



Information

EADS 2004 EBIT* around 20 percent higher than 2003

- EBIT* 2004 growth based on the 2003 expectation at a € 1.4 billion level
- 2004 revenues expected to be about stable
- Airbus expects close to 300 aircraft deliveries in 2004
- EADS maintains focus on cash and strong balance sheet

Amsterdam, 8 January 2004 – *EADS* (stock exchange symbol: EAD), the world's second largest aerospace and defence group, expects an increase of its operating results in the year 2004. Ahead of the commercial aviation market upturn expected in 2005, EADS targets around 20 percent EBIT* (Earnings before interest and taxes, pre-goodwill amortization and exceptionals) growth in 2004 over the 2003 guidance.

The EADS CEOs Philippe Camus and Rainer Hertrich said: "The airline industry is slowly recovering and is still under pressure. We have assigned ourselves realistic targets for 2004, consistent with our practice of financial dependability. These targets are a first milestone on the road to double digit EBIT* margins in the medium-term, and they support a solid financial position."

"Diligence is imperative," the CEOs continued. "We have reviewed the current Space restructuring plan, and it is fully on track; we have also audited our Airbus order book and are continuing to carefully manage the growth of our defence business."

EADS also confirms its full-year 2003 targets. It anticipates 2003 EBIT* in the same range as 2002, at the level of € 1.4 billion, and

full-year revenues in a similar range as 2002. Full-year 2003 results will be released on 8 March, 2004.

Defence growth insures stable revenues

For 2004, EADS targets generally stable revenues of around € 29 - 30 billion, for the fourth straight year in this general downturn of the industry. Defence business growth is expected to offset the decline of Airbus revenues attributable to the combination of the US currency weakness and slightly lower deliveries.

The 2004 revenues target is based on the assumption of a weaker US\$ than in 2003 (1€ = \$1.20, compared to 1€ = \$1.10) for the computation of the portion of revenues that is naturally hedged by US\$ denominated purchasing (amounting to about one third of overall EADS revenues).

Following a careful assessment of its order book, Airbus targets close to 300 aircraft deliveries in 2004. A conservative management of delivery slots gives EADS flexibility to face unexpected events and to apply customer financing restraint.

Space Division revenues should be stable in 2004, supported by a robust order book (including 10 civil telecom satellites). Major programmes such as the £ 2.5 billion Paradigm contract (Skynet5 secure communication services for the UK MOD) and opportunities such as the design, delivery and operation of Galileo (European satellite navigation system) should fuel medium-term growth.

The ramp up of defence programmes in the other Divisions (Military Transport Aircraft, Aeronautics, Defence and Security Systems) will prompt revenues growth: The strongest drivers of growth in 2004 are the A400M, the Tiger and NH90 helicopters and missile programmes.

Strong Profitability increase thanks to Space turnaround

The slight decline of Airbus deliveries and the continuing A380 R&D effort will hamper 2004 EBIT*.

The recovery of the Space Division is the main source of increased profitability. The dramatic restructuring plan currently under implementation and a number of organizational improvements are the main drivers of the expected swing to breakeven EBIT* of this Division in 2004.

The successful delivery ramp up of missile programmes, Eurofighter, military helicopters and the acceleration of the A400M development revenues will contribute to the growth of the EBIT*. At the same time, following the high level of defence contract acquisition, management will direct its focus to the execution of large programmes and to the performance of the overall defence business.

Cash generation

The EADS management will continuously strive to offset the cash outlays from the A380 investment and the Skynet 5 construction by ongoing cash preservation initiatives.

In line with its restrictive policy for the use of customer financing, Airbus should not increase customer financing gross exposure by more than \$ 900 million thus preserving the soundness of the EADS balance sheet.

Key EADS figures 2002 - 2004

In € billion	<u>2002</u>	<u>2003 target</u>	<u>2004 target</u>
Revenues	29.9	29 - 30	29 - 30
EBIT* around 20 %	1.4	~1.4	+
Order intake/revenues	1.04	> 1	> 1

* EADS uses **EBIT pre-goodwill amortisation and exceptionals** as a key indicator of its economic performance. The term "exceptionals" refers to income or expenses of a non-recurring nature, such as amortisation expenses of fair value adjustments relating to the EADS merger, the formation of Airbus S.A.S. and the formation of MBDA, and impairment losses. It does not correspond to the definition of extraordinary items under IFRS.

EADS commercial successes in 2003

In 2003, EADS continued its dynamic growth in the international defence business:

- In 2003, EADS doubled its defence order book to about € 42 billion (30 September 2003).
- EADS registered the largest order in its history, worth € 20 billion, for the A400M military transport aircraft.
- The EADS subsidiary Paradigm signed the contract for the Skynet 5 military satellite communications system, worth about £ 2.5 billion, with the UK Ministry of Defence.
- A consortium led by MBDA registered a major missile contract, worth € 3 billion.
- EADS welcomed Austria as the fifth customer of the Eurofighter multi-role fighter aircraft.
- Greece signed a contract for 20 NH 90 military transport helicopters and Spain announced it would join the Tiger attack helicopter programme and procure 24 units.

Despite the difficult market environment, Airbus was awarded major contracts:

- The American low-cost carrier jetBlue Airways placed an order for 65 Airbus A320, plus options for additional 50 aircraft.
- Emirates Airlines, Korean Air, Malaysia Airlines and most recently Qatar Airways ordered a total of 34 A380 aircraft. Airbus now has 129 firm orders from eleven customers for the A380 programme, which achieved significant technical milestones in 2003.