

MRO Asia 2016 - Singapore

Lower Fuel Prices Impact On Airline's Decision on Aircraft Retirements

- In a Nut Shell “Not Much”.....at least for now
- ~80% of airlines* report that fleet retirement plans are made 3+ yrs in advance
 - Fuel prices have been low now for ~ 2 years. “The Die Had Been Cast”
- Airlines typically view acquisition of new generation aircraft as a hedge against future fuel price increases. Aircraft deliveries at all time high*
 - Does anybody really know with certainty what fuel prices will be in 5 or 10 years or even tomorrow for that matter?
- Current low fuel price period has resulted in some life extension of legacy aircraft to increase capacity
 - But increased capacity hasn't resulted in higher yields due to global economic factors
- Low fuel prices have mostly helped airline profitability....especially in N. America*

* Data obtained from Oliver Wyman “Winds of Change” report April 2016

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How is Additive Manufacturing (AM) affecting inventory and component decisions?

- As of yet, we do not see it in the FAA-PMA world
 - HEICO is involved in industry groups advising FAA certification requirements
 - Still concerns about reproducibility of properties
 - HEICO currently uses AM for prototypes of PMA parts for fit checks and other part development reasons
- Much activity by OEM's taking place (CFM LEAP engine Fuel Nozzle example)
- An industry need exists for low volume interior type parts
 - AM may be used now for these kinds of parts and installed as Owner Operator articles
 - Conventional manufacturing remains cost effective in near term for higher volumes