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Boeing: Financial Results for the Third-Quarter of 2012



On October 24, 2012, Boeing Company reported of its economic performance for the third-quarter of 2012. According to it, the company showcased a net income of \$1.0 billion, or \$1.35 per share. Mr. Jim McNerney Boeing Chairman, President and Chief Executive Officer stated that “strong core operating performance drove increased earnings in both our major

businesses, along with higher overall revenues, improved cash flow, and solid earnings per share even as pension headwinds rose” and he added that: “Our Defense, Space & Security business maintained double-digit margins in a challenging environment while Commercial Airplanes continued to build momentum with 787 deliveries and 737 MAX orders. Underpinned by our solid performance to date and positive outlook, we are raising our year-end guidance for revenue, earnings and operating cash flow. We remain well positioned for long-term growth with a clear focus on quality, productivity and disciplined program execution.”

According to the economic report, Boeing Commercial Airplanes third-quarter revenue increased by 28% to \$12.2 billion on higher delivery volume. Operating margin was 9.5%. The main reason was the dilutive impact of 787 and 747-8 deliveries and higher period costs that was partially offset by lower R&D. During the third-quarter Commercial Airplanes booked 369 net orders, whereas



backlog remains strong with approximately 4,100 airplanes valued at \$307 billion. Two of the most important milestones for the department during the third-quarter were that they began major assembly on the 787-9, and in October delivered the first 787 built in South Carolina.

Commercial Airplanes Operating Results	Third Quarter	
	2012	2011
Commercial Airplanes Deliveries	149	127
Revenues	\$12,186	\$9,515
Earnings from Operations	\$1,153	\$1,085
Operating Margins	9.5%	11.4%

The total company backlog at the end of the third-quarter was \$378 billion, up from \$374 billion at the beginning of the quarter, and included net orders for the quarter of \$24 billion.

The Boeing Military Aircraft (BMA) third-quarter revenue decreased to \$3.8 billion and operating margin increased to 11.7%. Two of the most important developments during the quarter for the Boeing Military Aircraft division was that they awarded the P-8A low rate initial production contract III with the U.S. Navy, and that the first P-8I aircraft for the Indian Navy began its official flight test program.

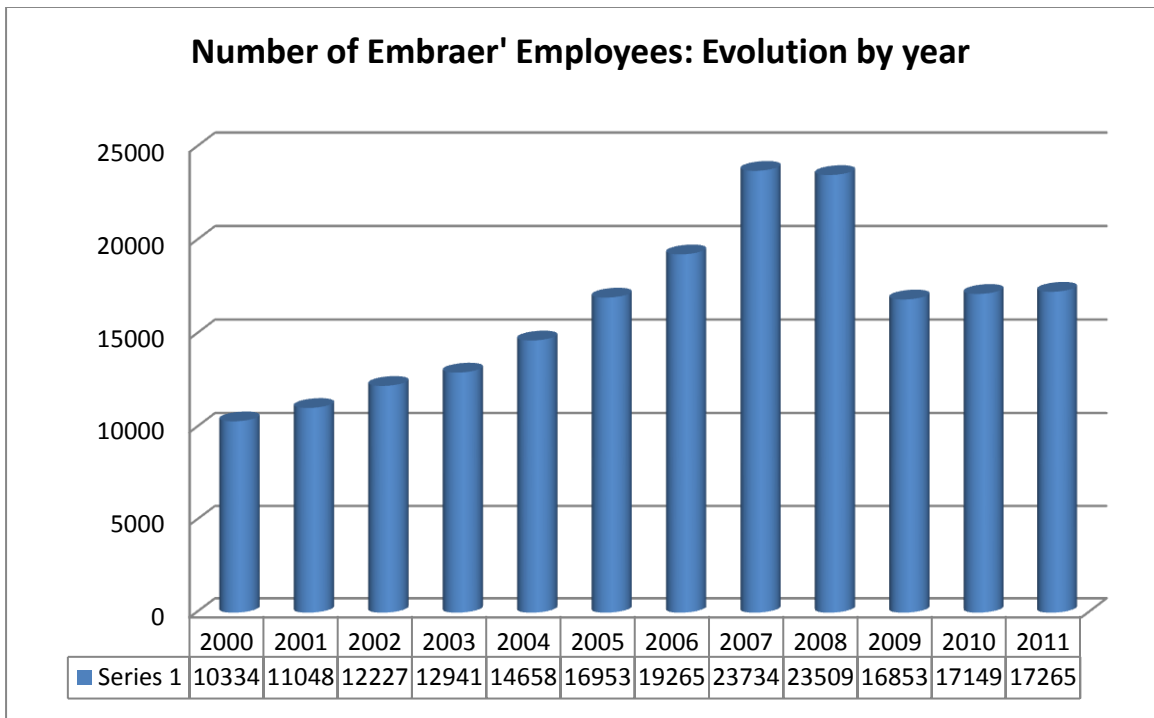
Kyriazis Vasileios,
Epicos Newsletter Head Editor

Embraer: Financial Results and Deliveries of Aircraft



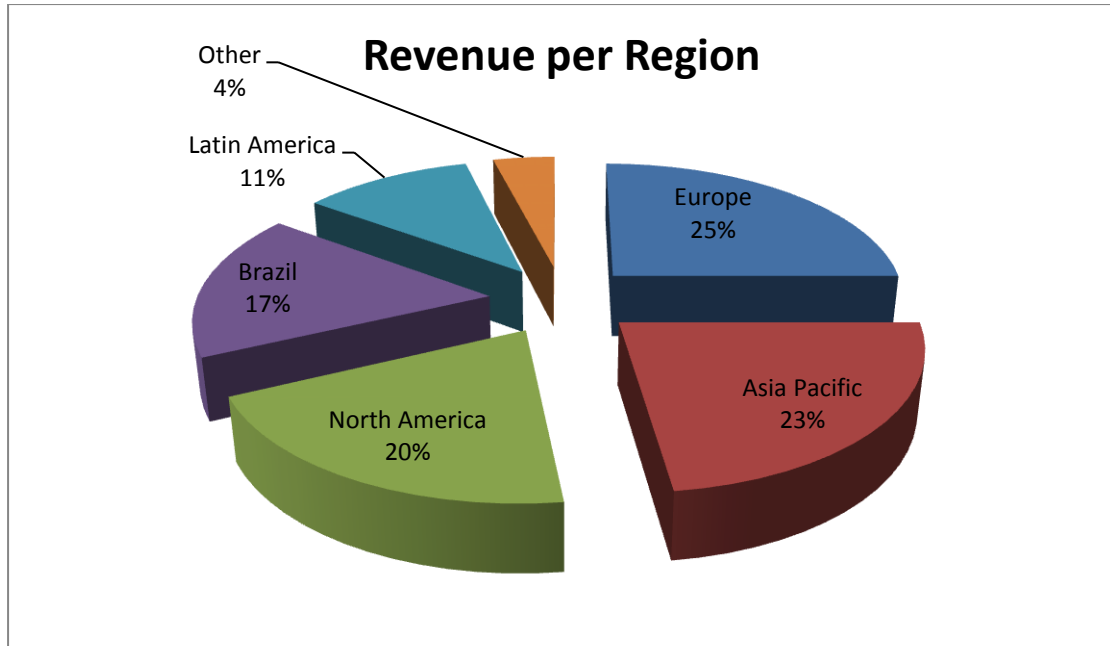
Embraer is one of the world's main aircraft manufacturers, with a global customer base and important internationally renowned partners.

Currently, Embraer employs 17,970 employees. In this number are not included employees of its subsidiaries, OGMA and HEAL. This is showcasing an important increase in the number of employees as the company employed 17,265 people during 2011. High School graduates consist the majority of people working for Embraer (58% of total employees), whereas college graduates consists of 34% of the total labor force of the company. Finally, 5% has postgraduate studies and 3% have masters and PhD diplomas.



Firm orders for the third-quarter of 2012 reached \$12,4 billion US dollars, whereas the net revenue for the nine first months of 2012 was \$4,278 million US dollars. In 2011 net revenues reached \$5,803 million US dollars. In 2008 the company reached their pick in this category for the first decade of the 21st century with \$6,335 million US dollars. For the first 9 months of 2012 revenues has mainly derived from commercial aviation, as this segment provided for 67% of total revenues. Defence and security followed with 18% of total revenues and then executive jets with 14% and 1% from other sections.

For the year 2011 the revenue of the company mainly came from Europe (25% of total revenue). Europe followed by the Asian Pacific region (23%), North America (20%), Brazil (17%) and Latin America (11%).



For the first 9 months of the year 2012 the company had \$225 US million dollars. This is a definite positive development for the \$112 US million dollars that the company showcased in 2011. The company reached their peak in the aforementioned category in 2007 when they had a net income of \$489 US million dollars.

Additionally, during the third-quarter of the year, Embraer delivered (27) commercial aircraft and (13) executive jets. This was a slight decrease from the (35) and (20) that the company delivered during the second-quarter. For the year 2012 Embraer delivered (83) commercial aircraft and (46) executive jets. Finally, as of September 2012, Embraer had (890) firm orders for the Family ERJ 145 aircraft, all of which have been delivered and (1063) firm orders for the 170/190 family of which (885) had been delivered.

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](#)

Advanced Ethernet encryption solution for Rapid Deployment Networks and Network Centric Operations



Over time, military means and methods have evolved as has technology. In fact, warfare is undergoing essential changes right now. The threat to today's military is real. It's coming from the vast amounts of voice, data and video that need to be transported and shared to give the troops a complete picture of the battle. A leading company in the design, development and production of networking infrastructure equipment for carrier and service provider networks, is proposing the implementation of an advanced

Ethernet encryption solution to be used in IP based technology Rapid Deployment (data on the move) Networks as well as in backbone NCW systems. The unit will also provide data encryption in critical military and governmental installations, such as C2 Centers, Ministries, Embassies and other Institutions.

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

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Rugged mission data recording system for monitoring and debriefing applications in modern digital ground forces



A company with vast experience in industrial rugged computers development and production and video signal processing, is proposing the development of a new rugged mission data recording system to be used in several network centric battlefield applications providing continuous monitoring (multiple video and audio signals) and training (e.g. debriefing) applications. The recording system will interface with vehicle vectronics collecting and storing video and audio from crew members and various sensors providing advanced debriefing capabilities.

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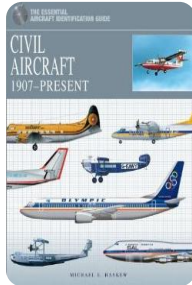


Aircraft Finance: Strategies for Managing Capital Costs in a Turbulent Industry, by Bijan Vasigh, Reza Taleghani, Darryl Jenkins



Perhaps no worldwide industry has gone through a more turbulent decade than the airline industry. Now more than ever, it is critically important to develop a methodology that estimates the value of an aircraft and determines efficient utilization to ensure an acceptable rate of return on this most-important asset. **Aircraft Finance** provides a comprehensive review of aircraft finance and valuation and presents a detailed methodology for accurate valuations. The methodology measures return on investment, improves the efficiency of managing operating costs, and more effectively determines revenue analysis.

CIVIL AIRCRAFT: 1907-Present (The Essential Aircraft Identification Guide), by Paul Eden



Illustrated with outstanding color profile artworks, The Essential Identification Guide: Civil Aircraft is the definitive study of non military aircraft from the early experiments to barnstorming daredevils to today's latest commercial airliners. Arranged chronologically, the book describes in depth the various types from propeller aircraft to airships, from jets to helicopters to supersonic flight. All the key aircraft types are featured, from Boeing 747s to 787 Dreamliners, from seaplanes to Lear Jets, from Concorde to the Airbus A380, from biplanes and triplanes to heavy transport aircraft. With detailed background histories and specification boxes accompanying the full-color artworks, The Essential Identification Guide: Civil Aircraft is an excellent reference guide for modelers and aviation enthusiasts.



Virgin Australia sells stake to Singapore, pounces on Tiger

Virgin Australia on Tuesday sold 10 percent of its business to Singapore Airlines while agreeing to buy a 60 percent stake in Tiger Airways Australia as it upped the ante in its battle with Qantas.

In a slew of announcements, the country's second-biggest airline after the Flying Kangaroo also said it was making a Aus\$98.7 million (US\$101.9 million) takeover offer for Perth-based Australian regional carrier Skywest.

Virgin agreed to pay Aus\$35 million (US\$36 million) for its holding in Tiger, the loss-making subsidiary of Singapore's Tiger Airways, while Singapore Airlines bought its stake for Aus\$105 million.

"The transactions overall represent a monumental shift for Virgin Australia which, if approved, will see a more even playing field in Australian aviation," Macquarie analysts said in a note.

"They arguably create a replica of Qantas."

Virgin chief executive John Borghetti said the deals were designed to accelerate the airline's growth and increase competition in Australia, where the domestic market has long been dominated by Qantas.

The acquisitions of Tiger and Skywest would boost Virgin's presence in the budget and regional markets, "enabling us to fast-track our expansion in these areas and become a stronger competitor".

"These transactions will bring important benefits to Australia, driving growth in jobs, tourism and competition," said Borghetti, adding that he planned to make the carrier Australia's "airline of choice in all markets".

If the Tiger and Skywest deals receive regulatory and shareholder approvals, Virgin will expand its fleet to 139 aircraft and employ more than 9,000 workers.

Australia has a lucrative domestic market and global airlines have been deepening ties with local carriers to access it.

Last month, Qantas and Emirates announced a major global alliance which opens up Qantas's domestic network of more than 50 destinations and nearly 5,000 flights per week to the Dubai-based airline.

Singapore Airlines is a key international competitor to Qantas and CEO Goh Choon Phong said his company taking a stake in Virgin showed "our shared commitment to an alliance that provides a wide range of consumer benefits".

"Singapore Airlines fully supports the ongoing transformation of Virgin Australia, which has already resulted in a more competitive aviation market in Australia," he added.

The Singaporean airline, which paid 42.88 cents a share for an issue of 245.6 million stock, a 6.8 percent discount to the last trading price, joins Etihad which also has a 10 percent stake in Virgin.

Richard Branson's Virgin Group and Air New Zealand are other major equity holders, giving the airline significant financial clout to mix it with Qantas.

Virgin shares closed up 5.4 percent Tuesday at 48.5 Australian cents.

Borghetti described Singapore Airlines as "an important strategic alliance partner" and City Index analyst Peter Esho said Singapore's move was "a strategic shift down south to back Qantas' main domestic competitor".

"As Qantas closes more Asian deals and looks at ramping up its Emirates code share alliance, competitors will be feeling the heat," he said.

In the Skywest deal, Virgin made a cash and scrip offer for the airline that operates in regional Australia and Southeast Asia, in competition with Qantas' regional service QantasLink.

Skywest executive chairman Jeff Chatfield said the offer represented a substantial premium to the current share price.

"Based on our advice it is likely that this proposal will take some months to fully play out," he said in a statement.

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

Istanbul airport tender to be finalised soon

A tender to build Istanbul's third and largest airport should be finalised by the end of the year, Mayor Kadir Topbas was quoted as saying by Anatolia news agency Tuesday.

"We are starting the project for the airport to be built in the north (of Istanbul) with an initial capacity of 100 million passengers a year," Topbas told the agency.

The mayor said that the airport's capacity would be extended to 150 million passengers in the future, with up to six runways, making it one of the largest airports of the world.

In September, Turkey's Transport Minister Binali Yildirim said that the first part of the airport would become operational in 2016.

It is to be built close to the Black Sea coast of the city, around Terkos Lake, on terrain that allows easy access to the sea, according to officials.

Ataturk International Airport, Istanbul's first and largest, is located on the city's European side, some 20 kilometres (32 miles) away from the city center and handles around 35 million passengers each year.

But it falls short of meeting the increasing demands of millions of passengers who frequently transit through Istanbul, a popular junction between Asia and Europe, according to the mayor.

Istanbul's second airport, Sabiha Gokcen International, is located on the Asian side of the city with a capacity of 3.5 million international and domestic passengers yearly.

The United States is currently home to the world's busiest airport by passenger traffic with HartsfieldJackson Atlanta International handling almost 100 million passengers in 2011, according to Geneva-based Airports Council International data.

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

Lockheed Martin Wins \$114 Million Contract to Enhance Combat Vehicle Training

ORLANDO, Fla., Oct. 29, 2012 /PRNewswire/ -- The U.S. Army competitively awarded Lockheed Martin (NYSE: LMT) a \$114 million, five-year contract to upgrade combat vehicle simulators for soldier training and to expand the training capability for the Marine Corps.

Lockheed Martin will develop and install 13 upgrades for close combat tactical training systems at 19 Army installations. The new technologies will add integrated displays and replicate tactical vehicle capabilities identical to those now entering the field. The enhancements will be fielded starting in February 2013.

In addition to the upgrades for the Army, Lockheed Martin will deliver new training systems to the Marine Corps at Camp Lejeune, N.C., providing commonality across services.

"The training systems provide an immersive, safe environment to prepare our military's men and women for combat, and the upgrades extend capability and service life of the Army's original investment in the program," said Jim Weitzel, vice president of training solutions for Lockheed Martin's Global Training and Logistics business. "For the Marines, we're able to apply current system development and sustainment as they add this training capacity to maintain readiness in a changing battlespace."

Engineering work for the training systems will be performed in Orlando, Fla. Since 1992, Lockheed Martin has developed and delivered more than 400 systems to Army installations for realistic training on Abrams tanks and Bradley fighting vehicles.

Headquartered in Bethesda, Md., Lockheed Martin is a global security and aerospace company that employs about 120,000 people worldwide and is principally engaged in the research, design, development, manufacture, integration and sustainment of advanced technology systems, products and services. The corporation's net sales for 2011 were \$46.5 billion.

For additional information about Lockheed Martin, visit the website:

<http://www.lockheedmartin.com>

Source: PR Newswire Association LLC

US durable goods orders rebound

A jump in aircraft orders drove new orders for durable manufactured goods sharply higher in September, but not enough to offset the previous month's plunge, the Commerce Department reported Thursday.

Orders for durable goods -- products expected to last at least three years -- rose 9.9 percent from August, well above the average analyst estimate of 8.0 percent.

The monthly gain was the largest since January 2010, and the fourth in the last five months, following a steep 13.1 percent drop in August.

The surge in September orders was driven by a rebound in commercial aircraft orders, whose plunge in the prior month had dragged the headline number lower.

Aircraft orders tend to be especially volatile month-over-month.

In September, orders for transportation equipment had the biggest jump, up 31.7 percent to \$69.6 billion.

Excluding transportation, new durable goods orders rose 2.0 percent.

"The details of the report were not encouraging; core capital orders were unchanged, while shipments declined 0.3 percent," Sweet said.

Jim O'Sullivan at High Frequency Economics noted that the trend still remained downward, given that capital goods orders were down in June-July.

"The net result is significant weakening," he said.

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

Boeing, Aviation Capital Services Announce Commitment for 35 737 MAXs

MOSCOW, Oct. 30, 2012 /PRNewswire/ -- Boeing (NYSE: BA) and Aviation Capital Services LLC, a subsidiary of the State Corporation Russian Technologies (Rostech) announced today a commitment by Rostech to purchase 35 737 MAX airplanes. It is the first commitment for the 737 MAX from Russia and the Commonwealth of Independent States (CIS). Boeing and Aviation Capital Services will work to finalize the details of the order, valued at more than \$3 billion at current list prices. When complete, the order will be posted to the Boeing Orders & Deliveries website as firm.

"Today Aviation Capital Services signed a commitment for 35 737 MAX that will make it the first customer of the 737 MAX aircraft in Eastern Europe. As a result, our partner airline-carriers will receive the most modern aircraft with improved fuel efficiency, flight characteristics and greater comfort for passengers," said Sergey Chemezov, CEO of Rostech. "Russian airlines will gain an advantage on global markets and will be able to increase their activity both within the country and internationally."

"This is the first commitment for the 737 MAX from Russia and CIS, which is one of the commercial aviation industry's fastest-growing regions," said Boeing Commercial Airplanes President and CEO Ray Conner. "We are proud of the confidence that Aviation Capital Services has placed in the 737 MAX, which will deliver unsurpassed fuel efficiency to its customers in the single-aisle market as well as improved environmental performance."

The 737 MAX is a new-engine variant of the world's best-selling airplane and builds on the strengths of today's Next-Generation 737. The 737 MAX incorporates the latest-technology CFM International LEAP-1B engines to deliver the highest efficiency, reliability and passenger comfort in the single-aisle market. Airlines operating the 737 MAX will see a 13 percent fuel-use improvement over today's most fuel efficient single-aisle airplanes and an 8 percent operating cost per seat advantage over tomorrow's competition. Boeing has 858 orders for the 737 MAX.

Aviation Capital Services LLC is an aircraft leasing company established on Feb. 16, 2011 with 100 percent participation of the Russian Technologies State Corporation Company. Aviation Capital Services LLC is one of the leading aircraft leasing companies in Russia and CIS.

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Source: Epicos S.A