


Aero Markets: Climbing Out of a Pit Beats Falling Into One

Richard Abouafia
February 18, 2022

The Aerospace & Defense Forum



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Welcome!



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Who We Are...

- Global aerospace and defense leadership community, established 2010
- Over 2,500 professionals
- Provides opportunities for mutual support, exchanging ideas and sharing best practices
- Facilitates meeting like-minded A&D business professionals, enabling communication and collaboration
- Nine chapters: Los Angeles, San Fernando Valley, Santa Clarita Valley, South Bay, Orange County, San Diego, Arizona, Dallas-Ft. Worth, and **Ventura County**
- Offers monthly expert presentations, industry panels, guided visits to cool aerospace sites, and more

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Ventura County Chapter

Over 30 aerospace and defense companies
Established May 2021, events so far


- Dan Curry, Star Trek: TNG, SciFi & Visual Effects
- Richard Abouafia, Teal Group, Aviation Update
- Dr. Leon Alcalai, Mandala Ventures, JPL & Space Economy
- Dr. Anita Sengupta, CEO, Hydroplane

Chapter Steering Committee

- Gerardo Broussi, Brainspark LLC
- Robert Gleason, Moog Aircraft
- David Conrad, PTI Technologies
- Brian Barker, Hummingbird Aero
- Michael Spuzzillo, Parker Hannifin



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Upcoming Chapter Webinars/Meetings

Webinars start at 8:00am Pacific Time unless otherwise stated.

- March 16, 2022: **"The next big aerospace market: An Introduction to Advanced Air Mobility"**, Sergio Cecutta, Partner, SMG Consulting | [National Online Forum](#)
- April 20, 2022: **"Value Drivers for your Business in M&A"** TBD | [National Online Forum](#)



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The Aerospace & Defense Forum aerospacedefenseforum.org


Join any chapter of the free mailing list - Get monthly Newsletter

Individual Membership - Free for those outside the operating chapters
\$350/year includes:
All A&D Forum meetings and webinars
Over 260 recordings of past presentations available for download

Corporate Membership
\$750/year - Good for up to three people per company

Sponsor an Event!
Exposure to A&D community nationally
Opportunity to present at the start of chapter meetings

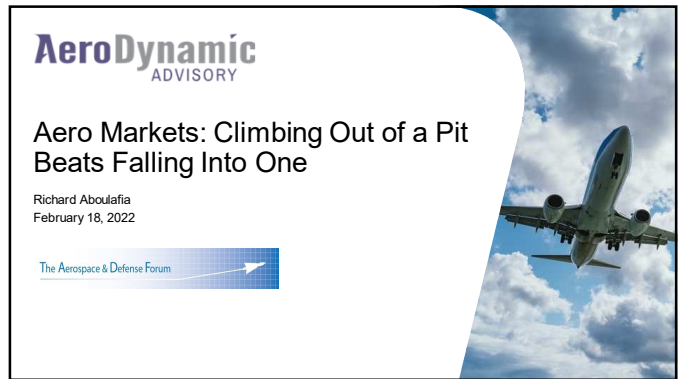
Inquire: jrosenberg@AerospaceDefenseForum.org



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We're 23 Months In. It's Been Bad, But Initial Expectations Were Generally Worse Than We've Seen.

Aviation Segments by Damage (most to least)	Trends
Twin aisle jetliners	<ul style="list-style-type: none"> International traffic hit hardest and longest Already an overcapacity situation Secular shift towards single aisles already underway Today: Yeah, just that bad.
Single aisle jetliners	<ul style="list-style-type: none"> Fuel prices a big problem China comeback uncertain Some relief due to deferred Airbus ramp, and MAX stop Today: Much better, except for China
Business jets	<ul style="list-style-type: none"> Large cabin strongly correlated with oil prices Small/medium strongly correlated with corporate profits, equities indices Recovering quickly, just a 2020/21 downturn Today: Much more upside than downside
Civil Rotary	<ul style="list-style-type: none"> Oil and gas segment (large) hit again, before recovery even began Today: No real change, but not better, either
Military Programs	<ul style="list-style-type: none"> Emphasis on "shoot-ready," Advance development programs at greater risk Pure-play contractors in best shape; suppliers with most defense in good shape too Today: All good, as expected, in fact, better.

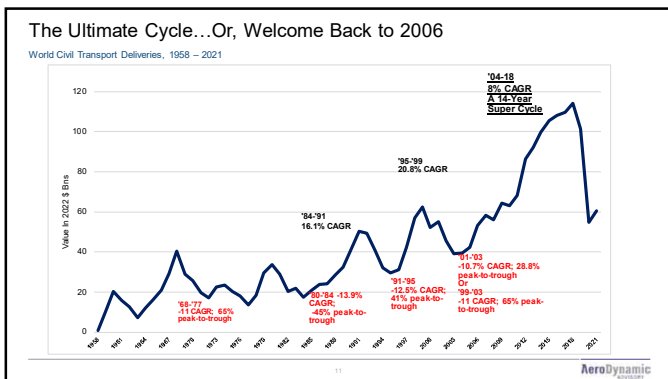
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Aircraft Markets Have Had A Predictably Horrible Two Years

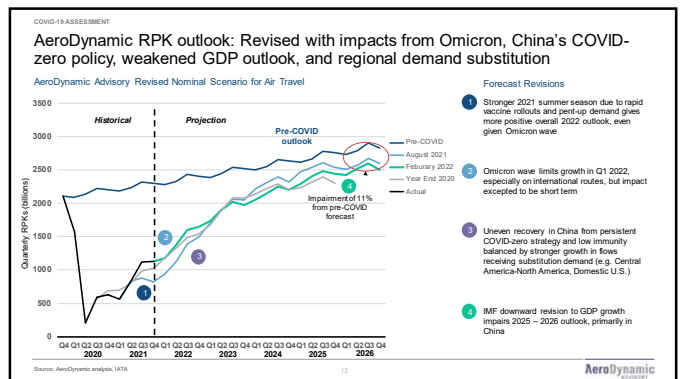
World Deliveries and CAGR for Aviation Segments, 2003 – 2021

World New Deliveries In 2021 (2022 \$)	CAGR '03-'08	CAGR '08-'14	CAGR '14-'19	Change '19-'21
Jetliners-SA (\$39.2 b)	9.7%	6.9%	-2.0%	-33.4%
Jetliners-TA (\$21.4 b)	5.0%	13.5%	2.1%	-59.9%
Regionals (\$3.1 b)	3.9%	-3.1%	-6.3%	-43.7%
Business Aircraft (\$19.4 b)	16.7%	-2.2%	-1.2%	-12.0%
Civil Rotorcraft (\$3.1 b)	18.5%	-2.5%	-7.2%	-6.5%
Military Rotorcraft (\$10.4 b)	10.6%	9.7%	-6.9%	-13.4%
Military Transports (\$4.2 b)	3.2%	-0.7%	-0.3%	-27.8%
Fighters (\$23.6 b)	1.6%	0.8%	6.1%	-7.3%
All Civil (\$86.5 b)	9.7%	5.6%	-0.5%	-33.9%
All Military (\$41.9 b)	3.9%	4.1%	0.0%	-10.1%
Total (\$128.3 b)	8.0%	5.2%	-0.4%	-27.8%

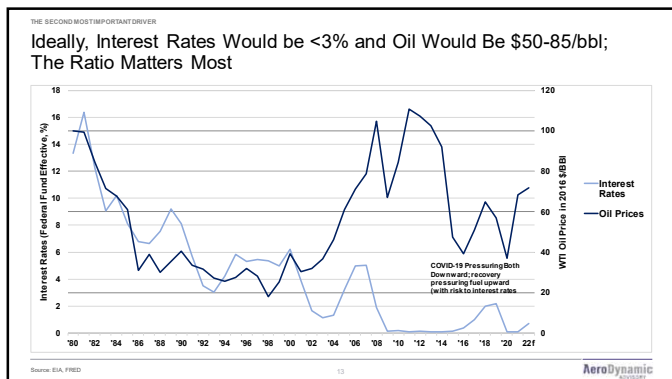
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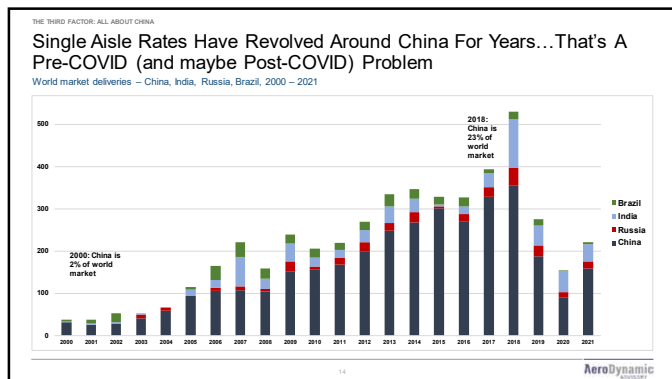
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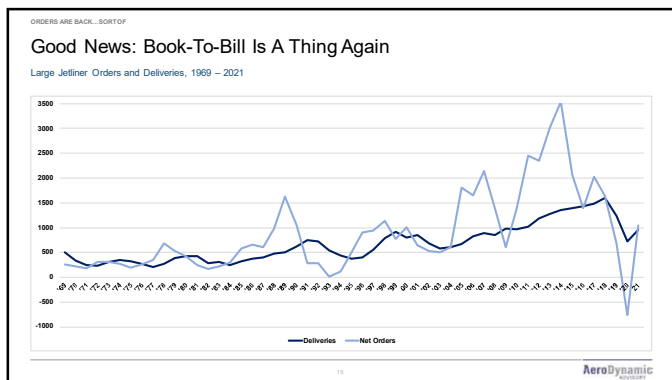
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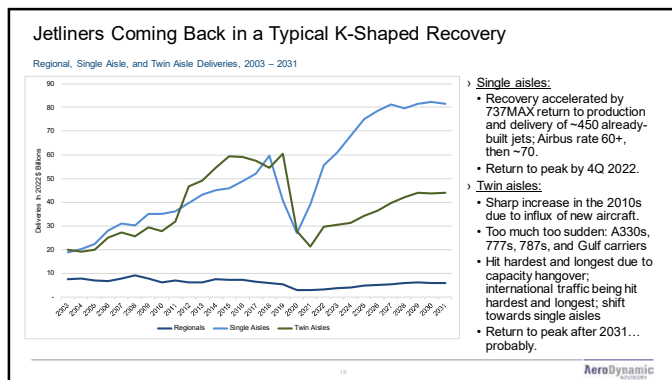
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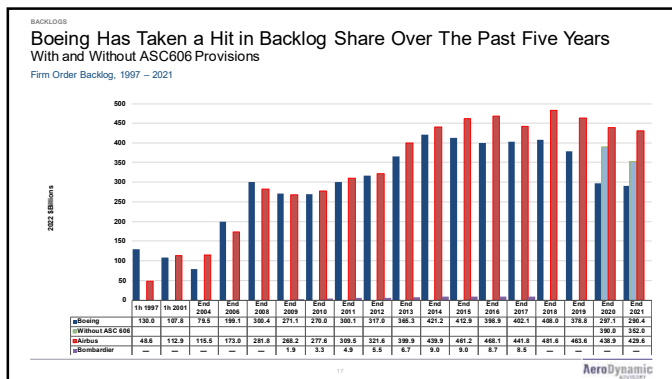
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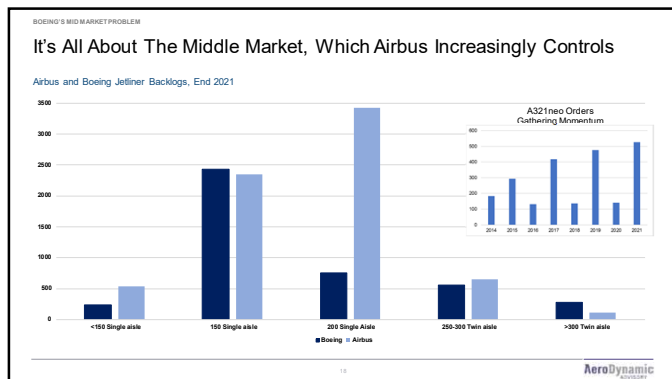
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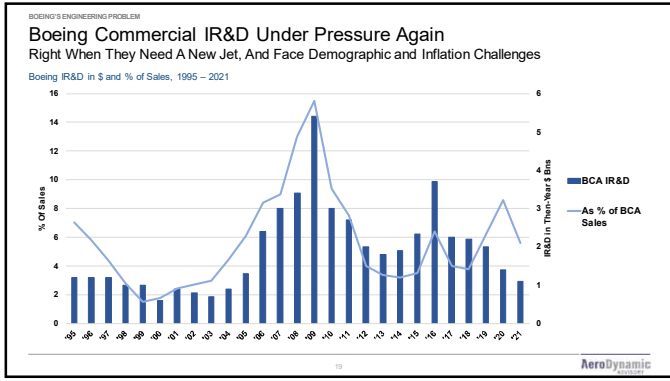
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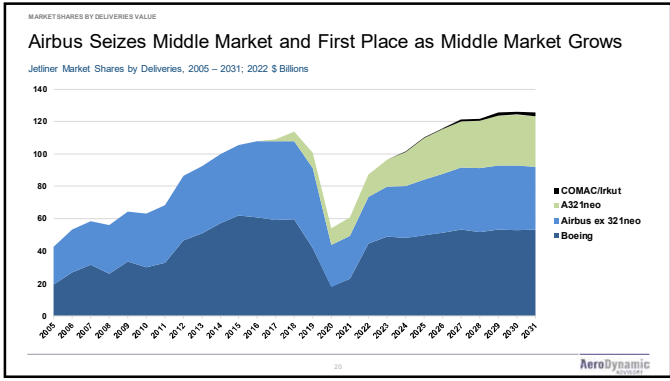
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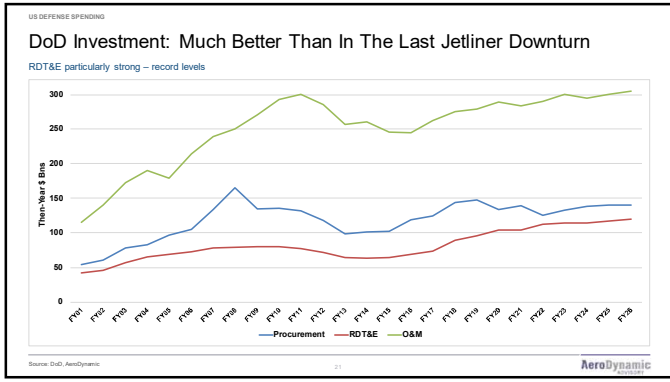
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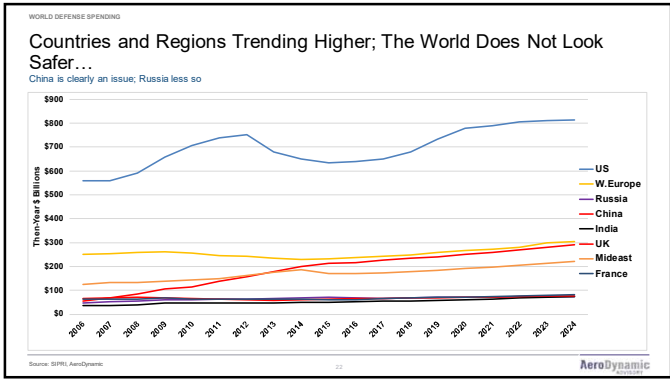
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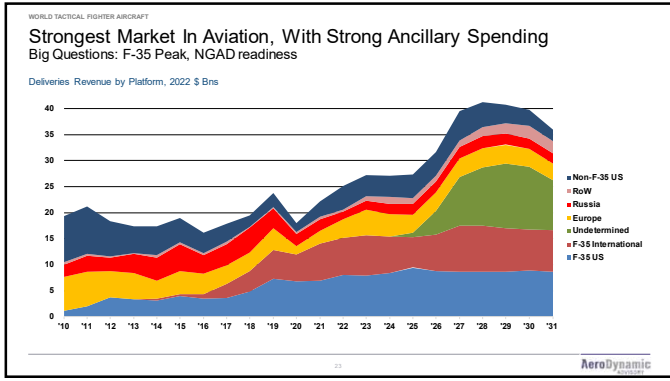
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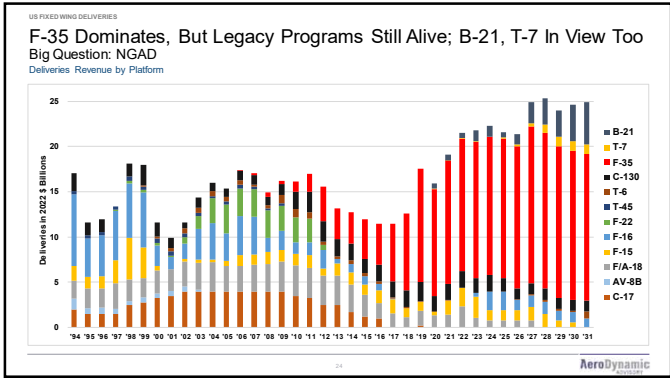
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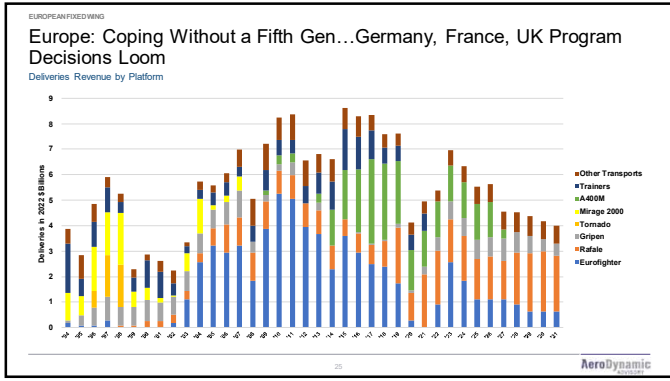
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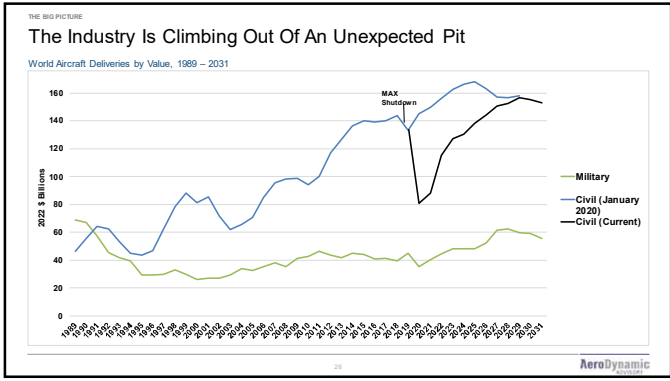
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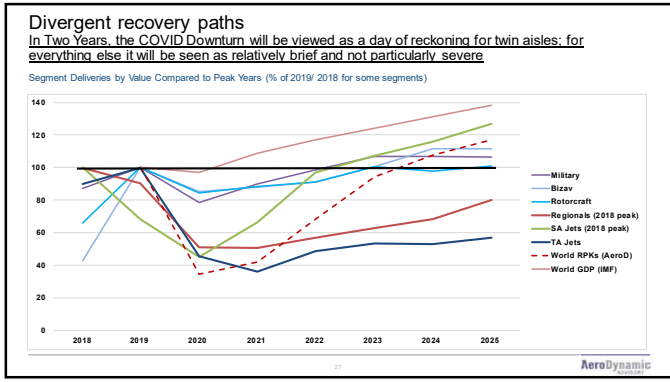
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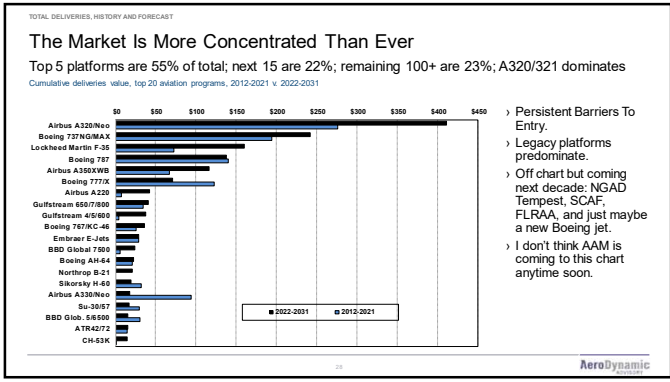
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Thank You



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