

“Aircraft orders are close to the 2016 high, but European aviation is still in shock with recent failures of Air Berlin, Alitalia and of course Monarch which resulted in the biggest ever peacetime repatriation of stranded UK citizens. The public’s appetite for flight has rarely been higher but airlines and operators are under increasing cost pressure with low margins for error. As a key part of the supply chain we must continue to be proactive and productive in solving our clients employment related challenges.”

Steve Howard, Operations Director



Aviation overview & outlook

Winter 2017



Aviation overview



In Q3 2017, deliveries of new civil aircraft reached the highest ever level recorded for the period (354), with 260 single-aisle and 94 widebodies being produced.

The value to UK industry from these deliveries is estimated to be close to **£7 billion**.

The strong quarter means **1,018** aircraft were delivered in the first 9 months of the year, worth an estimated **£20 billion** in total to UK companies. This year's deliveries are only **9** aircraft behind 2016's record-breaking output, as the aerospace industry continues to maintain its strong performance.

Overall, production rates are **30%** higher than they were 5 years ago with total aircraft on order books **50%** higher, as long-term growth in the sector continues.

Emirates, the largest airline in the Middle East, placed an order for **40 Boeing 787 Dreamliners** in a deal worth about **£11.3 billion** at November's Dubai Airshow. The order raises the cost of its purchase of Boeing aircraft to **\$90 billion** – they are the biggest customer for Boeing's 777, with 165 in service and another 164 on order.

% of employees in UK Aerospace companies, by job function



Aviation outlook



The Chancellor's upcoming Budget should set aside more than **£300 million** investment in a **£1 billion** productivity improvement programme to boost manufacturing supply chains.

While the UK's largest manufacturers have the ability to boost production rates in-house, to achieve growth they are dependent on the ability of local suppliers to continue improving their productivity.

In the aerospace sector, with civil aircraft production rates set to rise **40%** by 2020, small and medium sized companies need to invest in growth and boosting competitiveness.

Nearly two thirds of UK Aerospace companies are expecting to grow by **10%** or more in the next 12 months.



A Government commitment of £345 million in the November Budget would secure private sector investment of more than £600 million for initiatives supporting supply chain companies in the aerospace, defence, automotive, rail and civil nuclear sectors.

Only **8%** of UK Aerospace Companies employ Apprentices and Trainees. More definitely needs to be done to not only attract future talent to the growing industry, but make employers realise the value of taking on apprentices in the first place.

Airbus, Rolls-Royce and Siemens have joined forces to demonstrate a flyable hybrid-electric propulsion system on a British Aerospace 146 regional jet by 2020.

The programme called "E-Fan X hybrid" will replace the aircraft's number 3 engine with an electrically driven fan powered by energy from a gas turbine engine with an integrated generator, located in the rear part of cabin.



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