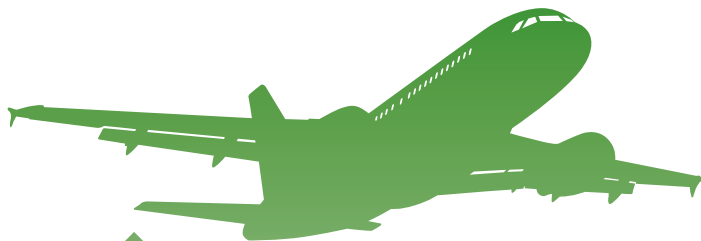


Global Aerospace & Defense Industry outlook Expect another record year for commercial aerospace and continued declines in defense



Increase in commercial

The projected increase in commercial aerospace will be driven by:

- Accelerated replacement cycle of obsolete aircraft with next generation fuel-efficient aircraft
- Continued increase in passenger travel demand (projected to increase 5 percent over the next 20 years)



Over the next decade by 2023, commercial aircraft annual production levels are anticipated to increase significantly by an estimated **25 percent.**

2014 will likely bring high single to double-digit levels of growth in the commercial aerospace sub-sector.



The projected decrease in defense spending is largely driven by:

- Reduced armed conflict in Iraq and Afghanistan
- Affordability concerns in many traditional militarily-active governments

Decrease in defense



It is anticipated for 2013,

global revenues for defense companies

will track to similar levels in the past two years, around an estimated

minus 2.5 percent

Defense spending is **increasing** in **several areas** of the **globe** — namely, the Middle East, India, China, Russia, South Korea, Brazil, and Japan.

“Overall, global Aerospace & Defense sector revenue growth in the 5 percent range is expected for 2014.”

— Tom Captain, Global Aerospace and Defense Sector Leader, Deloitte Touche Tohmatsu Limited



2013 Financial performance summary

This chart provides an update on the financial performance of the Top 20 Global and U.S. Aerospace & Defense (A&D) Companies, separated by commercial A&D.

Top 20 global and U.S. A&D companies		Nine months ending September 2013	Nine months ending September 2012	Percentage change
Top 20 Global A&D companies	Commercial aerospace	185.5	169.7	9.3%
	Defense	195.9	197.0	-0.6%
Top 20 U.S. A&D companies	Commercial aerospace	114.2	106.7	7.0%
	Defense	162.9	167.1	-2.5%

Revenues are in US\$ billion.

To download the complete report, visit www.deloitte.com/us/2014ADoutlook

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