



# Plane Talk: COVID and MRO

## Aviation Technician Education Council 2020 Annual Conference

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# Overview

- ARSA background
- Survey findings/economic conditions
- Factors affecting the future

# ARSA Background

- ARSA is the voice of the global aviation maintenance industry
- Founded in 1984
- Based in Alexandria, Virginia (across the Potomac River from Washington, D.C.)
- Regular members are companies that hold FAA part 145 certificates or equivalent certification from a civil aviation authority
- Membership also includes airlines, manufacturers, other companies with interest in maintenance, schools, individuals
- More than 400 members representing 520+ certificates
- Managed by law firm of Obadal, Filler, MacLeod & Klein, PLC

# 2020 ARSA Mid-Year Survey

- Methodology and respondent profile
  - Conducted online in July 2020
  - Data based on 99 U.S. headquartered MX companies representing 266 certificates in the United States and 23 foreign facilities
  - Strong alignment between results and Oliver Wyman (OW) and government reports

# 2020 ARSA Mid-Year Survey

- Repair station revenues
  - 88.8 percent report declines
  - Average decline is 45.9 percent (OW predicted 43 percent drop in 2020 MX demand)
  - MX industry effectively lost half its business activity in first half of 2020

# 2020 ARSA Mid-Year Survey

- Jobs impact:
  - Aggregate employment fell 26.9 percent from Jan. 1 to June 1
  - Projected across entire workforce (193,000 workers pre-COVID), repair stations laid off an estimated 50,000+ workers since Jan. 1
  - Reductions spread unevenly:
    - 47.5 percent reported declines in employment
    - 42.5 percent reported no change
    - 10 percent added employees
  - Companies receiving government relief had far fewer layoffs

# 2020 ARSA Mid-Year Survey

- What's ahead?
  - More job losses:
    - 31.7 percent plan temporary reductions through end of the year
    - 9.8 percent plan permanent reductions
  - Company outlook for 2020 vs. 2019
    - Pre-COVID: 69.57 percent expect growth and 5.8 percent expected contraction
    - Post-COVID: 70 percent expect contraction and 12 percent expect growth
  - When will business return to normal?
    - More than half say not before next summer (almost a quarter say no until 2022)
  - One-third of respondents (31.8 percent) concerned about company survival

# Factors Affecting the Future

- Markets, customers, geography
- Additional relief legislation (PPP, payroll support, aerospace jobs bill)
- Reopening/infection spikes
- Vaccine distribution (impact on public confidence and direct impact on transportation)
- Health of global economy



# Resources

- [Oliver Wyman \(OW\) 2020 Global Fleet & MRO Market Assessment](#)
- [OW COVID-19 Impact on Commerce Aviation Maintenance](#)
- [2020 ARSA Mid-Year Survey](#)

# Stay safe, stay positive and stay in touch ...

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