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Airlines: Estimations for 2012



On June 11, 2012, The International Air Transport Association (IATA) released its revised industry outlook for 2012. According to it, the Global industry profits are expected to reach three billion US dollars, unchanged from the last update in March. Nevertheless, some positive facts, such as the fall of oil prices, stronger than expected growth in passenger traffic and a standstill of the freight market are leaving room for a positive prediction in the future. On the other hand the continued European economic crisis still creates concerns about the future outlook of the airline industry. It will be important to notice that this will be the second year of declining returns since airline profits peaked in 2010 at 15.8 billion US dollars with a net profit margin of 2.9%. In 2011, the industry profits fell to \$7.9 billion for a 1.3% net profit margin. This year's projected \$3.0 billion industry profit would yield a net profit margin of 0.5%.

Significant differentiations have been observed between different regions, in comparison with the previous forecast IATA released in March. There are two regions, namely North American and Latin American the carriers of which are expected to see improved prospects, while European, Asia-Pacific and Middle Eastern carriers' prospects have been downgraded. It is estimated that loses of the European carriers are expected to be around 1.1 billion US dollars a number that is almost twice the previously forecast of 600 million. The outlook for African carriers remains unchanged.

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Regional Estimations of Airlines profitability at Billion US Dollars

| Region | June Estimations | March Estimations |
|---------------|------------------|-------------------|
| North America | 1.4 | 0,9 |
| Asia Pacific | 2.0 | 2.3 |
| Middle East | 0.4 | 0.5 |
| Europe | -1.1 | -0.6 |
| Latin America | 0.4 | 0.1 |
| Africa | -0.1 | -0.1 |

The International Air Transport Association (IATA)

As it is mentioned the North American carriers are expected to post a profit. This is estimated to 1.4 billion US dollars slightly ameliorated from the March \$0.9 billion projection and a slight improvement on the 1.3 billion profitability region's carriers had in 2011. The main reason behind this is the tight capacity management. North American airlines saw international demand expand by 1.6% in April 2012 compared to the same month of the previous year. Additionally, North American airliners cut capacity by almost 1.5% a fact that allowed the region's carriers to post a very strong load factors at 80.8%. Their counterparts in Latin American are expected to post profits of \$0.4 billion. This is a \$0.3 billion improvement compared with the March projections.

Asia Pacific is the second region expected to have profitability. Actually, Asia-Pacific carriers are expected to make the largest contribution to industry profits (\$2.0 billion), despite the fact that the estimation has been downgraded by 0.3 billion from the previous outlook. Nevertheless, expected profitability is less than half the 4.9 billion US dollars profit that the region delivered in 2011.

Expected profits of the Middle East carriers are also downgraded. June estimations predict profits of 0.4 billion US dollars, down from the March projection of \$0.5 billion. This is a significant drop compared with 2011, when the region's carriers returned a profit of \$1.0 billion.

Amid the European economic crisis the carriers of the region are expected to post the industry's largest aggregate losses of 1.1 billion US dollars. This is a 0.5 billion downgrade from the March forecast.

The outlook of the African region remains unchanged. Expected losses are estimated to 0.1 billion USA dollars as it was in the March outlook. This is a downgrade on the break-even performance in 2011.



Kyriazis Vasileios,
Epicos Newsletter Head Editor

Airbus: Orders and Deliveries for 2012



May was a rather “busy” month for Airbus. With the net orders made during May, overall orders for all Airbus aircraft types during the first five months in 2012 totaled (132). The number for the same period last year was (97) representing a significant increase. Additionally, with the deliveries made during May Airbus made a combined total of (228) deliveries to (63)

customers since the beginning of the year. The corresponding number for the same period of the previous year was (217). Finally, at the end of the month, Airbus backlog stood at (4,341) aircraft, composed of (3,293) A320 Family jetliners; (870) from the A330, A340 and A350 XWB product lines; along with (178) A380s.

With the (37) new bookings, the aircraft of the A320 family was the most active of the company this month. Additionally, Airbus provided (34) aircraft to customers raising total deliveries beyond the (5,100) milestone.

Additionally, Airbus registered in its order book the acquisition of (36) A320neo aircraft from the company Air Lease Corporation following up a memorandum of understanding announced at last year’s Paris Air Show. With this order, the US leasing company total orders increased to (100).



Among the deliveries made in May were (3) A380s - including the first for Malaysia Airlines. With this delivery, Malaysia Airlines became the eighth airline worldwide - and fifth in the Asia-Pacific region - to introduce the double-deck aircraft into its fleet. The aircraft will be used for operations from Kuala Lumpur to London.

In another notable delivery activity for May, (6) A320s were provided to China Eastern. Additionally, Air Asia added the (100th) A320 to its inventory. Air Asia currently has (375) A320s on order, including Airbus’ A320neo (new engine option) version.

Currently the worldwide Airbus orders totals (11611) whereas there are (6780) aircraft in operation.

| | A300/ A310 | Single Aisle | A330/ A340/ A350/ | A380 | Total |
|------------------------------|------------|--------------|-------------------|------|-------|
| Total Orders | 816 | 8418 | 2124 | 253 | 11611 |
| Total Deliveries | 816 | 5125 | 1254 | 75 | 7270 |
| Aircraft in Operation | 492 | 4979 | 1234 | 75 | 6780 |

Kyriazis Vasileios,

Epicos Newsletter Head Editor

Epicos "Industrial Cooperation and Offset Projects"



Epicos "Industrial Cooperation and Offset Projects" provides a unique set of online tools enabling the structure, identification and implementation of comprehensive Offsets programs, through a searchable database. By introducing different offset projects and ideas proposed by local A&D industry it ensures the optimum cost for Prime Contractors and reassures that the priorities of local industry are fully met...

[For Further Information Press Here](#)

Cable harnessing for military, aeronautical and space applications



A company with long standing experience in the field of cabling for industrial and communication purposes is willing to expand the activities in the field of specialized cabling for military and aerospace applications.

[For Further Information Contact our ICO Department](#)

Mail at: g-menexis@epicos.com

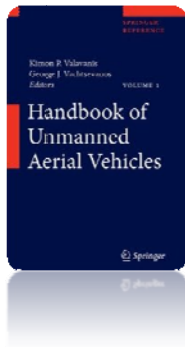
Design and development of advanced Medium-Altitude, Long-Endurance (MALE) UAV systems for scientific applications using composite material technology



A company with extensive experience in providing state of the art technological services and products for the aeronautical sector is proposing, in the frame of an offset program, the collaboration with an Aerospace & Defense company or technological institute for the design, development and manufacturing of advanced Medium Altitude Long Endurance (MALE) Unmanned Aerial Vehicles (UAV) systems using composite material technology and which will be used for scientific applications.

[For Further Information Contact our ICO Department](#)

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Epicos- Amazon**Handbook of Unmanned Aerial Vehicles, by Kimon P. Valavanis, George J. Vachtsevanos**

diverse audience.

The main goal of this reference work is to be a comprehensive resource for the academic and research communities, industry, and governmental organizations that use Unmanned Aerial Vehicles (UAVs) in a wide spectrum of applications. The Handbook covers all aspects of UAVs, from design to users. The Handbook is arranged in a user-friendly format divided into easily accessible subject-specific parts. Each part contains thematic chapters written by internationally renowned authors who are authorities in their respective fields. It contains material that addresses the needs and 'know how' of all of the above sectors targeting a very

Aircraft Design a Conceptual Approach, by Daniel P. Raymer

This textbook presents the entire process of aircraft conceptual design - from requirements definition to initial sizing, configuration layout, analysis, sizing, optimization, and trade studies. Widely used in industry and government aircraft design groups, "Aircraft Design: A Conceptual Approach" is also the design text at major universities around the world. A virtual encyclopedia of engineering, it is known for its completeness, easy-to-read style, and real-world approach to the process of design.



AirAsia head set to move to new Indonesia centre

Budget carrier AirAsia is setting up a strategic planning centre in Indonesia, away from its Malaysian headquarters, with head Tony Fernandes expected to expand regional operations from there.

Fernandes, chief executive officer of AirAsia and currently head of its Malaysia operations, is expected to move to the centre in Jakarta, a spokesman confirmed Wednesday.

"Shifting AirAsia's emphasis to a regional strategy is, we believe, not just good business, but also a move that will keep us ahead of the inevitable competition that is heading our way," Fernandes said in a statement.

The carrier will name Fernandes' replacement for its Malaysia operations next Monday. The group headquarters will remain in Malaysia, officials confirmed.

Asia's largest budget airline has boomed from a decade ago, when it only had two aircraft.

But even now it still has only 18 planes in Indonesia -- which has a population of 240 million - - compared to 24 in Thailand and 58 in Malaysia, the firm said in the statement.

The Jakarta base will also help it lobby the 10-member Association of South East Asian Nations, whose secretariat is in the Indonesian capital, it added.

AirAsia Indonesia is planning to list on the Jakarta Stock Exchange by the end of 2012, and Fernandes said the company was looking to form five more joint ventures with regional airlines over the next two years.

When he took over the then ailing carrier a decade ago it had two Boeing 737s, six domestic routes and a staff of 250 Malaysian nationals.

The group now includes six airlines -- AirAsia Malaysia, AirAsia Thailand, AirAsia Indonesia, Philippines' AirAsia, AirAsia Japan and AirAsia X -- serving 80 destinations, more than 100 Airbus A320s and around 10,000 international staff.

Source: 2012 AFP, Agence France-Presse (AFP)

Air industry head asks EU to postpone carbon tax

The head of airline industry group IATA on Tuesday urged the European Union to postpone its controversial carbon tax scheme, amid warnings it could spark a trade war that would penalise Europe.

The scheme -- under which airlines flying to, from or in the EU must pay a tax if they exceed their carbon allowance -- has caused a major outcry among carriers, which say they are already struggling due to global economic woes.

Already, EU authorities have had to push back a deadline for airlines to comply to mid-June after Chinese and Indian carriers refused to cooperate with the scheme, which came into effect on January 1.

"The European Commission have said all the time 'we cannot amend our scheme'... but as soon as the Indian and Chinese carriers didn't comply they gave them more time," said Tony Tyler, head of the International Air Transport Association.

"There is obviously some flexibility. So why don't they postpone the whole thing? Make the deadlines flexible," he told reporters at IATA's annual general meeting.

In February, China's aviation watchdog forbade Chinese airlines from participating in the so-called Emissions Trading Scheme (ETS).

"The scheme will result in growing costs for air carriers and these costs will be transferred to passengers," Wang Changshun, chairman of the Chinese state-owned carrier, said at the annual meeting.

The ETS tax will cost China's aviation industry 790 million yuan (\$124 million) this year and an estimated 3.7 billion yuan by 2020, he added.

IATA officials have warned the scheme could trigger a trade war, with governments and airlines refusing to buy European planes and aviation equipment or to give overflight permission to European carriers in retaliation.

"No airline -- European or otherwise -- should be a target for retaliation because European governments are acting extra-territorially," Tyler said in his opening remarks on Monday.

Brian Steele, IATA's director of aviation environment, told reporters IATA was working with the UN's International Civil Aviation Organisation (ICAO) to create a multilateral solution.

The proposed solution -- which both bodies hope will persuade Europe to step back from the ETS -- is expected to be finalised by the end of 2012.

Source: 2012 AFP, Agence France-Presse (AFP)

Australia Kicks Off Submarine Replacement

CANBERRA (UPI) -- Australia's largest defense project got under way with the first meeting of government and industry leaders who will look at skills needed for the 30-year submarine project.

The Expert Panel of the Future Submarine Industry Skills Plan has begun consultations with defense manufacturers and educational institutions to identify the country's skills base within the ship construction supply chain as a prelude to tendering and production.

On the Expert Panel are senior executives from Australia's main shipbuilders ASC, Austal, BAE Systems and Forgacs Engineering as well as chief executive officers of major naval systems integration companies -- Lockheed Martin, Raytheon, Boeing, Thales, Saab Systems and BAE Systems.

Also on the panel are representatives from unions and the government's Department of Industry, Innovation, Science, Research and Tertiary Education.

Last month the government set aside \$214 million for initial studies to determine the country's submarine building capability to construct the 12 ships, none of them to be nuclear. The government is also looking at land-based test facilities.

"The Future Submarine Project is the biggest and most complex defense project Australia has ever embarked upon," Minister for Defense Materiel Jason Clare said.

"Hundreds of companies and thousands of workers will be required to support the construction of Australia's future submarines. The Industry Skills Plan will establish a road map to build and sustain the skills required to successfully deliver Australia's Future Submarine capability," he said.

The panel's terms of reference means it will be looking at systems design, naval architecture, propulsion and combat system engineering, production engineering, project planning and control, production scheduling, material procurement, risk management, budget control and financial accounting.

Also investigated will be Australia's supply of hard manufacturing and trade skills such as welders, boilermakers and electricians.

The government is considering the purchase of off-the-shelf ships from French builder DCNS, designer of the Scorpion, HD of Germany which builds the Type 212 and Type 214 submarines and from Nirvana in Spain, designer of the S-80 submarine.

In December the Department of Defense issued requests for information to DCNS, HD and Nirvana. It also signed a deal with Babcock for a study into a land-based propulsion test site, a report by Defense.com news Web site said.

But the government, in an effort to keep its six Collins class submarines updated until the new boats arrive, is talking with Swedish ship designer and builder Kockums to study obsolescence issues that may arise.

The Collins class submarines were built in the 1990 and 2000s and decommissioning will start likely by 2025.

Australia first set out its submarine replacement strategy in the 2009 White Paper Defending Australia in the Asia Pacific Century: Force 2030.

The fleet is being enlarged because of concerns over increases in the naval forces of Australia's Southeast Asian neighbors, in particular China which is in the process of introducing its first aircraft carrier.

Source: 2012 AFP, Agence France-Presse (AFP)

China says to build 70 new airports by 2015

China will build 70 new airports within the next three years, the head of the country's aviation watchdog said Monday, as part of ambitious expansion plans in the industry despite an economic slowdown.

Civil Aviation Administration of China (CAAC) chief Li Jiaxiang also reiterated pledges that carriers would buy on average more than 300 planes a year from 2011 to 2015 -- the country's current five-year economic plan.

"China plans to build 70 new airports in the next few years and to expand 100 existing airports," he told delegates in Beijing at the annual general meeting of global airline industry group IATA.

He added that the number of airports would reach more than 230 by the end of 2015, and that Chinese carriers would operate around 4,700 planes by then. The aggressive expansion comes after IATA head Tony Tyler warned that global airline profits would more than halve this year on the back of surging oil prices and the eurozone crisis.

The airline industry in the Asia-Pacific region is expected to turn in a \$2 billion profit in 2012, according to IATA figures released on the sidelines of the AGM, but this still represents less than half of the region's 2011 profit.

The group did not provide specific projections for the China market -- which has so far experienced booming growth due to rising demand for air travel as increasingly affluent Chinese people travel more frequently.

But it said part of the reason behind the projected drop in profits in Asia-Pacific was a slowdown in the Indian and Chinese economies.

Growth in China, the world's second largest economy, slowed to 8.1 percent in the first quarter of 2012 -- its slowest pace in nearly three years.

But Ma Kai, a state councillor in charge of economic development, said at the AGM that China's aviation market had the "biggest growth potential" in the world.

"Ever since 2005, the industry has realised an annual growth rate of 17.5 percent," he said.

"We have contributed to the current development of growth in the global civil aviation industry and will continue to do so for the time to come."

Li added that by the end of 2011, China had 2,888 commercial planes in operation and its aviation industry employed 1.2 million people.

Source: 2012 AFP, Agence France-Presse (AFP)

DCNS and Pipavav team up to address India's naval needs

DCNS and Pipavav have decided to establish a strategic partnership for bringing DCNS technologies, methods and skills into Pipavav, India's first and largest integrated defence company. The focus of the teaming is to build the highest state of the art strategic assets including modern warships for the Indian Navy and Coast Guard.

Speaking on the partnership, Patrick Boissier, DCNS Chairman and CEO stated: "Through the P75 Scorpene submarines, the on-going indigenization programme and DCNS India, we are working to enlarge our footprint in India. This strategic partnership with Pipavav again demonstrates DCNS' confidence in the growing capabilities and long term development of the Indian Defence industries".

Nikhil Gandhi, Pipavav Chairman declared "DCNS is well known for its high tech and very efficient platforms such as Scorpene submarines, Mistral-Class LPDs, FREMM frigates and innovative Gowind vessels (Corvettes and Offshore Patrol Vessels) among others. DCNS and Pipavav are to provide India with advanced expertise on naval ships. The synergies between India's largest integrated shipyard and the proficiency of the largest European naval defence company will allow cost effective and timely manufacturing of high class vessels for the benefit of all Customers".

Pierre Legros, DCNS Head of the Surface Ships division concluded "DCNS's pledge is to become a key technology and Know-How Provider (KHP) to Pipavav. Our objective is to propose modern manufacturing processes together with state of the art platforms. DCNS is committed to transfer the technologies needed to support India's National security needs".

The partnership is expected to boost India's drive for self-reliance in the field of defence manufacturing and to create a large number of local jobs. It will further strengthen the solid Indo-French strategic relationship in the defence sector.

About Pipavav

Pipavav Defence & Offshore Engineering Company Limited ("Pipavav") is a leading company in the Indian Defence Sector. It is involved in the business of naval shipbuilding, repair & dry-docking and has the capability to build all types of assets required by the Indian Navy and the Indian Coast Guard. Pipavav is expanding its footprint in the Defence Weapon Systems manufacturing field with regard to Land & Air Based Weapon Systems and Sub-systems. Pipavav has pioneered public-private partnership in the Indian naval sector. The company was recently chosen by Defence PSU Mazagon Dock Limited to form a Joint Venture to build warships for the Indian Navy. Pipavav is ISO certified and has achieved the following standards - ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007. The yard's achievements include construction of 74,500 dwt Panamax Dry Bulk Carriers, which are the largest dry bulk carriers of their class ever built in India.

About DCNS

DCNS is a world leader in naval defence and an innovative player in energy. The Group's success as an advanced technology company with global reach is built on meeting customer needs by deploying exceptional know-how and unique industrial resources. DCNS designs, builds and supports surface combatants, submarines and mission-critical systems and equipment incorporating the most advanced technologies. It also proposes services for naval

shipyards and bases. Last but not least, DCNS offers a range of solutions in civil nuclear engineering and marine renewable energy. DCNS is committed to sustainable development and was one of the first defence contractors to achieve Group-wide certification to ISO 14001. In recognition of the success achieved by its Filieres du Talent knowledge sharing programme, DCNS was awarded the Trophée National de l'Entreprise Citoyenne (national award for corporate citizenship) under the patronage of the French Senate. The Group employs 12,800 people and generates annual revenues of around €2.6 billion.

www.dcnsgroup.com

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