PE funds eye aviation assets

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Private equity has made significant investments in the aviation sector over the years, backing a range of businesses, including lessors, airlines and MROs. Now, several private equity firms are vying for Boeing's navigation unit, Jeppesen, as part of an estimated $8 billion deal, as the OEM seeks to reduce debt by selling non-core businesses.

Private equity houses, including Carlyle, TPG, and Warburg Pincus, which are familiar names in the leasing sector, are among the interested parties for the Colorado-based business, according to people familiar with the matter.

Against this backdrop, according to a 2 April update from S&P Global Market Intelligence, assets under management (AUM) of US private equity firms have grown over the past five years, reaching $3.128 trillion as of September 2024, the highest level since December 2020.

Between 2022 and 2023, 37 US private equity and venture capital firms saw AUM more than double, with median AUM growth at 8%. The analysis included SEC-registered firms with reported AUM during this period.

The median AUM for 2023 was about $946 million, compared with $954 million in 2022.

Top US PE/VC firms ranked by AUM growth, 2022–2023

Company name	2023 AUM ($M)	2022 AUM ($M)	Growth rate (%)
One Madison Group LLC	6,076.1	188.7	3,119
Lumida Wealth Management LLC	26.3	1.1	2,281
Z2 Investment Management LP	859.6	123.2	598
NewVest Management LP	249.5	46.5	437
Haveli Investment Management LLC	2,690.5	597.0	351
Ascribe Management LLC	252.4	66.1	282
Plexus Capital LLC	1,692.6	499.6	239
Lone View Capital Management LP	1,071.9	321.4	233
Virtus Alternative Investment Advisers LLC	3,092.5	988.0	213
Heartwood Partners LLC	1,432.3	462.3	210
Truelink Capital Management LLC	528.3	173.6	204
Clearhaven Partners LP	980.0	338.9	189
ZBS Partners LLC	728.0	253.5	187
Multicoin Capital Management LLC	3,808.3	1,363.5	179
Valeas Capital Partners Management LP	807.4	291.3	177
American Infrastructure Partners LLC	1,559.5	577.7	170
Fidelis Capital Partners LLC	908.4	345.5	163
Winthrop Square Capital LP	172.7	66.7	159
Pacific Avenue Capital Partners Management Co. LLC	1,082.9	420.1	158
Rubicon Founders LLC	1,796.2	698.7	157
Coalesce Capital Management LLC	800.8	328.7	144

Data compiled March 24, 2025.
NA = not available; AUM = assets under management; PE/VC = private equity or venture capital.
Analysis includes PE/VC firms based in US with highest growth in AUM between 2022 and 2023.
Assets under management are derived from Form ADV.
Limited to companies with available AUM data.
Source: S&P Global Market Intelligence.
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Tourist sector

However, despite this growth, some question the future of certain PE firms in the leasing sector.

At a recent event, James Meyler, chief executive officer of Orix Aviation indicated that newer entrants, including private equity-backed funds, and those who bought in the pre-Covid era will drive selling activity in the leasing space.

“I think a lot of players will decide their thesis turned out to be wrong, and they're going to exit and sell to the top 15 or 20 lessors, who all want to grow and who have economies of scale with funding costs to improve the situation,” he said.

“We’ve got the situation where there should have been a distressed opportunity coming out of Covid to be able to buy aircraft, and airlines with huge amounts of difficulty, and therefore a great time to be getting into this business.

“But because of all the government support that the airlines received, they came out of Covid in relatively good shape.”

The muted buying opportunity was exacerbated by supply issues from manufacturers, he added.

“The reality is that now, because of the lack of supply and with interest rates where they are, the returns aren't great. ROEs are single digits for most of the top 20 lessors.”

Meyler maintained that the long-term view for leasing is “still positive”, but those that entered the sector in the last three or four years “will struggle to make a profit” because of elevated borrowing costs.

“They're borrowing at multiples of all the people on stage here in terms of their margins, they don't have scale, also the competition for sale and leaseback means yields are pretty tight,” he said, detailing the investment landscape for those investors.

Firoz Tarapore, the chief executive officer of DAE Capital, agreed, pointing to internal business reviews.

“M&A will be inevitable because many value propositions will be questioned. The industry is growing at a rate that the top 10 continue to grow, and one way to achieve this is by consolidating others who can't reach the next level due to structural disadvantages or inadequate funding."

Drop in spend

In separate research that has not been updated, S&P noted that private equity investment in the aviation sector fell by half in 2022.

Global private equity and venture capital investments in the aviation industry stood at $20.84 billion for the year to 12 December 2022, reflecting a 50.3% drop from the 2021 full-year total of $41.96 billion.

Deal volume declined to 312 during the same period compared to 398 in 2021.

The largest announced investment in the sector that year was the $6.04 billion buyout of Hitachi Transport System, a unit of Japanese conglomerate Hitachi, by KKR’s KKR Asian Fund IV.

The second-largest was the $4.51 billion acquisition of Purchase, NY-based cargo airline company Atlas Air Worldwide Holdings by an investor group comprising Apollo Global Management, JF Lehman, and Hill City Capital.

It was followed by Hawthorne, Calif.-based Space Exploration Technologies, a company that raised nearly $1.73 billion in a funding round that included participation from Angel Box, among other investors.

The number of private equity-backed deals in the first quarter of 2022 reached 115 but declined each subsequent quarter, following the general pattern of all M&A deals as macroeconomic conditions deteriorated, S&P indicated.

Largest PE/VC investments in aviation sector in 2022

Investor(s)	Target	Announced date	Transaction value ($M)
KKR & Co. Inc. and KKR Asian Fund IV	Hitachi Transport System Ltd.	04/28/22	6,044.9
J.F. Lehman and Co. LLC, Apollo Global Management Inc. and Hill City Capital LP	Atlas Air Worldwide Holdings Inc.	08/04/22	4,511.1
Angel Box Co. Ltd.	Space Exploration Technologies Corp.	06/03/22	1,725.0
WCM Investment Management LLC, **Lightspeed Ventures LLC, Human Capital Investment Management LLC, Tulco LLC, Marlinspike Capital LLC** and US Innovative Technology Fund LP	Anduril Industries Inc.	05/13/22	1,500.0
DST Global, Andreessen Horowitz LLC, Founders Fund Inc., MSD Partners LP, Shopify Inc. and **SoftBank Investment Advisers (UK) Ltd.**	Flexport Inc.	02/07/22	935.0
3i Investments PLC	TCR International NV	06/14/22	406.1
Fidelity Management & Research Company LLC, **TPG Capital LP** and TPG Rise Climate LP	BETA Technologies Inc.	04/19/22	375.0
MML Capital Partners and **Bpifrance Investissement SAS**	L.V. Overseas SAS	01/26/22	237.1
Disruptive Technology Advisers LLC, Homebrew Management LLC, Riot Ventures and **Snowpoint Ventures**	Shield AI Inc.	05/31/22	225.0
Anhui Jiangnan Industrial Concentration Zone Construction Investment Development, **Guangzho Hexin Fangce Equity Investment Management Co. Ltd.**, Chengdu Maiqiu Venture Capital Partnership Enterprise LP, Qingdao Tianqiong Xuanji Equity Investment Partnership Enterprise LP, **Xi'an Leirong Private Equity Fund Management Co., Ltd.** and Taicang Hongli Investment Management Center LP	Galactic Energy (Beijing) Space Technology Co. Ltd.	01/24/22	200.6

Geography Asia-Pacific United States and Canada Europe

Data compiled Dec. 13, 2022.
PE/VC = private equity or venture capital.
Buyer names in bold fonts indicate PE/VC investor.
Analysis includes 10 largest global PE/VC investments in the airlines, aerospace and defense, air freight and logistics, and airport services industries through acquisition or rounds of funding, announced between Jan. 1, 2022, to Dec. 12, 2022.
Excludes terminated transactions and deals with undisclosed values.
Source: S&P Global Market Intelligence.

The fourth quarter of 2022 had the lowest deal value in the sector since 2018, with 50 announced transactions totalling $300 million

US and Canadian companies received the largest share of private equity investment, totalling $10.96 billion across 102 transactions.

Asia-Pacific came in next, with 107 deals totalling $7.65 billion, followed by Europe with eight deals in total.

