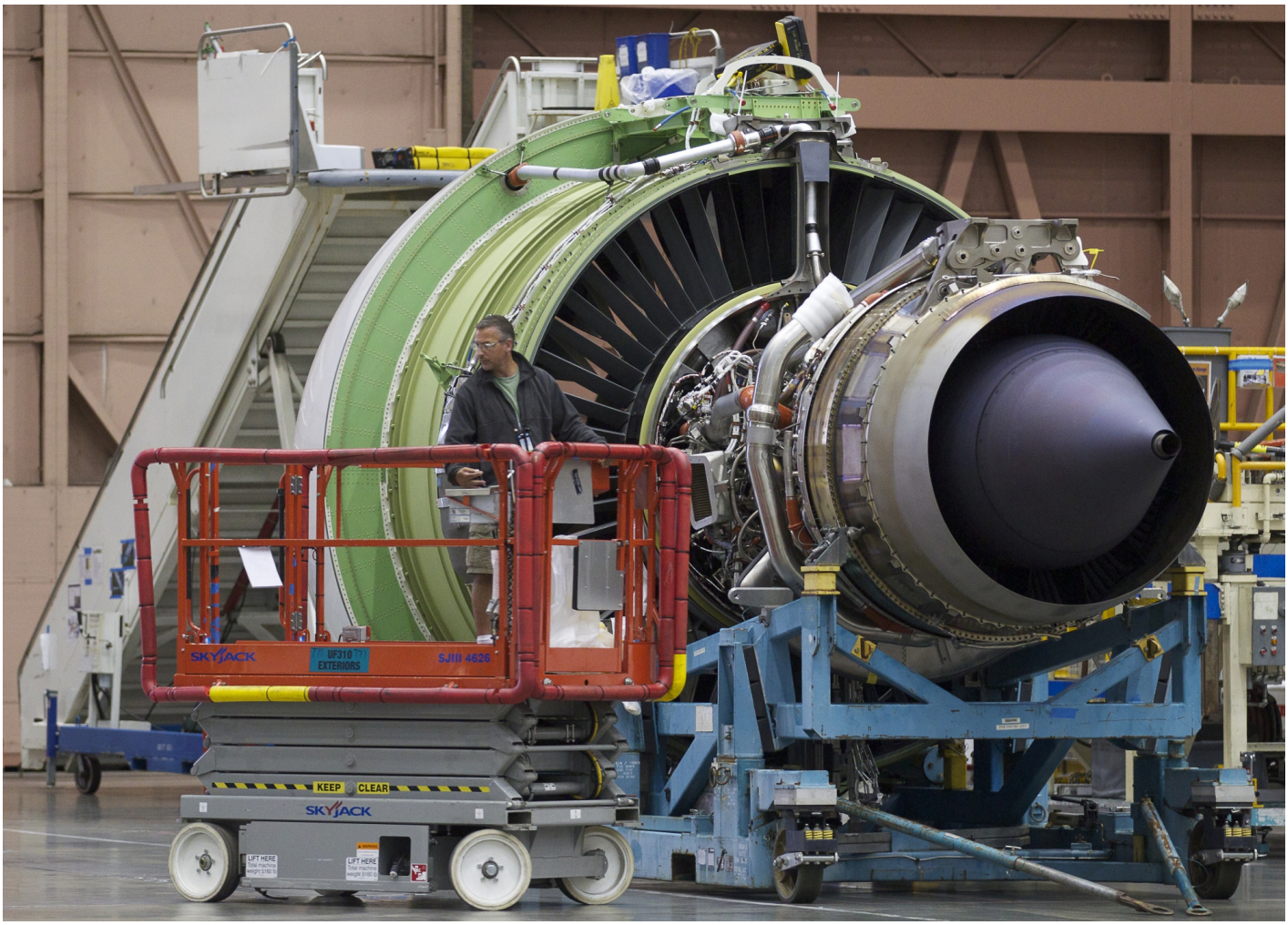
ANALYSIS: KOREAN AIR EYES MRO OPPORTUNITIES

News / Airlines, Maintenance / Trainings



Korean Air's Tech Center lies west of runway 16L at Busan'sGimhae International airport. A sprawling array of hangars, warehouses, and production facilities, it is home to the flag-carrier's low-profile aerospace division, KAL-ASD. It is here where the company performs the majority of its MRO work, and where it also runs a successful aerostructures business.

"Places like Southeast Asia and China have lower labour costs that stand out in the global MRO market," explains KAL-ASD in an email to Flightglobal.

"Meanwhile," it continues, "Korean Air devotes strong efforts for achieving high customer satisfaction through high-quality service and optimum turnaround time for specialised **MRO** operations, such as scheduled maintenance, repair and modification work, including passenger-to-freighter conversions, cabin modifications, IFE [in-flight entertainment] work, system upgrades and full exterior painting and stripping services."

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Apart from Korean Air itself, KAL-ASD lists a number of airline clients, including United Airlines, Grandstar, World Airways and Uzbekistan Airways. It conducts heavy maintenance on 60 commercial aircraft every year and performs work on key Boeing types including the 737, 747 and 777, as well as the Airbus A330. Its components business also works on 25,000 pieces of equipment annually.

In addition to its commercial MRO work, KAL-ASD is active with a dizzying array of military aircraft types operated by the South Korean and US air forces. KAL-ASD performs depot-level maintenance for helicopters such as the Bell UH-1H and Boeing CH-47. Fixed-wing types in its portfolio include the McDonnell Douglas F-4 Phantom, Lockheed Martin C-130, F-16 and P-3C Orion, Boeing F-15, and Fairchild A-10.

It is also aiming to work on newer programmes, such as the Bell-Boeing MV-22 Osprey tilt-rotor aircraft and the 747-8, which is in service with Korean Air. It also hopes to obtain MRO work on the country's four 737-based Airborne Early Warning and Control (AEW&C) aircraft, as well as Seoul's upcoming fleet of four A330 multi-role tanker transport (MRTT) aircraft. The 737 AEW&C aircraft have all entered service, with the A330 MRTTs expected to enter service in 2019.

The company is well aware of the changes taking place in the industry, with the major airframers playing a more assertive role in aftersales support, eating into the business of independent MRO shops.

"Aircraft manufacturers will expand aftermarket service on customers' fleets and components with packages, and a slump in third-party MRO work in components is expected," says KAL-ASD. "However, KAL-ASD's component MRO business will not be impacted in the near future. As the aircraft manufacturers expand their component MRO businesses, competition will become more intense, then KAL-ASD will try to find a way to achieve a win-win situation."

KAL-ASD is also very active in the aerostructures business, with 27 active projects. It produces composite wing-tip structures for types such as the 737 Max, 747-8, 777 and 787, as well as the A320ceo/neo and A330neo. It is especially active on the 787, providing the type's raked wing-tips, Section 48 tailcone, flap support fairings, nose wheel well, aft wheel well bulkhead, and stringers for Section 11. It also provides the cargo doors for the A350 programme.

"KAL anticipates continuous growth in its aerostructures business, as we are prepared to grow quickly in the future by getting hold of the anticipated growth in demand and sales of aircraft," says the company. "KAL will put in more effort in developing advanced manufacturing technology in order to further strengthen our cost competitiveness."

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