

## MEDIA RELEASE



### **SURVEY SHOWS MANY SINGAPORE AEROSPACE INDUSTRY PLAYERS LOOKING FORWARD TO FULL RECOVERY BY END OF 2010**

*Snap poll of 42 Aerospace companies in Singapore reveals that half of them are confident that the industry will grow by 1-10% compared to the last 12 months; more than three quarters of the respondents are confident of a recovery to levels prior to the economic downturn by the second half of 2010.*

**SINGAPORE (10 Sep 2009)** – Amidst emerging signs of a global recovery, the Singapore Aerospace Industry is looking forward to a full recovery as early as the end of 2010. That is what three quarters of 42 local industry players who participated in a poll by the Association of Aerospace Industries (Singapore), or the AAIS, and AeroStrategy Limited are projecting.

“The Singapore Aerospace Industry managed to post a record output of close to S\$7.1 billion last year despite it being a difficult year for every industry. This industry shows resilience and many players are confident of further growth when the clouds are blown away,” said Mr Charles Chong, President of the AAIS.

The poll is a refresher to a survey that was first done earlier this year to gauge the industry’s sentiment on the outlook for the aerospace sector. Half of the respondents now expect a growth of 1-10% for the next 12 months; up from the 39% in January this year. Only 12% are bracing for a 1-10% contraction as compared to 34% of respondents in the earlier survey. 73% of respondents believe that the industry would recover to pre-downturn levels by the end of next year, with the remaining expecting recovery to happen by the end of 2011.

About half of the respondents are planning to increase hiring over the next 12 months, up from 33%, with 12% of respondents to the latest survey planning an increase of more than 10%. In fact, the top two current challenges facing the industry are the availability of skilled manpower and the cost of materials and resources, whereas in the previous survey, the top two concerns were the lack of business contracts and the ability to attract new customers. The salary budgets of companies have also seen some improvement, where previously, nearly 70% expected the 2009 budget to be lower compared to 2008, but this has since changed to about 50%, with a number of firms even expecting to raise the budget.

“The shift in focus on the availability of skilled manpower instead of concerns over business contracts is indicative that the industry believes that economic recovery is on its way”, said Mr David Stewart, Partner at AeroStrategy.

Business development efforts, however, will see a slight dip, with 31% planning to ramp up activity versus 33% from the earlier poll, with another 39% planning to reduce budgets, up from 33%. It was also noted that with the intensified global slowdown, respondents have refocused their business activities towards the regional markets, particularly in South-East Asia and China.

In terms of competitiveness and the perception of the Singapore aerospace industry, the rating of the Singapore Aerospace Industries in terms of attracting, retaining and expanding business has dropped from 78% who viewed Singapore as **better** than other regional markets in the earlier survey, to 45% in the latest poll. The shift in votes has been to the view that the local market is of the **same or equitable** position as regional markets in terms of attracting, retaining and expanding business with 47% of the votes, where previously it was 15%.

The Association continually engages the industry to understand their requirements and support growth. A new permanent programme on the industry calendar; the Singapore AeroIndustry Annual Meeting will take place on 17 September 2009, where the industry will gather for a full day of in-depth discussions on actions plans to take the industry to the next level. Over 150 industry professionals will be networking at the event and taking part in vital discussions, together with key government representatives and partners.

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*The 2009 Q3 Singapore Aerospace Industry Economic Sentiment Survey was commissioned by the AAIS, in partnership with AeroStrategy Ltd (Singapore). The aim of the desktop survey with members of the aerospace community is to gauge the level of impact of the ongoing global financial crisis on the aerospace sector in Singapore. A total of 42 companies responded.*

**About the Association of Aerospace Industries (Singapore) - AAIS**

The Association of Aerospace Industries (Singapore) or "AAIS", a non-profit organisation, is a leading industry association for the Aerospace Industry in Singapore that represents companies from the Maintenance, Repair and Overhaul (MRO) sector, Aerospace Manufacturing sector, Research and Development / Training sectors and suppliers for civil air transport and aerospace defence. The AAIS endeavours to provide leadership by facilitating strategies in innovation competitiveness, technical standards and accreditation. It also serves as a forum for members to discuss and elevate relevant issues to policy-makers and stakeholders.

Within the AAIS, the AAIS AeroResource Centre focuses on building industry and manpower development capabilities, with the aim of enhancing the competitiveness of the aerospace industries and the capabilities of aerospace suppliers. It is the one-stop avenue for the aerospace industry's growth needs and a launch pad for suppliers to establish themselves in the industry and overseas growth markets. Please visit [www.aais.org](http://www.aais.org) for more information and news about AAIS.

**About AeroStrategy**

AeroStrategy, with offices in Ann Arbor, Michigan, Amersham, UK, and Singapore, is a premier management consulting firm focused on providing solutions to strategic issues for clients in the aviation and aerospace industry. AeroStrategy's consulting practice areas include strategy, market analysis, customer satisfaction, and transaction support. For more information, visit [www.aerostrategy.com](http://www.aerostrategy.com).

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