



Aftermarket Distribution

SUMMER 2025 – AEROSPACE, DEFENSE & SPACE



Meridian's Aerospace, Defense & Space Practice

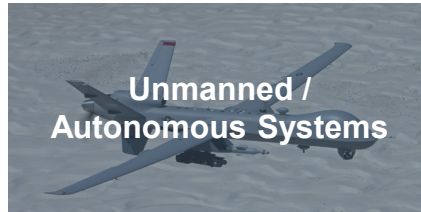
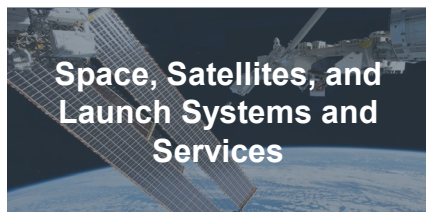
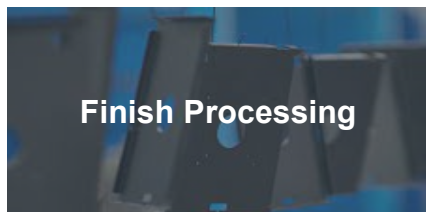
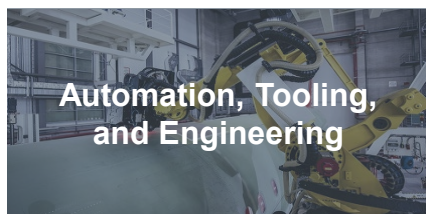
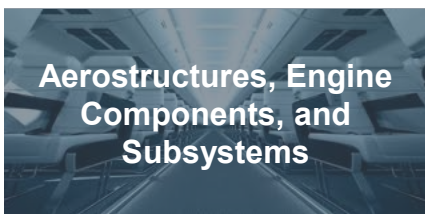
Overview

Meridian Capital's Aerospace, Defense & Space team has extensive experience within the sector having completed 25+ transactions in the industry.

The coverage team possesses deep industry relationships with leading acquirers in the space and is up-to-date on the latest sector trends and considerations.

Meridian Capital is pleased to present its **Summer 2025 Aftermarket Distribution M&A Update**.

Sub-Sector Coverage



Meet the Team



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Our Services

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Minority Sales
Subsidiary Divestitures

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Mergers
Growth Equity
Shareholder Liquidity
Management Buyouts

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Targeted Buy-side Execution
Add-on Acquisitions
Vertical and Horizontal
Acquisitions

STRATEGIC ADVISORY

Exit Strategy Assessment
Exit Planning and
Preparations
Corporate Finance
Consulting



Section 01. Market Update





Aftermarket Distribution Industry Trends



Continued Demand for Aftermarket Distribution

With a strong rebound, air travel demand exceeded 2019 levels in 2024, and is projected to reach nearly 108% of 2019 RPKs by the end of 2025¹. The continued lag in new aircraft deliveries has forced operators to rely on aging fleets and increased utilization, which, in turn, has resulted in a heightened demand for replacement parts and MRO services. Companies within the aftermarket component supply chain, particularly distributors, are directly benefiting from these market dynamics, experiencing strong organic growth and opportunities for margin expansion.



Differentiation through Inventory and Value-added Services

For distributors, a key component of their value proposition is the ability to maintain critical inventory levels. This capability is essential for reducing lead times and minimizing aircraft downtime, particularly during aircraft on ground (“AOG”) events where 24/7 support is required. Distributors are focused on leveraging unique sourcing relationships with OEMs, PMA, and USM suppliers to secure high-demand and hard-to-find parts. Further, many distributors are enhancing their customer relationships and moving up the value chain, offering services including component MRO, rotatable exchange, and technical support. These value-add services, alongside unique inventory, and expedited response times, represent significant differentiators that are attracting investor interest.



The Impact of Geopolitical Tensions on Defense Distribution

Ongoing geopolitical tensions are driving a significant increase in defense spending and the demand for military modernization, providing a strong tailwind for the defense distribution market. With a heightened emphasis on operational readiness, the defense supply chain is focused on ensuring the availability of critical parts and materials, by building strategic safety stock and redundant supply channels. Given that many aircraft and equipment platforms have operational lives spanning decades, maintaining access to components for legacy platforms is crucial for mission readiness.

Sources: ¹Bain Air Travel Forecast



Aftermarket Distribution Industry Trends (cont.)



Technology in Optimizing AD&S Distribution

The AD&S distribution industry is undergoing a digital transformation, marked by the increasing adoption of online marketplaces, e-commerce platforms, and sophisticated inventory management systems. This technological shift is streamlining the procurement process, enhancing real-time inventory visibility, and reducing administrative overhead. The ability to leverage technology to more accurately predict demand and optimize inventory levels is a key competitive advantage, as it helps distributors overcome critical part shortages and manage obsolescence, ultimately preventing costly AOG situations.



The Growing Market for Used Serviceable Materials

The increasing demand for used serviceable materials (“USM”) is reshaping the AD&S aftermarket, offering a more economical and sustainable alternative to new OEM or PMA parts, particularly for older aircrafts. This market is expected to experience meaningful growth, with a CAGR of 4.5% from 2024 to 2032, reaching \$11.6B¹. USM parts offer substantial cost savings, often priced at 50-80% of new OEM equivalents, which is highly attractive to airlines and operators focused on optimizing margins¹. A key to success in this market, is the ability to meet stringent quality assurance requirements including detailed inspection, testing, and traceability. These rigorous standards for component quality create a significant barrier to entry, favoring established distributors with proven expertise.



M&A Opportunities and Investment Theses in Aftermarket Distribution

Amid growing demand for aftermarket components, investors are actively pursuing M&A opportunities with well-established providers to accelerate growth. The market's fragmented nature is facilitating buy-and-build strategies, allowing investors to build scale, broaden product portfolios, and expand value-add services to increase customer wallet share. Distributors specializing in high-barrier niches like engine components and defense parts are of particular interest to investors and often command stronger valuations.

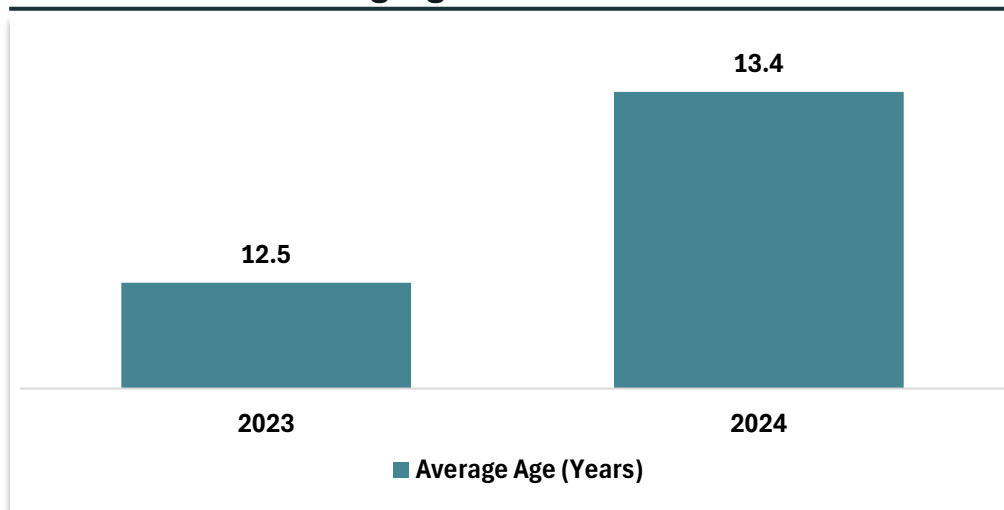
Sources: ¹GM Insights Air Transport Market



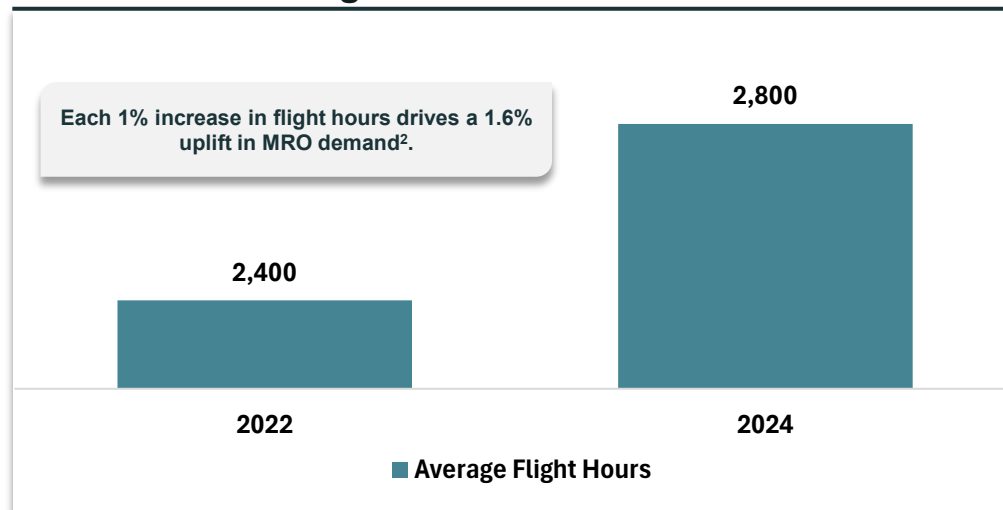
Aftermarket Distribution Industry Trends (cont.)

Aging Fleet and Increased Aircraft Utilization Driving Sustained MRO Demand Growth

Aging Global Fleet¹



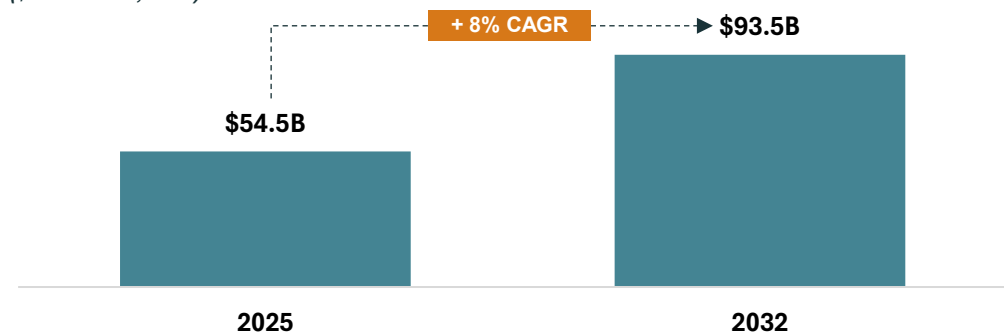
Flight Hours Per Aircraft¹



Strong Market In Aftermarket Parts and Disassembly Services

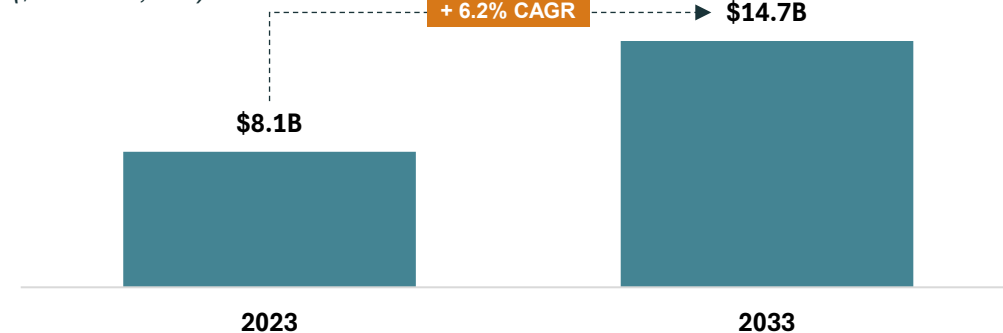
Global Aircraft Aftermarket Parts Market³

(\$ in Billions, USD)



Global MRO Spend By Component³

(\$ in Billions, USD)



Sources: ¹Oliver Wyman, ²Market Growth Reports Aerospace Aftermarket, ³Fortune Business Insights

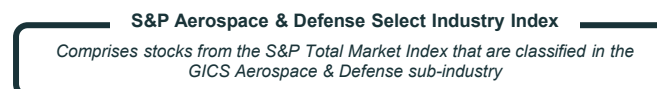
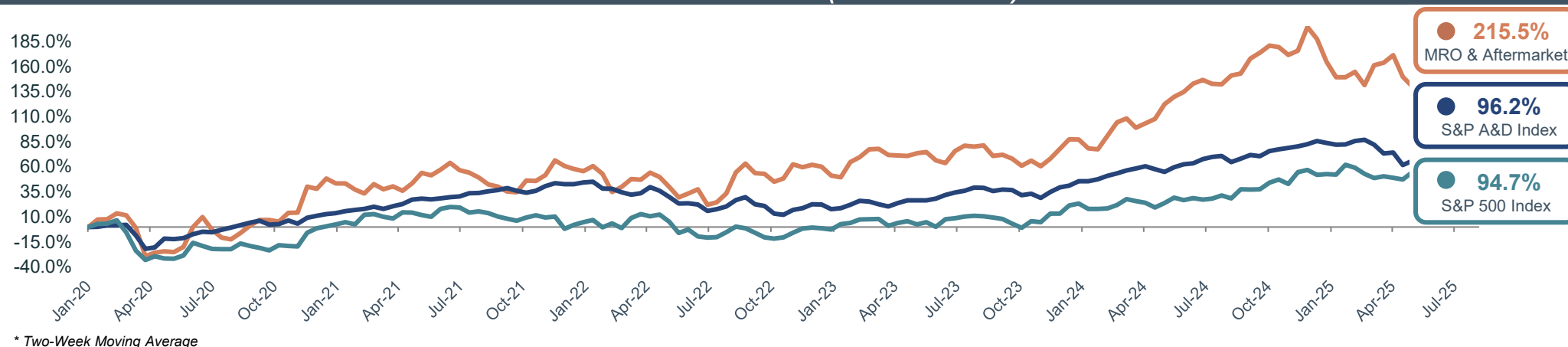


Section 01. M&A Activity

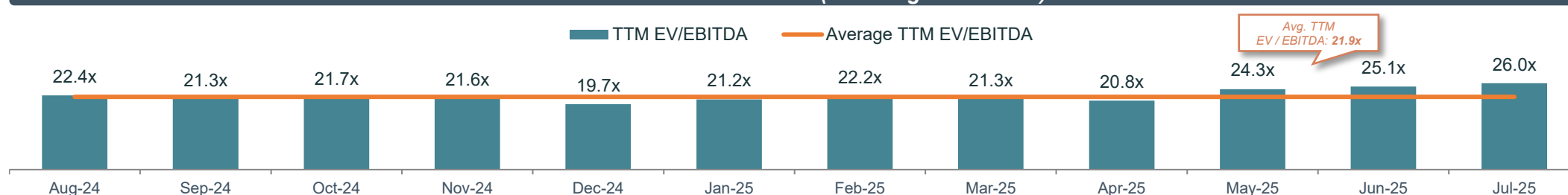


Public Market Performance

5-Year Index Growth (Jan-20 – Jul-25)



EV / EBITDA Performance (TTM Aug-24 – Jul-25)



Public Company Set

(\$US in millions)		Market Cap	EV	LTM		EV/LTM		LTM Margin EBITDA	52-Week Change
Company Name				Rev	EBITDA	Rev	EBITDA		
MRO & Aftermarket									
HEICO Corporation		\$37,926	\$40,812	\$4,134	\$1,117	9.9x	36.5x	27%	35%
Singapore Technologies Engineering		\$21,557	\$25,753	\$8,437	\$1,263	3.1x	20.4x	15%	117%
AAR Corp.		\$2,595	\$3,543	\$2,781	\$324	1.3x	10.9x	12%	20%
SIA Engineering		\$2,697	\$2,740	\$1,007	\$151	2.7x	18.1x	15%	44%
VSE Corporation		\$3,277	\$3,630	\$1,101	\$193	3.3x	18.8x	18%	89%
AerSale Corp		\$286	\$433	\$320	\$28	1.4x	15.7x	9%	18%
		Median	\$3,587	\$1,941	\$259	2.9x	18.5x	15%	40%
		Mean	\$11,500	\$2,817	\$476	3.5x	19.9x	16%	52%

Source: Pitchbook as of 8/7/2025; Meridian Research



Select Recent M&A Activity – Transaction Profiles

June 2025



Target Description

AIReps is a distributor of aerospace hardware and components intended to provide high-quality, certified parts and services to the aerospace industry. The Company offers traceability and overhaul services, enabling aerospace companies to access reliable, hard-to-find parts essential for operations.

Target Overview

31 **Founded:** 2000
Location: Anaheim, CA

Investment Rationale

The acquisition of AIReps strengthens Aeromed Group's position within the aerospace and defense supply chain by expanding its specialty component inventory, leveraging long-standing supplier relationships, and enhancing service capabilities to major defense contractors.

December 2024



Target Description

Kellstrom Aerospace is a distributor of engines, aircraft, and spare parts for commercial aerospace engine aftermarkets. The Company offers comprehensive aftermarket support including buying, refurbishing, leasing and trading, as well as inventory management services.

Target Overview

31 **Founded:** 1971
Location: Davie, FL
\$ EV: \$200M
\$ EV/EBITDA: 10.0x

Investment Rationale

The acquisition of Kellstrom Aerospace strengthens VSE Corporation's position within the commercial aviation aftermarket by reinforcing an OEM-focused strategy, expanding VSE's aftermarket product and capability offerings, and broadening their growing global footprint.

November 2024



Target Description

Airgroup is a distributor of aerospace parts serving airlines, MROs, and the U.S. military with cost-effective alternatives to OEM products, providing FAA-PMA development, bearing relubrication, reverse engineering, and contract manufacturing to reduce costs while maintaining performance and reliability.

Target Overview

31 **Founded:** 1990
Location: Cranberry Town, PA

Investment Rationale

The acquisition of AirGroup America expands Aero Accessories' engineered solutions capabilities in FAA-approved PMA parts and DER repairs, diversifies its product offerings and customer base, and enhances its ability to deliver innovative repair solutions to the global cargo, commercial, defense, and aftermarket aviation markets..

August 2024



Target Description

Military Fasteners is a distributor of mil-spec fasteners and aerospace hardware, serving defense and commercial aviation customers through a broad e-commerce platform and rapid fulfillment. Its deep inventory across thousands of SKUs enables quick-turn supply for critical maintenance and production.

Target Overview

31 **Founded:** 2016
Location: Melbourne, FL

Investment Rationale

The acquisition of Military Fasteners provides Brookside Capital Partners with a digital-first distributor offering a broad e-commerce catalog, rapid fulfillment capabilities, and ISO 9001, AS9120B, and Department of Energy authorizations, enhancing its presence in the mission-critical aerospace and defense aftermarket.

Source: Pitchbook, MergerMarket, Press Releases



Recent M&A Transactions

Date	Target	Acquirer	Target Description
Jun-25	AIReps	Aeromed Group	Distributor of aerospace hardware and components intended to provide high-quality, certified parts and services to the aerospace industry.
May-25	SuprAero Equipement	Aéro Equipement	Distributor and supplier of aerospace components and services worldwide.
May-25	A.L.A. (MIL: ALA)	H.I.G. Capital	Distributor and supply chain solutions provider to the industrial markets including the civil and military aeronautical sectors.
Apr-25	Electronic Components	Omni-Lite Industries (TSX: OML)	Distributor of electronic component products for the military, aerospace, medical and industrial marketplace.
Mar-25	Propeller Partsmarket	Hartzell Aviation	Supplier of aircraft propellers and parts intended to offer new and overhauled products from top manufacturers.
Dec-24	Kellstrom Aerospace	VSE (Aerospace and Defense) (NAS: VSEC)	Distributor of engines, aircraft, and spare parts intended to serve the commercial aerospace engine aftermarket.
Nov-24	Airgroup America	Aero Accessories, ATL Partners	Distributor of aerospace parts intended to serve airlines, MROs, and the U.S. military with cost-effective alternatives to OEM products.
Sep-24	C&C Aero Trading	Bossard Holding (SWX: BOSN)	Distributor of airplane parts catering to commercial, military, manufacturing, MRO, and cabin interiors sectors.
May-24	eCube Solutions	Unical Aviation, Platinum Equity	Provider of aircraft recycling and transition services intended to connect aircraft owners and parts companies to enhance mutual value.
Aug-24	Aerospheres	Audax Private Equity, Krayden	Distributor of aerospace and commercial airline materials for maintenance applications and MRO service providers.
Aug-24	Military Fasteners	Brookside Capital Partners, Montage Partners	Distributor of hardware supplies intended for the aerospace and defense industry.
Jun-24	Aerospace Products International	Aeromed Group	Distributor of aviation parts and equipment.
Jun-24	HB Aerospace	Aeromed Group	Distributor of aerospace products.
Apr-24	Secoa	ADDEV Materials	Distributor of technical consumables catering to the aerospace and defense industries.
Feb-24	Incora	Allianz (ETR: ALV), Silver Point Capital	Provider of distribution and supply chain management services intended for blue-chip engine and airframe manufacturers.
Dec-23	CLP System	Kamic Group	Distributor of vehicle and weapon technologies catering to the defense sector.

Source: Pitchbook and MergerMarket as of 7/31/2025; Meridian Research



Recent M&A Transactions

Date	Target	Acquirer	Target Description
Sep-23	Avioparts	ProA Capital	Distributor of aviation-related products for operators, MROs, airlines, military, and aircraft manufacturers.
Jul-23	Desser Aerospace	VSE (Aerospace and Defense) (NAS: VSEC)	Distributor and retreader of specialty aviation tires and other aircraft components.
Jun-23	Finnoff Aviation Company	AVEX Aviation, New State Capital Partners	Distributor of aviation engines and spare parts intended for private and lightweight commercial planes.
Mar-23	Trust International Group	EDGE Group	Distributor of defense equipment intended for the UAE armed forces and security establishments.
Mar-23	Unusual Attitudes	BAS Part Sales	Distributor of aviation parts.
Feb-23	Aero-Glen International	Warburg Pincus, Wencor Group	Distributor of aerospace structural hardware equipment.
Sep-22	SMT Corp.	Harwood Private Equity	Distributor of electronic components and related peripherals to the commercial and defense industries.
Jul-22	SkyGeek.com	CM Equity Partners, GracoRoberts	Distributor of aircraft products and supplies intended for the aircraft industry.
Jul-22	VAS Aero Services	Satair	Distributor of aviation aftermarket parts and components intended for OEMs, MROs, airlines and strategic partners.
Jul-22	Sentry Aerospace	Acorn Capital Management, Aerospares 2000	Distributor of aftermarket aircraft rotatable components.
Jul-22	Electro Enterprises	Audax Private Equity, FDH Aero	Distributor of electrical and electronic components intended to serve the aerospace industry.
May-22	Avia-Dynamics	AAR (NYS: AIR)	Distributor of electrical components intended to serve aviation, military, heavy equipment and industrial markets.
Jul-21	Global Parts	VSE (Aerospace and Defense) (NAS: VSEC)	Distributor of aviation parts and accessories specializing in the corporate, regional airline and general aviation markets.
Aug-21	Unical Aviation	Platinum Equity	Provider of aircraft parts and components intended to serve the global commercial aerospace market.
Apr-20	FCAH Aerospace	Five Points Capital, O2 Investment Partners	Distributor of aftermarket aircraft components intended to serve the aerospace sectors worldwide.
Dec-19	Aerospares 2000	Acorn Capital Management	Distributor of rotatable parts intended for the commercial aircraft market.

Source: Pitchbook and MergerMarket as of 7/31/2025; Meridian Research



Section 03. Meridian Overview





Firm Overview



Meridian Capital has assisted businesses in achieving their M&A and corporate finance goals since 1995.

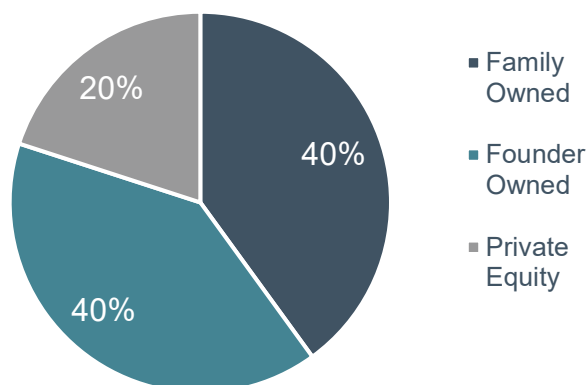
30+ investment banking professionals

300+ transactions completed

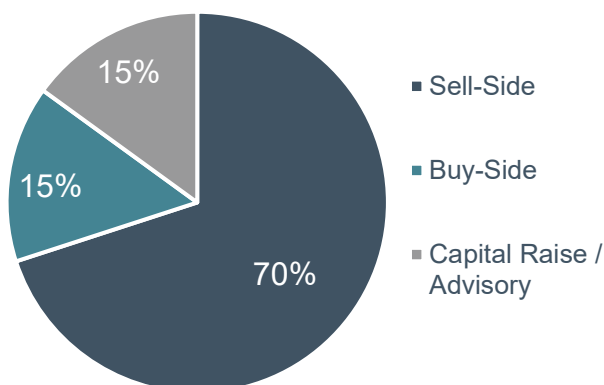
Focus on transaction values between \$20M – \$1B

Leading middle market Aerospace, Defense & Space investment bank

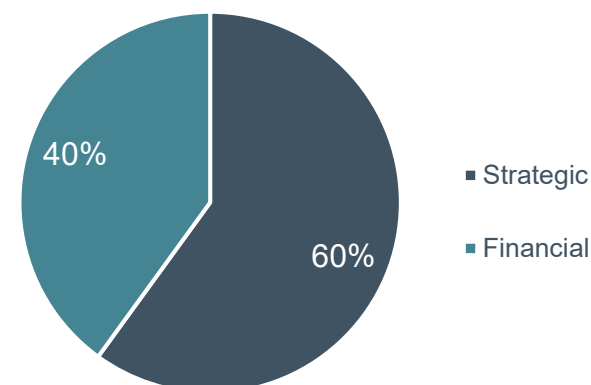
Client Type



Transaction Type

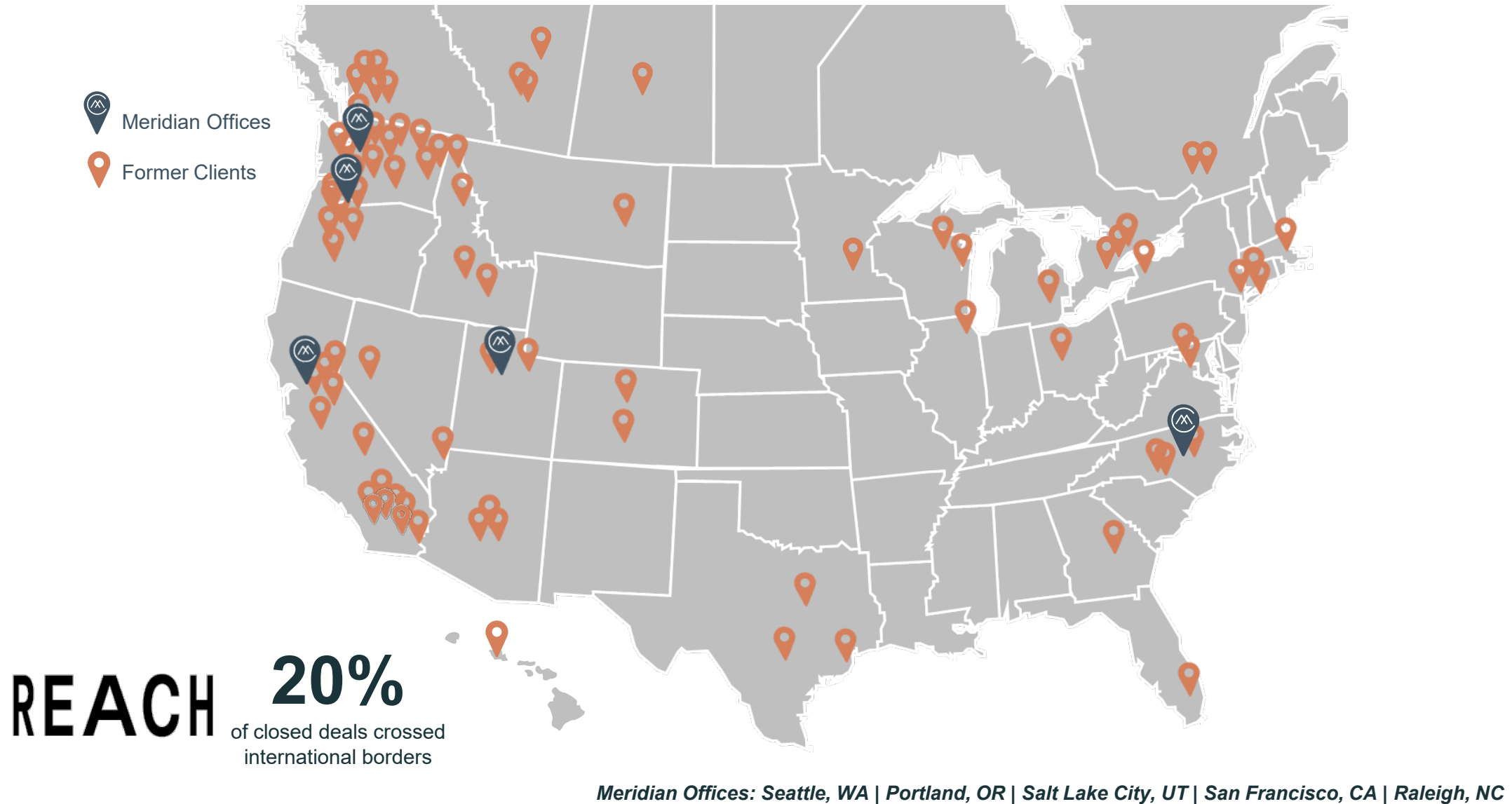


Buyer Type





Five offices across the Western U.S support national and global transaction engagements across all industry sectors.





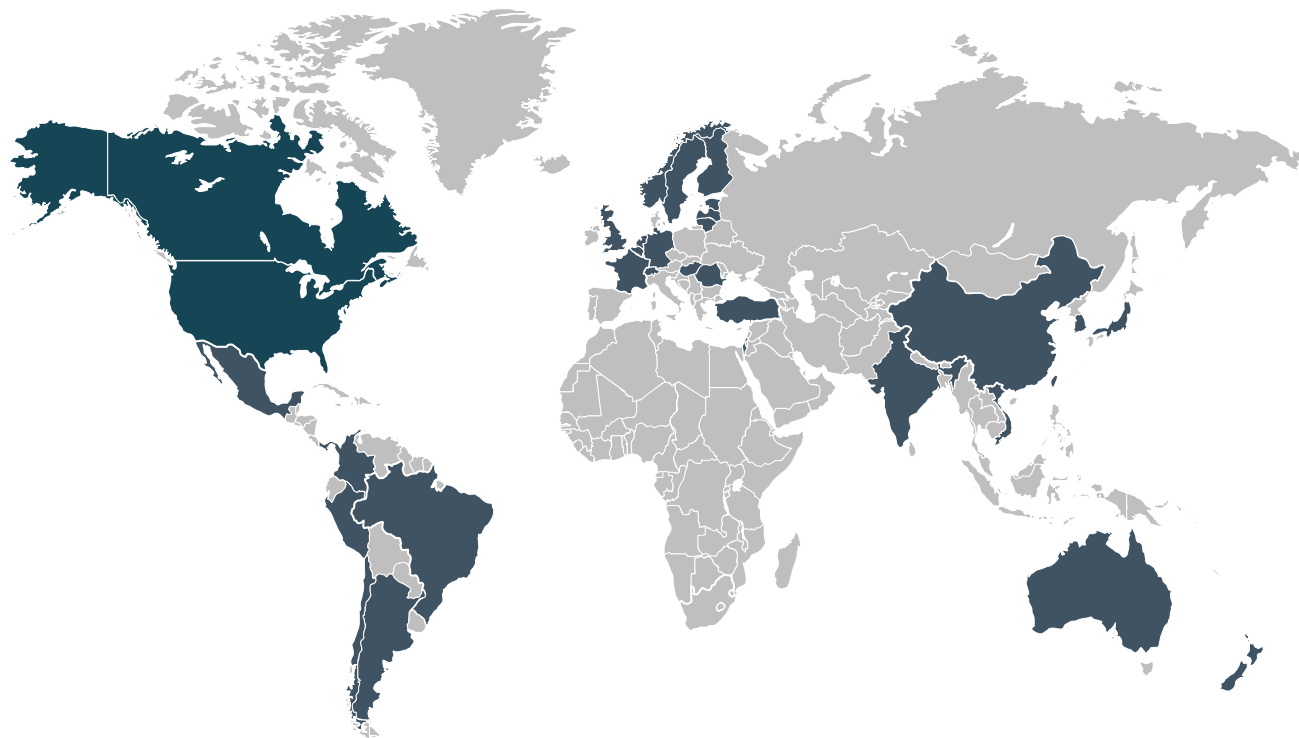
Thank you

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