



## Solid Start to the Year: EADS Reports Results of First Quarter 2011

Leiden, 13 May 2011

- Successful market introduction of A320neo
- Revenues up 10 percent to € 9.9 billion
- EBIT\* before one-off: around € 230 million
- Free Cash Flow of € 0.3 billion
- Net Income: € -12 million, impacted by negative dollar accounting revaluation
- Record Net Cash position of € 12.2 billion

EADS (stock exchange symbol: EAD) releases encouraging results for the first quarter 2011 while the recovery of the global economy continues to support the growth of passenger traffic. Based on this positive momentum, Airbus is analysing a further increase in its single aisle production rate which is currently scheduled to increase to 40 aircraft per month by Q1 2012. A decision is expected shortly. In the first three months of 2011, the order intake(4) amounted to € 6.3 billion. EADS' order book of more than € 422 billion provides a solid platform for future deliveries. First quarter earnings reflect the usual seasonality pattern in our institutional businesses. Revenues amounted to € 9.9 billion. The EBIT\* before one-off of around € 230 million benefited from good underlying performance on legacy programmes and favourable phasing of costs at Airbus Commercial. The reported EBIT\* amounted to € 192 million. At € 12.2 billion, thanks to strong cash-flow management in the first quarter, the Net Cash position remains a key asset to foster future growth. The impacts from events in Japan and North Africa on the commercial aircraft market are expected to be of a temporary nature. These developments are being actively managed, while budget pressures in institutional markets, helicopters and defence and the currency volatility are being monitored.

"Our first quarter financial results reflect a good start to 2011. The early market success of the A320neo validates the significant prospects we envisage for this programme and the acquisition of Vector Aerospace in Canada is a major step forward in expanding our services offering. We also signed the A400M contract amendment, which provides a solid base to further advance this key programme", said Louis Gallois, CEO of EADS. "While advancing with the A350 XWB through achieving several critical milestones, this decisive programme continues to require our closest attention."

In the first quarter, EADS' **revenues** increased 10 percent to € 9.9 billion (Q1 2010: € 9.0 billion). This growth is driven primarily by mix effects at Airbus Commercial and Astrium. Deliveries remained at a high level with 119 aircraft at Airbus Commercial, 81 helicopters at Eurocopter and the 42nd consecutive successful Ariane 5 launch. In the first quarter, Airbus Military recorded revenues for the A400M programme of € 165 million, based on milestones. Series production has started and civil certification is planned for 2011. On 7 April 2011, the Customer Nations and EADS concluded the A400M contract amendment negotiations. The contract amendment implements the changes which were agreed in principle by the Customer Nations and EADS on 5 March 2010.

**EBIT\* before one-off (adjusted EBIT\*)** – an indicator capturing the underlying business margin by excluding non-recurring charges or profits caused by movements in provisions or foreign exchange impacts – stood at around € 230 million (Q1 2010: around € 150 million) for EADS and at around € 160 million for Airbus (Q1 2010: around € 80 million). It benefited from good underlying performance in Airbus legacy programmes as well as in core business activities in the other Divisions. It also included favourable phasing effects, particularly of non series costs at Airbus Commercial, which should reverse throughout the year and an unchanged A380 impact compared to last year.

EADS' **reported EBIT\*** stood at € 192 million (Q1 2010: € 83 million).

**Net Income (loss)** amounted to € -12 million (Q1 2010: € 103 million), or earnings per share of € -0.01

(earnings per share Q1 2010: € 0.13). The finance result amounts to € -197 million (Q1 2010: € 77 million). The interest result of € -47 million is roughly stable with the 2010 level (Q1 2010: € -53 million). Meanwhile, the other financial result deteriorated considerably by € 280 million year-on-year. It amounted to € -150 million (Q1 2010: € 130 million). The main change comes from the negative accounting revaluation of US dollar and British pound (GBP) cash assets due to the deterioration of the closing spot rate at the end of March compared to the end of December 2010. The change in time value of EADS' hedging options has also led to a negative valuation. On the other hand, the net change in fair value of cash-flow hedges had a positive impact of € 1.8 billion on EADS equity.

**Self-financed Research & Development (R&D)** expenses increased to € 650 million (Q1 2010: € 572 million), driven mainly by development on the A350 XWB at Airbus.

**Free Cash Flow** before customer financing improved to € 208 million (Q1 2010: € -972 million), thanks to better operational performance. The improvement in working capital of € 1.2 billion is driven by higher advance payments received, partially reduced by a ramp-up in inventories, particularly at Airbus. The level of capital expenditures increased slightly compared to last year, as expected, as investment continues to ramp-up on the A350 XWB programme. Customer financing generated cash of around € 100 million in the first quarter as the lessor and banking market appetite continues to gain momentum. Free Cash Flow after customer financing amounted to € 309 million (Q1 2010: € -1,124 million).

EADS' **Net Cash position** amounted to € 12.2 billion (year-end 2010: € 11.9 billion), remaining a solid foundation for the Group's operational needs as well as future growth.

The Group's **order intake**(4) of € 6.3 billion was lower than one year ago (Q1 2010: € 14.4 billion) which included a high level of commercial aircraft orders for the A330 and A350 XWB at Airbus. The First Quarter 2011 order intake is net of 68 commercial aircraft cancellations and conversions. By the end of March 2011, EADS' **order book**(4) stood at € 422.4 billion (year-end 2010: € 448.5 billion), providing good visibility for the future. The Airbus Commercial backlog has been reduced by a negative revaluation impact of around € 22 billion due to the deterioration of the US dollar closing spot rate since the year-end 2010. The defence order book is almost stable at € 57.0 billion (year-end 2010: € 58.3 billion).

At the end of March 2011, EADS' workforce consisted of 122,899 **employees** (year-end 2010: 121,691).

## Outlook

EADS confirms its 2011 guidance based on an assumption of € 1 = \$ 1.35 for the year-end closing spot rate. In 2011, Airbus should deliver 520 to 530 commercial aircraft and its gross orders should be above its deliveries. EADS' 2011 revenues should be above the 2010 revenues.

EADS expects 2011 EBIT\* before one-off to remain stable compared to the 2010 level, at around € 1.3 billion. Increasing volume and price improvement at Airbus Commercial are roughly compensated by the deterioration of hedge rates, increasing R&D and less favourable mix of activities at Cassidian.

Going forward, reported EBIT\* and Earnings Per Share (EPS) performance of EADS will be dependent on the Group's ability to execute on the A400M, A380 and A350 XWB programmes, in line with the commitments made to its customers.

Reported EBIT\* and EPS also depend on exchange rate fluctuations. At € 1 = \$ 1.35, EADS expects 2011 EPS to be above the 2010 level of € 0.68. Free Cash Flow is expected to be positive.

In 2012, the Group expects a significant improvement in its EBIT\* before one off thanks to higher volume, better pricing and improvement of A380 performance at Airbus.

## **EADS Divisions: Passenger traffic growth continues, signs of recovery in civil helicopter market and pressure on European defence budgets**

**Airbus** consolidated revenues of € 7,013 million show an increase of 12 percent compared to the same period last year (Q1 2010: € 6,264 million). The Airbus consolidated EBIT\* amounted to € 115 million (Q1 2010: € 7 million).

Airbus Commercial revenues amounted to € 6,707 million (Q1 2010: € 5,989 million). Deliveries of 119 commercial aircraft (Q1 2010: 122 aircraft, thereof 119 with revenue recognition) included four A380. Compared to one year ago, Airbus Commercial revenues benefited from a favourable mix effect. Airbus Commercial reported EBIT\* increased to € 125 million (Q1 2010: € 6 million). Compared to one year ago, the

Airbus Commercial EBIT\* before one-off of around € 170 million (Q1 2010: around € 80 million) benefited from favourable mix effects and a pricing improvement net of escalation. The underlying performance also includes favourable phasing effects, particularly non series costs that should reverse as the year progresses. The improvement year-on-year is partially reduced by a hedge rate deterioration of around € 110 million and higher R&D expenses, particularly on the A350 XWB.

Airbus Military revenues increased 13 percent to € 434 million (Q1 2010: € 384 million), driven by an A400M revenue recognition of € 165 million (Q1 2010: € 0 million). Airbus Military EBIT\* remained stable at € 1 million (Q1 2010: € 1 million).

Airbus booked 69 gross commercial orders in the first quarter, including 10 A380s. In the same period, 68 cancellations were registered. Early market success for the A320neo (new engine option) continues, with commitments in excess of 330 aircraft just four months after the programme's launch. In response to the successful market reception, Airbus advanced the entry-into-service date to October 2015.

Progress continues on the A350 XWB, with its largest carbon fibre fuselage panel completed. The start of the Final Assembly Line is still targeted for the end of the year and Entry-into-Service for the second half of 2013 but the programme remains challenging.

Airbus Military delivered 3 C295 aircraft to Mexico, Chile and Portugal. One new CN235 was booked for the Yemen. The A400M contract amendment was signed in early April. The flight tests continue and in February the programme commenced series production. The first A330 Multi-Role Tanker Transport (MRTT) aircraft for the Royal Saudi Air Force successfully completed its maiden flight.

As of 31 March 2011, Airbus' consolidated order book was valued at € 374.9 billion (year-end 2010: € 400.4 billion). Airbus Commercial backlog amounted to € 353.6 billion (year-end 2010: € 378.9 billion) which represents 3,434 units (year-end 2010: 3,552 aircraft). It was reduced by a negative revaluation impact of around € 22 billion due to the deterioration of the US dollar closing spot rate since the year-end 2010. This backlog supports significant volume uplift in the mid-term across the product range. The Airbus Military order book includes 239 aircraft. It stood stable at € 22.5 billion (year-end 2010: € 22.8 billion).

In the first quarter of 2011, revenues at **Eurocopter** amounted to € 823 million (Q1 2010: € 798 million). Deliveries totalled 81 helicopters (Q1 2010: 86 helicopters). The Division's EBIT\* increased to € 31 million (Q1 2010: € 26 million) due to a favourable mix effect. The ramp-up of R&D expenses will be back-loaded in 2011.

Eurocopter participated in HeliExpo 2011 in Orlando, Florida, where it unveiled the innovation-packed EC145 T2, the next generation of the twin-engine EC145, as well as a comprehensive evolution of its product line with new enhanced versions of four of the company's light, medium and heavy helicopters. Eurocopter also signed contracts and letters of intent for 68 helicopters, indicating first signs of a recovery, particularly in the US civil market. Those new contracts and letters of intent include 15 EC175 with Russian operator UTair. Cumulative net bookings at the end of the quarter have reached 99 orders for new helicopters, which is above the level of 84 net orders one year ago.

In March, Eurocopter announced the signature of an agreement with Vector Aerospace Corporation for the acquisition of the latter. The acquisition of Vector, a leading global provider of MRO services for multi-platform helicopters and for airplane and helicopter engines, marks a key step forward in Eurocopter's expansion of its worldwide services footprint, in accordance with EADS' strategic goals set out in its Vision 2020. Final closing is now subject to some pending regulatory approvals and acquiring the necessary shares to meet the legal threshold. Eurocopter's order book stood stable at € 14.5 billion (year-end 2010: € 14.6 billion) with 1,140 helicopters (year-end 2010: 1,122 helicopters).

**Astrium** revenues in the first three months of 2011 increased 27 percent to € 1,171 million (Q1 2010: € 924 million) as did the EBIT\* to € 52 million (Q1 2010: € 41 million), reflecting a strong start to the year driven by solid operational performance. The revenue improvement year-on-year is due to higher volume in launchers, earth observation and telecommunication satellites. The EBIT\* increase was reduced by lower volume in geo-information services which is experiencing a slow-down in the current business environment. The Division continues to work on its transformation programme, AGILE, to increase efficiency and prepare for a challenging competitive environment. The implementation of AGILE will trigger some non-recurring cost and higher R&D in the next quarters.

Astrium successfully launched the Automated Transfer Vehicle (ATV) "Johannes Kepler" in the quarter, also

marking the 42nd consecutive successful Ariane 5 launch. The ATV, built by Astrium, performed a perfect automatic dock-on manoeuvre with the International Space Station.

Order intake reached € 781 million in the first quarter (Q1 2010: € 1,234 million), including two export contracts, an earth observation satellite for Vietnam and a contract to equip Kazakhstan's Satellite Integration and Test Centre. At the end of March 2011, the order book for Astrium amounted to € 15.3 billion (year-end 2010: € 15.8 billion).

In the first three months of 2011, revenues of **Cassidian** reached € 878 million (Q1 2010: € 928 million). In addition to the usual seasonality effect, revenues reflect an unfavourable phasing of Eurofighter volume as well as lower volume in Secure Communications. EBIT\* decreased to € 8 million (Q1 2010: € 21 million). R&D expenses of € 53 million are mainly focused on Unmanned Aerial Systems (UAS) and Secure Communications.

As announced previously, Cassidian is beginning to feel the first pressure from the home countries' defence budget situation both in terms of delayed order intake and R&D which remains at a high level. The German government has postponed communication on its defence reform plans until later in the year. Meanwhile, Cassidian continues to prepare its transformation programme and develop its strategy of global growth, particularly in security. In the first quarter, Cassidian and Atlas Elektronik announced the foundation of Signalis, the world's leading provider of maritime safety and security solutions.

The order intake amounted to € 821 million (Q1 2010: € 964 million). Orders included a contract for EMIRAJE Systems, a joint venture of Cassidian and C4 Advanced Solutions, for the first phase of the United Arab Emirates Command and Control System (ECCS). At the end of March 2011, the Division's order book remained solid at € 16.7 billion (year-end 2010: € 16.9 billion).

#### **Headquarters and Other Businesses (not belonging to any Division)**

Revenues of Other Businesses stood stable at € 246 million (Q1 2010: € 246 million) as a ramp-up in Light Utility Helicopter (LUH) deliveries compared to last year and higher revenues in Sogerma offset lower ATR deliveries. EBIT\* of Other Businesses reached € -3 million (Q1 2010: € -1 million), reflecting the lower ATR deliveries which were in line with expectations, mitigated by the recovery in the jet engine Maintenance, Repair & Overhaul business at Sogerma.

With 25 aircraft orders already received (Q1 2010: 8 aircraft orders) and continued strong commercial momentum, ATR marked a promising start into the year. Deliveries in 2011 are back-loaded with only 6 aircraft deliveries in the first quarter (Q1 2010: 13 aircraft).

In January 2011, EADS North America received a contract from Lockheed Martin to supply its TRS-3D radar for the US Navy Littoral Combat Ships. Under the terms of its contract, EADS North America will deliver the first radar unit to Lockheed Martin for installation in 2012.

On 31 March 2011, the order book of Other Businesses stood at € 2.6 billion (year-end 2010: € 2.5 billion). The order intake of almost € 400 million in the first quarter reflects a strong demand for ATR aircraft in an environment of high fuel prices. Sogerma's backlog has benefited from the increase in Airbus and ATR production rates.

\* EADS uses **EBIT pre goodwill impairment and exceptionals** as a key indicator of its economic performance. The term "exceptionals" refers to such items as depreciation expenses of fair value adjustments relating to the EADS merger, the Airbus Combination and the formation of MBDA, as well as impairment charges thereon.

EADS is a global leader in aerospace, defence and related services. In 2010, the Group – comprising Airbus, Astrium, Cassidian and Eurocopter – generated revenues of € 45.8 billion and employed a workforce of nearly 122,000.

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**Note to editors:**

**Live-Transmission EADS Analysts Conference Call on the Internet**

You may listen to the **Analysts Conference Call** today at 11:00 a.m. CET with Chief Financial Officer Hans Peter Ring on the EADS website [www.eads.com](http://www.eads.com).

Please click on the front page banner. A recording of the call will be available later on.

**EADS – Q1 2011 Results (unaudited)**

(Amounts in euro)

<b>EADS Group</b>	<b>Q1 2011</b>	<b>Q1 2010</b>	<b>Change</b>
<b>Revenues</b> , in millions	<b>9,854</b>	8,950	+10%
thereof <b>defence</b> , in millions	<b>1,951</b>	1,925	+1%
<b>EBITDA</b> <sup>(1)</sup> , in millions	<b>589</b>	457	+29%
<b>EBIT</b> <sup>(2)</sup> , in millions	<b>192</b>	83	+131%
<b>Research &amp; Development expenses</b> , in millions	<b>650</b>	572	+14%
<b>Net Income (loss)</b> <sup>(3)</sup> , in millions	<b>-12</b>	103	-
<b>Earnings Per Share (EPS)</b> <sup>(3)</sup>	<b>-0.01</b>	0.13	-0.14 €
<b>Free Cash Flow (FCF)</b> , in millions	<b>309</b>	-1,124	-
<b>Free Cash Flow before Customer Financing</b> , in millions	<b>208</b>	-972	-
<b>Order Intake</b> <sup>(4)</sup> , in millions	<b>6,268</b>	14,382	-56%
<b>EADS Group</b>	<b>31 March 2011</b>	<b>31 Dec 2010</b>	<b>Change</b>
<b>Order Book</b> <sup>(4)</sup> , in millions	<b>422,362</b>	448,493	-6%
thereof <b>defence</b> , in millions	<b>56,950</b>	58,257	-2%
<b>Net Cash position</b> , in millions	<b>12,172</b>	11,918	+2%
<b>Employees</b>	<b>122,899</b>	121,691	+1%

<b>by Division</b>	<b>Revenues</b>			<b>EBIT</b> <sup>(2)</sup>		
	<b>Q1 2011</b>	<b>Q1 2010</b>	<b>Change</b>	<b>Q1 2011</b>	<b>Q1 2010</b>	<b>Change</b>
(Amounts in millions of Euro)						
<b>Airbus Division</b> <sup>(5)</sup>	<b>7,013</b>	6,264	+12%	<b>115</b>	7	+1,543%
Airbus Commercial	<b>6,707</b>	5,989	+12%	<b>125</b>	6	+1,983%
Airbus Military	<b>434</b>	384	+13%	<b>1</b>	1	0%
<b>Eurocopter</b>	<b>823</b>	798	+3%	<b>31</b>	26	+19%
<b>Astrium</b>	<b>1,171</b>	924	+27%	<b>52</b>	41	+27%
<b>Cassidian</b>	<b>878</b>	928	-5%	<b>8</b>	21	-62%
<b>Headquarters / Consolidation</b>	<b>-277</b>	-210	-	<b>-11</b>	-11	-
<b>Other Businesses</b>	<b>246</b>	246	0%	<b>-3</b>	-1	-
<b>Total</b>	<b>9,854</b>	8,950	+10%	<b>192</b>	83	+131%
<b>by Division</b>	<b>Order Intake</b> <sup>(4)</sup>			<b>Order Book</b> <sup>(4)</sup>		
(Amounts in millions of Euro)	<b>Q1 2011</b>	<b>Q1 2010</b>	<b>Change</b>	<b>31 March 2011</b>	<b>31 Dec 2010</b>	<b>Change</b>
<b>Airbus Division</b> <sup>(5)</sup>	<b>3,748</b>	11,158	-66%	<b>374,891</b>	400,400	-6%
Airbus Commercial	<b>3,647</b>	11,035	-67%	<b>353,574</b>	378,907	-7%
Airbus Military	<b>105</b>	146	-28%	<b>22,487</b>	22,819	-1%
<b>Eurocopter</b>	<b>779</b>	1,057	-26%	<b>14,506</b>	14,550	-0%
<b>Astrium</b>	<b>781</b>	1,234	-37%	<b>15,282</b>	15,760	-3%
<b>Cassidian</b>	<b>821</b>	964	-15%	<b>16,721</b>	16,903	-1%
<b>Headquarters / Consolidation</b>	<b>-255</b>	-230	-	<b>-1,604</b>	-1,639	-
<b>Other Businesses</b>	<b>394</b>	199	+98%	<b>2,566</b>	2,519	+2%
<b>Total</b>	<b>6,268</b>	14,382	-56%	<b>422,362</b>	448,493	-6%

#### Footnotes for pages 8 to 9:

- 1) Earnings before interest, taxes, depreciation, amortisation and exceptionals.
- 2) Earnings before interest and taxes, pre goodwill impairment and exceptionals.
- 3) EADS continues to use the term Net Income. It is identical with Profit for the period attributable to equity

owners of the parent as defined by IFRS Rules.

4) Contributions from commercial aircraft activities to EADS Order Intake and Order Book based on list prices.

5) Following integration of former Military Transport Aircraft Division into Airbus Division, Airbus is reporting in two segments: Airbus Commercial and Airbus Military. The Airbus Commercial perimeter includes EFW and aerostructures but excludes the A400M activity. Airbus Military includes the former Military Transport Aircraft Division as well as all A400M activity. Eliminations are treated at the Division level.

**Safe Harbour Statement:**

Certain statements contained in this press release 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 EADS' 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 press release, words such as "anticipate", "believe", "estimate", "expect", "may", "intend", "plan to" and "project" are intended to identify forward-looking statements.

This forward looking information is based upon a number of assumptions including without limitation: assumption regarding demand, current and future markets for EADS' products and services, internal performance, customer financing, customer, supplier and subcontractor performance or contracts 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, North America and Asia, legal, financial and governmental risk related to international transactions, the cyclical nature of some of EADS' 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. Additional information regarding these factors is contained in the Company's "registration document" dated 19 April 2011. For more information, please refer to [www.eads.com](http://www.eads.com).