



News Release

EADS results grow strongly in first half year

- EADS first half year EBIT* of € 985 million, up 66 %
- Net Income more than doubled to € 387 million
- Thanks to market improvements, EADS increases its 2004 EBIT* target to about € 2.1 billion
- Free Cash Flow before customer financing remains robust at € 259 million
- CEOs: "Growth throughout our industry is now accelerating, and we are positioned to be the beneficiary of this."

Amsterdam, July 29, 2004 - *EADS* (stock exchange symbol: EAD), the world's second largest aerospace and defence group, has achieved strong results growth in the first half year of 2004. The company reached an EBIT* (pre-goodwill and exceptionals) of € 985 million in the first six months, 66 % higher than the figure for the same period of 2003 (€ 592 million). The EBIT* margin has increased from 4.5 % to 6.8 %. EADS published its half year results on Thursday.

The EBIT* improvement was particularly driven by Airbus, which delivered twelve aircraft more than in the same period last year with a higher proportion of A330/A340 family aircraft, and by the Space Division, which had already achieved close to break-even by mid-year. As usual, the Defence businesses are expected to contribute stronger results in the second half of the year. The Defence and Security Systems Division was held back, as previously announced, by a restructuring charge in the second quarter.

Thanks to the market improvements particularly in civil aviation, EADS has increased its 2004 EBIT* target to about € 2.1 billion, up from the previous target of € 1.93 billion.

CEOs: “Recovery of civil aviation already visible”

The EADS CEOs Philippe Camus and Rainer Hertrich said: “Growth throughout our industry is now accelerating, and we are positioned to be the beneficiary of this. Our sustained investment in technology and constant cost control give us a competitive platform to grow the business across our range of products.”

“The recovery of civil aviation and the market advantage we have won by meeting customer requirements with the very best technology are already visible in our half-year results. We forecast further improvements into the year 2005 and our medium-term profitability to benefit from a continued civil aviation market upturn, the introduction of the A380, additional improvements in the Space business thanks to efficiency gains and strong Defence growth.”

Strong Net Cash position maintained

Free Cash Flow before customer financing amounted to € 259 million in the first half year (H1 2003: € 305 million), reflecting the strong profits and a spill-over of aircraft deliveries into the year 2004. This performance was achieved after higher investment and inventory build-up by Airbus for the A380 and capital expenditures in Space related to Paradigm.

EADS maintained its strong Net Cash position at € 2.9 billion (year-end 2003: € 3.1 billion). EADS paid about € 300 million of dividends to its shareholders in the second quarter of 2004.

Net income of € 387 million - Revenues up 12 %

EADS recorded first half year Net Income of € 387 million (same period 2003 pre-goodwill: € 177 million), or € 0.48 per share (H1 2003: € 0.22).

EADS revenues increased by 12 % in the first six months to reach € 14.6 billion (first half year 2003: € 13.1 billion). Revenues increased in all Divisions except Military Transport Aircraft, where no A400M revenue milestone was recognised before July.

The EADS order intake amounted to € 13.5 billion from January to June 2004. In the same period 2003, EADS had recorded large contracts such as the € 20 billion A400M procurement and 21 orders for the A380. Therefore, order intake was down on a year-on-year comparison, but still remained close to the level of revenues.

The order book of EADS increased slightly compared to year-end 2003, reaching € 179.9 billion at the end of June 2004. Out of this total, € 44.7 billion are from the Defence businesses.

At the end of June 2004, EADS had 109,413 employees (year-end 2003: 109,135).

Outlook

EADS increases its 2004 EBIT* target to about € 2.1 billion from € 1.93 billion. At the same time, EADS raises its 2004 revenues target to € 31 billion (previously at € 29 to 30 billion), based on an average exchange market rate of € 1 = \$ 1.20.

These improvements should be achieved thanks to stronger contributions from the non-Airbus Divisions in the second half of the year. At the same time, Airbus deliveries will not be at the same level of the first half year, and aircraft mix is expected to be less favourable until year-end, with a lower delivery proportion of A330/A340 family aircraft.

Following the recent improvements in market demand, Airbus now expects to deliver more than 305 aircraft in 2004, which was the 2003 level, and to increase significantly deliveries in the coming years. In the first half year 2004, Airbus has already delivered 161 aircraft.

Responding to the market improvement, Airbus has also decided to implement a step-by-step production rate increase, which could reach up to eight A330/A340 family aircraft per month in 2005 and up to 30 A320 family aircraft per month in 2006. The pace and the implementation of this progressive ramp-up will be closely monitored and adjusted if needed in order to follow the actual market demand.

These decisions were taken following the confirmation of air travel recovery, illustrated namely by the robust growth of revenue-passenger-kilometres (RPK) and load factors in Asia and Europe. Even though some risks still exist from pressure on customers' bottom-lines, Airbus is actually facing strengthening market demand.

At the same time, the A380 development has been reviewed and found in line with budget and schedule for entry into service in 2006.

Moreover, at mid-year, EADS foresees that the Military Transport Aircraft, Aeronautics, Space and Defence and Security Divisions will develop in line with expectations. The Space turnaround and the execution of defence contracts are on track. As usual, the Defence businesses are expected to contribute stronger results in the second half of the year.

EADS maintains its full-year target of receiving an order intake in excess of revenues.

In addition, EADS confirms its previous guidance that it will achieve a positive Free Cash Flow before customer financing in 2004.

Divisions:

The **Airbus** Division achieved strong profit growth with half-year EBIT* of € 982 million (H1 2003: € 621 million), thanks to higher deliveries (161 versus 149) and a particularly favourable aircraft mix. The EBIT* margin improved from 7.1 % to 9.8 %, and the EBIT* margin pre R&D increased from 17.3 % to 19.1 %. Revenues grew by 14 % to € 10,024 million. The gross customer financing exposure has stabilized at \$ 4.9 billion, due to a stronger than anticipated appetite by capital markets to finance aircraft assets.

Airbus recorded 104 gross aircraft orders in the first half year, reaching a 58 % market share, and expects substantially higher orders in the second half of the year. The Airbus order book amounted to € 139.7 billion at the end of June 2004, representing a total of 1,393 aircraft.

The **Military Transport Aircraft** Division recorded an EBIT* of € -10 million in the first six months (H1 2003: € -8 million). Revenues stood at € 234 million (H1 2003: € 268 million). As planned, there was no milestone for revenue recognition of the A400M programme before early July 2004. The order book amounted to € 19.9 billion at the end of the first half year.

EBIT* of the **Aeronautics** Division was roughly stable at € 56 million by June 2004 (H1 2003: € 59 million), in the context of a continued weak civil aircraft maintenance business. Revenues were also about stable at € 1,631 million (H1 2003: € 1,613 million). As usual, revenues and profits, particularly of Eurocopter, will be much stronger towards the end of the year. The order book remained at € 10 billion as of 30 June 2004.

The **Space** Division recorded EBIT* of € -11 million in the first six months of 2004 (H1 2003: € -131 million). This is the same result as for the first quarter, inferring Space achieved a "black zero" result already in the second quarter, thanks to the first benefits of its restructuring programme and to improvements at EADS Space Services attributable to Paradigm business with the UK Ministry of Defence. This programme has been the main driver of the 8 % revenues increase to € 1,090 million. The order book amounted to € 11.0 billion at the end of June, boosted by the 30 launchers order from Arianespace booked in May and worth around € 3 billion.

EBIT* of the **Defence and Security Systems** Division deteriorated to € -82 million (H1 2003: € -28 million), primarily due, as previously announced, to a further restructuring charge of € 65 million (H1 2003: € 17 million) especially for the Defence and Communication Systems business unit. Revenues grew by 11 % to € 2,119 million mainly thanks to the ramp-up of missile and Eurofighter deliveries. The order book increased to € 14.5 billion per 30 June 2004, particularly thanks to the recent Acropol secured communication network order.

EADS – Half Year Results (H1) 2004

(Amounts in Euro)

EADS Group	H1 2004	H1 2003	Change
Revenues , in millions	14,567	13,060	+ 12 %
of which defence, in billions	2.6	2.4	
EBITDA ⁽¹⁾ , in millions	1,780	1,292	+ 38 %
EBIT* ⁽²⁾ , in millions	985	592	+ 66 %
Research & Development Costs , in millions	1,113	1,076	+ 3 %
Net Income ⁽³⁾ , in millions	387	177	+ 119 %
Earnings Per Share (EPS) ⁽³⁾	0.48	0.22	+ 0.26 €
Free Cash Flow before Customer Financing, in millions	259	305	- 15 %
Order Intake , in millions	13,458	43,190	- 69 %

1) Earnings before interest, taxes, depreciation, amortization and exceptionals

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

3) Net Income and EPS are now reported according to IFRS 3; goodwill is no longer amortized. The H1 2003 Net Income had been reported previously at €-66 million, after goodwill amortization, and EPS at € -0.08

	30 June 2004	31 Dec 2003	Change
Order Book , in millions	179,944	179,280	+/- 0 %
of which defence, in billions	44.7	45.7	
Net Cash position , in millions	2,883	3,105	- 7 %
Employees	109,413	109,135	+/- 0 %

by Division (Amounts in millions of Euro)	EBIT* (2)			Revenues		
	H1 2004	H1 2003	Change	H1 2004	H1 2003	Change
Airbus	982	621	+ 58 %	10,024	8,773	+ 14 %
Military Transport Aircraft	-10	-8	- 25 %	234	268	- 13 %
Aeronautics	56	59	- 5 %	1,631	1,613	+ 1 %
Space	- 11	-131	+ 92 %	1,090	1,008	+ 8 %
Defence and Security Systems	-82	-28	- 193 %	2,119	1,902	+ 11 %
Headquarters Consolidation	50	79	-	- 531	-504	-
Total	985	592	+ 66 %	14,567	13,060	+ 12 %

by Division (Amounts in millions of Euro)	Order Intake			Order Book		
	H1 2004	H1 2003	Change	30-06 2004	31-12 2003	Change
Airbus ⁽³⁾	6,158	33,174	- 81 %	139,655	141,836	- 2 %
Military Transport Aircraft	165	20,104	- 99 %	19,904	20,007	- 1 %
Aeronautics	1,669	1,440	+ 16 %	9,991	9,818	+ 2 %
Space	3,905	779	+ 401 %	10,992	7,888	+ 39 %
Defence and Security Systems	2,057	1,988	+ 3 %	14,542	14,283	+ 2 %
Headquarters Consolidation	- 496	-	-	- 15,140	-14,552	-
Total	13,458	43,190	- 69 %	179,944	179,280	+/- 0 %

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

3) Order Intake and Order Book based on catalogue prices

* EADS uses **EBIT pre goodwill amortization and exceptionals** as a key indicator to measure the economic performance of the Group and its Segments. The term "exceptionals" refers to income or expenses of a non-recurring nature, such as amortization expenses of fair value adjustments relating to the EADS merger, the Airbus combination and the formation of MBDA, as well as impairment charges.

Highlights April until July 2004

EADS made significant gains in its defence activities:

- In April, the Military Transport Aircraft Division was downselected to potentially supply the Australian Air Force with five Airbus A330 Multi Role Tanker Transport MRTT. EADS has thus once again demonstrated its competitiveness in this strategically important growth market.
- In June a cooperation agreement between EADS, Dassault Aviation and Thales was signed on the development of unmanned aerial vehicles (UAVs) at the Eurosatory defence show. This agreement covers all future activity in combat and strategic reconnaissance aerospace.
- At the Farnborough Airshow in July 2004, EADS has signed MoU's (Memorandum of Understanding) with both Lockheed Martin and Northrop Grumman to explore partnership opportunities on missile defence programmes in the United States, Europe and around the world.

Airbus confirmed its market leadership through major orders and achieved further milestones in the A380 programme:

- In April, China Southern Airlines signed a purchase agreement for 21 A320 family aircraft. This airline is now one of the biggest A320 customers in Asia.
- The US low-cost carrier JetBlue Airways ordered 30 A320 aircraft in June.
- At the Farnborough Airshow, Airbus announced commitments for 84 aircraft, including options. Among them was Etihad Airways, the national airline of the United Arab Emirates, which signed an MoU to purchase 24 Airbus aircraft including four A380s. Turkish Airlines committed for 36 Airbus aircraft (31 single-aisles plus five A330-200s).

- The Airbus A380 assembly site in Toulouse was inaugurated in May. The Airbus assembly building is one of the largest in the world, measuring 490 m by 250 m with a height of 46 m.

Also the Space business recorded positive results:

- In April, EADS Astrium received an order from Telesat, a Canadian satellite operator, to supply its new telecommunications satellite, Anik F3.
- At the International Aerospace Exhibition (ILA) in Berlin in May, the launcher services company Arianespace, awarded EADS a contract to produce 30 Ariane-5 launchers with a total volume of around € 3 billion.
- In July EADS and ESA signed the "Initial Exploitation Contract" for the European contribution to the International Space Station (ISS). It includes the production of six Automated Transfer Vehicles (ATV) which will be the most challenging and complex space vehicle ever developed and built in Europe.

About EADS:

EADS is a global leader in aerospace, defence and related services. In 2003, EADS generated revenues of € 30.1 billion. The EADS Group includes the aircraft manufacturer Airbus, the world's largest helicopter supplier Eurocopter and the joint venture MBDA, the second largest missile producer in the global market. EADS is the major partner in the Eurofighter consortium, is the prime contractor for the Ariane launcher, develops the A400M military transport aircraft and is the largest industrial partner for the European satellite navigation system Galileo.

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Note to Editors:

*You may dial in to the
EADS Media Conference Call with CFO Hans Peter Ring
- with possibility to ask questions -*

today, Thursday, 29 July 2004, at 10:15 a.m. CET

under Telephone number +44 20 71 62 01 88

*A replay is available for one week under
Telephone number +44 20 82 88 44 59 Passcode: 97 21 82*

***A presentation with additional information to this press release is
available on the EADS website: www.finance.eads.net***

Safe Harbour Statement:

Certain of the statements contained in this press release are not historical facts but rather are statements of future expectations and other forward-looking statements that are based on management's beliefs. These statements reflect the EADS' views and assumptions as of the date of the statements and involve known and unknown risk and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

When used in this press release, words such as "anticipate", "believe", "estimate", "expect", "may", "intend", "plan to" and "project" are intended to identify forward-looking statements.

This forward looking information is based upon a number of assumptions including without limitation: assumption regarding demand, current and future markets for EADS' products and services, internal performance, customer financing, customer, supplier and subcontractor performance or contracts negotiations, favourable outcomes of certain pending sales campaigns.

Forward looking statements are subject to uncertainty and actual future results and trends may differ materially depending on variety of factors including without limitation: general economic and labour conditions, including in particular economic conditions in Europe, North America and Asia, legal, financial and governmental risk related to international transactions, the cyclical nature of some of EADS' businesses, volatility of the market for certain products and services, product performance risks, collective bargaining labour disputes, factors that result in significant and prolonged disruption to air travel world wide, the outcome of political and legal processes, including uncertainty regarding government funding of rate and interest rate spread fluctuations between the Euro and the U.S. dollar and other currencies, legal proceeding and other economic, political and technological risk and uncertainties. Additional information regarding these factors is contained in the Company's "document de référence" dated April 1, 2004.