HEICO

NYSE: HEI · AEROSPACE AFTERMARKET PARTS

EXCEPTIONAL 5/5 SERIES CANDIDATE

SECTOR	INDUSTRY	HQ	MARKET CAP
Industrials	Aerospace & Defense	Hollywood, FL	$52.0bn

THE ONE-MINUTE VERSION

HEICO makes the replacement parts that keep jet engines and aircraft flying — components the airlines and the military need on a schedule they do not control, sold at a fraction of what the original manufacturer charges for the same part. **ADMIT on every evaluable structural test**, though the balance-sheet check has not been assessed yet, and return on capital, while still solid, is the one metric that sits behind the other two S-candidates.

WHAT IS IT?

HEICO makes and distributes the replacement parts that keep jet engines and aircraft flying — components airlines and the military need on a schedule they do not control, sold at a fraction of what the original manufacturer charges for the same part.

HOW IT CREATES VALUE

A regulatory-approved part sold well below the original manufacturer's price, on a cost base built around the approval itself rather than the manufacturing. **The certification is the product as much as the part is.**

THE MOAT

Decades of certification history that cannot be bought quickly, on parts that regulators and airlines alike are conservative about swapping out once qualified.

THE TREND SHAPING ITS MARKET

The global aircraft fleet keeps ageing and flight hours keep climbing, and every one of those hours creates demand for parts that wear out and must be replaced. **Airlines under margin pressure have every incentive to buy the cheaper, approved alternative.**

THE STRUCTURAL BOTTLENECK

Getting a replacement part approved to fly is slow, expensive and cannot be rushed — which is exactly why most competitors never bother. Once an operator trusts a part on a plane, switching suppliers means requalifying it.

THE COMPETITION — THE HONEST BIT

The original engine and airframe manufacturers — GE, Pratt & Whitney, Rolls-Royce, Honeywell — sell the same parts at a premium and have every commercial incentive to keep approved alternatives off the list. **HEICO's whole business exists in the gap regulators allow and OEMs resent.** Growth has also been bought as well as earned: this is a serial acquirer, and that only keeps working while sensible things stay available at sensible prices.

THE FIVE STRUCTURAL TESTS — EVERY COMPANY, THE SAME FIVE

COMPOUNDING	EARNINGS QLTY	BALANCE SHEET	CAPITAL ALLOC.	PER-SHARE VAL.
PASS	PASS	PASS	PASS	PASS

TRAJECTORY · IMPROVING ↑ EPS grew 33.5% over the latest reported year, against 26.1% the year before. The rate of growth is rising, not just the earnings.

THE COMPOUNDING RECORD — SAME FIVE METRICS FOR EVERY COMPANY IN THE SERIES

EPS CAGR, 11 YRS	YEARLY COMPARISONS UP	WORST EARNINGS DRAWDOWN	NET MARGIN	NET DEBT / EQUITY
17.8%	88%	31%	15.4%	0.51×

The Exceptional Company Series is where The Conviction Play profiles the small number of businesses whose economics we judge genuinely exceptional — companies that pass all five of our structural tests and have compounded earnings through a full cycle. The premise is simple: **conviction is built on business quality and an enduring competitive advantage**, not on a price forecast. We publish what the moat is, how it is defended, and what would change our mind — dated. What we never publish is a price target.

— EXPLORE	— ARCHIVE	— SUBSCRIBE
The seven forces & twenty-two themes	Every company profile to date	convictionplay.substack.com

Not a buy signal — exceptional can also be expensive, and capital is at risk. What this is and what it is not, overleaf.

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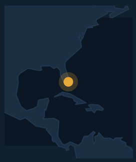
HEAD OFFICE



Hollywood, Florida, United States

Industrials · Aerospace & Defense

ROIC	11.1%
REVENUE GROWTH	+16.3%
EPS GROWTH	+33.5%
INTEREST COVER	7.8×
FINANCIAL STRENGTH	5 / 5
WEBSITE	www.heico.com

THE CONVICTION WHEEL

COMPOUNDING
Revenue +16.3%, EPS +33.5%

EARNINGS QLTY
FCF/NI 125%

BALANCE SHEET
Interest covered 7.8x

CAPITAL ALLOC.
11.1% return on capital

PER-SHARE VAL.
FCF/share +24.7%/yr, 3y

PEER GROUP — AEROSPACE AFTERMARKET PARTS

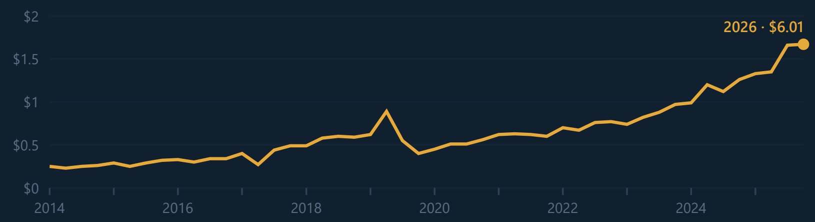
HEI · profiled | TDG TransDigm | WWD Woodward | MOG.A Moog

WHY THE ECONOMICS ARE EXCEPTIONAL

Share price, 5 years of monthly closes — shorter than the earnings chart below (our price history only reaches back 5 years; the EPS record below covers the full twelve).

Not a valuation. Marker = date profiled. Refreshes quarterly.

Trailing twelve-month EPS, twelve years of quarterly data. **9 years in 10, this line went up.**



Weakest point: 2021, 31% off the prior peak.

WHAT THIS IS, AND WHAT IT IS NOT

An assessment of business quality — how durable the economics are, and how consistently they have become earnings. Produced by Legend, our rules-based framework, applied identically to every company.

Not a buy signal. Not a valuation, price target, forecast or recommendation, and no view on the share price. Exceptional can also be expensive: this company fell 10% from its July 2023 high and took 6 months to regain that price, while its earnings kept rising. Capital is at risk.

WHERE TO READ MORE — NOT BY US

Mauboussin, *Measuring the Moat* (Morgan Stanley) — how to judge a competitive advantage rather than assert one. Free. · **Thorndike, *The Outsiders*** — capital allocation as the job. · **Berkshire shareholder letters** — free at berkshirehathaway.com.

Company facts and financial data: Legend, from company filings and market data, as at 31 August 2026. Structural assessment computed by Legend from reported earnings history. **A point-in-time snapshot** — recalculated as companies report, and it can change on any earnings release. Nothing here updates itself. Full method at theconvictionplay.com/exceptional.