

Embraer expands into helicopter market

By Samantha Pearson in São Paulo

Embraer, the world's largest producer of regional aircraft, has made its first move into Latin America's booming helicopter market, teaming up with a unit of Italy's state-controlled Finmeccanica.

The São Paulo-based company said on Monday that it planned to create a joint venture with Finmeccanica's AgustaWestland within months to produce helicopters for both military and commercial use in Brazil and the rest of the region.

In spite of Brazil's recent economic slowdown the country's helicopter fleet is still growing about 20 per cent per year, according to Abraphe, the industry association. Brazil's growing offshore oil and gas industry is boosting demand specifically for midsize twin-engined helicopters, Embraer and AgustaWestland said.

Increased defence spending in the country and growing helicopter travel among executives in Brazil's traffic-clogged cities also present promising opportunities, they added. Of the 1,720 helicopters in operation, almost 40 per cent are based in the country's business hub state of São Paulo, Abraphe said.

"This is an important step for Embraer as we continue expanding our business," said Frederico Fleury Curado, Embraer's chief executive, who has looked to diversify the company as growth slows in its commercial and private aviation business.

In November last year Embraer won a contract for just over \$400m to provide border surveillance equipment to the Brazilian army, and it also said that it was looking at building ships for the navy.

The company has said that it expects its security and defence business to generate a quarter of total revenue by 2020, up from 15 per cent in 2011.

For Finmeccanica, the agreement with Embraer marks the group's latest attempt to tap faster growth in emerging markets.

"Brazil is an important market for AgustaWestland and we believe having an industrial presence in this country will help us to further grow our business in one of the world's fastest growing markets," said Bruno Spagnolini, AgustaWestland's chief executive.

Copyright The Financial Times Limited 2013. You may share using our article tools.
Please don't cut articles from FT.com and redistribute by email or post to the web.