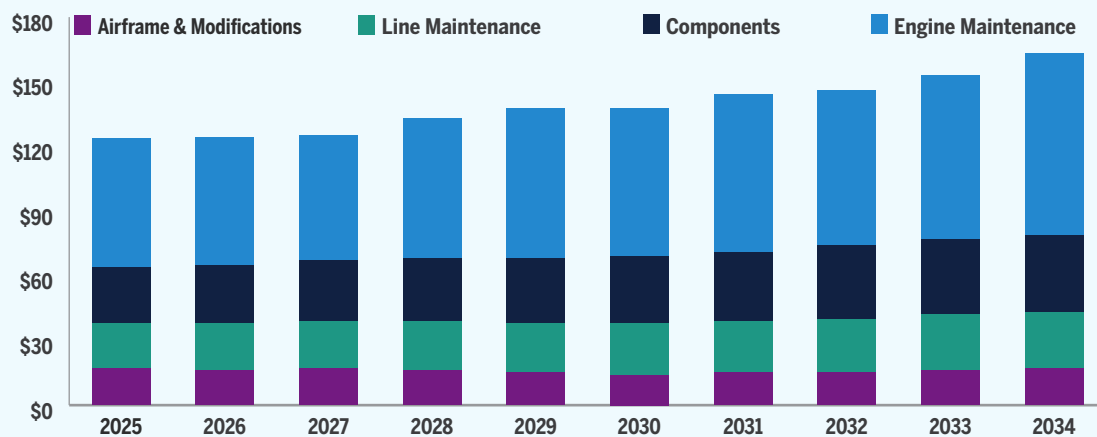


## Flying Under the Radar?

Airline passenger demand has roared back since COVID-19. However, persistent manufacturing delays of new aircraft and parts from original equipment manufacturers (OEMs) have forced airlines to keep older planes in service longer, leading to higher utilization—the hours and cycles an aircraft is flown. While airlines have historically been challenging investments due to high fixed and variable costs, might the companies that service them present the more compelling opportunity for long-term investors?

**Global Commercial Aircraft Aftermarket**  
(\$ in Billions)



Source: 2025 Commercial Aviation Fleet & MRO Forecast, Fleet Discovery, Aviation Week Network. Projections are from 2025 through 2034.<sup>1</sup>

- Over the next decade, flight hours per aircraft are expected to outpace global fleet size.<sup>2</sup> The more hours a plane flies, the more maintenance, repair, and overhaul (MRO) it will need. In the chart above, the global commercial aircraft aftermarket is projected to grow steadily, with engine maintenance and components (e.g., landing gear, auxiliary power, sensors) among the fastest growing segments.
- With rising costs for OEM parts due to supply constraints, airlines are shifting spend to the aerospace aftermarket, which provide MRO that comply with Federal Aviation Administration (FAA) standards. OEMs' premium pricing on parts and related services sets a high benchmark, allowing qualified aftermarket providers to price slightly below OEMs while still offering airlines savings. Given high barriers to entry and limited competition, leading aftermarket providers can sustain attractive margins and modestly raise prices when OEM spares or shop capacity are tight.
- As aircraft fly more hours and OEM bottlenecks persist, we believe the attractive MRO margin structure and recurring engine shop visits create a durable runway for growth. In our view, companies within the MRO industry may be well positioned for long-term growth as rising utilization and constrained OEM supply sustain demand for innovative, cost-effective solutions tied to productivity and reliability.

<sup>1</sup> Engine maintenance includes inspection, repair, and overhaul of aircraft engines and modules, including scheduled shop visits and parts replacement. Components include bench repair, testing, and swap of rotatable parts such as avionics, landing gear, APUs, hydraulics, and electrical units. Line maintenance includes routine checks, servicing, and minor fixes performed on the ramp or overnight to keep aircraft flying between major visits. Modifications include retrofits and upgrades to systems or cabin (e.g., new avionics, connectivity, interiors, winglets) to improve performance, compliance, or revenue. Airframe heavy includes deep structural inspections and repairs in hangars that take the aircraft out of service for an extended period.

<sup>2</sup> OliverWyman, Global Fleet and MRO Forecast 2025 – 2035.

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