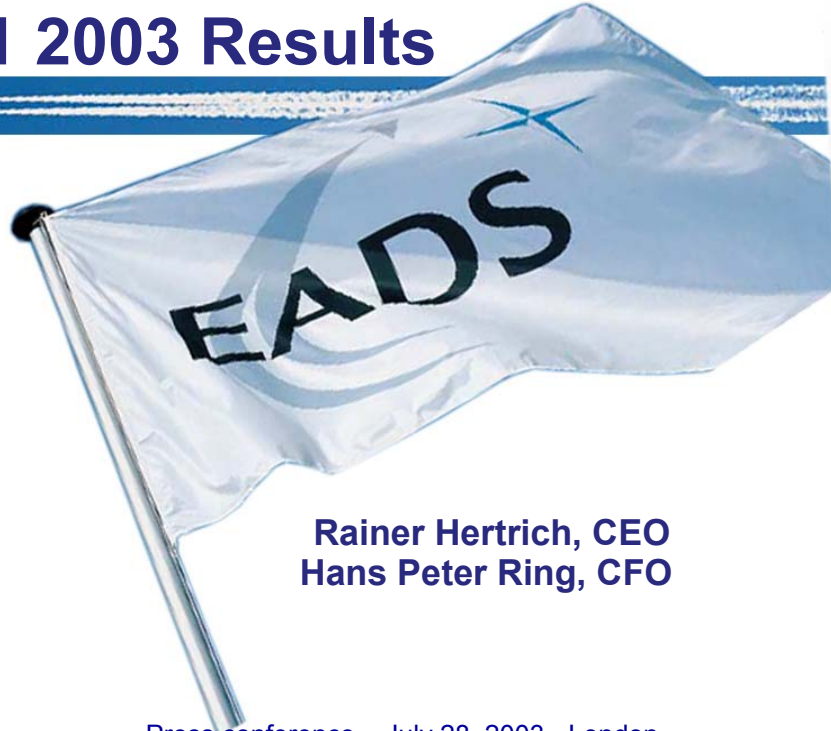


# H1 2003 Results



**Rainer Hertrich, CEO**  
**Hans Peter Ring, CFO**

Press conference – July 28, 2003 - London

## Safe Harbor Statement



Certain of the statements contained in this document are not historical facts but rather are statements of future expectations and other forward-looking statements that are based on management's beliefs. These statements reflect the Company's views and assumptions as of the date of the statements and involve known and unknown risk and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

When used in this document, words such as "*anticipate*", "*believe*", "*estimate*", "*expect*", "*may*", "*intend*", "*plan to*" and "*project*" are intended to identify forward-looking statements. Such forward-looking statements include, without limitation, projections for improvements in process and operations, new business opportunities, revenues and revenues growth, operating margin growth, cash flow, deliveries, launches, compliance with delivery schedules, performance against Company targets, new products, current and future markets for the Company products and other trend projections.

This forward looking information is based upon a number of assumptions including without limitation:

- Assumption regarding demand
- Current and future markets for the Company's products and services
- Internal performance including the ability to successfully integrate EADS' activities to control costs and maintain quality
- Customer financing
- Customer, supplier and subcontractor performance or contract negotiations
- Favourable outcomes of certain pending sales campaigns

Forward looking statements are subject to uncertainty and actual future results and trends may differ materially depending on variety of factors including without limitation:

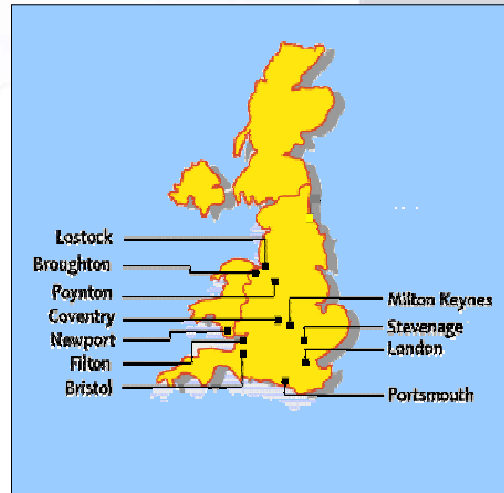
- General economic and labour conditions, including in particular economic conditions in Europe and North America,
- Legal, financial and governmental risk related to international transactions
- The Cyclical nature of some of the Company's businesses
- Volatility of the market for certain products and services
- Product performance risks
- Collective bargaining labour disputes
- Factors that result in significant and prolonged disruption to air travel world-wide
- The outcome of political and legal processes, including uncertainty regarding government funding of certain programs
- Consolidation among competitors in the aerospace industry
- The cost of developing, and the commercial success of new products
- Exchange rate and interest rate spread fluctuations between the Euro and the U.S. dollar and other currencies
- Legal proceeding and other economic, political and technological risk and uncertainties

Additional information regarding these factors is contained in the Company's "document de référence" dated 2nd April 2003. The Company disclaims any intention or obligation to update these forward-looking statements. Consequently the Company is not responsible for any consequences from using any of the above statements.

## EADS at home in the UK market



- FY 2002 revenues in UK : € 2.5 bn  
the 3<sup>rd</sup> largest EADS market
- € 17.3 bn order book at June 2003
- Over €3.1 bn spent with UK  
suppliers in 2002 (12.3% of total)
- 13,000 employees at June 2003  
(12.1% of total)
- € 1.1 bn recently invested in UK  
Airbus plants (Broughton, Filton)



## EADS Growing in the UK



- **Fast growth secured by existing firm orderbook**
  - MBDA: Meteor, Storm Shadow
  - A400M (€ 2.5 bn UK share)
  - EasyJet order : 120 A319
- **Winning key programmes, competing for future orders**
  - Prime Contractor capability: Skynet 5
  - System integrator: GBAD
  - AirTanker (FSTA)

## Content



- 1. Group overview**
2. Operating performance by division
3. Financials

## EADS has Laid Solid Groundwork for Tomorrow



- Airbus:**
- 199 gross orders = 66 % market share (net order value)
  - 129 firm orders and commitments for A380
  - order-book: 1531 commercial ac
  - 2003 target of 300 deliveries on-track (149 delivered)
- Defence:**
- A400M €20bn contract signed
  - Eurofighter formal acceptance by domestic customers
- Space:**
- Restructuring under-way
  - Prime contractorship awarded and € 3bn launcher commitment from Arianespace

**...with  
rebalancing of  
orderbook  
towards defence**



**June 2003 Orderbook**  
times 2002 revenues, except for Airbus (deliveries)

## EADS Pursues Further Growth Opportunities



**Airbus:** - On-going campaigns for civil customers

**Defence:** - FSTA UK MoD bid offer  
- A400M export opportunities  
- EADS short-listed by UK MoD for GBAD System  
- Preferred bidder for Herkules in Germany  
- Deepwater further orders expected  
- Eurofighter: Domestic tranche 2, Austria, On-going export campaigns

**Space:** - Paradigm UK: syndication successfully under-way...  
... and similar opportunities sought in other countries  
- Go-ahead for Galileo - 1<sup>st</sup> step €1.1bn (EADS: 38%)

## **H1 2003 EBIT: Defence businesses improvement partly offsets Airbus and Space decrease**

- **Airbus** affected by R&D and volume on H1 ... expected to catch up over the year with better mix
- **Space** losses heavier in H1 2003 and restructuring will continue to weigh more on FY2003
- **Defence and para-public** businesses post typically higher results on H2
- Continuing program ramp-up at **Defence and Security Systems** will drive FY2003 EBIT improvement over 2002

**On-track for FY2003 targets**



## H1 2003 Financial Highlights



in m€	H1 2003	H1 2002
Revenues	13,060 € m	13,974 € m
<b>EBIT*</b>	<b>592 € m</b>	<b>775 € m</b>
<b>FCF before cust. financing**</b>	<b>305 € m</b>	<b>221 € m</b>
New orders	43,190 € m	14,791 € m

in bn€	June 2003	December 2002
<b>Net Cash position</b>	<b>0.9 € bn</b>	<b>1.2 € bn</b>
Total Order book	187.7 € bn	168.3 € bn
of which Defence	41.6 € bn	22.0 € bn

\* pre goodwill and exceptionals

\*\* excl. investments in medium term securities and consolidation changes

## Content



1. Group Overview
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3. Financials

# Airbus



€ m                      H1 2003    H1 2002

<b>Deliveries</b>	149	160
<b>Revenues</b>	8,773	9,870
<b>R&amp;D self-financed</b>	901	680
in % of revenues	10.3%	6.9%
<b>EBIT*</b>	621	874
in % of revenues	7.1%	8.9%
<b>Order book</b>	154,428**	145,500
in units	1,531	1,519

\* pre goodwill and exceptionals

\*\* Orderbook = 1531 commercial ac + workshare on 180 A400M

- Ongoing **commercial success**

- Workshare on A400M: € 14 bn
- 199 new civil orders in H1: Jetblue, China, Emirates, ...
- Malaysia and Korean Air commit to A380
- Qatar Airways intents to buy 32 Airbus a/c

- **Stable EBIT pre-R&D** at €1.5 bn despite lower deliveries

- **Revenues** impacted by weaker \$ and lower deliveries (Revenue recognition based on 146 a/c), partly offset by better mix

- **EBIT** mostly impacted by R&D increase and Aircelle disposal gain on H1 2002 (€ 63 m)

- **Order-book** surges 16% with constant \$ (\$ impact of about € (15) bn from June 02)

# Customer Financing Exposure Under Control

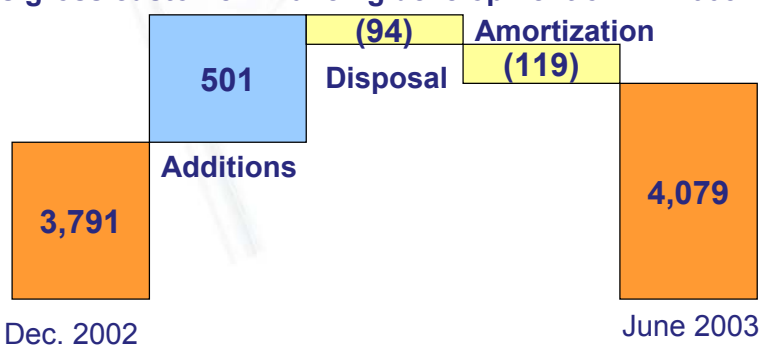


all figures in € m

Figures for 100% Airbus	June 2003	Dec. 2002
closing rate \$/€	1.14	1.05
<b>Total Gross exposure*</b>	<b>3,511</b>	<b>3,581</b>
<i>of which off-balance sheet</i>	811	891
Estimate value of collateral	(2,022)	(2,062)
<b>Net exposure</b>	<b>1,489</b>	<b>1,519</b>
Provision	(1,489)	(1,519)
<b>AIRBUS Net exposure after provision</b>	<b>0</b>	<b>0</b>

\* Adjusted for stipulated loss values

## Airbus gross customer financing development on H1 2003 in \$ m



# MTA



€ m                      H1 2003   H1 2002

<b>Revenues</b>	268	234
<b>R&amp;D self-financed</b>	11	22
in % of revenues	4.1%	9.4%
<b>EBIT*</b>	(8)	(72)**
in % of revenues		
<b>Order book</b>	20,476	1,283

\* pre goodwill and exceptionals

\*\* H1 2002 had included € 54 m charge due to Fairchild Dornier insolvency

- **A400M** revenues expected to start from Q3 2003

- **Revenue growth** driven by military derivatives

- **EBIT** improvement expected on second half due to seasonality and A400M ramp up

- **Order intake:**

- A400M € 20 bn
- US Coast Guard 1st batch € 63 m (2 CASA CN-235)



based on H1 2003 revenues

# Aeronautics

(new format : excl. Military aircraft)



€ m	H1 2003	H1 2002 Pro-forma
<b>Revenues</b>	1,613	1,606
<b>R&amp;D self-financed</b>	34	52
in % of revenues	2.1%	3.2%
<b>EBIT*</b>	59	29
in % of revenues	3.7%	1.8%
<b>Order book</b>	9,828	10,336

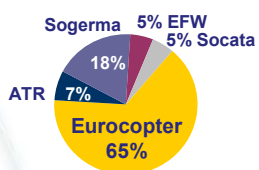
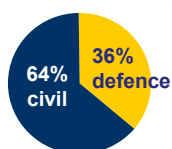
\* pre goodwill and exceptionals

- **Military Aircraft BU** (Eurofighter, Tornado,... businesses) transferred to DS (Defence and Security Systems)

- **Eurocopter:** Preparation of Tiger deliveries

- **EBIT** improvement driven by Eurocopter

- **H1 EBIT and Revenues** traditionally lower than H2 due to defence and para-public customers



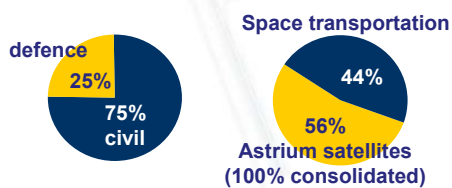
based on H1 2003 revenues

## Space

(Astrium 100% consolidated from January 2003)

€ m	H1 2003	H1 2002
<b>Revenues</b>	1,008	882
<b>R&amp;D self-financed</b> in % of revenues	27 2.7%	24 2.7%
<b>EBIT*</b>	(131)	(85)
<b>Order book</b>	4,248	3,492

\* pre goodwill and exceptionals



based on H1 2003 revenues

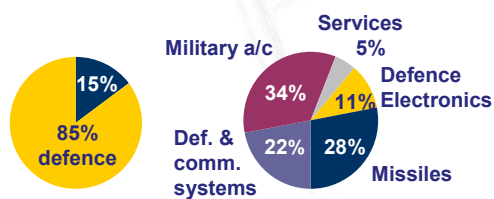
- **Revenues nearly stable** excluding Astrium consolidation change
- **Restructuring under-way; target EBIT breakeven in 04**
- **EBIT line hit :**
  - first-time consolidation of 100% Astrium € -30m
  - Restructuring and contract provision : € 124 m
- **Strong order-book** includes 7 telecom satellites
- **Ariane :** MOU for 30 launchers worth € 3 bn; first batch of 10 launchers expected in H2 2003

## Defence and Security Systems

(New format : incl. Military Aircraft)

€ m	H1 2002	H1 2003 Pro-forma
<b>Revenues</b>	1,902	1,856
<b>R&amp;D self-financed</b>	103	99
in % of revenues	5.4%	5.3%
<b>EBIT*</b>	(28)	(37)
<b>Order book</b>	13,342	12,944

\* pre goodwill and exceptionals



based on H1 2003 revenues

- **DS** new organisation
- **EADS Telecom** 100% held since July
- **H1 2003 EBIT** incl. €17m restructuring charge
- **Eurofighter**: acceptance by customers; deliveries on-track for 12 units in FY2003;
- **Revenues**: Missiles strong growth partly offset by Telecom decline
- **Seasonality** : higher H2
- **Q2 2003 EBIT** €+26m much improved from Q2 2002 EBIT: €+17m



## Content



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## Profit & Loss Highlights



	H1 2003		H1 2002	
	€ m	in % of Revenues	€ m	in % of Revenues
<b>Revenues</b>	<b>13,060</b>		<b>13,974</b>	
self-financed R&D	1,076	8.2%	876	6.3%
EBITDA*	1,292	9.9%	1,501	10.7%
<b>EBIT*</b>	<b>592</b>	<b>4.5%</b>	<b>775</b>	<b>5.5%</b>
<b>EBIT* before R&amp;D</b>	<b>1,668</b>	<b>12.8%</b>	<b>1,651</b>	<b>11.8%</b>
Interest result	(101)	(0.8%)	(58)	(0.4%)
Taxes	(151)	(1.2%)	(229)	(1.6%)
Net income	(66)	(0.5%)	91	0.7%
<b>Net Income*</b>	<b>231</b>	<b>1.8%</b>	<b>462</b>	<b>3.3%</b>

\* pre goodwill and exceptionals

## Development of Net Cash

in € m

H1 2003 H1 2002

	H1 2003	H1 2002
<b>Net cash</b> at the beginning of the period	<b>1,224</b>	<b>1,533</b>
Gross Cash Flow from Operations*	848	1,022
Change in working capital	425	(53)
Cash used for investing activities**	(1,312)	(1,019)
of which Industrial Capex (additions)***	(823)	(855)
of which Customer Financing net additions	(344)	(271)
of which Others****	(145)	107
<b>Free Cash Flow**</b>	<b>(39)</b>	<b>(50)</b>
Free Cash Flow before customer financing	305	221
Dividend paid	(245)	(404)
Astrium first time 100% consolidation impact	(74)	0
Others	48	347
<b>Net cash</b> at the end of the period	<b>914</b>	<b>1,426</b>

\* gross cash flow from operations, excl. working capital change

\*\* excl. change in securities and consolidation changes

\*\*\* excl. leased assets and financial assets

\*\*\*\* in 2002 mainly Aircelle disposal

# Continuing the Active Hedging Policy



## EADS hedge portfolio (US\$ 40 bn) as of June 30, 2003



€ vs \$	0.95	0.94	0.95	0.96	0.97	0.95	0.95	1.01
£ vs \$	1.56	1.53	1.47	1.48	1.47	1.47	1.46	1.49

Hedge rates applicable to EBIT



Approx. 50% of EADS US\$ revenues are naturally hedged by US\$ procurement

## Position EADS for the Market upturn



- **Confirm 2003 Targets**
  - ✓ **300 deliveries; Revenues** in same range as 2002, based on 1€ = 1.10 \$
  - ✓ **EBIT\*** in same range as 2002
  - ✓ **Free Cash Flow** positive pre-customer financing
  - ✓ Restrictive **customer financing**
- **Resist to the current downturn and monitor markets evolution**
- **Secure tomorrow's cash and earnings growth**

\* pre goodwill and exceptionals