



Aerospace | Defense & Government |
Intelligence Community

November 2023 Market Snapshot



IN THIS ISSUE

Spotlight	2
What We are Reading	3
Valuation Trends	4
Public Company Valuations	5
M&A Trends	6
Monthly Transaction Activity	7

R. LEE PRIEST, JR.
703-231-6924
lpriest@southwindcap.com

J. HARRISON POWELL, II
804-338-3915
hpowell@southwindcap.com

Securities transactions for Southwind are conducted through Ashton Stewart & Co. Inc., Member FINRA/SIPC. Certain individuals of Southwind are Registered Representatives of Ashton Stewart & Co., Inc., which is not affiliated with Southwind.

Defense Ventures Program (DVP)

This month we are going to piggyback off another post from Andrew Glenn at [“Building our Defense”](#). In a November 20 post, Andrew discusses his takeaways from the second annual Defense Ventures Summit. Participating in the event were 100+ PE/VC firms, 100+ defense technology and dual use start up companies. You can read his assessment of the conference [here](#), but for now we would like to highlight the Defense Ventures Program, run by [Shift](#), from which the Summit has evolved.

The structure of the program is to provide 8-week fellowships for active-duty military and DoD civilians within venture capital firms, start-up companies and accelerators to bring the latest commercial trends back to the DoD. Since 2020, the program has placed over 450 personnel into short term fellowships with over 150 industry host companies and venture firms. While the stated goal of the program is to ‘bring the latest commercial tech trends and innovation back to the Department of Defense’, a perhaps more important result of this cross-pollination has been to expose early-stage investors to the real-world needs of the soldier, sailor and airman in the field, driving significant growth in the willingness to invest in Defense Technology / Dual Use start-ups.

I think back to my own career where I spent 8 years active duty, to include 2 years in acquisitions at the Naval Air Systems Command followed by 25 years in mergers and acquisitions for DoD contractors. I remember arriving at NAVAIR, being fascinated by the technology that was in the pipeline, yet frustrated and puzzled by the timeline for its arrival in the fleet.

In the subsequent 25 years I have witnessed the defense contracting (and investing) universe evolve through increased consolidation and bifurcation of technology into separate ‘pure-play’ industries, one for defense and one for commercial. Over that same timeframe, the number of private equity firms focused **exclusively** on defense and federal contracting has exploded from perhaps one to maybe several dozen. The returns have been great for these investors, but I can’t help wonder how the customer (and our national security) has benefited from this consolidation.

We have stated before our skepticism on the eventual return of the venture dollar going into this industry but if programs such as DVP can continue the cross-pollination and reversal of the tech bifurcation, higher returns (albeit with increased risk) are to follow.

Additional Reading

- [Mike Slagh, CEO of Shift, Discusses the Defense Ventures Program](#)
- [The Merge Discusses the Defense Ventures Program](#)
- [Aligning Industry Behind the Warfighter](#)
- [DVP Fact Sheet](#)



Please see additional insights on the satellite & space industry in the [November 2023 Market Monitor](#) from our partners at Quilty Space.

Strategy & Policy



- ✓ [The World Aflame](#)
"Most rumored wars never happen."
- ✓ [Sino-American Competition, Global Strategy, and the Place of the Middle East](#)
"However, what is surprising...is what little has been done to lay the groundwork to protect U.S. interests in the Middle East after the pivot to Asia..."
- ✓ [Is the U.S. Navy Fit for Purpose?](#)
This same article could have been (and in fact has been) written at numerous times over the past several decades - SWC

Trends in Technology



- ✓ [Here's How Hypersonic Weapons Could Completely Change the Face of Warfare](#)
"On June 5, 2017, Norris reported that Skunk Works head Rob Weiss had declared hypersonic technology 'mature'..."
- ✓ [Secret Skunk Works Spy Drone Delivered to Air Force: Report](#)
"...there are articles that have already been delivered..."
- ✓ [Army Acquisition Chief: As Industry Innovation Races Ahead, Service Struggles with Resources, Training](#)
"You can have a terrific piece of gear, but if it's very difficult to train, it's just not going to be as effective or if it's too expensive to train on, it's not going to be as affordable for the Army to do at scale and everything the Army does is at vast scale."

Contracting, Procurement & Budget



- ✓ [What to Watch as Congress Negotiates Final Defense Policy Bill](#)
"The annual bill is usually a bipartisan product..."
- ✓ [Modular Open System Architecture Allows Continuous Weapon Upgrades](#)
"A 2023 report found that China develops and fields capabilities as much as five to six times faster than the U.S."
- ✓ [Pentagon to Pick First Replicator Drone Tranche by Mid-December](#)
"We're being very careful."

Capital Markets



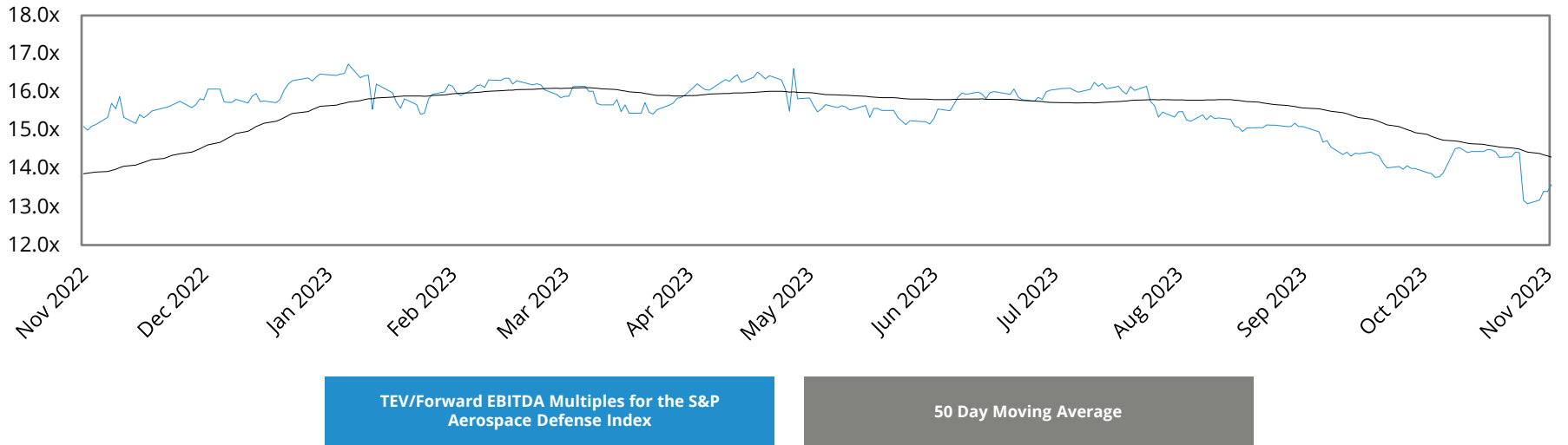
- ✓ [Last Week's Defense Ventures Summit](#)
"...more than 700 attendees representing 100+ PE/VC firms, 100+ defense tech and dual-use startups, and 100+ government organizations..."
- ✓ [L3Harris to Sell Commercial Aviation Business For \\$800 Million](#)
"The CAS sale could help meet two of the company's key objectives: paying down debt and refocusing its portfolio on defense-related contracts..."
- ✓ [Arcfield Closes Orion Space Solutions Acquisition](#)
"...part of efforts to expand its space exploration and hypersonic detection and tracking capabilities..."

Aviators & Warfighters

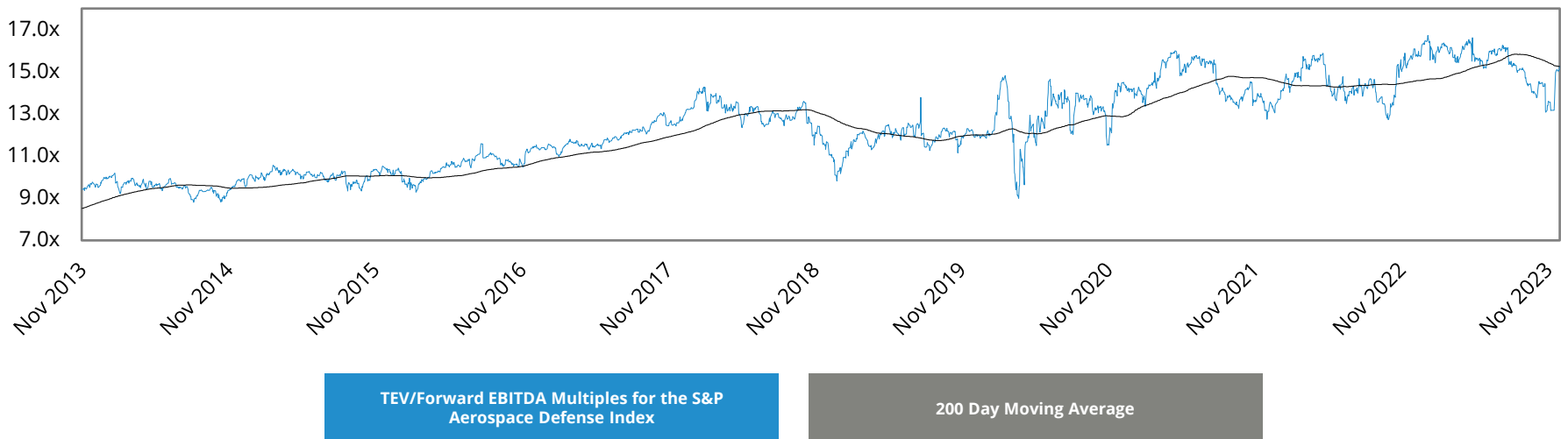


- ✓ [How it Felt to Carry a Gun in Combat](#)
"The gun had been an accessory, a set of car keys slipped into my pocket on the way out of the house; I had taken for granted that it would follow me everywhere."
- ✓ [Army Cobra Pilot Receives Medal of Honor for Vietnam Rescue](#)
"The plan was something never tried in combat before. Although his gunship was built as a flying gun platform, with just two seats for Taylor and his gunner, Taylor was going to pick them up."
- ✓ [War and Thanksgiving](#)
"...James Madison brought back the tradition in 1814 to issue thanks for America's fortunes in yet another "time of public calamity and war" ..."

1-Yr Historical EBITDA Multiples*



10-Yr Historical EBITDA Multiples*



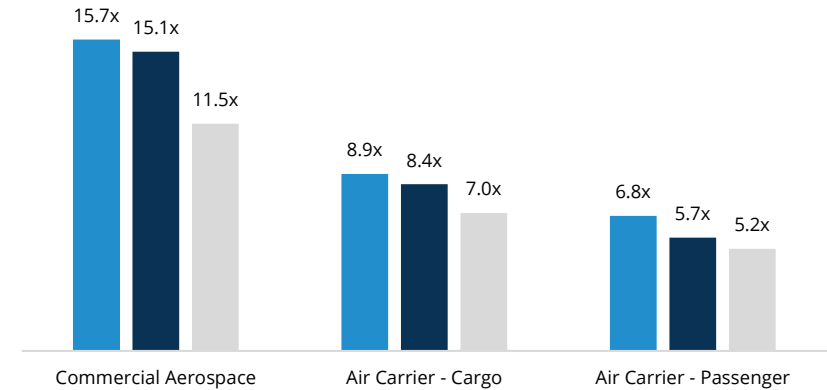
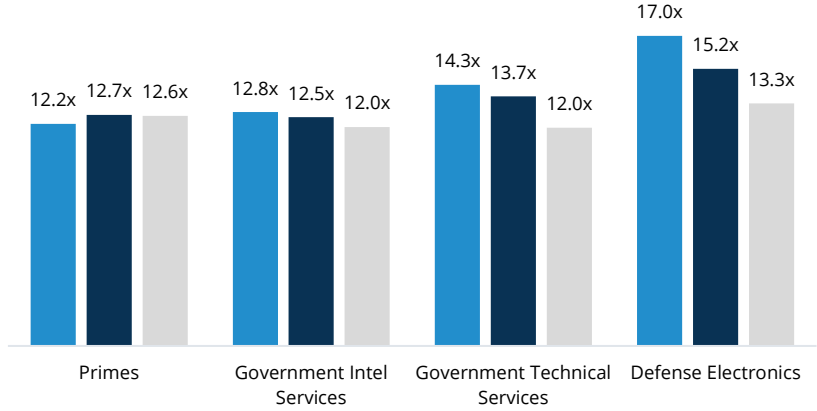
Defense & Government | Intelligence Community*

Commercial Aerospace*

■ LTM ■ 2023CY ■ 2024CY

■ LTM ■ 2023CY ■ 2024CY

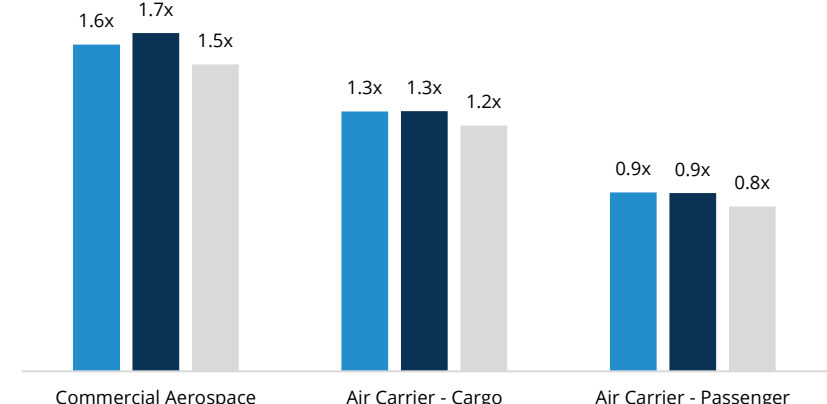
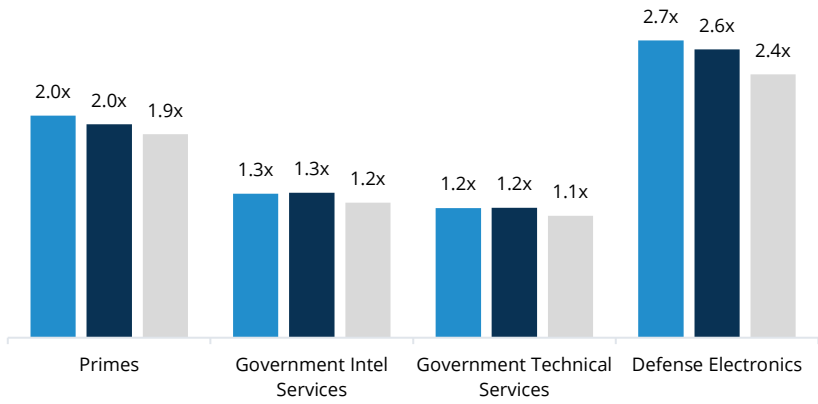
Median EV/EBITDA (x)



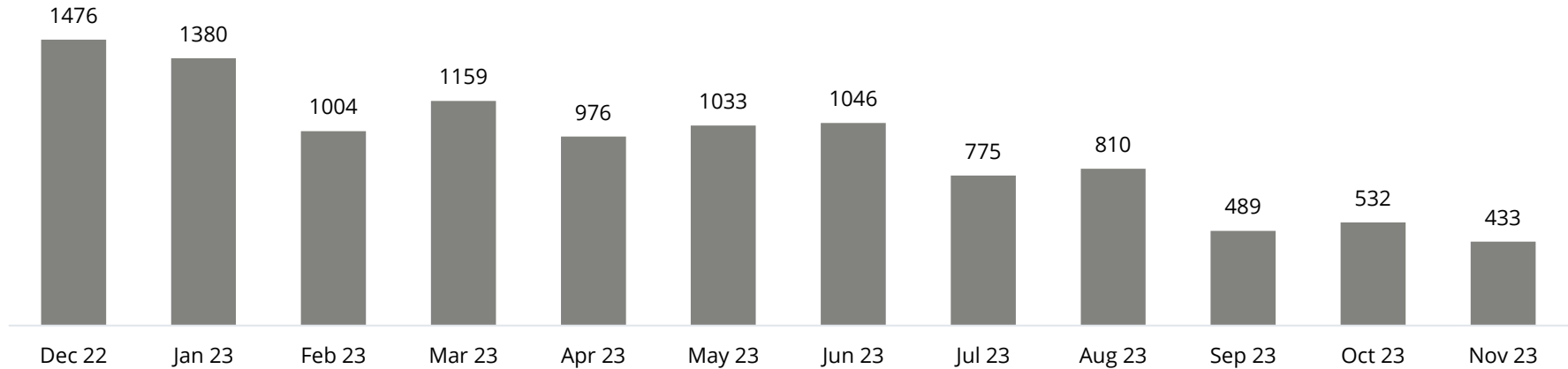
■ LTM ■ 2023CY ■ 2024CY

■ LTM ■ 2023CY ■ 2024CY

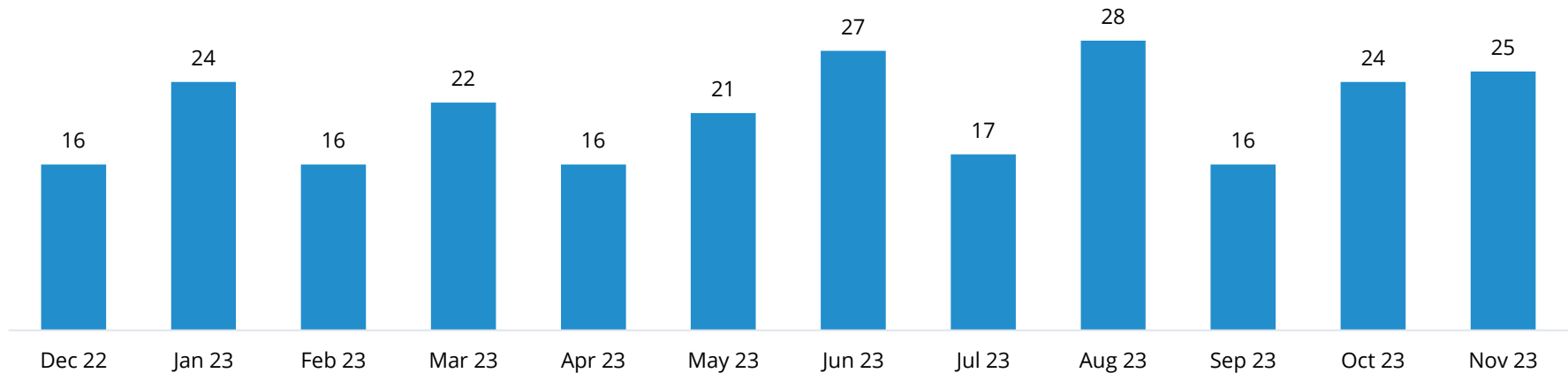
Median EV/Revenue (x)



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)
11/30/2023	Effective	Pioneer Aerospace Corporation	Space Exploration Technologies Corp.	\$2.20	n.d.
11/29/2023	Announced	Votaw Precision Technologies, Inc.	TechPrecision Corporation	\$110.00	n.d.
11/27/2023	Announced	Commercial Aviation Solutions Business of L3Harris Technologies, Inc.	TJC LP; Resolute Fund VI, L.P.	\$800.00	n.d.
11/20/2023	Announced	Critical Mission Solutions/Cyber & Intelligence Government Services of Jacobs Solutions Inc.	Amentum Services, Inc.	n.d.	n.d.
11/16/2023	Announced	WaveDancer, Inc.	Firefly Neuroscience, Inc.	n.d.	n.d.
11/14/2023	Announced	Bearing Engineers, Inc.	Novanta Corporation	\$189.00	n.d.
11/09/2023	Announced	Electron Device Business of Communications & Power Industries, Inc.	TransDigm Group Incorporated	\$1,385.00	n.d.
11/09/2023	Announced	Astra Space, Inc.	n.d.	n.d.	n.d.
11/07/2023	Effective	All American Racers, Inc.	Charger Investment Partners LP	n.d.	n.d.
11/06/2023	Announced	Guidehouse Inc.	Bain Capital Private Equity, LP	\$5,300.00	n.d.
11/06/2023	Announced	PRE, LLC	BigBear.ai Holdings, Inc.	\$70.00	n.d.

Date	Status	Target	Acquirer/Investor	Transaction Value (US\$ Mil)	Valuation (EV/LTM EBITDA)
11/02/2023	Announced	Modern Aviation Inc.	Apollo Global Management, Inc.; Tiger Infrastructure Partners LP	n.d.	n.d.
11/02/2023	Announced	Regency Technologies	Iron Mountain Incorporated	\$200.00	n.d.
11/29/2023	Closed	Ipsolon Research, Inc.	BlueHalo LLC	n.d.	n.d.
11/29/2023	Closed	T2S, LLC	Madison Dearborn Partners, LLC	n.d.	n.d.
11/29/2023	Closed	Atmosphere & Space Technology Research Associates, LLC	Arcfield	n.d.	n.d.
11/29/2023	Closed	Conquest Cyber	BlueVoyant LLC	n.d.	n.d.
11/28/2023	Closed	Johnston Aircraft Service, Inc.	Valley Air Crafts	n.d.	n.d.
11/28/2023	Closed	Incapsulate, LLC	Accenture plc	n.d.	n.d.
11/28/2023	Closed	Ocelot Consulting LLC	Accenture plc	n.d.	n.d.
11/27/2023	Closed	Assets of Kelly Aero LLC	Hartzell Engine Technologies, LLC	n.d.	n.d.
11/27/2023	Closed	Aerial Delivery Solutions, LLC	Life Support International	n.d.	n.d.


Date	Status	Target	Acquirer/Investor	Transaction Value (US\$ Mil)	Valuation (EV/LTM EBITDA)
11/27/2023	Closed	KeyLogic Systems, Inc.	GAP Solutions Inc.	n.d.	n.d.
11/27/2023	Closed	SR Technologies Inc.	Eclipse Technologies, LLC	n.d.	n.d.
11/22/2023	Closed	VMware, Inc.	Broadcom Inc.	\$72,967.48	22.3x
11/20/2023	Closed	Exostar LLC	Arlington Management Employees, LLC	n.d.	n.d.
11/16/2023	Closed	Outside Analytics Inc	SMX Group, LLC	n.d.	n.d.
11/15/2023	Closed	SIXGEN Incorporated	Washington Harbour Partners LP	n.d.	n.d.
11/14/2023	Closed	United Western Enterprises, Inc.	PMA Industries, LLC	n.d.	n.d.
11/14/2023	Closed	Ingalls Information Security, LLC	C3 Integrated Solutions Inc.	n.d.	n.d.
11/10/2023	Closed	Excet, Inc.	Precise Systems Inc.	n.d.	n.d.
11/10/2023	Closed	P3 Technologies, LLC	Graham Corporation	n.d.	n.d.
11/08/2023	Closed	Fluid Components International LLC	Process Sensing Technologies Limited	n.d.	n.d.

Date	Status	Target	Acquirer/Investor	Transaction Value (US\$ Mil)	Valuation (EV/LTM EBITDA)
11/07/2023	Closed	Power Systems Technology of Comtech Telecommunications Corp.	Stellant Systems, Inc.	\$40.00	n.d.
11/07/2023	Closed	Unitech Aerospace Company	Charger Investment Partners LP	n.d.	n.d.
11/06/2023	Closed	Meeker Aviation	Signia Aerospace Holdings, Inc.	n.d.	n.d.
11/06/2023	Closed	Revacomm, Inc.	IntelliBridge, Inc.	n.d.	n.d.
11/01/2023	Closed	CSW Systems	Summit 7 Systems, Inc.	n.d.	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.