

For a sustained growth EADS results FY2004

Philippe Camus, EADS CEO



Content



- **2000 ↗ 2004: The Step Beyond**
- 2004 Results and 2005 Outlook
- Roadmap

2000 → 2004 : EADS – The Step Beyond



- ✓ **Beyond Borders:** Successfully evolved from tri-national concern to global industrial Group
- ✓ **Beyond the Standard:** Overcame cross-border challenges to forge unique and socially responsible human resources model
- ✓ **Beyond Limits:** Created leading-edge portfolio of products, technologies and systems
- ✓ **Beyond Expectations:** Achieved consistent financial growth and outstanding stock price performance



2000 → 2004 : Beyond Borders

Global Footprint Highlights



Asia:

China:

- 5% in AviChina
- Airbus: Engineering center
- EC120 co-production

Japan:

- EC: 10% of Euroheli
- A380 suppliers

South Korea:

- Airbus: Korean Air & KAI
- Space : Cooperation

Europe:

- Eurofighter
- A400M
- FSTA & Skynet 5 (UK)
- £350 million Airbus factory (Broughton, UK)

Transatlantic partnerships:
NATO AGS, Eurohawk,
MEADS, BMD, PRV



Russia:

- EADS Russia founded
- EADS Technology Office
- Airbus Engineering Center

Partnership with Irkut to market Beriev Be-200



US:

- Acquisition of Racal Instruments
- Airbus design center, Wichita, KS, American Eurocopter, Columbus, MS



India:

- Partnerships with BDL (MBDA) & HAL (EC)
- Interest in Galileo

Australia:

- Acquisition of Australian Aerospace
- A330 Tanker
- Tiger, NH90



2000 ➔ 2004 : Beyond the Standard

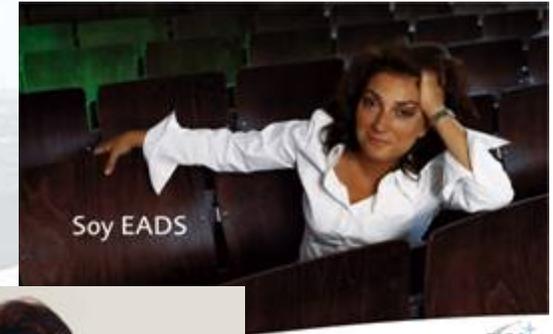


Cross-national integrated HR policy

- ✓ Unprecedented employee representation: EADS European Works Councils
- ✓ Fully integrated management teams
- ✓ Harmonised rules : executive development, intra-group mobility, wage packages

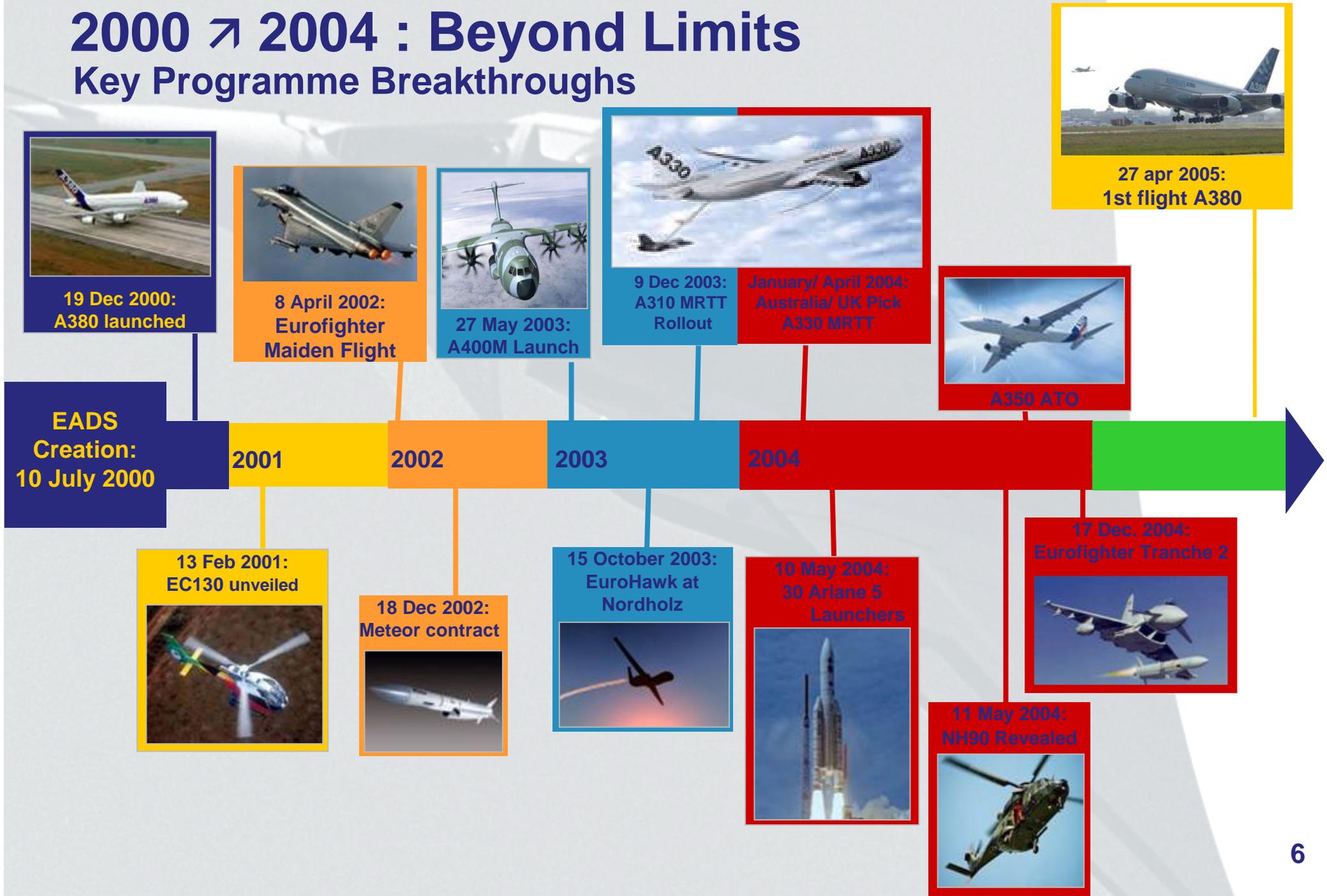
Socially responsible and attractive to talents

- ✓ Rated among top employers by European engineers
- ✓ Increased proportion of recruited female engineers above 20%
- ✓ Unions unanimously support EADS social policy
- ✓ Help to the victims of dec2004 tsunami



2000 ↗ 2004 : Beyond Limits

Key Programme Breakthroughs



2000 → 2004: Beyond Limits

Captured new businesses



Platform based systems

- Airbus
- Eurocopter
- Military Transport Aircraft
- EADS Military Aircraft
- MBDA, EADS/LFK
- EADS Astrium
- EADS SPACE Transportation

Electronics

- EADS Defence and Communications Systems
- EADS Defence Electronics

Services

- Defence and Security Systems
- EADS SPACE

Military derivatives

- Tanker, MRTT
- Transport



FSTA



Australian Tanker



A400M

Lead system integration

- C⁴ISR
- Ext. Air defence



GBAD



NATO AGS



BMD

Security solutions

- Homeland Security
- Commercial networks



Deepwater



Romania



Galileo

Service solutions

- Operation services
- Platform in-fleet services



Paradigm



BOSNET

Examples for strategic actions, campaigns

2000 ↗ 2004 : Beyond Expectations

Exceeded financial targets



2004

EADS promised...

Book-to-bill over one
EBIT* of 2.2 €bn

Revenues ~ 32€bn (@ €=1.23\$ **)

FCF pre-customer fin. >0

....and achieved

- ☑ 1.4
- ☑ € 2.4 bn
- ☑ €31.8 bn (@ €=1.24\$**)
- ☑ € 1.8 bn

2003

Book-to-bill over one
EBIT* ~ stable from 2002
Revenues ~ stable from 2002
FCF pre-customer financing >0

- ☑ >2.0
- ☑ + 8 %
- ☑ €30.1 bn
- ☑ €2.1 bn

2002

Book-to-bill over one
EBIT* of 1.4 €bn
Revenues stable
Net cash position slightly positive

- ☑ 1.04
- ☑ € 1.4 bn
- ☑ € 29.9 bn
- ☑ very positive

2001

Book-to-bill over one
EBIT* +15% from 2000
Revenues +20% from 2000
Free Cash Flow ~0

- ☑ 2.0
- ☑ + 21%
- ☑ + 27%
- ☑ €0.9 bn

* pre goodwill and exceptionals

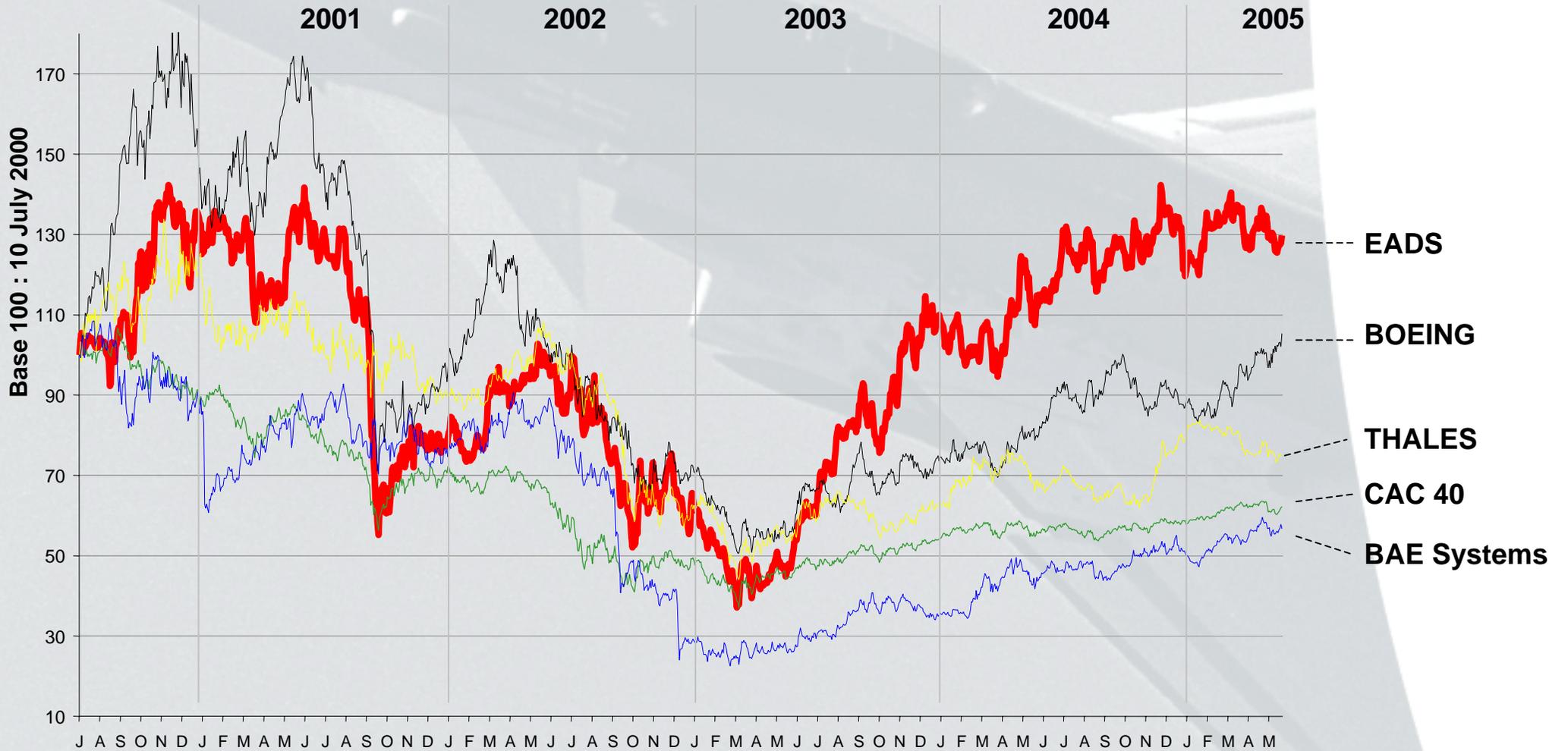
** yearly average market rate

2000 ➔ 2004 : Beyond Expectations

Building Financial Momentum



Data as of May 6, 2005



Note: BAES and Boeing evolution in EUR (adjusted at daily spot rate)

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2004: Entered the Growth Era



		change from 2003	change from 2000
• Revenues	€31.8 bn	+5%	+31%
• EBIT*	€ 2.4 bn	+58%	+75%
• EPS	€ 1.29	+61%	
• Net cash position	€ 4.1 bn	+31%	+34%**
• Order-book	€ 184.3 bn	+3%	+40%



- Upgrade the 2005 targets
- Dividend proposal: € 0.50/share
(Dividend yield 2.4%)

* pre goodwill and exceptionals

** Restated to be comparable with 2004

Profit & Loss Highlights



	FY 2004		FY 2003	
	€m	in % of Revenues	€m	in % of Revenues
Revenues	31,761		30,133	
self-financed R&D***	2,126	6.7%	2,189	7.3%
EBITDA	3,853	12.1%	3,137	10.4%
EBIT*	2,444	7.7%	1,543	5.1%
EBIT* before R&D	4,570	14.4%	3,732	12.4%
Interest result	(275)	(0.9%)	(203)	(0.7%)
Other financial result	(55)	(0.2%)	148	0.5%
Taxes	(664)	(2.1%)	(474)	(1.6%)
Net income	1,030	3.2%	644**	2.1%
EPS (1)	1.29 €		0.80 €	

* pre goodwill and exceptionals

** compliant with IFRS3 from 2004 (no longer goodwill amortisation); 2003 restated for comparison

*** IAS 38: € 165 m capitalised in 2004; € 4 m in 2003

(1) average number of shares outstanding: 801,035,035 in FY 2004 and 800,957,248 in FY 2003

Development of Net Cash



in €m	FY 2004	FY 2003
Net cash position at the beginning of the period	3,105	2,370
Gross Cash Flow from Operations*	2,858	2,690
Change in working capital	2,155	2,019
Cash used for investing activities**	(3,399)	(3,659)
of which Industrial Capex (additions)	(3,017)	(2,672)
of which Customer Financing net additions	(188)	(1,093)
of which Others	(194)	106
Free Cash Flow**	1,614	1,050
Free Cash Flow before customer financing	1,802	2,143
Dividend paid including minority	(384)	(278)
Capital increase	43	21
Astrium first time 100% consolidation impact	0	(74)
Non-recourse customer financing	(369)	0
Others (\$ adjustments on financial liabilities,...)	49	16
Net cash position at the end of the period	4,058	3,105

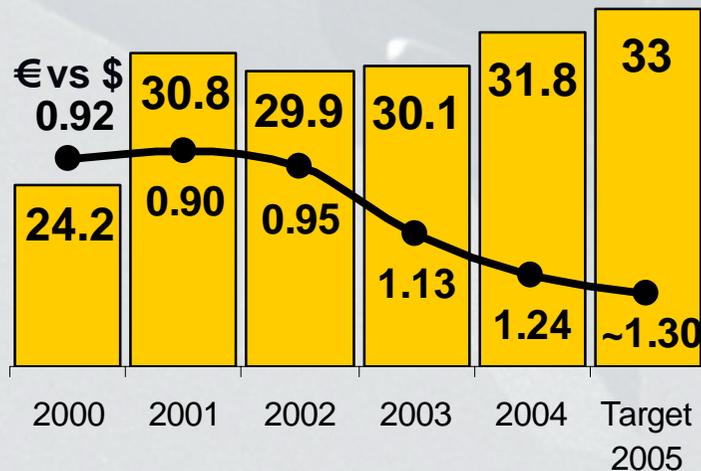
* gross cash flow from operations, excl. working capital change

** excl. change in securities, consolidation changes and non-recourse customer financing

2005: Upgrading Guidance

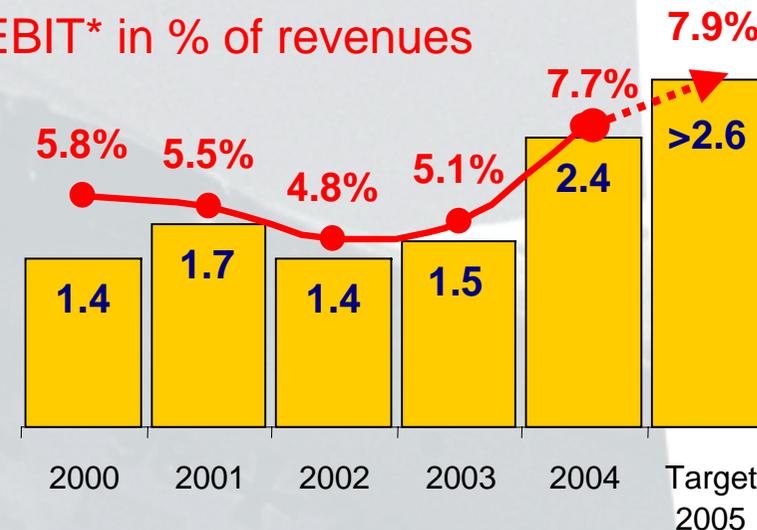


Revenues in €bn



EBIT* in €bn

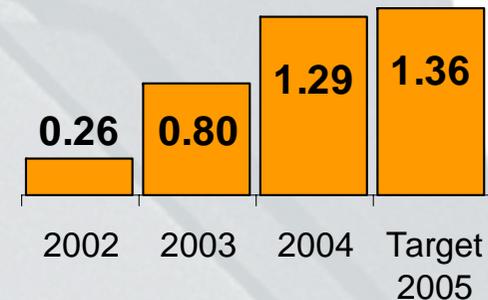
EBIT* in % of revenues



2005 other targets

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

Pro-Forma EPS in €(IFRS3)



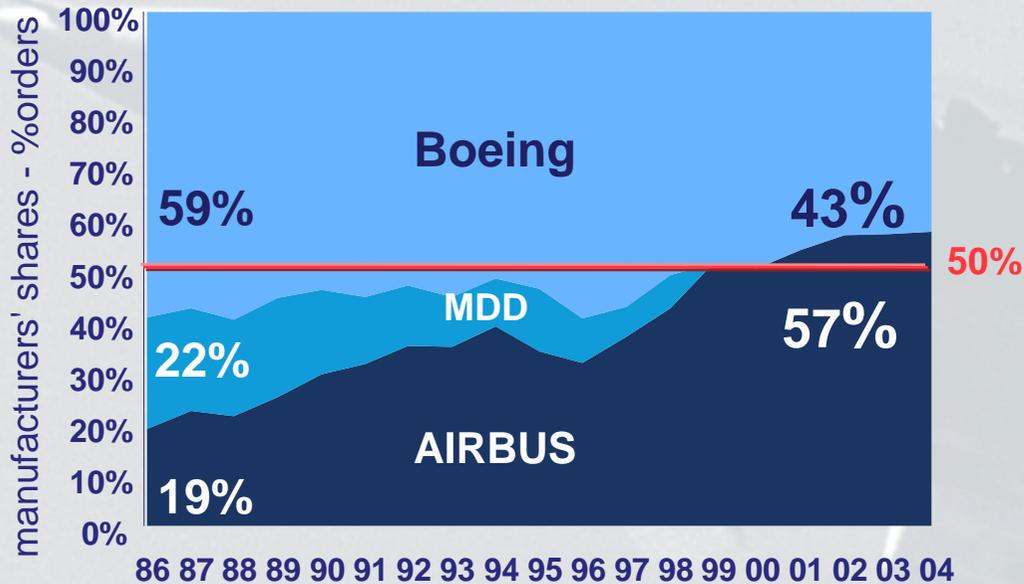
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Commercial Aviation: Sustain Leadership



Leadership in deliveries, orders and innovation

How to Sustain Leadership?



- R&D resources
- Product range

US\$ weakening: Ensure competitiveness



- Approx. half of EADS US\$ revenues are naturally hedged by US\$ procurement

→ In 2004 the annual net exposure was around \$ 11bn (including \$ 9 bn for Airbus).

- EADS hedged portfolio on Dec., 31st 2004 = US\$ 40.2 bn @ average rate 1 € = 1.03 \$



How to maintain competitiveness?



- Cost savings
- Suppliers network

Defence : Go beyond boundaries



- Tripled the order-book
- Towards €10 bn revenues

EADS defence revenues in € million



How to go beyond ?



- Extend product range
- Expand outside Europe

Space : Sustain long-term development



**Expanded in Services (Paradigm),
Turned-around for profitable growth**

How to go beyond?



- **Get commitment from the European Governments**
- **New Space applications**

Continuing Transformation



Solid and Growing

How expand further?



- Global Industrial Strategy
- Innovation
- People