16th Annual Gorham PMA Conference

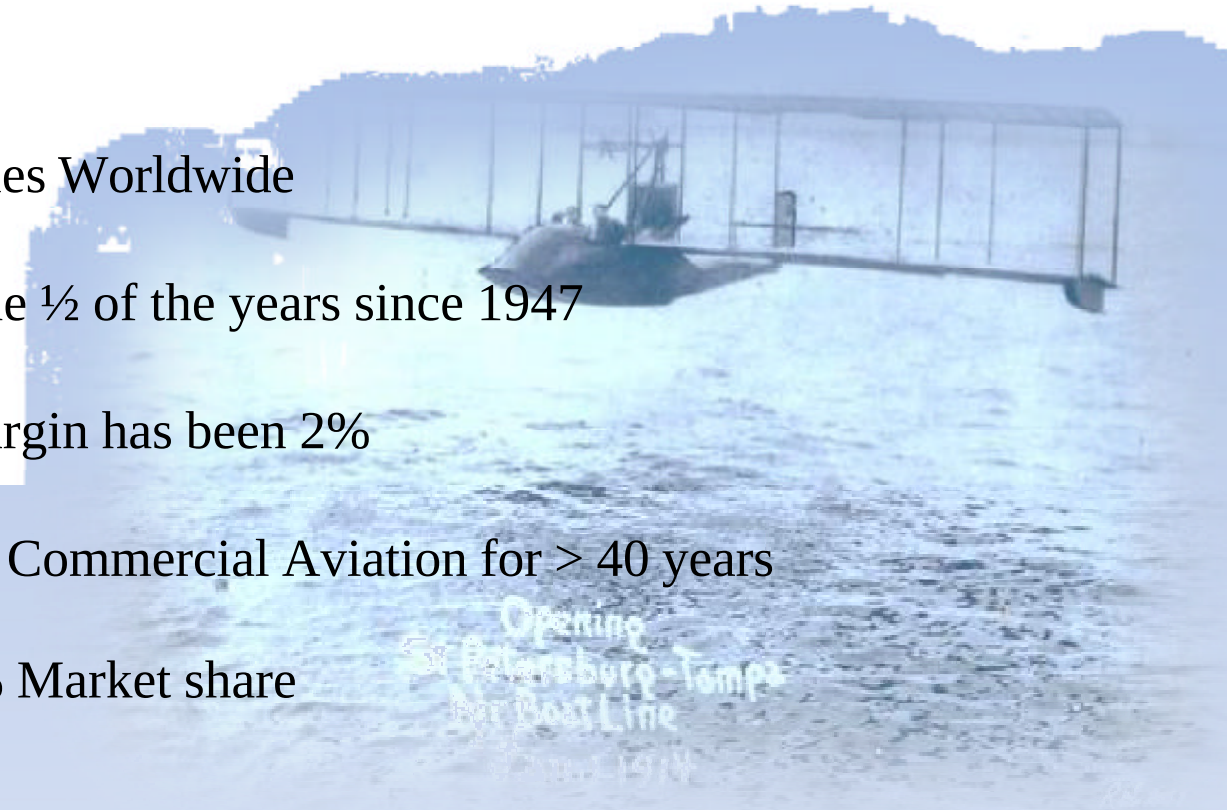
Atlanta,GA March 26-28, 2014

Program Life Cycle and PMA

Herman Kooyman, President
Aviation Excellence, Inc.
A Global Aviation Company

2014 - 100 Years of Commercial Aviation

- About 740 Bln revenues Worldwide
- Airlines only profitable ½ of the years since 1947
- The average Profit margin has been 2%
- PMA has been part of Commercial Aviation for > 40 years
- Hasn't crossed the 4% Market share



St Petersburg – Tampa Air Boat Line, 1914

..is the PMA still relevant…..?

…..How do we properly deal with single source of supply / monopoly? I need your advices.
In this aviation field, monopoly is normal and for me as a buyer I have no negotiation power at all……..

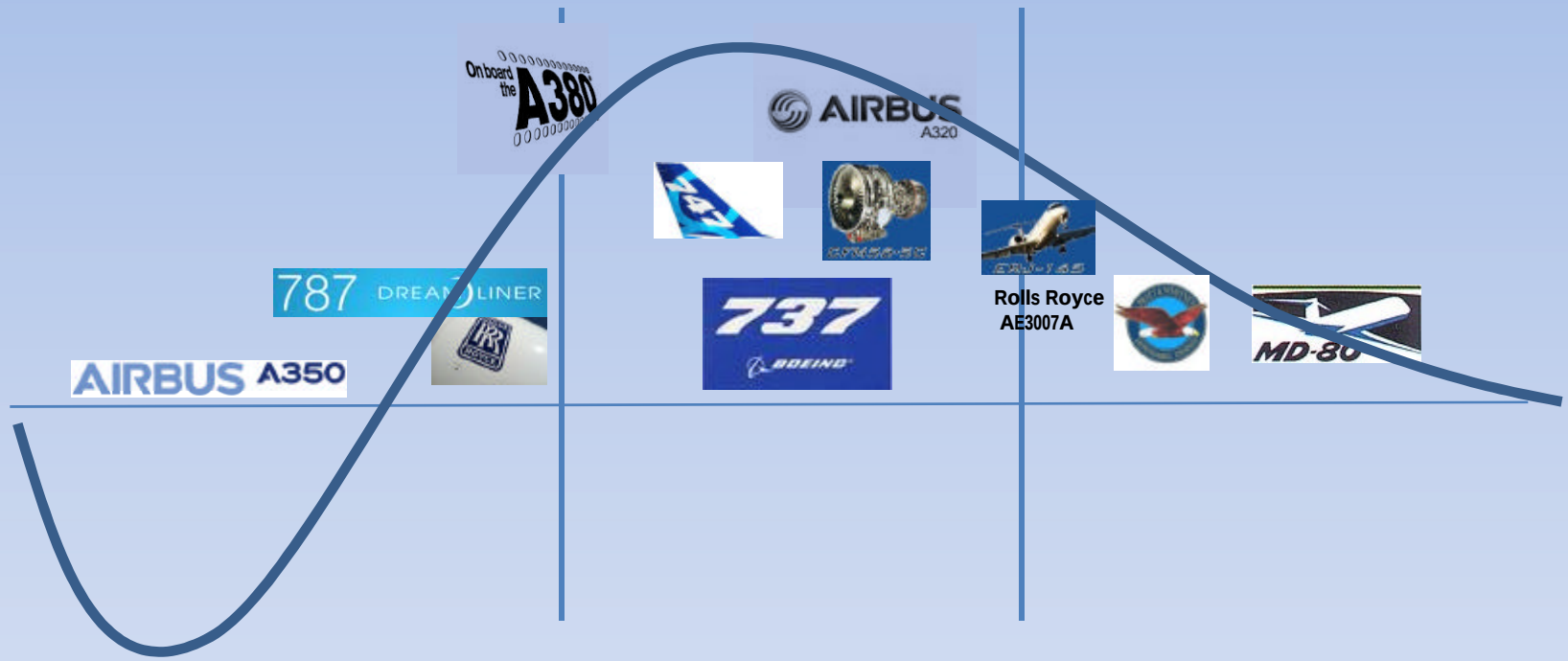
January 2014
Mr. H. A.
Buyer at a large Operator in the Middle East

Posted in the Supply Chain Management Group for Aviation & Aerospace, on LinkedIn

What happened?

- OEMs took notice
- PMA Proliferation, everybody was in the PMA business
- Airlines had leverage
- OEMs working Leasing Companies, MRO Licenses
  FAA / EASA Rulemaking and ICA

A Program Perspective

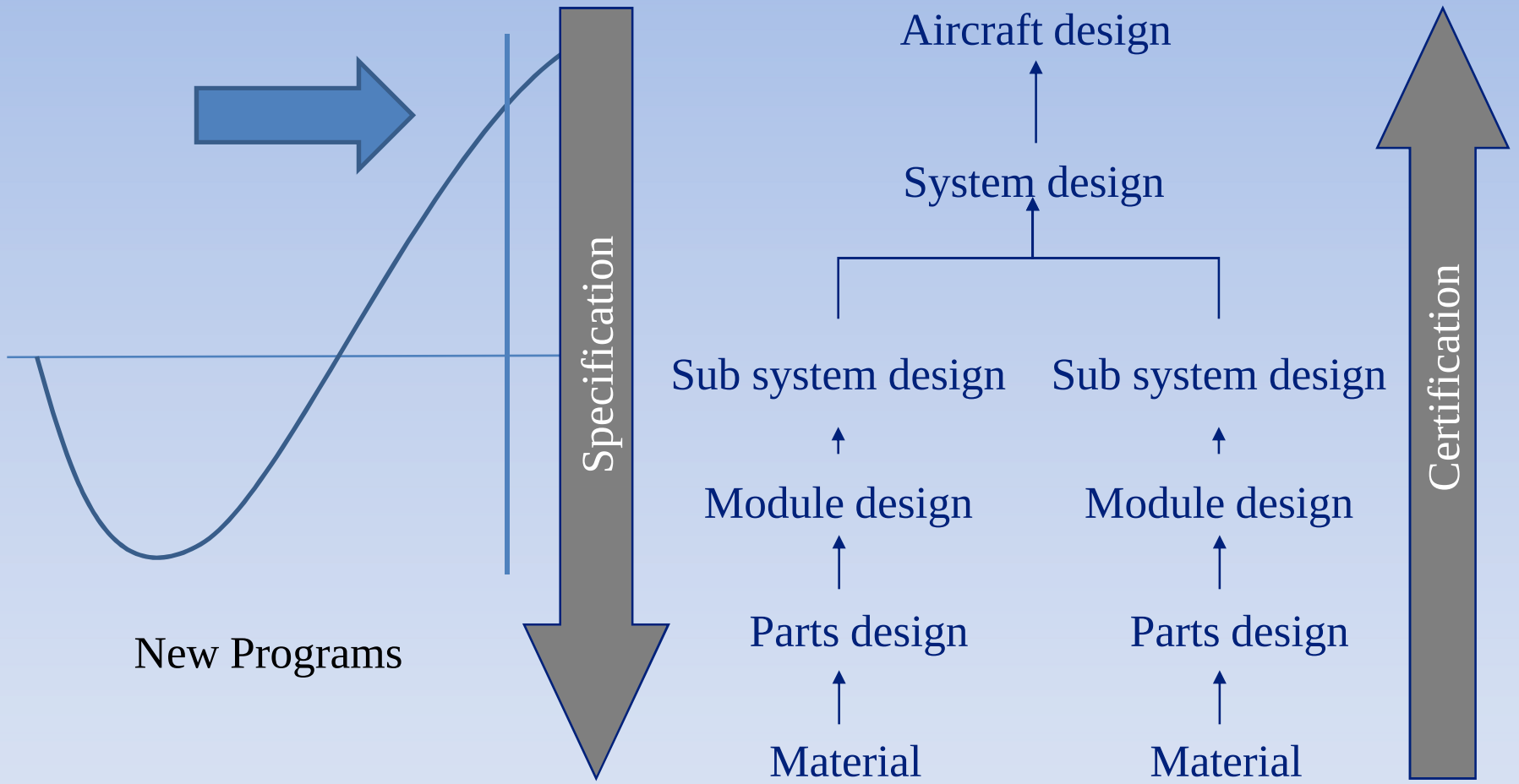


New Programs

Mature Programs

Out of Production

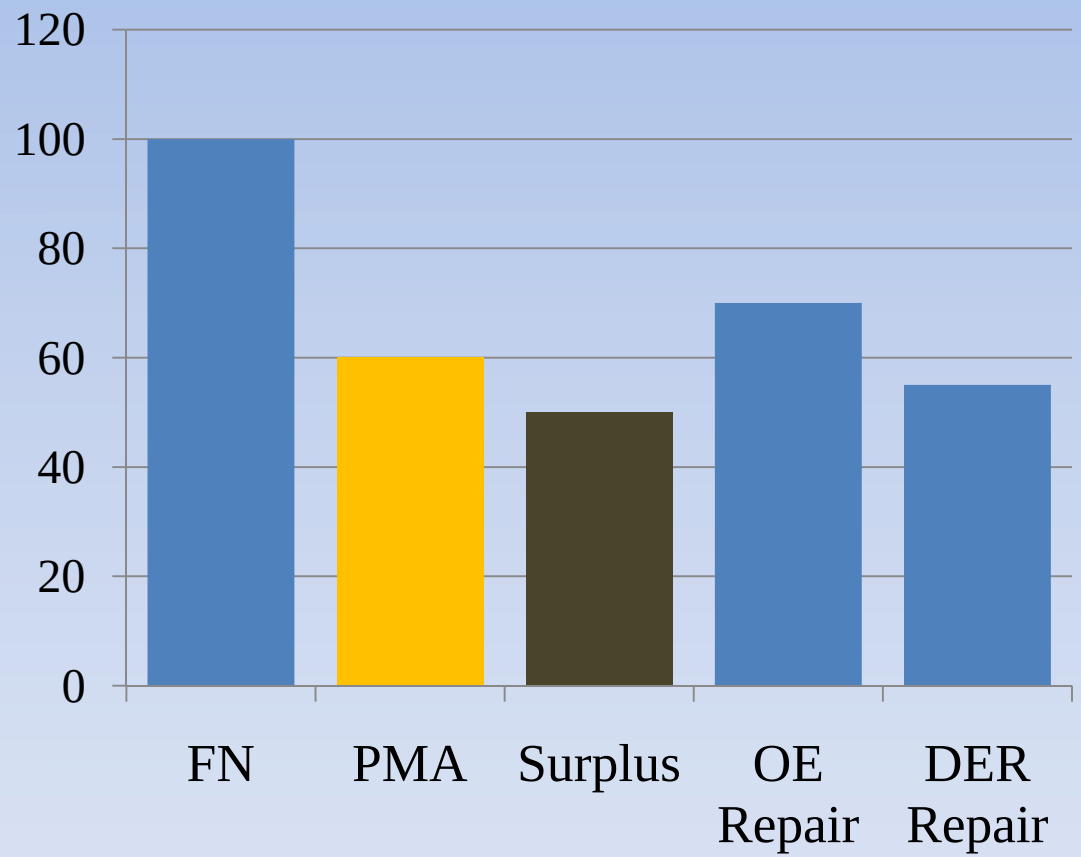
System Integrators: no more Assist Letter

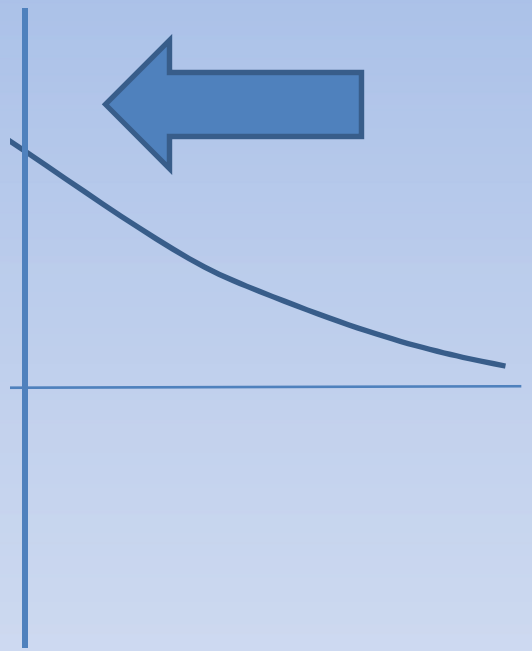


Big impact of Surplus

Avg. Pricing Levels,

OEM FN being 100

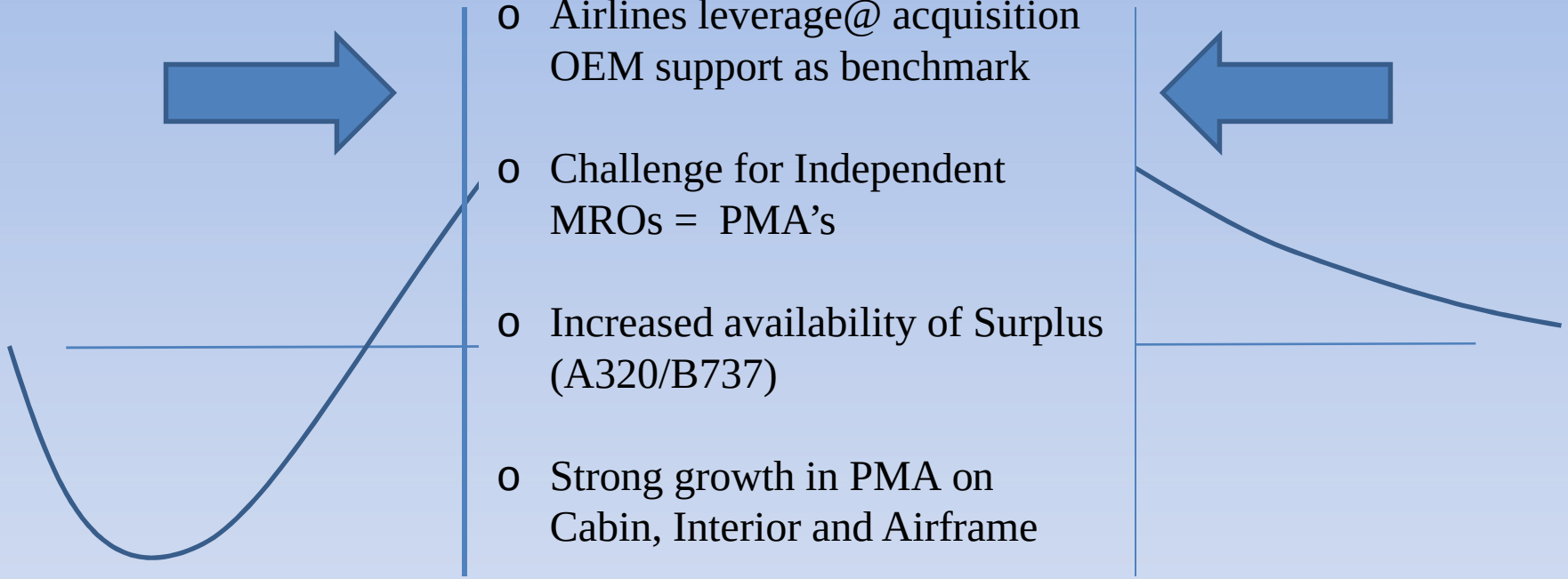




Out of Production

Sample of P/N, based on Global/AV-EX data
Excl. Joint Procurement, OOP,

Mature Programs, a very crowded space



- Airlines leverage@ acquisition OEM support as benchmark
- Challenge for Independent MROs = PMA's
- Increased availability of Surplus (A320/B737)
- Strong growth in PMA on Cabin, Interior and Airframe
- ..CAAC approved PMA's..

……..

Its been easier for the Large OEMs
to move Downstream

than for the PMA/DER providers
to move Upstream

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After 100 Years of Commercial Aviation

- OEM/System Integrator: Business is good
- Tier 2/3 OEM: Different role in New A/C Programs
  Prime Target for PMA development
- PMA Provider Challenges and Opportunities
  OEM approach / Upstream
  More attractive Value Proposition
- If you're an Airline? Advice from another Airline

Richard Anderson, CEO Delta Air Lines…

…the OEM's increasingly tight grip on the aftermarket means Delta's spares costs double about every seven years. Without TechOps parting out engines to bolster spares and coming up with other alternatives to OEM-supplied support, that increase could be even steeper….

…"We're pretty good at sourcing outside the OEMs," "Just as any business would have to do, we have to know what those alternatives are, and ***we're always working to develop those alternatives****."*

Key Note Presentation MRO Atlanta, April 2013