Airbus SE
Unaudited Condensed Interim
IFRS Consolidated Financial Information
for the nine-month period ended 30 September 2019

Contents

1

Airbus SE
Unaudited Condensed Interim
IFRS Consolidated Financial Statements

Unaudited Condensed Interim
IFRS Consolidated Income Statement

(In € million)	Note	**1 January - 30 September 2019**	1 January - 30 September 2018	**1 July - 30 September 2019**	1 July - 30 September 2018
Revenue	**6**	**46,168**	**40,421**	**15,302**	**15,451**
Cost of sales		(38,985)	(34,357)	(12,731)	(12,627)
Gross margin	**6**	**7,183**	**6,064**	**2,571**	**2,824**
Selling expenses		(674)	(622)	(214)	(211)
Administrative expenses		(1,153)	(1,093)	(379)	(410)
Research and development expenses	7	(2,150)	(2,103)	(727)	(700)
Other income	9	247	352	115	42
Other expenses	9	(116)	(78)	(53)	(35)
Share of profit from investments accounted for under the equity method	8	76	120	21	39
Other income from investments	8	18	43	4	14
Profit before financial result and income taxes		**3,431**	**2,683**	**1,338**	**1,563**
Interest income		143	144	52	57
Interest expense		(266)	(367)	(75)	(168)
Other financial result		(110)	(190)	5	1
Total financial result	10	(233)	(413)	(18)	(110)
Income taxes	11	(1,024)	(824)	(347)	(500)
Profit for the period		**2,174**	**1,446**	**973**	**953**
Attributable to:					
Equity owners of the parent (Net income)		2,186	1,453	989	957
Non-controlling interests		(12)	(7)	(16)	(4)
Earnings per share		**€**	**€**	**€**	**€**
Basic	12	2.81	1.88	1.27	1.23
Diluted	12	2.80	1.87	1.27	1.23

The accompanying notes are an integral part of these Unaudited Condensed Interim IFRS Consolidated Financial Statements.

Unaudited Condensed Interim IFRS Consolidated Statement of Comprehensive Income

(In € million)	**1 January - 30 September 2019**	1 January - 30 September 2018	**1 July - 30 September 2019**	1 July - 30 September 2018
Profit for the period	**2,174**	**1,446**	**973**	**953**
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Remeasurement of the defined benefit pension plans	(4,323)	15	(1,377)	19
Change in fair value of financial assets	161	(208)	23	(119)
Share of change from investments accounted for under the equity method	(19)	42	(17)	34
Income tax relating to items that will not be reclassified	859	(37)	371	(43)
Items that may be reclassified to profit or loss:				
Foreign currency translation differences for foreign operations	70	34	56	6
Change in fair value of cash flow hedges	(3,982)	(1,811)	(3,696)	(652)
Change in fair value of financial assets	266	(111)	48	(44)
Share of change from investments accounted for under the equity method	4	(10)	(2)	(4)
Income tax relating to items that may be reclassified	993	476	944	173
Other comprehensive income, net of tax	**(5,971)**	**(1,610)**	**(3,650)**	**(630)**
Total comprehensive income for the period	**(3,797)**	**(164)**	**(2,677)**	**323**
Attributable to:				
Equity owners of the parent	(3,730)	(151)	(2,621)	327
Non-controlling interests	(67)	(13)	(56)	(4)

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Unaudited Condensed Interim IFRS Consolidated Statement of Financial Position

(In € million)	Note	**30 September 2019**	31 December 2018
Assets			
Non-current assets			
Intangible assets	13	16,583	16,726
Property, plant and equipment	13	17,143	16,773
Investment property		3	3
Investments accounted for under the equity method	14	1,523	1,693
Other investments and other long-term financial assets	15	4,335	3,811
Non-current contract assets		79	65
Non-current other financial assets	18	1,151	1,108
Non-current other assets	19	497	888
Deferred tax assets		6,309	4,835
Non-current securities	21	10,937	10,662
Total non-current assets		**58,560**	**56,564**
Current assets			
Inventories	16	35,604	31,891
Trade receivables		5,036	6,078
Current portion of other long-term financial assets	15	419	489
Current contract assets		724	789
Current other financial assets	18	1,919	1,811
Current other assets	19	3,631	4,246
Current tax assets		1,179	1,451
Current securities	21	2,225	2,132
Cash and cash equivalents	21	4,613	9,413
Total current assets		**55,350**	**58,300**
Assets and disposal group of assets classified as held for sale	3	391	334
Total assets		**114,301**	**115,198**

(In € million)	Note	**30 September 2019**	31 December 2018
Equity and liabilities			
Equity attributable to equity owners of the parent			
Capital stock		779	777
Share premium		3,072	2,941
Retained earnings		3,262	5,923
Accumulated other comprehensive income		(2,339)	134
Treasury shares		(47)	(51)
Total equity attributable to equity owners of the parent		**4,727**	**9,724**
Non-controlling interests		12	(5)
Total equity	**20**	**4,739**	**9,719**

Liabilities			
Non-current liabilities			
Non-current provisions	17	15,683	11,571
Long-term financing liabilities	21	8,783	7,463
Non-current contract liabilities		15,729	15,832
Non-current other financial liabilities	18	10,917	8,009
Non-current other liabilities	19	359	460
Deferred tax liabilities		1,676	1,318
Non-current deferred income		35	40
Total non-current liabilities		**53,182**	**44,693**
Current liabilities			
Current provisions	17	5,714	7,317
Short-term financing liabilities	21	3,416	1,463
Trade liabilities		13,066	16,237
Current contract liabilities		24,742	26,229
Current other financial liabilities	18	3,302	2,462
Current other liabilities	19	4,169	5,288
Current tax liabilities		986	732
Current deferred income		683	626
Total current liabilities		**56,078**	**60,354**
Disposal group of liabilities classified as held for sale	3	302	432
Total liabilities		**109,562**	**105,479**
Total equity and liabilities		**114,301**	**115,198**

The accompanying notes are an integral part of these Unaudited Condensed Interim IFRS Consolidated Financial Statements.

Unaudited Condensed Interim IFRS Consolidated Statement of Cash Flows

(In € million)	**1 January - 30 September 2019**	1 January - 30 September 2018
Operating activities:		
Profit for the period attributable to equity owners of the parent (Net income)	2,186	1,453
Loss for the period attributable to non-controlling interests	(12)	(7)
Adjustments to reconcile profit for the period to cash provided by operating activities:		
Depreciation and amortisation	1,992	1,684
Valuation adjustments	347	(7)
Deferred tax expense (income)	574	357
Change in income tax assets, income tax liabilities and provisions for income tax	158	(54)
Results on disposals of non-current assets	(69)	(228)
Results of investments accounted for under the equity method	(76)	(120)
Change in current and non-current provisions	(647)	(565)
Contribution to plan assets	(113)	(1,152)
Change in other operating assets and liabilities	(8,204)	(5,687)
Cash (used for) operating activities [(1)]	**(3,864)**	**(4,326)**
Investing activities:		
Purchases of intangible assets, property, plant and equipment and investment property	(1,457)	(1,378)
Proceeds from disposals of intangible assets, property, plant and equipment and investment property	109	171
Acquisitions of subsidiaries, joint ventures, businesses and non-controlling interests (net of cash)	8	107
Proceeds from disposals of subsidiaries (net of cash)	(11)	0
Payments for investments accounted for under the equity method, other investments and other long-term financial assets	(700)	(444)
Proceeds from disposals of investments accounted for under the equity method, other investments and other long-term financial assets	422	353
Dividends paid by companies valued at equity	53	50
Disposals of non-current assets and disposal groups classified as assets held for sale and liabilities directly associated	0	207
Change in securities	(18)	(17)
Cash (used for) investing activities	**(1,594)**	**(951)**
Financing activities:		
Change in financing liabilities	1,243	(35)
Cash distribution to Airbus SE shareholders	(1,280)	(1,161)
Change in liability for puttable instruments	243	0
Changes in capital and non-controlling interests	133	112
Change in treasury shares	4	(52)
Cash provided by (used for) financing activities	**343**	**(1,136)**
Effect of foreign exchange rate changes on cash and cash equivalents	300	(5)
Net (decrease) in cash and cash equivalents	**(4,815)**	**(6,418)**
Cash and cash equivalents at beginning of period [(2)]	**9,428**	**12,021**
Cash and cash equivalents at end of period [(2)]	**4,613**	**5,603**

(1) Cash provided by operating activities has been positively impacted by certain agreements reached with the Company's suppliers and customers relating to the settlement of claims and negotiation on payment terms.

(2) The cash and cash equivalents at the beginning of the period 2019 and at the end of the first nine months 2019 include € 15 million and € 3 million respectively, which is presented as part of assets of disposal groups classified as held for sale.

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Unaudited Condensed Interim IFRS Consolidated Statement of Changes in Equity

(In € million)	Equity attributable to equity owners of the parent	Non-controlling interests	Total Equity
Balance at 1 January 2018, as reported	**13,348**	**3**	**13,351**
Restatements [(1)]	(2,616)	(1)	(2,617)
Balance at 1 January 2018, restated [(1) (2)]	**10,732**	**2**	**10,734**
Profit for the period	1,453	(7)	1,446
Other comprehensive income	(1,604)	(6)	(1,610)
Total comprehensive income for the period	(151)	(13)	(164)
Cash distribution to shareholders / dividends to non-controlling interests	(1,161)	0	(1,161)
Capital increase	112	0	112
Share-based payment (IFRS 2)	57	0	57
Equity transaction (IAS 27)	(6)	6	0
Change in treasury shares	(52)	0	(52)
Balance at 30 September 2018	**9,531**	**(5)**	**9,526**
Balance at 1 January 2019, as reported	**9,724**	**(5)**	**9,719**
Restatements [(3)]	(122)	0	(122)
Balance at 1 January 2019, restated [(3)]	**9,602**	**(5)**	**9,597**
Profit for the period	2,186	(12)	2,174
Other comprehensive income	(5,916)	(55)	(5,971)
Total comprehensive income for the period	(3,730)	(67)	(3,797)
Cash distribution to shareholders / dividends to non-controlling interests	(1,280)	0	(1,280)
Capital increase	133	6	139
Share-based payment (IFRS 2)	67	0	67
Equity transaction (IAS 27)	(69)	78	9
Change in treasury shares	4	0	4
Balance at 30 September 2019	**4,727**	**12**	**4,739**

(1) Previous year figures are restated due to the application of IFRS 15.
(2) Opening balance figures are restated due to the application of IFRS 9.
(3) Opening balance figures are restated due to the application of IFRIC 23.

The accompanying notes are an integral part of these Unaudited Condensed Interim IFRS Consolidated Financial Statements.

2

Notes to the Airbus SE Unaudited Condensed Interim IFRS Consolidated Financial Statements

1. The Company

The accompanying Unaudited Condensed Interim IFRS Consolidated Financial Statements present the financial position and the results of operations of **Airbus SE** together with its subsidiaries referred to as "the Company", a European public limited-liability company (*Societas Europaea*) with its seat (*statutaire zetel*) in Amsterdam, The Netherlands, its registered address at Mendelweg 30, 2333 CS Leiden, The Netherlands, and registered with the Dutch Commercial Register (Handelsregister) under number 24288945. The Company reportable segments are Airbus, Airbus Helicopters and Airbus Defence and Space (see "– Note 5: Segment Information"). The Company is listed on the European stock exchanges in Paris, Frankfurt am Main, Madrid, Barcelona, Valencia and Bilbao. The Unaudited Condensed Interim IFRS Consolidated Financial Statements were authorised for issue by the Company's Board of Directors on 29 October 2019.

2. Accounting Policies

The Unaudited Condensed Interim Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB") as endorsed by the European Union ("EU") as at 30 September 2019. They are prepared and reported in euro ("€") and all values are rounded to the nearest million appropriately. Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

These Unaudited Condensed Interim IFRS Consolidated Financial Statements are prepared in compliance with IAS 34 and should be read in conjunction with the IFRS Consolidated Financial Statements as of 31 December 2018. With the exception of the changes highlighted below and applied for the first time in the nine-month period ended 30 September 2019, the Company's accounting policies and methods are unchanged compared to 31 December 2018.

The Company has implemented the new standard IFRS 16 "Leases" and the new interpretation IFRIC 23 "Uncertainty over Income Tax Treatments" on 1 January 2019. As a result, the Company has changed its accounting policy for leases accounting and for classification and measurement of certain liabilities linked to uncertainty over income tax as detailed below.

The implementation of other amended standards has no material impact on the Unaudited Condensed Interim IFRS Consolidated Financial Statements as of 30 September 2019.

IFRS 16 "Leases"

In May 2016, the IASB published the new standard IFRS 16, which replaces the existing guidance on leases, including IAS 17 "Leases", IFRIC 4 "Determining Whether an Arrangement Contains a Lease", SIC-15 "Operating Leases—Incentives", and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". IFRS 16 introduces a uniform lessee accounting model. Applying that model, a lessee is required to recognise a right-of-use asset representing the lessee's right to use the underlying asset and a financial liability representing the lessee's obligation to make future lease payments.

There are exemptions for short-term leases and leases of low-value assets. Lessor accounting remains comparable to that provided by the previous leases standard and hence lessors will continue to classify their leases as operating leases or finance leases.

The Company adopted the new standard IFRS 16 on 1 January 2019 using the modified retrospective method and therefore the cumulative effect of adopting IFRS 16 has been recognised as an adjustment to the opening balance of retained earnings which is nil at 1 January 2019, with no restatement of comparative information.

Identifying a lease

Under IFRS 16, the Company assesses whether a contract is or contains a lease based on the definition of a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a specified period of time in exchange for consideration.

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The previous determination pursuant to IAS 17 and IFRIC 4 of whether a contract is a lease is thus maintained for existing contracts.

The Company as a lessee

As a lessee, the Company previously classified leases as operating or finance leases based on assessment of whether the risks and rewards incidental to ownership of the underlying asset were transferred. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most of its leases. Leases which were classified as operating leases under IAS 17 are now recognised on the balance sheet.

When applying IFRS 16 for the first time, the Company has used the following practical expedients for leases previously classified as operating leases under IAS 17:

- To apply a single discount rate to a portfolio of leases with reasonably similar characteristics,
- The right-of-use to the leased asset has generally been measured at the amount of the lease liability, using the discount rate at 1 January 2019. Where accrued lease liabilities existed, the right-of-use asset has been adjusted by the amount of the accrued lease liability under IFRS 16. At initial application of IFRS 16, the measurement of the right-of-use does not include initial direct costs. In some cases, the value of right-of-use assets may differ from the value of the liabilities due to offsetting against existing provisions or as a result of valuation allowances,
- Not to apply the new recognition requirements to short-term leases and to leases of low value assets as soon as the new standard is effective.

The Company's operating leases mainly relate to real estate assets, company cars and equipment. The most significant impact identified by the Company relates to its operating leases of real estate assets (such as land, warehouses, storage facilities and offices).

For leases that were classified as finance leases under IAS 17, the Company did not change the carrying amount of the right-of-use asset and the lease liability as of 31 December 2018, measured under IAS 17.

The Company as a lessor

The Company is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor as IFRS 16 does not trigger any change on current accounting treatment.

Impacts on financial statements

The Company has presented right-of-use assets within "Property, plant and equipment" and lease liabilities within "Financing liabilities" and classified the principal portion of lease payments within financing activities and the interest portion within operating activities. When measuring lease liabilities, the Company discounts lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 1.23%. At 1 January 2019, the impact of renewal options that are reasonably certain to be exercised has been assessed as not significant for the Company.

(In € million)	**1 January 2019**
Operating lease commitment at 31 December 2018 as disclosed in the Company's consolidated financial statements	**1,494**
Short-term and low-value leases recognised on a straight-line basis as expenses	(29)
Discounted effect using the incremental borrowing rate at 1 January 2019	(113)
Finance lease liabilities recognised as at 31 December 2018	330
Lease liabilities recognised at 1 January 2019	**1,682**

IFRIC 23 "Uncertainty over Income Tax Treatments"

In 2017, the IASB issued IFRIC 23 "Uncertainty over Income Tax Treatments". The interpretation clarifies the recognition and measurement requirements when there is uncertainty over income tax treatments. In assessing the uncertainty, an entity shall consider whether it is probable that a taxation authority will accept the uncertain tax treatment.

The Company adopted the interpretation on 1 January 2019 and has elected to apply the limited exemption in IFRIC 23 relating to transition for classification and measurement, and accordingly has not restated comparative periods in the year of initial application. As a consequence, any adjustments to the carrying amounts of tax liabilities are recognised at the beginning of the reporting period, with the difference recognised in opening equity. The impact is € 122 million as at transition date.

In addition, the uncertain tax liabilities formerly included under provisions have been reclassified to current income tax liabilities for € 326 million.

Use of Estimates and Judgements

In preparing the Unaudited Condensed Interim IFRS Consolidated Financial Statements, management makes assumptions and estimates. These estimates are revised if the underlying circumstances have evolved or in light of new information. The underlying assumptions used for the main estimates are similar to those described in the Company's IFRS Consolidated Financial Statements as of 31 December 2018.

The exceptions are:

- the estimate of income tax liabilities which is determined in the interim financial statements using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period; and

- estimates used to perform employee benefits valuation (see "– Note 17: Provisions").

3. Acquisitions and Disposals

Acquisitions and Disposals

On 1 July 2018, Airbus has taken the control of C Series programme and acquired 50.01% Class A ownership units in the **C Series Aircraft Limited Partnership "**CSALP", newly named Airbus Canada Limited Partnership ("ACLP"). Bombardier Inc. ("Bombardier") and Investissement Québec ("IQ") own together 49.94 % of voting rights and 54.20 % of shares as at 30 September 2019.

The opening balance sheet of ACLP has not been adjusted in 2019 and has been completed on 1 July 2019 in accordance with IFRS 3 "Business Combinations" after the one year period.

In March 2019, the Company has become party to a Note Purchase Agreement with **OneWeb Communications** for an amount of $ 200 million. The new financing is funded in three equal tranches, of which two have been drawn as of September 2019 for an amount of € 122 million ($ 133.3 million). The last tranche is planned for October 2019 for an amount of $ 66.6 million, and has already been cashed-out in an escrow account as of September 2019.

On 29 March 2019, the Company confirmed the agreement to sell its shares in **Alestis Aerospace S.L.** to Aciturri Aeronáutica S.L., a company headquartered in Miranda de Ebro, Spain. The closing of the transaction occurred on 30 July 2019. The Company recognised a current gain for an amount of € 45 million in Airbus. Assets and liabilities of the disposed company were previously classified as held for sale.

Assets and Disposal Groups Classified as Held for Sale

As of 30 September 2019, the Company accounted for **assets and disposal group of assets classified as held for sale** in the amount of € 391 million (prior year-end: € 334 million) and for **disposal group of liabilities classified as held for sale** in the amount of € 302 million (prior year-end: € 432 million), both relating to PFW Aerospace S.L.

4. Related Party Transactions

The Company has entered into various transactions with related entities; carried out in the normal course of business.

5. Segment Information

The Company operates in three reportable segments which reflect the internal organisational and management structure according to the nature of the products and services provided.

- **Airbus** — Development, manufacturing, marketing and sale of commercial jet aircraft of more than 100 seats; aircraft conversion and related services; development, manufacturing, marketing and sale of regional turboprop aircraft and aircraft components. It also includes the holding function of the Company and its bank activities.

- **Airbus Helicopters** — Development, manufacturing, marketing and sale of civil and military helicopters; provision of helicopter related services.

- **Airbus Defence and Space** — Military Aircraft design, development, delivery, and support of military aircraft such as combat, mission, transport and tanker aircraft and their associated services. Space Systems design, development, delivery, and support of full range of civil and defence space systems for telecommunications, earth observations, navigation, science and orbital systems. Communication, Intelligence and Security provision of services around data processing from platforms, secure communication and cyber security. In addition, the main joint ventures design, develop, deliver, and support missile systems as well as space launcher systems. Unmanned Aerial Systems design, development, delivery and service support.

The following tables present information with respect to the Company's business segments. As a rule, inter-segment transfers are carried out on an arm's length basis. Inter-segment sales predominantly take place between Airbus and Airbus Defence and Space and between Airbus Helicopters and Airbus. Other activities not allocable to the reportable segments, together with consolidation effects, are disclosed in the column "Transversal/Eliminations".

The Company uses EBIT as a key indicator of its economic performance.

Business segment information for the nine-month period ended 30 September 2019 is as follows:

(In € million)	Airbus	Airbus Helicopters	Airbus Defence and Space	Transversal / Eliminations	**Consolidated Airbus**
Total revenue	35,572	3,712	7,706	0	46,990
Internal revenue	(467)	(304)	(51)	0	(822)
Revenue	**35,105**	**3,408**	**7,655**	**0**	**46,168**
thereof:					
sales of goods at a point in time	*32,577*	*1,572*	*2,316*	*0*	*36,465*
sales of goods over time	*18*	*178*	*3,058*	*0*	*3,254*
services, including sales of spare parts	*2,510*	*1,658*	*2,281*	*0*	*6,449*
Profit (loss) before financial result and income taxes (EBIT)	**3,405**	**203**	**83**	**(260)**	**3,431**
thereof research and development expenses	*(1,495)*	*(216)*	*(216)*	*(223)*	*(2,150)*
Interest result					(123)
Other financial result					(110)
Income taxes					(1,024)
Profit for the period					**2,174**

Business segment information for the nine-month period ended 30 September 2018 is as follows:

(In € million)	Airbus	Airbus Helicopters	Airbus Defence and Space	Transversal / Eliminations	Consolidated Airbus
Total revenue	30,478	3,755	7,051	0	41,284
Internal revenue	(516)	(295)	(52)	0	(863)
Revenue	**29,962**	**3,460**	**6,999**	**0**	**40,421**
thereof:					
sales of goods at a point in time	*27,825*	*1,672*	*1,907*	*0*	*31,404*
sales of goods over time	*11*	*249*	*2,786*	*0*	*3,046*
services, including sales of spare parts	*2,126*	*1,539*	*2,306*	*0*	*5,971*
Profit (loss) before financial result and income taxes (EBIT)	**2,238**	**179**	**479**	**(213)**	**2,683**
thereof research and development expenses	*(1,456)*	*(214)*	*(219)*	*(214)*	*(2,103)*
Interest result					(223)
Other financial result					(190)
Income taxes					(824)
Profit for the period					**1,446**

6. Revenue and Gross Margin

Revenue increased by € +5,747 million to € 46,168 million (first nine months 2018: € 40,421 million). The increase is mainly driven by higher aircraft deliveries and a favourable foreign exchange impact at Airbus (€ +5,094 million).

Revenue by geographical areas based on the location of the customer is as follows:

(In € million)	**1 January - 30 September 2019**	1 January - 30 September 2018
Asia-Pacific	14,264	13,197
Europe	15,657	11,915
North America	8,211	7,498
Middle East	4,273	4,470
Latin America	1,263	947
Other Countries	2,500	2,394
Total	**46,168**	**40,421**

The **gross margin** increased by € +1,119 million to € 7,183 million compared to € 6,064 million in the first nine months 2018. It mainly reflects A320 ramp up, progress on the A350 financial performance and a favourable foreign exchange impact at Airbus. The gross margin rate increased from 15.0% to 15.6%.

In the first nine months 2019, Airbus has delivered 77 A350 XWB aircraft. New order intakes, cancellations, delivery postponements and other contractual agreements to the end of September 2019 have been reflected in the financial statements.

The industrial ramp-up on deliveries is progressing and associated risks continue to be closely monitored in line with the schedule, aircraft performance and overall cost envelope, as per customer commitments. Despite the progress made, challenges remain with recurring cost convergence as the ramp-up on deliveries continues.

As of 31 December 2018, the Company's largest A380 operator reviewed its aircraft fleet strategy going forward and concluded it is forced to restructure and reduce its A380 order by 39 aircraft. The Company entered into discussions with the customer in late 2018 which finally resulted in the signature of a head of agreement on 11 February 2019. Without this customer's A380 order, the Company has no substantial order backlog and no basis to sustain A380 production, despite all sales and marketing efforts in recent years. As a consequence of this decision, deliveries of the A380 will cease in 2021.

At year-end 2018, in view of the above, the Company reassessed accordingly the expected market assumptions and the recoverability and depreciation method of specific assets allocated to the A380 programme. As a result, the Company impaired specific A380 assets in the amount of € 167 million, recognised an onerous contract provision for an amount of € 1,257 million and updated the measurement of refundable advances including interest accretion for a total amount of € 1,426 million. As a consequence, the recognition of the onerous contract provision as well as other specific provisions and the remeasurement of the liabilities affected the consolidated income statement before taxes by a net € 463 million in EBIT and positively impacted the other financial result by € 177 million as of 31 December 2018.

In the first nine months 2019, the Company recorded an additional net charge of € 82 million in EBIT as part of its continuous assessment of assets recoverability and quarterly review of onerous contract provision assumptions.

During the first nine months 2019, 10 A400M aircraft have been delivered, totalling 84 aircraft as of 30 September 2019. The Company continued with development activities toward achieving the revised capability roadmap with the achievement of an important development milestone according to schedule. Retrofit activities are progressing in line with the customer agreed plan.

In 2018 the Company has been working together with OCCAR and concluded the negotiations on a contract amendment following the signature of a Declaration of Intent ("DOI") in February 2018 agreeing on a Global re-baselining of the contract.

On 13 June 2019, the Global re-baselining contract has been signed by the parties.

In the fourth quarter 2018, an update of the contract estimate at completion has triggered a net additional charge of € 436 million. This reflected the outcome of the negotiations, updated estimates on the export scenario during the launch contract phase of the A400M programme as well as applicable escalation and some cost increases. Risks remain on development of technical capabilities and the associated costs, on securing sufficient export orders in time, on aircraft operational reliability in particular with regard to engines, and on cost reductions as per the revised baseline. The year-end 2018 assessment remains unchanged as of 30 September 2019. A technical update during the first nine months 2019 mainly reflecting price escalation resulted in a charge of € 14 million.

Due to the repeatedly prolonged suspension of defence export licenses to Saudi Arabia by the German Government, and the consequential inability of the Company to execute a customer contract, a € 221 million impairment charge has been recognised mainly on inventories and a € 112 million financial expense related to hedge ineffectiveness. The Company is engaging with its customer to agree a way forward on this contract. The outcome of these negotiations is presently unclear but could result in significant further financial impacts.

7. Research and Development Expenses

Research and development expenses increased by € +47 million to € 2,150 million compared to € 2,103 million in the first nine months 2018. In addition, an amount of € 78 million of development costs has been capitalised, mainly related to Airbus programmes.

8. Share of Profit from Investments Accounted for under the Equity Method and Other Income from Investments

Share of profit from investments under the equity method and **other income from investments** decreased by € -69 million to € 94 million compared to € 163 million in the first nine months 2018.

9. Other Income and Other Expenses

Other income decreased by € -105 million to € 247 million compared to € 352 million in the first nine months 2018, mostly driven by the capital gain of € 159 million from the sale of Plant Holdings Inc. in 2018.

Other expenses increased by € +38 million to € -116 million compared to € -78 million in the first nine months 2018.

10. Total Financial Result

Total financial result improved by € +180 million to € -233 million compared to € -413 million in the first nine months 2018. This is mainly due to the positive impact from foreign exchange valuation of monetary items. The financial result includes the financial expense on hedge ineffectiveness (see "– Note 6: Revenue and Gross Margin").

11. Income Taxes

The **income tax** expense of € 1,024 million (first nine months 2018: € -824 million) corresponds to an effective tax rate of 32.0% (first nine months 2018: 36.3%). This includes a deferred tax asset impairment, partially offset by the tax-free revaluation of certain equity investments under IFRS 9.

12. Earnings per Share

	1 January - 30 September 2019	1 January - 30 September 2018
Profit for the period attributable to equity owners of the parent (Net income)	€ 2,186 million	€ 1,453 million
Weighted average number of ordinary shares	776,697,534	774,762,268
Basic earnings per share	**€ 2.81**	**€ 1.88**

Diluted earnings per share – The Company's categories of dilutive potential ordinary shares are share-settled Performance Units relating to **Long-Term Incentive Plans ("LTIP")** and the **convertible bond** issued on 1 July 2015. During the first nine months 2019, the average price of the Company's shares exceeded the exercise price of the share-settled Performance Units and therefore 996,543 shares (first nine months 2018: 728,928 shares) were considered in the calculation of diluted earnings per share. The dilutive effect of the convertible bond was also considered in the calculation of diluted earnings per share in the first nine months 2019, by adding back € 5 million of interest expense to the profit for the period attributable to equity owners of the parent (first nine months 2018: € 5 million) and by including 5,022,990 of dilutive potential ordinary shares.

	1 January - 30 September 2019	1 January - 30 September 2018
Profit for the period attributable to equity owners of the parent (Net income), adjusted for diluted calculation	€ 2,191 million	€ 1,458 million
Weighted average number of ordinary shares (diluted) (1)	782,717,067	780,514,186
Diluted earnings per share	**€ 2.80**	**€ 1.87**

(1) Dilution assumes conversion of all potential ordinary shares.

13. Intangible Assets and Property, Plant and Equipment

Intangible assets decreased by € -143 million to € 16,583 million (prior year-end: € 16,726 million). Intangible assets mainly relate to goodwill of € 13,025 million (prior year-end: € 13,039 million).

The annual impairment tests were performed in the fourth quarter 2018 and led to no impairment charge.

Property, plant and equipment increased by € +370 million to € 17,143 million (prior year-end: € 16,773 million), mainly due to the application of IFRS 16 offset by depreciation in the period. Property, plant and equipment includes leased assets where the Company is lessor of € 127 million (prior-year end: € 45 million).

14. Investments Accounted for under the Equity Method

Investments accounted for under the equity method decreased by € -170 million to € 1,523 million (prior year-end: € 1,693 million). They mainly include the equity investments in ArianeGroup and MBDA.

15. Other Investments and Other Long-Term Financial Assets

(In € million)	**30 September 2019**	31 December 2018
Other investments	2,570	2,267
Other long-term financial assets	1,765	1,544
Total non-current other investments and other long-term financial assets	**4,335**	**3,811**
Current portion of other long-term financial assets	**419**	**489**
Total	**4,754**	**4,300**

Other investments mainly comprise the Company's participations. The significant participations at 30 September 2019 include the remaining investment in Dassault Aviation (Airbus share: 9.90%, prior year-end: 9.89%) amounting to € 1,074 million (prior year-end: € 999 million).

Other long-term financial assets and the **current portion of other long-term financial assets** include other loans in the amount of € 1,781 million as of 30 September 2019 (prior year-end: € 1,523 million), and the sales financing activities in the form of finance lease receivables and loans from aircraft financing.

16. Inventories

Inventories of € 35,604 million (prior year-end: € 31,891 million) increased by € +3,713 million. This is mainly driven by Airbus (€ +2,923 million), and reflects an increase in work in progress associated with A320 programme ramp-up, and Airbus Helicopters (€ +830 million).

17. Provisions

(In € million)	**30 September 2019**	31 December 2018
Provisions for pensions	11,355	7,072
Other provisions	10,042	11,816
Total	**21,397**	**18,888**
thereof non-current portion	*15,683*	*11,571*
thereof current portion	*5,714*	*7,317*

Provisions for pensions

As of 30 September 2019, the further weakening of interest rates in Germany, France, Canada and the UK resulted in a total net increase in pension liability of € 2,356 million.

In light of the prolonged decline in interest rates and without any sign of change in this trend in a foreseeable future coupled with experience gained over recent years, management revised its demographic assumptions related to the behaviour of beneficiaries under the German pension plan. This resulted in a net increase in pension liability of € 1,793 million as of 30 June 2019.

These changes in accounting estimates have been recognised through other comprehensive income.

Other provisions are presented net of programme losses against inventories.

18. Other Financial Assets and Other Financial Liabilities

Other Financial Assets

(In € million)	**30 September 2019**	31 December 2018
Positive fair values of derivative financial instruments	1,010	1,031
Others	141	77
Total non-current other financial assets	**1,151**	**1,108**
Receivables from related companies	984	1,082
Positive fair values of derivative financial instruments	444	286
Others	491	443
Total current other financial assets	**1,919**	**1,811**
Total	**3,070**	**2,919**

Other Financial Liabilities

(In € million)	**30 September 2019**	31 December 2018
Liabilities for derivative financial instruments	4,226	1,132
European Governments' refundable advances	3,816	4,233
Others	2,875	2,644
Total non-current other financial liabilities	**10,917**	**8,009**
Liabilities for derivative financial instruments	2,242	1,623
European Governments' refundable advances	577	344
Liabilities to related companies	146	175
Others	337	320
Total current other financial liabilities	**3,302**	**2,462**
Total	**14,219**	**10,471**

The allocation of European Governments' refundable advances between non-current and current presented in the Unaudited Condensed Interim Consolidated Financial Statements ended 30 September 2019 is based on the applicable contractual repayment dates.

19. Other Assets and Other Liabilities

Other Assets

(In € million)	**30 September 2019**	31 December 2018
Cost to fulfil a contract	383	777
Prepaid expenses	33	33
Others	81	78
Total non-current other assets	**497**	**888**
Value added tax claims	2,026	3,255
Cost to fulfil a contract	679	464
Prepaid expenses	362	121
Others	564	406
Total current other assets	**3,631**	**4,246**
Total	**4,128**	**5,134**

Other Liabilities

(In € million)	**30 September 2019**	31 December 2018
Others	359	460
Total non-current other liabilities	**359**	**460**
Tax liabilities (excluding income tax)	1,474	2,706
Others	2,695	2,582
Total current other liabilities	**4,169**	**5,288**
Total	**4,528**	**5,748**

20. Total Equity

The Company's shares are exclusively ordinary shares with a par value of € 1.00. The following table shows the development of the number of shares issued and fully paid:

(In number of shares)	**30 September 2019**	31 December 2018
Issued as at 1 January	776,367,881	**774,556,062**
Issued for ESOP	1,728,840	1,811,819
Issued at end of period	**778,096,721**	**776,367,881**
Treasury shares	(599,537)	(636,924)
Outstanding at end of period	**777,497,184**	**775,730,957**

Holders of ordinary shares are entitled to dividends and to one vote per share at general meetings of the Company.

Equity attributable to equity owners of the parent (including purchased treasury shares) amounts to € 4,727 million (prior year-end: € 9,724 million) representing a decrease of € -4,997 million. This is due to a decrease in other comprehensive income, principally related to a change in actuarial gains and losses of € -3,443 million and the mark to market revaluation of the hedge portfolio of € -2,932 million, and a dividend payment of € -1,280 million (€ 1.65 per share), partly compensated by a net income for the period of € 2,186 million.

The **non-controlling interests ("NCI")** from non-wholly owned subsidiaries increased to € 12 million as of 30 September 2019 (prior year-end: € -5 million). These NCI do not have a material interest in the Company's activities and cash flows.

21. Net Cash

The net cash position provides financial flexibility to fund the Company's operations, to react to business needs and risk profile and to return capital to the shareholders.

(In € million)	**30 September 2019**	31 December 2018
Cash and cash equivalents	4,613	9,413
Current securities	2,225	2,132
Non-current securities	10,937	10,662
Gross cash position	**17,775**	**22,207**
Short-term financing liabilities	(3,416)	(1,463)
Long-term financing liabilities	(8,783)	(7,463)
Total	**5,576**	**13,281**

The **net cash** position on 30 September 2019 amounted to € 5,576 million (prior year-end: € 13,281 million), with a gross cash position of € 17,775 million (prior year-end: € 22,207 million).

Cash and Cash Equivalents

Cash and cash equivalents are composed of the following elements:

(In € million)	**30 September 2019**	31 December 2018
Bank account and petty cash	1,471	1,862
Short-term securities (at fair value through profit and loss)	2,471	6,576
Short-term securities (at fair value through OCI)	672	984
Others	2	6
Total cash and cash equivalents	**4,616**	**9,428**
Recognised in disposal groups classified as held for sale	3	15
Recognised in cash and cash equivalents	**4,613**	**9,413**

Only securities with a maturity of three months or less from the date of the acquisition, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, are recognised in cash equivalents.

Financing Liabilities

(In € million)	**30 September 2019**	31 December 2018
Bonds and commercial papers	7,155	6,659
Liabilities to financial institutions	188	267
Loans	169	229
Lease liabilities	1,269	307
Others (1)	2	1
Total long term financing liabilities	**8,783**	**7,463**
Bonds and commercial papers	1,677	0
Liabilities to financial institutions	101	86
Loans	127	70
Lease liabilities	252	23
Others (1)	1,259	1,284
Total short term financing liabilities	**3,416**	**1,463**
Total	**12,199**	**8,926**

(1) Included in “others” are financing liabilities to joint ventures.

Long-term financing liabilities, mostly comprising bonds and lease liabilities, increased by € +1,320 million to € 8,783 million (prior year-end: € 7,463 million), mainly due to the application of IFRS 16 (see “– Note 2: Accounting Policies”).

Short-term financing liabilities increased by € +1,953 million to € 3,416 million (prior year-end: € 1,463 million). The increase in short-term financing liabilities is mainly related to the issuance of commercial papers and the application of IFRS 16.

22. Financial Instruments

The following table presents the composition of derivative financial instruments:

(In € million)	**30 September 2019**	31 December 2018
Non-current positive fair values	1,010	1,031
Current positive fair values	444	286
Total positive fair values of derivative financial instruments	**1,454**	**1,317**
Non-current negative fair values	(4,226)	(1,132)
Current negative fair values	(2,242)	(1,623)
Total negative fair values of derivative financial instruments	**(6,468)**	**(2,755)**
Total net fair values of derivative financial instruments	**(5,014)**	**(1,438)**

The total net fair value of derivatives financial instruments decreased by € -3,576 million to € -5,014 million (prior year-end: € -1,438 million) as a result of the strengthening of the US dollar versus the euro associated with the mark to market valuation of the hedge portfolio.

The volume of hedged US dollar-contracts was US$ 101.0 billion as at 30 September 2019 (prior year-end: US$ 81.9 billion). The US dollar spot rate was 1.09 US$/€ and 1.15 US$/€ at 30 September 2019 and at 31 December 2018, respectively. The average US dollar hedge rate for the hedge portfolio of the Company improved to 1.22 US$/€ as at 30 September 2019 compared to 1.24 US$/€ as at 31 December 2018.

Carrying Amounts and Fair Values of Financial Instruments

Fair values of financial instruments have been determined with reference to available market information at the end of the reporting period and the valuation methodologies as described in detail in Note 35.2 to the 2018 IFRS Consolidated Financial Statements. For the first nine months 2019, the Company has applied the same methodologies for the fair value measurement of financial instruments. In addition, the Company has remeasured non-listed equity investments for which no quoted market prices are available at fair value and determined the fair values of these equity investments using common valuation methods such as net asset values or a comparable company valuation multiples technique.

Carrying amount is a reasonable approximation of fair value for all classes of financial instruments listed in the first table of Note 35.2 to the 2018 IFRS Consolidated Financial Statements, with the exception of:

	30 September 2019		31 December 2018	
(In € million)	Book Value	Fair Value	Book Value	Fair Value
Financing liabilities				
Bonds and commercial papers	(8,832)	(9,045)	(6,659)	(6,781)
Liabilities to financial institutions and others	(1,846)	(1,845)	(1,937)	(1,941)

Fair Value Hierarchy

Depending on the extent the inputs used to measure fair values rely on observable market data, fair value measurements may be hierarchised according to the following levels of input:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices that are observable for the asset or liability – fair values measured based on Level 2 input typically rely on observable market data such as interest rates, foreign exchange rates, credit spreads or volatilities;
- Level 3: inputs for the asset or liability that are not based on observable market data – fair values measured based on Level 3 input rely to a significant extent on estimates derived from the Company's' own data and may require the use of assumptions that are inherently judgemental and involve various limitations.

The fair values disclosed for financial instruments accounted for at amortised cost reflect Level 2 input. Otherwise, fair values are determined mostly based on Level 1 and Level 2 input and to a minor extent on Level 3 input.

The following table presents the carrying amounts of the financial instruments held at fair value across the three levels of the **fair value hierarchy:**

	30 September 2019				31 December 2018			
(In € million)	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Equity instruments	2,021	0	549	2,570	1,778	0	489	2,267
Derivative instruments	0	1,349	105	1,454	0	1,152	165	1,317
Securities	11,010	2,152	0	13,162	10,721	2,073	0	12,794
Cash equivalents	2,471	672	0	3,143	6,576	984	0	7,560
Total	**15,502**	**4,173**	**654**	**20,329**	**19,075**	**4,209**	**654**	**23,938**
Financial liabilities measured at fair value								
Derivative instruments	0	(6,464)	(4)	(6,468)	0	(2,729)	(26)	(2,755)
Other financial liabilities	0	0	(2,464)	(2,464)	0	0	(2,300)	(2,300)
Total	**0**	**(6,464)**	**(2,468)**	**(8,932)**	**0**	**(2,729)**	**(2,326)**	**(5,055)**

The financial liabilities measured at fair value that are classified as Level 3 consist mainly of the written put options on non-controlling interests resulting from the acquisition of ACLP. There has been no material changes in the valuation of the Level 3 financial instruments during the first nine months 2019.

23. Litigation and Claims

The Company is involved from time to time in various legal and arbitration proceedings in the ordinary course of its business, the most significant of which are described below. Other than as described below, the Company is not aware of any material governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened), during a period covering at least the previous twelve months which may have, or have had in the recent past significant effects on Airbus SE's or the Company's financial position or profitability.

If the Company concludes that the disclosures relative to contingent liabilities can be expected to prejudice seriously its position in a dispute with other parties, the Company limits its disclosures to the nature of the dispute.

WTO

Although the Company is not a party, the Company is supporting the European Commission in litigation before the WTO. Following its unilateral withdrawal from the 1992 EU-US Agreement on Trade in Large Civil Aircraft, the US lodged a request on 6 October 2004 to initiate proceedings before the WTO. On the same day, the EU launched a parallel WTO case against the US in relation to its subsidies to Boeing.

Following a series of interim WTO panel decisions, in May 2018 the WTO held that the EU achieved compliance in respect of the majority of the subsidies at issue but considered that some remaining obligations required adjustments. The Company and the EU took corrective actions that are currently being reviewed by a WTO panel. In the meantime, and before the WTO's review of the corrective measures, the US requested authority to impose countermeasures worth US$ 11.2 billion per year, commensurate with its estimate of the adverse effects caused by the EU subsidies. The WTO did not agree with the US estimate and authorised the US to impose US$ 7.5 billion in annual countermeasures. The United States Trade Representative ("USTR") imposed tariffs on a range of imports to the US from the EU including 10% on the importation of large civil aircraft from the EU. Those tariffs went into effect on 18 October 2019.

The tariffs could have a material impact on the financial statements, business and operations of the Company. At this stage it is too early to determine the full extent of any financial impact on the Company. Duties on the importation of Airbus products into the US could result in (i) increased costs for the aerospace and airline industries as well as other industries that rely on air transport, (ii) weakening demand for new aircraft and negatively affecting the financial condition of air carriers and lessors, (iii) decisions to defer, reject or reschedule the delivery of new aircraft or limit the routes upon which new aircraft will be used, (iv) increased costs to consumers, (v) retaliation by the EU with its own import duties to be applied to US products, and/or (vi) damage to the Company's business or reputation via negative publicity adversely affecting the Company's prospects in the commercial market place.

Several years of proceedings also identified significant unlawful support to Boeing. In its most recent decision on the matter in March 2019, the WTO found that the steps by the US to address US subsidies to Boeing were inadequate. The WTO Appellate Body also found that additional US federal and state programmes, such as the Foreign Sales Corporation ("FSC") and Washington State tax reductions constitute illegal subsidies. Consequently, the EU initiated its request for the authorisation of annual countermeasures amounting to up to US$ 12 billion and published a preliminary list of products from the US on which the EU may take countermeasures, which includes US aircraft. The actual amount of duties to which the EU may be entitled will be determined at the conclusion of WTO arbitration proceedings. The imposition of equivalent or greater tariffs on aircraft imports into Europe is likely.

Exact timing of further steps in the WTO litigation process is subject to further rulings and to negotiations between the US and the EU.

GPT

In August 2012, the UK Serious Fraud Office ("SFO") announced that it had opened a formal criminal investigation in relation to GPT Special Project Management Ltd ("GPT"), a subsidiary operating in Saudi Arabia that the Company acquired in 2007. The investigation relates to issues initially raised by a whistleblower concerning contractual arrangements originating prior to GPT's acquisition and continuing thereafter. The Company has engaged with the SFO throughout and continues to actively cooperate with the investigation.

Eurofighter Austria

In February 2017, the Austrian Federal Ministry of Defence raised criminal allegations against Airbus Defence and Space GmbH and Eurofighter Jagdflugzeug GmbH for wilful deception and fraud in the context of the sale of the Eurofighter aircraft to Austria and respective damage claims. After the Austrian Federal Ministry of Defence raised its criminal allegations, the Austrian public prosecutor opened an investigation against Airbus Defence and Space GmbH, Eurofighter Jagdflugzeug GmbH and former and current employees of the two entities. The Company has filed several submissions to the Vienna Public Prosecutor in response to the allegations of deception in the procurement of Eurofighter combat aircraft made by the Austrian Defence Minister. The Company is cooperating fully with the authorities.

Investigation by the UK SFO and France's PNF and Related Commercial Litigation

In the context of review and enhancement of its internal compliance improvement programme, the Company discovered misstatements and omissions relating to information provided in respect of third party consultants in certain applications for export credit financing for the Company's customers. In early 2016, the Company informed the UK, German and French Export Credit Agencies ("ECAs") of the irregularities it had discovered. The Company made a similar disclosure to the UK Serious Fraud Office ("SFO"). In August 2016, the SFO informed the Company that it had opened an investigation into allegations of fraud, bribery and corruption in the civil aviation business of Airbus relating to irregularities concerning third party consultants (business partners). In March 2017, France's Parquet National Financier ("PNF") informed the Company that it had also opened a preliminary investigation into the same subject and that the two authorities would act in coordination going forward. The Company is cooperating fully with both authorities including in respect of potential issues across the Company's business. As part of the Company's engagement with the US authorities, the latter have requested information relating to conduct forming part of the SFO/PNF investigation that could fall within US jurisdiction. The Company is cooperating with the US authorities in close coordination with the SFO and PNF. The investigations and any penalties potentially levied as a result could have negative consequences for the Company. The potential imposition of any monetary penalty (and the amount thereof) or other sanction including tax liability arising from the investigations will depend on the ultimate factual and legal findings of the investigation, and could have a material impact on the financial statements, business and operations of the Company. However, at this stage it is too early to determine the likelihood or extent of any such possible consequence. Investigations of this nature could also result in (i) civil claims or claims by shareholders against the Company (ii) adverse consequences on the Company's ability to obtain or continue financing for current or future projects (iii) limitations on the eligibility of group companies for certain public sector contracts and/or (iv) damage to the Company's business or reputation via negative publicity adversely affecting the Company's prospects in the commercial market place.

In light of these investigations, the Company enhanced certain of its policies, procedures and practices, including ethics and compliance and export control. The Company has revised and implemented improved procedures, including those with respect to its engagement of consultants and other third parties, in particular in respect of sales support activities. The Company believes that these enhancements to its controls and practices will best position it for the future, particularly in light of advancements in regulatory standards. Several consultants and other third parties have initiated commercial litigation and arbitration against the Company seeking relief. The enhancement of its controls and practices has led to additional commercial litigation and arbitration against the Company and may lead to other civil law or criminal law consequences in the future, which could have a material impact on the financial statements, however at this stage it is too early to determine the likelihood or extent of any liability.

ECA Financing

The Company and the ECAs reached agreement on a process under which it is able to resume making applications for ECA-backed financing for its customers across the Company on a case-by-case basis for a limited number of transactions.

Other Investigations

The Company is cooperating fully with the authorities in a judicial investigation in France related to Kazakhstan. In this spirit, the Company asked to be interviewed by the investigating magistrates and has been granted the status of "assisted witness" in the investigation.

The Company is cooperating with French judicial authorities pursuant to a request for mutual legal assistance made by the government of Tunisia in connection with historical aircraft sales.

Following a review of its US regulatory compliance procedures, the Company discovered and subsequently informed relevant US authorities of its findings concerning certain inaccuracies in filings made with the US Department of State pursuant to Part 130 of the US International Traffic in Arms Regulations ("ITAR") (a US export control regulation). The Company is cooperating with the US authorities.

The Company is unable to reasonably estimate the time it may take to resolve the matter or the amount or range of potential loss, penalty or other government action, if any, that may be incurred in connection with this matter.

On 17 September 2019, the Company self-reported to German authorities potentially improper advance receipt and communication of confidential customer information by employees of Airbus Defence and Space GmbH. The information concerned relates to two future German government procurement projects in the programme line Communications, Intelligence and Security. The self-disclosure by the Company follows an ongoing internal review with the support of an external law firm. Both the German Ministry of Defence and the Munich public prosecutor announced their intention to open an investigation into the matter. The Company will continue to fully cooperate with relevant authorities. The investigation could have an impact on Airbus Defence and Space GmbH's ability to participate in future public procurement projects in Germany and may have other legal consequences.

Other Disputes

In the course of a commercial dispute, the Company received a statement of claim by the Republic of China (Taiwan) alleging liability for refunding part of the purchase price of a large contract for the supply of missiles by subsidiary Matra Défense S.A.S., which the customer claims it was not obliged to pay. An arbitral award was rendered on 12 January 2018 with a principal amount of € 104 million plus interest and costs against Matra Défense S.A.S. Post-award proceedings are currently underway.

24. Number of Employees

	Airbus	Airbus Helicopters	Airbus Defence and Space	**Consolidated Airbus**
30 September 2019	82,106	20,018	33,854	**135,978**
31 December 2018	80,924	19,745	33,002	133,671

25. Events after the Reporting Date

The United States Trade Representative ("USTR") imposed tariffs on a range of imports to the US from the EU including 10% on the importation of large civil aircraft from the EU. Those tariffs went into effect on 18 October 2019 (see "– Note 23: Litigation and Claims").