

BUSINESS

JUSTIN FARRELLY



EirTrade boss sees riches in the afterlife of aviation

Ken Fitzgibbon says fresh investment will give his aircraft teardown company new wings

LINDA DALY



Feel the weight of that," Ken Fitzgibbon says as he gestures to a cockpit window that was once affixed to an aeroplane but is now waiting to be shipped to an aircraft leasing company. It is heavy.

We are in a 40,000 sq ft warehouse in Rathcoole, Co Dublin, which belongs to EirTrade Aviation, an end-of-life aircraft and engine solutions provider.

At the other end of the building sits an out-of-commission engine, which will be sent eventually to a flight school. Beside it is landing gear from an A330, a wide-bodied Airbus plane. Among the soaring pallet racks full of every imaginable aeroplane part stands an aeroplane toilet module. Even it has a buyer.

Forget the aircraft graveyards in the American deserts where retired planes lie in purgatory; this pocket of Dublin

is where aircraft are reincarnated. Fitzgibbon and his team at EirTrade Aviation are the resurrectors – and giving life to old aircraft parts is big business.

EirTrade, an Irish company, had revenues of more than \$89 million (€83 million) last year. Its customers include some of the world's biggest aviation companies including Avolon, Delta, American Airlines and Air France. This year, EirTrade is on course to record revenues of between \$135 million and \$150 million.

In October, the company signed a deal with Acorn Growth Companies, an Oklahoma-based investor in the aerospace, defence and space markets that came in as a majority shareholder.

Fitzgibbon won't divulge the size of the deal but on its website Acorn says that it typically invests between \$30 million and \$200 million.

You get the impression from the twinkle in Fitzgibbon's eye that it was a good payday for the man from Tallaght and for Patrick Jordan, the former Siteserv chief operating officer who joined EirTrade as an investor and chairman in 2019.

Both men have retained a minority shareholding in the business but Jordan has stepped down from the board.

What the investment provides is much-needed financial horsepower to

“Not getting that bonus pushed me to go out on my own”

drive the company forward rapidly. EirTrade expects to triple or quadruple its revenues “at least” over the next few years. “We are going to shoot for the stars,” Fitzgibbon says.

The company wants to expand its base in Knock, where it has planning permission for a hangar that would accommodate a wide-bodied Airbus A380. Headcount at the firm has grown from 14 staff to 93 in the past five years. Fitzgibbon says it will surpass the 100 mark early next year.

As well as taking consignments from leasing companies, EirTrade purchases its own engines and aeroplane frames and tears them down, either at Knock or its facilities in Dublin and Dallas, Texas. It stores its own parts and those belonging to aircraft leasing clients in Newbridge, Co Kildare, and Rathcoole, Co Dublin.

“If you have financing you have a major tool in the toolbox to do the job,” says Fitzgibbon of Acorn's investment. Assets are expensive. A new engine can cost between \$10.5 million and \$12.5 million, while an airframe goes for anything from \$2 million to \$8 million.

“The finance has probably allowed us to puff out our chests when we are going to bid for assets and we can now get involved in bigger deals than we could have previously ... but we won't pay above the odds,” Fitzgibbon adds.

while Fitzgibbon stayed on as chief executive. The new set-up would be short-lived. By 2018, Fitzgibbon felt the company wasn't getting the investment it needed to expand.

“It got to the stage where I couldn't see how we could progress. I negotiated the purchase of two A380s from Dr Peters [an aircraft seller] and told AAG to take the two aircraft and I would take the company back.”

Employee headcount had fallen to 14 at that stage. Fitzgibbon met Jordan, who in 2015 had bought Atlantic Aviation Group, an aircraft maintenance business formerly known as Transaero, out of examinership in a €2.5 million deal. Jordan agreed to buy a 50 per cent share of EirTrade with a plan to ramp it up significantly.

They did so through a lot of networking, sponsoring international conferences and tapping into contacts within the industry – as well as some strategic asset purchases.

Covid was a minor obstacle. The company actually used the pandemic to its advantage by creating a six-plane parking bay in Knock to help provide space for grounded planes. It also applied for a Part 145 certificate from the Irish Aviation Authority so it could start maintaining planes from Knock for Ryanair and Aer Lingus.

Ken Fitzgibbon says a deal with Acorn Growth Companies will let EirTrade puff its chest out

The market didn't stall for long, and the company was back tearing down aircraft assets before it knew it. Last year, EirTrade took apart more than 40 engines and airframes – it can take about 15 days to dismantle an airframe and 20 days to dismantle an engine. Earlier this year, it became the first in the world to dismantle two Boeing 787 Dreamliner planes.

“They were only 12 years old but were part of a fleet in an airline that went bust, and because certain materials had been taken off the planes – ie the engines – it was decided it would be more cost effective to dismantle them,” Fitzgibbon says.

One of four children, Fitzgibbon was raised in the Watergate estate, beside Sean Walsh Park, in the working-class area of Tallaght, southwest Dublin.

His Cork-born father, Maurice, worked at the local Cement Roadstone plant, alongside his maternal uncles, one of whom was the two-time All-Ireland winner John Timmons.

Even before he left school at the age of 16, Fitzgibbon was getting a feel for sales, selling papers to drivers at Newlands Cross.

After completing the Inter Cert, he went to work full time at the Telectron electronics factory in Tallaght but was made redundant two years later.

One day in 1984, he was sitting in St Anne's GAA club in Bohernabreena when a man walked in and asked if anyone was interested in a job in aviation. “The company was Airmotive, and I applied for a job in the warehouse.”

From there, it was a case of working his way up through the ranks – from the warehouse to repairs to a job in purchasing. His stint in Airmotive would last ten years until 1994, when the company was executing redundancies and Fitzgibbon decided to take the package.

A couple of roles as European sales manager for international aviation companies followed but, by about 2010, Fitzgibbon was ready to take a chance on self-employment.

“I was working for a company that had just bought a fleet of planes for \$13.5 million and I told management that within 18 months I would help them get a \$36.5 million return of investment,” Fitzgibbon recalls.

In return he wanted a sizeable bonus. But when he achieved his target it wasn't forthcoming.

“That's why I started EirTrade. Not getting that bonus pushed me to go out on my own,” he says.

Fitzgibbon had a ready market in Dublin for EirTrade's business. He estimates that about 55 per cent of aircraft that fly around the world are owned by Irish-based leasing companies. The world's largest aircraft lessors such as AerCap, SMBC and Avolon are all located here.

“One of the things lessors love doing is bringing their assets back home so they can touch and feel them and make sure everything is OK,” he says.

Yet he worries about the future of the industry, saying a lack of government investment could push companies to leave.

“I'd like to see reinvestment in our infrastructure, and the setting up of a large-scale apprenticeship system so we can bring younger people into the industry,” he says.

Fitzgibbon expects an increase in the number of assets coming to market “as improvements in new technology lead companies to commit to new aircraft and retire old planes”.

The company will also grow by acquiring other companies “that will complement the business” and by looking to expand into Asia. That means more travel for Fitzgibbon, who is on a plane at least once a month whether for meeting his new investors or attending conferences – he blames the lifestyle of an aviation executive for piling on weight before he recently got a gastric band and lost 100lb.

As a private equity investor, Acorn will probably look to exit EirTrade within five to seven years, which will mean a sale or IPO for the company. Fitzgibbon says an IPO has not been discussed. He expects EirTrade will be a much larger business by then, however.

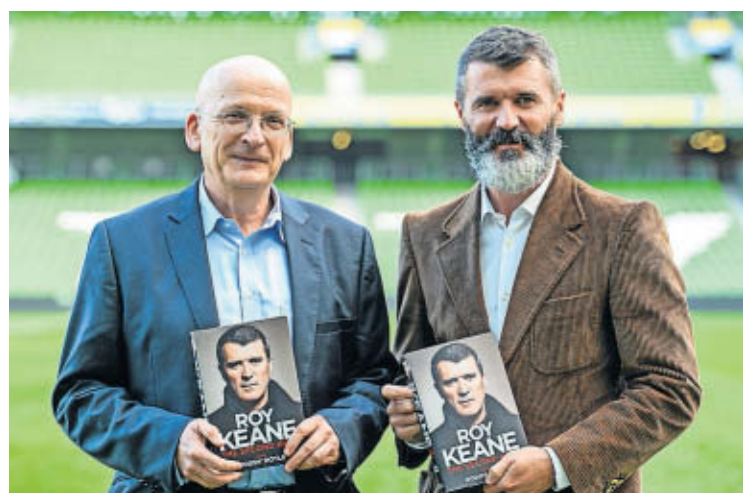
“The next few years scaling the business to another level and really putting the name and brand out there,” he says. “For a plonker from Tallaght who left school at 16, it's not so bad.”

THE LIFE OF KEN FITZGIBBON

Age: 59
Lives: Navan Road, Dublin 7
Family: single, with a daughter, son and granddaughter
Education: Inter Cert (Junior Certificate) from Tallaght Community School
Favorite film: *Top Gun*
Favorite book: *The Second Half* by Roy Keane and Roddy Doyle

WORKING DAY
I start as soon as I wake up and look at my phone. I can be on calls with our investors until 8pm. I travel abroad at least once a month but am in the office otherwise.

DOWNTIME
I collect cars, and I've always liked motocross. When I lived in Mullingar some years ago, I bought a house on seven acres and turned four acres into a motocross track and two acres into a rally track.



The Second Half is by Roddy Doyle, left, and Roy Keane

Fitzgibbon set up EirTrade Aviation in late 2010 alongside John McCarthy. Initially the company started out doing valuations and the paperwork for aircraft leasing companies, helping them to prepare for sales. It was also a parts supplier.

After a couple of years or so, Fitzgibbon got a call to ask whether he could dismantle an MD-83, a plane developed by McDonnell Douglas, a big aircraft manufacturer during the Cold War that later merged with Boeing.

“People thought I was mad but I saw it as a way into the dismantling business. There was nobody doing it in Ireland and, by us moving into the sector, it meant that leasing companies could bring their assets back home and dismantle them in a much more tax-efficient way.”

By 2016, EirTrade had 19 staff – and America Aero Group (AAG), a US-based aviation business acquirer, came knocking. Its purchase of EirTrade led to McCarthy exiting the business

AIB Consumer Reference Rates correct as at 5th December 2023

Current: Base Lending Rate*	3.995%	Previous: Base Lending Rate*	3.982%
Current: Prime Interest Rate**	4.375%	Previous: Prime Interest Rate**	4.375%
Current: Credit Line Interest Rate	6.375%	Previous: Credit Line Interest Rate	6.375%
Current: SBCI Variable Rate	2.745%	Previous: SBCI Variable Rate	2.732%
*This rate is only available for facilities in excess of 50,000			
**Facilities based on these reference rates are also subject to an agreed interest margin			



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