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A NEW DAWN

MRO market predictions for 2014

Industry Interview: Cardiff Aviation

Latest MRO News
from around the world

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IBA Analysis 



Saving grace

The jingle bells are ringing louder than ever this Christmas at American Airlines now that it has been lifted from the doldrums of bankruptcy after tying the knot with US Airways this month. The US\$11 billion merger went ahead despite some opposition from pressure groups. However many believe the combined airline has the scale, breadth and capabilities to compete more effectively and profitably in the global marketplace.

It's the latest in a series of mergers that now leaves just four airlines controlling more than 80% of the US air travel market. It will be interesting to observe how it all unravels over the next 18 months as the integration firms up.

Our cover story this month looks ahead at MRO industry expectations in 2014 and some highlights from 2013 by some key players in the industry. A very charismatic Bruce Dickinson (as seen on the Flying Heavy Metal TV series) and chairman of Cardiff Aviation speaks to us about being a new player in the competitive MRO market and his growth prospects for the year ahead.

It has been an exciting year of growth at AviTrader MRO and next year we plan to grow in even further with your support. Over the past year, I hope we have covered some of the issues that have helped you make strategic decisions. Thanks to all of you that have given us feedback about AviTrader

becoming a source of vital industry information for your business. I'm glad to report that we have put together an insightful and thought provoking line up of topics for 2014 and we look forward to presenting these starting in January.

On behalf of the entire AviTrader MRO and News team, I would like to thank all our esteemed readers, advertisers, and editorial partners for your contribution in 2013 and wish you all a very peaceful Christmas break and a profitable 2014.

Keith Mwanalushi

Editor



The new American with more than 600 new mainline aircraft on order.

Photo: American



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Registration

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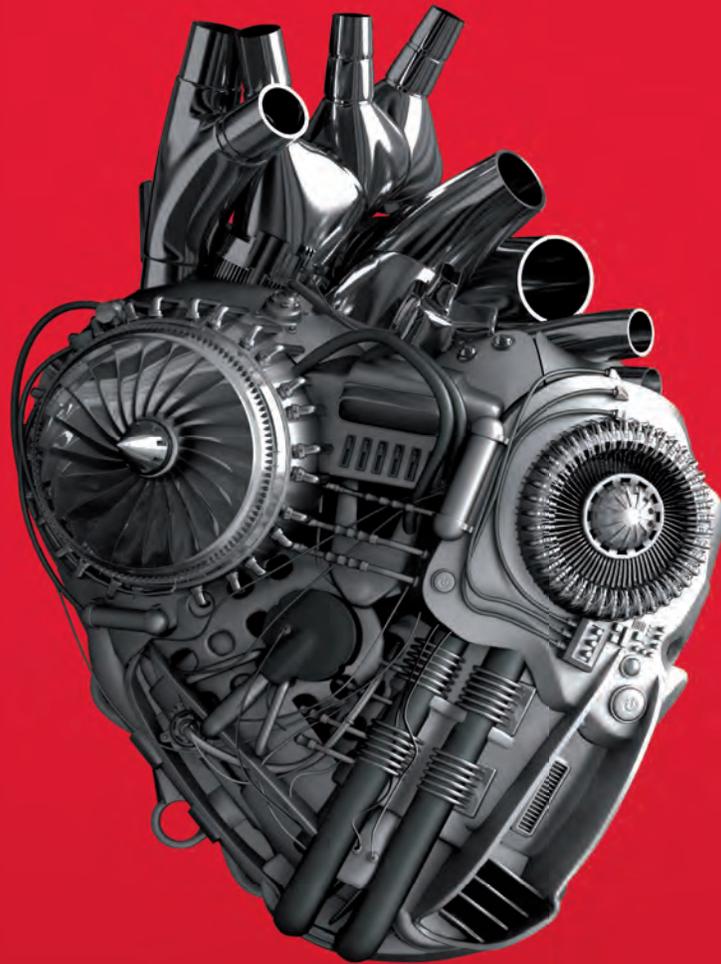
Opinion

Please send your comments and queries to editor@avitrader.com

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First Sharklet production retrofit completed for Turkish Airlines.

Photo: Airbus

First Sharklet production retrofit completed for Turkish Airlines

Turkish Airlines will become the first European airline to operate A320 Family aircraft with production-retrofitted Sharklet wingtip devices. This will follow the installation, which has just been completed, by Turkish Technic MRO of Sharklets onto the first of nine A321s to be retrofitted for Turkish Airlines. All nine aircraft will be upgraded for the airline in Istanbul in the coming weeks. Thanks to this aerodynamic upgrade, every Turkish Airlines' retrofitted aircraft will benefit from a reduction in fuel costs by up to 4%, an annual 900t reduction in CO2 emissions and an increased mission range by up to 100 nautical miles.

AAR signs five-year commercial supply chain contract

AAR has signed a five-year contract to become the sole supplier of approximately 25,000 consumable and expendable line-item parts for a major commercial airline customer. The contract is valued at approximately \$42m in annual revenue. AAR will act as an aggregator, procuring and managing the parts and providing them to the customer's main warehouse facility as required. In doing so, AAR will take the place of more than 150 suppliers. AAR will provide additional value through guaranteed fill rates that will be achieved by streamlining supply chain processes that include material planning, inventory control and receiving inspections.

Nexcelle delivers first major nacelle component for GE Aviation's Passport business jet engine

The Nexcelle joint venture of Aircelle (Safran) and GE Aviation's Middle River Aircraft Systems – which is building engine nacelles for the next generation of integrated propulsion systems – has marked a key program milestone by shipping its initial major production component: the no. 1 inlet for GE Aviation's Passport business jet engine. This represents a double achievement, as the initial Passport inlet also is the first element to be completed at the new GE Composites factory in Ellisville, Mississippi, which was inaugurated earlier this year as GE Aviation's latest U.S. production facility. The milestone Nexcelle air inlet was transported from Ellisville to GE Aviation's Peebles Test Operation in Ohio, where it will be integrated with a Passport engine for propulsion system icing testing in Canada. Nexcelle is responsible for designing, developing and producing the nacelle for GE's Passport engine, with GE Aviation's Middle River Aircraft Systems responsible for the Passport's inlet and fan cowl, while Aircelle is producing the target-type thrust reverser.

Ducommun receives multiyear contract from Parker Aerospace for electronics on Airbus A350

Ducommun has received a multiyear contract from Parker Aerospace to produce complex printed circuit board assemblies for use in the fuel management system of the Airbus A350

family of commercial aircraft. The award has a potential value in excess of \$20m over the contract period, and is expected to begin production in mid-2014. Ducommun also has begun manufacturing printed circuit board assemblies for a retrofit fuel tank inerting system (FTIS) being deployed on various aircraft throughout the Airbus fleet. The FTIS work, which was awarded under a separate contract from Parker Aerospace, is valued at more than \$1m through September 2014. Production of the printed circuit board assemblies for both contracts will take place at Ducommun's Appleton, Wis., facility.

LOTAMS signs another service contract with Air Dolomiti

On December 5th, 2013, LOT Aircraft Maintenance Services (LOTAMS) has signed another contract with Air Dolomiti. The agreement provides LOTAMS to perform five "C" checks on Embraer ERJ-195 aircraft in the first quarter of 2014.

Bombardier enrolls Eurolot's three newest aircraft in Q400 Smart Parts Program

Eurolot S.A. of Warsaw, Poland has reaffirmed its confidence in Bombardier's Smart Parts program by enrolling its three newest Q400 NextGen aircraft. Eurolot, which took delivery of the new aircraft on October 29th, 2013, now has a total of 11 Q400 NextGen aircraft enrolled in the program. The Smart Parts agreement is customized to meet Eurolot's specific operational and performance needs and will continue to provide the airline with competitive and predictable component exchange and repair costs, as well as superior quality and availability of key components, for its fleet of 11 Q400 NextGen turboprops. Eurolot is the first Polish airline to fly Q400 airliners. As part of an accelerated fleet renewal and route expansion strategy, Eurolot ordered eight Q400 NextGen aircraft in March 2012, with options for another 12, six of which were converted into firm orders.

Boeing 777X wind tunnel testing under way

Boeing released that low-speed wind tunnel tests have begun for the Boeing 777X, a major milestone in airplane development. Testing started on Dec. 5 at QinetiQ's test facility in Farnborough, U.K. Wind tunnel models allow experts to test many different configurations for the airplane. Low-speed tests measure air-

plane performance with a variety of high-lift surface settings to simulate takeoff and landing conditions. The low-speed model currently being tested is a 0.05 percent scale model of the baseline 777X, measuring about 4.22 meters (166 inches) long with a wing span of 3.92 meters (154 inches). Hundreds of sensors are embedded in the model to measure pressure to determine the in-flight loads as well as provide valuable diagnostics of the aerodynamic performance of a given design. Low-speed testing at the QinetiQ facility is expected to last approximately five months. Testing also will be conducted next year at the Boeing Transonic Wind Tunnel in Seattle to further validate 777X high-speed performance projections.

FL Technics to launch Line Stations in Ukraine, Georgia and Libya

FL Technics, a global provider of tailor-made solutions for aircraft maintenance, repair and overhaul, successfully develops its Line Maintenance support network by launching two new Line Stations in Lviv, Ukraine and Kutaisi, Georgia. The company also plans to open a Line Station in Benghazi, the second largest city in Libya. The new stations at Lviv Danylo Halytskyi International Airport (LWO) and David the Builder Kutaisi International Airport (KUT) are already operating and offering comprehensive Line Maintenance services, including on-call maintenance, pre-flight, daily, weekly and transit checks as well as component replacements, inspections and repairs, etc. Meantime, the upcoming Line Station at Benina International Airport (BEN) will be launched and operated in cooperation with Air Libya, and will provide LM support to third party carriers operating to Benghazi, Libya. All new Line Stations will be operating under EASA Part 145 regulation, while maintaining 24/7 availability for both AOG and scheduled services.

Mesa signs OnPoint agreement with GE for CF34 engines

Mesa Air Group signed an 11-year OnPoint solution agreement for the maintenance, repair and overhaul of its 138 CF34-8 engine fleet. The agreement is valued at \$350m over the life of the agreement. Mesa currently operates 71 aircraft with approximately 396 daily system departures to 77 cities, and recently announced an additional 30 CF34-powered ERJ175 aircraft will be flying for United Airlines. Mesa operates as US Airways Express and United Express under contractual agreements with US Airways and United Airlines, respectively.



Columbus Two Seats for Air Niugini's B737-800

Photo: Aviointeriors

Aviointeriors' "Columbus Two" first shipset B737-800 delivered to launch customer Air Niugini

The Columbus Two first shipset B737-800 has been presented and delivered to Air Niugini. Columbus Two, the seat model for medium-range applications, has so become a certified reality and it will make its first flight in January 2014. The Columbus family, the range of Aviointeriors' lightweight economy class seats presented in Hamburg just a year ago, continues to strengthen its market presence.

Airbus and Thales sign long-term agreement on Flight Hour Services partnership

Airbus and Thales have signed a long-term service agreement in support of Airbus Flight Hour Services (FHS) and Tailored Support Package (TSP) programmes for A320, A330, A340, A380 and A350XWB aircraft. This component support agreement covers the procurement of Line Replaceable Unit (LRU) spare parts and component services including test, repair and overhaul, loans, exchanges and modifications. Under this long-term partnership, Airbus and their contracted customers will benefit from Thales's long-standing experience, state-of-the-art service centres and recognised expertise as a tier one avionics manufacturer in the field of technical support, engineering, reliability monitoring and repairs. This will also include continuous product improvement, customer service and supply chain management.

Jet Aviation Teterboro obtains FAA maintenance approval for Gulfstream G650 aircraft

Jet Aviation Teterboro received approval from the Federal Aviation Authority (FAA) to perform base and line maintenance on Gulfstream G650 aircraft. Jet Aviation's Teterboro repair station is now authorized by the FAA to provide base, line, repair and overhaul maintenance support to Gulfstream G650 aircraft. This authorization also extends to Jet Aviation's Cayman AMO, Bermuda AMO and EASA repair station authorities.

Aero Technologies, part of AFI KLM E&M, receives ANAC certification

The ANAC certification was awarded by the National Civilian Aviation Agency of Brazil (ANAC – Agência Nacional de Aviação Civil) and allows Aero Maintenance Group (AMG) to seamlessly supply the Brazilian market with its full portfolio of service offerings. Aero Technologies subsidiary of AMG, is one of the first repair stations in Miami to obtain ANAC certification, as the approval process was completed only seven months after the initial application. With this certification, Aero Technologies can better service its growing customer base in Brazil. The ANAC approval also demonstrates that AMG customers and suppliers can be confident in the company's dedication to maintaining the highest quality and efficiency in all of its products and services.

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WHEN RESULTS MATTER



Aeroflot Boeing 767 at Boeing Shanghai

Photo: Boeing Shanghai

Boeing Shanghai signs for 15th 767 C-check with Aeroflot

Boeing Shanghai Aviation Services and Aeroflot Russian Airlines have agreed to the airline's 15th 767 C-check for induction this month at Boeing Shanghai's facility at Pudong Airport. The new agreement celebrates and continues a successful business cooperation that began in 2010 with the launch of Boeing Shanghai's 767 and 777 maintenance support programs. Boeing Shanghai's support to Aeroflot also includes full paint, cabin modification and aircraft records management services, as well as A- and C-checks for their new 777-300ERs. Boeing Shanghai also supports Aeroflot's end-of-lease checks to ensure smooth airplane transitions back to lessors with minimum cost and ground time.

AJW Aviation signs five year PBH contract with WOW air

AJW Aviation, the leading independent com-

plete aircraft spares support specialist has signed a five year power-by-the-hour contract with European airline WOW air. The initial contract is to provide on-going support for one of the airline's A320 aircraft. WOW air which is based in Iceland, is the country's only low-cost carrier since acquiring its predecessor Iceland Express in 2012. The airline made considerable changes to its schedule, in order to accommodate the majority of Iceland Express' routes.

Kaman signs new agreement with Boeing for manufacture and assembly of 747-8 Wing-to-Body Fairing

Kaman's Aerospace segment has entered into a Memorandum of Agreement (MOA) with Boeing Canada Winnipeg, for the manufacture and assembly of two major sections of the 747-8 Wing-to-Body Fairing. Kaman will manufacture most components at its facilities in Connecticut, Florida, Kansas and Vermont

with final assembly to be completed at the company's Jacksonville, Florida facility and delivered directly to Boeing's wide-body assembly line in Everett, Washington. The MOA has a potential value, depending on production rates, in excess of \$60m.

Boeing selects GKN to build 737 MAX advanced technology winglet

Boeing has selected GKN to manufacture the Advanced Technology Winglet for the 737 MAX. Production of the winglets will take place at the GKN site at Cowes on the Isle of Wight in the United Kingdom, with final assembly at GKN's facility in Orangeburg, South Carolina. Already a market success, the 737 MAX has more than 1,600 orders from airlines around the world. Boeing's Advanced Technology Winglet is one of a number of design updates that will result in less drag and further optimize the 737 MAX performance, especially on longer-range missions.

REVIMA APU signs APU support agreement with BMI REGIONAL

REVIMA APU signed a 5-year Auxiliary Power Unit (APU) support agreement to provide repair and maintenance services for APS500 APUs installed on Embraer ERJ135/145 aircraft operated by BMI REGIONAL (UK). REVIMA APU is one of the most comprehensive APU repair and overhaul facilities. Based in Caudebec-en-Caux, Normandy, France, it has over 40 years of APU repair experience on a wide range of Airbus and Boeing applications, as well as for Regional aircraft produced by BAE Systems, Bombardier, Embraer, Fokker, and Saab.

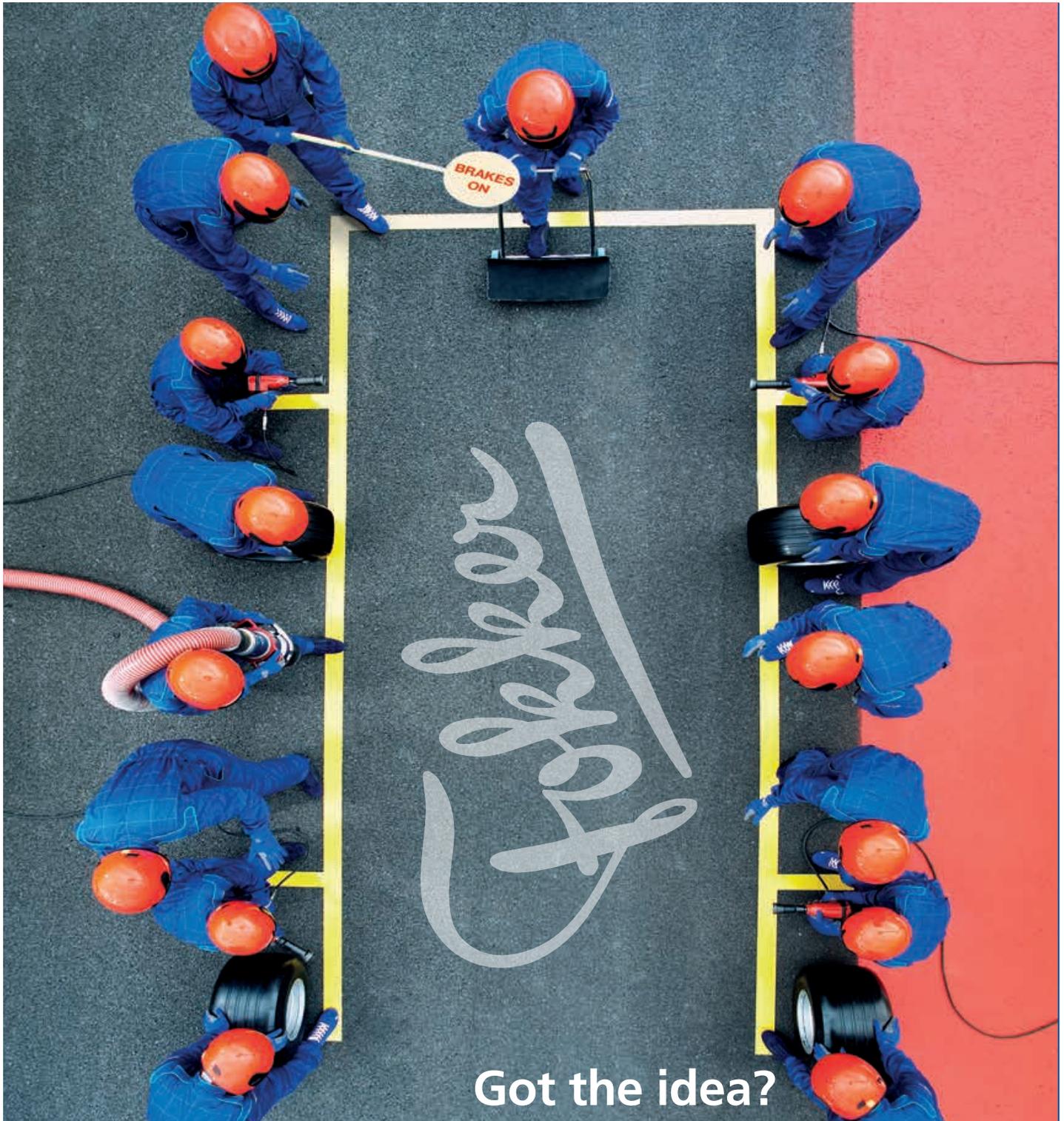
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AerSale to provide maintenance services to NASA's DC-8-72 flying laboratory

AerSale will be providing "C" check maintenance services for one of NASA's Airborne Science Program workhorses – the DC-8-72 flying laboratory. The aircraft has been flown to AerSale's maintenance facility in Roswell, New Mexico, where it is to undergo major inspection and maintenance servicing. AerSale will provide maintenance as part of the aircraft's new Low Utilization Maintenance Plan, LUMP for short. The LUMP also marries basic maintenance, the Corrosion Prevention and Control Program (CPCP) and the Structural Significant Items (SSI) inspection program into a single maintenance plan for efficiency and safety.



AerSale will provide C- check maintenance services for NASA's DC-8-72 flying laboratory

Photo: AerSale

AAR reaches key milestones at Lake Charles, Louisiana aircraft maintenance facility

AAR has completed the first heavy maintenance check on a commercial aircraft at its maintenance, repair and overhaul (MRO) facility located at Chennault International Airport in Lake Charles, Louisiana. The work was performed on an Airbus A330. In addition, the Lake Charles MRO, which commenced operations using a short-term approval granted under its Miami facility's operating certificate, has now received its own operating certificate bringing the total number of FAA-certified AAR repair stations to 14. AAR announced that it would occupy the facility in August and commenced operations in September. The Lake Charles MRO is the Company's sixth major heavy aircraft maintenance facility in North America, where AAR provides a wide range of services, from scheduled maintenance and structural repairs to re-engineering aircraft interiors.

Vector Aerospace UK expands into new sectors

Vector Aerospace UK has completed its first component repair contract for a major commercial fixed wing airline operator. Vector Aerospace's five year growth strategy has highlighted the commercial aviation market as a prime sector for development – leveraging its experience and knowledge in defence to achieve similar results in the civil market. "Defence remains at the heart of what we do but our growth aspirations have motivated this expansion", said Mr O'Connor, Component Services Director at Vector Aerospace.

Acro Aircraft Seating to equip Airbus A320 aircraft with new wider and lighter economy seat

UK-based passenger aircraft seat manufacturer Acro Aircraft Seating will equip Airbus A320 aircraft with its Ultra XC wider and lighter economy class reclining seat from the first quarter, 2014. The seat, boasting a width of 18.1 inches for window and aisle seats and 19.3 inches for the middle seat, will offer passengers more 'personal' space, greater comfort and improved sleep especially on long haul flights. The launch customer, a yet to be announced major European carrier will install the new seats across its fleet of Airbus A320 aircraft.

Alpha Star Aviation Services inks new contract with AFI KLM E&M

Alpha Star Aviation Services has signed an agreement with AFI KLM E&M covering component support services of its A320 family aircraft and an A340 aircraft. Under the terms of the contract, AFI KLM E&M will provide Alpha Star Aviation Services with repair services and access to a spares pool.

Alliance announced between Skyone Maintenance Services and Kelly Aviation Center

Skyone Maintenance Services officials announced a business alliance with Lockheed Martin's Kelly Aviation Center (LMKAC), a provider of engine maintenance, repair and overhaul (MRO) services, at the Dubai Air Show.

Our chairman's, Jaideep Mirchandani's vision is to be a premier provider of commercial aircraft and engines throughout the Middle East," said Salim "Sam" Sayani, Skyone chief executive officer. "Lockheed Martin's Kelly Aviation Center's expertise will help us provide our customers with a single center of MRO services for airframes and engines. Through these technical and commercial collaborations, we are implementing phase one of our plans to develop our 225,000 ft² state-of-the-art MRO facility that is near completion in Fujairah, UAE." Lockheed Martin Corporation's only engine facility, Kelly Aviation Center, is a center of excellence for commercial and military aircraft engine maintenance, repair, overhaul and test, providing services for 11 different engines, including those that power the B737, B747, B767, A300, A320, DC-10, F-15, F-16, C-130, and regional jets such as the Bombardier CRJ. Established in the Emirates of Fujairah, Skyone Maintenance Services (SMS) provides aircraft maintenance, field recovery teams and material support to operators of a wide range of Airbus and Boeing aircraft types, including the B737 family, A320 and B747. SMS is located at the Fujairah International Airport on the eastern part of the Arabian Peninsula, ideally situated for the Middle East, India and Africa markets.

Turkish Technic wins Air Moldova Airbus A320 C-Check contract

Turkish Technic will be providing Base Maintenance for Airbus A320 aircraft for Air Moldova in Turkish Technic hangars in Istanbul, Ataturk Airport. Air Moldova is the national air carrier and the largest Moldavian airline. Founded by presidential decree, and is one of the most recognized brands from Moldova.



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AEI redelivers fifth ASL B737-400SF 11 Pallet conversion

Photo: AEI

AEI redelivers fifth ASL B737-400SF 11 Pallet conversion

Aeronautical Engineers, (AEI), has redelivered the fifth B737-400SF 11 Pallet freighter to the ASL Aviation Group. The fifth freighter to deliver is a high gross weight B737-400SF (MSN 25184) built in 1992. The conversion was performed at AEI's Authorized Conversion Center, Commercial Jet Services in Dothan Alabama. The aircraft will soon be ferried to Paris France where it will enter service with Europe Airpost in support of the French Post Office. This is AEI's 16th of an estimated 23 freighter redeliveries in 2013.

Rolls-Royce to work with Mubadala to establish Abu Dhabi as key aerospace hub

Rolls-Royce confirmed at the Dubai Air Show that it has entered into a Strategic Framework Agreement with Mubadala Aerospace, Communications Technology and Defense Services (ACTDS) to establish the Emirate of Abu Dhabi as a key member of Rolls-Royce's global network for maintenance and manufacturing activities. As part of the agreement, Rolls-Royce is supporting Mubadala to become established as an approved Trent XWB engine mainte-

nance, repair and overhaul (MRO) provider within its global Engine MRO network and the first such facility in the Middle East region. The region is earmarked to have one of the highest concentrations of Trent XWB engines in the world in the coming decade. In addition, Rolls-Royce has committed to helping establish, and become a founding member of, the first advanced manufacturing research centre in the region to support Mubadala's goal to become a Tier 1 aerospace industry supplier. Rolls-Royce also plans to source engine components valued at up to \$500m over a ten year period from Mubadala once it has a manufacturing capability.

AERO Precision signs agreement with Euravia

Aero Precision, a Greenwich AeroGroup company, signed an agreement to market Euravia's P&WC, PT6A and PT6T MRO services. In October, Greenwich previously announced that they had entered into a partnership agreement to provide Maintenance, Repair and Overhaul (MRO) services for Pratt & Whitney's PT6A and PT6T engines on fixed and rotor wing aircraft in the United States through Greenwich's MRO facilities which

include Atlantic Aero, Summit Aviation and Western Aircraft.

Boeing, Rostec agree to open new Ural Boeing manufacturing plant in Russia

Boeing and Rostec signed a memorandum of understanding to expand their joint venture by establishing a second Ural Boeing Manufacturing (UBM) production facility. The UBM facility will make titanium parts in the Urals in the Titanium Valley of Russia. In July 2009, Boeing and VSMPO-AVISMA, Russia's largest titanium producer, opened a 50/50 equity joint venture, UBM, based in Verkhnyaya Salda, Russia. UBM is a state-of-the-art facility that machines titanium forgings for the world's most technologically-advanced airplanes, the 787-8 and -9 Dreamliners. Boeing forecasts that over the next decades it will spend approximately \$27bn on Russian titanium, aerospace design-engineering services and a variety of other services and materials. VSMPO-AVISMA has been a Boeing partner and supplier of raw material and titanium parts through a series of long-term purchasing agreements dating back to 1997, when Boeing awarded its first contract to the Russian titanium producer.



flydubai and JorAMCo at the Dubai Air Show

Photo: JorAMCo

flydubai to renew heavy maintenance agreement services with JorAMCo

For the second year in a row, JorAMCo has signed a contract with flydubai to provide the UAE-based carrier with 'C' checks for its Next-Generation 737-800 aircraft that are due for maintenance services throughout 2014. The maintenance service to be provided by JorAMCo includes C1, C2, C3 and C4 checks. Moreover, JorAMCo will be executing cabin modifications on flydubai's fleet, including the addition of Business Class seats. New SATCOM and Lumexis Fiber-To-The-Screen IFE systems will also be installed.

Emirates airline and OEMServices extend contract for Emirates' A380 fleet

Emirates airline and OEMServices have extended their contract for the Emirates' A380 fleet. The extended agreement will cover Emirates' fleet of 90 A380s, and will include support of the new Supplemental Cooling System provided by Liebherr as well as the Monogram components. Since 2005, OEMServices has become a leader in component and logistics services. The company is a joint venture founded by four major OEM: Diehl Aerospace, Liebherr-Aerospace, Thales, Zodiac Aerospace. OEMServices combines OEM-com-

ponent support packages on A380, A350, A330, A320, ATR and B787 aircraft, and provides OEM support and key advantages for its customers through a coordinated contractual and logistics solution.

Ethiopian Airlines signs OnPoint solution agreement with GE Aviation

Ethiopian Airlines has signed a 10-year OnPoint solution agreement with GE for maintenance, repair and overhaul of its GE90 engines. Under this agreement, GE will maintain Ethiopian's GE90 engines that power its 16 B777 aircraft, which comprises of six B777-200LRs, six B777Fs, and four B777-300ERs.

Bombardier Learjet receives FAA Certification for Learjet 75 aircraft

Bombardier Aerospace released that Learjet has been awarded Federal Aviation Administration (FAA) Certification for its Learjet 75 aircraft. FAA

certification for Learjet 75 aircraft was received on November 14, 2013. Certification and delivery efforts and activities are in progress for the Learjet 70 aircraft.

Vector Aerospace establishes new engine turbine overhaul facility at Seletar Aerospace Park, Singapore

Vector Aerospace Corporation, a global independent provider of aviation maintenance, repair and overhaul (MRO) services announced the establishment of a new engine facility at Singapore's Seletar Aerospace Park specially built for the PW150A turboprop engine. The new 8,000 m² engine center housing a 5,200 m² state-of-the-art facility represents Vector Aerospace's appointment as a Pratt and Whitney Designated Overhaul Facility (DOF) and will be equipped with full engine overhaul and test capability. Vector Aerospace will be investing more than \$50m (Singapore) in the construction, tooling and equipping of this facility. By locating in the Asia Pacific region, Vector Aerospace will provide the owners of PW150A engines and operators of Bombardier Q400 a cost effective, viable, easily accessible MRO alternative and significantly strengthens Vector Aerospace's presence in the region.



Rendering of Vector Aerospace's facility at Singapore's Seletar Aerospace Park

Photo: Vector Aerospace

Other News

Avio-Diepen announced the opening of a brand new warehouse location in Dubai. The new warehouse is perfectly centralized within this rapidly growing region as Avio-Diepen continues strengthening its global coverage and answers the demand for spare parts and supply chain services for the local markets. In addition, Avio-Diepen customers in this region will greatly benefit from Avio-Diepen's regionally tailored

services, large inventory and availability, and the support that Avio-Diepen customers have come to expect.

AFI KLM E&M has been awarded CCAR 145 approval by the Civil Aviation Administration of China (CAAC) for its components maintenance shop located in Shanghai. After a final audit carried out in the week of 18-24 November, during

which the Chinese authorities inspected management systems, processes, technical manuals, and technician qualifications, the workshop was granted approval as a maintenance organization on Chinese soil. This unit is helmed by Paul Sun Baochuan, head of AFI KLM E&M Industrial Development in Shanghai.

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WHAT IT TAKES TO FLY.

Lufthansa Technik sweeps up International business



Landing gear overhaul at Lufthansa Technik.
Photo: Gregor Schläger / Lufthansa Technik AG

Norwegian Air Shuttle and Lufthansa Technik extend wheels & brakes services contract

Norwegian Air Shuttle ASA, one of the leading low-cost carriers in Europe, and Lufthansa Technik AG have extended the current wheels & brakes services contract for the airline's Boeing 737 fleet. The new contract runs over a period of seven years and also covers pooling and home-base lease services for Norwegian Air Shuttle's growing Boeing 737-800 fleet which currently comprises 69 aircraft. To guarantee an optimized supply chain to Norwegian Air Shuttle Lufthansa Technik has developed an extended logistics concept, which now ensures a "door-to-door" connection between the Lufthansa Technik site in Frankfurt and Norwegian Air Shuttle's main bases in Oslo, Stockholm and Copenhagen.

PIA signs engine support contract with Lufthansa Technik

Lufthansa Technik and Pakistan International Airlines (PIA) signed a comprehensive engine support contract. The German company will look after the Pratt & Whitney PW4000 engines of the six Airbus A310s in PIA's fleet. The five-year contract covers spare engine

support, engineering services, logistics and repair and overhaul. The new partnership follows the recent signing of a three-year contract covering technical services for the Pratt & Whitney Canada PW127 engines in PIA's fleet of six ATR42 turboprop aircraft, to be provided by Lufthansa Technik's subsidiary Lufthansa Technik AERO Alzey. The first engine is currently undergoing overhaul at its facility near Frankfurt.

UTC Aerospace Systems signs long term contract with Lufthansa Technik

Lufthansa Technik AG and UTC Aerospace Systems, a key supplier in the Boeing 787 Dreamliner program, have signed a long-term contract to provide rotatable provisioning and MRO (maintenance, repair & overhaul) services on Boeing 787 nacelle components designed and manufactured by UTC Aerospace Systems' Aerostructures business. Lufthansa Technik now offers its customers the full spectrum of life cycle support services for Boeing 787 nacelles on both General Electric and Rolls-Royce engines. Such services include sophisticated high-tech repairs and modifications, lease and exchange of nacelle components and on-site repairs around the

world to quickly resolve aircraft on ground situations.

Lufthansa Technik to maintain CFM56 engines for South African Airways

South African Airways (SAA) and Lufthansa Technik AG are continuing their cooperation in the area of engine overhaul. A contract to provide support services for the 23 CFM56-7B engines in SAA's Boeing 737-800 fleet that has been in place since 2001 has been extended and will now continue until the aircraft are taken out of service. Under the terms of the Total Engine Support TES contract Lufthansa Technik not only overhauls the engines in Hamburg but also guarantees the continuous availability of the highly flexible Airline Support Teams AST, which can provide rapid technical assistance anytime, anywhere in the world if needed. This service will be available not only for the aircraft used directly at SAA but also for those of its subsidiary, Mango. Together with its subsidiary Lufthansa Technical Training, Lufthansa Technik will furthermore launch a close strategic cooperation with SAAT, laying the basis for the potential expansion of the existing cooperation.



LHT visual inspection on engine parts.

Photo: Gregor Schläger / Lufthansa Technik AG

Lufthansa Technik strengthens Middle East business in Dubai

Lufthansa Technik AG is expanding its long-established activities in the important and strongly growing Middle Eastern aviation market even further. At Lufthansa Technik Middle East Services (LTMES), headquartered in Dubai, the range of technical services and sales activities for the region's customers is being expanded significantly. Owing to rising demand for on-site technical services for nacelle components, repair operations for Airframe Related Components (ARC) will be expanded as early as the beginning of 2014. With a local facility in place, spare part provision and repairs can be offered more efficiently to customers in the region. Depending on the required service, repairs can be undertaken either at the customer site or in Dubai without creating additional transport expenses, or be organized within the Lufthansa network. In early 2014 LTMES will also begin to offer the highly efficient engine wash service Cyclean Engine Wash at its facility in Dubai as well as at the region's

airports. This service has been used by 30 customers around the world and is available for all current engine types. It increases engine performance and reduces kerosene consumption by up to one percent as well as CO2 emissions. Currently there are more than 30 Cyclean Engine Wash stations in operation in North and South America, Europe and Asia.

Spirit AeroSystems (Europe) Aftermarket enters into cooperation agreement with Lufthansa Technik

Spirit AeroSystems (Europe) and Lufthansa Technik AG have entered into a multi-year cooperation agreement related to the joint provision of repair, overhaul and supply services for the CFM56-7B and GE90-94/-115 thrust reversers and cowlings operated by Lufthansa Technik's customers in the Europe , Middle East and Africa (EMEA) region. Under this agreement, Lufthansa Technik and Spirit AeroSystems will utilize each other's repair facilities and capabilities in the EMEA

region as well as other support elements for each company's respective repair and overhaul services. Part of the cooperation is a supply agreement whereby Spirit AeroSystems will supply thrust reverser, fuselage and wing components to Lufthansa Technik.

Lufthansa Technik to provide Total Component Support for Boeing 787 fleet of Air Canada

Lufthansa Technik AG is once again expanding its involvement in the provision of technical support for the Boeing 787, after signing an agreement with Air Canada. Canada's largest airline has signed a 12-year Total Component Support TCS contract with Lufthansa Technik, starting with the delivery of the first aircraft from Boeing to Air Canada in the first quarter of 2014. So far, Air Canada has confirmed 37 Boeing 787 orders with another 23 options. Lufthansa Technik will invest significantly over the contractual period to guarantee an optimal service to Air Canada, including the appointment of an on-site program manager at Air Canada's head office in Montreal and expansion of its component pool in Miami, Florida.

Lufthansa Technik Airmotive Ireland to consider closure

Lufthansa Technik Airmotive Ireland (LTAI), the jet engine overhaul facility at Rathcoole, Co. Dublin, which employs 400 people, announced that it is to commence a process to consider closing the company, subject to consultation with employee representatives. LTAI will begin immediate negotiations with its three trade unions (TEEU, SIPTU, UNITE) and existing employee representatives. The decision follows an extensive review of operations at LTAI, in the context of declining revenues and shrinking international market opportunities. Wolfgang Mörig, Managing Director of LTAI, praised the workforce at LTAI for their contributions over the years, and expressed regret that it was now at this point. He noted the increased quality and efficiency of the new generations of aircraft engines, with reduced need for overhaul. Aer Lingus set up Airmotive Ireland in 1980. Lufthansa Technik took a 60% shareholding in 1997, and took full ownership in 1999. LTAI specializes in the repair and overhaul of CFM56-3, CFM56-7, V2500-A5 and JT9D engine types.



Measurement on mechanical components at LHT.

Photo: Gregor Schläger / Lufthansa Technik AG

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A touch of optimism - MRO outlook 2014

The global MRO market continued to recover in 2013 from the economic downturn that began in 2008 and by all indications the recovery is set to continue in 2014 with the spotlight firmly on emerging markets. **Keith Mwanalushi** reports.

According to IATA, maintenance costs can be as much as 12% of an airline's cash operating outlay. A recent report by The International Bureau of Aviation (IBA Group) estimates that aircraft maintenance expenditure has decreased by 15-20% in the past five years. Attributing this reduction to the economic downturn and lower utilisation, airlines have been forced to assess their expenditure, rationalise their fleets and ground older aircraft.

However, as global economies begin to improve, IBA predicts the overall annual market for MRO services is set to rise nearly 25% to US\$ 4.5 to 5 billion in 2014. "For many emerging markets, such as India and China where over 200 aircraft have been delivered in the last five years, the associated MRO activity will be huge," decaled Phil Seymour, IBA Group's President and COO in a statement.

"The MRO business is truly global, and being one of the best European MRO facilities is not enough. Examples, such as Lufthansa Technik, show how companies need to expand their services into the emerging markets, providing lower costs combined with exceptional service,



MROs will be analysing the impact of new air frames on maintenance costs from early operators such as Ethiopian. Photo: Boeing

similarly the Swire Group's purchase of TIMCO in the US shows us that they are not content to rely on Asian growth, but they are also looking for global business. This can only be achieved

India is a potential market for the manufacturer of commercial aircraft parts and MRO services. According to a report by market researchers The Bharat Book Bureau the commercial aircraft market in India is

"One of the main issues is reduced competition in the MRO market due to OEM dominance. This may directly translate into price escalations."

Ludovic Loisel, VP Strategy AFI KLM E&M

expected to grow at a steady rate during the period 2013-2018. The manufacturing of aircraft parts has gained momentum in recent years, and the demand for aircraft parts is expected to increase in the coming years. The commercial aircraft parts manufacturing market in India is expected to grow at a CAGR of 7.32%, and the MRO market in India is expected to grow at a CAGR of 12.62% during the forecast period.

by expanding and co-operating through joint-ventures," Seymour adds.

Other experts say the global MRO market is expected to witness increasing demand for commercial aerospace MRO activities in emerging countries in the coming years, leading to market consolidation and expansion. Many companies are focusing on expanding their presence in developing countries by embarking on diverse strategic initiatives which are expected to enhance growth and their market reach.

The report further stated that the growth of the commercial aircraft market in India is driven by many growth factors. Increasing demand for MRO activities is one of the major drivers in the commercial aircraft market in India. The MRO market in India is expected to grow at a rapid rate as the market witnesses several growth opportunities, as there are several MRO projects under development in the country. Another major driver in the market is the increasing outsourcing of manufacturing activities to India.

For instance, in March 2011, Bombardier carried out a major expansion of aftermarket services for its aircraft business operators in China. This ramp-up included the creation of a new regional support office and a parts depot in Hong Kong and a new line maintenance facility in Jinan, China. This expansion in China, which was part of the company's planned investment of up to US\$30 million, has helped the company boost the support for its growing customer base in China.

Despite several growth drivers, the commercial aircraft market in India is also facing certain growth inhibitors that impede the growth of the market. Fluctuating jet oil prices is one of the major challenges. Jet oil prices have shown an increasingly rising trend globally, in the past four years. It is expected to rise further, leading



Ludovic - in line with market expectations in 2013. Photo: AFI KLM E&M



AFI KLM E&M is now supporting 11 international GE90 operators.

Photo: AFI KLM E&M

to a decrease in overall profitability of airlines. Additionally, lack of proper airport infrastructure is one of the major challenges in the market in India.

In review, 2013 brought about some significant highlights at most key MRO players. Mr Ludovic Loisel, VP Strategy at AFI KLM E&M notes that products seemed to be in line with the market expectations in 2013. "We've seen a continuous growth in turnover on our component and engine products, asserted our position on the GE90 market [with 340 engines in support for 11 international airlines to date] and successfully launched our 787 MRO offer with our first customers in Europe and Asia."

During the year the company also developed 737 and A320 airframe support offers at the Casablanca and Norwich facilities. Ludovic adds that the engine teardown capability in

the US was extended through the Bonus Tech JV, and jointly developed a new capability on PW4000 engine maintenance.

Referring to growth projections for 2014 Ludovic adds: "We'll continue to offer our adaptive products [engine, components, cabin modifications, and airframe] and develop our capabilities on new platforms. We'll grow further our MRO network and in this field, the first step is the opening of our Shanghai component workshop which was recently certified by the Chinese authorities."

"We believe next year will be a transition year for most MRO's to analyse the impact of new frames bringing reduced maintenance costs in general. It will be a time to research from early adopters the pros and cons of the new fleet's performance."

Adolfo Gordo, Head of Commercial - Iberia

Over in Israel, the Bedek Aviation Group (Israel Aerospace Industries IAI) reports that it signed an important licensing agreement with Boeing, omitting the "access fee" previously charged by Boeing to the operators of Bedek converted freighter aircraft. Bedek signed several new agreements which enhanced the overall market coverage, while reducing costs

and TAT according to Jack Gaber, SVP Marketing and Business Development.

IAI results for the third quarter of 2013 shows a 121% growth in the company's net income in the quarter to US\$ 31 million compared with US\$ 14 million in the corresponding quarter of last year. The Company maintains a record sales order backlog of US\$ 10.6 billion in the quarter, representing a net increase of US\$ 1 billion from the beginning of the year. The Company's sales totalled US\$ 930 million compared with US\$ 749 million in the corresponding quarter of last year, a 24% increase.

In terms of challenges faced over the course of the year Gaber says 2013 experienced a "nearly complete halt of Bedek cargo conversion programmes for the mid and long range." He also adds that there was an augmentation over OEM involvement in the after-market MRO business, which now also covers the parts provision segment.



Next year will be a transition year for most MRO's says Adolfo Gordo.

Werner Aero Services managed to achieve revenue growth of 47% in 2013. "Our growth came mainly from managing customer's assets through our repair management services and the growth of jet engine sales and lease," says Mike Cazaz from Werner Aero Services.

With regards to where he sees the greatest opportunities as we enter 2014, Cazaz states that the asset management side of the business (i.e. repair management and pooling arrangements) that is supporting narrow body aircraft has been growing and is "expected to continue its growth" in the near future. "We provide excellent logistical solutions to A320, B737NG and ATR72 customers globally, which includes time and cost savings," Cazaz includes.

Adolfo Gordo, Head of Commercial at Iberia says basically there are two areas of growth in 2014: "First one is the new capability to perform maintenance services up to overhaul of the V2500 engines, which will bring opportunities for new as well as current customers and secondly to gain competitiveness in all segments of our services based on the plan already under implementation."

2013 has been a challenging year for many regional airlines; they are faced with continued pressure from the combination of a weak economic environment and intensive competition. In 2013 Augsburg Airways, the Lufthansa Regional carrier shut its engines permanently.

Daniel Lee Director of Business Development at project management firm Realization ob-



Daniel Lee Director of Business Development at Realization



Regional airline closures such as Augsburg have eroded the traditional MRO customer base..

Photo: Lufthansa

serves that as airlines strive to operate more efficiently than ever by merging, closing surplus shops, doing third party work, etc., the pressure mounts on the remaining maintenance centres to turn better profits, often while taking on more workloads.

"We believe more decision-makers will recognise in the coming year the need to synchronise their whole operations, not just improve in local areas through various initiatives. Without synchronising priorities, tasks and resources for an uninterrupted flow of work, getting to the next level of productivity is impossible," Lee warns.

Fokker Services which supplies integrated maintenance services and products to aircraft owners and operators say in the coming year they foresee further increase in the amount of aircraft re-deliveries of Boeing, Airbus and ATR as there will also see above average numbers of end of lease aircraft coming back from the airlines.

Mr Heino van der Laan, VP Marketing and Sales at Fokker Services says therefore modification solutions for meeting operational requirements and the need to increase passenger appeal of these aircraft will further increase in 2014. "In addition to our Bombardier Dash8 and Fokker availability programme ABACUS, we will launch another enhanced availability programme on Airbus and Boeing aircraft," says van der Laan. "In Q1 2014 we will start with a 'green' Airbus ACJ 319 VIP conversion for an undisclosed customer configured for 19 passengers, executive seating zones, for-

mal lounge, private lounge and bedroom with bathroom," he adds.

As noted by easyjet recently, "rising pressure on maintenance costs" is a concern as airlines await the delivery of new aircraft such as the A320neo. So what will be the key issues next year? Heino van der Laan believes the industry we will see a continuation of airline consolidation and an on-going challenge for legacy carriers to adapt their business model to the new reality.

Gabriel Mofaz, President at PENTAGON 2000 Software predicts the key issues next year will be managing costs, attracting and retaining high quality staff, ensuring compliance and growing top-line revenues.

Jack Gaber from Bedek says as we go into the New Year engine maintenance planning will also have a significant role as airlines start to prepare for the delivery of new 787s and further along, the A320neo, B737Max and A350.

"In my opinion, the key issue will continue to be fuel cost and interest rate," comments Mike Cazaz. "A significant increase in fuel cost may mean reduction in other expenditures by airlines including MRO costs. An increase in interest rate may reduce current demand to lease new aircraft and hence prolong the life of existing fleet. In that case, the MRO business might benefit as aircraft will require shop visits instead of getting them out of service, completely."



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- EPCOR could integrate all of their business software into Quantum

to have a single repository of business data to quickly search and respond to business needs.

- Component Control's software improvement philosophy meant that Quantum would be a living software that adapted over time to encompass evolving industry best practices

Commented Joost Bosman, Quantum Program Manager at EPCOR, "With Quantum, EPCOR has operations focused software optimized specifically for running a LEAN aviation MRO environment. The ongoing successful use of Quantum at EPCOR has resulted in parent company AFI KLM E&M leveraging Quantum to automate surplus part sales and streamline corresponding background logistics."



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Monarch Aircraft Engineering posts increased revenue in FY2013

Monarch Aircraft Engineering reported 24.2% increase in revenues to £107.2m for the full year 2013 and 26% growth in revenue from 3rd party customers. MAE posted 80% increase in maintenance capacity following the opening of a new state-of-the-art facility at Birmingham Airport. Furthermore the company introduced Bombardier and Embraer type aircraft servicing capability.

Palm Beach Capital acquires majority stake in CTS Engines

Palm Beach Capital, a middle market private equity firm based in West Palm Beach, FL, has acquired 60% of the membership interests of CTS Engines, LLC, from Neff Capital Management, which will retain a 40% ownership. Brian Neff, the Managing Partner of Neff Capital Management, will remain as Chief Executive Officer of the company. Additional terms of the deal were not disclosed. Based in Ft. Lauderdale, FL, CTS is a leading independent jet engine MRO provider in the U.S., and a leading jet engine MRO in the world focused on the rapidly developing mature engine market. Founded in 2002, the company has been at the forefront of defining unique maintenance requirements of the mature jet engine market for years, and has experienced strong growth by capitalizing on this expanding market segment. "With this investment, CTS has the financial foundation to capitalize on the inherent growth within the mature engine MRO market," said Brian Neff. "For many years, Palm Beach Capital has demonstrated success in partnering with management to grow companies. Going forward into 2014, when we expand our services beyond the CF6 platform and add development engine testing, we will rely on our partner to help us maximize opportunities as they develop."

HEICO Corporation increases Credit Facility to an aggregate capacity of \$1bn and extends term

HEICO Corporation reported that it increased its \$670m revolving credit facility (the "Facility") to an aggregate potential future capacity of \$1Bbn and that it also extended the facility by an additional year until December 2018. Under the amendment, \$800m of the Facility is now fully committed for funding and an additional \$200m has been committed subject to future consent of the lenders. Originally entered into in 2011, the Facility previously allowed borrowings of up to \$670m and was set to expire in 2016. Based on HEICO's credit characteristics, the bank group has now twice extended the Facility's expiration to allow for expiration in five years from now. Further, certain other amendments were made to provide additional financial flexibility.

Astronics completes acquisition of PGA Electronic

Astronics Corporation, a leading provider of advanced technologies for the global aerospace and defense industries, confirmed that it completed the acquisition of PGA Electronic ("PGA") on December

5, 2013 for approximately \$31.2m. Approximately \$17.5m of the purchase price was paid in cash and the balance was paid by the issuance of 264,168 shares of Astronics common stock with a market value at the time of closing of \$13.7m. Astronics had previously announced that it entered into a definitive agreement to acquire PGA Electronic on November 4, 2013.



PFW Aerospace GmbH

Photo: PFW

AAR to acquire cargo loading system assets from PFW Aerospace GmbH

AAR CORP. released that its 100% owned subsidiary, Telair International GmbH, has signed a definitive agreement to purchase the cargo loading system assets of Speyer, Germany based PFW Aerospace GmbH. The acquisition will enhance Telair's market position as one of the leading suppliers globally of cargo loading and baggage handling systems. Upon completion of a transition period after closing, Telair will transfer the assets to, and perform operations at, its Miesbach, Germany facility. The acquisition will be funded from available cash on hand and is expected to be completed by the end of the calendar year.

Chromalloy expands support in new engine supply chain with acquisition of TRAC Group

Chromalloy, a leading supplier of gas turbine engine component repairs, coatings and castings, reported its acquisition of Trac Group, a tier one component supplier to the aerospace and energy industries. Trac Group provides design, engineering and manufacturing of high and low pressure complex turbine components including blades, segments and vanes for the engine hot section. As a supplier on new commercial aircraft engines and power generation systems, Trac Group produces components for Rolls-Royce, Snecma, Alstom, Siemens, and other manufacturers. The company employs about 400 and has headquarters in Crewe, U.K., with production facilities in the U.K. and Mexico. Terry Russett, Managing Director, Trac Group, called the combination "a win-win for the equipment manufacturers, which demand innovation, quality and performance both in the supply chain and the aftermarket." The company will retain its brand name and be referred to as "A Chromalloy Company." Chromalloy and Trac Group are privately held and the terms of the agreement were not disclosed.



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A large, detailed close-up of a jet engine compressor section, showing multiple rows of dark blue, curved compressor blades arranged in a circular pattern. The central hub is visible, and the overall lighting is bright and clean.

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In the hot seat.....

Keith Mwanalushi speaks to Bruce Dickinson, Chairman, Cardiff Aviation

AviTrader MRO: What attracted you to work in Aviation?

Dickinson: The constant challenge, great technology, and above all great people. This is a people industry, despite the associated heavy metal.

AviTrader MRO: Cardiff Aviation is a new player on the scene having launched in 2012, what are your expectations of the market?

Dickinson: To grow the business and to be among the top service providers offering a full 360 degree capability – MRO, painting, flight training, AOC operations and ACMI leasing.

AviTrader MRO: What are your current and planned MRO capabilities?

Dickinson: Currently we have the ability to perform maintenance on aircraft up to B767-300 dimensions, either Airbus or Boeing. We want to fast-track the growth of this business into a full narrow body maintenance, repair, modification and storage facility, and we are continuously exploring new areas.

AviTrader MRO: The MRO business is very competitive what made you decide to enter the industry?



Bruce Dickinson, Chairman, Cardiff Aviation

Photo: Huw Evans Picture Agency

Dickinson: Our experience as customers of MRO was often unsatisfactory. We wanted to start a customer orientated service.

AviTrader MRO: What sets you apart from other similar maintenance organisations?

Dickinson: We are unique in that we offer a

one-stop shop. We will service, paint and store aircraft as well as being able to offer leasing and operating services.

AviTrader MRO: A key trend these days is to lean towards partnerships and joint ventures in order to extend resources and expertise. What emphasis are making on such initiatives?

Dickinson: Clearly this is a useful tool to start up quickly. We have JVs with several companies including Serco with whom we are busy painting as we speak.

AviTrader MRO: As we enter 2014, what are your prospects for the New Year?

Dickinson: Santa has brought his sleigh round but we have had to red tag one of his runners. Luckily we have a fully equipped manufacturing facility on-site operating 24 hours a day. We are commissioning aircraft painting in Q1 and our training school complete with simulators in Q2, and we'll be well placed in the market to capture 2014-15 winter maintenance. We still have a lot to do but our facilities at Cardiff International Airport and St Athan as well as our engineering road teams are ready to capture some substantial business next year.



Current capability is for maintenance on aircraft up to B767-300 dimensions form either Airbus or Boeing.
Photo: Boeing



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2013 A Year in Review

The first quarter of 2013 was dominated by two aircraft which hit the headlines with questions over their operational safety. The Boeing 787 endured a difficult start with multiple problems across both Japan Airlines and All Nippon Airways fleets, which resulted in a fleet wide grounding of the 787s and much negative publicity for Boeing as some operators were discussing losses over USD1m per day.

While this was happening the Eurocopter EC225 was suffering problems on the back of ditching incidents with discussion in the media about gearbox lubrication and other technical matters. EASA issued an Emergency Airworthiness Directive regarding bevel gear vertical shafts and banned flights over water for all types that did not have a functioning Vibration Health Monitoring System.

On a brighter Q1 note, the Dublin conferences regarding aviation finance, were very busy with positive discussions and activity. Industry heavy hitters were all in attendance with all the OEMs assuring that 2013 would build on the positivity and large order backlogs of the recent years.

ILFC's CEO, Henri Courpron, was discussing Cape Town and mentioned that States who do not comply with Cape Town are unlikely to secure finance. While Howard Millar, CFO of Ryanair discussed how the new ASU financing rules would make ECA backed financing less attractive.

Quarter 2 held better news for the OEMs as the Boeing 787s returned to service, starting with an Ethiopian Airlines aircraft flying to Nairobi. Boeing had deployed some 200,000 engineering hours into fixing the problem – they also deployed Randy Tinseth to Addis Ababa as a passenger on this inaugural return to service flight.

Later that quarter in June, just in time for the Paris Air Show, Airbus flew their A350XWB for the first time, the flight test was a success, apparently only noteworthy for the seeming quietness of the Rolls Royce Trent XWB.

At the Paris Air Show, Embraer announced new variants of its successful E-Jet family; the E2 E175 and E190 and E195, with the E190 staying in its current sweet spot while the E175 and E195 both grew slightly. The aircraft will have engines from the PW1000G family, namely the PW1700G and the PW1900G. They will also benefit from several aerodynamic tweaks including an improved tail cone and new winglets, which are likely to become the new delivery standard on the original E-Jets before the E2s enter production, although it cannot currently be retro fitted.

Paris also saw the first A380 orders for some time as Doric Lease ordered 20 which will begin to deliver from 2016. This took Airbus' A380 orders to a total

of 282, which will deliver until the end of the decade at a rate of approximately 3 every 2 months.

Quarter 3 didn't start particularly well, with the tail of an Asiana Airlines Boeing 777 crashing into the sea wall on approach to San Francisco International Airport on 6th July 2013. Almost all passengers and crew survived although three passengers sadly lost their lives.

The traditional summer peak in the northern hemisphere saw reasonably strong airline travel. After the Olympics in London 2012 the UK saw a slight decline, but this was more of a return to normal. Over the same period, business jet activity across Europe

was positive with double digit growth in some Western European States.

The end of Q3 saw another first as the Boeing 787-9 took off on its maiden flight from Boeing Field in Seattle. The 787-9 offers greater passenger numbers and range than the 787-8 and based on recent activity, is likely to be the most successful of the family

Many aviation conversations for Q4 of 2013 have been dominated by the Boeing 777X, an aircraft, which in some quarters, is being described as the Emirates 777. It is not hard to see why as the airline, who haven't had a bad 2013, posting profits of USD622m in May 2013, placed an order for 150

Aircraft Manufacturer	Aircraft Model	Customer	Order Status	Orders	Options	IBA's CBV Each	IBA's Deal Value (Based on firm orders and MoUs)
Airbus	A320-200	easyJet	MoU	35		US\$ 43,000m	US\$ 1,505,000m
Airbus	A320-200	Lufthansa	Firm	30		US\$ 43,000m	US\$ 1,290,000m
Airbus	A320-200	Syphax airlines	MoU	3		US\$ 43,000m	US\$ 129,000m
Airbus	A320neo	easyJet	MoU	100	100	US\$ 48,000m	US\$ 4,800,000m
Airbus	A320neo	HKAC	MoU	40		US\$ 48,000m	US\$ 1,920,000m
Airbus	A320neo	ILFC	Firm	50		US\$ 48,000m	US\$ 2,400,000m
Airbus	A320neo	Lufthansa	Firm	35		US\$ 48,000m	US\$ 1,680,000m
Airbus	A320neo	Syphax airlines	MoU	3		US\$ 48,000m	US\$ 144,000m
Airbus	A321-200	Spirit Airlines	Firm	30		US\$ 51,000m	US\$ 1,530,000m
Airbus	A321neo	HKAC	MoU	20		US\$ 55,000m	US\$ 1,100,000m
Airbus	A321neo	Lufthansa	Firm	35		US\$ 55,000m	US\$ 1,925,000m
Airbus	A330-300	SriLankan Airlines	MoU	6		US\$ 105,000m	US\$ 630,000m
Airbus	A350-1000	United Airlines	Firm	35		US\$ 166,000m	US\$ 5,811,000m
Airbus	A350-900	Air France-KLM	Firm	25	25	US\$ 149,000m	US\$ 3,740,000m
Airbus	A350-900	Singapore Airlines	Firm	30	20	US\$ 149,000m	US\$ 4,488,120m
Airbus	A350-900	SriLankan airlines	MoU	4		US\$ 149,000m	US\$ 598,000m
Airbus	A380	Doric	MoU	20		US\$ 210,000m	US\$ 4,200,000m
ATR	42-600	LIAT	Firm	2		US\$ 15,879m	US\$ 31,000m
ATR	42-600	Nordic Aviation Capital	Firm	5		US\$ 15,879m	US\$ 79,000m
ATR	72-600	ALC	Firm	5		US\$ 20,349m	US\$ 101,745m
ATR	72-600	HGI Aircraft Division	Firm	10	10	US\$ 20,349m	US\$ 203,490m
ATR	72-600	Nordic Aviation Capital	Firm	30	55	US\$ 20,349m	US\$ 610,470m
ATR	72-600	Undisclosed	Undisclosed	25	25	US\$ 20,349m	US\$ 508,000m
ATR	72-600	Undisclosed	Undisclosed	5		US\$ 20,349m	US\$ 101,745m
Boeing	737 MAX 8	CIT	Firm	30		US\$ 49,500m	US\$ 1,485,000m
Boeing	737 MAX 8	SkyMark Airlines	Firm	4		US\$ 49,500m	US\$ 198,000m
Boeing	737 MAX 8	Travel Service	MoU	3		US\$ 49,500m	US\$ 148,500m
Boeing	737 MAX 8	TUI	Firm	40	90	US\$ 49,500m	US\$ 1,980,000m
Boeing	737 MAX 9	TUI	Firm	20		US\$ 53,890m	US\$ 1,077,800m
Boeing	737-800	Ryanair	Firm	175		US\$ 45,000m	US\$ 7,875,000m
Boeing	737-900ER	Oman Air	Firm	5		US\$ 49,500m	US\$ 247,500m
Boeing	747-8i	Korean Air	MoU	5		US\$ 178,000m	US\$ 890,000m
Boeing	777-300ER	Korean Air	MoU	6		US\$ 164,500m	US\$ 987,000m
Boeing	777-300ER	Qatar Airways	Firm	2	7	US\$ 164,500m	US\$ 329,000m
Boeing	787-10	ALC	MoU	30		US\$ 149,000m	US\$ 4,470,000m
Boeing	787-10	British Airways	MoU	12		US\$ 149,000m	US\$ 1,788,000m
Boeing	787-10	GECAS	MoU	10		US\$ 149,000m	US\$ 1,490,000m
Boeing	787-10	Singapore Airlines	MoU	30		US\$ 149,000m	US\$ 4,470,000m
Boeing	787-10	United Airlines	MoU	20		US\$ 149,000m	US\$ 2,980,000m
Boeing	787-9	ALC	MoU	3		US\$ 129,000m	US\$ 387,900m
Bombardier	CRJ1000	Arik Air	Firm	3		US\$ 29,000m	US\$ 87,000m
Bombardier	Q400	Arik Air	Firm	4		US\$ 21,500m	US\$ 86,000m
Bombardier	Q400	Horizon Air	Firm	3		US\$ 21,500m	US\$ 64,500m
Bombardier	CS100	Odyssey Airlines	Firm	10		US\$ 37,000m	US\$ 370,000m
Embraer	E170	JAL	Firm	4		US\$ 27,580m	US\$ 110,320m
Embraer	E175 E2	SkyWest	Firm	100	100	US\$ 33,000m	US\$ 3,336,840m
Embraer	E190	Air Costa	Firm	1		US\$ 32,500m	US\$ 32,500m
Embraer	E190	Conviasa	Firm	7		US\$ 32,500m	US\$ 227,500m
Embraer	E190 E2	ILFC	MoU	25	25	US\$ 35,000m	US\$ 899,840m
Embraer	E195 E2	ILFC	MoU	25	25	US\$ 39,000m	US\$ 979,000m
Embraer	Undisclosed E2s	5 Undisclosed Customers	MoU	65		US\$ 35,000m	US\$ 2,339,000m
Irkut	MC-21 (estimate)	VEB Leasing	MoU	30		US\$ 38,500m	US\$ 1,155,000m
IBA's Total Value of Orders Placed in Paris:							US\$ 80,022,000m

Boeing 777Xs at the Dubai Air Show in November 2013. Emirates teamed up with Qatar to place a combined order for 200 777X, with another 50 options. Bearing in mind that Emirates have a total fleet of around 200 aircraft today, that it is obviously a pretty substantial order, it is also worth over USD76 billion at current Boeing list prices.

We've reached Q4 and not yet mentioned turbo-props, which is somewhat remiss of us; this is because the two most noteworthy turboprop OEMs have enjoyed very different fortunes during 2013. ATR have continued their good form from 2012, the ATR72-600 was certified by the FAA earlier in the year and deliveries of the 600 variants have continued throughout 2013. Orders have continued as ATR gathers small orders from a variety of operators worldwide, alongside more substantial orders from lessors such as NAC who ordered 90 ATR42/72-600s in June at the Paris Air Show – this is alongside orders from GECAS and ALC.

cant during 2013, they secured an order from Flexjet for 245 business jets across their various Learjet and Challenger offerings.

In terms of a state of the regions, starting West and heading East;

The North American market is still trying to achieve success through consolidation as the majors merge and become some of the largest airlines ever considered. Delta, still a bastion of ageing technology, as they continue to fly DC9 and MD88 / 90 variants, while during Q4 they introduced Boeing 717s. It is expected that they will retire DC9s during H1 of 2014.

The LCCs of North America continued with positive growth during 2013, with Southwest, Westjet and JetBlue placing significant orders.

talia continues to operate, but 2014 will be a testing time for the carrier.

European LCCs made good orders, with Ryanair and Easyjet placing large orders for current and next generation aircraft. It is noteworthy that Ryanair issued a profit warning during November 2013, however they are still expecting a profit in excess of EUR500m / USD620m for this financial year, which ends March 2014.

Moving toward the Middle East, Etihad have been busy looking at investing in other carriers, including Jet Airways, JAT in Serbia and more recently Alitalia. They posted profits of USD42m early in 2013.

Emirates have been busy, orders for new aircraft and growing new routes, they now operate around 40 A380 aircraft. They have made quite a success of it, announcing profits over USD600m for the half year up to September 2013.

FlyDubai, a Middle Eastern LCC announced profits of USD40m in February 2013 and in November 2013 announced an order for current generation 737s and future order for 737MAX aircraft.

In the Far East, Lion Air continue to make headlines with operations from Thailand and discussions with Bombardier over potential orders of C-Series aircraft. Air Asia, remains profitable although reports point toward a year on year downturn with their financial results. Japan Airlines placed a historic order with Airbus during 2013, for 31 Airbus A350 aircraft, the single largest A350 order to date and the largest Airbus order to any Japanese airline.

Qantas recently suffered a significant drop in the value of its shares as it announced an unexpected profit warning alongside staff redundancies. Despite fierce competition from rivals, the strong Australian dollar does not seem to have helped Qantas.

The Air Pacific Group announced pre-tax profits of USD22.4m during 2013, which coincided nicely with the deliveries of their new A330 aircraft.

As you will have seen, global results remain mixed, however there does seem to be a general upturn in fortunes, with strong orders and confidence that these orders will be financed from a variety of sources. The OEMs maintain positive forecasts for the next decade in line with the orders they receive.

Manufacturer	Model	Customer	Order Status	Orders	Options	Value at List Prices (inc. options)
Bombardier	Q400	Abu Dhabi Aviation	LOI	1	1	US\$ 70.000.000
Airbus	A330-200	Air Algeria	MOU	3		US\$ 648.000.000
Bombardier	Q400	Air Côte d'Ivoire	LOI	2	2	US\$ 141.000.000
ATR	ATR 72-600	Alpha Star Aviation Services	Order	1	1	US\$ 48.200.000
Boeing	777-8X	Emirates	Commitment	35		US\$ 12.243.000.000
Boeing	777-9X	Emirates	Commitment	115		US\$ 43.378.000.000
Airbus	A380-800	Emirates	Order	50		US\$ 20.195.000.000
Boeing	777-8X	Etihad Airways	Order	8		US\$ 2.798.400.000
Boeing	777-9X	Etihad Airways	Order	17		US\$ 6.412.400.000
Boeing	777-F	Etihad Airways	Order	1		US\$ 300.500.000
Boeing	787-10	Etihad Airways	Order	30		US\$ 8.661.000.000
Airbus	A320neo	Etihad Airways	Order	10		US\$ 1.002.000.000
Airbus	A321neo	Etihad Airways	Order	26		US\$ 3.052.400.000
Airbus	A330-200F	Etihad Airways	Order	1		US\$ 219.100.000
Airbus	A350-1000	Etihad Airways	Order	10		US\$ 3.321.000.000
Airbus	A350-900	Etihad Airways	Order	40		US\$ 11.508.000.000
Boeing	737 MAX 8	flydubai	Commitment	75	36	US\$ 11.510.700.000
Boeing	737-800	flydubai	Commitment	11		US\$ 995.500.000
ATR	ATR 72-600	GECAS	Order	5	5	US\$ 241.000.000
Bombardier	CS300	Iraqi Airways	LOI	5	11	US\$ 1.260.000.000
Airbus	A320neo	Libyan Wings	MOU	4		US\$ 400.800.000
Airbus	A350-900	Libyan Wings	MOU	3		US\$ 863.100.000
Bombardier	Q400	Nok Air	Order	2	6	US\$ 258.000.000
Bombardier	Q400	Palma Holding Limited	LOI	4	4	US\$ 282.000.000
Boeing	777-9X	Qatar Airways	Commitment	50		US\$ 18.860.000.000
Airbus	A330-200F	Qatar Airways	Commitment	5	8	US\$ 2.848.300.000
TOTAL						US\$ 151.517.400.000

Bombardier on the other hand have followed a different path, a path further east, with discussions with Chinese banks and lessors alongside discussions to open manufacturing in Russia. As the Q400 continues to achieve small orders with airlines, such as Luxair, it hasn't quite grasped the lessors in the same way as ATR during 2013. However its sibling, the C-Series, which flew for the first time on the 16th September 2013, has done a good job of steadily building its order book. During 2013 orders were received from Iraqi Airways and Ilyushin Finance amongst others. Bombardier now has 182 orders for the aircraft, including 119 for the larger CS300 variant.

Bombardier's business jet orders have been significant

Europe had mixed fortunes as a whole, with the major legacy carriers having differing successes across the board. Although TAP Air Portugal did not privatise as expected, several carriers and corporations considered a bid and this was ongoing throughout 2013 without a successful outcome. Although discussions now suggest the airline may be worth more at the moment than when initially made available during 2012.

Alitalia has caused much consternation during 2013, with Air France KLM writing off the value of its stake in the Italian carrier and ignoring calls for a cash injection. This was due to Alitalia being unable to meet conditions which Air France KLM felt necessary to impose on any cash injection. For now Ali-



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The 737 aftermarket: will the gamble pay off?



A worry over shrinking aircraft retirement age.

Photo: Boeing

Currently the number of orders for all Boeing 737 versions has passed 11000. As the manufacturer is planning to introduce its 737MAX into service in 2017, this figure is likely to grow considerably. With the record breaking production rates pushing the current generation of these aircraft into premature retirement, more and more aftermarket players are forced to recognize the negative implications of the increasing availability of the used spare parts. However, it seems that the possible design similarities between the current and the upcoming aircraft models may turn the potential disaster into a jackpot.

The in-service fleet of Boeing 737s is currently the largest among airliners, accounting for close to 6000 aircraft. With a record number of almost 3500 B737s waiting to be delivered, the popularity of the model is certainly expected to remain stable. Moreover, the manufacturer has announced that it will increase the production of the model from the current 38 to 47 aircraft in 2017 and as many as 52 aircraft per month in 2019. In other words, the company is expecting a more than 50% increase in aircraft production in less than 10 years. However, currently the growing numbers of aftermarket players have started to worry about the effects that this process will have on the spare part business.

“The pressure that the growing aircraft production rates are exerting on the aftermarket is in-

creasingly becoming the central topic of discussion amongst aviation industry players. Basically, the problem is that what is normally best for an aircraft manufacturer is not necessarily good news for a spare parts provider,” explains Zilvinas Sadauskas, the CEO of Locatory.com “Naturally, increasing production rates help to reduce unit cost and thus are totally financially justified, especially since aircraft OEMs do not make much money from the aftermarket. However, an increased availability of newer aircraft means faster retirement rates. As a result, the aftermarket becomes filled with spare parts, some of which are low in demand whilst some have partly lost their value.”

Statistically, the retirement rates of the current generation B737 aircraft are in fact impressive. According to the recent AWIN report, currently almost 40 737NGs at an average age of 12 years have already been forced into a premature retirement with an objective to benefit from the spare parts sales. However, the existing demand might have been overestimated, since the current models are not as old and do not need as much technical attention. Nevertheless, it seems that the manufacturers which have started the mess might also be the ones to provide the solution to the problem.

“While some have been worrying about the shrinking aircraft retirement age, Boeing has repeatedly stated that the 737MAX will be de-

signed so that it could be supported by the existing industry-wide 737 maintenance infrastructure. For example, the manufacturer’s representatives have made it clear that the new model will not require special certification for the MRO providers,” says the CEO of Locatory.com “This means that the 737NGs and 737MAXs are bound to have a quite high level of spare parts commonality, which will automatically straighten out the situation in the aftermarket.”

Certainly, despite the fact that the introduction of the newest member of the 737 family is on schedule, 2017 is relatively far away, and the decisions made during

the aircraft design phase can and will bring some new aspects into consideration. However, if a significant amount of parts will migrate from the NG to its younger brother, the ones who are now blamed for causing the deflation in the spares market do share a chance to end up benefiting from the situation, as the value of stocked spares will rise along with the demand.

Source: Avia Solutions Group



Zilvinas Sadauskas CEO of Locatory



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Swiss-AS, provider of M&E software solution AMOS, announced the latest addition to its loyal customer base: **UTair Aviation Group**. Initially, UTair will implement AMOS for approximately a quarter of its fixed-wing fleet while more aircraft are to follow soon after the go-live. Russian airline UTair operates scheduled domestic and international passenger services, scheduled helicopter services and extensive charter flights with fixed-wing aircraft and helicopters.

Pentagon 2000 Software, reported that **Spirit Aeronautics** has begun implementation of the flagship ERP and MRO software system. The fully-integrated system is being implemented to support a wide range of business operations including materials management, MRO, Heavy Maintenance, Accounting and Financials.

AerSale has expanded the Pentagon 2000SQL solution's deployment to their Roswell, New Mexico facility. "**Pentagon 2000 Software** is a key part of our core business processes and is an integral part of a wide range of our operations. The recently

implemented Heavy Maintenance module is crucial in all aspects of aircraft maintenance, tear-down and storage for our MRO operations. By using Pentagon for the MRO process improvement we are able to increase efficiencies allowing us to focus on the key business at hand." said Nicolas Finazzo, Chief Executive Officer of AerSale.

Gogo, a leader of in-flight connectivity and a pioneer in wireless in-flight digital entertainment solutions passed a key milestone in launching its international connectivity service by receiving an STC to install its Ku-satellite technology on Boeing 747-400 aircraft. Gogo will begin testing the new service immediately and plans to offer the service for customer usage by the first quarter of 2014. The technology will give travelers and crew access to the Internet. The service will also offer passengers Gogo Vision, Gogo's wireless in-flight entertainment service.

Mxi Technologies, a leader in aviation maintenance management software, announced that its Maintenix system has been selected by a start-

up operator in the People's Republic of China, as its Maintenance, Repair and Overhaul (MRO) standard. With plans to begin operations in early 2014, the operator (who requested anonymity) required a system that could be up and running quickly, and could easily scale in pace with the company's aggressive plans to expand services and its mixed fleet of aircraft.

Bingo Airways, a Polish charter airline service, has signed a new contract for **ARINC's** AviNet Mail and GLOBALink ACARS solutions. The products will be used to provide Bingo with reliable, cost-effective messaging and increased operational efficiencies. ARINC's AviNet Mail provides operators with Type B, e-mail and SMS messaging for mission-critical business-to-business communications. ARINC's GLOBALink ACARS solution provides instant air-to-ground and ground-to-air data communication. With flight safety as Bingo's highest priority, the ARINC solutions will give the airline more insight into how its aircraft are performing by maintaining critical, automated, real-time messaging between the flight crew and its maintenance organization.

People On The Move



Zilvinas Lapinskas CEO of FL Technics Photo: FL Technics

FL Technics, a global provider of aircraft maintenance, repair and overhaul services, has announced the appointment of **Zilvinas Lapinskas** to the position of its new CEO. Zilvinas will replace Jonas Butautis who will act as the Deputy CEO for the rest of the transition period.

TAT Technologies, a leading provider of services and products to the commercial and military

aerospace and ground defense industries, announced the appointment of **Mr. Tiko Gadot** as its new Chief Financial Officer effective November 26, 2013. Mr Gadot is replacing Mr. Yaron Shalem.

Effective November 1st, 2013, **Didier Nicoud** has been named Engineering Vice President for Aircelle (Safran) succeeding to Eric Massé who has taken another position within Safran. He directly reports to the CEO, Martin Sion.



Didier Nicoud Photo: Safran-Group



Conrad Vandersluis Photo: AJW Group

AJW Group has promoted **Conrad Vandersluis** to Sales Development Director. AJW is currently embarking on a worldwide expansion of its portfolio of services, across all divisions to bring customers a wide range of total support solutions. Vandersluis' plethora of knowledge will enable and improve global sales and commercial activities for the Company, with the additional focus of continual development and growth of all aspects of AJW capabilities. With over 25 years of aviation experience, Vandersluis had worked previously for Flightspares and the BBA Group before joining AJW as Commercial & Contracts Manager in 2004.