

December 30, 2008

Defense firm has formed joint ventures in bid to diversify

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Maytag Aircraft employees refueled A6 Intruder jets at Yuma Marine Corps Air Station in Yuma, Ariz.

Colorado Springs-based Maytag Aircraft Corp. hopes to double its annual revenue to \$40 million within five years after forming two joint ventures designed to help the longtime defense contractor diversify and win more civilian work.

The ventures with California-based New Bedford Panoramex Corp. (NBP) and Dubai-based Red Orange LLC are designed to pair Maytag's airfield management expertise and background in providing aviation support services to military bases with NBP's focus on navigation aids and lighting systems used at airports and Red Orange's history of providing logistics services to government agencies in Afghanistan, Iraq and other war-torn regions.

The Maytag-NBP venture hopes to bid on a contract to manage the control tower and airfield electronics, operations and maintenance at Guantanamo Bay Naval Base, said David Nelson, Maytag Aircraft's executive vice president and chief operating officer.

The base in Cuba is home to a controversial detention camp primarily used to house detainees. President-elect Barack Obama has pledged to close the base.

"We want to start bidding on contracts at smaller airports and build up to bigger airports," Nelson said. "The potential of these joint ventures is they could eventually be the biggest part of the company, especially with the FAA (Federal Aviation Administration) revamping its systems. We will always maintain our historic operations in refueling and aviation support services to the Department of Defense, and it was always be a contributor to the company."

Maytag also is growing its traditional aviation service business by winning a five-year contract this year to manage fuel tank operations at 19 Air Force bases in Europe and the eastern and southern U.S. that will generate \$9.5 million a year in revenue. The services had been provided by Air Force personnel, but Nelson

estimates that outsourcing the work to private contractors cuts costs for the military an average of about 20 percent.

"With defense budgets likely to get leaner, we expect to see more outsourcing because the private sector can do these services for less," Nelson said. "We also believe there will be more opportunities to expand this new contract with more services."

The company added 190 employees at the 19 locations to perform the contract, expanding its 350-person work force by more than 50 percent. Nelson said Maytag plans to add three staff members to its eight-person headquarters staff next year for the contract.

The new contract and joint ventures are part of a two-year effort Nelson launched when he was promoted to chief operating officer in 2006 after the company's revenue had declined by half to \$10 million in the previous two years. Nelson immediately formed a three-person team to bid on contracts as the centerpiece of "a more focused effort" to improve the company's business development, quality assurance and customer satisfaction.

Maytag also is bidding on more contracts jointly with its corporate parent, Los Angeles-based Mercury Air Group Inc., to combine Maytag's military aviation support expertise with Mercury's air cargo and logistics experience, Nelson said.

Founded by appliance heir Lewis B. Maytag in 1950, Maytag Aircraft was acquired by Mercury in 1984. Maytag Aircraft has completed more than 400 government contracts and is the largest provider of air terminal and cargo handling for the Air Force Air Mobility Command.

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