

# Airbus SE

## Europe Satellite\*

Recommended since 16.01.2025

16.01.2025



<b>Country</b> FR	<b>Market capitalization (bn)</b> EUR 122.7	<b>Perf. since reco. (%)</b>
<b>Sector</b> Industrial Goods & Services	<b>Free float</b> 74.2%	Airbus SE 0.0
<b>Factset</b> AIR-FR	<b>Closing price</b> EUR 154.38	Sector 0.0
<b>ISIN</b> NL0000235190	<b>ESG Risk score*</b> 24.1 Medium risk	

**Profile**  
Airbus SE is Europe's leading aerospace group, dedicated to the design, manufacture and marketing of aerospace products, services and solutions. It operates through the following segments: Airbus, for civil aircraft, Airbus Helicopters and Airbus Defense and Space. The company was founded on 29 December 1998, employs 148,000 people and is headquartered in Blagnac, France.

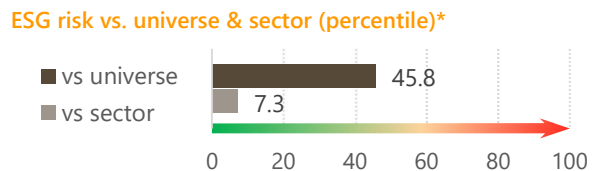
- Strengths/opportunities**
- Structural growth in the sector and visibility of the backlog
  - World leader and brand image vs Boeing
  - Strong growth expected in deliveries and profits to 2027

- Weaknesses/threats**
- Tight supply and subcontracting chain
  - European space sector in difficulty - restructuring
  - Sensitivity to the EUR/USD exchange rate, beyond hedging

**Investment case**

- Airbus shares have been the worst performers in the European aerospace and defence sector over the past 12 months (up just 4%), with the exception of the UK's BAE Systems (up 1%), boosted by the engine-makers and their recurring maintenance - services revenues, particularly Safran. We expect this trend to reverse, with an order backlog of nearly 9,000 aircraft, or more than 11 times the number delivered in 2024 (766), and a ramp-up to 2025-27, which is not without risk but will be made possible by the ramp-up in deliveries of Safran's LEAP engines (+15/20% expected in 2025 vs 2024) - subject to the rest of the subcontracting chain, an industrially sensitive subject.
- This should translate into significant growth in aircraft deliveries, expected to reach c.830 in 2025e, c.910 in 2026, and perhaps the historic c.1000 mark in 2027. Most of this growth should come from single-aisle aircraft, typically the A320 family, the real cash cows of the range, with high profitability. Adjusted EBIT, of which c.90% comes from the Airbus division (i.e. civil), is consequently expected to rise by c.50-60% in 2026e vs 2024e, leading to annualised growth in adjusted EPS of nearly 30%, or, when adjusted for the PE2024 of c. 30x, a PEG of the order of 1.0-1.1x compared with an average of 1.7x for engine manufacturers. The 1st quarter is traditionally weaker in terms of deliveries, which could result in the share breathing-volatility, which we would like to take advantage of to buy into the 2025-2027 outlook, with a price target that we have set at EUR 200.

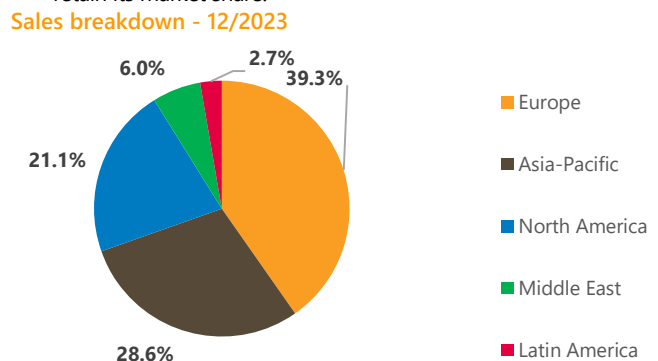
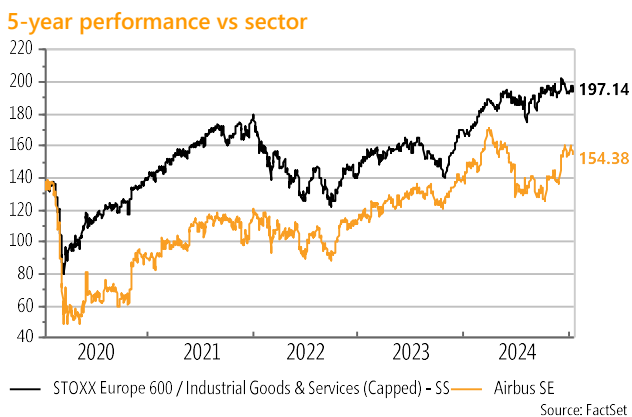
**Valuation**  
The PE2024e is high on the face of it, at c. 30x, but should be seen in the light of the strong growth expected in profits by 2026-2027: this strong growth, subject to the planned ramp-ups, is not very expensive to pay for.



EUR	12/2023	12/2024e	11/2025e
Sales revenue (mio)	65 446	68 861	75 368
Sales growth	11.4%	5.2%	9.4%
EBIT adjusted (mio)	4 266	5 444	7 271
% of sales	6.5%	7.9%	9.6%
Net income (mio)	3 789	4 032	5 399
Net income growth	-10.8%	6.4%	33.9%
FCF/Sales	5.1%	4.9%	6.3%
Net debt/Ebitda	-0.6x	-1.2x	-1.2x
Dividend yield	1.2%	1.4%	1.7%
PE	ns	30.1x	22.3x
P/BV	7.0x	6.2x	5.3x

Factset estimates

- ESG - risks and key points**
- Airbus has a medium risk of ESG-related financial impacts due to high risk exposure, mitigated by strong governance, evidenced by its risk vs sector.
  - Defects in or accidents involving the Group's products may result in legal action.
  - CO2 emissions from air transport are a key issue. In 2022, the International Civil Aviation Organization has committed to a net zero trajectory by 2050: Airbus will have to play a central role in this if it is to retain its market share.



\*: see overleaf

Source: Factset, Sustainabilitys

# Glossary

## Satellite

From 2015, B&Cie separates its investment recommendations into Core Holdings (higher organic growth potential, high free cash flow, ROCE in excess of the cost of capital and balance sheet efficiency throughout the cycle) and Satellite Recommendations, which do not meet the above criteria but are likely to outperform in the short-to-medium term.

## ESG Risk Score

At B&Cie, we take particular care to ensure that the companies in which we recommend investing are sustainable. Accordingly, our selection process takes account of risks relating to environmental, social and governance (ESG) issues. This approach is underpinned by research from Sustainalytics, the global leader in ESG and corporate governance analysis, whose methodology aims to identify major controversies and risks and assess a company's ESG risks relative to both its sector and the investment universe as a whole. The corresponding score is expressed as a percentile: the lower the overall risk score, the lower the risk within the investment universe.

## b-Digital, b-Transition & b-Well

Over and above the conventional geographical and sectoral approaches to asset management, at B&Cie we believe the world of tomorrow is being shaped by structural trends. We have identified three main megatrends: ongoing digital globalisation of the economy; economic transition, particularly in the energy sector; and the quest for wellness. We believe selecting and investing in companies that play an active role in these transformations should lead to more resilient portfolios that generate higher long-term returns. Our investment recommendations in the digital globalisation space are labelled "b-Digital", those in the economic transition space "b-Transition" and those in the wellness space "b-Well". A given recommendation may fall under more than one theme, in which case it will carry the relevant matching labels.

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