



Aerospace | Defense & Government
Intelligence Community

January 2025 Market Snapshot

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What's Next for AI

Artificial Intelligence (AI) has been a topic of interest for SWC over the last several months, particularly as it relates to our national security. In [June](#), we highlighted Leopold Ashenbrenner's paper, "Situational Awareness: The Decade Ahead," and the conclusion that artificial general intelligence (AGI) and superintelligence should be the United States' "most important national defense project." We built off this theme in our [November](#) Spotlight, highlighting the [U.S. China Economic and Security Review Commission's](#) recommendation to Congress that it establish and fund a "Manhattan Project-like" program to develop an AGI capability. At the time, we questioned where the money might come from for such an endeavor and opined, given the former Administration's more regulation-heavy approach towards AI, that the government "need not spend this money if they can control and regulate those in the private sector that are spending." A lot has changed since then; so where are we now?

January ushered in a new year and a new Administration, and with it, a new approach to AI. In the first few days of his term, President Trump signed an executive order revoking previous government regulations that "[hinder\[ed\] AI innovation and impose\[d\] onerous and unnecessary government control over the development of AI.](#)" Concurrently, the President announced the launch of [Project Stargate](#), a landmark private-sector-led AI initiative designed to propel the United States to the forefront of AI development and strengthen national security. Stargate unites tech leaders OpenAI, SoftBank, Oracle, and investment firm MGX to build a vast AI infrastructure network across the country. With an investment of up to \$500 billion over four years, the initiative is meant to "[not only support the re-industrialization of the United States but also provide a strategic capability to protect the national security of America and its allies.](#)"

Even as Stargate was announced, China's low-cost AI-model, DeepSeek, emerged as a formidable disruptor, reeking havoc in the markets and serving as a reminder that the global race for AI dominance is still up for grabs. Launched in January, DeepSeek quickly became the most downloaded AI application, outpacing firms like ChatGPT in alleged cost (casting doubt on the notion that advanced AI requires massive data centers) while performing at competitive levels. Putting aside DeepSeek's dubious affordability claims, one of the biggest concerns surrounding the platform is its potential for cyber-espionage and data mining, prompting proposed [bi-partisan legislation](#) to ban it from all federal devices.

In [comments](#) suggesting that Project Stargate could be expanded upon through a "national laboratory" akin to the Manhattan Project, unifying the nation's top AI researchers, defense experts, and private tech firms under a single umbrella, CIA Director John Ratcliffe emphasized that since we know our adversaries are trying to utilize AI to spy on—and take advantage of—American interests, "we have to harness it and utilize it more effectively than [them]." And, as put by Chris Lehane, OpenAI's chief global affairs officer, "[\[w\]hoever ends up prevailing in this competition is going to really shape what the world looks like going forward, whether we have democratic AI that's free and open, or authoritarian AI that is autocratic.](#)" Perhaps Project Stargate and private industry's newfound autonomy in the AI race will help tip the scales. Time will tell.



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

Strategy & Policy



✓ [The Nation Needs a Shipbuilding Revolution](#)

"The luxuries of the present are the necessities of the future." ...The reality being exposed by combat operations in the Red Sea and shipbuilding here at home is that for too long the United States has viewed its Navy as a luxury."

✓ ["Nasty" Fights of the Future Require More Realistic Training](#)

"The fleet's recent experiences in the Red Sea also have cast a spotlight on the need to rethink the logistics of those warships and crews operating in a weapons engagement zone."

✓ [America Shouldn't Shy Away from Buying Greenland](#)

"Greenland...sits along the Arctic Sea, which is rapidly becoming a highly relevant shipping route...particularly for Russia."

Trends in Technology



✓ [The Coming Wave of Wartime Drone Expertise](#)

"The rapid innovation cycle for unmanned systems in Ukraine and Russia has created a cadre of personnel and equipment several generations ahead of the rest of the world."

✓ [Hypersonic Overhype](#)

"MaRVs (maneuverable reentry vehicles) can do essentially everything that hypersonics can do, are capable of fulfilling the theater mission set, and could be built sooner and at lower cost than novel hypersonic platforms."

✓ [Trump Admin Considering 'National Laboratory' for AI](#)

"...our constellation of national laboratories can be traced back to the Manhattan Project..."

Contracting, Procurement & Budget



✓ [New SASC Chair Sets Sights on \\$200B Defense Boost](#)

"...has argued that US defense spending should grow to 5 percent of GDP..."

✓ [The Key to Modernizing Defense Acquisitions](#)

"...eliminate commonplace phenomena like the U.S. Navy shooting down \$2000 Houthi drones with \$2mm missiles in the Gulf..."

✓ [Pentagon Says Small Business Programs not Part of Grant Funding Pause](#)

"SBIR/STTR programs are funded through contracts...They are not considered grants or financial assistance."

Capital Markets



✓ [Peerless Technologies Acquires Spectrum Tech Specialist](#)

"...specializes in applied research-and-development work on radio frequency and other communications systems. Terms of the transaction announced Monday were not disclosed."

✓ [Boeing's Spirit Aerosystems Acquisition Gets OK From Selling Shareholders](#)

"...the deal's total value is approximately \$8.3 billion..."

✓ [Redwire Pushes Further Across Defense With \\$925M Edge Autonomy Acquisition](#)

"...Redwire will pay \$150 million in cash and \$775 million in stock for Edge Autonomy."

Aviators & Warfighters



✓ [Tuskegee Airman Who Notched Three Air to Air Victories in One Day, Dies at 100](#)

"...two of which he finished with his planes' machine guns while recording the third through sheer flying skill."

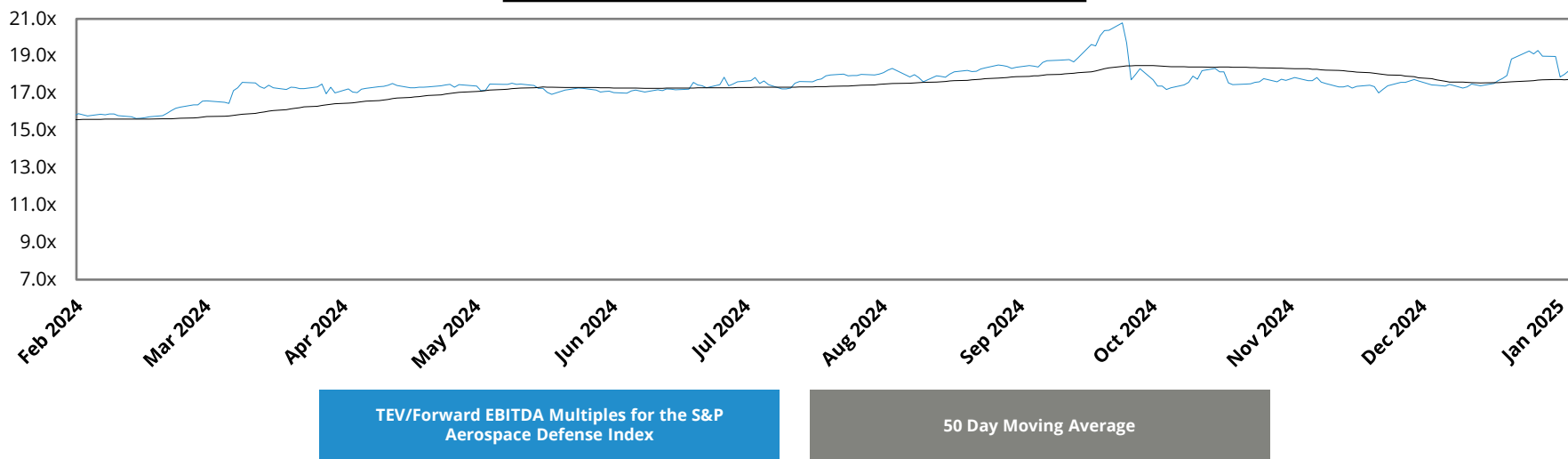
✓ [When Americans Spent Christmas and New Year's Freezing in Russia](#)

"...fighting on a mission tied to a war that had ended a month prior."

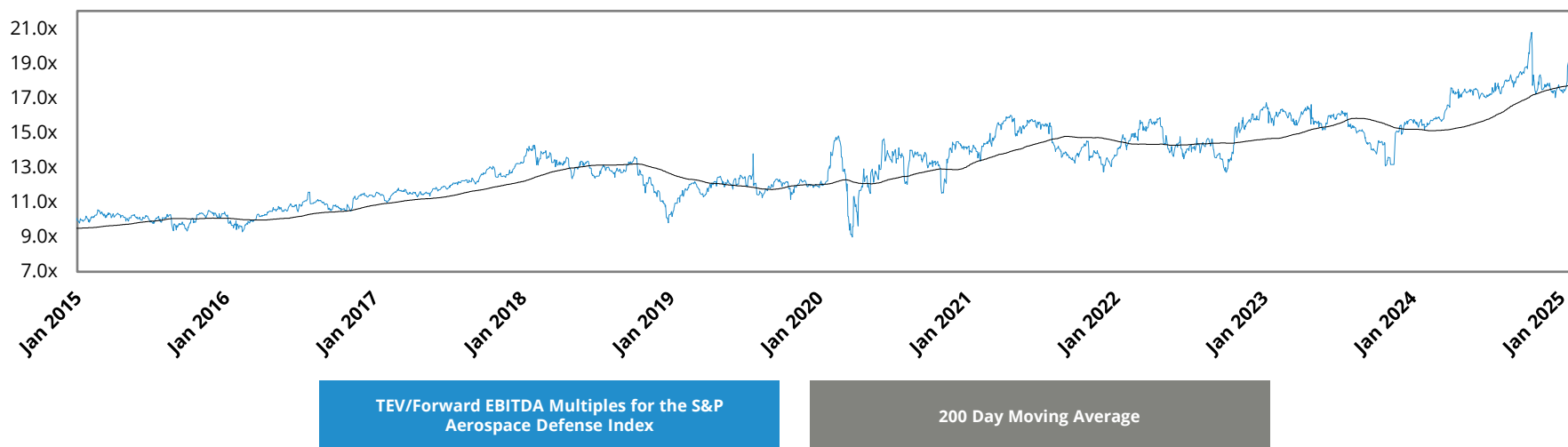
✓ [This WWII Tanker Took More Than 20 Prisoners While Armed with Only a Spoon](#)

"Further down the road, Varner used the teaspoon a third time, this time capturing another truck and 17 Germans."

1-Yr Historical EBITDA Multiples*



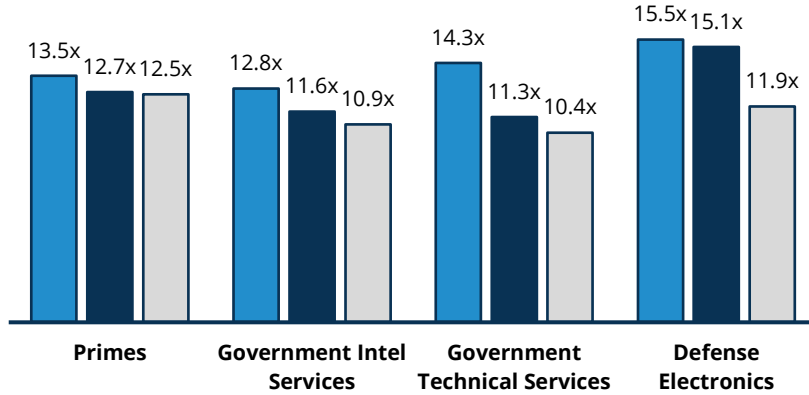
10-Yr Historical EBITDA Multiples*



Defense & Government | Intelligence Community*

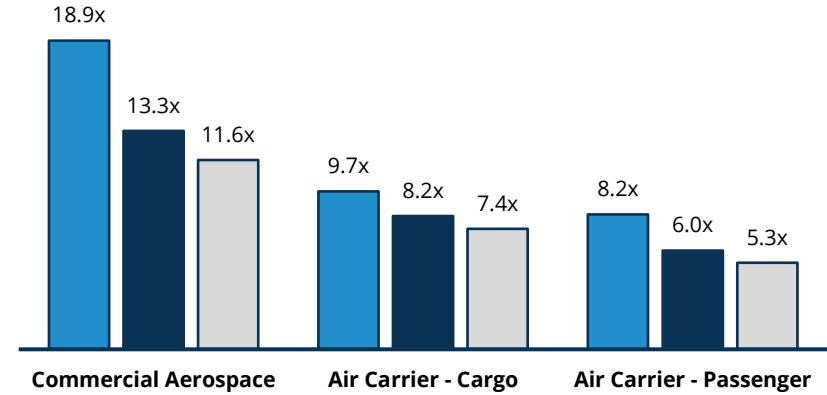
■ LTM ■ 2025CY □ 2026CY

Median EV/EBITDA (x)

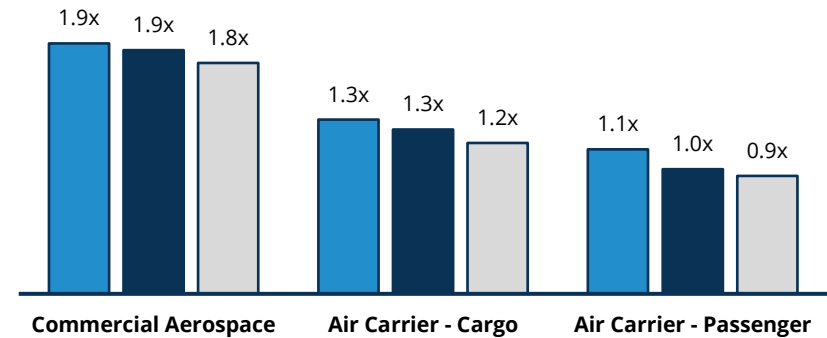
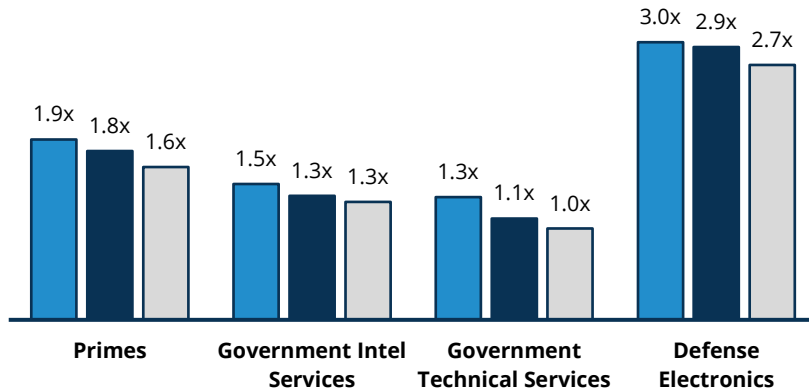


Commercial Aerospace*

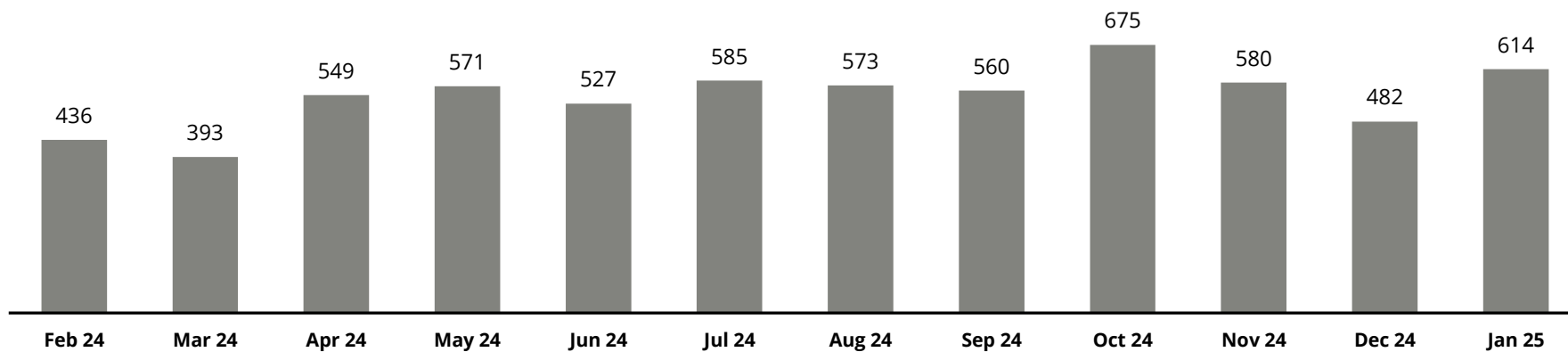
■ LTM ■ 2025CY □ 2026CY



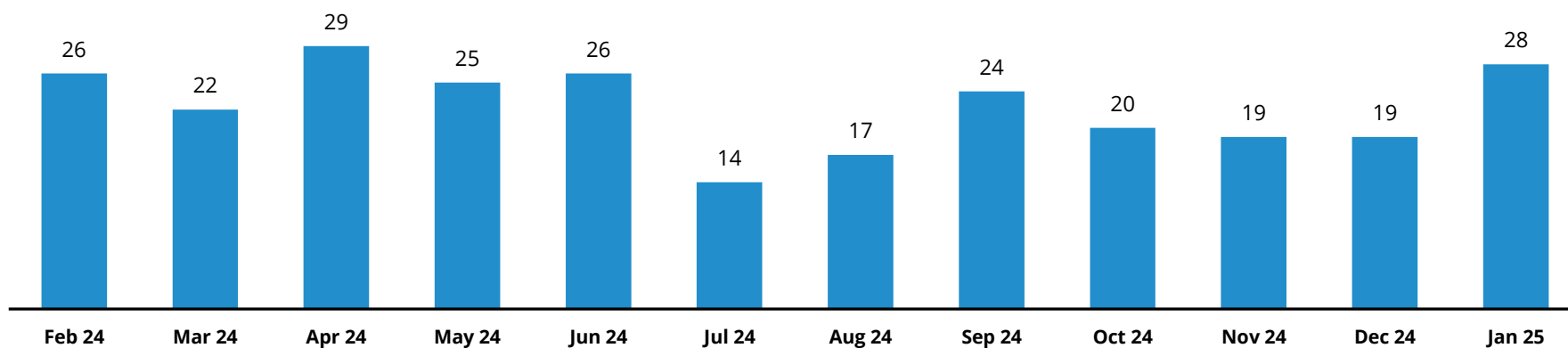
Median EV/Revenue (x)



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)
01/08/2025	Announced	Tinci Materials Texas LLC	Honeywell International Inc.	\$16.66	n.d.
01/16/2025	Announced	Applications Software Technology LLC	International Business Machines Corporation	n.d.	n.d.
01/20/2025	Announced	Edge Autonomy Operations LLC	Redwire Corporation	\$925.00	12.8x
01/22/2025	Announced	Msol, Inc.	Alpha Omega Integration, LLC	n.d.	n.d.
01/22/2025	Announced	SCP Manufacturing, Inc.	Mobix Labs, Inc.	n.d.	n.d.
01/30/2025	Announced	Mission training & satellite ground network communications software business of Northrop Grumman	Serco Inc.	\$327.00	n.d.
01/02/2025	Closed	Tennessee Valley Research Group, Inc.	Avion Solutions, Inc.	n.d.	n.d.
01/02/2025	Closed	Ricardo Defense Systems, LLC	Gladstone Investment Corporation; Gladstone Management Corporation; Proteus Enterprises LLC	\$85.00	n.d.
01/02/2025	Closed	Ultra Nuclear Limited/Weed Instrument Co Inc	Curtiss-Wright Corporation	\$200.00	n.d.
01/03/2025	Closed	Business of Aerojet Ordnance Tennessee	BWX Technologies, Inc.	\$100.00	n.d.

Date	Status	Target	Acquirer/Investor	Transaction Value (US\$ Mil)	Valuation (EV/LTM EBITDA)
01/04/2025	Closed	Uniform Sierra Aerospace, LLC	Flock Group Inc.	n.d.	n.d.
01/06/2025	Closed	Tech USA Government Solutions, LLC	GAP Solutions Inc.	n.d.	n.d.
01/06/2025	Closed	Tech Usa, Inc.	System One Holdings, LLC	n.d.	n.d.
01/06/2025	Closed	Substantially all of the operating assets of Qubitekk, Inc.	IonQ, Inc.	\$22.00	n.d.
01/07/2025	Closed	GovDefender LLC	XPECT Solutions, Inc.	n.d.	n.d.
01/07/2025	Closed	Applied Energy Group, Inc.	ICF International, Inc.	n.d.	n.d.
01/08/2025	Closed	IntelliBridge	Agile Defense	n.d.	n.d.
01/09/2025	Closed	Global Engineering & Technology, Inc.	Yingling Aircraft, Inc.	n.d.	n.d.
01/09/2025	Closed	Riverside Technology, inc.	Consolidated Safety Services, Inc.	n.d.	n.d.
01/09/2025	Closed	Radar and Command and Control businesses of Numerica Corporation	Anduril Industries, Inc.	n.d.	n.d.
01/13/2025	Closed	Goforth Scientific, Inc.	Data Machines Corporation	n.d.	n.d.
01/14/2025	Closed	Black Spoke, LLC	The Donkey Barn LLC	n.d.	n.d.

Date	Status	Target	Acquirer/Investor	Transaction Value (US\$ Mil)	Valuation (EV/LTM EBITDA)
01/16/2025	Closed	Edge Analytic Solutions	Prescient Edge Corp.	n.d.	n.d.
01/21/2025	Closed	Bandy Manufacturing, LLC	Novaria Holdings LLC	n.d.	n.d.
01/22/2025	Closed	PAC Seating Systems, LLC	LifePort, Inc.	n.d.	n.d.
01/23/2025	Closed	Aviation Sales, Inc.	Premier Air, Inc.	n.d.	n.d.
01/27/2025	Closed	OPEXUS	Thoma Bravo, L.P.	n.d.	n.d.
01/27/2025	Closed	Casepoint, LLC	OPEXUS	n.d.	n.d.
01/27/2025	Closed	Kranze Technology Solutions, Inc.	SPX Technologies, Inc.	\$350.00	n.d.
01/27/2025	Closed	Substantially All Assets of W International SC, LLC and Vivid Empire SC, LLC	Huntington Ingalls Industries, Inc.	n.d.	n.d.
01/27/2025	Closed	Barnes Group Inc.	Apollo Global Management, Inc.	\$3,628.07	9.7x
01/28/2025	Closed	Inertial Labs, Inc.	Viavi Solutions Inc.	\$325.00	n.d.
01/29/2025	Closed	Maveris, LLC	Harmonia Holdings Group, LLC	n.d.	n.d.
01/31/2025	Closed	Mygov, LLC	Tyler Technologies, Inc.	n.d.	n.d.


Date	Status	Company	Deal Type	New Investor(s)	Industry Sector*	Investment Size (US\$ Mil)
01/01/2025	Completed	Shield AI	Later Stage VC	2468 Ventures, Fabrica Ventures, Inflection Ventures (New York), Other People's Capital, Stack Capital Group, Washington Harbour	A&D	n.d.
01/01/2025	Completed	LIFT Aircraft	Later Stage VC	North Equity	Air Mobility	n.d.
01/06/2025	Completed	Silent Arrow	Later Stage VC	n.d.	Air Mobility	\$3.00
01/06/2025	Completed	Firehawk	Later Stage VC	1789 Capital	A&D	\$50.00
01/10/2025	Completed	Certus Core	Seed Round	Tampa Bay Ventures	A&D	\$1.00
01/12/2025	Completed	Lumen Orbit	Seed Round	Andreessen Horowitz, Beyond Earth Technologies, Fortified Ventures, Fuse (Seattle), Imagination Capital, Mergus Ventures, NFX, Other People's Capital, Ripple Impact Investments	A&D	\$14.14
01/13/2025	Announced	Doroni	Equity Crowdfunding	n.d.	Air Mobility	\$0.23

Date	Status	Company	Deal Type	New Investor(s)	Industry Sector*	Investment Size (US\$ Mil)
01/15/2025	Completed	HEKA (Aerospace and Defense)	Seed Round	n.d.	A&D	\$0.20
01/17/2025	Rumor/Speculation	Shield AI	Later Stage VC	n.d.	A&D	\$200.00
01/21/2025	Announced	Panhwar	Later Stage VC	n.d.	Air Mobility	n.d.
01/23/2025	Completed	Aethero	Grant	United States Air Force	A&D	\$0.11
01/24/2025	Completed	Kapta Space	Seed Round	Gaingels	A&D	\$5.38
01/27/2025	Completed	Onebrief	Later Stage VC	General Catalyst, Insight Partners	A&D	\$58.75
01/28/2025	Completed	AURA	Later Stage VC	n.d.	A&D	\$3.70
01/29/2025	Completed	SkySafe	Later Stage VC	n.d.	A&D	\$4.03

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.