

A large white flag is the central focus of the image. It is waving and has the word "EADS" printed on it in large, bold, black, sans-serif capital letters. Above the flag, there is a horizontal blue bar with a white, textured, brush-like effect. The flag is attached to a silver pole. The background is white, with a large, dark blue, curved shape on the right side of the frame.

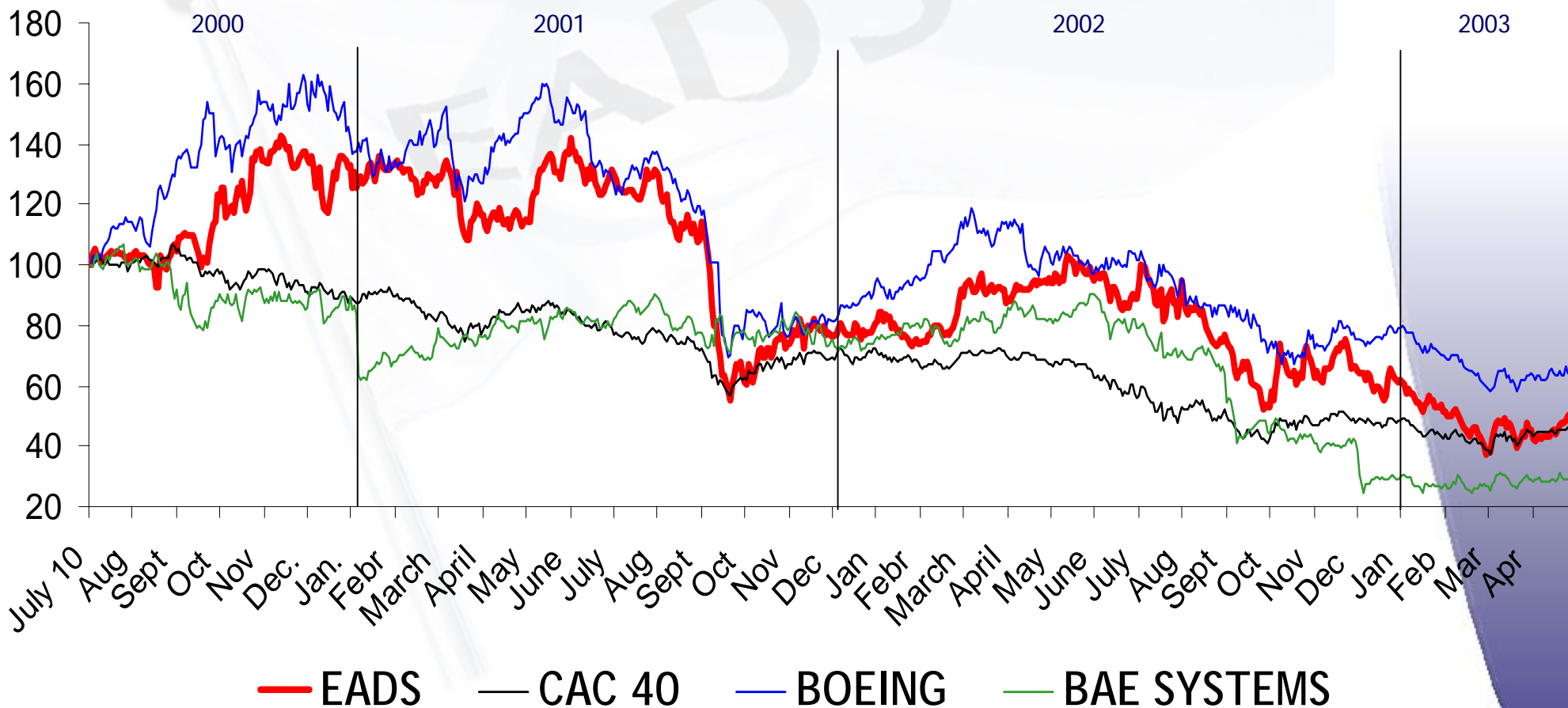
# Performance and Discipline

# **A- 2002 Overview**

## **B- Recent events and outlook**

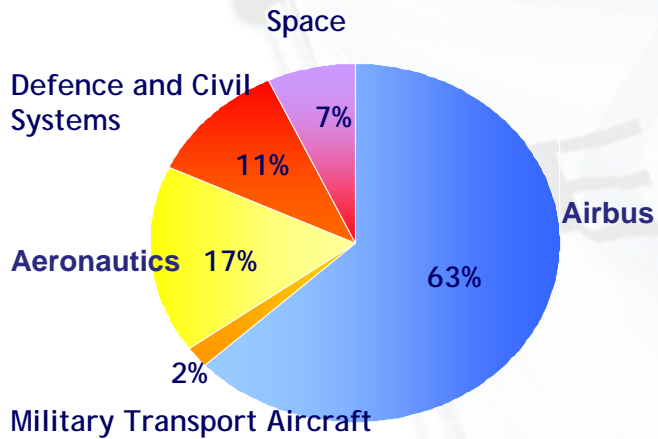
# EADS Share Price Since IPO

(10.07.2000 - 31.12.2002)

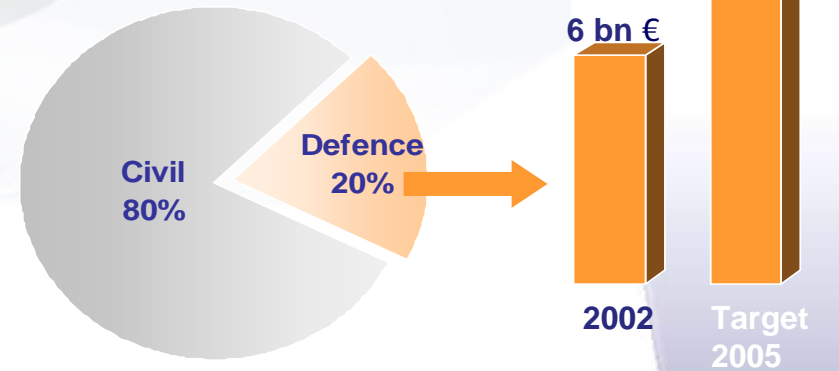


# EADS: a complementary portfolio of business

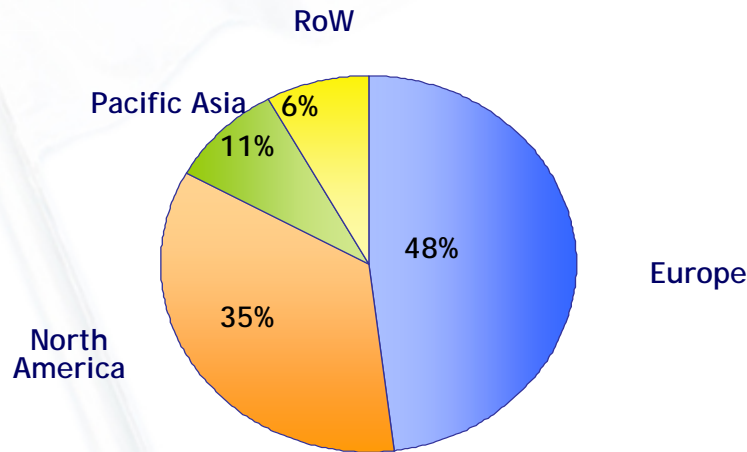
2002 Revenues Breakdown: € 29.9 bn



Five divisions



Defence growth



Global reach

# 2002 Meeting the Economic Challenge



- Performance and cash targets met
- Book to bill greater than 1, strong order book

... with strong financial discipline

- prudence for continued market uncertainty

## Business Highlights in 2002

- Airbus:**
- 303 delivered aircraft; 54% market share in orders
  - Cash preserved and financing exposure limited
  - A380 review confirms program on track
- Defence:**
- DCS Turnaround to profitability
  - Contracts: Meteor 6 European nations, Taurus Germany, Tiger Australia, NH90 Norway
  - Partner in US Coast Guards Deepwater project
  - Preferred bidder for Eurofighter Austria, NH90 Greece and Herkules Germany
- Space:**
- Problems compounded by market deterioration
  - Preferred bidder for Paradigm in UK

# Major Milestones in 2002

## Defence growth

- EADS, Northrop, Thales and Finmeccanica teamed for NATO AGS
- Northrop's drone Global Hawk flies with EADS payload (Euro Hawk)
- MBDA and Thales improve cooperation in missile seekers

## Global reach

- Ralph Crosby head of EADS North America, member of EADS Executive Committee
- Eurocopter maintenance centre in China, facility in Mississippi in the US
- EADS Telecom office in Hong-Kong
- Airbus signs up 6 industrial Japanese partners for A380

## Efficiency

- Full control of Astrium early 2003 clears the path to restructuring
- Organisation improvement for cross-business-unit developments
- Expansion of global sourcing agreements (Honeywell, Thales,...)

# 2002 Financial Overview



in € bn	2002	2001
Revenues	29.9	30.8
EBIT*	1.4	1.7
FCF before cust. financing **	0.6	0.9
New orders	31.0	60.2

	Dec. 2002	Dec. 2001
Net Cash position	1.2	1.5
Total Order book	168.3	183.3

\* pre goodwill and exceptionals

\*\* excluding investments in medium term securities ( 2002: 264 €m and 2001: 390 €m)



# 2002 EBIT Contributors



## EBIT\* in € m

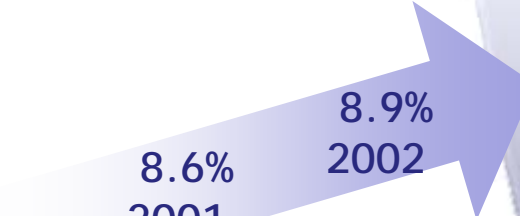
	Airbus	1,361	➤ Lower deliveries, higher R&D
	Aeronautics	261	➤ Commercial aviation downturn
	HQ Consolidation**	112	➤ HQ cost savings
	DCS	40	➤ Turnaround thanks to restructuring
(80)	MTA		➤ One-time depreciation charge
(268)	Space		➤ Cancellation, technical issues, restructuring
<hr/>			
(348)	Total	1,774	
		1,426	

\* pre goodwill and exceptionals

\*\* including contribution of 46% stake in Dassault Aviation

## 2002 Successful Cash Management

- Maintained strong net cash position at € 1.2 bn
- Customer financing exposure significantly contained
- Pre Delivery Payment flow limits working capital requirement
- Strong Cash Flow from operations and working capital at € 2.7 bn
- Positive Free Cash Flow before customer financing including A380 investments ramp-up
- Flexible access to debt market

A large, light blue arrow pointing to the right, with a darker blue gradient at its tip. The arrow is positioned behind the text, pointing towards the right side of the slide.

8.6%	8.9%
2001	2002

CF from operations and working capital (in % of revenues)

A- 2002 Overview

**B- Recent events and outlook**

# Space Restructuring

- Plan initiated in 2002

- Reorganisation of satellite BU in 3 prime and 1 sub-systems divisions
- Headcount reduction of 1,600 people mostly in 2003
- Full set of actions : "Make or Buy" policy, strengthen expertise, synergies with other divisions

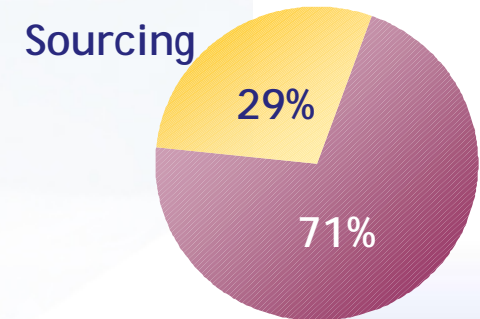
- 2003 plan under implementation

- Further reduction of about 1,700 jobs in 2 steps
- Site specialization and activity allocation among fewer competence centres
- Sourcing reorganisation
- Program engineering : product standardisation and pooling of resources



Annual cost saving target by 2005

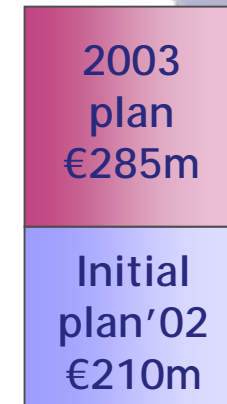
By nature



Headcount reduction

By restructuration plan

€495m



# In 2003, 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
- 1<sup>st</sup> handover of Eurofighter to German forces

**... in an exacting and unsettled environment**

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

## 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:

- **Airbus**: 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 key figures

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

\* pre goodwill and exceptionals

\*\* excl. investments in medium term securities and perimeter changes

# EADS, Roadmap 2003



- **Confirm 2003 Targets**
- **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