EADS

Information

EADS raises financial targets after very strong 9-months performance

- Nine months EBIT* of € 1.5 billion – nearly doubled
- Strong Net Income of € 597 million – more than doubled
- Net Cash position robust at € 2.8 billion
- 2004 EBIT* target at € 2.2 billion
- CEOs: "Sound Airbus results and Space turnaround are basis for improved EADS performance outlook for 2004 and beyond."

Amsterdam, November 4, 2004 – *EADS* (stock exchange symbol: EAD), a global leader in aerospace and defence, continues to deliver strong operational and financial performance. In the first nine months of 2004 the company achieved an EBIT* (pre-goodwill and exceptionals) of € 1,500 million, 91 percent higher than in the same period of 2003 (€ 784 million). Driven by stronger Airbus aircraft deliveries and Space turnaround, EADS' EBIT* margin has gone up from 4.2 to 7 percent. EADS published its nine months results on Thursday.

Growth in all EADS divisions boosted revenues by 16 percent to € 21.5 billion (9/2003: € 18.5 billion), in particular the increase of Airbus deliveries to 224 aircraft (9/2003: 199). Revenues of the defence and homeland security businesses grew year over year, however, they typically are strongest towards the end of the year. Free Cash Flow before customer financing strongly improved to € 147 million (€ - 92 million) and customer financing gross exposure was slightly reduced.

Reflecting market demand improvement in civil aviation, EADS now expects Airbus to deliver at least 315 aircraft in 2004. EADS has increased its 2004 EBIT* target to € 2.2 billion, up from the previous target of € 2.1 billion.

CEOs: "EADS is set for further global growth particularly in its key markets in Asia, North America and Europe."

The EADS CEOs Philippe Camus and Rainer Hertrich said: "Very sound Airbus results and the Space turnaround are the basis for EADS' revenues and earnings increase. They allow for an improved performance outlook for 2004 and beyond. EADS' solid financial performance and our market strength enhance the potential for future growth in Asia, North America and Europe. We see Airbus with at least 315 aircraft deliveries in 2004 reinforcing its number one position in the commercial aircraft market. Technology development, vigilant cost control and a highly committed international management team provide us with a competitive platform to strongly grow the business in the upturn."

The CEOs underlined that the Space turnaround is already visible in the 2004 quarterly results. "We are confident this division's profitability will further grow following a 'black zero' in 2004."

Defence business expanding

A large number of recent market achievements are contributing to the strengthening of EADS' defence and homeland security business. The NH90 success in Australia and Oman, the start of the MEADS programme in the US and Italy, helicopter orders by the US Department of Homeland Security, the large system integration contract for Romanian border security and the growing interest in Paradigm's satellite communication offering (including the first contract with Portugal) are only a few obvious examples. "Our strategy in defence is working and we remain focused on our goal to grow the defence business," EADS CEOs Camus and Hertrich said.

"We are also making progress on our long-term growth path in the US", the CEOs underlined. "We have won a number of new contracts, positioned Eurocopter in the US homeland security market, acquired Racal Instruments, extended our partnerships with Northrop Grumman and Lockheed Martin and in October opened a brand-new American Eurocopter assembly line in Columbus, Mississippi."

Net Income more than doubled – Strong Cash position maintained

EADS more than doubled Net Income to € 597 million in the nine months of 2004 (9/2003 pre goodwill: € 242 million), or € 0.75 per share (9/2003: € 0.30). This was primarily driven by strong EBIT* growth.

EADS maintained a strong Net Cash position at € 2.8 billion (year-end 2003: € 3.1 billion).

Free Cash Flow before customer financing amounted to € 147 million in the first nine months of 2004 (9/2003: € -92 million), primarily reflecting stronger operating performance, which has more than offset increased capital expenditures in relation to Paradigm. This was achieved after A380 build-up, thanks to ongoing inflow from customer advances and stronger delivery rates.

EADS' strong order book

The EADS order intake remained close to the level of revenues and amounted to € 20.6 billion from January to September 2004. In the same period of 2003, EADS had recorded exceptionally large contracts such as the € 20 billion A400M procurement and 21 orders for the A380 leading to an order intake of € 49.5 billion.

A decrease of the Airbus order book due to higher deliveries and the weakening of the US Dollar was more than offset by the increase of the Space, Aeronautics and Defence order book. Therefore, the EADS total order book slightly increased compared to year-end 2003, reaching € 179.7 billion at the end of September 2004. Out of this total, € 45.5 billion come from the Defence and homeland security businesses.

At the end of September 2004, EADS had 109,765 employees (year-end 2003: 109,135).

Outlook

EADS has increased its 2004 EBIT* target to € 2.2 billion, up from € 2.1 billion previously. Its 2004 revenue target grew to € 32 billion (previously at € 31 billion), based on an average exchange market rate of € 1 = $ 1.23 (previously at $ 1.20).

Following recent improvements in market demand, EADS expects Airbus to deliver at least 315 aircraft in 2004 (2003: 305).

From January to September 2004, Airbus has already delivered 224 aircraft but during the last quarter Airbus deliveries will have a less favourable aircraft mix with a lower delivery proportion of A330/A340 family aircraft than in the first nine months. The A380 programme is on schedule for first flight in the first quarter 2005 and for entry into service in the second quarter of 2006.

EADS expects the Military Transport Aircraft, Aeronautics and Defence and Security Systems Divisions to contribute stronger results in the last quarter of the year.

EADS maintains its full-year target of receiving an order intake in excess of revenues.

In addition, EADS now forecasts full year Free Cash Flow (FCF) before customer financing will be above the nine months level exceeding the previous guidance of a "breakeven FCF". EADS also expects full year customer financing to be much lower than had been expected.

Divisions

The **Airbus** Division nearly doubled its EBIT* to € 1,382 million (9/2003: € 701 million). The EBIT* increase was particularly driven by stronger commercial aircraft demand. Airbus delivered 224 aircraft, 25 aircraft more than in the same period of last year. In addition, Airbus achieved a more favourable aircraft mix compared to last year as nearly a quarter of the deliveries were large A330/A340 family aircraft (9/2003: 18 percent).

The EBIT* margin improved from 5.8 to 9.6 percent, and the EBIT* margin pre R&D increased from 16.7 to 18.9 percent. Revenues grew by 20 percent to € 14,415 million. The gross customer financing exposure slightly decreased to US $ 4.6 billion (12/2003: US $ 4.8 billion), due to a stronger than anticipated appetite of capital markets to finance aircraft assets.

Airbus recorded 189 gross aircraft orders in the first nine months, reaching a 49 percent market share. Strong regional growth in Asia Pacific supported demand. The A380 has now received a total of 139 firm commitments from 13 customers. At the end of September 2004, Airbus had 1,408 aircraft in its order book.

The **Military Transport Aircraft** Division recorded an EBIT* of € 5 million in the first nine months (9/2003: € -7 million). The division's profitability was influenced by expenses for bid and negotiations for the Future Strategic Tanker Aircraft Programme (FSTA) in the UK. Revenues strongly increased by 31 percent to € 539 million (9/2003: € 410 million). EADS MTAD reached a further milestone for revenue recognition in the A400M programme in July, with another milestone due in the last quarter. The order book remained stable at € 19.7 billion. Tanker negotiations with the UK and Australia are underway and the division is also preparing for a future tanker competition in the US.

EBIT* of the **Aeronautics** Division increased by 4 percent to € 116 million by September 2004 (9/2003: € 112 million). Revenues increased by 3 percent to € 2,516 million (9/2003: € 2,452 million) due to NH90 and Tiger ramp-up. Eurocopter's improved performance compensated the weak aircraft maintenance and services business. As usual, revenues and profits, particularly of Eurocopter, will be strongest in the last quarter. The order book grew strongly by 9 percent to € 11 billion (12/2003: € 10 billion) as of September 2004 mainly thanks to the NH90 order from Oman.

The **Space** Division recorded EBIT* of € -5 million in the first nine months of 2004 (9/2003: € -184 million) and is thus on track for "black zero" in 2004. EADS Space strongly benefited from its restructuring programme and from improvements at EADS Space Services attributable to Paradigm business with the UK Ministry of Defence. This programme has been one of the main drivers of the 12 % revenue increase to € 1,646 million (9/2003: € 1,473 million). The order book amounted to € 10.9 billion at the end of September, boosted in 2004 by the 30 launchers order from Arianespace booked in May and worth around € 3 billion.

EBIT* of the **Defence and Security Systems** Division deteriorated to € -75 million (9/2003: € -18 million), primarily due to an additional restructuring charge of € 77 million in 2004 (9/2003: € 22 million) especially for the Defence and Communication Systems business unit. Moreover, operating performance was affected by an increase of marketing investment (Herkules, Euromale, Beijing Olympics). Revenues grew by 8% to € 3,204 million (9/2003: € 2,957 million) mainly due to the ramp-up of missile business. Typically, revenues and earnings of the defence and security businesses are strongest towards the end of each year.

EADS – Nine Months Results 2004

(Amounts in Euro)

EADS Group	**01 – 09 / 2004**	01 – 09 / 2003	Change
Revenues, in millions of which defence, in millions	**21,459** 4,228	18,536 3,564	+ 16 % +19 %
EBITDA(1), in millions	**2,613**	1,877	+ 39 %
EBIT* (2), in millions	**1,500**	784	+ 91 %
Research & Development Costs, in millions	**1,612**	1,561	+ 3 %
Net Income(3), in millions	**597**	242	+147%
Earnings Per Share (EPS) (3)	**0.75**	0.30	0.45 €
Free Cash Flow before Customer Financing, in millions	**+147**	-92	–
Order Intake, in millions	**20,603**	49,453	- 58 %

1) Earnings before interest, taxes, depreciation, amortization and exceptionals
2) Earnings before interest and taxes, pre-goodwill amortization and exceptionals
3) Net Income and EPS are now reported according to IFRS 3; goodwill is no longer amortized – 2003 figures re-stated to allow for comparison

	30 Sept 2004	31 Dec 2003	Change
Order Book, in millions Of which defence, in millions	**179,683** **45,501**	179,280 45,737	+/- 0 %
Net Cash position, in millions	**2,813**	3,105	- 9 %
Employees	**109,765**	109,135	+ 1 %

by Division	**EBIT* (1)**			**Revenues**		
(Amounts in millions of Euro)	**01 - 09 2004**	01 - 09 2003	Change	**01 - 09 2004**	01 - 09 2003	Change
Airbus	**1,382**	701	+ 97 %	**14,415**	12,051	+ 20 %
Military Transport Aircraft	**5**	-7	–	**539**	410	+ 31 %
Aeronautics	**116**	112	+ 4 %	**2,516**	2,452	+ 3 %
Space	**- 5**	-184	+97 %	**1,646**	1,473	+ 12 %
Defence and Security Systems	**-75**	-18	-317 %	**3,204**	2,957	+ 8 %
Headquarters Consolidation	**77**	180	–	**-861**	-807	–
Total	**1,500**	784	+ 91 %	**21,459**	18,536	+ 16 %

by Division	**Order Intake**			**Order Book**		
(Amounts in millions of Euro)	**01 - 09 2004**	01 - 09 2003	Change	**30.09. 2004**	31.12. 2003	Change
Airbus(2)	10,547	37,028	- 72 %	138,747	141,836	- 2 %
Military Transport Aircraft	342	20,195	- 98 %	19,738	20,007	- 1 %
Aeronautics	3,168	2,213	+ 43 %	10,656	9,818	+ 9 %
Space	4,289	1,246	+ 244 %	10,921	7,888	+ 38 %
Defence and Security Systems	2,975	3,239	- 8 %	14,508	14,283	+ 2 %
Headquarters Consolidation	-718	-14,468	–	-14,887	-14,552	–
Total	**20,603**	49,453	- 58 %	**179,683**	179,280	+/-0 %

1) Earnings before interest and taxes, pre-goodwill amortization and exceptionals
2) Order Intake and Order Book based on catalogue prices

* EADS uses **EBIT pre goodwill amortization and exceptionals** as a key indicator to measure the economic performance of the Group and its Segments. The term "exceptionals" refers to income or expenses of a non-recurring nature, such as amortization expenses of fair value adjustments relating to the EADS merger, the Airbus combination and the formation of MBDA, as well as impairment charges.

Highlights July until October 2004

Major steps towards implementation of EADS' US growth strategy:

- With the acquisition of Racal Instruments EADS obtained a market leader in the integrated test business in the United States. Racal Instruments is active in the development, production and integration of instruments to test electronics, aerospace and defence systems.
- American Eurocopter, a subsidiary of Eurocopter opened its new plant in Columbus, Mississippi. Next to Columbus Airport's "Golden Triangle", the new site will provide work for about 100 engineers, technicians and administrative staff.

EADS achieved further market success in defence and homeland security business:

- In July, the Sultanate of Oman contracted 20 NH90 transport helicopters and at the end of August, the Australian government decided to acquire twelve helicopters of this type.
- EADS signed a contract in August with the Romanian government to provide an integrated solution for border surveillance and security with a project volume of around € 650 million.

Important market successes for Airbus secured its market leadership:

- Airbus passed its 5000 order milestone in August, just over 30 years after Airbus received its first order ever from Air France for the A300.
- In August, Thai Airways decided to acquire six Airbus A380 and two further A340. In China, Airbus strengthened its position with orders from Air China for six A319 and from China Eastern Airlines for 20 A330-300.
- In October, Airbus signed a contract with Türk Hava Yollari for 36 aircraft (19 A320, 12 A321, 5 A330-200).
- The A380 maiden flight is scheduled for first quarter 2005. In September five sections of the A380 were shipped from Airbus in Hamburg to Dresden for structural tests which will last nearly 26 months. In Toulouse, on-going tests on the first A380 lead to a significant milestone with successful retraction tests of the body landing gear.

EADS noted further upswings in its space business:

- In July, EADS and ESA signed the "Initial Exploitation Contract" for the European contribution to the International Space Station ISS. The contract includes the production of six unmanned Automated Transfer Vehicles (ATV), the most challenging and complex space vehicle ever developed and built in Europe.
- In September, EADS Astrium received the order for the THEOS (Thai Earth Observation Satellite) from the Thai Space Agency, worth € 128 million. This contract is the third export cooperation in the field of Earth observation with an Asian country.
- EADS SPACE Services' subsidiary Paradigm signed in September its first export agreement to deliver military satellite communications services to the Portuguese Armed Forces.

About EADS

EADS is a global leader in aerospace, defence and releated services. In 2003, EADS generated revenues of € 30.1 billion. The EADS Group includes the aircraft manufacturer Airbus, the world's largest helicopter supplier Eurocopter and the joint venture MBDA, the second largest missile producer in the global market. EADS is the major partner in the Eurofighter consortium, is the prime contractor for the Ariane launcher, develops the A400M military transport aircraft and is the largest industrial partner for the European satellite navigation system Galileo.

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Note to Editors

You may dial in to the
EADS Analysts **Conference Call with CFO Hans Peter Ring**
(listen-in only, no possibility to ask questions)

today, Thursday, 4 November 2004, at 02:00 p.m. CET

International dial-in number: + 44 207 162 0198

The conference call will also be webcast on **www.finance.eads.net** (live and replay on-demand)

A presentation with additional information to this press release is available on the EADS website: www.finance.eads.net

Safe Harbour Statement:

Certain of the 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 programmes, 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 "document de référence" dated April 1, 2004.