



Information

EADS strongly improves first quarter performance

- EADS first quarter 2004 EBIT* of € 198 million
- Revenues up 9 % to € 6 billion
- Strong cash generation
- Net Income of € 49 million
- CEOs: “Results confirm our 2004 targets – increased confidence in EADS’ performance and medium-term growth”

Amsterdam, 12 May 2004 – *EADS* (stock exchange symbol: EAD), the world’s second largest aerospace and defence group, strongly improved its financial performance in the first quarter. From January to March 2004, the company reached an EBIT* (pre-goodwill and exceptionals) of € 198 million, 52% above the figure disclosed for the same period of 2003 (€ 130 million). In the same period, revenues grew by 9 % to € 6 billion. EADS published its first quarter results on Wednesday during the International Berlin Airshow (ILA).

EBIT* improved in all Divisions but Aeronautics. Defence contract and Space turnaround execution are on track. Self-financed Research & Development (R&D) has continued at the same pace, namely for the A380.

CEOs: “Results confirm our 2004 targets”

The EADS CEOs Philippe Camus and Rainer Hertrich said: “The first quarter results confirm our targets for this year. For the medium-term, we are increasingly confident in our growth prospects - we notice further improvements in the civil aviation

market, which we expect to speed up further in 2005. And our defence businesses will continue to increase their contributions. We are exceptionally well positioned to fully benefit from the expected upturn. EADS is on track to reach new levels; all businesses have achieved breakthroughs: A380 first assembly has started; defence businesses are reaping the benefits from cross-business synergies and from transatlantic alliances; in Space, we are building a profitable business that contributes across the portfolio.”

Net Cash position increased

Cash was mostly generated by the stronger EBIT* and working capital improvement. Free Cash Flow before customer financing surged to € 419 million (€ -309 million for the first quarter 2003). The Net Cash position increased from € 3.1 billion at year-end 2003 to € 3.4 billion as of 31 March 2004.

Net Income of € 49 million

EADS recorded Net Income of € 49 million (same period 2003: € 28 million on a comparable basis), or € 0.06 per share, for the first quarter of 2004. As of 1 January 2004, EADS has anticipated the application of IFRS 3 (International Financial Reporting Standards); goodwill is no longer amortized regularly.

EADS revenues rose 9 % to € 6.0 billion during the first three months of 2004, with increases in all Divisions but Aeronautics. At constant Euro-Dollar exchange rates, revenue growth would have been about 15 %.

EADS' order intake amounted to € 3.4 billion in the first three months of 2004 (first quarter 2003: € 5.4 billion); the decrease is mainly due to lower Airbus orders. Airbus is confident to close

several ongoing sales campaigns and to get around 250 orders in the full year.

The EADS order book amounted to a total of € 178.8 billion at the end of March and remains the strongest in the global aerospace and defence industry.

At the end of March 2004, EADS had 109,869 employees (year-end 2003: 109,135).

Divisions

EADS' military and security businesses, which are mainly part of the Aeronautics, Defence and Security Systems as well as the Military Transport Aircraft Divisions, are subject to strong seasonal influences. Typically, revenues and earnings are significantly stronger towards the end of the year.

The **Airbus** Division strongly increased first-quarter EBIT* to € 224 million (Q1 2003: € 166 million), and improved its EBIT* margin from 4.4 % to 5.4 %. The EBIT* margin pre R&D increased from 16.2 % to 16.7 %. Revenues grew by 9 % to € 4,126 million. The improvement is driven by a more favourable aircraft mix and a total of 67 deliveries (same period 2003: 65 aircraft). The Airbus order book amounted to € 140.9 billion at the end of March 2004, representing a total of 1,397 aircraft. Thanks to a strict discipline, customer financing gross exposure was slightly reduced.

The **Military Transport Aircraft** Division recorded an EBIT* of € -8 million in the first three months (Q1 2003: € -11 million). Revenues reached € 101 million, up 5 %. The order book amounted to € 20 billion at the end of the quarter.

EBIT* of the **Aeronautics** Division amounted to € 10 million per March 2004 (Q1 2003: € 16 million). Although Eurocopter continued its performance, the EBIT* of the Aeronautics Division has been impacted by a restructuring charge of € 5 million at EADS Sogerma Services. Revenues decreased by 6 % to reach € 645 million, due to the slowdown in civil aircraft maintenance and service activities. The order book stood at € 10 billion per 31 March 2004.

The EBIT* loss at the **Space** Division was reduced to € -11 million (Q1 2003: € -21 million). Revenues increased by 13% to € 457 million, thanks to the ramp-up of Paradigm services. The order book amounted to € 8.1 billion at the end of the quarter.

First-quarter EBIT* of the **Defence and Security Systems** Division improved slightly compared to the previous year and stood at € -51 million (Q1 2003: € -54 million). Revenues grew by 15 % to € 932 million mainly thanks to the Military Aircraft and missiles businesses. The order book increased to € 15 billion per 31 March 2004.

* EADS uses **EBIT pre-goodwill amortization 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 amortization expenses of fair value adjustments relating to the EADS merger and impairment losses. It does not correspond to the definition of extraordinary items under IFRS.

EADS – Results First Quarter (Q1) 2004

(Amounts in Euro)

EADS Group	Q1 2004	Q1 2003	Change
Revenues , in millions	6,031	5,520	+ 9 %
of which defence, in billions	1.1	1.0	+ 10 %
EBITDA⁽¹⁾ , in millions	526	389	+ 35 %
EBIT⁽²⁾ , in millions	198	130	+ 52 %
Research & Development Costs , in millions	535	528	+ 1 %
Net Income⁽³⁾ , in millions	49	28	+ 75 %
Earnings Per Share (EPS)	0.06	0.03	+ 0.03 €
Free Cash Flow before Customer Financing, in millions	419	-309	-
Order Intake , in millions	3,411	5,378	- 37 %

1) Earnings before interest, taxes, depreciation, amortization and exceptionals

2) Earnings before interest and taxes, pre-goodwill amortization and exceptionals

3) Net Income is now reported according to IFRS 3; goodwill is no longer amortized.

The Q1 2003 Net Income had been reported previously at € -93 million, after goodwill amortization.

	31 March 2004	31 Dec 2003	Change
Order Book , in millions	178,759	179,280	+/- 0
of which defence, in billions	45.6	45.7	+/- 0
Net Cash position , in millions	3,444	3,105	+ 11 %
Employees	109,869	109,135	+ 1 %

by Division (Amounts in millions of Euro)	EBIT ⁽²⁾			Revenues		
	Q1 2004	Q1 2003	Change	Q1 2004	Q1 2003	Change
Airbus	224	166	+ 35 %	4,126	3,775	+ 9 %
Military Transport Aircraft	-8	-11	+ 27 %	101	96	+ 5 %
Aeronautics ⁽⁴⁾	10	16	- 38 %	645	686	- 6 %
Space	- 11	-21	+ 48 %	457	403	+ 13 %
Defence and Security Systems ⁽⁴⁾	-51	-54	+ 6 %	932	813	+ 15 %
Headquarters Consolidation	34	34	-	- 230	-253	-
Total	198	130	+ 52 %	6,031	5,520	+ 9 %

by Division (Amounts in millions of Euro)	Order Intake			Order Book		
	Q1 2004	Q1 2003	Change	31-03 2004	31-12 2003	Change
Airbus ⁽³⁾	1,068	3,416	- 69 %	140,911	141,836	- 1 %
Military Transport Aircraft	100	122	- 18 %	19,980	20,007	+/- 0
Aeronautics ⁽⁴⁾	843	706	+ 19 %	10,021	9,818	+ 2 %
Space	238	341	- 30 %	8,083	7,888	+ 2 %
Defence and Security Systems ⁽⁴⁾	1,359	970	+ 40 %	14,976	14,283	+ 5 %
Headquarters Consolidation	-197	-177	-	- 15,212	-14,552	-
Total	3,411	5,378	- 37 %	178, 759	179,280	+/- 0

2) Earnings before interest and taxes, pre-goodwill amortization and exceptionals

3) Order Intake and Order Book based on catalogue prices

4) For the Aeronautics and Defence and Security Systems Divisions, the Q1 2003 figures (EBIT*, Revenues and Order Intake) have been adjusted to the new structure

Outlook

EADS confirms the outlook for 2004 that was published on 8 March 2004. The company expects to reach EBIT* of € 1.8 billion and revenues in the range of € 29 to € 30 billion, based on an average exchange rate of € 1 = \$ 1.20. There are first signals that the markets might be stronger than expected; these signals raise our confidence in the assumptions of our targets for 2004.

Impact of European tax authorities agreement

Following an agreement among European tax authorities, the Airbus Group legal set up has been simplified. In particular, the Airbus GIE, a US-Dollar denominated entity, has been merged in April 2004 within Airbus SAS, a Euro-denominated company.

As the measurement of the accounting impact on the affected assets and liabilities (including Currency Translation Adjustments reflected in Equity) resulting from transactions before 1 January 2004 has not been completely assessed, the first quarter financial statements do not report such potentially material positive accounting impacts. EADS will retroactively include and disclose in its first half year 2004 financial statements the results of this modification.

Commercial successes January until early May 2004

EADS continued to expand its defence business:

- In January 2004 the AirTanker consortium has been selected for final negotiations for the Royal Air Force's Future Strategic Tanker Aircraft (FSTA) programme. EADS holds 40 percent of AirTanker, which is set to become the industrial partner for the £13bn UK Ministry of Defence air-to-air refuelling programme, covering a 27 year service period. It would be the largest defence PFI (Private Financing Initiative) ever.
- EADS CASA and Lockheed Martin signed a US\$ 87.4 million contract that formalizes EADS CASA participation in the U.S. Coast Guard Integrated Deepwater System (IDS) programme in February 2004. The potential value of the contract, with all options exercised, is approximately US\$ 300 million.
- In April EADS was selected to supply the Australian Defence Forces with A330 Multi-Role Tanker Transport (MRTT). Australia will be acquiring five A330 MRTTs – the world's newest, most capable and flexible tanker aircraft.
- NATO has selected the TIPS Industry consortium to provide its long needed Alliance Ground Surveillance (AGS) system in April 2004. Together with five other companies, EADS has been working together as TIPS to capture the NATO AGS programme.

Airbus achieved important milestones in the A380 programme:

- The programme for the development and construction of the Airbus A380, the world's biggest passenger aircraft, is running on schedule. In March 2004, the fuselage section for the first A380 was finalized in Hamburg. The A380 is to make

its first test flight in 2005 and will be delivered to customers from 2006. 129 firm orders and 48 options have already been received for the A380.

- In April 2004 China Southern Airlines signed a contract for the purchase of 21 Airbus A320 Family aircraft. The contract makes China Southern Airlines one of the largest A320 customers in China and Asia at large.

With major events in the Space business, EADS started successfully into 2004:

- In March the Eutelsat W3A, designed and built by EADS Astrium, successfully performed early operations and is now in geostationary orbit. The satellite will provide commercial services and is the first in the Eurostar E3000 satellite series, of which nine others are currently under production.
- On 2 March 2004 the European Ariane 5 lifted off successfully from the spaceport in Kourou (French Guiana). The cometary probe Rosetta, built under the leadership of EADS Astrium is now on its long journey to the comet Churyumov-Gerasimenko.
- On 28 April 2004 the Canada-based satellite operator Telesat has selected EADS Astrium to build its new Anik F3 satellite.

About EADS:

EADS is a global leader in aerospace, defence and related 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, Wednesday, 12 May 2004, at 8:30 a.m. CET

under Telephone number +44 207 162 0025
website for presentation: www.finance.eads.net

A replay is available for one week under
Telephone number +44 208 288 4459 *Passcode: 492 122*

The first quarter results will also be presented by the EADS CEOs and
the CFO at the
Press Conference at the International Berlin Airshow (ILA) today,
Wednesday, 12 May 2004, at 10:00 a.m.

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 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 "document de référence" dated April 1, 2004.