▲ Embraer Dallas-Fort Worth MRO facilities

As aviation continues its post-pandemic recovery, 2025 has emerged as a pivotal year for the MRO industry. The sector is experiencing robust demand, driven by maximised fleet utilisation and a surge in widebody operations. But it hasn't all been good news. Growth has been tempered by persistent supply chain disruptions, labour shortages and cost pressures, exacerbated by tariffs.

Industry leaders have had to recalibrate strategies to meet evolving customer expectations and operational realities. Airbus estimates that the MRO market has grown around 9% year-on-year. A spokesperson from the OEM's services team tells *MRO Management*: "Even though the industry faces supply chain difficulties and skilled workforce scarcity, demand is very high and investments and innovation are booming."

The company highlights the increasing use of used serviceable materials (USM) as a "stabilising force" in the supply chain, though US tariffs have created new pressures. "The main impact has been a rise in costs for parts and components," says the spokesperson.

Embraer's vice president of MRO services, Frank Stevens, says 2025 has been "a very positive year" for the Embraer Services & Support division. The company broke ground on a new $70 million facility in Fort Worth, Texas, which will boost E-Jet capacity in the US by 53%. Furthermore, globally, Embraer's MRO footprint has extended to over 80 authorised service centres and 13 Embraer-owned service centres. Stevens notes: "One of the main demands from customers is that companies significantly expanded their capacity and capability worldwide."

At ST Engineering, president of commercial aerospace, Jeffrey Lam, describes 2025 as "a dynamic year that brought both challenges and opportunities", a common sentiment. While demand has remained strong, he points to providers facing global trade tensions, persistent supply chain constraints and a tight labour market for skilled technicians. At the same time, Lam says, "Technology continues to be a positive driver. The industry is seeing advances in digitalisation, automation and AI-driven processes, which are helping to enhance efficiency, reduce downtime and improve reliability."

Talent and training: a mixed picture

In 2025, staffing emerged as both a bright spot and a pain point. Lufthansa Technik has seen notable success in recruitment by onboarding hundreds of new employees.

"In August, we welcomed a record number of students in Germany, successfully filling every single position we offered," says spokesperson Michael Lagemann. "In total, more than 1,000 people are now undergoing an apprenticeship or dual studies."

However, there are ongoing challenges. Kane Ray, head of general aviation and aftermarket at aviation intelligence firm IBA observes: "A critical observation that divides opinion is the ability and experience of the blue-collar workforce. Some see improvements, while others report shortages and inexperience which

Illustration by Phil Couzens

1. ST Engineering LEAP-1A engine technician. **2.** AMETEK MRO technician. **3.** Aero Norway engine mechanics

Laurent Bouissou, divisional vice president, AMETEK MRO

have incurred delays. Smaller MROs and suppliers to MROs point to a lack of internal system innovation that could address process improvements."

Supply chain: a persistent drag

Despite pockets of improvement, supply chain issues have been the most cited negative across the industry.

Aero Norway's chief commercial officer, Jeremy Colin, points to "extensive lead times due to delays from part repair companies, OEMs providing new parts, and the low availability of USM".

To mitigate these challenges, Aero Norway has improved material forecasting, implemented material exchange programmes, increased its internal capacity and enhanced overall flexibility.

David Stewart, partner (aviation and aerospace) at global management consultancy Oliver Wyman, comments: "There are limited signs of improvement in supply chain performance and the availability of materials and parts, leading to longer turnaround times (TATs) and increased work-in-progress and working capital."

Laurent Bouissou, divisional vice president at Ametek MRO describes 2025 as "a very busy year, but with some serious challenges". He elaborates: "Air traffic has finally caught up with 2019's record level, yet the supply chain has not recovered, with ongoing issues related to availability and price. In parallel, airlines are becoming more concerned with inflationary pressures and the MRO industry is finding itself squeezed between increasing costs, scarce resources and very demanding customers."

Stewart adds that "rising costs – whether from OEM price increases or higher labour expenses to retain staff – are challenging MRO margins and airline partnerships". He also flags global tariffs as a source of uncertainty, impacting both costs and customer relationships.

Operational complexity rises, but investor confidence too

A sobering view also comes from Pascal Parant, group chief commercial and marketing officer at Vallair. "In 2024, many fellow MRO businesses were anticipating 2025 would be a difficult year – and this has proven true," he says.

Parant cites a dramatic drop in lease transitions, from 30 annually to just two or three, as airlines extend leases due to delivery delays and engine maturity issues. Seasonal compression and aggressive price negotiation have further complicated revenue models. "If operators can generate another month of revenue, they will do so, even if it means sacrificing MRO slot commitments," Parant explains.

There are warnings, too, from paint companies. MAAS Aviation secured another 10-year MRO painting contract with Ryanair and a five-year deal with easyJet thanks, it says, to its focus on continuous improvement, raising quality standards and ensuring market-leading TATs.

However, the company's chief commercial officer, Richard Marston, says: "We continue to see low lease transitions, resulting in lower painting requirements as operators extend leases due to new delivery delays."

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Laurent Bouissou, divisional vice president, Ametek MRO

Despite the not-insignificant headwinds of 2025, investors have not been deterred, and strategic expansion has continued, as highlighted by Embraer's new openings. Oliver Wyman's Stewart says: "The MRO sector has experienced sustained growth alongside strong demand for parts and services. With most engine and hangar facilities operating at, or near, full capacity, MRO pricing has remained robust.

"The industry has also seen vibrant momentum in M&A, underscoring strong investor confidence. Moreover, ongoing passenger demand – particularly for widebody aircraft – has driven life-extension efforts on these platforms."

These trends suggest that while operational challenges persist, the sector remains attractive for long-term investment.

A brighter horizon in 2026?

While 2025 has tested the resilience of MRO providers, it has encouraged innovation, expansion and strategic recalibration, while underscoring the importance of agility, collaboration and investment in both technology and talent.

Parant says, "At Vallair, we see a positive turning point ahead and anticipate that 2026 should be significantly stronger."

For MRO managements, the challenge now is to convert short-term strains into long-term gains by balancing capacity with capability, and cost with customer value.

"IN 2024, MANY FELLOW MRO BUSINESSES WERE ANTICIPATING 2025 WOULD BE A DIFFICULT YEAR – AND THIS HAS PROVEN TRUE"

Pascal Parant, group chief commercial and marketing officer, Vallair

After a year of navigating supply chain bottlenecks, staff shortages and pricing pressures, the global MRO sector is entering 2026 with cautious optimism.

Industry leaders across OEMs, service providers and consultancies agree that next year is poised to be better than 2025. It should deliver growth opportunities and deeper customer engagement.

IBA's Ray says airlines have reported better availability (reduction in the average number of AOGs at any one time) of new-tech narrowbody aircraft during H2 2025, "a clear indication that engine MROs and additional capacity have reduced AOGs... although there is some way to go". He also says that inventory bottlenecks in the supply chain "have generally improved".

Fleet renewal and aircraft production acceleration are central to hopes for 2026. "As manufacturers ramp up production to address delivery backlogs and support fleet renewal, demand for maintenance will continue to grow," says ST Engineering's Lam. He emphasises that growth will be shaped by "ongoing trends in supply chain availability, fleet utilisation, technology adoption, and the labour market".

Pascal Parant, group chief commercial and marketing officer, Vallair

Airbus has the same sentiment, noting that "the dynamic of investments and increasing capacity for maintenance operations which started in 2025 will continue in 2026." Airbus's spokesperson adds that traffic growth and fleet expansion will sustain demand, while digitalisation will "soften the supply chain difficulties and workforce scarcity that will not be entirely fixed".

To meet rising demand, MRO providers will have to double down on technology and workforce development. For example, ST Engineering is deploying smart MRO technologies, from predictive analytics for parts planning to AI-powered engine health monitoring. These tools can enhance productivity and customer support, while partnerships with educational institutions aim to build skilled capacity.

Stewart sees AI as an underutilised game-changer. He says: "AI is showing increasing evidence of having a material impact on productivity in airline technical operations, particularly when applied to the right use cases." He also flags the training supply chain as both a challenge and an opportunity, urging innovation in recruitment and incentives.

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▲ Aircraft painting taking place at MAAS Aviation

Footprint gains in the shadow of supply chain woes

Embraer is leveraging its current momentum across commercial, executive and defence aviation to expand its MRO footprint. "In 2026, we aim to keep expanding our MRO network worldwide to provide more capacity and capability, and add value for our commercial and executive jets customers," says Stevens.

Lufthansa Technik is also investing heavily, despite 2025 having "more challenges than expected" and affecting profitability. "Our growing sales show that customers are counting on us... and this gives us confidence," says Lagemann. He highlights new sites in Portugal and Canada, as well as the modernisation of its Hamburg headquarters, as healthy signs in the MRO market.

Stewart emphasises the need to "enhance supply chain transparency and collaboration across the entire value chain," and points to aftermarket partnerships and consolidation as key levers.

IBA's Ray notes that engine OEMs must "continue sourcing additional capacity, whether organically or through licensing." He adds that if narrowbody engine OEMs can deliver reliable new tech, it could "prompt retirements thereafter improving supplies of USM for more affordable MRO solutions".

At Ametek MRO, Bouissou also sees opportunity in legacy support. "The offloading of older repair programmes to third parties is likely to continue as OEMs re-centre their activities on newer, higher margin products," he says. He stresses the importance of support agreements with OEMs, especially as software and documentation controls tighten.

Lease transitions, consolidation, and regional diversification

Lease transitions, a key revenue stream for many MROs, are expected to rebound.

Vallair's Parant says: "Aircraft that have been in extended service will come due for maintenance, and the heavy season will have exhausted many assets requiring checks." He notes that major operators have already secured winter slot capacity and that "new entrants are reaching out for support", a reversal from the uncertainty of late 2024.

"THE INDUSTRY IS SEEING ADVANCES IN DIGITALISATION, AUTOMATION AND AI-DRIVEN PROCESSES, WHICH ARE HELPING TO ENHANCE EFFICIENCY, REDUCE DOWNTIME AND IMPROVE RELIABILITY"

Jeffrey Lam, president of commercial aerospace, ST Engineering

Jeffrey Lam, president of commercial aerospace, ST Engineering

However, Marston cautions that lease transitions may remain at 2024/2025 levels until 2027, suggesting that "market consolidation/partnerships" will be necessary to manage overcapacity and labour challenges.

At Oliver Wyman, Stewart anticipates consolidation across fragmented MRO segments such as distribution, component repair and end-of-life material solutions. "Aftermarket partnerships are expected to increase repair and pooling opportunities, helping to counteract poor parts availability and high prices," he says. He believes a geographic shift might also be in the offing: "Ongoing economic and geopolitical instability is driving airlines to find suppliers closer to their operations, or in less volatile regions."

This might open doors for trusted regional MROs to expand capacity or deepen service offerings. It will also encourage further expansion from major players such as Embraer whose services and support division recorded its highest ever backlog – US$4.9 billion in Q2 2025, a 55% increase compared to Q2 2024. "We view 2025 as a stronger year in terms of strategic delivery, and we remain focused on building future momentum," Stevens says.

It appears that 2026 will be defined by agility, scale and strategic opportunity. Whether through AI adoption, global expansion, supply chain recalibration or customer-centric service models, MRO providers are preparing to meet rising demand with smarter, more resilient operations.

As Bouissou concludes: "This environment will offer growing opportunities to players able to respond to these trends... while retaining their agility and capacity to respond to increasing customer expectations." ●