CHRONIC CAPITAL

2026 Mid-Year Aviation Industry Report

Supply Constraints, Leasing Dynamics, MRO Expansion, and More

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Prepared By: Jackson Petri, VP, Aviation & Essential Services

Firm: Chronic Capital - A Lower Middle Market Investment Banking

Headquarters: Boston, Massachusetts

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Key Themes Defining Aviation & Aerospace in 2026

The defining theme of aviation in 2026 is **constrained supply** rather than demand recovery. Traffic has outpaced the industry's ability to restore fleet capacity, generating structural tailwinds across leasing, MRO, and aftermarket services.

4.7B

Passengers Forecast 2026

IATA projects full recovery; modest growth YoY

13.9

Avg Narrowbody Fleet Age (Yrs)

Record high; retirement deferrals accelerating

16,000+

Aircraft on OEM Backlog

~12 years of production at current combined rates

$15–18T

Global Lessor Asset Value

~51% of commercial fleet on operating lease

700

GTF Engines Removed

P&W powder metal campaign grounding A320neo family

$106B

Global MRO Market 2026

Oliver Wyman forecast; growing to $130B+ by 2028

+40%

Lease Rate Elevation

Narrowbody rates vs. 2021 trough on supply constraint

8–12×

MRO M&A EBITDA Multiples

PE + strategics competing for aviation services assets

Sources: IATA World Air Transport Statistics 2025; Oliver Wyman MRO Forecast 2026; Airbus/Boeing Orders & Deliveries; Cirium Fleet Analyzer

AVIATION INDUSTRY SNAPSHOT

Global Passenger Traffic & Airline Profitability

Commercial aviation demand has outpaced supply restoration — structural constraints now define the operating environment. IATA forecasts 4.7 billion passengers in 2026, with industry net profit projected at $36.6B on margins that remain historically thin at approximately 2.9%.

4.7B

Passengers Forecast 2026

IATA full-year forecast

+8%

YoY Passenger Growth

2025 to 2026 estimate

$36.6B

IATA Net Industry Profit

2026 forecast

2.9%

Net Profit Margin

Historically thin — IATA 2026 forecast

Middle East **+14%**

Gulf carriers expanding aggressively; hub connectivity economics driving growth

Asia-Pacific **+12%**

Fastest-growing region; India domestic surging; China international in recovery

North America **+5%**

Mature, capacity-constrained; leisure robust; corporate travel normalizing

Europe **+7%**

Strong intercontinental and transatlantic demand; ATC cost pressure persist

Sources: : IATA World Air Transport Statistics 2025; ICAO Circular 2025; IATA Economic Performance of the Airline Industry, June 2026

AVIATION INDUSTRY SNAPSHOT

Fleet Dynamics & Airline Operating Environment

Airlines face a supply-constrained operating environment — older aircraft are staying in service longer as new deliveries lag far behind demand. The global commercial fleet now stands at approximately 23,000 aircraft, with average narrowbody age reaching a record 13.9 years as carriers defer retirements rather than face capacity shortfalls.

Fleet Size

~23,000 commercial aircraft in global service as of 2026. Growth constrained by OEM delivery delays rather than demand.

Fleet Age — Record High

13.9 years average narrowbody age as of 2025. Retirement deferrals accelerating shop visit frequency across all maintenance categories.

Jet-A Fuel Pricing

$2.40–$2.80/gal U.S. Jet-A range in Q1 2026. Fuel remains a top 2 airline cost item; hedging strategies vary widely by carrier.

Slot Scarcity Premium

Delivery positions are now priced as **strategic assets**. Slot premiums on secondary market transactions reflect multi-year supply shortage.

Fleet aging is the most important structural driver of MRO demand — every year of delivery delay translates directly into elevated shop visit frequency, parts consumption, and aftermarket revenue for independent service providers.

Sources: Cirium Fleet Analyzer 2026; IATA Jet Fuel Monitor Q1 2026; Aviation Week Fleet Discovery; Boeing Current Market Outlook 2025

Airbus vs. Boeing: Deliveries & Backlogs

The duopoly's combined backlog exceeds 16,000 aircraft — more than a decade of production at current rates. Airbus holds approximately 8,800 aircraft on order as of Q1 2026; Boeing carries 5,600+, still working through post-strike production ramp challenges.

METRIC	AIRBUS	BOEING
Total Backlog	~8,800 aircraft	~5,600+ aircraft
Flagship Platform	A320neo Family	737 MAX
Key Backlog Detail	6,200+ A320neo on order; #1 selling narrowbody globally	Post-IAM strike production ramp; Spirit AeroSystems restructuring adds complexity
Production Status	Ramping but constrained by supply chain	Recovering from strike; ramp challenges ongoing
Combined Backlog	16,000+ aircraft — more than a decade of production at current rates	

Investment Implication: The combined OEM backlog of 16,000+ aircraft cannot be fulfilled at current production rates for more than a decade. This structural shortfall is the single most important driver of elevated lease rates, MRO demand, and the premium placed on in-service aircraft values. Businesses providing parts, maintenance, repair, and overhaul services are positioned to benefit from this extended supply constraint regardless of macroeconomic conditions.

Sources: Airbus Orders & Deliveries Database Q1 2026; Boeing Orders & Deliveries Database Q1 2026; IATA Industry Statistics

AIRCRAFT MANUFACTURING & SUPPLY CHAIN

Engine Shortages: GTF Crisis & LEAP Ramp

Engine supply constraints are grounding serviceable airframes and generating significant unscheduled maintenance demand. Two parallel crises — the P&W GTF powder metal campaign and CFM LEAP production ramp challenges — are compounding the already strained delivery environment through 2026 and beyond.

Pratt & Whitney GTF (PW1000G)

Platform: Airbus A220, A320neo Family

Issue: Powder Metal Contamination — Accelerated Disk Inspection Campaign

- ~600–700 engines removed for inspection through 2026
- Significant portion of A320neo family temporarily grounded globally
- Airlines operating wet leases and capacity swaps to cover affected aircraft
- MRO shops overwhelmed; shop visit turnaround times materially extended
- P&W paying airline compensation; significant financial and reputational exposure

Outlook: Material disruption expected through 2026; full resolution not anticipated until 2027–2028 per P&W guidance.

CFM International LEAP-1A / LEAP-1B

Platform: Airbus A320neo / Boeing 737 MAX

Issue: Production Ramp Constraints & In-Service Durability Issues

- CFM struggling to meet delivery commitments amid supply chain dislocations
- LEAP-1B tied to 737 MAX ramp — Boeing IAM labor action delayed output further
- Early LEAP durability concerns triggering accelerated shop visit intervals
- Engine spare parts allocation remains tight; USM in high demand
- LEAP ramp requires Safran and GE supply chains to synchronize at higher rates

Outlook: Incremental improvement expected in 2026; near-term delivery slot availability remains constrained.

Sources: Pratt & Whitney Investor Disclosures 2025–2026; CFM International Production Updates; IATA Operational Performance; Aviation Week MRO Yearbook 2026

Aerospace Supply Chain: Bottlenecks & Constraints

First- and second-tier supplier constraints are limiting OEM production rates regardless of demand or order backlog. Four distinct constraint categories — materials, components, electronics, and labor — are collectively capping the industry's recovery trajectory.

1

Titanium & Raw Materials

- Ukraine conflict disrupted Russian titanium supply (~30% of global aerospace titanium pre-2022).
- OEMs and Tier 1 suppliers have diversified sourcing but cost premiums and extended lead times persist.

2

Fasteners & Structural Components

- Spirit AeroSystems quality issues at the Wichita fuselage facility forced Boeing to slow 737 MAX production. Spirit subsequently restructured;
- Boeing moved to acquire key manufacturing assets.

3

Avionics & Electronics

- Semiconductor shortages continue affecting avionics supply.
- Collins Aerospace, Honeywell, and Safran Electronics flagged delivery timing constraints through 2025–2026 in public disclosures.

4

Labor & Workforce

- Aerospace manufacturing experienced significant attrition in 2020–2021. Re-hiring and retraining takes 18–24 months.
- IAM labor action at Boeing in 2024 further disrupted the planned production ramp-up.

Aircraft Leasing: Market Structure & Lessors

The leasing sector has transformed from a financing tool into a strategic asset class — approximately 51% of the global commercial fleet is now on operating lease, up from ~25% in 2000. Delivery slots are priced as scarce strategic assets in today's constrained market.

$300B	45%	51%	8–12
Est. Global Lessor Portfolio	Top 5 Lessors' Share	Commercial Fleet on Lease	Typical Avg Lease Term (Yrs)

Capital Markets Access

- Large lessors access unsecured investment-grade debt markets at rates unavailable to individual airlines
- Bulk pricing advantages are passed through via competitive lease rates.

Portfolio Diversification

- Global fleet diversification across 100+ airlines reduces concentration risk;
- Re-deployment across jurisdictions optimizes yield through cycles.

Order Book Leverage

- Bulk purchase discounts from Airbus and Boeing — often 35–50% off list price — create substantial embedded value;
- Delivery slots trade at meaningful secondary market premiums.

Asset Management Expertise

- Experienced technical teams extend useful aircraft life, optimize placement, and manage end-of-lease transitions
- Reducing residual value risk vs. individual airline ownership.

Sale-Leaseback Structuring

- Lessors provide airlines immediate capital through SLB transactions;
- Airlines monetize balance sheet assets while retaining full operational control of the aircraft.

Sources: IATA Economics Briefing 2026; Cirium Fleet Analyzer; AerCap Annual Report 2025; Air Lease Corporation Annual Report 2025

Leading Aircraft Lessors: Competitive Landscape

The top five lessors control an estimated 40–45% of all leased aircraft globally. Consolidation continues to reshape the sector, with the pending SMBC / ALC transaction representing the most significant lessor M&A event since AerCap's acquisition of GECAS in 2021.

AerCap Holdings — NYSE: AER

Dublin, Ireland | ~3,500+ aircraft owned, managed or on order. Largest lessor globally; acquired GECAS for ~$30B in 2021. Diversified across 300+ airlines in 80+ countries. Investment-grade rated with strong balance sheet enabling counter-cyclical acquisitions.

SMBC Aviation Capital

Dublin, Ireland | Sumitomo Mitsui Financial Group | ~700+ aircraft. Japanese bank-backed lessor with significant financial resources. Agreed to acquire Air Lease Corporation for ~$5.3B in 2025 — creating world's second-largest operating lessor pending regulatory approval.

Air Lease Corporation — NYSE: AL

Los Angeles, CA | ~450+ aircraft; 300+ on order. Founded 2010 by Steven Udvar-Házy with deep OEM relationships and industry-leading near-term order book. Early delivery slot acquirer; subject to SMBC acquisition announced 2025.

Avolon

Dublin, Ireland | Bohai Leasing / Orix | ~900+ aircraft owned and managed. Third-largest lessor globally; backed by Bohai Leasing (China) and Orix (Japan). Known for new-technology fleet with young average age (~3–4 years) and Asia-Pacific growth focus.

Sources: AerCap Annual Report 2025; SMBC Aviation Capital Corporate Website; Air Lease Corporation Annual Report 2025; Avolon Corporate Disclosures

Lease Rates & Sale-Leaseback Dynamics

Narrowbody lease rates are at multi-year highs — up approximately 48% vs. the 2021 trough — driven entirely by aircraft scarcity rather than elevated demand economics. Sale-leaseback activity provides airlines liquidity while generating lessor returns above historical norms.

Sale-Leaseback (SLB) Market Mechanics

What is it:

- An airline sells aircraft to a lessor and simultaneously leases them back,
- Monetizing the balance sheet while retaining full operational control.

Why Airlines Execute SLBs:

- Raises immediate capital; removes assets from the balance sheet;
- Frees liquidity for fleet renewal, debt repayment, or operations

Lessor Return Profile:

- SLBs closed in 2024–2026 are generating mid-to-high single digit unlevered yields on narrowbodies
- Above historical norms due to asset scarcity

Delivery Slot SLBs:

- Lessors are participating in SLBs on ordered-but-undelivered aircraft
- Providing airlines pre-delivery liquidity while securing prime slot positions.

Market Activity:

- An estimated $8–12B of SLB transactions closed in 2024;
- 2026 pace is tracking similarly as airlines continue post-pandemic balance sheet management.

$8–12B

Est. SLB transactions closed in 2024

$400K+

Monthly lease rate — new A320neo (est.)

+48%

A320neo lease rates vs. 2021 trough

$1–5M

Secondary market slot premium per delivery position

Sources: Cirium Fleet Value Analyzer; AVAC Aircraft Valuations; AerCap / Air Lease Public Disclosures; Aviation Week Fleet & Finance; Avolon Annual Report 2025

TRANSACTION SPOTLIGHT

SMBC Aviation Capital / Air Lease Corporation

This marquee consolidation transaction is reshaping the global lessor landscape, with significant implications for leasing economics, fleet availability, and competitive dynamics across the sector.

Transaction Summary

Acquirer

SMBC Aviation Capital (Sumitomo Mitsui Financial Group)

Target

Air Lease Corporation (NYSE: AL)

Transaction Value

~$5.3 billion (equity value; all-cash)

Combined Fleet

~1,200+ aircraft (owned and managed combined)

Combined Backlog

~750+ aircraft on order

Pro Forma Rank

#2 global lessor by fleet size post-close

Regulatory and shareholder approvals pending — June 2026

Strategic Rationale & Market Implications

Scale Advantages

Combined entity ranks as second-largest lessor globally, enabling more favorable capital markets access and stronger OEM negotiating leverage on new orders.

Order Book Consolidation

ALC's disciplined near-term delivery order book is the primary value driver; SMBC gains access to prized A320neo and 737 MAX delivery slots.

Geographic Expansion

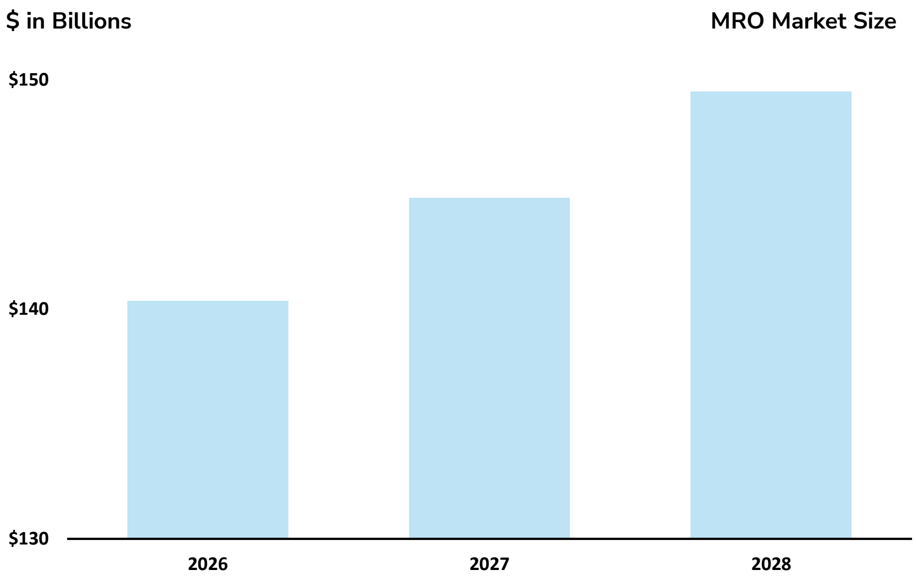
SMBC broadens airline customer relationships in North America and Latin America — markets where ALC has historically been well-positioned.

Market Concentration

Continued lessor consolidation reduces competitive pressure among top-tier players; mid-market lessors may benefit from less pricing competition on secondary transactions.

Global MRO Market: Size, Growth & Structural Demand Drivers

The MRO sector is the most defensible and compelling investment theme in aviation — demand driven by aging fleets and engine campaigns, not traffic forecasts. The global commercial MRO market is forecast at $106B in 2026, growing to $130B+ by 2028.



Fleet Aging

Avg narrowbody age ~14 years; more maintenance-intensive; retirement deferrals accelerate shop visits.

Engine Campaign

GTF powder metal inspections and LEAP durability issues generating massive unscheduled MRO shop visit volume.

Traffic Recovery

High utilization means more flight hours; utilization-based maintenance intervals trigger visits earlier and more frequently.

Parts Demand

Component shortages driving PMA and USM demand as cost-effective alternatives to OEM pricing across fleet types.

Sources: Oliver Wyman MRO Forecast 2026; Aviation Week MRO Yearbook 2026; IATA Economics; Cirium Fleet Analyzer; McKinsey Aerospace & Defense Practice

MRO & AFTERMARKET

Engine MRO: The Most Attractive Aftermarket Segment

Engine MRO represents approximately 43% of global MRO spend. Demand is driven by aging legacy fleets on mature platforms and the unprecedented surge in GTF and LEAP campaign requirements — creating a once-in-a-decade investment opportunity in certified shop capacity.

CFM56-5B / -7B

A320ceo / 737NG — Peak Demand

Most common commercial engine; 20,000+ in service. High demand for MRO capacity and USM parts. Retirement deferral extends aftermarket life.

V2500 (IAE)

A320ceo Family — Active

Strong global operator base; comparable MRO dynamics to CFM56. Independent MROs gaining market share from IAE partner network.

PW4000 / GE90

B777 Widebody — Mature

Smaller operator base but high value per shop visit. Parts inventory opportunity as operators transition to newer widebody platforms.

GTF (PW1000G)

A220 / A320neo — Surge Demand

Powder metal inspection campaign generating unprecedented unscheduled shop visit volume. Capacity severely constrained; significant investment opportunity in certified shops.

LEAP-1A / -1B

A320neo / 737 MAX — Growing

Fleet maturing; first generation approaching first shop visit. Durability issues accelerating intervals. Demand for LEAP-capable shops building rapidly.

Shop Capacity Expansion

GTF campaign overwhelmed existing capacity; investment in new engine shop certification commands premium returns on capital deployed.

USM Trading & Parts

USM for CFM56 and V2500 trading at sustained premiums; parts brokers and USM platforms are highly valued in M&A transactions.

PMA Parts Growth

PMA alternatives gaining airline acceptance on mature platforms; PMA manufacturers command **8–12× EBITDA** in recent transactions.

MRO Subsectors: Most Attractive M&A Targets

Private equity and strategic buyers are actively pursuing MRO and aftermarket businesses. Valuations remain well-supported by structural demand tailwinds, with EBITDA multiples ranging from 5× to 12× depending on certification status, platform, and revenue quality.

Engine Shop & MRO Network

8–12× EBITDA

- Highest barriers to entry — FAA/EASA certification and tooling investment
- GTF campaign driving exceptional near-term demand
- Scarcity of certified capacity supports pricing power

Component Repair & Overhaul

7–10× EBITDA

- Landing gear, hydraulics, avionics, accessories certification
- Consumable revenue from high-frequency repair cycles
- Consolidation opportunity in highly fragmented market

Aviation Parts Distribution

6–9× EBITDA

- OEM-authorized and independent distributors for airlines and MROs
- USM platforms increasingly important asset class
- Digital transformation creating inventory optimization opportunity

Specialized Maintenance Services

6–9× EBITDA — NDT, borescope inspection, structural repair, tooling, and calibration services. Niche certification creates defensible competitive moats.

Line Maintenance Services

5–8× EBITDA — Airport-based overnight and turnaround maintenance. High utilization drives consistent revenue visibility with long-term contract structures.

Maintenance Labor & Aftermarket Parts Dynamics

Labor shortages and parts availability are the two most operationally constraining factors for MRO providers in 2026. Both trends are structural — certification pipelines are long, OEM pricing is rising, and the demographic gap in the maintenance workforce is widening.

Aviation Maintenance Labor Market

FAA A&P Mechanic Shortage

An estimated 12,000–17,000 additional AMTs needed annually in the U.S. per FAA workforce studies. Certification pipeline takes 18–24 months minimum.

Wage Inflation

Wage rates for certified A&P mechanics have risen 15–25% since 2021. Experienced engine shop technicians certified on GTF platforms command significant premiums.

Demographic Gap

Average age of the aviation maintenance workforce is rising; retirements outpacing new entrants at established MRO operations across North America and Europe.

International Labor Sourcing

Some MRO providers are sourcing certified technicians internationally (Philippines, Latin America) to address U.S. and European shortfalls, though regulatory acceptance varies.

Aftermarket Parts Market Dynamics

OEM Parts Price Inflation

OEM catalogue prices for rotable and consumable parts have risen above general inflation; airlines and MROs increasingly seeking cost-effective PMA and USM alternatives.

PMA Growth Trajectory

PMA parts gaining airline acceptance on mature platforms (CFM56, V2500). PMA manufacturers are attractive M&A targets commanding 8–12× EBITDA in recent transactions.

Used Serviceable Material (USM)

USM trading platforms harvesting parts from end-of-life aircraft are seeing exceptional demand. Retired A320ceo and 737NG parts are particularly sought after by MROs.

Digital Parts Platforms

Aviation parts e-commerce and digital inventory platforms are growing; technology-enabled distribution is an emerging investment theme attracting growth capital.

Sources: FAA Workforce Studies; Oliver Wyman MRO Forecast 2026; Aviation Technician Education Council; Aviation Week MRO Yearbook; IATA Ground Operations Manual

BUSINESS AVIATION

Business Aviation: Charter, Fractional & Corporate

Business aviation demand expanded significantly post-pandemic. The market is now recalibrating from peak 2022 levels toward a sustainable new baseline — activity remains well above 2019, with new aircraft delivery waits of 2–3 years on popular platforms and pre-owned values elevated relative to historical norms.

NetJets

Fractional Ownership

Berkshire Hathaway subsidiary; largest fractional operator globally; ~700+ aircraft managed. Dominant brand in the fractional ownership market.

Flexjet

Fractional Ownership

Strong growth in LXi branded fleet; targeting premium segment; global fractional and lease programs with focus on ultra-premium experience.

Vista Global

Charter / Membership

Aggregated platform (XO, XOJET, Air Hamburg); global marketplace model; scale advantage in dynamic pricing across charter segments.

Wheels Up

Charter / Membership

Underwent restructuring 2023–2024; Delta Air Lines strategic investment; repositioning toward profitability with refined membership model.

~22,000

Active Business Jets — U.S. Registry

2–3 Yrs

New Aircraft Delivery Waits

Sources: NBAA 2025 Business Aviation Factbook; WingX Global Market Intelligence; ARGUS TRAQPak Q1 2026; FAA General Aviation and Part 135 Activity Survey

BUSINESS AVIATION

FBO Networks & Business Aviation Maintenance

Fixed-base operators and business aviation maintenance represent high-priority M&A segments given recurring revenue profiles, real asset backing, and long-term airport lease agreements that create durable competitive moats. Chronic Capital estimates 200–400 independent FBO transactions could occur over the next 3–5 years as founders seek liquidity.

Fixed-Base Operator (FBO) Market

Market Structure

U.S. FBO market has consolidated significantly — Signature Aviation (Blackstone), Landmark, and Atlantic Aviation operate the largest networks. International consolidation is earlier-stage and more fragmented.

Revenue Model

FBO revenue derives from fuel sales (highest margin), landing/handling fees, hangar rental, and ancillary services. Fuel margin is the primary driver of FBO economics.

Investment Thesis

Owner-operated FBOs at mid-size and regional airports represent compelling acquisition opportunities at **7–12× EBITDA**. Strategic acquirers pay higher multiples for network-enhancing acquisitions.

Business Aviation Maintenance & Services

Part 135 Maintenance

Charter operators face stringent Part 135 requirements; OEM-authorized service centers and certified independent shops are primary service providers with high switching costs.

Completions & Interiors

Business jet completions (cabin interior design and installation) represent a specialized, high-margin niche. Midsize operators are emerging as acquisition targets as volume grows.

Ground Support Services

Fueling, de-icing, aircraft cleaning, and ground handling at general aviation airports support a fragmented SME market ripe for consolidation under PE platform strategies.

Sources: NBAA 2025 Business Aviation Factbook; Signature Aviation Corporate Disclosures; FAA General Aviation Survey; WingX; Argus Business Aviation Market Reports

Aerospace & Defense: Key Themes

Defense spending trends, drone integration, and space infrastructure create important adjacent opportunities for aviation suppliers and investors. While commercial cycles remain the primary demand driver for most middle-market businesses, defense adjacency provides meaningful revenue diversification.

Defense Spending

- **$886B** U.S. DoD budget FY2025 per NDAA Authorization.
- NATO allies broadly committed to 2%+ GDP target, with several European nations accelerating procurement for avionics, structures, and propulsion components.

Advanced Air Mobility & UAS

- FAA Reauthorization creating regulatory framework for eVTOL and commercial drone operations. Joby, Archer, and Wisk continue certification programs.
- UAS integration accelerating in cargo, inspection, and defense applications. Commercial UAS market estimated at **$7B+**.

Golden Dome Initiative

- Proposed in 2025, the Golden Dome national missile defense initiative represents a significant multi-year program targeting layered domestic air and missile defense.
- Downstream implications for aerospace manufacturing, radar, sensor systems, and domestic production capacity.

Commercial Space

- Commercial space industry revenue exceeds **$25B+** in 2025.
- SpaceX, NASA Artemis, and satellite broadband programs (Starlink, Kuiper) are expanding the addressable market for aerospace manufacturers beyond traditional DoD customers.

Chronic Capital Note: This report focuses on commercial aviation. The A&D section is provided for investor context; Chronic Capital does not specialize in defense prime contractor advisory.

Sources: U.S. DoD FY2025 Budget; Congressional Budget Office; FAA Aerospace Forecast 2025–2045; NASA Advanced Air Mobility; NATO Annual Defense Spending Report 2025

Space Infrastructure & Aerospace Manufacturing

Commercial space activity is accelerating at a pace not anticipated five years ago — creating demand throughout the aerospace supply chain. Meanwhile, specialized aerospace manufacturers sit at the intersection of commercial and defense demand, commanding premium M&A valuations for their qualification-driven competitive advantages.

Commercial Space: Broad Supply Chain Implications

- SpaceX Starship and Falcon 9 programs are driving rapid commercial launch cadence — satellite deployment scaling at unprecedented pace
- NASA Artemis program and commercial lunar payload services expanding addressable market beyond traditional DoD customers
- Satellite broadband (Starlink, OneWeb, Amazon Kuiper) creating demand for satellite components, propulsion systems, and launch infrastructure
- Commercial space tourism, cargo delivery, and government programs represent long-term but capital-intensive market opportunities

Precision Machining

6–9× EV/EBITDA

- CNC-machined engine and airframe components; AS9100-certified;
- Defense/commercial dual-market

Ground Support Equipment

5–8× EV/EBITDA

- GSE manufacturer/distributor with fleet renewal tailwind;
- Electrification driving near-term demand

Specialized Aerospace Manufacturing: M&A Valuation Summary

Composite Structures

7–11× EV/EBITDA

- Aerostructures, fairings, control surfaces;
- Multi-year contracts; qualification-driven competitive advantage

Avionics / Electronic Systems

8–12× EV/EBITDA

- OEM-certified and PMA pathways;
- Recurring repair and upgrade revenue

Propulsion Components

8–11× EV/EBITDA

- Turbine blades, combustors, fuel systems;
- Commercial and military dual-market

Sources: NASA Artemis Program; FAA Commercial Space Transportation; SpaceX Corporate Disclosures; Capstone Partners Aerospace Report; PitchBook A&D M&A Data 2026

M&A ENVIRONMENT

Aviation M&A: Transaction Activity & Buyers

M&A activity remains elevated in MRO, aviation services, and aftermarket. PE and strategic buyers are competing for assets with structural demand tailwinds — aviation's defensible, utilization-based revenue story is a compelling LP pitch in 2026.

Why Investors Favor Aviation Services Over OEM Exposure

Recurring, Utilization-Based Revenue

Services generate revenue largely independent of new aircraft delivery schedules — demand tied to flight hours, not production output.

Lower Capital Intensity

EBITDA conversion is typically superior to prime contractors; asset-light models in parts distribution and services command premium multiples.

Regulatory Moats

FAA/EASA certification and OEM authorization create sustainable competitive advantages with high customer switching costs.

Aging Fleet Tailwind

Demand continues regardless of traffic growth or economic cycles — structural, not cyclical, demand driver.

Buyer Universe

Strategic Acquirers

- HEICO Corp, StandardAero, AAR Corp, Chromalloy, Kellstrom Aerospace
- Pursuing scale and platform consolidation across MRO and parts distribution.

Private Equity Platforms

- KKR / StandardAero, Onex / STS Aviation, Carlyle Group (aerostructures), Warburg Pincus
- Deploying capital at scale into aviation services.

Independent Sponsors

- Active across sub-$50M EBITDA deals;
- Strong appetite for niche MRO and parts;
- Willing to underwrite management teams;
- Often working with family office capital.

Family Offices

- Growing interest in aviation services;
- Patient capital with longer hold periods;
- Attracted to asset-light recurring revenue;
- Less price-competitive than institutional PE.

Sources: PitchBook M&A Database 2026; Capstone Partners Aviation & Aerospace M&A Report; Public Transaction Announcements; Chronic Capital Transaction Experience

Select Recent Aviation & Aerospace Transactions

The following illustrative transaction set represents deal flow, segment activity, and valuation benchmarks across the aviation services ecosystem. Transactions span engine MRO platforms, lessor consolidation, parts distribution, FBO networks, and aircraft management businesses.

Target / Company	Acquirer	Segment	Year	Est. Value	Notes
StandardAero	Carlyle Group / KKR	Engine MRO	2024	$6.0B+	Landmark engine MRO platform; largest independent engine shop globally
Air Lease Corporation	SMBC Aviation Capital	Aircraft Leasing	2025	~$5.3B	Transformative lessor consolidation; SMBC to #2 global position
Chromalloy	Portfolio / PE	Turbine Component Repair	2023–24	Undisclosed	Turbine airfoil and component repair; significant recurring revenue
STS Aviation Services	Onex Partners	MRO / Line Maintenance	2024	Undisclosed	Diversified MRO platform with line maintenance and component capabilities
FBO Platform	Mid-Market PE	FBO / Ground Services	2025	$80–120M TEV	Regional FBO platform; 6-location network; fuel + hangar
HEICO (Tuck-Ins)	HEICO Corporation	PMA Parts / Component	2024–26	Various	Multiple tuck-in acquisitions; PMA and component repair focus
Component Repair Co.	Independent Sponsor	Component Repair	2025–26	$15–40M TEV	Illustrative: niche certified component repair; landing gear / hydraulics
Aircraft Management Co.	Family Office	Aircraft Management	2025	$10–25M TEV	Illustrative: regional Part 135 operator; FBO + charter + management

Sources: PitchBook M&A Database; Public Transaction Announcements; SEC Filings; Capstone Partners Aviation M&A Report. Illustrative transactions noted. TEV = Total Enterprise Value.

CAPITAL MARKETS

Aviation M&A: Transaction Activity & Buyers

Private capital appetite for aviation remains strong. Lender and investor sentiment is differentiated by sub-sector — MRO and services businesses are strongly favored over asset-heavy models, with leverage availability and equity valuations reflecting structural demand confidence.

3.5–5×	Active	Sub-$50M	Growing
EBITDA Leverage	**PE Fund Formation**	**EBITDA Sweet Spot**	**Family Office Direct Investment**
For MRO / FBO businesses with recurring revenue	Aviation services-focused funds in 2026	Independent sponsor activity in aviation services	Patient capital with longer hold periods

Debt & Credit Markets

Senior Secured Lending

Commercial banks and BDCs remain active lenders to aviation services businesses. MRO, parts distribution, and FBO businesses with recurring revenue can access leverage at 3.5–5.0× EBITDA.

Aviation Asset Finance

Investment-grade lessors (AerCap, ALC) tap public bond markets; smaller lessors rely on secured warehouse facilities and export credit agency financing.

SBA & Non-Bank Lenders

For smaller aviation businesses ($2–15M EBITDA), SBA 7(a) and 504 programs provide accessible financing. BDCs and specialty aviation lenders fill the gap left by traditional banks.

Private Equity & Alternative Capital

Private Equity Activity

Aviation-focused and generalist PE funds are actively pursuing MRO, FBO, and aviation services platforms. Aviation's structural demand story is a compelling LP pitch in 2026.

Independent Sponsor Market

Independent sponsors are an increasingly important buyer class for sub-$50M EBITDA aviation businesses where institutional PE competition is lower.

Growth Capital & Recapitalizations

Founder-owned aviation businesses increasingly seeking minority growth capital or partial recapitalizations as an alternative to a full sale. Aviation-focused growth equity is an underserved capital category.

Sources: Federal Reserve H.15 Data; SIFMA Capital Markets Fact Book 2025; PitchBook Private Equity Q1 2026; SBA Loan Data; Chronic Capital Transaction Experience

Our Aviation & Aerospace Investment Thesis

"The winners of the next decade are likely to be businesses that support aircraft utilization — not aircraft production."

MRO & Engine Services

Most compelling risk-adjusted investment in aviation. Demand is structural, not cyclical. Aging fleets, GTF campaigns, and LEAP maturation provide a **10-year demand runway** independent of macro conditions.

Aftermarket Parts & Distribution

PMA growth, USM platforms, and OEM part inflation create durable pricing power and a significant consolidation opportunity across parts distribution businesses.

Aircraft Leasing Support

Delivery slot management, SLB advisory, and lessor-facing services benefit from supply constraint dynamics. Boutique aviation finance advisory is an underserved category.

FBO & Ground Services

Fragmented market with durable recurring revenue, real asset backing, and significant consolidation runway. Independent FBOs at regional airports are the most accessible targets for middle-market capital.

Specialized Aero Manufacturing

AS9100-certified manufacturers with FAA/EASA qualification, multi-year OEM contracts, and defense/commercial dual exposure are premium acquisition targets commanding top-tier multiples.

Aviation Services Platforms

Aircraft management, charter, crew training, and safety management are scalable recurring revenue businesses with increased PE platform formation activity since 2022.

Our Core Capabilities

- M&A Advisory — Sell-Side, Buy-Side & Strategic
- Debt Capital Advisory & Acquisition Financing
- Growth Capital & Equity Raises
- Recapitalizations & Shareholder Liquidity
- Management Buyouts
- Real Estate & Equipment Financing

Coverage Sectors

- Aviation MRO & Aftermarket
- Aircraft Leasing & Finance
- Business Aviation & FBO
- Aerospace Manufacturing
- Aviation Services & Testing

Leadership

Ryan Handelman

Managing Director

ryan@chronic.capital | LinkedIn

Ryan is the Founder and Managing Director of Chronic Capital. He brings over a decade of experience structuring and executing complex financial transactions across specialized industries, with deep expertise advising businesses on growth capital, acquisitions, and special situations.

Prior Experience:

- Berkshire Bank: FVP, Director of Specialty Banking — designed and led the practice
- Northern Bank: VP, Relationship Manager — originating and managing commercial banking relationships across specialty industry verticals
- Green Check Verified: Business Development — advised financial institutions on specialty banking infrastructure nationwide

Jackson Petri

Vice President

jackson@chronic.capital | LinkedIn

Jackson leads Chronic Capital's Aviation & Aerospace coverage. A former U.S. Air Force Air Traffic Controller, Jackson brings rare operational credibility to aviation transactions — combining firsthand airspace expertise with investment banking and private equity experience.

Prior Experience:

- U.S. Air Traffic Controller: 10 years managing complex military and civilian airspace operations across the aviation ecosystem
- 424 Capital: Private Equity Analyst — sourcing and executing investments across cybersecurity, healthcare, and tech-enabled services
- Baystate Financial: Financial Advisor — advising business owners and HNW clients on strategic financial planning and growth

Important Disclosures & Disclaimer

Chronic Capital — 2026 YTD Aviation & Aerospace Industry Report

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