

The Division continued its path of profitable growth. A number of major programmes including Tiger and the NH90 are entering series production and Eurofighter starts delivery. In addition, all our maintenance and services businesses are playing increasingly important roles.

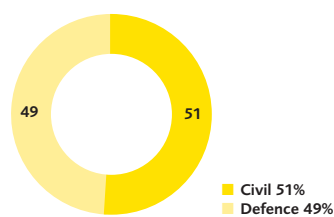
millions of euros	2002	2001	variation
Revenues	<b>5,304</b>	5,065	<b>5%</b>
EBIT	<b>261</b>	308	<b>-15%</b>
Order intake	<b>5,099</b>	5,315	<b>-4%</b>
Order book	<b>13,458</b>	13,722	<b>-2%</b>

Revenues rose from €5.1 billion in 2001 to €5.3 billion, thanks largely to the ramp up of Eurofighter combat aircraft production together with strong growth by Eurocopter.

2002 EBIT was €261 million, compared to €308 million in 2001, including the negative impact of the civil aviation downturn on the maintenance and aerostructure businesses of the Division and the increase in its R&D expense.

Order intake was €5.1 billion and the order book stands at €13.5 billion at year-end 2002, equivalent to over two years' production.

## Revenue breakdown by market in 2002



## Eurocopter

The civilian and parapublic helicopter markets remained flat, but Eurocopter's delivery share in this market increased from 45% in 1999 to 60% in 2002. We continued to enhance our comprehensive range of products and delivered the first EC145 to France's Sécurité Civile and Gendarmerie.

In the military sector, we achieved major export successes with contracts for the NH90 military transport helicopter with Norway – as well as winning an order for 10 EC725 from France. We are now entering the strong ramp up in production preceding the delivery of the French, German and export Tigers and of the NH90s for France, Germany, Italy, the Netherlands and the Nordic countries.

The Helisim helicopter training simulator centre was opened, and won its first large training contract with the Royal Netherlands Air Force.

We also reinforced our international network, with subsidiaries in Romania and Malaysia, with a joint venture in China, and we decided to open a new facility in Mississippi to improve our access to the US parapublic market.

## EADS Military Aircraft

For Eurofighter, the year saw the maiden flight of the first Instrumented Production Aircraft (IPA), taxi trials of the first series production aircraft and the rollout of the first series production twin-seat GT001. By the end of the year, prototypes and instrumented production aircraft had completed nearly 2,500 flights, in preparation for deliveries to begin in 2003. We opened the Manching System Support Centre in Germany and delivered the first Interim Training Device (ITD) to the German Air Force. On the export side, exclusive negotiations are ongoing with the Austrian Government. Sales campaigns continue in Greece, Singapore, Norway and elsewhere.

Germany, the UK and Italy all approved new development and retrofit programmes for their Tornados, and the first Italian upgrade/retrofit contract was signed during the year. Clearance was obtained for Greece's F4-F Phantom Avionic Upgrade Programme, and we delivered the first two prototypes of the F-5 avionic upgrade to the Spanish Air Force.

The advanced definition phase of the Mako – the high-performance light combat and training aircraft – began. We won a contract to perform a feasibility study on advanced pilot training for the 12 European nations, in which the Mako is a candidate.

In the mission and transport aircraft sector, we negotiated a contract for the installation of an extended electronic warfare system in the C-160 Transall, and submitted proposals for replacement of Maritime Patrol Aircraft (based on the Airbus A320 platform) for Germany and Italy.

Future projects and technology activities include our participation in the European Technology Acquisition Programme (ETAP) to develop a European 5th generation combat air system and in the US Vector/X-31 Research Aircraft. The Military Aircraft plant at Augsburg also won subcontracts for work on the A380.



"These are exciting times for the Aeronautics Division, with a number of major programmes gathering pace. Our job is to ensure they add further value for the consistent performance of our highly diverse business."

*Russell*

**Dietrich Russell**  
Executive Vice President  
Head of Aeronautics Division  
EADS Executive Committee Member

Test pilots in front of Tiger

## **ATR: Regional Aircraft**

All 19 new ATR aircraft delivered in 2002 were to existing users, underlining our strong customer relationships. One of our important contributions is the re-marketing of used aircraft, to protect the value of the customer's fleet. In 2002, we achieved 35 re-deliveries.

Two highly significant steps were achieved in the cargo conversion programme: we handed over the first fully-converted ATR 72-200 to the Swiss operator Farnair, and FedEx selected ATR aircraft as their standard platform for four to nine tons of payload. Eventual orders could amount to 200 aircraft.

## **EADS Sogerma Services: Maintenance**

Sogerma's business achieved stable revenue, despite the continued effects of 2001's economic downturn and increased competition. Globally, 2002 has seen the confirmation of Sogerma as a Total Care provider with a "totally supported" fleet enlarged to more than 100 aircraft. Our European maintenance, repair and overhaul business achieved its targets notwithstanding lower demand from customers; in the US, the Lake Charles facility made its forecast breakthrough, winning contracts worth \$120 million from major players such as FedEx, DHL and Jet Blue.

In component support, Sogerma was selected to support the Taca Airline A320 fleet in South America. The unit also doubled its market share for cabin interiors and outfitting – mainly for the corporate jet A319-CJ, of which two were delivered. An A330 VIP project was started, as well as work on first class cabins for China Eastern Airlines (CEA) and Air India.

In Aerostructures, it was a year of rationalisation, as we established specialised centres for Composite and Metallic fabrications.

In Military Fleet Support, the new sourcing policy of the French procurement agency DGA (Délégation Générale pour l'Armement) favours active competition and has on the one hand led to the loss of the French Air Force C-130 support contract, but is also opening up new opportunities, as does a more dynamic export market for heavy maintenance and modernisation on the C-130, leveraging on Sogerma's expertise.

## **EADS Socata: Light Aircraft and Aerostructure**

The business met its forecasts, despite a 16% downturn in the light aviation market since 11th September 2001. The new TBM 700 C2 has been well received. The development and production of aerostructures for the A380 and the Falcon 7X has begun and will provide a robust base for future years.

## **EADS EFW: Aircraft Conversion**

Five A300-600 and one A310 passenger-to-freight conversions were delivered by our German subsidiary EFW, including the 50th conversion for FedEx. EFW's technical leadership was confirmed with the award of Design Organisation Approval by the German federal office of civil aeronautics (Luftfahrt-Bundesamt).

More than 300 shipsets were delivered to Airbus, and we won the contract for shot-resistant Airbus cockpit safety doors. By the year end, more than 1,500 door retrofits had been delivered.

## **Outlook**

Overall, the Division is confident of meeting its challenging targets for 2003, supported by contributions to the A380 and A400M programmes. Commercial activities should remain stable, and military activities will ramp up further. EBIT is expected to grow substantially over the coming years, backed by growing future deliveries to major programmes such as the Eurofighter combat aircraft and the Tiger and NH90 helicopters.



TBM 700s on the Socata production line at Tarbes, near Toulouse. Socata is winning an increasing share of the private civil aviation market, and some 5,800 of the company's aircraft are in service around the world.



The Eurofighter will play an essential front-line role in Europe's defence over the next decades. Deliveries to the four partner nations Germany, Italy, Spain and UK begin in 2003, and a number of other countries have expressed interest, giving this highly advanced combat aircraft promising export potential.



An EC135 involved in Mountain Rescue missions – just one of the vital tasks performed by Eurocopter all over the world. Eurocopter currently holds some 60% of the civil and parapublic helicopter market – and the Tiger and NH90 are giving the company a growing defence role as well.