

Investments in Subsidiaries, Associated Companies and Participations

Investments in subsidiaries and associated companies are stated at cost, less impairment. Dividend income from the Company's subsidiaries and associated companies is recognised when the right to receive payment is established.

The participations are stated at fair value with changes in fair value recognised in Profit and Loss.

For the purpose of impairment testing all consolidated subsidiaries are allocated to cash generating units ("CGU") in a way they are monitored for internal management purposes. At each balance sheet date, the Company reviews whether there is an indication that a CGU to which its investments in subsidiaries and associated companies belong to are impaired.

An indication for impairment of the investments in subsidiaries and associated companies may include, respectively, management's downward adjustment of the strategic plan or a significant decrease in the share price of a publicly listed company. Further indications for impairment of its investments may include other areas where observable data indicates that there is a measurable decrease in the estimated future cash flows. These determinations require significant judgement. In making this judgement, management evaluates, among other factors, the financial performance of and business outlook for its investments, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

If any indication for impairment exists, the recoverable amount of the investments is estimated in order to determine the amount, if any, of the impairment loss. An investment is impaired if its recoverable amount is lower than its carrying value. The recoverable amount is defined as the higher of an investment's fair value less costs to sell and its value in use.

The determination of the investment's value in use is based on calculations using pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using estimated growth rates. The discounted cash flow method is used to determine the recoverable amount of a CGU to which its investments in subsidiaries and associated companies belong. The discounted cash flow method is particularly sensitive to the selected discount rates and estimates of future cash flows by management. Key assumptions used to determine the recoverable value of the CGU are the expected future labour expenses, future interest rates, future exchange rates to translate into euro the portion of future US dollar and pound sterling which are not hedged and the estimated growth rate of terminal values.

If the recoverable amount of an investment is estimated to be less than its carrying amount, the carrying amount of the investment is reduced to its recoverable amount. Any impairment loss is recognised immediately in the Income Statement.

Impairment losses recognised in prior periods shall be reversed only if there has been a change in the estimates or external market information used to determine the investment's recoverable amount since the last impairment loss was recognised. The recoverable amount shall not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years.

The annual impairment test performed in 2019 led to no impairment charge (2018: € 0 million).

Change of Investments in Subsidiaries

On 1 March 2019, Airbus SE acquired 100% of the shares in Lalux SE, a Société anonyme de Réassurance for a total amount of € 81 million. On 29 July 2019, Lalux SE has been merged into Aero Ré SA.

On 15 July 2019, Airbus SE entered into a partnership agreement to establish a corporate venture capital fund, dubbed Airbus Venture Fund III. The capital contribution of Airbus SE is € 26 million.

On 13 December 2019, Airbus SE contributes its 100% subsidiary DADC Luft-und Raumfahrt Beteiligung GmbH to its subsidiary Airbus Defence and Space GmbH. In return for this contribution, Airbus SE received additional shares in Airbus Defence and Space GmbH for an equivalent amount.

On 29 November 2019, Airbus SE made a further capital contribution of € 35 million into Airbus Group Proj B.V.

During the year 2019, Airbus SE made further capital contributions into Airbus Ventures Fund II for a total amount of € 23 million (2018: € 35 million).

On 6 February 2018, Airbus SE internally acquired 49.10% of the share in Aero Ré SA for a total amount of € 9 million. On 17 December 2018, Airbus SE made a capital contribution of € 25 million into Aero Ré SA.

On 26 July 2018, Airbus SE made a further capital contribution of € 200 million into Airbus Bank GmbH.

On 26 September 2018, Airbus DS Holding B.V. has been merged into Airbus SE with retroactive effect on 1 January 2018. The impact of this merge in the financial statement of Airbus SE is a loss of € 369 million mainly due to the irrecoverability of IC loan and current accounts. Airbus SE is the new stakeholder of Airbus Defence and Space Netherland BV and Airbus Defence and Space Limited, and increase its stake in Airbus SAS and Airbus Defence and Space GmbH.

On 4 December 2018, Airbus SE contributed its 100% subsidiary Airbus Helicopters Holding SAS to its subsidiary Airbus SAS for a total amount of € 991 million. In return for this contribution, Airbus SE received additional shares in Airbus SAS for an equivalent amount.

During the year 2018, Airbus SE made further capital contributions into Airbus Group Ventures Fund for a total amount of € 35 million.

INFORMATION ON PRINCIPAL INVESTMENTS OF THE COMPANY

2019	2018		
% ⁽¹⁾		Company	Head office
100.00	100.00	Aero Ré S.A.	Bertrange (Luxembourg)
88.02	74.29	Airbus Defence and Space GmbH	Taufkirchen (Germany)
100.00	100.00	Airbus Defence and Space Limited	Stevenage (UK)
100.00	100.00	Airbus Defence and Space Netherlands B.V.	Leiden (Netherlands)
100.00	100.00	Airbus Defence and Space S.A.	Madrid (Spain)
100.00	100.00	Airbus Bank GmbH	Munich (Germany)
100.00	100.00	Airbus Finance B.V.	Leiden (Netherlands)
100.00	100.00	Airbus Group Limited.	London (UK)
100.00	100.00	Airbus Group Proj B.V.	Leiden (Netherlands)
95.78	95.78	Airbus S.A.S.	Toulouse (France)
0.00	100.00	DADC Luft-und Raumfahrt Beteiligungs GmbH	Taufkirchen (Germany)
9.90	9.89	Dassault Aviation S.A.	Paris (France)
0.00	100.00	OOO "EADS"	Moscow (Russia)
100.00	100.00	Premium Aerotec GmbH	Augsburg (Germany)

(1) Percentages represent share held directly by Airbus SE.

9. Financial Assets and Financial Liabilities

Financial assets at 31 December 2019 and 2018 are as follows:

<i>(In € million)</i>	31 December	
	2019	2018
Long-term loans Airbus companies ⁽¹⁾	1,794	1,468
Long-term loans external	0	0
Positive fair values of derivative financial instruments	3,066	1,882
Non-current financial assets	4,860	3,350
Positive fair values of derivative financial instruments	1,777	1,912
Current portion long-term loans Airbus companies	44	240
Current accounts Airbus companies ⁽¹⁾	8,574	8,013
Current financial assets	10,395	10,165
Total	15,255	13,516

(1) The receivables from and liabilities to subsidiaries include mainly transactions in connection with the cash pooling in Airbus SE. Terms and conditions are in agreement with the prevailing market environment.

Financial liabilities at 31 December 2019 and 2018 are as follows:

<i>(In € million)</i>	31 December	
	2019	2018
Negative fair values of derivative financial instruments	2,898	2,015
Non-current financial liabilities	2,898	2,015
Negative fair values of derivative financial instruments	1,793	1,906
Current accounts Airbus companies ⁽¹⁾	32,510	30,175
Current financial liabilities	34,303	32,081
Total	37,201	34,096

(1) The receivables from and liabilities to subsidiaries include mainly transactions in connection with the cash pooling in Airbus SE. Terms and conditions are in agreement with the prevailing market environment.