MRO Service Agreement · Lufthansa Technik × [Operator]

MRO service · Buyer side · Counterparty: Lufthansa Technik AG · Illustrative agreement

OVERALL VERDICT

MEDIUM · Score 71/100

Findings	Provider revenue [1]	Provider margin [1]
9 1 high, 4 medium, 3 low, 1 info	**€8.05bn** Lufthansa Technik FY 2025, +12%	**7.5%** Adjusted EBIT FY 2025
Statutory warranty [5]	MRO market [7]	
2 years §634a BGB, maintenance works	**$136bn** Global 2025, +8%	

Summary

Five-year framework agreement for base maintenance and component support on a 24-aircraft A320neo-family fleet, reviewed for the operator. The provider is financially strong: Lufthansa Technik earned €8.05bn of revenue and €603m of adjusted EBIT in FY 2025 [1], and its parent is rated BBB-/Baa3 [10]. The agreement is sound on regulatory scope (EASA Part-145) and liability structure, but five clauses need redlines before signature. The most important: turnaround times are targets without remedies, the 6-month repair warranty is well short of the 2-year statutory period for maintenance work under German law [5], and force majeure includes the provider's own labour disputes. In a market where IATA estimates supply-chain problems cost airlines more than $11bn in 2025 [6], uncompensated delays are the main commercial exposure.

Clause risk summary

The draft follows the provider's standard framework structure, with a master agreement, work-scope annexes per check type and a component pool annex. German law applies and Hamburg courts have jurisdiction. Nine findings are listed below in order of commercial impact. Fees, fleet size and clause numbers are taken from the draft under review; regulatory and statutory references are cited.

#	Clause	Category	Severity	Action
1	§7 Turnaround time (target dates only)	Delivery & performance	High	Redline
2	§11 Repair warranty, 6 months	Warranty	Medium	Redline

3	§16 Force majeure incl. own strikes	Force majeure	Medium	Redline
4	§9 Price escalation and materials	Payment	Medium	Redline
5	§18 Termination and records handover	Termination	Medium	Redline
6	§13 Liability cap at annual fees	Liability & indemnity	Low	Clarify
7	§5 Part-145 scope and subcontracting	Other	Low	Clarify
8	§9.4 Materials handling fee 8%	Payment	Low	Accept
9	§21 German law, Hamburg courts	Governing law	Info	Accept or add arbitration

Findings by severity. Illustrative agreement

1. Turnaround time: target dates without remedies

SEVERITY: HIGH

Clause 7 defines turnaround time (TAT) as "target dates" for C-checks (21 days) and component repairs (per annex), with no consequence for overruns other than a duty to inform. For a 24-aircraft fleet, each aircraft out of service reduces scheduled capacity by about 4%. The operator estimates lost contribution at €45,000 per aircraft-day (operator input).

Industry conditions make overruns likely. IATA and Oliver Wyman estimate that supply-chain problems cost airlines more than $11bn in 2025, including about $3.1bn of additional maintenance and $2.6bn of extra engine leasing caused by longer shop visits [6]. Oliver Wyman lists longer turnaround times among the main MRO capacity bottlenecks [7].

Redline. Convert targets into committed TAT. Add a day-rate credit of 0.5% of the work-package price per day beyond a 5-day grace period, capped at 15% of the package. Exclude delays caused by the operator's late approval of findings or parts unavailable from the OEM, with documented evidence.

2. Repair warranty: 6 months on parts and labour

SEVERITY: MEDIUM

Clause 11 limits warranty on workmanship and repaired parts to 6 months from release. Under German law, claims for defects in a work that consists of the maintenance or repair of a thing become time-barred after two years (§634a(1) no. 1 BGB) [5]. A contractual reduction is possible between businesses, but a cut to 6 months in the provider's standard terms is open to challenge under the fairness test of §307 BGB [5].

The commercial effect is that latent defects found at the next scheduled check, typically more than 6 months later, fall on the operator.

Redline. 12 months or 1,500 flight hours, whichever comes first, for airframe work; 18 months for repaired components; repeat defects on the same part serial number restart the warranty period. Warranty repairs to carry the same TAT commitment as clause 7.

3. Force majeure includes the provider's own labour disputes

SEVERITY: MEDIUM

Clause 16 lists "strikes, lockouts and other industrial action" as force majeure without distinguishing between national or sector-wide action and disputes at the provider itself. As drafted, a strike by Lufthansa Technik staff would suspend TAT obligations with no credit and no right to move work elsewhere.

Industrial action is a live risk in the wider Lufthansa Group. Six strike days in April 2026 cost the group at least €150m in Q2 [8]. Those strikes involved airline pilots and cabin crew, not Technik, but they show that collective bargaining in the group can escalate.

Redline. Exclude industrial action limited to the provider or its affiliates from force majeure. Where any force-majeure event exceeds 10 days, allow the operator to move the affected work package to another approved maintenance organisation, with the provider releasing parts, records and work-in-progress data.

4. Price escalation and materials

SEVERITY: MEDIUM

Clause 9 escalates labour rates annually by "the provider's then-current rate adjustment" and passes materials through at documented cost plus an 8% handling fee. Payment is due 30 days from invoice, which is acceptable.

The escalation mechanism is open-ended. Lufthansa Technik's own margin fell from 8.5% to 7.5% in FY 2025, which it attributed to US tariffs, material costs and a weaker dollar [1], so the provider has a clear incentive to pass these costs on. The 8% handling fee is commercially acceptable when combined with the existing cost-documentation and audit right.

Redline. Tie labour escalation to a published German wage or producer-price index with a 4% annual cap. Add a currency clause that fixes the EUR/USD conversion method for USD-priced OEM parts. Keep the 8% handling fee and the audit right.

5. Termination and records handover

SEVERITY: MEDIUM

Clause 18 allows termination for convenience by either party on 12 months' notice and for cause on 60 days' notice, but says nothing about the transfer of maintenance records, work-in-progress or pooled components at exit.

Maintenance records are regulated. Under Part-145 the maintenance organisation must keep detailed records of work performed, and the operator, through its continuing-airworthiness management, stays responsible for the aircraft's airworthiness and needs those records to prove it [3] [4]. Without an exit clause, a transition to a new provider depends on the outgoing provider's cooperation.

Redline. On any termination, the provider delivers complete digital and paper records, open findings and component traceability within 15 business days, returns or buys back pooled components at agreed values, and completes work packages already inducted unless the operator elects otherwise.

6. Liability and limitation: capped at annual fees

SEVERITY: LOW

Clause 13 caps the provider's aggregate liability at the annual service fees and excludes indirect loss. It carves out intent, gross negligence and injury to life, body or health. The cap structure is common in MRO contracts.

The carve-outs are required by German law, not by aviation regulation. Liability for intent cannot be excluded in advance (§276(3) BGB), and standard terms that exclude liability for gross negligence or personal injury are invalid

under §309 no. 7 BGB, a standard the courts also apply between businesses through §307 BGB [5]. EASA Part-145 governs approval and quality of maintenance, not commercial liability allocation [3].

Clarify. Confirm that loss of use (aircraft-on-ground cost) is not treated as excluded indirect loss where it arises from a TAT breach under clause 7, so that the new TAT credits are enforceable. Confirm the provider's hull and liability insurance limits and add the operator as additional insured.

7. Part-145 scope, subcontracting and governing law

SEVERITY: LOW

Scope (Low). Clause 5 requires the provider to hold and maintain EASA Part-145 approval covering the A320neo family and the listed components. Part-145 is Annex II to Regulation (EU) No 1321/2014 and sets requirements for organisations maintaining aircraft and components used in commercial air transport, including certification of release and record-keeping [3] [4]. Add an obligation to notify the operator within 48 hours of any finding by the authority that limits the approval, and a right to audit.

Subcontracting (Low). The provider may subcontract specialised tasks. Require prior notice for subcontracting of major components and confirm that subcontracted work is released under the provider's approval.

Governing law (Info). German law and Hamburg courts are a reasonable choice for a Hamburg-based provider, and the parties' choice of law will be respected under the Rome I Regulation [11]. If the operator is based outside the EU, consider arbitration in Hamburg so that awards are enforceable under the New York Convention.

Counterparty and market context

Lufthansa Technik is a large MRO provider in its own right. FY 2025 revenue rose 12% to €8.049bn, about three quarters of it from customers outside the Lufthansa Group, and adjusted EBIT was €603m [1]. The MRO segment employed 22,989 people at the end of 2025 [2]. Growth continued in 2026: Q2 revenue rose 11% to €2.2bn with external revenue up 23% [8], and H1 adjusted EBIT reached €315m [9]. The parent, Deutsche Lufthansa AG, is rated BBB- by S&P, Fitch and Scope and Baa3 by Moody's [10].

The global MRO market reached $136bn in 2025, up 8%, and Oliver Wyman expects it to grow about 3.7% a year to nearly $198bn by 2036 [7]. Demand is outpacing capacity, which strengthens the provider's position in negotiation. The operator's leverage lies in fleet commitment length and volume, which justifies asking for committed TAT and a longer warranty in return for the five-year term.

Indicator	Value	Period	Source
Lufthansa Technik revenue	€8,049m (+12%)	FY 2025	[1]
Lufthansa Technik adjusted EBIT / margin	€603m / 7.5% (8.5% prior year)	FY 2025	[1]
Share of revenue from non-group customers	About 75%	FY 2025	[1]
MRO segment adjusted EBIT	€315m (€310m prior year)	H1 2026	[9]
Parent issuer ratings	BBB- (S&P, Fitch, Scope) / Baa3 (Moody's), stable	Aug 2026	[10]
Global MRO market	$136bn (+8%), ~3.7% CAGR to 2036	2025	[7]
Airline supply-chain cost	More than $11bn	2025	[6]

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