

AlixPartners

A&D Outlook 2026

MRO Chapter Executive Summary

MRO spend boom is continuing:
Aging commercial fleet and durability issues are
expected to drive double-digit growth into 2027.

The golden MRO days are still here...

Solid demand for in-service aircraft growing at 3% CAGR between 2025 and 2035, coupled with significant delivery delays from aircraft manufacturers are forcing airlines to postpone retirements through 2029. Consequently, global fleet age reached a record 14.8 years (vs. 13.6 years historical average). Aging fleet, older aircraft, and engines with shorter repair intervals are expected to boost double-digit MRO spend growth into 2027.

...however, unplanned disruptions need to be considered

There remains a wide range of potential outcomes to the current Middle East conflict, each with possible respective disruption scenarios to Aerospace & Defense and the global economy.

A near-term resolution within the next 2 months could have a negligible impact on MRO spend if benchmark oil prices move well below \$100 a barrel and crack spreads narrow, although airlines are already in cash preservation mode.

In the case of a prolonged conflict, the impact on MRO spend may significantly change, with airlines potentially being forced to park their oldest aircraft, delay repairs, or even retire a portion of their fleet and postpone deliveries.

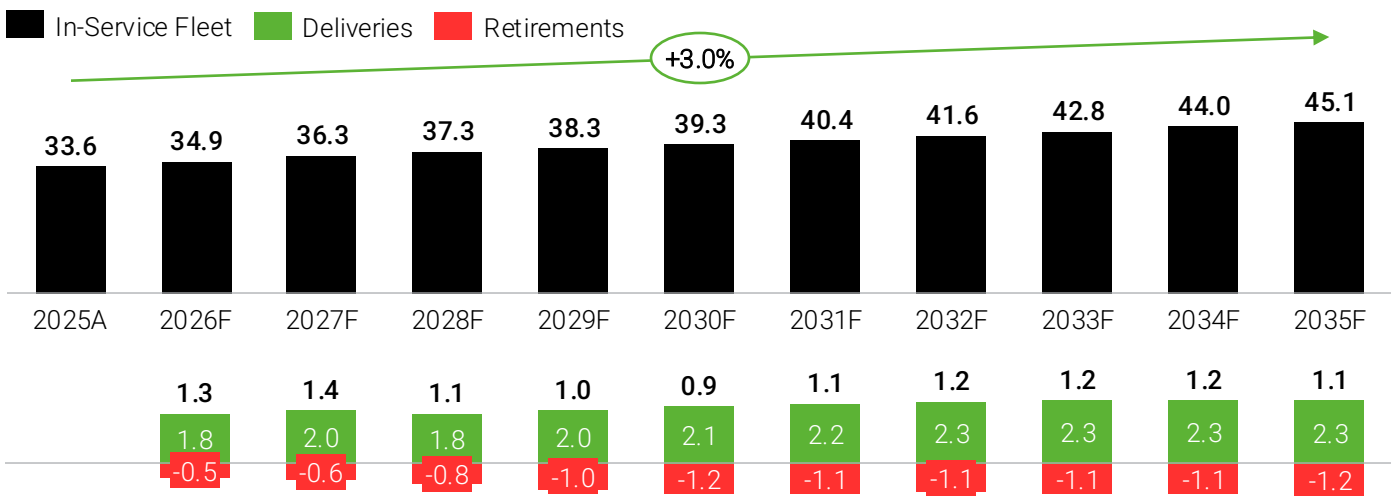
We also expect challenges with global supply chains around semiconductors and specialty materials to negatively impact spares and repairs. For global networks, geopolitically driven logistics issues will continue to be a concern, especially with shared commercial and defense supply with defense requirements taking priority.



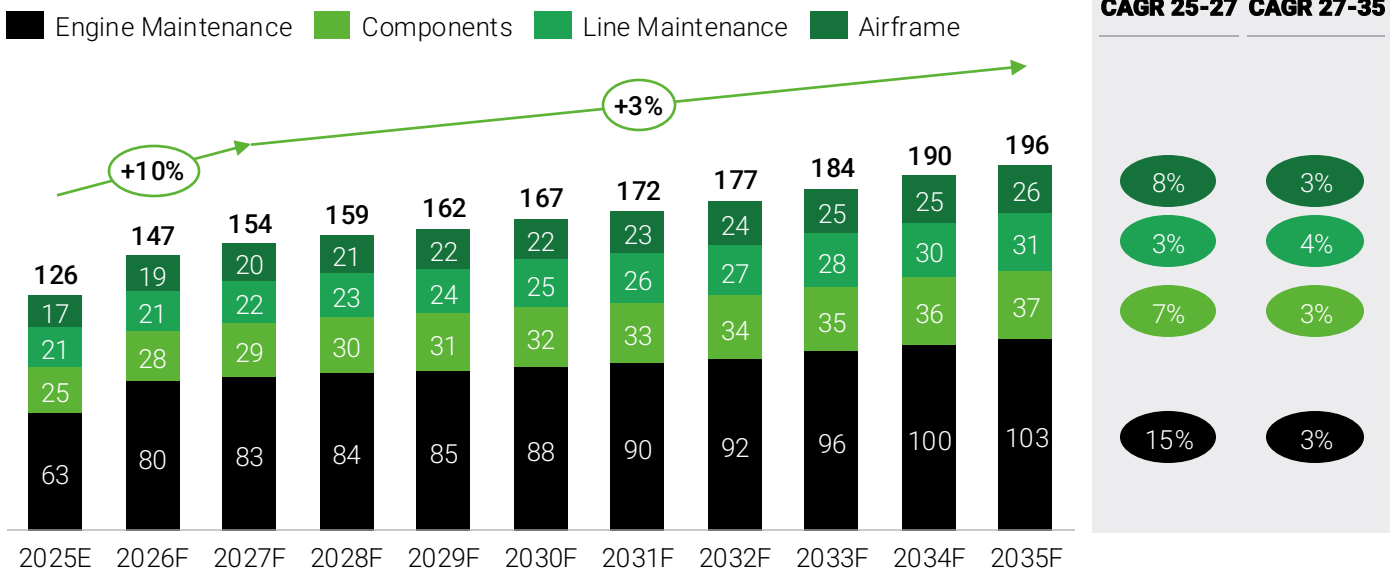
Favorable conditions in the MRO space, guaranteeing solid opportunities across sub-segments.

- 1 Solid aircraft demand
- 2 OEM-delayed aircraft deliveries
- 3 Airline-postponed retirements
- 4 Double-digit MRO growth into 2027

In-service fleet and delivery-retirement forecast (aircraft '000)



Global MRO forecast¹ (\$B; 2025-2035)



Notes: 1. Including Widebody, Narrowbody and Regional Jets, as well as Turboprop Aircraft
Source: AlixPartners analysis

The USM sector has “grown up”



A focus on optimizing unit cost has given way to time-to-part and opportunity cost of grounded assets



Engine scarcity – years away from being fully resolved – is keeping older assets flying longer



Integrated platforms becoming the norm: USM, consumables, MRO, leasing, etc.



“Keep it flying” keeps winning, as part-out end-of-life bidders lose at auction, limiting supply



OEMs increasingly active in the USM space, and appearing acquisitive when 3rd parties come to market

AI usage to elevate MRO along three main pillars

01.

Predictive maintenance

Shift from calendar-based checks to condition-based and predictive maintenance

Uses sensor and maintenance data to cut unscheduled events and improve aircraft availability

Flagship examples in defense fleets (e.g., USAF CBM+ / PANDA-type programs)

02.

Augmented workforce

Human-centric, AI-guided MRO keeps technicians in the loop

GenAI copilots speed troubleshooting, document navigation, and recordkeeping

Addresses talent shortages and accelerates ramp-up of junior maintainers

03.

Digital twins/ demand planning

AI optimizes maintenance windows, parts, and capacity at fleet level

Digital-twin and integrated data platforms connect engineering, operations, and sustainment

Turns MRO into an orchestrated readiness engine, not just a cost center

M&A to maintain strong momentum

M&A activity is not expected to slow down, with the MRO demand peak still to come. It is still a good time to pursue deals within the MRO space.

We expect solid short/mid-term growth to continue driving M&A activity until the end of the decade, with long term growth drivers guaranteeing exit potential.

Tariffs and supply chain uncertainty

U.S. trading partners dealing with large trade imbalances under high reciprocal tariffs, creating uncertainty and risk for supply chains.

Global manufacturers and corporations must triage the near-term impact while preparing their strategy for the future.

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About us

For more than forty years, AlixPartners has helped businesses around the world respond quickly and decisively to their most critical challenges—circumstances as diverse as urgent performance improvement, accelerated transformation, complex restructuring and risk mitigation.

These are the moments when everything is on the line—a sudden shift in the market, an unexpected performance decline, a time-sensitive deal, a fork-in-the-road decision. But it's not what we do that makes a difference, it's how we do it.

Tackling situations when time is of the essence is part of our DNA—so we adopt an action-oriented approach at all times. We work in small, highly qualified teams with specific industry and functional expertise, and we operate at pace, moving quickly from analysis to implementation. We stand shoulder to shoulder with our clients until the job is done, and only measure our success in terms of the results we deliver.

Our approach enables us to help our clients confront and overcome truly future-defining challenges. We partner with you to make the right decisions and take the right actions. And we are right by your side. When it really matters.

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