

Q&A: MAURO GROSSI



# Building for the future

A conversation with AMAC CFO Mauro Grossi

**Q:** AMAC is one of the largest privately owned completions centre in the world, and you are now in the process of building a fourth hangar at your base at EuroAirport, Basel-Mulhouse. What has it taken to get to this point?

**A:** To reach the point where we are now, to put together the skills required to do green aircraft completions and to provide comprehensive wide-body MRO services, has taken a very steady hand. It looks like rapid growth from our launch in 2007, but the growth has been carefully calculated and has proceeded step by step. Everything has been done organically. We have not been in the business of acquiring other companies to accelerate our growth.

Our first hangar was opened around October 2008. The initial idea was to focus on MRO, but we were lucky enough to get a completions project straight away. The response from the market to that first job was very encouraging and that pushed us to continue down the path of becoming a world-class completions centre, as well as offering best-in-class MRO services.

**Q:** I imagine that on that first completions project you had to outsource some of the specialist work. What is your view of outsourcing now?

**A:** Initially we had all the basic engineering competences we required in-house but until we built the second hangar in 2010 and recruited upholstery and cabinet-making skills





in-house, we had to give out the big cabinetry work to outside suppliers. However, even then we did the more complicated and intricate work in-house. As our base of skills and knowledge has grown, we have cut back on outsourcing in order to have pricing and quality control firmly in our own hands.

**Q:** What has the investment to date been in hangars?

**A:** Not counting the fourth hangar we are currently building, the total investment has been between 80 million and 90 million euros. That is a major investment for any company and it needs a lot of commitment from the shareholders and management to invest on this scale. We completed the third hangar in 2012. Our first hangar was 4,500 square metres. The second and third were about 8,700 square metres. This fourth hangar is slightly smaller, at around 7,000 square metres. Its

purpose is to provide additional space so that it is easier to move aircraft around for MRO purposes. It will help us accommodate the peaks that we now experience. It will provide some more room for growth as well, but that is a secondary target.

**Q:** How many completions a year do you aim for?

**A:** The number of completions depends on the size of the aircraft. If you have a mix that includes, say, a 747 for refurbishment, plus a BBJ and an ACJ, we would say that three completion projects a year would be a good target. You do not want to risk compromising the quality of the finished product by taking on too many projects at any one time. This is why our fourth hangar is not primarily for growth, but rather to absorb the peaks in our workload on the MRO side. When we have several big aircraft in for

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serious maintenance, along with some completions projects, positioning all the aircraft in our current layout can be challenging.

**Q:** What is the split between MRO and completions?

**A:** The average for the last few years has worked out at roughly a 40-60 split, with completions being 60% of the workload and maintenance amounting to 40%. On the maintenance side our primary customers are ACJs and BBJs, along with the bigger Gulfstreams and Bombardier Global Expresses. The focus is definitely on the bigger aircraft, which is why space is a real issue. The idea is to have one hangar dedicated for completions and the rest for maintenance.

**Q:** What is your biggest challenge as CFO?

**A:** As with every CFO, the big challenge is always to have the finances correctly balanced between investment and cash flows, so that you can maintain the appropriate level of organic growth without undue risk. Finding financing for big projects is always a challenge but if you plan properly it is achievable. The

other focus is ensuring that maintenance revenues are regular and strong.

**Q:** Do you insist on cash up front for MRO work with new customers?

**A:** Our policies are very specific to the individual customer and obviously to our underlying judgement on the risks involved. We have a basic policy but it is fine tuned for each customer, and is dependent on the customer's history with us. The basic idea for a new customer is to mandate payment before departure, but we take a view on that based on the financial standing of the customer and the trust level that has been built up.

**Q:** Completions is a highly competitive business. What is the key to success?

**A:** The business aviation sector is not that big an industry and good feedback in the shape of word of mouth recommendations is absolutely vital. We need to look constantly for customers and you need to do great work. If you do, then that gets known in the industry and people come to you. Plus, of course, we keep our profile up through attendance at the major

shows such as EBACE. We work continuously at keeping our name up before the customers.

**Q:** AMAC has been a privately owned company from the start. Have you considered opening up to outside capital?

**A:** As you say, we are privately owned and we pride ourselves on being a family company with strong family values. We want to keep the structure as it is and we do not go in for expansion unless we can see a strong case for it. We watch market demand very closely and all our growth has been organic – that is the way we like it. The philosophy of AMAC's founder is that the company should stay family driven, and be run for the benefit of the families of all the people who work for AMAC. Being a family-run company goes to the core of our culture.

**Q:** What is your pipeline of work like?

**A:** We have a full schedule of projects that will take us through to late 2016. By that stage other projects, some of which we are already discussing, will have matured. We have some exciting projects in the pipeline that we will announce in good time. ■



AMAC's upper management team

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