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## Airlines: Global Traffic Results for May



On July 3rd, 2014 the International Air Transport Association (IATA) announced global traffic results for May. According to this report the total passenger demand rose by 6.2% compared with the same month last year. Capacity for this month rose by 5.2% and load factor climbed 0.7 percentage points to 79.0%. Regarding the results Mr. Tony Tyler, IATA Director General and CEO stated: "We are seeing healthy demand for air traffic to support and help sustain the pick-up in global economic

activity".

The carriers of the Asia-Pacific region recorded a year-on-year increase of 7.3% compared to May 2013. Capacity rose by 7.5%, pushing down load factor by 0.1% to 74.1%.

Regarding European carriers', international traffic climbed by 6.1% in May compared to the same month last year. Economy of European Union is slowly but steadily recovering and this is helping European air traffic to "rebound". Capacity rose 5.3% and load factor rose 0.6% reaching 80.3%.



In North America airlines saw demand rise by 4.4% in May over a year ago, whereas capacity rose by 4.8%, pushing down load factor by 0.3% points to 83.0%.

Middle East carriers had the strongest year-over-year traffic growth in May at 13.2% mainly due to the strength regional economies have. Capacity rose 6.9% while load factor climbed to 78.0%.

May 2014	Passengers' Demand	Capacity Expansion	Load Factor
Europe	6.1%	5.3%	80.3%
Middle East	13.2%	6.9%	78.0%
North America	4.4%	4.8%	83.0%
Latin America	9.1%	6.0%	79.6%
Asia Pacific	7.3%	7.5%	74.1%
Africa	1.9%	4.7%	64.4%

The Latin American airlines recorded a 9.1% growth in demand whereas capacity rose by 6.0% and load factor climbed 2.2 percentage points to 79.6%. Finally, African Airlines experienced the slowest demand growth (1.9%) compared to May 2013, whereas capacity rose by 4.7% and load factor fell by 1.8% points to 64.4%

Kyriazis Vasileios,  
Epicos Newsletter Head Editor

*Airlines: Economic Monitor for May-June 2014*

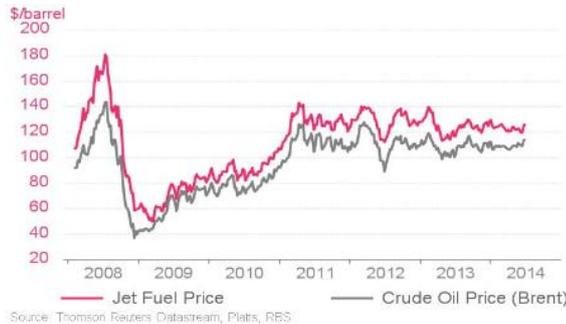


On July 6<sup>th</sup>, 2014, the International Air Transport Association (IATA) released its airline financial monitor. According to this airline share prices fell by 2% in June compared to May mainly due to recent rise in jet fuel prices. It is worth mentioning that airlines' shares underperformed the broader market with the FTSE Global All Cap rising 3% over the same period. Regarding individual regions, we can say that European airlines' share prices were weakened by almost 9% in June compared to May, while shares of Asian Pacific and US airlines were more resilient.



**Airline Share Prices**

Regarding the financial results of the first quarter we can conclude that airlines are continuing to improve financial performance. More specifically a sample of 79 airlines shows a significant increase in operating profits, mainly driven by the strong performance of North American airlines. On the contrary, Asian Pacific airlines did not performed well, a fact that it can be largely attributed to a combination of weakness in cargo revenues as well as rising cost.



**Jet Fuel and Crude Oil Prices**

As it is already mentioned increased fuel prices had a negative effect in the economic position of airlines. More specifically, Jet fuel prices rose in June,

breaking \$125/bbl after 3 months of trading slightly below that level. This must be largely attributed to the rising tensions in Ukraine and Russia.

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](#)

### Design and Development of a UAV Nuclear Reconnaissance System

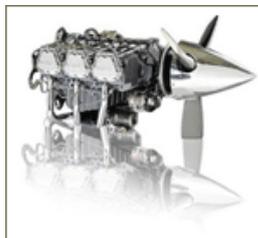


A large company with significant experience in the development and production of chemical defense instruments and nuclear reconnaissance systems, is proposing collaboration with a company specializing in the design and production of Unmanned Aerial Vehicles in order to develop a UAV nuclear reconnaissance system. Fields of application could be: reconnaissance of widely contaminated areas, localization of single radiation sources, nuclear accidents or atomic explosions.

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

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### Design and development of advanced light weight engine for Unmanned Aerial Vehicle (UAV) systems based on alcohol fuel technology



A company with extensive experience in providing state of the art technological services and products for the aeronautical sector, is proposing collaboration with an Aerospace and Defense (A&D) company for the design and development of an advanced light weight engine, based on alcohol fuel technology. This new advanced engine will be used on Medium Altitude Long Endurance (MALE) Unmanned Aerial Vehicles (UAV) systems.

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

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### Embraer E-Jets to Begin Flying with Turkish Operator



São José dos Campos,

Brazil, July 8, 2014 - Turkish regional airline

Borajet has ratified an agreement to acquire

four E190s as part of an initiative to

gradually upgrade its turboprop fleet, add capacity and frequencies, and grow its network from its base at Istanbul's Sabiha Gökçen International Airport. The airline is acquiring the 100-seat, single-class E190s through a third party lease agreement. The first E190 revenue flight is slated to begin this month.

Borajet will join a family of 65 airlines from 45 countries that have already embraced the E-Jets philosophy and fly them in low-cost, regional and mainline business applications. Since entering revenue service in 2004, Embraer has received some 1.470 orders for E-Jets. More than 1,000 have been delivered.

"We are eager to start operations with our first jet aircraft and delighted, specifically, that the type selected is the E190 – chosen for its performance, comfort, plus the fact that it offers the best economics in its class," said Fatih Akol, CEO of Borajet. "We will now be able to offer our passengers new destinations that were not possible to reach with our current fleet of turboprops due to the challenging and varied topography of the region."

### About Borajet

Borajet (<https://www.borajet.com.tr/en/>) was established in 2008 with a new approach in regional air transportation. The airline offers new destinations with high quality service and safety standards delivered by an experienced crew. With a fleet of five aircraft, Borajet connects several Turkish cities by air.

Follow us on Twitter: @EmbraerSA

For Further Information Please Visit: <http://www.embraer.com/en-US/ImprensaEventos/Press-releases/noticias/Pages/EJets-da-Embraer-comecam-a-voar-com-empresa-aerea-da-Turquia.aspx>

## International Distinction for INTRACOM Defense Electronics



Koropi, 07 July 2014 - International distinction was awarded to IDE (INTRACOM Defense Electronics) from Raytheon as shown in the press release of the high-tech company, based in USA.

## Raytheon

### Investor Relations

#### Raytheon Honors Supplier Excellence from Around the Globe

##### Over 180 partners recognized for exceptional performance in 2013

TEWKSBURY, Mass., June 17, 2014 /PRNewswire/ – Raytheon Company (NYSE: RTN) recognized the exceptional performance of over 180 supplier partners that support the company's [Integrated Defense Systems \(IDS\)](#) business unit. Honored at IDS' annual Supplier Excellence Awards event, suppliers from around the globe were recognized with 3-, 4- and 5-Star awards, measured on quality standards, on-time delivery, process improvement initiatives, and success in meeting or exceeding safety standards. Six gold, silver and bronze awards honored those suppliers who worked collaboratively with Raytheon driving continuous improvement, innovation, affordability, global growth, partnership and flawless execution.

Notably, eight international suppliers were recognized during the awards event; [INTRACOM Defense Electronics](#), [Kongsberg Defence and Aerospace](#), [Roketsan](#), [Aselsan](#), [Orient Construction Company LTD](#), [Weavers](#), [Saudi Logistics and Technical Support](#), [Page Europa](#) and [Bumar Elektronika](#).

"We are extremely pleased to be honored by Raytheon's Integrated Defense Systems with this prestigious award and we are equally proud of our many years of cooperation with one of our most valued customers and partners. The entire INTRACOM Defense Electronics' team thanks Raytheon for recognizing our company's hard work and outstanding results," said Dr. George Troullinos, chief executive officer, INTRACOM Defense Electronics.

"Our supplier partners have become instrumental to Raytheon's global growth," said Mike Shaughnessy, vice president, Integrated Supply Chain. "They play a key role in our commitment to provide unparalleled Mission Assurance to our warfighters. It's important that we recognize their outstanding contributions to the business, and inspire them to keep getting better."

##### About Raytheon

Raytheon Company, with 2013 sales of \$24 billion and 63,000 employees worldwide, is a technology and innovation leader specializing in defense, security and civil markets throughout the world. With a history of innovation spanning 92 years, Raytheon provides state-of-the-art electronics, mission systems integration and other capabilities in the areas of sensing; effects; and command, control, communications and intelligence systems, as well as cyber security and a broad range of mission support services. Raytheon is headquartered in Waltham, Mass. For more about Raytheon, visit us at [www.raytheon.com](http://www.raytheon.com) and follow us on Twitter @Raytheon.

##### Raytheon Company

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**About IDE**

IDE, Greece's largest defense electronics systems provider, is a subsidiary of Intracom Holdings, one of the largest multinational technology groups in Greece. IDE possesses unique know-how in design, development and manufacturing of products that incorporate state-of-the-art technology in tactical military communication systems, encryption devices, command, control and communication systems (C<sup>3</sup>I), surveillance, reconnaissance and security systems, hybrid electric power and electric energy storage systems, missile electronic components, software for military applications and testing equipment. IDE participates in international development and production programs, as well as in international cooperations for the production and export of defense equipment and is a registered member on NATO's vendors list. The Company's products and services are deployed in Cyprus, England, France, Germany, Luxemburg (NSPA), Libya, Sweden and the USA.

For more information please visit: [www.intracomdefense.com](http://www.intracomdefense.com)



### Japan PM says door always open for China talks

Japanese Prime Minister Shinzo Abe has played down recent tensions with neighbour China, saying the countries were "inextricably linked" and his door was always open for dialogue.

Tokyo and Beijing have long been at odds over islands in the East China Sea with simmering distrust flaring more recently after Japan moved to loosen the bonds on its powerful military.

Abe was in Canberra Tuesday where he and counterpart Tony Abbott were expected to sign an agreement on closer defence ties, a move that could further anger China.

In an interview with The Australian broadsheet, Abe said he was keen to nurture a mutually beneficial relationship with Beijing, while urging China to play a constructive role in regional security.

"Japan and China are inextricably linked to each other. It is not uncommon for various unresolved issues to exist between neighbouring countries," he said.

"China is a major country which, together with Japan and Australia, has to play a prominent role in ensuring the peace and prosperity of the Asia-Pacific region.

"It is my strong expectation China will abide by international norms and play a constructive role in dealing with regional issues.

"In accordance with the principle of a mutually beneficial relationship based on common strategic interests, I would like to develop relations with China in a way that keeps a broad perspective. "My door is always open for dialogue. I sincerely hope that China takes the same approach."

China last week lashed out at Abe after his cabinet formally endorsed a reinterpretation of a constitutional clause banning the use of armed force except in very narrowly-defined circumstances.

Beijing argued that it could open the door to remilitarisation of a country it considers insufficiently penitent for its actions in World War II.

Tensions also continue to simmer over the hotly contested Japanese-controlled Senkaku islands in the East China Sea, which China also claims and calls the Diaoyus.

During his visit to Australia, Abe was due to attend a meeting of the cabinet-level National Security Committee in Canberra and address parliament, the first Japanese leader to do so.

The two sides are expected to finalise a deal to share defence technology, which could lead to closer cooperation on submarine technology and an increase in joint military training.

Abe said in the interview that Australia and Japan had become "strategic partners through deepening concrete defence cooperation", as well as through joint peacekeeping efforts, joint military exercises and exchanges of defence leaders.

**Source:** 2014 AFP, Agence France-Presse (AFP)

### French defence minister urges ceasefire in Central Africa

France's defence minister warned on a visit to the Central African Republic on Tuesday that the strife-wracked country has no future unless rival factions agree to a ceasefire.

Jean-Yves Le Drian, who arrived in the capital Bangui on Monday, had lengthy private talks in the evening with transitional President Catherine Samba Panza, who was named by parliament to head the deeply poor nation in February.

"There is no future for the Central African Republic if there is no ceasefire" among mainly Muslim ex-rebels and mostly Christian vigilantes, both accused of atrocities against civilians, Le Drian said in an interview broadcast Tuesday by state radio.

Le Drian said that in Bangui itself, the presence of French and African troops and European peacekeepers "has enabled security to become almost good. Almost good. I see this clearly during successive trips."

But he noted that the situation in the east of the former French colony "remains tense" and stressed the need to prevent "clashes between groups who look only for hatred and vengeance."

The latest unrest in the chronically unstable nation began in March 2013 when the mainly Muslim Seleka rebel coalition toppled the regime of president Francois Bozize and put Michel Djotodia -- the country's first Muslim leader -- in power.

Djotodia stepped down last January under strong international pressure for his failure to rein in rogue ex-rebels, who relentlessly murdered, raped and looted civilians.

In response, largely Christian communities formed "anti-balaka" (anti-machete) vigilante forces who ruthlessly hunted down and killed or mutilated Muslims.

Shortly before Le Drian's visit, several people were killed in attacks by both sides in the centre and north of the country, according to security sources, who said 34 Muslims were wounded by a grenade hurled into a mosque.

"These groups must accept a peace process. They need first to accept the ceasefire that is indispensable to peaceful development in the country," Le Drian said.

Paris last December began to deploy troops of the 2,000-strong Operation Sangaris, operating alongside more than 6,000 soldiers in an international force raised by the African Union known as MISCA. In April, a European Union force began to arrive in Bangui.

The ethnic and religious bloodshed has claimed thousands of lives and displaced about a quarter of the population of some 4.5 million. Before he left for Bangui, Le Drian told AFP that "the settlement ... can only be political, yet politics has broken down."

He added that he intended to talk with Samba Panza about restoring "a security chain" of police, the judiciary and prisons, arguing that "we're dealing more with criminal groups than with soldiers".

**Source:** 2014 AFP, Agence France-Presse (AFP)

### **Poland launches tender for assault helicopters**

Poland on Tuesday launched a tender for assault helicopters as part of its 33.6 billion euro drive to upgrade its Soviet-era military equipment.

Analysts estimate the tender, which is open until August 1, to be worth nearly a billion euros (\$1.4 billions) and said Russia's annexation of Crimea from Ukraine had helped to accelerate the purchase.

The defence ministry did not specify the number of choppers it is planning to buy.

Likely contenders are Boeing with its Apache, Airbus with its Eurocopter Tiger and Anglo-Italian AgustaWestland with its AW-120 Mangusta.

The new contract comes on top of a tender launched in September 2013 for 70 multi-purpose helicopters worth an estimated 2.5 billion euros.

Companies seeking that deal -- believed to be the largest of its kind in Europe -- must guarantee they will build locally.

Both tenders are seen as a significant step in the Polish army's drive to replace 250 Soviet-era helicopters.

Overall, Warsaw is planning to spend 33.6 billion euros to upgrade its military equipment over ten years, including acquiring a national missile shield, armoured personnel carriers, submarines and drones.

Legislation in force since 2001 has fixed defence spending here at 1.95 percent of the gross domestic product.

President Bronislaw Komorowski recently proposed raising that to 2 percent of output amid the escalation of conflict in Ukraine.

A former Soviet satellite state of 38 million, Poland joined NATO in 1999 a decade after shedding communism. It acceded to the European Union in 2004.

**Source:** 2014 AFP, Agence France-Presse (AFP)

### **Air France-KLM sees lower profit on over-capacity, weak cargo**

Air France-KLM on Tuesday slashed its earnings forecast for 2014, hit by over-capacity in traditionally lucrative long-haul routes and persistently weak cargo demand.

Europe's second biggest airline after Lufthansa said earnings before tax, depreciation and amortization for the full year would now reach around 2.2 billion and 2.3 billion euros (\$3.0 billion and \$3.1 billion), rather than 2.5 billion euros previously forecasted.

In its monthly traffic update, the airline said passenger numbers rose by 2.9 percent in June, but yields did not keep pace as intense competition held ticket prices down.

"While not representing a turning point in market trends, the June traffic figures published today as well as bookings for July and August nevertheless reflect the over-capacity on certain long-haul routes, notably North America and Asia, with the attendant impact on yields," the airline said in a statement.

Cargo traffic meanwhile fell by 4.3 percent in June, as the airline highlighted "persistently weak demand".

The airline said Venezuela's failure to release payments added to its decision to cut its profit target.

Venezuela's strict exchange rate controls require airlines to sell tickets in bolivars which the government promises to reimburse in dollars at a pre-determined rate.

But Caracas's failure to repay airlines in time has forced many to cut back or suspend their services.

Air France-KLM said Venezuelan routes were extremely lucrative before the debt issue.

Some "\$290 million in revenues are held there" pending a deal with the government, the airline said.

**Source:** 2014 AFP, Agence France-Presse (AFP)

### **Etihad Airways revenues up 28 pct in H1**

Abu Dhabi's Etihad Airways said Tuesday it posted a 28 percent surge in revenues in the first half of 2014, hitting \$3.2 billion, with passenger and cargo volumes up.

The fast-growing carrier said it experienced its "strongest ever performance for the six-month period," with passenger numbers rising 22 percent to 6.7 million, compared to the first half of 2013.

It did not say whether it registered any profits or losses.

Etihad Cargo also carried 25 percent more freight in the same period, the Abu Dhabi-owned company said in a statement.

The company is turning Abu Dhabi into a major travel hub on the route between the West, and Asia and Australasia.

"At a time when the global airline industry has struggled with high fuel prices, intense competition and a slowdown in the cargo market, Etihad Airways has achieved record success, carrying more passengers and cargo to more destinations around the world, with our biggest fleet to date," said chief executive officer James Hogan.

Etihad carried 11.5 million passengers last year, earning \$6.1 billion in revenues, of which it kept \$62 million as profit.

The company agreed last month to acquire 49 percent of Italy's debt-laden Alitalia, widening its reach into the European market.

Launched in 2003, Etihad is expanding rapidly and has bought minor shares in several smaller carriers around the world as it competes with larger Gulf rivals Emirates and Qatar Airways.

Etihad owns 29 percent of Air Berlin, 40 percent of Air Seychelles, 19.9 percent of Virgin Australia and three percent of Aer Lingus.

It also owns a 24-percent stake in India's Jet Airways.

**Source:** 2014 AFP, Agence France-Presse (AFP)