

## DISTRIBUTION

## Aviall gains finance for R-R parts deal

Parts distributor Aviall has secured new financing to underwrite a 10-year, \$3 billion deal with Rolls-Royce to provide aftermarket parts support for the T56/501-D family of turboprop engines.

The exclusive contract, which starts on 2 January 2002, follows a similar 10-year agreement signed last year to provide worldwide parts support for the Rolls-Royce 250 turbo-shaft engine.

The new financing includes a \$200 million secured credit facility led by Citigroup, \$80 million from private debt investors, and the sale of \$45 million in stock to the Carlyle Group. Equity investment firm Carlyle will take a stake of around 30% in the Dallas, Texas-based parts distributor.

Aviall will immediately draw on \$90 million of its new financing to acquire inventory and pay licence fees related to the T56 contract. The agreement with Rolls-Royce is expected to generate sales exceeding \$250 million in the first year. The 250-engine contract, which began in January 2000, generated \$110 million in revenues last year, according to Aviall.

Other companies in the aerospace aftermarket business are faring less well. Kellstrom Industries, a leader in reselling and leasing aircraft and engine parts, has warned it may have to seek bankruptcy protection after missing interest payments on loans. The company's senior lenders are providing interim funding as efforts to arrange financing continue.

Kellstrom, which acquired Lockheed Martin C-130 aftermarket support specialist Certified Aircraft Parts in April 1999 and the aircraft and engine parts resale business of financially struggling Aviation Sales in December 2000, has recently been delisted by the US technology share exchange Nasdaq.

## TRAINING GRAHAM WARWICK / WASHINGTON DC

## CAE focuses on training centres with SimuFlite buy

Company is now second largest in hardware terms after FlightSafety International

Canadian simulator manufacturer CAE is to buy SimuFlite Training International from GE Capital for \$247 million, making it the second largest provider of third-party flight-training services. The deal will be financed by the sale and leaseback of SimuFlite assets.

The acquisition is CAE's largest purchase since the company entered the training services market less than two years ago. Last year, the company purchased Schreiner Aviation Training of the Netherlands for around \$165 million, acquiring four training centres in Europe and the USA,

with around 20 commercial and regional aircraft simulators.

SimuFlite operates 23 business aircraft simulators at its main base in Dallas, Texas, and has another five on order for delivery this year. The company also operates a general aviation training centre in Grapevine, Texas, and a Lockheed Martin C-130 training facility in Marietta, Georgia. GE Capital acquired SimuFlite from Southern Air Transport in early 1998.

Montreal-based CAE is already setting up a global network of training centres serving commercial and regional airlines. The com-

pany has opened centres in São Paulo, Brazil, and Toronto, Canada. Facilities will open in Madrid, Spain, this month and Denver, Colorado, in May. A joint training venture with Alitalia will begin operating in Rome this year, while another with Emirates is set to open in Dubai in 2003.

CAE president Derek Burney says that there is greater potential for growth in providing training services than in building hardware. Since entering the training services market, the company has moved rapidly up the rankings and is now second only to industry leader FlightSafety International (see table). The SimuFlite acquisition puts CAE ahead of the FlightSafety Boeing joint venture in numbers of simulators. Pan Am International Flight Academy is fourth, followed closely by GE Capital Aviation Training, which specialises in commercial aircraft training.

SIMULATOR NUMBERS (NUMBER OF LOCATIONS)

	Airlines	Regional a/c	Business a/c	Total
FlightSafety	-	70 (22)	100 (16)	168 (30)
CAE	26 (8)	14 (6)	30 (2)	70 (10)
FlightSafety Boeing	67 (22)	-	-	67 (22)
Pan Am International	17 (4)	10 (4)	2 (1)	29 (8)
GE Capital	22 (4)	1 (1)	1 (1)	24 (5)

Level C/D simulators only. Includes announced orders and joint ventures

## EMPLOYMENT ALEXANDER CAMPBELL / LONDON

## Airbus calls for job and hours cuts

Differing redundancy legislation in the four countries in which Airbus has plants has led to job cuts in the UK while workers in France, Germany and Spain have had hours slashed.

Around 500 jobs at Airbus UK plants in Broughton and Filton are to go over the next few months in response to the European airframe manufacturer's cut in production targets next year from more than 400 aircraft to 275. The company, which employs 11,000 people in the UK, says it should manage to avoid forced redundancies if a package including a wage-freeze deal goes through.

Airbus initially warned unions that up to 2,000 jobs could go in the UK unless the company was able to cut costs. The UK's prime responsibility is the design and

manufacture of the wings for all Airbus aircraft.

France, Germany and Spain have labour laws that make it more expensive and difficult to cut employee numbers, and savings are more easily made in other areas. But plants in those countries will cut work hours by around 20%, and adopt other measures such as a recruitment freeze and a ban on overtime.

Airbus, which is owned by EADS and BAE Systems, says it has simply demanded cost cuts, leaving the specific methods of achieving this up to the various national offices.

The main Airbus union in the UK, the Amalgamated Engineering and Electrical Union, says it will advise workers to support the deal in a New Year ballot. "We see this as quite positive compared with

what happened at Rolls-Royce," it says, referring to the engine manufacturer's 3,800 UK job cuts (*Flight International*, 23-29 October 2001). Overall, the Society of British Aerospace Companies estimates the UK will lose around 40,000 aviation-related jobs as a result of the recession and the aftermath of 11 September.

While most job losses will come in the manufacturing and manufacturing-support sectors, Airbus says it is continuing to recruit engineers for its A380 airliner and A400M military transport programmes.

It recently announced the creation of a wing-design office in the USA, and has formed a partnership with GKN Engage to design the midbox of the A380 wing from joint offices in the UK.