

**MEXICO *NOW***

# **Mexico's Aerospace Summit**

Industry Analysis - Near Shore Manufacturing

**Queretaro, Mexico**

**October 4-5, 2012**



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# The Global Aerospace & Defense Outlook: Opportunities for Mexican Industry

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Global Head of Aerospace & Defense

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**30,000 Foot View**

**Sector Trends**

**Mexico's  
Opportunity**

**The Way Forward**

# A tale of two sectors

## Major challenges facing the industry

Slow economic recovery

Increased regulation

Pressures on capacity to meet aviation boom

Decline in military spend

## These macro shifts will drive...

New efficiencies

Enhanced controls

Greater consolidation



# What the aerospace market is saying

## Challenging Economy

**Military spending cuts squeeze suppliers – CEOs**

*Reuters, 7 September 2012*

*Eurozone crisis returns to rattle markets after period of calm*

*- The Guardian, 26 September 2012*

**White House warns of massive defense, domestic cuts**

*- USA Today, 14 September 2012*

## Consolidation and Competition

**Are More Mergers Ahead? BAE-EADS Talks Could Spark More Tie-ups**

*Defense News, 15 September 2012*

**\$18.4 billion buy of Goodrich by UTC could offer M&A targets for defense contractors**

*Washington Business Journal, 27 July 2012*

**Chinese firm to buy HawkerBeechcraft in \$1.8B deal**

*USA Today, 7 July 2012*

## Demand for New Aircraft



## Asia-Pacific Growth

**Boeing Boosts New Airplane Demand Forecast in China**

*ASDNews, 24 September 2012*

**India further eases defence offsets norms**

*IBNLive, 3 April 2012*

**Asia-Pacific Region Is Fertile Ground for Low-Cost Airlines**

*New York Times, 13 June 2012*

# Commercial segment outlook

Commercial  
Air Transport

Maintenance,  
Repair &  
Overhaul (MRO)

Commercial  
Rotorcraft  
Market

Business Jet  
Market



Strong  
growth  
projected

Growing global  
market across all  
products

Flat over next  
several years

Depressed with  
slow recovery

# Mexico's aerospace export values expected to grow 133% by 2020

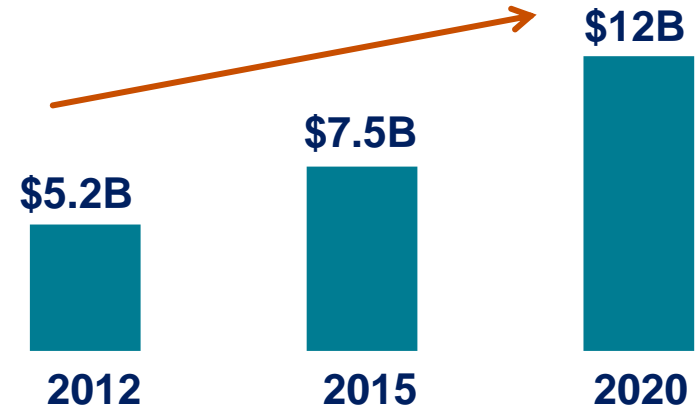
Low cost manufacturing base

Geo-strategic location

Skilled workforce

Easy access to raw materials

Mexico's aerospace industry exports (USD)



Mexico's aerospace opportunity

# Imperatives for accelerated growth



Maintain cost competitiveness



Become a value-added supplier



Buy or partner to fill capability gaps and expand into new markets



Provide safe and secure transportation infrastructure



Increase technical and manufacturing capabilities



Proactively respond to changing regulations



# The way forward for Mexico's A&D industry

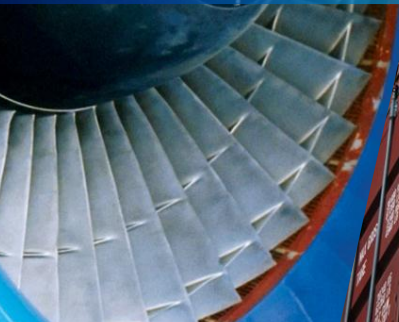
**Vision, investment, and a robust strategy are key to moving up the value chain**

Design and Lead

Partner and Deliver

Buy and Assemble

Build Components



*Questions?*





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