

AlixPartners 2017 Global A&D Study – Market overview

DEFENSE



\$1,682 BILLION

- Confirmed inflexion of global military spending, with two consecutive years of growth
- Further growth ahead in a context of heightened security concerns (terrorism, Middle East, North Korea), European defense resurgence and Trump effect

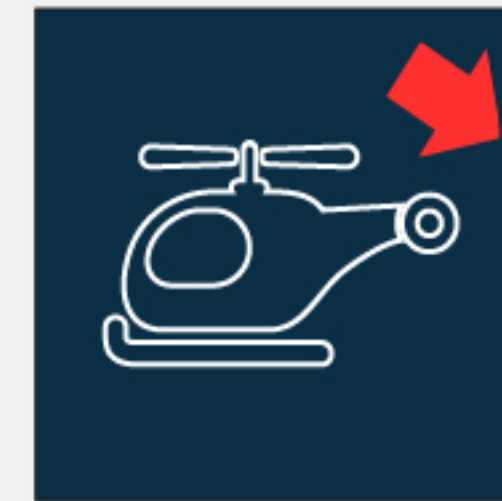
COMMERCIAL AIRCRAFT



\$140 BILLION

- Backlog stable at record levels (over 13,000 aircraft)
- Orders dropped as no production slots are available in the short-term
- Boeing and Airbus focused on narrowbody ramp-up while wide body production may stabilize

HELICOPTERS



\$35 BILLION

- Overall market down 20% from 2014, with deliveries down 21%, driven by oil & gas segment collapse
- Time is right for consolidation with volume and profits down and high stakes competition in 2018 (FVL in US)

AIRLINES



\$705 BILLION

- Global revenue down 2%, despite healthy traffic (+7%) as competition drove ticket prices down (yield down 8%)
- Record profitability of 8.3% EBIT
- Traffic to double in next 15 years for healthy long-term growth

BUSINESS JETS



\$18 BILLION

- Billings down 16% y.o.y. to \$18 billion driven by strong drop in most expensive very large bizjets (deliveries down 24%)
- No obvious recovery in sight until emerging economies and oil get better

SPACE



\$208 BILLION

- Steadily growing market: +4.4% last five-year CAGR
- Profound mutation ongoing: new space players, re-usable launchers, constellations, \$BN of private funding
- Overcapacity likely in GSO satellites

Source: SIPRI Milex, IATA, GAMA, SIA, Space Launch Report