10th Maintenance Cost Conference
Chairman’s Report
Athens
Sept 10&11 2014

Tiymor Kalimat
Manager Technical Procurement
Royal Jordanian Airlines
Why We Are Here

Airline Operating Cost

- Direct Operating Cost
- Indirect Operating Cost
- Maintenance Cost
- Ownership & Navigation Cost

Airline Operating Cost (665 B) IATA MCR 2012
Direct Maintenance Cost

Segments

- Component
- Line
- Engine
- Base

IATA MCR FY2012 - 46 Airlines: $13.9 B

Component $/FH: 41%
Line $/FH: 20%
Engine $/FH: 23%
Base $/FH: 16%
Direct Maintenance Cost

- Outsourcing
- Material
- Labor

Outsourced $/FH 60%

Material $/FH 18%

Labor $/FH 22%

IATA MCR FY2012 – 46 Airlines: $13.9 B
The MCTF

Mission
To become the focal point on commercial airline Maintenance Costs for the purpose of benchmarking & Cost management

Objectives
- Define and standardize commercial airline maintenance costs reporting
- Benchmark airline maintenance cost and building a trend
- Identify maintenance cost drivers and means for reduction
- Airline maintenance cost knowledge / experience / industry best practices sharing
- Collaborate with OEMs and MRO to define and implement Aircraft Maintenance Cost Reduction Initiatives
## Who We Are?

The Maintenance Cost Task Force is comprised of various stakeholders, including OEMs, Partners, Airline Operators, and Members only. The structure is as follows:

### Maintenance Cost Steering Committee

- **Chairman**
  - Airline

- **Vice Chairman**
  - Airline

### Members

<table>
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<tr>
<th>OEMs Partners</th>
<th>Airline Operator Members only</th>
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Additionally, there is a **Maintenance Cost Steering Committee** which oversees the activities of the Maintenance Cost Task Force, ensuring the objectives are met.
The Steering Committee
The Committee 2014 Activity Schedule

- SC Meeting No.1
  - Date: Feb
  - Location: Amman

- SC Meeting No.2 and MCC
  - Date: Jul
  - Location: Athens

- Toolset collection and data validation
- MCR and IATA output report
The Task Force Historical Events (MCC)

- 2013 Dublin: Aircraft Leasing & Aging
- 2012 Atlanta: Component Maintenance Cost
- 2011 Singapore: Aircraft leasing Vs. Maintenance Cost
- 2010 Abu Dhabi: Outsourcing Maintenance Cost
- 2009 Istanbul: Engine Maintenance Cost
The Task Force Historical Figures

**Airlines**

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**Aircraft Versions**

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**Fleet**

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Drop due to large carrier didn't provide data on time
The Committee Activities 2014

Amman

Athens
The Committee Activities 2013

Aircraft Leasing Advisory Group

Outcome and topics of discussion

- IATA’s guidelines & best practices on operating leased aircraft
- Engine LLP back to birth traceability standard sheet
- Aircraft redelivery condition and guidelines on redelivery condition checklist
- Non incident statement
The Committee Activities 2013

New Data Process (Maintenance Cost Reporting)

- IATA took the responsibility to consolidate & validate the data
- IATA is responsible for the issuance of the maintenance cost report
- IATA is investing in resources and tools to build a comprehensive benchmarking maintenance cost reporting tool
- 2013 data and report is done by IATA
The Committee Activities 2013

Aging Curves

- Addressing the notion of average aircraft life cycles
- The impact on aircraft maintenance cost
  - Creation of a dedicated task force with a charter and a timeline
    - Assessing the methodology to be used based on resources
The Committee Topics of Discussion

Component Maintenance Cost

- Different methodologies to value repaired component (In-house & Outsourced)
- BER have different values among different airlines
- A dedicated group was formed to investigate and report to the MCTF
- Paper to be published “component maintenance cost”
Why to Participate in the MCFT

A platform for effective sharing of information

An opportunity to discuss and benchmark key maintenance cost issues facing the airline industry

An opportunity to find means of cost reduction initiatives
Future Aircraft Maintenance Challenge

Eliminating inefficiencies in the Maintenance reserve process

Eliminating unnecessary maintenance at redelivery

Working with both OEM and MRO for long-term maintenance solutions

Working with the industry documentation presentation inefficiencies

Working together on e-documentation “paperless aircraft operation”

Monitor and control the outsourcing practices
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