

# MRO

September 2020

## New Aircraft New Solutions?



**Airinmar**  
Support for  
Frontier Airlines

**Romania**  
Aerostar builds  
up in Iasi



# Enabling the aftermarket

Since the 1970s, Kellstrom Aerospace has diversified its business into one of the premier global aftermarket service providers. The company offers a full range of aftermarket services including asset leasing solutions, technical and on-wing services, and OEM distribution service. It also provides USM supply agreement and 24/7 AOG support to OEMs, airlines, leasing companies, air transport operators and MROs worldwide. Investment from AE Industrial Partners provided the company with the financial strength to implement a strategic growth plan that works with the vision of President and CEO, Jeff Lund to transform the business from an aftermarket supplier to a full-service aftermarket organisation.

Today, Kellstrom Aerospace Group includes multiple business units that offer one of the most comprehensive portfolios of services to the commercial aircraft sector. The strategic combination of these business units enables cost-saving solutions across all value-based platforms.

## A timeline of Kellstrom business units

Kellstrom Aerospace expanded in 2013 through the acquisition of Airliance Materials to become a global leader in aftermarket inventory solutions. The company actively supplies material across all major commercial platforms and offers 24/7/365 AOG services.

**Kellstrom Aerospace Distribution Services** - Kellstrom diversified into new distribution solutions by partnering with OEMs and manufacturers to market and supply their equipment. Distribution services were strengthened through the acquisition of Transaero Commercial Distribution, which added 35 OEM lines to the business. Kellstrom's OEM Distribution delivers Just-In-Time (JIT) cost savings solutions to over 2,000 airline and MRO customers in 90 countries. This includes a worldwide inventory of 4.9 million Part Numbers with over 300,000 PNs in their New OEM Product Distribution business across all ATA chapters.

## Kellstrom Aerospace Technical Services (KATS)

**(KATS)** - KATS was established in 2017 to provide technical and commercial consultancy services to owners, lessors and operators of aircraft engines by providing third-party access to technical and commercial experts. KATS was launched because of market demand for solutions that combined technical and commercial expertise to manage asset portfolios through technical, commercial and risk management. This service meets the needs of lessors with unbiased technical support coupled with the knowledge of the aftermarket end-of-life value process. KATS also works with operators to optimize their fleet management solutions, including maintenance, remarketing and consignments, ultimately providing value to customers as a cost-saving platform.

**Kellstrom Aerospace Asset Management (KAAM)** - KAAM was established in 2019 to manage aircraft portfolios that would be on a longer-term lease and help optimize and manage the lifecycle risk of



Vortex Aviation facilities provide operators and lessors with engine repairs by avoiding heavy shop visits.

assets on behalf of owners or financial institutions. KAAM provides full-service asset management, including asset sourcing, evaluation, lifetime management and end-of-life solutions. This is particularly beneficial to those looking for experts who are capable of protecting the value of an asset whilst maximising the revenue potential over a medium-term lease and the asset's lifecycle.

**The Aircraft Group** - The Aircraft Group is a world-leading supplier of technical consulting and advisory services focusing on identifying and mitigating technical and financial risk. Core services include aircraft and asset transition, lease return and delivery, unscheduled early returns, repossession and records recovery, acquisition due diligence, maintenance oversight and P2F, regulatory compliance and technical records.

**Vortex Aviation** - Vortex Aviation is a global "on-wing" and "off-wing" turbine engine support company operating around the clock with facilities in the US, Europe and Asia. All locations are FAA Part 145, EASA Part 145 and/or AS9110 approved facilities with certified skilled technicians and quality managers. These facilities help operators and lessors with engine repairs by avoiding heavy shop visits.

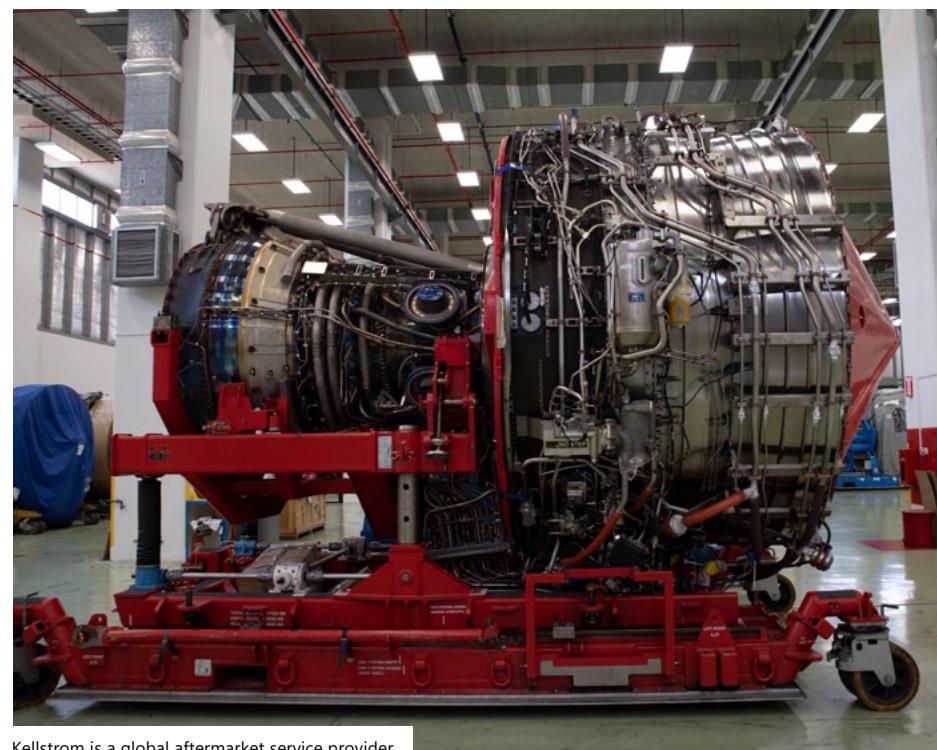
### Meeting the changing needs of customers

Kellstrom Aerospace has the history of a large organisation with the agility of a startup. The company's success is based on the experience and expertise of a

team spanning across leasing companies, OEMs, airlines, MROs and consultancies who thrive at rapidly reacting to changing demands in the industry. Kellstrom continues to use a service and technology-led approach to aftermarket services, which is seen in the creation of its business units. From reacting to the needs of lessors with KATS to providing a comprehensive asset management solution with KAAM, Kellstrom Aerospace aligns its services with industry demand.

Kellstrom continues to increase the asset portfolio of lease assets to ensure that the availability of part out equipment is ready to meet the demands of customers who require long term and reliable partners. In addition to the used aftermarket business, Kellstrom is growing into an exclusive global distributor for lines supporting airlines and MROs around the world on almost every commercially available aircraft and engine at each lifecycle stage.

Global expansion has also been key to Kellstrom's success over years. The company's global reach and inventory spans worldwide with locations in Asia, Europe, and North America. Kellstrom added a new 55,000 sq. ft. facility in Singapore and a new 42,100 sq. ft. facility in Dub-



Kellstrom is a global aftermarket service provider.



Kellstrom Aerospace Group includes multiple business units including teardowns.

lin. Other locations include a primary inventory warehouse in Chicago with more than 160,000 lines and 2.8 million parts in stock. It also occupies international stocking locations in England, Ireland, Singapore, U.A.E. and China PRC. Most recently, Kellstrom Aerospace and Vortex Aviation relocated its joint headquarters to a state-of-the-art 65,000 sq. ft. facility in Davie, Florida. This was an important milestone for the company.

#### Key areas of business

Kellstrom Aerospace provides a variety of exclusive and innovative integrated platform solutions for every stage of an aircraft lifecycle, including emerging, mature and sunset cycles. The company supports leading OEMs, airlines, leasing companies, financial institutions, air transport operators and MROs around the world. As a diversified aftermarket service provider, Kellstrom's core foundation is bringing value to the customer.

Key areas of business include:

- Robust supply chain solutions to airlines
- A workforce that is its greatest asset, de-

and MROs for quality new or used aftermarket parts. Kellstrom maintains several agreements with OEMs and manufacturers to distribute new products and support using a serviceable material business.

- Green time lease to part out model and hold a portfolio of serviceable assets including CFM56-5/7, V2500-A5, CF6-80C2 and PW4000 that align with inventory strategies.
- Strategic acquisitions with The Aircraft Group and Vortex Aviation that creates unrivalled access to technical expertise. This advantage provides unbiased support aimed at reducing the total cost of ownership of an asset whilst protecting the commercial residual value.
- High-quality standards and first-class professionalism, which is instilled in all aspects of Kellstrom Aerospace and what customers have come to expect of their business. The company is highly regulated and has a rigid ISO 9000 quality process in place.

livering the highest level of customer service and commercial value to customers. Kellstrom leverages their team's diverse background of industry professionals who have experience in airline service, military service, and engine MRO functions while holding positions as mechanics, quality inspectors and powerplant engineers.

#### Investing in the future

Kellstrom Aerospace is a forward-thinking company that continuously searches the industry for new opportunities to expand and grow through mergers and acquisitions or organically. As part of AE Industrial Partners, Kellstrom is committed to providing customers with nose to tail aftermarket solutions. Their investment strategy is driven by the needs of customers.

While the industry is adjusting to the realities of a post-COVID-19 world, Kellstrom Aerospace and the Board of Directors see an opportunity to continue strategic expansion into new verticals that add value to their customer base.