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

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

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)

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

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.

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

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

<table>
<thead>
<tr>
<th>Top 20 global and U.S. A&amp;D companies</th>
<th>Nine months ending September 2013</th>
<th>Nine months ending September 2012</th>
<th>Percentage change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top 20 Global A&amp;D companies</td>
<td>Commercial aerospace</td>
<td>185.5</td>
<td>169.7</td>
</tr>
<tr>
<td></td>
<td>Defense</td>
<td>195.9</td>
<td>197.0</td>
</tr>
<tr>
<td>Top 20 U.S. A&amp;D companies</td>
<td>Commercial aerospace</td>
<td>114.2</td>
<td>106.7</td>
</tr>
<tr>
<td></td>
<td>Defense</td>
<td>162.9</td>
<td>167.1</td>
</tr>
</tbody>
</table>

Revenues are in US$ billion.

---

**About Deloitte**

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms. Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte has in the region of 200,000 professionals, all committed to becoming the standard of excellence.

**DTTL Global Manufacturing Industry group**

The DTTL Global Manufacturing Industry group is comprised of around 2,000 member firm partners and over 13,000 industry professionals in over 45 countries. The group’s deep industry knowledge, service line experience, and thought leadership allows them to solve complex business issues with member firm clients in every corner of the globe. Deloitte member firms attract, develop, and retain the very best professionals and instill a set of shared values centered on integrity, value to clients, and commitment to each other and strength from diversity. Deloitte member firms provide professional services to 80 percent of the manufacturing industry companies on the Fortune Global 500®. For more information about the Global Manufacturing Industry group, please visit www.deloitte.com/manufacturing.

**Disclaimer**

This publication contains general information only and Deloitte is not, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business.

Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor.

Deloitte shall not be responsible for any loss sustained by any person who relies on this publication.

© 2014 Deloitte Global Services Limited