

Aerospace Industry - UK - October 2016

Report Price: £995.00 | \$1212.91 | €1105.54

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.



“The vote to leave the EU could weaken the UK’s standing in the industry over time, with some industry executives admitting that it will force them to work harder to win new business. However, it must be remembered that ‘Brexit’ also has the potential to open up new markets not restricted by EU agreements.”

Lewis Cone, B2B Analyst

This report looks at the following areas:

- Will the UK's exit from the EU have an impact on the industry?
- How are oil prices affecting aircraft demand?
- Emerging markets represent both an opportunity and potential future threat to the UK aerospace industry and major suppliers
- The adoption of new techniques and technology are leading to changes in the design and manufacturing process

This report will explore the following key issues regarding the aerospace industry in the UK:

- What are the key determinants driving the aerospace industry?
- Was the market affected by the financial crisis and how has it recovered since? Has there been any structural changes as a consequence?
- How has the government influenced and shaped the development of the sector?
- What are the key issues the UK industry needs to address to maintain its global position in an ever-competitive market?
- How have companies adapted to cost and environmental pressures?
- What does the future hold for the UK aerospace industry?

**BUY THIS
REPORT NOW**

VISIT:
store.mintel.com

CALL:
EMEA
+44 (0) 20 7606 4533

Brazil
0800 095 9094

Americas
+1 (312) 943 5250

China
+86 (21) 6032 7300

APAC
+61 (0) 2 8284 8100

EMAIL:
reports@mintel.com

DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

Aerospace Industry - UK - October 2016

Report Price: £995.00 | \$1212.91 | €1105.54

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Table of Contents

Executive Summary

Market size

Figure 1: UK aerospace equipment turnover, 2011-15, £ billion at MSP

Figure 2: UK aerospace equipment turnover, by sector, 2011-15, £ billion at MSP

Market trends

Figure 3: Regional analysis of global air passenger traffic development, 2012-16*, five-year average, (% change in RPK)

Figure 4: Forecast development of the Global airline fleet, by aircraft type, 2015 and 2035, (% of total)

International trade

Figure 5: UK imports of aerospace equipment, 2011-15, (£ million at CIF)

Figure 6: UK exports of aerospace equipment, 2011-15, (£ million at FOB)

Market factors

Recovery in the price of crude oil could boost investment in more efficient aircraft

Emerging markets pose threat to UK's leading position

Companies

Forecast

More than 33,000 new jets expected to be delivered globally by 2035

Figure 7: Forecast World mainline jet deliveries, by type, 2016-35, (number)

Asia expected to overtake North America as the region with the largest fleet

Figure 8: Forecast World Airplane Fleet, by Region, 2015 and 2035, (% of Total)

Defence spending set to increase until 2019/20

Figure 9: Forecast UK DEL on defence, 2016/17-2019/20, (£ million)

What we think

Key Insights

Will the UK's exit from the EU have an impact on the industry?

How are oil prices affecting aircraft demand?

Emerging markets represent both an opportunity and potential future threat to the UK aerospace industry and major suppliers

The adoption of new techniques and technology are leading to changes in the design and manufacturing process

Introduction

Definitions

Methodology

Abbreviations

Market positioning

ATI launches first aerospace technology strategy to help boost productivity and investment

Industry standards

UK Economy

Key points

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Aerospace Industry - UK - October 2016

Report Price: £995.00 | \$1212.91 | €1105.54

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Overview

Figure 10: UK GDP, 2006-16, (% quarterly growth and GDP in £ billion)

Figure 11: UK output, by industry, 2008-16, (index 2013 = 100)

Figure 12: Quarters after GDP peak, 1979, 1990 and 2008, (number of quarters and GDP as % of pre-downturn peak)

Inflation

Interest rates

House prices

Figure 13: UK house price changes, 2006-16, (12-month % change)

Consumer spending

Manufacturing

Figure 14: UK manufacturing, 2014-16, (index, 2013 = 100)

Business investment

Figure 15: UK GFCF 2005-15, (£ million)

Imports

Exports

Market Factors

Key points

Figure 16: GDP growth rate, Q1 2012-Q2 2016, (% change on previous quarter)

Figure 17: GDP growth rate, Q1 2012-Q2 2016, (% change on previous quarter)

... 'Brexit' unlikely to affect the industry in the short term, though it could have ramifications over the long term

Recovery in the price of crude oil could boost investment in more efficient aircraft

Emerging markets pose threat to UK's leading industry position

AGP continues its drive to ensure industry's success

Other factors

UK Turnover and Market Trends

UK turnover

Key points

Boost to R&D funding as UK strives to maintain its competitive advantages

Strong performance at the biennial Farnborough Air Show

New market entrants providing both competition and opportunity

Low-cost carriers maintain their strong development in 2015

The end of the sequester in US spending, for now at least, could provide a boost to defence equipment exports

Industry continues to perform strongly despite slight market turbulence

Figure 18: UK aerospace equipment turnover, 2011-15, (£ billion at MSP)

Figure 19: UK aerospace equipment turnover, 2011-15, (£ billion at MSP)

Figure 20: UK aerospace equipment turnover, by sector, 2011-15, (£ billion at MSP)

Figure 21: UK aerospace equipment turnover, by sector, 2011-15, (£ billion at MSP)

Aerospace Industrial Strategy (AIS)

National Aerospace Technology Exploitation Programme (NATEP)

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Aerospace Industry - UK - October 2016

Report Price: £995.00 | \$1212.91 | €1105.54

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Market trends

Key points

Civil aerospace

Passenger traffic showing no signs of slowing in emerging regions

Figure 22: Regional analysis of Global air passenger traffic development, in RPK, 2012 -2016*, (% annual change)

Figure 23: Regional analysis of Global air passenger traffic development, five-year average, 2012-16*, (% change in RPK)

China

Airbus and Boeing face challenging environment

Growing demand expected for single-aisle and smaller widebody aircraft

Figure 24: Forecast development of the Global airline fleet, by aircraft type, 2015 and 2035, (number of aircraft)

Figure 25: Forecast development of the Global airline fleet, by aircraft type, 2015 and 2035, (% of total)

Government decides to expand Heathrow but opposition remains strong

Deliveries have risen over recent times, but threat of oversupply may lead to a steep fall in order number in 2016

Figure 26: World mainline jet deliveries, by model and manufacturer, 2000, 2012-2015 and partial-year 2016, (number)

Figure 27: World mainline jet deliveries, by manufacturer, 2000, 2012-15, (number)

Figure 28: Large commercial aircraft net orders, 2014 and partial-year 2015, (number)

Figure 29: Regional aircraft deliveries, by model, 2011-2015, (number)

Business aircraft market suffering a fall

Figure 30: Deliveries of business aircraft, by manufacturer, 2011-15, (number of aircraft)

Figure 31: Deliveries of business aircraft, 2011-15, (number)

Defence

SDSR 2015

Defence spending rises in 2015/16 following government pledge

Figure 32: The UK defence departmental expenditure limits and defence spending, 2011/12-2015/16, (£ million)

Figure 33: UK defence departmental expenditure limits and defence spending, 2011/12-2015/16, (£ million)

Single-use military equipment forms largest amount of capital expenditure

Figure 34: The UK defence departmental capital expenditure limits, 2012/13-2016/17, (£ million)

Figure 35: The UK defence departmental cash resource expenditure limits, 2012/13-2016/17, (£ million)

Figure 36: The UK defence annually managed expenditure limits, 2011/12-2015/16, (£ million)

Figure 37: MoD equipment expenditure, 2012/13-2016/17, (£ million)

Figure 38: MoD equipment expenditure, 2012/13-2016/17, (£ million)

Figure 39: MoD research and development expenditure outturn, 2010/11-2014/15, (£ million)

Figure 40: UK Defence expenditure by industry, 2010/11-2014/15, (£ million)

Figure 41: MoD major equipment projects, as at 31 March 2015, (£ million)

Recent defence aircraft deals

Defence Reform Act

Defence expenditure on aircraft experienced a 10% decline in 2014/15...

Figure 42: Defence aircraft and spacecraft expenditure outturn in the UK, 2010/11-2014/15, (£ million)

Figure 43: Defence aircraft and spacecraft expenditure outturn in the UK, 2010/11-2014/15, (£ million)

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Aerospace Industry - UK - October 2016

Report Price: £995.00 | \$1212.91 | €1105.54

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

... that had a direct impact on the level of the UK's forward-available fleet

Figure 44: Forward available fleet by aircraft type for the UK armed forces, 2010-14, (number)

Figure 45: Forward available fleet by aircraft type for the UK armed forces, 2010-14, (number) (continued)

Figure 46: Forward available fleet by aircraft type for the UK armed forces, 2010-14, (number) (continued)

Figure 47: Fixed-wing platforms and unmanned aircraft systems of the UK armed forces, 2016, (number)

Figure 48: Rotary-wing platforms of the UK armed forces, 2016, (number)

PFI

Figure 49: MoD PFI projects, 2015, (year and £ million)

Figure 50: MoD PFI projects, 2015, (year and £ million) (continued)

International Trade

Key points

Overview

Imports

Figure 51: UK imports of aerospace equipment, 2011-15, (£ million at CIF)

Figure 52: UK imports of aerospace equipment, 2011-15, (£ million at CIF)

Segmentation

Figure 53: Segmentation of UK imports of aerospace equipment, by type, 2011-15, (£ million at CIF)

Exports

Export control regulations

The UKTI DSO

Aerospace Growth Partnership

UK Aerodynamics Centre

Cape Town Convention

UK Export Finance

Exports return to growth in 2015

Figure 54: UK exports of aerospace equipment, 2011-15, (£ million at FOB)

Figure 55: UK exports of aerospace equipment, 2011-15, (£ million at FOB)

Segmentation

Figure 56: Segmentation of UK exports of aerospace equipment, by type, 2011-15, (£ million at CIF)

Figure 57: Identified orders of UK exports of defence aircraft and equipment, 2011-15, (£ million)

Figure 58: Identified orders of UK exports of defence aircraft and equipment, 2011-15, (£ million)

Figure 59: UK aerospace equipment trade balance, 2011-15, (£ million)

Figure 60: UK aerospace equipment trade balance, 2011-15, (£ million)

Industry Structure

Key points

Industry development

New trade partnerships likely to become more prominent following EU referendum result

New techniques and technology are changing the design and manufacturing process

Aerospace Growth Partnership's industrial strategy for 2016

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Aerospace Industry - UK - October 2016

Report Price: £995.00 | \$1212.91 | €1105.54

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

M&A Activity and market share

Industry structure

Figure 61: Analysis of the changes in the structure of the manufacture of air and spacecraft and related machinery industry, 2012-16, (number of factories and businesses)

Figure 62: Analysis of the changes in the structure of the repair and maintenance of aircraft and spacecraft industry, 2012-16, (£000 and number of companies)

Structure by employment

Figure 63: Analysis of the employment structure of the manufacture of air and spacecraft and related machinery industry, 2015 and 2016, (number of outlets and outlet employment size)

Figure 64: Analysis of the employment structure of the repair and maintenance of aircraft and spacecraft industry, 2015 and 2016, (number of outlets and outlet employment size)

Structure by turnover

Figure 65: Analysis of the financial structure of the manufacture of air and spacecraft and related machinery industry, 2015 and 2016, (£000 and number of businesses)

Figure 66: Analysis of the financial structure of the repair and maintenance of aircraft and spacecraft industry, 2015 and 2016, (£000 and number of businesses)

Company Profiles

Airbus Operations

Figure 67: Financial analysis of Airbus Operations, 2011-15, (£ million)

Company strategy

BAE Systems

Figure 68: Financial analysis of BAE Systems, 2011-15, (£ million)

Company strategy

Cobham

Figure 69: Financial analysis of Cobham, 2011-15, (£ million)

Company strategy

GE Aircraft Engine Services

Figure 70: Financial analysis of GE Aircraft Engine Services, 2011-15, (£ million)

Company strategy

GKN

Figure 71: Financial analysis of GKN, 2011-15, (£ million)

Company strategy

GKN Aerospace Services

Leonardo Helicopters (formerly Finmeccanica Helicopters and AgustaWestland)

Figure 72: Financial analysis of Leonardo Helicopters (formerly Finmeccanica Helicopters and AgustaWestland), 2011-15, (£ million)

Company strategy

Lockheed Martin (UK)

Figure 73: Financial analysis of Lockheed Martin (UK), 2011-15, (£000)

Company strategy

Rolls-Royce

Figure 74: Financial analysis of Rolls-Royce, 2011-15, (£ million)

Company strategy

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Aerospace Industry - UK - October 2016

Report Price: £995.00 | \$1212.91 | €1105.54

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Short Brothers

Figure 75: Financial analysis of Short Brothers, 2011*-15, (£000)

Company strategy

Turbo-Union

Figure 76: Financial analysis of Turbo-Union, 2011-15, (£000)

Company strategy

Figure 77: Profiled companies' turnover, 2011-15, (£ million)

Forecast

Key points

Industry outlook

More than 33,000 new jets expected to be delivered by 2035

Figure 78: Forecast World mainline jet deliveries, by type, 2014-33, 2015-34 and 2016-35, (number)

Figure 79: Forecast World mainline jet deliveries, by type, 2016-35, (number)

Asia expected to overtake North America as the region with the largest fleet

Figure 80: Forecast World airplane fleet, by region, 2015 and 2035, (number)

Figure 81: Forecast World airplane fleet, by region, 2015 and 2035, (% of total)

Brexit is likely to have an impact on...

Industry employment

Exports

Over-production may affect industry following recent boom in orders and deliveries

Asia-Pacific to oversee largest increase in passenger number...

... that will also benefit the MRO market

New aircraft being produced in emerging markets to rival incumbent models

Manufacturers are using the following tech developments to obtain greater efficiency and production gains

Air defence equipment forecast

Figure 82: Forecast UK DEL on defence, 2016/17-2019/20, (£ million)

Figure 83: Forecast UK DEL on defence, 2016/17-2019/20, (£ million)

Further Sources and Contacts

Trade associations

Aerospace & Defence Industries Association of Europe

Aerospace Industries Association (AIA)

ADS Group Limited

Civil Aviation Authority

Farnborough Aerospace Consortium (FAC)

General Aviation Manufacturers Association (GAMA)

Helicopter Association International (HAI)

Midlands Aerospace Alliance (MAA)

North West Aerospace Alliance (NWAA)

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Aerospace Industry - UK - October 2016

Report Price: £995.00 | \$1212.91 | €1105.54

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

West of England Aerospace Forum (WEAF)
 Trade magazines
 ADVANCE (Quarterly)
 Aerospace International
 Aerospace Engineering/Aerospace & Defence Technology (Monthly)
 Aerospace Manufacturing (Bi-Monthly)
 Air International (Monthly)
 Aviation Maintenance (Monthly)
 Aviation News (Monthly)
 Flight International
 Helicopter International
 Trade Exhibitions
 Aero Engineering Show 2016
 Farnborough 2018
 Helitech International 2016
 SDSR - One Year On
 Technology in Aerospace - Vision 2066
 The Royal International Air Tattoo 2017

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com