

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

**February 2024 Market Snapshot**



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Aerospace | Defense & Government | Intel Community: Capital Formation

Given the recent attention to early-stage defense technology investing (e.g.: [Defense Tech is Having its Moment in Silicon Valley](#)), the February 22 announcement that Kratos Defense & Security Solutions, Inc. has raised \$300 million in a follow-on public offering is a reminder that the environment for capital formation in the industry has never been broader. Major challenges within the industry remain (and are a topic for another day), but fortunately today, attractive industry participants at any stage of their growth cycle will find competitive sources of capital. While the exhibit below focuses on equity, debt sources have expanded as well and, in any case, tend to follow and piggy-back off the diligence performed by higher risk capital such as those we highlight.

In many ways, this expansion of capital availability is a self-fulfilling prophesy. As many of us have heard over our careers, investors are not only concerned with return on capital, but return *of* capital. With dedicated pools of capital available and interested in any stage from start-up all the way up to large cap \$1b+ companies, investors can be confident that there will be buyers at the next tier up that can provide them the opportunity for exit. Additionally, within each category are not only private capital sources but private equity backed strategic buyers. The industry has (in some ways) benefited from the availability of small business set-aside contracts to rejuvenate the lower tier universe of industry participants. It can't be lost on venture investors that the avenues for exit are much wider, and thus more capital now flows to start-ups developing technology and intellectual property. This will lead to a larger base of companies with product & IP, leading to higher valuations, attracting even more capital – and the beat goes on.

Early Stage/Venture	Emerging	Mid-Tier	Upper-Tier	Public
				<p>See pg. 13 for Southwind's publicly traded company indices.</p>



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

## Strategy & Policy



### ✓ [Conflict in the Age of Fractured Publics](#)

"...real great power conflict is unlikely to resemble the world wars of the twentieth century."

### ✓ [Is the United States Overestimating China's Power?](#)

"In 2016, the country of 1.4 billion saw about 18 million births; in 2023, that number dropped to about 9 million."

### ✓ [Sealift: A Tragedy of Numbers](#)

"In other words, the core military sealift capability of the United States consists of a mere five dozen ships."

## Trends in Technology



### ✓ [USAF Tried an Electric Plane. Now it Wants to Buy](#)

"The Defense Department...sees electric aircraft as a way to ease both maintenance and operational logistics in the Pacific."

### ✓ [Unprecedented U.S. Hypersonic Weapon Test in West Pacific Appears Imminent](#)

"...a test of the weapon from Guam seemed like a better explanation for it being sent there."

### ✓ [Navigating the Ethics of Defense Technology](#)

"Today we see greater alignment between Silicon Valley and the Pentagon than we have in decades."

## Contracting, Procurement & Budget



### ✓ [The Pentagon Wants Industry to Transform Again to Meet Demand](#)

"In 30 years, the Pentagon went from a defense industry it considered too large to sustain, to one now too small to surge."

### ✓ [The Pentagon's Budget Season is Approaching. Experts Say Buckle Up](#)

"Six months into the fiscal year, the Pentagon still doesn't have a full budget."

### ✓ [China Isn't Just Spending More, It's Spending Smarter](#)

"A great power conflict in the Indo-Pacific will be primarily fought at sea and in the air, leaving large standing armies with much less of a role to play."

## Capital Markets



### ✓ [Boeing Seeks to Buy Spirit Aero, Unit it Sold in Push For Outsourcing](#)

"...Boeing remains by far Spirit's biggest customer, providing 64% of its revenue last year."

### ✓ [Lockheed Bids to Purchase Terran Orbital for Over \\$500M](#)

"Terran Orbital's contracts with Lockheed account for 81% of its backlog as of the end of 2023."

### ✓ [Capitol Meridian Partners Unveils its First Fund](#)

"With five investments now in its rolodex, Capitol Meridian Partners is taking the next step..."

## Aviators & Warfighters



### ✓ [F-35 Pilot Explains How an F-117 Was Shot Down in 1999](#)

"...despite making up less than three percent of the coalition aircraft, F-117s attacked over 30 percent of the targets, primarily in Baghdad, the most heavily defended city in the world at the time."

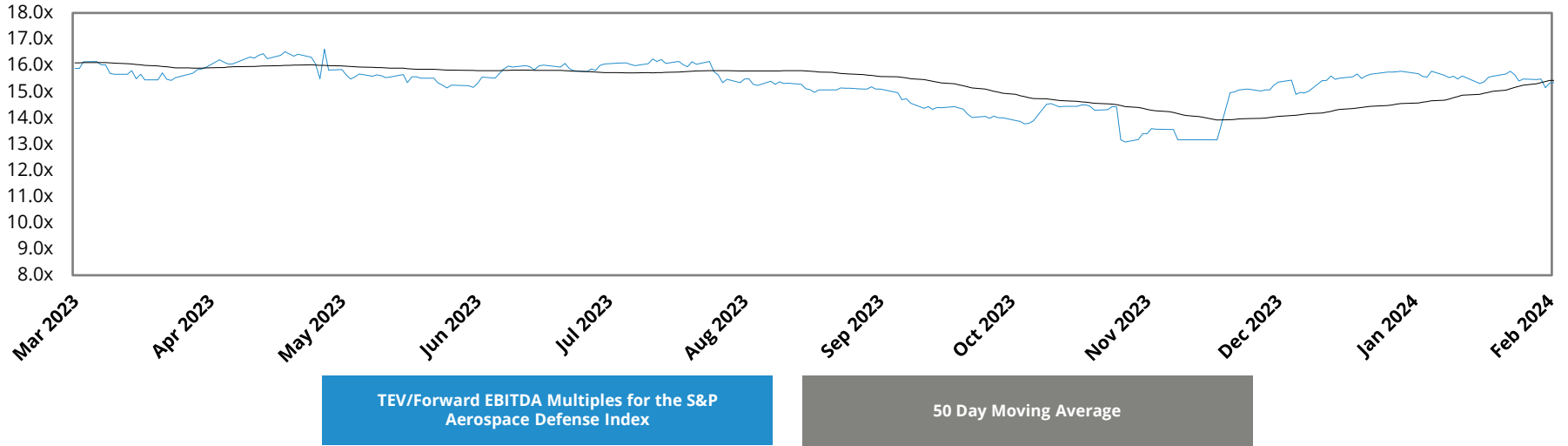
### ✓ [The Insane Life of Marine Legend Smedley Butler](#)

"Smedley Butler is one of the few men to ever earn two Medals of Honor, but he likely rated a third."

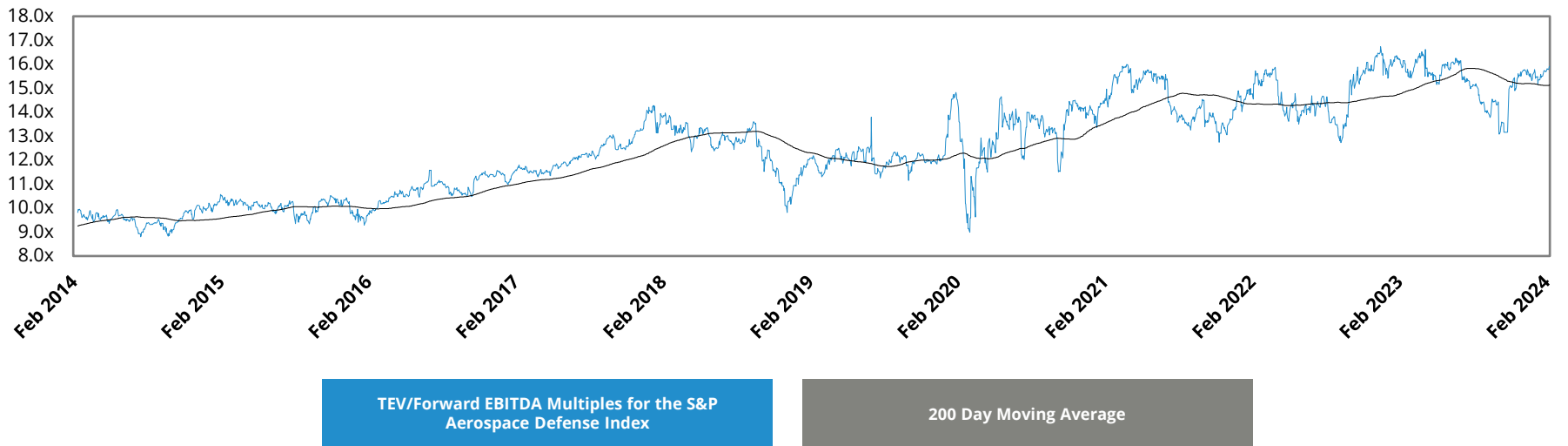
### ✓ [This is What it Took to Defend a B-17 Bomber](#)

"When it worked, however, the wing box provided roughly 700 defensive machine guns that could be brought to bear on fighter opposition."

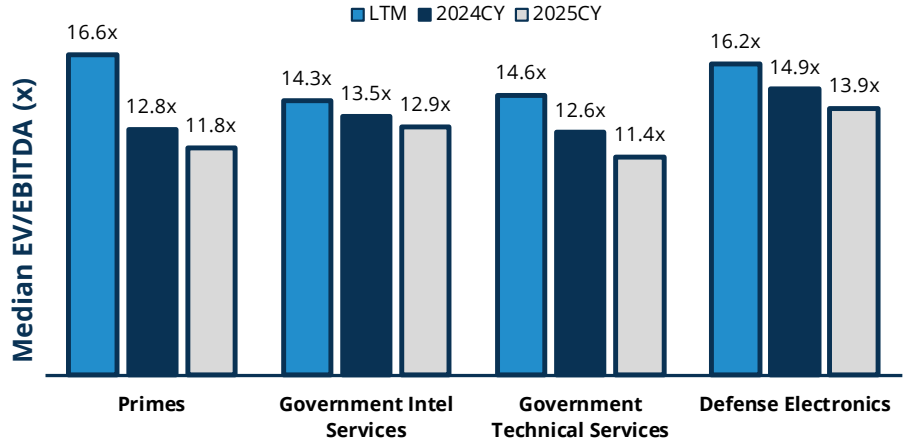
### 1-Yr Historical EBITDA Multiples\*



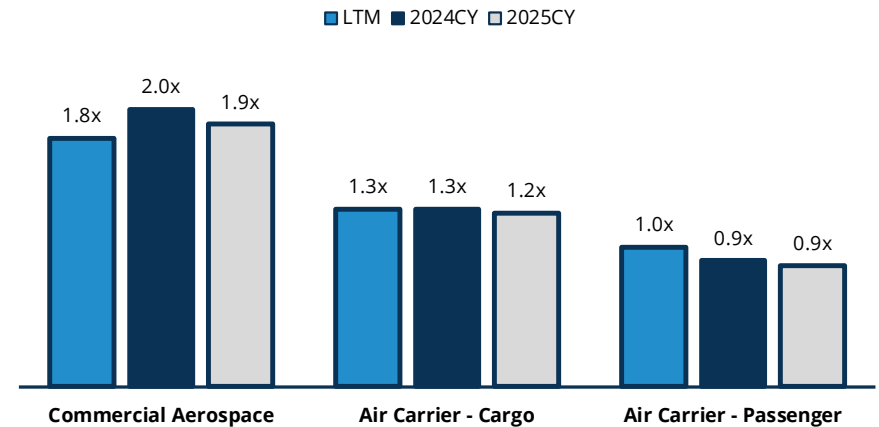
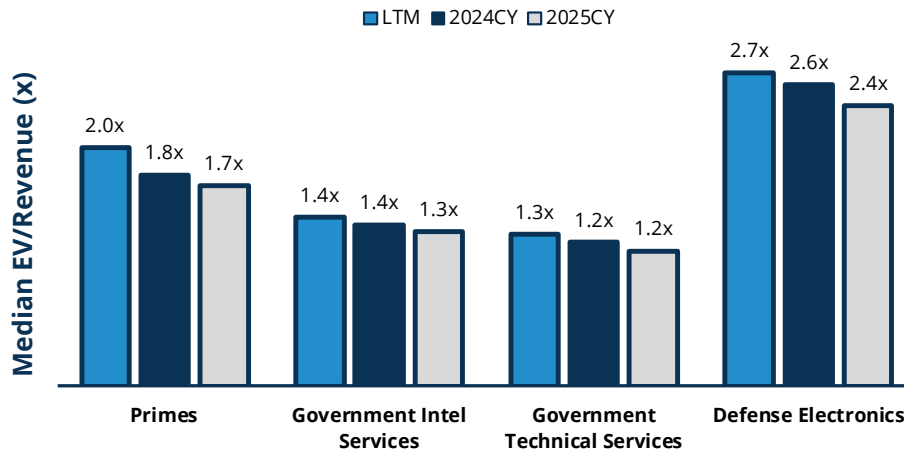
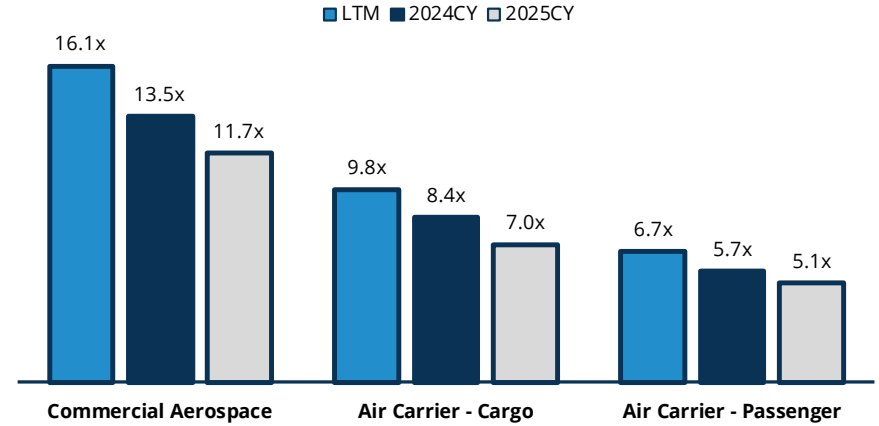
### 10-Yr Historical EBITDA Multiples\*



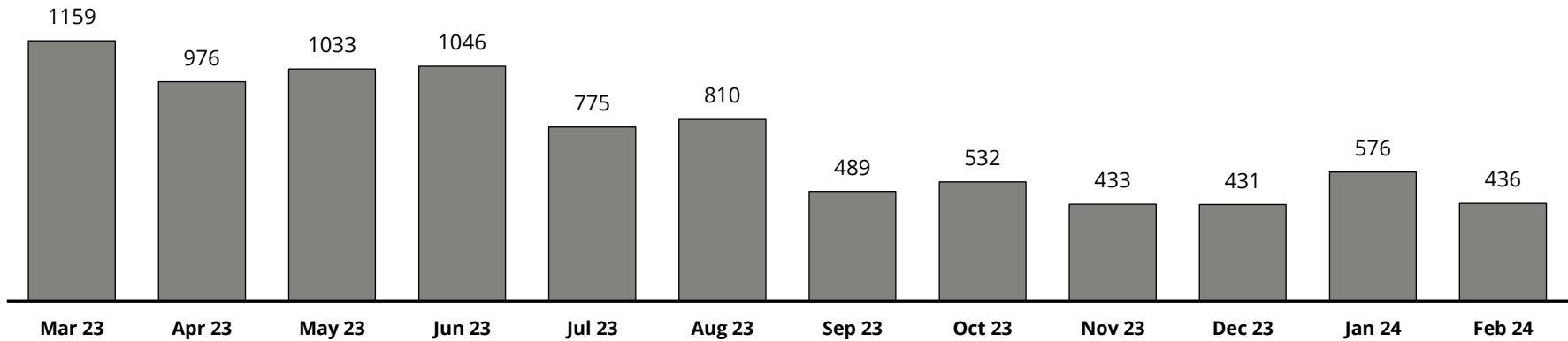
Defense & Government | Intelligence Community\*



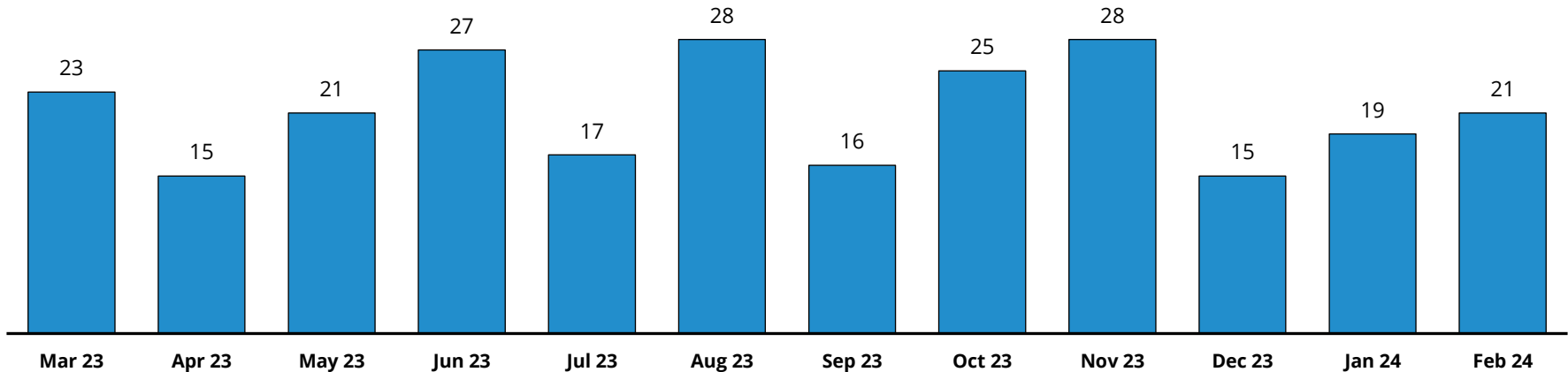
Commercial Aerospace\*



LTM US M&A Activity—Consolidated\*



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



Date	Status	Target	Acquirer/Investor	Transaction Value (US\$ Mil)	Valuation (EV/LTM EBITDA)
02/05/2024	Announced	Everbridge, Inc.	Thoma Bravo, L.P.; Thoma Bravo Discover Fund IV, L.P.	\$1,639.78	96.8x
02/08/2024	Announced	Data Protection Business of Veritas Technologies LLC	Cohesity, Inc.	n.d.	n.d.
02/13/2024	Announced	Adimec Advanced Image Systems B.V.	Teledyne Technologies Incorporated	n.d.	n.d.
02/13/2024	Announced	Eclipse Technologies	BlueHalo	n.d.	n.d.
02/20/2024	Announced	Alpha Safety Intermediate, LLC	Safariland, LLC	\$106.50	n.d.
02/22/2024	Announced	Challenger Aerospace & Defense, Inc.	Resilient Energy Inc.	n.d.	n.d.
02/29/2024	Announced	Turbine Controls, Inc.	VSE Corporation	\$120.00	n.d.
02/01/2024	Closed	Corporate Flight Management, Inc.	SkyWest, Inc.	\$15.10	n.d.
02/02/2024	Closed	Malloy Aeronautics Ltd.	BAE Systems plc	\$60.00	n.d.
02/05/2024	Closed	Dayton Operations of Stevens Aerospace And Defense Systems, LLC	Premier Air, Inc.	n.d.	n.d.
02/06/2024	Closed	VMD Corp	Celerity Government Solutions, LLC	n.d.	n.d.
02/08/2024	Closed	Onepath Systems LLC	Albers Aerospace	n.d.	n.d.
02/12/2024	Closed	Seaford Consulting LLC/Tekmasters LLC	The Donkey Barn LLC	n.d.	n.d.

Date	Status	Target	Acquirer/Investor	Transaction Value (US\$ Mil)	Valuation (EV/LTM EBITDA)
02/12/2024	Closed	Judicial Innovations, LLC	Avenu Insights & Analytics, LLC	n.d.	n.d.
02/13/2024	Closed	Juno Technologies, Inc.	Sigma Defense Systems LLC	n.d.	n.d.
02/14/2024	Closed	Miami APU Repair Station	Jets MRO, LLC	n.d.	n.d.
02/14/2024	Closed	CTCI, Inc.	Armis Inc.	n.d.	n.d.
02/16/2024	Closed	CAE Healthcare, Inc.	Madison Industries Holdings LLC	\$226.00	n.d.
02/16/2024	Closed	BP Aerospace, LLC	ITP Aero US	n.d.	n.d.
02/16/2024	Closed	Ball Technologies Holdings Corp.	BAE Systems, Inc.	\$5,550.00	n.d.
02/16/2024	Closed	Fat Shark Holdings, LTD/ Rotor Riot LLC	Unusual Machines, Inc.	\$13.54	n.d.
02/20/2024	Closed	AOG Accessories, Inc.	Aero Accessories & Repair Inc.	n.d.	n.d.
02/20/2024	Closed	Flex Force Enterprises Inc.	High Point Aerotechnologies LLC	n.d.	n.d.
02/21/2024	Closed	Anillo Industries Inc.	Novaria Holdings LLC	n.d.	n.d.
02/22/2024	Closed	LS Technologies, LLC	Tetra Tech, Inc.	n.d.	n.d.
02/27/2024	Closed	J&J Maintenance, Inc.	CBRE Group, Inc.	\$1,050.00	n.d.



Date	Status	Target	Acquirer/Investor	Transaction Value (US\$ Mil)	Valuation (EV/LTM EBITDA)
02/29/2024	Closed	Sierra Bullets, L.L.C./Barnes Bullets - Mona, LLC	JDH Capital	\$175.00	n.d.
02/29/2024	Closed	PRE, LLC	BigBear.ai Holdings, Inc.	\$70.00	n.d.

Date	Status	Company	Series/Round	New Investor(s)	Industry Sector*	Investment Size (US\$ Mil)
02/01/2024	Completed	Hubble Network	3 <sup>rd</sup> Round	New North Ventures	A&D	n.d.
02/02/2024	Completed	Pierce Aerospace	2 <sup>nd</sup> Round	n.d.	A&D	\$1.08
02/03/2024	Completed	Rebel Space Technologies	2 <sup>nd</sup> Round	Everywhere Ventures	A&D	\$2.46
02/05/2024	Completed	Elroy Air	5 <sup>th</sup> Round	Cubit Capital	Air Mobility	\$8.56
02/06/2024	Completed	Cosmic Aerospace	3 <sup>rd</sup> Round	Aera VC, Course Corrected, Possible Ventures, Samurai Incubate, Understorey Ventures, Visionaries Club	Air Mobility	\$4.50
02/06/2024	Completed	BBG Aerosystems	Angel	n.d.	Air Mobility	\$0.28
02/09/2024	Completed	Maglev Aero	1 <sup>st</sup> Round	Breakthrough Energy, Grit Capital Partners, Material Impact Fund, Moai Capital, Stage 1 Ventures	Air Mobility	\$14.33


Date	Status	Company	Series/Round	New Investor(s)	Industry Sector*	Investment Size (US\$ Mil)
02/12/2024	Completed	LeoLabs	4 <sup>th</sup> Round	1941, Aspire NZ Seed Fund, Dolby Family Ventures, Dylan Taylor, GP Bullhound, Insight Partners, MDSV Capital, Sparq Capital (United States), TriplePoint Venture Growth BDC	A&D	\$94.00
02/13/2024	Completed	CesiumAstro	4 <sup>th</sup> Round	n.d.	A&D	\$30.00
02/19/2024	Completed	Northwood	1 <sup>st</sup> Round	Also Capital, Andreessen Horowitz, BoxGroup, Founders Fund, Long Journey Ventures, Susa Ventures	A&D	\$6.30
02/21/2024	Completed	Feon Energy	1 <sup>st</sup> Round	Liquidmetal Ventures, Massachusetts Clean Energy Center, MassVentures, Valkyrie Fund	Air Mobility	\$8.07

Date	Status	Company	Series/Round	New Investor(s)	Industry Sector*	Investment Size (US\$ Mil)
02/22/2024	Completed	TRL11	n.a.	The Catalyst Accelerator	A&D	n.d.
02/22/2024	Announced	LIFT Aircraft	n.a.	n.a.	Air Mobility	\$6.60
02/26/2024	Completed	Target Arm	2 <sup>nd</sup> Round	n.d.	A&D	\$1.20

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.