

Q1 2003 Results



Hans Peter Ring, CFO

Analysts Conference call – May 6, 2003

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.

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

Q1 results are driven by...

- **65 Airbus deliveries (as expected)**
- **Impact of weak \$** on revenues (€ -0.4 bn) from Q1 2002
- **A380 R&D ramp up**. EBIT margin pre-R&D maintained (~ 12%)
- Strong **seasonality** of Defence and para-public businesses
- **Net Cash position** affected by one-time factors

... 2003 financial targets unchanged:

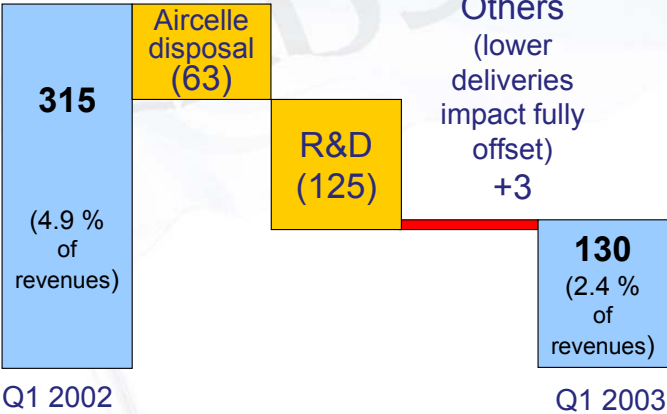
- **300 deliveries**
- **Revenues** in same range as 2002, based on 1€ = 1.10 \$
- **EBIT*** in same range as 2002; strong improvement from MTA, Aeronautics and DCS divisions
- **Free Cash Flow** positive pre-customer financing
- Restrictive **customer financing**

* pre goodwill and exceptionals

Q1 2003 EBIT development from Q1 2002



EADS consolidated EBIT in € millions



* pre goodwill and exceptionals

EADS maintains effective business focus ...



- **Airbus** wins 42 new orders until March 31, 2003
- **Avion Capital** creation highlights sources of available financing
- **Defence Security Systems** reorganisation concentrates on integrated approach to defense systems sales
- 1st production **Tiger** HAP flight completed
- **Ariane 5** "Generic" resumes flight
- Issued a €1bn bond under **EMTN** program
- 1st handover of Eurofighter to German forces

... in an exacting and unsettled environment

(SARS, economic growth uncertainties, airlines losses,...)

Q1 2003 key figures



in € bn	Q1 2003	Q1 2002
Revenues	5.5 € bn	6.4 € bn
EBIT*	0.1 € bn	0.3 € bn
FCF before cust. financing**	(0.3 € bn)	0.4 € bn
New orders	5.4 € bn	3.8 € bn
	March 2003	Dec. 2002
Net Cash position	0.5 € bn	1.2 € bn
Total Order-Book	162.7 € bn	168.3 € bn

* pre goodwill and exceptionals

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

1. Group overview
2. **Operating performance by division**
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Airbus



€ m	Q1 2003	Q1 2002
Deliveries	65	72
Revenues	3,775	4,646
R&D self-financed	445	320
in % of revenues	11.8%	6.9%
EBIT*	166	396
in % of revenues	4.4%	8.5%
Order book	134,615	151,794
<i>in units</i>	1,476	1,505

* pre goodwill and exceptionals

- **Ongoing commercial success**

- 42 new orders in Q1
- Malaysia commits to A380
- Iberia commits to A340-500
- Jetblue: 65 A320 orders
- China: 30 units

- **300 deliveries** confirmed;
- **EBIT pre R&D margin** maintained above 15%
- **Revenues** affected by:
 - \$ impact (€ -0.4 bn)
 - Lower deliveries and Revenue recognition based on 62 ac, following the classification of 3 aircraft, reflecting customer payment terms (€ - 0.5 bn in total)
- **EBIT** affected by :
 - R&D increase (€ -125 m)
 - Aircelle disposal gain on Q1 2002 (€ -63 m)
 - Volume partially offset
- **Cash Improvement** program launched (investments freeze)
- **Order-book** about stable from March 02 with constant \$

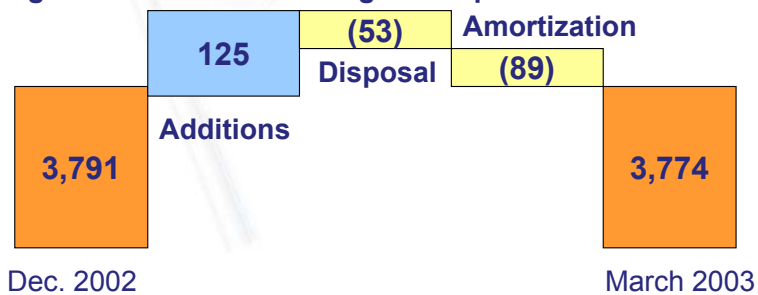
Stable Airbus customer financing exposure

all figures in € m

Figures for 100% Airbus	March 2003	Dec. 2002
closing rate \$/€	1.09	1.05
Total Gross exposure*	3,424	3,581
<i>of which off-balance sheet</i>	855	891
Estimate value of collateral	(1,911)	(2,062)
Net exposure	1,513	1,519
Provision	(1,513)	(1,519)
AIRBUS Net exposure after provision	0	0

* Adjusted for stipulated loss values

Airbus gross customer financing development on Q1 2003 in \$ m



€ m	Q1 2003	Q1 2002
Revenues	96	101
R&D self-financed	6	8
in % of revenues	6.3%	7.9%
EBIT*	(11)	(12)
Order book	677	1,295

* pre goodwill and exceptionals



based on 2002 revenues

- **Revenues** affected by mix**
- € 17.7 bn*** **A400M**: engine selection; German Budgetary commission
- **Order-book**: affected by the loss of Fairchild Dornier business in 2002 (€ -0.5bn)
- **Order intake** increased two-fold from € 61 m on Q1 2002 to € 122 m on Q1 2003

** (1C-212 delivered in Q1 2003, compared to 1 CN-235 in 2002)

*** EADS share

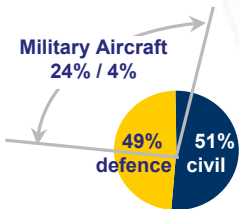
Aeronautics



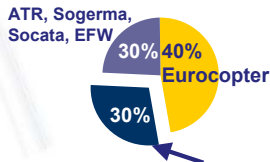
€ m	Q1 2003	Q1 2002
Revenues	969	936
R&D self-financed	29	25
in % of revenues	3.0%	2.7%
EBIT*	33	16
in % of revenues	3.4%	1.7%
Order book	13,417	14,239

* pre goodwill and exceptionals

- **Eurofighter**: first units handed over to customers
- **Eurocopter**: Preparation of Tiger deliveries
- **Aerostructure and maintenance** business was sustained thanks to freighter conversion growth
- **EBIT** improvement contributed by most of units
- **Q1 EBIT and Revenues** traditionally lower than other quarters due to defence and para-public customers



based on 2002 revenues



based on Q1 2003 revenues

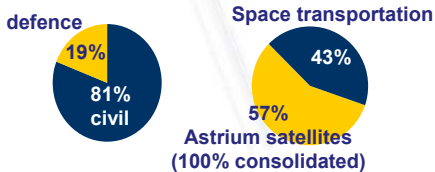
Military Aircraft will be transferred in June 2003 to Defence Security Systems division (ex. DCS)

Space



€ m	Q1 2003	Q1 2002
Revenues	403	426
R&D self-financed	11	12
in % of revenues	2.7%	2.8%
EBIT*	(21)	(33)
Order book	4,401	3,683

* pre goodwill and exceptionals



based on 2002 revenues based on Q1 2003 revenues

- **Astrium 100% consolidated** from January 1st 2003. Acquisition completed; EU approval expected mid-May
- **Revenues** decreased by 19 % with constant perimeter due to the end of Ariane 4
- Drastic **restructuring** under-way
- Restructuring charge not yet incurred. 2003 **EBIT** expected to be strongly affected by restructuring expenses (~€280m) and further program contingencies
- **order-book** increase reflects first time consolidation of 100% Astrium

Defence and Civil Systems

(Figures before new organisation)



€ m	Q1 2003	Q1 2002
Revenues	530	539
R&D self-financed	37	39
in % of revenues	7.0%	7.2%
EBIT*	(72)	(72)
Order book	10,297	9,210

* pre goodwill and exceptionals

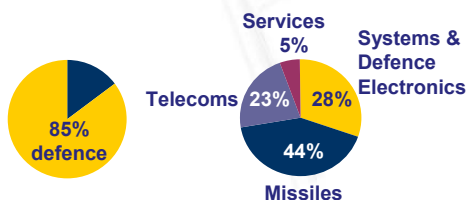
• **New organisation** (Military Aircraft BU included from June 2003 to form **Defence Security Systems**) will allow :

- Integration of military aircraft solutions
- Focus on new opportunities (C4ISR, Network Centric Warfare, UAV)

• **Storm-Shadow** missiles in-service-status and delivery continuing **ramp-up**

• **Revenues** : Missile double digit growth offset by Telecom decline

• Strong seasonal influences



based on 2002 revenues

based on Q1 2003 revenues

1. Group overview
2. Operating performance by division
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Profit & loss highlights



	Q1 2003		Q1 2002	
	€ m	in % of Revenues	€ m	in % of Revenues
Revenues	5,520		6,408	
self-financed R&D	528	9.6%	403	6.3%
EBITDA	389	7.0%	687	10.7%
EBIT*	130	2.4%	315	4.9%
EBIT* before R&D	658	11.9%	718	11.2%
Interest result	(18)	(0.3%)	(12)	(0.2%)
Taxes	1	0.0%	(96)	(1.5%)
Net income	(93)	(1.7%)	(25)	(0.4%)
Net Income*	62	1.1%	139	2.2%

* pre goodwill and exceptionals

Development of net cash

in € m	Q1 2003	Q1 2002
Net cash at the beginning of the period	1.224	1.533
Gross Cash Flow from Operations*	20	189
Change in working capital	102	498
Cash used for investing activities**	(510)	(593)
of which Industrial Capex (additions) ***	(409)	(419)
Customer Financing net additions	(79)	(277)
Others****	(22)	103
Free Cash Flow**	(388)	94
<i>Free Cash Flow before customer financing</i>	(309)	371
Restructuring of a risk-sharing loan	(236)	0
Astrium first time 100% consolidation impact	(74)	0
Others	12	16
Net cash at the end of the period	538	1.643

* gross cash flow operations, excl. working capital change

** excl. change in securities and consolidation changes

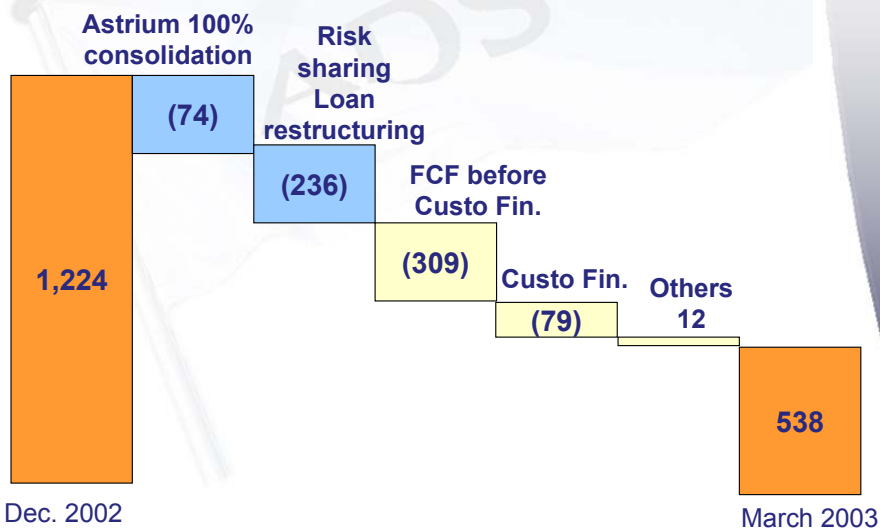
*** excl. leased assets and financial assets

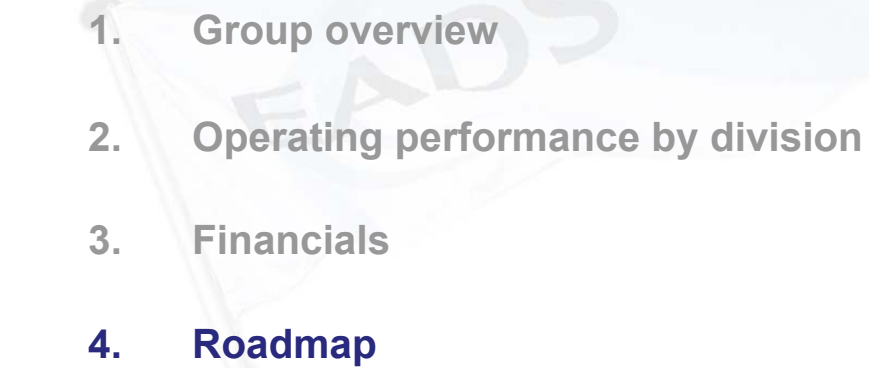
**** in 2002 mainly Aircelle disposal

Development of net cash position on Q1 2003



In € millions



- 
- A large, semi-transparent image of the EADS flag is positioned in the background of the slide. The flag is light blue with the word "EADS" written in large, white, bold letters across its center. The flag is attached to a flagpole and is shown waving. The background of the slide is white with a dark blue gradient on the right side.
1. Group overview
 2. Operating performance by division
 3. Financials
 4. **Roadmap**

Maintain solid business base in the turmoil



- **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**

- **Implement concrete actions** to preserve cash and profitability at Airbus and restore profitability at our Space business

- **Further enhance order-book**

- Airbus on-going commercial success with cash and profitability focus
- Actively prepare the closing of Paradigm (€3.5 bn) and A400M (€17.7 bn) deals

* pre goodwill and exceptionals



Appendix

Balance Sheet Highlights



in € m	March 2003	December 2002
Assets	49,085	47,400
of which Goodwill	9,533	9,586
of which cash & equivalents, securities	6,719	6,200
of which positive hedge mark-to-market	3,934	2,819
Stockholders' equity	13,430	12,765
of which OCI (Other Comprehensive Income)	3,210	2,452
Minority interest	1,530	1,361
Total provisions	8,310	8,248
of which pensions	3,558	3,392
of which negative hedge mark-to-market	143	161
of which other provisions	4,609	4,695
Deferred tax liabilities & income	5,102	4,734
Liabilities	20,713	20,292
of which financial debts	6,181	4,976
of which European gvts refundable advances	4,193	4,265
Total liabilities and stockholders'equity	49,085	47,400
Closing rate €/€	1.09	1.05

EBIT* calculation



in € m	March 2003
Result before financial inc. and income tax	(96)
Income from investments	24
Exceptionals:	
Goodwill amortisation	140
Fair value adjustment	62
EBIT*	130

* pre goodwill and exceptionals

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



€m	Q1 2003	Q1 2002	
EBIT *	130	315	
EBIT* margin (% of revenues)	2.4%	4.9%	
<u>EADS EBIT* includes the following items</u>			
Airbus	Aircelle disposal	-	63
MTA	Asset depreciation	-	(6)
DCS	Restructuring	(16)	-

* pre goodwill and exceptionals

Net Income pre goodwill and exceptionals



in € m	March 2003	March 2002
Net Income	(93)	(25)
• Goodwill amortisation	140	147
• Exceptionals:		
Fair value adjustment on fixed assets	54	54
Fair value adjustment on inventories	8	3
Tax impact on exceptional fair value	(23)	(21)
• Minorities on goodwill and exceptionals	(24)	(19)
Net Income*	62	139
EPS* (1)	0.08 €	0.17 €

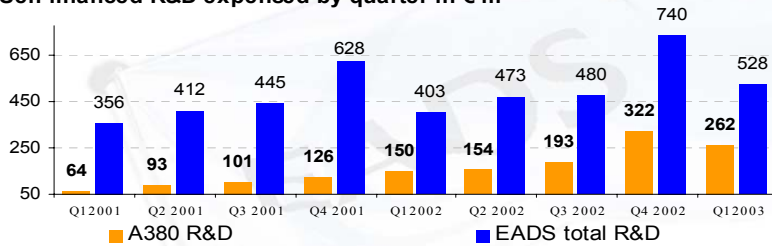
* pre goodwill and exceptionals

(1) average number of shares outstanding: 800,957,248 in Q1 2003 and 809,175, 311 Q1 2002

A380 close to peak investment

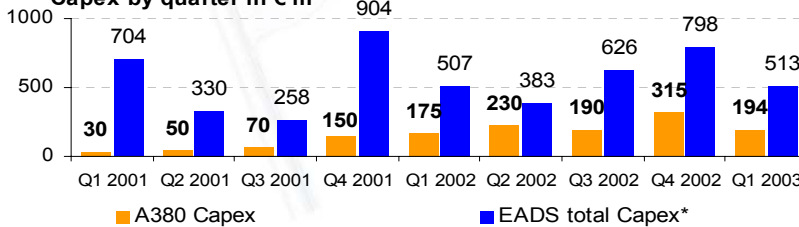


Self-financed R&D expensed by quarter in € m



Cumulative
A380 R&D
= 1.5€bn

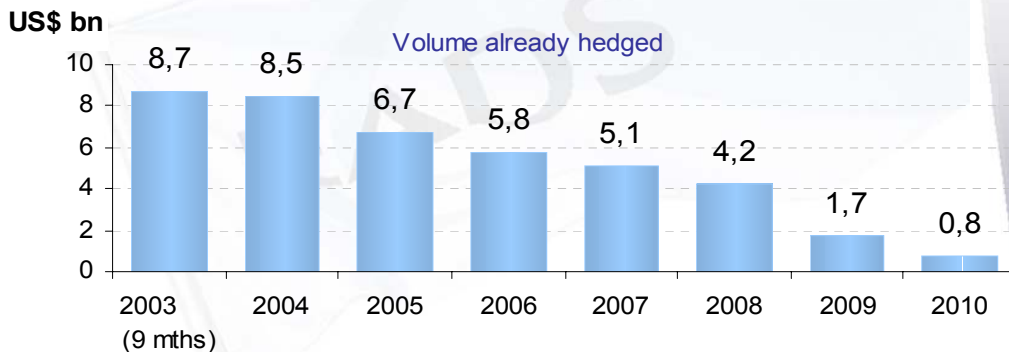
Capex by quarter in € m



Cumulative
A380 capex
= 1.4€bn

* including leased aircraft and RVG reclassification (2001: 604€m; 2002: 101€m. Q1 2003 : € 104 m)

EADS hedge portfolio (US\$ 41 bn) as of March 31, 2003



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

Hedge rates applicable to EBIT



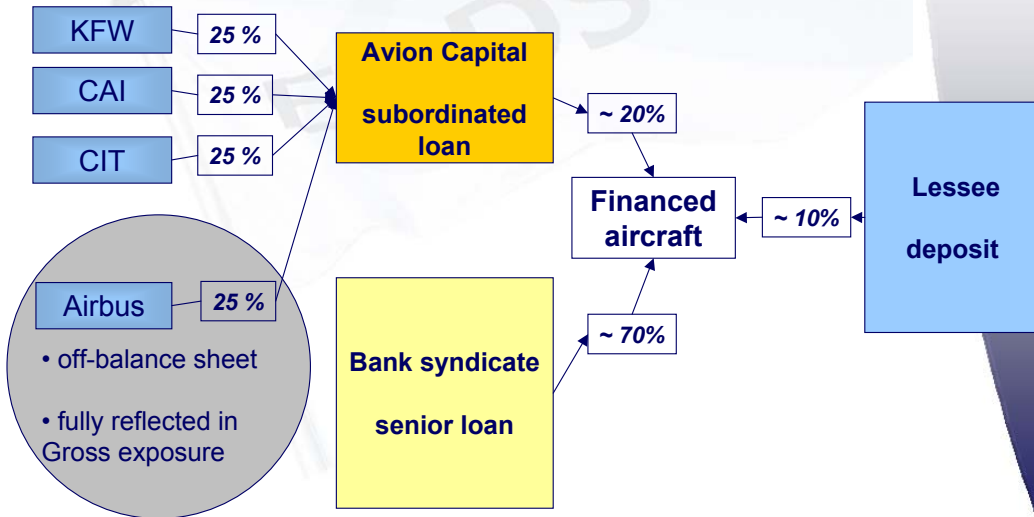
Approx. 50% of EADS US\$ revenues are naturally hedged by US\$ procurement

*as of December 2002

Avion Capital

New source of available financing to Airbus customers

...Typical aircraft funding structure



Avion Capital



- CEO: *Colin Thaine – 30 years aviation experience*
Former head of aircraft finance of Denton Wilde Sapte
- Beyond its underwriting ability, Avion Capital pools diverse resources
 - Portfolio Management*
 - Syndication*
 - Paying Agency*
 - Security Trust*
 - Back Office*
 - Remarketing*
 - Negotiation*

Quarterly revenues breakdown (cumulative)



in €m	Q1		Q2		Q3		Q4	
	2003	2002	2003	2002	2003	2002	2003	2002
Airbus	3,775	4,646		9,870		13,750		19,512
MTA	96	101		234		310		524
Aeronautics	969	936		2,226		3,363		5,304
Space	403	426		882		1,389		2,216
DCS	530	539		1,245		1,874		3,306
HQ/Elim.	(253)	(240)		(483)		(690)		(961)
Total EADS	5,520	6,408		13,974		19,996		29,901

Quarterly EBIT* breakdown (cumulative)



in €m	Q1		Q2		Q3		Q4	
	2003	2002	2003	2002	2003	2002	2003	2002
Airbus	166	396		874		1,072		1,361
MTA	(11)	(12)		(72)		(79)		(80)
Aeronautics	33	16		63		132		261
Space	(21)	(33)		(85)		(101)		(268)
DCS	(72)	(72)		(71)		(91)		40
HQ/Elim.	35	20		66		80		112
Total EADS	130	315		775		1,013		1,426

* pre goodwill and exceptionals

Quarterly Order-intake breakdown (cumulative)



in €m	Q1		Q2		Q3		Q4	
	2003	2002	2003	2002	2003	2002	2003	2002
Airbus	3,416	1,261		10,334		15,446		19,712
MTA	122	61		214		290		403
Aeronautics	915	1,458		2,295		3,171		5,099
Space	341	316		569		1,068		2,145
DCS	761	858		1,605		2,720		4,410
HQ & Elim.	(177)	(147)		(226)		(354)		(760)
Total EADS	5,378	3,807		14,791		22,341		31,009

Quarterly Order-book breakdown



in €m	Q1		Q2		Q3		Q4	
	2003	2002	2003	2002	2003	2002	2003	2002
Airbus	134,615	151,794		145,500		148,898		140,996
MTA	677	1,295		1,283		1,258		633
Aeronautics	13,417	14,239		13,797		13,529		13,458
Space	4,401	3,683		3,492		3,445		3,895
DCS	10,297	9,210		9,484		9,953		10,110
HQ & Elim.	(689)	(677)		(568)		(514)		(753)
Total EADS	162,718	179,544		172,988		176,569		168,339