



**SOUTHWIND
CAPITAL**

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

November 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

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Why Defense Tech Must Create New Markets – Not Compete for Old Budgets

In the past few years, “dual-use” has become the preferred rationale for applying venture-level valuations to Defense Tech companies. Investors increasingly argue that a given technology will unlock both government and commercial revenues. But historically, true dual-use breakthroughs were almost never designed for two markets. They emerged when defense-driven technologies—built to meet extreme performance requirements—unexpectedly unlocked commercial applications that had not existed before. The internet, GPS, microelectronics, early satellite systems: none were conceived as “dual-use products.” Their commercial impact was a byproduct of capabilities pushed far beyond what private industry had reason to develop.

This distinction matters because today’s Defense Tech ecosystem increasingly draws comparisons to New Space. But the real lesson from New Space isn’t about business models, regulatory innovation, or even government partnership. **It’s about physics and cost curves.** The commercial space economy didn’t take off because startups cleverly targeted new verticals. It took off because launch costs fell by an order of magnitude and then kept falling. Once the cost of putting mass into orbit collapsed—from >\$20,000/kg to low single-digit thousands—the economic frontier shifted. Entirely new markets suddenly became viable: proliferated sensing, persistent communications, global IoT, methane detection, climate analytics, and dozens of data-driven services no one would have justified at the prior price point.

New Space is meeting expectations because it is making a whole class of commercial missions financially possible for the first time and this is where many of today’s Defense Tech valuations break from reality. A company selling only into the defense budget—even with impeccable technology—can only capture a slice of a fixed topline. No cost curve defies gravity inside a budget-constrained market. Venture returns require **market creation**, not deeper penetration of a static market.

For Defense Tech, this means the companies that ultimately justify outsized valuations will be those whose defense-driven performance demands—autonomy in denied environments, hardened edge compute, proliferated sensing architectures, mission-grade AI—produce breakthroughs that the commercial sector can exploit at scale. Not because founders planned for dual-use, but because the technology crosses a threshold where entirely new categories of civilian demand become economically feasible.

The companies that stay confined to the defense stovepipe will price to cash flow. The companies whose defense innovations collapse cost curves or expand capability frontiers—accidentally enabling new markets—will price to possibility.

Dual-use isn’t the strategy. It’s the reward.



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

Strategy & Policy



✓ [**The Thin Line Between Disorder and Order is Logistics**](#)

"In the digital age, strategic quotes are just a search away. While this accessibility democratizes strategic discourse, it also risks reducing complex ideas to soundbites."

✓ [**Trump, Xi and Strategic Recalibration**](#)

"Trump is focused on stabilizing markets, preserving leverage, and calibrating a strategic stance without provoking escalation. Xi, meanwhile, seeks to buy time for industrial and military reorganization while mitigating external pressures."

✓ [**Rethinking China**](#)

"Neither China nor the United States can afford a war with the other, and both need an economic relationship."

Trends in Technology



✓ [**AI to Win the Next War**](#)

"Just this summer, the Pentagon's Chief Digital and Artificial Intelligence Office (CDAO) awarded contracts worth up to \$200 million each to OpenAI, Google, Anthropic, and xAI."

✓ [**The SR-72 Darkstar "Bomber" is no Mach 6 Mistake**](#)

"If the aim is global reach and rapid penetration into denied zones, the SR-72 is a strategic necessity."

✓ [**BETA Technologies Collaborates with Near Earth Autonomy for Defense & Commercial eVTOL Autonomous Operations**](#)

"Recent announcements from the Department of Transportation and Department of War both point towards the accelerated fielding of autonomous aircraft."

Contracting, Procurement & Budget



✓ [**Pentagon Pares Down List of Critical Emerging Technology Areas**](#)

"...such a broad list dilutes focus and fails to highlight the most urgent needs of the warfighter."

✓ [**New Navy Unmanned Acquisition Office Could Oversee up to 66 Programs, Consolidate 6 PEOs**](#)

"The PAE portfolio will be responsible for about \$19 billion in acquisitions across the 60 programs over the next five years."

✓ [**Pentagon's New Acquisition Strategy to Prioritize Nontraditional Contractors**](#)

"...we will be open to buying the 85 percent solution and iterate together over time to achieve the 100 percent solution."

Capital Markets



✓ [**VTG Expands National Security Capabilities with Miklos Systems Acquisition**](#)

"MSI offers full software lifecycle development, cloud services, cybersecurity, data science and systems engineering to the intelligence community."

✓ [**JP Morgan Eyeing Both Defense Startups and Legacy Firms for \\$10B Investment Push**](#)

"...one key priority is funding nuclear submarine construction."

✓ [**ONE Bow River Announces Strategic Investment in Odyssey Space Research to Advance Spaceflight Software & Engineering***](#)

"The partnership will support Odyssey's continued growth and its work on mission-critical space programs for government and commercial customers."

Aviators & Warfighters



✓ [**This Intrepid Pilot Went from Zero to Ace in 13 Minutes**](#)

"I got seven of them before I ran out of ammunition, or I might have been able to get more."

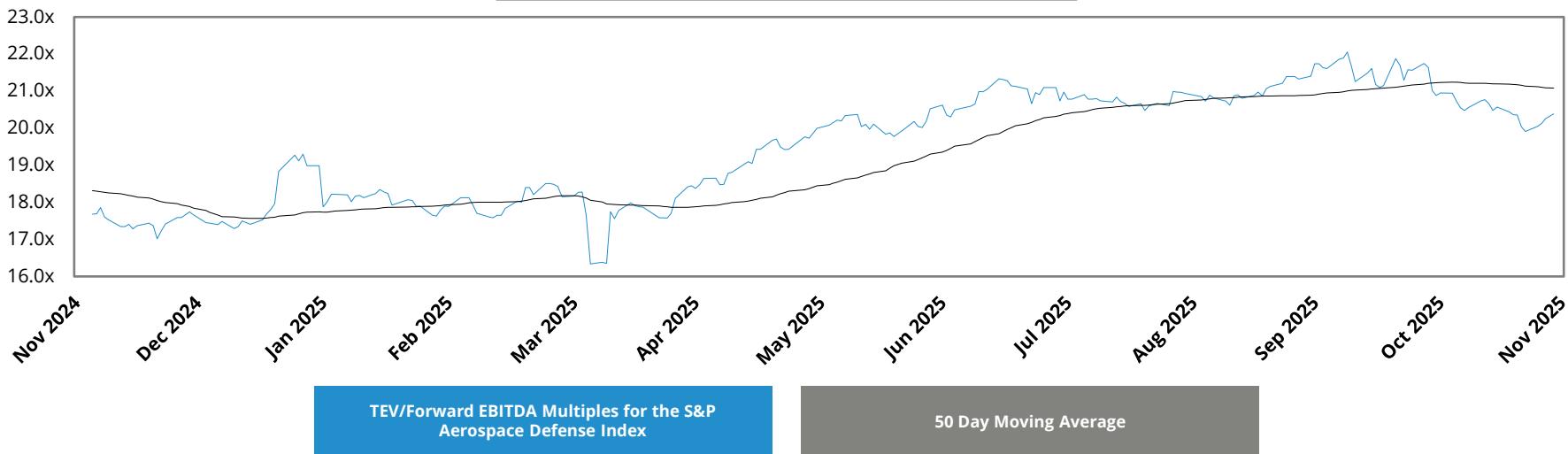
✓ [**Operation Red Wings through the Eyes of the Night Stalkers**](#)

"One of the SEALs even drew his pistol and attempted unsuccessfully to force the Chinook to land so they could try to save their friends."

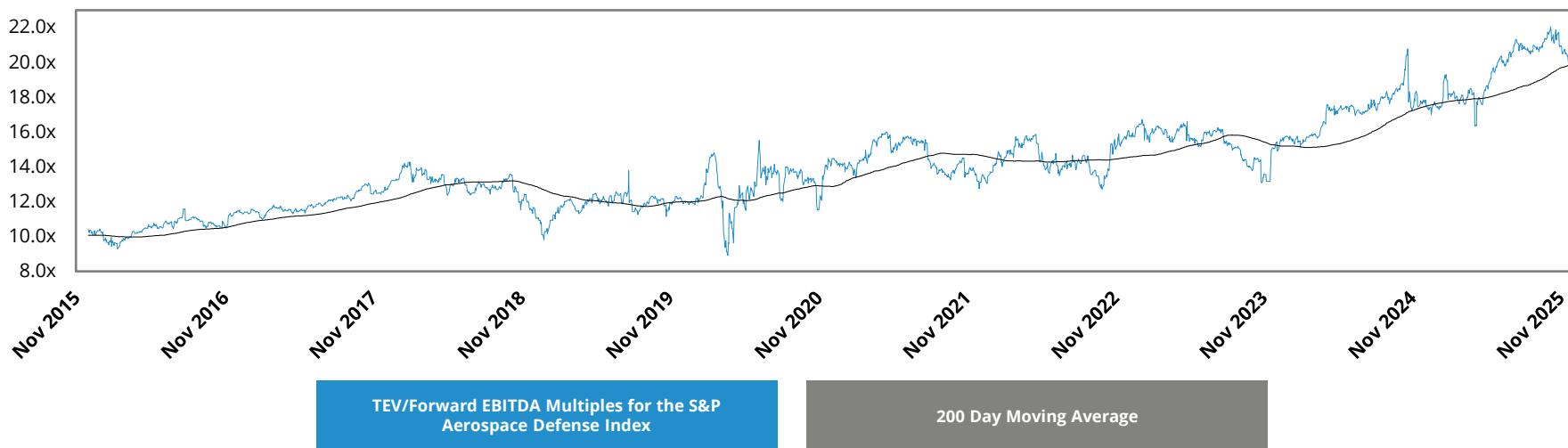
✓ [**A Secret Cold War Unit was the Basis for Today's Special Operations**](#)

"...Detachment-A, a Special Forces unit so secret, that even others serving in the Army's Special Forces couldn't know about it."

1-Yr Historical EBITDA Multiples*

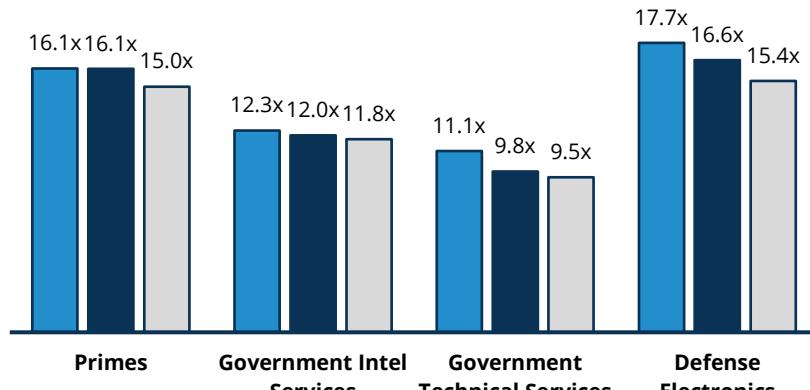


10-Yr Historical EBITDA Multiples*



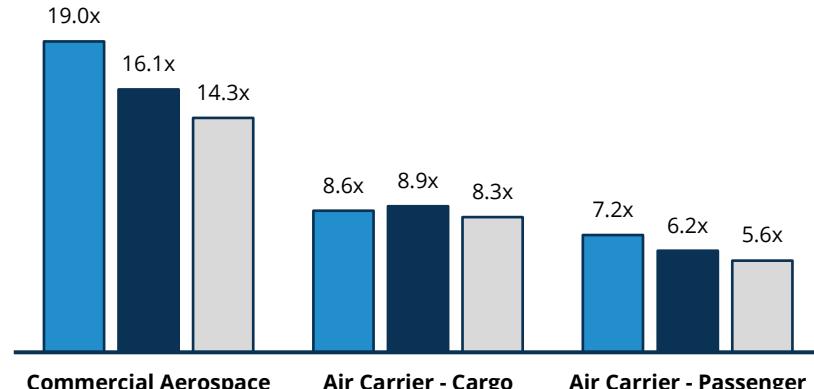
Defense & Government | Intelligence Community*

■ LTM ■ 2025CY □ 2026CY



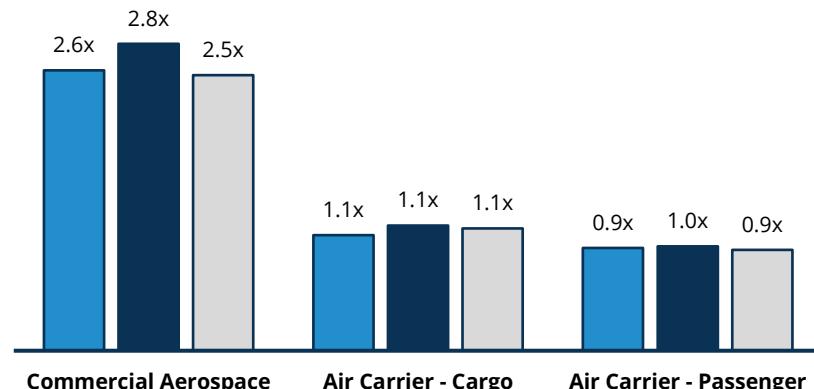
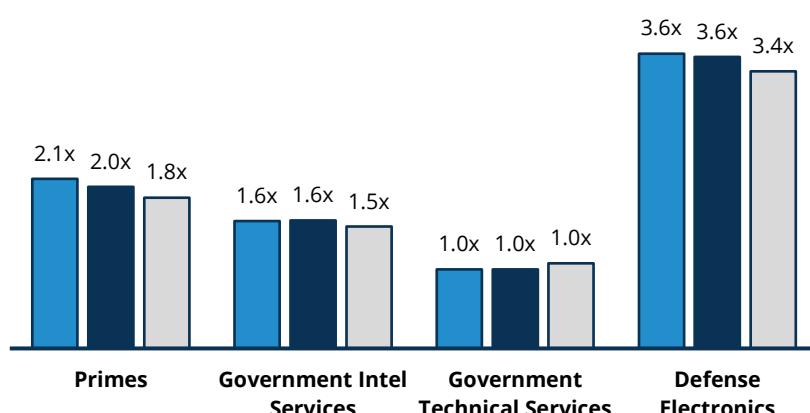
Commercial Aerospace*

■ LTM ■ 2025CY □ 2026CY



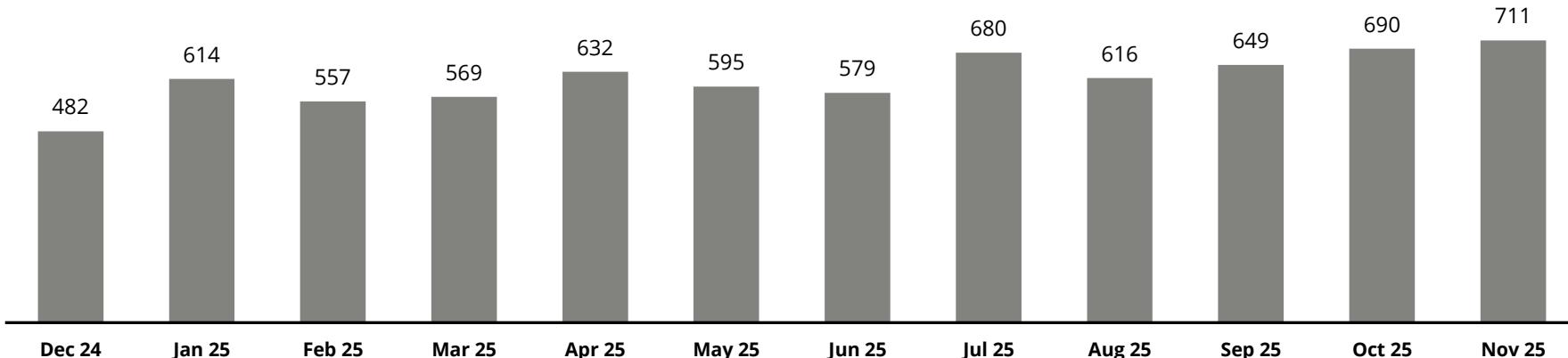
Median EV/Revenue (x)

Median EV/Revenue (x)

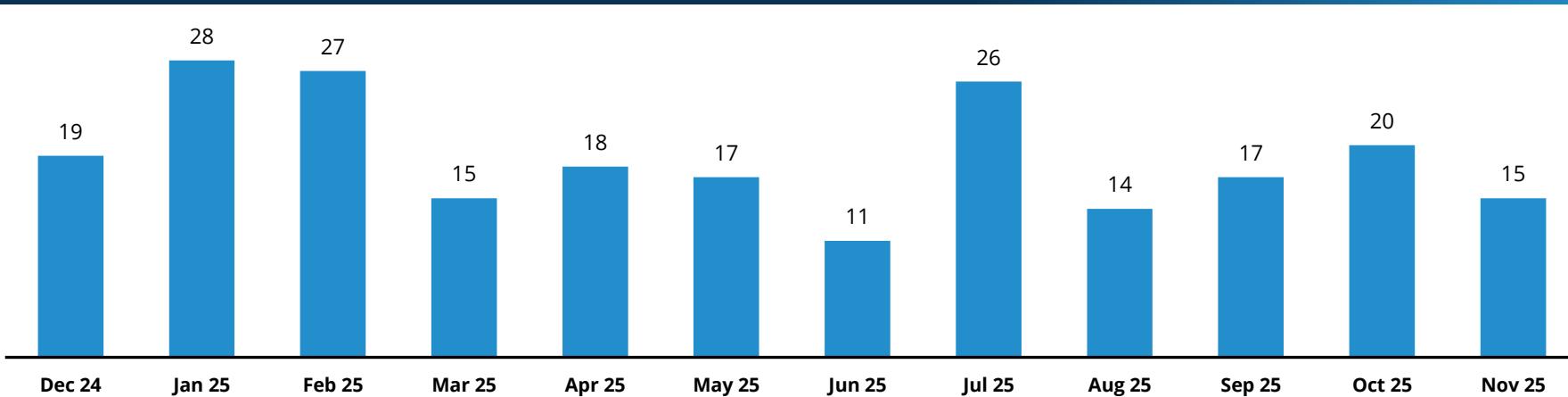


* Source: S&P Capital IQ as of December 1st, 2025. For a full list of companies within each index, see page 11.

LTM US M&A Activity—Consolidated*



LTM US M&A Activity—Southwind Industry Universe*



* Source: S&P Capital IQ. These charts consist of completed transactions that were announced within the last twelve months.

Date	Status	Target	Acquirer/Investor	Transaction Value (US\$ Mil)	Valuation (EV/LTM EBITDA)
11/04/2025	Announced	TriMas Aerospace	Blackstone Inc.; Takeoff Buyer, Inc.	\$1,451.00	n.d.
11/04/2025	Announced	Lanteris Space LLC	Intuitive Machines, Inc.	\$800.00	n.d.
11/04/2025	Announced	Orbit Technologies Ltd	Kratos Defense & Security Solutions, Inc.	\$361.38	18.0x
11/07/2025	Announced	Unical Aviation Inc.	Satair USA Inc.	n.d.	n.d.
11/10/2025	Announced	Novaria Holdings LLC	Arcline Investment Management LP	\$2,200.00	n.d.
11/10/2025	Announced	Ask Sage, Inc.	BigBear.ai Holdings, Inc.	\$250.00	n.d.
11/12/2025	Announced	MetroStar Systems, Inc.	Veritas Capital Fund Management, L.L.C.; Veritas Capital Vantage Fund, L.P.	n.d.	n.d.
11/17/2025	Announced	Skyloom Global Corp.	IonQ, Inc.	n.d.	n.d.
11/18/2025	Announced	Azul Systems, Inc.	Thoma Bravo, L.P.	n.d.	n.d.
11/25/2025	Announced	Robo-Team NA, Inc.	Ondas Networks Inc.; Ondas Autonomous Systems Inc.	\$80.00	n.d.
11/03/2025	Closed	Aimtek, Inc.	Source Engineering & Manufacturing LLC	n.d.	n.d.
11/03/2025	Closed	HAEKO Americas, LLC	AAR Corp.	\$78.00	n.d.

Date	Status	Target	Acquirer/Investor	Transaction Value (US\$ Mil)	Valuation (EV/LTM EBITDA)
11/04/2025	Closed	Achieve One, LLC	Presidio, Inc.	n.d.	n.d.
11/04/2025	Closed	ForAllSecure, Inc.	Bugcrowd Inc.	n.d.	n.d.
11/04/2025	Closed	Aisera, Inc.	Automation Anywhere, Inc.	n.d.	n.d.
11/06/2025	Closed	TPC Engineering Holdings, LLC	Amphenol Corporation	\$1,000.00	n.d.
11/12/2025	Closed	Poseidon Industrial LLC	Armada Parent, Inc.	n.d.	n.d.
11/14/2025	Closed	GuideTech, LLC	Palladyne AI Corp.	\$45.87	n.d.
11/18/2025	Closed	JBA, Inc.	TekSynap Corporation	n.d.	n.d.
11/19/2025	Closed	Natel Engineering Company, LLC	Arkview Capital, L.P.	n.d.	n.d.
11/20/2025	Closed	Eos Energetics, Inc.	Voyager Technologies, Inc.	n.d.	n.d.
11/25/2025	Closed	Miklos Systems, Inc.	VTG LLC	n.d.	n.d.
11/25/2025	Closed	Mesa Air Group, Inc.	Republic Airways Holdings Inc.	n.d.	n.d.
11/26/2025	Closed	Verint Systems Inc.	Calabrio, Inc.	\$2,233.83	17.1x
11/26/2025	Closed	Odyssey Space Research, L.L.C.	One Bow River Advisers, LLC ; One Bow River National Defense Fund 1, LP	n.d.	n.d.

MONTHLY VENTURE ACTIVITY*

Date	Status	Company	Deal Type	New Investor(s)	Industry Sector*	Investment Size (US\$ Mil)
11/01/2025	Completed	Global Satellite Solutions	Later Stage VC	IAGi	Software	n.a.
11/04/2025	Completed	Sunflower Labs	Later Stage VC	Alarm.com Holdings, Daybreak Ventures, Gentian Investments, Hedgewood, Sequoia Capital	Electronics	\$16.00
11/05/2025	Announced	Mithril Technologies	Seed Round	n.a.	A&D	\$2.50
11/07/2025	Completed	Lunar Station	Accelerator / Incubator	The Catalyst Accelerator	A&D	n.a.
11/10/2025	Completed	Neros	Early Stage VC	n.a.	A&D	\$75.00
11/12/2025	Completed	TeraDAR	Later Stage VC	Lockheed Martin Ventures, VXI Capital Management	A&D	\$150.00
11/13/2025	Completed	CHAOS (Aerospace and Defense)	Later Stage VC	Scoop Ventures	A&D	\$510.00
11/17/2025	Completed	Bone	Seed Round	Bass Investment, KNET Investment Partners, Kolon Industries, The Ventures, Third Prime, Timefolio Asset Management	A&D	\$12.00
11/19/2025	Announced	MightyFly	Equity Crowdfunding	n.a.	Logistics	n.a.
11/20/2025	Completed	Performance Drone Works	Later Stage VC	Ondas Holdings	A&D	\$35.00

* This list represents select venture investments within Southwind's industry universe that have been announced and/or closed in the past month.

MONTHLY VENTURE ACTIVITY*

Date	Status	Company	Deal Type	New Investor(s)	Industry Sector*	Investment Size (US\$ Mil)
11/20/2025	Completed	Integration Innovation	Later Stage VC	n.a.	A&D	\$9.74
11/21/2025	Completed	Diffraqtion	Early Stage VC	Cherry Ventures, General Catalyst	Other Hardware	\$1.16
11/24/2025	Completed	Heven	Later Stage VC	IonQ	A&D	n.a.
11/26/2025	Completed	Zipline	Grant	U.S. Department of State	Air Mobility	\$150.00

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.	Spirit Airlines, Inc.
Embraer S.A.	Air Transport Services Group, Inc.	Alaska Air Group, Inc.
Curtiss-Wright Corporation	Exchange Income Corporation	JetBlue Airways Corporation
Spirit AeroSystems Holdings, Inc.	Forward Air Corporation	Frontier Group Holdings, Inc.
Hexcel Corporation	Cargojet Inc.	SkyWest, Inc.
Moog Inc.	Hub Group, Inc.	Copa Holdings, S.A.
Triumph Group, Inc.	Chorus Aviation Inc.	Allegiant Travel Company
AAR Corp.	AAR Corp.	Hawaiian Holdings, Inc.
Ducommun Incorporated	Sun Country Airlines Holdings, Inc.	Mesa Air Group, 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.