

The MRO Consolidation Playbook: Capacity, Certification and Customer Concentration

An acquisition framework for protecting airworthiness approvals while converting maintenance capacity into durable cash flow

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Abstract

Maintenance, repair and overhaul businesses can appear attractive because aircraft utilisation, ageing fleets and mandatory airworthiness work create recurring demand. The investment case can still fail when an acquirer treats approvals as transferable labels, labour as a headcount number, hangar slots as usable capacity, customer contracts as secure revenue, or parts inventory as readily monetisable working capital. The economic asset is a controlled operating system linking approval scope, accountable management, certifying staff, tooling, technical data, material traceability, quality, safety, turnaround time and customer confidence.

This paper develops a Capacity-to-Cash Consolidation Framework for strategic buyers, private-equity investors, lenders and MRO management teams. It connects regulatory perimeter, effective capacity, labour competence, supply chain, contracted demand, margin quality, cash conversion, competition risk and integration readiness. The framework distinguishes licensed or approved capacity from sellable and executable capacity, separates recurring customer demand from concentration dependence, and converts diligence findings into price, structure, conditions precedent, integration sequence and post-close controls.

The worked case is wholly hypothetical. An acquirer evaluates three MRO businesses with assumed combined revenue of USD 420 million, EBITDA of USD 52 million and stated annual capacity of 2.4 million labour hours. After adjusting for skill mix, shift coverage, tooling, material availability, regulatory scope and planned downtime, usable capacity is assumed to be 1.86 million hours. The five largest customers represent an assumed 68 percent of revenue. The central case uses an assumed enterprise value of USD 390 million and identifies USD 34 million of annual run-rate value creation by year three. The downside case recognises customer loss, approval remediation, labour attrition, parts inflation and slower integration, reducing risk-adjusted value creation to USD 11 million. Every price, amount, percentage, timetable and outcome in the case is an illustrative management assumption. The case is not observed company data, a forecast, valuation advice, accounting advice, legal advice, tax advice or investment advice.

JEL Classification: G24, G32, G34, L22, L93

Keywords: aviation MRO, maintenance acquisition, Part 145, repair station, capacity, certification, customer concentration, turnaround time, parts traceability, integration, aviation M&A

1. Define the acquisition decision

The investment committee must decide which capabilities to acquire, what dependable capacity is being purchased and how much regulatory or customer risk should be reflected in price and structure. State the target product classes, aircraft or engine families, approval jurisdictions, locations, customers and cash

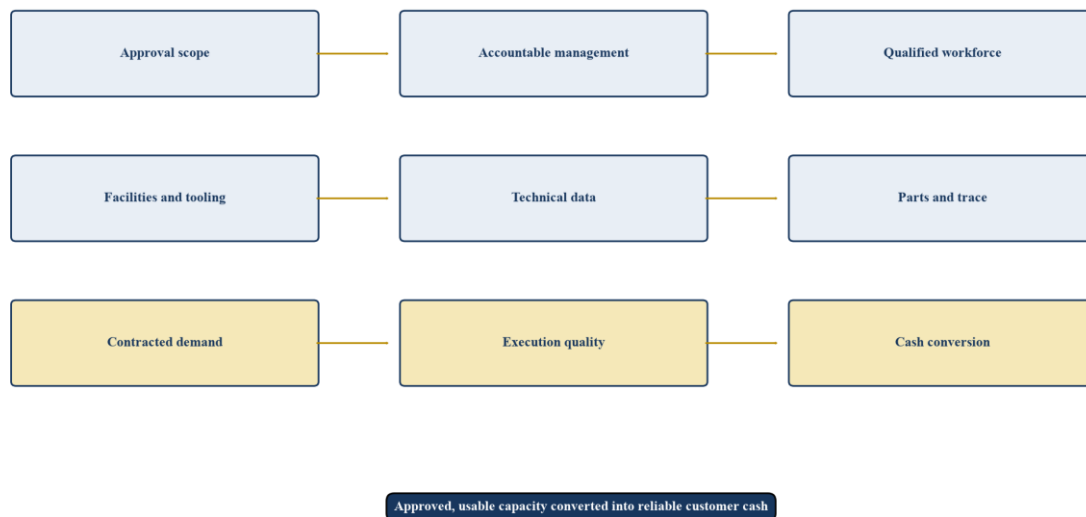
outcomes before diligence begins. The analysis should distinguish observed regulatory, contractual, operational and financial evidence from management assumptions and connect each material judgment to airworthiness, capacity, timing and cash. Approval should define minimum capacity, margin, customer retention, approval continuity and cash-conversion thresholds. The work should cover a central case and a severe-but-plausible downside, with correlated sensitivities for approval timing, labour availability, productivity, turnaround time, material cost, customer retention, pricing, remediation and integration. Exceptions require a named owner, source, due date and decision consequence. Unsupported benefits remain outside the base case until actions are implemented and evidence confirms the result. The section output should identify the controlling evidence, decision threshold, accountable owner, review cadence and explicit safety, capacity, customer or cash consequence. This creates a controlled bridge from diligence to transaction terms and integration action.

The acquisition should be assessed through four linked views. The regulatory view tests whether each entity and site may continue to perform and release the work assumed in the plan. The operating view converts approved scope, qualified labour, facilities, tooling, technical data and parts into usable capacity. The commercial view tests whether customer demand is committed, profitable and retained under the proposed ownership. The cash view reconciles work orders, inventory, work in progress, invoices, claims and collections. Each view should use the same capability, site, customer and period identifiers. This prevents a forecast from counting work that lacks approval, staff, material or contractual support. It also gives management a repeatable basis for comparing targets and sequencing integration without weakening airworthiness control. Group averages can hide a critical certifying-staff gap, a constrained engine type, an expiring customer contract or a site-specific regulator finding. Exceptions therefore remain visible until the underlying evidence or corrective action is approved and complete.

2. Use the Capacity-to-Cash Consolidation Framework

The framework links nine evidence blocks: approval scope, accountable management, workforce, facilities, tooling, technical data, parts, customers and cash. Each block should reconcile to legal entity, site, capability, regulatory certificate, customer contract and financial record. The analysis should distinguish observed regulatory, contractual, operational and financial evidence from management assumptions and connect each material judgment to airworthiness, capacity, timing and cash. The committee should prevent commercial forecasts from running ahead of approval, people or material evidence. The work should cover a central case and a severe-but-plausible downside, with correlated sensitivities for approval timing, labour availability, productivity, turnaround time, material cost, customer retention, pricing, remediation and integration. Exceptions require a named owner, source, due date and decision consequence. Unsupported benefits remain outside the base case until actions are implemented and evidence confirms the result. Evidence should remain traceable to certificate, site, capability, customer, work order and legal entity, with control totals to financial reporting and a documented path for exceptions. The resulting decision should update value, structure, conditions and operating plan together.

Figure 1. Capacity-to-Cash Consolidation Framework



Nine evidence blocks connect regulatory permission and operating resources to cash.

3. Fix the legal and regulatory perimeter

A group may operate through multiple repair-station certificates, Part-145 approvals, subsidiaries, branches and subcontracting arrangements. Map certificate holder, competent authority, ratings, limitations, exposition, locations, line stations, privileges and subcontracted work. The analysis should distinguish observed regulatory, contractual, operational and financial evidence from management assumptions and connect each material judgment to airworthiness, capacity, timing and cash. The acquisition perimeter should identify every approval, activity and interface required to deliver the forecast revenue. The work should cover a central case and a severe-but-plausible downside, with correlated sensitivities for approval timing, labour availability, productivity, turnaround time, material cost, customer retention, pricing, remediation and integration. Exceptions require a named owner, source, due date and decision consequence. Unsupported benefits remain outside the base case until actions are implemented and evidence confirms the result. Management should define the earliest warning indicator, intervention trigger and funded response. Reporting should preserve the original case, approved changes and realised cash so the board can distinguish execution from favourable timing or presentation.

4. Build the minimum evidence stack

Decision-grade diligence requires regulatory, operational, commercial, technical, workforce, supply-chain and financial records on a common time basis. Reconcile approvals, audit findings, work orders, labour hours, turnaround time, quotes, contracts, material usage, warranty, revenue and cash. The analysis should distinguish observed regulatory, contractual, operational and financial evidence from management assumptions and connect each material judgment to airworthiness, capacity, timing and cash. Preserve source, period, owner and exceptions so the model remains traceable through signing and integration. The work should cover a central case and a severe-but-plausible downside, with correlated sensitivities for approval timing, labour availability, productivity, turnaround time, material cost, customer retention, pricing, remediation and integration. Exceptions require a named owner, source, due date and decision consequence. Unsupported benefits remain outside the base case until actions are implemented and evidence confirms the result. The section output should identify the controlling evidence, decision threshold, accountable owner, review cadence and explicit safety, capacity, customer or cash consequence. This creates a controlled bridge from diligence to transaction terms and integration action.

Table 1. Minimum MRO acquisition evidence stack

Layer	Core evidence	Primary decision	Economic consequence
Regulatory	Certificates, ratings, limitations and findings	Approval continuity	Revenue eligibility and remediation
Workforce	Licences, authorisations, skills and roster	Executable labour	Capacity and retention cost
Operations	Work orders, turnaround, rework and tooling	Usable capacity	Throughput and margin
Supply chain	Trace, inventory, suppliers and lead times	Material availability	Working capital and delay
Customers	Contracts, backlog, concentration and claims	Revenue durability	Price and structure
Finance	Work-order margin, WIP, receivables and cash	Quality of earnings	Value and debt capacity

Evidence should reconcile to certificate, site, capability and legal entity.

5. Test approval continuity

A change of ownership can require notification, acceptance, amended manuals, management approval or a new certificate depending on jurisdiction and transaction structure. Obtain regulator-specific advice and map ownership, control, accountable manager, nominated persons, facilities, scope and timing. The analysis should distinguish observed regulatory, contractual, operational and financial evidence from management assumptions and connect each material judgment to airworthiness, capacity, timing and cash. Use conditions precedent, long-stop dates and interim operating covenants where approval continuity affects closing value. The work should cover a central case and a severe-but-plausible downside, with correlated sensitivities for approval timing, labour availability, productivity, turnaround time, material cost, customer retention, pricing, remediation and integration. Exceptions require a named owner, source, due date and decision consequence. Unsupported benefits remain outside the base case until actions are implemented and evidence confirms the result. Evidence should remain traceable to certificate, site, capability, customer, work order and legal entity, with control totals to financial reporting and a documented path for exceptions. The resulting decision should update value, structure, conditions and operating plan together.

6. Verify ratings and actual scope

A certificate headline can conceal limitations by aircraft type, engine, component, process, location or maintenance level. Compare certificates, operations specifications, capability lists, maintenance organisation exposition and recent release-to-service records. The analysis should distinguish observed regulatory, contractual, operational and financial evidence from management assumptions and connect each material judgment to airworthiness, capacity, timing and cash. Exclude forecast work that falls outside evidenced scope or requires unapproved facilities, data, tooling or staff. The work should cover a central case and a severe-but-plausible downside, with correlated sensitivities for approval timing, labour availability, productivity, turnaround time, material cost, customer retention, pricing, remediation and integration. Exceptions require a named owner, source, due date and decision consequence. Unsupported benefits remain outside the base case until actions are implemented and evidence confirms the result. Management should define the earliest warning indicator, intervention trigger and funded response. Reporting should preserve the original case, approved changes and realised cash so the board can distinguish execution from favourable timing or presentation.

7. Assess compliance history

Open findings, repeat findings, voluntary disclosures, enforcement, occurrence reports and overdue corrective actions can indicate control weakness. Review regulator correspondence, internal audits, root-cause analysis, closure evidence and surveillance cadence. The analysis should distinguish observed regulatory, contractual, operational and financial evidence from management assumptions and connect each material judgment to airworthiness, capacity, timing and cash. Price remediation, protect closing conditions and retain accountable owners for every material finding. The work should cover a central case and a severe-but-plausible downside, with correlated sensitivities for approval timing, labour availability, productivity, turnaround time, material cost, customer retention, pricing, remediation and integration. Exceptions require a named owner, source, due date and decision consequence. Unsupported benefits remain outside the base case until actions are implemented and evidence confirms the result. The section output should identify the controlling evidence, decision threshold, accountable owner, review cadence and explicit safety, capacity, customer or cash consequence. This creates a controlled bridge from diligence to transaction terms and integration action.

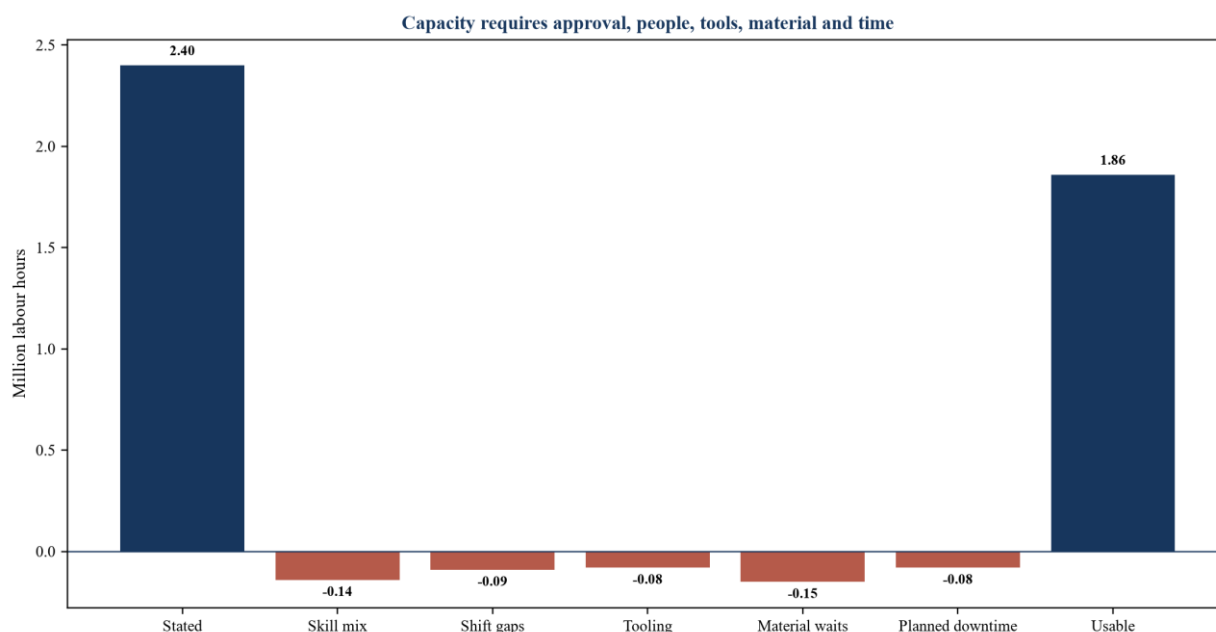
8. Evaluate the safety-management system

A compliant manual has limited value when hazard reporting, risk assessment, assurance and management action do not operate in practice. Test safety policy, reporting culture, safety-performance indicators, investigations, management reviews and action closure. The analysis should distinguish observed regulatory, contractual, operational and financial evidence from management assumptions and connect each material judgment to airworthiness, capacity, timing and cash. Integration should preserve independent safety decisions and avoid suppressing reporting through cost or schedule pressure. The work should cover a central case and a severe-but-plausible downside, with correlated sensitivities for approval timing, labour availability, productivity, turnaround time, material cost, customer retention, pricing, remediation and integration. Exceptions require a named owner, source, due date and decision consequence. Unsupported benefits remain outside the base case until actions are implemented and evidence confirms the result. Evidence should remain traceable to certificate, site, capability, customer, work order and legal entity, with control totals to financial reporting and a documented path for exceptions. The resulting decision should update value, structure, conditions and operating plan together.

9. Convert stated hours into usable capacity

Rostered labour hours do not equal productive, approved and saleable capacity. Bridge paid hours to attendance, training, certification, skill mix, shift coverage, tooling, bays, material, rework and planned downtime. The analysis should distinguish observed regulatory, contractual, operational and financial evidence from management assumptions and connect each material judgment to airworthiness, capacity, timing and cash. Value only the capacity that can execute forecast work within approval and quality constraints. The work should cover a central case and a severe-but-plausible downside, with correlated sensitivities for approval timing, labour availability, productivity, turnaround time, material cost, customer retention, pricing, remediation and integration. Exceptions require a named owner, source, due date and decision consequence. Unsupported benefits remain outside the base case until actions are implemented and evidence confirms the result. Management should define the earliest warning indicator, intervention trigger and funded response. Reporting should preserve the original case, approved changes and realised cash so the board can distinguish execution from favourable timing or presentation.

Figure 2. Hypothetical bridge from stated to usable capacity



Million labour hours; every value is an illustrative management assumption.

10. Map certifying staff and competence

A small group of licensed or authorised personnel can constrain release-to-service capacity and create key-person dependence. Map licence category, type rating, company authorisation, recency, shift, location, retirement, contractor status and succession. The analysis should distinguish observed regulatory, contractual, operational and financial evidence from management assumptions and connect each material judgment to airworthiness, capacity, timing and cash. Retention, training and authorisation plans should be funded before synergy depends on redeployed labour. The work should cover a central case and a severe-but-plausible downside, with correlated sensitivities for approval timing, labour availability, productivity, turnaround time, material cost, customer retention, pricing, remediation and integration. Exceptions require a named owner, source, due date and decision consequence. Unsupported benefits remain outside the base case until actions are implemented and evidence confirms the result. The section output should identify the controlling evidence, decision threshold, accountable owner, review cadence and explicit safety, capacity, customer or cash consequence. This creates a controlled bridge from diligence to transaction terms and integration action.

11. Test workforce productivity

Reported productivity can be distorted by overtime, contractors, deferred training, work-mix changes or incomplete time booking. Reconcile clocked hours, booked hours, standard hours, overtime, rework, absence, training and contractor invoices by product line. The analysis should distinguish observed regulatory, contractual, operational and financial evidence from management assumptions and connect each material judgment to airworthiness, capacity, timing and cash. Use cohort-level productivity and quality evidence instead of group averages. The work should cover a central case and a severe-but-plausible downside, with correlated sensitivities for approval timing, labour availability, productivity, turnaround time, material cost, customer retention, pricing, remediation and integration. Exceptions require a named owner, source, due date and decision consequence. Unsupported benefits remain outside the base case until actions are implemented and evidence confirms the result. Evidence should remain traceable to certificate, site, capability, customer, work order and legal entity, with control totals to financial reporting and a documented path for exceptions. The resulting decision should update value, structure, conditions and operating plan together.

12. Underwrite facilities and tooling

Hangars, shops, docks, test cells, stands, ground-support equipment and calibrated tools determine executable scope. Inspect ownership, leases, permits, environmental conditions, maintenance, calibration, utilisation, redundancy and capital needs. The analysis should distinguish observed regulatory, contractual, operational and financial evidence from management assumptions and connect each material judgment to airworthiness, capacity, timing and cash. The model should include downtime, relocation, certification and commissioning before counting new capacity. The work should cover a central case and a severe-but-plausible downside, with correlated sensitivities for approval timing, labour availability, productivity, turnaround time, material cost, customer retention, pricing, remediation and integration. Exceptions require a named owner, source, due date and decision consequence. Unsupported benefits remain outside the base case until actions are implemented and evidence confirms the result. Management should define the earliest warning indicator, intervention trigger and funded response. Reporting should preserve the original case, approved changes and realised cash so the board can distinguish execution from favourable timing or presentation.

13. Verify technical data and digital rights

Maintenance depends on current manuals, service information, engineering orders, software, records and customer-authorised data. Map licences, subscriptions, access rights, cybersecurity, revision control, data migration and contractual restrictions. The analysis should distinguish observed regulatory, contractual, operational and financial evidence from management assumptions and connect each material judgment to airworthiness, capacity, timing and cash. Integration must preserve approved data access and record integrity across every release-to-service workflow. The work should cover a central case and a severe-but-plausible downside, with correlated sensitivities for approval timing, labour availability, productivity, turnaround time, material cost, customer retention, pricing, remediation and integration. Exceptions require a named owner, source, due date and decision consequence. Unsupported benefits remain outside the base case until actions are implemented and evidence confirms the result. The section output should identify the controlling evidence, decision threshold, accountable owner, review cadence and explicit safety, capacity, customer or cash consequence. This creates a controlled bridge from diligence to transaction terms and integration action.

14. Audit parts traceability and inventory

Inventory value can be overstated by missing trace, shelf-life, condition, interchangeability, sanctions, obsolescence or customer ownership. Test authorised release certificates, back-to-birth records where relevant, lot control, quarantine, scrap, consignment and cycle counts. The analysis should distinguish observed regulatory, contractual, operational and financial evidence from management assumptions and connect each material judgment to airworthiness, capacity, timing and cash. Apply valuation reserves and closing adjustments to unsupported, slow-moving or non-transferable material. The work should cover a central case and a severe-but-plausible downside, with correlated sensitivities for approval timing, labour availability, productivity, turnaround time, material cost, customer retention, pricing, remediation and integration. Exceptions require a named owner, source, due date and decision consequence. Unsupported benefits remain outside the base case until actions are implemented and evidence confirms the result. Evidence should remain traceable to certificate, site, capability, customer, work order and legal entity, with control totals to financial reporting and a documented path for exceptions. The resulting decision should update value, structure, conditions and operating plan together.

15. Model supply-chain resilience

Long lead times, sole-source components, engine-shop constraints and logistics disruption can turn demand into grounded work in progress. Measure supplier concentration, lead time, fill rate, price

escalation, repair loop, pool access and alternative approvals. The analysis should distinguish observed regulatory, contractual, operational and financial evidence from management assumptions and connect each material judgment to airworthiness, capacity, timing and cash. Fund buffers selectively and connect procurement actions to specific turnaround-time and cash outcomes. The work should cover a central case and a severe-but-plausible downside, with correlated sensitivities for approval timing, labour availability, productivity, turnaround time, material cost, customer retention, pricing, remediation and integration. Exceptions require a named owner, source, due date and decision consequence. Unsupported benefits remain outside the base case until actions are implemented and evidence confirms the result. Management should define the earliest warning indicator, intervention trigger and funded response. Reporting should preserve the original case, approved changes and realised cash so the board can distinguish execution from favourable timing or presentation.

16. Reconstruct turnaround time

Customer value depends on reliable induction, work-scope control, parts availability, rectification and release. Measure elapsed and touch time from induction to redelivery, separating planned work, discoveries, customer approvals, material waits and rework. The analysis should distinguish observed regulatory, contractual, operational and financial evidence from management assumptions and connect each material judgment to airworthiness, capacity, timing and cash. Forecast throughput only after removing delay that cannot be controlled or economically reduced. The work should cover a central case and a severe-but-plausible downside, with correlated sensitivities for approval timing, labour availability, productivity, turnaround time, material cost, customer retention, pricing, remediation and integration. Exceptions require a named owner, source, due date and decision consequence. Unsupported benefits remain outside the base case until actions are implemented and evidence confirms the result. The section output should identify the controlling evidence, decision threshold, accountable owner, review cadence and explicit safety, capacity, customer or cash consequence. This creates a controlled bridge from diligence to transaction terms and integration action.

Table 2. Turnaround-time loss tree

Delay source	Evidence	Corrective action	Value consequence
Customer approval	Quote-to-authorisation timestamps	Pre-agreed limits and escalation	Reduced idle WIP
Material wait	Requisitions, lead time and shortage logs	Pooling, alternates and buffers	Higher throughput and cash
Labour or skill	Roster, authorisation and task hours	Training, shift and retention plan	Capacity recovery
Tool or bay	Usage, calibration and downtime	Scheduling and targeted capital	Fewer bottlenecks
Rework	Non-conformance and repeat task	Root cause and quality action	Margin protection

Delay should be assigned to an evidence-backed cause and accountable owner.

17. Measure quality and rework

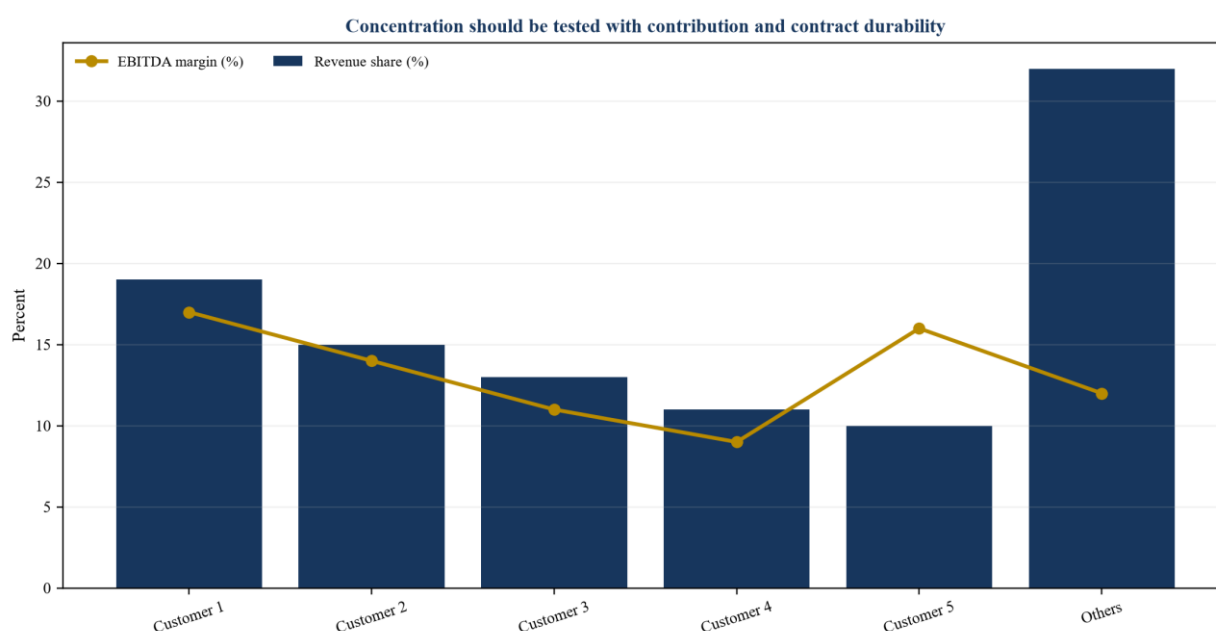
High throughput can conceal repeat defects, warranty claims, escapes, concessions and uncompensated labour. Reconcile non-conformances, inspection findings, repeat removals, warranty, customer claims, scrap and quality cost by product family. The analysis should distinguish observed regulatory, contractual, operational and financial evidence from management assumptions and connect each material judgment to airworthiness, capacity, timing and cash. Synergy plans must protect inspection independence and include the cost of achieving target first-pass yield. The work should cover a central case and a severe-but-

plausible downside, with correlated sensitivities for approval timing, labour availability, productivity, turnaround time, material cost, customer retention, pricing, remediation and integration. Exceptions require a named owner, source, due date and decision consequence. Unsupported benefits remain outside the base case until actions are implemented and evidence confirms the result. Evidence should remain traceable to certificate, site, capability, customer, work order and legal entity, with control totals to financial reporting and a documented path for exceptions. The resulting decision should update value, structure, conditions and operating plan together.

18. Test customer concentration

A strong order book can depend on a few airlines, lessors, original-equipment manufacturers or defence customers. Measure revenue, gross margin, receivables, slots and capacity allocation by customer, contract, fleet and decision maker. The analysis should distinguish observed regulatory, contractual, operational and financial evidence from management assumptions and connect each material judgment to airworthiness, capacity, timing and cash. Use retention conditions, earn-outs, rollover equity or price protection where concentrated revenue lacks durable commitment. The work should cover a central case and a severe-but-plausible downside, with correlated sensitivities for approval timing, labour availability, productivity, turnaround time, material cost, customer retention, pricing, remediation and integration. Exceptions require a named owner, source, due date and decision consequence. Unsupported benefits remain outside the base case until actions are implemented and evidence confirms the result. Management should define the earliest warning indicator, intervention trigger and funded response. Reporting should preserve the original case, approved changes and realised cash so the board can distinguish execution from favourable timing or presentation.

Figure 3. Hypothetical customer concentration and margin exposure



Revenue share and EBITDA margin are illustrative management assumptions.

19. Distinguish contracted demand from expectations

Framework agreements, preferred-provider status and forecast work packages can provide limited minimum volume. Review term, exclusivity, pricing, escalation, volume commitment, termination, performance credits, change control and assignment. The analysis should distinguish observed regulatory, contractual, operational and financial evidence from management assumptions and connect each material judgment to airworthiness, capacity, timing and cash. Model committed, probable and uncommitted demand separately and disclose the conversion assumptions. The work should cover a central case and a

severe-but-plausible downside, with correlated sensitivities for approval timing, labour availability, productivity, turnaround time, material cost, customer retention, pricing, remediation and integration. Exceptions require a named owner, source, due date and decision consequence. Unsupported benefits remain outside the base case until actions are implemented and evidence confirms the result. The section output should identify the controlling evidence, decision threshold, accountable owner, review cadence and explicit safety, capacity, customer or cash consequence. This creates a controlled bridge from diligence to transaction terms and integration action.

20. Test pricing and margin quality

Revenue growth can be offset by fixed-price exposure, inflation, overtime, parts escalation and uncompensated findings. Rebuild margin by work order using labour, material, subcontract, warranty, logistics, credit and billing data. The analysis should distinguish observed regulatory, contractual, operational and financial evidence from management assumptions and connect each material judgment to airworthiness, capacity, timing and cash. Protect value through indexed pricing, scope discipline, approval thresholds and customer-level contribution reporting. The work should cover a central case and a severe-but-plausible downside, with correlated sensitivities for approval timing, labour availability, productivity, turnaround time, material cost, customer retention, pricing, remediation and integration. Exceptions require a named owner, source, due date and decision consequence. Unsupported benefits remain outside the base case until actions are implemented and evidence confirms the result. Evidence should remain traceable to certificate, site, capability, customer, work order and legal entity, with control totals to financial reporting and a documented path for exceptions. The resulting decision should update value, structure, conditions and operating plan together.

21. Reconcile backlog with capacity

Backlog is valuable only when scope, price, slot, material, labour and customer approval support execution. Age open work and orders, identify duplicates or contingent awards, and schedule each package against constrained resources. The analysis should distinguish observed regulatory, contractual, operational and financial evidence from management assumptions and connect each material judgment to airworthiness, capacity, timing and cash. Use a capacity-feasible backlog rather than the sales register as the revenue bridge. The work should cover a central case and a severe-but-plausible downside, with correlated sensitivities for approval timing, labour availability, productivity, turnaround time, material cost, customer retention, pricing, remediation and integration. Exceptions require a named owner, source, due date and decision consequence. Unsupported benefits remain outside the base case until actions are implemented and evidence confirms the result. Management should define the earliest warning indicator, intervention trigger and funded response. Reporting should preserve the original case, approved changes and realised cash so the board can distinguish execution from favourable timing or presentation.

22. Convert accounting profit into cash

MRO cash conversion can be weakened by inventory, work in progress, milestone billing, customer approvals, claims and delayed collections. Reconcile work-order revenue to invoicing, receivables, material purchases, deposits, provisions and cash by customer. The analysis should distinguish observed regulatory, contractual, operational and financial evidence from management assumptions and connect each material judgment to airworthiness, capacity, timing and cash. Set working-capital and completion-account protections around normalised operational drivers. The work should cover a central case and a severe-but-plausible downside, with correlated sensitivities for approval timing, labour availability, productivity, turnaround time, material cost, customer retention, pricing, remediation and integration. Exceptions require a named owner, source, due date and decision consequence. Unsupported benefits remain outside the base case until actions are implemented and evidence confirms the result. The section output should identify the controlling evidence, decision threshold, accountable owner, review cadence

and explicit safety, capacity, customer or cash consequence. This creates a controlled bridge from diligence to transaction terms and integration action.

23. Identify capital expenditure

Growth can require hangar modification, test equipment, tooling, digital systems, training, certification and environmental remediation. Separate maintenance, compliance, capacity and transformation capital with timing, approval and commissioning dependencies. The analysis should distinguish observed regulatory, contractual, operational and financial evidence from management assumptions and connect each material judgment to airworthiness, capacity, timing and cash. The investment case should fund required capital before distribution or debt-capacity assumptions. The work should cover a central case and a severe-but-plausible downside, with correlated sensitivities for approval timing, labour availability, productivity, turnaround time, material cost, customer retention, pricing, remediation and integration. Exceptions require a named owner, source, due date and decision consequence. Unsupported benefits remain outside the base case until actions are implemented and evidence confirms the result. Evidence should remain traceable to certificate, site, capability, customer, work order and legal entity, with control totals to financial reporting and a documented path for exceptions. The resulting decision should update value, structure, conditions and operating plan together.

24. Assess customer and competition risk

Consolidation can reduce alternatives for specialised capabilities, airport locations, fleets, engines or component classes. Define relevant product and geographic markets, competitor capacity, switching constraints, entry requirements and customer procurement behaviour. The analysis should distinguish observed regulatory, contractual, operational and financial evidence from management assumptions and connect each material judgment to airworthiness, capacity, timing and cash. Engage competition counsel early and model remedies or timing where concentration risk is material. The work should cover a central case and a severe-but-plausible downside, with correlated sensitivities for approval timing, labour availability, productivity, turnaround time, material cost, customer retention, pricing, remediation and integration. Exceptions require a named owner, source, due date and decision consequence. Unsupported benefits remain outside the base case until actions are implemented and evidence confirms the result. Management should define the earliest warning indicator, intervention trigger and funded response. Reporting should preserve the original case, approved changes and realised cash so the board can distinguish execution from favourable timing or presentation.

Table 3. Consolidation risk and structure responses

Risk	Evidence gap	Possible structure response	Continuing control
Approval continuity	Uncertain change process	Condition precedent and long-stop	Regulator workstream
Customer concentration	Limited committed volume	Retention, earn-out or price holdback	Customer-level dashboard
Key staff	Sparse certifying bench	Retention and funded training	Authorisation coverage
Inventory trace	Unsupported or aged stock	Closing adjustment and indemnity	Trace and quarantine controls
Remediation capital	Incomplete facility or system plan	Escrow or seller contribution	Approved capital gate

Transaction protections should match the evidence gap and decision consequence.

25. Compare transaction structures

A share purchase, asset purchase, carve-out, joint venture or staged acquisition creates different approval, liability and continuity risks. Compare transferability of certificates, contracts, staff, facilities, inventory, data, warranties and environmental obligations. The analysis should distinguish observed regulatory, contractual, operational and financial evidence from management assumptions and connect each material judgment to airworthiness, capacity, timing and cash. Select the structure that preserves operating continuity and allocates legacy exposure explicitly. The work should cover a central case and a severe-but-plausible downside, with correlated sensitivities for approval timing, labour availability, productivity, turnaround time, material cost, customer retention, pricing, remediation and integration. Exceptions require a named owner, source, due date and decision consequence. Unsupported benefits remain outside the base case until actions are implemented and evidence confirms the result. The section output should identify the controlling evidence, decision threshold, accountable owner, review cadence and explicit safety, capacity, customer or cash consequence. This creates a controlled bridge from diligence to transaction terms and integration action.

26. Model a hypothetical consolidation

The hypothetical targets have assumed combined revenue of USD 420 million, EBITDA of USD 52 million and stated capacity of 2.4 million labour hours. Usable capacity is assumed at 1.86 million hours after constraints, and the five largest customers represent 68 percent of revenue. The analysis should distinguish observed regulatory, contractual, operational and financial evidence from management assumptions and connect each material judgment to airworthiness, capacity, timing and cash. The central case assumes enterprise value of USD 390 million and year-three value creation of USD 34 million; the downside recognises only USD 11 million. All values are illustrative management assumptions. The work should cover a central case and a severe-but-plausible downside, with correlated sensitivities for approval timing, labour availability, productivity, turnaround time, material cost, customer retention, pricing, remediation and integration. Exceptions require a named owner, source, due date and decision consequence. Unsupported benefits remain outside the base case until actions are implemented and evidence confirms the result. Evidence should remain traceable to certificate, site, capability, customer, work order and legal entity, with control totals to financial reporting and a documented path for exceptions. The resulting decision should update value, structure, conditions and operating plan together.

Table 4. Hypothetical MRO consolidation scenarios

Measure	Central case	Downside case	Decision meaning
Combined revenue	420	374	Customer retention and throughput
Reported EBITDA	52	39	Pre-remediation earnings
Stated capacity, million hours	2.40	2.40	Headline operational claim
Usable capacity, million hours	1.86	1.62	Constraint-adjusted throughput
Assumed enterprise value	390	345	Transaction value
Year-three run-rate value creation	34	11	Risk-adjusted integration outcome

USD millions unless stated; every value is an illustrative management assumption.

27. Price synergies through constraints

Procurement, network, pricing, insourcing, cross-selling and shared services may create value after approvals and operating interfaces are protected. Give each synergy a baseline, action, cost, owner, regulatory dependency, customer dependency and cash date. The analysis should distinguish observed regulatory, contractual, operational and financial evidence from management assumptions and connect each material judgment to airworthiness, capacity, timing and cash. Keep unsupported or approval-dependent benefits outside the base case until evidence and implementation confirm them. The work should cover a central case and a severe-but-plausible downside, with correlated sensitivities for approval timing, labour availability, productivity, turnaround time, material cost, customer retention, pricing, remediation and integration. Exceptions require a named owner, source, due date and decision consequence. Unsupported benefits remain outside the base case until actions are implemented and evidence confirms the result. Management should define the earliest warning indicator, intervention trigger and funded response. Reporting should preserve the original case, approved changes and realised cash so the board can distinguish execution from favourable timing or presentation.

28. Design the integration sequence

Rapid legal or systems integration can disrupt manuals, authorisations, records, work cards, material control and safety reporting. Sequence Day 1 continuity, approval changes, customer consents, people retention, systems migration and operating-model decisions. The analysis should distinguish observed regulatory, contractual, operational and financial evidence from management assumptions and connect each material judgment to airworthiness, capacity, timing and cash. Use regulator and customer readiness gates before combining safety-critical processes or sites. The work should cover a central case and a severe-but-plausible downside, with correlated sensitivities for approval timing, labour availability, productivity, turnaround time, material cost, customer retention, pricing, remediation and integration. Exceptions require a named owner, source, due date and decision consequence. Unsupported benefits remain outside the base case until actions are implemented and evidence confirms the result. The section output should identify the controlling evidence, decision threshold, accountable owner, review cadence and explicit safety, capacity, customer or cash consequence. This creates a controlled bridge from diligence to transaction terms and integration action.

Figure 4. Twenty-four-month MRO consolidation roadmap



The roadmap protects approval continuity before operational integration.

29. Establish Day 1 controls

Closing must preserve accountable management, approvals, release authority, access, materials, insurance, payroll, suppliers and customer communication. Run site-level control rooms with named owners, evidence packs, escalation rules and continuity rehearsals. The analysis should distinguish observed regulatory, contractual, operational and financial evidence from management assumptions and connect each material judgment to airworthiness, capacity, timing and cash. No work should proceed under ambiguous approval, data, authorisation or material status. The work should cover a central case and a severe-but-plausible downside, with correlated sensitivities for approval timing, labour availability, productivity, turnaround time, material cost, customer retention, pricing, remediation and integration. Exceptions require a named owner, source, due date and decision consequence. Unsupported benefits remain outside the base case until actions are implemented and evidence confirms the result. Evidence should remain traceable to certificate, site, capability, customer, work order and legal entity, with control totals to financial reporting and a documented path for exceptions. The resulting decision should update value, structure, conditions and operating plan together.

30. Govern value after closing

The acquisition succeeds when approved capacity produces safe, on-time work, durable customer revenue and cash. Track capacity, qualified labour, turnaround, first-pass yield, findings, backlog, concentration, margin, working capital and synergy cash against the approved case. The analysis should distinguish observed regulatory, contractual, operational and financial evidence from management assumptions and connect each material judgment to airworthiness, capacity, timing and cash. The board should retain the original underwriting case, approved changes and realised outcomes for accountability. The work should cover a central case and a severe-but-plausible downside, with correlated sensitivities for approval timing, labour availability, productivity, turnaround time, material cost, customer retention, pricing, remediation and integration. Exceptions require a named owner, source, due date and decision consequence. Unsupported benefits remain outside the base case until actions are implemented and evidence confirms the result. Management should define the earliest warning indicator, intervention trigger and funded response. Reporting should preserve the original case, approved changes and realised cash so the board can distinguish execution from favourable timing or presentation.

Frequently asked questions

What is the first test in an MRO acquisition?

Confirm the exact legal entities, sites, certificates, ratings, limitations, accountable management and work scope supporting forecast revenue. Reconcile the regulatory perimeter with customer contracts and financial reporting.

How should an investor measure MRO capacity?

Bridge stated labour and facility capacity to usable capacity after skill mix, authorisations, shift coverage, tooling, technical data, material availability, quality, rework and planned downtime.

Why is certifying-staff concentration important?

A small number of authorised people may control release-to-service throughput for a product or shift. Attrition, retirement, recency or authorisation gaps can reduce capacity immediately.

How should customer concentration affect deal structure?

Measure revenue, margin, receivables, capacity allocation, contract protection and relationship ownership. Use evidence-backed retention conditions, contingent value or price protection when durable commitment is limited.

What makes backlog decision grade?

Each item should have a customer, defined scope, price basis, slot, labour plan, material route, approval coverage and credible start and completion date. Forecasts and preferred-provider status require separate treatment.

How should parts inventory be valued?

Test ownership, condition, traceability, authorised release documentation, shelf life, interchangeability, demand, obsolescence and customer restrictions. Apply reserves or closing adjustments to unsupported stock.

Which integrations should happen first?

Begin with continuity, approvals, accountable roles, staff retention, customer communication and access. Integrate support processes through tested gates while preserving safety, quality and release authority.

What should the board monitor after closing?

Track approval findings, qualified labour, usable capacity, turnaround time, first-pass yield, backlog, customer concentration, work-order margin, working capital, capital expenditure and realised synergy cash against the approved case.

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About the Author

Chennakeshav (CK) is a corporate finance and investment banking executive with 25+ years of global experience in deal origination, structuring and execution across M&A, growth capital and corporate strategy. He has led value-creation mandates for founders, corporates and funds — bridging the boardroom view to hands-on execution and closure.

His career spans Morgan Stanley, HSBC, Lloyds Banking Group, EWEC, ADQ portfolio companies and Emirates Growth Fund, across TMT, real estate, fintech, deeptech, cleantech, infrastructure and energy. He has partnered with C-suite leaders, private equity and venture funds, sovereign wealth funds and family offices to finance complex fund raises and scale-up ventures, and has led M&A due diligence, post-merger integration and business-transformation initiatives to create value.

At Matchpoint Partners, he is Managing Partner and leads the firm's corporate finance, M&A and capital-raising practice. He holds an MBA from London Business School, an engineering degree from VTU and a Master of Laws (LLM, in progress) from UCL London.

An active start-up mentor, CK mentors at Techstars, DIFC FinTech Hive, Startup Grind, Founder Institute and IN5, serves as Entrepreneur Mentor in Residence (EMiR) at London Business School, and judges the Entrepreneurship World Cup.

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