



**SOUTHWIND
C A P I T A L**

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

January 2026 Market Snapshot



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Where Value Accrues in a Space-Superiority Budget

In November, we argued that most Defense Tech companies are still competing for slices of a fixed budget, not participating in an organically expanding market. Venture outcomes are hard to justify when a business can only push a bit deeper into existing program lines. New Space was our counterexample: once launch costs fell by an order of magnitude, entirely new classes of missions became financially possible. The lesson was that attractive returns in defense come from collapsing cost curves and expanding capability frontiers, not from clever positioning inside yesterday's budget chart.

That dynamic is now starting to play out in the space warfighting domain. Space is shifting from niche enabler to organizing layer for sensing, communications, and targeting. As proliferated constellations, cheaper buses, and more capable payloads come online, the question is less "Will space get more money?" and more "Which companies are positioned to take budget share as architectures tilt toward space superiority?" The answers depend on who can translate new space economics into better outcomes per dollar for the warfighter.

One set of likely winners are the architecture owners—companies that define how sensors, shooters, and networks stitch together across orbits and domains. They may not build every component, but they control the blueprint: which orbits and payloads, how data moves, how quickly the system can refresh, and how gracefully it degrades under attack. Their pitch is straightforward: for the same budget line, they deliver more coverage, resilience, and speed, displacing legacy architectures rather than begging for new funding.

Beneath them sit advanced payload, link, and ground-intelligence providers. High-performance sensors and on-board processing collapse the cost of a given effect—persistent coverage, specific target detection, high-confidence classification—so each dollar of space spend buys more capability than before. Resilient links and crosslinks turn individual satellites into a coherent mesh, allowing the same hardware to support more missions without proportional investment. On the ground, software and AI platforms that fuse multi-orbit data into tasking, targeting, and automation are often the most natural bridge to true dual-use: once you can make decisions in denied environments, civilian applications tend to follow.

The budget constraint hasn't gone away. What has changed is where the frontier is moving. Defense Tech companies that simply fit into legacy stovepipes will continue to price to cash flow. Those that use new technologies to redefine architectures—owning how missions are done, not just supplying parts—are the ones with a chance to take market share inside a fixed topline and, over time, to earn the kind of dual-use upside that has always been the real reward.



Please see additional insights on the satellite & space industry in the [January 2026 Market Monitor](#) from our partners at Quilty Space.

Strategy & Policy



✓ [New US Defense Strategy "Barely Mentions Technology" - What That Means for Industry](#)

“...four key lines of effort: defend the U.S. homeland; deter China in the Indo-Pacific; increase burden-sharing with U.S. allies and partners; and “supercharge” the U.S. defense industrial base.”

✓ [Department of War Acquisition Reform](#)

“...four broad categories: people, process, pace, and industrial base.”

✓ [So, We Have a National Defense Strategy](#)

“...there has already been more than a few opinion pieces written about it and to be blunt, a lot of it is a bunch of hot garbage.”

Trends in Technology



✓ [Space Warfare in 2026, A Pivotal Year for US Readiness](#)

“I firmly believe that the technology we need to deliver Golden Dome exists today.”

✓ [2026 Aerospace & Defense Industry Outlook - PSWARE](#)

“...the most widespread impact across both commercial and defense environments is likely to come from AI that augments human roles: decision support, predictive maintenance, logistics, and resource allocation.”

✓ [2026 Aerospace & Defense Industry Outlook - Deloitte](#)

“...five trends likely to shape the industry in the year ahead: 1) AI and agentic AI; 2) Aftermarket; 3) Supply Chain; 4) Contracting and procurement; 5) AI driven workforce transformation”

Contracting, Procurement & Budget



✓ [Weekly Update for Government Contractors & Commercial Businesses](#)

“Successful GovCon M&A transactions now require buyers and sellers to identify, price, and actively manage size-status risk early in the deal process.”

Umm, not a new risk - SWC

✓ [Senate Passes \\$839B Defense Spending Bill](#)

“Despite the political turmoil surrounding the funding package, the contents of the defense bill are largely uncontroversial.”

✓ [FY2026 NDAA: Major Increases to Critical Acquisition Thresholds](#)

“Additionally, NDAA 2026 increases the thresholds for noncompetitive acquisitions and when information technology requirements qualify as a major system.”

Capital Markets



✓ [Aerospace in Focus: 2026 - Gabelli Funds](#)

“The aerospace and defense industry stands at an inflection point where both immediate operational tempo and strategic recapitalization are converging with elevated threat perceptions.”

✓ [2026 US Defense Dealmaking Outlook](#)

“The defense industry enters 2026 at a genuine inflection point for dealmaking.”

✓ [Elon Musk Confirms SpaceX Merger with xAI Ahead of IPO](#)

“Musk said the big push behind the merger is data centers in space and space-based AI.”

Aviators & Warfighters



✓ [Vietnam DUSTOFF Pilot Who Saved 3000](#)

“His bone fragments had embedded in his copilot's shoulder.”

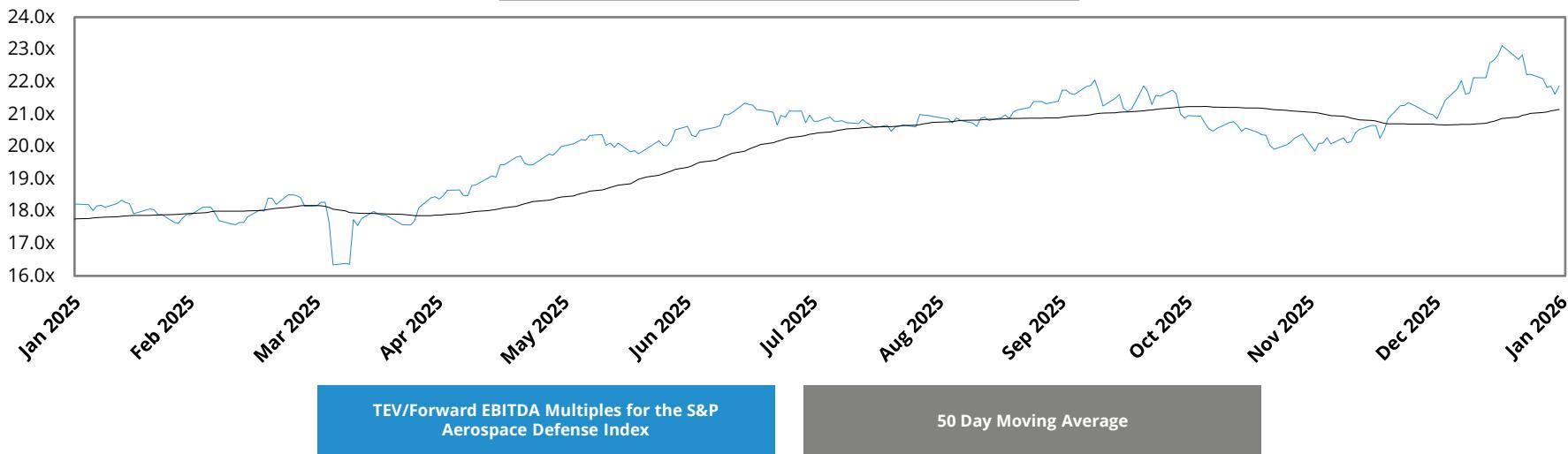
✓ [Pararescue Jumper's Daring Rescue of Downed Fighter Pilot Deep Inside North Vietnam](#)

“The CIA man who ran Lima Site 36 in Laos was known simply as “The Customer.”

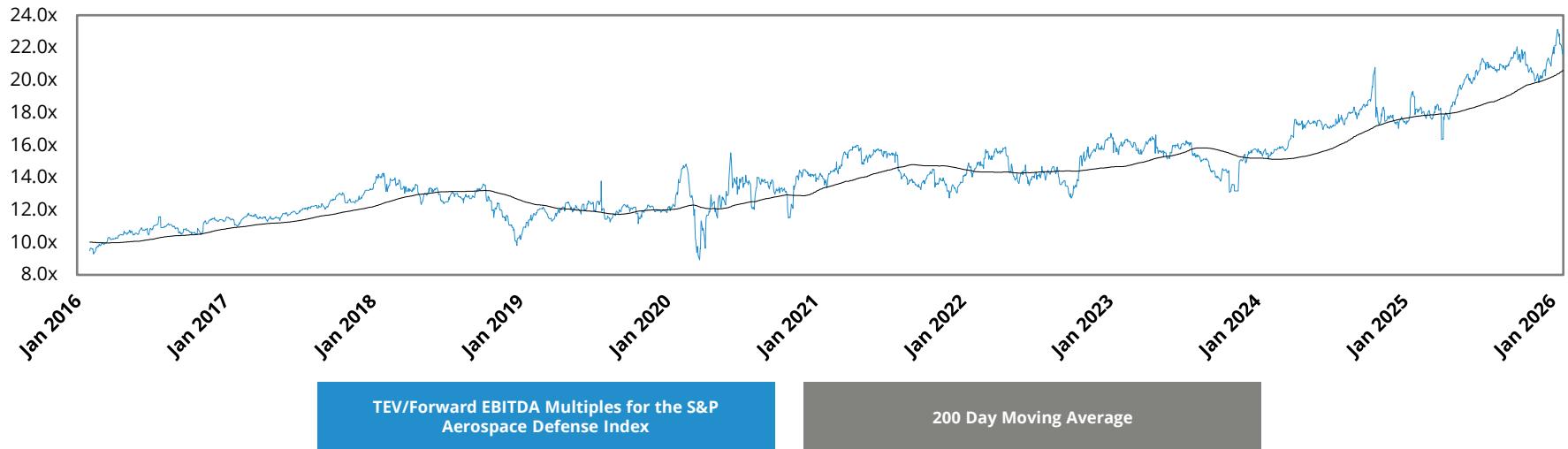
✓ [Apache Pilots Save Critically Wounded Soldier with Unorthodox Evacuation](#)

“I had my copilot strapped to the side of the aircraft and a critically-wounded Soldier in the front seat...”

1-Yr Historical EBITDA Multiples*

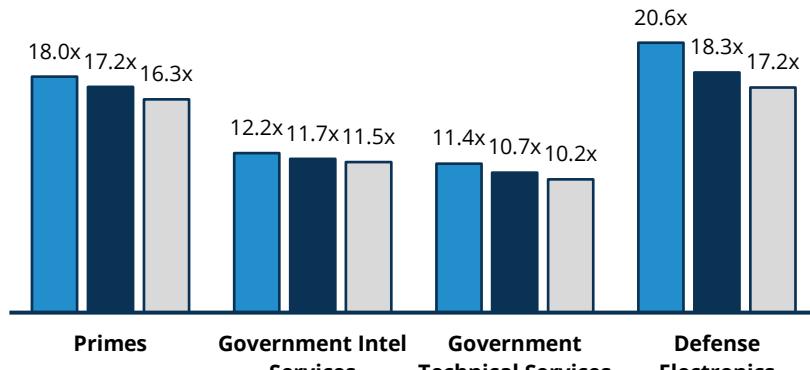


10-Yr Historical EBITDA Multiples*



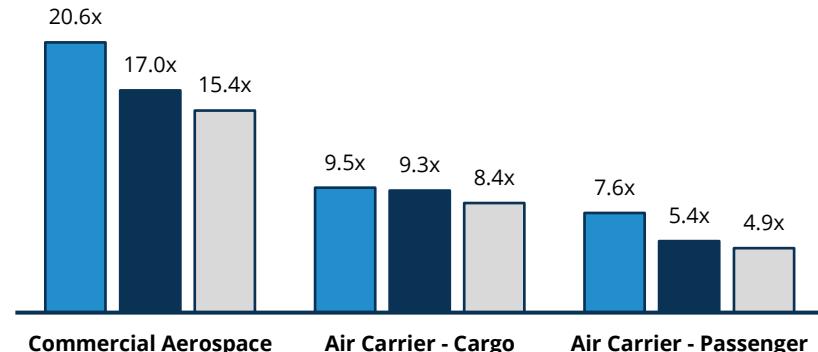
Defense & Government | Intelligence Community*

■ LTM ■ 2026CY □ 2027CY



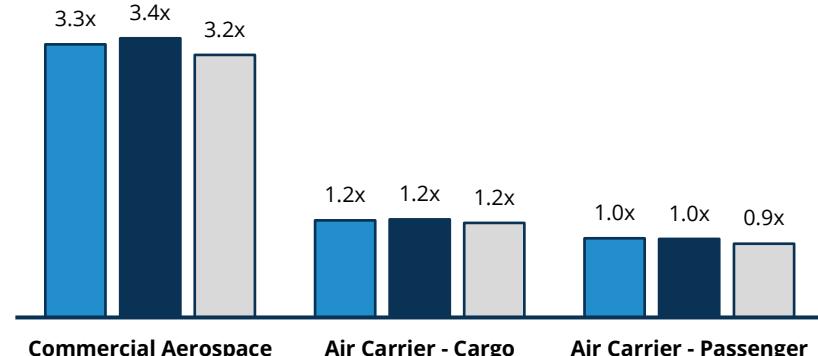
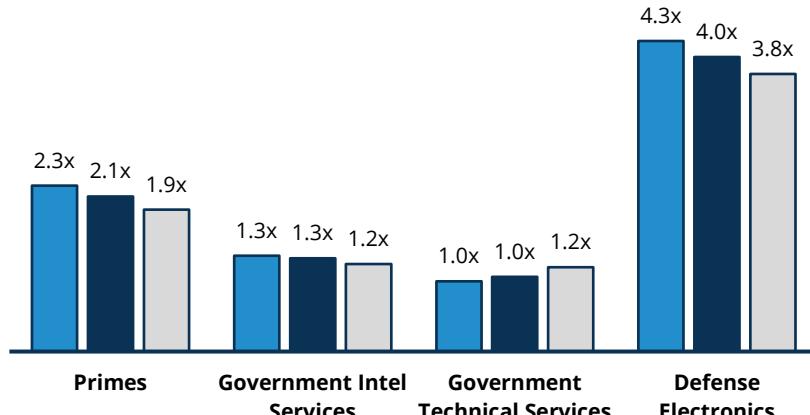
Commercial Aerospace*

■ LTM ■ 2026CY □ 2027CY



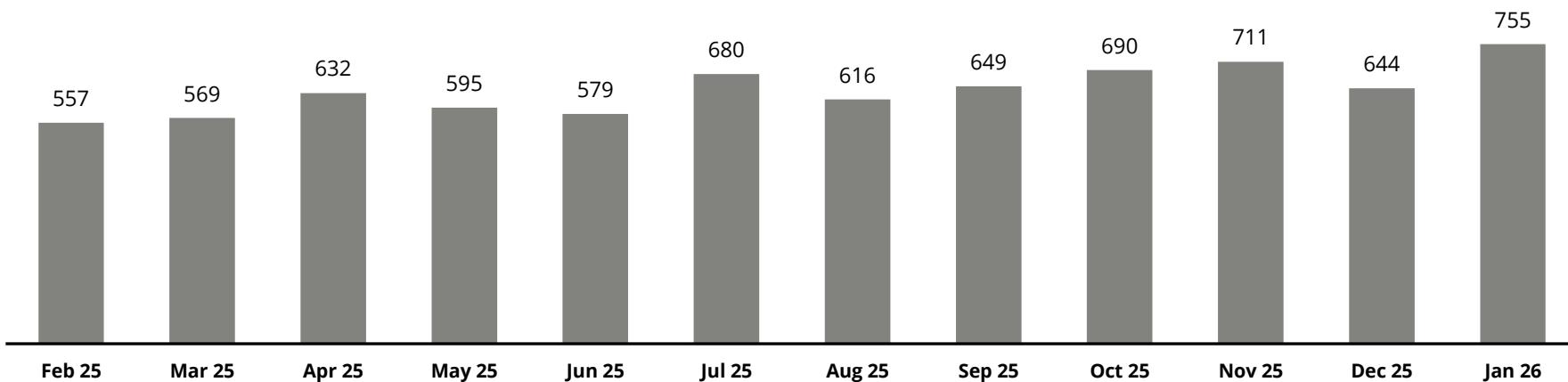
Median EV/EBITDA (x)

Median EV/Revenue (x)

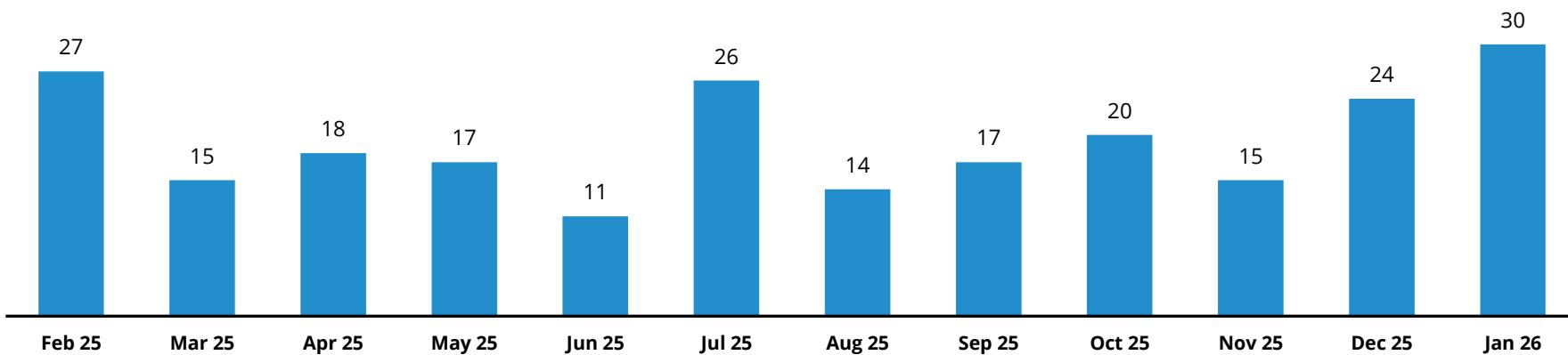


* Source: S&P Capital IQ as of February 2nd, 2026. For a full list of companies within each index, see page 13.

LTM US M&A Activity—Consolidated*



LTM US M&A Activity—Southwind Industry Universe*



* Source: S&P Capital IQ. These charts consist of completed transactions that were announced within the last twelve months.

Date	Status	Target	Acquirer/Investor	Transaction Value (US\$ Mil)	Valuation (EV/LTM EBITDA)
01/02/2026	Announced	Tex Tech Industries, Inc.	Compagnie Générale des Établissements Michelin Société en commandite par actions	n.d.	n.d.
01/05/2026	Announced	Space Propulsion and Power Systems business of L3Harris Technologies	AE Industrial Partners, LLC	n.d.	n.d.
01/09/2026	Announced	ATG, Inc.	Magnet Defense LLC	n.d.	n.d.
01/11/2026	Announced	Sun Country Airlines Holdings, Inc.	Allegiant Travel Company	\$1,571.37	4.4x
01/16/2026	Announced	Enterprise Electronics Corporation	Leonardo US Corporation	n.d.	n.d.
01/16/2026	Announced	Victor Sierra Aviation Holdings LLC / Jet Parts Engineering, LLC	TransDigm Group Incorporated	\$2,200.00	n.d.
01/26/2026	Announced	ENTRUST Solutions Group, LLC	Leidos, Inc.	\$2,400.00	n.d.
01/26/2026	Announced	SkyWater Technology, Inc.	IonQ, Inc.	\$1,969.65	67.8x
01/28/2026	Announced	Seed Innovations LLC	IonQ, Inc.	n.d.	n.d.
01/29/2026	Announced	Precision Aviation Group, Inc.	VSE Corporation	\$2,150.00	n.d.
01/02/2026	Closed	TALON AIR, LLC	-	n.d.	n.d.

Date	Status	Target	Acquirer/Investor	Transaction Value (US\$ Mil)	Valuation (EV/LTM EBITDA)
01/05/2026	Closed	TechnoMile LLC	Capitol Meridian Partners LP	n.d.	n.d.
01/06/2026	Closed	Aremac Heat Treating LLC	Kenco Aerospace LLC	n.d.	n.d.
01/06/2026	Closed	Metal Shark Boats, LLC	Magnet Defense LLC	n.d.	n.d.
01/06/2026	Closed	Micro-Tronics, Inc.	Arxis	n.d.	n.d.
01/06/2026	Closed	Centil LLC	Sabel Systems Technology Solutions, LLC	n.d.	n.d.
01/07/2026	Closed	SkyMark Refuelers, LLC	ATL Partners; Aerospace, Transportation & Logistics Fund Iii Lp	n.d.	n.d.
01/07/2026	Closed	Alliance Aviation, Inc.	Pan Am Flight Academy, LLC	n.d.	n.d.
01/07/2026	Closed	General Transervice, Inc.	ATL Partners; Aerospace, Transportation & Logistics Fund Iii Lp	n.d.	n.d.
01/07/2026	Closed	Silver Sky, LLC	The Blackhawk Group	n.d.	n.d.
01/07/2026	Closed	Vidterra LLC	NexTech Solutions, LLC	n.d.	n.d.
01/07/2026	Closed	Crewless Marine Acoustics, LLC	Vatn Systems, Inc.	n.d.	n.d.

Date	Status	Target	Acquirer/Investor	Transaction Value (US\$ Mil)	Valuation (EV/LTM EBITDA)
01/08/2026	Closed	Reeder Jet Center, Inc.	Jackson Jet Center, LLC	n.d.	n.d.
01/09/2026	Closed	Victory Solutions, Inc.	Dynamo Technologies, LLC	n.d.	n.d.
01/12/2026	Closed	Pond & Company, Inc.	Arlington Management Employees, LLC; Arlington Capital Partners VII, L.P	n.d.	n.d.
01/12/2026	Closed	Star 26 Capital Inc.	Nukkleus Inc.	\$95.43	n.d.
01/13/2026	Closed	Celestar Holdings Corporation	B&A, Inc.	n.d.	n.d.
01/13/2026	Closed	Lanteris Space LLC	Intuitive Machines, Inc.	\$669.24	n.d.
01/14/2026	Closed	BRM Investors, Inc.	Gamber-Johnson, LLC	n.d.	n.d.
01/15/2026	Closed	Altamira Technologies Corporation	Parsons Corporation	\$375.00	n.d.
01/20/2026	Closed	Kythera Space Solutions	Auria	n.d.	n.d.
01/20/2026	Closed	RKF Engineering Solutions, LLC	Auria	n.d.	n.d.
01/20/2026	Closed	JHNA, Inc.	Falfurrias Management Partners LP	n.d.	n.d.

MONTHLY TRANSACTION ACTIVITY*

Date	Status	Target	Acquirer/Investor	Transaction Value (US\$ Mil)	Valuation (EV/LTM EBITDA)
01/20/2026	Closed	Radome Services, LLC	Washington Harbour Partners LP	n.d.	n.d.
01/22/2026	Closed	Harper Engineering Company LLC	Loar Holdings Inc.	\$250.00	n.d.
01/22/2026	Closed	The Prospective Group, Inc.	Copper River Shared Services, LLC	n.d.	n.d.
01/22/2026	Closed	Halvik LLC	Tetra Tech, Inc.	n.d.	n.d.
01/28/2026	Closed	Skyloom Global Corp.	IonQ, Inc.	n.d.	n.d.
01/29/2026	Closed	Anomaly 6, LLC	Reveal Technology, Inc.	n.d.	n.d.
01/29/2026	Closed	AssetLink Global LLC	Geoforce, Inc.	n.d.	n.d.

Date	Status	Company	Deal Type	New Investor(s)	Industry Sector*	Investment Size (US\$ Mil)
01/01/2026	Completed	WarpWare	Accelerator / Incubator	Defence Innovation Accelerator for the North Atlantic	Aerospace & Defense	n.d.
01/01/2026	Completed	Type III	Seed Round	Fifty Years, Harpoon VC	Aerospace & Defense	\$1.00
01/01/2026	Completed	Titan Dynamics (Aerospace and Defense)	Seed Round	Arrow Fund, Cherubic Ventures, Discipulus Ventures, Epakon Capital Management, et al.	Aerospace & Defense	\$9.00
01/01/2026	Completed	Picogrid	Accelerator / Incubator	Defence Innovation Accelerator for the North Atlantic	Aerospace & Defense	\$0.12
01/01/2026	Completed	Orpheus Ocean	Accelerator / Incubator	Defence Innovation Accelerator for the North Atlantic	Aerospace & Defense	\$0.12
01/01/2026	Completed	CX2	Accelerator / Incubator	Defence Innovation Accelerator for the North Atlantic	Aerospace & Defense	n.a.
01/01/2026	Completed	Aalyria	Later Stage VC	Alphabet, Battery Ventures, Coalition Capital, Upsher Management Company	Aerospace & Defense	n.d.
01/05/2026	Announced/In Progress	Little Place Labs	Early Stage VC	n.d.	Aerospace & Defense	\$3.00

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

Date	Status	Company	Deal Type	New Investor(s)	Industry Sector*	Investment Size (US\$ Mil)
01/13/2026	Completed	Difraqtion	Seed Round	ADIN, Aether VC, Cherry Ventures, General Catalyst, milemark.capital, et al.	Aerospace & Defense	\$3.85
01/14/2026	Completed	Onebrief	Later Stage VC	Salesforce Ventures, Sapphire Ventures	Aerospace & Defense	\$359.28
01/15/2026	Completed	CesiumAstro	Later Stage VC	Ascot Capital Partners, EDBI, Janus Henderson Investors, NewSpace Capital, Woven Capital	Space Technology	\$470.00
01/15/2026	Completed	Aerofex	Angel (individual)	n.d.	Air Mobility	\$0.77
01/20/2026	Completed	Zipline	Later Stage VC	Fidelity Management & Research Company, Leblon Capital, et al.	Air Mobility	\$600.00
01/26/2026	Completed	Vita Inclinata	Later Stage VC	n.d.	Aerospace & Defense	\$0.70
01/26/2026	Completed	GridAero	Early Stage VC	Alumni Ventures, Bison Ventures, Geodesic Capital, Stony Lonesome Group	Air Mobility	\$20.00
01/26/2026	Announced/In Progress	DebitMyData	Later Stage VC	n.d.	Aerospace & Defense	n.d.
01/28/2026	Completed	Northwood Space	Early Stage VC	137 Ventures, Fulcrum Media, GC1 Ventures, Harpoon VC, Pax VC, Signal Rank, Washington Harbour	Aerospace & Defense	\$100.00

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

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.