



# AEROSPACE & DEFENSE AND INDUSTRIAL TECHNOLOGY

## Quarterly M&A Update

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# Current M&A Market Trends in Aerospace & Defense and Industrial Technology (“ADIT”)

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

## M&A Market Outlook

### Resilient Economic Fundamentals Support Continued Deal Activity

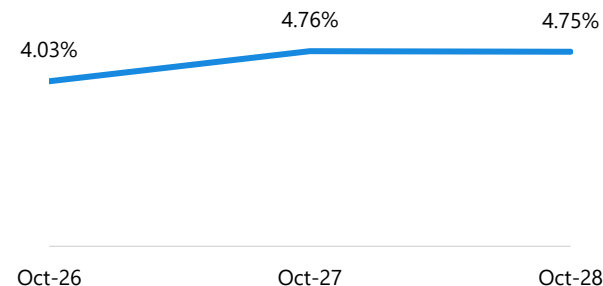
- CEO confidence and strategic activity remain strong, supporting healthy M&A volumes across A&D and industrial technology markets
- Inflation has remained relatively stable throughout Q3, with headline CPI remaining unchanged at 3.4% in August. Although interest rates remain elevated, financing markets have remained open and credit availability has improved relative to 2025 levels, supporting transaction activity and underwriting confidence. The Federal Reserve raised interest rates by 25 basis points in September, maintaining a cautious near-term approach amid ongoing geopolitical uncertainties; however, stabilizing inflation, resilient labor markets and manufacturing growth provide favorable longer-term fundamentals for deal activity
- Elevated oil prices tied to continued Middle East instability remain a key watch item, with the energy index increasing 16.3% in August. However, M&A activity in the quarter supports serviceable conditions for strategic acquisitions and broader capital deployment

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

- Expectations for M&A activity through the remainder of 2026 remain positive, supported by continued strategic buyer activity and attractive tailwinds across A&D and industrial technology markets
- Corporates continue to advance strategic transformation through opportunistic acquisitions and divestitures, including spin-offs, with buyers focused on expanding technological capabilities, strengthening supply-chain resiliency and increasing exposure to attractive long-term growth themes
- 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 <sup>(1)</sup>

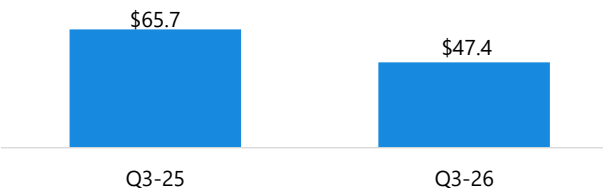
(3-Month Forward Term SOFR)



### US and Canada Q3 M&A Volume <sup>(2)</sup> – A&D and IT

M&A volume remains strong and deal count increased, despite the drop in dollar amount YoY

(\$ in billions)



1. Pensford SOFR data as of October 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

# Key Observations and Themes in Our Core Markets

Strategic activity remains strong in our core markets, with corporates continuing to advance strategic transformation and capture opportunistic tailwinds

## Commercial Aerospace and Aviation

- M&A momentum in the OE supply chain and aftermarket continues to be strong, exemplified by recent transactions involving Consolidated Precision Products (GE Aerospace), MRO Holdings (AAR) and other strategic acquisitions focused on technology and platform expansion
- Buyers continue to acquire commercial aero suppliers at valuations that underwrite strong future production rates
- Aftermarket “supercycle” remains intact due to resilient passenger traffic and aging global fleets, with transformational M&A activity such as AAR’s \$3.1bn controlling investment in MRO Holdings
- Elevated fuel prices driven by the Iran and Houthi 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

- Missile production has become the dominant defense-industrial story, with the most consequential development being the transition from “increased demand” to multi-year industrial scaling
- Counter-UAS became a mainstream defense procurement category, as these capabilities continued moving from experimental programs toward scaled deployment
- Sixth-generation combat aircraft programs gained momentum, with progress on CCAs and F/A-XX awards
- Naval rearmament continues to be a bottleneck of focus
- Starship Flight 14 became the first Starship mission to reach orbit and deploy operational payloads
- Recent transactions, including Lockheed Martin’s acquisition of Ultra Maritime, Thales’ acquisition of Exail’s advanced navigation activities and Intuitive Machines’ acquisition of Maxar Space Systems, highlight the growing scale and strategic importance of the defense ecosystem

## Industrial Technology

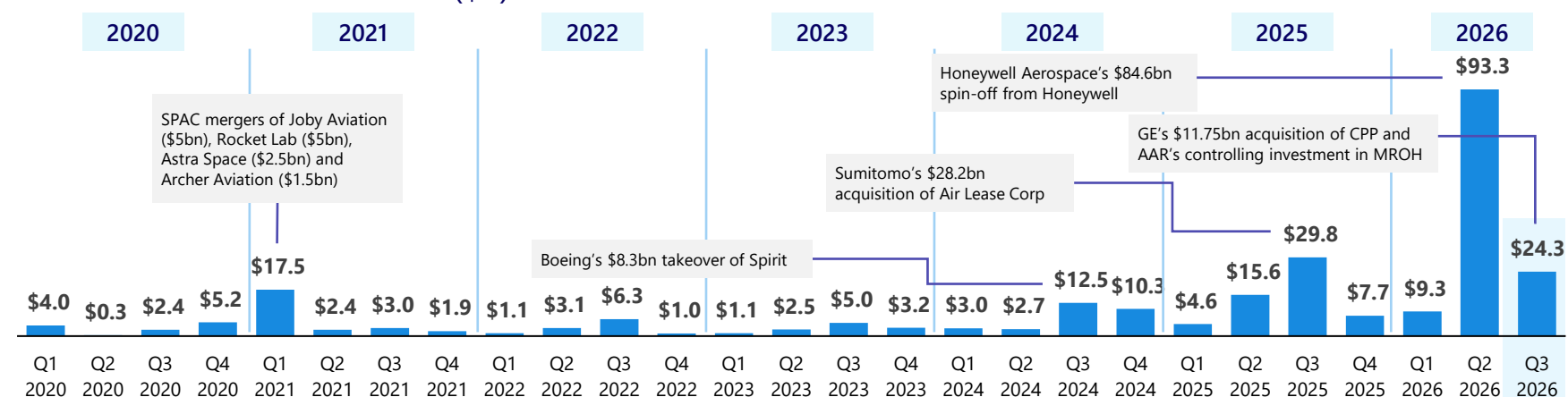
- US manufacturing remained resilient through Q3 2026, with the Purchasing Managers Index (PMI) at 55.9% in September, marking the highest level since May 2022
- Manufacturing businesses remain among the sectors most exposed to tariff developments and changing trade dynamics as policy uncertainty continues to influence capital spending decisions
- Corporate buyers remain active as they execute strategic portfolio transformation initiatives, exemplified by ABB’s acquisition of Rotork and Prysmian’s acquisition of Atkore, 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
- AI-driven data center investment continues to accelerate demand for industrial gas turbines (IGTs) and distributed power amid grid and equipment constraints, with SpaceX announcing plans to manufacture critical turbine blades and vanes in-house to accelerate natural gas generation capacity for AI infrastructure

# **Q3 2026 RECAP**

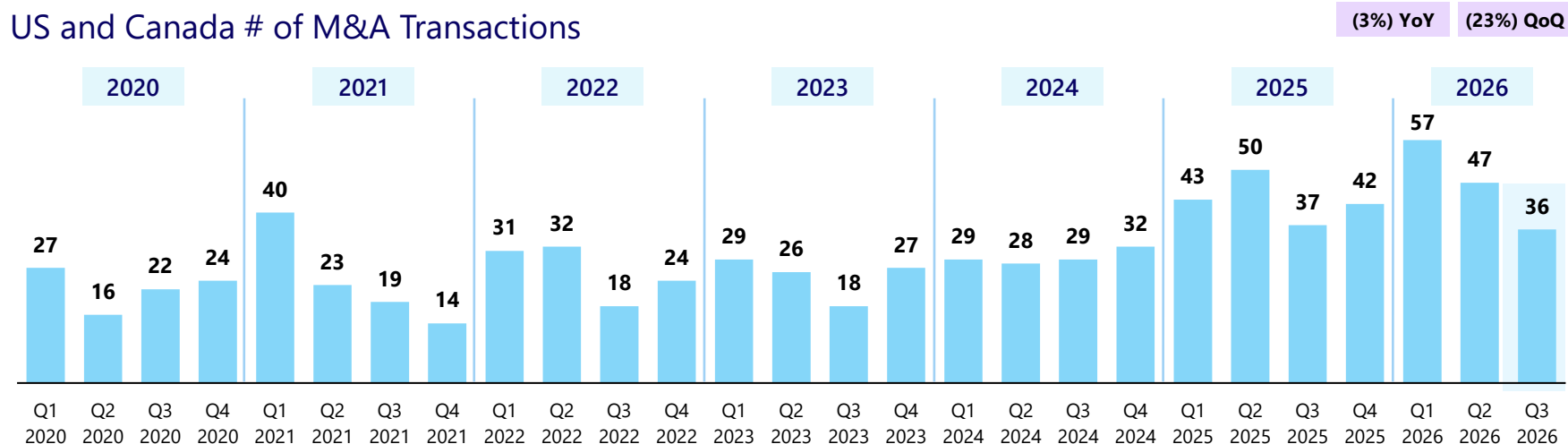
# Commercial Aerospace and Aviation

Q3 2026 M&A dollar volume remained strong after being drastically elevated last quarter due to the spin-off of Honeywell Aerospace, despite deal count dropping modestly from the previous quarter

## US and Canada M&A Volume (\$B)



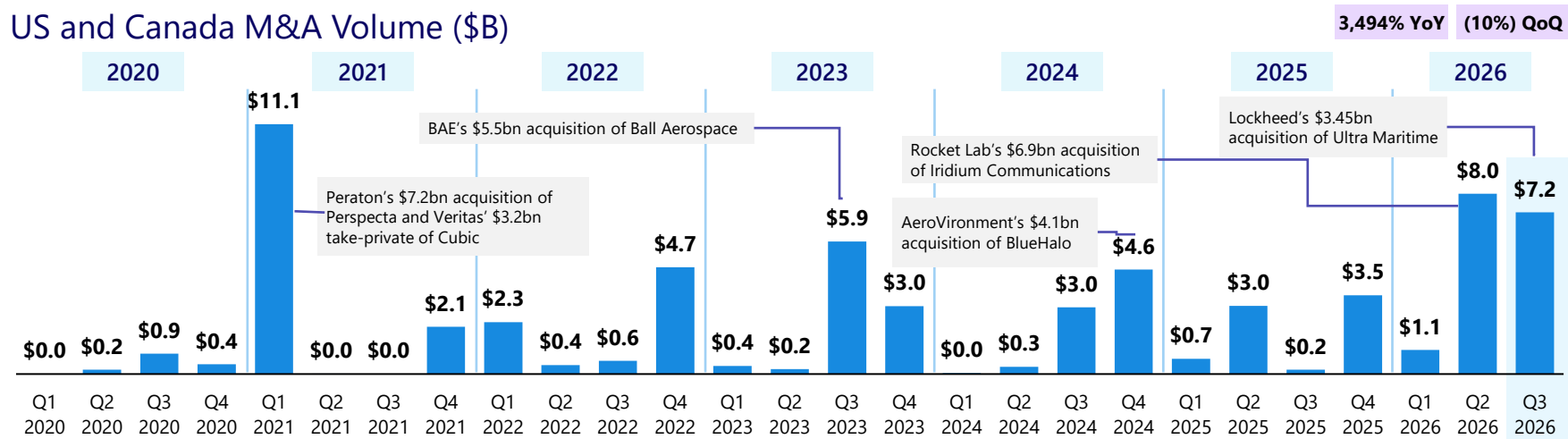
## US and Canada # of M&A Transactions



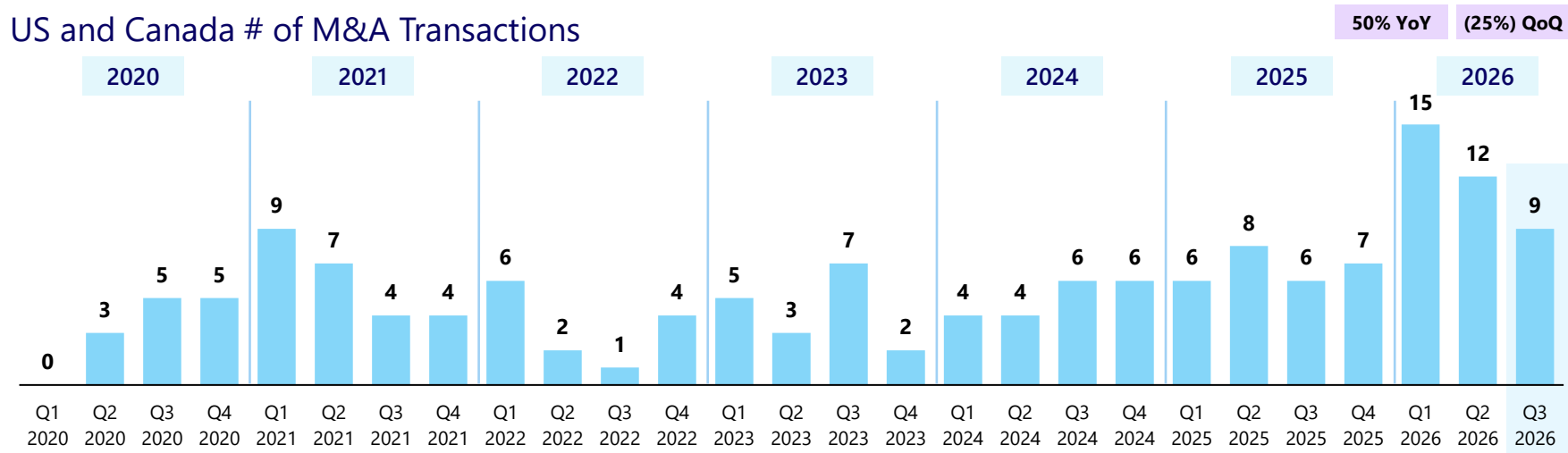
# Defense and Space

Q3 2026 Defense and Space M&A volume fell slightly while deal volume and count remain higher than that of any equivalent quarter in the last five years

## US and Canada M&A Volume (\$B)



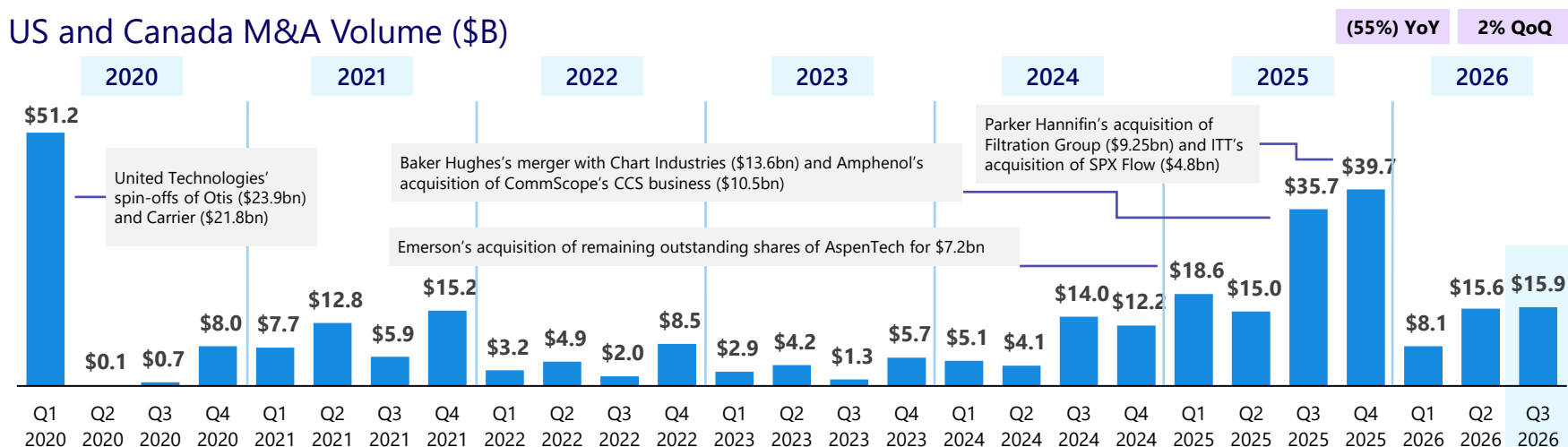
## US and Canada # of M&A Transactions



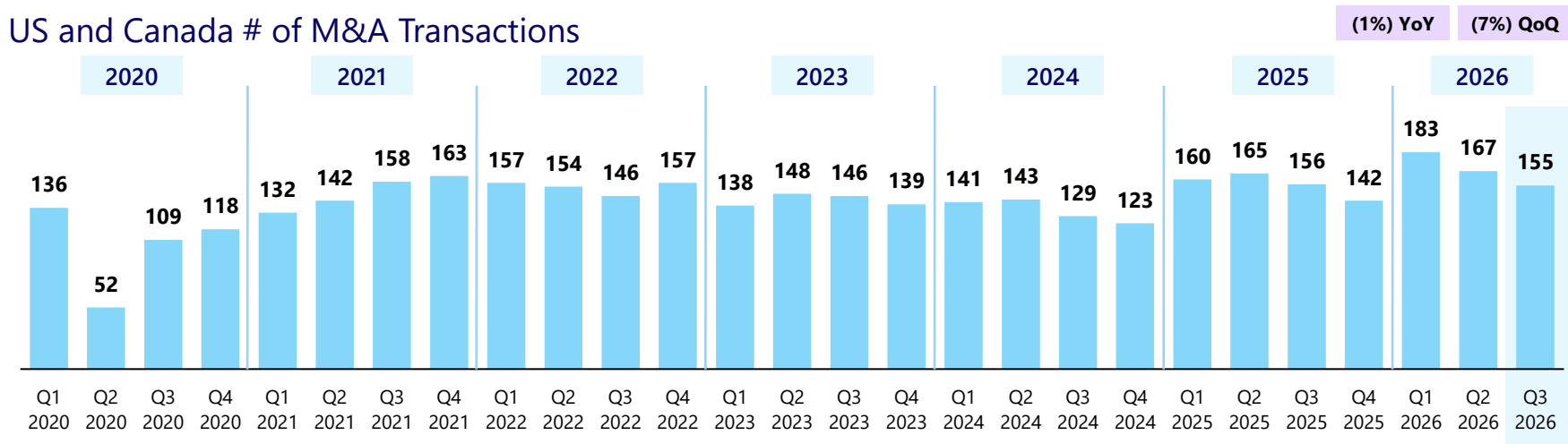
# Industrial Technology

Q3 2026 Industrial Technology M&A volume was up from the previous quarters despite lower deal count, suggesting fewer but larger deals

## US and Canada M&A Volume (\$B)



## US and Canada # of M&A Transactions



Source: Dealogic as of 9/30/2026 – 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.

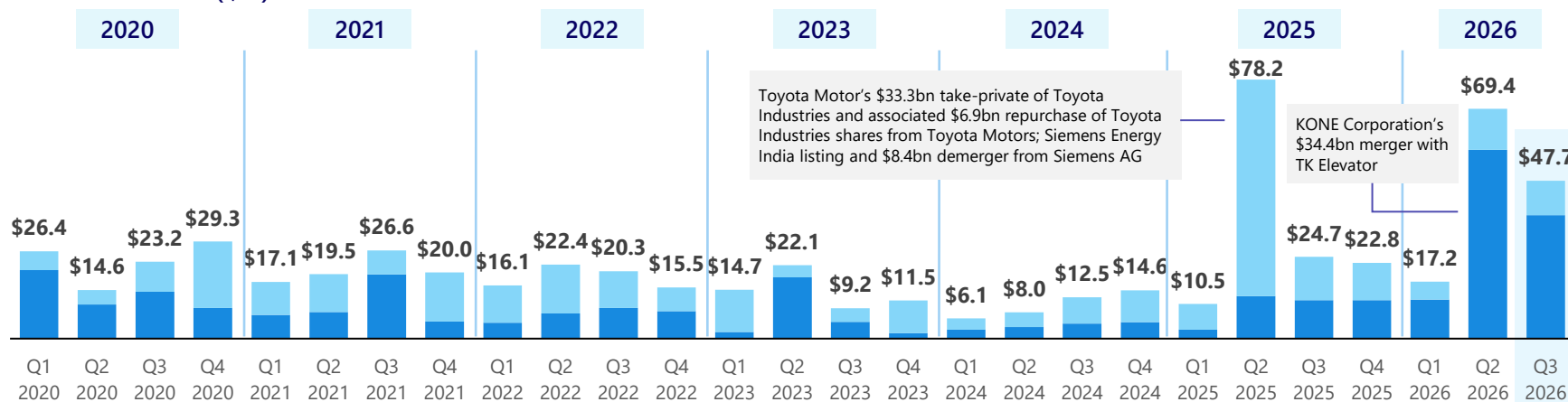
# Western Europe and Rest of World – Aerospace & Defense and Industrial Technology

M&A dollar volume and deal count in Western Europe and Rest of World dropped modestly from last quarter but remain strong

## M&A Volume (\$B)

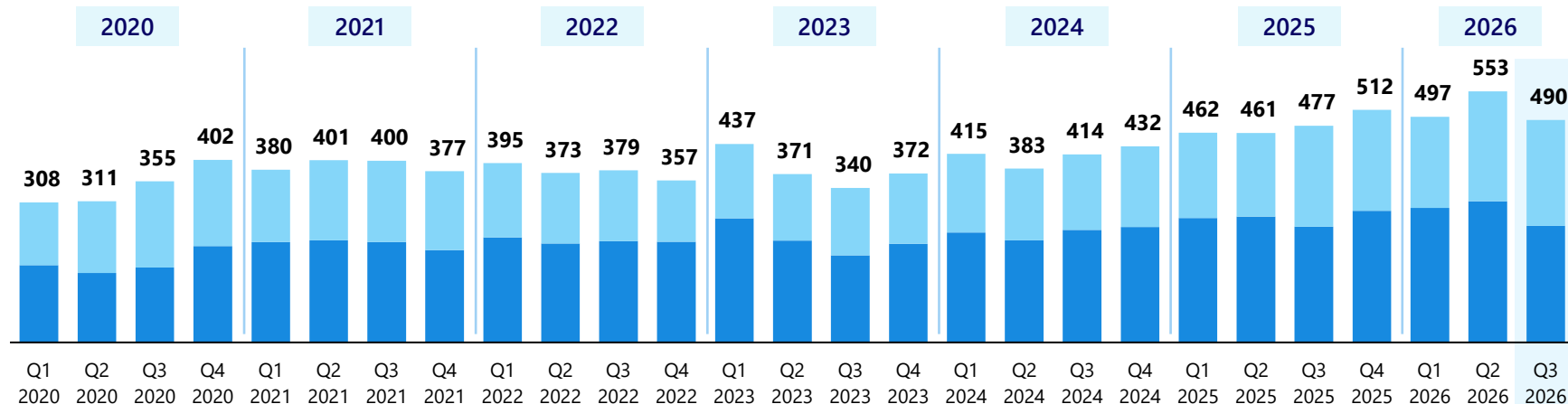
Western Europe <sup>(1)</sup> Rest of World <sup>(1)</sup>

93% YoY (31%) QoQ



## # of M&A Transactions

3% YoY (11%) QoQ



Source: Dealogic as of 9/30/2026 – based on announced transactions.

Note: Deals are the aggregate of aerospace, defense and industrial technology; 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.

# Aerospace & Defense LTM Public Equity Performance

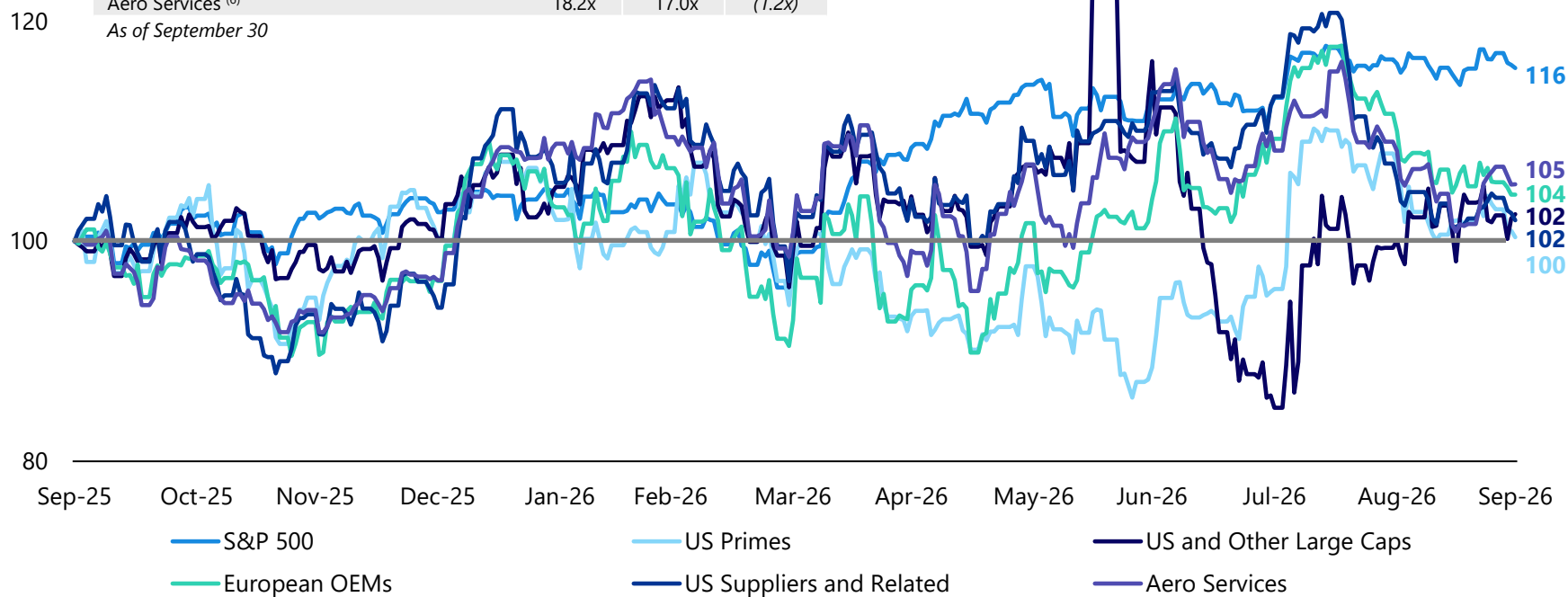
A&D indices have underperformed the broader market as of late, with geopolitical uncertainty weighing on companies across the sector in Q3

(Indexed to 100)

140 Historical EV / LTM EBITDA Averages <sup>(1)</sup>

|                                         | 2025  | 2026  | Delta  |
|-----------------------------------------|-------|-------|--------|
| S&P 500                                 | 18.8x | 18.1x | (0.7x) |
| US Primes <sup>(2)</sup>                | 17.9x | 15.0x | (2.9x) |
| US and Other Large Caps <sup>(3)</sup>  | 24.8x | 22.9x | (1.9x) |
| European OEMs <sup>(4)</sup>            | 22.1x | 19.0x | (3.2x) |
| US Suppliers and Related <sup>(5)</sup> | 24.6x | 23.8x | (0.8x) |
| Aero Services <sup>(6)</sup>            | 18.2x | 17.0x | (1.2x) |

As of September 30



Source: Capital IQ as of 9/30/2026.

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, GE Aerospace, Honeywell Aerospace, L3Harris, Parker-Hannifin, SpaceX, Textron, TransDigm.

4. European OEMs includes Airbus, BAE Systems, Dassault Aviation, Leonardo, Rolls-Royce, Saab, Safran.

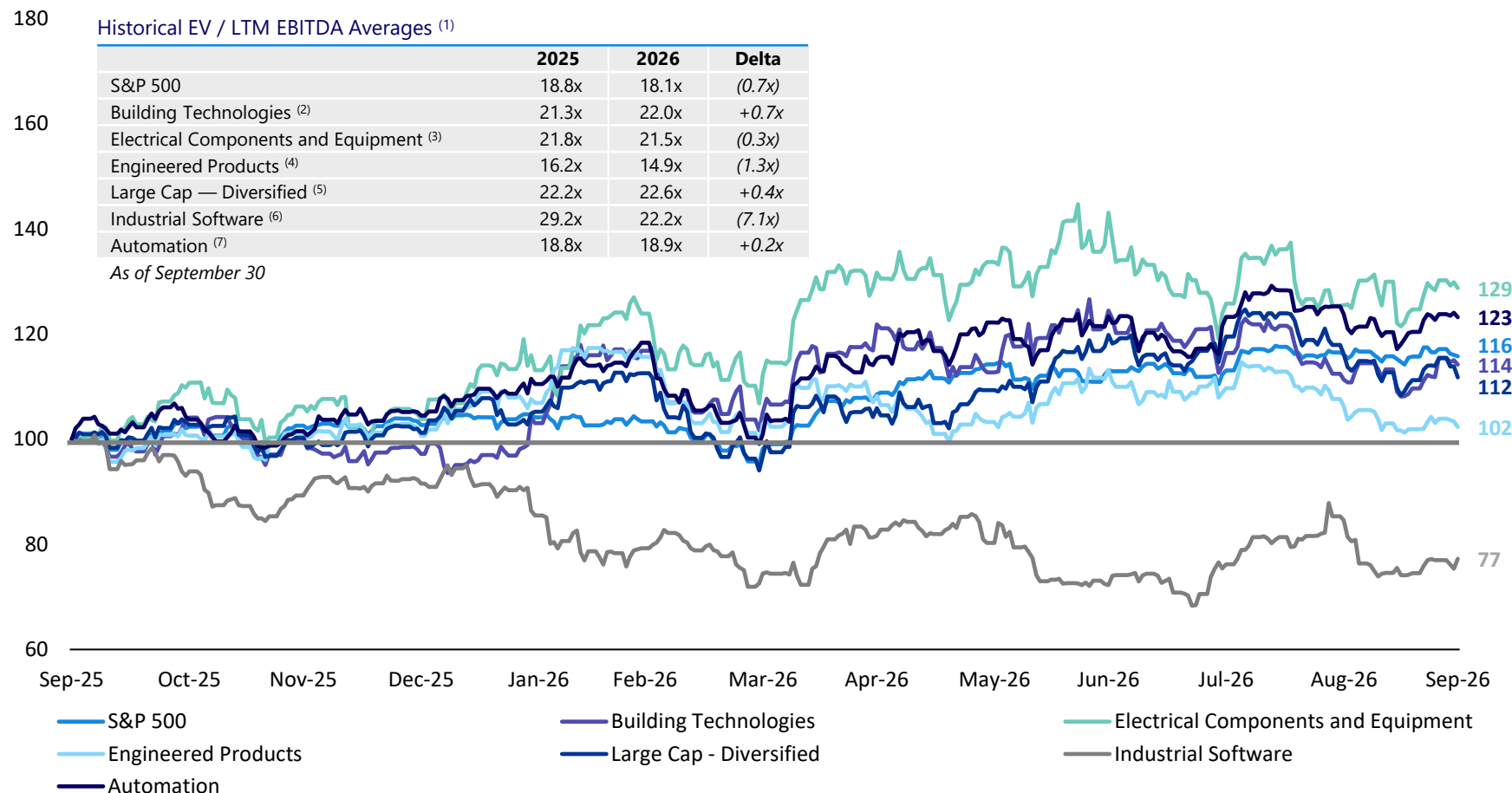
5. US Suppliers and Related includes AeroVironment, AEVEX, Albany, Applied Aerospace, Arxis, Astronics, Crane, Curtiss-Wright, Ducommun, Garmin, HEICO, ITT, Karman Holdings, Kratos Defense & Security, Leonardo DRS, Loar, Mercury Systems, Moog, Park Aerospace, RBC Bearings, Teledyne Technologies, Woodward.

6. Aero Services includes AAR, AerSale, MTU Aero Engines, Singapore Technologies, StandardAero, VSE.

# Industrial Technology LTM Public Equity Performance

Most indices have directionally tracked the broader market, with the AI buildout benefitting Electrical Components and Equipment and Automation while weighing on the outlook for Industrial Software

(Indexed to 100)



Source: Capital IQ as of 9/30/2026.

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.

# Q3 M&A Spotlight: Aerospace and Defense

Transformational deals across the value chain from airlines to OE manufacturing to aftermarket MRO were announced in Q3

September 28, 2026



Is Acquiring a  
Controlling Interest in



\$4,000mm

- **Deal Synopsis:** AAR agreed to acquire a controlling 65% stake in MRO Holdings, a leading provider of commercial aviation maintenance, repair and overhaul (MRO) services, with the option to acquire the remaining 35% within the next six years
- **Rationale:** The transaction expands AAR's maintenance network and strengthens its position in the global aviation aftermarket through the addition of a scaled provider with long-standing airline customer relationships. It expands maintenance capacity, increases exposure to favorable MRO market fundamentals and broadens relationships with airline customers. The transaction also provides AAR with a structured path toward full ownership while strengthening its ability to offer integrated maintenance, repair and supply chain solutions across the aircraft lifecycle
- **Financial Information:** Implied enterprise value of \$4.0 billion, representing ~14x MROH CY2026 Adj. EBITDA excluding expected net synergies and net tax benefits (10.7x including synergies and net tax benefits), financed with ~\$2.1 billion of new debt, ~\$780 million of equity and ~\$230 million of proceeds from a PIPE offering

September 8, 2026



GE Aerospace

Is Acquiring



\$11,750mm

- **Deal Synopsis:** GE Aerospace agreed to acquire Consolidated Precision Products (CPP), a leading manufacturer of highly engineered aerospace castings and components used in commercial and military aircraft engines for \$11.75 billion
- **Rationale:** The acquisition expands GE Aerospace's manufacturing capabilities and strengthens its position across critical engine components and advanced materials, enhancing GE Aerospace's vertically integrated supply chain by adding a leading producer of mission-critical castings and components. The transaction supports production ramp-up initiatives, improves supply-chain resiliency and increases control over strategically important engine manufacturing processes
- **Financial Information:** \$11.75 billion transaction value financed with \$7 billion in cash, with the remainder in new debt; values CPP at ~18x 2027 EBITDA including expected net synergies (~26x without synergies)

August 6, 2026

APOLLO

Is Acquiring

easyJet

\$7,700mm

- **Deal Synopsis:** Apollo Global Management agreed to acquire easyJet, one of Europe's largest low-cost airlines, in a transaction valuing the company at approximately \$7.7 billion (£5.7 billion). The deal follows the withdrawal of a competing bid from Castlelake and will take easyJet private
- **Rationale:** The acquisition provides Apollo with a scaled platform in European commercial aviation, including access to easyJet's extensive route network, leading position in the low-cost carrier market and valuable airport slots at key European airports. Apollo intends to support easyJet's long-term growth initiatives, including expansion of its holidays business and broader commercial strategy under private ownership
- **Financial Information:** \$7.7 billion transaction value with consideration paid fully in cash, representing a valuation of £7.15 per easyJet share, a premium of ~81% to its share price before takeover speculation began

## Q3 M&A Spotlight: Industrial Technology

Major automation, electrification and engineered product transactions highlighted this quarter's M&A activity, with strategic buyers pursuing portfolio expansion to capitalize on growing infrastructure needs

August 17, 2026

MADISON  AIR.

Is Acquiring



\$5,400mm

- **Deal Synopsis:** Madison Air agreed to acquire ebm-papst, a global leader in airflow technology, ventilation systems and electronically commutated fan and motor solutions for \$5.4 billion
- **Rationale:** The acquisition vertically integrates differentiated airflow technology into Madison Air's portfolio while expanding exposure to attractive end markets, including data-center cooling, commercial HVAC and industrial process applications. The transaction also increases Madison Air's international footprint and strengthens its position in the growing air-quality and cooling infrastructure markets
- **Financial Information:** \$5.4 billion enterprise value, which represents 14.6x forecasted 2026 Adj. EBITDA or ~10x including estimated run-rate synergies

August 3, 2026



Is Acquiring



\$3,800mm

- **Deal Synopsis:** Prysmian entered into a definitive agreement to acquire Atkore, a leading manufacturer of electrical infrastructure products, including conduit, cable management systems, fittings and cable-adjacent solutions, for \$3.8 billion
- **Rationale:** The transaction enhances Prysmian's North American presence and creates a one-stop electrical infrastructure platform serving electrification, utility, construction and AI-driven data-center markets. Atkore's cable-adjacent products significantly broaden Prysmian's offering and strengthen customer relationships across critical infrastructure projects
- **Financial Information:** \$3.8 billion (€3.3 billion) enterprise value, \$95.00 per share in cash, a premium of ~23% over Atkore's 90-day VWAP at the time of announcement; implied multiple of 9.8x EV/EBITDA 2025A and 7.1x including run-rate synergies

July 16, 2026



Is Acquiring



\$5,500mm

- **Deal Synopsis:** ABB agreed to acquire Rotork, a leading provider of mission-critical intelligent flow-control solutions and electric actuators for \$5.5 billion
- **Rationale:** The transaction strengthens ABB's automation portfolio by enhancing its "sense-control-act" automation capabilities and increasing exposure to higher-margin products, services and lifecycle revenues. Rotork's intelligent flow-control solutions complement ABB's existing automation platform and deepen its presence in critical infrastructure and industrial end markets
- **Financial Information:** \$5.5 billion (£4.1 billion) transaction value with consideration paid fully in cash, valuing Rotork stock at £5.03 per share, representing a premium of ~60% to Rotork's latest three-month average share price; implied multiple of ~19.5x 2025 EBITDA excluding synergies and "mid teens" including anticipated synergies

# About Our Aerospace & Defense and Industrial Technology Practice

## Core Sector Focus Areas

### Aerospace & Defense

- Aftermarket & MRO
- Aviation Services
- Defense Systems and Suppliers
- Defense Tech & Space
- Government Services
- OEMs & Manufacturing Supply Chains
- Operators
- Rotorcraft

### Industrial Technology

- Advanced Manufacturing
- Automation
- Building Technologies
- Capital Goods
- Electrical Equipment
- Engineered Products
- Industrial Services and Software
- Motion & Flow Control
- Nuclear Energy

## Select Announced or Completed Transactions



Pending sale of a controlling interest to



Serving as lead financial advisor to MRO Holdings



Acquisition of



Served as financial advisor to H.I.G. Capital



Acquisition of



Served as financial advisor to Bristow



Served as financial advisor to CMI Group on its comprehensive refinancing



Acquisition of



**Special Wires Business**

Served as financial advisor to Fisk Alloy



Acquisition of



Served as financial advisor to Blackstone



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