

9m 2004 Earnings: Raising FY2004 targets



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Earnings conference call – 4th November 2004

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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 1st April 2004. 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 below statements.

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Extremely solid 9-month performance



- EBIT* margin increased to 7% (from 4%)
- Net Profit boosted to 0.6 bn€ (from 0.2 bn€)**
- Net cash position remains solid at 2.8bn €

Adjusting FY04 targets for aircraft demand

- EBIT* expected at €2.2 bn (up from € 2.1bn)
- Revenues expected at €32bn *** (up from €31 bn)
- FCF before Customer Financing expected above €150m (positive)
- Orders: book-to-bill over 1

* pre goodwill and exceptionals

** in compliance with IFRS 3, goodwill is no longer amortized but tested for impairment at least annually; 2003 figure is restated for comparison

*** based on US\$-rate of 1 € = 1.25\$ until year-end (previous target based on 1€ = 1.20\$)

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9m 2004 Highlights: EBIT* nearly doubles



in m€	9m 2004	9m 2003	Change
Revenues	21,459 € m	18,536 € m	+ 16%
of which Defence	4,228 € m	3,564 € m	+ 19%
EBIT*	1,500 € m	784 € m	+ 91%
FCF before Cust. Financing **	147 € m	(92 € m)	
Net income	597 € m	242 € m***	+ 147%
New orders	20,603 € m	49,453 € m	(58%)

in bn€	Sept. 2004	Dec. 2003	
Net Cash position	2.8 € bn	3.1 € bn	(9%)
Total Order book	179.7 € bn	179.3 € bn	0%
of which Defence	45.5 € bn	45.7 € bn	(0.5%)

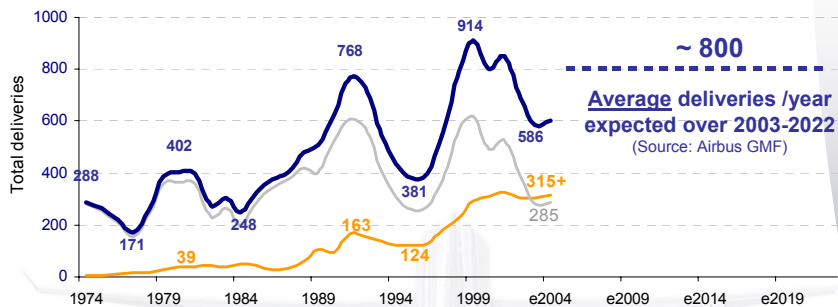
* pre goodwill and exceptionals

** excl. investments (disposal) in medium term securities and consolidation changes

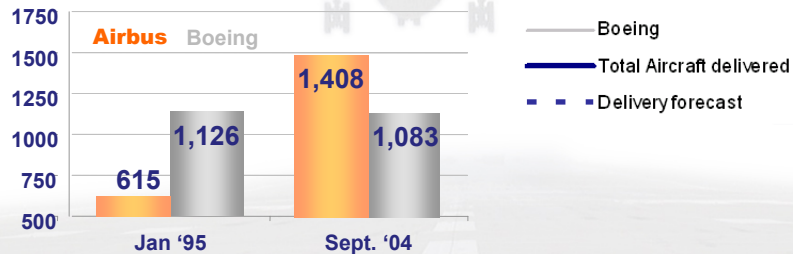
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Airbus: Leadership in the market upturn



Order-Book in Units

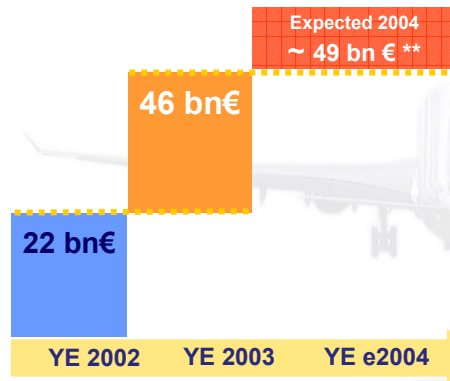


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Defence business expansion



Defence and Homeland Security* Order Backlog Evolution in bn €



* Businesses contracted with government bodies
** Subject to Eurofighter TR2 booking

2004 Recent Achievements (booked):

- NH90 to Oman
- US Border Control EC120 : \$75m
- Paradigm with first SatCom export contract to Portugal

Key orders in the 2004 pipeline

- Eurofighter Tranche 2
- M51 Series
- Romanian Border Surveillance

Further prospects beyond 2004

Defence Platform Business

- MRTT Tanker to Australia and UK
- NH90 to Australia

Lead System Integration

- NATO AGS TIPS down selection
- MEADS
- Germany MilSatcom

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Airbus



€ m	9m 2004	9m 2003
Deliveries	224	199
Revenues	14,415	12,051
R&D self-financed in % of revenues	1,337 9.3%	1,308 10.9%
EBIT* in % of revenues	1,382 9.6%	701 5.8%
Order book** in units***	138,747 1,408	153,302 1,521

- **EBIT-margin** reflects increased deliveries and favourable mix
- **A380** reaching for roll-out
- **139 firm commitments and orders** for A380
- **Strong regional growth and low-cost segment support demand; recent orders / MoUs:**

* pre goodwill and exceptionals

** incl. A400M

*** units of commercial a/c excl. 180 A400M

- Middle East: Turkish Airlines²; Etihad Airways¹
- Asia/Pacific: Thai Airways¹ (new A380 customer); China Southern, Qantas, Cebu Pacific, Air China²; China Eastern Airlines¹
- US Low cost: Jetblue, America West, Independence, Spirit

¹ MOU announced with customer; contract not yet booked

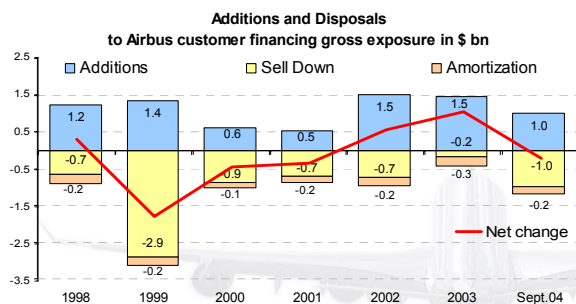
² Booked in October

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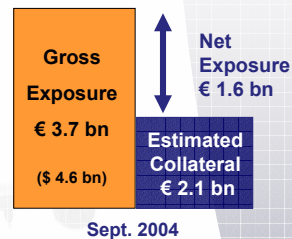
Airbus Customer Financing reflects market recovery



Active management every year



Prudent accounting



Gross exposure in \$bn						
6.1	4.3	3.9	3.1	3.8	4.8	4.6
Average gross exposure per a/c delivered (to date) in \$m						
3.2	2.0	1.5	1.1	1.2	1.4	1.4

Net Exposure is fully covered by Provisions

Gross exposure:

- Significantly reduced since 1998 despite 2001-2003 downturn
- Spread over 206 aircraft (Sept. 2004)

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MTA



€ m	9m 2004	9m 2003
Revenues	539	410
R&D self-financed	18	15
in % of revenues	3.3%	3.7%
EBIT*	5	(7)
in % of revenues	0.9%	
Order book	19,738	20,429

* pre goodwill and exceptionals

- **Break-even** achieved; profitability affected by FSTA pre-contract expenses

- **A400M:**

- Further milestone passed in July (€180m)
- Additional milestone due in Q4 2004

- Order from Algeria (6 C295 for €130m)

- **Tanker business (MRTT):** Negotiations in progress with Australia



based on 9m 2004 external revenues

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Aeronautics



€ m	9m 2004	9m 2003
Revenues	2,516	2,452
R&D self-financed	49	50
in % of revenues	1.9%	2.0%
EBIT*	116	112
in % of revenues	4.6%	4.6%
Order book	10,656	9,719

* pre goodwill and exceptionals

- **Revenues increased** due to NH90 and Tiger ramp-up

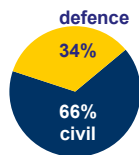
- **EBIT margin:** Improved Eurocopter performance compensates market deterioration in maintenance and services

- **Tiger deliveries** will start in Q4

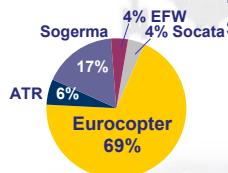
- **Eurocopter military** business builds up on major export

- **SUCCESSES:**

- 55 EC120 for US Homeland Security (\$75m)
- Oman commits to 20 NH90s
- Australia NH90: preferred bidder
- **Joint offer with Northrop Grumman** for US DoD PRV



based on 9m 2004 external revenues



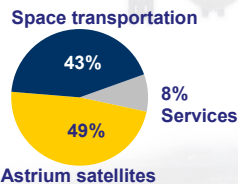
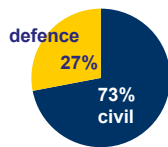
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Space



€ m	9m 2004	9m 2003
Revenues	1,646	1,473
R&D self-financed in % of revenues	37 2.2%	39 2.6%
EBIT*	(5)	(184)
Order book	10,921	4,243

* pre goodwill and exceptionals



based on 9m 2004 external revenues

- **EBIT:** On track for FY2004 breakeven (EBIT* contribution of €6m in Q3)
- **Restructuring execution** underway
- **Paradigm** service proves to be successful
- **THEOS** Contract - Thai Earth observation System: €128m
- **ESA contracts** : NIRSpec super-eye (€69m) in Oct. Exploitation for ISS (ATV)
- **International partnerships:**
 - Raytheon (ballistic missile defence interceptors)

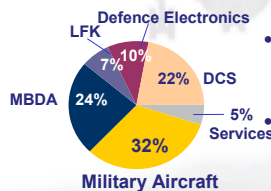
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Defence and Security Systems



€ m	9m 2004	9m 2003
Revenues	3,204	2,957
R&D self-financed in % of revenues	145 4.5%	149 5.0%
EBIT*	(75)	(18)
Order book	14,508	13,527

* pre goodwill and exceptionals



based on 9m 2004 external revenues

- **Revenue growth** of 8 % mainly from missile delivery ramp-up
- **Restructuring charge** of €77m in 9m 2004 (€22m in 9m 2003); profitability affected also by uncovered costs namely on Herkules program
- **Romanian border surveillance and security system** (€650m – in 3 tranches- not yet booked)
- **Racal instruments** acquisition in US
- **Signature of strategic partnerships:**
 - Dassault Aviation (UAV)
 - MEADS program

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Profit & Loss Highlights



	9m 2004		9m 2003	
	€ m	in % of Revenues	€ m	in % of Revenues
Revenues	21,459		18,536	
self-financed R&D	1,612	7.5%	1,561	8.4%
EBITDA	2,613	12.2%	1,877	10.1%
EBIT*	1,500	7.0%	784	4.2%
EBIT* before R&D	3,112	14.5%	2,345	12.7%
Interest result	(181)	(0.8%)	(138)	(0.7%)
Other financial result	(2)	(0.0%)	18	0.1%
Taxes	(426)	(2.0%)	(208)	(1.1%)
Net income	597	2.8%	242**	1.3%
EPS	0.75 €		0.30 €	
Net Income*	677	3.2%	336	1.8%

* pre goodwill and exceptionals

** compliant with IFRS3 from 2004 (no longer goodwill amortisation); 2003 restated for comparison

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Development of Net Cash



in € m	9m 2004	9m 2003
Net cash at the beginning of the period	3,105	2,370
Gross Cash Flow from Operations*	1,729	1,099
Change in working capital	249	183
Cash used for investing activities**	(1,832)	(2,003)
of which Industrial Capex (additions)***	(1,652)	(1,328)
of which Customer Financing net additions	(1)	(629)
of which Others	(179)	(46)
Free Cash Flow**	146	(721)
Free Cash Flow before customer financing	147	(92)
Dividend paid including minority	(385)	(270)
Astrium first time 100% consolidation impact	0	(74)
Others	(53)	200
Net cash at the end of the period	2,813	1,505

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

** excl. change in securities and consolidation changes

*** excl. leased/financial assets and fixed assets concerning customer financing

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Hedge Policy is Continued



Approx. half of EADS US\$ revenues are naturally hedged by US\$ procurement for 305 a/c deliveries a year the annual net exposure was around \$9bn in 2003.

EADS hedge portfolio (US\$ 42 bn) on Sept, 30th 2004
at an average 1 € = 1.02 \$



€ vs \$	1.00	1.00	1.00	1.02	1.03	1.09	1.04	1.13
£ vs \$	1.55	1.51	1.49	1.49	1.52	1.58	1.53	1.54

Marked-to-market value = € 6.7 bn

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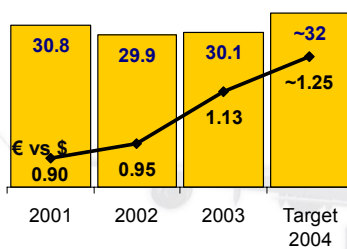
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2nd upgrade of 2004 targets displays strong profitability growth

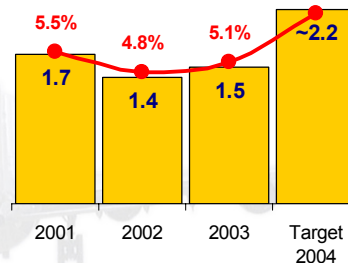


Revenues in € bn



EBIT* in € bn

EBIT* in % of revenues

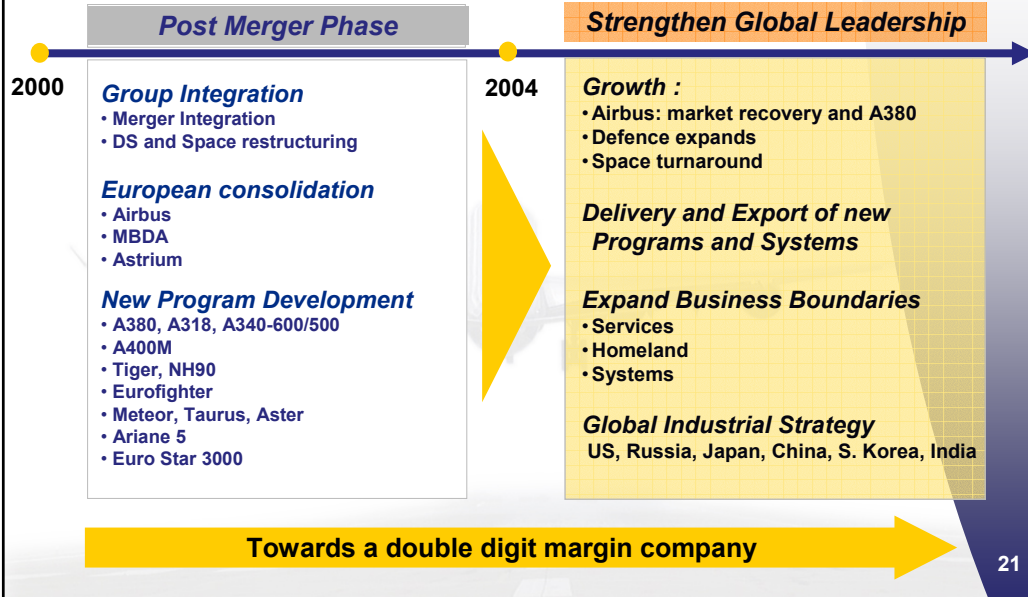


- Free Cash Flow before Cust. Financing expected above €150m
- Book-to-bill ratio confirmed above 1.0

* pre goodwill and exceptionals

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Maturing with New Momentum



Q3 2004 Key Figures



in € bn	Q3 2004	Q3 2003
Revenues	6.9 € bn	5.5 € bn
EBIT*	0.5 € bn	0.2 € bn
FCF before cust. financing**	(0.1 € bn)	(0.4 € bn)
New orders	7.1 € bn	6.3 € bn

* pre goodwill and exceptionals

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

	Revenues		EBIT*	
	Q3 2004	change	Q3 2004	Q3 2003
Airbus	4.4 € bn	34%	400 € m	80 € m
MTA	0.3 € bn	115%	15 € m	1 € m
Aeronautics	0.9 € bn	5%	60 € m	53 € m
Space	0.6 € bn	20%	6 € m	(53 € m)
DS	1.1 € bn	3%	7 € m	10 € m
HQ/Eliminations	(0.4 € bn)	(9%)	27 € m	101 € m
Total EADS	6.9 € bn	26%	515 € m	192 € m

* pre goodwill and exceptionals

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Balance Sheet Highlights



in € m	Sept. 2004	Dec. 2003
Assets	53,269	54,378
of which Goodwill	9,373	9,372
of which cash & equivalents, securities	7,931	7,872
of which positive hedge mark-to-market	6,660	7,964
Stockholders' equity & Minority interest	17,559	18,328
of which OCI (Other Comprehensive Income)	5,011	5,934
Total provisions	8,706	8,726
of which pensions	3,908	3,772
of which negative hedge mark-to-market	237	100
of which other provisions	4,561	4,854
Deferred tax liabilities & income	5,211	6,122
Liabilities	21,793	21,202
of which financial debts	5,118	4,767
of which European gvts refundable advances	5,118	4,851
Total liabilities and stockholders' equity	53,269	54,378
Closing rate €/ \$	1.24	1.26

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EBIT* calculation



in € m	9m 2004	9m 2003
Income from operating activities	1,298	54
Income from investments	57	137
Exceptionals:		
Goodwill amortisation**	0	422
Fair value adjustment	145	171
EBIT*	1,500	784

* pre goodwill and exceptionals

** IFRS3 applied from 2004: goodwill only reduced by impairment

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Restructuring, write-off and disposal items included in EBIT*



€m	9m 2004	9m 2003
EBIT*	1,500	784
EBIT* margin (% of revenues)	7.0%	4.2%

EADS EBIT* includes the following items

Aeronautics

Restructuring (Sogerma)	(10)	0
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Space

Restructuring	0	(88)
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Asset Depreciation	0	(15)
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Loss-making contracts	0	(61)
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DS

Restructuring	(77)	(22)
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* pre goodwill and exceptionals

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Net Cash Position



in m€	Sept. 2004	Dec. 2003
Gross cash	7,931	7,872
Financial Debts	(5,118)	(4,767)
Reported Net cash	2,813	3,105
non-recourse debt	808	679
Net cash excl. non-recourse	3,621	3,784
Main minority impact*	(40)	40
Airbus 20% non-recourse debt	(162)	(136)
Net cash position net of minority and non-recourse	3,419	3,688

* Mostly 20% in Airbus debt and 12.5% in MBDA cash

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Net Income compliant with IFRS3 and pre-exceptionals



in € m	9m 2004	9m 2003
Net Income compliant with IFRS3	597	242 **
EPS (based on Net Income)	0.75 €	0.30 €
Exceptionals:		
Fair value adjustment on fixed assets	142	160
Fair value adjustment on inventories	3	11
Tax impact on exceptional fair value	(51)	(61)
Minorities on exceptional fair value	(14)	(16)
Net Income*	677	336
EPS* (1)	0.85 €	0.42 €

* pre goodwill and exceptionals

** 2003 figure adjusted to be compliant with IFRS3 (goodwill no longer amortised, subject to impairment)

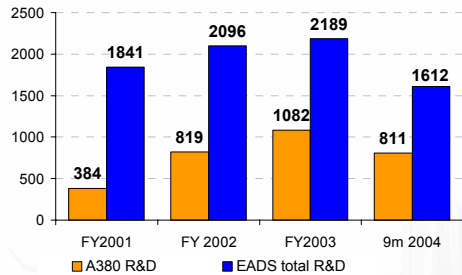
(1) average number of shares outstanding: 800,957,248 in 9m 2003 and 800,961,781 in 9m 2004

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A380 reached for roll out

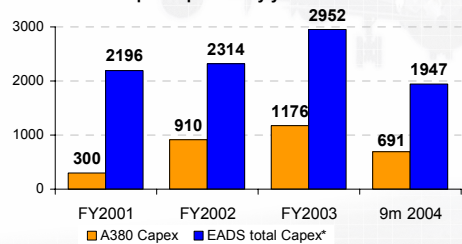


Self-financed R&D expensed by year in € m



Cumulative
A380 R&D
= 3.1 €bn

Self-financed Capex expensed by year in € m



Cumulative
A380 Capex
= 3.1 €bn

* including leased aircraft (2001: 604€m; 2002: 102€m; 2003: €279 m; 9m 2004: €295m)

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Customer Financing Exposure



all figures in € m

	Sept. 2004	Dec. 2003
Figures for 100% Airbus		
closing rate € - \$	1.24	1.26
Total Gross exposure*	3,709	3,822
<i>of which off-balance sheet</i>	688	724
Estimate value of collateral	(2,087)	(2,229)
Net exposure	1,622	1,593
Provision and deferred margin	(1,622)	(1,593)
AIRBUS Net exposure after provision	0	0
Figures for 50% ATR		
Total Gross exposure	378	403
<i>of which off-balance sheet</i>	121	126
Estimate value of collateral	(345)	(365)
Net exposure	33	38
Provision	(33)	(38)
ATR Net exposure after provision	0	0

* Adjusted for stipulated loss values

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Quarterly revenues breakdown (cumulative)



in €m	Q1		Q2		Q3		Q4	
	2004	2003	2004	2003	2004	2003	2004	2003
Airbus	4,126	3,775	10,024	8,773	14,415	12,051		19,048
MTA	101	96	234	268	539	410		934
Aeronautics	645	686	1,631	1,613	2,516	2,452		3,803
Space	457	403	1,090	1,008	1,646	1,473		2,424
DS	932	813	2,119	1,902	3,204	2,957		5,165
HQ & Elim.	(230)	(253)	(531)	(504)	(861)	(807)		(1,241)
Total EADS	6,031	5,520	14,567	13,060	21,459	18,536		30,133

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Quarterly EBIT* breakdown (cumulative)



in €m	Q1		Q2		Q3		Q4	
	2004	2003	2004	2003	2004	2003	2004	2003
Airbus	224	166	982	621	1,382	701		1,353
MTA	(8)	(11)	(10)	(8)	5	(7)		30
Aeronautics	10	16	56	59	116	112		217
Space	(11)	(21)	(11)	(131)	(5)	(184)		(400)
DS	(51)	(54)	(82)	(28)	(75)	(18)		171
HQ & Elim.	34	34	50	79	77	180		172
Total EADS	198	130	985	592	1,500	784		1,543

* pre goodwill and exceptionals

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Quarterly Order-intake breakdown (cumulative)



in €m	Q1		Q2		Q3		Q4	
	2004	2003	2004	2003	2004	2003	2004	2003
Airbus	1,068	3,416	6,158	33,174	10,547	37,028		39,904
MTA	100	122	165	20,104	342	20,195		20,326
Aeronautics	843	706	1,669	1,440	3,168	2,213		3,661
Space	238	341	3,905	779	4,289	1,246		6,062
DS	1,359	969	2,057	1,988	2,975	3,239		6,288
HQ & Elim.	(197)	(176)	(496)	(14,295)	(718)	(14,468)		(15,091)
Total EADS	3,411	5,378	13,458	43,190	20,603	49,453		61,150

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Quarterly Order-book breakdown



in €m	Q1		Q2		Q3		Q4	
	2004	2003	2004	2003	2004	2003	2004	2003
Airbus	140,911	134,615	139,655	154,428	138,747	153,302		141,836
MTA	19,980	677	19,904	20,476	19,738	20,429		20,007
Aeronautics	10,021	10,193	9,991	9,828	10,656	9,719		9,818
Space	8,083	4,401	10,992	4,248	10,921	4,243		7,888
DS	14,976	13,521	14,542	13,342	14,508	13,527		14,283
HQ & Elim.	(15,212)	(689)	(15,140)	(14,581)	(14,887)	(14,510)		(14,552)
Total EADS	178,759	162,718	179,944	187,741	179,683	186,710		179,280

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