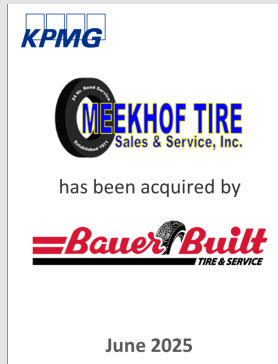




From Fragmentation to Integration: The Future of Heavy-Duty Aftermarket Growth

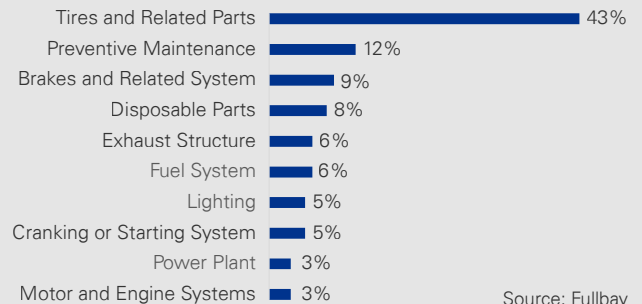


The heavy-duty aftermarket is experiencing accelerated consolidation, driven by structural and strategic factors that make this sector highly attractive to both strategic acquirers and private equity investors. A fragmented landscape of parts manufacturers, distributors, and service providers creates opportunities to build scale, while recurring, replacement-driven demand offers relative stability compared to new truck sales. Owner exits and leadership transitions are increasing the supply of acquisition targets, while operational synergies further fuel deal activity. This paper examines the key drivers behind the consolidation trend, the challenges investors must navigate, and the notable transactions shaping the competitive landscape



KPMG Corporate Finance LLC served as exclusive financial advisor to Meekhof Tire Sales & Service, Inc., a leading tire dealer and provider of maintenance and repair services to commercial, retail, and agricultural customers

Top 10 Class 8 Maintenance and Repair Costs



Source: Fullbay

Our Services

KPMG Corporate Finance LLC

KPMG LLP

M&A Advisory

- Private company sales and majority recapitalizations
- Corporate divestitures / spin-offs
- Private equity sell-side and buy-side advisory

Capital Advisory

- Debt private placements
- Capital structure analysis and debt issuance advice
- Equity private placements

Special Situations

- Distressed M&A
- Debt modifications and amendments
- Debt capacity analysis

Other Transaction Services

- Financial due diligence
- Strategic advisory services
- Economic and valuation services
- M&A tax services



What's Powering and Transforming the Heavy-Duty Aftermarket



1

Aging Fleets Extend Lifecycles:

The U.S. heavy-duty truck parc is older than ever, with Class 8 trade cycles stretching to 6.6 years and the overall vehicle fleet averaging 12.8 years¹. Longer lifespans and high utilization rates continue to drive steady demand for maintenance and replacement parts

2

Freight Activity Sustains Aftermarket Growth:

Freight demand remains steady and resilient, driven by e-commerce, construction projects, and cross-border trade—even as manufacturing output softens. Spot market rates for trucking have been rising, reflecting tighter capacity and higher operating costs. With trucks staying busy, higher utilization continues to drive sustained demand for maintenance and replacement parts

3

Supply Constraints Increase Maintenance Spend:

Persistent shortages of new trucks—driven by supply chain delays for critical parts such as engines, electronics, and braking systems, combined with OEM production backlogs and elevated demand—are forcing fleets to retain older units longer, increasing investment in overhauls and repairs²

4

Digitalization Enables Predictive Maintenance:

Fleets are adopting telematics and real-time diagnostics to enable predictive maintenance, identifying potential failures before they occur. These predictive systems often integrate with e-commerce platforms, enabling automatic parts ordering and faster replenishment. This reduces downtime and improves efficiency, transforming how fleets manage repairs and source components

5

Regulations and New Technology Shift Parts Demand:

Upcoming emissions rules, including the EPA's 2027 NOx standards and California's zero-emission mandate, are reshaping aftermarket needs. Current demand centers on diesel compliance components, but the transition toward low- and zero-emission vehicles will increase requirements for high-voltage parts, advanced cooling systems, and specialized service capabilities components³

The EPA's 2027 NOx Standard: Requires heavy-duty engines to cut nitrogen oxide emissions by about 82% compared to current limits, starting with model year 2027

¹ S&P Global, tech.co

² Freight Transportation Research, NNR Global Logistics

³ Environmental Protection Agency



M&A Rationale: Why Consolidation is Accelerating

Fragmentation = Opportunity:

Thousands of independent parts distributors and repair shops operate in the sector, enabling consolidators to build national networks and fill geographic gaps

Recurring, Replacement-Driven Demand:

Regular maintenance and parts replacement create a predictable revenue stream, even in cyclical markets, appealing to investors seeking durable cash flows

Scale Synergies:

Larger platforms reduce costs through bulk purchasing, broader inventory coverage, and one-stop-shop services, driving both cost savings and revenue growth

Succession-Driven Sales:

Many aftermarket business owners are retiring, prompting sales of their businesses. Ownership transitions have increased in recent years⁴



Strategic Levers for Value Creation

Consolidation in the heavy-duty aftermarket is evolving from a scale-driven strategy into a catalyst for operational and technological transformation. Leading acquirers are leveraging targeted initiatives to unlock margin expansion and accelerate growth:

Digital Enablement

Integrating telematics and predictive analytics to reduce downtime and lock in customer loyalty

Supply Chain Optimization

Leveraging network density for faster delivery and lower inventory costs

Specialty Expansion

Targeting high-margin niches like ADAS components, electrification parts, and advanced cooling systems

Talent Strategy

Building technician pipelines and training programs to address chronic labor shortages

⁴ Small Business Finance Insights, Michigan Journal of Economics





Key M&A Events:

June 2021: Dorman Acquires Dayton Parts

- Aftermarket parts manufacturer Dorman Products acquired Dayton Parts for \$338 million, expanding into heavy-duty undercarriage and suspension components

August 2022: Cummins Buys Meritor

- Engine maker Cummins Inc. acquired Meritor Inc. for \$3.7 billion, adding Meritor's portfolio of axles, brakes, and electric powertrain components to bolster Cummins' electrification strategy

December 2023: Sentinel Capital Partners Acquires High Bar Brands

- Private equity firm Sentinel Capital Partners acquired High Bar Brands, a consolidator of heavy-duty aftermarket product lines (e.g., Minimizer fenders), highlighting continued private equity interest in specialty parts manufacturers

2022 – 2024: Private Equity Roll-Ups Accelerate

- PE-backed distributors like FleetPride and TruckPro completed multiple acquisitions, such as FleetPride's purchase of Wheelco and TruckPro's acquisition of Plaza Fleet Parts, expanding service center footprints and adding mobile repair capabilities

Late 2024 – 2025: Broad-Based Aftermarket Expansion

- Strategic and PE buyers remain active across service, parts, and specialty components, with notable deals including MidOcean's acquisition of Arnott (suspension systems), Freudenberg's purchase of Seal Aftermarket Products, and platform investments by Acacia Research Corporation, LDR Partners, and One Equity Partners

Conclusion

The heavy-duty aftermarket remains a dynamic sector, offering opportunities for both organic growth and M&A-driven expansion. It is a mature market with consistent demand, yet it continues to evolve through technological advancements and industry consolidation. For aftermarket participants and investors, the imperative is clear: maintain agility, invest in operational and digital capabilities, and pursue scale where strategically appropriate as competitive expectations continue to rise.

Organizations that successfully combine the traditional strengths of this industry, including reliability, strong customer relationships, and technical expertise, with modern approaches such as data analytics, network optimization, and strategic partnerships will be best positioned for long-term success. By fulfilling its essential role of keeping commercial vehicles operational and supporting the broader economy, the heavy-duty aftermarket is poised to remain a critical and opportunity-rich segment for years to come.



Our Expertise

Our team's broad experience within the mobility aftermarket sector enables us to provide valuable guidance in the planning and execution of M&A processes, as well as structuring optimal transaction terms. We have a proven track record of success in this niche market and are confident in our ability to help you capitalize on the opportunities presented by this dynamic sector. Please contact us to discuss your specific objectives and explore potential M&A opportunities.

Our Aftermarket Products & Services Investment Banking Team



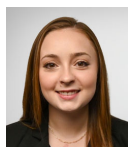
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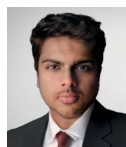
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