Global Aerospace Outlook 2015

informing UK Aerospace

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project objectives

• provide the UK Aerospace Industry with a rich and validated evidence base on which to plan

• an evidence base to inform UKTI Advanced Engineering 2015/16 activity planning
this year’s approach

• consolidated commercial market outlook from latest public sources
• ‘by exception’ update to new-build opportunities
• **new** priority programme sourcing timeline
• **new** identification of publically announced Tier 1 and 2 suppliers on priority programmes
• analysis of latest MRO data provided by ICF
• **new** approach to MRO opportunities
real GDP growth

air transport growth

air freight growth

air transport fleet growth and deliveries

ECONOMIC INDICATORS AND MARKET TRENDS
real GDP growth 2013-2033

- although their momentum has slowed, emerging markets remain the faster growing
- the ‘two-speed’ gap may be narrower but it is still predicted

air transport growth 2013-2033
major routes making up 90% of total

• emerging market growth exceeds average led by China and Middle East
• despite strong long-term growth drivers, slower short-term growth in some emerging markets like Brazil and India due to economic softness and exchange rate volatility
• world growth at 4.6% (4.8%) CAGR which delivers an average of 8,585 (8,739) bn RPKs growth

Source: Average from Airbus (2014), Boeing (2014)
air freight growth 2013-2033 by airline domicile

- recession and weak recovery led to ~1% annual growth since 2008
- OEMs believe fundamentals for long-term growth remain positive
- improved growth in 2013 Q4 and 2014 Q1 give hope for long-awaited recovery
- FTKs expected to grow at 4.6% (5.0%) p.a. over the next 20 years

Source: Boeing (2014)
Asia Pacific is expected to show the greatest fleet growth by far.

Asia-Pacific is forecast to be the greatest destination for new aircraft fuelled by growth. North America will still require many deliveries for replacement. Business aircraft deliveries serve replacement demand in mature markets and the growth in the number of affluent individuals and corporations in high-growth markets.

the high proportion of more expensive wide-body aircraft demanded by Asia Pacific leads to it taking a greater share of value.

new programmes

A330neo
A380neo
UAC/COMAC 2020

Fixed Wing Widebody/
Twin-Aisle
programmes status and supports

Concept
Tier 1 to OEM
Tier 2 within supply chain

Development
Tier 2 within supply chain
Tier 3

Production
Commodity and manufacturing capability
Information for MRO providers

Operations
Export support to MRO providers

New-build contract value
Higher tier opportunities

MRO opportunities
Upgrade opportunities
priority civil opportunities

**Concept**
- Airbus A380neo
- Airbus Helicopters X9
- Avicopter
- Next generation single aisle – Airbus/Boeing
- UAC/COMAC 2020

**Development**
- Airbus A330neo
- Airbus A350-1000XWB
- Airbus Helicopters X6
- AVIC MA700
- Avicopter
- Boeing 777X
- Embraer E-Jet E2
- GE 9X
- GE Passport 20 engine
- P&W PW1700G & 1900G

**Production**
- AgustaWestland AW169
- Boeing A320neo
- Airbus Helicopters X4
- Bell 505
- Bell 525 Relentless
- Boeing 737 MAX
- Boeing 787-10
- CFM LEAP
- COMAC C919
- Dassault Falcon 5X
- Gulfstream G500/G600
- P&W PW1100G, PW1200G, PW1400G & PW1500G
- UAC MS-21

**Operations**
- Rolls-Royce Trent XWB (A350)

**Bold:** opportunity timeline and announced supplier data in report
market overview from ICF

priority markets

MAINTENANCE, REPAIR, OVERHAUL & LOGISTICS (MRO&L) OPPORTUNITIES
global MRO demand for all segments growing at CAGR of 2.8% (up from 2.6% in 2012)

Source: ICF
driven by air transport growth
driven by new markets
growth is across all activities except for mil field maintenance

Source: ICF
UKTI International Aerospace Xchange
in association with AGP

engage with major international OEMs and their supply chain partners

Global Aerospace Outlook 2015 opportunity details and first copies of the report

Date: 21 April 2015
Location: Grand Connaught Rooms, 61-63 Great Queen St, London WC2B 5DA
Cost: £99+VAT

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considerations

• oil price volatility can have significant impact on economics across the entire supply chain
• legislation and perception relating to environmental issues have an increasing impact
• positioning of territories in this report are largely based on civil markets.
notes on data and assumptions

• Published sources used to compile and aggregate data for Economic and Market Indicators, Market and Regional Trends:
• MRO&L fleet and backlog for priority countries from Flightglobal ACAS database at October 2014
• MRO&L composite accessibility score from Achieving the Difference LLP survey of ADS MRO&L network members 2014
• Accuracy and risk
  – Where data sources are combined, arithmetic averages are used
  – Variations exist in forecast data between sources; for example variations exist between sources (and even within sources) at a detailed level in the definitions of regions; for example, the constituent geographies included in ‘Asia Pacific.’ Wherever possible a consistent view has been taken.