

Please refer to the “Notes to the IFRS Consolidated Financial Statements — Note 2: Significant Accounting Policies — Research and development expenses” and “– Note 19: Intangible Assets”.

2.1.2.3 Accounting for Hedged Foreign Exchange Transactions in the Financial Statements

More than 75% of the Company's revenues are denominated in US dollars, whereas a substantial portion of its costs is incurred in euros and, to a smaller extent, in pounds sterling. The Company uses hedging strategies to manage and minimise the impact of exchange rate fluctuations on its profits, including foreign exchange derivative contracts, interest rate and equity swaps and other non-derivative financial assets or liabilities denominated in a foreign currency.

For further information, see “– 2.1.7 Hedging Activities”, “Risk Factors — 1. Financial Market Risks — Foreign Currency Exposure” and please refer to the “Notes to the IFRS Consolidated Financial Statements – Note 2: Significant Accounting Policies” and “– Note 37: Information about Financial Instruments”.

2.1.2.4 Foreign Currency Translation

For information on transactions in currencies other than the functional currency of the Company and translation differences for other assets and liabilities of the Company denominated in foreign currencies, please refer to the “Notes to the IFRS Consolidated Financial Statements — Note 2: Significant Accounting Policies — Transactions in Foreign Currency”.

Currency Translation Mismatch

Customer advances (and the corresponding revenues recorded when sales recognition occurs) are translated at the exchange rate prevailing on the date they are received (historical rates

of customer advances). US dollar-denominated costs are converted at the exchange rate prevailing on the date they are incurred (historical rates of US dollar-denominated costs). To the extent those historical rates and the amounts received and paid differ, there is a foreign currency exchange impact (mismatch) on EBIT. Additionally, the magnitude of any such difference, and the corresponding impact on EBIT, is sensitive to variations in the number of deliveries and spot rate (€/US\$).

2.1.2.5 Accounting for Sales Financing Transactions in the Financial Statements

The accounting treatment of sales financing transactions varies based on the nature of the financing transaction and the resulting exposure. Please refer to the “Notes to the IFRS Consolidated Financial Statements – Note 21: Other Investments and Other Long-Term Financial Assets”, “– Note 24: Provisions, Contingent Assets and Contingent Liabilities” and “– Note 27: Sales Financing Transactions”.

For further information on the significance of sales financing transactions for the Company, see “– 2.1.6.4 Sales Financing”.

2.1.2.6 Provisions for Onerous Contracts

Provisions for onerous contracts are reviewed and reassessed regularly. However, future changes in the assumptions used by the Company or a change in the underlying circumstances may lead to a revaluation of past provisions for onerous contracts and have a corresponding positive or negative effect on the Company's future financial performance. Please refer to the “Notes to the IFRS Consolidated Financial Statements — Note 2: Significant Accounting Policies — Provisions for Onerous Contracts” and “– Note 24: Provisions, Contingent Assets and Contingent Liabilities”.

2.1.3 Performance Measures

2.1.3.1 Business Segments

Airbus

<i>(In € million)</i>	2019	2018	2017⁽¹⁾
Revenue	54,775	47,970	43,486
EBIT	2,205	4,295	2,257
<i>in % of revenue</i>	4.0%	9.0%	5.2%

(1) 2017 figures are restated due to the application of IFRS 15.

Airbus Helicopters

<i>(In € million)</i>	2019	2018	2017 ⁽¹⁾
Revenue	6,007	5,934	6,335
EBIT	414	366	247
<i>in % of revenue</i>	6.9%	6.2%	3.9%

(1) 2017 figures are restated due to the application of IFRS 15.

Airbus Defence and Space

<i>(In € million)</i>	2019	2018	2017 ⁽¹⁾
Revenue	10,907	11,063	10,596
EBIT	(881)	676	462
<i>in % of revenue</i>	-	6.1%	4.4%

(1) 2017 figures are restated due to the application of IFRS 15.

2.1.3.2 Order Intake and Order Backlog

Year-end order backlog consists of contracts signed up to that date. Only firm orders are included in calculating order backlog for commercial aircraft and civil helicopters. A firm order is defined as one for which the Company receives a down payment on a definitive contract. Defence-related orders are included in the backlog upon enforcement of the signed contract (and the receipt, in most cases, of an advanced payment). Commitments under defence "umbrella" or "framework" agreements by governmental customers are not included in backlog until the Company is officially notified.

As of 31 December 2019 and 2018, the total order backlog and order intake represent the aggregate amount of the net transaction price allocated to the unsatisfied and partially unsatisfied performance obligations to the Company's customers. Backlog commitments are relative to the Company's enforceable contracts with its customers where it is probable that the consideration will be collected. The value of the order backlog is measured in accordance with the revenue recognition standard (IFRS 15) implemented as of 1 January 2018. The order intake value is measured consistently with IFRS 15. As a result, contractual rebates, engine concessions and variable considerations are

taken into account for measurement. Contracts stipulated in a currency different than the presentation currency are translated to euro using the spot rate as of 31 December 2019 and 2018. Adjustments to the value of the order backlog could result from changes in the transaction price. Options are not considered in the valuation of order intake and order backlog. The order backlog will mainly be released into revenue over a period of seven years.

Up until 1 January 2018, amounts of order backlog for commercial aircraft contracts reflected in the table below were derived from catalogue prices, escalated to the expected delivery date and, to the extent applicable, converted into euro (at the corresponding hedge rate for the hedged portion of expected cash flows, and at the period-end spot rate for the non-hedged portion of expected cash flows). The amount of defence-related order backlog was equal to the contract values of the corresponding programmes. The significant reduction in order backlog value was mainly due to the adjustment for net prices versus list prices. 2017 figures have not been restated for IFRS 15, as allowed by the standard, and are based on catalogue prices for commercial aircraft activities.

ORDER INTAKE

	2019		2018		2017	
	<i>(In € billion)</i>	<i>(In percentage)⁽¹⁾</i>	<i>(In € billion)</i>	<i>(In percentage)⁽¹⁾</i>	<i>(In € billion)</i>	<i>(In percentage)⁽¹⁾</i>
Airbus	65.8	80.7%	41.5	73.7%	143.4	90.3%
Airbus Helicopters	7.2	8.8%	6.3	11.3%	6.5	4.1%
Airbus Defence and Space	8.5	10.5%	8.4	15.0%	8.9	5.6%
Subtotal segmental order intake	81.5	100%	56.3	100%	158.8	100%
Transversal / Eliminations	(0.3)		(0.8)		(1.1)	
Total	81.2		55.5		157.7	

(1) Before "Transversal / Eliminations".