IATA Cost Conference – Athens, Greece
September 2014
Milestones

- Previously Finnair Engine Services (FES)
- 1967 1st Jet Engine Service Induction
- 1992 First CF80C2 Engine Overhaul
- 2000 PW2000 Capability Added
- 2002 CFM56-5B, 5C Repair Added
- 2010 Date of FES Incorporation
- 2012 GA Telesis Agrees Acquisition
- 2013 GA Telesis (GATES) Acquisition Final

Expertise

- 75 Year Airline History & Background
- Experienced Staff with 22+ Years
- Modern Test Cell
- Over 11,000 m² floor space
- FPI, MPI, EC, US, X-ray
- HVOF Plasma spray equipment
- Plating, Welding and Heat treatment
- Extensive machining capability

Shop Visits performed

- CFM56-5B > 175
- CF6-80C2 & -50C2 > 350
- JT8D > 1,400
- PW2040 > 50
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Working with the OEM
(from an engine MRO POV)

Can’t live with them........can’t live with out them
Love-Hate Relationship?!?
Dealing with the 800 lb Gorilla
It’s like living with your in-laws 😐
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History – The 60’s to the 70’s

- It was all about Pratt & Whitney
- 707s, 727s, 737s and DC-9s
- JT-3s and JT-8s ruled

Pratt & Whitney product dominated Aftermarket-Afterthought from the OEM prospective
Airlines had their own shops
History – The 70’s to the 80’s

- 2, 3 and 4 Engine Wide Bodies enter the scene
- 767, A300, DC-10, L1011, 747
- JT9, CF6 and RB211 hi-bypass turbofans
- Some airframe offer all options, ie PW/GE/RR

OEMs leverage new unit pricing to secure sales
Make up sales in parts, ie razor blade model
Aftermarket on OEMs radar screen
History – The 80’s to the 90’s

- GE and PW duke it out
- RR focuses on wide-bodies
- 737 CFM debut
- 757 PW2000 debut
- L1011 RB211 debut

OEMs leverage new unit pricing to single source on airframe OEM Aftermarket thru their own shops - Strother, Cheshire, Derby
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History – The 90’s to the 00’s

- OEMs increase focus on aftermarket
- Some OEMs cross product lines, ie PW into CFM
- Buying or consolidating with independent shops and/or JVing with airline MROs
- Thought is if we have the shops, we control where the parts go

Some OEMs attempt to enter competitor’s product
OEM increases point-of-sale aftermarket activity
OEM Aftermarket thru their own shops – existing and new
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History – This Millennium

• OEMs continue to increase aftermarket share and fend off competitor OEMs, PMA/DER, and surplus threat
• Restrict repair information flow thru licensing, limiting repair access-ie substantiations
• Manuals shrink
• Single source engine on airframes continues
• Aircraft Lessor and Asset Manager Dynamic

Aftermarket - OEM lobby government agencies
OEM genuine part strategies, ie True Engine and “influencing parts”
Aircraft Lessors and Asset Management dynamic plays into OEM Aftermarket Strategy
Majority of Airlines loose engineering experience, especially in engines
OEM launch their own surplus houses
Where are Engine MROs Today

• Less Pure Engine MRO Independents and existing ones align with OEMs
• Airline Affiliated MROs leverage airline buying power with OEMs
• Asset Management Companies vertically integrate business – ie surplus, asset transactions, and MRO space
• Super MROs leverage surplus market and one-stop shop capability with small/mid –cap operators
• In general, MROs get closer to Lessors
OEM strategies:

- genuine parts approach
- lobbying government agencies
- restricting repair information
- licensing
- single sourcing airframes
- point-of sale
- JV with Airline affiliated shops
- surplus houses
Level the Playing Field

Players
- **Airlines**, ie Buyers have the power to do something
- **OEM** and/or **Lessors** encumber Airline assets

Play Options:
- For Mature and Sunset Fleets, Surplus strategies is a must
- Airline MRO must leverage OEM at point of sale
- Independents must align with a large airline customer/operator
- Global Technical Community must find a single voice and use other industry examples, ie generic pharmaceutical model
Your job is in the **SKY**

our job is to keep you there™