Oaklins

Aerospace & Defense all-star strategic and private equity panel: M&A trends and opportunities across the A&D sector

SPOT ON | AEROSPACE & DEFENSE | DECEMBER 2025

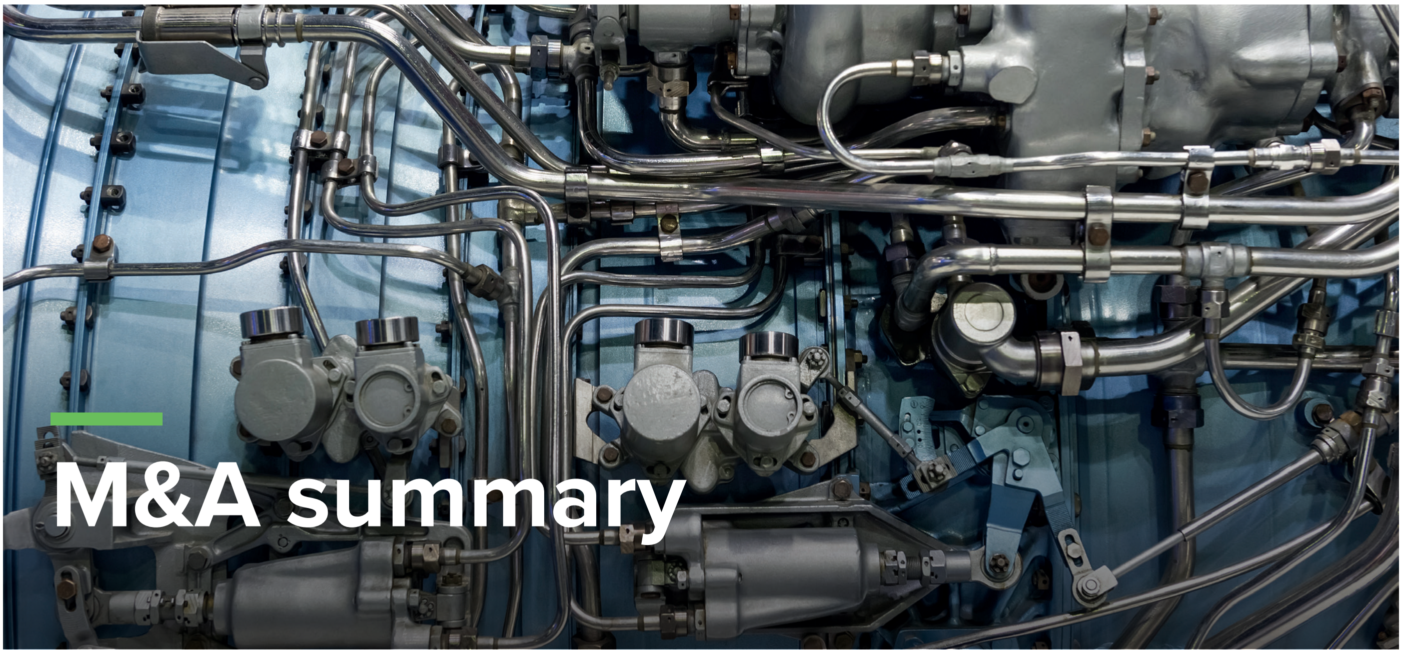
EXPLORING INVESTMENTS IN A&D

Oaklins recently hosted an aerospace & defense (A&D) all-star strategic and private equity panel to explore the latest M&A transactions, challenges and opportunities facing the sector. Moderated by Stephen Perry, managing director at Oaklins Janes Capital, the discussion featured an exceptional group of dealmakers. Together they provided a 360-degree view of the industry, giving insights on M&A, valuations and growth areas, among other topics.

Over 650 people from more than 12 countries registered for the event, including 151 CEOs and presidents, 122 corporate development and M&A executives, and 110 private equity professionals.

"Over the past 18 to 24 months, the aerospace and defense sector has continued to transform. We have seen consolidations, divestitures and the use of various alternative financing structures."

– Stephen Perry, A&D Specialist, Oaklins



M&A summary

TRANSACTIONS OVERVIEW

Across the last 13 quarters:

- A&D deal volume has been steady with about 400 transactions per year, consistent with the 10-year average
- despite market volatility, recent valuations have remained robust
- buyers paid on average 12 to 13x EBITDA (reported transactions)
- defense accounted for 61% of all A&D transactions versus aerospace
- PE accounted for 45% of all A&D transactions, with 30% being public company buyers and 25% private
- privately owned businesses were the largest group of sellers at 75%

The most active A&D buyers from the past 13 quarters include:

- **PE** — Arlington, Arcline and Enlightenment, completed 22, 21 and 17 acquisitions, respectively
- **Strategic** — HEICO, Indra and Safran completed 13, eight and eight acquisitions

The top PE funds together completed 155 acquisitions in this period, compared to 80 transactions by strategics, a ratio of almost two to one in favor of private equity. However, this year so far, PE buyers have been behind only two of the largest 10 A&D deals, with strategics responsible for the rest.

HOT OFF THE PRESS!

LATEST DEALS

Airbus, Leonardo and Thales have agreed to combine their space businesses into a single joint venture. Lockheed Martin has made a US$50 million technology investment in Saildrone, Doncasters has announced its plans to go public, and Kongsberg has elected to spin off its maritime business, creating a pure play defense company.

In terms of the biggest deals by value, Boeing announced both the largest acquisition in 2024, Spirit Aerosystems for US$8.3 billion, and the largest divestiture so far in 2025, Boeing Digital Aviation Services for US$10.6 billion.

The biggest transactions in the past few years include a broad array of A&D sub-sectors: aero structures, defense electronics, MRO and logistics, space and satellite, and UAVs, among others.

Beyond traditional M&A, a growing number of alternative financial structures are coming to the fore and shaping the A&D landscape: JVs, partnerships, IPOs, spinouts and VC.

> "Deal volume remains relatively strong, private equity buyers remain very active, and valuations are holding firm, if not trending upward, heading into 2026."
>
> **STEPHEN PERRY**

WHAT HAPPENS NEXT?

The A&D industry is entering a dynamic phase with both opportunities and challenges ahead.

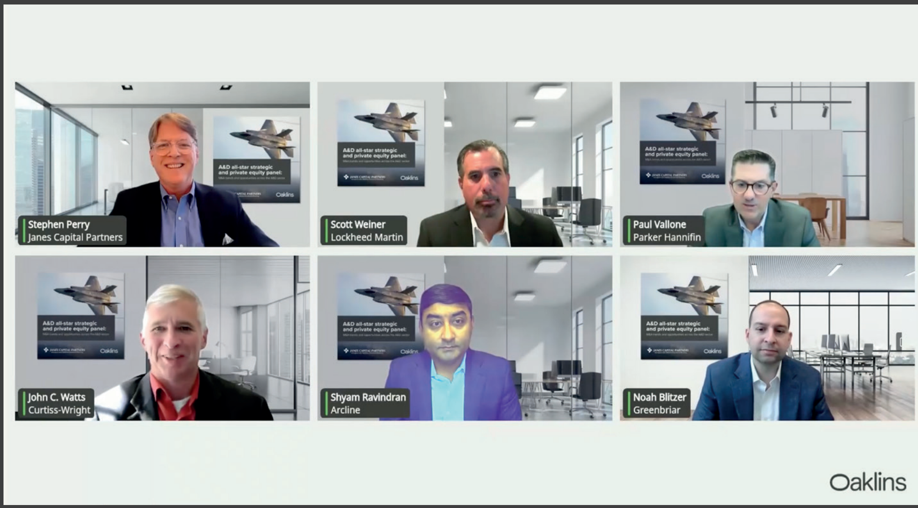
Tailwinds:

- industry fundamentals are exceptionally strong
- commercial aerospace OEMs enjoy record high order backlogs
- MRO demand remains strong
- defense spending continues to climb
- interest rates are decreasing and capital availability remains high

Headwinds:

- deficit spending in the USA and globally creates significant uncertainty
- tariffs and trade restrictions exacerbate supply chain issues, adding costs and delays
- growing concern over rising inflation, a potential economic slowdown and the possibility of a stock market correction

Our aerospace & defense webinar panel



Clockwise from top left:

Stephen Perry (Partner, Oaklins Janes Capital), **Scott Weiner** (VP Corporate Development, Lockheed Martin), **Paul Vallone** (VP Strategy and M&A, Parker Hannifin Corporation), **Noah Blitzer** (Managing Director, Greenbriar Equity Group), **Shyam Ravindran** (President and Co-founder, Arcline Investment Management) and **John Watts** (VP Strategy and Corporate Development, Curtiss-Wright).

Q&A — SELECTED HIGHLIGHTS FROM THE DISCUSSION

What are you seeing from a valuation perspective in today's M&A market, and how does this compare to valuations in previous years?

Shyam Ravindran: "Obviously valuations are high. I don't think that's a surprise to anybody, but I think if you'd asked people that question at most points in the last 10 years, they would've given you that answer. At Arcline, we don't really think about valuation on a QoQ or YoY basis. We're trying to build durable businesses that will compound for a long time.

If we find a starting point for a platform, there's effectively no point where it's too early to buy a business. We aren't talking about the market environment versus the market environment two quarters ago when we're making a decision on a platform. It's an expensive market, but the structural factors that have gotten us to this place are fairly durable trends.

So versus when I started in private equity 20 years ago, there are probably 10 times as many people doing private equity — there are over 4,200 private equity firms in the United States. It's just a much more robust and active sector. There are new products now, like continuation vehicles so that if folks have trophy assets and the market doesn't give them what they think is a fair price, they have the ability to hold onto those businesses and not transact.

The IPO market is opening up for industrials and A&D assets. There's been a few very successful A&D IPOs in the last few years. Strategics are much more active than they were, certainly in the COVID period, as their balance sheets have improved."

> "We're not constrained by size, we're happy to look at deals of all sizes. But we focus mostly on strategic fit. If we look at something that is smaller and doesn't really provide a lot of additional capability, technology, customer supply chain, or they aren't differentiated in the sense that we're going to be able to create value for Parker and our shareholders, whether it's a small company or large, we're not going to look at it. It comes more down to the fit with us, the culture fit, the technology fit, IT, aftermarket — we look at all those things."
>
> **PAUL VALLONE**

What high-growth A&D sectors are you most focused on today and why?

John Watts: "From a platform perspective, Curtiss-Wright is very focused on attritable systems. It's a growing, mid-tier range and unmanned. We have historically provided strong content into more exquisite systems, the very high-end unmanned systems, but we're working to ensure that we can support and provide really sophisticated electronics as well as electromechanical actuation into that growing attritable space.

Certainly all of unmanned is growing overall, and we're focusing on that underserved, from our perspective, attritable space in the middle. We'll also continue to be a leader in open systems architecture. We see investments in safety and security growing, so we have a strong focus there."

Noah Blitzer: "We see strong fundamentals across a lot of different parts of the market. Typically you see either the OE or the aftermarket on the commercial side showing strength. With the backlog of new aircraft underpinned by airlines' need for more fuel efficient aircraft, filters are going to keep growing. It's a question of how are they going to grow, how are they going to evolve?

Given the delays in new aircraft filters, you're seeing a ton of growth still on the MRO side. Aircraft are looking for ways to repair components, not just buy new ones. So I think on the MRO side, both on airframe maintenance as global fleets grow and age, but also on individual components, you're seeing airlines look for new sources of material as they continue to keep their fleet flying."

> "The EU is definitely postured for some pretty significant increases in their defense spending going forward. And I think it creates opportunities for European companies first and foremost. But for US companies as well, and I would say particularly those that either have a footprint or some way to get to meaningful content. By which I mean, how much of their product is sourced from European countries?"
>
> **SCOTT WEINER**

In the past, strategics would dominate any acquisition process. How do strategic acquirors compete with private equity investors in today's evolving scenario?

Paul Vallone: "We've always seen PE active in the industrial aerospace models, at least for the past 10 years. We see them in every process. A lot of PE firms are not really acting as PE anymore, they're more like strategics. They've got a huge portfolio of companies already that they're managing.

We don't really try to distinguish between PE and strategics when we're in a process, we're trying to find the best companies that we can and that are the best fit for Parker.

We look at who we think could be potential competitors, whether it be PE or strategic, and evaluate them as such. We're trying to really focus on what we can do with the business and how we can best position ourselves to be the eventual winner."

> "With each investment, we are developing the right priorities, resourcing them appropriately and deciding what we're going to do and more importantly, what we're not going to do. Because you can't do everything effectively in a short period of time. So we find dedicating resources in mass to a few select potent levers is far more effective than spreading them out across all levers you could possibly pull."
>
> **NOAH BLITZER**

When does Lockheed Martin acquire a company with new technology versus simply partnering or investing through LM Ventures?

Scott Weiner: "I would say Jim Taiclet, CEO of the company, for as long as he's been holding his position, has pushed to drive commercial technology into our solutions, into the defense industrial base. It's been interesting how that has morphed and changed over the last four or five years.

We take a pretty broad-ranging approach to how we think about that. On a very large scale you can think about engineering and the business relationships that we develop with companies like Verizon, Nvidia and Amazon, and this real tech development work that goes on between the companies. Our venture group is primarily focused on early stage and up to series B; they can stay in through the journey once they're there.

They have certain size limits on how large of an investment they can make. And their focus is primarily on driving technology into the company. Not that financial returns don't matter, they matter, but primarily they're there to try to work with these new tech startups and see how they can drive integration of that sort of capability and that technology into the things that we're working on."

In today's world, M&A processes are competitive and the winner often has to swing for the fences. How do you balance paying competitive valuations in a strong M&A market while staying disciplined and delivering value for your shareholders?

John Watts: "That is a billion-dollar question in today's market. And I think the key word in that question is disciplined, at least to Curtiss-Wright. What we will absolutely not do is put the leadership of a newly acquired business in an untenable position by paying for perfection. They have to have a reasonable chance of hitting the forecasts of the business that we're charging them to run. Whether it's a management team that comes over with the business and it's a bolt-on, or it's a higher level vice president, this business is part of his or her portfolio, right? So we have to retain that discipline because we're not going to put them in a bad position.

Historically we've been reluctant to include synergies in our valuation, but that really had to change in the last few years. It was a bit of a culture shift within Curtiss-Wright. Before we wondered why we should pay the seller for the synergies that we're going to create. But we've kind of gotten past that, and over the past year we've been willing to soften our financial requirements just a little bit in order to push price, both in return on capital as well as how long we are willing to wait for the business to hit the margins and profitability that we require."

The CEO of Lockheed Martin, James Taiclet, recently said something fascinating: no one company or even one industry can meet today's global defense and security needs. What does this mean to you from a strategy or M&A perspective?

Scott Weiner: "Our legacy is being a very high-tech company, and we've developed some really strong capabilities, but also leveraged the broad industrial base that staff almost everything we make. Our supply chain management is such a key part of what we do day in, day out as a company.

So when you hear Jim say that, he really is believing in what we've been doing for the last bunch of years: bringing the best capability to the solutions that we provide.

And if that means there's something internal that is really key or core, that's certainly part of the solution. But where we see another supplier that's out there or a partner that can bring really important capability to the table, then we're going to look to do those partnerships. It could be something as simple as a supply chain relationship or it could be joint venture or some type of investment that we may make. And that leads to us taking a full spectrum approach to what tools are available to us to satisfy the customer's needs.

I think that's something the company's been very effective at. If you look at Lockheed's trade balance with other suppliers, it's very much in the favor of the other suppliers being a supplier to us rather than the other way around. So I think Jim walks the walk in everything that he says."

> "We are investing more in CapEx for organic growth over the next few years to meet the demands in both the A&D and the nuclear markets. You have to find alternative ways to create that value and invest, but discipline is key. We've demonstrated that we're willing to flex a little bit in our tried-and-true metrics. But not so much that we're going to harm the business going forward."
>
> **JOHN WATTS**

Arcline has made over 140 acquisitions since 2019. As anybody on this panel or even attending this webinar will acknowledge, acquisitions are incredibly hard to pull off, and yet you've done a string of 140 of them. How has Arcline been able to grow so significantly and in such a short period of time?

Shyam Ravindran: "When we set up the firm, we converted the traditional organizing model for private equity. Most PE firms are organized by end market. So you've got an A&D team, a healthcare team, and so on and so forth, with MDs, principals, VPs and associates that do all of the aspects of a transaction within those groups. Because we're a single strategy firm that's more focused on business models, we effectively inverted that model.

So rather than organize the firm by end market, we organized it by functional area. We've got a team that does nothing but business development and origination. Their job every day is to wake up and go and find opportunities, whether they're owned by private founders, other private equity firms, strategics.

We've got an in-house research team that takes those names and studies them on an outside-in basis to see if they hit our business model spec. If they do, then we've got an underwriting team that picks up the football, and does the live diligence or the remaining business diligence, the confirmatory diligence and the assessment of our ability to pay. We've got a strategy, talent and operations group that works with the portfolio companies post close.

We've tried very hard to build a true assembly line model, where everyone's working together and focused on their job. When the situation warrants, there are probably 20, 30, 40 people at Arcline who are touching that transaction at different points. That's pretty different than most PE firms."

What are the key things that your company focuses on in the first 100 days post acquisition? How do you measure whether you've been successful?

Paul Vallone: "I guess the two key things for us are communication and integration — both start long before the acquisition is closed. At Parker, we start planning integration long before the deal's even signed, and thinking about those things even during due diligence. Communication is really around how we are going to communicate internally in Parker, to the client company and customer suppliers. We have very detailed communication plans around how we want to message the acquisition.

Those are the two things that we focus on: communication, certainly within the first 100 days; integration, it goes on for much more than that, depending upon the size of the deal.

I'll give you an example with Meggitt — that's probably a two-year integration plan with Parker leadership and Meggitt leadership. We are reporting on that in the beginning monthly then quarterly to our senior executive leadership and board about how the integration is going and when we're meeting objectives."

What are the biggest challenges from your perspective of buying small privately owned businesses?

Noah Blitzer:

- Ultimately it comes down to transparency, trust and alignment, so when you build those early, it ends up being a very seamless transition
- Our hold period is to be there over time, but we are moving fast, that is our expectation. We want to make decisions fast as well as support the business. We typically push a pace that is more aggressive
- How are we going to align around the timeline for retirement, if that's the objective?
- Sometimes founders want more capital, they want to diversify their wealth, but they want to keep running the business. So the transition is around how do you cede some effective control and decision-making to do that
- The hardest place is when you're not transparent about those objectives, you're trying to solve different situations. Ultimately you might align or might not, but that's when you get friction
- A big part of our early work is around alignment, and it's probably earlier when we are buying from a founder and understanding what their objectives are for us making the investment.

LOOKING FORWARD

Fast forward 12 to 24 months from now, where do you see overall A&D M&A valuations — up, down or flat and wide?

Scott Weiner: "We have strong funding in the US, we have a geopolitical environment that is still driving demand. You have the EU now looking to spend money and even a regulatory environment that has shifted back a bit towards a more traditional posture. To me, that all says it's going to stay where it is. I don't expect big increases. There are some micro factors like the IPO market in segments like space driving valuations, or at least expectations, up."

Paul Vallone: "I think it's going to hold up. I certainly hope it's not down, because if it's down, that means my stock's probably going down! So I prefer it stay up. On the commercial side, we have the highest backlog we've ever had. We don't really see that changing here in 12 to 24 months. I would expect it to at least stay where it is, if not go higher."

John Watts: "The changing acquisition landscape is going to drive prices up just a little bit. That's in the near term. Eventually of course there will be a stock market pullback because there always is. That could moderate things a little bit, but I don't think that'll happen significantly in the next 12 months."

Shyam Ravindran: "We don't view our job as trying to predict what the environmental conditions are going to be a year from now. We think our job is to invest regardless of the weather. We talked about the structural factors that are present, and I agree with what the other panelists said."

> "Twenty years ago when I started in this industry, there were probably 7,000 businesses that were owned by private equity firms. That's increased at a pace of about 1,000 a year. So today there's 27,000 businesses that are owned by PE firms, and most of the growth isn't coming from new businesses. It's actually growth from the increase in the net asset value of the businesses that are already in the ground."
>
> **SHYAM RAVINDRAN**

Noah Blitzer: "Valuations are a function of growth and fundamentals remain strong. So while those are strong, you'll see valuations hold up. When you start to see the fundamentals change or weaken, there'll be some change, but with what we see for the next 12 to 24 months, those fundamentals remain strong across sectors."

> "If there's one takeaway from this webinar, it's that M&A has been a critical tool for driving capability, scale and competitiveness in the A&D sector. And the next 12 to 24 months are likely to bring even more opportunities for creative deal-making."
>
> **STEPHEN PERRY**

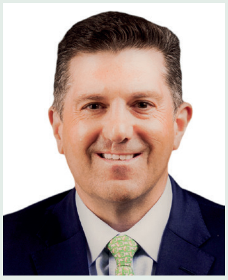
MEET THE PANEL — A SNAPSHOT OF THEIR COMPANIES' M&A ACTIVITY

SCOTT M. WEINER
VP Corporate Development
Lockheed Martin

Recently we've been very focused across the entire portfolio. We have four business areas: space, aeronautics, our rotary mission systems business, and our missile and fire control business. Each one of them has their own priorities on where they want to focus. So a lot of work has been across a spectrum of different structural solutions for the company.

The most recent was the investment in Saildrone for US$50 million, a good example of addressing the tech shift and partnership approaches for new defense tech companies and how we can broaden cooperation across the industrial base on that front. Another good example was the recent acquisition of Amentum Rapid Solutions to support our space business.

It's been a pretty robust last couple of years, a lot of non-traditional type investment going on, more in the area of partnerships, because that was what made the most sense from a structural point of view.



PAUL VALLONE
VP Strategy/M&A
Parker Hannifin Corporation

From an M&A perspective, we've been very active. We have announced over US$30 billion of M&A capital deployed in the last 10 years, and that's broadly across our aerospace and industrial portfolio.

in A&D, we've acquired three businesses in the last 10 years: Lord Corporation, which really increased our adhesives coating and material science capabilities, across both commercial and defense applications; Exotic Metals, which is largely a component manufacturer, supplying Boeing and Pratt; and most recently we acquired Meggitt, a very broad aerospace and defense component manufacturer.

Our A&D business is now approaching US$7 billion annually in revenue, and we continue to see opportunities in A&D for further investment. We are, broadly speaking, an active acquiror; we try to generate and employ cash appropriately for our shareholders, and we expect to continue to be active in the A&D landscape.

JOHN WATTS
VP Strategy/Corporate Development, Curtiss-Wright

Curtiss-Wright is a bit smaller than Lockheed and Parker Hannifin, but we are a diversified company with a concentration in aerospace and defense, and about US$3.4 billion in sales this year — 70% of that is A&D.

Another focus of ours is the growing commercial nuclear space. At the end of 2024, we closed on a business called Ultra Energy, which was part of Ultra Electronics owned by Advent. It's a nuclear component and subsystems business with a principal location in the United Kingdom. We had an A&D-focused company buying a nuclear business from another A&D-focused company and private equity firm. To date, it's been a very successful deal for us, and provided significant inroads into Rolls-Royce, being co-located there, and we expect to deepen that relationship and make it in the long term.

We are not going to be a prime and do not intend to compete with our customers. By being platform independent, we can leverage our IP across multiple customers and platforms. So we will buy companies that share and mirror that approach.

SHYAM RAVINDRAN
President and Co-founder
Arcline Investment Management

We are a private equity firm and Arcline manages about US$20 billion in assets under management. We're currently investing out of our fourth fund, which is a US$6 billion fund. We are business model investors, so try to build expertise in a few core business models and invest exclusively in those.

Two of those core business models are engineered component and machinery aftermarket businesses. So even though we focus on 10 different end markets, you can probably see why A&D is a pretty natural fit for those types of business models. It's actually our largest single end-market exposure. We have three core A&D platforms in the portfolio today, and we've been a pretty active firm, so those platforms have done a number of acquisitions along the way.

We also announced a deal on Monday for another engineered components business called Novaria Group. So we continue to remain active in the category.

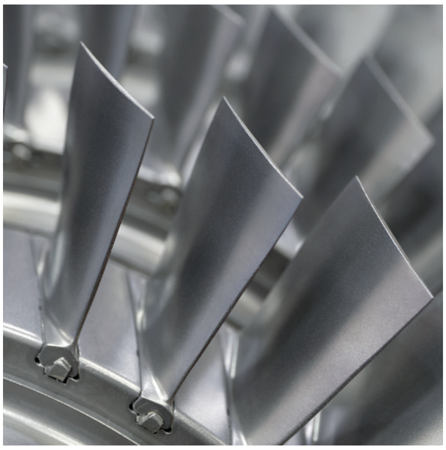
NOAH BLITZER
Managing Director
Greenbriar Equity Group

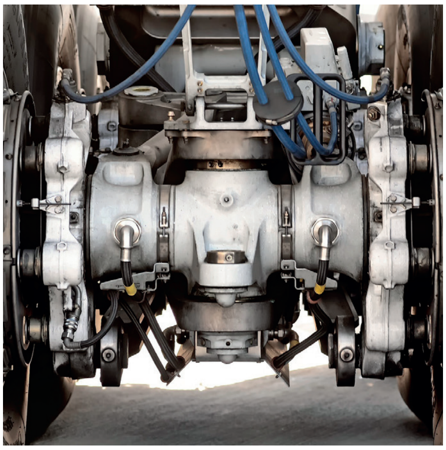
Noah Blitzer, managing director, Greenbriar

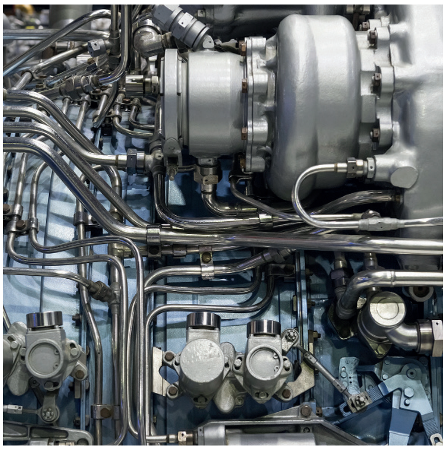
Our objective is to apply deep domain expertise to find the right partners in high-quality businesses with high growth potential. A&D is about a third of our invested capital for the last 25 years. We've done 20 platform investments and over 200 add-ons. We're largely business model agnostic. We've owned all sorts of manufacturing businesses and service businesses, and fundamentally, we're looking for underlying secular growth.

We've acted across a number of fronts in the last couple of years, most recently on the aftermarket side. We acquired a business called WestStar Aviation, which is a business jet MRO, one of the largest independents in the market. Last year we acquired Sun Bear, which is a component MRO, repairing small parts for aircraft.

It's been an active last couple years, and I expect the next couple of years will continue to be equally active.







Our track record

Our clients rely on us to help them prepare for their next challenge, whatever it may be. With deep-rooted sector expertise in A&D, we are able to support you and provide the professional advice required to achieve a successful outcome.

Some of our recent deals completed in the A&D sector include:

Advatech Pacific
CROSS DOMAIN SOLUTIONS

has been acquired by

GENERAL DYNAMICS
Mission Systems

M&A SELL-SIDE

Aerospace, Defense & Security

FRONTIER SYSTEMS, INC.

has been acquired by

BOEING

M&A SELL-SIDE

Aerospace, Defense & Security

GE Aviation

has sold its Santa Ana operations to

ADMIRALTY PARTNERS, INC.

M&A SELL-SIDE

Aerospace, Defense & Security/Private Equity

INTELLIPOWER
High Reliability in Demanding Environments

has been acquired by

AMETEK

US$115m
M&A SELL-SIDE

Aerospace, Defense & Security

MC2

has been acquired by

HEICO

M&A SELL-SIDE

Aerospace, Defense & Security/Industrial Machinery & Components

McSTARLITE CO.
EST. 1973

has been acquired by

Standex

M&A SELL-SIDE

Aerospace, Defense & Security

naxicap PARTNERS

has acquired the slip rings and rotating systems business of

COBHAM
ADVANCED ELECTRONIC SOLUTIONS

M&A BUY-SIDE

Aerospace, Defense & Security/Private Equity

SCALED COMPOSITES

has been acquired by

NORTHROP GRUMMAN

M&A SELL-SIDE

Aerospace, Defense & Security/Private Equity

SENTIENT

has been acquired by

Shield AI

M&A SELL-SIDE

Aerospace, Defense & Security

Deep local roots, global commitment

Oaklins brings you opportunities from across the world and we meet you with our expertise wherever you are

OAKLINS OFFERS A COMPREHENSIVE RANGE OF SERVICES

- M&A advisory (buy- and sell-side)
- Growth equity and equity capital markets advisory
- Debt advisory
- Corporate finance services

A&D is one of our focus areas. Combining comprehensive sector knowledge with global execution has led Oaklins to become one of the most experienced M&A advisors in the A&D sector, with a large network of relevant market players worldwide. This results in the best possible merger, acquisition and divestment opportunities for A&D companies.

If mergers, acquisitions, or divestitures of businesses or business units are part of your strategy, we would welcome the opportunity to exchange ideas with you.

STEPHEN PERRY

Managing Director
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Stephen leads Oaklins' aerospace, defense & security (ADS) team and is the managing director and co-founder of Oaklins Janes Capital, Oaklins' ADS specialist member firm in Irvine. He has more than 25 years of investment banking experience and has completed over 60 ADS M&A transactions valued at above US$6 billion. Notable deals include the sales of Frontier Systems to the Boeing Company, Scaled Composites to Northrop Grumman, Advatech Pacific CDS to General Dynamics, Composite Engineering to Kratos, GE (the Santa Ana division) to Admiralty Partners, and Honeywell (the lubrication pump division) to TransDigm. Stephen has extensive relationships with ADS companies both in the USA and overseas, and has been involved in a number of cross-border transactions. He regularly attends and speaks at ADS industry conferences and trade shows, and is often either a guest columnist for or quoted by leading trade magazines.

United by a strong belief that we can achieve the extraordinary. Oaklins is a global team of 850+ financial advisory professionals in 40 countries providing M&A, growth equity, ECM, debt advisory and corporate finance services to support entrepreneurs, corporates and investors in reaching their goals.

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