AEROSPACE & DEFENSE AND MISSION-CRITICAL INDUSTRIALS

Quarterly M&A Update

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July 2026

Current M&A Market Trends in A&D and Mission-Critical Industrials

M&A momentum remains strong as inflation moderates, labor markets remain resilient, and strategic buyers continue pursuing portfolio transformation opportunities despite near-term geopolitical uncertainty

M&A Market Outlook

Improving Economic Fundamentals Support Continued Deal Activity

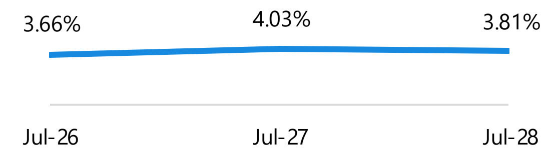
- CEO confidence and strategic activity continue to improve, contributing to a measurable pickup in M&A activity and larger transaction sizes across A&D and mission-critical industrial markets
- Inflation moderated in June, with headline CPI declining to 3.5% year-over-year from 4.2% in May, supporting expectations that pricing pressures may be easing. The Federal Reserve has held interest rates steady since December 2025 and decided to hold rates steady in June at the first FOMC meeting under the new Federal Reserve Chair, Kevin Warsh. The decision signals a cautious near-term approach amid ongoing geopolitical uncertainties, but moderating inflation, resilient labor markets (US unemployment decreased in June), and manufacturing growth provide favorable longer-term fundamentals for deal activity
- Elevated oil prices tied to Middle East instability remain key watch items, but recent inflation data suggests macro conditions have become more supportive of capital deployment

Robust M&A Activity Looks to Continue in a Favorable Environment

- Expectations for M&A activity in 2026 remain positive after a strong second half of 2025 and first half of 2026, with a still-favorable antitrust environment: average transaction size in A&D and mission-critical industrials increased in Q2
- Corporates continue to advance strategic transformation through opportunistic acquisitions and divestitures, including spin-offs
- Private equity remains active despite a selective financing environment, with significant dry powder leading to mounting LP distribution pressure, as well as increased emphasis on downside protection

SOFR Forward Curve [1]

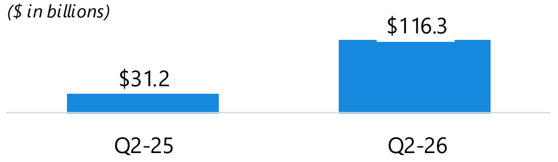
(3-Month Forward Term SOFR)



US and Canada Q2 M&A Volume [2] – A&D and MCI

Large increase in dollar volume YoY driven by the spin-off of Honeywell Aerospace, the largest spin-off since 2010

($ in billions)



Key Observations and Themes in Our Core Markets

Commercial Aerospace and Aviation

- Emerging from a seven-year M&A slump dating back to the MAX groundings and exacerbated by COVID shutdowns, M&A momentum in the OE supply chain continues to be strong, exemplified by recent transactions involving CIRCOR Aerospace, FDH Aero, and Avantus Aerospace
- Buyers continue to acquire commercial aero suppliers at valuations that underwrite strong future production rates
- Aftermarket "supercycle" expected to continue due to record passenger traffic and aging global fleets
- Elevated fuel prices driven by the Iran war are driving airlines to increase ticket prices and lower capacity, and US and Iran negotiations continue to drive volatility
- Demand for private aviation remains significantly above pre-pandemic levels, underpinning strong new aircraft orders and backlogs fueled by a new, expanded wealthy customer base

Defense and Space

- Budgetary tailwinds remain strong as the US signals a meaningful increase to a $1.5tn defense budget and NATO members move closer to 3.5% of GDP allocated to defense spending [3]
- The US administration is focused on the industrial base, working with companies to accelerate scalability across multiple needs, including munitions and naval power, resulting in loans, longer-term contracts, and direct investments [4]
- Production rates remain top of mind, with heightened political pressure on primes and Tier-1 suppliers to deliver
- SpaceX's IPO, Rocket Lab's acquisition of Iridium and Amazon's acquisition of Globalstar are milestones for the space and defense-tech ecosystem, indicating the scale and durability the industry has achieved
- Lower space launch costs are unlocking entirely new end markets, and the growth cycle is self-reinforcing through government anchor demand and private capital injections

Mission-Critical Industrials

- US manufacturing remained resilient through Q2 2026, with the Purchasing Managers Index (PMI) at 53.3% in June, marking the sixth consecutive month of expansion
- Manufacturing businesses tend to be hardest-hit by higher tariffs and lack of clarity as market dynamics reshape
- Corporate buyers remain active as they execute strategic portfolio transformation initiatives, exemplified by ESCO Technologies' acquisition of Megger Group, Hubbell's acquisition of NSI Industries, and AMETEK's acquisition of Indicor's Instrumentation & Flow Control portfolio, reflecting continued appetite for market-leading assets that strengthen technological product offerings
- Automation, electrification, industrial software, and industrial tech are among the most sought-after end markets, supported by secular investment themes, including AI-driven infrastructure, grid modernization, and productivity enhancement

1. Pensford SOFR data as of June 2026.
2. Source: Dealogic; reported based on announced transactions; US and Canada M&A based on activity involving a US or Canadian target, respectively; Note: $ Volume only includes deals with publicly disclosed transaction values.
3. Allies agreed to allocate 3.5% of GDP for core defense requirements; an additional 1.5% in nonlethal spending on defense and critical infrastructure was also agreed upon.
4. The US government recently awarded Lockheed Martin a $4.7bn preliminary contract to continue accelerated production of the Patriot interceptor missile.

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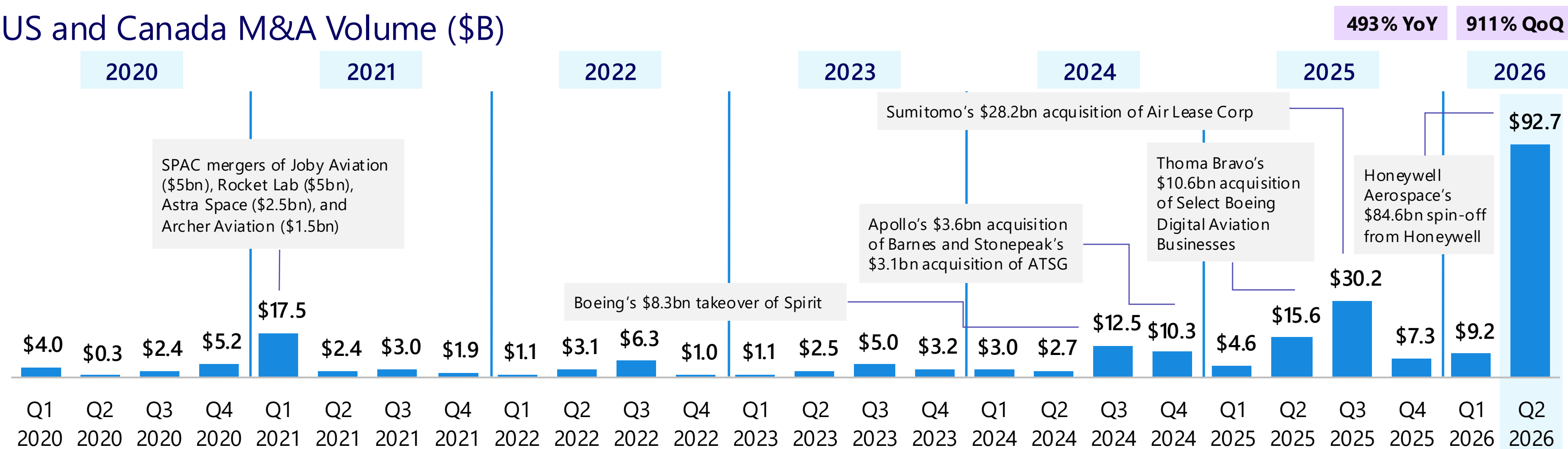
Q2 2026 RECAP

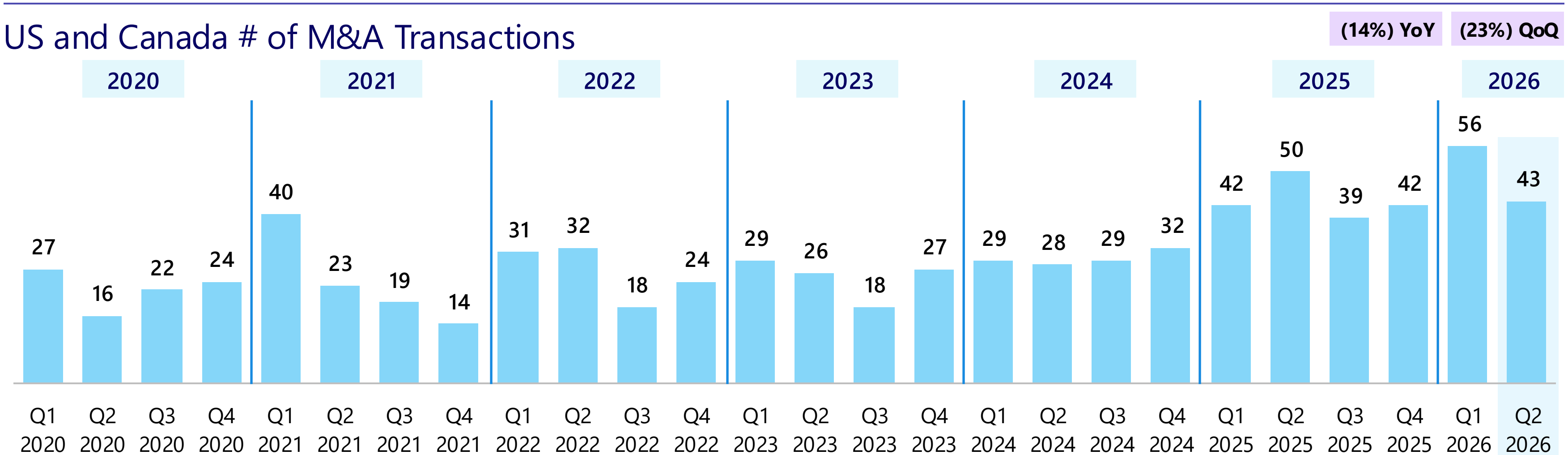
Aerospace

Q2 2026 M&A dollar volume was drastically elevated due to the spin-off of Honeywell Aerospace, despite deal count dropping modestly from the previous quarter

US and Canada M&A Volume ($B)



US and Canada # of M&A Transactions



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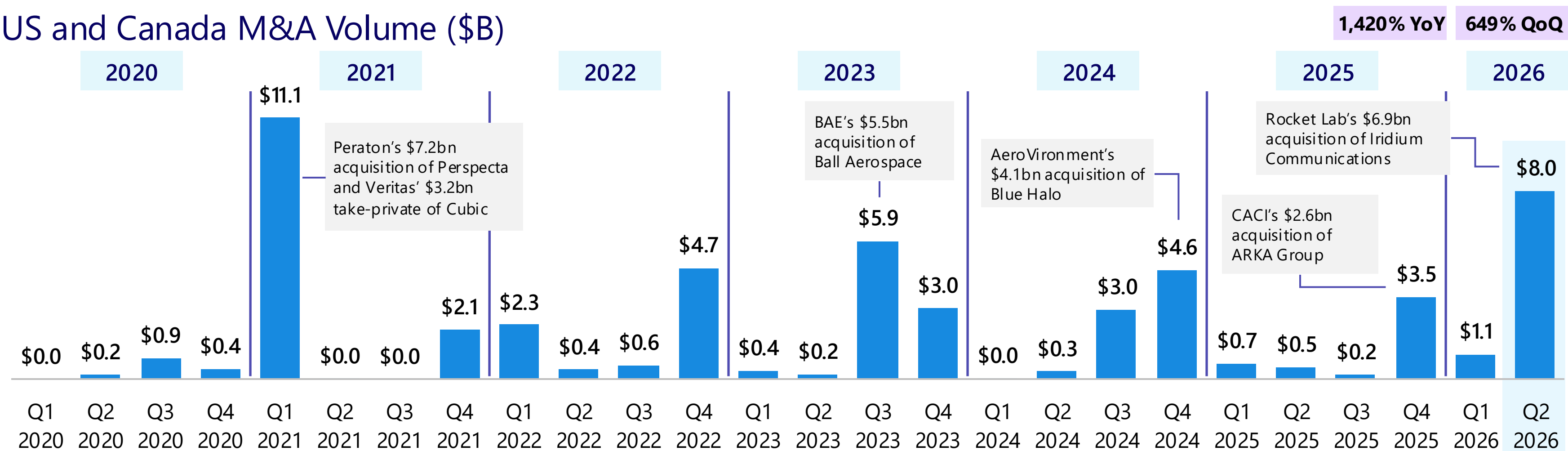
Source: Dealogic as of 6/30/2026 – based on announced transactions; US and Canada M&A based on activity involving a US or Canadian target.
Note: $ volume only includes deals with publicly disclosed transaction values.

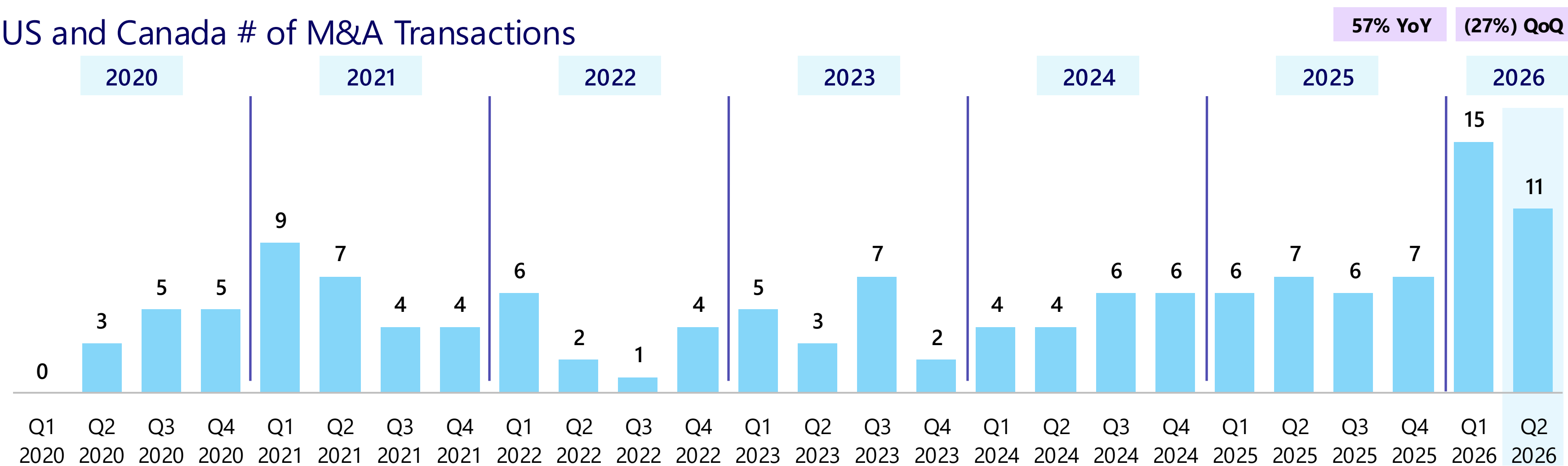
Defense and Space

Q2 2026 Defense and Space M&A volume was the highest it has been since 2021, driven by Rocket Lab's acquisition of Iridium Communications, but deal count dipped slightly

US and Canada M&A Volume ($B)



US and Canada # of M&A Transactions



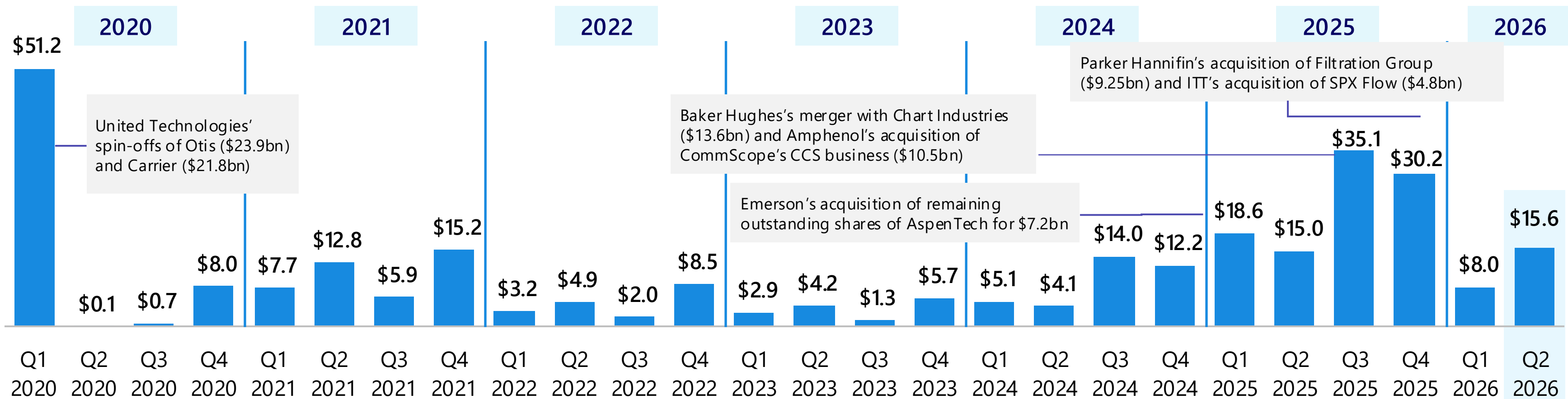
Source: Dealogic as of 6/30/2026 – based on announced transactions; US and Canada M&A based on activity involving a US or Canadian target.
Note: $ volume only includes deals with publicly disclosed transaction values.

Mission-Critical Industrials

Q2 2026 Mission-Critical Industrials M&A volume was up from the previous quarters, but deal count was lower, suggesting fewer but larger deals

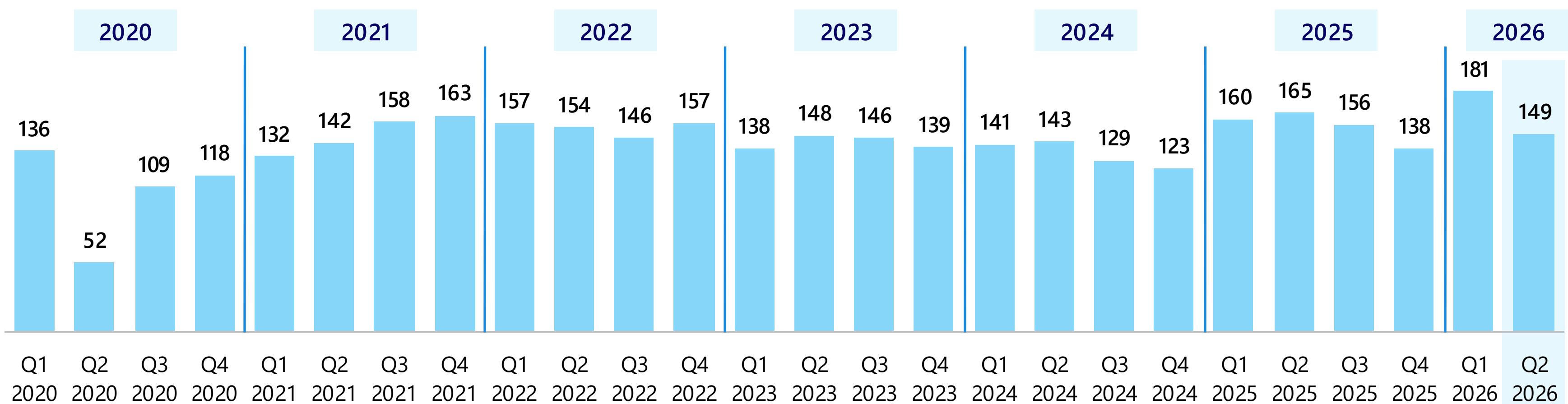
US and Canada M&A Volume ($B)

4% YoY | 96% QoQ



US and Canada # of M&A Transactions

(10%) YoY | (18%) QoQ



Source: Dealogic as of 6/30/2026 – based on announced transactions; US and Canada M&A based on activity involving a US or Canadian target.
Note: Transactions limited to targets involved in air conditioning/heating products and machinery pertaining to general industrial, machine tools, material handling, and electrical activities; $ volume only includes deals with publicly disclosed transaction values.

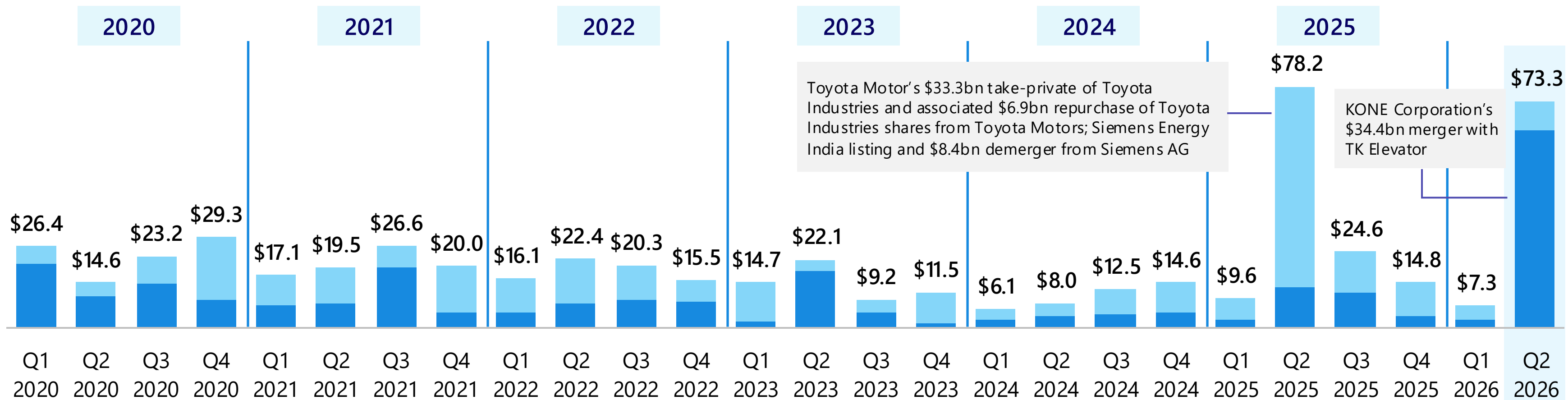
Western Europe and Rest of World – Aerospace & Defense and Mission-Critical Industrials

M&A dollar volume in Western Europe and Rest of World had its strongest quarter since a year ago, primarily driven by large-cap deals in Western Europe

M&A Volume ($B)

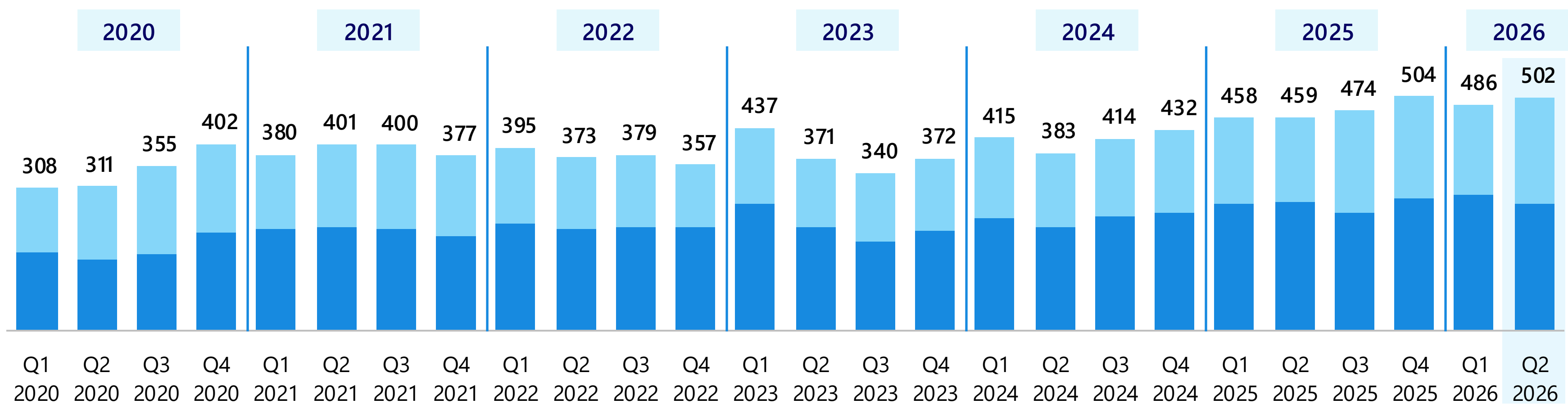
Western Europe (1) Rest of World (1)

(6%) YoY | 911% QoQ



of M&A Transactions

9% YoY | 3% QoQ



Source: Dealogic as of 6/30/2026 – based on announced transactions.
Note: Deals are the aggregate of aerospace, defense, and mission-critical industrials; transactions limited to targets involved in aerospace, defense, air conditioning/heating products and machinery pertaining to general industrial, machine tools, material handling and electrical activities; $ volume only includes deals with publicly disclosed transaction values.

1. Western Europe includes European Union, Switzerland, Norway, and the UK; Rest of World includes all other countries outside of Western Europe, the United States, or Canada.

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Aerospace & Defense LTM Public Equity Performance

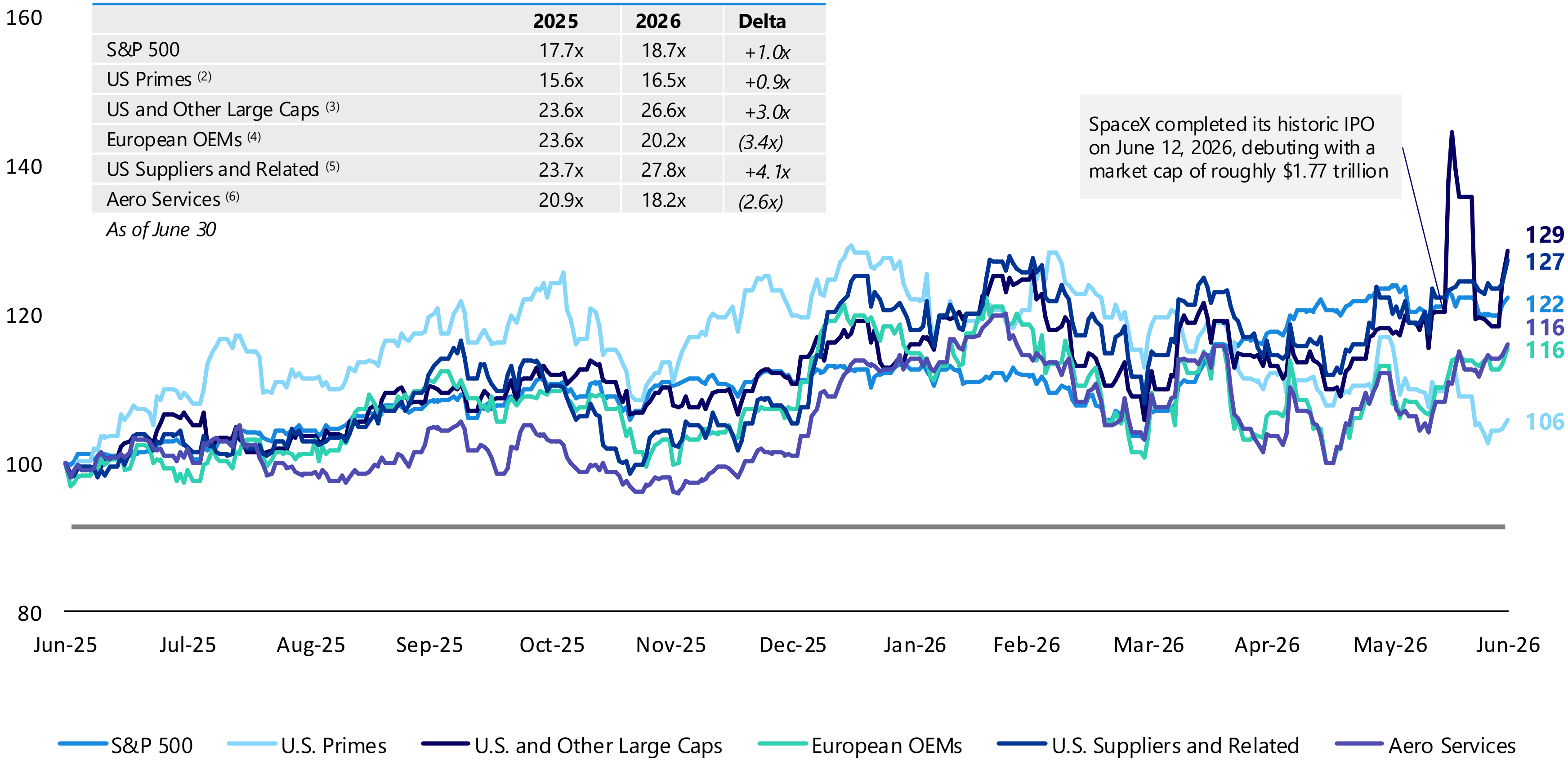
Non-prime US large caps and suppliers have slightly outperformed the S&P in the past 12 months on average, while the primes have lagged after having a lot of positive expectations already priced in at the beginning of the year

(Indexed to 100)

Historical EV / LTM EBITDA Averages [1]

	2025	2026	Delta
S&P 500	17.7x	18.7x	*+1.0x*
US Primes [2]	15.6x	16.5x	*+0.9x*
US and Other Large Caps [3]	23.6x	26.6x	*+3.0x*
European OEMs [4]	23.6x	20.2x	*(3.4x)*
US Suppliers and Related [5]	23.7x	27.8x	*+4.1x*
Aero Services [6]	20.9x	18.2x	*(2.6x)*

As of June 30



Source: Capital IQ as of 6/30/2026.

1. Averages exclude multiples greater than 50x.
2. US Primes includes Boeing, General Dynamics, Lockheed Martin, Northrop Grumman, Palantir, RTX.
3. Other US Large Caps includes Eaton, General Electric, Honeywell Aerospace, L3Harris, Parker-Hannifin, SpaceX, Textron, TransDigm.
4. European OEMs includes Airbus, BAE Systems, Dassault Aviation, Leonardo, Rolls-Royce, Saab, Safran.
5. US Suppliers and Related includes AeroVironment, AEVEX, Albany, Applied Aerospace, Arxis, Astronics, Crane, Curtiss-Wright, Ducommun, Garmin, HEICO, ITT, Karman Holdings, Kratos Defense & Security, Leonardo DRS, Loar, Mercury Systems, Moog, Park Aerospace, RBC Bearings, Teledyne Technologies, Woodward.
6. Aero Services includes AAR, AerSale, MTU Aero Engines, Singapore Technologies, StandardAero, VSE.

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Mission-Critical Industrials LTM Public Equity Performance

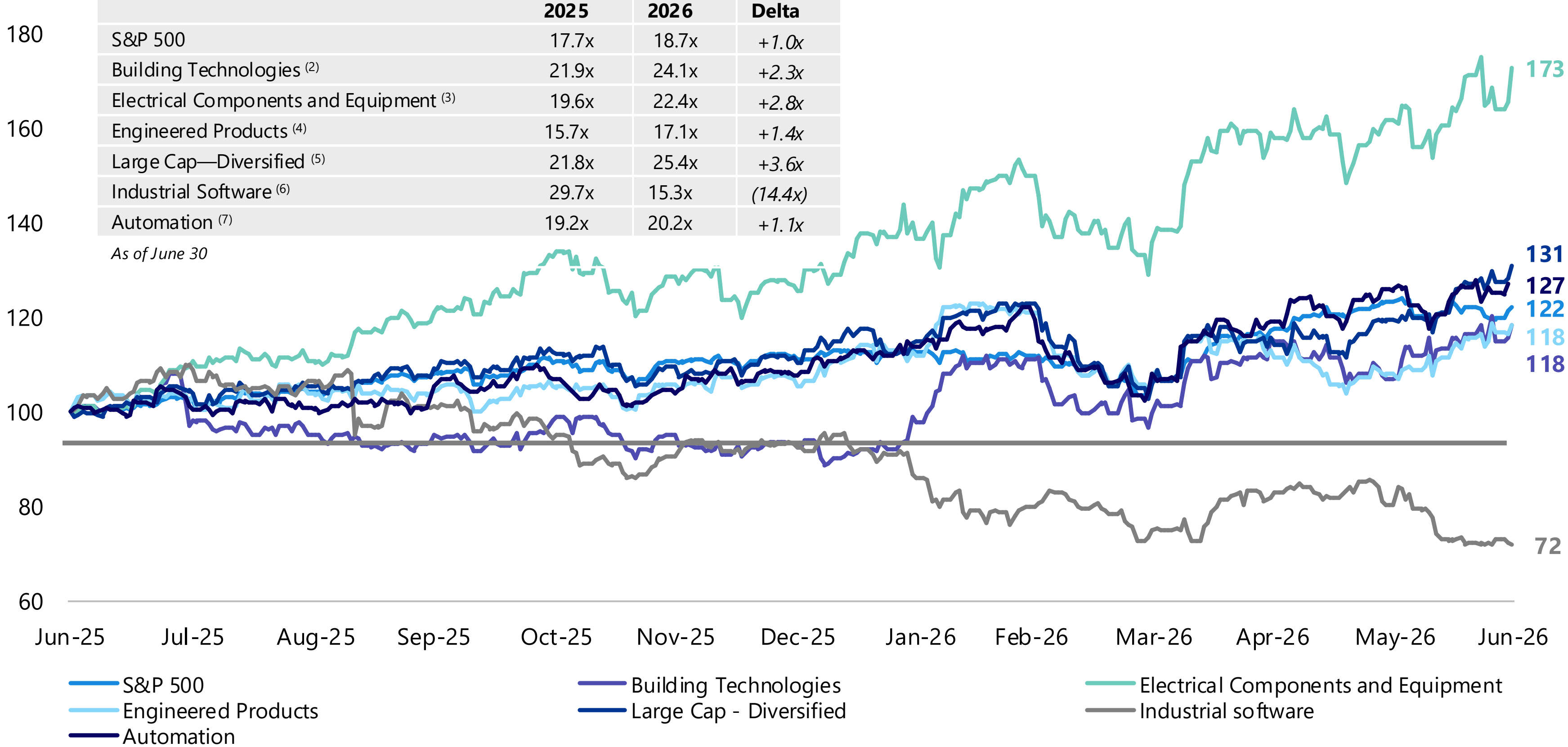
Most indices have outperformed the S&P in the last 12 months, led by Electrical Components and Equipment and Automation

(Indexed to 100)

Historical EV / LTM EBITDA Averages [1]

	2025	2026	Delta
S&P 500	17.7x	18.7x	*+1.0x*
Building Technologies [2]	21.9x	24.1x	*+2.3x*
Electrical Components and Equipment [3]	19.6x	22.4x	*+2.8x*
Engineered Products [4]	15.7x	17.1x	*+1.4x*
Large Cap—Diversified [5]	21.8x	25.4x	*+3.6x*
Industrial Software [6]	29.7x	15.3x	*(14.4x)*
Automation [7]	19.2x	20.2x	*+1.1x*

As of June 30



Source: Capital IQ as of 6/30/2026.

1. Averages exclude multiples greater than 50x.
2. Building Technologies includes Carrier Global, Johnson Controls International, Trane Technologies plc.
3. Electrical Components and Equipment includes AMETEK, Amphenol, Atkore Inc., Belden, Bel Fuse Inc., Forgent Power Solutions, Generac Holdings, Hubbell, Legrand SA, Littelfuse, nVent Electric, Prysmian, Sensata Technologies, TE Connectivity, Teledyne Technologies, Vertiv.
4. Engineered Products includes A. O. Smith, Crane, Dover, ESCO Technologies, Enpro, Flowserve, Fortive, Franklin Electric, Gates Industrial, Graco, Helios, IDEX, ITT, Ingersoll Rand, Lincoln Electric, Nordson, Pentair, Regal Rexnord, Rotork, SPX Technologies, Stanley Black & Decker, Vontier, Watts Water Technologies, Xylem.
5. Large Cap – Diversified includes 3M, Eaton, General Electric, Illinois Tool Works, Parker-Hannifin, Siemens.
6. Industrial Software includes Autodesk, Bentley Systems, Dassault Systèmes, Hexagon, PTC, Synopsys, Trimble.
7. Automation includes ABB, Cognex, Danaher, Emerson, Fanuc, Honeywell Technologies, Keyence, OMRON, Rockwell Automation, Schneider Electric, Yokogawa Electric, Zebra Technologies.

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Q2 M&A Spotlight: Aerospace and Defense

Major deals driven by structural tailwinds in aerospace supply-chain manufacturing and distribution, as well as greater investment in the space economy

May 21, 2026
$2,550mm

Parker

Is Acquiring

CIRCOR

Commercial and Defense Aerospace Business

- **Deal Synopsis:** Parker Hannifin agreed to acquire CIRCOR's Commercial and Defense Aerospace business from KKR for $2.55 billion in cash. The business designs and manufactures highly engineered flight-critical motion and flow-control products used across commercial aircraft and defense platforms
- **Rationale:** The acquisition deepens Parker's exposure to attractive aerospace and defense end markets while adding proprietary technologies with significant aftermarket potential. The business offers strong margins, entrenched positions on premier aerospace programs, and highly complementary capabilities within Parker's existing aerospace portfolio
- **Financial Information:** $2.55 billion transaction value, representing 22.7x CIRCOR Aerospace's calendar year 2026 estimated adjusted EBITDA

June 8, 2026

BainCapital

Is Acquiring a Majority Stake in

FDH

- **Deal Synopsis:** Bain Capital agreed to acquire a majority stake in FDH Aero, a leading aerospace and defense supply-chain solutions provider, from Audax Private Equity, which will remain a significant investor. FDH specializes in aerospace hardware, electrical products, consumables, and logistics solutions supporting both OEM and aftermarket customers globally
- **Rationale:** Bain's investment supports FDH's next phase of growth by expanding its global distribution footprint, accelerating M&A activity, and strengthening its position as a strategic aerospace supply-chain partner. The business benefits from growing aerospace production rates, increasing supply-chain complexity, and recurring aftermarket demand
- **Financial Information:** Financial information was not disclosed

June 29, 2026
$8,000mm

ROCKETLAB

Is Acquiring

iridium

- **Deal Synopsis:** Rocket Lab announced an agreement to acquire Iridium Communications in a cash-and-stock transaction valued at approximately $8.0 billion. The acquisition combines Rocket Lab's launch and satellite manufacturing capabilities with Iridium's global L-band communications network, spectrum assets, and 66-satellite LEO constellation, creating a vertically integrated space infrastructure platform
- **Rationale:** The transaction expands Rocket Lab beyond launch and spacecraft manufacturing into ownership of a scaled operational satellite network. Rocket Lab gains immediate exposure to satellite communications, IoT, direct-to-device connectivity, alternative PNT services, and a large recurring-revenue subscriber base, while strengthening its ability to compete across the broader space economy
- **Financial Information:** ~$8.0 billion transaction value, representing 16.2x Iridium's 2025 Operational EBITDA

Source: Company filings and press releases.

Q2 M&A Spotlight: Mission-Critical Industrials

Major electrification and mission-critical transactions highlighted this quarter's M&A activity, with buyers wanting to capitalize on growing infrastructure needs

April 15, 2026
$2,550mm

Is Acquiring

$2,350mm

- **Deal Synopsis:** ESCO Technologies agreed to acquire Megger Group from TBG AG for $2.35 billion in cash and stock. Megger is a global provider of testing, monitoring, diagnostics, and analytics solutions for electric utility and critical infrastructure applications
- **Rationale:** The transaction significantly expands ESCO's Utility Solutions platform, increasing its global scale and strengthening exposure to grid modernization, power reliability, renewable energy, transportation, and data-center infrastructure markets. Megger's software, analytics, and testing capabilities are highly complementary to ESCO's existing portfolio
- **Financial Information:** $2.35 billion transaction value, consisting of approximately $0.9 billion cash and $1.4 billion in ESCO equity. The value represents approximately 14x projected 2026 EBITDA, including synergies

May 4, 2026
$$3,000mm

Is Acquiring

- **Deal Synopsis:** Hubbell acquired NSI Industries from Sentinel Capital Partners in an all-cash transaction valued at $3.0 billion. NSI is a leading manufacturer and supplier of electrical fittings, connectors, wire-management products, and related electrical infrastructure components sold through broad distributor channels
- **Rationale:** The acquisition expands Hubbell's Electrical Solutions segment with highly complementary products and leading brands serving electrification, infrastructure, industrial, and data-center markets. The transaction enhances Hubbell's exposure to long-term electrical infrastructure growth themes
- **Financial Information**: $3.0 billion transaction value, representing ~15.5x anticipated 2026 EBITDA

May 6, 2026
$$5,000mm

Is Acquiring

Instrumentation Portfolio

- **Deal Synopsis:** AMETEK entered into an agreement to acquire Indicor Instrumentation, a portfolio of mission-critical industrial and scientific instrumentation businesses, in an all-cash transaction valued at approximately $5.0 billion. The businesses will be integrated into AMETEK's Electronic Instruments and Electromechanical Groups
- **Rationale:** The acquisition adds a portfolio of highly engineered niche-market businesses with strong recurring revenue characteristics, attractive margins, and end-market overlap with AMETEK's existing operations. Management highlighted meaningful value-creation opportunities through integration into the AMETEK operating model
- **Financial Information:** ~$5.0 billion transaction value, representing ~14x Indicor Instrumentation's EBITDA

Source: Company filings and press releases.

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