



Frost & Sullivan Acclaims Aeronautics Defence Systems' Drive

As a company that has demonstrated superior ability in the unmanned aerial vehicles (UAV) industry, Aeronautics Defense Systems, Ltd. is presented the 2003 Frost & Sullivan Company Award.

A redefined industry-client relationship is seen as critical to leveraging the multibillion-euro potential of the commercial UAV market. With its innovative products, business and marketing plan, the young Israeli company Aeronautics has been at the vanguard of this change.

"The challenge in the commercial market does not revolve around satisfying bids, but is based on creating value propositions for clients," explains Frost & Sullivan Aerospace and Defence Analyst Shai Shammai.

"Above all, companies need to visualise their solutions' cost/benefits to their clients, in a way that they understand without going into the depths of the technology itself. Aeronautics, whether approaching an oil company in Africa, Nepal and Russia, or the Israeli Defence Force (IDF), has achieved this objective."

By providing a real-time picture of its client's oilfields in Angola to central operations, Aeronautics constructed a highly effective security solution. In the case of the IDF, the company successfully addressed long procurement and implementation lead times. It became the first civilian company to perform ISR missions for the IDF.

While many UAV manufacturers have mainly been pursuing opportunities in local markets, Aeronautics has embraced a more global approach. Building from its home base in Israel, the



company has won a number of prestigious contracts worldwide, including in the United States, Russia, Nepal, Angola and the Ivory Coast.

Recognising commercial clients' preference for comprehensive solutions, Aeronautics has positioned itself as a UAV manufacturer as well as a security services provider. The company has been actively engaged in the development of UAVs, unmanned surface vehicles (USVs), command and control (C2) rooms and manned aircrafts with real-time imaging capabilities.

Also reflective of its drive has been Aeronautics' business model. While the company continues to sell its applications, most of its revenues derive from service provision. By offering a pay per usage (PPU) model, the client is able to simply buy flying hours, leaving the responsibility for procurement of the UAVs, their deployment and all day-to-day operations issues to Aeronautics. Frost & Sullivan expects the PPU business model to represent a promising course for growth over the short and long terms and boost revenues in both commercial and civil markets.

With these innovative strategies, Aeronautics' has provided competitors with a best practices paradigm to emulate, and is set to maximise on emerging opportunities in the global UAV market. In recognition of its spirit, therefore, Frost & Sullivan selects Aeronautics Defense Systems Ltd. as the recipient of its 2003 Company Award.

About Frost & Sullivan

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