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## **Triumph, Sponsors, and the Future of Aerospace**

Yale Mergers and Acquisitions Club  
Fall 2025 Industrials Report

## I. Context

### *A. Introduction*

On the 3rd of February, 2025, Berkshire Partners and Warburg Pincus, two American private equity firms, announced their intention to acquire the Triumph Group, an American aerospace parts manufacturer, for \$3.05B. This report will analyze the deal and unpack its implications.

### *B. About Triumph*

Triumph Group, founded in 1993 and headquartered in Radnor, Pennsylvania, is a manufacturer of integrated systems and components for the aviation industry. The company designs, engineers, manufactures, repairs, and overhauls a broad portfolio of aerospace and defense systems and structures. Its clients and partners include original equipment manufacturers (“OEMs”), as well as a variety of military and commercial aircraft operators through the aircraft life cycle.

Triumph’s products can be broken down into two operating segments: (i) Triumph Systems & Support and (ii) Triumph Interiors. Companies under Triumph’s Systems & Support segment develop proprietary components and systems, produce assemblies using external designs, and provide life cycle solutions for commercial, regional, and military aircraft. Products include landing gear-system designs, hydraulic power generation and control, and suites of aerospace gearbox solutions (10K, pg. 4). This segment represents 89% of total revenue (\$1.118 billion in FY2025, up 9% year-over-year) and manufactures proprietary aerospace components including:

- Hydraulic, mechanical, and electromechanical actuation systems
- Engine accessory gearboxes and helicopter transmissions
- Primary and secondary flight controls (hydromechanical and electromechanical)
- Active and passive thermal solutions technology
- Landing gear actuation systems and components

The Interiors segment contributes 11% of revenue (\$143.6 million FY2025, down 13% due to Boeing production impacts) and supplies:

- Thermo-acoustic insulation systems
- Environmental control system (ECS) composite ducting
- Floor panels for Boeing 737 NG, 737 MAX, 747, 767 Freighter/Tanker

- Thermoplastic interior assemblies
- Other aircraft interior components

In 2025, Triumph Group was acquired by Warburg Pincus and Berkshire Partners, two global private equity firms, and taken private. Under private ownership, Triumph is expected to strengthen its position as a highly-valued aerospace and defense supplier, pursuing operational simplification, cost discipline, and improved capital allocation, with a focus on higher-margin, proprietary systems and long-term aftermarket revenue streams.

### *C. Aerospace Market Context*

The U.S. aerospace and defense industry generated \$995 billion in economic activity in 2024, employing 2.2 million workers with average incomes 56% above the national average. Globally, the market reached \$941 billion in 2025 and is projected to grow to \$1,574 billion by 2035 (5.88% CAGR), driven by commercial aviation recovery and defense modernization. The U.S. maintained a \$73.9 billion trade surplus in A&D—the only manufacturing sector with net-positive trade balance.

In commercial aviation, global air passenger traffic exceeded pre-pandemic levels and grew 11.6% year-over-year in 2024. This demand surge translated into an aircraft backlog of over 17,000 units, with Airbus and Boeing projecting 40,000+ new commercial jets over the next 20 years. However, production remains constrained by labor shortages and supply chain issues. Boeing's 737 MAX production was capped at 38 aircraft per month following the January 2024 door plug incident, though the FAA approved increases to 42 per month in October 2025, with Boeing targeting 47 by year-end. The aftermarket sector is experiencing accelerated growth as deferred maintenance catches up and early narrow-body aircraft reach heavy maintenance intervals, with material costs rising 7%+ year-over-year, supporting pricing power for suppliers with proprietary content.

Global defense spending rose nearly 10% in 2024—the fastest growth in four decades—driven by heightened tensions involving Russia, China, and Middle East instability. U.S. FY2025 defense appropriations reached \$851.7 billion, with the House Armed Services Committee advancing approximately \$925 billion for FY2026 (including \$878.7 billion for DoD). The administration's supplemental funding package, passed in July 2025, includes \$113 billion in immediate defense funding with key allocations for nuclear modernization (\$12.9 billion), missile defense (\$24.7 billion), and munitions replenishment. The Congressional Budget Office projects \$946 billion in nuclear modernization spending over 2025-2034, providing long-term visibility for strategic platform suppliers.

The aerospace supply chain crisis of 2022-2024 is stabilizing but remains fragile. Roland Berger's 2025 survey found 70% of suppliers now describe themselves as well-prepared for production ramp-up (up from 50% in 2024), though personnel shortages remain the top challenge for 65% of respondents.

## **II. Deal overview**

### ***A. Deal terms***

Triumph Group was acquired by Berkshire Partners and Warburg Pincus through a \$2.85 billion all cash public-to-private LBO in July 2025. The deal had an implied enterprise value of \$2.73 billion and was financed with \$1.848 billion term loan, \$125 million delayed draw term loan, and \$250 million revolver, representing roughly 49% of leverage at close, with a maximum initial drawdown of 66% leverage. The acquisition resulted in Warburg Pincus and Berkshire Partners acquiring 100% ownership of the company. Based on trailing EBITDA, the deal implied an EV/EBITDA multiple of 16.6, at a moderate premium to aerospace sector comps.

### ***B. Drivers/Strategic Rationale***

We believe that Berkshire and Warburg Pincus' acquisition of Triumph is a bet on the sustained growth of the US aerospace industry, Berkshire's pre-rumor undervaluation relative to peers, and the sponsors' ability to meaningfully add operational and capital structure improvements.

The US aerospace parts industry is projected to expand at a CAGR of 4.9% over the next 5 years. This is driven by favorable tailwinds to both military and commercial aviation. The commercial original equipment manufacturer (OEM) market, which makes up 41.3% of Triumph's net sales, is currently supply bottlenecked, with a global shortage amounting to roughly 2000 planes. This will sustain high demand for aeroplanes in the medium term and benefit Triumph's top line. Triumph is particularly expected to benefit from a rebound in Boeing 737 sales after declines due to the program's high profile safety failures, which we estimate will increase Triumph's annual revenue by \$242M by 2030.

The US aftermarket repair and maintenance industry is also expected to grow healthily, although at a slower rate. Demand in the repair market is primarily driven by aircraft utilization, as higher flight hours accelerate wear and increase maintenance requirements. Global commercial passenger traffic is projected to grow at a 3.4% CAGR through 2030, continuing the industry's recovery following its

sharp contraction experienced during the COVID-19 pandemic. This recovery is expected to drive approximately 3.2% aerospace aftermarket market growth over the same period.

Triumph is also expected to benefit heavily from defense sector tailwinds. The FY25 National Defense Authorization Act (NDAA), which authorizes \$883.7 billion in discretionary spending, places increased emphasis on fleet modernization. This growth in aviation spending is expected to continue at a CAGR of 4.7% as the US contends with challenges to its air force dominance in an era of great power competition. We expect that this will benefit both Triumph's military OEM and military aftermarket businesses, which comprise 16.2% and 16.6% of revenue respectively.

Triumph will benefit from strong market tailwinds, particularly driven by Boeing's recovery. Triumph was valued more cheaply than its peers prior to its acquisition. In October 2024, shortly before rumors of Triumph's acquisition became public, Triumph traded at an EV/EBITDA multiple of 13.6, which is below the industry average of 14.9 for medium sized US aerospace parts manufacturers, even though Triumph's margins and growth prospects were in line with peers. We thus believe that it was likely that the sponsors wanted to capitalize on the fact that Triumph was trading below its fundamentals.

We also believe that the acquisition will bring value to Triumph's financial and operating models. At the time of acquisition, Triumph was unsustainably overlevered, with \$1.225 billion of debt including unfunded pension liabilities, relative to a pre-rumor market cap of \$1.02 billion. This debt to equity ratio far exceeded industry peers, for whom the norm is debt comprising 10-25% of enterprise value. Of particular concern was Triumph's most senior debt, 958 million (as of March 2025) of secured first lien notes, which were due to mature in 2028. With Triumph having only paid off \$127 million of debt in the 12 months before March 2025, they had little chance of repaying this debt without any kind of refinancing or external recapitalization. The 2028 notes also imposed serious operating and financial restrictions on Triumph which limited its ability to make high ROIC investments. Berkshire and Warburg Pincus, in acquiring Triumph and wiping its capital structure, give it the ability to refinance its debt, loosen its covenants, and grow an otherwise relatively healthy operating asset.

The sponsors also likely expect margin uplift in their acquisition of Triumph. While their core operating thesis is not publicly available, we can backsolve their value creation efforts based on probable IRR goals. With our base revenue assumptions, we forecast that the sponsors would need to increase Triumph's EBITDA margins to 17.9%, up 200 basis points, to achieve 20% IRR by 2030. Possible sources of margin expansion include SG&A optimization by streamlining administrative processes, and COGS optimization by negotiating better terms/volume discounts with suppliers, standardizing best practices across sites, and increasing throughput on existing capacity. To reach 25% gross IRR,

they would need to increase EBITDA margins up to 20.9%, expand their exit multiple, or grow their revenue significantly more aggressively than we have forecasted.

### **III. Valuation**

#### ***A. Operating Model***

Our dual valuation approach, which combines a discounted cash flow (DCF) and a leveraged buyout (LBO), provides complimentary perspectives on Triumph's intrinsic value and its attractiveness as a private equity investment. The DCF values Triumph as a public company based on its attractiveness as a private equity investment.

Our revenue build assumed that Triumph's revenue from the 787 and 737 programs, its two largest cashflow generators, will increase proportionally with the number of planes being built each year. Meanwhile, we looked at market growth rates to estimate the other growth of Triumph's sales across the commercial and defense verticals. This implies that Triumph's revenues will grow rapidly by 14% in 2025, before gradually tapering off to 5% 2030.

We assume a slight uptick in capex from 2% to 3% as Triumph is freed from its first lien debt covenants and consequently able to invest in growth. However, given the nature of an LBO, we still expect Triumph to remain relatively capex light. Otherwise, we assume Triumph's costs and net working capital scale proportionately with revenue, while also outlining alternative growth scenarios relative to our base case, with particular emphasis on potential EBITDA margin expansion initiatives the sponsors are likely to pursue (see Appendix). We forecast that D&A will increase immediately post acquisition and then level off, driven by the write up of intangibles post-acquisition and their subsequent amortization. We find that a 20% IRR is realistic with operational improvements, and a 25% IRR is possible, although unlikely.

#### ***B. DCF***

Our DCF model assumes a five year explicit forecast followed by a terminal value calculation using the perpetuity growth method with a 3% terminal growth rate.. We project Triumph's revenue to grow from \$1,262 million in FY2025 to \$1,696 million by FY2030, representing a compound annual growth rate of approximately 6.1%. This growth trajectory reflects several factors, including the expansion of defense contracts and increased military spending, as well as a recovery in commercial aerospace demand following Boeing's production issues and broader industry disruptions.

Our weighted average cost of capital (WACC) of 12.1% reflects a cost of equity of 14.27%, after-tax cost of debt of 7.73%, and Triumph's capital structure of 67.3% equity and 32.7% debt. The levered beta of 1.15 captures Triumph's exposure to cyclical aerospace demand and execution risk in complex manufacturing programs. This discount rate appropriately reflects the risk profile of a mid-sized aerospace supplier with concentrated customer exposure and operational complexity.

Under these assumptions, our DCF yields an implied share price of \$20.36, suggesting that Triumph was trading below its intrinsic value in the public markets prior to the LBO. This valuation gap provided the fundamental basis for the private equity acquisition and underscores why sophisticated financial sponsors viewed Triumph as an attractive opportunity.

### ***C. LBO***

Our LBO model assumes that Triumph's cost of debt will increase gradually over the next few years as interest rates decrease. We also assume that 1% of the overall debt load will be spent on financing fees, and that 2% of Triumph's enterprise value will be spent on transaction fees. We also assume that Triumph and Warburg Pincus will hold Triumph until 2030, at which point they will exit at the same 16.2x multiple at which they acquired Triumph.

Without operational improvement, our model suggests that Warburg and Berkshire's investment will yield only 16.1% IRR. However, with value creation levers, this improves significantly. If the sponsors are able to increase Triumph's EBITDA margin to 18% (from 15.9%), we forecast that their IRR will increase to 20.1%. If they increase Triumph's EBITDA margin to 19%, this gets to 21.3%, and IRRs could get even higher with multiple expansion or further revenue growth.

## **IV. Risks**

There are meaningful risks which could prevent the sponsors achieving their project IRR. Firstly, the sponsors may find it difficult to exit due to Triumph's highly specialized aerospace structures and aftermarket capabilities. Triumph also has a high customer concentration, with Boeing alone comprising 23% of net sales in 2025. While no other customer comprises more than 10% of net sales, if Boeing were to switch away from Triumph as a supplier or itself face production challenges this would dramatically impact Triumph's top line.

Even without terminating contracts, Boeing can leverage its position to pressure Triumph. Like many aerospace suppliers, Triumph faces persistent pricing pressure from downstream OEMs and competes with far larger, more diversified peers such as Collins Aerospace, Honeywell Aerospace, Parker Hannifin, and Safran, which benefit from scale advantages. While the long-term nature of aerospace contracts limits the risk of abrupt volume losses, end producers such as Boeing, Airbus, and major engine OEMs are far more concentrated than their suppliers and therefore wield significant bargaining power. This dynamic allows OEMs to push pricing down, potentially compressing Triumph's margins and, in some cases, reducing volumes.

A large share of Triumph's sales are also derived from long-term fixed price contracts. This makes Triumph particularly vulnerable to inflation. If rates and inflation both go up, increasing the cost of debt, this could seriously threaten Triumph's ability to pay off its leverage.

Triumph also may experience disruptions to its supply chains, which consist of raw materials such as metallics and composites, purchased machined components, engineered component parts, and special processes. Due to the highly controlled nature of the aerospace industry, Triumph often only has single customer-approved sources of components. As a result, Triumph is highly dependent on the performance of its upstream suppliers. While this can be mitigated by keeping greater inventories of components, this increases net working capital (NWC) and negatively impacts the sponsors' returns.

Triumph's supply chain also may be disrupted by tariffs or other trade barriers. However, in this case the aerospace industry is a relative bright spot because its supply chains are largely domestic. Both Triumph's suppliers and customers are overwhelmingly based in the US, limiting the risk of trade barriers.

Finally, commercial aerospace is highly cyclical. While the current upcycle, buoyed by a global supply shortage, is likely to endure in the near to medium term, commercial OEM sales are not always the stable cash flows preferable in an LBO. While defense exposure provides some countercyclicality and commercial aftermarket revenues tend to be relatively stable, commercial OEM sales still account for 41% of Triumph's revenue. Triumph is thus exposed if the cycle turns.

## **V. Key takeaways**

Berkshire's acquisition of Triumph highlights the expected strength of the US aerospace industry over the next few years. It is one of a string of similar deals, including Apollo Global Management's acquisition of Barnes Group and Cerberus Capital Management's acquisition of Votaw Precision

Technologies, and in our view a strong deal in a relatively uncertain 2025 Industrials landscape. The deal illustrates how a company's capital structure issues can provide an opening for opportunistic acquirers, who can recapitalize them on more favorable terms. However, customer and supplier concentration, vulnerability to macroeconomic volatility, and a lack of clear exit strategies means that the deal is not without its risks.

**Appendix: Models****DCF**

Unlevered Free Cash Flow (mm)								
Fiscal Year	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E
Revenue	1,130,562	1,192,043	1,261,962	1,362,919	1,456,960	1,545,835	1,613,852	1,696,158
COGS	809,882	869,201	863,826	967,687	1,034,458	1,097,560	1,145,852	1,204,291
<b>Gross Profit</b>	<b>320,680</b>	<b>322,842</b>	<b>398,136</b>	<b>395,232</b>	<b>422,503</b>	<b>448,275</b>	<b>467,999</b>	<b>491,867</b>
Operating Expenses								
General and Administrative	191,087	180,247	210,078	221,110	236,366	250,785	261,819	275,172
<b>Total Operating Expenses</b>	<b>191,087</b>	<b>180,247</b>	<b>210,078</b>	<b>221,110</b>	<b>236,366</b>	<b>250,785</b>	<b>261,819</b>	<b>275,172</b>
<b>EBITDA</b>	<b>129,593</b>	<b>142,595</b>	<b>188,058</b>	<b>174,122</b>	<b>186,136</b>	<b>197,491</b>	<b>206,180</b>	<b>216,695</b>
Stock-Based Compensation Expense	8,913	9,445	13,010	10,456	10,456	10,456	10,456	10,456
<b>Adjusted EBITDA</b>	<b>138,506</b>	<b>152,040</b>	<b>201,068</b>	<b>184,578</b>	<b>196,592</b>	<b>207,947</b>	<b>216,636</b>	<b>227,151</b>
Depreciation & Amortization	33,081	29,625	29,587	29,782	30,040	30,301	30,563	30,828
<b>Operating Profit (EBIT)</b>	<b>105,425</b>	<b>122,415</b>	<b>171,481</b>	<b>154,796</b>	<b>166,552</b>	<b>177,646</b>	<b>186,073</b>	<b>196,323</b>
Operating Taxes	3,360	7,123	5,589	6,329	7,310	6,950	7,684	8,135
<b>NOPAT (Net Operating Profit After Taxes)</b>	<b>102,065</b>	<b>115,292</b>	<b>165,892</b>	<b>148,467</b>	<b>159,243</b>	<b>170,696</b>	<b>178,388</b>	<b>188,188</b>
(+) Depreciation & Amortization	33,081	(29,625)	(29,587)	29,782	30,040	30,301	30,563	30,828
(-) Capital Expenditures	33,081	238,975	30,966	31,609	31,883	32,160	32,439	32,720
(-) Change in NWC		355,704	(99,322)	(262,120)	13,078	14,789	16,469	18,620
NWC	227,403	583,107	483,785	221,665	234,744	249,533	266,002	284,622
Current Assets	227,403	939,369	878,863	632,109	669,404	711,576	758,540	811,638
Current Liabilities	--	356,262	395,078	410,444	434,660	462,043	492,538	527,016
<b>Unlevered Free Cash Flow</b>	<b>(509,012)</b>	<b>204,661</b>	<b>408,759</b>	<b>144,321</b>	<b>154,048</b>	<b>160,044</b>	<b>167,676</b>	

Assumptions								
Fiscal Year	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E
Revenue Growth		12.0%	9.8%	8.0%	6.9%	6.1%	4.4%	5.1%
COGS % of Revenue	71.6%	72.9%	68.5%	71.0%	71.0%	71.0%	71.0%	71.0%
SG&A % of Revenue	16.9%	15.1%	16.6%	16.2%	16.2%	16.2%	16.2%	16.2%
Tax % of EBIT	3.2%	5.8%	3.3%	4.1%	4.4%	3.9%	4.1%	4.1%

Fixed Assets Schedule								
Fiscal Year	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E
Beginning PP&E			209,350	210,729	212,556	214,400	216,259	218,134
D&A	33,081	29,625	29,587	29,782	30,040	30,301	30,563	30,828
CapEx	33,081	238,975	30,966	31,609	31,883	32,160	32,439	32,720
<b>Ending PP&amp;E</b>	<b>209,350</b>	<b>210,729</b>	<b>212,556</b>	<b>214,400</b>	<b>216,259</b>	<b>218,134</b>	<b>220,026</b>	

Assumptions								
Fiscal Year	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E
D&A as a % of Beginning PP&E			14.1%	14.1%	14.1%	14.1%	14.1%	14.1%
CapEx as a % of Beginning PP&E			14.8%	15.0%	15.0%	15.0%	15.0%	15.0%

Net Working Capital							
Fiscal Year	2024A	2025A	2026E	2027E	2028E	2029E	2030E
Cash and cash equivalents	392,511	277,164	406,802	434,236	460,168	480,037	504,061
Trade and Other Receivables, less allowance for credit losses of \$4574 and \$4773	138,272	154,888	160,125	169,573	180,256	192,152	205,603
Contract Assets	74,289	69,752	78,874	83,527	88,790	94,650	101,275
Inventory, Net	317,671	357,323	371,041	392,933	417,688	445,255	476,423
Prepaid and other assets	16,626	19,736	19,845	21,016	22,340	23,814	25,481
<b>Current Assets</b>	<b>939,369</b>	<b>878,863</b>	<b>1,036,687</b>	<b>1,101,284</b>	<b>1,169,241</b>	<b>1,235,908</b>	<b>1,312,843</b>
Accounts payable and accrued liabilities	3,200	8,984	6,576	6,964	7,402	7,891	8,443
Accrued compensation	167,349	162,917	180,753	191,418	203,477	216,907	232,090
Lease liabilities, current portion	55,858	78,430	73,115	77,429	82,307	87,740	93,881
Deferred revenue, current portion	129,855	144,747	149,999	158,849	168,857	180,001	192,601
<b>Current Liabilities</b>	<b>356,262</b>	<b>395,078</b>	<b>410,444</b>	<b>434,660</b>	<b>462,043</b>	<b>492,538</b>	<b>527,016</b>
Assumptions							
Fiscal Year	2024A	2025A	2026E	2027E	2028E	2029E	2030E
Revenue	1,192,043	1,261,962	1,341,466	1,420,612	1,510,111	1,609,778	1,722,462
COGS	869,201	863,826	952,455	1,008,650	1,072,195	1,142,960	1,222,967
Days Sales Outstanding (DSO)	42.3	44.8	43.6	43.6	43.6	43.6	43.6
Days Inventory Outstanding (DIO)	133.4	151.0	142.2	142.2	142.2	142.2	142.2
Days Payable Outstanding (DPO)	1.0	2.6	1.8	1.8	1.8	1.8	1.8
Other Current Assets as a % of Revenue	1.4%	1.6%	1.5%	1.5%	1.5%	1.5%	1.5%
Accrued Compensation as a % of Revenue	14.0%	12.9%	13.5%	13.5%	13.5%	13.5%	13.5%
Contract Assets as a % of Revenue	6.2%	5.5%	5.9%	5.9%	5.9%	5.9%	5.9%
Deferred Revenue as a % of Revenue	10.9%	11.5%	11.2%	11.2%	11.2%	11.2%	11.2%
Lease Liabilities as a % of Revenue	4.7%	6.2%	5.5%	5.5%	5.5%	5.5%	5.5%

#### Weighted Average Cost of Capital (WACC)

Equity (mm)	2,020,591,742
Debt (mm)	983,724,000
Cost of Debt	8.9%
Tax Rate	13.5%
D/(D+E)	32.7%
<b>After Tax Cost of Debt</b>	<b>7.7%</b>
Risk Free Rate (10-Yr Treasury Yield)	4.4%
Expected Market Return	13.0%
Market Risk Premium	8.6%
Levered Beta	1.15
E/(D+E)	67.3%
<b>Cost of Equity</b>	<b>14.3%</b>
<b>WACC</b>	<b>12.1%</b>

Maturity	Interest Rate	Amount	Percentage
Next 12 Months	8.93%	8,984	0.9%
13-24 Months	8.96%	2,822	0.3%
25-36 Months	8.95%	961,650	97.8%
37-48 Months	7.33%	2,989	0.3%
49-60	7.33%	2,955	0.3%
Thereafter	7.33%	4,324	0.4%
<b>Total</b>		<b>983,724</b>	
Weighted Average Interest Rate		8.93%	

**Discounted Cash Flow Valuation**

Most recent fiscal year end	3/31/25	Discount rate (WACC)	12.1%
End of first fiscal year	3/31/26		
Most recent quarter end date	12/31/25		
Valuation Date	1/16/26		
Portion of year 1 cash flows in forecast	20.83%		

**Unlevered Free Cash Flow (mm)**

Fiscal Year	2023A	2024A	2025E	2026E	2027E	2028E	2029E
Unlevered Free Cash Flow	(1,299,028)	245,807	382,067	115,327	123,210	132,238	142,224

Projection Year	1	2	3	4	5
<b>Present Value of Free Cash Flow</b>	<b>340,740</b>	<b>91,728</b>	<b>87,397</b>	<b>83,655</b>	<b>80,240</b>

**Implied Share Price Calculation**

Sum of PV of FCF	683,760
Growth Rate	3%
WACC	12.1%
PV of Terminal Value	1,604,745
Enterprise Value	2,288,505
(+) Cash	277,164
(-) Debt	983,724
Equity Value	1,581,945
Diluted Shares Outstanding (mm)	77,715
<b>Implied Share Price</b>	<b>20.36</b>

**Sensitivity Table**

		Growth Rate				
	20.36	2.00%	2.50%	3.00%	3.50%	4.00%
WACC	11.13%	26.58	24.71	24.71	26.58	31.24
	11.63%	28.69	26.58	26.58	26.58	26.58
	12.13%	28.69	26.58	26.58	26.58	26.58
	12.63%	26.58	26.58	26.58	26.58	26.58
	13.13%	23.12	26.58	26.58	26.58	26.58

**LBO****Model Assumptions****Entry Valuation**

Entry LTM EBITDA	\$180,640
(x) Entry Multiple	16.6x
<b>Purchase Enterprise Value</b>	<b>\$2,998,624</b>
Less: Debt	(\$972,699)
Less: Unfunded Pension Liabilities	(\$277,600)
Plus: Cash	277,164
<b>Equity Value</b>	<b>\$2,025,489</b>

**5.5 Year Returns**

IRR	15.8%
MoM	2.2x

**Transaction**

LTM Exit Multiple	17.0x
Tax Rate	21%
Cash to B/S	(\$169,919)
Transaction Expenses	\$59,972

**Debt**

<b>EBITDA (x)</b>	<b>8.0x</b>
Total Leverage	8.0x
Term Loan	\$1,480,000
Delayed Draw Term Loan	\$125,000
Revolver Capacity	\$250,000

SOFR+ Floor	Rate	Fee (%)	Fee (\$)	Year
4.00%	8%	1.00%	14,800	2025
4.00%	8%	1.00%	1,250	2027
4.00%	8%	1.00%	2,500	2025

**Sources & Uses****Sources**

Term Loan	1,480,000
<b>Total Debt</b>	<b>\$1,480,000</b>
Cash from Balance Sheet	\$277,600
Equity Investment	\$1,762,880
<b>Total Sources</b>	<b>\$3,520,480</b>

**Uses**

Purchase Equity Value	\$2,025,489
Refinancing Net Debt (incl Pension Liabilities)	1,250,299
Cash to B/S	169,919
Underwriting Fees	14,800
Transaction Expenses	59,972
<b>Total Uses</b>	<b>\$3,520,480</b>

**Goodwill Calculation**

Purchase Equity Value	\$2,025,489
Less: Book Value of Equity	(76,446)
Plus: Existing Goodwill	512,342
<b>Step-Up of Equity</b>	<b>\$2,614,277</b>
Less: Write-Up of Intangible Assets	(130,714)
Plus: Deferred Tax Liability	(27,450)
<b>Pro Forma Goodwill</b>	<b>\$2,456,113</b>

% of Step-Up	Years	Annual
5.0%	15 Years	\$8,714
21.0%	15 Years	(1,830)

## Closing Balance Sheet

	Pre- Transaction	Debits	Credits	Pro Forma
Cash	\$277,164	\$169,919	(\$277,164)	\$169,919
Accounts Receivable	154,888			154,888
Contract Assets	69,752			69,752
Inventory	357,323			357,323
Prepaid Expenses	19,736			19,736
<b>Total Current Assets</b>	<b>\$878,863</b>	<b>\$169,919</b>	<b>(\$277,164)</b>	<b>\$771,618</b>
Property, Plant & Equipment	\$154,538			\$154,538
Goodwill	512,342	1,943,771		2,456,113
Intangible Assets	56,191	130,714		186,905
Other Assets	24,994			24,994
<b>Total Assets</b>	<b>\$1,626,928</b>	<b>\$2,244,404</b>	<b>(\$277,164)</b>	<b>\$3,594,168</b>
Accounts Payable	\$162,917			\$162,917
Accrued Liabilities	\$ 144,747.00			144,747
Contract Liabilities	78,430			78,430
Current Portion of Long Term Debt	8,984		(8,984)	--
<b>Total Current Liabilities</b>	<b>\$395,078</b>	<b>--</b>	<b>--</b>	<b>\$307,664</b>
Current Portion of Long Term Debt	\$963,715	--	(\$963,715)	--
Revolver	--	--	--	--
Delayed Draw Term Loan	--	--	--	--
Accrued Pensions	277,509	--	--	277,509
Deferred Income Taxes	7,268	--	--	7,268
Term Loan	--	1,480,000	--	1,480,000
Other noncurrent liabilities	59,804	--	--	59,804
<b>Total Debt Outstanding</b>	<b>\$1,308,296</b>	<b>\$1,480,000</b>	<b>(\$963,715)</b>	<b>\$1,824,581</b>
Capitalized Financing Fees	--	37,100		37,100
Deferred Tax Liability	--	27,450		\$27,450
Shareholder Equity	(\$76,446)	\$1,781,483		\$1,705,037
<b>Total Liabilities and Equity</b>	<b>\$1,626,928</b>	<b>\$1,846,033</b>	<b>--</b>	<b>\$3,594,168</b>

## Revenue Build

Fiscal Year	2024A	2025E	2026E	2027E	2028E	2029E	2030E
<b>737 Program</b>							
Boeing 737 Sales	265	447	537	604	693	688	701
Share of Revenue from Boeing 737 Program	9%	14%	16%	17%	18%	18%	18%
Est Revenue Per Plane	428.59	437.16	445.91	454.82	463.92	473.20	482.66
Overall Revenue	113,576.58	195,411.72	239,451.49	274,713.73	321,496.93	325,560.88	338,346.71
Revenue Growth (YoY)		106%	23%	15%	17%	1%	4%
<b>787 Program</b>							
Boeing 787 Sales	73	84	102	120	131	140	147
Share of Revenue from Boeing 787 Program	8%	9%	10%	11%	11%	12%	12%
Est Revenue Per Plane	1,382.97	1,411	1,439	1,468	1,497	1,527	1,557
Overall Revenue	100,957	118,493	146,762	176,115	196,104	213,768	228,945
Revenue Growth (YoY)		24%	24%	20%	11%	9%	7%
<b>Other Commercial OEM</b>							
Revenue	307,824.46	319,830	336,461	353,957	372,362	391,725	412,095
Est Rev Growth (YoY)	6%	5.20%	5.20%	5.20%	5.20%	5.20%	5.20%
<b>Other Military OEM</b>							
Revenue	273,846.00	283,499.07	296,823.5279	310,774.2337	325,380.6227	340,673.5119	356,685.167
Est Rev Growth		4.70%	4.70%	4.70%	4.70%	4.70%	4.70%
<b>Commercial Aftermarket</b>							
Revenue	205,288.00	210,522.84	217,680.62	225,081.76	232,734.54	240,647.52	248,829.53
Est Rev Growth		3.40%	3.40%	3.40%	3.40%	3.40%	3.40%
<b>Military Aftermarket</b>							
Revenue	210,662.00	216,349.87	223,705.7697	231,311.7659	239,176.3659	247,308.3624	255,716.8467
Est Rev Growth		3.60%	3.40%	3.40%	3.40%	3.40%	3.40%
<b>Non-Aviation Revenue</b>							
Revenue	46,675.00	48,168.60	49,902.67	51,699.17	53,560.34	55,488.51	57,486.09
Est Rev Growth		3.20%	3.60%	3.60%	3.60%	3.60%	3.60%
<b>Overall Revenue</b>	1,258,829	1,392,275	1,510,787	1,623,652	1,740,815	1,815,172	1,898,105
YoY Growth		0%	0%	0%	0%	0%	0%
		14%	9%	7%	7%	4%	5%

## Financial Forecast

Fiscal Year	Mar 2025 LTM	Q3/Q4 2025E	2026E	2027E	2028E	2029E	2030E
<b>Revenue</b>	<b>\$1,261,962</b>	<b>\$696,137</b>	<b>\$1,510,787</b>	<b>\$1,623,652</b>	<b>\$1,740,815</b>	<b>\$1,815,172</b>	<b>\$1,898,105</b>
Less: COGS	(893,413)	(492,834)	(1,069,570)	(1,149,473)	(1,232,419)	(1,285,061)	(1,343,774)
<b>Gross Profit</b>	<b>\$368,549</b>	<b>\$203,303</b>	<b>\$441,217</b>	<b>\$474,179</b>	<b>\$508,395</b>	<b>\$530,111</b>	<b>\$554,331</b>
% Margin	29.2%	29.2%	29.2%	29.2%	29.2%	29.2%	29.2%
Less: SG&A	(\$168,582)	(\$92,995)	(\$201,822)	(\$216,899)	(\$232,551)	(\$242,484)	(\$253,563)
<b>EBITDA</b>	<b>\$199,967</b>	<b>\$110,308</b>	<b>\$239,395</b>	<b>\$257,279</b>	<b>\$275,845</b>	<b>\$287,627</b>	<b>\$300,768</b>
% Margin	15.8%	15.8%	15.8%	15.8%	15.8%	15.8%	15.8%
Less: D&A/Legal Contingencies/Restructuring	(29,587)	(\$31,506)	(\$67,635)	(\$72,037)	(\$76,606)	(\$79,506)	(\$82,740)
<b>EBIT</b>	<b>\$170,380</b>	<b>\$78,802</b>	<b>\$171,760</b>	<b>\$185,243</b>	<b>\$199,239</b>	<b>\$208,121</b>	<b>\$218,028</b>
Less: Interest Expense	(87,628.00)	(59,200)	(109,812)	(108,328)	(104,366)	(99,297)	(92,786)
Less: Revolver Commitment Fee	--	(6,250)	(12,500)	(12,500)	(12,500)	(12,500)	(12,500)
Less: Amortization of Financing Fees	--	(493)	(987)	(987)	(987)	(987)	(987)
<b>EBT</b>	<b>41,445.00</b>	<b>\$12,858</b>	<b>\$48,462</b>	<b>\$63,428</b>	<b>\$81,386</b>	<b>\$95,337</b>	<b>\$111,755</b>
Less: Taxes	(5,589.00)	(1,734)	(6,535)	(8,553)	(10,975)	(12,857)	(15,071)
<b>Net Income</b>	<b>35,856.00</b>	<b>\$11,124</b>	<b>\$41,927</b>	<b>\$54,874</b>	<b>\$70,411</b>	<b>\$82,481</b>	<b>\$96,685</b>
Plus: D&A	29,587	\$31,506	\$67,635	\$72,037	\$76,606	\$79,506	\$82,740
Plus: Amortization of Financing Fees	--	493	987	987	987	987	987
Less: Unwind of Deferred Tax Liability	--	(915)	(1,830)	(1,830)	(1,830)	(1,830)	(1,830)
Less: Capex	(19,056.00)	(10,512)	(45,324)	(48,710)	(52,224)	(54,455)	(56,943)
Less: (Increase) / Decrease in NWC	(46,800.00)	(15,851)	(21,790)	(20,751)	(21,542)	(13,671)	(15,248)
<b>Free Cash Flow (Before Debt Paydown)</b>	<b>18,830.00</b>	<b>\$15,847</b>	<b>\$41,605</b>	<b>\$56,607</b>	<b>\$72,408</b>	<b>\$93,017</b>	<b>\$106,390</b>
Less: Optional Borrowing / (Repayment)	--	(15,847)	(41,605)	(56,607)	(72,408)	(93,017)	(106,390)
<b>Cash Flow</b>	<b>(115,350.00)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>

## Operating Assumptions

COGS % of Revenue	71%	71%	71%	71%	71%	71%	71%
SG&A % of Revenue (incl R&D)	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%
D&A % of Revenue	4%	4.5%	4.5%	4.4%	4.4%	4.4%	4.4%
Capex % of Revenue	2%	2%	3%	3%	3%	3%	3%
NWC % of Revenue	18%	18%	18%	18%	18%	18%	18%
Revenue Growth %	--	14%	9%	7%	7%	4%	5%
Tax Rate %	13%	13%	13%	13%	13%	13%	13%

## Debt Schedule

	SOFR Curve		4.0%	3.5%	3.0%	3.0%	3.0%	3.0%
Fiscal Year			Q3/Q4 2025E	2026E	2027E	2028E	2029E	2030E
<b>Cash Available for Revolver Paydown</b>			<b>\$15,847</b>	<b>\$41,605</b>	<b>\$56,607</b>	<b>\$72,408</b>	<b>\$93,017</b>	<b>\$106,390</b>
<b>Revolver</b>								
Beginning Balance			--	--	--	--	--	--
Optional Borrowing / (Repayment)			--	--	--	--	--	--
<b>Ending Balance</b>	<i>Floor</i>	<i>Rate</i>	--	--	--	--	--	--
Interest Rate	4.0%	SOFR + 4	8.0%	7.5%	7.0%	7.0%	7.0%	7.0%
Interest Expense			--	--	--	--	--	--
Maximum Capacity			\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Available Capacity			\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
<b>Cash Available for Term Loan Paydown</b>			<b>\$15,847</b>	<b>\$41,605</b>	<b>\$56,607</b>	<b>\$72,408</b>	<b>\$93,017</b>	<b>\$106,390</b>
<b>Term Loan (incl. Delayed Draw Term Loan)</b>								
Beginning Balance			\$1,480,000	\$1,464,153	\$1,547,548	\$1,490,942	\$1,418,534	\$1,325,517
(Repayment)			(15,847)	(41,605)	(56,607)	(72,408)	(93,017)	(106,390)
<b>Ending Balance</b>	<i>Floor</i>	<i>Rate</i>	<b>\$1,464,153</b>	<b>\$1,422,548</b>	<b>\$1,490,942</b>	<b>\$1,418,534</b>	<b>\$1,325,517</b>	<b>\$1,219,127</b>
Interest Rate	4.0%	SOFR + 4	8.0%	7.5%	7.0%	7.0%	7.0%	7.0%
Interest Expense			\$58,566	\$106,691	\$104,366	\$99,297	\$92,786	\$85,339
<b>Interest Calculation</b>								
Revolver			--	--	--	--	--	--
Term Loan (incl. Delayed Draw Term Loan)			58,566	106,691	104,366	99,297	92,786	85,339
<b>Total Interest Expense</b>	<i>Amount</i>	<i>Yrs</i>	<b>\$58,566</b>	<b>\$106,691</b>	<b>\$104,366</b>	<b>\$99,297</b>	<b>\$92,786</b>	<b>\$85,339</b>
Amortization of Financing Fees	\$14,800	15 Years	\$493	\$987	\$987	\$987	\$987	\$987
<b>Total Interest Expense + Amortization</b>			<b>\$59,059</b>	<b>\$107,678</b>	<b>\$105,353</b>	<b>\$100,284</b>	<b>\$93,773</b>	<b>\$86,326</b>

## Balance Sheet

Fiscal Year	Txn	Q3/Q4 2025E	2026E	2027E	2028E	2029E	2030E
Cash	\$169,919	\$169,919	\$169,919	\$169,919	\$169,919	\$169,919	\$169,919
Accounts Receivable	154,888	176,780	191,828	206,159	221,035	230,477	241,007
Inventory	357,323	407,828	442,543	475,604	509,924	531,704	555,997
Prepaid Expenses	19,736	22,526	24,443	26,269	28,165	29,368	30,709
<b>Total Current Assets</b>	<b>\$701,866</b>	<b>\$777,054</b>	<b>\$828,734</b>	<b>\$877,951</b>	<b>\$929,043</b>	<b>\$961,468</b>	<b>\$997,633</b>
Property, Plant & Equipment	\$154,538	\$176,381	\$191,395	\$205,693	\$220,536	\$229,956	\$240,462
Goodwill	2,456,113	2,456,113	2,456,113	2,456,113	2,456,113	2,456,113	2,456,113
Intangible Assets	186,905	178,191	169,476	160,762	152,048	143,334	134,619
<b>Total Assets</b>	<b>\$3,499,422</b>	<b>\$3,587,738</b>	<b>\$3,645,718</b>	<b>\$3,700,520</b>	<b>\$3,757,740</b>	<b>\$3,790,871</b>	<b>\$3,828,828</b>
Accounts Payable	\$162,917	\$185,944	\$201,772	\$216,846	\$232,493	\$242,424	\$253,500
Accrued Liabilities	144,747	\$165,206	\$179,269	\$192,661	\$206,564	\$215,387	\$225,227
<b>Total Current Liabilities</b>	<b>\$307,664</b>	<b>\$351,150</b>	<b>\$381,041</b>	<b>\$409,507</b>	<b>\$439,057</b>	<b>\$457,811</b>	<b>\$478,728</b>
Revolver	--	--	--	--	--	--	--
Term Loan (Incl Delayed Draw Term Loan)	1,480,000	1,464,153	1,422,548	1,490,942	1,418,534	1,325,517	1,219,127
<b>Total Debt</b>	<b>\$1,480,000</b>	<b>\$1,464,153</b>	<b>\$1,422,548</b>	<b>\$1,490,942</b>	<b>\$1,418,534</b>	<b>\$1,325,517</b>	<b>\$1,219,127</b>
% of Initial Debt		98.9%	96.1%	100.7%	95.8%	89.6%	82.4%
<b>Total Net Debt</b>	<b>\$1,310,081</b>	<b>\$1,294,234</b>	<b>\$1,252,629</b>	<b>\$1,321,022</b>	<b>\$1,248,615</b>	<b>\$1,155,598</b>	<b>\$1,049,208</b>
<b>Total Debt / EBITDA</b>	<b>7.4x</b>	<b>13.3x</b>	<b>5.9x</b>	<b>5.8x</b>	<b>5.1x</b>	<b>4.6x</b>	<b>4.1x</b>
<b>Total Net Debt / EBITDA</b>	<b>6.6x</b>	<b>11.7x</b>	<b>5.2x</b>	<b>5.1x</b>	<b>4.5x</b>	<b>4.0x</b>	<b>3.5x</b>
Capitalized Financing Fees	\$37,100	36,607	35,620	34,633	33,647	32,660	31,673
Deferred Tax Liability	\$27,450	\$26,535	\$24,705	\$22,875	\$21,045	\$19,215	\$17,385
Shareholder Equity	\$1,647,208	\$1,709,293	\$1,781,804	\$1,742,563	\$1,845,457	\$1,955,668	\$2,081,915
<b>Total Liabilities and Equity</b>	<b>\$3,499,422</b>	<b>\$3,587,738</b>	<b>\$3,645,718</b>	<b>\$3,700,520</b>	<b>\$3,757,740</b>	<b>\$3,790,871</b>	<b>\$3,828,828</b>
Check	--	--	--	--	--	--	--
<b>Working Capital</b>							
Current Assets (excl. Cash)	\$531,947	\$607,134	\$658,814	\$708,032	\$759,124	\$791,549	\$827,714
Current Liabilities	307,664	351,150	381,041	409,507	439,057	457,811	478,728
<b>Working Capital</b>	<b>\$224,283</b>	<b>\$255,984</b>	<b>\$277,774</b>	<b>\$298,525</b>	<b>\$320,067</b>	<b>\$333,738</b>	<b>\$348,986</b>
<b>Change in Working Capital</b>		<b>31,701</b>	<b>21,790</b>	<b>20,751</b>	<b>21,542</b>	<b>13,671</b>	<b>15,248</b>

## Returns Calculation

Fiscal Year	Q3/Q4 2025E	2026E	2027E	2028E	2029E	2030E
LTM EBITDA	\$110,308	\$239,395	\$257,279	\$275,845	\$287,627	\$300,768
(x) Exit Multiple	16.6x	16.6x	16.6x	16.6x	16.6x	16.6x
<b>Total Enterprise Value</b>	<b>\$1,831,113</b>	<b>\$3,973,959</b>	<b>\$4,270,838</b>	<b>\$4,579,022</b>	<b>\$4,774,610</b>	<b>\$4,992,756</b>
Less: Net Debt	(1,294,234)	(1,252,629)	(1,321,022)	(1,248,615)	(1,155,598)	(1,049,208)
<b>Equity Value</b>	<b>\$536,879</b>	<b>\$2,721,330</b>	<b>\$2,949,815</b>	<b>\$3,330,407</b>	<b>\$3,619,012</b>	<b>\$3,943,548</b>
Year	7/1/2025	12/31/2026	12/31/2027	12/30/2028	12/30/2029	12/30/2030
Cashflow	(\$1,762,880)					\$3,943,548
IRR						15.8%
MoM						2.2x

## Sensitivity Tables

IRR						MoM					
EBITDA Margin	Average Revenue Growth					EBITDA Margin	Average Revenue Growth				
	7%	9%	11%	13%	15%		7%	9%	11%	13%	15%
15%	13.3%	14.0%	14.6%	15.2%	15.8%	14%	1.75	1.81	1.87	1.93	1.99
16%	15.3%	16.0%	16.6%	17.2%	17.8%	15%	1.98	2.04	2.10	2.17	2.23
17%	17.4%	18.0%	18.6%	19.2%	19.8%	16%	2.20	2.27	2.34	2.41	2.47
18%	19.5%	20.1%	20.7%	21.3%	21.9%	17%	2.43	2.50	2.57	2.64	2.72
19%	21.3%	21.9%	22.5%	23.1%	23.7%	18%	2.65	2.73	2.81	2.88	2.96