

# EADS Results 2001



## The momentum continues

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# 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 26 April 2001.

The Company disclaims any intention or obligation to update these forward-looking statements.



- 1. 2001 Overview**
- 2. Operating performance by activity**
- 3. Financials**
- 4. Outlook**

# 2001 A Year of achievements

## **Exceed all growth targets ; EBIT +21%**

- protected cash and profitability

## **Substantially grew defence business across EADS**

- Revenues 01: €6.1 bn ; Backlog: €18 bn ; Revenues growth 50% by 2004

## **Stabilised commercial A/C business despite Sept 11th**

- Deliveries expected in 02 at 300 A/C - Flexibility & Cost savings programs

# 2001: Exceeding on our promises



## 2001 Financial targets

- Book-to-bill > 1
- Revenues +20 %
- EBIT +15%
- Synergies: 60 € m
- Free Cash Flow ~ 0€

## 2001 Achievements

- ➔ **Book-to-bill = 2**, excluding A400M
- ➔ **Revenues +27%**, in spite of civil aviation dramatic situation
- ➔ **EBIT +21%**, in spite of difficult situation at DCS and at Space;  
**EBIT margin pre-R&D = 12.1%**
- ➔ **Synergies exceeding 100 € m**
- ➔ **Free Cash Flow = € 774m**  
Year-end net cash position > € 1.5 bn

**Outperformed all financial targets**

# 2001 Financial Highlights

<b>2001 Actual</b> (Airbus 100% consolidated)		<b>change from 2000</b> pro-forma**    organic	
<b>Revenues</b>	<b>30.8 €bn</b>	<b>+ 27%</b>	<b>+ 10%</b>
<b>EBIT *</b>	<b>1.7 €bn</b>	<b>+ 21%</b>	<b>+ 5%</b>
<b>Free Cash Flow ***</b>	<b>0.8 €bn</b>	€ 1.5 bn in 2000	
<b>EPS *</b>	<b>1.16 €</b>	<i>(0.06 €) in 2000</i>	
<b>New orders</b>	<b>60.2 €bn</b>	<b>+ 23%</b>	<b>+ 4%</b>
<b>Total backlog</b>	<b>183.3 €bn</b>	<b>+ 39%</b>	<b>+ 16%</b>

\* pre-goodwill amortisation and exceptional

\*\* EADS pro-forma, excluding Airbus UK in 2000

\*\*\* including customer financing cash impact

**Strong improvement of financial performance**

# 2001: Operating performance improvement across all the board



including non-recurring expenses	Revenues		EBIT***	
	2001	change	2001	2000
Airbus*	20.5 €bn	+ 38%	1,655€m	1,412€m
MTA **	0.5 €bn	+ 73%	1€m	(63€m)
Aeronautics**	5.1 €bn	+8%	308€m	296€m
Space**	2.4 €bn	(4%)	(222€m)	67€m
DCS **	3.3 €bn	+15%	(79 €m)	(110€m)
HQ/Eliminations	(1.0 €bn)		31€m	(203€m)
<b>Total EADS</b>	<b>30.8 €bn</b>	<b>+27%</b>	<b>1,694€m</b>	<b>1,399€m</b>

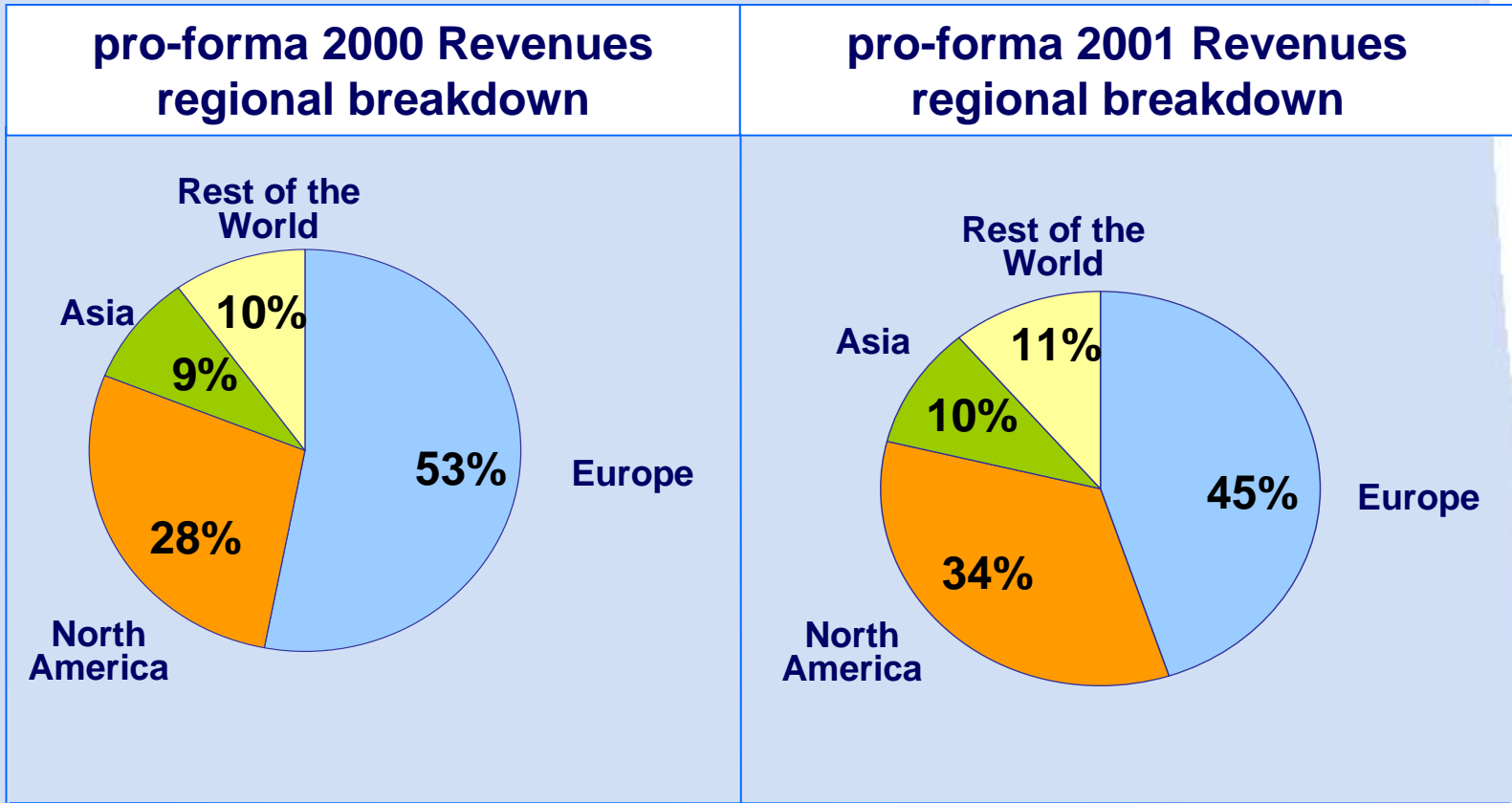
\* in 2000 only 80%

\*\* total EADS military business: 6.1Bn

\*\*\* pre-goodwill amortisation and exceptional

**All divisions but Space increased revenues and EBIT**

# EADS regional breakdown



**A strong business base**

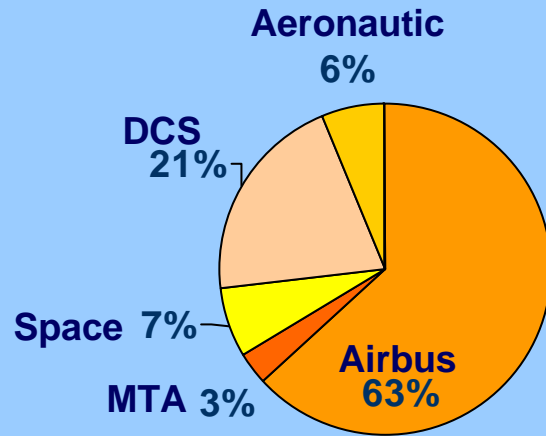


# Synergies

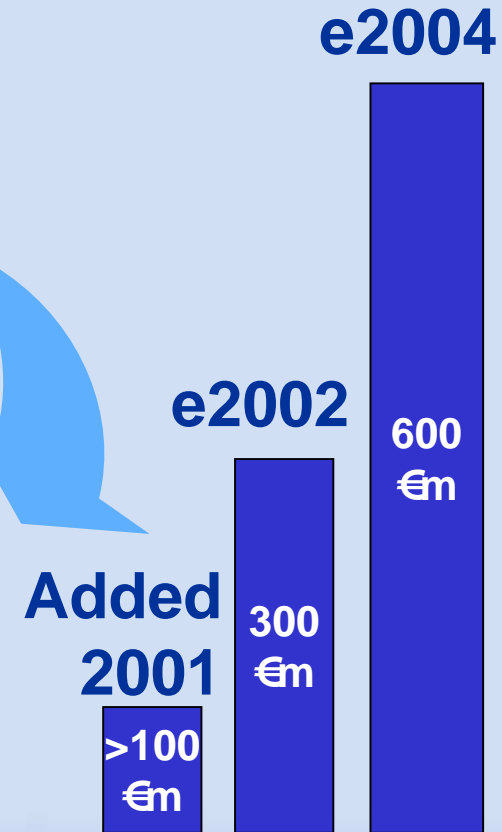
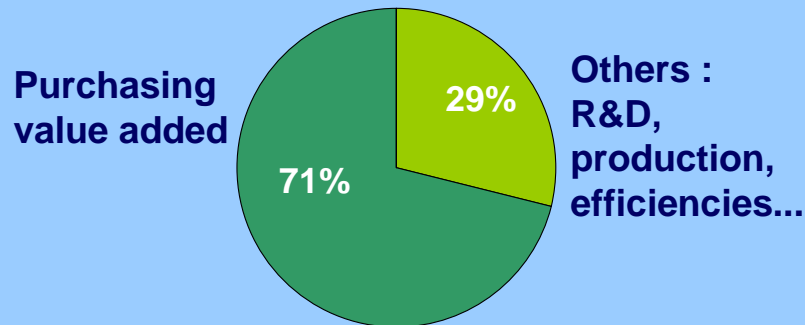
## Value added achievements ahead of plans



### 2001 breakdown by division



### 2001 breakdown by source



**Further improvement of EADS cost structure  
by reaching Merger Integration targets**



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# Airbus 2001 performance and key drivers

€m	pro-forma** 2000	Actual 2001
<i>Deliveries (in units)</i>	311	325
Revenues	14,856	20,549
R&D self-financed <i>in % of revenues</i>	920 6.2%	1,630 7.9%
EBIT* <i>in % of revenues</i>	1,412 9.5%	1,655 8.1%
Order book <i>in units</i>	104,387 1626	156,075 1575
<i>in yrs of prod ***</i>	5.4	5.3

\* pre- goodwill and exceptional

\*\* excluding Airbus UK in 2000

\*\*\* at expected 2002 production level (300)

- **2001 backlog =1575 ac** , net of distressed airlines orders
- **Revised backlog** with customers (post- Sept 11) secures deliveries at 300 in 2002
- **A380 success** : 85 firm orders + 12 commitments, including 37 post Sept 11 events
- **R&D increase** in line with budget
- **Production Flexibility** allows to cut costs equivalent to 6,000 full time jobs
- **Customer financing exposure** : decrease in 2001 despite Sept 11

# MTA 2001 performance and key drivers

€m	pro-forma 2000	Actual 2001
Revenues	316	547
R&D self-financed <i>in % of revenues</i>	59 18.7%	53 9.7%
EBIT* <i>in % of revenues</i>	-63 -19.9%	1 0.2%
Order book <i>Times Revenues</i>	873 2.8	1,320 2.4

\* pre- goodwill and exceptional

- **Positive EBIT** in 2001
- **Ramp up of C295 deliveries**
- **C295 selected** by Poland and Abu Dhabi
- **C235 platform** selected by Boeing for Deep Water contract
- **€18 bn A400M contract** signed on Dec. 2001, to be enforced this year after German Parliament approval; EADS project stake 89.5% (with Airbus 100%); strong revenues generation from 2002 onwards

## A fast growing profile of revenues and EBIT

# Aeronautics 2001 performance and key drivers



€m	pro-forma 2000	Actual 2001
Revenues	4,704	5,065
R&D self-financed <i>in % of revenues</i>	128 2.7%	132 2.6%
EBIT* <i>in % of revenues</i>	296 6.3%	308 6.1%
Order book <i>Times Revenues</i>	13,067 2.8	13,722 2.7

\* pre- goodwill and exceptional

- **Civil helicopters**: increased world-wide civil market share to 57%; security forces new needs
- **Military helicopters** : outstanding successes on export markets (Portugal, Northern countries, Australia) worth €1.6bn in total ; more than 500 military helicopters in backlog
- **Eurofighter** : production ramp up; deliveries to start in 2002
- **Regional aircraft** : ATR integrated company created; positive EBIT

# Space 2001 performance and key drivers

€m	pro-forma 2000	Actual 2001
Revenues	2,535	2,439
R&D self-financed <i>in % of revenues</i>	61 2.4%	60 2.5%
EBIT* <i>in % of revenues</i>	67 2.6%	(222) -9.1%
Order book <i>Times Revenues</i>	4,826 1.9	3,796 1.6

\* pre- goodwill and exceptional, but including non-recurring expenses

## Restructuring on track :

- **New management** put in place with business now refocused
- **2 integrated businesses**  
Launchers and satellites
- **Accelerating cost** cutting and improved efficiencies
- **Non Recurring expenses in 01** due to additional restructuring, depreciation of some investments and cost overruns on some programs
- **Astrium selected** for the £ 2 bn Skynet 5 project

**Secure future earnings through current restructuring and new projects**

# Defence and Civil Systems

## 2001 performance and key drivers

€m	pro-forma 2000	Actual 2001
Revenues	2,909	3,345
R&D self-financed <i>in % of revenues</i>	161 5.5%	173 5.2%
EBIT* <i>in % of revenues</i>	(110) -3.8%	(79) -2.4%
Order book <i>Times Revenues</i>	9,722 3.3	9,094 2.7

- EBIT loss reduced from 2000; **EBIT positive in H2 2001**; on track with target
- On-going **restructuring**
- **MBDA creation effective**
- **Main missiles** programs : end of development, start of production
- **Defence electronics** growth from Eurofighter delivery ramp up
- **EDSN** business strengthened by Cogent acquisition

\* pre- goodwill and exceptional, but including non-recurring expenses

**Growth of EBIT driven by on-going restructuring and programs entering delivery**



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# Management Focus

A large, thick blue arrow with a black outline curves from the left side of the slide towards the right, pointing towards the list of management focus areas.

## Management focused on

- Cost savings
- Synergies
- Cash management
- Improving ROI on Defence business

# Profit & loss highlights

€m	Pro forma 2000**		Actual 2001	
	€ million	in % of revenues	€ million	in % of revenues
<b>Revenues</b>	<b>24,208</b>		<b>30,798</b>	
Self-financed R&D	1,339	5.5%	2,046	6.6%
<b>EBITDA*</b>	<b>2,334</b>	<b>9.6%</b>	<b>3,213</b>	<b>10.4%</b>
<b>EBIT *</b>	<b>1,399</b>	<b>5.8%</b>	<b>1,694</b>	<b>5.5%</b>
Operating income after goodwill/exceptional	200	0.8%	2,514	8.2%
Financial results	(1,315)	(5.4%)	(513)	(1.7%)
<i>of which due to hedge accounting</i>	<i>(1,436)</i>		<i>(234)</i>	
<i>of which Nortel JV impairment test</i>	<i>0</i>		<i>(315)</i>	
Net income	(909)	(3.8%)	1,372	4.5%
<b>Net income *</b>	<b>(45)</b>	<b>(0.2%)</b>	<b>936</b>	<b>3.0%</b>

\* pre-goodwill and exceptional \*\* excluding Airbus UK in 2000

<b>Year-end net cash position</b>	<b>2,143</b>	<b>1,533</b>
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**Strong improvement of Net Profit before exceptional & goodwill despite heavy non-recurring expenses**

# Goodwill and exceptionals

€ m	<u>Value as of Dec. 31, 2001</u>	<u>Annual amortisation charge</u>			
		<u>2000</u>	<u>2001</u>	<u>e2002*</u>	<u>amortisation period</u>
Extraordinary gain from Airbus creation		0	2,537	0	na
Extraordinary gain from MBDA creation		0	257		
<b>Goodwill</b>	<b>10,442</b>	<b>(429)</b>	<b>(1,466)</b>	<b>(680)</b>	<b>20 yrs</b>
- of which normal amortization		(429)	(676)	(680)	
- of which DCS and Space impairment tests		0	(790)	0	
Impairment test on Nortel JV			(315)		
Fair value on fixed assets	1,452	(176)	(260)	(250)	5-25 yrs
Fair value on inventories	47	(483)	(275)	(47)	
<b>Total goodwill &amp; exceptionals (pre-tax)</b>		<b>(1,088)</b>	<b>478</b>	<b>(977)</b>	

\* estimates

**Exceptional acceleration of goodwill depreciation on  
Space and DCS assets; Airbus goodwill confirmed**

# Development of net cash

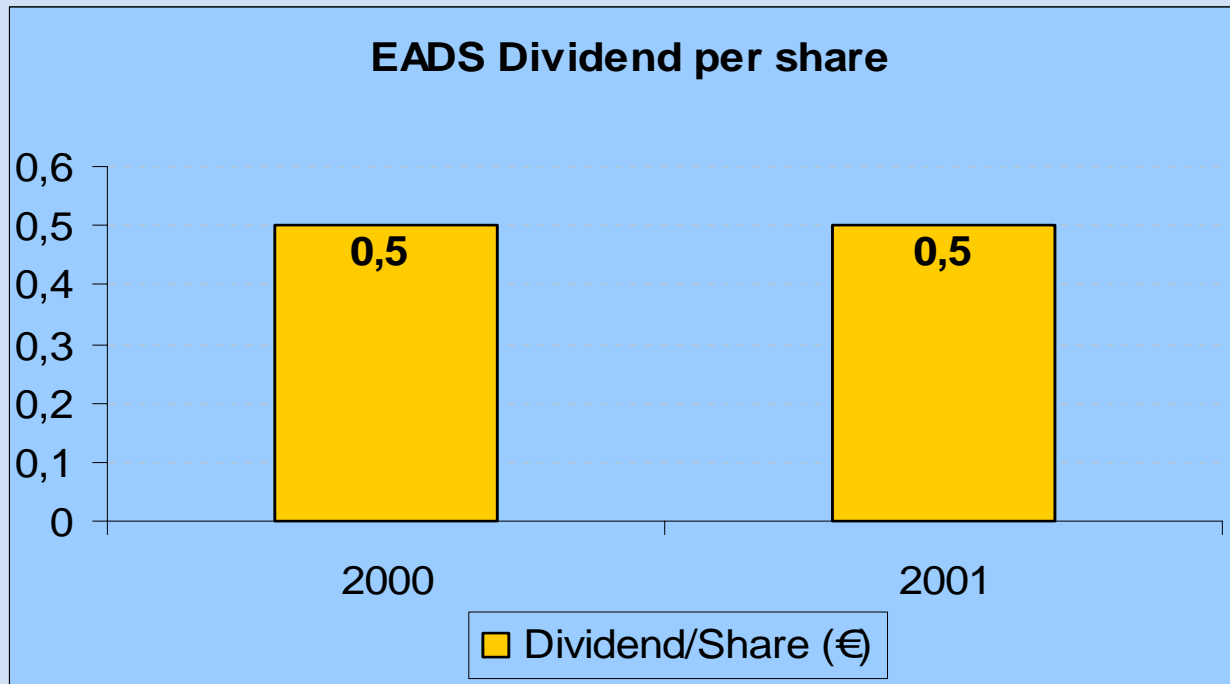


€ million	pro-forma 2000	Actual 2001
<b>Net cash position of previous year</b>	<b>(946)</b>	<b>2,143</b>
Change in debt due to Airbus 100% consolidation		(838)
<b>Net cash position as of January 1st 2001</b>		<b>1,305</b>
Cash flow from operations	1,699	2,654
Cash from Working capital reduction	1,460	2
Cash used for investing activities*	(1,628)	(1,882)
<b>Free cash flow</b>	<b>1,531</b>	<b>774</b>
Dividend payments	(31)	(404)
Capital increase	1,540	21
Others	49	(163)
<b>Net cash position as of December 31</b>	<b>2,143</b>	<b>1,533</b>

\* excluding investment in medium-term securities for €390 m in 2001

**free cash flow generation guarantees  
flexibility in 2002**

**We propose to pay €404 m\* as dividend for 2001 as a result of our strong commercial success**



\* subject to AGM approval on May 17



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# 2002 Financial targets

- **Book-to bill** ratio > 1
- **Backlog** expected to grow > € 190 bn
- **Revenues forecast to hold solidity at about the current level** (-2% from 2001 using constant US\$) **despite difficult aviation business environment**
- **EBIT\* margin pre-R&D** maintained around 12%.  
By including higher R&D, low deliveries, risk assessment and further reactivity, **2002 EBIT\* is targeted at ~1.2 € bn**
- **Free Cash Flow** positive before customer financing cash impact, itself strictly limited below € 1.8 bn

\* pre-goodwill & exceptional

**Top priority : preserving profitability**

**EADS:strong and resilient**

**Actively protecting profitability and cash**

**Value creation and recurring savings on track**

**future growth secured by unparalleled backlog**

**Strong Defence business growth to enhance future profitability**



# ANNEXE

# ANNEXE : Balance sheet

€ million	Dec. 2001**	Dec. 2000
<b>Fixed Assets</b>	<b>25,364</b>	<b>20,894</b>
of which intangible assets/ goodwill	10,588	8,165
of which property, plant & equipment	10,050	8,120
of which financial assets	4,726	4,609
<b>Current Assets</b>	<b>18,318</b>	<b>16,745</b>
of which cash & equivalents, securities	8,033	7,922
of which working capital assets	10,285	8,823
<b>Deferred Tax Assets</b>	<b>4,288</b>	<b>3,151</b>
<b>Pre-paid Expenses</b>	<b>745</b>	<b>654</b>
<b>Total Assets</b>	<b>48,715</b>	<b>41,444</b>
<b>Shareholders' Equity</b>	<b>9,877</b>	<b>10,250</b>
<b>Minority interest</b>	<b>559</b>	<b>221</b>
<b>Total provisions</b>	<b>11,918</b>	<b>8,684</b>
of which other accruals	8,742	5,698
of which pensions	3,176	2,986
<b>Deferred Tax Liabilities &amp; Income</b>	<b>3,764</b>	<b>4,042</b>
<b>Total Liabilities</b>	<b>22,597</b>	<b>18,247</b>
of which trade liabilities	5,466	4,268
of which financial debt	6,500	5,779
of which other liabilities	10,631	8,200
<b>Total Shareholders' Equity &amp; Liabilities</b>	<b>48,715</b>	<b>41,444</b>

\* Airbus 100% consolidated from January 1st 2001

\*\* MBDA 50% consolidated in 2001 year-end balance sheet