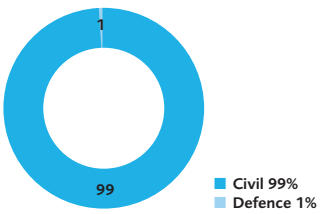
In the face of a difficult year for its customers, Airbus maintained healthy financial results, delivered 303 aircraft – marginally ahead of forecast – and won 300 new orders from 29 customers, equivalent to 54% of all orders for commercial aircraft during 2002.

millions of euros	2002	2001	variation
Revenues	**19,512**	20,549	**– 5%**
EBIT	**1,361**	1,655	**– 18%**
Order intake	**19,712**	50,279	**– 61%**
Order book	**140,996**	156,075	**– 10%**

in number of aircraft	2002	2001	variation
Deliveries	**303**	325	**– 7%**
Order book	**1,505**	1,575	**– 4%**

Revenue breakdown by market in 2002



2002 results

In an encouragingly robust performance for 2002, Airbus recorded revenues of €19.5 billion. Indeed revenues decreased only slightly, by 5% from 2001, despite a 7% decrease in deliveries and a weaker dollar. EBIT of €1,361 million was achieved after self-financed R&D expenses of €1.7 billion. EBIT margin pre-R&D was thus maintained above 15% and even improved from 2001, despite the market downturn, demonstrating the success of its cost saving plans.

2002 deliveries

In January 2002, Airbus estimated that it would be delivering about 300 aircraft during the course of the year. This was backed by its order-book audit and reflected the most recent customer feedback. It was however seen by many as an optimistic forecast. In fact, the Company delivered 303 aircraft during the year, representing 44% of all large commercial airliners in the year. These 2002 deliveries to more than 60 operators, comprised 236 single-aisles, nine A300-600s and 58 A330/A340 family airliners. This brings to 3,127 the total number of Airbus aircraft delivered to customers around the world.

New orders

The Company signed contracts for 300 new aircraft with a total value of some €26 billion (based on list prices), representing 54% of the market in terms of value. After cancellations, which were fewer than in 2001, net order intake amounted to 233. At the end of 2002, the order book showed a healthy backlog of more than 1,500 aircraft, representing five years' of production at current rates and exceeding the competition by over 300 aircraft.

Airbus won its largest single contract of 2002 from low-cost carrier easyJet for 120 A319s. The Company's product offering, with its emphasis on cost-efficiency, has a particular appeal to low-cost carriers. Airbus also continued to gain new customers including some of the major flag carriers such as KLM for six A330s with options for a further 18 aircraft and Swiss International for 13 A340s. Air New Zealand also joined the "Airbus club" and, in the largest airliner deal in the history of the Southern Hemisphere, South African Airways formalised its decision to re-equip its entire fleet with 41 new Airbus aircraft over the next ten years.

Important repeat business from existing customers included China Eastern which purchased 20 more A320s. ILFC – Airbus' largest customer worldwide – purchased 13 more aircraft, and Lufthansa ordered its first ten A330s and is now set to operate every available Airbus type.

Finally, Airbus met its goal of signing an incremental A380 order in each of the years following launch, with Federal Express placing firm orders for ten A380-400F freighters. By year end, firm orders for the A380 stood at 95.

This sales record is testimony to the widely appreciated advantages offered by Airbus products: passenger comfort, reliability, environmental friendliness and low operating cost. In addition, an Airbus fleet presents the unique advantage of true operational commonality, leading to considerable savings for operators in terms of crew training as well as improved efficiency and flexibility.

Finance

In spite of a difficult environment, Airbus managed to limit the growth of its customer financing exposure. The net increase of customer finance exposure is below 3% of annual revenues, that is, below $600 million. This was achieved by the control of net additions and the active sell-down of exposure so that, while 90 aircraft were delivered to North American carriers in 2002, only five of them were still being financed by Airbus at the end of the year.

The Company also made considerable progress with its drive to achieve annual productivity gains of 5% before inflation, with 1.5% coming from special value creation projects following Airbus integration. A 2002 cost savings target of €130 million was overachieved.

This tight financial management made it possible – despite market uncertainties and the A380 capital expenditure and R&D ramp up – to generate a positive free cash flow before customer financing and shareholder dividends.

"Prudence and reactivity will continue to be key in 2003. On the one hand, Airbus will no doubt face many challenges, but on the other hand, we look to the future with confidence gained from the proven value of our products, the winning spirit of our people and our ability to overcome hurdles."

Noël Forgeard
Airbus President and Chief Executive Officer
EADS Executive Committee Member
EADS Board Member

Maintenance personnel in front of A340-600

Operations and staffing

These rapid and substantial cost savings were achieved thanks to the ability of the Airbus community to cope with a number of major challenges – business problems and organisational changes – with determination and professionalism.

Overall, the Company's headcount has remained stable, slightly below 46,000 in full-time equivalents. Some measures of flexibility have been used to reduce social costs without lay-offs, despite the production rate decrease from 325 deliveries in 2001 to 303 deliveries in 2002. At the same time, close to 1,000 engineers have been hired for the A380 and A400M programmes.

Airbus has developed its capacity abroad, opening a design centre in Wichita, Kansas and signing an agreement with the Kaskol Group to open a joint engineering centre in Moscow, Russia. The office of Airbus North America Engineering, Inc., in Wichita, currently hosts some 100 engineers working on wing design for the A380, and is linked in real time to the main A380 wing design office in the UK. The Kaskol venture will coordinate and enlarge the activities that will be developed with Russian aerospace companies – including the sourcing and production of components.

A380

The future A380 "very large aircraft" represents a number of major advances in aircraft technology. An estimated 40% of the aircraft's structure and components will be manufactured from the latest generation of composites and advanced metallic materials, which, besides being lighter than traditional materials, offer significant advantages in terms of operational reliability, maintainability and ease of repair. Several innovative manufacturing techniques have been developed for the programme and the aircraft will set new standards of environmental friendliness – for example, by using around 13% less fuel and making less noise than its nearest competitor, while carrying 30 – 50% more passengers.

The development of the A380 continues on schedule and manufacturing has begun at all European Airbus sites. Some 6,500 staff are working on the programme and by the end of the year, over 95% of suppliers had been selected, including significant ones from Japan – for example, Mitsubishi Heavy Industries, Fuji Heavy Industries, Shinmaya Industries and Yokohama Rubber. Development costs have remained on budget and financing from risk-sharing partners, refundable government loans and Airbus internal cash were in place by the end of the year. Plants are under construction in Toulouse and Hamburg. At the end of March 2003, Airbus had received 103 firm orders and commitments for the A380.

A340-500/-600

After completing its test programme successfully, the four-engine A340-600 entered service with Virgin Atlantic in August. By the end of 2002, the airline had taken delivery of four aircraft while Cathay Pacific and South African Airways had received two aircraft each.

Following its maiden flight in February, the ultra long-range A340-500 completed its flight test campaign and obtained certification in December. The first aircraft is scheduled for delivery to Air Canada in the second quarter of 2003.

In the first certification process conducted jointly by the US, Canadian and European Authorities, both the -600 and -500 types were granted the same pilot type rating as the A340-300, adding greatly to customers' ability to operate fleets flexibly and cost-effectively.

A340s on the production line at Toulouse. These four-engined aircraft are the largest of the Airbus family.

The production facility in Hamburg. Airbus has shown that genuinely international ventures can succeed in world markets.

The new long-range A340-600 takes off from La Paz in the course of its final certification programme, which was successfully completed in 2002.

A318

The A318, the smallest member of the A320 Family, flew for the first time in January 2002. By August, it had passed the half-way point in its certification campaign, accumulating over 500 flight hours by the end of the year. Certification is expected in the first half of 2003, and the A318 will enter service with Frontier Airlines soon afterwards.

Outlook

Current political and economic uncertainties are bearing particularly heavily on the civil aviation industry and there is no doubt that 2003 will be another difficult year, with many airlines facing low or negative air traffic growth, expensive oil and financial difficulties. Airbus' target for 2003 is to deliver 300 aircraft if the global situation remains stable. These planned deliveries are fully backed by higher firm orders and significant customer advance payments. The Company's lean cost structure, combined with the value of its products, allows Airbus to generate significantly better industrial margins than its major competitor and the flexibility of its industrial tool remains a key asset in adapting production capacity to market demand.

Airbus profitability will continue to be impacted by the R&D increase for the Airbus A380 programme.

The new production facility for the A380 takes shape at Toulouse. Components, systems and subsystems will be produced at more than 20 sites around the world by a total of more than 70 suppliers as far apart as the US and Japan.

Part of the interior design for the A380, which will bring new standards of comfort and space to long-range air travel from 2006 onwards. 95 firm orders have been placed by leading airlines, as of the end of 2002.

easyJet is one of the world's fastest-growing players in the low-cost sector – itself taking an increasing share of the world market. The airline's order for 120 A319s emphasises the competitiveness and operational flexibility of the Airbus family.