

Manfred Bischoff (right)
Chairman
Jean-Luc Lagardère † (left)
Chairman



2002 results

We are glad to report that EADS showed great resilience in the face of global economic weakness and serious political and military uncertainties.

For the second year running, we exceeded our financial targets and reinforced our competitive position, testifying not only to the Group's ability to respond proactively to challenging market conditions, but also to its future potential. Cost-saving programmes and new corporate structures are producing greater efficiency, and changes at headquarters have been finalised. The integration of three companies into one is now completed, and the benefits become increasingly apparent. The Board of Directors has closely followed the development of the Group's financial status, the Group portfolio and the business development of each Division. Restructuring needs, accounting principles, personnel, organisational and other major issues have been discussed and decided in an atmosphere of partnership and trust.

Divisional highlights

Airbus delivered 303 aircraft, slightly ahead of forecast, and its order intake exceeded turnover. For 2003, production should be maintained at about the same level, assuming no major change in the industry's environment. The Company continues to win new customers, and will be ideally placed to benefit when growth in air travel resumes. At that time, too, the A380 will be nearing service entry, and will substantially enhance our competitive position.

In the defence business, there are hopeful signs of growth, with national budgets rising in the UK and France and a number of European programmes agreed – notably the Meteor air-to-air missile, whose development contract was signed at the end of 2002. Moreover the A400M military transport aircraft contract, which will be vital in out-of-region conflicts, is now under final negotiations with its customers. The Eurofighter combat aircraft, the Tiger military helicopter and the NH90 transport helicopter are about to start serial production.

Drastic reorganisation and improvement programmes will continue in the space business, where action is being taken to restore the Division to profitability in 2004 following the slump in launch and satellite activity of recent years.

Financial

Our strategic flexibility is underpinned by a strong cash position, and we have begun to address the bond markets to establish EADS as a reliable capital market partner; we have continued to make arrangements to protect the Group against volatility in USD vs EUR exchange rates in the foreseeable future.

For the past two and a half years, we have been transforming EADS with the aim of ultimately generating double-digit EBIT margins. We remain confident that this target can be reached, provided only that a stable economic and political environment can be re-established. The lack of such an environment is a temporary setback, but it does not weaken our determination to surpass this target soon.

Outlook

Meanwhile, the Group is in excellent shape. It has world-class products and services, leading-edge technologies, a skilled and enthusiastic multi-national workforce, international operations and an increasingly global and appreciative customer base. While remaining cautious about the immediate future, we remain committed to our strategic goals of developing our broad portfolio of civil and defence products and of consolidating our increasing stature as global players in all our various activities. Substantial value is being built up in the business; and although this value is not yet fully appreciated by the markets, we expect the share price to reflect it in the eventual cyclical upturn.

On 14th March 2003, Jean-Luc Lagardère died in Paris at the age of 75. As a great industrial leader and aerospace visionary, Jean-Luc Lagardère had played a key role in almost all major developments in the European aerospace industry for the last 40 years. He paved the way for European integration in aerospace and defence, by initiating the merger of Matra Hautes Technologies and Aerospatiale, and was a key promoter of the creation of EADS in the year 2000.



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