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AEROSPACE & DEFENSE

MARKET INTELLIGENCE

Q1 2026 – 12th Edition



Member of  Mergers Alliance

This quarter at a glance



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Global demand in A&D continues to grow at a faster rate than existing production capacities. Industry players still need to massively recruit people and invest in expanding their production facilities.

In terms of M&A and VC, our database shows that activity remains very dynamic, with an increase compared to the previous quarter (approx. +10% in M&A and approx. +25% in VC). This reveals continued consolidation (particularly in Europe) and growing investor interest in the sector, two moves triggered by the need to increase the offer both in volume and technology.



A wide range of topics covered



**Precision Machining
& Equipment
Manufacturing**



**Electronics &
Embedded
Systems**



**Engineering,
Intelligence &
Consulting**



**Cybersecurity,
AI & Software**



**Armament, Defense
Systems & Military
Equipment**



**Drones,
Unmanned
Systems & ISR**



**Aircrafts, Spacecrafts
& Defense Vehicles
OEMs**



**Airlines, Leasing
& Airport
Services**



**MRO, MOC, Aerial
Intervention &
Services**



Distribution



**New
Space**

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

What we do

M&A Sellside

- Transmission
- LBO / MBO / MBI
- Carve-outs

M&A Buyside

- Buy & Build
- Crossborder acquisition strategies

Fundraising

- Seed funding (min. €5m)
- Series A / B / C

For who we do it



Management & PE owned-companies

INCITAT INVEST biotope alo xxe HPS THYOT TECHNOLOGY GODECHAMP ENERGY FIRST STP REL



Large corporate groups

EPC GRUPE TINEXTA groupe pomona fives ENERGY ZODIAC AEROSPACE



Start-ups and scale-ups

ENERGO Mincatec Energy GEOLITH



Financial investors

MBO+ BNP PARIBAS DEVELOPPEMENT WCP KIPANWAY Ace bpifrance SIPAREX

Where we are



is the French office of



- Aurignac Finance headquarters
- Mergers Alliance offices



+22 years
in business



10
dedicated professionals



€10 - 200m
enterprise value



+25 countries
direct global coverage

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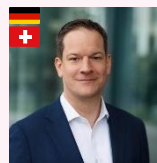
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A global network of experts in A&D and industrials



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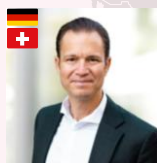
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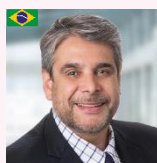
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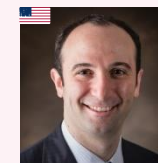
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Mergers Alliance: A strong track-record in Aerospace & Defense and Industrials

Our references in Aerospace & Defense

Merger's Alliance strong experience in A&D and Industrials



Disposal EPC GROUPE sells minority stake to Berjonne Holding	Acquisition HPS acquires SAPEM	Acquisition THIOT INGENIERIE is sold to EURENCO	Acquisition CODRECHAMP Semij is sold to WOP WINNERS CAPITAL PARTNERS Definvest
Acquisition SIDEREL acquires Omel	Acquisition ACE acquires ROSSI AERO	Disposal FIRST STPI REL sells activities to CROUZET	Disposal EDRI is sold to TE
Carve-out fives sells a subsidiary to	Disposal SECA automotives is sold to ARESIA	Disposal ATI INTERC AEROSPACE is sold to ESARIS	Disposal RADIO-ENERGIE is sold to AMW GROUP

Disposal e.sigma is sold to DIEHL Defence	Disposal German RepRap is sold to ARBURG	Disposal cerlikon is sold to Together ahead. RUAG	Acquisition ET Energie Technologie acquires test sites of EADS
Disposal CUSTOM ALLOYS, INC. is sold to EverMetal	Carve-out Together ahead. RUAG aerostructure is sold to PILATUS	Disposal AEROTERM is sold to MTU Aero Engines	Disposal SHIVAM AUTOTECH LTD is sold to Alpha Alternatives
Disposal fili ax is sold to Cosmo First	Acquisition JKE acquires reinforced plastics	Acquisition GESCRAP acquires INDUSTRIAS LOPEZ SORIANO	Disposal Essae is sold to MBI backed by truennorth

Mergers Alliance **+330** industrial deals advised since 2015

Summary

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Q1 2026 selected EU M&A transactions completed in Aerospace & Defense market



Date	Sector	Target	Buyer	Seller	Description
March 2026	Defense 			Management	<ul style="list-style-type: none"> Rivolier, has acquired Thifan Industrie, a specialist manufacturer of hunting ammunition and owner of the proprietary BFS and FIP ballistic technologies sold under the Sauvestre brand The deal follows Rivolier's 2025 takeover of gunmaker Verney-Carron and deepens the group's vertical integration into French industrial manufacturing across its core hunting and defense markets
March 2026	Aerospace & defense 			Management	<ul style="list-style-type: none"> ENAV, the Italian air navigation services provider, has acquired an 85% stake in AIView Group, a drone services and unmanned systems specialist with AI-driven data collection and analytics capabilities, for €7.6m, implying an EV/EBITDA multiple of 7.5x The deal expands ENAV's positioning in the fast-growing U-space and drone services market, complementing its core air traffic management operations
March 2026	Aerospace 			Management	<ul style="list-style-type: none"> Sun Capital has completed an investment in B&H Worldwide, an aviation logistics specialist founded in 1988 and operating globally across AOG-focused hubs for aerospace component management The deal underpins an M&A strategy to build out a broader specialist logistics platform across aviation and adjacent verticals
March 2026	Aerospace & defense 				<ul style="list-style-type: none"> TSA Industries, the stainless steel equipment manufacturer with c. €20m in revenue, has completed its first bolt-on with the acquisition of TSEIN, a Normandy specialist in fine stainless sheet metalwork serving nuclear, medical and defense clients with c. €10m in revenue, valued at €5-10m The deal diversifies the group's customer base beyond its core agri-food niche and brings combined headcount to c. 260 employees across three countries
March 2026	Aerospace 				<ul style="list-style-type: none"> Gategroup has acquired a 75% stake in KLM Catering Services, with KLM retaining the remaining 25% as the Dutch carrier refocuses on its core airline operations The deal includes a commitment to build a new flagship catering facility at Schiphol integrating advanced automation and sustainability standards, reinforcing Gategroup's European footprint in airline hospitality

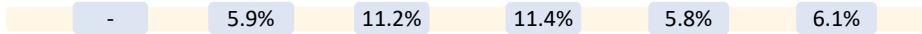
Q1 2026 selected EU VC transactions completed in Aerospace & Defense market



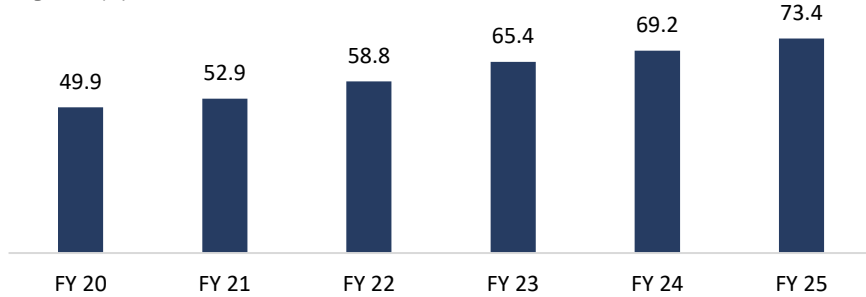
Date	Target	Country ⁽¹⁾	Amount (m)	Currency	Business	Investors	Business description / deal rational
January 2026	ARRAY LABS		20.0	\$		ANIMAL CAPITAL, WASHINGTON HARBOUR, ACV Capital, AEROSVC, KOMPAS, MAIORA VENTURES, CLEARANCE, CATALFULT, VENTURE PARTNERS, ColibriXia Capital	Array Labs designs and builds radar satellite constellations to generate real-time, high-resolution 3D models of the Earth
January 2026	Sensofusion		45.0	€		VARMA	Sensofusion develops passive drone detection and counter-drone systems, including high-speed interceptors and portable jamming solutions
January 2026	Terra		11.8	\$		ALPHA GAPS, TOFINO CAPITAL, SILENT VENTURES, SV Angel, VALOR, 8VC, LU+	Terra builds unmanned assistance systems for civil, agricultural and surveillance applications, including security drones, autonomous operating systems and a dedicated surveillance platform
January 2026	Harmattan AI		200.0	\$		GALION, FIRSTMARK, AEE, DASSAULT AVIATION	Harmattan AI, the first French unicorn of the defense sector, develops autonomous drones and systems for surveillance, reconnaissance and interception, positioning itself as a leading defense-tech player
January 2026	Defense Unicorns		136.0	\$		AVP, VALOR, SAPPHIRE VENTURES, Ansa, BainCapital, PRIVATE EQUITY, uncorrelated, AVP	Defense Unicorns develops an open-source, infrastructure-agnostic platform for procuring, accrediting, and integrating software
January 2026	DIFFRACTION SEE FURTHER. THINK FASTER.		4.2	\$		Aether, offline, ADIN, AV, ERE, GENERAL, CATALYST, M, milemark-capital	Diffraction is building quantum camera-enabled satellite and telescope constellations to enable next-generation space observation capabilities
January 2026	airvolute		1.3	\$		BARYON INVESTMENT FUND	Airvolute develops autonomous drones and related technologies for industrial applications, enabling pilotless, round-the-clock data collection and rapid delivery services across a wide range of operational use cases
January 2026	ETHEREAL X		20.5	\$		Accel, TDK, TDK VENTURES, RICEBERG STRUCTURES, prosus, bluehill.vc, YOURNEST	Ethereal Exploration Guild designs and manufactures medium-lift reusable launch vehicles aimed at significantly reducing the cost of access to orbit
January 2026	Hydrosat		60.0	\$		LITTONIANS FUTURE FUND, BLUE BEAR, Truffle capital, Citicourt, SBVPI, SUBTAL, Statkraft Ventures, Hartree, SpaceFund, OTB	Hydrosat operates nano-satellites equipped with proprietary infrared thermal sensors and commercializes both raw and processed thermal imaging data
January 2026	OPUS AEROSPACE		1.2	€		scowefund	Opus Aerospace develops launch vehicles and spacecraft aimed at democratizing access to space and accelerating space exploration
January 2026	Swissto12		117.0	\$		esa, EGS : Beteiligungen, European Space Agency	Swissto12 develops advanced RF, microwave and millimeter-wave components and subsystems for satellite communications, aerospace and defense applications, leveraging proprietary metal 3D-printing technologies

⁽¹⁾American counterparts involve at least one European investor

FY20 – FY25 Revenues - €bn



Sales growth (%)



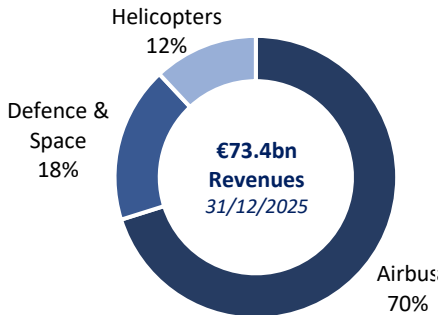
FY26 objectives

870 commercial aircraft deliveries

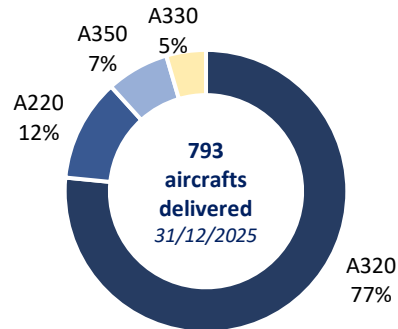
€7.5bn Adj. EBIT

€4.5bn FCF before customer financing

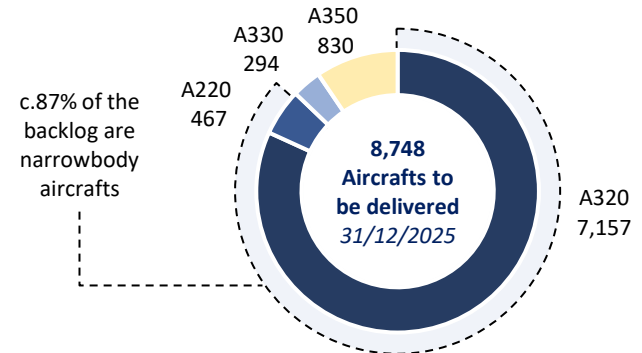
FY25 Revenues by Division



FY25 Aircraft Deliveries by Type



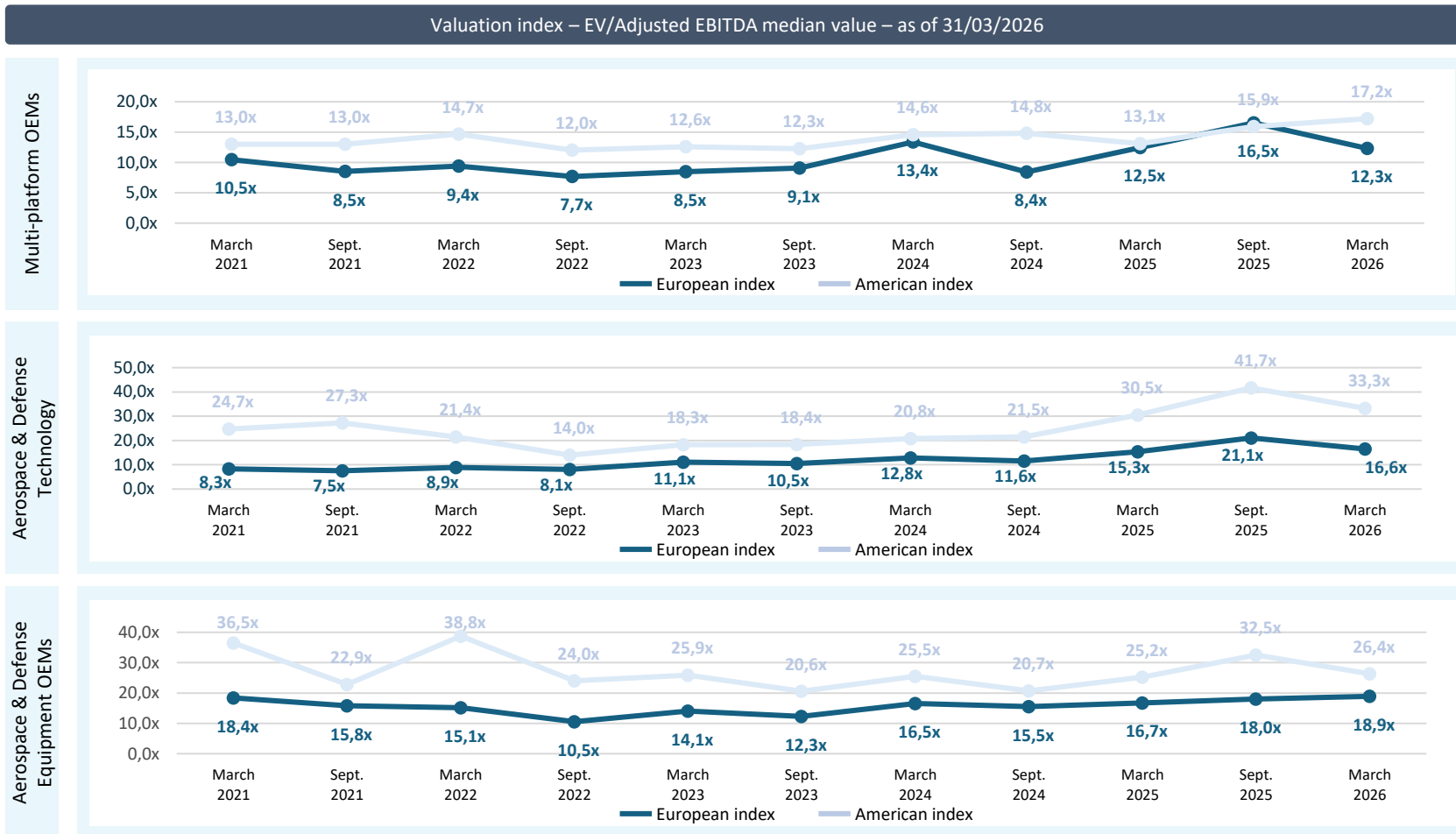
Backlog Analysis as of 31/12/2025



- Q1 2026 main headlines**
- 16.03.2026:** Atlas Air placed a landmark firm order for 20 Airbus A350F freighters, the largest order ever placed for this aircraft type, making Atlas the biggest customer of the A350F
 - 19.02.2026:** Airbus release its full-year 2025 financial results, Airbus delivered 793 commercial aircrafts in 2025, slightly beating its revised target of 790. For 2026, the company is targeting 870 deliveries. CEO, Guillaume Faury warned of a significant engine shortage due to issues with supplier Pratt & Whitney
 - 04.02.2026:** Airbus and Singapore have achieved full certification of the Automatic Air-to-Air refuelling (A3R) capability on the Airbus A330 MRTT. This represents a key milestone in the development of A330 MRTT platform and marks a world-first in aviation
 - 28.01.2026:** Delta Air Lines has placed a firm order for 31 latest generation aircrafts including 16 A330-900s and 15 A350-900s. Once delivered, Delta's widebody fleet will have grown to 55 A330neo and 79 A350

Aurfi A&D Valuation Index – EU & US Aerospace & Defense companies

- We have compiled a non-exhaustive stock market index of the main U.S. and European groups active in the aerospace and defense sectors
- We have therefore selected an extract of leading European and American groups and divided them into three groups according to their respective specialization in order to compare the performance of European and American DTIBs over the short and long-term and the consequences on their respective valuations
- With this index of, we wanted to highlight trends in valuation of the main American and European groups and the influence of the global geopolitical situation on both areas



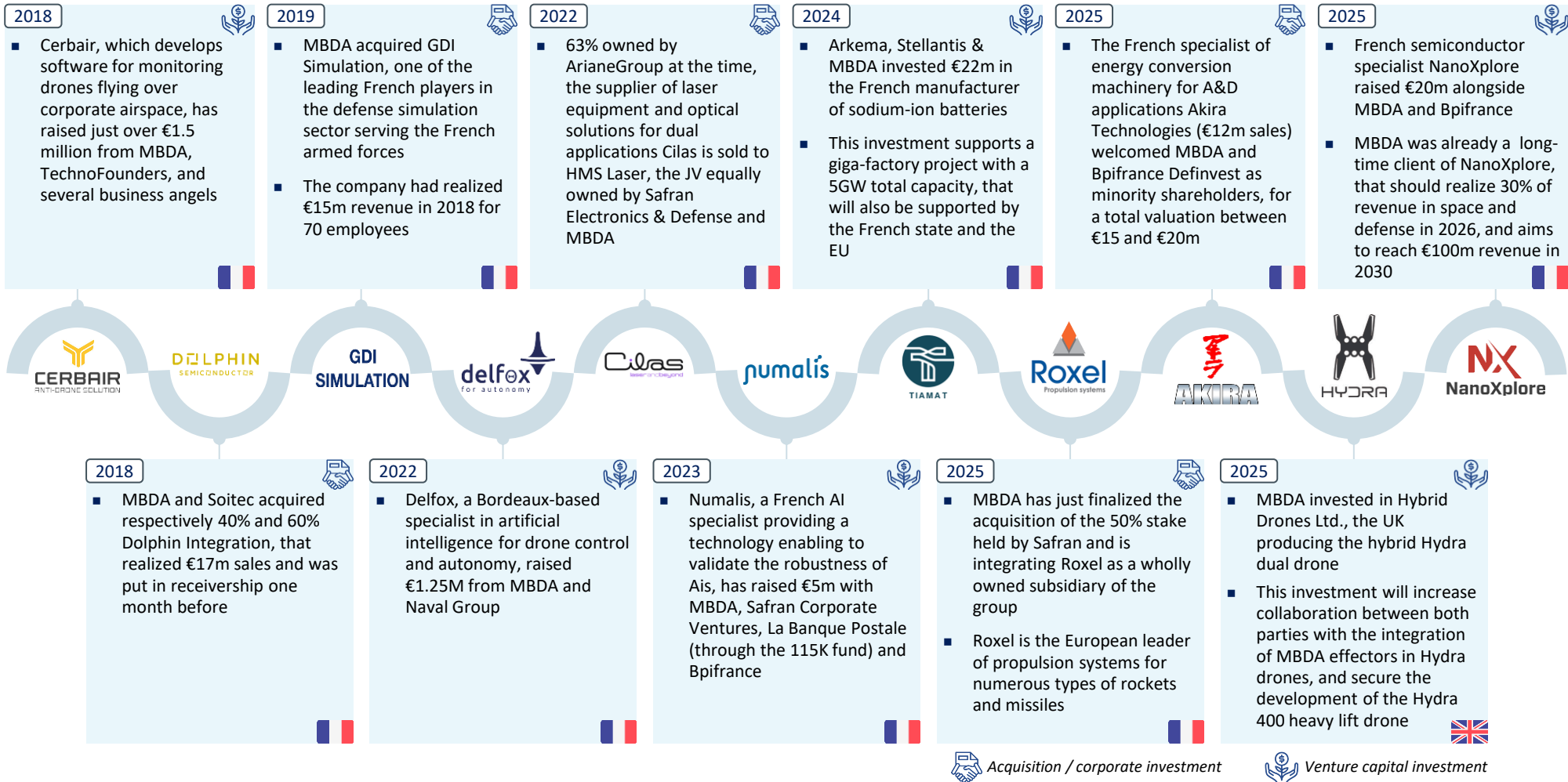
Multi-platforms OEMs

Aerospace & Defense Technology

Aerospace & Defense Equipment OEMs

In-depth #2 – MBDA: Accelerated development through external growth & VC investment

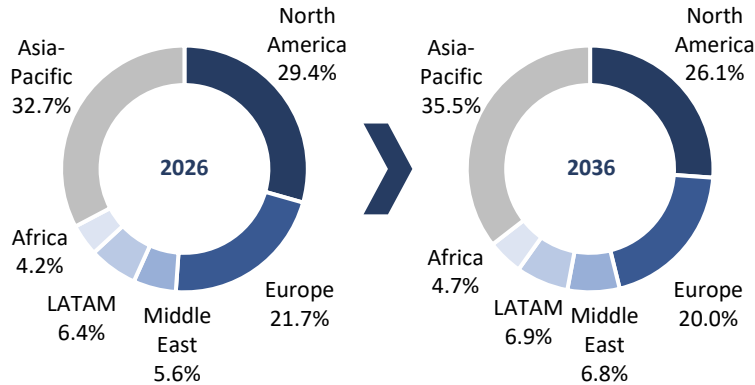
In recent years, MBDA has accelerated its growth strategy through equity investments, both to strengthen its value chain via acquisitions (notably Roxel in early 2025) and to adapt its technological capabilities to modern warfare through various venture capital investments in drone, AI, and related technologies



In-depth #3 – Global outlook for air transport and MRO

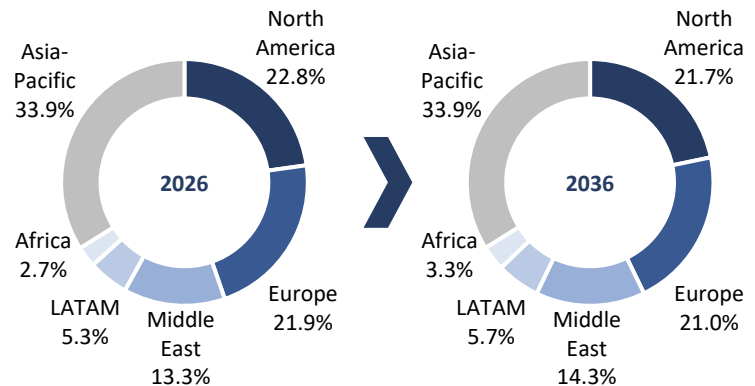
- Passenger demand is still holding up well, while cargo continues to benefit from e-commerce flows and periodic disruption in ocean freight
- At the same time, aircraft delivery shortfalls are constraining capacity growth, forcing airlines to extend the life of existing fleets and preserving pricing discipline
- Geopolitical tensions, particularly the war involving Iran, have added a new layer of uncertainty by disrupting airspace, lengthening routes, lifting fuel risk and tightening some cargo corridors
- Against this backdrop, airlines are still expected to deliver solid profitability, supported by resilient traffic and limited supply, even as cost pressures remain elevated
- Around 17,000 aircraft orders remain unfilled globally, with the backlog expected to take more than 12 years to clear at current production rates, limiting airlines' ability to fully match traffic growth with new capacity
- As a result, older aircraft are staying in service longer, supporting both fare discipline and maintenance demand

Fleet forecast by region (% of total No. of aircraft)



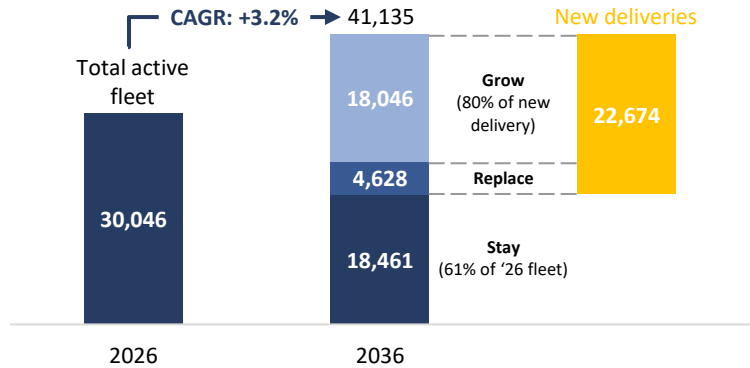
By 2036, global fleet growth is expected to be increasingly concentrated in Asia-Pacific, while North America and Europe lose relative share and the Middle East, Latin America and Africa post modest gains

MRO by region (% of total annual MRO)



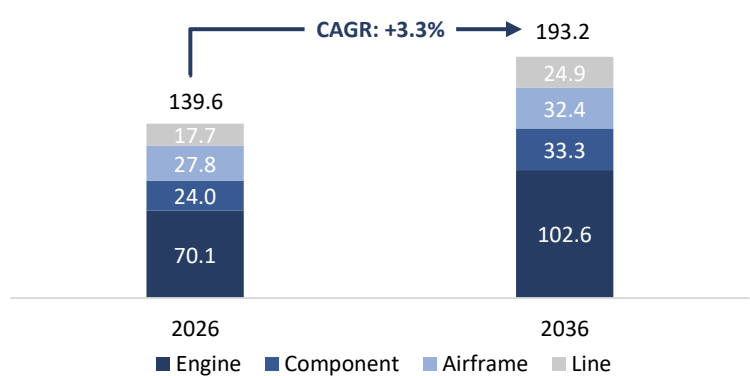
Asia-Pacific firmly holds its position as the dominant MRO region, driven by an expanding middle class and the rise of low-cost carriers. The Middle East continues to gain ground, fueled by robust widebody fleet growth across Saudi Arabia, the UAE, and Qatar

Global fleet forecast (No. of aircraft in thousands)



As of early 2026, the global commercial in-service fleet stood at c.30,000 aircraft and is projected to reach c.41,000 by 2036, up 37%, although still around six years behind pre-pandemic expectations due to ongoing supply chain and labor constraints

Annual MRO by segment (In US \$bn)



By 2025, the average age of the global fleet was just under 13 years, around 1.5 years above 2024 levels, as delivery delays kept aircraft in service longer. This will push global MRO demand from \$139.6 bn in 2026 to \$193.2 bn by 2036

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