

KAL Capital Markets Aerospace & Defense

Q2 2025



INTRODUCTION

Dear Friends,

We hope you're enjoying the summer and finding time to recharge as we enter the second half of 2025.

The first half of the year was among the most active in KAL Capital's history. We closed seven transactions across the aerospace and defense landscape, including platform sales in propulsion, surface treatments, EMI shielding, composites, and refractory metals. These transactions reflect a broader market trend: sustained buyer conviction for differentiated platforms supporting defense modernization, space, and other mission-critical initiatives. Conversations with both strategic acquirers and private equity sponsors suggest that M&A pipelines remain strong – particularly for companies with proprietary technologies, engineering depth, or entrenched program positions.

While commercial aerospace continues to face headwinds – from soft airline earnings to tariff-driven cost pressures – the defense sector remains a clear outlier. A&D equities significantly outperformed broader indices, fueled by rising procurement budgets, persistent geopolitical tensions, and growing demand for munitions, missile defense, and shipbuilding. The proposed FY26 defense budget, at \$961 billion, is the largest in U.S. history and signals the start of a sustained rearmament cycle. Key funding priorities include hypersonics, AI, space systems, and the nuclear triad, alongside efforts to accelerate acquisition and streamline procurement.

Global developments – such as Operation Midnight Hammer, escalating tensions in the Indo-Pacific, and the war in Ukraine – have further sharpened the industry's focus on precision strike capabilities, supply chain resilience, and dual-use innovation. Meanwhile, the Paris Air Show spotlighted next-generation aerospace platforms, with Airbus and several eVTOL players stepping into the void left by Boeing. Commercial markets remain volatile, weighed down by inflation, regulatory friction, and deteriorating airline profitability.

Looking ahead, we see a favorable environment for M&A across defense and critical technology sectors. Strategic buyers and sponsors remain aggressive in pursuing acquisitions that offer vertical integration, exposure to high-priority platforms, or defensible aftermarket positions. The confluence of geopolitical urgency, abundant capital, and a shifting policy environment is creating a rare window of opportunity for well-positioned companies.

We wish you a productive and successful remainder of the year and look forward to reconnecting soon. As always, thank you for your continued partnership and trust.

Sincerely,



Trevor Bohn
Partner



Ryan Murphy
Partner

KAL
Capital




TRANSACTION
ANNOUNCEMENTS



OSG
CORPORATE GROUP


HAS BEEN ACQUIRED BY
INTEGRATED
POLYMER
SOLUTIONS
A PORTFOLIO COMPANY OF
ARCLINE
ACQUISITION ADVISORY

JUNE



INDUSTRIAL
SOLID
PROPULSION

HAS BEEN ACQUIRED BY



KARMAN
SPACE & DEFENSE

APRIL



3P
PROCESSING

HAS BEEN ACQUIRED BY



LITTLEJOHN CAPITAL

APRIL



Metal Technology

ARCHITECTURE PRECISION

PORTFOLIO COMPANIES OF



Cumming
Capital
Management

HAVE BEEN ACQUIRED BY



KARMAN
SPACE & DEFENSE

MARCH



zeno

\$50M SERIES B



Hanaco

VENTURE CAPITAL INVESTMENT

FEBRUARY



KSP

HAS BEEN ACQUIRED BY
THE THERMAL GROUP

A PORTFOLIO COMPANY OF
REFINERY CAPITAL
LEASER
SALE OF COMPANY

JANUARY



SPIRA

HAS BEEN ACQUIRED BY
INTEGRATED
POLYMER
SOLUTIONS
A PORTFOLIO COMPANY OF
ARCLINE
SALE OF COMPANY

JANUARY

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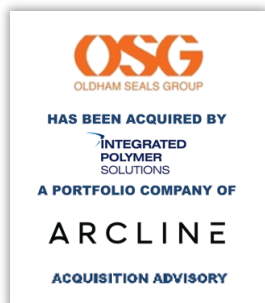
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KAL ADVISES ARCLINE INVESTMENT MANAGEMENT

ARCLINE HAS ACQUIRED OLDHAM SEALS GROUP



- » Oldham Seals Group is a leading designer and manufacturer of highly engineered elastomeric and polymer products for ultra-harsh environments where durability and precision sealing are critical
- » The Company custom-engineers products for the Navy, commercial shipping industries, oil & gas, and traction industries
- » OSG is headquartered in Chichester, UK OSG combines decades of technical expertise with advanced manufacturing to deliver high-performance seals and gaskets worldwide

Key Products



90° Elbow Assemblies



180° Preformed Hose Assemblies



Flexible Straight Hose Assemblies



Flexible Rubber Bellows



Jetpac® By-Pass Valves



Ducting & Suction Entry Feet

KEY SEGMENTS

Jetpac®

Jetpac designs and manufactures rubber flexible hoses and pipe systems that have been type approved to the United Kingdom's Ministry of Defense Naval standards

Benefits Include:

- Major cost savings in expensive downtime
- Highly configurable designs
- Greater reduction in vibration/noise levels

Jetrac

Provides a web-accessible hose asset management system for flexible hose assemblies, enabling accurate tracking, condition monitoring, and lifecycle management, which enhances safety, reduces downtime, and optimizes hose replacement & inventory

Uniflex

The system offers remote mechanical valve actuation systems using flexible, high-tensile stainless-steel shafts, designed for reliable, long-life operation in naval and commercial shipping environments, allowing safe and efficient remote valve control

Technical Data

OSG supplies comprehensive technical documentation, data management, and reporting services to support product performance, maintenance planning, and regulatory compliance across all product lines

KAL ADVISES INDUSTRIAL SOLID PROPULSION™

ISP HAS BEEN ACQUIRED BY KARMAN



- » Industrial Solid Propulsion™ ("ISP" or the "Company") is a provider of mid- and high-power rocket motors, solid propellant model rockets, and small- to-medium size solid composite propellant propulsion systems to the defense, consumer, educational, and hobbyist end-markets
- » The Company serves its A&D clientele, providing solid rocket motors for unmanned systems, aircraft recovery parachute systems, and missiles
- » ISP is headquartered in Cedar City, UT, reaching a total footprint of 25K sq. ft. dedicated rocket manufacturing facility

Key Platforms



**Coyote Block II
& Block III**



MPLC



**Aircraft Recovery
Parachute Systems**

A&D Products



**Drone Intercept
Boosters**



UAV Boosters



**Tactical Line
Charge Systems**

Commercial / Hobbyist Products



**High-Power
Rocket Kits**



**LMS/RMS Motor
Kits**



**LMS/RMS
Hobby Rockets**

INVESTMENT HIGHLIGHTS

Reputation as Pioneer in Hobby Model and Collegiate Rocketry Space

Vast IP Portfolio of Solid Rocket Motor Technology

Ability to Modify COTS Technology into Defense Applications

Extensive Suite of Value-Add SRM Manufacturing Capabilities

High Barriers to Entry With Unmatched Value Proposition

Positioned on High-Priority Unmanned DoD Systems

Significant Growth Potential Within the Emerging Counter-UAS Space

KAL ADVISES 3P PROCESSING

3P PROCESSING HAS BEEN ACQUIRED BY LITTLEJOHN CAPITAL



HAS BEEN ACQUIRED BY



LITTLEJOHN CAPITAL

- » 3P Processing is leading, metal processing and finishing partner for the commercial aerospace, business aviation, and defense end-markets
- » The Company's world-class team of professionals have established a reputation for providing complex, high-precision metal finishing, advanced non-destructive testing, and surface enhancement solutions
- » 3P Processing operates from a 115,000 sq. ft. facility in Wichita, KS, allowing it to offer its customers a streamlined in-house solution and provide superior quality, time-to-delivery, and value

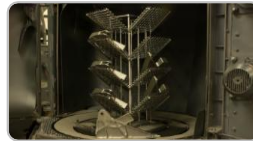
Capabilities



**Masking, Prime,
& Topcoat**



**Non-Destructive
Testing**



Shot Peening



**Chemical Processing
& Anodizing**

Key Programs



B737



B787



B767



B777



Gulfstream



Citation



CH-53K



F-35

INVESTMENT HIGHLIGHTS

One-Stop-Shop Metal Processing Solutions

**Partner of Choice for Complex
Masking Solutions**

**Broad Range of Approvals and Processing
Capabilities**

**Positioned to Benefit from Build Rate Expansion
on Key Commercial & Bizjet Platforms**

**Unique Operating Processes
Focused on Fast Turnaround**

**Tremendous Built-In
Growth and Visibility**

**Experienced Management Team In-Place To
Drive Continued Growth**

KAL ADVISES METAL TECHNOLOGY INC.

MTI HAS BEEN ACQUIRED BY KARMAN



- » Located in Albany, Oregon, Metal Technology, Inc. ("MTI") is a leader in forming, forging, and machining refractory metals
- » MTI's expertise with tantalum, zirconium, niobium, titanium, and other refractory metals allows it to produce specialized, mission-critical components for aerospace and defense end markets, with an emphasis on missile defense programs
- » MTI also uses refractory metals to produce crucibles for scientific end-markets

Unique Metals Suite

73
Ta
180.948
Tantalum

22
Ti
47.867
Titanium

42
Mo
95.96
Molybdenum

40
Zr
91.224
Zirconium

41
Nb
92.9064
Niobium

74
W
183.84
Tungsten

23
V
50.9415
Vanadium

Capabilities



Forging



Forming



Punch
Press



CNC Precision
Turning/Milling



Additive
Mfg.



Precision
EDM

INVESTMENT HIGHLIGHTS



Leading Tight-Tolerance Parts Manufacturer



Focused on Mission-Critical Components



Expertise in High-Temperature Refractory Metals

Presence in Key Strategic Missile Programs

Strong Customer Relationships

KAL ADVISES ZENO POWER

ZENO RECEIVED A SERIES B VC INVESTMENT LED BY HANACO



- » Zeno Power ("Zeno" or the "Company") is the market leader in isotope energy, developing next-generation Radioisotope Power Systems ("RPS") for space, marine, and other austere environments
- » The Company utilizes its patented fuel matrix and manufacturing process to build RPSs that are scalable, affordable, and lightweight. Zeno uses thermoelectric generators and Stirling engines to convert the heat generated from the decay of specific radioisotopes into electricity, producing persistent, clean power for years at a time

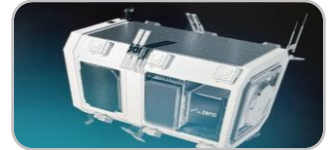
Key Partners



Strontium-90 fueled radioisotope Stirling generator to power seabed operations and infrastructure for the U.S. Department of Defense



Strontium-90 fueled radioisotope thermoelectric generator to power U.S. Space Force satellites



Americium-241 fueled radioisotope Stirling generator to power NASA lunar surface missions



Next-Generation Nuclear Radioisotope Battery
(Delivering to market in 2027)

INVESTMENT HIGHLIGHTS

Built and demonstrated our first nuclear prototype at Pacific Northwest National Laboratory

Secured over \$60 million in contracts from the U.S. Department of Defense and NASA for seabed and space applications

Contracted Westinghouse to fabricate our nuclear heat sources at their licensed facility

Assembled a world-leading team across the nuclear, aerospace, maritime, and other sectors

Received an initial Sr-90 supply from the U.S. Department of Energy, recycling Cold War-era nuclear waste to fuel our first 10+ nuclear batteries

KAL ADVISES ACT AEROSPACE

ACT AEROSPACE HAS BEEN ACQUIRED BY BEHRMAN CAPITAL

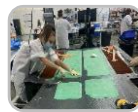


- » ACT Aerospace ("ACT" or the "Company") is a leader in advanced composite structures with a reputation for manufacturing complex structures for the aerospace & defense industry
- » ACT is a fully integrated A&D composites supplier able to quickly move through design analysis, and prototyping to full-rate production
- » ACT is focused on composite structures for interior and structural aircraft assemblies

Customers



Capabilities



Hand Layup Composites



Composite Compression Molding



Resin Transfer Molding



Filament Winding



Engineering & Design



CNC Machining



Paint



Quality, NDT, and Testing

INVESTMENT HIGHLIGHTS

Complex Structures and Assemblies

Vertically Integrated Operations

Expert Hand Layup Capabilities

Program Development to Full-Rate Production

Relationships with Leading OEMs

Expansion of Shipset Value on Key Programs

Robust Backlog and Revenue Outlook

Identified Near-Term Growth Opportunities

KAL ADVISES SPIRA MANUFACTURING

SPIRA MANUFACTURING HAS BEEN ACQUIRED BY ARCLINE



HAS BEEN ACQUIRED BY
INTEGRATED
POLYMER
SOLUTIONS
A PORTFOLIO COMPANY OF
ARCLINE
SALE OF COMPANY

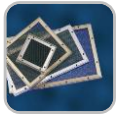
- » Located in Southern California, Spira is a leading designer and manufacturer of highly engineered EMI and RFI shielding products
- » Diverse suite of surface and groove-mounted products, including proprietary spiral wound gaskets, connector gaskets, elastomeric gaskets, and honeycomb vents
- » Primarily serving the aerospace & defense end-market, as well as semiconductor and industrial applications

Products

Honeycomb Filters



Air Vent Filters



Fan Filters

Groove-Mounted



Quick-Shield



Spira-Shield



O-Rings



Multi Seal



Enduro-Shield



Flexi-Shield

Surface-Mounted



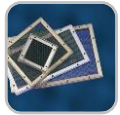
Multi-Seal
Gasket



Die-Cut
Gasket



Connector
Gasket



Honeycomb
Filters

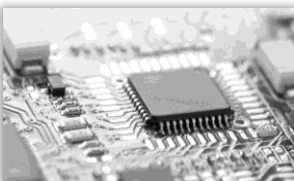
INVESTMENT HIGHLIGHTS



Portfolio of High-Reliability Products and Proprietary Production Processes



Focused on Mission-Critical Components



Proprietary Equipment Producing Spiral EMI Gaskets

History of Deep Engineering Capabilities Enables Custom Solutions

Aligned with Increased EMI Shielding Demand Across End-Markets

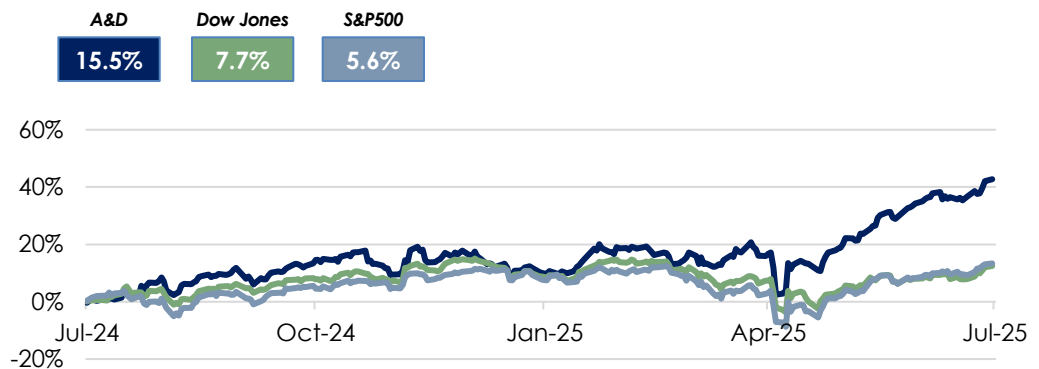
A&D CAPITAL AND DEBT MARKETS UPDATE

A&D RUN CONTINUES DURING Q2

» A&D stocks rebounded after an early Q2 dip and have outperformed major indexes due to rising defense spending, heightened geopolitical tensions, and a recovery in commercial aerospace

- » The second quarter of 2025 saw the S&P 500 10.1%
- » A&D stocks rose 22.1% in the second quarter of 2025, outperforming industrial sector peers

iShares US Aerospace and Defense Index vs. S&P500 vs. Dow Jones IA (LTM)



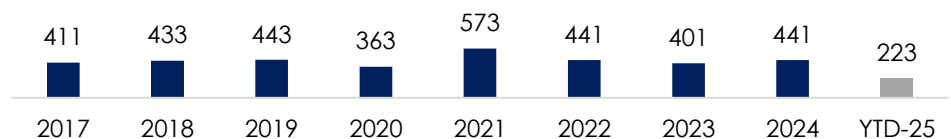
A&D M&A HOLDS AS DEBT MARKET IMPROVES

» In Q2 2025, the A&D sector rebounded strongly as robust defense spending and heightened global tensions fueled increased deal activity and investor confidence

US Middle-Market (<\$500mm) M&A Deal Volume



A&D M&A Deal Volume










M&A Deals DEBT / EBITDA Multiple (PE Buyouts)













- » The Fed announced its decision to hold on interest rate cuts in June but forecasted a potential rate cut in the remainder of 2025. Debt/EBITDA rose slightly in 2Q2025, reflecting a somewhat looser credit market, while banks reported looser lending standards amid economic uncertainty

DEFENSE & GOVERNMENT SERVICES OVERVIEW

PUBLIC MARKET PERFORMANCE

Company	Share Price	52-Wk.High	Market Cap. (\$bn)	EV/Revenue		EV/EBITDA	
				NTM	LTM	NTM	LTM
 RTX	145.94	149.26	194.98	2.8x	2.9x	17.4x	17.0x
 LOCKHEED MARTIN	462.63	618.95	108.43	1.7x	1.8x	12.0x	14.1x
 GENERAL DYNAMICS	292.43	316.90	78.31	1.7x	1.8x	14.4x	14.0x
 BAE SYSTEMS	104.82	109.82	77.65	2.1x	2.7x	14.8x	18.9x
 NORTHROP GRUMMAN	500.18	555.57	71.99	2.1x	2.2x	13.9x	12.9x
 L3HARRIS™	250.44	265.74	46.81	2.7x	2.8x	14.6x	14.0x
 leidos	157.56	202.90	20.28	1.5x	1.5x	11.3x	10.3x

NOTABLE DEFENSE & GOVT. TRANSACTIONS

Date	Target	Acquirer	Description
6/26	 NORTHSTAR aerospace®	 GE Aerospace	» Manufacturer of helicopter and fixed-wing aircraft components and assemblies to the private market & the U.S. Federal Government
6/23	 spectris	 KKR	» Manufacturer of precision instrumentation and measurement equipment for industrial and aerospace applications
6/16	 ULTRA Ultra PCS Ltd. & Ultra Electronics ICE, Inc.	 EATON	» Provides high-reliability electronic systems, subsystems, and software solutions for aerospace, defense, and security applications
6/13	 EDGE AUTONOMY	 REDWIRE	» Manufacturer in the small fixed-wing UAV segment and develops/produces subsystems, stabilized EO/IR camera payloads and accessories
6/9	 Baker Hughes Precision Sensors & Automation Business	 CRANE	» Manufactures high-precision sensors and instrumentation for extreme environment applications in defense, aerospace, and industrial markets
5/1	 BLUEHALO	 AVS	» Develops advanced technologies for space, directed energy, missile defense, and cyber applications supporting national security missions

» The defense sector primes have seen strong growth in Q2 2025, driven by the increased global defense spending, heightened geopolitical tensions, and a surge in demand for advanced military technologies—leading to new orders and key modernization initiatives

» In Q2 2025, M&A activity in the defense sector increased compared to Q2 2024, attributed to a focus on space, missile defense, and cutting-edge high-performance software & hardware solutions

SPOTLIGHT: DoD FY2026 BUDGET PROPOSAL

INSIDE THE 2026 DEFENSE BUDGET: KEY PRIORITIES AND INVESTMENTS



The proposed \$961Bn defense budget marks the largest in US history, reflecting bipartisan consensus on the need for rapid modernization and technological superiority. The budget's focus on hypersonics and unmanned systems, combined with acquisition reforms and new industry partnerships, positions the sector for sustained growth despite supply chain and tariff headwinds. New shipbuilding initiatives and next-generation fighter programs further highlight the sector's robust outlook.

KEY HIGHLIGHTS OF THE PROPOSED 26' DEFENSE BUDGET

- » **Modernization & readiness:** The budget prioritizes restoring military readiness and modernizing capabilities to counter evolving global threats, while also strengthening homeland security
- » **Technological advancements:** Increased focus on unmanned aerial systems (UAS) and missile defense systems
- » **Key investments include:** *\$25Bn toward the proposed Golden Dome* missile defense initiative & *\$60Bn toward nuclear enterprise modernization*
- » **Efficiencies:** The budget emphasizes cost-effective solutions, with potential cuts to major weapon systems experiencing significant cost overruns
- » The proposed budget represents a **13% increase from the 2025 fiscal year spending levels**, which would be the largest single-year increase since 2004, during the early years of the Iraq War
- » **Space force:** Included in the Air Force's proposed budget is *\$40Bn toward the Space Force*, which represents **a 30% increase in funding from FY25**

DEFENSE ACQUISITION OVERHAUL

The Trump administration has announced plans to overhaul defense acquisition processes to improve efficiency and reduce bureaucratic delays

- » **Focus on innovation:** An emphasis on adopting cutting-edge technologies to maintain military superiority
- » **Cost control measures:** Efforts are aimed at controlling costs by streamlining procurement practices and reducing waste in defense spending
- » **Industry partnerships:** The administration is advocating for strong ties within the private sector, including non-traditional contractors, to help foster innovation and expedite deliveries

SPACEX  **ANDURIL** **EPIRUS** 

The competitive landscape is shifting, with new venture-backed players taking stage

- Commercial tech interest in national security has grown significantly, extending into space infrastructure
- Despite this interest, venture-backed companies were **awarded less than 1% of the \$411Bn defense contracts** in fiscal year 2023
- The Trump administration could offer unique insight into these challenges of navigating the defense acquisition processes

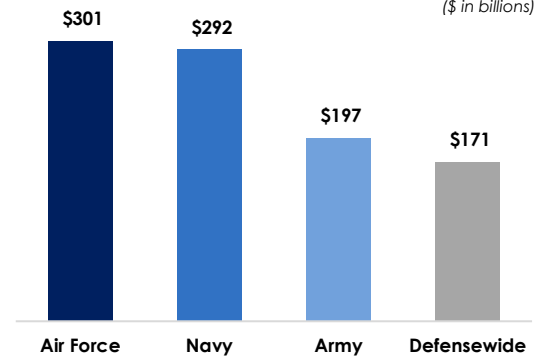
SPOTLIGHT: DoD FY2026 BUDGET PROPOSAL

BUDGET OVERVIEW

ADDITIONAL COMMENTARY

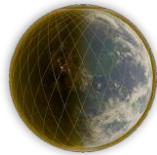
- » The FY2026 DoD budget represents a 13.4% increase over FY2025

- » The 2026 DoD budget request of **\$961.6 Bn** was published in June-25
- » It included \$848.3 Bn of discretionary funding and \$113.3 Bn in congressional reconciliation, primarily aimed at **shipbuilding, munitions, and missile programs**



KEY BUDGET REQUESTS

- » Initial investment in Golden Dome includes the procurement of Patriot missile defense systems, advanced sensors, and space-based missile interceptor systems



- » Requests \$25Bn in funding for the **Golden Dome for America** missile defense program



- » Requests a combined \$12.9Bn for conventional, non-hypersonic, and hypersonic munitions



- » Requests \$60Bn in funding for the **nuclear triad** and modernization efforts

- » Investment in all three legs of the nuclear triad includes \$10.3Bn for the B-2 bomber, \$11.0Bn for the Columbia-class submarine, and \$4.2Bn for the Sentinel ICBM



- » Reduces the procurement of the **F-35 Lightning II** from 74 to 47 units



- » Requests \$3.5Bn in funding for the **F-47 & NGAD** program



- » Requests \$1.2Bn in funding for the Office of Strategic Capital

- » Shipbuilding investments include funding for 19 new ships, versus 14 in FY2025, as well as ~\$11Bn for two Virginia-class submarines

"UNITED STATES OFFICE OF SHIPBUILDING"

- » Reinvigorating the US shipbuilding industry is a key DoD priority
- » The Trump administration announced plans to form a "United States Office of Shipbuilding"

- » **US Shipbuilding Challenges:** Decline in domestic shipyards, manufacturers, and suppliers has led to a reduced workforce and output
- » **China's Shipbuilding Capabilities:** Chinese shipyards are reportedly producing significantly more tonnage than their US counterparts
- » **Long Range Plan:** America's fleet of battle force ships is falling in size, with many vessels reaching the end of their extended service life



RAMP UP IN US ARTILLERY PRODUCTION

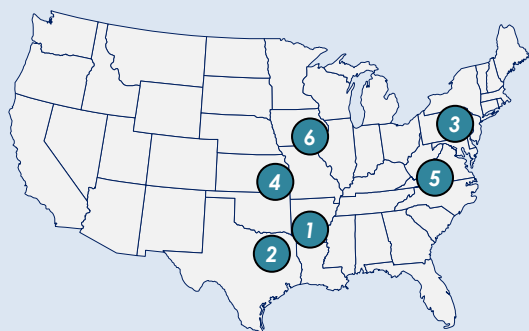
REPLENISHMENT OF 155MM MUNITIONS IS A HIGH-PRIORITY

- » Since the beginning of the Ukraine-Russia conflict, the US has tripled its output of 155mm shells
- » Production shows strong indicators of continued growth to 100k units per month in early 2026, which is delayed from the previous goal of October 2025
- » The Army's goal of 100k units per month by 2026 will require further investment in metal parts manufacturing, load-assemble-pack (LAP) facilities, and propellant production

SUPPLY CHAIN ISSUES

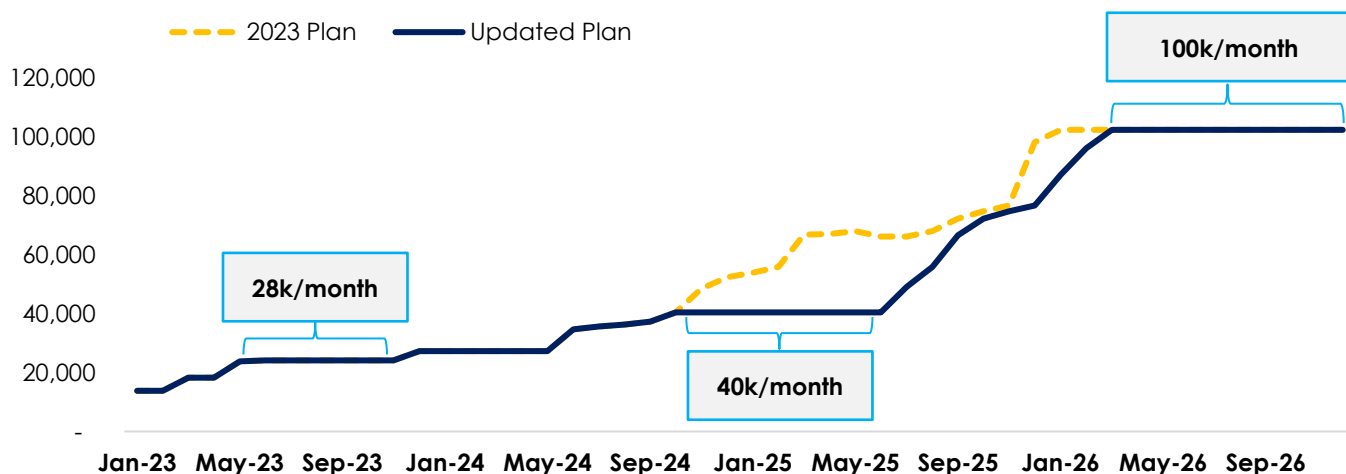
- » To reach 100k complete units/month, issues surrounding explosive material and propellant must be addressed
- » The US has not produced TNT domestically since the mid-1980s, relying on imports from both Russia & Ukraine
- » Built additional domestic sources for propellant to alleviate supply chain pressure on General Dynamics' Valleyfield, Canada facility

KEY 155MM PRODUCTION HUBS



Facility	Facility Expansion/Upgrade Goals
1 Camden, AR	Achieve 100k shells/month capacity
2 Mesquite, TX	Supplement Scranton, PA output
3 Scranton, PA	Produce shell bodies at new cadence
4 Parsons, KS	Load, assemble, & pack capabilities
5 Radford, VA	Sufficient M6 propellant production
6 Middletown, IA	Load, assemble, & pack capabilities

ARMY 155MM HISTORICAL AND PROJECTED CAPACITY: PATH TO 100K





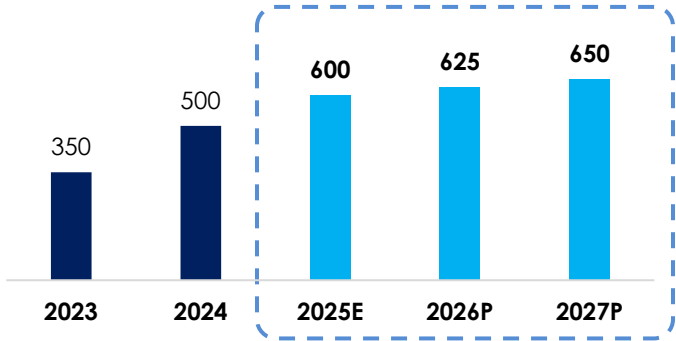
MISSILE DEFENSE MOMENTUM

LOCKHEED MARTIN RECEIVES US MISSILE DEFENSE PACT CONTRACT

Contract Detail	Overview/Highlights
Duration	Covers 10 years, from July 2025 – June 2035
Awarding Agency & Value	Up to \$2.97Bn, awarded by the US Missile Defense Agency (MDA) under a sole-source contract
Scope	All phases of software & engineering to support the Aegis ballistic missile defense
Coverage	Navy cruisers & destroyers, Aegis Ashore sites (Poland/Romania), Aegis Guam system, Hypersonic Glide Phase Interceptor (GPI) capabilities
Technical Focus	Enhances detection, engagement, threat assessment, supports multi-year technological upgrades

Lockheed Martin's new Aegis missile defense contract strengthens its position as the core engineering and software partner for US sea, land, and hypersonic defense capabilities

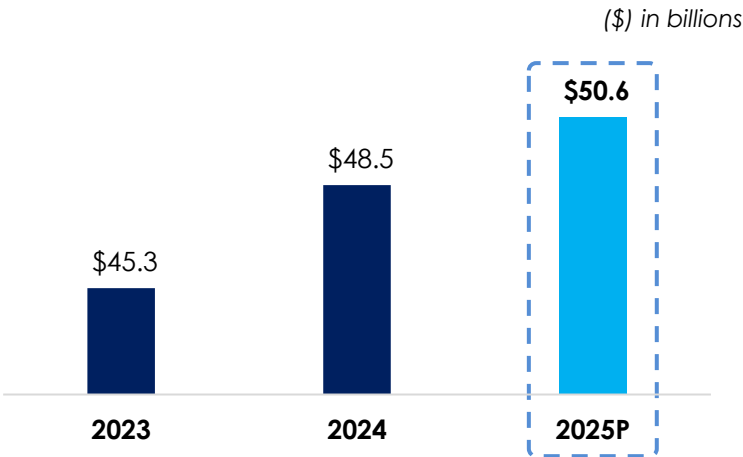
ANNUAL PAC-3 MSE PRODUCTION YOY (# OF UNITS)



- » The sharp rise in missile orders, including multi-year contracts from the US Army and allied nations, underscores how evolving threats from ballistic and cruise missiles are prompting countries to rebuild and modernize their air defense stockpiles
- » Lockheed Martin's PAC-3 MSE missile production has surged, growing 30% in 2024 and aiming for a 20% increase in 2025, intending to produce 650 missiles annually by 2027






US MISSILE & DEFENSE FUNDING

- » Missile defense funding has seen major boosts, including a proposed \$25Bn Golden Dome missile defense initiative, of which Lockheed is set to be a prime beneficiary
- » This surge in funding is driven by heightened global threats and geopolitical tensions, as the DoD seeks to strengthen homeland security, expand missile defense capabilities, and revitalize the US defense industrial base



COMMERCIAL AEROSPACE SECTOR OVERVIEW

PUBLIC MARKET PERFORMANCE

Company	Share Price	52-Wk.High	Market Cap. (\$bn)	EV/Revenue		EV/EBITDA	
				NTM	LTM	NTM	LTM
AIRBUS	172.32	178.86	159.95	1.7x	2.1x	12.9x	19.0x
 BOEING	212.03	218.8	159.87	2.2x	2.8x	35.5x	-
 Parker	711.46	718.44	90.91	4.9x	5.0x	18.7x	18.9x
 TRANSDIGM GROUP INC.	1,511.65	1,528.45	84.90	11.7x	12.4x	21.7x	25.1x
HEICO	318.84	328.63	38.58	8.9x	9.9x	33.1x	36.2x
 MTU Aero Engines	361.40	380.70	22.93	2.3x	2.8x	12.5x	15.4x
 SPIRIT AEROSYSTEMS	38.44	39.00	4.51	1.2x	1.6x	12.7x	-

NOTABLE COMMERCIAL AERO TRANSACTIONS

Date	Target	Acquirer	Description
6/16	 ATC AIR TRANSPORT COMPONENTS	 ae Industrial Partners	» Provides leasing, cargo transportation, and aviation services for commercial airlines
5/21	 WESTSTAR AVIATION	GREENBRIAR	» Provides maintenance, repair, overhaul, and refurbishment services for commercial and business aircraft
5/29	 SERVOTRONICS	 TRANSDIGM GROUP INC.	» Manufactures single and multi-stage servo valves for major commercial aerospace platforms
4/29	 senior Aerostructures Unit	 SULLIVAN STREET	» Manufactures precision-engineered components for commercial aircraft, including fluid systems and structural components
4/22	 BOEING Digital Aviation Solutions	 THOMABRAVO	» Provides advanced software, data analytics, and digital solutions for commercial airline operations
4/21	 ROSEN AVIATION	HEICO	» Designs and manufactures cabin electronics, displays, and in-flight entertainment systems for commercial aircraft platforms

» Major commercial aerospace players showed positive recovery trends after a period of moderate performance

» Commercial aerospace M&A activity slowed in Q2 in favor of defense-focused acquisitions. Major players TransDigm and HEICO continued to make transactions, while Senior and Boeing both sold business units to private equity groups

PARIS AIRSHOW RECAP

COMMERCIAL SUCCESSES

KEY TAKEAWAYS

- » The Paris Airshow saw Airbus dominating the spotlight after Boeing's withdrawal, which coincided with other challenges, including US tariffs and international tensions
- » Defense was a key portion of the PAS, as European budgets and priorities shift
- » Rolls-Royce secured orders for over 140 units of Trent XWB-97, Trent 7000, and XWB-84 engines
- » Emerging players, including Archer Aviation and Eve Air Mobility, showcased eVTOL concepts on the back of an executive order to establish a pilot program in the US
- » Narrowbody and regional jets saw increased popularity as total order volume beat Farnborough 2024



» **PAS was a success for Airbus, securing \$21Bn of new orders**

AIRBUS



» **VietJet Air placed Airbus' highest market order of 150 A321NEOs**

AIRBUS

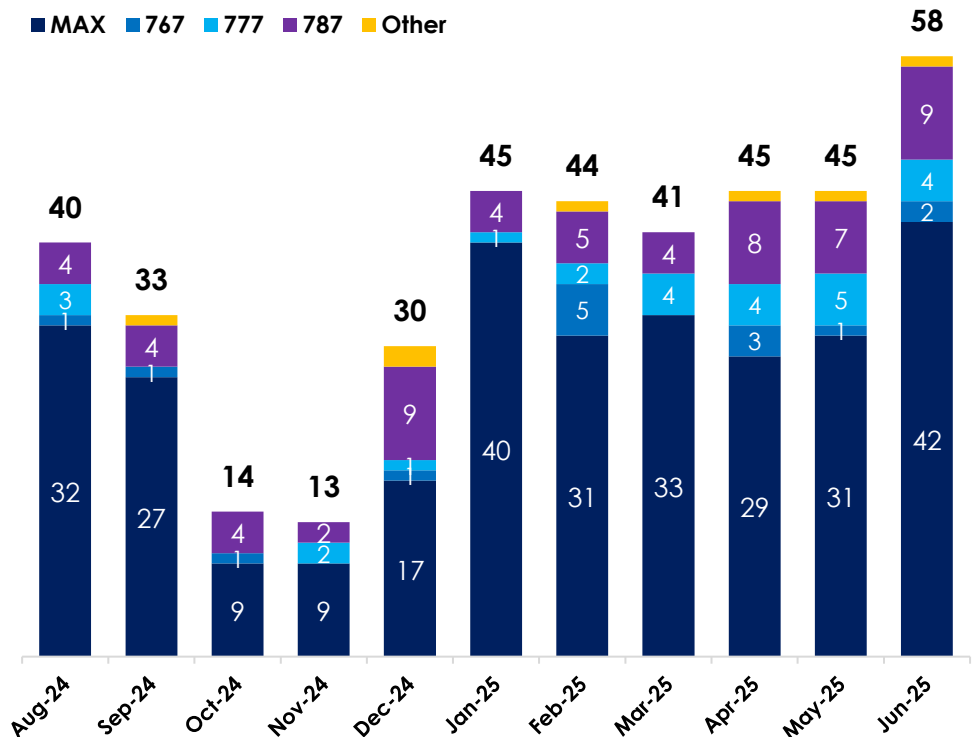


» **Embraer secured an order for up to 110 E175s from SkyWest**

EMBRAER

BOEING – DELIVERIES ON THE RISE DESPITE ABSENCE

■ MAX ■ 767 ■ 777 ■ 787 ■ Other

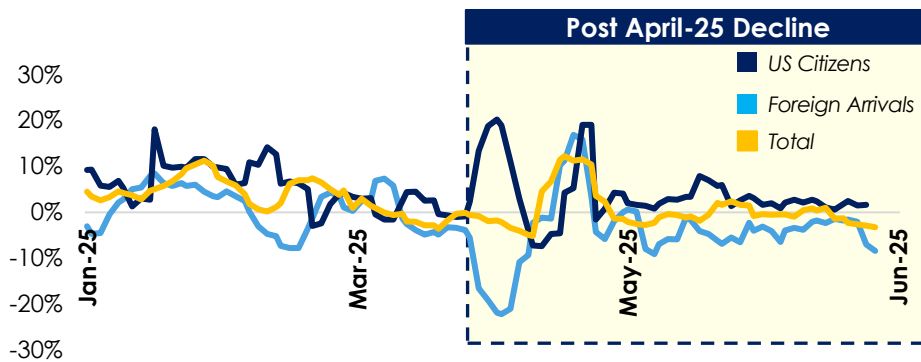


**KAL
Capital**

GLOBAL AIRLINES HAD MIXED Q2 2025 RESULTS

FOREIGN PASSENGER ARRIVALS SLOWS AT TOP 10 US AIRPORTS

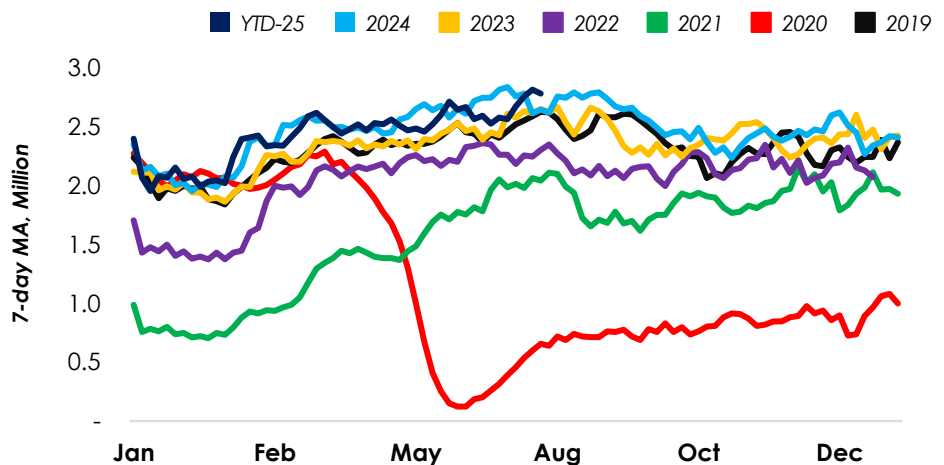
Source: Bureau of Transportation Statistics



- » Foreign travel to the US declined sharply in Q1 2025 due to heightened political tensions, stricter immigration policies, and rising tariffs
- » Top US airports have reported slower passenger arrivals in Q2 2025 compared to 2024 levels

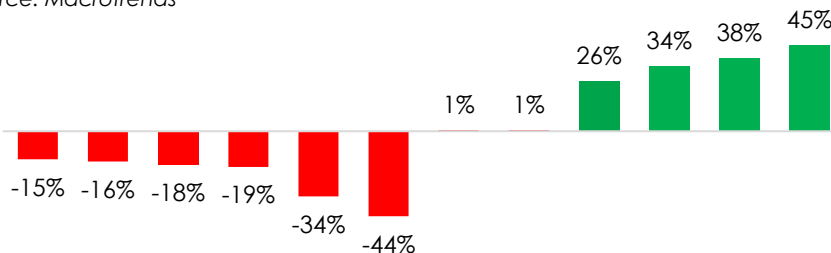
US TSA CHECKPOINT NUMBERS – TOTAL TRAVELER THROUGHPUT

- » TSA data for the number of passengers traveling on airplanes originating in the US remains remarkably resilient through YTD-25
- » Despite higher prices and economic uncertainty, demand has remained steady, with daily averages about 2mm through Q2



US AND EUROPEAN AIRLINES – 2025 YTD RETURN (%) Source: Bureau of Transportation Statistics









































Source: Macrotrends



- » In Q2, international commercial airline stock performance was driven by an increase in global travel; however, domestic commercial airlines continue to lag behind their international counterparts due to weaker foreign passenger arrivals, ongoing economic uncertainty, and recessionary fears

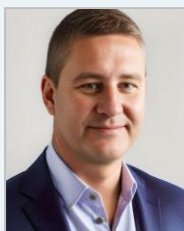


RECENT TRANSACTIONS

 OSG <small>OLDHAM SEALS GROUP</small> HAS BEEN ACQUIRED BY <small>INTEGRATED POLYMER SOLUTIONS</small> A PORTFOLIO COMPANY OF ARCLINE <small>ACQUISITION ADVISORY</small>	 INDUSTRIAL SOLID PROPULSION HAS BEEN ACQUIRED BY 	 3P PROCESSING HAS BEEN ACQUIRED BY 	 Metal Technology <small>INNOVATIVE PRECISION</small> <small>PORTFOLIO COMPANIES OF</small>  Cumming Capital Management HAS BEEN ACQUIRED BY 	 KET HAS BEEN ACQUIRED BY <small>THE THERMAL GROUP</small> A PORTFOLIO COMPANY OF  SALE OF COMPANY	 SPIRA HAS BEEN ACQUIRED BY <small>INTEGRATED POLYMER SOLUTIONS</small> A PORTFOLIO COMPANY OF ARCLINE SALE OF COMPANY	 HERA TECHNOLOGIES HAS BEEN ACQUIRED BY  SALE OF COMPANY
 SUNVAIR HAS BEEN ACQUIRED BY  ACQUISITION ADVISORY	 segers HAS BEEN ACQUIRED BY  SALE OF COMPANY	 FOX <small>FOX VALLEY METAL-TECH, INC.</small> HAS BEEN ACQUIRED BY  A PORTFOLIO COMPANY OF  SALE OF COMPANY	 STACK HIP HAS BEEN ACQUIRED BY  A PORTFOLIO COMPANY OF  SALE OF COMPANY	 LCHT HAS BEEN ACQUIRED BY  SALE OF COMPANY PENDING	 VIAN Enterprises HAS BEEN ACQUIRED BY  SALE OF COMPANY	 CYCLONE HAS BEEN ACQUIRED BY Mubea SALE OF COMPANY
 WaterGuard HAS BEEN ACQUIRED BY ARCLINE <small>ACQUISITION ADVISORY</small> SALE OF COMPANY	 HITEMCO HAS BEEN ACQUIRED BY  SALE OF COMPANY	 KITTYHAWK HAS BEEN ACQUIRED BY  SALE OF COMPANY	 VIBRAMO ELECTRONICS HAS BEEN ACQUIRED BY INRCORE A PORTFOLIO COMPANY OF THE JORDAN COMPANY SALE OF COMPANY	 STROCO <small>MANUFACTURING LTD.</small> HAS BEEN ACQUIRED BY NOVARIA <small>ESOP</small> A PORTFOLIO COMPANY OF KKR SALE OF COMPANY	 CMI <small>CONCRETE</small> HAS BEEN ACQUIRED BY  SALE OF COMPANY	 KEMCO <small>AEROSPACE MANUFACTURING</small> HAS BEEN ACQUIRED BY  A PORTFOLIO COMPANY OF  SALE OF COMPANY

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