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Swedish Defence Budget



The Swedish left-wing government announced that it would raise its defence spending by SEK 6.2 billion (€677 million Euros, \$720 USD million). According to the official website of the Swedish Ministry of Defence the reasons for such an increase are the Russian annexation of Crimea, the armed conflict in Ukraine, the increased amount of exercises as well as intelligence activities in the Baltic Sea region, the Russian intrusive behavior, and the Swedish Armed Forces intelligence operation in the Stockholm archipelago. Additionally, the Swedish government stated that most of the funds to be spend between 2016 and 2020, would go towards modernizing ships that could detect and intercept submarines.

It would be important to state that by 2024, the allocation of funds to equipment acquisition will be more than SEK 5.5 billion (598 million Euros, \$635 USD million) than previously estimated.

According to Swedish authorities, another priority in the 2015 budget will be the deepening of the Finnish-Swedish bilateral cooperation. Through this cooperation, the two countries could jointly strengthen accountability for security and stability in the area. Additionally, Sweden has reaffirmed their commitment in contributing to international missions organized by UN, EU and NATO.



Furthermore, Swedish government underlines the importance of maintaining and strengthening a high standard of air surveillance and the military presence on Gotland. Sweden will re-establish a permanent military presence on the island of Gotland for the first time in 10 years. According to Swedish media the government wants 150 troops to be stationed on Gotland.

Finally, it is worth mentioning that in order to ensure the development and acquisition of the new JAS Gripen 39 E, Sweden will take the responsibility for the completion of its upgrade and production. The JAS-project will thereby receive a total of SEK 2.9 billion (€315 million Euros, \$334 USD million) over the next two years.

Kyriazis Vasileios,
Epicos Newsletter Head Editor

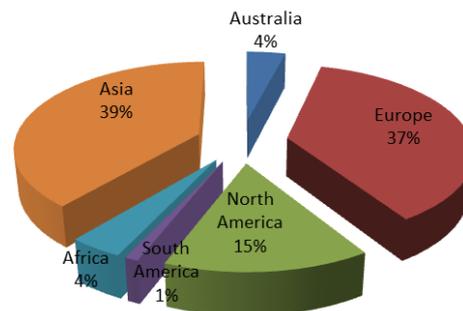
Swedish Defence Industry: Exports and R&D



Sweden has a rather advanced industrial base compared to its population's size and limited defence budget. The Swedish defence industrial base covers system integration of fighter aircraft, naval surface vessels, submarines and land platforms, as well as cost-efficient solutions in many subsystems such as ammunition, IT systems and sensors. Additionally, it is worth mentioning that the Swedish industry is the only one in Europe that is completely privately owned. Finally, the country has significant successes in exporting locally developed products. It is indicative that in 2013 the ratio of export sales with respect to total sale was 60%.

Export successes have contributed to the industry being perceived as an attractive partner in international co-operation programs. Additionally, the export of defence products and/or services have heavily contributed towards the direction of keeping up the domestic industrial competence and capacity to maintain, develop and adapt the equipment of the Swedish Armed Forces. The geographical distribution of Swedish foreign sales in 2013 for Europe and Asia constitute the most important destinations collectively receiving more than 70% of all exports. During 2013 the exports to North America also increased notably compared to the total of exports in 2012.

Exports of Swedish Defence Equipment



Sweden is an important exporter of military equipment. A wide variety of defence equipment is exported to several different countries throughout the world. This diversity is definitely the most important fact that safely leads us to the ascertainment that this trend will continue.

Additionally one of the most important aspects of the Swedish Security & Defence industry is that it is exceptional research intensive. On average R&D constitute approximately to the 18% of total the turnover that the industry generates, whereas Saab Group, by far the biggest defence company in the country, devotes 25% of its turnover to research and development (R&D).

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 jigs and special tools for the Aerospace/Defence and automotive industry



A company specialized in tooling, engineering and measurement solutions for the aerospace/defence and automotive industries, is proposing, in the frame of an offset program, the partnership with a Prime contractor or lower tier company, for the design and development of jigs and special tools for the Aerospace/Defence (A&D) and automotive industries.

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

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Training a mobile Unit for aircraft Non-Destructive Testing



A company specializing in the sales and servicing of non-destructive testing (NDT) apparatuses, equipment and materials, as well as training in material testing, in the frame of an offset program, is proposing collaboration with a prime contractor or a third party company, active within the NDT market, in order to receive Transfer of Technology, in the form of training for the establishment of an emergency mobile NDT unit, serving commercial and/or general aviation aircraft at neighbouring airports.

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

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News from our A&D Business Network**RUAG signs contract to develop protection systems for Belgium and Austrian Pandur I fleet****RUAG**

RUAG Defence, the strategic partner of international land forces, is continuing to develop its business in the field of ballistic protection systems. In a joint procurement effort Belgium and Austria, whereby Austria has the lead, have awarded RUAG Defence to upgrade their fleet of Pandur I with ballistic protection kits. All 5 variants of the Pandur I will be upgraded with mine-, IED- and ballistic protection.

SidePRO-KE/IED is a highly engineered, fully integrated, modular polyvalent composite protection system that utilises a variety of advanced lightweight materials for direct application on armoured vehicles. SidePRO-KE/IED meets current threat level protection requirements. The mine protection system MinePRO is one of the best systems in the market. Various armies rely on the highly effective protection.

MinePRO is a lightweight, blast and EFP resistant, easy to mount armour plate based on state-of-the art technology to ensure the safety of the crew. Further, all other subsystems of the vehicle such as stowage, seating for crew, driver and commander shall be evaluated, improved, reinforced or replaced.

The realisation of the project will start this spring and will be finished by the end of 2020.

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MBDA back on track towards growth



MBDA, European champion and global player in the missile and missile systems sector, registered an order intake of EUR 4.1 billion in 2014, a slight improvement on the excellent figure of EUR 4 billion achieved in 2013. Export orders accounted for EUR 2.5 billion of this 2014 result, thereby exceeding domestic orders as was also the case in 2013 and 2012. As expected, sales dropped to a low of EUR 2.4 billion in 2014, reflecting the budgetary cuts that MBDA's domestic countries have been carrying out over several years. Moving on from 2015, this figure should see a significant rise as an effect of the exceptional level of orders received over the last two years. At EUR 12.6 billion at year end 2014, the order book now represents more than four years of activity at current levels and will allow MBDA to return to a condition of growth in the mid-term.

"We owe these good export results to an excellent product range that meets all the guided weapons requirements of the armed forces, a product range that has been widened significantly over recent years thanks to the support provided by our domestic customers", stated Antoine Bouvier, CEO of MBDA. "Thanks to its integrated organization and its partnering approach, MBDA has been able to better manage the limited resources of its domestic customers while at the same time preserving the industrial capabilities necessary for them to guarantee their long-term sovereignty in terms of military strength".

"In this respect, 2014 saw the significant re-launch of just such a cooperation with the notification of the demonstration and manufacture contract for the Anglo-French, helicopter-launched FASGW (H) / ANL [Future Anti Surface Guided Weapon (Heavy) / Anti Navire Léger] anti-ship missile. Last year, France and Italy gave the go ahead for OCCAR (Organisation Conjointe de Coopération en matière d'Armement, the European intergovernmental Organisation for Joint Armement Cooperation) to negotiate the launch of the development phase for Aster Block 1NT, the next generation Aster anti-missile missile, which we hope will be notified during 2015".

"2014 also saw important advances being made with our key programmes. The MdCN naval cruise missile successfully completed its final qualification firing. The land combat missile, MMP, successfully carried out its first firings. Increasingly complex firings served to demonstrate the maturity of Aster in service with the armed forces. Contractual obligations within the development programme for MEADS, the extended air defence system, were concluded through demonstrations of both the system and its MFCR multi-function radar. Good progress with the Sea Ceptor naval anti-air missile system allowed MBDA to launch studies on the ground variant known as FLAADS Land. Finally, with the integration of MBDA's Storm Shadow, Brimstone and Taurus missiles starting on the Eurofighter Typhoon, new export opportunities are being opened up for our air-to-ground weapon systems".

"On the industrial front, 2014 saw MBDA increasing the range of its activities with the setting up of a complex munitions demilitarisation facility. This added capability is in response to the growing need of our military customers to assure the safe handling of their complex weaponry at life end. With this development, MBDA has reaffirmed its commitment to being a global player in the missile supply chain with the ability to deal with whatever needs its military customer base might have with regard to missiles".

“During 2015, structural decisions are expected throughout the entirety of the missile supply chain in several European countries, particularly in the extended anti-air defence and anti-missile sector. With Aster Block 1NT and MEADS, MBDA has excellent products that are ideally adapted to the structure of Europe’s armed forces and to the threats they face. A positive decision in this area will be decisive in re-launching cooperation and rationalisation within the European defence industry and in the consolidation of the sovereign capabilities of our domestic countries”.

About MBDA

With a significant presence in five European countries and within the USA, in 2014 MBDA achieved a turnover of 2.4 billion euros with an order book of 12.6 billion euros. With more than 90 armed forces customers in the world, MBDA is a world leader in missiles and missile systems. MBDA is the only group capable of designing and producing missiles and missile systems that correspond to the full range of current and future operational needs of the three armed forces (land, sea and air). In total, the group offers a range of 45 missile systems and countermeasures products already in operational service and more than 15 others currently in development. MBDA is jointly held by AIRBUS Group (37.5%), BAE SYSTEMS (37.5%), and FINMECCANICA (25%).

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Epicos Newsroom



Cathay Pacific 2014 net profit up 20.2% at US\$406 mn

Hong Kong flag carrier Cathay Pacific said Wednesday that net profit for 2014 rose 20.2 percent, but was hampered by losses on fuel hedging.

Net profit for 2014 stood at HK\$3.15 billion (\$406 million), compared with HK\$2.62 billion in 2013, it said in a filing to the Hong Kong stock exchange.

The airline said it had a slow start to the year, affected by high fuel prices and weakness in the air cargo market, but passenger demand remained "firm".

"For the full year, passenger demand was reasonably firm, with high demand during the peak summer and Christmas periods," Cathay chairman John Slosar said in the filing.

"Our business benefited from lower fuel prices in the fourth quarter, but this was partially offset by fuel hedging losses," Slosar said, adding that cargo demand started to improve in the summer of 2014.

A survey of 16 analysts by Bloomberg News had forecast a profit of HK\$3.49 billion.

"Although oil prices have come down, they will not have been able to benefit in full because they are obliged to pay the oil contracts at higher prices," Geoffrey Cheng, Bocom International's head of transportation and industrial research told Bloomberg before the results were released.

In 2013 the carrier's net profit more than tripled on a rise in Chinese travellers and fuel-cost savings.

The results come a day after the Hong Kong government announced a plan to build a third runway at the city's Chek Lap Kok international airport, which will cost HK\$141.5 billion and is expected to be completed by 2023.

Cathay Pacific said in a statement it welcomed the decision and believes it is "necessary" to maintain Hong Kong's competitiveness as a premier aviation hub.

Source: 2015 AFP, Agence France-Presse (AFP)

New Malaysia airline eyes \$1.5 bn Bombardier deal

A new Malaysian airline said Tuesday it intends to buy 20 Bombardier CS100 aircraft in a \$1.47 billion deal as it looks to tap Southeast Asia's fast-growing travel market.

The new firm, flymojo, made the announcement at the start of the five-day International Maritime and Aerospace (LIMA) exhibition in the Malaysian island of Langkawi.

The deal would mark the first sale in Southeast Asia of the Canadian company's new twin-engine, medium-range jet. It also includes the option to purchase a further 20 planes, possibly increasing the value to \$2.94 billion.

The announcement comes after a devastating 12 months in the Malaysian aviation industry, which has seen the fatal loss of three airplanes.

The new airline will be based out of Johor Bahru, in Johor province, and Kota Kinabalu in Sabah.

"The announcement of a new airline in Malaysia is an exciting way to kick off LIMA," Aziz Kaprawi, deputy transport minister, said in a statement.

"With flymojo's primary hub at Senai International Airport, Johor and secondary hub in Kota Kinabalu, Sabah, the airline's ultra-modern fleet of CS100 aircraft will play a key role in improving connectivity between the Peninsula and Sabah and Sarawak, as well as other parts of the region," he added.

The launch of the new airline will come as much-needed welcome news for the country's aviation industry.

In March last year Malaysia Airlines Flight 370 with 239 people on board went missing over the Indian Ocean and has still to be found.

Then in July, all 298 people on board another Malaysia Airlines 777 died when it came down in rebel-held territory in Ukraine. It was believed to have been hit by a surface-to-air missile.

And in December AirAsia Flight 8501 crashed in the Java Sea, killing 162 people onboard.

Source: 2015 AFP, Agence France-Presse (AFP)

US official dismisses China's concern over missile defence

A senior US official on Tuesday brushed off Beijing's objection to the possible deployment of a US missile defence system in South Korea, saying North Korea's missile programme poses a "significant threat."

The comments by US Assistant Secretary of State Daniel Russel, who is visiting Seoul, came after China's Assistant Minister of Foreign Affairs Liu Jianchao expressed concern on Monday over the idea of a US missile defence system on South Korean soil.

Liu's statement followed similar comments made by Chinese Defence Minister Chang Wanquan during his visit to Seoul last month. China sees the system as designed to curb its own military might.

"I find it curious that a third country would presume to make strong presentations about a security system that has not been put in place and that is still a matter of theory," Russel told journalists after meeting with South Korean Deputy Foreign Minister Lee Kyung-Soo.

US military authorities say they have conducted "informal studies" to find suitable sites for a possible future deployment of a Terminal High-Altitude Area Defense (THAAD) battery. But they have stressed that no decisions have been made to deploy such a system.

Russel said South Korea and the United States face a "significant threat from North Korea's growing ballistic missile programme", which he said the North pursues in violation of international laws.

"Our military authorities have responsibility to consider systems that would protect Republic of Korea (South Korea) citizens, protect the United States from that threat".

"How they do it when they do it is something that the experts will have to determine but I think that it is for the Republic of Korea to decide what measures it will take in its own alliance defence", he added.

Walking a diplomatic tight rope between China and the United States, South Korea remains ambivalent on the sensitive security issue, saying there have been neither consultations with the United States nor a decision on the matter.

South Korea's Defence Ministry Spokesman Kim Min-Seok on Tuesday condemned China's attempt to "influence" South Korea's security policy.

"Neighbours can have their own positions on the (possible) deployment of the THAAD system here by the US Forces Korea. But they should not try to influence our security policy," the spokesman told a regular briefing.

He didn't mention China by name, but the message was clear.

"We will make a decision based upon our own judgement after putting security interests before anything else if the US government asks for consultation," Kim stressed.

South Korea hosts some 28,000 US troops.

Separately, Russel also made a fresh call for China to present evidence that the China-proposed Asia Infrastructure Investment Bank (AIIB) meets international standards for governance and transparency.

"We would like to see that done in ways that are consistent with the principles, the standards, good governance and the transparency that have become hallmarks of truly multilateral development banks," he said.

China's Lui had expressed hope Monday that South Korea join as a founding member of the AIIB -- which Washington fears could be a rival to the World Bank and extend Beijing's power.

Source: 2015 AFP, Agence France-Presse (AFP)

Singapore Airlines says in talks for possible stake in Jeju Air

Singapore Airlines (SIA) said Tuesday said it is in talks to buy a stake in South Korean budget carrier Jeju Air, a deal that would expand its low-cost portfolio.

"Singapore Airlines wishes to confirm that discussions have taken place on a possible equity investment in the airline," it said in a filing with the Singapore Exchange.

"These discussions may not result in a transaction. Singapore Airlines will make further public announcements as necessary."

South Korea's Maeil Business newspaper reported on Tuesday that SIA is in talks with conglomerate Aekyung Group to acquire about 20 percent of Jeju Air.

It said both parties began the talks at the end of last year and were at the "final stage of negotiation for the acquisition price".

The report added that Aekyung Group currently holds 86.23 percent of Jeju Air.

SIA, Asia's third largest carrier by market value according to Bloomberg News, is seeking other sources of growth as it faces tougher competition from Middle Eastern and Asian carriers, as well as from Southeast Asian budget airlines.

SIA is a majority stake-holder in Singapore-based low-cost carrier Tiger Airways and has a wholly owned long-haul budget subsidiary called Scoot.

The airline said last month its third-quarter net profit more than quadrupled year-on-year to Sg\$202.6 million (\$146 million) boosted by one-off gains.

Source: 2015 AFP, Agence France-Presse (AFP)

Textron Systems' Model 527TM Selected as F-35 Preflight EW System Tester

Textron Systems Electronic Systems, a Textron Inc. (NYSE: TXT) business, announced today that its Model 527TM Radar Signal Simulator has been selected for preflight testing of F-35 Lightning II electronic warfare (EW) systems. Under a three year indefinite delivery, indefinite quantity contract with Lockheed Martin, the company will provide advanced, handheld radar simulators for EW preflight testing on all variants of the F-35, which is expected to be utilized by both U.S. and international customers.

The Model 527 is designed for end-of-runway and walk-around preflight testing, to determine the status of installed EW radar warning receiver systems. Both operational readiness and threat recognition are verified across antennas, transmission lines, radomes, cockpit displays and controls. Textron Systems' advanced threat modeling software allows a variety of threat simulations including simple, continuous-wave, pulsed single emitters, and multiplexed radio frequency emitters modeling several threats simultaneously. Once these have been developed within the system, personnel can progress through them easily on the flight line with a thumb switch to verify aircraft operation.

"The F-35 is one of the world's most advanced tactical aircraft, designed to deliver powerful new capabilities to the warfighter," says Senior Vice President and General Manager Steve Mensh. "Our Model 527 and larger family of preflight testers give aircrews the confidence they need in their mission-critical systems, before they even leave the ground."

Textron Systems' Model 527 is compatible with threat file sharing, along with the company's family of preflight confidence testers. This includes the Joint Service Electronic Combat Systems Tester (JSECST™), which has an installed base of more than 500 systems in

numerous countries around the world, and the Advanced Architecture Phase, Amplitude and Time Simulator (A2PATS™) Laboratory Electromagnetic Environment Simulator.

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About Textron Systems

Textron Systems' businesses develop and integrate products, services and support for aerospace and defense customers, as well as civil and commercial customers including those in law enforcement, security, border patrol and critical infrastructure protection around the globe. Harnessing agility and a broad base of expertise, Textron Systems' innovative businesses design, manufacture, field and support comprehensive solutions that expand customer capabilities and deliver value. Textron Systems consists of its Advanced Information Solutions, Electronic Systems, Geospatial Solutions, Lycoming Engines, Marine and Land Systems, Support Solutions, TRU Simulation + Training, Unmanned Systems and Weapon and Sensor Systems businesses. More information is available at www.textronsystems.com.

About Textron Inc

Textron Inc. is a multi-industry company that leverages its global network of aircraft, defense, industrial and finance businesses to provide customers with innovative solutions and services. Textron is known around the world for its powerful brands such as Bell Helicopter, Cessna, Beechcraft, Hawker, Jacobsen, Kautex, Lycoming, E-Z-GO, Greenlee, and Textron Systems. For more information, visit www.textron.com.

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Source: Epicos, Textron Inc