



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

# AEROSPACE & DEFENSE

## MARKET INTELLIGENCE

Q2 2025



Member of  Mergers Alliance

- 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



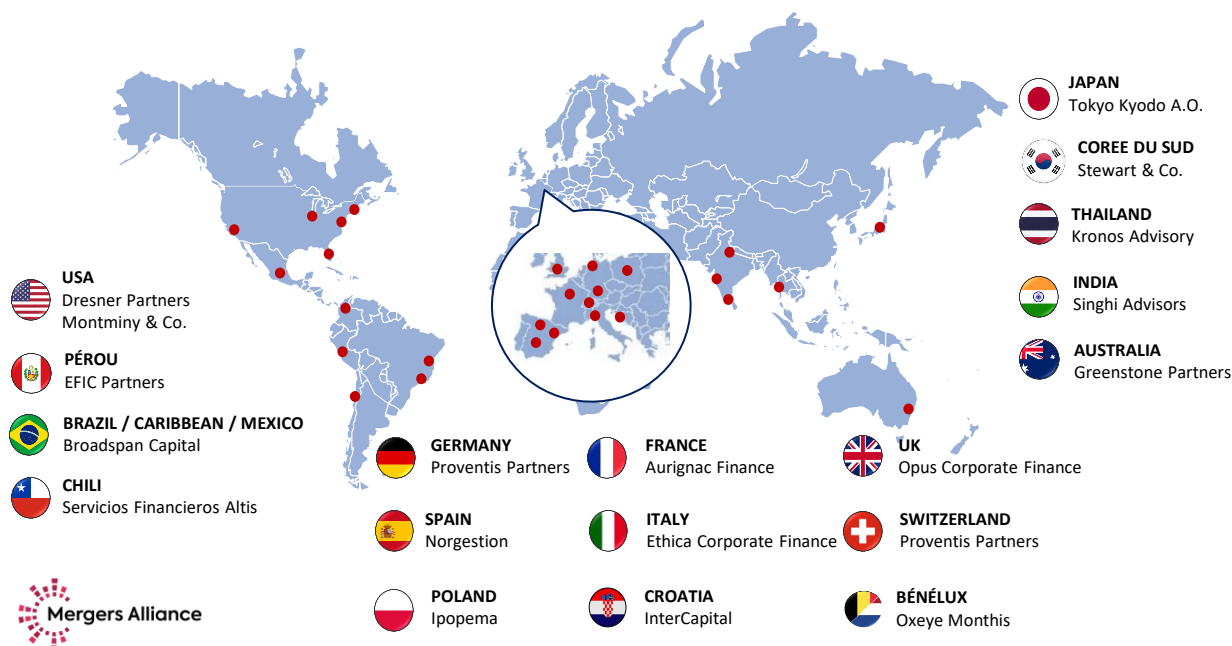
+100

OPERATIONS IN 2024



\$40-60

AVERAGE ENTERPRISE  
VALUE



## This quarter at a glance

- This quarter ended with a very intense month in June with the Air Show that took place in Paris. This 2025 edition of the exhibition has been marked by a remarkable level of attendance, the absence of Boeing's CEO due to the tragic crash of a Boeing 787-8 Dreamliner of Air India and the higher visibility given by the exhibitors on their defense activity. Just before and after this event, we have assisted to massive air military operations against Iran led by Israel with "Rising Lion" and the USA with "Midnight Hammer". These operations has reminded that air forces are an essential component of military superiority

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# Summary

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## FY25 objectives



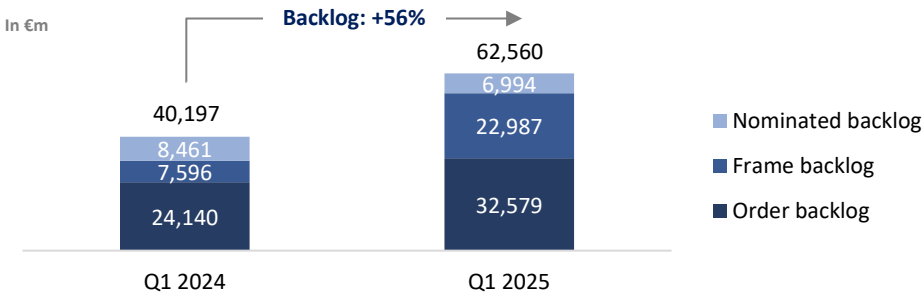
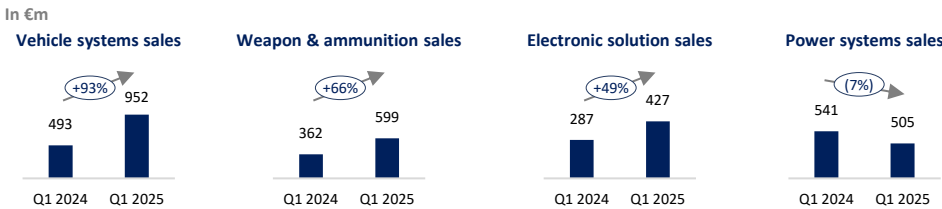
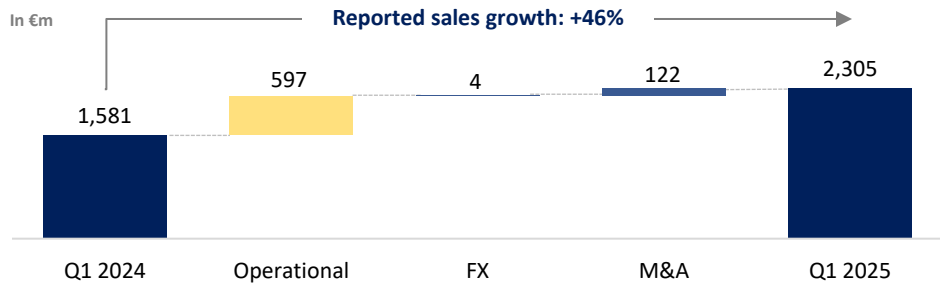
**FY Sales**  
€13.1bn  
+34% vs. FY24



**FY EBITDA**  
€2.6bn



**Backlog**  
€80bn+



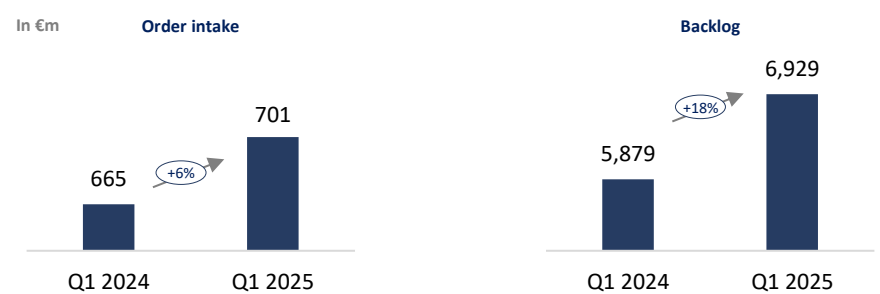
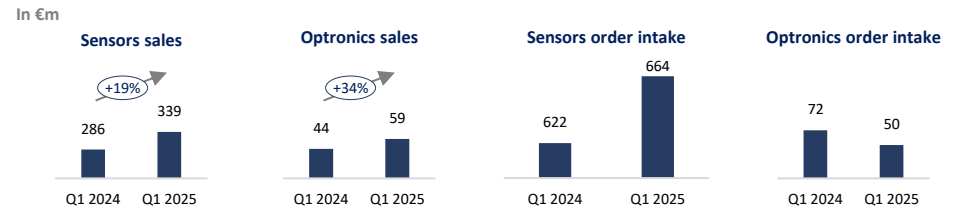
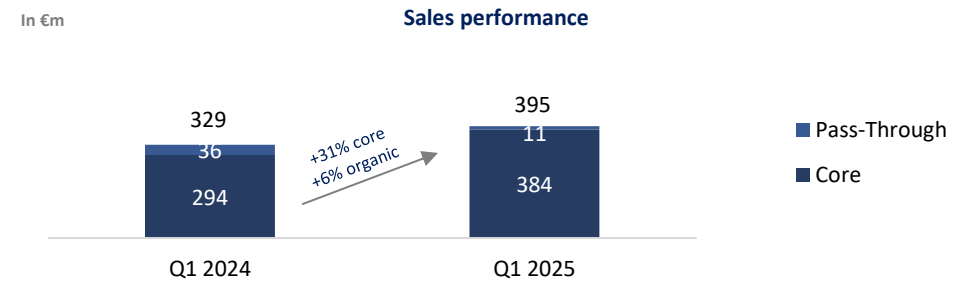
## FY25 objectives



**FY Sales**  
€2.6bn  
+15% vs. FY24



**FY EBITDA**  
€0.5bn

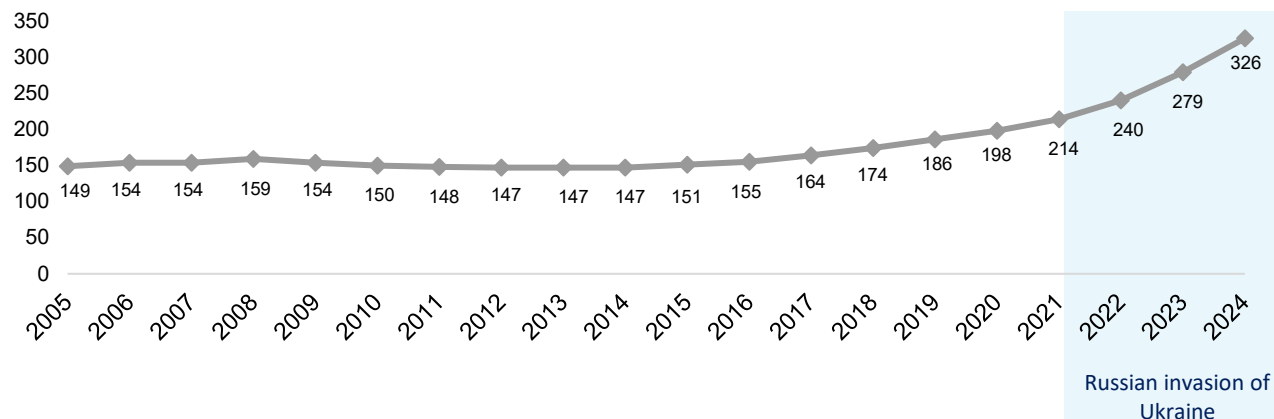




## Overview

- From 2021 until 2024, total defense spending **increased by over 30%**, reaching approx. **€326bn (1.9% of EU GDP)**
- From 2021 until 2024, **defense investments have nearly doubled, reaching EUR 102bn in 2024**, representing more than 30% of total defense expenditure
- Approx. 88% of defense investment in 2024 is **allocated to the procurement of new defense products**
- A more aligned ecosystem is emerging**, where governments, industrials, and investors are working to consolidate a **sovereign, scalable EDTIB (European Defense Technology Industrial base)**
- The focus is shifting from isolated innovation to the **structuring of a coherent, competitive, and dual-use-ready EDTIB**

## Defense expenditure of EU member states from 2005 until 2024 (in €bn)



## Selected Regulatory and Policy Changes

### NATO and European Commission

- ReArm Europe Plan / Readiness 2030, which aims to increase defense investment, with up to €800bn
- Nato countries agreed to increase their defense spending to 5% of GDP, of which 1.5% can also be allocated to investments in critical infrastructure

### Security Action for Europe (SAFE)

- The European Council adopted €150bn spending on joint procurement on European security and defense
- Focus on the European defense technological and industrial base (EDTIB)
- EUR 150bn disbursed to member states upon demand in form of loans

### European Defense Industry Program (EDIP)

- €1.5bn support program to EU countries to buy defense equipment and strengthen the EDTIB
- The program is subject to heated negotiations on whether to introduce a European preference to ensure that public funds are not used to purchase American equipment, which would undermine efforts to strengthen the EDTIB

## Selected case study: Germany (in March 2025)

### Germany exempts defense and infrastructure from debt brake

- Defense and infrastructure spending of above 1% of GDP is exempt from the debt brake (Art. 109 and 155 GG.), resulting in theoretically unlimited investment opportunities
- Modernization requirements of the Bundeswehr are estimated at EUR 400 to 500bn
- Selected areas excluded from debt brake:



Weapon systems



Secret service



Cyber security



Military support



Civil protection

### Germany's EUR 100bn fund

- Created in 2022 after invasion of Ukraine
- Constitutionally anchored in Art. 87a GG
- Dedicated exclusively to Bundeswehr modernization
- Main benefit areas:



Air



Cyber



Land



Sea

In addition to these efforts at European level, national strategies for strengthening armies are also necessary.











Europe (EU + the UK) has **three main defense industry leaders: France, Germany and the UK**. These three countries have very different advantages and disadvantages in terms of national balances and defense industry and are adopting markedly divergent military development strategies (see next slide).



		France	Germany	UK
Major national balances	Population	67 million	83 million	70 million
	2024 GDP	€2,671bn	€3,847bn	€3,075bn
	Public deficit	€169bn (5.8% GDP)	€118bn (2.8% GDP)	€131bn (4.8% GDP)
	National debt	€3,300bn (113% GDP)	€2,700bn (62% GDP)	€2,700bn (96% GDP)
	EEZ	11 million kilometers	0.5 million kilometers	6.8 million kilometers
Army & defense sector structure	Army structure	200,000 active military personnel + 40,000 reservists	180,000 active military personnel + 30,000 reservists	165,000 active military personnel + 35,000 reservists
	Operations	+/-60 operations (30,000 hours)	+/-10 operations (4,000 hours)	+/-10 operations (10,000 hours)
	Nuclear capacity	2 independent capacities (submarine and airborne)	Soon: NATO capacity with F35 & B61	Submarine capacity + Soon: NATO capacity with F35 & B61
	Armament export	€67bn (2 <sup>nd</sup> globally)	€39bn (5 <sup>th</sup> globally)	€25bn (7 <sup>th</sup> globally)
	Main players			
Budget	2025 Budget	<ul style="list-style-type: none"> <li>Land forces: 22.6%</li> <li>Air force: 20.1%</li> <li>Logistical support: 16.8%</li> <li>Navy: 15.8%</li> <li>Nuclear deterrence: 11.9%</li> <li>R&amp;D: 11.9%</li> </ul>	<ul style="list-style-type: none"> <li>Land forces: 31.3%</li> <li>Logistical support: 19.5%</li> <li>Air force: 15.3%</li> <li>Aid to Ukraine: 14.3%</li> <li>Navy: 10.5%</li> <li>R&amp;D: 9.1%</li> </ul>	<ul style="list-style-type: none"> <li>Land forces: 33.3%</li> <li>Navy: 21.7%</li> <li>Air force: 18.3%</li> <li>Logistical support: 10.0%</li> <li>Nuclear deterrence: 8.3%</li> <li>R&amp;D: 8.3%</li> </ul>
	2029 Budget	€64bn (2024-2030 LPM)	€153bn	€90bn (in discussion, yet to be precisely defined)

## In-depth #7 – Ronald Reagan Institute: National Security Innovation Base Report Card

- The Ronald Reagan Institute publishes each year a Report Card detailing the health, effectiveness and resilience of the NSIB (National Security Innovation Base) by analyzing 10 different criteria
- In a context of shift of multiple conflicts, rising influence of China power, contrasted national situation between the dynamism of the private sector and the difficulties of the public sector to coordinate initiative, the report identifies several challenges despite the strong domination of the American military

Criteria	Scope	2023 Grade	2024 Grade	2025 Grade	Trend	Grading rationale
 <b>Defense Modernization</b>	Translation of innovation into national security capabilities with production at speed & scale	C	D	D	→	Innovative procurement is growing & civil tech use is rising in areas like space communications, but integration into production remains slow & key sectors like shipbuilding still lag behind rivals and need innovative solutions
 <b>Innovation Leadership</b>	Quality of U.S. research and scale-up in priority technologies and status as center of global knowledge network	A-	A-	A-	→	The U.S. leads in global innovation and AI research but faces rising competition as China and others invest heavily in emerging technologies like AI, quantum computing, and advanced wireless
 <b>Pull-Through for Broader National Policy</b>	"Multiplier" effort of NSIB on broader economy and government effectiveness	B-	B	B	→	Defense spending boosts U.S. economic growth, but outdated acquisition models and slow legacy transitions limit production scalability, despite improved collaboration efforts
 <b>Customer Clarity</b>	Demand signal for innovation priorities, including funding & acquisition pathways to match the aspiration	D	D	D+	↗	Deepened tech ties with allies through Indo-Pacific initiatives, ITAR reforms, and new NATO projects. However, success hinges on execution, making 2025 crucial for proving real progress in joint tech development & production
 <b>Innovation Capital</b>	Set of public & private financial capital, along with non-financial assets and infrastructure, available for the NSIB	B-	B	B+	↗	Innovation efforts (PWSA, Replicator, etc.) and clear tech priorities are strengthening NSIB partnerships, but funding delays, workforce gaps, and outdated acquisition models hinder progress on urgent threats
 <b>Private Sector Innovator Base</b>	Ecosystem of traditional defense firms, startups, & players engaged in NSIB relevant efforts	B	B	B+	↗	NSIB has more new entrants & gets strong public funding & partnerships. Mature startups gain more DoD contracts, but secondary suppliers are still financially strained
 <b>Public &amp; Civil Innovation Base</b>	Defense/national labs, other FFRDCs/UARCs & academic institutions developing defense-oriented research	B-	C	C	↘	National R&D remains at 3% of GDP. Slow public funding growth, weak incentives & bureaucracy hinder tech adoption and R&D goals. IP threats from China & Russia are prompting bipartisan action to boost protections
 <b>Manufacturing Capacity and Industrial Base</b>	Production base & infrastructure enabling innovators to deliver on modernization & other strategic priorities	--	--	D	---	Improved production capacity with targeted support & new facilities, but deep supply chain weaknesses and low weapon stockpiles persist while China still outpaces the U.S., producing twice as much manufacturing output
 <b>International Alliances and Partnerships</b>	Level of linkage between U.S. and international partners (e.g., IP rights, data sharing)	C-	C	C	→	Deepened tech ties with allies through Indo-Pacific initiatives, ITAR reforms, and new NATO projects. However, success hinges on execution, making 2025 crucial for proving real progress in joint tech development & production
 <b>Talent Base</b>	Domestic and foreign-born talent trained & working in NSIB-relevant fields across the public & private sector	D+	D	C-	↗	Growing A&D talent pool & advanced manufacturing opportunities are facing major workforce challenges: 1.9 million jobs may go unfilled by 2033, c.1/3 of workers are near retirement & turnover is over 3x the national average





2,400 exhibitors  
(from 48 countries)



130+ startups  
from 4 countries



1,110 French exhibitors –  
Leading country



10 French regions  
represented



174 official  
military  
delegations



80 official  
civilian  
delegations



149 other  
institutional  
delegations



300,000+  
visitors



70 hectares of  
exhibition space

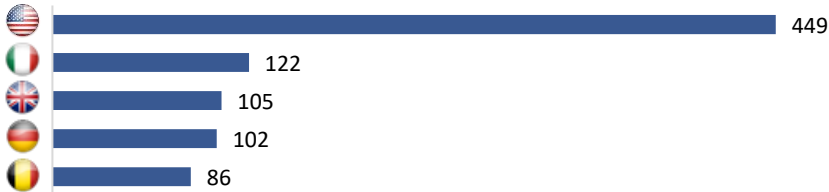


155 aircraft  
displayed



173 flight  
demonstrations

Top 5 exhibitor countries (excluding France)



2 members from  
Aurignac  
Finance – MA  
France



1 member from  
Proventis  
Partners – MA  
Germany



5 days  
of presence



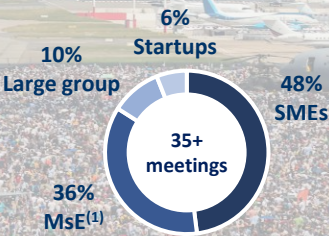
c. 60km of  
distance walking



35+ meetings  
held



12 hours of  
meetings



36%  
International  
companies



Raphaël Brenier  
Partner

“10 years after our first attendance to this great A&D event, we were happy to see again all these known faces and meet new people. Nearly 35+ meetings held with startups, SMEs and large international groups and a good conclusion: aerospace industry is so dynamic and attractive, and M&A can help its players to face the different challenge they are facing”





From June 16th to 22th, 2025, Le Bourget Airport once again welcomed the global aerospace community. Organized by SIAE, a subsidiary of GIFAS (the French Aerospace Industries Association), this 55th edition of the Paris Air Show confirmed its role as a worldwide platform for innovation, industrial contracts, and strategic dialogue

Selected announcements during 2025 Paris Air Show (non-exhaustive)

Orders		Airbus has a total of <b>250 orders</b> (including <b>148 firm orders</b> ), along with options and commitments bringing the total to over 400 aircraft across all models, worth several tens of billions of euros
		As part of efforts to accelerate the use of drones in military operations, a framework agreement was signed between the DGA, Airbus Helicopters, and Naval Group for the <b>acquisition of 6 VSR700 systems</b>
		Airbus's subsidiary recorded the first sale of its vertical takeoff aircraft Flexrotor, designed by the American company Aerovel, which Airbus acquired in 2024. The Australian startup Drone Forge placed an order for <b>17 units</b>
		France has signed a framework agreement with Bulgaria for the <b>joint acquisition of air surveillance and air defense radars</b> , manufactured by Thales
		Embraer and SkyWest have reached a new agreement for an order of <b>60 Embraer E175 aircraft</b> , with an option for 50 more. The deal amounts to \$3.6bn
Partnerships		Sébastien Lecornu officially announced the creation of the Space Pact, a structuring charter between the Ministry of the Armed Forces, the <i>Direction Générale de l'Armement</i> (DGA), GIFAS, the NewSpace France Alliance, and major actors such as the French Space Agency (CNES) and ONERA. <b>The objective is to strengthen the dialogue between the armed forces and both civilian and military space industry players</b>
		The CNES and the German space agency (DLR) <b>have signed a declaration of intent to strengthen their cooperation</b> . It includes the launch of several joint projects in the field of critical and breakthrough technologies, in support of European space sovereignty

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