REVVING UP THE POWER AT APOC'S ENGINE DIVISION

APOC Aviation established its dedicated engines division barely four years ago from scratch. During this time and utilising a trading budget of over $50 million, a total of sixteen engines have been purchased and of these four are currently under lease, five were sold, and seven have been parted out. APOC currently has a further six engines pending completion.

Engine trading is very competitive and Anca Mihalache, APOC's VP Engine Trading & Leasing is keen to point out that the division's swift progress is down to a team effort, but there are certain factors that she can particularly attribute to APOC's success. "Decisions are made fast at APOC. The fact that we managed to close successfully on all agreed transactions has established a positive image in the market and sellers like working with us. Access to funding and a lean internal process is fully backed by our primary investors Egeria, their support has enabled APOC to get to a new level. We have a very good team of people that are respected in the industry and our proprietary software is also important because it helps us to provide perfect paperwork."

APOC's engine customer base is global, divided equally between Europe, Americas and Asia, and the portfolio includes V2500-A5 and CFM56–3C1/5A/-5B-7B engines. So what is the Company focused on securing now in terms of assets, and what are customers seeking?

"The team is always looking for CFM56-5Bs and 7Bs and V2500-A5s all with green time lease capability, or for part-out," says Mihalache. "Cost is always a factor and prices have decreased very little during the pandemic. Now we are almost at the same values as 2019. With the wave of imminent shop visits and parts demand increasing, I foresee they will soon get even higher however we remain focused on narrowbody engine types and particularly assets with under 3 years of green time lease."

APOC is committed to building the leasing side of its engines business and team expansion will be commensurate with this growth in Europe and in the US. "Financially speaking leasing is a very productive business, provided the technical evaluation of the engine is done correctly. Once the original agreement is concluded we either negotiate an extra lease (if there is still green time in the engine) or we move the asset directly to part-out. Our partners for these processes are chosen on a case-by-case basis, according to our strategy" she explains.

Looking at the current engine market, the team at APOC is observing that there is still a very high demand for green time engines. "Of course. the way the lease contracts are signed has changed and I don't think we will ever return to pre-COVID frameworks. However, because we are increasing our portfolio, we have access to more and more airlines and we work directly with them on a range of flexible green time lease options."

According to Mihalache there is a tsunami of engine shop visits on the horizon which have been delayed due to material shortages and she notes that parts repair shops are fully booked too. "Some of them have even stopped receiving new repair orders due to the backlog and supply chain issues. We are lucky to have good contracts in place with well-managed component MROs and have reliable TATs for our repairs."

Over the past couple of years APOC's teardown stock has kick-started their engine materials business and this area is performing very well despite the pandemic.

The organisation has an impressive stock of CFM56- 5B and 7B parts in its warehouse facilities in Rotterdam and Miami which allows a streamlined service to the well-known MROs and airlines, however APOC is well known for supporting smaller companies too.

With a solid investment foundation that underpins all engine trading activity, APOC is powering up for the future. Mihalache says that the leasing out of green time engines is a major focus in 2023 and already LOIs have been signed for six suitable engines. "Some fit our leasing criteria, others will be torn down. We will welcome new lessees to the APOC family as the year progresses, and we anticipate some brisk trading of assets in this challenging market."

ECUBE GOES GLOBAL AS FIRST TEARDOWN PROJECT GETS UNDERWAY AT U.S. FACILITY

ecube's recently founded Americas base, located within Coolidge Municipal Airport, has welcomed more than ten aircraft since its launch and now sees first teardown project commence with inaugural U.S. disassembly customer Killick Aerospace.

Speaking after the commencement of the U.S. project ecube CCO Steven Taylor, said, "A great deal of work and effort has been invested to have a facility and team in place in the US that offers the same quality EOL services experienced at our UK and Spanish operations. We are very grateful for our loyal customers who have supported us on this journey and continue to entrust us with their assets. Having first supported Killick with a 737-800 disassembly at our UK base in 2019, we are excited to work with the Killick team on our opening US disassembly."

Killick Aerospace Technical Director, Robert McIntyre said, "We are pleased to be working with ecube again in their new US operation. Having previously worked with the ecube team at their facilities in the UK and Spain, we are confident that we will receive the same outstanding service and quality that we have come to expect."

This project, an Airbus A319, is the start of what is forecasted to be a successful growth period at Coolidge as 2023 sees ecube targets a spike in teardowns across the calendar year.

Steven added, "We are aiming to provide our customers a '1 aircraft – 3 locations' optionality where the location is selected on the merits of the asset funding, tax/customs, lessee and slot availability requirements. We can see a rising demand across our network and especially in Coolidge. Having a facility in the U.S. has not only granted ecube access to a significant disassembly market previously unaddressed but also provided our customers access to the same service levels across all multiple regions. Our expectation is for Coolidge to be our second largest base by volume by 2024; second only to the UK."