



## Information

### **EADS Confirms 2003 Forecast**

- First quarter EBIT of € 130 million
- Strong seasonal influences on EADS businesses
- Order intake increases by 41%
- Recent Airbus orders: continuous strong market success
- CEOs: “EADS expects to achieve full-year 2003 targets”

Amsterdam, 6 May 2003 – *EADS* (stock exchange symbol: EAD), the world’s second largest aerospace and defence group, confirms its forecast for the 2003 business year. The company expects 2003 EBIT (Earnings before interest and taxes, pre goodwill amortisation and exceptionals) in the same range as 2002, based on 300 deliveries by Airbus.

The EADS CEOs, Philippe Camus and Rainer Hertrich, noted: “In the first quarter of 2003, EADS results reflect the strong seasonal influences on our businesses. Nevertheless, we expect to achieve our full year targets for 2003 thanks to ongoing commercial success and strict financial discipline.”

In the first quarter, the company’s EBIT amounted to € 130 million. This reflects the impact of higher Research and Development (R&D) costs, as planned, particularly for the Airbus A380, and the number of Airbus deliveries in the first quarter that was, as expected, slightly lower than in 2002. This, however, does not impact the overall delivery target for 2003. The first quarter 2002 EBIT of € 315 million had also included a positive effect of € 63 million from the sale of Aircelle. Total EADS revenues in the first three months of

2003 amounted to € 5.5 billion (first quarter 2002: € 6.4 billion), reflecting lower Airbus deliveries and a weaker US-Dollar, as the company reported on Tuesday on the day of its third Annual General Shareholders Meeting in Amsterdam.

The EADS CEOs said: “We are confident that the business figures will stay on track according to our plan during the course of the year. Seasonality is normal for the aerospace industry in general and for EADS. Whilst the conclusion of the war in Iraq gives us hope for a gradual improvement in the international business climate, we continue to closely monitor the possible impact of SARS on the aviation market and the general economic slowdown. However at this point in time there is no reason for changing our forecast.”

“EADS remains a strong and stable company with a solid balance sheet, industry-leading order book, commercial aircraft leadership, and growth in defence,” the CEOs emphasized. “EADS is actively and prudently managing the business, with a focus on cash, control of costs, and the development of new business. The recent commitments from JetBlue and Chinese Airlines, representing a total of 95 Airbus aircraft, are strong evidence of our continued commercial success in two fast growing market segments: low cost carriers and China – despite SARS.”

Actions taken in the first quarter reinforced EADS’ growing focus on defence. The CEOs noted that “our recent decision to reinforce our Defence and Security Systems Division through the inclusion of our military combat aircraft business, will further enhance our ability to deliver integrated systems able to meet the demands of future defence markets.”

### **EADS subject to strong seasonal influences**

EADS' defence and parapublic businesses, which are mainly part of the Aeronautics and Defence and Civil Systems Divisions, are subject to strong seasonal influences. Typically, revenues and earnings are significantly stronger in the second half of the year.

At Airbus, the second and the fourth quarter of each year are usually the strongest.

EADS' order intake increased in the first three months of 2003 by 41% from € 3.8 billion to € 5.4 billion, thanks to higher orders received by Airbus, which signed contracts for 42 aircraft (first quarter 2002: 18 aircraft). The EADS order book amounted to a total of € 162.7 billion at the end of March and remains the strongest in the global aerospace industry.

EADS recorded Net Income pre-goodwill and exceptionals of € 62 million, or € 0.08 per share, for the first quarter of 2003. This compares with € 139 million, or € 0.17 per share, for the same period last year, reflecting the EBIT decrease which was partly offset by tax effects. As usual at EADS, Net Income was significantly affected by non-cash amortisation of goodwill, amounting to € -140 million in the first quarter. Net Income after goodwill and exceptionals stood at € -93 million (first quarter 2002: € -25 million).

EADS reported a positive Net Cash position of € 538 million at the end of March 2003 (€ 1,224 million on 31 December 2002). The Net Cash position figure was impacted by the seasonality effects in operations and the first-time 100% consolidation of Astrium.

In February, EADS successfully launched its first Eurobond transaction, raising € 1 billion.

At the end of March 2003, EADS had 107,263 employees, representing an increase of 3% compared to year-end 2002, due to the full consolidation of Astrium and the A380 ramp-up.

### **Divisional revenues and earnings**

The **Airbus** Division recorded first quarter revenues of € 3.8 billion (same period 2002: € 4.6 billion). EBIT amounted to € 166 million (first quarter 2002: € 396 million). The decrease in EBIT is mainly due to the expected increase in R&D cost (€ 445 million compared to € 320 million in the first quarter 2002) primarily related to the A380 ramp-up. However, the operating performance of Airbus before R&D remains very strong, with an EBIT margin pre-R&D above 15%. EBIT was also impacted by lower deliveries: From January to March 2003, Airbus delivered 65 aircraft, compared with 72 aircraft in the same period last year. The revenues and profit recognition of three delivered aircraft has been deferred, due to the customer payment terms of the respective contracts. In addition, the figure for the first quarter of last year included a positive one-time effect on EBIT of € 63 million from the sale of EADS' participation in the company Aircelle.

Order intake at Airbus was considerably up, amounting to € 3.4 billion (first quarter 2002: € 1.3 billion). In January, a Memorandum of Understanding was signed with Malaysia Airline Systems on six A380 aircraft (not yet in the firm order book), demonstrating the market success of this programme. In early April, the Spanish carrier Iberia signed a contract to acquire 12 A340-600 aircraft (five firm orders and seven options).

Revenues at the **Military Transport Aircraft** Division remained close to last year's level, at € 96 million compared to € 101 million in the first quarter 2002. EBIT amounted to € -11 million (first quarter 2002: € -12 million). Order intake doubled from € 61 million to € 122 million. The performance of Military Transport Aircraft is expected to improve substantially as a result of the A400M order which is expected to be finalised soon.

The **Aeronautics** Division slightly increased revenues in the first quarter 2003 to € 969 million (first quarter 2002: € 936 million). EBIT of € 33 million was double last year's first quarter result (€ 16 million), reflecting the good performance of most businesses. Order intake decreased from € 1,458 million to € 915 million in the first quarter comparison but is still in the order of magnitude of revenues. The 2002 first quarter order intake included significant contracts for NH90 and Tiger helicopters.

The **Space** Division, now consolidating 100% of Astrium, recorded revenues of € 403 million in the first quarter 2003, down from € 426 million in the same period last year. EBIT was negative at € -21 million (January to March 2002: € -33 million). The cost of the planned restructuring estimated at about € 280 million will be accounted for in the following quarters. First quarter 2003 order intake increased from € 316 million to € 341 million.

Revenues for the **Defence and Civil Systems** Division amounted to € 530 million (first quarter 2002: € 539 million). Double-digit revenues growth at MBDA, thanks to the ramp-up of Storm Shadow and Meteor missiles, was offset by a weaker performance from EADS Telecom. However, the biggest part of the Division's revenues is traditionally recorded towards the end of each calendar year. This is again a key factor in negative EBIT of € -72 million (first quarter 2002: € -

72 million). EADS expects the Division to post a positive result in 2003 that is higher than the previous year's EBIT of € 40 million. Order intake amounted to € 761 million (same period last year: € 858 million). In the future, the Military Aircraft business will be included in this Division, which will be renamed Defence and Security Systems.

### **Outlook**

EADS confirms the outlook for 2003, stated by the company on 10 March 2003: EADS anticipates 2003 revenues (assuming an exchange rate of 1 € = 1.10 \$) and EBIT in the same range as 2002. This is based on 300 deliveries by Airbus – with all firm orders secured by customer pre-delivery payments - and taking into account the increase in R&D spending to peak levels in 2003 for the A380 ramp-up.

The EADS 2003 EBIT target also includes a considerable provision for a significant re-engineering of the Space business in order to achieve profitability during 2004.

These negative effects will be offset by the expected improved performance of the Divisions which are now ramping up defence programmes (Aeronautics, Defence and Security Systems, and Military Transport Aircraft).

In terms of Cash Flow, EADS reiterates its guidance that Free Cash Flow before customer financing will be positive and that the company continues to contain customer financing.

### **About EADS:**

EADS is a global aerospace and defence company and is the world's second largest in terms of revenues with € 29.9 billion

in 2002. EADS has a workforce of more than 100,000 and is a market leader in defence technology, commercial aircraft, helicopters, space, military transport and combat aircraft, as well as related services. Its family of leading brands includes the commercial aircraft manufacturer Airbus, the world's largest helicopter manufacturer Eurocopter, the space company Astrium and MBDA, the world's second largest missile company. EADS is the biggest partner in the Eurofighter consortium and heads the A400M military transport aircraft programme. The company has over 70 sites in Germany, France, Great Britain and Spain. It is active in many regions worldwide, including the U.S., Russia and Asia.

**Contact:**

*Eckhard Zanger*  
*EADS Communications Finance*  
*Tel. +49 89 607 27961*

**Note to Editors:**

*You may dial in to the*

*EADS Analysts Conference Call with CFO Hans Peter Ring*

*today, Tuesday, 6 May 2003, at 9 a.m. CET*

*under Telephone number +44 20 82 40 82 44*  
*(listen-in only)*

*A replay is available afterwards under*  
*Telephone number +44 20 82 88 44 59, Passcode 44 52 82*