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## Passenger Demand for March 2015



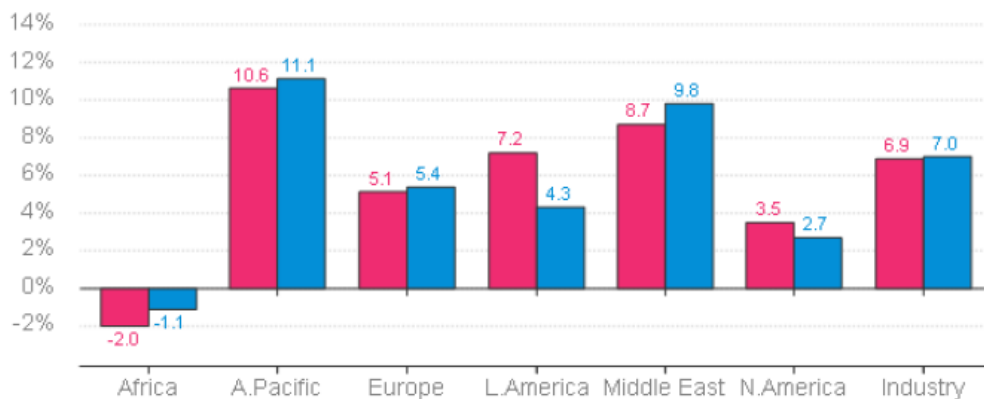
A report published by the International Air Transport Association (IATA) recorded that global passenger traffic rose for March 2015 by 7.4% compared to March 2014. This was an improvement in February, when year-over-year growth was 6.4%. March capacity rose by 5.6% and load factor climbed by 1.3% to 80.0%. Mr. Tony Tyler, IATA's Director General and

CEO, stated regarding these results the following: "March traffic continues the trend of healthy demand for travel. We may, however, see a softening of demand in the second quarter. There are signs that regional trade activity in Asia-Pacific may be slowing and Eurozone economic weakness continues to disappoint".

All regions recorded year-over increases in demand except for Africa. More specifically, airlines of Asia-Pacific region recorded an 11.1% increase in demand compared to March 2014, the strongest among all regions. Additionally, capacity rose by 7.1%, boosting load factor by 2.9% points to 78.5%.

### International passenger Growth by Region

% change over year



■ Feb 2015  
■ Mar 2015

European carriers recorded an increase of 5.4% compared to the year-ago period, while capacity rose by 3.6% and load factor climbed by 1.4% points to 80.8%, the highest among all regions.

North American airlines experienced a 2.7% traffic rise in March over a year ago, reflecting the maturity of this specific travel market. Capacity rose by 2.1%, pushing up load factor by 0.5% to 80.4%.

Regarding the Middle East region, carriers demand climbed by 9.8% in March but capacity growth of 11.9% meant that load factor fell by 1.5% to 77.1% compared to March 2014.

Latin American airlines' traffic rose by 4.3% in March compared to March 2014, while capacity rose 5.5% and load factor declined to 77.4%.

Finally, African airlines endured another month of declining demand, as traffic dropped 1.1% in March compared to a year ago. Capacity declined by 3.2%, thus pushing load factor upwards by 1.4 percentage points to 65.7%.

Kyriazis Vasileios,  
Epicos Newsletter Head Editor

*Air Freight Markets: March 2015*



According to the International Air Transport Association (IATA) the global air freight markets, recorded a modest of 1.6% rise in volumes in March 2015 compared to the findings from a year ago. Such performance stands in sharp contrast to the exceptionally strong 12.2% rise reported for February. Nevertheless, the February performance was positively skewed by the combined impacts of the timing of the Lunar New Year. Additionally, it is worth mentioning that over the first quarter of the year there is a year-on-year growth of 5.3%. Finally, the regional growth picture remains highly mixed. The Latin American and European markets declined while Middle East carriers showed rapid growth.

Regarding Asia-Pacific carriers reported a growth of 2.0% in March 2015 compared to March 2014. Nevertheless, this is in contrast with the 20.5% rate showcased in February. Capacity expanded 3.9%. European carriers declined by 2.4% in March, compared to a year ago, while capacity rose by 2.3%.

Mar. 2015 vs. Mar. 2014	Freight Tonne Kilometres (FTK) Growth	Annual Freight Tonne Kilometres (FTK) Growth
<b>International</b>	1.7%	4.0%
<b>Domestic</b>	0.9%	0.0%
<b>Total Market</b>	1.6%	3.2%

Source: IATA

North American airlines reported growth of 0.8% on a year-on-year basis and capacity fell by 3.1%. Middle Eastern carriers saw the biggest grow (10.6%), while capacity grew by 17.1%. This should be largely attributed to the network and capacity expansion and the increased trade volumes among Middle Eastern economies.

Latin American airlines reported the largest fall (6.4%) in year-on-year basis. The key economies of Brazil and Argentina continue to struggle, and a general increase in regional trade activity is yet to carry over into stronger air freight demand. Finally, African airlines experienced a 2.4% increase, while Capacity rose by 0.5%.

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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### AIS Monitoring & Control center implementation



A high technology company is proposing cooperation with Homeland Security Agencies for the enhancement of their national coastal waters surveillance capacity, through implementation of a National AIS (Automatic Identification System) Monitoring and Control Center and its integration with existing systems related to maritime safety. The project can be implemented either through the fulfillment of an offset obligation in a respective country, or through a direct cooperation with the corresponding Agencies.

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

Mail at: [g-menexis@epicos.com](mailto:g-menexis@epicos.com)

### Development of an integrated parts' codification system complying with NATO standards



A company providing solutions for corporate and/or governmental organizations critical information systems is proposing the development of an Integrated Parts Codification System, according to NATO Supply System standards. This system will provide sourced items codification functions for the Armed Forces or other organizations where appropriate parts' codification according to NATO standards and related information exchange is crucial for the related organizations' operations. Integration with existing life-cycle support products is also possible.

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## Embraer Defense & Security delivers the first modernized AF-1B jet fighter to the Brazilian Navy



Embraer Defense & Security held the delivery ceremony, today, of the first modernized AF-1 (AF-1B) fighter jet to the Brazilian Navy at its industrial plant in Gavião Peixoto, in outstate São Paulo. The ceremony was attended by the Navy Commander, Fleet Admiral Eduardo Bacellar Leal Ferreira, and officers of the High Command of the Brazilian Navy. The AF-1 program (the name given by the Navy to the McDonnell Douglas A-4 Skyhawk) provides for the revitalization and modernization of 12 subsonic jets – nine AF-1 single-seaters and three AF-1A two-seaters.

The AF-1 is an intercept and attack airplane operating from an aircraft carrier to provide air defense for the fleet. These modernized Navy jets received new navigation, weapons, power, tactical communications and sensor systems, plus computers and multimode state-of-the-art radar. This equipment, along with the structural work that was performed, will make it possible for these jet fighters to continue operating until 2025. Embraer's modernization program also includes supplying briefing and debriefing stations that are already being used for the training and proficiency of pilots of the VF-1 Falcão Squadron, in order to improve their use, to reduce costs, and to bring greater effectiveness to mission planning and execution.

"For the Brazilian Navy, the modernization of the AF-1 aircraft at Embraer is another important step in capacitating base of Brazil's defense industry, and the results achieved will allow Naval Aviation to operate an aircraft with state-of-the-art sensors and equipment, representing a large forward leap in the Navy's capacity," said Fleet Admiral Eduardo Bacellar Leal Ferreira, Navy Commander.

"This is the first contract for systems integration that we have signed with the Brazilian Navy and, therefore, is a landmark in our relations," said Jackson Schneider, President and CEO of Embraer Defense & Security. "The modernization of the AF-1 was a significant technological challenge, since it is a platform that we did not develop. Nevertheless, with the support and competence of the staff of the Brazilian Navy, we were able to deliver a solution that fully meets the operational needs of our client in demonstration of our commitment to the Navy's projects."

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### HAL-BAeS Sign MoU for More Collaboration



HAL signed a MoU with BAe Systems UK recently for Hawk Mk132 Upgrade, development of combat Hawk for Indian and export markets and maintenance solutions for supporting Jaguar and Hawk fleet. Speaking on the occasion, Mr. T. Suvarna Raju, CMD, HAL expressed confidence on

success of the proposed collaboration between HAL and BAeS. "It is important that both the teams finalise the scope of Hawk Mk132 Upgrades and other work packages under the MoU agreement at the earliest", he said.

Mr M N Shrinath, General Manager (Aircraft) signed the MoU on behalf of HAL, while Mr. Steve Timms, Managing Director (Defence Information, Training and Services) signed on behalf of BAeS. Mr. Chris Boardman, Managing Director (Military Air & Information) headed the BAeS delegation.

#### About Hawk Mk. 132

The Hawk Mk. 132 is an Advanced Jet Trainer (AJT) with tandem dual seats meant to provide basic, advanced flying and weapons training. The cockpit provides excellent field of view and the aircraft is equipped with Inertial Navigation/Global Positioning System, Head-Up Display and Hands-On Throttle and Stick controls.

The aircraft has the capabilities to be used as a ground attack aircraft or for air defence. The Hawk AJT has excellent flying characteristics with good stability, can be flown at night and can perform wide range of aerobatic manoeuvres. The aircraft can accommodate a wide variety of external stores. The aircraft has 7 hard points to carry external stores with a possible 12 types of combinations to carry the stores.

The aircraft is being produced at HAL under licence from BAeS, UK and the first aircraft was handed over to IAF in August 2008. Production program of 42 Hawks to IAF was concluded in 2011-12. Further, second contract was signed between IAF and HAL in July 2010 for supply of 40 Nos of Hawk AJT and associated equipment. HAL has so far produced 25 aircraft and would be producing all the 40 aircraft by 2016-17.

A contract was signed between Indian Navy and HAL in July 2010 for supply of 17 Nos of Hawk AJT and associated equipment. HAL has so far produced 11 aircraft and would be producing all the 17 aircraft by 2016-17. HAL has so far produced 78 Hawk aircraft.

For Further Information [Click Here](#)



### African air travel primed for take-off

Africa has long been the El Dorado just over the horizon for airlines, but sustained economic growth and the emergence of a middle class on the continent may finally clear the obstacles from the runway.

"Today, Africa accounts for just a small portion of global air traffic: less than 3 percent of passengers when it has 15 percent of the world's population," said Bertrand Mouly-Aigrot, an air transport expert at Archery Strategy Consulting. "Thus... there is considerable development potential," he added.

The forecasts for growth in air traffic are optimistic. Boston Consulting Group sees average growth of 6.2 percent for the coming 10 years, 4.9 percent in the following decade and 5.5 percent the decade after that. "The continent is following on the heels of the Asia and Asia-Pacific regions, two very dynamic regions," said Sylvain Duranton, an air transport specialist at the firm.

But that dynamism is so far limited to routes linking Africa with the rest of the world, with competition increasing as emerging industry majors like Emirates and Turkish Airlines have flown into the fray. Meantime, few ply the skies between African destinations. The market has been left to local airlines with tiny fleets such as Senegal Airlines or Cameroon's Camair-Co. Ticket prices remain very high.

- 'Multiple barriers' -

"If all of the main African cities are served today by European, Gulf or even Chinese airlines, the internal market remains relatively undeveloped due to multiple barriers beginning with very high costs," said Didier Brechemier of the Roland Berger consulting firm.

He pointed to monopolies in ground services and fuel prices 30 percent higher than in Europe, as well as problems with maintenance and infrastructure.

Measures to protect national markets are also a problem. "Today a quarter of the intra-African routes are served by just one company," noted Mouly-Aigrot. Some estimate that the Africa's top five airlines -- South African Airways, Ethiopian Airlines, EgyptAir, Royal Air Maroc and Kenya Airways -- stand to gain from an end to regulations which have sliced up the continent's market.

"Many African countries need to work on further liberalised access to their skies, and where this has been done in other parts of the world it has led to an increase in trade and tourism, which has a positive impact on growth of local and regional economy," said Hubert Frach, a senior Emirates executive.



The International Air Transport Association, which groups 250 airlines that carry 84 percent of world traffic, holds a similar view. Its director Tony Tyler recently urged African nations to push forward with a pledge they made 15 years ago to liberalise their skies. At the same time, African aviation regulators need to double down on safety to satisfy international requirements that apply not only to airlines.

"Out of the 16 countries which are on the EU blacklist, 13 are in Africa," said Mouly-Aigrot. Despite the difficulties, the winds are blowing in the direction of a growth in air travel.

Growth in air traffic is directly correlated with economic expansion, and Africa has been growing at nearly five percent for the past five years, noted Duranton at Boston Consulting Group. Population growth and urbanisation support demand for air travel, as do the large distances between cities and a lack of alternatives means of travel.

Also important is that a middle class is emerging in more countries across Africa, not just the richest such as South Africa and Nigeria. It is "this middle class that is developing consumption habits similar to Western standards," said Duranton.

He pointed to the 15 percent expansion of smartphones and 30 percent jump in Internet users in Africa. "It is estimated that this consuming class will grow by five percent in the years to come," said Duranton.

The emerging African middle class will no doubt also be interested in tourism, providing a boost to Africa's tourism industry, which has climbed from three percent of the global total in 1980 to six percent today, and is dependent on air travel.

- Africa the 'New China' -

And it is the emerging middle class that international airlines are targeting. "Our goal is to maintain our leadership in flights between Europe and Africa," said Frank Legre, who heads up Africa for Air France-KLM, a major player with about 20 percent of the market between the continent and Europe and North America.

"The difficulty today is not competition between European companies but that from the Gulf airlines and Turkish Airlines," said Legre. "We've noticed real growth in the traffic to Dubai and Istanbul due to shifts in trade and finance as the African economy has opened up to the world," he added.

Turkish Airlines chief executive Temel Kotil earlier this month called Africa the "new China next to Europe," and estimated activity in the African market of 1.2 billion people had the potential to grow tenfold.

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

## Irish government to sell Aer Lingus stake to IAG

The Irish government is to sell its 25-percent stake in flag carrier Aer Lingus to International Airlines Group after receiving assurances on the airline's future, the transport minister said Tuesday.

"The government has decided that it will support IAG's proposal," minister Paschal Donohoe said in a statement.

The sale has been a hot topic for Dublin, with severe opposition within the junior government coalition party, Labour, and from unions who warned about implications for jobs and connectivity.

Late Tuesday night a group of eight Labour lawmakers who had questioned the deal backed the proposals, saying they were "satisfied" their concerns had been met.

To quell opposition IAG made commitments on the future of the airline, promising to maintain the brand, sustain its existing routes, create new jobs and ensure the airline's lucrative landing slots at London's Heathrow airport would not be sold for seven years.

The deal offers Aer Lingus shareholders 2.55 euros a share -- 2.50 euros plus a 0.05 euros dividend -- valuing the airline at 1.36 billion euros (\$1.7 billion).

IAG, owner of flag carriers British Airways and Spain's Iberia, will now have to issue a formal offer, while the matter is discussed in parliament on Wednesday.

A vote will be necessary before Dublin can complete the sale.

Donohoe said up to 635 new net jobs would be created at Aer Lingus by 2020 and that the 335 million euros it would receive would go to a fund to improve transport infrastructure in Ireland.

IAG will also require the support of Irish airline Ryanair, which is the largest shareholder, with a 29.8 percent holding.

Ryanair spokesman Robin Kiely told AFP its board "will consider any offer on its merits, if and when an offer is made".

IAG said in a statement the acquisition had a "compelling and financial rationale" for the group.

"Aer Lingus, Ireland and IAG would all benefit from this deal," IAG chief executive Willie Walsh said in a statement.

- Union opposes deal -

The announcement follows an independent report presented to the Irish cabinet on Tuesday morning, understood to be strongly in favour of the sale. The British Irish Chamber of Commerce, which represents hundreds of businesses in both countries, voiced support for the sale, saying that it would support trade links between the two countries.

"This sale will unlock the potential for Dublin to become a European hub," said its director general John McGrane.

But unions reiterated their fears about job losses and deteriorating working conditions after restructuring, saying they would oppose the sale if their concerns were not addressed.

Ireland's largest public sector trade union IMPACT said the takeover would be "bad for jobs, for Aer Lingus workers and for Ireland's connectivity and economic development".

"The interests of IAG shareholders will always trump the interests of the Irish economy and the Irish travelling public," the statement said.

The leader of the opposition Sinn Fein party, Gerry Adams, said earlier on Tuesday that IAG's concessions would be "merely a stay of execution" on the airline's valuable Heathrow slots.

"Losing these vital routes in six months, five years or later is still very bad for Aer Lingus, bad for the economy and bad for Ireland," Adams said.

The European Commission will also have to assess the takeover on competition grounds.

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

### **Russia confirms sale of S-300 missile systems to Iran**

Russia on Tuesday confirmed its decision to deliver S-300 air defence missile systems to Iran, but said it could not yet announce a date.

"The decision on delivering S-300 to Iran has been taken but the realisation of the project will take some time," Yevgeny Lukyanov, deputy head of Russia's security council, was quoted by Russian agencies as saying.

"As I understand, the time of delivery has not come yet," he said.

Talks on the controversial deal, which has been frozen since 2010, finished Monday with Iran's Deputy Foreign Minister Hossein Amir-Abdollahian pronouncing them a "success".

Russia's Deputy Foreign Minister Sergei Ryabkov said Tuesday that the agreement is still being finalised.

President Vladimir Putin last month lifted a ban on supplying Iran with the sophisticated systems, following the landmark framework deal Tehran struck with the West over its nuclear programme.

He said several days later that Iran is "demonstrating very high flexibility and clearly wishes to reach a compromise on this nuclear programme," which is why Moscow lifted its own ban.

The decision sparked condemnation from Israel and concern from Washington, as it came before the lifting of the sanctions by the UN Security Council, which originally caused Moscow to freeze the deal.

Now Russia is arguing that the missile system is exclusively defensive and does not even fall under the sanctions.

Iran's Amir-Abdollahian predicted that the delivery would go through "at the soonest opportunity possible".

Iran's deputy oil minister Amirhossein Zamani-Nia said Monday he hoped for a total lifting of international sanctions later this year if world powers resolve all remaining contentious issues and strike the nuclear deal by its June 30 deadline.

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

### Ryanair says annual profits soar

Irish no-frills airline Ryanair said Tuesday that annual net profits surged by two thirds, boosted by improved customer services, rising sales and sliding oil prices.

Earnings after taxation leapt 66 percent to 866.7 million euros (\$944.1 million) in the year to March 31, compared with 522.8 million euros in 2013/2014, Ryanair said in a results statement. That beat the company's own guidance of between 840-850 million euros.

Passenger numbers swelled 11 percent to 90.6 million and revenues grew 12 percent to 5.654 billion euros, as the airline also attracted more business customers.

Chief executive Michael O'Leary said the group's 'Always Getting Better' customer services programme "has attracted millions of new customers to Ryanair".

The overhaul -- which was launched in 2013 -- has sought to improve both the company's public image and the battered reputation of its customer services.

Ryanair has rolled out a raft of initiatives to win over fliers, including allocated seating, seats with more legroom, improved in-flight meals, a new website and app, extra carry-on luggage and more business-friendly schedules.

The airline also forecast Tuesday that 2015/2016 net profit would climb to a range between 940 million euros and 970 million euros.

In reaction to the raft of upbeat news, Ryanair's share price rallied by more than four percent in morning deals on the Dublin stock exchange.

"Ryanair has again exceeded forecasts. A rejuvenated customer offering has proved central, with net profit rising impressively," said equity analyst Keith Bowman at Hargreaves Lansdown Stockbrokers.

"The group's focus on squeezing costs remains core, whilst like rivals, initiatives to attract business customers continue to be pursued."

Separately, Ryanair repeated that its board would consider any offer from British Airways owner International Airlines Group for its near 30-percent stake in Aer Lingus.

London-listed IAG has bid 1.35 billion euros for Aer Lingus but needs the support of Ryanair, which is the biggest single shareholder in the former Irish national carrier.

Reports meanwhile suggested Tuesday that the Irish government might soon give its approval for the sale of its 25.1-percent stake to IAG.

The Irish Times said a government-commissioned report was understood to be "strongly supportive" of a sale.

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

### Textron Systems Joins UAS Denmark

Textron Systems, a Textron Inc. business, announced today its participation in Unmanned Aircraft Systems (UAS) Denmark. Founded in 2012, the innovation-driven UAS Denmark and its network includes representation from all parts of the industrial supply chain — including industry, research institutions and user organizations — to promote UAS development and testing, as well as to expand the market in Denmark and Europe. This includes the Nordic UAS Event at the UAS Test Center Denmark on May 27 and 28, where Textron Systems will exhibit.

Textron Systems actively supports customers in Europe, including the Swedish military, which currently uses the company's ground-breaking Shadow® 200 Tactical Unmanned Aircraft System (TUAS). In addition, the Italian military is fielding the most advanced generation of the Shadow 200 system, designated by the U.S. Department of Defense as the

Shadow RQ-7B V2 TUAS. This configuration also is being fielded to the U.S. Army, Marine Corps and Special Operations Command.

Additionally, Textron Systems is serving commercial customers internationally with its Aerosonde™ UAS, which is currently supporting oil and gas operations. The Aerosonde system's history as a scientific and military platform have led to notable achievements. It was the world's first UAS to cross the Atlantic Ocean, and has amassed more than 1,300 flight hours over the Arctic and Antarctica.

"Textron Systems is proud and eager to bring more than 30 years as a UAS designer and manufacturer to the UAS Denmark network of innovators and the Danish industry, as together we explore new applications for UAS," says Textron Systems' Director of Business Operations, Europe and Africa Bear Midkiff. "We are privileged to support our customers with operational and support services, living and working alongside them in some of the world's most challenging environments, and have gained more than a million flight hours between our Shadow and Aerosonde systems as a result."

"We are happy to see one of the biggest players in the UAS market joining our national network," says UAS Denmark's Head of UAS Michael Larsen. "Textron Systems has proven its strong capabilities within the field of the unmanned technologies for many years. For Denmark as a UAS country, this membership proves our ability to attract international companies that can potentially start cooperation with Danish companies and make the UAS business stronger in the country."

#### 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 & Land Systems, Support Solutions, TRU Simulation + Training, Unmanned Systems and Weapon & Sensor Systems businesses. More information is available at [www.textronsystems.com](http://www.textronsystems.com).

#### About UAS Denmark

UAS Denmark is the national industry network for UAS organizations, and the network now counts over 80 members. The membership list is diverse and represents the whole UAS value chain — from developers and larger corporations to the large Danish research institutions and user organizations.

#### 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](http://www.textron.com).

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**Source:** Textron, Epicos