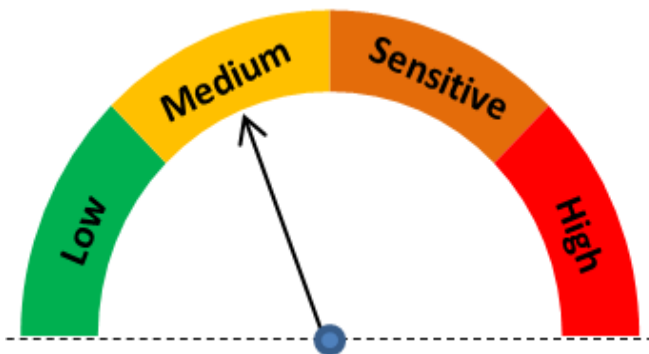


Sector Risk Rating



What to Watch?

- New competitors from China and Russia, challenging Airbus and Boeing
- Increasing level of R&D to reduce oil consumption and CO2 emission
- The level of airline companies profitability and solvency to finance the acquisition of new planes
- Rapid growth of order book, challenging the supply chain (absorption capacity and cash)

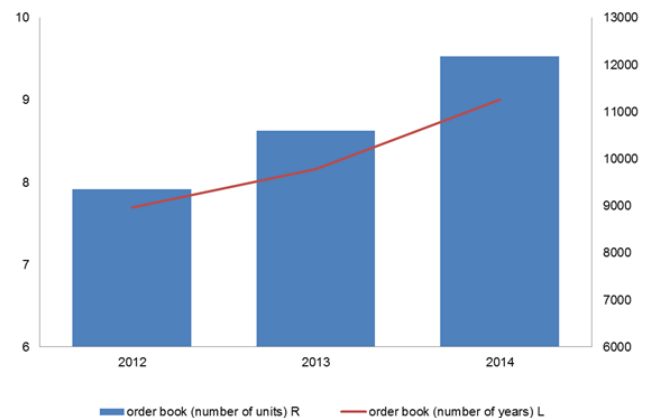
An Order Book of More than 9 Years of Production

The civil aeronautics industry is currently dominated by Airbus and Boeing. Both large firms have large order books that stretch to nine years of fulfillment. High visibility and the continued attractiveness of their existing product lines mean that the order books look set to expand as demand outstrips supply.

Newer players in the market have fared less well. Bombardier and Embraer have attempted to break into the market by cornering the mid-distance flight market with the production of the new C series and 190 respectively, but they have been less successful. Nevertheless, given the novelty of their product lines, it is difficult to assess their performance as the size of their order books remains unknown.

The increase of planes production each year and the necessity of internationalization present a challenge for the entire supply chain. The level of investment in capacity production, in new technologies (composite materials) and for the working capital, remains very high. Questions remain on the appropriateness of the size of some actors and the structure of the sector.

Aeronautic order books evolution

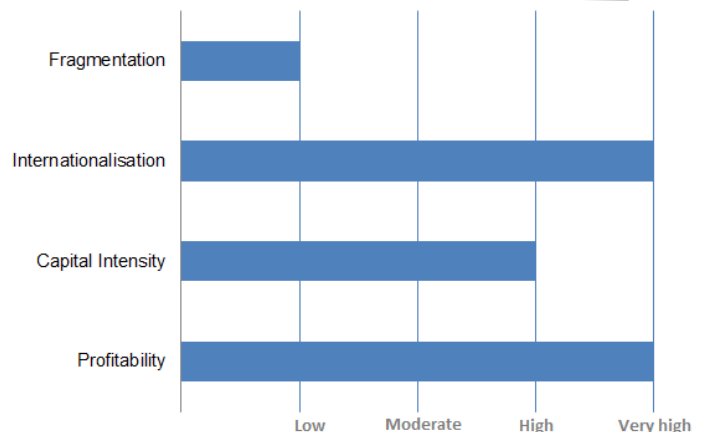


Sources: Airbus, Boeing, Euler Hermes

Key Players

Country	Role	Sector Risk
United States	#1 producer #1 exporter #2 importer	●
France	#1 importer #2 producer #2 exporter	●
Germany	#3 producer #3 exporter #3 importer	●

ID Card



Strengths

- Large order book and therefore good visibility
- High level of profitability
- The global market is shared between two main companies Airbus and Boeing

Weaknesses

- Control of new technologies in composite materials
- Undersized supplier companies

Subsectors Insights

Aeronautic suppliers (tier 1): Are international and can finance their investments on the market.

Smaller companies (tier 2 or 3): Face difficulties to finance their growth, investment in R&D and internationalization.

Recent Sector Risk Changes



NO SIGNIFICANT
RECENT UPGRADE



NO SIGNIFICANT
RECENT DOWNGRADE

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