

PRESS RELEASE

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The German Aerospace Industry in 2009

- Revenue up by 4% to EUR 23.6 billion despite difficult year
- Civil aviation tough, defense business steady, space industry bucks crisis
- Staff headcount stable in systems manufacturers, employment up slightly by 0.8% thanks to space industry, layoffs on periphery of equipment industry
- Industry responds flexibly, some resources shifted to military programs, Airbus plans to successively step up production from late 2010
- Industry raises R&D to record 17.1% of total sales, flexible government aeronautics research funding required

2009 RETROSPECT

Berlin - The financial crisis of 2008 became a full-fledged economic crisis in 2009. Nevertheless, the German aerospace industry managed to hold its own and enjoyed growth in 2009 despite the crisis, albeit, as expected, at a lower rate than in previous years.

Turnover in the aerospace industry rose by 4% to EUR 23.6 billion. Employment remained stable, increasing slightly by 0.8% to 93,700 – although layoffs took place on the periphery of the industry as manufacturers cut back on outsourcing to make sure their own human resources were used efficiently.

Expenditure on research and development in 2009 within the German aerospace industry rose to a new record of EUR 4 billion, equating to 17.1% of total turnover. Germany hence invests more in progress and innovation in aerospace than, say, France (15%*).

Source: GIFAS press releas, 07/04/2010

Exports reached some EUR 16 billion and accounted for 68% of total sales, slightly down on the previous year. The German aerospace industry is working with governmental support to increase this share again.

BDLI President Dr. Thomas Enders had this to say in connection with the presentation of the aerospace industry's current figures: "Our industry began 2010 on the back foot. We have all felt the fallout from the economic crisis. But the silver lining can be seen on the horizon, and hopefully the worst is now behind us. We are taking advantage of this opportunity and positioning ourselves for the period following the crisis."

RESULTS BY SECTORS

CIVIL AVIATION

In 2009, the civil aviation industry was increasingly hit by the crisis. Even so, it managed to boost turnover compared to 2008 by 2.7%, notching up total sales of EUR 15.6 billion.

With a share of 66.2%, the civil aviation sector remains the sales mainstay of Germany's aerospace industry.

The business climate was considerably strained by the collapse of international commercial aviation brought about by low orders and a decline in the MRO segment. According to the International Air Transport Association, 2009 was the worst year so far for the industry in terms of passenger demand (capacity utilization at 75.6%*), while negative records were also broken in the cargo business (loss over the previous year by 10.1%*).

Although the latest civil aviation indicators show a positive trend, the commercial aviation market remains uncertain. In some cases, systems and equipment manufacturers have managed to compensate for decline on the civil market by shifting resources to defense activities.

In 2009, production figures for commercial aircraft outstripped the previous year. For instance, Airbus delivered 498 aircraft, 15 more than in 2008. Although production rates have been lowered in response to the crisis, Airbus plans to successively increase them again for individual aircraft types as of the end of 2010. By contrast, the situation concerning regional aircraft, business jets and civil helicopters was more disappointing. However, some companies managed to compensate by entering the military market, enabling them to reach their business and delivery targets for 2009 after all. For example, Eurocopter delivered 558 new civil and military helicopters, equaling the previous year's record.

* *Source: IATA press release, 27/01/2010*

Thankfully, employment in this industry segment did not decrease compared to 2008. There were no large-scale layoffs in civil aviation and employment in the segment actually rose slightly by 0.5% to 62,200.

Aviation industry suppliers continued their consolidation efforts in order to be able to meet the demands for greater partnership on civil programs. Fortunately, no insolvencies were recorded among the BDLI's member companies.

CHALLENGES AND FIELDS OF ACTION

Aviation is a key area of the global economy. Its eco-friendly development is essential in order to be able to implement an ambitious climate policy. Following the UN climate summit in Copenhagen, aviation remains committed to the targets for CO₂-neutral growth as of 2020 accepted throughout the industry.

Given the high growth of the market, investing in the development of related products is necessary and makes economic sense. "Thanks to its aviation industry and its network of scientific excellence, Germany is in an ideal position to develop its green solutions and successfully bring them to market," explained Dr. Enders.

Although the industry is sticking by its R&D goals and budgets, they will have to be adapted to short-term economic requirements. Accordingly, the German government's LuFo aviation research program will in future have to respond more flexibly to changes to the market situation. The industry continues to need the aviation research program.

According to a study by the Cologne Institute for Economic Research (IW), by 2014 the German economy will still have a shortfall of 220,000 engineers, including in the high-tech aerospace industry. Already, about 2,000 high-technology engineering vacancies cannot be filled despite intensive efforts by the industry. Therefore, the BDLI is encouraging a sustained recruitment policy, partly through the ILA CareerCenter.

DEFENSE AND SECURITY

The aerospace defense industry increased revenue by 4.6%, its total turnover in 2009 reaching EUR 6 billion. This segment employed around 21,300 people last year, a rise of 1.3% on the previous year.

The ramp-up of the Eurofighter, NH90 and Tiger programs continues to shape the situation in air defense – the largest of the three armaments segments in Germany. And following the A400M's successful maiden flight as well as the agreement between the European sponsors and Airbus Military over amended contract terms, this program is also being continued as scheduled, making for increased planning certainty in the German arms industry, which had invested considerably in the A400M's development.

“We’re working at full stretch in the defense programs,” stressed the BDLI President at the association’s annual press conference. Dr. Enders added: “The products of the aerospace defense industry are used by the Bundeswehr. Examples include the Tornado, Transall and SARLupe. Last year, the Eurofighter proved its mettle when the air force protected Baltic airspace. Our products are successful abroad, too, as our border protection systems for Saudi Arabia demonstrate.”

CHALLENGES AND FIELDS OF ACTION

“Protecting German soldiers who have been deployed and ensuring the readiness of the country’s armed forces – including by sufficient funding for the operation of their equipment – are clear priorities in our industry,” explained Thomas Enders. He added: “We want to give our soldiers in the field the best equipment available. We will do everything we can to meet our delivery obligations even quicker. The successful cooperation between the Bundeswehr and the aerospace industry needs to be expanded.”

Consequently, Germany’s position as a center of military aviation needs to be maintained in the long term through a powerful national defense industry. Promoting its technological expertise is the only way to ensure that the Bundeswehr obtains the equipment it needs.

UAVs will in future be an essential platform – and not just for Bundeswehr missions. UAVs developed and built in Germany are vital to maintain the industrial core expertise of the national defense aviation industry. However, opening up national airspace for this new type of aircraft is imperative for the development and application of UAVs.

Military research and technology are still an important area of strategic expertise where Germany mustn’t be allowed to slip behind. Therefore military research needs to be discernibly increased – which is why the aerospace industry is campaigning for the launch of a military aviation technology program.

SPACEFLIGHT

2009 was another successful year for the space industry, which managed to buck the crisis by boosting turnover by 14% to nearly EUR 2 billion. Growth in employment in the space sector rose in the same period by 9.5% on the previous year. All in all, about 6,200 people were employed in the space industry in 2009.

The space industry proved the real driving force in the industry in 2009. In this segment, German industry was very successful in its work on existing programs. Manufacturers benefited from the award of new contracts in communications/navigation, Earth observation, and also the continuation of the Ariane program. Moreover, new jobs were created in the space industry in particular.

“The fact that the German space industry is continuing to grow reflects the successful space policy as a central pillar of the German government’s high-tech strategy,” declared Dr. Enders.

Germany’s role in encouraging space missions is demonstrated by the Ariane 5 program, the COLUMBUS program now underway for two years, the outstanding result of TerraSAR, and the launch of CryoSat. Other key indicators include the Galileo contract awarded to OHB in Bremen and the appointment of Astrium to build the Sentinel Earth observation satellite.

“We will make intensive use of our own exhibition platform ILA and in particular ILA Space Day 2010 to showcase all German and European space activities,” emphasized Dr. Enders on the sidelines of the press conference.

CHALLENGES AND FIELDS OF ACTION

The German space industry needs to build on its leading role in Europe. But this can only be done if the successful overarching space policy enjoying government support is consistently continued.

“Germany needs to define the path it means to carve out within the European space industry,” said Dr. Enders, explaining: “This year we urgently need to draft a new, long-term space strategy.”

Dr. Enders added: “We need to promote new applications and technologies.” Examples cited by him included the expansion of systems expertise in Earth observation and scientific missions, the establishment of a European center of excellence for rocket upper stages, and developing Germany’s lead in orbital infrastructures.

THE BDLI

The German Aerospace Industries Association (Bundesverband der Deutschen Luft- und Raumfahrtindustrie e.V. – BDLI) and its more than 190 members represent the interests of an industrial sector, which owing to international technology leadership and worldwide success has become a significant driver of economic growth in Germany. Combining almost all strategic key technologies, the German aerospace industry achieves a turnover of currently 23.6 billion Euros with a directly employed labour force of around 93,700.

Communication with political institutions, authorities, associations, foreign representations in Germany is a major task of the BDLI. The association also offers its members a variety of services in Germany and abroad. The BDLI is responsible for organizing the ILA Berlin Air Show International Aerospace Exhibition.

The BDLI is officially accredited to the German Bundestag where it performs specific, legally embodied tasks. It is a member of the European umbrella organization ASD, Aerospace and Defence Industries Association of Europe, and the Federation of German Industries (Bundesverband der Deutschen Industrie – BDI).