



**Aerospace | Defense & Government |
Intelligence Community**

August 2025 Market Snapshot



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When Price and Performance Diverge

The last few months, our Spotlights have explored the economic architecture of defense innovation. In [May](#), *The Margin Mindset* argued that margin expansion is essential to sustain investment in defense innovation. In [June](#), *Ownership, Not Access* showed how IP ownership determines who captures that value. In [July's](#) Spotlight, we examined how risk is distributed across the defense tech stack. Now we turn to a warning of the capital markets consequence when valuations and operating realities fall out of sync: *The Multiples Trap*. Together, this series maps the risk reward equation driving the next cycle of defense innovation.

Private market valuations for defense tech companies are at historic highs. Many early-stage firms trade at multiples more common in commercial SaaS than in traditional defense—8–12x forward revenue is not unusual. These prices reflect expectations of rapid scaling, total addressable market expansion, and strategic acquisition premiums.

The problem: once technology risk burns down and a company shifts from “frontier innovation” to “program delivery,” its operational reality changes. Integration-heavy work in government contracting rarely supports the same growth or margin profile that early-stage investors priced in. The buyer universe is small, budgets are flat, and large acquirers are disciplined in what they'll pay.

When valuation expectations stay high while growth potential normalizes, the result is a multiples trap:

- Acquirers walk away, unwilling to overpay;
- Investors face longer hold periods and compressed returns; and
- Founders lose leverage in strategic negotiations.

Avoiding the trap requires aligning valuation to the company's true risk tier, protecting differentiated IP, and building recurring or productized revenue streams that can sustain higher multiples over time. Without that alignment, the defense tech boom could produce more stalled exits than blockbuster sales—slowing the flow of capital into the very early-stage innovation the government now depends on.

In an environment where policymakers are shifting technical risk to the private sector, valuation discipline is not just an investor concern—it's a national security concern. If private markets lose faith in the return profile, the innovation pipeline will narrow. And without margins, ownership, and realistic pricing, the valuation cycle breaks down before it delivers the capabilities the mission demands.



Please see additional insights on the satellite & space industry in the [August 2025 Market Monitor](#) from our partners at Quilty Space.

Strategy & Policy



✓ What is Key Terrain? Rethinking a Fundamental Military Concept in the Age of Economic Warfare

"But today's most consequential terrain may be nonphysical..."

✓ Restructuring Our Military for a Multi-Front War

"...we continue to ask our military to achieve this increasingly complex goal with an ever-diminishing set of resources..."

✓ Choke Points of Collapse

"Beneath these institutional distortions lies the more elemental vulnerability of logistics."

Trends in Technology



✓ Collaborative Combat Aircraft First Flights are Imminent

"...the House Armed Services Committee said it wants the Air Force to move forward with CCA "as soon as possible" following successful flight demonstrations."

✓ Report to Congress on Hypersonic Weapons

"At present, the Department of Defense (DOD) has not established any programs of record for hypersonic weapons..."

✓ What Could Lockheed's Skunk Works Be Building with Billions of Dollars Worth of Classified Funding?

"Or, maybe they've got something even crazier in mind."

Contracting, Procurement & Budget



✓ Rise of the Silicon Valley Patriots?

"To support their single overarching argument, the authors fuse three separate problems... market capitalism, political, and cultural problems."

✓ Can Congress Pass a FY2026 Defense Budget This Year?

"With the clock ticking until government funding runs out when the new fiscal year starts on Oct. 1, Congress's first order of business upon its return from recess next week will be teeing up and passing a short-term continuing resolution..."

✓ EU Sets Military Spending Record, Expects More Growth in 2025

"The bloc's total defense spending in 2024 exceeds China's by about one-and-a-half times, and is more than three times as high as Russia's military budget..."

Capital Markets



✓ Building Our Future - Finance & Deal Flow

"Beta Technologies, an electric aviation startup, raised \$300M from GE Aerospace."

✓ Culmen Acquires Madison Springfield

"Madison Springfield is focused on building artificial intelligence-enabled predictive technology designed for autonomous data acquisition and analysis."

✓ Merlin Eyes Going Public Through Inflection Point-Backed Bleichroeder SPAC Merger

"The proposed deal values Merlin at \$800 million pre-money."

Aviators & Warfighters



✓ 9 Troops Who Became Heroes After they Disobeyed Orders

"They disobeyed them because lives were at stake, and they felt saving those lives was worth the risk."

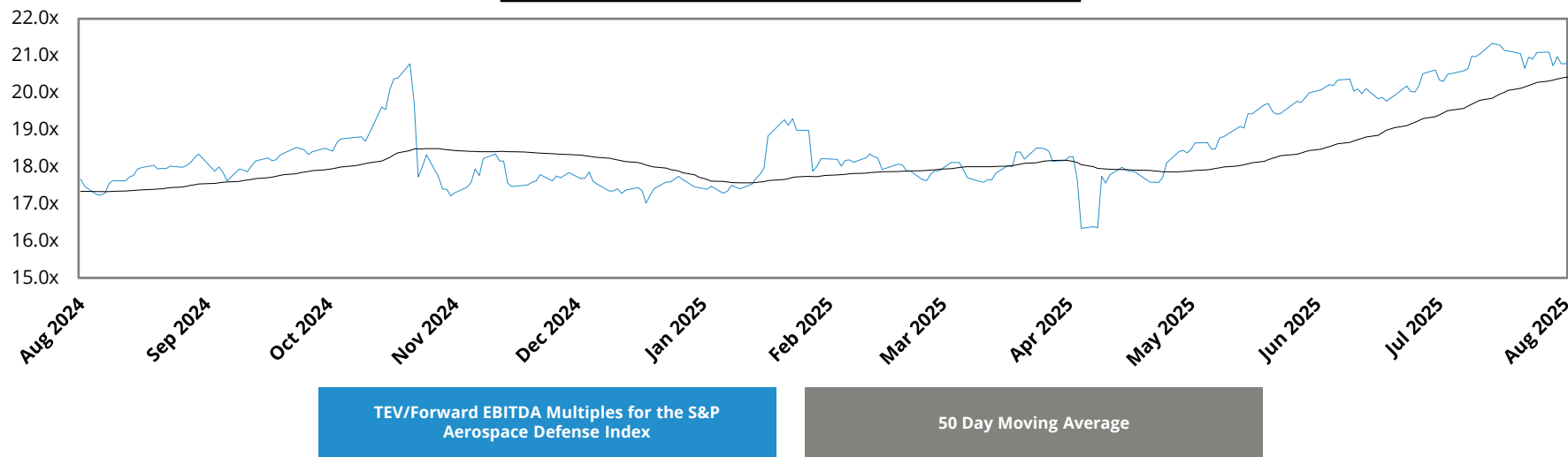
✓ From MIG Killer to Moonwalker: Buzz Aldrin Went to Korea and Beyond

"That night I bought drinks for several of my friends and that was that."

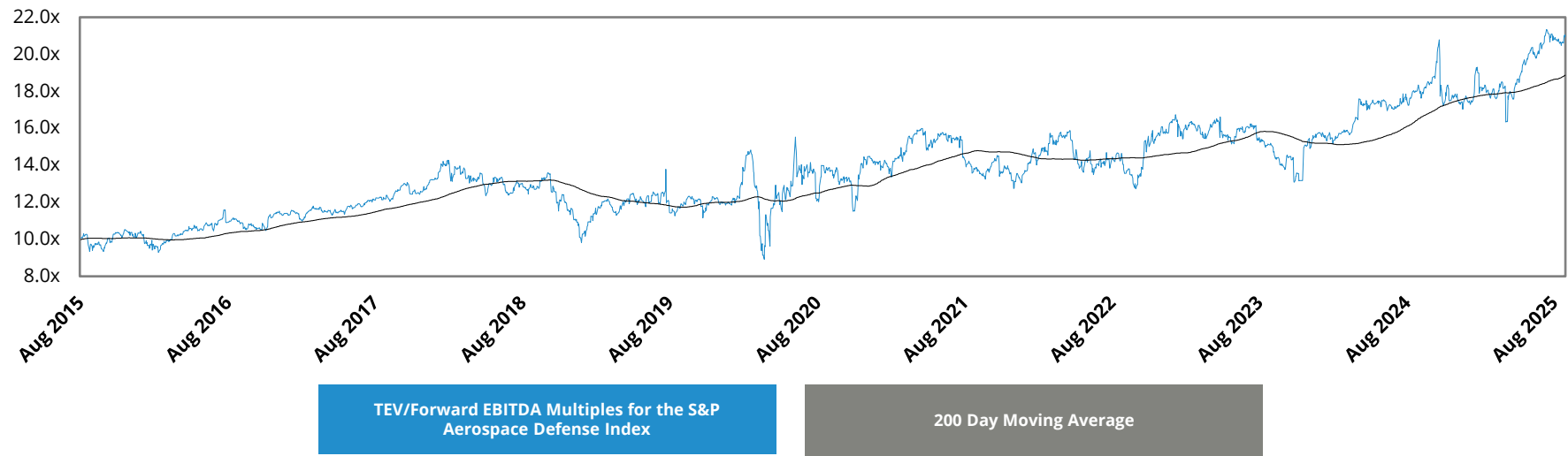
✓ How US Special Forces Took on Wagner Group Mercenaries in an Intense 4 Hour Battle

"After decades of wondering what might happen if American and Russian forces were ever to cross paths on the battlefield, the Battle of Khasham...offered a definitive glimpse..."

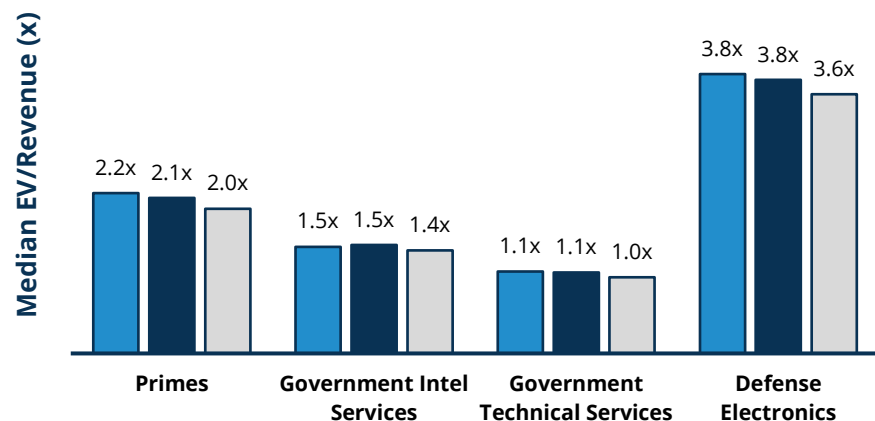
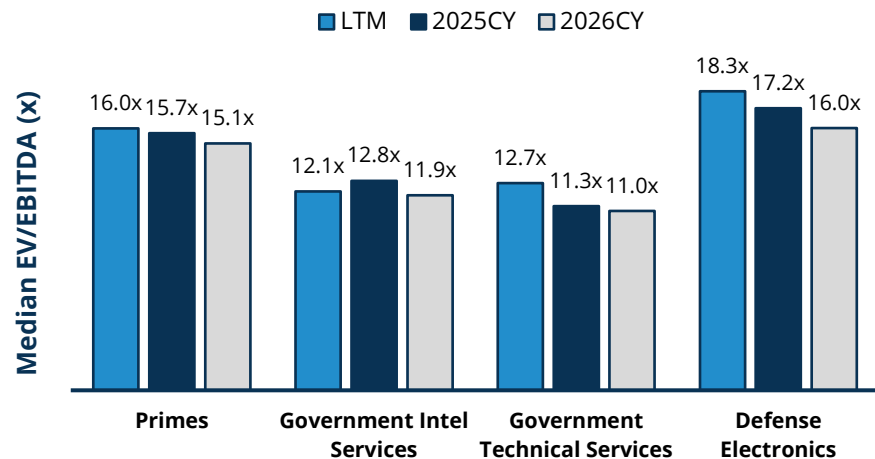
1-Yr Historical EBITDA Multiples*



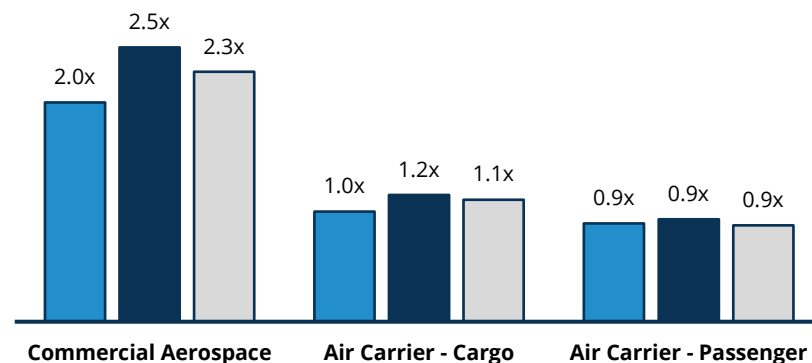
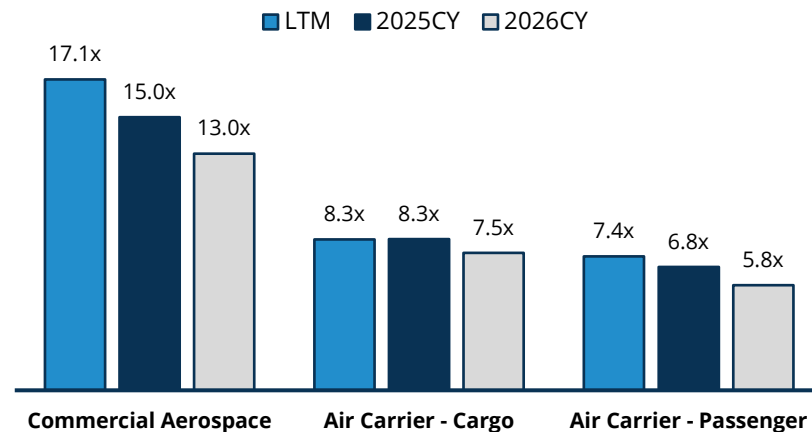
10-Yr Historical EBITDA Multiples*



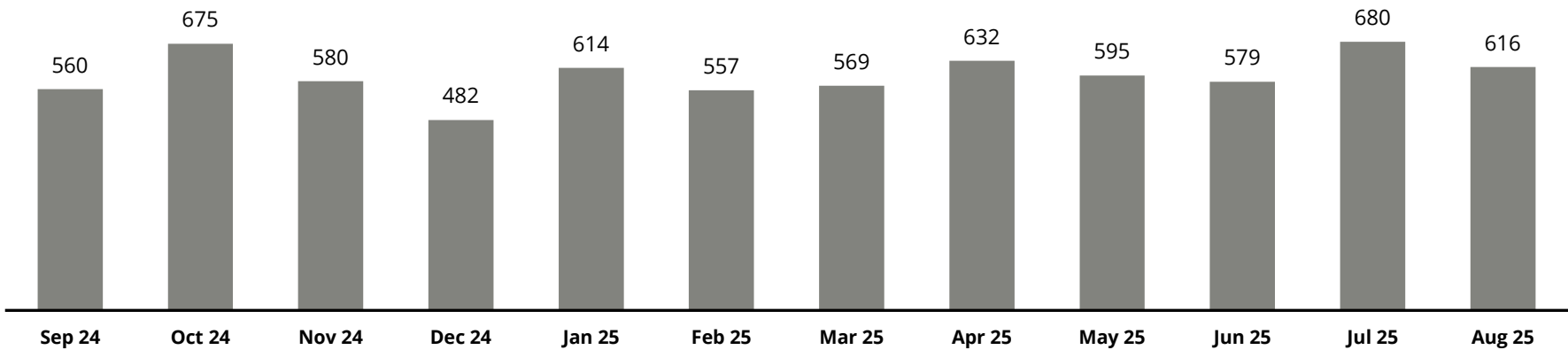
Defense & Government | Intelligence Community*



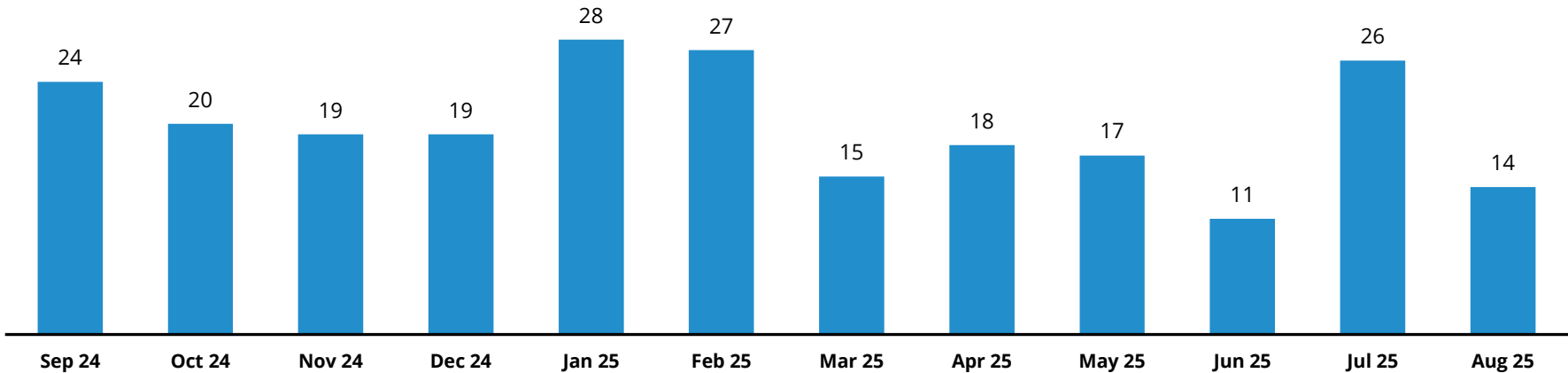
Commercial Aerospace*



LTM US M&A Activity—Consolidated*



LTM US M&A Activity—Southwind Industry Universe*



MONTHLY TRANSACTION ACTIVITY*

Date	Status	Target	Acquirer/Investor	Transaction Value (US\$ Mil)	Valuation (EV/LTM EBITDA)
08/01/2025	Announced	G Squared Capital Partners LLC	Piper Sandler Companies	n.d.	n.d.
08/07/2025	Announced	KinetX Aerospace, Inc.	Intuitive Machines, Inc.	\$30.00	n.d.
08/11/2025	Announced	Specialized Data Engineering, Intel Mission Support And Cyber Solutions Business	V2X, Inc.	\$24.00	n.d.
08/12/2025	Announced	Non-Core Federal IT Services of QinetiQ Group plc	V2X, Inc.	\$31.00	n.d.
08/13/2025	Announced	Aerospace and Defense Business of Coherent Corp.	Advent International, L.P.	\$400.00	n.d.
08/18/2025	Announced	TPC Engineering Holdings, LLC	Amphenol Corporation	\$1,000.00	n.d.
08/25/2025	Announced	Verint Systems Inc.	Thoma Bravo, L.P.	\$2,231.96	15.8x
08/27/2025	Announced	NeuraFlash, LLC	Accenture plc	n.d.	n.d.
08/01/2025	Closed	Sheltair Aviation Services LLC	Aero Centers	n.d.	n.d.
08/06/2025	Closed	Silvus Technologies, Inc.	Motorola Solutions, Inc.	\$5,000.00	n.d.
08/07/2025	Closed	ElectroMagnetic Systems, Inc.	Voyager Technologies, Inc.	n.d.	n.d.
08/11/2025	Closed	Precise Flight, Inc.	Signia Aerospace, LLC	n.d.	n.d.

MONTHLY TRANSACTION ACTIVITY*

Date	Status	Target	Acquirer/Investor	Transaction Value (US\$ Mil)	Valuation (EV/LTM EBITDA)
08/12/2025	Closed	GEOST, LLC	Rocket Lab Corporation	\$252.72	n.d.
08/14/2025	Closed	Integrated Launcher Solutions Defense, Inc.	Next Dynamics Inc.	\$6.00	n.d.
08/15/2025	Closed	Integrated Computer Solutions, Inc.	The One 23 Group Inc.	n.d.	n.d.
08/18/2025	Closed	Caesar Creek Software, Inc.	Cryptic Vector, LLC	n.d.	n.d.
08/19/2025	Closed	Key Assets of Achates Power, Inc.	General Atomics Aeronautical Systems, Inc.	n.d.	n.d.
08/19/2025	Closed	Trustwave Holdings, Inc.	LevelBlue, LLC	n.d.	n.d.
08/21/2025	Closed	FOSAI INC	Pasteur Labs, Inc.	n.d.	n.d.
08/25/2025	Closed	Business of MLD Technologies, LLC	General Atomics Electromagnetic Systems Inc.	n.d.	n.d.
08/25/2025	Closed	Madison Springfield Inc.	Culmen International, LLC	n.d.	n.d.
08/28/2025	Closed	Cal-Draulics, Inc	Advanced Manufacturing Company of America, Inc.	n.d.	n.d.


Date	Status	Company	Deal Type	New Investor(s)	Industry Sector*	Investment Size (US\$ Mil)
08/01/2025	Completed	Starling Systems	Early Stage VC	Impatient Ventures	Air Mobility	n.d.
08/01/2025	Completed	Blue Ridge Envisioneering	Later Stage VC	Virginia Innovation Partnership Corporation	A&D	n.d.
08/01/2025	Completed	ANRA Technologies	Later Stage VC	Reinventure Capital	A&D	n.d.
08/01/2025	Completed	Albacore (Aerospace and Defense)	Early Stage VC	D3 (Venture Capital)	A&D	n.d.
08/05/2025	Completed	Millennial Software	Accelerator / Incubator	The Catalyst Accelerator	A&D	n.d.
08/05/2025	Completed	JEH Aerospace	Early Stage VC	Elevation Capital (India), Indigo Ventures	A&D	\$11.00
08/05/2025	Completed	Aptos Orbital	Accelerator / Incubator	The Catalyst Accelerator	A&D	n.d.
08/07/2025	Completed	Fulcrum Autonomy	Early Stage VC	n.d.	A&D	\$0.50

Date	Status	Company	Deal Type	New Investor(s)	Industry Sector*	Investment Size (US\$ Mil)
08/12/2025	Completed	Tidal Flight	Early Stage VC	BVVC, Virginia Innovation Partnership Corporation	Air Mobility	\$3.05
08/13/2025	Completed	ORB Aerospace	Later Stage VC	n.d.	Air Mobility	\$4.50
08/21/2025	Completed	Forterra	Later Stage VC	n.d.	A&D	\$93.27
08/25/2025	Completed	Dirac (Aerospace and Defense)	Early Stage VC	Coatue Management, Founders Fund, Siemens, The Council (San Francisco)	A&D	\$10.70
08/25/2025	Completed	AURA Network Systems	Later Stage VC	n.d.	A&D	\$13.27
08/26/2025	Completed	BETA Technologies	Later Stage VC	Qatar Investment Authority, Standish Spring Investments, TPG, United Therapeutics	Air Mobility	\$439.62

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

- 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

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.