Overview of Mexico’s Aerospace Industry

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Mexican Federation of Aerospace Industry (FEMIA)

- Mexican Association of Aerospace Companies
- Private, non-profit organization
- Established in 2007
- 89 member companies
- Member presence in 11 states of Mexico
- Capital origin: Approx. 35% Mexican, 65% Foreign
- The private counterpart of the Mexican Federal Government

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AREAS OF INTERVENTION (Commissions)

- Competitiveness/Supply Chain Development
- Institutional Relations & Legal Framework
- Human Talent Development
- Promotion
Aerospace Industry in Mexico
<table>
<thead>
<tr>
<th>Mexico's Aerospace Industry Profile</th>
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</thead>
<tbody>
<tr>
<td><strong>New Industry in Mexico with an outstanding growth 2004 – 2014 (+17% annual avg)</strong></td>
</tr>
<tr>
<td><strong>300 Industrial Facilities</strong></td>
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<tr>
<td>• 79% MFG</td>
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<td>• 11% MRO</td>
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<tr>
<td>• 10% D&amp;E</td>
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<tr>
<td><strong>Labor force:</strong></td>
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<tr>
<td>• +43,000 in 18 of the 32 states</td>
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<td><strong>Exports: $6,366 (2014)</strong></td>
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<td>• Moved from 10th to 6th position as supplying country to the US Aerospace Industry in less than 10 years</td>
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<tr>
<td><strong>Expectation for 2015</strong></td>
</tr>
<tr>
<td>• 52,000 jobs</td>
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<tr>
<td>• 320+ industrial facilities</td>
</tr>
<tr>
<td>• Exports exceeding 7,500 million USD</td>
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<tr>
<td>• 30% mexican value added</td>
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<tr>
<td><strong>Competitive manufacturing platform in less than 10 years</strong></td>
</tr>
<tr>
<td>• Mexico’s global ranking in the Industry is 14th</td>
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</tbody>
</table>
Foreign Direct Investment in Mexico’s Aerospace Industry

- Estimated FDI in Mexico’s Aerospace Industry is of around $33,000 Million USD
- FDI Origin: 75% from North America, 25% from Europe
- One of the most important receptors of FDI in the Global Aerospace Industry in the last 5 years
- 6th most important supplier to the US Aerospace Industry
- Mexico has entered BASA & Wassenaar Agreements
Foreign Direct Investment in Mexico’s Aerospace Industry

**Estimated FDI in Mexico’s Aerospace Industry**: $33,000 Million USD

**FDI Origin**: 75% from North America, 25% from Europe

**Mexico - NEW Global Manufacturing hub for the Aerospace Industry**

**One of the major FDI receptors in the Global Aerospace Industry in the last 5 years**

**6th most important supplier to the USA Aerospace Industry**

**Mexico entered the BASA & Wassenaar Agreements**
Major companies in Mexico

- Aernnova (Spain)
- Airbus Group (Europe)
- Bombardier Aerospace (Canada)
- Daher Aerospace (France)
- Eaton Aerospace (UK)
- Fokker (Holland)
- General Electric (USA)
- GKN Aerospace (UK)
- Gulfstream Aerospace (USA)
- Honeywell Aerospace (USA)
- ITP Group (Spain)
- MD Helicopters (USA)
- Meggitt (UK)
- PCC
- Safran Group (France)
  - Snecma, Messier Buggati Dowty, Sames, Labinal
- Sargent Aerospace (USA)
- Textron – Cessna, Bell Helicopter, Beechcraft (USA)
- United Technologies Aerospace Systems (USA)
- Zodiac Aerospace (France)
Products & Services in Mexico

- Propulsion system components
- Aerostructures & sheet metal
- Landing system components
- Braking Systems
- Precision machined parts
- Plastic injection molding parts
- Heat and surface treatment
- Electrical & Electronics
- Composite material parts
- Design & engineering services
- MRO services
- Aircraft interiors
300 Facilities
18 States
+43,000 jobs

Baja California *71
Chihuahua *35
Sonora *52
Nuevo León *32
Coahuila *7
San Luis Potosí *5
Tamaulipas *11
Hidalgo *1
Querétaro *41
Yucatán *3
Puebla *2
Jalisco *12
Guanajuato *3
Edo de México *12
México D.F. *10

Geographic Location
Exports vs. Imports
(Millions of USD)

Source: Mexico's Secretariat of Economy
### Trade Balance of Mexico’s Aerospace Industry
(Millions of USD)

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports</th>
<th>Exports</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>1,091</td>
<td>1,306</td>
<td>215</td>
</tr>
<tr>
<td>2005</td>
<td>961</td>
<td>1,684</td>
<td>723</td>
</tr>
<tr>
<td>2006</td>
<td>1,380</td>
<td>2,042</td>
<td>662</td>
</tr>
<tr>
<td>2007</td>
<td>2,253</td>
<td>2,656</td>
<td>403</td>
</tr>
<tr>
<td>2008</td>
<td>2,432</td>
<td>3,083</td>
<td>651</td>
</tr>
<tr>
<td>2009</td>
<td>2,171</td>
<td>2,522</td>
<td>351</td>
</tr>
<tr>
<td>2010</td>
<td>2,865</td>
<td>3,266</td>
<td>401</td>
</tr>
<tr>
<td>2011</td>
<td>3,782</td>
<td>4,337</td>
<td>555</td>
</tr>
<tr>
<td>2012</td>
<td>4,287</td>
<td>5,040</td>
<td>753</td>
</tr>
<tr>
<td>2013</td>
<td>4,412</td>
<td>5,463</td>
<td>1,051</td>
</tr>
<tr>
<td>2014</td>
<td>5,416</td>
<td>6,366</td>
<td>950</td>
</tr>
</tbody>
</table>

*Source: Mexico’s - Secretaría de Economía, DGIPAT.*

**Annual Avg. 17.16%**
Opportunities for
new companies

Current Mexico’s Supply Chain Structure
The Oversized Head Pyramid

OEM
TIER 1
TIER 2
TIER 3
Future of the Aerospace Industry in Mexico

GOALS 2020:

1. Mexico ranked 10th among the Aerospace countries in the world
2. Exports of 12,000 million USD
3. 110,000 jobs
4. 50% Mexican value added in Manufacturing
Global Commercial Aircraft Outlook
2013 – 2032

- Airlines will need more than 35,000 NEW airplanes
  - 14,350 – Replacement (41%)
  - 20,930 – Growth (59%)

- Current Global fleet is over 20,000

- Backlog for 2015 is 7 to 9 years

- Expected industry growth around 5% avg - yoy
Thank you!!!

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