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Abstract

The primary objective of this project is to conduct a comprehensive analysis of Airbus SE's (NBB: EADS Y) recent financial performance, with a specific focus on its business activities. Airbus was founded by Anthony Fokker in 1912 and went public on July 10, 2000, in the Netherlands. In this study, I will look at financial figures to make sense of alignment with business activities. After a disastrous period of the pandemic, Airbus rebounded in the financial year 2022, with a net income of 4.2 billion Euros.

I carry out ratio analysis and lean upon stock market performance. I main source information is "Mergent online" database as well as financial statements reported to the securities and exchange commission (SEC) through public filings (10-K). All financial analyses are carried out using MS Excel. The main goal of this research is to understand how companies such as Airbus adopt a robust financial strategy to quickly rebound from financial losses and leverage external factors to continue to lead the aviation manufacturing industry.

Introduction

Airbus, a prominent multinational corporation, maintains an extensive presence across Europe and the United States through its diverse subsidiaries. The company's scope encompasses various sectors, including defense, security, and space technology. As outlined in its comprehensive annual report, Airbus operates within three distinct business segments:

1. Commercial Jets and Aircraft Conversion

Services: This segment focuses on the development, manufacturing, marketing, and sale of commercial jet aircraft, alongside offering aircraft conversion and associated services.

2. Airbus Helicopters: Renowned for its civil and military helicopter solutions, this division is dedicated to the development, manufacturing, marketing, and sale of helicopters, as well as the provision of comprehensive helicopter-related services.

3. Airbus Defense and Space: Structured into specific program lines such as Military Aircraft, Space Systems, Connected Intelligence, and Unmanned Aerial Systems, this segment is at the forefront of delivering cutting-edge defense, security, and space technology solutions.

Source:

<https://www.airbus.com/>

<https://www.mergentonline.com/>

Year	2022	2023
Revenue	58836	65783
COGS	45,476	53,160
SG&A	5,319	5,778
Depreciation	2,716	2,242
EBIT	5,325	4,603
Interest Expense	250	-166
EBT	5,075	4,769
Taxes	939	980
Net Income	4,136	3,789
EPS	5.4	4.80

Table 1: Snapshot of Income Statement for years 2022-23

Report Day	2022	2023
Total Current Assets	63,002	64,001
Total Assets	115,994	118,871
Long - Term Liabilities	50,367	47,391
Short - Term Liabilities	52,595	53,750
Total Owner's Equity	12,982	17,730

Table 2: Snapshot of common size balance sheets from 2022-23 (% total Assets)

Liquidity	2022	2023	Solvency Ratios	2022	2023
Current Ratio	1.198	1.191	Debt Ratio	0.888	0.851
Quick Ratio	1.047	1.076	Times Interest Earned	21.300	-27.729
Cash Ratio	0.301	0.306	Cash Coverage Ratio	32.164	-41.235
Asset Management Ratio	2022	2023	Profitability Ratios	2022	2023
Inventory Turnover	1.412	1.916	Profit Margin	0.070	0.058
Days' Sales in Inventory	258.460	190.465	ROA	0.036	0.032
Receivable Turnover	11.879	5.846	ROE	0.319	0.214
Days' Sales in Receivable	30.727	62.432			
Total Asset Turnover	0.507	0.553			
Market Value Ratios	2022	2023	2014 DuPont Analysis	2022	2023
EPS	5.400	4.800	Profit Margin	0.070	0.058
P/E	29.696	33.333	Asset Turnover	0.507	0.553
PEG	36.797	-3.973	Financial Leverage	8.935	6.705
M -BV	9.461	7.124	ROE	0.319	0.214

Table 3: Revenue by Segment

Method

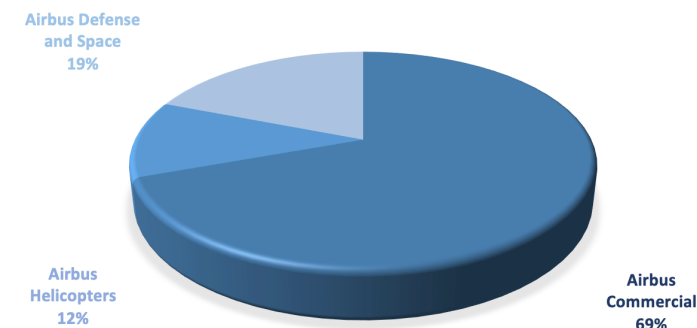
To complete my research, I looked at the following:

- Analysis of the company's financial statements for the years 2022-2023 (e.g. income statements and balance sheet)
- Analysis of the company's press releases in 2022-2023 (including 10-K filings)

Financial Statement Analysis

- **Revenue:** Based on table 1, the revenue for 2023 has increased by about 11.8%, signifying continued turnaround from the pandemic
- **Net Income:** Although Airbus had an increased its revenue in 2023, its net income has decreased by 8.39%. This is mainly caused by higher operating costs and the increase of tax expense as seen in Table 1.
- **Current Assets and Liabilities over the recession:** In Table 2, the size of total current assets in 2023 has shown a slight increase of 1.59%. Table 2 also indicates that Airbus' long - term liability decreased by 5.9% in 2023, and its short - term liability increased by 2.196%.

REVENUE (IN MILLION, EURO)



Char 1: Revenue of each Airbus Business Segment

Results and Conclusion:

Ratio Analysis:

- **Liquidity Ratio:** Its liquidity position has remained relatively constant over the past 2 years, demonstrating that Airbus is maintaining a healthy current ratio greater than 1.
- **Asset Turnover:** Its inventory turnover has increased slightly, but the 'Days' Sales in Inventory' has decrease significantly. These changes indicate efficient production management. 'Days' Sales in Receivables' has also increased, thereby showing that Airbus customers made greater purchases on credit and that this could lead to an unhealthy effect on Airbus' cash flow.
- **Solvency Ratio:** Due to the present of net interest income, these data can not provide an accurate insight into Airbus' debt structure from an income statement perspective.

DuPont Analysis:

- Airbus' profit margin has decreased, which comes from higher operational cost, and this is the main contributor to the lower return on ROE to shareholders.
- Assets Turnover has improved due to increase in sales.
- Financial leverage has improved because of Airbus' quick retirement of debt.

Overall, Airbus has done significantly better in 2023 due to resources within its control.