Q1 2005 Results

EADS

Hans Peter Ring

Chief Financial Officer

Earnings conference call – 9th May 2005

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Safe Harbor Statement

EADS

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 deréférence " dated 19th April 2005.
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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- Group overview
- Operating performance by division
- Financials
- 2005 guidance

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Q1 2005: Sustaining Growth

- **Confirming FY 2005 targets**
- **Airbus**:
  - Leadership in deliveries (55% market share) and orders
  - Profitability improving with higher volume.
- **Defence businesses**:
  - Order-book delivery : A400M production start and export opportunities, Tiger enters service,…
  - Extend product range : FSTA preferred bidder status, German go-ahead for MEADS, Preferred bidder for German Milsatcom
  - Expand outside home countries : NH90 for New Zealand, Information and Control System for the Netherlands,…
- **Space:** On track for profitable Growth.
- **Net Cash Position +7%, Strong growth in EBIT* and Net Income**

* pre goodwill and exceptionals

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Q1 2005 Financial Highlights

in m€	Q1 2005	Q1 2004	change
Revenues	7,005 € m	6,031 € m	+16%
Of which Defence	*1,258 € m*	*1,083 € m*	*+16 %*
EBIT*	**657 € m**	**198 € m**	**+232 %**
FCF before cust. financing**	**704 € m**	**419 € m**	**68 %**
Net Income	**328 € m**	**49 € m**	**+569 %**
New orders	8,907 € m	3,411 € m	+ 161 %

in bn€	March 2005	Dec. 2004	
Net Cash position	**4.3 € bn**	**4.1 € bn**	**+7 %**
Total Order book	190.4 € bn	184.3 € bn	+3 %
of which Defence	*49.7 € bn*	*49.1 € bn*	*+1 %*

* pre goodwill and exceptionals

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

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Airbus

€ m	Q1 2005	Q1 2004
Deliveries	87	67
Revenues	4,989	4,126
R&D self-financed**	345	463
in % of revenues	6.9%	11.2%
EBIT*	628	224
in % of revenues	12.6%	5.4%
Order book***	141,143	140,911
in units, excl. A400M	1,531	1,397

* pre goodwill and exceptionals
** capitalised R&D: € 52m in Q1 2005 and € 0 in Q1 2004
*** incl. A400M

Order intake:

- Stronger order-intake, but Q1 2004 had been very low (12 orders)
- 123 gross orders, incl. 60 A320 by Air Asia; 66% market share
- UPS, CASGC commit to the A380, which totals 154 firm orders and commitments

- **Revenues up 21%** reflect 20 additional A320 family deliveries and CTA reversal, partly offset by weaker US$ spot rate
- **EBIT* margin 12.6%, EBIT up 180%**
  - Reflects volume impact
  - Low R&D expense in Q1, A380 freighter not ramping-up yet
  - Route06 benefits
  - Hedge rate stable from Q1 2004, stronger than 2005 exp. average
- **A380 maiden flight** on 27th April 2005
- **Global development**:
  - New Management for Airbus Japan
- **Customer financing**: Stable exposure

MTA

€ m	Q1 2005	Q1 2004
Revenues	108	101
R&D self-financed	5	7
in % of revenues	4.6%	6.9%
EBIT*	(6)	(8)
Order book	19,850	19,980

* pre goodwill and exceptionals

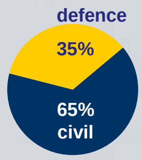
based on Q1 2005 EADS external revenues

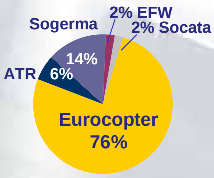
- **Revenues and EBIT*:**
  - Roughly stable
  - Higher revenues and profit towards the end of the year
  - No A400M sales recognition milestone
- **A400M:**
  - Production started (first metal cut)
  - Negotiations with Export customers, South Africa joins A400M programme,
- **Tanker:**
  - FSTA preferred bidder status on Feb. 28
  - US Tanker preparation underway
- **Medium-light aircraft:**
  - Brazil: 12 C295 + P3 Orion FITS upgrade signed in April for €0.6 bn.
  - Opportunity for US Future Cargo Aircraft

Aeronautics

€ m	Q1 2005	Q1 2004
Revenues	743	645
R&D self-financed	18	18
in % of revenues	2.4%	2.8%
EBIT*	11	10
in % of revenues	1.5%	1.6%
Order book	10,986	10,021

* pre goodwill and exceptionals





based on Q1 2005 EADS external revenues

- **Revenues and EBIT*:**
  - Revenues up 15% driven by Eurocopter
  - Improved Eurocopter EBIT offset by low ATR performance ($, deliveries)
  - Revenues and profit traditionally higher towards the end of the year
- **Eurocopter:**
  - **Tiger:** entered service with Germany in April following France and Australia,
    4 a/c delivered until April
  - **NH90:** Selected by New Zealand, order-book stands at 345 units, first flight of Swedish version
- **ATR:** Air Deccan (India) orders 30 ATR72
- **Sogerma**: Restructuring in preparation

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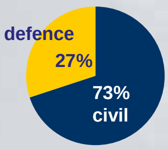
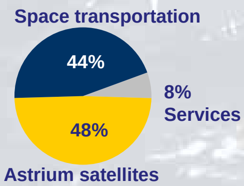
Space

€ m	Q1 2005	Q1 2004
Revenues	516	457
R&D self-financed	9	8
in % of revenues	1.7%	1.8%
EBIT*	(6)	(11)
Order book	11,394	8,083

* pre goodwill and exceptionals





based on Q1 2005 EADS external revenues

- **EBIT*:** on track for improved FY profitability
- **Revenues** up 13%:
  - Growth from Ariane 5 production, large satellite delivery, Paradigm
  - Higher revenues expected in following quarters
- **Order intake reaches €640m**
  - Military orders: Helios support, M51, Paradigm additions
  - Preferred bidder for German Milsatcom
- **Business execution:**
  - Successful launch of Ariane5 ECA
  - First Inmarsat IV satellite delivered and operating in orbit
  - Paradigm milestone achieved
  - Restructuring implementation

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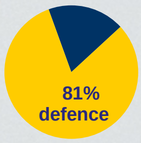
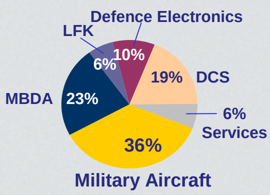
Defence and Security Systems

EADS

€ m	Q1 2005	Q1 2004
Revenues	925	932
R&D self-financed	37	40
in % of revenues	4.0%	4.3%
EBIT*	(35)	(51)
Order book	17,262	14,976

* pre goodwill and exceptionals





based on Q1 2005 EADS external revenues

- **Revenues** about stable on high levels slightly growing with same perimeter.
- **EBIT*:** Revenues and Profit stronger towards the end of the year
- **Eurofighter**:
  - Cum. 19 a/c delivered until March in Germany and Spain
- **MBDA/LFK:**
  - MICA successful vertical launch
  - MEADS: German Go-ahead in April, potential €0.8 bn value for EADS
- **DCS:**
  - Negotiations to acquire Nokia PMR business
  - Dutch selection for integrated Information and Control System

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Profit & Loss Highlights

EADS

	Q1 2005 € m	Q1 2005 in % of Revenues	Q1 2004 € m	Q1 2004 in % of Revenues	FY 2004 € m	FY 2004 in % of Revenues
Revenues	**7,005**		**6,031**		**31,761**	
self-financed R&D**	422	6.0%	535	8.9%	2,126	6.7%
EBITDA	984	14.0%	526	8.7%	3,853	12.1%
EBIT*	**657**	**9.4%**	**198**	**3.3%**	**2,444**	**7.7%**
EBIT* before R&D	**1,079**	**15.4%**	**733**	**12.2%**	**4,570**	**14.4%**
Interest result	(57)	(0.8%)	(59)	(1.0%)	(275)	(0.9%)
Other financial result	55	(0.8%)	15	0.2%	(55)	(0.2%)
Taxes	(212)	(3.0%)	(42)	(0.7%)	(664)	(2.1%)
Net income	**328**	**4.7%**	**49**	**0.8%**	**1,030**	**3.2%**
EPS (1)	**0.41 €**		**0.06 €**		**1.29 €**	

* pre goodwill and exceptionals

** IAS 38: €52m capitalised during Q1 2005; € 0 m during Q1 2004

(1) average number of shares outstanding: 795,573,328 in Q1 2005 and 800,957,248 in Q1 2004

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Development of Net Cash

EADS

in € m	Q1 2005	Q1 2004	FY 2004
Net cash position at the beginning of the period	**4,058**	**3,105**	**3,105**
Gross Cash Flow from Operations*	**855**	**505**	**2,858**
Change in working capital	**459**	**462**	**2,155**
Cash used for investing activities**	**(673)**	**(481)**	**(3,399)**
of which Industrial Capex (additions)	(557)	(501)	(3,017)
of which Customer Financing	(63)	67	(188)
of which Others	(53)	(47)	(194)
Free Cash Flow**	641	486	1,614
Free Cash Flow before customer financing	**704**	**419**	**1,802**
Capital increase	2	0	43
Share buyback	(203)	0	(81)
Dividend paid incl. minority	0	0	(384)
Non-recourse customer financing	0	0	(369)
Others	(152)	(147)	130
Net cash position at the end of the period	**4,346**	**3,444**	**4,058**

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

** excl. change in securities, consolidation changes

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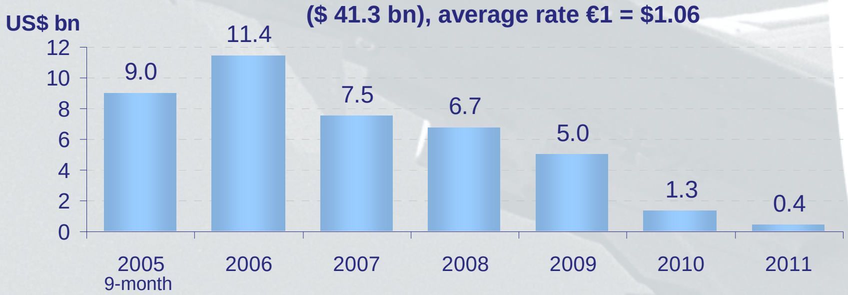
Hedge Policy

- App. half EADS US$ revenues naturally hedged by US$ procurement
- Net exposure expected around $12 bn (including $11 bn for Airbus) in 2005

EADS hedge portfolio, 31st March 2005
($ 41.3 bn), average rate €1 = $1.06



€ vs $	1.07	1.08	1.03	1.03	1.09	1.04	1.13
£ vs $	1.52	1.50	1.48	1.52	1.59	1.61	1.60

Marked-to-market value = € 7.2 bn

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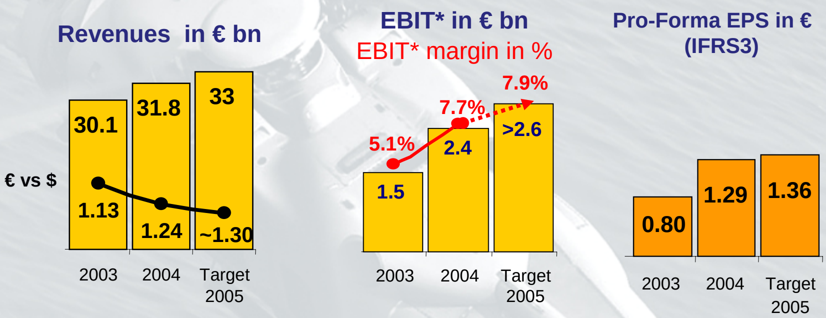
Confirm 2005 targets: EBIT* +6%



Other 2005 targets

- **Airbus Deliveries:** 350–360 aircraft
- **Book to Bill** (Orders/Revenues) > 1
- **Free Cash Flow** positive, pre-customer financing and Paradigm investment

* pre goodwill and exceptionals

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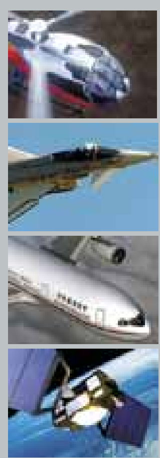

Appendix

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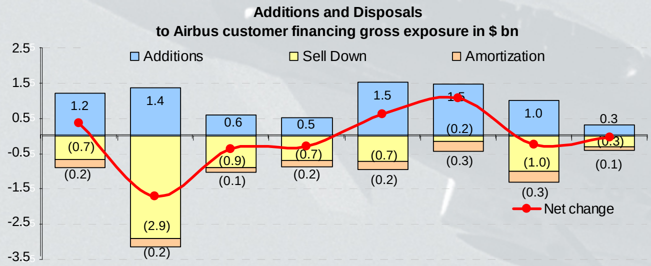
Airbus Customer Financing

Active exposure management

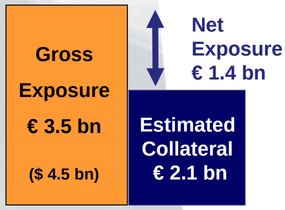


1998	1999	2000	2001	2002	2003	2004	Q1 2005
6.1	4.3	3.9	3.1	3.8	4.8	4.6	4.5

Gross exposure ($bn)

- Reduction since 2004 reflects market recovery
- Allocated over 224 aircraft

Net Exposure fully provisioned



March 31, 2005

Balance Sheet Highlights

in € m	March 2005	Dec. 2004
Assets	**58,165**	**58,267**
of which Goodwill	9,463	9,460
of which cash & equivalents, securities	9,756	9,184
of which positive hedge mark-to-market	7,341	8,948
Total Equity	**18,529**	**19,343**
of which OCI (Other Comprehensive Income)	5,256	6,086
of which Minority interests	2,249	2,370
Total Liabilities	**39,636**	**38,924**
of which pensions	3,999	3,947
of which negative hedge mark-to-market	184	181
of which other provisions	4,292	4,267
of which deferred tax liabilities & deferred income	5,597	6,125
of which financial debts	5,410	5,126
of which European gvts refundable advances	5,461	5,119
Total liabilities and Equity	**58,165**	**58,267**
Closing rate €/$	1.30	1.36

EBIT* Calculation

EADS

in € m	Q1 2005	Q1 2004	FY 2004
Profit before finance cost and income taxes	**624**	**146**	**2,227**
Exceptionals:			
Goodwill impairment**	0	0	0
Fair value adjustment	33	52	217
EBIT*	**657**	**198**	**2,444**

* 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*

EADS

€m		Q1 2005	Q1 2004	FY 2004
EBIT*		**657**	**198**	**2,444**
EBIT* margin (% of revenues)		9.4%	3.3%	7.7%
<u>**EADS EBIT* includes the following items**</u>				
MTA	Restructuring	0	0	(28)
Aeronautics				
	Restructuring (Sogerma)	0	(5)	(13)
DS	Restructuring	(11)	(4)	(88)

* pre goodwill and exceptionals

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Net Cash Position

EADS

in m€	March 2005	March 2004	Dec. 2004
Gross cash	9,756	8,445	9,184
Financial Debts		(5,001)	
Short-term Financial Debts	*(870)*		*(720)*
Long-term Financial Debts	*(4,540)*		*(4,406)*
Reported Net cash	**4,346**	**3,444**	**4,058**
non-recourse debt	1,093	757	988
Net cash excl. non-recourse	**5,439**	**4,201**	**5,046**
Main minority impact*	(299)	(54)	(201)
Airbus 20% non-recourse debt	(219)	(151)	(198)
Net cash position net of minority and non-recourse	**4,921**	**3,996**	**4,647**

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

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Net Income pre-exceptionals

EADS

in € m	March 2005	March 2004	Dec. 2004
Net Income	**328**	**49**	**1,030**
EPS	**0.41 €**	**0.06 €**	**1.29 €**
Goodwill impairment	0	0	0
Exceptionals:			
Depreciation of Fair value adjustment	33	52	217
Related Tax impact	(11)	(19)	(78)
Related Minorities portion	(3)	(5)	(17)
Net Income*	347	77	1,152
EPS*	0.44 €	0.10 €	1.44 €

* pre goodwill and exceptionals; the term “exceptionals” refers to such items as amortization expenses of fair value adjustments relating to the EADS merger, the Airbus creation and the formation of MBDA.

Average number of shares outstanding: 795,573,328 in Q1 2005 and 800,957,248 in Q1 2004

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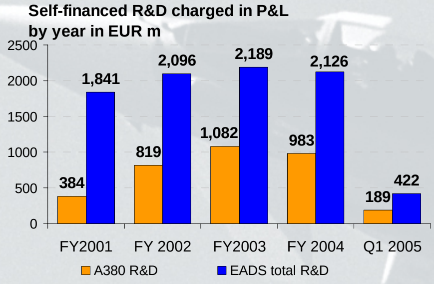
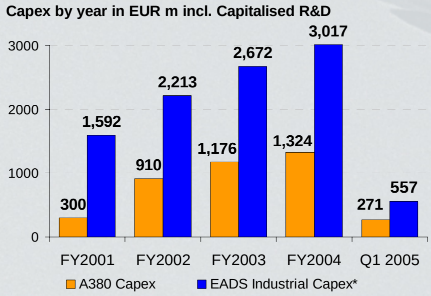
A380: Maiden Flight, 27th April 2005



Cumulative
A380 R&D
= 3.5 €bn



Cumulative
A380 Capex
= 4.0 €bn

* excluding leased aircraft (2001: 604 €m; 2002: 101 €m; 2003: 279 € m; 2004: 656 €m; Q1 2005: 29€m)

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Customer Financing Exposure

all figures in € m	March 2005	Dec. 2004
closing rate € - $	1.30	1.36
100% AIRBUS		
Total Gross exposure	**3,489**	**3,348**
of which off-balance sheet	*567*	*604*
Estimated value of collateral	(2,098)	(1,916)
Net exposure	**1,391**	**1,432**
Provision and asset impairment	(1,391)	(1,432)
AIRBUS Net exposure after provision	**0**	**0**
50% ATR		
Total Gross exposure	**347**	**333**
of which off-balance sheet	*42*	*46*
Estimate value of collateral	(313)	(300)
Net exposure	**34**	**33**
Provision	(34)	(33)
ATR Net exposure after provision	**0**	**0**

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Quarterly Revenues Breakdown (cumulative)

EADS

in €m	Q1 2005	Q1 2004	H1 2005	H1 2004	9m 2005	9m 2004	FY 2005	FY 2004
Airbus	4,989	4,126		10,024		14,415		20,224
MTA	108	101		234		539		1,304
Aeronautics	743	645		1,631		2,516		3,876
Space	516	457		1,090		1,646		2,592
DS	925	932		2,119		3,204		5,385
HQ & Elim.	(276)	(230)		(531)		(861)		(1,620)
Total EADS	7,005	6,031		14,567		21,459		31,761

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Quarterly EBIT* Breakdown (cumulative)

EADS

in €m	Q1 2005	Q1 2004	H1 2005	H1 2004	9m 2005	9m 2004	FY 2005	FY 2004
Airbus	628	224		982		1,382		1,922
MTA	(6)	(8)		(10)		5		26
Aeronautics	11	10		56		116		206
Space	(6)	(11)		(11)		(5)		10
DS	(35)	(51)		(82)		(75)		228
HQ & Elim.	65	34		50		77		52
Total EADS	657	198		985		1,500		2,444

* pre goodwill and exceptionals

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Quarterly Order-intake Breakdown (cumulative)

in €m	Q1		H1		9m		FY	
	2005	2004	2005	2004	2005	2004	2005	2004
Airbus	6,654	1,068		6,158		10,547		25,816
MTA	59	100		165		342		1,176
Aeronautics	893	843		1,669		3,168		4,339
Space	640	238		3,905		4,289		5,658
DS	935	1,359		2,057		2,975		8,457
HQ & Elim.	(274)	(197)		(496)		(718)		(1,329)
Total EADS	8,907	3,411		13,458		20,603		44,117

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Quarterly Order-book Breakdown

in €m	March		June		Sept.		Dec.	
	2005	2004	2005	2004	2005	2004	2005	2004
Airbus	141,143	140,911		139,655		138,747		136,022
MTA	19,850	19,980		19,904		19,738		19,897
Aeronautics	10,986	10,021		9,991		10,656		10,171
Space	11,394	8,083		10,992		10,921		11,311
DS	17,262	14,976		14,542		14,508		17,276
HQ & Elim.	(10,224)	(15,212)		(15,140)		(14,887)		(10,389)
Total EADS	190,411	178,759		179,944		179,683		184,288

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