OUR VIEW: THE FUTURE OF FLEET RETIREMENT

In this issue of our newsletter, we continue with the series of editorials on the Air Transport industry that we started last quarter with our view of the Used Serviceable Material (USM) market. This quarter it is my pleasure to introduce a topic that is a key part of the ITS business: fleet retirement.

In the next 10 years the Air Transport market will see over 10,000 aircraft being retired from service all over the world, leading to a significant change in the worldwide fleet with 58% being new-generation aircraft. The reasons for retiring an aircraft can range from the introduction of a new aircraft type in the operator fleet to the obsolescence of a platform that deprives it of its economic rationale for continued operations.

Two recent examples of aircraft types that are being retired in significant numbers are the Boeing 737 Classic, being replaced by the deliveries of the 737 MAX and the Boeing 747, being replaced by smaller, more fuel efficient twin-engine widebodies. It is interesting to notice how low fuel prices have impacted aircraft retirements, allowing many airlines to extend the useful life of older aircraft because of improved operating costs.

2017 has in fact seen one of the lowest retirement rates of the past 10 years. While the average age for passenger aircraft retirement for the past 10 years has keep constant at around 25–28 years, recently it has declined to about 18 years due to the retirement of large fleets of regional as well as small single-aisle aircraft types. However, once this retirement wave is over, the expectation is for the average retirement age to climb back up to the historical trends.

The retirement of a fleet involves a very close partnership with the operator to be able to support the retirement flow of aircraft as well as manage the material that becomes available. ITS area of expertise is to help airlines market the material that comes from these aircraft, whether it is holding it for the operator or selling it to a third party.

Recently, ITS successfully completed the retirement of a very large fleet of single-aisle aircraft for a major airline and we continue to support retirement of full fleets as well as surplus material and engines.

THE RETIREMENT OF A FLEET INVOLVES A VERY CLOSE PARTNERSHIP WITH THE OPERATOR TO BE ABLE TO SUPPORT THE FLOW OF AIRCRAFT, AS WELL AS MANAGE THE MATERIAL THAT BECOMES AVAILABLE

Scott Tinker
Managing Partner
Engine, Asset Acquisition and Leasing
ITS EUROPE FACILITY ANNIVERSARY
ITS EUROPE CELEBRATED ITS 4TH YEAR OF SUPPORTING A GROWING CUSTOMER BASE IN EUROPE AND MIDDLE EAST WITH A LOCAL DEDICATED TEAM OF TALENTED PROFESSIONALS

NEWEST QUALITY CERTIFICATION
ITS SUCCESSFULLY COMPLETED THE TRANSITION AND AUDIT TO AS9120B, A MORE COMPREHENSIVE QUALITY SYSTEM, REAFFIRMING THE COMPANY’S COMMITMENT TO THE HIGHEST STANDARDS THAT OUR CUSTOMERS EXPECT

NEW PARTNERSHIPS
ITS SIGNED TWO LONG-TERM AGREEMENTS WITH A MAJOR WHEEL & BRAKE PBH PROVIDER AND A TIER-1 SUPPLIER TO PROVIDE WHEELS & BRAKES FOR BOEING 737 CLASSICS AND ENHANCED A320 MATERIAL AT A FORWARD STOCKING LOCATION RESPECTIVELY

ENGINE ACQUISITIONS
ITS ANNOUNCED THE EXPANSION OF ITS ENGINE MATERIAL INVENTORY WITH THE RECENT ACQUISITION OF A PRATT & WHITNEY PW4056-3 AND A CFM INTERNATIONAL CFM56-3

APU INVENTORY EXPANSION
ITS CONTINUES TO GROW ITS APU PRODUCT LINE WITH THE ACQUISITION OF THREE HONEYWELL GTCP 85-129H. THE TEAM ALSO COMPLETED THE SALE OF TWO HONEYWELL GTCP 331-200 APUS
Engine in the Spotlight: GE CF6

The General Electric CF6 is a very successful high-bypass turbofan engine family that powers several commercial widebodies and military derivatives. The first variant of this engine family, the CF6-6, entered commercial revenue service in 1971 on the McDonnell Douglas DC-10-10 after being selected by American Airlines and United Airlines.

The CF6 was developed from the TF39, the revolutionary first high-bypass jet engine ever produced, powering the Lockheed C-5A/B/C Galaxy. Throughout the years, several additional variants were produced, the CF6-50 in 1973, the CF6-80A in 1983 and the latest variants, the CF6-80C2 and the CF6-80E1 that entered service respectively in 1985 and 1993, powering several Airbus and Boeing platforms.

In its 46 years history, more than 7,000 CF6 engines were delivered, with nearly 70% - 5,000+ engines – still in service today, powering over 1,600 aircraft flown by 238 operators. The CF6 engine family has logged over 425 million hours of operation - to reach 425 million hours of operation, one twin-engine aircraft would need to operate continuously for 24,258 years.

One of the most famous aircraft to fly with CF6 engines is the US Air Force One, the VC-25, a Boeing 747 derivative that transports the US President around the world. The CF6 engine family was also one of the first engines to receive extended twin operations (ETOPS) approval on the Boeing 767 as well as Airbus A300 and A310 aircraft, a routing efficiency breakthrough, allowing twin-engine aircraft operations over large bodies of water, something we take for granted today.

The long history of the CF6 is still being written, with engines built today for the Boeing 767 and the Airbus A330 flying into the 2040-2050 timeframe – 80 years after the first flight in 1971. The CF6 has also enjoyed success in the industrial and marine fields where the aeroderivative gas turbines are widely used on military vessels, fast ferries, high speed cargo ships and power generating stations.

While many more CF6 engines will be produced, GE Aviation introduced in 2006 the GEnx, a next generation turbofan powering the 787 and 747-8 and the intended replacement for the CF6 engine family in GE Aviation portfolio.

>7,000 Engines Delivered
>5,000 Engines in Service
>425 Million Hours of Operation
Andres Campos is the Engine Product Line Manager at ITS. In his role, Andres provides the TECHNICAL EXPERTISE that allows ITS to stand out from other supply chain companies. He works with the Sales and Procurement Departments to ensure that ITS has the RIGHT ASSETS for our worldwide customers.

Although Andres has only been with ITS since February 2016, his 12 years industry experience as an FAA-certified inspector, program manager and business developer has made a big impact on the company. In addition to earning his MBA from Embry-Riddle, Andres is very proud of his eight year stint in the US Navy where he worked as a Helicopter Mechanic. His consistent performance, Commitment and Vision earned him the ITS Rookie of the Year Award in 2016.

Andres understands what needs to be done to build his product line so that it aligns well with the overall goals of the company. His Vision for the ITS Engine Business is to continue growing the pool of engines and components, while strategically aligning those assets with ITS’ airframe customers.

As a Product Line Manager (PLM), Andres supports the various Integrated Product Teams (IPTs) with his industry experience and technical knowledge. Utilizing his engine valuation skills, he helps the ITS Sales and Procurement Teams to analyze the value of engine assets and components, as well as ensure consistent availability.

“Andres is a true example of our company’s core values in everything he does,” says Managing Partner Scott Tinker, “His attention to detail and spirited initiative make him an invaluable asset to our organization.

When asked what he loves best about ITS, Andres says: “I get to be a part of something from the ground up; to grow a part of ITS’ business which can benefit from my knowledge and experience.”

In his spare time, Andres enjoys spending time with his family—especially on the soccer field—where he serves as coach to his two young daughters.

2016 ITS Rookie of the Year, Andres Campos attributes much of his success to a series of great mentors in his professional life.
UPCOMING EVENTS 2018

AEROCXCHANGE | FEB 27 - MAR 1
SAN DIEGO, CA

ISTAT AMERICAS | MAR 4 - 6
SAN DIEGO, CA

MRO AMERICAS | APRIL 10 - 12
ORLANDO, FL

WE LOOK FORWARD TO SEEING YOU!

Photos from the 2017 Air Carriers Purchasing Conference (San Diego) in August

GREAT SEEING EVERYONE AT ACPC!