

# Eaton's Aerospace Surplus Strategy

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*Powering Business Worldwide*

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# Agenda

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## Background/market overview

- Surplus market overview

## Eaton's surplus trading

- Strategic approach to the market

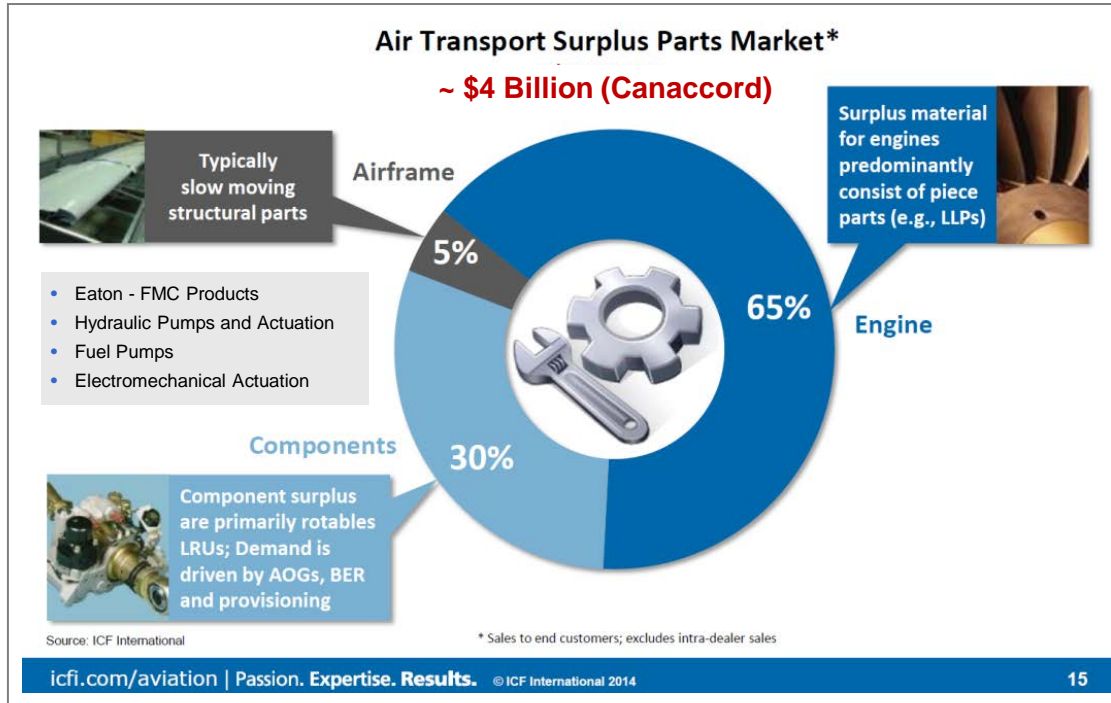
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## Surplus market overview

# Surplus market overview

## ...Eaton Products



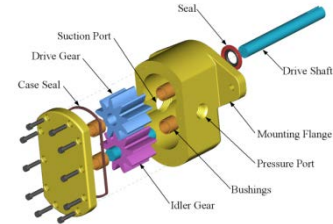
# Surplus market overview

## ... Perceptions of the surplus market

- “One man's trash is another man's treasure”



- “The Sum of the Parts is Greater than the Whole”



# Surplus market overview

## ... How do airlines locate these products?

Surplus aircraft parts are advertised via the internet through multiple web sites:

- ILS- Inventory Locator Service
- Aeroxchange
- Stock market
- Parts base
- One aero
- Parts logistics
- DataAccess
- ABD online
- APLS



# Eaton's Aerospace Surplus Strategy

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## Strategic approach to the market

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## ... Opportunity for Eaton

How does Eaton compete as the increase in surplus market material continues driven from a supply of declining platforms?

- Eaton **opportunity** to utilize surplus material to protect existing market share by strategically purchasing surplus material of Eaton products at significantly below market and reselling to the marketplace
- Eaton **opportunity** to utilize surplus material to procure repair material at a significant lower price than production cost to be more competitive in the repair marketplace
- Eaton **opportunity** to participate in the surplus marketplace with a broader product “condition” portfolio that addresses the current market demand. Airlines eager to accept “surplus” new/overhauled/repaired/exchanges from the reseller market versus OEM new
- Eaton **opportunity** to integrate surplus inventory into exchange pools for expanded total repair support for Eaton products



# Strategic approach to the market

## ... What are our options?

### How difficult is it to penetrate the market as a sole participant?

- Branding Image as an OEM with limited customer recognition as a provider of surplus material

### How do distinguish ourselves in the market?

- Multiple players to partner with integration on opportunities

### How do we choose from so many companies that have varied relationships?

- Can we retain our Eaton Image with these partnerships?

# Strategic approach to the market

## ... Strategic alignment advantages

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- Surplus market is dynamic with multiple companies supplying multiple customers in the global market
- Eaton can strategically align with key companies to expand product portfolio with multiple offerings, i.e. retrofits, exchanges, new, repaired.
- Partner with multiple surplus companies on maintenance agreements for Eaton products they purchase & need serviced
- Take advantage of market analytics provided by multiple companies to identify pricing
- Establish relationships with broad industry leaders in surplus material for access to Eaton demand material at the lowest cost
- Allows Eaton to be flexible in the marketplace with each Customer's needs

# Strategic approach to the market ...Eaton's Global Trading Services

## What is Eaton?

Another “Trading Company” or OEM aligned with the Market



### Eaton's Aerospace Global Trading Services:

Cost-effective options for new and OEM-certified refurbished products

Eaton offers a broad portfolio of top-quality components for outright sale or exchange. We specialize in fuel, hydraulic, ducting, and actuation products, including these industry-leading Eaton brands:

- Aeroquip®
- Argo-Tech™
- Carter®
- Sterer™
- Tedeco®
- Vickers®

Our technical experts staff multiple stocking locations in North America and the U.K. to provide around-the-clock service and support. And Eaton's rigorous certification standards ensure that our customers receive the highest levels of component quality, reliability and performance.

With Eaton's Aerospace Global Trading Services, customers enjoy these advantages:

- Competitive pricing
- Products for major commercial aircraft platforms
- Flexible material support options for airline operators and MROs
- OEM-quality repairs and warranty
- Immediate availability
- 24/7 Aircraft-on-Ground support
- Reduced cost of ownership

To learn how Eaton's Global Trading Services can benefit your business — and your bottom line, contact **AerospaceSpares@Eaton.com**.



# Strategic approach to the market

## ... Market place participation

Advertising Eaton catalog, repair capabilities and excess material quantities on key web portals:



**AEROXCHANGE**  
Aviation Supply Chain Solutions

**OneAeroMRO™**



Interactive quoting through web portals and emails at [AerospaceSpares@Eaton.com](mailto:AerospaceSpares@Eaton.com) and [AerospaceRepairs@Eaton.com](mailto:AerospaceRepairs@Eaton.com)

Eaton's Aerospace Global Trading represented on the Eaton website

Marketing products through social media such as **LinkedIn**®

Developing relationships and exchanging part number availability with key customers

Attending aviation industry events and advertising our trading group

Shared inventory programs with strategic partners

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# Questions/Comments



*Powering Business Worldwide*