

Military Transport Aircraft

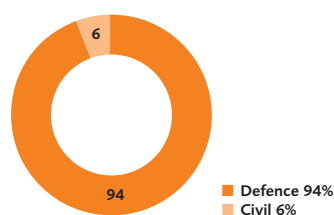
In difficult conditions, revenues were maintained at nearly the same level as 2001s. We once again confirmed our leadership in the field of medium military transport aircraft, while military derivatives and mission aircraft continued to grow and our aerostructures business won a number of substantial orders from important manufacturers.

millions of euros	2002	2001	variation
Revenues	524	547	-4%
EBIT	-80	1	-
Order intake	403	993	-59%
Order book	633	1,320	-52%

The Division recorded revenues of €524 million, fractionally lower than in 2001. The shortfall of deliveries to the insolvent Fairchild Dornier and to Airbus were offset by an increase in deliveries of CN-235 aircraft and the C-295 contract with Poland. EBIT was impacted by a €54 million charge to depreciate our assets relating to the 728 programme of the insolvent Fairchild Dornier and by the delay in the A400M signature.

Order intake decreased from €993 million to €403 million and the total order book fell from €1,320 million to €633 million – including an adjustment of €479 million relating to Fairchild Dornier. The current order book represents about one year's production, but is expected to grow substantially in 2003 as the €18 billion A400M programme should gather pace.

Revenue breakdown by market in 2002



A400M

On this important programme, responsibility for Development Management was assigned to Airbus; worksharing arrangements were agreed; and engine supply tendering has been reopened. Agreements were signed between EADS-CASA and the other EADS units participating in the programme as associates. The German Government has now confirmed its intention to order 60 aircraft. EADS management is confident of receiving the official order for this programme in 2003.

Light and Medium Military Transport Aircraft

The CN-235 was chosen as the fixed wing platform for the US Coast Guard's Deepwater programme – with FITS (the EADS-CASA Fully Integrated Tactical Mission System). The French Air Force exercised its option for three additional CN-235 and the Colombian Navy ordered two Maritime Patrol versions.

Brazil selected the C-295 for its CL-X medium transport aircraft equipment programme. We won a contract for two C-295 for Jordan, and delivered four to the Spanish Air Force. We also signed a contract with the Mexican Navy for the modernisation of eight C-212 with the installation of the FITS mission system.

Derivatives

Brazil selected EADS-CASA to modernise nine P3 Orion aircraft, and Canada signed a contract with BWB (the German procurement agency) for two A310 tanker conversions.

NATO is in the process of commissioning an Air-to-Air refuelling panel, and in September 2002, the Air Refuelling Boom System Development Programme was launched.

The FSTA (Future Strategic Tanker Aircraft) programme for the UK, is due to enter into service in January 2008. To address this major project, the Airtanker organisation and shareholding structure has been improved for a better allocation of responsibility, and EADS has taken a leading role within the consortium.

December saw the first flight test of the prototype A310 VIP A310 for Spanish Air Force.

Aerostructures

Fairchild Dornier's insolvency inevitably affected this unit, since we were subcontractors for the Dornier 728. In 2002, we have fully written down all our assets to Fairchild Dornier for a total charge of €54 million. The first A340-600 (for which we produce fan cowls) was delivered, and we won several important contracts with Airbus, as well as the order for the A380 belly fairing metallic structure. These, with existing contracts, provide a sound basis for the future.

Outlook

2003 is expected to see the coming into force of the A400M contract, the start of the US Coast Guards Deepwater programme, and – we anticipate – the launch of the Abu Dhabi Shaheen Programme for C-295 platforms with the MTAD Mission System. We continue to evaluate the best approach to participating in the US Multi Mission Aircraft programme. Overall, we expect a substantial upturn in the coming year, with EBIT becoming positive, and, with the A400M contract, multiplying the order book.



"It was a challenging year for some of our major customers. However, the continued success of our CN-235 and C-295 transports and the key forthcoming A400M programme should lead to substantial improvements in performance over the next few years."

Francisco Fernández Sainz

EADS CASA Chief Executive Officer
Head of Military Transport Aircraft Division
EADS Executive Committee Member

Test pilots in front of C-295