Andalusian Aerospace Sector Statistical Report 2010 Executive Summary

JUNTA DE ANDALUCIA

Agencia de Innovación y Desarrollo de Andalucía IDEA

CONSEJERÍA DE ECONOMÍA, INNOVACIÓN Y CIENCIA

Carried out by: fundación HÉLICE

Collaborator: aertec

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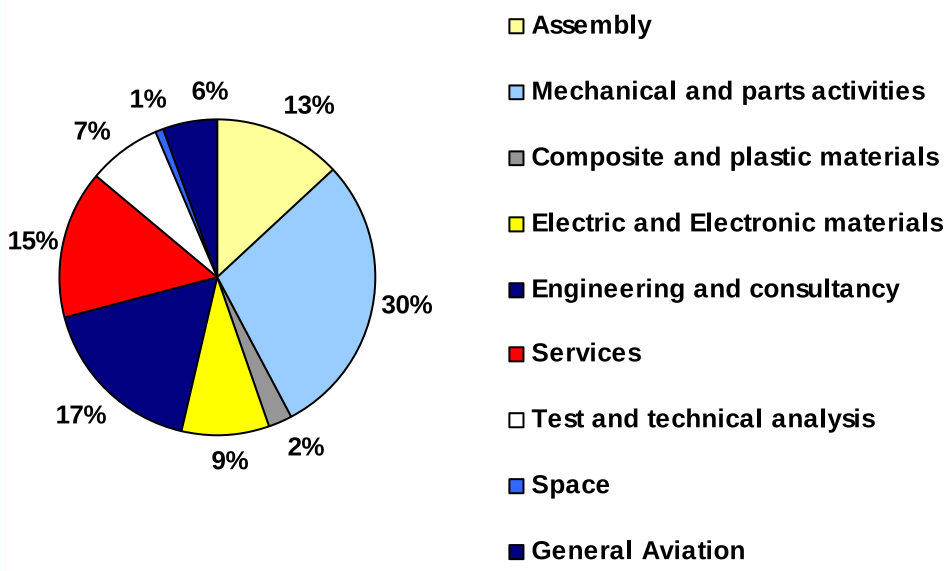
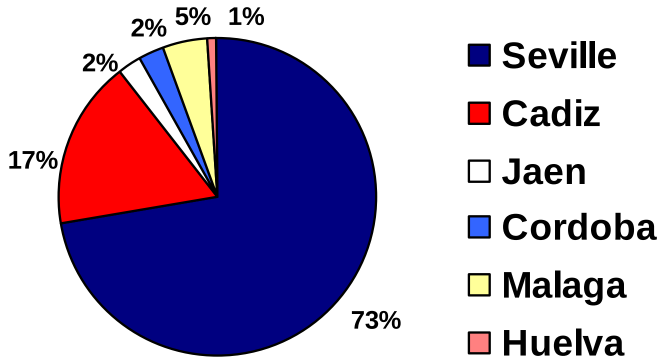
Distribution

In 2010 the aerospace sector in Andalusia was made up of 123 companies.

Distribution of companies by principal activity



Distribution of companies by province



Evolution 2001-2010

During 2009-2010 turnover has increased 26% (*) and employment by 10% (*).

Since 2001 turnover in the sector in Andalusia has increased fourfold and employment levels are 2.7 times higher.

Evolution of turnover (Millions of euros) and employment (Number of employees) in the Andalusian aeronautical sector		
Year	**Turnover**	**Employment**
2001	495,0	3800
2002	509,0	3867
2003	596,2	4179
2004	645,4	4516
2005	798,8	5535
2006	848,4	6206
2007	825,3	6753
2008	1417,2	7555
2009	1541,2	8786
2010	1983,0	10278

(*) The coherency of the annual growth indicators has been guaranteed by the inclusion into 2009 of the companies that have participated in the study for the first time in 2010.

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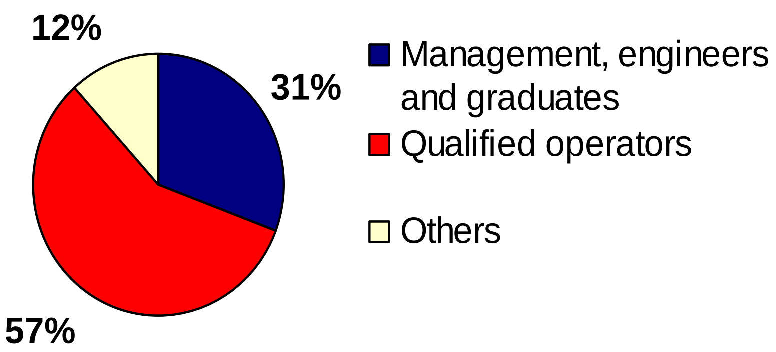
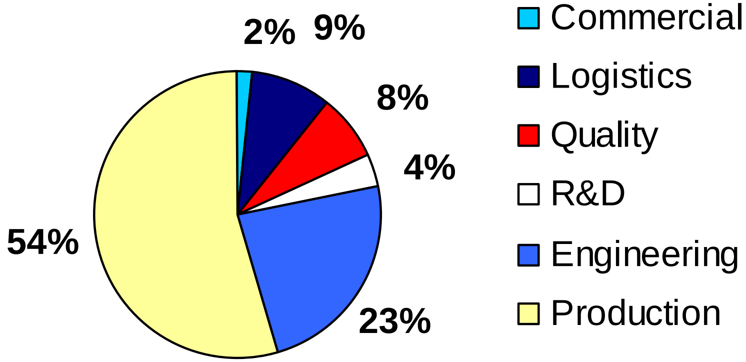
Employment

- **The upward employment trend continues with a 10% inter-annual increase (*), the number of professionals in the sector reaching 10278 in 2010.**

Distribution of employment by qualifications



Distribution by area 2010



- **Evolution of highly qualified professional profiles has increased steadily, reaching 12,3% (*) for management , engineers and graduates in 2010.**

- **Employment grew in all areas, particularly in the area of engineering, with an increase of 29.9% (*)**

(*) The coherency of the annual growth indicators has been guaranteed by the inclusion into 2009 of the companies that have participated in the study for the first time in 2010.

Employment by Autonomous Region

Employment in Andalusia in 2010 represented 27.6% of the nation's total, in second place behind Madrid.

Autonomous region	National employment evolution									
	Year 2006		Year 2007		Year 2008		Year 2009		Year 2010	
	No. Employees	%	No. Employees	%	No. Employees	%	No. Employees	%	No. Employees	%
Andalusia	6.206	21,0	6.753	21,7	7.555	22,6	8.786	24.7	10.278	27.6
Castilla la Mancha	1.033	3,5	1.775	5,7	1.304	3,9	1.591	4.5	1.701	4.6
Castilla León	Nd	Nd	654	2,1	702	2,1	566	1.6	556	1.5
Catalonia	797	2,7	436	1,4	869	2,6	566	1.6	541	1.5
Madrid	17.240	58,4	16.598	53,3	18.019	53,9	19.124	53.7	19.273	51.7
Basque Region	3.277	11,1	3.830	12,3	4.045	12,1	3.747	10.5	3.737	10.0
Others	968	3,3	1094	3,5	936	2,8	1201	3.4	1.208	3.2
TOTAL	**29.521**	**100**	**31.140**	**100**	**33.430**	**100**	**35.580**	**100**	**37.294**	**100**

Source: TEDAE

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Overall turnover

In Andalusia, turnover in this sector in 2010 was 1.983 billion euros in total, increasing by 26% (*) compared to the previous year.

Sub-sectoral distribution by sales volume (Millions of euros)											
Área	**Year 2001**	**Year 2002**	**Year 2003**	**Year 2004**	**Year 2005**	**Year 2006**	**Year 2007**	**Year 2008**	**Year 2009**	**Year 2010**	**Growth 2009-2010 (%)**
Final assembly companies	120,0	151,0	170,0	192,0	179,5	190,0	158,9	335,9	332,6	468,0	40,7
Large section assembly companies	313,0	297,0	357,0	357,0	476,3	454,4	418,2	757,4	756,0	968,6	28,1
Complementary industry	58,0	54,0	61,0	84,0	124,0	176,4	183,2	251,2	294,6	306,6	4,1
Engineering and consultancy	3,0	3,0	5,0	6,0	10,6	14,9	19,8	31,4	45,9	40,8	-11,0
Services, testing and space	2,0	4,0	4,0	6,0	8,5	12,7	45,2	28,9	75,6 (*)	126,9	67,8
General aviation	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	69,3	72,1	4,0

(*) The coherency of the annual growth indicators has been guaranteed by the inclusion into 2009 of the companies that have participated in the study for the first time in 2010.

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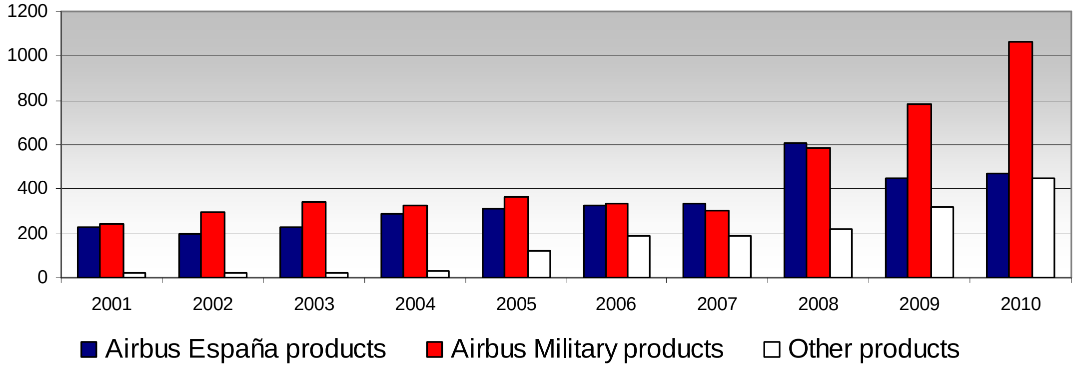
Sales by product

- **A notable point is the increase of sales in other products by 41.6%, increasing total turnover in comparison to 2001: In 2001 the percentage was 5%, while in 2010 it was 23%. This reflects the diversification of products and clients.**

- **Airbus España products experiences positive growth in 2010 after a decline in sales of Airbus aircraft in 2009. Airbus Military products sales levels remained at the same level in 2010.**

Millions of euros



Distribution of sales volume by aeronautical product

Sales by autonomous region

In 2010 Andalusia represented 28.4% of the total turnover of the national aeronautical sector and remained in second place behind Madrid.

National sales volume evolution										
Autonomous region	Year 2006		Year 2007		Year 2008		Year 2009		Year 2010	
	Sales volume	%	Sales volume	%	Sales volume	%	Sales volume	%	Sales volume	%
Andalusia	848,4	16,8	825,3	16,9	1.417,2	23,1	1.541,2	24,1	1.983,0	28,4
Castilla la Mancha	211,9	4,2	243,8	5,0	165,8	2,7	294,4	4,6	311,1	4,5
Castilla León	-	-	48,8	1,0	49,1	0,8	32,0	0,5	36,3	0,5
Catalonia	106,0	2,1	73,1	1,5	110,6	1,8	83,2	1,3	82,3	1,2
La Rioja	3209,3	63,6	3003,6	61,6	3.685,2	60,0	3.686,3	57,6	3.779,8	54,2
Madrid	570,2	11,3	585,1	12,0	626,5	10,2	633,6	9,9	662,6	9,5
Basque Region	100,2	2,0	96,2	1,7	87,6	1,4	123,5	1,9	120,7	1,7
TOTAL	5046,0	100,0	4876	100,0	6.142,0	100,0	6.394,2	100,0	6.975,0	100,0

Source: TEDAE

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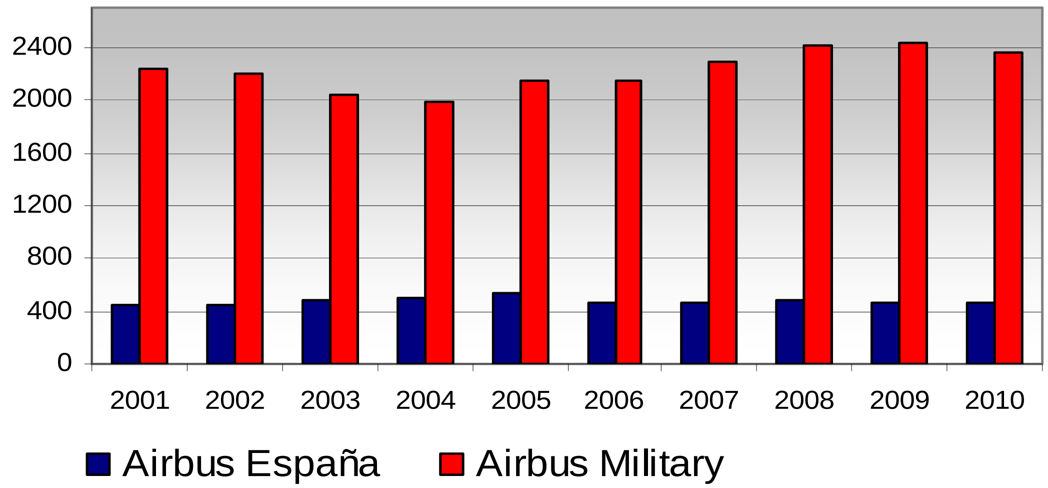
Employment 2009-2010

Fall in number number of employees in leading companies.

	Evolution of employment in leading companies (No. employees)										
Aerospace product	**Year 2001**	**Year 2002**	**Year 2003**	**Year 2004**	**Year 2005**	**Year 2006**	**Year 2007**	**Year 2008**	**Year 2009**	**Year 2010**	**Year 2009-2010 (%)**
Airbus Military	2238	2191	2033	1982	2143	2150	2293	2414	2435	2359	-3,1
Airbus España	455	455	483	497	531	466	462	479	465	458	-1,5
TOTAL	**2693**	**2646**	**2516**	**2479**	**2674**	**2616**	**2755**	**2893**	**2900**	**2817**	**-2,9**

No. Employees



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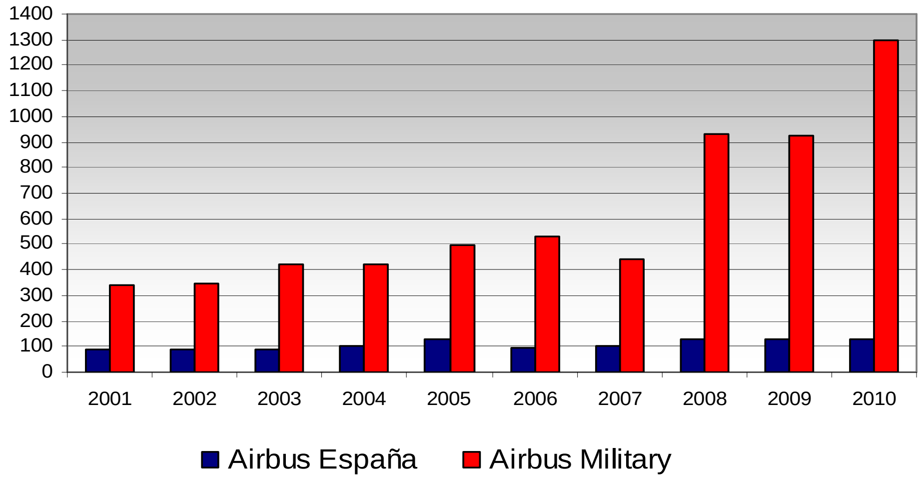
Sales 2009-2010

Turnover of leading companies increases by 375 million euros compared to 2009

	Sales volume of leading companies (millions of euros)										
Company	**Year 2001**	**Year 2002**	**Year 2003**	**Year 2004**	**Year 2005**	**Year 2006**	**Year 2007**	**Year 2008**	**Year 2009**	**Year 2010**	**Growth 2009-2010 (%)**
Airbus Military	338,0	347,0	420,0	422,0	498,5	527,7	441,3	933	924	1300	40,7
Airbus España	90,0	90,0	91,0	100,0	129,1	97,9	104,5	125,8	128,89	127,94	-0,7
TOTAL	**428,0**	**437,0**	**511,0**	**522,0**	**627,6**	**625,6**	**545,8**	**1058,8**	**1052,9**	**1427,9**	**35,6**

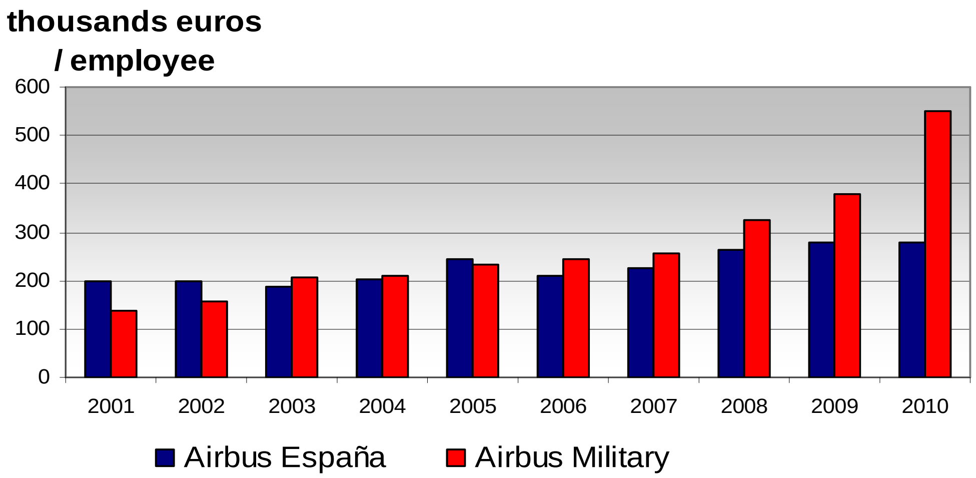
Millions of euros



Productivity

Understood as "turnover per employee" Airbus Military experienced growth of 45% while the leading companies combined reached 40%.

	Evolution of productivity in leading companies (thousands € / employee)										
Company	**Year 2001**	**Year 2002**	**Año 2003**	**Year 2004**	**Year 2005**	**Year 2006**	**Year 2007**	**Year 2008**	**Year 2009**	**Year 2010**	**Growth 2009-2010 (%)**
Airbus Military	136	158	207	211	233	245	258	324	380	551	45,2
Airbus España	198	198	188	201	243	210	226	263	277	279	0,8
Leading companies	159	165	203	211	211	239	253	314	363	507	39,6



Employment

- **Employment in auxiliary companies increased by 15.7% (*) last year.**

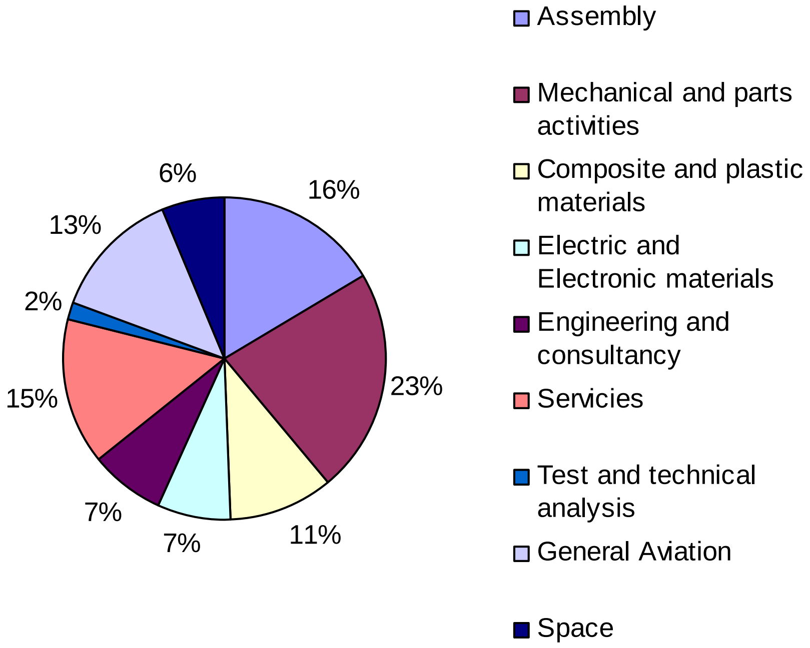
	Distribution of employment by area in auxiliary companies (No. employees)										
Area	**Year 2001**	**Year 2002**	**Year 2003**	**Year 2004**	**Year 2005**	**Year 2006**	**Year 2007**	**Year 2008**	**Year 2009**	**Year 2010**	**Growth 2009-2010 (%)**
Production	724	753	997	1287	1776	2090	2061	2459	2805 (*)	3265	16,4
Engineering	80	113	218	259	350	513	598	700	1151 (*)	1495	29,9
R&D	5	6	14	21	58	88	94	195	240 (*)	240	0,2
Quality	137	154	185	176	252	260	289	326	461 (*)	489	6,1
Logistics	60	94	112	139	152	204	242	292	461 (*)	593	28,6
Commercial	17	17	22	21	44	69	60	70	105 (*)	104	-1,3
Others	66	84	116	135	229	366	654	620	1224 (*)	1275	4,1
TOTAL	**1107**	**1221**	**1664**	**2038**	**2861**	**3590**	**3998**	**4662**	**6447** (*)	**7461**	**15,7**

- **Above all the significant increase in personnel assigned to engineering must be mentioned, this is important in strengthening the sector.**
- **The increase in engineering personnel along with R&D means that the number of highly qualified technical personnel increased from 21.6% in 2009 to 23.3% in 2010.**

(*) The coherency of the annual growth indicators has been guaranteed by the inclusion into 2009 of the companies that have participated in the study for the first time in 2010.

Sales

The auxiliary sector experienced an increase in turnover of 6.5% (*) in 2010 compared to the previous year, resulting in a total of 555.1 million euros



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Research and development expenditure

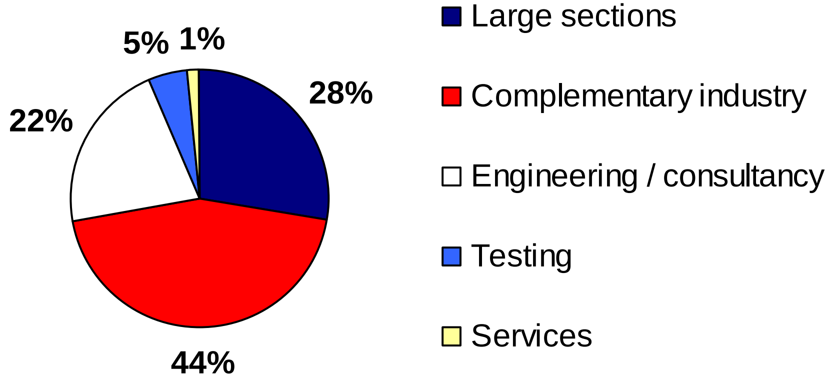
Spending in R&D in 2010 increased.

Evolution of R+D indicator / Auxiliary company turnover			
	Year 2009	Year 2010	Level of growth (%)
% R+D Investment / Turnover	4,3	9,0	109,3

Companies making up the 'large firms' and 'complementary industry' sub-sectors make up 27.7% and 44.13% of the total of this investment

Sub-sectoral distribution of investment in R&D en auxiliary companies (millions of euros)	
Aerospace subsector	Year 2010
Large sections	7,77
Complementary industry	12,37
Engineering and consultancy	6,11
Services	0,36
Testing and technical analysis	1,42
TOTAL	**28,03**

R&D investment by auxiliary companies



Productivity

A slight decrease in turnover per employee; down 8% (*) compared to 2009.

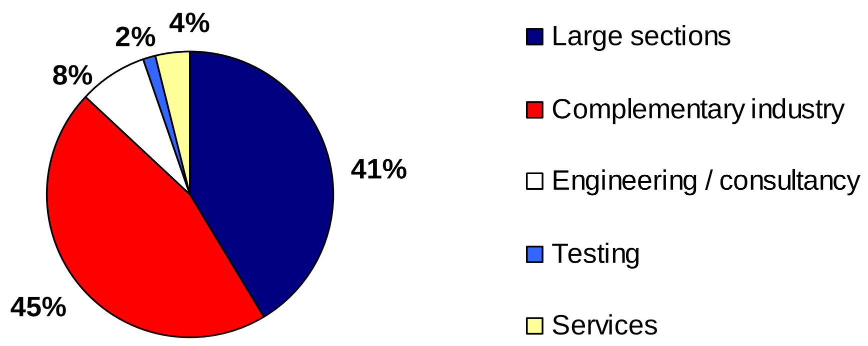
Evolution of productivity in auxiliary companies (thousands €/ employee)	
Year	**Productivity**
2001	61
2002	59
2003	51
2004	60
2005	60
2006	62
2007	70
2008	77
2009	83
2010	74

(*) The coherency of the annual growth indicators has been guaranteed by the inclusion into 2009 of the companies that have participated in the study for the first time in 2010.

Investment in fixed assets

Sub-sectoral distribution of investment in fixed assets of auxiliary companies (millions of euros)	
Aerospace subsector	**Year 2010**
Large sections	21,92
Complementary industry	24,01
Engineering and consultancy	4,14
Services	0,80
Testing and technical analysis	2,03
TOTAL	**52,9**

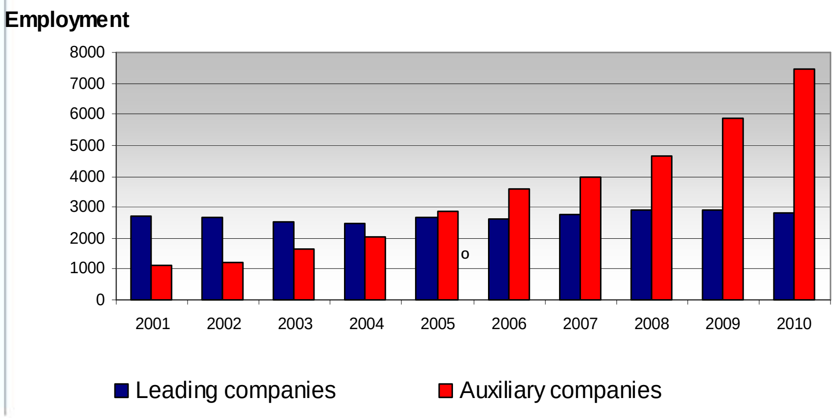
Investment in fixed assets of auxiliary companies

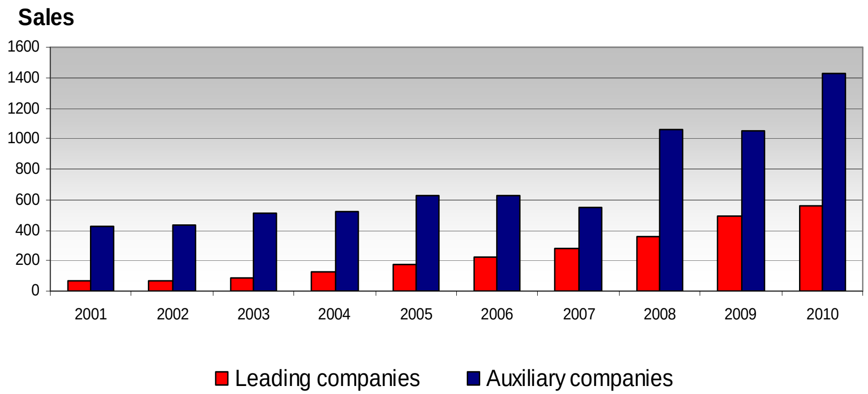


Employment and Turnover

Employment comparison (No. Employees)											
Companies	**Year 2001**	**Year 2002**	**Year 2003**	**Year 2004**	**Year 2005**	**Year 2006**	**Year 2007**	**Year 2008**	**Year 2009**	**Year 2010**	**Growth 2009-2010 (%)**
Auxiliary companies	1107	1221	1663	2037	2861	3590	3998	4662	5886	7461	15,73 (*)
Leading companies	2693	2646	2516	2479	2674	2616	2755	2893	2900	2817	-2,86

Sales volume comparison (millions of euros)											
Companies	**Year 2001**	**Year 2002**	**Year 2003**	**Year 2004**	**Year 2005**	**Year 2006**	**Year 2007**	**Year 2008**	**Year 2009**	**Year 2010**	**Growth 2009-2010 (%)**
Auxiliary companies	67,0	72,0	85,0	123,0	171,0	222,8	279,5	358,4	488,4	555,1	6,5 (*)
Leading companies	428,0	437	511	522	627,6	625,6	545,8	1058,8	1052,9	1427,9	35,6





(*) The coherency of the annual growth indicators has been guaranteed by the inclusion into 2009 of the companies that have participated in the study for the first time in 2010.

CONCLUDING COMMENTS

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- Aeronautical activity in Andalusia is increasing, creating employment and improving in productivity. It now represents 1.38% of the overall GDP in Andalusia (€143 billion), 17% of the industrial GDP in Andalusia and 36% of the industrial GDP across Seville and Cadiz.

- A gradual concentration of businesses is occurring, allowing them to become more solvent and increasing their capability of growth both in the national and international sectors.

- Activities are diversifying, extending across broader fields those traditionally covered, aero-structures, opening doors to new interest such as systems, equipment and UAVs.

- The aerospace programmes and clients for which the companies in the sector work for are diversifying. Logically, the Airbus programmes remain the most important given the presence of Airbus España and Airbus Military in Andalusia. These two firms represent 76% of turnover, but the presence of other international manufacturers continues to increase.

CONCLUDING COMMENTS

- 2010 saw a decline in productivity levels of the auxiliary companies. Improvements in productivity should be the main objective in any policy introduced in the sector, incorporating added value activities, serving as the best form of defence against the threats from emerging countries with significantly lower labour costs.
- In the last quarter of 2009 a Tier 1 company, Alestis Aerospace, was consolidated in Andalusia. Andalusia also benefits from the presence of other Spanish Tier 1 aerostructures firms, Aernnova and Aciturri.
- The creation of Alestis has lead to important work packages being obtained in Andalusia for the A350, which in turn has had a significant impact on employment during 2010. The impact on turnover should begin to take effect in 2011 and more so from 2012 onwards.
- According to details shown in the Airbus Military results for 2010, the A400M programme was consolidated after the first flight took place at the end of 2009.

CONCLUDING COMMENTS

- The consolidation of activities and research lines developed fundamentally by the FADA-CATEC Aerospace Technology Centre has confirmed the forecast made in last year's study. This centre has, as predicted, been influential in the increase of direct employment relating to R&D, with a very positive effect on the growth of investment in this sector.

- Andalusian Administration continues to offer a high level of strategic support to the aeronautical sector.

  The existence of an Aerospace Action Programme 2010-2013, carried out during the development of the Sector Focus of the Andalusia Industrial Development Programme (PADI) 2008-2013. The programme established the need to define specific measures for the 7 strategic sectors identified in Andalusia.

  The contents of the Aerospace Action Programme 2010-2013 were agreed between the Economics Science and Innovation Council and the relevant economic and social agents during the Aeronautical Industry Round Table meeting that took place on October 27th, 2010.

- In this context the sector should continue its diversification, qualification and internationalisation as much as possible, maximising opportunities, while being aware of the threats brought about by the exclusive dependency on Airbus.

Hélice Foundation Management