

MRO

Aerospace Magazine

**Opportunity
knocks for
teardown
acquisitions**



Auxiliary Power Units

Airlines fire up APUs as industry sees solid recovery

Spare Parts Supply

Will Russian-made parts maintain airworthiness?

Industry Interview

Fraser Currie,
Chief Executive, Joramco

There is increasing activity in APU work following storage.
Photo: EPCOR

Operators focus on cost and customised programmes for APU maintenance

As air travel picks up, airlines are firing up their APUs following a considerable time in storage and the industry is reporting greater MRO activity as operators catch up with maintenance. **Keith Mwanalushi** reports.

The COVID pandemic led to masses of aircraft fleets in storage but as airline operations ramp up there is increasing activity in Auxiliary Power Unit (APU) work. In April, for instance, Safran signed a maintenance agreement with AJW Group for a period of five years to support around 50 APUs and more than 100 ventilation systems per year.

Indeed, the impact of the pandemic resulted in financial pressures for many operators. Coty Stiltner, Manager - APU Bid Development, Airlines and Fleets at StandardAero observes that this has led to increased interest in the use of green time (i.e. part life) engines, a heightened focus on maximising 'time on wing' for APUs, and an even greater emphasis on cost savings, for instance through the

use of component repairs in lieu of new parts. He says while turn-around times and delivered quality remain key criteria for operators when it comes to choosing an APU maintenance programme, cost is more important than ever.

"Thankfully, the industry is now seeing a solid recovery across multiple market segments and regions, and this is leading to greater MRO activity as operators catch up with maintenance that had been deferred during the height of the pandemic," says Stiltner.

Considering that operators have adjusted to 'new norms' and have mapped out their post-COVID strategies, StandardAero has observed an increase in interest from operators wishing to switch the type of maintenance programmes

that their APUs are enrolled on, for example moving from power-by-the-hour programmes (which mandate payments even if the customer's fleet is not flying) to time and material (T&M) contracts. "Another trend that we have noticed is customer interest in switching from existing APU maintenance programme providers to new MRO partners who are more focused on creating customised programmes tailored to the operator's specific APU maintenance needs," Stiltner notes.

Armando Filho, Director of Material Management at Vallair has noticed that the teardown market has been continually active during the COVID period for both narrow and widebodies. With regards to Vallair's main actions on

passenger-to-freighters for the A321, the company sees opportunities for the APS3200 APUs, but rare requests for GTCP36s – “We predict that prices will be basically stable and higher for the APS3200 when comparing with GTCP36s because the former are higher demand in the market and preferable for operators due to their configuration and reliability,” Filho says.



Armando Filho, Director of Material Management at Vallair

Despite the increase in scheduled flights and utilisation, Stephen Damron, Senior Product Line Director at Kellstrom Aerospace reckons the future brings many uncertainties. He says operators, more than ever, are approaching these uncertainties with a general aim to mitigate planned and unplanned downtime associated with this flight-critical system and have been turning to strategic partnerships with expert maintenance providers and their networks. “The trends Kellstrom are seeing lean heavily towards monetisation of current feedstock inventories which include both general maintenance, restorations, and preservation events.”

Supporting new start-up carriers

Several new airlines have sprung up in the wake of the pandemic with

some scrambling to enter cost-effective maintenance programmes, including for APU services.

“A comprehensive maintenance plan will consist of several components,” Damron suggests. He says the foremost element of a successful MSP will be a reduction of aircraft downtime. “This is achieved by streamlining the overall maintenance process with cost-effective solutions inclusive of the management of future maintenance needs with the coming budget cycles.”

Kellstrom supports and is strategically aligned with a large network of OEMs, operators, and MROs through one of its strategic business units with coverage of highly utilised commercial narrowbody and freighter platforms, Damron mentions. “Whether Kellstrom acts on behalf of the operator as a complete asset manager, a technical maintenance advisor, or through the utilisation of our lease pool engines, we have concrete solutions for every priority and budget,” he adds.

The “right” answer for start-up providers will of course depend on multiple factors, such as fleet size, operational climate and overall utilisation. That said, at StandardAero, they noticed a significant trend in operator requests for T&M programmes with not-to-exceed



Stephen Damron, Sr. Product Line Manager at Kellstrom Aerospace

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Armando Filho, Vallair

(NTE) cost coverage, which Stiltner says helps larger fleets mitigate their overall risk profile. He adds that while this may be a good option for larger fleets with more predictable shop visit requirements, it may not always be suitable for smaller fleets or for those operators interested in a more hands-off approach. “In these cases, operators may benefit more from a ‘flat rate’ or hourly based maintenance programme. Ultimately, the type of programme selected will depend on the operator’s specific needs,” he suggests.

Armando from Vallair sees that the decision by start-ups will depend on whether the carriers are willing to invest in their own stock, consignment stock, pool stock or exchange programmes. “The decider will be the way in which they choose to manage the availability of assets to support their fleet.”

Armando also explains that in terms of cost and benefits, they will benefit from pool agreements or on-site stock or consignment instead of investing in purchasing due to cash flow spending – “Another option would of course be an exchange programme, but that is very much linked to market availability and potentially generate AOG costs. It is better to be preventive instead of reactive.”

New opportunities while supporting current platforms

The aircraft OEMs are working diligently to get aircraft delivery rates back to pre-COVID levels. For 2022, Forecast International’s analysts currently expect Boeing and Airbus to deliver 455 and 702 commercial jets, respectively.



The PW901 is now primarily a cargo market application.

Photo: StandardAero



OEMs will usually come with an exchange programme and pool stock offer.
Photo: AFI KLM E&M

Compared to the 2021 level, this is a 33.8% increase for Boeing and a 14.9% increase for Airbus.

"Usually, the OEMs will come with an exchange programme and pool stock offer, however the cost will be higher compared to sourcing an SV unit from the market, comments Armando. He says operators will guarantee availability, reliability and warranty support, "but again this decision will be based on what the operator would like to have in terms of cash control or units' availability or managing the risks and AOGs by

themselves."

The majority of APUs supported by StandardAero – such as the APS 2300, GTCP 36-100/150 and RE220 – equip regional aircraft, with a fourth product – the PW901A/C – now primarily being a cargo market application – "As such, we have benefitted from the resilience shown by these two market segments over the past two years, says Stiltner.

The Embraer E-Jets E1 family has proven especially resilient during the pandemic, and Embraer itself forecasts demand for 500 new E175-E1s in North

America over the next decade, this 76-seat regional jet is proving to be right-sized for many carriers as they return to health.

"In terms of new generation platforms, StandardAero is always looking for new ways to support our customers and our OEM partners, and our status as a trusted provider of APU support to operators worldwide will remain a central focus of our growth strategy going forward," Stiltner continues.

At Kellstrom Aerospace, the primary focus is with commercial narrowbody variants and freight operators. Damron reports that this includes but is not limited to GTCP331-, GTCP36-, APS3200, APS2300. "Where crossover exists, such as the Honeywell 131-9 family, we plan to continue to provide support for the foreseeable future.

"Some variants currently being evaluated for more comprehensive APU support are the 787, MAX and 777X," he concludes.

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Coty Stiltner, StandardAero