

## News Release

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### **European A&D industry gains momentum with 5.4 percent revenue growth in 2013, projected to increase through 2014**

*Report finds overall global A&D growth slowing despite strong commercial aerospace and continued contraction in defense*

**NEW YORK, 14 July 2014**— The European aerospace and defense (A&D) sector revenue growth rate of 5.4 percent outpaced the United States' growth rate of 1.3 percent, mostly attributed to the negative revenue performance of the U.S. defense subsector and the strong revenue performance of key European commercial aerospace companies.

However, according to the Deloitte Touche Tohmatsu Limited (Deloitte Global) Global Manufacturing Industry group's [2014 Global aerospace and defense sector financial performance study](#), Europe continues to lag the U.S. in profit margin performance due mainly to one-time charges and certain difficulties in rationalizing assets and reducing labor costs. The report finds that some level of regional consolidation may be needed in order to gain economies of scale, should that coincide with national employment and defense policies.

“Europe is a critical geographic region with European headquartered companies representing nearly 35 percent of total global A&D revenues,” said Tom Captain, A&D Sector Leader, Deloitte Global. “Even though the global A&D industry revenue growth rate declined from 5.9 percent to 3.1 percent in 2013, it added US\$21.4 billion in revenues to the global industry.”

Additionally, the report projects that above average revenue growth will continue, if not accelerate slightly for the remainder of 2014 due to rate increases for commercial aerospace, new product introductions, and a flattening of government defense spending in both Europe and the United States.

View the report at: [www.deloitte.com/globaladstudy](http://www.deloitte.com/globaladstudy)

#### **About the study**

The DTTL Global Manufacturing Industry group's *2014 Global aerospace and defense sector financial performance study* analyzes the top 100 A&D companies or business units of industrial conglomerates with A&D businesses that reported revenue of more than US\$500 million in 2013 with financial statements filed by 31 December 2013 unless otherwise specified. The study was conducted by assessing performance based on calculating 26 key financial metrics. These include key nominal and growth metrics for revenue, operating earnings, operating margin, return on invested capital (ROIC), free cash flow (FCF), free cash margin (FCM), book-to-bill (BTB) ratio, employee productivity, and equity market performance.

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## **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 78 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](http://www.deloitte.com/manufacturing).

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