

Commercial Aerospace

Aerospace, Defense & Space

Q3 2025 M&A MARKET UPDATE

Defense



Space



Meridian's Aerospace, Defense & Space Practice

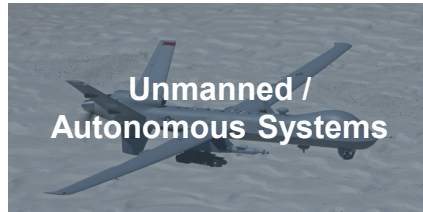
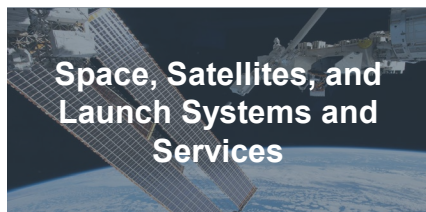
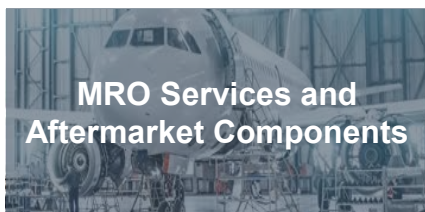
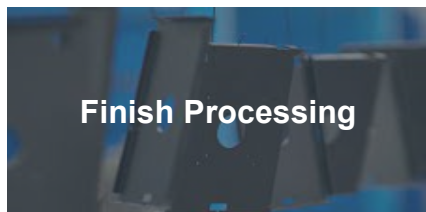
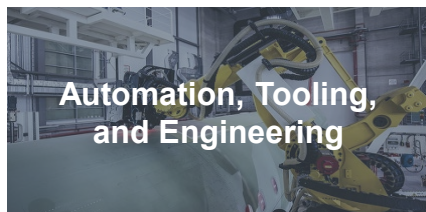
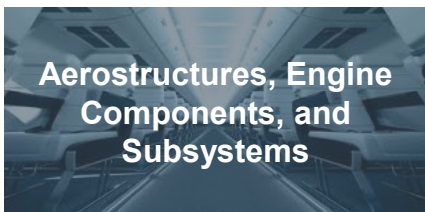
Overview

Meridian Capital's Aerospace, Defense & Space team has extensive experience within the sector having completed 25+ transactions in the industry.

The coverage team possesses deep industry relationships with leading acquirers in the space and is up-to-date on the latest sector trends and considerations.

Meridian Capital is pleased to present its **Q3 2025 Aerospace, Defense & Space M&A Market Update**.

Sub-Sector Coverage



Meet the Team



Team Lead

Aaron Franzheim

Director

afranzheim@meridianib.com



Team Lead

Brian Murphy

CEO & Managing Director

bmurphy@meridianib.com



Randy Moe

Managing Director

rmoe@meridianib.com

Our Services

SELL-SIDE ADVISORY

Strategic Sales

Minority Sales

Subsidiary Divestitures

RECAPITALIZATION

Mergers

Growth Equity

Shareholder Liquidity

Management Buyouts

BUY-SIDE ADVISORY

Targeted Buy-side Execution

Add-on Acquisitions

Vertical and Horizontal

Acquisitions

STRATEGIC ADVISORY

Exit Strategy Assessment

Exit Planning and

Preparations

Corporate Finance

Consulting



Section 01. M&A Update



Meridian's Perspective on the Market and Outlook

- The aerospace, defense, and space M&A market has remained resilient with nearly 500 transactions through Q3 2025, representing a 5% year-over-year increase, although with depressed M&A activity since Q1 and the tariff announcements in early April.
- Engineered and proprietary products, unmanned systems, and the MRO sector has remained attractive for investors resulting in competitive processes and healthy valuation multiples – we expect this trend to continue into 2026.
- Within the supply chain we are tracking a confluence of several factors across the industry that are expected to accelerate growth for AD&S components and sub-system suppliers, for both build-to-print and proprietary, which we believe will drive increased M&A activity over the next 12-24 months.

Notable Supply Chain Trends

Optimistic Outlook for the Boeing Commercial Supply Chain

- Following the FAA's October announcement, Boeing is authorized to raise its 737 MAX build rate to 42 aircraft per month. Suppliers have targeted this rate increase for a Q1-26 implementation, signaling a significant and imminent growth driver for those with meaningful platform exposure.
- Boeing is strategically prioritizing supply chain stability and quality control, leading to the renewal and expansion of long-term contracts with high-performing Tier 1 suppliers to mitigate production bottlenecks and ensure smooth rate attainment
- Into 2026, we anticipate an increase in M&A activity from sellers who have successfully weathered the turbulent past five years and are seeking to leverage the favorable market conditions supported by the rate recovery and improving stability to pursue a transaction

Increased Emphasis on Missile Production

- The formation of the Pentagon's Munitions Acceleration Council at the end of Q3 2025 was a high-level response to the critically depleted U.S. missile stockpiles, issuing a multi-year mandate for suppliers to significantly increase production rates to replenish inventories
- The mandate provides substantial, high-visibility revenue opportunity for both primes and sub-tier suppliers who are in turn responding by increasing capacity to achieve set targets and capitalize on the opportunity
- The immediate focus is on rapidly increasing the output of critical munitions including: Patriot interceptors, Long-Range Anti-Ship Missiles, Standard Missile-6, and Precision Strike Missiles, among others

Accelerating Space Architecture Providing Immense Market Opportunity

- Global threats have unified U.S. defense policy, accelerating the development of an integrated, resilient space architecture, including the PWSA and MWT programs which serve as the foundational sensor and communications layer for the overarching Golden Dome program
- Suppliers on these programs are positioned to benefit from long-term revenue streams driven by the proliferation model, providing hundreds of low-cost satellites delivered in tranches, and the ongoing operations and sustainment requirements over the multi-decade lifespan of the constellations.
- Strategic buyers and PE firms view this as a highly attractive market, actively pursuing assets although still navigating the challenge of valuing the future revenue potential given current financial profiles and program timing uncertainty

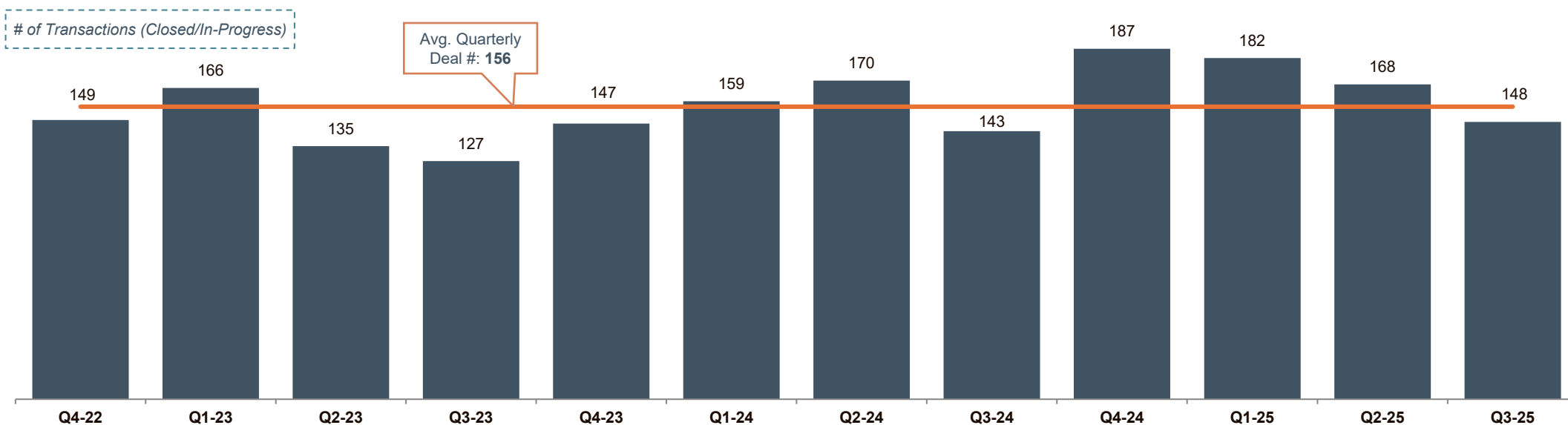
Convergence of growth accelerants across the commercial, defense, and space market are creating highly attractive market dynamics, we expect to fuel M&A activity

Source: WSJ, Pitchbook, MergerMarket, Press Releases, Meridian Research

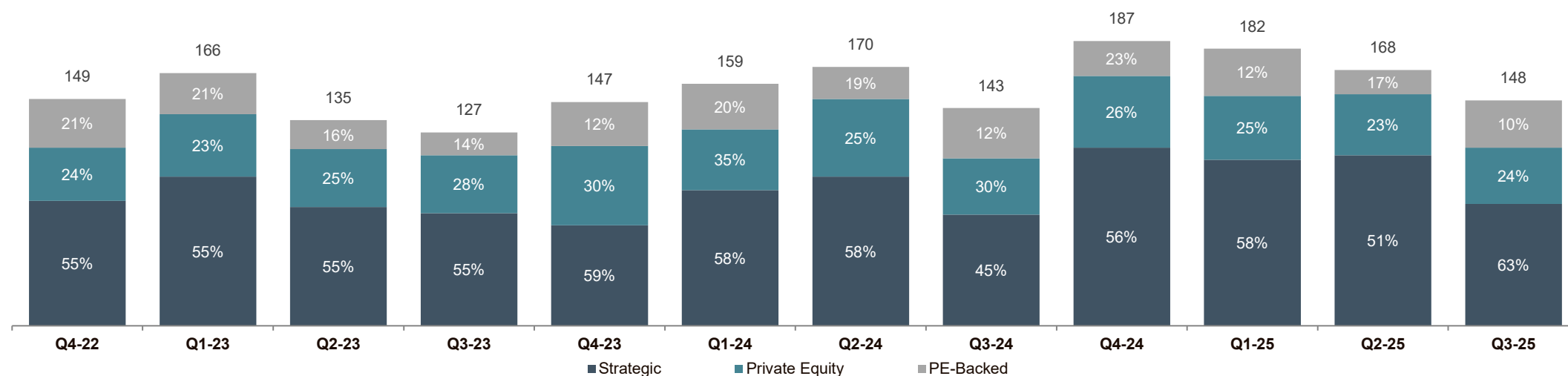


M&A Activity Update

Global Deal Count by Quarters (Q4-22 – Q3-25)



Global Deal Count by Investor Type (Q4-22 – Q3-25)



Source: Pitchbook as of 09/30/2025



Select M&A Transactions

Date	Target	Acquirer	Target Description
Sep-25	ADI American Distributors	AAR (NYS: AIR)	Distributor of electronic and electromechanical components and assemblies intended for aerospace, defense, medical, and industrial sectors
Sep-25	BridgeComm	Voyager (NYS: VOYG)	Developer of a wireless technology designed to connect satellites from space to the ground and meet the accelerating demand for big data
Sep-25	Vestdavit	Arcline, Fairbanks Morse Defense	Manufacturer of boat handling and launch systems
Sep-25	Mission Focused Systems	Bluestone Investment Partners, Precise Systems	Provider of engineering services intended for defense and government systems programs
Sep-25	Attollo Engineering	Safran Defense & Space	Developer of infrared systems for imaging and laser detection systems serving defense, aerospace, and commercial sectors
Sep-25	Aerospace Technologies Group	Bain Capital, Jamco	Manufacturer of window shade systems intended for small, mid-size, and large cabin business jets, as well as commercial aircraft
Aug-25	AeroFlow Technologies	Tinicum	Manufacturer of aerospace-engineered products intended to serve the aerospace and defense industries
Aug-25	Blade Air Mobility (Passenger Business)	Joby Aviation (NYS: JOBY)	Developer of an air mobility platform based in New York
Aug-25	Saab Transpondertech	Teledyne FLIR	Developer of commercial radio products and software solutions intended to serve both civil and military customers
Aug-25	NSL Aerospace	Bron Tapes, Rotunda Capital Partners	Distributor of aerospace sealants and adhesives
Aug-25	MLD Technologies	General Atomics	Manufacturer of optical technology equipment and custom optical coatings
Aug-25	American Aviation Holdings	ERA Partners	Provider of aerial wildland firefighting and heavy lift services
Aug-25	ATI (East Hartford Operations)	Barnes Aerospace	Supplier of flight-safety critical components and assemblies intended for commercial and defense aerospace sectors
Aug-25	Coherent (Aerospace and Defense Business Division)	Advent International	Manufacturer of optical and laser systems intended for defense applications
Aug-25	Aerostrat	AAR (NYS: AIR)	Developer of aircraft maintenance management software designed for long-term maintenance planning and forecasting
Aug-25	Geost	Rocket Lab (NAS: RKLBY)	Manufacturer of optical collection systems that provide operational advantage using data in and from space
Aug-25	Precise Flight	Arcline, Signia Aerospace	Manufacturer of aviation safety systems and equipment intended to serve the aerospace industry
Aug-25	Mack Tool & Engineering	Altus Capital Partners, Greyrock Capital Group, Winsert	Manufacturer of machined parts and components for the aerospace, medical, and other industries
Aug-25	ElectroMagnetic Systems	Voyager (NYS: VOYG)	Developer of AI and machine learning-based automated target recognition software and intelligence analytics for space-based radar systems
Aug-25	Brinkley Aerospace	Hartzell Aviation	Provider of aerospace components intended for the aviation industry

Source: Pitchbook and MergerMarket as of 09/30/2025; Meridian Research



Select M&A Transactions (cont.)

Date	Target	Acquirer	Target Description
Aug-25	Comlux America	Everpeak Capital Group	Provider of aircraft cabin outfitting and maintenance services
Jul-25	LHM Technologies	Aero Engineering & Manufacturing, Emko Capital	Manufacturer of complex, high-precision components and assemblies
Jul-25	Triumph Group	Berkshire Partners, Warburg Pincus	Manufacturer of integrated systems and components intended for the aviation industry
Jul-25	Aeromet International	Barings, Clayton, Dubilier & Rice, Greenbriar Equity Group, Pursuit Aerospace	Manufacturer of aluminum and magnesium casting intended for the aerospace, defense and auto-sport industries
Jul-25	Narda-MITEQ	Amphenol (NYS: APH)	Designer and manufacturer of custom radiofrequency, microwave subsystems and components
Jul-25	Safran (Electromechanical Actuation Business)	Woodward (NAS: WWD)	Operator of electronics & defense electromechanical actuation business based in the United States, Mexico, and Canada
Jul-25	N23D Services	Aerox (Aerospace and Defense)	Manufacturer of PMA products catering to commercial aviation, business aviation, and military customers
Jul-25	Precision Aero	Kohlberg Kravis Roberts (NYS: KKR), Novaria Group	Manufacturer of precision machined components for critical industrial systems
Jul-25	Rolls-Royce Holdings (Naval Propulsors and Handling Business)	Arcline, Fairbanks Morse Defense	Provider of naval propulsors and handling business services intended to serve next-generation vessels
Jul-25	Turner Aviation	GenNx360 Capital Partners, Precision Aviation Group	Provider of aviation maintenance and industrial component services
Jul-25	Envoy Aerospace	Astronics (NAS: ATRO)	Provider of aircraft certification services intended to support aviation design modifications and regulatory approvals
Jul-25	B & S Aircraft Alloys	Dallas Opportunity Partners, First Lexington	Distributor of aircraft alloys and raw materials intended for the aircraft and aerospace industries
Jul-25	B&H Precision Tooling	ASG Group	Provider of precision tooling and machining solutions intended to serve aerospace, automotive and the defense sectors
Jul-25	Servotronics	TransDigm Group (NYS: TDG)	Designs, manufactures, and markets servo valves
Jun-25	Pacific Aerodynamic	FTAI Aviation (NAS: FTAI)	Provider of aviation maintenance and technical services catering to airlines and overhaulers
Jun-25	Air Transport Components	AE Industrial Partners, Harvey & Company	Provider of aerospace component repair services
May-25	West Star Aviation	Greenbriar Equity Group	Provider of maintenance, repairs, and operations services to the aviation industry
May-25	Turbine Weld Industries	VSE (NAS: VSEC)	Provider of maintenance, repair and overhaul services
Mar-25	Cross-Check Aviation	Greenbriar Equity Group, Sunvair Aerospace Group	Provider and supplier of aircraft maintenance services and products intended to serve the commercial aviation industry

Source: Pitchbook and MergerMarket as of 09/30/2025; Meridian Research

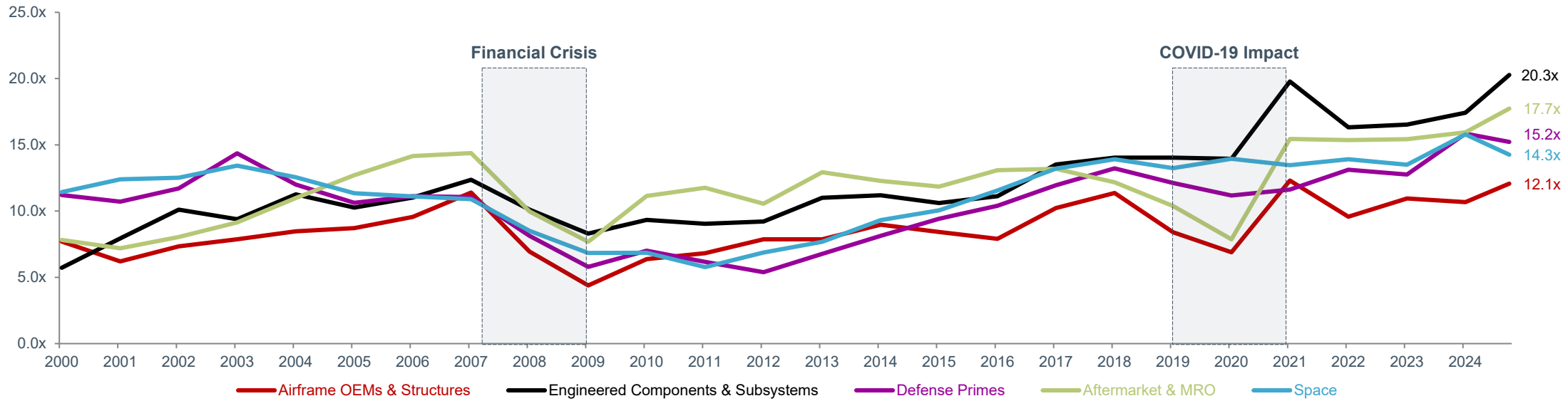


Section 02. Valuation Trends

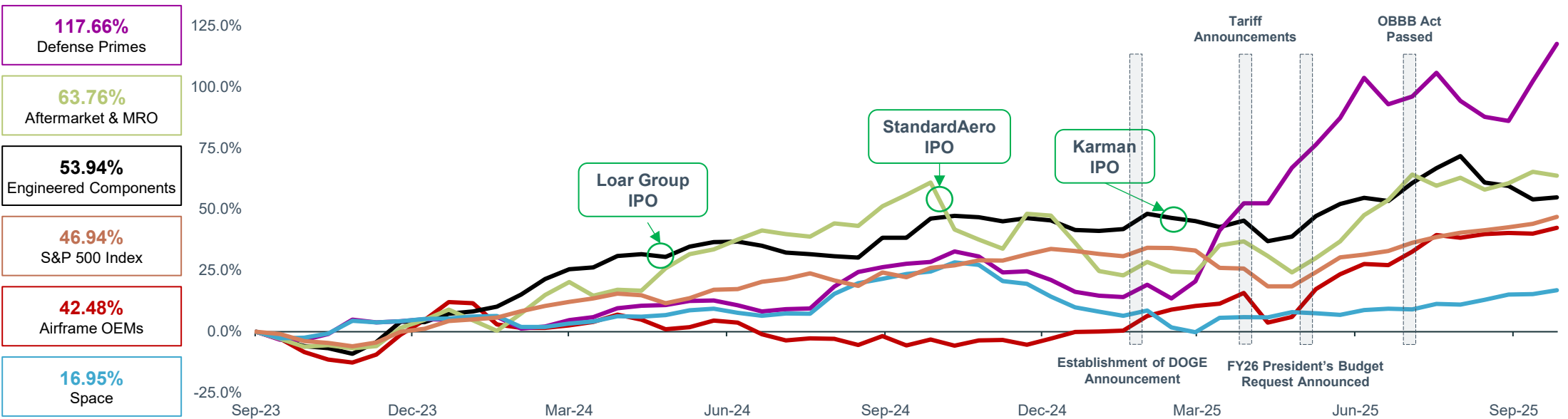


Public Market Valuation Trends

Segment Median TTM EV / EBITDA Multiples



2-Year Index Growth (Sep-23 – Sep-25) *Two-Week Moving Average



Source: Pitchbook as of 09/30/2025; Meridian Research



Public Company Sub-Sector Valuation Metrics

US\$ in Millions

Airframe OEMs & Structures	Market Cap	Enterprise Value	LTM		LTM Margin	EV / LTM		52-Week Change
			Rev	EBITDA	EBITDA	Rev	EBITDA	
Airbus SE	\$182,320	\$179,997	\$76,060	\$9,917	13.0%	2.4x	18.1x	62 %
Boeing Co.	\$163,202	\$193,563	\$75,327	(\$5,566)	nm	2.6x	nm	40 %
Safran SA	\$147,376	\$145,729	\$31,913	\$6,411	20.1%	4.6x	22.7x	50 %
How met Aerospace Inc.	\$79,105	\$81,873	\$7,721	\$2,195	28.4%	10.6x	37.3x	94 %
Leonardo SpA	\$36,529	\$40,706	\$20,311	\$2,800	13.8%	2.0x	14.5x	179 %
Dassault Aviation SA	\$26,028	\$15,042	\$7,121	\$1,215	17.1%	2.1x	12.4x	60 %
Textron Inc.	\$15,057	\$17,357	\$14,062	\$1,490	10.6%	1.2x	11.6x	(3)%
Ducommun, Inc.	\$1,435	\$1,654	\$795	\$123	15.4%	2.1x	13.5x	47 %
Magellan Aerospace Limited	\$672	\$682	\$698	\$72	10.4%	1.0x	9.4x	70 %
Median	\$36,529	\$40,706	\$14,062	\$1,490	14.6%	2.1x	14.0x	60 %
Average	\$72,414	\$75,178	\$26,001	\$2,073	16.1%	3.2x	17.5x	66 %

Aftermarket & MRO	Market Cap	Enterprise Value	LTM		LTM Margin	EV / LTM		52-Week Change
			Rev	EBITDA	EBITDA	Rev	EBITDA	
HEICO Corporation	\$39,155	\$41,849	\$4,289	\$1,177	27.4%	9.8x	35.6x	25 %
Singapore Technologies Engineering Ltd	\$20,837	\$25,139	\$8,804	\$1,316	14.9%	2.9x	19.1x	85 %
StandardAero Aviation Holdings, Inc.	\$9,128	\$11,583	\$5,619	\$775	13.8%	2.1x	15.0x	(17)%
VSE Corporation	\$3,437	\$3,838	\$1,101	\$156	14.2%	3.5x	24.5x	100 %
AAR Corp.	\$3,238	\$4,258	\$2,858	\$337	11.8%	1.5x	12.6x	37 %
SIA Engineering Company Limited.	\$3,074	\$3,074	\$1,007	\$84	8.3%	3.1x	36.7x	44 %
AerSale Corporation	\$386	\$530	\$351	\$40	11.3%	1.5x	13.3x	62 %
Median	\$3,437	\$4,258	\$2,858	\$337	13.8%	2.9x	19.1x	44 %
Average	\$11,322	\$12,896	\$3,433	\$555	14.5%	3.5x	22.4x	48 %

Defense Primes	Market Cap	Enterprise Value	LTM		LTM Margin	EV / LTM		52-Week Change
			Rev	EBITDA	EBITDA	Rev	EBITDA	
RTX Corporation	\$223,978	\$264,640	\$83,599	\$14,766	17.7%	3.2x	17.9x	35 %
Lockheed Martin Corporation	\$116,548	\$136,893	\$71,844	\$7,927	11.0%	1.9x	17.3x	(18)%
Rheinmetall AG	\$104,092	\$106,574	\$11,592	\$2,089	18.0%	9.2x	51.0x	309 %
General Dynamics Corporation	\$91,727	\$100,823	\$50,273	\$6,338	12.6%	2.0x	15.9x	12 %
Northrop Grumman Corporation	\$87,244	\$102,310	\$40,501	\$6,690	16.5%	2.5x	15.3x	12 %
BAE Systems Plc	\$80,851	\$90,671	\$35,427	\$5,474	15.5%	2.6x	16.6x	62 %
Thales SA	\$64,294	\$68,346	\$23,192	\$3,543	15.3%	2.9x	19.3x	92 %
L3Harris Technologies, Inc.	\$57,141	\$68,761	\$21,373	\$4,339	20.3%	3.2x	15.8x	25 %
Elbit Systems Ltd.	\$23,455	\$23,846	\$7,516	\$763	10.2%	3.2x	31.2x	152 %
AeroVironment, Inc.	\$15,723	\$15,867	\$1,086	\$166	nm	14.6x	nm	49 %
Kratos Defense & Security Solutions, Inc.	\$15,423	\$14,918	\$1,213	\$105	nm	12.3x	nm	268 %
Karman Holdings Inc	\$9,554	\$10,012	\$392	\$120	nm	25.5x	nm	140 %
Median	\$72,572	\$79,716	\$22,283	\$3,941	\$0.2	3.2x	17.3x	0.6x
Average	\$23,596	\$90,332	\$31,601	\$4,745	15.2%	6.9x	22.3x	0.9x

Source: Pitchbook as of 09/30/2025; Meridian Research



Public Company Sub-Sector Valuation Metrics (Cont.)

US\$ in Millions

Engineered Components & Subsystems	Market Cap	Enterprise Value	LTM		LTM Margin	EV / LTM		52-Week Change
			Rev	EBITDA	EBITDA	Rev	EBITDA	
Safran SA	\$147,376	\$145,729	\$31,913	\$6,411	20.1%	4.6x	22.7x	50 %
Eaton Corporation PLC	\$145,696	\$156,736	\$25,989	\$5,870	22.6%	6.0x	26.7x	14 %
Honeywell International Inc.	\$133,646	\$160,040	\$39,990	\$10,276	25.7%	4.0x	15.6x	2 %
Parker-Hannifin Corporation	\$95,939	\$104,766	\$19,850	\$5,233	26.4%	5.3x	20.0x	20 %
TransDigm Group, Inc.	\$74,271	\$96,499	\$8,580	\$4,590	53.5%	11.2x	21.0x	(8)%
HEICO Corporation	\$39,155	\$41,849	\$4,289	\$1,177	27.4%	9.8x	35.6x	25 %
Teledyne Technologies, Inc.	\$27,479	\$29,791	\$5,909	\$1,455	24.6%	5.0x	20.5x	33 %
Curtiss-Wright Corp.	\$20,457	\$21,255	\$3,305	\$772	23.3%	6.4x	27.5x	61 %
Woodward, Inc.	\$15,154	\$15,634	\$3,426	\$612	17.8%	4.6x	25.6x	49 %
Loar Holdings Inc.	\$7,490	\$7,674	\$452	\$169	37.3%	17.0x	45.5x	11 %
Moog Inc.	\$6,573	\$7,597	\$3,734	\$504	13.5%	2.0x	15.1x	3 %
ESCO Technologies, Inc.	\$5,452	\$5,942	\$1,124	\$229	20.4%	5.3x	26.0x	65 %
Ducommun, Inc.	\$1,435	\$1,654	\$795	\$123	15.4%	2.1x	13.5x	47 %
Median	\$33,317	\$35,820	\$5,099	\$1,316	24.0%	5.3x	24.1x	22 %
Average	\$59,891	\$66,126	\$12,380	\$3,108	26.1%	6.8x	25.1x	27 %

Space	Market Cap	Enterprise Value	LTM		LTM Margin	EV / LTM		52-Week Change
			Rev	EBITDA	EBITDA	Rev	EBITDA	
RTX Corporation	\$223,978	\$264,640	\$83,599	\$14,766	17.7%	3.2x	17.9x	35 %
Lockheed Martin Corporation	\$116,548	\$136,893	\$71,844	\$7,927	11.0%	1.9x	17.3x	(18)%
General Dynamics Corporation	\$91,727	\$100,823	\$50,273	\$6,338	12.6%	2.0x	15.9x	12 %
Northrop Grumman Corporation	\$87,244	\$102,310	\$40,501	\$6,690	16.5%	2.5x	15.3x	12 %
L3Harris Technologies, Inc.	\$57,141	\$68,761	\$21,373	\$4,339	20.3%	3.2x	15.8x	25 %
Rocket Lab USA, Inc.	\$23,187	\$22,997	\$504	(\$112)	nm	45.6x	nm	419 %
Karman Holdings Inc	\$9,554	\$10,012	\$392	\$120	nm	25.5x	nm	140 %
Firefly Aerospace Inc.	\$4,297	\$5,232	\$103	(\$191)	nm	50.9x	nm	(51)%
Voyager Technologies, Inc	\$1,756	\$1,325	\$157	(\$33)	nm	8.4x	nm	(47)%
Redwire Corporation	\$1,395	\$1,701	\$261	(\$36)	nm	6.5x	nm	40 %
Median	\$40,164	\$45,879	\$10,939	\$2,229	16.5%	4.9x	15.9x	18 %
Average	\$61,683	\$71,469	\$26,901	\$3,981	15.6%	15.0x	16.4x	57 %

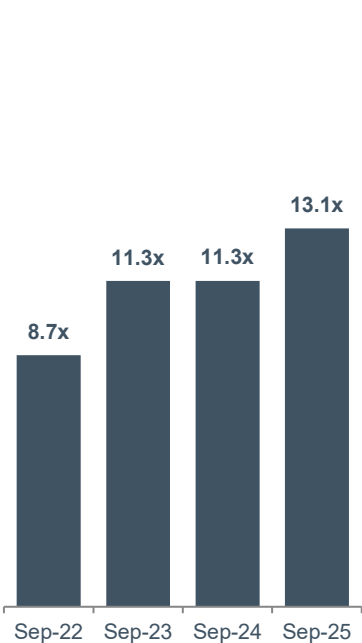
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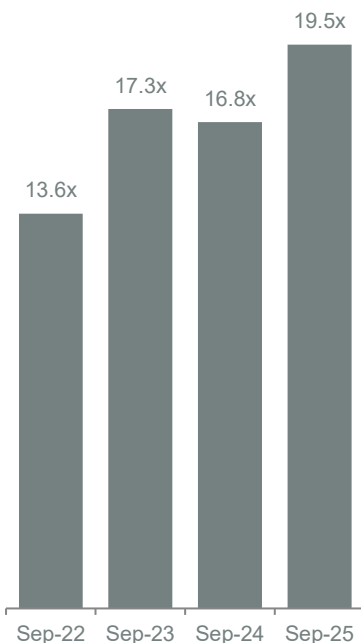
Public Company Sub-Sector Valuation Metrics (Cont.)

Three Month Rolling Average Median EV / EBITDA Multiples

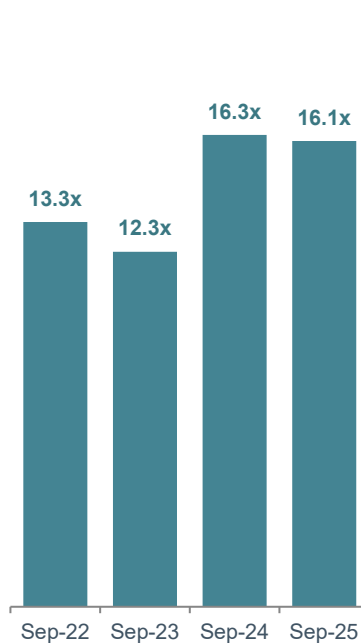
Airframe OEMs & Structures



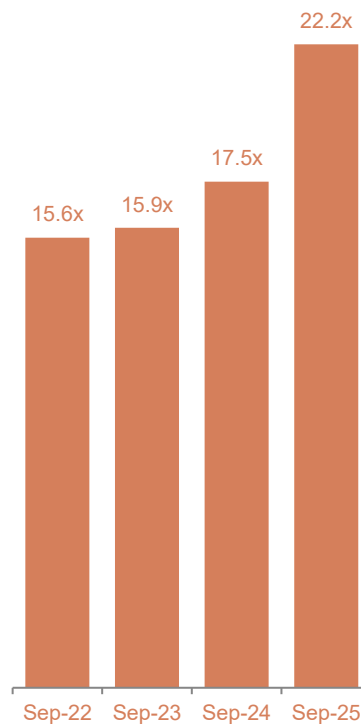
Aftermarket & MRO



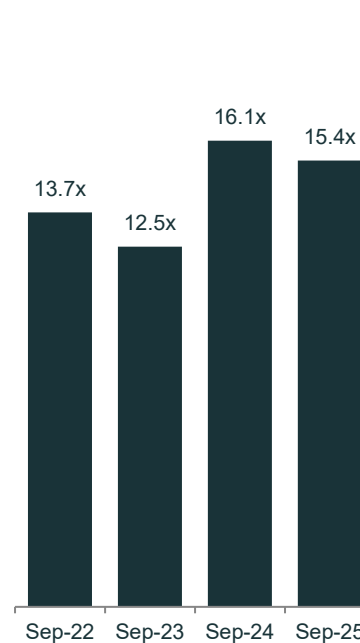
Defense Primes



Engineered Components & Subsystems



Space



Source: Pitchbook as of 09/30/2025; Meridian Research



Thank you

CONTACT INFORMATION

Aaron Franzheim

Director

AD&S Lead

Direct: (206) 582-3890

afranzheim@meridianib.com

Brian Murphy

CEO & Managing Director

AD&S Lead

Direct: (206) 224-6156

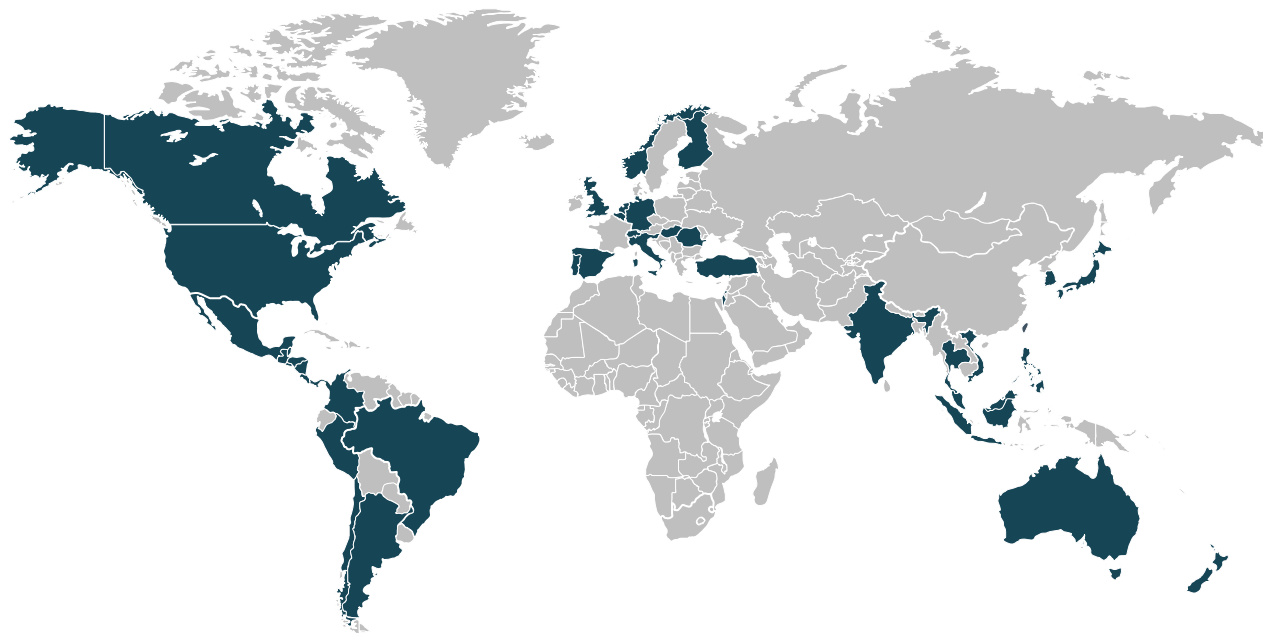
bmurphy@meridianib.com

Randy Moe

Managing Director

Direct: (503) 841-3035

rmoe@meridianib.com



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