

H1 2004 Earnings : Accelerating Growth



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Earnings conference call – July 29, 2004

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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

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

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Strong Performance and Market Recovery ...



- **Revenues** +12% compared to H1 2003
- **EBIT* margin** increased to 6.8% (4.5% in H1 2003) due to Space turnaround and strong Airbus volume and mix; Defence businesses to post higher profit in H2
- **Order-book** remains strong at € 180 bn
- **Free Cash Flow** before Cust. Financing still robust at € 0.3 bn
- **Net Income** more than doubled to €387m

* pre goodwill and exceptionals

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... allow raising the 2004 targets



- **EBIT*** expected at € 2.1 bn
- **Revenues** expected at ~ € 31 bn
(previous guidance ~€ 29/30 bn)**
- **Free Cash Flow pre-customer Financing** confirmed positive
- **Book-to-bill** ratio confirmed above 1.0

* pre goodwill and exceptionals

** based on an assumption of a 2004 average \$ market rate of 1 € = 1.20 \$

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Business Development and Execution



- **Airbus:**
 - A380 production under-way
 - New customers join the "Airbus club"
- **Space:**
 - Successful launch and entry into service of Eurostar3000 platform
 - NATO down-selects Paradigm
 - Reaping the benefits from restructuring
- **DS:**
 - UAV partnership with Dassault Aviation
 - Streamlining process to gain efficiency

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Accelerating Globalization



Rationale for a Global Industrial Strategy

- Long Term Market Access
- Cost advantage
- Technology access
- Natural hedging



US

- Largest growth Defence market
- Key civil market

Russia

- Emerging civil market
- Technology cooperation

India

- Emerging market
- Software development

China

- Key future civil market
- Potential lifting of Defence and Space products embargo

Japan

- Breaking into rival monopoly
- Technology cooperation

South Korea

- Market for key EADS products

Recent achievements

- Russia: J.V. with Irkut Corp.
- China: EADS privileged partner
- US: m.o.u. with Lockheed Martin and Northrop Grumman on missile defence

Target 30% revenues in Asia by 2015

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H1 2004 Highlights : Strong Improvement



	H1 2004	H1 2003
Revenues	14,567 € m	13,060 € m
of which Defence	2,627 € m	2,400 € m
EBIT*	985 € m	592 € m
FCF before Cust. financing**	259 € m	305 € m
Net Income reported***	387 € m	177 € m
New orders	13,458 € m	43,190 € m
	June 2004	Dec. 2003
Net Cash position	2.9 € bn	3.1 € bn
Total Order book	179.9 € bn	179.3 € bn
of which Defence	44.7 € bn	45.7 € bn

* pre goodwill and exceptionals

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

*** in compliance with IFRS 3, goodwill is not amortized linearly but tested for impairment at least annually; 2003 figure is restated for comparison

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Airbus

€ m	H1 2004	H1 2003
Deliveries	161	149
Revenues	10,024	8,773
R&D self-financed	936	901
in % of revenues	9.3%	10.3%
EBIT*	982	621
in % of revenues	9.8%	7.1%
Order book**	139,655	154,428
in commercial a/c units	1,393	1,531

* pre goodwill and exceptionals
** including workshare on A400M

- **EBIT*** margin reflects exceptional mix and deliveries
- **Accounting impact** from Airbus GIE merger included for € 59 m in EBIT*
- **R&D** stable as planned
- **Revenues** +14%
- **Orders:** 104 gross orders; 58% market share in volume
- **Robust commercial success** in low-cost segment and in Asia
- **A380** first aircraft taken to static testing; 12th new customer announced at Farnborough Air Show; 133 firm commitments to date.



Stable Airbus Customer Financing Exposure



	June 2004	Dec. 2003
Total Gross exposure	4,005€ m	3,822 € m
of which off-balance sheet	732 € m	724 € m
Estimated collateral value	(2,286 €m)	(2,229 € m)
Net exposure before provision	1,719 €m	1,593 € m
Provision	(1,719 € m)	(1,593 € m)
Residual Airbus net exposure	0 €m	0 €m
closing rate \$/€	1.22	1.26

Airbus gross customer financing exposure changes in H1 2004



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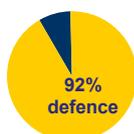
MTA



€ m	H1 2004	H1 2003
Revenues	234	268
R&D self-financed	13	11
in % of revenues	5.6%	4.1%
EBIT*	(10)	(8)
Order book	19,904	20,476

* pre goodwill and exceptionals

- **A400M** : no milestone for revenue recognition in H1 as planned; ongoing work
- **Confirmed success of the A330 tanker solution:** Downselected by Australian government (5 A330 MRTT)
- **Air Tanker** : ongoing negotiations with the UK MOD; VT Group joins consortium
- **C295** demonstration tour for the US-Army



based on H1 2004 external revenues

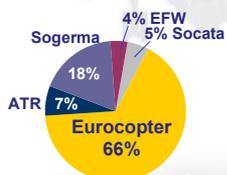
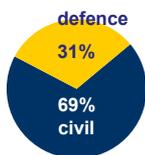
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Aeronautics



€ m	H1 2004	H1 2003
Revenues	1,631	1,613
R&D self-financed	34	34
in % of revenues	2.1%	2.1%
EBIT*	56	59
in % of revenues	3.4%	3.7%
Order book	9,991	9,828

* pre goodwill and exceptionals



based on H1 2004 external revenues

- **Revenues and EBIT***: relative stability of all businesses; second half expected to be higher as usual
- **Tiger** currently acceptance process by the French Armed Forces; **NH90** in qualification process
- **New orders** : order recovery at ATR (12 orders in H1 2004, versus 2 in H1 2003); 6 Freighter conversion orders received by EFW
- **Oman ordered 20 NH90** on July24

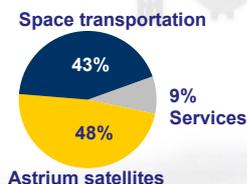
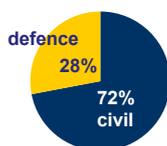
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Space



€ m	H1 2004	H1 2003
Revenues	1,090	1,008
R&D self-financed	24	27
in % of revenues	2.2%	2.7%
EBIT*	(11)	(131)
Order book	10,992	4,248

* pre goodwill and exceptionals



based on H1 2004 external revenues

- **Revenues** +8% thanks to ramp up of Paradigm business
- **EBIT*** improved through underlying performance from Astrium and Paradigm; H1 2003 had included € 88 m of restructuring charge
- **Restructuring** under implementation : on track for EBIT* breakeven in FY2004
- **Order-book**: 30 Ariane 5 ordered in May worth ~€ 3 bn; ANIK F3 telecom satellite in April
- **Ariane 5** : successful launch in July; new launch for the 10t version planned in Q4 2004

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Defence and Security Systems



€ m

	H1 2004	H1 2003
Revenues	2,119	1,902
R&D self-financed	89	103
in % of revenues	4.2%	5.4%
EBIT*	(82)	(28)
Order book	14,542	13,342

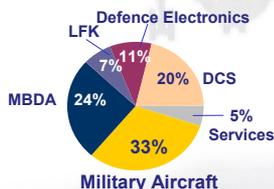
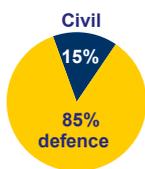
* pre goodwill and exceptionals
** incl. military aircraft unit

- **Revenues** +11% thanks to missile and Eurofighter delivery ramp up

- **EBIT*** includes restructuring charge for € 65 m mostly for DCS business (H1 2003: €17 m)

- **Order-book** remains strong: Acropol order (secure communication business) from French Government : € 0.5 bn

- Ongoing-negotiations on Tranche 2 **Eurofighter**



based on H1 2004 external revenues

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Profit & Loss Highlights



	H1 2004		H1 2003	
	€ m	in % of Revenues	€ m	in % of Revenues
Revenues	14,567		13,060	
self-financed R&D	1,113	7.6%	1,076	8.2%
EBITDA	1,780	12.2%	1,292	9.9%
EBIT*	985	6.8%	592	4.5%
EBIT* before R&D	2,098	14.4%	1,668	12.8%
Interest result	(102)	(0.7%)	(101)	(0.8%)
Other financial result	41	0.3%	(8)	(0.1%)
Taxes	(335)	(2.3%)	(151)	(1.2%)
Net income**	387	2.7%	177	1.4%
Net Income*	444	3.0%	231	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	H1 2004	H1 2003
Net cash at the beginning of the period	3,105	2,370
Gross Cash Flow from Operations*	1,197	848
Change in working capital	351	425
Cash used for investing activities**	(1,366)	(1,312)
of which Industrial Capex (additions)***	(1,096)	(823)
of which Customer Financing net additions	(77)	(344)
of which Others	(193)	(145)
Free Cash Flow**	182	(39)
Free Cash Flow before customer financing	259	305
Dividend paid	(326)	(245)
Astrium first time 100% consolidation impact	0	(74)
Others	(78)	48
Net cash at the end of the period	2,883	2,060

* 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 Paradigm

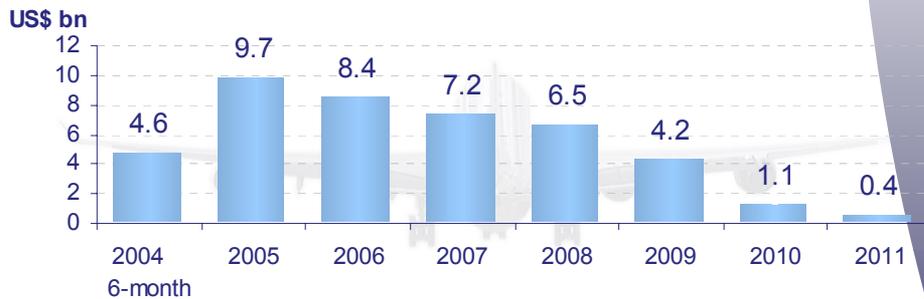
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Hedge Policy is Continued



Approx. half of EADS US\$ revenues are naturally hedged by US\$ procurement for 300 a/c deliveries a year the annual net exposure is \$9bn - \$10bn.

EADS hedge portfolio (US\$ 42.1 bn) on June, 30th 2004 at an average 1 € = 1.01 \$



€ vs \$	0.99	0.99	1.00	1.02	1.03	1.07	1.04	1.13
£ vs \$	1.57	1.51	1.49	1.49	1.50	1.58	1.53	1.54

Marked-to-market value = € 6.3 bn

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Outlook Update



2004 new targets display strong growth

- EBIT* at € 2.1 bn
- Revenues at € 31 bn (+3% from 2003)

Medium-term earnings growth is accelerating

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Appendix

A large, detailed image of a commercial aircraft from a front-on perspective, positioned on a runway. The aircraft is centered in the frame, with its wings spread wide and landing gear visible. The runway extends into the distance, creating a sense of depth.

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Q2 2004 Key Figures



in € bn	Q2 2004	Q2 2003
Revenues	8.5 € bn	7.5 € bn
EBIT*	0.8 € bn	0.5 € bn
FCF before cust. financing**	(0.2 € bn)	0.6 € bn
New orders	10.0 € bn	37.8 € bn

* pre goodwill and exceptionals

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

	Revenues		EBIT*	
	Q2 2004	change	Q2 2004	Q2 2003
Airbus	5.9 € bn	18%	758 € m	455 € m
MTA	0.1 € bn	(23%)	(2 € m)	3 € m
Aeronautics	1.0 € bn	6%	46 € m	43 € m
Space	0.6 € bn	5%	0 € m	(110 € m)
DS	1.2 € bn	9%	(31 € m)	26 € m
HQ/Eliminations	(0.3 € bn)	(20%)	16 € m	45 € m
Total EADS	8.5 € bn	13%	787 € m	462 € m

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Balance Sheet Highlights



in € m	June 2004	Dec. 2003
Assets	53,921	54,378
of which Goodwill	9,376	9,372
of which cash & equivalents, securities	7,902	7,872
of which positive hedge mark-to-market	6,614	7,964
Stockholders' equity & Minority interest	17,351	18,328
of which OCI (Other Comprehensive Income)	5,041	5,934
Total provisions	8,895	8,726
of which pensions	3,869	3,772
of which negative hedge mark-to-market	289	100
of which other provisions	4,737	4,854
Deferred tax liabilities & income	5,526	6,122
Liabilities	22,149	21,202
of which financial debts	5,019	4,767
of which European gvts refundable advances	5,168	4,851
Total liabilities and stockholders'equity	53,921	54,378
Closing rate €/€	1.22	1.26

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EBIT* calculation



in € m	June 2004	June 2003
Income from operating activities	823	138
Income from investments **	56	55
Exceptionals:		
Goodwill amortisation**	0	281
Fair value adjustment	106	118
EBIT*	985	592

* pre goodwill and exceptionals

** IAS3 applied from 2004: goodwill only reduced by impairment

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



€m	H1 2004	H1 2003
EBIT*	985	592
EBIT* margin (% of revenues)	6.8%	4.5%

EADS EBIT* includes the following items

Airbus	Accounting impact from GIE merger	59	0
Aeronautics	Restructuring (Sogerma)	(8)	0
Space	Restructuring	0	(88)
	Loss-making contracts	0	(36)
DS	Restructuring	(65)	(17)

* pre goodwill and exceptionals

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Net Cash Position



in m€	June 2004	Dec. 2003
Gross cash	7,902	7,872
Financial Debts*	(5,019)	(4,767)
Reported Net cash	2,883	3,105
non-recourse debt	819	679
Net cash excl. non-recourse	3,702	3,784
Main minority impact*	(79)	40
Airbus 20% non-recourse debt	(164)	(136)
Net cash position net of minority and non-recourse	3,459	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	June 2004	June 2003**
Reported Net Income compliant with IFRS3	387	177
EPS (based on reported Net Income)	0.48 €	0.22 €
Exceptionals:		
Fair value adjustment on fixed assets	104	108
Fair value adjustment on inventories	2	8
Tax impact on exceptional fair value	(38)	(42)
Minorities on exceptional fair value	(11)	(20)
Net Income pre-exceptionals*	444	231
EPS* (1)	0.55 €	0.29 €

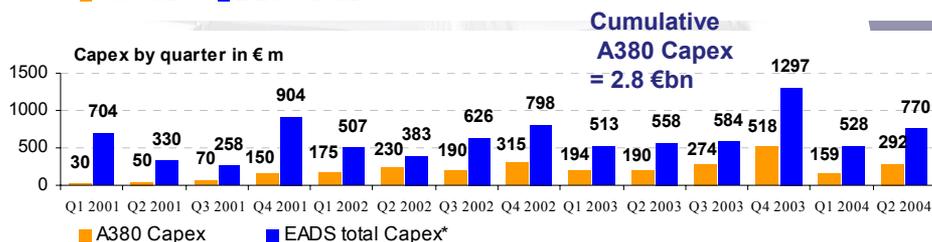
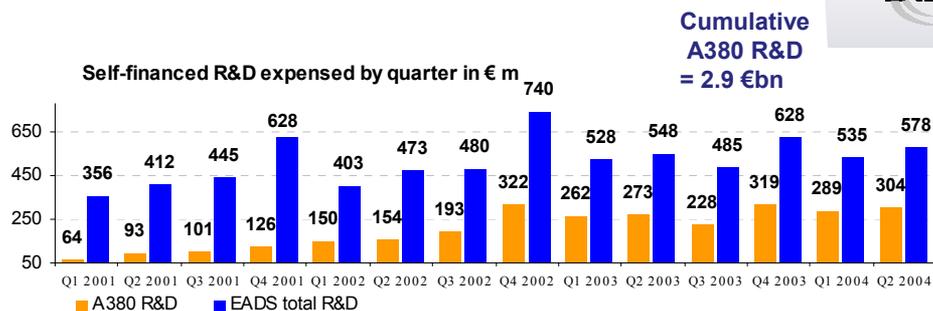
* pre exceptional and compliant with IFRS 3

** 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 H1 2003 and in H1 2004

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A380 under production



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

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Customer Financing Exposure



all figures in € m

	June 2004	Dec. 2003
Figures for 100% Airbus	2004	2003
closing rate € - \$	1.22	1.26
Total Gross exposure*	4,005	3,822
<i>of which off-balance sheet</i>	732	724
Estimate value of collateral	(2,286)	(2,229)
Net exposure	1,719	1,593
Provision and deferred margin	(1,719)	(1,593)
AIRBUS Net exposure after provision	0	0
	June 2004	Dec. 2003
Figures for 50% ATR	2004	2003
Total Gross exposure	414	403
<i>of which off-balance sheet</i>	130	126
Estimate value of collateral	(375)	(365)
Net exposure	39	38
Provision	(39)	(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		12,051		19,048
MTA	101	96	234	268		410		934
Aeronautics	645	686	1,631	1,613		2,452		3,803
Space	457	403	1,090	1,008		1,473		2,424
DS	932	813	2,119	1,902		2,957		5,165
HQ & Elim.	(230)	(253)	(531)	(504)		(807)		(1,241)
Total EADS	6,031	5,520	14,567	13,060		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		701		1,353
MTA	(8)	(11)	(10)	(8)		(7)		30
Aeronautics	10	16	56	59		112		217
Space	(11)	(21)	(11)	(131)		(184)		(400)
DS	(51)	(54)	(82)	(28)		(18)		171
HQ & Elim.	34	34	50	79		180		172
Total EADS	198	130	985	592		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		37,028		39,904
MTA	100	122	165	20,104		20,195		20,326
Aeronautics	843	706	1,669	1,440		2,213		3,661
Space	238	341	3,905	779		1,246		6,062
DS	1,359	969	2,057	1,988		3,239		6,288
HQ & Elim.	(197)	(176)	(496)	(14,295)		(14,468)		(15,091)
Total EADS	3,411	5,378	13,458	43,190		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		153,302		141,836
MTA	19,980	677	19,904	20,476		20,429		20,007
Aeronautics	10,021	10,193	9,991	9,828		9,719		9,818
Space	8,083	4,401	10,992	4,248		4,243		7,888
DS	14,976	13,521	14,542	13,342		13,527		14,283
HQ & Elim.	(15,212)	(689)	(15,140)	(14,581)		(14,510)		(14,552)
Total EADS	178,759	162,718	179,944	187,741		186,710		179,280

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