

PRESS RELEASE

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Materials Management Conference

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AAPA Materials Management Conference 2007 **"Innovative Supply Chain Management in a Changing Environment"**

Bali, Indonesia - More than 200 aviation industry experts, including senior representatives from airlines, airframe manufacturers, maintenance repair and overhaul (MRO) organizations, aviation component suppliers and service vendors met in Bali, Indonesia on 24-25 April to discuss continuous improvements in aviation supply chain management for the region.

Organised by the Association of Asia Pacific Airlines (AAPA) and hosted by member airline Garuda Indonesia, the AAPA Materials Management Conference provided an excellent platform for stakeholder interaction and dialogue amongst the key players in the aviation supply chain industry.

Amongst other topics, the conference explored the interdependencies amongst the various players in the supply chain, and the importance of good communications links to share critical information. The challenge is to optimise the overall supply chain process so as to maximise efficiency and cost effectiveness for the airline end user.

In his introductory remarks, AAPA Director General, Mr Andrew Herdman said that the Asia Pacific aviation industry is already established as a significant force in global aviation. Based on projected growth rates, the current fleet of 3,270

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aircraft is expected to double in size by the year 2020 when traffic to, from and within Asia will account for one third of global air traffic.

In welcoming the conference delegates Mr Herdman stated: "The aviation supply chain plays a critically important role in ensuring that the aviation industry as a whole can maintain, and further enhance, its excellent safety record. Efficient supply chain management is also a fundamental element

in maintaining the extremely high levels of technical reliability that make modern air travel both safe and convenient, as well as increasingly affordable. This conference is part of AAPA's efforts to establish continuous improvements in aviation supply chain management for the region."

Mr Herdman continued that: "Innovative supply chain management solutions can also deliver competitive advantage by reducing costs. Airlines are keen to work even more closely with suppliers, original equipment manufacturers and the major aircraft manufacturers to achieve further savings and operational efficiencies."

Reinforcing the key messages on supply chain management, Mr Emirsyah Satar, President and Chief Executive Officer of Garuda Indonesia said: "All of you in the airline industry know how volatile the industry is. Many external factors, which airlines cannot control, such as fuel price, political situations, economic conditions could easily affect the industry's profit. The industry has to have the ability to adapt to the ever-changing environment to maintain its profitability by constantly striving to reduce the overall cost. To be efficient in maintenance cost means to be more efficient in cost of material. Cost efficiency, however, must not sacrifice safety, which must always be the number one consideration in every decision involving aircraft operation and maintenance."

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Addressing the conference, Mr. Yurlis Hasibuan, Director of Air Worthiness and Certification, Indonesia said: "This forum offers an opportunity to meet and exchange views on the latest developments in technology as part of the supply chain management. Responding to increased competition brought on by free trade and globalisation, the supply chain management is an effective strategy for companies to keep abreast with competition, ensure operational continuity, become more sensitive to market developments, enhance service quality, and at the same time significantly reduce cost. Rapid advances in information technology has produced a wide range of solutions that promotes greater productivity. In this area, supply chain management plays an important role in ensuring a company's successful overall performance."

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Association of Asia Pacific Airlines (AAPA)

The AAPA is the trade association of major scheduled international airlines based in the Asia-Pacific region. The AAPA permanent secretariat is headquartered in Kuala Lumpur, Malaysia with international representation in Brussels and Washington, D.C. Collectively, the 17 AAPA member airlines carry 270 million passengers and 10 million tonnes of cargo representing approximately one-fifth of global passenger traffic and one-third of global air cargo traffic respectively, and thus play a critically important role in the ongoing development of global aviation.

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