

Introduction

The aerospace and defense industry is composed of companies that manufacture defense products, such as aircraft, spacecraft, weaponry, and information systems, and companies manufacturing spacecraft. Most of these products are purchased by federal governments for military purposes or by federal space programs.

Industry Leaders and Fragmentation

All amounts are given in billions USD

Company	Country	Sales	Profits	Market Value
BAE Systems	United Kingdom	\$22.91	(\$0.31)	\$18.95
Boeing	United States	\$66.28	\$1.31	\$48.45
Cobham	United Kingdom	\$3.04	\$0.30	\$4.22
Dassault Aviation	France	\$9.22	\$0.92	\$7.49
EADS	Netherlands	\$61.44	(\$1.09)	\$16.75

Industry Composition



Profitability and Demand Drivers

Primary Demand Drivers

- Domestic military budget
- Domestic economic climate, affecting airline travel and demand for new commercial traffic
- Threat of international warfare
- Unsettled mobility in the population, creating demand for air travel

Profitability Drivers

- Technical expertise
- Accuracy pricing long-term contracts