



**Aerospace | Defense & Government |  
Intelligence Community**

**March 2025 Market Snapshot**

## **IN THIS ISSUE**

Spotlight	2
What We're Reading	3
Valuation Trends	4
Public Company Valuations	5
M&A Trends	6
Monthly Transaction Activity	7
Monthly Venture Activity	9

**R. LEE PRIEST, JR.**

703-231-6924

[lpriest@southwindcap.com](mailto:lpriest@southwindcap.com)

**J. HARRISON POWELL, II**

804-338-3915

[hpowell@southwindcap.com](mailto:hpowell@southwindcap.com)

*Securities transactions for Southwind are conducted through Ashton Stewart & Co. Inc., Member FINRA/SIPC. Certain individuals of Southwind are Registered Representatives of Ashton Stewart & Co., Inc., which is not affiliated with Southwind.*

## Autonomy, AI and Deception at Scale

For decades, legacy defense strategy has focused on building better hardware—faster jets, stealthier drones, more resilient satellites. The primes remain committed to the platform model: exquisite, monolithic systems with long development timelines and multi-billion-dollar price tags. But as battlefields become increasingly transparent—saturated with sensors, satellites, and open-source intelligence—visibility is inevitable. In that environment, survivability depends not on remaining unseen, but on controlling what the enemy thinks they see.

This is where the new wave of Defense Tech companies is gaining ground. Their focus isn't on signature suppression—it's on perception manipulation. They're deploying autonomous drone swarms that mimic force movements, training AI systems to spoof signals or communications, and building software that confuses rather than conceals. In this world, deception isn't an afterthought—it's the product. It's a fundamental divergence in worldview. Legacy primes are still investing in hardware dominance—hypersonic missiles, sixth-gen fighters, billion-dollar space assets.

Meanwhile, venture-backed firms are deploying low-cost autonomy, AI-driven misdirection, and dynamic electronic deception—tools that live in the electromagnetic spectrum and reshape the adversary's decision-making loop in real time. Critically, these aren't conceptual systems. Some are already operational in small-unit deployments or ISR overwatch roles. But most remain stuck in pilot programs—too novel for traditional acquisition paths and too software-heavy for legacy evaluation metrics built around physical performance. Unless procurement adapts, many of these capabilities will never reach scale.

Deception in warfare is nothing new. From feints on the battlefield to large-scale misdirection campaigns in World War II, the goal has always been the same: shape what the adversary sees—and how they react. In the modern era, electronic warfare has long served that purpose, using jamming, spoofing, and signal manipulation to disrupt enemy systems. What's changing now is scale. AI enables these tactics to be deployed autonomously, adaptively, and across domains—confusing not just human operators but the algorithms guiding their machines. Deception is no longer a specialized tactic. It's becoming a system-level capability.

In a transparent battlespace, platforms don't need to be invisible. They need to be misunderstood. And the companies that can scale deception—cheaply, quickly, and autonomously—may prove more disruptive than any new airframe. Companies that can scale *both* platforms *and* deception will become the prime contractors of the future.



Please see additional insights on the satellite & space industry in the [March 2025 Market Monitor](#) from our partners at Quilty Space.

## Strategy & Policy



### ✓ [Chokepoints Are the Focus of a New Cold War](#)

"Each of these corridors is a potential flashpoint, where geopolitics and economic leverage intertwine in ways that could cripple global commerce overnight."

### ✓ [Explaining Strategic Theory](#)

"...Strategic Theory is a simple, parsimonious, yet elegant, way of clarifying complexity."

### ✓ [Increasing American Technological Independence Is a National Security Imperative](#)

"Countries that are dependent on China's 5G capabilities will ultimately become economically dependent on the country and the 5G standards it will set."

## Trends in Technology



### ✓ [Winning the Tech War](#)

"The U.S. needs to increase investment across-the-board in critical technologies, from advanced batteries to robots, from autonomous vehicles and LiDAR to novel biotechnology."

### ✓ [3 Prominent Tech Reporters got Defense Tech Wrong](#)

"...the world remained dangerous and that bad actors would seek to hurt us, our way of lives, and the international order."

### ✓ [F-47 Was Born Out of Secret X-Planes Built by Both Boeing and Lockheed](#)

"It had been claimed that up to three demonstrator aircraft flew as part of the secretive program in recent years."

## Contracting, Procurement & Budget



### ✓ [How to Handle Winners \(and Losers\) in the Pentagon's 8% Budget Relook](#)

"The defense policy status quo remains highly resistant to change."

### ✓ [Pentagon May Break Up Tech Offices in Acquisition Policy Shift](#)

"...the plan aims to put more research-and-development costs on defense contractors."

### ✓ [Space Force Prepared to Divest Legacy Systems in Favor of Market-Ready Solutions](#)

"...plans to adopt mature, available technologies rather than developing custom-built solutions."

## Capital Markets



### ✓ [What Defense Tech Startups Need to Prove Before Securing Investment](#)

"...the zero-sum reality of Department of Defense budgeting cannot be overstated. Introducing new technologies often requires eliminating or reducing funding for existing programs."

### ✓ [Silicon Valley Conquers The Pentagon As Defense Tech Explodes](#)

"The key question isn't whether there will be spending, but rather which companies will capture it."

### ✓ [MDA Space Buys SatixFy](#)

"Mike Greenley, MDA's CEO, said SatixFy would strengthen the company's supply chain as it works to ramp up to producing two satellites a day with software-defined payloads that can be reprogrammed in orbit."

## Aviators & Warfighters



### ✓ [Major William Edward Adams](#)

"As his aircraft departed from the fire base, it was struck and seriously damaged by enemy antiaircraft fire..."

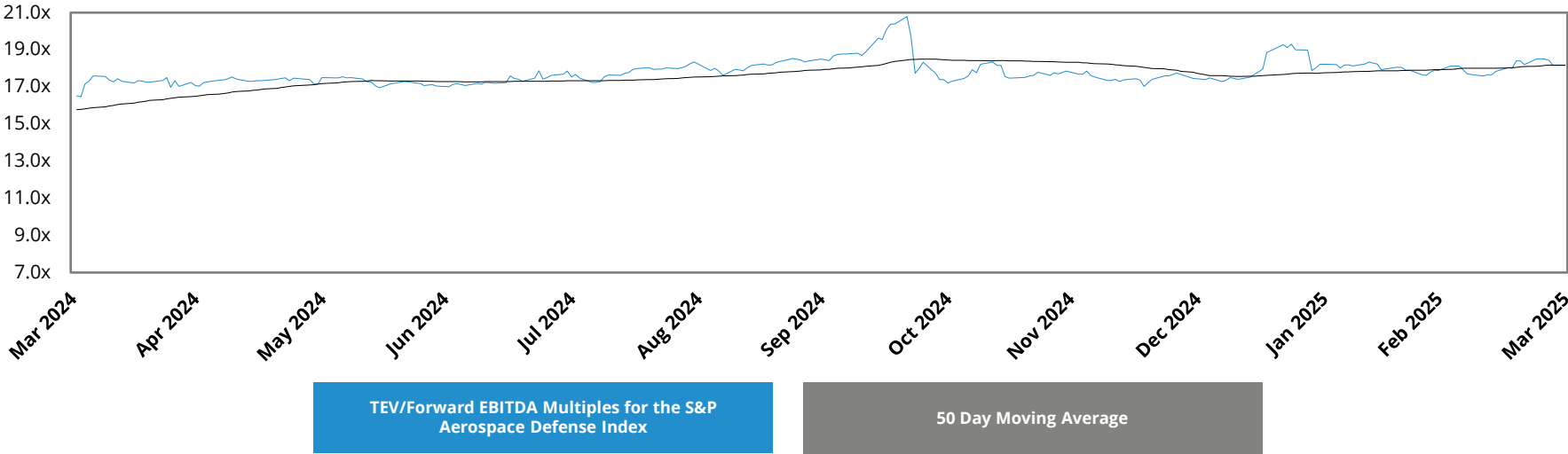
### ✓ [The 72-year-old Civil War Vet Who Lied About his Age to Fight in WWI](#)

"At the time, the oldest an enlistee could be was 45 years old. Boucher was 69..."

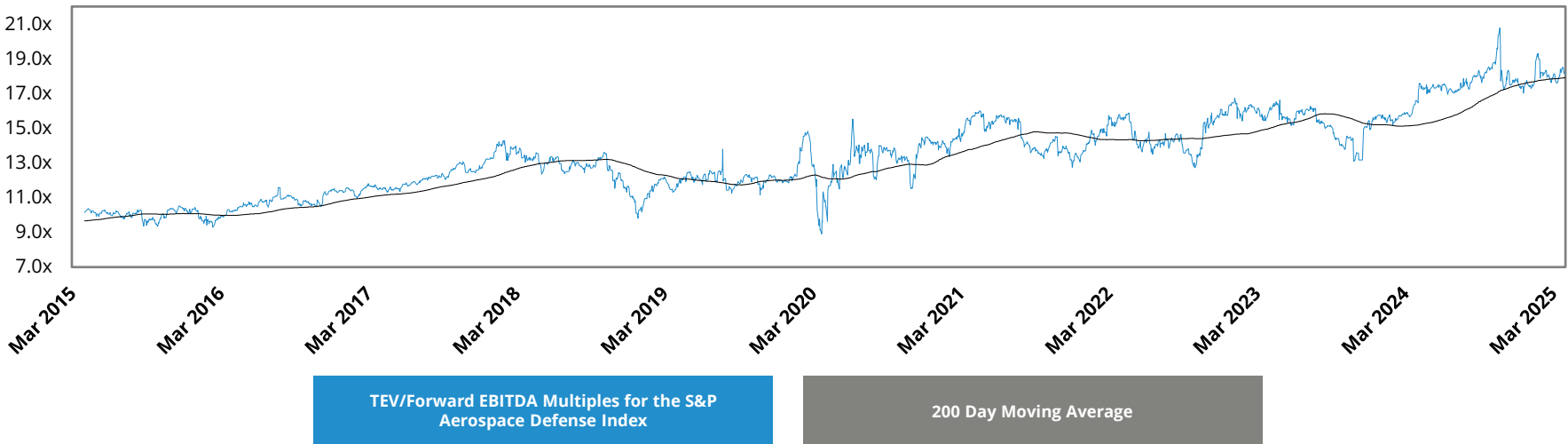
### ✓ [A Pistol, a Parachute and a Prayer](#)

"...Baggett learned that he was famous for being the only person in World War II to shoot down a plane with a pistol."

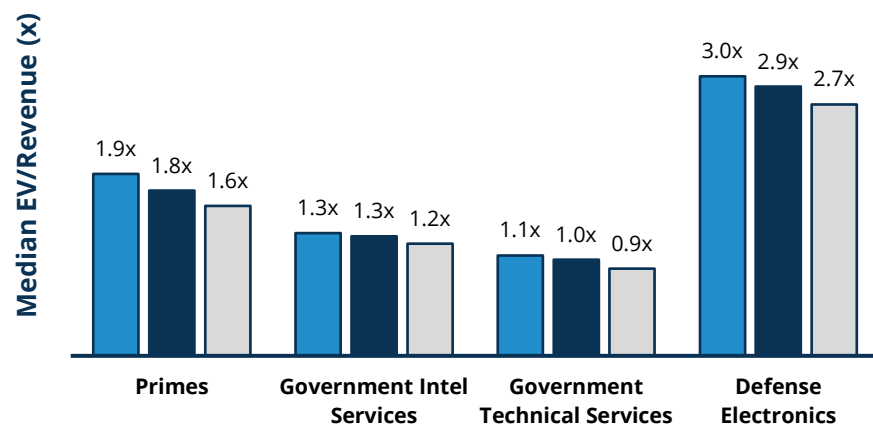
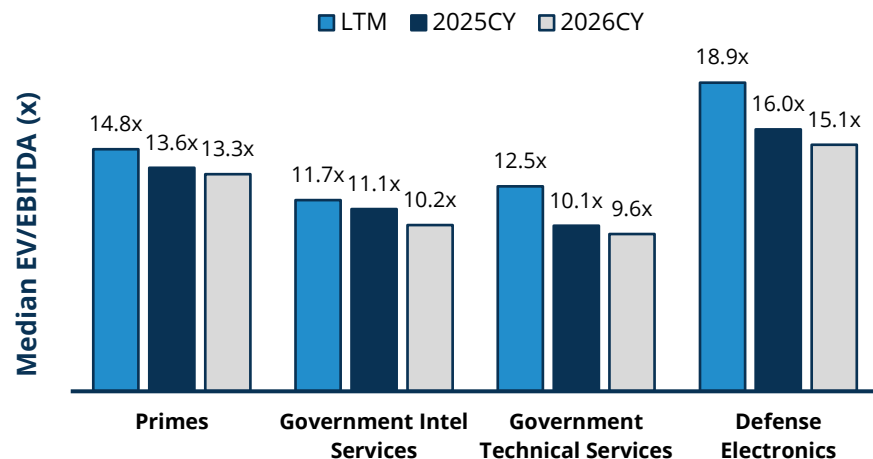
1-Yr Historical EBITDA Multiples\*



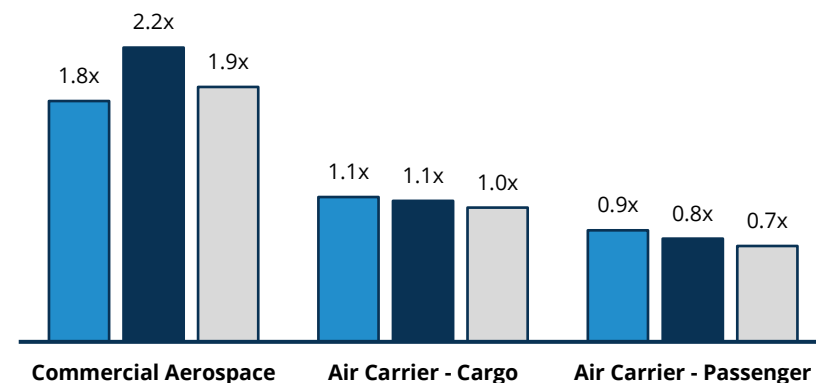
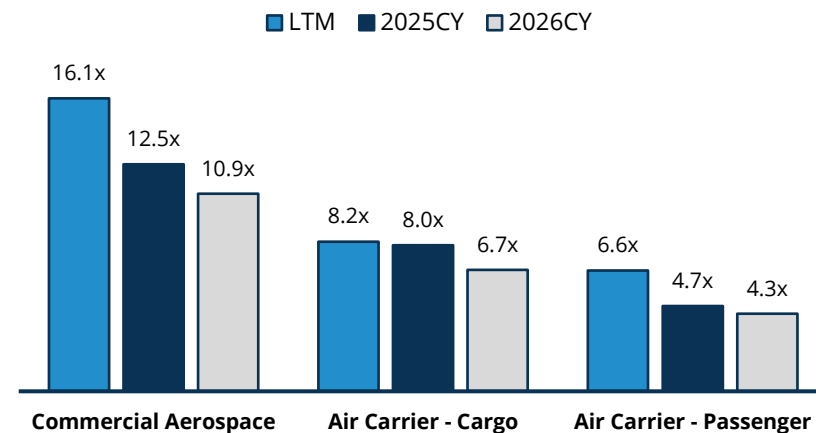
10-Yr Historical EBITDA Multiples\*



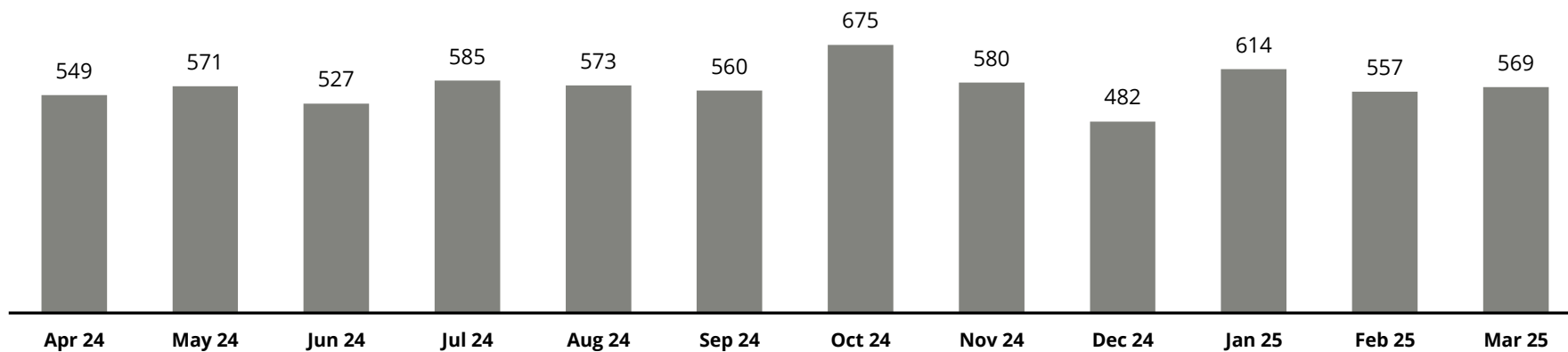
## Defense & Government | Intelligence Community\*



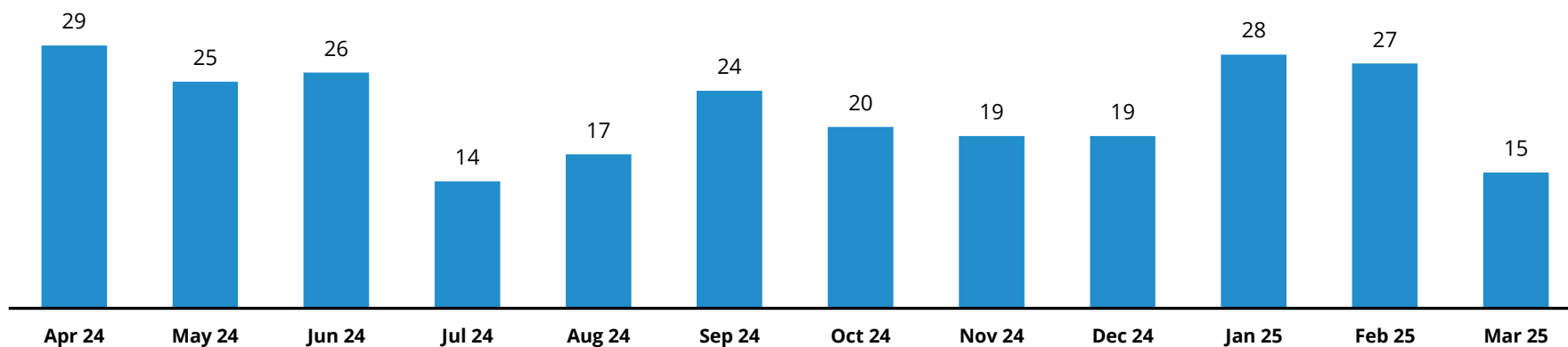
## Commercial Aerospace\*



### LTM US M&A Activity—Consolidated\*



### LTM US M&A Activity—Southwind Industry Universe\*



Date	Status	Target	Acquirer/Investor	Transaction Value (US\$ Mil)	Valuation (EV/LTM EBITDA)
03/04/2025	Announced	Sundyne LLC	Honeywell International Inc.	\$2,160.00	14.5x
03/11/2025	Announced	Mynaric AG	Rocket Lab USA, Inc.	\$150.00	n.d.
03/17/2025	Announced	McCormick Stevenson Corporation	REPKON USA Holdings, Inc.	n.d.	n.d.
03/03/2025	Closed	Cog Systems, Inc	Riverside Research Institute	n.d.	n.d.
03/03/2025	Closed	North Point Defense, Inc.	General Atomics Corp.	n.d.	n.d.
03/10/2025	Closed	Salesforce Division of Kavaliro Staffing Services, Inc.	Accordion Partners LLC	n.d.	n.d.
03/10/2025	Closed	Relativity Space, Inc.	Eric Schmidt	n.d.	n.d.
03/10/2025	Closed	Nexolve Holding Company, LLC	Applied Aerospace Structures, Corp.	n.d.	n.d.
03/18/2025	Closed	Blue Marble Communications, Inc.	T2S, LLC	n.d.	n.d.
03/18/2025	Closed	Mannakee Group, LLC	Redhorse Corporation	n.d.	n.d.
03/18/2025	Closed	IDSi, LLC	Frontgrade Technologies Inc	n.d.	n.d.

Date	Status	Target	Acquirer/Investor	Transaction Value (US\$ Mil)	Valuation (EV/LTM EBITDA)
03/19/2025	Closed	Clearwater Engineering, Inc.	Precision Aerospace Holdings, LLC	n.d.	n.d.
03/19/2025	Closed	Intrepid, LLC	Systems Planning and Analysis, Inc.	n.d.	n.d.
03/24/2025	Closed	Votaw Precision Technologies, Inc.	Cerberus Capital Management, L.P.	n.d.	n.d.
03/25/2025	Closed	Shearer and Associates, Inc.	RMC 2021 LLC	n.d.	n.d.
03/27/2025	Closed	Roka Security, LLC	Nightwing Group, LLC	n.d.	n.d.
03/31/2025	Closed	Phased N Research, Inc.	Radiance Technologies, Inc.	n.d.	n.d.
03/31/2025	Closed	Acron Aviation	TJC LP; Resolute Fund VI, L.P.	\$800.00	n.d.




Date	Status	Company	Deal Type	New Investor(s)	Industry Sector*	Investment Size (US\$ Mil)
03/01/2025	Completed	Rain (Aerospace and Defense)	Later Stage VC	Azolla Ventures	A&D	n.d.
03/01/2025	Announced / In Progress	Little Place Labs	Early Stage VC	Saïd Business School	A&D	\$2.00
03/01/2025	Completed	Enhanced Radar	Early Stage VC	Lombardstreet Ventures	A&D	n.d.
03/01/2025	Completed	Asylon	Later Stage VC	SkyRiver Ventures	A&D	n.d.
03/01/2025	Completed	Astral Materials	Early Stage VC	AE Blue Capital	A&D	n.d.
03/02/2025	Completed	Dystr	Early Stage VC	Female Founders Fund, Unpopular Ventures	A&D	n.d.
03/06/2025	Completed	Shield AI	Later Stage VC	2468 Ventures, AJL Capital, Booz Allen Hamilton, Fabrica Ventures, Hanwha Aerospace Company, Inflection Ventures (New York), L3 Harris Technologies, Other People's Capital, Stack Capital Group, Washington Harbour	A&D	\$240.00
03/12/2025	Completed	NOVI (Aerospace and Defense)	Seed Round	AIN Ventures	A&D	n.d.
03/12/2025	Completed	INPUT SOFT	Accelerator / Incubator	Seeds of Bravery	A&D	n.d.

Date	Status	Company	Deal Type	New Investor(s)	Industry Sector*	Investment Size (US\$ Mil)
03/12/2025	Completed	FireWatchAI	Accelerator / Incubator	Forge Institute	A&D	n.d.
03/13/2025	Completed	Flight Science	Seed Round	Outsiders Fund	A&D	\$1.48
03/13/2025	Completed	Delta-V Analytics	Accelerator / Incubator	Catalyst Campus for Technology and Innovation	A&D	n.d.
03/13/2025	Completed	Delta Solutions & Strategies	Accelerator / Incubator	Catalyst Campus for Technology and Innovation	A&D	n.d.
03/18/2025	Announced / In Progress	Alpine Vertical	Later Stage VC	n.d.	Air Mobility	\$20.00
03/19/2025	Completed	Improving Aviation	Accelerator / Incubator	Plug and Play Tech Center	A&D	n.d.
03/20/2025	Completed	Hapttech Defense Systems	Later Stage VC	n.d.	A&D	\$0.37
03/25/2025	Completed	Hop Flyt	Later Stage VC	n.d.	Air Mobility	\$0.20
03/25/2025	Completed	Distributed Spectrum	Later Stage VC	Arash Ferdowsi, Chris Re, Conviction Partners, Eric Glyman, Felicis, Matt MacInnis, Nat Friedman, Shield Capital, Stanley McChrystal, Zak Stone	A&D	\$25.00
03/28/2025	Completed	FlyGuys	Later Stage VC	n.a.	Air Mobility	\$3.26
03/29/2025	Completed	Hidden Level	Later Stage VC	Costanoa Ventures, DFJ Growth, Friends & Family Capital, Revolution (Washington DC)	A&D	\$66.50

Primes	Government Intel Services	Government Technical Services	Defense Electronics
RTX Corporation	Leidos Holdings, Inc.	Jacobs Solutions Inc.	L3Harris Technologies, Inc.
The Boeing Company	Booz Allen Hamilton Holding Corporation	AECOM	BAE Systems plc
Lockheed Martin Corporation	CACI International Inc	KBR, Inc.	Thales S.A.
Northrop Grumman Corporation	Science Applications International Corporation	ICF International, Inc.	Teledyne Technologies Incorporated
General Dynamics Corporation	Parsons Corporation	V2X, Inc.	Textron Inc.
Huntington Ingalls Industries, Inc.			Mercury Systems, Inc.
			AeroVironment, Inc.
			Kratos Defense & Security Solutions, Inc.

Commercial Aerospace	Air Carrier - Cargo	Air Carrier - Passenger
Honeywell International Inc.	United Parcel Service, Inc.	Delta Air Lines, Inc.
Airbus SE	FedEx Corporation	United Airlines Holdings, Inc.
TransDigm Group Incorporated	Expeditors International of Washington, Inc.	Southwest Airlines Co.
HEICO Corporation	Atlas Air Worldwide Holdings, Inc.	Alaska Air Group, Inc.
Embraer S.A.	Air Transport Services Group, Inc.	JetBlue Airways Corporation
Curtiss-Wright Corporation	Exchange Income Corporation	Frontier Group Holdings, Inc.
Spirit AeroSystems Holdings, Inc.	Forward Air Corporation	SkyWest, Inc.
Hexcel Corporation	Cargojet Inc.	Copa Holdings, S.A.
Moog Inc.	Hub Group, Inc.	Allegiant Travel Company
Triumph Group, Inc.	Chorus Aviation Inc.	Hawaiian Holdings, Inc.
AAR Corp.	AAR Corp.	Mesa Air Group, Inc.
Ducommun Incorporated	Sun Country Airlines Holdings, Inc.	
Astronics Corporation	Mesa Air Group, Inc.	
	Air T, Inc.	





Southwind is a proven merchant bank with exceptional, sector-focused sell-side M&A experience. Our bankers leverage extensive relationships within both the operational and investor communities to provide advice and solutions to product and service providers in the aerospace, defense & government, and intelligence communities.

### Multiple Perspectives, Exceptional Advice

---

- Southwind's senior leadership has decades of industry-specific knowledge and experience as customer, contractor, legal counsel, private equity investor and board member, in addition to over 2 decades of M&A advisory track record.
- We understand the challenges of management and our advice is informed by our background—not only as advisors, but as executives and investors.
- We are also uniquely positioned to anticipate questions and concerns before they arise from prospective suitors, thereby enabling us to effectively (and preemptively) communicate company-specific attributes that will optimize potential outcomes.

### Client-Focused Solutions

---

**Mergers & Acquisitions** | Underpinned by proprietary modeling and detailed marketing and diligence support, our focus on preparation fosters buyer interest and efficiency.

**Equity & Debt Financing** | Southwind maintains relationships with leading industry capital providers and assists in equity and debt financing services from cradle to grave.

**Valuation & Fairness Opinions** | Southwind offers professional evaluations of a company to determine whether a merger, acquisition, or other transaction is fair and viable.

**Merchant Banking** | Through deep relationships with board-level advisors and family office and high net worth investors, Southwind helps facilitate capital formation.