



To get the full report, please contact Raphaël Brenier (r.brenier@aurfi.com)

- Delivered every quarter to hundreds of seasoned professionals, offering dozens of appealing focuses every year, a constant follow-up of M&A operations (industrial, financial and fund-raising), an update of the indicators of major aerospace and defense players, our report aims at providing a market intelligence on the recent events of aerospace and defense market
- This market report is a testimony to the daily work carried out by a dedicated team of 5 people. Focusing on Aerospace and Defense markets, our team with our international partners from Mergers Alliance are closely interacting on a very regular basis with investors and corporates at a global level. These interactions and our deep involvement within these sectors allow us to better understand the global trends of the industry and to provide high-end quality advisory services to our clients who are benefitting from this knowledge

Global coverage



18
MEMBERS



+\$3BN
OF TRANSACTION ADVISED
IN 2024



+100
OPERATIONS IN 2024



\$40-60
AVERAGE ENTERPRISE
VALUE



This quarter at a glance

- Q1 2025 confirmed a growing consensus: Europe must regain control over its critical defense and security capabilities
- A more aligned ecosystem is emerging, where governments, industrials, and investors are working to consolidate a sovereign, scalable European Defense Technology Industrial base
- The focus is shifting from isolated innovation to the structuring of a coherent, competitive, and dual-use-ready EDTIB

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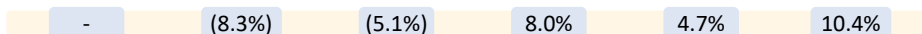


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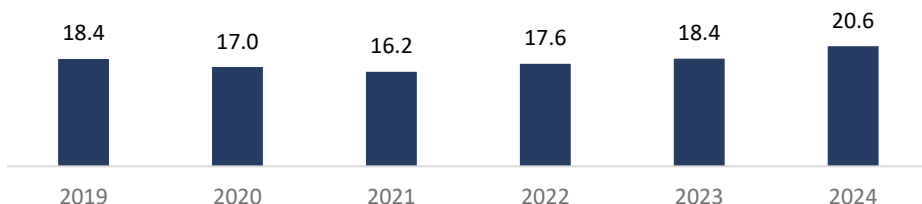
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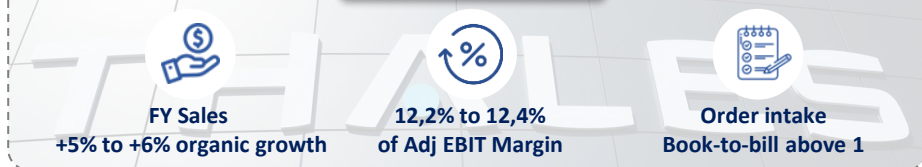
FY19 – FY24 Revenues - €bn



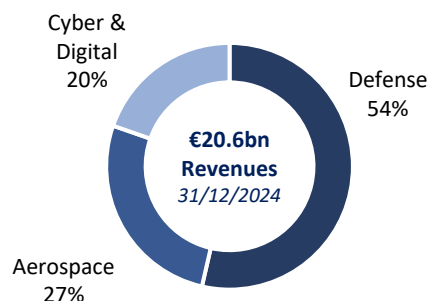
Sales growth (%)



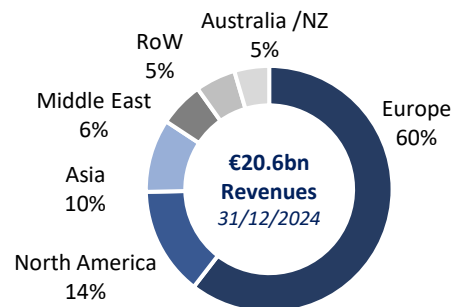
FY25 objectives



Consolidated FY24 Revenues by Division



Consolidated FY23 Revenues by Geography



Q1 2025 main headlines

- **07.04.2025:** The Swedish Defense Materiel Administration (FMV) has selected Thales' Ground Master 200 radar to strengthen Sweden's sovereign airspace surveillance. The first deliveries of this multi-mission radar are expected in 2026
- **31.03.2025:** Thales plans to recruit 8,000 people in 2025, including 3,000 in France, to support its growth. Around 40% of the hires will be in engineering, focusing on AI, cybersecurity, and data, while 25% will be in industrial technical roles.
- **11.02.2025:** Thales and Bharat Dynamics Ltd. will supply Laser Beam Riding Man-Portable Air Defense (LBRM) missiles to the Indian armed forces. The contract will strengthen India's air defense capabilities, with 60% of the production taking place locally.
- **10.02.2025:** Thales delivered the French Navy's first autonomous mine countermeasure drone system, a global first in naval operations. This cyber-secure system, incorporating AI, is redefining maritime mine clearance operations

Order intake

| | | | Var. (%) | |
|--------------|------|------|----------|---------|
| In €m | 2024 | 2023 | Total | Organic |
| Order intake | 25.3 | 23.1 | 9.3% | 6.0% |

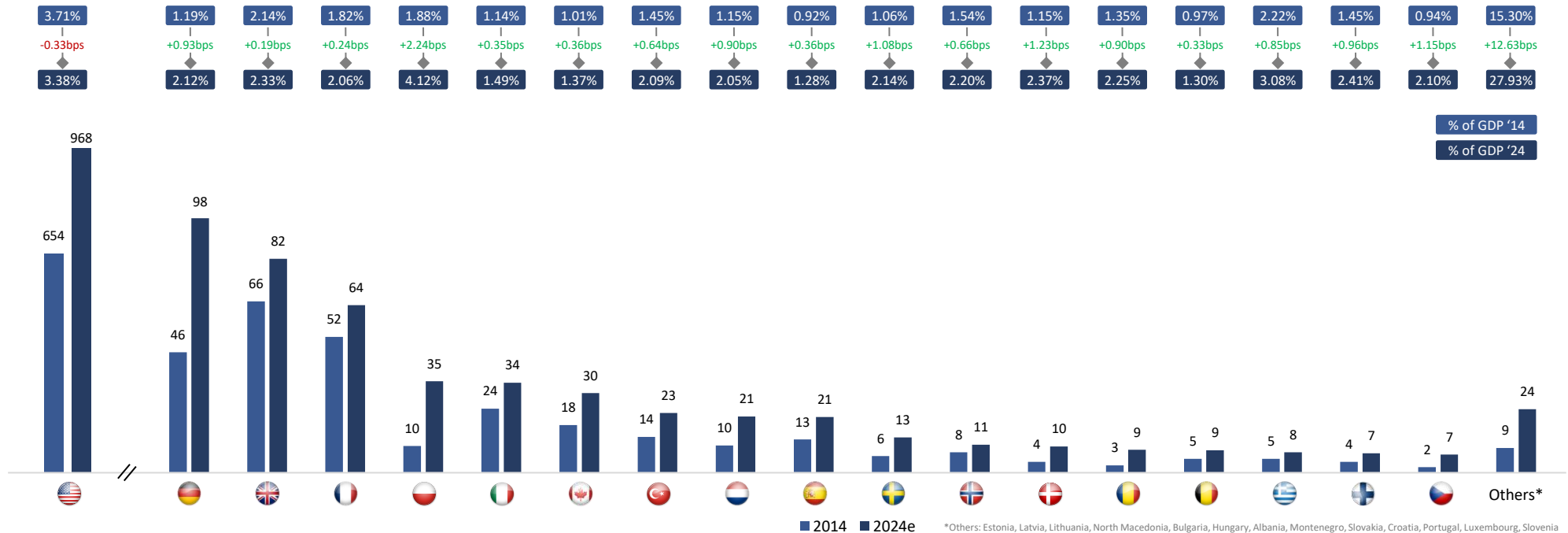
► Thales experienced a significant improvement in its order intake compared to 2023, mainly due to the growing demand in the defense and security sector

In-depth #3 – Overview of military expenditures of European Union Countries

In 2024, 23 EU member states allocated more than 2% of their GDP to their defense budgets
Globally, military spending in 2024 reflected the intensification of security challenges, reaching \$2,460bn compared to \$2,240bn in 2022

Military spending increased due to escalating security threats, particularly in Europe, the Middle East and North Africa (MENA), and Asian countries. Additionally, easing inflation allowed many nations to focus on investing in new capabilities rather than merely covering higher operating costs and wages

Comparison of defense spending of NATO members over a 10-year period (\$bn)

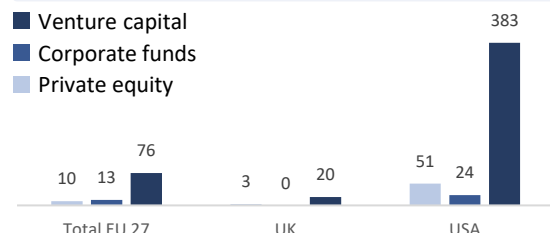


- With military spending reaching \$970bn in 2024, the United States is the NATO member with the highest defense expenditure, surpassing all European countries combined
 - For comparison, Germany ranks second in NATO military spending with a budget of \$97bn, ahead of the United Kingdom (\$82bn) and France (\$64bn)
- The other NATO member countries spent \$507bn on defense, which is \$461bn less than the United States. Regarding EU member states, their combined defense spending within NATO totaled \$360 bn in 2024
- The majority of EU and NATO member states now meet the "2% of GDP" defense spending target, set by the alliance in 2006 but largely unimplemented until recently

Non exhaustive panorama of European defense financing initiatives

- The European defense sector has suffered from a severe lack of financing, particularly of equity capital

Funds active in the aerospace & defense sectors



- This situation has been worsened by the introduction of ESG criteria often excluding companies implicated in defense operation, **creating a “bank bashing”** complicating debt financing for SMEs in the sector
- If this situation has started to change with the Ukrainian conflict **(+31% European defense spendings since the war started)**, the need for financing defense at a EU level has been strongly highlighted by the US government
- Encouraged by the EU & governments, major public & private financial institutions have launched several initiatives to answer the urgent need of financing, both with debt & equity
- These solutions will have to address the 3 major issues faced by players in the sector, particularly SMEs, which are essential cogs in complex & techno-intensive value chains:
 - WCR financing**, especially in a context of booming orders from main offtakers
 - Innovation financing**, particularly following the lessons of the Ukrainian conflict on new methods of warfare
 - Consolidation financing** in a sector which, particularly in France (+4,500 companies EDTIB), suffers from scattered resources

Few initiatives followed by a post-Ukraine awakening...

A strong acceleration in defense financing innovation mainly due to growing geopolitical tensions

...And a sharp acceleration in 2025 after the U.S. elections

bpiFrance

Definvest Fund – 2018
€50m at launch

Innovation Defense Fund – 2021
€100m at launch

DEFENSE ANGELS

Launch of a French defense business angels club – 2021
€1.7m invested

WCP

WEINBERG CAPITAL PARTNERS

Eiréné Fund – 2023
€215m AUM in 2025
3 investments up to date

SouvTech Invest

Launch of a retail defense fund for seed & pre-seed – 2024

Consolidation Innovation WCR Mixed

bpiFrance

Definvest Fund
Size of the fund doubled to reach €100m

Innovation Defense Fund
€55m new funds from: **MBDA** **Allianz** **Caisse des Dépôts**
€300m fund size targeted

Retail fund BpiFrance Defense launch
€500 minimum investment - €450m target

Private debt fund launch
€500m target incl. €100m for defense

WCR financing solutions
DEF'FI loan for WCR & Advance Supplier Payment solution

ALLSTRAT

Launch of a retail defense fund

Sienna

Héphaïstos Fund
Private debt fund, €1bn total size targeted

TIKEHAU CAPITAL

Aéro Partenaires Fund
€800m-€1bn of which a significant part dedicated to defense

UK Export Finance
£2bn increase in export credit facilities for armaments

defacto

Doubling of WCR financing capacities for defense players to reach €1.8bn

ciclad **DEFENSE ANGELS**

Raising a €120m Private Equity fund for defense small players

European Investment Bank

End of duality obligation for European public financing

Le Région Occitanie

€200m defense financing plan incl. €20m in training

GROUPE BPCE

Development of a factoring offer to finance WCR

Selected French funds historically active in defense

TIKEHAU CAPITAL

ciclad

HLD

OMNES

Qualium INVESTISSEMENT

THALES Corporate Ventures

AIRBUS VENTURES

Snapshot of LMB Aerospace



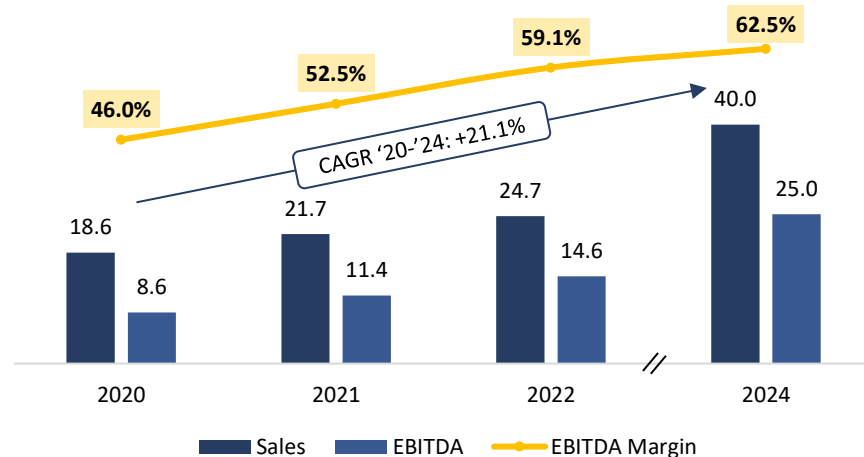
- Born from a spin-off of Honeywell in 2012, LMB Aerospace designs and manufactures a wide range of military grade, high-performance fans and cooling solutions for aerospace, naval and military applications
- The Group based in Malemort-sur-Corrèze has over 60 years of experience in the industry, employs c. 75 people, and achieved a turnover of c. €40m in 2024
- With over 1,500 off-the-shelf qualified products, the Group's offerings are designed for various applications, including helicopters, military and commercial aircraft, ground military vehicles, UAVs, marine and naval ships, military land systems, and spaceships
- The Group is said to equip numerous vehicles and aircraft of the French military, from the aircraft carrier Charles-de-Gaulle to nuclear submarines, including Leclerc tanks, Rafale and Mirage fighter jets, as well as the Super Puma and Tiger military helicopters
 - Group's clients are diverse such as: Airbus, Boeing, Dassault, Thales, Naval Group, etc.
- Led by Thomas Bernard, the Group completed its third LBO in 2021, with a majority stake acquired by Tikehau Capital alongside Amundi PEF, Idia Capital Investissement, and GSO Capital
- In early 2025, the American Loar Group has announced the signing of a put agreement to acquire LMB Aerospace

Snapshot of Loar Holdings Inc.

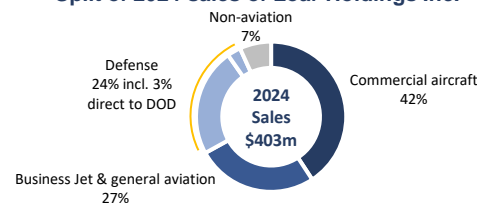


- Founded in 1995, Loar Holdings Inc. is a leading diversified provider for the aerospace and defense sectors. The company has a strong global presence, with operations in North America, Europe, and Asia
- Loar specializes in designing, manufacturing, and engineering advanced products for aerospace and defense, offering comprehensive after-sales support to ensure long-term product performance. Its portfolio includes components and systems for both commercial and military aerospace, as well as specialized defense applications
- The Group achieved a revenue of \$403m and an EBITDA of \$146m in 2024 and expects to generate c. \$490m in revenue and c. \$180m EBITDA in 2025
- The Group is listed on the New York Stock Exchange and is majority owned by Pamet Capital Management (40.01%) and Blackstone (13.34%), followed by Vanguard Group (2.91%) and BlackRock (1.45%)
- The acquisition of LMB Aerospace would strengthen Loar Holdings Inc.'s position in French defense programs and enable LMB Aerospace to expand its presence in the U.S. market

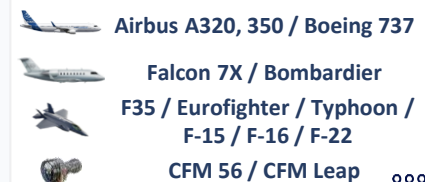
LMB Aerospace sales and EBITDA evolution (€m)



Split of 2024 sales of Loar Holdings Inc.



Sample of programs addressed



Key figures*

€7,3bn

Market Cap

€7,6bn

Enterprise Value

c. 57x

EV/EBITDA

c. 1,400

Employees

*As of early April 2025

Loar Holdings Inc. X LMB Aerospace

€400m

Enterprise Value

16x

EV/EBITDA

Other EU suppliers of cooling systems and fans

LIEBHERR



SAFRAN





Before the planned acquisition of LMB Aerospace, Loar Holdings Inc. is already present in Europe, notably through the acquisition of the Schroth Group in 2022 in Germany and of CAV Systems Group in 2023 in the UK. Schroth Group specializes in the production of advanced occupant safety systems (e.g., seatbelts and airbags) for the global aerospace, defense, and automotive industries. CAV Systems Group is a leading provider of highly engineered ice protection and drag reduction systems for the aerospace sector



The acquisition of LMB Aerospace by Loar Holdings Inc. is pending and subject to the approval by the French government who needs to make sure that such a transaction will not put at any risk any of the French programs served by LMB Aerospace.



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