OLIVER WYMAN
A MARSH BUSINESS

Global military aircraft fleet and sustainment outlook

2026-2036

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About this report

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This report offers Oliver Wyman's view of key demand trends in the global military aviation sector.

About this report

This report examines select trends in both the supply and demand sides of the military aircraft market, including:

- *Military aircraft procurement plans*
- *Military aircraft inventories*
- *Maintenance, repair and overhaul (MRO) demand*
- *The breadth and financial status of different segments of the military aircraft industrial base*

It's a follow on to an earlier release that provided an overview of the 2025-2035 forecast period.

The report highlights shifting dynamics, and will be produced annually going forward, capturing shifts in military aircraft defense spending and procurement for the geographic regions it covers.

Our objective with this document is to highlight important trends that our clients and other industry players need to understand to make smart investment and planning decisions.

Price escalation versus inflation

Oliver Wyman's model of demand for military aircraft sustainment, which includes MRO, is based on constant 2025 US dollars. The forecast does not include inflation projections, which can vary widely across countries, regions, and sectors.

Our model sometimes includes estimates for price escalation among parts and labor in major categories of MRO work, which we note.

Parts escalation is based on our market survey data and RBC quarterly information.

Labor input is based on the US consumer price index and Oliver Wyman analysis.

Throughout, values are presented in constant dollars unless otherwise noted.

State of the sector

02

The 2026-2036 report reflects Oliver Wyman's proprietary forecast for growth in the global military aviation fleet and MRO market demand

Market growth overview

Military aircraft deliveries and change in fleet size

Deliveries will grow by 15% (value) over the decade:

- The active global fleet will grow from 44,700 aircraft at the start of 2026 to 50,700 at the beginning of 2036
- The expansion is driven primarily by higher European defense spending and an increase in uncrewed aerial systems, particularly for combat

Military aircraft sustainment demand

Demand for sustainment, which includes MRO activity, will grow at 1.1% CAGR between 2026 and the beginning of 2036, 11 times higher than the previous decade's 0.1%, driven by:

- Rising engine maintenance spending
- Higher utilization among European air forces
- Higher sustainment requirements and costs among the more complex, newer platforms
- We lowered the CAGR from the 2025 level because the US put off deliveries of fighters

Key trends in military aviation procurement

US budget shifts

Fiscal year 2026 Department of Defense budget proposes higher aviation spending but delays a ramp-up in aircraft procurement, spending instead on near-term R&D for next-generation platforms like F-47, MV-75, and Collaborative Combat Aircraft.

European rearmament

European governments are expanding defense spending in the wake of Russia's invasion of Ukraine and other aggressive posturing. This has prompted higher near-term demand for fighters and other aircraft and increased spending on aircraft utilization and MRO.

Combat aircraft evolution

Fourth- and fifth-generation aircraft deliveries will grow in the near-term, especially outside the United States. Investment in uncrewed combat aircraft is growing and will create significant operational inventories by the end of the 2020s.

Uncertainty over the fate of rotorcraft

Technological change and survivability concerns are expected to reduce demand for helicopters. The US Army plans a substantial force reduction in attack and utility helicopters, even as it doubles down on MV-75 development.

Major defense trends governing the growth of the military aviation fleet

2025 saw some dramatic shifts in the defense postures and game plans of the United States and its major European allies.

The fleet itself is expected to grow at a compound annual growth rate of 1.3% over the next decade.

Primarily responsible for that growth is European rearmament.

Europe is pushing for immediate increases in defense capabilities through significant increases in defense spending by European members of the North Atlantic Treaty Organization (NATO).

In response to the ongoing invasion of Ukraine, Russian violations of NATO airspace, and cyberattacks and disinformation campaigns reportedly perpetrated by Russia, NATO's European members agreed to raise their direct defense contributions to about 3.5% of each nation's gross domestic product.

Along with infrastructure and military aid spending, this could amount to as much as a doubling of spending on defense, assuming the nations follow through, over the next five years with the bulk of funds going toward purchases of hardware and advanced technology.

The US, on the other hand, has delayed procurement for some crewed aircraft in favor of near-term research and development (R&D)…

…of next-generation models and advanced capabilities. This translates to a slower CAGR for the US military fleet, now projected to grow at 0.4% CAGR through 2036.

Between 2019 and the beginning of 2030, defense budgets for the US and Canada are expected to rise about 4.5% annually.

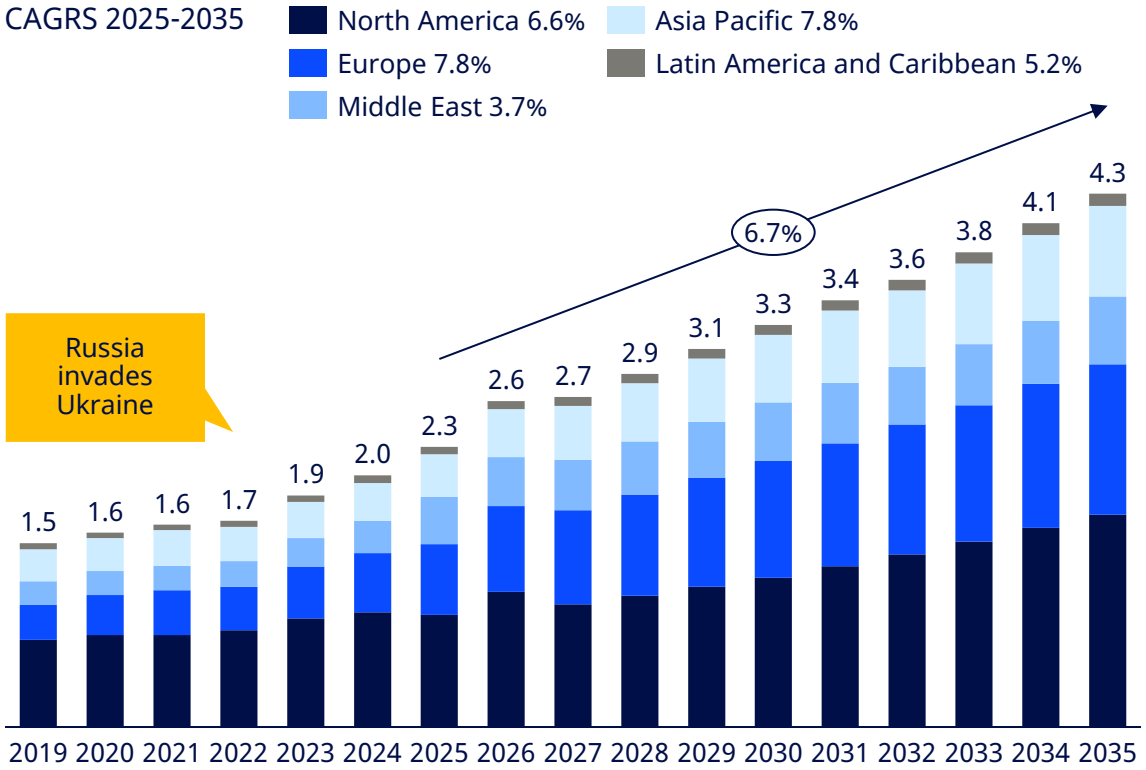
While significant, it's less than one-half the rate at which European spending is slated to expand in that period and about the same rate as growth of defense budgets in the Middle East.

Because of escalating geopolitical tensions in almost all parts of the world, security concerns are expected to remain close to the top of governmental agendas for at least the next three to five years.

This international friction has been exacerbated by the increasing fragmentation of the global financial system and disruptions in global commerce as nations turn away from globalization and use trade and investment policies to try to manipulate international commerce.

Most regions of the world are seeing real growth in defense spending

Global defense budget by region[1]
In trillions of US $ (nominal) | 2019-2025 actual, 2026-2035 forecast



1. This forecast covers UAS with a Maximum Takeoff Weight over about 600 kilograms/1300 lb, equivalent to Group 4/5 UAS, as they are part of the traditional aerospace supply chain and generate sustainment spend in a similar way to crewed aircraft. Note: Does not include Ukraine
Source: Oliver Wyman analysis drawing on Janes GPS, Industry Press, Government Announcements

Global defense market trends

Political tensions and strategic rivalries, especially with Russia, China, and North Korea, are prompting nations to boost military readiness and modernize forces around the globe. Besides European members of NATO, many countries in other regions also plan increases in their defense budgets.

For instance, Australia has said it will expand its defense budget by about 5.9% per annum between 2026 and 2030, increasing spending to $56.2 billion from $44.6 billion. Meanwhile, Japan's Ministry of Defense made its largest request ever for the fiscal year that begins April 2026, and South Korea has announced plans to increase its defense contribution to 3.5% of its GDP "as soon as possible." Middle Eastern air forces are also spending more on defense and fighters.

Recent conflicts in Europe, the Middle East, and Asia are providing the impetus behind other critical trends in warfare and technology, such as the increased spending on space-based programs. But while the increased demand is expected to provide some economic stimulus, it is also putting strain on industrial production capacity, especially in Europe. Already, shortfalls in stockpiles of spare parts and munitions, production capacity, and skilled labor could ultimately slow expansion of defense capacity.

Drones will continue to play an ever-expanding role, ranging from small, expendable drones as seen in enormous numbers on Ukrainian battlefields to significant recent developments in naval surface and undersea autonomous vehicles. We expect a 10% CAGR on large UAS deliveries.

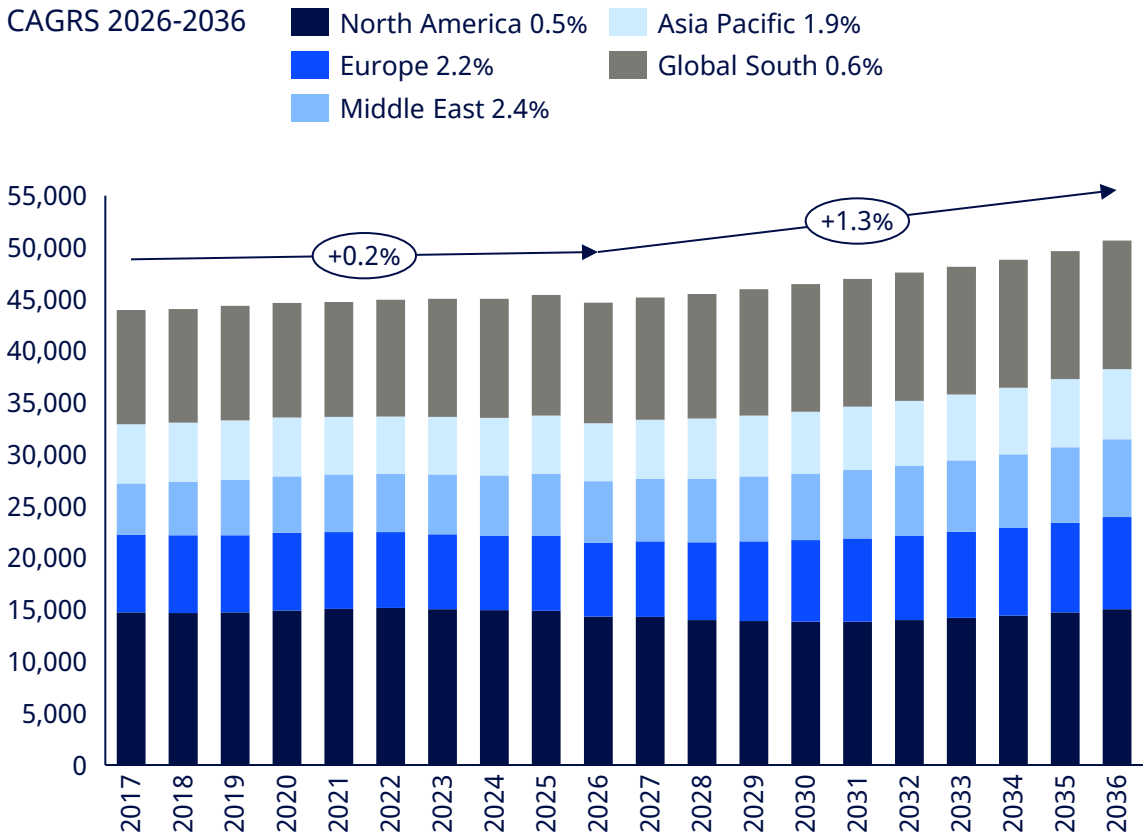
There is a proliferation of so-called new defense around technologies like artificial intelligence and low-orbit satellite networks for surveillance.

Fleet growth

03

Military aviation fleets will grow because of higher European defense spending in the first half of forecast and procurement by the US in second

Global military aircraft fleets[1]
Active aircraft 2017-2036



Globally, fleets are growing modestly but much higher than the previous growth rate 2017-2026 of 0.2%:

- There is a near-term uptick in deliveries to Europe
- At the same time, deliveries to the United States have been reduced and postponed to later in the 10-year forecast in favor of near-term spending on research and development, so the global growth rate has fallen slightly from the 1.4% CAGR of our 2025-35 forecast
- There is also strong growth in the Middle East and Asia Pacific

Most Soviet-designed aircraft are leaving service globally, and current Russian-built aircraft are losing out to other suppliers.

New suppliers with new technologies are emerging:

- Turkiye is successfully exporting combat-proven armed high and medium altitude, long endurance (HALE/MALE) UASs and actively developing uncrewed combat aerial vehicle (UCAV) programs
- Both Turkiye and South Korea are actively developing fourth and fifth-generation fighters with strong export prospects
- Meanwhile, Brazil-based Embraer is beginning to challenge Lockheed Martin's venerable C-130 franchise with exports of the C-390
- F-35 is the only available fifth-generation fighter and is delivering over 50% of market value in the fighter space, as air forces seek out more complex aircraft
- In rotary wing, the need for speed is encouraging growth of tiltrotor fleets and development of unconventional configurations

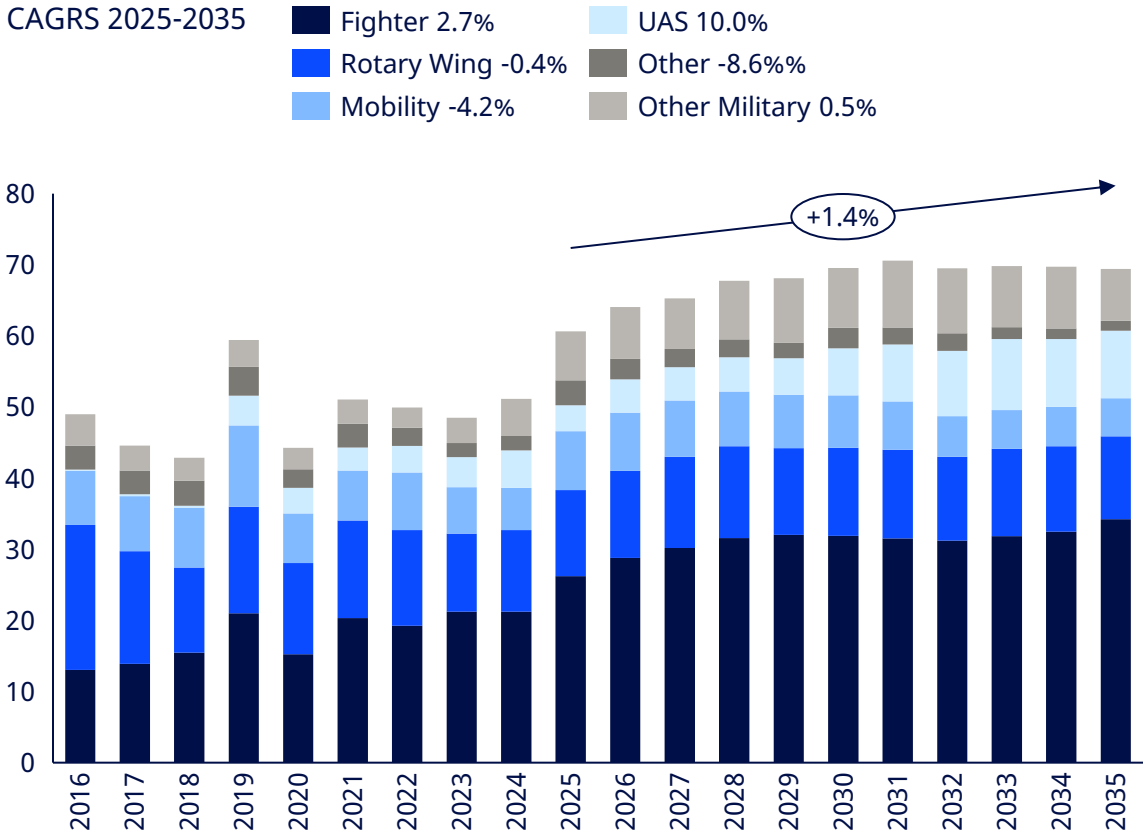
Among more price-sensitive markets, F-16, Gripen, Chinese aircraft and transfers of used platforms remain popular.

The strong growth of HALE/MALE UAS fleets looks to have slowed.

1. Accessible countries only (figures do not include aircraft acquired by China, Russia, Iran, North Korea, etc.)

Fighters will continue to represent the largest portion of delivery value, while the UAS segment will grow faster as higher-cost UCAVs increase share

Global military aircraft deliveries[1]
In billions of US $ by class



Fighter demand remains robust:

- F-35 supplies over 50% of fighter market value as the only available fifth-generation platform
- Replacement demand remains strong with an aging in-service fleet and relatively high utilization among top-tier operators

Rotorcraft demand is softer than in the era of helicopter-intensive Iraq/Afghan counter-insurgency operations:

- Near-term R&D in advanced designs (US MV-75, European Next-Generation Rotorcraft Capability) will slow the ramp in new aircraft production
- US Army plans a near-term reduction in helicopter force structure

Among other military platforms:

- B-21 deliveries and value will grow through 2035
- Jet and turboprop trainer forecasts remain steady; simulation and services may squeeze demand, by older jets will be replaced with cheaper modern types

UAS demand is growing as a generation of combat-capable vehicles add new roles.

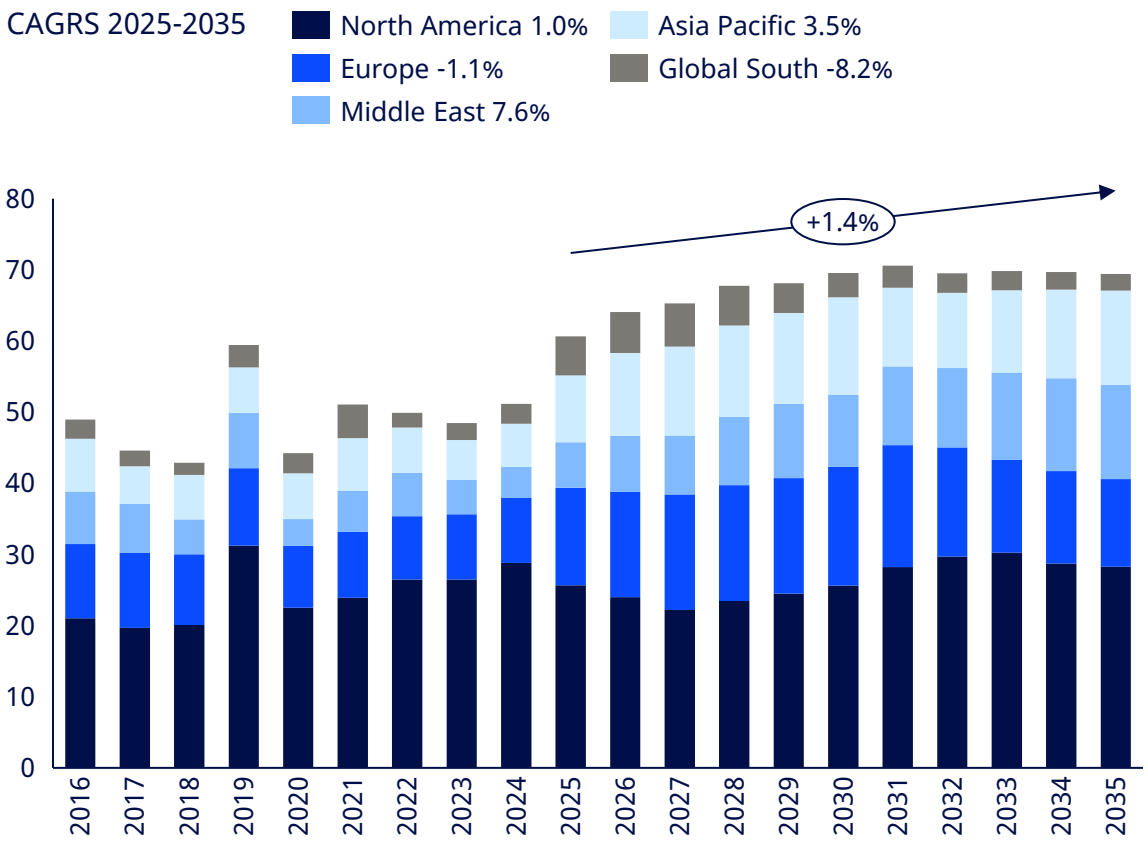
In the mobility market:

- Near-term value is driven by USAF KC-46A deliveries into the 2030s; a potential Next-Gen Aerial refuelling System (NGAS) competition looms in the late 2020s
- C-390 is winning market share in the medium lift market

1. Accessible countries only (figures do not include aircraft acquired by China, Russia, Iran, North Korea, etc.)

North America will receive the majority of deliveries, but the Middle East will be experiencing the highest growth in fleet size over the decade

Global military aircraft deliveries[1]
In billions of US $ by region



US investment in next-generation designs will delay a ramp-up in helicopter production and procurement as well as delays in fighter production:

- F-47, B-21, MV-75, and Collaborative Combat Aircraft will enter production at significant rates in the late 2020s and early 2030s

European air power is set to recover from a period of chronic low investment:

- Many EU air forces have reached a low point in fleet size and readiness
- But Europe has begun a five- to seven-year period of recapitalization

In the Middle East, heightened tensions and economic growth are driving growth in equipment purchases:

- Turkiye and Saudi Arabia are growing and refreshing their fighter fleets, but also their tanker, airlift, and advanced UAS capabilities
- Egypt (with US and French support) and Qatar have also increased their defense spending

In Asia Pacific, nations are mindful of a growing challenge from China as well as an erratic North Korea:

- Japan and South Korea are both investing in modernization and indigenous development capabilities
- Australia is increasing its budget, building the F-35 fleet, and adding the MQ-28 UCAV
- Philippines and Taiwan are growing their front-line fleets, while Thailand and Indonesia are making modest fighter buys, despite tighter budgets

In the Global South:

- India and Brazil are responsible for the bulk of front-line growth
- A mix of deals for Gripen, Chinese aircraft, second-hand fourth generation fleets and a focus on helicopter/deterrence missions

1. Accessible countries only (figures do not include aircraft acquired by China, Russia, Iran, North Korea, etc.)

A series of major competitive programs will shape the outlook for military aircraft demand during the first half of the forecast period

- Canada weighing options to replace CH-146 helicopters under the Next Tactical Aviation Capability Set project

- Navy F/A-XX fighter could be awarded to either Boeing or Northrop Grumman in 2026
- Navy Undergraduate Jet Training System contract could be awarded in 2027
- US Air Force (USAF) could select between Anduril and General Atomics for Collaborative Combat Aircraft increment 1 production in 2026
- USAF still weighing how to set requirements and plans for a potential CCA increment 2
- USAF decision to extend KC-46A production could set up a next generation air refueling system competition in the late 2020s
- While the US Army canceled the Future Tactical UAS project, it still plans to purchase other small drones eventually

- Peru is one of several Latin American countries looking to replace a mix of Russian and other fourth generation fighters F-16, Gripen and Rafale are typically considered strong candidates

- UK expected to choose a new midsize helicopter as early as 2026 from among three competitors

- Germany is evaluating several designs for new combat drones

- Turkiye is evaluating two competing designs for uncrewed combat aircraft to complement crewed fighters

- Poland is weighing decisions on several classes of rotorcraft, including for training, ASW and heavy lift roles

- The November 2025 Agreement between US and Saudi Arabia involves the potential export of F-35, C-130J, and MQ-9, but the timing on the actual sale remains unclear
- Royal Saudi Air Force could consider AWACS aircraft to replace their E-3 fleet alongside transport recapitalization

- Indian Air Force plans to replace a mix of large Il-76 and smaller An-32 transport aircraft
- Multi-role fighter aircraft could be awarded to one of several competitors as early as 2026

- South Korean Air Force evaluating competing solutions for an electronic warfare aircraft for possible award by end 2026

- Australia is weighing a possible order for MQ-28 Ghost Bat uncrewed combat aircraft following 2025 flight tests

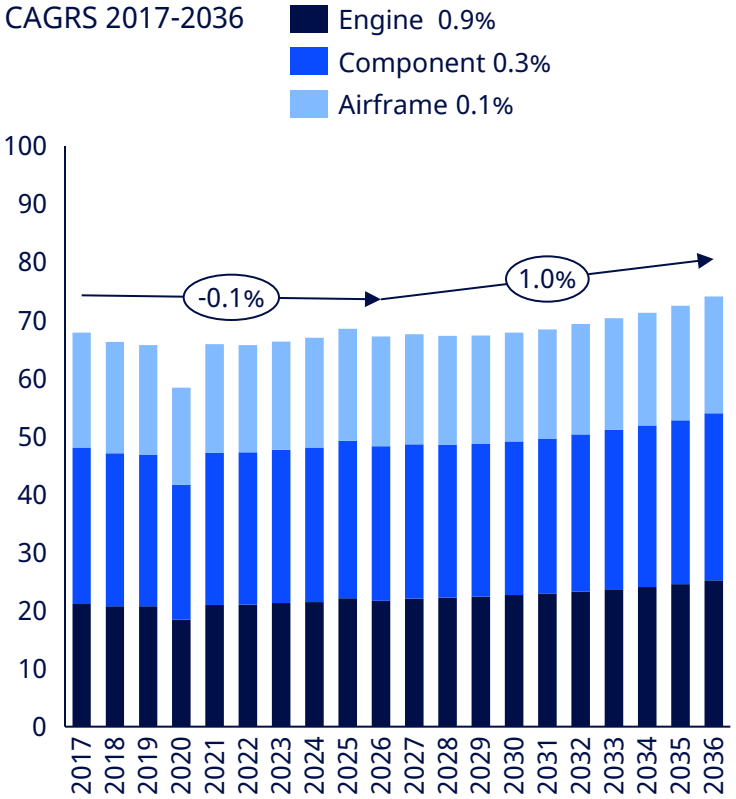
Non exhaustive list

Sustainment/ MRO trends

04

Whether measured in dynamic or static pricing terms, Oliver Wyman forecasts growing demand for all categories of MRO services

Global military aircraft depot MRO demand
In billions of US $ by activity, without escalation



The impact of price escalation on MRO growth

Even without price escalations, MRO demand will increase over the next 10 years — up to an average 1% annual growth.

The engine segment will lead growth in the coming decade as the emphasis of operations and procurement shifts from helicopter to fighter aircraft.

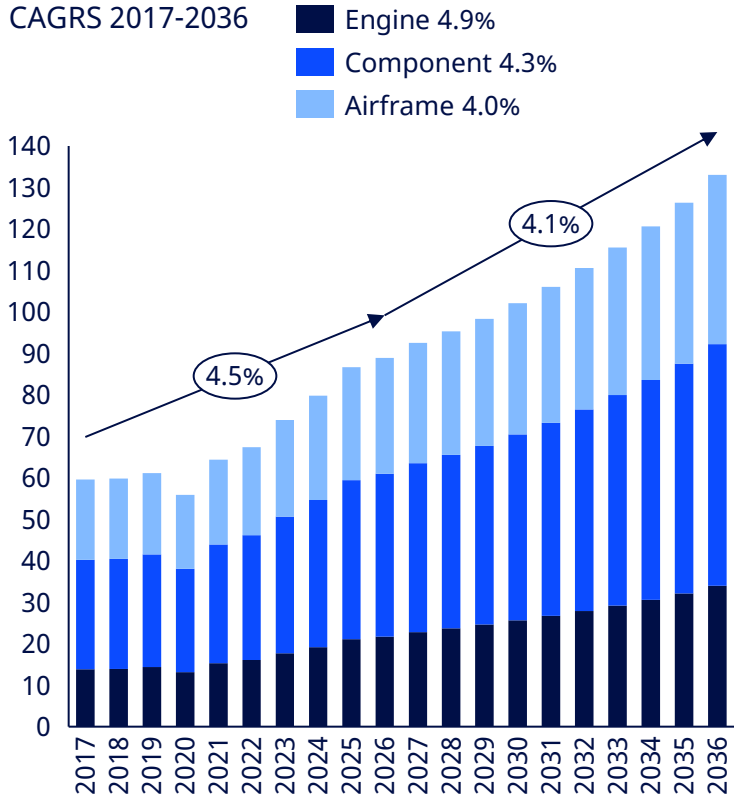
With price escalation, global military MRO will grow at 4.1% CAGR over the decade, a slight decline from the 4.5% over the previous 10.

The small dip between decades was a result of decreasing airframe maintenance as older aircraft left service.

The decline also reflects the aberrational rise in prices during the previous decade because of the COVID-19 pandemic.

Price increases in parts and labor sometimes exceeded 7% for the years immediately following the pandemic.

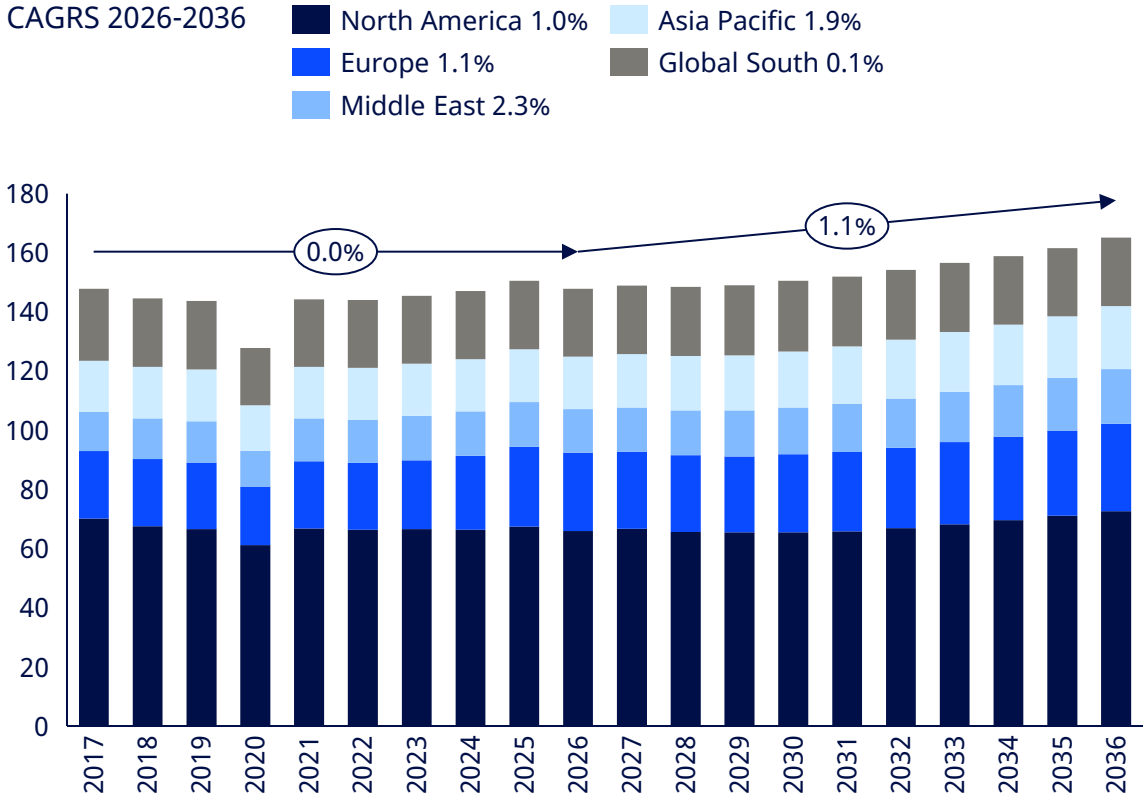
Global military aircraft depot MRO demand
In billions of US $ by activity, with escalation



1. Notes: Includes accessible countries only; Figures span demand served by both military operators and outside contractors

There are widely varying regional dynamics in sustainment demand, as complex new platforms displace aging ones

Global military aircraft sustainment demand
In billions of US $ by region[1]



1. Notes: Includes accessible countries only. Figures span demand served by both military operators and outside contractors; Figures use constant 2025 US dollars. Figures do not include price escalation, meaning the final numbers would be higher.

The differences between US and European demand:

- US costs may stabilize in the near-term as older fleets leave service and some O&S costs are averted; but US costs will continue to rise as replacement aircraft with complex/costly designs enter service in large numbers late in the decade
- European demand reaches a new high as utilization and readiness have grown since 2022, although $50 billion of new equipment grows fleets and costs, the retirement of costly older fleets such as Tornado, Mirage 2000 and some Soviet-designed aircraft in Eastern Europe permits major savings

The Middle East sees the highest global growth:

- Turkiye and Saudi Arabia are growing both front-line and support fleets, taking on large and complex types which outweigh the savings from retirements
- While UAS typically have lower MRO costs than crewed aircraft, the large fleets of relatively complex ISR/UCAV types planned by Saudi Arabia, Turkiye, Qatar, and others contribute to cost growth

Asia Pacific MRO growth is also high:

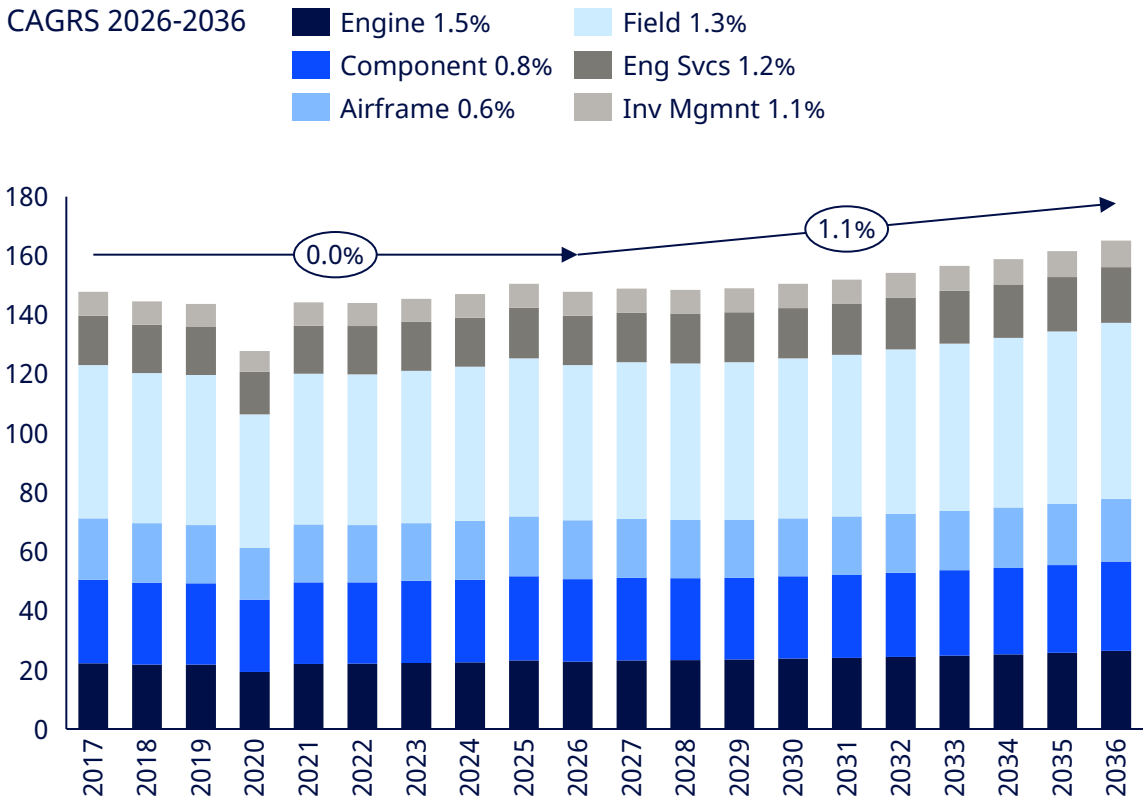
- F-35 fleets grow substantially as part of a trend toward larger and more complex platforms; lower-tier operators are preferring more advanced types
- There are relatively few significant retirements (a few F-15 and F-16)

In the Global South, net growth is almost stagnant:

- While there are new operators of fourth-generation fighters, growth is offset by the retirement of large numbers of costly Soviet-era platforms

Military aircraft MRO demand will grow fastest for engines, mission systems, and helicopter systems like rotors, transmissions and gearboxes

Global military aircraft sustainment demand
In billions of US $ by activity[1]



1. Notes: Includes accessible countries only; Figures span demand served by both military operators and outside contractors; Figures use constant 2025 US dollars; Figures do not include OW price escalation metrics outlined on slide 11.

Engines demonstrate the highest growth rate:

- Pratt & Whitney benefits in particular from growth in F135 fleets as F-35 production grows, but it is not just F135 driving growth, as other fighters are also driving demand for engine maintenance

Airframe demand shows the lowest growth:

- A new generation of younger aircraft which require less frequent airframe maintenance visits is taking over from older more maintenance-intensive types

Within component, growth trajectories vary:

- The highest growth is in mission systems, particularly complex avionics
- Component MRO needs for helicopter systems (rotors, gearbox and transmission) also increase relatively quickly as a number of complex high-cost rotorcraft fleets grow and mature
- While fixed-wing aircraft component MRO (propellor, gearbox) rise more slowly as increasing numbers of older transport turboprops leave service

Field maintenance is the largest segment; this is typically undertaken by uniformed personnel (but with some outsourcing to commercial providers) and is growing as more complex aircraft require more maintenance-intense intervention: stealth coatings, data downloads and software updates, for example.

Inventory management and engineering services are more modest:

- The shift toward front-line types and UAS drives slight growth in these areas

Critical themes

05

A series of fundamental questions will reshape the military aviation marketplace in the coming years

European rearmament

European governments have moved to expand defense spending in the wake of Russia's more aggressive posture toward Europe, especially after its invasion of Ukraine, with significant spending on a major recapitalization of air power.

US defense budget

The fiscal year 2026 Department of Defense budget proposes growth in aviation spending, but delays a ramp-up in aircraft production in favor of R&D spending on next-generation fighters and other advanced technological capabilities.

Fighter modernization

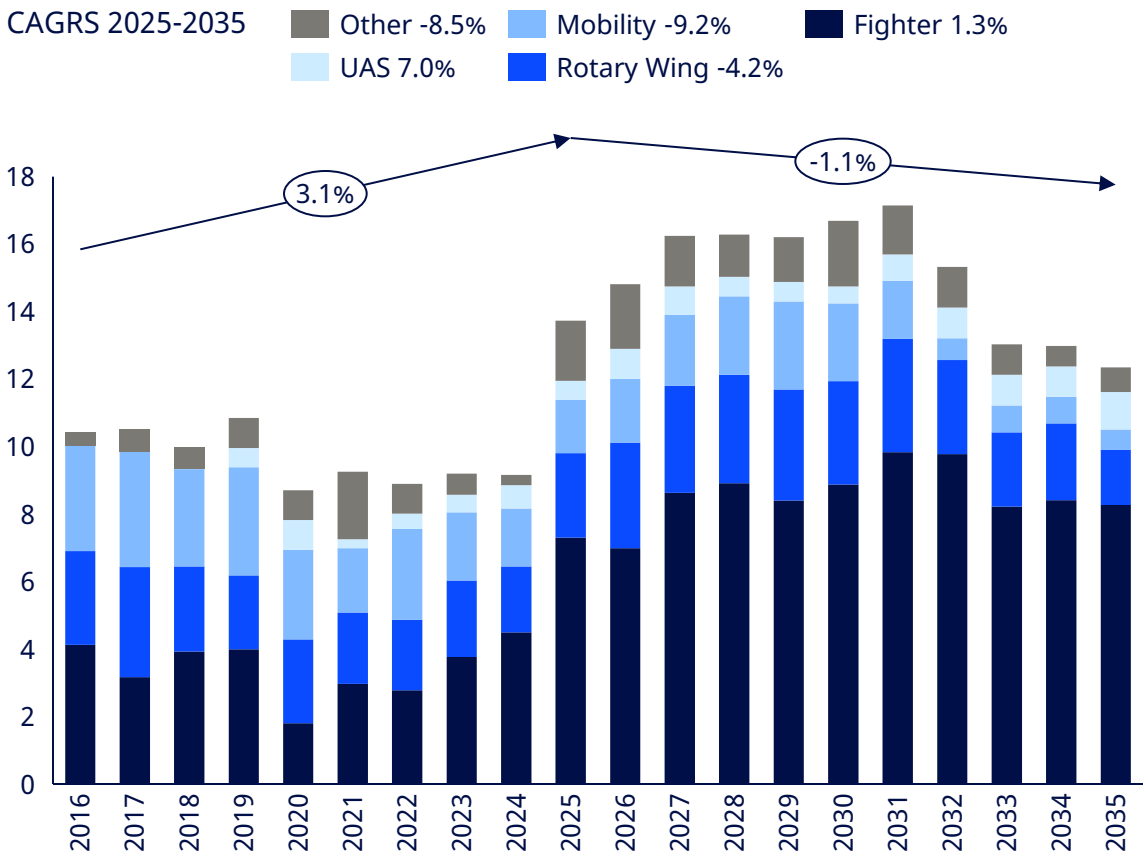
The emergence of uncrewed combat aircraft has the potential to deprioritize plans to acquire fifth and sixth-generation combat aircraft.

Shifting rotorcraft dynamics

Technological change and survivability concerns may revise the outlook for some helicopter demand, with advanced militaries shifting toward fewer, more complex rotorcraft — but the endgame is not yet fully clear.

European rearmament peaks in 2031 with $110 billion of military aircraft deliveries before spending dips and shifts toward new platform R&D

Value of aircraft deliveries
In billions of US $



As Europe recapitalises military aircraft fleets, the seven years 2025-2032 see over $110 billion of deliveries, falling back to a level in 2033 that is still ~20% higher than the prior decade.

Europe will take delivery of $50 billion more aircraft in the next decade than it did in the last, with added growth in fighter deliveries, compared with prior plans:

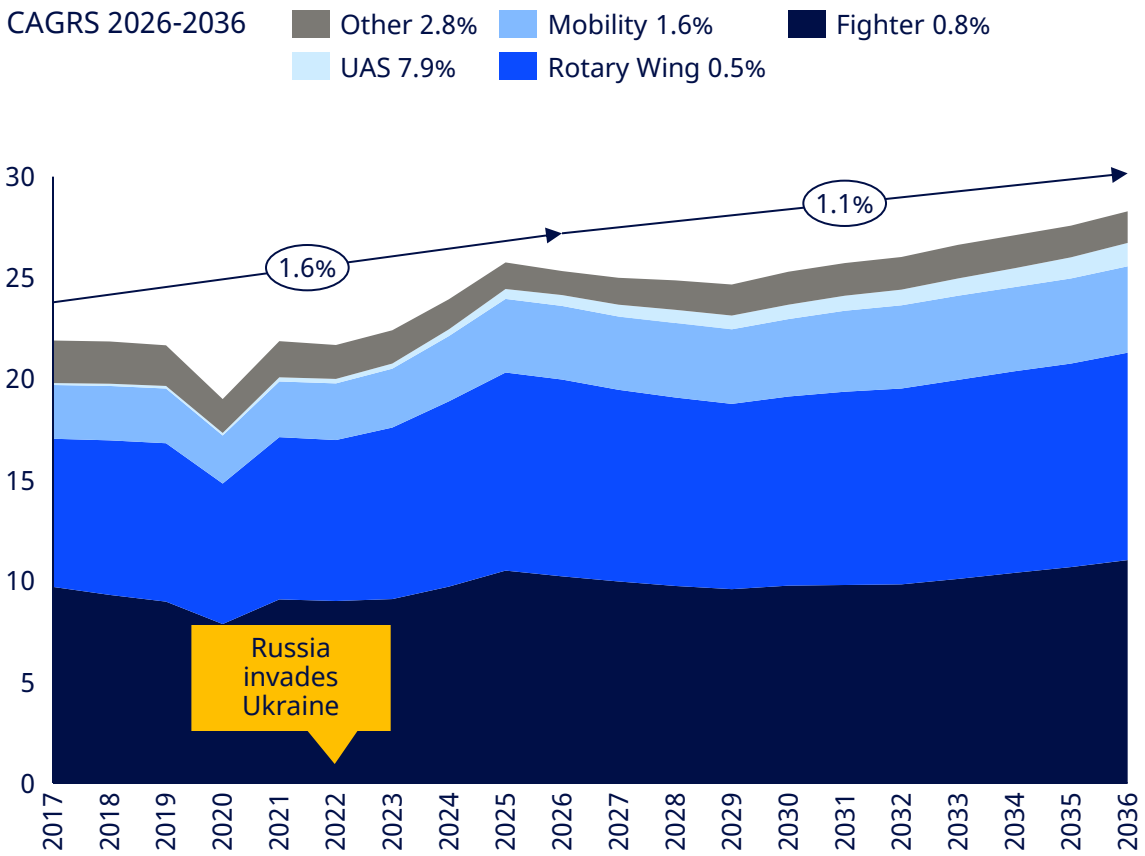
- F-35 leads the way, equipping the air forces of 11 European nations, with deliveries underway; Turkiye could also join the ranks of F-35 customers
- Deliveries of Eurofighter Typhoons to Germany, Italy, Spain, and Turkiye and Rafales to France and Serbia will also push the number up substantially
- C390 to Austria, Czechia, Hungary, Lithuania, Netherlands, Portugal, Slovakia, and Sweden, A330 multi-role tanker/transport to Italy, Spain, and others, and A400M to France, Spain and Germany indicate ongoing need for mobility aircraft
- Multiple rotorcraft designs will see significant deliveries to European operators in the near-term, including NH90, AH129, AW101, UH-60M, AH-64, and others

Later in the period money will become tighter as several major new design projects will draw R&D investment through 2036:

- Global Combat Air Program in the United Kingdom, Italy, and Japan,
- Future Combat Air System in France, Germany, and Spain
- Next-Generation Rotorcraft Capability to France, Germany, Greece, Italy, the Netherlands, UK, and Canada
- These projects will not deliver aircraft before the mid-2030s, but the costs of their development will constrain some procurement and sustainment demand

European sustainment spending gradually grows over the decade and will be maintained for key frontline types

Sustainment spending
In billions of US $



Oliver Wyman projects that the recent jump in utilization and readiness will be maintained in light of Russia's aggressive stance.

Later in the period, utilization and readiness are expected to decrease but not to prior levels. A more independent and defensive posture is expected longer-term.

Sustainment spend will be focused on frontline types:

- Significant O&S savings will come from the retirement of the Tornado, Mirage 2000, and a number of aging and Soviet-era types like the F-4, F-5, and Harrier
- The majority of these savings will go toward F-35 sustainment as that fleet grows dramatically, while steady Rafale and Typhoon growth will counter steady reductions in F-16 and F/A-18 fleets and spending
- The growth of the AH-64 and AW249 helicopter fleets will also inflate sustainment costs

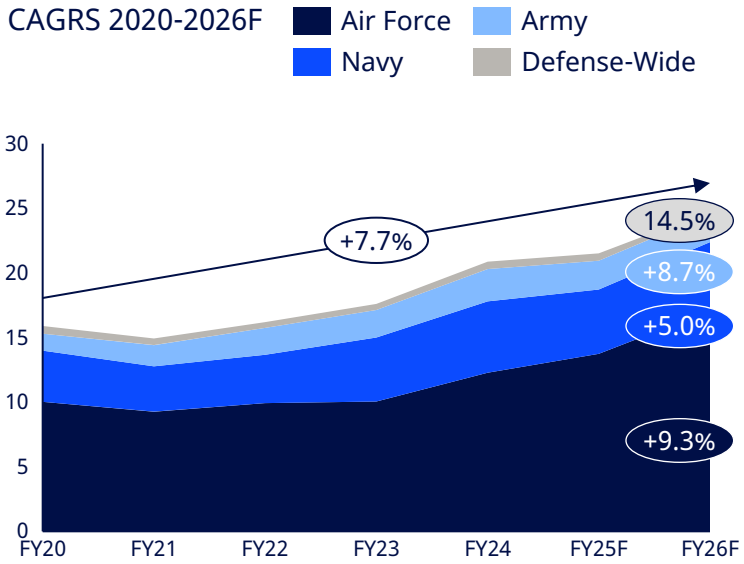
There are mixed dynamics in mobility fleets:

- A400M fleet growth and sustainment costs will steady by the end of the decade
- A330MRTT costs are continuing to grow as Europe's ability to sustain independent and long-range operations grows
- C-130 fleets are falling steadily, and C-390 is growing to take up the demand
- Consolidation has been evident since 2016 as aging and Soviet-era types continue to leave service; particularly Il-76, An-70, KC-10, KC-135, C-160

The US armed services are following an R&D-led approach to aviation budgets

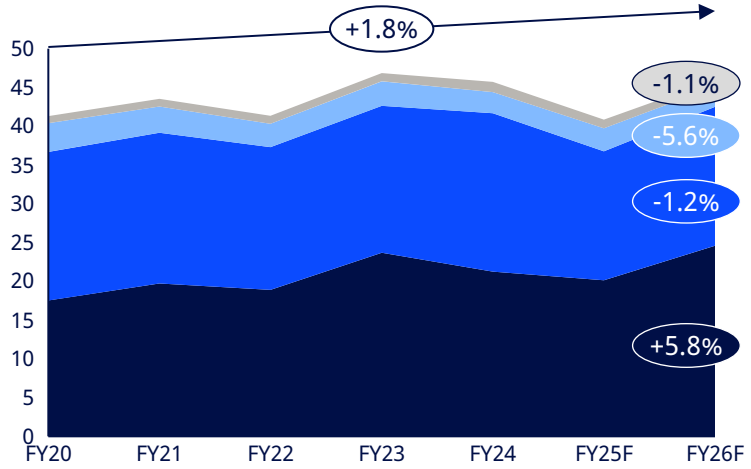
US Department of Defense budget: aviation programs by service

Research and development
In billions of US $



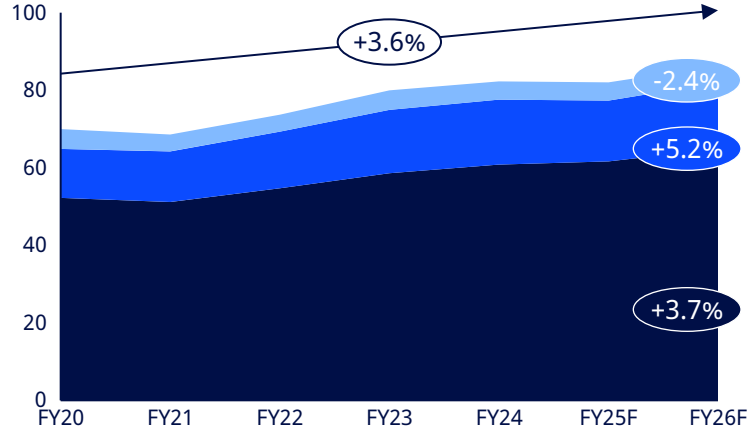
- FY26 budget request emphasizes growth in USAF F-47 and CCA, Army MV-75
- Controversy around how the USAF will modernize AWACS (E-7 versus E-2D versus air moving target indicator (AMTI) satellites)
- USAF delays the path to a next-generation aerial refueling platform

Procurement
In billions of US $



- FY26 budget for aircraft procurement bounces back from a dip in FY25, but the rate of procurement growth has stagnated overall
- FY26 request would fund just 173 new aircraft, the lowest number in years
- F-35A procurement is slated to be reduced in FY26, compared with prior plans

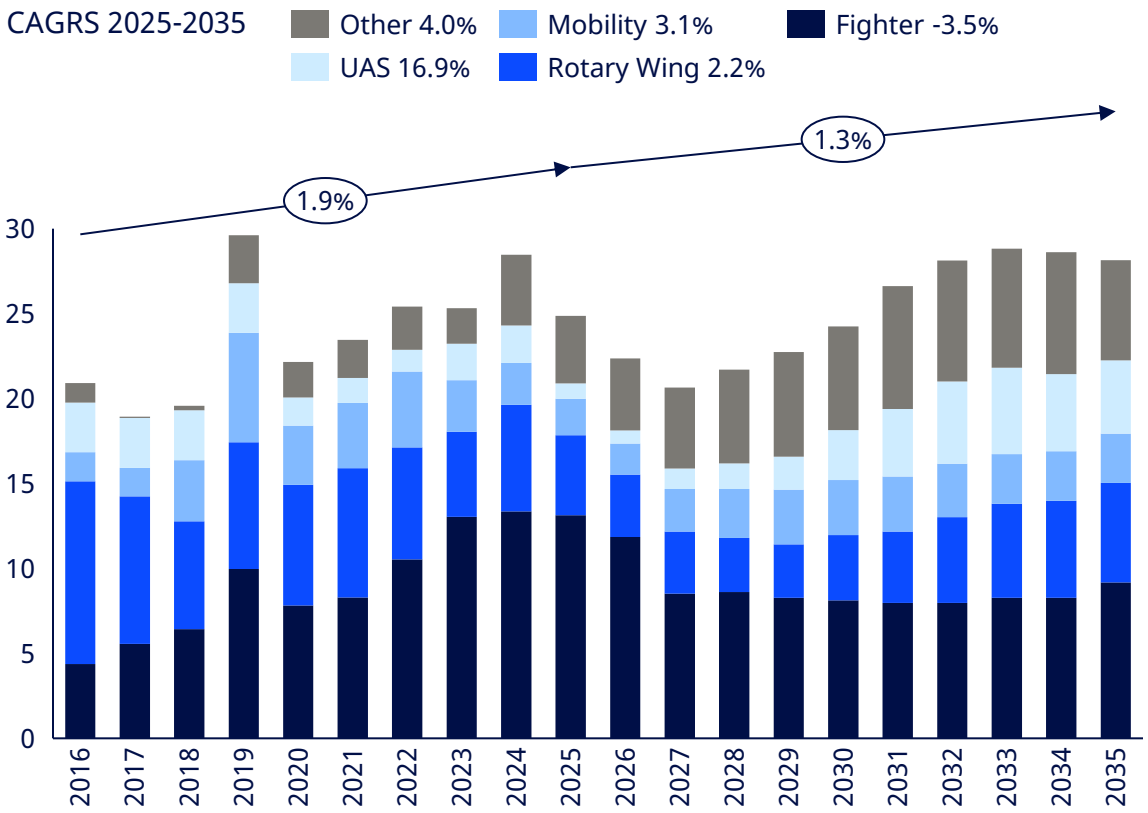
Operations and maintenance
In billions of US $



- Operation and maintenance costs per active aircraft and per flying hour continue to grow in real terms
- USAF and Army, in particular, continue to retire older aircraft to limit operations and sustainment costs and save for force modernization ("divest to invest")

The defense department is delaying procurement of aircraft until 2029

Value of deliveries[1]
In billions of US $



DoD's fiscal year 2026 budget request delays near-term ramp-up in procurement of aircraft:

- The FY2026 budget request proposes buying just 173 aircraft, compared with 337 in FY24, the lowest level since the "Procurement Holiday" era in 1997
- Near-term budget growth is focused on research and development of next-generation capabilities, like the B-21 bomber, MV-75 rotorcraft, F-47 fighter, Collaborative Combat Aircraft UAS, and others
- USAF and Army, in particular, will target operation and maintenance budget savings with retirement of older platforms, such as A-10, C-130H, AH-64D, and F-15C/D

The US is forecast to take delivery of $13 billion[2] more in military aircraft in the next decade than it did in the last ($252 billion vs $239 billion):

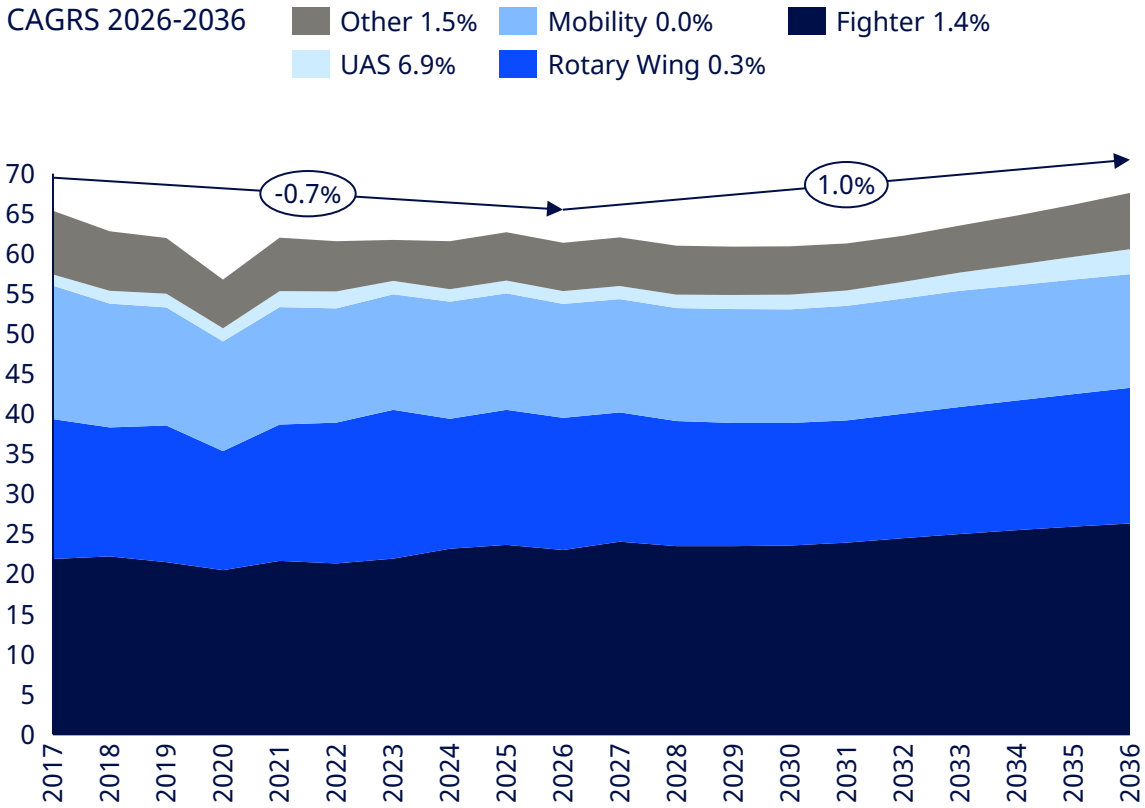
- During the first five years, deliveries will be worth an average $22.3 billion per annum, rising to an average $28 billion per year between 2030 and 2035
- This assumes that these aircraft get purchased and produced. If this does not happen, the US will enter a new era of significantly lower expenditures
- The Collaborative Combat Aircraft is supposed to act as a force multiplier, potentially permitting savings on fighter procurement and support

1. F-35 Inventory of 70+ aircraft that built up in 2023-2025 awaiting TR4 upgrade were finally delivered in 2025. They are allocated to the year of build rather than inflating 2025 figures at the expense of 2023/24: 2019 peak results from simultaneous peaks in deliveries of KC-46, F-35, MQ-9/RQ-4, E-2, CH-47

2. In constant dollars, without escalation or inflation

US DoD will see an increase in sustainment spending compared with previous periods, driven initially by the expansion of the F-35 and B-21 fleets

Sustainment spending
In billions of US $



Readiness remains at a historical low point, despite that fact that the fleet is the smallest it has ever been (at the same time, the fleet is the oldest it's ever been):

- FY26 budget keeps funding for flying hours flat from FY25 levels
- Mission capable rates for major USAF type remain relatively low
- The mean age of the USAF inventory is expected to fall from 32.2 to 28.8 years over the next decade. Meanwhile, the mean age of the US Army inventory will rise from 24.6 to 26.3 as will the Navy's, up slightly from 20.2 to 20.6 years

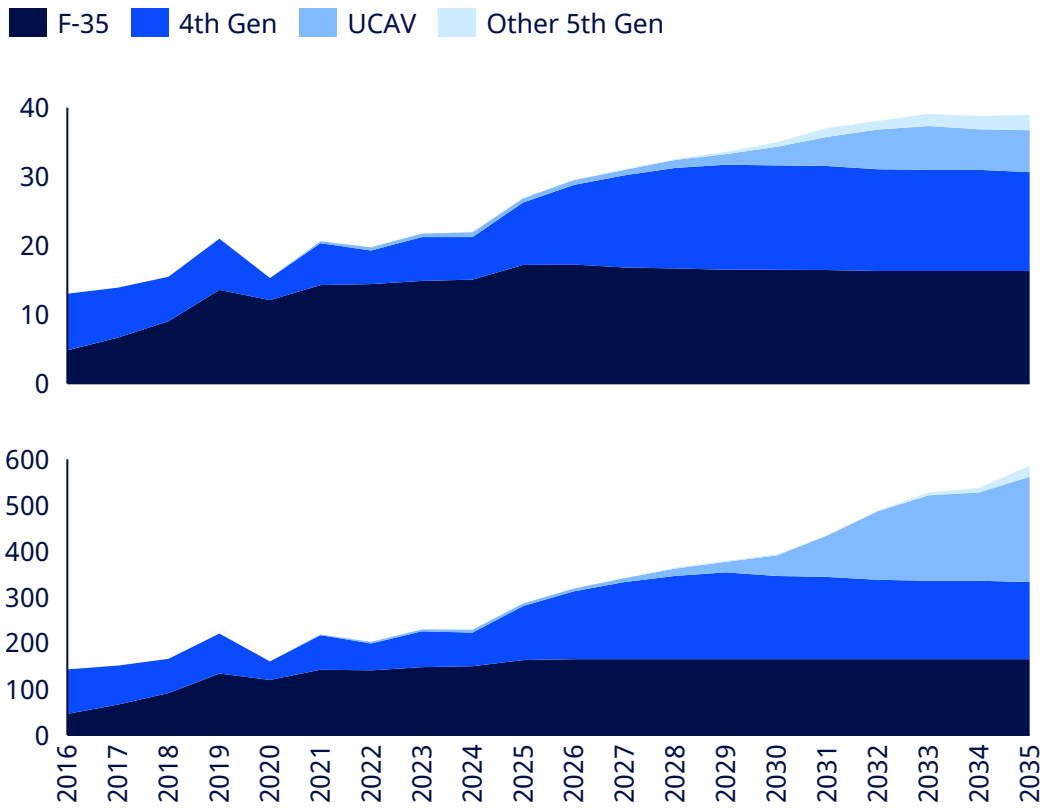
Three factors drive the growth in MRO spending between 2026 and 2036:

- F-35 fleet expansion, adding $4 billion
- B-21 service entry and fleet expansion
- An additional $1.5 billion on UCAV sustainment later in the period, split between MQ-25 and the USAF CCA, for which sustainment models and costs are not yet fully understood

Since 2016, cost reductions have come from lower utilization
as operations in Iraq and Afghanistan gradually tapered down, taking pressure off transports (C-17, C-130), tankers, KC-135 and KC-10 fleets (the later roles transitioning to KC-46).

Crewed fighter programs are thriving in terms of funding levels

Combat aircraft delivery projection[1]



Major combat aircraft development projects[2]

Numerous countries are investing in next-generation fighter aircraft designs.
These will involve heavy spending on design and testing through 2035.
But few will yield much production or fielded aircraft through the forecast period.

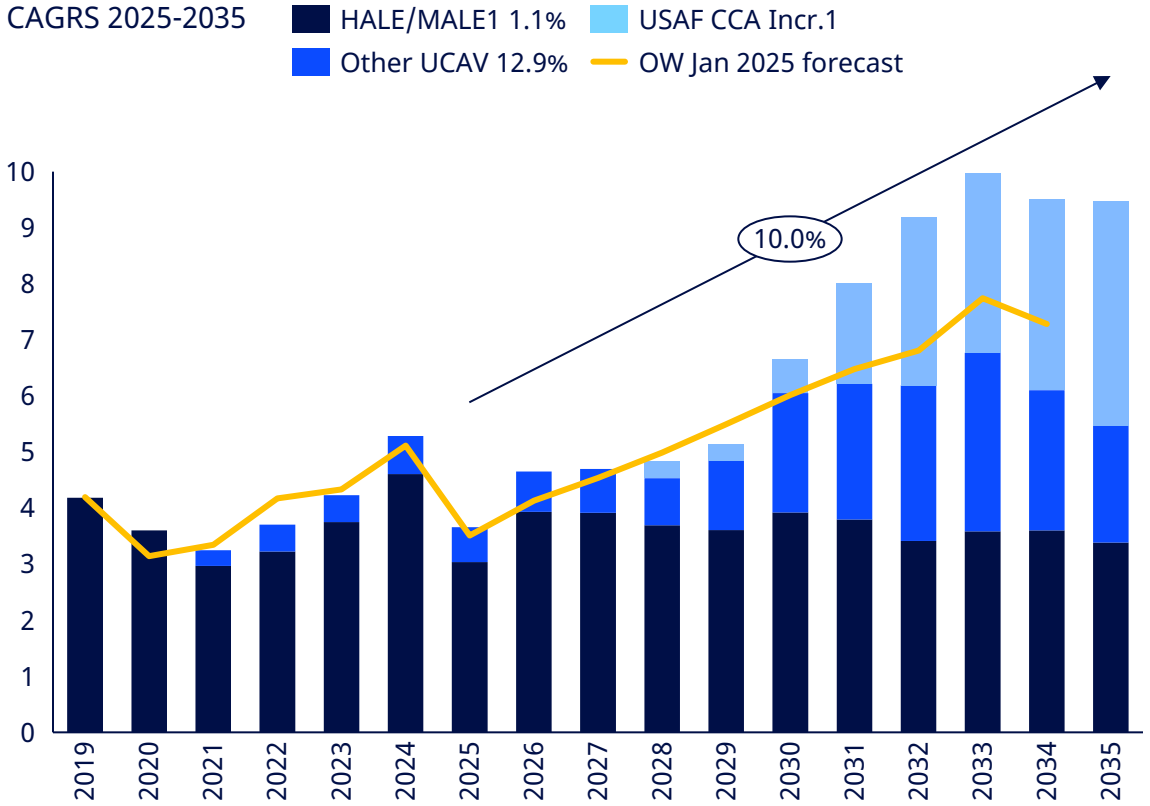
Program	Customer(s)	Prime Contractor(s)	~ Start of production
KF-21 Boromae		Korean Aerospace Industries	2025
TF-X Kaan		Turkish Aerospace Industries	2026
F-47 Next Gen Air Dominance (NGAD)		Boeing	2029
Global Combat Air Programme		BAE Systems, Leonardo, MHI	2030
F/A-XX		Contractor Not Yet Selected	2032
Advanced Medium Combat Aircraft		Aeronautical Development Agency, Defence Research & Development Organization	2033
Future Combat Air System (FCAS/SCAF)		Dassault, Airbus, Indra	2035
Swedish Next-Gen Fighter		Saab	2038

1. UCAV as shown here includes Collaborative Combat Aircraft and other uncrewed designs geared explicitly toward armed roles

2. China is also developing several crewed and uncrewed combat aircraft, but those are outside the scope of this report

Uncrewed air systems are among the fastest expanding segments of the global military aircraft market, with UCAVs driving growth

Projected UAS deliveries by value[1]
In billions of US $



UCAVs or Collaborative Combat Aircraft (the terms are used interchangeably here) will start to represent a significant share of combat aircraft inventory in the late 2020s:

- The 2026 Oliver Wyman forecast significantly increased delivery forecasts

UCAV/CCA models will feature a different approach to sustainment services:

- These aircraft will be designed for a much shorter service life than crewed aircraft, minimizing requirements for depot maintenance, spare parts, and other services

Expertise in HALE/MALE UAS design and production is much more widely available than crewed military aircraft, and this market has matured somewhat:

- Countries like Israel and Turkiye are major global export players, and others are likely to join their ranks
- It's not yet clear that this expertise will extend fully to UCAV-class UAS
- The Netherlands joined the USAF CCA program in 2025, and likely indicates the direction for countries wishing to access this capability; Australia partners Boeing in joint development of MQ-28

Note that Oliver Wyman tracks UAS of Group 4 size and above, not smaller drones that are acquired as "consumable" items:

- Group 1, 2 & 3 drones for ISR, targeting, and communications relay
- First Person View (FPV) drones & Loitering Munitions

1. High/Medium Altitude, Long Endurance
Oliver Wyman's Military Aviation report does not address demand from states to which US and NATO countries cannot export military products, such as Russia, China, North Korea, and Iran

Recent operational experience, combined with innovation in new rotorcraft and uncrewed technologies, could affect rotorcraft structure and demand

Helicopter survivability

Absent achieving air superiority, both Ukraine and Russia have seen significant attrition among helicopters in operations since February 2022:

- Open-source estimates vary, but Russia is thought to have lost between 107 and 156 helicopters (destroyed and damaged) since February 2022

The US invasion of Iraq in 2003 also saw significant vulnerability among attack helicopters, even with complete air dominance by US forces:

- US Army attack on Iraqi forces in Karbala in 2003 resulted in serious damage to 29 of the 31 AH-64s, and 1 shot down by Iraqi fire

Rise of uncrewed systems

Vertical takeoff and landing (VTOL) systems remain limited above the level of Group 1 and 2 drones, but numerous contractors have products in development for Group 3 performance (payload, endurance).

US Army is investing in “launched effects” deployed from airborne and ground platforms for ISR, decoy, strike, counter-air defense and other capabilities.

Advanced Air Mobility (AAM) designs are moving closer to operational status for civilian roles, but electric or hybrid-electric propulsion are not yet mature or operationally suitable for austere conditions or other military requirements.

Higher-speed rotorcraft designs

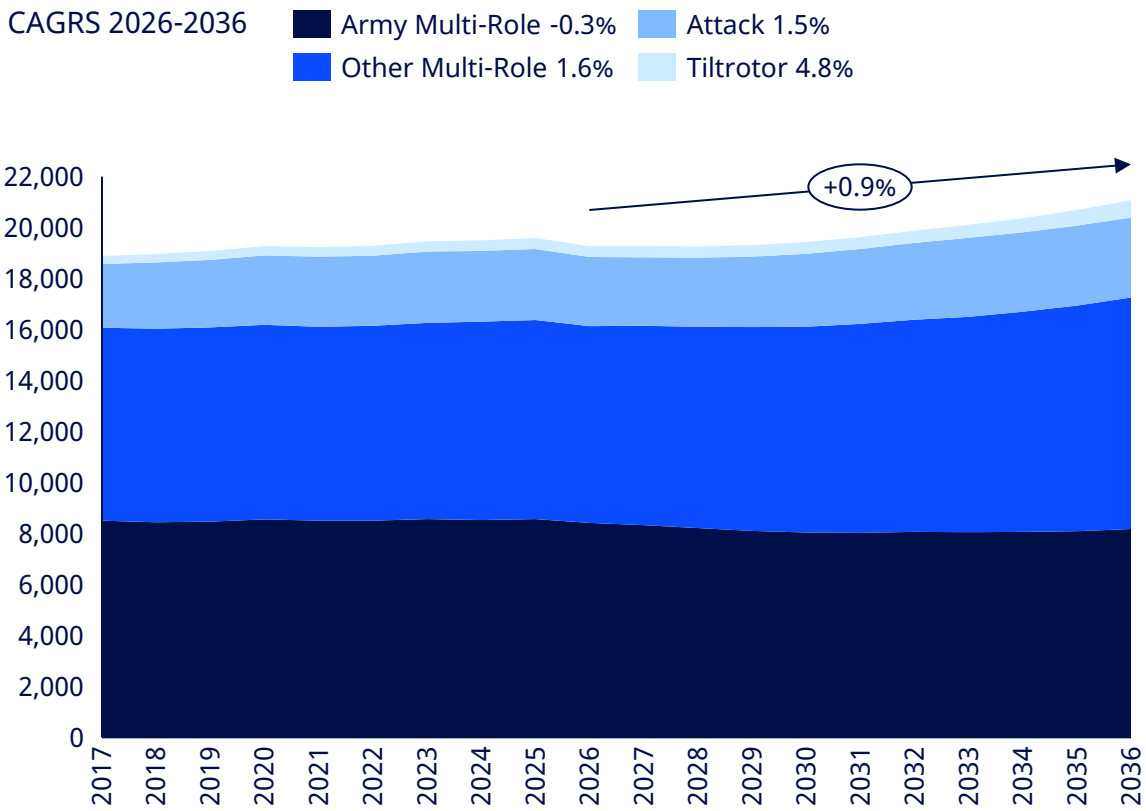
New rotorcraft design efforts are underway to field helicopters with greater airspeed than the effective ~140-knot barrier of conventional rotorcraft:

- US Army MV-75 Future Long Range Assault Aircraft (FLRAA) brought forward for prototype delivery 2027, production 2028
- European Next Generation Rotorcraft Capability (NGRC) for medium multi-role missions, selection 2027 delivery 2035-40

But the premium that new technology will place on aircraft unit cost will limit the scale of procurement and adoption, relatively to an earlier generation.

Recent operational and force planning developments suggest that some armed forces are modestly decreasing their rotorcraft inventories

Global military rotorcraft inventory
Units by role



The US Army plans a substantial reduction in helicopter force structure:

- Fiscal Year 2026 budget plan envisions deactivating 11 Air Cavalry Squadrons and shed 264 AH-64 Apache helicopters from the US Army
- Plans to acquire the MV-75 Future Long-Range Assault Aircraft (FLRAA) will not replace UH-60 medium-lift helicopters on a one-for-one basis

US Marine Corps *Force Design 2030* plan also envisions trimming Helo forces:

- *Force Design* 2030 involves deactivating around 4 rotorcraft squadrons; the composition of squadrons may change to expand the number of aircraft in each, but the total USMC Helo force structure will decline

Other regions of the world, however, plan steady or increasing military helicopter inventories:

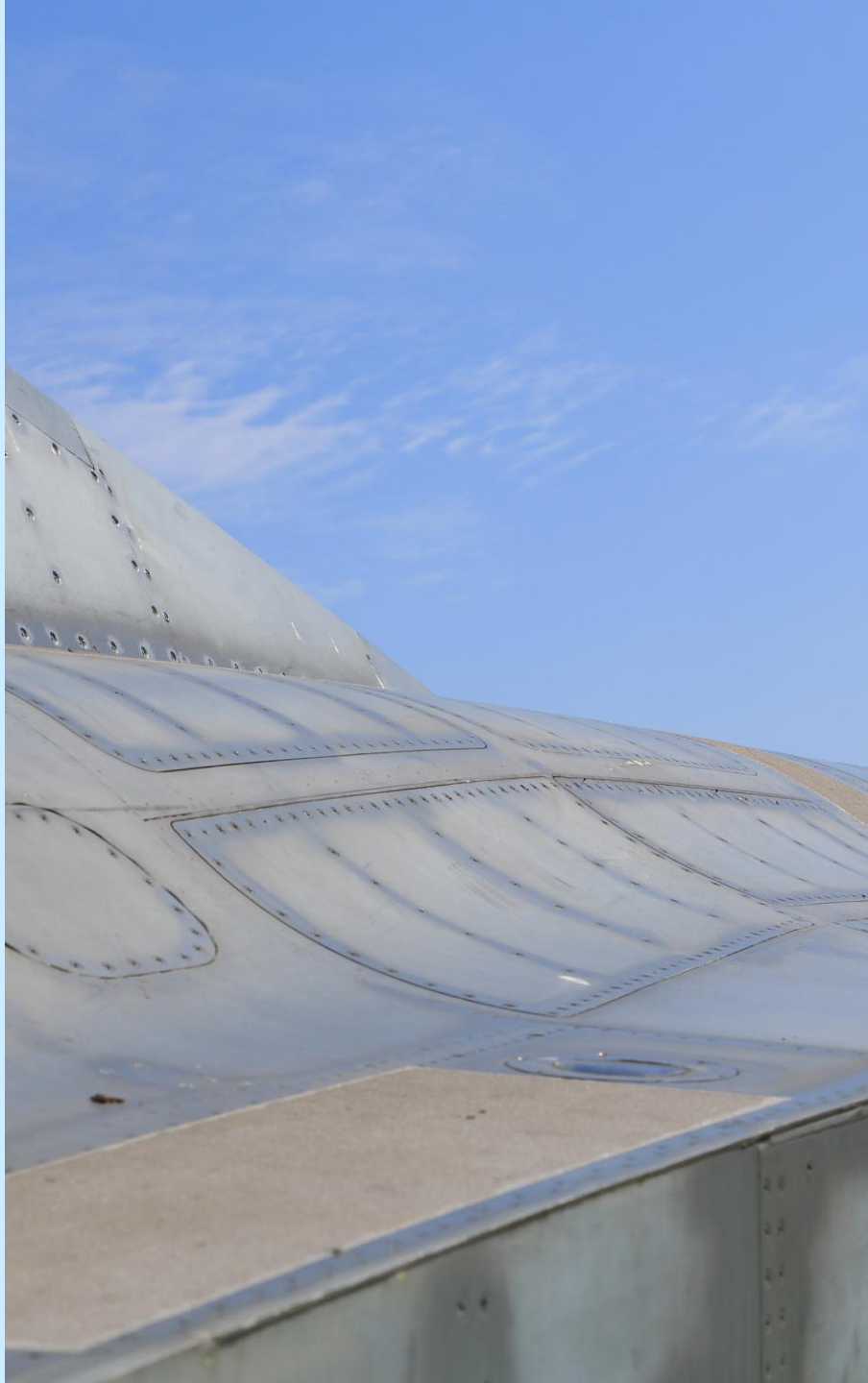
- Middle East and Asian customers, in particular, currently plan to expand their holdings of attack and utility helicopters

Evolving mission requirements, however, have the potential to slow or reverse the slide in military helicopter inventories:

- Counter-UAS missions using rotorcraft armed with low-cost interceptor missiles may be feasible
- Suppression/Destruction of Enemy Air Defenses (SEAD/DEAD) could gain traction with rotorcraft forces

Concluding thoughts

06



The global military aviation sector is in a state of rapid change, driven by the emergence of new players and shifts in demand enabled by new technologies

The rise of new players

China

Defense contractors like Chengdu have sold to Pakistan and other countries with little history with western jets, but Beijing's growing clout and improving technology create real prospects in UAE, Egypt, and others.

Brazil

Embraer's C390 transport aircraft has gained a string of competitive wins against the C-130J and others among customers in Europe and Asia… Is the US Air Force next?

South Korea

KAI has already gained significant global sales with T-50 design variants and could gain market share as products like the KF-21 fighter and Surion helicopter enter production.

Turkiye

Alongside a range of combat-proven UAS, Turkiye is now pursuing export orders for the TF-X Kaan next-generation fighter.

The global military aviation sector is in a state of rapid change, driven by the emergence of new players and shifts in demand enabled by new technologies

The emergence of new technologies

Uncrewed air systems

As noted elsewhere in these slides, UAS will increasingly supplant a wide array of crewed aircraft in multiple missions and will also reshape aircraft sustainment demand.

Low-earth orbit satellites

LEO and very LEO satellites are taking on an array of ISR roles long performed by military-specific and commercial derivative aircraft types (e.g., RC-135, AWACS, JSTARS, etc.).

Advanced air mobility

There are no operational AAM platforms in military service now, but aircraft with potential utility in logistics and mobility roles should gain commercial certification in the next few years.

Electric & hybrid propulsion

Substantial private capital investment is going into advanced propulsion solutions that may equip manned and unmanned aircraft for operating cost savings and stealthy operations.

These trends will gather steam and present current market leaders with rising challenges

Key takeaways on the fleet and MRO/sustainment for the decade

Fleet

Europe and the US are pursuing dramatically different directions:

- Europe has toughened its defense posture, with deliveries of a $110 billion worth of combat-focused aircraft
- US fleets are smaller, older and less ready than ever, with R&D spend preferred over aircraft purchases. Procurement of fighters has been pushed to the second half of the decade

There's strong growth in the Middle East and Asia Pacific, in response to rising political tensions in the regions.

Key takeaways on the fleet and MRO/sustainment for the decade

MRO/sustainment

MRO and sustainment in general are higher than the previous decade, but less than it might have been because of the US decision to put off procurement of fighters.

While sustainment demand is being cut by the retirement of older aircraft, the newer generations of complex fighters needs more attention and MRO in the early years than previous ones and is swallowing up the savings.

Collaborative Combat Aircraft are intended to break the sustainment cost curve, acting as force multipliers, but the case is not yet proven.

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