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BBA Unit Thrives As OEMs Divest Parts

Source: AWIN First
July 09, 2012

Manufacturers of aircraft components are clamoring to offload their older products onto companies that will manufacture and support them for years to come.

"We're seeing a significant across-the-board increase in licensing and divestiture activity," says Peg Billson, president of BBA Aviation's Ontic legacy support group that specializes in manufacturing and supporting a large mix of low-volume parts that remain critical to OEMs and operators.

Ontic's revenues have more than doubled in the past three years. "When the downturn hit, all the OEMs held on tightly to everything that produced revenue while waiting to see where it was going," says Billson. Now "they're finally feeling comfortable they can replace the revenue from their legacy parts that are no longer core to their business. We haven't seen this much activity before."

Ontic now has over 40,000 active part numbers and serves more than 3,000 customers with engine turbomachinery and fuel controls, electrical mechanical components such as pumps and heat exchangers, control surfaces, and, most recently electronics for engine controls and radars. Three strategic acquisitions in the last three years have included:

- A \$62.5 million deal for GE Aviation Systems' legacy fuel measurement business, which assembles, sells and overhauls fuel gauging and measurement systems to leading defense and commercial airframe OEMs, airlines, and other aircraft operators. Its products can be found on more than 6,200 active aircraft including the Airbus A319/320, Boeing 777, and Euro-fighter Typhoon.
- A \$40 million worldwide license from Honeywell to make parts for the 700 Series APUs used on the world's fleet of DC-10, MD11 and A300 aircraft.
- Exclusive licensing for Hamilton Sundstrand's Kidde Graviner

emergency oxygen equipment product line. Electronics, such as GE's fuel measurement systems and avionics, will be a main focus of Ontic's growth strategy, says Billson. Electronics now make up 30% of Ontic's business, notes Billson, and that segment will grow quickly over the next few years. "We envision that 50% of our future legacy business base will be dedicated to the manufacturing and MRO support of avionics and electronics components and systems," she says.

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