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Southeast Asia Aircraft MRO - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

Market Report | 2024-02-17 | 140 pages | Mordor Intelligence

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Report description:

The Southeast Asia Aircraft MRO Market size is estimated at USD 5.34 billion in 2024, and is expected to reach USD 7.12 billion by 2029, growing at a CAGR of 5.94% during the forecast period (2024-2029).

Prior to 2020, the air passenger traffic and new aircraft orders were increasing rapidly in the region, which attracted global MRO players to enter the market and expand. However, the outbreak of COVID-19 caused a severe downturn in the airline and associated industries. Major airlines have now restructured their growth strategies, including early retirement of few aircraft, postponement of new aircraft deliveries, cutting down the workforce, scaling down operations, and optimizing operational costs. As most of the fleet remained grounded for a significant period in 2020, some airlines opted for major maintenance work.

Over the last two decades, Southeast Asia has been making the most of its favorable geographic location by complementing it with state-of-the-art aviation infrastructure. The region's strategic position and the strong local supply chain have contributed to its position as a preferred location for many MRO companies. Maintenance constitutes a major portion of the financial business model of aircraft operators in the region.

Players from Singapore have established themselves as dominant players in the industry over the years. Following the success of Singapore in the industry, players from countries like Indonesia, Malaysia, and Thailand are trying to replicate the success of Singaporean players and developing their MRO capabilities, which is positioning Southeast Asia as an important hub for Aircraft MRO globally.

Technological advancement in additive manufacturing, predictive maintenance, aircraft health monitoring systems, composite repair capabilities, artificial intelligence, and big data will play a major role in the coming years, as most of the MRO players in the region will opt to streamline their operations through automation to generate higher revenue during the latter half of the forecast period.

MRO in Southeast Asia Market Trends

Commercial Aviation Segment Projected to Exhibit the Highest Growth Rate During the Forecast Period

The growth in air traffic in the region over the years has put pressure on airline operators to maintain their fleet in operational condition. Since Asia-Pacific overshadows the other regions in terms of new aircraft deliveries, and Southeast Asia, in specific, has become a focal point in terms of the commercial aviation industry growth, the operators in the region are ramping up their capabilities to cater to a growing aircraft fleet that is propelling the demand for aircraft maintenance. For decades, the commercial aircraft Maintenance, Repair, and Overhaul (MRO) market in Southeast Asia has been dominated by established players in Singapore, providing maintenance services for airlines both in and outside the region. However, several players have entered the market in countries like Indonesia, Thailand, and Malaysia over the years and have challenged the dominance of established Singaporean players. The low labor costs in countries like Indonesia attract foreign players to set up their own MRO facilities in these countries. Despite the considerable growth in competition in the market, several major airlines in the region have only minimal in-house maintenance capabilities and outsource most of the work to companies affiliated with rivals or independent service providers. In this regard, the airlines in the region are enhancing their maintenance capabilities to cut out cash outflow to third parties and rivals by developing their in-house maintenance businesses. For instance, the Garuda Maintenance Facility (GMF) by AeroAsia is taking aggressive steps to expand its MRO business overseas while improving its in-house maintenance capacity in the country to cater to more airlines. In January 2021, Revima Group, which has set up a new landing gear maintenance facility for the A320 and the B737NG narrowbody aircraft in Thailand, announced that it has obtained Part-145 certification from three key agencies, namely CAAT (Civil Aviation Authority of Thailand), EASA, and FAA, and is ready to start its activities. Likewise, Thai Airways International, Thailand's national flag carrier, is also expanding its MRO business. However, in the wake of the COVID-19 pandemic, the commercial aviation sector has suffered massive losses. Due to the depleting economic reserves of the players and prospective customers, uncertainty now looms over the envisioned MRO projects in the region.

Singapore Accounted for a Major Market Share in 2021

Singapore is leading the aircraft MRO market in Southeast Asia. The aviation sector is the major contributor to the development of the Singaporean economy. Despite its relatively small size, Singapore has been one of the fastest-growing aviation markets in the region over the years, driven by the huge tourist inflow and growing business travel into the country. Singapore caters to about 1/4 of Asia's maintenance, repair, and overhaul (MRO) requirements and 1/10 of the global MRO output, and it possesses comprehensive nose-to-tail MRO capabilities. Singapore's home-grown aviation companies, ST Aerospace and SIA Engineering, are among the top MRO companies globally, both in terms of revenues and capabilities. ST Engineering, one of the major players in the country, is looking for expansion of its aerospace MRO business, both locally and internationally. While the company is pursuing capacity expansion in countries like the US, it has also set up a Joint Venture with Vietnam Airlines Engineering Company (VAECO), a subsidiary of Vietnam Airlines Co. Ltd, Vietnam Singapore Technologies Engineering Aerospace Co. Ltd. In February 2021, the government of Singapore announced a defense budget of about USD 11.56 billion for 2021, a 12.7% increase over the 2020 defense budget. As most of Singapore's fleet is aging or due for a mid-life upgrade, the demand for military MRO is also expected to grow during the forecast period. At the same time, driven by the positive outlook for general aviation demand in the country, several foreign players are entering the market in Singapore. In October 2020, Jetex, an executive aviation provider, announced the expansion of its global FBO network in the Asia-Pacific region with the addition of a fixed-base operator in Singapore. In collaboration with Bombardier, the new FBO expands the Singapore Service Centre at Seletar Aerospace Park beyond aircraft service and maintenance and now offers a full range of services to the business jet operators. Such developments are expected to drive the growth of the market in Singapore during the forecast period.

MRO in Southeast Asia Industry Overview

The market for aircraft MRO services in the Southeast Asia region is moderately consolidated. Singapore Technologies Engineering Ltd, GMF AeroAsia, Safran SA, StandardAero, and Sepang Aircraft Engineering Sdn Bhd are some of the prominent players in the market. For a long time, the market was dominated by players based in Singapore, but the dynamics are now changing. The market is witnessing investments from players into countries like Thailand, Indonesia, etc., owing to the growing aircraft fleet and lower labor costs compared to Singapore. The market is witnessing a huge investment from key players in facility development, technological innovations, joint ventures, and partnerships. Players are focusing on developing their MRO capabilities in the region, making the market more competitive with the entry of new players. Such developments are expected to make the market more competitive during the forecast period.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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