



SERVICES & INDUSTRIALS

Aerospace, Defense, and Government Services

QUARTERLY MARKET UPDATE | Q3 2026



Larger Transactions Gain Share as ADGS M&A Eases

Q3 2026 By the Numbers

Q3	89	108
	U.S. Deals vs. 91 in Q3 2025	Global Deals vs. 110 in Q3 2025

United States

- 2%
U.S. YoY % Change in Total Deal Count

- 4%
U.S. YoY % Change in PE Deals

0%
U.S. YoY % Change in Strategic Deals

Global (Incl. U.S.)

- 2%
Global YoY % Change in Total Deal Count

+ 2%
Global YoY % Change in PE Deals

- 5%
Global YoY % Change in Strategic Deals

Note: Global deals include U.S. deals
Source: DACIS DM&A

M&A Updates

Quarter in Review: Q3 2026 reinforced three themes shaping Aerospace, Defense, and Government Services (ADGS) M&A: (1) deal volume eased from a strong first half as FY2027 opened under a continuing resolution, (2) larger transactions took a greater share of activity, and (3) strategic buyers with balance sheet capacity remained the primary source of demand. Global ADGS M&A totaled 108 announced transactions, down 2% year-over-year and 15% quarter-over-quarter, while U.S. activity totaled 89 deals, down 2% year-over-year. Strategic acquirers represented approximately 54% of global volume, and transactions above \$250 million rose to 36% of deals from 23% a year ago.

Key Takeaways

- **Aerospace Still Leads Sector Activity** – Global aerospace deals were flat year-over-year at 42 deals but fell 32% from Q2, and U.S. volume was down 8% year-over-year at 33, as large strategic deals in components, MRO, and avionics anchored activity
- **Defense Holds Steady With Autonomy in Focus** – Global defense volume was flat year-over-year at 38 deals while U.S. volume rose 19% to 32. UAV and counter-UAS transactions accounted for 10 deals as unmanned systems move from prototype to production
- **Government Services Stabilizes at a Lower Level** – Activity rose 8% sequentially to 28 deals but remained 7% below the prior year, with Software leading at 6 deals while Cybersecurity fell to one transaction from eight in Q2

Deal-Flow Read Through: We believe tighter financing conditions and delayed funding favor strategic acquirers with balance sheet capacity going forward. Financial sponsors remain active but more selective on leverage and exit assumptions. Aerospace and defense suppliers, including munitions, counter-UAS, and engine aftermarket businesses, should remain priority targets given strong demand, and larger transactions should continue gaining share.

Key Macro Developments

- **U.S. Policy Outlook** – FY2027 opened under a continuing resolution through December 11 with the \$1.5 trillion defense request largely unfunded, while the Federal Reserve raised rates for the first time since 2023 to a 3.75%-4.00% target range
- **Global Geopolitical Landscape** – The June U.S.-Iran memorandum of understanding broke down in July and expired in August, and U.S. efforts to revive Russia-Ukraine talks in September produced no breakthrough, with European allies funding Patriot supply. Both keep demand elevated for interceptors, munitions, and counter-drone systems

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Macro Policy & Landscape

Why Q3 Matters: FY2027 opened without enacted appropriations or an authorization bill, and the Federal Reserve moved from a stable to a tightening stance.

FY2027 Opens Under a Continuing Resolution

The continuing resolution signed September 2 funds the government through December 11 at FY2026 levels, bars new program starts, and delays more than 150 new programs. It cleared the Senate 90–6 and the House 370–48, avoiding an October shutdown. The Administration’s \$1.5 trillion FY2027 defense request, a \$1.15 trillion base budget plus \$350 billion of reconciliation spending, remains largely unfunded, with the House budget resolution allowing only up to \$60 billion of defense reconciliation spending over FY2027–2036.

For investors, the most meaningful effect is timing. Undefined contract actions, which let work start before price and terms are final, are allowing the Pentagon to begin munitions production ahead of full-year appropriations. Programs of record are holding up best, while new starts and growth programs wait for appropriations or reconciliation. Golden Dome is most exposed because most of its FY2027 request sits in the reconciliation tranche. The next funding deadline falls after the November midterms, so the decision moves to the lame-duck session.

FY2027 NDAA Stalls in the Senate

The Senate’s \$1.14 trillion FY2027 National Defense Authorization Act failed to clear cloture, the 60-vote threshold needed to end debate, on a 50–46 vote on July 14, and leaders deferred it to the post-election lame-duck session. The House passed its \$1.15 trillion version 216–212 on July 22. Both versions expand military right-to-repair provisions that could widen government rights over technical data and software delivered under future contracts. If both chambers pass a bill, differences would be resolved in conference. The right-to-repair provisions would shape contractor economics and M&A diligence for technology-enabled defense businesses.



Financing Environment Turns Tighter



The Federal Reserve raised its target range to 3.75%–4.00% on a unanimous 12–0 vote on September 16, its first increase since July 2023. The median projection points to another 25-basis-point hike by year-end. The 10-year Treasury yield moved above 5% in late September, and some officials have since signaled patience on the pace of further increases ahead of the October 27–28 meeting. Higher rates favor strategic buyers with balance sheet capacity while pressuring sponsor leverage and exit assumptions, although funding visibility remains the larger driver of deal activity.

Deal-Flow Read Through: We believe FY2027 funding delays shift award timing rather than defense demand, with programs of record holding up best, and that the financing backdrop has moved from stable to tightening. Higher rates favor strategic acquirers with balance sheet capacity and pressure sponsor leverage and exit assumptions.

Macro Policy & Landscape (cont'd)

Why Q3 Matters: The Iran and Ukraine conflicts competed for the same scarce interceptor supply during the third quarter while allied budgets kept rising. The investment implications remained consistent: sustained replenishment demand for precision munitions, integrated air and missile defense, and counter-drone systems.

Russia-Ukraine: Talks Stay Stalled as Allies Fund Air Defense

U.S. envoys visited Moscow and Kyiv on September 5 and 6 to revive Russia-Ukraine talks after a six-month pause, but the visits ended without a breakthrough on territory or security guarantees. Trilateral talks are now expected after November 10, possibly in Abu Dhabi. A 72-hour pause in strikes on Kyiv and Moscow expired after the visits, and Russian missile and drone attacks continue as allies prepare for another winter campaign against Ukraine's energy infrastructure and Kyiv presses for more Patriot supply.

EU member states agreed to an exception allowing Ukraine to use part of its €90 billion support loan for U.S.-made PAC-3 interceptors, and the Commission approved a €6.1 billion defense package on September 11 that puts it into effect. The UK committed an additional £100 million (about \$135 million) through NATO's PURL channel, which funds U.S.-made systems for Ukraine. European allies and Canada are projected to spend about 2.5% of GDP on core defense in 2026, against a NATO core target of 3.5% by 2035 within the broader 5% commitment.

Middle East: Munitions Shortfalls Extend the Replenishment Cycle

The June U.S.-Iran memorandum of understanding broke down in July after Iranian attacks on commercial shipping in the Strait of Hormuz and formally expired in August, and the two sides are again trading limited strikes. CBO estimates that replacing munitions expended through August 1 would cost \$21.7 billion, with some interceptors taking at least five years to replace even at higher production rates.

Funding has not kept pace. A supplemental request of nearly \$90 billion, including \$21 billion for munitions, remains stalled in Congress, and the same Patriot supply is also sought by Ukraine and European allies. Multiyear awards to Lockheed Martin and Raytheon, detailed on page 5, are the first response, and Raytheon booked more than \$5 billion of Patriot GEM-T orders in the second quarter.



Deal-Flow Read Through: Rising allied budgets and European willingness to fund U.S.-made systems should support U.S. defense export demand, although Brussels still favors European and Ukrainian production. The EU-Ukraine Drone Alliance, which brought together nine EU and nine Ukrainian companies on September 11, points to joint ventures in UAS and counter-drone, a likely source of cross-border M&A.

Defense

Pentagon Locks In Multiyear Missile Production

Since June, the Pentagon has converted framework agreements into multiyear awards. Lockheed Martin signed an up to \$35 billion, seven-year THAAD contract in June to quadruple interceptor output, and a \$53.9 billion July 29 modification lifted the PAC-3 MSE total to \$58.6 billion, tripling capacity by 2030. The Navy awarded Raytheon \$22.9 billion over seven years in August to raise Tomahawk output from about 60 missiles a year to more than 1,000, and a September AMRAAM contract worth up to \$20.7 billion over five years plus two options covers the Air Force, Navy, and 16 international customers.

The awards now reach the supply base: L3Harris won a \$4.7 billion PAC-3 MSE propulsion contract from Lockheed Martin on September 8 and a more than \$6 billion THAAD propulsion contract on September 29. The prime awards are undefinitized, so work can start ahead of appropriations, but the headline values are ceilings. Only about \$842 million was obligated at THAAD's signing and about \$240 million at AMRAAM's, and final quantities depend on future funding. Rocket motor chemistry, skilled labor, and component capacity now limit the ramp.

Deal-Flow Read Through: We believe multiyear commitments should flow to Tier 2 and Tier 3 suppliers and make capacity-constrained businesses prime acquisition candidates, particularly in propulsion, energetics, precision components, and electronics. The constraint is funding: ceilings exceed obligations, so Congress's action after the midterms will set the pace.

Golden Dome Stalls Under the Continuing Resolution

Golden Dome entered FY2027 without a funding path. Because the program was funded through reconciliation rather than the base budget, it has no prior-year top line for the continuing resolution to extend, and about 97% of its \$17.5 billion FY2027 request sits in the reconciliation tranche. Program leadership said in August that without a solution from Congress there is no Golden Dome, though it later said its concern is the timing of the money more than the funding itself.

The program has received \$22.5 billion to date, and roughly 95% is committed to contracts. Space-based interceptors are still early. Space Systems Command has signed 20 agreements worth up to \$3.2 billion with 12 companies, structured as a four-gate prize competition aimed at an initial capability in 2028. Cost estimates range from \$185 billion (Pentagon) to \$1.2 trillion (CBO) and up to \$3.6 trillion (AEI).

The next milestone is the narrowing of the field at the later gates, which cover on-orbit demonstration and integration and depend on FY2027 funding that Congress will address in the lame-duck session after the November elections. Historical OTA programs suggest prototype cohorts narrow before production and transitions take longer than projected, so not all 12 awardees should be expected to reach production, creating competitive risk and a potential consolidation catalyst.

Deal-Flow Read Through: We expect the later gates, not the prototype awards, to be the consolidation catalyst. Suppliers of space sensors, interceptors, battle-management software, radiation-hardened electronics, and optical communications should face partnership and acquisition decisions as the field narrows. Funding uncertainty pushes that timeline out and may slow near-term activity, but it favors buyers willing to acquire differentiated capability before the architecture settles.

Defense (cont'd)

L3Harris Postpones Missile Solutions IPO to Mid-2027

L3Harris pushed the IPO of its Missile Solutions business (AXYV) from the second half of 2026 to mid-2027, saying the market undervalues the unit and citing budget uncertainty. The \$1.0 billion Department of War investment, structured as convertible preferred equity, stays in place, and L3Harris remains majority owner.

Management is negotiating more than \$20 billion of new contracts at the unit, which would triple its backlog, and says it does not need most of the IPO proceeds until 2027 to 2029. The signal is that public investors will not pay up for a first-of-its-kind structure while budget timing is unsettled, even as missile demand rises.



Autonomy Moves From Prototype to Production



On September 29, the Navy awarded production agreements for 30 Medium Unmanned Surface Vessels, 10 each to HII, Saronic Technologies, and Galliano Marine Services, at about \$40 million per vessel. Deliveries start before the end of FY2027. A Phase II call, released days earlier, relaxes size and speed requirements to widen the field.

Counter-UAS is moving in parallel. The Army opened a multi-vendor counter-drone vehicle with a \$4.15 billion ceiling, though only about \$50 million was obligated at award. CACI cited five counter-UAS awards, including a \$500 million Domestic Shield contract. Ten UAV and counter-UAS deals were announced in the quarter.

Deal-Flow Read Through: We believe autonomy remains a durable defense demand driver, and the Navy's move to production extends it beyond platform builders to autonomy software providers, shipyards, and component suppliers. Q3 deals such as Aevex/BlackSea and Thales/Exail show strategics already paying for unmanned maritime capability. We expect continued interest in autonomy software, sensors, and propulsion. Suppliers of batteries, RF, and optics should draw more attention as production volumes ramp. Counter-UAS ceilings, however, convert to revenue only as task orders arrive.

Commercial Aerospace

Deliveries Soften While Production Rates Hold



Airbus delivered 196 aircraft in Q3, down from 237 in Q2, and needs about 323 in Q4 to reach its 870 target, a 13% step-up from last year's fourth quarter. It said lower A320 and A330 volumes will weigh on profitability. Boeing delivered 161, down from 171 in Q2, and has 475 year to date against 547 for Airbus. Its guidance of about 500 737s and 90 to 100 787s implies roughly 133 737s and 28 to 38 787s in Q4.



The constraints differ by OEM. Boeing is still stabilizing 737 production at 47 per month, and deliveries of the MAX 7 and MAX 10 are not expected to begin until 2027. Airbus is limited by engines: its planned ramp to 70 to 75 A320neo-family aircraft per month depends on Pratt & Whitney supply that is not yet fully agreed. Widebody deliveries are held up by cabin interiors at Airbus and seat certification at Boeing.

Deal-Flow Read Through: We believe supply rather than demand remains the constraint, with OEM output limited by engines, structures, and cabin interiors. Suppliers of interiors, structures, machining, and castings should see improving visibility as build rates rise. Businesses that can add output without compromising certification should remain attractive acquisition candidates, as GE Aerospace's deal for Consolidated Precision Products shows.

Aftermarket Remains Tight Despite Spirit Liquidation

Spirit Airlines' May collapse released engines into lease pools, but the added supply did not soften pricing. A pair of serviceable GTF engines still leases for about \$400,000 per month, in some cases approaching the economics of a complete aircraft.

Demand continues to absorb supply. GTF-related groundings fell about 15% in the first half of 2026, yet one engine-stand lessor reported 95% utilization on its PW1100G stands, and shop capacity has not kept pace with the engines moving through lease returns, teardown, and storage.



Deal-Flow Read Through: We believe prolonged engine scarcity continues to support lease rates, used serviceable material pricing, and independent repair demand. Spirit's liquidation added activity but no shop capacity, which should keep engine MRO, teardown, leasing, and parts distribution platforms attractive to strategic and sponsor buyers for the next several quarters, as AAR's pending \$2.8 billion acquisition of MRO Holdings suggests.

Government Services

Margins and Backlog Quality Define Third-Quarter Earnings

Earnings reported during the third quarter were strongest at providers combining margin expansion, defense and intelligence exposure, and backlog quality. Booz Allen revenue fell about 4% while adjusted EBITDA margin rose 130 basis points, Leidos raised its outlook, and CACI revenue grew 17.6%. SAIC posted a book-to-bill ratio of 0.6x as awards were delayed. Providers with owned technology and funded backlog gained ground, while civil-heavy and labor-based models faced slower awards.

Customers are changing how they buy. Agencies increasingly ask contractors for fixed-price, outcome-based structures, which reward providers that own technology and can automate delivery, and penalize those that bill for hours. Civil work remains the weak spot: Booz Allen's civil revenue fell 16% while national security grew 1%, and management expects another double-digit sequential civil decline next quarter.

Booz Allen and CACI: Two Paths Through a Bifurcated Market



Booz Allen: Expanding Margins While Civil Revenue Declines

- Booz Allen's first-quarter fiscal 2027 revenue fell 4.2% to \$2.8 billion as slowed procurement, lower headcount, and civil roll-offs outweighed 1% national security growth
- Adjusted EBITDA margin rose 130 basis points to 11.9%; free cash flow reached \$261 million, up from \$96 million
- Backlog grew 3.2% to \$39 billion on 1.5x book-to-bill; full-year revenue guidance of \$11.2 billion to \$11.7 billion was reaffirmed
- It is investing in command-and-control software, edge computing, and autonomy, demonstrated by its acquisition of Ultra I&C Mission Solutions (20%+ EBITDA margin), completed in August 2026
- Products and acquisitions are shifting the mix toward higher-margin national security work



CACI: Technology-Led Growth Across National Security Missions

- CACI's fiscal fourth-quarter revenue rose 17.6% to \$2.7 billion (11.6% organic), and EBITDA margin reached 13%, up 150 basis points. Fiscal 2026 awards topped \$10 billion at 1.1x book-to-bill, and funded backlog rose 29% to \$5.4 billion
- Fiscal 2027 guidance: \$10.65 billion to \$10.85 billion revenue and at least \$900 million free cash flow
- Technology, Department of War, and fixed-price work drove growth, led by counter-UAS, electronic warfare, and space
- CACI cited five counter-UAS awards, export approval for most systems, and fiscal 2026 OTA award value more than double fiscal 2024 and 2025 combined

Deal-Flow Read Through: We believe the market favors margin expansion, defense and intelligence exposure, and backlog quality over top-line growth, and that providers with owned technology can sustain premium valuations as customers move toward fixed-price, outcome-based structures.

Labor-based staffing faces pricing pressure and a widening valuation gap. For M&A, we expect continued interest in IP-backed national security platforms, counter-UAS, space, and AI-enabled mission software, while civil-heavy providers become consolidation candidates.

Government Services (cont'd)

FAR Overhaul, GSA AI Clause, and OneGov Reshape Federal Buying

The FAR Council released a second batch of four proposed rules on September 18, revising 16 FAR parts across commercial buying, source selection and contract types, data rights, and subcontracting, with comments submitted October 19. The proposals expanded contracting officer discretion and limited lowest-price technically acceptable awards for certain services.

GSA's AI acquisition clause is effective as of October 19 and requires seven-day notice of material model changes. OneGov has saved about \$1.68 billion to date, and its new OpenAI agreement offers a 27-month consumption-based arrangement with 50% off token pricing.

Deal-Flow Read Through: We expect streamlined rules and centralized buying to favor commercial-first, technology-enabled providers while pressuring resellers and labor-based staffing. Contractors with AI products should review the GSA clause against their commercial terms.

CMMC Third-Party Certification Is Suspended

DoW suspended CMMC Phase 2 on July 13, which would have required third-party certification starting November 10, and froze later phases. A September 3 class deviation directs contracting officers to remove third-party requirements from solicitations and, at the next modification or option, from existing contracts. Contractors must still self-assess, post scores to SPRS, and file annual affirmations. False Claims Act enforcement over inflated scores continues. The reform task force delivered recommendations in mid-September, but they remain unpublished and no new Phase 2 date has been set.

Deal-Flow Read Through: We believe the pause eases near-term compliance cost but raises the importance of verifying a target's self-reported SPRS score, since False Claims Act exposure remains. Diligence should test SPRS scores against system security plans and evidence, and confirm what certification primes still require through flow-downs.

SBA Proposes Overhaul of Small Business Size Standards

On August 20, SBA proposed consolidating nearly 1,000 size standards into 338 and raising thresholds, which would classify about 114,500 additional firms as small while fewer than 200 would lose that status. About 37,000 of the newly eligible firms held federal contracts in FY2025, concentrated in engineering, IT, and management consulting. Computer systems design would move from \$34 million to \$531 million and engineering services from \$25.5 million to \$252 million. Comments are due November 20 after an extension, and current standards apply until a final rule takes effect.

Deal-Flow Read Through: We believe higher thresholds could extend the growth runway for middle-market contractors but may intensify competition for smaller firms. SBA affiliation rules still constrain buy-and-build strategies, so sponsors must track aggregate portfolio size.

Select Company Performance | Aerospace

Aerospace Earnings Reinforce a Capacity-Constrained Growth Cycle

Q2 2026 aerospace earnings showed demand holding and guidance moving higher, with production capacity still the limiting factor. Revenue beat consensus at five of the six selected companies: GE Aerospace (6.5%), HEICO (4.9%), TransDigm (2.6%), Boeing (2.1%), and Airbus (1.4%), while Woodward finished 0.4% below. EPS also beat at five of six, led by Airbus (14.7%), HEICO (10.6%), and GE Aerospace (8.6%), while Boeing's \$0.76 loss per share was wider than the \$0.34 consensus loss. Four of the six beat on both revenue and EPS (Airbus, GE Aerospace, HEICO, and TransDigm), while Woodward missed on revenue and Boeing missed on earnings.

Key Takeaways:

- **Demand Remains Strong** – GE Aerospace orders rose 17% to \$16.5 billion, Airbus booked 886 gross orders in the first half, and HEICO grew organic net sales 14%
- **Execution is the Principal Constraint** – Airbus needs roughly 519 deliveries in the second half to reach its 870 target (about 351 delivered in H1), and Boeing reported a \$0.76 loss per share on 171 deliveries
- **Aftermarket Exposure Remains Especially Attractive** – GE Aerospace services revenue grew 26% with shop visits oversubscribed by about 40% versus plan, and HEICO parts distribution grew 15% organically
- **Valuations Are Lagging Results** – The aerospace index fell 10.1% in Q3 despite broad beats, and sector multiples contracted to 17.1x from 18.7x a year ago

Management commentary was constructive. GE Aerospace raised 2026 guidance to high-teens adjusted revenue growth, \$10.55 billion to \$10.75 billion of operating profit, and adjusted EPS of \$7.65 to \$7.85. Woodward lifted its adjusted EPS range to \$9.30 to \$9.50, and TransDigm raised its fiscal 2026 sales and EBITDA outlook. Airbus reiterated roughly 870 deliveries and adjusted EBIT of about €7.5 billion, while HEICO reported record quarterly sales, operating income, and net income and cited close to \$3 billion of revolver capacity for acquisitions. Airbus held its targets rather than raising them, so the guidance upside came from engine, component, and aftermarket suppliers.

Deal-Flow Read Through: We believe the aerospace earnings picture remains one of firm demand and capacity-limited supply. Guidance raises at GE Aerospace, Woodward, and TransDigm show engine and aftermarket platforms carry pricing support, while OEM output depends on engines and suppliers. Weak Q3 share performance despite these results suggests investors are focused on delivery timing. Suppliers with proprietary content, sole-source positions, recurring aftermarket revenue, and engine or narrowbody exposure should remain priority acquisition targets.

	AIRBUS	BOEING	GE Aerospace	HEICO	TRANSDIGM GROUP INC.	WOODWARD
Revenue Beat / Miss	1.4%	2.1%	5.0%	4.9%	2.6%	(0.4%)
EPS Beat / Miss	14.7%	(123.5%)	11.4%	10.6%	5.6%	5.4%
Next Report Date	10/28/2026 (FQ3)	10/27/2026 (FQ3)	1/21/2027 (FQ4)	Dec. 2026 (FQ4)	Nov. 2026 (FQ4)	Nov. 2026 (FQ4)

Select Company Performance | Defense

Defense Earnings Reinforce Backlog Visibility and Execution Leverage

Q2 2026 defense earnings were uniformly constructive, with all five selected companies exceeding consensus revenue and EPS estimates. RTX led revenue beats (8.2%), followed by General Dynamics (4.5%), Lockheed Martin (3.3%), L3Harris (1.5%), and Northrop Grumman (0.7%). EPS beats ranged from General Dynamics (7.3%) to RTX (13.9%), with Northrop Grumman (12.3%), L3Harris (11.8%), and Lockheed Martin (10.0%) also in double digits. All five raised full-year guidance.

Key Takeaways:

- Backlogs Provide Strong Visibility** – RTX backlog reached \$289 billion (up 22%), Lockheed Martin \$230 billion (up 39%), and General Dynamics \$136.5 billion (up 32%)
- Execution is Becoming the Differentiator** – Book-to-bill of 3.2x at Lockheed Martin and 1.84x at Northrop Grumman shows orders outrunning sales, while Northrop Grumman took negative EAC adjustments on GEM 63XL and Stand-in Attack Weapon
- Missile Defense Remains a Central Growth Driver** – Lockheed Martin signed a \$35 billion THAAD contract, Raytheon booked more than \$5 billion of Patriot GEM-T orders, and L3Harris Missile Solutions revenue rose 14%
- Valuations Are Lagging Results** – The defense index fell 4.3% in Q3 despite universal beats, and sector multiples contracted to 13.0x from 15.9x a year ago, with L3Harris down 18.5% after postponing its Missile Solutions IPO

Management commentary was similarly supportive. RTX raised 2026 adjusted EPS guidance to \$7.10 to \$7.25 and sales guidance to \$95 billion to \$96 billion. General Dynamics delivered 41 Gulfstream aircraft and raised EPS guidance to \$16.80 to \$16.90. Lockheed Martin lifted sales guidance to \$79.75 billion to \$81.75 billion, L3Harris raised EPS guidance to \$11.80 to \$12.00, and Northrop Grumman raised adjusted EPS guidance by \$1.20 to \$28.60 to \$29.10.

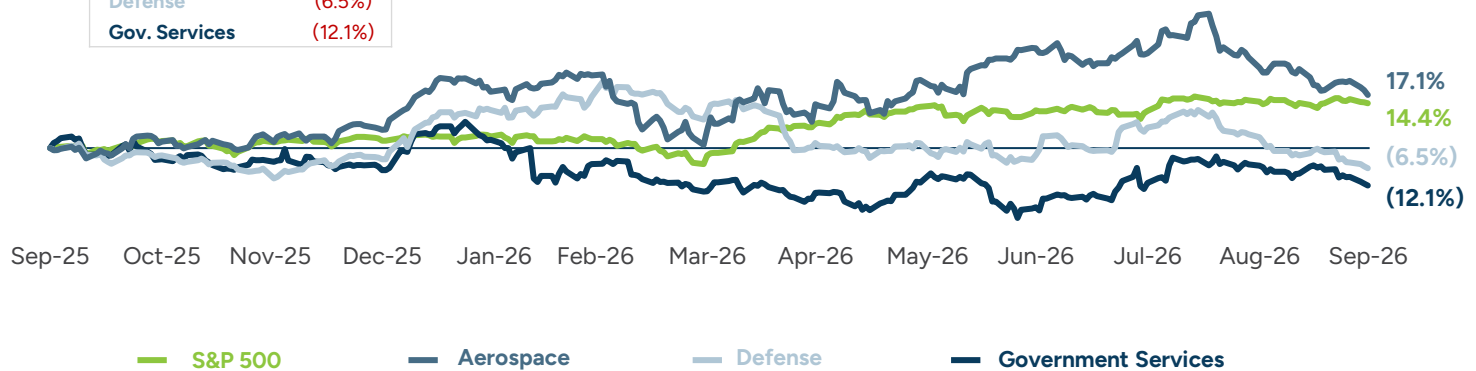
Deal-Flow Read Through: We believe defense earnings confirm that demand is converting into funded production, while share prices are discounting budget timing and execution risk rather than demand. Universal beats, raised guidance, and multiyear missile awards support the case for capacity-constrained suppliers. Businesses with scarce manufacturing capacity, propulsion, guidance, proprietary electronics, or exposure to missile defense and strategic programs should remain priority acquisition targets.

					
Revenue Beat / Miss	4.5%	1.5%	3.3%	0.6%	4.0%
EPS Beat / Miss	7.3%	11.8%	10.0%	9.3%	27.0%
Next Report Date	10/30/2026 (FQ3)	10/29/2026 (FQ3)	10/22/2026 (FQ3)	Jan. 2027 (FQ4)	Jan. 2027 (FQ4)

ADGS Capital Markets Performance

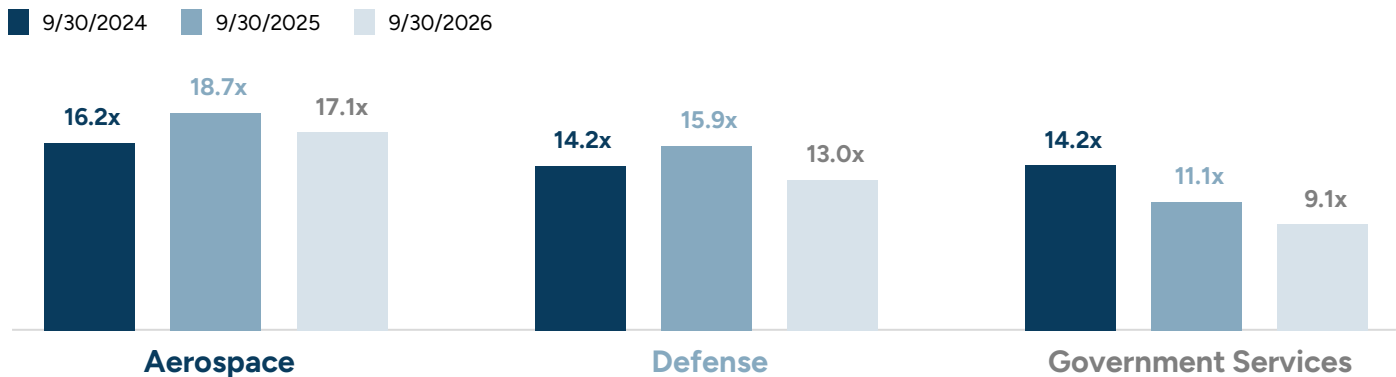
LTM Market Performance Across Primary ADGS Sector Indices

LTM Performance	
S&P 500	14.4%
Aerospace	17.1%
Defense	(6.5%)
Gov. Services	(12.1%)



- **Aerospace:** The sector fell 10.1% in Q3 as nine of ten constituents declined, led by AAR, TransDigm, and Astronics, but remains up 17.1% over the last twelve months.
- **Defense:** The sector declined 4.3% in Q3 as five of six constituents fell, led by L3Harris (down 18.5%), and is down 6.5% over the last twelve months, with BAE Systems the lone gainer.
- **Government Services:** The sector rose 8.2% in Q3, led by CACI (up 31.5%), but remains down 12.1% over the last twelve months as multiples continue to compress.

Historical Average EV / NTM EBITDA Multiples



- **Aerospace** multiples contracted to 17.1x from 18.7x a year ago but remain 0.9x above 9/30/2024, with HEICO and TransDigm accounting for the largest YoY declines at 9.6x and 4.7x.
- **Defense** multiples fell to 13.0x from 15.9x a year ago, led by L3Harris (down 5.3x) and Northrop Grumman and BAE Systems (each down more than 3x). RTX is the outlier at 16.3x.
- **Government Services** multiples continued to contract, falling to 9.1x from 11.1x a year ago and 14.2x two years ago, with Parsons down 6.5x YoY and 11.6x over two years and Booz Allen down 8.7x over two years.

Aerospace: AAR, Airbus, Astronics, Boeing, Bombardier, Embraer, HEICO, Hexcel, Safran, TransDigm

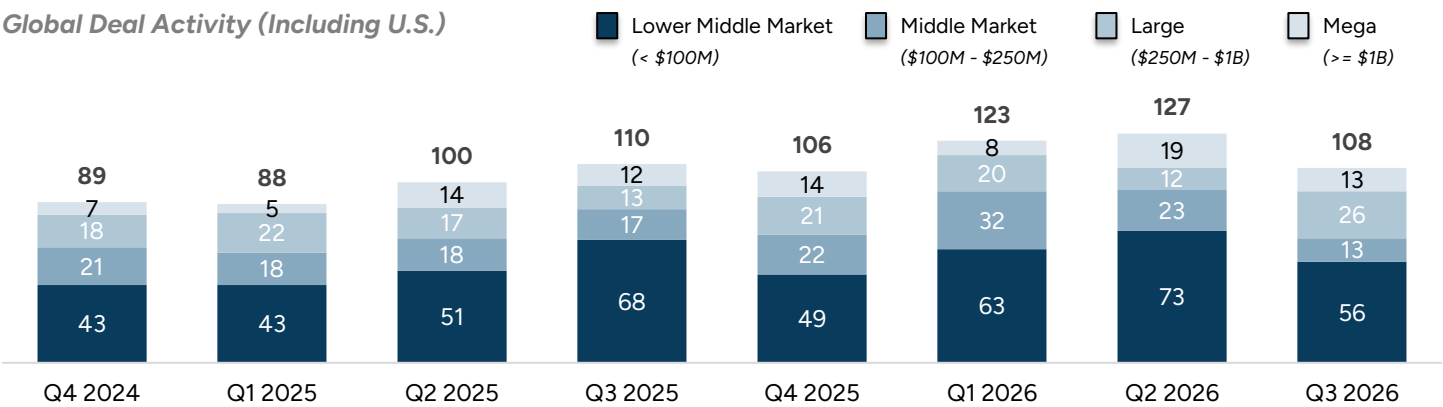
Defense: BAE Systems, General Dynamics, L3Harris, Lockheed Martin, Northrop Grumman, RTX Corporation

Government Services: Booz Allen Hamilton, CACI, ICF, Leidos, Maximus, Parsons, SAIC, V2X

Source: S&P CapIQ as of 9/30/2026

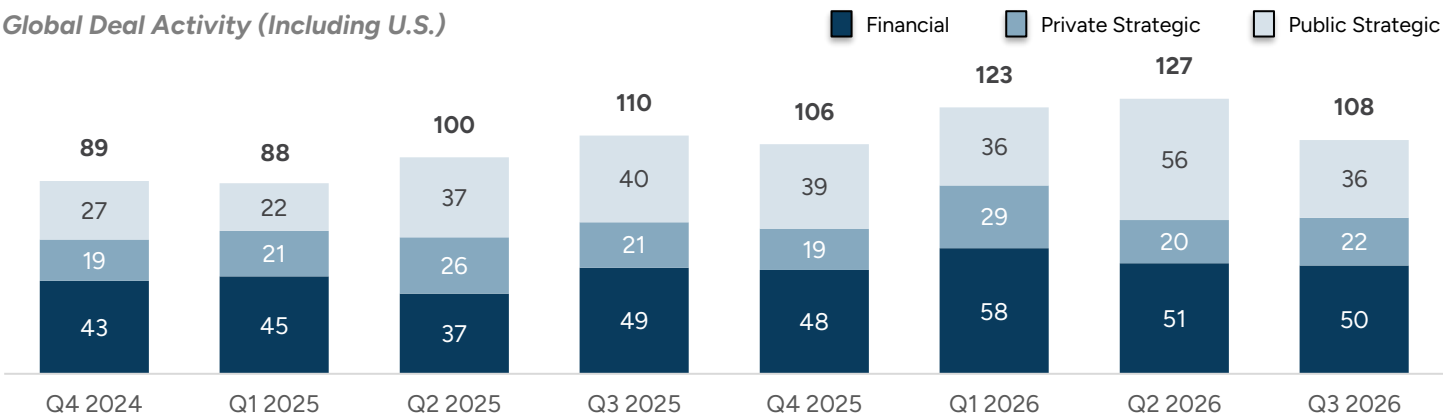
ADGS M&A Landscape | Deal Metrics

ADGS M&A Activity by Transaction Size

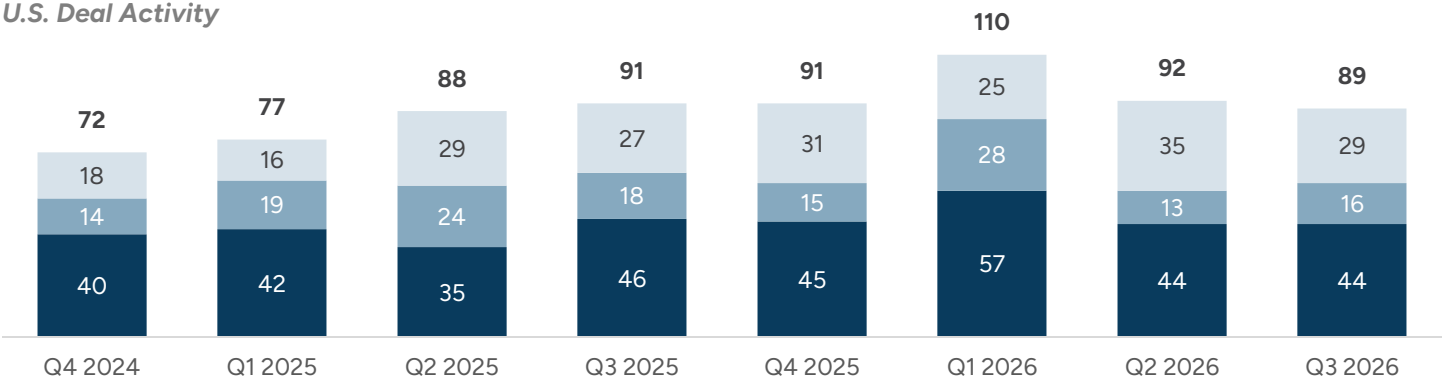


Lower middle-market transactions represented approximately 52% of global deal volume, while large-cap activity more than doubled sequentially to 26 deals. Mega-cap activity eased to 13 deals from 19 in Q2, and middle-market activity fell to 13 from 23.

ADGS M&A Activity by Buyer Type



U.S. Deal Activity

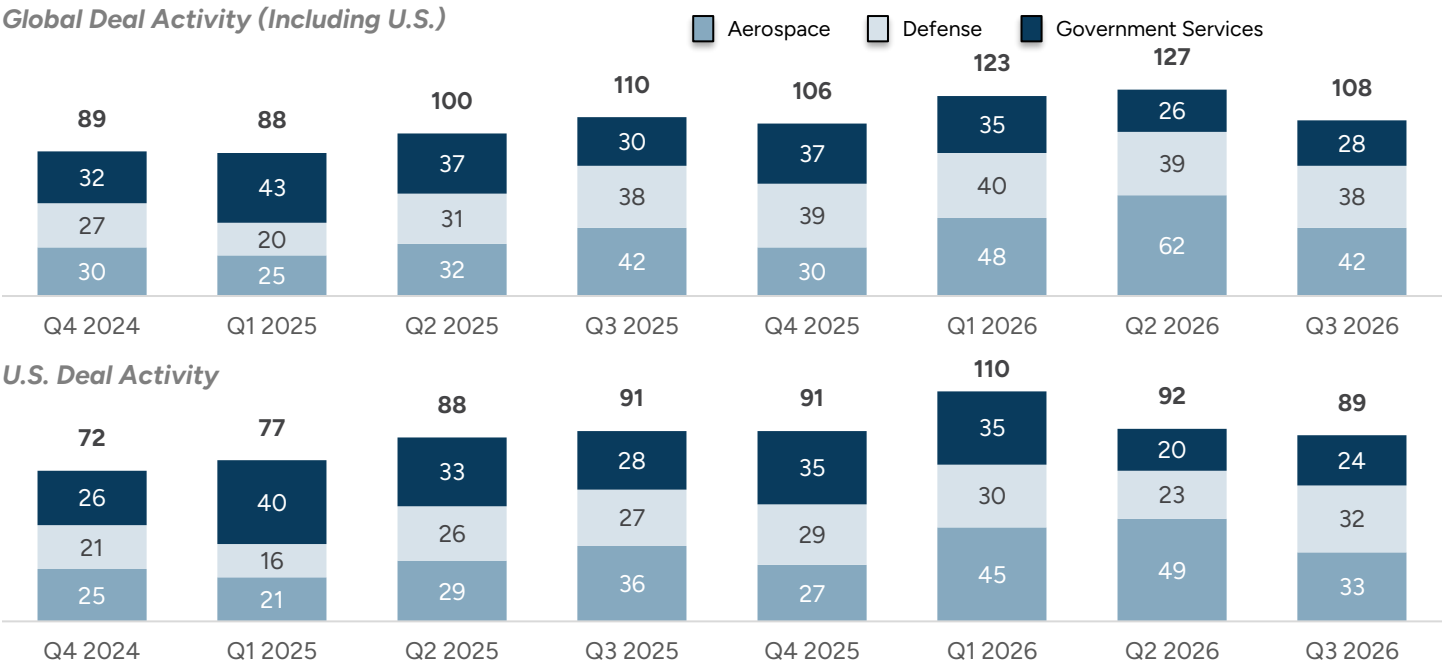


Public strategic activity moderated after a strong second quarter. U.S. public strategic transactions declined 17% quarter-over-quarter to 29 deals, while global public strategic activity fell 36% to 36 deals. Sponsor activity held steady: U.S. financial buyer activity totaled 44 deals, flat with Q2, and global sponsor volume was 50 deals, up 2% year-over-year, lifting financial buyers to 46% of global volume from 40% in Q2. Private strategic activity rose to 22 deals globally.

Source: DACIS DM&A. Transaction size data reflects Stout estimates.

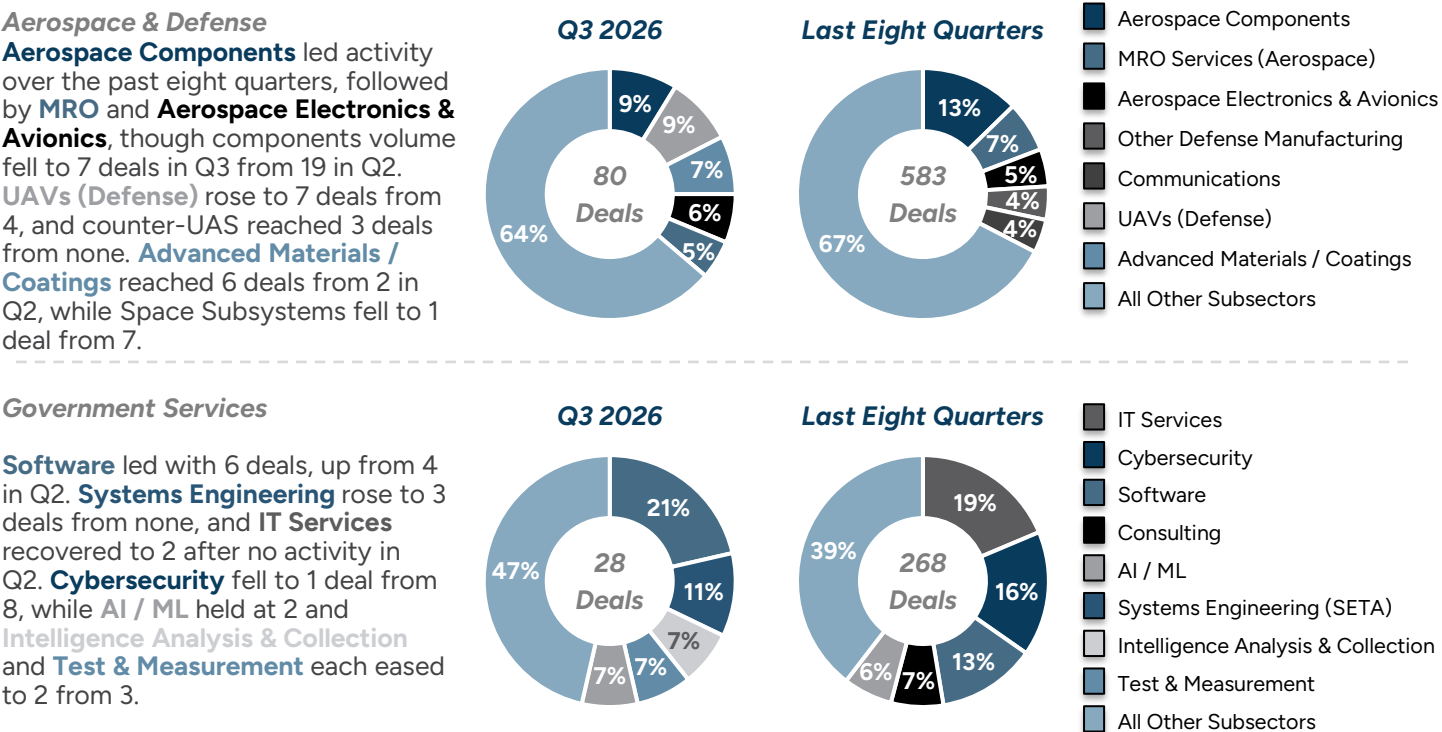
ADGS M&A Landscape | Deal Metrics (cont'd)

ADGS M&A Activity by Industry Sector



Global **Aerospace** M&A activity fell to 42 transactions in Q3 2026, flat year-over-year and down 32% from Q2, while U.S. **Aerospace** totaled 33 deals, down 8% from Q3 2025. Global **Defense** totaled 38 transactions, flat year-over-year, while U.S. volume rose 19% to 32 deals. **Government Services** activity edged up to 28 transactions globally (up 8% from Q2) and 24 in the U.S., though both remained below prior-year levels. Large aerospace transactions included GE Aerospace's \$11.75 billion agreement to acquire Consolidated Precision Products.

ADGS M&A Trends Across Select Subsectors



Source: DACIS DM&A, subsector graphs show global deal volumes inclusive of the U.S. Figures may not sum to 100% due to rounding

Selected Transactions | Aerospace & Defense

	Target	Acquiror	Key Stats	Target Snapshot
Aerospace	 CPP Consolidated Precision Products	 GE Aerospace	Announced: Sep. 2026 Status: Pending TEV: \$11,750M TEV/LTM EBITDA: 18.0x ¹	Manufacturer of engineered superalloy, aluminum, and steel castings and components for commercial engine, military aircraft, and weapon system programs
	 MROH	 AAR	Announced: Sep. 2026 Status: Pending TEV: \$2,769M TEV/CY26E EBITDA: 10.7x ¹	Provider of airframe heavy maintenance, repair, and overhaul services for commercial and government customers across the Americas
	 PI	TRANSDIGM	Announced: Jul. 2026 Status: Closed Jul. 2026 TEV: \$1,066M	Provider of engineered metal alloys and precision materials for aerospace, defense, space, medical, and industrial markets
	 AVANTUS AEROSPACE	ARCLINE INVESTMENT MANAGEMENT	Announced: Jul. 2026 Status: Pending TEV: Undisclosed	Manufacturer of engineered shims, detail parts, and specialty fasteners for commercial and defense aircraft platforms
	 GracoRoberts	TINICUM	Announced: Jul. 2026 Status: Closed Jul. 2026 TEV: Undisclosed	Distributor of specialty chemicals and advanced composite materials, including adhesives, sealants, and coatings, to aerospace and defense customers
Defense	 SPECTRUM CONTROL	GREENBRIAR	Announced: Sep. 2026 Status: Pending TEV: Undisclosed	Manufacturer of RF and microwave components and subsystems for defense, aerospace, space, and industrial markets
	 EPIQ	 TTM Technologies	Announced: Aug. 2026 Status: Closed Aug. 2026 TEV: \$1,100M TEV/CY27E EBITDA: 17.4x ¹	Developer of software-defined radio and RF sensing tools that detect wireless threats for defense and homeland security
	 BLACKSEA	AEVEX	Announced: Aug. 2026 Status: Closed Aug. 2026 TEV: \$650M	Developer of autonomous unmanned surface vessels for naval ISR, mine countermeasure, and maritime security missions
	 RESONANT SCIENCES	 Joby AVIATION	Announced: Aug. 2026 Status: Pending TEV: \$500M	Developer of RF, sensing, and mission systems, including low-observability technologies, for U.S. national security customers
	ULTRA MARITIME	 LOCKHEED MARTIN	Announced: Jul. 2026 Status: Pending TEV: \$3,450M	Developer of anti-submarine warfare systems, including sonobuoys, sonar, and torpedo defense, for U.S. and allied navies

(1) Synergy-adjusted EBITDA

Selected Transactions | Government Services

Target	Acquiror	Key Stats	Target Snapshot
	Bold Eagle Acquisition Corp. SPAC	Announced: Sep. 2026 Status: Pending TEV: \$1,250M	Provider of offensive and defensive cyber capabilities, vulnerability research, and exploit development for U.S. defense and intelligence customers
		Announced: Jul. 2026 Status: Pending TEV: \$450M	Developer of AI, data fusion, and mission software platforms supporting command and control and ISR for defense and intelligence customers
 Capgemini Government Solutions Division		Announced: Sep. 2026 Status: Closed Sep. 2026 TEV: Undisclosed	Provider of Salesforce and ServiceNow implementation, cloud modernization, and data engineering services for DHS, DOJ, DoW, and civilian agencies
		Announced: Aug. 2026 Status: Closed Aug. 2026 TEV: Undisclosed	Provider of mission engineering, intelligence analysis, systems integration, and space engineering support for defense and intelligence customers
	CARLYLE	Announced: Jul. 2026 Status: Closed Jul. 2026 TEV: Undisclosed	Developer of NSA-certified, high-speed hardware encryption protecting classified data across government and defense environments

Public Markets Performance

Company Name	Ticker	Share Price		Market Cap	Ent. Value ⁽¹⁾	Revenue	EBITDA	EV / Rev	EV / EBITDA	
		9/30/26	% 52 High				Margin	LTM	LTM	NTM
Government Services										
Amentum	AMTM	\$18.12	47.5%	\$4,430	\$7,890	\$14,130	7.1%	0.6x	7.8x	6.9x
Booz Allen Hamilton	BAH	69.42	63.6	8,350	11,746	11,093	11.3	1.1	9.4	9.3
CACI International	CACI	609.11	89.1	13,461	18,170	9,568	12.4	1.9	15.3	13.2
ICF International	ICFI	83.13	84.8	1,491	1,902	1,821	10.8	1.0	9.7	8.6
Leidos Holdings	LDOS	121.83	59.2	15,301	20,636	17,634	13.5	1.2	8.7	8.4
Maximus	MMS	53.19	53.2	2,785	4,366	5,248	13.2	0.8	6.3	6.1
Parsons	PSN	40.97	45.8	4,376	5,711	6,293	7.5	0.9	12.1	8.8
SAIC	SAIC	127.56	89.4	5,344	7,703	7,402	10.2	1.0	10.2	10.4
V2X	VVX	70.77	75.3	2,219	3,073	4,897	6.4	0.6	9.8	8.2
Group Median			63.6%	\$4,430	\$7,703	\$7,402	10.8%	1.0x	9.7x	8.6x
Group Mean			67.6%	\$6,418	\$9,022	\$8,676	10.3%	1.0x	9.9x	8.9x
Diversified Engineering Services										
ABM Industries	ABM	\$48.10	93.8%	\$2,819	\$4,483	\$9,146	5.0%	0.5x	9.7x	7.7x
AECOM	ACM	58.95	43.5	7,576	9,474	15,393	6.1	0.6	10.2	6.9
Babcock International	BAB	13.10	64.6	6,424	6,917	6,837	6.9	1.0	14.6	8.9
Dycom Industries	DY	269.08	47.5	8,121	10,589	6,880	13.5	1.5	11.4	9.0
EMCOR Group	EME	754.49	79.3	33,280	32,363	18,598	10.7	1.7	16.3	13.9
Fluor Corporation	FLR	47.88	82.1	6,435	4,563	15,535	NM	0.3	NM	7.9
Jacobs	J	135.27	80.3	15,838	18,224	14,219	7.4	1.3	17.2	11.8
KBR	KBR	35.16	72.8	4,433	6,668	7,723	8.7	0.9	9.9	6.7
MasTec	MTZ	213.62	48.4	16,936	19,483	16,109	8.1	1.2	14.9	10.7
Serco Group	SRP	3.39	78.3	3,298	4,258	6,589	5.4	0.6	12.0	6.4
Tetra Tech	TTEK	32.95	76.4	8,443	9,014	4,359	15.0	2.1	13.8	13.2
Group Median			76.4%	\$7,576	\$9,014	\$9,146	7.8%	1.0x	12.9x	8.9x
Group Mean			69.7%	\$10,328	\$11,458	\$11,035	8.7%	1.1x	13.0x	9.4x
Aircraft and Engine OEMs										
Airbus	AIR	\$216.47	86.1%	\$171,329	\$172,740	\$87,954	11.7%	2.0x	16.8x	13.0x
Boeing	BA	186.05	73.1	147,048	173,674	93,995	NM	1.8	NM	29.5
Bombardier	BBD.B	221.71	83.3	21,988	25,386	9,750	13.3	2.6	19.5	14.2
Embraer	EMBJ3	18.79	92.2	13,373	14,225	8,518	10.8	1.7	15.5	12.9
GE Aerospace	GE	312.29	80.3	325,419	336,209	52,576	22.2	6.4	28.9	26.3
MTU Aero Engines	MTX	425.39	92.5	22,916	23,003	10,547	15.2	2.2	14.3	10.6
Rolls-Royce	RR.	19.40	92.2	161,035	158,272	30,735	22.0	5.1	23.4	20.2
Safran	SAF	379.74	91.2	157,419	156,347	38,351	18.2	4.1	22.3	16.1
Textron	TXT	76.20	75.0	13,167	15,536	15,299	11.0	1.0	9.2	8.4
Group Median			86.1%	\$147,048	\$156,347	\$30,735	14.3%	2.2x	18.2x	14.2x
Group Mean			85.1%	\$114,855	\$119,488	\$38,636	15.6%	3.0x	18.7x	16.8x
Aerostructures										
Albany International	AIN	\$59.61	77.4%	\$1,691	\$2,071	\$1,223	4.9%	1.7x	34.4x	9.6x
Applied Aerospace & Defense	AADX	12.03	49.6	2,074	2,487	576	NM	4.3	NM	14.9
Hexcel	HXL	83.92	75.1	6,385	7,282	1,978	19.7	3.7	18.7	16.6
Montana Aerospace AG	AERO	28.53	67.4	1,789	1,830	1,168	15.2	1.6	10.3	7.9
Group Median			71.3%	\$1,931	\$2,279	\$1,196	15.2%	2.7x	18.7x	12.2x
Group Mean			67.4%	\$2,985	\$3,417	\$1,236	13.3%	2.8x	21.1x	12.2x

Note: \$ in millions, except share price. (1) Enterprise Value ("EV") equals Market Value plus straight and convertible debt (excl. operating leases where available), preferred stock, minority interest, less cash and short-term investments. EV / EBITDA multiples greater than 35.0x excluded from median and mean figures; LTM EBITDA excludes extraordinary items
Source: S&P CapIQ as of 9/30/2026

Public Markets Performance (cont'd)

Company Name	Ticker	Share Price		Market Cap	Ent. Value ⁽¹⁾	Revenue	EBITDA	EV / Rev	EV / EBITDA	
		9/30/26	% 52 High				Margin	LTM	LTM	NTM
Aftermarket / MROs										
AAR Corp.	AIR	\$101.47	65.9%	\$4,047	\$4,822	\$3,486	10.3%	1.4x	13.4x	9.8x
FTAI Aviation	FTAI	167.03	51.6	17,155	20,271	3,113	32.0	6.5	20.4	11.9
SIA Engineering Co.	S59	2.46	82.4	2,757	2,461	1,104	4.2	2.2	NM	28.2
Singapore Technologies Engineering	S63	8.55	93.9	26,674	30,369	10,049	12.7	3.0	23.7	18.6
StandardAero	SARO	21.35	61.9	6,941	9,090	6,325	12.5	1.4	11.5	9.3
VSE	VSEC	164.70	66.5	5,184	6,056	1,358	16.3	4.5	27.3	14.8
Group Median			66.2%	\$6,063	\$7,573	\$3,300	12.6%	2.6x	20.4x	13.3x
Group Mean			70.4%	\$10,460	\$12,178	\$4,239	14.7%	3.2x	19.3x	15.4x
Aerospace Proprietary Components										
HEICO Corp.	HEI	\$303.18	80.4%	\$42,761	\$45,756	\$5,177	28.5%	8.8x	31.0x	27.2x
Loar Holdings	LOAR	61.52	73.7	5,788	6,618	586	36.5	11.3	30.9	23.2
TransDigm Group	TDG	1,082.60	74.0	59,842	90,637	10,006	50.9	9.1	17.8	15.2
Group Median			74.0%	\$42,761	\$45,756	\$5,177	36.5%	9.1x	30.9x	23.2x
Group Mean			76.1%	\$36,130	\$47,671	\$5,256	38.6%	9.7x	26.6x	21.8x
Aerospace Engine Supply Chain										
ATI	ATI	\$189.40	77.8%	\$25,791	\$27,321	\$4,715	19.4%	5.8x	29.8x	21.2x
Carpenter Technology	CRS	388.82	62.1	19,316	19,613	3,124	26.4	6.3	23.7	19.2
Doncasters	DPC	42.26	73.8	6,313	6,040	953	NM	6.3	NM	28.9
Howmet Aerospace	HWM	226.18	73.0	90,221	94,159	9,117	30.6	10.3	33.7	26.6
Lisi	FII	70.07	85.0	3,221	3,527	2,109	13.3	1.7	12.6	9.3
Melrose Industries	MRO	6.32	69.5	7,876	10,335	4,965	17.1	2.1	12.2	8.4
Group Median			73.4%	\$13,596	\$14,974	\$3,920	19.4%	6.0x	23.7x	20.2x
Group Mean			73.5%	\$25,456	\$26,833	\$4,164	21.4%	5.4x	22.4x	18.9x
Aerospace Systems & Subsystems										
Arxis	ARXS	\$49.39	80.3%	\$21,279	\$22,510	\$1,770	29.4%	12.7x	NM	25.0x
Astronics Corp.	ATRO	67.42	71.4	3,161	3,462	942	15.8	3.7	23.3	16.0
Crane Co.	CR	204.02	88.5	11,924	12,674	2,591	28.8	4.9	17.0	18.8
Ducommun	DCO	171.54	81.5	2,604	2,838	865	14.8	3.3	22.2	17.3
Honeywell Aerospace	HONA	154.97	52.1	49,118	63,988	17,915	19.7	3.6	18.1	12.9
Moog	MOGA	381.47	85.0	12,224	13,237	4,318	14.6	3.1	20.9	19.0
RBC Bearings	RBC	499.23	74.8	15,777	16,464	1,954	31.4	8.4	26.8	23.0
Woodward	WWD	328.59	72.9	19,711	20,596	4,192	19.2	4.9	25.6	20.8
Group Median			77.5%	\$14,000	\$14,851	\$2,273	19.5%	4.3x	22.2x	18.9x
Group Mean			75.8%	\$16,975	\$19,471	\$4,318	21.7%	5.6x	22.0x	19.1x
Defense Primes										
BAE Systems	BA.	\$25.99	82.9%	\$73,585	\$80,385	\$38,981	12.8%	2.1x	16.1x	12.2x
General Dynamics	GD	331.83	83.0	90,433	93,616	54,861	12.1	1.7	14.1	13.3
Huntington Ingalls Industries	HII	267.07	58.1	10,524	13,214	13,185	8.9	1.0	11.3	11.3
L3Harris Technologies	LHX	236.78	62.4	44,140	54,586	22,932	18.1	2.4	13.2	11.8
Lockheed Martin	LMT	509.25	73.6	117,530	134,277	77,014	12.6	1.7	13.9	11.6
Northrop Grumman	NOC	483.48	62.5	68,685	79,374	43,591	16.8	1.8	10.9	12.3
RTX Corporation	RTX	185.65	81.8	251,630	281,578	95,987	17.4	2.9	16.9	16.3
Group Median			73.6%	\$73,585	\$80,385	\$43,591	12.8%	1.8x	13.9x	12.2x
Group Mean			72.0%	\$93,789	\$105,290	\$49,507	14.1%	1.9x	13.8x	12.7x

Note: \$ in millions, except share price. (1) Enterprise Value ("EV") equals Market Value plus straight and convertible debt (excl. operating leases where available), preferred stock, minority interest, less cash and short-term investments. EV / EBITDA multiples greater than 35.0x excluded from median and mean figures; LTM EBITDA excludes extraordinary items
Source: S&P CapIQ as of 9/30/2026

Public Markets Performance (cont'd)

Company Name	Ticker	Share Price		Market Cap	Ent. Value ⁽¹⁾	Revenue	EBITDA	EV / Rev	EV / EBITDA	
		9/30/26	% 52 High				Margin	LTM	LTM	NTM
Defense Electronics & Systems										
Curtiss-Wright Corp.	CW	\$543.82	67.3%	\$20,086	\$20,566	\$3,654	23.1%	5.6x	24.4x	23.0x
Elbit Systems	ESLT	682.01	67.1	31,963	31,268	8,546	11.5	3.7	31.8	25.7
Hensoldt	HAG	86.58	64.8	10,000	11,266	3,060	13.0	3.7	28.3	17.4
Indra Sistemas	IDR	65.84	87.6	11,531	10,441	7,244	10.7	1.4	13.4	8.8
Kratos Defense & Security Solutions	KTOS	42.69	31.9	8,014	6,716	1,523	5.7	4.4	NM	32.4
Leonardo DRS	DRS	36.63	72.4	9,806	9,685	3,779	13.2	2.6	19.5	17.8
Mercury Systems	MRCY	83.00	64.6	4,991	5,220	984	8.2	5.3	NM	26.2
QinetiQ Group	QQ.	6.49	84.8	3,336	3,554	2,539	16.6	1.4	8.4	7.7
Teledyne Technologies	TDY	606.81	87.0	28,345	30,032	6,374	25.0	4.7	18.9	17.7
Thales	HO	254.94	80.4	52,380	52,986	26,072	13.4	2.0	15.1	11.5
Group Median			69.8%	\$10,765	\$10,853	\$3,716	13.1%	3.7x	19.2x	17.7x
Group Mean			70.8%	\$18,045	\$18,173	\$6,377	14.0%	3.5x	20.0x	18.8x
Munitions & Land Systems										
Chemring Group	CHG	\$7.24	83.8%	\$1,971	\$2,167	\$695	17.3%	3.1x	18.0x	13.7x
Elmet Group	ELMT	19.96	79.7	608	547	229	4.9	2.4	NM	18.1
Hanwha Aerospace	A012450	743.40	60.8	38,247	47,886	19,341	15.5	2.5	16.0	10.8
Karman Holdings Inc.	KRMN	32.42	27.4	4,297	5,104	590	26.1	8.7	33.2	20.2
Renk Group	R3NK	42.83	41.8	4,283	4,739	1,580	17.7	3.0	16.9	11.6
Rheinmetall	RHM	1,086.08	47.6	51,218	55,239	13,039	20.2	4.2	20.9	12.8
Group Median			54.2%	\$4,290	\$4,922	\$1,138	17.5%	3.1x	18.0x	13.3x
Group Mean			56.9%	\$16,771	\$19,281	\$5,912	17.0%	4.0x	21.0x	14.5x
Unmanned Systems										
AeroVironment	AVAV	\$142.22	34.0%	\$7,201	\$7,351	\$2,003	10.9%	3.7x	33.6x	21.0x
Aevex	AVEX	15.14	35.8	855	1,946	697	14.9	2.8	18.8	14.3
AIRO Group	AIRO	6.61	29.4	209	190	107	NM	1.8	NM	NM
Group Median			34.0%	\$855	\$1,946	\$697	12.9%	2.8x	26.2x	17.6x
Group Mean			33.1%	\$2,755	\$3,162	\$935	12.9%	2.7x	26.2x	17.6x
Diversified Defense										
BWX Technologies	BWXT	\$137.00	56.7%	\$12,558	\$13,970	\$3,514	13.6%	4.0x	29.3x	19.8x
CAE	CAE	24.11	71.8	7,732	9,647	3,513	18.6	2.7	14.8	11.3
Kongsberg Gruppen	KOG	33.36	74.9	29,339	29,245	3,607	18.8	8.1	NM	25.9
Leonardo	LDO	55.64	74.0	32,149	37,545	23,520	11.3	1.6	14.1	10.6
Saab	SAAB B	61.89	82.5	33,337	33,543	9,099	12.3	3.7	30.0	21.0
Group Median			74.0%	\$29,339	\$29,245	\$3,607	13.6%	3.7x	22.0x	19.8x
Group Mean			72.0%	\$23,023	\$24,790	\$8,650	14.9%	4.0x	22.0x	17.7x
Space										
BlackSky Technologies	BKSY	\$21.31	40.3%	\$877	\$854	\$109	NM	7.8x	NM	22.2x
Firefly Aerospace	FLY	23.15	37.2	4,119	3,514	287	NM	12.2	NM	NM
HawkEye 360	HAWK	15.10	42.3	1,482	979	168	3.2	5.8	NM	21.7
Intuitive Machines	LUNR	14.24	30.5	2,502	3,725	490	NM	7.6	NM	NM
MDA Space	MDA	29.69	62.1	4,883	4,869	1,318	11.4	3.7	32.3	15.9
Planet Labs	PL	16.39	31.7	6,281	5,863	378	NM	15.5	NM	NM
Redwire Corp.	RDW	10.44	39.2	2,604	2,100	426	NM	4.9	NM	NM
Rocket Lab	RKLB	69.68	46.1	42,188	39,915	769	NM	51.9	NM	NM
SpaceX	SPCX	150.86	66.9	2,047,596	1,986,951	23,044	25.6	86.2	NM	NM
Voyager Technologies	VOYG	30.25	57.7	1,897	2,023	174	NM	11.6	NM	NM
York Space Systems	YSS	8.65	19.4	1,188	801	405	NM	2.0	NM	NM
Group Median			40.3%	\$2,604	\$3,514	\$405	11.4%	7.8x	32.3x	21.7x
Group Mean			43.0%	\$192,329	\$186,509	\$2,506	13.4%	19.0x	32.3x	19.9x
Overall Median			72.8%	\$9,125	\$10,515	\$4,931	13.4%	2.8x	16.8x	13.3x
Overall Mean			67.3%	\$49,523	\$51,516	\$11,962	15.4%	5.0x	18.3x	15.2x

Note: \$ in millions, except share price. (1) Enterprise Value ("EV") equals Market Value plus straight and convertible debt (excl. operating leases where available), preferred stock, minority interest, less cash and short-term investments. EV / EBITDA multiples greater than 35.0x excluded from median and mean figures; LTM EBITDA excludes extraordinary items

Source: S&P Capital IQ as of 9/30/2026

Stout ADGS Investment Banking Team

ABOUT

Our firm is a trusted advisor to leading organizations due to our deep industry knowledge, senior-level attention, process expertise, and relentless focus on delivering unparalleled results.

The Stout ADGS team has extensive experience across the industry and deep relationships with leading financial sponsors, prime contractors, and other key market participants. The team leverages extensive knowledge of budget trends, procurement priorities, accounting requirements, and program dynamics to deliver a differentiated and domain-specific approach to M&A.

FOCUS AREAS

- Advanced Materials
- Batteries & Power Systems
- C5ISR and Cybersecurity
- Cloud Computing & Cloud Migration
- Defense Manufacturing
- Engineered Systems & Components
- Healthcare IT
- High-Frequency Electronics
- Intelligence Community Support
- Interiors
- IT Software & Consulting
- Missiles & Hypersonics
- Modeling & Simulation
- MRO
- Sensors, Optics, & Photonics
- Soldier Systems
- Space & Satellite Systems
- Technical & Prof. Services
- Tooling & Ground Support
- Training Services
- Unmanned Systems
- Weapons & Ordnance

SELECTED TRANSACTIONS

PAVCON LLC
has been acquired by
TRIVE CAPITAL
SELL-SIDE ADVISOR

GROUP W
THE RIGHT ANSWER
has been acquired by
SPA
a portfolio company of
ACP
SELL-SIDE ADVISOR

TRICOM
RESEARCH, INC.
has been acquired by
Undisclosed Strategic Buyer
SELL-SIDE ADVISOR

Explosive Hazard Detection
business of
Chemring Group
has been acquired by
ELTA NORTH AMERICA
a subsidiary of
IAI
SELL-SIDE ADVISOR

Crescent
TECHNOLOGIES
(IDS, the Defense Solutions Division)
has been acquired by
FRONTGRADE
a portfolio company of
VERITAS CAPITAL
SELL-SIDE ADVISOR

Closed March 2025
Project Orion
Premier provider of digital
modernization and
automation services to
Federal Healthcare and
Civilian customers
SELL-SIDE ADVISOR

ASEC
Family of Companies
has been acquired by
Markon
a portfolio company of
STERLING
INVESTMENT PARTNERS L.P.
SELL-SIDE ADVISOR

Bren-Tronics, Inc.
has been acquired by
EnerSys
FINANCIAL ADVISOR

United Electronic Industries
has been acquired by
AMETEK
SELL-SIDE ADVISOR

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