



Information

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EADS delivers solid performance – well prepared for further challenges

- Company achieves 2002 EBIT of € 1,426 million
- All financial targets met or exceeded despite weak market
- EADS maintains strong Operative Cash Flow and positive Net Cash position
- Stronger than expected turnaround in Defence and Civil Systems: EBIT € 40 million
- Further restructuring at Space Division decided
- 2003 EBIT expected in the same range as 2002, reflecting priority on cash control
- Further increase in efficiency through cost, cash and contract management
- Dividend proposal of € 0.30 per share
- CEOs: “EADS is well prepared to master the challenges ahead”

Amsterdam, 10 March 2003 - *EADS* (stock exchange symbol: EAD) successfully masters the difficult market situation and is well on track for 2003. “We have prepared EADS to weather a possible further deterioration of the business climate in 2003. Our ability to rapidly respond to changes in the business environment is proving a huge asset in the current

circumstances”, the EADS CEOs Philippe Camus and Rainer Hertrich said when the company released its 2002 annual results on Monday. In 2002, EADS achieved solid results in both its commercial and defence businesses and maintained its strong Operating Cash Flow and Net Cash position.

While the Airbus and Aeronautics Divisions were the main contributors to EADS’ profitability, the Defence and Civil Systems Division achieved its planned turnaround, which was stronger than expected.

EADS is the second largest global aerospace and defence company, incorporating leading brands like Airbus, Eurocopter, MBDA, Eurofighter and Astrium.

In 2002, EADS achieved an EBIT (Earnings before interest and taxes, pre goodwill amortisation and exceptionals) of € 1,426 million (2001: € 1,694 million), slightly above its target. Before Research and Development (R&D) costs, EADS slightly improved its EBIT margin from 11.5 % to 11.8 %, despite lower Airbus deliveries. R&D costs increased, as anticipated, to € 2.1 billion (2001: € 1.8 billion), particularly due to the A380 programme.

CEOs: “2002 was a year of commercial success”

“Despite the difficult environment, 2002 was another year of commercial and financial success. As in the previous year, we are proud to have again met or exceeded all our financial targets under these

For 2003, EADS' EBIT is completely hedged against currency fluctuations at an exchange rate of 10 = 0.96\$. For the years 2004 to 2006, and even beyond, EADS has high volumes of hedging in place at about 0.94 to 0.95, greatly limiting the impact of US-Dollar volatility on results.

Dividend proposal of 0.30 per share

The EADS Board of Directors has proposed a dividend of 0.30 per share for the business year 2002 (0.50 for 2001). This proposal will be submitted to the Shareholders' vote at the Annual General Meeting in Amsterdam on 6 May 2003.

The EADS Chief Financial Officer, Hans Peter Ring, commented, "This proposal is consistent with our dividend policy to pay out about two percent of EADS' market capitalisation, based on an average 2002 share price of about 14. It reflects that while we met all financial targets, we are continuing our financial discipline."

Targets met or exceeded

As reported on 10 February, EADS achieved 2002 revenues of 29.9 billion (2001: 30.8 billion), in line with its forecast.

At 31 billion, order intake demonstrates sustained demand for the company's commercial and defence

products, thus further contributing to the order book. The strong order intake, which did not include the expected € 17.7 billion A400M programme, is strong evidence of EADS' resilience to market changes.

The EADS order book remained strong at nearly € 170 billion, which represents more than five years of business and is still unparalleled in the global aerospace and defence industry. Its decrease, however, is mainly attributable to the revaluation of the order book based on a weaker exchange rate of 11 = 1.05\$ at year-end, amounting to an adjustment of about € 14 billion.

Net Income affected by exceptional items

Net Income in both 2001 and 2002 was significantly affected by goodwill amortisation and exceptional non-cash items. Net Income pre goodwill amortisation and exceptionals was € 696 million in 2002, after € 809 million in 2001. Earnings per share pre goodwill and exceptionals reached € 0.87 (2001: € 1.00).

Net Income after goodwill and exceptionals amounted to € -299 million. It was negatively impacted by goodwill depreciation of € 936 million, including an extraordinary (and not tax deductible) depreciation of € 350 million resulting from impairment tests at the Space Division, reflecting further deterioration of the space markets. On the other hand, the 2001 figure of € 1,372 million was affected by positive exceptional

items mainly resulting from the creation of the integrated Airbus SAS.

Divisions:

Strong turnaround in Defence and Civil Systems

The Airbus Division EBIT (Earnings before interest and taxes, pre goodwill amortisation and exceptionals) was € 1,361 million, compared to € 1,655 million in 2001. R&D cost increased by 257 million to reach € 1,682 million, mainly due to the A380 programme. Therefore, the EBIT margin pre-R&D increased from 15 % to 15.6 % despite lower deliveries. Reflecting unrelenting efforts to adapt to changing conditions, Airbus has set an additional cost saving target of] 1.5 billion by 2006 in order to protect its long-term profitability even at lower US\$-exchange rates. Airbus delivered 303 aircraft in 2002, slightly ahead of its 300 target. The order backlog of 1,505 aircraft at year-end 2002 was ahead of the competition for the third year. Major successes were the orders by FedEx for 10 A380F Freighters and by the UK low-cost carrier Easyjet for 120 A319 aircraft, as well as winning back a number of significant customers such as KLM and South African Airways. Overall in 2002, with a gross order intake of 300 aircraft, Airbus won a 54 % market share (both in terms of units and value).

The Military Transport Aircraft Division recorded an EBIT loss of € -80 million (2001: € +1 million). The Division's result was impacted by an already reported one time charge from its investment as a

subcontractor of the Dornier 728 programme of insolvent Fairchild Dornier amounting to € -54 million, by the lost margin for this project and also by the delay of the € 17.7 billion A400M order (90 % EADS share), which is now expected for spring 2003.

The Aeronautics Division EBIT amounted to € 261 million (2001: € 308 million). Eurocopter and Military Aircraft were the main profit contributors, with the other Business Units also performing successfully. However, the commercial aviation downturn impacted the civil maintenance and aerostructure businesses of the division. Major defence programmes, such as Tiger (military helicopters) and Eurofighter (combat aircraft) are now entering the delivery phase and will strongly contribute to future profitable growth.

The Space Division recorded a negative EBIT of € -268 million (2001: € -222 million), due to high provisions made in the context of further deterioration of the space markets, mainly for restructuring and investments depreciation, a satellite contract cancellation and losses on some programmes. The implementation of further restructuring at Space is now being assisted by the full control of Astrium by EADS. The Space Division's management is now implementing a comprehensive restructuring programme, which targets a total staff reduction of about 3,300 personnel. This reduction includes those already announced last year and currently under implementation mostly in 2003 (year-end 2002 Space headcount: 12,645 incl. 100% of Astrium). Savings will be generated through adaptations to market demand,

overhead reductions, implementation of integrated cross national centres of competence, industrial reorganisation and savings in procurement. The target is to achieve EBIT breakeven by 2004.

The **Defence and Civil Systems** Division realised a strong turnaround and achieved an EBIT of € 40 million (2001: € -79 million). Major contributions to this positive development came from the continuously positive results at MBDA and EADS Telecom and from the strong improvements at Systems & Defence Electronics and EADS/LFK, the German missile company. Further strong EBIT growth is expected as a result of continued restructuring and programmes entering the delivery phase such as Storm Shadow/Scalp EG and PAAMS/Aster.

2003 Outlook

The EADS management is setting for 2003 prudent financial targets that preserve the company's flexibility to respond to market changes. In this uncertain environment, EADS will continue to favour profitability and cash control over market share gains.

EADS presently anticipates 2003 EBIT in the same range as 2002, based on 300 deliveries by Airbus - currently backed by a higher order book - and taking into account the increase in R&D spending to peak levels in 2003, as well as some commercial aviation contingencies.

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. The Space Division 2003 expected EBIT represents a further deterioration compared to 2002 due to ongoing restructuring and programme contingencies, and the first-time full consolidation of Astrium.

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

(First half sentence to be deleted??) Based on 300 Airbus deliveries and the current exchange rate (10 = 1.10\$), we expect to maintain 2003 revenues in the same range as 2002. Free Cash Flow before customer financing is anticipated to also remain on the 2002 level (0 0.6 billion). The net additions to customer financing exposure, not taking into account any potential sell-downs, are expected to be contained below 0 1.5 billion.

Highlights of the year 2002

In 2002, EADS again achieved major successes across its range of businesses:

- Airbus won a major contract from the low-cost carrier Easyjet for 120 A319s.
- Federal Express placed a firm order for ten A380-400F freighters (leading to a total of 95 firm orders for the A380 by the end of 2002).
- South African Airways ordered 41 Airbus aircraft to re-equip its entire fleet, and also KLM placed a new order.
- Airbus won a 54 % gross and 57 % net market share in terms of number of aircraft orders.
- EADS is a participant in the team selected to execute the US Coast Guard's Deepwater programme, with contributions from Defence and Civil Systems, Eurocopter and Military Transport Aircraft.
- Eurocopter won 60% of the world civilian and parapublic helicopter market.
- Rollout of the first series production Eurofighter combat aircraft.
- MBDA signed the Meteor missile contract (EADS share of £ 0.9 billion at 50 %).
- EADS LFK signed £ 485 million Taurus missile contract with Germany.

- UK MoD selected Paradigm as the preferred bidder for the Skynet 5 defence programme.
- Ariane won 11 of the year's 18 commercial launch contracts.
- Agreement reached to acquire 100 % of Astrium (acquisition of BAE Systems' 25 % stake finalised in January 2003).

About EADS:

EADS is a global aerospace and defence company, and is the world's second largest in terms of revenues, having achieved €29.9 billion in 2002. EADS maintains a workforce of more than 100,000 and is a market leader in defence technologies, commercial aircraft, helicopters, space, military transport and combat aircraft, as well as related services. Its family of leading brands includes the commercial aircraft maker Airbus; Eurocopter, the world's largest helicopter manufacturer; Astrium, the space company and MBDA, the world's second largest missile company. EADS is also the biggest partner in the Eurofighter consortium and heads the A400M military transport aircraft programme. EADS has more than 70 facilities in France, Germany, Spain and the UK. It is active in markets around the world, including the U.S., Russia and Asia.

Contact:

Eckhard Zanger

EADS Communications Finance

Tel. +49 89 607 27961

EADS - Figures for 2002

(Amounts in Euro)

EADS Group	2002	2001	Change
Revenues , in millions	29,901	30,798	-3%
EBITDA⁽¹⁾ , in millions	3,031	3,213	-6%
EBIT⁽²⁾ , in millions	1,426	1,694	-16%
Research and Development costs⁽³⁾ , in millions	2,096	1,841	+14%
Net Income , in millions	-299	1,372	-
Net Income pre-goodwill amortization and exceptionals, in millions	696	809 ⁽⁴⁾	-14%
Earnings Per Share (EPS) pre-goodwill amortization and exceptionals	0.87	1.00	-0.13 €
Net Cash position , in millions	1,224	1,533	-20%
Dividend per share	0.30⁽⁵⁾	0.50	-0.20 €
Order Intake , in millions	31,009	60,208	-48%
Order Book , in millions	168,339	183,256	-8%
Employees (at year end)	103,967	102,967	+1%

by Division (Amounts in millions of Euro)	EBIT⁽²⁾			Revenues		
	2002	2001	Change	2002	2001	Change
Airbus	1,361	1,655	-18%	19,512	20,549	-5%
Military Transport Aircraft	-80	1	-	524	547	-4%
Aeronautics	261	308	-15%	5,304	5,065	+5%
Space	-268	-222	-21%	2,216	2,439	-9%
Defence & Civil Systems	40	-79	-	3,306	3,345	-1%
Eliminations & Headquarters	112	31	-	-961	-1,147	-
Total	1,426	1,694	-16%	29,901	30,798	-3%

by Division (Amounts in millions of Euro)	Order Intake			Order Book		
	2002	2001	Change	2002	2001	Change
Airbus ⁽⁶⁾	19,712	50,279	-61%	140,996	156,075	-10%
Military Transport Aircraft	403	993	-59%	633	1,320	-52%
Aeronautics	5,099	5,315	-4%	13,458	13,722	-2%
Space	2,145	1,333	+61%	3,895	3,796	+3%
Defence & Civil Systems	4,410	3,081	+43%	10,110	9,094	+11%
Eliminations & Headquarters	-760	-793	-	-753	-751	-
Total	31,009	60,208	-48%	168,339	183,256	-8%

1) Earnings before interest, taxes, depreciation and amortization

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

3) Reclassification of jigs and tools depreciation from R&D to cost of sales € 205 million in 2001

4) the difference to the previously reported € 936 million figure is due to a restatement of the 2001 figure caused by a partial reallocation of exceptionals to minorities amounting to € 127 million

5) proposed to AGM on 6 May, 2003

6) Order Intake and Order Book based on gross prices