AEROSPACE & DEFENSE

MARKET INTELLIGENCE

Q2 2026 – 13th Edition

AURIGNAC FINANCE

Member of Mergers Alliance

This quarter at a glance

Raphaël Brenier
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"This quarter, our live projects and prospects gave us the opportunity to deep dive in several segments amongst which machining of complex parts, surface treatment, MCO/MRO, technical parts for engines and electronic warfare.

This quarter has also seen a record edition of Eurosatory marked by a strong international presence. In this edition, you will find several in-depth analyses directly linked to our daily involvement as a M&A advisory firm strongly dedicated to A&D"

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 · biotope · aloxe · HPS · THIOT · SEMIP · FIRST

Large corporate groups

EPC GROUPE · TINEXTA · groupe pomona · fives · ZODIAC AEROSPACE

Start-ups and scale-ups

ENERGO · Mincatec Energy · GEOLITH

Financial investors

MBO+ · BNP PARIBAS DÉVELOPPEMENT · WCP · TIKEHAU CAPITAL · Ace · bpifrance · SIPAREX

Where we are

AURIGNAC FINANCE is the French office of Mergers Alliance

Aurignac Finance headquarters

Mergers Alliance offices

+22 years
in business

10
dedicated professionals

€10 - 200m
enterprise value

+25 countries
direct global coverage

Mergers Alliance: A proven expertise in Aerospace & Defense, particularly represented in France

Our French Aerospace & Defense team

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A global network of experts in A&D and industrials

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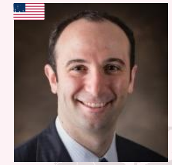

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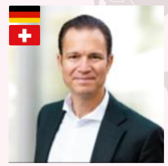

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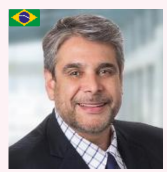

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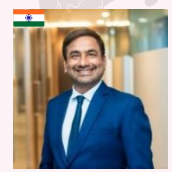

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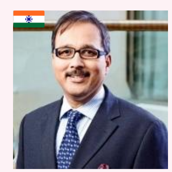

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Mergers Alliance

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

Our references in Aerospace & Defense

AURIGNAC FINANCE

Disposal	Acquisition	Acquisition	Acquisition
EPC Groupe sells minority stake to Berjoue Holding	HPS acquires SAPEM	THIOT Ingenierie is sold to EURENCO	Codechamp / Semip is sold to WCP Weinberg Capital Partners / Definvest

Acquisition	Acquisition	Disposal	Disposal
SIDEREL acquires Cimel	Tikehau Capital / Ace acquires Groupe Rossi Aero	First STPI REL sells activities to Crouzet	DRI First Switchtech is sold to TE

Carve-out	Disposal	Disposal	Disposal
fives sells a subsidiary to Andrews	SECA automatismes is sold to Alkan / Aresia	ATI Interconnect Solution is sold to Esaris	Radio-Energie / Zodiac Aerospace is sold to AMW Group

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

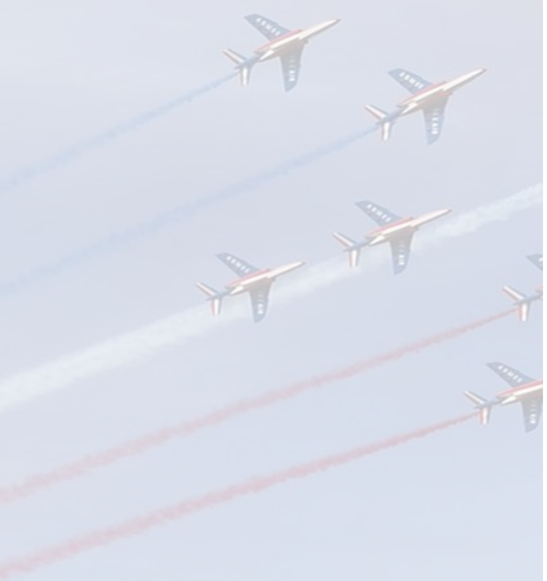
Disposal	Disposal	Disposal	Acquisition
e.sigma is sold to DIEHL Defence	German RepRap is sold to ARBURG	oerlikon is sold to Together ahead. RUAG	ET Energie Technologie acquires test sites of EADS

Disposal	Carve-out	Disposal	Disposal
CAI Custom Alloys, Inc. is sold to EverMetal	Together ahead. RUAG aerostructure is sold to PILATUS	Aerotech is sold to MTU Aero Engines	Shivam Autotech Ltd is sold to Alpha Alternatives

Disposal	Acquisition	Acquisition	Disposal
filtax is sold to Cosmo First	JKE acquires reinforced plastics	GESCRAP acquires Industrias López Soriano	Essae is sold to MBI backed by truenorth

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

Summary



Extract Q2-2026

Date	Sector	Target	Buyer	Seller	Description
April 2026	*Aerospace & defense*	smiths interconnect	molex	smiths	▪ Smiths Interconnect designs high-reliability connectors, RF components, and semiconductor test solutions for aerospace, defense, and medical markets ▪ Molex completed its largest-ever acquisition expanding its global footprint and strengthening its high-reliability connectivity portfolio
April 2026	*Aerospace*	SDC	Atlas Copco	CVD Equipment Corporation	▪ Stainless Design Concepts (SDC), a division of CVD Equipment Corporation, manufactures stainless steel equipment for aerospace, semiconductor, and industrial applications ▪ CVD Equipment is divesting SDC for $16.9m cash, closing Q2 2026, to focus on its core business and strengthen its balance sheet
April 2026	*Aerospace & defense*	ST GROUP	*IPO*	**Management**	▪ ST Group, a Toulouse-based manufacturer of composite parts and subassemblies for aerospace, defence and space programmes has completed the first-ever IPO on Lise (Lightning Stock Exchange), a new tokenised marketplace, raising €2.07m at €18.25 per share ▪ The company with c.€3m in revenue aims to use the proceeds primarily for working capital, targeting €11m in revenue by 2030 with c.15% EBITDA margin as defence represents approximately 25% of its activity
April 2026	*Aerospace & defense*	Halgand	Groupe JOGAM, Tikehau Capital	**Management**	▪ Groupe Halgand specializes in precision machining, subassembly integration, and surface treatment for the aerospace and defense sectors ▪ Jogam acquired Halgand to reach critical scale, forming a combined entity with €100m revenue, 700 employees, and nine sites, as part of a consolidation build-up strategy
April 2026	*Defense*	MRV	General Oceans	**Management**	▪ MRV Systems supplies advanced autonomous profiling vehicles for ocean research and climate monitoring, serving clients including NOAA, NASA, and the U.S. Navy ▪ General Oceans acquired MRV Systems for $18m to expand its US footprint and autonomous data collection capabilities, leveraging its sales network to accelerate growth and product development

Sources: Press, Cfnews, Epsilon, Pitchbook

Q2 2026 selected VC transactions completed in Aerospace & Defense market

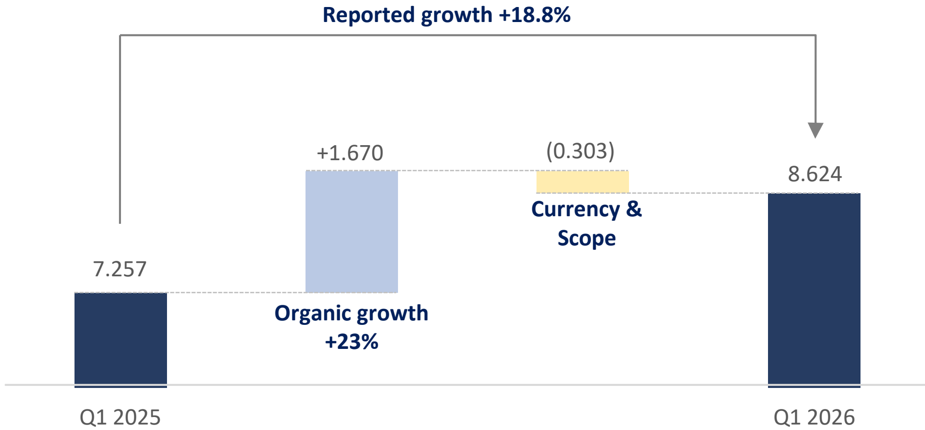
Date	Target	Country[1]	Amount (m)	Currency	Business	Investors	Business description / deal rational
April 2026	AC DISMANTLING		2,7	€		bpifrance, CLÉRY, INA CO, TH CAPITAL, Clint	AC-Dismantling raised €2.7m from TJH Invest and other investors to scale aircraft dismantling operations and aviation's circular economy
April 2026	Mission Decisions		0,65	£		n.d.	Mission Decisions provides AI solutions for defense, aerospace and high-consequence operations (model selection and fine-tuning); raised £650k (£8m valuation) led by Symvan Capital for decision-making and operational safety
April 2026	AIRLINE PILOT CLUB		n.d.	n.d.		cloudbreak CAPITAL	The Airline Pilot Club raised undisclosed funding from CloudBreak Capital to improve pilot selection, training and recruitment
April 2026	CSIRO		n.d.	n.d.		ADELINE	CSIRO received undisclosed funding from Adeline Arts and Science for resilience, sustainability and economic growth
April 2026	EDALL systems		n.d.	n.d.		Boundary Holding	Edall Systems raised undisclosed convertible debt from Boundary Holding to meet clients' aerospace engineering and UAV requirements
April 2026	MULBERRY INDUSTRIES		n.d.	n.d.		IceNine	Mulberry Industries raised undisclosed funding from IceNine Capital to deliver reliable US-made permanent-magnet and electric-powertrain components and strengthen supply chain security for defense, aerospace and automotive clients
April 2026	Vulcan Elements		430.72	$		9YARDS CAPITAL, ASTRO CAPITAL, BIG BRAIN HOLDINGS, DUKE CAPITAL	Vulcan Elements, US-based, raised $430.72m in April 2026 from 9Yards Capital and others to fund low-carbon facilities electrifying aerospace, defense, and auto sectors
April 2026	Stridar.		1	$		Hype Ventures	Stridar raised $1m seed from Hype Venture to speed up humanitarian demining and reduce risk to human life
April 2026	XOOPLE		115	€		MCH Private Equity, nazca, endeavor	Xoople raised €115m Series B led by Nazca Capital to build AI-ready Earth observation infrastructure via a proprietary satellite constellation
April 2026	ORBOTIX		1.25	€		BWC CAPITAL GROUP	Orbotix raised €1.25m convertible debt from Gustav Verwaltungs to strengthen situational awareness for defense and security operations in contested, GPS-denied areas
April 2026	yokahu		n.d.	n.d.		n.d.	Yokahu is raising a convertible debt round to fund automatic, claim-free payouts for policyholders through its parametric catastrophe insurance marketplace

[1]American counterparts involve at least one European investor

Sources: Press, Cfnews, Epsilon, Pitchbook

Safran – Q1 26 key figures and Q2 26 headlines

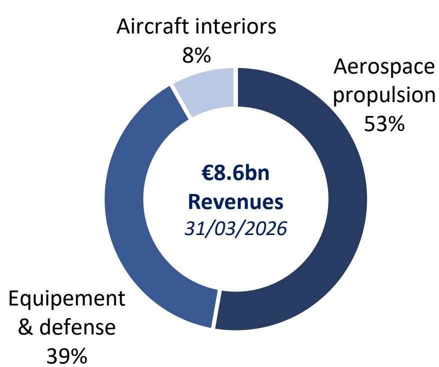
Q1 2025 - Q1 2026 Revenues - €bn



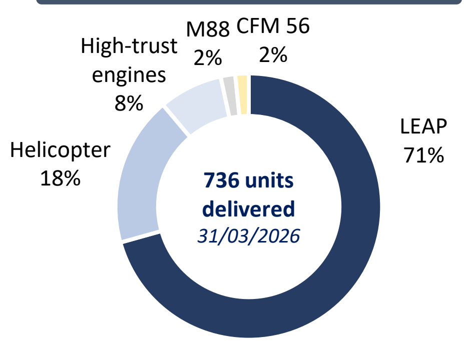
FY26 objectives

- **FY Sales +12 - 15%**
- **Recurring operating income €6.1 - €6.2bn**
- **Free Cash Flow €4.4bn - €4.6bn**

Q1 26 Revenues by Division



Q1 26 engine sales by type



Q2 2026 main headlines

- ***21.06.2026***: Safran will invest €120m to expand its Montluçon plant, creating 150+ jobs. CEO Olivier Andriès aims to triple production of hemispherical resonator gyroscopes (10,000 to 30,000/year by 2032), amid surging AASM guided-bomb demand since Russia's invasion of Ukraine
- ***15.06.2026***: Safran and UAE-based EDGE Group signed a Strategic Cooperation Agreement to deepen their alignment across shared aerospace and defense programs, including co-developing a next-generation extended-range smart weapon
- ***09.06.2026***: Safran, Technip Energies, Airbus, and Tereos launched the "Rebound" joint venture. They will build a Sustainable Aviation Fuel facility in France, targeting 160,000 tons annually to boost European energy sovereignty
- ***05.06.2026***: Safran and SIA Engineering Company announced a new maintenance, repair, and overhaul joint venture in Singapore. This facility is dedicated to CFM LEAP engines, significantly expanding Safran's global maintenance ecosystem

Original Equipment and Services distribution by activity

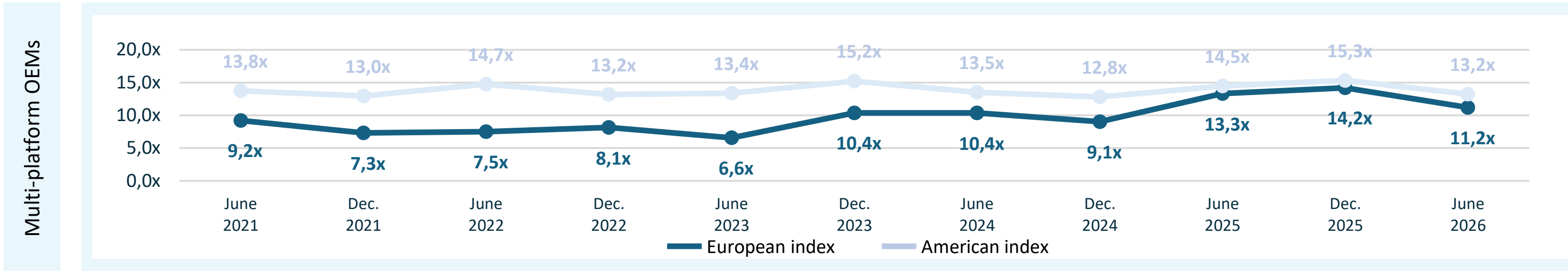
	Q1 2026		Q1 2025	
In €m	OE	Services	OE	Services
Aerospace Propulsion	**1,614**	**2,938**	**1,303**	**2,381**
% of revenue	*35.5%*	*64.5%*	*35.4%*	*64.6%*
Equipment & Defense	**2,024**	**1,343**	**1,661**	**1,122**
% of revenue	*60,1%*	*39,9%*	*59.7%*	*40.3%*
Aircraft interiors	**424**	**276**	**477**	**311**
% of revenue	*60.6%*	*39.4%*	*60.5%*	*39.5%*

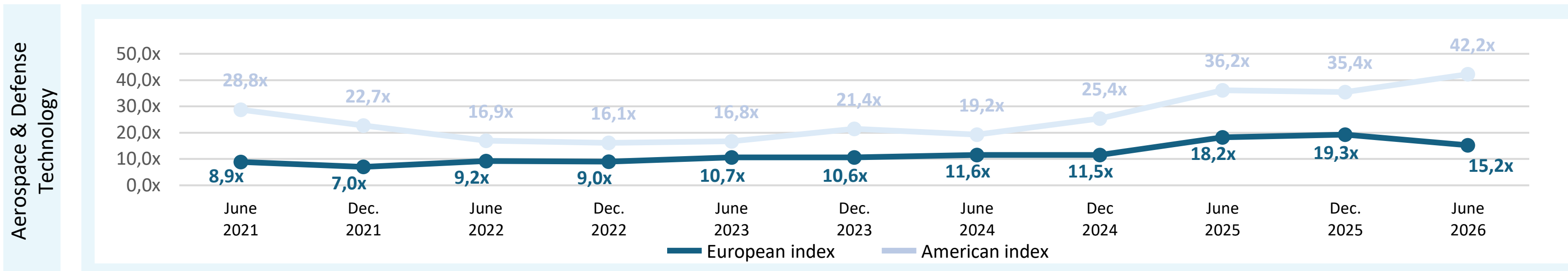
Sources: Safran, Refinitiv, Press

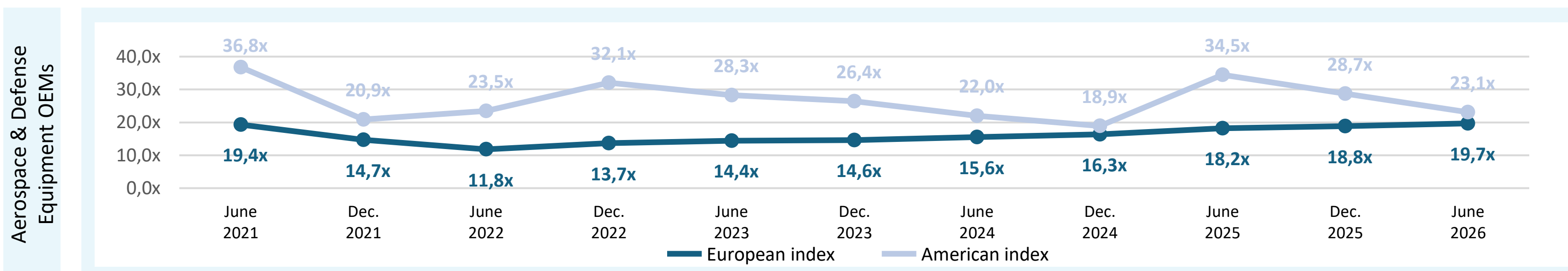
Aurfi A&D Valuation Index – EU & US Aerospace & Defense companies

- 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

Valuation index – EV/Adjusted EBITDA median value – as of 30/06/2026







Multi-platforms OEMS

Aerospace & Defense Technology

Aerospace & Defense Equipment OEMs

Sources: Pitchbook, Aurignac Finance analysis

EUROSATORY
PROTECT YOUR FUTURE
15-19 JUNE 2026
PARIS

Eurosatory, established in 1967, is the premier international defense and security exhibition for land and air defense, held biennially in Paris. This year's event gathered industry leaders, military officials, and government representatives to showcase cutting-edge technologies and innovations. In light of the current geopolitical landscape, particularly the ongoing conflicts and evolving threats, this edition emphasized advancements in drones, mobile air defense systems, and armored vehicles, reflecting the need for defense solutions to address modern security challenges

Key Figures

- **2,640 exhibitors**
- **185 000sqm Total surface (+14% vs. 2024)**
- **440 official delegations from 95 countries**
- **60,000 professionals' entries**
- **c.40 country pavilions**
- **900+ international journalist**
- **150+ conferences & 400 speakers**
- **67 countries represented**

Example of orders and cooperation (non-exhaustive)

- **Malaysian Ministry of Defense**: Malaysia has signed an agreement with KNDS France to acquire 18 Caesar 6x6 Mk1 vehicles. The contract includes a technology transfer license, assembly in Malaysia through local partner ADS, and a support package comprising training, tooling, spare parts, and technical assistance
- **Arquus x Thalès**: The two groups have signed an agreement aimed at strengthening their cooperation on the Sherpa Scout 120 MC, a mobile fire support solution that combines tactical mobility, crew protection, and firepower
- **Thalès Belgique x Mesko**: Signing of an agreement to strengthen their industrial cooperation in the production of 70mm rockets in Poland. This industrial partnership is based on a significant transfer of activities, including rocket motor assembly and the production of major components by PGZ subsidiaries
- **Thalès x Renault**: Partnership aimed at industrializing the production of the loitering munition Toutatis (with production scheduled to begin in 2027)
- **CSG Group**: Three agreements have been concluded. The first was signed between AviaNera Technologies, a subsidiary of CSG, and Ukrainian Armor LLC. It concerns the development and supply of advanced propulsion systems intended for missiles and unmanned platforms used in Ukraine. The second agreement was concluded with the Turkish group FNSS. It provides for the creation of a joint venture, Danube Defense Systems, which will be responsible for manufacturing medium-weight armored vehicles for European armed forces. Finally, CSG subsidiary Excalibur Army has signed an agreement with New Space Technologies to develop a new specialized military vehicle named Meander

Overall, the number and variety of agreements announced at the Eurosatory trade show highlighted a broader shift in the sector's strategy. Rather than developing capabilities on their own, companies are increasingly seeking partners who can provide complementary technologies, manufacturing expertise, production capacity, or access to regional markets

Sources: Eurosatory, Press

In-depth #3 – Overview of aerospace commercial engine market

CFM

PRESENTATION

- 50/50 joint venture between **GE Aerospace** and **Safran**
- The **world's leading narrowbody** engine supplier
- Developing the **CFM RISE**, its next-generation open-fan architecture

KEY FIGURES

- LEAP deliveries FY25 : 1,802 (+28% vs FY24)
- CFM56 deliveries FY25 : **52** (-13% vs FY24)

PROGRAMS

AIRBUS
- CFM56: **A320, A340**
- LEAP-1A: **A320neo**

BOEING
- CFM56: **737**
- LEAP-1B: **737MAX**

COMAC
- LEAP-1C: **C919**

Rolls-Royce

PRESENTATION

- UK maker focused on widebody engines
- Sole engine supplier on **several flagship Airbus programs**
- **Strong recovery**, with margins and cash generation restored

KEY FIGURES

- Revenue FY25 : **£20.1bn**
- Engines deliveries FY25 (commercial) : **259** (-9% vs FY24)

PROGRAMS

AIRBUS
- Trent XWB (exclusive): **A350**
- Trent 7000: **A330neo**
- Trent 900: **A380**

BOEING
- Trent 1000: **787**

GE

PRESENTATION

- US pure-play engine maker, spun off as a standalone aviation company
- Leader in both **widebody** and narrowbody engines (with CFM)
- Business heavily driven by long-term aftermarket services with the **CFM56**

KEY FIGURES

- Revenue FY25 : **$46bn (including 50% of CFM)**
- Engines deliveries FY25 : **578** (+15% vs FY24)

PROGRAMS

BOEING
- GE90: **777**
- GE9X (exclusive): **777X**
- **GEnx: 787, 747**

Pratt & Whitney

PRESENTATION

- **RTX subsidiary** spanning civil, military and business/regional aviation
- Bet on the **geared turbofan** for the narrowbody segment
- Navigating **supply-chain constraints** that weigh on production rates

KEY FIGURES

- Revenue FY25 : **$32.9bn (including defense, business and regional jets)**
- Engines deliveries FY25 (GTF family) : **1,055** (+6% vs FY24)

PROGRAMS

AIRBUS
- GTF/PW1000, 1100, 1500: **A220, A320neo**

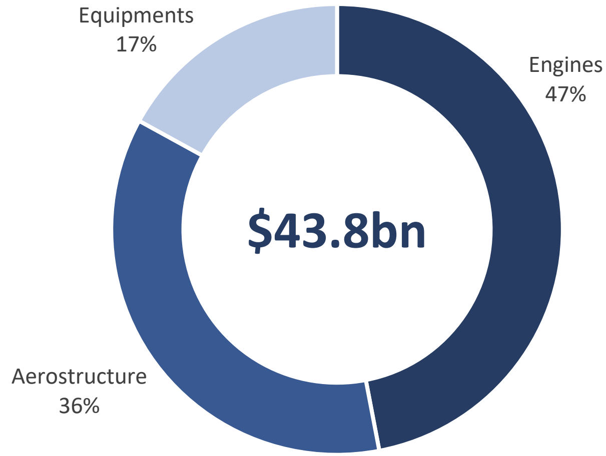
EMBRAER
- GTF/PW1900G: **E2 family**

Sources: Groups Annual report, Pitchbook, Cfnews, Press

In-depth #4 – The aerospace surface treatment market: a highly strategic market

- Surface treatment is a key step in the production of aerospace parts. Nearly **90%** of an aircraft's parts require a surface treatment process. Within the value chain, surface treatment processes represent the bottleneck with a high demand
- Surface treatment requires significant infrastructure, which constitutes a major barrier to entry. There are a multitude of processes (**over 100**), resulting in a fragmented market with players specializing in specific processes and their variations as specified by various clients and other equipment manufacturers
- Players must be qualified and certified to handle aircraft parts (long process: **+1 year**)
- The processes used must comply with the REACH regulation, which governs the use of certain chemicals in the industrial sector

Global spare parts market size in 2025

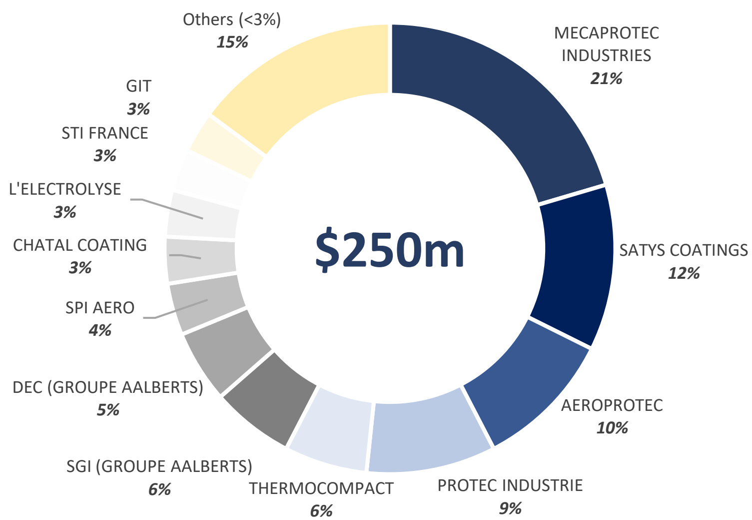


Global aerospace surface treatment market size in 2025

TOTAL MARKET: **$1.5bn**

Adressable market for subcontractors: $750m		Non-adressable market: $750m
France $250m	**RoW** $500m	**Activities Integrated by Prime Contractors**

French aerospace surface treatment SME's players market share (%)



Exemples of surface treatment processes

- *Sandblasting / Stripping*
- *Sanding, Microbeading*

- *Fluorescent Penetrant Testing*
- *Hardness Testing, Magnetic Particle Testing*
- *Electrostatic Testing*

- *Stripping of Titanium, Stainless Steel, and Nickel-Cobalt*
- *Anodizing*
- *Chemical conversion of aluminum*
- *Phosphating of steel*

- *Chromium-free process*

Sources: Aurignac Finance, GIFAS, Press, Cfnews, Pitchbook

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