UK Aerospace Industry Report

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UK AEROSPACE INDUSTRY RESEARCH REPORT

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After researching the UK aerosapce industry development and taking into account various other factors the following conclusions can be drawn from MBD's report:

MARKET REVIEW 2001-2005:

Turnover of the UK aerospace industry has increased in nominal terms during most years since 2001, with the exception of a strong 12% decline in 2002, following the September 2001 terrorist attacks and coinciding with a global economic downturn. In 2004, sales increased by a moderate 5%, followed by significant nominal growth of 25% in 2005, taking turnover to some Â£22.7 billion. In the latter year, strong growth was recorded in both the defence and civil aerospace sectors, with growth in defence sales overall exceeding turnover growth recorded in the civil sector. Revenue in the defence sector was driven by increased sales to the UK government and other aerospace companies, while turnover in the civil sector was boosted by strong growth in international sales. The strong increase recorded in 2005 suggests that the aerospace industry has now fully recovered from the downturn in the early part of this decade.

MARKET FORECAST 2006-2010:

Forecasting the development of the UK market for air defence equipment is hindered by the political nature of the market. Individual projects can last over many years, with the value of these contracts spread accordingly, and the market is exposed to changes in expenditure for political reasons. MBD expect regular increases in total managed expenditure between 2006/07 and 2008/09, culminating in an overall estimated increase of 11%.Total DEL is anticipated to be increased by between 5% and 7% annually between 2007 and 2009. Overall, DEL is forecast to increase by 11% between 2007 and 2009. Defence DEL is also expected to be increased up to 2009, albeit at a more moderate level than overall DEL, Indeed the proportional importance of Defence to total DEL is expected to decline from 10% in 2007 to 9.2% in 2009.

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