

# Embraer (EMBR3)

## Bienvenue à Paris

### Mapping Investors' Expectations Ahead of the 55th Paris Air Show

As we approach the 55th Paris Air Show (June 16th-22nd), we took the opportunity to map investors' perceptions ahead of the event. The fair is an opportunity for OEMs to showcase their products and sign new deals, with new orders disclosed during airshows having historically represented a notable share of Embraer's backlog additions (~20-30%). After two years failing to meet up to investors' (high) expectations, **we note a more grounded scenario this year amid trade war uncertainties** (investors' main concern for ERJ's investment thesis according to our survey), implying a positive asymmetry for the shares if new orders in fact materialize ([as suggested by recent news flow](#)). **Competition-wise**, we note a continued fierce scenario vs. Airbus' A220, with sizeable potential new orders ([such as AirAsia](#)) under dispute between both players. **We reiterate our Neutral rating on valuation, but see a positive momentum as this year's Paris Air Show approaches.**

The Paris Air Show is a trade fair for the aerospace and defense industry. Held on odd years, the event is an opportunity for manufacturers to showcase technological innovations and potentially assure new aircraft deals. The [2023 Paris Air Show](#) saw announcements for over [1,000 jets](#), with deals with IndiGo and Air India as the highlights. Embraer's announcements disappointed investors' (high) expectations at the time, leading ERJ to reverse the gains made in the previous weeks (with similar dynamics seen after [Farnborough's 2024 Air Show](#)).

**New orders buzz: what do we know so far?** In the midst of several news flow indicating potential deals, [Embraer has anticipated](#) that will announce contracts in its Commercial and Defense divisions in the first two days of the event (clients have not been disclosed yet). On the Commercial front, the fierce competitive environment vs. Airbus' A220 remains. In that regard, while (i) [Royal Air Maroc](#) is expected to announce 20 orders for the A220 (potentially switching from the E190 present in its current fleet), we expect investors' attention to be focused on the (ii) 100 regional jet-order incoming from Malaysian airline [AirAsia](#) (which has an all-Airbus fleet).

**Expectations from investors not as optimistic as previous years.** Our survey illustrates distinct expectations from investors in terms of new orders, with (i) 29% of responders expecting either <5 or 11-20 new orders in Commercial Aviation; and (ii) close to 80% of responders expecting 4 orders announced at max. for Defense. Structurally, we see investors eyeing a 100 deliveries/year level for Commercial (in-line with XPe, with recent news indicating Embraer's ambition to increase production rate to [110-120/year](#)). For 2026E, we see buy-side responders slightly more conservative than XPe and consensus, with our Survey indicating average net revenues of US\$8.1 billion and EBITDA of US\$993 million.

**Grounded expectations imply a positive asymmetry.** We believe investors of many aerospace-exposed companies may have limited their expectations this year ahead of the airshow as a result of trade war-related uncertainties, with potential impacts to aviation demand and supply chain constraints marked in fact as main risks for Embraer's investment thesis, as detailed in Figure 12. Finally, with recent stock performance below past years' enthusiasm pre-air shows, we see some positive momentum for the shares before this year's Paris Air Show (although we reiterate our Neutral rating on valuation).

Embraer	EMBR3
Rating	Neutral
Target Price (R\$/sh.)	62.00
Current Price (R\$/sh.)	66.03
Upside (%)	-6%
Market Cap (R\$ million)	48,437
# of shares (million)	734
Free Float (%)	80%
ADTV (R\$ million)	262

Embraer	ERJ
Rating	Neutral
Target Price (US\$/ADS)	43.00
Current Price (R\$/sh.)	47.82
Upside (%)	-10%

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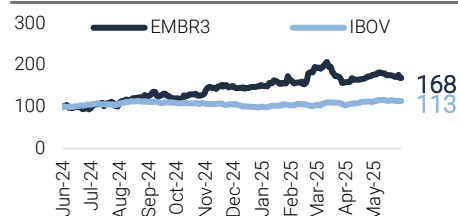
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#### Stock vs. IBOV



# Mapping Investors’ Perceptions Before the Paris Air Show

## Results From XP Survey

Figure 1: ERJ Stock Performance Amid Latest Air Shows (2-week performance pre and during/post)

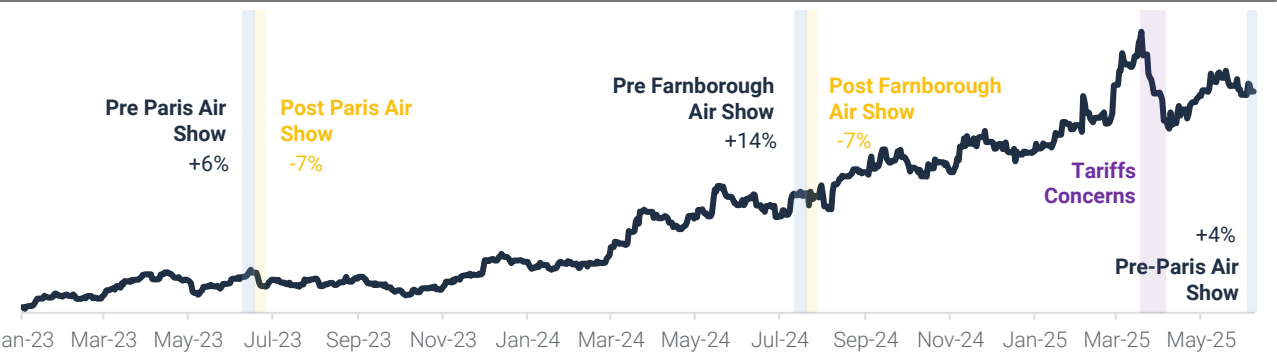


Figure 2: Embraer’s Annual Commercial New Orders and Airshows as % (Farnborough, Paris and Dubai)

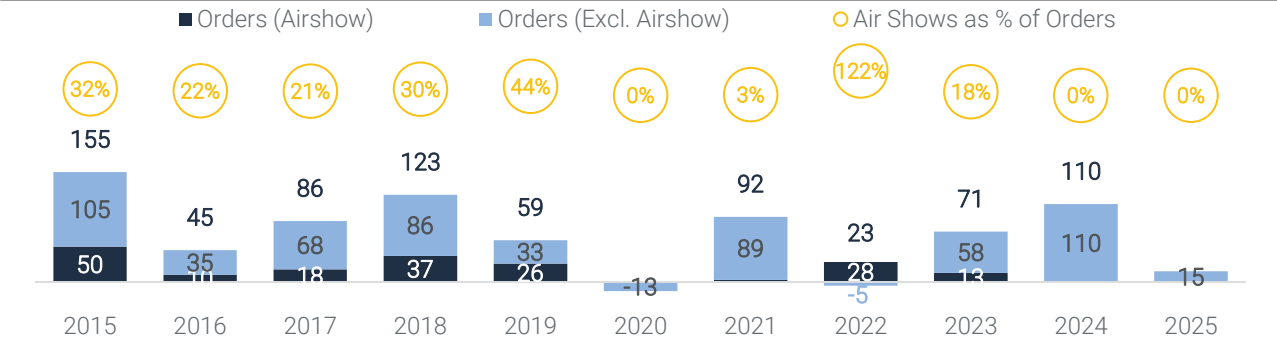


Figure 3: Paris Air Show’s Commercial New Orders

Expectations for new order announcements in the airshow

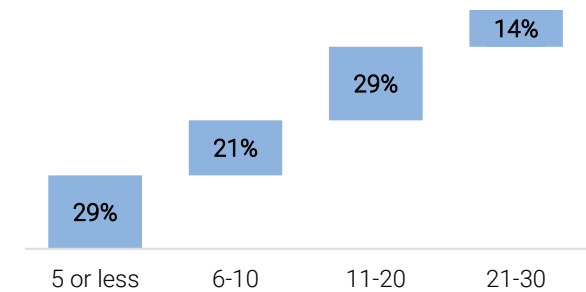


Figure 5: Structural Commercial Annual Deliveries

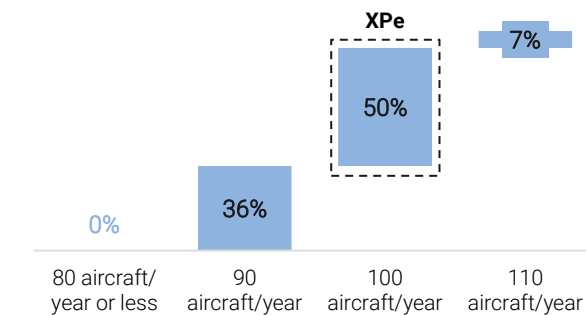


Figure 4: Paris Air Show’s KC-390 New Orders

Expectations for new order announcements in the airshow

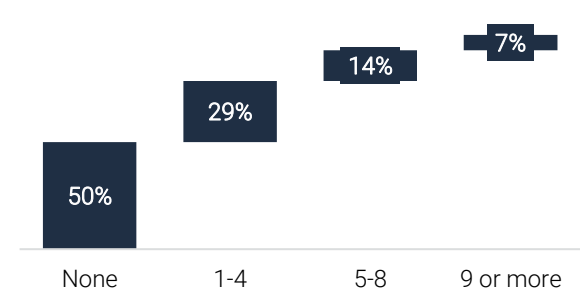
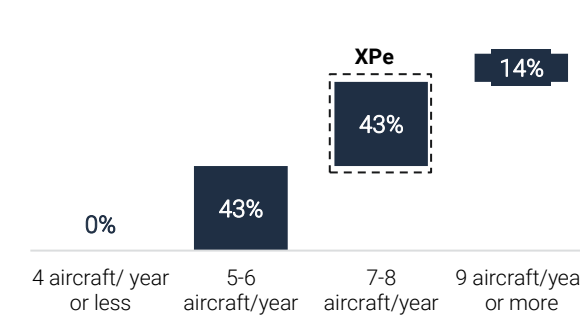


Figure 6: Structural KC-390 Annual Deliveries



# Mapping Investors’ Perceptions Before the Paris Air Show

## Results From XP Survey

Figure 7: Investors’ Sentiment on Embraer

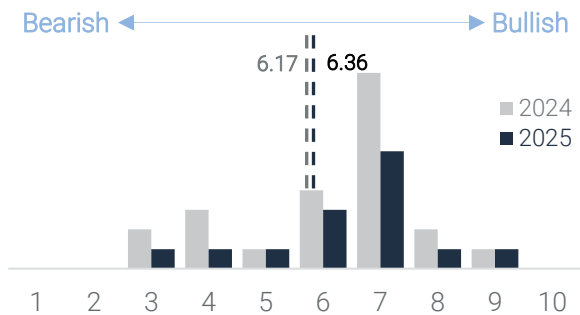


Figure 8: Investors’ Profile

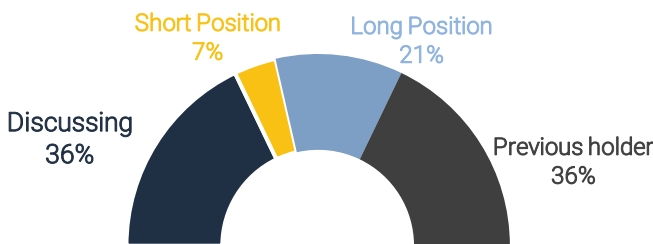


Figure 9: 2026E EBITDA Most Voted Scenarios (US\$ million)

'26 EBITDA Most Voted Scenarios (US\$ mn)			EBITDA Margin (2026E)				
2026E Revenues	2026E EBITDA (US\$ mn)	Votes (%)	< 10.4%	10.5-10.9%	11.0-11.4%	11.5-12.0%	> 12.1%
			0%	21%	43%	21%	14%
			0%	2%	3%	2%	1%
			0%	5%	9%	5%	3%
			0%	11%	21%	11%	7%
			0%	3%	6%	3%	2%
2026E Revenues	2026E EBITDA (US\$ mn)	Votes (%)	0%	2%	3%	2%	1%
			0%	2%	3%	2%	1%
			0%	2%	3%	2%	1%

Figure 10: XP vs. Survey vs. Consensus (2026E)

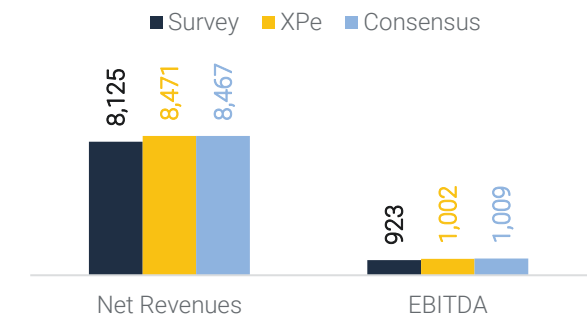


Figure 11: Expectation for EBITDA at US\$1 billion

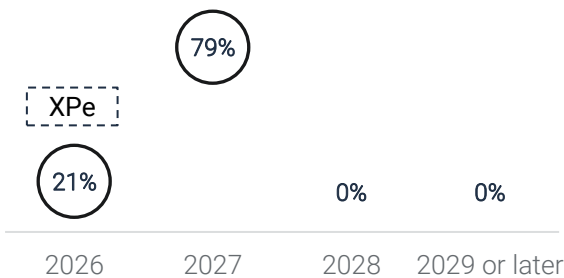
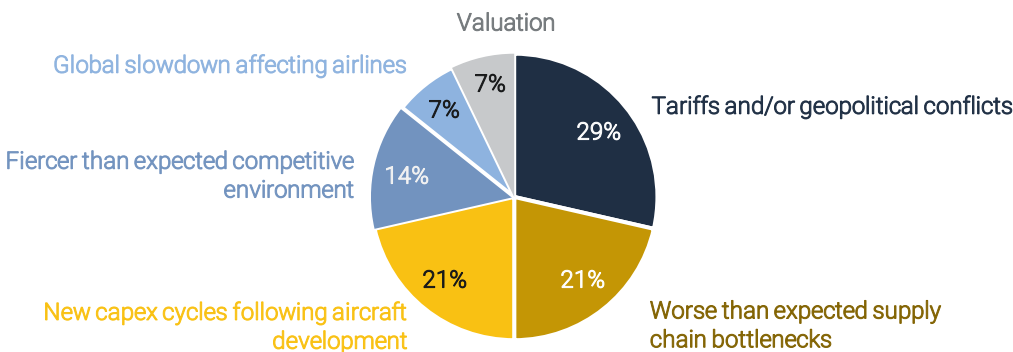


Figure 12: Embraer Thesis’ Main Risks



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