June 2026

Mesirow

# Monthly Market Update: Aerospace & Defense

## Market Recap

| | | | |
|---|---|---|---|
| Mesirow A&D Equity Composite[1] | -7.29% | NASDAQ Composite[4] | -2.81% |
| S&P 500[2] | -1.06% | S&P A&D[5] | -1.38% |
| Nasdaq US Benchmark Airlines Index[3] | 16.75% | S&P 500 Passenger Airlines Index[6] | 16.35% |

June reinforced the accelerating pace of U.S. defense recapitalization as executive action, record procurement awards and landmark capital markets events signaled a structural shift in domestic production capacity and spending commitment. The month closed on a cautiously optimistic note as the U.S. and Iran agreed to a Pakistan-mediated 60-day ceasefire.

### Key Developments

- President Trump invoked the Defense Production Act (DPA), granting the Pentagon sweeping authority to prioritize contracts, allocate materials and expand munitions and missile production capacity, signaling an accelerated wave of capital investment into the munitions supply chain.
- The White House submitted a $87.6 billion supplemental spending request to Congress, including $67 billion for defense, largely directed toward munitions replenishment, reinforcing a favorable budget backdrop and near-term revenue visibility for prime contractors and munitions suppliers.
- Trade tensions escalated: higher Section 232 tariffs on aluminum, steel and copper risk raising input costs across metal-intensive supply chains, while China's export ban on 10 U.S. entities, including MP Materials and USA Rare Earth, threatens defense primes' supply of critical minerals for magnets, sensors and guidance systems.

### Select Transactions:

- Bain Capital Private Equity agreed to acquire a majority stake in Fastener Distribution Holdings, a global distributor of hardware, consumables and specialty materials to MRO, OEM, commercial aviation and defense customers.
- Booz Allen Hamilton agreed to acquire Ultra I&C Mission Solutions from Advent International for $720 million, strengthening its ISR and mission-critical communications portfolio.
- MDA Space agreed to acquire smallsat manufacturer Blue Canyon Technologies from RTX's Raytheon for $620 million in cash, expanding its footprint in the U.S. defense space market.
- Arcline Investment Management agreed to acquire Continental Aerospace Technologies from Aviation Industry Corporation of China, Ltd. for ~$540 million. Continental is a leading manufacturer of piston aircraft engines and related aftermarket products for general aviation.
- SpaceX priced its record-breaking IPO at $135 per share, raising $75 billion. As a top DoD contractor and key Golden Dome launch provider, the listing is expected to unlock substantial new capital for launch capacity, defense satellite infrastructure and AI-integrated space systems.

All data as of 6.30.2026. | 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.

## Key Contract Awards

- The U.S. Missile Defense Agency awarded Lockheed Martin a seven-year Undefinitized Contract Action valued at up to $35.3 billion to quadruple production of THAAD interceptors.
- The U.S. Army awarded Lockheed Martin an $8.4 billion modification extending the Precision Strike Missile program through 2032, increasing production to 550 missiles per year (~$13.3 billion cumulative value).

# M&A Market Recap

### TABLE 1: NUMBER OF TRANSACTIONS BY STATUS

| | May | June |
|---|---|---|
| Announced Mergers/Acquisitions | 5 | 7 |
| Closed/Effective/Expired | 11 | 13 |
| Total Number of Transactions | 16 | 20 |

### TABLE 2: M&A STATS

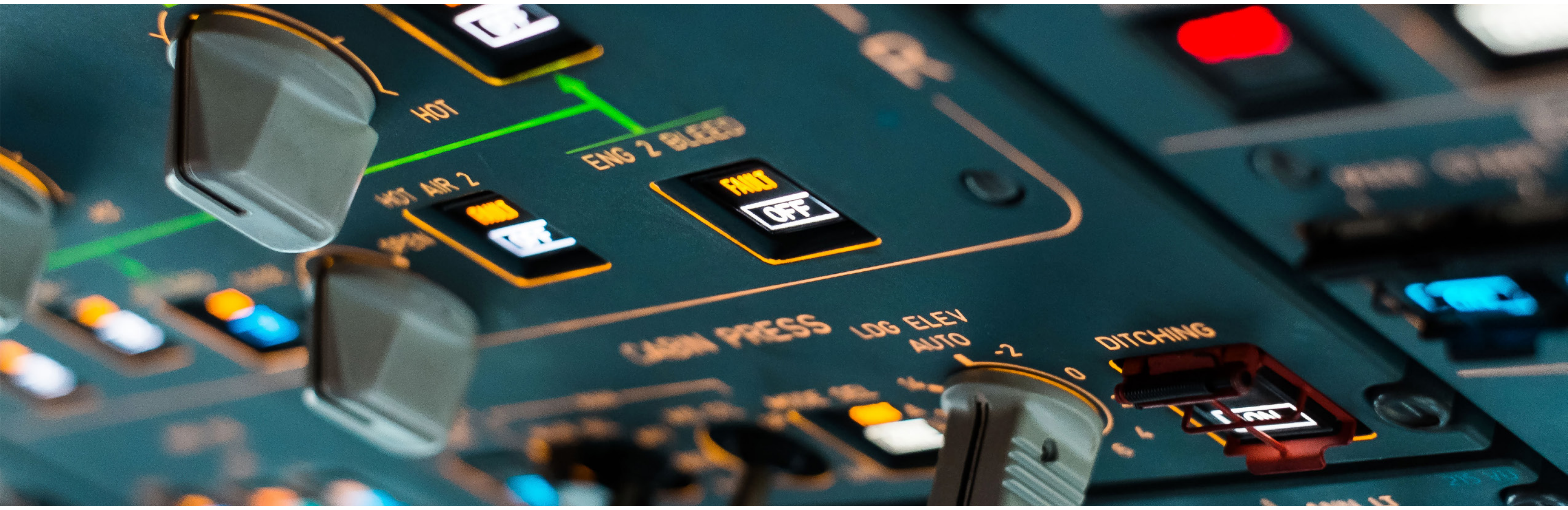
| Valuation Summary | May | June |
|---|---|---|
| Total Deal Value ($mm) | $5,610 | $1,923 |
| Average Deal Value ($mm) | $801 | $481 |
| Average EV/Revenue | 2.41x | 2.08x |
| Average TEV/EBITDA: | – | 15.3x |

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

| Valuation Summary | May | June |
|---|---|---|
| Greater than $1 billion | 2 | - |
| $500 – $999.9mm | 1 | 3 |
| $100 – $499.9mm | 1 | - |
| Less than $100mm | 3 | 1 |
| Undisclosed | 9 | 16 |

### TABLE 4: ACTIVE BUYERS/INVESTORS BY TOTAL TRANSACTION SIZE (FOR MONTH ENDED 6.30.2026)

| Company name | Total transaction size ($mm) |
|---|---|
| Booz Allen Hamilton Inc. | $720 |
| MDA Space Ltd. (TSX:MDA) | $620 |
| Arcline Investment Management LP | $535 |
| TJC LP | $48 |




1. Source: S&P Capital IQ.

# Public Sector Valuations

## Public Company Trading Statistics

| | % of 52 week high | Enterprise value as a multiple of: Revenue LTM | Revenue NTM | EBITDA LTM | EBITDA NTM | LTM gross margin | LTM EBITDA margin | LTM – NTM revenue growth | Net debt / LTM EBITDA |
|---|---|---|---|---|---|---|---|---|---|
| Government services | 63.2% | 1.02x | 1.00x | 9.74x | 8.84x | 20.1% | 10.5% | 6.1% | 2.65x |
| Aircraft OEMs | 86.5% | 2.44x | 2.23x | 15.45x | 12.93x | 18.9% | 12.1% | 5.5% | 1.98x |
| Aviation Supply Chain | 94.7% | 5.37x | 4.88x | 26.00x | 21.28x | 31.3% | 18.5% | 10.7% | 1.91x |
| Multi-Platform | 75.1% | 2.32x | 2.33x | 15.88x | 14.30x | 20.4% | 15.3% | 6.2% | 2.08x |
| Defense technology | 70.8% | 4.31x | 3.88x | 21.36x | 20.04x | 28.7% | 12.3% | 6.4% | 1.22x |
| Diversified IT | 56.8% | 1.04x | 1.00x | 7.25x | 6.15x | 30.8% | 18.0% | 4.2% | 1.72x |
| MRO | 86.7% | 2.08x | 1.88x | 16.27x | 13.08x | 19.0% | 12.1% | 7.1% | 2.84x |
| Space | 57.2% | 11.83x | 8.15x | 35.71x | 32.06x | 41.7% | (19.6%) | 41.5% | 3.78x |
| **3rd Quartile** | 94.3% | 4.92x | 4.56x | 22.13x | 18.85x | 34.2% | 19.2% | 14.1% | 2.9x |
| **Median** | 76.2% | 2.30x | 2.13x | 16.81x | 13.62x | 26.7% | 13.9% | 7.1% | 2.3x |
| **1st Quartile** | 55.7% | 1.54x | 1.46x | 13.01x | 10.87x | 19.0% | 11.2% | 5.2% | 1.3x |

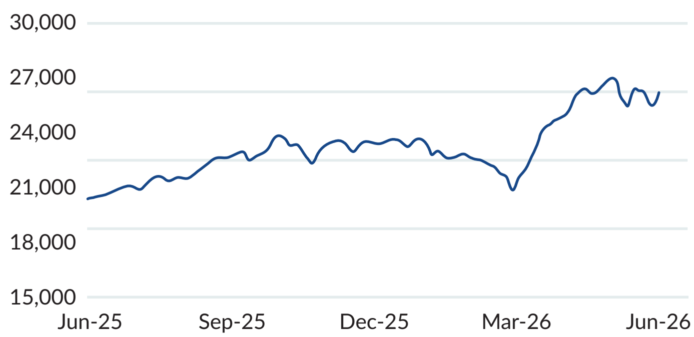
Source: S&P Capital IQ as of June 30, 2026. Median stats from each index.

# Market Performance

### CHART 1: S&P 500 PERFORMANCE (LTM)


Source: S&P Capital IQ as of June 30, 2026. Past performance is not indicative of future results.

### CHART 2: NASDAQ (LTM)




Source: S&P Capital IQ as of June 30, 2026. Past performance is not indicative of future results.

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


Source: S&P Capital IQ as of June 30, 2026. Past performance is not indicative of future results.

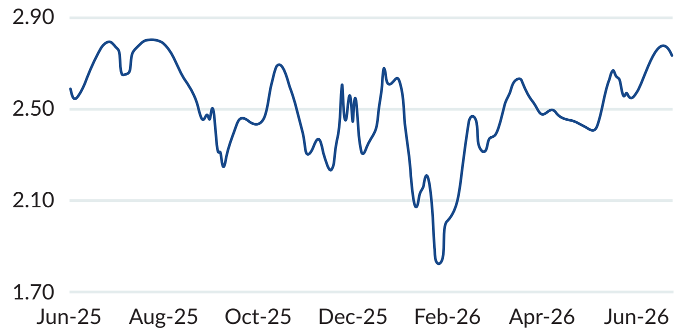
### CHART 4: REVENUE PASSENGER-MILES (LAST 5 YEARS; ALL CARRIERS)


Source: Bureau of Transportation Statistics as of June 30, 2026. Past performance is not indicative of future results.

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

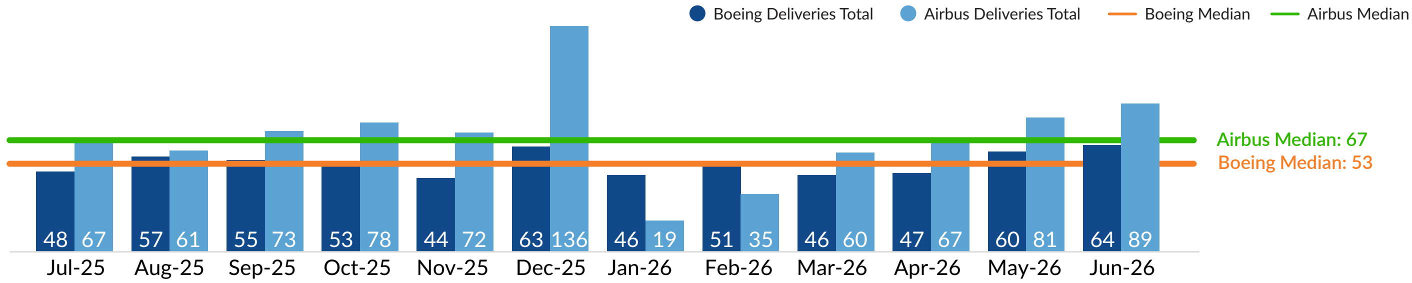

Source: Bureau of Transportation Statistics as of June 30, 2026. Past performance is not indicative of future results.

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



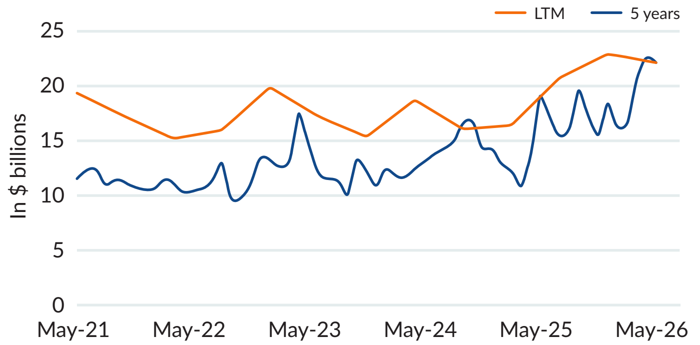

Source: Transportation Security Administration as of June 30, 2026. Past performance is not indicative of future results.

## CHART 7: BOEING AND AIRBUS DELIVERIES (LTM)



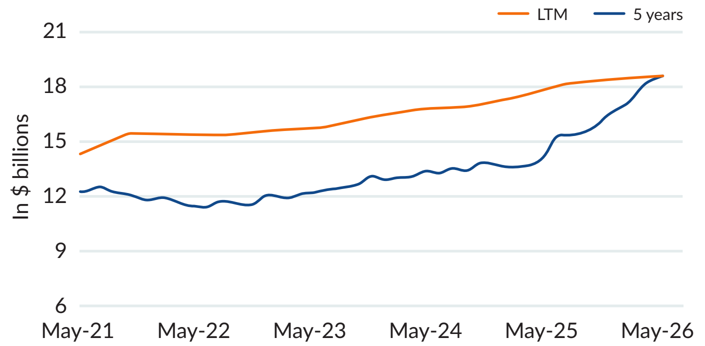

Source: Boeing and Airbus reporting as of June 30, 2026. Past performance is not indicative of future results.

## CHART 8: MANUFACTURERS' NEW ORDERS: DEFENSE CAPITAL GOODS




Source: U.S. Census Bureau via FRED as of May 31, 2026. Past performance is not indicative of future results.

## CHART 9: MANUFACTURERS' VALUE OF SHIPMENTS: DEFENSE CAPITAL GOODS




Source: U.S. Census Bureau via FRED as of May 31, 2026. Past performance is not indicative of future results.

# Recent Aerospace & Defense Transactions

SELL-SIDE ADVISOR

Beadlight®

HAS BEEN ACQUIRED BY

LOAR GROUP

SELL-SIDE ADVISOR

PRECISE FLIGHT

HAS BEEN ACQUIRED BY

SIGNIA AEROSPACE

a portfolio company of

ARCLINE INVESTMENT MANAGEMENT

SELL-SIDE ADVISOR

ATI

HAS SOLD

**East Hartford Operations**

to

BARNES™ AEROSPACE

SELL-SIDE ADVISOR

Applied Avionics

HAS BEEN ACQUIRED BY

LOAR GROUP

SELL-SIDE ADVISOR

ROSEN AVIATION

HAS BEEN ACQUIRED BY

MC2

a wholly-owned subsidiary of

HEICO

SELL-SIDE ADVISOR

KIHM METAL TECHNOLOGIES

a portfolio company of

THE FIREFLY GROUP

HAS BEEN ACQUIRED BY

TURNOUT INDUSTRIES

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 controllngredients & 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 mesirow.com, follow us on LinkedIn and subscribe to Spark, our quarterly newsletter.

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