

Insights

February 2026 Market Update: Aerospace & Defense

Strategic M&A, Surging Defense Demand and Policy Shifts Reshape Sector Outlook

The US aerospace and defense sector gained momentum in February, fueled by strategic M&A, increased federal funding and rising global demand. The joint US-Israeli military campaign involving Iran reshaped the strategic landscape, boosting defense equities and accelerating procurement expectations.

Notable Transactions

- Donaldson Company, Inc. (NYSE: DCI) agreed to acquire Facet Filtration from Filtration Group for \$820M, representing 7.59x LTM revenue and 20.0x LTM EBITDA. The deal expands Donaldson’s aerospace and defense footprint with mission-critical jet fuel filtration capabilities and a high-margin, recurring revenue base, marking the largest acquisition in company history.
- Tenax Aerospace Acquisition, LLC announced a \$301M reverse merger with Air Industries Group (NYSEAM: AIRI), forming a scaled platform with projected 2026 revenue of \$210M+ and EBITDA of \$75M+.

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