five-year dividends	-	EUR 16.00	cumulative	Five flat annual payments, counted once
Total ending value	EUR 203.70	EUR 591.572522	23.77% gross EUR IRR	Terminal share value plus cumulative distributions

Method integrity and double-count controls

- P/E controls Bear, Base, Bull, probability weighting, the reverse-return diagnostic and net-SGD. EV/NOPAT and P/B-ROE are not blended into terminal wealth.
- Terminal equity value is statutory diluted EPS times the locked exit P/E. Current or terminal cash, securities, debt, leases, NCI balance and other claims are not separately added or subtracted.
- Interest, other financial result, tax and parent/NCI allocation already flow through statutory EPS. No second capital-structure adjustment is made.
- The EUR 5bn buyback affects the terminal diluted share count and therefore EPS. It is not also treated as a cash distribution to the modeled shareholder.
- Only EUR 16.00 of modeled dividends is added to terminal equity value. It is counted once and receives withholding only in the net-SGD overlay.
- Share-based compensation remains in reported EBIT economics and is also reflected through the issuance proxy. No SBC add-back is made.
- Spirit compensation, securities and net cash receive no separately valued premium because their effects are not proven outside statutory EPS and the P/E benchmark.
- All three exit P/Es reproduce the preflight lock exactly. Neither the resulting IRRs nor the score changed those multiples. The excessive-optimism and excessive-bearishness tests passed in VP; raw non-comparable current P/E was not used as a cap.

Reverse-return hurdle

At 20% for five years, required terminal shareholder wealth is EUR 506.870784. With EUR 16.00 distributions and the locked Base exit P/E of 23x, required terminal EPS is EUR 21.342208. That implies 23.23% EPS CAGR from TTM statutory EPS and is 59.03% above revised Base terminal EPS. The Base terminal wealth supports a maximum entry price of **EUR 130.473042** for a 20% gross EUR return. Even a mechanically flat 27.269x normalized-current P/E would require about EUR 18.000931 EPS and 19.10% EPS CAGR, but preflight says that current-to-terminal comparison is not economically comparable; it is therefore a sensitivity, not a cleared no-expansion case.

Net-SGD diagnostic overlay

This is a finite security-level diagnostic, not portfolio advice. Entry and exit EUR/SGD are held constant at the ECB 2026-08-21 reference of **SGD 1.4838 per EUR**, so the central overlay assumes no FX gain or loss. Expected all-in implementation cost is **0.10% at entry and 0.10% at terminal liquidation/conversion**, conservatively above the cited 0.05% French equity commission plus typical 0.03% auto-FX adjustment before minimums and applicable GST. Airbus states that, under Dutch tax law, all dividend distributions are subject to **15.0% Dutch dividend withholding**, independent of shareholder origin. Incremental Singapore dividend and capital-gains tax is assumed **0%** for a Singapore-resident individual holding as investment outside a partnership or trading business, consistent with the cited IRAS guidance. Different residency, wrapper, treaty reclaim, lot size, broker or trading status changes the result.

Starting net capital is `EUR 203.70 x 1.4838 x 1.001 = SGD 302.552310` per share. Net terminal wealth is `(terminal equity value + EUR 16.00 x 85.0%) x 1.4838 x 99.9%`. The P/E gross terminal wealth, scenario weights and exact horizon are unchanged.

Scenario	Weight	Net terminal wealth, SGD / share	Net-SGD IRR
Bear	30%	SGD 188.670916	**-9.01%**
Base	55%	SGD 477.689261	**9.56%**

Scenario	Weight	Net terminal wealth, SGD / share	Net-SGD IRR
Bull	15%	SGD 873.339973	**23.62%**
Probability-weighted	100%	SGD 450.331364	**8.28%**

The probability-weighted net-SGD return is the CAGR of probability-weighted net-SGD terminal wealth, not an average of the three net-SGD IRRs. Portfolio fit, existing holdings, factor concentration, liquidity needs and sizing ceiling are unavailable. Those missing facts limit portfolio assessment only; they do not make security returns null. No sizing, portfolio mutation, trade or owner action is authorised.

10. Hard Veto Checklist

Hard veto	Result	Evidence
1. ROIIC below cost of capital with no credible path	Watch	Formal ROIIC unavailable; 3.2% simple proxy is poor, though margin-led recovery is credible enough to avoid a definitive fail
2. High ROIC only from tiny/negative capital	Pass	Invested capital is positive and rising; reported ROIC is modest, not artificially high
3. Growth requires persistent external financing	Pass	EUR 8.360bn net cash and positive multi-year FCF support the ramp
4. Material share-count rise without value creation	Watch	Historical dilution was modest; forecast issuance partly offsets buyback
5. Undisclosed acquisition returns	Watch	Spirit economics are complex and unproven; disclosure is useful but return evidence is not mature
6. Structural FCF lag	Watch	Multi-year conversion is acceptable, but inventory and customer-financing phasing remain load-bearing
7. Concentration/regulation/cyclicality/leverage impairment	Watch	Supplier concentration, programme charges and aerospace cyclicality are material; leverage is not the issue
8. 20% case requires unverified multiple expansion	Insufficient evidence	Current and terminal denominators are not comparable; no-expansion test cannot clear
9. Flawless execution needed at today's price	**Fail**	Base delivers only 9.77%; 20% needs far above Base EPS and a premium terminal multiple
10. Moat cannot be explained	Pass	Certification, installed base, support, industrial scale and sovereign trust form a coherent moat
11. Accounting/governance trust impaired	Pass	Official bridge reconciles; no current material red flag in reviewed evidence
12. Balance-sheet wipeout risk	Pass	Net-cash balance sheet provides meaningful protection

Hard veto 9 prevents an investable-now classification. Veto 8 also fails the threshold test because denominator comparability is unavailable, even though it is not evidence that the exit P/E itself was improperly chosen.

11. Final Decision

Score-implied classification: Reject. Airbus can be a good company and still fail a 20% return screen at EUR 203.70. The business-quality score is only 50/80 because capital efficiency has not earned compounder status, and the valuation score is 1/20 because the revised base IRR is 9.77%, Bear is negative, and the method-matched reverse hurdle requires terminal EPS well above Base. A lower-price diagnostic is EUR 130.47 for 20% gross EUR IRR using the same Base terminal wealth; this is not a target price or instruction.

Compounder Score note: 51/100; durable aerospace franchise, but unproven ROIIC and a failed 20% price hurdle drive Reject under this rubric. **Business Quality Score note:** 50/80; certification, backlog and services are strong, while sub-12% historical ROIC, programme risk and supplier dependence cap quality. **20% Return UW Score note:** 1/20; Base gross EUR IRR is 9.77%, probability-weighted gross EUR IRR is 8.49%, and only Bull clears 20%.

The main evidence that could improve the score is a multi-year, acquisition-inclusive ROIIC bridge showing that rate-ramp capex, R&D and Spirit investment earn above the cost of capital; Commercial reported margin above 11% without another rate reset; sustained Defence and Space profit without material charges; and a price/earnings combination that makes the Base case exceed 20% without an unverified multiple comparison. The main negative trigger is another controllable delivery

reset or programme-charge cycle while the buyback consumes cash.

12. Machine-Readable JSON

The complete structured evidence, full-precision return arithmetic, score components, preflight hash binding, scenario bridges, method integrity checks, reverse-return inputs, and finite net-SGD overlay are in `C:\Users\Admin\OneDrive\GPT\ER 2.0\Airbus SE\compounder_score.json`. `trade_execution_authorized`, `portfolio_mutation_authorized`, `sizing_authorized` and `owner_action_authorized` are all `false`.

Appendix CSA - Scoring Audit

Airbus SE - Scoring Audit

Audit date: 2026-08-24 **Security:** AIR.PA / XPAR:AIR ordinary share **Current price:** EUR 203.70 **TTM end:** 2026-06-30 **Exact horizon:** 2031-06-30, 5.0 years **Primary valuation method:** P/E **Material return-audit disposition: CLEARED**

This is a fresh audit after the Commercial, Synthesis, Valuation Preflight and Compounder Scorer reseal. All supplied byte bindings validate. `valuation_preflight.json` is SHA-256 `57d4a468f3d2efdaddad809cb0e37e6dab967aec4a6338ec4a2827cca85167ba`, and the repository validator returned `VALUATION_PREFLIGHT_VALID` with evidence-file checking enabled. `appendix_synthesis.md` is `7cbbd74a70a5ee470730b52c2f115fcab5ca398736b911be85152d339c4eb746`. The repaired CS Markdown is `665ad92c7a098210abecb97fc1f15fca22136903e23bc5e2753327aaa349a9da`, and CS JSON is `ef7c358543e171c4317546719152934542 91c8cc7e894b9a3ed816c41f5163ec`. CS exactly copied the sealed P/E method, normalized-current denominator conclusion, capital-structure treatment, diluted-share path, EUR 16 distributions, 30% / 55% / 15% probabilities and 18x / 23x / 28x exits.

1. Original vs Audited Scores

Item	Original	Audited	Notes
Business Quality Score / 80	50/80	48/80	Adjusted ROIC is unavailable and a formal ROIIC trend cannot be scored
Valuation / 20% Return UW Score / 20	1/20	1/20	Base is below 10%; only the finite flat-dividend contribution earns one point
Total Score / 100	51/100	49/100	Arithmetic sum of audited 48/80 and 1/20
Classification	Reject	Reject	Total is below 70, Base return is inadequate and hard veto 9 fails

Original category scores were 9/25 Incremental Returns, 14/20 Runway, 12/15 Moat, 9/10 Accounting/Financial Quality, 6/10 Capital Allocation, and 1/20 Price/Return Underwriting. Audited category scores are 7/25, 14/20, 12/15, 9/10, 6/10, and 1/20. The revised Commercial Base margin and EPS do not change the historical Business Quality evidence. The score-implied classification remains Reject and does not override the separate Management, Moat or P/E-at-15 gates.

2. Score Reductions and Reasons

Rubric item	Original	Audited	Evidence status	Audit conclusion
1A Normalized ROIC	2/5	1/5	Partly supported	Five statutory NOPAT/average-invested-capital observations support positive returns, but adjusted ROIC and including/excluding-goodwill histories are absent
1B 3-5 year ROIIC	0/8	0/8	Missing data	Correctly zero; 3.224% is a simple endpoint proxy, not formal ROIIC
1C ROIIC trend	1/3	0/3	Unsupported	No 3-year or 5-year ROIIC series exists, so direction cannot be established
1D-1F	6/9	6/9	Supported / partly supported	Unit economics, five-year cash conversion and a positive non-artificial capital base justify partial credit
Categories 2-5	41/55	41/55	Mostly supported	Backlogs, services, certification, cash flow, net cash and primary governance evidence support cautious partial scores
Category 6	1/20	1/20	Supported	6A-6E are zero; five flat dividends contribute 1/2 under 6F

This score is reduced because the rubric asks for normalized adjusted ROIC, not only a provider-invested-capital calculation, and because a trend point cannot be awarded when formal ROIIC is explicitly `INSUFFICIENT_EVIDENCE`. The acquisition-inclusive ROIIC gap also warrants keeping Capital Allocation capped at the original 6/10. Spirit and the EUR 5bn buyback already receive only partial credit, so no further Category 5 cut is necessary.

3. Unsupported Claims

The evidence does not support a five-year normalized adjusted ROIC in the 10%-15% band. The available schedule correctly calculates statutory NOPAT divided by fresh FMP invested capital and produces a 10.3% five-observation median. It does not capitalize R&D consistently or publish five-year ROIC including and excluding goodwill. The audited award is therefore one point for positive but incompletely normalized returns.

The evidence also does not support the original 1/3 ROIIC-trend point. A single FY2021-to-FY2025 delta-NOPAT/delta-invested-capital proxy cannot establish whether incremental returns improved or deteriorated. Formal three-year ROIIC, five-year ROIIC, reinvestment rate and acquisition-inclusive ROIIC remain null.

No qualitative score is mainly a management TAM assertion. Commercial backlog, certified-platform barriers, installed-base services, sovereign access, historical orders, statutory cash flow, primary remuneration evidence and segment margin histories provide independent support. The 14/20 Runway and 12/15 Moat scores are already tempered for supplier capture, programme charges, imperfect pricing power and execution dependence.

4. Calculation Errors

No active return calculation error remains. The resealed Base operating case is lower and replays from Synthesis: parent net income of EUR 10.425951940bn divided by 776.899892m terminal diluted listed-equivalent shares equals EUR 13.419942572 EPS. Bear and Bull EPS remain EUR 6.315619654 and EUR 20.556161484.

Gross EUR shareholder-return replay

Scenario	Weight	Terminal EPS	Exit P/E	Equity value / share	Distributions	Terminal wealth	Audited gross EUR IRR
Bear	30%	EUR 6.315619654	18.0x	EUR 113.681153772	EUR 16.00	EUR 129.681153772	-8.635566%
Base	55%	EUR 13.419942572	23.0x	EUR 308.658679156	EUR 16.00	EUR 324.658679156	9.770893%
Bull	15%	EUR 20.556161484	28.0x	EUR 575.572521552	EUR 16.00	EUR 591.572521552	23.766581%

Every equity value equals terminal statutory diluted EPS times the VP-locked P/E. No current or terminal cash, securities, debt, leases, NCI balance or other claim is added after P/E. The EUR 5bn buyback affects shares only and is not added as a distribution. Dividends enter shareholder wealth once. The method is P/E across Bear, Base, Bull, probability weighting, the reverse-return diagnostic and net-SGD.

Terminal diluted shares independently replay as `789.860128m + (5 x 2.317133039m issuance) - (3 x 8.181966945m repurchases) = 776.899892m`. SBC remains in reported EBIT and is also reflected through the issuance proxy; there is no earnings add-back. Repurchases use EUR 203.70 as a disclosed mechanical price proxy, a material uncertainty but not an arithmetic plug.

Probability-weighted terminal wealth is `30% x 129.681153772 + 55% x 324.658679156 + 15% x 591.572521552 = EUR 306.2024979002`. Its five-year CAGR from EUR 203.70 is 8.493455%. This is not an average of the three scenario IRRs.

The reverse-return bridge also replays. A 20% five-year return requires EUR 506.870784 terminal wealth. After EUR 16 distributions and at the locked Base 23x P/E, required terminal EPS is EUR 21.342208, 59.03% above Base. Maximum entry price for 20% on Base terminal wealth is EUR 130.473042.

Net-SGD overlay replay

The overlay retains exactly the same P/E values, shares, distributions and weights. Entry and exit FX are both SGD 1.4838 per EUR, explicitly a constant-FX diagnostic. The ECB reference table confirms 1.4838 on 2026-08-21. Entry and exit costs are 0.10% each. Airbus's official investor page states that all Airbus SE distributions are subject to **15% Dutch dividend withholding**, independent of shareholder origin. The Paris listing is not used as the tax jurisdiction. Incremental Singapore

dividend and capital-gains tax is assumed zero for the disclosed Singapore-resident individual investment case.

Scenario	Weight	Net terminal wealth, SGD / share	Audited net-SGD IRR
Bear	30%	SGD 188.670916191	-9.012675%
Base	55%	SGD 477.689260704	9.564283%
Bull	15%	SGD 873.339973291	23.616537%

Starting net capital is `EUR 203.70 x 1.4838 x 1.001 = SGD 302.55231006`. Each terminal value is `(P/E equity value + EUR 16 x 85%) x 1.4838 x 99.9%`. Probability-weighted net terminal wealth is SGD 450.33136423793246, and its five-year CAGR is 8.279526%. Full precision matches CS. Primary evidence: [Airbus dividend taxation](https://www.airbus.com/en/investors/share-price-and-information), [Dutch dividend tax](https://www.government.nl/themes/taxes-benefits-and-allowances/taxation-and-businesses/dividend-tax), and [ECB reference rates](https://www.ecb.europa.eu/stats/policy_and_exchange_rates/euro_reference_exchange_rates/html/index.en.html).

5. Missing Data

- Five-year adjusted ROIC with consistent R&D capitalization and ROIC including and excluding goodwill.
- Formal 3-year and 5-year organic ROIIC, acquisition-inclusive ROIIC, and a comparable reinvestment denominator.
- A clean Spirit acquisition/invested-capital bridge including liabilities, compensation, stabilization capex, impairments and contract settlements.
- Exact future dividend policy and investor-specific lot size, broker tier, minimum commission, GST, wrapper and treaty-reclaim facts.
- Portfolio holdings, concentration, factor exposure, liquidity requirements and sizing limits; these constrain portfolio fit, not security-level returns.

6. Hard-Veto and Threshold Test Audit

Hard veto 9 is correctly failed: Base gross EUR IRR is 9.77%, and 20% requires EPS 59.03% above Base. Hard veto 8 is correctly `INSUFFICIENT_EVIDENCE`: the partial-year Spirit perimeter makes current normalized P/E non-comparable with terminal EPS. The scorer correctly gives 6B zero rather than treating the raw 27.269x normalized-current figure as a cap.

The separate binary P/E-at-15 gate now fails. Required Base terminal EPS is EUR 13.58, while revised Base EPS is EUR 13.419942572. Base EPS times 15 is EUR 201.299139, 1.18% below EUR 203.70. This entry-price gate does not select the 23x Base exit multiple, but it is a binding ER2 failure.

The 18x / 23x / 28x exits remain preselected in VP despite the Base earnings repair. Bear sits below Airbus's profitable historical range but preserves positive franchise value; it is adverse without disguising insolvency. Base remains near the low end of the historical/peer evidence and was not raised to rescue the return. Bull at 28x is demanding alongside 22.3% EPS CAGR and clean execution, but is below recent Airbus premium observations and carries only 15% weight. Both excessive-optimism and excessive-bearishness challenges pass. There is no CSA material exit-multiple objection.

7. Final 20% Hurdle Pass/Fail

FAIL. Base gross EUR IRR is 9.770893%, Base net-SGD is 9.564283%, probability-weighted gross is 8.493455%, and probability-weighted net-SGD is 8.279526%. Only Bull clears 20%. The return audit is **CLEARED**, but the security fails the 20% hurdle and the Base P/E-at-15 entry-price gate.

8. Dream Business / Dream Investment Classification

Neither. Airbus owns a durable and difficult-to-replicate aerospace franchise, but the audited 48/80 Business Quality Score does not prove elite incremental compounding. At EUR 203.70, Base and probability-weighted returns are below 10%. The single biggest reason is unproven adjusted ROIIC combined with a price that requires execution substantially above Base to produce 20% annualized returns.

9. Stage 7 Scorecard Notes

- **Compounder Score note:** 49/100; durable aerospace assets do not offset missing adjusted-ROIC/ROIIC proof and a failed return hurdle.
- **Business Quality Score note:** 48/80; certification, backlog and services are strong, but capital-efficiency evidence remains incomplete and historically modest.
- **20% Return UW Score note:** 1/20; Base gross EUR IRR is 9.77%, probability-weighted gross is 8.49%, and only Bull clears 20%.

10. Auditor JSON

The complete structured audit, full-precision return replays, resealed hashes, score changes, method controls and remaining non-blocking data gaps are in `compounder_score_audit.json`. Airbus is not a P&C insurer or reinsurer, so the insurer lane is not triggered and insurer-only fields are null. There are no unresolved CSA publication blockers.

Appendix RT - Red Team

Airbus SE — Independent Red Team, Post-Repair Rerun

Assessment date: 24 August 2026 **Security:** AIR.PA / XPAR:AIR ordinary share **Price and horizon:** EUR 203.70 at 21 August 2026 close; 30 June 2026 to 30 June 2031, exactly 5.0 years **Primary valuation method:** P/E; Bear/Base/Bull exits 18x / 23x / 28x; probabilities 30% / 55% / 15% **Revised artifact bindings:** Commercial `59f4b67f62034046153bf189dbecaab34b5496002b53a99ac43fe24250104c6d`; Synthesis `7cbbd74a70a5ee470730b52c2f115fcab5ca398736b911be85152d339c4eb746`; Valuation Preflight `57d4a468f3d2efdaddad809cb0e37e6dab967aec4a6338ec4a2827cca85167ba`; CS Markdown/JSON `665ad92c7a098210abecb97fc1f15fca22136903e23bc5e2753327aaa349a9da` / `ef7c358543e171c4317546719152934542 91c8cc7e894b9a3ed816c41f5163ec`; CSA Markdown/JSON `989c8ac7031bf3d523b0eadc99289173fe126f2d86d164970e9cc196fe2d7a3f` / `b164bf4bdb0ffa8e35e02cada21c2dcac2343faed17628dbbfa854b199fd16c6` **Preflight check:** `VALUATION_PREFLIGHT_VALID`; 5/5 foundations locked; no blockers **Audited scores preserved:** Compounder Score **49/100**; Business Quality Score **48/80**; 20% Return Underwriting/Stretch Score **1/20 Audited returns preserved:** gross EUR Bear **-8.64%**, Base **9.77%**, Bull **23.77%**, probability-weighted **8.49%**; net-SGD Bear **-9.01%**, Base **9.56%**, Bull **23.62%**, probability-weighted **8.28%**, after 15% Dutch dividend withholding **RETURN_MODEL_OBJECTION_STATUS: MATERIAL_RESOLVED**

The prior material objection has been incorporated rather than narrated away. Commercial Base reported EBIT margin was reduced from 14.89% to **13.00%**, Base EPS from EUR 14.909820 to **EUR 13.419943**, Base gross EUR IRR from 12.00% to **9.77%**, and Base net-SGD IRR from 11.80% to **9.56%**. The P/E-at-15 gate changed from a 9.8% pass cushion to a binding **FAIL at -1.18%**. The revised Commercial appendix now gives a year-by-year 9.48%-to-13.00% margin cadence, keeps reported and adjusted earnings distinct, and charges the ramp for supplier/Spirit cost, depreciation, R&D and programme leakage. This is the exact resolution the first red team required. No new distinct correction is warranted merely because an alternative sensitivity can move a return.

1. The most fragile remaining assumption

The most fragile remaining assumption is still Commercial industrial conversion, but its weak point has shifted from an unsupported margin endpoint to the **Base delivery and revenue cadence**. Base compounds Commercial revenue at 6.64% to EUR 76.717bn and corresponds to roughly 1,130-1,170 annual deliveries by June 2031. It requires A320 output near 70-75 per month after end-2027, A220 near rate 13 and breakeven, A350 near rate 12, and services growing around 7%. Demand does not make those outcomes automatic. Engines, aerostructures, cabins, labour, quality and Spirit integration must synchronise before a backlog becomes a delivered aircraft.

The assumption is fragile because the rate history moved right more than once. A320 rate 75 shifted from 2026 to end-2027 and was then framed as 70-75 before stabilising at 75. A220 moved from rate 14 in 2026 to rate 13 in 2028. H1 2026 required 519 deliveries in the second half to meet the 870-aircraft full-year plan. That back-end loading can produce revenue without clean cash conversion because incomplete aircraft, travelled work and buffer inventory absorb working capital.

Yet the revised Base is not an uncorrected defect. The 6.64% CAGR is below the verified 8.3% FY2022-FY2025 segment-revenue CAGR, management targets more than 1,100 deliveries by 2029, backlog stood at 9,222 units, and Safran reported 1,030 LEAP deliveries in H1 2026, up 41%. The synthesis directly tests a 200-basis-point Commercial CAGR downside. It lowers Base EPS to EUR 12.500249, Base gross IRR to **8.30%**, and probability-weighted gross IRR to **7.66%**—declines of 1.47 and 0.84 percentage points. That is economically important but below the return-model materiality threshold. Classification: **IMMATERIAL**.

2. The most-likely-to-be-optimistic Stage 5 number

The number most likely to be revised down remains **Base consolidated statutory EBIT of EUR 12.851bn**, or a 12.280% group operating margin. Commercial contributes EUR 9.973bn of the EUR 12.917bn segment EBIT sum, so almost every euro of Base operating leverage depends on Commercial. The new 13.00% Commercial margin is better underwritten than 14.89%, but it is still 352 basis points above TTM and 141 basis points above the FY2021-FY2025 reported peak.

The repaired bridge earns that premium through about +215bp of A320/A350 rate and mix absorption, +45bp from A220 approaching breakeven, +30bp from services, +70bp from learning and reduced out-of-sequence work, and +45bp from

pricing/productivity, offset by only 53bp for supplier/Spirit, depreciation, R&D and residual programme risk. The bridge is disciplined and transparent; it is also an analyst decomposition where Airbus discloses neither programme margins nor forecast-bucket depreciation. The first real-world revision is more likely to remove part of the 215bp rate benefit than to change tax or Helicopters economics.

A 100-basis-point reduction from the repaired 13.00% Commercial margin to 12.00% reduces Base EPS to about EUR 12.633 and Base gross IRR to **8.52%**, a 1.25-point decline. Probability-weighted gross IRR falls to about **7.78%**, a 0.72-point decline. This is a legitimate downside sensitivity, but it does not establish that the audited 13.00% requires another correction. Classification: **IMMATERIAL**.

3. The strongest bear case, stated in its strongest form

Airbus owns a world-class backlog but not the suppliers needed to monetise it on schedule. Over the next two years, another rate delay keeps aircraft incomplete, Spirit consumes cash and management attention, A220 remains below breakeven, and rising deliveries fail to lift Commercial reported margin above 10%. Boeing's recovery restores alternative capacity and limits scarcity pricing, while a new Space or A400M estimate-at-completion review reopens the adjusted-to-reported earnings gap. The market then recognises that Airbus is a sub-12% historical-ROIC manufacturer valued at more than 27 times TTM EPS, not a software-like compounder; the observable proof is Commercial TTM reported EBIT margin below 10% through H1 2028 despite claimed rate progress.

This bear case does not require a collapse in air travel. It requires value leakage. Airbus can deliver more aircraft while suppliers capture scarcity rent, customers receive delay remedies, inventory rises and capex remains elevated. Boeing delivered 314 aircraft in H1 2026 and began moving 737 production toward 47 per month, so the competitive holiday can narrow before Airbus reaches full-rate economics. RTX's GTF inspection and removal burden also remains a direct risk to A320neo/A220 availability. Official reference points: [Boeing Q2 2026](https://investors.boeing.com/investors/news/press-release-details/2026/Boeing-Reports-Second-Quarter-Results/default.aspx), [RTX Q2 2026](https://www.rtx.com/news/news-center/2026/07/23/rtx-reports-q2-2026-results), and [Safran H1 2026](https://www.safran-group.com/pressroom/safran-reports-its-first-half-2026-results-2026-07-28).

4. Cross-examination of management commentary

"We expect to reach rate of between 70 and 75 aircraft a month by the end of 2027, stabilizing at rate 75 thereafter." The repair correctly delays most margin absorption until after June 2028, but the target remains a promise after earlier slippage. Safran's LEAP growth supports CFM availability; it does not solve Pratt & Whitney, cabins, panels, aerostructures or final-assembly quality. The first contradiction would be another timing qualification, rising incomplete-aircraft inventory, or delivery guidance requiring an even larger fourth-quarter rescue.

"Commercial Aircraft steps up from EUR 5.5 billion to around EUR 10 billion in '29." That is EBIT Adjusted at a specified FX framework. The revised model now reaches roughly EUR 9.973bn of **reported** EBIT only in June 2031, which is a sensible two-year and accounting-basis haircut. The claim still fails if adjusted EBIT advances while cash conversion and reported EBIT lag because of integration, programme and hedge items. Watch the cumulative adjusted-to-reported gap, not the headline target.

"We're now seeing that we could be in 2029 at around EUR 1.3 billion" for Defence and Space EBIT Adjusted. Airbus separately warned that Q2's Defence and Space margin was not indicative of the second half. Historic Space charges of roughly EUR 0.6bn and EUR 1.3bn demonstrate that over-time programme estimates can reset abruptly. A new aggregate charge above EUR 500m, or FY2027 reported segment margin below 5% despite strong order intake, would invalidate the recovery narrative first.

5. Stage 5 tie-out reverification

The revised synthesis remains arithmetically clean. FY2025 less H1 2025 plus H1 2026 produces EUR 76.986bn revenue, EUR 7.210bn EBIT and EUR 5.939bn parent net income with zero residual. Revised Base statutory EBIT is EUR 12.851347bn; pretax income is EUR 12.775347bn; tax at 20.3% and EUR 244m of NCI loss allocation produce EUR 10.425951940bn of parent net income. Dividing by 776.899892m diluted listed-equivalent shares gives EUR 13.419942572 of EPS exactly.

The share bridge also reproduces: 789.860128m opening diluted shares plus five years of 2.317133m issuance less three years of 8.181967m repurchases equals 776.899892m. Using EUR 203.70 as the repurchase-price proxy is uncertain but disclosed. A materially higher execution price would retire fewer shares, while a lower price would likely coincide with weaker

operating cash. This is not a double count and does not alter the main verdict.

The P/E bridge is intact. EPS times 18x / 23x / 28x plus EUR 16 distributions produces EUR 129.681154 / EUR 324.658679 / EUR 591.572522 terminal wealth. Probability-weighted wealth is EUR 306.202498; its five-year CAGR from EUR 203.70 is 8.493455%. No cash, securities, debt, lease or NCI balance is added after P/E. Buybacks affect shares only, dividends are counted once, and net-SGD uses the same P/E values.

6. Score-derived 20% return claim most likely to be wrong

The audited score says the 20% case **does not clear**, and the red team agrees. At 23x and EUR 16 distributions, a 20% Base return requires EUR 21.342208 terminal EPS, **59.03% above** repaired Base EPS, and a maximum purchase price of EUR 130.473042. Only Bull clears 20%, and Bull combines 22.31% EPS CAGR, a 16.39% group operating margin, 17.71% Commercial margin, 16.3% tax and a 28x exit.

The return claim most likely to be misused is not an audited assertion but a reader's temptation to treat Bull's 23.77% IRR as evidence that 20% is "within reach." Reducing only Bull Commercial margin from 17.71% to 15.0% lowers Bull EPS to roughly EUR 18.13 and Bull gross IRR to about **20.78%**. The outcome still clears 20%, but the three-point sensitivity shows that Bull has little room for execution slippage. The audited model already resolves this by assigning Bull only 15% probability and giving the valuation rubric 1/20. Classification: **MATERIAL_RESOLVED**.

7. Two-sided valuation challenge and objection classification

The strongest reason the model is still too optimistic is the concentration of Base earnings in Commercial rate absorption. Even the repaired 13.00% margin requires every core programme to improve and only modest persistent leakage. However, neither a 100bp margin haircut nor the disclosed 200bp revenue-CAGR downside moves a scenario or weighted return by two points. The correction threshold is not met, and the new cadence is supported by explicit operational anchors. This is monitoring risk, not a publication blocker.

The strongest reason the model is too bearish is the **Bear scenario stack**: Commercial revenue grows only 3.16%, margin falls to 8.22%, Defence absorbs a EUR 300m allowance, tax rises to 24.8%, NCI contributes no loss allocation benefit, and P/E falls to 18x—below Airbus's 20.57x profitable historical trough. Replacing only 18x with 20.57x increases Bear terminal wealth to EUR 145.943243 and gross IRR from -8.64% to about **-6.45%**. That is a material mathematical difference but not a required correction: VP explicitly selects 18x as a stressed, franchise-preserving multiple and documents why. Bear remains a loss even at the historical trough. Classification: **MATERIAL_RESOLVED**.

Return-model objection	Classification	Disposition
Prior 14.89% Base Commercial margin	**MATERIAL_RESOLVED**	Repaired to 13.00%; propagated through S, VP, CS and CSA; Base gross and net-SGD fall below 10% and P/E-at-15 now fails
Revised Base Commercial margin at 13.00%	**IMMATERIAL**	A 12.00% sensitivity lowers Base gross IRR by about 1.25 points and weighted gross by about 0.72 point; evidence does not require correction
Commercial Base revenue CAGR 200bp downside	**IMMATERIAL**	Base gross IRR becomes 8.30% and weighted gross 7.66%; changes are 1.47 and 0.84 points
Bull clean-execution stack	**MATERIAL_RESOLVED**	A 15.0% Commercial margin sensitivity lowers Bull IRR about 3 points, but Bull still clears 20%, carries only 15% weight, and the audited score already rejects reliance on it
Bear 18x exit below historical trough	**MATERIAL_RESOLVED**	Explicit VP stress; 20.57x improves Bear IRR about 2.18 points but remains negative and does not invalidate downside
Flat EUR 16 distributions and mechanical buyback price	**IMMATERIAL**	Conservative and uncertain, but counted once and not a driver of the conclusion

Overall classification is **MATERIAL_RESOLVED**. The repaired terminal EPS is hash-bound in VP, the P/E method remains suitable, the current-versus-terminal denominator is correctly labelled non-comparable, all material claims are inventoried, and the exit multiples remain independently justified. There is no route back to B, S, VP, CS or CSA. Future evidence can trigger a refresh; it does not block this publication.

8. Insurer bridge cross-examination

Insurer bridge not triggered. Airbus is an industrial aerospace manufacturer, not a property-and-casualty insurer, reinsurer or balance-sheet-led financial company. P/B-ROE is correctly rejected, `insurer_return_bridge.json` is not required, and no retained-versus-managed insurance perimeter, fee/NCI insurance bridge, common-book roll-forward or negative-EPS-to-zero-equity test applies.

9. The signal that forces an exit

The exit signal remains **Commercial Aircraft trailing-twelve-month reported EBIT margin below 10.0% at both FY2027 and H1 2028**, measured on the same pre-elimination segment-revenue denominator, or an official delay of the A320 70-75-per-month target beyond end-2027 before those observations. This is the direct falsification test for the repaired cadence: it expects 9.9% by June 2027 and 10.8% by June 2028 before reaching 13.0% in 2031. Failure to clear 10% after the planned rate step would prove that volume economics are leaking to suppliers, rework, labour, programme losses and customer remedies.

10. Conviction at the end of red team

The revised return model survives this red team; the BUY thesis does not. The prior material Commercial-margin problem is resolved, and no new material unresolved return objection exists. The economic conclusion is nevertheless harsher than before: Base and probability-weighted gross returns are below 10%, net-SGD returns are lower still, the P/E-at-15 gate fails, the audited score is 49/100, and only a low-probability Bull clears 20%.

Airbus remains a durable strategic asset with real certification, backlog, installed-base and sovereign-access advantages. Bear may be too punitive about permanent supply dysfunction and terminal valuation. But a great aerospace franchise does not become a good investment merely because its downside is survivable. At EUR 203.70, the evidence supports **Reject / do not buy**, with no red-team publication blocker and no further repair route. A future upgrade requires reported Commercial margin above 11% without another rate reset, contained Spirit cash use, sustained Defence and Space reported profitability without major charges, and an entry price that supports the required return on the repaired Base earnings—not the Bull case.

Appendix D - Data Package (Raw Historicals)

Airbus SE (AIR.PA) — Production ER2 Data Package

Information cutoff: 24 August 2026. **Fiscal year-end:** 31 December. **Reporting currency:** EUR. **Scale:** EUR millions unless stated otherwise. **Latest complete period:** H1 FY2026 ended 30 June 2026. **TTM:** FY2025 less H1 FY2025 plus H1 FY2026, ending 30 June 2026. **Forward horizon:** 30 June 2031, exactly 5.0 years. **Trade execution authorised:** false.

This package uses fresh FMP pulls and live Airbus primary sources fetched in this run. No local data-warehouse cache was read. Newly pulled FMP files were archived under `raw/d_live_20260824` and copied without overwrite to `C:\Users\Admin\OneDrive\Cowork\Investing\data warehouse\financials\AIR.PA\2026-08-24_d_live`. Airbus is a foreign IFRS issuer; when FMP is empty or uses a non-equivalent classification, the official Airbus statement controls and the difference is retained rather than silently reconciled.

Live source ledger

ID	Live source fetched in this run	Period / use
FMP-I	`https://financialmodelingprep.com/stable/income-statement?symbol=AIR.PA&period=annual&limit=8`	FY2021-FY2025 consolidated comparison
FMP-CF	`https://financialmodelingprep.com/stable/cash-flow-statement?symbol=AIR.PA&period=annual&limit=8`	Capex, cash flow and treasury-share comparison
FMP-BS	`https://financialmodelingprep.com/stable/balance-sheet-statement?symbol=AIR.PA&period=annual&limit=8`	FY2025 balance-sheet comparison
FMP-KM	`https://financialmodelingprep.com/stable/key-metrics?symbol=AIR.PA&period=annual&limit=8`	Invested-capital denominator comparison
FMP-P	`https://financialmodelingprep.com/stable/revenue-product-segmentation?symbol=AIR.PA&period=annual` and `period=quarter`	Both returned `[]`; empty status preserved
FMP-T	`https://financialmodelingprep.com/stable/earning-call-transcript?symbol=AIR.PA&year=2026&quarter=2`; `year=2025&quarter=4`; `year=2025&quarter=3`	Live transcripts dated 2026-07-29, 2026-02-19 and 2025-10-29
A25-FS	[Airbus FY2025 IFRS Financial Statements](https://www.airbus.com/sites/g/files/jlcbta136/files/2026-02/airbus_fy_2025_financial_statements_1.pdf)	FY2025 controlling statement, segment note and balances
H126-FS	[Airbus H1 2026 Interim IFRS Financial Information](https://mediaassets.airbus.com/pm_38_922_922515-962uvvlfu8.pdf?fileName=hy-2026-financial-statements.pdf)	Note 6 segment revenue classes, including H1 FY2025 comparatives used in the TTM bridge
A21-A24-FS	[Airbus official annual-report archive](https://www.airbus.com/en/investors/annual-reports), including FY2021-FY2024 Financial Statements	Live official Note 11 / segment-table backfill for services and spare parts, capital expenditure and segment assets
H126	[Airbus H1 2026 results release](https://www.airbus.com/en/newsroom/press-releases/2026-07-airbus-reports-half-year-h1-2026-results) and [PDF](https://mediaassets.airbus.com/pm_38_922_922539-iajb3g20ra.pdf?fileName=airbus-half-year-hy-2026-press-release.pdf)	Latest interim, Q2 tables, guidance and KPIs
H126-T	[Airbus H1 2026 official analyst-call transcript](https://mediaassets.airbus.com/pm_38_922_922710-5th5724bxg.pdf?fileName=airbus-hy-2026-earnings-release-analyst-call-transcript.pdf)	Verbatim management commentary
BU26	[Airbus Business Update 2026 page](https://www.airbus.com/en/business-update-2026), [press release](https://www.airbus.com/en/newsroom/press-releases/2026-07-airbus-to-present-new-mid-term-outlook-strengthen-commitment-to-profitable-growth-and-shareholder) and [official transcript](https://mediaassets.airbus.com/pm_38_921_921417-rv4owg9jw6.pdf?fileName=airbus-business-update-2026-transcript.pdf)	2029 targets, segment outlook and capital allocation

ID	Live source fetched in this run	Period / use
FY25	[Airbus FY2025 results release](https://www.airbus.com/en/newsroom/press-releases/2026-02-airbus-reports-full-year-fy-2025-results) and [PDF](https://www.airbus.com/sites/g/files/jlcbta136/files/2026-02/press-release-airbus-fy2025-results_hm0612.pdf)	FY2025 operating KPIs and guidance
FY24	[Airbus FY2024 results release PDF](https://www.airbus.com/sites/g/files/jlcbta136/files/2025-02/EN-Press-Release-Airbus-FY2024-Results%20%282%29.pdf)	FY2024 and FY2023 comparatives
FY23	[Airbus FY2023 results release PDF](https://www.airbus.com/sites/g/files/jlcbta136/files/2024-02/EN-Press-Release-Airbus-FY2023-Results.pdf)	FY2023 and FY2022 comparatives
FY22	[Airbus FY2022 results release PDF](https://www.airbus.com/sites/g/files/jlcbta136/files/2023-02/Airbus%20FY%202022%20Results%20Press%20Release.pdf)	FY2022 and FY2021 comparatives
FY21	[Airbus FY2021 results release PDF](https://www.airbus.com/sites/g/files/jlcbta136/files/2022-02/EN-Press-Release-Airbus-FY2021-Results.pdf)	FY2021 operating KPIs
9M25	[Airbus 9M 2025 results release](https://www.airbus.com/en/newsroom/press-releases/2025-10-airbus-reports-nine-month-9m-2025-results)	Q3 2025 segment trend and Space action
Q126	[Airbus Q1 2026 results release PDF](https://mediaassets.airbus.com/pm_38_900_900051-7tq155l0vm.pdf?fileName=airbus-first-quarter-q1-2026-press-release.pdf)	Q1 2026 segment trend and guidance

0a. Industry classification and disclosure inventory

Classification and reporting regime. Airbus is a foreign aerospace and defence prime reporting consolidated IFRS accounts through annual financial statements and half-year/interim releases. Its three reportable segments are Airbus, Airbus Helicopters, and Airbus Defence and Space. The controlling source set is the Airbus IFRS statements, results releases, presentations and analyst-call transcripts. FMP's annual and quarterly product-segmentation endpoints were both empty in this run, while the official sources contain extensive operating KPI tables. An ad hoc aerospace checklist was therefore mandatory.

Search inventory. The live official documents were searched for: `segment`, `business segment`, `revenue`, `EBIT`, `EBIT Adjusted`, `adjustments`, `orders`, `order intake`, `order book`, `backlog`, `deliveries`, `A220`, `A320`, `A330`, `A350`, `A400M`, `production rate`, `ramp-up`, `services`, `spare parts`, `Space Systems`, `Air Power`, `charges`, `capital expenditure`, `R&D`, `free cash flow before customer financing`, `gross cash`, `net cash`, `dividend`, `share buyback`, `guidance`, `geographical areas` and `Spirit AeroSystems`.

Dataset / table family	Official source searched	Search terms or table names	Years available	Included?	If excluded, why	Downstream relevance
Segment economics	FY2021-FY2025 releases; A25-FS; H126	By Business Segment, revenue, EBIT, EBIT Adjusted	FY2021-FY2025 plus H1 2026	Yes	None	Segment models and statutory bridge
Commercial orders, deliveries and backlog	FY21-FY25; H126	net orders, deliveries, order backlog, programme families	FY2021-FY2025 plus H1 2026	Yes	None	Volume, mix, cyclicality and moat
Commercial production ramp	FY21-FY25; Q126; H126; BU26	rate, ramp-up, A220/A320/A330/A350	FY2021-FY2026 targets	Yes	Historical target revisions retained	Capacity and margin trajectory
Helicopters orders, deliveries, backlog and services	FY21-FY25; H126; BU26	orders, deliveries, book-to-bill, services, accessible market	FY2021-FY2025 plus H1 2026	Yes	Service revenue dollars only in IFRS product/service table	Segment model and durability
Defence and Space intake, backlog and charges	FY21-FY25; H126; BU26	order intake, order book, A400M, Space charges, transformation	FY2021-FY2025 plus H1 2026	Yes	H1 order book not supplied in H126 release	Segment model and risk
Product/service external revenue	A21-A25-FS Note 11; H1 IFRS Note 6	point in time, over time, services / spare parts	FY2021-FY2025 plus H1 2025-H1 2026	Yes	None; five-year service/spares series backfilled by DR	Mix and aftermarket economics
Segment capital and assets	A21-A25-FS segment notes	capital expenditure, segment assets	FY2021-FY2025	Yes	None; five-year history backfilled by DR	ROIC and capital intensity
Consolidated capital allocation	A25-FS; FY21-FY25; FMP-CF	capex, R&D, dividends, treasury shares, M&A	FY2021-FY2025	Yes	None	FCF conversion and shareholder returns
Recent trend	9M25; FY25; Q126; H126	Q3, Q4, Q1, Q2 By Business Segment	Last four quarters	Yes	None	Recency anchor

Dataset / table family	Official source searched	Search terms or table names	Years available	Included?	If excluded, why	Downstream relevance
Geography	A25-FS Note 12	revenue by geographical areas	FY2024-FY2025	Yes	Older years not required for segment forecast	Diversification and FX

Aerospace KPI history

KPI family	Granularity	FY2021	FY2022	FY2023	FY2024	FY2025	Latest interim	Source
Commercial net orders, units	Airbus	507	820	2,094	826	889	H1 2026: 821	FY21-FY25; H126
Commercial deliveries, units	Airbus	611	661	735	766	793	H1 2026: 351	FY21-FY25; H126
Commercial backlog, units	Airbus	7,082	7,239	8,598	8,658	8,754	30 Jun 2026: 9,222	FY21-FY25; H126
Helicopter net orders, units	Helicopters	414	362	393	450	536	H1 2026: 215	FY21-FY25; H126
Helicopter deliveries, units	Helicopters	338	344	346	361	392	H1 2026: 144	FY21-FY25; H126
Helicopter backlog, units	Helicopters	739	757	804	893	1,037	30 Jun 2026: 1,108	FY21-FY25; H126
Defence and Space order intake, €bn	Defence and Space	13.656	13.660	15.701	16.710	17.729	H1 2026: 9.293	FY21-FY25; H126
Defence and Space order book, €bn	Defence and Space	36.131	38.426	42.195	46.803	50.771	H1 2026: not supplied	FY21-FY25; H126
Consolidated order intake, €bn	Group	62.007	82.521	186.493	103.509	123.261	H1 2026: not supplied	FY21-FY25
Consolidated order book, €bn	Group	398.439	449.241	553.893	628.917	618.824	H1 2026: not supplied	FY21-FY25

Commercial delivery mix, units	FY2021	FY2022	FY2023	FY2024	FY2025	H1 2026	Source
A220 Family	50	53	68	75	93	44	FY21-FY25; H126
A320 Family	483	516	571	602	607	271	FY21-FY25; H126
A330 Family	18	32	32	32	36	10	FY21-FY25; H126
A350 Family	55	60	64	57	57	26	FY21-FY25; H126
A380	5	0	0	0	0	0	FY21-FY25; H126
Total	611	661	735	766	793	351	Exact sum

The production-rate record is a history of management targets and revisions, not a clean realised-rate series. FY2021 targeted A320 rate 65 by summer 2023. FY2022 reset this to rate 65 by end-2024 and 75 in 2026. FY2023 targeted A220 rate 14 and A320 rate 75 in 2026, A330 rate 4 in 2024 and A350 rate 10 in 2026. FY2024 moved A320 rate 75 to 2027, held A220 rate 14 for 2026 and moved A350 to rate 12 in 2028. Current H1 2026 targets are A220 rate 13 in 2028, A320 rate 70-75 by end-2027 and 75 thereafter, A330 rate 5 in 2029, and A350 rate 12 in 2028. The revision trail is a material execution-risk input.

1. Reporting structure and taxonomy

Current reportable segment	Description	FY2025 pre-elimination segment revenue	% of sum before eliminations	FY2025 external revenue	Source
Airbus	Commercial jetliners, freighters, regional turboprop interests, components, conversion and related services	52,577	70.2%	51,466	FY25; A25-FS Note 11
Airbus Helicopters	Civil and military rotorcraft, uncrewed systems, programmes and support/services	8,972	12.0%	8,619	FY25; A25-FS Note 11
Airbus Defence and Space	Air Power, Space Systems and Connected Intelligence products and services	13,405	17.9%	13,335	FY25; A25-FS Note 11

Current reportable segment	Description	FY2025 pre-elimination segment revenue	% of sum before eliminations	FY2025 external revenue	Source
Eliminations	Intersegment revenue elimination; not a reportable operating segment	-1,534	n/a	0	FY25
Consolidated	Group	73,420	n/a	73,420	FY25; A25-FS

The distinction between pre-elimination segment revenue and external revenue is deliberate. Segment EBIT is presented against the pre-elimination business-segment revenue in results releases; the IFRS product/service table allocates only external revenue and therefore sums without an elimination line. Downstream margin calculations must not mix these two denominators.

Taxonomy investigation. The three reportable segments have remained stable throughout FY2021-FY2025. The July 2025 Defence and Space internal organisation and December 2025 Spirit AeroSystems work-package acquisition did not create a new reportable segment. The proposed Space combination with Leonardo and Thales is not closed and therefore has not changed the reporting perimeter. No three-year segment restatement boundary was identified.

FY2025 customer geography: Europe €29,960m (40.8%), Asia-Pacific €20,534m (28.0%), North America €12,956m (17.6%), Middle East €6,637m (9.0%), Latin America €1,998m (2.7%) and other countries €1,335m (1.8%). A25-FS Note 12 states these are based on customer location.

2. Consolidated historicals

Metric	FY2021	FY2022	FY2023	FY2024	FY2025	Source / treatment
Revenue, €bn	52.149	58.763	65.446	69.230	73.420	Live FMP-I ties official releases
Profit before financial result and income taxes (EBIT), €bn	5.342	5.325	4.603	5.304	6.082	Official FY21-FY25; controls over FMP operatingIncome
EBIT margin	10.24%	9.06%	7.03%	7.66%	8.28%	Calculated on statutory EBIT
Net income attributable to parent, €bn	4.213	4.247	3.789	4.232	5.221	FMP-I and official releases
Diluted EPS, €	5.36	5.39	4.80	5.35	6.60	Official statements; exact diluted values control over headline basic EPS
Diluted weighted shares, m	785.902	787.753	789.761	790.991	790.892	Official Note 18 / FMP-I comparison; official precision controls
Capex purchases, €bn	1.928	2.464	3.051	3.669	3.964	Official cash flow; FMP-CF ties
Statutory OCF less capex, €bn	2.711	3.824	3.204	3.733	4.031	Official cash-flow definition used by QF
Airbus FCF before customer financing, €bn	3.515	4.680	4.386	4.463	4.574	FY21-FY25 APM; not interchangeable with statutory OCF less capex
Calculated ROIC	11.2%	10.6%	7.9%	8.9%	10.3%	NOPAT / average invested capital; method below

FMP classification discrepancy. Fresh FMP-I reports `operatingIncome` of €4.833bn, €4.742bn, €4.266bn, €4.804bn and €5.236bn for FY2021-FY2025, whereas Airbus's statutory EBIT is €5.342bn, €5.325bn, €4.603bn, €5.304bn and €6.082bn. Airbus explicitly defines EBIT as profit before finance cost/result and income taxes. The official metric controls; FMP's differently classified field is not renamed as EBIT.

ROIC method. NOPAT equals statutory EBIT multiplied by one minus the effective tax rate. Effective tax rates were 14.3%, 16.3%, 24.2%, 24.8% and 21.9%. The invested-capital denominator uses fresh FMP-KM `investedCapital` and a two-point average where available; FY2021 uses the available year-end denominator. The NOPAT / average invested capital schedule is €4,578m / €40,790m, €4,456m / €42,235m, €3,487m / €44,030m, €3,987m / €44,740m and €4,751m / €46,156m. This analyst calculation differs from provider ROIC because it uses the sealed statutory EBIT identity.

3. Segment historicals

Airbus

Airbus	FY2021	FY2022	FY2023	FY2024	FY2025	Source
Pre-elimination segment revenue, €bn	36.164	41.428	47.763	50.646	52.577	FY21-FY25 results releases
YoY	n/a	14.6%	15.3%	6.0%	3.8%	Calculated
Profit before financial result and income taxes (EBIT), €bn	4.175	4.800	3.610	5.133	4.555	Official By Business Segment
Margin on exact metric	11.54%	11.59%	7.56%	10.13%	8.66%	Calculated

Airbus Helicopters

Airbus Helicopters	FY2021	FY2022	FY2023	FY2024	FY2025	Source
Pre-elimination segment revenue, €bn	6.509	7.048	7.337	7.941	8.972	FY21-FY25 results releases
YoY	n/a	8.3%	4.1%	8.2%	13.0%	Calculated
Profit before financial result and income taxes (EBIT), €bn	0.535	0.639	0.717	0.818	0.953	Official By Business Segment
Margin on exact metric	8.22%	9.07%	9.77%	10.30%	10.62%	Calculated

Airbus Defence and Space

Airbus Defence and Space	FY2021	FY2022	FY2023	FY2024	FY2025	Source
Pre-elimination segment revenue, €bn	10.186	11.259	11.495	12.082	13.405	FY21-FY25 results releases
YoY	n/a	10.5%	2.1%	5.1%	11.0%	Calculated
Profit before financial result and income taxes (EBIT), €bn	0.568	-0.118	0.220	-0.656	0.639	Official By Business Segment
Margin on exact metric	5.58%	-1.05%	1.91%	-5.43%	4.77%	Calculated

FY2024 Defence and Space EBIT Adjusted was -€566m and included €1.3bn of Space programme charges. FY2023 EBIT Adjusted was €229m after €0.6bn of Space programme charges. FY2022 included a €0.5bn A400M estimate-at-completion charge and impairments related to two Pleiades Neo satellites and Ariane 6 delays. FY2025 EBIT Adjusted recovered to €798m; reported adjustments included -€105m for workforce adaptation and -€73m for A400M. H1 2026 then included a +€60m provision release for the Defence and Space workforce-adaptation plan, while management stated that the plan was proceeding as intended. These are disclosed programme economics, not analyst normalisation plugs.

3a. Historical statutory-profit bridge and forecast-driver ledger

The sealed common segment-profit basis is **Profit before financial result and income taxes (EBIT)**. Reporting currency is EUR and scale is millions. This is issuer-disclosed and no single-segment fallback is used. The exact packet SHA-256 is `dc939f5532c9715ee8fd1155656a189452c993fc55510a857eebdf47ec55b81f`.

FY2025 bridge — exact sealed reproduction

Bridge line	Classification	Value	Source ID	Running subtotal
Airbus	segment profit	4,555	airbus_fy2025_fs	4,555
Airbus Helicopters	segment profit	953	airbus_fy2025_fs	5,508
Airbus Defence and Space	segment profit	639	airbus_fy2025_fs	6,147
Sum of reportable segment profit	segment profit subtotal	6,147	airbus_fy2025_fs	6,147
Eliminations	corporate_unallocated	-65	airbus_fy2025_fs	6,082
Consolidated segment profit metric	subtotal	6,082	airbus_fy2025_fs	6,082
Statutory operating income	statutory subtotal	6,082	airbus_fy2025_fs	6,082
Interest result	interest	-60	airbus_fy2025_fs	6,022

Bridge line	Classification	Value	Source ID	Running subtotal
Other financial result	other_non_operating	328	airbus_fy2025_fs	6,350
Pretax income	statutory subtotal	6,350	airbus_fy2025_fs	6,350
Income taxes	tax	-1,390	airbus_fy2025_fs	4,960
Non-controlling interests (loss attributable; allocation to equity owners)	noncontrolling_interests	261	airbus_fy2025_fs	5,221
Net income	statutory subtotal	5,221	airbus_fy2025_fs	5,221

TTM ended 30 June 2026 bridge — exact sealed reproduction

Bridge line	Classification	Value	Source ID	Running subtotal
Airbus	segment profit	5,274	official_ttm_derivation	5,274
Airbus Helicopters	segment profit	944	official_ttm_derivation	6,218
Airbus Defence and Space	segment profit	1,020	official_ttm_derivation	7,238
Sum of reportable segment profit	segment profit subtotal	7,238	official_ttm_derivation	7,238
Eliminations	corporate_unallocated	-28	official_ttm_derivation	7,210
Consolidated segment profit metric	subtotal	7,210	official_ttm_derivation	7,210
Statutory operating income	statutory subtotal	7,210	official_ttm_derivation	7,210
Interest result	interest	-76	official_ttm_derivation	7,134
Other financial result	other_non_operating	40	official_ttm_derivation	7,174
Pretax income	statutory subtotal	7,174	official_ttm_derivation	7,174
Income taxes	tax	-1,479	official_ttm_derivation	5,695
Non-controlling interests (loss attributable; allocation to equity owners)	noncontrolling_interests	244	official_ttm_derivation	5,939
Net income	statutory subtotal	5,939	official_ttm_derivation	5,939

There are no operating bridge adjustments in either sealed period. All five validator residuals equal zero for each period, within tolerances of €3.175m and €3.605m respectively.

Historical bridge line	FY2025	TTM	Forecast treatment	Driver and source	Bear / base / bull rule
Eliminations	-65	-28	Percentage of gross segment revenue, cross-checked to intersegment activity	FY21-FY25 results releases	Bear uses more negative historical ratio; base recent normalised ratio; bull least negative supported ratio
Interest result	-60	-76	Interest-rate and financing-liability schedule	A25-FS and H1 liquidity notes	Bear higher gross liabilities/rates; base current debt and hedge maturity; bull lower net cost without double counting interest income
Other financial result	328	40	Independently forecast non-operating line; do not embed in EBIT	A25-FS/H1 financial-result notes	Bear zero/adverse revaluation; base excludes unrepeatable gains; bull bounded positive only
Income taxes	-1,390	-1,479	Effective tax-rate schedule on pretax income	Official FY2025 21.9%; TTM 20.6%	Bear higher normalised rate; base multi-year normalised rate; bull lower but supportable rate
Non-controlling interests (loss attributable; allocation to equity owners)	261	244	Separate allocation schedule, never operating income	A25-FS and H1 attribution lines	Bear lower allocation benefit; base recent run rate; bull capped by ownership evidence

STATUTORY_BRIDGE_STATUS: VERIFIED — CLEARED FOR FORECASTING

4. Product and sub-segment historicals

Airbus does not disclose programme revenue by A220, A320, A330 or A350, helicopter family, or Defence and Space business unit in euros. It does disclose external revenue by transfer method and services/spare parts. These are genuine euro disclosures, not back-solves.

Segment	Product / revenue class	What it is	Dollar disclosure?	FY2025 revenue and latest interim	Source
Airbus	Goods transferred at a point in time	Mainly delivered commercial aircraft and equipment	Yes	FY2025 €46,016m; H1 2026 €20,448m	A25-FS Note 11; H1 IFRS Note 6
Airbus	Goods and services transferred over time	Long-duration work recognised over time	Yes	FY2025 €1m; H1 2026 €0m	A25-FS Note 11; H1 IFRS Note 6
Airbus	Services and spare parts	Commercial aircraft support, spares, training and related services	Yes	FY2025 €5,449m; H1 2026 €2,945m	A25-FS Note 11; H1 IFRS Note 6
Airbus Helicopters	Goods transferred at a point in time	Delivered civil and military helicopters and equipment	Yes	FY2025 €4,170m; H1 2026 €1,300m	A25-FS Note 11; H1 IFRS Note 6
Airbus Helicopters	Goods and services transferred over time	Long-duration programme work	Yes	FY2025 €742m; H1 2026 €338m	A25-FS Note 11; H1 IFRS Note 6
Airbus Helicopters	Services and spare parts	Support, maintenance, upgrades and spares	Yes	FY2025 €3,707m; H1 2026 €1,867m	A25-FS Note 11; H1 IFRS Note 6
Airbus Defence and Space	Goods transferred at a point in time	Platforms, equipment and systems delivered at a point in time	Yes	FY2025 €3,561m; H1 2026 €1,910m	A25-FS Note 11; H1 IFRS Note 6
Airbus Defence and Space	Goods and services transferred over time	Long-term programme and service contract revenue	Yes	FY2025 €5,465m; H1 2026 €2,396m	A25-FS Note 11; H1 IFRS Note 6
Airbus Defence and Space	Services and spare parts	Support, data, secure communications and related services	Yes	FY2025 €4,309m; H1 2026 €1,972m	A25-FS Note 11; H1 IFRS Note 6

The Defence and Space TTM revenue-class anchor is mechanically reproducible from the official comparative table below. TTM equals FY2025 less H1 FY2025 plus H1 FY2026; external revenue classes are kept separate from intersegment revenue so the total ties to the pre-elimination segment-revenue denominator used for reported EBIT.

Airbus Defence and Space revenue-class bridge, EUR m	FY2025	H1 FY2025 comparative	H1 FY2026	TTM ended 30 Jun 2026	Exact calculation	Source
Goods transferred at a point in time	3,561	1,785	1,910	3,686	3,561 - 1,785 + 1,910	A25-FS Note 11; H126-FS Note 6
Goods and services transferred over time	5,465	2,050	2,396	5,811	5,465 - 2,050 + 2,396	A25-FS Note 11; H126-FS Note 6
Services and spare parts	4,309	1,910	1,972	4,371	4,309 - 1,910 + 1,972	A25-FS Note 11; H126-FS Note 6
External revenue	13,335	5,745	6,278	13,868	Sum of the three disclosed classes	A25-FS Note 11; H126-FS Note 6
Intersegment revenue	70	68	38	40	70 - 68 + 38	A25-FS Note 11; H126-FS Note 6
Pre-elimination segment revenue	13,405	5,813	6,316	13,908	External revenue plus intersegment revenue	A25-FS Note 11; H126-FS Note 6

The older services/spare-parts split is material to segment-margin forecasting because aftermarket and support work have different durability and margin characteristics from platform deliveries and long-duration programme work. DR therefore live-opened the official FY2021-FY2024 financial statements and completed the bounded backfill below. The series is external revenue, so it is directly comparable across years and does not contain intersegment eliminations.

Services and spare parts external revenue, €m	FY2021	FY2022	FY2023	FY2024	FY2025	H1 2026	Official source
Airbus	2,264	3,107	4,220	5,007	5,449	2,945	A21-A25-FS Note 11; H1 IFRS Note 6
Airbus Helicopters	2,789	3,018	3,275	3,496	3,707	1,867	A21-A25-FS Note 11; H1 IFRS Note 6
Airbus Defence and Space	3,498	3,716	3,855	4,016	4,309	1,972	A21-A25-FS Note 11; H1 IFRS Note 6
Consolidated total	8,551	9,841	11,350	12,519	13,465	6,784	Exact sum; official segment tables

The annual service/spares series grew at a 12.0% consolidated CAGR from FY2021 to FY2025. Mix also matters: FY2025 services/spares represented 10.6% of Airbus external revenue, 43.0% of Helicopters external revenue and 32.3% of Defence and Space external revenue. This history is forecast-safe because it uses one unchanged IFRS revenue-class definition and the same three reportable segments throughout the period; H1 2026 is a six-month recency indicator, not annualised guidance.

Segment capital expenditure, €m	FY2021	FY2022	FY2023	FY2024	FY2025	Official source
Airbus	1,270	1,730	2,053	2,737	3,037	A21-A25-FS segment notes
Airbus Helicopters	175	183	221	269	297	A21-A25-FS segment notes
Airbus Defence and Space	483	551	777	663	630	A21-A25-FS segment notes
Consolidated total	1,928	2,464	3,051	3,669	3,964	Exact sum; excludes leased-asset expenditure

Segment assets, €m	FY2021	FY2022	FY2023	FY2024	FY2025	Official source
Airbus	60,673	68,367	70,116	76,641	82,218	A21-A25-FS segment notes
Airbus Helicopters	8,500	9,262	12,531	13,733	14,404	A21-A25-FS segment notes
Airbus Defence and Space	17,081	17,835	20,952	22,582	23,507	A21-A25-FS segment notes
Eliminations	-6,765	-8,505	-14,053	-14,836	-14,822	A21-A25-FS segment notes
Total segment assets	79,489	86,959	89,546	98,120	105,307	Exact official totals

Segment	Product / programme	Disclosure method	Recent disclosure	Source
Airbus	A220, A320, A330, A350	Delivery units, orders, backlog and production-rate targets; no programme revenue	H1 2026 deliveries 44 / 271 / 10 / 26; current rate targets 13 / 75 / 5 / 12 on stated horizons	H126; BU26
Airbus	Commercial Aircraft Services	Forward revenue and margin target; historical service dollars only in aggregate IFRS class	Target $10bn revenue by 2030 and double-digit profitability in the mid-term	BU26 transcript
Helicopters	Individual H-family platforms	Order and delivery units; no platform revenue	H1 2026 net orders 215, deliveries 144, backlog 1,108	H126
Defence and Space	Air Power, Space Systems, Connected Intelligence	Narrative volume and programme-charge disclosure; no BU revenue	H1 2026 segment revenue +9%; order intake €9.3bn	H126
Defence and Space	A400M	Delivery units and programme charges; no programme revenue	Three H1 2026 deliveries; FY2025 -€73m adjustment	H126; FY25

No product dollars have been back-solved. Programme deliveries and growth rates are operational disclosures and must not be converted into revenue without price/mix evidence.

5. Most recent quarterly trend

Airbus FY ends 12-31. Most recently completed fiscal quarter at time of writing: FY26 Q2, covering April-June 2026, reported on 29 July 2026 via the [H1 2026 release](https://www.airbus.com/en/newsroom/press-releases/2026-07-airbus-reports-half-year-h1-2026-results).

Quarter	Segment	Revenue, €bn	YoY	EBIT reported margin	Source
Q3 FY2025	Airbus	13.057	12%	10.15%	9M25, 29 Oct 2025
Q3 FY2025	Airbus Helicopters	1.959	16%	12.56%	9M25, 29 Oct 2025
Q3 FY2025	Airbus Defence and Space	3.063	17%	6.27%	9M25, 29 Oct 2025
Q4 FY2025	Airbus	18.691	5%	10.69%	FY25, 19 Feb 2026
Q4 FY2025	Airbus Helicopters	3.320	8%	13.80%	FY25, 19 Feb 2026
Q4 FY2025	Airbus Defence and Space	4.529	1%	6.31%	FY25, 19 Feb 2026
Q1 FY2026	Airbus	8.436	-11%	0.01%	Q126, 28 Apr 2026

Quarter	Segment	Revenue, €bn	YoY	EBIT reported margin	Source
Q1 FY2026	Airbus Helicopters	1.604	0%	4.05%	Q126, 28 Apr 2026
Q1 FY2026	Airbus Defence and Space	2.832	7%	4.73%	Q126, 28 Apr 2026
Q2 FY2026	Airbus	15.441	37%	12.62%	H126, 29 Jul 2026
Q2 FY2026	Airbus Helicopters	2.076	-1%	8.43%	H126, 29 Jul 2026
Q2 FY2026	Airbus Defence and Space	3.484	10%	11.71%	H126, 29 Jul 2026

Quarterly margin is EBIT reported divided by the same quarter's pre-elimination segment revenue. Q1 Commercial's near-zero margin reflects only €1m of reported EBIT on €8,436m revenue; it should not be treated as a steady-state unit margin. H1 2026 consolidated revenue rose 12%, EBIT Adjusted rose 24%, and reported EBIT rose 70%, while FCF before customer financing remained negative €1,166m because of planned inventory build for the ramp.

6. Management commentary on forward growth

The official Business Update transcript is explicitly labelled by Airbus as an edited AI-generated convenience transcript; the official replay is the ultimate record. Quotes below reproduce fetched text and are grouped by forecast relevance.

Airbus / Commercial Aircraft

Date / source	Speaker	Verbatim quote	Topic	Modeling implication
2026-07-29, H126-T / FMP-T	Guillaume Faury, CEO	“We have not seen any order cancellations or deferral requests and the demand for our aircraft remains strong.”	Demand	Supports backlog durability, not automatic delivery conversion
2026-07-29, H126-T / FMP-T	Guillaume Faury, CEO	“We expect to reach rate of between 70 and 75 aircraft a month by the end of 2027, stabilizing at rate 75 thereafter.”	A320 ramp	Use the revised end-2027 phasing, not the superseded 2026 target
2026-07-29, H126	Airbus official release	“The A220 ramp-up is ongoing and the Company continues to target a monthly production rate of 13 aircraft in 2028.”	A220 ramp	Breakeven and scale benefits are later-dated
2026-07-21, BU26	Thomas Toepfer, CFO	“Commercial Aircraft steps up from € 5.5 billion to around € 10 billion in '29.”	2029 EBIT Adjusted	Explicit management anchor requiring execution and FX stress
2026-07-21, BU26	Thomas Toepfer, CFO	“By 2029, we expect the program will be operating at full rates, unlocking profitability through fixed cost absorption and positive operating leverage.”	A320 economics	Margin expansion depends on reaching production rate
2026-07-21, BU26	Thomas Toepfer, CFO	“Now on the A220, our teams are focused on reaching breakeven on the path to rate 13, driven by ongoing improvements in our cost structures and scaling effects.”	A220 economics	No mature margin should be assumed before the ramp
2026-07-21, BU26	Thomas Toepfer, CFO	“Complementing the programme building blocks, we are targeting $10 billion in Commercial Aircraft Services revenues by 2030.”	Services	Separate aftermarket growth anchor; currency is USD in transcript
2026-07-21, BU26	Thomas Toepfer, CFO	“And alongside this, we now expect to cross the line of double-digit profitability for services in the midterm.”	Services margin	Do not apply manufacturing margins to services
2026-07-21, BU26	Thomas Toepfer, CFO	“As we scale to more than double our deliveries by 2029, we are restoring our trajectory towards structural margin expansion.”	A350	Volume uplift is material but headwinds remain

Date / source	Speaker	Verbatim quote	Topic	Modeling implication
2026-02-19, FY25	Airbus official release	“Pratt & Whitney’s failure to commit to the number of engines ordered by Airbus is negatively impacting this year’s guidance and the ramp-up trajectory.”	Engine supply	Supplier execution is a direct volume-risk variable

Airbus Helicopters

Date / source	Speaker	Verbatim quote	Topic	Modeling implication
2026-07-21, BU26	Matthieu Louvot, Helicopters CEO	“And it's a growing market. You see almost 6% CAGR forecasted till 2031 because there is a positive trend in the commodities, especially oil, which offshore oil is a big part of it, but also the government is investing more and more in their police services or ambulance services.”	Civil market	External market anchor, not company revenue guidance
2026-07-21, BU26	Matthieu Louvot, Helicopters CEO	“We have a very large market share, roughly half of the market.”	Civil position	Supports moat work; needs independent validation
2026-07-21, BU26	Matthieu Louvot, Helicopters CEO	“We were close to €900 million EBIT last year. We want to grow this number to around €1.2 billion.”	2029 EBIT Adjusted	Direct segment profit anchor
2026-07-21, BU26	Matthieu Louvot, Helicopters CEO	“Support and services growth will continue alongside the growth of the market, very steady.”	Services	Supports recurring aftermarket growth without an exact rate
2026-07-21, BU26	Matthieu Louvot, Helicopters CEO	“We have a very large market share, more than half of the accessible market of the service of our platforms, and we plan to keep and continue to gradually increase it and the upward trend of the military market I was mentioning.”	Aftermarket share	Retention and installed base are key drivers
2026-07-29, H126-T / FMP-T	Guillaume Faury, CEO	“In H1 2026, we delivered 144 helicopters, which is 6 more than in the first half of 2025.”	Delivery cadence	Latest volume trend is positive
2026-07-29, H126-T / FMP-T	Guillaume Faury, CEO	“Revenues were broadly stable at EUR 3.7 billion, reflecting a slightly less favorable delivery mix in the first 6 months.”	Mix	Units cannot be translated one-for-one into revenue
2026-02-19, FY25	Airbus official release	“Airbus Helicopters’ EBIT Adjusted increased to € 925 million (2024: € 818 million), reflecting the higher deliveries as well as growth in services.”	Profit bridge	Volume plus services drove improvement

Airbus Defence and Space

Date / source	Speaker	Verbatim quote	Topic	Modeling implication
2026-07-21, BU26	Michael Schoellhorn, Defence and Space CEO	“We had a record order intake in FY’25 with €17.7 billion. That leads us to a backlog of, in total, €50 billion-plus.”	Demand and backlog	Visibility is high but execution remains critical
2026-07-21, BU26	Michael Schoellhorn, Defence and Space CEO	“Last year, I reported to you the ambition to have a €1 billion+ EBIT adjusted by 2028. I'm happy to say we are ahead of the curve. We're now seeing that we could be in 2029 at around €1.3 billion.”	2029 EBIT Adjusted	Direct segment earnings anchor

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2026-07-21, BU26	Michael Schoellhorn, Defence and Space CEO	“We have kept our SG&A spending flat over the last years. We will try to continue that.”	Operating leverage	Volume growth can create leverage if discipline holds
2026-07-21, BU26	Guillaume Faury, CEO	“We are ahead of the trajectory we have given to ourselves. So space is also moving forward in a very high way.”	Space turnaround	Supports recovery direction, not an exact margin
2026-07-29, H126-T / FMP-T	Guillaume Faury, CEO	“Here, we continue to see a very strong commercial momentum across all business lines, with order intake reaching EUR 9.3 billion in the first half.”	H1 demand	Current order momentum accelerated
2026-07-29, H126-T / FMP-T	Thomas Toepfer, CFO	“So it's not indicative for a continuation of that margin in the second half of the year.”	Q2 margin	Explicit warning not to annualise Q2 margin
2026-07-29, H126-T / FMP-T	Thomas Toepfer, CFO	“Nothing other than we are very pleased with the, I would say, turnaround that we're doing in Space, and that is materializing.”	Space turnaround	Improvement does not remove programme-risk scenarios
2026-02-19, FY25	Airbus official release	“EBIT Adjusted at Airbus Defence and Space increased to € 798 million (2024: € -566 million), reflecting higher volumes and improved profitability, as the Division sees the results of its transformation plan.”	Recovery	FY2025 is a recovery anchor after large charges

At group level, BU26 targets €12-13bn EBIT Adjusted in 2029 at €/$ 1.22, cash conversion around one over five years, deliveries above 1,100 and revenue above €100bn. H126 retained 2026 guidance of around 870 commercial deliveries, about €7.5bn EBIT Adjusted and about €4.5bn FCF before customer financing. These are management cases, not ER2 base cases by default.

7. Capital allocation history

Year	Capex, €bn	Capex / revenue	Self-financed R&D, €bn	R&D / revenue	Treasury-share cash outflow, €bn	Dividends paid, €bn	FMP acquisitionsNet, €bn	Source
FY2021	1.928	3.7%	2.746	5.3%	0.022	0.000	0.325	FY21; official cash flow; FMP-CF
FY2022	2.464	4.2%	3.079	5.2%	0.036	1.181	0.058	FY22; official cash flow; FMP-CF
FY2023	3.051	4.7%	3.257	5.0%	0.334	1.421	0.156	FY23; official cash flow; FMP-CF
FY2024	3.669	5.3%	3.250	4.7%	0.276	2.215	-0.022	FY24; official cash flow; FMP-CF
FY2025	3.964	5.4%	3.153	4.3%	0.565	2.372	0.300	FY25; A25-FS; FMP-CF

`FMP acquisitionsNet` is retained under the provider's native label and sign; it is not used as a clean gross M&A-spend measure. FY2025's Spirit transaction included $439m compensation received by Airbus and complex acquired liabilities, impairments and pre-existing contract settlements, making a single cash M&A number misleading. BU26 states R&D should remain in the mid-single-digit percentage of revenue and trend toward €5bn annually by decade-end, while capex should rise moderately to support the industrial ramp.

The Board approved a €5bn buyback programme over three years in July 2026, subject to continuing shareholder approval. BU26 expects total 2026-2029 shareholder cash returns around 60% of cumulative FCF and describes the buyback as targeted and tactical rather than a permanent annual commitment. The FY2025 dividend was €3.20 per share, paid in April 2026.

8. Balance-sheet snapshot

Item	FY2025, €bn	Source / treatment
Cash and equivalents	14.128	A25-FS; FMP-BS ties
Current securities	3.093	A25-FS Note 36
Non-current securities	9.997	A25-FS Note 36
Gross cash position	27.218	Airbus definition: cash plus all securities
Financing liabilities, current plus non-current	14.249	A25-FS; controls over FMP totalDebt €16.302bn
Net debt / (net cash)	(12.171)	Airbus net cash APM includes interest-rate contracts
Net debt / FMP EBITDA	-1.19x	-€12.171bn / €10.253bn; net-cash company
Goodwill	13.556	FMP-BS, live FY2025 row
Other intangible assets	3.291	FMP-BS, live FY2025 row
Goodwill plus intangibles	16.847	Calculated
Total stockholders' equity	26.104	FMP-BS, live FY2025 row
Tangible book value	9.257	Equity less goodwill and intangibles

At 30 June 2026, gross cash was €23.376bn, financing liabilities €14.276bn, interest-rate contracts €0.740bn and Airbus net cash €8.360bn. Net cash therefore declined €3.811bn in H1, consistent with the seasonal working-capital outflow and inventory build.

9. Recent corporate actions

- **21 July 2026 — capital return and mid-term outlook:** Airbus announced a Board-approved €5bn buyback over three years, subject to continued shareholder approval, and a 2029 EBIT Adjusted target of €12-13bn at €/$ 1.22. Source: BU26.
- **29 July 2026 — 2026 guidance maintained:** around 870 commercial aircraft deliveries, €7.5bn EBIT Adjusted and €4.5bn FCF before customer financing. Source: H126.
- **8 December 2025 — Spirit AeroSystems assets acquired:** Airbus closed the purchase of industrial sites/work packages supporting A350, A321, A220 and A320 programmes, welcomed more than 4,000 employees and received $439m compensation, subject to adjustments. Source: [official closure release](https://www.airbus.com/en/newsroom/press-releases/2025-12-airbus-completes-acquisition-of-spirit-aerosystems-sites).
- **23 October 2025 — proposed European Space company:** Airbus, Leonardo and Thales signed an MoU. Airbus would own 35%, Leonardo 32.5% and Thales 32.5%; the entity could be operational in 2027 subject to approvals. Source: [official MoU release](https://www.airbus.com/en/newsroom/press-releases/2025-10-airbus-leonardo-and-thales-sign-memorandum-of-understanding-to).
- **2025-2026 — Defence and Space transformation:** Airbus implemented an end-to-end business-unit organisation and recognised workforce-adaptation adjustments. The reportable segment remained unchanged. Sources: FY25; H126; BU26.
- **23 April 2026 — dividend:** the €3.20 per-share FY2025 dividend was scheduled for payment after the 14 April AGM. Source: FY25.
- **Share-count movement:** issued shares remained 792,283,683 between FY2025 and H1 2026, while treasury shares fell from 5,055,938 to 803,194; diluted weighted shares were 789.860m in H1 2026. Source: H1 IFRS statement and QF sealed share bridge.

10. Open data gaps

Gap	Classification	Sources and exact search performed	Downstream treatment
Revenue by A220, A320, A330 and A350	True non-disclosure	A25-FS, H1 IFRS, FY25, H126 and BU26 searched for programme revenue, A220/A320/A330/A350 and product revenue	Use delivery units, backlog and rate targets; do not invent ASP/revenue
Revenue by helicopter platform	True non-disclosure	A25-FS, H1 IFRS, FY25, H126 and BU26 searched for H-family and platform revenue	Use orders/deliveries/backlog and aggregate services revenue

Gap	Classification	Sources and exact search performed	Downstream treatment
Revenue/profit by Air Power, Space Systems and Connected Intelligence	True non-disclosure	A25-FS segment note, FY25, H126 and BU26 searched for business-unit revenue, EBIT and margin	Model only reportable Defence and Space segment
H1 2026 Defence and Space order-book value	True non-disclosure in H126 release	H126 searched for D&S order book; table explicitly reports N/A	Use FY2025 €50.771bn anchor and H1 intake without creating backlog
Gross M&A cash spend by year	True non-disclosure as a clean comparable series	FMP-CF acquisitionsNet, A25-FS acquisitions/disposals and Spirit disclosures checked	Retain provider field separately
Quarterly programme revenue and margins	True non-disclosure	Last-four-quarter releases searched for programme tables	Use segment quarterly revenue/EBIT only
Historical realised monthly production rates	True non-disclosure as a consistent year-end series	FY21-FY25 and BU26 searched for achieved and target rate	Preserve target revisions; never label target as achieved
Transcript availability	Partially fetched	FMP 2026 Q1 returned `[]`; Airbus supplied Q1 transcript link; H1 official and three live FMP transcripts were fetched	Quotes limited to fetched text; no cached transcript

Taxonomy / reclassification flags: (1) pre-elimination segment revenue differs from external IFRS revenue and must remain separated; (2) Airbus EBIT is not FMP `operatingIncome`; (3) EBIT Adjusted is an APM and must not be relabelled statutory EBIT; (4) FCF before customer financing is an APM and differs from statutory OCF less capex; (5) the proposed Space company is not yet in the accounting perimeter; and (6) the Spirit acquisition altered the industrial perimeter but not reportable segments.

Completion assessment: The official aerospace KPI inventory is complete for the material forecast inputs identified in this review. DR repaired the previously declared services/spare-parts historical-depth omission with the official FY2021-FY2025 series and also backfilled five years of segment capital expenditure and segment assets. The segment-profit-to-statutory-income bridge has no gap and remains hash-sealed.

STATUTORY_BRIDGE_STATUS: VERIFIED — CLEARED FOR FORECASTING