

Monthly Market Update: Aerospace & Defense

Market Recap

Mesirow A&D Equity Composite¹ **-7.10%**

S&P 500² **-0.45%**

Nasdaq US Benchmark Airlines Index³ **4.54%**

NASDAQ Composite⁴ **1.86%**

S&P A&D⁵ **-9.95%**

S&P 500 Passenger Airlines Index⁶ **5.70%**

Public Markets

A&D equities fell sharply in September, diverging from broader benchmarks. The Mesirow A&D Equity Composite declined 7.10%, compared with a 9.95% decline in the S&P A&D Index, a 0.45% decline in the S&P 500 and a 1.86% gain in the Nasdaq Composite. Airline equities rebounded: the Nasdaq US Benchmark Airlines Index rose 4.54% and the S&P 500 Passenger Airlines Index gained 5.70%. The contrast between sector share-price weakness and the strategic transactions below argues against treating public-market performance as a uniform signal for private-company valuations.

M&A: Buyers Target Specialized Capabilities

GE Aerospace agreed to acquire Consolidated Precision Products from Warburg Pincus and Berkshire Partners for \$11.75 billion, with closing expected in the second half of 2027. GE disclosed approximately 26x 2027 EBITDA before synergies and approximately 18x including expected net synergies. The transaction highlights the strategic value of mission-critical castings capacity, but the synergy-adjusted multiple is not a standalone valuation benchmark for the broader supply chain.

Capability-led acquisitions extended into specialized components, coatings and aviation software. Arxis acquired Schatz Bearing and StratEdge; Valence Surface Technologies acquired Cametoid Technologies; and Verson acquired Polaris

Aero. These deals support a consolidation theme around differentiated products and services; undisclosed pricing does not establish a broader increase in transaction multiples.

In cyber intelligence, REDLattice agreed to combine with Bold Eagle Acquisition Corp. at a \$1.25 billion pre-money enterprise value. The announced \$335 million of committed capital comprises \$275 million of convertible notes and \$60 million of common-stock PIPE financing. Closing was expected around year-end 2026, subject to approvals and other conditions; this is a proposed public listing, not a completed capital-markets exit.

Defense: Production and Sustainment Visibility

September awards provided evidence of multi-year demand. Raytheon received an AMRAAM contract with a not-to-exceed value of \$20.7 billion and deliveries extending through June 2033, including foreign military sales to multiple allies.

Boeing received a \$13.4 billion increase in its foreign-military-sales contract ceiling, taking the total to \$19.1 billion; no funds were obligated at award. GE received a \$2.87 billion ceiling-price logistics contract for 17 F414 engine components supporting Navy F/A-18 E/F/G aircraft, with a five-year base period and no options. These amounts represent contractual capacity, not equivalent near-term revenue or fully funded backlog.

Commercial Aviation: A Rebound with Mixed Operating Signals

Airbus delivered 72 aircraft in September, versus 57 in August and 73 a year earlier.

TSA checkpoint throughput totaled 70.6 million in September, down 1.8% year over year. The latest passenger-mile and load-factor observations in the workbook are June, not September: total revenue passenger-miles declined 3.8% year over year, while load factor increased to 85.4% from 84.8%. The airline equity rebound therefore should not be presented as proof of stronger passenger demand.

Trade Policy

Section 232 duties on selected imported UAS and components took effect September 3, with rates and treatment varying by product and applicable exceptions. The diligence implication is

company-specific: evaluate imported content, customer pass-through and domestic sourcing alternatives rather than assume a uniform benefit for U.S. suppliers.

Key Takeaways

- 1. **Separate strategic value from market sentiment.** CPP demonstrates a buyer-specific rationale for securing qualified capacity; it does not establish a new market-wide valuation floor.
- 2. **Distinguish award ceilings from funded demand.** For supplier and seller discussions, focus on actual orders, funding, program exposure and execution requirements—not headline contract values alone.
- 3. **Keep commercial conclusions measured.** Airline shares improved, but passenger data are mixed and available operating indicators cover different periods.

Source: CapIQ, Company Press Releases and Websites, BTS, FRED, TSA, Department of War

M&A Market Recap

TABLE 1: NUMBER OF TRANSACTIONS BY STATUS

	August	September
Announced Mergers/Acquisitions	5	6
Closed/Effective/Expired	12	15
Total Number of Transactions	17	21

TABLE 2: M&A STATS

Valuation Summary	August	September
Total Deal Value (\$mm)	\$1,989	\$13,161
Average Deal Value (\$mm)	\$497	\$4,387
Average EV/Revenue	-	-
Average TEV/EBITDA:	-	26.0x

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

Valuation Summary	August	September
Greater than \$1 billion	1	2
\$500 – \$999.9mm	1	-
\$100 – \$499.9mm	1	-
Less than \$100mm	1	1
Undisclosed	13	18

TABLE 4: ACTIVE BUYERS/INVESTORS BY TOTAL TRANSACTION SIZE (FOR MONTH ENDED 9.30.2026)

Company name	Total transaction size (\$mm)
General Electric Company (NYSE:GE)	\$11,750
Rexel S.A. (ENXTPA:RXL)	\$1,400
Envoy Technologies, Inc.	\$11

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	69.5%	1.07x	1.04x	10.18x	9.12x	19.9%	10.5%	10.5%	2.67x
Aircraft OEMs	79.2%	2.28x	2.09x	15.49x	12.96x	18.8%	12.5%	12.5%	1.58x
Aviation Supply Chain	77.7%	4.46x	4.00x	22.43x	18.25x	31.7%	19.4%	19.4%	1.62x
Multi-Platform	62.5%	2.22x	2.04x	14.08x	12.75x	20.2%	15.2%	15.2%	1.85x
Defense technology	64.6%	3.73x	3.26x	18.72x	17.54x	28.6%	11.3%	11.3%	1.27x
Diversified IT	67.2%	1.44x	1.40x	8.10x	7.25x	30.9%	18.8%	18.8%	1.27x
MRO	65.9%	1.74x	1.61x	14.75x	11.28x	19.1%	12.5%	12.5%	2.87x
Space	41.7%	7.89x	6.03x	24.52x	21.27x	39.8%	3.7%	3.7%	4.50x
3rd Quartile	80.4%	5.04x	4.42x	21.95x	19.32x	37.6%	20.2%	14.0%	2.92x
Median	67.9%	2.67x	2.76x	15.30x	12.86x	27.8%	13.6%	8.1%	2.10x
1st Quartile	57.3%	1.50x	1.42x	11.75x	10.32x	19.1%	10.8%	4.6%	1.20x

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

Market Performance

CHART 1: S&P 500 PERFORMANCE (LTM)



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

CHART 2: NASDAQ (LTM)



Source: S&P Capital IQ as of September 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 September 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)



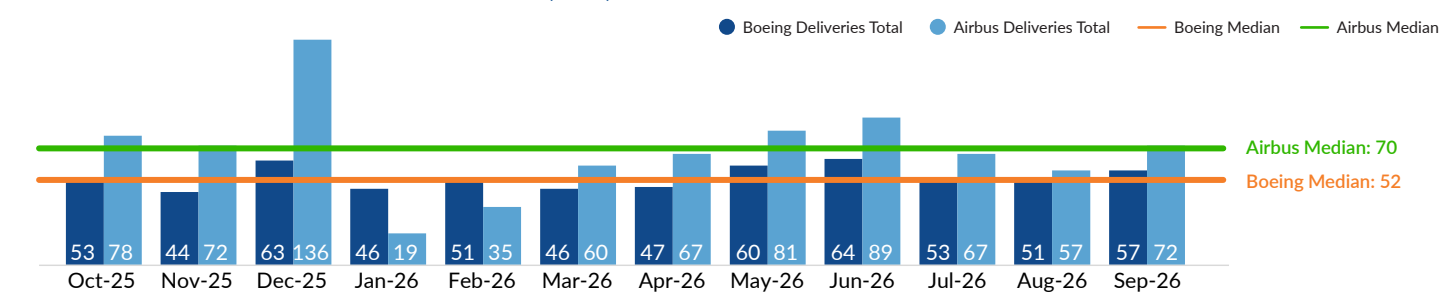
Source: Bureau of Transportation Statistics as of June 30, 2026. Past performance is not indicative of future results.

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



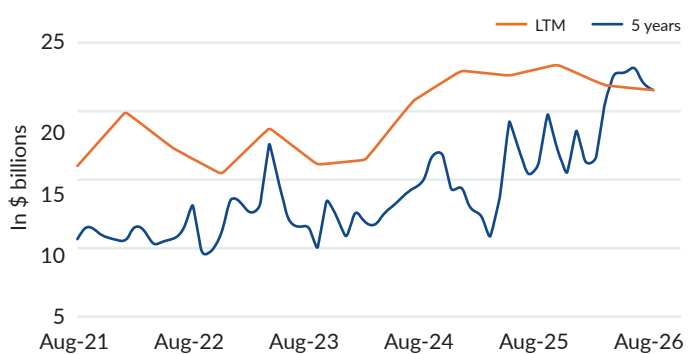
Source: Transportation Security Administration as of September 30, 2026. Past performance is not indicative of future results.

CHART 7: BOEING AND AIRBUS DELIVERIES (LTM)



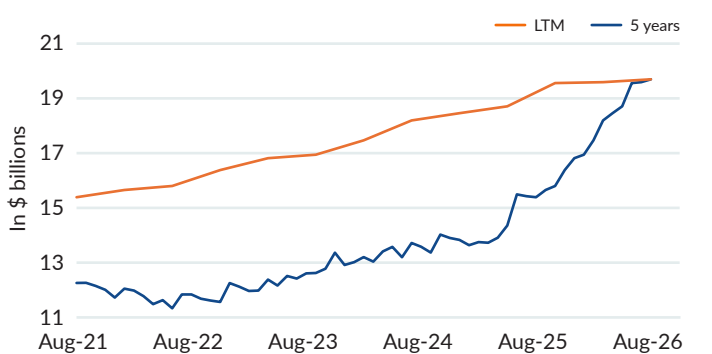
Source: Boeing and Airbus reporting as of September 30, 2026. Past performance is not indicative of future results.

CHART 8: MANUFACTURERS' NEW ORDERS: DEFENSE CAPITAL GOODS



Source: US Census Bureau via FRED as of August 31, 2026. Past performance is not indicative of future results.

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



Source: US Census Bureau via FRED as of August 31, 2026. Past performance is not indicative of future results.



Notable Aerospace & Defense Transactions

SELL-SIDE ADVISOR



HAS SOLD

East Hartford Operations

to



SELL-SIDE ADVISOR



HAS BEEN ACQUIRED BY



SELL-SIDE ADVISOR



HAS BEEN ACQUIRED BY



SELL-SIDE ADVISOR



HAS BEEN ACQUIRED BY



a portfolio company of



SELL-SIDE ADVISOR



HAS BEEN ACQUIRED BY



a wholly-owned subsidiary of



SELL-SIDE ADVISOR

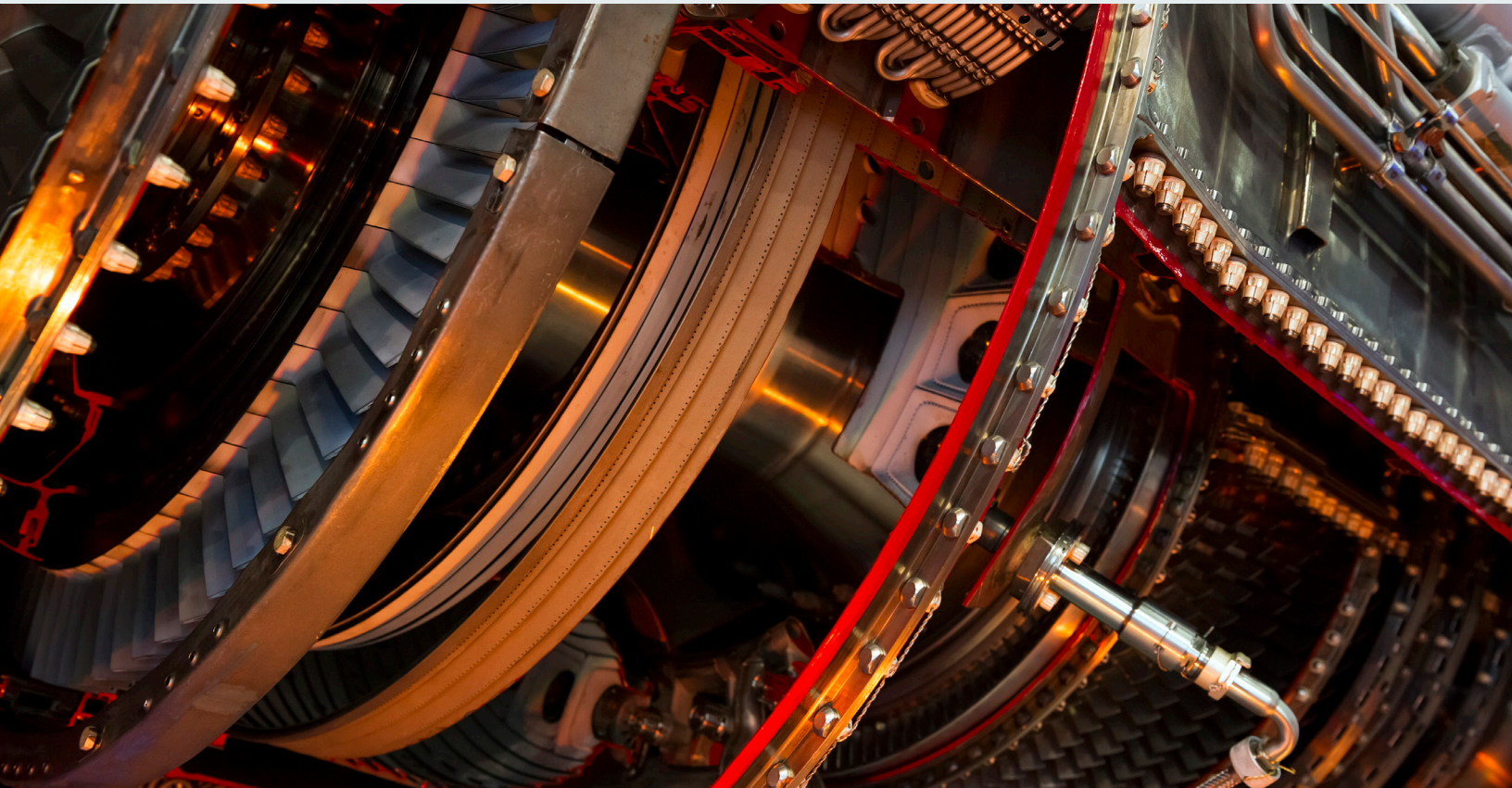


a portfolio company of



HAS BEEN ACQUIRED BY





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 mesiro.com, follow us on [LinkedIn](#) and subscribe to [Spark](#), our quarterly newsletter.

Contact us

Adam Oakley

Senior Managing Director,
Co-Head of Investment Banking
312.595.6692
adam.oakley@mesiro.com

Andrew Carolus

Managing Director
312.595.7802
andrew.carolus@mesiro.com



LEARN MORE

Mesirow refers to Mesirow Financial Holdings, Inc. and its divisions, subsidiaries and affiliates. | Investment Banking services offered through Mesirow Financial, Inc., Member FINRA and SIPC. The above information regarding specific clients may not be representative of the experience of other clients, nor may past success guarantee future successful results.