



# **EADS H1 2002 results**

## **Exceed targets in Cash and EBIT**

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London - July, 25 2002





# 1. H1 2002 key highlights

2. Division Highlights

3. Financials

4. Enhanced outlook

# Key events in H1 2002

- **Airbus: 107** new orders including 34 Wide Bodies, **160** deliveries
- Airbus review of order-book completed: **300 deliveries** all backed by firm orders for **2002 and 2003** without deterioration of mix and prices
- EADS major partner of **Deepwater** project
- **Eurofighter**, exclusive bidder for € 1.8 bn contract with Austria
- Astrium, preferred bidder for £ 2 bn **Paradigm** contract and **Galileo** project progressing
- EADS within the **Herkules** consortium, selected as preferred bidder, to provide outsourced telecom and IT for the German Army

**Enhance growth potential in all businesses,  
while at the same time....**

## .... Success in Preserving cash

- Maintain **positive net cash position**, in H1 2002 at € 1.4 bn
- **Customer financing activity significantly below budget**; no increase of gross exposure in H1 2002; active sell-down of existing exposure
- **Continue to receive customer advances on schedule**
- Success of cost saving plans, post -Sept 11th => **maintain production unit costs** despite Airbus deliveries decrease

## H1 2002 Financial Highlights

	<b>H1 2002</b>	<b>H1 2001</b>	<b>FY2001</b>
Revenues	€ 14.0 bn	€ 14.0 bn	€ 30.8 bn
EBITDA	€ 1.5 bn	€ 1.3 bn	€ 3.2 bn
<b>EBIT *</b>	<b>€775 m</b>	<b>€764 m</b>	<b>€ 1.7 bn</b>
Free Cash Flow	€ (57) m	€ 526 m	€ 774 m
<b>Net cash position</b>	<b>€ 1.4 bn</b>	<b>€1.3 bn</b>	<b>€ 1.5 bn</b>
EPS	€ 0.11	€ 2.05	€ 1.70
<b>EPS *</b>	<b>€0.57</b>	<b>€0.56</b>	<b>€1.16</b>
Order intake	€ 14.8 bn	€ 42.8 bn	€ 60.2 bn
Order book	€ 173 bn	€ 185 bn	€ 183 bn

\* pre-goodwill and exceptional

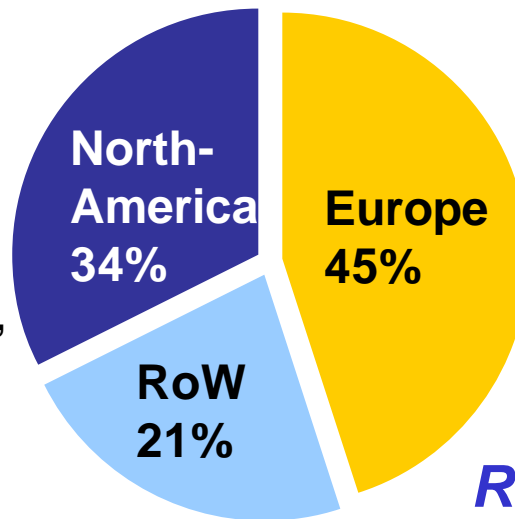
**Improving performance despite difficult environment**

# Internationalisation: EADS a global player through its multidomestic strategy

## **North-America** **10.4 bn€**

- Airbus design centre in Wichita
- American Eurocopter n°1 in commercial market
- US Coastguard 'Deep Water' (Eurocopter, MTAD, DCS)
- Main partnerships with:
  - Northrop Grumman in defence systems e.g. Global Hawk, AGS
  - Boeing: Meteor, Missile Defence LM: MEADS, Missile Defence

2001 Revenues by region



## **Europe** **13,8 bn€**

- EADS at home in 4 countries: France, Germany, Spain, UK
- Eurofighter Austria
- 30% strategic stake in Patria, NH90 Nordic
- Cogent, Skynet 5

## **Rest of the World** **6,6 bn€**

- Australian aerospace, Tiger Australia
- Collaboration with Japan (A380) and Russia (Airbus, Starsem, Eurockot)
- Airbus South Africa

# EADS well positioned to face the challenges of the post 9.11 landscape

**Manage the civil aviation market changes**

- Production rate close to 2001 level
- Market vigour
- Profitability protected
- A 380 on track

**Strong Growth in Defence**

- 9bn€ revenues by 2004
- Continuous export success
- Well positioned for upcoming programs

**Exploiting cross business synergies**

- Strong emphasis – Teams in place
  - Mission and Tanker A/C
  - Homeland (esp. Air Travel) security
  - Missile defence
  - Galileo and Navigation
  - UAVs



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# Airbus

€ m	H1 2002	H1 2001
<i>Deliveries (in units)</i>	160	162
Revenues	9,870	9,982
R&D self-financed**	680	574
<i>in % of revenues</i>	6.9%	5.8%
EBIT*	874	797
<i>in % of revenues</i>	8.9%	8.0%
Order book	145,500	157,746
<i>in units</i>	1,519	1,714
<i>in yrs of prod ***</i>	5.1	5.7

\* pre- goodwill and exceptional

\*\* excluding jigs&tool depreciation of €85 m in H1 2001

\*\*\* at expected 2002 & 2003 delivery level (300)

- **Order intake** over expectations; especially for A330-340; **backlog** remains strong but number affected by \$ weakening
- **A340 500-600** 1st deliveries in 2002; **A380** development within budget
- Successfully manage **decrease of production**: unit costs, working capital
- Secure **300 deliveries in 02 and 03** and maintain stable mix
- **EBIT & cash above expectations** despite continuing R&D & Capex for A380; **Aircelle** disposal included for €63 m in EBIT ; **Synergies** from integration
- Manage **Customer finance** activity to control exposure

**Efficiently Manage the current slowdown**

# Military Transport Aircraft

€ m	H1 2002	H1 2001
Revenues	234	195
R&D self-financed <i>in % of revenues</i>	22 9.4%	25 12.8%
EBIT*	(72)	(21)
Order book	1,283	830

\* pre- goodwill and exceptional

- 5 deliveries of CN235/C295 and 3 orders of CN 235
- Impact of **Fairchild-Dornier bankruptcy** : 54 € m to write off our assets involved
- **Deepwater** program : potential of 35 CN235 to be delivered to the US Coast Guards
- Still awaiting confirmation by OCCAR of € 18 bn **A400M** contract signed on Dec. 2001

**Impact in first half of Fairchild-Dornier bankruptcy**

# Aeronautics

€m	H1 2002	H1 2001
Revenues	2,226	2,020
R&D self-financed <i>in % of revenues</i>	72 3.2%	62 3.1%
EBIT* <i>in % of revenues</i>	63 2.8%	85 4.2%
Order book	13,797	13,434

\* pre- goodwill and exceptional

- **Helicopters:** 141 deliveries up from 130 in H12001; sustained market growth
- **Deepwater program: Eurocopter** selected for the retrofit of US Coast guards fleet of 96 Dolphin
- **Eurofighter:** exclusive negotiation with Austria for up to 24 units worth ~€1.8 bn
- **Maintenance:** US activity down; recent orders secure future earnings
- **Aerostructure** business hit by Sept 11
- **Seasonal effect;** Profitability improvement expected in H2

# Space

€m	H1 2002	H1 2001
Revenues	882	1,054
R&D self-financed <i>in % of revenues</i>	24 2.7%	23 2.2%
EBIT* <i>in % of revenues</i>	(85)	29 2.8%
Order book	3,492	4,469

\* pre- goodwill and exceptional, but including risk provisions and investment depreciation in H1 2002

- **Astrium Reorganisation implemented by new CEO;** reorganisation in 5 BU and cost cutting plan
- **Charges in H1** for risk provisions on programs and depreciation of assets
- Additional restructuring expected in H2 2002
- **Astrium preferred bidder** for the £ 2 bn Skynet 5 project => long-term stream of revenues

**Continue plans to improve efficiency**

# Defence and Civil Systems

€m	H1 2002	H1 2001
Revenues	1,245	1,358
R&D self-financed <i>in % of revenues</i>	78 6.3%	85 6.3%
EBIT*	(71)	(128)
Order book	9,484	9,435

\* pre- goodwill and exceptional

- **EBIT breakeven in Q2 2002**; seasonal effect; target EBIT breakeven in 2002
- Deepwater program: DCS selected to provide radar to the **US coast Guards**
- **Missiles**: Taurus €491 m contract approved by German Budgetary Commission, signature expected soon; still awaiting Meteor contract for €763 m (EADS share)
- **Herkules**: first large opportunity to provide outsourced services to Armies

**EBIT turnaround in 2002 and improve profitability beyond**



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# Profit & loss highlights

	H1 2002		H1 2001	
	€million	in % of revenues	€million	in % of revenues
<b>Revenues</b>	<b>13,974</b>		<b>14,043</b>	
Self-financed R&D**	876	6.3%	768	5.5%
EBITDA	1,501	10.7%	1,257	9.0%
<b>EBIT *</b>	<b>775</b>	<b>5.5%</b>	<b>764</b>	<b>5.4%</b>
Result before financial income and income tax	333	2.4%	2,055	14.6%
Financial result	14		(53)	
<b>Net income</b>	<b>91</b>	<b>0.7%</b>	<b>1,657</b>	<b>11.8%</b>
<b>Net income *</b>	<b>462</b>	<b>3.3%</b>	<b>456</b>	<b>3.2%</b>

\* pre-goodwill and exceptional

\*\* excluding jigs&tool depreciation of euro 85 m in H1 2001

**EBIT margin pre-R&D and net income pre-goodwill & exceptional improvement**

# Development of net cash

€ million	H1 2002	H1 2001
<b>Net cash position of Dec. 31 previous year</b>	<b>1,533</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 excluding Working capital	1,022	1,170
Change in Working capital	(53)	50
Cash used for investing activities*	(1,026)	(694)
<b>Free cash flow</b>	<b>(57)</b>	<b>526</b>
Dividend payments	(404)	(404)
Others	354	(118)
<b>Net cash position as of June 30</b>	<b>1,426</b>	<b>1,309</b>

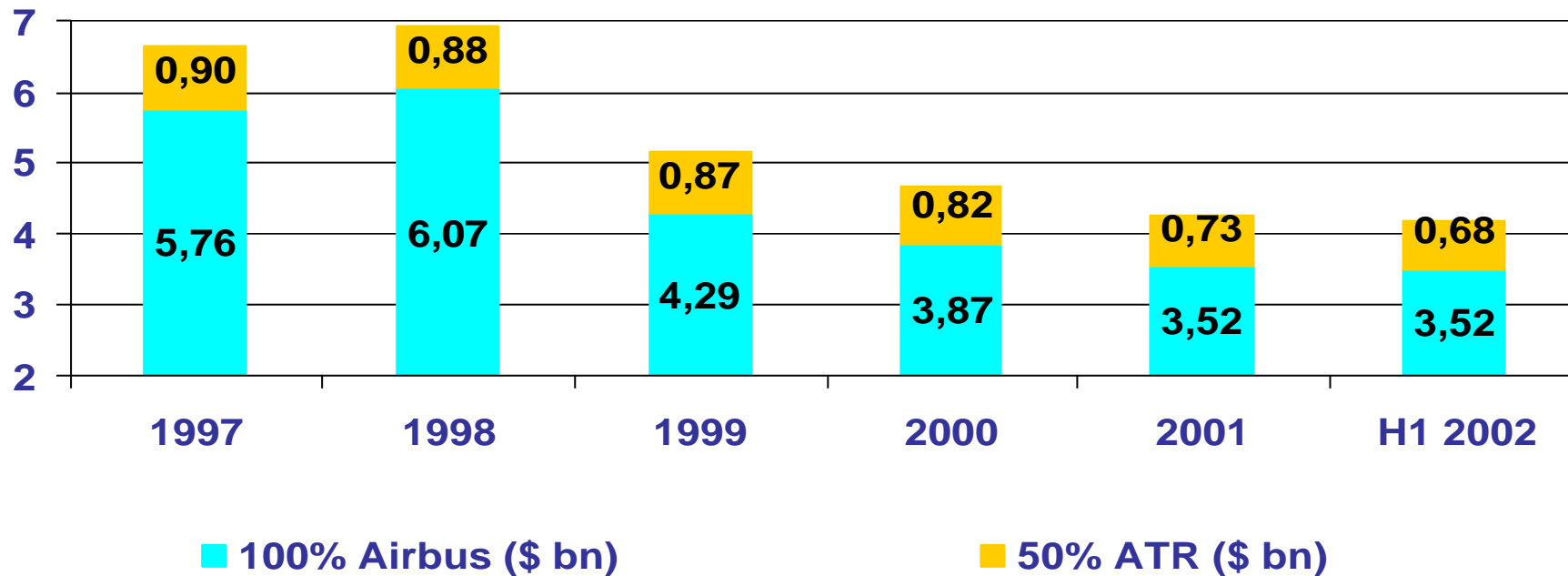
\* excluding investment in securities for €290 m

**Strong positive net cash position**



# EADS Commercial aviation customer financing

Outstanding customer financing gross exposure at end of period



Customer financing exposure under control

# Balance sheet

€ million	June 2002	Dec. 2001
<b>Fixed Assets</b>	<b>24,881</b>	<b>25,364</b>
of which goodwill	10,167	10,442
<b>Current Assets</b>	<b>18,355</b>	<b>18,318</b>
of which cash & equivalents, securities	6,843	8,033
of which <b>positive hedge mark-to-market</b>	<b>1,411</b>	<b>54</b>
<b>Deferred Tax Assets</b>	<b>3,122</b>	<b>4,288</b>
<b>Pre-paid Expenses</b>	<b>862</b>	<b>745</b>
<b>Total Assets</b>	<b>47,220</b>	<b>48,715</b>
<b>Shareholders' Equity</b>	<b>12,024</b>	<b>9,877</b>
of which OCI	1,260	(1,278)
<b>Minority interest</b>	<b>1,201</b>	<b>559</b>
<b>Total provisions</b>	<b>9,177</b>	<b>11,918</b>
of which pensions	3,288	3,176
of which <b>negative hedge mark-to-market</b>	<b>985</b>	<b>3,673</b>
of which other provisions	4,904	5,069
<b>Deferred Tax Liabilities &amp; Income</b>	<b>4,051</b>	<b>3,764</b>
<b>Liabilities</b>	<b>20,767</b>	<b>22,597</b>
of which financial debt	5,417	6,500
of which European governments refundable advances	4,087	3,469
<b>Total Shareholders' Equity &amp; Liabilities</b>	<b>47,220</b>	<b>48,715</b>
<b>Net cash position</b>	<b>1,426</b>	<b>1,533</b>

# Protecting the future with competitive Hedging portfolio

Total hedging portfolio: \$ 39 bn  
of which remaining macro : \$ 0.2 bn (€ hedge)  
of which £ hedge : \$ 6.0 bn

Status as of July, 22 2002	2002 6 months	2003	2004	2005	2006-2009
<b>Volume hedged in \$ bn</b>	<b>5.6</b>	<b>10.7</b>	<b>8.2</b>	<b>5.6</b>	<b>10.0</b>
average EBIT \$ rate/€	0.97	0.96	0.94	0.94	0.94
average EBIT \$ rate/£	1.54	1.53	1.53	1.45	1.45

**Locked attractive dollar secures future earnings**



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# 2002 improved guidance

- **Revenues maintained at a level slightly below 2001 figure** (reflecting the current lower value of the US\$), despite unfavorable environment
- **e2002 EBIT\*: guidance raised by 20%** compared to initial expectation of € 1.2 bn
- 2002 **value creation** target **raised** from € 300 m to **€ 350 m**
- Free Cash Flow positive before net additions to customer financing; **we target to maintain a positive net cash position at year-end 2002**

\* pre-goodwill & exceptional

# **EADS continuing to deliver**

- **Advanced and efficient products continue to gain market share**
- **Keep strong net cash position**
- **Preserve revenues and profitability and increase FY2002 guidance**

**The momentum continues**

# Appendixes

# Net Income pre-goodwill and exceptional

€m	H1 2002
<b>Net income (group share)</b>	<b>91</b>
Goodwill amortisation	296
Exceptional :	
Extraordinary Gain on Airbus SAS	0
Fair value adjustment on fixed assets	109
Fair value adjustment on inventories	8
Tax impact on exceptional fair value	(42)
<b>Net result *</b>	<b>462</b>
<b>EPS * (1)</b>	<b>0.57</b>

\* pre-goodwill and exceptional

(1) average number of shares outstanding : 807, 655, 628 in H1 2002 and 807,157,667 in H1 2001



## EBIT pre-goodwill and exceptional

€m	H1 2002	H1 2001
<b>Result before financial income and income tax</b>	<b>333</b>	<b>2,055</b>
Income from investments	29	34
Goodwill amortization	296	317
Exceptional :		
Gain Airbus UK	0	(1,934)
Fair value adjustment on fixed assets	109	127
Fair value adjustment on inventories	8	165
<b>EBIT *</b>	<b>775</b>	<b>764</b>

\* pre-goodwill and exceptionals

**Adjustments limited to Goodwill and Fair value, Restructuring and investment depreciation included in EBIT**

# H1 2002 Order intake and Backlog by division

	Order Intake		Backlog	
	H1 2002	from H1 01	H1 2002	from Dec 01
Airbus	10,334	(73%)	145,500	(7%)
MTA	214	+62%	1,283	(3%)
Aeronautics	2,295	(2%)	13,797	1%
Space	569	(13%)	3,492	(8%)
DCS	1,605	+27%	9,484	4%
HQ/Eliminations	(226)		(568)	
<b>Total EADS</b>	<b>14,791</b>	<b>(65%)</b>	<b>172,988</b>	<b>(6%)</b>

**Order intake higher than Revenues and Backlog remains strong**

# H1 2002: Operating performance by division

in € m	Revenues		EBIT*	
	H1 2002	from H1 01	H1 2002	H1 2001
Airbus	9,870	(1%)	874	797
MTA	234	+20%	(72)	(21)
Aeronautics	2,226	+10%	63	85
Space	882	(16%)	(85)	29
DCS	1,245	(8%)	(71)	(128)
HQ/Eliminations	(483)		66	2
<b>Total EADS</b>	<b>13,974</b>	<b>0%</b>	<b>775</b>	<b>764</b>

\* including restructuring expenses, pre-goodwill amortisation and exceptional

**Consolidate performance  
despite increased R&D and charges at Space and MTA**

# EADS Group

## Quarterly breakup of revenues (cumulative)

in €m	Q1		Q2		Q3		Q4	
	2002	2001	2002	2001	2002	2001	2002	2001
Airbus	4,646	4,600	9,870	9,982		14,431		20,549
MTA	101	70	234	195		306		547
Aeronautics	936	883	2,226	2,020		3,161		5,065
Space	426	402	882	1,054		1,543		2,439
DCS	539	589	1,245	1,358		2,044		3,345
HQ/Elim.	(240)	(268)	(483)	(566)		(800)		(1,147)
<b>Total EADS</b>	<b>6,408</b>	<b>6,276</b>	<b>13,974</b>	<b>14,043</b>		<b>20,685</b>		<b>30,798</b>

**Strong seasonal effects**

# EADS Group

## Quarterly breakup of EBIT (cumulative)

in €m	Q1		Q2		Q3		Q4	
	2002	2001	2002	2001	2002	2001	2002	2001
Airbus	396	427	874	797		1,131		1,655
MTA	(12)	(12)	(72)	(21)		(12)		1
Aeronautics	16	19	63	85		144		308
Space	(33)	2	(85)	29		(8)		(222)
DCS	(72)	(87)	(71)	(128)		(163)		(79)
HQ/Elim.	20	(39)	66	2		2		31
<b>Total EADS</b>	<b>315</b>	<b>310</b>	<b>775</b>	<b>764</b>		<b>1,094</b>		<b>1,694</b>

**Strong seasonal effects**

# Goodwill and exceptional forecast

€ million	<u>Value as of June 2002</u>	<u>Annual amortisation charge</u>				<u>amortisation period</u>
		<u>2001</u>	<u>H1 2002</u>	<u>e2002*</u>		
<b>Extraordinary gain from Airbus creation</b>		<b>2,537</b>	<b>0</b>	<b>0</b>		<b>na</b>
<b>Extraordinary gain from MBDA creation</b>		<b>257</b>				
<b>Goodwill</b>	<b>10,167</b>	<b>(1,466)</b>	<b>(296)</b>	<b>(600)</b>		<b>20 yrs</b>
- of which normal amortisation		(676)	(296)	(600)		
- of which DCS and Space impairment tests		(790)	0	0		
Impairment test on Nortel JV		(315)				
Fair value on fixed assets	1,343	(260)	(109)	(220)		5-25 yrs
Fair value on inventories	28	(275)	(8)	(20)		
<b>Total goodwill &amp; exceptional (pre-tax)</b>		<b>478</b>	<b>(413)</b>	<b>(840)</b>		

\* estimates