



Industry Report

Aerospace & Defense
Manufacturing & Distribution

Industry Report | Manufacturing & Distribution Practice
Q3 2025

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Investment Banking & Valuation

About Objective

Manufacturing & Distribution Practice Overview

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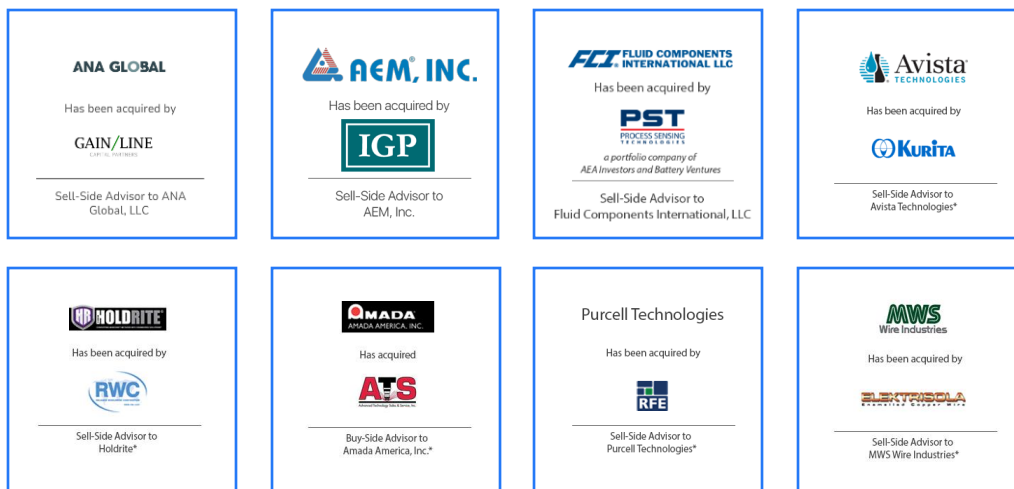
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- Nearly 20 years of leadership in the middle market
- Unparalleled senior-level attention
- Tailored sale strategy & methods designed to maximize price
- 6 Industry Practices:
 - Manufacturing & Distribution
 - Business Services
 - Consumer
 - Healthcare Tech & Services
 - Life Sciences Services & Tech
 - Technology

Select Industry Recognition



500+* M&A Transactions Completed, Dedicated Knowledge & Expertise



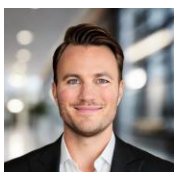
Manufacturing & Distribution Practice Leadership



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Aerospace & Defense Industry Report

Introduction

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4. Components & Systems
5. Government IT & Services
6. Aftermarket & MRO
7. Defense Electronics

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Source: S&P Capital IQ

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Key Takeaways

Deal Activity Holds High as Valuations Normalize

01

Sustained A&D M&A Momentum Into Q3

Deal activity remained elevated in Q3 2025 with 123 transactions, slightly above 121 in Q2 and consistent with the stronger run-rate over the last three quarters. While below the 135-deal peak in Q1, the pace reflects a durable recovery from the Q3 2023 trough and strategic urgency across the sector.

02

Valuations Normalize but Remain Resilient

Public-market TEV/EBITDA multiples held at 11.4x in Q3 2025, down from 13.6x in Q1 but still above the 8.9x low in Q3 2024, signaling confidence in long-cycle defense demand and backlog strength. Pricing remains strongest for scarce, mission-critical platforms with multi-year visibility. Steady deal flow alongside modest multiple pullback suggests disciplined underwriting.

03

Aircraft & Engine OEMs Lead Recent Valuation Gains

Aircraft & Engine OEMs posted the clearest improvement in trading multiples versus the broader A&D index, supported by strengthening delivery schedules, incremental supply-chain progress despite constraints, and sustained fleet replacement demand. Investors continue to reward OEMs for improved earnings visibility and production stability.

04

Components & Systems Continue to Lag

Certain Components & Systems groups trailed other subsectors as procurement timing and award delays weighed on near-term conversion. Budget realignments and contracting frictions across lower-priority spend categories have pushed out order flow, leaving sentiment softer versus mission-critical electronics exposure.

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Market Overview

Deal Valuations

Valuations across the A&D sector remained resilient through Q3 2025, with TEV/EBITDA multiples holding at 11.4x, consistent with the gradual normalization seen since the post-pandemic peak. After reaching 13.6x in Q1 2025, multiples have moderated but remain well above the 8.9x trough in Q3 2024, supported by improved earnings visibility, stronger backlog conversion, and long-term confidence in defense spending trajectories.

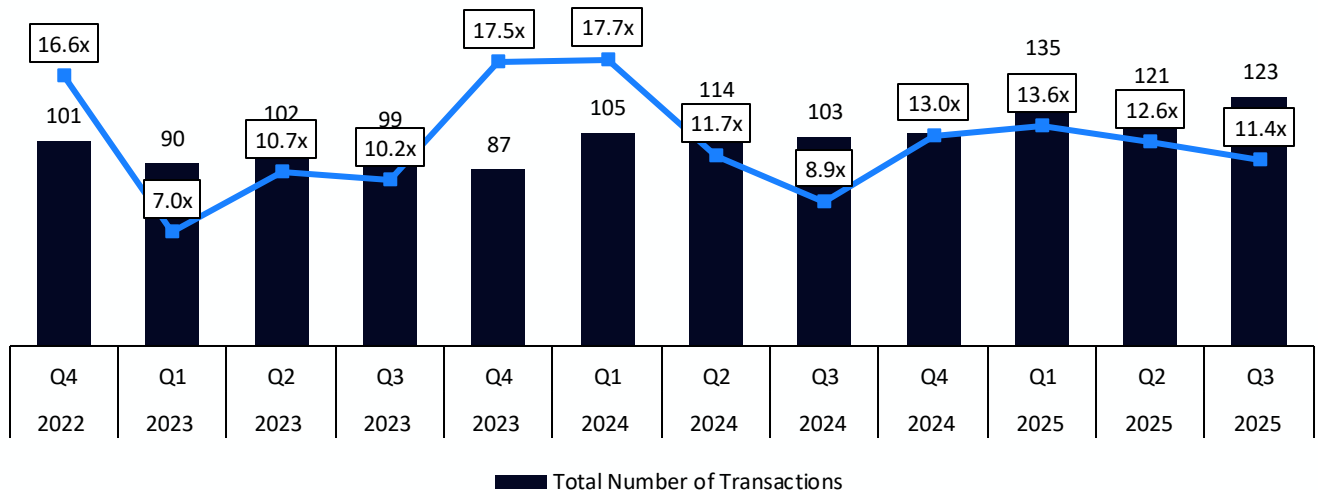
Investor appetite remains particularly strong for businesses with recurring aftermarket exposure, mission-critical technologies, or multi-year program visibility. By contrast, companies tied more closely to cyclical build-rates or exposed to supply-chain volatility continue to trade at a relative discount, reinforcing the broader dispersion present across public-market valuations. Buyers are also increasingly rewarding platforms with clear pathways to scale, whether through adjacent market expansion, technology integration, or aftermarket penetration.

Deal Volume

A&D M&A activity remained elevated in Q3 2025, with 123 reported closed transactions, a slight uptick from 121 deals in Q2 and broadly in line with the accelerated pace that began late last year. Although below the 135-deal peak recorded in Q1 2025, current activity levels reflect a sustained recovery from the Q4 2023 trough and continue to signal renewed strategic interest across the sector.

Deal flow is being supported by improved macroeconomic conditions, steady defense modernization spending, and strengthening demand across key subsectors, particularly defense electronics, secure communications, and mission-critical components. Corporate carve-outs and portfolio reshaping remain active themes, while private equity participation has increased as financing markets stabilize. With record backlogs and continued geopolitical friction driving long-term planning cycles, buyers remain active and well-capitalized heading into year-end.

Chart I | Deal Volume & TEV/EBITDA Valuation



Source: S&P Capital IQ
Data as of September 30, 2025

Historical Trading Trends

Select A&D Public Companies

In the last three months, Aircraft & Engine OEMs companies demonstrated superior valuation improvements compared to the broader sector (as measured by the S&P index). Conversely, Components & Systems continued to trail the broader sector amid softer demand signals and persistent contracting delays.

Chart II | LTM TEV / Revenue

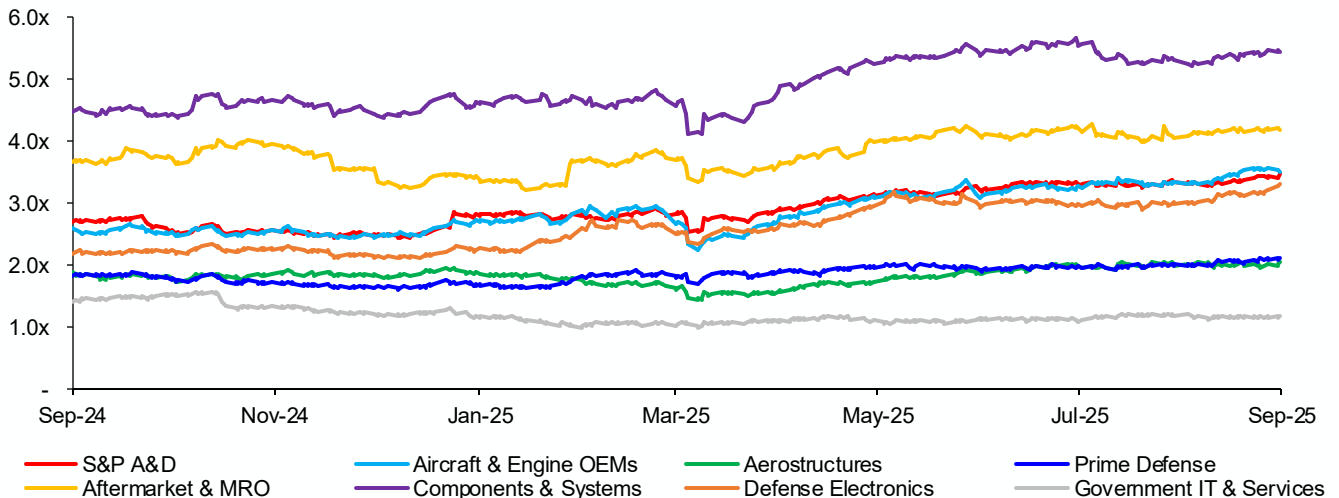
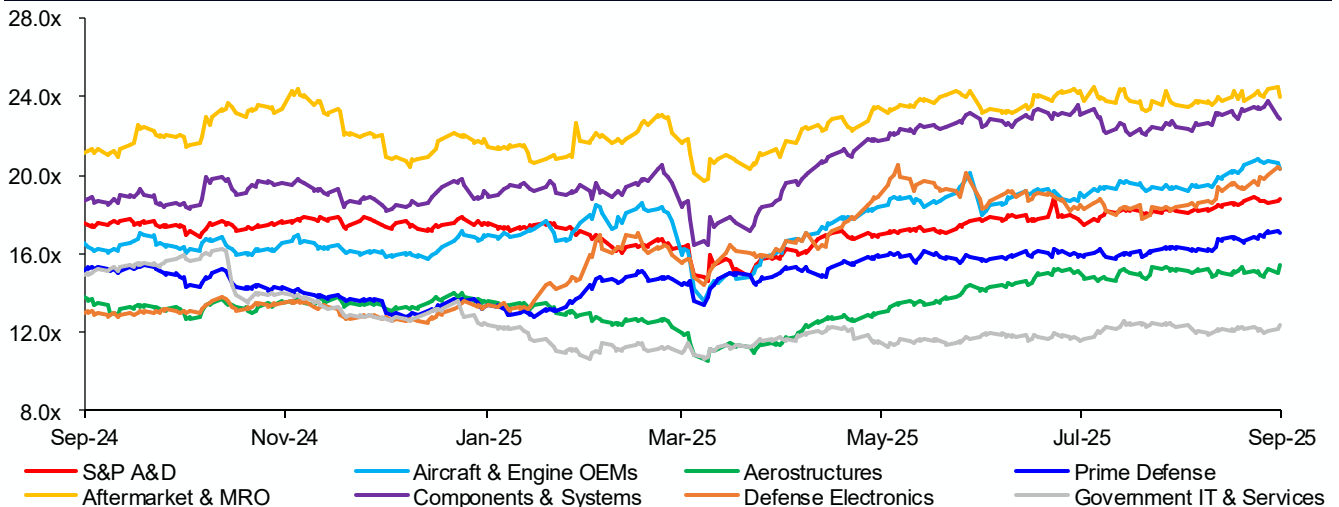


Chart III | LTM TEV / EBITDA



Source: S&P Capital IQ
Data as of September 30, 2025

Public Comparables

Select Listed Companies

Table I | Aircraft & Engine OEMs

(\$ in millions)				LTM	LTM	TEV/	
				Revenue	EBITDA	Revenue	EBITDA
Company	TEV	Revenue	EBITDA	Growth	Margin	LTM	LTM
Airbus SE	\$184,940	\$82,225	\$8,384	15%	10%	2.2x	22.1x
Bombardier Inc.	\$19,233	\$8,731	\$1,082	4%	12%	2.2x	17.8x
General Electric Company	\$327,749	\$37,975	\$10,380	(42%)	27%	8.6x	31.6x
MTU Aero Engines AG	\$25,036	\$9,652	\$1,617	59%	17%	2.6x	15.5x
Rolls-Royce Holdings plc	\$132,783	\$26,768	\$4,775	19%	18%	5.0x	27.8x
Safran SA	\$145,884	\$34,500	\$6,855	25%	20%	4.2x	21.3x
Textron Inc.	\$17,792	\$14,008	\$1,508	1%	11%	1.3x	11.8x
The Boeing Company	\$196,596	\$75,327	(\$7,007)	2%	(9%)	2.6x	na
Median	\$132,783	\$26,768	\$1,617	4%	12%	2.6x	19.5x
Mean	\$131,252	\$36,148	\$3,449	10%	13%	3.6x	21.1x

Table II | Prime Defense

(\$ in millions)				LTM	LTM	TEV/	
				Revenue	EBITDA	Revenue	EBITDA
Company	TEV	Revenue	EBITDA	Growth	Margin	LTM	LTM
BAE Systems plc	\$92,685	\$37,548	\$4,598	21%	12%	2.5x	20.2x
General Dynamics Corporation	\$100,685	\$50,273	\$6,073	12%	12%	2.0x	16.6x
Huntington Ingalls Industries, Inc.	\$13,864	\$11,569	\$981	(2%)	8%	1.2x	14.1x
Leonardo S.p.a.	\$40,523	\$21,958	\$2,547	25%	12%	1.8x	15.9x
Lockheed Martin Corporation	\$136,893	\$71,844	\$7,194	1%	10%	1.9x	19.0x
Northrop Grumman Corporation	\$103,431	\$40,501	\$6,439	(1%)	16%	2.6x	16.1x
RTX Corporation	\$264,919	\$83,599	\$14,067	15%	17%	3.2x	18.8x
Median	\$96,685	\$39,024	\$5,335	6%	12%	2.0x	16.3x
Mean	\$107,571	\$45,327	\$5,986	10%	12%	2.2x	17.2x

Source: S&P Capital IQ
Data as of September 30, 2025

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Public Comparables

Select Listed Companies (continued)

Table III | Aerostructures

(\$ in millions)				LTM	LTM	TEV/	
				Revenue	EBITDA	Revenue	EBITDA
Company	TEV	Revenue	EBITDA	Growth	Margin	LTM	LTM
Ducommun Incorporated	\$1,651	\$795	\$101	2%	13%	2.1x	16.4x
Hexcel Corporation	\$5,739	\$1,877	\$332	1%	18%	3.1x	17.3x
Senior plc	\$1,365	\$1,352	\$110	9%	8%	1.0x	12.4x
Median	\$1,508	\$1,073	\$106	2%	10%	1.5x	14.4x
Mean	\$2,918	\$1,341	\$181	4%	13%	2.0x	15.3x

Table IV | Components & Systems

(\$ in millions)				LTM	LTM	TEV/	
				Revenue	EBITDA	Revenue	EBITDA
Company	TEV	Revenue	EBITDA	Growth	Margin	LTM	LTM
AMETEK, Inc.	\$44,998	\$6,980	\$2,204	2%	32%	6.4x	20.4x
Astronics Corporation	\$1,797	\$823	\$60	11%	7%	2.2x	30.1x
Curtiss-Wright Corporation	\$21,255	\$3,305	\$748	10%	23%	6.4x	28.4x
How met Aerospace Inc.	\$82,043	\$7,721	\$2,117	9%	27%	10.6x	38.8x
Magellan Aerospace Corporation	\$682	\$715	\$77	7%	11%	1.0x	8.9x
Moog Inc.	\$7,790	\$3,734	\$478	5%	13%	2.1x	16.3x
TransDigm Group Incorporated	\$96,543	\$8,580	\$4,365	13%	51%	11.3x	22.1x
Woodward, Inc.	\$15,671	\$3,426	\$549	6%	16%	4.6x	28.5x
Median	\$15,671	\$3,426	\$549	7%	16%	4.6x	22.1x
Mean	\$33,847	\$4,411	\$1,325	8%	22%	5.6x	24.2x

Source: S&P Capital IQ
Data as of September 30, 2025

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Public Comparables

Select Listed Companies (continued)

Table V | Government IT & Services

(\$ in millions)				LTM	LTM	TEV/	
				Revenue	EBITDA	Revenue	EBITDA
Company	TEV	Revenue	EBITDA	Growth	Margin	LTM	LTM
Booz Allen Hamilton Holding Corporation	\$15,793	\$11,962	\$1,451	9%	12%	1.3x	10.9x
CACI International Inc	\$14,200	\$8,628	\$973	13%	11%	1.6x	14.6x
ICF International, Inc.	\$2,350	\$1,977	\$220	(0%)	11%	1.2x	10.7x
KBR, Inc.	\$8,507	\$8,047	\$704	12%	9%	1.1x	12.1x
Leidos Holdings, Inc.	\$29,059	\$17,053	\$2,312	7%	14%	1.7x	12.6x
Palantir Technologies Inc.	\$427,097	\$3,441	\$598	39%	17%	na	na
Parsons Corporation	\$10,034	\$6,683	\$540	9%	8%	1.5x	18.6x
Science Applications International Corporation	\$6,970	\$7,460	\$684	2%	9%	0.9x	10.2x
Serco Group plc	\$4,259	\$6,640	\$370	10%	6%	0.6x	11.5x
V2X, Inc.	\$2,793	\$4,334	\$296	5%	7%	0.6x	9.4x
Median	\$8,507	\$6,683	\$598	9%	9%	1.1x	11.2x
Mean	\$52,106	\$7,622	\$815	11%	10%	1.2x	12.3x

Table VI | Aftermarket & MRO

(\$ in millions)				LTM	LTM	TEV/	
				Revenue	EBITDA	Revenue	EBITDA
Company	TEV	Revenue	EBITDA	Growth	Margin	LTM	LTM
AAR Corp.	\$4,210	\$2,858	\$255	18%	9%	1.5x	16.5x
HEICO Corporation	\$41,849	\$4,289	\$1,160	13%	27%	9.8x	36.1x
SIA Engineering Company Limited	\$2,636	\$1,048	\$37	29%	4%	2.5x	na
Singapore Technologies Engineering Ltd	\$25,181	\$9,166	\$1,172	15%	13%	2.7x	21.5x
VSE Corporation	\$3,838	\$1,253	\$154	29%	12%	3.1x	24.9x
Median	\$4,024	\$2,056	\$205	17%	11%	2.6x	21.5x
Mean	\$15,543	\$3,723	\$556	21%	13%	3.9x	24.7x

Source: S&P Capital IQ
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Select Listed Companies (continued)

Table VII | Defense Electronics

(\$ in millions)				LTM	LTM	TEV/	
				Revenue	EBITDA	Revenue	EBITDA
Company	TEV	Revenue	EBITDA	Growth	Margin	LTM	LTM
AeroVironment, Inc.	\$15,797	\$1,086	\$93	44%	9%	14.5x	na
Chemring Group PLC	\$2,280	\$695	\$122	13%	18%	3.3x	18.7x
Hensoldt AG	\$16,267	\$2,742	\$324	30%	12%	5.9x	na
Kratos Defense & Security Solutions, Inc.	\$14,928	\$1,213	\$67	8%	5%	12.3x	na
L3Harris Technologies, Inc.	\$68,761	\$21,373	\$3,990	3%	19%	3.2x	17.2x
Mercury Systems, Inc.	\$4,998	\$912	\$72	9%	8%	5.5x	na
OSI Systems, Inc.	\$4,770	\$1,713	\$260	11%	15%	2.8x	18.3x
QinetiQ Group plc	\$4,147	\$2,496	\$313	3%	13%	1.7x	13.3x
Teledyne Technologies Incorporated	\$29,791	\$5,909	\$1,430	6%	24%	5.0x	20.8x
Thales S.A.	\$68,294	\$25,072	\$3,196	22%	13%	2.7x	21.4x
Viasat, Inc.	\$9,882	\$4,564	\$1,374	(1%)	30%	2.2x	7.2x
Median	\$12,405	\$2,104	\$286	8%	13%	3.2x	17.8x
Mean	\$21,810	\$6,161	\$1,022	14%	15%	5.4x	16.7x
Total A&D Median	\$16,032	\$6,832	\$861	9%	12%	2.5x	17.3x
Total A&D Mean	\$56,178	\$15,546	\$1,977	11%	14%	3.6x	18.5x

Source: S&P Capital IQ
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