Laurent JARA,
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Airbus Titanium sourcing
International Titanium Association – May 2019
A commercial aircraft manufacturer with the two Divisions Defence & Space and Helicopters.
Commercial aircraft is a growth industry.

Nearly 37,400 new aircraft required by 2037.

A market value of $5.8 trillion by 2037.

Passenger traffic growth by 2037: 4.4% p.a.
Airbus Performance on the commercial aircraft market

Robust Orders Backlog build-up in parallel of delivery ramp-up

Market Position
- 7,577 Backlog (industry Record)
- 54% market share
Book to Bill of 1
= Long Term visibility

Source: Airbus Orders & deliveries (to end February 2019)
Airbus reached new records in 2018 for deliveries & backlog

- Deliveries: 800
  - A220 20 as of 1st July 2018
  - A320: NEO 366, CEO 240
  - A330: NEO 3, CEO 46
  - A350: 900 79, -1000 14
  - A380 12

- Orders: 747 net

- Backlog: 7,577

Material Procurement Priorities
- Delivery Performance
- Cost Competitiveness
- Rate readiness
- Compliance & CSR
- Innovation & Digital
- Development milestones

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Airbus Global Titanium demand

- Airbus Titanium demand is driven by production rate increase + new aircraft designs (A350XWB and A320/A330neo Ti Pylon)

- Airbus Titanium demand doubled over the decade. Despite some demand fluctuations in 2018/19 due to stocks anticipations by consumers, the Titanium demand is forecasted stable.

- Airbus very robust order backlog makes the Titanium demand forecast very robust. Any significant demand evolutions would be a further increase driven by new incremental design introduction.

- The massive introduction of Titanium (18x more Titanium on A350XWB vs A330) is creating cost challenges on Aerostuctures that will be addressed from 2019/20 through competitiveness challenges and “Buy to Fly” optimization.
Collaboration to further develop Titanium for Airbus products

Recycling: New Industrial & Contracting model for pragmatic recycling value chain

Digital « Buy to Fly » & TCO: Optimization using digital for E2E value chain optimization
Material > Forging/Extrusion > Machining > Assy

ALM / Welding & New alloys to be made ready for future aerostructure design
Airbus Titanium Sourcing policy

Airbus is investing in Digital to transform Demand Control benefiting the E2E chain

New opportunities as enablers

Our Ambitions for an efficient E2E Titanium Value Chain

• The increase of aircraft variants in the context of high production rates creates fluctuations on demand formats while assets utilization is a key priority for the financial performance of the Titanium industry...In this context, Demand Control needs to reach a new level of ambition in terms of agility and accuracy.

• The emergence of Airbus digital solutions initially developed for aircraft development is an opportunity for demand simulation from aircraft configuration > detail parts > material demand.

• Airbus launched IM³ in Jan 2018 to develop this ambition with its Titanium key partners.
Airbus Titanium Sourcing policy

Responsibility & Sustainability across our value chain is part of our requirements

Promoting Responsible Business across our value chain:

• As a signatory to the United Nations Global Compact, Airbus is committed to promoting its core values in respect of human rights, labour, environmental and anti-corruption practices.

Supplier Code of Conduct:

• Airbus is implementing the model Supplier Code of Conduct established by the International Forum on Business Ethical Conduct (IFBEC) which expresses the minimum ethical standards to be applied by suppliers throughout the Aerospace and Defense industries.

• Airbus is implementing this Model Code within its suppliers contractual requirements wherever Suppliers are located in full compliance with all applicable laws & regulations of the countries in which operations are managed.

• Suppliers are expected to cascade these principles through their supply chain.
Airbus Titanium Sourcing strategy
2019 is setting Airbus way forward on Titanium partnerships

 Qualifiers

- Quality assurance for aircraft safety
- Agile Demand collaboration using digital
- Stable and robust supply

 Winners

- Long term Price Competitiveness
- Digital for Buy to Fly optimization
- Pragmatic recycling model

Boost competitiveness

Prepare the future

- Partnerships renewals in 2019 for next decade
- TCO technological trade-offs
- Geopolitical mitigation with Local for Local
- Innovation and new technologies
- Responsibility & Sustainability as baseline

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Thank you