



Aerospace | Defense & Government |  
Intelligence Community

August 2024 Market Snapshot



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## Not Exactly

We do not necessarily want to defend a specific company (although in Boeing's case, given its importance to the US industrial manufacturing base, perhaps this deserves a separate discussion), rather our perspective centers around the publicly traded companies in the defense industry—not only the primes but also the mid-tier integrators. A widely voiced concern is that they have grown large, insular and risk averse, neglecting to pour their profits back into independent research & development. In many (most?) cases, they have evolved into large portfolio holdings of capabilities and technologies that are managed [‘primarily if not solely on top-level financial metrics’](#). A notable exception might be Lockheed Martin, even if some of this risk is [hidden under the cloak of National Security](#). Even so, the largest companies in the industry are generally not taking a [‘bet the company’ risk](#) on new technologies, and one might argue this is not the proper risk profile for these companies in any case.

If the most funded and well capitalized companies in the industry are not going to take this risk, who will? As noted in one link above, RTX Corporation has come together as many separate organizations that were [“recently collected together in a single corporate entity by career financiers, accountants, and managers operating on the theory that the ideal firm is like a financial portfolio with stably growing financial metrics.”](#) This certainly spreads the risk around, perhaps even in a prudent way given how regulators and Congress have allowed the industry to evolve.

Might there be a better way? And has the industry already begun evolving into one where this risk is properly stratified? In our February 2024 Market Snapshot, we observed that [‘the environment for capital formation in the industry has never been broader.’](#) With pools of capital available up and down the spectrum, from early stage to large publicly traded companies, risk can be managed not just within one investment pool, vehicle or portfolio (e.g., RTX Corporation), rather through distinct and separate investment stages and companies. While the investor might be satisfied to access returns through either mechanism, we would argue that the customer (i.e., the warfighter and those they protect) will benefit more from a diverse universe of competing investments driving new capabilities, not reliance on older technology that serves as a cash cow for a risk averse prime contractor.

Which brings us back to Boeing (and those similarly situated large, risk averse publicly traded industry participants). Without a stable base of satisfied investors at the top of the food chain, investors at the lower end will cease to exist. Whether it is due to lack of addressable market (even a protected market) that early-stage investors aspire to grab, or a lack of exit opportunities (i.e., larger companies that are natural acquirors of new capabilities) these investments will cease to exist as will the new technology that they are driving. Today's [startup](#) is tomorrow's Boeing. Hopefully, structural access to capital will keep them on their toes should they eventually become risk averse themselves.



Please see additional insights on the satellite & space industry in the [August 2024 Market Monitor](#) from our partners at Quilty Space.

## Strategy & Policy



### ✓ [Buckle Up: The Era of Great Power Competition is Here to Stay](#)

"...multipolar systems tend to be less stable, more likely to lead to large wars, and longer lasting."

### ✓ [How America Lost its Global Connectivity Lead and Why the Future Depends on Getting it Back](#)

"The United States used to dominate in this sector. It does not anymore."

### ✓ [Why The Future Belongs to the Submarine](#)

"Recent advances in Air-Independent-Propulsion for submarines, as well as anti-carrier missiles, make reassessment inevitable."

## Trends in Technology



### ✓ [Winning the Tech Race: Why American CEOs Must Lead, Not Follow](#)

"We won't regulate our way to victory over autocracy; we will have to innovate our way there."

### ✓ [Evidence is Mounting That Lockheed Martin's SR-72 Could Be in Production](#)

"...it seems unlikely that Lockheed Martin would have gone all-in on fielding the SR-72 without some pretty conclusive evidence from the Air Force that it'd eventually step in and foot the bill."

### ✓ [USAF Trials Autonomous Flights with Joby, Reliable Robotics](#)

"...taxied, took off, and landed autonomously at every destination..."

## Contracting, Procurement & Budget



### ✓ [Boeing Was Paid Billions More than SpaceX to be Seven Years Late on a Mission it Could Not Complete](#)

"Never forget, many bureaucrats wanted to sole source all of this to Boeing."

### ✓ [Government Contractors Are Not The Problem](#)

"Today, the U.S. cannot fight a war without their support."

### ✓ [The Need for Speed](#)

"On the commercial side, time-to-market increased somewhat for aircraft and decreased for cars. But on the government side, time-to-market absolutely exploded, diverging from the commercial sector in the 1970s and never looking back."

## Capital Markets



### ✓ [Anduril's Hyperscale Blueprint is All About its Alternative Business Model](#)

"Most new R&D is done on a cost-plus basis...Of course, that incentivizes you to come up with expensive solutions and to drag it out as long as you can."

### ✓ [Amentum's Blueprint as a Public Company](#)

"Amentum will focus on those opportunities across five markets Heller called out as priorities: environment, space, intelligence, defense and civilian."

### ✓ [Raytheon is Now Run Under the Portfolio Theory of the Firm](#)

"...recently collected together in a single corporate entity by career financiers, accountants, and managers operating on the theory that the ideal firm is like a financial portfolio with stably growing financial metrics."

## Aviators & Warfighters



### ✓ [Kelly Johnson, The Man Who Saw Air](#)

"He knew that more oversight meant more delays, which would be bad for business and bad for the country."

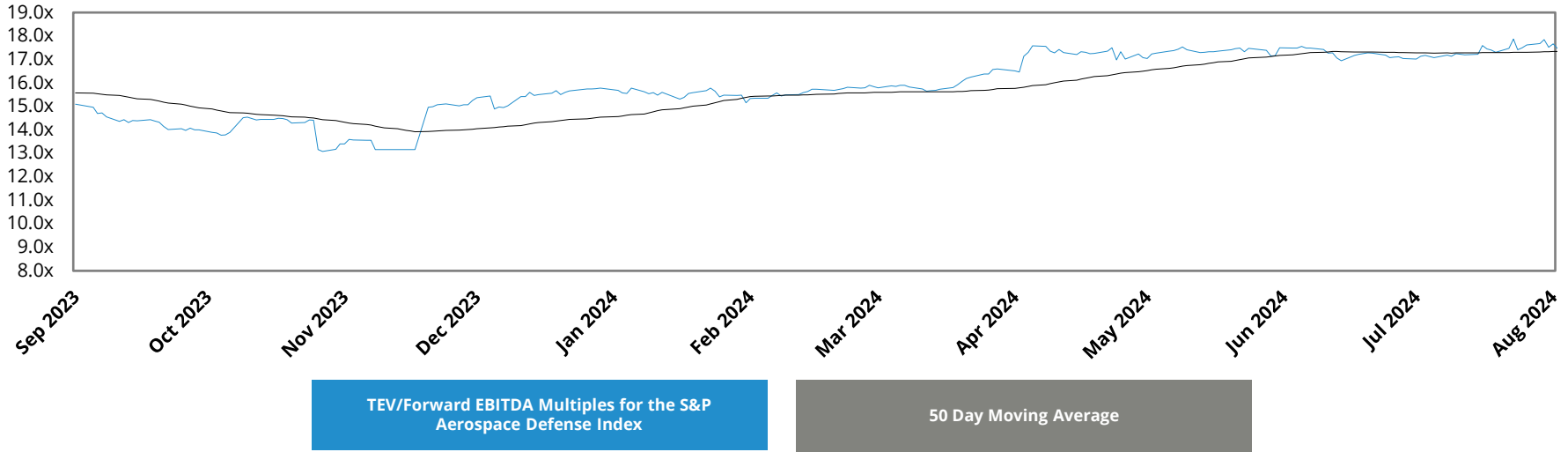
### ✓ [Delta Force](#)

"You know it as Delta Force, but the operators call themselves the Combat Applications Group, CAG, D-Boys, the Dark Side, the Other Side of the Fence, Task Force Green, or simply the Unit..."

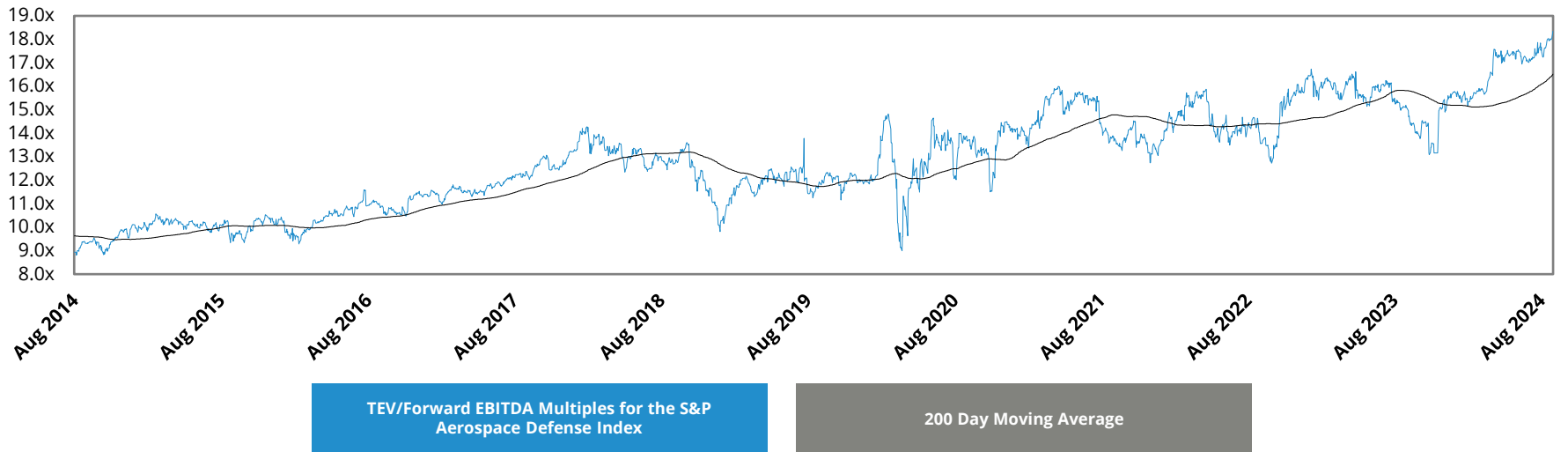
### ✓ [The Five Most Legendary Snipers Of All Time](#)

"When asked if he regretted killing so many people he replied, "I only did my duty, and what I was told to do, as well as I could."

### 1-Yr Historical EBITDA Multiples\*

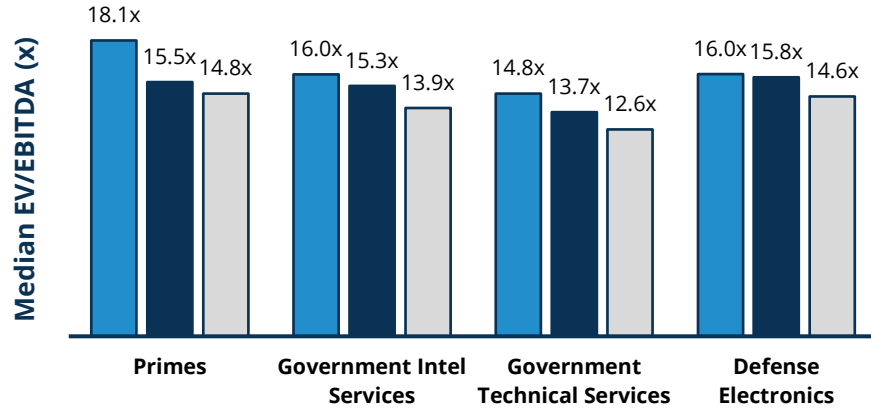


### 10-Yr Historical EBITDA Multiples\*



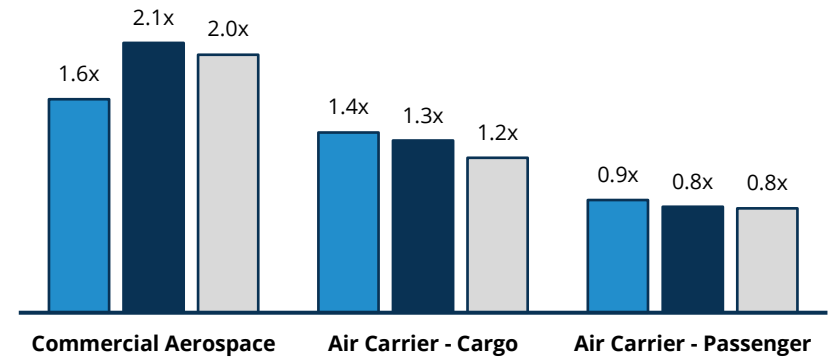
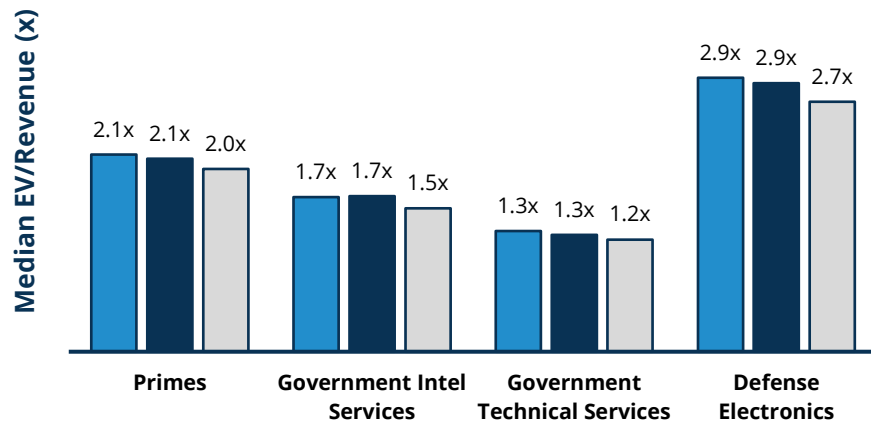
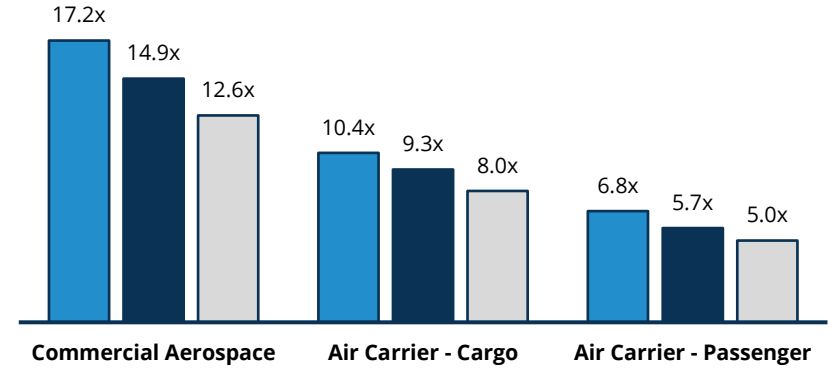
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■ LTM ■ 2024CY □ 2025CY

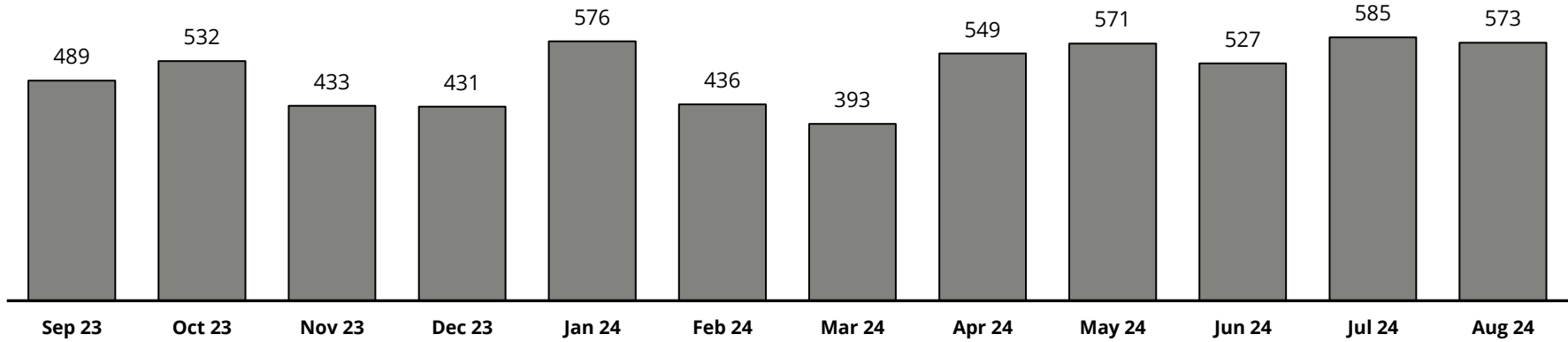


Commercial Aerospace\*

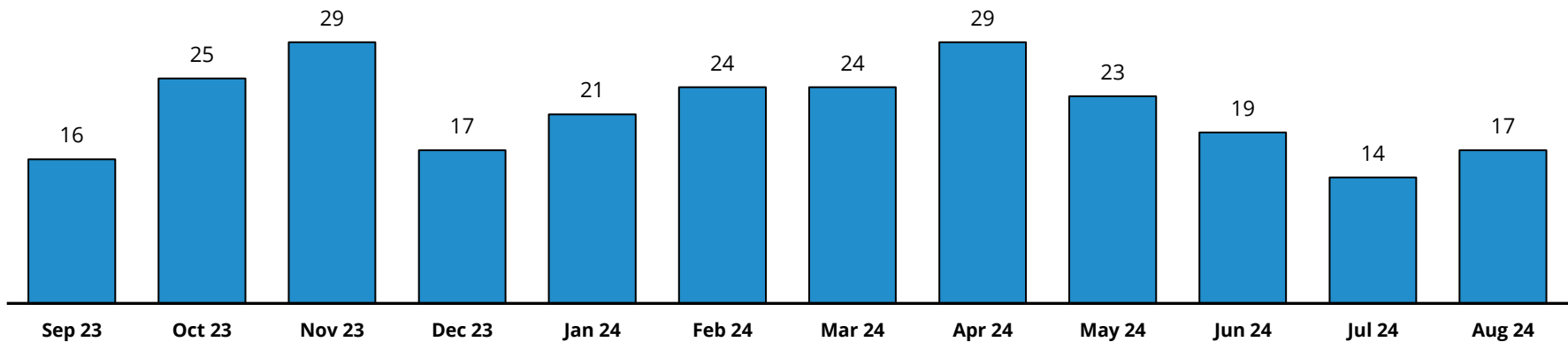
■ LTM ■ 2024CY □ 2025CY



LTM US M&A Activity—Consolidated\*



LTM US M&A Activity—Southwind Industry Universe\*



Date	Status	Target	Acquirer/Investor	Transaction Value (US\$ Mil)	Valuation (EV/LTM EBITDA)
08/01/2024	Announced	Dulles Jet Center	Signature Aviation US Holdings Inc.	n.d.	n.d.
08/01/2024	Announced	kSARIA Corporation	ITT Inc.	\$475.00	n.d.
08/14/2024	Announced	Loc Performance Products, LLC	Rheinmetall AG	\$950.00	n.d.
08/14/2024	Announced	Magee Plastics Company	Trelleborg Sealing Solutions Germany GmbH	n.d.	n.d.
08/14/2024	Announced	Hera Systems, Inc.	Redwire Corporation	n.d.	n.d.
08/15/2024	Announced	Terran Orbital Corporation	Lockheed Martin Corporation	\$256.65	n.d.
08/20/2024	Announced	J-Mark Connectors Inc.	Mobix Labs, Inc.	n.d.	n.d.
08/06/2024	Closed	Boldend, Inc.	SIXGEN Incorporated	n.d.	n.d.
08/07/2024	Closed	XSB, Inc.	Exiger LLC	n.d.	n.d.
08/07/2024	Closed	InQuest, LLC	OPSWAT Inc.	n.d.	n.d.
08/12/2024	Closed	Stratus Team LLC	Brightstar Capital Partners, L.P.	n.d.	n.d.
08/12/2024	Closed	WaveDancer, Inc.	Firefly Neuroscience, Inc.	\$45.36	n.d.

Date	Status	Target	Acquirer/Investor	Transaction Value (US\$ Mil)	Valuation (EV/LTM EBITDA)
08/13/2024	Closed	TreasurySoft, Inc.	22nd Century Technologies, Inc.	n.d.	n.d.
08/13/2024	Closed	Integrated Systems, Inc.	West 4th Strategy, LLC	n.d.	n.d.
08/14/2024	Closed	Garrison Technology Limited	Everfox Holdings LLC	n.d.	n.d.
08/16/2024	Closed	BlackSignal Technologies, LLC	Parsons Corporation	\$200.00	n.d.
08/19/2024	Closed	Reiff Preheat Systems	Hartzell Propeller Inc.	n.d.	n.d.
08/22/2024	Closed	Capewell Business of Argosy Capital Group, Inc.	HEICO Corporation	n.d.	n.d.
08/22/2024	Closed	ETP Thermal Dynamics, LLC	Lufthansa Technik North America Holding, Corp.	n.d.	n.d.
08/23/2024	Closed	Onclave, Inc.	Option3	n.d.	n.d.
08/26/2024	Closed	Aero Turbine, Inc.	StandardAero, Inc.	n.d.	n.d.
08/26/2024	Closed	Applied Avionics, Inc.	Loar Group, Inc.	\$385.00	n.d.
08/27/2024	Closed	Belcan, LLC	Cognizant Domestic Holdings Corporation	\$1,286.97	n.d.
08/27/2024	Closed	DataSync Technologies, Inc.	Sensible Solutions and Technologies, Inc.	n.d.	n.d.




Date	Status	Company	VC Round	New Investor(s)	Industry Sector*	Investment Size (US\$ Mil)
08/01/2024	Completed	Ethos Space	2 <sup>nd</sup> Round	Vibe Cap	A&D	n.d.
08/06/2024	Completed	H3X	3 <sup>rd</sup> Round	Cubit Capital, Hanwha Group, Industrious Ventures, Origin Ventures, Venn10 Capital	Air Mobility	\$20.33
08/06/2024	Completed	Furtherium	2 <sup>nd</sup> Round	n.d.	A&D	n.d.
08/07/2024	Completed	Anduril Industries	8 <sup>th</sup> Round	Baillie Gifford, Brave Capital (San Francisco), Counterpoint Global, Fidelity Management & Research, Fundrise, Sands Capital	A&D	\$1,500.00
08/20/2024	Completed	Starpath	3 <sup>rd</sup> Round	8VC, Balerion Space Venture, Day One Ventures, Fusion Fund, Indicator Ventures	A&D	\$12.00
08/21/2024	Completed	Beacon AI	1 <sup>st</sup> Round	Apollo Projects, Countdown Capital, Jackson Moses, JetBlue Ventures, Lachy Groom, Mischief, New North Ventures, Sam Altman	A&D	\$19.60
08/28/2024	Completed	Parry Labs LLC	3 <sup>rd</sup> Round	3Wire Partners; Capitol Meridian Partners LP; Teamworthy Group, LLC; True Venture Management, LLC	A&D	\$80.00

Primes	Government Intel Services	Government Technical Services	Defense Electronics
RTX Corporation	Leidos Holdings, Inc.	Jacobs Solutions Inc.	L3Harris Technologies, Inc.
The Boeing Company	Booz Allen Hamilton Holding Corporation	AECOM	BAE Systems plc
Lockheed Martin Corporation	CACI International Inc	KBR, Inc.	Thales S.A.
Northrop Grumman Corporation	Science Applications International Corporation	ICF International, Inc.	Teledyne Technologies Incorporated
General Dynamics Corporation	Parsons Corporation	V2X, Inc.	Textron Inc.
Huntington Ingalls Industries, Inc.			Mercury Systems, Inc.
			AeroVironment, Inc.
			Kratos Defense & Security Solutions, Inc.

Commercial Aerospace	Air Carrier - Cargo	Air Carrier - Passenger
Honeywell International Inc.	United Parcel Service, Inc.	Delta Air Lines, Inc.
Airbus SE	FedEx Corporation	United Airlines Holdings, Inc.
TransDigm Group Incorporated	Expeditors International of Washington, Inc.	Southwest Airlines Co.
HEICO Corporation	Atlas Air Worldwide Holdings, Inc.	Spirit Airlines, Inc.
Embraer S.A.	Air Transport Services Group, Inc.	Alaska Air Group, Inc.
Curtiss-Wright Corporation	Exchange Income Corporation	JetBlue Airways Corporation
Spirit AeroSystems Holdings, Inc.	Forward Air Corporation	Frontier Group Holdings, Inc.
Hexcel Corporation	Cargojet Inc.	SkyWest, Inc.
Moog Inc.	Hub Group, Inc.	Copa Holdings, S.A.
Triumph Group, Inc.	Chorus Aviation Inc.	Allegiant Travel Company
AAR Corp.	AAR Corp.	Hawaiian Holdings, Inc.
Ducommun Incorporated	Sun Country Airlines Holdings, Inc.	Mesa Air Group, Inc.
Astronics Corporation	Mesa Air Group, Inc.	
	Air T, Inc.	





Southwind is a proven merchant bank with exceptional, sector-focused sell-side M&A experience. Our bankers leverage extensive relationships within both the operational and investor communities to provide advice and solutions to product and service providers in the aerospace, defense & government, and intelligence communities.

### Multiple Perspectives, Exceptional Advice

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- Southwind's senior leadership has decades of industry-specific knowledge and experience as customer, contractor, legal counsel, private equity investor and board member, in addition to over 2 decades of M&A advisory track record.
- We understand the challenges of management and our advice is informed by our background—not only as advisors, but as executives and investors.
- We are also uniquely positioned to anticipate questions and concerns before they arise from prospective suitors, thereby enabling us to effectively (and preemptively) communicate company-specific attributes that will optimize potential outcomes.

### Client-Focused Solutions

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**Mergers & Acquisitions** | Underpinned by proprietary modeling and detailed marketing and diligence support, our focus on preparation fosters buyer interest and efficiency.

**Equity & Debt Financing** | Southwind maintains relationships with leading industry capital providers and assists in equity and debt financing services from cradle to grave.

**Valuation & Fairness Opinions** | Southwind offers professional evaluations of a company to determine whether a merger, acquisition, or other transaction is fair and viable.

**Merchant Banking** | Through deep relationships with board-level advisors and family office and high net worth investors, Southwind helps facilitate capital formation.