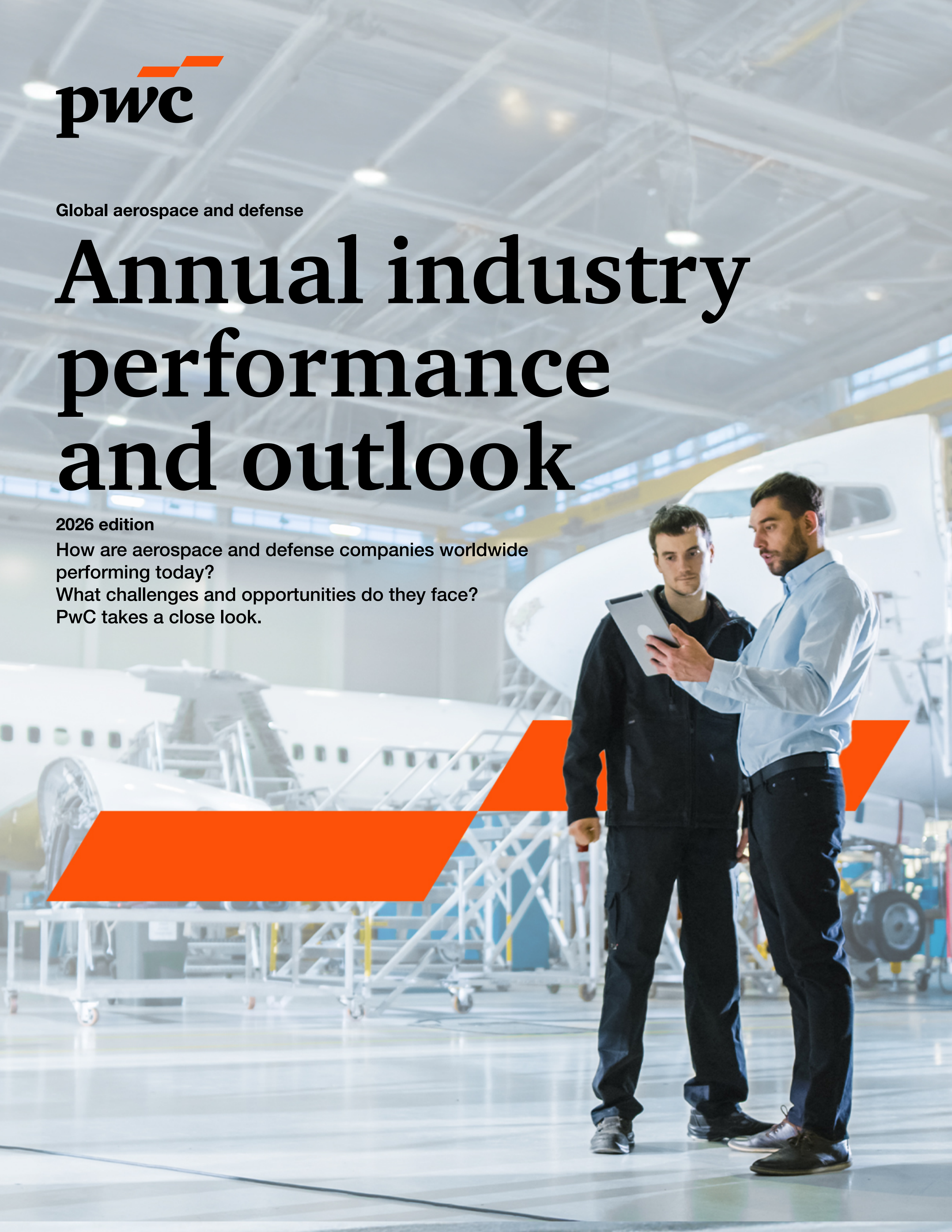

Global aerospace and defense

Annual industry performance and outlook

2026 edition

How are aerospace and defense companies worldwide performing today?
What challenges and opportunities do they face?
PwC takes a close look.

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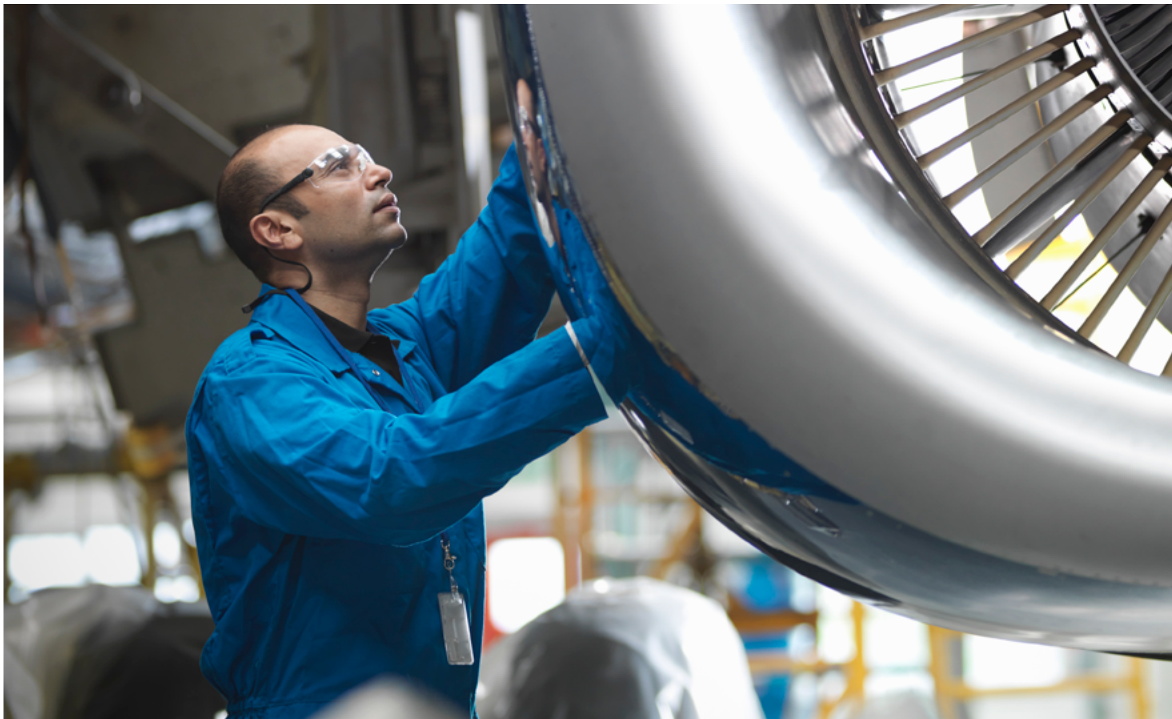
01

Executive summary

The 2026 edition of PwC's *Global Aerospace and Defense: Annual Industry Performance and Outlook* shares key performance metrics of the global commercial aerospace and defense (A&D) industry. Our data are drawn from financial reports for fiscal year (FY) 2025 and include financial results for the largest 100 A&D companies by revenue (please see the complete list in the Appendix).

We also highlight notable industry developments and express PwC's point of view on topics affecting the industry, developed through interactions with our clients and other industry leaders and analysts.



02

A&D performance overview

In 2025, A&D industry revenue for the largest 100 companies exceeded $1 trillion for the first time, increasing 14% over 2024, which set the previous record. Boeing led the way with a 35% revenue increase, a strong contribution to the company's production recovery. Boeing delivered 600 airplanes in 2025, compared with 348 in the prior year, when production was impacted by a labor strike. Civil aviation suppliers overall reported double-digit revenue growth. GE Aerospace revenue increased by 19%. Safran's Aircraft Engines' Propulsion unit (including CFM International, a 50/50 joint venture (JV) with GE) increased by 18%. Rolls-Royce Civil Aerospace revenues increased by 15%. RTX's Pratt & Whitney and Collins Aerospace combined revenues were up by 12%. Other companies showing significant civil aviation growth include Honeywell Aerospace, up 13%; MTU up 23%; and Howmet Aerospace and TransDigm, each up 11%. The remaining companies among the top 100 had an average revenue increase of nearly 8%.

Operating profit industry-wide soared an astonishing 46% to set a record of $124 billion and a record 11.9% return on sales (ROS). Slightly more than one-third of the increase was driven by a $15 billion profit improvement at Boeing, as it recovered from a $10.7-billion loss in the prior year. Nearly 40% of the profit increase is attributed to the four major engine manufacturers—GE Aerospace, RTX, Rolls-Royce, and Safran—which each reported more than $2 billion in profit improvement, in the range of 31% to 59%, driven primarily by growth in their aftermarket parts and services markets, as older aircraft fill the gap between

$2B+

The four major engine manufacturers each reported more than $2 billion in profit improvement

Up to

200%

Leading MRO providers reported strong profit growth

demand and OEM production. The average age of the commercial aircraft fleet is now 15 years, the oldest ever. The other 95 companies in the top 100 reported an average profit increase of 18%. Some of the leading maintenance, repair, and overhaul (MRO) providers, such as StandardAero, FTAI Aviation, and VSE, reported profit increases in the range of 37% to more than 200%.

While defense demand is also soaring, with backlog rising more than 50% over the last three years, revenue growth was more modest in 2025, up just 6% among the top six US defense primes and 13% among the European primes. Defense profits were up nearly 50%, but this increase primarily represents recovery from extensive program charges in the prior year. Operating margin was at 9.4% overall, which is in line with the historical average.

The space sector is also experiencing surging demand. Small satellite networks are proliferating as we move to a space-based economy. A decade or so ago, there were just a handful of launches per year. Now we're seeing multiple launches weekly and the pace is only accelerating, expected to exceed an average of one per day in 2026. Projections for the space industry forecast approximately a tripling in annual value in the next decade to around $1.5 trillion.

Despite the very strong results, the industry continues to struggle overall as demand continues to significantly outpace production, while significant inefficiencies also persist in production stemming from supply chain performance challenges.

Figure 1: Key industry metrics

	2025	2024	Change
Revenue	$1,045 billion	$918 billion	**13.8%**
Operating profit	$124.4 billion	$85.0 billion	**46.4%**
Operating margin	11.9%	9.3%	**+260 bps***

Source: PwC analysis
* bps = basis points; 1 basis point = 0.01%

$10B

The $10 billion profit threshold has been achieved only three times in A&D history

31%

GE Aerospace repeated as the most profitable company, with 31% improvement

Top A&D companies: Performance highlights

Boeing regained the distinction of being the industry's largest company, with $89.5 billion in revenue, narrowly exceeding RTX, the leader in 2024, at $88.6 billion. GE Aerospace repeated as the most profitable company, with $10 billion in profits, a 31% improvement. The $10 billion threshold has been achieved only twice before, both times by Boeing, in 2017 and 2018. As noted, Boeing reported the highest profit improvement, at $15 billion, as it recovered from a $10.7 billion loss in the prior year.

Hanwha more than doubled its revenue, with the increase primarily driven by Hanwha Ocean, as shipbuilding enters a supercycle worldwide, and as a result of fully integrating Daewoo Shipbuilding, which Hanwha acquired in 2023. Accordingly, Hanwha had the highest increase on our Top 100 list, moving up nine places, to No. 14. Astronics nearly tripled its profits without any one-timers, delivering higher sales, improved gross margin and lower selling, general, and administrative (SG&A) and research and development (R&D) expenses.

Palantir Government remained the highest-margin company, at 65.6%, on the strength of its AI solutions. Parsons Federal Solutions reported the largest decrease in revenue and percentage, as well as the largest drop on our Top 100 list—sinking by 10 spots—because of reduced volume on a confidential contract with the State Department. SAIC reported the largest decrease in profit, primarily because of nonrecurring gains in the prior year. Axon Enterprise reported the largest percentage decrease in profit, primarily stemming from stock compensation expenses.

A notable addition to our Top 100 list is Rocket Lab, which notched a record-setting year in 2025 with 21 launches of its Electron rockets,[1] the win of an $816 million Space Development Agency contract[2] to design and manufacture 18 missile-tracking satellites for the Tracking Layer Tranche 3 program, and a skyrocketing stock valuation increase.

Figure 2: Top 100 additions and deletions

Added to the list	
Rocket Lab	#98
Deleted from the list	
Spirit AeroSystems	Acquired by Boeing and Airbus

Source: PwC analysis

Figure 3: Analysis highlights

Largest increase in revenue (dollars)	Boeing	+$22.946 billion
Largest increase in revenue (percentage)	Hanwha Aerospace	+127%
Largest increase in profit (dollars)	Boeing	+$14.988 billion
Largest increase in profit (percentage)	Astronics	+192%
Highest operating margin	Palantir Government	65.6%
Largest rise in top 100 list	Hanwha Aerospace	+9
Largest decrease in revenue (dollars)	Parsons Federal Solutions	–$786 million
Largest decrease in revenue (percentage)	Parsons Federal Solutions	–19.6%
Largest decrease in profit (dollars)	SAIC	–$178 million
Largest decrease in profit (percentage)	Axon Enterprise	–205%
Farthest drop in PwC's Top 100 list	Parsons Federal Solutions	–10

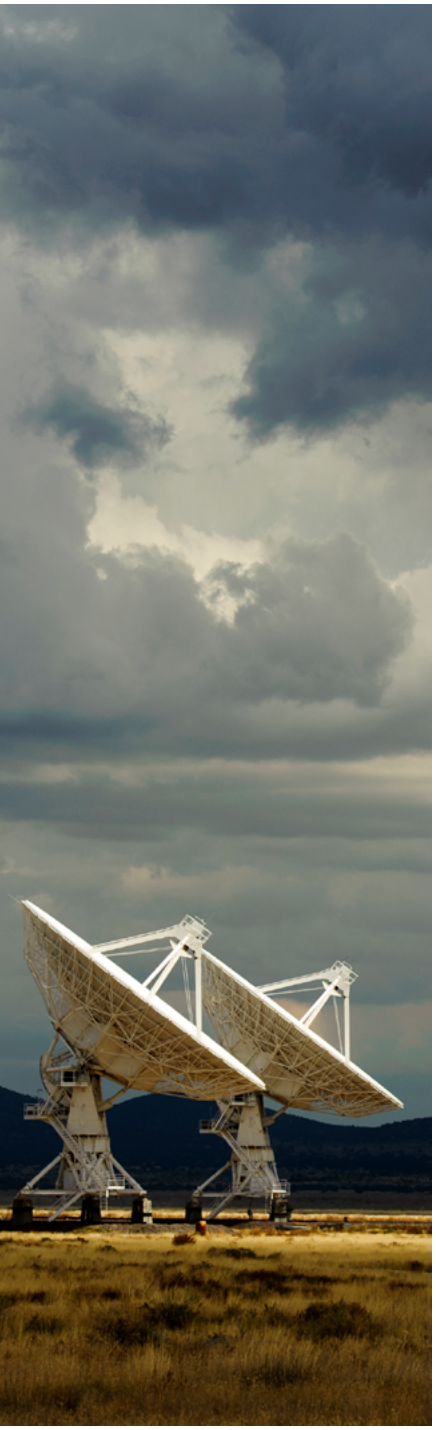
Source: PwC analysis

Figure 4: Companies with operating margins exceeding 20%

The total number of companies with an operating margin over 20% rose from 16 to 25 from 2024 to 2025.

Top 100 rank	Company	Operating margin
6	GE Aerospace	21.8%
10	Rolls-Royce	21.1%
15	Honeywell Aerospace	24.5%
25	TransDigm	47.2%
28	Howmet Aerospace	24.8%
38	Parker Aerospace Systems	23.3%
45	Heico	22.9%
43	Aselsan	26.2%
47	Eaton Aerospace	23.8%
45	Hindustan	32.2%
51	IHI Aero Engines	22.1%
60	Bharat Electronics	29.0%
66	Carpenter Technology	22.9%
68	FTAI Aviation	29.6%
69	ATI High Performance Metals	23.6%
71	Palantir	65.6%
72	Woodward Aerospace	21.9%
76	RBC Bearings	22.6%
77	Exchange Income	30.0%
78	Teledyne	20.7%
87	Crane Aerospace & Electronics	25.1%
88	Garmin	31%

Source: PwC analysis



Challenges related to conflict in the Persian Gulf

Military operations in the Middle East launched on February 28, along with the subsequent response involving other Gulf nations, will have implications for both the civil and defense A&D industries.

The conflict has had immediate consequences for US weapons procurement and preparedness whose effects are sure to be felt for years. Since the war's outbreak in February 2026, the US has used 1,100 long-range stealth cruise missiles (exhausting nearly the entire supply), 1,000 Tomahawk cruise missiles (equal to about 10 years' worth of procurement), 1,200 Patriot interceptor missiles, more than 1,000 Precision Strike and ATACMS missiles, and some 1,200 JASSM-ER air-to-surface missiles, leaving regional commands worldwide seriously depleted.[3]

The initial weeks of conflicts had serious impact on civil aviation far beyond the Gulf. Tens of thousands of flights to and from airports across the Middle East and Asia were canceled as major airports closed for safety reasons. The airlines hardest hit include Asia Pacific market leaders such as Emirates, Etihad Airways, flydubai, Qatar Airways, and Air Arabia—but no regional market in the world is unaffected.[4] In less than a month after the outbreak of conflicts, the 20 largest publicly traded airlines were estimated collectively to have lost approximately $53 billion in market capitalization.[5]

This disruption of regional aviation traffic may ultimately be less threatening than disruption of the global trade in petroleum products. Within its first two weeks, the conflict had already caused the biggest oil supply disruption in history, according to the International Energy Agency.[6] Middle Eastern exporters normally ship about 1.1 million barrels of jet fuel daily, some 17% of global consumption.[7] With **the price of jet fuel more than doubled** since the war's outbreak[8] and airlines' inventories dwindling, airlines worldwide have increased airfare prices, added or increased fees,[9] cut routes, and canceled swathes of scheduled flights—in some cases, for the next six months or more.[10] In late April, Lufthansa alone canceled 20,000 short-haul European flights,[11] while the total number of canceled flights into and out of Gulf region airports reached 63,000, more than half of normal traffic.[12] Globally, total canceled flights could soon reach hundreds of thousands.

The jet fuel crisis threatens profit margins in an industry that had been largely optimistic about consolidating its postpandemic recovery. Air cargo prices have soared by as much as 70% as a direct result of the rise in fuel costs, with routes between South Asia and Europe most strongly affected.[13] And with Middle East regional facilities in recent years accounting for 10–12%[14] of the global civil aviation MRO market, and with the MRO industry's supply chains partly paralyzed, many airlines confront serious disruption to their maintenance schedules.

Elevated air cargo costs could have severe effects on the supply networks of both civil and military aviation manufacturers worldwide. Yet perhaps the most serious threat they face is the **prospect of significant disruption in their supply chains for advanced microchips**. Chip makers rely on helium, a byproduct of natural gas refining, which is produced almost entirely by the US and Qatar. With Qatar's exports now blocked, the world's supply has been cut by about one-third. Ample stored helium provides such a buffer that the effect may not be felt for weeks or months.[15] However, as this report is finalized, the Strait of Hormuz remains doubly blockaded. If this stalemate persists, competition for chips across A&D manufacturing could become, to say the least, severe. Full restoration of the global helium supply is unlikely to be quick. Estimates of the costs of repairing energy infrastructure across the Gulf region range up to nearly $60 billion, and repairs to Qatar's liquefied natural gas (LNG) facilities are expected to take five years.[16]

0%

US and EU restored zero tariffs on aircraft and parts though certain tariffs remain

Tariff- and trade-related challenges

The overall picture for aviation manufacturers related to US tariffs is much improved compared to a year ago but with some remaining issues. The industry received good news in the fall. **As of September 1, the US and the EU restored a zero-tariff agreement on aircraft and parts** (including engines, seats, and components), retroactive for imports to the US to that date.[17] The framework can be viewed essentially as upholding the 1980 WTO Agreement on Trade in Civil Aircraft, which generally has kept most aerospace components duty-free worldwide, covering civil aircraft, engines, flight simulators, and their parts. Convergently, as of February 2026, **US tariffs on Brazilian-built aircraft and parts have also been removed** after a brief period when they faced a 10% duty,[18] surely a source of relief especially for Embraer.

One source of uncertainty for Canadian aviation manufacturers is **a dispute arising from Canadian certification of several models of US-made Gulfstream aircraft.** On January 29, President Trump threatened a 50% tariff on all Canadian-made aircraft and decertification of Bombardier's Global Express jets.[19] The dispute is also of concern to Airbus, which produces A220 commercial jets in Canada. In response, Transport Canada, which had delayed certification over safety concerns (specifically, de-icing tests), certified all the Gulfstream models affected in late February. While both Transport Canada and the FAA have signaled that they expect full resolution of the issue, the highly volatile nature of the matter remains a huge source of concern in Canada.

Despite the US Supreme Court's recent decision striking down American International Emergency Economic Powers Act (IEEPA)-based tariffs, US tariffs still pose serious ongoing challenges to the A&D sector. As of April 2026, the most significant measures affecting aviation manufacturing are Section 232 tariffs—which are entirely unaffected by the court's decision—on most steel, aluminum, and copper products, including derivative products, imported from Canada and several other countries, with rates varying from 10 to 50% (and up to 200% on metals originating in Russia).[20] Overall, the US administration has

+15%

production costs likely increased by about 15% on average for many manufacturers owing to tariffs in 2025

10%

The 10% tariff relied on a never-before-used part of the Trade Act of 1974, known as Section 122

lowered and simplified the Section 232 metals tariffs. But it has also changed the basis for calculation to the value of the entire tariffed item rather than its tariffed metals content only, which for A&D importers may increase tariff costs considerably in numerous cases. The challenge regarding metals is especially severe given that the Middle East conflict has also driven aluminum prices to a four-year high[21] with the closure of smelters around the Gulf, which normally account for some 10% of global supply. Varying tariffs on electronics and other components used in aviation are also affecting US A&D manufacturing as well as US civil aviation MRO.

Meanwhile, on May 7, the Court of International Trade (CIT) ruled that the US's 10% duty on most imports, imposed in February after the Supreme Court's IEEPA decision, was illegal. The 10% tariff relied on a never-before used part of the Trade Act of 1974, known as Section 122. The CIT's decision could help provide some further relief to US A&D manufacturers and their foreign suppliers. One unresolved issue is whether the Section 122 tariffs will be refunded (US importers have already started receiving reimbursements for $166 billion in IEEPA duties).[22]

US A&D supply networks are complex and continue to be affected by other challenges, including other geopolitical factors and lingering pandemic effects. While it's not easy to separate out tariff-connected data, we estimate that production costs likely increased by about 15% on average for many manufacturers owing to tariffs in 2025.

The North American free-trade regime known in the US as USMCA is slated for formal joint review and renegotiation probably starting on July 1, 2026. The highly uncertain outcome could have serious consequences for A&D producers in the US, Canada, and Mexico—both positive and negative.

Green aviation and aerospace

Civil aviation may look back at 2025 as the crossing of a threshold in sustainable aviation, as the industry shifted from pilot projects to implementation, driven mainly by the evolving regulatory environment. However, significant challenges persist. Signal developments include:

- **EU and UK SAF mandates came into effect on January 1, 2025.** In Europe, at least, sustainable aviation fuel (SAF) has changed from an aspiration or option to an obligation. The way in which the regulations are structured, with high compliance fees, however, makes SAF in Europe five times as expensive as conventional jet fuel[23]—a sustainability solution that is not sustainable.

- **SAF production was expected to double YoY by the end of 2025,** according to an International Air Transport Association (IATA) announcement in June, to reach 2 million metric tonnes (2.5 billion liters). An impressive milestone—except that it amounts to just 0.7% of airlines' total global fuel consumption for 2025.[24] The SAF industry could benefit from diversification. While there are 11 approved methods for refining SAF, just one (which transforms used cooking oil, waste animal fats, etc.) accounts for 80% of projected production through 2029.[25]

- **Electric vertical takeoff and landing (eVTOL) aircraft also crossed a threshold** in 2025, with Joby Aviation, Archer, and Vertical Aerospace shifting from unmanned tests to piloted demonstration flights.[26] Beta Technologies' Alia also completed the first passenger-carrying flight to a commercial airport (JFK) and the first flight ever at the Paris Air Show by an electric aircraft, where Beta also notched an order from Republic Airways.[27] The global eVTOL aircraft market, valued at around $1.4 billion in 2026, is projected by some estimates to surpass $8 billion by 2033.[28] The industry welcomed a presidential directive signed in June 2025 intended to speed eVTOL certification and boost the development of both commercial eVTOL and defense projects (such as autonomous electric military cargo craft).[29] Flying taxis are expected to debut in the US in summer 2026 in 26 states and to be scaled up in major markets by 2028.[30]

- **Hydrogen-powered flight advanced too,** with Airbus and Germany's MTU Aero Engines agreeing in June 2025 to collaborate on accelerating the development of hydrogen fuel cell propulsion as part of Airbus's ZEROe program, launched in 2020 and targeting a zero-emissions commercial aircraft by 2035.[31]

- As we have discussed in prior editions of this report, given the slow progress in green aviation propulsion systems, technological advances that lead to lighter, more fuel-efficient aircraft remain a promising alternative to SAF for greening the PAX fleet. **NASA and Boeing accelerated and expanded testing of advanced wing designs** in 2025. The project could prove significant in demonstrating the viability of new wing concepts that seek to reduce fuel consumption by up to 30% compared to current narrowbody aircraft.[32] Another innovation to watch is JetZero's "all wing" concept, which could improve commercial PAX aircraft fuel efficiency by 50%. JetZero has won a significant contract from the US Air Force and investment from United and expects a commercial demonstrator flight in 2027.[33]

A&D deals

The 2025 A&D M&A marketplace saw $29 billion in deals, compared to $25 billion in 2024, with a relatively high volume of deals with a value over $500 million. Few megadeals were concluded, and the sector showed a strong focus on defense technologies, supply chain security, and aerospace manufacturing.

Notable deals and outlook: A&D manufacturing and infrastructure

The top 2025 deals in US A&D manufacturing and infrastructure were driven by goals of securing digital transformation, supply-network vertical integration, and advancements in defense technology.

- **The private-equity firm Thoma Bravo acquired parts of Boeing's Digital Aviation Solutions** for $10.6 billion in a carve-out deal announced in April 2025. The LoBs purchased include Jeppesen, ForeFlight, AerData, and OzRunways. The deal underscores the value of digital infrastructure today, including flight-planning data management and other aerospace software.

- **Boeing's reacquisition of Spirit AeroSystems,** in an all-stock transaction with a total enterprise value (TEV) of $8.5 billion in late 2024, successfully closed in 2025. (The deal value is however reflected in 2024, the year of its announcement.) The deal constitutes a massive vertical *re*integration effort by Boeing to stabilize production and improve quality control.

- **AeroVironment announced its acquisition of BlueHalo** in a deal valued at around $4.1 billion. The transaction potentially reconfigures the defense-tech landscape, highlighting a focus on low-cost, high-volume (so-called "attritable") AI-enabled autonomous systems in response to the DoD's Replicator Initiative.

Outside the US, top M&A deals in this area reflect consolidation in Europe and the desire of leading Indian companies to expand into Europe—possibly a harbinger of more such developments to come in a globalizing industry that is rapidly maturing in the Indo-Pacific region.

- **Eaton acquired UK-based Ultra PCS** for about US$1.6 billion in June 2025. As a leading provider of high-integrity control products for aerospace and military vehicle applications, Ultra PCS will augment Eaton's safety systems portfolio.

- **India's Tata Motors acquired Iveco Group N.V.** (based in the Netherlands and operating in Italy) for about US$4.4 billion in July 2025. Following Iveco's divestment of its defense business to Italy's Leonardo, the acquisition makes Tata a global leader in commercial vehicles and strengthens its position in European and Latin American markets.

Notable deals and outlook: Commercial aviation

The most notable deal last year involved US budget carriers. The challenges facing PAX carriers in recent years persist, above all excess capacity and fare pressure caused by major carriers successfully launching a slew of ultra-low-fare options.

- **JetBlue and United Airlines inaugurated their Blue Sky partnership** on February 10, 2026, enabling reciprocal flight booking and loyalty point redemption and coordinating departure slots from some airports.[34] Spirit Airlines had urged the Transportation Department in June 2025 to reject the deal, alleging that it is anticompetitive and will prompt American Airlines and Delta to pursue comparable arrangements, further consolidating US domestic airlines.[35] The new partnership is required to also confront a lawsuit filed in March 2026 by JetBlue's pilots claiming violation of their contract.[36] For JetBlue, the United deal looks like a lifeline after a federal judge blocked its Northeast Alliance deal with American in 2023. JetBlue has struggled to sustain profitability in the wake of the COVID-19 crisis, posting a profit in just two of the last nine quarters.[37]

- **Low-cost airline Allegiant will acquire Sun Country Airlines** in a deal expected to close in Q3 or Q4 2026 and valued at about $1.5 billion, including debt, the companies announced in January 2026. The combined company plans to add US and international destinations and to expand to a fleet of just under 200 aircraft,[38] possibly upping competitive pressure on other budget carriers such as JetBlue.

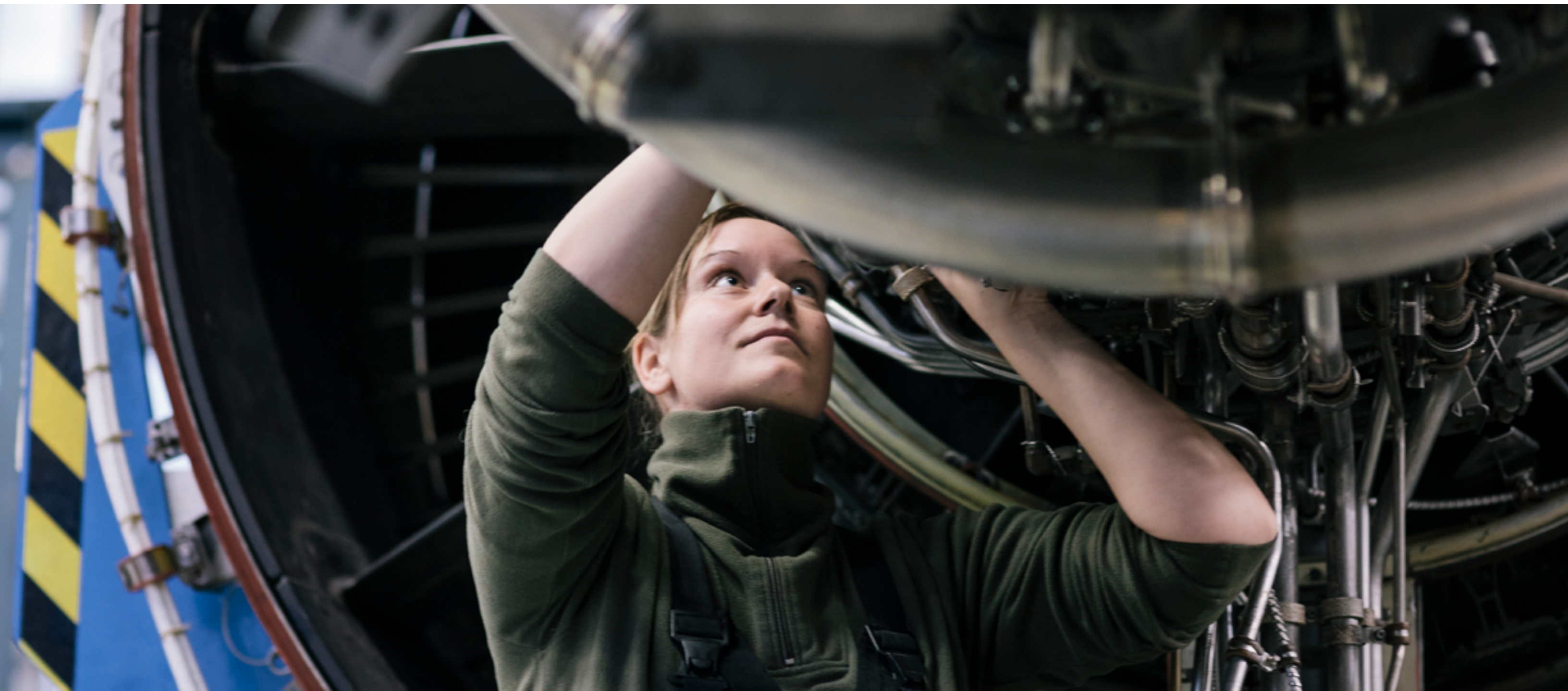
Outside the US market, the top commercial aviation deals indicate a continuing trend of consolidation among top European carriers as legacy firms seek to adapt their capacity trajectory to the rising integration of European and Asian PAX markets. An important and long-anticipated merger of two leading Indian carriers suggests that consolidation across the Indo-Pacific may also increase in coming years.

- **Lufthansa finalized acquisition of a 41% stake in ITA Airways** for about US$350 million in January 2025, with plans for 100% control by 2033. This move enhances the 26-member Star Alliance's grip on Southern Europe as it pries ITA away from competing alliance SkyTeam.

- **Air France-KLM completed its investment in Scandinavian Airlines (SAS),** establishing a 19.9% stake to strengthen its connectivity in Nordic airspace. The deal aligns with a notable trend of small- to medium-size deals in Europe to avoid the typically intense regulatory scrutiny across the EU marketplace.

- **Air India's merger with Vistara,** completed by the very end of 2024, revealed its full impact through 2025. The creation of a single carrier under the auspices of the Tata Group (and with Singapore Airlines retaining a 25.1% stake) launches a fleet of more than 300 aircraft flying 312 routes.

In April 2026, the European Commission (EC) announced draft plans to relax the EU's rules on mergers, which were last revised in 2004.[39] This would be the most holistic—possibly even radical—overhaul of the union's approach to M&A regulation in decades. The new regime would favor the benefits of scale, in terms of both production capacity and size of investment, in the competition regulator's assessment of proposed deals. The explicit goal is to foster companies with global market reach capable of challenging US and Chinese rivals. (The EC's 2019 decision to block the merger between two European transportation infrastructure giants, Germany's Siemens and France's Alstom, stands as a milestone in missed opportunities—and was likely one of the inciting incidents of the proposed reform.) Some member states expressed preemptive critique of the rumored proposal in February,[40] and the details are sure to evolve. Still, there is no question that coming years as a result could see a drastically changed European A&D M&A landscape, especially in defense manufacturing, given how heavily the Ukraine war is weighing on the deliberations around the measure.



Commercial aviation and aerospace

Key takeaways

- RPKs increased 5.3% to set a record
- Boeing delivered 600 aircraft on the way to full production recovery
- Airbus delivered 793 aircraft, a 4% increase over 2024
- Industry orders exceeded 2,000, pushing backlog to nearly 15,000 aircraft, with value exceeding $1 trillion for the first time
- Average age of commercial aircraft is now estimated at 15 years, while supply remains constrained

Commercial aviation and aerospace: Performance overview

Airbus delivered 793 aircraft in 2025,[41] a 4% increase over 2024 but still 8% below the company's peak production record of 863 in 2019, with the shortfall primarily due to supply chain constraints, particularly for engines. Boeing delivered 600 aircraft in 2025,[42] a substantial increase over 348 in the prior year, when production was affected by a 53-day strike. Boeing's deliveries remain 26% below its record production of 806 in 2018.

Total new aircraft orders exceeded 2,000 in 2025, pushing backlog near 15,000 amid continued OEM supply constraints, a figure that is equivalent to more than 10 years' worth of output at current rates of production. Boeing reported 1,173 orders,[43] including a $96 billion order by Qatar Airways for up to 210 aircraft,[44] compared to Airbus' 889 orders.[45] Boeing's orders exceeded Airbus's for the first time since 2018.

As a result of record demand and ongoing production constraints, aircraft are flying longer. The average age of the commercial passenger jet fleet is now estimated at 15 years—the highest ever. The aging PAX fleet offers a silver lining to companies providing high-margin spare parts and MRO services, but evidence of strain is emerging in MRO capacity in many markets. Growth in the aftermarket is in effect filling the gap between demand and new-aircraft production. We are now starting to see demand for MRO outpace MRO capacity, raising the concern that overall aviation demand may soon outstrip even MRO capacity, which might in turn limit airlines' capacity to meet consumer demand for flights.

The commercial aviation manufacturing industry backlog value set a record at $1.1 trillion in 2025, a YoY increase of 11%, exceeding the $1 trillion threshold for the first time ever. For perspective, it's worth noting that only the world's three largest national economies have annual budgets over $1 trillion. The backlog total of 15,000 units represents about nine years' worth of production at previous record production levels.

Figure 5: Aircraft backlog (US$ billions)

	12/31/25	12/31/24	12/31/23	12/31/22
Boeing	$567	$435	$441	$330
Airbus	$540	$559	$531	$410

Sources: The Boeing Co. 2025 annual report; Airbus Group 2025 annual report

Figure 6: Aircraft backlog (units)

	Boeing	Airbus	Total
Net orders	1,173	889	2,062
Deliveries	600	793	1,393
Backlog as of 12/31/25	6,100+	8,754	14,854+

RPKs increased 5.3% to a record. For 2025, the International Air Transport Association (IATA) reported that revenue passenger kilometers (RPKs)—the critical metric measuring PAX demand—increased by 5.3% to set a record.[46] (RPKs had exceeded prepandemic levels for the first time in 2024.) Passenger load factor also set a record, at 83.6% (with breakout figures for the international and US domestic markets differing by only 0.1%).[47] International demand rose by 7.1% YoY in 2025 while US domestic RPKs rose just 2.4%.[48] Total capacity, measured in available seat kilometers (ASKs), rose comparably, by 5.3% (with breakout figures at 6.8% internationally and 2.5% domestic),[49] showing that PAX carriers in 2025 succeeded in matching demand and capacity with a very high degree of efficiency. This is a promising sign for the passenger industry in an era in which profitability depends more than ever on flying full planes.

Regional market highlights in PAX performance include a 9.4% RPKs increase in Africa and the strongest load factor increase of any region (though the region accounted for only 2.2% of world share in RPKs in 2025).[50] The Asia Pacific saw RPKs of 7.8% and also had the highest world share figure, at 34.5%, finishing 2025 with the fastest growth rate and highest load factor of any region.[51] Meanwhile, North America had the slowest rate of growth in both traffic and capacity among all regions.[52]

The global air cargo market grew at 3.4% YoY in 2025 (as measured in cargo ton-kilometers, CTKs) setting a record.[53] Capacity (measured in available cargo tonne-kilometers, ACTKs), grew commensurately, by 3.7%.[54] Given that the industry had to confront the elimination of US de minimis tariff exemptions and an array of increased and frequently changing tariffs imposed by the US on its trading partners, the air cargo industry proved to be adaptable and resilient. Rising demand for service between Asia and Europe, substantially driven by robust e-commerce, appears to have compensated for reduced US-Asia trade volumes.

Figure 7: Key commercial aviation metrics (YoY% change)

	2025	2024	2023	2022
RPKs	+5.3%*	+10.4%	-6%**	-31%**
Load factor	83.6%*	83.5%	82.3%	65.1%
CTKs	+3.4%*	+11.3%	-2.2%	-8.2%
Load	47.1%	45.9%	44%	53.8%

Source: IATA
*Record high **Compared to 2019

Commercial aviation and aerospace: Notable developments and outlook

IATA forecasts 4.9% growth in RPKs for 2026[55] and 2.6% growth in cargo.[56] However, IATA's estimate for RPKs growth is likely to prove to have been too optimistic by the end of 2026. The conflict in the Middle East has significantly reduced volume through a major global aviation hub, a situation that will probably persist for the duration of hostilities. More important still is the spike in the price of jet fuel, which has led to extensive reductions in flights worldwide, as noted above. IATA's projected growth for cargo may however prove to be more accurate, given that cargo demand could remain relatively inelastic compared to PAX, despite rising cargo prices.

4.9% ↑

IATA forecasts 4.9% growth in RPKs for 2026 before accounting for the Middle East conflict

Airbus plans to increase 2026 deliveries to about 870,[57] a 10% YoY increase, which would represent a record for production. The company plans to further increase A320 family production to 70–75 per month by 2027.[58] In October 2025, the FAA raised Boeing's 737 production cap to 42 per month.[59] Boeing is likely to deliver 670–700 total aircraft in 2026,[60] a 12–17% YoY increase. The company has forecast industry deliveries of 44,000 aircraft through 2043.[61] Boeing is also reported to be in the preliminary stages of developing a new single-aisle aircraft to eventually replace the 737 MAX—definitely a program to keep an eye on.[62]

IATA expects growth in the global air cargo market to moderate slightly next year, to 2.4%, with the industry continuing its steady return to historical trend lines as the exceptional yield spike of the COVID-19 pandemic and its aftermath continues to taper.

The future arcs of passenger and cargo carrier growth are now perhaps more closely intertwined than ever. Even at the increased rates foreseen by both Boeing and Airbus, production of new passenger aircraft cannot keep pace with demand, and airlines will have to continue keeping older planes flying longer, extending the average age of aircraft in the commercial fleet for both PAX and cargo. Since a significant proportion of the global cargo fleet typically comprises repurposed passenger craft, the MOR challenges of the aging fleet could prove to be particularly complex and critical for cargo providers in coming years. We expect the aftermarket parts-and-service segment of the industry to continue to grow considerably, as the delivery of new aircraft persistently lags demand. Accordingly, we forecast that 2026 is likely to be a year of double-digit revenue growth and expanding operating margins across civil aviation based on a continued high mix of aftermarket activity.

In the long term, the outlook for commercial aviation is persistently bullish. The current projections are for about 4% CAGR, or 60% above forecast GDP growth. Over the next several decades, the industry will focus on innovation and developing new products that contribute to net-zero carbon emissions goals. The forecast demand over the next two decades supports an estimated nearly 44,000 new aircraft deliveries and a services market value of around $8 trillion.

Other notable developments with important future implications include:

- **US business aviation surged in 2025, with 47 out of 50 states seeing YoY increases in flights.** Growth was led by fractional ownership operators, including major players such as NetJets and Flexjet, with the sector seeing nearly 10% increase in activity. Corporate America looks to be moving decisively away from whole-aircraft ownership to the flexibility of fractional contracts.[63] This trend has important consequences for manufacturing. Bombardier,[64] Gulfstream,[65] and Textron[66] all reported record deliveries in 2025 to keep pace with fleet growth demand.

- **Alaska Airlines announced in January a plan to buy 110 Boeing aircraft,** laying the foundation for an ambitious growth strategy driven by its 2024 acquisition of Hawaiian Airlines. The order is the largest in Alaska's history and will support Alaska's expansion, including to non-US destinations.[67]

- **Spirit Airlines shut down on May 2, 2026,**[68] concluding a long struggle to find its footing in the wake of the COVID-19 pandemic and in a US budget PAX sector whose intense competitiveness Spirit itself in part pioneered. Skyrocketing fuel costs sealed the company's fate. The closure followed failed attempted mergers with Frontier (2022 and December 2025[69]) and JetBlue (2024); bankruptcy filings in 2024 and 2025; an attempted debt restructuring in February 2026;[70] and a Hail-Mary rescue plan in which the US government would have invested $500 million while reserving the right to acquire up to 90% of the company.[71] Still to be resolved are whether the industry can absorb Spirit's 17,000 employees, and how Spirit's home airport, Fort Lauderdale-Hollywood International, will compensate for the loss of business.[72] Although Spirit owns only about a quarter of its aircraft and leases the rest, its assets include aircraft, engines, parts, land, buildings, and valuable departure US slots. In its bankruptcy protection court filings in August 2025, Spirit reported $8.1 billion in debts and $8.6 billion in assets, possibly a source of reassurance to its creditors.[73] The immediate beneficiary of Spirit's demise appears to be JetBlue, which has already announced two dozen new departures from Spirit's former home airport.[74]

- In an era in which profit margins in the US PAX sector are constantly squeezed, airlines may take comfort in projections that their passengers, like their aircraft, could be getting lighter. A recent study projects that the widespread prescription of GLP-1 weight-loss drugs could save US carriers as much as $580 million in fuel costs annually.[75]

Defense

Key takeaways

- Demand surged, with backlog rising by 14% in 2025 and more than 50% in the last three years—to set a record of $948 billion
- US defense revenue grew by 6%, significantly lagging demand, with ROS of 9%
- European revenue grew by 13% for the second year in a row, with ROS of 10.2%

Defense: Performance overview

Global defense spending set another record in 2025. Demand continues to surge, outpacing production capacity. Delivery increases however continue at only a modest level, restrained not only by production and supply-chain challenges but by recent inflation. As a result, backlog among the top eleven defense contractors has risen by more than 50% in the past three years. The industry urgently needs to increase capacity and production to meet the tempo of operations in the Middle East and Ukraine and to replenish stockpiles for effective deterrence.

Revenue for the top US defense companies rose 6% YoY. Most saw single-digit revenue growth, with only Boeing Defense and Space reporting a double-digit notch, at 14%. This modest increase, considering surging demand, reflects

13%

European defense companies reported revenue increases of 13%

the current ongoing challenges in supply chain performance as well as the long-term, complex, capital-intensive nature of production across the defense industry, especially for aviation and space-based systems. In the US, one of the most significant challenges has been the nature of government contracting, which typically relies on annual funding for production contracts. Multiyear contracts are typically awarded only for program development. This creates a significant mismatch between the long-term nature of investments and the short-term nature of contracting. The DoD has been addressing this issue by awarding long-term contracts in the most critical area, munitions production. Furthermore, the significant increase in capacity now anticipated by the DoD, which targets a 400% increase in the rate of munitions production, will require tens of billions of dollars in capital investment. The deployment of such significant amounts of capex, and coordinating that throughout a multi-tier supply chain, is a complex and time-intensive effort, which will likely take years.

European defense companies, reporting revenue increases of 13% for the second year in a row, increased output at a faster rate than their US counterparts—a consistent trend in recent years. Four of Europe's defense firms reported double-digit revenue growth, with Airbus Defence and Space and Helicopters reporting the highest figure, at 17%. European revenue performance reflects increasing defense budgets across the EU and NATO to support production ramp-up for Ukrainian defense within the broader context of a push for defense self-reliance.

Operating profit for the largest 11 defense companies worldwide was up by 46%, but their operating margin was only 9.4%. About half of the profit increase relates to Boeing recovery to near break-even from significant losses on the prior year stemming from several development programs. Airbus also reported a significant profit increase related to reduced charges on space programs. These improvements were partially offset however by additional charges at Northrop Grumman on B-21 Raider stealth bomber. Rolls-Royce Defence remained the industry leader in best operating margin, at 14.4%, rising slightly from 14.2% in 2024.

Figure 8: Backlog of defense orders (US$ billions)

	12/31/25	12/31/24
Lockheed Martin	$194	$176
Raytheon	$103	$93
BAE Systems	$99	$99
Northrop Grumman	$96	$92
General Dynamics (excl. Gulfstream)	$96	$71
Airbus Defence, Space & Security	$90	$77
Boeing Defense, Space & Security	$85	$64
Thales	$60	$55
Leonardo	$53	$48
L3Harris	$38	$34
Rolls-Royce Defense	$23	$22
TOTAL	**$937**	**$831**

Source: Company reports

Defense: Notable developments

Global defense spending set a record of $2.6 trillion in 2025, a 6.9% increase over 2024. US military sales set a record of $331 billion, $104 billion in foreign military sales and $227 billion in direct commercial sales. The White House has proposed an FY27 defense budget of $1.5 trillion.

Important developments in US defense manufacturing include:

- **L3Harris Technologies announced in January 2026 plans to immediately spin off its missile segment** into a separate publicly traded company, backed by the DoD's minority investment of $1 billion to ramp up production of rocket parts for the US and its allies, including components of Patriot, Thaad, and Tomahawk missiles. The company also announced plans to sell a majority stake in some of its space-propulsion lines to private-equity firm AE Industrial Partners.[76] In a convergent development, **Lockheed Martin also in January agreed to more than triple production of Patriot interceptors** to about 2,000 missiles annually, self-funding expansion of its Patriot missile factory in return for guaranteed DoD orders over a seven-year period.[77] Clearly, what the DoD wants now is immediate return on capacity expansion.

- On January 9, **President Trump issued an executive order restricting stock buybacks, dividends, and executive pay at US defense companies**, ostensibly as part of the administration's efforts to speed procurement and revitalize the US defense industrial base overall by stimulating capex.[78] While the DoD already has many ways to incentivize, reward, and penalize companies based on performance, this approach would be new. The order is sufficiently broad and ambiguous that its implementation will depend heavily on the DoD's definition of key parameters that contractors are to be held accountable for. Look for the rollout of significant modifications to existing contracts as well as coordinating provisions mandated in new solicitations and contracts.

- **Boeing's F-47** highly classified 'air superiority' fighter jet program now expects its first test flights in 2028 and deployment in the 2030s.[79]

- The closely related **F/A-XX sixth-generation strike fighter program**, for which Boeing is competing with Northrop Grumman (after Lockheed Martin was eliminated from the program in 2025[80]), however, has been repeatedly delayed and remains currently in its conceptual stages.[81]

- Meanwhile, **Northrop Grumman's B-21 Raider** passed a milestone in September 2025, with the second aircraft in the program completing its maiden flight and continues with successful testing in such areas as aerial refueling.[82]

- The **YFQ-42A (General Atomics) and YFQ-44A (Anduril),** the US Air Force's first Collaborative Combat Aircraft (CCA) prototypes, represent a new category of autonomous unmanned fighters designed for air-to-air combat alongside such piloted fighters as the F-35.[83] The first test flights for both aircraft began in 2025 and are planned to continue in 2026.[84]

- While the **Golden Dome** missile defense system remains almost entirely conceptual, it should be noted that the proposed defense budget for FY27 includes a new category of 'presidential priorities,' including Golden Dome—a sign, possibly, that the administration intends to seek to protect the program's funding as a top goal as the budget proposal makes its way through Congress.[85]

- **Ukraine received and fielded its first European supplied F-16 fighter jets** starting in late 2024, with the Netherlands, Denmark, Norway, and Belgium leading deliveries, a watershed for European airpower support to Kyiv. With the jet still in production at Lockheed Martin and international orders in place through the late 2020s, the development is likely to benefit the company, including from an MRO supply perspective.[86]

- **France, Germany, and Spain advanced development of their collaborative sixth-gen Future Combat Air System (FCAS),** keeping its Next-Generation Fighter (NGF) on track for late-2020s demonstrator flight tests. The program aims to field the NGF and connected uncrewed remote carriers by roughly 2040.[87]

- Convergently, another international collaboration, **the UK-Italy-Japan Global Combat Air Programme (GCAP)**, likewise a sixth-gen stealth fighter, formalized its structure and advanced its design in 2025. European companies contributing to the initiative (BAE Systems, Leonardo, MBDA) ramped up activity, on track for a 2035 in-service timeline.[88]

Defense: Outlook

The focus for the defense sector in 2026 will be the production ramp-up and delivering on the backlog—a steep challenge in such a complex, long lead-time industry. With continuing urgency to scale up, we expect to see some modest increases in output in 2026, probably with high single-digit growth for US companies and continuing double-digit growth in Europe.

Supply-chain performance and workforce stability are improving across the industry but are likely to remain major constraints. With an estimated 13,000 companies in the global A&D ecosystem, most of which are sole-source suppliers, the greatest challenge is incentivizing them to invest and ramp up in a coordinated way.

Higher labor costs will continue to be a challenge for margins, as many existing labor agreements provide for high single-digit pay and benefits increases over the next several years. Another source of uncertainty affecting the outlook for margins and profitability is the possibility of more program charges like those seen in recent years. Given persistent high demand and overall improvement in such constraints, we expect to see some margin expansion in 2026 and expect overall the industry operating margin to exceed 10%.

The global security environment continues to be highly dynamic. Continuing crises around the world are likely to yield substantial repercussions in the defense policy of most countries that lead in defense manufacturing and spending.

The Trump administration has proposed a FY27 defense budget request of $1.5 trillion, representing a two-thirds YoY increase beyond the $901 billion approved for 2026.[89] It is not certain that Congress will approve this request, in part because of its impact on the US fiscal deficit and national debt, and because of concerns over requested cuts to nondefense spending.[90] This could prove especially challenging in a closely divided Congress in a midterm election year.[91]

Nonetheless, it seems at least possible that US defense spending will increase significantly, especially considering heightened geopolitical tensions. European defense budgets are also rising rapidly, as the continent pushes toward enhanced security self-reliance and more NATO allies move toward a defense spending target of 5% of GDP.

The paradigm of defense procurement and manufacturing in the US and around the world may moreover be poised on the brink of rapid and intense change. Senior US DoD officials were reported in April 2026 to have launched an initiative to incentivize nondefense companies, including such automotive manufacturers as Ford and GM, to begin producing weapons and other military materiel. Expanding the defense industrial manufacturing base to include civilian factories in this way is not unprecedented—but the precedent is World War II. It is a measure of how seriously the conflicts in Ukraine and the Middle East have depleted stocks of critical munitions that the DoD should consider a policy that could amount to putting part of the US civilian economy on a long-term or even permanent war footing.[92] At the same time, Iran's drones and missile attacks on US military bases and air-defense infrastructure across the Middle East has resulted in damage to at least 17 installations that can be preliminarily calculated to require tens of billions of dollars to repair and restore. US A&D manufacturers are likely to be called upon by the Pentagon to lead this effort as soon as hostilities are finally concluded.[93]

Taking a still broader view, the wars in Ukraine and the Middle East—very different though they are—raise the question of the future of the very nature of war itself now. In the Middle East, the US and Israel have been forced to deploy interceptor munitions costing millions of dollars each to shoot down Iran's Shahed drones, estimated to cost just US$35,000 each but capable of inflicting millions of dollars in damage.[94] That is no one's idea of a sustainable strategy. Meanwhile, continuous advances in drone warfare—and counter-drone tech, and counter-counter-drone tech—achieved total battlefield saturation in Ukraine by early 2025.[95] Ukraine's front line is no longer a line but two vast parallel 'kill zones' where almost nothing can move—except drones. One sign of how seriously the Pentagon is taking the evolution is a new program to supply every division of the US Army with drone capabilities by the end of 2027.[96]

These are two very different wars, but they are connected too. In March 2026, Ukraine, now considered a global 'drone superpower,' rapidly signed air defense deals with nations surrounding the Persian Gulf to provide them with drone weapons, tech, and expertise.[97] At a deeper level, what the two conflicts have in common is diagnostic. The Ukraine war, over the course of four years, and the Middle East conflict within just four weeks, both evolved into asymmetrical conflicts of attrition dominated to differing degrees by drone threats and with no obvious path to victory for either side. The Ukraine war currently appears to be a stalemate.

Major military powers worldwide, including the US and its NATO allies, must ask hard questions about the viability of their commitment to vast arsenals of tanks, artillery, ships, and other conventional legacy weapons, some of which could be effectively obsolete now—and the vast quantities of money needed to maintain, modernize, and replenish them. Does the future of war—whether between states, within states, or between states and nonstate actors—look like some fusion of the conflicts in Ukraine and the Middle East? If the answer is yes, then it's not just this or that weapons procurement program that needs tinkering but an entire paradigm of strategic and tactical assumptions that demands rethinking—with no time to waste.

Space

Key takeaways

- Global orbital launch activity set a record, with 317 successful missions
- NASA celebrated a milestone with Artemis II, the first crewed moon mission in half a century
- Firefly, Blue Origin, Kuiper Systems, SpaceX, and China's Guowang all notched important logistical and technological successes

Space: Performance overview

While orbital launch activity, mainly in support of the satellite industry, continued to grow impressively last year, the global space sector also recorded several stellar successes.

2025 set another record for orbital launch activity, with 330 global launches, of which 317 were successful (96%)—a 26% increase over 2024's record 261 launches. On the current trajectory, 2026 will exceed an average of one launch per day. The US conducted 198 of those launches (60%), followed by China, with 93 (28%). SpaceX completed 165 launches in 2025—all successful—up from 134 in 2024, representing a 23% increase and 50% of market share.

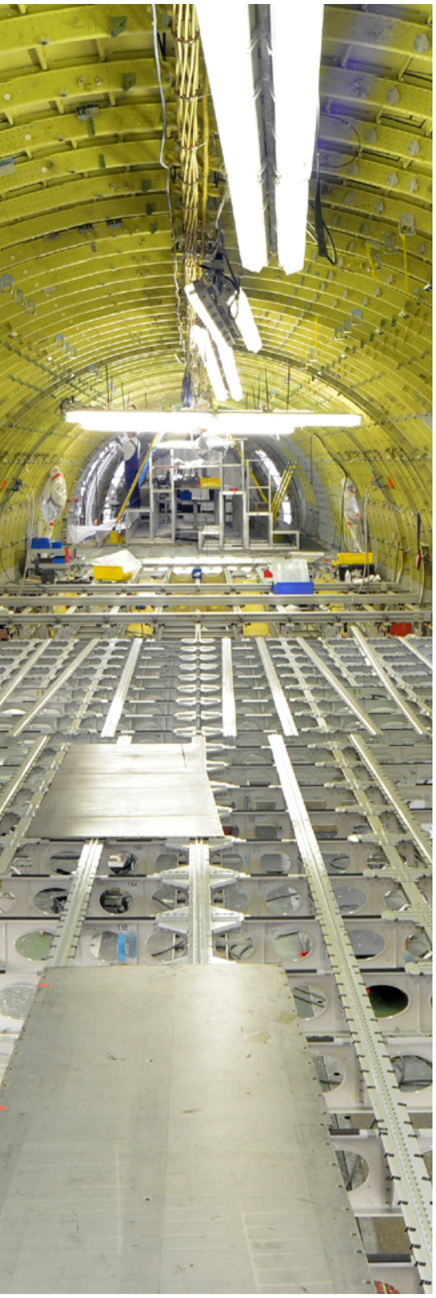
The biggest news in space came from NASA. On April 10, 2026, Artemis II completed a successful ten-day lunar orbital mission, the first crewed flight beyond low earth orbit since Apollo 17, in 1972.[98] The mission took its four-person crew (including one Canadian astronaut) farther into deep space than ever before.[99] Artemis II was above all a dress rehearsal for future Artemis III lunar landings, testing critical flight, navigation, and life-support systems. But the flyby also downlinked more than 100 gigabytes of data[100] about the little-explored far side of the moon, including high-resolution photos, video, and crew observations—a major contribution to planetary science. NASA's sights are now set on a crewed moon landing, the Artemis III mission, scheduled for 2027. However, a critical failure of a Blue Origin New Glenn launch on April 19, 2026, could jeopardize NASA's timeline.[101]

Meanwhile, by contrast, the Russian space program is showing signs of drastic decline, capped by severe damage in December 2025 to the launchpad it has used to send astronauts and cargo to the International Space Station (ISS). **The accident clearly jeopardizes the future of the ISS.** Russia's half-century-old Soyuz systems are all antiquated, and the invasion of Ukraine appears to have drastically diverted resources from Roscosmos, the Russian state space agency. Russia notched its last successful robotic science mission 40 years ago. Its most recent such attempt, in 2023, was aborted when the Luna-25 spacecraft crashed into the lunar surface.[102]

Space: Notable developments and outlook

Both government-led agencies and commercial space companies made key advances in 2025 and early 2026. The integration of commercial and state space ventures continues to advance rapidly in scope, pace, and ambition.

- On January 16, 2025, **Blue Origin's New Glenn rocket completed its maiden flight.** During its second flight, the first stage was successfully recovered by landing on a drone ship, making Blue Origin the second company, after SpaceX, to successfully recover a rocket's first stage.



- On March 2, 2025, **Firefly's Blue Ghost lunar lander conducted a highly successful mission**, the first successful lunar landing since Apollo 17, in 1972. Firefly also had a successful IPO in August 2025.[103] (Several other companies attempted uncrewed lunar landings that were not successful.)

- On October 13, 2025, **SpaceX conducted its 11th test flight of Starship**, the largest rocket ever constructed. The highly successful mission achieved ascent and upper-stage ignition, as well as suborbital flight and controlled splashdown in the Indian Ocean. Plans for Starship include larger satellite payloads, integration into NASA's Artemis III program to return humans to the moon and eventually missions to Mars.

- **Kuiper Systems, Amazon's satellite business, began launching its constellation,** planned for 3,000 satellites.

- **Guowang, a Chinese satellite company, began launches of its satellite constellation** as well, planned for 13,000 satellites.

Major developments to keep an eye on with important implications for the outlook of global competitiveness in the commercial space sector include a big merger and a big IPO:

- On October 23, 2025, **Airbus, Thales, and Leonardo announced a memorandum of understanding to merge their space businesses** into a joint venture. Their objective: to create a European space leader of sufficient scale to compete globally. The JV aims to become operational in 2027.

- **SpaceX is expected to file confidentially in early 2026 for an IPO in June**, which could value the company at over $1.75 trillion. If the IPO goes through as expected, it will rank among the biggest in history.[104]

In closing

2025 was a historic year for the A&D industry, with records set in revenue and profits as well as commercial RPKs and backlog, defense backlog, and space launches. The sector saw major milestones achieved, such as reaching $1 trillion in revenue and commercial backlog for the first time, and the success of the Artemis II mission in April 2026, the first crewed mission to the moon in more than five decades.

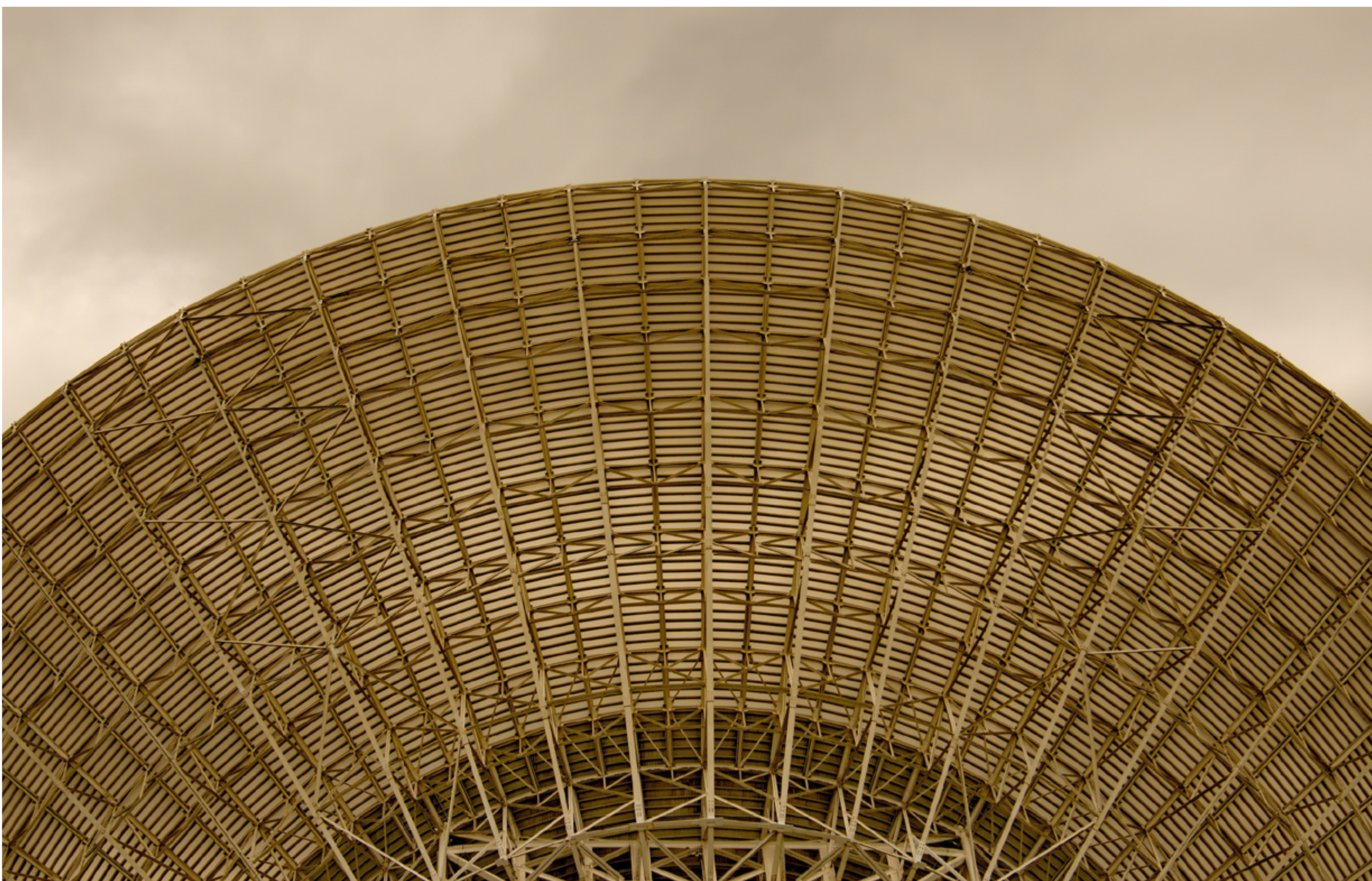
As global tensions remain high, with conflicts in the Middle East and Ukraine, the relevance of the defense industry and its role in preserving security have risen to levels not seen since the plateau of the Cold War. Each year brings new records in defense spending, as countries allocate an increasing share of their GDP to their defense budgets, while record backlogs in defense manufacturing accumulate as demand exceeds capacity.

Commercial aviation has become an indispensable part of the global infrastructure and economy. Demand is proving very resilient even in the face of rising costs. As OEM production constraints limit capacity, pricing increases have yet to dampen demand.

Meanwhile, space launches are setting near records each year as new satellite constellations proliferate and we move toward a truly space-based economy.

Every segment of the A&D sector is growing much faster than the global economy, making it a very attractive industry for investment today. The biggest challenge for all of these segments is that demand is far exceeding current capacity, causing backlogs to grow that entail very significant challenges to the production ramp in a highly complex, long-cycle, capital-intensive industry.

We expect that 2026 will be another year of record performance for the A&D industry, with a continuation of all recent key trends. We foresee the commercial aerospace sector increasing OEM output by about 10%, with the aftermarket continuing to grow at a faster pace, as the average aircraft age continues to increase. This will likely result in a favorable mix of profits, leading to another year of record performance. The major risk is the length of the conflict in the Middle East and the impact on jet fuel prices and availability and flights through the region. The defense sector will continue to increase output, but at a pace slower than that needed to fulfill demand. In defense, we expect high single-digit growth in revenue and profits in the coming year. At the same time, the space segment will likely continue to grow at double digits and achieve the critical milestone of more than one launch per day on a global basis. Overall, the A&D industry will continue to pursue modernization in the pursuit of operational performance to increase output to meet societal demands and support the global economy.



Appendices

Methodology

Our data are drawn from financial reports on FY2025 results for the largest 100 A&D companies by revenue (see below) and other publicly available information, such as company websites and press releases. Our cutoff date for publication was April 1, 2026.

A&D companies include those that generate most of their revenue from aerospace or defense activities or, for diversified companies, those reportable segments that derive most of their revenue from A&D activities. The results are reported in US dollars. Foreign currencies were translated for the top 100 list at average exchange rates for years ended December 31, 2025, and December 31, 2024.

Our report also expresses PwC's point of view on topics affecting the industry, developed through interactions with our clients and other industry leaders and analysts.

A&D top 100 companies (ranked by 2025 revenue)

		Revenue (US$ millions)			Operating Profit (US$ millions)		
#	Company	2025	2024	Change %	2025	2024	Change %
1	Boeing	89,463	66,517	34.5%	4,281	(10,707)	140.0%
2	RTX	88,603	80,738	9.7%	9,300	6,538	42.2%
3	Airbus	82,867	74,924	10.6%	6,865	5,740	19.6%
4	Lockheed Martin	75,048	71,043	5.6%	7,731	7,013	10.2%
5	General Dynamics	52,550	47,716	10.1%	5,356	4,796	11.7%
6	GE Aerospace	45,855	38,708	18.5%	10,000	7,620	31.2%
7	Northrop Grumman	41,964	41,033	2.3%	4,377	4,544	-3.7%
8	BAE Systems	37,333	33,604	11.1%	3,854	3,429	1.4%
9	Safran	35,202	29,564	19.1%	6,865	4,458	54.0%
10	Rolls-Royce	27,941	24,149	15.7%	5,887	3,711	58.6%
11	Thales	24,984	22,269	12.2%	3,093	2,618	18.1%
12	Leonardo	22,012	19,224	14.5%	1,977	1,650	19.8%
13	L3Harris	21,865	21,325	2.5%	2,110	1,918	10.0%
14	Hanwha Aerospace	18,712	8,245	126.9%	2,134	1,270	68.0%
15	Honeywell Aerospace	17,510	15,458	13.3%	4,284	3,988	7.4%
16	Leidos	17,174	16,662	3.1%	2,109	1,827	15.4%
17	Amentum	14,393	13,858	3.9%	480	422	13.7%
18	Huntington Ingalls	12,484	11,535	8.2%	657	535	22.8%
19	Booz Allen Hamilton	11,980	10,662	12.4%	1,370	1,014	35.1%
20	Textron	11,511	10,187	13.0%	1,169	1,049	11.4%
21	Rheinmetall Defence	11,213	8,350	34.3%	2,078	1,503	38.2%
22	MTU Aero Engines	9,891	8,021	23.3%	1,556	1,034	50.6%
23	Bombardier	9,550	8,665	10.2%	1,108	878	26.2%
24	Singapore Technologies	9,446	8,440	11.9%	692	806	-14.1%
25	TransDigm Group	8,831	7,940	11.2%	4,165	3,531	18.0%
26	CACI	8,628	7,660	12.6%	764	650	17.5%
27	Dassault Aviation	8,381	6,753	24.1%	721	570	26.5%
28	Howmet Aerospace	8,252	7,430	11.1%	2,046	1,633	25.3%
29	Saab	8,065	6,027	33.8%	822	535	53.5%
30	Elbit Systems	7,939	6,828	16.3%	671	489	37.2%
31	Embraer	7,578	6,395	18.5%	608	668	-9.0%
32	SAIC	7,479	7,444	0.5%	563	741	-24.0%
33	Israel Aerospace Industries	7,384	6,112	20.8%	751	498	50.8%
34	Mitsubishi Aircraft, Defense and Space	6,888	5,229	31.7%	668	480	39.2%
35	Serco	6,426	6,114	5.1%	358	350	2.4%
36	Babcock International Group	6,365	5,607	13.5%	480	309	55.4%
37	AVIC Aircraft Company	6,264	5,959	5.1%	493	472	4.5%

		Revenue (US$ millions)			Operating Profit (US$ millions)		
#	Company	2025	2024	Change %	2025	2024	Change %
38	Parker Hannifin Aerospace	6,185	5,472	13.0%	1,441	1,111	29.7%
39	StandardAero	6,053	5,237	15.6%	551	403	36.7%
40	KBR Mission Technology Solutions	5,581	5,555	0.5%	579	544	6.4%
41	Maximus	5,431	5,306	2.4%	528	488	8.2%
42	Melrose / GKN Aerospace	4,729	4,429	6.8%	852	723	17.9%
43	Aselsan	4,563	4,787	-4.7%	1,197	1,204	-0.6%
44	ViaSat	4,520	4,284	5.5%	(97)	(890)	89.1%
45	Heico Corporation	4,485	3,858	16.3%	1,029	824	24.9%
46	V2X	4,480	4,322	3.7%	194	159	22.0%
47	Eaton Aerospace	4,249	3,744	13.5%	1,013	859	17.9%
48	MOOG	3,861	3,609	7.0%	385	336	14.6%
49	Hindustan Aeronautics Limited (HAL)	3,850	3,857	-0.2%	1,241	1,219	1.8%
50	Kawasaki Aerospace Systems	3,795	2,617	45.0%	373	(99)	476.3%
51	IHI Aero Engines and Space Operations	3,714	2,817	31.9%	820	375	118.5%
52	Leonardo DRS	3,648	3,234	12.8%	240	183	31.1%
53	Trimble	3,587	3,683	-2.6%	592	461	28.4%
54	Curtiss-Wright	3,498	3,121	12.1%	634	529	19.8%
55	CAE	3,432	3,126	9.8%	521	(135)	486.2%
56	Parsons Federal Solutions	3,221	4,007	-19.6%	281	415	-32.3%
57	BWXT	3,198	2,704	18.3%	405	381	6.3%
58	Swire Pacific / HAECO	3,060	2,776	10.2%	182	5	3450.7%
59	SES	2,965	2,166	36.9%	72	69	4.3%
60	Bharat Electronics	2,803	2,534	10.6%	814	646	25.9%
61	AAR	2,781	2,319	19.9%	185	134	38.1%
62	Axon Enterprise	2,780	2,083	33.5%	(62)	59	-205.1%
63	Hensoldt	2,771	2,424	14.3%	510	438	16.4%
64	Indra Defense Air Traffic and Mobility	2,628	2,014	30.5%	350	284	23.4%
65	Korea Aerospace Industries	2,602	2,664	-2.3%	189	177	7.1%
66	Carpenter Technology Specialty Alloys	2,564	2,444	4.9%	587	409	43.5%
67	Qinetiq	2,545	2,442	4.2%	(120)	246	-148.8%
68	FTAI Aviation	2,507	1,735	44.5%	741	238	211.3%
69	ATI High Performance Materials & Components	2,442	2,279	7.2%	576	461	24.9%
70	Kongsberg Gruppen Defense and Aerospace	2,436	1,778	37.0%	392	270	45.3%
71	Palantir Government	2,402	1,570	53.0%	1,576	948	66.2%
72	Woodward Aerospace	2,313	2,029	14.0%	507	385	31.7%
73	Oshkosh Defense	2,097	2,155	-2.7%	78	51	52.9%

		Revenue (US$ millions)			Operating Profit (US$ millions)		
#	Company	2025	2024	Change %	2025	2024	Change %
74	Constellium Aerospace & Transport	1,968	1,816	8.4%	339	292	16.1%
75	Hexcel	1,894	1,903	-0.5%	172	186	-7.5%
76	RBC Bearings	1,636	1,560	4.9%	370	342	8.2%
77	Exchange Income Aerospace & Aviation	1,502	1,200	25.2%	451	513	-12.2%
78	Teledyne A&D Electronics and Engineered Systems	1,495	1,217	22.8%	309	254	21.7%
79	Kratos Defense & Security Solutions	1,347	1,136	18.6%	26	29	-10.3%
80	Smiths Detection	1,269	1,097	15.7%	126	106	19.3%
81	Triumph Group	1,262	1,192	5.9%	139	86	61.6%
82	SIA Engineering	1,245	1,094	13.8%	15	12	25.0%
83	Austal	1,176	966	21.7%	73	38	94.4%
84	Larson & Toubro Hi-Tech Manufacturing	1,168	1,062	10.1%	167	138	21.3%
85	VSE Corporation	1,112	786	41.5%	90	59	52.5%
86	FACC	1,111	958	16.0%	49	30	60.2%
87	Crane Aerospace & Electronics	1,049	933	12.4%	263	209	25.8%
88	Garmin Aviation	987	877	12.5%	306	211	45.0%
89	Senior Aerospace	972	844	15.2%	67	39	73.1%
90	Mercury Systems	912	835	9.2%	(20)	(148)	-86.5%
91	Astronics	862	796	8.3%	76	26	192.3%
92	Latecoere	856	764	12.0%	44	28	59.9%
93	Ducommun	825	787	4.8%	(32)	52	-161.5%
94	Aeroviroment	821	717	14.5%	41	72	-43.1%
95	Magellan Aerospace Corp Aerospace & Aviation	747	688	8.7%	40	38	5.5%
96	Subaru Aerospace	737	689	7.0%	(130)	18	-836.5%
97	Chemring	656	652	0.7%	97	91	7.4%
98	Rocketlab	602	436	38.1%	(229)	(190)	20.5%
99	RUAG	496	551	-10.0%	(137)	22	-716.6%
100	Albany Engineered	475	481	-1.2%	(80)	(12)	566.7%
Total		**1,044,989**	**917,613**	**14%**	**124,433**	**85,030**	**46%**

Additional resources

Aerospace and defense agenda 2026: 10 moves to accelerate transformation
Explore how aerospace and defense sectors can harness AI, modernize supply chains, and lead workforce transformation to stay competitive through 2026.

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Aerospace and defense industry solutions
Together, we help address your biggest challenges—navigating regulations, managing supply chain risk, and driving progress across the A&D industry.

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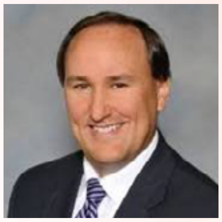

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