

SERVICES & INDUSTRIALS

Aerospace, Defense, and Government Services

QUARTERLY MARKET UPDATE | **Q2 2026**

STOUT

Q2 2026 ADGS Update

Aerospace Leads a Strong Quarter for ADGS M&A

Q2 2026 By the Numbers

Q2

U.S. Deals	Global Deals
92	**127**
vs. 88 in Q2 2025	vs. 100 in Q2 2025

United States

+ 5%
U.S. YoY % Change in Total Deal Count

+ 26%
U.S. YoY % Change in PE Deals

- 9%
U.S. YoY % Change in Strategic Deals

Global (Incl. U.S.)

+ 27%
Global YoY % Change in Total Deal Count

+ 38%
Global YoY % Change in PE Deals

+ 21%
Global YoY % Change in Strategic Deals

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

M&A Updates

Quarter in Review: Q2 2026 reinforced three themes shaping Aerospace, Defense, and Government Services (ADGS) M&A: commercial aerospace recovery continues to accelerate, defense spending is increasingly translating into funded procurement programs, and technology-enabled Government Services businesses remain the preferred acquisition targets despite softer overall activity. Global ADGS M&A reached 127 announced transactions, up 27% year-over-year, while U.S. activity totaled 92 deals, up 5%. Strategic acquirers represented approximately 60% of global volume, underscoring continued demand for differentiated technologies, manufacturing capacity, and mission-critical capabilities.

Key Takeaways

- **Aerospace Leads Sector Activity** – Global aerospace transactions nearly doubled year-over-year to 62 deals, while U.S. volume increased 69% to 49, supported by production recovery, supply-chain constraints, and resilient aftermarket demand
- **Defense Procurement Accelerates** – Golden Dome, Collaborative Combat Aircraft, munitions replenishment, and naval modernization are improving long-term demand visibility across the defense industrial base
- **Government Services Remained Selective** – Activity continued to soften, but investors favored businesses combining deep federal customer relationships with differentiated AI, cyber, mission software, and proprietary technology capabilities

Stout Perspective: We expect strategic buyers to remain the primary drivers of ADGS M&A through the balance of 2026 as funding visibility improves and industrial companies continue investing in differentiated capabilities. Financial sponsors remain active but increasingly selective, while production-constrained aerospace and defense businesses should remain among the sector's most attractive acquisition targets.

Key Macro Developments

- **U.S. Policy Outlook** – The Administration's FY2027 budget request proposes $1.5 trillion in defense funding, a 42% increase over FY2026, with major emphasis on autonomous warfare, Golden Dome missile defense, and munitions production
- **Global Geopolitical Landscape** – The U.S.-Iran ceasefire held through Q2 but collapsed in early July after renewed strikes near the Strait of Hormuz, while the Russia–Ukraine peace process missed its June deadline. Both keep demand elevated for air defense, munitions, and autonomous systems

In This Newsletter

Macro Policy & Landscape

Why Q2 Matters: Federal defense policy became materially more supportive during the second quarter as the Administration proposed a record FY2027 defense budget while the Federal Reserve maintained a largely unchanged financing environment. For ADGS investors, the combination of improved funding visibility and stable capital markets continues to support a constructive backdrop for M&A

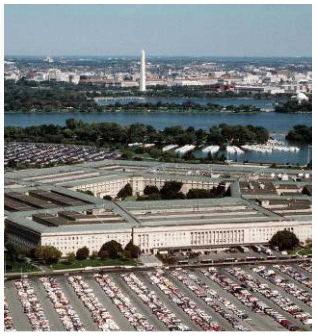
Record Defense Budget Supports Long-Term Procurement

The Administration's FY2027 budget request proposes $1.5 trillion in defense funding, representing roughly a 42% increase over FY2026 and the largest single-year defense request since World War II. The request comprises $1.1 trillion of base discretionary authority and an additional $350 billion of mandatory reconciliation funding, providing an unprecedented level of support for defense priorities while introducing some political uncertainty around reconciliation-funded programs.

Beyond the headline funding increase, the most meaningful development for investors is where the incremental capital is being directed. The proposal includes nearly $55 billion for the Defense Autonomous Warfare Group, alongside significant investment in Golden Dome missile defense, expanded munitions production, and broader industrial capacity expansion. These priorities reinforce long-term demand for suppliers serving production-constrained programs and mission-critical technologies.

FY2027 NDAA Developments

Congress also advanced the FY2027 National Defense Authorization Act, with the House Armed Services Committee approving its version by a 44–12 vote. Among the most notable provisions is the proposed 'right to repair' language that could expand government rights over technical data and software delivered under future contracts. Although the provision remains subject to the legislative process, it is worth monitoring because changes to intellectual property rights could influence contractor economics, competitive positioning, and M&A diligence for technology-enabled defense businesses.



Financing Environment Remains Supportive

The Federal Reserve left its benchmark rate unchanged at 3.50%–3.75% during its June meeting. While the Committee's median 2026 year-end rate projection increased to 3.8% from 3.4%, suggesting rates may remain higher for longer, financing conditions continue to support acquisitions involving high-quality strategic assets. For ADGS investors, improving defense funding visibility remains the more significant driver of transaction activity than modest changes in borrowing costs.

Stout Perspective: We believe the combination of record defense funding, advancing FY2027 authorization priorities, and a stable financing environment reinforces a constructive backdrop for ADGS M&A through the balance of 2026. Businesses serving advanced munitions, propulsion, defense electronics, mission systems, autonomous platforms, shipbuilding, and classified national security programs should continue benefiting from improving funding visibility and remain among the sector's most attractive acquisition targets.

Macro Policy & Landscape (Cont.)

Why Q2 Matters: Although geopolitical tensions moderated during the second quarter, the investment implications remained largely unchanged. Developments across both Eastern Europe and the Middle East continued to reinforce demand for precision munitions, integrated air and missile defense, autonomous systems, and expanded industrial capacity. For ADGS investors, the more durable story is not diplomacy itself, but the sustained procurement cycle it continues to support.

Russia-Ukraine: Procurement Priorities Remain Intact

Diplomatic momentum toward ending the Russia-Ukraine conflict slowed during the quarter as a U.S.-brokered peace process missed its self-imposed June 30 target. At the same time, competing global security demands continued to strain inventories of high-end air defense systems. According to the Pentagon, the U.S. redirected $750 million of PURL funding toward domestic inventories while Ukraine continued to rely on the program for roughly 75% of its Patriot interceptor supply.

The quarter also highlighted Ukraine's growing role in autonomous warfare. A proposed U.S.-Ukraine technology agreement would expand joint manufacturing of drone technologies, while Ukraine's defense-industrial output is projected to reach $55 billion during 2026 versus roughly $15 billion of domestic demand, underscoring the country's emergence as both an innovation hub and potential manufacturing partner.

Middle East: Replenishment Cycle Supports Multi-Year Demand

The Pakistan-mediated ceasefire between the United States and Iran held through Q2 but collapsed in early July, with renewed strikes underscoring that the conflict's procurement implications were never contingent on the truce holding. The conflict significantly depleted inventories of advanced missile-defense systems, with estimates suggesting the United States expended roughly half of its Patriot and THAAD interceptor inventories and more than 45% of its Precision Strike Missile stockpile.

In response, the Pentagon announced initiatives to increase Lockheed Martin's PAC-3 MSE production from 600 missiles annually to 2,000 by 2030, while a $35.3 billion THAAD contract and an $87.6 billion supplemental funding request further reinforce the scale of the replenishment effort. These investments should continue supporting demand across propulsion, seekers, guidance electronics, energetics, and other capacity-constrained portions of the defense supply chain.

Stout Perspective: While geopolitical developments remain fluid, the investment implications are becoming increasingly consistent. Governments continue prioritizing inventory replenishment, missile defense, autonomous systems, and industrial-capacity expansion, reinforcing multi-year demand across the defense supply chain. We believe businesses supplying propulsion, guidance electronics, sensors, advanced munitions, and mission-critical technologies should remain among the most attractive acquisition targets as procurement priorities translate into sustained production.

Defense

Collaborative Combat Aircraft Moves Into Production

The U.S. Air Force awarded Anduril and General Atomics production contracts for Increment 1 of the Collaborative Combat Aircraft (CCA) program, covering at least 150 aircraft combined by the end of the decade. The awards arrived four months ahead of schedule and confirmed a split-fleet approach rather than a single-vendor winner. With unit cost targeted below $30 million per aircraft – roughly one-third of the cost of an F-35A – the program is designed to add affordable, attritable combat mass alongside crewed platforms.

The Air Force also separated mission-autonomy software from the airframe competition. Six companies – Anduril, General Atomics, Lockheed Martin, Northrop Grumman, RTX Collins Aerospace, and Shield AI – were admitted to a six-year eligibility pool, while Anduril, RTX Collins, and Shield AI were selected for the first six-month development round. A primary autonomy provider for Increment 1 is expected by summer 2027. This modular structure keeps multiple vendors engaged and could become a template for future unmanned aircraft and mission-system procurements.

Stout Perspective: We believe the CCA program validates long-term investor interest in autonomy software, low-cost aircraft manufacturing, and mission systems integration. Separating software from the airframe should encourage broader industry participation and increase partnership, minority-investment, and tuck-in acquisition activity as vendors compete for future increments.

Golden Dome Moves From Priority to Procurement

Golden Dome moved from policy priority to funded procurement during the quarter. Space Systems Command disclosed 20 Other Transaction Authority agreements worth up to $3.2 billion across 12 companies spanning traditional primes and non-traditional entrants. The awards support development of a proliferated low-Earth-orbit interceptor constellation capable of boost-, midcourse-, and glide-phase engagement, with an integrated demonstration targeted for 2028.

The FY2027 budget request includes $17.5 billion for Golden Dome, although only $400 million is funded through the base budget and the remaining roughly $17.1 billion is expected to come through reconciliation. This follows a prior $25 billion reconciliation allocation to the program. The Pentagon has estimated total program cost at $185 billion, while outside estimates have ranged materially higher depending on constellation scale and architecture.

The next key milestone is conversion from prototype awards to production contracts. Historical Department of Defense experience with OTA programs suggests that prototype cohorts often narrow significantly before production, and transitions can take longer than originally projected. As a result, not all 12 current awardees should be expected to advance, creating both competitive risk and a potential consolidation catalyst across the supplier base.

Stout Perspective: We expect Golden Dome to support sustained demand for space sensors, interceptors, battle-management software, radiation-hardened electronics, propulsion, optical communications, and launch infrastructure. As prototype awards transition to production, vendor down-selects should create attractive acquisition and partnership opportunities as strategic buyers seek differentiated capabilities before the architecture matures.

Defense (Cont.)

L3Harris Missile Solutions Spinout Signals a Reopening IPO Market

L3Harris advanced the planned spinout of its Missile Solutions business (AXYV) during Q2, closing a $1.0 billion Department of Defense investment structured as convertible preferred equity ahead of a planned second-half 2026 IPO. The transaction comes as aerospace and defense equity issuance has strengthened, highlighted by SpaceX's June IPO at a reported $1.75 trillion valuation with $75 billion raised and Applied Aerospace & Defense's successful June listing.

Collectively, these transactions suggest public-market investors are becoming increasingly receptive to scaled aerospace and defense platforms with differentiated technology, visible program exposure, and durable growth profiles. A healthier IPO environment expands strategic alternatives for private equity sponsors while establishing more transparent valuation benchmarks for comparable private assets.

Stout Perspective: We expect companies serving missiles, autonomy, mission systems, advanced manufacturing, and classified tech to command the strongest investor interest if capital markets remain constructive. Beyond providing liquidity, a reopening IPO window should support valuation expectations across sponsor-owned defense assets and broaden exit alternatives over the next 12–24 months.

Golden Fleet Reinforces Multi-Year Naval Investment Cycle

The Navy's FY2027 30-year Shipbuilding Plan proposes a $65.8 billion FY2027 shipbuilding budget, a 39% increase over FY2026, and $305.7 billion across FY2027–2031 to support construction of 75 vessels. The plan allocates $124.9 billion for five Columbia-class SSBNs and ten Virginia-class SSNs while targeting a '1+2' production cadence by FY2031.

Beyond vessel construction, the plan dedicates $6.2 billion to submarine industrial base expansion and an additional $7.2 billion to shipyard productivity improvements. The Navy also introduced ShipOS, an AI-enabled production scheduling platform, and awarded Hadrian a $900 million contract – supported by $1.5 billion of private capital – to establish an automated manufacturing facility supporting submarine production.

Stout Perspective: While General Dynamics Electric Boat and HII remain the most visible beneficiaries, we believe the greater long-term opportunity extends throughout the submarine supply chain. Precision machining, specialty castings, propulsion components, automation, digital manufacturing software, and advanced manufacturing technologies should experience increasing strategic value as the Navy works to remove capacity constraints and achieve its production objectives. These capabilities are likely to remain attractive acquisition targets for both strategic buyers and private equity investors.

Commercial Aerospace

Aerospace Recovery Improves Supplier Visibility

Commercial aerospace delivery data shifted in Boeing's favor during Q1 but reversed course in Q2. Airbus delivered 237 aircraft during the quarter (up 39% YoY), outpacing Boeing's 171 (up 14% YoY) and pushing Airbus back into the year-to-date delivery lead, 351 (up 15% YoY) to 314 (up 12% YoY), through the first half of 2026. Boeing's Q2 total was led by 129 737 deliveries, and Airbus's by 190 A320neo family deliveries.

On May 27, Boeing announced it had passed the FAA's capstone review and begun raising the 737 production rate toward 47 aircraft per month from 42, with stabilization expected over coming months. As production normalizes, investor focus should shift from demand recovery toward supplier execution, manufacturing capacity, and delivery performance.

Stout Perspective: We believe OEM improving production outlook signals the commercial aerospace recovery is becoming operational, not merely cyclical. Suppliers with exposure to narrowbody structures, interiors, actuation, fasteners, machining, castings, and aftermarket support should see stronger revenue visibility, and businesses able to scale output without compromising quality should remain attractive acquisition candidates.

Aftermarket Tightness Continues to Support MRO and Engine Platforms

Spirit Airlines' liquidation is reinforcing an already constrained aftermarket. Court filings valued its aircraft and engine assets at $1.3 billion, creating opportunities for lessors, teardown specialists, and used-serviceable-material providers as assets return to market.

The broader supply-demand imbalance remains the more important story. IATA's June study identified Pratt & Whitney GTF and CFM LEAP reliability issues as the primary drivers of MRO bottlenecks, with grounded GTF-powered aircraft peaking at 648, or 28% of the fleet. Shortages appear structural, supporting elevated demand for spare engines, leasing capacity, and used-serviceable material.

Stout Perspective: Prolonged engine-availability constraints have historically increased utilization of independent repair assets, strengthened used-serviceable-material pricing, and extended engines' economic lives. We expect this to remain a multi-year catalyst for engine MRO, component repair, leasing, and parts-distribution platforms, supporting strategic interest and premium valuations.

Space Force Expands the Defense Space Opportunity

On May 26, Space Systems Command awarded SpaceX a $2.29 billion OTA for the Space Data Network Backbone, a proliferated LEO constellation of militarized Starshield satellites providing resilient data transport across the joint force. A fully operational prototype is targeted for 2027.

The FY2027 budget request includes $1.5 billion for R&D and $1.6-2.4 billion for procurement, signaling a multi-year buildout. Space Systems Command expects to add contractors for satellite construction as the architecture matures, broadening the opportunity set beyond the initial prime contractor.

Stout Perspective: The Space Data Network illustrates the Department of Defense's shift toward proliferated, software-defined space architectures. We expect sustained demand across satellite buses, optical intersatellite links, secure networking, radiation-hardened electronics, and mission software. As more contractors join, these markets should stay active for partnerships and M&A.

Government Services

From Services to Solutions: Technology Becomes a Core Differentiator

The federal government's push to accelerate artificial intelligence adoption is reshaping the competitive landscape for Government Services contractors. The White House's July 2025 AI Action Plan outlined more than 90 policy actions across innovation, infrastructure, procurement, standards, and agency implementation, while related initiatives such as the FAR overhaul and GSA's OneGov program are encouraging agencies to adopt commercial technology faster and more consistently.

For legacy contractors, the implication is increasingly clear: customer access and program-management expertise remain essential, but they are no longer sufficient on their own. The most differentiated platforms are combining long-standing agency relationships with proprietary software, reusable automation, and mission-specific data expertise. This transition is creating a clearer distinction between technology-enabled solutions providers and lower-value staff-augmentation businesses.

From Services to Solutions: Technology Becomes a Core Differentiator

Maximus: Applying Proprietary Automation to High-Volume Federal Workflows

Maximus illustrates how a traditional case-management platform can use technology to improve both operating performance and customer outcomes. Facing more than 5 million VA disability applications, it automated its review process through Veterans Evaluation Services using proprietary AWS solutions.

The results demonstrate the economic potential of applying automation to labor-intensive federal workflows. The VA completed a record 3 million Compensation and Pension claims during fiscal 2025, while AI-assisted tools reportedly improved accuracy to 93.95% and reduced average completion times by 42%. Maximus has not abandoned its core benefits-administration model; rather, it is using owned technology to improve throughput, quality, and scalability within that model.

GDIT: Productizing Digital Modernization Across the Civilian Enterprise

GDIT is pursuing a similar strategy across more than 100 civilian agencies. The Company used AI and integrated data to modernize the Department of Education's FAFSA platform, reducing application-processing times from hours to approximately 15 minutes and expanded named, reusable capabilities through offerings such as Cove AI Ops and partnerships with ServiceNow and Everfox, including tools focused on operations automation and predictive insider-threat analysis.

GDIT remains fundamentally a systems integrator, but the development of repeatable products and accelerators changes the value proposition. By monetizing customer relationships through headcount, the company can increasingly sell reusable intellectual property, faster implementation, and measurable mission outcomes across multiple agencies.

Stout Perspective: We believe the most attractive Government Services businesses will sit between software vendors and traditional services contractors, combining customer intimacy, contract access, proprietary data, and repeatable technology to defend margins and command premium valuations. Undifferentiated, labor-based providers may face pricing pressure and consolidation as agencies demand measurable outcomes. For M&A, we expect continued interest in AI-enabled automation, digital engineering, mission software, and cloud modernization with proven federal use cases.

Government Services (Cont.)

SBIR/STTR Reauthorization Restores Visibility for Dual-Use Innovation

On April 13, the Small Business Innovation and Economic Security Act reauthorized the SBIR and STTR programs through September 30, 2031, ending a six-month lapse since the prior authorization expired. The $6 billion measure is the longest extension in the programs' history, restoring funding for emerging defense and dual-use technology companies.

The legislation also creates a Strategic Breakthrough Award of up to $30 million per project for companies with a prior Phase II award and matching private capital. With tighter screening beginning FY2027, the program should better bridge prototype development and deployment.

Stout Perspective: We believe the six-year authorization reduces funding uncertainty for venture-backed defense technology companies and supports continued investment in SBIR-derived IP. The new late-stage award could accelerate acquisition candidates demonstrating program-of-record relevance and recurring revenue.

OneGov Consolidation Reshapes Federal Technology Purchasing

GSA reported its OneGov initiative generated $1.1 billion in savings in its first year by consolidating purchases into 20 governmentwide agreements, with vendors like Microsoft and AWS offering discounts up to 90% off list.

The initiative should accelerate federal adoption of standardized cloud, software, and AI tools, while increasing pricing pressure on resellers and undifferentiated providers. As purchasing centralizes, scale, contract access, and mission-specific customization become increasingly important advantages.

Stout Perspective: We expect OneGov to create a clearer divide between scaled platforms operating within consolidated procurement and smaller providers reliant on resale margins. The most attractive businesses will combine contract-vehicle access with proprietary tools, cybersecurity expertise, and agency-specific workflow knowledge.

OASIS+ Phase II Awards Create New M&A Differentiation

GSA began issuing Phase II apparent-awardee notifications for OASIS+ on May 12, with formal awards following May 22. Phase II expands the vehicle from eight to 13 domains, maintaining an open, rolling-award structure with no ceiling on value or awardees.

For Government Services companies, OASIS+ prime status can improve access to opportunities and is becoming an important diligence factor in strategic transactions. Awardees benefit from broader access and bidding flexibility, while firms lacking vehicles may face pressure toward consolidation.

OASIS+
One Acquisition Solution for Integrated Services +

Stout Perspective: We believe OASIS+ will create meaningful differentiation among federal services platforms. Companies with prime positions and multi-domain capabilities should command greater strategic value, especially paired with differentiated technology and agency relationships.

Select Company Performance | Aerospace

Aerospace Earnings Reinforce a Capacity-Constrained Growth Cycle

Q1 2026 aerospace earnings continued to indicate healthy end-market demand, improving production visibility, and persistent supply-chain constraints. Revenue performance was broadly constructive across the selected companies: Boeing exceeded consensus by 1.4%, GE Aerospace by 8.4%, HEICO by 10.1%, Woodward by 8.2%, and TransDigm by 2.8%, while Airbus finished modestly below expectations. Earnings performance was similarly positive for most of the group, led by Boeing's materially narrower-than-expected loss and double-digit EPS beats at Boeing, GE Aerospace, and HEICO.

Key Takeaways:

- **Demand Remains Strong** – Backlogs, orders, flight activity, and aftermarket demand continue to support growth across OEM and aftermarket channels
- **Execution is the Principal Constraint** – Engine availability, supplier capacity, quality systems, and production ramp execution remain more important than end-market demand in determining near-term performance
- **Aftermarket Exposure Remains Especially Attractive** – Strong spare-parts growth, elevated flight activity, and constrained engine availability continue to support pricing power and margin durability for differentiated aftermarket businesses
- **Valuation Dispersion Should Persist** – Investors are likely to continue rewarding businesses that combine visible backlog, proprietary content, strong aftermarket exposure, and proven execution against persisting production ramps

Management commentary reinforced a remarkably consistent message across the sector. Airbus continues to target approximately 870 commercial aircraft deliveries in 2026 despite ongoing Pratt & Whitney engine constraints, while Boeing's record backlog of nearly $700 billion supports improving production visibility. GE Aerospace reported 87% order growth and record defense orders for the decade, HEICO delivered record quarterly sales, operating income, and net income, Woodward highlighted 48% growth in commercial aerospace engine spares, and TransDigm cited continued increases in flight activity and revenue passenger miles.

Stout Perspective: We believe the current aerospace cycle remains defined by constrained supply rather than insufficient demand. As OEM build rates continue increasing, the greatest strategic value should accrue to suppliers capable of expanding output without compromising quality, certification, or delivery performance. Businesses with proprietary content, sole-source positions, recurring aftermarket revenue, and meaningful exposure to engine platforms or narrowbody production should remain among the most attractive acquisition targets in the sector.

	AIRBUS	BOEING	GE Aerospace	HEICO	TRANSDIGM GROUP INC.	WOODWARD
Revenue Beat / Miss	(0.7%)	1.4%	8.4%	10.1%	2.8%	8.2%
EPS Beat / Miss	(20.6%)	70.3%	16.3%	25.1%	4.0%	9.6%
Next Report Date	7/29/2026 (FQ2)	7/28/2026 (FQ2)	7/16/206 (FQ2)	8/24/2026 (FQ3)	8/4/2026 (FQ3)	7/29/2026 (FQ3)

Select Company Performance | Defense

Defense Earnings Reinforce Backlog Visibility and Execution Leverage

Q1 2026 defense earnings were broadly constructive, with four of the five selected companies exceeding consensus revenue and EPS expectations. General Dynamics and L3Harris each exceeded revenue estimates by 6.1%, while Northrop Grumman and RTX posted more modest sales beats of 1.3% and 2.8%, respectively. Lockheed Martin was the only company to miss on both revenue and EPS, finishing 1.3% and 4.3% below consensus. Earnings performance was otherwise strong, led by RTX's 16.9% EPS beat, L3Harris's 13.0% beat, and General Dynamics' 11.1% beat.

Key Takeaways:

- **Backlogs Provide Exceptional Visibility** – Multi-year demand across missile defense, munitions, strategic platforms, and classified programs continues to support durable revenue growth
- **Execution is Becoming the Differentiator** – As funding converts into production, throughput, labor availability, supplier capacity, and program discipline will increasingly separate outperformers from the rest of the sector
- **Missile Defense Remains a Central Growth Driver** – PAC-3 production expansion, L3Harris's munitions pipeline, and continued global replenishment needs reinforce the depth of demand across interceptors and related subsystems
- **Valuation Dispersion Should Persist** – RTX and L3Harris demonstrated that higher volumes and improved productivity can translate into meaningful margin expansion as production ramps mature

Management commentary was similarly supportive. General Dynamics reported 38 Gulfstream deliveries, the highest first-quarter total in the program's history. L3Harris highlighted backlog of more than $40 billion, excluding $25 billion of potential Munitions Acceleration Council awards, while Lockheed Martin pointed to a new $4.8 billion PAC-3 contract and production that is already more than 60% above levels from two years ago. Northrop Grumman announced plans to increase annual B-21 production by 25%, and RTX reported a 14% increase in adjusted segment operating profit, supported by higher volume, favorable defense mix, and improved productivity.

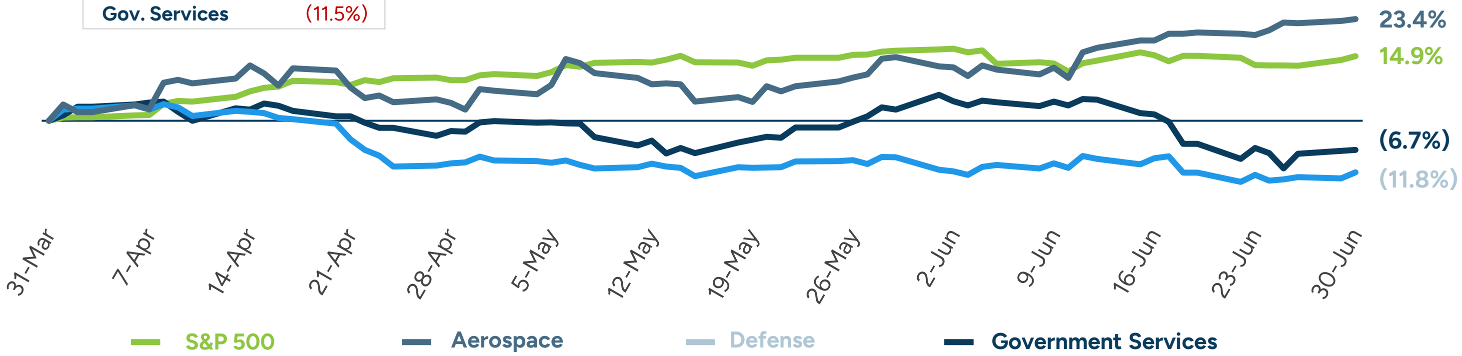
Stout Perspective: We believe the defense earnings story is shifting from demand validation to execution. Record backlogs and expanding procurement budgets are already understood; the next phase of value creation depends on which companies convert those commitments into sustained revenue growth, margin expansion, and delivery performance. Suppliers with scarce manufacturing capacity, proprietary electronics, propulsion, guidance, and mission systems, or exposure to missile defense and strategic programs should remain among the most attractive acquisition targets.

	General Dynamics	L3Harris	Lockheed Martin	Northrop Grumman	RTX
Revenue Beat / Miss	6.1%	6.1%	(1.3%)	1.3%	2.8%
EPS Beat / Miss	11.1%	13.0%	(4.3%)	1.3%	16.9%
Next Report Date	7/29/2026 (FQ2)	7/23/2026 (FQ2)	7/21/2026 (FQ2)	7/21/2026 (FQ2)	7/21/2026 (FQ2)

ADGS Capital Markets Performance

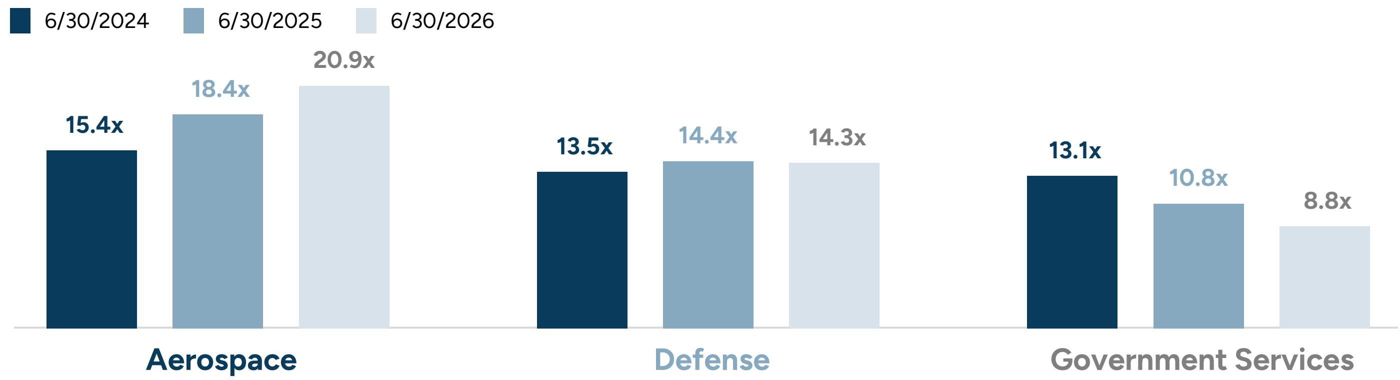
Q2 2026 Market Performance Across Primary ADGS Sector Indices

LTM Performance	
S&P 500	20.9%
Aerospace	58.0%
Defense	12.3%
Gov. Services	(11.5%)



- **Aerospace:** The sector gained 23.4% in Q2 and 58.0% over the last twelve months, supported by improving production visibility, aftermarket strength, and continued multiple expansion.
- **Defense:** The sector declined 11.8% in Q2 despite healthy backlogs and procurement demand, suggesting near-term valuation normalization rather than weakening fundamentals.
- **Government Services:** The sector fell 6.7% in Q2 and 11.5% over the last twelve months as policy uncertainty and multiple compression continued to weigh on performance.

Historical Average EV / NTM EBITDA Multiples



- **Aerospace** multiples have expanded by 5.5x since mid-2024, as commercial aerospace demand and defense spending tailwinds continue to support the sector.
- **Defense** multiples were roughly flat YoY. RTX led the sector with a 4.5x multiple expansion since year-end 2024, supported by backlog growth, while General Dynamics posted the largest YoY gain at 0.8x.
- **Government Services** multiples continued to contract, falling to 8.8x from 10.8x a year ago and 13.1x at mid-2024, with Booz Allen Hamilton seeing the steepest contraction, down 9.1 turns since year-end 2024.

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

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

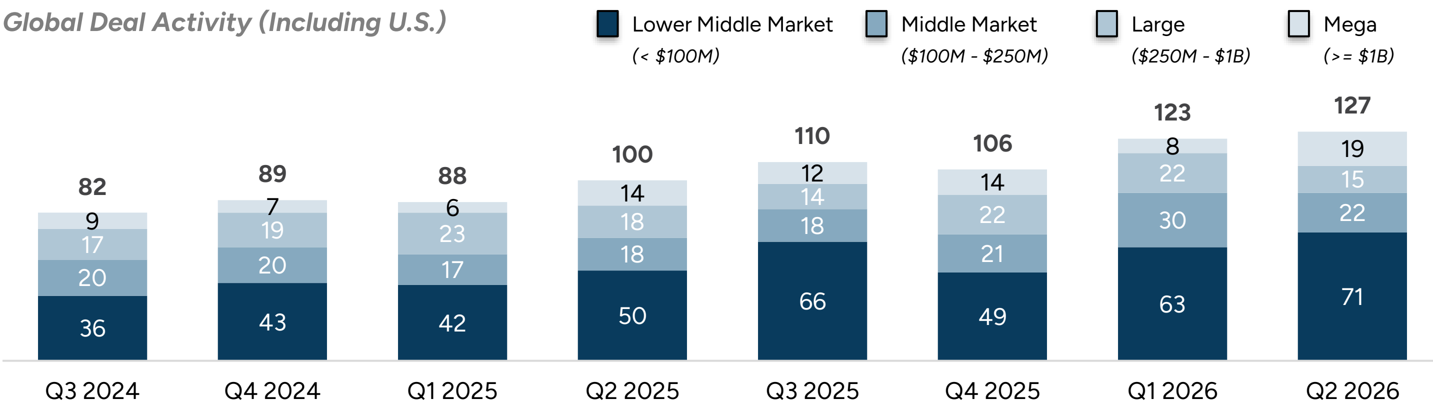
Government Services: Booz Allen Hamilton, CACI, ICF, Leidos, Maximus, Parsons, SAIC, V2X

Source: S&P CapIQ as of 6/30/2026

ADGS M&A Landscape | Deal Metrics

ADGS M&A Activity by Transaction Size

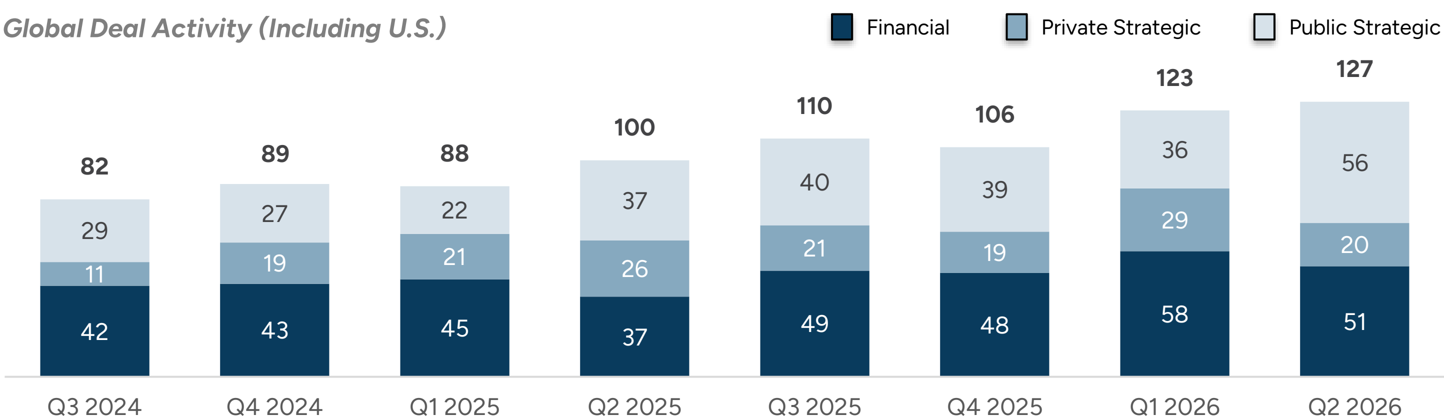
Global Deal Activity (Including U.S.)



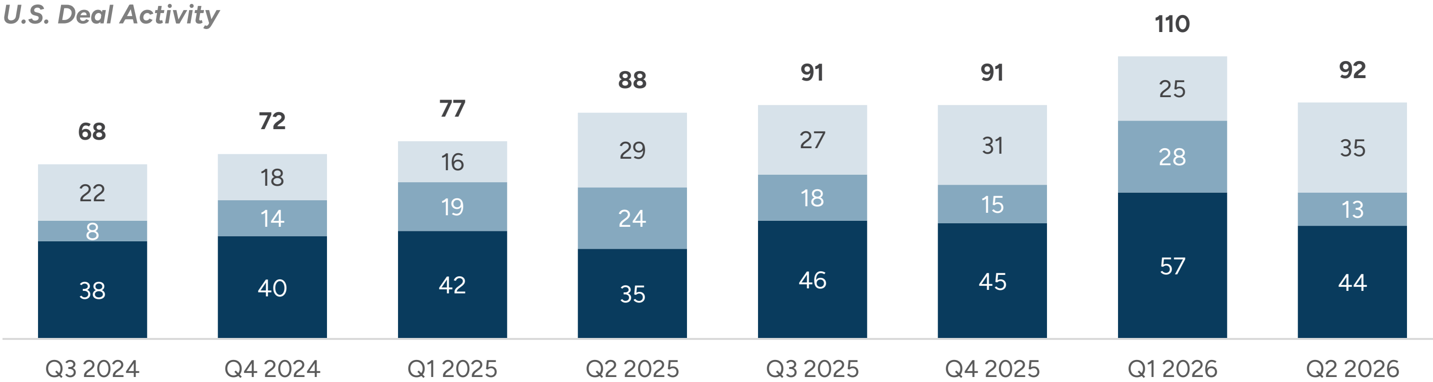
Lower middle-market transactions represented approximately 56% of global deal volume, while mega-cap activity increased to 19 deals, more than doubling sequentially. Middle-market and large-cap activity declined from Q1 levels.

ADGS M&A Activity by Buyer Type

Global Deal Activity (Including U.S.)



U.S. Deal Activity



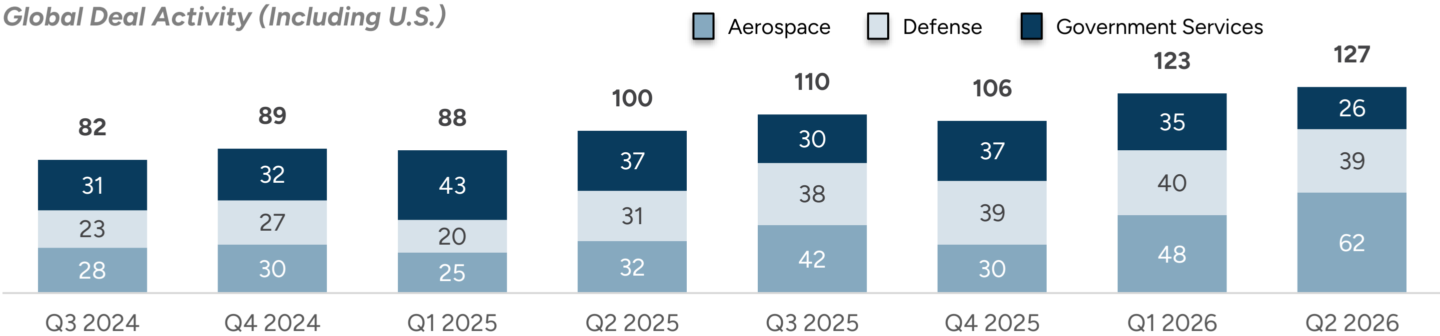
Public strategic activity remained the strongest source of momentum. U.S. public strategic transactions increased 40% quarter-over-quarter to 35 deals, while global public strategic activity rose 56% to 56 deals. Sponsor activity moderated from a strong first quarter but remained above prior-year levels. U.S. financial buyer activity totaled 44 deals, up from 35 in Q2 2025. Private strategic activity declined meaningfully in both the U.S. and global markets, reinforcing the growing importance of scaled public buyers.

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

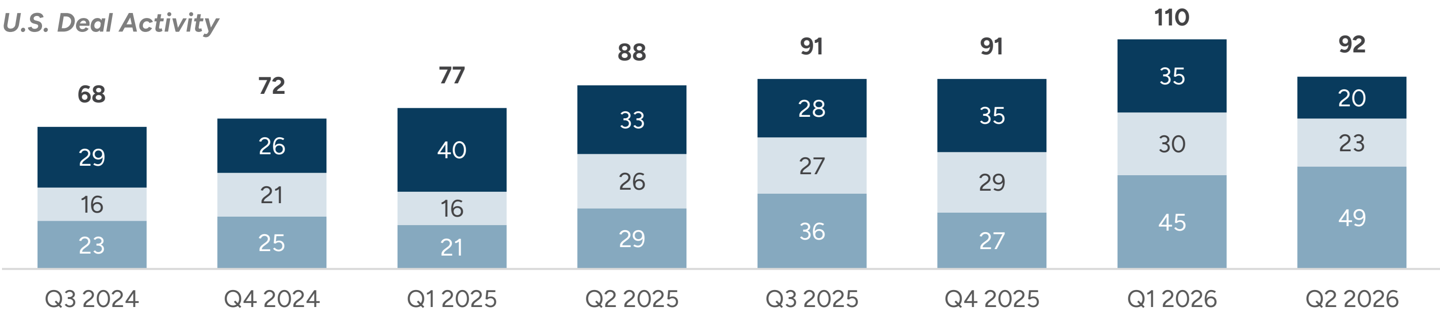
ADGS M&A Landscape | Deal Metrics (cont'd)

ADGS M&A Activity by Industry Sector

Global Deal Activity (Including U.S.)



U.S. Deal Activity

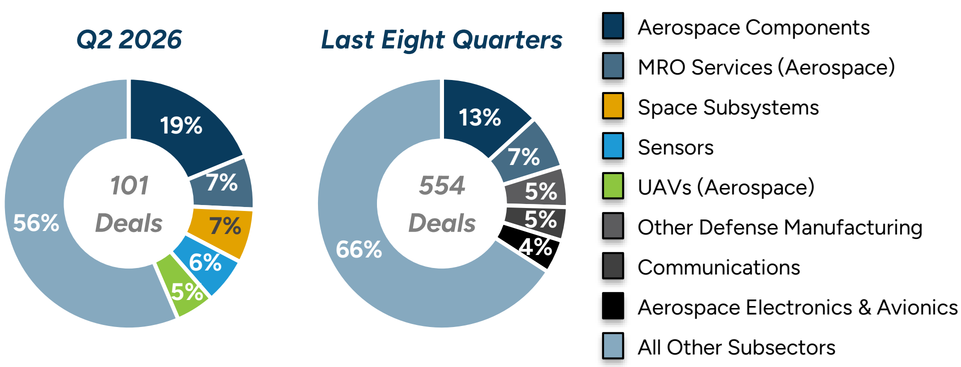


Global **Aerospace** M&A activity increased to 62 transactions in Q2 2026, nearly doubling year-over-year and rising 29% from Q1. U.S. **Aerospace** activity also remained strong, reaching 49 deals, up 69% from Q2 2025. Global **Defense** activity totaled 39 transactions, up 26% year-over-year, while U.S. volume declined modestly to 23 deals. **Government Services** activity continued to soften, with global volume falling to 26 transactions and U.S. volume declining to 20 deals as investors remained selective toward traditional services businesses.

ADGS M&A Trends Across Select Subsectors

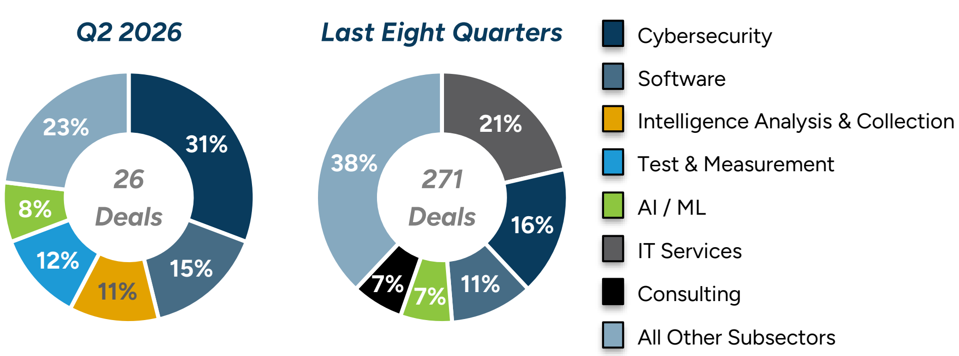
Aerospace & Defense

Aerospace Components remained the most active subsector over the past eight quarters, alongside **MRO** and **Other Defense Manufacturing**, though the latter posted a 50% QoQ decline. **Aerospace Components** activity nearly doubled QoQ in Q2, while **Sensors** activity doubled on both a quarterly and annual basis, and **Space Subsystems** rebounded from little activity a year ago to 7 deals in Q2 2026.



Government Services

IT Services activity fell to zero in Q2 after 5 deals in Q1. **Cybersecurity** rose 33% both QoQ and YoY to 8 deals, while **Intelligence Analysis & Collection** tripled sequentially and annually to 3 deals. **Test & Measurement** rebounded to 3 deals after no Q1 activity, and **Software** held steady at 4 deals.



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

Sector	Target	Acquiror	Key Stats	Target Snapshot
Aerospace	CONTINENTAL AEROSPACE TECHNOLOGIES	ARCLINE INVESTMENT MANAGEMENT	**Announced**: Jun. 2026 **Status**: Pending **TEV**: $535M **TEV/LTM EBITDA:** 15.3x	• Manufacturer of piston aircraft engines, components, and ignition systems serving general aviation applications
Aerospace	FDH *a portfolio company of* Audax Private Equity	BainCapital	**Announced**: Jun. 2026 **Status**: Pending **TEV**: Undisclosed	• Distributor of fasteners, connectors, threaded inserts, and installation hardware serving aerospace and defense customers
Aerospace	CIRCOR AEROSPACE	Parker	**Announced**: May 2026 **Status**: Pending **TEV**: $2,550M	• Manufacturer of valves, pressure regulators, landing-gear actuation components, and motion-control systems serving aerospace and defense markets
Aerospace	First Aviation Services Inc.	AMETEK	**Announced**: Apr. 2026 **Status**: Closed May 2026 **TEV**: Undisclosed	• Provider of mission-critical maintenance, repair, and overhaul services and proprietary components serving commercial and defense aviation customers
Aerospace	senior	Blackstone TINICUM	**Announced**: Apr. 2026 **Status**: Pending **TEV**: $1,697M **TEV/LTM EBITDA:** 16.2x	• Manufacturer of technology components and systems, specializing in fluid conveyance and thermal management solutions for the aerospace, defense, land vehicle, and energy markets
Defense	ULTRA I&C	Booz Allen	**Announced**: Jun. 2026 **Status**: Pending **TEV**: $720M	• Developer of command-and-control software, secure data-movement solutions, edge-computing systems, and encryption technologies for military applications
Defense	OMNETICS CONNECTOR CORPORATION	ARXIS *a portfolio company of* ARCLINE INVESTMENT MANAGEMENT	**Announced**: Jun. 2026 **Status**: Pending **TEV**: $770M	• Manufacturer of miniature connectors and cable assemblies serving defense, space, commercial aerospace, and medical applications
Defense	D-FEND SOLUTIONS *a portfolio company of* IGP ISRAEL GROWTH PARTNERS	MOTOROLA SOLUTIONS	**Announced**: Jun. 2026 **Status**: Pending **TEV**: $1,500M	• Developer of autonomous counter-drone systems using radio-frequency takeover technology for military and law-enforcement applications
Defense	SIGHTLINE INTELLIGENCE *a portfolio company of* ARTEMIS	acron aviation *a portfolio company of* TJC	**Announced**: Apr. 2026 **Status**: Closed Apr. 2026 **TEV**: Undisclosed	• Developer of image-processing electronics and software supporting ISR, surveillance, and counter-UAS applications
Defense	BLUE CANYON TECHNOLOGIES	MDA SPACE	**Announced**: Jun. 2026 **Status**: Pending **TEV**: $620M	• Manufacturer of spacecraft platforms, satellite subsystems, and mission solutions serving government and commercial space customers

Selected Transactions | Government Services

Target	Acquiror	Key Stats	Target Snapshot
INSIGNIS	WOVEN *a portfolio company of* FALFURRIAS MANAGEMENT PARTNERS	**Announced**: Jun. 2026 **Status**: Closed Jun. 2026 **TEV**: Undisclosed	• Provider of systems engineering, software development, and cyber operations services supporting mission-critical infrastructure and U.S. national security customers.
US CONTRACTING, INC	nextpoint group *a portfolio company of* GODSPEED CAPITAL	**Announced**: May 2026 **Status**: Closed May 2026 **TEV**: Undisclosed	• Provider of software development, signal intelligence, data analytics, and signal-processing solutions serving U.S. government and commercial customers.
Prominent Edge	WINDWARD *a portfolio company of* FTV CAPITAL	**Announced**: Apr. 2026 **Status**: Closed Apr. 2026 **TEV**: Undisclosed	• Developer of advanced geospatial, maritime, and mission-software solutions serving U.S. government and defense customers.
READY SUPPORT SERVICES LLC Mission Matters	TYTO Athene *a portfolio company of* ACP	**Announced**: Jun. 2026 **Status**: Closed Jun. 2026 **TEV**: Undisclosed	• Provider of ServiceNow-based enterprise service management, cloud migration, and IT asset-management solutions supporting the U.S. Intelligence Community.
naralogics	OMNI FEDERAL *a portfolio company of* MDP	**Announced**: Jun. 2026 **Status**: Closed Jun. 2026 **TEV**: Undisclosed	• Developer of an explainable, AI-enabled decision-intelligence platform supporting mission-critical decision-making across federal and defense agencies.
BreakPoint Labs	VALIANT SOLUTIONS *a portfolio company of* BLUESTONE INVESTMENT PARTNERS	**Announced**: Jun. 2026 **Status**: Closed Jun. 2026 **TEV**: Undisclosed	• Provider of AI-enabled cyber operations, adversarial threat emulation, penetration testing, and DevSecOps solutions supporting sensitive Department of Defense and national security missions.

Public Markets Performance

Company Name	Ticker	Share Price 6/30/26	Share Price % 52 High	Market Cap	Ent. Value	Revenue	EBITDA Margin	EV / Rev LTM	EV / EBITDA LTM	EV / EBITDA NTM
Government Services										
Booz Allen Hamilton	BAH	$60.67	50.5%	$7,265	$10,477	$11,217	11.2%	0.9x	8.3x	8.4x
CACI International	CACI	463.26	67.8	10,234	15,255	9,163	12.1	1.7	13.8	11.8
ICF International	ICFI	72.86	71.6	1,319	1,766	1,823	10.9	1.0	8.9	8.0
Leidos Holdings	LDOS	102.97	50.0	12,955	18,883	17,329	13.9	1.1	7.9	7.5
Maximus	MMS	53.76	53.8	2,825	4,203	5,318	13.1	0.8	6.0	5.3
Parsons	PSN	52.39	58.5	5,605	6,947	6,301	8.3	1.1	13.3	10.4
SAIC	SAIC	110.41	89.5	4,668	7,045	7,291	10.1	1.0	9.6	10.0
V2X	VVX	74.56	81.2	2,335	3,206	4,718	6.6	0.7	10.3	8.9
Group Median			**63.2%**	**$5,136**	**$6,996**	**$6,796**	**11.1%**	**1.0x**	**9.2x**	**8.6x**
Group Mean			**65.4%**	**$5,901**	**$8,473**	**$7,895**	**10.8%**	**1.0x**	**9.8x**	**8.8x**
Diversified Engineering Services										
ABM Industries	ABM	$44.24	88.3%	$2,592	$4,359	$9,053	4.9%	0.5x	9.9x	7.5x
AECOM	ACM	69.80	51.5	8,971	10,851	15,986	8.0	0.7	8.5	8.1
Dycom Industries	DY	505.59	89.3	15,204	17,470	6,252	13.2	2.8	21.2	15.8
EMCOR Group	EME	829.88	87.2	36,880	35,971	17,747	10.4	2.0	19.4	18.0
Fluor Corporation	FLR	52.39	91.1	7,405	4,883	15,184	NM	0.3	NM	8.6
Jacobs	J	126.00	74.8	14,884	17,588	13,175	7.8	1.3	17.2	11.8
KBR	KBR	34.53	66.1	4,378	6,574	7,691	8.5	0.9	10.1	6.5
MasTec	MTZ	416.06	94.3	32,450	34,830	15,280	7.9	2.3	29.0	22.1
Serco Group	SRP	2.91	67.2	2,861	3,816	6,564	5.4	0.6	10.9	5.9
Tetra Tech	TTEK	28.89	67.0	7,503	8,160	4,403	15.0	1.9	12.4	12.2
Group Median			**81.0%**	**$8,237**	**$9,505**	**$11,114**	**8.0%**	**1.1x**	**12.4x**	**10.2x**
Group Mean			**77.7%**	**$13,313**	**$14,450**	**$11,133**	**9.0%**	**1.3x**	**15.4x**	**11.7x**
Aircraft and Engine OEMs										
Airbus	AIR	$222.26	87.9%	$174,966	$173,677	$83,626	10.6%	2.1x	19.7x	13.5x
Boeing	BA	216.47	85.1	170,644	197,681	92,184	NM	2.1	NM	39.4
Bombardier	BBD.B	229.94	95.8	22,693	26,213	9,628	13.2	2.7	20.6	15.0
Embraer	EMBJ3	15.80	77.6	11,246	12,363	8,255	9.7	1.5	15.4	12.0
General Electric	GE	373.73	98.4	391,683	401,619	48,313	22.8	8.3	36.4	33.1
MTU Aero Engines	MTX	415.74	89.9	22,361	23,642	10,242	16.4	2.3	14.1	11.1
Rolls-Royce	RR.	19.17	94.3	158,210	155,706	28,542	21.7	5.5	25.2	23.8
Safran	SAF	394.15	98.3	163,365	162,308	36,620	18.9	4.4	23.4	18.4
Group Median			**92.1%**	**$160,787**	**$159,007**	**$32,581**	**16.4%**	**2.5x**	**20.6x**	**16.7x**
Group Mean			**90.9%**	**$139,396**	**$144,151**	**$39,676**	**16.2%**	**3.6x**	**22.1x**	**20.8x**
Aerostructures										
Albany International	AIN	$74.50	97.3%	$2,112	$2,473	$1,205	4.4%	2.1x	46.2x	11.4x
Hexcel	HXL	$100.06	98.6%	$7,608	$8,552	$1,939	17.8%	4.4x	24.8x	21.1x
Magellan Aerospace Corporation	MAL	$24.05	98.4%	$1,373	$1,408	$766	11.4%	1.8x	16.1x	12.5x
Montana Aerospace AG	AERO	26.30	60.2	1,648	1,751	1,149	15.3	1.5	9.9	7.8
Group Median			**97.9%**	**$1,880**	**$2,112**	**$1,177**	**13.4%**	**1.9x**	**20.4x**	**12.0x**
Group Mean			**88.6%**	**$3,186**	**$3,546**	**$1,265**	**12.2%**	**2.5x**	**24.2x**	**13.2x**

Note: $ in millions, except share price; Enterprise Value (EV) equals Market Value plus straight/convertible debt, preferred stock, minority interest, less cash and short-term investments.
Source: S&P CapIQ as of 6/30/2026

Public Markets Performance (cont'd)

Company Name	Ticker	Share Price 6/30/26	Share Price % 52 High	Market Cap	Ent. Value	Revenue	EBITDA Margin	EV / Rev LTM	EV / EBITDA LTM	EV / EBITDA NTM
Aftermarket / MROs										
AAR Corp.	AIR	$142.93	99.6%	$5,673	$6,483	$3,135	10.9%	2.1x	18.9x	15.0x
HEICO Corp.	HEI	356.19	98.5	50,237	53,233	4,911	28.0	10.8	38.8	34.3
Loar Holdings	LOAR	80.61	94.6	7,589	8,447	538	35.9	15.7	43.8	31.3
SIA Engineering Co.	S59	2.67	90.8	2,992	2,696	1,104	4.2	2.4	58.5	31.7
Singapore Technologies Engineering	S63	8.03	89.3	25,044	28,624	9,599	12.5	3.0	24.0	19.2
StandardAero	SARO	29.91	86.7	9,945	12,071	6,254	12.1	1.9	16.0	12.8
TransDigm Group	TDG	1,332.04	82.0	74,506	102,626	9,503	51.0	10.8	21.2	17.8
VSE	VSEC	228.50	98.2	6,411	5,533	1,181	15.2	4.7	30.7	15.1
Group Median			**92.7%**	**$8,767**	**$10,259**	**$4,023**	**13.8%**	**3.8x**	**27.3x**	**18.5x**
Group Mean			**92.5%**	**$22,800**	**$27,464**	**$4,528**	**21.2%**	**6.4x**	**31.5x**	**22.2x**
Aerospace Suppliers										
Astronics Corp.	ATRO	$81.26	91.6%	$3,859	$4,182	$887	14.0%	4.7x	33.8x	22.8x
Crane Co.	CR	223.07	98.5	13,030	13,875	2,444	22.4	5.7	25.3	21.7
Ducommun	DCO	185.21	99.0	2,809	3,070	841	14.0	3.6	26.1	19.7
Howmet Aerospace	HWM	268.86	92.5	107,597	109,848	8,623	29.7	12.7	42.9	33.9
Lisi	FII	75.06	90.5	3,431	3,713	2,121	13.0	1.8	13.5	10.6
Moog	MOG.A	423.84	98.4	13,590	14,676	4,171	13.6	3.5	25.9	22.3
RBC Bearings	RBC	644.06	96.5	20,342	21,206	1,871	30.5	11.3	37.1	30.8
Senior	SNR	3.82	90.5	1,558	1,716	994	10.3	1.7	16.8	13.7
Woodward	WWD	425.44	94.3	25,829	26,472	3,998	18.1	6.6	36.6	27.5
Group Median			**94.3%**	**$13,030**	**$13,875**	**$2,121**	**14.0%**	**4.7x**	**26.1x**	**22.3x**
Group Mean			**94.7%**	**$21,338**	**$22,084**	**$2,883**	**18.4%**	**5.7x**	**28.7x**	**22.5x**
Defense Primes										
BAE Systems	BA.	$24.47	78.1%	$69,483	$77,347	$38,137	12.7%	2.0x	16.0x	12.5x
General Dynamics	GD	354.24	95.8	96,571	100,931	53,808	12.1	1.9	15.6	14.8
Lockheed Martin	LMT	509.46	73.6	117,463	136,266	75,106	10.6	1.8	17.0	11.8
L3Harris Technologies	LHX	290.59	76.6	54,253	65,020	22,477	18.3	2.9	15.8	14.8
Northrop Grumman	NOC	509.31	65.8	72,339	85,918	42,367	17.2	2.0	11.8	13.6
RTX Corporation	RTX	189.73	88.5	256,981	289,330	90,373	16.9	3.2	19.0	18.1
Group Median			**77.4%**	**$84,455**	**$93,425**	**$48,088**	**14.8%**	**2.0x**	**15.9x**	**14.2x**
Group Mean			**79.7%**	**$111,182**	**$125,802**	**$53,711**	**14.6%**	**2.3x**	**15.9x**	**14.3x**
Defense Electronics / C5ISR										
Elbit Systems	ESLT	$758.62	73.0%	$35,501	$34,908	$8,232	11.2%	4.2x	38.0x	30.0x
Hensoldt	HAG	77.41	57.6	8,941	9,913	2,947	13.1	3.4	25.7	16.2
Kratos Defense & Security Solutions	KTOS	49.86	37.2	9,340	8,013	1,415	5.7	5.7	98.7	43.0
Mercury Systems	MRCY	122.33	99.7	7,345	7,621	967	9.9	7.9	79.6	43.4
QinetiQ Group	QQ.	5.60	76.6	2,895	3,113	2,539	16.6	1.2	7.4	6.7
Teledyne Technologies	TDY	666.90	96.2	31,159	33,114	6,226	24.7	5.3	21.5	20.2
Thales	HO	256.83	80.5	52,772	54,718	25,991	13.6	2.1	15.5	12.3
Group Median			**76.6%**	**$9,340**	**$9,913**	**$2,947**	**13.1%**	**4.2x**	**25.7x**	**20.2x**
Group Mean			**74.4%**	**$21,136**	**$21,629**	**$6,902**	**13.5%**	**4.3x**	**40.9x**	**24.6x**

Note: $ in millions, except share price; Enterprise Value (EV) equals Market Value plus straight/convertible debt, preferred stock, minority interest, less cash and short-term investments.
Source: S&P CapIQ as of 6/30/2026

Public Markets Performance (cont'd)

Company Name	Ticker	Share Price 6/30/26	Share Price % 52 High	Market Cap	Ent. Value	Revenue	EBITDA Margin	EV / Rev LTM	EV / EBITDA LTM	EV / EBITDA NTM
Other Defense										
AeroVironment	AVAV	$165.07	39.5%	$8,323	$8,419	$1,977	9.8%	4.3x	43.3x	26.2x
Chemring Group	CHG	6.79	83.4	1,849	2,045	695	17.3	2.9	17.0	12.8
Cohort	CHRT	16.32	68.5	751	808	369	11.8	2.2	18.5	13.1
Curtiss-Wright Corp.	CW	757.76	94.7	27,993	28,607	3,606	22.8	7.9	34.7	33.0
Honeywell	HON	223.90	45.1	70,939	96,365	37,660	22.6	2.6	11.3	20.5
Huntington Ingalls Industries	HII	279.89	60.8	11,029	13,514	12,849	8.8	1.1	11.9	12.5
Kongsberg Gruppen	KOG	30.11	69.9	26,487	25,105	3,437	18.5	7.3	39.4	26.0
Leonardo	LDO	53.61	70.8	30,930	35,850	22,820	12.3	1.6	12.8	10.7
Leonardo DRS	DRS	42.67	84.3	11,419	11,242	3,695	12.5	3.0	24.3	21.2
Rheinmetall	RHM	1,131.61	49.3	53,232	54,970	11,614	20.2	4.7	23.5	13.6
Saab	SAAB B	51.88	67.1	27,898	27,955	8,671	11.8	3.2	27.4	18.6
Textron	TXT	91.73	90.3	16,086	18,382	15,188	11.1	1.2	10.9	9.8
Group Median			**69.2%**	**$21,286**	**$21,744**	**$6,183**	**12.4%**	**3.0x**	**21.0x**	**16.1x**
Group Mean			**68.7%**	**$23,911**	**$26,939**	**$10,215**	**15.0%**	**3.5x**	**22.9x**	**18.2x**
Space										
Blacksky Technologies	BKSY	$27.92	52.8%	$1,046	$1,133	$98	NM	11.6x	NM	36.6x
Intuitive Machines	LUNR	21.39	45.8	3,660	4,858	334	NM	14.5	NM	128.4
Karman Holdings Inc.	KRMN	49.92	42.2	6,616	7,397	523	26.1	14.2	54.3	32.0
Momentus	MNTS	6.72	15.4	109	87	4	NM	21.8	NM	NM
Planet Labs	PL	33.13	64.0	12,998	12,715	336	NM	37.9	NM	Excl
Redwire Corp.	RDW	12.23	45.9	2,917	2,942	371	NM	7.9	NM	NM
Rocket Lab	RKLB	101.65	67.3	60,008	58,678	680	NM	86.3	NM	NM
Satellogic	SATL	5.72	47.7	1,390	1,410	20	NM	69.0	NM	NM
Spire Global	SPIR	18.60	71.7	721	672	64	NM	10.6	NM	NM
Group Median			**47.7%**	**$2,917**	**$2,942**	**$334**	**26.1%**	**14.5x**	**54.3x**	**36.6x**
Group Mean			**50.3%**	**$9,940**	**$9,988**	**$270**	**26.1%**	**30.4x**	**54.3x**	**65.6x**
Overall Median			**82.0%**	**$11,029**	**$12,363**	**$6,226**	**13.0%**	**2.7x**	**19.0x**	**15.0x**
Overall Mean			**77.1%**	**$35,483**	**$38,488**	**$13,021**	**14.8%**	**6.5x**	**23.8x**	**19.4x**

Note: $ in millions, except share price; Enterprise Value (EV) equals Market Value plus straight/convertible debt, preferred stock, minority interest, less cash and short-term investments.
Source: S&P CapIQ as of 6/30/2026

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

GroupW 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

Crescend Technologies (IDSI, 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 — SELL-SIDE ADVISOR

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

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

May include work by Stout professionals while at prior firms

FOR MORE INFORMATION

Cameron Hamilton
Managing Director
chamilton@stout.com
703.448.4429

Travis Waller
Managing Director
twaller@stout.com
312.763.6621

Brian Ali
Director
bali@stout.com
202.370.2402

Eric Fahmi
Associate
efahmi@stout.com
703.448.4490

Zach Finder
Analyst
zfinder@stout.com
314.278.7067

Will Smalley
Analyst
wsmalley@stout.com
312.763.6615

ABOUT STOUT INVESTMENT BANKING

Stout's Investment Banking group provides mergers and acquisitions (M&A) advisory, capital market financing, and other financial advisory services to portfolio companies of private equity firms, closely held or family-owned businesses, and divisions of large corporate parents. Learn more about our **Investment Banking services**.

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