

Fast 5: Where is the Engine Aftermarket Headed?

Henry Canaday May 05, 2022



Kevin Lenz, senior vice president for powerplants at AvAir

AvAir has just secured an additional 9,000 line items under [a long-term aftermarket sales agreement with Lufthansa Technik](#), after [obtaining an initial 9,000 line items from LHT in 2020](#). Aviation Week spoke to Kevin Lenz, AvAir's senior vice president for powerplants, about how he sees the engine aftermarket now and in the next few years.

How close are airlines to burning up green time for narrowbody engines?

It's hard to say. Our focus is on CFM56-5s and -7s and V2500s for narrowbodies, and CF6-80s for widebodies. We are seeing green time swaps out there. We are also seeing smarter shop visits and reinvestment. There are top case repairs and hospital visits. It's not like the old days. Forecasting is more challenging now. How close we are to burning up green time, I don't know.

Looking forward, we see good opportunities for leasing and part suppliers. There will be a huge demand for overhaul spots sooner or later. The airlines can't wait indefinitely. There will be limits on shop visit capacity, and a lot of demand for MRO. Getting in will be challenging. To avoid difficulties, you have to invest today. I think some airlines are feeling the squeeze. The trend to swapping is expiring.

At what percent of an engine fleet flying does an airline no longer have much of a green time option?

At 80% it is getting tight. It depends on the size of the fleet. If you rely on green time and you are getting to 80%, there is no huge buffer. Of course, if you have 100 aircraft and only 50 are coming back into service, there is more room. But if you have 100 aircraft and 80% are in service, you should be sweating a little bit.

When do you expect the spike in shop visits for narrowbody engines?

Before the pandemic, we expected a spike in narrowbody engines in 2022-23, depending on models. Now, we see it pushed back five years. But I don't think it will be a sudden peak. I see a more gradual increase. It will grow slower than before. On CF6-80s, these are workhorse engines. They are building very quickly on their models due to cargo growth.

When the spike comes, where will the greatest stress be: spare engines, shop capacity, parts, labor?

I think that if the lean trend continues, you will see strong demand for spares. And there will be stress in shop capacity. There are not a lot of major engine MROs trying to build up capacity now. It's a difficult time to invest. Adding slots by investing in this environment will take a long time. And I see challenges in parts—I hope that will be corrected. There is a scarcity of parts now.

Early in the recovery, everyone predicted a huge wave of materials versus depressed demand, but that did not happen and it is not happening. There are higher scrap rates and lower yields than the predicted yields during the pandemic. And some shops, to get through the pandemic, reduced labor, or labor was furloughed or took early retirement. So, you are getting lower yields of parts and longer lead times in securing parts. I don't think that will correct for quite a while.

Do you have any recommendations for operators?

Try to have little more foresight or you will see delays getting through shops. You have to decide whether to spend money now or spend more later. And you will not want aircraft sitting on the ground.