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Airline Carriers: Future Estimations



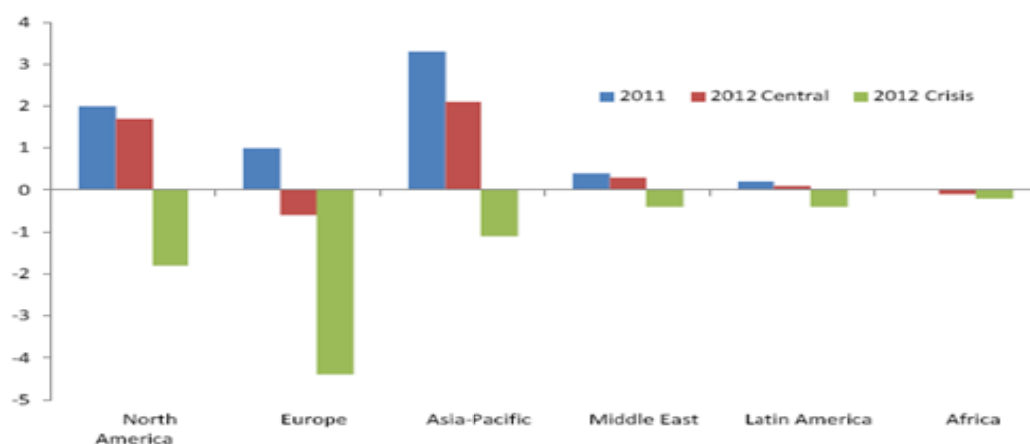
Currently, Europe is facing a stern economic and political crisis. This has affected several domains of the economic activities of the continent and of the world in general. Airlines are amongst the domains that have been affected. According to the International Air Transport Association (IATA) profitability of airlines for 2011 remains weak but unchanged

at \$6.9 billion for a net margin of 1.2%. Looking ahead to 2012, IATA downgraded its central forecast for airline profits from \$4.9 billion to \$3.5 billion for a net margin of 0.6%. Nevertheless, if the Eurozone crisis evolves into a full-blown banking crisis and European recession, IATA estimates that global aviation industry may suffer losses exceeding \$8 billion in 2012.

This is further highlighted in the statement of Tony Tyler, IATA's Director General and CEO who said that: "The biggest risk facing airline profitability over the next year is the economic turmoil that would result from a failure of governments to resolve the Eurozone sovereign debt crisis. Such an outcome could lead to losses of over \$8 billion-the largest since the 2008 financial crisis".

As it is clearly shown from the abovementioned ascertainment European airlines predicted to be hit harder from the crisis that European Union is currently facing. According to IATA's estimations European airlines are expected to experience small losses. Regarding North American Airlines capacity cuts are expected to provide some protection to profitability, whereas in Asia IATA's estimations predict significant profits generated by high load factors on China's expanding domestic market.

Regional divergence in net post-tax profits, US\$ billion



Source: IATA

During the 3rd quarter of 2011 air travel demand provided an important support to airline cash flows and profitability. On the other hand freight markets had already begun to decline by the middle of the year. It is indicative that between May and October worldwide air freight markets shrank by 5%. The explanation to this trend is that the bend in world trade

and business confidence has led shippers to switch to cheaper methods of transportation. This trend is expected to continue in 2012. The main reason is that even if the European governments avert a banking crisis it is highly unlikely that Europe will avoid a brief economic recession. As a result business and consumer confidence will further fall driving the downgrade in the 2012 outlook.

Kyriazis Vasileios,
Epicos Newsletter Head Editor



Global Air Transport Market: Latest Developments



The Global air transport market has been affected by the weak global economic performance. The airline share prices, according to the Bloomberg global index lost further ground in December 2011, falling by 3%. Nevertheless, airlines have done quite well in Q3, with a sample of 61 carriers reporting \$5 billion in net profits, according to the International Air Transport Association (IATA).

Significant differentiations have been observed between different regions. This can be attributed to the fact that currently European Union is harder hit by the economic crisis, thus creating a volatile economic climate in the continent.

According to the statistic data provided by IATA global passenger load factors have fallen sharply in November 2011 to 76.3% from 78.5% that it was in October of the same year. As it is already mentioned regional differences were sharp. While North American carriers saw a 0.8% decline in travel, carriers in the Middle East experienced a 10.1% increase, followed by 9.0% for Latin American airlines.



In order to have a better understanding of these regional differentiations we can have a look of international travel markets of different regions.



In North America airlines saw international demand shrink by 1.2% on November 2011 compared to the same month of the previous year, roughly in line with a 1.0% reduction in capacity. European Airlines, demand grew 4.9% compared to the November of 2010 while capacity increased by 5.3%. This was definitely a steep change from the 6.4% demand growth recorded for October 2011.

Latin America and Middle Eastern carriers recorded the strongest year-on-year growth at 8.8% and 9.8% respectively. For both regions capacity surpassed the growth in demand with the Middle Eastern carriers growing their capacity by 10.4% and Latin American carriers by 11.4%.

In the Asia-Pacific region airlines experienced a 2.4% growth in year-on-year demand which is less than half the 5.4% growth in capacity, where as African carriers reported 2.6% growth in demand which is twice the 1.3% capacity expansion.

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...

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Installation of an advanced intruder detection system for high security level military and governmental installations



A company specialized in the development and production of Electro-Optical and Precision Motion Control Systems for the aeronautical and military industry, is proposing, in the frame of an offset program, the collaboration with military or homeland security authority for the installation of an advanced intruder detection system for high security level military and governmental installations. The proposed system will be based on an existing product of the company and also could be integrated with an existing or new installed Closed Circuit TV (CCTV) system.

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

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Development of an airborne multi-system platforms upgrade system with state of the art data bus recording and evaluation capabilities



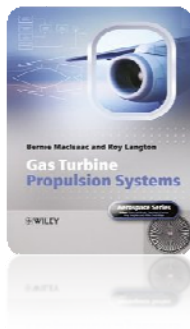
A company world leader in avionics communication board and system level products, is proposing, in the frame of an offset program, the collaboration with prime contractors or military and homeland security authorities for the development of an airborne multi-system platforms upgrade system with state of the art data bus recording and evaluation capabilities. The proposed system will be based on an existing and fielded product of the company.

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Epicos- Amazon**FAR/AMT 2012: Federal Aviation Regulations for Aviation Maintenance Technicians (FAR/AIM series), by Federal Aviation Administration**

As the most accurate and reliable regulatory reference on the market for aviation maintenance technicians (AMTs), this volume of the Federal Aviation Regulations (FAR) and relevant advisory circulars clearly marks all changes from the previous year. Additional AMT references from the FAA Advisory Circular publication makes this book the most comprehensive regulations book available for aviation technician and repair centers. All data is indexed by subject matter and features the regulations from the original government text. Reformatted for better legibility, this edition offers access to a free e-mail and downloads service that posts FAR updates throughout the year.

Gas Turbine Propulsion Systems (Aerospace Series), by Bernie MacIsaac, Roy Langton

Major changes in gas turbine design, especially in the design and complexity of engine control systems, have led to the need for an up to date, systems-oriented treatment of gas turbine propulsion. Pulling together all of the systems and subsystems associated with gas turbine engines in aircraft and marine applications, Gas Turbine Propulsion Systems discusses the latest developments in the field. Chapters include aircraft engine systems functional overview, marine propulsion systems, fuel control and power management systems, engine lubrication and scavenging systems, nacelle and ancillary systems, engine certification, unique engine systems and future developments in gas turbine propulsion systems. The authors also present examples of specific engines and applications.



Air France-KLM confirms order for 25 Boeing 787 Dreamliners

Air France-KLM on Tuesday confirmed it is to buy 25 Boeing 787-9 Dreamliners, part of a major order for 50 long-haul carriers split with European rival Airbus announced last year.

"Air France-KLM confirms the signing with Boeing of a firm order contract to acquire 25 Boeing 787-9s and 25 options to buy," a spokesman told AFP.

The planes are part of an order for 50 aircraft agreed in September worth \$12 billion (9.4 billion euros), with delivery between 2016 and 2026.

The deal includes options to purchase a further 60 aircraft, making the order potentially worth \$27 billion.

"The first Boeing 787-9 will enter service with KLM in 2016 and then with Air France later," the spokesman said.

Negotiations are also underway with British engine manufacturer Rolls Royce as part of finalising the purchase of Airbus A350-900s, the direct rival to the 787, he said.

Air France-KLM is on Thursday to hold a board meeting in Amsterdam to look at austerity measures, particularly for the loss-making Air France part of the business.

Expected measures include a salary freeze and ending certain unprofitable routes.

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

EU orders Hungary to recover aid from Malev airline

The European Commission ordered Hungary on Monday to recover tens of millions of euros in aid granted to national airline Malev, saying the financing was illegal.

After a year-long probe, the European Union's competition watchdog concluded that the troubled carrier would not have been able to raise such financing in the private market.

"In order to remedy the distortion of competition brought about by the economic advantages that Malev received from the state, Hungary needs to recover the aid from Malev," the Commission said in a statement.

Privatised in 2007, Malev was effectively re-nationalised in February 2010 when the Hungarian state bought a 95-percent stake in the debt-ridden airline.

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

Loss-making Austrian Airlines ditches Boeing

Lufthansa's loss-making Austrian Airlines unit said on Tuesday it plans to ditch Boeing and fly only Airbus aircraft for medium-range flights as part of a cost-cutting programme.

The firm, owned by Germany's flag carrier since 2009, said it will replace 11 Boeing 737 aircraft with up to seven Airbus A319 or A320 planes "in order to reduce maintenance costs, improve productivity and make crew planning easier."

Austrian, which in October scrapped its target of achieving an operating profit last year, also plans to cut unprofitable routes and to reduce personnel costs, which it said are rising despite laying off 1,500 employees.

The new plan is aimed at "substantially improving the earnings power of Austria's airline and making it fit for the future once and for all," a statement said, citing tough conditions for the whole airline industry.

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

China urges US to be 'cautious' over military plan

Beijing has urged the United States to exercise caution as it refocuses its defence policy to counter China's rising military power and growing assertiveness in Asia.

China's defence ministry said a new US military strategy unveiled by President Barack Obama last week was based on "unfounded" charges, and insisted its rise presented "an opportunity, not a challenge" to Washington.

"There is a movement towards greater peace and stability across the Asia-Pacific region," said spokesman Geng Yansheng in a statement published on the ministry website late Monday.

"We urge the United States to follow the prevailing trend, take an objective and balanced view of China and its military and behave cautiously and in a manner conducive to developing good relations."

Geng's comments came hours after China's foreign ministry said the new US defence strategy was based on "groundless" and "untrustworthy" charges, and insisted it posed no threat to any nation.

Washington's focus on Asia is fuelled by concerns over China's growing navy and its arsenal of anti-ship missiles that could jeopardise US military dominance in the Pacific.

China is highly secretive about its military spending, but its People's Liberation Army has benefited from a huge and expanding budget boosted by the nation's rapid economic growth.

However, China's responses to recent US moves to boost its military presence in Asia -- including the deployment of up to 2,500 Marines to northern Australia -- have been relatively restrained.

China's official Xinhua news agency said last week it welcomed a larger US presence in Asia as "conducive to regional stability and prosperity", while urging it against "warmongering".

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

Le Qatar et le Koweït intéressés par le Rafale (Longuet)

Le Qatar et le Koweït sont intéressés par le Rafale mais leur décision dépend de celle des Emirats Arabes Unis qui négocient depuis des années l'achat de cet avion de combat, a indiqué lundi le ministre de la Défense Gérard Longuet.

M. Longuet a confirmé, en réponse à une question d'un journaliste de la presse aéronautique, que ces deux pays du Golfe, qui doivent renouveler leur force aérienne, s'étaient intéressés au Rafale de Dassault Aviation.

"Ils sont en effet intéressés mais ils ne le seront vraiment que si manifestement le premier se jette à l'eau", a-t-il déclaré.

Il a formulé le vœu que les Emirats Arabes Unis, qui négocient l'achat de 60 Rafale, se décident "dans des délais qui permettent à deux voisins qui souhaitent être interoperables avec les Emirats de prendre des décisions".

D'après les estimations de l'industrie, le Koweït a besoin de 18 à 22 nouveaux avions de combat et le Qatar de 24.

En novembre, Abou Dhabi avait qualifié l'offre de Dassault de "non compétitive" ouvrant à la concurrence un marché considéré jusque là comme acquis aux Français.

Paris n'a cependant pas perdu l'espoir de remporter ce marché pour le Rafale, un avion multirole qui n'a jamais encore été vendu à l'étranger.

DASSAULT AVIATION

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