

The Big Picture

Commercial Aerospace Primer Part 2

Industry Overview

Part 2- The major players: OEMs and suppliers

In Part 2 of our Commercial Aerospace primer we delve into the major players in the industry, including the OEMs (Original Equipment Manufacturers) and their suppliers. We highlight that while the OEM market is highly consolidated (with only two major manufacturers), the supply base is largely fractured with a range of actors including large multi-industrial conglomerates and small mom-and-pop shops.

Commercial aerospace today is a duopoly

There are two major suppliers of large civil aircraft – Airbus and Boeing. These firms design, develop, and assemble large civil aircraft. They both machine and fabricate metal parts used to build the aircraft. These firms also support large civil aircraft through a variety of aftermarket services, including spares, modification, flight training, and technical support.

Fragmented commercial aero supply chain

Many industrial and multi-industry firms provide engineered products and systems to commercial aerospace. Although there has been increased concentration among these suppliers, the industry is very fragmented. Suppliers range from large conglomerates that have consolidated many aero players to small mom and pop shops. Typically, there are two or three dominant suppliers of each subsystem. Companies tend to specialize in businesses related to a core skill (such as communications), though recent merger activity has resulted in suppliers that are more diversified across different aerospace segments.

Niche markets offer opportunities to compete

Finally, we break down the broad categories of commercial aircraft: single-aisle, twin-aisle, and regional. Within each major segment, aircraft are differentiated by several factors including: 1) range, 2) seats, 3) cargo capacity, and 4) number of engines. We believe it is critical for investors to understand these differences to more fully comprehend which aircraft compete against each other as well as identify possible areas of opportunity within the market for new aircraft.

07 February 2024

Equity
Global
Industrials/Multi-Industry

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See also:

[1. Commercial Aerospace: Part 2 – understanding the OEMs and their suppliers](#)

[2. Commercial Aerospace Primer Part 1](#)

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