



BRAZILIAN DEFENSE MARKET OVERVIEW

Leandro Villar

Vice-President Commercial

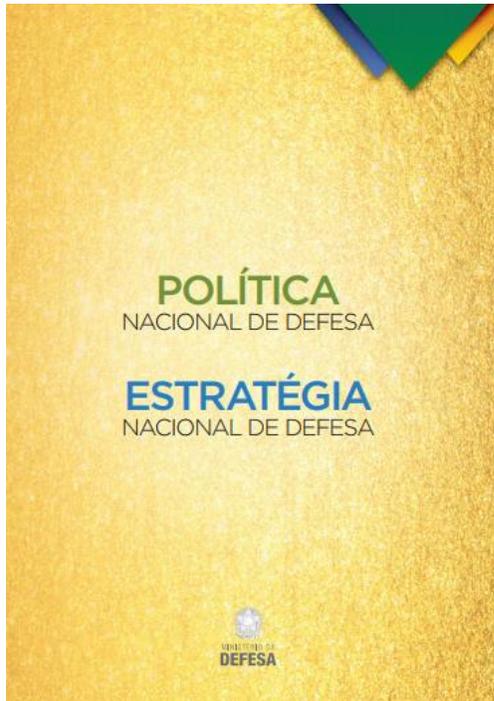
AVIBRAS Indústria Aeroespacial S/A



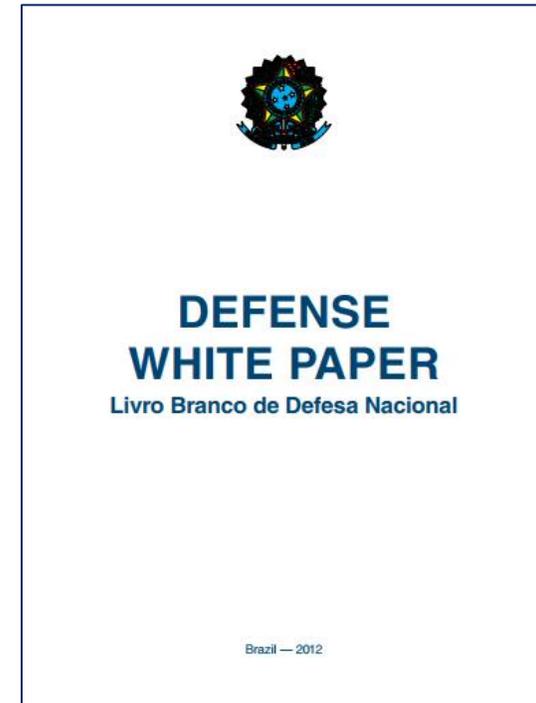
DEFENSE REQUIREMENTS MOTIVATION:

- Population around 208 million people
- 7,367 km of sea coast
- 16,887 km of land borders
- 8.5 millions km² of land
- 4.5 millions km² of sea area
- Vast natural resources
- GDP of R\$ 6,4 trillions (US\$ 2 Tri) (2017)

DEFENSE LEGAL BASIS FOUNDATIONS & STRATEGY



2011/2012



2012

Available at www.defesa.gov.br

DEFENSE POLICY OBJECTIVES:

- I. Guarantee sovereignty and protection of national treasures and territorial integrity;
- II. Defend national interests, including Brazilian citizens assets and resources abroad;
- III. Contribute to national cohesion;
- IV. Contribute to regional stability;
- V. Contribute to international peace and security;
- VI. Intensify Brazil's projection in the community of nations and increase its participation in international decisions;
- VII. *Keep the Brazilian Armed Forces up to date, with adequate equipment, well trained, balanced, united, with a steady growth of professional attitude and adequately deployed throughout the national territory;*
- VIII. Raise awareness among the Brazilian people about the importance of Defense Matters for the country;
- IX. *Develop a Defense Industrial Base to ensure autonomy and sovereignty in key technologies;*
- X. *Develop an Structured Organization for the Armed Forces around capabilities, providing them with personnel and material in accordance with strategic and operational planning; and*
- XI. Develop the potential for Defense Logistics and national mobilization.





TO ACHIEVE THE STRATEGIC DEFENSE OBJECTIVES, BRAZILIAN STATE SET GOALS, WHICH ARE:

- Goal 1 — Enhance the Armed Forces capability for command and joint action, by increasing military personnel in 20% and progressively setting a defense budget that will allow for well-equipped and maintained forces that are capable of fulfilling their constitutional role.
- Goal 2 — Oversee and protect the entire Brazilian airspace with aerospace resources that are compatible with National Defense needs.
- Goal 3 — Participate in peacekeeping operations and humanitarian actions which are of interest to the Country, in compliance with United Nations Organization (UN) mandate and that are compatible with the geopolitical stature of the country.
- Goal 4 — Increase naval power to fully meet the tasks of controlling maritime areas, denying use of the sea and projecting power over land.
- Goal 5 — Oversee and protect the Brazilian territory, properly deploying the Land Force, with special emphasis on the Country's Amazon and Midwestern regions.
- Goal 6 — Develop the National Defense System personnel and ensure their technological autonomy.

Brazil Plan 2022 is available in www.sae.gov.br.

TO ACHIEVE THE GOALS, EACH ARMED FORCES APPROVED THE FOLLOWING STRATEGIC PROGRAMS:

PROGRAM	DURATION (Foreseen)	BUDGET (Estimated) in Millions of R\$
Operational Capability Recovery	2009-2031	5,372.30
Nuclear Program (PNM)	1979-2031	4,199.00
Build Sea Power Nucleus	2009-2047	168,020.80
Blue Amazon Monitoring System (SisGAAz)	2011-2033	12,016.60
2 nd Fleet Naval Complex	2013-2031	9,141.50
Personnel	2010-2031	5,015.60
Navigation Safety	2013-2031	245.10



PROGRAM	DURATION (Foreseen)	BUDGET (Estimated) in Millions of R\$
Operational Capability Recovery	2009-2031	5,372.30
Cyber Defense	2010-2023	895.40
Guarani APC	2011-2034	20,865.70
Borders Integrated Monitoring System (SisFron)	2011-2023	11,992.00
Strategic Structures Integrated Protecting System (PROTEGER)	2012-2031	13,230.60
Air Defense System	2010-2023	859.40
ASTROS 2020	2011-2023	1,146.00
Army Aviation	2016-	-



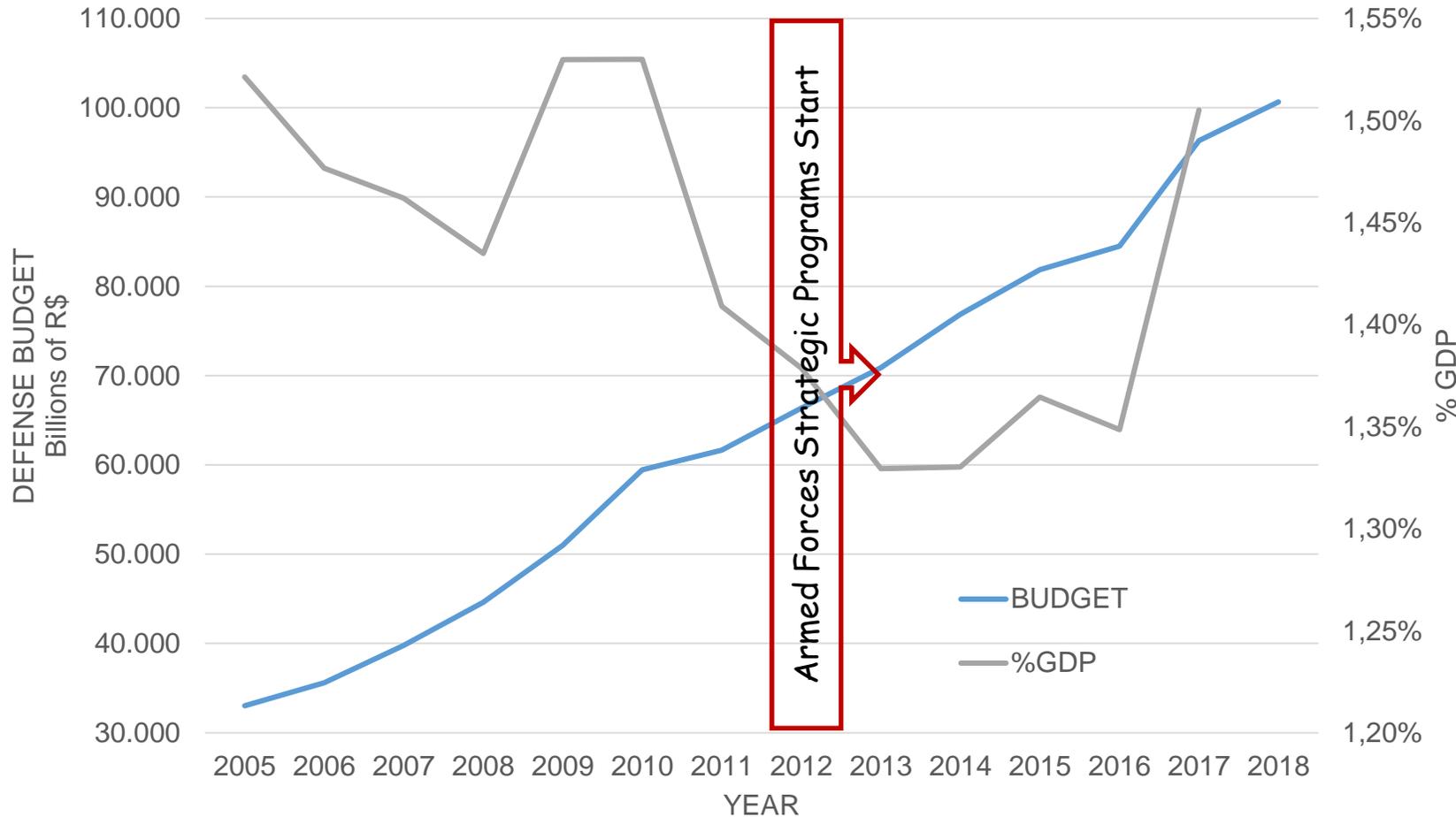
PROGRAM	DURATION (Foreseen)	BUDGET (Estimated) in Millions of R\$
Operational and Organizational Management	2010-2030	5,689.00
Operational Capability Recovery	2009-2019	5,546.70
Air Traffic Control	2008-2030	938.30
Operational Capacity	2009-2030	55,121.00
R&D Capacity	2008-2033	49,923.90
Airspace & Defense Industry Reinforcement	2009-2030	11,370.20
Development and Manufacturing of Aircrafts and Spacecrafts	2015-2030	TBD
Personnel	2010-2030	3,229.60



Gouvêa, G.A. ESG, 2014, Budget reference 2012.



DEFENSE BUDGET x GDP



Over the past years, the resources allocated to Defense presented noticeable increment, jumping from R\$ 33 Billions in 2005 up to R\$ 100 Billions in 2018.

However, the nominal increase in Budget did not mean significant growth in its percentage in relation to the GDP, which average is around 1,43%



KEY POINTS

- Strategic Programs are going steadily, although at slow pace, due to economic instability;
- Some programs have opportunities yet to be explored;
- Partnerships and ToT are key issues for the progress of the Programs;
- Brazilian Defense Companies are open to discuss feasible and profitable opportunities for cooperation.

AVIBRAS PARTICIPATION IN THE BRAZILIAN DEFENSE MARKET

- AVIBRAS is a leading company in the Brazilian Defense Market;
- Development and Delivery of Defense Systems to Brazilian Armed Forces, such as:

ARMY

ASTROS 2020 with Tactical Cruise Missile, Armored Vehicles, Artillery Rockets, Integration to C⁴I and Simulation Centers.



NAVY

Naval Missiles, Revitalization of Rocket Motors, Stabilized Platforms for Naval Armament Systems.



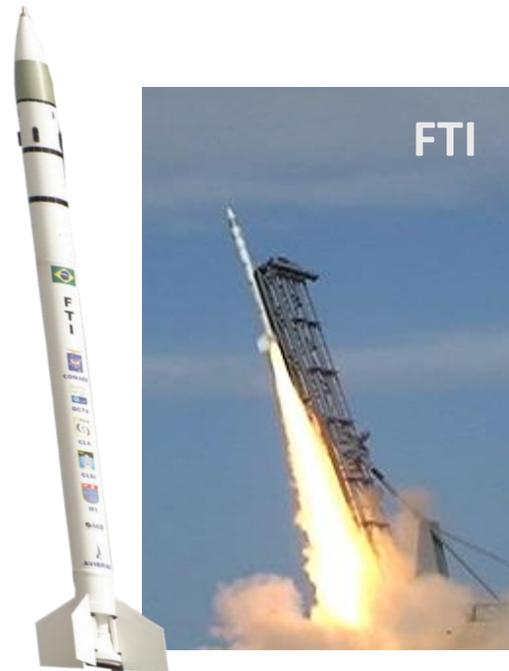
AIR FORCE

Falcão RPA System, Air-to-Air Missile, Skyfire Air-to-Ground 70 mm Rocket System.



AVIBRAS PARTICIPATION IN THE BRAZILIAN MARKET

Development of Sounding and Training Rockets and Propulsion Systems for the Brazilian Space Program, such as FTB, FTI and VLM-1.



THANK YOU!



www.avibras.com.br

govsales@avibras.com.br

