October 2026

Mesirow

# Monthly Market Update: Aerospace & Defense

## Market Recap

| | | | |
|---|---|---|---|
| Mesirow A&D Equity Composite[1] | 2.58% | NASDAQ Composite[4] | -5.30% |
| S&P 500[2] | -0.93% | S&P A&D[5] | -1.53% |
| Nasdaq US Benchmark Airlines Index[3] | -4.33% | S&P 500 Passenger Airlines Index[6] | -3.55% |

### Key Takeaways

**Selective equity performance.** The Mesirow A&D Equity Composite gained 2.6%, outperforming declining broader-market and A&D benchmarks.

**Uneven production trends.** Commercial aircraft deliveries softened, while the latest manufacturing data showed higher shipments but lower new orders.

**Differentiated valuations and strategic priorities.** Defense technology and aviation supply-chain peers traded at higher forward EBITDA multiples than government services and diversified IT; the proposed Agile Defense acquisition highlighted demand for mission-focused technology capabilities.



### Market Overview

October's market performance underscored the importance of looking beyond a single sector headline. The Mesirow A&D Equity Composite increased 2.6% for the month, compared with declines of 0.9% for the S&P 500, 5.3% for the NASDAQ Composite and 1.5% for the S&P A&D benchmark. The composite's outperformance contrasted with a softer backdrop for both the broader market and the sector benchmark.

Commercial aircraft output remained uneven. Combined deliveries totaled 123 aircraft in October, down 4.7% from September and 6.1% from October 2025. The latest available manufacturing data, for September, offered a similarly mixed picture: new orders declined 1.9% sequentially to $20.8 billion, while shipments rose 2.4% to $20.3 billion. Together, these indicators reinforce the need to distinguish order flow from production execution when assessing industry momentum.

All data as of 10.31.2026. | Data sources: S&P Capital IQ, NASDAQ exchange, S&P 500 Indices and company press releases. | 1. Mesirow A&D Equity Composite tracks 76 aerospace and defense companies across 8 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 US | 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.

## Valuations and M&A

Public-company valuations showed substantial variation across subsectors on October 30. Defense technology and aviation supply-chain companies traded at median NTM EV/EBITDA multiples of 17.8x and 17.0x, respectively, compared with 10.2x for government services and 8.9x for diversified IT. The spread highlights the limitations of applying a single A&D multiple across businesses with different operating profiles.

Capability-driven acquisitions remained a relevant theme in the October transaction screen. Maximus Federal Services agreed to acquire Agile Defense, a provider of cybersecurity, digital transformation, data analytics and AI services supporting national-security and civilian missions. Consideration includes $660 million in cash and a potential $50 million contingent payment. The proposed acquisition illustrates the strategic relevance of specialized technology capabilities within the federal-services market.

## Mesirow Perspective

Our view is that the most useful lens for owners and investors is business-specific rather than sector-wide. We would emphasize program and customer exposure, production readiness, cash conversion and differentiated capabilities when positioning an A&D business. Public-market multiples provide context, but transaction positioning should be grounded in the company's own operating profile and the strategic priorities of relevant buyers.

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

# M&A Market Recap

### TABLE 1: NUMBER OF TRANSACTIONS BY STATUS

| | September | October |
|---|---|---|
| Announced Mergers/Acquisitions | 6 | 6 |
| Closed/Effective/Expired | 15 | 13 |
| Total Number of Transactions | 21 | 19 |

### TABLE 2: M&A STATS

| Valuation Summary | September | October |
|---|---|---|
| Total Deal Value ($mm) | $13,161 | $1,385 |
| Average Deal Value ($mm) | $4,387 | $693 |
| Average EV/Revenue | - | - |
| Average TEV/EBITDA: | 26.0x | - |

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

| Valuation Summary | September | October |
|---|---|---|
| Greater than $1 billion | 2 | - |
| $500 – $999.9mm | - | 2 |
| $100 – $499.9mm | - | - |
| Less than $100mm | 1 | - |
| Undisclosed | 18 | 17 |

### TABLE 4: ACTIVE BUYERS/INVESTORS BY TOTAL TRANSACTION SIZE (FOR MONTH ENDED 10.31.2026)

| Company name | Total transaction size ($mm) |
|---|---|
| Maximus Federal Services, Inc. | $710 |
| Acuity Inc. (NYSE:AYI) | $675 |

Source: S&P Capital IQ.

# Public Sector Valuations

## Public Company Trading Statistics

| | | Enterprise value as a multiple of: Revenue | | EBITDA | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | % of 52 week high | LTM | NTM | LTM | NTM | LTM gross margin | LTM EBITDA margin | LTM – NTM revenue growth | Net debt / LTM EBITDA |
| Government services | 83.3% | 1.23x | 1.19x | 11.67x | 10.20x | 19.9% | 10.5% | 4.9% | 2.73x |
| Aircraft OEMs | 85.5% | 2.35x | 2.14x | 16.86x | 12.92x | 19.1% | 12.8% | 6.6% | 2.17x |
| Aviation Supply Chain | 75.7% | 3.93x | 3.58x | 19.84x | 17.02x | 32.1% | 19.8% | 9.3% | 1.62x |
| Multi-Platform | 72.6% | 2.16x | 2.23x | 15.91x | 13.90x | 20.6% | 15.3% | 6.5% | 1.56x |
| Defense technology | 60.4% | 3.32x | 2.90x | 25.30x | 17.80x | 30.4% | 12.8% | 8.1% | 1.14x |
| Diversified IT | 84.3% | 1.65x | 1.59x | 9.38x | 8.94x | 30.9% | 19.4% | 3.9% | 1.21x |
| MRO | 65.1% | 1.70x | 1.61x | 15.64x | 11.28x | 19.1% | 12.8% | 5.8% | 2.93x |
| Space | 33.8% | 7.09x | 4.56x | 26.50x | 18.70x | 41.2% | 3.0% | 27.5% | 5.38x |
| **3rd Quartile** | 85.2% | 4.87x | 4.12x | 20.41x | 17.60x | 38.1% | 20.4% | 12.7% | 3.05x |
| **Median** | 74.0% | 2.82x | 2.68x | 16.21x | 13.17x | 27.3% | 13.8% | 7.3% | 1.98x |
| **1st Quartile** | 57.8% | 1.65x | 1.57x | 12.41x | 10.87x | 18.9% | 10.8% | 4.9% | 1.18x |

Source: S&P Capital IQ as of October 31, 2026. Median stats from each index.

# Market Performance

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



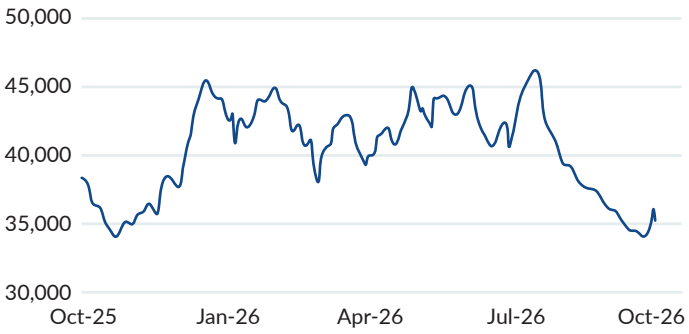

Source: S&P Capital IQ as of October 31, 2026. Past performance is not indicative of future results.

### CHART 2: NASDAQ (LTM)




Source: S&P Capital IQ as of October 31, 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 October 31, 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 September 30, 2026. Past performance is not indicative of future results.

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



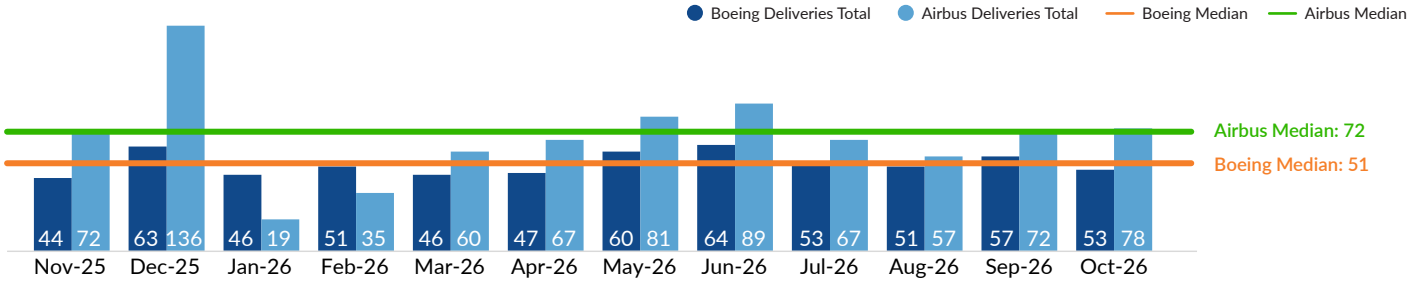

Source: Bureau of Transportation Statistics as of September 30, 2026. Past performance is not indicative of future results.

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



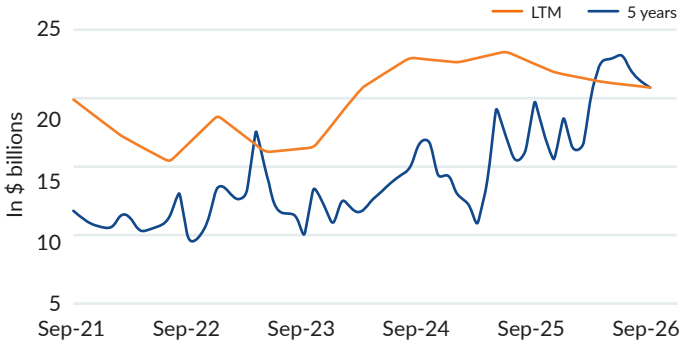

Source: Transportation Security Administration as of October 31, 2026. Past performance is not indicative of future results.

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



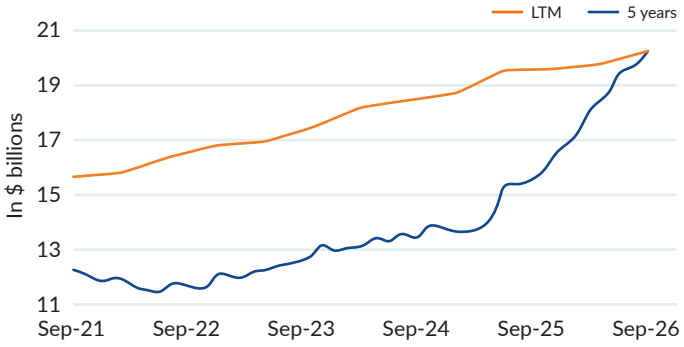

Source: Boeing and Airbus reporting as of October 31, 2026. Past performance is not indicative of future results.

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




Source: US Census Bureau via FRED as of September 30, 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 September 30, 2026. Past performance is not indicative of future results.



# Notable Aerospace & Defense Transactions

SELL-SIDE ADVISOR

Beadlight®

HAS BEEN ACQUIRED BY

LOARGROUP

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

LOARGROUP

SELL-SIDE ADVISOR

ROSEN AVIATION

HAS BEEN ACQUIRED BY

MC²

a wholly-owned subsidiary of

HEICO

SELL-SIDE ADVISOR

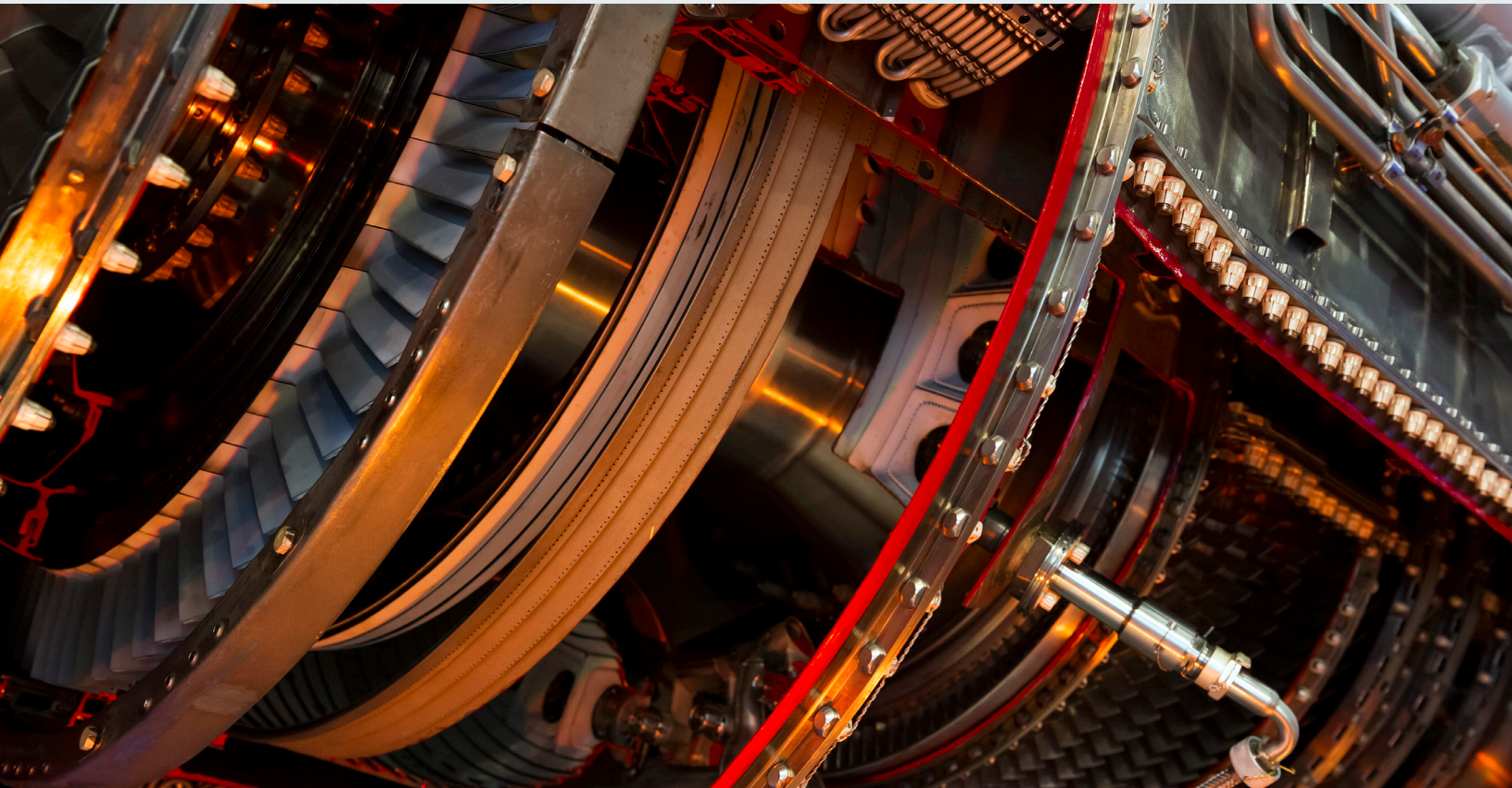
KIHM METAL TECHNOLOGIES

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 controlIngredients & 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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