

# ROCKWELL COLLINS SEES DEFENSE MARKET UPTICK, SMALL 777 IMPACT

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Aviation electronics maker Rockwell Collins Inc's defense business is "really busy right now," reflecting a new emphasis on defense spending, Chief Executive Officer Kelly Ortberg said on Friday.

The Cedar Rapids, Iowa-based company is bidding on more defense program contracts "and the scope of the programs is larger," Ortberg said on a conference call with analysts after Rockwell reported a 10 percent rise in its quarterly profit.

U.S. defense spending had been slowed by a temporary budget agreement, known as a continuing resolution, that keeps current spending levels in place, Ortberg said.

He warned that another continuing resolution "would eat into" Rockwell's 2017 revenue forecast, but said he expects a new budget deal would be reached soon.

Rockwell downplayed a planned cut in output of Boeing Co 777 jetliners, saying the 40 percent reduction this year would have minimal effect on earnings.

"It did come a little earlier than we expected," Ortberg said, "but it's not overly material."

Rockwell's shares were up 2.3 percent at \$91.23 in late afternoon trading.

Rockwell reported a profit of \$1.10 a share for the fiscal first quarter ended Dec. 31. That was below the \$1.14 a share that analysts on average had expected, according to Thomson Reuters I/B/E/S.

The figure included costs from Rockwell's acquisition of seat maker B/E Aerospace Inc , which Rockwell said would close in the spring.

Excluding acquisition costs, the company earned \$1.20 a share, up 17 percent from a year ago.

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**SOURCE: REUTERS**

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