

Monthly Market Update: Aerospace & Defense

Market Recap

Mesirow A&D Equity Composite ¹	-3.98%	NASDAQ Composite ⁴	-0.53%
S&P 500 ²	-0.05%	S&P A&D ⁵	4.57%
Nasdaq US Benchmark Airlines Index ³	10.21%	S&P 500 Passenger Airlines Index ⁶	10.82%

M&A Activity Closing 2025 Strong

December closed out calendar year 2025 with a surge in strategic dealmaking across the U.S. Aerospace & Defense sector, underscoring investor confidence in high-tech capabilities and resilient supply chains. From space-based sensing to proprietary fasteners and defense electronics, buyers pursued assets that align with long-term growth and strategic priorities.

CACI International Inc. announced a \$2.6 billion acquisition of ARKA Group, a Blackstone portfolio company specializing in space-based sensing and optical communications. The deal marks a strategic expansion into national security technologies, reinforcing CACI's commitment to delivering actionable intelligence across defense and space domains.

Howmet Aerospace Inc. entered into a definitive agreement to acquire Consolidated Aerospace Manufacturing (CAM) from Stanley Black & Decker for \$1.8 billion. The transaction, which includes favorable tax treatment and anticipated synergies, strengthens Howmet's portfolio of precision fasteners and fluid fittings, enhancing its position across commercial aerospace and defense platforms.

TransDigm Group Inc. will acquire Stellant Systems Inc. for \$960 million in an all-cash deal. Stellant, a provider of high-power RF and microwave components for defense and space applications, brings proprietary technologies and robust aftermarket revenue. The acquisition aligns with TransDigm's strategy of investing in niche, high-margin aerospace and defense businesses.

All data as of 12.31.2025. | Data sources: S&P Capital IQ, NASDAQ exchange, S&P 500 Indices and company press releases. | 1. Mesirow A&D Equity Composite tracks 64 aerospace and defense companies across 7 sub-sectors. The percentage change is calculated by comparing the sum of the equal-weighted closing stock prices on the final trading day of each month. | 2. The S&P 500 includes 500 of the largest publicly traded companies in the U.S. | 3. The NASDAQ US Benchmark Airlines Index measures the performance of US-based airline companies. | 4. NASDAQ Composite includes all stocks traded on the NASDAQ exchange. | 5. The S&P Aerospace & Defense Select Industry Index comprises stocks from the S&P Total Market Index that are classified in the GICS Aerospace & Defense sub-industry. | 6. The S&P 500 Passenger Airlines Index measures the performance of US-based passenger airlines.

M&A Market Recap

TABLE 1: NUMBER OF TRANSACTIONS BY STATUS

	November	December
Announced Mergers/Acquisitions	7	7
Closed/Effective/Expired	14	21
Total Number of Transactions	21	28

TABLE 2: M&A STATS

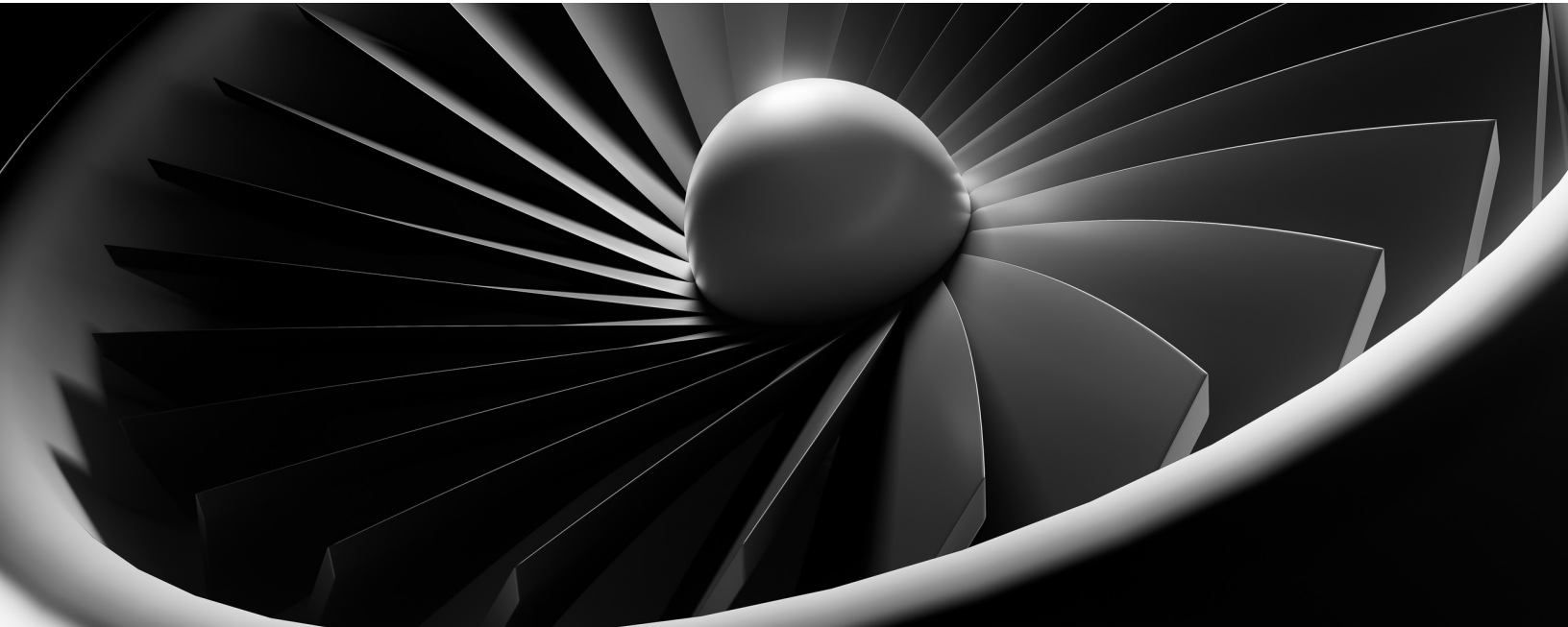
Valuation Summary	November	December
Total Deal Value (\$mm)	\$13,946	\$4,759
Average Deal Value (\$mm)	\$1,549	\$951
Average EV/Revenue	1.27x	1.50x
Average TEV/EBITDA:	-	10.2x

TABLE 3: NUMBER OF M&A DEALS BY RANGE OF VALUE

Valuation Summary	November	December
Greater than \$1 billion	3	2
\$500 – \$999.9mm	1	1
\$100 – \$499.9mm	0	1
Less than \$100mm	5	2
Undisclosed	12	22

TABLE 4: ACTIVE BUYERS/INVESTORS BY TOTAL TRANSACTION SIZE (FOR MONTH ENDED 12.31.2025)

Company name	Total transaction size (\$mm)
CACI, Inc. - Federal	\$2,600
Howmet Aerospace Inc. (NYSE:HWM)	\$1,805
TransDigm Group Incorporated (NYSE:TDG)	\$960
SPX Enterprises, LLC	\$311
AAR Aircraft Services, Inc.	\$35



1. Source: S&P Capital IQ.

Public Sector Valuations

Public Company Trading Statistics

	% of 52 week high	Enterprise value as a multiple of:				LTM gross margin	LTM EBITDA margin	LTM – NTM revenue growth	Net debt / LTM EBITDA
		Revenue		EBITDA					
		LTM	NTM	LTM	NTM				
Government services	82.7%	1.15x	1.16x	10.8x	11.0x	19.8%	10.0%	1.2%	2.5x
Aircraft OEMs	95.3%	2.46x	2.18x	19.2x	13.4x	19.0%	11.9%	7.9%	1.6x
Aviation Supply Chain	93.5%	4.69x	4.19x	22.4x	18.4x	29.9%	18.5%	10.1%	1.9x
Multi-Platform	91.2%	2.71x	2.55x	16.7x	15.2x	19.8%	15.1%	5.4%	2.3x
Defense technology	85.6%	4.33x	4.14x	17.9x	15.2x	28.5%	8.5%	6.7%	1.6x
Diversified IT	78.8%	1.96x	1.84x	11.0x	9.6x	30.9%	17.9%	5.8%	1.2x
MRO	92.9%	2.05x	1.93x	17.4x	13.2x	19.0%	11.7%	10.3%	3.1x
3rd Quartile	94.5%	4.78x	4.62x	21.44x	17.89x	34.8%	19.9%	11.8%	3.1x
Median	89.6%	2.39x	2.21x	17.12x	13.74x	26.0%	13.1%	6.8%	2.1x
1st Quartile	81.4%	1.59x	1.54x	14.59x	11.37x	18.9%	10.4%	4.3%	1.2x

Source: S&P Capital IQ as of December 31, 2025. Median stats from each index.

Market Performance

CHART 1: S&P 500 PERFORMANCE (LTM)



Source: S&P Capital IQ as of December 31, 2025. Past performance is not indicative of future results.

CHART 2: NASDAQ (LTM)



Source: S&P Capital IQ as of December 31, 2025. Past performance is not indicative of future results.

CHART 3: S&P SELECT INDUSTRY: AEROSPACE & DEFENSE (LTM)



Source: S&P Capital IQ as of December 31, 2025. Past performance is not indicative of future results.

CHART 4: REVENUE PASSENGER-MILES (LAST 5 YEARS; ALL CARRIERS)



Source: Bureau of Transportation Statistics as of December 31, 2025. Past performance is not indicative of future results.

CHART 5: LOAD FACTOR (LAST 5 YEARS; ALL CARRIERS)



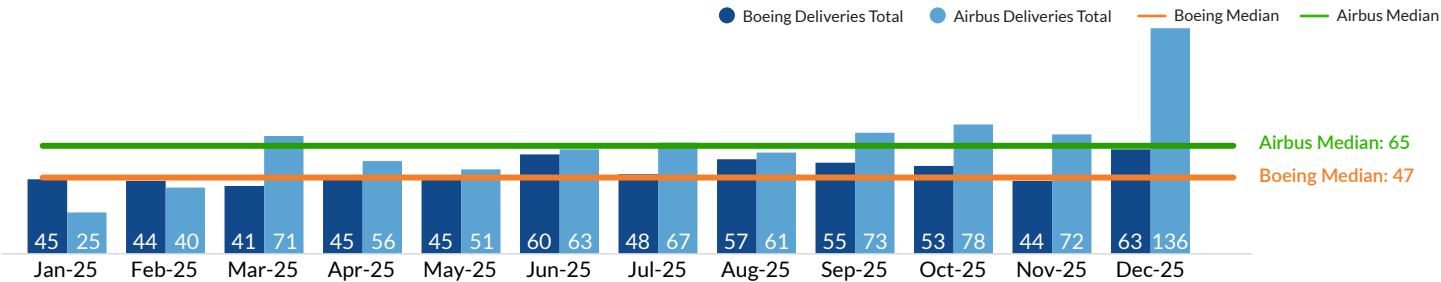
Source: Bureau of Transportation Statistics as of December 31, 2025. Past performance is not indicative of future results.

CHART 6: US TSA CHECKPOINT DATA (IN MILLIONS) (LTM)



Source: Transportation Security Administration as of December 31, 2025. Past performance is not indicative of future results.

CHART 7: BOEING AND AIRBUS DELIVERIES (LTM)



Source: Boeing and Airbus reporting as of December 31, 2025. Past performance is not indicative of future results.

Featured Transaction

Beadlight, Ltd.

Sector: Engineered Systems & Components

Client / Target company: Beadlight, Ltd.

Buyer / Investor: Loar Holdings, Inc.

Beadlight, Ltd. is a UK-based, privately held engineering and manufacturing company headquartered in Witney, England. The Company specializes in designing and delivering custom-engineered illumination solutions and other products tailored to specific customer requirements. Beadlight is known industry-wide for its ability to deliver bespoke lighting solutions for the premium cabin. Through its "Beadlight diffusion," Beadlight enhances the passenger experience by providing unique light spread, color temperature and positioning. Nearly all Beadlight's revenue is derived from its portfolio of proprietary products, which are primarily delivered into the commercial aerospace end market. In recognition of its success, Beadlight was awarded the King's Award for Enterprise in 2025.

SELL-SIDE ADVISOR



HAS BEEN ACQUIRED BY



Recent Aerospace & Defense Transactions

SELL-SIDE ADVISOR

ROSEN
AVIATION


HAS BEEN ACQUIRED BY

MC²


a wholly-owned subsidiary of

HEICO


SELL-SIDE ADVISOR


Applied Avionics

HAS BEEN ACQUIRED BY




SELL-SIDE ADVISOR



HAS SOLD

East Hartford Operations

to



SELL-SIDE ADVISOR



HAS BEEN ACQUIRED BY



a portfolio company of

ARCLINE
INVESTMENT MANAGEMENT

SELL-SIDE ADVISOR



a portfolio company of



HAS BEEN ACQUIRED BY

TURNOUT
INDUSTRIES

SELL-SIDE ADVISOR



HAS BEEN ACQUIRED BY



a portfolio company of

JLL Partners

Mesirow's exclusive focus on the middle market means we understand and relate to entrepreneurial business owners and their management teams. We take a long-term approach to client relationships and combine long-standing relationships with expert advisory services to provide custom solutions for leading aerospace & defense companies. With years of relevant transaction experience and a global network, our senior bankers devote a high level of attention to every transaction and ensure we meet the unique needs of our clients.

Sector focus

C4ISR

- Electronic warfare systems & components
- Radio & communication systems
- Detection system & components

Electrical systems & sensors

- Proximity sensors & systems
- Power supply, distribution & conversion
- Lighting

Engineered systems & components

- Avionics
- Cabin interiors
- Composites
- Metal fabrication & assemblies
- Actuation & motion control
- Ingredients & flavors

MRO and design & engineering services

- MRO Services
- Product development
- Software & digital solutions
- Systems engineering & integration

Mobility, autonomy & robotics

- Electrification
- Manned & unmanned systems
- Vehicle dynamics

Space & satellite systems

- Guidance & stabilization
- Communications components
- Composite & metallic structures
- Propulsion systems

Other industry concentrations

In addition to Aerospace & Defense we are a dedicated advisor to a wide array of middle-market companies and have developed an in-depth expertise in a range of industries, including:

- Business Services
- Consumer & eCommerce
- Distribution & Supply Chain
- Food, Beverage & Agribusiness
- Healthcare
- Industrials
- Industrial Technology
- Packaging
- Technology & Services

About Mesirow

Mesirow is an independent, employee-owned financial services firm founded in 1937. Headquartered in Chicago, with offices around the world, we serve clients through a personal, custom approach to reaching financial goals and acting as a force for social good. With capabilities spanning Private Capital & Currency, Capital Markets & Investment Banking, and Advisory Services, we invest in what matters: our clients, our communities and our culture. To learn more, visit mesirov.com, follow us on [LinkedIn](#) and subscribe to [Spark](#), our quarterly newsletter.

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