



Aerospace | Defense & Government |
Intelligence Community

November 2024 Market Snapshot



IN THIS ISSUE

| | |
|------------------------------|----|
| Spotlight | 2 |
| What We're Reading | 3 |
| Valuation Trends | 4 |
| Public Company Valuations | 5 |
| M&A Trends | 6 |
| Monthly Transaction Activity | 7 |
| Monthly Venture Activity | 10 |

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Our [June 2024 Spotlight](#) highlighted “The Project” as described by Leopold Ashenbrenner’s [Situational Awareness: The Decade Ahead](#). In this paper, he states: *“Superintelligence will be the most powerful technology—and most powerful weapon—mankind has ever developed. It will give a decisive military advantage, perhaps comparable only with nuclear weapons.”* Additionally, he says that the development of artificial general intelligence (AGI) and superintelligence will be *“the United States’ most important national defense project,”* on par with the Manhattan Project.

Fast forward to November and the [2024 Report to Congress of the U.S.-China Economic and Security Review Commission](#). Its [first recommendation](#) is that: *“Congress establish and fund a Manhattan Project-like program dedicated to racing to and acquiring an Artificial General Intelligence (AGI) capability. AGI is generally defined as systems that are as good as or better than human capabilities across all cognitive domains and would surpass the sharpest human minds at every task.”*

This recommendation is ‘quaint’ in the context of budgetary constraints along with current year spending projections by the four largest private industry hyperscalers (Alphabet, Meta, Amazon, Microsoft) on capital projects related to Artificial Intelligence. [Morgan Stanley estimates that they will collectively spend \\$300 billion in 2025](#), equating to over 35% of the total DoD budget of \$850 billion.

Of course, the government need not spend this money if they can control and regulate those in the private sector that are spending. Marc Andreessen of venture capital firm [Andreessen Horowitz](#) had occasion recently to describe earlier meetings he attended at the White House in the spring of 2024 related to the future of AI, during which White House officials highlighted just this strategy. According to Andreessen, *“...it was – basically just full government – full government control – like this sort of thing, there will be a small number of large companies that will be completely regulated and controlled by the government...”*

U.S. goals for AI take on additional importance, especially in the context of [China’s vision for AI](#) (population control) as described by Andreessen. When China is brought into the conversation, *“[a]ll of a sudden it’s like, ‘Oh well we need American [AI] to succeed, and we need American technology companies to succeed, and we need to beat the Chinese.’”* This highlights many important questions such as: Will it be controlled by private industry or will it be controlled by government or government regulation much like nuclear weapons? Which governments? Will smaller companies, countries or industry participants even be able to compete or provide alternatives to this closely held control?

While describing these as important debates, Andreessen states *“...there is this much bigger...more important...thing that’s happening – which is, what kind of world do we think we’re living in 50 years from now?”*



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

Strategy & Policy



✓ [US Government Commission Pushes Manhattan Project-style AI Initiative](#)

"... establish and fund a Manhattan Project-like program dedicated to racing to and acquiring an Artificial General Intelligence (AGI) capability."

✓ [America Must Get Its Mind Right to Defeat China](#)

"The Royal Navy was hardly idle between the Napoleonic Wars and World War I. But it mostly fought imperial police actions against outgunned antagonists." What does that sound like? - SWC

✓ [The Tenant's Delusion](#)

"How did Force Design 2030 ever get implemented without the required levels of review?"

Trends in Technology



✓ [Affordable Drones and Civilian Supply Chains are Transforming Warfare](#)

"This widespread use of drones poses a substantial threat to traditional armored units...these UAVs can easily target and disable even sophisticated tanks."

✓ [Underwater Geopolitics](#)

"With [Software Defined Networking], Chinese cloud providers—aligned with state interests—could redirect sensitive inter-cloud traffic, putting critical communications at risk."

✓ [China's Chip Chokepoints](#)

"China's leading producer, SMIC, can reportedly make 28nm chips, far from the global leading edge of 2 to 3nm."

Contracting, Procurement & Budget



✓ [Space Force Plans to Award 20 Contracts for Commercial Reserve by 2026](#)

"Developing an acquisition strategy ...has also required the Space Force to work through some of the trickier questions about how much it should rely on commercial capabilities during wartime.."

✓ [Space Force Eyes Starship for Future Rocket Cargo Delivery Missions](#)

"The concept seeks to use commercially available rockets to quickly launch military supplies to anywhere on Earth..."

✓ [Moving Toward Defense as a Service](#)

"...moving from product-based contracts to outcome-oriented service contracts..."

Capital Markets



✓ [AeroVironment Strikes \\$4.1B All-stock Deal for BlueHalo](#)

"...the companies said they expect the transaction to close in the first half of 2025..."

✓ [Godspeed Capital's AEC Acquires Florida Based Healthcare, Gov't Infrastructure Firm](#)

"According to Godspeed Capital, the addition of MBA will expand SHA's geographic footprint and customer base, especially in Florida."

✓ [Launch, The Moon and Satellites - Space Investments](#)

"Each of these companies are in varying stages of maturity as a business, but all have high-profile backers behind them."

Aviators & Warfighters



✓ [Raider 50 On Fire: An Impossible Story of Survival 2 Miles High](#)

"A man inside the car asked, "Did you guys mean to do that?"

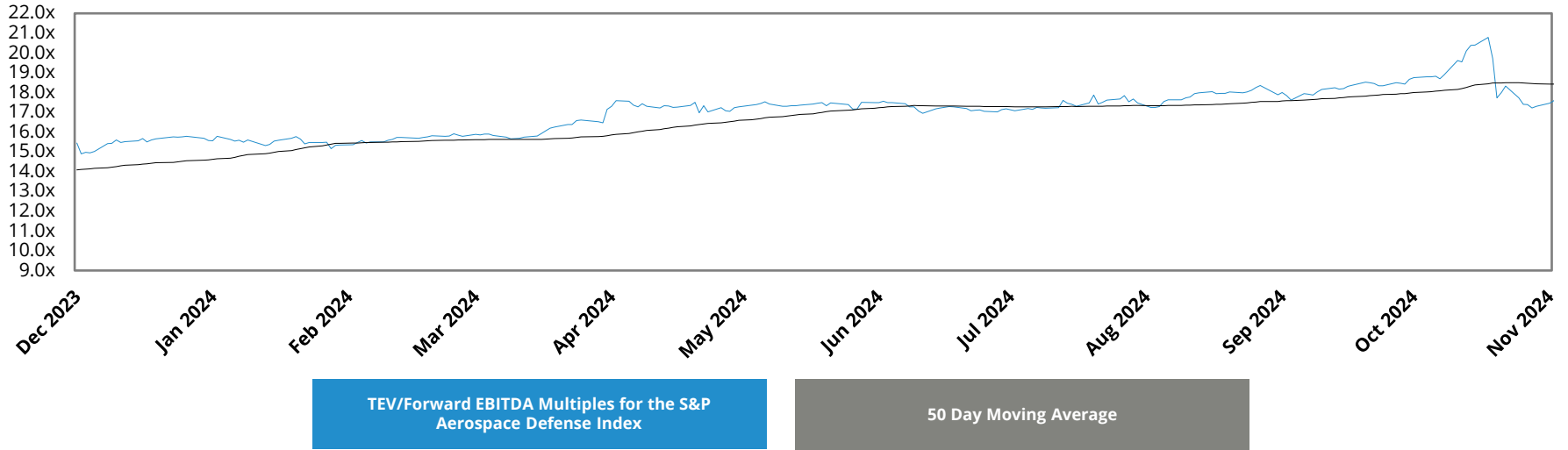
✓ [Facts About the Purple Heart](#)

"Created by George Washington in 1782, it is the oldest military award still given to American service members."

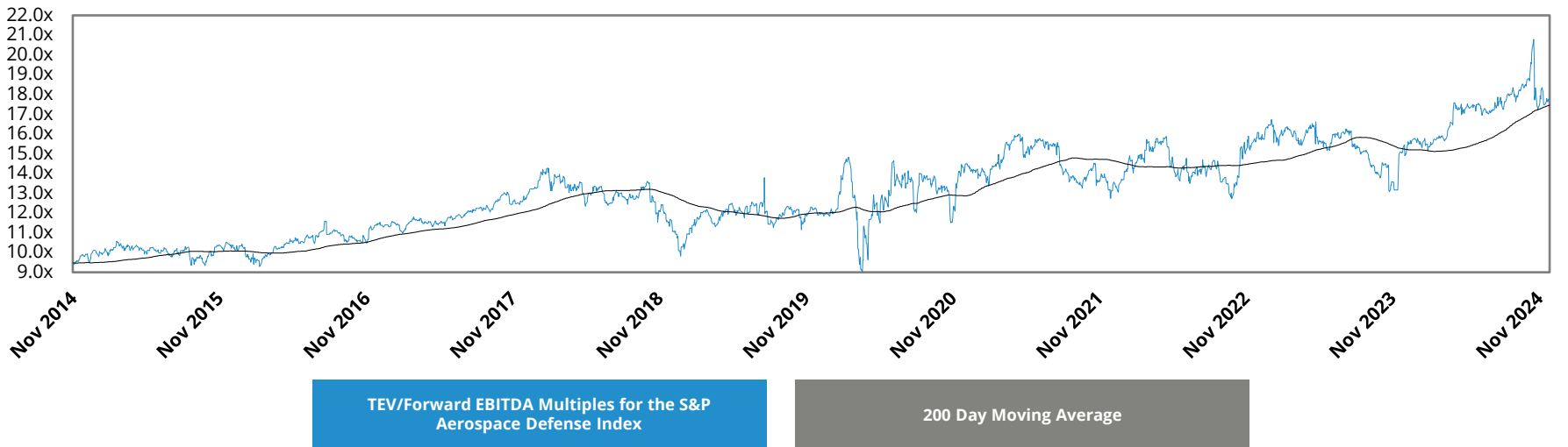
✓ [The Time a Boeing 707 Completed a Barrel Roll over Seattle](#)

"You know that. Now we know that. But just don't do it anymore."

1-Yr Historical EBITDA Multiples*



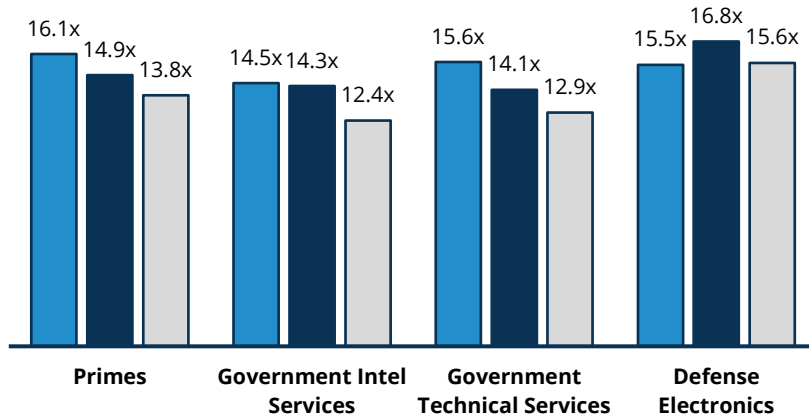
10-Yr Historical EBITDA Multiples*



Defense & Government | Intelligence Community*

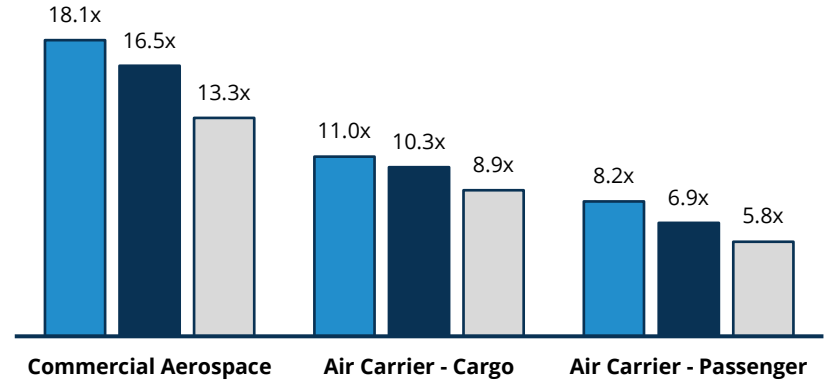
■ LTM ■ 2024CY □ 2025CY

Median EV/EBITDA (x)

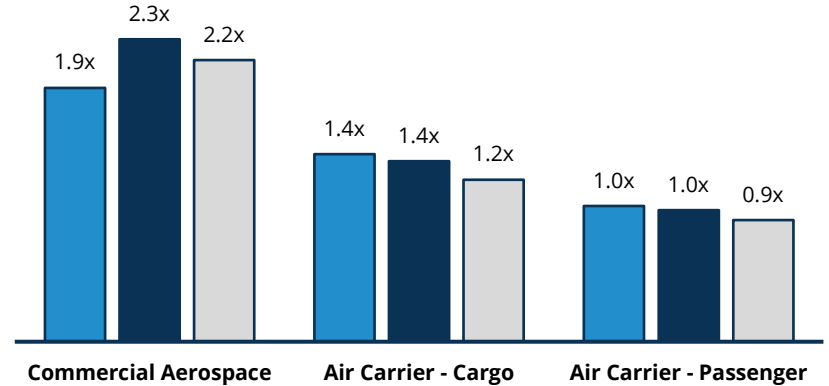
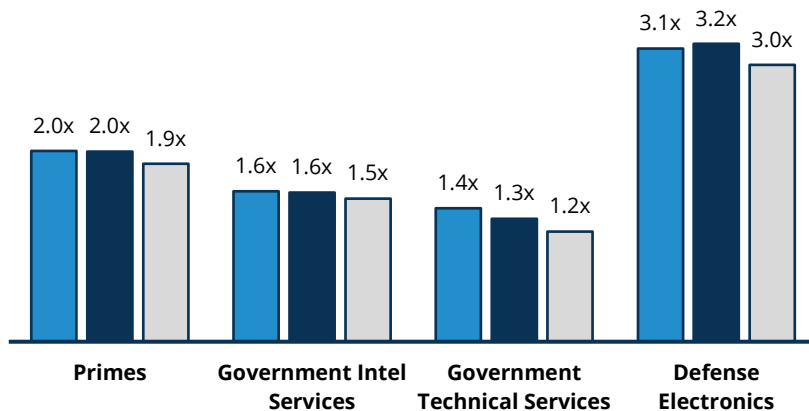


Commercial Aerospace*

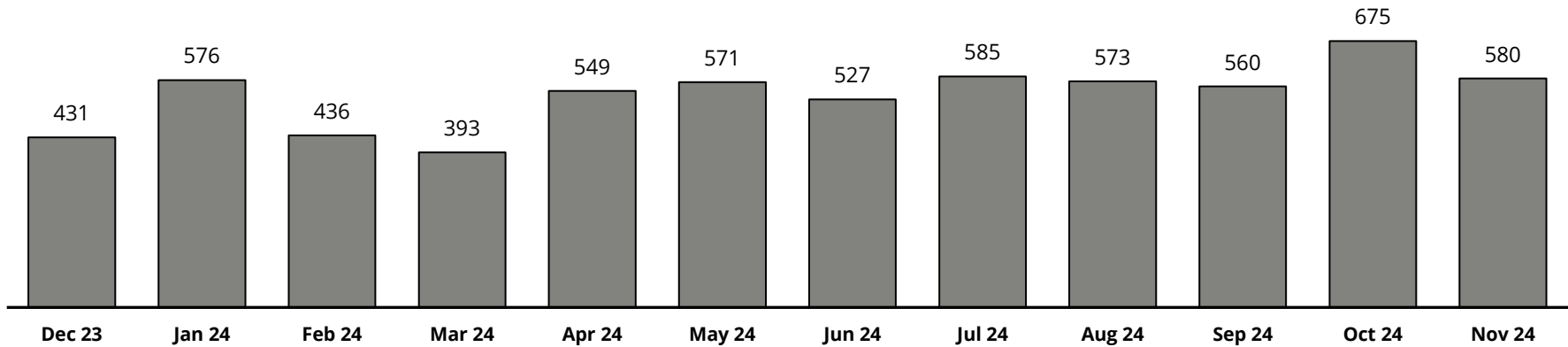
■ LTM ■ 2024CY □ 2025CY



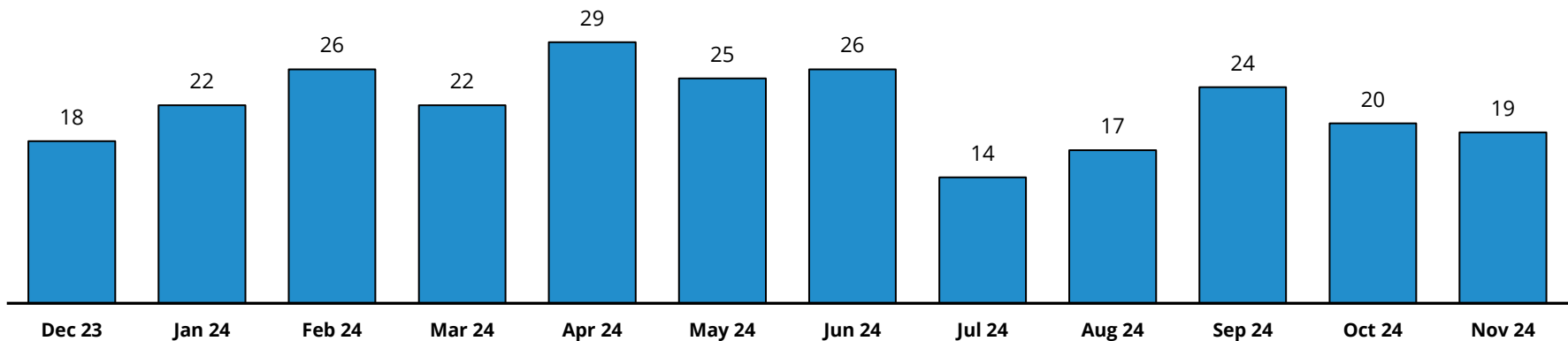
Median EV/Revenue (x)



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) |
|------------|-----------|--|--|------------------------------|---------------------------|
| 11/04/2024 | Announced | Air Transport Services Group, Inc. | Stonepeak Partners LP | \$3,129.57 | 6.2x |
| 11/04/2024 | Announced | Training business of the Computing Technology Industry Association | H.I.G. Capital, LLC; Thoma Bravo, L.P. | n.d. | n.d. |
| 11/04/2024 | Announced | SIMCOM International, Inc. | CAE Inc. | \$230.00 | n.d. |
| 11/04/2024 | Announced | Business of Aerojet Ordnance Tennessee, Inc. | BWX Technologies, Inc. | \$100.00 | n.d. |
| 11/04/2024 | Announced | Micropac Industries, Inc. | Teledyne Technologies Incorporated | \$67.70 | 9.0x |
| 11/06/2024 | Announced | Optical Systems and Advanced Electronic Business of Excelitas Technologies Corp. | Teledyne Technologies Incorporated | \$710.00 | n.d. |
| 11/06/2024 | Announced | Substantially all of the operating assets of Qubitekk, Inc. | IonQ, Inc. | \$22.00 | n.d. |
| 11/08/2024 | Announced | Emcore Corporation | Aerosphere Power Inc. | \$62.37 | n.d. |
| 11/13/2024 | Announced | Maritime business of Spire Global, Inc. | Kpler Holding SA | \$241.00 | n.d. |
| 11/19/2024 | Announced | BlueHalo LLC | AeroVironment, Inc. | \$4,100.00 | n.d. |
| 11/20/2024 | Announced | Datavolo, Inc. | Snowflake Inc. | n.d. | n.d. |
| 11/22/2024 | Announced | Personal Protective Equipment Business of Honeywell International | Gloves Buyer, Inc. | \$1,325.00 | n.d. |

| Date | Status | Target | Acquirer/Investor | Transaction Value (US\$ Mil) | Valuation (EV/LTM EBITDA) |
|------------|-----------|--|---|------------------------------|---------------------------|
| 11/25/2024 | Announced | Spacecraft Components Corporation | Mobix Labs, Inc. | \$24.00 | n.d. |
| 11/01/2024 | Closed | BAE Systems Imaging Solutions Inc. | Photonics Management Corp. | n.d. | n.d. |
| 11/01/2024 | Closed | SV-Aero Holdings, LLC | Tinicum Incorporated | n.d. | n.d. |
| 11/01/2024 | Closed | Griner Engineering, Inc | Orchard Hiltz & McCliment, Inc. | n.d. | n.d. |
| 11/01/2024 | Closed | Radar and Sensor Technology group of Maxar Technologies Inc. | ARKA Group, LP | n.d. | n.d. |
| 11/01/2024 | Closed | BCC Engineering, LLC | Parsons Corporation | \$230.00 | n.d. |
| 11/04/2024 | Closed | Aero Instruments & Avionics, Inc. | Aero Accessories & Repair Inc | n.d. | n.d. |
| 11/05/2024 | Closed | Goodrich Hoist & Winch | Signia Aerospace Holdings, Inc. | \$497.00 | n.d. |
| 11/06/2024 | Closed | ENGIN-IC, Inc. | MACOM Technology Solutions Holdings, Inc. | n.d. | n.d. |
| 11/07/2024 | Closed | Mason Blau & Associates, Inc. | Godspeed Capital Management LP | n.d. | n.d. |
| 11/08/2024 | Closed | Softrams, Inc. | Tria Federal | n.d. | n.d. |
| 11/12/2024 | Closed | AirGroup America, Inc. | Aero Accessories & Repair Inc | n.d. | n.d. |
| 11/12/2024 | Closed | Pragmatics, LLC | Integral Federal, Inc | n.d. | n.d. |


| Date | Status | Target | Acquirer/Investor | Transaction Value (US\$ Mil) | Valuation (EV/LTM EBITDA) |
|------------|--------|-------------------------------------|---|------------------------------|---------------------------|
| 11/12/2024 | Closed | Testek, Inc. | Branford Castle Partners, L.P.; Branford Castle Fund II, L.P. | n.d. | n.d. |
| 11/13/2024 | Closed | Livanta, LLC/DOMA Technologies, LLC | Pleasant Land Holdings LLC | n.d. | n.d. |
| 11/13/2024 | Closed | Core Avionics & Industrial Inc. | Lynx Software Technologies, Inc. | n.d. | n.d. |
| 11/20/2024 | Closed | Karthik Consulting LLC | CoreStack, Inc. | n.d. | n.d. |
| 11/22/2024 | Closed | VideoRay LLC | BlueHalo LLC | n.d. | n.d. |
| 11/22/2024 | Closed | GovPro AI, Inc. | Unanet, Inc. | n.d. | n.d. |
| 11/29/2024 | Closed | JY Systems, LLC | Markon LLC | n.d. | n.d. |

| Date | Status | Company | Deal Type | New Investor(s) | Industry Sector* | Investment Size (US\$ Mil) |
|------------|-----------|--------------------------------------|--------------------|--|------------------|----------------------------|
| 11/08/2024 | Completed | ORB Aerospace | Later Stage VC | n.d. | Air Mobility | \$3.20 |
| 11/13/2024 | Completed | Starfish Space | Later Stage VC | Aero X Ventures, Booz Allen Ventures, Point72 Ventures, Shield Capital, Trac (San Francisco), Trousdale Ventures | A&D | \$29.51 |
| 11/15/2024 | Completed | Skydio | Later Stage VC | Axon(), Calm Ventures, Con Energy, Gaingels, GS Futures, Herkules Capital, KDDI, Mana Ventures, Perot Jain, Skypointer, Walton Family Foundation | A&D | \$400.00 |
| 11/15/2024 | Completed | Elroy Air | Later Stage VC | Gaingels | Air Mobility | \$6.64 |
| 11/15/2024 | Completed | AURA (Communications and Networking) | Later Stage VC | n.d. | A&D | \$1.81 |
| 11/19/2024 | Completed | OneChronos | Later Stage VC | n.d. | A&D | \$32.00 |
| 11/20/2024 | Completed | Flight Science | Angel (individual) | n.d. | A&D | \$0.05 |
| 11/25/2024 | Completed | Montis Corporation | Angel (individual) | n.d. | A&D/Software | \$0.35 |
| 11/27/2024 | Completed | Pixxel | Later Stage VC | n.d. | A&D | \$5.00 |

| 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

- 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.