

TEARDOWN MARKET EXPANDS AMID SUPPLY CHAIN CONSTRAINTS

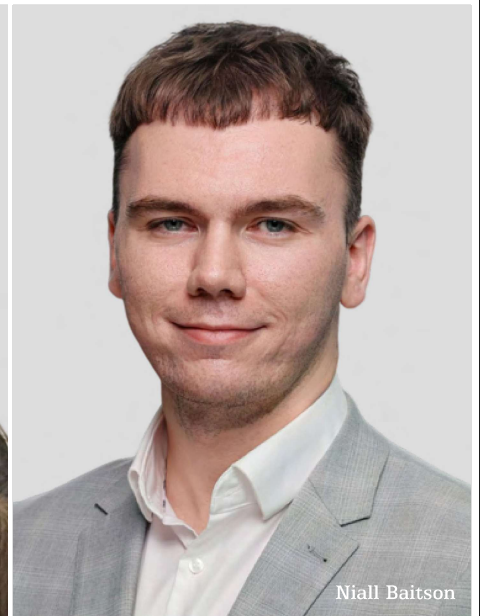
The teardown market continues to grow as supply chain challenges and longer OEM lead times drive increased demand for serviceable components from aircraft exiting active service. Freightier Trends learnt that larger parts pools and main base kits, along with repair-or-replace strategies, help airlines and Power-by-the-Hour providers mitigate AOG situations and manage costs. At the same time, leasing requirements—such as maintaining appropriate part age—shape fleet decisions. Although some newer aircraft are being dismantled, the average teardown age has risen to over 24 years, as delivery delays keep traditional 18–20-year-old aircraft in service longer.



Pascal Parant



Valentina Pilshchikova



Niall Baitson

How do you see the current outlook for the Aircraft Teardown market today?

Pascal Parant, Chief Commercial & Marketing Officer - The market prior to the Iran war was quite unique. Activity was mainly concentrated at the two extremes of the spectrum. On one side we have the oldest aircraft — those too expensive to keep flying, either reaching their design limits or requiring multiple overhauls with long and costly lead times. On the other, Vallair has observed an interesting number of relatively young A320neo family aircraft powered by GTF engines being dismantled, driven by supply chain issues and extraordinary values for freshly overhauled engines.

Despite more than a dozen six-year-old A320neos being torn down, of the fewer than 500 aircraft dismantled last year, the average age continued to increase to over 24 years.

Traditional 18- to 20-year-old candidates continue flying due to new aircraft delivery delays. And 2026 may look very similar to 2025, especially following the announcement that Pratt & Whitney will not meet its GTF delivery targets for the A320.

Niall Baitson, AOG Manager – EirTrade Aviation

The teardown market continues to grow and has become an important part of the aviation aftermarket. Ongoing supply chain challenges and longer OEM lead times have increased demand for serviceable components sourced from aircraft exiting active service. Through structured teardown programs, EirTrade Aviation recovers and redistributes high value

components back into the supply chain, helping airlines and MROs maintain fleet reliability and meet urgent parts demand.

How critical has USM become amid ongoing OEM supply chain constraints?

Pascal Parant - USM is recognised as one of the only viable alternatives to supply chain disruptions, price increases, and value generation through teardown activity. We





aircraft for disassembly (not overly aged configurations, decent current ratios, and LLP status, etc.) is constraining the market and artificially raising the percentage of Current List Price values for high-demand parts.

At Vallair we believe that USM demand remains healthy and attractive from a business standpoint. Nevertheless, we must remain cautious in the event of a market downturn.

Niall Baitson - USM has become a critical part of the aviation supply chain as OEM lead times remain unpredictable. Many operators now rely on USM as a primary sourcing strategy rather than simply a backup option. By combining teardown expertise with strategic sourcing and partnerships with repair shops, EirTrade ensures certified components remain available, helping airlines reduce lead times and manage maintenance costs effectively.

have recently seen Airbus acquiring Unical, which also owns the teardown company, eCube, and we note that more OEMs are

entering the parts trading business — even trading competitor products.

However, the lack of suitable

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Are airlines relying more heavily on teardown parts to avoid AOG situations?

Pascal Parant - EU261 and other passenger compensation schemes are making airlines more open to any safe solution that reduces aircraft downtime. Today, it is mainly the size of the parts pool and the dimension of main base kits that help mitigate AOG situations. A repair-or-replace strategy, combined with larger pools or MBKs at more competitive prices, is always an attractive solution for both airlines and Power-by-the-Hour providers.

For leased aircraft, however, operators must comply with specific rules, such as maintaining an average part age compatible with the aircraft's age. In the past, it was tempting to return a 12-year-old aircraft with significantly older components. Contracts have prevented this behaviour for some time now. That said, it can also limit what airlines are able to use.

As Vallair observes, with lease extensions now reaching 24 years or more, this constraint is gradually disappearing as fleets age.

Niall Baitson - Yes, airlines and MRO providers are increasingly using previous teardown components to help avoid AOG situations. With OEM delivery timelines often extended, access to serviceable parts is critical. EirTrade works closely with repair shops and global partners to quickly source and distribute certified components, helping operators return aircraft to service faster and minimise costly downtime.

Has the value of key components - especially engines and landing gear - increased due to shortages?

Pascal Parant - It is always a matter of supply and demand. With turnaround times increasing to over a year and overhaul bills reaching astronomical levels, engines, spare engines, landing gear, and APUs naturally follow the same dynamic, and prices have increased significantly.



We have heard of GTF overhauls for the A320 exceeding \$22 million. It sounds extraordinary, but it remains the only alternative for airlines to continue operating and maintaining their flight programmes.

The same applies to landing gear. Spare parts and repair cycles are lengthening, and demand for life extension is strong. Some aircraft types that were previously expected to be phased out remain in service, keeping spare part prices high for quality assets.

Niall Baitson - High demand components such as engines, landing gear, and APUs have increased in value due to strong demand and limited supply. These assets are key drivers of value during teardown projects. We maximise the value of these parts by efficiently recovering and handling them and by strategically sourcing piece parts to help fill gaps in the supply chain.

How do tariff changes and trade policies impact teardown economics?

Valentina Pilshchikova, Engine & Parts Trading Sales Manager - Normally, aerospace products are not significantly affected, and recent Supreme Court decisions scrapped certain tariffs.

At Vallair we have seen MRO

contracts including tariff-related provisions, but so far, we have not observed any tangible impact.

Niall Baitson - Tariffs and changing trade policies can introduce additional regulatory and logistical considerations when moving aircraft components across borders. The aviation aftermarket operates globally so efficient logistics are essential. With international operations and warehouses located in Ireland and the US, EirTrade keeps parts moving efficiently ensuring operators can access critical components despite global trade challenges.

Do you see rising competition for mid-life narrowbody assets suitable for teardown?

Valentina Pilshchikova - Yes, competition is increasing for mid-life narrowbody aircraft suitable for teardown. Aircraft such as the Boeing 737-800 and Airbus A320-200 are being operated longer, keeping demand for teardown-derived parts strong.

At the same time, relatively few aircraft are being retired. Quality teardown candidates are limited, resulting in increased competition for suitable assets, particularly those equipped with strong engines.

Additionally, expanding companies such as Setna IO, AerFin, and FTAI require aircraft to fuel their growth. Their business models demand significant acquisition volumes to secure leadership positions. With strong investor backing, they continue purchasing aggressively to become dominant market players.

Niall Baitson - Yes, competition for mid-life narrowbody aircraft with strong USM potential has increased as demand for serviceable components continues to grow. EirTrade actively identifies aircrafts with high teardown potential and works with repair shops and partners to source components efficiently, using innovative approaches to prioritise critical parts and reduce lead times for operators worldwide.



How is digital inventory tracking improving USM lifecycle management?

Pascal Parant - In light of recent developments and renewed market enthusiasm for AI earlier this year, we need to distinguish between aspiration and operational reality.

Digital tools will continue to develop and provide assistance, but they are not a universal solution for a highly specific and technical business.

If we refer to a fully digital system capable of tracking parts throughout their entire lifecycle, this would require a universal database and standardised solution. Without that, such a project remains extremely difficult to implement. And key questions remain. Would it be free? Who would control it? What happens in the event of cross-border disputes?

Parts tracking already spans decades. Over a 40-year programme life, countless events may occur. Achieving full lifecycle digital traceability is far more complex than it appears.

Niall Baitson - Digital inventory tracking is improving traceability and efficiency across

the USM market by allowing companies to manage part history, certifications and maintenance records more accurately. EirTrade operates systems to track parts from teardown through distribution, improving visibility, speeding up sourcing and supporting global operators with reliable access to units.

How do you see the teardown and recycling market evolving toward 2030?

Valentina Pilshchikova - There will always be a market, but it will evolve significantly as neo aircraft issues are gradually resolved. We may witness a wave — even a tsunami — of USM entering the market from large fleet teardowns. However, assets typically experience a “third life,” as cycles tend to repeat.

At Vallair we think fewer neos will be dismantled, more 787s will enter the teardown cycle, and we will see the retirement of the oldest A380s and 747-8 passenger variants (not freighters) as the 777X ramps up production.

As in every cycle, some brokers may disappear, while smart companies will move into niche markets. Strategic

investors will acquire quality aircraft at lower prices, waiting for the next opportunity wave.

We will also face new regulatory challenges related to recycling carbon composite aircraft structures.

The key question remains how OEM market control will shape the future of USM. Will GTF remain as attractive as the LEAP engine? Will GE9X prove more attractive than Rolls Royce alternatives? As long as certain OEM strategies restrict market access, the answer becomes evident — and green time may ultimately become more valuable than teardown economics.

Niall Baitson - The teardown and recycling market will continue to play a key role in the aviation aftermarket as fleets age and the demand for serviceable components remains strong. Through structured teardown programs, targeted recycling initiatives and strategic coordination with repair shops and partners, EirTrade will continue to maximise asset value, support sustainability goals and ensure operators worldwide have timely access to critical parts to keep their fleets running efficiently.

AERO ENGINE LEASING LAUNCHES WITH AERO ENGINE SOLUTIONS TO BOOST CFM MARKET

RTX delivered a strong financial performance in 2025, closing the year with solid gains across sales, earnings, and cash flow, reflecting sustained demand in both its commercial aerospace and defense businesses.

The company reported full-year sales of approximately \$88.6 billion, marking a notable increase over the previous year, while adjusted earnings per share reached \$6.29 and free cash flow climbed to \$7.9 billion. This momentum was supported by robust activity across its key segments, including Pratt & Whitney, Collins Aerospace, and Raytheon, alongside a record backlog of around \$268 billion, underscoring long-term demand visibility and program strength.

In the fourth quarter, RTX continued to build on this momentum, delivering double-digit organic growth with

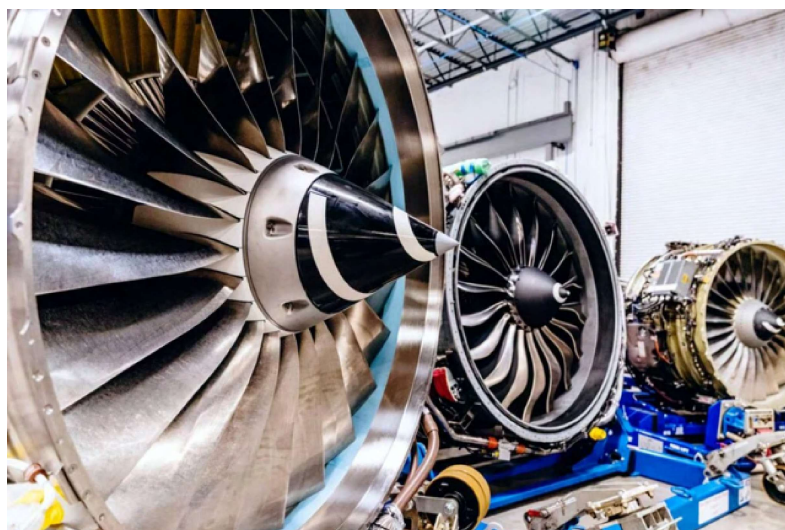
sales of about \$24.2 billion. Profitability remained strong, with adjusted earnings per share of \$1.55 and free cash flow of \$3.2 billion, driven by increased production volumes, strong aftermarket services

and munitions amid a shifting geopolitical landscape.

Looking ahead, RTX has outlined a positive outlook for 2026, projecting continued growth across its financial

metrics. The company expects sales to reach between \$92 billion and \$93 billion, with organic growth of around 5–6%, alongside adjusted earnings per share in the range of \$6.60 to \$6.80. Free cash flow is anticipated to increase further to between \$8.25 billion and \$8.75 billion, supported by strong execution, improving supply chain conditions, and sustained demand across both commercial aviation and defense markets.

With a solid financial foundation, expanding backlog, and balanced exposure to both civil and defense sectors, RTX enters 2026 with confidence, positioning itself for continued growth and long-term value creation in an increasingly dynamic global aerospace environment.



demand, and ongoing recovery in global air travel. The defense business also remained a key contributor, benefiting from heightened demand for advanced systems