

Interview with the Aerospace Systems Company President

# The Present Situation of the Aerospace Systems Business and its Development Going Forward



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President, Aerospace Systems Company

### Please tell us about how Aerospace Systems Company came about.

In April 2018, the former Aerospace Company was merged with the Gas Turbine Division's Aircraft Engine Section and reincarnated as an organization that handles a comprehensive range of aerospace systems, including engines.

The rationale behind this integration was to allocate key management resources to a growing field in the market. Our objective is to strengthen our

business by improving the way we harness synergy; that is, to enhance our technological prowess through the fusion of our airframe and engine system integration technologies, to expand cooperation across different projects, to improve production capacity through the expansion of our production bases. The company is organized in a fashion that places business entities that handle common product lines as the project headquarters. This effectively makes them organizationally independent and clearly defines their responsibilities, giving them the ability to carry out each strategy faster than ever before.

## How is the aerospace systems business at present?

Allow me to introduce the three core pillars of our business: defense aircraft, commercial aircraft, and aircraft engines.

In terms of the defense aircraft business, we have completed the development projects for both the P-1 Maritime Patrol Aircraft (P-1) and the C-2 Cargo Aircraft (C-2), and are now in the mass-production stage. Plans are to deliver five P-1 aircraft per year starting in FY2018, and three C-2 aircraft in FY2018. In addition, the Three Principles on Transfer of Defense Equipment and Technology, which authorizes the export of defense equipment under certain conditions, was formulated in 2014. In relation to the equipment that we might export under this government policy, we held exhibits for the P-1 in Paris, and the C-2 in Dubai last year at international airshows. Both models attracted plenty of attention from countries across the globe.

As for the commercial aircraft business, in the midst of growing global demand, our manufacturing of major airframe component for Boeing has been booming. For example, we have been producing the forward fuselage for the Boeing 787 (787), manufacturing 14 units per month at the Nagoya Works. Regarding the Boeing 777X, the successor to the Boeing 777, we began operations at the new plant at the Nagoya Works, as well as at KMM's Lincoln manufacturing site, the US local subsidiary, in May 2017. We began shipments in February the following year. The manufacturing facilities we have been using for these projects leverage a wide range of new technologies, such as robotics to automate and accelerate production and to stabilize quality.

Regarding aircraft engines, our focus is on promoting the businesses dealing with three modules: intermediate pressure compressors, gears, and combustors. We've reached a peak in our development of compressors for the Trent series of large turbofan engines for Rolls-Royce, and mass shipments are increasing sharply. What's more, we're in charge of developing and manufacturing combustors for Pratt & Whitney's PW1500G engines. This has been a success, and mass shipments started in 2017.

## Please tell us about the future prospects of the aerospace systems business.

As far as the defense aircraft industry is concerned, we're exploring opportunities to modernize and expand into derivative airplanes while steadily continuing to mass-produce the P-1 and C-2 models. In addition, the company is venturing into new projects and expanding our market share by leveraging our system-integration capabilities cultivated through many years as an aircraft manufacturer. Another aim is to expand businesses related to repairs and supply.

Primary objectives for the commercial aircraft industry are to improve productivity and to refine our organizational structure by promoting future business growth. In order to achieve these objectives, we maintain our world-class technological strength, which is propelled through international joint development with Boeing, and hone our competitive advantages, which remain beyond the reach of emerging nations due to our high production capacity and standards of quality achieved with our state-of-the-art equipment and the technology of Internet of Things (IoT).

Looking at the aircraft engine industry, we will continue to build on our engineering capabilities as a module supplier, and establish our position as a module integrator capable of everything from baseline design and beyond. Another focal point will be to secure revenue by expanding the aftermarket business. Ultimately, our goal is to develop and deliver engines under our own brand name.

## Closing comments

Now that our major development projects for the P-1, C-2, and 787 are bearing fruit, we've entered a stage where we must look to the future to embrace the challenges that various new enterprises in both defense and commercial aviation present. The focus on development continues unabated in parallel with the steady growth of our existing businesses.