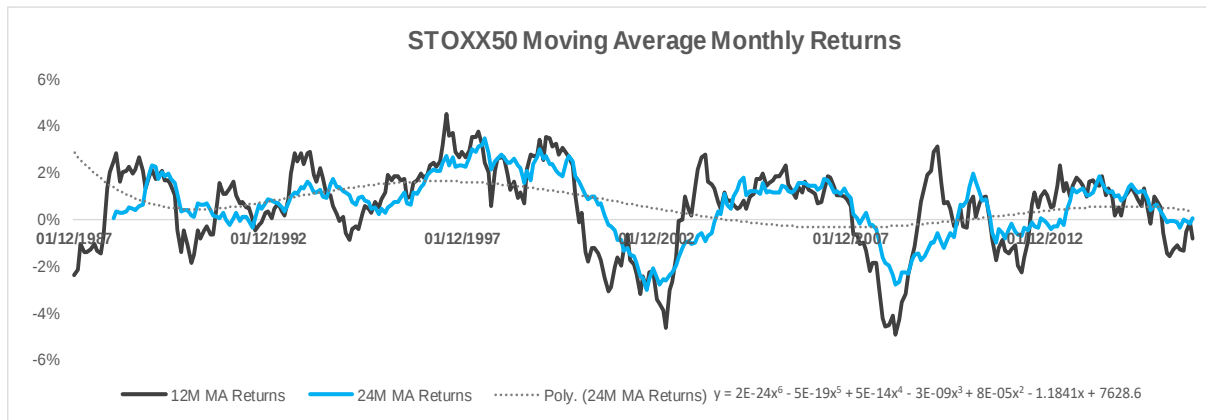


Appendices

Appendix 1. STOXX50 Moving Average Monthly Returns, 1987-2016

Source: Bloomberg data, November 2016.



Appendix 2. EURO STOXX 50 Components and Fundamentals, as of 09/12/2016

Source: Investing.com

Name ↕	Average Vol. (3m) ↕	Market Cap ↕	Revenue ↕	P/E Ratio ↕	Beta ↕
 AB Inbev	1.43M	166.26B	56.38B	55.72	1.04
 Adidas AG	929.74K		18.77B	28.21	0.81
 Ahold Delhaize	5.56M	23.81B	44.36B	17.14	0.85
 Air Liquide	1.23M	39.95B	24.67B	21.16	0.77
 Airbus Group	2.48M	45.85B	64.19B	17.78	1.51
 Allianz	1.55M		158.55M	10.69	1.06
 A SML Holding	1.08M	42.78B	6.32B	30.37	1.06
 AXA	6.48M	59.68B	266.36M	10.09	1.36
 BASF SE	2.30M		56.58B	17.88	1.09
 Bayer AG	2.33M		46.27B	16.32	0.9
 BBVA	25.69M		45.78B	11.96	1.3
 BMW ST	1.57M		94.21B	7.33	1.47
 BNP Paribas	3.75M	75.55B	97.45B	11.19	1.47
 CRH	2.03M	26.85B	36.33B	27.87	1.16
 Daimler AG	3.48M		152.69B	8.28	1.57
 Danone	1.63M	39.35B	33.46B	21.15	0.58
 Deutsche Bank AG	14.65M		39.21B		1.24
 Deutsche Post AG	2.84M	34.31B	57.26B	18.73	0.87
 Deutsche Telekom AG	8.92M		71.41B	12.09	0.71
 E.ON SE	13.17M	12.84B	60.12B		0.84
 Enel	39.57M	40.24B	105.57B	13.58	0.92
 Engie	5.78M	29.09B	103.39B		0.84
 ENI	18.36M	51.71B	120.96B		0.62
 Essilor International	532.44K	21.91B	10.30B	27.78	0.49
 Fresenius SE	1.11M		28.59B	24.46	0.55
 Iberdrola	14.13M		45.02B	14.93	0.9
 Inditex	2.15M		32.15B	32.68	0.64
 ING Groep	18.00M	53.23B	44.72B	12.43	1.48
 Intesa Sanpaolo	121.87M	40.05B	53.10B	17.82	1.62
 Louis Vuitton	968.33K	89.53B	52.85B	24.07	1.07
 L'Oreal	718.61K	91.02B	38.15B	31.74	0.57
 Muench. Rueckvers.	592.51K	28.15B	76.04B	10.74	0.72
 Nokia Oyj	22.66M	25.20B	26.08B		1.9
 Orange	8.12M	36.54B	60.32B	15.05	0.74
 Philips	2.99M	26.56B	24.37B	68.64	1.42
 Safran	1.33M	27.72B	27.36B	17.8	0.76
 Saint Gobain	2.07M	23.78B	59.17B	49.89	1.13
 Sanofi	3.27M	96.81B	51.34B	23.29	0.85
 Santander	48.25M		74.12B	12.68	1.37
 SAP AG	2.15M		21.68B	27.64	0.92
 Schneider Electric	2.17M	38.42B	183.75M	24.64	1.32
 Siemens AG	1.87M	88.83B		16.91	0.88
 Societe Generale	3.55M	37.85B	109.74B	10.15	1.9
 Telefonica	12.87M		50.20B	1526.83	1.08
 Total	7.67M	117.58B	112.27B	30.85	0.9
 Unibail Rodamco	357.08K	20.88B	2.58B	8.15	0.89
 Unilever NV	4.39M	110.27B	79.56B	21.5	0.8
 Vinci	1.68M	37.23B	56.96B	15.74	0.89
 Vivendi	5.25M	22.82B	10.86B	18	0.6
 Volkswagen AG VZO	1.16M		212.96B	181.97	1.55

Appendix 3. Airbus Consensus, 2016-2019 estimates from analyst coverage

Source: Bloomberg, Several Investment Banks

CONSENSUS	FY 2015 Act	FY 2016 Est	FY 2017 Est	FY 2018 Est	FY 2019 Est
12 Months Ending	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019
EPS, Adj+	3.41	3.19	3.60	4.84	6.15
EPS, GAAP	3.43	3.09	3.61	4.87	6.23
Revenue	64,450	64,605	67,571	72,373	77,143
Gross Margin %		13.3%	13.8%	14.9%	16.2%
Operating Profit	2,992	3,703	4,215	5,568	6,872
EBIT	4,132	3,629	4,349	5,545	6,893
EBITDA	0	5,981	6,666	7,979	8,837
Pre-Tax Profit	3,663	3,179	3,685	4,977	5,847
Net Income Adj+	2,679	2,433	2,782	3,729	4,507
Net Income, GAAP	2,696	2,426	2,821	3,728	4,636
Net Debt	-11,234	-10,374	-10,845	-11,131	-13,764
BPS	7.61	9.04	11.17	14.18	16.67
CPS	4.63	4.16	5.24	6.95	5.83
DPS	1.30	1.35	1.54	1.95	2.20
Return on Equity %	41.4%	38.1%	36.8%	39.2%	35.3%
Return on Assets %	2.7%	2.0%	2.4%	3.2%	0.0%
Depreciation	1921	2190	2268	2333	2335
Amortization	0	900.5	904.5	1576	1575
Free Cash Flow	710	737	1375	2839	3992
CAPEX	-2924	-2580	-2568	-2492	-2621

Appendix 4. Global Market Outlook 2016-2035

Source: Airbus Group Investor Relations, 2016

Passenger aircraft				
Region	Start Fleet 2016	End Fleet 2035	20Y new deliveries	Remaining
Africa	605	1,370	991	379
Asia/Pacific	5,659	14,685	13,239	1,446
CIS	824	1,688	1,201	487
Europe	4,228	7,791	6,508	1,283
Latin America	1,317	2,948	2,545	403
Middle East	1,090	2,986	2,365	621
North America	4,296	6,239	5,579	660
World	18,019	37,708	32,428	5,280

Freighter aircraft					
Region	Start Fleet 2016	End Fleet 2035	20Y new deliveries	Converted	Remaining
Africa	51	79	9	68	2
Asia/Pacific	302	778	219	502	57
CIS	66	81	25	36	20
Europe	254	311	79	196	36
Latin America	56	88	22	55	11
Middle East	70	127	64	33	30
North America	764	647	228	345	74
World	1,564	2,111	646	1,235	230

Total					
Region	Start Fleet 2016	End Fleet 2035	20Y new deliveries	Converted	Remaining
Africa	656	1,450	1,000	68	382
Asia/Pacific	5,961	15,463	13,458	502	1,503
CIS	890	1,769	1,226	36	507
Europe	4,482	8,102	6,587	196	1,319
Latin America	1,373	3,036	2,567	55	414
Middle East	1,160	3,113	2,429	33	651
North America	5,060	6,886	5,807	345	734
World	19,583	39,819	33,074	1,235	5,510

Pax Units								
Category	Africa	Asia/Pacific	CIS	Europe	Latin America	Middle East	North America	Total
SA	757	9,074	1,003	4,993	2,027	952	4,725	23,531
sTA	148	2,289	114	987	387	478	652	5,055
ITA	74	1,271	60	376	112	511	174	2,578
VLA	12	605	24	152	19	424	28	1,264
Total	991	13,239	1,201	6,508	2,545	2,365	5,579	32,428

Pax Values (\$US billion)								
Category	Africa	Asia/Pacific	CIS	Europe	Latin America	Middle East	North America	Total
SA	72	931	97	518	198	95	462	2,372
sTA	38	589	30	255	98	124	169	1,302
ITA	25	434	20	127	37	172	59	876
VLA	5	235	9	59	7	163	11	490
Total	140	2,188	156	959	341	554	700	5,040

Appendix 5. Regression results for Commercial Aerospace unit and Space & Defence (and Helicopters) unit unlevered beta on Euro STOXX 50 benchmark

Source: Bloomberg, last price stock data from November 2011 to November 2016

Stock price regression on Euro STOXX 50 returns

Commerical Aerospace			
Company	Safran SAF FP	Thales HO FP	Boeing BA US
Beta Levered (2014 - 2016)	0.81	0.61	0.62
Beta St.Error	0.06	0.06	0.06
95% Upper Bound	0.93	0.72	0.74
95% Lower Bound	0.69	0.49	0.51
Adj. Beta Levered	0.87	0.74	0.75

Company	SAF FP	HO FP	BA US	Airbus	
MV debt	1786	-1466	10456	11,319	
MV equity	26206	19205	91661	45,846	
EV (incl. [-] cash; [+] min. int.	28259	17930	92510	35,720	
D/EV	6%	-8%	11%	32%	
E/EV	93%	107%	99%	128%	
D/E	0.07	-0.08	0.11	0.25	
Unlevered Beta	0.82	0.80	0.87	0.83	Average
Relevered Airbus Beta				1.0347	

Stock price regression on Euro STOXX 50 returns

Space & Defence / Helicopters				
Company	Thales HO FP	BAE Systems BA/ LN	Leon.-Finm. LDO IM	Rolls Royce RR/ LN
Beta Levered (2014 - 2016)	0.61	0.69	1.17	0.65
Beta St.Error	0.06	0.06	0.11	0.09
95% Upper Bound	0.72	0.81	1.39	0.82
95% Lower Bound	0.49	0.57	0.95	0.47
Adj. Beta Levered	0.74	0.79	1.11	0.77

Company	HO FP	BA/ LN	LDO IM	RR/ LN	Airbus	
MV debt	-1466	1925	3538	1044	11,319	
MV equity	19205	19070	7689	13717	45,846	
EV (incl. [-] cash; [+] min. int.	17930	26720	13250	14763	35,720	
D/EV	-8%	7%	27%	7%	32%	
E/EV	107%	71%	58%	93%	128%	
D/E	-0.08	0.10	0.46	0.08	0.25	
Unlevered Beta	0.80	0.72	0.76	0.71	0.75	Average
Relevered Airbus Beta					0.9325	

Appendix 6. Detailed elaboration WACC composition

Source: Bloomberg, Analyst research

Throughout this analysis, we assumed that the investor is fully diversified and, in the CAPM world, holds the tangency portfolio that is the market portfolio. In order to derive the weighted average cost of capital (WACC) for the defined parts, at the same time, the chosen benchmark should fully reflect the potential investor in the company. Therefore, the European STOXX 50 index was selected as the index that best reflects full diversification of a European investor. The local index French CAC 40, was considered as not diversified and liquid enough to fully reflect the market portfolio for this analysis. The market return was determined by computing the weekly returns based on the historical prices of the STOXX 50 index for the period of 5 years. The same 5-year time horizon is the forecasting period before determining the Terminal Value (TV) later on. The annualized market return for the period from 2011 to 2016 based on weekly data was 7.01%. In the CAPM model, the market premium ($r_{MRP} = r_m - r_f$) that the investor will require for holding the market systematic risk β , is obtained by subtracting the risk-free rate from the market return. The cost of equity is then determined by the following formula, *CAPM model*: $r_e = r_f + \beta * (r_m - r_f)$.

In this case, the yield of the 10-year German Government Note⁵ (currently at 0.08%) is considered the appropriate risk-free rate for the European market to compute the market risk premium. However, since such low interest rate levels are not sustainable over a long-term horizon, we assume a risk-free rate of 1%. Consequently, the market risk premium based on the chosen benchmark equals 7.01%.

Within the scope of finding appropriate comparable companies for the beta analysis, the biggest industry players and competitors for both sections Airbus and Space & Defence were defined. The considered time window for historical weekly stock prices of these comparable companies was five years. From these prices, the weekly returns were determined. The same was done for the weekly STOXX 50 index prices. The weekly market returns were annualized to compute the market risk premium, as was explained earlier. By regressing the weekly stock returns on the market return, the asset specific levered betas for each equity (stock) were determined. Each equity's beta was then unlevered by the debt-to-equity ratio based on market values. The European industry specific beta regressions showed that the average unlevered beta for the commercial aircraft manufacturing industry is slightly higher with 0.83 than the space & defence industry specific average unlevered beta (0.75).

⁵ 10 Year German Government Notes Average Past 18 Weeks Yield (2016): 0.08%

In a final step, the averaged unlevered betas were relevered for the Airbus specific debt-to-equity ratio (in market values). The respective Airbus equity betas are 1.04 for commercial aircraft manufacturing business and 0.93 for the space & defence sector. The latter beta will also be assumed for the Airbus Helicopter business.

To achieve the fair present value of future free cash flows of Airbus, the determined free cash flows for both valuation parts (Airbus / HQ and Airbus Helicopters / Airbus Space & Defence) need to be discounted at the appropriate discount rate. The appropriate discount rate is the weighted average cost of capital (WACC) that takes into consideration the riskiness of the business and its leverage level.

	Commercial Aerospace	Space & Defense/Helicopter	INPUTS	
cost of equity	8.10%	6.97%	MRP	7.01%
weight	87.9%	87.9%	risk-free	1.00%
cost of debt	3.50%	3.50%	β levered CA	1.013
weight	12.1%	12.1%	β levered S&D/Heli	0.852
avg marginal tax	20%	20%	equity (MV)	46,410
WACC	7.46%	6.47%	debt (MV)	6,369
			total value adj	52,779
			cost of debt	3.50%

The WACC formula

is defined as follows, $WACC = \frac{E}{E+D} * r_e + \frac{D}{E+D} * r_d * (1 - t)$. Where r_e is the cost of equity of the particular business unit, which was calculated using the CAPM model and by considering the market risk premium. The results of the WACC computation for the two (three) divisions, is displayed in Table 5.

As was determined before, the r_e for Airbus is 8.1%, based on the industry beta regression, the risk-free rate and the market risk premium of the aircraft manufacturing industry. The r_e for Airbus Helicopters and Airbus Space & Defence was determined to be 6.47%, derived through the similar mechanism of the CAPM model but its own industry comparable and leverage levels.

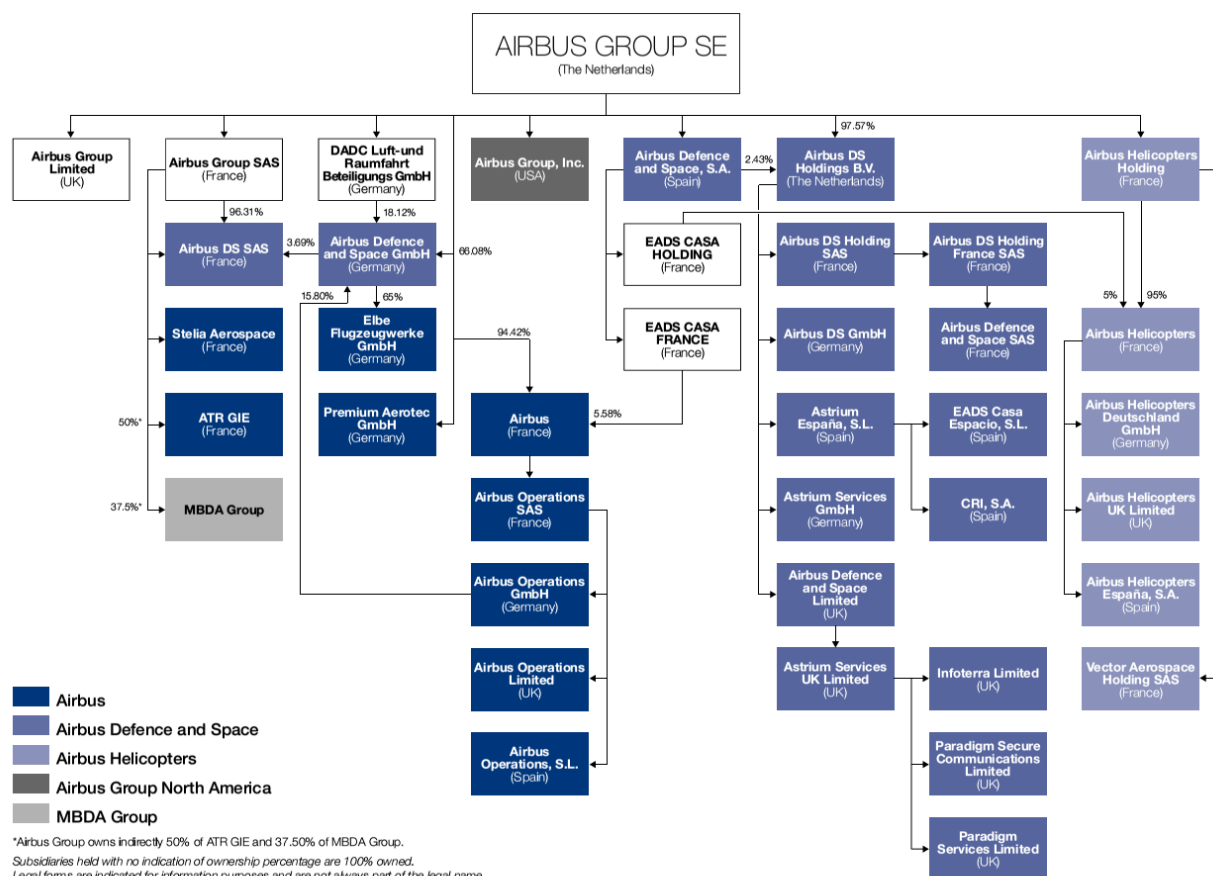
The cost of debt r_d reflects the current cost (interest rate) at which the company could take on more debt. Given that Airbus can take advantage of its size as a conglomerate, we may assume that (a) both Parts benefit from the access to cheaper credit facilities and new debt at better conditions as if they were to indebt themselves independently from the Airbus Group, and that (b) Airbus Group as whole benefits from its position of being a partially state-owned company backed by three of the strongest economies (France, Germany, Spain) in Europe, guaranteeing it an additional advantage in terms of group corporate bond rating, hence access to cheaper new money from financial institutions. Based on historic average costs of debt for the Aerospace and Defence industry, and knowing that the low interest rates will not exist eternally (as is considered by discounting the terminal value by the WACC), a long-term cost of debt of 3.5%

was assumed. The same cost of debt was used to discount off-balance sheet operating leases that are considered debt-like items⁶.

The long-term marginal tax rate was computed by taking the historical average of annual marginal tax rates from 2012 to 2020 and equals 20%. The D/E or respectively D/EV and E/EV ratios were determined based on current market values of equity and debt. The weight of equity is 88% and the weight of debt is 12%. Combining all necessary inputs together, we obtain two WACCs that are industry specific.

Appendix 7. Simplified Airbus Group Structure

Source: Airbus Group Annual Report 2015



⁶ From 2018 onwards IFRS will incorporate the IAS 17 rules on off-balance sheet operating leases and their capitalization. Consequently, there will be no further distinction made between operating leases and financing leases, but only financing leases will remain as an on-balance sheet liability. This change in standard was ignored within this valuation model.

Appendix 8. Order book Airbus Summary

Source: Airbus company data

2016 Annual Orders Summary	A310/ A300-600	A320 Family	A330	A340	A350	A380	Total
Gross Orders *		555	92		51	2	700
Net in year of cancellation **		392	69		49	0	510

2015 Annual Orders Summary	A310/ A300-600	A320 Family	A330	A340	A350	A380	Total
Gross Orders *		1015	156		16	3	1190
Net in year of cancellation **		945	136		-3	2	1080

2014 Annual Orders Summary	A310/ A300-600	A320 Family	A330	A340	A350	A380	Total
Gross Orders *		1545	174		57	20	1796
Net in year of cancellation **		1321	154		-32	13	1456

2013 Annual Orders Summary	A310/ A300-600	A320 Family	A330	A340	A350	A380	Total
Gross Orders *		1253	77		239	50	1619
Net in year of cancellation **		1162	69		230	42	1503

2012 Annual Orders Summary	A310/ A300-600	A320 Family	A330	A340	A350	A380	Total
Gross Orders *		783	80	2	40	9	914
Net in year of cancellation **		739	58	0	27	9	833