

# AIRBUS GROUP

AIRBUS GROUP active in the sector «Aerospace», belongs to the industry group «Industrial Goods & Services».

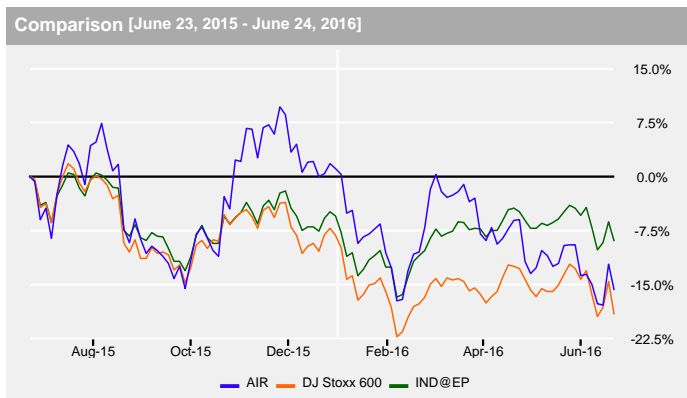
Its market capitalization of USD 44.76 bn. ranks it among large-cap stocks.

During the last 12 months this stock has reached a high of EUR 67.95 and a low of EUR 50.83; its current price of EUR 52.11 places it 23.3% under its 52 week high and 2.5% over its 52 week low (bi-weekly closing).

Performance since June 23, 2015: AIRBUS GROUP: -15.9%, Industrial Goods & Services: -9.1%, DJ Stoxx 600: -19.3%



Company Name	Price	Perf YtD	Mkt Cap in \$bn	Stars	Risk Zone	Nb of Stocks	7wk EPS Rev	LT P/E	LT Growth	Div	4wk Rel Perf
AIRBUS GROUP	52.11	-16.7%	44.76	★★★★★	⬆️		-17.9%	9.7	15.9%	2.7%	-0.5%
Industrial Goods & Services (EP)	170.00	-3.7%	1,198.20	★★★★★	⬆️	273	-3.5%	13.0	12.6%	3.3%	2.7%
DJ Stoxx 600	322.00	-12.0%	10,374.72	★★★★★	⬆️	600	0.6%	11.9	12.6%	4.0%	-6.4%



## Fundamental and Technical Analysis

### Price level analysis

In order to assess whether AIRBUS GROUP is currently fairly priced, we focus on the Peter Lynch's broadly accepted methodology which compares the projected earnings growth and dividend with the estimated PE ratio. Based on this,

- AIRBUS GROUP is fundamentally undervalued compared to its theoretical fair price.
- its valuation is less attractive than the European «Industrial Goods & Services» aggregate.

The "Forecasted Growth + Estimated Dividend Yield/ Estimated Price Earnings" ratio higher than 1.6 often suggests the projected growth is a result of a base effect, meaning the company can often be in a turn around situation. In this case, the estimated PE is a better indicator of a stock's expected growth than the Long Term Growth (LT Growth).

The fundamental price potential for AIRBUS GROUP is good, even if other stocks in the same industry group present an even better valuation.

Note that the projected earnings growth to the estimated PE ratio is very high (1.92), which indicates a base effect, a sign that the past earnings experienced a strong decline before shooting upward again.

### Earnings revisions

AIRBUS GROUP is strongly followed by financial analysts, as over the last three months an average of 29 analysts provided earnings estimate forecasts up until the year 2018.

Currently, these analysts are negatively revising their earnings growth estimates (-17.9%) compared with seven weeks ago. This negative pressure on the growth expectations has been apparent since May 6, 2016 when the stock closed at the price of EUR 54.03 and confirms the negative technical trend.

The positioning of AIRBUS GROUP vs. its reference sector («Industrial Goods & Services») accentuates that the clearly negative trend of earnings revisions is not a problem specific to the stock, because its environment is also being revised negatively.

### Technical trend and relative performance

Since April 1, 2016, the medium-term technical trend is negative, at a price of EUR 56.98. Its adjusted technical reverse point is EUR 55.62, or 6.7% above the current price.

The four-week relative performance against the reference index DJ Stoxx 600 is -0.5%. The technical trend also negative, validates this underperformance, which confirms that the investors are more interested in other stocks.

The four-week relative performance of its reference group («Industrial Goods & Services») is positive.

### Dividend

The 12-month indicated dividend yield is 2.7%. This estimated dividend represents 26.5% of the estimated earnings. Consequently, the dividend is easily covered, and very likely to prove sustainable.

### Summary of the fundamental and technical analysis

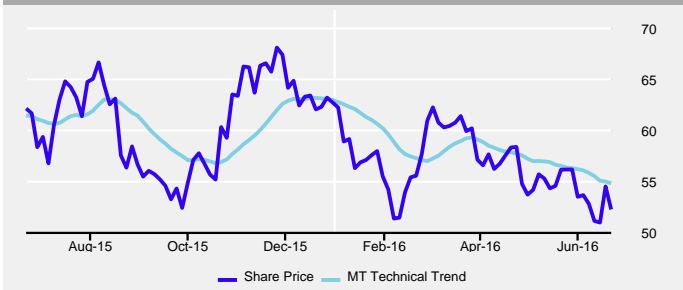
- The negative driving earnings revisions trend is not specific to the stock, but affects the entire sector.
- In terms of valuation, the stock has good potential.
- The negative technical trend goes along with the aggregate: the pressure is systemic.
- The stock showed a relative underperformance in a generally positive environment «Industrial Goods & Services».

Checklist		
Global Evaluation	⬇️	Downgrade from slightly positive to neutral the 01-Apr-2016.
Stars	★★★★★	Very weak interest since 06-May-2016.
Earnings Rev Trend	⬇️	Analysts negative since 06-May-2016
Valuation Rating	★	Moderately undervalued
MT Tech Trend	⬇️	Trend negative since 01-Apr-2016
4wk Rel Perf	-0.5%	vs. DJ Stoxx 600
Risk Zone	⬆️	No change over 1 year.
Bear Mkt Factor	⬆️	Average risk positioning during market declines
Bad News Factor	⬆️	Slight market sanction in case of specific pressure

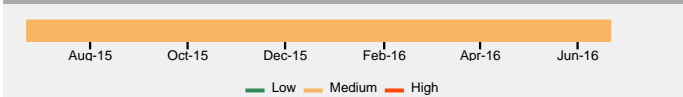
## AIRBUS GROUP - Sector and/or Group comparison

Company Name	Symbol	Market	Price	Perf YTD	Mkt Cap in \$bn	Stars	Risk Zone	G/PE Ratio	LT P/E	LT Growth	Div	Volatility 1M	Global Evaluation
AIRBUS GROUP	AIR	FR	52.11	-16.7%	44.76	★★★★★	📉	1.92	9.7	15.9%	2.7%	40.1%	📊
SAFRAN SA	SAF	FR	58.28	-8.6%	27.02	★★★★★	📉	0.88	13.4	9.1%	2.7%	35.7%	📊
THALES SA	HO	FR	72.29	4.3%	16.96	★★★★★	📈	1.18	13.4	13.6%	2.2%	24.8%	📊
DASSAULT AVIATION	AM	FR	906.40	-21.2%	9.19	★★★★★	📉	1.20	12.7	13.8%	1.4%	27.5%	📊
UNITED TECHS.CORP.	UTX	US	98.89	2.9%	82.76	★★★★★	📉	1.00	12.9	10.2%	2.7%	11.5%	📊
THE BOEING CO.	BA	US	126.52	-12.5%	80.59	★★★★★	📉	1.42	11.4	12.5%	3.7%	23.2%	📊
LOCKHEED MARTIN CORP.	LMT	US	239.70	10.4%	72.98	★★★★★	📈	1.10	15.3	13.9%	3.0%	9.1%	📊
GENERAL DYNAMICS CORP.	GD	US	136.14	-0.9%	41.61	★★★★★	📉	0.95	12.5	9.5%	2.2%	10.6%	📊
RAYTHEON CO.	RTN	US	135.75	9.0%	40.32	★★★★★	📈	0.99	15.3	12.8%	2.2%	13.8%	📊
NORTHROP GRUMMAN CORP.	NOC	US	212.71	12.7%	38.38	★★★★★	📈	1.01	15.3	13.8%	1.7%	8.8%	📊
BAE SYSTEMS PLC.	BA.	GB	480.80	-3.8%	20.79	★★★★★	📈	1.12	11.1	7.9%	4.5%	22.9%	📊

### AIRBUS GROUP (EUR) [June 23, 2015 - June 24, 2016]



### Risk evolution [June 23, 2015 - June 24, 2016]



### Risk Analysis \* within the asset class equity

#### Beta, Correlation and Volatility

Beta is often used as a measure of risk. Where a Beta is greater than 100, the stock is more volatile and therefore more risky. A Beta of 1.26 indicates that for 1% of index variation, AIRBUS GROUP varies on average by 1.26%. But a Beta analysis coupled with the correlation gives a more relevant assessment.

Correlation is the degree of similarity in which a stock fluctuates in relation to its reference index. AIRBUS GROUP has a correlation rate of 0.84. This indicates that 84% of the stock's movements are explained by index variations. AIRBUS GROUP is strongly correlated to DJ Stoxx 600.

The volatility is also used as a risk factor. It measures the magnitude of the high and low movements of a stock or index. The higher the volatility, the more risky a stock is considered to be. The 1 month annualized volatility of AIRBUS GROUP is : 40.1%, that of the index DJ Stoxx 600 is 34.0% and that of the world aggregate for the group Industrial Goods & Services is 17.0%. By comparison, the average volatility of the stocks that make up the reference index is slightly lower at 37.9%.

#### The risk factor in bear markets

The "Bear Market Factor" measures the behavior of a stock in declining markets. In this context, AIRBUS GROUP has a tendency to drop in the same proportion as the index DJ Stoxx 600. This behavior provides an average risk positioning during market declines.

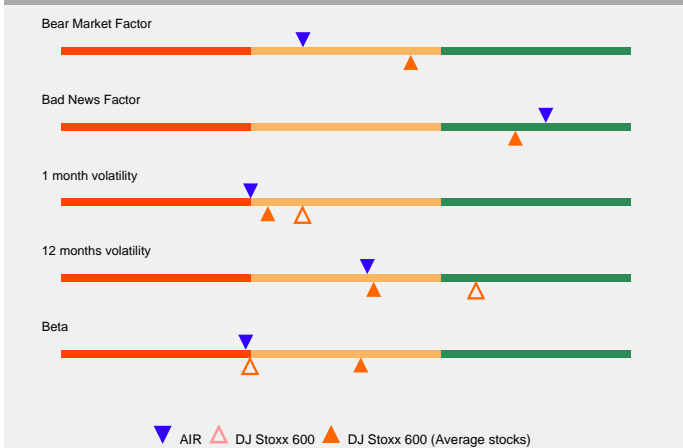
#### The risk factor in rising markets

The "Bad News Factor" measures the behavior of a stock in rising markets. This behavior shows that in the case of specific pressure, AIRBUS GROUP is slightly sanctioned by the market. When the stock goes down in a rising environment, its average deviation is -1.98%.

#### Summary of the risk analysis

Globally, the risk the investor takes on with AIRBUS GROUP can be considered average and this more than one year.

### Risk profile



### Conclusion

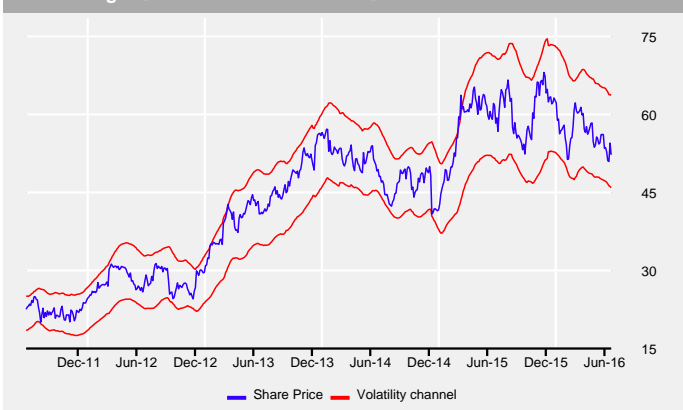
At the analysis date of June 24, 2016, the general impression that the fundamental and technical elements (valuation, earnings revisions, group benchmarking, technical factors) give is slightly negative. Moreover, the combination of the different criteria of risk appreciation (volatility, correlation coefficient, Beta, Bear Market Factor, Bad News Factor) leads to a general qualification of medium risk. By combining the slightly negative fundamental and technical analysis, with the medium risk, the general evaluation seems medium.

### Key figures

Annualized estimate for current year to	2018
Estimated PE (LT PE) for 2018	9.7
Projected earnings growth (LT Growth)	15.9%
Dividend	2.7%
Number of analysts	29
First analysis date	02-Jan-2002

## 5 year history

Price changes [June 24, 2011 - June 24, 2016]



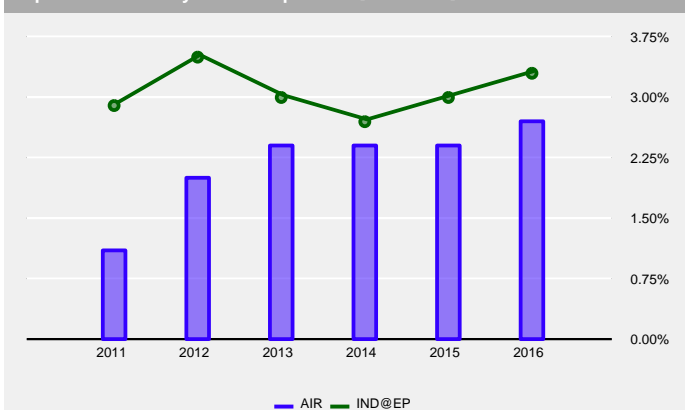
### Price changes over 5 years

The volatility channel shows a stock's average fluctuations over the last 5 years.

During this period, the high of EUR 67.95 was reached on November 2015 and the low of EUR 19.91 in the month of August 2011.

The price development is generally in the volatility channel whose upper and lower limits are presented here. Crossing one of these limits is an exceptional situation accompanied by strong increases in short-term volatility.

Expected dividend yield - Comparative [2011 - 2016]



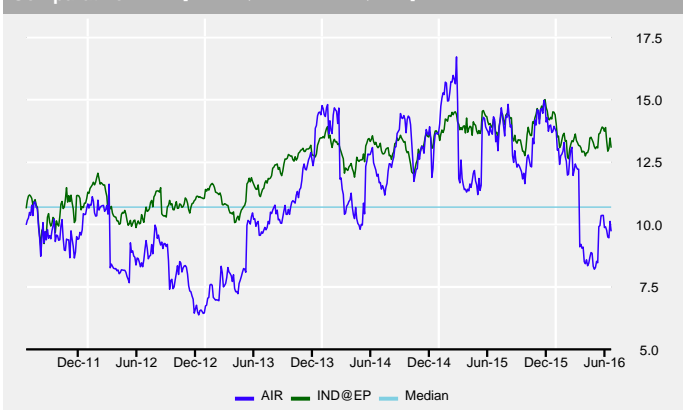
### Comparative evolution of the expected dividend yield since 6 years

The 12-month indicative dividend yield is 2.7%, less than the 3.3% average of the industry group of AIRBUS GROUP.

Reminder, this estimated dividend represents 26.5% of the estimated earnings; it is therefore largely covered, and its payment almost guaranteed.

The last estimation of the expected dividend is relatively steady, because the average of the last years is 2.2%.

Comparative LTPE [June 24, 2011 - June 24, 2016]

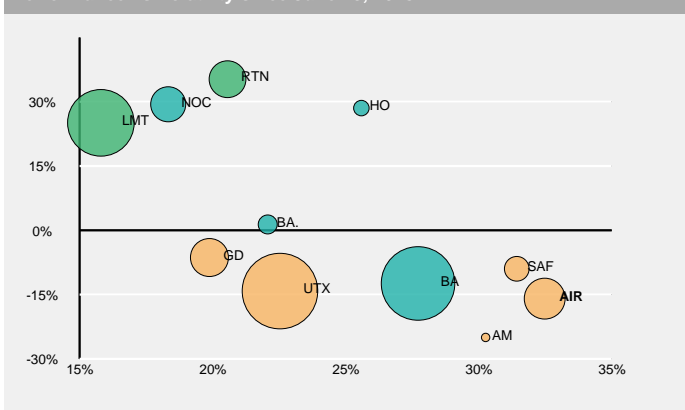


### Comparative evolution of the LTPE over 5 years

While the projected forward PE of the stock AIRBUS GROUP is 9.70, the PE of the group Industrial Goods & Services is clearly higher (13.05); this indicates that the stock is trading at a large discount compared to its group.

Historically speaking, this stock is also currently trading at a discount, because its median is 10.67.

Performance vs Volatility since June 23, 2015

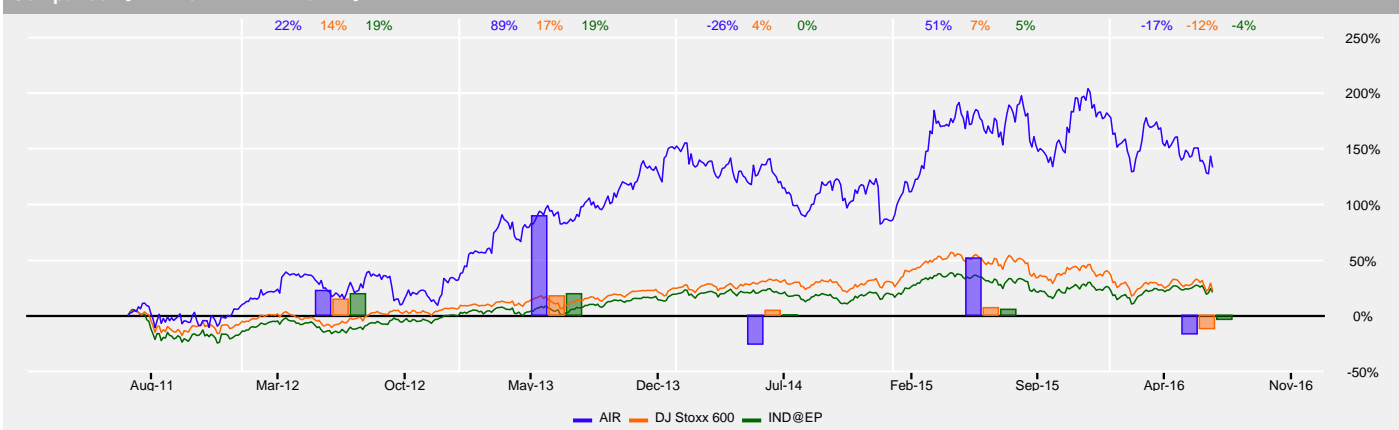


### Performance and Volatility

The vertical axis measures the performance since June 23, 2015 of the 10 stocks presented in the table on page 2, while the horizontal axis measures the 12 month annualized volatility.

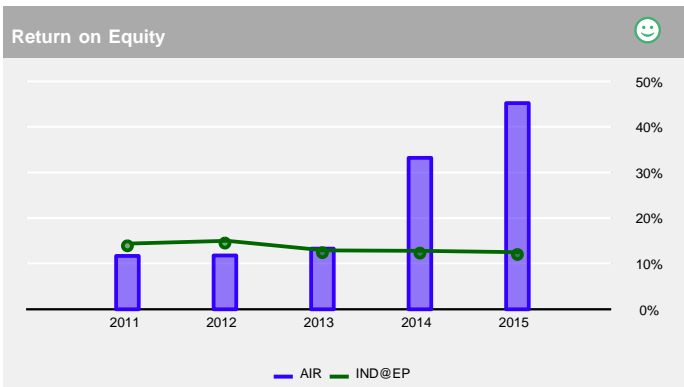
The bubbles are sized according to market capitalization, and their colors indicate the overall rating (Global Valuation).

Comparison [June 24, 2011 - June 24, 2016]

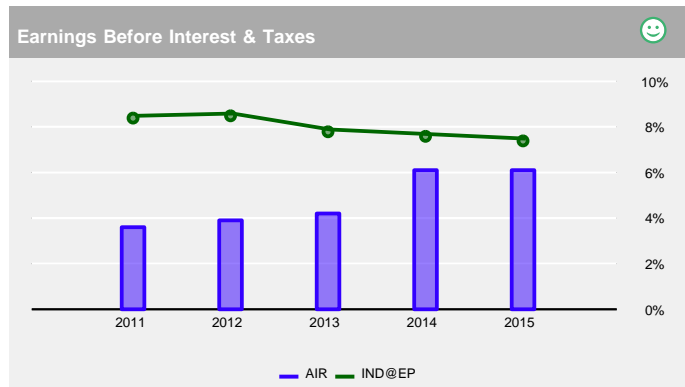


### Comparative performance over 5 years

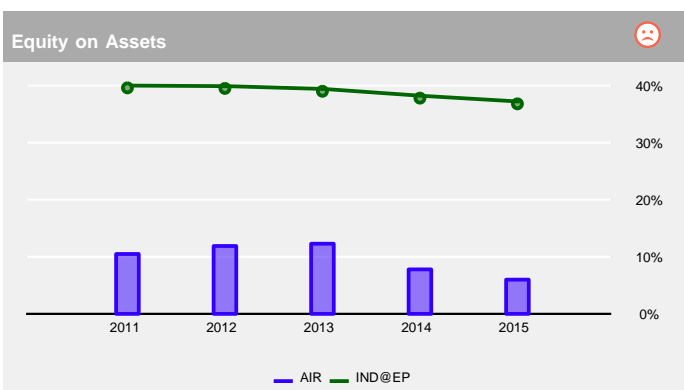
On a 5 year moving average, the performance of the stock AIRBUS GROUP is 132.6%, vs. 22.0% for the DJ Stoxx 600 and 20.5% for the group Industrial Goods & Services (IND@EP).



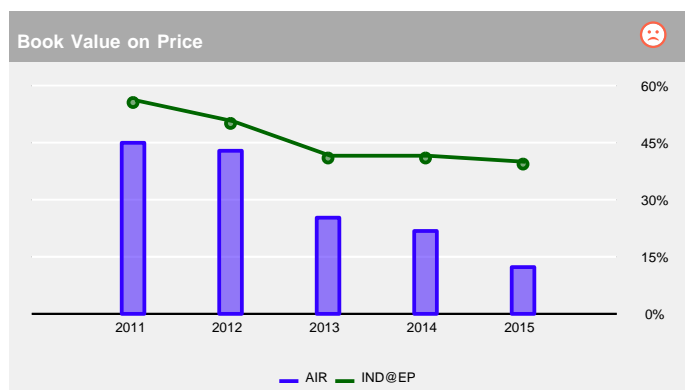
The return on equity (eng. ROE or Return on Equity) is the ratio between the profits made and own funds provided by the shareholders. The figure varies greatly from industry to industry. In AIRBUS GROUP the average ROE is 23%, above the industry average of 13%, which indicates an efficient capital use. The last publicized return on equity of 45% is above the long term average of 23%.



The operating margin (EBIT) of AIRBUS GROUP located in the historic resources at 5%. This is similar to the industry average of 8%. The last reported 6% are near the historical average of 5%.



The graph shows the share of own funds in relation to the total assets. The higher the value, the more conservative the company's finances. AIRBUS GROUP has an average equity ratio of 10%, which is below the industry average of 39%. The current capital share of 6% is close to the historical average of 10%.



The book value of the company is shown in relation to the stock's value. The larger the ratio, the more asset value is obtained relative to the market price. The indicator is subject to strong sectoral differences. The average value of AIRBUS GROUP is with 29% below the industry average of 46%. With 12% the current value is below the historical average of 29%.

Balanced sheet	2013	2014	2015	
	31-Dec	31-Dec	31-Dec	
Currency 'mio	EUR	EUR	EUR	
Cash & Short Term Invest	11,533	11,175	10,241	10%
Receivables	9,582	9,384	10,803	11%
Inventories	25,060	25,355	29,051	29%
<b>Total Current Assets</b>	<b>47,098</b>	<b>46,932</b>	<b>51,464</b>	<b>52%</b>
Properties & Equipment	15,856	16,321	17,127	17%
Intangible	13,653	12,758	12,555	13%
<b>Total Assets</b>	<b>89,471</b>	<b>90,385</b>	<b>99,922</b>	<b>100%</b>
Account Payable	10,372	10,183	11,763	12%
Short Term Debt	2,100	1,581	3,360	3%
<b>Total Current Liabilities</b>	<b>48,581</b>	<b>47,497</b>	<b>53,777</b>	<b>54%</b>
Long Term Debt	9,867	12,298	13,051	13%
<b>Total Liabilities</b>	<b>89,471</b>	<b>90,385</b>	<b>99,922</b>	<b>100%</b>

Annual Statement	2013	2014	2015	
	31-Dec	31-Dec	31-Dec	
Currency 'mio	EUR	EUR	EUR	
<b>Total Revenue</b>	<b>59,256</b>	<b>60,713</b>	<b>64,450</b>	<b>100%</b>
Cost	48,888	49,622	53,109	82%
Gross Income	8,400	9,019	8,875	14%
General Cost & Administration	6,073	5,992	6,111	9%
Amortization	1,968	2,072	2,466	4%
Operating Income	2,085	2,868	2,715	4%
Research & Development	3,160	3,391	3,460	5%
Net Income Before Extra Items	1,465	2,343	2,696	4%
Net Income Before Taxes	2,474	3,675	3,926	6%
Dividend	0	0	0	0%
<b>Net Income</b>	<b>1,465</b>	<b>2,343</b>	<b>2,696</b>	<b>4%</b>

Key Figures & Ratios	2013	2014	2015
Current Ratio	1.0	1.0	1.0
Long Term Debt	11.0%	13.6%	13.1%
Revenues on Assets	66.2%	67.2%	64.5%
Cash Flow on Revenues	5.8%	7.3%	8.0%
Shares Outstanding ('000)	780,323	784,349	783,871
NB of Employees	144,061	138,622	136,574

**Number of Stocks**

The number of stocks in the index that can be analyzed.

**Mkt Cap in \$bn**

This number represents the Market Capitalization in USD bn. It is calculated by multiplying a firm's share price by the number of outstanding shares. For reasons of comparison, all results are in USD.

**Valuation Rating**

Our Valuation Rating indicates if a stock is "expensive" or "cheap" relative to its growth potential. This is used to determine whether or not the investor is paying a premium for anticipated growth.

To estimate a stock's value relative to its current price, our Valuation Rating combines:

- stock price
- projected earnings
- projected earnings growth
- dividends

We establish our rating by combining these elements.

There are five ratings, ranging from strongly undervalued 🟢🟢 to strongly overvalued 🔴🔴.

**Stars**

theScreener.com's star rating system is designed to enable you to identify high-quality stocks quickly and easily.

In this easy-to-use rating system, stars are earned for each element specified below:

- Earnings Rev Trend 🟢 = ★★★★★
- Valuation Rating 🟢, 🟢🟢, 🟢🟢🟢 = ★★★★★
- MT Tech Trend 🟢 = ★★★★★
- 4 week Relative Performance > 1% = ★★★★★

Therefore, a stock can earn a maximum of four stars.

The lowest rating a stock can have is no stars.

Once a stock has earned a star, it will keep it until:

- Earnings Rev Trend becomes negative 🔴
- Valuation Rating becomes negative 🔴, 🔴🔴
- MT Tech Trend becomes negative 🔴
- 4 week Relative Performance drops below -1% (<-1%)

**Div**

This is the dividend in % for the next 12 months.

Even if the same number is shown, the dividend value can appear in one of four colors, depending on the earnings coverage:

- 0%, no dividend
- 4%, the dividends are covered (between 0% and 40% of earnings)
- 4%, the dividends represent between 40% and 70% of earnings
- 4%, the dividends are higher than 70% of earnings, which implies that the dividend coverage is not guaranteed.

**Earnings Rev. Trend**

The symbol 🟢 shows that compared with their earnings revisions of seven weeks ago, the analysts have now raised their estimates (7wk EPS Rev; > 1%); the symbol 🔴 indicates that compared with their earnings revisions of seven weeks ago, the analysts have now lowered their estimates (7wk EPS Rev < -1%).

When the earnings revisions (7wk EPS Rev) fall between +1% and -1%, the trend is considered to be neutral 🟡.

The symbol 🟢 indicates that the last significant revisions have been trending positive.

The symbol 🔴 indicates that the last significant revisions have been negative.

**7wk EPS Rev**

This is an abbreviation for 7 week Earnings Per Share Revision. This column indicates the value of these revised earnings. A figure of 2.8 signifies that compared with seven weeks ago, the analysts have now revised and raised their estimates by 2.8%. On the contrary, a negative number means that the earnings would have been revised lower.

**G/PE Ratio**

In order to establish our Valuation Rating, we calculate the estimated growth of future earnings (LT Growth) plus dividend in %, divided by the estimated future PE ratio (Long Term P/E).

**LT PE**

This is the relationship between the price (P) and the estimated long-term future earnings (E LT).

**LT Growth**

This is the estimated annual growth rate of future earnings, normally projected over the next two to three years.

**MT Tech Trend**

The MT Tech Trend indicates the current trend, positive 🟢 or negative 🔴, and the Tech Reverse indicates up to which price this trend will remain valid.

When a price falls to 1.75% above or below the Tech Reverse, the MT Tech Trend is considered neutral 🟡.

Once the price breaks out of the +1.75% neutral zone, the MT Tech Trend will change to positive.

The symbol 🟢 indicates that the previous MT Tech Trend was positive.

The symbol 🔴 indicates that the previous MT Tech Trend was negative.

**4wk (Rel) Perf.**

This figure measures the performance of a stock relative to its national or regional index (compared to four weeks ago). As for an Index, it measures the net performance over 4 weeks.

**Bad News Factor**

To determine the "Bad News Factor" we analyze a stock's declines in rising markets. In this purely objective analysis, the actual reasons for a stock's behavior are not important. If a stock price falls while its relative index goes up, it can be assumed that the stock's performance has been affected by bad news - hence the name, "Bad News Factor".

Here a stock's movements are measured on a bi-weekly basis, during a sliding 52 week period. Every time a stock drops while its reference index rises, the difference is calculated in %, integrated into a yearly average and expressed in basis points.

The higher the "Bad News Factor," the more a stock has proven to be sensitive to bad news.

The lower the "Bad News Factor," the less the stock has proven to be sensitive to bad news.

**Bear Market Factor**

To determine the "Bear Market Factor" we analyze a stock's price movements in declining markets.

This is the analysis of the movements, in a bi-weekly intervals, during a sliding 52 week period.

The higher the "Bear Market Factor," the greater the probability a stock would drop when its relative index drops.

A "Bear Market Factor" that is strongly negative means the stock has been more resistant to losses in declining markets.

**Risk Zone**

The price developments of stocks are generally volatile and contain high risks that can result in a total loss. Based on a their historical behavior, stocks are classified by risk levels. These risk levels have to be considered solely in relative historic comparison to other stocks. Please note that even "Low Risk" stocks are equities and therefore high risk investments that can lose up to all of their value, and that based on the past no firm conclusions can be taken into the future.

Risk zones are determined by measuring the "Bear Market Factor" and the "Bad News Factor" against a world reference.

There are three types of risk ratings:

- Low Risk: The risk indicators fall below the world reference average.
- Medium Risk: The risk indicators are situated higher than the world reference average, but lower than one standard deviation.
- High Risk: The risk indicators are at levels higher than one standard deviation.

**Volatility 12 M**

Volatility is also used as a risk factor. It measures the magnitude of the high and low movements of a stock or index. The higher the volatility, the more risky a stock is considered to be.

**% of Stocks in Uptrend**

This is the percentage of stocks in a given list that have a positive Medium Term Technical Trend. If, for example, the aggregate of Technology / World, (which is made up of 458 stocks) has 8% "of stocks in Uptrend," it means that 38 of the stocks within that aggregate have a positive Medium Term Technical Trend.

**Beta**

Beta is often used as a measure of risk. Where a Beta is greater than 100, the stock is more volatile than its reference index and therefore more risky.

**Correlation**

Correlation is the degree of similarity (in %) in which a stock fluctuates in relation to its reference index.

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More information: [www.thescreener.com/en/wc/methodology.htm](http://www.thescreener.com/en/wc/methodology.htm)

Earnings forecasts provided by THOMSON REUTERS.