



Aerospace | Defense & Government |
Intelligence Community

July 2024 Market Snapshot



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2024 NATSEC100

In our [August 2023 Spotlight](#), we highlighted the Silicon Valley Defense Group's (SVDG) inaugural NATSEC100 ranking of the top venture-backed, defense-focused startups. When compared to that year's Defense News' Top 100, an annual ranking of publicly traded companies with the largest revenues from the global defense industry, we cited, with approval, our friends at [Building our Defense](#), who concluded that: (1) building for defense is and will remain difficult; (2) the DoD acquisition and procurement processes should be reformed in favor of startups and innovation; and (3) many startups should consider a strategy that aims for acquisition as an exit. Fast forward to today and those conclusions largely hold true.

With 2023 firmly in the rear-view mirror, pockmarked by the ongoing conflict in Ukraine, the outbreak of the Israel-Hamas War, and ever-increasing tensions with adversaries in the Pacific, the newly released [2024 edition of the NATSEC100](#) list provides us with a valuable glimpse into the state of our Defense Industrial Base and the broader National Security Innovation Base. As compared to last year's group, the 2024 NATSEC100 companies have collectively attracted over **\$52 billion** in private funding, up 20% from last year. However, despite the increase in investment, this year's companies have been awarded only **\$22 billion** in federal funding (constituting 34% of *only* Lockheed Martin's defense-related earnings), with \$6 billion of that amount coming from the DoD. What's more, a full **81%** of the total government-awarded funding—and **65%** of the DoD-awarded funding—went to just one company, SpaceX.

So, where does this leave us? On the one hand, over the course of a tumultuous year geopolitically, we've seen increased discourse surrounding the United States' ability to effectively harness private sector innovation to bolster our capabilities worldwide. But, as it often is, talk is cheap unless it is backed by action. As the NATSEC100 authors put it, "[a]lthough the combination of the United States' entrepreneurial spirit and private capital markets arguably makes us best-positioned to develop [a catalog of new, leading edge technologies and capabilities that can be rapidly accessed by national security buyers] . . . , the lack of a clear demand signal and significant, sustained (meaningful) revenue from both the federal government and channel partners may well preclude quality founders, engineers, and investors from participating in the national security market altogether."

Looking ahead, the persistent challenges within the defense procurement landscape necessitate reforms to ensure that innovative startups can thrive and contribute meaningfully to national security. Without significant changes, the potential of many promising new market entrants may remain untapped, leaving critical gaps in our national defense capabilities. As it did last year, the 2024 NATSEC100 shines a spotlight on this issue, and we look forward to continually monitoring this topic in the months to come.



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

Strategy & Policy



✓ [Commission on the National Defense Strategy](#)

"U.S. industrial production is grossly inadequate to provide the equipment, technology, and munitions needed today, let alone given the demands of great power conflict."

✓ [DoD Exploring Options for Nuclear Buildup](#)

"...the threat environment has significantly expanded since the Biden administration's 2022 Nuclear Posture Review."

✓ [Preparing for a China - Taiwan Conflict](#)

"Finally, industry must find ways to continue making production for defense faster, more scalable, and less expensive."

Trends in Technology



✓ [The Day After a Nuke Goes off in Space](#)

"In February, it was revealed that Russia has been developing a nuclear-armed anti-satellite weapon."

✓ [New Tech Will Make Tomorrow's Wars More Dangerous to Troops](#)

"The change is driven in part by the ubiquity of drones and other forms of sensors, which mean that enemies can find and hit U.S. troops with artillery, rockets, and missiles with greater precision than before."

✓ [Is It Possible the U.S. Operates Secret Aircraft?](#)

"But some projects never see the light of day."

Contracting, Procurement & Budget



✓ [DoD Incentives Need to Change If the Mavericks are to Survive](#)

"...the department is instead exasperated by hesitance, cumbersome processes, misaligned rewards, lack of top cover, and maintenance of the status quo."

✓ [Senate Appropriators Push Pentagon, Intelligence Community on Commercial Space Acquisition](#)

"...unless DoD and the IC also are planning to increase use of the now "robust" commercial space capabilities...the move will undercut the US remote sensing industrial base."

✓ [Senate Appropriators Recommend Full Funding for Replicator](#)

"...lawmakers raised the possibility that even more money could be allotted for the effort."

Capital Markets



✓ [AI & Rockets Mark the Week's Space Investment Rounds](#)

"This eight-year-old company...has a singular goal that shapes its strategy and vision: break up the solid rocket motor production duopoly held by L3Harris Technologies and Northrop Grumman."

✓ [Jacobs Files Registration Statement with SEC for Planned Business Spin-off & Merger with Amentum](#)

"The combined company will operate as Amentum Holdings Inc. upon the deal's closing."

✓ [How Strategic Is Space for Europe? A Potential Airbus /Thales Space Merger Could Have the Answer](#)

"It's worth acknowledging that both Thales and Airbus have been struggling due to a fall in orders for their Geostationary satellites."

Aviators & Warfighters



✓ [Inside the Recovery of MIA Americans From a Secret Jungle Base](#)

"The station was overrun in a fierce firefight in 1968, with 11 Americans who manned the site never recovered."

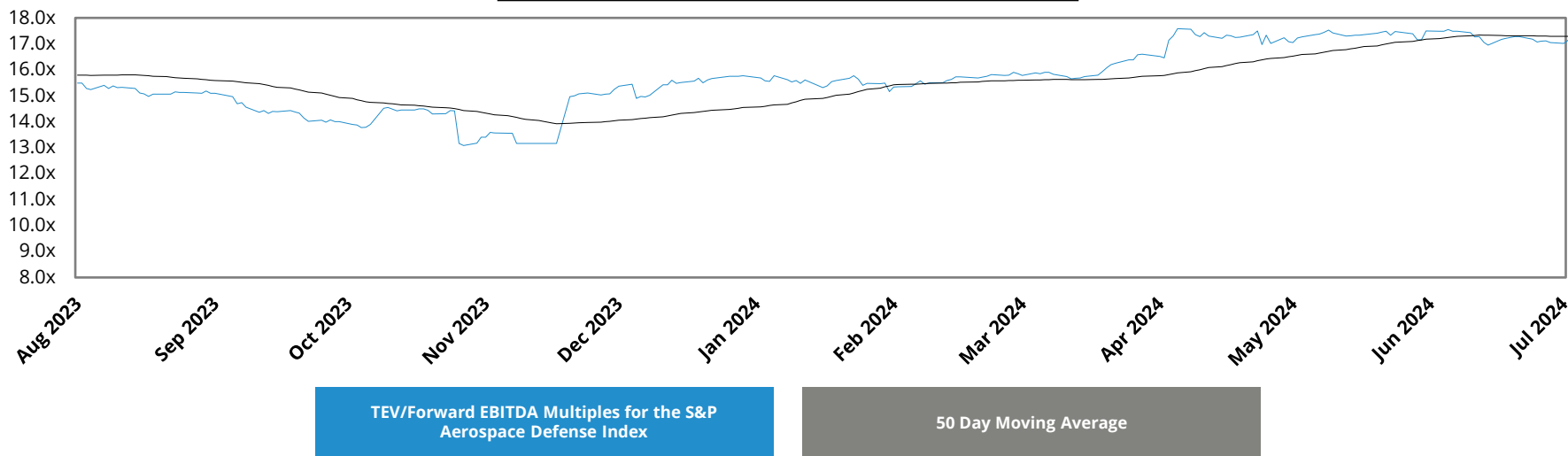
✓ [The Great Raid Liberated More than 500 POWs](#)

"The prisoners were subjected to the infamous Bataan Death March, during which many died from exhaustion, disease, or execution."

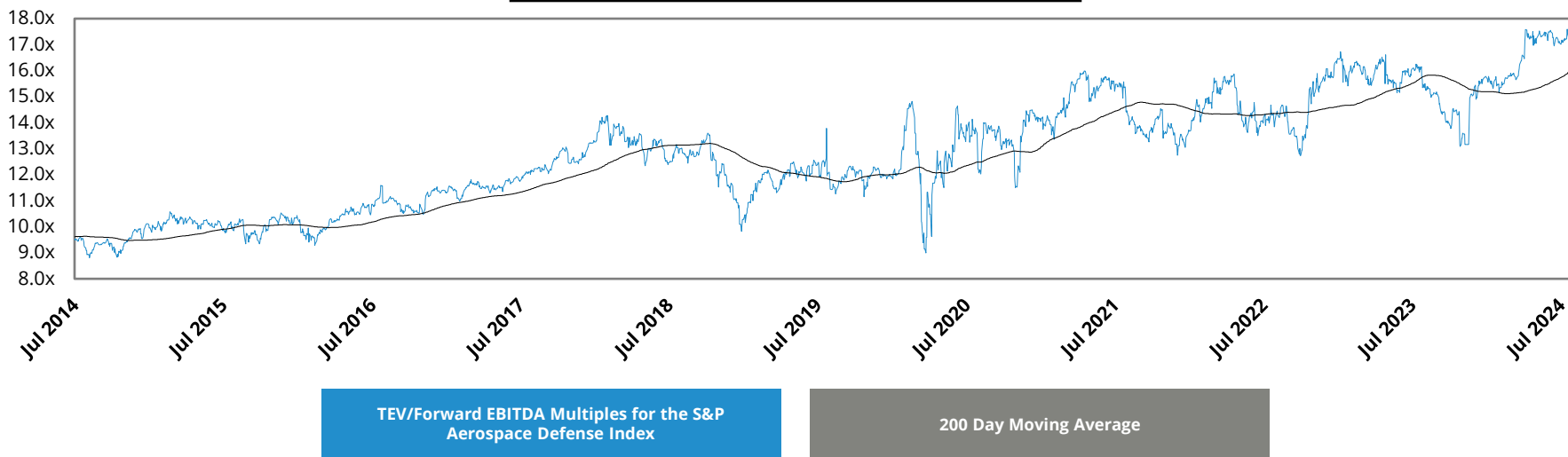
✓ [This Helicopter Test Pilot Pushed the Limits for Rotorcraft — Without Killing Himself](#)

"This was Boulet's third and final helicopter altitude record, and it has yet to be broken."

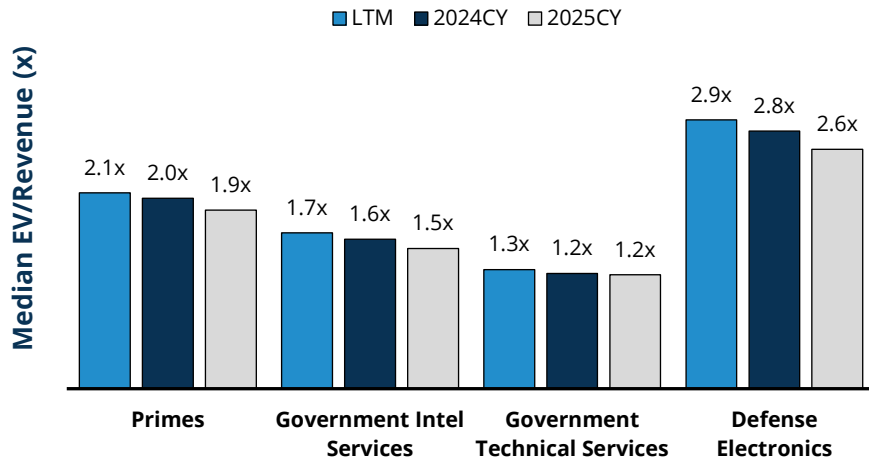
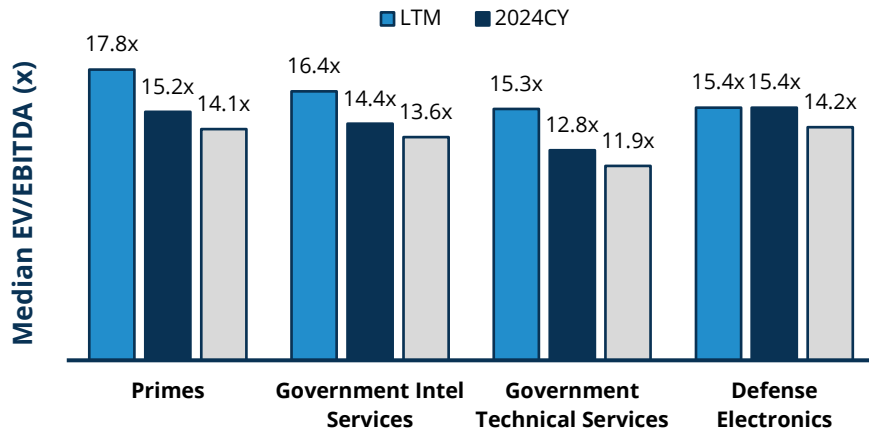
1-Yr Historical EBITDA Multiples*



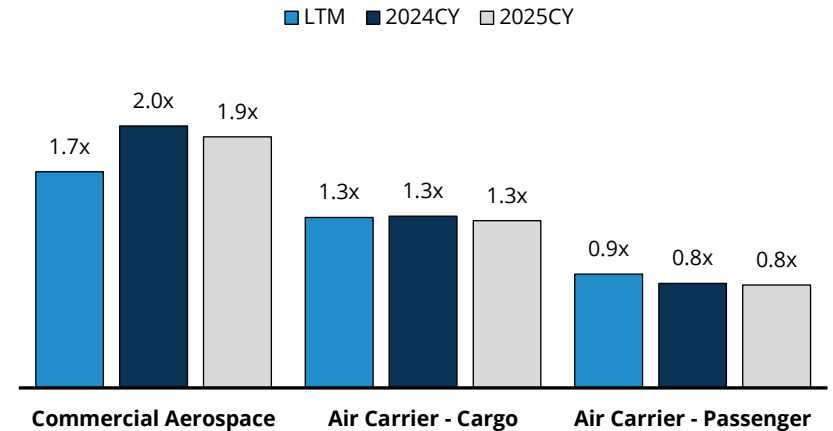
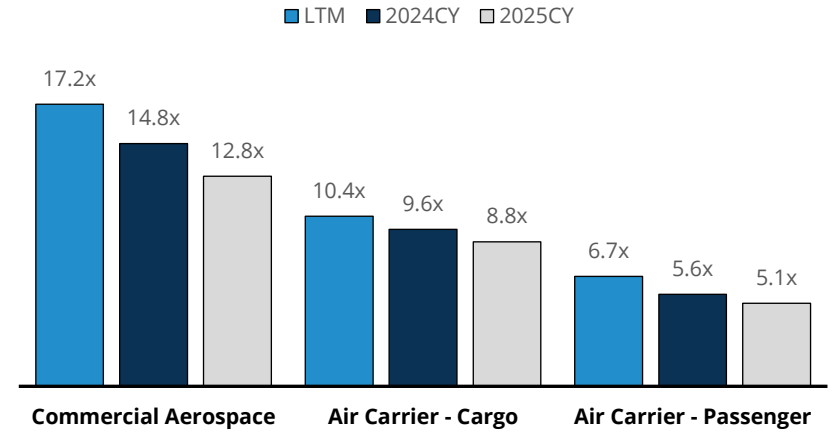
10-Yr Historical EBITDA Multiples*



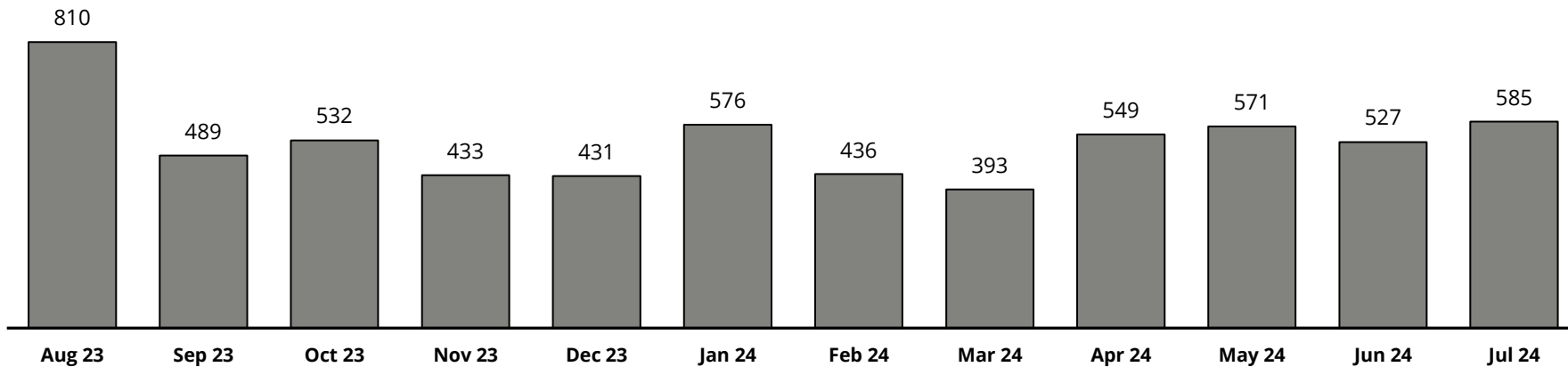
Defense & Government | Intelligence Community*



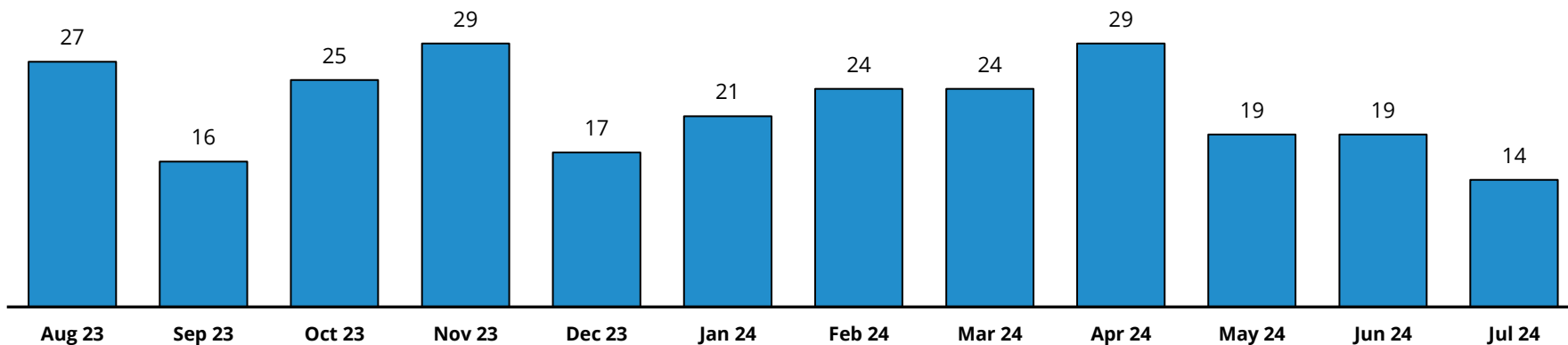
Commercial Aerospace*



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)
07/01/2024	Announced	Stratus Team LLC	Brightstar Capital Partners, L.P.	n.d.	n.d.
07/02/2024**	Announced	Secure Enterprise Engineering, Inc.	SIXGEN Incorporated	n.d.	n.d.
07/08/2024	Announced	Ultra Electronics Measurement Systems / DNE Systems / Ultra PMES Limited / EMS Development Corp.	ESCO Technologies Inc.	\$550.00	n.d.
07/09/2024	Announced	Goodrich Hoist & Winch	Signia Aerospace Holdings, Inc.	n.d.	n.d.
07/16/2024	Announced	LinQuest Corporation	KBR, Inc.	\$745.00	n.d.
07/19/2024	Announced	Applied Avionics, Inc.	Loar Group, Inc.	\$385.00	n.d.
07/23/2024	Announced	Substantially all the assets of AeroLEDs, LLC	Whelen Aerospace Technologies, LLC	n.d.	n.d.
07/24/2024	Announced	Axient	Astrion	n.d.	n.d.
07/24/2024***	Announced	Air Components, Inc.	Air Control Concepts	n.d.	n.d.
07/30/2024	Announced	Chorus Aviation Capital Corp.	HPS Investment Partners, LLC	\$1,900.00	n.d.
07/30/2024	Announced	BlackSignal Technologies, LLC	Parsons Corporation	\$200.00	n.d.
07/30/2024	Announced	Aeyon LLC	CGI Federal Inc.	n.d.	n.d.
07/01/2024	Closed	FMS Aerospace	Bridger Aerospace Group Holdings, Inc.	\$20.60	n.d.

* This list represents select deals within Southwind's industry universe that have been announced and/or closed in the past month.

** Closed 06/27/2024

*** Closed 06/28/2024


Date	Status	Target	Acquirer/Investor	Transaction Value (US\$ Mil)	Valuation (EV/LTM EBITDA)
07/01/2024	Closed	Certified Aviation Services, LLC	n.d.	n.d.	n.d.
07/02/2024	Closed	Spencer Composites Corporation	X-Bow Launch Systems Inc.	n.d.	n.d.
07/05/2024	Closed/Effective	Advanced Systems Engineering Corporation	Markon, Inc.	n.d.	n.d.
07/10/2024	Closed	Durbin Group	Boyd Phoenix Corporation	n.d.	n.d.
07/17/2024	Closed	Cyber Technology Services, Inc.	Cellebrite DI Ltd.	n.d.	n.d.
07/17/2024	Closed	Emagined Security, Inc.	Neovera, Inc.	n.d.	n.d.
07/18/2024	Closed	Astra Space, Inc.	n.d.	\$86.91	n.d.
07/23/2024	Closed	PJM Private Jet Maintenance LLC	Haven MRO	n.d.	n.d.
07/25/2024	Closed	Cardic Machine Products Inc.	Capital Eleven; Blount Entities; 8228	n.d.	n.d.
07/25/2024	Closed	Additional key Assets for Certain Communication and Navigation product lines of Honeywell	Innovative Solutions and Support, Inc.	n.d.	n.d.
07/26/2024	Closed	Bren-Tronics, Inc.	EnerSys Advanced Systems Inc.	\$208.00	8.7x
07/30/2024	Closed	Calabrio, Inc.	Five9, Inc.	n.d.	n.d.
07/31/2024	Closed	Raptor Scientific LLC	TransDigm Group Incorporated	\$655.00	n.d.

Date	Status	Company	Series/Round	New Investor(s)	Industry Sector*	Investment Size (US\$ Mil)
07/01/2024	Completed	Vantage Robotics	8 th Round	ACTAI Ventures; Costella Kirsch	A&D	n.d.
07/17/2024	Completed	Starpath	3 rd Round	Balerion Space Venture	A&D	\$6.00
07/18/2024	Completed	TRL 11	n.d.	Creative Destruction Lab	A&D	n.d.
07/19/2024	Completed	Saronic Technologies	4 th Round	Elad Gil; NightDragon	A&D	\$175.00
07/25/2024	Completed	VerdeGo Aero	3 rd Round	n.d.	Air Mobility	\$2.03
07/25/2024	Completed	Electra.aero	5 th Round	Honeywell	Air Mobility	n.d.

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.